

AGENDA

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

**NORTON REGIONAL EVENT CENTER
1601 EAST THIRD STREET, SAN BERNARDINO**

REGULAR MEETING OF JUNE 20, 2018

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.

1. **PUBLIC COMMENTS ON CLOSED SESSION**

2. **CONVENE CLOSED SESSION – Conference Room Adjacent to Event Center:**

Conference with Labor Negotiators Per Government Code § 54957.6:
Agency Designated Negotiator: Clark Alsop, LAFCO Legal Counsel

3. **RECONVENE PUBLIC SESSION**

4. Presentation of Resolution of Appreciation to Clark Alsop, LAFCO Legal Counsel, for 43 years of services to San Bernardino LAFCO

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

5a. [Approval of Minutes for Special Meeting of May 15, 2018](#)

5b. Regular Meeting of May 16, 2018 **(CONTINUED TO THE JULY 18, 2018 HEARING)**

6. [Approval of Executive Officer's Expense Report](#)

7. [Ratify Payments as Reconciled for Month of April 2018 and Note Cash Receipts](#)

8. [Approval of Proposal to Install an Access Control System for the Front Door of the LAFCO Office](#)

9. Consent Items Deferred for Discussion

PUBLIC HEARING ITEMS:

10. [Review and Approval of Contract with Samuel Martinez as Executive Officer for the Local Agency Formation Commission for San Bernardino County effective July 1, 2018](#)
11. [Consideration of: \(1\) CEQA Statutory Exemption for LAFCO 3225; and \(2\) LAFCO 3225 – Sphere of Influence Amendment for the City of Loma Linda \(Reduction\) and the City of Colton \(Expansion\)](#)
12. A. [Consideration of: \(1\) Final Environmental Impact Report Adopted by the San Bernardino Valley Municipal Water District for the Sterling Natural Resource Center \(SCH No. 2015101058\), as a CEQA Responsible Agency for LAFCO 3226; \(2\) Adoption of Facts, Findings and Statement of Overriding Considerations; and \(3\) LAFCO 3226 – Reorganization to include Activation of the East Valley Water District Latent Services to include Wastewater Treatment, Reclamation, Disposal, and Recharge of Recycled Water](#)

B. [LAFCO SC#423 – Request for Exemption from Provisions of Government Code Section 56133 for Settlement Agreement Provisions for East Valley Water District and City of San Bernardino/San Bernardino Municipal Water Department Exchange of Wastewater Service Territories](#)

DISCUSSION ITEMS:

13. [Status Report on Continued Monitoring of Conditions Imposed by LAFCO Resolution 3190 – LAFCO 3157 Sphere of Influence Establishment for County Service Area 120 \(CONTINUED FROM THE APRIL 18, 2018 HEARING\)](#)

INFORMATION ITEMS:

14. Legislative Update Report
15. Executive Officer's Oral Report
 - a. New Proposals Received
 - b. Update on Proposals Filed with LAFCO
16. 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.)
17. Comments from the Public
(By Commission policy, the public comment period is limited to five minutes per person for comments related to other items under the jurisdiction of LAFCO not on the agenda.)

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 1170 West Third Street, Unit 150, San Bernardino, during normal business hours, on the LAFCO website at www.sbclafo.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 MAY 15, 2018**

SPECIAL MEETING

9:00 A.M.

MAY 15, 2018

PRESENT:

COMMISSIONERS: Jim Bagley Steven Farrell, Alternate
 James Ramos Kimberly Cox
 Diane Williams Jim Curatalo
 Larry McCallon
 Janice Rutherford, Alternate

STAFF: Kathleen Rollings-McDonald, Executive Officer
 Clark Alsop, LAFCO Legal Counsel
 Samuel Martinez, Assistant Executive Officer
 La Trici Jones, Commission Clerk
 Bob Aldrich, LAFCO Consultant

ABSENT:

COMMISSIONERS: Robert Lovingood
 Acquanetta Warren, Alternate

**CONVENE SPECIAL SESSION OF THE LOCAL AGENCY FORMATION COMMISSION –
CALL TO ORDER – 9:00 A.M. – SBCTA BOARD ROOM**

ITEM 1. PUBLIC COMMENTS ON CLOSED SESSION

No comments provided

CONVENE CLOSED SESSION – Super Chief Room – 2nd Floor, 1170 West Third Street:

Public Employee Appointment Pursuant to Government Code Section 54957

Interviews for Executive Officer/Possible Appointment of Executive Officer

ITEM 2. RECONVENE PUBLIC SESSION

Announcement on Closed Session

LAFCO Legal Counsel Clark Alsop states that the Commission met in closed session to interview two candidates for the position of Executive Officer. He states that there is no reportable action.

**THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE COMMISSION, THE
HEARING IS ADJOURNED AT 11:56 A.M**

ATTEST:

LA TRICI JONES
Clerk to the Commission

LOCAL AGENCY FORMATION COMMISSION

KIMBERLY COX, Chair

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

1170 West 3rd Street, Unit 150 San Bernardino, CA 92415-0490
(909) 388-0480 • Fax (909) 388-0481
E-MAIL: lafco@lafco.sbcounty.gov
www.sbclafco.org

DATE : JUNE 7, 2018

FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer



TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: AGENDA ITEM #6 – APPROVAL OF EXECUTIVE OFFICER’S EXPENSE REPORT

RECOMMENDATION:

Approve the Executive Officer’s Expense Report for Procurement Card Purchases from April 23, 2018 to May 22, 2018.

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 and Procedure Manual Section II – Accounting and Financial Policies #3(H). Staff has prepared an itemized report of purchases that covers the billing period of April 23, 2018 through May 22, 2018.

Staff recommends that the Commission approve the Executive Officer’s expense report as shown on the attachment.

KRM/llj

Attachment

PROCUREMENT CARD PROGRAM

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

1170 West 3rd Street, Unit 150, San Bernardino, CA 92415-0490
(909) 388-0480 • Fax (909) 388-0481
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DATE : JUNE 7, 2018



FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer

TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: AGENDA ITEM #7 - RATIFY PAYMENTS AS RECONCILED FOR
MONTH OF APRIL 2018 AND NOTE REVENUE RECEIPTS

RECOMMENDATION:

Ratify payments as reconciled for the month of April 2018 and note revenue receipts for the same period.

BACKGROUND INFORMATION:

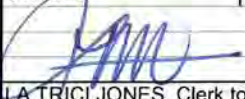
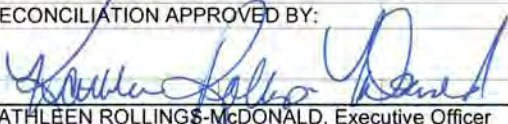
Staff has prepared a reconciliation of warrants issued for payments to various vendors, internal transfers for payments to County Departments, cash receipts and internal transfers for payments of deposits or other charges that cover the period of April 1, 2018 through April 30, 2018

Staff is recommending that the Commission ratify the payments for April 2018 as outlined on the attached listings and note the revenues received.

KRM/lj

Attachment

MONTH OF APRIL 2018 PAYMENTS PROCESSED						
Document Number	Account	Posting Date	Activity	Reference	Vendor	Amount
1900152929	52002085	4/19/2018	NOTICE OF HEARING	B3112049	DAILY JOURNAL	\$462.00
1900144626	52002182	4/10/2018	UTILITY BILL MARCH 2018	2399452309	EDISON	\$412.51
1900152932	52002182	4/12/2018	UTILITY BILL APRIL 2018	2399452309	EDISON	\$357.83
1900149736	52002305	4/17/2018	PETTY CASH	PETTY CASH	LA TRICI JONES	\$157.45
1900150276	52002400	4/17/2018	LEGAL BILLING - SAN ANTONIO	MATTER #24	BEST BEST & KRIEGER	\$1,121.91
1900139386	52002445	4/3/2018	ALDRICH & ASSOCIATES	INVOICE #61	ALDRICH & ASSOCIATES	\$3,600.00
1900140554	52002445	4/4/2018	JAN PRO CLEANING SERVICES	INVOICE #60671	JAN PRO	\$475.00
1900140559	52002445	4/4/2018	GOVERNANCE TRAINING	INVOICE 42745	INSTITUTE FOR LOCAL GOV'T	\$1,075.00
1900148928	52002445/2940	4/16/2018	EO INTERVIEWS MILEAGE & STIPEND 4/9 & 4/12	COX	KIMBERLY COX	\$523.40
1900149085	52002445/2940	4/16/2018	EO INTERVIEWS MILEAGE & STIPEND 4/9 & 4/12	CURATALO	JAMES CURATAL	\$454.50
1900149094	52002445	4/16/2018	EO INTERVIEWS STIPEND 4/9 & 4/12	RAMOS	JAMES RAMOS	\$400.00
1900149723	52002445	4/17/2018	ALDRICH & ASSOCIATES	INVOICE # 62	ALDRICH & ASSOCIATES	\$3,750.00
1900152909	52002445/2940	4/18/2018	COMMISSION STIPEND & MILEAGE 4/18/2018	BAGLEY	JIM BAGLEY	\$298.00
1900152914	52002445/2940	4/18/2018	COMMISSION STIPEND & MILEAGE 4/18/2018	COX	KIMBERLY COX	\$258.86
1900152917	52002445/2940	4/18/2018	COMMISSION STIPEND & MILEAGE 4/18/2018	FARRELL	STEVEN FARRELL	\$218.75
1900152920	52002445/2940	4/18/2018	COMMISSION STIPEND & MILEAGE 4/18/2018	WILLIAMS	DIANE WILLIAMS	\$225.73
1900152926	52002445	4/18/2018	COMMISSION STIPEND 4/18/2018	MCCALLON	LARRY MCCALLON	\$200.00
1900152927	52002445	4/18/2018	COMMISSION STIPEND 4/18/2018	LOVINGOOD	ROBERT LOVINGOOD	\$200.00
1900152928	52002445	4/18/2018	COMMISSION STIPEND 4/18/2018	RAMOS	JAMES RAMOS	\$200.00
1900152934	52002445	4/19/2018	VIDEO RECORDING OF COMMISSION MTG 3/21/2018	INVOICE #2048	IEMG	\$225.00
1900152935	52002445	4/19/2018	VIDEO RECORDING OF COMMISSION MTG 2/21/2018	INVOICE #2045	IEMG	\$225.00
1900152968	52002895	4/27/2018	COPIER LEASE	INVOICE 31744336	KONICA MINOLTA	\$480.26
1900138144	52002905	4/2/2018	AMORTIZATION PAYMENT 4, 2ND QTR	AMORTIZATION	SBCTA	\$8,448.33
1900140533	52002905	4/4/2018	MONTHLY AUDITORIUM RENTAL COMMISSION HRNG	INVOICE #561	IVDA	\$405.00
1900157894	52004070	4/26/2018	REFUND OF LAFCO 3223-3224	LAFCO 3223-3224	SBVMWD	\$10,064.22
TOTAL						\$34,238.75
MONTH OF APRIL 2018 INTERNAL TRANSFERS PROCESSED						
	4100295179	4/1/2018	MARCH 2018 DIAL TONE	ISD BILLING	ISD	\$328.40
	4100295180	4/1/2018	MARCH 2018 EXCHANGE ACTIVE SYNC	ISD BILLING	ISD	\$16.61
	410029581	4/1/2018	MARCH 2018 DESKTOP SUPPORT	ISD BILLING	ISD	\$1,432.92
	4100295101	4/1/2018	MARCH 2018 AERIAL IMAGERY	ISD BILLING	ISD	\$3,000.00
	4100295101	4/1/2018	MARCH 2018 STREET NETWORK SUBSCRIPTION	ISD BILLING	ISD	\$10,500.00
	4200008216	4/3/2018	MAIL SERVICES - HAND	COUNTY MAIL	COUNTY MAIL	\$762.67
	4200008271	4/3/2018	MAIL SERVICES - FLAT	COUNTY MAIL	COUNTY MAIL	\$217.13
	4200008296	4/4/2018	MAIL SERVICES - DEL	COUNTY MAIL	COUNTY MAIL	\$216.20
	4200009509	4/24/2018	COWCAP BILLING 4	ATC	ATC	\$2,114.40
	4200009062	4/18/2018	LAFCO 3207 SURVEYOR REVIEW	SURVEYOR	SURVEYOR	\$450.00
	4200009062	4/18/2018	LAFCO 3220SURVEYOR REVIEW	SURVEYOR	SURVEYOR	\$450.00
	4200009062	4/18/2018	LAFCO 3221 SURVEYOR REVIEW	SURVEYOR	SURVEYOR	\$450.00
	4200009062	4/18/2018	LAFCO 3222 SURVEYOR REVIEW	SURVEYOR	SURVEYOR	\$450.00
	4200009062	4/18/2018	LAFCO 3224 SURVEYOR REVIEW	SURVEYOR	SURVEYOR	\$450.00
	4200009062	4/18/2018	LAFCO 3225 SURVEYOR REVIEW	SURVEYOR	SURVEYOR	\$450.00
	4200009062	4/18/2018	LAFCO 3226 SURVEYOR REVIEW	SURVEYOR	SURVEYOR	\$450.00
	4200008521	4/10/2018	LAFCO SC #420	COB	COB	\$50.00

	4200009273	4/20/2018	CREDIT CARD CLEARING ACCOUNT 3-22-2018	CC 3-22-18	PROCUREMENT CARD	\$1,660.26
TOTAL						\$23,448.59
MONTH OF APRIL 2018 CASH RECEIPTS						
	40709545	4/27/2018	LAFCO 3228	INDIVIDUAL NOTICE		\$700.00
	40709555	4/23/2018	LAFCO 3216 CITY OF UPLAND	INDEMNIFICATION		\$1,763.66
	40709555	4/27/2018	LAFCO 3228	LEGAL DEPOSIT		\$1,200.00
	40709660	4/27/2018	LAFCO 3228	ENVIRONMENTAL		\$750.00
	40709800	4/27/2018	LAFCO 3228	LAFCO FEE		\$7,500.00
	40759930	4/23/2018	CD PURCHASE	MISCELLANEOUS		\$10.00
TOTAL						\$11,923.66
MONTH OF APRIL 2018 INTERNAL TRANSFERRED RECEIVED						
40709555	4200008657	4/11/2018	LAFCO 3216 COUNTY FIRE	INDEMNIFICATION		\$1,763.66
100050243	40308500	4/30/2018	3/31/2018 INTEREST APPORTIONMENT	ATC		\$3,426.73
TOTAL						\$5,190.39
						
LA TRICI JONES, Clerk to the Commission				DATE	6/7/2018	
RECONCILIATION APPROVED BY:						
						
KATHLEEN ROLLINGS-McDONALD, Executive Officer				DATE	6/7/2018	

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

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DATE: JUNE 11, 2018

FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer

TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: Agenda Item #8: Approval of Proposal to Install an Access Control System for the Front Door of the LAFCO Office

RECOMMENDATION:

Staff recommends that the Commission:

1. Approve the proposal submitted by Troy Alarm, Inc. for the installation of an access control system for the LAFCO office front door; and,
2. Authorize the Executive Officer to sign the quote submitted by Troy Alarm, Inc., for a total of \$6,490.92

BACKGROUND:

As discussed at the April hearing, the move of the LAFCO office to the San Bernardino Train Depot did not envision the need for additional security measures for the office front door to ensure a safe working environment. However, it became apparent to staff that an access control system is necessary due to two incidents that occurred since moving into the new office space.

Staff contacted a few vendors requesting that they provide a quote for an access control system that includes remote controlled access with intercom/video monitor as well as entry card/key fob access. Three quotes were received, which are as follows:

	Company Name	Quote Amount
1.	Bay Alarm	\$9,950
2.	Mijac Alarm	\$14,042
3.	Troy Alarm, Inc.	\$6,491

Some of the highlights for each proposal are shown below:

Bay Alarm

- Access Control: Electrified latch system with key fob access

- Communication System: Aiphone system
- Proposal includes an additional \$85 per month (\$1,020 annually) charge for service warranty (Access Control System service warranty - \$70 + Aiphone System service warranty - \$15)
- Access control/communication requires connection to burglar alarm system
- Door repair/equipment to be provided by third party
- No prevailing wage was included in the quote

Mijac Alarm

- Access Control: Electrified latch system with card access
- Communication System: intercom with exterior camera and monitor
- Mijac Alarm is current burglar alarm system provider
- Provides option for access control/communication to be stand-alone system or connected to burglar alarm system
- Door repair/equipment to be provided by third party

Troy Alarm, Inc.

- Access Control: Electromagnetic system with card access
- Communication System: Aiphone system
- Access control/communication is stand-alone system
- Submitted the lowest bid

Based on the type of access control system (electromagnetic) and the communication system (stand-alone Aiphone system) being proposed, as well as being the lowest quote, LAFCO staff is recommending that the Commission award the installation of the access control system to Troy Alarm, Inc. and authorize the Executive Officer to sign the proposal submitted by Troy Alarm, Inc.

The contractor who renovated the LAFCO office is in the process of fixing the door closers (the mechanism that regulates how doors close) at the LAFCO office. The closers have been ordered and will be installed soon after delivery. Once the doors are fixed, installation of the access control system can take place. Troy Alarm, Inc. has indicated that once it receives the signed proposal, it will take (at the most) two weeks to order all the access control system parts/materials and approximately one to two days to install. Therefore, it is expected that the access control system will be up and running sometime around the first or second week of July.

A copy of the quote is included as an attachment to the staff report. Staff will be available for any questions prior to or at the hearing.

KRM/sm

Attachment

Proposal

5981 Republic Street
Riverside, CA 92504-1138
951.352.7589
Fax 951.352.7763

Thursday, April 26, 2018

To: Samuel Martinez
LAFCO Office - Santa Fe Depot
1170 W 3rd St. Unit 150
San Bernardino, CA 92410
Phone: 909-388-0480 | Email: smartinez@lafco.sbcounty.gov

Re: LAFCO Office Santa Fe Depot 1170 W. 3rd. St. San Bernardino, CA 92410

The Following Access System Work to Consist of:

One Kantech KT 300 door controller, for access control to front entry doors @ \$643.50
One HID 5395 card reader, for card access to front entry doors @ \$150.00
One Double magnetic lock, for securing front entry doors @ \$425.00
One Kantech T.Rex request to exit motion detector, for hands free egress of front entry doors @ \$71.50
Two Request to exit buttons, for remote controlled egress of front entry doors @ \$45.50 ea. = \$91.00
Three Yuasa NP7-12 batteries, for door controller & power supply @ \$25.50 ea. = \$76.50
Altronix AL400ULX power supply, for back up power to magnetic locks @ \$165.00
One E-SPE-V6-LIC Special Edition License software, for programing of door controller @ \$260.00
Ten HID 1386 Photo Proximity Badges, for card access to front lobby doors @ \$4.85 ea. = \$48.50
One Aiphone JF-2 MED video door master station, for video intercom communicating and opening @ \$767.00
One Aiphone JF-DV video door intercom, for exterior video intercom communicating @ \$260.00
Wire and misc. hardware to complete the installation of the above mentioned items @ \$612.30
Installation of 31 hours @ \$85.00/hour = \$3,952.50 (normal business hours/prevailing wage apply)
Excludes: Devices and services other than listed above (if required)

Cost to Provide the Above

Materials: \$3,570.30
Tax: \$285.62
Labor: \$2,635.00
Total: \$6,490.92

Should there be any comments or questions, please feel free to call us at 951-352-7589.

Cordially,
TROY ALARM, INC.

Benjamin Robinson

Accepted by

Date

California Contractor's License #792133-C10
California Alarm License ACO 5776

Please send signed proposals to troyalarm@aol.com or fax 951-352-7763
Proposal is valid for 90 days

JF-2MED**Master Monitor Station for the JF Series****DESCRIPTION:**

The JF-2MED is the master monitor for the JF series video entry security system. This system will support 2 video door stations and 3 inside color monitor stations.

The JF-2MED has a built in picture memory feature that can be set to record automatically when the visitor calls, or the record can be done manually by the user. Up to 50 images can be recorded at a rate of 1 frame per second and 8 frames per image (400 total frames). Up to 10 images (80 frames) can be saved and protected from automatic overwriting.

The voice memo feature allows the user to record a short message for someone or a reminder for themselves. Up to 3 voice memos for internal use can be recorded, up to 15 seconds per memo.

An outgoing message can be pre-recorded to be sent to the door station for instances when you can't, or don't want to use your voice to answer a visitor. Up to two pre-recorded messages can be saved. These can be played after identifying a visitor and must be manually selected by the user. This is not an automatic message sent when the visitor calls.

FEATURES:

- Hands free audio communication
- Door release to the door where communication is established (using RY-3DL)
- All Call between inside monitors
- Internal Picture Memory
- Internal voice memo and outgoing message can be recorded for playback
- Select from 5 different display languages (English, French, German, Spanish or Dutch)
- External Sensor Input
- Simple 2-conductor wiring
- Surface mounts to wall on 1-gang box or ring
- ABS plastic construction

JF-DA/DV/DVF**Camera Door Stations for the JF series****DESCRIPTION:**

The JF-DA is a surface mount plastic color video door station. The JF-DV is an aluminum die cast surface mount color video door station. The JF-DVF is a stainless steel flush mount color video door station. All of these units work with the JF Series and connect to the master monitor using an 18AWG 2 conductor solid core cable. Each unit include a camera, microphone, speaker and call button. Tamper resistant screws are provided for mounting the JF-DV and JF-DVF units.

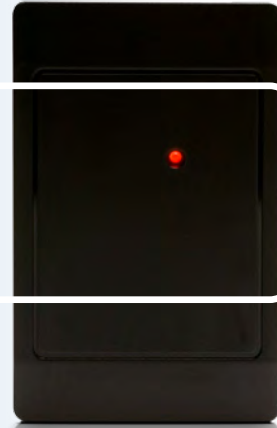
When the call button on the door station is pushed, the master station(s) ring and the video monitor comes on with the image from the door station's camera. The master station user then pushes the "TALK" button to initiate communication. The person at the door station speaks hands-free.

The JF door stations can be located up to 330' from the master monitor using 18AWG 2 conductor solid core cable (Aiphone wire # 87180250C). Additional equipment is available to extend the wire distance up to 820' to the door (JBW-BA long distance adaptor and 85160210C cable).

FEATURES:

- Color video camera with audio intercom
- 2-way hands-free voice communication with JF master/sub stations
- Call button to initiate call to master(s)
- White LED illuminator for low light conditions
- Simple 2-conductor wiring
- Surface (JF-DA, JF-DV) or flush mount (JF-DVF) styles available
- 330' wiring distance to Master on 18AWG 2 conductor cable

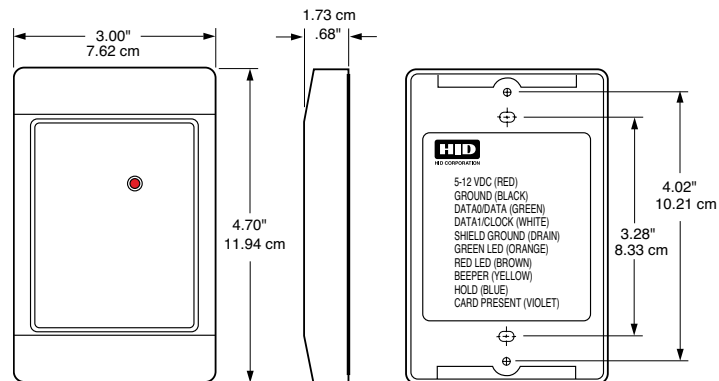
ThinLine® II Reader



LOW PROFILE PROXIMITY CARD READER

Providing performance and reliability, HID's attractive, unobtrusive ThinLine® II proximity card reader is housed in a two-piece, weatherproof secure potted enclosure.

- Easily installed and maintained with the use of replaceable covers.
- Available with a Wiegand or Clock-and-Data interface.
- Provides high reliability, consistent read range and low power consumption.
- Features include multicolor LED and internal control or host control of the LED and beeper.
- Mounts directly on metal with minimal impact on the read range performance.
- Aesthetic design available in two cover designs and four colors to match any décor.
- Includes multilingual installation manual.



Smart ISOProx® II / DuoProx® II

Multi-technology Proximity Access Control Cards for Use With Contact Smart Chip Modules



RF-PROGRAMMABLE, 125 KHZ, CUSTOMER-SPECIFIED ID NUMBERS, LOCATIONS MARKED FOR HORIZONTAL AND VERTICAL SLOT PUNCH

Features:

- Meets requirements for proximity access control, network access, data security, debit transactions, parking, health information storage and photo ID with a single card.
- Offers universal compatibility with all HID proximity readers.
- Functionality equals that of the ISOProx II and DuoProx II cards.
- Accommodates custom artwork, direct image printing, magnetic stripes, bar codes and contact smart chip modules.

- **Proven, Reliable Technology** – Offers extremely consistent read range. Unaffected by body shielding or variable environmental conditions, even when close to keys and coins.
- **Thin** – Can be carried with credit cards in a wallet or purse. Use with a strap and clip as a photo ID badge.
- **Photo ID Compatible** – Print directly to the card with a direct image or thermal transfer printer. Slot punch vertically or horizontally for easy use.
- **Cross-reference** – A cross-reference list correlating the external card number and the programmed ID number is provided for easy system administration.
- **Security** – Offers over 137 billion unique codes.
- **Long Life** – Passive, no-battery design allows for an infinite number of reads.
- **Durability** – Strong, flexible and resistant to cracking and breaking.
- **Custom Artwork** – Custom multicolor graphics and text are available.
Note: custom graphics may increase overall card thickness.

The Smart ISOProx® II and Smart DuoProx® proximity cards can be purchased:

- ready to be embedded with the contact smart chip module of your choice.
- with the contact smart chip module already embedded.
- Note: optional contact smart chip module memory requirement is dependent on operating system and application chosen. Contact your HID representative for information about the modules that match your application.

The RF-programmable DuoProx® II multiple technology proximity card offers proximity, magnetic stripe and photo identification technologies on a single access control card.

T.Rex Request to Exit Detector



Features That Make a Difference:

- Accurate and adjustable detection zone
- Horizontal and vertical adjustment
- Unlocks or shunts door automatically
- Hands-free, no buttons to push

The Smart Exit Detector

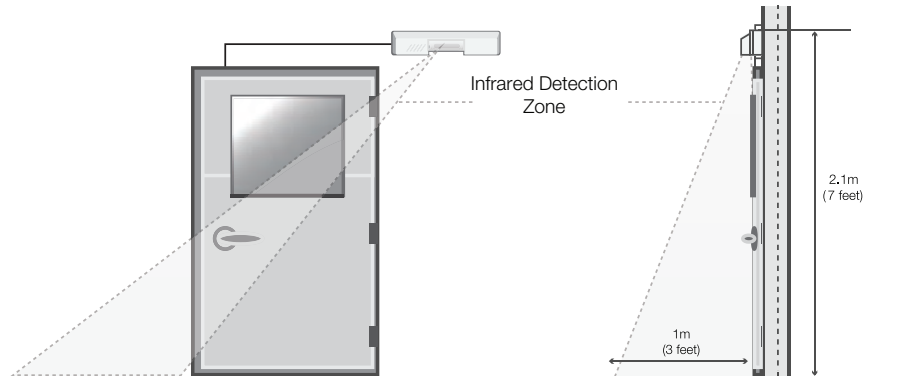
T.Rex provides a complete solution to exit detection and door surveillance for access control applications. Outstanding innovations such as horizontal and vertical Detection Zone Targeting and DSP (Digital Signal Processing) make T.Rex the fastest and most reliable exit detector on the market today.

Horizontal and vertical targeting adds an extra layer of security by adjusting the detection zone. The detection area of the

T.Rex can be adjusted so that it will not “hit” the floor along the doorjamb, defeating any attempt to circumvent door supervision by sliding objects under the door.

In addition, it uses infrared detection coupled with DSP sampling to allow the T.Rex to accurately detect exits and prevent false “Door Forced Open” alarms.

Installation and Detection Pattern



Simple Two-Step Installation:

1. Choose Location
 - Recommended locations include door header, wall or ceiling.
 - Ensure clear line of sight from detector to every part of detection area.
 - Detection zone pattern is down and away from door (to inhibit tampering).
 - Do not place detector directly across from a window
2. Adjust
 - Can be adjusted to detect an individual either in front of door or several steps away from door.
 - Detection zone span and target direction is set by turning louver direction screws.



LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

1170 West Third Street, Unit 150, San Bernardino, CA 92415-0490
(909) 388-0480 • Fax (909) 388-0481
lafco@lafco.sbcounty.gov
www.sbclafco.org

DATE: JUNE 6, 2018



FROM: ROBERT ALDRICH, Consultant

TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: AGENDA ITEM # 10– Review and Approval of Contract with Samuel Martinez as Executive Officer for the Local Agency Formation Commission for San Bernardino County effective July 1, 2018

RECOMMENDATION:

Staff recommends that the Commission approve the Executive Officer contract.

BACKGROUND:

On May 16, 2018, the Commission appointed Samuel Martinez as the San Bernardino LAFCO Executive Officer subject to acceptance of employment contract terms with LAFCO. The LAFCO Executive Officer position is an at-will, full-time position subject to Human Resources policies which identify the range of benefits for this position.

LAFCO Legal Counsel Clark Alsop, acting as the Commission's labor negotiator, entered into discussions with Mr. Martinez following his appointment regarding starting salary, contract term, and other provisions which all have been incorporated into the draft employment contract (**Attachment 1** to this report).

Salary

The adopted salary range for the Executive Officer position includes a 14-step range. Mr. Martinez has agreed to begin at Step 1, or \$162,448.00 annually.

Contract Term

The initial contract term is for five years commencing July 1, 2018, and continuing through June 20, 2023. Unless LAFCO provides the Executive Officer with written notice that the agreement will not renew, an additional year will be added to the term of the Agreement after each full year of employment.

Attachment

1. Draft Executive Officer Contract

EMPLOYMENT AGREEMENT BETWEEN THE LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY AND THE EXECUTIVE OFFICER

This AGREEMENT ("Agreement") is made and entered into between Samuel Martinez ("Executive Officer") and THE LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY ("LAFCO"), in order to provide, in writing, the terms and conditions of employment for management services by the Executive Officer of LAFCO. Sometimes the parties hereinafter may be referred to individually as "Party" or collectively as "Parties."

NOW, THEREFORE, the Parties hereto agree as follows:

1. Employment

LAFCO hereby agrees to employ Executive Officer, and Executive Officer agrees and does accept employment upon the terms and conditions set forth herein.

2. Duties and Obligations of Executive Officer

The duties and obligations of the Executive Officer shall be as set forth in the applicable job description and LAFCO rules and policies, as amended by LAFCO from time to time at its discretion.

3. Salary

A. Executive Officer's initial salary shall be set at Level A, Step 1 of the Executive Officer Salary Schedule. On July 1, 2018, this salary shall be One Hundred Sixty-Two Thousand Four Hundred and Forty-Eight Dollars and Zero Cents (\$162,448.00) per year. On July 21, 2018, this salary shall increase through a cost of living adjustment to One Hundred Sixty-Nine Thousand Five Hundred Sixty-One Dollars and Sixty Cents (\$169,561.60) per year. On July 20, 2019, the salary shall further increase through another cost of living adjustment to One Hundred Seventy-Four Thousand Six Hundred Fifty-Seven Dollars and Sixty Cents (\$174,657.60) per year. Salary shall be payable in installments at the same time as other employees of LAFCO are paid, pursuant to the procedures regularly established, and as they may be amended by LAFCO from time to time.

B. Other than as set forth in Section 3.A above, Executive Officer shall not be eligible for any other cost of living adjustment during the first two years of this Agreement. Thereafter, LAFCO may grant the Executive Officer an annual cost-of-living adjustment at its sole discretion, in accordance with LAFCO's policies and practices. LAFCO may also grant Executive Officer a step advancement or merit increase annually at its sole discretion, also in accordance with LAFCO's policies and practices.

4. **Benefits.** Executive Officer shall be entitled to all of the benefits defined for that position in the adopted San Bernardino LAFCO Policy and Procedures Manual.

5. Term

LAFCO hereby agrees and does employ Executive Officer for an initial term of five (5) years commencing on July 1, 2018, and continuing through June 30, 2023 ("Term Date"). Unless LAFCO provides Executive Officer with written notice that the agreement shall not renew, an additional year shall be added to the term of this Agreement after each full year of employment, with the new Term Date then becoming the last day of each successive additional year. Such notice of non-renewal must be received by Executive Officer prior to the end of each full year of employment.

6. Termination of Agreement and Severance Pay

A. At-Will Employment. The Parties hereby expressly agree that the employment relationship created by this Agreement is "at will" and that Executive Officer serves at the will and pleasure of LAFCO. Except as provided hereinafter, nothing in this Agreement, any statute, ordinance, or rule shall prevent, limit, or otherwise interfere with the right of LAFCO to terminate, without cause or right of appeal or grievance, the services of Executive Officer at any time. Accordingly, Executive Officer agrees that this Agreement sets forth the only terms and conditions applicable to the termination of his employment and that he hereby waives any rights he/she would otherwise have thereunder.

B. By LAFCO Not For Cause. Except as provided hereinafter, at any time, LAFCO may terminate Executive Officer for any reason, without cause, by providing written notice. Upon termination under this subsection, Executive Officer shall be entitled to (1) all compensation due and owing through the effective date of termination, as specified in the written notice, (2) a severance payment equal to six (6) months of Executive Officer's salary or the amount of salary Executive Officer would have earned through the Term Date of this Agreement, whichever is less, and (3) continuation of any health benefits for six (6) months, until Executive Officer obtains other employment, or until the Term Date of this Agreement, whichever occurs sooner. However, the severance payment and continuation of health benefits are contingent upon Executive Officer signing a severance agreement that fully releases LAFCO from any and all claims he may have against it and/or its board members, officers, agents, and employees, arising out of his employment with LAFCO or the termination thereof. The severance payment shall be made on the eighth day after Executive Officer signs the severance agreement. Upon payment of all compensation due and owing and, in the event Executive Officer signs the severance agreement, payment of severance and continuation of health benefits as set forth above, all of LAFCO's obligations under this Agreement shall cease. LAFCO may discipline or demote Executive Officer with or without cause and with or without prior notice.

C. By LAFCO For Cause. At any time, and without prior notice, LAFCO may terminate Executive Officer for Cause (as defined below). LAFCO shall pay Executive Officer all compensation then due and owing through the last day worked; thereafter, all of LAFCO's obligations under this Agreement shall cease. Termination shall be for "cause" if Executive Officer: (1) acts in bad faith and to the detriment of LAFCO; (2) refuses or fails to act in accordance with any specific direction or order of LAFCO; (3) exhibits in regard to his employment unfitness or unavailability for service, unsatisfactory performance, misconduct, dishonesty, habitual neglect, or incompetence; (4) is convicted of a crime involving dishonesty,

breach of trust, or physical or emotional harm to any person, or which attracts unreasonable adverse publicity to LAFCO; or (5) breaches any material term of this Agreement.

D. By Death or Disability. The employment of Executive Officer, and this Agreement, shall automatically terminate upon the death of Executive Officer or upon the separation of his employment because of disability, which prevents Executive Officer from performing the essential functions of his job even with reasonable accommodations. As used herein, disability shall have the same meaning as provided under the laws governing a disability retirement through SBCERA. Neither Executive Officer nor his heirs, administrators, or assigns shall have any right under this Agreement to salary or a severance payment after such death or disability, but they shall have such rights and benefits as may be provided by law.

E. Resignation. At any time, Executive Officer may resign from his employment for any reason, with or without cause, by providing LAFCO with thirty (30) days' advance written notice. LAFCO shall have the option, in its complete and sole discretion, to make Executive Officer's termination effective at any time prior to the end of such notice period, provided (1) LAFCO pays Executive Officer all compensation due and owing through the last day actually worked, plus an amount equal to the compensation Executive Officer would have earned through the balance of the above notice period, and (2) LAFCO continues Executive Officer's health benefits under this Agreement for the balance of the above period. Thereafter, all of LAFCO's obligations under this Agreement shall cease. In the event Executive Officer fails to provide the thirty (30) days written notice of his resignation (e.g., notice of less than thirty days), LAFCO may terminate this Agreement and Executive Officer's employment at any time without any further obligations to Executive Officer other than paying all compensation due and owing through the last day actually worked.

F. Benefits Upon Termination. All benefits to which Executive Officer is entitled shall cease upon Executive Officer's termination, unless explicitly continued either under this Agreement, under any specific written policy or benefit plan of LAFCO, as it exists from time to time, or unless otherwise required by law.

G. Government Code Section 53260. In no event shall the cash payment that Executive Officer may receive in the event of the termination of this Agreement, as set forth in Sections 6(B) and 6(D) above, exceed an amount equal to the monthly base salary of Executive Officer multiplied by the number of months left on the unexpired term of this Agreement.

H. Abuse of Office. Pursuant to Government Code Sections 53243, 53243.1 and 53243.2, if Executive Officer is convicted of a crime involving an abuse of his office or position, all of the following shall apply: (1) if Executive Officer is provided with administrative leave pay pending an investigation, Executive Officer shall be required to fully reimburse LAFCO such amounts paid; (2) if LAFCO pays for the criminal legal defense of Executive Officer (which would be in its sole discretion, as it is generally not obligated to pay for a criminal defense), Executive Officer shall be required to fully reimburse LAFCO such amounts paid; and (3) if this Agreement is terminated, any severance or cash settlement related to the termination that Executive Officer may receive from LAFCO shall be fully reimbursed to LAFCO or void if not yet paid to Employee. For this Section, abuse of office or position means

either: (1) an abuse of public authority, including waste, fraud, and violation of the law under color of authority; or (2) A crime against public justice, including, but not limited to, a crime described in Title 7 (commencing with Section 92) of Part 1 of the Penal Code.

I. Termination Obligations. Executive Officer agrees that all property, including, without limitation, all equipment, tangible proprietary information, documents, records, notes, contracts, and computer generated materials furnished to or prepared by Executive Officer incident to his employment belongs to LAFCO and shall be returned promptly to LAFCO upon termination of Executive Officer's employment. Executive Officer's obligations under this subsection shall survive the termination of his employment and the expiration of this Agreement.

7. Performance Review. During the first year of employment, Executive Officer shall provide LAFCO with quarterly updates of his accomplishments, goals, and significant projects. LAFCO may conduct an annual performance review of Executive Officer on the anniversary date of this Agreement, including a salary review discussion. LAFCO's decision to conduct or failure to conduct, an annual performance review under this section shall not affect any other term of this Agreement. LAFCO may also evaluate Executive Officer's performance at other times as it deems appropriate.

8. Action by LAFCO. All actions required or permitted to be taken under this Agreement by LAFCO, including, without limitation, exercise of discretion, consents, waivers, and amendments to this Agreement, shall be made and authorized only by the Commission through its Chairperson, or a designated representative specifically authorized in writing to fulfill these obligations under this Agreement.

9. Notices. Any notice or other communication under this Agreement must be in writing and shall be effective upon delivery by hand, upon facsimile transmission to LAFCO (but only upon receipt of a written confirmation of receipt), or three (3) business days after deposit in the United States mail, postage prepaid, certified or registered, and addressed to LAFCO at the addresses or fax numbers below. Executive Officer shall be obligated to notify LAFCO in writing of any changes of his/her address. Notice of change of address shall be effective only when done in accordance with this Section.

James Ramos, Chairman
Local Agency Formation Commission for San Bernardino County
1170 W. Third Street, Unit 150
San Bernardino, CA 92415-0490
Fax Number: (909) 388-0481

Samuel Martinez

[REDACTED]
[REDACTED]
Phone Number: [REDACTED]

10. Integration. This Agreement is intended to be the final, complete, and exclusive statement of the terms of Executive Officer's employment by LAFCO. This Agreement supersedes all other prior and contemporaneous agreements and statements, whether written or oral, express or implied, pertaining in any manner to the employment of Executive Officer, and it may not be contradicted by evidence of any prior or contemporaneous statements or agreements. To the extent that the practices, policies, or procedures of LAFCO, now or in the future, apply to Executive Officer and are inconsistent with the terms of this Agreement, the provisions of this Agreement shall control.

11. Amendments. This Agreement may not be amended or modified except by a writing signed by both Parties. The failure of either Party to insist on strict compliance with any of the terms, covenants, or conditions of this Agreement by the other Party shall not be deemed a waiver of that term, covenant, or condition, nor shall any waiver or relinquishment of any right or power at any one time or times be deemed a waiver or relinquishment of that right or power for all or any other times.

12. Assignment. Neither this Agreement, nor any right, privilege, or obligation of Executive Officer hereunder shall be assigned or transferred by him without the prior written consent of LAFCO. Any attempt at assignment or transfer in violation of this provision shall, at the option of LAFCO, be null and void and may be considered a material breach of this Agreement.

13. Severability. If a court or arbitrator holds any provision of this Agreement to be invalid, unenforceable, or void, the remainder of this Agreement shall remain in full force and effect.

14. Attorneys' Fees. In any legal action, arbitration, or other proceeding brought to enforce or interpret the terms of this Agreement, the prevailing Party shall be entitled to recover reasonable attorneys' fees and costs.

15. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

16. Interpretation. This Agreement shall be construed as a whole, according to its fair meaning, and not in favor of or against any Party. By way of example and not in limitation, this Agreement shall neither be construed in favor of the Party receiving a benefit nor against the Party responsible for any particular language in this Agreement. Captions are used for reference purposes only and should be ignored in the interpretation of the Agreement. Furthermore, no presumption for or against validity or as to any interpretation hereof, based upon the identity of the drafter shall be applicable in interpreting or enforcing this Agreement.

17. Conflict of Interest. The Executive Officer agrees that he will abide with all applicable local, California, and federal rules on conflicts of interest and receipt of gifts, including, without limitation, those rules found in the Political Reform Act, California Government Code section 1090 et. seq. and the regulations promulgated by the Fair Political Practices Commission, Title 2 of the California Code of Regulations section 18109 et. seq.

18. Executive Officer Acknowledgment. Executive Officer acknowledges that he has had the opportunity to consult legal counsel in regard to this Agreement, that he has read and understands this Agreement, that he is fully aware of its legal effect, and that he has entered into it freely and voluntarily and based on his own judgment and not on any representations or promises other than those contained in this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the _____ day of _____, 2018.


LOCAL AGENCY FORMATION COMMISSION
FOR SAN BERNARDINO COUNTY

By: _____
James Ramos, Chairman

Samuel Martinez

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

1170 West Third Street, Unit 150, San Bernardino, CA 92415-0490
(909) 388-0480 • Fax (909) 388-0481
E-MAIL: lafco@lafco.sbcounty.gov
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DATE: JUNE 8, 2018
FROM: SAMUEL MARTINEZ, Assistant Executive Officer 
TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: Agenda Item #11: LAFCO 3225 – Sphere of Influence Amendments for the City of Loma Linda (Reduction) and the City of Colton (Expansion)

INITIATED BY:

University Realty, LLC, landowner within the proposal area

RECOMMENDATION:

Staff recommends that the Commission take the following actions:

1. Determine that the proposed sphere of influence amendments, submitted under the provisions of Government Code Section 56428, does not require a service review;
2. Modify LAFCO 3225 to include the area located immediately north of the Riverside/San Bernardino County line generally located easterly of Reche Canyon Road including the neighborhood in and around Scotch Lane as proposed by LAFCO staff;
3. Certify that LAFCO 3225, as modified, is statutorily exempt from environmental review, and direct the Executive Officer to file a Notice of Exemption within five (5) days;
4. Approve LAFCO 3225, as modified, sphere of influence reduction for City of Loma Linda and sphere of influence expansion for City of Colton; and,
5. Adopt LAFCO Resolution No. 3269 reflecting the Commission's determinations and findings for the sphere of influence amendments, LAFCO 3225, and issue said resolution upon receipt of the revised map and legal description, prepared in compliance with LAFCO and State standards, that reflects the modified boundary.

BACKGROUND:

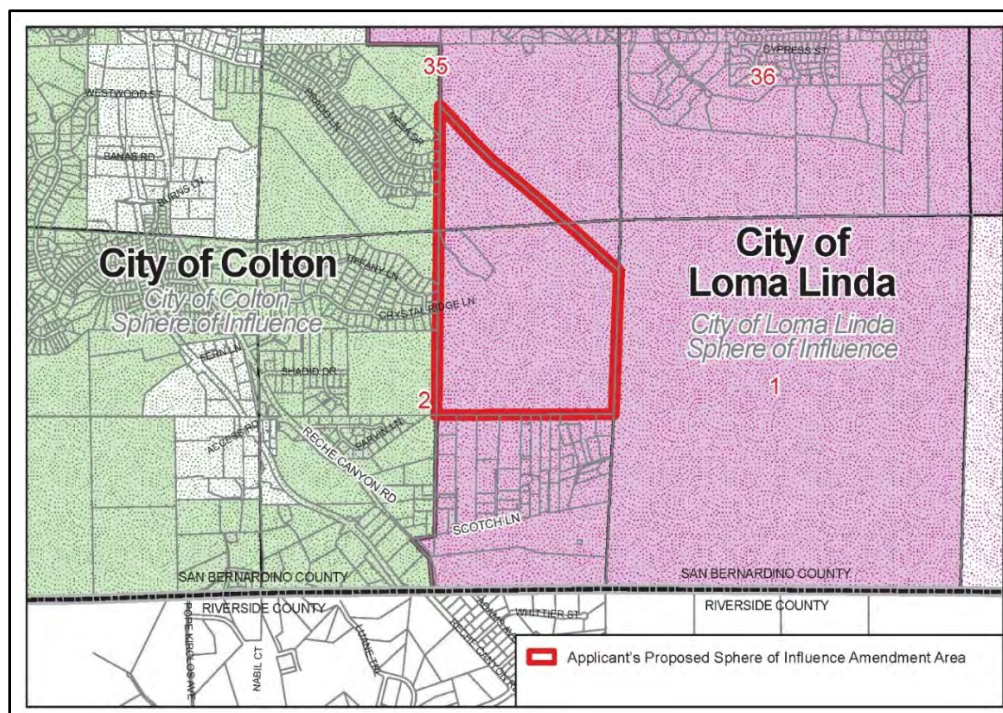
The proposed sphere of influence amendments has been initiated by one the property owners (University Realty, LLC) for the purpose of removing its properties from the sphere of influence of the City of Loma Linda since it is unable to provide services to their

properties in part because of several initiatives previously approved by its voters. Those initiatives —the 1996 Hillside Initiative, the 2006 Measure V, and the 2008 Measure T— protect and conserve its hillside areas including the permanent preservation of approximately 1,675 acres owned by the City for open space and recreational use. Such restrictions not only limit development in the area but also preclude the City from extending its facilities and/or its services to its southern hills. Concurrently, said applicant's properties will be added into the sphere of influence of the City of Colton, which is the logical service provider and can, in fact, provide the full range of its services to the area. A “sphere of influence” is defined as a planning boundary that designates an agency’s probable future boundary and service area. Changing a sphere of influence does not change the actual jurisdictional boundary of an agency.

The sphere of influence amendments being proposed, a sphere of influence reduction for the City of Loma Linda and a sphere expansion for the City of Colton, is generally located easterly of Reche Canyon Road and northerly of the San Bernardino/Riverside Countyline, within the City of Loma Linda and its sphere of influence. A map illustrating the proposed sphere of influence amendment area is included as Attachment #1 to this report.

BOUNDARIES:

The spheres of influence reduction/expansion area, as submitted by the applicant, includes three parcels, APNs 0284-181-27, 0284-221-16 and 0284-221-18, encompassing approximately 209 acres generally located north of Scotch Lane, in the southerly portion of Section 35 and the northeastern portion of Section 2; generally bounded on the west (existing City of Colton boundary), north and east by parcel lines.

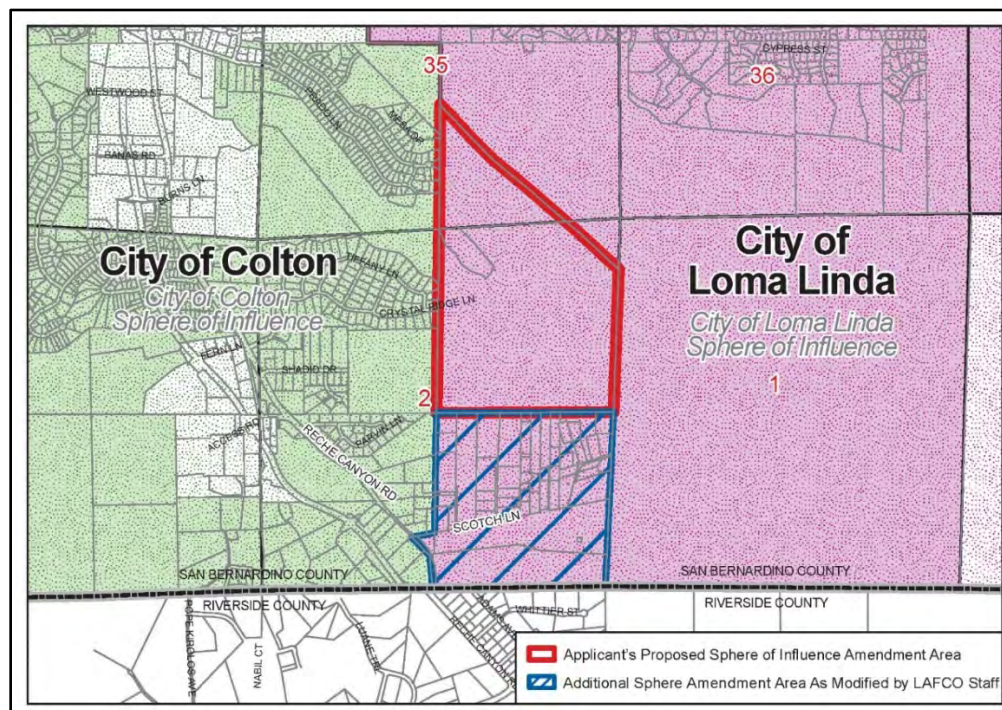


Responses from the Cities of Loma Linda and Colton to the Proposed Sphere of Influence Amendments:

In a letter submitted by the City of Loma Linda dated October 17, 2017, it indicated its support for the proposed sphere of influence reduction for City of Loma Linda and sphere of influence expansion for City of Colton. Likewise, in a letter submitted by the City of Colton dated December 20, 2017, it also confirmed its support for the proposed sphere of influence amendments. Both letters are included as part of Attachment #3.

LAFCO Staff's Proposed Modification:

LAFCO staff is proposing the modification of the sphere of influence amendment area to include properties located generally in the southeast quarter of Section 2, Township 2 South, Range 4 West, SBM, encompassing approximately 163 acres, southerly of the applicants proposal area and north of the Riverside/San Bernardino County line, generally located easterly of Reche Canyon Road including the neighborhood in and around Scotch Lane – also within the City of Loma Linda.



It is the Commission's policy that, as part of the review of a sphere of influence proposal, the Commission can modify the area by expanding or reducing the sphere of influence for reasons such as to include areas that may be better served by a public agency or exclude areas that may be better served by another public agency.

In this case, due to the location of the additional properties and its configuration as a peninsula of territory partially developed, it is LAFCO staff's position that the City of Loma Linda is not only unable to provide services to the original sphere of influence amendment area but is also

unable to do so within the additional sphere of influence amendment area proposed for the very same reasons identified earlier. Therefore, staff is recommending that the Commission modify LAFCO 3225 to include the additional area southerly of the sphere of influence amendment area, generally located easterly of Reche Canyon Road and northerly of the San Bernardino/Riverside Countyline.

Responses from the Cities of Loma Linda and Colton to LAFCO Staff's Proposed Modification:

Following review of the modification to the proposal at the Departmental Review Committee meeting held on March 5, 2018, LAFCO received a subsequent letter from the City of Loma Linda dated April 2, 2018, indicating its support for the proposed modification. However, the City of Colton provided a letter dated April 18, 2018 that it does not support the expansion of its sphere of influence beyond what the applicant had originally proposed. Both letters are included as part of Attachment #4.

LAFCO staff recognizes the City of Colton's hesitation to support the proposed modification; however, again, given the City of Loma Linda's inability to provide its services to the area and the fact that the City of Colton can provide the full range of its services to the area and has provided law enforcement and fire protection on an on-going mutual aid basis, LAFCO staff stands by its recommendation to modify the proposal. The City of Colton, through the sphere of influence amendment, should also plan to provide its remaining range of services, including water and sewer service, to the area since its facilities are either adjacent or close by.

It should also be noted that in the early 1990s, the portion of the proposed modified area southerly of Scotch Lane was previously approved by the City of Loma Linda for a tract (Tentative Tract 15111) that was conditioned to receive water and sewer service from the City of Colton until such time that the City of Loma Linda could extend its services to the area. However, as outlined above, the ability of the City to extend its services through its southern hills has now been limited. Therefore, even though this tract has not developed, this—again—is proof that the City of Colton is the only logical service provider for the area.

SERVICE REVIEW DETERMINATION:

It is the staff's positions that a sphere of influence "amendments" do not require that a service review be conducted pursuant to Government Code Section 56430 as this section reads in part, "In order to prepare and to update spheres of influence in accordance with 56425, the commission shall conduct a service review..." LAFCO 3225 is a sphere of influence amendment pursuant to Government Code Section 56428. Therefore, staff is recommending that the Commission determine that LAFCO 3225 does not require a service review.

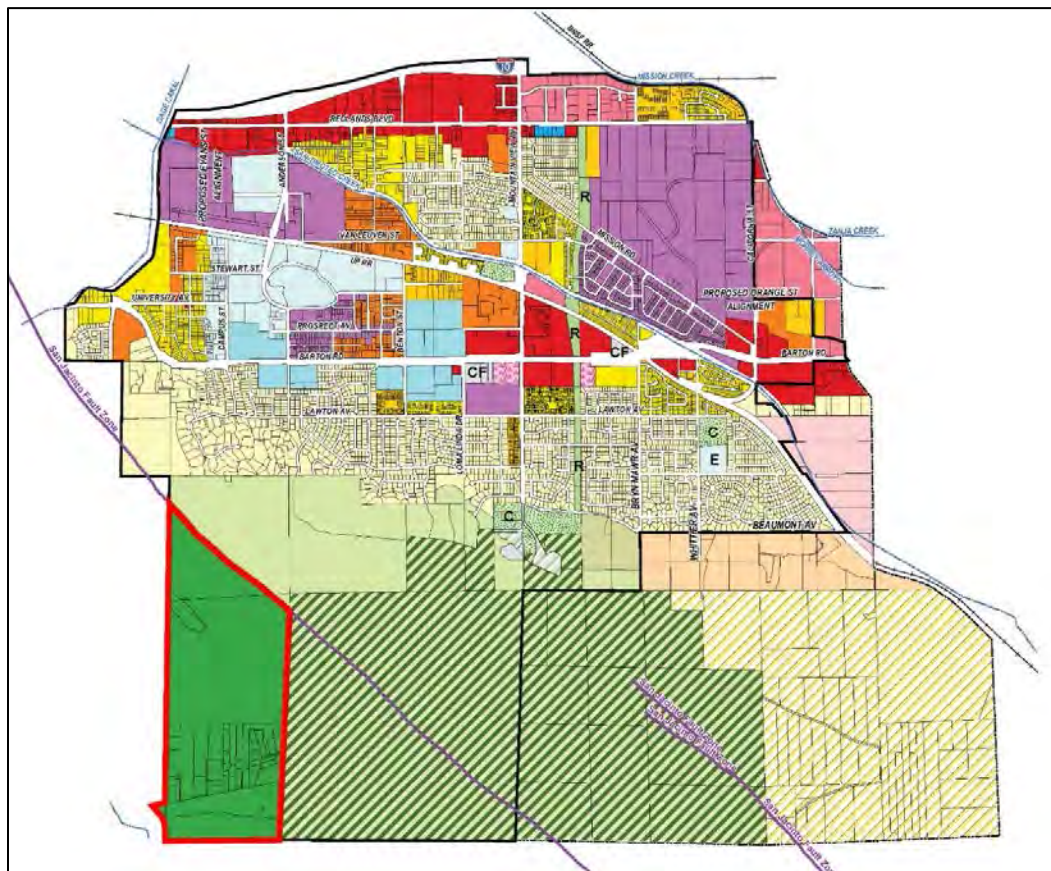
SPHERE OF INFLUENCE REDUCTION/EXPANSION DETERMINATIONS:

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 of consideration" including information from the applicant's response to said factors for the sphere of influence amendments:

Factors of Consideration:

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

The proposed sphere of influence amendment area is currently vacant. The proposed additional area is also generally vacant with a few single-family residences in and around Scotch Lane. The City's General Plan outlines guiding principles for managed growth as a result of Measure V, a referendum approved by its voters in 2006 that added a Growth Management Element to its General Plan. This element also includes provisions from other referendums approved by its voters—the 1996 Hillside Initiative and its 2008 Measure T—that outlines other growth management provisions including conservation and protection of open space, particularly within the City's southern hills. The City of Loma Linda designates both the proposed sphere of influence amendment area and the proposed additional area as South Hills (shown as a dark green color in the City of Loma Linda's Land Use Map below), a land use category assigned by the City to its southwestern hillside area intended for appropriate levels of development that take into consideration hillside design policies, the protection of sensitive environmental features, and the efficient provision of infrastructure, utilities, and public services.



Due to the topography of the land, access to the proposed sphere of influence amendment area or the proposed additional area from the City of Loma Linda is very limited. The entire South Hills is only accessible from the City through areas it has designated as either Hillside Conservation (green color) that restrict development to only the northern slopes facing the City of Loma Linda or South Hills Preservation (green color with hatching), which are lands owned by the City that only permit improvements and facilities consistent with the permanent protection of natural open space lands. Therefore, the City of Loma Linda is clearly unable to provide the necessary infrastructure, utilities, and/or public services to the proposed sphere of influence amendment area or the proposed additional area given the restrictions imposed on the adjacent land uses within the City of Loma Linda.

For the City of Colton, no specific land use(s) is/are proposed at this time. In fact, the purpose of the sphere of influence amendment is to allow the City of Colton the authority to undertake a general plan amendment process to address future development in the area.

2. *The present and probable need for public facilities and services in the area*

The City of Loma Linda currently has no facilities within and around the proposed sphere of influence amendment area or the proposed additional area. The residential development within and around Scotch Lane have individual wells and are all on septic systems. All the roads within the Scotch Lane neighborhood, including Scotch Lane itself, are all private roads—not maintained by the City.

As a municipality, the City is responsible for fire suppression and law enforcement within its boundaries. For fire protection and emergency medical response, the City has mutual aid agreement with the City of Colton for response to the area; however, the City of Colton is the first responder since its fire station is approximately 1.5 miles closer than the nearest City of Loma Linda fire station. For law enforcement, the City has chosen to contract with the County Sheriff that has a similar arrangement with the City of Colton since the City already patrols the area.

If the sphere of influence amendment is approved, the City of Colton would have the ability to plan to provide the full range of its services to the area.

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

The City of Colton provides for a full range of municipal services within its jurisdiction. Overall, current facilities and services delivered within the City are adequate. Any future development within the area will require future evaluation of the City's ability to provide its services.

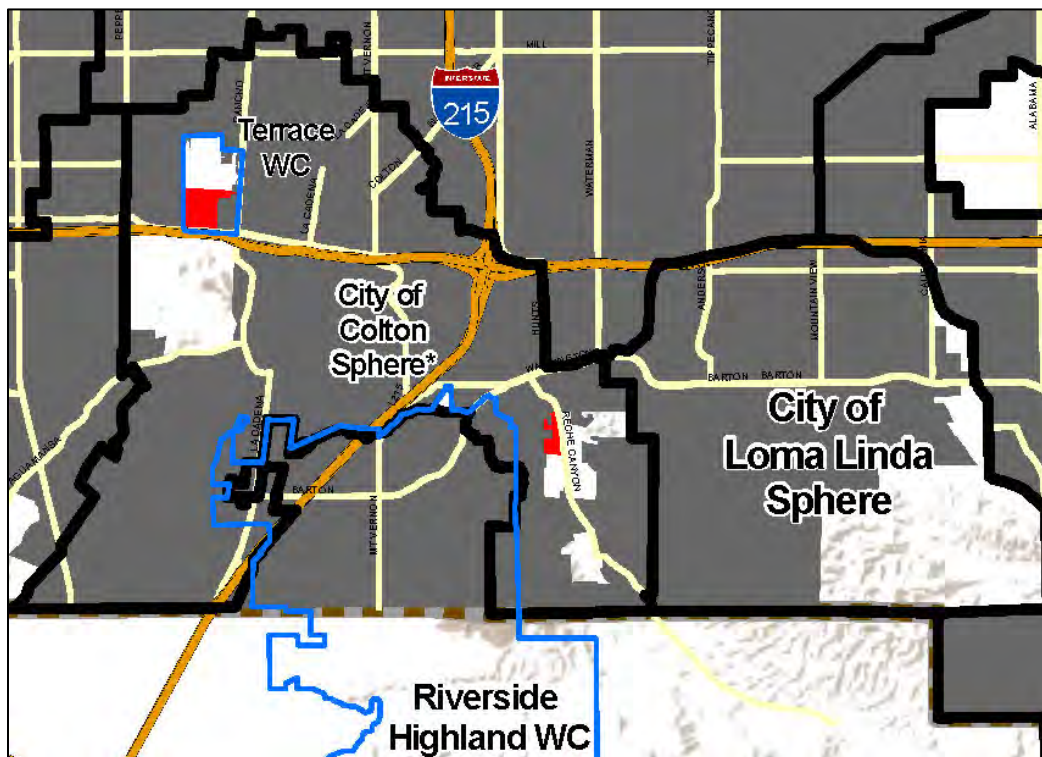
4. *The existence of any social or economic communities of interest*

The proposed sphere of influence amendment area is considered part of the Reche Canyon community that is bisected by Reche Canyon Road. Reche Canyon Road is a

thoroughfare that connects San Bernardino and Riverside Counties along the said canyon. The area is currently vacant but is adjacent to the Cambria neighborhood along Prado Lane and the Crystal Ridge neighborhood. The proposed additional area includes the neighborhood in and around Scotch Lane.

5. The Present and Probable Need for Public Facilities and Services of any Disadvantaged Unincorporated Communities Within the Existing Sphere of Influence for a City/Special District that Provides Public Facilities or Services Related to Sewers, Water, or Fire Protection

Within the City of Loma Linda, there are no disadvantaged unincorporated communities ("DUCs"). However, within the City of Colton, there are two areas that are identified as DUCs within its existing sphere of influence. One is located within a portion of its unincorporated island located north of the I-10 Freeway and another within a portion of one of its islands located in the Reche Canyon area. The unincorporated island north of the I-10 Freeway currently receives water service primarily from Terrace Water Company. In some cases, the City has provided water and/or sewer service within said area through extra-territorial service agreements with a number of properties. Within its unincorporated island areas in Reche Canyon, the City also has provided water and/or sewer service through extra-territorial service agreements with a few properties. Within both DUCs, fire protection and emergency medical response is provided by the City of Colton by contract with the San Bernardino County Fire Protection District and its Valley Service Zone. The probable need for services within these two DUC areas will remain as development is anticipated to continue in these areas. The DUCs (depicted in red) are shown on the map below.



ENVIRONMENTAL CONSIDERATIONS:

As the CEQA lead agency, the Commission's Environmental Consultant, Tom Dodson from Dodson and Associates, has indicated that the review of LAFCO 3225 is statutorily exempt from the California Environmental Quality Act (CEQA). This recommendation is based on the finding that the Commission's approval of the sphere of influence amendment does not appear to have any potential to alter the existing physical environment in any manner different from the existing environmental circumstance; and therefore, the proposal 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 #3 to this report.

ADDITIONAL DETERMINATIONS:

1. As required by State Law, notice of the Commission's consideration of this issue has been advertised as required by State law through publication in *The Sun*, a newspaper of general circulation in the area. As required by State law, individual notification was provided to affected and interested agencies, County departments, and those individuals and agencies wishing mailed notice.
2. LAFCO staff has also provided individual notices to landowners and registered voters within the sphere expansion area (totaling 94) and to landowners and registered voters surrounding the sphere expansion area within San Bernardino County (totaling 551) as well as to landowners and registered voters surrounding the sphere expansion area within Riverside County (totaling 153) in accordance with state law and adopted Commission policies. To date, no written comments in support or opposition have been received from landowners or voters regarding the consideration of this proposal.
3. The map and legal description of the proposed sphere of influence amendments, was certified by the County Surveyor's office. If staff's recommendation for modification is approved, revised maps and legal descriptions will be required prior to issuance of the resolution.

CONCLUSION:

LAFCO 3225, as modified, represents a reasonable expansion of the sphere of influence for the City of Colton and reduction of the sphere of influence for the City of Loma Linda. The City of Loma Linda is not only unable to provide services to the proposed sphere of influence amendment area or the proposed additional area in an efficient and effective manner but due to the topography of the land, access to the area is only available through the City of Colton—the logical service provider—that can, in fact, provide the full range of its services to the area. For all these reasons, and those identified within this report, staff recommends approval of LAFCO 3225, as modified. The actions recommended for the Commission are outlined on page one of this report.

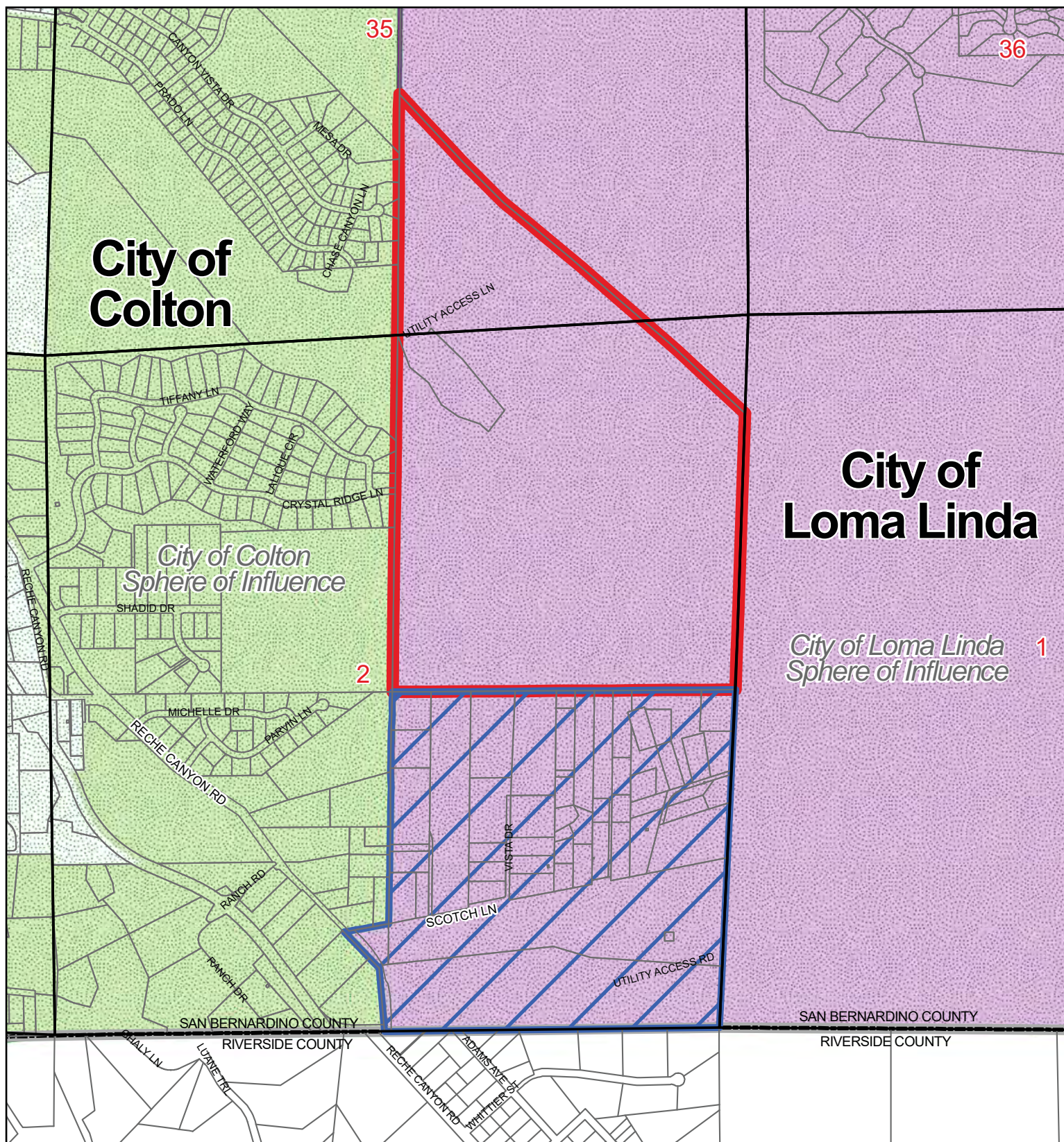
KRM/sm

Attachments:

1. [Vicinity Map and Map of Proposed Sphere Expansion](#)
2. [Application for Sphere of Influence Expansion Including Supplemental Data](#)
3. [Letters from the Cities of Loma Linda and Colton Regarding the Proposed Sphere of Influence Amendments Initiated by the Applicant](#)
4. [Letters from the Cities of Loma Linda and Colton Regarding LAFCO Staff's Proposed Modification](#)
5. [Letter Response from the Commission's Environmental Consultant Tom Dodson of Tom Dodson and Associates](#)
6. [Draft LAFCO Resolution No. 3269](#)

Vicinity Map and Map of Proposed Sphere Expansion

Attachment 1



LAFCO 3225 — Sphere of Influence Amendments to the City of Loma Linda (Reduction) and the City of Colton (Expansion)

0 250 500 1,000 Yards



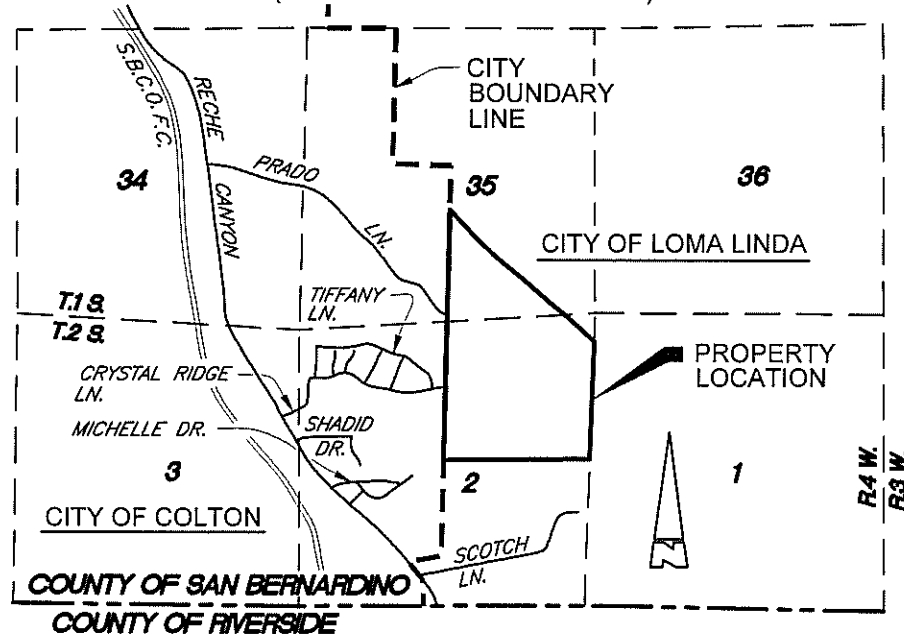
Disclaimer: The information shown is intended to be used for general display only and is not to be used as an official map.

- Applicant Proposed Sphere of Influence Amendment Area
- Additional Sphere Expansion Area As Modified by LAFCO Staff
- City of Colton Sphere of Influence
- City of Loma Linda Sphere of Influence
- City of Colton
- City of Loma Linda

EXHIBIT "B"
LAFCO 3225

SHEET 1 OF 2 SHEETS

SPHERE OF INFLUENCE AMENDMENT
FOR THE CITY OF LOMA LINDA (REDUCTION) AND
THE CITY OF COLTON (EXPANSION)
(DELTA REVISION 1: 3/26/2018)



VICINITY MAP:

N. T. S.

NOTES:

AFFECTED AREA ACREAGE: 209.43 ACRES

AGENCIES AFFECTED:

CITY OF COLTON,
CITY OF LOMA LINDA,
COLTON WATER DEPARTMENT,
SAN BERNARDINO SHERIFF,
COLTON FIRE DEPARTMENT,
LOMA LINDA FIRE DEPARTMENT

LEGEND:

- SPHERE OF INFLUENCE AMENDMENT BOUNDARY
- EXISTING CITY OF LOMA LINDA BOUNDARY
- EXISTING CITY OF COLTON BOUNDARY
- EXISTING COMMON BOUNDARIES BETWEEN THE CITIES LOMA LINDA AND COLTON
- EXIST SPHERE OF INFLUENCE BOUNDARY

(10)

NUMBERED COURSES

(X)

ASSESSOR PARCEL NUMBER

()

RECORD DATA PER LOT LINE
ADJUSTMENT NO. 16-01 REC.
12/06/2016 AS INSTRUMENT
NO. 2016-0532751, O.R.



DATE PREPARED: 2-01-18
DELTA REVISION 1: 3-26-18

Thomas Caseldine 4-9-18
THOMAS M. CASELDINE DATE
P.L.S. 9029

KWC ENGINEERS

CIVIL ENGINEERS • PLANNERS • SURVEYORS
1880 COMPTON AVENUE, SUITE 100 • CORONA, CA 92881-3370 • 951-734-2130

LAFCO 3225

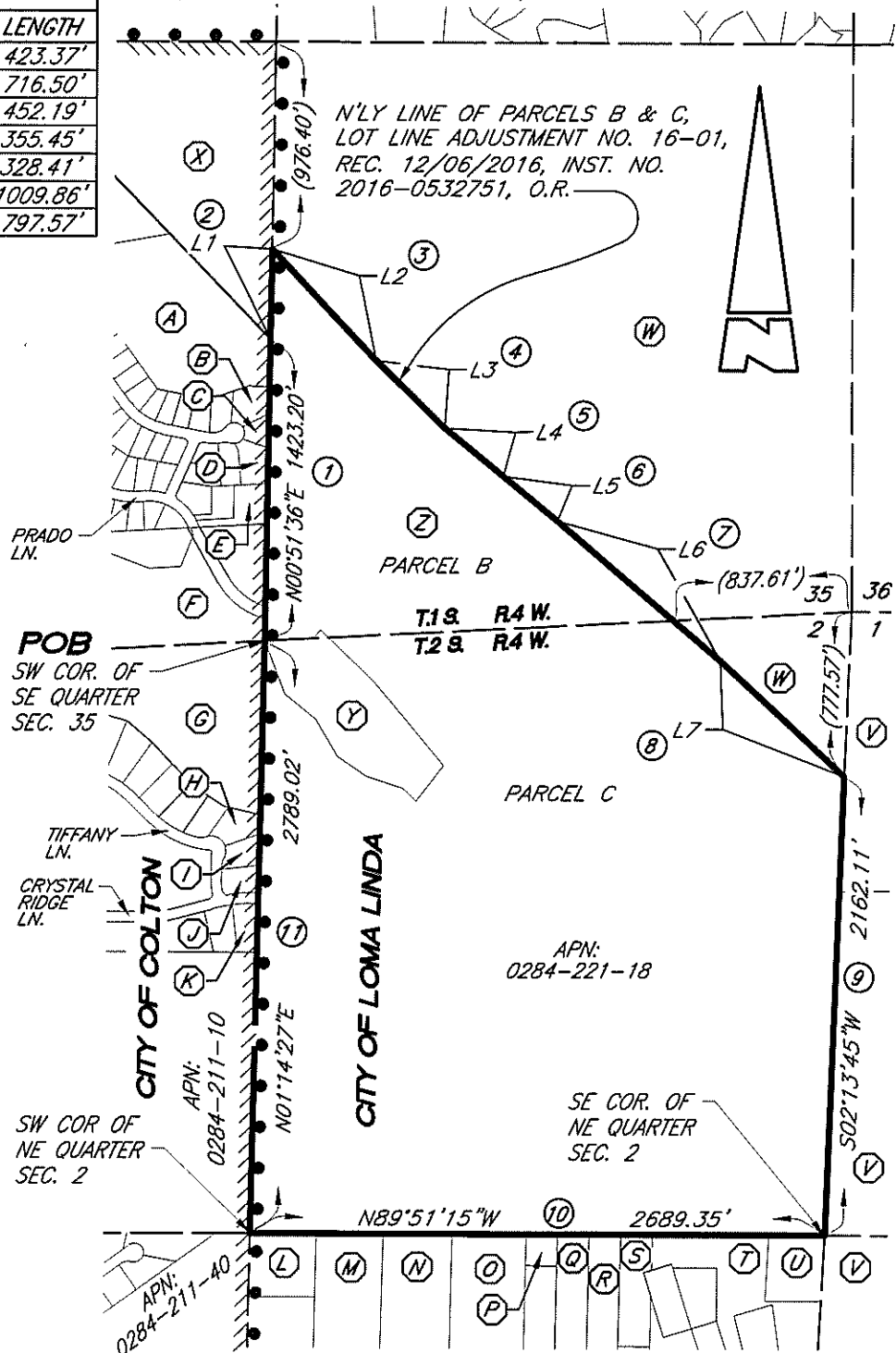
SPHERE OF INFLUENCE AMENDMENT
FOR THE CITY OF LOMA LINDA (REDUCTION) AND
THE CITY OF COLTON (EXPANSION)
(DELTA REVISION 1: 3/26/2018)

LINE TABLE

LINE	BEARING	LENGTH
L1	N00°51'57"E	423.37'
L2	S42°54'33"E	716.50'
L3	S45°16'32"E	452.19'
L4	S50°23'24"E	355.45'
L5	S50°25'51"E	328.41'
L6	S49°11'57"E	1009.86'
L7	S47°09'02"E	797.57'

APN. TABLE

- (A) APN: 0284-591-45
 (B) APN: 0284-591-46
 (C) APN: 0284-601-08
 (D) APN: 0284-601-09
 (E) APN: 0284-601-15
 (F) APN: 0284-161-50
 (G) APN: 0284-671-49
 (H) APN: 0284-672-15
 (I) APN: 0284-672-14
 (J) APN: 0284-672-13
 (K) APN: 0284-672-12
 (L) APN: 0284-351-01
 (M) APN: 0284-351-08
 (N) APN: 0284-351-70
 (O) APN: 0284-351-52
 (P) APN: 0284-351-10
 (Q) APN: 0284-351-32
 (R) APN: 0284-351-73
 (S) APN: 0284-351-35
 (T) APN: 0284-351-29
 (U) APN: 0284-351-28
 (V) APN: 0284-231-01
 (W) APN: 0284-181-26
 (X) APN: 0284-161-40
 (Y) APN: 0284-221-16
 (Z) APN: 0284-181-27



KWC
ENGINEERS

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1880 COMPTON AVENUE, SUITE 100 • CORONA, CA 92881-3370 • 951-734-2130

**Application for Sphere of
Influence Expansion
Including Supplemental Data**

Attachment 2

**SAN BERNARDINO LAFCO
APPLICATION AND PRELIMINARY
ENVIRONMENTAL DESCRIPTION FORM**

INTRODUCTION: The questions on this form and its supplements are designed to obtain enough data about the application to allow the San Bernardino LAFCO, its staff and others to adequately assess the proposal. By taking the time to fully respond to the questions on the forms, you can reduce the processing time for your proposal. You may also include any additional information which you believe is pertinent. Use additional sheets where necessary, or attach any relevant documents.

GENERAL INFORMATION

1. NAME OF PROPOSAL: Colton Sphere of Influence Amendment for 210 acres

2. NAME OF APPLICANT: University Realty, LLC

APPLICANT TYPE: ☐ Landowner ☐ Local Agency
☐ Registered Voter ☒ Other Agent for Owner
MAILING ADDRESS:
University Realty
P.O. Box 2260, Tempe, AZ 85280-2260
PHONE: (480) 965-3323
FAX: ()
E-MAIL ADDRESS: randy.levin@asu.edu
3. GENERAL LOCATION OF PROPOSAL: 210 acres at SW corner of City of Loma Linda

4. Does the application possess 100% written consent of each landowner in the subject territory?
YES ☒ NO ☐ If YES, provide written authorization for change.
5. Indicate the reason(s) that the proposed action has been requested.
The city of Loma Linda is unable to provide services to the property. The City of Colton is the
logical service provider.

LAND USE AND DEVELOPMENT POTENTIAL

1. Total land area of subject territory (defined in acres):
210 acres
2. Current dwelling units within area classified by type (single-family residential, multi-family [duplex, four-plex, 10-unit], apartments)
0
3. Approximate current population within area:
0
4. Indicate the General Plan designation(s) of the affected city (if any) and uses permitted by this designation(s):
General Plan designation is "South Hills", which calls for a maximum allowable density ranging from 0-1 du per 10 acres for non-clustered development and 1 du per 2 acres for clustered development.

San Bernardino County General Plan designation(s) and uses permitted by this designation(s):
Not applicable. Property is within the Loma Linda General Plan designation.

5. Describe any special land use concerns expressed in the above plans. In addition, for a City Annexation or Reorganization, provide a discussion of the land use plan's consistency with the regional transportation plan as adopted pursuant to Government Code Section 65080 for the subject territory:
No Land Use concerns.
No Annexation or Reorganization is being requested.

6. Indicate the existing use of the subject territory.
Existing use of the property is open space. There is an existing dam and storm water filtration basin in the central NE area of the site that is provided vehicle access.

What is the proposed land use?
No specific land use is being proposed at this time.

7. Will the proposal require public services from any agency or district which is currently operating at or near capacity (including sewer, water, police, fire, or schools)? YES ☐ NO ☒ If YES, please explain.

8. On the following list, indicate if any portion of the territory contains the following by placing a checkmark next to the item:

- | | |
|--|--|
| <input type="checkbox"/> Agricultural Land Uses | <input type="checkbox"/> Agricultural Preserve Designation |
| <input type="checkbox"/> Williamson Act Contract | <input type="checkbox"/> Area where Special Permits are Required |
| <input type="checkbox"/> Any other unusual features of the area or permits required: _____ | |

No special permits are required for the S.O.I. amendment

9. Provide a narrative response to the following factor of consideration as identified in §56668(p):
The extent to which the proposal will promote environmental justice. As used in this subdivision, "environmental justice" means the fair treatment of people of all races, cultures, and incomes with respect to the location of public facilities and the provision of public services:

Not applicable

ENVIRONMENTAL INFORMATION

1. Provide general description of topography. Site has varied flat, rolling and steep topography with a central valley corridor surrounded by ridgelines.

2. Describe any existing improvements on the subject territory as % of total area.

Residential	<u>0%</u>	Agricultural	<u>0%</u>
Commercial	<u>0%</u>	Vacant	<u>100%</u>
Industrial	<u>0%</u>	Other	<u>0%</u>

3. Describe the surrounding land uses:

NORTH	<u>Open Space</u>
EAST	<u>Open Space</u>
SOUTH	<u>Open Space/Low Density Residential</u>
WEST	<u>Low Density Residential</u>

4. Describe site alterations that will be produced by improvement projects associated with this proposed action (installation of water facilities, sewer facilities, grading, flow channelization, etc.).

No site alterations.

5. Will service extensions accomplished by this proposal induce growth on this site? YES ☒
NO ☐ Adjacent sites? YES ☐ NO ☒ Unincorporated ☐ Incorporated ☐

6. Are there any existing out-of-agency service contracts/agreements within the area? YES ☐
NO ☒ If YES, please identify.

7. Is this proposal a part of a larger project or series of projects? YES ☐ NO ☒ If YES, please explain.

NOTICES

Please provide the names and addresses of persons who are to be furnished mailed notice of the hearing(s) and receive copies of the agenda and staff report.

NAME Bill Smith, Colton City Manager TELEPHONE NO. (909) 370-5051

ADDRESS:
650 N. La Cadena Drive, Colton, CA 92324

NAME T. Jarb Thaijepr, Loma Linda City Manager TELEPHONE NO. (909) 799-2810

ADDRESS:
25541 Barton Road, Loma Linda, CA 92354

NAME _____ TELEPHONE NO. _____

ADDRESS:

CERTIFICATION

As a part of this application, the City/Town of _____, or the _____
District/Agency, Univ. Realty LLC (the applicant) and/or the _____ (real party in
interest - landowner and/or registered voter of the application subject property) agree to defend, indemnify,
hold harmless, promptly reimburse San Bernardino LAFCO for all reasonable expenses and attorney fees,

LAFCO 3225
(FOR LAFCO USE ONLY)

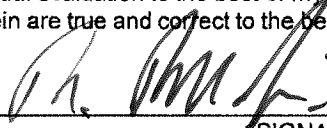
and release San Bernardino LAFCO, its agents, officers, attorneys, and employees from any claim, action, proceeding brought against any of them, the purpose of which is to attack, set aside, void, or annul the approval of this application or adoption of the environmental document which accompanies it.

This indemnification obligation shall include, but not be limited to, damages, penalties, fines and other costs imposed upon or incurred by San Bernardino LAFCO should San Bernardino LAFCO be named as a party in any litigation or administrative proceeding in connection with this application.

As the person signing this application, I will be considered the proponent for the proposed action(s) and will receive all related notices and other communications. I understand that if this application is approved, the Commission will impose a condition requiring the applicant and/or the real party in interest to indemnify, hold harmless and reimburse the Commission for all legal actions that might be initiated as a result of that approval.

I hereby certify that the statements furnished above and in the attached supplements and exhibits present the data and information required for this initial evaluation to the best of my ability, and that the facts, statements, and information presented herein are true and correct to the best of my knowledge and belief.

DATE 1/18/18


SIGNATURE
University Realty, LLC
Printed Name of Applicant or Real Property in Interest
(Landowner/Registered Voter of the Application Subject Property)

Chief Executive Officer and Managing Director
Title and Affiliation (if applicable)

PLEASE CHECK SUPPLEMENTAL FORMS ATTACHED:

- ☐ ANNEXATION, DETACHMENT, REORGANIZATION SUPPLEMENT
- ☒ SPHERE OF INFLUENCE CHANGE SUPPLEMENT
- ☐ CITY INCORPORATION SUPPLEMENT
- ☐ FORMATION OF A SPECIAL DISTRICT SUPPLEMENT
- ☐ ACTIVATION OR DIVESTITURE OF FUNCTIONS AND/OR SERVICES FOR SPECIAL DISTRICTS SUPPLEMENT

SUPPLEMENT SPHERE OF INFLUENCE AMENDMENT

INTRODUCTION: The questions on this form are designed to obtain data about the specific sphere of influence amendment application to allow the Commission, staff and others to adequately assess the application. You may also include any additional information that you believe is pertinent. Use additional sheets where necessary, and/or include any relevant documents.

1. Please provide an identification of the agencies involved in the proposed sphere of influence change(s):

SPHERE EXPANSION

To City of Colton - Approximately

210 Acres near Southwest Corner of

City of Loma Linda Boundary

SPHERE REDUCTION

To City of Loma Linda- approximately

210 Acres near Southwest Corner of

City of Loma Linda Boundary

2. Provide a narrative description of the following factors of consideration as outlined in Government Code Section 56425. (If additional room for response is necessary, please attach additional sheets to this form.)

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

There are no planned uses at this time. The area in question is vacant.

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

City of Colton would need to provide the full extension of services to the site.

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

A future "service review" by the City of Colton would determine capacity of services for the area.

The existence of any social or economic communities of interest in the area.

Communities of interest include but may not be limited to:

Cambria Neighborhood, Crystal Ridge Neighborhood, East Shadid Neighborhood

Scotch Lane Neighborhood, Reche Canyon Elementary School

The present and probable need for public facilities or services related to sewers, municipal and industrial water, or structural fire protection for any disadvantaged unincorporated community, as defined by Govt. Code Section 56033.5, within the existing sphere of influence.

There are no disadvantaged unincorporated communities within this portion of the existing sphere of influence.

3. If the sphere of influence amendment includes a city sphere of influence change, provide a written statement of whether or not agreement on the sphere change between the city and county was achieved as required by Government Code Section 56425. In addition, provide a written statement of the elements of agreement (such as, development standards, boundaries, zoning agreements, etc.) (See Government Code Section 56425)

This section is not applicable because the proposed amendment is not a sphere change between a city and a county. The City of Colton and City of Loma Linda have both provided letters of support for the processing the sphere of influence amendment.

4. If the sphere of influence amendment includes a special district sphere of influence change, provide a written statement: (a) specifying the function or classes of service provided by the district(s) and (b) specifying the nature, location and extent of the functions or classes of service provided by the district(s). (See Government Code Section 56425(i))

The Sphere of Influence Amendment does not include a special district sphere of influence change.

5. For any sphere of influence amendment either initiated by an agency or individual, or updated as mandated by Government Code Section 56425, the following service review information is required to be addressed in a narrative discussion, and attached to this supplemental form (See Government Code Section 56430):

- a. Growth and population projections for the affected area.

- b. Location and characteristics of disadvantaged unincorporated communities within or contiguous to the sphere of influence.
- c. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies, including those associated with a disadvantaged unincorporated community.
- d. Financial ability of agencies to provide services.
- e. Status of, and opportunities for, shared facilities.
- f. Accountability for community service needs, including governmental structure and operational efficiencies.

If additional sheet are submitted or a separate document provided to fulfill Item #5, the narrative description shall be signed and certified by an official of the agency(s) involved with the sphere of influence review as to the accuracy of the information provided. If necessary, attach copies of documents supporting statements.

CERTIFICATION

As a part of this application, the City/Town of _____, or the _____ District/Agency, Univ. Realty LLC (the applicant) and/or the _____ (real party in interest - landowner and/or registered voter of the application subject property) agree to defend, indemnify, hold harmless, promptly reimburse San Bernardino LAFCO for all reasonable expenses and attorney fees, and release San Bernardino LAFCO, its agents, officers, attorneys, and employees from any claim, action, proceeding brought against any of them, the purpose of which is to attack, set aside, void, or annul the approval of this application or adoption of the environmental document which accompanies it.

This indemnification obligation shall include, but not be limited to, damages, penalties, fines and other costs, imposed upon or incurred by San Bernardino LAFCO should San Bernardino LAFCO be named as a party in any litigation or administrative proceeding in connection with this application.

As the person signing this application, I will be considered the proponent for the proposed action(s) and will receive all related notices and other communications. I understand that if this application is approved, the Commission will impose a condition requiring the applicant and/or the real party in interest to indemnify, hold harmless and reimburse the Commission for all legal actions that might be initiated as a result of that approval.

I hereby certify that the statements furnished above present the data and information required to the best of my ability, and that the facts, statements, and information presented herein are true and correct to the best of my knowledge and belief.

DATE

1/18/18


SIGNATURE

University Realty LLC

Printed Name of Applicant or Real Property in Interest
(Landowner/Registered Voter of the Application Subject Property)

Chief Executive Officer and Managing Director
Title and Affiliation (if applicable)

SUPPLEMENT SPHERE OF INFLUENCE AMENDMENT

- 5) For any sphere of influence amendment either initiated by an agency or individual, or updated as mandated by Government Code Section 56425, the following service review information is required to be addressed in a narrative discussion, and attached to this supplemental form (See Government Code Section 56430):

A. Growth and population projections for the affected area.

Growth and population projections for the affected area would be analyzed as part of any future annexation or Specific Plan land use plan to be considered by LAFCO, the City of Colton and the City of Loma Linda.

B. Location and characteristics of disadvantaged unincorporated communities within or contiguous to the sphere of influence.

This question does not apply. There are no disadvantaged unincorporated communities within or contiguous to the sphere of influence amendment.

C. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies, including those associated with a disadvantaged unincorporated community.

The present and planned capacity of public facilities and adequacy of public services will be provided by a future "Service Review" for annexation. The City of Colton would need to provide the full extension of services to the site.

D. Financial ability of agencies to provide services.

The financial ability of agencies to provide services would be analyzed and considered through an application of a Specific Plan and associated annexation.

E. Status of, and opportunities for, shared facilities.

The status of, and opportunities for shared facilities would be analyzed and considered through an application of a Specific Plan and associated annexation.

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

Accountability for community service needs, including governmental structure and operational efficiencies would be analyzed and considered through an application of a Specific Plan and associated annexation.

**Letters from the Cities
of Loma Linda and
Colton Regarding the
Proposed Sphere of
Influence Amendments
Initiated by the
Applicant**

Attachment 3



3225

City of Loma Linda

25541 Barton Road, Loma Linda, California 92354-3160 • (909) 799-2800 • FAX (909) 799-2890

Sister Cities: Manipal, Karnataka, India - Libertador San Martin, Argentina • www.lomalinda-ca.gov

October 17, 2017

Kathleen Rollings-McDonald, Executive Officer
San Bernardino Local Agency Formation Commission
1170 W Third Street, Unit 150
San Bernardino, CA 92415-0490

RE: Support for Sphere of Influence Amendment

Dear Ms. Rollings-McDonald:

At the regular City Council meeting of October 10, 2017, the Loma Linda City Council confirmed its support for the application of University Realty, LLC, on behalf of the property owner, to amend the sphere of influence of Colton to add the 203 acres identified on the attached Exhibits A and B, and remove this property from the Loma Linda sphere of influence.

It is understood that the requested sphere of influence amendment does not change the physical boundaries of Colton or Loma Linda, and no development approvals or entitlements are being addressed as part of this sphere of influence amendment.

The City of Loma Linda reserves the right to comment upon any final annexation of subject property to Colton, and to comment upon any pre-zoning, environmental review or development of the subject property.

Sincerely,

Rhodes Rigsby
Mayor

Attachments



RECEIVED

2018 JAN -3 AM 9:54

LOCAL AGENCY
FORMATION COMMISSION

December 20, 2017

MAYOR

Richard A. DeLaRosa

Kathleen Rollings-McDonald
Executive Officer
San Bernardino Local Agency Formation Commission
1170 W. Third Street, Unit 150
San Bernardino, CA 92415-0490

COUNCIL MEMBERS

David J. Toro
District 1
Mayor Pro Tem

Re: Support for Sphere of Influence Amendment

Dear Ms. McDonald:

Ernest R. Cisneros
District 2

The City of Colton confirms its support for the application of University Realty, LLC, on behalf of the property owner, to amend the sphere of influence of Colton to add the 203 acres identified on the attached Exhibits A and B, and to remove this property from the Loma Linda sphere of influence. We understand that the requested sphere of influence amendment does not change the physical boundaries of Colton or Loma Linda, and no development approvals or entitlements are being addressed as part of this sphere of influence amendment. We also understand that the approval of a sphere of influence amendment should not be construed as Colton's support for an annexation of the area described in this letter or any particular project proposed by an applicant.

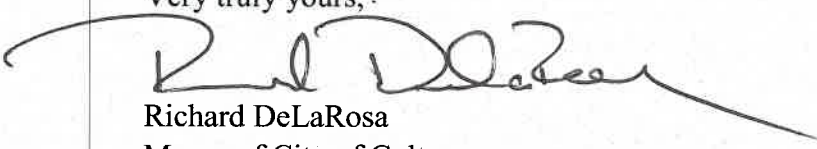
Frank J. Navarro
District 3

Dr. Luis S. González
District 4

Jack R. Woods
District 5

Very truly yours,

Isaac T. Suchil
District 6


Richard DeLaRosa
Mayor of City of Colton

CITY MANAGER

William R. Smith

Enclosures

CIVIC CENTER
650 N. La Cadena Drive
Colton, CA 92324
(909) 370-5099

**Letters from the Cities of
Loma Linda and Colton
Regarding LAFCO Staff's
Proposed Modification**

Attachment 4



City of Loma Linda

RECEIVED

2018 APR -5 AM 10:22

LOCAL AGENCY
FORMATION COMMISSION

Rhodes Rigsby, Mayor
Phillip Dupper, Mayor pro tempore
Ronald Dailey, Councilman
John Lenart, Councilman
Ovidiu Popescu, Councilman

April 2, 2018

Dear Kathleen Rollings-McDonald,

Re: LAFCO 3225- Sphere of Influence Amendment for the City of Loma Linda (Reduction) and the City of Colton (Expansion)

You requested the following information:

1. Official Response regarding objection or support.

The City of Loma Linda is in support of the proposed Sphere of Influence Amendment.

2. Provision of services:

The City of Loma Linda does not provide water or sewer services to the subject areas. Water is provided via private well, and private septic systems are required for waste disposal. Scotch Lane itself is a private road and is not maintained by the City. Fire suppression is provided by Loma Linda, but the mutual aid and closest unit routing used by the two departments has Colton Engine 214 as the initial response unit to the area. From a practical standpoint, Colton provides fire service. Law enforcement is provided by San Bernardino County Sheriff through the City of Loma Linda service contract. An arrangement similar to Fire allows closest unit response between Colton and SBCoSO. At the hearing there was a comment that there is an agreement for service in a portion of the subject area. The City of Loma Linda is unable to locate any documented agreements between the two Cities to provide service the area.

3. Scotch Lane Development:

Scotch Lane is a privately owned privately maintained road servicing a small cluster of rural single family residences. There are three building permits on record,

In 2000 for the construction of a 494 sf carport
In 2012 for the return of a garage conversion back into a 2 car garage
In 2018 for a full interior remodel

There has been inquiry into construction of a new single family residence in the area, but no documentation or application has been submitted at this time.

If you require additional information or clarification, please do not hesitate to contact me.

Thank you.

A handwritten signature in black ink, appearing to read 'Konrad Bolowich', with a stylized flourish at the end.

Konrad Bolowich
Assistant City Manager
City of Loma Linda

kbolowich@lomalinda-ca.gov
909-799-2895
909-583-3152



RECEIVED
2018 APR 23 AM 10:21
LOCAL AGENCY
FORMATION COMMISSION

April 18, 2018

Kathleen Rollings-McDonald, Executive Officer
San Bernardino County LAFCO
1170 W. 3rd Street, Unit 150
San Bernardino, CA 92415-0490

Re: LAFCO 3225 – Sphere of Influence Amendment for Cities of Loma Linda
and Colton

Dear Ms. McDonald:

This is in response to your letter dated March 14, 2018, regarding the LAFCO Departmental Review Committee's recommendations pertaining to the proposed sphere of influence amendment for the Cities of Loma Linda and Colton. As you know, the Mayor Richard DeLaRosa of the City of Colton has sent a letter to your attention confirming the City of Colton's support for the application by University Realty to amend the sphere of influence.

Mayor DeLaRosa's letter states that "approval of a sphere of influence amendment should not be construed as Colton's support for an annexation of the area described in this letter or any particular project proposed by the applicant." We would not want any action to be taken that would further any impression that the City of Colton supports actions beyond supporting the sphere of influence amendment currently on your agenda. We also do not want to encourage or facilitate development in this area. Therefore, the City does not support the expansion of the City of Colton's sphere of influence beyond that which is in the current application from University Realty.

Regarding the question by LAFCO staff about the current use of 6.5-acre property owned by the City of Colton within the City of Loma Linda (APN No. 0284-221-16), this currently serves as a drainage basin to collect runoff from nearby developments.

MAYOR

Richard A. DeLaRosa

COUNCIL MEMBERS

David J. Toro
District 1

Ernest R. Cisneros
District 2

Frank J. Navarro
District 3

Dr. Luis S. González
District 4

Jack R. Woods
District 5
Mayor Pro Tem

Isaac T. Suchil
District 6

CITY MANAGER

William R. Smith

CIVIC CENTER
650 N. La Cadena Drive
Colton, CA 92324
(909) 370-5099

Kathleen Rollins-McDonald, Executive Director
SB LAFCO
April 2, 2018
Page 2

I hope this responds sufficiently to the questions from your Departmental Review Committee.
Please call me at (909) 370-5051 should you have any follow-up questions.

Sincerely,



Bill Smith
City Manager

Cc: Mayor DeLaRosa
City Council Members
Mark Tomich, Development Services Director
David Kolk, Public Works and Electric Utility Director

**Letter Response from the
Commission's Environmental
Consultant Tom Dodson of Tom
Dodson and Associates**

Attachment 5

TOM DODSON & ASSOCIATES

2150 N. ARROWHEAD AVENUE
SAN BERNARDINO, CA 92405
TEL (909) 882-3612 • FAX (909) 882-7015
E-MAIL tda@tdaenv.com



June 7, 2018

Ms. Kathleen Rollings-McDonald
Local Agency Formation Commission
117 W. 3rd Street, Unit 150
San Bernardino, CA 92415-0490



Dear Kathy:

LAFCO 3225 consists of a Sphere of Influence Amendment for the City of Loma Linda (Reduction) and the City of Colton (Expansion). This is a property owner initiated Sphere modification based on an inability of the City of Loma Linda to provide services to this isolated property in the southwestern-most portion of the City of Loma Linda. Hence, the property owner request to modify the Sphere as proposed. This Sphere of Influence amendment area encompasses about 209.43 acres. LAFCO staff has expanded the Sphere amendment study area to include the area located in the southeast quarter of Section 2, Township 2 South, Range 4 West, SBM. This area is located immediately south of the proposal area north of the Riverside/San Bernardino County line and easterly of Reche Canyon Road, which includes the community neighborhood in and around Scotch Lane. Total acreage being considered under this Sphere amendment is approximately 372 acres. Refer to the attached map showing the project area.

As in most cases, the proposed Sphere Amendment (expansion/reduction), which is only changing the planning boundary does not involve any physical changes in the environment.

Therefore, I recommend that the Commission find that a Statutory Exemption (as defined in the California Environmental Quality Act, CEQA) applies to LAFCO 3225 under Section 15061 (b) (3) of the State CEQA Guidelines. This General Rule exemption 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 3225.

In this case, as a planning boundary exchange between the City of Loma Linda and the City of Colton, no physical changes in the environmental will be adversely impacted by approving LAFCO 3225. Based on this review of LAFCO 3225 and the pertinent sections of CEQA and the State CEQA Guidelines (15061, (b)(3), "General Rule"), I conclude that LAFCO 3225 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 this review and finding for this action and I recommend that you notice LAFCO 3225 as statutorily exempt from CEQA for the reasons outlined in the State CEQA Guideline section cited above. The Commission needs to file a Notice of Exemption (NOE) with the County Clerk of the Board for this action once it is completed.

A copy of this memorandum and the NOE should be retained in the LAFCO project file to serve as verification of this evaluation and as the CEQA environmental determination record for LAFCO 3225. 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, slightly slanted style.

Tom Dodson

/TD

Attachment

**Draft LAFCO
Resolution No. 3269**

Attachment 6

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

1170 West Third Street, Unit 150, San Bernardino, CA 92415-0490
(909) 388-0480 • Fax (909) 388-0481
E-MAIL: lafco@lafco.sbcounty.gov
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PROPOSAL NO.: LAFCO 3225

HEARING DATE: June 20, 2018

RESOLUTION NO. 3269

A RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY MAKING DETERMINATIONS ON LAFCO 3225 AND APPROVING THE SPHERE OF INFLUENCE AMENDMENTS FOR THE CITY OF LOMA LINDA (REDUCTION) AND THE CITY OF COLTON (EXPANSION), AS MODIFIED (The sphere of influence amendment area, as modified, encompasses a total of approximately 372 acres, which includes the three parcels proposed by the applicant, APNs 0284-181-27, 0284-221-16 and 0284-221-18, encompassing approximately 209 acres and the modified area proposed by LAFCO staff generally located easterly of Reche Canyon Road between the proposal area and the Riverside/San Bernardino County line encompassing approximately 163 acres).

On motion of Commissioner _____, duly seconded by Commissioner _____, and carried, the Local Agency Formation Commission adopts the following resolution:

WHEREAS, an application for the proposed sphere of influence amendment (reduction/expansion) in the County of San Bernardino was filed with the Executive Officer of this Local Agency Formation Commission (hereinafter referred to as "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 the 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 called for June 20, 2018 at the time and place specified in the notice of public hearing; and,

WHEREAS, at the hearing, this Commission heard and received all oral and written support and opposition; the Commission considered all objections and evidence which were made, presented, or filed; and all persons present were given an opportunity to hear and be

RESOLUTION NO. 3269

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 the sphere of influence amendments, as modified, is statutory exempt from CEQA and such exemption was adopted by this Commission on June 20, 2018. The Commission directed its Executive Officer to file a Notice of Exemption within five working days with the San Bernardino County Clerk of the Board of Supervisors; and,

WHEREAS, based on presently existing evidence, facts, and circumstances filed with the Local Agency Formation Commission and considered by this Commission, it determines to modify the sphere of influence amendments for the Cities of Loma Linda and Colton to include the three parcels proposed for amendment as submitted by the applicant and LAFCO staff's proposed modification to include the properties located southerly of the applicants proposal area and north of the Riverside/San Bernardino County line generally located easterly of Reche Canyon Road including the neighborhood in and around Scotch Lane, as more specifically described on the attached Exhibits "A" and "A-1" to this resolution;

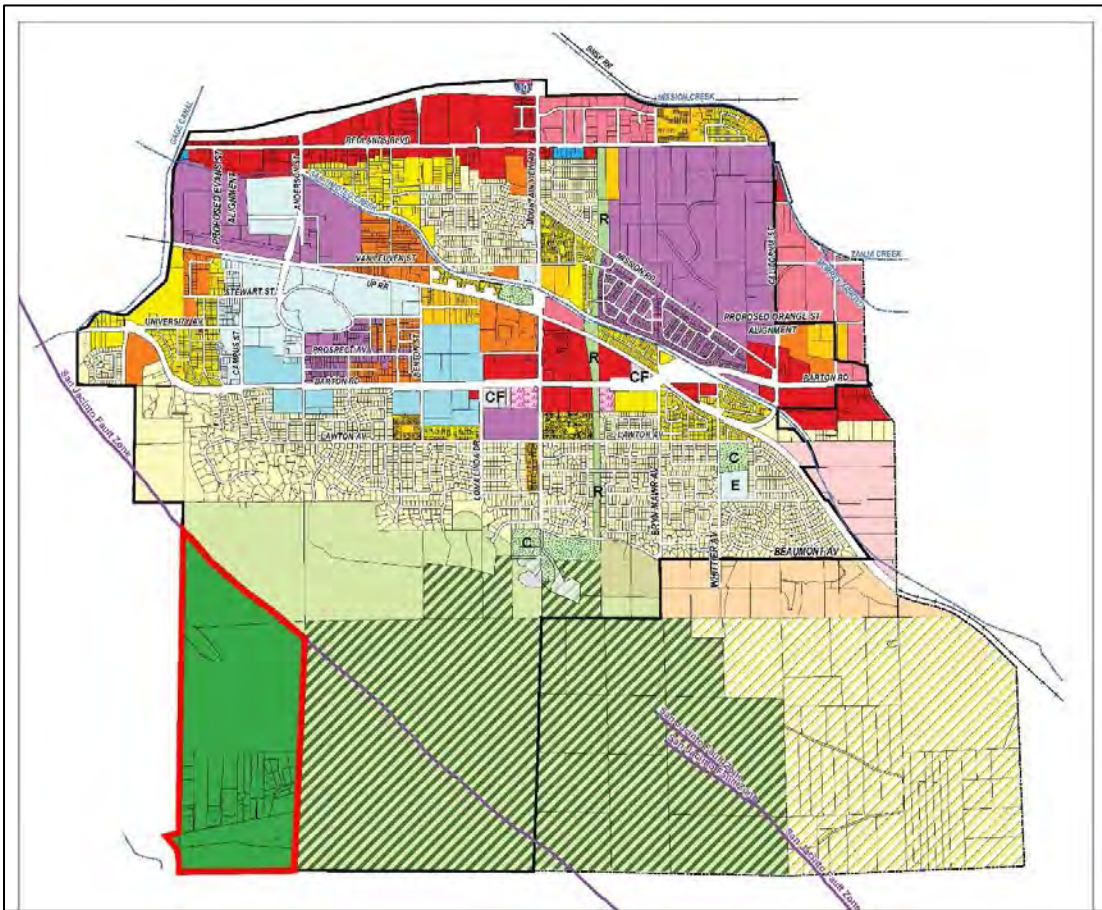
WHEREAS, the Commission determined that the proposed sphere of influence amendment, submitted under the provisions of Government Code Section 56428, does not require a service review; and,

WHEREAS, the following determinations are made in conformance with Government Code Section 56425 and local Commission policy:

1. *The present and planned land uses in the area, including agricultural and open space lands*

The proposed sphere of influence amendment area is currently vacant. The proposed additional area is also generally vacant with a few single-family residences in and around Scotch Lane. The City's General Plan outlines guiding principles for managed growth as a result of Measure V, a referendum approved by its voters in 2006 that added a Growth Management Element to its General Plan. This element also includes provisions from other referendums approved by its voters—the 1996 Hillside Initiative and its 2008 Measure T—that outlines other growth management provisions including conservation and protection of open space, particularly within the City's southern hills. The City of Loma Linda designates both the proposed sphere of influence amendment area and the proposed additional area as South Hills (shown as a dark green color in the City of Loma Linda's Land Use Map below), a land use category assigned by the City to its southwestern hillside area intended for appropriate levels of development that take into consideration hillside design policies, the protection of sensitive environmental features, and the efficient provision of infrastructure, utilities, and public services.

RESOLUTION NO. 3269



Due to the topography of the land, access to the proposed sphere of influence amendment area or the proposed additional area from the City of Loma Linda is very limited. The entire South Hills is only accessible from the City through areas it has designated as either Hillside Conservation (green color) that restrict development to only the northern slopes facing the City of Loma Linda or South Hills Preservation (green color with hatching), which are lands owned by the City that only permit improvements and facilities consistent with the permanent protection of natural open space lands. Therefore, the City of Loma Linda is clearly unable to provide the necessary infrastructure, utilities, and/or public services to the proposed sphere of influence amendment area or the proposed additional area given the restrictions imposed on the adjacent land uses within the City of Loma Linda.

For the City of Colton, no specific land use(s) is/are proposed at this time. In fact, the purpose of the sphere of influence amendment is to allow the City of Colton the authority to undertake a general plan amendment process to address future development in the area.

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

The City of Loma Linda currently has no facilities within and around the proposed sphere of influence amendment area or the proposed additional area. The residential

RESOLUTION NO. 3269

development within and around Scotch Lane have individual wells and are all on septic systems. All the roads within the Scotch Lane neighborhood, including Scotch Lane itself, are all private roads—not maintained by the City.

As a municipality, the City is responsible for fire suppression and law enforcement within its boundaries. For fire protection and emergency medical response, the City has mutual aid agreement with the City of Colton for response to the area; however, the City of Colton is the first responder since its fire station is approximately 1.5 miles closer than the nearest City of Loma Linda fire station. For law enforcement, the City has chosen to contract with the County Sheriff that has a similar arrangement with the City of Colton since the City already patrols the area.

If the sphere of influence amendment is approved, the City of Colton would have the ability to plan to provide the full range of its services to the area.

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

The City of Colton provides for a full range of municipal services within its jurisdiction. Overall, current facilities and services delivered within the City are adequate. Any future development within the area will require future evaluation of the City's ability to provide its services.

4. The existence of any social or economic communities of interest

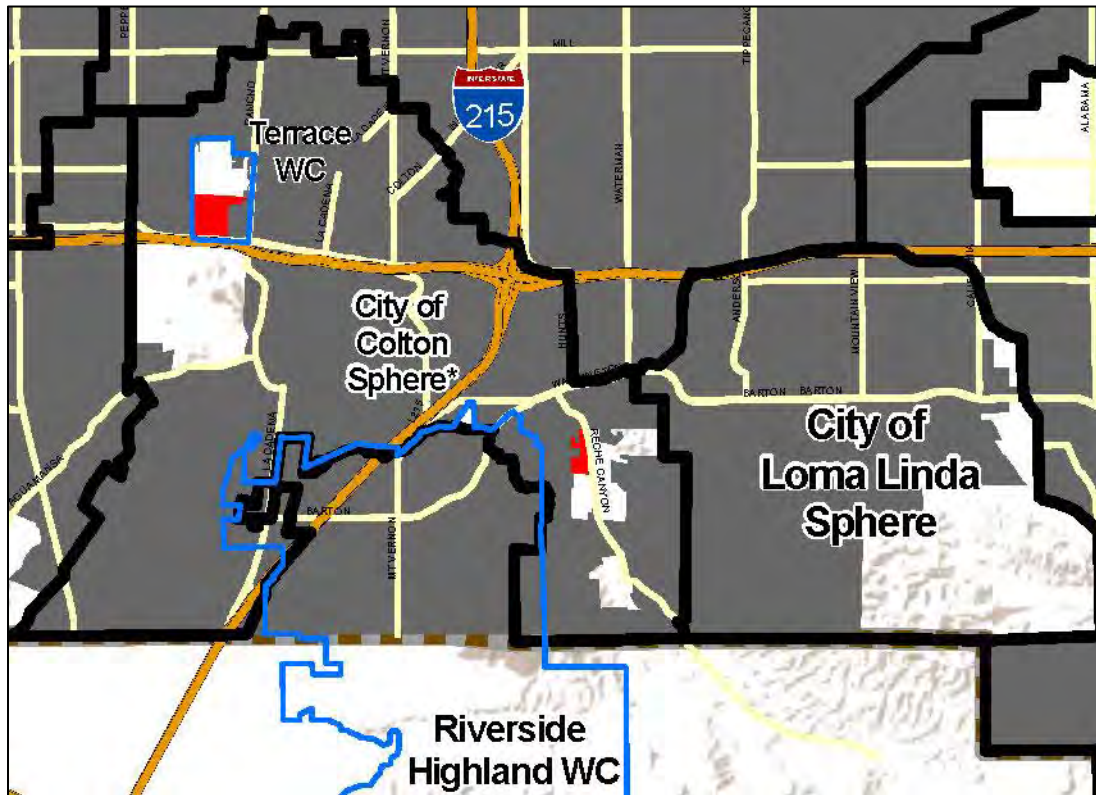
The proposed sphere of influence amendment area is considered part of the Reche Canyon community that is bisected by Reche Canyon Road. Reche Canyon Road is a thoroughfare that connects San Bernardino and Riverside Counties along the said canyon. The area is currently vacant but is adjacent to the Cambria neighborhood along Prado Lane and the Crystal Ridge neighborhood. The proposed additional area includes the neighborhood in and around Scotch Lane.

5. The Present and Probable Need for Public Facilities and Services of any Disadvantaged Unincorporated Communities Within the Existing Sphere of Influence for a City/Special District that Provides Public Facilities or Services Related to Sewers, Water, or Fire Protection

Within the City of Loma Linda, there are no disadvantaged unincorporated communities ("DUCs"). However, within the City of Colton, there are two areas that are identified as DUCs within its existing sphere of influence. One is located within a portion of its unincorporated island located north of the I-10 Freeway and another within a portion of one of its islands located in the Reche Canyon area. The unincorporated island north of the I-10 Freeway currently receives water service primarily from Terrace Water Company. In some cases, the City has provided water and/or sewer service within said area through extra-territorial service agreements with a number of properties. Within its unincorporated island areas in Reche Canyon, the City also has provided water and/or sewer service through extra-territorial service agreements with a few properties. Within both DUCs, fire protection and emergency medical response is provided by the City of Colton by contract with the San Bernardino County Fire Protection District and its Valley

RESOLUTION NO. 3269

Service Zone. The probable need for services within these two DUC areas will remain as development is anticipated to continue in these areas. The DUCs (depicted in red) are shown on the map below.



5. Additional Determinations

- As required by State Law, notice of the Commission's consideration of this issue has been advertised as required by State law through publication in *The Sun*, a newspaper of general circulation in the area. As required by State law, individual notification was provided to affected and interested agencies, County departments, and those individuals and agencies wishing mailed notice.
- LAFCO staff has also provided individual notices to landowners and registered voters within the sphere expansion area (totaling 94) and to landowners and registered voters surrounding the sphere expansion area within San Bernardino County (totaling 551) as well as to landowners and registered voters surrounding the sphere expansion area within Riverside County (totaling 153) in accordance with state law and adopted Commission policies. To date, no written comments in support or opposition have been received from landowners or voters regarding the consideration of this proposal.
- The map and legal description for these sphere of influence amendments, was certified by the County Surveyor's office.

WHEREAS, having reviewed and considered the determinations as outlined above,

RESOLUTION NO. 3269

the Commission determines to reduce the sphere of influence for the City of Loma Linda and expand the sphere of influence for the City of Colton, as modified, encompassing approximately 372 acres.

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 Exhibits "A" and "A-1" as removed from the sphere of influence for the City of Loma Linda and being added to the sphere of influence for the City of Colton, it being fully understood that the amendment of such spheres 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 the property owner, University Realty, LLC, shall indemnify, defend, and hold harmless the Commission from any legal expense, legal action, or judgment arising out of the Commission's approval of this proposal, 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 of the County of San Bernardino, 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 regular meeting of June 20, 2018.

DATED:

KATHLEEN ROLLINGS-MCDONALD
Executive Officer

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

1170 West Third Street, Unit 150, San Bernardino, CA 92415-0490
(909) 388-0480 • Fax (909) 388-0481
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DATE : JUNE 13, 2018

FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer
SAMUEL MARTINEZ, Assistant Executive Officer

TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: Agenda Item #12A: LAFCO 3226 – Reorganization to include
Activation of the East Valley Water District Latent Services to include
Wastewater Treatment, Reclamation, Disposal, and Recharge of
Recycled Water

INITIATED BY:

Board of Directors for the East Valley Water District

RECOMMENDATION:

Staff recommends that the Commission:

1. With respect to the environmental review necessary for LAFCO 3226:
 - a. Certify that the Environmental Impact Report and other related environmental documents prepared by the San Bernardino Valley Municipal Water District (hereafter "Valley District") for the Sterling Natural Resource Center project have been independently reviewed and considered by the Commission, its staff and its Environmental Consultant;
 - b. Determine that the EIR for the project prepared by Valley District is adequate for the Commission's use as a California Environmental Quality Act (CEQA) Responsible Agency for its determinations related to LAFCO 3226;
 - c. Determine that the Commission does not intend to adopt alternatives or mitigation measure for the Sterling Natural Resource Center and that the mitigation measures identified for the project are currently the responsibility of Valley District and others, not the Commission;

- d. A condition of approval shall be included in the approval process for LAFCO 3226 requiring that upon issuance of the Certificate of Completion for the proposal the East Valley Water District and/or San Bernardino Valley Municipal Water District shall take appropriate action to assign the Mitigation Monitoring and Reporting Plan to East Valley Water District and that East Valley Water District shall assume responsibility for all mitigation measures identified in the Mitigation Monitoring and Reporting Plan adopted for the Sterling Natural Resource Center;
 - e. Adopt the Candidate Findings of Fact and Statement of Overriding Conditions, as presented by the Commission’s Environmental Consultant, which is attached to this staff report; and
 - f. Direct the Executive Officer to file the Notice of Determination within five days including the finding that no further Department of Fish and Wildlife filing fees are required by the Commission’s approval since Valley District, as lead agency, has paid said fees.
2. Approve LAFCO 3226 requesting activation of the latent sewer function and service for the East Valley Water District and amend the Commission’s Policy and Procedure Manual, Section VI – Special Districts, Chapter 3 – Listing of Special Districts within San Bernardino LAFCO Purview – Authorized Function and Services to read as follows:

East Valley (amended June 20, 2018)	Water	Retail, agricultural, domestic, replenishment
	Sewer	Collection, treatment, reclamation and/or disposal of sewage, wastewater, and recharge of recycled water
	Park and Recreation	Development, maintenance in conjunction with water facilities

The Commission approval shall also include the standard conditions of approval and the additional condition to read as follows:

- a. Within 90 days of the effective date of the Reorganization, San Bernardino Valley Municipal Water District (hereafter Valley District) and the East Valley Water District (hereafter EVWD) shall take all actions necessary to transfer all obligations arising under the Sterling Natural Resource Center 2016 EIR and the Mitigation Monitoring and Reporting Program for that project to be assigned to EVWD. This

condition complies with the March 2018 amendment to the “Framework Work Agreement” agreed to by Valley District and EVWD providing that the agreement will terminate upon LAFCO activation of EVWD’s latent wastewater treatment authorities.

3. Adopt LAFCO Resolution No. 3268 setting forth the Commission’s findings and determinations concerning this proposal.

BACKGROUND:

When Independent Special Districts were seated on LAFCO for San Bernardino County in 1976, the Commission was required to adopt “Rules and Regulations Affecting Special Districts” which established the “active” and “latent” power for each special district under its purview. Active powers were those defined as being actually provided by the special district through receipt of verification from the district; latent powers were those authorized by the district’s principal act but which were not being actively provided at the time. This listing was included in the Commission’s Policy and Procedure Manual and amended over the years under the prevailing statutory process contained in LAFCO law.

In October 2014, at a meeting to review the water conservation service review which was in progress, LAFCO staff became aware of the East Valley Water District’s (hereafter EVWD or District) planning for development of the Sterling Natural Resource Center (wastewater treatment and reclamation facility hereafter shown as SNRC) and EVWD staff became aware of the limitation on their authorized services under their sewer function – authorized as collection only. This meeting set in motion a three and half year odyssey that included a number of highly contentious issues. Those are summarized by LAFCO staff as follows:

1. In response to discussions with LAFCO staff regarding the activation of its latent powers for wastewater and concerns with the timing of such an application, EVWD and San Bernardino Valley Municipal Water District (hereafter Valley District) determined that the most expeditious method for continued planning for the SNRC was through a Joint Powers Agreement between them. This agreement entered into in September 2015 is identified as the “*Agreement for the Construction and Operation of Replenishment Facilities between East Valley Water District and San Bernardino Valley Municipal Water District*” commonly referred to as the “Framework Agreement”.
2. The Districts jointly pursued the planning for development of the facility and prepared the Environmental Impact Report analyzing the development of the facility with Valley District as the lead since it possessed the authorized service for wastewater treatment and reclamation and EVWD as a responsible agency with defined operational responsibilities.
3. Litigation challenging the Environmental Impact Report certified by Valley District for the SNRC was filed on April 14, 2016 by the Social Environmental Justice Alliance and the City of San Bernardino.

4. On June 1, 2016 the City of San Bernardino filed a lawsuit challenging EVWD actions in reference to the development of the SNRC alleging that such action violated LAFCO law regarding the establishment of the authorized functions and services for the District. EVWD and Valley District filed a cross-complaint in this matter.
5. On May 18, 2017 the Superior Court of the County of San Diego entered its judgement to deny the writ of mandate on the legal challenges to the EIR (copy is included as a part of the Attachment #2 to this report)
6. From June 2016 through November 2017 the parties to the various challenges, City of San Bernardino, EVWD and Valley District (with LAFCO in a peripheral capacity) were reviewing the options to address moving forward with the SNRC given the questions in litigation. These efforts culminated in a Settlement Agreement dated November 17, 2018 which resolved the complaint filed by the City of San Bernardino and cross complaint filed by EVWD and Valley District and provided for the means to move forward with the application for activation of EVWD's latent wastewater authorities related to the operation of a wastewater treatment plant and the disposal and/or reclamation of wastewater, sewage and/or recycled water.

LAFCO 3226, initiated by Resolution No. 2018.01 (copy included as a part of Attachment #2) of the Board of Directors of EVWD on February 14, 2018, proposes to fulfill the terms of the Settlement Agreement by requesting the activation of its wastewater authority to provide treatment of wastewater and sewage, reclamation, disposal and recharge of recycled water. This request proposes that EVWD be provided the full range of services authorized by County Water District Law related to the operation of a wastewater treatment plant as outlined in Water Code Section 31100 which reads as follows:

A district may acquire, construct, and operate facilities for the collection, treatment and disposal of sewage, waste and storm water of the district and its inhabitants and may contract with any public agency including but not limited to sanitation districts for sewer outfall facilities. A district also may acquire, construct, and operate facilities for the collection, treatment and disposal of sewage, waste and storm water of inhabitants outside its boundaries; provided that it shall not furnish any such service to the inhabitants of any other public agency without the consent of such other public agency expressed by resolution or ordinance. The term "public agency" as used in this section, shall include a city, county, city and county, public district, municipal or public corporation, state agency or other political subdivision of the state, but shall not include a public utility subject to the jurisdiction, control and regulation of the Public Utilities Commission under the provisions of Divisions 5 (commencing with Section 10001) and 6 (commencing with Section 11501) of the Public Utilities Code.

(Amended by Stats. 1969, Ch. 898.)

Attachment #1 to this report presents maps of the boundaries of the EVWD which overlays territory within the Cities of Highland and San Bernardino as well as unincorporated county territory. Attachment #2 provides a copy of the EVWD Plan for Service as required by Government Codes Section 56824.12 including, but not limited to, a copy of the Settlement

Agreement, the amended Framework Agreement, a Fiscal Impact Analysis, and an Updated Feasibility Study for the SNRC facility.

The proposal presented to the Commission is not about the ability to build the SNRC facility; the facility is currently being developed, approval of funding for its construction has been received from the State Department of Water Resources State Revolving Fund in an amount of \$126 million, and the Framework Agreement set forth the methods for its future operation. LAFCO 3226 is about the ability of the EVWD to manage and operate the SNRC facility for the future since its customers will fund the construction and receive the benefits of its operation. The proposal presented requires the Commission to evaluate the proposal for activation of these new functions and services against the criteria established in Government Code Section 56824.10 through 56824.14.

The activation or divestiture of a function or service is considered in LAFCO law as a change or organization carrying with it all the requirements typically associated with an annexation. Therefore, LAFCO 3226 is required to be reviewed against the standard criteria established by State Law and Commission policy. That criteria is outlined below:

BOUNDARIES: Do the boundaries presented for the activation represent a division which makes sense from a service delivery perspective for current and future growth? Are the boundaries definite, certain and easily recognizable? Do the boundaries promote efficient and effective service delivery for all services proposed to transition?

LAND USE: Will approval of the proposal affect the land use authority or the decisions upon land use options?

FINANCIAL AND SERVICE CONSIDERATIONS: Does the reorganization represent the best available service option for the affected community? Can the providing district continue to provide the level of service which existed prior to the change? Is the change financially sustainable? Would the approval of the activation impair the ability of any other agency to continue providing its range and level of services?

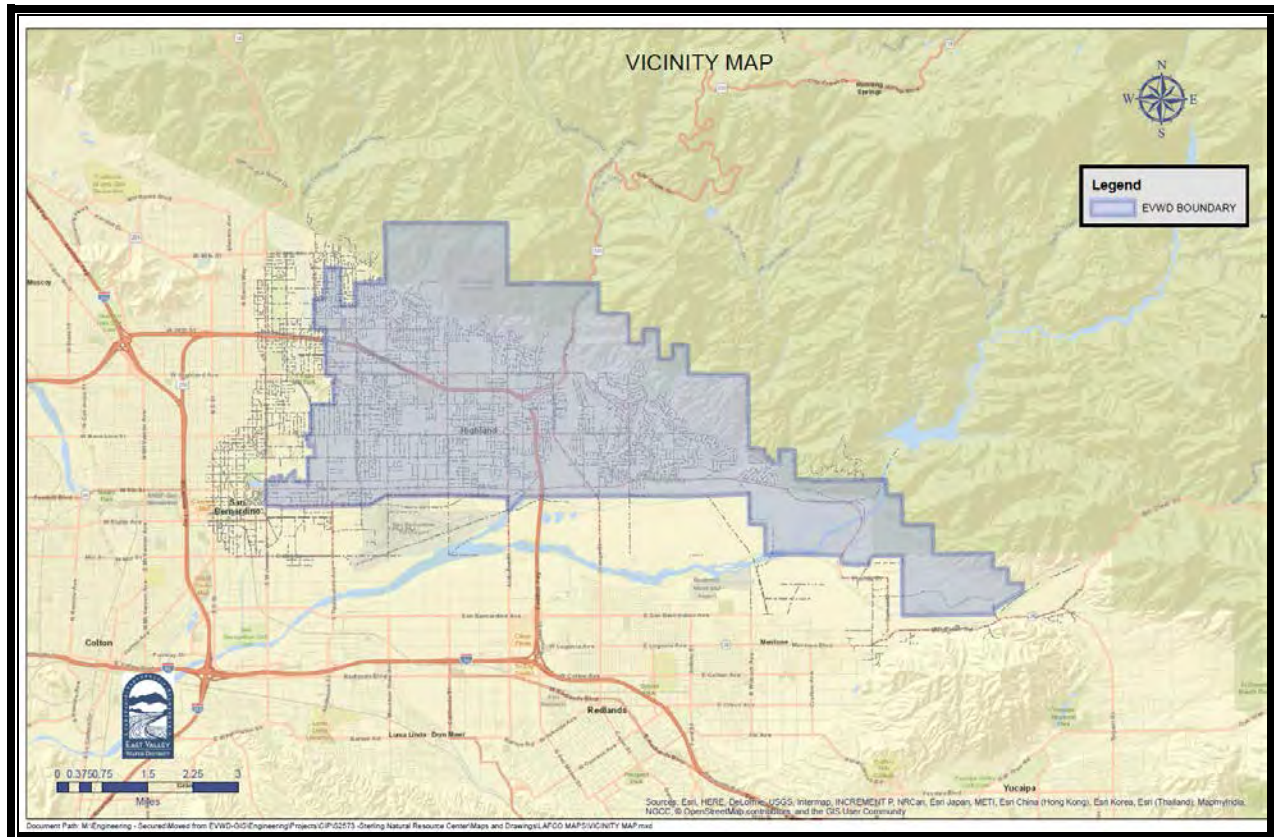
ENVIRONMENTAL: Will the proposed activation have an adverse environmental effect that cannot be mitigated to a level of non-significance? If it does, can those adverse effects be overridden by other benefits?

The analysis which follows will address each of these areas:

BOUNDARY DISCUSSION

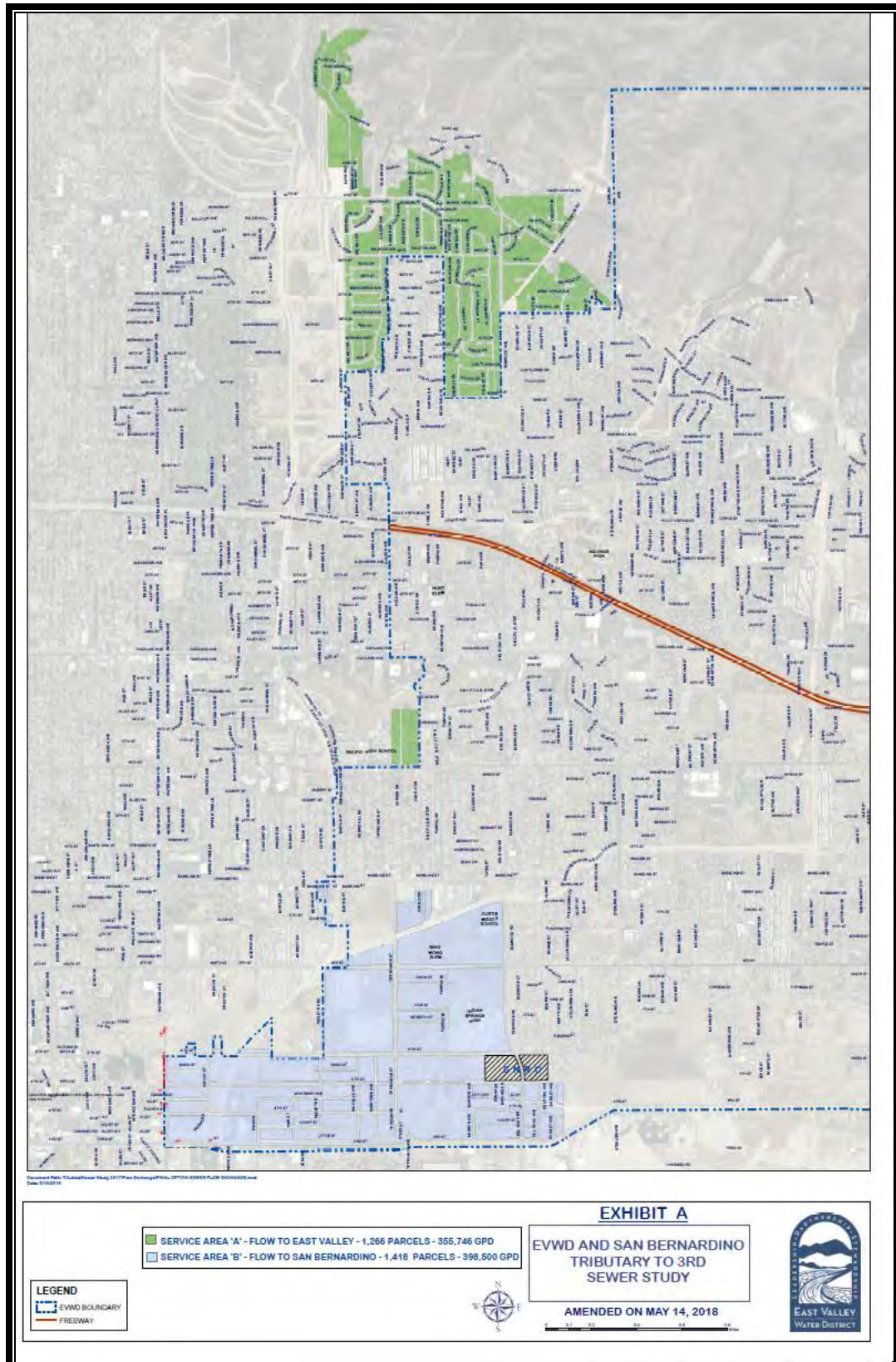
BOUNDARIES: Do the boundaries presented for the activation represent a division which makes sense from a service delivery perspective for current and future growth? Are the boundaries definite, certain and easily recognizable? Do the boundaries promote efficient and effective service delivery for all services proposed to transition?

LAFCO 3226 requests that the Commission authorize the EVWD to provide the function of wastewater treatment, reclamation and disposal and its related services within its existing boundaries. The map below outlines that boundary:



The application also makes reference to the agreement reached between EVWD and the City of San Bernardino related to the transfer of flows for efficient operation. LAFCO SC#423 (Item 12b on the agenda) is a request for exemption from the provisions of Government Code Section 56133 for this area, and those areas are outlined as follows:

AGENDA ITEM #12A – LAFCO 3226
 ACTIVATION OF LATENT WASTE-
 WATER SERVICE FOR EVWD
 JUNE 13, 2018



Do the boundaries presented for the activation represent a division which makes sense from a service delivery perspective for current and future growth? Staff would respond in the affirmative as they address the entirety of the District and, with the exchange of flows, meet the criteria of the most effective and efficient provision for the future. Are the boundaries definite, certain and easily recognizable? They are definite and certain and are easily recognizable on the eastern service area; however, along the western area, it is a difficult determination since they overlap both the cities of Highland and San Bernardino and include unincorporated county areas. The boundaries are recognizable for the agencies providing the service which is the key determination for a function/service activation; however, they are not recognizable to the average citizen but have not been for decades.

LAND USE

LAND USE: Will approval of the proposal affect the land use authority or the decisions upon land use options?

The typical question to be answered in a change of organization is different than that posed for the activation of a service. There is no change in the land use authority by virtue of the consideration of LAFCO 3226. However, as the Plan for Service identifies the existing land use authorities, City of Highland, City of San Bernardino and the County have approved a number of projects which propose an additional 5,000 residential units. This level of development anticipates the need for major infrastructure improvements, including the development of additional treatment capacity. Approval of LAFCO 3226 will support the land use decisions made by the respective land use authorities.

SERVICE CONSIDERATIONS AND FINANCIAL EFFECTS

SERVICE AND FINANCIAL CONSIDERATIONS: Does the reorganization represent the best available service option for the affected community? Can the providing district continue to provide the level of service which existed prior to the change? Is the change financially sustainable? Would the approval of the activation impair the ability of any other agency to continue providing its range and level of services?

EVWD has provided a Plan for Service and Fiscal Impact Analysis as required by Commission policy and State law. This Plan responds to the factors outlined in Government Code Section 56824.12 for the activation of a latent power which are identified as:

...The plan for services for purposes of this article shall also include all of the following information:

- (1) The total estimated cost to provide the new or different function or class of services within the special district's jurisdictional boundaries.*
- (2) The estimated cost of the new or different function or class of services to customers within the special district's jurisdictional boundaries. The estimated costs may be identified by customer class.*
- (3) An identification of existing providers, if any, of the new or different function or class of services proposed to be provided and the potential fiscal impact to the customers of those existing providers.*
- (4) A written summary of whether the new or different function or class of services or divestiture of the power to provide particular functions or classes of services, within all or part of the jurisdictional boundaries of a special district, pursuant to subdivision (b) of Section 56654, will involve the activation or divestiture of the power to provide a particular service or services, service function or functions, or class of service or services.*
- (5) A plan for financing the establishment of the new or different function or class of services within the special district's jurisdictional boundaries.*
- (6) Alternatives for the establishment of the new or different functions or class of services within the special district's jurisdictional boundaries.*

Item #1 within this statute relates to the Fiscal Impact Analysis required for submission. The Plan for Service identifies that the capital costs for the development of the Sterling Natural Resource Center (hereafter SNRC) will be funded through a 1.7% loan through the State Revolving Fund administered by the State Water Resources Control Board; capacity increases will be addressed through Development Impact Fees to be paid by developers and/or new customers; operations and maintenance costs will be a part of the overall rate structure for wastewater; and the Fiscal Impact Analysis details these determinations. LAFCO staff has analyzed the amended Plan for Service/Fiscal Impact Analysis document (included as a part of Attachment #2) and determined that it accurately reflects the anticipated revenues and expenditures with three determinations which are outlined below. LAFCO staff has modified the spreadsheet submitted by EVWD which is shown below:

AGENDA ITEM #12A – LAFCO 3226
ACTIVATION OF LATENT WASTE-
WATER SERVICE FOR EVWD
JUNE 13, 2018

		TEN YEAR PROJECTION							
		FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
WW Treatment									
REVENUE									
Rate Revenue*		8,466,830	8,551,498	8,637,013	8,723,383	8,810,617	8,898,723	8,987,711	9,077,588
LRP Revenue**		-	1,260,000	1,260,000	1,260,000	1,260,000	1,260,000	1,260,000	1,260,000
Investment Income (1%)		-	55,000	115,765	127,213	138,673	150,128	161,558	172,943
Recharge Water		-	-	450,000	450,000	450,000	450,000	450,000	450,000
Other Charges		-	-	70,000	70,000	70,000	70,000	70,000	70,000
Capacity Fees		-	-	-	-	-	-	-	-
TOTAL REVENUE		8,466,830	9,866,498	10,532,778	10,630,596	10,729,290	10,828,851	10,929,269	11,030,530
EXPENDITURES									
Labor & Benefits		-	1,200,000	1,236,000	1,273,080	1,311,272	1,350,611	1,391,129	1,432,863
Purchased Water									
Groundwater Recharge									
Power Costs		-	600,000	600,000	618,000	636,540	655,636	675,305	695,564
Contracted Wastewater Treatment		8,466,830	-	-	-	-	-	-	-
Contracted Solids Handling		-	700,000	707,000	714,070	721,211	728,423	735,707	743,064
Contract Services		-	600,000	600,000	618,000	636,540	655,636	675,305	695,564
Permits / Licenses		-	65,000	65,000	65,650	66,307	66,970	67,639	68,316
Insurance		-	150,000	150,000	151,500	153,015	154,545	156,091	157,652
Chemicals / Materials		-	475,000	475,000	489,250	503,928	519,045	534,617	550,655
Other Operating Expenses		-	-	-	-	-	-	-	-
TOTAL EXPENDITURES		8,466,830	3,790,000	3,833,000	3,929,550	4,028,812	4,130,866	4,235,793	4,343,678
NET REVENUE		-	6,076,498	6,699,778	6,701,046	6,700,478	6,697,986	6,693,475	6,686,852
Debt Service		-	-	(5,555,000)	(5,555,000)	(5,555,000)	(5,555,000)	(5,555,000)	(5,555,000)
DS Coverage - Target 1.2			-	1.21	1.21	1.21	1.21	1.20	1.20
Capital Expenditures									
BEGINNING FUND EQUITY***		5,500,000	5,500,000	11,576,498	12,721,277	13,867,323	15,012,801	16,155,787	17,294,262
ENDING FUND EQUITY		5,500,000	11,576,498	12,721,277	13,867,323	15,012,801	16,155,787	17,294,262	18,426,115
Fund Equity available for use maintaining restricted reserve of one year debt service				7,221,277	8,367,323	9,512,801	10,655,787	11,794,262	12,926,115
* Includes 1% escalator representing new connections - septic conversions, new development - and modest rate increases									
** 6,000 AF @ \$210 / AF									
*** Loan requires 1 years' debt service in restricted reserve on day one.									

In reviewing the presentation of the Fiscal Impact Analysis for the wastewater treatment operation, LAFCO staff had three concerns, summarized as follows:

1. The Revenue projections include funds shown as "LRP" which is the Local Resources Investment Program anticipated to commence through Valley District. LAFCO staff questioned this line item as this program has not been formally approved and LAFCO policy direction is that speculative revenues not be included when making a determination that a proposal is financially sustainable.

By letter dated May 16, 2018 from Douglas Headrick, General Manager of Valley District (included as Attachment #3), Valley District has requested retention of this funding source as the creation of incentives to develop new supplemental water supplies for the region is a priority of Valley District and was reflected in the application for the State Revolving Fund loan. He further indicates that the estimate of \$210 per acre foot is well within the current estimates for the incentive program as identified in the attachments to his letter which project a range of up to \$300 per acre foot.

2. The Fiscal Impact Analysis identifies that in Fiscal Year 2020-21 that there will be a beginning fund equity amount for the Wastewater Treatment operations of \$5,500,000. The State Revolving Fund loan for construction of the SNRC has a

requirement that on day one of operation one year's worth of debt service be included in a restricted reserve. However, there is no source identified for these revenues in the materials and the revenues and expenditures for that year in the Wastewater Fund yield no net revenue for allocation to fund equity. By email from the District it was identified that the source of these funds is the transfer of the \$8,000,000 fund balance for the East Trunk Sewer Line Replacement Fund from the City of San Bernardino to East Valley Water District as defined in the Settlement Agreement, Agreements Section, Item 3.

3. In the staff view it was unclear on the spreadsheet Fiscal Impact Analysis spreadsheet that there was a restricted reserve required to be maintained for the debt service. The LAFCO staff amended spreadsheet above shows a line item which identifies the fund equity available for use by the District in each fiscal year while maintaining a restricted reserve of \$5,500,000 for the duration of the State Revolving Fund loan.

With these three issues resolved, the materials submitted for the wastewater treatment operations show that there will be an increasing fund equity available for the future and this operation can be determined to be financially sustainable.

An additional component of the Fiscal Impact Analysis for LAFCO 3226 was the submission of a spreadsheet related to the wastewater collection operations. In reviewing this spreadsheet, LAFCO staff believes it is important to point out that for the same period of evaluation the wastewater collection operations, beginning in Fiscal Year 2024-25, shows a minor reduction in fund equity each year thereafter. Since these reductions are eight years in the future they can be easily addressed by EVWD.

AGENDA ITEM #12A – LAFCO 3226
ACTIVATION OF LATENT WASTE-
WATER SERVICE FOR EVWD
JUNE 13, 2018

				TEN YEAR PROJECTION							
	WW Collections			FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
REVENUE											
Rate Revenue *				4,656,757	4,703,324	4,750,357	4,797,861	4,845,839	4,894,298	4,943,241	4,992,673
LRP Revenue				-	-	-	-	-	-	-	-
Investment Income (1%)				25,000	25,000	25,000	26,000	26,000	26,500	26,500	27,000
Recharge Water				-	-	-	-	-	-	-	-
Other Charges				110,000	110,000	40,000	40,000	40,000	40,000	40,000	40,000
Capacity Fees				-	-	-	-	-	-	-	-
TOTAL REVENUE				4,791,757	4,838,324	4,815,357	4,863,861	4,911,839	4,960,798	5,009,741	5,059,673
EXPENDITURES											
Labor & Benefits				2,280,958	2,349,387	2,419,869	2,492,465	2,567,239	2,644,256	2,723,584	2,805,291
Purchased Water											
Groundwater Recharge											
Power Costs				-	-	-	-	-	-	-	-
Contracted Wastewater Treatment				-	-	-	-	-	-	-	-
Contracted Solids Handling				-	-	-	-	-	-	-	-
Contract Services				1,000,000	1,005,000	1,010,000	1,040,300	1,071,509	1,103,654	1,136,764	1,170,867
Permits / Licenses				-	-	-	-	-	-	-	-
Insurance				-	-	-	-	-	-	-	-
Chemicals / Materials				135,000	140,000	145,000	150,000	155,000	160,000	165,000	170,000
Other Operating Expenses				357,000	360,000	363,000	366,000	369,000	372,000	375,000	378,000
TOTAL EXPENDITURES				3,772,958	3,854,387	3,937,869	4,048,765	4,162,748	4,279,910	4,400,347	4,524,158
NET REVENUE				1,018,798	983,937	877,489	815,096	749,092	680,888	609,393	535,515
Debt Service				(313,000)	(303,000)	(303,000)	(302,000)	(301,000)	(300,000)	(303,000)	(301,000)
DS Coverage - Target 1.2				3.25	3.25	2.90	2.70	2.49	2.27	2.01	1.78
Capital Expenditures				(400,000)	(450,000)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)
BEGINNING FUND EQUITY				28,580,868	28,886,667	29,117,603	29,192,092	29,205,188	29,153,280	29,034,168	28,840,561
ENDING FUND EQUITY				28,886,667	29,117,603	29,192,092	29,205,188	29,153,280	29,034,168	28,840,561	28,575,077
		</									

The crux of LAFCO staff's concerns throughout this process related to Section 3 of 56824.12 which defines the need to determine the fiscal impact, if any, to any existing providers of the service and their customers. This element directly applies to the transition of treatment service from the City of San Bernardino Municipal Water Department to EVWD. The settlement agreement provides the outline of actions required to, in essence, keep the Municipal Water Department fiscally sound so that it may continue to provide its services to its remaining customers. These actions are identified in the Plan for Service as the mitigation measures. They include, but are not limited to, the following:

1. Modification of the existing Joint Powers Agreement which provides for the regional treatment of EVWD effluent by the City of San Bernardino. The modification will allow for the continued treatment by the City of San Bernardino following activation until construction of the SNRC is complete.
2. Transfer of ownership of the East Trunk Sewer Line from the City of San Bernardino to EVWD following completion of LAFCO 3226.
3. EVWD and the City of San Bernardino will work cooperatively to adopt a contractual agreement for the City to continue treating solids originating within EVWD. The Plan for Service outlines the anticipated terms of this contractual relationship and if the parties are unable to successfully negotiate the contract a financial alternative is outlined as part of the Settlement. The City of San Bernardino, by letter dated May 23, 2018 (copy included as Attachment #4), submitted a letter of support for LAFCO

3226. This letter outlines that while the agreement has not been finalized the parties continue to negotiate and the settlement adequately addresses the issues ensuring the City's ability to adjust its operations to remain fiscally sound.

4. The Plan identifies that Valley District will support the City of San Bernardino's efforts to develop recycled water through its "best efforts" to develop a habitat conservation plan for the Upper Santa Ana River which will allow for the anticipated reduction in current discharge of treated wastewater into the Santa Ana River by approximately 5 million gallons a day. In addition, there are provisions that if this effort is unsuccessful Valley District will deliver replacement water at their sole expense.

Finally, staff raised questions regarding the Plan for Service materials related to the Feasibility Study and the use of the City of Redlands spreading ponds as an alternative recipient of treated effluent since there was no correspondence or materials included in the application supporting that position. On May 21, 2018 a letter was received from the City of Redlands (copy included as Attachment #5) outlining its participation in the EIR process, its continuing negotiations with the EVWD to establish the basis for use of its spreading basins, and its continuing support for the SNRC.

Based upon the information outlined above, and in the Plan for Service and its Appendices, it is the position of LAFCO staff that the Commission can make the determination that the approval of LAFCO 3226 will not impair the ability of the City of San Bernardino and its Municipal Water Department to continue to provide its range and level of services in regard to wastewater treatment, reclamation, and disposal. Therefore, LAFCO staff is recommending that the Commission approve LAFCO 3226.

Also supporting the approval of the project, LAFCO has received a number of letters of support from public agencies and legislators, copies of which are included as a part of Attachment #6.

ENVIRONMENTAL CONSIDERATIONS

ENVIRONMENTAL: Will the proposed activation have an adverse environmental impact effect that cannot be mitigated to a level of non-significance? If it does, can those adverse effects be overridden by other benefits?

Valley District's processing of the development of the SNRC included the preparation and certification of an Environmental Impact Report that was finalized by action of its Board of Directors and by action of the EVWD as a responsible agency. As mentioned previously, a lawsuit was brought challenging the certified EIR; however, that litigation has been resolved.

LAFCO's Environmental Consultant, Tom Dodson and Associates, has reviewed the Valley District's certified Final Environmental Impact Report (EIR) and indicated that it is adequate for the Commission's use as a responsible agency as outlined in his letter to the Commission included as Attachment #7. As a part of his analysis for this recommendation, due to the controversy during its original certification, an evaluation of the EIR content was conducted to verify that a new environmental document was not required. As a part of Attachment #7 a copy of this evaluation is provided which identifies that no additional environmental review is required. Copies of the complete EIR and related documents were provided to Commissioners on May 16, 2018. Mr. Dodson has identified the actions that are appropriation for the Commission's review of LAFCO 3226 as follows:

1. Indicate that the Commission, LAFCO staff and environmental consultant have independently reviewed the Valley District EIR, and found the certified EIR adequate for the Reorganization decision.
2. The Commission needs to indicate that it has considered the SNRC EIR and the environmental effects, as outlined in that EIR, and as referenced in the Candidate Findings of Fact and Statement, prior to reaching a decision on the project and finds the information substantiating the SNRC EIR findings adequate.
3. The Commission should indicate that it does not intend to adopt alternatives or mitigation measures for this project. All mitigation measures will be implemented under either Valley District's or EVWD's jurisdiction.
4. The Commission should include a condition, as a part of its approval of the activation of latent services, that EVWD and/or the Valley District take the necessary actions to assign the Mitigation Monitoring and Reporting Program to EVWD and that EVWD be required to implement all mitigation measures.
5. Prior to making its decision on LAFCO 3226, the Commission must adopt the attached Candidate Findings of Fact and Statement of Overriding Considerations as the Commission's conclusion regarding the environmental effects outlined in the SNRC EIR and the ultimate development under EVWD jurisdiction that would be allowed by approving LAFCO 3226.
6. File a new Notice of Determination as a Responsible Agency with the County Clerk of the Board of Supervisors.

Item #4 is a unique requirement for an environmental determination acknowledging that there will need to be a transition of the entity responsible for the Mitigation Monitoring and Reporting Plan from Valley District to the EVWD. LAFCO staff is proposing the inclusion of the following Condition of Approval for LAFCO 3226 to effectuate this change:

Within 90 days of the effective date of the Reorganization, San Bernardino Valley Municipal Water District (hereafter Valley District)

and the East Valley Water District (hereafter EVWD) shall take all actions necessary to transfer all obligations arising under the Sterling Natural Resource Center 2016 EIR and the Mitigation Monitoring and Reporting Program for that project to be assigned to EVWD. This condition complies with the March 2018 amendment to the “Framework Work Agreement” agreed to by Valley District and EVWD providing that the agreement will terminate upon LAFCO activation of EVWD’s latent wastewater treatment authorities.

DETERMINATIONS

The following determinations are required to be provided by Commission policy and Government Code Section 56668 for any proposal considered:

1. The County Registrar of Voters Office has determined that the activation area is legally inhabited with 44,791 registered voters as of March 8, 2018.
2. The activation area is included within the sphere of influence assigned the East Valley Water District.
3. The County Assessor’s Office has provided a determination that identifies that the total assessed valuation of the East Valley Water District area as shown on the last equalized assessment roll (December 2017) is \$5,647,419,954 broken down as follows:

Land	\$1,584,765,803
Improvements	\$4,062,654,151

4. Legal notice of the Commission’s consideration of the proposal has been provided through publication of a 1/8th page legal advertisement in the *The San Bernardino Sun*, a newspaper of general circulation in the area. In addition, individual notices were provided to all affected and interested agencies, County departments and those individuals and agencies requesting special notice. Comments from affected and interested agencies have been considered by the Commission in making its determination.
5. The Southern California Association of Governments (SCAG) has adopted a Regional Transportation Plan and Sustainable Community Strategy pursuant to the provisions of Government Code Section 65352.5. Approval of LAFCO 3226 has no direct impact on these determinations. The Sustainable Community Strategy includes as a determination the need to assure the ongoing availability of water and wastewater services which approval of LAFCO 3226 will support.

6. As a CEQA responsible agency, the Commission's Environmental Consultant, Tom Dodson of Tom Dodson and Associates, has reviewed the San Bernardino Valley Municipal Water District's environmental documents for the reorganization proposal and has indicated that the Valley District's environmental assessment for the Sterling Natural Resource Center are adequate for the Commission's use as CEQA responsible agency. Copies of Valley District's Complete Final EIR and all associated documents were provided to Commission members on May 18, 2018. Mr. Dodson has prepared his recommended actions for LAFCO 3226, which are outlined in the narrative portion of the Environmental Considerations section (page _ of the staff report). Attachment #7 includes Mr. Dodson's response including the determination that no significant changes or new significant impacts have occurred since the certification of the EIR pursuant to Section 15162 and the Candidate Statement of Facts and Findings and Statement of Overriding Considerations prepared for the Commission's use in addressing this project.

7. The reorganization area is presently served by the following public agencies:

County of San Bernardino
City of Highland
City of San Bernardino (portion)
San Bernardino County Fire Protection District, its Valley Service Zone
and Zone FP-5 (portion)
San Bernardino Valley Municipal Water District
San Bernardino Valley Water Conservation District
Inland Empire Resource Conservation District
County Service Areas 70 (unincorporated countywide) and SL-1 (streetlights)

The East Valley Water District is affected through the activation of its latent function/service for wastewater treatment. The City of San Bernardino Municipal Water Department, as current provider of the wastewater treatment is affected through the transition of service delivery. None of the other agencies are affected by this reorganization proposal as they are regional in nature.

8. Upon reorganization, the East Valley Water District shall be authorized the function/service for the provision of wastewater reclamation, treatment and disposal throughout the entirety of its boundary. The Plan for Service provides a general outline of the delivery of services as mandated by Government Code Section 56824.12. This Plan and Fiscal Impact Analysis indicate that the activation of the function/service will, at a minimum, maintain the level of service delivery currently received by the area. The Plan for Service, supplemental information to the Plan, and Fiscal Impact Analysis have been reviewed and compared with the standards established by the Commission and the factors contained within Government Code Section 56824.12. The Commission finds that such Plan for Service and the supplemental data submitted conform to those adopted standards and requirements.

9. The reorganization area and its present and future residents can benefit from the services authorized to be provided by the East Valley Water District as evidenced by the amended Plan for Service and Fiscal Impact Analysis.
10. The proposal complies with Commission policies that indicate the desire to provide for the establishment of appropriate, sustainable and logical municipal government structure for the distribution of an efficient and effective delivery of public services.
11. This proposal will not affect the fair share allocation of the regional housing needs assigned to the Cities of Highland and San Bernardino and/or the County of San Bernardino through the Southern California Association of Government's (SCAG) Regional Housing Needs Allocation (RHNA) process.
12. With respect to environmental justice, the reorganization provides for the continuation of existing wastewater treatment within the area and will not result in the unfair treatment of any person based upon race, culture or income.
13. The County Board of Supervisors (on behalf of the East Valley Water District) has successfully completed the process for the determination that there will be no transfer of ad valorem property tax revenues upon successful completion of this reorganization. This fulfills the requirements of Section 99 of the Revenue and Taxation Code.

CONCLUSION

LAFCO law, in Government Code Section 56001, states that the Legislature's expectation is that the Commission will assess and make determinations related to the proposals it considers that address specific parameters. An excerpt from that Code Section reads as follows:

"...community service priorities be established by weighing the total community service needs against the total financial resources available for securing the community service; and that the community service priorities are required to reflect local circumstances, conditions, and limited financial resources".

It is the position of LAFCO staff that the approval of LAFCO 3226 as presented to the Commission and considered in this staff report reflects these determinations. The settlement agreement reached during the court process balances the needs for reclamation of water to support the Bunker Hill basin with the financial needs to maintain the operations of the City's Municipal Water Department. In the staff view, the approval of this process reflects a joint understanding that the residents and ratepayers within the EVWD will utilize and financially support the SNRC; therefore, they should have a direct role in determining the governing Board which will oversee its operations and finances. Therefore, staff recommends approval of LAFCO 3226 as presented.

KRM

Attachments:

1. [Maps of East Valley Water District](#)
2. [Application Submitted by EVWD in February 2018, Amendments and Updates to that Application including Amended Framework Agreement of March 2018](#)
3. [Letter Dated May 16, 2018 from Douglas Headrick, General Manager, San Bernardino Valley Municipal Water District](#)
4. [Letter Dated May 23, 2018 from Andrea M. Miller, City Manager, City of San Bernardino](#)
5. [Letter Dated May 21, 2018 from the City of Redlands](#)
6. [Letters of Support from Other Individuals and Agencies](#)
7. [Letter Dated June 5, 2018 from Tom Dodson of Tom Dodson and Associates Environmental Consultant for the Commission providing:](#)
 - a. [Determination that no significant changes have occurred since the certification of the EIR](#)
 - b. [Draft Candidate Statement of Findings and Facts for the Commission](#)
8. [Draft LAFCO Resolution No. 3268](#)

Maps of East Valley Water District

Attachment 1

VICINITY MAP



Legend

 EVWD BOUNDARY



Sources: Esri, HERE, DeLorme, USGS, Intermap, INCREMENT P, NRCan, Esri Japan, METI, Esri China (Hong Kong), Esri Korea, Esri (Thailand), MapmyIndia, NGCC, © OpenStreetMap contributors, and the GIS User Community

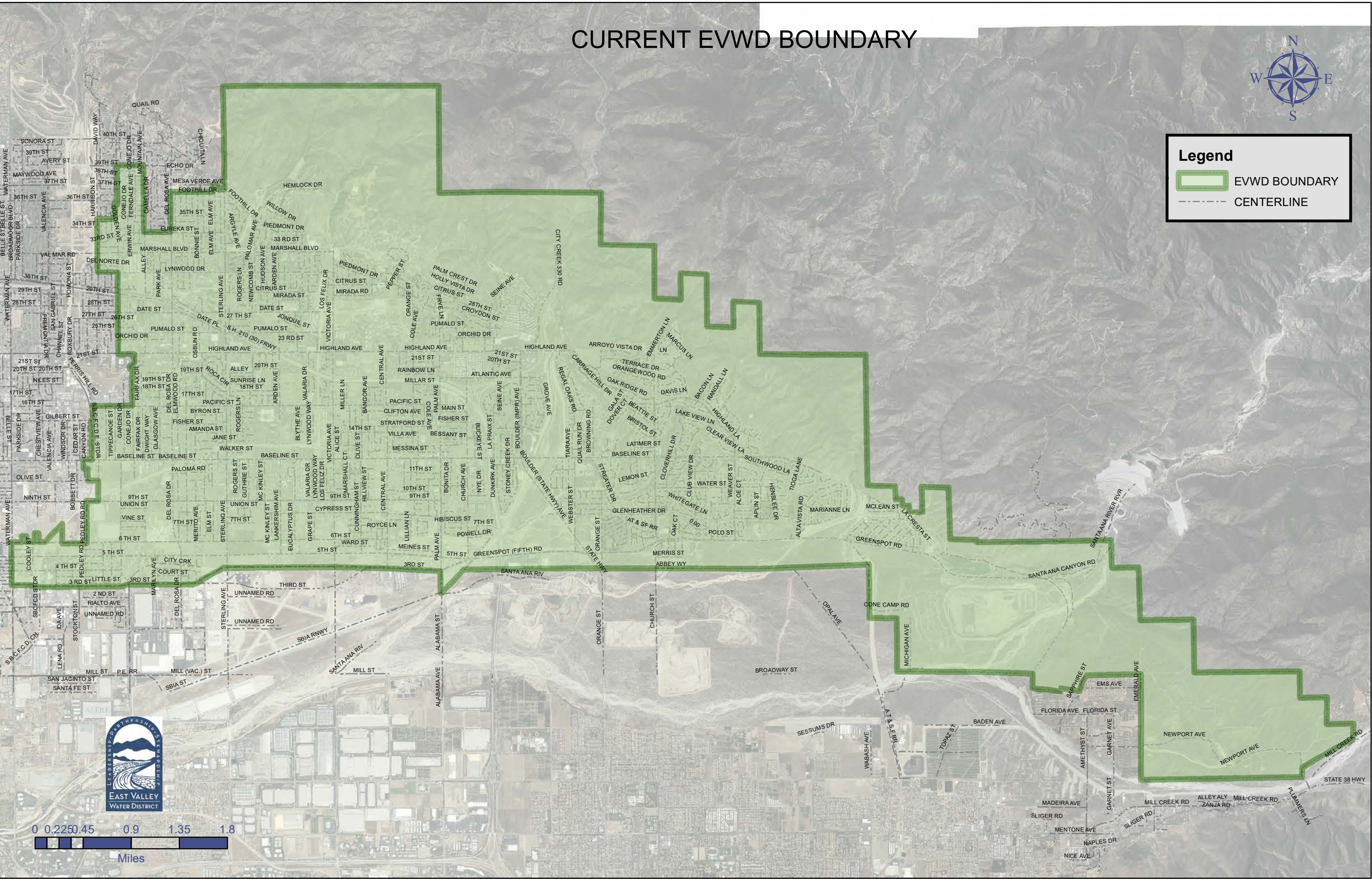
CURRENT EVWD BOUNDARY



Legend

EVWD BOUNDARY


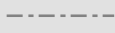
CENTERLINE

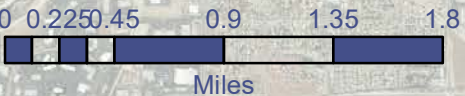


PROPOSED EVWD WASTEWATER RE-ORGANIZATION AREA



Legend

-  EVWD BOUNDARY
-  CENTERLINE



**Application Submitted by
EVWD in February 2018,
Amendments and Updates to
that Application including
Amended Framework
Agreement of March 2018**

Attachment 2

SAN BERNARDINO LAFCO APPLICATION AND PRELIMINARY ENVIRONMENTAL DESCRIPTION FORM

INTRODUCTION: The questions on this form and its supplements are designed to obtain enough data about the application to allow the San Bernardino LAFCO, its staff and others to adequately assess the proposal. By taking the time to fully respond to the questions on the forms, you can reduce the processing time for your proposal. You may also include any additional information which you believe is pertinent. Use additional sheets where necessary, or attach any relevant documents.

GENERAL INFORMATION

1. NAME OF PROPOSAL:

Reorganization to include activation of authorized services to include wastewater treatment, reclamation, disposal, and recharge of recycled water and exemption pursuant to Government Code Section 56133(e) for a contract between East Valley Water District and the City of San Bernardino Municipal Water Department for the exchange of wastewater services.

2. NAME OF APPLICANT: East Valley Water District

APPLICANT TYPE: ☐ Landowner ☒ Local Agency
☐ Registered Voter ☐ Other _____

MAILING ADDRESS:

31111 Greenspot Road, Highland, CA 92346

PHONE: (909) 885-4900

FAX: (909) 889-5732

E-MAIL ADDRESS: jmura@eastvalley.org

3. GENERAL LOCATION OF PROPOSAL:

The general location of the proposal is within the boundaries of East Valley Water District (District). The service area encompasses 30.1 square miles within the incorporated cities of Highland and San Bernardino and portions of unincorporated San Bernardino County. It is located in the foothills of the San Bernardino Mountains, 65 miles east of Los Angeles in the County of San Bernardino.

4. Does the application possess 100% written consent of each landowner in the subject territory?
YES ☐ NO ☒ If YES, provide written authorization for change.

5. Indicate the reason(s) that the proposed action has been requested.

The District currently provides sewer collection services. It is requesting that its sewer function be expanded to include wastewater treatment, reclamation, disposal, and recharge of recycled water. In 1976, at the time that Special District representation was seated on LAFCO, the active authorized services of the District were identified as water, sewer, and park and recreation. The 1976 determination limited the sewer function to conveyance, with the ability to request the activation of the latent power at a later date. Since then the District has conducted a feasibility study to evaluate the benefits of sewer treatment activation. By providing wastewater treatment services, the District will be able to use the recycled water to recharge the Bunker Hill Groundwater Basin, which is approximately 74% of the water supply used to serve its customers. Additionally, the District seeks this action as part of the long-term water conservation program objectives to be more efficient and cost effective.

LAND USE AND DEVELOPMENT POTENTIAL

1. Total land area of subject territory (defined in acres): 19,264 acres
2. Current dwelling units within area classified by type (single-family residential, multi-family [duplex, four-plex, 10-unit], apartments)
Approximately 25,000 dwelling units
3. Approximate current population within area:
102,000 residents
4. Indicate the General Plan designation(s) of the affected city (if any) and uses permitted by this designation(s):
The General Plans of both the City of Highland and City of San Bernardino have identified the full range of land uses within East Valley Water District's service area including: agricultural/ equestrian, low-high density residential, single family and multi-family residential, office professional, mixed use, business park, industrial, planned commercial, open space, and public/institutional.
5. San Bernardino County General Plan designation(s) and uses permitted by this designation(s):
Resource conservation, multiple residential, single residential, general commercial, floodway, neighborhood commercial, and community industrial.
6. Describe any special land use concerns expressed in the above plans. In addition, for a City Annexation or Reorganization, provide a discussion of the land use plan's consistency with the regional transportation plan as adopted pursuant to Government Code Section 65080 for the subject territory:
N/A- Not applicable
7. Indicate the existing use of the subject territory.
N/A- Not applicable
- What is the proposed land use?
Same as currently existing
8. Will the proposal require public services from any agency or district which is currently operating at or near capacity (including sewer, water, police, fire, or schools)? YES ☐ NO ☒ If YES, please explain.
Both the San Bernardino Municipal Water District and East Valley Water District systems have current and future capacity.

9. On the following list, indicate if any portion of the territory contains the following by placing a checkmark next to the item:
- | | |
|--|--|
| <input type="checkbox"/> Agricultural Land Uses | <input type="checkbox"/> Agricultural Preserve Designation |
| <input type="checkbox"/> Williamson Act Contract | <input type="checkbox"/> Area where Special Permits are Required |
| <input checked="" type="checkbox"/> Any other unusual features of the area or permits required: <u>Santa Ana River</u> | |
10. Provide a narrative response to the following factor of consideration as identified in §56668(p):
The extent to which the proposal will promote environmental justice. As used in this subdivision, "environmental justice" means the fair treatment of people of all races, cultures, and incomes with respect to the location of public facilities and the provision of public services:
- The expansion of the sewer services will provide for expanded services regardless of race, culture, or religion. The District plans to construct a state-of-the-art wastewater treatment facility which will enhance the local community. This facility would provide numerous employment and career training opportunities directly benefiting the immediate community. The planned wastewater treatment facility would provide a new community gathering space. The planned facility would also provide a valuable public resource through the capture and recharge of water that will benefit both the local community and entire region.

ENVIRONMENTAL INFORMATION

1. Provide general description of topography. A combination of flat and slight sloping at the base of the San Bernardino National Forest from the northeast to the southwest toward the Santa Ana River.
2. Describe any existing improvements on the subject territory as % of total area.
- | | | | |
|-------------|-------------|--------------|-------------|
| Residential | <u>80</u> % | Agricultural | <u>5</u> % |
| Commercial | <u>5</u> % | Vacant | <u>10</u> % |
| Industrial | <u>0</u> % | Other | <u>0</u> % |
3. Describe the surrounding land uses:
- | | |
|-------|---|
| NORTH | <u>Resource Conservation/ Open Space (San Bernardino National Forest)</u> |
| EAST | <u>Full range of land uses</u> |
| SOUTH | <u>Resource Conservation/ Open Space (Santa Ana River)</u> |
| WEST | <u>Full range of land uses</u> |
4. Describe site alterations that will be produced by improvement projects associated with this proposed action (installation of water facilities, sewer facilities, grading, flow channelization, etc.).
- This activated service authorization will lead to the construction of a wastewater treatment facility which has complied with its own environmental review process (Appendix 1) and has withstood all judicial challenges (Appendix 2).

5. Will service extensions accomplished by this proposal induce growth on this site? YES ☐
NO ☒ Adjacent sites? YES ☐ NO ☒ Unincorporated ☒ Incorporated ☒

This new service will not induce growth, it will address growth previously identified by local land use agencies.

6. Are there any existing out-of-agency service contracts/agreements within the area? YES ☒
NO ☐ If YES, please identify.

Currently wastewater treatment for District customers is completed through an agreement with the San Bernardino Municipal Water Department. Following the authorization for service expansion, East Valley Water District and the San Bernardino Municipal Water Department will enter in an exchange for wastewater services as identified Appendix 3- Settlement Agreement.

7. Is this proposal a part of a larger project or series of projects? YES ☐ NO ☒ If YES, please explain.

N/A- Not Applicable

NOTICES

Please provide the names and addresses of persons who are to be furnished mailed notice of the hearing(s) and receive copies of the agenda and staff report.

NAME John Mura, General Manager/CEO TELEPHONE NO. (909) 885-4900

ADDRESS: East Valley Water District, 31111 Greenspot Road, Highland, CA 92346

NAME Justine Hendricksen, District Clerk TELEPHONE NO. (909) 885-4900

ADDRESS: East Valley Water District, 31111 Greenspot Road, Highland, CA 92346

NAME Jean Cihigoyenatche, General Counsel TELEPHONE NO. (909) 941-3382

ADDRESS: The JC Law Firm, 5871 Pine Avenue, Suite 200, Chino Hills, CA 91709

CERTIFICATION

As a part of this application, the City/Town of _____, or the East Valley Water District District/Agency, _____ (the applicant) and/or the _____ (real party in interest - landowner and/or registered voter of the application subject property) agree to defend, indemnify, hold harmless, promptly reimburse San Bernardino LAFCO for all reasonable expenses and attorney fees,

(FOR LAFCO USE ONLY)

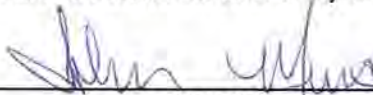
and release San Bernardino LAFCO, its agents, officers, attorneys, and employees from any claim, action, proceeding brought against any of them, the purpose of which is to attack, set aside, void, or annul the approval of this application or adoption of the environmental document which accompanies it.

This indemnification obligation shall include, but not be limited to, damages, penalties, fines and other costs imposed upon or incurred by San Bernardino LAFCO should San Bernardino LAFCO be named as a party in any litigation or administrative proceeding in connection with this application.

As the person signing this application, I will be considered the proponent for the proposed action(s) and will receive all related notices and other communications. I understand that if this application is approved, the Commission will impose a condition requiring the applicant and/or the real party in interest to indemnify, hold harmless and reimburse the Commission for all legal actions that might be initiated as a result of that approval.

I hereby certify that the statements furnished above and in the attached supplements and exhibits present the data and information required for this initial evaluation to the best of my ability, and that the facts, statements, and information presented herein are true and correct to the best of my knowledge and belief.

DATE February 21, 2018



SIGNATURE

John Mura

Printed Name of Applicant or Real Property in Interest
(Landowner/Registered Voter of the Application Subject Property)

General Manager/CEO

Title and Affiliation (if applicable)

PLEASE CHECK SUPPLEMENTAL FORMS ATTACHED:

- ☐ ANNEXATION, DETACHMENT, REORGANIZATION SUPPLEMENT
- ☐ SPHERE OF INFLUENCE CHANGE SUPPLEMENT
- ☐ CITY INCORPORATION SUPPLEMENT
- ☐ FORMATION OF A SPECIAL DISTRICT SUPPLEMENT
- ☒ ACTIVATION OR DIVESTITURE OF FUNCTIONS AND/OR SERVICES FOR SPECIAL DISTRICTS SUPPLEMENT

**SUPPLEMENT
SPECIAL DISTRICT SERVICES
ACTIVATION OR DIVESTITURE OF FUNCTION/SERVICE**

INTRODUCTION: The questions on this form are designed to obtain data about the specific service(s) requested to be authorized for the district. The purpose is to allow the Commission, staff and others to adequately assess the proposal. You may also include any additional information which you believe is pertinent, using additional sheets, where necessary, and including any relevant documents.

1. Please identify the function(s)/service(s) proposed for activation:

Example: (Function) *Water* (Service) *Retail, wholesale, domestic, industrial, irrigation, fire protection, sanitation*

FUNCTION

SERVICE

Wastewater

Wastewater Treatment, Reclamation,
Disposal, and Recharge of Recycled Water

2. Provide a statement of the reason(s) for the proposal which shall include, but not be limited to, a description of any existing service deficiency, general plan determinations (existing or anticipated change necessitating service), anticipated growth rate (please identify source of data), topography, etc.

Within the service area of East Valley Water District (District), there are major developments which are expected to add approximately 5,000 dwelling units over the next decade, as identified within the General Plans of the local land use authorities. The District currently provides sewer collection services, and by providing wastewater treatment this new recycled water supply could be used for groundwater recharge. This resource utilization would allow for the District to provide these services in a cost effective and efficient manner consistent with water conservation efforts.

3. What service(s) was the District authorized to provide at the time of its formation? (Would be identified in final resolution approving formation or included in election decision – a copy of this document may be attached to fulfill this requirement.)

When the District was established in 1954, it had authorization for functions under the California Water Code, including wastewater treatment and reclamation. When Independent Special Districts were seated on the San Bernardino LAFCO in 1976, the Commission was required by law to adopt "Rules and Regulations Affecting Special Districts" which established the "active" and "latent" powers for each of the special districts under its purview. The active authorized services of the District were identified as:

Water: Retail, agricultural, domestic, and replenishment

Sewer: Collection

Park and Recreation: Development, maintenance in conjunction with water facilities

4. Provide an identification of any multiple purpose districts within the area authorized to provide the identified function/service activation. Include a description as to why the preferred choice has been made.

City of San Bernardino Water Department is currently authorized through a mutual JPA however their facilities do not allow for recharge of the local groundwater basin. The proposed latent power activations for the District would result in a regional benefit through the development of recycled water for replenishment of the local groundwater basin. A mutually beneficial agreement has been reached with the City to facilitate the District's authority activations while maintaining rate stability and continuity of service within the City of San Bernardino. See attached Appendix 3- Settlement Agreement.

San Bernardino Valley Municipal Water District (Valley District) is currently authorized to provide the services of wastewater treatment within their service area, which includes the boundaries of the District. Valley District supports the activation of the requested services and the development of recycled water facilities by the District.

5. PLAN FOR SERVICES:

The requirements for the Plan for Service are outlined in Government Code Section 56824.12 and are summarized below:

1. The total estimated cost to provide the new or different function or class of service within the District's boundaries. This projection shall be, at a minimum, for a five-year period.
2. The estimated cost of the new or different function or service to existing customers within the district's jurisdictional boundaries. (The cost can be identified by customer class).
3. An identification of existing providers, if any, of the function(s)/service(s) and the potential fiscal impact of this activation to the customers of those providers.
4. A plan for financing the establishment of the new or different function/service within the district's jurisdictional boundaries. A five-year projection of revenues (at a minimum) with discussion about the sufficiency of revenues to fund the anticipated ongoing maintenance and operation of the service is required. This plan should include:
 - a. An indication of whether territory is or will be proposed for inclusion within a proposed improvement zone/district, assessment district, or community facilities district to fund the service.
 - b. If retail water service is proposed to be activated through this action, provide a description of the timely availability of water for projected needs within the area. (The response should be patterned after the factors identified in Government Code Section 65352.5 related to an Urban Water Management Plan.)
5. A discussion of the alternatives to the establishment of the new or different service within the District's boundaries/service area.

This plan shall, at a minimum, respond to each of the items identified above and shall be signed and certified as to its completeness and accuracy by an official of the requesting agency.

CERTIFICATION

As a part of this application, the East Valley Water District District/Agency agrees to defend, indemnify, hold harmless, promptly reimburse San Bernardino LAFCO for all reasonable expenses and attorney fees, and release San Bernardino LAFCO, its agents, officers, attorneys, and employees from any claim, action, proceeding brought against any of them, the purpose of which is to attack, set aside, void, or annul the approval of this application or adoption of the environmental document which accompanies it.

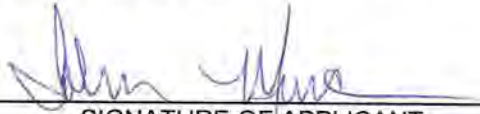
This indemnification obligation shall include, but not be limited to, damages, penalties, fines and other costs imposed upon or incurred by San Bernardino LAFCO should San Bernardino LAFCO be named as a party in any litigation or administrative proceeding in connection with this application.

(FOR LAFCO USE ONLY)

The district signing this application will be considered the proponent for the proposed action(s) and will receive all related notices and other communications. I understand that if this application is approved, the Commission will impose a condition requiring the proponent to indemnify, hold harmless and reimburse the Commission for all legal actions that might be initiated as a result of that approval.

I hereby certify that the statements furnished above and in any attachments and exhibits hereto present the data and information required to the best of my ability, and that the facts, statements, and information presented herein are true and correct to the best of my knowledge and belief

DATE February 21, 2018



SIGNATURE OF APPLICANT

John Mura

PRINTED NAME

General Manager/CEO

TITLE

/Revised: krm 8/19/2015

PLAN FOR SERVICES


East Valley Water District (District) currently requests the San Bernardino County LAFCO authorize the reorganization to include activation of its wastewater authority for the provision of treatment, reclamation, disposal, and recharge of recycled water. The District also requests the authorization of an exemption under Section 56133(e) for the exchange of wastewater service between the District and the City of San Bernardino Municipal Water Department pursuant to the terms of the Settlement Agreement (Included as Appendix 3) entered into by said parties in November 2017. The proposed reorganization will authorize the activation of the latent wastewater treatment, reclamation, disposal, and recharge authority of the District found in California Water Code Section 31100. Currently the active power of the District applicable to wastewater allows only for collection. The activation of latent powers will allow the District to plan, design, construct, operate, manage, and control wastewater treatment facilities, generating recycled water for beneficial use, including a wastewater treatment plant. An Environmental Impact Report (EIR) has been certified by the District and has withstood all judicial challenges (Included as Appendix 2). The proposed project would provide wastewater treatment service throughout the District's service area.

The population growth generated by developments which have been submitted or approved by local land use agencies, including the cities of Highland and San Bernardino, and unincorporated San Bernardino County, consists of over 5,000 additional residential units. This requires major improvements to the existing infrastructure, as identified in East Valley Water District's 2015 Water Master Plan.

In addition, the drought conditions which have become a new normal make it necessary for the District to evaluate options for new sources of water and to ensure the sustainability of existing sources within its water supply mix. Currently, the District obtains 74% of its water supply from groundwater in the Bunker Hill Basin. A 2014 feasibility study by RMC Water and Environment confirmed that recycled water developed through the treatment of wastewater provides the District with an opportunity to recharge the Bunker Hill Basin. These factors require major improvements to the existing infrastructure which were identified in the East Valley Water District Water Master Plan. This document went through a public review process and was accepted unanimously by the District in 2015, and included the consideration of constructing a recycled water facility.

This Plan for Services addresses the sustainable operations for East Valley Water District customers while facilitating rate stabilization for





the City of San Bernardino's water department and its continuing ability to deliver services.

1. THE TOTAL ESTIMATED COST TO PROVIDE THE NEW OR DIFFERENT FUNCTION OR CLASS OF SERVICE WITHIN THE DISTRICT'S BOUNDARIES.

CAPITAL COSTS

The pace of development and water conservation mandates requiring a 20% reduction of water usage by 2020, have made it desirable for the District to build a wastewater treatment plant. This wastewater treatment plant will have an initial capacity of 7.5 Million Gallons a Day (MGD) to accommodate current sewer flows of 6 MGD plus the 20-25% capacity required by the regulators, with future expansion reaching an ultimate capacity of 10 MGD. The capital costs of the 7.5 MGD water reclamation plant complete with a pipeline and pumping station to carry the reclaimed water to a recharge basin, plus necessary environmental mitigation measures, are estimated at \$126 million.

OPERATIONS AND MAINTENANCE COSTS

The main components of operations and maintenance costs are labor, energy, chemicals, and equipment repair and replacement. Based on an analysis of similar facilities currently using Membrane BioReactor (MBR) technology, the estimated operations and maintenance annual costs to treat 6 MGD flows are \$3.3 million and will increase to \$ 4.7 million when the plant is expanded to its full capacity of 10 MGD.

The anticipated construction and ongoing costs of the wastewater treatment plant are identified in the Financial Plan included as Appendix 4.

2. THE ESTIMATED COST OF THE NEW OR DIFFERENT FUNCTION OR SERVICE TO EXISTING CUSTOMERS WITHIN THE DISTRICT'S JURISDICTIONAL BOUNDARIES.

Currently the District charges its customers for collection of wastewater by the District and for wastewater treatment by the San Bernardino Municipal Water Department (Water Department). The wastewater treatment cost of \$21.55 per residential connection is forwarded to the Water Department monthly. As identified in the current service agreement (JPA), District customers east of Boulder Avenue pay an

additional \$2 per month surcharge for collection in the East Trunk Sewer, which is also forwarded to the Water Department with the treatment fees.

The District will be utilizing the recycled water to recharge the groundwater in the Bunker Hill Basin which will offset the cost of purchasing replenishment water from the State Water Project through San Bernardino Valley Municipal Water District (Valley District). The average cost of replenishment water budgeted by the District in recent years was approximately \$750,000 per year.

District customers are currently charged sewer treatment fees approved by the City of San Bernardino City Council. It is anticipated that the sewer rates for the collection and treatment of wastewater will not change as a result of the reorganization of wastewater authority. Any future rate adjustments will be consistent with the guidelines set forth in Article XIID of the California Constitution. The District intends to charge a consistent rate within each customer class, and would eliminate the current monthly \$2 surcharge for customers east of Boulder Avenue.


3. AN IDENTIFICATION OF EXISTING PROVIDERS, IF ANY, OF THE FUNCTION(S)/SERVICE(S) AND THE POTENTIAL FISCAL IMPACT OF THIS ACTIVATION TO THE CUSTOMERS OF THOSE PROVIDERS.

CITY OF SAN BERNARDINO AND SAN BERNARDINO MUNICIPAL WATER DEPARTMENT

The Water Department is currently providing the wastewater treatment function to the District's customers through a JPA between the City of San Bernardino (City) and the District. The JPA identifies that the services provided by the Water Department are based on the rates established on a per connection, or pro rata, basis. It is not anticipated that this project would cause any impact to the customers of the existing provider. As the existing providers, the City and Water Department have analyzed the proposed action and its impacts, and have collaborated to reach a written settlement agreement (Agreement) which resolves all issues. This Agreement has since been unanimously approved by the governing bodies of Valley District, the District, City, and Water Department. Each of these entities have provided letters of support for the proposed reorganization.

Valley District, the District, City, and Water Department have committed to a variety of mitigation measures which will keep the City and Water





Department whole for a substantial time and allow for adjustments to long-term service delivery plans in a financially sustainable manner as identified in the Agreement and which are outlined in this document. Valley District played an important role in forming the Agreement which will benefit the entire region.

All participating agencies support the construction and operation of recycled water facilities that benefit the region by addressing the endangered fish populations in the Santa Ana River that may depend on the discharge of treated wastewater into the Santa Ana River, replenishment of the San Bernardino Basin Area (SBBA), and enhancement of water supply reliability. All recognize that the challenges posed by these overarching issues can only be met through long-term collaborative efforts and a mutual commitment to serving the interests of the community.

In anticipation of the District's wastewater treatment authority, the Agreement outlines specific points to clarify the roles and responsibilities of Valley District, the District, City, and Water Department including:

MODIFY EXISTING JPA

The Agreement identifies the need to adopt modifications to the existing JPA following the activation of the District's latent authorities by LAFCO. The revised JPA will ensure continued service to District customers until the District's facilities become operational. This continued partnership allows for the maintenance of the current revenue stream for the City while the District facilities are under construction for approximately 30-36 months.

NOTIFICATION PRIOR TO COMMENCEMENT OF DISTRICT WASTEWATER FACILITY OPERATION

Highlighting the importance of ongoing communication and preparation, the District will provide the City with notice at least six (6) months prior to the anticipated commencement of wastewater treatment and disposal services to its customers.

Open communication prior to the commencement of District wastewater facility operation allows for final adjustments and planning by the City to account for decreased treatment demand until future development within their service area returns flows to previous levels.

TRANSFER OF THE EAST TRUNK SEWER LINE

The Agreement recognizes the transfer of ownership of the East Trunk Sewer line from the City to the District following LAFCO approval. This includes the identification that all costs incurred during this process are the responsibility of the District. Following the successful legal transfer of the asset, the District will be responsible for all operation and maintenance costs associated with that portion of the pipeline.

CONTRACT BETWEEN DISTRICT AND CITY FOR EXCHANGE OF WASTEWATER SERVICE

The City and the District will establish a contractual agreement allowing for the commingling/exchange of wastewater flows to ensure the efficient operation of the regional wastewater system. Flows of roughly equal quantities of the Water Department customers and District customers would be treated by the other agency. Additionally, it identifies that to the extent that additional physical facilities are needed to accomplish the exchange, the District shall have the sole responsibility for those costs. A map showing the affected parcels is attached (Exhibit B and B-1).


This exchange will be invisible to the customers and will not impact their rates in any way. There would not be any differentiation between customers within the identified exchange area and other customers within each agency's respective service area.

In order to move forward with this agreement, the District is requesting that the San Bernardino LAFCO determine that the service exchange is exempt under Section 56133(e) for the exchange of wastewater service between the District and Water Department.

SOLIDS HANDLING AGREEMENT

The District and the City will work cooperatively to adopt a contractual agreement to enable the City to continue treating solids originating within the District's service area. The solids handling agreement will be completed following the District's reorganization as identified in the Agreement and prior to commencement of SNRC operations. The agencies will work cooperatively to develop a cost-effective plan for the addition of pipeline or new equipment necessary to allow for this service. All costs associated with this effort will be the responsibility of the District. The initial terms of the solids handling agreement will be ten (10) years, with two optional five (5) year renewal periods to allow for maximum continuity of service.





The Agreement identifies a financial alternative, in the event that the City and the District are unable to agree on the design, or installation of the equipment/facilities.

This agreement will result in a revenue stream to the City for solids handling for ten years. This allows for the transition of revenue and the adjustment of capital improvement schedules to reflect a change in regular flows for the City.

DELIVERY OF ADDITIONAL STATE WATER PROJECT WATER

To ease the transition and promote water supply reliability, Valley District shall deliver, at their sole expense, a total of 30,000 acre-feet of State Water Project Water in increments of approximately 3,000 acre-feet per year as directed by the City. The water shall be used for direct diversion and/or groundwater replenishment.

ACCOUNTING FOR FUTURE GROWTH

As new growth occurs, each agency will be entitled to retain subsequent flows within their service area. Addressing the ownership of flows resulting from future growth allows the District and the City to increase the quantity of recycled water generated from wastewater flows within their respective service areas, so long as doing so does not diminish the quality of the water discharged into the Santa Ana River.

In support of the City's efforts to develop recycled water, Valley District will use its best efforts to develop a habitat conservation plan for the Upper Santa Ana River, providing for take coverage to allow for the reduction of currently treated wastewater into the Santa Ana River by five (5) million gallons a day. If the final plan does not authorize the City to reduce its flows, Valley District will deliver, at their sole expense, up to 3,000 acre-feet per year of water for direct diversion and/or groundwater replenishment at the City's direction, in addition to the 30,000 acre-feet State Water Project deliveries identified above.

EXCHANGE OF REAL PROPERTY FOR THE EAST TRUNK SEWER LINE REPLACEMENT FUND

The Agreement includes the transfer of approximately 22 acres owned by the District to the City. In exchange, the City shall provide the District with the balance of the East Trunk Sewer Line Replacement Fund, which is currently estimated to be approximately \$8 million.

The terms identified in the Agreement are contingent on the District receiving wastewater treatment authority from LAFCO.

CITY OF REDLANDS

Additionally, the activation of the District's latent powers may result in a contractual agreement with the City of Redlands for the use of their discharge basins. The contract would result in the construction of a pipeline and a discharge structure would be constructed at the Redlands Basins, similar to the existing structure.

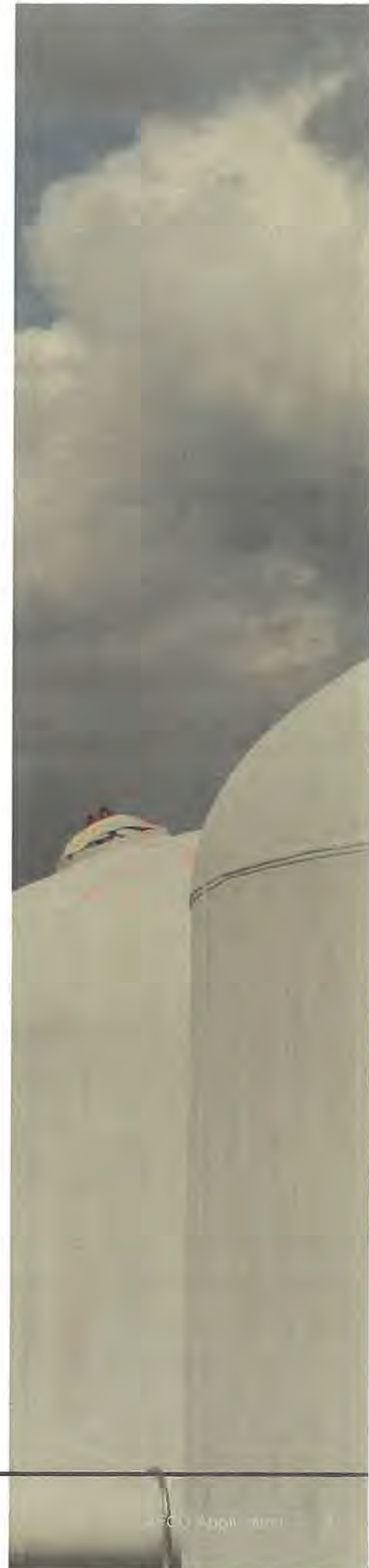
REGIONAL GROUNDWATER SUSTAINABILITY

The activation of the District's latent authorities would support regional groundwater sustainability efforts, including the development of regional recycled water. Approximately 700,000 people served by local water agencies that utilize the SBBA will benefit from the development of recycled water for groundwater replenishment. Projects resulting from this request would be incorporated in the planning efforts currently underway for water agencies within the SBBA.

4. A plan for financing the establishment of the new or different function/service within the district's jurisdictional boundaries. A five-year projection of revenues (at a minimum) with discussion about the sufficiency of revenues to fund anticipated ongoing maintenance and operation of the service is required.
 - a. An indication of whether territory is or will be proposed for inclusion within a proposed improvement zone/ district, assessment district, or community facilities district to fund the service.

This proposal does not anticipate the inclusion within a proposed improvement zone/district, assessment district, or community facilities district to fund the service.

- b. No change in the approved provision of water service is proposed with this action.
 - The capital costs for the wastewater treatment plant would be funded by the 1.7% low cost financing available through State Revolving Fund, administered by the State Water Resources Control Board.
 - Capacity increases will be funded through the Development Impact Fees (DIF) to be paid by the developers and new customers.
 - Operations and Maintenance charges will be a part of the overall rate structure.
 - See attached Financial Plan (appendix 5).





5. ALTERNATIVES TO THE ESTABLISHMENT OF THE NEW OR DIFFERENT SERVICE WITHIN THE DISTRICT'S BOUNDARIES/SERVICE AREA.

Alternative 1: Allow for the use of septic tanks. This option is not feasible due to the potential groundwater basin impacts and is not acceptable to the Regional Water Quality Control Board and other permitting and regulatory agencies.

Alternative 2: Allow developers to construct and operate package plants. This is not recommended to maintain accountability and is not acceptable to the Regional Water Quality Control Board and other permitting and regulatory agencies.

Alternative 3: Continue sending flows to San Bernardino Wastewater Reclamation Plant. The existing JPA does not provide recycled water or groundwater recharge. The activation of latent powers and construction of the new facility would result in a more effective sewer treatment, recycled water, and groundwater replenishment program. Given the recent drought emergency, development of sustainable water supplies to protect essential water use is critical for long-term water service reliability.

SUPERIOR COURT OF CALIFORNIA,
COUNTY OF SAN DIEGO
CENTRAL

MINUTE ORDER

DATE: 05/18/2017

TIME: 10:19:00 AM

DEPT: C-73

JUDICIAL OFFICER PRESIDING: Joel R. Wohlfeil

CLERK: Juanita Cerda

REPORTER/ERM: Not Reported

BAILIFF/COURT ATTENDANT:

CASE NO: **37-2016-00032816-CU-TT-CTL** CASE INIT.DATE: 04/08/2016

CASE TITLE: **Socal Environmental Justice Alliance vs. San Bernardino Valley Municipal Water District [E-FILE]**

CASE CATEGORY: Civil - Unlimited CASE TYPE: Toxic Tort/Environmental

APPEARANCES

The Court, having taken the above-entitled matter under submission on May 16, 2017 and having fully considered the arguments of all parties, both written and oral, as well as the administrative record, now confirms the tentative ruling (ROA # 62). This ruling constitutes the final disposition of this action. Respondent SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT and Real Party In Interest EAST VALLEY WATER DISTRICT are entitled to a judgment denying the writ of mandate.

Tentative as confirmed:

The Application (ROA # 53) of Respondents San Bernardino Valley Municipal Water District and San Bernardino Valley Municipal Water District Board of Directors (collectively "Valley District") and Real Party in Interest East Valley Municipal Water District ("East Valley") for an order shortening the notice and time for hearing, pursuant to CCP Section 1005 and California Rules of Court, Rule 3.1300 (b), on their Motion to Augment the Administrative Record (attached to this Ex Parte as Attachment 1), is DENIED.

The Court is not persuaded that Valley District and East Valley have shown good cause to warrant an order shortening time, even if the Court were capable of setting a shortened hearing prior to the writ hearing on May 16, 2017. Further, the Court is not persuaded that Valley District and East Valley have shown undue prejudice and irreparable harm if not allowed to augment the record. Finally, the Court notes the argument of Petitioner CITY OF SAN BERNARDINO of prejudice to Petitioner, if the Court shortened time to hear Valley District and East Valley's Motion, and the writ hearing were further delayed. ROA # 58, page 7.

The "Verified Petition for Writ of Mandate Pursuant to the California Environmental Quality Act and the State Planning and Zoning Law" filed by Petitioner SOCAL ENVIRONMENTAL JUSTICE ALLIANCE (ROA # 1) was dismissed on November 9, 2016 (ROA # 21), and is not addressed in this ruling.

The Petition (ROA # 7) of Petitioner CITY OF SAN BERNARDINO ("Petitioner" or "CSB") for WRIT OF MANDATE (Code Civ. Proc. 1085, 1094.5, Pub. Res. Code 21167, 21168, 21168.5) against Respondents SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT, SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT BOARD OF DIRECTORS ("Respondents") and EAST VALLEY WATER DISTRICT ("Real Party in Interest" or "EVWD") to vacate and set aside the certification and approvals of the Sterling Natural Resource Center Project ("Project"), is DENIED.

The Request (ROA # 33) of Petitioner CITY OF SAN BERNARDINO for judicial notice, is GRANTED IN PART AND DENIED IN PART. The Court takes judicial notice of Exhibit's "A and C," and declines to take judicial notice of Exh. "B."

A. Introduction

This writ Petition involves a challenge to the March 15, 2016 decision by San Bernardino Valley Municipal Water District ("S.B. Valley") to approve the Sterling Natural Resource Center ("SNRC" or "Project") and certify the environmental impact report ("EIR") for the Project. The SNRC is a major public works project intended to treat wastewater effluent for the purpose of using the treated wastewater to recharge local groundwater basins (and, to a lesser extent, for habitat restoration). The Project includes a treatment plant, conveyance pipelines and associated pumping and lift stations, and other related collection and discharge facilities. Petitioner's detailed writ Petition asserts several arguments challenging approval of the SNRC. After considering each of these arguments, this Court has determined that the writ Petition must be denied.

B. Applicable Standard of Review

"Any action or proceeding to attack, review, set aside, void or annul a determination... of a public agency, made as a result of a proceeding in which by law a hearing is required to be given..., on the grounds of noncompliance with the provisions of this division shall be in accordance with the provisions of Section 1094.5 of the Code of Civil Procedure." Pub. Resources Code 21168. In reviewing an agency's compliance with CEQA in the course of its legislative or quasi-legislative actions, the Court's inquiry "shall extend only to whether there was a prejudicial abuse of discretion." Vineyard Area Citizens for Responsible Growth, Inc. v. City of Rancho Cordova (2007) 40 Cal. 4th 412, 426 (quoting Pub. Resources Code 21168.5). Such an abuse is established if the agency has not proceeded in a manner required by law, or if the determination or decision is not supported by substantial evidence. Id. Abuse of discretion is established if the County did not proceed as required by law, if its determination was not supported by its findings, or its findings were not supported by substantial evidence. Citizens To Preserve the Ojai v. County of Ventura (1985) 176 Cal. App. 3d 421, 428.

"Substantial evidence" refers to enough relevant information and reasonable inferences from this information such that a fair argument can be made to support a conclusion, even though other conclusions might also be reached. 14 C.C.R. 15384(a) ("CEQA Guidelines"). Whether a fair argument can be made that the project may have a significant effect on the environment is to be determined by examining the whole record before the lead agency. Id.

Where an EIR is challenged as being legally inadequate, the Court presumes a public agency's decision to certify the EIR is correct, thereby imposing on a party challenging it the burden of establishing

otherwise. *Sierra Club v. City of Orange* (2008) 163 Cal. App. 4th 523, 530. Petitioner is the moving party and therefore frames the issues to be litigated when the CEQA writ is filed. See *Center for Biological Diversity v. County of San Bernardino* (2010) 185 Cal. App. 4th 866, 897. Petitioner challenging an EIR for insufficient evidence must lay out the evidence and show why it is lacking. *Defend the Bay v. City of Irvine* (2004) 119 Cal. App. 4th 1261, 1266. Failure to do so is fatal and a reviewing Court will not independently review the record to make up for the failure to carry this burden. *Id.*

The Court does not pass upon the correctness of the EIR's environmental conclusions, but only upon its sufficiency as an informative document. *Citizens To Preserve the Ojai v. County of Ventura*, *supra*. Certification of an EIR which is legally deficient because it fails to adequately address an issue constitutes a prejudicial abuse of discretion regardless of whether compliance would have resulted in a different outcome. *Id.* An omission in an EIR's significant impacts analysis is deemed prejudicial if it deprived the public and decision makers of substantial relevant information about the project's likely adverse impacts. *Neighbors for Smart Rail v. Exposition Metro Line Const. Authority* (2013) 57 Cal. 4th 439, 463. Although an agency's failure to disclose information called for by CEQA may be prejudicial regardless of whether a different outcome would have resulted if the public agency had complied with the law, under CEQA there is no presumption that error is prejudicial. *Id.* Insubstantial or merely technical omissions are not grounds for relief. *Id.* A prejudicial abuse of discretion occurs if the failure to include relevant information precludes informed decision making and informed public participation, thereby thwarting the statutory goals of the EIR process. *Id.*

Petitioner's writ Petition frames several issues on which it seeks a determination by this Court that the EIR is prejudicially flawed. These issues fall under four main themes: (1) failure to fully analyze and evaluate impacts; (2) inadequate mitigation measures; (3) inadequate analysis of alternatives to the project; and (4) failure to adequately respond to comments. The Court addresses each of these issues in the following sections.

C. Evaluation and Analysis of Potential Impacts

An environmental impact report for a project must include a "detailed statement" setting forth "all significant effects on the environment of the proposed project." Pub. Resources Code 21100(b). "Significant effect on the environment" means a substantial, or potentially substantial, adverse change in the environment." Pub. Resources Code 21068. Section 15064 of the CEQA Guidelines provides a framework for determining whether a project may have a significant effect on the environment. Section 15126 of the CEQA Guidelines provides a framework for evaluating impacts on the environment. Section 15126.2 further details the required impact analysis.

In an effort to provide more meaningful public disclosure, reduce the time and cost and focus on potentially significant effects on the environment, lead agencies are required to "focus the discussion in the environmental impact report on those potential effects... which the lead agency has determined are or may be significant. Lead agencies may limit discussion on other effects to a brief explanation as to why those effects are not potentially significant." Pub. Resources Code 21002.1(e). The EIR need not address an effect in detail once the agency has determined it will not be significant. *Protect The Historic Amador Waterways v. Amador Water Agency* (2004) 116 Cal. App. 4th 1099, 1109. Instead, the EIR need only contain a statement briefly indicating the reasons for determining that the effect on the environment is not significant, and consequently has not been discussed in detail. *Id.*

Impacts to Groundwater Quality from Discharge of Recycled Water

Paragraph 46 within the Petition filed by the City of San Bernardino alleges: "The EIR fails to adequately evaluate the impacts of the Project on groundwater quality due to the discharge of recycled water from the SNRC. Specifically, the EIR concludes that the [total dissolved solids or 'TDS'] concentrations in the effluent would be similar to existing groundwater concentrations and thus Project discharges would not increase TDS concentrations in the underlying groundwater within the Bunker Hill Basin.... There is no substantial evidence in the EIR that supports this conclusion, and it is contradicted by substantial evidence...." Paragraph 47 alleges that S.B. Valley, as the lead agency preparing the EIR, "improperly deferred the analysis of impacts that the discharge of high-TDS effluent will have on groundwater quality...."

In *Californians for Alternatives to Toxics v. Department of Food and Agriculture* (2005) 136 Cal. App. 4th 1, the discussion within the EIR regarding the potential environmental impacts of pesticide use reasoned that the pesticide registration regulatory scheme of a different agency ensured that proposed pesticide use would not result in any significant adverse environmental impacts. *Id.* at 15. The Court concluded that the lead agency abused its discretion by relying on this regulatory scheme as a substitute for performing its own evaluation of the environmental impacts of pesticide use. *Id.* at 16. The CEQA analysis of the effects of pesticide use necessarily takes into account this distinct regulatory scheme. *Id.* However, sole reliance on the registration of pesticides and the concurrent regulatory program is inadequate to address environmental concerns under CEQA. *Id.* The lead agency is responsible for analyzing the environmental impacts of proposed pesticide use, notwithstanding the separate regulatory scheme for the registration of pesticides. *Id.* "DPR's registration does not and cannot account for specific uses of pesticides in the PDCP, such as the specific chemicals used, their amounts and frequency of use, specific sensitive areas targeted for application, and the like." *Id.* A lead agency must conduct independent research on the potential impact, although it can appropriately fulfill this duty of independent investigation by considering the regulatory agency's data in the specific context of the subject project. *Id.*

Deferral of the specifics of mitigation is permissible where the local entity commits itself to mitigation and lists the alternatives to be considered, analyzed and possibly incorporated in the mitigation plan. *Defend the Bay v. City of Irvine* (2004) 119 Cal. App. 4th 1261, 1275. On the other hand, an agency goes too far when it simply requires a project applicant to obtain a biological report and then comply with any recommendations that may be made in the report. *Id.* For kinds of impacts for which mitigation is feasible, but where practical considerations prohibit devising such measures early in the planning process, the agency can commit itself to eventually devising measures that will satisfy specific performance criteria articulated at the time of project approval. *Sacramento Old City Assn. v. City Council* (1991) 229 Cal. App. 3d 1011, 1028, 1029. Where future action to carry a project forward is contingent on devising means to satisfy such criteria, the agency should be able to rely on its commitment as evidence that significant impacts will in fact be mitigated. *Id.* at 1029. It is improper to defer the formulation of mitigation measures until after project approval. *California Native Plant Soc. v. City of Rancho Cordova* (2009) 172 Cal. App. 4th 603, 621. Instead, the determination of whether a project will have significant environmental impacts, and the formulation of measures to mitigate those impacts, must occur before the project is approved. *Id.* On the other hand, when a public agency has evaluated the potentially significant impacts of a project and has identified measures that will mitigate those impacts, the agency does not have to commit to any particular mitigation measure in the EIR, as long as it commits to mitigating the significant impacts of the project. *Id.* "...[T]he details of exactly how mitigation will be achieved under the identified measures can be deferred pending completion of a future study." *Id.*

Table 3.9-4 within the Draft EIR (AR000526) relies on data from the Santa Ana Regional Water Quality

Control Board "Salt and Nutrient Management Plan, 2004." This table lists both actual TDS amounts, and the objective or maximum permissible amount. Importantly, a TDS level that does not exceed the objective set forth in the Management Plan would not be classified as a "significant" impact. See Guidelines at 15064.7(c) ("When adopting thresholds of significance, a lead agency may consider thresholds of significance previously adopted or recommended by other public agencies or recommended by experts, provided the decision of the lead agency to adopt such thresholds is supported by substantial evidence."). The "Bunker Hill A" measurement already exceeds the objective. The "Bunker Hill B" measurement is below the objective such that this area has a 70 mg/l "assimilative capacity." Table 11-1 within the Final EIR lists 463 mg/l as the TDS level for the recycled water effluent. There does not appear to be a source for this data, but Petitioner does not challenge the source or accuracy of this data. The TDS level in the effluent exceeds both the existing levels within the subject groundwater basin, and objective or maximum allowable TDS.

As discussed above, this Court does not address the correctness of the EIR's conclusions, but only upon its sufficiency as an informative document. An omission in an EIR's significant impacts analysis is deemed prejudicial if it deprived the public and decision makers of substantial relevant information about the project's likely adverse impacts. Regarding the potential impact to groundwater quality, the EIR must necessarily provide substantial relevant information in three areas: (a) evidence and analysis regarding TDS levels in the proposed effluent discharge; (b) evidence and analysis regarding existing TDS levels in the groundwater within the Bunker Hill Basin; and (c) evidence and analysis of resulting TDS levels after effluent is discharged and mixed with existing groundwater within the Bunker Hill Basin.

The Draft EIR states: "Anticipated TDS concentrations in the effluent would be similar to existing groundwater concentrations and within the identified assimilative capacity of the groundwater quality objective. As a result, the discharge to City Creek, East Twin Creek Spreading Grounds, or the Redlands Basins would not increase TDS concentrations in the underlying groundwater.... ¶ ... The estimated TDS concentrations in the discharge would be similar to ambient groundwater and therefore would not exceed the assimilative capacity of the basin for TDS." (AR000528 (emphasis added)) In essence, the Draft EIR concludes that the TDS concentrations after the effluent is discharged into the groundwater will not exceed the objective standard. However, there is no citation to data supporting this conclusion. The record supporting the Draft EIR does not reference a study demonstrating that post-assimilation TDS levels, given the anticipated discharge rate, would not exceed the objective or maximum permissible amount. The Draft EIR contains substantial evidence supporting issues (a) and (b), listed above. However, the Draft EIR appears to defer issue (c) for future analysis: "Furthermore, as part of the required NPDES discharge permit, Valley District will be required to prepare an antidegradation analysis that describes the proposed project's potential impact to the Bunker Hill Groundwater Basin. The antidegradation analysis will evaluate the project's impact to the assimilative capacity for salts and nutrients as well as for other constituents of concern." (AR000529)

This deficiency was noted during the public comment period. The Final EIR addressed this concern as follows: "A primary objective of the proposed project is to replenish groundwater with recycled water to meet local demands. Table 11-1 shows the assimilative capacity of TDS and Nitrate (as N) in the relevant groundwater subbasins. Bunker Hill A subbasin (which would receive discharges via East Twin Creek Spreading Grounds) has ambient TDS and N levels that exceed Basin Plan standards established by the Santa Ana RWQCB; as such, no assimilative capacity currently exists for a 10 MGD discharge to that subbasin. Bunker Hill B subbasin (which would receive discharges via City Creek and Redlands Basins) has ambient TDS and N levels well below Basin Plan standards; as such, assimilative capacity does currently exist for a 10 MGD discharge to that subbasin. Antidegradation modeling currently underway suggests that proposed project discharges can be assimilated into the two subbasins within

Basin Plan limits if a majority of Project discharges are recharged into Bunker Hill B, along with blending with Valley District's planned surface water recharge project (6,000 AFY) at East Twin Creek Spreading Grounds." (AR003063-3064)

Attached to the record at Vol. 89, Tab 459 is a document titled "Antidegradation Analysis: Sterling Natural Resource Center -- Administrative Draft." (AR030907, et seq.) A March 3, 2016 PowerPoint presentation demonstrates that this analysis was provided to S.B. Valley for its consideration on March 3, 2016. (AR0034301 and AR0034323) This was prior to S.B. Valley's March 15, 2016 meeting to certify the Final EIR and approve the project. This report consists of an analysis of groundwater quality after the addition of the effluent discharge into the subject groundwater subbasins. This report supports the analysis set forth within the response to comments in the Final EIR. This is substantial evidence supporting the conclusion that discharging the effluent for recharge of the subject subbasins in the manner described will result in a less than significant impact to existing water quality, given the objective or maximum TDS level. This draft report is sufficiently identified and referenced within the Final EIR. In other words, the reference to this draft report is "sufficiently clear" such that a reader has a "road map to the information" the Final EIR intends to convey. See *Vineyard Area Citizens for Responsible Growth, Inc. v. City of Rancho Cordova* (2007) 40 Cal. 4th 412, 443 (discussing incorporation of prior FEIR for related project). Petitioner's Reply Brief notes that this report was only available for a short time before the Final EIR was released, and after the comment period for the Draft EIR had closed. However, Petitioner fails to cite authority setting forth any applicable deadline such that this argument lacks merit. In addition, it appears from the discussions in both the Draft and Final EIRs that S.B. Valley had access to preliminary findings from the antidegradation analysis before the draft analysis was finalized and released.

As was apparent in the *Californians for Alternatives to Toxics* case, S.B. Valley is responsible for analyzing the environmental impacts of the proposed wastewater discharge, and it cannot do this in the absence of a completed study regarding the likelihood of groundwater basin degradation. Deferral of the specifics of mitigation is permissible. *Defend the Bay v. City of Irvine*, supra. On the other hand, the determination of whether a project will have significant environmental impacts, and the formulation of measures to mitigate those impacts, must occur before the project is approved. *California Native Plant Soc. v. City of Rancho Cordova*, supra. S.B. Valley has satisfied this standard through its reliance on the draft antidegradation analysis. Thus, sufficient substantial evidence exists within the record supporting the conclusion that impacts to groundwater quality from the discharge of recycled water is less than significant.

The Draft and Final EIRs both refer to mitigation measure "HYDRO-2" in which S.B. Valley District is directed to "prepare and implement a groundwater monitoring program that includes installation of an array of groundwater monitoring wells sufficient to characterize the effects of the discharge on local groundwater quality. If monitoring shows that beneficial uses of the groundwater may become adversely affected by the discharge, the monitoring program would require either modifications to treatment, modify the well screened area by sealing the affected portion of the screen in the impacted groundwater bearing zone, or compensation for adversely affected groundwater wells through replacement of the affected well or through providing replacement water." (AR000529 and AR003064) This commitment to monitor future water quality and a future plan to remedy any potential adverse impacts is made in conjunction with the present ability to provide the relevant decision makers with the necessary information from which to reach conclusions regarding the non-significance of project impacts. As this decision is premised on sufficient substantial evidence (discussed above), the possible mitigation measures are also proper and supported by substantial evidence.

Finally, the Court notes that the response to comments within the Final EIR also references "groundwater modeling reports conducted by Valley District for each of the proposed recharge locations... included in Appendix I." (AR003064) This "Geoscience Technical Memoranda" (AR003502, et seq.) was prepared in March, 2016. This report consists of "hydrogeological analysis and modeling of proposed discharge" into the East Twin Creek Spreading Grounds, City Creek and the Redlands Basins. It is an operational analysis of whether wells would be impacted by an inflow of recycled water exceeding 20 percent (the regulatory limit of recycled water contribution). See Executive Summary (AR003503-3506) Unlike the antidegradation analysis discussed above, the existence of this report does not provide the relevant decision makers with the necessary data regarding the significance of project impacts associated with TDS levels. The Geoscience report expressly does not address the "available assimilative capacity... for TDS." (AR003504 and AR003505). In fact, this report refers to "separate Anti-Degradation analysis being conducted for the Regional Board permit approval process." Id.

Impacts to Domestic Water Supplies and Wells

Paragraph 49 within the Petition alleges: "The EIR fails to consider the impacts that the Project may have to domestic drinking water supplies for Riverside in particular. Valley District failed to provide analysis supported by substantial evidence in the record that groundwater quality in domestic supply wells would not be adversely impacted by the Project, again, improperly deferring analysis of impacts to drinking water quality to the RWQCB discharge permitting process."

This potential impact refers to the total allocation of recycled water within the domestic water supplies extracted from wells within the applicable groundwater basins. As discussed above, the applicable regulatory framework limits this allocation to 20 percent of the total. This concern focuses on the total dissolved solids ("TDS") within extracted drinking water from these wells, as well as the total inorganic nitrogen ("TIN") levels. As discussed above, both the Draft EIR and the Final EIR include a discussion regarding potential impacts to groundwater quality. (See AR000526, AR000528-529 and AR003063-3064) This discussion is premised on data presented via three separate reports: "Geoscience Technical Memoranda" (AR003502, et seq.); "Antidegradation Analysis: Sterling Natural Resource Center -- Administrative Draft" (AR030907, et seq.); and "Title 22 engineering Report: Sterling Natural Resource Center -- Administrative Draft" (AR030970, et seq.). The combined discussion and reports are substantial evidence supporting the finding that this impact is not significant. The discussion presents various scenarios or ways in which the subject groundwater subbasins can be recharged using recycled wastewater from the project. Some of these scenarios will result in outcomes that violate applicable regulatory guidelines for contaminants and for the maximum percentage of recycled wastewater. On the other hand, these studies also present the decision makers with scenarios that adhere to regulatory guidelines, and thus do not result in a significant impact. This is substantial evidence supporting the conclusion that discharging the effluent for recharge of the subject subbasins in the manner described will result in a less than significant impact to domestic water supplies and wells. Finally, the Draft and Final EIRs both refer to mitigation measure HYDRO-2" in which S.B. Valley District is directed to prepare and implement a groundwater monitoring program. If monitoring shows that groundwater may become adversely affected by the discharge, the monitoring program would require specified modifications and/or replacement water. (AR000529 and AR003064) This commitment to monitor future water quality and a future plan to remedy any potential adverse impacts is made in conjunction with the present ability to provide the relevant decision makers with the necessary information from which to reach conclusions regarding the non-significance of project impacts. As this decision is premised on sufficient substantial evidence (discussed above), the possible mitigation measures are also proper and supported by substantial evidence.

Impacts to Water Quality in Santa Ana River from Discharges of Supplemental Water from Rialto Wells

Paragraph 55 within the Petition alleges: "The EIR fails to evaluate impacts to the water quality in the Santa Ana River that may result from the discharge of supplemental water from several wells along the Rialto Channel. The only water quality aspect addressed in the EIR is temperature, and the discussion of the temperature reduction from the use of this supplemental water is based on nothing except Valley District's 'assumption.' The reasonableness of this assumption was undermined by other substantial evidence in the record. Significantly, the EIR contained no analysis or evidence about the water quality impacts of the discharge of supplemental well water into Rialto Channel, and thus there was no substantial evidence to support a finding that water quality in the Santa Ana River would not be impacted by this discharge."

The Draft EIR lists Biological Resources impact 3.4-1: "Construction and operation of the project could have a substantial adverse effect, either directly or through habitat modifications on plant and wildlife species identified as a candidate, sensitive, or special-status species...." (AR000224) Specifically, the Draft EIR details the potential to disturb Santa Ana River habitat for the Santa Ana sucker (an endangered fish species) as a result of reduced flows into the Santa Ana River (reduction of treated wastewater discharge into river channel). As a mitigation measure, the Draft EIR generally references a Santa Ana River habitat conservation plan as a means to restore habitat for this species. (AR000224-227) In the event this conservation plan is not implemented in time, an "SAS Habitat Monitoring and Management Plan" will be implemented as mitigation. (AR000227-228) This management plan includes the following: "e. SAS-6: Supplemental Water. Valley District will increase habitat availability in Rialto Channel during the summer months by providing cool supplemental water from nearby groundwater source to lower the water temperature in this tributary. Supplemental water will be added to the Rialto Channel when water temperatures reach 85 degrees. Supplemental water could be pumped groundwater or other water source. The discharge into the Rialto Drain will require a discharge permit from the Regional Water Quality Control Board." This mitigation measure is repeated at AR000391. The benefit of this measure is described as follows: "Improves water quality conditions within Rialto Channel to create year-round, suitable tributary habitat for SAS and other water native species." *Id.* The Draft EIR further explains this "Supplemental Water" mitigation measure as follows: "Another means of mitigating the impact to aquatic habitat would be to introduce supplemental water into the river near or upstream of RIX to compensate for flow interruptions. Under current conditions, the RIX facility periodically eliminates discharge for an hour or more while important maintenance is performed on the treatment facility (ESA, 2015b). This periodic reduction of flow can dewater the SAR for over one mile downstream, resulting in a significant temporary loss of habitat. Supplemental water may be obtained from a combination of sources including local groundwater wells and from the use of the Santa Ana River pipeline connecting the SNRC to the SBWRP. Mitigation Measure B10-3 commits Valley District to establishing supplemental water that may be conveyed to the river channel during these periodic shut downs to prevent the river from drying up." (AR000392)

In response to comments, the Final EIR states as follows: "Mitigation Measure BIO-3 provides the mechanism to introduce groundwater into the Rialto Channel to benefit habitat by reducing water temperatures in the Rialto Channel or providing supplemental flows during RIX shutdowns. The goal of this measure is to increase the temporal availability of suitable habitat by reducing water temperatures in the summer to a level below the tolerance threshold of the species. Based on analysis conducted by the USGS, it appears possible to reduce the water temperature from the current 89 degrees Fahrenheit to below 85 degrees Fahrenheit (the maximum tolerance of SAS) with approximately 2 cfs of groundwater,

for a total of about 365 acre feet per year if introduced from July to September. The use of this measure would be on an appropriate scale related to the level of project impact and refined in coordination with the wildlife agencies through the permitting processes and development of the HNINIP. Success criteria and a monitoring plan for this mitigation measure will be included in the HNINIP. The DEIR concludes that, as one component of a broad mitigation strategy, providing supplemental water during the summer months in coordination with the wildlife agencies provides benefits compared to existing conditions and is commensurate with the scale of project level effects. The habitat condition triggers and success criteria will be developed in coordination with the Wildlife Agencies and USGS for inclusion in the HNINIP." (AR003057-3058)

Further, the Final EIR states: "DEIR Figure 2-7g identifies four existing wells in Rialto that could be used to introduce groundwater into the Rialto Channel. The refurbishment of the wells would require minor work to be conducted by Valley District. Table 2-9 of the DEIR recognizes that the use of the wells would require approval of the well owners. Regarding the assumptions on temperature, the DEIR makes a reasonable assumption that the groundwater temperature would be substantially less than the recorded summer-time temperatures in the Rialto Channel which exceed 86 degrees Fahrenheit. The DEIR does not target an ideal water temperature, but rather concludes that use of the wells to lower river water temperatures would improve conditions compared to existing conditions...." (AR003066)

Petitioner argues that the EIR fails to adequately describe or support this mitigation measure, including a failure to specifically address water temperature, volume and quality. Whether the Santa Ana sucker will actually use and benefit from this habitat restoration is unknown. Petitioner's arguments lack merit. The potential benefit of this mitigation measure is premised on sufficient substantial evidence. After a public agency has evaluated the potentially significant impacts of a project and has identified measures that will mitigate those impacts, the agency does not have to commit to any particular mitigation measure, as long as it commits to mitigating the significant impacts of the project. *California Native Plant Soc. v. City of Rancho Cordova*, supra. The details of exactly how mitigation will be achieved under the identified measures can be deferred pending completion of a future study. In this case, water quality testing will occur on any potential well that would be used to supply supplemental water to the Rialto Channel, as required by the NPDES discharge permit. (AR003027) Further, a comment letter submitted by the United States Department of the Interior, Fish and Wildlife Service acknowledges that the proposed supplemental well water would reduce the water temperature in the river channel, and would benefit the Santa Ana sucker population. (AR002893-2894) This federal agency is in "full support of this strategy," and in fact requests that it be expanded. *Id.* This impact is significant and unavoidable. As a result, the EIR appears to offer several good faith alternative means to lessen this impact. This "package" of mitigation measures are based on sufficient data and reasonable assumptions.

Impacts to Water Quality in City Creek

Paragraph 57 within the Petition alleges: "The Project proposes to discharge treated wastewater to City Creek, which has an intermittent municipal drinking water designation.... [D]ischarge of Project water would adversely affect the ability to maintain the drinking water use of City Creek. The EIR fails to analyze the impacts to water quality in City Creek..., stating that any impacts will be dealt with in discharge permitting with the RWQCB, including possibly changing City Creek's designation. Deferring analysis of this potentially significant... violated CEQA." Paragraph 58 alleges: "Additionally, the EIR's conclusion that perennial flow in City Creek will have only minor potential for sediment transport is not supported by substantial evidence. The EIR assumed this to be true based on only speculation."

The subject project proposes to convey treated water to the Santa Ana River, or to one of three

discharge options: City Creek, the East Twin Creek Spreading Grounds, or the Redlands Basins. (AR000218) Table 3.9-2 within the Draft EIR (AR000520-521) summarizes the Regional Water Quality Control Board Santa Ana Basin Plan. This Table notes the "Valley Reach" segment of City Creek has been designated as having an "intermittent beneficial use" as a municipal ("MUN") water supply. The Draft EIR also states: "The MUN designation in the Basin Plan disallows discharge of treated wastewater unless approved by the DDW [State Water Resources Control Board, Division of Drinking Water].... As a result, the Intermittent MUN designation either would need to be amended to allow for the proposed discharge or DDW would need to allow the discharge through their authority provided in the Basin Plan. To obtain DDW approval, DDW would likely require technical studies to evaluate the source water and proposed treatment technologies. Since the segment of City Creek is normally dry as reflected in the Intermittent designation, introduction of a perennial water source would not adversely affect existing surface water municipal uses. With DDW approval, impacts to municipal uses would be considered less than significant." (AR000527)

In response to public comment on this issue, the Final EIR states: "The DEIR evaluates impacts to surface water quality on page 3.9-2 1. The DEIR concludes that since the creek is normally dry, existing surface water quality would not be reduced. However, the DEIR recognizes that the Basin Plan-identified Beneficial Uses of the creek segment include Municipal Use. As a result, the DEIR concludes that a discharge permit from the RWQCB will need to take into consideration potential impacts to drinking water prior to discharge. The DEIR points out that from a permitting standpoint, this could occur with a beneficial use designation change or an approval from the California Division of Drinking Water. Nonetheless, from a water quality impact standpoint, the DEIR concludes that the recharge of recycled water into the ground is consistent with State-wide recycled water policies and local water supply development priorities in a manner that is fully protective of public health." (AR003120-3121)

An August 27, 2015 PowerPoint presentation notes that the purpose of the City Creek discharge is habitat restoration for the Santa Ana sucker, as per the Upper Santa Ana River Habitat Conservation Plan. A discharge would occur to "maintain fish pools in City Creek," and any groundwater recharge is incidental. (AR032935 and AR032955) A March 3, 2016 PowerPoint presentation notes that obtaining an NPDES Permit for the City Creek discharge is a "team priority." (AR034331) The administrative record reflects that there has been much ongoing discussion as to whether the "MUN" designation will be modified such that the City Creek discharge can take place. However, there is also evidence within the record demonstrating that the Bunker Hill subbasins can accommodate all of the recycled water if needed, under various scenarios (as discussed above). Thus, there is no potential for a significant impact. If the "MUN" designation is removed, amended or modified a discharge of treated wastewater into City Creek for habitat restoration would not impact a potential municipal water supply. On the other hand, if the "MUN" designation is not removed or modified, no discharge into City Creek will take place. Therefore, substantial evidence supports the finding of non-significance.

Noise Impacts from Construction and Operation of the Project

Paragraph 64 within the Petition filed by the City of San Bernardino alleges: "The EIR fails to provide any substantial evidence about the current background noise levels in the Project area.... Without information on such noise levels, it was impossible for the public or decision makers to determine whether the additional noise from the Project's construction and operation would be significant. The ER also fails to demonstrate that the proposed mitigation measures would operate to reduce the noise impacts to less than significant, especially given the lack of information about the baseline noise levels at the Project site...."

The Draft EIR at AR000549-570 addresses the potential impacts associated with noise and vibration from construction and operation of the wastewater treatment facility. This includes a sufficient discussion regarding existing noise conditions. See AR000554-555 and AR000563-564. Thus, substantial evidence of existing noise levels is included within the administrative record. This impact analysis, and the proposed mitigations measures are sufficient.

Impacts to Schoolchildren from Use and Storage of Hazardous Materials

Paragraph 66 within the Petition filed by the City of San Bernardino alleges: "The EIR fails to evaluate the risks to schoolchildren from the Project's use of hazardous materials in close proximity to schools and daycare facilities." Paragraph 67 alleges: "The EIR states that hazardous materials will be used and stored at the Project site, which is across the street from a high school and in close proximity to two daycare centers.... The EIR fails to identify the nature of these 'hazardous materials,' and asserts that any impacts would be less than significant because the materials will be handled in accordance with regulations. This is insufficient analysis under CEQA. The EIR did not fully disclose the potential risks to which the Project will expose schoolchildren, and did not consider those risks as compared to current level of hazardous material exposure risk facing schoolchildren or explain how existing regulations would mitigate those risks to a less than significant level."

Petitioner's opening brief fails to address this alleged impact. Thus, this alleged violation of CEQA is not supported by reference to the administrative record. As Petitioner fails to "lay out the evidence... and show why it is lacking" (see *Defend the Bay v. City of Irvine*, supra), the Court rejects this argument. This Court does not independently review the record to make up for the failure to carry this burden. *Id.*

D. Inadequate Mitigation for Groundwater Impacts

Paragraph 52 within the Petition alleges: "52. The EIR fails to provide feasible and effective mitigation for potential groundwater impacts. The EIR, in mitigation measure HYDRO-2, states that if the Project should result in adverse impacts to groundwater quality, Valley District would employ 'treatment modifications' or find a replacement well or provide replacement water. Valley District has not described the 'treatment modifications' it will undertake in the event of an adverse impact to groundwater resources, which is not an adequate commitment to mitigation. Additionally, replacement wells and replacement water are not acceptable mitigation measures under CEQA."

"...[I]t is the policy of the state that public agencies should not approve projects as proposed if there are feasible alternatives or feasible mitigation measures available which would substantially lessen the significant environmental effects of such projects." Pub. Resources Code 21002. "Each public agency shall mitigate or avoid the significant effects on the environment of projects that it carries out or approves whenever it is feasible to do so." Pub. Resources Code 21002.1(b). "A lead agency for a project has authority to require feasible changes in any or all activities involved in the project in order to substantially lessen or avoid significant effects on the environment, consistent with applicable constitutional requirements such as the 'nexus' and 'rough proportionality' standards established by case law." 14 C.C.R. 15041(a). The mitigation measure must be "roughly proportional" to the impacts of the project. 14 C.C.R. 15126.4(a)(4)(B); *Dolan v. City of Tigard* (1994) 512 U.S. 374, 392-393 and 394-395; and *Napa Citizens for Honest Government v. Napa County Bd. of Supervisors* (2001) 91 Cal. App. 4th 342, 364. Mitigation measures requiring adherence to regulatory requirements or other performance criteria are permitted. 14 C.C.R. 15126.4 (a)(1)(B) and *Citizens for a Sustainable Treasure Island v. City and County of San Francisco* (2014) 227 Cal. App. 4th 1036, 1060. A condition requiring compliance with regulations is a common and reasonable mitigation measure, and may be proper where it is reasonable

to expect compliance. *Oakland Heritage Alliance v. City of Oakland* (2011) 195 Cal. App. 4th 884, 906.

Mitigation measure "HYDRO-2" states: "Valley District shall prepare and implement a groundwater monitoring program that includes installation of an array of groundwater monitoring wells sufficient to characterize the effects of the discharge on local groundwater quality. If monitoring shows that beneficial uses of the groundwater may become adversely affected by the discharge, the monitoring program would require either modifications to treatment, modify the well screened area by sealing the affected portion of the screen in the impacted groundwater bearing zone, or compensation for adversely affected groundwater wells through replacement of the affected well or through providing replacement water." (AR000529)

Petitioner cites *Gray v. County of Madera* (2008) 167 Cal. App. 4th 1099, involving an EIR for a proposed concrete aggregate quarry. The project included "the excavation pit, which could encompass 86 acres of the site upon completion, and the construction and operation of 'an aggregate processing facility, hot mix asphalt plant, administration complex, parking areas, on-site access road, and various other stockpile and processing areas...." *Id.* at 1105. The project proponent would be permitted to mine 900,000 tons per year of aggregate material for the next 50 years. *Id.* The area surrounding the project was zoned agriculturally and used primarily for cattle grazing. *Id.* at 1106. Also, there were "dozens of residences and 55 domestic wells within one mile of the Project. In its May 25, 2006 staff report, the County of Madera Planning Commission stated that '[t]here is concern that over the life time of the mine[,] surrounding property owners might suffer declined well pumping rates caused by the mining operation.'" *Id.*

The Court found that a mitigation measure "providing replacement water through bottled water is not a viable or effective mitigation measure. It defies common sense for the County to conclude that providing bottled water is an effective mitigation measure. As presented, Mitigation Measure 3.9-1b does not explain how and in what amount the bottled water will be delivered to the neighboring landowners. The measure requires replacement at least equal to the lost amount of water production from the landowners' wells. However, some if not all of the landowners will have fluctuating water usage.... Mitigation Measure 3.9-1b does not explain how it will address the issue of fluctuating water usage by supplying bottled water. A water system, as proposed in the Board, could solve this problem. However, the proposal for a water system was never studied by the county staff. Thus, there is no substantial evidence that it is feasible to build a water system. Therefore, Mitigation Measure 3.9-1b does not present viable mitigation options." *Id.* at 1117-1118. In addition, the mitigation measure improperly deferred formulation of specific mitigation strategies. *Id.* at 1118. "According to Respondents, there is no improper deferral because the County has committed to a mitigation goal of remedying the decline in water levels of private wells and has listed various mitigation alternatives that can address this problem." *Id.* Generally, CEQA permits a lead agency to defer specifically detailing mitigation measures as long as the lead agency commits itself to mitigation and to specific performance standards. *Id.* at 1119. However, the County did "not committed itself to a specific performance standard. Instead, the County has committed itself to a specific mitigation goal - the replacement of water lost by neighboring landowners because of mine operations. However, this goal is not a specific performance standard such as the creation of a water supply mechanism that would place neighboring landowners in a situation substantially similar to their situation prior to the decline in the water levels of their private wells because of the mining operations, including allowing the landowners to use water in a substantially similar fashion to how they were previously using water. Moreover, the listed mitigation alternatives must be able to remedy the environmental problem. We have concluded that the listed mitigation alternatives, except for the building of a new water system, cannot remedy the water problems because they would not place neighboring landowners into a situation substantially similar to what the landowners

experienced prior to the operation of the mine. And the option to build a water system, which is the only effective mitigation measure that was proposed if it was feasible, was never studied or examined. Thus, the County is improperly deferring the study of whether building such a system is feasible until the significant environmental impact occurs." Id.

The Gray case is not analogous. Unlike Gray, there is substantial evidence in the record that corrective measures identified in HYDRO-2 are feasible and effective approaches to remedy water quality problems that may arise in the operation of the wastewater recycling facility. The project at issue in this action generally seeks to improve the surrounding environment by creating a source of water and restoring habitat. This is in marked contrast to the proposed industrialization of the farm land in Gray. Thus, the proposed mitigation is roughly proportionate to the potential impacts of the wastewater recycling project. There is substantial evidence that HYDRO-2 does not make improper deferrals, and does not create additional environmental impacts. There is substantial evidence that the Regional Water Quality Control Board and DDW permitting process will ensure that down gradient wells are not impacted by recycled water. HYDRO-2 provides additional assurances by requiring that S.B. Valley implement a monitoring program. HYDRO-2 also provides performance standards for a number of possible corrective measures that ensure local wells maintain a substantially similar water quality.

"If a mitigation measure would cause one or more significant effects in addition to those that would be caused by the project as proposed, the effects of the mitigation measure shall be discussed but in less detail than the significant effects of the project as proposed." 14 C.C.R. 15126.4(a)(1)(D). An EIR is required to discuss the impacts of mitigation measures. *Save our Peninsula Committee v. Monterey County Board of Supervisors* (2001) 87 Cal. App. 4th 99, 130. As discussed above, there is substantial evidence within the administrative record demonstrating that the project will not result in significant impacts on the environment; e.g., it will not result in decreased water quality within the existing wells. Thus, the proposed mitigation measures may not be necessary. HYDRO-2 provides additional assurances of long term water quality, but is unlikely to necessitate additional water treatment or the importation of replacement water. Given the remote likelihood of more aggressive mitigation measures, there is no need to discuss the impacts of these mitigation measures in further detail. Thus, it is proper to defer further discussion of potential mitigation measure impacts, especially given the ongoing Regional Water Quality Control Board and DDW permitting process. S.B. Valley's plan to use this permitting process to further inform the final formulation of the mitigation measures is permissible and proper under CEQA.

E. Analysis of Alternatives

Paragraph 70 within the Petition alleges: "The EIR identifies the Project as having a significant and unavoidable impact on the Santa Ana River, and federally threatened Santa Ana sucker fish that live there, from the 6 mgd reduction in flow to the Santa Ana River that would result from the SNRC project. Notwithstanding this finding, the EIR identifies the Project as the environmentally superior alternative, even though EIR Alternative 5, the "Reduced Diversion Alternative," would reduce only half as much flow to the Santa Ana River at the RIX. By reducing only half as much flow - 3 mgd less - Alternative 5 would substantially lessen Project impacts to the Santa Ana River and Santa Ana sucker. Nevertheless, the EIR justifies its selection of the Project as environmentally superior on the theory that the level of mitigation required under the Project as proposed would be greater, and thus better for the environment. This conclusion is wholly unsupported by evidence in the record and by common sense, as there is nothing in the EIR that suggests that the same or similar mitigation could not be conducted for Alternative 5."

Public agencies should not approve projects as proposed if there are feasible alternatives or feasible mitigation measures available which would substantially lessen the significant environmental effects of such projects. Pub. Resources Code 21002. The procedures required by CEQA "are intended to assist public agencies in systematically identifying both the significant effects of proposed projects and the feasible alternatives or feasible mitigation measures which will avoid or substantially lessen such significant effects." *Id.* There is no ironclad rule governing the nature or scope of the alternatives to be discussed in an EIR, other than the rule of reason. *Citizens of Goleta Valley v. Board of Supervisors* (1990) 52 Cal. 3d 553, 576. Whether to approve a development project is a delicate task which requires a balancing of interests, and is necessarily left to the sound discretion of local officials. *Id.* "Feasible" means capable of being accomplished in a successful manner within a reasonable period of time, taking into account economic, environmental, social, and technological factors." Pub. Resources Code 21061.1. "Feasibility" under CEQA encompasses "desirability" to the extent that desirability is based on a reasonable balancing of the relevant economic, environmental, social, and technological factors. *City of Del Mar v. City of San Diego* (1982) 133 Cal. App. 3d 401, 417. Section 15126.6 of the CEQA Guidelines sets forth the manner in which an EIR must address "a range of reasonable alternatives to the project." In the event specific economic, social, or other conditions make infeasible such project alternatives or such mitigation measures, individual projects may be approved in spite of such significant effects. *Habitat and Watershed Caretakers v. City of Santa Cruz* (2013) 213 Cal. App. 4th 1277, 1302. It is the agency's responsibility to provide an adequate discussion of alternatives, and an EIR should not exclude an alternative from detailed consideration merely because it would impede to some degree the attainment of the project objectives. *Id.* at 1303. An environmentally superior alternative cannot be deemed infeasible absent evidence the additional costs or lost profits are so severe the project would become impractical. *Kings County Farm Bureau v. City of Hanford* (1990) 221 Cal. App. 3d 692, 736. The EIR must contain facts and analysis, not just the bare conclusions of a public agency. *Id.*

Currently, treated wastewater is discharged into the Santa Ana River via the "Rapid Infiltration and Extraction" facility ("RIX") operated by Petitioner. This discharge empties into the Rialto Channel, near its confluence with the Santa Ana River. The Draft EIR explains: "The existing discharge from the RIX facility currently provides habitat and is contributing to the long-term viability of the Santa Ana sucker by maintaining suitable habitat for spawning and foraging.... The project would divert 6 MGD of water from the RIX facility, which is approximately 18-21 percent of the 28.5 MGD currently discharged into the Santa Ana River at RIX. The reduction in water that would have been discharged into the Santa Ana River could adversely affect aquatic habitat used by special-status aquatic wildlife species that occur within the river, in particular the Santa Ana sucker." (AR000386). A "reduced discharge study" was conducted "to estimate the changes in depth and velocity that could be expected from a 6 MGD discharge reduction. The study concludes that a diversion of 6 MGD from the Santa Ana River at the RIX discharge would reduce total flow by 18-21 percent, lower water depth in the channel by a maximum of approximately 1.1 inches, reduce the wetted area by 6 percent, and result in an average change in a velocity class of 2 percent (not exceeding 6 percent) of the total channel area. (See Appendix F)... ¶ ...The study found that the SAR is a significantly losing stream below RIX. Flows are reduced by approximately 22 cfs (approximately 42 percent of total flow at the time of the study) at Riverside Avenue which is approximately 6,000 feet downstream of the RIX discharge. The river loses an additional 15 cfs to infiltration within the segment from the Riverside Avenue crossing to approximately 3.5 miles downstream of the RIX discharge. In fact, flow in the river steadily declines with distance from RIX until groundwater begins to feed the river approximately 2.5 miles downstream from the RIX discharge, stabilizing and eventually increasing river flows...." *Id.* The Draft EIR concludes that the project will have a "significant and unavoidable [impact] for modifications to Santa Ana sucker habitat." (AR000224)

The Draft EIR includes a lengthy discussion regarding maintaining habitat for the Santa Ana sucker

within the section addressing impacts to "Biological Resources." (AR000389-392). Essentially, the Draft EIR refers to the preparation of a Habitat Conservation Plan for the upper Santa Ana River "that will provide for the creation, restoration, and long-term management of suitable habitat within the... watershed, while allowing for a number of covered projects to proceed. The reduction of up to 6 MGD from the RIX discharge could be included as a covered project in the HCP." The Santa Ana River HCP would include a habitat monitoring plan, as well as identify and implement a series of actions to restore habitat for the Santa Ana sucker. "Participating entities would contribute financially to the implementation of the mitigation projects and management actions." The Draft EIR details several habitat remediation measures, including the City Creek discharge discussed above.

Project alternatives are discussed within the Draft EIR at AR000649, et seq. Table 6-2 (AR000650) notes that Alternative 5, the "reduced diversion" alternative, will lessen the impact to "Biological Resources." This alternative would result in the same facilities construction. The project would have the same 10 MGD capacity, but would produce 3 MGD less recycled water for groundwater replenishment. (AR000664) This alternative would return 3 MGD of treated wastewater to the present RIX discharge site. "Alternative 5 would reduce the impact to aquatic habitat by diverting only 3 MGD flow compared with 6 MGD of flow. However, the reduction of 3 MGD flow could still be considered an incremental effect that would increase the stress on a federally threatened species, albeit to a lesser degree than the proposed project. Nonetheless, the potential impact to aquatic habitat would remain significant and unavoidable." Id. The Draft EIR concludes that Alternative 5 would partially defeat the objective of producing recycled water for local groundwater recharge. It is also not the "environmentally superior alternative" because, although more habitat would be preserved in the immediate vicinity of the RIX discharge, this would result in a less "robust" overall habitat conservation plan:

"...Alternative 5 would not avoid any of the significant and unavoidable impacts of the proposed project since it would still result in an incremental effect to an already stressed Santa Ana River aquatic habitat. The potential significant impact to Santa Ana sucker through habitat modifications would occur to a lesser degree since only 3 MGD of flow would be diverted. Therefore, Alternative 5 would result in similar impacts but to a lesser degree. Similarly, Alternative 5 would meet the water supply and groundwater replenishment objectives of the project but to a lesser degree. As a result Alternative 5 would not produce as many benefits related to the treatment and reuse of locally produced wastewater to meet local needs. Since Alternative 5 would reduce flow in the Santa Ana River less than the proposed project, the proposed impact compensation measures would be reduced as well. The habitat management measures identified in Mitigation Measure BIO-3 that would enhance SAR aquatic habitat compared to existing conditions would be less robust with less committed funding from a reliable source. The DEIR Chapter 3.4 concludes that with implementation of Mitigation Measure BIO-3, Santa Ana sucker habitat would be managed and monitored for the benefit of the species, endeavoring to improve habitat conditions compared to existing conditions, even though flows would be reduced. Measure SAS1 would establish new habitat features below the RIX discharge that is managed and funded. Measure SAS-2 would establish reliable funding for predator control program. Measure SAS-3 would establish reliable funding for invasive plant removal. Measure SAS-4 would establish means of reversing siltation. Measure SAS-5 would provide supplemental water when necessary during RIX shut-downs. Measure SAS-6 would establish funds for Santa Ana sucker populations in the upper watershed. Since Alternative 5 would not contribute as substantially or reliably to this mitigation and management of the habitat or the resolution of regional water supply challenges and wastewater treatment needs, it would not be environmentally superior. Rather, with implementation of Mitigation Measure BIO-3, the proposed project would result in the fewest impacts and the greatest benefits of any of the Alternatives that meet the project objectives. As a result, the proposed project would be considered the Environmentally Superior Alternative."

(AR000666-667)

The "Findings of Fact and Statement of Overriding Considerations" explains that Alternative 5 will also result in a significant impact. (AR000047) Given the highly stressed nature of the subject ecosystem, any reduction in flow will result in significant and unavoidable impacts. Id.

Petitioner contends that this discussion within the Draft EIR assumes, without evidence, that mitigation measures would be scaled back if the reduced diversion alternative is adopted. Essentially, Petitioner contends there is an absence of evidence within the record demonstrating that adoption of the reduced flow alternative in conjunction with all of the habitat mitigation measures is not feasible. S.B. Valley addressed this contention via its response to "late" comments made in response to the Final EIR:

"...The Reduced Discharge Alternative would not eliminate a significant impact of the project. The FEIR reasonably assumes that impacts from the Reduced Discharge Alternative would require commensurately less mitigation acreage. This would include less microhabitat improvements, less exotic weed removal and fewer acres receiving ongoing predator control. In addition, consistent with the updated Mitigation Measure BIO-1 RAFSS [Riverside alluvian fan sage scrub] habitat would be mitigated at a ratio of 3:1. The Reduced Discharge Alternative would provide less RAFSS mitigation than the proposed project. The USFWS has indicated in its comment letter that the full suite of mitigation measures proposed by Valley District are of great importance to the SAS because they address the many stressors for that species and other native fish.... ¶ ...The Reduced Discharge Alternative would result in half the hydrology effects downstream of the RIX discharge requiring half the biological mitigation. The FEIR concludes that the proposed mitigation, specifically BIO-3, would provide benefits to the existing condition. The Reduced Discharge Alternative would result in half the benefits compared to the proposed project."

(AR004142)

This response sufficiently explains why the reduced discharge alternative would also result in less mitigation measures. Further, substantial evidence exists within the record demonstrating that the reduced discharge alternative would partially defeat the project objectives of recycling and reusing wastewater in an effort to resolve regional water supply challenges in a cost effective and environmentally responsible manner. (AR000255) At the same time, the reduced discharge alternative would not alleviate the impacts to the Santa Ana sucker fish habitat. "Feasibility" entails the balancing of various relevant economic, environmental, social and technological factors. Substantial evidence exists within the record from which the relevant decision makers could balance these factors. The record demonstrates an adequate discussion of various reasonable alternatives.

F. Response to Comments on Draft EIR

Paragraph 73 within the Petition alleges: "Valley District failed entirely to address the comments on the Draft EIR by the City's biological expert, GEI, which were attached to the City's comments. These comments raised issues with the Draft EIR's failure to include data on the quality of water in the Rialto Channel wells, and stated that the cooling effect of this water would be negligible, if any, contrary to the Draft EIR's claims. Because these comments were at odds with Valley District's position on the Rialto Channel wells, Valley District was required to provide a written response addressing the issues raised by GEI. By omitting any response to GEI's comments, Valley District failed to proceed in the manner required by law, in violation of CEQA." Paragraph 74 alleges: "Additionally, Valley District failed to

respond adequately to other comments, suggestions, and recommendations on the Draft EIR made by the City and other commenters with regard to the Project's impacts, mitigation measures, alternatives, and other matters. Those responses to comments contain conclusory statements that are unsupported by substantial evidence in the record and others do not fully respond to the comments as submitted."

"The lead agency shall evaluate comments on environmental issues received from persons who reviewed the draft EIR and shall prepare a written response. The lead agency shall respond to comments received during the noticed comment period and any extensions and may respond to late comments." 14 C.C.R. 15088(a). There must be good faith, reasoned analysis in response, and conclusory statements unsupported by factual information will not suffice. *Id.* at (c). When a comment raises a significant environmental issue, there must be some genuine confrontation with the issue; it cannot be swept under the rug. *City of Irvine v. County of Orange* (2015) 238 Cal. App. 4th 526, 553. Responses that leave big gaps in the analysis of environmental impacts are obviously inadequate. *Id.* Also, comments that bring some new issue to the table need genuine confrontation. *Id.* Comments that are only objections to the merits of the project itself may be addressed with cursory responses. *Id.*

GEI Memorandum

An action or proceeding cannot be maintained unless the alleged grounds for noncompliance were presented to the public agency orally or in writing during the public comment period. Pub. Resources Code 21177. S.B. Valley District made the Final EIR available to the public on March 4, 2016. It thereafter held a public workshop, and received public comment prior to certification of the Final EIR. During this time, members of the public, including the City, were permitted to provide additional public comment. However, the City failed to raise this issue of non-compliance. S.B. Valley was never informed of the failure to address the comments set forth in the GEI memorandum. S.B. Valley was never permitted an opportunity to rectify this apparent error. As a result, it would be manifestly unfair to reject the entire CEQA process based on the failure to address the GEI comments. This deficiency is compounded because the GEI comments were not contained in correspondence addressed to S.B. Valley. Instead, the comments are contained within a memorandum addressed to the City of San Bernardino. (AR002935) In any event, any omission on the part of S.B. Valley is not prejudicial because the issues raised in the GEI memorandum were adequately addressed in response to other comments.

Adequate Response to Other Comments

Petitioner argues that S.B. Valley provided inadequate responses with respect to certain comments made by Petitioner City and Social Environmental Justice Alliance. The Court disagrees and finds that, on balance and when viewed in context, the comments were sufficient and made in good faith. S.B. Valley was not required to provide additional evidentiary support for its conclusions because the evidence cited was already sufficient. In addition, to the extent incomplete responses to some comments were provided, this was not prejudicial given that complete responses to other related and overlapping comments were provided.

G. Conclusion

Petitioner's writ application is denied. As set forth above, the CEQA process was adequately undertaken such that the lead agency and the public were reasonably able to analyze the costs and benefits of the subject wastewater recycling project. Every project must comply with the procedures set forth within CEQA as a means to foster good governance and public participation in the process of environmental review. See 14 C.C.R. 1503 (and cases cited therein). The detailed analysis employed prior to approval

of this project satisfies this standard.

Joel R. Wohlfeil

Judge Joel R. Wohlfeil

Settlement Agreement

This Settlement Agreement ("Agreement") is entered into and effective this 21st day of November, 2017 by and among the City of San Bernardino ("City"), the City of San Bernardino Municipal Water Department ("SB Water"), East Valley Water District ("East Valley") and San Bernardino Valley Municipal Water District ("Valley District"). The City, East Valley and Valley District are each sometimes referred to herein as a "Party" and are collectively referred to herein as the "Parties."

Recitals

- A. On March 15, 2016, Valley District certified the Final Environmental Impact Report ("SNRC EIR") under the provisions of the California Environmental Quality Act ("CEQA") for the Sterling Natural Resource Project ("SNRC Project") and approved the SNRC Project.
- B. On April 14, 2016, the City filed suit (the "CEQA Lawsuit") challenging the validity of Valley District's certification of the SNRC EIR as violating the provisions of CEQA.
- C. On June 1, 2016, the City filed a second lawsuit (the "LAFCo Lawsuit") challenging East Valley's actions in connection with the SNRC Project and alleging such actions violated the Cortese-Knox-Hertzberg Act ("LAFCo Law"). Valley District and East Valley filed a cross-complaint in that action.
- D. On March 7, 2017, SB Water certified the Final Environmental Impact Report ("CWF EIR") under the provisions of CEQA for the Clean Water Factory Project ("CWF Project") and approved the CWF Project.
- E. On June 6, 2017, the Superior Court for the County of San Diego entered judgment in favor of Valley District and East Valley in connection with the CEQA Lawsuit. The City has filed a timely appeal of that decision.
- F. By means of tolling agreements and stipulations the Parties have: (i) tolled the dates for filing the appendix on appeal and briefs in CEQA Lawsuit in the Court of Appeal, (ii) tolled all discovery and the hearing on the City's motion for a writ of mandate in the LAFCo Lawsuit (including discovery undertaken in connection with the cross-complaint filed by Valley District and East Valley), (iii) tolled the deadline for the City to file a motion to tax costs in the CEQA Lawsuit, and (iv) tolled the statute of limitations on potential legal challenges by East Valley and Valley District to the CWF Project.
- G. The Parties now wish to enter into a comprehensive settlement that will accomplish a number of different purposes, all of which are of equal importance.

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- 43
- 44 • The Parties wish to enter into arrangements that will allow East Valley and Valley
- 45 District to construct and operate the SNRC Project and that will allow the City to
- 46 construct and operate the CWF Project.
- 47
- 48 • The Parties wish to enter into arrangements that will ensure that the SNRC Project
- 49 and the CWF Project are operated in a manner that is consistent with the recovery
- 50 of threatened and endangered fish populations in the Santa Ana River that may
- 51 depend on the discharge of treated wastewater into the Santa Ana River.
- 52
- 53 • The Parties wish to enter into arrangements that will replenish the San Bernardino
- 54 Basin Area ("SBBA") and thereby enhance water supply reliability for their
- 55 respective ratepayers.
- 56
- 57 • The Parties wish to enter into arrangements that will allow East Valley to provide
- 58 wastewater treatment and disposal services to its ratepayers in compliance with
- 59 the LAFCo Law, and without adversely affecting the ratepayers within the City.
- 60
- 61 • The Parties wish to further enhance water supply reliability (and thereby lessen
- 62 the demands for the extraction of groundwater from the SBBA) by engaging in a
- 63 number of water efficient landscape improvements located within the City.
- 64
- 65 • The Parties wish to conclude all of the foregoing litigation on a mutually
- 66 agreeable basis and move on from the conflict associated with litigation to
- 67 collaborative efforts that will best serve the interests of their respective ratepayers.
- 68
- 69 H. The Parties wish to memorialize their mutual agreements and understandings by means of
- 70 this Agreement.

Agreements

- 73 1. *Construction and Operation of Facilities*
- 74
- 75 a. *Status of Existing JPA Agreement.* At present, the City provides wastewater
- 76 treatment and disposal services to East Valley pursuant to a Joint Powers
- 77 Authority agreement dated January 7, 1958, as amended most recently in April
- 78 1984 ("JPA Agreement"). The Parties intend to continue to operate under the
- 79 terms of the JPA Agreement solely as it pertains to wastewater treatment and
- 80 disposal services until termination of the JPA Agreement as provided for in
- 81 subparagraph 1(b) below. Not later than ninety (90) days after the date upon
- 82 which the San Bernardino Local Agency Formation Commission ("LAFCo")
- may approve the activation of East Valley's latent authority for wastewater

treatment and disposal services, all remaining JPA obligations imposed upon the Parties including, but not limited to, East Valley's obligation to collect connection fees for the benefit of the City and the expansion fees described in section 3(c) of this Agreement shall terminate. The Parties shall, within one hundred eighty (180) days of the execution of this Agreement, agree upon amendments to the JPA Agreement to effectuate this Agreement.

b. *Termination of JPA Agreement.* Prior to completion of the SNRC Project, East Valley shall provide notice of anticipated completion to the other Parties and identify a date, at least six (6) months in the future, when East Valley will begin to provide wastewater treatment and disposal services to its customers. Upon SNRC Project completion, East Valley shall provide notice of completion to all Parties.

(1) The City shall, within thirty days of the date of East Valley's notice of completion, provide the other Parties with final invoicing, consistent with the City's prior invoicing practices, showing all charges incurred or that will be incurred for the operation of the City's facilities through the date on which East Valley will provide wastewater treatment services.

(2) East Valley shall, within thirty (30) days of receiving the City's final invoicing, either agree with that invoicing or begin the dispute resolution process described in paragraph 6(b) below. Such disputes shall be limited to invoice items that exceed one percent (1%) of the total invoiced amount.

(3) The JPA Agreement shall terminate on the date that East Valley begins to provide wastewater treatment services to its customers (the "Service Date") notwithstanding any dispute among the parties relating to the invoicing provided by the City. Such disputes will be addressed through procedures described in paragraph 6(b) below.

c. *SNRC Project.* The Parties agree to cooperate to enable East Valley and Valley District to construct the SNRC Project and place that project into operation at the earliest possible date, as follows:

(1) *General Provisions*

(a) The Parties agree that the SNRC Project will divert and treat all wastewater flows that are generated within East Valley's service area, which are currently approximately 6 million gallons/day, that would have been treated by SB Water pursuant to the JPA Agreement.

119 (b) Upon execution of this Agreement, the City and SB Water shall
 120 send a letter to the State Water Resources Control Board
 121 supporting the use of State Revolving Fund ("SRF") grant and
 122 loan funds, at the lowest available rate of interest, to fund the
 123 SNRC Project. Such letter shall be approved in advance by East
 124 Valley. If requested by East Valley and/or Valley District,
 125 representatives of the City and/or SB Water shall participate in a
 126 teleconference with the State Water Resources Control Board or its
 127 staff to state that SRF grant or loan funds be issued to East Valley
 128 for the construction of the SNRC Project.

129 (c) After execution of this Agreement and upon request of East Valley
 130 and/or Valley District, the City and/or SB Water shall provide
 131 similar letter(s) supporting the SNRC Project to local, state or
 132 federal administrative or regulatory agencies, private financial
 133 institutions, or other entities with oversight or control over the
 134 SNRC Project or its financing.

135 (2) *East Trunk Sewer Line.* The Parties shall negotiate and execute the
 136 appropriate legal instruments through which the City and SB Water shall
 137 convey by means of grant deed all right, title and interest in a 20,800
 138 linear foot portion of the East Trunk Sewer Line as shown on Exhibit A
 139 attached hereto, which is incorporated herein by reference, together with
 140 any associated appurtenances, easements, operating agreements and the
 141 like necessary for the safe operation of that portion of the East Trunk
 142 Sewer Line, to East Valley. Such conveyance shall become effective on
 143 the date upon which LAFCo may approve activation of East Valley's
 144 latent authority to provide wastewater treatment services. This portion of
 145 the East Trunk Sewer Line is needed by East Valley so as to allow East
 146 Valley to collect and transport wastewater flows to the SNRC Project.
 147 The City, SB Water and East Valley shall cooperate in drawing up the
 148 necessary documentation and obtaining any regulatory permits for such
 149 transfer. All costs incurred by any Party associated with the conveyance
 150 and transfer of this portion of the East Trunk Sewer Line shall be the sole
 151 responsibility of East Valley, and East Valley shall reimburse the other
 152 Parties for any such costs incurred by them. After the date of the transfer,
 153 East Valley shall be responsible for all operation and maintenance costs
 154 associated with the portion of the East Trunk Sewer Line that has been
 155 transferred to East Valley from the City and SB Water.

156 (3) *Commingling/Exchange of Flows.* East Valley, the City and SB Water
 157 further understand and agree that implementing the transfer of a portion of

the East Trunk Sewer Line, both while the SNRC Project is being constructed and after the SNRC Project commences operation, will require an exchange/commingling of wastewater flows originating within the service areas of the City/SB Water and East Valley in roughly equal quantities so as to ensure the efficient operation of the regional wastewater system and thereby avoid increasing the cost of wastewater treatment to East Valley's ratepayers. The City/SB Water and East Valley agree that, within one hundred eighty (180) days of the effective date of this Agreement, they will enter into the necessary agreements for such exchange/commingling of wastewater flows, and that they will cooperate fully in obtaining any regulatory approvals needed for the transfer of the portion of the East Trunk Sewer Line to East Valley. To the extent that additional physical facilities are needed to accomplish the transfer, the costs associated with the permitting, construction and operation of those new physical facilities shall be the sole responsibility of East Valley, and East Valley shall reimburse the other Parties for any such costs incurred by them.

- d. *CWF Project.* The Parties agree to support the construction and operation of a new recycled water plant project by the City (known as the "CWF Project").
- (1) SB Water and Valley District hereby reaffirm their respective commitments pursuant to the February 22, 2011 Memorandum of Understanding ("MOU") that withdrew protests to Wastewater Change Petition No. WW0059 for the CWF Project.
 - (2) After execution of this Agreement and upon request of the City, Valley District and/or East Valley shall appear at public meetings to support the CWF Project and/or take such other actions (including but not limited to resolutions of their respective governing boards) to support the CWF Project. After execution of this Agreement and upon request of the City or SB Water, East Valley and/or Valley District shall provide similar letter(s) supporting the CWF Project to local, state or federal administrative or regulatory agencies, private financial institutions, or other entities with oversight or control over the CWF Project or its financing.
 - (3) The Parties agree that the CWF Project will not be inconsistent with the provisions of the Upper Santa Ana River Habitat Conservation Plan, if such plan is approved by the United States Fish & Wildlife Service ("USFWS").
 - (a) The City and Valley District, together with their partners under said MOU, may seek to obtain the regulatory permits necessary for

196 the CWF Project in advance of the completion of the Upper Santa
197 Ana River Habitat Conservation Plan, *provided that* the provisions
198 associated with the CWF Project are subsequently included in the
199 Upper Santa Ana River Habitat Conservation Plan.

200 (b) If the USFWS does not approve the Upper Santa Ana River
201 Habitat Conservation Plan by January 1, 2020, then the City and
202 Valley District may seek to obtain separate regulatory permits for
203 the CWF Project.

204 (4) After execution of this Agreement, after submittal of any SRF grant/loan
205 application for the CWF Project, and upon request of the City or SB
206 Water, Valley District and East Valley shall send a letter to the State
207 Water Resources Control Board supporting the use of SRF grant and loan
208 funds, at the lowest available rate of interest, to fund the CWF Project.
209 Such letter shall be approved in advance by the City or SB Water. If
210 requested by the City or SB Water, representatives of East Valley and/or
211 Valley District shall participate in a teleconference with the State Water
212 Resources Control Board or its staff to state that SRF grant or loan funds
213 be issued to the City or SB Water for the construction of the CWF Project.

214 e. *Treatment and Management of Solids*

215 (1) *Prior to the Completion of the SNRC Project.* Until the completion of the
216 SNRC Project, East Valley and City/SB Water will work cooperatively to
217 enable the City/SB Water to treat solids originating within East Valley's
218 service area in the same manner as at present. The Parties shall also work
219 cooperatively: (i) to develop cost-effective plans and specifications for any
220 additional pipelines or new equipment/facilities that may be necessary to
221 effectuate the solids handling agreement described in paragraph 1(e)(2)
222 below; (ii) in the acquisition and construction of such equipment/facilities;
223 and (iii) in securing any needed regulatory permits or approvals. East
224 Valley shall be responsible for all cost associated with such pipelines or
225 new equipment/facilities as may be determined in the agreement described
226 in paragraph 1(e)(2) below.

227 (2) *After Completion of the SNRC Project.* Within thirty (30) days of the
228 effective date of this Agreement, East Valley and the City/SB Water will
229 enter into negotiations for the handling of solids after the completion of
230 the SNRC Project, with the goal of entering into a definitive agreement for
231 the cost-effective handling of solids originating within East Valley's
232 service area by the City/SB Water no later than one hundred eighty (180)
233 days from the effective date of this Agreement.

- 234 (a) The initial term of the solids handling agreement shall be for ten
235 (10) years, with two optional five (5) year renewal periods. The
236 solids handling agreement shall commence on the Service Date.
237 The solids handling agreement shall include an "evergreen" term
238 that provides that the agreement shall be renewed for subsequent
239 terms unless either party provides written notice of termination at
240 least two years before the termination of the then-current term.
- 241 (b) The solids handling agreement shall provide for a service charge to
242 be paid by East Valley to the City/SB Water, which charge shall be
243 set so as to enable the City/SB Water to recover the actual costs of
244 providing solids handling and treatment of the solids handling
245 process liquid product, together with reasonable overhead not to
246 exceed forty percent (40%) of the actual cost of service, *provided*
247 *that* overhead shall not be charged on electricity costs charged by a
248 third party utility provider and associated with the provision of
249 solids handling.
- 250 (c) In the event that the City/SB Water and East Valley are unable to
251 agree on the design, construction, or installation for the
252 equipment/facilities that would enable SB Water to continue to
253 provide solids handling services to East Valley after the Service
254 Date by one hundred eighty (180) days after the effective date of
255 this Agreement, East Valley shall, not later than thirty (30) days
256 after the Service Date and on the anniversary of the Service Date
257 thereafter for nine (9) years, pay SB Water the sum of seven
258 hundred thousand dollars (\$700,000) each year, for a total payment
259 to SB Water of seven million dollars (\$7,000,000). In the
260 alternative, and subject to the prior written consent of SB Water
261 and SB Water's concurrence on the value of the replenishment
262 water, East Valley may replenish the SBBA with water that has an
263 equivalent value as the payment to be made in any given year.
- 264 f. *Installation of Water Efficient Landscaping.* Not later than ninety (90) days after
265 the date upon which LAFCo may approve the activation of East Valley's latent
266 authority for wastewater treatment and disposal services, East Valley shall pay
267 five hundred thousand dollars (\$500,000) and Valley District shall agree to
268 reimburse the City for up to five hundred thousand dollars (\$500,000) to SB
269 Water for the purpose of enabling SB Water to install water efficient landscape
270 improvements in areas to be determined by the City and SB Water. During that
271 same period of time, SB Water shall contribute an additional five hundred
272 thousand dollars (\$500,000) to that account, to bring the total contributions to the

273 account to one million five hundred thousand dollars (\$1,500,000). The City and
 274 SB Water, after consulting East Valley and Valley District, shall develop a plan
 275 for the installation of water efficient landscape improvements using the \$1.5
 276 million, within one (1) year of the execution of this Agreement. The City and SB
 277 Water shall install such water efficient landscape improvements within three (3)
 278 years of the date of execution of this Agreement.

279 g. *Replenishment of the SBBA.* Beginning in the fiscal year of the Service Date or
 280 fiscal year 2021/22, whichever is later, Valley District shall deliver to the City/SB
 281 Water a total of thirty thousand (30,000) acre-feet of State Water Project Water, at
 282 Valley District's sole cost, for direct diversion and/or groundwater replenishment
 283 at the City/SB Water's direction. City/SB Water expects to use and Valley
 284 District expects to deliver three thousand (3,000) acre-feet of such water each
 285 year, but if Valley District is not able to deliver three thousand (3,000) acre-feet in
 286 a given year, it shall use its best efforts to deliver the undelivered water in the
 287 following fiscal years, provided that such water is available in any given year
 288 pursuant to Valley District's contract with the California Department of Water
 289 Resources. The unavailability of such water in any given year does not excuse
 290 Valley District's overall obligation under this Agreement to deliver thirty
 291 thousand (30,000) acre-feet of such water to the City/SB Water.

292 h. *Upper Santa Ana River Habitat Conservation Plan and the CWF Project.* Valley
 293 District shall use its best efforts to develop, in conjunction with USFWS and
 294 California Department of Fish and Wildlife ("CDFW") (collectively, the
 295 "Wildlife Agencies") and through the Wildlife Agencies' permitting processes, a
 296 habitat conservation plan for the Upper Santa Ana River that provides for take
 297 coverage for a new recycled water plant project on the part of the City/SB Water
 298 that would reduce the current discharge of treated wastewater into the Santa Ana
 299 River by five (5) million gallons/day.

300 (1) In the event that the final habitat conservation plan, or as provided in
 301 paragraphs 1(d)(3) and 1(h) above, the Wildlife Agencies' permitting
 302 processes, does not authorize the City/SB Water to reduce its discharge of
 303 treated wastewater to the Santa Ana River by five (5) million gallons/day,
 304 Valley District shall deliver to the City/SB Water up to three thousand
 305 (3,000) acre-feet per year of State Water Project Water, at Valley
 306 District's sole cost, for direct diversion and/or groundwater replenishment
 307 at the City/SB Water's direction.

308 (2) The annual amount of such water delivered by Valley District will be the
 309 difference between five (5) million gallons/day and the amount of treated
 310 wastewater discharge that SB Water is allowed to reduce from its current
 311 discharge amount. Valley District will provide this annual amount until

the City/SB Water can reduce its discharge by five (5) million gallons per day from its current discharge amount for its recycled water project, *provided that* prior to the construction of the City/SB Water's new recycled water plant, the City/SB Water has installed and is properly maintaining automatic back-up power for the RIXES Well Rehabilitation/Santa Ana Sucker Habitat Maintenance/Restoration Project at the City/SB Water's wastewater treatment plant(s).

- (3) The Parties agree and acknowledge that future growth within the service areas of SB Water and East Valley may allow SB Water and East Valley to increase the quantity of recycled water generated from wastewater flows within their respective service areas. The Parties agree that they will support increases in the quantity of recycled water as part of both the SNRC Project and the CWF Project *provided that* the increase in recycled water for either project is derived from growth within that Party's service area *and provided further* that such increased use of recycled water does not diminish the quantity of treated wastewater that will be discharged into the Santa Ana River pursuant to the Upper Santa Ana River Habitat Conservation Plan.

2. *Application to San Bernardino County Local Agency Formation Commission to Activate Wastewater Treatment Authority.* Within 60 days of the execution of this Agreement, East Valley shall begin the process to submit to LAFCo an application to activate its latent wastewater treatment and disposal authority. East Valley agrees that it will pursue the application to a final decision by LAFCo, either in favor of the activation of the latent authority or to deny activation of that authority. At least 45 days prior to the submission of the application, East Valley shall provide a draft of the proposed application to the other Parties to this Agreement for review and comment. The provisions of the application shall be consistent with the terms of this Agreement and shall fully comply with all of the applicable requirements of LAFCo Law. No later than five (5) days after the date on which East Valley submits the application to LAFCo, the City/SB Water and Valley District shall submit letters supporting that application to LAFCo. The Parties understand that East Valley will request that LAFCo expedite processing of the application so that East Valley's latent wastewater treatment authority can be activated no later than December 31, 2018. The City/SB Water and Valley District, upon request by East Valley, shall appear at public meetings to support East Valley's application and/or take such other actions (including but not limited to resolutions of their respective governing boards) to support that application.

348 3. *Transfers of Property and Other Assets.* The Parties will negotiate and execute definitive
349 agreements for the following transfers of property and assets, which will become
350 effective on the date that LAFCo approves the activation of East Valley's latent authority
351 to treat and dispose of wastewater.

352 a. The transfer, in fee title and without encumbrances or liens, from East Valley to
353 the City/SB Water of approximately 22 acres of land located at the intersection of
354 Sterling and 3rd Street (APNs 1192-231-01 and 1192-241-01), save for the
355 existing well portion of the property, as shown on Exhibit B, which is attached
356 hereto and incorporated herein by reference.

357 b. The transfer from the City/SB Water to East Valley of the balance of the East
358 Trunk Sewer Line Replacement Fund, which is currently estimated to be
359 approximately \$8 million, which funds have been collected by the City/SB Water
360 from East Valley's ratepayers since 1984 for the purpose of expanding the
361 capacity of the East Trunk Sewer Line to meet the needs of future growth. Not
362 later than ninety (90) days after the date upon which LAFCo may approve the
363 activation of East Valley's latent authority for wastewater treatment and disposal
364 services, the East Trunk Sewer Line funds will no longer be collected by the
365 City/SB Water. East Valley shall use the transferred funds in compliance with all
366 applicable laws, including but not limited to Proposition 218.

367 c. The transfer under subparagraph 3(a) is made by East Valley to the City/SB
368 Water in consideration of the transfer from the City/SB Water to East Valley
369 under subparagraph 3(b).

370 4. *Dismissal/Prevention of Litigation.* The Parties agree that this Agreement represents a
371 comprehensive settlement of all current litigation between the Parties. Not later than ten
372 (10) days after the execution of this Agreement, the City shall dismiss its appeal in the
373 CEQA Lawsuit with prejudice, and the City, East Valley, and Valley District shall
374 dismiss their respective complaints in the LAFCo Lawsuit with prejudice. Valley District
375 and East Valley shall, also within ten (10) days after the execution of this Agreement,
376 withdraw their pending Bill of Costs filed in the CEQA Lawsuit, and all Parties shall bear
377 their own costs and fees incurred in said litigation. Valley District and East Valley agree
378 that they will not file any administrative or judicial challenges to the CWF Project.

379 5. *Indemnification*

380 a. *General Indemnification.* Each Party shall indemnify, defend and hold harmless
 381 each of the other Parties and their respective directors, officers, employees and
 382 agents from and against all damages, liabilities, claims, actions, demands, costs
 383 and expenses (including, but not limited to, costs of investigations, lawsuits and
 384 any other proceedings whether in law or in equity, settlement costs, attorneys'
 385 fees and costs), and penalties or violations of any kind, which arise out of, result
 386 from, or are related to the Party's performance of its obligations under this
 387 Agreement.

388 b. *Indemnification Procedures.* Any Party that is an indemnified party (the
 389 "Indemnified Party") that has a claim for indemnification against the other Party
 390 (the "Indemnifying Party") under this Agreement, shall promptly notify the
 391 Indemnifying Party in writing, *provided, however*, that no delay on the part of the
 392 Indemnified Party in notifying the Indemnifying Party shall relieve the
 393 Indemnifying Party from any obligation unless (and then solely to the extent) the
 394 Indemnifying Party is prejudiced. Further, the Indemnified Party shall promptly
 395 notify the Indemnifying Party of the existence of any claim, demand, or other
 396 matter to which the indemnification obligations would apply, and shall give the
 397 Indemnifying Party a reasonable opportunity to defend the same at its own
 398 expense and with counsel of its own selection, *provided* that the Indemnified
 399 Party shall at all times also have the right to fully participate in the disputed
 400 matter at its own expense. If the Indemnifying Party, within a reasonable time
 401 after notice from the Indemnified Party, fails to defend a claim, demand or other
 402 matter to which the indemnification obligations would apply, the Indemnified
 403 Party shall have the right, but not the obligation, to undertake the defense of, and
 404 to compromise or settle (exercising reasonable business judgment), the claim or
 405 other matter, on behalf, or for the account, and at the risk, of the Indemnifying
 406 Party. If the claim is one that cannot by its nature be defended solely by the
 407 Indemnifying Party, then the Indemnified Party shall make available all
 408 information and assistance to the Indemnifying Party that the Indemnifying Party
 409 may reasonably request.

410 6. *Administration of Agreement*

411 a. *Books and Records.* Each Party shall have access to and the right to examine any
 412 of the other Parties' pertinent books, documents, papers or other records
 413 (including, without limitation, records contained on electronic media) relating to
 414 the performance of that Party's obligations pursuant to this Agreement.

415 (1) *Retention of Records; Preservation of Privilege.* Each Party shall retain
 416 all such books, documents, papers or other records to facilitate such

417 review in accordance with that Party's record retention policy. Access to
 418 each Party's books and records shall be during normal business hours
 419 only. Nothing in this paragraph shall be construed to operate as a waiver
 420 of any applicable privileges.

421 (2) *Outside Auditors.* Any Party may, at any time and at its sole cost, hire an
 422 auditor to examine the accounting for work performed pursuant to this
 423 Agreement. The Parties may also agree to retain an independent auditor to
 424 review the accounting for work performed pursuant to this Agreement.
 425 The costs of such an auditor will be shared equally among the Parties.

426 b. *Disputes.* The Parties recognize that there may be disputes regarding the
 427 obligations of the Parties or the interpretation of this Agreement. The Parties
 428 agree that they may attempt to resolve disputes as follows:

429 (1) *Statement Describing Alleged Violation or Interruption of Agreement.* A
 430 Party alleging a violation or interruption of this Agreement (the
 431 "Initiating Party") shall provide a written statement describing all facts
 432 that it believes constitute a violation or interruption of this Agreement to
 433 the Party alleged to have violated or interrupted the terms of this
 434 Agreement (the "Responding Party").

435 (2) *Response to Statement of Alleged Violation or Interruption.* The
 436 Responding Party shall have sixty (60) days from the date of the written
 437 statement to prepare a written response to the allegation of a violation or
 438 interruption of this Agreement and serve that response on the Initiating
 439 Party or to cure the alleged violation or interruption to the reasonable
 440 satisfaction of the Initiating Party. The Initiating Party and the
 441 Responding Party shall then meet within thirty (30) days of the date of the
 442 response to attempt to resolve the dispute amicably.

443 (3) *Mediation of Dispute.* If the Initiating Party and the Responding Party
 444 cannot resolve the dispute within ninety (90) days of the date of the
 445 written response, they shall engage a mediator, experienced in water-
 446 related disputes, to attempt to resolve the dispute. Each Party shall ensure
 447 that it is represented at the mediation by a Director. These representatives
 448 of the Initiating Party and the Responding Party may consult with staff
 449 and/or technical consultants during the mediation and such staff and/or
 450 technical consultants may be present during the mediation. The costs of
 451 the mediator shall be divided evenly between the Initiating Party and the
 452 Responding Party or Parties.

453 (4) *Prior to Claims Under California Tort Claims Act.* The Parties agree that
 454 the procedure described in this paragraph 6(b) represents an effort to
 455 resolve disputes without the need for a formal claim under the California
 456 Tort Claims Act or other applicable law. The period of time for the
 457 presentation of a claim by one Party against another shall be tolled for the
 458 period from the date on which the Initiating Party files a written statement
 459 until the date upon which the mediator renders a decision.

460 (5) *Reservation of Rights.* Nothing in this paragraph 6(b) shall require a Party
 461 to comply with a decision of the mediator and, after the completion of the
 462 mediation process described above, each Party shall retain and may
 463 exercise at any time all legal and equitable rights and remedies it may
 464 have to enforce the terms of this Agreement; provided, that prior to
 465 commencing litigation, a Party shall provide at least five (5) calendar
 466 days' written notice of its intent to sue to the other Party.

467 7. *General Provisions.*

468 a. *Authority.* Each signatory of this Agreement represents that s/he is authorized to
 469 execute this Agreement on behalf of the Party for which s/he signs. Each Party
 470 represents that it has legal authority to enter into this Agreement and to perform
 471 all obligations under this Agreement.

472 b. *Amendment.* This Agreement may be amended or modified only by a written
 473 instrument executed by each of the Parties to this Agreement.

474 c. *Jurisdiction and Venue.* This Agreement shall be governed by and construed in
 475 accordance with the laws of the State of California, except for its conflicts of law
 476 rules. Any suit, action, or proceeding brought under the scope of this Agreement
 477 shall be brought and maintained to the extent allowed by law in the County of San
 478 Bernardino, California.

479 d. *Headings.* The paragraph headings used in this Agreement are intended for
 480 convenience only and shall not be used in interpreting this Agreement or in
 481 determining any of the rights or obligations of the Parties to this Agreement.

482 e. *Construction and Interpretation.* This Agreement has been arrived at through
 483 negotiations and each Party has had a full and fair opportunity to revise the terms
 484 of this Agreement. As a result, the normal rule of construction that any
 485 ambiguities are to be resolved against the drafting Party shall not apply in the
 486 construction or interpretation of this Agreement.

- 487 f. *Entire Agreement.* This Agreement constitutes the entire agreement of the Parties
488 with respect to the subject matter of this Agreement and, save as expressly
489 provided in this Agreement, supersedes any prior oral or written agreement,
490 understanding, or representation relating to the subject matter of this Agreement.
- 491 g. *Partial Invalidity.* If, after the date of execution of this Agreement, any provision
492 of this Agreement is held to be illegal, invalid, or unenforceable under present or
493 future laws effective during the term of this Agreement, such provision shall be
494 fully severable. However, in lieu thereof, there shall be added a provision as
495 similar in terms to such illegal, invalid or unenforceable provision as may be
496 possible and be legal, valid and enforceable.
- 497 h. *Successors and Assigns.* This Agreement shall be binding on and inure to the
498 benefit of the successors and assigns of the respective Parties to this Agreement.
499 No Party may assign its interests in or obligations under this Agreement without
500 the written consent of the other Parties, which consent shall not be unreasonably
501 withheld or delayed.
- 502 i. *Waivers.* Waiver of any breach or default hereunder shall not constitute a
503 continuing waiver or a waiver of any subsequent breach either of the same or of
504 another provision of this Agreement and forbearance to enforce one or more of
505 the rights or remedies provided in this Agreement shall not be deemed to be a
506 waiver of that right or remedy.
- 507 j. *Attorneys' Fees and Costs.* The prevailing Party in any litigation or other action
508 to enforce or interpret this Agreement shall be entitled to reasonable attorneys'
509 fees, expert witnesses' fees, costs of suit, and other and necessary disbursements
510 in addition to any other relief deemed appropriate by a court of competent
511 jurisdiction.
- 512 k. *Necessary Actions.* Each Party agrees to execute and deliver additional
513 documents and instruments and to take any additional actions as may be
514 reasonably required to carry out the purposes of this Agreement.
- 515 l. *Compliance with Law.* In performing their respective obligations under this
516 Agreement, the Parties shall comply with and conform to all applicable laws,
517 rules, regulations and ordinances.
- 518 m. *Third Party Beneficiaries.* This Agreement shall not create any right or interest in
519 any non-Party or in any member of the public as a third party beneficiary.

- 520 n. *Counterparts.* This Agreement may be executed in one or more counterparts,
521 each of which shall be deemed to be an original, but all of which together shall
522 constitute but one and the same instrument.
- 523 o. *Notices.* All notices, requests, demands or other communications required or
524 permitted under this Agreement shall be in writing unless provided otherwise in
525 this Agreement and shall be deemed to have been duly given and received on: (i)
526 the date of service if served personally, served by facsimile transmission, or
527 served via electronic mail on the Party to whom notice is to be given at the
528 address(es) provided below, (ii) on the first day after mailing, if mailed by Federal
529 Express, U.S. Express Mail, or other similar overnight courier service, postage
530 prepaid, and addressed as provided below, or (iii) on the third day after mailing if
531 mailed to the Party to whom notice is to be given by first class mail, registered or
532 certified, postage prepaid, addressed as follows:

533 *Notice to San Bernardino Valley Municipal Water District*

534 Douglas Headrick, General Manager
535 SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT
536 380 East Vanderbilt Way, San Bernardino, CA 92408
537 Phone: (909) 820-3701
538 Email: douglash@sbfvmwd.com
539

540 David R.E. Aladjem
541 DOWNEY BRAND LLP
542 621 Capitol Mall, Sacramento, CA 95814
543 Phone: (916) 520-5361
544 Email: daladjem@downeybrand.com

545 *Notice to East Valley Water District*

546 John Mura, General Manager/CEO
547 EAST VALLEY WATER DISTRICT
548 31111 Greenspot Rd., Highland, CA 92346
549 Phone: 909-889-9501
550 Email: john@eastvalley.org
551

552 Jean Cihigoyenetché
553 JC LAW FIRM
554 5871 Pine Ave., Suite 200, Chino Hills, CA 91709
555 Phone: 909-941-3382
556 E-mail: jean@thejclawfirm.com
557

Notice to the City of San Bernardino and the City of San Bernardino Municipal Water Department

Andrea M. Miller, City Manager
CITY OF SAN BERNARDINO
290 North "D" Street
San Bernardino, CA 92418
Phone: (909) 384-5122
E-mail: Miller_an@sbcity.org

Gary D. Saenz
City Attorney
Office of the City Attorney
290 North "D" Street, 3rd Floor
San Bernardino, CA 92401
Phone: (909) 384-5355
E-mail: Saenz_Ga@sbcity.org

Andrew M. Hitchings
Somach Simmons & Dunn
500 Capitol Mall, Suite 1000
Sacramento, CA 95814
Phone: (916) 446-7979
E-mail: ahitchings@somachlaw.com

IN WITNESS HEREOF, the Parties have executed this Agreement on the dates set forth below:

SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT

By: 

Dated: 11/21/17

Susan Longville
President, Board of Directors

By: 

Dated: 11/21/17

Steve Copelan, Secretary

APPROVED AS TO FORM

By: [Signature]

Dated: 11/21/17

David R.E. Aladjem
Downey Brand, LLP
Counsel for San Bernardino Valley Municipal Water District

EAST VALLEY WATER DISTRICT

By: [Signature]

Dated: 11-21-17

Ronald L. Coats
Chairman of the Board

By: [Signature]

Dated: 11-21-17

John Mura, General Manager/CEO

APPROVED AS TO FORM

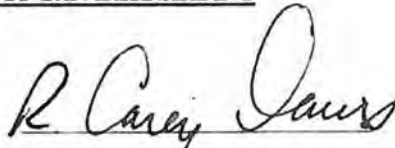
By: [Signature]

Dated: 11-21-17

Jean Cihigoyenetché
JC Law Firm
Counsel for East Valley Water District

CITY OF SAN BERNARDINO

By:

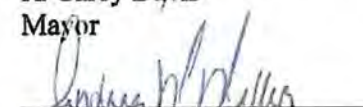


R. Carey Davis
Mayor

Dated:

11/29/2017

By:



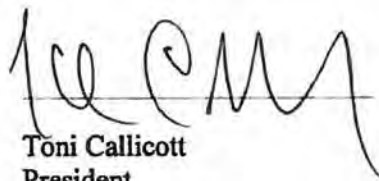
Andrea Miller
City Manager

Dated:

^{ann}
11/29/17

CITY OF SAN BERNARDINO MUNICIPAL WATER DEPARTMENT

By:



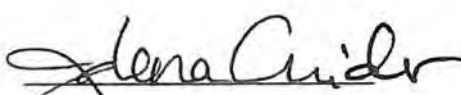
Toni Callicott
President

Dated:

11-30-17

APPROVED AS TO FORM

By:



Gary D. Saenz, City Attorney

Dated:

11/28/17

By:



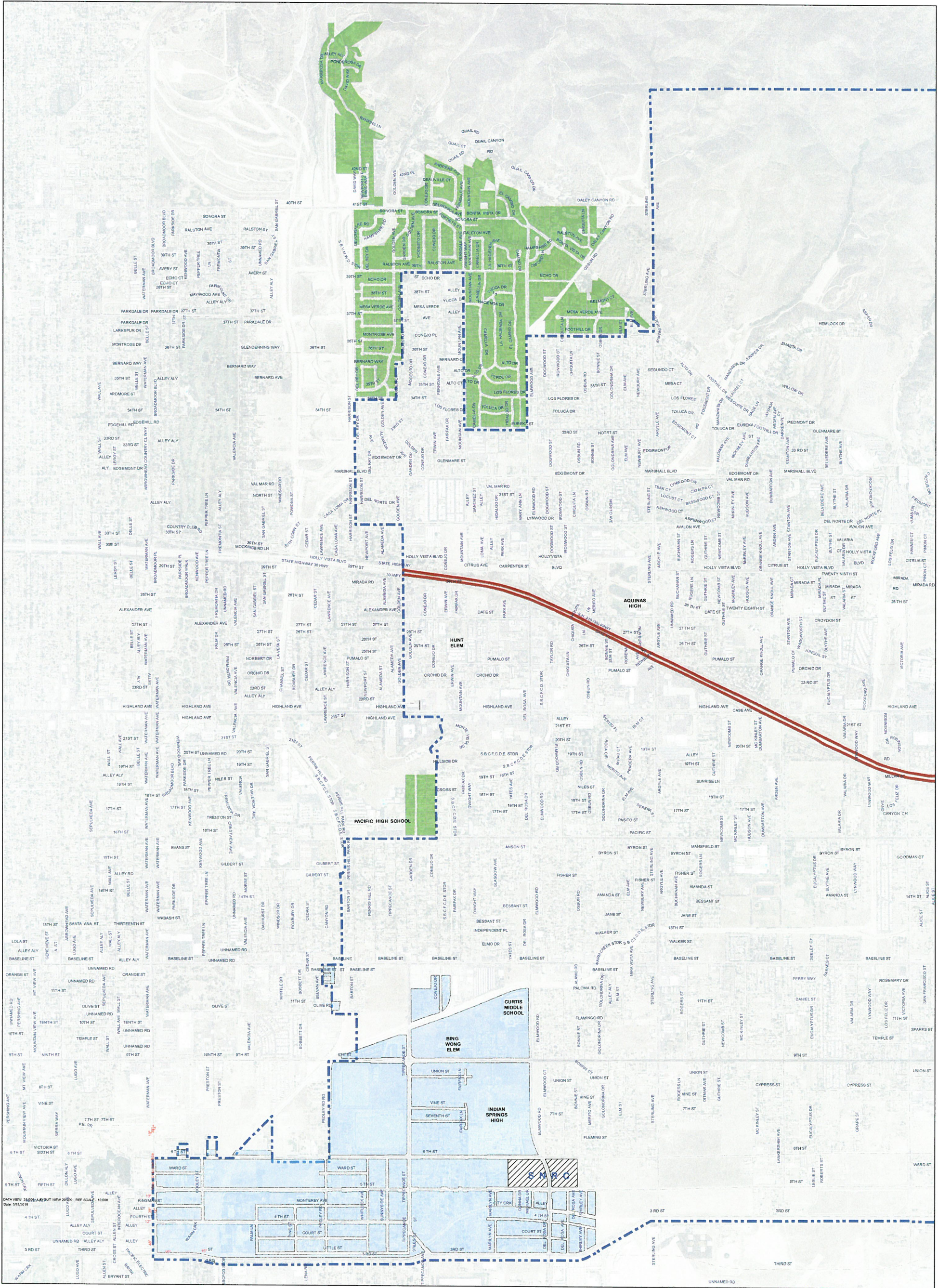
Andrew M. Hitchings
Somach Simmons & Dunn
Special Counsel for City of San Bernardino

Dated:

11/30/17

Exhibit A: Map: EVWD and San Bernardino Tributary to 3rd Sewer Study
Exhibit B: Map: Sterling Properties

Exhibit A



Document Path: T:\LeidsaWewer Study 2017\Flow Exchange\FINAL OPTION SEWER FLOW EXCHANGE.mxd
Date: 5/18/2018

LEGEND

- EVWD BOUNDARY
- FREEWAY

- SERVICE AREA 'A' - FLOW TO EAST VALLEY - 1,266 PARCELS - 355,746 GPD
- SERVICE AREA 'B' - FLOW TO SAN BERNARDINO - 1,418 PARCELS - 398,500 GPD



EXHIBIT A

EVWD AND SAN BERNARDINO TRIBUTARY TO 3RD SEWER STUDY

AMENDED ON MAY 14, 2018



Exhibit B

STERLING PROPERTIES

0 125 250 500 750 1,000 Feet



WATER PROJECTIONS

	TEN YEAR PROJECTION										
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
REVENUE											
Rate Revenue	23,345,000	23,875,000	24,400,000	24,645,000	24,892,000	25,140,000	25,390,000	25,645,000	25,900,000	26,160,000	26,422,000
Investment Income (1%)	-	-	-	-	-	-	-	-	-	-	-
Recharge Water*	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
Other Charges	627,000	627,000	627,000	627,000	627,000	627,000	627,000	627,000	627,000	627,000	627,000
Capacity Fees	-	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUE	24,047,000	24,577,000	25,102,000	25,347,000	25,594,000	25,842,000	26,092,000	26,347,000	26,602,000	26,862,000	27,124,000
EXPENDITURES											
Labor & Benefits	7,304,600	7,650,000	7,956,000	8,275,000	8,606,000	8,950,000	9,308,000	9,680,000	10,067,000	10,470,000	10,890,000
Purchased Water	500,000	500,000	600,000	600,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000
Groundwater Recharge	301,000	738,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
Power Costs	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000	1,700,000
Contracted Wastewater Treatment	-	-	-	-	-	-	-	-	-	-	-
Contracted Solids Handling	-	-	-	-	-	-	-	-	-	-	-
Contract Services	3,613,100	3,695,000	3,725,000	3,755,000	3,785,000	3,860,700	3,937,914	4,016,672	4,097,006	4,178,946	4,262,525
Permits / Licenses	-	-	-	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	-	-	-	-	-
Chemicals / Materials	920,200	925,000	930,000	935,000	940,000	945,000	950,000	955,000	960,000	965,000	970,000
Other Operating Expenses	1,184,100	1,195,941	1,207,900	1,219,979	1,232,179	1,244,501	1,256,946	1,269,515	1,282,211	1,295,033	1,307,983
TOTAL EXPENDITURES	15,523,000	16,403,941	16,718,900	17,084,979	17,663,179	18,100,201	18,552,860	19,021,188	19,506,216	20,008,979	20,530,508
NET REVENUE	8,524,000	8,173,059	8,383,100	8,262,021	7,930,821	7,741,799	7,539,140	7,325,812	7,095,784	6,853,021	6,593,492
Debt Service	(4,002,000)	(3,980,000)	(3,972,000)	(3,966,000)	(3,403,000)	(3,404,000)	(3,403,000)	(2,935,000)	(2,536,000)	(2,136,000)	(2,136,000)
DS Coverage - Target 1.2	2.13	2.05	2.11	2.08	2.33	2.27	2.22	2.50	2.80	3.21	3.09
Capital Expenditures	(4,105,000)	(4,105,000)	(4,105,000)	(4,105,000)	(4,105,000)	(4,105,000)	(4,105,000)	(4,105,000)	(4,105,000)	(4,105,000)	(4,105,000)
BEGINNING FUND EQUITY	87,534,075	87,951,075	88,039,134	88,345,234	88,536,254	88,959,075	89,191,874	89,223,014	89,508,826	89,963,610	90,575,631
ENDING FUND EQUITY	87,951,075	88,039,134	88,345,234	88,536,254	88,959,075	89,191,874	89,223,014	89,508,826	89,963,610	90,575,631	90,928,123

* GSC charges avoided due SNRC product water sent to recharge

AMENDED WASTEWATER COLLECTIONS

		TEN YEAR PROJECTION										
WW Collections		FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
REVENUE												
Rate Revenue*		4,545,000	4,565,000	4,610,650	4,656,757	4,703,324	4,750,357	4,797,861	4,845,839	4,894,298	4,943,241	4,992,673
LRP Revenue		-	-	-	-	-	-	-	-	-	-	-
Investment Income (1%)		20,000	22,000	25,000	25,000	25,000	25,000	26,000	26,000	26,500	26,500	27,000
Recharge Water		-	-	-	-	-	-	-	-	-	-	-
Other Charges		110,000	110,000	110,000	110,000	110,000	40,000	80,000	40,000	40,000	40,000	40,000
Capacity Fees		-	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUE		4,675,000	4,697,000	4,745,650	4,791,757	4,838,324	4,815,357	4,863,861	4,911,839	4,960,798	5,009,741	5,059,673
EXPENDITURES												
Labor & Benefits		2,087,400	2,150,022	2,214,523	2,280,958	2,349,387	2,419,869	2,492,465	2,567,239	2,644,256	2,723,584	2,805,291
Purchased Water		-	-	-	-	-	-	-	-	-	-	-
Groundwater Recharge		-	-	-	-	-	-	-	-	-	-	-
Power Costs		-	-	-	-	-	-	-	-	-	-	-
Contracted Wastewater Treatment		-	-	-	-	-	-	-	-	-	-	-
Contracted Solids Handling		-	-	-	-	-	-	-	-	-	-	-
Contract Services		964,900	990,000	995,000	1,000,000	1,005,000	1,010,000	1,040,300	1,071,509	1,103,654	1,136,764	1,170,867
Permits / Licenses		-	-	-	-	-	-	-	-	-	-	-
Insurance		-	-	-	-	-	-	-	-	-	-	-
Chemicals / Materials		121,800	125,800	130,000	135,000	140,000	145,000	150,000	155,000	160,000	165,000	170,000
Other Operating Expenses		336,900	353,000	355,000	357,000	360,000	363,000	366,000	369,000	372,000	375,000	378,000
TOTAL EXPENDITURES		3,511,000	3,618,822	3,694,523	3,772,958	3,854,387	3,937,869	4,048,765	4,162,748	4,279,910	4,400,347	4,524,158
NET REVENUE		1,164,000	1,078,178	1,051,127	1,018,798	983,937	877,489	815,096	749,092	680,888	609,393	535,515
Debt Service		(313,000)	(313,000)	(313,000)	(313,000)	(303,000)	(303,000)	(302,000)	(301,000)	(300,000)	(303,000)	(301,000)
DS Coverage – Target 1.2		0.03	3.48	3.80	8.25	3.33	3.81	0.70	2.99	8.17	1.81	1.78
Capital Expenditures		(793,000)	(690,000)	(640,000)	(400,000)	(450,000)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)	(500,000)
BEGINNING FUND EQUITY		28,349,563	28,407,563	28,482,741	28,580,868	28,886,667	29,117,603	29,192,092	29,205,188	29,153,280	29,034,168	28,840,561
ENDING FUND EQUITY		28,407,563	28,482,741	28,580,868	28,886,667	29,117,603	29,192,092	29,205,188	29,153,280	29,034,168	28,840,561	28,575,077

* Includes 1% escalator representing new connections - septic conversions, new development - and modest rate increases

WASTEWATER TREATMENT

	TEN YEAR PROJECTION										
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
REVENUE											
Rate Revenue*	8,300,000	8,300,000	8,383,000	8,466,830	8,551,498	8,637,013	8,723,383	8,810,617	8,898,723	8,987,711	9,077,588
LRP Revenue	-	-	-	-	1,260,000	1,260,000	1,260,000	1,260,000	1,260,000	1,260,000	1,260,000
Investment Income (1%)	-	-	-	-	55,000	115,765	127,213	138,673	150,128	161,558	172,943
Recharge Water	-	-	-	-	-	450,000	450,000	450,000	450,000	450,000	450,000
Other Charges	-	-	-	-	-	70,000	70,000	70,000	70,000	70,000	70,000
Capacity Fees	-	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUE	8,300,000	8,300,000	8,383,000	8,466,830	9,866,498	10,532,778	10,630,596	10,729,290	10,828,851	10,929,269	11,030,530
EXPENDITURES											
Labor & Benefits	-	-	-	-	1,200,000	1,236,000	1,273,080	1,311,272	1,350,611	1,391,129	1,432,863
Purchased Water	-	-	-	-	-	-	-	-	-	-	-
Groundwater Recharge	-	-	-	-	-	-	-	-	-	-	-
Power Costs	-	-	-	-	600,000	600,000	618,000	636,540	655,636	675,305	695,564
Contracted Wastewater Treatment	8,300,000	8,300,000	8,383,000	8,466,830	-	-	-	-	-	-	-
Contracted Solids Handling	-	-	-	-	700,000	707,000	714,070	721,211	728,423	735,707	743,064
Contract Services	-	-	-	-	600,000	600,000	618,000	636,540	655,636	675,305	695,564
Permits / Licenses	-	-	-	-	65,000	65,000	65,650	66,307	66,970	67,639	68,316
Insurance	-	-	-	-	150,000	150,000	151,500	153,015	154,545	156,091	157,652
Chemicals / Materials	-	-	-	-	475,000	475,000	489,250	503,928	519,045	534,617	550,655
Other Operating Expenses	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	8,300,000	8,300,000	8,383,000	8,466,830	3,790,000	3,833,000	3,929,550	4,028,812	4,130,866	4,235,793	4,343,678
NET REVENUE	-	-	-	-	6,076,498	6,699,778	6,701,046	6,700,478	6,697,986	6,693,475	6,686,852
Debt Service	-	-	-	-	-	(5,555,000)	(5,555,000)	(5,555,000)	(5,555,000)	(5,555,000)	(5,555,000)
DS Coverage - Target 1.2	-	-	-	-	-	1.21	1.21	1.21	1.21	1.20	1.20
Capital Expenditures	-	-	-	-	-	-	-	-	-	-	-
BEGINNING FUND EQUITY***	-	-	-	5,500,000	5,500,000	11,576,498	12,721,277	13,867,323	15,012,801	16,155,787	17,294,262
ENDING FUND EQUITY	-	-	-	5,500,000	11,576,498	12,721,277	13,867,323	15,012,801	16,155,787	17,294,262	18,426,115

* Includes 1% escalator representing new connections - septic conversions, new development - and modest rate increases

** 6,000 AF @ \$210 / AF

*** Loan requires 1 years' debt service in restricted reserve on day one.

TOTAL PROJECTIONS

	TEN YEAR PROJECTION										
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
REVENUE											
Rate Revenue	36,190,000	36,740,000	37,393,650	37,768,587	38,146,822	38,527,371	38,911,244	39,301,457	39,693,021	40,090,952	40,492,261
LRP Revenue	-	-	-	-	1,260,000	1,260,000	1,260,000	1,260,000	1,260,000	1,260,000	1,260,000
Investment Income (1%)*	95,000	97,000	100,000	100,000	155,000	215,765	228,213	239,673	251,628	263,058	274,943
Recharge Water	-	-	-	-	-	450,000	450,000	450,000	450,000	450,000	450,000
Other Charges	737,000	737,000	737,000	737,000	737,000	737,000	737,000	737,000	737,000	737,000	737,000
Capacity Fees	-	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUE	37,022,000	37,574,000	38,230,650	38,605,587	40,298,822	41,190,136	41,586,457	41,988,130	42,391,649	42,801,009	43,214,204
EXPENDITURES											
Labor & Benefits	9,392,000	9,800,022	10,170,523	10,555,958	12,155,387	12,605,869	13,073,545	13,558,511	14,061,866	14,584,712	15,128,154
Purchased Water	500,000	500,000	600,000	600,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000
Groundwater Recharge	301,000	738,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
Power Costs	1,700,000	1,700,000	1,700,000	1,700,000	2,300,000	2,300,000	2,318,000	2,336,540	2,355,636	2,375,305	2,395,564
Contracted Wastewater Treatment	8,300,000	8,300,000	8,383,000	8,466,830	-	-	-	-	-	-	-
Contracted Solids Handling	-	-	-	-	700,000	707,000	714,070	721,211	728,423	735,707	743,064
Contract Services	4,578,000	4,685,000	4,720,000	4,755,000	5,390,000	5,470,700	5,596,214	5,724,721	5,856,296	5,991,015	6,128,956
Permits / Licenses	-	-	-	-	65,000	65,000	65,650	66,307	66,970	67,639	68,316
Insurance	-	-	-	-	150,000	150,000	151,500	153,015	154,545	156,091	157,652
Chemicals / Materials	1,042,000	1,050,800	1,060,000	1,070,000	1,555,000	1,565,000	1,589,250	1,613,928	1,639,045	1,664,617	1,690,655
Other Operating Expenses	1,521,000	1,548,941	1,562,900	1,576,979	1,592,179	1,607,501	1,622,946	1,638,515	1,654,211	1,670,033	1,685,983
TOTAL EXPENDITURES	27,334,000	28,322,763	28,796,423	29,324,768	25,307,566	25,871,070	26,531,175	27,212,748	27,916,992	28,645,119	29,398,344
NET REVENUE	9,688,000	9,251,237	9,434,227	9,280,819	14,991,256	15,319,066	15,055,282	14,775,382	14,474,657	14,155,890	13,815,860
Debt Service	(4,315,000)	(4,293,000)	(4,285,000)	(4,279,000)	(3,706,000)	(9,262,000)	(9,260,000)	(8,791,000)	(8,391,000)	(7,994,000)	(7,992,000)
DS Coverage - Target 1.2	2.25	2.15	2.20	2.17	4.05	3.65	3.63	3.68	3.72	3.77	3.72
Capital Expenditures	(4,898,000)	(4,795,000)	(4,745,000)	(4,505,000)	(4,555,000)	(4,605,000)	(4,605,000)	(4,605,000)	(4,605,000)	(4,605,000)	(4,605,000)
BEGINNING FUND EQUITY***	115,883,638	116,358,638	116,521,875	116,926,102	117,422,921	124,153,177	125,605,243	126,795,525	128,174,907	129,653,564	131,210,455
ENDING FUND EQUITY	116,358,638	116,521,875	116,926,102	117,422,921	124,153,177	125,605,243	126,795,525	128,174,907	129,653,564	131,210,455	132,429,315

- * Includes 1% escalator representing new connections - septic conversions, new development - and modest rate increases
 ** 6,000 AF @ \$210 / AF
 *** Loan requires 1 years' debt service in restricted reserve on day one.

DEFINITION OF TERMS

Acre-foot- a unit of measure commonly used in reference to large-scale water resource that is equal to 325,851 gallons.

Capacity Fees- The charges incurred by new construction which are required to offset previous infrastructure investments needed to serve that individual property or development.

Capital Expenditures- Routine purchases and replacement of assets with a cost exceeding \$5,000 and an expected life of more than two years, or non-routine construction project expenditures that will result in capitalization of an asset costing more than \$25,000.

Chemical/ Materials- Includes chemicals for treatment, and small tools

Contract Services- Mechanism to address ongoing and/or technical needs through outside services.

Contracted Solids Handling- The annual expense for the City of San Bernardino Water Department to treat the solids produced by District customers following initial treatment at the Sterling Natural Resource Center.

Contracted Wastewater Treatment- Current payments by the District to the City of San Bernardino Water Department under the Joint Powers Agreement. These payments would end and be replaced by solids handling fees following the reorganization of the District by LAFCO.

Debt Service- The quantity of loans and bonds issued, including interest payments, to finance capital projects as allowed by the District's Debt Management Policy.


Debt Service Target- Excess of rates & other revenue/ operating expenditures available for payment of debt service. The District is required to maintain minimum debt service ratio of 1.2.

Fund Equity- Excess of assets/ liabilities at any given point in time. The State Revolving Fund loan requires that 1-years' debt service is placed in restricted reserves at the commencement of the wastewater treatment facility operation.

Insurance- The additional general insurance liability coverage upon the completion of a recycled water facility.

Investment Income- Income earned on Cash Reserves in accordance with the District's Investment Policy.





Labor & Benefits- Employment expenses for District employees including salaries, CalPERS retirement program, and healthcare costs.

Local Resource Program (LRP) Revenue- Revenue earned from San Bernardino Valley Municipal Water District for delivering product water from the Sterling Natural Resource Center for groundwater replenishment to benefit the San Bernardino Basin Area (SBBA).

Other Charges (& Income)- Charges assessed in accordance with an adopted fee schedule, but are only charged to users who request, or require, use of District resources beyond the scope of delivering water and wastewater services.

Other Operation Expenses- On-going expenses necessary to meet customer demands.

Permits/ Licenses- Regulatory and operational requirements for wastewater treatment including facility and staffing permits and licenses.

Power Costs- The electrical power expenses to extract groundwater, treat purchased water, surface water, and groundwater when necessary, distribute water throughout the District, and to operate the wastewater treatment facility.

Purchased Water- paid to the San Bernardino Valley Municipal Water District for the purchase of State Project Water (SPW) for the purpose of groundwater replenishment or direct customer use. This is estimated to be 6,000 acre-feet of SPW at the current direct use cost of \$125 per acre-foot.

Rate Revnue- Monthly rates collected from customers to fund operations and maintenance. In order to conservatively account for future growth, a 1% escalator has been included in the 10-year Financial Plan to reflect septic tank conversions and modest new development.

Recharge Water (Groundwater Replenishment Assessment)- paid to the San Bernardino Valley Water Conservation District for groundwater pumped by the District for groundwater replenishment. This assessment would begin being avoided once the Sterling Natural Resource Center produced recycled water.



EAST VALLEY WATER DISTRICT

LEADERSHIP • PARTNERSHIP • STEWARDSHIP

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John Mura, General Manager/CEO

May 18, 2018

Ms. Rollings-McDonald;

At the April 16, 2018, LAFCO Development Review Committee Meeting, staff identified the location differences between the provided 2014 Feasibility Study and the Financial Analysis completed in 2018. After further research, East Valley Water District respectfully submits the Revised Feasibility Study which was presented to the East Valley Water District Board of Directors in March 2015.

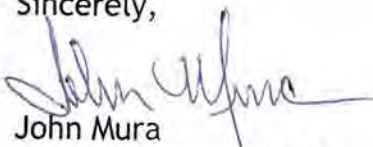
In October 2014, East Valley Water District completed a Feasibility Study to evaluate the initiation of a recycled water program within its service area. The study considered a number of options for wastewater treatment providers and partnerships, including a potential facility site on Sterling Avenue between East 5th Street and East 3rd Street in the City of San Bernardino.

Following further analysis, an amended Feasibility Study was presented to the East Valley Water District Board of Directors on March 11, 2015 to incorporate an alternative treatment site on Del Rosa Drive near Indian Springs High School and the opportunity for habitat conservation and groundwater recharge through the Habitat Conservation Plan (HCP). The Revised Feasibility Study evaluated the property on North Del Rosa Drive between East 5th Street and East 6th Street and incorporated the analysis results into the document. Upon the development of the Framework Agreement between San Bernardino Valley Municipal Water District and East Valley Water District for the creation of regional recycled water, the North Del Rosa Drive location was identified in the Environmental Impact Report as the proposed site of the Sterling Natural Resource Center.

The Sterling Natural Resource Center location incorporated in the Revised Feasibility Study is the same North Del Rosa Drive properties identified in the Environmental Impact Report and used to develop cost estimated for the project.

If you have any additional questions, please feel free to contact me.

Sincerely,


John Mura
General Manager/CEO

Enclosure:
Revised Feasibility Study- March 2015



East Valley Water District An Update of the Recycled Water Feasibility Study

Executive Summary

March 2015



Executive Summary

The East Valley Water District (District) has a historic opportunity to provide an increased level of service to its customers through implementation of a recycled water program. A recycled water program will provide the District's customers with the following benefits:

- A new, locally controlled, highly reliable source of water to help meet the District's and the region's water supply needs;
- Greater control over the cost of wastewater treatment by bringing that component of service completely under the control of the District;
- Meaningful and lasting environmental benefits created through direct coordination with the Upper Santa Ana Habitat Conservation Plan process; and
- Reduced costs associated with providing long-term service to the existing customer base and reduced cost of connection and service for new customers.



This updated Feasibility Study has been prepared in response to two significant opportunities. The first is the identification of an alternative treatment plant site. The alternative site, located on Del Rosa Drive near Indian Springs High School, affords expanded opportunities for making the proposed facility blend with the surrounding community and to be a true community asset through incorporation of an interpretive center. The second opportunity is through development of the Habitat Conservation Plan (HCP) the identification that the recycled water from the proposed facility could serve as a source of water for habitat conservation as well as groundwater recharge. This opportunity has been discussed with the US Fish and Wildlife Service (FWS), and the San Bernardino Valley Municipal Water District, the lead agency for the HCP, which have expressed support for the concept.

Therefore, it is recommended that the District initiate a recycled water program to treat all flows collected by the District by constructing the Recycled Water Center. It is recommended that the Recycled Water Center be a Membrane BioReactor (MBR) facility, with the treated flows used for groundwater recharge, providing the greatest benefit to the District's customers. This approach makes the District self-reliant rather than relying on the City of San Bernardino for treatment and disposal.

Unique Opportunity

The timing could not be better for the District to implement the proposed Recycled Water Center. Some of the factors creating the unique timing of this opportunity include:

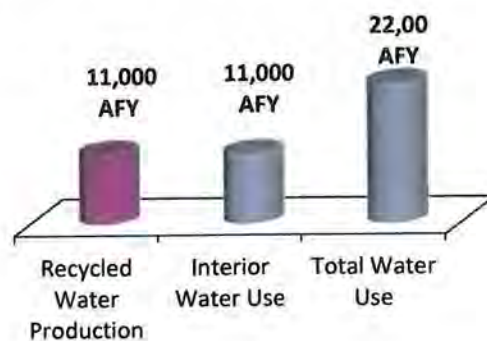
1. California is now in the beginning of the fourth year of severe drought, bringing to light the availability and reliability of the District's water supplies. Implementing projects to protect against the impacts of future droughts is critical to providing a long-term reliable water supply. The most appropriate response for the District is to develop a locally-controlled, sustainable recycled water supply.



2. California is facing continued challenges and costs associated with importing water through the Sacramento-San Joaquin Delta, including water deliveries to the District's service area. The most appropriate response for the District is to develop a locally-controlled, sustainable recycled water supply that can augment imported water supplies.
3. The California legislature has passed historic groundwater management legislation that will bring a greater focus on groundwater management throughout California, including the Bunker Hill Groundwater Basin underlying the District. The most appropriate response for the District is to develop a locally-controlled, sustainable recycled water supply to assist in managing the local groundwater basin.
4. The California State Water Resources Control Board has an objective of creating over 1 million acre-feet of recycled water use by the year 2020, and over 2 million acre-feet per year by the year 2030. The State is providing incentivized funding to assist in meeting this goal. The most appropriate response for the District is to develop a locally-controlled, sustainable recycled water supply in support of the State's objective.
5. The San Bernardino Valley Municipal Water District, in conjunction with the region's water resource agencies, is undertaking a Habitat Conservation Plan (HCP) process that addresses habitat critical to the survival of multiple species in the Upper Santa Ana River Watershed. The most appropriate response for the District is to collaborate in this process and create environmental benefits while creating a new, locally controlled water supply.
6. The voters of California approved a bond measure in November 2014 to provide \$7.5 billion of funding for water development in California. The most appropriate response for the District is to access potentially available funding to develop a locally-controlled, sustainable recycled water supply.

Need for Recycled Water

The District currently relies on the City of San Bernardino to treat its wastewater, which is then discharged to the Santa Ana River. The treated water from the San Bernardino treatment plant is a valuable resource that is not presently available to serve the water supply needs of the District's customers. The Bunker Hill Groundwater Basin, which lies beneath all of the District's service area, has seen declining water levels over the past several years as local runoff has diminished and imported water deliveries have been reduced. In fact, the Bunker Hill Groundwater Basin is at historic lows in terms of the amount of water in the basin.



Recycled water will provide a drought-proof supply source for recharge equal to the interior water use of the District's customers, providing assurance of critical water supply in future

Using recycled water to help recharge the groundwater basin would be a significant local water supply source for use to assist in managing the Bunker Hill Groundwater Basin levels and providing a long-term



reliable water supply. Further, the recycled water production will be approximately equal to the indoor use of treated water delivered by the District to its customers. This will provide the District with a drought-proof supply source to recharge the groundwater basin in an amount equivalent to the District's customers' indoor water use.

Through the HCP, the District has a unique opportunity to leverage its recycled water to restore and conserve habitat in City Creek while also providing water supply by recharging the groundwater basin under the creek. As a collaborating partner in the Upper Santa Ana River Habitat Conservation Plan, the District will provide recycled water produced at the Recycled Water Center in order to support its objectives. The purpose of the HCP is to enable the water resource agencies to continue to provide and maintain a secure source of water for the residents and businesses in the watershed, and to conserve and maintain natural rivers and streams that provide habitat for a diversity of unique and rare species that make the watershed their home.

Avoided Costs

The District's recently completed water and wastewater master plans identified the need for additional water supply and the need for increased wastewater conveyance capacity. Implementing the proposed Recycled Water Center will provide additional water supply and will reduce the level of required investment in wastewater system conveyance improvements. The estimated savings to the District's customers in the required level of wastewater infrastructure improvements is estimated to be over \$25 million.

Why Groundwater Recharge?

Groundwater recharge was found to be the most appropriate use due to a number of factors, including lower cost, increased local water supply, the opportunity for restoring habitat, and long-term benefits to the District's customers. Other uses of recycled water were evaluated, but were found to be less advantageous at this time.

The use of recycled water to replenish groundwater basins has been successfully implemented throughout Southern California since the early 1950s.

The use of recycled water for groundwater recharge is regulated by the State of California, who earlier this year adopted a new set of regulations for increased recycled water use, paving the way for increasing the use of recycled water for recharging groundwater basins and improving water supply reliability.

Implementing the Recycled Water Center would provide a reliable local water supply for the region and help offset the need for increased amounts of imported water. Some of the key benefits that would result from using recycled water for groundwater recharge are summarized in the table below.



Groundwater recharge of the recycled water provides a valuable benefit of improved water supply sustainability and reliability.



Key Benefits of a Groundwater Recharge Program

Benefit Category	Benefit Description
Water Supply Reliability	Provides new source of water supply that is reliable, "drought-proof," and locally- controlled Diversifies regional water supply portfolio
Resource Management	Provides year-round beneficial use for recycled water Promotes highest and greatest beneficial use of recycled water Restores and conserves habitat in City Creek – Upper reaches of Santa Ana River
Integration/Synergies with Other Practices	Augments current groundwater recharge practices employed by the San Bernardino Valley Municipal Water District
Consistency with State Goals and Objectives	Embraces State guidelines and policies relative to recycled water, groundwater management, and diversification of water supplies

What are the Options?

Three fundamental approaches for meeting the District's wastewater treatment needs were evaluated:

- Continue to send all of the District's flows to the City of San Bernardino
- Treat 60 percent of the District's flows at a new plant located on North Del Rosa Drive
- Treat all of the District's flows at a new plant located on North Del Rosa Drive

These three fundamental approaches were evaluated on a comparative cost basis over a 20-year planning period. The results showed that there is a clear advantage to the District's customers if the District implements the Recycled Water Center and treats all flows.

If the District were to continue to send flows to San Bernardino, costs would increase approximately 24% over the next 20 years, as compared to increasing only 7% over the same period of time if the District constructs a plant and treats all flows. Furthermore, there is a similar clear advantage to the cost per EDU (Equivalent Dwelling Unit) for future connections if the District treats all flows.

This relative comparison of costs has assumed the cost of treatment by the City of San Bernardino does not increase over the next 20 years, and that the value of the recycled water similarly does not increase over the next 20 years. Both of these assumptions are conservative in their nature and therefore reinforce the conclusion that the least cost option is for the District to implement a recycled water program.

Project Option	Comparative 20-Year Cost Increase
All Flow Treated by City of San Bernardino	24%
60% of Flow Treated by District	19%
All Flow Treated by District	7%

Treating all flows provides the least increase in cost of the three options available to East Valley Water District.



Value of the Created Resource

Recycled water will constitute a new water resource for the District. The value of this resource is best established by comparing it to the existing value of California State Project Water. The value of State Project Water (2013) is \$662 per acre-foot, delivered to the East Branch turnout near Highland, California. (Management of California State Water Project, Bulletin 132-12, August 2014, 50th Edition) The value of State Project Water will increase in the future due to a number of factors, including the cost of the Delta fix, currently known as the Bay Delta Conservation Plan (BDCP). A 10 MGD plant flow will generate approximately 11,200 acre-feet per year of water with a relative current annual value of approximately \$7.4 million.

Recycled water is a valuable resource.

- A 10 MGD plant will produce 11,200 acre-feet per year
- An acre-foot of State Project Water is valued at \$662
- The value of 10 MGD of water is \$7.4 million per year

Proposed Project

The proposed project consists of constructing an MBR-based recycled water treatment plant, associated pipelines and pumping stations, with recharge to the groundwater basin. Four facility sites were evaluated for use and ranked based on specific criteria. The project site located at North Del Rosa Drive and 5th Street has been selected as the most appropriate site for the proposed facility. The site lends itself well to potential multi-beneficial development options, including an educational interpretive center for the community, which will be further explored during project implementation.



The proposed site is located in Highland near Indian Springs High School

The Recycled Water Center would be constructed between East 5th Street and East 6th Street on Del Rosa Drive in Highland. Approximately half of the service area flows would be intercepted on East 5th Street and diverted to the new treatment plant. The remaining portion of the service area flows would be captured at the low end of the collection system and pumped to the new treatment plant.

The treatment plant would utilize the most advanced technology – Membrane BioReactors (MBR) - to produce tertiary Title 22 recycled water that would be disinfected to meet all applicable requirements for recharge into the Bunker Hill Groundwater Basin. Recharge is proposed to be through City Creek as a part of a coordinated effort with the Upper Santa Ana River HCP. Additional new and existing recharge facilities will be utilized during City Creek high flow periods to ensure that recycled water remains in the basin. Recharge is proposed to be through a combination of existing recharge basins, facilitated through cooperative agreements between the District and the owners of the existing basins, and new recharge areas at the Recycled Water Center and in City Creek.



The proposed project includes a new treatment plant located on North Del Rosa Drive with the ability to deliver recycled water for recharge at existing and new locations.

Consistency with the Community

A Recycled Water Center utilizing MBR treatment utilizes the most up-to-date technology available. Use of this technology lends itself to making the treatment facility a good neighbor in any neighborhood due to the smaller foot-print of the treatment process, which provides the ability to enclose the treatment facility to eliminate odors and noise impacts to the surrounding community. The proposed plant location is northwest of the San Bernardino Airport near Indian Springs High School. Similar treatment plants have been constructed and are in use in communities throughout the country. District officials visited three similar facilities – a demonstration facility in Anaheim, California, and two treatment plants near



MBR technology provides the ability to build and operate a treatment plant that is a good neighbor – enclosed facility producing no odors and no noise.



Seattle, Washington– the Lighthouse Plant and the Brightwater Plant. All three of these enclosed facilities produce high-quality recycled water with no odor or noise impacts to the surrounding community.

A similar approach can be utilized for the East Valley facility. The Recycled Water Center can be designed to:

- Be a multi-use site in concert with a new treatment plant;
- Be designed to produce no odors or noise;
- Be aesthetically pleasing; and
- Provide opportunities for community uses such as meetings, training, classrooms, and similar uses.

Similar to what other agencies have also done, there is an opportunity to incorporate an interpretive center at the Recycled Water Center, with interactive exhibits and education programs intended to enhance the community's awareness and involvement in preserving its valuable water resources.

Community Involvement

The District has conducted and will continue to conduct an extensive community outreach program for the Recycled Water Center project. Monthly workshops were conducted to inform the Board and the public about the project, the project issues, opportunities, and recommendations.

The District conducted community forums, provided information in the newspaper, in mailers, and on its website to assist in informing the public about the challenges facing the District and the opportunity that can be afforded by implementing a recycled water program.

The District conducted a public tour of the Anaheim Water Recycling Demonstration Facility. The City of Anaheim facility is located adjacent to City Hall and employs the same MBR technology that is being recommended for East Valley Water District.



The District conducted an extensive outreach program to inform the community and to receive input to the planning process.

Economic Benefits

Investment in the Recycled Water Center will result in additional benefits to the local economy. According to estimates provided by Sacramento Regional Research Institute, a group associated with the Sacramento Area Commerce and Trade Organization, a \$1 million investment in infrastructure and public works projects generates an additional \$825,858 of output through indirect and induced activities. Constructing the Recycled Water Center, with a capital cost of approximately \$125 million, would have an added local economic benefit of \$103 million, providing a net financial benefit of \$228 million to the

The financial benefit to the local economy from construction of a recycled water treatment plant is estimated to be \$228 million.



local economy. Further, according to the SRRI estimates, construction of a new facility would generate over 800 direct construction jobs, and over 1,400 total new jobs.

Budgetary Cost Estimates

The following table summarizes the estimated costs for each major component for the proposed project at the Sterling and Del Rosa properties. These estimates are budgetary cost estimates and should be refined as project planning progresses. Costs presented below are based on the ultimate plant capacity of 10 MGD.

10 MGD Project Budgetary Cost Estimates

Project Components	Estimated 10 MGD Project Cost at Sterling	Estimated 10 MGD Project Cost at Del Rosa
Water Reclamation Plant	\$103.3 M	\$103.3 M
Treated Water Conveyance System	\$15.2 M	\$15.8 M
City Creek Extension	\$5.5 M	\$5.0 M
Total Capital Cost	\$124.0 M	\$124.1

Implementation of the Recycled Water Center will be phased. The existing flows from the entire District are approximately 6 MGD, necessitating a minimum initial plant capacity of 6 MGD. Projected flows will require increases in the treatment plant to a future capacity 10 MGD. The initial treatment plant capacity and associated phasing will be refined during the next phase of the project. Presented below are the budgetary cost estimates of a 6 MGD treatment plant as well as a 6 MGD treatment plant that can be expanded to a future 10 MGD capacity. Under these scenarios, the treated water conveyance system is constructed to accommodate the full projected flow of 10 MGD.

6 MGD Project Budgetary Cost Estimate

Project Components	Estimated 6 MGD Project Cost at Sterling	Estimated 6 MGD Project Cost at Del Rosa
Water Reclamation Plant	\$61.4 M	\$61.4 M
Treated Water Conveyance System	\$15.2 M	\$15.8 M
Habitat Conservation Plan Extension	\$5.5 M	\$5.0 M
Total Capital Cost	\$82.1 M	\$82.2 M

The estimated costs of the proposed project at the Sterling and Del Rosa sites are equal. Other, non-monetary factors include the greater opportunity to develop a meaningful interpretive center at the Del Rosa site and tie it into educational opportunities at Indian Springs High School, and the opportunity to create an integrated community asset within the City of Highland. With equal cost considerations, the recommended site location is at Del Rosa.



Implementation Plan

Implementation of Recycled Water Center will require numerous activities – permitting, environmental reviews, financial evaluations, engineering development, and ultimately construction and initiation of operations. The timeline requires a focused, parallel approach to permitting, environmental compliance, and preliminary design.

Proposed Implementation Timeline

Year	2014				2015				2016				2017			
Feasibility Study																
Supplemental Studies																
Engineering Report																
Regulatory Approval																
Environmental Documents																
Institutional / Financial Efforts																
Public Outreach																
Preliminary Design																
Construction																
Operation																

Conclusions

Implementing Recycled Water Center will provide the District a valuable water resource benefitting all District customers and the region overlying the Bunker Hill Groundwater Basin. Utilizing recycled water for groundwater recharge will augment current recharge activities in the basin, support restoration of critical habitat in City Creek, and will avoid costs associated with the City of San Bernardino continuing to providing wastewater treatment. Cost savings associated with upgrades to the District's wastewater collection system will partially offset capital and annual operations and maintenance costs associated with implementation of the proposed project.

Implementing the Recycled Water Center will result in the lowest cost for wastewater treatment to existing District customers and the lowest incremental cost for new customers connecting to the



District's system. Further, during construction, the proposed project would provide an estimated \$228 million economic benefit to the local economy and would generate over 1,400 new jobs.

By locating the Recycled Water Center at the Del Rosa site, there is an opportunity to create an integrated community asset within the City of Highland, and the opportunity to enjoin with Indian Valley High School and create an environmental learning center adjacent to the campus.

Finally, the addition of a new, locally-controlled and highly reliable water supply will have an annual economic value of up to \$7.4 million.

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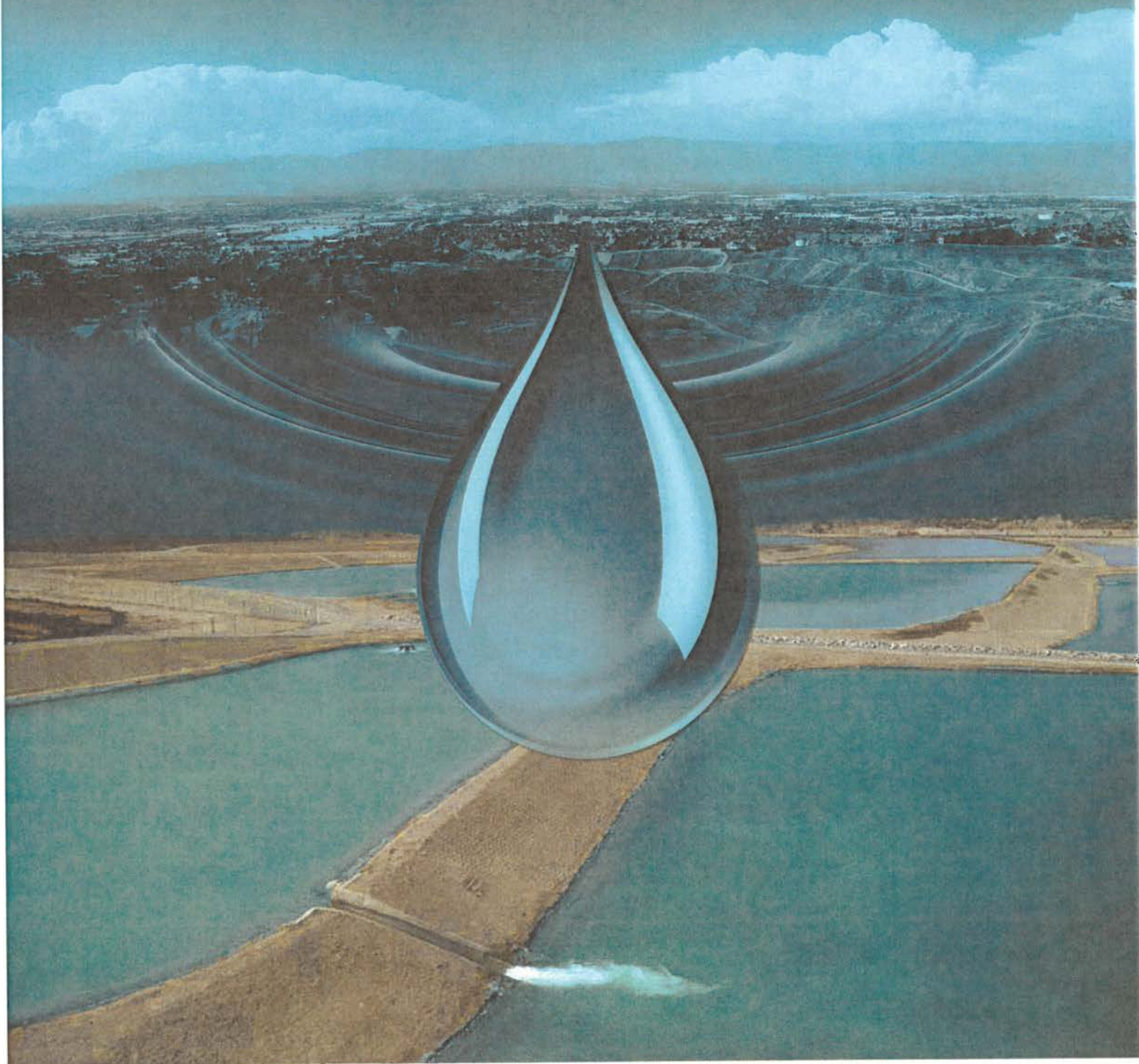


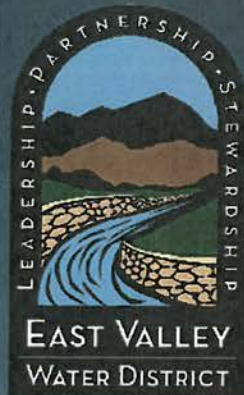
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East Valley Water District

Recycled Water Feasibility Study

October 2014

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Recycled Water Feasibility Study Final Report



Prepared by:



October 2014

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Acknowledgements

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List of Abbreviations

µg/L	micrograms per liter
ADA	anti-degradation analysis
ADWF	average dry weather flow
AF	acre-feet
AFY	acre-feet per year
AHHG	Area of Historic High Groundwater
ASR	aquifer storage and recovery
BTAC	Basin Technical Advisory Committee
CCC	Criteria Continuous Concentration
CDBM	Chlorodibromomethane
CDFW	California Department of Fish and Wildlife
CDPH	California Department of Public Health
CEC	constituents of emerging concern
CEQA	California Environmental Quality Act
CIP	Capital Improvement Program
CMC	Criteria Maximum Concentration
CT	chlorine residual x modal contact time
CTR	California Toxics Rule
CWA	Clean Water Act
CWC	California Water Code
DB	design-build
DBB	design-bid-build
DCBM	Dichlorobromomethane
DDW	Division of Drinking Water
District	East Valley Water District
DWR	Department of Water Resources
EDU	equivalent dwelling unit
EIR	Environmental Impact Report
EIS	Environmental Impact Statement
ER	Engineering Report
FEMA	Flood Emergency Management Agency
GIS	Geographic Information System
GMP	guaranteed maximum price

gpd	gallons per day
gpm	gallons per minute
GWR	groundwater recharge
GWR-RW	Groundwater recharge-recycled water
H&SC	California Health and Safety Code
IPR	indirect potable reuse
IRWMP	Integrated Regional Water Management Plan
JPA	Joint Powers Agreement
LF	linear feet
MBR	membrane bioreactor
MCL	maximum contaminant level
MF/RO	microfiltration/reverse osmosis
mg/L	milligrams per liter
MGD	million gallons per day
mL	milliliters
MPN	most probable number
MUN	municipal and domestic supply
MWB	middle water bearing member
NaCl	sodium chloride
NDMA	N-nitrosomethylamine
NEPA	National Environmental Policy Act
ng/L	nanograms per liter
NLs	notification levels
NPDES	National Pollutant Discharge Elimination System
NPR	non-potable reuse
NPW	net present worth
NTR	National Toxics Rule
NTU	nephelometric turbidity units
O&M	operations and maintenance
Plant 134	Philip A. Disch Surface Water Treatment Plant
PMC	Pathogenic Microorganism Control
Prop	Proposition
RA	reservoir augmentation
RBFM	Refined Basin Model Flow

RIX	Rapid Infiltration and Extraction
RMC	RMC Water and Environment
ROWD	Report of Waste Discharge
RRT	Response Retention Time
RTP	2008 Regional Transportation Plan
RWC	recycled water contribution
RWQCB	Regional Water Quality Control Board
SANBAG	San Bernardino Associated Governments
SAR	Santa Ana River
SARI	Santa Ana River Interceptor
SAT	soil aquifer treatment
SBBA	San Bernardino Basin Area
SBCFCD	San Bernardino County Flood Control District
SBR	sequential batch reactor
SBVMWD	San Bernardino Valley Municipal Water District
SBVWCD	San Bernardino Valley Water Conservation District
SBWRF	San Bernardino Water Reclamation Facility
SIP	Policy for Implementation of Toxics Standards for Inland Surface Waters, Enclosed Bays, and Estuaries of California
SNMP	Salt Nutrient Management Plan
SRF	State Revolving Fund
Stantec	Stantec Consulting
Study	Recycled Water Feasibility Study
SWRCB	State Water Resources Control Board
TDS	total dissolved solids
Title 17	California Code of Regulations, Title 17 – Public Health, Chapter 5, Subchapter 1, Group 4 – Drinking Water Supplies, sections 7583 through 7630
Title 22	California Code of Regulations, Title 22, Division 4, Chapter 3
TMDL	total maximum daily load
TOC	total organic carbon
TSS	total suspended solids
UCM	unconfined member
UF	ultrafiltration
USACE	U.S. Army Corps of Engineers
USBR	United States Bureau of Reclamation

USEPA	United States Environmental Protection Agency
USGS	United States Geological Survey
UV	ultraviolet
UWB	upper water bearing member
WDR	waste discharge requirement
WEI	Wildermuth Environmental, Inc.
Western	Western Municipal Water District
Western Judgment	Western-San Bernardino Judgment of 1969
WRP	water recycling plant
WRR	Water Reuse Requirement
WSMP	2014 Water System Master Plan
WWCSMP	2013 Wastewater Collection System Master Plan

Executive Summary

The East Valley Water District (District) has a historic opportunity to provide an increased level of service to its customers through implementation of a recycled water program. A recycled water program will provide the District's customers with the following benefits:

- A new, locally controlled, highly reliable source of water to help meet the District's and the region's water supply needs;
- Greater control over the cost of wastewater treatment by bringing that component of service completely under the control of the District; and
- Reduced costs associated with providing long-term service to the existing customer base and reduced cost of connection and service for new customers.



It is recommended that the District initiate a recycled water program to treat all flows collected by the District by constructing the Sterling Recharge Facility. It is recommended that the Sterling Recharge Facility be a Membrane BioReactor (MBR) facility, with the treated flows used for groundwater recharge, providing the greatest benefit to the District's customers. This approach makes the District self-reliant rather than relying on the City of San Bernardino for treatment and disposal.

Unique Opportunity

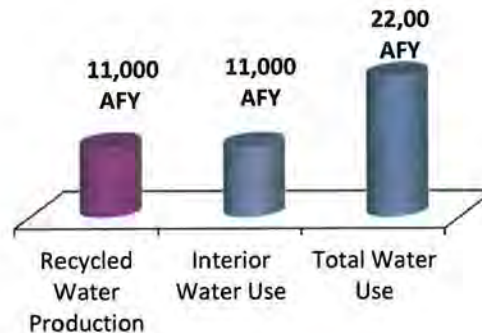
The timing could not be better for the East Valley Water District to implement the Sterling Recharge Facility. Some of the factors creating the unique timing of this opportunity include:

1. California is currently in the third year of severe drought, bringing to light the availability and reliability of the District's water supplies. Implementing projects to protect against the impacts of future droughts is critical to providing a long-term reliable water supply. The most appropriate response for the District is to develop a locally-controlled, sustainable recycled water supply.
2. California is facing continued challenges and costs associated with importing water through the Sacramento-San Joaquin Delta, including water deliveries to the District's service area. The most appropriate response for the District is to develop a locally-controlled, sustainable recycled water supply that can augment imported water supplies.
3. The California legislature has passed historic groundwater management legislation that will bring a greater focus on groundwater management throughout California, including the Bunker Hill Groundwater Basin underlying the District. The most appropriate response for the District is to develop a locally-controlled, sustainable recycled water supply to assist in managing the local groundwater basin.
4. The California State Water Resources Control Board has an objective of creating over 1 million acre-feet of recycled water use by the year 2020, and over 2 million acre-feet per year by the year 2030. The State is providing incentivized funding to assist in meeting this goal. The most appropriate response for the District is to develop a locally-controlled, sustainable recycled water supply in support of the State's objective.

5. The California legislature has placed a bond measure on the November, 2014 ballot to provide \$7.5 billion of funding for water development in California. The most appropriate response for the District is to access potentially available funding to develop a locally-controlled, sustainable recycled water supply.

Need for Recycled Water

The District currently relies on the City of San Bernardino to treat its wastewater, which is then discharged to the Santa Ana River. The treated water from the San Bernardino treatment plant is a valuable resource that is not presently available to serve the water supply needs of the District's customers. The Bunker Hill Groundwater Basin, which lies beneath all of the District's service area, has seen declining water levels over the past several years as local runoff has diminished and imported water deliveries have been reduced. In fact, the Bunker Hill Groundwater Basin is at historic lows in terms of the amount of water in the basin.



Recycled water will provide a drought-proof supply equal to the interior water use of the District's customers, providing assurance of critical water supply in future droughts.

Using recycled water to help recharge the groundwater basin would be a significant local water supply to use to assist in managing the Bunker Hill Groundwater Basin levels and providing a long-term reliable water supply. Further, the recycled water production will be approximately equal to the indoor use of treated water delivered by the District to its customers, providing its water customers with a drought-proof supply for indoor water use.

Avoided Costs

The District's recently completed water and wastewater master plans identified the need for additional water supply and the need for increased wastewater conveyance capacity. Implementing the proposed Sterling Recharge Facility will provide additional water supply and will reduce the level of required investment in wastewater system conveyance improvements. The estimated savings to the District's customers in the required level of wastewater infrastructure improvements is estimated to be approximately \$20 million.

Why Groundwater Recharge?

Groundwater recharge was found to be the most appropriate use due to a number of factors, including lower cost, increased local water supply, and long-term benefits to the District's customers. Other uses of recycled water were evaluated, but were found to be less advantageous.

The use of recycled water to replenish groundwater basins has been successfully implemented throughout Southern California since the early 1950s. The use of recycled water for groundwater recharge is regulated by the State of California, who earlier this year adopted a new set of regulations

for increased recycled water use, paving the way for increasing the use of recycled water for recharging groundwater basins and improving water supply reliability.

Implementing the Sterling Recharge Facility would provide a reliable local water supply for the region and help offset the need for increased amounts of imported water. Some of the key benefits that would result from using recycled water for groundwater recharge are summarized in the table below.

Key Benefits of a Groundwater Recharge Program

Benefit Category	Benefit Description
Water Supply Reliability	Provides new source of water supply that is reliable, "drought-proof," and locally- controlled Diversifies regional water supply portfolio
Resource Management	Provides year-round beneficial use for recycled water Promotes highest and greatest beneficial use of recycled water
Integration/Synergies with Other Practices	Augments current groundwater recharge practices employed by the San Bernardino Valley Municipal Water District
Consistency with State Goals and Objectives	Embraces State guidelines and policies relative to recycled water, groundwater management, and diversification of water supplies

What are the Options?

Three fundamental approaches for meeting the District's wastewater treatment needs were evaluated:

- Continue to send all of the District's flows to the City of San Bernardino
- Treat 60 percent of the District's flows at a new plant located on Sterling Avenue
- Treat all of the District's flows at a new plant located on Sterling Avenue

These three fundamental approaches were evaluated on a comparative cost basis over a 20-year planning period. The results showed that there is a clear advantage to the District's customers if the District the Sterling Recharge Facility and treats all flows.

If the District were to continue to send flows to San Bernardino, costs would increase approximately 24% over the next 20 years, as compared to increasing only 7% over the same period of time if the District constructs a plant and treats all flows. Furthermore, there is a similar clear advantage to the cost per EDU (Equivalent Dwelling Unit) for future connections if the District treats all flows.

Project Option	Comparative 20-Year Cost Increase
All Flow Treated by City of San Bernardino	24%
60% of Flow Treated by District	19%
All Flow Treated by District	7%

Treating all flows provides the least increase in cost of the three options available to East Valley Water District.

This relative comparison of costs has assumed the cost of treatment by the City of San Bernardino does not increase over the next 20 years, and that the value of the recycled water similarly does not increase over the next 20 years. Both of these assumptions are conservative in their nature and therefore reinforce the conclusion that the least cost option is for the District to implement a recycled water program.

Value of the Created Resource

Recycled water will constitute a new water resource for the District. The value of this resource is best established by comparing it to the existing cost of California State Project Water. The current cost of State Project Water (2014) is \$662 per acre-foot, delivered to the East Branch turnout near Highland, California. The cost of State Project Water will increase in the future due to a number of factors, including the cost of the Delta fix, currently known as the Bay Delta Conservation Plan (BDCP). A 10 MGD plant flow will generate approximately 11,200 acre-feet per year of water with a relative current annual value of approximately \$7.4 million.

Proposed Project

The proposed project consists of constructing an MBR-based recycled water treatment plant, associated pipelines and pumping stations, with recharge to the groundwater basin. Several facility sites were evaluated for use and ranked based on specific criteria. The District-owned property located at Sterling and 5th Avenues, adjacent to the San Bernardino Airport, has been selected as the most appropriate site for the proposed facility. The site lends itself well to potential multi-beneficial development options, which will be explored during project implementation.

The Sterling Recharge Facility would be constructed on a District-owned parcel of land, located at Sterling Avenue between East 5th Street and East 3rd Street. Approximately half of the service area flows would be intercepted at the intersection of East 6th Street and diverted to the new treatment plant. The remaining portion of the service area flows would be captured at the low end of the collection system and pumped east along East 5th Street to the new treatment plant.

The treatment plant would utilize the most advanced technology – Membrane BioReactors (MBR) - to produce disinfected tertiary Title 22 recycled water that would meet all applicable requirements for recharge into the Bunker Hill Groundwater Basin. Recharge is proposed to be through existing recharge basins, facilitated by cooperating agreements between the District and the owners of the existing basins.

Recycled water is a valuable resource.

- A 10 MGD plant will produce 11,200 acre-feet per year
- An acre-foot of State Project Water costs \$662
- The value of 10 MGD of water is \$7.4 million per year





The proposed project includes a new treatment plant located near Sterling Avenue on District property.

Consistency with the Community

An MBR treatment facility utilizes the most up-to date technology available. Use of this technology lends itself to making the treatment facility a good neighbor in any neighborhood due to the smaller foot-print of the treatment process, which provides the ability to enclose the treatment facility to eliminate odors and noise impacts to the surrounding community. The proposed plant location is adjacent to the San Bernardino Airport. There are numerous commercial/industrial development opportunities being considered on surrounding properties, and the treatment facility can be constructed in a manner to be consistent with the potential development opportunities.



MBR technology provides the ability to build and operate a treatment plant that is a good neighbor – producing no odors and no noise.

Similar treatment plants have been constructed and are in use in communities throughout the country. District officials visited three similar facilities – a demonstration facility in Anaheim, California, and two treatment plants near Seattle, Washington– the Lighthouse Plant and the Brightwater Plant. All three of these facilities produce high-quality recycled water with no odor or noise impacts to the surrounding community.

A similar approach can be utilized for the East Valley facility. The Sterling Recharge Facility can be designed to:

- Be consistent with developments surrounding or near the proposed facility site;
- Be a multi-use site, where other development could be made on the District's existing land in concert with a new treatment plant;
- Be designed to produce no odors or noise;
- Be aesthetically pleasing; and
- Provide opportunities for community uses such as meetings, training, classrooms, and similar uses.

Community Involvement

The District has conducted and will continue to conduct an extensive community outreach program for the Sterling Recharge Facility project. Monthly workshops were conducted to inform the Board and the public about the project, the project issues, opportunities, and recommendations.

The District conducted community forums, provided information in the newspaper, in mailers, and on its website to assist in informing the public about the challenges facing the District and the opportunity that can be afforded by implementing a recycled water program.

The District conducted a public tour of the Anaheim Water Recycling Demonstration Facility. The City of Anaheim facility is located adjacent to City Hall and employs the same MBR technology that is being recommended for East Valley Water District.



Economic Benefits

Investment in the Sterling Recharge Facility recycled water program will result in additional benefits to the local economy. According to estimates provided by SRRI, a group associated with the Sacramento Area Commerce and Trade Organization, a \$1 million investment in infrastructure and public works projects generates an additional \$825,858 of output through indirect and induced activities. Constructing the Sterling Recharge Facility, with a capital cost of approximately \$118 million, would have an added local economic benefit of \$97 million, providing a net financial benefit of \$215 million to the local economy. Further, according to the SRRI estimates, construction of a new facility would generate over 800 direct construction jobs, and over 1,400 total new jobs.

The District conducted an extensive outreach program to inform the community and to receive input to the planning process.

The financial benefit to the local economy from construction of a recycled water treatment plant is estimated to be \$215 million.

Budgetary Cost Estimate

The following table summarizes the estimated costs for each major component for the proposed project. These estimates are budgetary cost estimates and should be refined as project planning progresses. Costs presented below are based on the ultimate plant capacity of 10 MGD.

10 MGD Project Budgetary Cost Estimate

Project Components	Estimated 10 MGD Project Cost
Water Reclamation Plant	\$103.3 M
Treated Water Conveyance System	\$15.2 M
Total Capital Cost	\$118.5 M

Implementation of the Sterling Recharge Facility will be phased. The existing flows from the entire District are approximately 6 MGD, necessitating a minimum initial plant capacity of 6 MGD. Projected flows will require increases in the treatment plant to a future capacity 10 MGD. The initial treatment plant capacity and associated phasing will be refined during the next phase of the project. Presented below are the budgetary cost estimates of an initial 6 MGD treatment plant that can be expanded to a future 10 MGD capacity. Under this scenario, the treated water conveyance system is constructed to accommodate the full projected flow of 10 MGD.

6 MGD Project Budgetary Cost Estimate

Project Components	Estimated 6 MGD Project Cost
Water Reclamation Plant	\$61.4 M
Treated Water Conveyance System	\$15.2 M
Total Capital Cost	\$76.6 M

Implementation Plan

Implementation of Sterling Recharge Facility will require numerous activities – permitting, environmental reviews, financial evaluations, engineering development, and ultimately construction and initiation of operations. The timeline requires a focused, parallel approach to permitting, environmental compliance, and preliminary design.

Proposed Implementation Timeline

Year	2014				2015				2016				2017			
Feasibility Study																
Supplemental Studies																
Engineering Report																
Regulatory Approval																
Environmental Documents																
Institutional / Financial Efforts																
Public Outreach																
Preliminary Design																
Construction																
Operation																

Conclusions

Implementing Sterling Recharge Facility recycled water program will provide the District a valuable water resource benefitting all District customers and the region overlying the Bunker Hill Groundwater Basin. Utilizing recycled water for groundwater recharge will augment current recharge activities in the basin and will avoid costs associated with the City of San Bernardino continuing to providing wastewater treatment. Cost savings associated with upgrades to the District's wastewater collection system will partially offset capital and annual operations and maintenance costs associated with implementation of the proposed project.

Implementing the Sterling Recharge Facility will result in the lowest cost for wastewater treatment to existing District customers and the lowest incremental cost for new customers connecting to the District's system. Further, during construction, the proposed project would provide an estimated \$185 million economic benefit to the local economy and would generate over 1,400 new jobs.

Finally, the addition of a new, locally-controlled and highly reliable water supply will have an annual economic value of up to \$7.4 million.

Chapter 1 Introduction

The Recycled Water Feasibility Study Final Report (Study) was conducted by RMC Water and Environment (RMC) as a consultant to the East Valley Water District (District). Currently, the District collects the wastewater generated by its customers which is treated at the City of San Bernardino Water Reclamation Facility (SBWRF). The purpose of this Study was to determine if the District should engage in wastewater treatment and delivery as a part of their overall mission to provide water and wastewater services to its customers. The results of this Study indicate a number of advantages to the District that can be achieved by engaging in wastewater treatment and groundwater recharge with recycled water (GWR-RW). This chapter provides background on the Study, discusses the purpose and scope as well as the stakeholder coordination process.

1.1 Background

This section provides a brief description of the Study area as well as a discussion of the need for implementing GWR-RW projects in the Study area.

1.1.1 Study Area

The District provides water to over 97,000 residents through 23,135 service connections in the cities of Highland, San Bernardino, and unincorporated portions of San Bernardino County. The 30 square mile service area lies in the foothills of the San Bernardino Mountains at the confluence of the Santa Ana River (SAR) and City Creek. Although historically known for citrus agriculture, the service area's land use is predominantly residential. The District serves 18 million gallons per day (MGD) of water to customers using three water sources: Bunker Hill Groundwater Basin (90%), the SAR (9%) and State Water Project (SWP) imports (1%). The District diverts SAR water east of Seven Oaks Dam via the North Fork Canal to the Philip A. Disch Surface Water Treatment Plant (Plant 134), capable of treating 8 MGD. Groundwater is pumped from the Bunker Hill Basin through a series of 18 District owned wells. Approximately 1% of The District's water supply is imported from SWP purchased through the San Bernardino Valley Municipal Water District (SBVMWD) and treated at Plant 134.

The District also owns, operates, and maintains the service area's wastewater collection system. Wastewater is currently conveyed to the SBWRF via the East Trunk Sewer. The District maintains the right to discharge wastewater into the East Trunk Sewer (or other tributary sewers) through the Joint Powers Agreement (JPA) of 1957. The City of San Bernardino charges the District for wastewater treatment services, which is paid by District customers through monthly rates.

The District is projecting a 30-46% population growth in their service area by the year 2035, when full build out is expected to occur. A substantial portion of the growth is attributed to proposed areas for new development including Harmony, Arnott Ranch, Highland Hills Ranch, and Greenspot Village and Marketplace. The timing of construction and occupancy of these new developments is a crucial component to understanding the facility needs for the District. A discussion of population growth is provided in Chapter 5.

1.1.2 Need for Groundwater Recharge Using Recycled Water

The reliability of water supplies is becoming an increasingly important consideration for the long-term health and economic wellbeing of communities throughout California. With increases in demand and increased restrictions on water deliveries, it has become increasingly more valuable for communities to consider means of recycling water and including recycled water in the overall water supply portfolio. Implementation of recycled water for the District would help in addressing the following needs:

- **Increasing Demand** – Projected Population growth suggests a potential increase in demand in water supply of approximately 9,600 acre-feet per year (AFY) by the year 2035.

- **Groundwater Supply** – The Bunker Hill Groundwater Basin supplies approximately 90% of the District’s system demands. In 2014, the San Bernardino Valley Water Conservation District (SBVWCD) conducted an Engineering Investigation of the basin, which indicated that the basin storage is 444,322 acre-feet (AF) below the amount that has been considered full since 1993 (SBVWCD, 2014). Recharging the basin is crucial to maintaining groundwater as a viable water source for the future. Implementing a recycled water project would result in providing thousands of AFY of new water supply to the customers of the District and the producers of Bunker Hill basin.
- **State Water Project Supply Reliability** – The District currently relies on SWP water for approximately 1% of the overall demands. SWP deliveries can vary between 5% and 100% of contractor entitlements depending on availability of water and conveyance means. The additional supply resulting from a recycled water project further protects the District’s water supply self-reliance.
- **Increased control of wastewater treatment and disposal costs** – In 1957, the District entered into the JPA with the City of San Bernardino to obtain wastewater treatment. Implementing a WRP would provide the District with the opportunity to increase operational efficiency while planning for the future needs.
- **Avoided Sewer upgrades** – The District has identified the need for substantial wastewater collection system improvements to accommodate expected growth in the service area. Approximately \$20 million in capital improvements costs could be avoided by treating these flows in a new WRP, eliminating the need to convey flow to the SBWRF.

1.2 Study Purpose and Scope

The main purpose of the Study was to evaluate the feasibility of developing a water supply project for the District utilizing GWR-RW as the primary mechanism. The Study focused on the feasibility of the project from an institutional, regulatory, technical, and financial perspective. These opportunities and challenges were studied in sufficient detail to develop an implementation plan and schedule, providing the District with the basis for making a decision on how to move forward with implementing a WRP for GWR-RW.

1.2.1 Study Scope

The Study was designed to develop a recycled water project concept that could be supported by interested stakeholders, an implementation plan that delineates how the project would be built, an implementation schedule, and a project funding strategy. The implementation plan takes into consideration potential environmental and other regulatory requirements as well as project component siting, sizing, and costs. Alternative strategies to implement a recycled water project, particularly a groundwater recharge project, were evaluated, taking into consideration related regional initiatives, regulatory approval pathways, water rights, institutional issues, and cost implications. These alternative strategies considered both water supply reliability and effluent management benefits deemed to be feasible. The specific approach for each technical task and associated outcomes are presented in the different chapters of this report.

1.2.2 Stakeholder Coordination

A key objective of this Study was to meaningfully engage local agencies and stakeholders to obtain a broad spectrum of input, to build support for the Study outcomes, and to facilitate coordination with other regional initiatives. The District has taken the lead on engaging community stakeholders and RMC provided ongoing support to the District in order to facilitate public meetings and presentations. Monthly workshops were conducted at the Board of Directors meetings to facilitate communication and public dialogue.

Chapter 2 Recycled Water Overview

Recycled water standards are specified in the California Code of Regulations, Title 22, Division 4, Chapter 3 (Title 22). Recycled water is monitored by local, state, and federal regulatory agencies to ensure that it meets these strict standards. This chapter is intended to provide a general overview of Recycled Water Reuse and further definition of GWR and GWR-RW.

2.1 Non-Potable and Indirect Potable Reuse

The primary recycled water reuse opportunity evaluated in this study is indirect potable reuse (IPR), however discussion of non-potable reuse (NPR) is included since it was evaluated as a secondary reuse opportunity that may provide additional revenue to the District.

NPR

NPR refers to the use of recycled water for applications that do not require drinking water quality standards, including landscape irrigation (e.g., golf course, parks, roadway medians, and cemeteries), cooling towers and other industrial uses, toilet flushing, wetlands restoration, decorative fountains, and irrigation of food crops. NPR requires a source of supply, a dedicated recycled water pipeline to distribute the water, and a customer demand (end use) for the water.

IPR

IPR refers to the use of recycled water to augment drinking water supplies to be subsequently treated for potable use. IPR applications generally fit into two categories: groundwater recharge of recycled water (GWR) and reservoir augmentation (RA). GWR-RW utilizes natural soil aquifer treatment (SAT), while RA requires surface water treatment to meet drinking water quality standards. This Study focused on IPR through groundwater recharge (GWR-RW) and did not consider reservoir augmentation.

2.2 Bunker Hill Groundwater Basin

The Bunker Hill Groundwater Basin consists of alluvial material and is bounded by the San Gabriel Mountains, San Bernardino Mountains, Crafton Hills as well as several faults including the Banning, Redlands, San Andreas, Glen Helen, and San Jacinto faults. The basin is located within what is referred to as the San Bernardino Basin Area (SBBA) and stores approximately six million AF of water, which is the primary water source for the District's service area. The basin is made up of two sub-basins: Bunker Hill A to the North-West and Bunker Hill B to the South-East. The District's service area overlies Bunker Hill Basin B. The basin is adjudicated under the Western-San Bernardino Judgment of 1969 with a court-appointed Watermaster including representatives from SBVMWD and Western Municipal Water District (Western). The proposed basin management process could be under the authority of the SBVMWD and Western Boards of Directors with inputs from other significant producers. The City of San Bernardino Municipal Water Department (SBMWD) and Western are responsible for managing a groundwater spreading/management program using imported SWP water as well as SAR water under the Seven Oaks Accord. The SBVMWD operates the artificial recharge facilities as part of this program and provides regular reporting of recharge activities to maintain basin equilibrium.

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Chapter 3 District Water Reuse Setting

Potential strategies for GWR-RW as well as implementation strategies are dependent on a combination of primary factors, including hydrogeology of the Study area (e.g., volume, quality, yield, and transmissivity), expected recycled water availability and quality as well as diluent water reliability and quality.

This chapter documents and analyzes the primary factors listed above. Potential strategies were developed based on this analysis of the GWR setting and the regulatory analysis documented in **Chapter 6**. The potential strategies are presented in **Chapter 12**.

3.1 Existing Reports and Data

Many relevant reports have been prepared over the past 10 years or are currently being developed by various agencies in San Bernardino Valley. These reports were reviewed to support this Study.

In addition to these reports, relevant data was obtained directly from the potential project partners. Readily available, and most current water quality, flow, and various other data was directly summarized or referred to in the text. Geographic Information System (GIS) data was used to develop the maps and figures included in this Study. Due to non-disclosure agreements signed with the partner agencies, the GIS data are not provided in electronic form in this report.

3.2 Recycled Water Resources

The sole source of recycled water considered for this study will be generated from wastewater collected within the District's service area encompassing the City of Highland and portions of the City of San Bernardino and unincorporated areas of the County of San Bernardino. The proposed WRP effluent is the only source of recycled water considered for GWR.

For the purpose of this study, the key information necessary relative to the treatment plant is as follows:

- Treatment Capacity
- Water Quality
- Source Control

3.2.1 Recycled Water Source

This Study assumes that all District wastewater flow, which is currently treated at the SBWRF is available to be treated at the WRP to produce recycled water for GWR-RW.

3.2.2 Recycled Water Quality

Recycled water quality is a fundamental driver in defining potential alternatives. Title 22 establishes treatment and other requirements for NPR and GWR. Higher levels of treatment provide greater opportunities for the types of reuse applications that can be considered; however, the feasibility of alternatives is related to local demand.

3.2.3 Recycled Water Demands

For this purpose of this study NPR and IPR alternatives have been evaluated as potential reuse opportunities based on potential demands.

NPR Demands

A market analysis of the District's service area is summarized in **Chapter 4**. Although the overall NPR demand in the District's service area is relatively insignificant, irrigation customers and potential recycled water customers, and associated demands were identified in the District's 2014 *Water System Master*

Plan. Based on the demands, it would be possible to serve NPR customers from a proposed conveyance system for an IPR. Providing these customers with recycled water for irrigation or other NPR uses will secure an additional revenue stream for the District.

IPR Demands

Demand for a GWR-RW project is defined by the service area's potable water demand along with the water balance and the storage capacity within the local groundwater basin. A hydrogeological analysis and characterization of the Study area was performed to determine the basin's available storage capacity and state of equilibrium as a result of current and projected pumping for potable water demands. The following section summarizes the Study area's hydrogeological conditions.

3.3 Hydrogeology

The SBBA includes the Bunker Hill basin as well as the Lytle Groundwater Basin as shown in **Figure 3-1**. The District's service area overlies Bunker Hill Basin. Approximately 600,000 residents in the SBBA including the District's service area depend upon this groundwater basin as their primary water source.





Groundwater in the SBBA generally flows westerly from the SAR and Mill Creek and southeasterly from Lytle Creek and Cajon Creek toward the Pressure Zone area. The San Jacinto Fault generally runs perpendicular to the groundwater flow and acts as a barrier, or underground dam, causing the groundwater "pool" behind the fault to rise toward land surface in the form of high groundwater. The water in this area also rises due to the pressure caused by the water on the outer edges of the basin, which is at a higher elevation. The area defined by this high groundwater condition is located entirely within the City of San Bernardino and is commonly referred to as the Pressure Zone or the Area of Historic High Groundwater (AHHG). In the past, water levels in the AHHG rose high enough to cause artesian conditions (groundwater rising above land surface).

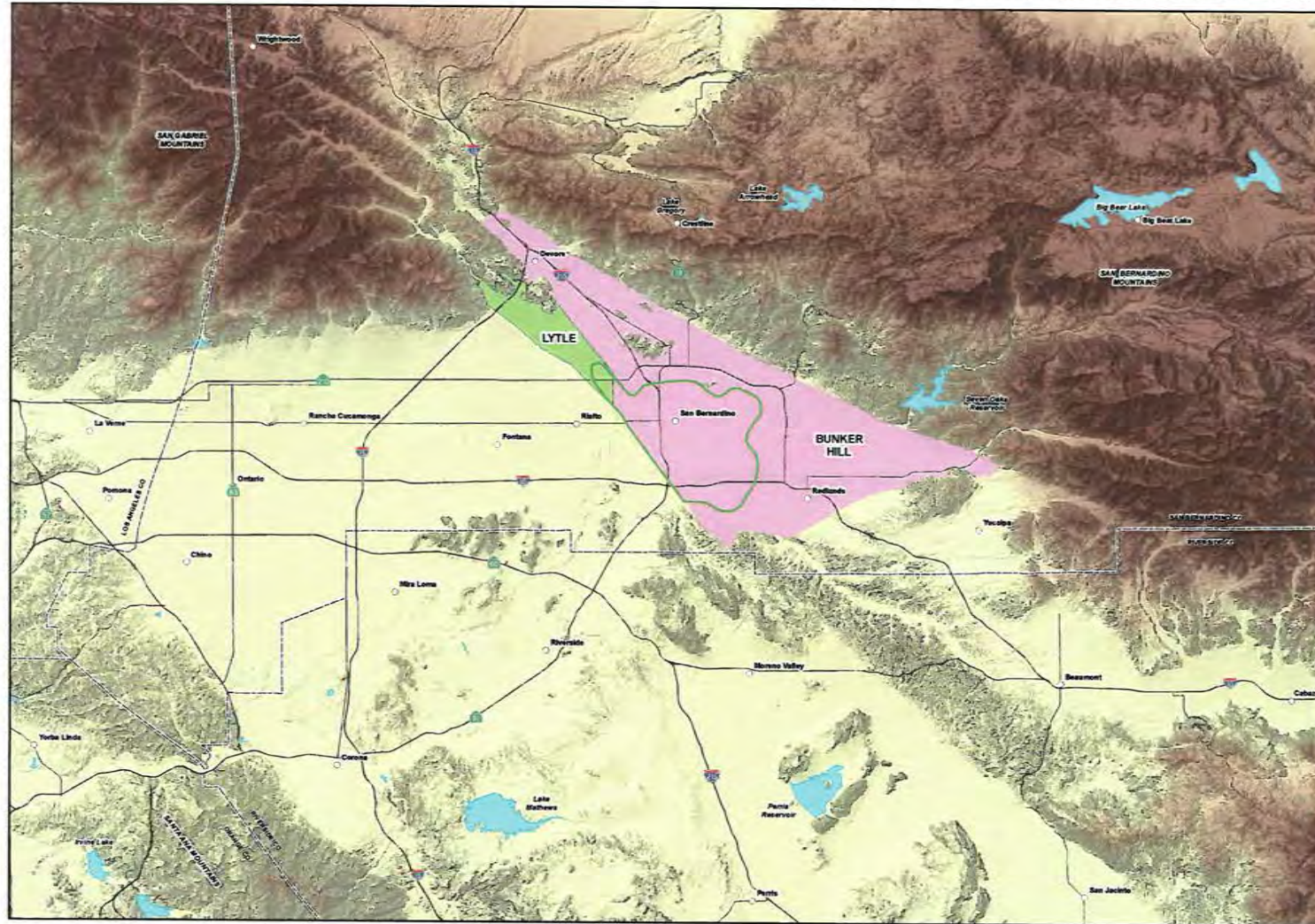
The SBBA is also plagued by groundwater contamination plumes as shown in **Figure 3-2**. Contaminants have mainly been found within the shallow, unconfined member (from land surface to 75 feet below land surface), the upper water bearing zone member (between 75 feet and 300 feet below land surface) and the middle water bearing member (between 400 feet and 600 feet below land surface). Due to the presence of groundwater contamination and a high salt content, local water agencies deliberately avoid extracting groundwater from the unconfined member (UCM), portions of the upper water bearing member (UWB), and the middle water bearing member (MWB) (Geoscience 2009).

GENERAL
PROJECT LOCATION

Figure 3-1

EXPLANATION

-  Bunker Hill Groundwater Basin
-  Lytle Groundwater Basin
-  Pressure Zone
-  County Boundary



30-Sep-09

Prepared by: DWB

Map Projection: State Plane 1983, Zone V, East

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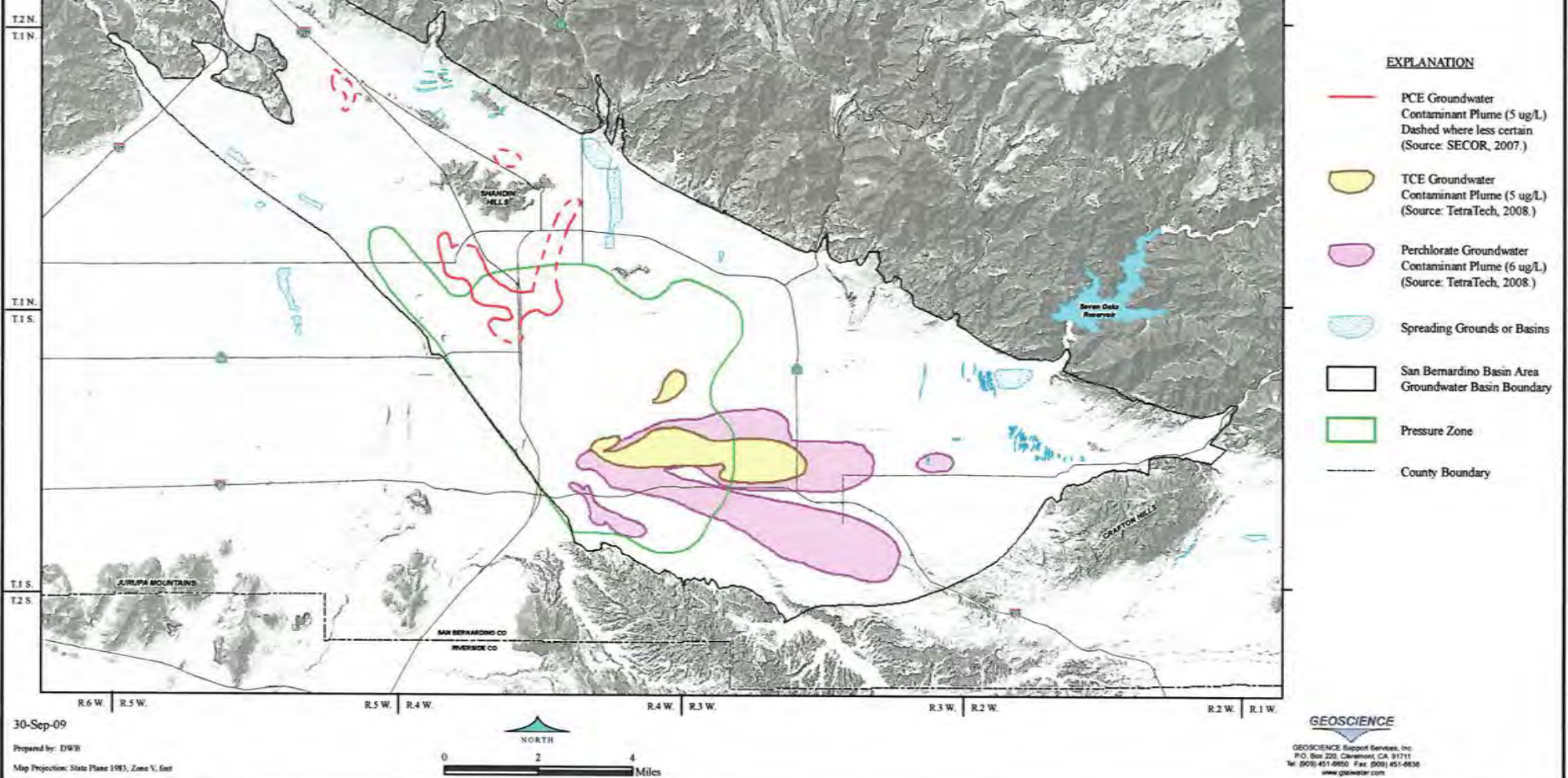
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GROUNDWATER
CONTAMINANT PLUMES
IN THE SBBA

Figure 3-2



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Chapter 4 NPR Overview

This section summarizes findings from the District's 2014 Water System Master Plan (WSMP) that pertain to the feasibility of producing disinfected tertiary recycled water for NPR uses. In that study, a market analysis was performed to identify potential recycled water customers and quantify potential recycled water demands. Preliminary distribution system element sizing and planning level cost estimates were developed as part of this study. Information provided herein was produced as a result of the WSMP.

4.1 NPR Demand

In order to identify potential recycled water customers the following potential uses were evaluated:

- Landscape irrigation (cemeteries, freeways, parks, playgrounds, schools, golf courses, etc.)
- Commercial and industrial uses (cooling, boiler feed, process water, laundry, car-washing, concrete mixing etc.)
- Groundwater Recharge
- Decorative fountains
- Recreational lakes (restricted and unrestricted)
- Other uses (dust control, soil compaction, street sweeping, sewer flushing)

The District's billing records were analyzed to identify potential customers with an irrigation billing classification and/or demand over 10 gallons per minute (gpm) (16 AFY). A total of 296 potential customers were identified representing a potable water demand of 3,028 gpm (4,873 AFY). Estimating potential recycled water demand from potable water demand considered the following criteria:

- It was assumed that all irrigation billing accounts could be fully served by recycled water.
- It was assumed that schools would be able to use recycled water to meet 50% of their irrigation needs in areas such as sports fields, lawns etc.
- It was assumed that parks would be able to use recycled water to meet 80% of their irrigation needs.
- It was assumed that 30% of the total demands from billing accounts associated with commercial or industrial uses could be met by recycled water. In such facilities, there are needs for on-site irrigation, industrial cooling etc. However, further study would be required to determine more specific demands for each customer.
- Demands associated with commercial properties, apartment buildings, and trailer park communities were assumed to not have recycled water needs. While they have large water demands, these demands are typically associated with potable water uses.
- Demands associated with temporary service accounts were assumed to have no recycled water needs.

This results in an estimated potential recycled water demand of 1,383 gpm (2,229 AFY), primarily made up of landscape irrigation reuse applications. **Table 4-1** summarizes the potential recycled water demand by customer type.

Table 4-1: Summary of Potential Recycled Water Customers

Potential Recycled	Potable Demands (AFY)	Potential Recycled Water use (AFY)	Percent of Recycled Water Use by Category (%)
Fire Service	298	298	13%
Landscape Irrigation	1,845	1,845	83%
Church/School	235	81	4%
Not Specified	201	0	0%
Hospital	16	5	0%
Residential Multi-Unit	101	0	0%
Apartments	914	0	0%
Trailer Park	469	0	0%
Commercial/Industrial	280	0	0%
Restaurant Lounge	184	0	0%
Temporary Service	330	0	0%
Total	4,873	2,229	-

The feasibility of NPR is also a function of the achievability of distributing the recycled water to customers from the proposed WRP. In order to plan for distribution of recycled water a geographic assessment of potential customers must be performed, along with the possibility of conversion (requiring backflow preventers, separate meters, and associated piping and valving). By determining where clusters of different levels of demands are located, it then becomes possible to consider preliminary sizing of distribution piping, pumping stations and storage tanks. Serving these customers in groups can also be an opportunity for implementation phasing to meet regulatory and/or financial constraints. Nonetheless, the potential for NPR versus GWR-RW is substantively less given that there is insufficient demand in the region. Thus, the GWR-RW alternative appears to have more promise with the option of serving NPR customers which require minimal infrastructure.

Chapter 5 IPR Overview

This section provides an overview of the following considerations for implementing an IPR project through GWR-RW in the Study area:

- Potable water supply and demand
- Groundwater basin adjudication
- Type of GWR project
- Availability of blend water sources

5.1 Demand

For the purpose of this Study, the potable water demand analysis performed in the 2014 Water System Master Plan (WSMP) is sufficient to establish that GWR-RW will benefit the community and aid in meeting future demands. The District expects a significant increase in potable water demand as a result of residential and non-residential growth in the Study area. These increased demands are planned to be met through a combination of imported surface water and increased groundwater pumping. The timing of this population growth depends on the construction schedule for several anticipated residential developments in the Study area. Water demand projections derived from the WSMP are presented in this section.

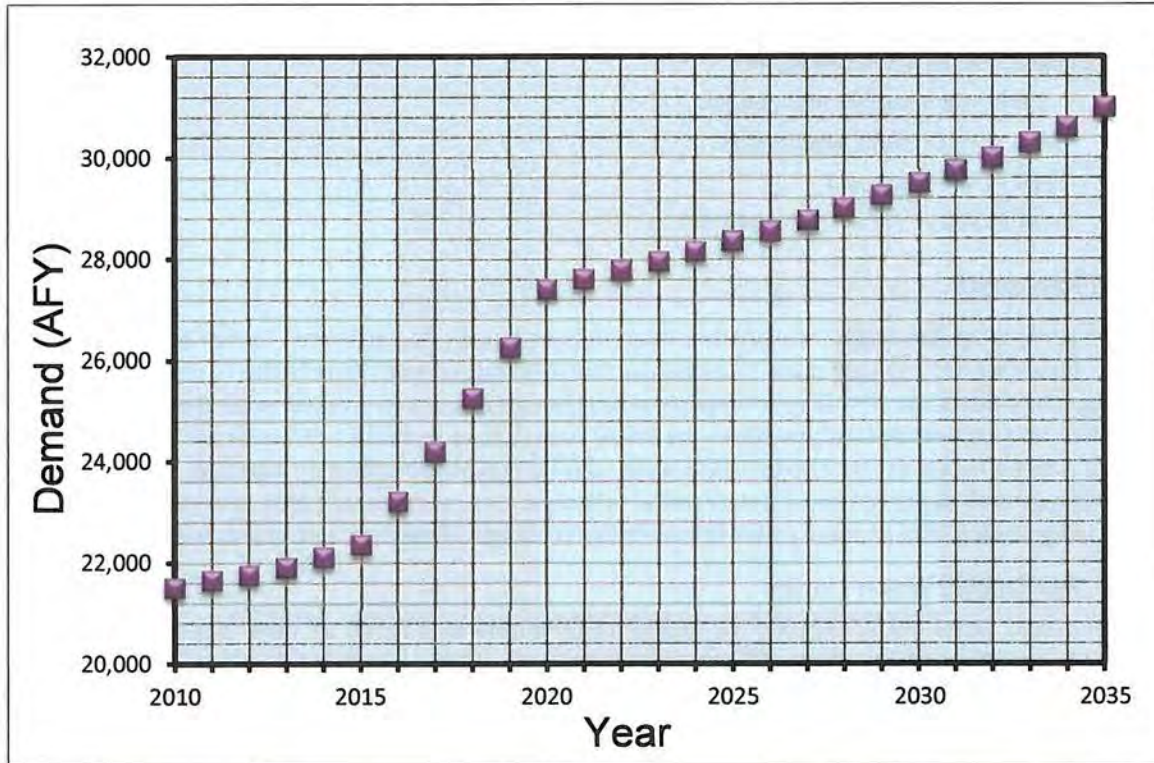
5.1.1 Per Capita Water Usage

The per capita water use is expected to decline in the future as a result of water conservation measures and implementation of the state of California's 20x2020 Water Conservation Plan. The 2014 WSMP establishes that the current per capita water usage for the service area is 197 gallons per day (gpd). The WSMP estimates future per capita usage to be 172 gpd based on Method 2 of the 2010 Urban Water Management Plan Guidebook. This represents a 13% decrease in per capita usage resulting from water conservation measures.

5.1.2 Projected Demand

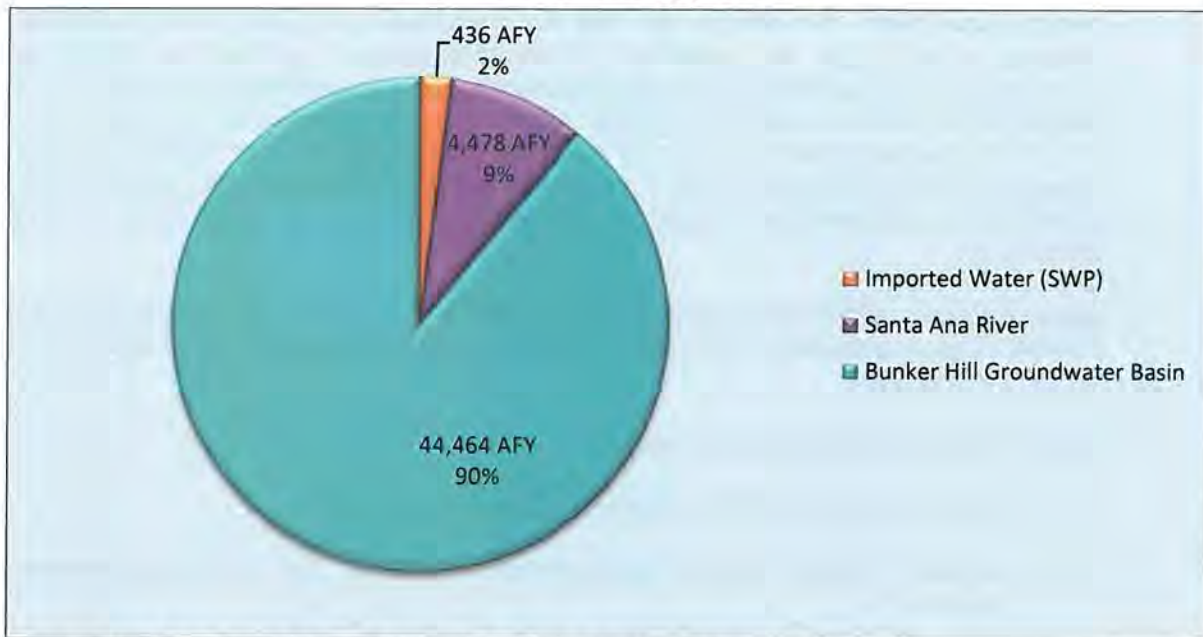
Figure 5-1 illustrates the District's projected potable water demands with a significant increase from 2015 to 2020 as a result of new residential developments in the service area. The current demand of 21,400 AFY is projected to increase by approximately 45% to 31,000 AFY by 2035. Thus, an additional supply of 9,600 AFY must be procured in order to meet these projected demands. Implementing a WRP for GWR-RW will assist the District in meeting these demands through groundwater pumping. Additionally, augmenting current artificial recharge activities with GWR-RW will allow for existing surface and imported water supplies that are currently used for groundwater replenishment to be utilized for potable use.

Figure 5-1: Potable Water Demand Projections



5.2 Supply

The District's water supply portfolio currently consists of groundwater, local surface water, and imported water as illustrated in **Figure 5-2**. The District treats and delivers local surface water and imported SWP water. SWP water is imported by the SBVMWD on behalf of the local water agencies, including the District.

Figure 5-2: Water Supply Portfolio

Source: 2014 Water System Master Plan and Consumer Confidence Report, 2013.

Groundwater is the primary source of water for the District and is pumped from Bunker Hill Basin through a series of 18 groundwater wells. The District also owns 3 wells that were decommissioned due to water quality issues and another is currently planned for decommissioning. Once this happens, the combined capacity of the 17 wells will be 39.7 MGD (44,464 AFY).

Surface water is diverted from the SAR to Plant 134, where it is treated using membrane microfiltration and has a treatment capacity of 8 MGD. The District holds SAR water rights through stock ownership in the North Fork Mutual Water Company and is currently entitled to 4 MGD, which is expected to increase to 6.5 MGD as remaining agricultural properties are converted. Plant 134 also treats a small amount of SWP water, which is purchased directly from SBVMWD as needed to supplement supply.

5.3 Basin Adjudication

The right to groundwater, along with an established mechanism to account for “foreign” water such as recharged recycled water, is paramount to the implementation of a GWR-RW project.

The Western-San Bernardino Judgment of 1969 (Western Judgment) generally defines the SBBA as the region above the San Jacinto Fault, while excluding Yucaipa, San Timoteo, Oak Glen, and Beaumont Basins. This area produces 71% of groundwater extracted from the Santa Ana Watershed and includes the Bunker Hill sub-basins, which underlie the District’s service area.

The Western Judgment identifies regional representative agencies to be responsible, on behalf of the numerous parties bound thereby, for implementing the replenishment obligations and other requirements of the Western Judgment. The representative entities are SBVMWD and Western Municipal Water District (Western). SBVMWD is solely responsible for providing replenishment of the SBBA if extractions exceed the safe yield of the basin. The court-appointed Watermaster includes representatives from SBVMWD and Western. The proposed basin management process could be under the authority of the SBVMWD and Western Boards of Directors with inputs from other significant producers. The following is a summary of pertinent basin management information related to the Western Judgment:

5.3.1 Western Judgment

- **Natural Safe Yield** – The natural safe yield was established at 232,100 AFY. The Plaintiffs' (Western entities) rights are capped at 27.95% of the natural safe yield, or 64,862 AF, notwithstanding any Additional Extraction Agreements or "new conservation," as defined in the judgment. The Non- Plaintiffs' (SBVMWD entities) rights are unlimited provided that an equal amount of basin replenishment occurs to offset any amount that the Non-Plaintiff production exceeds—72.05% of the natural safe yield, or 167,238 AF. An annual report, entitled Annual Report of the Western-San Bernardino Watermaster, provides an "accounting" of basin extractions.
- **Replenishment** – SBVMWD is responsible for replenishing the SBBA for that amount of Non-Plaintiff extractions exceeding 167,238 AF. The replenishment obligation may be met by any of the following means:
 - a) Return flow from excess extractions;
 - b) Replenishment provided in excess of that required;
 - c) Amounts extracted without replenishment obligations (i.e., Additional Production Agreement);
 - d) That amount of water extracted below the natural safe yield; and
 - e) Return flow from imported water.
- **New Conservation** – This is defined in the Western Judgment as "any increase in replenishment from natural precipitation which results from operation of works and facilities not now in existence." The judgment contemplated that the parties would develop facilities that would result in the capture of more natural runoff. The construction of the Seven Oaks Dam within the SAR has provided such an opportunity, and SBVMWD and Western are seeking to obtain a water right from the State Water Resources Control Board (SWRCB) and to construct the facilities necessary to capture SAR water that was not historically captured. The parties under the Western Judgment will have their adjusted extraction rights increased to include a proportionate share of any New Conservation, provided that each Plaintiff party pays its proportionate share of the costs to develop said New Conservation.

As a non-plaintiff party to the Western Judgment, the District was allotted production rights of 14,217 AFY. The Judgment states that the District may pump more than this to meet demands, while SBVMWD is responsible for recharging the basin. Through implementing a GWR-RW project, the District will be contributing to basin recharge along with SBVMWD, which would provide an opportunity for this contribution to be credited to SBVMWD towards their current obligation (2013 Regional Water Management Plan), therefore offsetting supplies currently utilized for groundwater recharge. For the purpose of this Study it is assumed that the value of this contribution is equal to the cost of imported water currently utilized for groundwater recharge.

5.3.2 Seven Oaks Accord

The Seven Oaks Accord is a settlement agreement that requires SBVMWD and Western to develop a groundwater spreading program in cooperation with other signed parties including the District. The program is intended to maintain groundwater levels at specific wells in the region. This prompted local agencies to include groundwater management in the Upper Santa Ana River Integrated Resource Management Plan and collectively prepare an annual Regional Water Management Plan since 2008.

SBVWCD and SBVMWD entered into a settlement agreement in 2005, whereby the agencies will work cooperatively to develop an annual groundwater management plan. SBVWCD is responsible for operating the region's recharge facilities (spreading grounds) and is one of the active members of the Basin Technical Advisory Committee (BTAC) formed by the IRWMP stakeholders. The BTAC is an open forum, hosted by the SBVMWD, where any interested stakeholders can participate.

5.4 Type of Groundwater Recharge Project

The GWR Regulations allow for two types of projects using recycled water: (1) surface application (e.g., spreading) and subsurface application (e.g., injection or vadose wells). The minimum treatment requirements are substantively different depending on the type of application. For surface application, the minimum treatment is disinfected tertiary recycled water. For subsurface application, the minimum treatment is reverse osmosis and advanced oxidation applied to the full volume of water recharged. Subsurface application was determined to be infeasible due to additional costs associated with advanced treatment, recycled water injection, and brine disposal. It is far more cost effective to utilize existing recharge facilities and augment current artificial recharge activities with GWR-RW. Consequently, for the remainder of the Study, the alternative considered was GWR-RW using disinfected tertiary recycled water.

5.5 Availability of Diluent Water

Diluent water is a necessary component of a GWR-RW project based on regulatory requirements discussed in **Chapter 6**. The primary source of diluent water is anticipated to be imported water obtained from SBVMWD since it is already used for recharge. Another potential source of diluent water could be stormwater complying with the GWR Regulations. The Montebello Forebay and Chino Basin GWR-RW projects, both of which apply disinfected tertiary recycled water via spreading, use imported water and stormwater as their diluent supply. For this Study the emphasis is placed on SAR water and imported SWP water because it is a more available and predictable diluent water source. Further analysis is required to determine implementation considerations associated with utilizing stormwater as diluent water for GWR-RW. It should be noted that the City of Redlands is currently recharging its basin without any diluent water with secondary treated recycled water.

Further discussion of regulatory requirements with regards to diluent water is provided in **Chapter 6** and site specific analyses are provided in **Chapter 7** and **Chapter 10**.

5.5.1 Primary Diluent Water Source – Imported Water

SBVMWD is the SWP contractor that supplies imported water to agencies in the region including the District. Additionally, SBVMWD is obligated under the Western Judgment to recharge the basin, and on average provides approximately 32,400 AFY of imported SWP water (Geoscience, 2009). Additional recharge is provided by spreading SAR water in approximately the same volume as SWP water depending on seasonal and annual availability. Recharge requirements vary annually based on basin management accounting performed under the Western Judgment. Untreated SWP water is a good candidate for diluent water since it is already used for GWR by SBVMWD; artificial recharge credit would be preserved, providing a dual use for this groundwater.

The SAR Spreading Grounds, operated by the SBVWCD could be considered for GWR-RW in this Study as this is a primary location for current artificial recharge activities. However, the SAR Spreading Grounds are located at a high elevation within the service area of the District, which presents economic challenges associated with energy requirements necessary to pump recycled water to this location.

5.5.2 Secondary Diluent Water Source – Santa Ana River Water

The SBVMWD diverts SAR water at the Seven Oaks Dam upstream of reach 5 of the river. The SBVWCD utilizes this water for recharge at the Santa Ana River Spreading Grounds along with imported water. This may also be considered as a primary source of diluent water depending on the location of the selected recharge site, however, the use of this water may require significant additional infrastructure for delivery as diluent. Further investigation is required to determine costs associated with conveying SAR water to potential recharge sites. SBVWCD has rights to 10,400 AFY or more SAR water depending on availability beyond the rights allocated to senior water rights holders, which is variable.

5.5.3 Stormwater as a Diluent

Traditionally, allowances have been made in local basins (e.g. Chino Basin), during years of heavy precipitation, for stormwater to be captured and used as a diluent water source. These strategies should be a part of the overall implementation program.

Chapter 6 Regulatory Analysis

6.1 Introduction

The purpose of this chapter is to provide an overview of regulatory and permitting requirements related to implementation of a GWR-RW project in the District service area. The use of recycled water for planned groundwater replenishment projects in California is regulated under the Federal Safe Drinking Water Act, and several State laws, regulations, and policies, with different responsibilities assigned to the SWRCB, the nine Regional Water Quality Control Boards (RWQCBs), and the SWRCB Division of Drinking Water, formerly the California Department of Public Health (CDPH) Drinking Water Program.¹

6.2 Regulatory Policy Overview

6.2.1 Regulatory Agencies and Authority

Division of Drinking Water

Protection of public health and regulation of drinking water and recycled water in California falls under the jurisdiction of the Division of Drinking Water (DDW), which establishes uniform criteria for NPR and GWR-RW, and is mandated by State law to develop criteria for surface water augmentation using recycled water and to consider if uniform criteria can be developed for direct potable reuse. For GWR-RW projects, DDW approves proposed projects and their Engineering Reports (ER). SWRCB/DDW may also assume responsibility for issuing GWR-RW permits; with input from the jurisdictional RWQCB (currently the RWQCB would issue the permit). It is not likely that this change in permitting function will be determined or effectuated during Fiscal Year 2014/15.

State Water Resources Control Board

The SWRCB is responsible for the preservation, enhancement, and restoration of California's water resources. SWRCB oversees the allocation of water resources and coordinates the State's nine RWQCBs. The SWRCB issues Policies and Plans that apply to the use of recycled water for GWR-RW and NPR. In 2014, the SWRCB issued General Waste Discharge Requirements for Recycled Water (General Permit) that provides statewide authorization of all of Title 22 uses of recycled water by producers, distributors, and users except GWR-RW and is intended to streamline project permitting. The SWRCB also allocates surface water rights, including changes in discharges of wastewater to surface waters (California Water Code 1211 Petition for Change).

Regional Water Quality Control Board

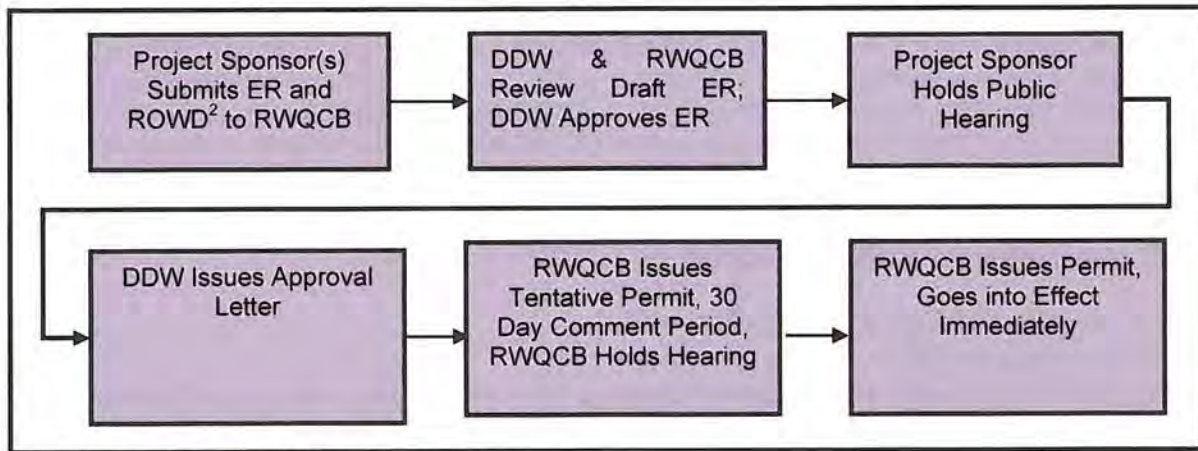
The Santa Ana RWQCB provides local implementation of SWRCB policies and regulations and develops and implements a regional Water Quality Control Plan (Basin Plan) to protect surface water and groundwater quality and beneficial uses. Currently, the RWQCB issues GWR-RW permits and individual NPR permits. The issuance of the SWRCB General Order is intended to replace issuance of new individual permits by the RWQCB.

The current (or potentially interim) process for project approval and permitting of GWR-RW projects is depicted in **Figure 6-1**. The RWQCB would issue the permit based on requirements consistent with the GWR Regulations, the Santa Ana Basin Plan, and State policies. The type of permit (Waste Discharge

¹ Effective July 1, 2014, the CDPH Drinking Water Program was moved to the SWRCB and named the Division of Drinking Water, including water reclamation and potable water reuse. At the same time, the California Water Code was amended giving the SWRCB (and thus the DDW) the authority to carry out the duties granted to a RWQCB pursuant to Chapter 7 of the California Water Code (Water Reclamation sections 13500 – 13557, which include issuing potable reuse permits).

Requirement [WDR] and/or Water Recycling Requirement [WRR]) issued depends on how and where the recycled water is “discharged”.

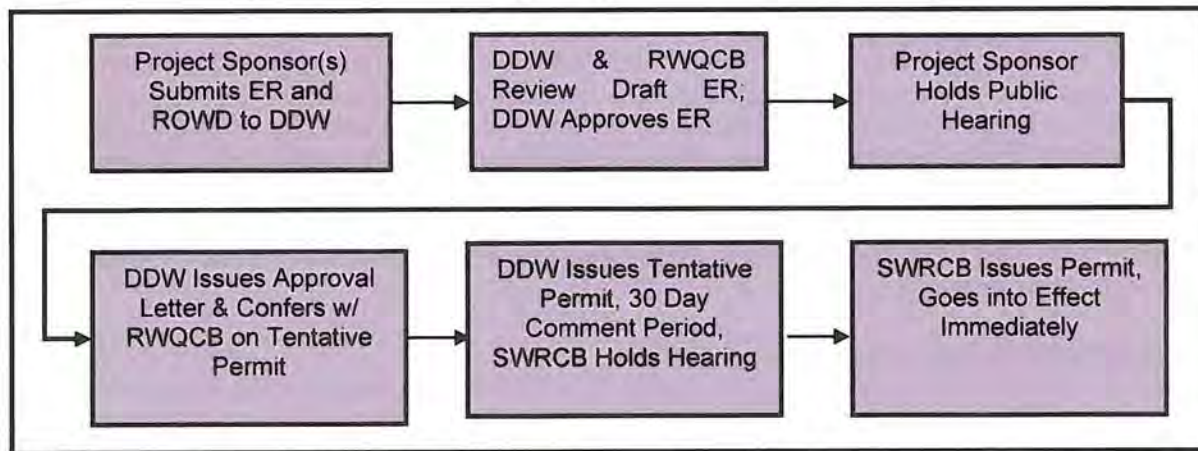
Figure 6-1: Current Regulatory Process for GWR-RW Projects



1. ROWD – Report of Waste Discharge.

If SWRCB/DDW becomes the permitting authority for GWR-RW projects, the possible approval and permitting process may follow the steps shown in **Figure 6-2**.

Figure 6-2: Potential Regulatory Process for GWR-RW Projects



6.3 Regulatory Analysis

This Section provides an analysis of how current regulations may impact the District's GWR-RW project and identifies issues that may require further investigation in order to better characterize recharge facility siting alternatives. These regulatory issues may impact other project requirement including treatment, design and implementation strategy. Several existing recharge facilities in the District's service area have been evaluated for discharge of recycled water as discussed in **Chapter 10**. Several constraints must be considered from a permitting perspective while evaluating recharge facility sites. The following requirements may impact the recharge facility site location.

6.3.1 Groundwater Recharge Regulations

Prior to June 18, 2014, Title 22 included narrative requirements for planned GWR-RW projects. The regulations stated that recycled water “shall be at all times of a quality that fully protects public health” and that DDW recommendations will be made on “an individual case basis” and “will be based on all relevant aspects of each project, including the following factors: treatment provided; effluent quality and quantity; spreading area operations; soil characteristics; hydrogeology; residence time; and distance to withdrawal.”

Since 1976, DDW issued numerous draft versions of more detailed GWR-RW regulations that served as guidance for the six permitted GWR projects in California (all of which are located in Southern California). Final GWR Regulations were adopted and went into effect June 18, 2014 (CDPH 2014). The GWR Regulations are organized by type of project:

- Surface application (surface spreading); and
- Subsurface application (injection or vadose zone wells).

The regulations address the following key project requirements:

- Source control.
- Emergency response plan.
- Pathogen control.
- Nitrogen control.
- Regulated chemicals control.
- Initial recycled water contribution (RWC).
- Increased RWC.
- Advanced treatment criteria.
- Application of advanced treatment.
- SAT performance (surface application).
- Response retention time (RRT).

For planning purposes, the key requirements are the initial RWC and the underground retention time requirements pursuant to the pathogen control and RRT provisions.

Recycled Water Contribution

The RWC is defined as: (1) the recycled water applied at the GWR Project ÷ (recycled water + credited dilution water), and (2) the Initial Minimum RWC = 0.5 milligrams per liter (mg/L) ÷ the maximum total organic carbon (TOC) concentration in the recycled water (before or after recharge) based on a 20-week running average. For surface spreading projects, the GWR Regulations allow an initial RWC of 20% for at least the first year of operation unless an alternative initial RWC is approved by DDW based on: (1) the review of the engineering report and (2) information obtained as a result of the public hearing and (3) the project sponsor demonstrates that the treatment processes preceding SAT can reliably achieve a TOC 20-week running average no greater than 0.5 mg/L (namely advanced treatment).

Retention Time

The GWR Regulations include two requirements that relate to retention time: Pathogen Control and RRT. For surface spreading projects, for Pathogen Control, the recycled water must meet Title 22 disinfected tertiary effluent requirements. The treatment system must achieve a 12-log enteric virus reduction, a 10-

log *Giardia* cyst reduction, and a 10-log *Cryptosporidium* oocyst reduction using at least 3 treatment barriers. For each pathogen, a separate treatment process can only be credited up to a 6-log reduction and at least 3 processes must each achieve no less than 1.0-log reduction. Retention time credit is allowed for virus (only) of 1-log/month.

RRT is the time recycled water must be retained underground to identify any treatment failure and implement actions so that inadequately treated recycled water does not enter a potable water system, including the plan to provide an alternative water supply or treatment. The minimum RRT is 2 months, but must be justified by the project sponsor(s).

The greatest of the horizontal and vertical distances reflecting the retention times required for Pathogen Control or for RRT is utilized to establish the zone within which drinking water wells cannot be constructed (this effectively establishes a boundary between potable and non-potable use of the groundwater basin).

For planning purposes, the GWR Regulations allow use of groundwater modeling to estimate residence time for project facility siting. A project sponsor must validate retention time using an added tracer or a DDW approved intrinsic tracer within the first three months of operation.

RMC performed a groundwater modeling analysis for two proposed recharge sites, which is summarized in Chapter 7. Based on this work, an estimated 6-10 months of retention time will be required for the District's GWR-RW project. The actual required retention time will be determined by the Division of Drinking Water (DDW) during the regulatory approval process.

6.3.2 California Water Code (CWC) section 1211

California Water Code (CWC) section 1211 requires that approval must be obtained from the SWRCB prior to making any change in the point of discharge, place of use, or purpose of treated wastewater that has historically been discharged to a surface stream. Such approval may be required for implementation of a new recycled water facility that would result in reducing the discharge to the Santa Ana River. Any new flows may be exempt from this requirement. The California Environmental Quality Act (CEQA) applies to non-exempt wastewater change petitions, and if the SWRCB does require a change petition, CEQA compliance will need to be completed prior to the SWRCB taking any action on the requested change petition.

To avoid delays in implementing water recycling projects, it is important to coordinate the wastewater change petition with other approvals needed for the re-use project.

Chapter 7 Groundwater Modeling

7.1 Project Area

An analysis of the San Bernardino Basin Area (SBBA) was performed through groundwater modeling by Geoscience. The project area defined for this analysis extends beyond the District's service area to the boundaries of SBBA. This extended boundary is necessary in order to determine the potential impact percolating recycled water at the proposed recharge sites will have on groundwater production wells located with the Cities of Highland, Redlands, San Bernardino, and Loma Linda.

7.2 Data Sources

Data used for this study was obtained from the *Second Report of Recharge Parties Pursuant to RWQCB Resolution* (Geoscience, 2013). Multiple sources were used to gather information for the study. The primary sources and the types of data provided by them are summarized as follows:

- Metropolitan Water District of Southern California: electronic files of historical TDS and nitrate-nitrogen concentrations of SWP water for Silverwood Lake at Devil Canyon;
- San Bernardino County Flood Control District: electronic files of historical precipitation data;
- United States Geological Survey (USGS): electronic file of streamflow and water quality data for gaging stations in the study area;
- Watermaster Support Services (Mr. Steve Mains): electronic files of historical water levels and pumping data;
- Wildermuth Environmental, Inc. (WEI): electronic files of current ambient TDS and nitrate-nitrogen concentrations for management zones; and
- Ms. Linda Woolfenden of USGS: numerical groundwater model files for the USGS Rialto-Colton Groundwater Basin.

7.3 Groundwater Model

7.3.1 Description of Model

The USGS Basin Flow Model was collaboratively refined by Stantec and GEOSCIENCE and is known as the Refined Basin Flow Model (RBFM). In order to refine the USGS Basin Flow Model, a three-dimensional lithologic model was developed. More than 400 water wells with categorical lithology value for intervals in the well bore were obtained and used for the development of the three-dimensional lithology model. These lithology logs were derived from both driller's logs and geophysical logs measured over the last several decades. The basic goal behind the three-dimensional lithologic modeling was to estimate the type of lithology at each cell of a three-dimensional mesh. Using this geostatistical approach, the variation of the lithologic data in approximately 400 wells was modeled. This model was used to guide the estimation of the lithologic property, using an estimation technique known as ordinary kriging, on a mesh comprised of 23 million cells. Upon the completion of the three-dimensional lithologic model, it was used to interpret the location of the five model layer boundaries. Land surface elevation, as determined from Digital Elevation Models (DEMs) for the 7.5 minute topographic quadrangles in the model area, were used as the top of model Layer 1. This was an iterative process whereby geologists interpreted the model layer boundary locations along ten cross-sections extracted from the three-dimensional lithologic model. After the model layer boundaries were determined, they were interpolated and then corrected to include a minimum thickness and made to truncate at crystalline basement outcroppings. Lastly, the positions of these boundaries were imposed on meshes used for input to MODFLOW.

7.3.2 Conceptual Model

The RBFM is an integrated streamflow and groundwater model developed for streams and the valley-fill aquifer of the SBBA including the Bunker Hill and Lytle Basins. The groundwater model consists of five model layers:

- Layer 1 contains the upper confining member and upper water-bearing zone
- Layer 2 represents the middle confining member
- Layer 3 consists of the middle water-bearing zone
- Layer 4 represents the lower confining member
- Layer 5 contains the lower water bearing zone

Groundwater flow between the five layers is restricted by numerous fine-grained deposits in the alluvial deposits. Near the mountain front, the fine grained materials thin to extinction and the five layers act as one. The streams crossing the model area in the aquifers can be both influent (losing water to the aquifer) and effluent (gaining water from the aquifer). The streamflow inflow components are generated from surface runoff originating from precipitation events, as well as water gained from aquifers. The streamflow outflow components include deep percolation to underlying aquifers and outflow from the basin. The primary sources of recharge to the model area include seepage from gaged streams, seepage from ungaged runoff, direct infiltration of precipitation, recharge from local runoff (i.e. runoff originating from precipitation), artificial recharge of imported water, return flow from groundwater pumping, and underflow from adjacent groundwater areas. The primary discharge terms are groundwater extraction, evapotranspiration and subsurface outflow.

Artificial recharge of imported water was based on the historically measured imported water delivered to each of the spreading grounds. A recharge rate of 95% of the imported water was used to simulate water that actually recharged the groundwater systems (Danskin, et al., 2006). During the period from 1945 to 2000, artificial recharge of imported water for the SBBA ranged from 0 AFY (artificial recharge began in 1972) to 30,400 AFY with an annual average of 2,900 AFY.

Groundwater extraction quantities were based on measured data obtained from Steve Mains (Watermaster) and major water agencies in the SBBA for 779 production wells. The amount of groundwater pumped from each well was distributed to model Layers 1 through 5 based on the perforated interval and the hydraulic conductivity of adjacent deposits. The proportion of pumping from each well from each layer is a function of the length of the well screen in that layer and the hydraulic conductivity of the layer. Annual groundwater pumping over the period from 1945 to 2000 ranged from 122,900 acre-ft to 238,500 AF with an annual average of 178,100 AFY.

Recharge from underflow to the SBBA occurs across the Crafton Fault. The amount of annual recharge from underflow ranged from 3,700 AF to 6,700 AF with an annual average of 5,000 AFY for the period from 1945 to 2000 (Danskin, et al., 2006). Groundwater outflow from the SBBA occurs across the San Jacinto Fault and Barrier E. The amount of subsurface outflow ranged from 2,200 AF to 13,400 AF with an annual average of 5,500 AFY for the period from 1945 to 2000 (Danskin, et al., 2006).

7.3.3 Model Methodology

Both groundwater flow and solute transport distributed parameters were used in the analyses for the Bunker Hill-A, Bunker Hill-B, and Lytle Management Zones. Specifically, the models used were:

- MODFLOW Groundwater Flow Model:

The MODFLOW-2000 was the computer code used to simulate the various recharge and discharge terms including artificial recharge of SWP water.

7.4 Modeling Scenarios

Geoscience performed a technical analysis through groundwater modeling in order to provide the relevant data for assessment of IPR-related criteria related to implementation of GWR-RW. The following model run scenarios were performed:

Model Scenario 1: 10 MGD of Title 22 unrestricted effluent applied at the Redlands Water Recycling Plant Recharge Basin.

Model Scenario 2: 10 MGD of Title 22 unrestricted effluent applied at the SAR Spreading Grounds.

The Redlands Recharge Basin and SAR Spreading Grounds were selected for groundwater modeling as result of the siting evaluation described in **Section 10.3**.

The following criteria were analyzed for each model run:

- Model predicted travel distance for recycled water particle in 6 months.
- Travel time to existing groundwater production wells that may be impacted within 25 years after water is percolated.
- Simulated distribution of percent recycled water after 6 months

7.5 Modeling Results

7.5.1 Model Predicted Travel Distance

A simulated tracer analysis was performed for a travel time of 6 months in order to determine the distance that a particle of water travels in this time. This information not only indicates the potential impact on nearby wells within this period but also provides a basis for determining where to locate groundwater monitoring wells required for implementing potential recharge sites. **Figure 7-1** illustrates the predicted particle travel distance for recycled water applied to the Redlands Recharge Basin and **Figure 7-2** illustrates the same information for the SAR Spreading Grounds.

Redlands Recharge Basin

Figure 7-1 seems to indicate that nearby production wells would not be impacted by recycled water recharge at the Redlands Recharge Basin and that monitoring wells may need to be installed within approximately 200-400 feet of the North and West basin boundaries.

SAR Spreading Grounds

In comparing the results for each potential recharge site it is clear that water travels through the soils downstream of the SAR Spreading Grounds significantly faster than that of the Redlands Recharge Basin. It appears as though the District's production well for Plant No. 125 as well as Redland's Airport Well No. 1 may be impacted by recharged recycled water at the SAR Spreading grounds, however additional analysis is required to determine the depth of recharged recycled water relative to the depth from which production wells extract groundwater. Due to the variable distribution illustrated in **Figure 7-2**, it appears that several monitoring wells may be required in order to use the SAR Spreading Grounds for GWR-RW.

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EAST VALLEY WATER DISTRICT - RECYCLED WATER FEASIBILITY STUDY

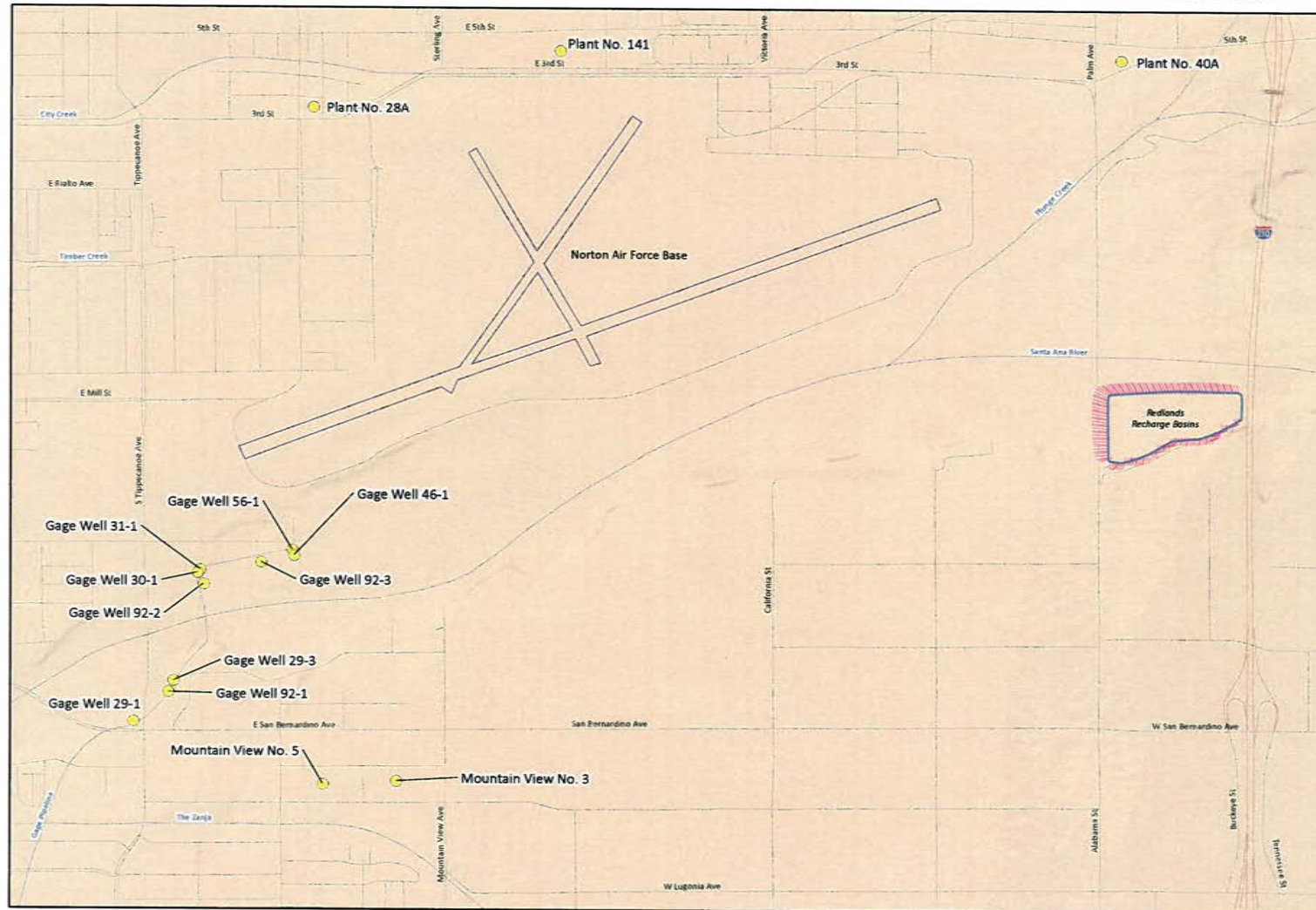
Figure 7-1

MODEL PREDICTED TRAVEL DISTANCE FOR RECYCLED WATER IN 6 MONTHS, REDLAND RECHARGE BASIN

EXPLANATION

-  Active Production Well
-  Recycled Water Particle Track
-  Recharge Basin

Recharge of 10 MGD of
Recycled Water at the
Redlands Recharge Basins



23-Sep-14

Prepared by: DWB. Map Projection: State Plane 1983, Zone V.

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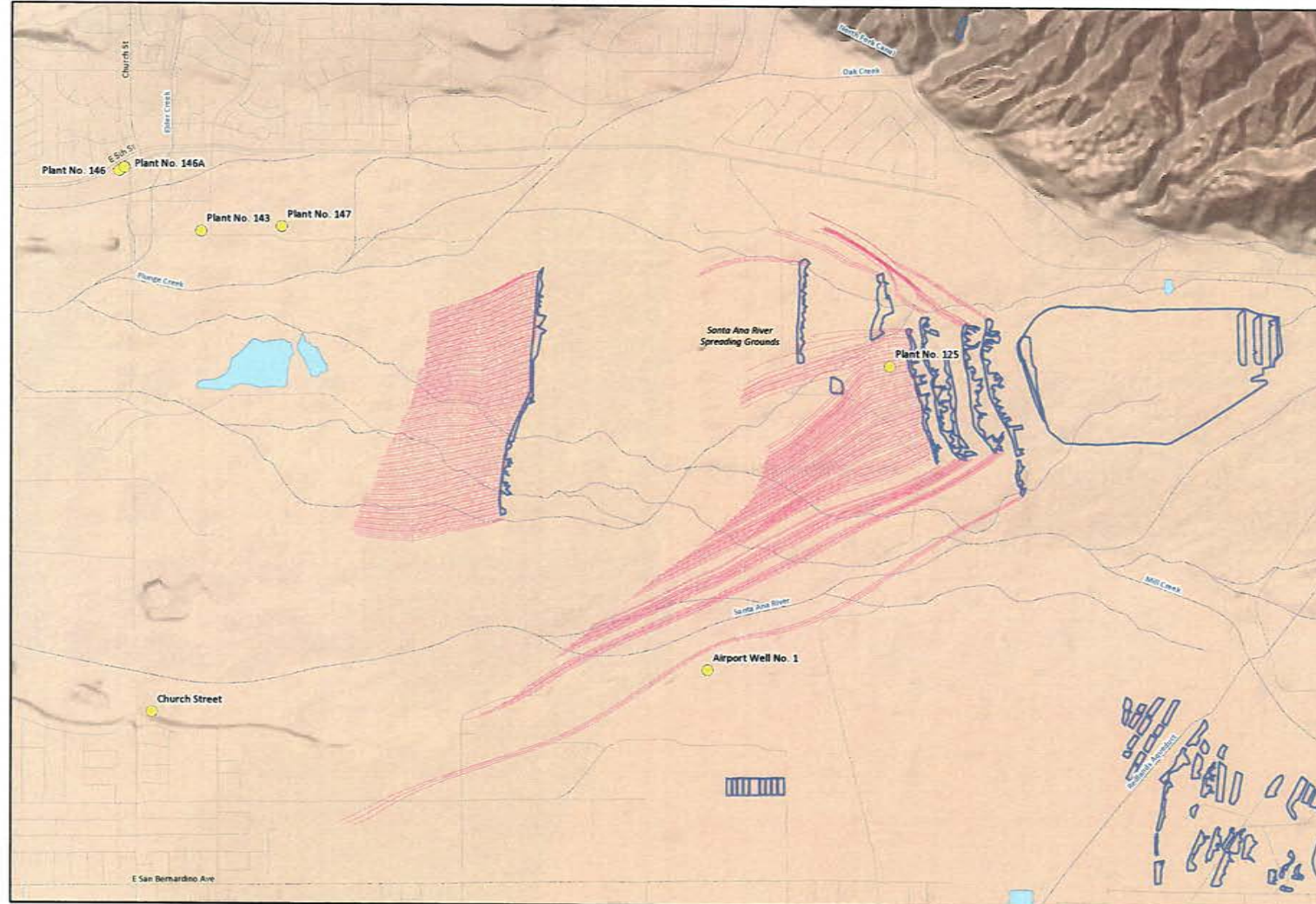
Figure 7-2

**MODEL PREDICTED
TRAVEL DISTANCE
FOR
RECYCLED WATER
IN 6 MONTHS, SANTA
ANA RIVER
SPREADING GROUNDS**

EXPLANATION

-  Active Production Well
-  Recycled Water Particle Track
-  Recharge Basin
-  Surface Water

**Recharge of 10 MGD of
Recycled Water at the
Santa Ana River
Spreading Grounds**



23-Sep-14

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7.5.2 Travel Time to Existing Groundwater Production Wells

A long term groundwater analysis was performed to determine the potential impact on specific groundwater production wells within vicinity of each potential recharge site. **Figure 7-3** presents hydrographs for each well downstream of the Redlands Recharge Basin indicating the percent of recycled water that may be in the vicinity of the well relative to time since GWR-RW starts. **Figure 7-4** presents the same data for the SAR Spreading Grounds.

Redlands Recharge Basin

The hydrographs in **Figure 7-3** appear to indicate that downstream production wells are not adversely affected by GWR-RW at the Redlands Recharge Basin. According to the modeling results it appears to take upwards of seven years for recharged recycled water to reach the nearest wells.

SAR Spreading Grounds

The hydrographs in **Figure 7-4** appear to further confirm that the District's production well for Plant No. 125 as well as Redland's Airport Well No. 1 may be impacted by GWR-RW at the SAR Spreading grounds. Again, additional analysis is required to determine the depth of recharged recycled water relative to the depth from which production wells extract groundwater. Recharged recycled water may not reach the remaining downstream wells for two or more years after GWR-RW begins.

7.5.3 Simulated Distribution of Recycled Water

Figure 7-5 and **Figure 7-6** show contour lines that represent the distribution of recycled water as percentage concentration relative to the groundwater. Contour lines are shown for each layer of the groundwater model, which vary in relative depth from the ground surface, where Layer 1 represents the uppermost and Layer 5 represents the lowermost of water bearing zones. The purpose of this analysis is to illustrate the distribution of recycled water present after 6 months of recycled water recharge. Additionally, this analysis provides a preliminary basis for determining if partial dilution of the recharged recycled water may be achieved through the underflow associated with upstream recharge activities, however further analysis is necessary to determine the extent to which this may occur.

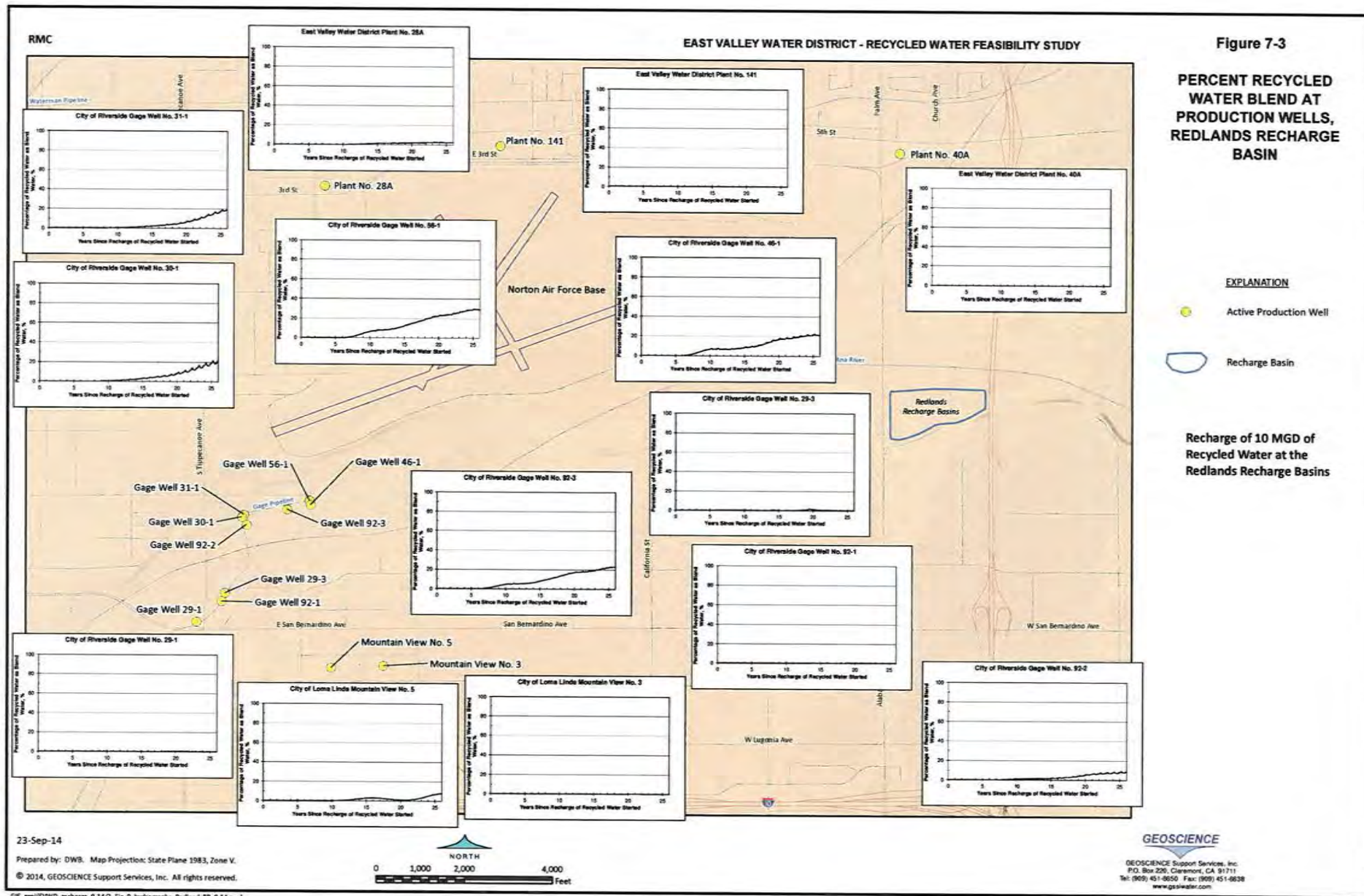
Redlands Recharge Basin

Figure 7-5 further confirms that water moves fairly slowly through soils, both vertically and laterally in the vicinity of the Redlands Recharge Basin. Contours indicate that the uppermost model layers contain higher concentrations and further dilution occurs in lower water bearing zones. The highest recycled water concentration of in the uppermost layer is 35 percent and a 10 percent maximum concentration is achieved in Layer 4.

SAR Spreading Grounds

Figure 7-6 shows a wide distribution of recycled water in the vicinity of the SAR Spreading Grounds, which further confirms the relatively fast movement of water through the soils. The uppermost water bearing zone shows a concentration as high as 30 percent and a 10 percent maximum concentration of 10 percent is achieved in Layer 3, shallower than that of the Redlands Recharge Basin.

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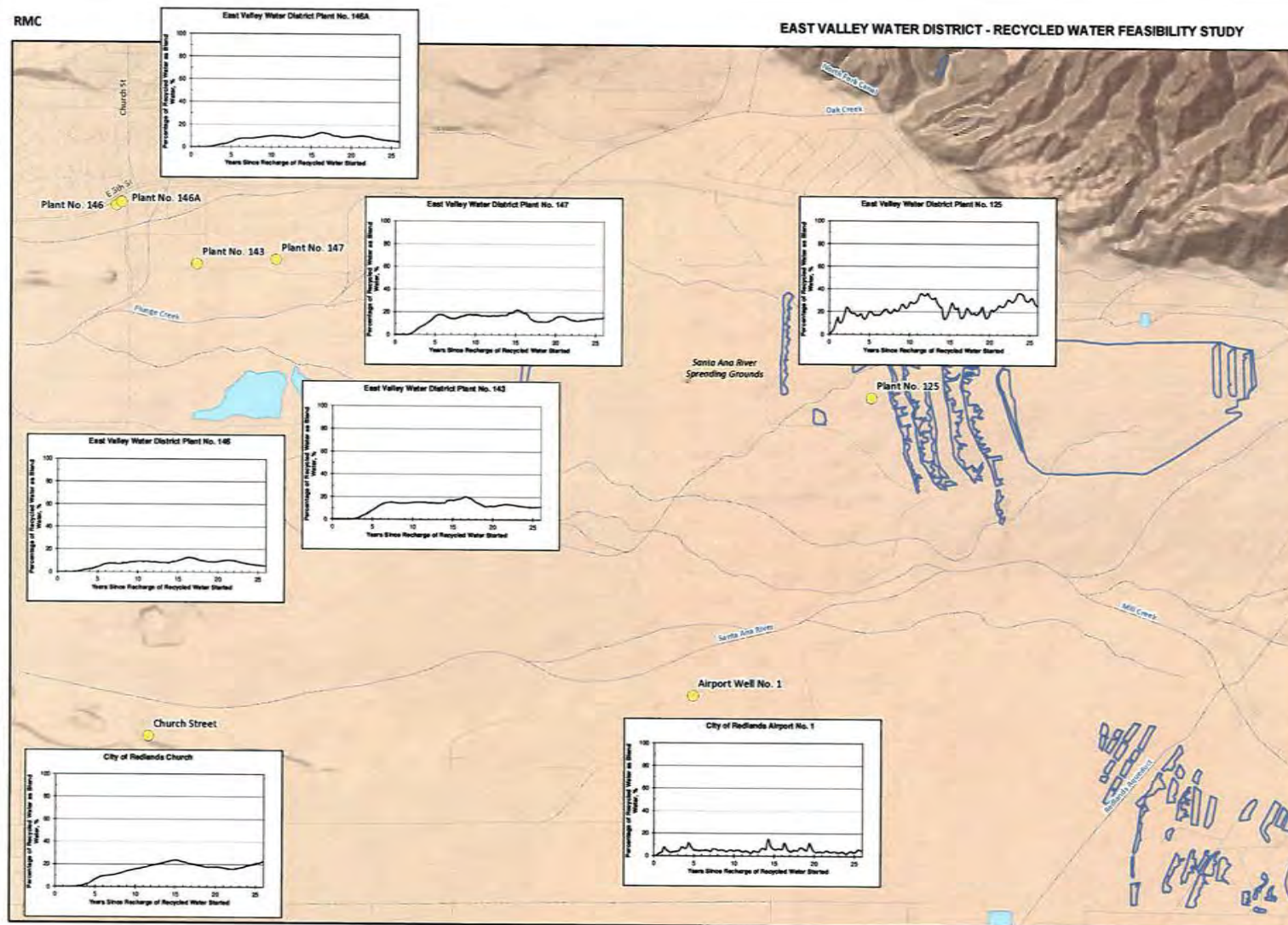
Figure 7-4

PERCENT RECYCLED WATER BLEND AT PRODUCTION WELLS, SANTA ANA RIVER SPREADING GROUNDS

EXPLANATION

- Active Production Well
- Recharge Basin
- Surface Water

Recharge of 10 MGD of Recycled Water at the Santa Ana River Spreading Grounds



23-Sep-14

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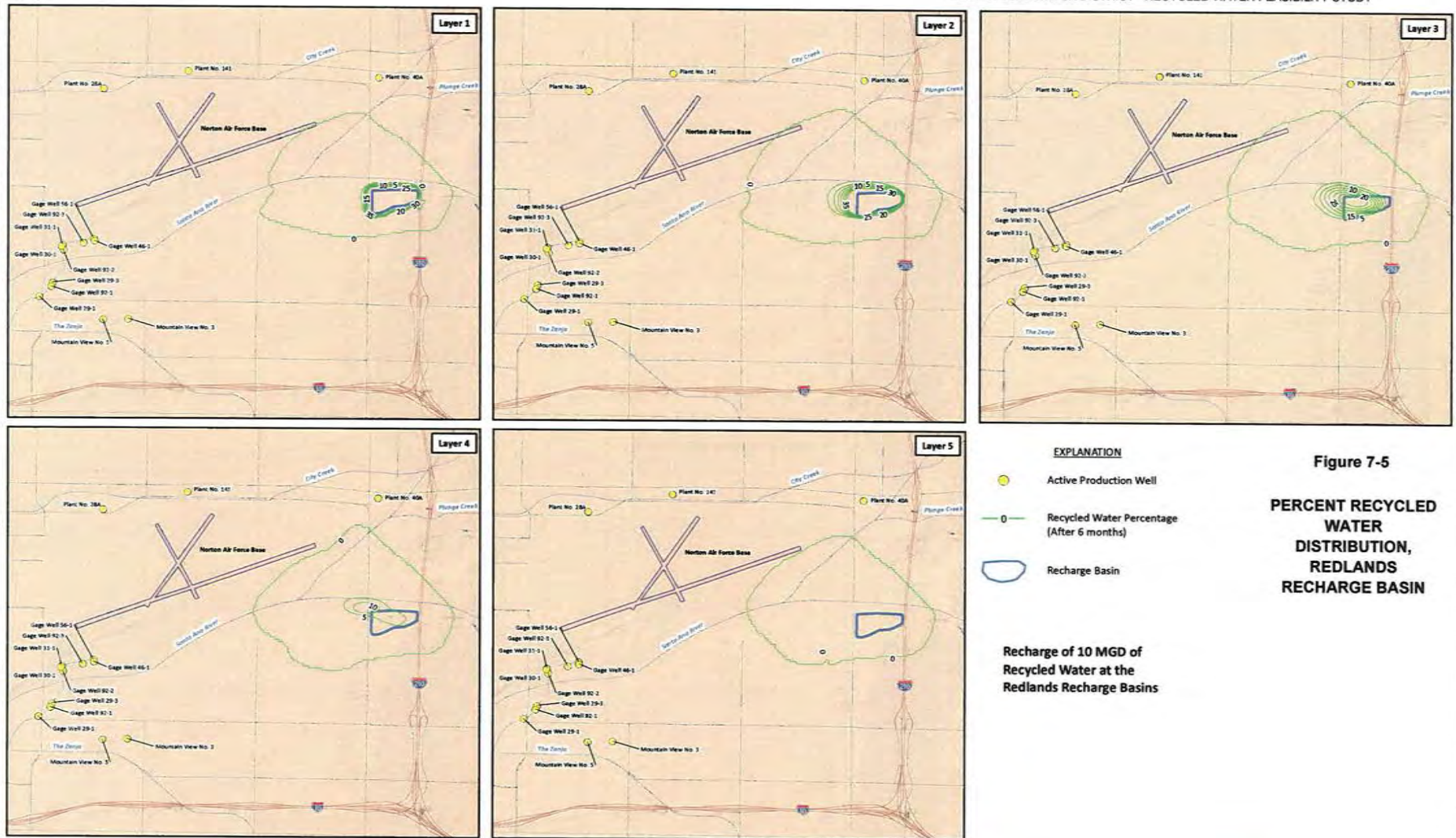


Figure 7-5

PERCENT RECYCLED WATER DISTRIBUTION, REDLANDS RECHARGE BASIN

23-Sep-14

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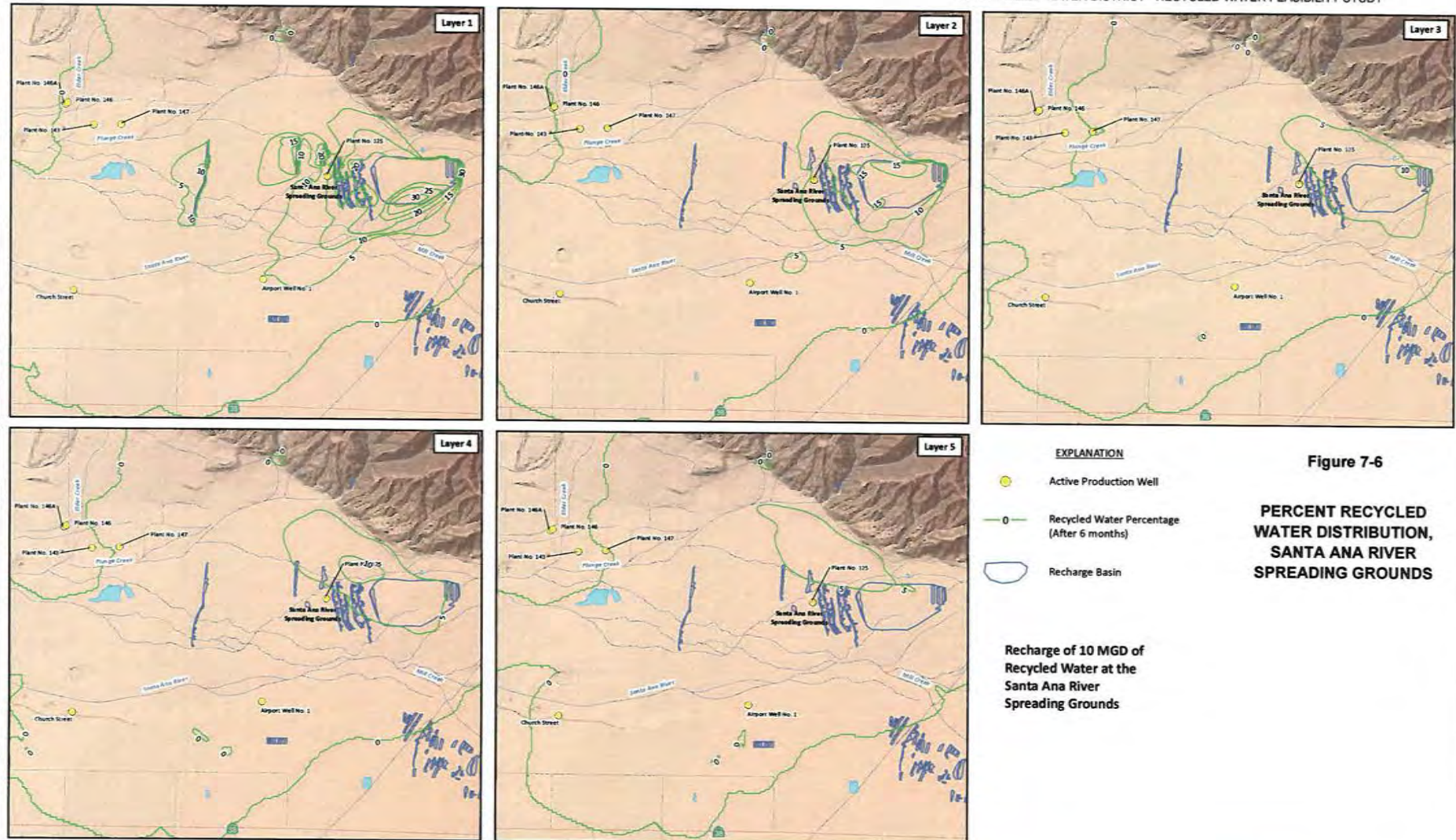


Figure 7-6

PERCENT RECYCLED WATER DISTRIBUTION, SANTA ANA RIVER SPREADING GROUNDS

23-Sep-14

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7.6 Conclusion

The groundwater modeling results appear to indicate that both the Redlands Recharge Basin and SAR Spreading Grounds are viable alternatives for GWR-RW, however both sites may have implications that warrant further analysis. Further analysis is required to determine assimilative capacity of the basin based on regulatory requirements related to recycled water contribution and diluent water.

7.6.1 Redlands Recharge Basin

In order to determine the volume of diluent water required for use of this site for GWR-RW further analysis is required to determine the extent of dilution achieved by the underflow resulting from upstream artificial recharge activities at the SAR Spreading Grounds. Groundwater in the region generally travels from east to west and tends to follow the direction of the SAR. For this reason it is fair to assume that a significant portion of the underflow associated with this artificial recharge passes through the vicinity of the Redlands Recharge Basin. Further analysis is necessary to determine the extent to which this occurs such that a diluent credit may be given for this underflow as a result of the regulatory permitting process. This credit along with TOC requirements will drive the required volume of additional diluent water applied at the site.

It appears as though production wells are not likely to be impacted by the recycled water within the likely required 6-10 month residence time. The actual required residence time will be determined during the regulatory permitting process.

Further analysis is required to determine the impact that recharging recycled water has on the contamination plumes in the District's service area shown in **Figure 3-2**. As part of the permitting process, regulators will be interested in seeing evidence that recycled water recharge will not cause contaminant plumes to migrate over time and adversely impact beneficial use in the region.

7.6.2 SAR Spreading Grounds

Use of SAR Spreading Grounds for GWR-RW greatly simplifies challenges associated with regulatory requirements for diluent water as this is the site currently used for artificial recharge of imported and SAR water. No additional analysis is required to determine underflow credit for this site. Historical recharge records and future recharge activities will serve as the basis for establishing the required recycled water contribution.

Further analysis is required to determine the potential impact on groundwater production wells in the vicinity of the SAR Spreading grounds. From the groundwater modeling performed as part of this study it appears as though the travel time for recycled water to reach production wells may be less than the likely required 6-10 months for several wells. The actual required residence time will be determined during the regulatory permitting process. If it cannot be demonstrated that the required residence time is achieved, other measure may be taken to provide it such as:

- Relocate wells to an area not impacted by GWR-RW
- Install well packers to limit the depth from which groundwater is extracted or seal out specific zones in the depth of the well. This will prohibit recycled water from entering the well from the depth where it may be present, forcing it to travel a greater distance before extraction, therefore increasing travel time.

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Chapter 8 Future Flow Projections and Phasing

8.1 Introduction

8.1.1 Background and Purpose

An analysis of sewer flow projections for the District's service area was performed in order to refine options for the size and phasing of necessary sewer facility upgrades within the time period of 2015 to 2035. The purpose of this analysis was to evaluate the potential of intercepting and treating future sewer flows at a new WRP to offset the need for Capital Improvement Program (CIP) projects that would be required to accommodate the projected sewer flows. Future flow projections were evaluated based on three potential interception points as illustrated in **Figure 8-1**.

The District has determined that all current and future wastewater flows generated in the service area shall be treated at the new WRP and that no flow will be conveyed to SBWRF after the WRP is implemented. Consequently, a portion of the anticipated Greenspot West CIP (Black and Veatch, 2013) is required in order to convey current and future flow to the new WRP. As a result of implementing the WRP, the CIPs west of Sterling Avenue along 5th Street and the CIPs along the Eastern trunk sewer line may be avoided, therefore, offsetting significant cost. The purpose of this chapter is to describe the opportunity for phased project implementation such that all current and future flow may be treated at the new WRP.

8.2 Future Sewer Flow and Phasing

This section evaluates potential sewer flow projections from future developments and population growth in the service area. The WWCSMP identified several major developments in the area that will cause sewer flow to increase at a faster rate in comparison to normal population growth. Therefore, this section estimates the potential sewer flow projected from the major developments and population growth separately.

8.2.1 Future Flow Increase

As part of the WWCSMP sewer flows were projected from 2013 to 2035 based on the existing sewer collection system model. Average dry weather flow (ADWF) projection was used for the flow generation analysis because it provides relatively consistent source water for the proposed WRP. **Table 8-1** presents the estimated future flow and net flow increase between 2013 and 2035 according to the sewer system modeling results. Projected flows are presented for the portion of the wastewater collection system East (upstream) as well as West (downstream) of the potential WRP site at Sterling Avenue, which is discussed in **Chapter 10**.

Table 8-1: Estimated Future ADWF in the District's Service Area

Location	2013 Existing (MGD)	2017 Future (MGD)	2022 Future (MGD)	2035 Future (MGD)
Service Area	6.50	7.16	10.1	11.59
East of Sterling Site	2.35	2.65	5.13	6.09
West of Sterling Site	4.15	4.51	4.97	5.50

It should be noted the District has implemented conservation practices and will continue to do so, which is expected to decrease future wastewater flows. It is expected that with the conservation mandate of decreasing consumption 20 percent by the year 2020, the ultimate plant capacity will be approximately 10 MGD, which is utilized for the purposes of this feasibility study.

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8.2.2 Flow Increase from Major Developments

The findings in **Section 8.2.1** are consistent with the proposed major developments in the District's service area. The WWCSMP identified four major developments in the service area. **Table 8-2** summarizes their sewer generation potential.

Table 8-2: Estimated Future ADWF from Major Developments

Major Developments	ADWF (MGD)
Arnott Ranch Development	0.08
Harmony Development	1.33
Highland Hills Development	0.39
Greenspot Development	0.31
Total	2.11

The previous WWCSMP utilized an aggressive schedule for major developments to take place in the District's service area, assuming all developments will be built out within 5 years starting from 2012. An updated development schedule obtained from the District indicates that construction of the Harmony Development will most likely occur in 2017. For this analysis, it is assumed that flows from all major developments are going to increase linearly from 2017 to 2022. **Table 8-3** summarizes the projected flow increase from major developments.

Table 8-3: Project New Sewer Flow at Interception Points from Major Developments

Location	2013 Existing (MGD)	2017 Future (MGD)	2035 Future (MGD)
Service Area	0	0	2.11
East of Sterling Site	0	0	2.11
West of Sterling Site	0	0	0

It should be noted that this assumed aggressive growth rate provides for a conservative estimated flow projection. While it may take upwards of twelve or more years to build out these new developments, the District should be prepared to provide sewer service to residents in the case that this aggressive buildout schedule is met. The identical flows shown in 2022 and 2035 is a result of flow generated from new developments east of Sterling Avenue.

8.2.3 Flow Increase from Normal Population Growth

In addition to flow increase from major developments, normal (background) population growth in the area also contributes to additional sewer flow. For the purposes of this study, normal population growth is assumed to occur linearly from 2013 to 2035. The sewer flow from normal population growth will take place linearly as well. **Table 8-4** summarizes projected flow increase from background population growth.

Table 8-4: Projected New Sewer Flow at Interception Points from Normal Population Growth

Location	2013 Existing (MGD)	2017 Future (MGD)	2022 Future (MGD)	2035 Future (MGD)
Service Area	0	0.66	1.49	2.98
East of Sterling Site (Gravity)	0	0.20	0.45	1.09
West of Sterling Site (Pumped)	0	0.46	1.04	1.89

8.2.4 Combined Flow Projection from Developments and Population Growth

Based on the findings in the sections above, **Table 8-5** summarizes the total ADWF increase from both major development and population growth in the study area. This flow represents all new flow above the baseline year of 2013. Sewer flow is projected to be available from 2013 to 2035. Prior to year 2017, only normal population growth will contribute to the net flow increase in the system. The total additional flow will reach 0.66 MGD by 2017. Flow increase will occur most rapidly during periods of major developments assumed to be between 2017 and 2022. During this time, total flow increase will change from 0.66 MGD to 3.60 MGD. After 2022, the future flows gradually increase again with population growth through 2035 to approximately 5.09 MGD.

Table 8-5: Projected Sewer Flow Increase at Interception Points (MGD)

Location	2013 Existing (MGD)	2017 Future (MGD)	2022 Future (MGD)	2035 Future (MGD)
Service Area	0	0.66	3.6	5.09
East of Sterling Site (Gravity)	0	0.2	2.56	3.2
West of Sterling Site (Pumped)	0	0	0	0

8.3 Recommended Project Phasing

8.3.1 Treatment Capacity Phasing

The District has made the decision to treat all the existing wastewater flow in its service area and to implement plant expansions that will support future population growth and major developments. Based on future flows estimated in the WWCSMP the WRP would need to treat up to 7.2 MGD ADWF in 2017 and at least 10 MGD by 2022 assuming that all developments will be built out in five years. It is possible that projected future growth is slower than the aggressive schedule described in the WWCSMP. This coupled with the effects of water conservation in the District's service area may result in the need for less capacity in 2017 and delayed plant expansion. It is recommended that the District monitor the impact of water conservation efforts as well as the anticipated schedule for new developments in order to provide ample treatment capacity, while avoiding premature investment in plant expansion. This will provide the ability to control the rate of expanding treatment capacity in the plant to match the wastewater flow projections. For the purpose of this study it is recommended that the plant be initially sized for 10 MGD while installing equipment required for treating up to 6 MGD in order to treat the initial flow for the plant. Plant expansions may be implemented as necessary to treat anticipated flows while considering the rate of development and impact of water conservation. If wastewater flows continue to grow as projected in the WWCSMP, the WRP would be expanded to an ultimate capacity of 12 MGD by 2035.

8.3.2 Infrastructure Sizing

In order to provide the capability for phased capacity upgrades, specific project components should be sized based on ultimate flow conditions when possible. The design of pumping stations, pipelines, buildings, and storage tanks should take into account projected capacity requirements in order to prevent costly future expansion improvements to such facilities. Project components are sized accordingly and discussed in **Chapter 9**.

8.4 Evaluation of Septic Systems

8.4.1 Introduction

There are 770 customers within the District's service area that have septic systems and are not connected to sewer system. An evaluation was performed to estimate the potential new sewer flow that could be generated if these customers were converted from septic systems and connected to the sewer system. This section summarizes the results of this evaluation.

8.4.2 Flows Generated by Septic System Conversion

In order to estimate the total sewer generation potential from these areas, household counts were estimated based on the number of developed parcels. The WWCSMP projects that a single dwelling unit will generate 245 gpd of sewer flow (Black & Veatch, 2013). The analysis concluded that septic system conversion of all 770 potential customers would produce approximately 0.18 MGD of new sewer flow in the service area.

8.4.3 Capital Costs Associated with Septic Conversion

A planning level cost estimate was prepared for the septic system conversions in the service area. The estimated cost for converting the 19 septic areas and connecting them to the sewer system is approximately \$8 million to \$12 million, which is approximately \$10,000 to \$15,000 per household. The cost for septic system conversions is typically the responsibility of the property owner. For the purpose of this Study, it is assumed that septic system conversions will be performed when the District can secure outside funding to assist in this endeavor. It is recommended that the District conduct a study to evaluate the cost of septic tank system conversion to sewer, potential funding opportunities, and the net cost to customers if any.

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Chapter 9 Treatment Process Selection and Sizing

9.1 Effluent Quality Requirements

Surface application of recycled water for indirect potable reuse requires disinfected tertiary effluent as defined in Title 22 of the California Code of Regulations (CCR):

Filtration: For granular media filtration, can meet an average of 2 Nephelometric Turbidity Units (NTU) within a 24-hour period, 5 NTU more than 5% of the time within a 24-hour period, and 10 NTU at any time. For membrane filtration (such as MBRs for the proposed WRP), can meet 0.2 NTU more than 5% of the time within a 24-hour period and 0.5 NTU at any time.

Disinfection: For chlorination, must provide a CT (chlorine residual x modal contact time) of at least 450 milligram-minutes per liter with a modal contact time of 90 minutes or a disinfection process that combined with the filtration process can inactivate 5-logs of F-specific bacteriophage MS2, or polio virus in the wastewater; and the 7-day median total coliform is less than 2.2 Most Probable Number (MPN)/100 milliliters (mL) and the total coliform is less than 23 MPN/100 mL in more than one sample in any 30-day period. No sample shall exceed an MPN of 240 total coliform bacteria per 100 mL.

Effluent quality must also meet the Basin Plan objectives for groundwater quality in order to protect existing and potential beneficial uses. **Table 9-1** provides a summary of Basin Plan objectives for key constituents.

Table 9-1: Basin Plan Groundwater Objectives, Key Constituents

Constituents	Objective in Groundwater (mg/L)
TDS	330
Chloride	500
Sodium	180
Sulfate	500
Boron	0.75
Nitrate-N	7.3

9.2 Treatment Process and Sizing

The water quality requirements discussed in **Section 9.1** can be achieved with treatment through an MBR system. The MBR system is an activated sludge process that treats primary wastewater and when disinfected produces tertiary filter effluent to Title 22 standards. This section provides an overview of the proposed treatment system as well as its advantages and disadvantages between MBR and conventional activated sludge systems such as Sequential Batch Reactor (SBR).

9.2.1 MBR Process Overview

The MBR system is a biological wastewater treatment process that combines secondary activated sludge treatment with tertiary filtration using low-pressure membrane filtration. The MBR process provides biological removal of organic matter and nitrogen, and can also be setup to biologically or chemically remove phosphorus as well. The liquid portion of the treated wastewater is filtered through either MF or ultrafiltration (UF) membranes that have pore sizes ranging from approximately 0.035 μm to 0.4 μm , depending upon the manufacturer. This filtration process replaces the conventional settling tank and is a more robust process that provides reliable, higher quality effluent.

9.2.2 Comparison with SBR Process

An SBR system is a secondary treatment process that produces high quality effluent. The SBR system has a relatively large footprint. Compared to conventional SBR process, the use of membrane filtration for the solids separation in an MBR process allows high quality effluent to be produced at all times, regardless of the influent quality, and eliminates the sedimentation process that can potentially cause problems in the treatment process. Therefore, the MBR effluent is consistently of high quality, with low turbidity, low BOD, and TSS.

The effluent produced from an MBR plant is considered to be tertiary effluent. As a result, additional treatment is not required to meet regulatory requirements for Title 22 unrestricted use. Contrary to the SBR process where a tertiary process such as sand or media filtration needs to be added, the MBR process can be integrated upstream of the advanced treatment process very easily.

In addition to reliable effluent water quality, the MBR system has smaller space requirements and is more robust in variations in loading without upsets. The membrane reactors are commonly enclosed so that the odor impact is minimized compared to the activated sludge process. This will reduce public concerns from nearby residential and commercial areas. Some key advantages are summarized in **Table 9-2**.

Table 9-2: Comparison of SBR and MBR Processes

System Attribute	SBR System	MBR System
Operational Stability and Reliability	Effluent upsets can be caused by poor settling	More Robust process capable of handling variations in loading without upset
Effluent Water Quality	Secondary	Tertiary
Footprint	Larger	Smaller
Expansion Potential	Concrete tanks inconvenient for future expansion	Modular - Easy
Incorporating Reverse Osmosis Advanced Treatment	Tertiary filtration process required before advanced treatment	Can be directly incorporated upstream of reverse osmosis advanced treatment
Public Concerns	High odor complaints	Relatively smaller with enclosed units

9.2.3 Disinfection Process

Disinfection is the final treatment barrier required to produce Title 22 recycled water. The process is intended to destroy and prevent growth of microbes in the WRP effluent. It is assumed that the WRP will utilize free chlorine disinfection as it is a proven, cost effective, and reliable process. Free chlorine disinfection provides the additional security of chlorine residual in the effluent, which may be a benefit in the case of a treatment process disruption such as membrane breakage. Free chlorine disinfection requires a relatively large footprint due to the need for a baffled chlorine contact chamber to allow time for disinfection to occur, while reducing the residual to an acceptable level.

Another viable solution is to utilize UV light for disinfection. This process requires a smaller footprint and is also quite effective in producing Title 22 recycled water. However, it is industry practice that a backup free chlorine system be used in conjunction with UV disinfection as treatment process disruptions resulting in excessive particulate matter, turbidity, and dissolved compounds in the effluent may reduce the effectiveness of UV. A backup chlorine disinfection system thus provides ample residual in the case of a treatment process disruption. The disinfection process would be refined during the implementation phase in discussions with the permitting and regulatory agencies.

9.2.4 Solids Handling

Secondary wastewater treatment processes produce a concentration of solids that must be periodically disposed. The concentrated solids are composed of highly organic material that can go through an additional digestion process and dewatering process to produce a sludge that is acceptable for disposal in a landfill or usable as a soil enhancer (i.e., fertilizer). The nearby Redlands Water Reclamation Plant and Yucaipa's Henry N. Wochholz Regional Water Recycling Facility both produce dried sludge which is hauled offsite to and utilized as fertilizer. The District's proposed WRP would utilize an aerobic or anaerobic digestion process followed by a belt thickener dewatering system. **Table 9-3** summarizes key advantages and disadvantages associated with aerobic and anaerobic digestion.

Table 9-3: Aerobic Verses Anaerobic Digestion

Aerobic Digestion		Anaerobic Digestion	
Advantages	Disadvantages	Advantages	Disadvantages
Easily controlled process and startup	No renewable energy	Produces methane used as renewable energy	Slow and sensitive start-up requires close monitoring
Low BOD in return stream	Energy intensive process	Destroys pathogens	Costly heating, mixing, and gas collection equipment
Fewer odors	Not ideal for primary sludge due to high oxygen demand	Reduces volatile content	High BOD in return stream
No explosive gases	Produces more biomass	Produces less biomass	Confined space hazard
	Sludge is more difficult to dewater	Sludge is more easily dewatered	Cleaning and maintenance challenges from sealed tanks
	Performance varies with seasonal temperature changes		Produces explosive gas

9.3 Sizing and Footprint

For the purposes of this study, the proposed WRP will be sized for an initial design flow of 6 MGD with the ability to expand to 10 MGD to keep pace with projected increases in flow due to increases in population and new developments. It is anticipated that there could be a total flow of 10 MGD at or near build-out conditions. The plant should be planned for an ultimate expansion up to 10 MGD to treat future flows projected in the WWCSMP for 2035. Lower than the projected flows are anticipated due to conservation efforts already in place and compliance with SBx7-7, requiring a 20% reduction in water use by the year 2020. It is estimated that approximate 8 to 10 acres of land will be required for an MBR treatment plant with on-site solids handling. The precise plant area will be refined during design phase of the project.

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Chapter 10 Project Siting Alternatives

10.1 Introduction

10.1.1 Background and Purpose

This Chapter summarizes the results from an analysis of potential sites for the proposed WRP and groundwater recharge facilities for indirect potable reuse. **Chapter 8**, “Future Flow Projections and Phasing” identified three locations to intercept sewer flow from the main sewer trunk line along 5th Street/Greenspot Road. These three locations were identified as potential WRP sites and evaluated to determine the feasibility of implementation. Tertiary effluent from the WRP will be conveyed to a groundwater recharge facility for IPR. Therefore, sites were also identified as potential groundwater recharge locations while considering proximity to the potential WRP sites.

10.1.2 Sizing of Facilities

Based on the future sewer flow projections in the District’s service area, the ultimate capacity of the WRP is estimated to be 10 MGD. The WRP will require approximately 8 to 10 acres of land for the treatment equipment, solids handling facilities, and other ancillary facilities.

As previously discussed, the regulators will ultimately dictate diluent water requirements; therefore the required recharge capacity cannot be confirmed at this time. Some recycled water contribution credit may be obtained through groundwater underflow associated with artificial recharge activities upstream of the GWR-RW site. Additionally, recycled water contribution requirements may be reduced after the first year of operation. For planning purposes, the recharge capacities stated above represent a conservative scenario where no underflow credit is provided and recycled water contribution requirements are not reduced.

10.2 WRP Site Selection

10.2.1 Potential Sites

Figure 10-6 shows the location of three potential treatment sites under consideration and identified as follows:

Site 1 – District Headquarters

Site 2 – Flood Control District Parcel (location near Highway 210 and 5th Street)

Site 3 – Sterling Property (property at Sterling Avenue and 5th Street)

These sites were selected based on their proximity to the sewer interception points identified in **Chapter 8**. A description of each site is presented herein.

Treatment Site 1 - District Headquarters

The District Headquarters site is located at the eastern end of the District’s service area and is comprised of two adjacent parcels, as shown on **Figure 10-1** below prior to the construction of the District Headquarters. The new Headquarters building was constructed on the northern parcel, while the southern parcel remains undeveloped. The southern parcel is approximately 13 acres based on GIS maps. The southern parcel can be characterized as having an undulating terrain with overgrown vegetation and large rock and boulder outcroppings (see **Figure 10-2** for photograph of site). A significant effort in clearing, grubbing, and site preparation would be required to make this parcel suitable for the WRP.

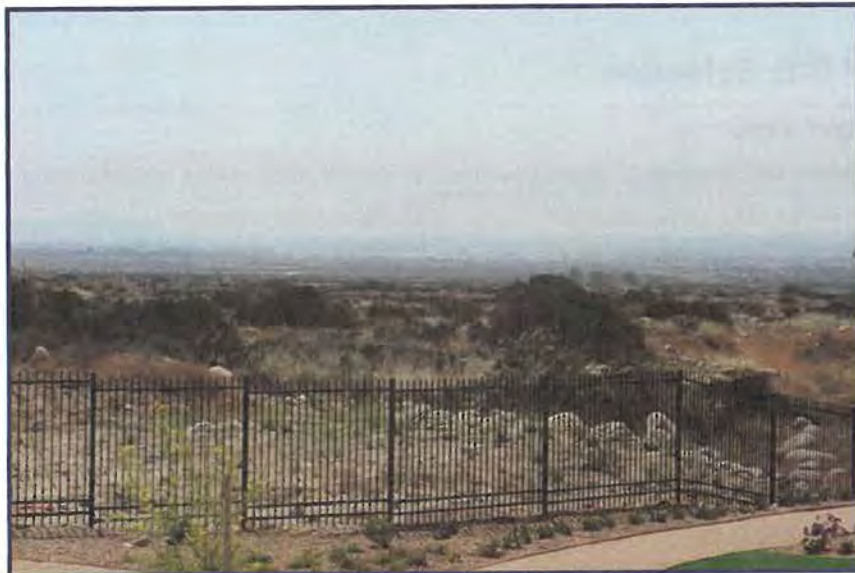
This property is also adjacent to several existing and planned residential communities located within 0.5 miles of this site. The Arnott Range Development is a major development that is proposed to be constructed across the street from the District Headquarters. Additionally, the District Headquarters is

located at an elevation that is 400 to 600- feet higher than the lower elevation of the majority of the District, requiring significant long-term pumping and energy use to provide flows to this site.

Figure 10-1: Potential Treatment Site at the District Headquarters



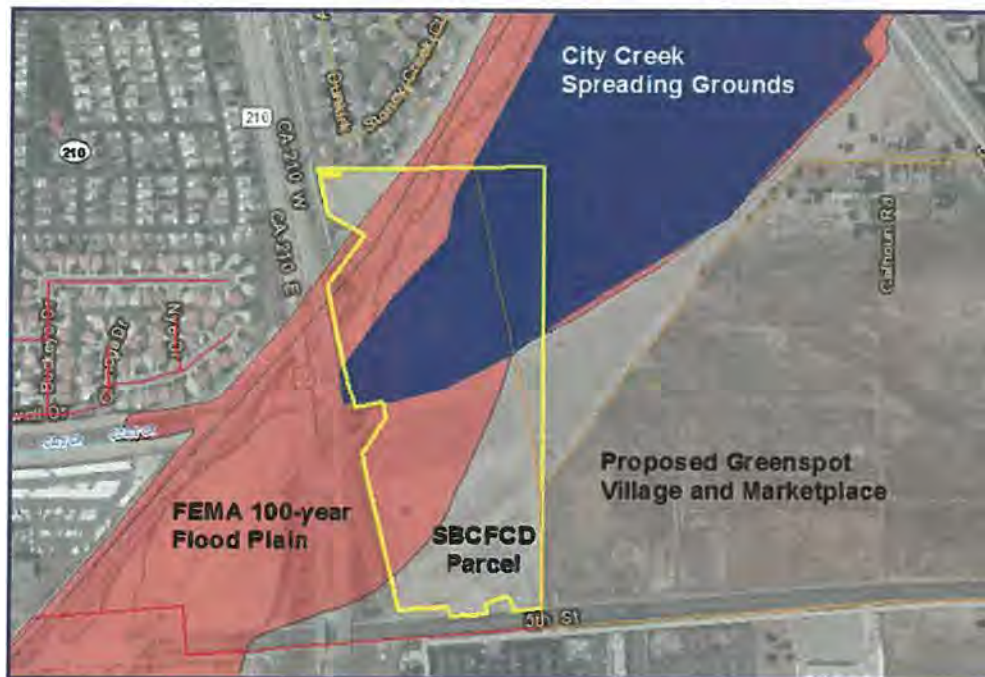
Figure 10-2: View of Southern Parcel of District Headquarters (looking south)



Treatment Site 2 – Flood Control District Parcel

The San Bernardino County Flood Control District (SBCFCD) owns an undeveloped parcel at the northeast corner of the Highway 210 and 5th Street intersection. The southeast portion of the parcel that is outside of the 100-year flood plain is approximately 13 acres, as shown on **Figure 10-3**. This site is not optimal for a WRP due to a number of issues. First, it is located in a heavily travelled area near the 5th Street exit off of Highway 210. Additionally, there is a proposed major development east of this site known as the Greenspot Village and Marketplace development. If this site were to be acquired by the District, it could also be utilized for commercial development, which would bring additional revenue to the City of Highland.

Figure 10-3: Potential Treatment Site near Highway 210



Treatment Site 3 - Sterling Property

The District currently owns two adjacent parcels west of Highway 210 near the intersection of Sterling Avenue and 5th Street in San Bernardino. The total size of these parcels is approximately 22 acres. **Figure 10-4** below presents an aerial view of this site. This property is adjacent to the San Bernardino Airport in a lightly developed area zoned as light commercial with a few small businesses and residential properties. The Sterling property is undeveloped and is characterized as flat, wide open with short scrubs and grass. A view of the Sterling property is shown on **Figure 10-5**. This property has very few adjacent neighbors. The adjacent parcels to the immediate north and west are completely open and undeveloped. The airport is to the immediate south across of 3rd Street. Only the parcel to the east is developed with a commercial automobile towing company. Because this area is zoned for commercial developments and because the District is classified as a special district, local permitting requirements may not pertain to this site.

A water production well (Plant 141) owned by the District is located on the east parcel at the far eastern end of the property. Because the well is relatively small and off to the side, a WRP should be able to be constructed with the minimum 500-foot regulatory clearance from the well.

Figure 10-4: Potential Treatment Site at Sterling Property

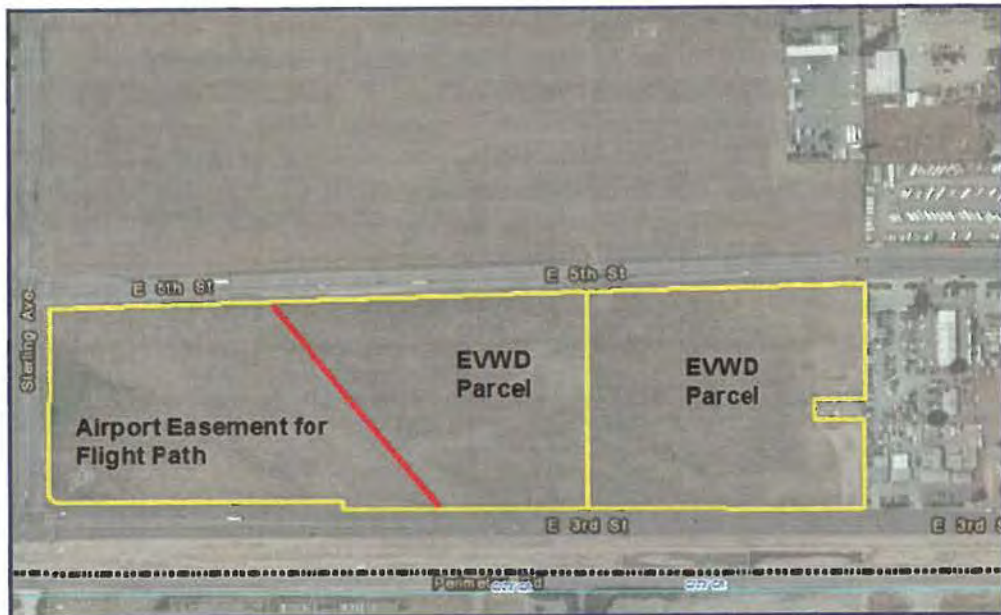


Figure 10-5: View of Sterling Property (from Sterling Ave. looking east)

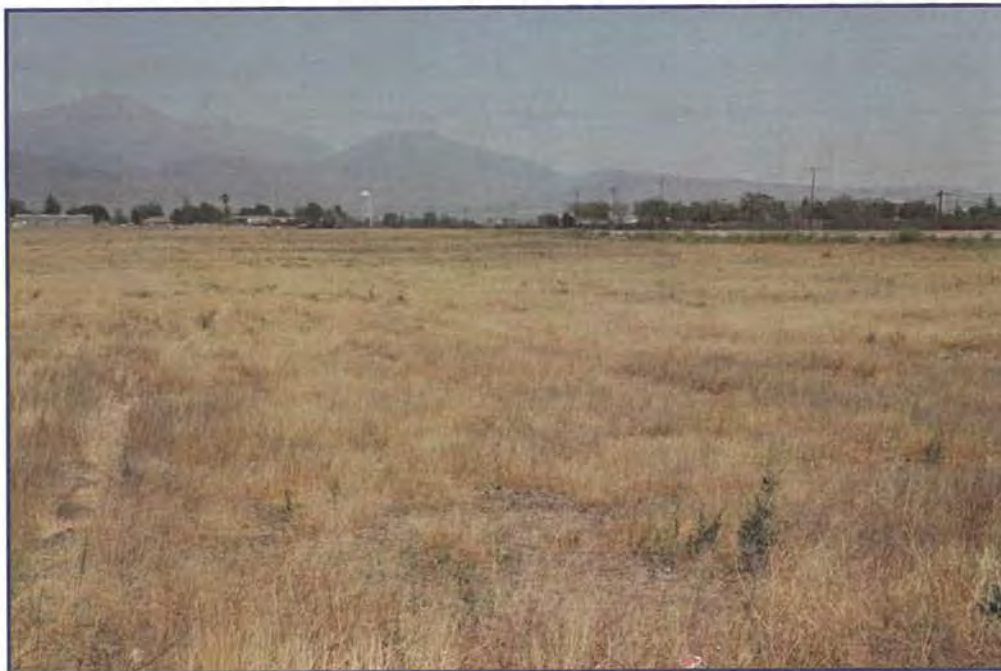
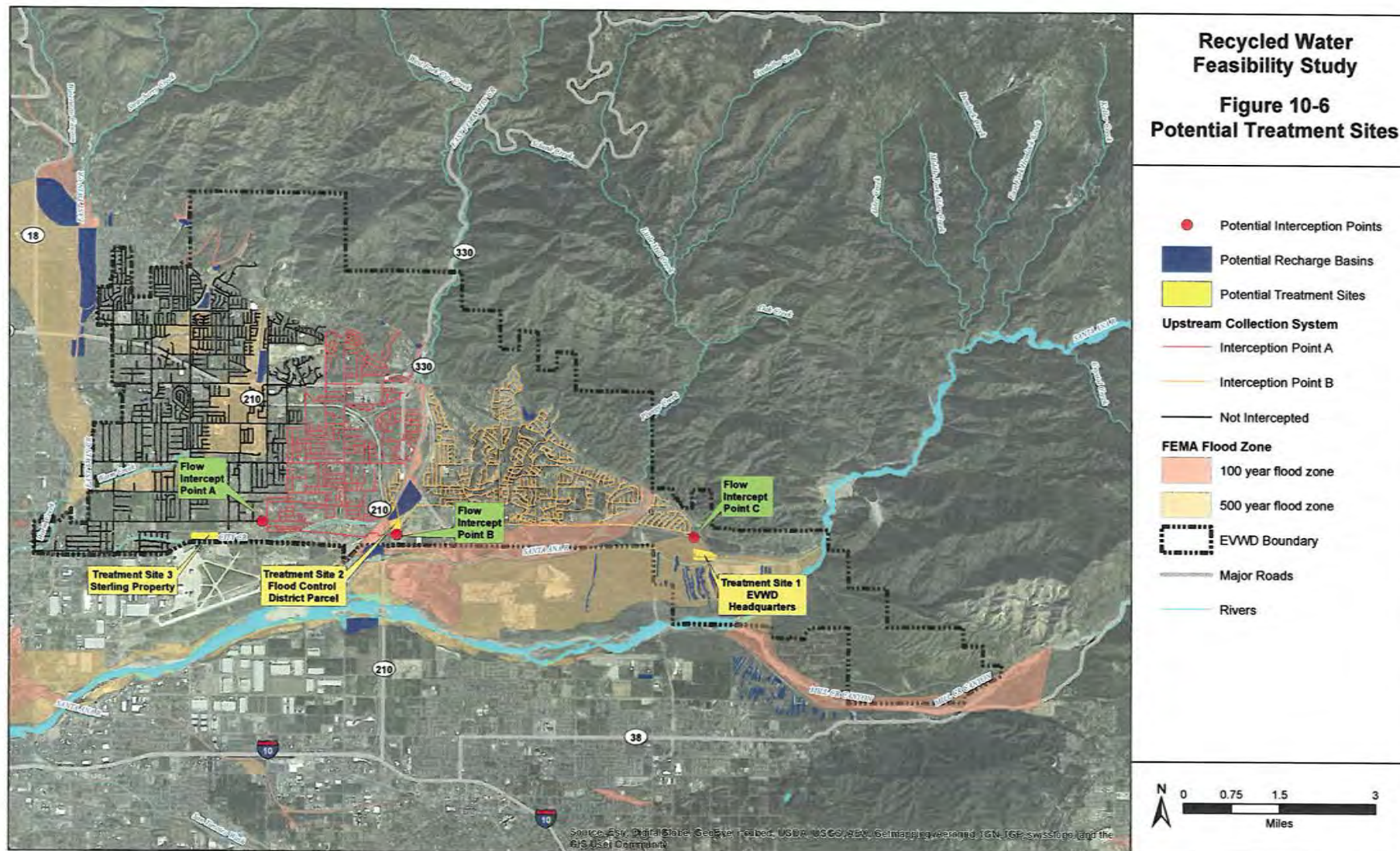


Figure 10-6
Potential Treatment Sites



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10.2.2 Treatment Site Ranking

Each site was scored based on specific evaluation criteria where a score of 1 indicates that it scores best in relation to the other sites and 3 indicates that it scores the worst. Therefore, the site with the lowest total score indicates that it is the most desirable location, when compared to the other sites.

Based on the analysis and ranking provided in **Table 10-1**, the Sterling Property site was determined to be the most preferred of the three sites for the following reasons:

1. The Sterling location has the largest amount of sewer flow available via gravity flow.
2. The Sterling location is located at a lower elevation and does not require pumping to divert flow to the WRP.
3. The District already owns the two parcels that make up the Sterling property.
4. The area around the Sterling property is lightly developed, is zoned as light commercial and has few immediate residential neighbors.

Table 10-1: Treatment Site Evaluation Matrix

Evaluation Criteria	Site 1 District HQ	Site 2 SBCFCD	Site 3 Sterling
Availability of Supply	3	2	1
Elevation	3	2	1
Ease of Acquisition	1	3	1
Public Concern	3	3	1
Total Score	10	10	4
Overall Ranking	3	3	1

Proximity to recharge facilities must be evaluated as part of the overall site selection process and is considered in the recharge site selection process described below.

10.3 Recharge Basin Site Selection

10.3.1 Potential Sites

The recycled water produced by the proposed WRP would be primarily used for GWR-RW with the potential to serve NPR customers close to the distribution system from the proposed WRP to the spreading grounds. A number of sites were identified as potential recharge basin locations within the boundary of the Bunker Hill B groundwater basin.

Figure 10-7 shows locations for the five recharge sites that were selected for evaluation based on previous reports produced by Geoscience and the SBVWCD. The recharge basins from east to west are listed as follows:

Site 1 – Santa Ana River Spreading Grounds

Site 2 – Mill Creek Spreading Grounds

Site 3 – City Creek Spreading Grounds

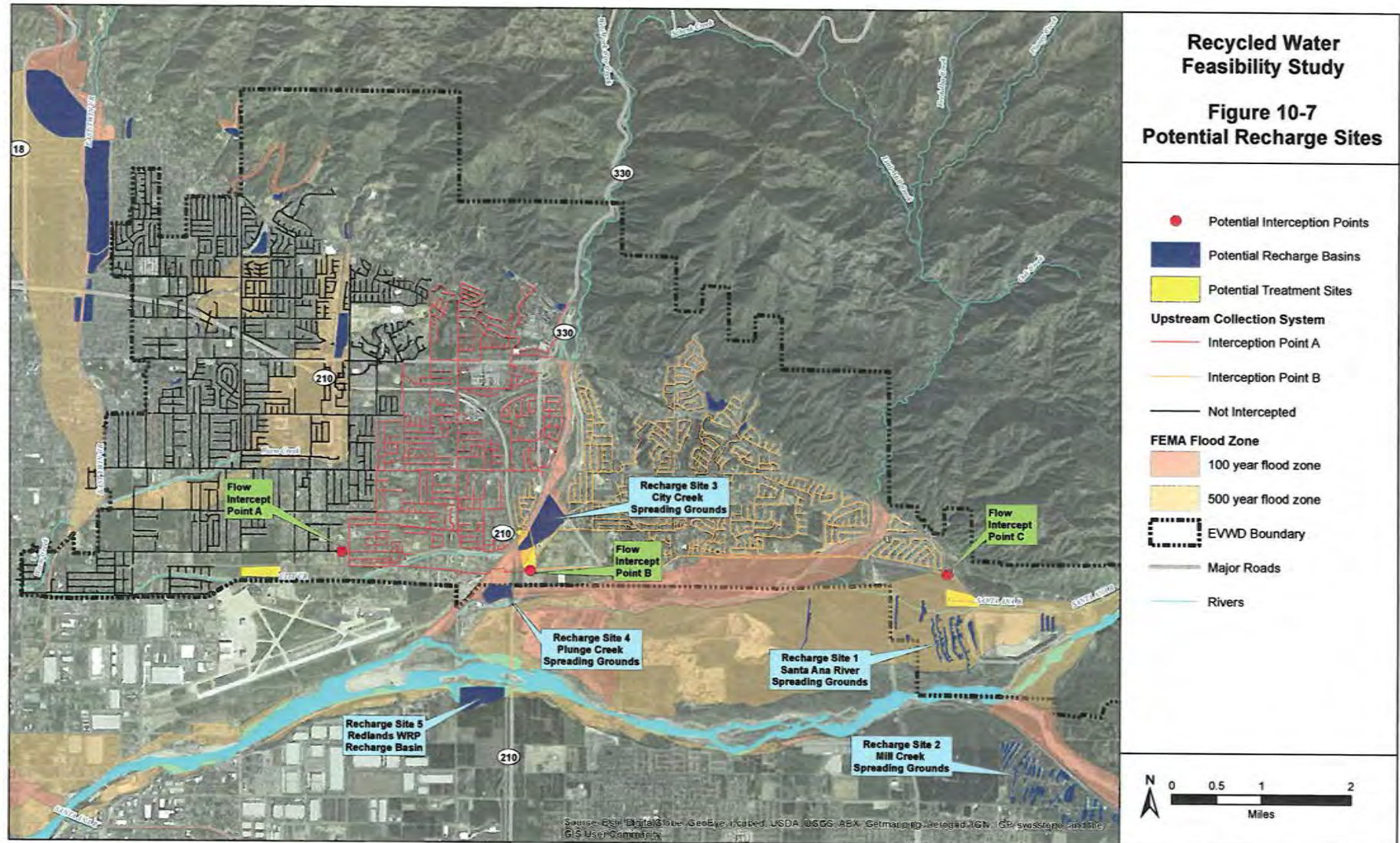
Site 4 – Plunge Creek Spreading Grounds

Site 5 – Redlands Recharge Basin

There are other potential spreading grounds in the northwest region of the District service area, however, they are not considered to be as advantageous because they are at a significantly higher elevation and/or located a long distance from the potential treatment plant sites along 5th Street/Greenspot Road. These locations were not considered for further evaluation in this Study. Geophysical survey investigations have been conducted for some of the potential basins. A description of each of the potential recharge basin locations is presented herein.

Recycled Water Feasibility Study

**Figure 10-7
Potential Recharge Sites**



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Recharge Site 1 - Santa Ana River Spreading Grounds

The Santa Ana River (SAR) spreading grounds is an existing facility operated by the SBVWCD for groundwater recharge. The basins are located south of the District Headquarters and along the Santa Ana River (see **Figure 10-8** for aerial view of the basins). The District's Plant 125 is located within 0.1 miles west of the recharge basins. The SAR spreading grounds is the primary recharge area for the SBVWCD with the source water originating from the Santa Ana River via Seven Oaks Dam and State Project Water via the Metropolitan Water District of Southern California. In the water year 2011/2012, 30,000 acre-feet of water was recharged at the SAR spreading ground (SBVWCD, 2012). The SBVWCD applied to the State for water rights licenses for the diversion of water, and received two licenses for the diversion of a total of 10,400 acre-feet per year (AFY) of Santa Ana River water in 1945.

The spreading grounds are comprised of a number of constructed recharge basins where water from the Santa Ana River is diverted into a series of concrete channels and unlined canals and basins for artificial recharge of the groundwater basin. There is also the ability to divert State Project Water into the recharge basins.

Figure 10-8: Santa Ana River Spreading Grounds



Source: SBVWCD, 2012

Table 10-2: Site Parameters at Santa Ana River Spreading Grounds

Parameters	Site 1
Size (Acreage)	64
Elevation (Feet)	1640
Recharge Type	Diverted
Infiltration Rate (ft/day)	6
Recharge Capacity (MGD)	195
Diluent Water Available	Santa Ana River water and State Project Water
Distance to Water Well	<0.1 mile to Plant 125
Recharge activity in last water year (AF)	30,000

Recharge Site 2 - Mill Creek Spreading Grounds

Mill Creek spreading grounds is another potential recharge location that is currently managed by SBVWCD. It is located south of the SAR spreading grounds by Mill Creek. **Figure 10-9** shows the aerial view of the Mill Creek spreading grounds. The source water primarily comes from Mill Creek. It can also receive water from other nearby agencies. The facilities connecting Mill Creek and SAR spreading grounds provide a great degree of flexibility of water that can be diverted to both recharge facilities. In 1945, SBVWCD obtained the water rights to divert up to 10,400 AFY for groundwater recharge in both SAR and Mill Creek spreading grounds. In the water year 2011/2012, 18,000 AFY was recharged at the Mill Creek spreading ground (SBVWCD, 2012).

Figure 10-9: Mill Creek Spreading Grounds



Source: SBVWCD, 2012

Table 10-3: Site Parameters at Mill Creek Spreading Grounds

Parameters	Site 2
Size (Acreage)	66
Elevation (Feet)	1840
Recharge Type	Diverted
Infiltration Rate (ft/day)	3
Recharge Capacity (MGD)	64.5
Diluent Water Available	Santa Ana River water and State Project Water
Distance to Water Well	<2 miles from Plant 125
Recharge activity in last water year (AF)	18,000

Recharge Site 3 - City Creek Spreading Grounds

The existing City Creek spreading grounds are located north of 5th Street near Highway 210, within one mile from Plant 40. **Figure 10-10** shows an aerial view of the City Creek spreading grounds. It had historically been used for surface water spreading of stormwater and runoff from City Creek and operated by the SBVWCD. This site was considered as a potential site for additional stormwater capture and in-stream recharge in the 2012 Storm Flow and Capture Analysis report (Geoscience, 2012) conducted for the SBVWCD. According to the most recent water balance model, 7,564 AFY of stormwater can be recharged to groundwater at this location.

The City Creek spreading grounds is undeveloped and would require significant construction to accommodate the discharge and dilution of IPR water into the spreading grounds. In 2011, this site was evaluated for use as a diverted stormwater capture and recharge basin (Geoscience 2012). A planning level cost estimate of \$1.55 million was developed, which equates to \$1.65 million in 2014 dollar. It should be noted that this cost is a point of reference, however further analysis is required to determine specific improvements required to use this basin for groundwater recharge of recycled water. The San Bernardino County Flood Control District also owns a portion of the spreading grounds and would require their approval and coordination to discharge IPR water into the spreading grounds.

Figure 10-10: City Creek Spreading Grounds



Table 10-4: Site Parameters at City Creek Spreading Grounds

Parameters	Site 3
Size (Acreage)	45.6
Elevation (Feet)	1,260
Recharge Type	In-stream
Infiltration Rate (ft/day)	6.7
Recharge Capacity (MGD)	99.6
Diluent Water Available	Natural runoff or stormwater
Distance to Water Well	<1 mile from Plant 40

Recharge Site 4 - Plunge Creek Spreading Grounds

The Plunge Creek spreading grounds do not currently exist, but were considered as a potential location for runoff and stormwater recharge in the 2012 Storm Flow and Capture Analysis report (Geoscience, 2012). This proposed location is south of the site of the City Creek spreading grounds; south of 5th Street and west of Highway 210. **Figure 10-11** shows an aerial view of the proposed Plunge Creek location. According to the most recent water balance model, annual groundwater recharge projection using storm water at this location averages 3,962 AFY (Geoscience, 2012). Currently, no artificial recharge activities take place at this site.

The Plunge Creek spreading grounds would require significant construction to accommodate the discharge and dilution of IPR water into the spreading grounds. In 2011, this site was evaluated for use as a diverted stormwater capture and recharge basin (Geoscience 2012). A planning level cost estimate of

\$1.21 million was developed, which equates to \$1.29 million in 2014 dollar. It should be noted that this cost is a point of reference, however further analysis is required to determine specific improvements required to use this basin for groundwater recharge of recycled water.

Figure 10-11: Potential Plunge Creek Spreading Grounds



Table 10-5: Site Parameters at Plunge Creek Spreading Grounds

Parameters	Site 4
Size (Acreage)	37.6
Elevation (Feet)	1,220
Recharge Type	In-stream
Infiltration Rate (ft/day)	6.7
Recharge Capacity (MGD)	127.0
Diluent Water Available	Natural runoff or stormwater
Distance to Water Well	<0.5 mile from Plant 40

Recharge Site 5 - Recharge Basin at the City of Redlands Water Reclamation Plant

The City of Redlands has a water reclamation plant and an adjacent recharge basin. The original wastewater treatment plant was a 10 MGD secondary treatment plant which discharged the plant effluent to an adjacent recharge basin for groundwater recharge. The basin is located south of the Santa Ana River between Alabama Street and Highway 210, as shown on **Figure 10-12**. In 2004, the plant was upgraded to a 6 MGD tertiary water reclamation plant with membrane bioreactor technology. The WRP effluent is currently used for beneficial reuse and is delivered to the 1,056 megawatt Mountainview Power Company power plant owned by Southern California Edison to supply water to its cooling towers. Because the

Redlands WRP effluent water is delivered to the power plant, the adjacent spreading basins may not be in current use and could potentially be an available recharge site. The potential availability of this site needs to be confirmed with staff at the City of Redlands WRP.

If the spreading basins are no longer used by Redlands, this creates a potential opportunity for the District to use the spreading basins for groundwater recharge. This location is in close proximity to the Sterling Property site for a potential WRP location; therefore, this would be an ideal location for receiving IPR water from the Sterling site. The recharge capacity for the basins is not estimated in the available Geoscience reports. However, it is reasonable to assume that the basins can receive water in the range of 5 to 10 MGD, which is the size range of the original wastewater treatment plant. Additional data from the City of Redlands and further analysis is required to better characterize this recharge basin and determine the potential cost associated with upgrading the site for GWR-RW.

Figure 10-12: Redlands Recharge Basin



Table 10-6: Site Parameters at Redlands Recharge Basin

Parameters	Site 5
Size (Acreage)	35
Elevation (Feet)	1,220
Inside 100-year Floodplain	No
Recharge Type	Diverted
Infiltration Rate (ft/day)	3
Recharge Capacity (MGD)	34.2
Diluent Water Available	Santa Ana River water
Distance to Water Well	None

10.3.2 Recharge Site Ranking

Each site was scored based on specific evaluation criteria where a score of 1 indicates that it scores best in relation to the other sites and 3 indicates that it scores the worst. Therefore, the site with the lowest total score indicates that it is the most desirable location when compared to the other sites.

Based on the results illustrated in **Table 10-7**, the Mill Creek Spreading Grounds, Redlands Recharge Basin and SAR Spreading Grounds were determined to be the most preferable of the five sites.

Table 10-7: Recharge Site Evaluation Matrix

Evaluation Criteria	Site 1 Santa Ana River	Site 2 Mill Creek	Site 3 City Creek	Site 4 Plunge Creek	Site 5 Redlands Basin
Existing Recharge Infrastructure	1	1	3	3	1
Diluent Water Availability	1	1	3	3	2
Distance to Water Production Wells	3	2	2	3	1
Total Score	5	4	8	9	4
Overall Ranking	2	1	3	3	1

Table 10-8 summarizes the three preferred recharge site's recharge capacities and proximity to the proposed WRP at the preferred Sterling Site. It should be noted that the SAR Spreading Grounds and Mill Creek Spreading Grounds are currently utilized for artificial recharge by the SBVWCD and the Redlands Recharge Basin is currently not used. Further analysis is required to verify the recharge capacity of Redlands Recharge Capacity.

Table 10-8: Recharge Site Properties

Facility	Recharge Capacity (MGD)	Distance to Sterling Site (miles)
Santa Ana River Spreading Grounds	126.0	8.0
Mill Creek Spreading Grounds	64.5	11.0
Redlands Recharge Basin	34.2 ¹	3.8

Notes:

1. Estimated recharge capacity is based on an infiltration rate of 3 ft/day according to data collected in the surrounding area.

10.4 Project Alternatives

The analysis presented above indicates that the highest ranking WRP site is the Sterling Property. This is relatively close to the Redlands Recharge Basin, which is one of the highest ranking recharge sites. The combination of a WRP at the Sterling Property with IPR recharge facilities at the Redlands Recharge Basin appears to be the best combination.

It is recommended that the following the WRP at Sterling Property with IPR recharge at Redlands Recharge Basin project alternative be further considered for implementation:

Chapter 11 Economic Evaluation

11.1 Introduction

The purpose of this chapter is to provide a cost comparison of potential operational scenarios under which the District could augment water supplies through GWR-RW, while providing wastewater treatment to its customers. Planning level cost estimates were developed for each operational scenario along with the benefit provided in the form of a new water supply.

Previous chapters in this report have identified flow projection and potential locations of the proposed WRP and associated infrastructure, including pipelines, pumping stations, and potential basin improvements, which were presented in technical memoranda for this Study. The Sterling Site and Redlands Recharge Basin have been identified as the most viable sites for wastewater treatment and groundwater replenishment, therefore this chapter focuses on these locations for the purpose of comparing costs and benefits associated with the following project alternatives:

- **No Project:** The City of San Bernardino continues to treat all District wastewater at the SBWRF
- **6 MGD WRP:** The District treats current flows collected east of the Sterling site at the proposed WRP
- **10 MGD WRP:** The District treats all wastewater flows at the proposed WRP

The following sections summarize the estimated capital and operations and maintenance (O&M) cost information for each alternative while accounting for the value of water supply generated.

11.2 No Project Alternative Costs

This section presents the basis for capital and O&M costs as well as the benefit received by the value of water produced as a result of no project implementation, which requires the City of San Bernardino to continue to treat all of the District's wastewater flows.

11.2.1 Capital Cost

Capital costs associated with the No Project Alternative are a result of wastewater collection system CIP costs and are accounted for in the cost comparison provided herein (**Table 11-6**).

11.2.2 O&M Cost

The O&M cost considered for this alternative includes the cost for the District to send wastewater to the City of San Bernardino for wastewater treatment. The District anticipates adding approximately 11,500 new wastewater customer connections by 2035. Each connection pays a monthly fee of \$30.58 for wastewater treatment services. Projecting these costs based on a constant rate of growth until 2035 results in a total treatment cost of \$195.8M or an average annual cost of \$9.8M.

11.2.3 Value of Water Supply

There is no value of water supply associated with this alternative since all flows will be sent to the City of San Bernardino and no new water supply is created.

11.3 Project Alternative Cost

This section presents the basis for capital and O&M costs as well as the benefit received by the value of water produced as a result of implementing a 6 MGD WRP and 10 MGD WRP. It should be noted that there may be costs associated with project alternatives that are not included for the cost comparison conducted herein. At the feasibility study stage of planning there is some uncertainty as to whether specific project components may or may not be required. In order to perform a cost comparison analysis only confirmed required project components are included.

Water Recycling Plant

On-line research was conducted and identified the construction cost of eight MBR plants at capacities between 4 and 12 MGD that were constructed between 1998 and 2012. This cost data was escalated to 2014 dollars and plotted against treatment capacity to develop a cost curve as the basis for determining the potential cost for the District to implement a new MBR WRP. The resulting construction cost of a 6 MGD and 10 MGD WRP are presented in **Table 11-1**. It should be noted that these estimated costs are based on cost curves and not site specific conditions. Cost estimates can be developed to a higher degree of confidence in the future as better definition of the project evolves.

Table 11-1: Estimated Cost of Water Recycling Plant

Plant Capacity (MGD)	Capital Cost (\$M)	Design, Env, Admin ¹ (\$M)	Total Cost (\$M)
6	49.1	12.3	61.4
10	82.6	20.7	103.3

¹ 25% for design, environmental documentation, administration costs

Treated Water Conveyance System

A treated water conveyance system is required to convey tertiary effluent to the Redlands Recharge Basin for GWR-RW. The system requires 18,000 LF of up to a 24-inch diameter pipeline to deliver up to 10 MGD of treated water flow to the recharge basin. Construction cost of the pipeline was estimated using a per unit cost of \$20 per inch-diameter per foot. Construction cost of the pumping station is estimated based on construction cost curves from Pumping Station Design (Sanks et al., 1989). SBVMWD has indicated it has rights to an existing 36-inch diameter pipeline that crosses the Santa Ana River in the Alabama Street Bridge. SBVMWD has indicated that they would allow the District to utilize the 36-inch pipeline. This estimate assumes that the District could use the existing pipeline at no additional cost. A summary of the treated water conveyance system improvements cost for each project alternative are shown in **Table 11-2**.

Table 11-2: Estimated Cost of Treated Water Conveyance System

Plant Capacity (MGD)	Total Infrastructure Cost to Plant (\$M)	Design, Env, Admin ¹ (\$M)	Total Cost (\$M)
6	9.9	2.5	12.4
10	12.2	3.0	15.2

¹ 25% for design, environmental documentation, administration costs

Total Project Capital Cost

The cost estimates for each project component in the previous sections are presented based on projected flow phasing in **Table 11-3**. Phased implementation of a 10 MGD plant may be a viable alternative for the District. In the case that the District were able to take advantage of this approach due to the variables discussed in **Section 8.3.1**, an initial capacity of 6 MGD could be provided allowing for future expansion of the plant. While this approach presents the opportunity for savings associated with the WRP, treated water conveyance costs would be sized for the ultimate capacity of 10 MGD. The total project cost estimate is considered a planning-level cost estimate and is based on information available at this time. The accuracy of the cost estimate will improve as greater project detail is developed over time.

Table 11-3: Estimated Project Cost for Various Plant Capacities¹

System Components	6 MGD Ultimate Capacity (\$M)	6 MGD Expandable to 10 MGD (\$M)	10 MGD Ultimate Capacity (\$M)
Water Recycling Plant	61.4	61.4	103.3
Treated Water Conveyance System	12.4	15.2	15.2
Total Project Capital Cost	73.8	76.6	118.5

¹ Costs include 25% for design, environmental documentation, and administration

11.3.2 O&M Cost

Based on available cost data from the Redlands Water Recycling Plant, the O&M cost of an MBR plant is approximately \$1M per MGD of capacity. For the purpose of this Study, this conservative basis is used as the basis for estimated O&M costs as presented in **Table 11-4**.

Table 11-4: Estimated Annual O&M Cost for the Proposed WRP

Plant Capacity (MGD)	Total O&M (\$M)
6	6.0
10	10.0

11.4 Project Benefits

Project benefits discussed in this section may provide additional value as a result of implementation of a potable reuse project. This value is expressed monetarily for the purpose of performing a comparative cost-benefit analysis. Benefits discussed are a result of the proposed project alternative. Additional benefit from recycled water sales to customers for non-potable reuse water may be readily available under an alternate project configuration. However, the proposed project configuration still provides opportunity for future development of a recycled water distribution system that could generate additional benefit to the District. Project benefits are discussed below.

11.4.1 Value Created from Additional Water Resources Produced

Each project alternative has a different benefit associated with it based on the volume of effluent produced for GWR-RW. The value of water produced as a result of each project alternative is based on the cost of imported SWP water currently used to recharge the groundwater basin, which is \$662/AF. Recycled water produced for IPR will augment current groundwater recharge practices as existing SWP supplies are diverted to surface WTPs in order to support regional increases in demand. The value of water produced by each project alternative is summarized in **Table 11-5**.

Table 11-5: Estimated Value of Water Created from Proposed WRP

Plant Capacity (MGD)	Purified Water Produced (AFY)	Annual Value Created from Purified Water (\$M)
No Project	0	0
6	6,720	4.4
10	11,200	7.4

It should be noted that the value of water produced will be a major consideration while evaluating and negotiating institutional challenges and opportunities. Therefore, the actual monetized value of this water cannot be determined at this time. For the purpose of the cost analysis presented below, this benefit is treated as a revenue stream resulting from the project. Additionally, the cost of imported SWP water is projected by the Metropolitan Water District of Southern California to significantly increase over time. The cost increase will improve the economic benefit to the District, if it produces its own water supply via GWR-RW.

11.4.2 Economic Benefits

The District's investment in a recycled water program will result in additional benefits to the local economy. There are a variety of possible methods for determining the local economic impact resulting from construction projects of various types. The Sacramento Regional Research Institute (SRRI), which is associated with the Sacramento Area Commerce and Trade Organization, has developed a tool for estimating such benefits specific to construction of water and wastewater treatment facilities in the state of California. According to SRRI, it estimates a \$1 million investment in infrastructure and public works projects generates an additional \$825,858 of output through indirect and induced activities. Constructing a new recycled water facility, with a capital cost of \$118.5 million, would have additional financial impact to the local economy of \$97 million, providing a total financial benefit of \$215.5 million to the local economy. Further, construction of a new facility would generate up to 1,400 new jobs, approximately 800 of which are a direct result of the project and 600 of which are a result of indirect and induced activities.

11.5 Project Alternative Cost Comparison

A comparative cost-benefit analysis was performed over a 20 year period accounting for capital and O&M costs as well as the value of water produced in order to determine the potential impact on rate payers for the three project alternatives discussed above. It should be noted that for cost comparison purposes it is assumed that there is no escalation for value of water produced or in the cost of treatment at the SBWRF. The cost comparison is summarized in **Table 11-6**.

Table 11-6: 20-year Cost Comparison

District Cost Components	No Project (\$M)	6 MGD WRP (\$M)	10 MGD WRP (\$M)
District WRP	0	61.4	103.3
Treated Water Conveyance	0	12.4	15.2
Anticipated Wastewater System Improvements ¹	34.6	16.2	29.2
SBWRF Treatment Costs	195.8	100.2	0
District Treatment Costs	0	120	200
Total Costs	230.4	310.2	347.7
Value of Water Supply ²	0	89.0	148.3
Net Costs	230.4	221.2	199.4
Average Monthly Cost Per Connection (\$) ³	37.79	36.29	32.71
Incremental Cost Per Connection (\$) ⁴	7.21	5.71	2.13
Incremental Percentage Rate Increase	24%	19%	7%

Notes:

1. Anticipated wastewater system improvements are included to account for potential avoided costs associated with project alternatives that could affect rates.
2. The value of water produced as a result of each project alternative is based on the cost of imported SWP water currently used to recharge the groundwater basin, which is \$662/AF.
3. Based on an average of 25,400 connections over 20 years.
4. Based on the current monthly cost per connection of \$30.58

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Chapter 12 Implementation Strategies

Figure 12-1 summarizes the recommended implementation activities for the proposed project and associated timeline highlighting key decision points. This timeline shows that it would take more than two years after this Study is complete to start using recycled water for the GWR project operation.

The timeline assumes that many activities take place concurrently and that a progressive design-build process is utilized for project construction, in order to meet the project milestone of being on-line by the third quarter of 2017. Further discussion of construction strategy is discussed in **Section 12.4**.

Figure 12-1: Anticipated Implementation Timeline

Year	2014				2015				2016				2017			
Feasibility Study																
Supplemental Studies																
Engineering Report																
Regulatory Approval																
Environmental Documents																
Institutional / Financial Efforts																
Public Outreach																
Preliminary Design																
Construction																
Operation																

12.1 Regulatory Strategy

Components and timelines required to obtain regulatory approval to proceed with the development of a GWR-RW project in the District's service area were developed based on the regulatory analysis conducted for the Study (see **Chapter 6**), and input received from a preliminary discussion with the Regulators. As noted in the regulatory analysis, authorization of a GWR-RW project would be the responsibility of the DDW/SWRCB and the Santa Ana RWQCB.

The proposed project regulatory approval process addresses issuance of the GWR permit and environmental documentation process.

12.1.1 GWR Permitting Process

Effective July 1, 2014, the California Department of Public Health Drinking Water Program (including recycled water responsibilities) was transferred to the State Water Resources Control Board (SWRCB) and named the Division of Drinking Water (DDW). Also effective July 1, 2014, the CWC was amended such that the SWRCB (and thus the DDW) may carry out the duties and authority granted to a RWQCB

pursuant to Chapter 7 of the CWC (Water Reclamation sections 13500 – 13557, which include issuing potable reuse permits). The transition in permitting responsibilities will evolve over the 2014/15 state fiscal year. Thus, it is not clear at this time if the RWQCB will issue the GWR permit (as currently practiced) or if this responsibility will be the primary responsibility of the DDW. Nevertheless, timely approval of the proposed project will require close coordination and communication with DDW and RWQCB, a process that was started during this study.

The process from planning to permit issuance involves a number of steps and collection of technical information as outlined below. Additional information is provided in Chapter 6.

1. **Project Sponsor Develops an Approved Outline for the Engineering Report:** A GWR project sponsor must submit an engineering report to DDW and RWQCB for review and in the case of DDW for approval. To facilitate preparation and approval of the engineering report it is recommended that the project sponsor work with DDW and RWQCB to develop an approved outline for the report.
2. **Project Sponsor Submits Draft Engineering Report and ROWD:** Typically both the draft engineering report and ROWD are submitted at the same time. The engineering report must describe how the proposed project will meet the final GWR Regulations, the RWQCB Water Quality Control Plan (Basin Plan), and applicable State Policies. Preparation of the engineering report involves compilation of substantive information and studies that address topics including but not limited to:
 - Project Overview and Participants
 - Description of Project Facilities
 - Source Control Program
 - Water Quality Characterization of Raw Wastewater and Tertiary Recycled Water
 - Description of the Groundwater Basin (Hydrogeology, Water Rights, Water Quality, Location of Drinking Water Wells)
 - Groundwater Recharge Impacts Based on Modeling
 - Diluent Water Sources, Water Quality, Source Water Assessment
 - Anti-degradation Assessment
 - Pathogen Control
 - Response Retention Time
 - WRF and Spreading Basin Operations
 - Contingency Plan
 - Proposed Monitoring Plan (Recycled Water, Diluent Water, Groundwater)
3. **Engineering Report Review and Approval:** There are no statutory or regulatory deadlines for review or approval of the engineering report. The approval process is typically iterative, requiring modifications to the report as the review process progresses. Once approved, the DDW will issue an approval letter for the report.
4. **Project Sponsor Holds Public Hearing:** Upon approval of the engineering report, the project sponsor in coordination with DDW would schedule and hold a public hearing. At the conclusion of the hearing, based on the approved engineering report and evidence provided at the hearing, DDW would issue a letter indicating that the proposed project meets all statutory and regulatory requirements. DDW no longer intends to issue Findings of Fact and Conditions for projects now that the GWR Regulations have been promulgated.
5. **RWQCB or DDW Issues Tentative Permit, Receives Public Comments, and Holds Permit Hearing:** Depending on which agency assumes primacy for permitting, either the RWQCB or DDW would issue a tentative permit (WDRs and WRRs) for public review and comment. A

permit hearing date would be set (by the RWQCB or SWRCB), and a public hearing would be held for the tentative permit. The permit would be adopted at the hearing and go into effect immediately. A project sponsor may petition the permit to the SWRCB if it does not agree with the requirements.

12.1.2 CEQA / NEPA Documentation

The District must complete the California Environmental Quality Act requirements prior to issuance of the GWR permit. The CEQA process can be conducted concurrently with the preparation of the engineering report and/or facility planning/design. If the proposed project seeks federal funding, then the District must also satisfy the requirements of the National Environmental Policy Act (NEPA), which although similar to CEQA, has its own unique requirements and typically takes a longer time for approval versus CEQA documentation. A few of the substantive differences between NEPA and CEQA are as follows:

- NEPA generally requires that any cost/benefit analysis prepared for the project be incorporated into or attached to the EIS. Incorporation of cost/benefit information is optional under CEQA unless it constitutes the basis for rejecting an environmentally superior alternative.
- NEPA requires that the project and each of the alternatives be analyzed equally and compared. Under CEQA, the analysis of significant effects of alternatives can be evaluated in less detail than the effects of the proposed project; however, each environmental issue should still be addressed for each alternative to allow for comparison of impacts with the proposed project.
- CEQA requires agencies to implement feasible mitigation measures. CEQA also requires the preparation of a Mitigation Monitoring or Reporting Program.
- The standards of significance under NEPA generally are less sensitive than under CEQA.
- It is generally the case that the time commitment for a NEPA process involving an EIS will be longer than the CEQA process.

12.2 Institutional Arrangements

There are several entities that require involvement in the implementation of this project. Several of them have been engaged on a preliminary basis; however, further institutional coordination is required in order to establish a cooperative strategy that proves to be mutually beneficial for all parties. This section will highlight specific issues that must be addressed with specific project stakeholders.

City of San Bernardino

- **Wastewater Treatment:** The District must come to an agreement with the City of San Bernardino regarding the District's plans to treat wastewater flows currently treated by SBWRF. This will result in modifications to the JPA.

City of Redlands

- **Recharge Facility Site:** The District must engage with the City of Redlands to discuss the potential use of the recharge basins located adjacent Redlands Wastewater Treatment Facility. An agreement must be made in order to move forward developing the project with the planned use of this site.
- **Production Wells:** Groundwater modeling conducted as part of this study has suggested that nearby production wells may not be adversely impacted as a result of GWR-RW at the Redlands Recharge Basin, however further analysis is required as part of the Engineering Report to confirm that this is the case. In the case that recycled water has insufficient travel time in the basin and Redlands potable water wells are adversely impacted, such wells may need to be taken

out of service. Under such circumstances, it is anticipated that the District would be responsible for either modifying the wells with well packers to force the well to withdraw from levels without recycled water and/or providing a means of producing an equal amount of replacement water to the City of Redlands; however, specific terms are to be negotiated.

San Bernardino Valley Municipal Water District

- **Diluent Water:** The District should engage with the SBVMWD in discussions regarding how to optimize the existing groundwater recharge and management operations of the SBVMWD toward credits for any required levels of dilution water credits. SBVMWD is engaged in significant groundwater recharge activities that potentially represent acceptable levels of dilution water credits. By working collaboratively with SBVMWD and the RWQCB, there is a significant opportunity for the District to meet the regulatory requirements while enhancing the overall groundwater management strategies of SBVMWD.
- **Diluent Water Infrastructure:** The District should engage with SBVMWD to discuss the potential for utilizing SBVMWD's existing imported water conveyance systems in order to deliver diluent water for GWR-RW.
- **Habitat Conservation Plan:** The District should explore possibilities of mutually beneficial opportunities for recycled water development with the SBVMWD.

San Bernardino Valley Water Conservation District

- **Recharge Facility Site:** In the event that the use of the SAR Spreading Grounds or Mill Creek Spreading Grounds as a site for GWR-RW is selected, this will require the approval of the SBVWCD. An agreement must be made in order to move forward developing the project with the planned use of this site.
- **Diluent Water:** The District must engage SBVWCD in discussions regarding the use of SAR water and stormwater as diluent. The District could utilize the SAR supply that SBVWCD allocates to groundwater recharge on an annual basis, however depending on the location of the selected recharge site, this supply may need to be conveyed to an alternate location from SBVWCD's current recharge activities. Altering SBVWCD's groundwater recharge location may require a hydrogeological analysis to evaluate the impact and confirm that the altered recharge activities will provide comparable benefits to the basin.
- **Stormwater:** The District must engage SBVWCD in discussions regarding the use of existing stormwater diversion and conveyance infrastructure in order to utilize stormwater as diluent water.

12.3 Funding Strategies

12.3.1 Sources of Capital Funding

A variety of options exist for the District to secure capital funding of the project. The following potential funding sources are discussed in this section:

- Grants and Loans
- Municipal Revenue Bonds
- State Revenue Bonds
- Revenue Sources

Grants and Loans

Grant funds and loans may be available from State or Federal agencies for eligible projects. **Table 12-1** summarizes potential GWR-RW project funding sources.

The State Revolving Fund (SRF) Loan Program provides low-interest loan funding for construction of publicly-owned wastewater treatment facilities, local sewers, sewer interceptors, water reclamation facilities, as well as, expanded use projects, such as implementation of non-point source projects or programs and stormwater treatment. Available loan amounts range from \$200 to \$300 million annually. Under the general terms of the program, loans with a 30-year term carry an interest rate equal to one-half the most recent State General Obligation Bond Rate, typically 2.5% to 3%. However, in response to the current drought, the SWRCB has made a total of \$800 million in SRF loans funds available at 1%, 30-year terms. The application process is continuous, but it is recommended that the District initiate this loan application process as soon as practical as there is no obligation to finalize a loan if alternative funding is secured by the District.

Table 12-1: Grant and Loan Programs

Program	Agency	Status	Summary
Water Recycling Facilities Planning Grant Program	SWRCB	Active	Covers 50 percent of eligible costs up to \$75,000 for facility planning for recycled water facilities and distribution system projects.
Water Recycling Construction Funding Program	SWRCB	Active	Covers 25 percent of eligible costs up to \$5 million grants for construction of recycled water facilities and distribution system projects. Low interest SRF Loans are also available through this program.
Prop 84 Round 3 Implementation Grant	DWR & SWRCB	Under Development (Spring 2015)	Prop 84 Integrated Regional Water Management Plan (IRWMP) Grant
Prop 1 Water Quality, Supply, and Infrastructure Improvement Act of 2014	DWR & SWRCB	Under Development	\$510 million allocated to IRWMP and \$725 million for Water Recycling
Title XVI WaterSMART Program	United States Bureau of Reclamation (USBR)	Awaiting reauthorization	\$21.5 million in competitive grants for water reuse and recycling projects. Construction funds only for projects specifically authorized by U.S. Congress.

Municipal Revenue Bonds

Municipal Revenue Bonds are long-term debt obligations for which the revenue of the issuer is pledged for payment of principal and interest. The security pledged is that the project will be operated in such a way that sufficient revenues will be generated to meet debt service obligations.

Typically, issuers provide assurances to bondholders that funds will be available to meet debt service requirements through two mechanisms: provision of a debt service reserve fund or a surety and a pledge to maintain a minimum coverage ratio on the outstanding revenue bond debt. To the extent that the

borrower can demonstrate achievement of coverage ratios higher than required, the marketability and interest rates on new issues may be more favorable.

State Revenue Bonds

Since this is a long term plan and there is interest in the California State Legislature to support water recycling through State Bonds, there will likely be additional State Bond money that will be available at a future date. For example, Proposition 84, which was passed in the November 2006, allocates up to \$1 billion to Integrated Regional Water Management Plan (IRWMP) projects. Hence, the agencies should inform their state legislators of the project plan to gain their political support, which may take upwards of two years to accomplish.

Certificate of Participation Bonds

Certificate of Participation (COP) Bonds are tax-exempt bonds secured with revenue from an equipment or facility lease. While technically avoiding long-term debt through utilizing a COP bond, the District may obtain resources needed for implementing capital improvements without having to obtain a public vote while complying with California debt limitation laws. COP's are structured such that the ownership of the facility, land, or equipment may be vested in a third party entity that would then lease the asset back to the District, providing use or occupancy of the asset in return for lease payments from the District's general fund. The third party entity assigns the lease payments to a trustee, who then remits payment to investors of the COPs.

Revenue Sources

Revenue sources typically fall into the categories of connection fees, water availability standby charges, system charges, property taxes, and commodity rates.

Connection fees are a commonly used funding source that are paid by developers or individual new connections for the equivalent cost of constructing new water facilities to serve other users to offset the demand created by the development. Connection fees are determined by the overall costs, the allocation to these costs to various benefit zones and the number of new connections expected in each of the benefit zones.

Commodity rates are the per volume unit rates the purveyor charges for supplying water. For this project, it is likely that a water extraction fee would be established for removing water from the recharged groundwater. Also, many banking programs charge a volumetric (commodity) fee per AF of storage per year. This then would be passed along to ultimate consumers by the retailing agency.

Summary

Given the timing of the project, the most promising source of funding is the Water Recycling Funding Program offered by the SWRCB. The District should apply for the facilities planning grant as well as the construction loan/grant options offered under this program. Retroactive funding of eligible construction costs incurred on or after January 1, 2004, will be available for projects that have started construction prior to receiving a funding commitment from the SWRCB.

Another viable source of funding for the project is Proposition (Prop) 84 dollars provided through the IRWMP process. Although the District is a member agency of the Upper Santa Ana Region IRWMP, the region has not gone through the Department of Water Resources' (DWR) Regional Acceptance Process in order to be eligible for such funding. The Upper Santa Ana Region IRWMP is currently being revised in preparation for eligibility in future grant programs. Depending on the timing of completion of the IRWMP and regional acceptance process, the District may benefit from applying for the 2015 Prop 84 Round 3 Implementation Grant. The District should therefore line up the project through the IRWMP process.

Additionally, the District should track the progress of funding opportunities from the Proposition 1 Water Quality, Supply, and Infrastructure Improvement Act of 2014.

Realistically, an outside source of funding would not cover the entire capital cost for the project, so some form of local funding, such as a bond or certificates of participation will be needed. The most appropriate source of local funding would need to be established through the development of a financial plan. The debt from capital funding as well as O&M costs would be paid through revenue sources, which typically fall into the categories of connection fees, water availability standby charges, system charges, commodity rates, and property taxes.

12.4 Construction Strategy

The District is facing the challenge of implementing a WRP prior to completion of new residential developments in the service area that would otherwise drive significant capital improvements to the wastewater collection system required to deliver sewer service to new residents. In order to meet this schedule the WRP must be operational by the third quarter of 2017, which requires several implementation tasks to occur simultaneously as indicated in **Figure 12-1**. The facilities planning, design, and construction activities must all be compressed into a two year period. The optimal way to facilitate such a schedule would be to employ a progressive design-build (DB) construction process. There are several advantages to utilizing such a process when compared to a typical design-bid-build (DBB) process. Recent increased use of collaborative project delivery methods such as progressive DB has resulted in owners reporting quality projects being delivered on time and within budget. This section provides an overview of each of the progressive DB and DBB processes, describes advantages and disadvantages, and recommends strategies for successful implementation of a DB construction project.

12.4.1 Traditional Design-Bid-Build

The traditional DBB process typically involves the owner, designer, and builder for implementing a construction project. The designer and builder operate under separate contracts with the owner. The owner typically selects a designer based on qualifications and a detailed proposal specific to the project. The designer prepares bid documents, working with the owner to provide a design that meets the project needs, while managing estimated costs and implementation challenges. The final design package is issued for public bid so that general contractors have an opportunity to compete for the construction contract. The general contractor becomes responsible for constructing the project and securing any necessary subcontractors. Often times the designer may play a role in construction support services during the construction process in order to resolve any construction issues and approve the use of specific equipment and materials selected by the contractor for installation. The general contractor hands over the project to the owner upon completion.

12.4.2 Progressive Design-Build

The progressive DB process typically involves the owner and a design/build entity under a single contract. In this arrangement, the designer/builder takes on any risks associated with design flaws. In some cases the designer/builder are two separate entities teamed to work together during implementation. The owner typically selects the designer/builder based on qualifications and negotiates a guaranteed maximum price (GMP) for the project when the project has been sufficiently defined. The District's headquarters facility was successfully constructed utilizing a design-build delivery method. The owner works closely with the designer/builder during the design and construction processes, while managing estimated costs and implementation challenges. If the owner accepts the GMP, then the designer/building is authorized to begin construction activities prior to completion of final design as appropriate. The owner has the opportunity to provide input during design and construction. The project is handed over to the owner upon completion. Advantages related to utilizing a progressive DB process are discussed in detail below:

Cost

The DB construction process provides a more efficient use of the owner's funding for a project. In a traditional DBB process, owners invest in the procurement of a designer and builder separately. These two separate procurement processes can be costly and time consuming for owner as well as the designer and builder. One cost related challenge presented in DB projects is that a detailed construction cost estimate cannot be developed prior to committing to the project since it has not yet been designed. However, this presents the owner with the opportunity to customize the design with the designer/builder and meet the planned budget. Other cost savings opportunities associated with DB when compared to DBB are as follows:

- Communication efficiencies and integration between design, construction engineering, and construction team members throughout project schedule;
- Reduced construction engineering and inspection costs to the owner when these quality control activities and risks are transferred to the design-builder;
- Fewer change orders resulting from more complete field data and earlier identification and elimination of design errors or omissions that might otherwise show up during the construction phase;
- Reduced potential for claims and litigation after project completion as issues are resolved by the members of the DB team; and
- Shortened project timeline that reduces the level of staff commitment by the DB team.

Schedule

The need for an aggressive schedule is the primary driver for utilizing a progressive DB process for implementation of the District's WRP. By streamlining the designer/builder procurement process and beginning construction simultaneously with design, the owner has the opportunity to significantly reduce the implementation schedule. Additionally, early contractor involvement enables construction engineering considerations to be incorporated into the design phase, which enhances the constructability of the engineered project plans and reduces time spent on change orders in a DBB process.

Quality

The progressive DB process promotes greater focus on quality control and quality assurance associated with the continual involvement of the design team throughout implementation. Additionally, project innovations may be customized based on owner requests, unforeseen project needs, and/or contractor capabilities. Other benefits associated with owner interaction in a DB process include:

- Cost analysis of project of available component options can be made as the project progresses;
- Scope adjustments can be made as necessary due to capital constraints; and
- Owner may provide input on the use of local subcontractors.

Table 12-2 provides a summary of advantages and disadvantages to the owner when implementing a progressive DB construction project.

Table 12-2: Pros and Cons of Progressive Design-Build Process

Advantages	Disadvantages
<ul style="list-style-type: none">• Fast and inexpensive procurement process• Reduced design/construction schedule• Capital budget management• Flexibility to complete work based on funding• Increased participation in project development• Better opportunities for local subcontracting	<ul style="list-style-type: none">• Construction cost is unknown at contract signing• Cost is determined through negotiated and competitive processes

12.4.3 Progressive Design-Build Success Strategies

The following strategies are intended to assist owners in implementing a successful DB process:

- Choose a qualified project team to work with;
- Consider the approach presented by the potential designer/builder;
- Establish a process for making decisions efficiently;
- Involve key stakeholders early in the design process;
- Conduct regular meetings with designer/builder senior management to review project status and issues;
- Jointly address permitting issues, track them, and press agencies for action;
- Manage land acquisition and construction easements as early as possible;
- Communicate capital availability and constraints and integrate in the project execution plan; and
- Celebrate interim success milestone.

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Prepared by

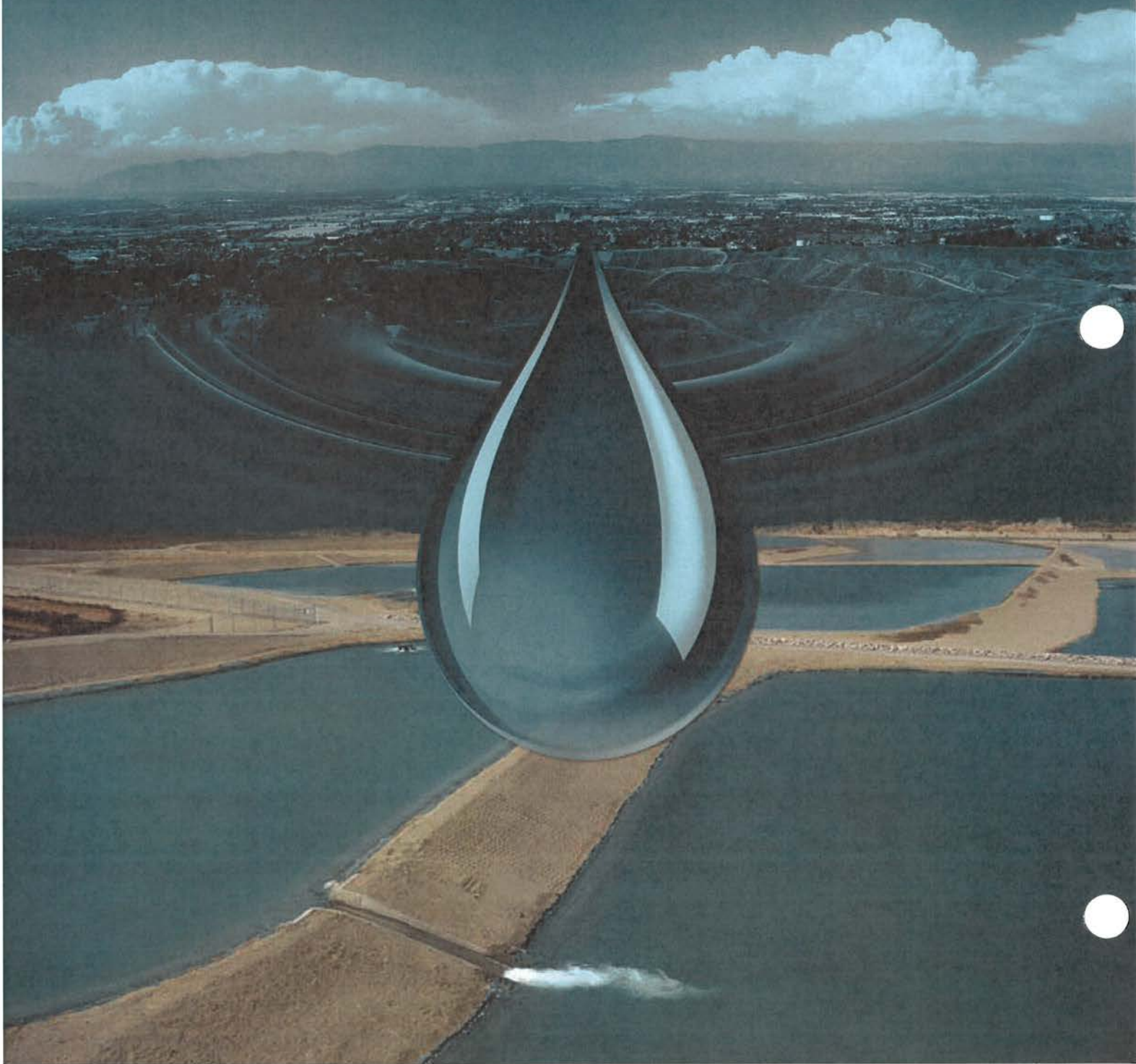


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JOINT POWERS AGREEMENT OF 1957 BETWEEN
THE
CITY OF SAN BERNARDINO
AND THE
EAST SAN BERNARDINO COUNTY WATER DISTRICT

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JOINT POWERS AGREEMENT OF 1957 BETWEEN
THE
CITY OF SAN BERNARDINO
AND THE
EAST SAN BERNARDINO COUNTY WATER DISTRICT

WHEREAS, the following public agencies: the City of San Bernardino, a municipal corporation (hereinafter sometimes called "City"), and the East San Bernardino County Water District, a county water district organized and existing under Division 12 of the Water Code (hereinafter sometimes referred to as "District") and each of them, has, or will have, money available to acquire and construct needed facilities for the collection, treatment and disposal of sewage and each had intended to acquire and construct its own facilities; and

WHEREAS, certain facilities will serve both public agencies resulting in a substantial saving of money to each public agency; and

WHEREAS, said public agencies are authorized to contract with each other for the joint exercise of any common power under Article 1, Chapter 5, Division 7, Title 1 of the Government Code;

NOW, THEREFORE, the following public agencies:

CITY OF SAN BERNARDINO

and

EAST SAN BERNARDINO COUNTY WATER DISTRICT

for and in consideration of the mutual promises and agreements hereinafter stated and the performance thereof, and for other valuable and adequate consideration, do promise and agree for and on behalf of themselves and their successors in interest as follows:

Section 1. Purpose of Agreement, Common Power to be Exercised, Termination.

This agreement, made under the provisions of Article 1, Chapter 5, Division 7, Title 1 of the Government Code, is for the purpose of obtaining for each public agency facilities for the collection, treatment and disposal of sewage, and each public agency has in common the power to acquire, construct, maintain, repair, manage, operate and control facilities for said purpose. Said purpose will be accomplished and said common power exercised in the manner hereinafter set forth. This agreement may be amended or modified by said public agencies by mutual consent and shall continue until terminated by said public agencies by mutual consent. Time is of the essence of this agreement.

Section 2. City to Administer.

The City of San Bernardino shall, subject to

the restrictions set forth in its charter, administer and execute this agreement and do all acts necessary for the exercise of said common power for said purpose.

Section 3. East Trunk Sewer and Sewage Disposal Works.

Both the City and the District will acquire, construct and, except as herein provided, maintain, repair, manage, operate and control independently from each other facilities for the collection of sewage. The City will also acquire, construct, maintain, repair, manage, operate and control independently from the District facilities for the treatment and disposal of sewage, including effluent reclamation works. The parts of said City facilities involved in this agreement are the East Trunk Sewer and northerly extensions thereof (hereinafter called the "East Trunk Sewer") and the facilities connected thereto for the treatment and disposal of sewage, including effluent reclamation works (hereinafter called the "Sewage Disposal Works"). Said East Trunk Sewer is shown on a map which is attached hereto, marked Exhibit A, and made a part hereof. The duplicate originals of said Exhibit A are on file in the office of the City Clerk of the City and in the office of the Secretary of the District. Said East Trunk Sewer and Sewage Disposal Works shall be owned solely by the City and the part or parts thereof not already in existence on the date of this agreement shall be acquired and constructed at the cost and expense of the City. The

City shall operate, maintain and preserve said East Trunk Sewer and Sewage Disposal Works in good repair and working order in accordance with recognized engineering practices.

Section 4. Right of District in East Trunk Sewer.

The District shall have and own, for the existence of this agreement, a right to discharge sewage into the East Trunk Sewer or other sewers adjacent to the District at a point or points on said sewers between the East-West center line of Section 19, Township 1 North, Range 3 West, and its prolongations and Third Street (sometimes known as City Creek Road). All connections to said sewers for the purpose of said discharge shall be made at the sole cost and expense of the District and shall be made under the supervision of an officer or employee of and designated by the City and shall be performed to the satisfaction of and subject to the approval of the City. The District shall discharge all sewage entering any of its sewage collection facilities into said East Trunk Sewer or other sewers adjacent to the District.

Section 5. Limitations on the District in Regard to Quality of Sewage.

The District expressly agrees to the following separate distinct and cumulative limitations:

a. The District shall obey and shall require all persons and customers of every kind and nature (including public agencies of all types) discharging into or using its system to obey all ordinances, resolutions, rules and regulations of the City concerning type and condition of sewage and wastes permitted to be discharged into City sewers and shall prohibit said persons and customers from discharging into said District's system sewage and wastes which persons and customers of the City could not discharge. The District shall also obey the applicable statutes, rules and regulations of agencies of the United States of America, the State of California and the County of San Bernardino having jurisdiction over the collection, treatment and disposal of sewage and wastes.

b. The District shall not allow any surface or storm waters, excessive infiltration, cooling water or unpolluted industrial waste to be discharged into its sewer system or into any other sewer facilities emptying into its sewer system or into any other sewer facilities over which it has control.

Section 6. Service Areas, Right to Collect Charges.

The City and the District agree that the areas within which each is entitled to provide sewer service and/or collect sewer service charges shall be as set forth in this Section 6. Neither public agency shall, without the written consent of the other, be entitled to provide sewer service and/or collect sewer service charges within any territory assigned to the other under this Section 6.

a. City Territory -- The City (unless otherwise specifically prohibited by this Section 6) shall be entitled to provide sewer service and collect sewer service charges from any territory westerly of the easterly boundary of the City as said boundary exists on the date of this agreement (outlined in blue on Exhibit A) and from any territory northerly of the East-West center line of Section 19, Township 1 North, Range 3 West, and its prolongations, (excepting territory between Mountain Avenue and Tract 3974, colored yellow on Exhibit A) and from any territory southerly of Third Street (sometimes known as City Creek Road), excepting therefrom any territory of the City then within the boundaries of the District.

b. District Territory -- The District

Red
(unless otherwise specifically prohibited by this Section 6) shall be entitled to provide sewer service and collect sewer service charges from any territory easterly of the westerly boundary of the District as the same exists on the date of this agreement (outlined in red on Exhibit A), provided that said territory lies between the East-West center line of Section 19, Township 1 North, Range 3 West, and its prolongations, and Third Street (sometimes known as City Creek Road).

Yellow
c. Territory Between the District and the City -- The public agency (unless otherwise specifically prohibited by this Section 6) first annexing territory after the date of this agreement which lies westerly of the westerly boundary of the District and easterly of the easterly boundary of the City, including territory between Mountain Avenue and Tract 3974 north of said East-West center line of Section 19, (shown in yellow on Exhibit A) shall be entitled to provide sewer service and collect sewer service charges within said territory.

d. Territory Served with Water by District -- The District shall be entitled to provide sewer service and collect sewer

service charges within territory outside the District which is served with water by the District on the date of this agreement, whether within or without the City, (shown in brown on Exhibit A) excepting territory served with sewers by the City (shown in orange on Exhibit A) in which territory the City shall be entitled to provide sewer service and collect sewer service charges.

e. Boundary Line Lands -- The public agency within which is located lots or building sites adjacent to a common boundary line between the City and the District shall be entitled to provide sewer service and collect sewer service charges therein, but said parcels may be served by connections to the nearest sewer facilities, regardless of whether such facilities are owned by the City or the District.

f. Territory Within the Boundaries of both the City and the District -- Territory within the boundaries of both the City and the District (shown in green on Exhibit A) served by City sewers on the date of this agreement

shall continue to be so served and sewer service charges shall be collected by the City. The District shall be entitled to provide sewer service and collect sewer service charges from territory within the boundaries of both the City and the District not served by sewers on the date of this agreement (shown in purple on Exhibit A).

Purple

Section 7. Payments by District.

As compensation to the City for services rendered in treating and disposing of sewage and waste discharged by the District into said East Trunk Sewer, or other sewers adjacent to the District, the District shall pay at the end of each monthly period, or other period established by the District for imposing and collecting sewer service charges (provided that payments shall be at least quarterly), a lump sum equal to 92% of the aggregate charges which would have been collected by the City, if the persons and customers served by the District or emptying into the District's system had been located in the City and had been liable for the payment of the charges fixed by the City at the rates

which the City had fixed and established for that period of time for sewer users of various types and classifications within the City.

Any amount of said payment which is in dispute shall be paid to the City with a notation that it is paid under protest and shall be repaid at a later time if so decided by arbitration as provided in this agreement.

Payments due at the end of the period specified above shall be paid within thirty (30) days of said due date. Payments not made within said thirty (30) days shall bear interest at the rate of five per cent (5%) per annum from the due date thereof until paid.

Since the payments are to be made for services rendered there will be no surplus money and so there should be no surplus money on hand at the termination of this agreement after the accomplishment of said purpose, but if there is any, it shall be returned in proportion to the contributions made.

Section 8. Records, Accounts, Inspection and Audit.

The District shall keep a complete and up to date list of all persons and customers of every kind

and nature (including public agencies of all types) discharging into or using its system and shall keep proper books of records and accounts in which complete and correct entries shall be made of all transactions (including all receipts and disbursements) relating to the provision of sewer service and the collection of sewer service charges. Said list, books of record and accounts shall be kept in such reasonable detail that the City can ascertain the aggregate charges which would have been collected by the City, if the persons and customers served by the District or emptying into the District's system had been located in the City. Said list, books of record and accounts shall, upon written request, be subject to inspection by any duly authorized representative of the City. Said list, books of record and accounts shall be audited annually by an independent certified public accountant or firm of certified public accountants appointed by the District and approved by the City, and a copy of the report of such accountant or accountants shall be given to each public agency. The District shall notify the City a reasonable time before the audit is to commence the identity of the auditor or auditing firm. The expense of said audit shall be shared by said public agencies equally. The City may, upon written request, inspect the District's sewage collection facilities at reasonable intervals.

Section 9. Effect of Agreement, Nature of Obligations.

Anything in this agreement to the contrary notwithstanding, the general fund of the City shall not be liable for the payment of any moneys required to be expended or paid by it in the performance of this agreement, nor is the general credit of the City pledged to the performance of any such obligation, nor may the District compel the exercise of the taxing power of the City to raise funds for the performance of any such obligation. Any moneys required to be paid or expended by the City under the terms of this agreement are required to be paid solely from (a) the available proceeds from the sale of any revenue bonds or other bonds or evidence of indebtedness authorized and issued for the purpose of such payment or expenditure and (b) the revenues from sewer service charges and other revenues of its sewer system.

The District agrees that it will prescribe, revise and collect such rates and charges for the services, facilities and use of its sewer system as will produce, after allowance for contingencies and error in estimates, sufficient revenues to discharge all obligations under this agreement and all other obligations of the District which are a charge upon or payable from such revenues.

The expenses of and claims against the District

under this agreement are general obligations of the District, and if the District has no revenues or if the revenues of the District are, or in the judgment of the Board of Directors are likely to be inadequate to pay debts, expenses and claims against the District, including all expenses and claims payable under this agreement, the Board of Directors shall cause an annual tax to be levied upon the taxable property in the District sufficient to pay all expenses and claims payable under this agreement, all as provided in the County Water District Law, being Division 12 of the Water Code of the State of California. All moneys derived from such tax and all other moneys allocated and designated for the payment of said obligations, including all expenses and claims, payable under this agreement shall be placed in a special fund of the District and until all of said obligations have been fully paid the moneys in said fund shall be used for no other purpose than the payment of said obligations.. The District shall notify the City of the name of said special fund on its establishment.

Nothing herein shall be construed as prohibiting the City or the District from issuing revenue bonds or other evidences of indebtedness payable from the revenues from sewer service charges or other sewer system revenues and which have, as to said sewer charges and revenues, for any sums required for the payment or security

of the principal thereof or interest thereon a priority over obligations payable under this agreement.

Section 10. Arbitration.

All controversies arising out of the interpretation or application of this agreement or the refusal of either public agency to perform the whole or any part thereof shall be settled by arbitration in accordance with the provisions of this section and where not provided by this section in accordance with the statutory provisions of the State of California then in force. The controversy shall be submitted to a board of three (3) arbitrators which shall be appointed, one by the City, one by the District, and the third by the first two. The public agency desiring arbitration shall notify the other public agency by a written notice stating the following: (1) that it desires arbitration, (2) the controversy to be arbitrated, (3) that it has appointed its nominee, and (4) that it requests the other public agency to appoint its nominee. Within thirty (30) days from the receipt of said notice the other public agency shall appoint its nominee. Within fifteen (15) days after the last public agency has appointed its nominee, the two nominees shall appoint the third. None of the arbitrators shall be a resident of, or taxpayer in, or own property in, or have a place of business in, or be employed in or by, or be an officer or employee of either public agency. The arbitration board shall hold at least

one hearing and at least ten (10) days before said hearing shall give each public agency written notice thereof. The arbitration shall be restricted to matters relative to that stated in the notice requesting arbitration. The arbitration board shall have no authority to add to or subtract from this agreement. Each public agency shall be given an opportunity to be heard and to present evidence. Upon conclusion of the hearing or hearings the arbitration board shall reduce their findings of fact, conclusions of law and the award to writing, and shall sign the same and deliver one signed copy thereof to each public agency. Such award shall be final and binding upon both public agencies. A majority finding shall govern if the arbitrators' determination is not unanimous. Each public agency shall pay its own expenses including the expenses of the arbitrator which it nominates. The expenses of the third arbitrator, and the administrative costs of the arbitration proceedings shall be shared equally.

Section 11. Severability.

If any section, subsection, sentence, clause, phrase or word of this agreement, or the application thereof, to either public agency, or to any other person or circumstance is for any reason held invalid, it shall be deemed severable and the validity of the remainder of the agreement or the application of such provision to the other public agency, or to any other persons or

circumstance shall not be affected thereby. Each public agency hereby declares that it would have entered into this agreement and each section, subsection, sentence, clause, phrase and word thereof irrespective of the fact that one or more section, subsection, sentence, clause, phrase or word, or the application thereof to either public agency, or any other person or circumstance be held invalid.

Section 12. Effective Date.

This joint powers agreement shall be valid and binding as of the date of execution thereof.

IN WITNESS WHEREOF, each public agency has caused this instrument to be executed by its respective officials theretofore duly authorized by the legislative bodies thereof.

CITY OF SAN BERNARDINO

By

Ed Krumer
Mayor

ATTEST:

Jack C. Foster
City Clerk

(SEAL)

Date of signing

January 7, 1958

EAST SAN BERNARDINO COUNTY
WATER DISTRICT

By

E. Hana Brooks
President

COUNTERSIGNED:

Myrtle G. North
Secretary

(SEAL)

Date of signing

January 7, 1958

EXHIBIT "A" TO JOINT POWERS AGREEMENT OF 1957 BETWEEN
THE CITY OF SAN BERNARDINO AND THE LATE SAN BERNARDINO COUNTY WATER DISTRICT

LEGEND

— GTP IV 2007/2008 Sp. (2007/2008)

STATION EAST, SAN FERNANDO COUNTY WATER DISTRICT, CALIFORNIA (continued)

See 61 of Agreement 11/2/2011

Sec. 68. of Agriculture & Forests.

Rec. 44 of September (2000)

Disc. 1 of 1 Agreement (Oral)

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—Sec. 9.98. Agreement

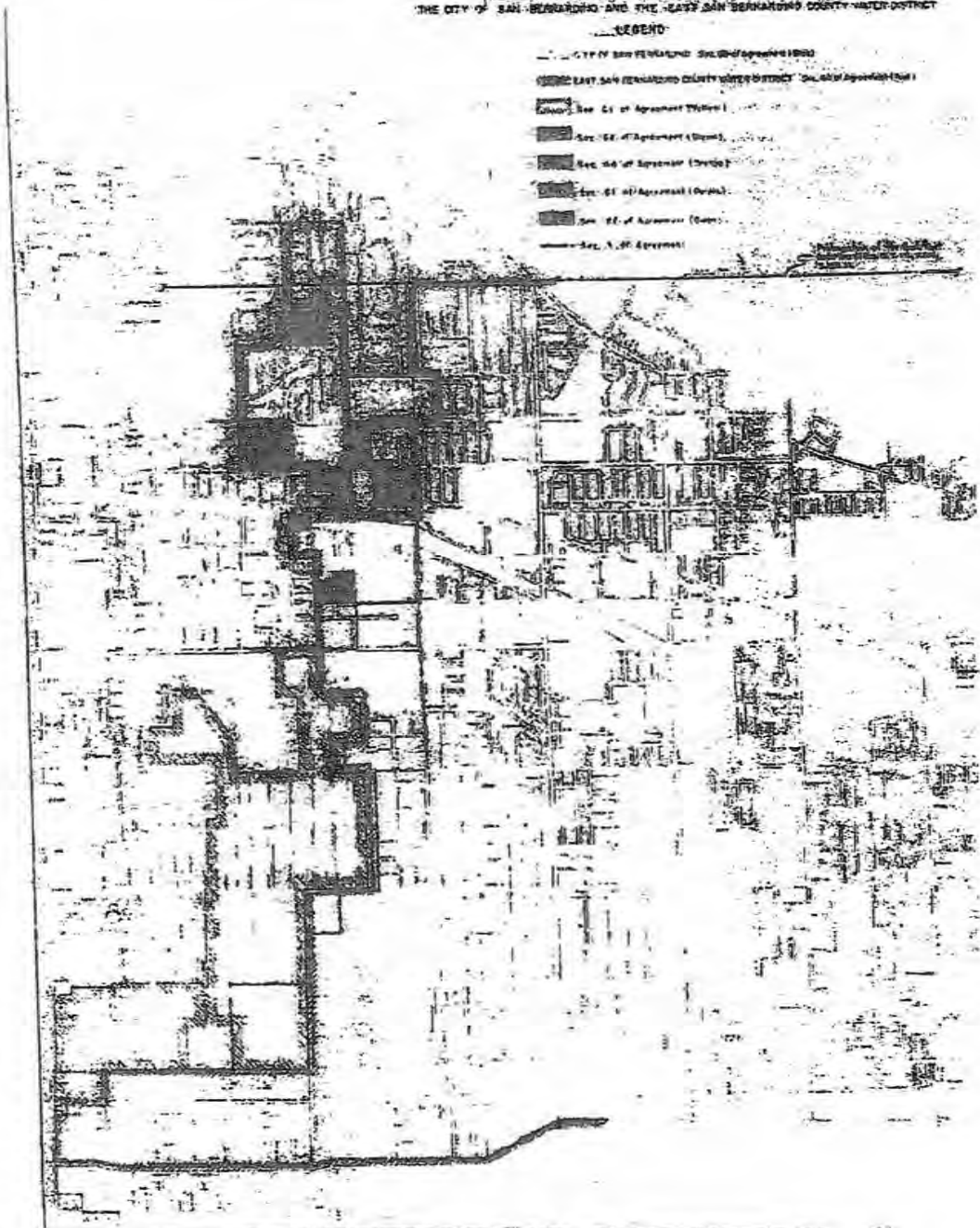


EXHIBIT "A" TO JOINT POWERS AGREEMENT OF 1957 BETWEEN
THE CITY OF SAN BERNARDINO AND THE EAST SAN BERNARDINO COUNTY WATER DISTRICT

LEGEND

CITY OF SAN BERNARDINO Sec. 6a of Agreement (Blue)

EAST SAN BERNARDINO COUNTY WATER DISTRICT Sec. 6b of Agreement (Red)

Sec. 6c of Agreement (Yellow)

Sec. 6d of Agreement (Brown)

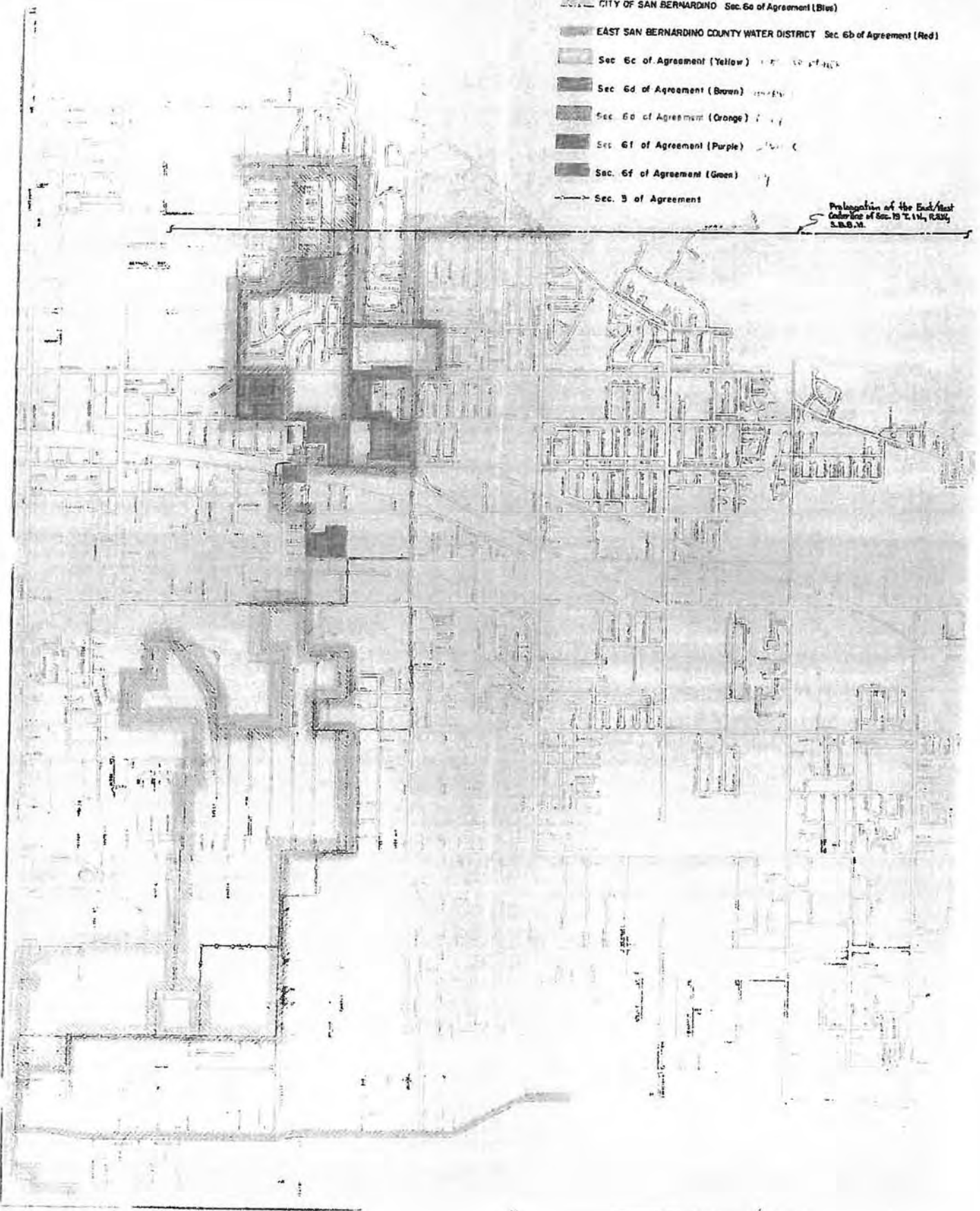
Sec. 6e of Agreement (Orange)

Sec. 6f of Agreement (Purple)

Sec. 6f of Agreement (Green)

Sec. 3 of Agreement

Proclamation of the East/San
Bernardino of Sec. 19 C. 14, R. 30,
S.B.C.W.



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JOINT POWERS AGREEMENT OF 1965 BETWEEN
THE
CITY OF SAN BERNARDINO
AND THE
EAST SAN BERNARDINO COUNTY WATER DISTRICT

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1 JOINT POWERS AGREEMENT OF 1965 BETWEEN

2 THE

3 CITY OF SAN BERNARDINO

4 AND THE

5 EAST SAN BERNARDINO COUNTY WATER DISTRICT

6
7 WHEREAS, the following public agencies; the CITY OF SAN
8 BERNARDINO, a municipal corporation, hereinafter sometimes called
9 "City", and the EAST SAN BERNARDINO COUNTY WATER DISTRICT, a
10 county water district organized and existing under Division 12
11 of the Water Code, hereinafter referred to as "District" are
12 engaged in the distribution of water; and

13 WHEREAS, each of said agencies can more economically serve
14 certain areas within their respective service areas; and

15 WHEREAS, it is to the mutual benefit of said agencies that
16 the service areas of each of said agencies be delineated so that
17 proper planning can be made for expansion and extension of
18 existing services and the installation of new services; and

19 WHEREAS, said public agencies are authorized to contract
20 with each other for the joint exercise of any common power
21 under Article I, Chapter 5, Division 7, Title 1 of the Government
22 Code; and

23 WHEREAS, the District has drilled wells and extracted water
24 therefrom for the purpose of procuring a water supply for the
25 lands within its boundaries and has acquired through its owner-
26 ship of stock in mutual water companies and its acquisition of
27 other water rights and through the use and operation of said
28 wells and the extraction of water therefrom, District has
29 established certain prescriptive and appropriate rights to the
30 use of water so extracted; and

31 WHEREAS, portions of the land within the boundaries of the
32 District are undeveloped and at the present time are not using a

1 water supply, but after 1972 will be developed and will ultimately
2 require all of the water now being produced by District; and

3 WHEREAS, by reason of the fact that the lands within its
4 boundaries have not reached their ultimate development or their
5 ultimate use of the water supply developed by the District, the
6 District has, at the present time, surplus waters prescriptive
7 in nature that it may dispose of to municipalities under the pro-
8 visions of Section 31023 of the Water Code of the State of
9 California, for use outside of the boundaries of the District on
10 a temporary basis; and

11 WHEREAS, City is a municipality as defined in said Section,
12 and is desirous of obtaining, as a body politic, a temporary
13 supply of water from District; and

14 WHEREAS, District is willing, on a temporary basis, to
15 supply water to the City as a body politic and not to the
16 inhabitants thereof, otherwise than as the same may be supplied
17 to said inhabitants by said municipality through its own dis-
18 tributing system and under its own exclusive control; and

19 WHEREAS, the water to be furnished on such basis by District
20 to City is water that District has acquired by prescriptive right
21 to the use thereof;

22 NOW, THEREFORE, the following public agencies:

23 CITY OF SAN BERNARDINO

24 and

25 EAST SAN BERNARDINO COUNTY WATER DISTRICT,

26 for and in consideration of the mutual promises and agreements
27 hereinafter stated and the performance thereof, and for other
28 valuable and adequate consideration, do promise and agree for and
29 on behalf of themselves and their successors in interest as
30 follows:

31 Section 1. Purpose of Agreement, Common Power to be
32 Exercised, Termination,

1 THIS AGREEMENT made under the provisions of Article I,
2 Chapter 5, Division 7, Title 1 of the Government Code and
3 Section 31023 of the Water Code, is for the purpose of delineating
4 for each public agency the areas where each agency shall exercise
5 their common power to acquire, construct, maintain, repair,
6 manage, operate and control facilities for the production and
7 distribution of a water supply, and to provide City on a
8 temporary basis, as herein set forth, with a water supply. Said
9 purpose will be accomplished and said common power exercised in
10 the manner herein set forth. This Agreement may be amended or
11 modified by said Public Agencies by mutual consent and shall
12 continue until terminated by said Public Agencies by mutual
13 consent but in any event this Agreement shall terminate fifty
14 (50) years from the date hereof.

15 Section 2. Definition of Terms.

16 The term "exclusive service area" shall mean that the
17 area so described shall receive water service only from the public
18 agency designated herein to which said area is assigned, subject
19 to the provisions of service in said area by the other public
20 agency, as herein set forth.

21 Section 3. Designation of Service Areas.

22 Attached hereto and incorporated herein by reference,
23 marked Exhibit "A", is a map designating the service areas herein
24 assigned. The duplicate originals of said Exhibit "A" are on
25 file in the office of the City Clerk of the City and in the
26 office of the Secretary of the District.

27 A. Exclusive Service Area of City.

28 The exclusive service area of the City shall consist of the
29 area marked in Green on Exhibit "A" attached hereto and the entire
30 area lying Westerly thereof together with that area Northerly of
31 the Centerline of Section 19, T.1 N.R. 3 W. S.B.B. & M. and its
32 easterly prolongation which is not marked in red on Exhibit "A",

1 together with that area Southerly of Third Street and West of
2 Alabama Street or its Southerly prolongation.

3 B. Exclusive Service Area of District

4 The exclusive service area of District shall consist of the
5 area marked in red on Exhibit "A" attached hereto and the area
6 lying Easterly thereof which lies Southerly of the prolongation of
7 the centerline of Section 19 in an Easterly direction and Northerly
8 of Third Street West of Alabama Street and the entire area which
9 lies Southerly of said prolongation of Section 19 East of Alabama
10 Street.

11 Section 4. Consent to Service.

12 Either public agency may, by written consent, authorize the
13 other public agency to provide water service within the exclusive
14 service area of the agency giving the consent. In the event that
15 either City or District refuses to serve any area within its
16 exclusive service area when the landowners within said area are
17 ready, willing and able to comply with the rules, regulations,
18 conditions and payments established by the serving agency, then
19 and in such event, the other serving agency shall be entitled to
20 serve such area without the prior written consent of the agency
21 so refusing service.

22 Section 5. No Requirement for Service.

23 The designation of the service areas as herein set forth
24 shall be for the benefit of the public agencies herein contracting
25 and not for the lands or owners of land within the areas so
26 designated. Nothing herein contained shall be construed as to
27 require either of the public agencies to furnish water service to
28 any particular parcel or parcels of land within any of the areas
29 herein designated. Each of the public agencies does hereby reserve
30 any and all rights that they now have or may hereafter acquire to
31 refuse service to any parcel or parcels of land within any of the
32 areas herein designated and to impose such rules, regulations,

1 conditions, tolls, charges, assessments, rates, limitations and
2 restrictions as they deem fit for the furnishing of a water
3 service or the continuation thereof.

4 Section 6. Property.

5 The designation of exclusive service areas, as herein set
6 forth, shall not preclude either public agency from acquiring
7 water producing facilities within the exclusive service area of
8 the other public agency. District has acquired and will acquire
9 in the future certain rights to the use of the flows of West
10 Twin Creek and East Twin Creek. City agrees that it will not
11 object to the use of the water so acquired within the exclusive
12 service area of District. City has acquired and may acquire in
13 the future the rights to certain flows of East Twin Creek. District
14 agrees that it will not object to the use of such water in the
15 exclusive service area of City. Neither public agency shall,
16 without the consent of the other public agency, acquire or attempt
17 to acquire by merger, consolidation, condemnation or otherwise,
18 any property, systems or works of the other public agency.

19 Section 7. Nature of Water Supply to be Furnished by
20 District.

21 All water to be furnished by the District under the terms
22 of this agreement shall be furnished to City as a body politic
23 and not to the inhabitants thereof, otherwise than as the same
24 may be supplied to said inhabitants by City through its own dis-
25 tributing system and under its own exclusive control.

26 The water supplied to City by District shall be temporary in
27 its nature and no right to the continued use thereof, either by
28 the City, or any of its inhabitants, shall be established by the
29 delivering of water from District to City, and no covenants,
30 either express or implied, for the continued delivery of water
31 from District to City or to the inhabitants of City, shall be
32 inferred from this agreement.

1 All rights to the continued beneficial use of any water
2 delivered by District to City are hereby reserved to District
3 for and on behalf of District and the landowners within its bound-
4 aries; it being expressly understood and agreed that the water
5 delivered by District to City will ultimately be withdrawn from
6 City and used within the boundaries of District.

7 Any and all rights acquired by the extraction of water
8 furnished hereunder from the wells of District or the wells of
9 City used for substitute extraction shall inure to the benefit
10 of District, and City shall not acquire any right, title or
11 interest therein or thereto. The beneficial use of the water so
12 extracted from said wells and delivered to City shall be consider-
13 ed to be a use for the benefit of District and for the future
14 requirements of lands within the boundaries of District.

15 It is specifically agreed that the water delivered to City
16 is not designated, set apart, or devoted to the purpose of sale,
17 rental or distribution to the inhabitants of City, and is not
18 impressed with a public use for the benefit of City or any of
19 its inhabitants. It is further agreed that in the execution of
20 this agreement and the use of water delivered to City, the City
21 is acting in its proprietary and not its legislative capacity,
22 and that this contract constitutes a single sale of surplus water
23 on a temporary basis.

24 Section 8. Term of Agreement Relating to Delivery of Water.

25 The provisions of this agreement relating to delivery of
26 water by District to City shall commence upon the execution
27 hereof and terminate on the 1st day of January, 1972. Upon such
28 termination, all rights and obligations under this agreement for
29 delivery of water shall terminate and end, except the payment to
30 the District for water delivered prior to such termination date.

31 Section 9. Place of Delivery of Water.

32 The points of delivery of water from District to City shall

1 be on the westerly boundary of District's plant No. 24 at the
2 intersection of Harrison Street and Lynwood Drive and at plant
3 No. 11 at the intersection of Sixth Street and Pedley Road. The
4 District will install, at its own cost and expense, from its
5 plant No. 24 a line and adequate equipment to deliver water to
6 City at said point at a maximum rate of 2,000 gallons per minute.
7 District will further install, at its own cost and expense, at
8 plant No. 11 a line and adequate equipment to deliver water to
9 City at a maximum rate of 2,000 gallons per minute. District
10 will also install, at its own cost and expense, flow-meters for
11 the measurement of water delivered to City at plant No. 24 and
12 plant No. 11 where the same can be inspected at all times by
13 representatives of City and District. City will install, at its
14 own cost and expense, lines from the boundaries of plants 24 and
15 11 to the City mains of sufficient capacity to receive a maximum
16 delivery of 2,000 gallons per minute at each plant.

17 Section 10. Quantities of Water to be Delivered by District.

During each contract year of the term of this agreement and until termination hereof, District agrees to deliver and City agrees to accept 3,000 acre-feet of water. The contract year shall consist of successive one year periods commencing with the date of the execution hereof.

23 Section 11. Rate and Time of Delivery of Water.

The maximum rate of direct delivery from District to City will be 4,000 gallons per minute. Delivery may be made to City by District at such lesser rate as shall be determined by District.

27 The time or times throughout the contract year that delivery
28 will be made by District to City shall be by the mutual agreement
29 of the parties; provided, however, that neither party shall
30 establish times or quantities of delivery that will make it im-
31 possible for District to deliver 3,000 acre feet of water to City
32 during each contract year.

1 Section 12. Substitute Extraction.

2 During any contract year delivery of up to 1,000 acre feet
3 of the water to be furnished to City by District hereunder may
4 be made by means of substitute extraction. In such event, City
5 will pump water owned and furnished by District from pumps and
6 wells owned by City. In the event that City desires to accept
7 delivery by substitute extraction, District shall designate such
8 wells to City to be used for the extraction of District water for
9 delivery to City, and at said time shall designate the wells of
10 District for which substitute extraction will be made. In pump-
11 ing water by means of substitute extraction, it is hereby agreed
12 that City will be acting as the agent for District, and that all
13 water pumped by City by substitute extraction shall be delivered
14 to City, pursuant to the terms hereof, as District water at a
15 point located at the discharge of the pump being so operated.
16 City hereby agrees that at such times as it pumps water by sub-
17 stitute extraction that all water so pumped is the property of
18 the District and subject to all of the terms hereof.

19 All water pumped by City as substitute extraction hereunder
20 and as the agent for District shall be reported pursuant to
21 the recordation acts of the Water Code as being pumped by District
22 and as extraction from the wells designated by District. City
23 shall not report or record any pumping performed by it pursuant
24 to the terms hereof as substitute extraction, nor make any claim
25 in or to the water so pumped.

26 Water delivered from District to City under substitute
27 extraction shall be paid for by City at the rate of \$1.50 per
28 acre foot in lieu of the charges set forth in Section 13 hereof.

29 Water delivered by substitute extraction shall be measured
30 and reported by City to District either by flow-meter or other
31 measuring method satisfactory to District.

32 Except for the difference in purchase price, the water

1 delivered by District to City by substitute extraction shall be
2 subject to all of the terms and provisions hereof relating to
3 the delivery of any water from District to City.

4 Section 13. Payment by City to District.

5 City agrees to pay District \$14.45 per acre foot for all
6 water delivered to City from Plants 24 and 11 pursuant to the
7 terms of this agreement. The price thus established has been
8 determined by District to be the actual cost per acre foot for
9 delivering water to City at City's main. In the event that the
10 cost of fuel or power used for the development of any of said
11 water supply is increased during the term of this agreement, the
12 amount to be paid by City to District per acre foot shall be
13 proportionately increased to reflect the increased cost of
14 producing said water.

15 Payment shall be made by City to District monthly for all
16 water delivered to City in the month next preceding. Payment
17 shall be based upon the quantity of water delivered as shown by
18 the meter installed by District and measurements of water
19 delivered by substitute extraction and in accordance with monthly
20 statements from the District to the City. Each monthly statement
21 shall be accompanied by a written report showing the quantity of
22 water obtained by the City from a well or wells of the District
23 and/or the quantity of water obtained by the City from District
24 by substitute extraction and/or the quantity of water obtained
25 from any other source in the exercise of a prescriptive right of
26 District.

27 Section 14. Arbitration.

28 All controversies arising out of the interpretation or
29 application of this agreement relating to service areas or the
30 refusal of either public agency to perform the whole or any part
31 thereof relating to service areas shall be settled by arbitration
32 in accordance with the provisions of this section and where not

1 provided by this section in accordance with the statutory
2 provisions of the State of California then in force. The
3 controversy shall be submitted to a board of three (3) arbitrators
4 which shall be appointed, one by the City, one by the District,
5 and the third by the first two. The public agency desiring
6 arbitration shall notify the other public agency by a written
7 notice stating the following: (1) that it desires arbitration,
8 (2) the controversy to be arbitrated, (3) that it has appointed
9 its nominee, and (4) that it requests the other public agency to
10 appoint its nominee. Within thirty (30) days from the receipt of
11 said notice the other public agency shall appoint its nominee.
12 Within fifteen (15) days after the last public agency has appointed
13 its nominee, the two nominees shall appoint the third. None of
14 the arbitrators shall be a resident of, or taxpayer in, or own
15 property in, or have a place of business in, or be employed in
16 or by, or be an officer or employee of either public agency. The
17 arbitration board shall hold at least one hearing and at least
18 ten (10) days before said hearing shall give each public agency
19 written notice thereof. The arbitration shall be restricted to
20 matters relative to that stated in the notice requesting arbi-
21 tration. The arbitration board shall have no authority to add
22 to or subtract from this agreement. Each public agency shall be
23 given an opportunity to be heard and to present evidence. Upon
24 conclusion of the hearing or hearings the arbitration board
25 shall reduce their finding of fact, conclusions of law and the
26 award to writing, and shall sign the same and deliver one signed
27 copy thereof to each public agency. Such award shall be final
28 and binding upon both public agencies. A majority finding shall
29 govern if the arbitrators' determination is not unanimous. Each
30 public agency shall pay its own expenses, including the expenses
31 of the arbitrator which it nominates. The expenses of the third
32 arbitrator, and the administrative costs of the arbitration

proceedings shall be shared equally.

Section 15. Severability.

If any section, subsection, sentence, clause, phrase or word of this agreement, or the application thereof, to either public agency, or to any other person or circumstance is for any reason held invalid, it shall be deemed severable, and the validity of the remainder of the agreement or the application of such provision to the other public agency, or to any other persons or circumstances shall not be affected thereby. Each public agency hereby declares that it would have entered into this agreement and each section, subsection, sentence, clause, phrase and word thereof irrespective of the fact that one or more section, subsection, sentence, clause, phrase or word, or the application thereof to either public agency, or any other person or circumstance be held invalid.

Section 16. Effective Date.

This joint powers agreement shall be valid and binding as of the date of execution thereof by the last party to execute the same.

IN WITNESS WHEREOF, each public agency has caused this instrument to be executed by its respective officials theretofore duly authorized by the legislative bodies thereof.

EAST SAN BERNARDINO COUNTY
WATER DISTRICT

By: James E. Peterson
President

COUNTERSIGNED:

By: Harold G. Pickett
Secretary

Signing date: April 12, 1965

CITY OF SAN BERNARDINO

By: James E. Peterson
Mayor

ATTEST:

Jack C. Britton
City Clerk

Signing date: _____

WATER COMMISSION OF THE CITY OF
SAN BERNARDINO

By: James E. Peterson
Chairman

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S E A L

COUNTERSIGNED:
By: *Robert J. Starn*
Secretary
Signing date: *Apr. 9, 1965*
Approved as to form:
CHAPMAN AND SPRAGUE
By: *H. M. Pecorini*
H. M. Pecorini
Attorneys for the Board of
Water Commissioners of the
City of San Bernardino

J.P.A.
agreement
1965

RESOLUTION NO. 76-58

1
2 A RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF THE CITY
3 OF SAN BERNARDINO AUTHORIZING THE EXECUTION OF A JOINT POWERS
4 AGREEMENT BETWEEN THE CITY OF SAN BERNARDINO AND THE EAST SAN
5 BERNARDINO COUNTY WATER DISTRICT PERTAINING TO THE SALE OF WATER
6 TO SAID CITY AND THE DESIGNATION OF EXCLUSIVE WATER SERVICE
7 AREAS TO SAID CITY AND SAID DISTRICT.

8
9 BE IT RESOLVED BY THE MAYOR AND COMMON COUNCIL OF THE CITY
10 OF SAN BERNARDINO AS FOLLOWS:

11
12 SECTION ONE: That the City of San Bernardino enter into
13 and execute a Joint Powers Agreement with the East San Bernardino
14 County Water District pertaining to the sale of water to said
15 City and the designation of exclusive water service areas to said
16 City and said District.

17
18 SECTION TWO: That the said Joint Powers Agreement referred
19 to herein, a copy of which is attached hereto, marked Exhibit "I",
20 and is hereby referred to and made a part hereof as fully as
21 though set out at length herein, is hereby approved, subject to
22 modifications set forth below.

23
24 SECTION THREE: That the Mayor of the City of San Bernardino
25 is hereby authorized and directed to execute said Joint Powers
26 Agreement on behalf of the City of San Bernardino.

27
28 SECTION FOUR: Prior to the execution of said Joint Powers
29 Agreement, referred to as Exhibit "I" herein, it shall be
30 modified in the following respects:

31
32 Section 1:

The last sentence of SECTION ONE, Page 3 of said Agreement
shall be modified to read as follows:

"This Agreement may be amended or modified by said Public
Agencies by mutual consent and shall continue until terminated by
said Public Agencies by mutual consent but in any event this
Agreement shall terminate fifty (50) years from the date hereof."

Section 3, Paragraphs A, and B.

A. Exclusive Service Area of City

The exclusive service area of the City shall consist of

1 the area marked in Green on Exhibit "A" attached hereto and the
2 entire area lying Westerly thereof together with that area North-
3 erly of the Centerline of Section 19, T. 1 N. R. 3 W. S.E.B. & M.
4 and its easterly prolongation which is not marked in red on
5 Exhibit "A", together with that area Southerly of Third Street
6 and West of Alabama Street or its Southerly prolongation.

7 **B. Exclusive Service Area of District**

8 The exclusive service area of District shall consist of
9 the area marked in red on Exhibit "A" attached hereto and the
10 area lying Easterly thereof which lies Southerly of the prolonga-
11 tion of the centerline of Section 19 in an Easterly direction
12 and Northerly of Third Street West of Alabama Street and the
13 entire area which lies Southerly of said prolongation of Section
14 19 east of Alabama Street.

15 **SECTION FIVE:** Said Joint Powers Agreement shall not be
16 executed unless and until Exhibit "A" attached thereto has been
17 modified to incorporate the above new water service areas.

18 I HEREBY CERTIFY that the foregoing Resolution was duly
19 adopted by the Mayor and Common Council of the City of San
20 Bernardino at a regular meeting thereof,
21 held on the 5th day of April, 1965, by the
22 following vote, to wit:

23 **AYES:** Councilmen Seaworth, Price,

24 Thompson, Fisher

25 **NOES:** Councilman Brown **ABSENT:** None

26
27
28 City Clerk

29 The foregoing Resolution is hereby approved this 6th
30 day of April, 1965.

31 Approved as to form:

32 NALPH H. FURMAN
City Attorney

RONALD T. MATHIAS
Mayor of the City of San Bernardino

Exhibit "A"

Section 3.

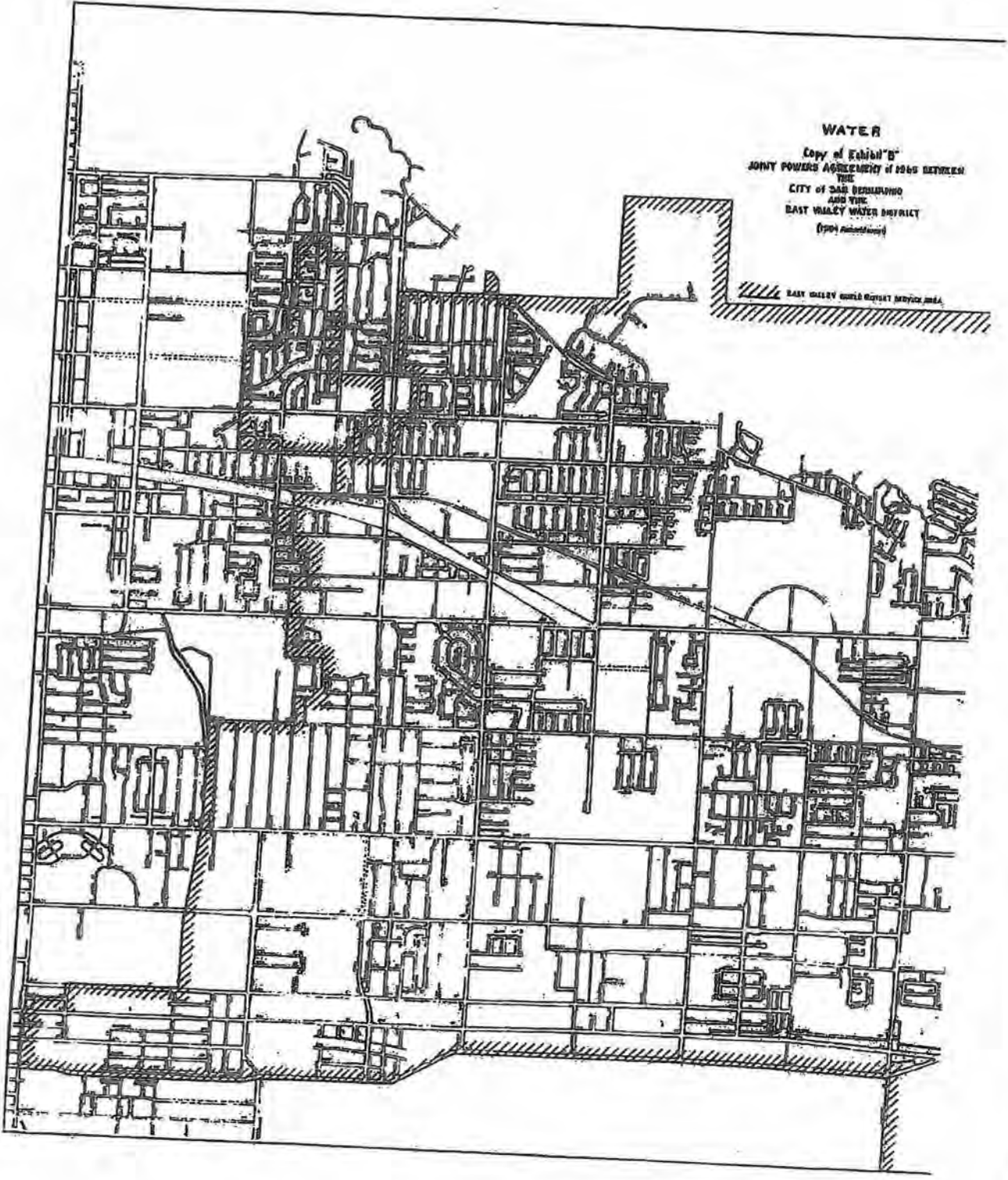
A. Exclusive Service Area of City

The exclusive service area of the City shall consist of the area marked in Green on Exhibit "A" attached hereto and the entire area lying Westerly thereof together with that area Northerly of the Centerline of Section 19, T.1 N. R.3 W. S.B.D. & M. and its easterly prolongation which is not marked in red on Exhibit "A", together with that area Southerly of Third Street and West of Alabama Street or its Southerly prolongation.

B. Exclusive Service Area of District

The exclusive service area of District shall consist of the area marked in red on Exhibit "A" attached hereto and the area lying Easterly thereof which lies Southerly of the prolongation of the centerline of Section 19 in an Easterly direction and Northerly of Third Street West of Alabama Street and the entire area which lies Southerly of said prolongation of Section 19 east of Alabama Street.

EXHIBIT 1



AMENDMENT TO JOINT POWERS AGREEMENT OF 1957
BETWEEN THE CITY OF SAN BERNARDINO AND
EAST SAN BERNARDINO COUNTY WATER DISTRICT

THIS AMENDMENT, dated this 19th day of December, 1980, between the CITY OF SAN BERNARDINO, hereinafter called, "CITY" and EAST SAN BERNARDINO COUNTY WATER DISTRICT, hereinafter called, "DISTRICT" in the County of San Bernardino, State of California, is made and entered for the purpose of amending the Joint Powers Agreement of 1957 between the City and said District for the collection, treatment and disposal of sewage.

THIS AMENDMENT REPLACES SECTION 7 OF THE 1957 AGREEMENT AND RESCINDS SECTION 10 OF THE 1957 AGREEMENT.

SECTION 10 of the Joint Powers Agreement of 1957, Arbitration, is hereby rescinded.

SECTION 7 of the Joint Powers Agreement of 1957, Payments by District, is hereby rescinded, and is replaced by this amendment which will establish payment by District and City and others for the cost of regional facilities.

PART 1. DEFINITIONS

The following definitions shall apply to this amendment.

A. Dwelling Unit Equivalent (DUE)

The volume of sewage flow and pollutant load discharge required by one typical single family dwelling is as described in Part 4 of this amendment, and further described in Exhibit 1, attached hereto, and incorporated by reference as part of the Joint Powers Agreement.

B. Regional Costs

All of the costs attributable to regional facilities, as enumerated in Part 6 of this amendment.

C. Regional Facilities

Those sewer facilities used by the City, the District, and others, including the East Trunk Sewer, Sewage Disposal Works, Treatment Plant, Trunks and Disposal Works and such additions and improvements to the regional facilities as may be required for adequate treatment and disposal. Present regional facilities include the wastewater treatment facilities and outfall sewer lines and interceptors of said City, which carry District sewage. (Regional facilities as they relate to the District are only those shown in Exhibit 5).

D. Regional Sewer Users

The total number of Dwelling Unit Equivalents served by parties to Joint Powers Agreements.

PART 2. REGIONAL COST SHARING

All of the costs so attributable to regional facilities and subject to Joint Powers Agreements will be shared by the City and District, and other parties to such Joint Powers Agreements in proportion to the number of equivalent dwelling units within the boundaries of each member of such Joint Powers Agreement. A regional cost per Dwelling Unit Equivalent will be determined at the close of each fiscal year by dividing the total regional costs outlined in Part 6 of this amendment by the number of regional sewer Dwelling Unit Equivalents. Each agency will be responsible for the regional costs for the number of Dwelling Unit Equivalents attributable to such agency's customers.

PART 3. REGIONAL CHARGES

The City and District each agree to adopt uniform regional sewer rate Ordinances and/or Resolutions as required to fix the charges applicable to Regional Facilities and Treatment Charges (See Exhibit 2, excluding Section 2, thereof) and a uniform base fee for Treatment Capacity to meet future increased treatment demand. (See Exhibit 3, Section 2a and 2b and Exhibit 4; (but excluding Section 1a and 1b of Exhibit 3).

PART 4. DWELLING UNIT EQUIVALENTS

The City received grant assistance from the U.S. Environmental Protection Agency and the California Water Resources Control Board in the design and construction of the joint facilities. Grant recipients are required to levy service charges in proportion to each user's demand on the sewerage facilities to recover all operating costs. Demand on the sewerage system is measured in flow in gallons per day (gpd), biological oxygen demand (BOD) and in milligrams per liter (mg/l), and suspended solids (SS) in milligrams per liter (mg/l).

Each customer's demand on the system shall be expressed as Dwelling Unit Equivalents. A Dwelling Unit Equivalent is defined as the sewage flow and pollutant load discharged by one typical single family dwelling. Assignment of Dwelling Unit Equivalent to customers is described in Exhibit 1 of this amendment, which is made a part hereof.

PART 5. RESIDENTIAL AND COMMERCIAL USERS

Recovery of costs to meet total operating revenue requirements shall be from Residential Dischargers and Commercial Dischargers. Residential Dischargers shall be any residential dwelling unit which if located within the City does not require a City Business License for occupancy and operation thereof, Single Family Dwelling (1 Unit), Duplex (2 Units), Triplex (3 Units).

Commercial Dischargers shall include all dischargers other than residential, which if located within the City require a City License for occupancy and operation, including apartment houses and mobile homes or other such living quarter facilities in excess of a triplex or three unit complex.

PART 6. REGIONAL COSTS

At the end of each fiscal year the City shall determine a total cost of the regional facilities based upon an independent audit, including, but not limited to the following:

A. Direct Expenses of Treatment, Maintenance and Operation

Salaries
Chemical supplies, fuels and energy
Repair and maintenance materials
Operations of joint facilities by Water Utility
Engineering and other Professional Services
Other direct costs of regional facilities
SUBTOTAL

B. Indirect Allocated Expenses in Administrative and Overhead

Salaries
Employee Benefits
Water Utility Administration Services Chargeable to joint facilities
Other indirect costs chargeable to joint facilities
SUBTOTAL

TOTAL MAINTENANCE AND OPERATION CHARGES

C. Capital Expenses

Public Safety Authority Rental Payments
Regional Facilities Bond Service
Regional Facilities Annual Capital Improvements
Regional Facilities Depreciation
Regional Facilities Capital Improvement Reserves
SUBTOTAL

D. Operating Reserves

As required to meet Covenants of Sewer Revenue Bonds as set forth in the City of San Bernardino's Resolutions Numbers 4708, 5532 and 9338.

SUBTOTAL

E. Differential

Differential between audit and proposed budget.
Adjustment between prior year's differential and prior year's audited expenses.

SUBTOTAL

TOTAL EXPENSES

The indirect allocated expenses shall not include any expenses allocated to billing, posting and collecting of sewer user fees nor any other expenses of the Department not allowable to regional facilities.

The total annual operating revenue requirements shall be the total annual expenses set forth in paragraphs A, B, C and D of this Part 6.

PART 7. STANDARD DWELLING UNIT EQUIVALENT ASSIGNMENT, MONITORING

All users of regional facilities are to implement the uniform use and assignment of Dwelling Unit Equivalents as specified in this amendment, including Exhibit 1 hereto, to all customers using regional facilities not later than October 1, 1979. City will employ consultants to assist in the assignment of Dwelling Unit Equivalents throughout service areas of all users of regional facilities; fees for such consultant services will be charged to the regional facilities. A staff team made up from staff members from the user agencies will be trained to assign service units and to periodically monitor such assignment throughout all users of the regional facilities to ensure the uniformity of such assignment.

PART 8. SEPARATION OF FUNDS

The City and the District agree that any funds relating to the joint facilities will be subject to separate accounting and that such funds shall not be used for any purpose other than joint facilities.

PART 9. LOCAL CHARGES

The City and District retain and reserve the right to levy charges in addition to the rate per Dwelling Unit Equivalent for joint facilities in establishing the monthly sewer charges to users in each of their respective sewer service areas. Regional facilities revenues are restricted to regional facilities.

PART 10. REGIONAL CAPACITY CHARGE

City and District shall impose a regional capacity charge of \$300 for each dwelling unit or equivalent dwelling unit of commercial service beginning on February 15, 1980. On October 1, 1980 and each October 1st thereafter, the regional capacity charge shall increase in proportion to the most recently published 12 month increase in the Construction Cost Index published in Engineering News-Record, a publication of McGraw Hill, Inc., but not less than 10 percent, to the nearest \$5.00 increment. However, the Water Board may at its option determine by Resolution, adopted prior to October 1st, that such an increase shall not be effective for the next succeeding year. Funds collected from said source shall be used exclusively to finance the expansion of capital improvements or additions to the regional treatment facilities.

It is mutually agreed that the City will not make treatment capacity in the regional facility available to any future user unless said future user has paid a Regional Capacity Charge of an amount equal to or greater than the Regional Capacity Charge then in effect.

PART 11. PAYMENTS BY DISTRICT

As compensation to the City for services rendered in the providing of treatment capacity, the treating and disposing of waste discharged by the District into said East Trunk Sewer or other sewers adjacent to the District, the District shall pay to the Board of Water Commissioners at the end of each monthly period, or other period established by the District for imposing and collecting sewer service charges the aggregate of Regional Facilities and Treatment Charges and Regional Capacity Charges as above indicated.

Any amount of said payment which is in dispute shall be paid to the City with a notation that it is paid under protest and shall be repaid at a later time if so decided by any appropriate court of law.

Payments due at the end of the period specified above shall be paid within thirty (30) days of said due date. Payments not made within said thirty (30) days shall bear interest at the rate of the current prevailing prime rate of interest per annum from the date thereof until paid.

Since the payments are to be made for services rendered, there will be no surplus money and so there should be no surplus money on hand at the termination of this agreement after the accomplishment of said purpose, but if there is any, it shall be returned in proportion to the contributions made.

IN WITNESS WHEREOF, the parties hereto have caused these instruments to be executed by their respective officers thereunto duly authorized the day and year first written above.

APPROVED AS TO FORM:

Robert H. Farrell

CITY OF SAN BERNARDINO

BY:

Mayor

Mayor

ATTESTED:

James Chapp

Clerk

EAST SAN BERNARDINO COUNTY WATER DISTRICT

BY:

Dennis L. Johnson
Dennis L. Johnson, President

ATTESTED:

Bonnie R. Eastwood
Bonnie R. Eastwood, Secretary

FARRELL & FARRELL

Robert J. Farrell
Attorney for District
Robert J. Farrell

METHOD TO IMPLEMENT UNIFORM SEWER USER CHARGES

General

The purpose of this Exhibit is to develop a system of sewer rates and charges which fairly allocates the costs of providing sewerage service to all classes of sewer users within the regional service area. The procedure will allocate costs on the basis of sewerage flow and strength and will result in a user charge method which is in accordance with the latest Revenue Program Guidelines developed by the State Water Resources Control Board.

Method to Allocate Regional Expenses

All equivalent users in region pay the same for regional expenses.

Definition of Equivalent Sewer User

A sewer user requiring an estimated design capacity of _____ gallons per day of average domestic strength sewage - 1 unit.

Domestic Strength = (_____ mg/l BOD and _____ mg/l SS)

Use flow and strength estimates from latest Engineering Report.

Residential user assignments based on flat rates:

Single family dwellings	= 1 unit
Duplex	= 2 units
Triplex	= 3 units

All other user assignments based on Flow (measured or estimated) and Strength (sample or standards)

Non-residential User Assignments

Measure water consumption for every non-residential user using records from local agencies.

- Estimate water consumption only if records not available or compare to similar users using winter flow normally.
- Use sampling or determine sewage strength. For high strength industry and large commercial users hire engineering laboratory. One time charge (at cost) to each industry tested. This would probably involve 20 to 30 in the region.
- For non-major industrial and commercial users use strength recommendations in Revenue Program Guidelines.

Develop a formula to assign sewer user units.

- For high strength users the formula relates to costs to sewage flow and strength.

Determine total number of sewer units

$$\text{Regional cost per unit} = \frac{\text{Total Regional Expenses}}{\text{Total Regional Sewer Units}}$$

Within the Regional Service Area

Estimate 70-80% of all users are residential

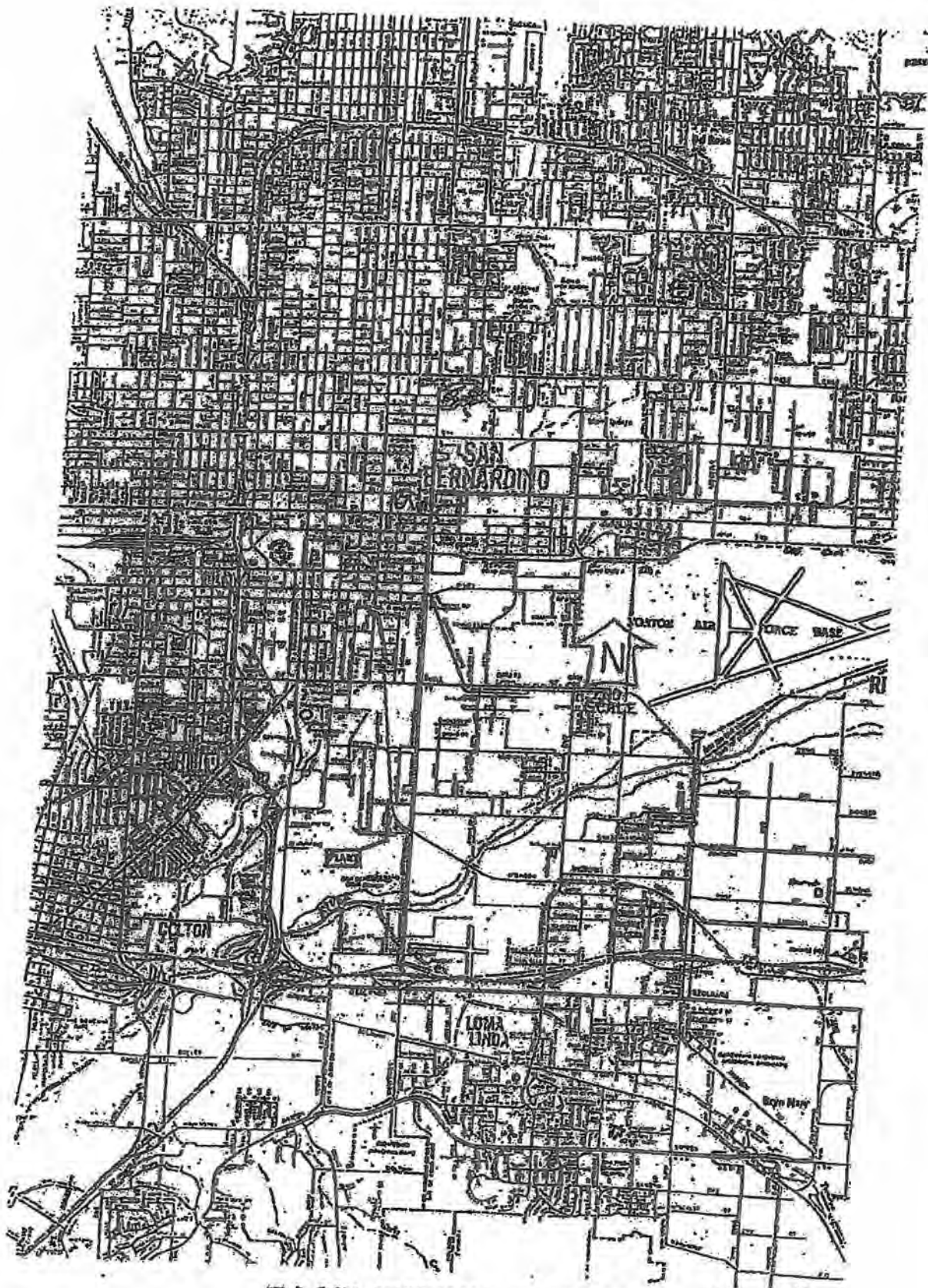
Estimate 70-90% of all non-residential users are domestic strength

Therefore, between 2% and 9% of users are high strength

Few high strength users require sampling

Verification of User Assignments

Sewer user assignments and other cost allocation records shall be available to all parties to this Agreement at any time upon reasonable notice. User assignments shall be updated and monitored continuously by the local agencies. Verification of sewer user assignments shall be by field and office checks by representatives of each agency on a regular basis, but not less frequently than every three years.



EAST TRUNK SEWER
EXHIBIT 5
JOINT POWERS AGREEMENT

1 RESOLUTION NO. 84-101

2 RESOLUTION OF THE CITY OF SAN BERNARDINO AUTHORIZING THE
3 EXECUTION OF A FIRST AMENDMENT TO THE JOINT POWERS AGREEMENT OF
4 1965 AMONG THE CITY OF SAN BERNARDINO, ITS BOARD OF WATER
COMMISSIONERS, AND THE EAST VALLEY WATER DISTRICT, FORMERLY KNOWN
AS THE EAST SAN BERNARDINO COUNTY WATER DISTRICT. (WATER)

5 BE IT RESOLVED BY THE MAYOR AND COMMON COUNCIL OF THE CITY OF
6 SAN BERNARDINO AS FOLLOWS:

7 SECTION 1. The Mayor of the City of San Bernardino is hereby
8 authorized and directed to execute on behalf of said City a First
9 Amendment to the Joint Powers Agreement of 1965 among the City of
10 San Bernardino, its Board of Water Commissioners, and the East
11 Valley Water District, formerly known as the East San Bernardino
12 County Water District, a copy of which is attached hereto, marked
13 Exhibit "A" and incorporated herein by reference as fully as
14 though set forth at length.

15 I HEREBY CERTIFY that the foregoing resolution was duly
16 adopted by the Mayor and Common Council of the City of San
17 Bernardino at a regular meeting thereof, held on
18 the 19th day of March, 1984, by the following vote,
19 to wit:

20 AYES: Council Members Castro, Rialty, Hernandez

21 Marks, Dink, Triguero
22 NAYS: None

23 ABSENT: Council Member Stuelker

24 SHAUNA CLARK
City Clerk

25 The foregoing resolution is hereby approved this 21st day
26 of March, 1984.

27 W. R. HOLCOMB
Mayor of the City of San Bernardino

28 Approved as to form:

Ralph H. Prude
City Attorney

35

1
2 FIRST AMENDMENT TO THE
3 JOINT POWERS AGREEMENT
4 OF 1965 AMONG THE CITY OF SAN BERNARDINO,
5 ITS BOARD OF WATER COMMISSIONERS,
6 AND THE EAST VALLEY WATER DISTRICT,
7 FORMERLY KNOWN AS THE
8 EAST SAN BERNARDINO COUNTY WATER DISTRICT

9 This First Amendment to the Joint Powers Agreement of 1965
10 is entered into among the City of San Bernardino, a municipal
11 corporation, hereinafter referred to as "City", the Board of Water
12 Commissioners of the City, hereinafter referred to as "Board", and
13 the East Valley Water District, a County water district organized
14 and existing under Division 12 of the Water Code, which was
15 formerly known as the East San Bernardino County Water District,
16 and hereinafter referred to as "District".

17 WHEREAS, each of said agencies can more economically serve
18 certain areas within their respective service areas; and

19 WHEREAS, it is to the mutual benefit of said agencies that
20 the service areas of each of said agencies be delineated so that
21 proper planning can be made for expansion and extension of
22 existing services and the installation of new services; and

23 WHEREAS, said public agencies are authorized to contract
24 with each other for the joint exercise of any common power under
25 Article 1, Chapter 5, Division 7, Title 1 of the Government Code;

26 NOW, THEREFORE, the City of San Bernardino, its Board of
27 Water Commissioners, and the East Valley Water District, for and
28 in consideration of the mutual promises and agreements
hereinafter stated and the performance thereof, and for other
valuable and adequate consideration, do promise and agree for and
on behalf of themselves and their successors in interest as
follows:

1 A. Recitals.

2 1. This agreement is made under the provisions of
3 Article 1, Chapter 5, Division 7, Title 1 of the Government Code,
4 and is for the purpose of amending that certain Joint Powers
5 Agreement of 1965, hereinafter referred to as "Agreement", made
6 between the City and the District.

7 2. The parties now desire to amend the Agreement to
8 designate respective service areas and to provide for an annual
9 contract for delivery of water from either agency to the other,
10 for annexations by City without opposition, for delivery by City
11 of water to City residents to reduce costs, for billing and
12 collection for refuse services by District, and for cooperation
13 in acquisition of water sources.

14 B. Amendments.

15 1. Section 3 of the Agreement is amended to read as
16 follows:

17 "Section 3. Designation of Service Areas.

18 Attached hereto and incorporated herein by reference,
19 marked Exhibit 'A' and Exhibit 'B', are two maps designating the
20 service areas herein assigned.

21 A. Exclusive Service Area of City.

22 The exclusive service area of the City shall consist of
23 the area marked on Exhibit 'A' attached hereto and incorporated
24 herein.

25 B. Exclusive Service Area of District.

26 The exclusive service area of the District shall
27 consist of the area marked on Exhibit 'B' attached hereto and
28 incorporated herein."

1 2. Section 7 of the Agreement is amended to read as
2 follows:

3 "Section 7. Nature of Water Supply to be Furnished.

4 All water to be furnished by the City under the terms
5 of this Agreement shall be furnished to the District as a body
6 politic and not to the inhabitants thereof, otherwise than as the
7 same may be supplied to said inhabitants by the District through
8 its own distributing system and under its own exclusive control.

9 The supplying of water by City to District shall be
10 temporary in its nature and no right to the continued use
11 thereof, either by the District or any of its inhabitants, shall
12 be established by the delivering of water from City to District,
13 and no covenants, either express or implied, for the continued
14 delivery of water from City to District or to the inhabitants of
15 District shall be inferred from this Agreement.

16 All rights to the continued beneficial use of any water
17 delivered by City to District are hereby reserved to City for and
18 on behalf of City and the landowners within its boundaries, it
19 being expressly understood and agreed that the supplying of water
20 by City to District will ultimately be withdrawn from District
21 and such quantities of water will be used within the boundaries
22 of City.

23 All water pumped by either City or District shall be
24 reported pursuant to the recordations acts of the Water Code as
25 being pumped by the appropriate entity. Neither City nor
26 District shall report or record any pumping performed by it
27 pursuant to the terms hereof as substitute extraction, nor make
28 any claim in or to the water so pumped.

1 It is specifically agreed that the water delivered to
2 District is not designated, set apart, or devoted to the purpose
3 of sale, rental or distribution to the inhabitants of District
4 and is not impressed with a public use for the benefit of
5 District or any of its inhabitants. It is further agreed that in
6 the execution of this agreement and the use of water delivered to
7 District, the District is acting in its proprietary and not its
8 legislative capacity, and that this contract constitutes a single
9 sale of surplus water on a temporary basis."

10 3. Section 8 of the Agreement is amended to read as
11 follows:

12 "Section 8. Term of Agreement Relating to Delivery of
13 Water.

14 Notwithstanding the provisions of Section 1, the
15 provisions of this Agreement relating to delivery of water,
16 including this Section and Sections 7, 9, 10, and 11, by District
17 to City or City to District, shall commence upon the execution
18 hereof and terminate on the first day of each January during the
19 term of this Agreement. The provisions relating to delivery of
20 water by District to the City or City to District may be renewed
21 annually by mutual consent of the parties, expressed by
22 resolution of the respective governing bodies, during the term of
23 this Agreement. Upon each such termination, all rights and
24 obligations under this Agreement for delivery of water shall
25 terminate except the obligation for payment to the District or
26 City for water delivered prior to such termination date."

27 4. Section 9 of the Agreement is amended to read as
28 follows:

1 "Section 9. Place of Delivery of Water.

2 The points of delivery of water from District to City
3 or City to District shall be those existing on the date of
4 execution of this Agreement and such other points as may be
5 mutually agreed to by the governing bodies of the respective
6 water agencies expressed in writing."

7 5. Section 10 of the Agreement is amended to read as
8 follows:

9 "Section 10. Quantities and Cost of Water to be
10 Delivered by District or City.

11 During each contract year of the term of this agreement
12 and until termination hereof, the quantity and cost of water to
13 be delivered by District or City shall be determined by the
14 mutual agreement of the parties upon annual renewal of the
15 delivery agreement."

16 6. Section 11 of the Agreement is amended to read as
17 follows:

18 "Section 11. Rate and Time of Delivery of Water by
19 District to City or City to District.

20 During each contract year of the term of this Agreement
21 and until termination hereof, the rate and time of delivery of
22 the water by the District or City to the other entity shall be
23 determined by the mutual agreement of the parties upon annual
24 renewal of the Agreement."

25 7. Section 12 of the Agreement relating to Substitute
26 Extraction is rescinded and is replaced by the following new
27 section:

28 "Section 12. Annexations.

1 In the event the City wishes to annex territory within
2 the District or District's sphere of influence, excepting those
3 areas east of Plunge Creek, for other than the purpose of
4 providing water or sewage service, District will not oppose or
5 take any action to discourage annexations by the City in such
6 areas."

7 8. Section 13 of the Agreement relating to Payment by City
8 to District is rescinded and is replaced by the following new
9 section:

10 "Section 13. Water Service to City Residents.

11 Notwithstanding any other provision of this Agreement,
12 City may provide water to District in amounts sufficient to serve
13 all or part of the residents within the District who are also
14 residents of the City, as the City may determine in its
15 discretion. The right of City to furnish District sufficient
16 water for City residents is absolute and independent of any other
17 provision between the agencies for supplying water.

18 The City and District agree to act diligently to
19 accomplish savings in District's costs of production and
20 operation by delivery of City water to water users located within
21 the corporate limits of the City who are also located within the
22 boundaries of the District who are hereinafter referred to as
23 "City users". For such purpose, the following procedure shall be
24 followed:

25 a. District shall compute the District's annual
26 average production and delivery cost per acre foot for the
27 equivalent amount of water furnished by the City to District
28 subscribers within the City, as established by the annual audit

1 report of the District.

2 b. All reductions in costs of production for City
3 users resulting from City's furnishing of water to the District
4 shall be passed on to City users who are receiving water from the
5 District, together with such other savings to the District as can
6 be measured in dollar amounts.

7 c. Should the City elect to make payments of all or
8 part of the bonded indebtedness of the District that is now being
9 amortized by either a Water User Charge or a Sewer User Charge,
10 all such payments shall be applied to the credit of the City
11 water or sewer users who are served by the District."

12 9. Section 13.10 is added to the Agreement to read as
13 follows:

14 "Section 13.10. Refuse Collection.

15 District shall bill and attempt to collect refuse
16 charges to its customers who are served by the public services of
17 the City. District shall be entitled to reimbursement by City
18 for 1/2 of postage plus actual costs incurred by District for
19 such billing and collection, as reasonably determined by the
20 District. At convenient intervals as determined by District, the
21 District shall pay collected refuse charges only to the City, and
22 District shall not be responsible for the collection of any
23 unpaid accounts for such refuse charges. District shall report
24 accounts to City which are unpaid for 60 days or more."

25 10. Section 17 is added to the agreement to read as
26 follows:

27 "Section 17. Notices.

28 All notices, statements, demands, requests, consents,

1 approvals, authorizations, agreements, appointments or
2 designations hereunder shall be given in writing and addressed to
3 the clerk or secretary of the governing body at the principal
4 office of each member of the Agreement."

5 11. Section 18 is added to the Agreement to read as
6 follows:

7 "Section 18. Assignment.

8 The parties hereto shall not assign any rights or
9 obligations under this Agreement without the written consent of
10 the other party."

11 12. Section 19 is added to the Agreement to read as
12 follows:

13 "Section 19. Cooperation of Parties.

14 District and City will cooperate in the planning and
15 acquisition of water supply sources, whether by construction,
16 lease, purchase, or eminent domain, within the exclusive service
17 areas of City and District as delineated on Exhibits 'A' and 'B'
18 attached hereto."

19 13. Section 20 is added to the Agreement to read as
20 follows:

21 "Section 20. Additional Documents.

22 The parties hereto agree upon request to execute,
23 acknowledge and deliver all additional papers and documents
24 necessary or desirable to carry out the intent of this
25 Agreement."

26 C. Effective Date.

27 This First Amendment to Joint Powers Agreement shall be
28 valid and binding as of the date of execution thereof by the last

1 party to execute the same.

2 IN WITNESS WHEREOF, each public agency has caused this
3 instrument to be executed by its respective officials theretofore
4 duly authorized by the legislative bodies thereof, on the date
5 and year hereinafter indicated.

6 THE CITY OF SAN BERNARDINO

7
8 DATED: April 2, 1984

By [Signature]
Mayor

9
10 ATTEST:

11 [Signature]
12 City Clerk

13 Approved as to form:

14 [Signature]
15 City Attorney

16 WATER COMMISSION OF THE CITY
17 OF SAN BERNARDINO

18 DATED: _____

19 By [Signature]
Chairman

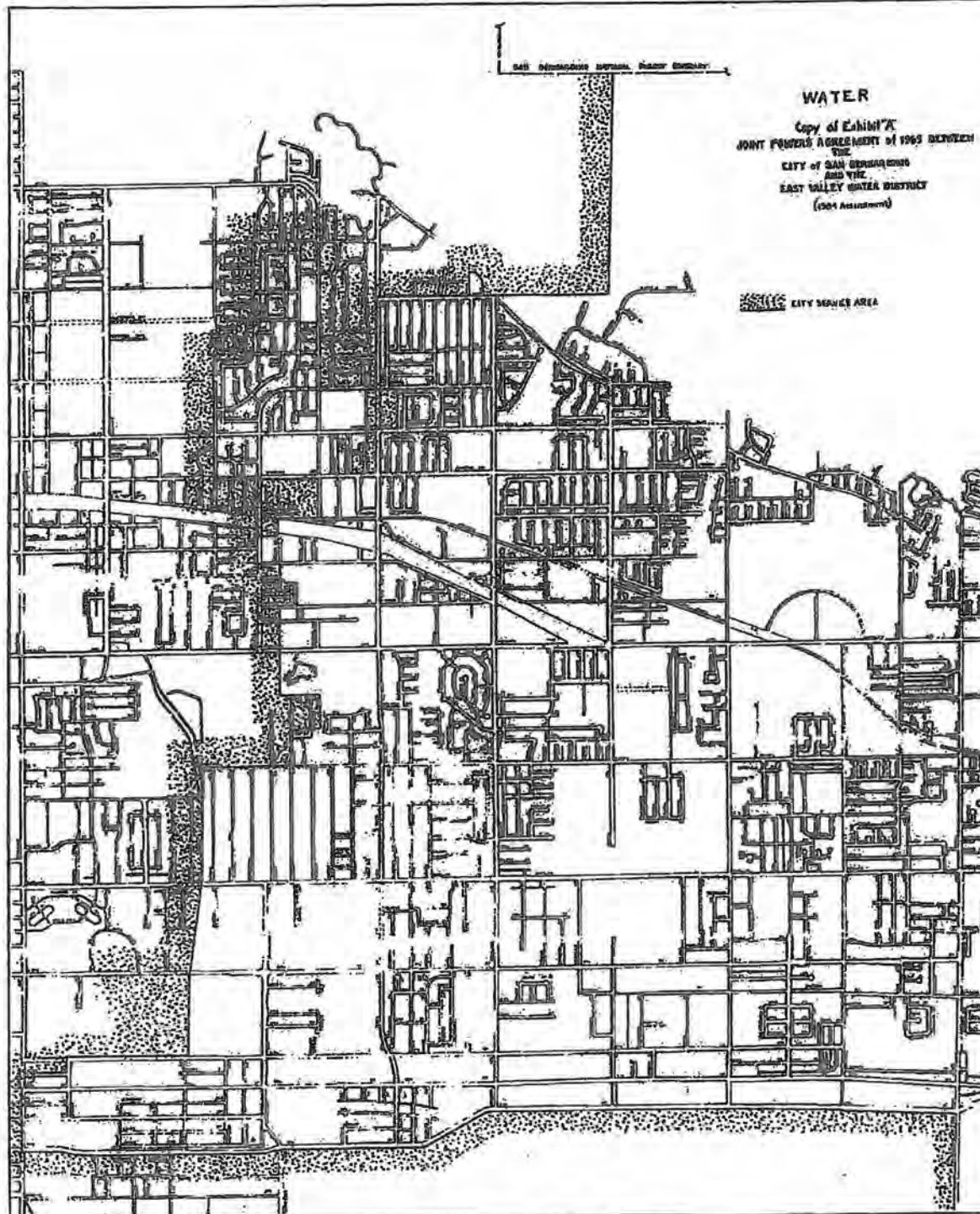
20 By [Signature]
21 Secretary

22 EAST VALLEY WATER DISTRICT

23
24 DATED: April 11, 1984

25 By [Signature]
President

26 By [Signature]
27 Secretary



1 RESOLUTION NO. 84-102

2 RESOLUTION OF THE CITY OF SAN BERNARDINO AUTHORIZING THE
3 EXECUTION OF A SECOND AMENDMENT TO THE JOINT POWERS AGREEMENT OF
4 1957 BETWEEN THE CITY OF SAN BERNARDINO AND EAST SAN BERNARDINO
5 COUNTY WATER DISTRICT. (SEWER)

6 BE IT RESOLVED BY THE MAYOR AND COMMON COUNCIL OF THE CITY OF
7 SAN BERNARDINO AS FOLLOWS:

8 SECTION 1. The Mayor of the City of San Bernardino is hereby
9 authorized and directed to execute on behalf of said City a
10 Second Amendment to the Joint Powers Agreement of 1957 between
11 the City of San Bernardino and East San Bernardino County Water
12 District, a copy of which is attached hereto, marked Exhibit "A"
13 and incorporated herein by reference as fully as though set forth
14 at length.

15 I HEREBY CERTIFY that the foregoing resolution was duly
16 adopted by the Mayor and Common Council of the City of San
17 Bernardino at a Regular meeting thereof, held on
18 the 19th day of March, 1984, by the following vote,
19 to wit:

20 AYES: Council Members Castaneda, D. J. Hernandez,
21 Marquez, David, Garcia

22 NAYS: None

23 ABSENT: Council Member Strickland

24 SHAUNA CLARK
25 City Clerk

26 The foregoing resolution is hereby approved this 21st day
27 of March, 1984.

28 W. R. HOLCOMB
Mayor of the City of San Bernardino

Approved as to form:

Ralph H. Pinner
City Attorney

36.

1 SECOND AMENDMENT TO THE
2 JOINT POWERS AGREEMENT OF 1957
3 BETWEEN THE CITY OF SAN BERNARDINO
4 AND EAST SAN BERNARDINO COUNTY WATER DISTRICT

5 This Second Amendment to the Joint Powers Agreement of 1957
6 is made by the City of San Bernardino, a municipal corporation
7 hereinafter referred to as "City", and the East Valley Water
8 District (formerly named the East San Bernardino County Water
9 District), a County water district organized and existing
10 pursuant to Division 12 of the Water Code and hereinafter
11 referred to as "District".

12 WHEREAS, each of the parties hereto is a public agency
13 authorized and empowered to contract for the joint exercise of
14 powers under Article 1, Chapter 5, Division 7, Title 1 (Sections
15 6500 et seq.) of the Government Code of the State of California;
16 and,

17 WHEREAS, each of said parties has the authority and power to
18 protect and preserve the quality of the surface and subsurface
19 water supplies within their respective boundaries; and,

20 WHEREAS, the parties hereto recognize the immediate
21 necessity for planning, construction, operation, and maintenance
22 of works and facilities for collection, transmission, treatment,
23 disposal and reclamation of sewage, wastes, and wastewaters to
24 protect water quality and to abate water pollution within the San
25 Bernardino Valley area of the Santa Ana Watershed.

26 NOW, THEREFORE, IN CONSIDERATION of the mutual promises and
27 covenants herein contained, the parties hereto agree as follows:

28 A. Recitals.

1. City and District entered into a Joint Powers

1 Agreement on January 7, 1958, (hereinafter referred to as
2 "Agreement") relating to the construction and operation of
3 facilities for the collection, treatment and disposal of sewage
4 within certain geographic areas, which Agreement was amended
5 November 19, 1980, in respect to payment by District for use of
6 regional facilities and establishing a regional capacity charge.

7 2. The parties now desire to amend the agreement to
8 add Exhibit "A" delineating the respective service areas of the
9 parties, to add Exhibit "B", a map of the East Trunk Sewer Line,
10 to provide for payment by District of construction costs of
11 additional interceptor capacity, to provide that City will not
12 oppose annexations which District shall initiate nor act to merge,
13 consolidate or dissolve District, to set a regional capacity
14 charge of \$1,230.00 per connection, to provide that funds
15 pursuant to this Agreement will be restricted funds, to provide
16 for a surcharge in certain areas for facilities expansion, and to
17 create an Inland Empire Wastewater Advisory Board.

18 B. Amendments.

19 1. Section 2.10 is added to the Agreement to read as
20 follows:

21 "2.10 The sewerage service areas of the public
22 agencies utilizing the City regional wastewater treatment
23 facility are more particularly described in Exhibit 'A' attached
24 hereto and incorporated herein by this reference. The
25 territorial boundaries may be changed from time to time upon the
26 approval of both the District and City."

27 2. Section 3 of the Agreement is amended to change the
28 designation of Exhibit "A" therein to Exhibit "B", and said

1 Exhibit "B" is attached hereto and incorporated herein by this
2 reference.

3 3. Section 4 of the Agreement is amended to read as
4 follows:

5 "4. Right of District in East Trunk Sewer.

6 The District shall have and own, for the existence of
7 this Agreement, a right to discharge sewage into the East Trunk
8 Sewer or other sewers adjacent to the District at a point or
9 points on said sewers between the East-West center line of
10 Section 19, Township 1 North, Range 3 West, and its prolongations
11 and Third Street (sometimes known as City Creek Road), as
12 described in Exhibit 'E', which is attached hereto and made a
13 part hereof. All connections to said sewers for the purpose of
14 said discharge shall be made at the sole cost and expense of the
15 District and shall be made under the supervision of an officer or
16 employee designated by the City and shall be performed to the
17 satisfaction of and subject to the approval of the City. The
18 District may, in accordance with Section 5 herein, discharge all
19 sewage entering any of its sewage collection facilities into said
20 East Trunk Sewer or other sewers adjacent to the District.

21 District recognizes that the East Trunk Sewer and other
22 major interceptors are approaching capacity and agrees to pay for
23 its proportionate share of any additional interceptor capacity
24 required. District will enact an interceptor expansion charge
25 for all facilities making use of the East Trunk Sewer, calculated
26 on the basis set forth in Exhibit 'C', which is attached hereto
27 and incorporated herein, and District shall deliver all such fees
28 collected to the City monthly as provided in Part 10, Section 7

1 hereof. Said fees will be used by City to construct additional
2 interceptor and trunk line capacity for the District. City
3 warrants that interceptor and trunk line capacity thus
4 constructed will be made available to District pursuant to
5 District needs."

6 4. Section 6 of the Agreement is amended to read as
7 follows:

8 "6. Service Areas, Right to Collect Charges.

9 The City and the District agree that the areas within
10 which each is entitled to provide sewer service and collect
11 sewer service charges shall be as set forth in this paragraph.
12 Neither public agency shall, without the written consent of the
13 other, be entitled to provide sewer service and collect sewer
14 service charges within any territory assigned to the other under
15 this paragraph.

16 a. City shall provide sewer service and collect
17 charges therefor within the territory defined in
18 Exhibit 'D' attached hereto and incorporated herein.

19 b. District shall provide sewer service and collect
20 charges therefor within the territory defined in
21 Exhibit 'E' attached hereto and incorporated herein.

22 In addition, District shall adopt a resolution
23 initiating procedures for annexation of the property exterior to
24 its boundaries as described in Exhibit 'F' attached hereto and
25 incorporated herein. City shall not oppose such proposal for
26 annexation by the District. Further, City will take no action
27 during the term of this Agreement which will in any way lead to
28 the merger, consolidation or dissolution of the District."

1 5. Part 10 of Section 7 of the Agreement is amended to
2 read as follows:

3 "Part 10. Regional Capacity Charge.

4 The City shall continue in force an ordinance requiring
5 adoption of a capacity fee by resolution which shall require the
6 capacity fee to be adjusted annually as provided for therein.

7 The capacity fee on the date of execution of this Agreement shall
8 be fixed at \$1230.00 per residential unit and \$4.40 per gallon
9 per day of estimated effluent for non-residential connections.

10 The capacity charge shall be reviewed and adjusted if required as
11 provided by City ordinance or resolution.

12 Funds collected from said source shall be used
13 exclusively to finance the expansion of capital improvements or
14 additions to the regional treatment facilities.

15 It is mutually agreed that the City will not make
16 treatment capacity in the regional facility available to any
17 future user unless said future user has paid a Regional Capacity
18 Charge of an amount equal to or greater than the Regional
19 Capacity Charge then in effect.

20 As compensation to the City for services rendered in
21 the providing of treatment capacity, the treating and disposing
22 of waste discharged by the District into said East Trunk Sewer or
23 other sewers adjacent to the District, the District shall pay to
24 the Board of Water Commissioners at the end of each monthly
25 period, or other period established by the District for imposing
26 and collecting sewer service charges the aggregate of Regional
27 Facilities and Treatment Charges and Regional Capacity Charges as
28 above indicated.

1 Any amount of said payment which is in dispute shall be
2 paid to the City with a notation that it is paid under protest
3 and shall be repaid at a later time if so decided by any
4 appropriate court of law.

5 Payments due at the end of the period specified above
6 shall be paid within thirty (30) days of said due date. Payments
7 not made within said thirty (30) days shall bear interest at the
8 rate of the current prevailing prime rate of interest per annum
9 from the date thereof until paid.

10 Since the payments are to be made for services
11 rendered, there will be no surplus money and so there should be
12 no surplus money on hand at the termination of this Agreement
13 after the accomplishment of said purpose, but if there is any, it
14 shall be returned in proportion to the contributions made.

15 6. Section 8 of the Agreement is amended to read as
16 follows:

17 "8. Records, Accounts, Inspection and Audit.

18 Both the District and City Water Department shall keep
19 a complete and up to date list of all persons and customers of
20 every kind and nature (including public agencies of all types)
21 discharging into or using its system and shall keep proper books
22 of record and accounts in which complete and correct entries
23 shall be made of all transactions (including all receipts and
24 disbursements) relating to the provision of sewer service and the
25 collection of sewer service charges. Said list, books of record
26 and accounts shall be kept in such reasonable detail that the
27 City or District can ascertain the aggregate charges which would
28 have been collected by the City or District if the persons and

1 customers served by the District or City which are emptying into
2 the District's or City's system had been located in the City or
3 District. Said list, books of record and accounts shall, upon
4 written request, be subject to inspection by any duly authorized
5 representative of the City or District. Said list, books of
6 record and accounts may be audited annually by an independent
7 certified public accountant or firm of certified public
8 accountants. A copy of the report of such accountant or
9 accountants shall be given to each public agency. The District
10 or City shall notify the City or District within a reasonable
11 time before the audit is to commence of the identity of the
12 auditor or auditing firm. The expense of said audit shall be
13 shared by said public agencies equally. The City or District
14 may, upon written request, inspect the District's or City's
15 sewage collection facilities at reasonable intervals.

16 Funds collected pursuant to this Agreement will be
17 placed in restricted funds pursuant to governmental accounting
18 practices."

19 7. Section 10, "Arbitration", was rescinded by the
20 amendment of 1980, and a new Section 10 is added to the Agreement
21 to read as follows:

22 "10. Access Charge for Pump Stations, Trunk Lines,
23 Interceptors and Collectors.

24 District agrees that it will prescribe and collect a
25 rate and charge of \$2.00 per month for any new service in an area
26 described in Exhibit 'H' attached hereto and incorporated herein
27 discharging into the regional wastewater treatment facilities.
28 District shall collect said fee and deliver said fee to the City

1 monthly as provided in Part 10 of Section 7 hereof for expansion
2 by the City of sewage pump stations, interceptors and collectors
3 within the City boundaries to accommodate the increased sewage
4 flow generated by lands described in Exhibit 'H' hereto
5 discharging into the regional wastewater facilities. Said fee
6 shall be adjusted annually in accordance with District
7 ordinances."

8 8. Section 10.10 is added to the Agreement to read as
9 follows:

10 "10.10 Creation of Inland Empire Wastewater Advisory
11 Board.

12 There is hereby created an advisory board to be known
13 as the 'INLAND EMPIRE WASTEWATER ADVISORY BOARD', hereinafter
14 called 'Advisory Board'. The Advisory Board shall have the power
15 to (a) plan the acquisition, construction, maintenance and
16 improvement of the regional wastewater treatment plant and
17 facilities as described in this Agreement; (b) to recommend the
18 issuance of bonds, notes, warrants, charges, fees and other
19 evidence of indebtedness to finance costs and expenses incidental
20 to the regional facilities; (c) to plan for expansion of the
21 wastewater facility to accommodate future growth; and (d) to
22 exercise any other powers as may be conferred by the parties to
23 this Agreement. The public agencies eligible to become parties
24 to this Advisory Board are as follows:

- 25 (i) City of San Bernardino;
26 (ii) East Valley Water District;
27 (iii) Such other public agencies as may hereafter be
28 declared eligible by unanimous vote of existing members.

1 The City agrees it will not take any action related to
2 its activities specified in (a), (b), (c) or (d), pursuant to
3 paragraph 10.10 of this Agreement without considering the
4 Advisory Board's recommendations submitted within a reasonable
5 time, and the City will not arbitrarily or capriciously reject
6 any such recommendation.

7 The Advisory Board shall be composed of the General
8 Manager of the District and the General Manager of the City's
9 Water Department."

10 9. Section 13 is added to the Agreement to read as
11 follows:

12 "13. Notice.

13 All notices, statements, demands, requests, consents,
14 approvals, authorizations, agreements, appointments or
15 designations hereunder shall be given in writing and addressed to
16 the principal office of each member of the Agreement."

17 10. Section 18 is added to the Agreement to read as
18 follows:

19 "18. Assignment.

20 The parties hereto shall not assign any rights or
21 obligations under this Agreement without the written consent of
22 all other parties."

23 11. Section 19 is added to the Agreement to read as
24 follows:

25 "19. The parties hereto agree upon request to execute,
26 acknowledge and deliver all additional papers and documents
27 necessary or desirable to carry out the intent of this

28 / / /

/ / /

1 Agreement."

2 IN WITNESS WHEREOF, the parties hereto have executed this
3 Agreement on the date and year hereinafter indicated.
4

5 CITY OF SAN BERNARDINO

6 DATED: April 5, 1984

7 By [Signature]
Mayor

8 Attest:

9
10
11 City Clerk
12

13 EAST VALLEY WATER DISTRICT

14 DATED: April 11, 1984

15 By [Signature]
President

16 By [Signature]
Secretary

17
18 Approved as to form:

19 [Signature]
20 City Attorney
21

22 Approved and Agreed:

23 WATER COMMISSION OF THE
24 CITY OF SAN BERNARDINO

25 By [Signature]
Chairman

26
27 By [Signature]
Secretary
28

EXHIBIT C

EAST VALLEY WATER DISTRICT INTERCEPTOR
WATERMAN AVENUE & EAST THIRD STREET TO
SAN BERNARDINO WASTEWATER TREATMENT PLANT

CONNECTION COSTS

<u>Item</u>	<u>Quantity</u>	<u>Unit Cost</u>	<u>Cost</u>
48-inch VCP	7,700 LF	\$ 175.00 LF	\$ 1,347,500
36-inch VCP	4,000 LF	126.00 LF	504,000
Paving	10,000 LF	12.00 LF	120,000
Manholes	40 EA	1,700.00 EA	68,000
Connections	2 EA	3,000.00 EA	6,000

Construction Subtotal

2,045,500
\$ 1,984,300

11% Contingencies

225,000
218,300

Subtotal

2,270,500
\$ 2,202,600

15% Design, Inspection, Surveys, etc.

341,575
330,400

TOTAL

2,611,075
\$ 2,533,000

Additional Daily Flow Required = 7,000,000 gallons

Average flow per connection per day = 281 gallons

Number of connections = $\frac{7,000,000/\text{day}}{281/\text{day/connection}}$

= 24,910 connections

Cost per connection = $\frac{\$2,533,000}{24,910 \text{ connections}}$

= \$ $\frac{105}{103}$ /connection

The Trunkline connection cost shall be increased annually
in the same manner as prescribed in District ordinances.



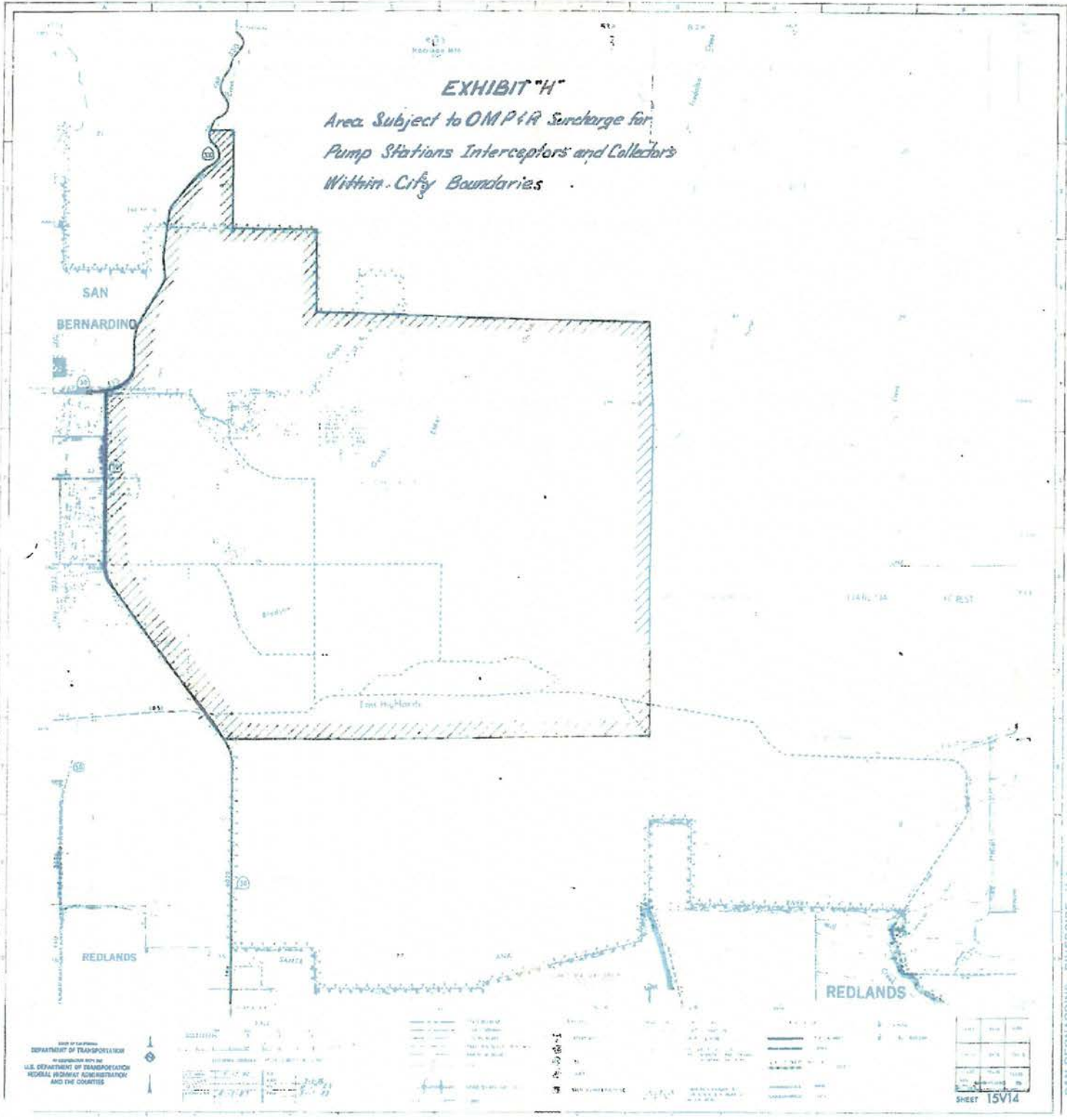
EXHIBIT "G"

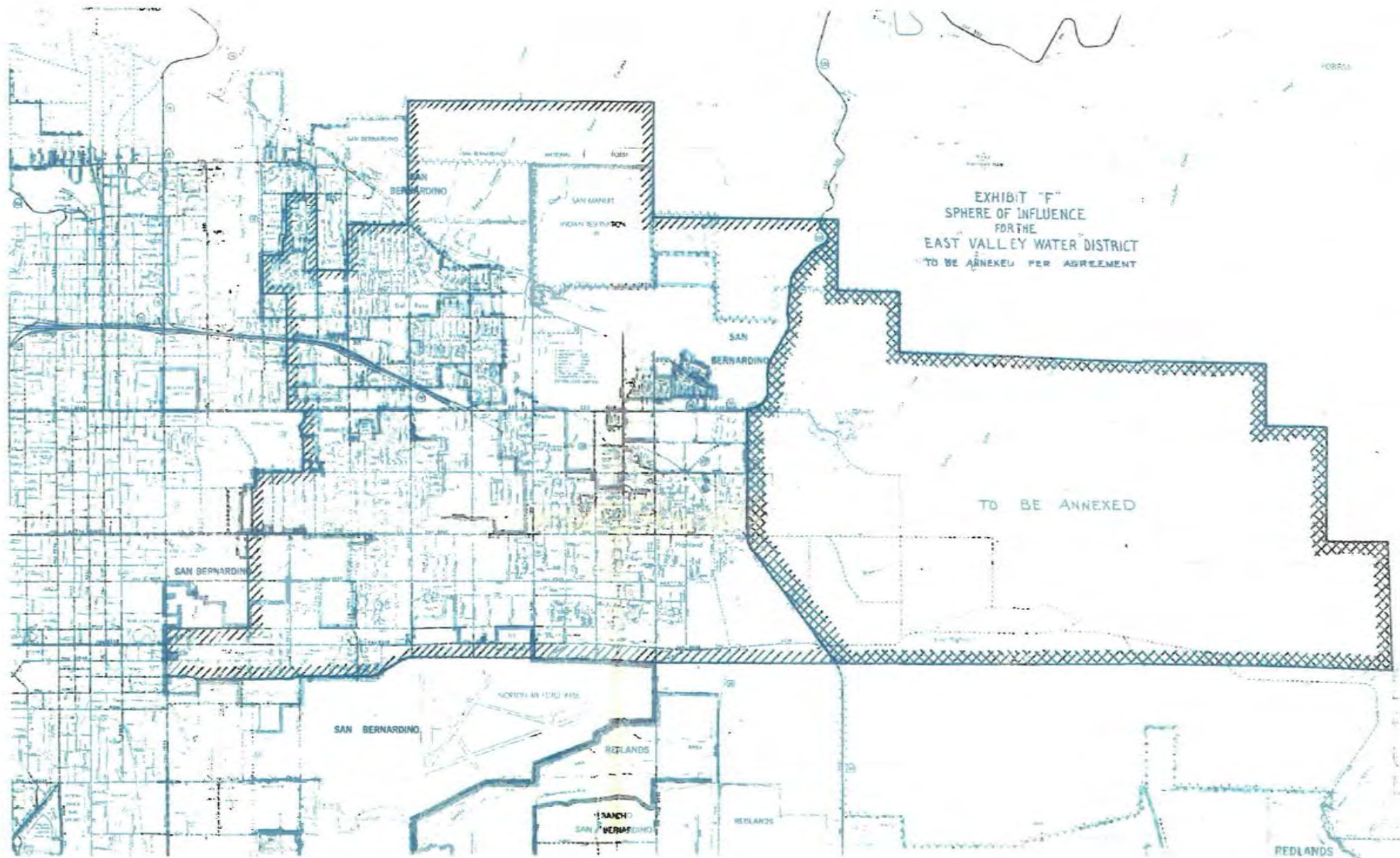
SAN BERNARDINO REGIONAL WASTEWATER TREATMENT PLANT CAPACITY CHARGE

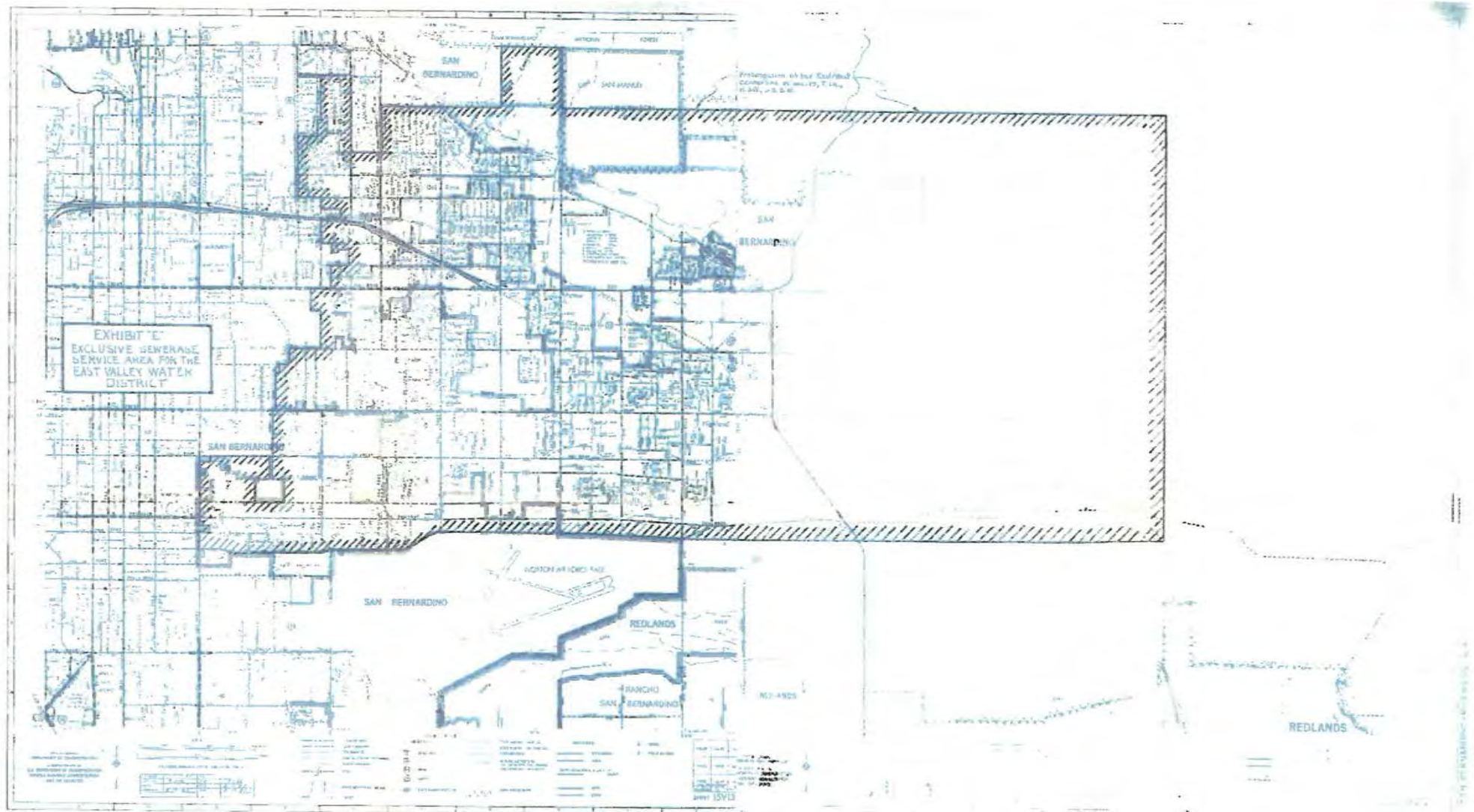
The City shall adopt by Ordinance a capacity fee. Said Ordinance shall require the capacity fee to be adjusted annually as provided for therein. The capacity fee on the date of execution of this agreement shall be fixed at _____ per connection.

The Regional Wastewater Treatment capacity charge shall be reviewed and adjusted if required as provided for by City ordinance.

EXHIBIT "H"
*Area Subject to OMP&R Surcharge for
 Pump Stations Interceptors and Collectors
 Within City Boundaries*







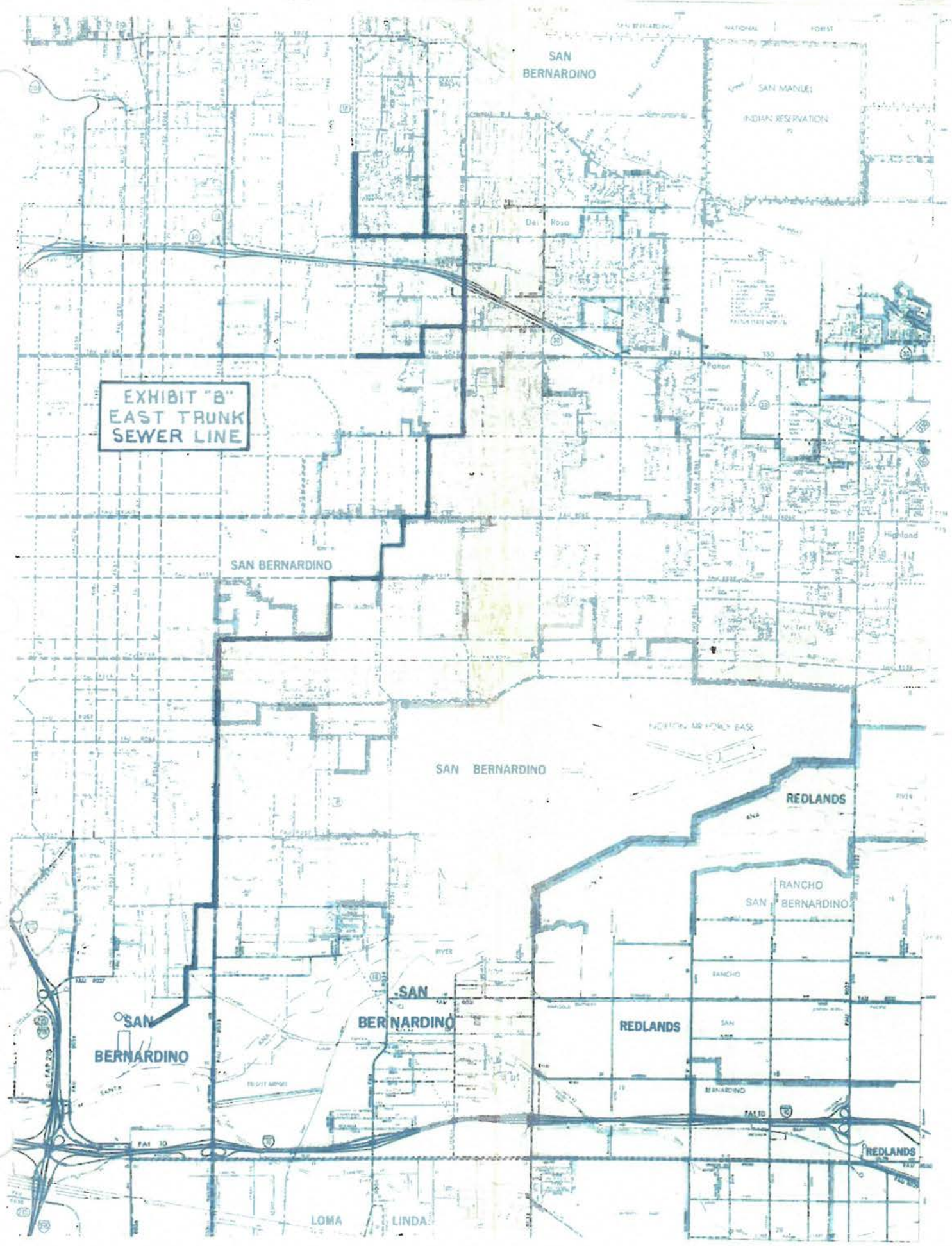


EXHIBIT "B"
EAST TRUNK
SEWER LINE

SAN
BERNARDINO

SAN MANUEL
INDIAN RESERVATION

SAN BERNARDINO

SAN BERNARDINO

REDLANDS

RANCHO
SAN BERNARDINO

SAN
BERNARDINO

REDLANDS

SAN
BERNARDINO

REDLANDS

REDLANDS

LOMA
LINDA







EXHIBIT "A"

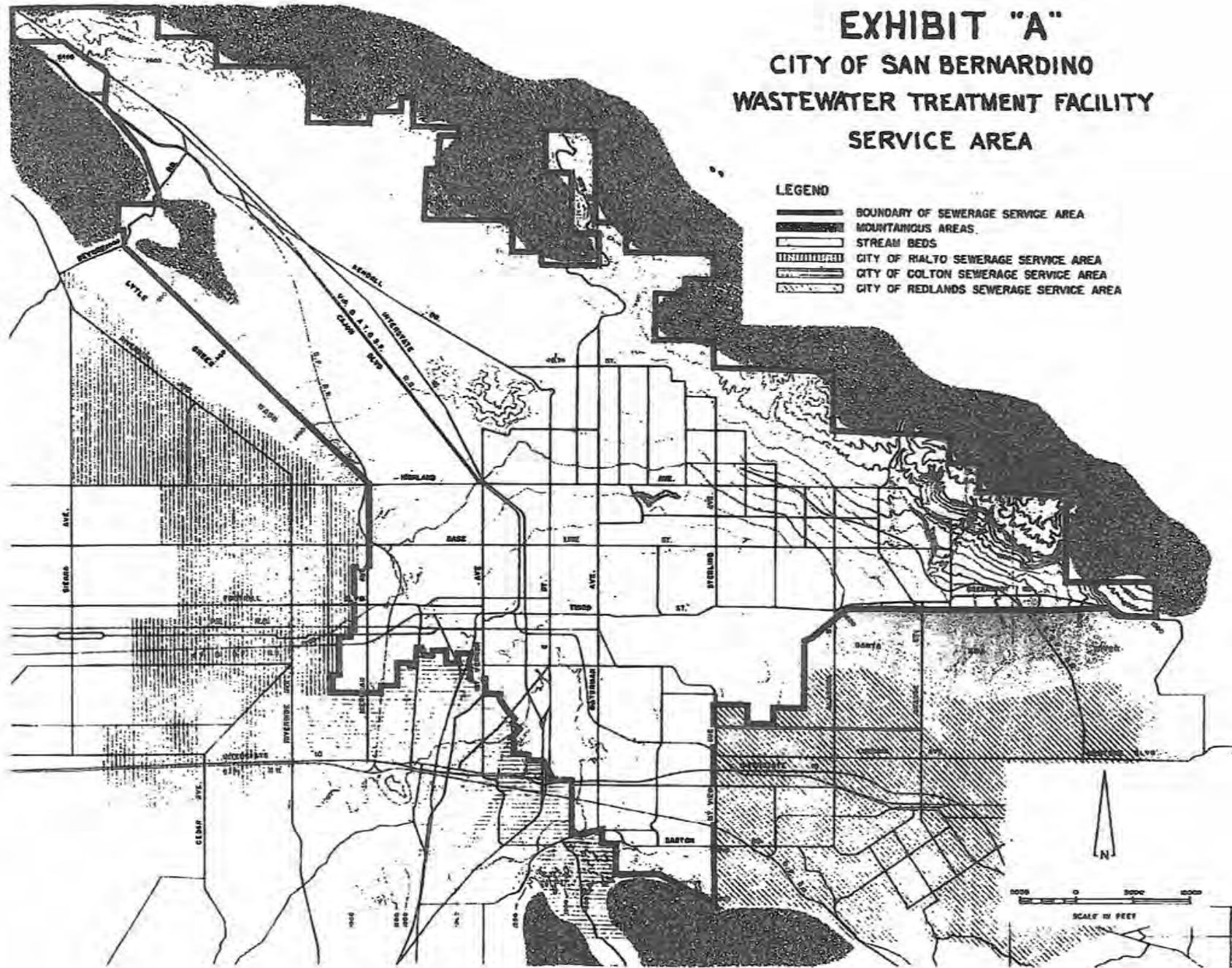
CITY OF SAN BERNARDINO

WASTEWATER TREATMENT FACILITY

SERVICE AREA

LEGEND

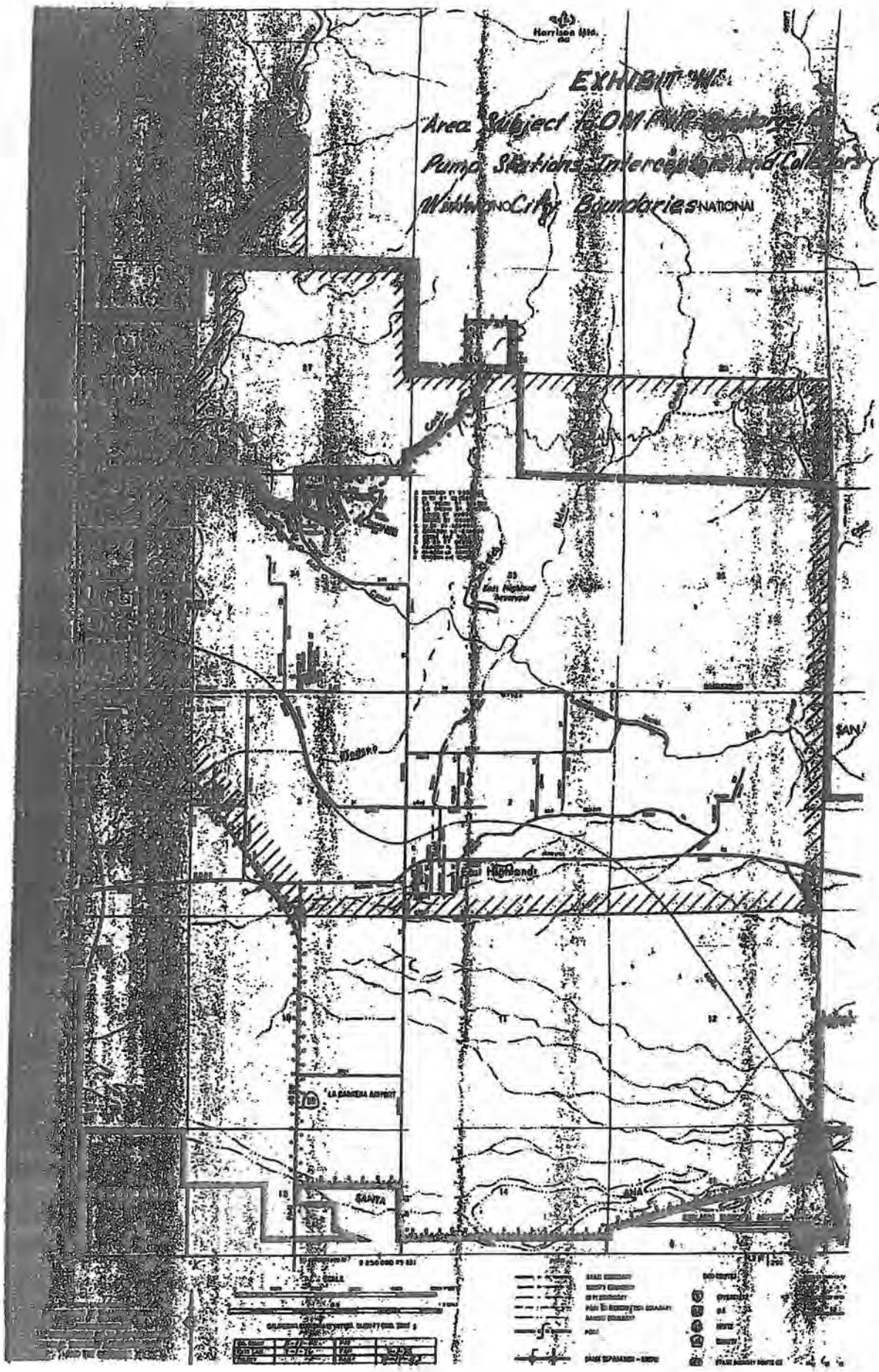
-  BOUNDARY OF SEWERAGE SERVICE AREA
-  MOUNTAINOUS AREAS
-  STREAM BEDS
-  CITY OF RIALTO SEWERAGE SERVICE AREA
-  CITY OF COLTON SEWERAGE SERVICE AREA
-  CITY OF REDLANDS SEWERAGE SERVICE AREA



Hamilton 434

EXHIBIT "W"

Area Subject to DM PWR Discharge
Pump Stations Interceptors and Collectors
Wastewater City Boundaries NATIONAL



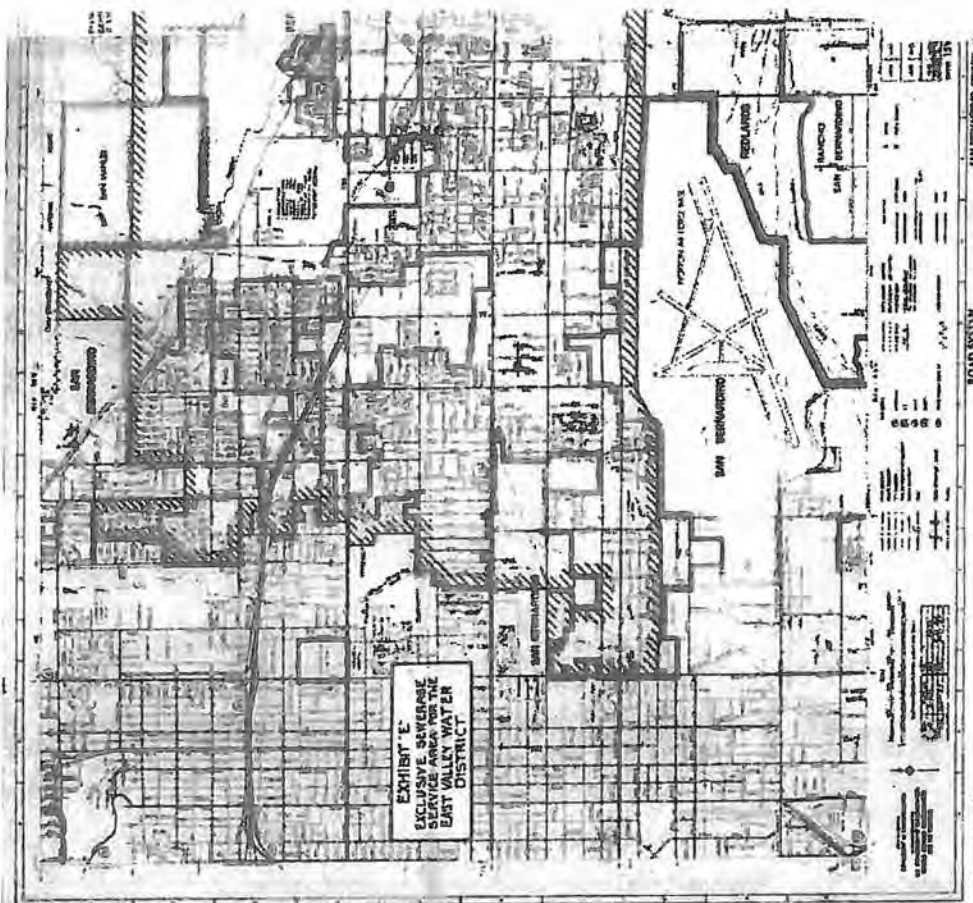
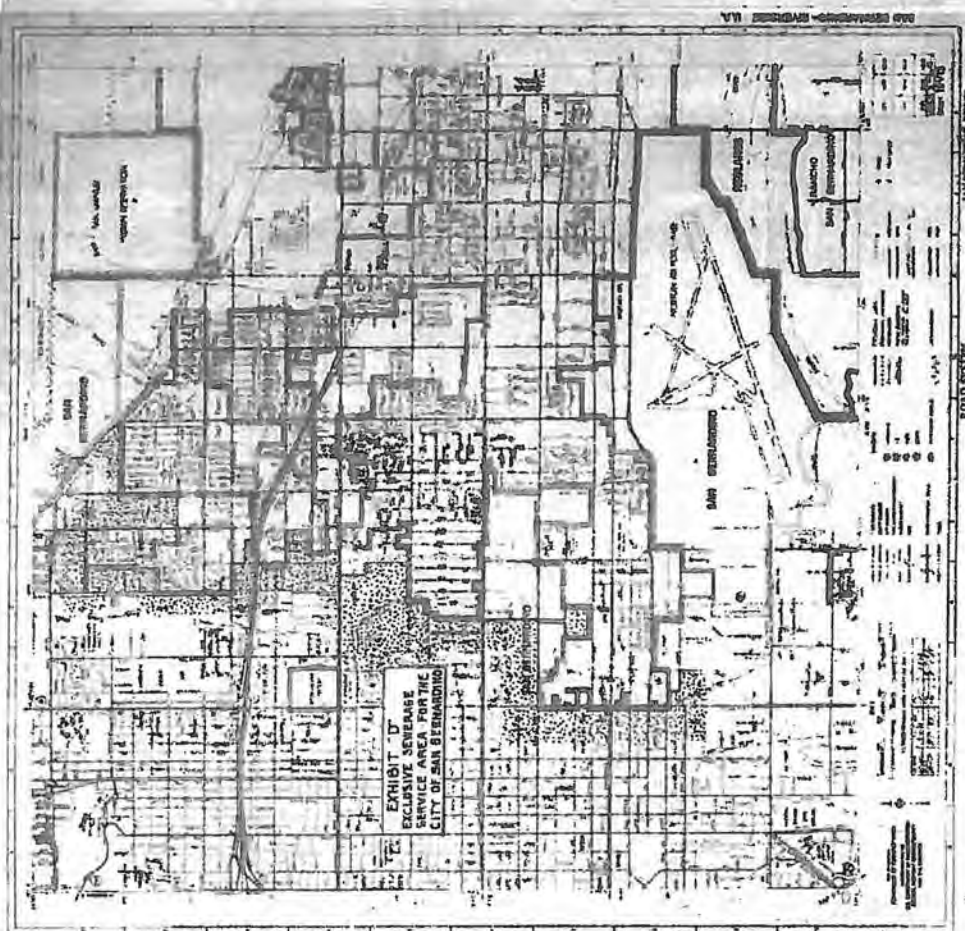


EXHIBIT E
11/8/83



San Bernardino County, CA
Exhibits D and E to the 1984
General Plan
11/8/83

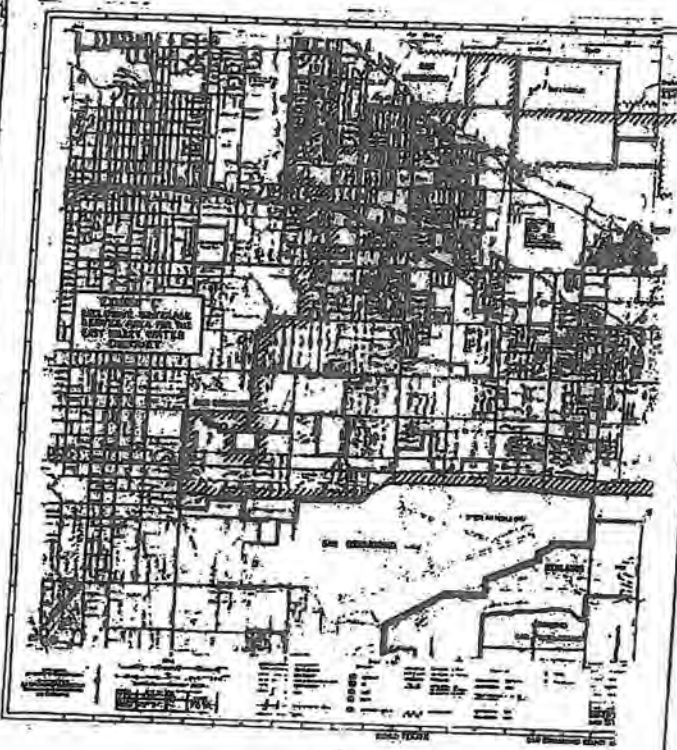


EXHIBIT D
JULY 1975



EXHIBIT D
JULY 1975

RESOLUTION NO. 96-347

RESOLUTION OF THE CITY OF SAN BERNARDINO FIXING AND ESTABLISHING CHARGES FOR SERVICES AND FACILITIES FURNISHED BY THE CITY SEWERAGE COLLECTION AND TREATMENT SYSTEM LOCATED INSIDE THE INCORPORATED TERRITORY OF THE CITY; PROVIDING THAT USERS LOCATED OUTSIDE THE INCORPORATED TERRITORY OF THE CITY MAY RECEIVE SEWER SERVICES; AUTHORIZING THE DIRECTOR OF PUBLIC WORKS/CITY ENGINEER TO EXECUTE AGREEMENTS FOR USERS LOCATED OUTSIDE THE INCORPORATED TERRITORY OF THE CITY SUBJECT TO CERTAIN TERMS AND CONDITIONS; AND REPEALING RESOLUTION NO. 95-101 AND 95-367.

BE IT RESOLVED BY THE MAYOR AND COMMON COUNCIL OF THE CITY OF SAN BERNARDINO AS FOLLOWS:

SECTION 1. Users Located Within and Users Located Outside the Incorporated Territory of the City. Pursuant to the provisions of Sections 13.32.180 of the San Bernardino Municipal Code, any premises located within or located outside the incorporated territory of the City which are served by a connection to the system of sewage and waste treatment of the City, and all premises, except for single family residences, which are situated on real property adjoining an existing public sewer and not connected thereto, shall be charged and the user thereof shall pay a sewer service charge based upon the following schedule:

SEWER UTILITY RATE

CLASSIFICATION	REGIONAL FACILITIES & TREATMENT CHARGE	COLLECTION SYSTEM CHARGE	TOTAL MONTHLY CITY CHARGE
Residential (Single-Family, Duplex, Triplex)	\$ 13.25 per month/unit	\$1.35/month/unit	\$14.60/unit
Multi-Family, Mobile Home Parks (4 or More Units)	\$ 0.75/hcf ✓	\$.15/hcf	\$ 0.90/hcf
Retail, Commercial, Light Industrial (Non-Office, Bakeries, Markets, Theaters, Dry Cleaners)	\$ 1.10/hcf ✓	\$.15/hcf	\$ 1.25/hcf
Auto Repair, Car Wash	\$ 1.20/hcf ✓	\$.15/hcf	\$ 1.35/hcf
Offices, Motels (Without Restaurants)	\$.95/hcf ✓	\$.15/hcf	\$ 1.10/hcf

November 4, 1996

RESOLUTION OF THE CITY OF SAN BERNARDINO DOING AND ESTABLISHING CHARGES FOR SERVICES AND FACILITIES FURNISHED BY THE CITY SEWERAGE COLLECTION AND TREATMENT SYSTEM LOCATED INSIDE THE INCORPORATED TERRITORY OF THE CITY; PROVIDING THAT USERS LOCATED OUTSIDE THE INCORPORATED TERRITORY OF THE CITY MAY RECEIVE SEWER SERVICES; AUTHORIZING THE DIRECTOR OF PUBLIC WORKS/CITY ENGINEER TO EXECUTE AGREEMENTS FOR USERS LOCATED OUTSIDE THE INCORPORATED TERRITORY OF THE CITY SUBJECT TO CERTAIN TERMS AND CONDITIONS; AND REPEALING RESOLUTION NO. 95-101 AND 95-367.

CLASSIFICATION	REGIONAL FACILITIES & TREATMENT CHARGE	COLLECTION SYSTEM CHARGE	TOTAL MONTHLY CITY CHARGE
Restaurants, Hotels (Hotels/Motels with Restaurants)	\$ 1.70/hcf ✓	\$.15/hcf	\$ 1.85/hcf
Laundromats	\$ 0.90/hcf ✓	\$.15/hcf	\$ 1.05/hcf
Hospitals, Convalescent Homes	\$ 0.80/hcf ✓	\$.15/hcf	\$.95/hcf
Schools, Churches, Nursery Schools, Day camps	\$ 0.50/hcf ✓	\$.15/hcf	\$ 0.65/hcf
Industry	\$325.67/MG (Discharge Flow)	\$264.22/1,000 LBS BOD \$324.22/1,000 LBS SS	
Domestic Liquid Waste		\$.02/gallon	
HCF = 100 Cubic Feet of Water Usage			

Commercial dischargers, for the purpose of this resolution shall include all dischargers and all premises obligated to pay sewer service charges under this resolution other than residential dischargers.

Charges for commercial dischargers shall be computed based upon actual water consumption as reflected by water meter readings for the billing period. Billings based on such water consumption may be reduced for the purpose of establishing sewer service charges subject to "seasonal" or "consumptive" use as recognized and approved by the Board of Water Commissioners of the City of San Bernardino.

Domestic liquid waste dischargers, for the purpose of this resolution, shall be haulers of septic or chemical toilet waste which is domestic wastewater confined in a septic tank or other approved detention chamber, not connected to the sanitary sewer

RESOLUTION OF THE CITY OF SAN BERNARDINO FIXING AND ESTABLISHING CHARGES FOR SERVICES AND FACILITIES FURNISHED BY THE CITY SEWERAGE COLLECTION AND TREATMENT SYSTEM LOCATED INSIDE THE INCORPORATED TERRITORY OF THE CITY; PROVIDING THAT USERS LOCATED OUTSIDE THE INCORPORATED TERRITORY OF THE CITY MAY RECEIVE SEWER SERVICES; AUTHORIZING THE DIRECTOR OF PUBLIC WORKS/CITY ENGINEER TO EXECUTE AGREEMENTS FOR USERS LOCATED OUTSIDE THE INCORPORATED TERRITORY OF THE CITY SUBJECT TO CERTAIN TERMS AND CONDITIONS; AND REPEALING RESOLUTION NO. 95-101 AND 95-367.

system. Charges for domestic liquid waste dischargers shall be computed based upon the basis of actual flow measurements.

Residential dischargers, for the purpose of this resolution, shall be any single family dwelling unit, any duplex or triplex family dwelling unit not requiring a City license for occupancy and operation.

City shall have the right to terminate such services by giving a ninety (90) day notice in writing to the user; and, said user and owner shall be subject to any increase in said fee or fees, charges and amounts, which may be imposed from time to time by amending this resolution.

The rates established by this resolution shall be effective November 5, 1996.

SECTION 2. Resolution No. 95-101 and 95-367 is hereby repealed.

I HEREBY CERTIFY that the foregoing resolution was duly adopted by the Mayor and Common Council of the City of San Bernardino at a joint regular meeting thereof, held on the 4th day of November, 1996, by the following vote to wit:

<u>COUNCIL MEMBERS:</u>	<u>AYES</u>	<u>NAYS</u>	<u>ABSTAIN</u>	<u>ABSENT</u>
NEGRETTE	X			
CURLIN	X			
ARIAS	X			
OBERHELMAN	X			
DEVLIN	X			
ANDERSON				X
MILLER	X			

November 4, 1996

1 RESOLUTION OF THE CITY OF SAN BERNARDINO FIXING AND ESTABLISHING CHARGES FOR SERVICES AND FACILITIES
2 FURNISHED BY THE CITY SEWERAGE COLLECTION AND TREATMENT SYSTEM LOCATED INSIDE THE INCORPORATED
3 TERRITORY OF THE CITY; PROVIDING THAT USERS LOCATED OUTSIDE THE INCORPORATED TERRITORY OF THE CITY MAY
4 RECEIVE SEWER SERVICES; AUTHORIZING THE DIRECTOR OF PUBLIC WORKS/CITY ENGINEER TO EXECUTE AGREEMENTS FOR
5 USERS LOCATED OUTSIDE THE INCORPORATED TERRITORY OF THE CITY SUBJECT TO CERTAIN TERMS AND CONDITIONS; AND
6 REPEALING RESOLUTION NO. 95-101 AND 95-367.

7 Rachel Clark

8 Rachel Clark, City Clerk

9 The foregoing amendment to resolution is hereby approved this

10 7th day of November, 1996.

11 Morine Miller

12 Morine Miller, Mayor Pro Tem
13 City of San Bernardino

14 APPROVED AS TO FORM
15 AND LEGAL CONTENT

16 JAMES F. PENMAN
17 City Attorney

18 By: James F. Penman

28 November 4, 1996

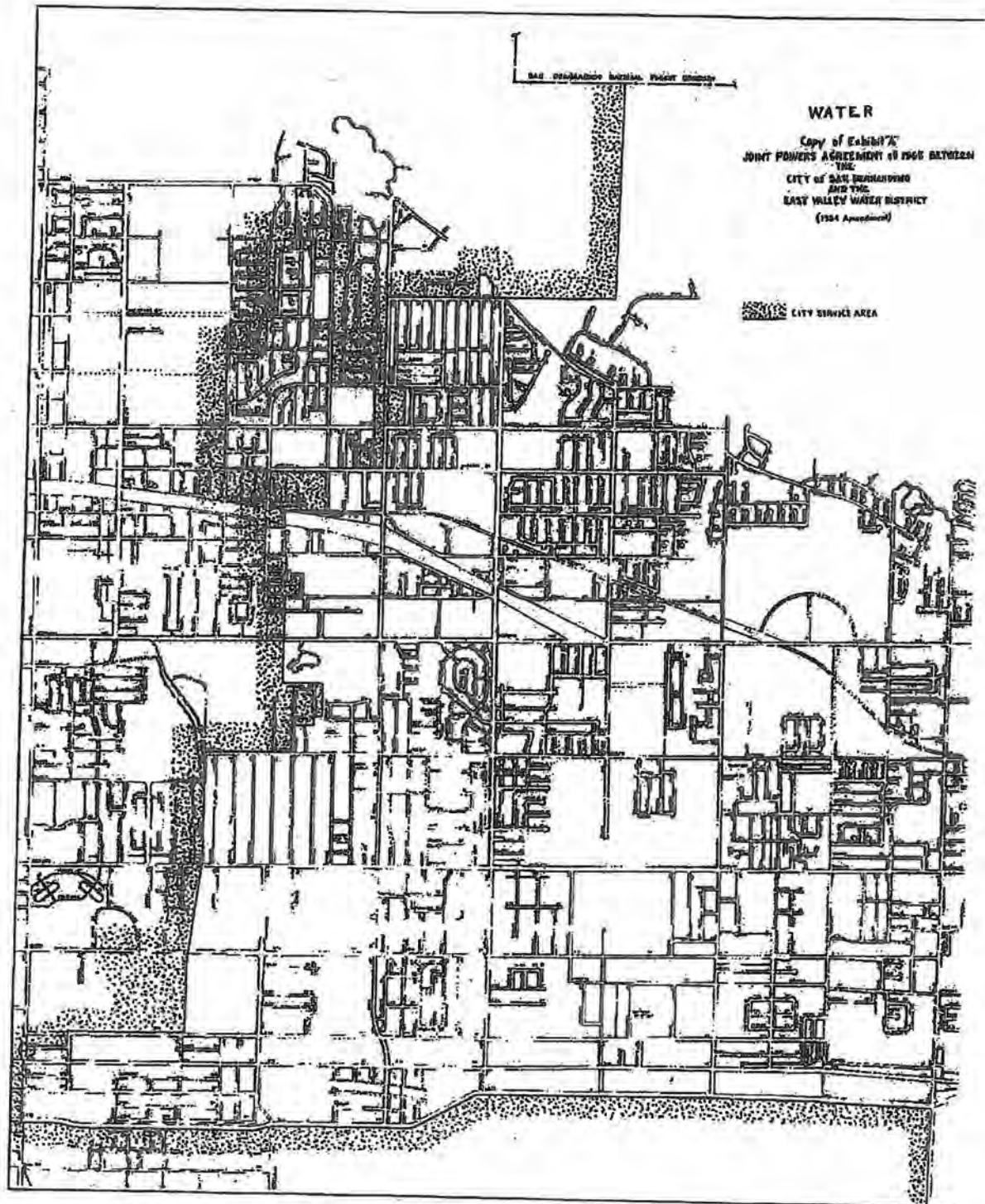


Exhibit B

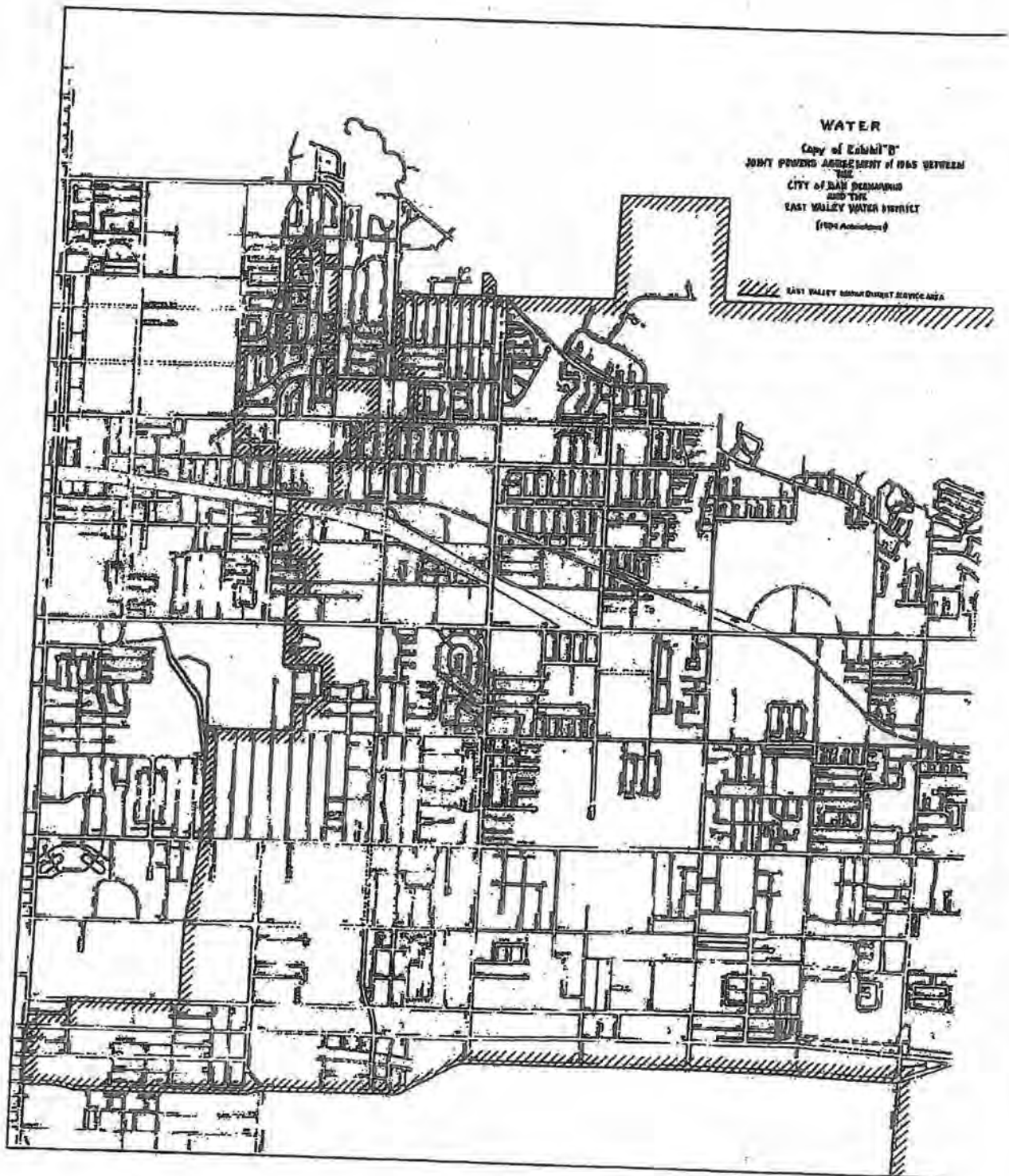


EXHIBIT C

EAST VALLEY WATER DISTRICT INTERCEPTOR
WATERMAN AVENUE & EAST THIRD STREET TO
SAN BERNARDINO WASTEWATER TREATMENT PLANT

CONNECTION COSTS

<u>Item</u>	<u>Quantity</u>	<u>Unit Cost</u>	<u>Cost</u>
48-inch VCP	7,700 LF	\$ 175.00 LF	\$ 1,347,500
36-inch VCP	4,000 LF	126.00 LF	504,000
Paving	10,000 LF	12.00 LF	120,000
Manholes	40 EA	1,700.00 EA	6,800
Connections	2 EA	3,000.00 EA	6,000

Construction Subtotal

\$ 1,984,300

11% Contingencies

218,300

Subtotal

\$ 2,202,600

15% Design, Inspection, Surveys, etc.

330,400

TOTAL

\$ 2,533,000

Additional Daily Flow Required = 7,000,000 gallons

Average flow per connection per day = 281 gallons

Number of connections = $\frac{7,000,000/\text{day}}{281/\text{day/connection}}$

= 24,910 connections

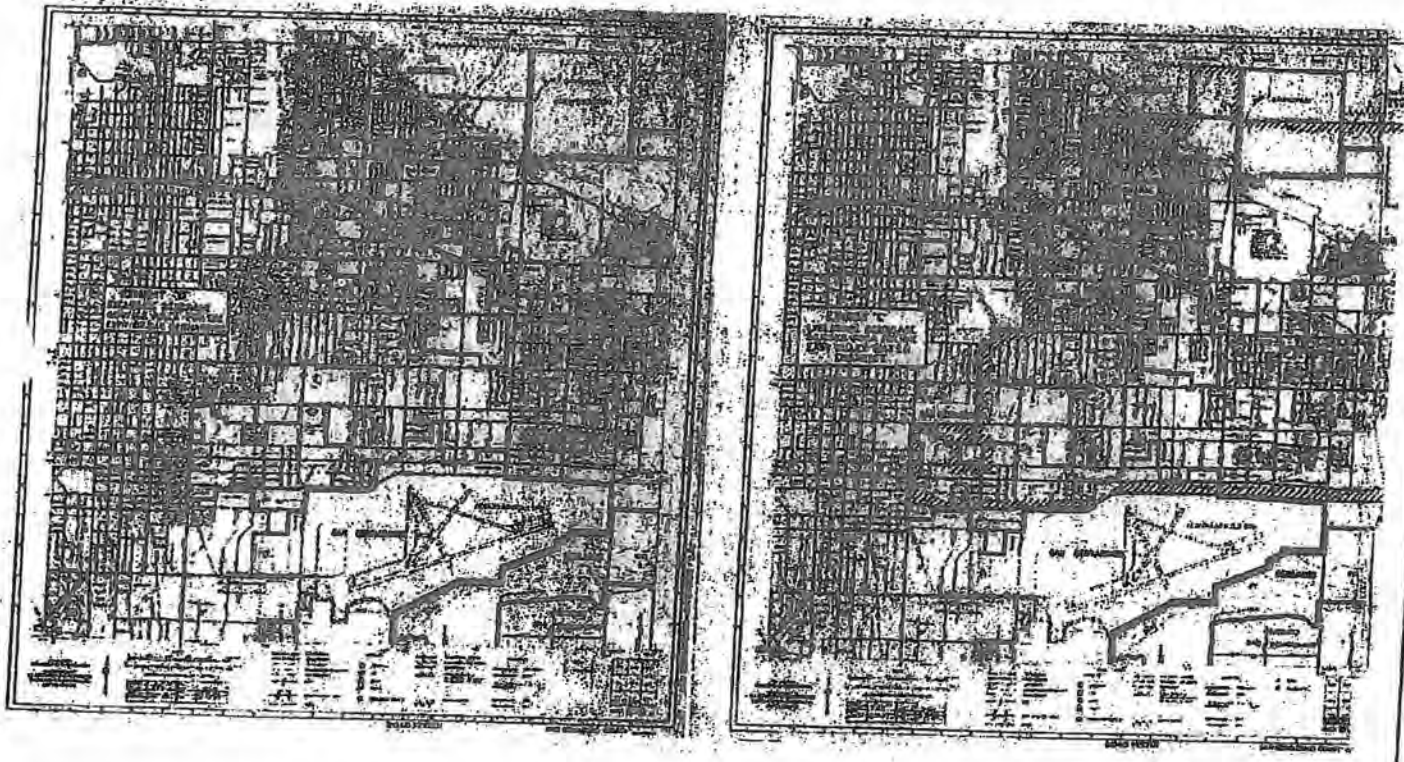
Cost per connection = $\frac{\$2,533,000}{24,910 \text{ connections}}$

= \$ 102/connection

The Trunkline connection cost shall be increased annually in the same manner as prescribed in District ordinances.



Handwritten notes on the left margin, possibly a date or reference number.



Handwritten notes on the right margin, possibly a date or reference number.

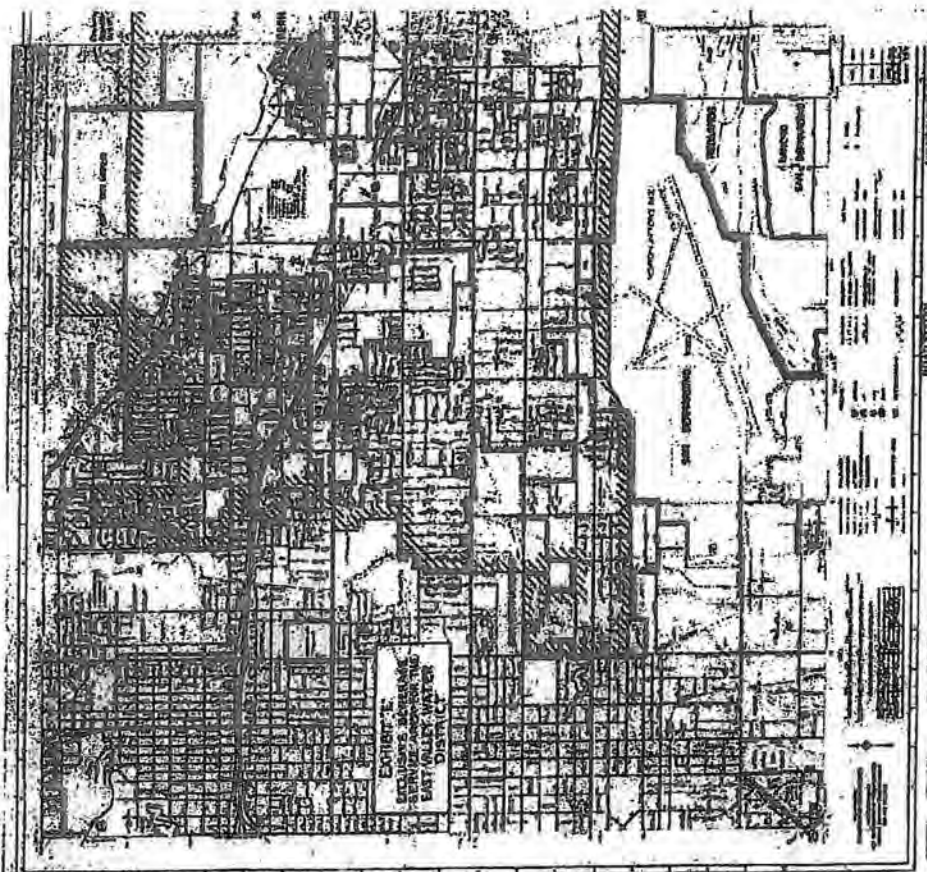


Exhibit E
10/10/23

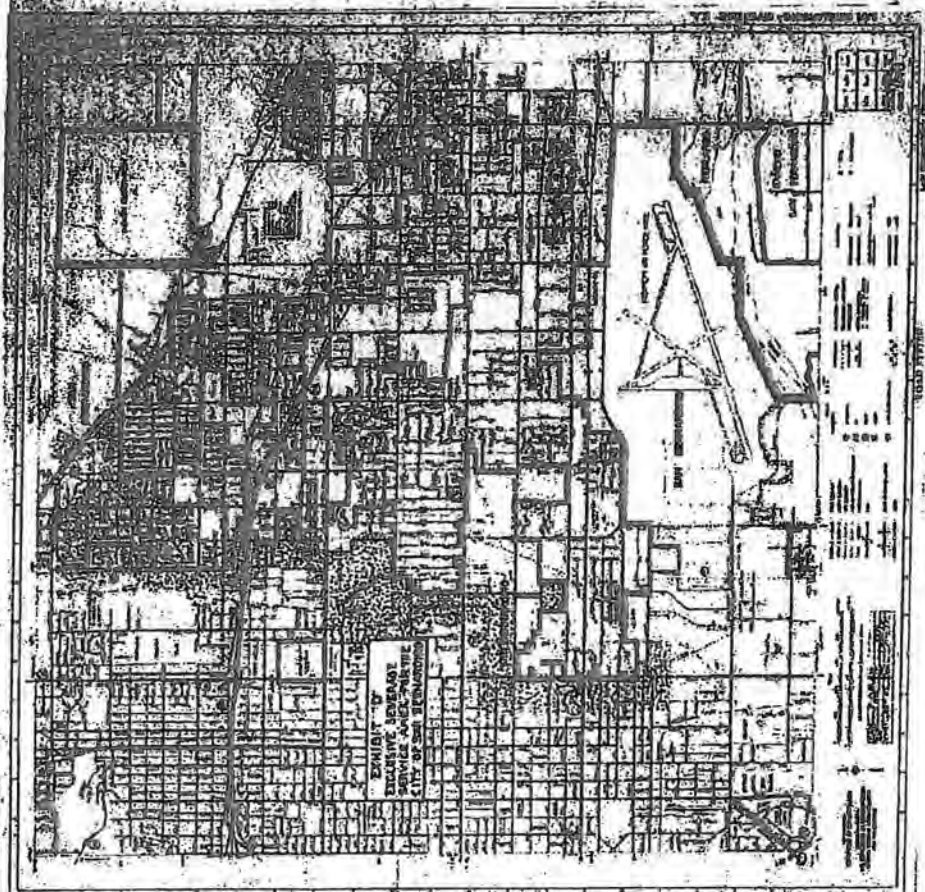
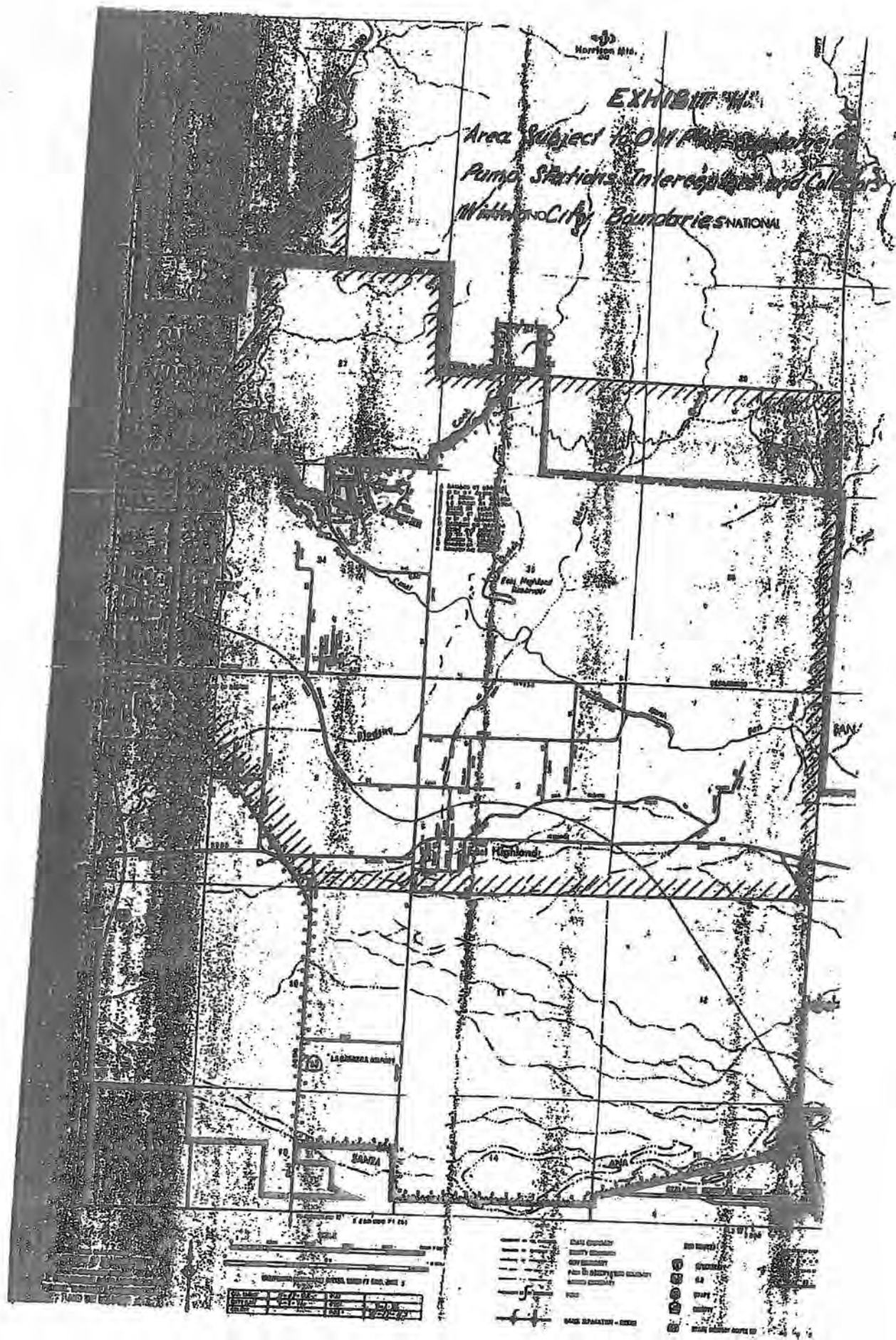


Exhibit D
10/10/23

Harrison 1016

EXHIBIT "H"

Area Subject to DM PAF Regulatory
Pump Stations Interceptors and Collectors
Within City Boundaries NATIONAL



CITY OF SAN BERNARDINO MUNICIPAL WATER DEPARTMENT

BOARD OF WATER COMMISSIONERS

HAROLD W. WILLIS
President

Commissioners
B. WARREN COCKE
ALTON L. GARRETT, JR.
JUDY L. REDEKER
JAMES H. URATA



March 10, 1998

BERNARD C. KERSEY
General Manager

STACEY R. ALDSTADT
Deputy General Manager

JOSEPH F. STJESKAJ
Director Engineering
Construction Maintenance

JOHN A. PERRY, P.E.
Director Water Reclamation

PAUL E. HARMON
Director of Finance

MARJORIE A. HOVERLAND
Director of Administrative Services

JON K. TURNIPSEED
Safety Program Manager

Mr. Robert Martin, General Manager
East Valley Water District
1155 Del Rosa Avenue
P.O. Box 3427
San Bernardino, CA 92413

Reference: Regional Facilities Sewer Charges

Dear Mr. Martin:

Attached is a copy of Resolution No. 98-12 of the City of San Bernardino amending Resolution No. 96-347 fixing and establishing charges for services and facilities furnished by the City sewerage collection and treatment system located inside the incorporated territory of the City. On November 17, 1997, the City of San Bernardino adopted Ordinance MC-1010 amending Chapter 13.32 of the San Bernardino Municipal Code. The revised Chapter 13.32 no longer contains authorization for imposition of sewerage charges for properties adjoining, but not connected to, an existing public sewer.

Pursuant to the Joint Powers Agreement of 1957 between the City of San Bernardino and the East Valley Water District, and as a condition of receiving wastewater treatment, the East Valley Water District agreed to "obey the applicable statutes, ordinances, rules and regulations of agencies of the United States of America, the State of California and the County of San Bernardino having jurisdiction over the collection, treatment and disposal of sewage and wastes to the same extent that such statutes, ordinances, rules and regulations apply to the customers of San Bernardino. . . In addition thereto, East Valley Water District shall pass, adopt and enforce ordinances, resolutions, rules and regulations (if not already in effect) fundamentally the same as those ordinances, resolutions, rules and regulations passed and adopted by San Bernardino . . ."

In keeping with the Joint Powers Agreement, the City of San Bernardino Municipal Water Department respectfully requests that the East Valley Water District adopt the same, or similar provisions as are contained in the amended Resolution No. 98-12.

Please confirm in writing your receipt of this correspondence and indicate whether you currently have the same or a similar policy in effect, or whether it will be necessary for the District to implement a revised policy.

Mr. Robert Martin

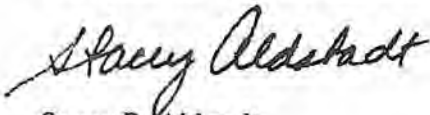
March 10, 1998

Page Two

Thank you for your cooperation in this matter.

Sincerely,

CITY OF SAN BERNARDINO
MUNICIPAL WATER DEPARTMENT



Stacey R. Aldstadt
Deputy General Manager

SRA:als
Enclosure

cc: Legal File

RESOLUTION NO. 98-12

A RESOLUTION OF THE CITY OF SAN BERNARDINO AMENDING RESOLUTION NO. 96-347 (RESOLUTION FIXING AND ESTABLISHING CHARGES FOR SERVICES AND FACILITIES FURNISHED BY THE CITY SEWERAGE COLLECTION AND TREATMENT SYSTEM LOCATED INSIDE THE INCORPORATED TERRITORY OF THE CITY)

WHEREAS, the City of San Bernardino did approve Resolution No. 96-347, which resolution fixed and established charges for services and facilities furnished by the City sewerage collection and treatment system located inside the incorporated territory of the City, providing that users located outside the incorporated territory of the City may receive sewer services, authorizing the Director of Public Works/City Engineer to execute agreements for users located outside the incorporated territory of the City, subject to certain terms and conditions, and repealing Resolution Nos. 95-101 and 95-367;

WHEREAS, on November 17, 1997, the City of San Bernardino did adopt MC-1010, an ordinance amending Chapter 13.32 of the San Bernardino Municipal Code;

WHEREAS, MC-1010 did go into effect on December 18, 1997;

WHEREAS, the revised Chapter 13.32 of the San Bernardino Municipal Code no longer contains authorization for imposition of sewerage charges for properties adjoining, but not connected to, an existing public sewer;

THEREFORE, BE IT RESOLVED BY THE MAYOR AND COMMON COUNCIL OF THE CITY OF SAN BERNARDINO AS FOLLOWS:

Resolution No. 96-347 is hereby amended to read as follows:

SECTION 1. Users Located Within and Users Located Outside the Incorporated Territory of the City. Pursuant to the provisions of Sections 13.32.520 of the San Bernardino Municipal Code, any

A RESOLUTION OF THE CITY OF SAN BERNARDINO AMENDING RESOLUTION NO. 96-347 (RESOLUTION FIXING AND ESTABLISHING CHARGES FOR SERVICES AND FACILITIES FURNISHED BY THE CITY SEWERAGE COLLECTION AND TREATMENT SYSTEM LOCATED INSIDE THE INCORPORATED TERRITORY OF THE CITY)

1 Premises located within or located outside the incorporated
2 territory of the City which are served by a connection to the
3 system of sewage and waste treatment of the City/shall be charged
4 and the user thereof shall pay a sewer service charge based upon
5 the following schedule:

SEWER UTILITY RATE			
CLASSIFICATION	REGIONAL FACILITIES & TREATMENT CHARGE	COLLECTION SYSTEM CHARGE	TOTAL MONTHLY CITY CHARGE
9 Residential (Single-Family, Duplex, Triplex)	\$ 13.25 per month/unit	\$1.35/month/unit	\$14.60/unit
10 Multi-Family, Mobile Home Parks (4 or More Units)	\$ 0.75/hcf	\$.15/hcf	\$ 0.90/hcf
12 Retail, Commercial, Light Industrial (Not-Office, Bakeries, Markets, Theaters, Dry Cleaners)	\$ 1.10/hcf $90 \times 24 = 1.14$	\$.15/hcf	\$ 1.25/hcf
13 Auto Repair, Car Wash	\$ 1.20/hcf	\$.15/hcf	\$ 1.35/hcf
14 Office, Motels (Without Restaurants)	\$.95/hcf	\$.15/hcf	\$ 1.10/hcf
16 Restaurants, Hotels (Hotels/Motels with Restaurants)	\$ 1.70/hcf	\$.15/hcf	\$ 1.85/hcf
17 Laundromats . 1.14	\$ 0.90/hcf $96 \times 24 = 1.14$	\$.15/hcf	\$ 1.05/hcf
18 Hospitals, Convalescent Homes	\$ 0.80/hcf	\$.15/hcf	\$.95/hcf
19 Schools, Churches, Nursery Schools, Day cares	\$ 0.50/hcf	\$.15/hcf	\$ 0.65/hcf
21 Industry	\$826.67/MG (Discharge Flow)	\$264.22/1,000 LBS BOD \$324.28/1,000 LBS SS	
22 Domestic Liquid Waste		\$.02/gallon	
23 HCF = 100 Cubic Feet of Water Usage			

25 Commercial dischargers, for the purpose of this resolution
26 shall include all dischargers and all premises obligated to pay
27 sewer service charges under this resolution other than residential
28 dischargers.

A RESOLUTION OF THE CITY OF SAN BERNARDINO AMENDING RESOLUTION NO. 96-347 (RESOLUTION FIXING AND ESTABLISHING CHARGES FOR SERVICES AND FACILITIES FURNISHED BY THE CITY SEWERAGE COLLECTION AND TREATMENT SYSTEM LOCATED INSIDE THE INCORPORATED TERRITORY OF THE CITY)

1 Charges for commercial dischargers shall be computed based
2 upon actual water consumption as reflected by water meter readings
3 for the billing period. Billings based on such water consumption
4 may be reduced for the purpose of establishing sewer service
5 charges subject to "seasonal" or "consumptive" use as recognized
6 and approved by the Board of Water Commissioners of the City of San
7 Bernardino.

8 Domestic liquid waste dischargers, for the purpose of this
9 resolution, shall be haulers of septic or chemical toilet waste
10 which is domestic wastewater confined in a septic tank or other
11 approved detention chamber, not connected to the sanitary sewer
12 system. Charges for domestic liquid waste dischargers shall be
13 computed based upon the basis of actual flow measurements.

14 Residential dischargers, for the purpose of this resolution,
15 shall be any single family dwelling unit, any duplex or triplex
16 family dwelling unit not requiring a City license for occupancy and
17 operation.

18 City shall have the right to terminate such services by giving
19 a ninety (90) day notice in writing to the user; and, said user and
20 owner shall be subject to any increase in said fee or fees, charges
21 and amounts, which may be imposed from time to time by amending
22 this resolution.

23 The rates established by this resolution shall be effective
24 November 5, 1996.

25 SECTION 2. Resolution No. 95-101 and 95-367 is hereby
26 repealed.

27 / / /

28 / / /

A RESOLUTION OF THE CITY OF SAN BERNARDINO AMENDING RESOLUTION NO. 96-147 (RESOLUTION FIXING AND ESTABLISHING CHARGES FOR SERVICES AND FACILITIES FURNISHED BY THE CITY SEWERAGE COLLECTION AND TREATMENT SYSTEM LOCATED INSIDE THE INCORPORATED TERRITORY OF THE CITY)

I HEREBY CERTIFY that the foregoing resolution was duly adopted by the Mayor and Common Council of the City of San Bernardino at a joint adjourned regular meeting thereof, held on the 12th day of January, 1998, by the following vote to wit:

<u>COUNCIL MEMBERS:</u>	<u>AYES</u>	<u>NAYS</u>	<u>ABSTAIN</u>	<u>ABSENT</u>
NEGRETE	X			
CURLIN	X			
ARIAS	X			
OBERHELMAN	X			
DEVLIN	X			
ANDERSON	X			
MILLER	X			

Rachel Clark
Rachel Clark, City Clerk

The foregoing amendment to resolution is hereby approved this 12th day of January, 1998.

Norine Miller
NORINE MILLER, MAYOR PRO TEM
City of San Bernardino

APPROVED AS TO FORM
AND LEGAL CONTENT

JAMES F. PENMAN
City Attorney

By: James F. Penman

[resolutions\sewerrole.res]

9/3/1962

FIRST SUPPLEMENT TO
JOINT POWERS AGREEMENT OF 1957
BETWEEN CITY OF SAN BERNARDINO
AND
EAST SAN BERNARDINO COUNTY WATER DISTRICT

IT IS MUTUALLY AGREED that the Joint Powers Agreement of 1957 between the City of San Bernardino and the East San Bernardino County Water District, dated January 7, 1958, wherein provision is made for the joint use of certain sanitary sewerage facilities constructed and to be constructed by each of the parties, and establishing the rights and duties of the parties in relation to such use, is hereby interpreted, amended and supplemented as follows:

1. Part of Lots 2 and 3, Block 13, Orange Grove Tract that is both within the City and the District, having been provided with sewers prior to the date of said agreement shall continue to be so served and sewer connection charges shall be collected by the City.

2. The territory within Conejo Ranchos, Tract No. 2316, and that rectangular parcel 330 feet east and west and 220 feet north and south lying southerly of Lot 4 and east of Lot 9, Tract 2316; and a portion of Lot 1, Block 4, Orange Grove Tract not included within Tract 2316, all of which has been annexed to the City, shall be sewered by City and it will be entitled to impose and collect sewer service charges, and may connect said facilities severally or collectively to the trunk sewer main of the District in Conejo Drive.

3. The territory shown on Exhibit A in brown on Golden Avenue between Lynwood Drive and Holly Vista Boulevard, having been provided by the City with sewers in Golden Avenue under an assessment proceeding, the District is permitted to serve said properties with said sewers and to collect sewer service charges therefor upon (a) obtaining the written consent of all of the

owners of the properties assessed by the City, but served water by the District, and (b) refunding to said property owners the original amount of said assessments, to wit, \$268.93 for each parcel. In the event the District cannot obtain the written consent of said property owners, then the City shall serve said properties with said sewers and collect sewer service charges therefor.

4. The area shown in purple at the southeast corner of Golden Avenue and Citrus Street, being within the boundary of the District and also being City Annexation No. 71, shall be served with sewer service and charges therefor shall be imposed and collected by the District and said facilities may be connected to the existing City main in Golden Avenue.

5. Lot 13 through 24 of Tract 6187, all or portion of which are in the northeast quarter of Section 19, T. 1 N., R. 3 W., S.B.B.&M. and north of the Center line of Section 19, being within the City and annexed to the District having been served with sewers connected to the facilities of the District, shall be served by the District and the District shall be entitled to collect sewer service charges therefor.

6. The District shall be entitled to sewer the northeast quarter of Section 19, T. 1 N., R. 3 W., S.B.B.&M., to areas beyond Tract 6187 and collect sewer service charges therefor.

7. In the event that the northwest quarter of Section 19, T. 1 N., R. 3 W., S.B.B.&M. or any portion thereof is developed by the City for park and recreation purposes then, in such event, the City may connect to the District sewer facilities. It is clearly understood and agreed that such connection shall be in accordance with the present provisions of the District sewer ordinances and that said connection shall be confined to sewerage and waste-water discharge from City park and recreation facilities only. Said connection facilities shall be at the expense of the City.

8. The City having provided for sewerage Tract No. 5038 south of Lynwood Drive, between Monterey Drive at Loma Avenue, into the existing sewer line of the District in Loma Avenue, the City is hereby permitted to connect to said sewer line and thereby sewer said Tract and to collect sewer service charges therefor.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be executed by their respective officers thereunto duly authorized.

CITY OF SAN BERNARDINO

By: *Ronald Arnold*
Mayor

ATTEST:

Jack G. Fulton
City Clerk

(Seal)

Date of signing

September 3, 1962

EAST SAN BERNARDINO COUNTY
WATER DISTRICT

By: *John W. Botts*
President

COUNTY SIGNED:

Harold E. Gickert
Secretary

(Seal)

Date of signing

September 3, 1962

Motion: Close the hearing; and adopt the Resolution.

RESULT:	ADOPTED [4 TO 3]	04:00;13
MOVER:	Fred Shorett, Council Member, Ward 4	
SECONDER:	Rikke Johnson, Council Member, Ward 6	
AYES:	Virginia Marquez, Fred Shorett, Rikke Johnson, James Mulvihill	
NAYS:	Benito J. Barrios, John Valdivia, Henry Nickel	

6E. Water

RES. 2015-214 - Resolution of the Mayor and Common Council of the City of San Bernardino Fixing and Establishing Charges for Services and Facilities Furnished by the City Sewerage Collection System Located Within and Outside the Incorporated Territory of the City, and Repealing Portions of Resolution 2011-4.

Mayor Davis opened the hearing.

NOTE: Agenda Items 6D & 6E were discussed simultaneously. Refer to comments on Agenda Item 6D.

Motion: Close the hearing; and adopt the Resolution.

RESULT:	ADOPTED [4 TO 3]	04:00;13
MOVER:	Fred Shorett, Council Member, Ward 4	
SECONDER:	Rikke Johnson, Council Member, Ward 6	
AYES:	Virginia Marquez, Fred Shorett, Rikke Johnson, James Mulvihill	
NAYS:	Benito J. Barrios, John Valdivia, Henry Nickel	

7. Staff Reports

7A. City Manager

Resolution of the Mayor and Common Council of the City of San Bernardino Acting as the Successor Agency to the Redevelopment Agency of the City of San Bernardino Approving a Professional Services Agreement with James P. Morris.

Michael Busch, President, Urban Futures, spoke about a creditor's request in regards to additional items regarding the bankruptcy. He stated that Mr. Morris had been directly involved in the discovery meetings with the creditors. He said that without Mr. Morris the City would have to definitely bring in more resources to provide the level of discovery needed, but that Mr. Morris would have certainly been able to provide it quicker and cheaper than having to go for outside counsel. He stated that he wouldn't be able to provide it himself and he was the one leading the discovery discussions with the specific creditor.

Public Comments:

Scott Olson, San Bernardino

Cheryl Brown, Assembly Member, San Bernardino

NOTICE OF PUBLIC HEARING

PROPOSITION 218 NOTIFICATION TO PROPERTY OWNERS AND CUSTOMERS TO CONSIDER ADJUSTMENTS TO WASTEWATER TREATMENT AND WASTEWATER COLLECTION SYSTEM RATES

Si usted necesita una copia de esta carta en Espanol, por favor llamenos al (909) 384-5095.

WASTEWATER TREATMENT AND WASTEWATER COLLECTION SYSTEM RATES PUBLIC HEARING:

Hearing Date & Time: September 21, 2015 at 5:30 p.m. or as soon thereafter as possible.

Hearing Location: Council Chambers, City Hall, 300 North "D" Street, San Bernardino, CA

Notice is hereby given that the Mayor and Common Council of the City of San Bernardino will conduct a public hearing in compliance with the California Constitution Article XIII(C) and XIII(D), regarding proposed adjustments to wastewater treatment and collection system rates, and regulations and fees. In accordance with Proposition 218, property owners and customers may protest the proposed adjustments either in person at the public hearing or in writing at the addresses below:

WASTEWATER TREATMENT RATES:

SAN BERNARDINO MUNICIPAL WATER DEPT. (SBMWD)

ATTN: WASTEWATER TREATMENT RATES

P.O. BOX 710

SAN BERNARDINO, CA 92402-0710

WASTEWATER COLLECTION SYSTEM RATES

CITY OF SAN BERNARDINO PUBLIC WORKS DEPT.

ATTN: WASTEWATER COLLECTION SYSTEM RATES

300 NORTH "D" STREET

SAN BERNARDINO, CA 92418

Wastewater Treatment Rates:

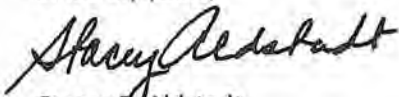
SBMWD conducts a bi-annual analysis of the revenues and expenditures of the wastewater treatment system to ensure sufficient revenues are collected to effectively provide for both the short-term and long-term wastewater treatment needs of the community. Incremental rate increases provide a method to meet these needs while also ensuring rate stability.

The proposed rate adjustments are designed to recover fair and equitable costs of providing wastewater services, repay prior debt that funded past capital improvements, and to provide capital funding for projects which provide effective wastewater treatment in compliance with environmental laws. SBMWD proposes to phase in the rate adjustment over a three-year period beginning in 2015. A schedule of proposed adjustments is included on the reverse side of this letter. Should you have any questions regarding the public hearing or the proposed adjustment, please contact SBMWD at (909) 384-5095.

Wastewater Collection System Rates:

An analysis of the revenues and expenditures associated with the Wastewater Collection System was completed in 2013. Prior to that study, the last analysis of system revenue requirements was completed prior to 2004. The current study reviewed operating and capital needs of the system, and the proposed rate schedule balances those needs while weighing the potential impact of rate increases to system customers. The City of San Bernardino Public Works Department, the current manager of the system, is proposing to phase in the rate adjustment over a three-year period beginning in 2015. A schedule of proposed adjustments is included on the reverse side of this letter. Should you have any questions regarding the public hearing or the proposed Collection System adjustment, please contact the City of San Bernardino, Public Works Department at (909) 384-5140.

Sincerely yours,



Stacey R. Aldstadt

General Manager

San Bernardino Municipal Water Department



Allen J. Parker

City Manager

City of San Bernardino

PROPOSED WASTEWATER TREATMENT RATE SCHEDULE

Line	Customer Class	Current Rates	Proposed Rates			Units
			10/1/2015	7/1/2016	7/1/2017	
1	Monthly Charge (San Bernardino)					
2	Residential	\$18.50	\$20.65	\$22.38	\$23.10	\$/Month/Account
3	Multi-Family (2 Units)	\$37.00	\$41.31	\$44.76	\$46.20	\$/Month/Account
4	Multi-Family (3 Units)	\$55.50	\$61.96	\$67.14	\$69.29	\$/Month/Account
5	Multi-Family, Mobile Home Parks (4 or more units)	\$2.40	\$3.18	\$3.42	\$3.52	\$/Month/Account
6	Non-Residential	\$2.40	\$3.18	\$3.42	\$3.52	\$/Month/Account
7	Industrial	\$1.00	\$1.67	\$1.78	\$1.83	\$/Month/Unit
8	Monthly Charge (EVWD and Loma Linda)					
9	Residential	\$18.50	\$19.18	\$20.85	\$21.55	\$/Month/Account
10	Multi-Family (2 Units)	\$37.00	\$38.37	\$41.72	\$43.10	\$/Month/Account
11	Multi-Family (3 Units)	\$55.50	\$57.55	\$62.58	\$64.64	\$/Month/Account
12	Multi-Family, Mobile Home Parks (4 or more units)	\$2.40	\$1.71	\$1.90	\$1.97	\$/Month/Account
13	Non-Residential	\$2.40	\$3.18	\$3.42	\$3.52	\$/Month/Account
14	Industrial	\$1.00	\$0.20	\$0.26	\$0.28	\$/Month/Unit
15	Usage Charge (All Customers)					
16	Multi-Family (4+ Units), Mobile Home Parks	\$1.25	\$1.36	\$1.48	\$1.53	\$/HCF
17	Retail, Commercial, Light Industrial	\$2.10	\$2.28	\$2.47	\$2.55	\$/HCF
18	Auto Repair, Car Wash	\$1.30	\$1.41	\$1.53	\$1.58	\$/HCF
19	Offices, Motels (without Restaurants)	\$1.50	\$1.63	\$1.77	\$1.83	\$/HCF
20	Restaurants, Hotels	\$2.70	\$2.93	\$3.18	\$3.28	\$/HCF
21	Laundromats	\$1.50	\$1.63	\$1.77	\$1.83	\$/HCF
22	Hospitals, Convalescent Homes	\$1.35	\$1.46	\$1.58	\$1.63	\$/HCF
23	Schools, Churches, Nursery Schools	\$1.10	\$1.19	\$1.29	\$1.33	\$/HCF
24	Industrial					
25	Discharge Flow	\$900.00	\$977.00	\$1,060.00	\$1,094.00	\$/MG
26	Biochemical Oxygen Demand Charge	\$360.00	\$391.00	\$424.00	\$438.00	\$/1,000 LBS
27	Suspended Solids Charge	\$640.00	\$694.00	\$753.00	\$778.00	\$/1,000 LBS

PROPOSED WASTEWATER COLLECTION SYSTEM RATE SCHEDULE

Customer Class	Unit	Current Rates	Proposed Rates		
			10/1/2015	7/1/2016	7/1/2017
Residential - Single Family	\$/month/account	\$4.00	\$9.00	\$9.45	\$9.90
Multi-Family Residential (2 Units)	\$/month/account	\$8.00	\$18.00	\$18.90	\$19.85
Multi-Family Residential (3 Units)	\$/month/account	\$12.00	\$27.00	\$28.35	\$29.75
Multi-Family, Mobile Home Parks (4 or more units) and Non-Residential:					
Monthly Charge	\$/month/account	\$1.25	\$2.80	\$2.95	\$3.10
Usage Charge	\$/hcf	\$0.35	\$0.79	\$0.83	\$0.87

The Sewer Treatment and Sewer Collection rate studies may be viewed in their entirety online or by contacting the City Clerk of the City of San Bernardino at:

http://www.sbcity.org/cityhall/city_clerk/default.asp

(909) 384-5002

**First Amended Agreement for the Construction and Operation of Groundwater
Replenishment Facilities
By and Between
East Valley Water District and San Bernardino Valley Municipal Water District**

This First Amended Agreement (Agreement) for the Construction and Operation of Groundwater Replenishment Facilities is entered into and effective this 6th day of March, 2018 by and between East Valley Water District ("EVWD") and San Bernardino Valley Municipal Water District ("Valley District"). EVWD and Valley District are each sometimes referred to herein as a "Party" and are collectively referred to as the "Parties." Additional signatories to this Agreement may include the City of San Bernardino Municipal Water Department. This Agreement shall become effective upon execution by Valley District and EVWD, regardless of whether the City of San Bernardino Municipal Water Department or any other additional signatory has executed this Agreement.

Recitals

- A. The Sustainable Groundwater Management Act of 2014 requires public agencies to develop plans to ensure the sustainable long-term use of California's groundwater resources.
- B. In 2009, the State Water Resources Control Board adopted a Recycled Water Policy that encourages public agencies to develop groundwater recharge projects using recycled water.
- C. The Parties believe that through their cooperative work, they can treat and discharge wastewater in a manner that will maximize the benefits to the Santa Ana River and to the region. The Parties further believe that such wastewater discharge can be treated to levels that allow the use of such recycled water for groundwater replenishment or other permissible uses within the San Bernardino Basin Area, or other adjacent groundwater basins, for the benefit of the Parties and their ratepayers. Achieving such groundwater objectives requires the construction of a new wastewater treatment plant.
- D. Using recycled water to replenish the San Bernardino Basin Area, which is the groundwater basin serving the needs of EVWD and which includes most of the area within Valley District, improves water supply reliability for EVWD and other retail water agencies within Valley District's service area and also provides a drought buffer for those agencies in the event of a lengthy drought.
- E. The Parties, together with a number of other water agencies, are working together to develop a collaborative regional plan to increase the use of recycled water for groundwater replenishment and other purposes. The Parties intend that this project be an integral part of that regional plan. This Agreement is intended to implement the more general understandings of the Parties and others as reflected in that regional plan.

Agreement for Groundwater Replenishment
EVWD/Valley District
September 2015
Page 1 of 12

F. Replenishing the San Bernardino Basin Area or other groundwater basins with recycled water is consistent with article X, section 2 of the California Constitution, which requires that the water resources of California be used to the fullest extent of which they are capable and is also consistent with Water Code section 13576(k), which authorizes and encourages the use of recycled water for groundwater replenishment. Groundwater replenishment is also within the authority of both Parties.

G. The Parties wish to memorialize their agreements relating to constructing and operating a wastewater treatment plant (the "Project") that will enable them to replenish the groundwater resources that serve their respective ratepayers.

Agreements

1. *Governance – Joint Management.*

- a. The Parties agree that they will work together in good faith to complete the construction of the Project no later than June 30, 2018_.
- b. The Parties will then promptly enter into an agreement for the operation of the Project with a term of at least ten years that will enable the Parties to replenish the San Bernardino Basin Area with at least 6,000 acre-feet of recycled water.
- c. In accomplishing these objectives, the Project will be managed by a Management Committee composed of the General Manager of EVWD and the General Manager of Valley District, or their designees. All decisions shall be made on a unanimous basis.
- d. Both Parties hereby authorize their respective General Managers or designees to develop any administrative and operating rules and procedures that may be needed to implement the terms of this Agreement and that do not require a change in the terms of the Agreement without subsequent action by the Parties' governing boards.

2. *Construction of Wastewater Treatment Plant.* The Parties agree that Valley District shall serve as the lead agency for the construction and operation of the Project, as follows:

- a. *Assignment of Consulting Agreements and Permits by EVWD to Valley District.* Within thirty days of the effective date of this Agreement, EVWD shall assign all existing consulting or other agreements other than legal, as well as any permits, easements or other approvals, relating to the construction of the Project or its subsequent operation to Valley District.

(1) In the event that Valley District determines, in its sole discretion, that it needs to retain additional consultants in order to fulfill its obligations under the terms of this Agreement, Valley District may retain such consultants without the prior consent of EVWD. Valley District shall, however, provide a copy of such newly retained consultant's budget, scope of work and retainer agreement to EVWD within thirty days of such consultant's retention.

(2) The Parties understand and agree that, throughout the construction and operation of the Project, each Party will continue to be represented by its own regular legal counsel. The Parties will, within thirty days of the execution of this Agreement, enter into a joint defense/common interest doctrine agreement that will enable them to proceed with the Project in the most expeditious manner possible.

b. *Design-Build and Project Permitting.* Valley District shall design, permit and construct the Project by means of one or more design/build contracts, as authorized by Public Contracts Code sections 22160 *et seq.* Specifically:

(1) *Design Proposal.* Valley District shall work with one or more firms to develop a design/build proposal for review and approval by EVWD no later than April 30, 2016.

(a) The wastewater treatment plant shall be built on APNs 0279-211-33-0000, 0279-211-25-0000, 0279-211-26-0000 and 0279-211-01-0000, which are owned by EVWD. To the extent that additional easements are needed by Valley District or entities acting under Valley District's direction in order to complete the Project, EVWD agrees to issue such easements over its own property or to be responsible for obtaining such easements from neighboring landowners.

(b) EVWD shall review the design/build proposal and approve it (with or without changes) within thirty days of submission. If EVWD fails to approve the proposal in a timely manner, Valley District may, in its sole discretion, deem this Agreement to have been terminated.

(2) *Permitting.* Valley District shall be responsible for obtaining all local, state or federal permits that may be necessary for the construction or operation of the Project in a timely manner.

- 114 (a) Such permits shall include, but are not limited to, NPDES permits,
115 other permits necessary to use recycled water to replenish the San
116 Bernardino Basin Area, and the permits needed to allow for the
117 continued discharge of treated wastewater either to the Santa Ana
118 River or other appropriate discharge points.
- 119 (b) Valley District shall also be the lead agency for the preparation of
120 one or more environmental document(s) that may be required
121 under the terms of the National Environmental Policy Act and/or
122 the California Environmental Quality Act that are sufficient to
123 support the issuance of the necessary permits for the Project.
- 124 (3) *Construction.* Valley District shall cause the Project to be constructed in a
125 timely manner. The Parties anticipate that the Project shall be completed
126 by June 30, 2018. Valley District shall provide monthly updates to
127 EVWD on changes to the plans, specifications, and schedules. Valley
128 District shall not be liable for any delays or additional costs in
129 constructing the Project, save for the gross negligence, intentional acts and
130 willful misconduct of Valley District and its employees, agents and
131 contractors.
- 132 (4) *Award of Contract.* Valley District shall obtain the concurrence of EVWD
133 prior to awarding any contract for the construction of the Project. EVWD
134 agrees not to unreasonably delay its approval of any proposed contract.
- 135 (5) *Costs.* The Parties agree that the construction of the Project will occur at
136 no cost to Valley District. Valley District shall be entitled to recover all of
137 its costs (including, but not limited to, materials costs; consultants, experts
138 and attorneys' fees; and direct expenditures) from EVWD for the
139 construction of the Project, save for costs directly caused by the gross
140 negligence, intentional acts and willful misconduct of Valley District and
141 its employees, agents and contractors.
- 142 (6) *Mark-Up of Costs.* EVWD shall pay all costs incurred by Valley District
143 in connection with the Project without any mark-up, including that EVWD
144 shall pay Valley District's reasonable staff time for work related to the
145 Project.
- 146 (7) *Payments Obligatory.* EVWD shall make all payments required by this
147 Agreement as they become due, notwithstanding any individual default by
148 its customers or users, any dispute over charges, or otherwise.

- c. *Financing.* EVWD agrees that it will finance the full costs of all work associated with or required by the Project and may make any arrangements that it deems appropriate for such financing without the consent of Valley District. EVWD shall keep Valley District reasonably informed as to the status of such financing. Valley District will cooperate, and may assist in other ways at its discretion, with EVWD's efforts to secure financing for the Project to the extent that cooperation is reasonable and necessary.

3. *Operation of Wastewater Treatment Plant for Groundwater Replenishment.* The Parties shall enter into the operations agreement for the wastewater treatment plant and for groundwater replenishment referred to in paragraph 1 above no later than thirty days after the completion of the construction of the wastewater treatment plant. Such operations agreement shall include the following terms:

a. *Term*

- (1) The operations agreement shall be for an initial term of ten years, with subsequent terms of five years each. Either Party may terminate the operations agreement with at least one year's written notice prior to the completion of either the initial term or a subsequent term, but if no such termination notice is received in a timely manner, the operations agreement shall automatically renew for another five year period.
- (2) Notwithstanding the previous subparagraph, if the San Bernardino County Local Agency Formation Commission activates EVWD's authority to provide wastewater treatment services to its ratepayers (Activation), this Agreement shall be deemed terminated in its entirety, effective on the date of Activation and neither Party to this Agreement shall have any further obligation hereunder except for those obligations which have accrued as of the date of Activation.

- b. *Operation of the Wastewater Treatment Plant.* Valley District shall operate the wastewater treatment plant in a good and workmanlike fashion, in full compliance with all applicable local, state and federal laws and regulations.

- (1) EVWD shall arrange, at its sole cost, for the collection and conveyance of wastewater generated within EVWD's service area to the wastewater treatment plant.
- (2) EVWD shall pay all costs incurred by Valley District for the operation of the wastewater treatment plant (including staff time). Valley District shall invoice EVWD quarterly in arrears and EVWD shall pay Valley District within thirty days of the date of each invoice.

c. *Public Education.* EVWD may construct facilities ancillary to the Project for the purpose of public education and programming on topics including water conservation and replenishment; Valley District will not object to the construction and operation of such public education facilities and the conduct of such programs, *provided that* such facilities and programs are conducted in such a way so as not to interfere with the ongoing operations of the wastewater treatment plant.

4. *Groundwater Replenishment with Recycled Water.* The Parties agree that any recycled water produced by the wastewater treatment plant shall be the sole property of EVWD.

5. *Facility Ownership.* EVWD shall own, in fee simple, all Project facilities *provided that* until EVWD completes payment of all construction costs to Valley District, Valley District shall be deemed to have a security interest in those facilities in an amount equal to the unpaid debt. In the event of a default in required payment by EVWD, the Parties agree that Valley District shall have the right to obtain a judgment in the amount of any default by EVWD and shall further have the right to cause EVWD to increase its water charges or to levy an assessment to pay the amount of the default.

6. *Indemnification*

a. *Indemnification by Valley District.* Valley District shall indemnify, defend and hold harmless EVWD, its directors, officers, attorneys, employees and agents from and against all damages, liabilities, claims, actions, demands, costs and expenses (including, but not limited to, costs of investigations, lawsuits and any other proceedings whether in law or in equity, settlement costs, attorneys' fees and costs), and penalties or violations of any kind, which arise out of, result from, or are related to Valley District's performance of its obligations under this Agreement.

b. *Indemnification by EVWD.* EVWD shall indemnify, defend and hold harmless Valley District, its directors, officers, attorneys, employees and agents from and against all damages, liabilities, claims, actions, demands, costs and expenses (including, but not limited to, costs of investigations, lawsuits and any other proceedings whether in law or in equity, settlement costs, attorneys' fees and costs), and penalties or violations of any kind, which arise out of, result from, or are related to the performance of EVWD's obligations under this Agreement.

c. *Indemnification Procedures.* Any Party that is an indemnified party (the "Indemnified Party") that has a claim for indemnification against the other Party (the "Indemnifying Party") under this Agreement, shall promptly notify the Indemnifying Party in writing, *provided, however,* that no delay on the part of the Indemnified Party in notifying the Indemnifying Party shall relieve the

Indemnifying Party from any obligation unless (and then solely to the extent) the Indemnifying Party is prejudiced. Further, the Indemnified Party shall promptly notify the Indemnifying Party of the existence of any claim, demand, or other matter to which the indemnification obligations would apply, and shall give the Indemnifying Party a reasonable opportunity to defend the same at its own expense and with counsel of its own selection, *provided* that the Indemnified Party shall at all times also have the right to fully participate in the disputed matter at its own expense. If the Indemnifying Party, within a reasonable time after notice from the Indemnified Party, fails to defend a claim, demand or other matter to which the indemnification obligations would apply, the Indemnified Party shall have the right, but not the obligation, to undertake the defense of, and to compromise or settle (exercising reasonable business judgment), the claim or other matter, on behalf, or for the account, and at the risk, of the Indemnifying Party. If the claim is one that cannot by its nature be defended solely by the Indemnifying Party, then the Indemnified Party shall make available all information and assistance to the Indemnifying Party that the Indemnifying Party may reasonably request.

7. *Administration of Agreement*

- a. *Books and Records.* Each Party shall have access to and the right to examine any of the other Party's pertinent books, documents, papers or other records (including, without limitation, records contained on electronic media) relating to the performance of that Party's obligations pursuant to this Agreement or the Project.

- (1) *Retention of Records; Preservation of Privilege.* Each Party shall retain all such books, documents, papers or other records to facilitate such review in accordance with that Party's record retention policy. Access to each Party's books and records shall be during normal business hours only. Nothing in this paragraph shall be construed to operate as a waiver of any applicable privileges.

- (2) *Outside Auditors.* Any Party may, at any time and at its sole cost, hire an auditor to examine the accounting for work performed pursuant to this Agreement. The Parties may also agree to retain an independent auditor to review the accounting for work performed pursuant to this Agreement. The costs of such an auditor will be shared equally between the Parties.

- b. *Disputes.* The Parties recognize that there may be disputes regarding the obligations of the Parties or the interpretation of this Agreement. The Parties agree that they may attempt to resolve disputes as follows:

- 259 (1) *Statement Describing Alleged Violation or Interruption of Agreement.* A
 260 Party alleging a violation or interruption of this Agreement (the
 261 "Initiating Party") shall provide a written statement describing all facts
 262 that it believes constitute a violation or interruption of this Agreement to
 263 the Party alleged to have violated or interrupted the terms of this
 264 Agreement (the "Responding Party").
- 265 (2) *Response to Statement of Alleged Violation or Interruption.* The
 266 Responding Party shall have sixty days from the date of the written
 267 statement to prepare a written response to the allegation of a violation or
 268 interruption of this Agreement and serve that response on the Initiating
 269 Party or to cure the alleged violation or interruption to the reasonable
 270 satisfaction of the Initiating Party. The Initiating Party and the
 271 Responding Party shall then meet within thirty days of the date of the
 272 response to attempt to resolve the dispute amicably.
- 273 (3) *Mediation of Dispute.* If the Initiating Party and the Responding Party
 274 cannot resolve the dispute within ninety days of the date of the written
 275 response, they shall engage a mediator, experienced in water-related
 276 disputes, to attempt to resolve the dispute. Each Party shall ensure that it
 277 is represented at the mediation by a member of its Board of Directors.
 278 These representatives of the Initiating Party and the Responding Party may
 279 consult with staff and/or technical consultants during the mediation and
 280 such staff and/or technical consultants may be present during the
 281 mediation. The costs of the mediator shall be divided equally between the
 282 Initiating Party and the Responding Party.
- 283 (4) *Prior to Claims Under California Tort Claims Act.* The Parties agree that
 284 the procedure described in this paragraph 7.b represents an effort to
 285 resolve disputes without the need for a formal claim under the California
 286 Tort Claims Act or other applicable law. The period of time for the
 287 presentation of a claim by one Party against another shall be tolled for the
 288 period from the date on which the Initiating Party files a written statement
 289 until the date upon which the mediator renders a decision.
- 290 (5) *Reservation of Rights.* Nothing in this paragraph 7.b shall require a Party
 291 to comply with a decision of the mediator and, after the completion of the
 292 mediation process described above, each Party shall retain and may
 293 exercise at any time all legal and equitable rights and remedies it may
 294 have to enforce the terms of this Agreement; provided, that prior to
 295 commencing litigation, a Party shall provide at least five calendar days'
 296 written notice of its intent to sue to the other Party.

297 8. *General Provisions.*

- 298 a. *Authority.* Each signatory of this Agreement represents that s/he is authorized to
 299 execute this Agreement on behalf of the Party for which s/he signs. Each Party
 300 represents that it has legal authority to enter into this Agreement, to perform all
 301 obligations under this Agreement and that any and all appropriate Board action
 302 necessary for approval of this Agreement has been taken. .
- 303 b. *Amendment.* This Agreement may be amended or modified only by a written
 304 instrument executed by each of the Parties to this Agreement.
- 305 c. *Jurisdiction and Venue.* This Agreement shall be governed by and construed in
 306 accordance with the laws of the State of California, except for its conflicts of law
 307 rules. Any suit, action, or proceeding brought under the scope of this Agreement
 308 shall be brought and maintained to the extent allowed by law in the County of San
 309 Bernardino, California.
- 310 d. *Headings.* The paragraph headings used in this Agreement are intended for
 311 convenience only and shall not be used in interpreting this Agreement or in
 312 determining any of the rights or obligations of the Parties to this Agreement.
- 313 e. *Construction and Interpretation.* This Agreement has been arrived at through
 314 negotiations and each Party has had a full and fair opportunity to revise the terms
 315 of this Agreement. As a result, the normal rule of construction that any
 316 ambiguities are to be resolved against the drafting Party shall not apply in the
 317 construction or interpretation of this Agreement.
- 318 f. *Entire Agreement.* This Agreement constitutes the entire agreement of the Parties
 319 with respect to the subject matter of this Agreement and, save as expressly
 320 provided in this Agreement, supersedes any prior oral or written agreement,
 321 understanding, or representation relating to the subject matter of this Agreement.
- 322 g. *Partial Invalidity.* If, after the date of execution of this Agreement, any provision
 323 of this Agreement is held to be illegal, invalid, or unenforceable under present or
 324 future laws effective during the term of this Agreement, such provision shall be
 325 fully severable. However, in lieu thereof, there shall be added a provision as
 326 similar in terms to such illegal, invalid or unenforceable provision as may be
 327 possible and be legal, valid and enforceable.
- 328 h. *Successors and Assigns.* This Agreement shall be binding on and inure to the
 329 benefit of the successors and assigns of the respective Parties to this Agreement.
 330 No Party may assign its interests in or obligations under this Agreement without

- 331 the written consent of the other Parties, which consent shall not be unreasonably
332 withheld or delayed.
- 333 i. *Waivers.* Waiver of any breach or default hereunder shall not constitute a
334 continuing waiver or a waiver of any subsequent breach either of the same or of
335 another provision of this Agreement and forbearance to enforce one or more of
336 the rights or remedies provided in this Agreement shall not be deemed to be a
337 waiver of that right or remedy.
- 338 j. *Attorneys' Fees and Costs.* The prevailing Party in any litigation or other action
339 to enforce or interpret this Agreement shall be entitled to reasonable attorneys'
340 fees, expert witnesses' fees, costs of suit, and other and necessary disbursements
341 in addition to any other relief deemed appropriate by a court of competent
342 jurisdiction.
- 343 k. *Necessary Actions.* Each Party agrees to execute and deliver additional
344 documents and instruments and to take any additional actions as may be
345 reasonably required to carry out the purposes of this Agreement.
- 346 l. *Compliance with Law.* In performing their respective obligations under this
347 Agreement, the Parties shall comply with and conform to all applicable laws,
348 rules, regulations and ordinances.
- 349 m. *Third Party Beneficiaries.* This Agreement shall not create any right or interest in
350 any non-Party or in any member of the public as a third party beneficiary.
- 351 n. *Counterparts.* This Agreement may be executed in one or more counterparts,
352 each of which shall be deemed to be an original, but all of which together shall
353 constitute but one and the same instrument.
- 354 o. *Notices.* All notices, requests, demands or other communications required or
355 permitted under this Agreement shall be in writing unless provided otherwise in
356 this Agreement and shall be deemed to have been duly given and received on: (i)
357 the date of service if served personally or served by facsimile transmission on the
358 Party to whom notice is to be given at the address(es) provided below, (ii) on the
359 first day after mailing, if mailed by Federal Express, U.S. Express Mail, or other
360 similar overnight courier service, postage prepaid, and addressed as provided
361 below, or (iii) on the third day after mailing if mailed to the Party to whom notice
362 is to be given by first class mail, registered or certified, postage prepaid,
363 addressed as follows:
364

Notice to San Bernardino Valley Municipal Water District

Douglas Headrick, General Manager
SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT
380 East Vanderbilt Way, San Bernardino, CA 92408
Phone: (909) 820-3701
Email: douglash@sbnmwd.com

David R.E. Aladjem
DOWNEY BRAND LLP
621 Capitol Mall, Sacramento, CA 95814
Phone: (916) 520-5361
Email: daladjem@downeybrand.com

Notice to East Valley Water District

John Mura, General Manager/CEO
EAST VALLEY WATER DISTRICT
31111 Greenspot Rd., Highland, CA 92346
Phone: 909-889-9501
Email: john@eastvalley.org

Jean Cihigoyenetché
CIHIGOYENETCHE GROSSBERG & CLOUSE
8038 Haven Avenue, Suite E, Rancho Cucamonga, CA 91730
Phone: (909) 483-1850
Email: jean@cgclaw.com

SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT

By:


Susan Longville
President, Board of Directors

Dated: 3-5-18

By:


Steve Copelan, Secretary

Dated: 3-6-18

APPROVED AS TO FORM

By:

David R.E. Aladjem, Esq.
Downey Brand, LLP
Counsel for San Bernardino Valley Municipal Water District

Dated: 3/7/2018

EAST VALLEY WATER DISTRICT

By:

Chris Carrillo
Chairman of the Board

Dated: 3/8/18

By:

John Mura, General Manager/CEO

Dated: 2-28-18

APPROVED AS TO FORM

By:

Jean Cihigoyenetché
The JC Law Firm
Counsel for East Valley Water District

Dated: _____

APPROVED AS TO FORM

By:


David R.E. Aladjem, Esq.
Downey Brand, LLP
Counsel for San Bernardino Valley Municipal Water District

Dated: 3/7/2018

EAST VALLEY WATER DISTRICT

By:

Chris Carrillo
Chairman of the Board

Dated: _____

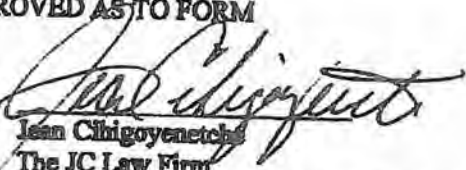
By:


John Mura, General Manager/CBO

Dated: 2-28-18

APPROVED AS TO FORM


By:


Jean Chigoyenetch
The JC Law Firm
Counsel for East Valley Water District

Dated: 3-7-18

APPROVED AS TO FORM

By:




David R.E. Aladjem, Esq.
Downey Brand, LLP
Counsel for San Bernardino Valley Municipal Water District

Dated: 3/7/2018

EAST VALLEY WATER DISTRICT

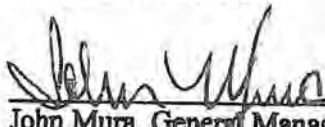
By:



Chris Carrillo
Chairman of the Board

Dated: _____

By:



John Mura, General Manager/CEO

Dated: 2-28-18

APPROVED AS TO FORM

By:

Jean Cihigoyenetché
The JC Law Firm
Counsel for East Valley Water District

Dated: _____

**Letter Dated May 16, 2018 from
Douglas Headrick, General
Manager, San Bernardino Valley
Municipal Water District**

Attachment 3



380 East Vanderbilt Way
San Bernardino, CA 92408
phone: 909.387.9200
fax: 909.387.9247
www.sbvmd.com

RECEIVED

May 16, 2018

2018 MAY 17 AM 9:57

Local Agency Formation Commission
For San Bernardino County
Kathleen Rollings-McDonald
1170 West Third Street, Unit 150
San Bernardino, CA 92415-0490

LOCAL AGENCY
FORMATION COMMISSION

Dear Ms. Rollings-McDonald,

San Bernardino Valley Municipal Water District (Valley District) has made it a priority to encourage the development of recycled water to enhance regional water supply reliability. Recycled water is a drought-proof water supply that would benefit over 700,000 residents who depend on our local groundwater basin, beyond the individual service area boundaries of each water provider. The Sterling Natural Resource Center is one of the cost-effective regional opportunities to develop this new water supply for beneficial use. Valley District has been an active participant in the development of the financial analysis for this project, vetting the methodology and assumptions.

Another way that Valley District is planning to participate in this project is through its proposed Local Resources Investment Program (LRIP). While the Valley District Board of Directors has not yet taken formal action on this new program, they have directed staff to develop LRIP for their consideration.

LRIP will offer a financial incentive for projects like the Sterling Natural Resource Center that develop new supplemental water supplies for our region. Valley District's investment in new supplemental water supplies will increase water supply reliability which is one of the primary goals of the *Upper Santa Ana River Integrated Regional Water Management Plan*. The LRIP was first presented to the Valley District Board of Directors at a workshop on February 8, 2018 (see attached). The financial incentive presented at the workshop was \$300 per acre-foot for a period of twenty-five (25) years but the final terms could vary. We anticipate bringing this item for formal approval sometime this year.

East Valley Water District's Financial Analysis assumes a reimbursement of \$210 per acre foot, which is well within the current estimates of the LRIP financial incentive amount and consistent with the current direction of the Valley District Board.

Sincerely,

A handwritten signature in blue ink that reads 'Douglas D. Headrick'.

Douglas D. Headrick
General Manager, Chief Engineer

Board of Directors and Officers

JUNE HAYES
Division 1

GIL NAVARRO
Division 2

SUSAN LONGVILLE
Division 3

MARK BULOT
Division 4

STEVE COPELAN
Division 5

DOUGLAS D. HEADRICK
General Manager



SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT
380 E. Vanderbilt Way, San Bernardino, CA 92408

STRATEGIC ANALYSIS/PLAN COMMITTEE WORKSHOP

AGENDA

3:00 PM Thursday, February 8, 2018

PURPOSE -

Prepare a recommendation and budget for the development of a Strategic Plan for the Board to consider that incorporates existing projects and plans but also examines other opportunities and determines additional projects and plans that would be beneficial to Valley District and cost effective to its ratepayers. This committee will seek input from other water agencies in California that have done this type of analysis.

*Chairperson: President Longville
Committee Member: Director Bulot*

CALL TO ORDER

1. INTRODUCTIONS

2. PUBLIC COMMENT - Any person may address the Board on matters within its jurisdiction.

3. SUMMARY OF PREVIOUS MEETING

- 3.1. Summary of January 11, 2018, Meeting (Page 3)
Meeting Summary Strategic Analysis/Plan Cmte 011118

4. DISCUSSION ITEMS

- 4.1. Consider Developing a Local Resources Investment Program (Page 4)
*Staff Memo Local Resources Investment Program
DRAFT Local Resources Investment Program
Table 2017 IR
SAMPLE - MWDSC Local Resources Program
SAMPLE - MWDSC LRP Application Package*



DATE: February 8, 2018
TO: Strategic Analysis & Plan Committee Workshop
FROM: Bob Tincher, Manager of Water Resources
SUBJECT: Consider Developing a Local Resources Investment Program

Staff is recommending that the Board consider developing a Local Resources Investment Program that would offer a financial incentive to any agency in the Valley District service area that constructs a project which provides a new source of supplemental water to the Valley District service area such as recycled water and stormwater capture. This investment in our local resources would result in increased water supply reliability which is one of the goals of the *Upper Santa Ana River Integrated Regional Water Management Plan*.

This concept is based upon an existing program offered by the Metropolitan Water District of Southern California (Metropolitan) and was included in the *Regional Recycled Water Concept Study*.

Staff has started to develop the basic terms for a Valley District Local Resources Investment Program (see attached). At this workshop, staff is requesting feedback and authorization to finish developing this program. Once the program has been developed, staff will bring it back to the Committee for further consideration.

BACKGROUND

As our current drought continues to grip our region and the reliability of State Water Project continues to be plagued by various uncertainties, Valley District continues to look for ways to identify and implement projects that will help provide a more robust long-term portfolio of reliable water supplies for our region. The Santa Ana River Conservation and Conjunctive Use Program (SARCCUP), Bunker Hill Basin Conjunctive Use Project (BHCUP), the Enhanced Stormwater Capture/Recharge Project, and the Defend the Drop water use efficiency program are some of the ways that Valley District is partnering with water agencies to improve water supply reliability.

However, development of recycled water, the so-called "drought proof supply", continues to be relatively untapped in our region.

There are 5 municipal owned wastewater treatment plants within the Valley District service area. Two of these, City of Redlands and Yucaipa Valley Water District (YVWD), have already implemented recycled water systems and are currently delivering recycled water to meet demands. Recycled water projects associated with the wastewater treatment plants owned and operated by the cities of Colton, Rialto, and San Bernardino have, to varying degrees, been evaluated for many years. A total of 40,000 acre-feet per year of water is discharged from these facilities into the Santa Ana River.

The concept of a regional approach to recycled water project development has been anticipated for some time. By Memorandum of Understanding dated February 22, 2011 (2011 MOU), San Bernardino Municipal Water Department (SBMWD), Riverside Public Utilities (RPU), Valley District and Western agreed to jointly develop the Clean Water Factory proposed by SBMWD. Since that time, the drought and other developments have led Valley District to expand the scope of the regional approach as envisioned by the 2011 MOU to include all other potential recycled water sources and uses. The current drought, the reduced reliability of imported water from the State Water Project and the availability of grant funds for recycled water projects led to the conclusion that it was important to develop a regional recycled water strategy immediately.

On June 16, 2015, the Board authorized participation in the development of a regional approach to recycled water project development by agreeing to help fund the *Regional Recycled Water Concept Study* (Concept Study) which was jointly funded by SBMWD, East Valley Water District, and YVWD.

SBMWD continues to develop the Clean Water Factory. Yucaipa Valley Water District is considering an expansion of their recycled water distribution system. In 2016, the Board approved the *Agreement for the Construction and Operation of Groundwater Replenishment Facilities* with the East Valley Water District (EVWD) that establishes the framework for the design, permitting, construction and operation of Sterling Natural Resource Center that would recycle water for recharge in the Bunker Hill Basin and would eventually be owned and operated by EVWD. These and other potential, cooperative recycled water projects were evaluated in the Concept Study. A total of eleven (11) alternatives, including variations, were evaluated. Another goal of the Concept

Study was to place our region in a position to successfully compete for grant funds available for recycled water projects.

The Concept Study also included various possibilities for funding regional recycled water projects including a combination of grants, low interest loans, customer rates, cost-sharing contributions from project partners, and potential fees collected through the formation of the Groundwater Council. The Concept Study also included ways that Valley District could play a role in the encouragement and support for the development of regional recycled water resources, including the development of a Local Resources Program (similar to Metropolitan Water District of Southern California) that would provide a financial incentive.

Fiscal Impact

The cost to Valley District would vary based upon the size of the program and the participation in the program.

Staff Recommendation

Provide feedback on the draft Local Resources Investment Program and authorize staff to finish developing this program. Once the program has been developed, staff will bring it back to the Committee for further consideration.

Attachments

1. Draft Local Resources Investment Program
2. Table 2017 IR – Transportation Variable Plant Unit Rates
3. SAMPLE – Metropolitan Water District of Southern California Local Resources Program
4. SAMPLE - Metropolitan Water District of Southern California Local Resources Program Application Guidelines

Local Resources Investment Program General Program Information

General Requirements

The Local Resources Investment Program (LRIP) provides incentives for development of new supplemental water supplies such as recycling and stormwater capture projects in Valley District's service area. Unless otherwise approved by Valley District, proposed projects must comply with the following general requirements:

1. Project must replace an existing demand or offset a new demand either through direct replacement of potable water or increased regional supplies.
2. Project must not exist or be under construction prior to application submittal. Projects that commence construction after application submittal and prior to executing an agreement with Valley District would be subject to agency's sole financial risk.
3. Project must include construction of new substantive treatment or distribution facilities.
4. Project must be owned and operated by the agency, and Valley District has no ownership or operational obligations toward the project.
5. Project must comply with the Municipal Water District Act and applicable laws.
6. Project must comply with CEQA and/or NEPA provisions prior to Valley District board approval.
7. Valley District's Board must approve each project prior to incentive agreement execution.
8. Project must have obtained all required Regional and State permits prior to receiving Valley District board approval.
9. Additional requirements specific to each project will be developed to address system integration issues related to use of Valley District's facilities, if needed.

Project Phasing

Valley District would only consider new projects that are ready for construction and capable of achieving stated production capacities in the near future. To that end, Valley District would consider phasing of projects with long ramp-up schedules. LRIP funding would be provided to only initial phases that are well positioned to produce water. Future phases would be considered for inclusion at later dates when production is more imminent.

Some existing LRIP projects are not fully developed and need more time beyond the term of current agreements to reach full capacity. To help advance expansion of those projects, Valley District would apply the project phasing principle. Existing agreements would be truncated at current production levels and new agreements would be negotiated for remaining phases.

The existing LRIP agreements and new project proposals shall not be subdivided into more than three phases.

General Performance Provisions

The following performance provisions would apply to new and amended agreements to ensure timely and responsive project development and production. These provisions would allow Valley District to adjust or withdraw financial commitments to projects that fail to meet development and production milestones outlined in the following table.

Timeline (full fiscal year)	Milestone	Consequence if target is not achieved
Two years after agreement execution	Start construction	Agreement may be terminated*
Four years after agreement execution	Start operation	Agreement may be terminated*
Four-Seven years after agreement execution	50 percent of contract yield	Contract yield may be reduced
8-11 years after agreement execution	75 percent of contract yield**	Same as above
12-15 years and every four years thereafter	75 percent of contract yield**	Same as above

* Entities may appeal termination to Valley District's Board of Directors.

** Ultimate yield or revised ultimate yield due to project's performance in previous years (if applicable)

Program Target

The current program was adopted in 2018 with a goal of incentivizing AFY of new supplemental water (LRIP Target).

Application Process Overview

Any future program refinements would not apply to projects with existing LRIP agreements. Valley District would accept project applications on an open and continuous basis until the LRIP Target is achieved. Staff would review project applications to ensure compliance with general program requirements. Applications that have met the General Requirements (previously described) and secured approval of draft agreement terms by the respective governing bodies would be forwarded to Valley District's Board for approval of LRIP participation through an agreement. Upon board approval, staff would meet with project sponsors and respective member agencies to negotiate terms and execute agreements. LRIP agreement terms are for 25 years.

**Local Resources Investment Program
Incentive Payment**

Valley District will provide a fixed, minimum Incentive Payment to an agency that receives an LRIP Agreement. This fixed incentive amount can be reported as income when an agency is securing financing for their project(s). The incentive amount will be calculated based on Valley District's avoided cost for State Water Project water which generally consists of the highest variable cost paid by Valley District for energy and transmission, as provided by the Department of Water Resources (Transportation Variable Plant Unit Rates). Valley District will pay an Incentive Payment of \$300/AF, over 25 years. The Incentive Payment will be re-calculated every 5 years thereafter to determine whether the Incentive Payment should be incrementally increased, or decreased, for the next five (5) year term to cover any changes in variable cost. At no time will Valley District pay less than the initial Incentive Payment amount of \$300/AF. The Incentive Payment includes a 15% increase to account for the likely possibility that the variable cost will increase during the next 5 years.

In addition to the general requirements and performance provisions, the following provision would apply to this alternative: Total LRIP payments under the agreement term would be limited to total estimated project yield presented by the agency at the time of agreement negotiation.

Incentive Payment Calculation

Incentive Payment = $\$258 \times 1.15 = \$296.70/\text{AF}$, SAY \$300/AF

2017 IR - Transportation Variable Plant Unit Rates

Reach	Plant	Individual Plant Unit Rates	Accumulated Unit Rates
1NB	Barker Slough	11.3557	11.3557
3NA	Cordelia Solano	22.1003	33.4560
3NB	Cordelia Napa	28.6693	40.0250
1SB	South Bay	41.9597	58.0622
R1	Banks	16.1025	16.1025
R4	Dos Amigos	6.7824	22.8849
R14A	Buena Vista	12.3072	35.1920
R15A	Wheeler Ridge	13.3694	48.5614
R16A	Wind Gap	31.0732	79.6346
R17E	A.D. Edmonston	115.6786	195.3132
R18A	Alamo	-18.7241	176.5891
R22B	Pearblossom	33.6546	210.2437
R23	Mojave Siphon	-20.9543	189.2893
R26A	Devil Canyon	-30.7403	158.5491
R29A	Oso	13.5561	208.8693
R29G	William E. Warne	-15.0806	193.7888
R29J	Castaic	-25.0383	168.7504
R31A	L.P. & B.H.	12.9603	35.8452
R33A	DD, B, P	115.2024	151.0475
EBX1 R2B	Green Spot	44.3534	202.9024
EBX1 R3A	Crafton Hills	55.3526	258.2550
EBX1 R4B	Cherry Valley	11.4066	269.6617

NOTES:

- Plant unit rates for power and variable transmission costs.
- Plant unit rates are based upon the Invoicing rate of 50.92 mills/kWh.
- Banks' unit rate includes \$5.1M in additional fish agreement costs.
- No Hyatt Generation Feb-Apr



• **Board of Directors**
Water Planning and Stewardship Committee

10/14/2014 Board Meeting

8-4

Subject

Authorize refinements to the Local Resources Program

Executive Summary

This action authorizes Local Resources Program (LRP) refinements to encourage and expedite local resource production, which would help meet the Integrated Water Resources Plan (IRP) goals and water use efficiency targets, and be responsive to current drought conditions.

Details

Since 2011, staff has worked with member agencies through a series of LRP process workgroups to identify constraints to local project development and explore effective strategies to increase local resource production. Staff recommends program refinements to (1) support the development of local resources consistent with the goals in Metropolitan's 2010 IRP, (2) support member agency project implementation, and (3) implement funding approaches that are cost-effective and sustainable based on the net financial impact to Metropolitan.

Background

Since 1982, Metropolitan has assisted local agencies in the development of local water recycling and groundwater recovery projects under the LRP. Metropolitan currently provides financial incentives up to \$250 per acre-foot (AF) of water production. Since program inception, Metropolitan has provided about \$490 million in incentives for the development of more than 2.0 million AF of recycled water and about 720,000 AF of recovered groundwater. There are currently 99 projects under the program, of which 85 are in operation. More than half the recycled water and groundwater recovery supplies produced annually in the region have been developed through this program.

The program was revised in 2007 with an updated goal of incentivizing 174,000 acre-feet per year (AFY) of new annual production. Currently, applications are reviewed on a first-come and first-served basis. The LRP incentive is calculated on a sliding scale, which reflects the project unit costs exceeding Metropolitan's prevailing water rate. Under the current LRP, the Board has approved 23 projects with a combined contractual yield of about 111,000 AFY. The remaining target is another 63,000 AFY of contractual yield.

In January 2014, Governor Brown declared a drought emergency due to California's historically low precipitation in calendar year 2013. This unprecedented drought condition persists today, and has drastically reduced water deliveries from the State Water Project (SWP). The LRP promotes the development of local supplies to help manage demands on Metropolitan's system, and increase regional reliability and availability. Projects developed in the near term as part of this program could help alleviate drought impacts should dry conditions continue. However, over the past year, Metropolitan has not received any new recycled water or groundwater recovery project applications for participation in the LRP. As a result, projects may not be developed in time to help alleviate the current drought and meet the IRP and water use efficiency goals. Based on discussions with member agencies, costs to develop and implement projects are a predominant constraint to initiating new projects.

In addition, production records indicate that existing recycled water projects supported by Metropolitan collectively are producing only about 70 percent of their capacity. Important limiting factors in reaching project capacity include: costs to reach customers furthest from treatment plants, on-site retrofit of customers' potable water systems, and required additional treatment to address water quality. Accordingly, Metropolitan developed the following programs which assist agencies in reducing the gap between production and contractual yield:

- 2007 – Public Sector Program: incentives for public agencies to convert potable water irrigation and industrial systems to recycled water
- 2013 – Foundational Actions Funding Program: matching funds for technical studies and pilot projects to reduce barriers and enhance regional understanding of the challenges and technical requirements necessary to develop future water supplies
- 2014 – On-site Retrofit Pilot Program: incentives for landowners to convert potable water irrigation and industrial systems to recycled water

In addition to the above programs, Metropolitan staff is recommending refinements to the LRP to further expedite development of new projects and motivate increased production of projects. These refinements include:

1. Increase the maximum incentive amount

High costs remain a significant barrier in developing local water supplies. Staff has reviewed the maximum incentive amount and recommends increasing it to \$340/AF. This increase reflects the rising costs of local project development in recent years. Staff looked at a number of methodologies to determine the incentive amount, including:

- (1) Consumer Price Index (CPI) inflation since 2007 (the last year the LRP was revised), and
- (2) Percent change in LRP project unit costs from 2007 to the present.

Applying the CPI inflation since 2007 would adjust the maximum incentive amount from \$250/AF to \$280/AF, an increase of \$30/AF. Staff analyzed a number of representative LRP projects and determined that the percent increase in the unit costs for these projects since 2007 was approximately 58 percent, which would adjust the maximum incentive amount from \$250/AF to \$395/AF, an increase of \$145/AF. Staff recommends setting the maximum incentive amount at \$340/AF, which is the midpoint of the range between \$280/AF and \$395/AF. This would provide an increase of about 35 percent in the maximum incentive level Metropolitan would offer under the LRP in order to spur additional local supply development.

It is recommended that this incentive amount be in place until the remaining LRP target of 63,000 AFY is achieved, at which time staff would review the program and make a recommendation to maintain this incentive amount or change based on needs and conditions at that time.

2. Offer alternate incentive payment structures

In addition to reviewing the incentive amount, staff also evaluated methods to update the incentive payment structure to bring new projects on-line faster and motivate increased production of projects. Staff recommends three alternative incentive payment structures be made available to the member agencies on a per project basis:

- Alternative 1 – Sliding Scale Incentives Over 25 Years (Current Payment Structure)
- Alternative 2 – Sliding Scale Incentives Over 15 Years (New Structure)
- Alternative 3 – Fixed Incentives Over 25 Years (Previously Approved Structure)

General Program Information is described in [Attachment 1](#).

Alternative 1 – Sliding Scale Incentives Over 25 Years (Current Payment Structure): Metropolitan would accept LRP applications for proposed projects on a continuous basis until the 63,000 AFY remaining target is reached. Applications would be reviewed for established milestones, such as planning, design, and status of environmental documentation. Sliding scale incentives of up to \$340/AF would be provided based on actual project unit costs exceeding Metropolitan's prevailing water rate, calculated annually. The LRP agreement term would be for 25 years.

Alternative 2 – Sliding Scale Incentives Over 15 Years (New Structure): This alternative is similar to Alternative 1, but the incentive amount is calculated over a shorter payment period (15 years versus 25 years), allowing for higher incentives earlier in the contract. The adjusted incentive amount includes a present value calculation, resulting in an equivalent maximum obligation to Metropolitan as Alternative 1 (Sliding Scale Incentives Over 25 years). Incentives of up to \$475/AF would be provided based on actual project unit costs exceeding Metropolitan's prevailing water rate, calculated over 15 years. The LRP agreement term would be for 25 years, but incentives would be provided up to the first 15 years of the contract. In addition to the current LRP performance provisions, projects must continue production for 25 years, even if LRP payments are reduced to zero after 15 years. If an agency fails to comply with these provisions for any of its LRP projects, Metropolitan would require the agency to reimburse Metropolitan to ensure that the costs incurred due to nonperformance are recovered.

Alternative 3 – Fixed Incentives Over 25 Years (Previously Approved Structure): Compared to sliding scale incentives that are dependent on Metropolitan's water rate, a fixed incentive rate would provide agencies with a more stable source of funds to help address financing issues. Agencies use LRP incentives as a means of income when securing financing for their projects. Fixed incentives provide stable income and help project financing. Under this approach, Metropolitan would offer a fixed incentive no greater than \$305/AF that is project specific over 25 years. This would be less than the \$340/AF incentive offered under the sliding scale alternatives to adjust for increased risk in absence of annual cost reconciliations. The fixed incentive rate for each project would be calculated such that Metropolitan's maximum obligation toward that project under this alternative would not exceed its estimated financial obligations under Alternative 1 for the same project. This alternative would be similar to the payment structure approved by Metropolitan's Board in May 2011 for the Chino Basin Desalination Program.

Detailed descriptions of the alternate incentive payment structures are included in [Attachment 2](#).

3. Include on-site recycled water retrofit costs in the LRP

In order for a site to receive recycled water, the potable water irrigation or industrial water systems must be retrofitted to receive recycled water. Site conversion is an integral part of any recycled water project. Site conversion costs can be another impediment to achieving full project capacity. Currently, on-site retrofit costs are not eligible for incentives in the LRP. Making these costs eligible under the LRP would help bring end users on-line quicker, facilitate deliveries, and encourage increased recycled water project production. Eligible costs would include retrofit design, permitting, construction, and connection fees. Staff recommends including on-site retrofit costs as eligible costs in the LRP.

4. Include other water resources in the LRP

The IRP calls for the development of a diverse resource portfolio with projects that help meet future demands and increase reliability in the region. The following additional resources were evaluated for inclusion in the LRP:

- **Seawater Desalination:** In 2001, Metropolitan implemented the Seawater Desalination Program (SDP), which provided funding for development of seawater desalination projects similar to the LRP. However, the SDP agreements did not include performance provisions like those included in the LRP. Staff recommends accepting and evaluating new seawater desalination project applications as part of the LRP and its eligibility criteria.
- **Stormwater:** Metropolitan's Foundational Actions Funding Program currently includes two stormwater studies/projects. The results of these studies, along with additional studies on long-term quantity and regional benefits of stormwater development, are needed prior to making recommendations on the eligibility of stormwater projects in the LRP.

5. Provide reimbursable services

The current drought conditions resulted in the lowest allocation in the more than 50-year history of the SWP. To accelerate development of local supplies, staff recommends entering into reimbursable agreements with member agencies for the development of ready-to-proceed local projects that help manage demands on Metropolitan's

system, and increase regional reliability and availability. Metropolitan's participation would help meet member agencies' strategic needs by expediting development of projects. Metropolitan would offer a variety of technical and financial services.

For projects proposed by member agencies, Metropolitan would consider the following:

- Water quantity to ensure that the project makes a meaningful addition to regional reliability,
- Water quality to confirm that project water would meet all water quality objectives,
- Ensure that the project helps meet the IRP resource needs,
- Ability to help address current and future drought conditions,
- Impacts to Metropolitan's cash flow (delivered cost of the project),
- The need for Metropolitan's involvement to expedite project completion,
- The availability of Metropolitan resources to expedite project completion, and
- Compliance of the project with all permitting and environmental requirements.

Based on a favorable assessment, Metropolitan staff would request board authorization for reimbursable projects proposed by member agencies. This approach has been successfully used in the past. Metropolitan and the Los Angeles Department of Water and Power (LADWP) successfully entered into a similar reimbursable project agreement when SWP deliveries were restricted in 2008 (35 percent allocation) and 2009 (40 percent allocation). In December 2008, Metropolitan's Board approved a \$12 million reimbursable agreement for a groundwater recovery project at the Tujunga well field. This project was completed with full reimbursement to Metropolitan and it is operated today by LADWP, successfully producing groundwater recovery supplies that help manage demands on Metropolitan's system, and increase regional reliability and availability. In September 2014, Metropolitan's Board approved a \$20 million reimbursable agreement with the LADWP for future potential groundwater recovery projects to enhance water supplies within the Metropolitan service area.

A detailed description of the reimbursable services is included in [Attachment 3](#).

Next Steps

If approved, staff will implement the refined Local Resources Program. Terms for projects with existing agreements will remain the same. These LRP refinements will help reach the 2007 LRP target. Staff will evaluate the need to increase the LRP target as part of the 2015 IRP Update process.

Policy

By Minute Item 48449, dated October 12, 2010, the Board adopted the 2010 Integrated Water Resources Plan.

By Minute Item 47049, dated April 10, 2007, the Board adopted the Local Resources Program Provisions including a goal of 174,000 acre-feet per year of new production.

California Environmental Quality Act (CEQA)

CEQA determination for Option #1:

The proposed action is not defined as a project under CEQA because it involves continuing administrative activities, such as general policy and procedure making (Section 15378(b)(2) of the State CEQA Guidelines). In addition, the proposed action is not subject to CEQA because it involves other government fiscal activities, which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment (Section 15378(b)(4) of the State CEQA Guidelines). Before any final commitment of resources is made to any specific project, the appropriate CEQA analysis will be completed.

The CEQA determination is: Determine that the proposed action is not defined as a project and is not subject to CEQA pursuant to Sections 15378(b)(2) and 15378(b)(4) of the State CEQA Guidelines.

CEQA determination for Option #2:

None required

Board Options

Option #1

Adopt the CEQA determination that the proposed action is not defined as a project and is not subject to CEQA, and authorize

- a. Increasing the LRP maximum incentive amount to \$340/AF;
- b. Including alternative payment structures for new local projects as outlined in [Attachment 2](#) and the general program information outlined in [Attachment 1](#);
- c. Including on-site retrofits as eligible costs in the LRP;
- d. Including seawater desalination as an eligible resource in the LRP; and
- e. Entering into reimbursable agreements with member agencies as outlined in [Attachment 3](#).

Fiscal Impact: Metropolitan's maximum exposure, in addition to the amount authorized by the Board in 2007, is \$90/AF (\$340-\$250), which totals about \$142 million at the maximum incentive rate for 63,000 AFY over 25-year agreement terms. Financial impacts of specific projects will be provided when their respective LRP agreements are brought to the Board for consideration.

Business Analysis: Program implementation will encourage and expedite local resource production, which would help meet the Integrated Water Resources Plan (IRP) goals and water use efficiency targets, and respond to current drought conditions.

Option #2

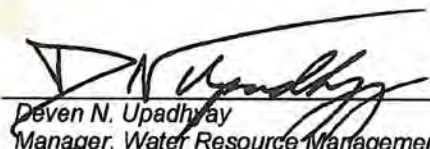
Take no action.

Fiscal Impact: None

Business Analysis: Staff would forgo an opportunity to increase local resources development in order to meet IRP goals, water use efficiency targets and respond to current drought conditions.

Staff Recommendation

Option #1


Deven N. Upadhyay
Manager, Water Resource Management

10/2/2014
Date


Jeffrey Kightlinger
General Manager

10/2/2014
Date

[Attachment 1 – Local Resources Program General Program Information](#)

[Attachment 2 – Local Resources Program Alternate Incentive Payment Structures](#)

[Attachment 3 – Reimbursable Services](#)

Ref# wrm12632687

**Local Resources Program
General Program Information**

General Requirements

The Local Resources Program (LRP) provides incentives for development of new water recycling, groundwater recovery, and seawater desalination projects in Metropolitan's service area. Unless otherwise approved by Metropolitan, proposed projects must comply with the following general requirements:

1. Project must replace an existing demand or prevent a new demand on Metropolitan's imported water deliveries either through direct replacement of potable water or increased regional groundwater production.
2. Project must not exist or be under construction prior to application submittal. Projects that commence construction after application submittal and prior to executing an agreement with Metropolitan would be subject to agency's sole financial risk.
3. Project must include construction of new substantive treatment or distribution facilities.
4. Proposals must be supported by a Metropolitan member agency.
5. Project must be owned and operated by the agency, and Metropolitan has no ownership or operational obligations toward the project.
6. Project must comply with the Metropolitan Water District Act and applicable laws.
7. Project must comply with CEQA and/or NEPA provisions prior to Metropolitan board approval.
8. Metropolitan's Board must approve each project prior to incentive agreement execution.
9. Project must have obtained all required Regional and State permits prior to receiving Metropolitan board approval.
10. Additional requirements specific to each project will be developed to address system integration issues related to use of Metropolitan's facilities, if needed.

Project Phasing

Metropolitan would only consider new projects that are ready for construction and capable of achieving stated production capacities in the near future. To that end, Metropolitan would consider phasing of projects with long ramp-up schedules. LRP funding would be provided to only initial phases that are well positioned to produce water. Future phases would be considered for inclusion at later dates when production is more imminent.

Some existing LRP projects are not fully developed and need more time beyond the term of current agreements to reach full capacity. To help advance expansion of those projects, Metropolitan would apply the project phasing principle. Existing agreements would be truncated at current production levels and new agreements would be negotiated for remaining phases.

The existing LRP agreements and new project proposals shall not be subdivided into more than three phases.

General Performance Provisions

The following performance provisions would apply to new and amended agreements to ensure timely and responsive project development and production. These provisions would allow Metropolitan to adjust or

withdraw financial commitments to projects that fail to meet development and production milestones outlined in the following table.

Timeline (full fiscal year)	Milestone	Consequence if target is not achieved
Two years after agreement execution	Start construction	Agreement may be terminated*
Four years after agreement execution	Start operation	Agreement may be terminated*
Four-Seven years after agreement execution	50 percent of contract yield	Contract yield may be reduced
8-11 years after agreement execution	75 percent of contract yield**	Same as above
12-15 years and every four years thereafter	75 percent of contract yield**	Same as above

* Entities may appeal termination to Metropolitan's Board of Directors.

** Ultimate yield or revised ultimate yield due to project's performance in previous years (if applicable)

Program Target

The current program was adopted in 2007 with a goal of incentivizing 174,000 AFY of new annual production. Under the current program, the Board has approved 23 projects with a combined contractual yield of about 111,000 AFY, resulting in a remaining target of 63,000 AFY.

Process Overview

Program refinements do not apply to projects with existing LRP agreements. Metropolitan would accept project applications on an open and continuous basis until the LRP target is achieved. Staff would review project applications to ensure compliance with general program requirements. Project proposals that have met the General Requirements (previously described) and secured approval of draft agreement terms by the respective governing bodies would be forwarded to Metropolitan's Board for approval of LRP participation through an agreement. Upon board approval, staff would meet with project sponsors and respective member agencies to negotiate terms and execute agreements. LRP agreement terms are for 25 years.

**Local Resources Program
Alternate Incentive Payment Structures**

Incentive Payment Structures

Agencies can choose from one of the following three alternative incentive payment structures for each of their eligible projects to participate in the LRP:

- Alternative 1 – Sliding Scale Incentives Over 25 Years (Current Payment Structure)
- Alternative 2 – Sliding Scale Incentives Over 15 Years (New Structure)
- Alternative 3 – Fixed Incentives Over 25 Years (Previously Approved Structure)

Alternative 1 - Sliding Scale Incentives Over 25 Years (Current Payment Structure)

Metropolitan would provide member or retail agencies a sliding scale incentive up to \$340/AF over 25 years, calculated annually based on actual project unit costs exceeding Metropolitan's prevailing water rate, for project water produced and used.

Eligible project costs include an agency's out of pocket costs normally associated with developing local resource projects including design, capital, operations, maintenance, and replacement costs. Incentive payments are subject to a follow-up cost reconciliation process with adjustments for under- or over-payment to be included in subsequent water service invoices from Metropolitan.

Alternative 2 - Sliding Scale Incentives Over 15 Years (New Structure)

This alternative is similar to the current program, but the incentive amount is calculated over a shorter payment period (15 years versus 25 years), allowing for higher incentives earlier in the contract. The adjusted incentive amount includes a present value calculation, resulting in an equivalent maximum obligation to Metropolitan as Alternative 1 (Sliding Scale Incentives Over 25 years). Metropolitan would provide member or retail agencies a sliding scale incentive up to \$475/AF over 15 years, calculated annually based on actual project unit costs exceeding Metropolitan's prevailing water rate, for project water produced and used. Eligible project costs are the same as Alternative 1. Incentive payments are subject to a follow-up cost reconciliation process with adjustments for under- or over-payment to be included in subsequent water service invoices from Metropolitan. In addition to the current LRP performance provisions, projects must continue production for 25 years, even if LRP payments are reduced to zero after 15 years. This provision ensures continued production throughout the contract term. If an agency fails to comply with these provisions, Metropolitan may require reimbursement for a percentage of the previous LRP payments toward that project. The reimbursement would be determined for each year remaining in the agreement considering the following:

- The previous LRP payments
- The previous project yield
- Project yield in the year in which a reimbursement is required

Alternative 3 – Fixed Incentive Over 25 Years (Previously Approved Structure)

Compared to sliding scale incentives that are dependent on Metropolitan's water rate, a fixed incentive rate provides agencies with a more stable source of funds to help address financing issues. Agencies use LRP incentives as a means of income when securing financing for their projects. Fixed incentives provide stable income and help agencies with securing capital funds. Metropolitan would offer a project-specific fixed incentive rate, not to exceed \$305/AF, over 25 years. The fixed incentive amount for each project would be negotiated so that Metropolitan's maximum obligation toward that project

under this alternative would not exceed the estimated financial obligations under Alternative 1 for the same project, and be adjusted for increased financial risk to Metropolitan in absence of annual cost reconciliations.

In addition to the general requirements and performance provisions, the following provision would apply to this alternative: Total LRP payments under the agreement term would be limited to total estimated project yield presented by the agency at the time of agreement negotiation.

Reimbursable Services

Metropolitan would enter into a reimbursable agreement with requesting member agencies for the development of local resource projects that help manage demand on Metropolitan's system, and increase regional reliability and availability. Metropolitan's participation would help meet the member agencies' strategic needs by expediting development of projects. Metropolitan's participation in a reimbursable service agreement would depend on the need to accelerate delivery of the projects in order to meet resource needs or improve reliability.

For projects proposed by member agencies, Metropolitan would consider the following:

- Water quantity to ensure that the project makes a meaningful addition to regional supply reliability,
- Water quality to confirm that project water will meet all water quality objectives,
- Ensure that the project helps meet the IRP resource needs,
- Ability to help address current and future drought conditions,
- Impacts to Metropolitan's cash flow (delivered cost of the project),
- The need for Metropolitan's involvement to expedite project completion,
- The availability of Metropolitan resources to expedite project completion, and
- Compliance of the project with all permitting and environmental requirements.

Metropolitan's obligations may include:

- Conduct feasibility studies as needed,
- Perform technical and water quality analyses as needed,
- Perform project management, procurement, installation/construction, and start-up/operations,
- Perform engineering design including drawings and performance specifications,
- Develop construction and operating cost estimates, and
- Contract with vendor.

Agency obligations would include:

- To serve as the Lead Agency under the California Environmental Quality Act,
- Obtain all necessary permits,
- Meet all applicable standards (e.g., water quality),
- Operate project upon termination of agreement, and
- Reimburse Metropolitan for all its actual costs, including labor, equipment, materials, and other services.

The amount of the reimbursable agreement would be determined on a case-by-case basis. The agency would reimburse Metropolitan for all direct and indirect costs incurred, including the cost of capital and the fully burdened cost of Metropolitan's staff.



The Metropolitan Water District of Southern California

2014 Local Resources Program Application Guidelines

INFORMATION FOR RESPONDENTS

The Metropolitan Water District of Southern California (Metropolitan) invites applications for development of water recycling, groundwater recovery, or seawater desalination projects under the Local Resources Program (LRP). This package includes information regarding funding, eligibility and the application review process. Additional copies of this application package may be downloaded from Metropolitan's website at: www.mwdh2o.com. We look forward to working with all applicants to bolster our region's water supply reliability.

Objective

The LRP provides funding for the development of water recycling, groundwater recovery, and seawater desalination supplies that replace an existing demand or prevent a new demand on Metropolitan's imported water deliveries either through direct replacement of potable water or increased regional groundwater production.

Application Submittals

Project applications will be accepted on an open and continuous basis until the target yield of 63,000 acre-feet per year is fully subscribed. For further coordination or questions, contact Mr. Ray Mokhtari at (213) 217-6142 or via email at rmokhtari@mwdh2o.com.

Mail applications to:

The Metropolitan Water District of Southern California
P.O. Box 54153
Los Angeles, California 90054-0153

Attention: Ray Mokhtari, US 9-223
LRP Application Submittal

Who Can Apply

The LRP is open to public and private water agencies within Metropolitan's service area. Applications must be made through the applicant's respective Metropolitan member agency. Applicants are strongly encouraged to initiate early coordination with Metropolitan regarding proposed projects. Submittal of a LRP application does not signify or guarantee funding approval by Metropolitan.

Program Funding

There are three LRP incentive payment structure options to choose from: sliding scale incentives up to \$340/AF over 25 years, sliding scale incentives up to \$475/AF over 15 years, or fixed incentive up to \$305/AF over 25 years. One option must be chosen at the time of application, combination of options will not be permitted. Incentive commitments are contingent upon

approval by Metropolitan's Board of Directors. See attachment C for more information and incentive rate calculation process.

Annual Cost Reconciliation for Sliding Scale Incentive Options

As outlined in Exhibit C, sliding scale incentives are calculated annually based on the actual project unit cost exceeding Metropolitan prevailing water rate as established by Metropolitan's Administrative Code § 4401. Prior to each fiscal year of operation, Metropolitan will set an estimated LRP incentive rate for deliveries during the year. At the end of each fiscal year, Metropolitan will conduct a cost reconciliation to determine the actual LRP incentive rate based on the actual project unit cost exceeding Metropolitan's prevailing water rate in that year. After reconciliation, over- or under-payment adjustments are made between Metropolitan and the agency. The calculated incentive rate may diminish in future years as Metropolitan's water rates increase or the project unit costs decrease as annual yield increases.

Eligible Projects

New water recycling, groundwater recovery, and seawater desalination projects are eligible for funding provided they include construction of new substantive treatment or distribution facilities. Existing projects or those that have commenced construction prior to application submittal are ineligible. Strong consideration will be given to projects that are well positioned for construction and timely production of stated project capacities in the near future. Projects with long ramp-up schedules may be addressed in phases. Agency must apply for each phase separately when each phase is poised for timely construction and operation. See Attachment C for more information.

Process Overview

Project applications will be accepted on an open and continuous basis until the target yield of 63,000 acre-feet per year is fully subscribed. Applications will be reviewed for compliance with general program requirements outlined in Attachment C. If a project qualifies and all environmental documents and permits are submitted, Metropolitan will draft an incentive agreement that must be approved by the respective member agency and retail agency. After Metropolitan's Board of Directors approves the project for LRP funding, the incentive agreements will be executed by Metropolitan, member agency, and retail agency. Metropolitan, at its sole discretion, may reject any and all applications and revise the terms of the LRP at any time.

Performance Provisions

Performance provisions will be included in all agreements to encourage timely and responsive project development and production. These provisions reduce or withdraw Metropolitan's financial commitment to projects that do not meet development and production milestones outlined in the following table.

Milestone	Timeline (full fiscal year)	Consequence if target is not achieved
Start construction	2 years after agreement execution	Terminate agreement*
Start operation	4 years after agreement execution	Terminate agreement*
50 percent of contract yield	4-7 years after agreement execution	Reduce ultimate yield by shortfall to meet target using the highest annual yield in the 4-year period
75 percent of contract yield**	8-11 years after agreement execution	Same as above
75 percent of contract yield**	12-15 years and every four years thereafter	Same as above

* Agencies may appeal termination to Metropolitan's Board of Directors.

** Ultimate yield or revised ultimate yield specified in the incentive contract due to project's performance in previous years (if applicable)

Application Options

A written application outlined in the following pages must be submitted to Metropolitan to start the process. Metropolitan will accept applications/reports developed by the project sponsor for other purposes (e.g., applications for state funding programs, US Bureau of Reclamation feasibility report submittals, etc.) as long as they provide needed information. All applications must include an executive summary that identifies the location of the needed information. Failure to provide an executive summary may extend the review process. After an initial review, Metropolitan will meet with each applicant to ensure an accurate understanding of project features and LRP terms.

LOCAL RESOURCES PROGRAM APPLICATION GUIDELINES

Applicants must include the following information, at a minimum, to evaluate project eligibility for LRP funding:

1) Project Overview

- Location
- Source of water supply and yield
- Participating agencies and contractual commitments
- Complete Attachment A

Additional information for groundwater projects:

- Basin hydrology and setting
- Existing groundwater production and projected increase as a result of project
- Imported water replenishment requirements
- Previously abandoned production and/or replenishment
- Basin adjudication or operating rules
- Ability to sustain project production during 3 year shortage conditions
- Compliance with sound basin management

2) Project Facilities

- Treatment process and quality objectives
- Storage features
- List and map distinguishing existing and proposed facilities, land acquisition, etc.
- Interties to existing LRP agreements
- Interties and points of connection to other non-project facilities
- Methodology to measure project yield (e.g. metering, basin adjudication or watermaster rules if applicable)

3) Project Costs

- Capital
- Operation and Maintenance
- Field Labor
- Complete Attachment B

4) Benefits

- Regional and local water supply reliability benefits
- Peaking and seasonal variability
- Local water supply benefits
- Other benefits (environmental, water quality, energy, wastewater, avoided facilities and permits, etc.)

5) Environmental Documentation and Permitting

- California Environmental Quality Act documents
- Regulatory agency approvals and permits

6) User Identification

- Existing recycled water user names, demand and type of use
- Proposed user names, demand projections and type of usage
- Location map of existing and proposed users
- Deliveries outside of service area or non-project users
- Mandatory use ordinances
- Commitment letters
- Growth expectations

7) Implementation Schedule and Financing

- Governing board approvals
- Status of design
- Construction and operation timelines and milestones
- Yield development (amount by year), type of use, and completion date for each phase
- Implementation obstacles/challenges
- Land acquisition
- Financing sources and terms
- Grants and third-party payments
- Schedule of permits

SAMPLE

**ATTACHMENT A
LOCAL RESOURCES PROGRAM
PROJECT FACT SHEET**

1.	Project Name:	
2.	Project Location (City, County):	
3.	Project Owner (Applicant) Contact Information:	
4.	Metropolitan Member Agency:	
5.	Source of Project Water:	
6.	Type of Uses:	
7.	Estimated First Year of Operation:	
8.	Ultimate Annual Project Yield (AFY):	
9.	Other agencies / Entities participating in the project:	
	<u>Agency / Entity</u>	<u>Role</u>
	_____	_____
	_____	_____
10.	CEQA and Permitting	
a.	Status of CEQA Documentation:	
	<input type="checkbox"/> Exempt Declaration	<input type="checkbox"/> Negative
	<input type="checkbox"/> Mitigated Negative Declaration	<input type="checkbox"/> EIR/S
	Status:	
b.	Other permits:	
	Please list and include status:	
11.	Funding option selected:	

ATTACHMENT B
PROJECT COST AND PRODUCTION INFORMATION

Total Project Capital Cost:			
Grants and Contributions by others:			
Net Capital Cost:			
Net Capital Funding Measures			
Source of Funding	Amount (\$)	Interest Rate (%)	Term (years)

Assumed annual inflation rate for O&M cost projections: _____ %

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
No.	Fiscal Year End	Yield (AF)	Capital Expenditures (\$)	Amortized Capital Cost (\$)	Cost of Purchasing Water (\$)	O&M Cost (\$)	Total Project Cost (\$)
1							
2							
3							
4							
5							
.							
.							
24							
25							

- (1) July 1 to June 30
- (2) Projected annual production in acre-feet, excluding existing use
- (3) Total Capital Expenditure in each year
- (4) Total annual capital debt service
- (5) Applicable only if the project sponsor will purchase reclaimed water from another agency to operate the projects, groundwater basin pumping tax, etc.
- (6) Projected annual O&M cost, excludes item 5
- (7) Sum of (4) + (5) + (6)

ATTACHMENT C LOCAL RESOURCES PROGRAM GENERAL PROGRAM INFORMATION

General Requirements

The Local Resources Program (LRP) provides incentives for development of new water recycling, groundwater recovery, and seawater desalination projects in Metropolitan's service area. Unless otherwise approved by Metropolitan, proposed projects must comply with the following general requirements:

1. Project must replace an existing demand or prevent a new demand on Metropolitan's imported water deliveries either through direct replacement of potable water or increased regional groundwater production.
2. Project must not exist or be under construction prior to application submittal. Projects that commence construction after application submittal and prior to executing an agreement with Metropolitan would be subject to agency's sole financial risk.
3. Project must include construction of new substantive treatment or distribution facilities.
4. Proposals must be supported by a Metropolitan member agency.
5. Project must be owned and operated by the agency, and Metropolitan has no ownership or operational obligations toward the project.
6. Project must comply with the Metropolitan Water District Act and applicable laws.
7. Project must comply with CEQA and/or NEPA provisions prior to Metropolitan board approval.
8. Metropolitan's Board must approve each project prior to incentive agreement execution.
9. Project must have obtained all required Regional and State permits prior to receiving Metropolitan board approval.
10. Additional requirements specific to each project will be developed to address system integration issues related to use of Metropolitan's facilities, if needed.

Incentive Payment Structures

Agencies can choose from one of the following three alternative incentive payment structures for each of their eligible projects to participate in the LRP:

- Alternative 1 – Sliding Scale Incentives Over 25 Years (Current Payment Structure)
- Alternative 2 – Sliding Scale Incentives Over 15 Years (New Structure)
- Alternative 3 – Fixed Incentives Over 25 Years (Previously Approved Structure)

Alternative 1 - Sliding Scale Incentives Over 25 Years

Metropolitan would provide member or retail agencies a sliding scale incentive up to \$340/AF over 25 years, calculated annually based on actual project unit costs exceeding Metropolitan's prevailing water rate, for project water used within Metropolitan service area. Eligible project costs include an agency's out of pocket costs normally associated with developing local resource projects including design, capital, operations, maintenance, and replacement costs. Incentive payments are subject to an annual cost reconciliation process with adjustments for under- or over-payment to be included in subsequent water service invoices from Metropolitan.

Alternative 2 - Sliding Scale Incentives Over 15 Years

This alternative is similar to Alternative 1, but the incentive amount is up to \$475/AF over 15 years. In addition to the current LRP performance provisions, projects must continue production for 25 years, even if LRP payments are reduced to zero after 15 years. This provision ensures continued production throughout the contract term. If an agency fails to comply with these provisions, Metropolitan may require reimbursement for a percentage of the previous LRP payments toward that project. The reimbursement would be determined for each year remaining in the agreement considering the following:

- Previous LRP payments
- Previous project production
- Project production in the year in which a reimbursement is required

Alternative 3 – Fixed Incentive Over 25 Years

Compared to sliding scale incentives that are dependent on Metropolitan's water rate, a fixed incentive rate provides agencies with a more stable source of funds to help address financing issues. Metropolitan would offer a project-specific fixed incentive rate up to \$305/AF over 25 years. The fixed incentive amount for each project would be negotiated so that Metropolitan's maximum obligation toward a project under this alternative would not exceed 90% of the estimated financial obligations under Alternative 1 for the same project. In addition to the general requirements and performance provisions, the following provision would apply to this alternative: Total LRP payments under the agreement term would be limited to total estimated project yield presented by the agency at the time of agreement negotiation.

**Letter Dated May 23, 2018 from
Andrea M. Miller, City Manager,
City of San Bernardino**

Attachment 4



City of
San Bernardino

Office of the City Manager | Andrea M. Miller, City Manager

May 23, 2018

Ms. Kathleen Rollings-McDonald
Local Agency Formation Commission
1170 W. Third Street, Unit 150
San Bernardino, California 92415-0490

RECEIVED
2018 MAY 24 PM 3:10
LOCAL AGENCY
FORMATION COMMISSION

RE: East Valley Municipal Water District Application

Dear Ms. Rollings-McDonald:

This letter is submitted in support of the East Valley Municipal Water District (EV) application #3226, to the Local Agency Formation Commission (LAFCO), for reorganization to include the activation of EV's latent services to include wastewater treatment, reclamation, disposal, and recharge of recycled water.

As you know, one of the issues to be determined is whether San Bernardino Water Department (SBWD) will continue to process solids for EV, even after EV has completed the Sterling Natural Resource Center.

This issue was addressed to the satisfaction of all parties in the settlement agreement that was unanimously approved by the East Valley Board of Directors, the SBWD Commissioners, the San Bernardino Mayor and City Council, and the San Bernardino Valley Municipal Water District (SBVMWD) Board of Directors in November 2017.

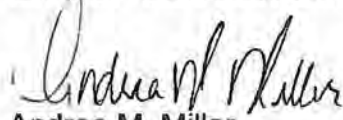
The agreement provides that SBMD and EV will work together to determine the feasibility and cost of SBWD continuing to perform those functions for EV. To that end, SBWD and EV staff has been working cooperatively to make such a determination, but have not yet completed their exploration. The agreement also provides that if such solids handling is not determined to be feasible at a reasonable cost, EV will compensate SBWD a predetermined amount, annually for ten years, upon completion of the Sterling project.

This amount was determined by the parties to adequately cover potential shortfalls to SBWD and provide the opportunity for SBWD to adjust its operations to remain fiscally sound and not negatively impact the rates or service of its customers.

On behalf of the City of San Bernardino, I am stating for the record that SBWD Commissioners and the San Bernardino Mayor and City Council found these provisions of the settlement agreement fully addressed the issue to their satisfaction.

Sincerely,

CITY OF SAN BERNARDINO

A handwritten signature in black ink, appearing to read "Andrea M. Miller". The signature is fluid and cursive, with the first name "Andrea" being more prominent.

Andrea M. Miller
City Manager

**Letter Dated May 21, 2018 from
the City of Redlands**

Attachment 5



City of
REDLANDS

Incorporated 1888
Municipal Utilities & Engineering Department
35 Cajon Street, Suite 15A
Redlands, CA 92373
909-798-7698

PAUL TOOR
Director

SAVAT KHAMPHOU
Deputy Director

May 21, 2018

Kathleen Rollings-McDonald, Executive Officer
Local Agency Formation Commission
1170 West 3rd Street, Unit 150
San Bernardino, CA 92415-0490

Subject: Departmental Review Committee's review of proposals entitled LAFCO 3226 and LAFCO SC#423 - LAFCO's letter dated April 19, 2018

Dear Ms. Rollings-McDonald,

In response to your letter dated April 19, 2018, City of Redlands (City) is working closely with East Valley Water District (District) and discussing the use of the City's spreading grounds for recharge which has the capacity to secure both the City and District's recycled water recharge needs.

The City owns and operates a wastewater treatment facility with the ability to replenish the local groundwater basin. Currently, the City's recycled water is used primarily for industrial cooling for the Mountainview Power Plant along with groundwater replenishment.

The Sterling Natural Resource Center (SNRC) has identified the use of the City's spreading grounds as a recycled water discharge alternative in its Environmental Impact Report. City staff have been involved in these discussions from an early point and continue to work with District to negotiate a use agreement to allow for SNRC flows to be discharged in the City's spreading grounds.

While we continue these discussions, the City is in support of the Sterling Natural Resource Center and the consideration of the spreading grounds as a discharge alternative. The City has evaluated the recharge capacity of the spreading grounds and has determined that the City has sufficient recharge capacity to accommodate 10 mgd of recycled water from SNRC in addition to the City's own recycled water recharging needs. The total recharge capacity of the City's spreading grounds was determined to be over 50 million gallons per day (mgd). We are confident that the recharge capacity in the spreading grounds is well in excess of the potential combined contributions of the full capacity of the City's wastewater treatment plant and 10 mgd of flows from the SNRC.



As a community that benefits from the sustainability of the Bunker Hill Groundwater Basin, we look forward to the addition of new recycled water facilities with regional benefits. If you have additional questions please feel free to contact me.

Sincerely,



Paul Teor

Cc: N. Enrique Martinez, City Manager
John Mura, East Valley Water District General Manager/CEO

Letters of Support from Other Individual Agencies

Attachment 6

STATE CAPITOL
P.O. BOX 942849
SACRAMENTO, CA 94249-0040
(916) 319-2040
FAX (916) 319-2140

DISTRICT OFFICE
10350 COMMERCE CENTER DRIVE, SUITE A200
RANCHO CUCAMONGA, CA 91730
(909) 476-5023
FAX (909) 476-8062

E-MAIL
Assemblymember.Steinorth@assembly.ca.gov

Assembly California Legislature



MARC STEINORTH
ASSEMBLYMEMBER, FORTIETH DISTRICT

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AND THE ECONOMY

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EMPIRE
CRAFT BREWING AND DISTILLING

March 14, 2018

Ms. Kathleen Rollings-McDonald, Executive Director
Local Agency Formation Commission
1170 W. 3rd Street, Unit 150
San Bernardino, CA 92415

RE: Proposal for LAFCO Activation of East Valley Water District's Latent Wastewater Authorities -
SUPPORT

Dear Ms. Rollings-McDonald:

In light of the current comment period pertaining to activation of the East Valley Water District's (EVWD) latent wastewater authorities, I am writing in support of this activation.

As you are likely aware, EVWD's proposed project is in clear alignment with state water supply goals regarding increased use of recycled water and to enhanced regional sustainability.

This project – which is supported by both the city of San Bernardino and the San Bernardino Valley Municipal Water District – will provide multiple benefits to the community and the region, including groundwater sustainability benefits that will benefit more than 600,000 people through cooperative efforts.

Moreover, EVWD's construction of the intended new wastewater treatment facilities will provide an investment of more than \$100 million in our community – including construction jobs and purchase of local materials.

Additionally, the comprehensive vision for EVWD's Sterling Center wisely includes broader benefits for the community and surrounding neighborhoods, many of which are populated by very disadvantaged residents. Specifically, the planned educational programs will provide area students with direct learning opportunities about the science of water recycling. Similarly, potential park/open space areas at the facility will serve as a wonderful amenity for the community.

At a time when we are still recovering from a drought emergency and of ongoing water supply uncertainty, this project is critical to bolstering regional water supplies. I urge LAFCO's timely approval of the requested authority activation.

Sincerely,

Marc Steinorth
Assemblyman, 40th District

RECEIVED
2018 APR 13 AM 7:54
LOCAL AGENCY
FORMATION COMMISSION



SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT

Established 1932

1630 West Redlands Boulevard, Suite A
Redlands, CA 92373-8032
(909) 793-2503
Fax: (909) 793-0188

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Email: info@sbvwcd.org
www.sbvwcd.org

2018 APR 10 PM 12:04

LOCAL AGENCY
FORMATION COMMISSION

March 14, 2018

San Bernardino County Local Agency Formation Commission
1170 W. 3rd Street, Unit 160
San Bernardino, CA 92415-0490
Ms. Kathleen Rollings-McDonald
Executive Director

Subject: Activation of East Valley Water District's Wastewater Treatment and Reclamation Services

Honorable Commissioners and Ms. Rollings-McDonald

The San Bernardino Valley Water Conservation District is pleased to see that East Valley Water District successfully settled its legal disagreements with the City of San Bernardino related to its ability to treat and reclaim wastewater.

Recharging the groundwater to sustain the Bunker Hill Basin is the highest priority of the District. The ability and dedication to treat and make treated water available for recharge is a significant step in the sustainability of the groundwater basin. We are aware that East Valley Water District is seeking LAFCO support for activation of their wastewater treatment and reclamation latent powers to provide this service in their area. High elevation water treatment is of significant value and offers the most time for basin producers to utilize reclaimed and recycled water. The water supply created by the project will improve groundwater supplies and serve as many as 6 million gallons per day for local use. We have consulted with EVWD management and reviewed the plan for service and support their request for this service.

An adequate supply of high-quality water is critical to the sustainability and vibrant future of the San Bernardino Valley. The recent completion of the San Bernardino Basin Groundwater Council, which was endorsed by LAFCO during the Conservation District's Municipal Service review, demonstrates the dedication toward sustainability and partnership of all water entities in the Valley.

The Board of Directors of the San Bernardino Valley Water Conservation District urges the LAFCO Commission to support the application of East Valley Water District.

Sincerely,

Daniel B. Cozad
General Manager

BOARD
OF
DIRECTORS

Division 1:
Richard Corneille
Division 2:
David E. Raley

Division 3:
T. Milford Harrison
Division 4:
John Longville

Division 5:
Melody McDonald

GENERAL
MANAGER

Daniel B. Cozad

CAPITOL OFFICE
STATE CAPITOL
ROOM 3056
SACRAMENTO, CA 95814
TEL (916) 651-4023
FAX (916) 651-4923

DISTRICT OFFICE
10350 COMMERCE CENTER DRIVE
SUITE A-220
RANCHO CUCAMONGA, CA 91730
TEL (909) 919-7731
FAX (909) 919-7739

California State Senate

MIKE MORRELL

SENATOR, TWENTY-THIRD DISTRICT



COMMITTEES

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2018 APR -9 AM 10:23
LOCAL AGENCY
FORMATION COMMISSION

April 4, 2018

Ms. Kathleen Rollings-McDonald
Executive Director
Local Agency Formation Commission
1170 W. 3rd Street, Unit 150
San Bernardino, CA 92415

RE: Proposal for LAFCO Activation of East Valley Water District's Latent Wastewater Authorities -
SUPPORT

Dear Ms. Rollings-McDonald:

In light of the current comment period pertaining to activation of the East Valley Water District's (EVWD) latent wastewater authorities, I am writing in support of this action.

As you are likely aware, EVWD's proposed project is in clear alignment with state water supply goals pertaining to increased use of recycled water and to enhanced regional sustainability.

This project – which is supported by both the City of San Bernardino and the San Bernardino Valley Municipal Water District – will provide multiple benefits to the community and the region, including groundwater sustainability benefits that will benefit more than 600,000 people through cooperative efforts.

Moreover, EVWD's construction of the intended new wastewater treatment facilities will provide an investment of more than \$100 million in our community – including construction jobs and purchase of local materials.

Additionally, the comprehensive vision for EVWD's Sterling Center wisely includes broader benefits for the community and surrounding neighborhoods, many of which are populated by very disadvantaged residents. Specifically, the planned educational programs will provide area students with direct learning opportunities about the science of water recycling. Similarly, potential park/open space areas at the facility will serve as a wonderful amenity for the community.

At a time when we are still recovering from a drought emergency – and at a time of ongoing water supply uncertainty - this project is critical to bolstering regional water supplies. Again, I urge LAFCO's timely approval of the requested authority activation.

Sincerely,

A handwritten signature in cursive script that reads "Mike Morrell".

SENATOR MIKE MORRELL
23rd Senate District

CAPITOL OFFICE
STATE CAPITOL
ROOM 4061
SACRAMENTO, CA 95814
TEL (916) 651-4020
FAX (916) 651-4920

DISTRICT OFFICES
11760 CENTRAL AVENUE
SUITE 100
CHINO, CA 91710
TEL (909) 591-7016
FAX (909) 591-7096

464 WEST 4TH STREET
SUITE 454B
SAN BERNARDINO, CA 92401
TEL (909) 888-5360
FAX (909) 591-7096

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2018 APR 13 AM 7:54

SENATOR
CONNIE M. LEYVA

LOCAL AGENCY
FORMATION COMMISSION
TWENTIETH SENATE DISTRICT



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STRATEGIES TO PROMOTE
OPPORTUNITY

April 3, 2018

Ms. Kathleen Rollings-McDonald
Executive Director
Local Agency Formation Commission
1170 W. 3rd Street, Unit 150
San Bernardino, CA 92415

RE: Proposal for LAFCO Activation of East Valley Water District's Latent Wastewater Authorities - SUPPORT

Dear Ms. Rollings-McDonald:

In light of the current comment period pertaining to activation of the East Valley Water District's (EVWD) latent wastewater authorities, I am writing in support of this activation.

As you are likely aware, EVWD's proposed project is in clear alignment with state water supply goals pertaining to increased use of recycled water and enhanced regional sustainability. This project – which is supported by both the City of San Bernardino and the San Bernardino Valley Municipal Water District – will provide multiple benefits to the community and region, including groundwater sustainability efforts that will help more than 600,000 people through cooperative efforts.

Moreover, EVWD's construction of the intended new wastewater treatment facilities will provide an investment of more than \$100 million in our community, including construction jobs and purchase of local materials.


Additionally, the comprehensive vision for EVWD's Sterling Center wisely includes broader benefits for the community and surrounding neighborhoods, many of which are socioeconomically disadvantaged. Specifically, the planned educational programs will provide

area students with direct learning opportunities about the science of water recycling. Similarly, potential park/open space areas at the facility will serve as a wonderful amenity for the community.

At a time when we are still recovering from a drought emergency and ongoing water supply uncertainty, this project is critical to bolstering regional water supplies. I urge LAFCO's timely approval of the requested authority activation.

Thank you for your consideration of this request. Should you have any questions or need any additional information, please do not hesitate to contact Cameron Urkofsky, my Chief of Staff, at (916) 651-4020.

Sincerely,

A handwritten signature in black ink, appearing to read "Connie M. Leyva", with a long horizontal flourish extending to the right.

CONNIE M. LEYVA
State Senate, 20th District

STATE CAPITOL
P.O. BOX 942849
SACRAMENTO, CA 94249-0047
(916) 319-2047
FAX (916) 319-2147

DISTRICT OFFICE
290 NORTH D STREET, SUITE 903
SAN BERNARDINO, CA 92401
(909) 381-3238
FAX: (909) 885-8589

Assembly
California Legislature



ELOISE GÓMEZ REYES
ASSEMBLYMEMBER, FORTY-SEVENTH DISTRICT

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2018 APR 16 AM 10:17

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CO-CHAIR: LEGISLATIVE ETHICS

CAUCUSES
LATINO LEGISLATIVE CAUCUS
LEGISLATIVE ENVIRONMENTAL CAUCUS
LEGISLATIVE WOMEN'S CAUCUS

April 12, 2018

Ms. Kathleen Rollings-McDonald
Executive Director
Local Agency Formation Commission
1170 W. 3rd Street, Unit 150
San Bernardino, CA 92415

RE: Proposal for LAFCO Activation of East Valley Water District's Latent Wastewater Authorities -
SUPPORT

Dear Ms. Rollings-McDonald:

In light of the current comment period pertaining to activation of the East Valley Water District's (EVWD) latent wastewater authorities, I am writing in support of this activation.

As you are likely aware, EVWD's proposed project is in clear alignment with state water supply goals pertaining to increased use of recycled water and to enhanced regional sustainability.

This project – which is supported by both the city of San Bernardino and the San Bernardino Valley Municipal Water District – will provide multiple benefits to the community and the region, including groundwater sustainability benefits that will benefit more than 600,000 people through cooperative efforts.

Moreover, EVWD's construction of the intended new wastewater treatment facilities will provide an investment of more than \$100 million in our community – including construction jobs and purchase of local materials.

Additionally, the comprehensive vision for EVWD's Sterling Center wisely includes broader benefits for the community and surrounding neighborhoods, many of which are populated by very disadvantaged residents. Specifically, the planned educational programs will provide area students with direct learning opportunities about the science of water recycling. Similarly, potential park/open space areas at the facility will serve as a wonderful amenity for the community.



At a time when we are still recovering from a drought emergency – and at a time of ongoing water supply uncertainty - this project is critical to bolstering regional water supplies and – again – I urge LAFCO's timely approval of the requested authority activation.

Thank you for your consideration of this request. Should you have any questions or need any additional information please do not hesitate to contact my office at (916) 319-2047.

Sincerely,

A handwritten signature in black ink, appearing to read 'Eloise Gómez Reyes', with a large, stylized initial 'E'.

Assemblymember Eloise Gómez Reyes
Assemblymember 47th District

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2018 MAR 29 AM 9:22

LOCAL AGENCY
FORMATION COMMISSION

City of
HIGHLAND
Inc. 1987



March 27, 2018

Ms. Kathleen Rollings-McDonald
Executive Director
San Bernardino County LAFCO
1170 W. 3rd Street, Unit 150
San Bernardino, CA 92415

Subject: LAFCO 3226- Activation of Latent Services for East Valley Water District

Dear Ms. Rollings-McDonald:

The City of Highland has reviewed LAFCO's proposal 3226 regarding the activation of East Valley Water District (EVWD) to include wastewater treatment, reclamation, disposal, and recharge of recycled water.

After reviewing this proposal and considering the longstanding partnership between the City of Highland and EVWD, as well as the district's stewardship of our local water resources, the City of Highland urges approval of this application for the following reasons:

1. Environmental Benefits

The recent drought emergency reinforced the need to implement long-term water supply reliability projects. EVWD is currently responsible for providing water service and sewer conveyance within the City of Highland, in addition to portions of the city and county of San Bernardino. They consistently display a commitment to protecting our precious resources and taking steps to contribute to an enhanced quality of life.

The activations of EVWD's latent services to include wastewater treatment and reclamation would create a drought-proof water supply for our residents. This new level of water reliability would protect the basic needs of this community no matter the level of rain received.

2. Community Benefits

The City of Highland and EVWD have a history of cooperation and partnerships. Activation of their wastewater treatment authority would inject millions of dollars into the local economy through capital improvement construction projects, along with the added benefits resulting from off-site improvements.

The City of Highland has identified thousands of units of new development in our General Plan, and we support EVWD's efforts to prepare for these additional residents while taking steps to protect the needs of our current community members.

As the agency responsible for land uses, we support EVWD's efforts to construct state-of-the-art wastewater treatment facilities that will bring an added benefit to residents of our city.

We appreciate the opportunity to review EVWD's application to authorize activation of its latent services through its existing Sewer function. For the above reasons, we urge LAFCO to approve this application without delay.

Mayor
Larry McCallon

Mayor Pro Tem
Jesse Chavez

City Council
Penny Lilburn

City Council
Anaëli Solano

City Council
John P. Timmer

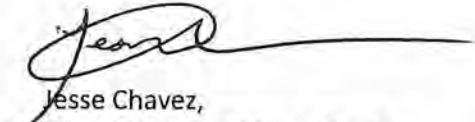
City Manager
Joseph A. Hughes

27215 Base Line, Highland, CA 92346

Tel: (909) 864-6861 • Fax: (909) 862-3180 • Web: www.cityofhighland.org

If I can be of further assistance in this matter, please don't hesitate to contact me at (909) 864-6861.

Sincerely,



Jesse Chavez,
City of Highland Mayor Pro Tem

CC: City of Highland City Council
Joseph A. Hughes, City Manager
Betty Hughes, City Clerk
Lawrence A. Mainez, Community Development Director

Lewis Management Corp.

A Member of the Lewis Group of Companies

1156 North Mountain Avenue / Upland, California 91786
(909) 946-7542 / FAX: (909) 931-5514

March 12, 2018

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2018 MAR 16 AM 11:43

LOCAL AGENCY
FORMATION COMMISSION

Ms. Kathleen Rollings-McDonald
Executive Director
Local Agency Formation Commission
1170 W. 3rd Street, Unit 150
San Bernardino, CA 92415

RE: Proposal to Activate East Valley Water District's Latent Wastewater Authorities

Dear Ms. Rollings-McDonald:

Over the last four years, Lewis has been working with East Valley Water District on the Harmony Development in Highland. Throughout these discussions, the District has been encouraging innovative thinking to resolve both short- and long-term utility challenges through cooperation and collaboration. We appreciate the District's consideration of new options that benefit not only specific projects, but the region as a whole.

The recent drought in California resulted in an emergency that now calls for an unprecedented expectation of rapid responses. The activation of the District's wastewater treatment authorities is an example of an agency taking steps to effectively serve their community. Knowing that many local water agencies, including East Valley Water District, depend heavily on groundwater to serve their customers, this action supports a high level of local sustainability with the appropriate sense of urgency.

As we continue our efforts for the Harmony Project, we are striving to plan a reliable and responsible community. We understand the importance of making investments into the infrastructure system that will serve generation after generation.

We support the activations of East Valley Water District's latent services. This proposal will not only contribute to improved water supply reliability, but also provide a buffer in the event of a lengthy drought.

We encourage you to support this proposal that will greatly benefit the region's water supply.

Sincerely,



RANDALL W. LEWIS
Executive Vice President



City of
San Bernardino

Office of the City Manager | Andrea M. Miller, City Manager

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2018 APR 16 AM 10:10

LOCAL AGENCY
FORMATION COMMISSION

April 13, 2018

Ms. Kathleen Rollings-McDonald
Executive Officer
LAFCO for San Bernardino County
1170 W. Third Street, Unit 150
San Bernardino, California 92415-0490

RE: SBVMWD and East Valley Water District – Solids Agreement

Dear Kathleen:

Please accept my sincerest apology; however, I may be unable to attend the LAFCO DRC meeting on Monday, April 16, 2018, due to a previously scheduled commitment.

Because I may not be in attendance at the hearing, I wanted to assure the LAFCO Board and staff that the City has an executed settlement agreement that was unanimously approved by the Mayor and City Council and Water Board.

The settlement provides that the City will continue to handle solids at a rate to be determined. If East Valley does not agree with the rate, they can provide for their own solids handling and pay the City for ten (10) years. East Valley would be required to construct, at its expense, the pipe required to transfer the solids to the City facilities for treatment. The City, SBVMWD and East Valley are continuing to implement the provisions of the settlement agreement.

If you have any questions or require additional information, please do not hesitate to contact me.

Sincerely,

CITY OF SAN BERNARDINO

Andrea M. Miller
City Manager



City of
San Bernardino

Office of the City Manager | Andrea M. Miller, City Manager

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2018 FEB 28 AM 10: 56

LOCAL AGENCY
FORMATION COMMISSION

February 28, 2018

Ms. Kathleen Rollings-McDonald
Executive Officer
San Bernardino LAFCO
1170 West 3rd Street, Unit 150
San Bernardino, California 92415-0490

Dear Ms. Rollings-McDonald:

On behalf of the City of San Bernardino (City) and the San Bernardino Municipal Water Department (Water Department), I would like to take this opportunity to express our full support for the proposed activation of East Valley Water District's (EVWD) Latent Authority to provide wastewater treatment services.

The City has been included in the development of EVWD's application, which provides for the careful steps needed to make this transition seamless for our communities. Along with the recent settlement agreement between the City, Water Department, EVWD and San Bernardino Valley Municipal Water District (Valley District), the proposal that you have been provided is a win-win solution for us as neighbors and water partners. By activating EVWD's wastewater treatment services, LAFCO will be supporting our regional effort to develop regional recycled water as an alternative source of supply.

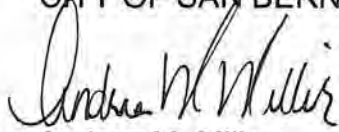
Through the cooperation of the City, our Water Department, Valley District, and EVWD, we have established a renewed level of cooperation and partnership. As leaders of public agencies, we overcame complex issues, which will result in two water supply projects that we can all support as a region. This is an important step in advancing the future construction and operation of recycled water facilities that will replenish our local groundwater supply.

For these reasons, the City of San Bernardino and San Bernardino Municipal Water Department urge LAFCO to approve EVWD's latent authority activation as part of a regional comprehensive solution to our region's water conservation and water supply sustainability efforts.

Should you have any questions, please contact me at (909) 384-5122.

Sincerely,

CITY OF SAN BERNARDINO

A handwritten signature in black ink, appearing to read "Andrea M. Miller". The signature is fluid and cursive, with the first name "Andrea" and last name "Miller" clearly distinguishable.

Andrea M. Miller
City Manager

February 23, 2018

Kathleen Rollings-McDonald
Executive Officer
Local Agency Formation Commission
1170 West 3rd Street, Unit 150
San Bernardino, CA 92415-0490

RECEIVED
FEB 26 2018
LAFCO
San Bernardino County

Dear Executive Officer Rollings-McDonald,

The purpose of this letter is to share San Bernardino Valley Municipal Water District's position of support for East Valley Water District's (EVWD) application to activate its Latent Authority for wastewater treatment services.

San Bernardino Valley Municipal Water District serves approximately 700,000 people, which includes East Valley Water District's service area. We were formed in 1954 as a regional agency to plan a long-range water supply for the San Bernardino Valley, which now includes participation in the State Water Project and managing groundwater storage within our boundaries.

It is imperative that this region maintain focus on improving water supply reliability for the residents we serve, especially the development of recycled water. We recognize that by working together we can achieve much more than by doing things on our own.

As an agency with wastewater treatment authority, we fully support East Valley Water District's efforts to activate their latent powers. Their existing customer relationships foster an environment that educates our community on the importance of new water supplies independent of local rainfall and a commitment to recovery efforts for threatened and endangered species. We look forward to continued partnerships with East Valley Water District, along with the other agencies dedicated to protecting our local groundwater supply.

For this reason, we urge LAFCO to move forward with due speed to activate EVWD's latent authority, allowing them to join us in the effort to protect our local water supplies.

Please do not hesitate to contact me should you have any questions regarding this matter. I can be reached at 909-387-9226.

Sincerely,



Douglas D. Headrick
General Manager

Board of Directors and Officers

JUNE HAYES
Division 1

GIL NAVARRO
Division 2

SUSAN LONGVILLE
Division 3

MARK BULOT
Division 4

STEVE COPELAN
Division 5

DOUGLAS D. HEADRICK
General Manager

**Letter Dated June 5, 2018 from
Tom Dodson of Tom Dodson and
Associates Environmental
Consultant for the Commission**

- a. Determination that no
significant changes
have occurred since the
certification of the EIR**
- b. Draft Candidate Statement
of Findings and Facts for
the Commission Draft
LAFCO Resolution No.
3268**

TOM DODSON & ASSOCIATES
2150 N. ARROWHEAD AVENUE
SAN BERNARDINO, CA 92405
TEL (909) 882-3612 • FAX (909) 882-7015
E-MAIL tda@tdaenv.com



June 5, 2018

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JUN 07 2018

Ms. Kathleen Rollings-McDonald
Local Agency Formation Commission
1170 West 3rd Street, Unit 150
San Bernardino, CA 92415-0490

LAFCO
San Bernardino County

Dear Kathy:

I have completed the California Environmental Quality Act (CEQA) review of LAFCO 3226 for the Commission. LAFCO 3226 consists of a proposed Reorganization to include activation of latent services for the East Valley Water District (EVWD or District), including wastewater treatment, reclamation, disposal, and recharge of recycled water. Based on my review of the Sterling Natural Resource Center (SNRC) Environmental Impact Report (EIR), which must be used for this action, the Commission can make its decision as a Responsible Agency in accordance with Section 15096 of the CEQA. In this case it is my conclusion that the EIR certified by the San Bernardino Valley Municipal Water District (Valley District) demonstrates that LAFCO 3226 will not alter the potential environmental effects addressed in the Valley District's certified EIR. Thus, based on my independent review of the CEQA documentation for LAFCO 3226, the Commission can approve the activation which will ultimately allow implementation of the SNRC by EVWD as outlined in the Candidate Findings of Fact and Statement of Overriding Considerations provided as an attachment to this letter.

The proposed area encompassed by LAFCO 3226 consists of the whole area currently served by EVWD. As the Commission considers LAFCO 3226 it must also consider the SNRC Project as a Responsible Agency since the purpose of activating the latent powers is to allow EVWD to assume responsibility for implementing this project. Based on my review of EIR, it adequately evaluates the overall and cumulative impacts associated with the installation of the SNRC. Since the EIR had elements of controversy during its original certification, LAFCO oversaw an evaluation of the EIR content to verify that a new environmental document is not required. A copy of this evaluation (under Section 15162 of the State CEQA Guidelines) is provided as an attachment to this letter. In accordance with the State and LAFCO CEQA Guidelines, I have concluded that it is appropriate for the Commission's CEQA environmental determination to cite the Valley District's certified EIR as adequate in accordance with the Commission's Responsible Agency status, if the Commission chooses to approve LAFCO 3226. Under this circumstance, I recommend that the Commission take the following steps if it chooses to approve LAFCO 3226, acting as a CEQA Responsible Agency:

1. Indicate that the Commission, LAFCO Staff and environmental consultant have independently reviewed the Valley District EIR, and found the certified EIR adequate for the Reorganization decision.
2. The Commission needs to indicate that it has considered the SNRC EIR and the environmental effects, as outlined in that EIR, and as referenced in the Candidate Findings of Fact and Statement, prior to reaching a decision on the project and finds the information substantiating the SNRC EIR findings adequate.

3. The Commission should indicate that it does not intend to adopt alternatives or mitigation measures for this project. All mitigation measures will be implemented under either Valley District's or EVWD's jurisdiction.
4. The Commission should include a condition, as a part of its approval of the activation of latent services, that EVWD and/or the Valley District take the necessary actions to assign the Mitigation Monitoring and Reporting Program to EVWD and that EVWD be required to implement all mitigation measures.
5. Prior to making its decision on LAFCO 3226, the Commission must adopt the attached Candidate Findings of Fact and Statement of Overriding Considerations as the Commission's conclusion regarding the environmental effects outlined in the SNRC EIR and the ultimate development under EVWD jurisdiction that would be allowed by approving LAFCO 3226.
6. File a new Notice of Determination as a Responsible Agency with the County Clerk of the Board of Supervisors.

If you have any questions regarding these recommendations, please feel free to give me a call.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Dodson".

Tom Dodson

/TD

Attachments

SAN BERNARDINO COUNTY LOCAL AGENCY FORMATION COMMISSION

LAFCO 3226 - REORGANIZATION TO INCLUDE ACTIVATION OF THE EAST VALLEY WATER DISTRICT LATENT SERVICES TO INCLUDE WASTEWATER TREATMENT, RECLAMATION, DISPOSAL, AND RECHARGE OF RECYCLED WATER

CEQA Section 15162 Analysis

1. Introduction

In December 2015, the San Bernardino Valley Municipal Water District (SBVMWD) prepared a Draft Environmental Impact Report (EIR) for the construction and operation of the Sterling Natural Resource Center (SNRC) in the City of Highland. The proposed SNRC would provide tertiary treatment to wastewater generated within East Valley Water District's (EVWD) service area, modify EVWD's wastewater collection facilities, and construct treated water conveyance systems to beneficially use treated water in the upper Santa Ana River watershed. The Final EIR was certified by the SBVMWD Board on March 15, 2016, and was upheld in full on May 18, 2017 by judicial ruling in response to a legal challenge brought under the California Environmental Quality Act (CEQA).

EVWD served as a responsible agency for the preparation of the 2016 SNRC EIR and certified its approval on March 23, 2016. Now, the San Bernardino County Local Agency Formation Commission (LAFCO) is considering the application of EVWD to activate its latent powers of wastewater treatment, reclamation, disposal and recharge of recycled water in connection with the construction, ownership, operation and maintenance of the proposed SNRC. To comply with its CEQA responsibilities associated with granting this latent wastewater authority to EVWD, LAFCO is considering the 2016 SNRC EIR as a CEQA Responsible Agency.

In March 2018, SBVMWD and EVWD agreed to amend the agreement between them regarding the SNRC to provide that this agreement will terminate upon LAFCO activation of EVWD's latent wastewater treatment authorities. All obligations which accrued to either party up to the date of termination would remain enforceable obligations of the respective parties. All other agreements including, but not limited to, obligations arising under the SNRC 2016 EIR and the Mitigation Monitoring and Reporting Program shall be assigned to EVWD within 90 days of the date upon which LAFCO activates the latent EVWD treatment authority. Further, SBVMWD and EVWD have confirmed that no changes, as described in Section 15162 of the CEQA Guidelines, have occurred to the SNRC project since the 2016 certification of the project's EIR.

The purpose of this document is to determine whether any conditions have changed or new information become available since the certification of the 2016 EIR that would require preparation of any additional analysis to comply with CEQA. This document uses the thresholds identified in CEQA Guidelines Section 15162 to determine whether there have been any changed circumstances that could result in any new significant impacts, an increase in severity of previously identified impacts, or other circumstances which would require the preparation of an additional EIR under Section 15162 of the State CEQA Guidelines. This document has been prepared to assist LAFCO in determining its CEQA compliance.

2. CEQA Guidelines

The State CEQA Guidelines have established types of actions to be taken to address changes to a project for which a CEQA document has previously been approved, based on the significance or severity of new or increased environmental impacts that could result from project changes, new information, changing circumstances, or changes to mitigation measures or alternatives. When an EIR has been certified for a project, no additional environmental review is required except as provided for in Sections 15162–15164 of the State CEQA Guidelines. CEQA Guidelines Sections 15162–15164 set forth the circumstances under which a project may warrant a subsequent EIR, a supplement to an EIR, or an addendum to an EIR. Relevant CEQA Guidelines sections are provided below.

Section 15162 Subsequent EIRS and Negative Declarations

(a) When an EIR has been certified or negative declaration adopted for a project, no subsequent EIR shall be prepared for that project unless the lead agency determines, on the basis of substantial evidence in the light of the whole record, one or more of the following:

- (1) Substantial changes are proposed in the project which will require major revisions of the previous EIR or negative declaration due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects;
- (2) Substantial changes occur with respect to the circumstances under which the project is undertaken which will require major revisions of the previous EIR or negative declaration due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects; or
- (3) New information of substantial importance, which was not known and could not have been known with the exercise of reasonable diligence at the time the previous EIR was certified as complete or the negative declaration was adopted, shows any of the following:
 - (A) The project will have one or more significant effects not discussed in the previous EIR or negative declaration;
 - (B) Significant effects previously examined will be substantially more severe than shown in the previous EIR;
 - (C) Mitigation measures or alternatives previously found not to be feasible would in fact be feasible and would substantially reduce one or more significant effects of the project, but the project proponents decline to adopt the mitigation measure or alternative;or

- (D) Mitigation measures or alternatives which are considerably different from those analyzed in the previous EIR would substantially reduce one or more significant effects on the environment, but the project proponents decline to adopt the mitigation measure or alternative.

Section 15163 Supplement to an EIR

- (a) The Lead or Responsible Agency may choose to prepare a supplement to an EIR rather than a subsequent EIR if:
- (1) Any of the conditions described in Section 15162 would require the preparation of a subsequent EIR, and
 - (2) Only minor additions or changes would be necessary to make the previous EIR adequately apply to the project in the changed situation.

Section 15164 Addendum to an EIR or Negative Declaration

- (a) The lead agency or a responsible agency shall prepare an addendum to a previously certified EIR if some changes or additions are necessary but none of the conditions described in Section 15162 calling for preparation of a subsequent EIR have occurred.

3. Analysis

3.1 Aesthetics

The condition of the proposed site as a vacant lot is unchanged since the 2016 EIR was certified. The environmental setting in the neighboring cities of Highland and San Bernardino in the proximity of the proposed new SNRC wastewater treatment plant is largely unchanged from the conditions described in the 2016 EIR. There have been some street improvements to 5th Street adjacent to the SNRC site and some housing construction along the proposed pipeline routes to the east of the project site. The widening of 5th Street was completed in 2015 prior to certification of the EIR, improving the aesthetic condition of the neighborhood. Some work since that time has continued on 5th Street, but the condition of the street is similar to the time of certification.

In addition, the Indian Springs High School has continued to add buildings to its campus since 2016. The 2016 EIR identified the high school as an operating high school and evaluated potential impacts to the character of the neighborhood that could result from the proposed project. Mitigation measures identified in the 2016 EIR included designing the aboveground structures to be consistent with and enhancing the aesthetic qualities of the surrounding neighborhood through incorporation of architectural and landscape plan to improve the condition from its existing vacant lot and staging area uses. With LAFCO's action, the mitigation measures would be implemented by EVWD. Impacts would be less than significant.

Conclusion: No significant changes to the neighborhood have occurred since the certification of the EIR. There is no new information of substantial importance that was not previously examined in the 2016 EIR. In conclusion, the 2016 EIR adequately evaluates the potential impacts to aesthetic resources associated with the construction and operation of the SNRC by EVWD.

3.2 Agriculture and Forestry Resources

The environmental setting for agriculture and forestry resources of the proposed activities is consistent with the environmental setting of the previous 2016 EIR. No major changes in the setting have occurred.

Conclusion: There are no substantial changed circumstances or new information of substantial importance that was not previously examined in the 2016 EIR since it was certified. The severity of the impacts to agricultural and forestry resources would not increase. In conclusion, the 2016 EIR adequately evaluates the potential impacts to agricultural and forestry resources associated with the construction and operation of the SNRC by EVWD.

3.3 Air Quality

The environmental setting of the project site has not changed substantially since the certification of the 2016 EIR. The surrounding area is still under SCAQMD jurisdiction. The 2012 Air Quality Management Plan (AQMP) has been updated, but it will be implemented in a similar way to the 2012 AQMP evaluated in the certified 2016 EIR. No significant effects to the proposed project would result from the updated AQMP. The location and amount of sensitive receptors within the project area would be similar. Project emissions would also remain similar to the emissions identified in the previous analysis. Mitigation measures identified in the 2016 EIR consisted of the preparation of an Odor Impact Minimization Plan to reduce foul gas odors from the SNRC and the use of USEPA Tier 3 and Tier 4 off-road construction equipment to reduce pollutant emissions during construction. With LAFCO's actions, EVWD would implement these mitigation measures so impacts would remain less than significant.

Conclusion: No changes have occurred on the project site that would increase the severity of impacts regarding air quality. There are no substantially changed circumstances or new information of substantial importance that was not previously examined in the 2016 EIR since it was certified. In conclusion, the 2016 EIR adequately evaluates the potential impacts to air quality associated with the construction and operation of the SNRC by EVWD.

3.4 Biological Resources

Since the certification of the 2016 EIR, a Biological Opinion (BO) has been approved by the U.S. Fish and Wildlife Service for the project. Potential impacts to Santa Ana sucker were identified as a significant and unavoidable impact of the project. The approval of the non-jeopardy BO has concurred with the EIR's mitigation strategy to support the continued existence of the endangered native fish. This new information confirms that no new impacts would occur.

The environmental setting in the proximity of the proposed SNRC and the associated project components would remain largely unchanged from the condition described in the 2016 EIR. Specifically, the environmental setting for sensitive plant and wildlife species remains generally similar. Mitigation measures included in the 2016 EIR consist of conducting focused surveys to reduce impacts to any special-status species located adjacent to the project site within City Creek, Redlands Basins, and/or East Twin Creek Spreading Grounds, diverting wastewater flow once the

Upper Santa Ana HCP is fully executed or Santa Ana Sucker Habitat Monitoring Management Plan is approved and implemented, implementing BMPs during construction of the pipeline and discharge structure, and implementing measures to reduce construction-related impacts to nesting birds. With LAFCO's action, the mitigation measures would be implemented by EVWD along with the conservation measures identified in the approved BO. Impacts would remain less than significant.

Conclusion: No changes have occurred within the project area that would increase the severity of impacts regarding biological resources. There is no substantial changed circumstances or new information of substantial importance that was not previously examined in the 2016 EIR since it was certified. In conclusion, the 2016 EIR adequately evaluates the potential impacts to biological resources associated with the construction and operation of the SNRC by EVWD.

3.5 Cultural Resources

As identified in the cultural resources survey, one historic-period archaeological site was found within the SNRC site and four historic-period build resources were found in close proximity to the SNRC site. These resources were not eligible for listing in either the National Register or California Register. No other significant archaeological resources were found near the proposed project area. Street improvements and additional development within the existing Indian Springs High School have occurred; however, none of these changes have impacted the area of project effect. Therefore, no significant changes to cultural resources have been identified since the certification of the 2016 EIR.

As identified in the 2016 EIR, a paleontological records search found no fossil localities within a one-mile radius of the project area and surficial deposits found near the project area were considered to have low paleontological sensitivity. Since the certification of the 2016 EIR, there has been no new information regarding the discovery of paleontological resources in the project area. As such, the environmental setting of the proposed activities is consistent with the environmental setting of the previous 2016 EIR.

Conclusion: The potential for previously unknown archaeological, historical, and paleontological resources to be impacted has not changed within the APE since the previous analysis. No changes have occurred on the project site that would increase the severity of impacts regarding cultural resources. There are no substantial changed circumstances or new information of substantial importance that was not previously examined in the 2016 EIR since it was certified. In conclusion, the 2016 EIR adequately evaluates the potential impacts to cultural resources associated with the construction and operation of the SNRC by EVWD.

3.6 Geology, Soils, and Mineral Resources

The environmental setting for geology, soils, and mineral resources of the proposed activities is consistent with the environmental setting of the previous 2016 EIR. No major changes in the setting have occurred.

Conclusion: There are no substantial changed circumstances or new information of substantial importance that was not previously examined in the 2016 EIR since it was certified. The severity of the impacts to geology, soils, and mineral resources would not increase. In conclusion, the 2016 EIR adequately evaluates the potential impacts to geology, soils, and mineral resources associated with the construction and operation of the SNRC by EVWD.

3.7 Greenhouse Gas Emissions

The environmental setting for greenhouse gas emissions of the proposed activities is consistent with the environmental setting of the previous 2016 EIR. The surrounding area is still under SCAQMD jurisdiction and the County of San Bernardino GHG Reduction Plan. No additional Climate Action Plan (CAP) has been adopted by the County of Cities of Highland or San Bernardino. Overall, no major changes in the setting have occurred. Project generation of greenhouse gas emissions would remain similar to those analyzed in the 2016 EIR.

Conclusion: No changes have occurred on the project site that would increase the severity of impacts regarding greenhouse gas emissions. There is no substantial changed circumstances or new information of substantial importance that was not previously examined in the 2016 EIR since it was certified. In conclusion, the 2016 EIR adequately evaluates the potential impacts to greenhouse gas emissions associated with the construction and operation of the SNRC by EVWD.

3.8 Hazards and Hazardous Materials

The environmental setting for hazards and hazardous materials of the proposed activities is consistent with the environmental setting of the previous 2016 EIR. There were no additional hazardous materials sites, schools, day care centers, or airports constructed or found since the previous 2016 EIR (SWRCB, 2018). No major changes in the setting have occurred.

Conclusion: There are no substantial changed circumstances or new information of substantial importance that was not previously examined in the 2016 EIR since it was certified. The severity of the impacts to hazards and hazardous materials would not increase. In conclusion, the 2016 EIR adequately evaluates the potential impacts to hazards and hazardous materials associated with the construction and operation of the SNRC by EVWD.

3.9 Hydrology and Water Quality

The environmental setting for hydrology and water quality of the proposed activities is consistent with the environmental setting of the previous 2016 EIR. No major changes in the setting have occurred. Any recycled water discharged would comply with Title 22 regulations, subject to permit conditions. Mitigation measures identified in the 2016 EIR included the preparation of a Water Quality Management Plan to reduce potential impacts of the operation of the SNRC to runoff water quality, installation of a groundwater monitoring network to monitor the discharge's effect on local groundwater quality, the addition of design features within the City Creek discharge structures to prevent scour at the point of discharge, and the preparation of a channel maintenance plan to ensure instream vegetation does not impact the flood protection of the creek.

With LAFCO's actions, the mitigation measures would be implemented by EVWD to minimize impacts. Impacts would be less than significant.

Conclusion: There are no substantial changed circumstances or new information of substantial importance that was not previously analyzed in the 2016 EIR since it was certified. As such, the severity of the impacts to hydrology and water quality would not increase. In conclusion, the 2016 EIR adequately evaluates the potential impacts to hazards and hazardous materials associated with the construction and operation of the SNRC by EVWD.

3.10 Land Use and Planning

The environmental setting for land use and planning of the proposed activities is consistent with the environmental setting of the previous 2016 EIR. Some new developments have been proposed in the City of Highland, mostly to the east of the project site (EVWD Engineering, 2018). No major changes in the land use in the proximity of the proposed project has occurred.

Conclusion: There are no substantial changed circumstances or new information of substantial importance that was not previously examined in the 2016 EIR since it was certified. The severity of the impacts to land use and planning would not increase. In conclusion, the 2016 EIR adequately evaluates the potential impacts to land use and planning associated with the construction and operation of the SNRC by EVWD.

3.11 Noise and Vibration

The environmental setting for noise and vibration of the proposed activities is consistent with the environmental setting of the previous 2016 EIR. The ambient noise of the project site has not changed at the site of the SNRC. Indian Springs High School has added buildings to its campus, but the 2016 EIR analyzed an operating school and the potential impacts to noise levels that could results from the proposed project. No other new development has been built since 2016 that would significantly change the ambient noise of the area. Mitigation measures consisted of enclosure of noise-generating machinery at the SNRC, implementing noise reduction measures during construction, and the establishment of a hot line for the community to report noise complaints. The proposed activities of LAFCO would use the same mitigation measures as described in the 2016 EIR.

Conclusion: There are no substantial changed circumstances or new information of substantial importance that was not previously examined in the 2016 EIR since it was certified. The severity of the impacts to noise and vibration would not increase. In conclusion, the 2016 EIR adequately evaluates the potential impacts to noise and vibration associated with the construction and operation of the SNRC by EVWD.

3.12 Population and Housing

The population and housing data for the Cities of Highland, San Bernardino, Redlands and County of San Bernardino have been updated since the 2016 EIR. Specifically, the current population for the County of San Bernardino increased to 2,106, 754, the City of Highland

increased to 54,490, the City of Redlands increased to 70,442, and the City of San Bernardino increased to 214,581 (U.S. Census, 2018a). Table 1 below shows the 2016 update to the City of Highland Housing Units (U.S. Census, 2018b).

TABLE 1
2016 CITY OF HIGHLAND HOUSING UNITS

Unit Type	Number	Percent
Single-family detached	12,738	76.4
Single-family attached	476	2.9
Multi-family (2-4 units)	624	3.7
Multi-family (5+ units)	1,980	11.9
Mobile homes, boat, RV	853	5.1
Total	16,039	100

Source: U.S. Census, 2018

Despite these changes, the UWMP, the SCAG Regional Transportation Plan, and SCAG Regional Housing Needs Assessment projections have remained consistent with the environmental setting described in the previous 2016 EIR. Furthermore, no planned housing or development has occurred within the proximity of the proposed project since the certification (EVWD Engineering, 2018).

Conclusion: There are no substantial changed circumstances or new information of substantial importance that was not previously examined in the 2016 EIR since it was certified. The severity of the impacts to population and housing would not increase. In conclusion, the 2016 EIR adequately evaluates the potential impacts to population and housing associated with the construction and operation of the SNRC by EVWD.

3.13 Public Services, Utilities, and Energy

The environmental setting for public services, utilities, and energy systems of the proposed activities is consistent with the environmental setting of the previous 2016 EIR. No major changes in the setting have occurred. The mitigation measure identified in the 2016 EIR required the identification and notification to local utility providers of the location of any underground utilities prior to construction of the project. With LAFCO's action, the mitigation measures would be implemented by EVWD. Impacts would be less than significant.

Conclusion: There are no substantial changed circumstances or new information of substantial importance that was not previously examined in the 2016 EIR since it was certified. The severity of the impacts to public services, utilities, and energy systems would not increase. In conclusion, the 2016 EIR adequately evaluates the potential impacts to public services, utilities, and energy resources associated with the construction and operation of the SNRC by EVWD.

3.14 Recreation

The environmental setting for recreational resources of the proposed activities is consistent with the environmental setting of the previous 2016 EIR. No major changes in the setting have occurred.

Conclusion: There are no substantial changed circumstances or new information of substantial importance that was not previously examined in the 2016 EIR since it was certified. The severity of the impacts to recreational resources would not increase. In conclusion, the 2016 EIR adequately evaluates the potential impacts to recreation resources associated with the construction and operation of the SNRC by EVWD.

3.15 Transportation and Traffic

The environmental setting in the cities of Highland and San Bernardino in the proximity of the proposed project components is largely unchanged from the conditions described in the 2016 EIR. Road conditions within the proximity of the project area remain unchanged. The widening of 5th Street was largely completed in 2015, prior to the certification of the 2016 EIR. Mitigation measures identified in the 2016 EIR included the preparation of a traffic control plan that identified specific traffic control measures to ensure access and safety on the local roadway network, a notification plan to residents and businesses that communicate construction activities, designing turn-in and turn-out ramps to accommodate solids haul trips, and reduce deliveries during peak pick-up and drop-off times at the high school. With LAFCO's action, the mitigation measures would be implemented by EVWD. Impacts would be less than significant.

Conclusion: No significant changes have occurred since the certification of the EIR. There is no new information of substantial importance that was not previously analyzed in the 2016 EIR. In conclusion, the 2016 EIR adequately evaluates the potential impacts to traffic and transportation resources associated with the construction and operation of the SNRC by EVWD.

Tribal Cultural Resources

As identified in the 2016 EIR, there were no Native American cultural resources known to be present in the project area. In compliance with AB 52, Native American outreach occurred resulting in correspondence with the Morengo Band of Mission Indians and the Serrano Nation of Mission Indians and AB 52 consultation with the San Manuel Band of Mission Indians.

For purposes of preparing this CEQA update and analysis, EVWD contacted and confirmed with the San Manuel Band of Mission Indians in May 2018 that they remain comfortable with the current notification/consultation on file for the 2016 certified EIR.

Conclusion: There are no substantial changed circumstances or new information of substantial importance since the certification of the 2016 EIR. The severity of the impacts to tribal cultural resources would not increase. In conclusion, the 2016 EIR adequately evaluates the potential impacts to tribal cultural resources associated with the construction and operation of the SNRC by EVWD.

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**CANDIDATE FINDINGS OF FACT AND
STATEMENT OF OVERRIDING CONSIDERATIONS
REGARDING ENVIRONMENTAL EFFECTS FROM APPROVAL OF
EAST VALLEY WATER DISTRICT
LAFCO 3226, REORGANIZATION TO INCLUDE ACTIVATION
OF LATENT SERVICES FOR THE DISTRICT
TO INCLUDE WASTEWATER TREATMENT, RECLAMATION,
DISPOSAL, AND RECHARGE OF RECYCLED WATER
BASED ON THE STERLING NATURAL RESOURCE CENTER PROJECT
ENVIRONMENTAL IMPACT REPORT (SCH # 2015101058)**

JUNE 4, 2018

I. INTRODUCTION

The San Bernardino County Local Agency Formation Commission (LAFCO or Commission), in approving LAFCO 3226 for the proposed Reorganization to include activation of latent services for the East Valley Water District (District), including wastewater treatment, reclamation, disposal, and recharge of recycled water, makes the findings described below and adopts the Statement of Overriding Considerations presented at the end of these findings. Over the past several years the District has coordinated with the San Bernardino Valley Municipal Water District (Valley District) to obtain approval of a project called the Sterling Natural Resource Center. One of the steps in this effort was the preparation of an Environmental Impact Report (EIR) that was published by the Valley District and certified by the Valley District in March 2016. If LAFCO 3226 is approved, the District will assume responsibility for implementing the Sterling Natural Resources Center (SNRC) Project.

Therefore, as the Commission considers LAFCO 3226 it must also consider the Sterling Natural Resource Center Project EIR (Project EIR) as a Responsible Agency under the California Environmental Quality Act (CEQA). These findings and the Statement of Overriding Considerations are a part of this consideration of the adequacy of the EIR for LAFCO 3226, and they must be adopted by the Commission prior to accepting the EIR as adequate for a CEQA Responsible Agency. The evaluation that follows summarizes the SNRC Project effects on the environment and the whole of the administrative record used by Valley District in the original approval of the SNRC Project. It also summarizes the project that will be implemented by the District if LAFCO 3226 is approved by the Commission.

II. FINDINGS OF FACT PURSUANT TO CEQA

A. Introduction

1. Project Overview and Background

The San Bernardino County LAFCO proposes to approve LAFCO 3226 Reorganization to include activation of latent services for the East Valley Water District (District), including wastewater treatment, reclamation, disposal, and recharge of recycled water which would allow the District to implement the Sterling Natural Resource Center ("SNRC") project, which

involves the construction of a wastewater treatment facility and associated facilities that will provide tertiary treatment of wastewater generated within the District's service area and make the treated water available for beneficial uses within the Upper Santa Ana River watershed. The SNRC project will produce a new, local supply of recycled water, thus helping to reduce reliance on imported water supplies, and includes five components:

1. The SNRC Treatment Facility, proposed to be constructed on vacant property in the City of Highland to provide tertiary treatment of wastewater to produce recycled water that would meet California Code of Regulations Title 22 requirements for recycled water. The SNRC property would also include an Administration Center to support the operations of the facility, a community learning center, a parking lot, and associated public open space area with garden and water features.
2. A treated water conveyance system comprised of a pumping station on the SNRC site and 24-inch diameter conveyance pipelines to the Santa Ana River and one or more of three discharge facility options including at City Creek, the East Twin Creek Spreading Grounds, and the Redlands Basins.
3. Modifications to wastewater collection facilities including construction of two lift stations and force mains connecting the lower portion of the EVWD collection system to the treatment plant, as well as additional collection sewers including East 5th Street from Victoria to North Del Rosa, and in North Del Rosa from Baseline to East 6th Street to direct gravity flows to the SNRC.
4. Rehabilitation and utilization of the existing SAR Pipeline as a carrier pipe to contain a 24-inch diameter pipeline. This 24-inch diameter pipeline would connect the SNRC with the discharge pipeline of the San Bernardino Water Reclamation Plant ("SBWRP").
5. Refurbishing and equipping existing groundwater wells near the Rialto Channel to potentially supply groundwater to the Rialto Channel when supplemental water is needed in the Santa Ana River for environmental benefits.

Of the proposed project's potential effects, the most notable is the potential impact to the Santa Ana sucker ("SAS"). The SAS, which is listed as threatened under the federal Endangered Species Act, is a small, bottom-feeding fish with an average length of 4.5 inches. It is one of the few native fishes currently extant in Southern California. Its historical range included the upper and lower portions of the Santa Ana River watershed in San Bernardino, Riverside and Orange Counties. It was historically documented from the San Bernardino Mountains to Orange County, including multiple tributaries such as City Creek, Warm Creek, Lytle Creek, Rialto Channel, Evans Lake drain, Tequesquite Arroyo, Sunnyslope Creek, Anza Park drain, and Chino Creek. Today, the species is currently restricted to the lowlands of the Santa Ana River watershed. The Rialto Channel and SAR below its confluence support much of the last remaining SAS breeding and foraging habitat still existing in the watershed. Above the Rialto Channel, the Santa Ana River generally exhibits a dry gap for several miles where no surface water flows occur during dry weather. As a result, the Rialto Channel and RIX discharge are the main contributors of

water into the SAR at this location. The proposed SNRC project will indirectly divert up to 6 million gallons per day (MGD) from the Santa Ana River at and below the RIX, because it will reduce the amount of wastewater the RIX treats and discharges. That water will instead be treated at the new SNRC facility, and then devoted to beneficial uses in the region, particularly recharging the Bunker Hill groundwater basin.

Recognizing, in light of the existing stressors to the SAS, that the diversion of water from the Santa Ana River could significantly impact the sucker, Valley District and the District has developed a comprehensive mitigation plan that will address a variety of non-flow factors that contribute to SAS mortality. Valley District intends to implement these measures through a proposed Upper Santa Ana River Habitat Conservation Plan (HCP), in which it will partner with regulatory agencies like U.S. Fish and Wildlife Service (USFWS) and the California Department of Fish & Wildlife (“CDFW”), as well as numerous local agency partners, which will benefit the species and begin progress towards recovery, as many of the measures proposed are suggested in the draft Recovery Plan for SAS. In the event the HCP is not finalized in a timely fashion, Valley District will implement the mitigation measures through a Habitat Monitoring and Management Plan (HMMP). Thus, although the proposed project will eventually reduce SAR flows, mitigation measures that are specifically designed to improve the long-term survival of the SAS and provide a buffer against catastrophic events that could extirpate the species from the area will be implemented before any flow reductions occur. The USFWS, in its comments on the Draft EIR, stated that it believes this approach to mitigation of SAS impacts will indeed chart a course towards recovery of the species, and hopes that Valley District’s approach will be emulated by other projects in the San Bernardino Valley.

In short, the proposed project represents a 21st century water supply project for Southern California. Rather than relying on the importation of water from the Colorado River Basin (which is in long-term drought) or the Sacramento-San Joaquin River Delta (which would adversely affect a number of federally listed species), the project recognizes that Southern California needs to augment its water supply reliability through the use of recycled water. The project proposes to make best use of recycled water by storing it in the local groundwater basin (the Bunker Hill groundwater basin) for subsequent extraction by retail water purveyors. As mentioned above, because the diversion of the recycled water from the Santa Ana River is likely to have significant and adverse effects on the SAS, however, the project proposes to develop and implement a suite of mitigation measures that will help advance recovery efforts for the SAS. In these ways, the project balances the needs for Valley District and the District to meet the consumptive water demands of its ratepayers and the need to protect the environment of Southern California to the greatest extent feasible.

2. Project Purpose and Objectives

The fundamental purpose of the SNRC project is to treat, recycle, and reuse wastewater produced within District’s service area for multiple beneficial uses within the Upper Santa Ana River watershed. LA 3226 would provide EVWD with the activation of latent services to implement this fundamental purpose. The SNRC project will provide EVWD’s ratepayers with greater control over the cost of wastewater treatment and produce a new, local supply of recycled water that will help reduce reliance on imported water supplies.

The primary objectives of the SNRC project are to:

- Treat, recycle and reuse wastewater for multiple beneficial uses within the upper Santa Ana River watershed to meet existing and future water demands.
- Increase the use of recycled water to continue efforts toward resolving regional water supply challenges in a cost effective and environmentally responsible manner.
- Increase groundwater replenishment opportunities in the Bunker Hill groundwater basin with new local water resources.
- Provide an administrative center that benefits the community in a manner that is compatible with neighboring land uses.
- Increase local water supply operational flexibility within the San Bernardino Valley region to advance the integrated water management objectives of Valley District and the region.

3. Requirements for CEQA Findings

The California Environmental Quality Act, Public Resources Code §§ 21000 *et seq.* and the regulations implementing that statute, Cal. Code Regs. tit. 14, §§ 15000 *et seq.* (the “CEQA Guidelines”) (collectively, the Act and the CEQA Guidelines are referred to as “CEQA”) require public agencies to consider the potential effects of their discretionary activities on the environment and, when feasible, to adopt and implement mitigation measures that avoid or substantially lessen the effects of those activities on the environment. Specifically, Public Resources Code section 21002 provides that “public agencies should not approve projects as proposed if there are feasible alternatives or feasible mitigation measures available which would substantially lessen the significant environmental effects of such projects[.]” The same statute states that the procedures required by CEQA “are intended to assist public agencies in systematically identifying both the significant effects of proposed projects and the feasible alternatives or feasible mitigation measures which will avoid or substantially lessen such significant effects.” Section 21002 goes on to state that “in the event [that] specific economic, social, or other conditions make infeasible such project alternatives or such mitigation measures, individual projects may be approved in spite of one or more significant effects thereof.”

The mandate and principles announced in Public Resources Code Section 21002 are implemented, in part, through the requirement that agencies must adopt findings before approving projects for which EIRs are required. (See Pub. Resources Code, § 21081, subd. (a); CEQA Guidelines, § 15091, subd. (a).) For each significant environmental effect identified in an EIR for a proposed project, the approving agency must issue a written finding reaching one or more of three permissible conclusions. The three possible findings are:

- (1) Changes or alterations have been required in, or incorporated into, the project which mitigate or avoid the significant effects on the environment.

(2) Those changes or alterations are within the responsibility and jurisdiction of another public agency and have been, or can and should be, adopted by the other agency.

(3) Specific economic, legal, social, technological, other considerations, including considerations for the provision of employment opportunities for highly trained workers, make infeasible the mitigation measures or alternatives identified in the environmental impact report.

(Public Resources Code Section 21081, subd (a); see also CEQA Guidelines Section 15091, subd. (a).)

Public Resources Code section 21061.1 defines “feasible” to mean “capable of being accomplished in a successful manner within a reasonable period of time, taking into account economic, environmental, social and technological factors.” CEQA Guidelines section 15364 adds another factor: “legal” considerations. (See also *Citizens of Golden Valley v. Board of Supervisors (Goleta II)* (1990) 52 Cal.3d 553, 565.)

The concept of “feasibility” also encompasses the question of whether a particular alternative or mitigation measure promotes the underlying goals and objectives of a project. (*City of Del Mar v. City of San Diego* (1982) 133 Cal.App.3d 410, 417 (*City of Del Mar*).) “[F]easibility” under CEQA encompasses ‘desirability’ to the extent that desirability is based on a reasonable balancing of the relevant economic, environmental, social, and technological factors.” (*Ibid.*; see also *Sequoiah Hills Homeowners Assn. v. City of Oakland* (1993) 23 Cal.App.4th 704, 715 (*Sequoiah Hills*); see also *California Native Plant Society v. City of Santa Cruz* (2009) 177 Cal.App.4th 957, 1001 [after weighing “‘economic, environmental, social, and technological factors’ ... ‘an agency may conclude that a mitigation measure or alternative is impracticable or undesirable from a policy standpoint and reject it as infeasible on that ground’”].)

With respect to a project for which significant impacts are not avoided or substantially lessened, a public agency, after adopting proper findings, may nevertheless approve the project if the agency first adopts a statement of overriding considerations setting forth the specific reasons why the agency found that the project’s “benefits” rendered “acceptable” its “unavoidable adverse environmental effects.” (CEQA Guidelines, §§ 15093, 15043, subd. (b); see also Pub. Resources Code, § 21081, subd. (b).) The California Supreme Court has stated, “[t]he wisdom of approving...any development project, a delicate task which requires a balancing of interests, is necessarily left to the sound discretion of the local officials and their constituents who are responsible for such decisions. The law as we interpret and apply it simply requires that those decisions be informed, and therefore balanced.” (*Goleta II*, 52 Cal.3d at p. 576)

Because the SNRC EIR identified unavoidable significant effects that may occur as a result of the project, and in accordance with the provisions of the CEQA Guidelines presented above, the Commission hereby adopts these Findings as part of the approval of the direct approval of LAFCO 3226 and indirectly/ultimately the SNRC Project. These Findings constitute the Commission’s best efforts to set forth the evidentiary and policy bases for its decision to approve the project in a manner consistent with the requirements of CEQA. These Findings, in other words, are not merely informational, but rather constitute a binding set of obligations that came into effect with Valley District’s approval of the SNRC project and EVWD’s decision to step in

and assume responsibility to implement this specific project if the Commission approves LAFCO 3226. This activation of latent powers is an essential step in the process of EVWD assuming responsibility for installing and operating the SNRC as outlined in this document.

4. Organization of Findings

The Statement of Findings, Section 1 of this document, is organized as follows:

- Section I.A provides the background and context of the project and describes the need for these Findings as to the SNRC project
- Section I.B includes a brief description of the project
- Section I.C describes the CEQA environmental review process for the project
- Section I.D describes the record of documents for the project
- Section I.E summarizes the significant environmental impacts of the proposed SNRC project and contains the Commission's Findings of Fact regarding the project's impacts upon approval of LAFCO 3226
- Section I.F contains the Commission's Findings regarding alternatives to the project
- Section I.G contains the Commission's general Findings regarding the project and EIR
- Section I.H describes and adopts the Mitigation Monitoring and Reporting Program (MMRP) for the project, specifically for the approved SNRC project site assuming LAFCO 3226 is approved. Note that the Commission does not have responsibility for implementing any of the approved SNRC EIR mitigation measures.

B. Description of the Project

The EIR provides a detailed description of the components of the proposed SNRC project, which are summarized below. Always keep in mind throughout this discussion that the SNRC has already been approved. The Commission's approval of LAFCO 3226 will simply allow EVWD to implement this project because it will activate the latent powers needed by EVWD to assume this responsibility.

SNRC Facility. The project would include construction of the SNRC facility, which would provide tertiary treatment to wastewater generated within the EVWD service area. The SNRC would have a maximum capacity of 10 MGD and produce tertiary treated water in compliance with California Code of Regulations Title 22 recycled water quality requirements for unrestricted reuse. The SNRC design includes primary treatment, a membrane bio-reactor (MBR), ultraviolet (UV) light disinfection, and anaerobic solids processing with off-site solids disposal. The proposed SNRC would consist of multiple buildings, to house the process components, equipment, and offices.

All treatment processes would either be covered or housed in specific buildings equipped with odor control facilities. The SNRC would consist of several treatment trains, each with a capacity that could range from 1 MGD to 4 MGD and that combined would have an ultimate capacity of 10 MGD. Space will be provided for future expansion to meet planned growth within the service area. The proposed Treatment Facility components are described in detail in Chapter 2 of the EIR.

In addition, the 6-acre parcel west of the SNRC site would be developed into the SNRC Administration Center. The Administration Center would consist of administration buildings and pavilions housing administrative offices needed for the treatment plant, surrounded by publicly accessible open space. The Administration Center would be designed to serve the community with an interpretive center which will also act as an Emergency Operations Center (EOC) during emergencies, with community gardens and community pavilions.

Treated Water Conveyance System. The project would include construction of a recycled water conveyance system comprised of a pumping station on the SNRC site and 24-inch diameter conveyance pipelines to one or more of three discharge facility options: the City Creek Discharge Alternative, the East Twin Creek Spreading Grounds Discharge Alternative, and the Redlands Basins Discharge Alternative. Each Discharge Alternative would consist of multiple segments containing crossings and discharge structures. A list of these segments and their associated crossings and structures are included below. A more detailed description of each segment and their specific location can be found in Chapter 2 of the EIR, and in the Alternatives section of these Findings. In addition, staff have prepared an executive summary addressing the three Discharge Alternatives, which is part of the record of proceedings for the SNRC project.

Wastewater Collections Facilities. Two sewer lift stations and force mains would be constructed in order to convey wastewater from EVWD's service area to the SNRC. The influent, dry pit lift station would have a capacity of 5.4 MGD and would include three dry pit submersible solids handling pumps. The lift station would transfer flow from the collection system to the SNRC. In addition, several diversion points will be installed internal to the existing collection system to help capture and divert all of EVWD's gravity fed wastewater flows to the SNRC facility.

Santa Ana River Pipeline. An existing 36-inch pipeline extends from Alabama Street to the SBWRP. The pipeline was installed to convey treated water from the SBWRP to upper segments of the SAR for discharge and is perforated in the upper 6,600 feet. As part of the proposed project, the upper 6,600 feet of the existing pipeline would be relined with PVC liner to repurpose the pipeline to serve as a carrier pipe for the treated water conveyance pipeline connecting the SNRC to the SBWRP discharge pipeline.

Refurbishing the Rialto Groundwater Wells. Four existing groundwater wells are located near the Rialto Channel which is a tributary to the Santa Ana River. Valley District would obtain approval to access and use the wells. With owner approval, Valley District would refurbish the

wells, including equipping the wells and re-tooling the pumps as needed. The wells will enable groundwater to be used as supplemental water, to mitigate the potential direct and indirect effects of reduced Santa Ana River flow. The groundwater would be conveyed into the Santa Ana River as needed to maintain minimum flows established by the wildlife agencies. The wells would be operated by Valley District.

C. Environmental Review Process

1. Notice of Preparation and Public Scoping

In accordance with Section 15082 of the CEQA Guidelines, a Notice of Preparation (NOP) of an EIR was prepared and circulated by mail and email for review by applicable local, state and federal agencies and the public. The NOP was also made available on the Sterling Natural Resource Center website and published in the *San Bernardino Sun*, *The Press-Enterprise*, the *Highland Community News*, and *El Chicano*. The 30-day project scoping period, which began with the distribution of the NOP on October 16, 2015, remained open through November 16, 2015. Two public scoping meetings were held on October 29, 2015 at the Valley District office and November 5, 2015 at the East Valley Water District office. The NOP provided the public and interested public agencies with the opportunity to review the proposed project and to provide comments or concerns on the scope and content of the environmental review document including: the range of actions; alternatives; mitigation measures, and significant effects to be analyzed in depth in the EIR. A summary report of the scoping process is included in the record of proceedings.

2. Notice of Availability of the Draft EIR and Invitation to Provide Comments

The Notice of Availability (NOA) of the Draft EIR was posted on December 17, 2015 with the County Clerk of the Board in San Bernardino County. The Draft EIR was circulated to federal, state, and local agencies and interested parties that requested a copy of the Draft EIR. Copies of the Draft EIR were made available to the public at the following locations:

- Sterling Natural Resource Center Web Site (<http://www.sterlingnrc.com>)
- SBVMWD Headquarters, 380 E. Vanderbilt Way, San Bernardino, CA 92408
- Norman F Feldheym Central Library, 555 West 6th Street, San Bernardino, CA 92410
- Sam J. Ricardo Library & Environmental Learning Center, 7863 Central Avenue, Highland, CA 92346

The Draft EIR was circulated for public review from December 17, 2015 through February 1, 2016.

During the public review period, Valley District held two public meetings to provide interested persons with an opportunity to comment orally or in writing on the Draft EIR and the project.

The public meetings were held at the Valley District office in San Bernardino on January 14, 2016 and the East Valley Water District office in Highland on January 19, 2016, and the public meetings followed the format described below:

- Registration, where attendees were given the option to provide contact information in a sign-in sheet, and receive copies of the NOA, a meeting agenda, and a comment slip. The comment slip had space for individuals to write comments and/or questions for submittal to Valley District.
- Presentation of meeting purpose and format, overview of the proposed project, presentation of the EIR process, issues analyzed in the Draft EIR and potential impacts, and request for public comment.
- Open house which consisted of poster stations staffed by project team representatives who were available to answer questions and provide project information.
- Comment station, where attendees could compose written comments to submit at the meeting, or provide verbal comments one-on-one to a court reporter.

No members of the audiences of either public meeting offered comments. A summary report of the outreach and public participation process for the Draft EIR is included in the record of proceedings.

3. Circulation and Posting of the Final EIR

As required by section 15088(b) of the CEQA Guidelines, Valley District provided the Final EIR, which includes written responses to all comments, to commenters on March 4, 2016, ten days in advance of the meeting at which the Board will consider certification of the EIR and approval of the project. In addition, Valley District made the Final EIR available to the public at the following locations:

- Sterling Natural Resource Center Web Site (<http://www.sterlingnrc.com>)
- SBVMWD Headquarters, 380 E. Vanderbilt Way, San Bernardino, CA 92408
- Norman F Feldheym Central Library, 555 West 6th Street, San Bernardino, CA 92410
- Sam J. Ricardo Library & Environmental Learning Center, 7863 Central Avenue, Highland, CA 92346

LAFCO concurs that Valley District met the requirements of CEQA relating to public noticing and outreach during the public review period of the DEIR. Valley District further concluded that it provided ample time for agencies, organizations, and interested members of the public to participate in the CEQA process by reviewing the DEIR and providing substantive comments.

D. The Record of Proceedings

As the CEQA Lead Agency Valley District is the custodian of the documents and other materials that constitute the record of proceedings upon which the Board's decision was based, and that the Commission is reviewing for consideration as a CEQA Responsible Agency. Such documents

and other materials are located at Valley District's offices, 380 East Vanderbilt Way, San Bernardino, CA 92408. Copies of the DEIR and FEIR are also available at the SNRC website, <http://sterlingnrc.com/>.

For the purposes of CEQA and these Findings, the record of proceedings is composed of all non-privileged documents relating to the project in Valley District's files on this matter, including, without limitation:

- The Notice of Preparation (NOP) prepared for the project;
- The DEIR for the Sterling Natural Resource Center Project, with all appendices to the DEIR;
- All comments or documents submitted by public agencies or by members of the public during or after the comment period on the DEIR and up to the Board's approval of the project;
- The FEIR for the Sterling Natural Resource Center Project, with all appendices to the FEIR;
- The Mitigation Monitoring and Reporting Program (MMRP);
- All Findings and Resolutions adopted by the Board in connection with the project and all documents cited or referred to therein;
- All staff reports and presentation materials related to the project, including internal reports and analyses prepared by consultants to Valley District or East Valley Water District;
- All studies conducted for the project and contained in, or referenced by, staff reports, the DEIR, the FEIR, or the MMRP;
- All public reports and documents related to the project prepared for or by Valley District or East Valley Water District, including, without limitation, all planning documents;
- All DEIR and FEIR references, whether or not the referenced documents are included in the Appendices;
- All documentary and oral evidence received and reviewed at public hearings, meetings and workshops related to the project, the DEIR, the FEIR, or the MMRP;
- All other public reports and documents relating to the project that were used by Valley District or East Valley Water District staff or consultants in the preparation of the DEIR, the FEIR or the MMRP; and
- All other documents, not otherwise included above, required by Public Resources Code Section 21167.6.

The Commission has had available for its review in considering LAFCO 3226 all of the above documents, plus the unique documents provided by LAFCO Staff for the Commissions consideration.

E. Findings of Fact Regarding Project Impacts

1. Findings Regarding Less than Significant Impacts

The Final EIR concludes that that the project will result in no impacts or less than significant impacts to the following resource areas:

- Agriculture and Forestry Resources;
- Geology, Soils, and Mineral Resources;
- Greenhouse Gas Emissions;
- Hazards and Hazardous Materials;
- Land Use and Planning; and
- Recreation.

The Commission concurs, based on the EIR and the entire record, that the EIR's conclusions regarding the project's impacts to these resource areas are correct.

- The EIR also concludes that the following specific potential impacts will not actually result from the project or will be less than significant, without the need for mitigation:
- Aesthetic Impacts 3.1-1, 3.1-2, and 3.1-4;
- Air Quality Impacts 3.3-1 and 3.3-4;
- Biological Impacts 3.4-3, 3.4-5, and 3.4-6;
- Hydrology and Water Quality Impacts 3.9-2, 3.9-8, and 3.9-9;
- Noise Impacts 3.11-2, 3.11-5, and 3.11-6;
- Population and Housing Impacts 3.12-2 and 3.12-2;
- Public Services, Utilities, and Energy Impacts 3.13-1, 3.13-2, 3.13-3, 3.13-4, 3.13-5, 3.13-6, 3.13-7. and 3.13-8; and
- Traffic Impacts 3.15-2 and 3.13-5.

The Commission concurs, based on the EIR and the entire record, that the EIR's conclusions regarding these specific potential impacts are correct.

2. Findings Regarding Potentially Significant Impacts That Will Be Mitigated or Avoided

Aesthetics

Potentially Significant Impact 3.1-3: Degradation of the existing visual character or quality of the site and its surroundings.

Finding: Construction of the SNRC facility would temporarily alter views at the SNRC site during construction, and the facility itself will modify the existing character of the neighborhood. However changes or alterations have been required in, or incorporated into, the project by Valley District that mitigate or avoid this potential significant effect on the environment. With these mitigation measures, the project would not substantially degrade the existing visual character or quality of the site and its surroundings.

Facts in Support of Finding: Valley District has adopted and will implement the following mitigation measures that will reduce potentially significant impact 3.1-3 to a less-than-significant level:

Mitigation Measure AES-1: Above-ground buildings/structures associated with the proposed SNRC shall be designed to be consistent with the aesthetic qualities of existing structures in the surrounding area to minimize contrasting features.

Mitigation Measure AES-2: During project design, a landscape plan shall be prepared for the SNRC that restores disturbed areas and minimizes effects to local character. Valley District shall implement and maintain the landscape plan.

Implementation of Mitigation Measures AES-1 and AES-2 will reduce the project's impact to the existing visual character or quality of the site and its surroundings to a less-than-significant level because they will ensure that the SNRC facility's visual character is compatible with the surrounding area.

Air Quality

Potentially Significant Impact 3.3-5: Creation of objectionable odors affecting a substantial number of people.

Finding: The proposed SNRC facility is expected to generate foul gas odors that could affect a substantial number of people in the area surrounding the project site. However, changes or alterations have been required in, or incorporated into, the project by Valley District that mitigate or avoid this potential significant effect on the environment. With these mitigation measures, the project would not create objectionable odors affecting a substantial number of people.

Facts in Support of Finding:

Valley District has adopted and will implement the following mitigation measure that will reduce potentially significant impact 3.3-5 to a less-than-significant level:

Mitigation Measure AIR-2: Valley District shall prepare and implement an Odor Impact Minimization Plan that includes a monitoring and reporting plan. The plan shall include the following elements at a minimum:

- Identification of responsible parties
- Description of odor control system design and performance standards
- Odor control system operations plan
- Identification of fence-line odor monitoring and reporting program
- Achievable odor remediation actions and implementation protocol
- Local community outreach program

Implementation of Mitigation Measure AIR-2 will reduce the project's odor-related impacts to a less-than-significant level because it control the odors produced by the facility and enable Valley District to rapidly address any complaints that might indicate the odor controls are not working as expected.

Biological Resources

Potentially Significant Impact 3.4-1: Substantial adverse effects on plant and wildlife species identified as a candidate, sensitive, or special-status species in local or regional plans, policies, or regulations, or by CDFW or USFWS.

Finding: As noted in the EIR, the project could potentially affect numerous candidate, sensitive, or special-status plant and wildlife species. Some construction of the project components will occur in locations that provide suitable habitat for a number of species, including Nevin's barberry (*Berberis nevinii*), whitebracted spineflower (*Chorizanthe xanti* var. *leucotheca*), slender-horned spineflower (*Dodecahema leptoceras*), and Santa Ana River woolly-star (*Eriastrum densifolium* ssp. *sanctorum*). In addition, operation of the project will result in a reduction in riparian habitat in the Santa Ana River, and is also expected to result in the conversion of a portion of the RAFSS habitat in City Creek or other recharge areas to Southern Cottonwood-Willow Riparian Forest.

However, changes or alterations have been required in, or incorporated into, the project by Valley District that mitigate or avoid this potential significant effect on the environment. With these mitigation measures, the project would not result in substantial adverse effects on plant and wildlife species identified as a candidate, sensitive, or special-status species in local or regional plans, policies, or regulations, or by CDFW or USFWS.

Facts in Support of Finding: Valley District has adopted and will implement the following mitigation measures that will reduce potentially significant impact 3.4-1 to a less-than-significant level for species other than the Santa Ana sucker:

Mitigation Measure BIO-1: The following measures will reduce potential project-related impacts to special status plant species that may occur adjacent to the project site within City Creek to a less than significant level. Potential project-related impacts may result from the

construction of the pipeline extension and discharge structure within City Creek, Redlands Basins, and/or the East Twin Creek Spreading Grounds.

- a) Prior to the start of construction within City Creek, Redlands Basins, and/or the East Twin Creek Spreading Grounds, a focused botanical survey will be conducted to determine the presence/absence of any of the special-status species with a moderate or high potential to occur. The focused botanical survey will be conducted by a botanist or qualified biologist knowledgeable in the identification of local special-status plant species, and according to accepted protocol outlined by the CNPS and/or CDFW.
- b) If a special status state or federally listed plant species is discovered in a project impact area, informal consultation with CDFW and/or USFWS will be required prior to the impact occurring to develop an appropriate avoidance strategy. Depending on the sensitivity of the species, relocation, site restoration, or other habitat improvement actions may be an acceptable option to avoid significant impacts, as determined through consultation with the resource agencies.
- c) If impact avoidance of a state or federally-listed species is not feasible, Valley District shall quantify the impacted acreage supporting state or federally-listed plant species within the construction area and estimated perennial flow area and prepare a Biological Assessment pursuant to Section 7 of the Endangered Species Act and Section 2081 of the State Endangered Species Act. The Biological Assessment shall quantify compensation requirements for affected plants species. Valley District shall implement the conservation measures and compensation requirements identified through consultation by USACE with both CDFW and USFWS.
- d) Permanent impacts to RAFSS habitat from construction and operation of the discharge including within the City Creek channel resulting from perennial flow shall require on-site replacement or off-site compensation at a ratio of at least 3:1 in consultation with CDFW and USFWS. Temporary impacts to RAFSS habitat would be mitigated at a ratio of at least 1:1 in consultation with CDFW and USFWS.

Mitigation Measure BIO-2: The following measures will reduce potential project-related impacts to special-status wildlife species that may occur within disturbed and native habitats, to a less than significant level. Potential project-related impacts may result from construction of the SNRC, construction of the discharge structures within City Creek and other discharge locations, and perennial discharges to City Creek or other discharge locations.

- a) Prior to the start of construction within City Creek or other discharge locations, Valley District shall conduct focused surveys within the project impact areas to determine if any state or federally-listed wildlife species (southwestern willow flycatcher, coastal California gnatcatcher, San Bernardino kangaroo rat, and least Bell's vireo) are located within project impact areas. Focused surveys will be conducted by a qualified and/or permitted biologist, following approved survey protocol. Survey results will be forwarded to CDFW and USFWS. If state or federally-listed species are determined to occur on the project site with the potential to be impacted by the project, consultation with CDFW and/or USFWS will be required.

b) If impact avoidance is not feasible, Valley District shall quantify the impacted acreage supporting state or federally-listed wildlife species within the construction area and estimated perennial flow area and prepare a Biological Assessment pursuant to Section 7 of the Endangered Species Act and Section 2081 of the State Endangered Species Act. The Biological Assessment shall quantify compensation requirements for affected wildlife species. Valley District shall implement the conservation measures and compensation requirements identified through consultation by USACE with both CDFW and USFWS.

c) Prior to the start of construction of the SNRC building and the recycled water pipeline along 6th Street, focused burrowing owl surveys shall be conducted to determine the presence/absence of burrowing owl adjacent to the project area. The focused burrowing owl survey shall be conducted by a qualified biologist and following the survey guidelines included in the CDFW Staff Report on Burrowing Owl Mitigation (2012). If burrowing owl is observed within undeveloped habitat within or immediately adjacent to the project impact area, avoidance/minimization measures would be required such as establishing a suitable buffer around the nest (typically 500-feet) and monitoring during construction, or delaying construction until after the nest is no longer active and the burrowing owls have left. However, if burrowing owl avoidance is infeasible, a qualified biologist shall implement a passive relocation program in accordance with the Example Components for Burrowing Owl Artificial Burrow and Exclusion Plans of the CDFW 2012 Staff Report on Burrowing Owl Mitigation (CDFW, 2012).

d) Prior to the start of construction within City Creek, preconstruction site clearing surveys will be conducted of the project impact area within natural habitats. Any special status ground-dwelling wildlife will be removed from the immediate impact area and released in the nearby area.

e) Permanent impacts to RAFSS habitat from construction and operation of the discharge including within City Creek channel resulting from perennial flow shall require on-site replacement or off-site compensation at a ratio of at least 3:1 in consultation with CDFW and USFWS. Temporary impacts to RAFSS habitat would be mitigated at a ratio of at least 1:1 in consultation with CDFW and USFWS.

Implementation of Mitigation Measures BIO-1 and BIO-2 will reduce the project's impact to plant and wildlife species identified as a candidate, sensitive, or special-status species in local or regional plans, policies, or regulations, or by CDFW or USFWS to a less-than-significant level because they will ensure that impacts to listed plants and wildlife are either avoided entirely, or that if impacts do occur, they will be appropriately compensated. The expertise USFWS and CDFW will bring to the consultation process will further ensure maximum protection of these resources.

Potentially Significant Impact 3.4-2: Direct or indirect impacts to riparian habitat and other sensitive natural communities identified in local or regional plans, policies, and regulations or by CDFW or USFWS resulting from construction of the project.

Finding: Construction of the discharge structure could occur in areas containing two sensitive natural communities: RAFSS and southern cottonwood-willow riparian forest. However, changes or alterations have been required in, or incorporated into, the project by Valley District that mitigate or avoid this potential significant effect on the environment. With these mitigation measures, construction of the project would not result in direct or indirect impacts to riparian habitat and other sensitive natural communities identified in local or regional plans, policies, and regulations or by CDFW or USFWS.

Facts in Support of Finding: Valley District has adopted and will implement the following mitigation measures that will reduce potentially significant impact 3.4-2 to a less-than-significant level:

Mitigation Measure BIO-1: The following measures will reduce potential project-related impacts to special status plant species that may occur adjacent to the project site within City Creek to a less than significant level. Potential project-related impacts may result from the construction of the pipeline extension and discharge structure within City Creek, Redlands Basins, and/or the East Twin Creek Spreading Grounds.

- a) Prior to the start of construction within City Creek, Redlands Basins, and/or the East Twin Creek Spreading Grounds, a focused botanical survey will be conducted to determine the presence/absence of any of the special-status species with a moderate or high potential to occur. The focused botanical survey will be conducted by a botanist or qualified biologist knowledgeable in the identification of local special-status plant species, and according to accepted protocol outlined by the CNPS and/or CDFW.
- b) If a special status state or federally listed plant species is discovered in a project impact area, informal consultation with CDFW and/or USFWS will be required prior to the impact occurring to develop an appropriate avoidance strategy. Depending on the sensitivity of the species, relocation, site restoration, or other habitat improvement actions may be an acceptable option to avoid significant impacts, as determined through consultation with the resource agencies.
- c) If impact avoidance of a state or federally-listed species is not feasible, Valley District shall quantify the impacted acreage supporting state or federally-listed plant species within the construction area and estimated perennial flow area and prepare a Biological Assessment pursuant to Section 7 of the Endangered Species Act and Section 2081 of the State Endangered Species Act. The Biological Assessment shall quantify compensation requirements for affected plants species. Valley District shall implement the conservation measures and compensation requirements identified through consultation by USACE with both CDFW and USFWS.
- d) Permanent impacts to RAFSS habitat from construction and operation of the discharge including within the City Creek channel resulting from perennial flow shall require on-site replacement or off-site compensation at a ratio of at least 3:1 in consultation with CDFW and USFWS. Temporary impacts to RAFSS habitat would be mitigated at a ratio of at least 1:1 in consultation with CDFW and USFWS.

Mitigation Measure BIO-3: The following measures will reduce potential project-related impacts to avoid, minimize, and compensate for impacts to Santa Ana sucker while contributing to the long-term conservation of the species.

- a. The diversion of wastewater flow to the new SNRC shall not occur until either the Upper Santa Ana HCP has been fully executed by the USFWS and CDFW or Valley District's SAS HMMP has been approved by the USFWS and CDFW.
- b. The Valley District will be a signatory to the Upper SAR HCP that will include the proposed project as a covered activity. The HCP will include a menu of projects to be implemented by the signatory agencies that will create habitat, restore habitat, and establish self-sustaining populations in the watershed. The HCP will be approved by the CDFW and USFWS.
- c. In the event that the Upper Santa Ana River HCP is not approved in time to meet the project schedule, Valley District shall prepare and implement a SAS Habitat Monitoring and Management Plan (HMMP) that identifies habitat improvement actions, implementation methods, monitoring, and maintenance methods. The HMMP will consist of measures listed below to offset direct and indirect impacts to the Santa Ana sucker and its habitat resulting from the loss of 6 MGD of discharged water. The HMMP will be implemented by a contracted, qualified and permitted entity such as the Riverside-Corona Resource Conservation District (RCRCD) in coordination with the USFWS and CDFW. The HMMP will identify the goals and performance criteria of each conservation measure and will identify annual reporting and work forecasting requirements. The HMMP will be approved by the USFWS and CDFW under their authority to enforce the federal and state Endangered Species Acts. The proposed diversion of 6 MGD from the RIX discharge will not occur until the HMMP has been approved by USFWS and CDFW. The HMMP will include the following elements:
 - a. *SAS-1: Microhabitat Enhancements.* The HMMP will identify microhabitat enhancements within the upstream reach of the affected river segment using natural materials to increase scour and pool formation. This could include placement of large boulders and/or large woody debris to increase velocity of flow and gravel bar patches as well as deep pool refugia areas.
 - b. *SAS-2: Aquatic Predator Control Program.* The HMMP will include an Aquatic Predator Control Program to be implemented within the upstream reach of the affected river segment that will target and remove exotic fish, amphibians, and reptiles immediately prior to the SAS spawning season.
 - c. *SAS-3: Exotic Weed Management Program.* The HMMP will include an Exotic Weed Management Program targeting the removal of non-native species such as tamarisk, castor bean, tree of heaven, etc. The HMMP will include an annual maintenance and performance goal for non-native plant removal within the upper reach of the affected river segment.

- d. *SAS-4: High Flow Pulse Events.* The HMMP will identify means to create high flow pulse events as needed based on substrate conditions, up to 2 times per year. The high flow pulse events would be implemented through a cooperative agreement with the City of San Bernardino Municipal Water Department.
- e. *SAS-5: Supplemental Water.* Valley District will increase habitat availability in Rialto Channel during the summer months by providing cool supplemental water from nearby groundwater source to lower the water temperature in this tributary. Supplemental water will be added to the Rialto Channel when water temperatures reach 85 degrees. Supplemental water could be pumped groundwater or other water source. The discharge into the Rialto Drain will require a discharge permit from the Regional Water Quality Control Board.
- f. *SAS-6: Upper Watershed SAS Population Establishment.* The HMMP will outline a plan for establishing a population of Santa Ana sucker in City Creek, or other suitable watershed tributary, in coordination with the Wildlife Agencies. The HMMP will identify measures to directly increase the number of Santa Ana sucker in the SAR population, increase the amount of suitable and occupied habitat in this watershed, and distribute the risk of a catastrophic event between multiple locations. The HMMP will identify the goals and success criteria of the establishment plan and will identify the amount of financial assistance to be provided by Valley District for the regionally beneficial population establishment program.
- g. *SAS-7: Monitoring.* The HMMP will outline a monitoring program to collect hydrology data in the segment of river between the RIX discharge and Mission Boulevard. The data will include flow velocity and depth.

Mitigation Measure BIO-4: The Contractor shall implement the following Best Management Practices during construction of the pipeline and discharge structure adjacent to and within City Creek to protect any adjacent sensitive natural communities that provide habitat for special-status species.

a. The following water quality protection measures shall be implemented during construction:

- Stationary engines, such as compressors, generators, light plants, etc., shall have drip pans beneath them to prevent any leakage from entering runoff or receiving waters.
- All construction equipment shall be inspected for leaks and maintained regularly to avoid soil contamination. Leaks and smears of petroleum products will be wiped clean prior to use.
- Any grout waste or spills will be cleaned up immediately and disposed of off-site.

- Spill kits capable of containing hazardous spills will be stored on-site.

b. To prevent inadvertent entrapment of common and special status wildlife during construction, all excavated, steep-walled holes or trenches more than two-feet deep shall be covered with tarp, plywood or similar materials at the close of each working day to prevent animals from being trapped. Ramps may be constructed of earth fill or wooden planks within deep walled trenches to allow for animals to escape, if necessary. Before such holes or trenches are backfilled, they should be thoroughly inspected for trapped animals. If trapped wildlife are observed, escape ramps or structures shall be installed immediately to allow escape. All construction pipes, culverts, or similar structures that are stored at a construction site for one or more overnight periods should be thoroughly inspected for burrowing owls and nesting birds before the pipe is subsequently buried, capped, or otherwise used or moved.

Implementation of Mitigation Measures BIO-1, BIO-3, and BIO-4 will reduce the project's construction-related impacts to riparian habitat and other sensitive natural communities to less-than-significant levels because it will prevent construction of the project from adversely affecting sensitive habitat or ensure that any impacts are properly compensated. The expertise USFWS and CDFW will bring to the consultation process will further ensure maximum protection of these resources.

Potentially Significant Impact 3.4-4: Construction-related interference with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites.

Finding: Construction of the project could result in impacts to habitat that provide suitable nesting habitat for migratory and resident bird species. However, changes or alterations have been required in, or incorporated into, the project by Valley District that mitigate or avoid this potential significant effect on the environment. With these mitigation measures, construction of the project would not result in interference with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites.

Facts in Support of Finding: Valley District has adopted and will implement the following mitigation measure that will reduce potentially significant impact 3.4-4 to a less-than-significant level:

Mitigation Measure BIO-5: To minimize potential construction-related project impacts to avian species that may be nesting on or immediately adjacent to the project area, the following measures will reduce any potential impact to a less than significant level.

- a. To avoid potential impacts to birds that may be nesting on or immediately adjacent to the project area, construction of the project should avoid the general avian breeding season of February through August.
- b. If construction must occur during the general avian breeding season, a pre-construction clearance survey should be conducted within 30 days prior to the start of construction, to

determine if any active nests or sign of nesting activity is located on or immediately adjacent to the project area, specifically at the proposed SNRC location. An additional survey shall be conducted within 3 days prior to the commencement of construction activities. If no nesting activity is observed during the pre-construction survey, construction may commence without potential impacts to nesting birds.

c. If an active nest is observed, a suitable buffer will be placed around the nest, depending on sensitivity of the nesting species, and onsite monitoring may be required during construction to ensure no disturbance or take of the nest occurs. Construction may continue in other areas of the project and construction activities may only encroach within the buffer at the discretion of the monitoring biologist. The buffer will remain in place until the nestlings have fledged and the nest is no longer considered active.

Implementation of Mitigation Measure BIO-5 will reduce the project's potential construction-related impacts to wildlife nursery sites by ensuring that such impacts are avoided.

Cultural Resources

Potentially Significant Impact 3.5-1: Substantial adverse change in the significance of a historical or archaeological resource.

Finding: As the project includes ground-disturbing activities, there is potential for discovery of currently unknown subsurface archaeological deposits that could be affected by the project. However, changes or alterations have been required in, or incorporated into, the project by Valley District that mitigate or avoid this potential significant effect on the environment. With these mitigation measures, the project would not result in a substantial adverse change in the significance of a historical or archaeological resource.

Facts in Support of Finding: Valley District has adopted and will implement the following mitigation measures that will reduce potentially significant impact 3.5-1 to a less-than-significant level:

Mitigation Measure CUL-1: Prior to the start of ground-disturbing activities, Valley District shall retain a qualified archaeologist meeting the Secretary of the Interior's Professional Qualifications Standards for archaeology (U.S. Department of the Interior 2008) to carry out all mitigation related to cultural resources. The qualified archaeologist shall conduct a Phase I survey for all areas within the project impact area that have not received a survey within the last five years, including treated conveyance pipeline corridors.

Mitigation Measure CUL-2: Prior to start of ground-disturbing activities, the qualified archaeologist shall conduct cultural resources sensitivity training for all construction personnel. Construction personnel shall be informed of the types of archaeological resources that may be encountered, and of the proper procedures to be enacted in the event of an inadvertent discovery of archaeological resources or human remains. Valley District shall ensure that construction personnel are made available for and attend the training and retain documentation demonstrating attendance.

Mitigation Measure CUL-3: In the event of the unanticipated discovery of archaeological materials, Valley District shall immediately cease all work activities within approximately 100 feet of the discovery until it can be evaluated by the qualified archaeologist. Construction shall not resume until the qualified archaeologist has conferred with Valley District on the significance of the resource.

If it is determined that a discovered archaeological resource constitutes a historic property under the NHPA or a historical or unique archaeological resource under CEQA, avoidance and preservation in place is the preferred manner of mitigation. Preservation in place maintains the important relationship between artifacts and their archaeological context and also serves to avoid conflict with traditional and religious values of groups who may ascribe meaning to the resource. Preservation in place may be accomplished by, but is not limited to, avoidance, incorporating the resource into open space, capping, or deeding the site into a permanent conservation easement. In the event that preservation in place is demonstrated to be infeasible and data recovery through excavation is the only feasible mitigation available, a Treatment Plan shall be prepared and implemented by a qualified archaeologist in consultation with Valley District that provides for the adequate recovery of the scientifically consequential information contained in the archaeological resource. Valley District shall consult with appropriate Native American representatives in determining treatment for prehistoric or Native American resources to ensure cultural values ascribed to the resource, beyond that which is scientifically important, are considered.

Implementation of Mitigation Measures CUL-1, CUL-2, and CUL-3 will reduce the project's impacts to the significance of historical or archaeological resources to less-than-significant levels because in the event a new subsurface archaeological deposit is located, the measures will ensure that any impacts to those resources is avoided.

Potentially Significant Impact 3.5-2: Direct or indirect destruction of a unique paleontological resource or site or unique geologic feature.

Finding:

Construction of the project has potential to result in excavation of currently unknown paleontological resources. However, changes or alterations have been required in, or incorporated into, the project by Valley District that mitigate or avoid this potential significant effect on the environment. With these mitigation measures, the project would not result in direct or indirect destruction of a unique paleontological resource or site or unique geologic feature.

Facts in Support of Finding: Valley District has adopted and will implement the following mitigation measure that will reduce potentially significant impact 3.5-2 to a less-than-significant level:

Mitigation Measure CUL-4: Paleontological resources monitoring shall be conducted for the proposed SNRC in areas that are subject to excavations in excess of 15 feet below ground surface. Paleontological monitoring shall be conducted by a qualified paleontological monitor (QPM). The QPM, in consultation with Valley District, may reduce or increase monitoring based on observations of subsurface soil stratigraphy or other factors. If construction or other project

personnel discover any potential fossils during construction, regardless of the depth of work, work at the discovery location shall cease within 50 feet of the find until the QPM has assessed the discovery and made recommendations as to the appropriate treatment.

Implementation of Mitigation Measure CUL-4 will reduce the project's impacts to unique paleontological resources or sites or unique geologic features to less-than-significant levels because it will ensure that impacts to such resources are avoided.

Potentially Significant Impact 3.5-3: Disturbance of human remains, including those interred outside of formal cemeteries.

Finding: It is possible that the project could unearth, expose, or disturb unknown human remains. However, changes or alterations have been required in, or incorporated into, the project by Valley District that mitigate or avoid this potential significant effect on the environment. With these mitigation measures, the project would not result in significant impacts to human remains.

Facts in Support of Finding:

Valley District has adopted and will implement the following mitigation measure that will reduce potentially significant impact 3.5-4 to a less-than-significant level:

Mitigation Measure CUL-5: If human remains are encountered, Valley District shall halt work within 100 feet of the find and contact the San Bernardino County Coroner in accordance with PRC Section 5097.98 and Health and Safety Code Section 7050.5. If the County Coroner determines that the remains are Native American, the NAHC shall be notified in accordance with Health and Safety Code Section 7050.5, subdivision (c), and PRC Section 5097.98 (as amended by Assembly Bill 2641). The NAHC shall designate a MLD for the remains per PRC Section 5097.98. Until the landowner has conferred with the MLD, Valley District shall ensure that the immediate vicinity where the discovery occurred is not disturbed by further activity, is adequately protected according to generally accepted cultural or archaeological standards or practices, and that further activities take into account the possibility of multiple burials.

Implementation of Mitigation Measure CUL-5 will reduce the project's impacts to human remains to less-than-significant levels because it will ensure that if any human remains are encountered during construction of the project, the remains will be handled properly and further project activity will take the existence of the remains into account.

Potentially Significant Impact 3.5-4: Substantial adverse changes in the significance of a tribal cultural resource.

Finding: Unknown subsurface tribal cultural resources could be encountered during construction of the project. However, changes or alterations have been required in, or incorporated into, the project by Valley District that mitigate or avoid this potential significant effect on the environment. With these mitigation measures, the project would not result in substantial adverse changes in the significance of a tribal cultural resource.

Facts in Support of Finding: Valley District has adopted and will implement the following mitigation measures that will reduce potentially significant impact 3.5-4 to a less-than-significant level:

Mitigation Measure CUL-1: Prior to the start of ground-disturbing activities, Valley District shall retain a qualified archaeologist meeting the Secretary of the Interior's Professional Qualifications Standards for archaeology (U.S. Department of the Interior 2008) to carry out all mitigation related to cultural resources. The qualified archaeologist shall conduct a Phase I survey for all areas within the project impact area that have not received a survey within the last five years, including treated conveyance pipeline corridors.

Mitigation Measure CUL-2: Prior to start of ground-disturbing activities, the qualified archaeologist shall conduct cultural resources sensitivity training for all construction personnel. Construction personnel shall be informed of the types of archaeological resources that may be encountered, and of the proper procedures to be enacted in the event of an inadvertent discovery of archaeological resources or human remains. Valley District shall ensure that construction personnel are made available for and attend the training and retain documentation demonstrating attendance.

Mitigation Measure CUL-3: In the event of the unanticipated discovery of archaeological materials, Valley District shall immediately cease all work activities within approximately 100 feet of the discovery until it can be evaluated by the qualified archaeologist. Construction shall not resume until the qualified archaeologist has conferred with Valley District on the significance of the resource.

If it is determined that a discovered archaeological resource constitutes a historic property under the NHPA or a historical or unique archaeological resource under CEQA, avoidance and preservation in place is the preferred manner of mitigation. Preservation in place maintains the important relationship between artifacts and their archaeological context and also serves to avoid conflict with traditional and religious values of groups who may ascribe meaning to the resource. Preservation in place may be accomplished by, but is not limited to, avoidance, incorporating the resource into open space, capping, or deeding the site into a permanent conservation easement. In the event that preservation in place is demonstrated to be infeasible and data recovery through excavation is the only feasible mitigation available, a Treatment Plan shall be prepared and implemented by a qualified archaeologist in consultation with Valley District that provides for the adequate recovery of the scientifically consequential information contained in the archaeological resource. Valley District shall consult with appropriate Native American representatives in determining treatment for prehistoric or Native American resources to ensure cultural values ascribed to the resource, beyond that which is scientifically important, are considered.

Mitigation Measure CUL-5: If human remains are encountered, Valley District shall halt work within 100 feet of the find and contact the San Bernardino County Coroner in accordance with PRC Section 5097.98 and Health and Safety Code Section 7050.5. If the County Coroner determines that the remains are Native American, the NAHC shall be notified in accordance with Health and Safety Code Section 7050.5, subdivision (c), and PRC Section 5097.98 (as amended by Assembly Bill 2641). The NAHC shall designate a MLD for the remains per PRC Section

5097.98. Until the landowner has conferred with the MLD, Valley District shall ensure that the immediate vicinity where the discovery occurred is not disturbed by further activity, is adequately protected according to generally accepted cultural or archaeological standards or practices, and that further activities take into account the possibility of multiple burials.

Implementation of Mitigation Measures CUL-1, CUL-2, CUL-3, and CUL-5 will reduce the project's impacts to tribal cultural resources to less-than-significant levels because they will ensure that tribal resources are either not affected, or if such resources are encountered they will be handled properly.

Hydrology and Water Quality

Potentially Significant Impact 3.9-1: Violation of water quality standards or waste discharge requirements.

Finding: Construction of the project will involve soil-disturbing activities that could potentially contribute pollutants to local waterways. However, changes or alterations have been required in, or incorporated into, the project by Valley District that mitigate or avoid this potential significant effect on the environment. With these mitigation measures, the project would not result in significant adverse impacts related to violations of water quality standards or waste discharge requirements.

Facts in Support of Finding: Valley District has adopted and will implement the following mitigation measures that will reduce potentially significant impact 3.9-1 to a less-than-significant level:

Mitigation Measure HYDRO-1: Valley District will prepare a Water Quality Management Plan (WQMP) to ensure that the SNRC facility design complies with stormwater management goals of the MS4.

Mitigation Measure HYDRO-2: Valley District shall prepare and implement a groundwater monitoring program that includes installation of an array of groundwater monitoring wells sufficient to characterize the effects of the discharge on local groundwater quality. If monitoring shows that beneficial uses of the groundwater may become adversely affected by the discharge, the monitoring program would require either modifications to treatment, modify the well screened area by sealing the affected portion of the screen in the impacted groundwater bearing zone, or compensation for adversely affected groundwater wells through replacement of the affected well or through providing replacement water.

Implementation of Mitigation Measures HYDRO-1 and HYDRO-2 will reduce the project's impacts to water quality standards and waste discharge requirements to less-than-significant levels because they will ensure that construction activities associated with the project follow best practices that will prevent the project from violating water quality standards or waste discharge requirements.

Potentially Significant Impact 3.9-3: Substantial alteration of the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, in a manner which would result in substantial erosion, siltation or flooding on or offsite.

Finding: Construction of the project will involve excavation and grading that could contribute to erosion, and operation of the project is expected to result in the growth of new riparian vegetation that could alter drainage patterns. However, changes or alterations have been required in, or incorporated into, the project by Valley District that mitigate or avoid this potential significant effect on the environment. With these mitigation measures, the project would not result in significant adverse impacts to the existing drainage pattern of the area.

Facts in Support of Finding: Valley District has adopted and will implement the following mitigation measures that will reduce potentially significant impact 3.9-3 to a less-than-significant level:

Mitigation Measure HYDRO-3: The City Creek discharge structures shall be designed with velocity dissipation features as needed to prevent scour at the point of discharge. The design and location of these discharge facilities would be approved by the SBCFCD and USACE to ensure that they do not impede high flow capacity.

Mitigation Measure HYDRO-4: Valley District shall prepare a City Creek Channel Vegetation Management Plan in coordination with SBCFCD and CDFW that outlines vegetation management measures to minimize impacts to the flood control function within City Creek. The plan will include periodic vegetation trimming to remove large trees that could impact flood control facilities downstream. The plan will outline schedule, permitting and reporting requirements.

Implementation of Mitigation Measures HYDRO-3 and HYDRO-4 will reduce the project's impacts to existing drainage patterns to less-than-significant levels because they will ensure that construction activities associated with the project follow best practices that will reduce the potential for sediment to be washed into local waterways and that instream vegetation will not interfere with the flood protection function of local waterways.

Potentially Significant Impact 3.9-4: Creation of contribution of runoff water which could exceed the capacity of existing or planned stormwater drainage systems or provide substantial additional sources of polluted runoff.

Finding: Construction of the project will decrease the overall perviousness of the project site, thus potentially creating a new source of runoff. However, changes or alterations have been required in, or incorporated into, the project by Valley District that mitigate or avoid this potential significant effect on the environment. With these mitigation measures, the project would not result in significant adverse impacts related to runoff water.

Facts in Support of Finding: Valley District has adopted and will implement the following mitigation measure that will reduce potentially significant impact 3.9-4 to a less-than-significant level:

Mitigation Measure HYDRO-5: Valley District shall prepare an Operational Manual for the discharge to City Creek that identifies when discharges would be conveyed to other discharge basins to avoid contributing to flood flows in City Creek during peak flow periods.

Implementation of Mitigation Measure HYDRO-5 will reduce the project's runoff water impacts to less-than-significant levels by ensuring that any contribution to runoff resulting from the project will not reach City Creek during peak flow periods.

Potentially Significant Impact 3.9-7: Placement of structures which would impede or redirect flood flows within a 100-year flood hazard area.

Finding: The City Creek Discharge Alternative would place the discharge facility in the 100-year flood zone. However, changes or alterations have been required in, or incorporated into, the project by Valley District that mitigate or avoid this potential significant effect on the environment. With these mitigation measures, the project would not result in significant adverse impacts due to placement of structures which would impede or redirect flood flows.

Facts in Support of Finding:

Valley District has adopted and will implement the following mitigation measure that will reduce potentially significant impact 3.9-7 to a less-than-significant level:

Mitigation Measure HYDRO-3: The City Creek discharge structures shall be designed with velocity dissipation features as needed to prevent scour at the point of discharge. The design and location of these discharge facilities would be approved by the SBCFCD and USACE to ensure that they do not impede high flow capacity.

Implementation of Mitigation Measure HYDRO-5 will reduce the project's impacts to flood flows to less-than-significant levels because it will ensure that any discharge structure placed within the City Creek 100-year flood zone will not adversely impede or redirect flood flows.

Noise and Vibration

Potentially Significant Impact 3.11-1: Exposure of persons to, or generation of, noise levels in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies.

Finding:

It is anticipated that construction and operation of the project will comply with applicable standards, but there is potential for noise impacts, particularly those resulting from construction, to be significant. However, changes or alterations have been required in, or incorporated into, the project by Valley District that mitigate or avoid this potential significant effect on the environment. With these mitigation measures, the project would not result in exposure of persons to, or generation of, noise levels in excess of applicable standards, with the exception of temporary construction noise.

Facts in Support of Finding:

Valley District has adopted and will implement the following mitigation measures that will reduce potentially significant impact 3.11-1 to a less-than-significant level:

Mitigation Measure NOISE-1: Valley District shall implement the following measures during construction:

- Include design measures necessary to reduce construction noise levels to comply with local noise ordinances. These measures may include noise barriers, curtains, or shields.
- Place noise-generating construction activities (e.g., operation of compressors and generators, cement mixing, general truck idling) away from the nearest noise-sensitive land uses.
- Contiguous properties shall be notified in advance of construction activities. A contact name and number shall be provided to contiguous properties to report excessive construction noise.

Mitigation Measure NOISE-2: Noise-generating machinery at the proposed SNRC shall be enclosed within structures that are designed with insulation sufficient to comply with applicable nighttime noise standards at the facility fenceline.

Mitigation Measure NOISE-3: Valley District shall establish a 24-hour Hot-Line to serve the local community. Valley District shall ensure that neighbor concerns are investigated and addressed immediately. The Hot-Line number shall be provided to the neighboring properties and be posted conspicuously at the entrance to the facility.

Implementation of Mitigation Measures NOISE-1, NOISE-2, and NOISE-3 will reduce most of the impacts of the project's exposure of persons to and generation of noise levels to less-than-significant levels because they will ensure that noise levels resulting from the project adhere to local noise standards. The exception is the temporary impact of construction noise, which is discussed below as a significant and unavoidable impact of the project.

Potentially Significant Impact 3.11-3: Substantial permanent increase in ambient noise levels in the project vicinity above levels existing without the project.

Finding: Operation of the project would result in a permanent increase in ambient noise levels in the project vicinity. However, changes or alterations have been required in, or incorporated into, the project by Valley District that mitigate or avoid this potential significant effect on the environment. With these mitigation measures, the project would not result in substantial permanent increases in ambient noise levels in the project vicinity above those that would exist without the project.

Facts in Support of Finding: Valley District has adopted and will implement the following mitigation measures that will reduce potentially significant impact 3.11-3 to a less-than-significant level:

Mitigation Measure NOISE-2: Noise-generating machinery at the proposed SNRC shall be enclosed within structures that are designed with insulation sufficient to comply with applicable nighttime noise standards at the facility fenceline.

Mitigation Measure NOISE-3: Valley District shall establish a 24-hour Hot-Line to serve the local community. Valley District shall ensure that neighbor concerns are investigated and addressed immediately. The Hot-Line number shall be provided to the neighboring properties and be posted conspicuously at the entrance to the facility.

Implementation of Mitigation Measures NOISE-2 and NOISE-3 will reduce the project's permanent increases in ambient noise to less-than-significant levels because they will ensure that the stationary equipment the project will utilize will comply with local noise standards and is located so as to minimize the exposure of neighboring land uses to noise generated by the project.

Population, Housing, and Environmental Justice

Potentially Significant Impact 3.12-4: Significant and disproportionate effects on the health or environment of minority or low income populations.

Finding: The proposed SNRC, a wastewater treatment facility, would be located within a disproportionately low income area and so the project could thus disproportionately affect a low income population. However, changes or alterations have been required in, or incorporated into, the project by Valley District that mitigate or avoid this potential significant effect on the environment. With these mitigation measures, the project would not disproportionately affect the health or environment of minority or low income populations.

Facts in Support of Finding: Valley District has adopted and will implement the following mitigation measures that will reduce potentially significant impact 3.12-1 to a less-than-significant level:

Mitigation Measure AES-1: Above-ground buildings/structures associated with the proposed SNRC shall be designed to be consistent with the aesthetic qualities of existing structures in the surrounding area to minimize contrasting features.

Mitigation Measure AIR-2: Valley District shall prepare and implement an Odor Impact Minimization Plan that includes a monitoring and reporting plan. The plan shall include the following elements at a minimum:

- Identification of responsible parties
- Description of odor control system design and performance standards
- Odor control system operations plan
- Identification of fence-line odor monitoring and reporting program
- Achievable odor remediation actions and implementation protocol
- Local community outreach program

Mitigation Measure NOISE-1: Valley District shall implement the following measures during construction:

- Include design measures necessary to reduce construction noise levels to comply with local noise ordinances. These measures may include noise barriers, curtains, or shields.
- Place noise-generating construction activities (e.g., operation of compressors and generators, cement mixing, general truck idling) away from the nearest noise-sensitive land uses.
- Contiguous properties shall be notified in advance of construction activities. A contact name and number shall be provided to contiguous properties to report excessive construction noise.

Mitigation Measure NOISE-2: Noise-generating machinery at the proposed SNRC shall be enclosed within structures that are designed with insulation sufficient to comply with applicable nighttime noise standards at the facility fenceline.

Mitigation Measure TR-1: Valley District shall require the contractor to prepare a traffic control plan that identifies specific traffic control measures to ensure access and safety on the local roadway network. The traffic control plan will include the following elements at a minimum:

- A schedule of lane closures and road closures over the construction period
- Measures to maintain traffic flow at all times across the construction zone including requiring flaggers to direct traffic when only one lane of traffic is available
- Detour routes and notification procedures if full road closures are needed
- Lane closure notifications to the City of Highland, City of San Bernardino and City of Redlands and local emergency services providers
- Temporary signalization modifications (if any) for intersection signals
- On-road traffic control features and signage compliant with city traffic control requirements
- Maintain access to residence and business driveways, public facilities, and recreational resources at all times to the extent feasible; Minimize access disruptions to businesses and residences
- Include the requirement that all open trenches be covered with metal plates at the end of each workday to accommodate traffic and access
- Identify all roadway locations where special construction techniques (e.g., horizontal boring, directional drilling or night construction) will be used to minimize impacts to traffic flow

Implementation of Mitigation Measures AES-1, AIR-2, NOISE-1, NOISE-2, and TR-1 will reduce the project's potential impacts to the health and environment of minority or low income

populations to less-than-significant levels because they will reduce the project's aesthetic, air quality, noise, and traffic impacts to the neighboring population.

Public Services, Utilities, and Energy

Potentially Significant Impact 3.13-9: The project could encounter buried utilities.

Finding: Because construction of the project will involve excavation, construction activities could result in encounters with buried utilities. However, changes or alterations have been required in, or incorporated into, the project by Valley District that mitigate or avoid this potential significant effect on the environment. With these mitigation measures, the project would not adversely affect buried utilities.

Facts in Support of Finding: Valley District has adopted and will implement the following mitigation measures that will reduce potentially significant impact 3.13-9 to a less-than-significant level:

Mitigation Measure UTIL-1: During design and prior to construction, Valley District shall verify the nature and location of underground utilities before the start of any construction that would require excavation. Valley District shall notify and coordinate with public and private utility providers at least 48 hours before the commencement of work adjacent to any located utility. The contractor shall be required to notify the service provider in advance of service interruptions to allow the service provider sufficient time to notify customers. The contractor shall be required to coordinate timing of interruptions with the service providers to minimize the frequency and duration of interruptions.

Implementation of Mitigation Measure UTIL-1 will reduce the project's potential impact to buried utilities to less-than-significant levels because it will ensure that construction activities do not encounter buried utilities, or that if an encounter cannot be avoided, that any service disruptions will be minimized.

Potentially Significant Impact 3.13-10: Operation of the proposed project would require additional power that could affect local and regional energy supplies.

Finding: The estimated power demand of the completed project is expected to be approximately 1,422 kilowatts per day, or 12,453,900 kwh per year, which could increase the demand on local energy supplies. However, changes or alterations have been required in, or incorporated into, the project by Valley District that mitigate or avoid this potential significant effect on the environment. With these mitigation measures, the project would not adversely affect local and regional energy supplies.

Facts in Support of Finding: Valley District has adopted and will implement the following mitigation measures that will reduce potentially significant impact 3.13-10 to a less-than-significant level:

Mitigation Measure UTIL-2: Valley District shall require the use of energy efficient equipment, including but not limited to, pumps, conveyance features, and lighting for the proposed SNRC and pumping stations.

Implementation of Mitigation Measure UTIL-2 will reduce the project's potential impact to buried utilities to less-than-significant levels because it will ensure that the project's energy demands will not exceed the capacity of local energy suppliers.

Transportation and Traffic

Potentially Significant Impact 3.15-1: The project would result in increases in vehicle trips by construction workers, facility operators, haul trucks, and deliveries that could conflict with applicable plans and policies regarding the effectiveness of the circulation system.

Finding: Construction and operation of the project would increase traffic volumes on roadways serving the project sites. The impact would be most acute during project construction. However, changes or alterations have been required in, or incorporated into, the project by Valley District that mitigate or avoid this potential significant effect on the environment. With these mitigation measures, the project would not adversely affect traffic volumes.

Facts in Support of Finding: Valley District has adopted and will implement the following mitigation measures that will reduce potentially significant impact 3.15-1 to a less-than-significant level:

Mitigation Measure TR-1: Valley District shall require the contractor to prepare a traffic control plan that identifies specific traffic control measures to ensure access and safety on the local roadway network. The traffic control plan will include the following elements at a minimum:

- A schedule of lane closures and road closures over the construction period
- Measures to maintain traffic flow at all times across the construction zone including requiring flaggers to direct traffic when only one lane of traffic is available
- Detour routes and notification procedures if full road closures are needed
- Lane closure notifications to the City of Highland, City of San Bernardino and City of Redlands and local emergency services providers
- Temporary signalization modifications (if any) for intersection signals
- On-road traffic control features and signage compliant with city traffic control requirements
- Maintain access to residence and business driveways, public facilities, and recreational resources at all times to the extent feasible; Minimize access disruptions to businesses and residences
- Include the requirement that all open trenches be covered with metal plates at the end of each workday to accommodate traffic and access

- Identify all roadway locations where special construction techniques (e.g., horizontal boring, directional drilling or night construction) will be used to minimize impacts to traffic flow

Mitigation Measure TR-2: Valley District shall prepare a notification plan for communication with affected residents and businesses prior to the start of construction. Advance public notification shall include posting of notices and appropriate signage of construction activities.

The written notification shall include the construction schedule, the exact location and duration of activities within each street (i.e., which lanes and access point/driveways would be blocked on which days and for how long), and a toll-free telephone number for receiving questions for complaints.

Mitigation Measure TR-3: Prior to installation of pipelines in East 5th Street, Valley District shall coordinate with the City of Highland to ensure that the proposed East 5th Street curb and drainage improvements are conducted simultaneously with the pipeline installation to avoid impacting the street twice in a short period of time.

Mitigation Measure TR-4: Valley District shall ensure that deliveries, biosolids haul trips, and worker shift transitions are discouraged during the period of 7:30 to 8:30 AM and 2:30 to 3:30 PM corresponding to peak pick up and drop off times at the high school.

Mitigation Measure TR-5: Valley District shall design turn-in and turnout ramps adjacent to 5th Street to accommodate solids haul trips and material deliveries ingress and egress in a manner that ensures safe traffic conditions. Roadway improvements including modifications to the curb shall be approved by the City of Highland Public Works Department.

Implementation of Mitigation Measures TR-1, TR-2, TR-2, TR-4, and TR-5 will reduce the project's potential impact to traffic to less-than-significant levels because they will ensure that construction-related traffic impacts are reduced and that operations-related traffic impacts void peak traffic times and ensuring that local roads can accommodate delivery and haul trucks.

Potentially Significant Impact 3.15-3: The project could result in a substantial increase in hazards due to a design feature or incompatible uses.

Finding:

The project is expected to require modifications to 5th Street to accommodate ingress and egress of delivery and haul trucks. However, changes or alterations have been required in, or incorporated into, the project by Valley District that mitigate or avoid this potential significant effect on the environment. With these mitigation measures, the project would not result in a substantial increase in hazards.

Facts in Support of Finding: Valley District has adopted and will implement the following mitigation measures that will reduce potentially significant impact 3.15-3 to a less-than-significant level:

Mitigation Measure TR-4: Valley District shall ensure that deliveries, biosolids haul trips, and worker shift transitions are discouraged during the period of 7:30 to 8:30 AM and 2:30 to 3:30 PM corresponding to peak pick up and drop off times at the high school.

Mitigation Measure TR-5: Valley District shall design turn-in and turnout ramps adjacent to 5th Street to accommodate solids haul trips and material deliveries ingress and egress in a manner that ensures safe traffic conditions. Roadway improvements including modifications to the curb shall be approved by the City of Highland Public Works Department.

Implementation of Mitigation Measures TR-4 and TR-5 will reduce the project's potential impact to traffic-related hazards to less-than-significant levels because it will ensure that any modifications to 5th Street are designed to provide for traffic safety and will reduce the project's operation traffic during peak traffic times.

Potentially Significant Impact 3.15-4: The project could result in inadequate emergency access.

Finding: Construction of the project will have traffic impacts that could delay emergency vehicle response times or otherwise disrupt delivery of emergency services. However, changes or alterations have been required in, or incorporated into, the project by Valley District that mitigate or avoid this potential significant effect on the environment. With these mitigation measures, the project would not significantly affect emergency access.

Facts in Support of Finding:

Valley District has adopted and will implement the following mitigation measures that will reduce potentially significant impact 3.15-4 to a less-than-significant level:

Mitigation Measure TR-1: Valley District shall require the contractor to prepare a traffic control plan that identifies specific traffic control measures to ensure access and safety on the local roadway network. The traffic control plan will include the following elements at a minimum:

- A schedule of lane closures and road closures over the construction period
- Measures to maintain traffic flow at all times across the construction zone including requiring flaggers to direct traffic when only one lane of traffic is available
- Detour routes and notification procedures if full road closures are needed
- Lane closure notifications to the City of Highland, City of San Bernardino and City of Redlands and local emergency services providers
- Temporary signalization modifications (if any) for intersection signals
- On-road traffic control features and signage compliant with city traffic control requirements

- Maintain access to residence and business driveways, public facilities, and recreational resources at all times to the extent feasible; Minimize access disruptions to businesses and residences
- Include the requirement that all open trenches be covered with metal plates at the end of each workday to accommodate traffic and access
- Identify all roadway locations where special construction techniques (e.g., horizontal boring, directional drilling or night construction) will be used to minimize impacts to traffic flow

Implementation of Mitigation Measure TR-4 will reduce the project's potential impact to emergency access to less-than-significant levels because it will reduce the project's construction-related impacts and thus avoid interference with emergency services.

The Commission concurs with the preceding findings; agrees with the assignment of responsibility for mitigation, except if EVWD assumes responsibility for mitigation assuming LAFCO 3226 is approved. If this occurs, EVWD will assume responsibility for all of the preceding mitigation measures and the Mitigation Monitoring and Reporting Program. As previously stated, LAFCO has no responsibility as a CEQA Responsible Agency to implement any of the preceding measures.

3. Findings Regarding Significant and Unavoidable Impacts

The EIR identified several impacts of the project that will be significant and unavoidable, which impacts are described below. Additional information regarding significant and unavoidable impacts is also contained in the statement of overriding considerations in Section 2 of this document.

Air Quality

Construction Emissions of NOx.

Finding: Specific economic, legal, social, technological, or other considerations make infeasible mitigation measures that would reduce construction NOx emissions below the thresholds of significance that have been adopted for this project. In addition, the project alternatives that would fulfill the project objectives, described herein and in the EIR, would result in similar construction-related NOx emissions and would not reduce or avoid this impact. Therefore, the impact of the proposed project's construction-related NOx emissions is considered significant and unavoidable.

Facts in Support of Finding: Construction of the proposed project or any of the project alternatives would necessarily result in NOx emissions. The NOx emissions construction of the project is expected to produce exceed the thresholds of significance adopted for the environmental analysis of the project. Therefore, the project would result in a significant impact to air quality. Valley District has adopted mitigation measure AIR-1 to reduce this impact, but even with this measure in place the maximum NOx emissions associated with construction would not be reduced below the applicable threshold of significance. It is not feasible to further

reduce construction-related NOx emissions. For example, while one commenter suggested that daily construction air emissions could be reduced by extending or prolonging the construction period, the EIR concludes that extending the construction period would serve only to extend the daily air emission impacts and also exacerbate other construction-related impacts, including noise and traffic impacts, while increasing also increasing costs. No other mitigation measures were suggested in comments on this impact. Accordingly, because Valley District has adopted all feasible mitigation measures but those measures will not reduce the impact to less than significant, this air quality impact is considered **significant and unavoidable**.

Cumulative Impact of Construction-Related NOx Emissions

Finding: Specific economic, legal, social, technological, or other considerations make infeasible mitigation measures that would reduce the project's construction-related contribution to cumulative NOx levels below the thresholds of significance that have been adopted for this project. In addition, the project alternatives that would fulfill the project objectives, described herein and in the EIR, would result in a similar contribution to cumulative NOx levels and would not reduce or avoid this impact. Therefore, the impact of the proposed project's contribution to cumulative NOx emissions is considered significant and unavoidable.

Facts in Support of Finding: Construction of the proposed project or any of the project alternatives would necessarily result in NOx emissions. The NOx emissions during construction of the project is expected to exceed the thresholds of significance adopted for the environmental analysis of the project. Therefore, the project would result in a significant impact to air quality. Valley District has adopted mitigation measure AIR-1 to reduce this impact, but even with this measure in place the maximum NOx emissions associated with construction would not be reduced below the applicable threshold of significance. As noted above, it is not feasible to further reduce construction-related NOx emissions and no other mitigation measures were suggested in public comments. Thus, it is not feasible to further reduce construction-related NOx emissions. Accordingly, as with construction emissions of NOx, this cumulative air quality impact is considered **significant and unavoidable**.

Biological Resources

Impacts to Santa Ana Sucker

Finding: The project will eventually divert up to 6 MGD from the Santa Ana River, which is designated as critical habitat and occupied by the threatened Santa Ana sucker. Even though the quantifiable effect of this diversion can be deemed comparatively small, because of the heavy existing stressors on the SAS and its habitat, even a small incremental impact is properly deemed significant in this context. The same conclusion applies to project alternative 5, described herein and in the EIR, because that alternative would also have an incremental impact that, in this context, is properly deemed significant, even though that alternative involves a smaller diversion from the Santa Ana River. As it is not feasible to reduce this impact to a less-than-significant level, the impact is considered significant and unavoidable. This significant and unavoidable impact is both a project specific impact and a cumulative impact.

Facts in Support of Finding: A key purpose of the proposed project is production and use of a local supply of tertiary treated wastewater. As a result, less water will be discharged to the Santa Ana River, thus reducing SAR flows. Due to the highly stressed status of the Santa Ana sucker and its habitat, a reduction in Santa Ana River flows is properly deemed significant.

Valley District has proposed a robust mitigation plan (Mitigation Measure BIO-3) to ameliorate this significant impact by addressing a host of physical and biological factors, other than river flows, that have been adversely affecting the overall fitness and long-term survival of the SAS population in the Santa Ana River. By addressing these factors rather than focusing on flows alone, Valley District intends to broadly reduce pressure on the species, thus charting a course towards species recovery. However, given the current ecological conditions for the Santa Ana sucker, Valley District cannot conclude that its mitigation strategy, no matter how robust, will fully avoid or rectify the adverse impact of reduced river flows and associated habitat loss. Valley District will attempt to ameliorate the impacts of the proposed project's reduction of flows by improving other strategic habitat variables, but cannot assume that improving those other habitat variables will fully mitigate impacts related to flow reductions.

In other words, while Valley District has proposed a comprehensive mitigation strategy that has the support of the U.S. Fish and Wildlife Service, the impact to the SAS will remain significant and unavoidable. It is not feasible to mitigate this impact to less-than-significant levels under the conservative approach Valley District has adopted for the analysis of SAS impacts, because doing so would involve a watershed-wide, multi-pronged, approach to conservation of the species that addresses baseline conditions currently limiting the health, abundance, and distribution of the species; including but not limited to, lack of redundant spawning and refugia tributaries, physiological stressors such as pollution and water temperature, highly abundant predator populations throughout the entire Santa Ana River, off-road vehicular traffic through occupied stream reaches, large streamside homeless encampments, and barriers to fish migration throughout the system to promote genetic diversity. These issues have put stress on the sucker populations and its habitat for decades. Valley District has neither the funds nor the authority to impose or manage that level of mitigation. Furthermore, such a watershed-wide mitigation obligation would far exceed the proportional contribution of the project to stress on the SAS, which is all that Valley District is required to mitigate under CEQA. Population-level improvement must be accomplished in partnership with many local and federal agencies that have the ability to coordinate both authority and funding opportunities in order to achieve maximum conservation value. Valley District fully supports such an approach to recovery of the SAS, which is precisely why it is fully committed to the Upper SAR HCP and anticipates the participation of local and regional agencies that must address SAS impacts.

As it is not feasible to mitigate the impacts of reduced flows to less-than-significant levels, this impact is considered **significant and unavoidable** on both a project-specific and cumulative level.

Noise

Temporary Construction Noise

Finding: Specific economic, legal, social, technological, or other considerations make infeasible mitigation measures to reduce construction noise to less-than-significant levels during the entire construction period. In addition, the project alternatives that would fulfill the project objectives, described herein and in the EIR, would result in similar construction activities and thus would not reduce or avoid the project's construction-related noise impacts. Therefore, the construction-related noise impacts associated with the proposed project is considered significant and unavoidable.

Facts in Support of Finding: Construction of the project or any of the project alternatives would result in a substantial (albeit temporary) increase in noise during the construction period. This noise impact is considered significant. Valley District has adopted mitigation measure NOISE-1 to reduce this impact, but even with this measure in place noise levels associated with construction would not be reduced below the applicable threshold of significance. It is not feasible to further reduce construction-related noise emissions given existing limitations of available noise-control devices and construction strategies, and so this noise impact is considered **significant and unavoidable**.

Population, Housing, and Environmental Justice

Removal of an Obstacle to Growth

Finding: Specific economic, legal, social, technological, or other considerations make infeasible mitigation measures to reduce the project's effect on growth to less-than-significant levels, and there is no alternative that meets the project objectives and also avoids this impact. Therefore, the project's impact on growth is considered significant and unavoidable.

Facts in Support of Finding: A primary purpose of the project is to treat and reuse wastewater generated in EVWD's service area. Construction of a new wastewater treatment plant will necessarily remove an obstacle to growth because it will expand the regional capacity for wastewater treatment. In addition, the groundwater recharge component of the project could also support future growth. Because the project will remove an obstacle to growth, this impact is considered significant. Put another way, the proposed project will accommodate future growth, but will not induce growth beyond that planned for in local General Plans. It is not feasible to mitigate this impact because Valley District does not have the authority to approve or limit growth and because the growth that will be accommodated is growth that has already been approved in various general plans. There are no mitigation measures that were suggested that would reduce this impact to a less than significant level; accordingly, this impact is considered **significant and unavoidable**.

The Commission concurs with the preceding findings; agrees with the assignment of responsibility for mitigation, except if EVWD assumes responsibility for mitigation assuming LAFCO 3226 is approved, and concurs that these impacts are considered significant and unavoidable as characterized in the preceding text. EVWD would still assume responsibility for all of the preceding mitigation measures and the Mitigation Monitoring and Reporting Program,

but based on these findings implementation of mitigation cannot reduce impacts to a less than significant impact. As previously stated, LAFCO has no responsibility as a CEQA Responsible Agency to implement any of the preceding measures.

F. Findings Regarding Alternatives

The range of alternatives evaluated in the EIR included only those alternatives necessary to permit a reasoned choice (CEQA Guidelines Section 15126.6[f]). As directed by CEQA, the alternatives were focused on feasible alternatives that would reduce or avoid significant environmental impacts associated with the project. Alternatives considered in an EIR need to attain most of the project objectives in order to be considered feasible.

Valley District's consideration of a broad range of alternatives to the SNRC project is described below. Alternatives that were considered but found to be infeasible prior to the EIR are described first. Second, the alternatives evaluated in the EIR are described and their associated environmental impacts are summarized. The Commission concurs with the following findings regarding alternatives. The reasoning behind rejection of each of the evaluated alternatives is provided.

1. Alternatives Considered and Dismissed from Further Consideration

CEQA Guidelines Section 15126.6(c) provides that an EIR "should also identify any alternatives that were considered by the lead agency but rejected as infeasible during the scoping process and briefly explain the reasons underlying the lead agency's determination." The following discussion describes alternatives that were considered but not evaluated in detail in the EIR.

EVWD Headquarters Alternative

The EVWD Headquarters Alternative would construct the SNRC at the EVWD Headquarters on an undeveloped parcel south of the Headquarters building. The southern parcel has sloping terrain with native undisturbed vegetation and boulder outcroppings. The parcel is within close proximity to several existing and planned residential communities, including the proposed Arnott Ranch Development which is directly to the northwest of the EVWD Headquarters. The site is approximately 400 to 600 feet higher than the majority of the EVWD service area. Therefore, this site would require pumping raw sewage a long distance up hill, significantly increasing energy usage and risk of spills. For these reasons, the EVWD Headquarters Alternative was rejected for further consideration as infeasible.

Flood Control District Parcel Alternative

This alternative would construct the SNRC at a parcel owned by the SBCFCD. The parcel is located at the northeast corner of the intersection of SR-210 and 5th Street. The southeast portion of the parcel is approximately 13 acres. This parcel is located in a heavily traveled area near the 5th Street exit off of SR-210. Additionally, Greenspot Village and Marketplace is a proposed major development east of the flood control district parcel. Due to the elevation of the site,

surrounding commercial development, and ownership of the parcel, the site was rejected from further consideration.

Recharge Site Alternative

The use of the Santa Ana River Spreading Grounds and Mill Creek Spreading Grounds were considered and determined not to be feasible since they are located too far from the proposed SNRC facility and too high in elevation. The energy requirements to convey treated water to the basins would make the alternative infeasible. In addition, impacts to natural habitats and to the existing stormwater recharge operations conducted by the San Bernardino Valley Water Conservation District would make the alternative infeasible.

Expanded Trunk Sewer Alternative

The SNRC is proposed to accommodate existing and future wastewater flows within the EVWD service area. Valley District considered an alternative to constructing a new wastewater treatment plant that would involve expanding the trunk sewer connecting EVWD collection system to the SBWRP. The Expanded Trunk Sewer Alternative would expand the diameter of the existing trunk sewer leading to the SBWRP. The sewer expansion would require open trench construction within city streets to convey existing and future wastewater flows to the SBWRP. Impacts of pipeline installation would be greater than the proposed project due to the size of the pipe and depth requirements of the gravity fed sewer. Once installed, none of the operational effects of the proposed project would occur. The Expanded Trunk Sewer Alternative was rejected for failing to meet the project objectives of regional water supply benefits

2. Alternatives Considered in the EIR

In total, the EIR considered three variations of the proposed project (“Recharge Alternatives”) and five Project alternatives, including the No Project Alternative.

Recharge Alternatives

The subsections of Chapter 3 of the DEIR include evaluations of three treated water conveyance system alternatives and their potential impacts on various resource areas. One alternative would discharge treated water into City Creek, one would discharge treated water into Redlands Basins, and one would convey treated water to the East Twin Creek Spreading Grounds. The East Twin Creek Spreading Grounds would be the farthest and highest in elevation, requiring higher energy usage. Discharge to City Creek would create riparian and aquatic habitat within City Creek. However, the City Creek conveyance alignments would require crossing SR-210, increasing installation difficulty. The DEIR identifies multiple alignments to reach City Creek from the SNRC, but each alternative would require crossing flood control facilities and SR-210. The Redlands Basins alternative would require approval from the City of Redlands since the basins would be shared with the City’s discharge.

Each of the conveyance and discharge alternatives would require open trench construction within city streets, but in differing locations. Each of the alternatives would result in groundwater replenishment in the Bunker Hill groundwater basin. Each of the discharge locations will require

obtaining a discharge permit from the RWQCB. Discharge to City Creek will require an NPDES permit since the creek is a Waters of the United States. Each of the treated water conveyance system alternatives would meet all of the project objectives, and none of the treated water conveyance alternatives would avoid a significant impact resulting from the proposed project.

Alternative 1: No-Project Alternative

The No Project Alternative represents a “no build” scenario in which the proposed project would not be constructed or operated. It assumes that the proposed SNRC, treated water conveyance pipeline system and sewage collection facilities along with other elements of the project would not be implemented and no project components would be constructed. Under the No Project Alternative, EVWD would continue to convey wastewater to the City of San Bernardino for secondary treatment at SBWRP which in turn sends it for tertiary treatment at the RIX Facility which discharges to the Santa Ana River. There would be no increase in the use of recycled water to solve regional water supply challenges and there would be no use of recycled water for multiple beneficial uses within the upper Santa Ana River watershed. The No Project Alternative would not provide an opportunity to increase replenishment of the Bunker Hill groundwater basin. Additionally, there would be no increase in the operational flexibility within the San Bernardino Valley region by advancing the integrated recycled water management objectives of the region.

The No Project Alternative would avoid each of the significant impacts of the project but would not meet any of the project objectives. In addition, under this Alternative, future wastewater treatment needs would not be met, resulting in a new significant and unavoidable impact to public utilities.

Alternative 2: Sterling Property

The SNRC Location at the Sterling Property would construct the SNRC at a parcel located west of SR-210 near the intersection of Sterling Avenue and 5th Street in the City of San Bernardino. The 22-acre site is undeveloped and characterized by low lying shrubs and grasses. The surrounding areas are zoned for commercial and light industrial, and existing surrounding land uses consist of the SBIA located directly to the south, and commercial and low density residential land uses to the north, east and west. The adjacent parcels to the north and west are undeveloped. There is an SBIA flight easement that crosses the site in a northwest/southeast direction on the west parcel.

The Sterling Property Project Alternative would meet all of the project objectives but would not reduce any of the significant and unavoidable impacts of the proposed project.

Alternative 3: Reduced Treatment Capacity

The Reduced Capacity Treatment Plant Alternative would construct the SNRC similar to the proposed project, but it would be sized to accommodate 6 MGD rather than 10 MGD. Each of the other project components would be similar to the proposed project including the collection system modifications, treated water conveyance system, SAR pipeline, and supplemental water facilities.

The Reduced Treatment Capacity Project Alternative would meet all of the project objectives but would not reduce any of the significant and unavoidable impacts of the proposed project.

Alternative 4: Plunge Creek Basins

The Plunge Creek Basins Alternative would construct a treated water conveyance system to recharge basins to be constructed near the confluence of Plunge Creek and the SAR. Under this Alternative, each of the other components would be constructed similar to the proposed project including the SNRC, collection system modifications, SAR pipeline, and supplemental water facilities. The Plunge Creek Basins would be located in an area proposed by the SBCFCD for new flood control basins. A pipeline from the SNRC would be installed within Greenspot Road eastward to Church Street and south to the new basins. The Plunge Creek Basins would be constructed either by Valley District or SBCFCD.

The Plunge Creek Basins Project Alternative would meet all of the project objectives but would not reduce any of the significant and unavoidable impacts of the proposed project.

Alternative 5: Reduced Diversion

The Reduced Diversion Alternative would construct the SNRC, collection system modifications, and treated water conveyance system similar to the proposed project, but would return 3 MGD at all times to the RIX discharge point through the Santa Ana River pipeline. The Treatment Facility would have the same 10 MGD capacity, but would produce 3 MGD less recycled water for groundwater replenishment.

Alternative 5 would meet the project objectives but to a lesser degree since less recycled water would be available for groundwater replenishment. The potential quantifiable significant impact to Santa Ana sucker through habitat modifications would occur at a reduced scale since only 3 MGD of flow would be diverted. However, Alternative 5 would not avoid any of the significant and unavoidable impacts of the proposed project, primarily because it would still result in approximately a 10% reduction in the Santa Ana River flow below the RIX facility (as noted in the EIR, the reduced discharge study (ESA 2015b) concluded that a diversion of 6 MGD from the Santa Ana River at the RIX discharge would reduce total flows by 18-21%, and so a 3 MGD reduction would reduce flows by approximately 10%), which would produce a significant incremental impact to an already-stressed Santa Ana River aquatic habitat with reduced ecological function. Alternative 5 would meet the water supply and groundwater replenishment objectives of the project but to a lesser degree. As a result Alternative 5 would not produce as many benefits related to the treatment and reuse of locally produced wastewater to meet local needs.

3. The Environmentally Superior Alternative

Section 15126.6(e) of the CEQA Guidelines requires the lead agency to identify which of the alternatives other than the no-project alternative is environmentally superior. The EIR at Chapter 6.4 concludes that the proposed project is the environmentally superior alternative. Alternatives 2, 3, 4, and 5 are not environmentally superior because they would not result in any meaningful reduction in environmental impacts compared to the proposed project. Alternative 5 would divert 3 MGD less from the Santa Ana River than the proposed project, which represents

approximately 10% of the total flow of the Santa Ana River below the RIX facility. Under the methodology Valley District has adopted for determining significance to the Santa Ana sucker, Alternative 5 would therefore still result in significant and unavoidable Santa Ana sucker impacts because like the proposed project it would have an incremental adverse impact on already stressed Santa Ana sucker habitat. The benefits of a new local water supply, including the benefits of groundwater recharge and reduced reliance on imported water supplies, would be reduced with Alternative 5. Further, as the full suite of mitigation measures, particularly the HMMP, set forth in the EIR is tied to the impacts of the proposed project, it is reasonable to conclude that an alternative with fewer quantifiable impacts would not result in mitigation activities on the same scale as the proposed project.

Two commenters questioned the EIR's conclusion that the proposed project is the environmentally superior alternative. Valley District has considered the comments and does not find them persuasive, as they appear to stem from a misunderstanding of the importance of Santa Ana River flows, the project's water supply objectives, and the proposed mitigation measures. The Santa Ana sucker needs water to survive, but the USFWS – the agency with primary responsibility for protecting the Santa Ana sucker – has noted that the volume of flow in the Santa Ana River is not the only factor that affects the long-term viability of the sucker in the Santa Ana River watershed. Thus, even a 3 MGD diversion from the Santa Ana River – which represents approximately 10% of the flow below the RIX facility, can be expected to result in significant and unavoidable impacts to the sucker. In other words, in light of the stressed nature of the system, Valley District cannot conclude that halving the amount of the diversion from the Santa Ana River will also halve the impacts. As a consequence, the mitigation strategy proposed in connection with the SNRC project is designed to address a suite of non-flow factors that with management will strategically improve habitat conditions (i.e. availability of spawning substrate, water temperatures, predation) that are believed to currently limit the health and abundance of the population such that the overall ecological function of the existing habitat will be improved and Santa Ana sucker and provide significant conservation benefit to the species.

In light of the potential impacts of even a small diversion from the stressed Santa Ana River, the value of new water supplies of up to 6 MGD, and the benefits expected from the mitigation measures that will be implemented if the proposed project is approved, the Board finds that the EIR's conclusion regarding the environmentally superior alternative is correct.

The Commission concurs with the preceding findings regarding alternative of the proposed project.

G. Additional Findings

1. Certification of the EIR

In accordance with CEQA, Valley District and its Board have considered the effects of the project on the environment, as shown in the DEIR, FEIR, and the whole of the administrative record, prior to taking any action to approve one or more of the project sites. The FEIR was released for public review and presented to the Board on March 4, 2016, and was the subject of a Board workshop on March 10, 2016. The Valley District Board has reviewed and considered the DEIR and FEIR and the information relating to the environmental impacts of the proposed

project contained in those documents and certifies that the EIR has been prepared and completed in compliance with CEQA. By adopting these Findings, the Board ratifies and adopts the conclusions of the FEIR as set forth in these Findings, except where such conclusions are specifically modified by these Findings. The FEIR and these Findings represent the independent judgment and analysis of the Board.

In its role as a CEQA Responsible Agency, the Commission has considered the preceding findings and concurs with them.

2. Changes to the DEIR; No Need to Recirculate

In the course of responding to comments received during the public review and comment period on the DEIR, certain portions of the DEIR have been modified and new information has been added for further clarification. None of this information has revealed the existence of: (1) a significant new environmental impact that would result from the project or an adopted mitigation measure; (2) a substantial increase in the severity of an environmental impact; (3) a feasible project alternative or mitigation measure not adopted that is considerably different from others analyzed in the DEIR that would clearly lessen the significant environmental impacts of the project; or (4) information that indicates that the public was deprived of a meaningful opportunity to review and comment on the DEIR.

Consequently, Valley District finds that the amplifications and clarifications made to the DEIR in the FEIR do not collectively or individually constitute significant new information within the meaning of Public Resources Code §21092.1 and CEQA Guidelines §15088.5. Recirculation of the DEIR or any portion thereof, is therefore not required. The Commission concurs with this finding.

3. Evidentiary Basis for Findings

These Findings are based upon substantial evidence in the entire record before Valley District. The references to the DEIR and FEIR set forth in these Findings are for ease of reference and are not intended to provide an exhaustive list of the evidence relied upon for these Findings. The Commission concurs with this finding.

H. Adoption of Mitigation Measures and Mitigation Monitoring and Reporting Program

1. Mitigation Measures Adopted

Except as otherwise noted, the mitigation measures herein referenced are those identified in the FEIR and adopted by Valley District as set forth in the MMRP. As previously noted, upon approval of LAFCO 3226 and if EVWD assumes responsibility for the SNRC project from the Valley District, EVWD will assume responsibility for implementing the MMRP.

2. Impact After Implementation of Mitigation Measures.

Except as otherwise stated in these Findings, in accordance with CEQA Guidelines §15092, Valley District finds that environmental effects of the project will not be significant or will be

mitigated to a less-than-significant level by the adopted mitigation measures. Valley District has substantially lessened or eliminated all significant environmental effects where feasible. Valley District has determined that any remaining significant effects on the environment that are found to be unavoidable under CEQA Guidelines §15091 are acceptable due to overriding considerations as described in CEQA Guidelines §15093. These overriding considerations consist of specific environmental, economic, legal, social, technological, and other benefits of the project, which justify approval of the project and outweigh the unavoidable adverse environmental effects of the project, as more fully stated in Section II (Statement of Overriding Considerations). Except as otherwise stated in these Findings, Valley District finds that the mitigation measures incorporated into and imposed upon the project will not have new significant environmental impacts that were not analyzed in the EIR. The Commission concurs with this finding.

3. Relationship of Findings and MMRP to the FEIR

These Findings and the MMRP are intended to summarize and describe the contents and conclusions of the DEIR and FEIR for policymakers and the public. For purposes of clarity, these impacts and mitigation measures may be worded differently from the provisions in the FEIR and/or some provisions may be combined. Nonetheless, Valley District will implement all measures contained in the FEIR. In the event that there is any inconsistency between the descriptions of mitigation measures in these Findings or the MMRP and the FEIR, Valley District will implement the measures as they are described in the FEIR. In the event a mitigation measure recommended in the FEIR has inadvertently been omitted from these Findings or from the MMRP, such a mitigation measure is hereby adopted and incorporated in the Findings and/or MMRP as applicable. The Commission concurs with this finding.

III. STATEMENT OF OVERRIDING CONSIDERATIONS

CEQA requires a public agency to balance the benefits of a proposed project against its unavoidable environmental risks in determining whether to approve the project, and authorizes a public agency to approve a project with significant and unavoidable environmental impacts if it concludes that such impacts are acceptable because they are outweighed by the benefits of the project.

Consistent with California Public Resources Code section 21081(b) and CEQA Guidelines Section 15093, Valley District made a good-faith effort to eliminate, minimize, and render less-than-significant all potentially significant adverse impacts that may result from the proposed project through the adoption of feasible mitigation measures. The Commission concurs with this finding. Despite this effort, the Commission concludes that the proposed project is likely to result in significant and adverse impacts to aquatic biological resources, among other effects. However, after considering the Sterling Natural Resource Center EIR and the entire administrative record and weighing the proposed Project's benefits against its potential environmental impacts, the Commission concludes that the benefits of the proposed project, including LAFCO 3226, outweigh its potential significant and unavoidable adverse environmental impacts.

In light of the project's water supply and proposed habitat benefits, Valley District proposes to approve and carry out the project despite the fact that it is not possible to feasibly mitigate all of the project's potential adverse impacts to less-than-significant levels. Drought, limits on imported water, and cutbacks in Colorado River supplies all increase the need to develop locally-produced reliable water supplies like the supplies that would be generated as a result of the project. The State Water Resources Control Board and other water districts have championed the need for the indirect potable reuse of tertiary treated wastewater for conjunctive use projects like the proposed project as a way to meet these needs. At the same time, water agencies in the region must not disregard the impacts their projects may have on instream flows and the resulting effects on sensitive species like the Santa Ana sucker. Balancing these competing needs for water, Valley District has endeavored to develop a mitigation strategy that will result in numerous habitat improvements that will benefit aquatic species and, in particular, chart a course towards recovery of the Santa Ana sucker. Although the impacts to the Santa Ana sucker cannot be fully mitigated, Valley District, with the support of the USFWS, has concluded that this approach will allow it to reap the benefits of the project while ameliorating, to the greatest extent feasible, the project's impacts on the Santa Ana sucker and helping to assure a reliable water supply for Valley District's ratepayers. The Commission concurs with the preceding findings.

A. Impacts of the Project

The EIR identified numerous potentially significant but mitigatable impacts, and Valley District has adopted mitigation measures that will reduce those impacts to less-than-significant levels.

However, the EIR also identified five impacts that will remain significant after the implementation of all available and feasible mitigation measures:

- The project-specific impact of construction-related NOx emissions.
- The cumulative impact of construction-related NOx emissions.
- The impact to the federally-listed Santa Ana sucker resulting from reducing Santa Ana River flows.
- The impact of construction-related noise.
- The impact of removing an obstacle to growth.

These five impacts are significant, unavoidable impacts of the SNRC project. The Commission concurs with these findings.

B. Mitigation Measures

The mitigation measures incorporated into the EIR and the MMRP demonstrate a commitment by Valley District to avoid, minimize, and compensate for environmental impacts of the Project. Mitigation measures incorporated to specifically address the impacts that have been deemed significant and unavoidable include the following:

Mitigation Measure AIR-1: For off-road construction equipment greater than 50 HP, all engines shall be certified as USEPA Tier 3 at a minimum and Tier 4 where available.

Mitigation Measure BIO-3: The following measures will reduce potential project-related impacts to avoid, minimize, and compensate for impacts to Santa Ana sucker while contributing to the long-term conservation of the species.

- a. The diversion of wastewater flow to the new SNRC shall not occur until either the Upper Santa Ana HCP has been fully executed by the USFWS and CDFW or Valley District's SAS HMMP has been approved by the USFWS and CDFW.
- b. Valley District will be a signatory to the Upper SAR HCP that will include the proposed project as a covered activity. The HCP will include a menu of projects to be implemented by the signatory agencies that will create habitat, restore habitat, and establish self-sustaining populations in the watershed. The HCP will be approved by the CDFW and USFWS.
- c. In the event that the Upper Santa Ana River HCP is not approved in time to meet the project schedule, Valley District shall prepare and implement a SAS Habitat Monitoring and Management Plan (HMMP) that identifies habitat improvement actions, implementation methods, monitoring, and maintenance methods. The HMMP will consist of measures listed below to offset direct and indirect impacts to the Santa Ana sucker and its habitat resulting from the loss of 6 MGD of discharged water. The HMMP will be implemented by a contracted, qualified and permitted entity such as the Riverside-Corona Resource Conservation District (RCRCD) in coordination with the USFWS and CDFW. The HMMP will identify the goals and performance criteria of each conservation measure and will identify annual reporting and work forecasting requirements. The HMMP will be approved by the USFWS and CDFW under their authority to enforce the federal and state Endangered Species Acts. The proposed diversion of 6 MGD from the RIX discharge will not occur until the HMMP has been approved by USFWS and CDFW. The HMMP will include the following elements:
 - a. *SAS-1: Microhabitat Enhancements.* The HMMP will identify microhabitat enhancements within the upstream reach of the affected river segment using natural materials to increase scour and pool formation. This could include placement of large boulders and/or large woody debris to increase velocity of flow and gravel bar patches as well as deep pool refugia areas.
 - b. *SAS-2: Aquatic Predator Control Program.* The HMMP will include an Aquatic Predator Control Program to be implemented within the upstream reach of the affected river segment that will target and remove exotic fish, amphibians, and reptiles immediately prior to the SAS spawning season.
 - c. *SAS-3: Exotic Weed Management Program.* The HMMP will include an Exotic Weed Management Program targeting the removal of non-native

species such as tamarisk, castor bean, tree of heaven, etc. The HMMP will include an annual maintenance and performance goal for non-native plant removal within the upper reach of the affected river segment.

- d. *SAS-4: High Flow Pulse Events.* The HMMP will identify means to create high flow pulse events as needed based on substrate conditions, up to 2 times per year. The high flow pulse events would be implemented through a cooperative agreement with the City of San Bernardino Municipal Water Department.
- e. *SAS-5: Supplemental Water.* Valley District will increase habitat availability in Rialto Channel during the summer months by providing cool supplemental water from nearby groundwater sources to lower the water temperature in this tributary. Supplemental water will be added to the Rialto Channel when water temperatures reach 85 degrees. Supplemental water could be pumped groundwater or another water source. The discharge into the Rialto Drain will require a discharge permit from the Regional Water Quality Control Board.
- f. *SAS-6: Upper Watershed SAS Population Establishment.* The HMMP will outline a plan for establishing a population of Santa Ana sucker in City Creek, or other suitable watershed tributary, in coordination with the Wildlife Agencies. The HMMP will identify measures to directly increase the number of Santa Ana sucker in the SAR population, increase the amount of suitable and occupied habitat in this watershed, and distribute the risk of a catastrophic event between multiple locations. The HMMP will identify the goals and success criteria of the establishment plan and will identify the amount of financial assistance to be provided by Valley District for the regionally beneficial population establishment program.
- g. *SAS-7: Monitoring.* The HMMP will outline a monitoring program to collect hydrology data in the segment of river between the RIX discharge and Mission Boulevard. The data will include flow velocity and depth.

Mitigation Measure NOISE-1: Valley District shall implement the following measures during construction:

- Include design measures necessary to reduce construction noise levels to comply with local noise ordinances. These measures may include noise barriers, curtains, or shields.
- Place noise-generating construction activities (e.g., operation of compressors and generators, cement mixing, general truck idling) away from the nearest noise-sensitive land uses.
- Contiguous properties shall be notified in advance of construction activities. A contact name and number shall be provided to contiguous properties to report excessive construction noise.

The Commission concurs with the preceding findings

C. Benefits of the Project

The Commission concurs with the following list of SNRC project benefits.

1. The Project Will Serve Existing and Future Wastewater Treatment Needs Within the East Valley Water District Service Area

a. Existing Needs

The proposed SNRC would have a capacity of 10 million gallons per day, enough to serve the wastewater treatment needs of approximately 167,000 people. By treating the wastewater of the current and future planned residents of the EVWD service area, the project will reduce demand upon existing wastewater treatment plants, and, more importantly, will increase local control over the costs of wastewater treatment and locally-available recycled water, as well as the use of that water.

b. Future Needs

Compared to 2015, the population of San Bernardino Valley region is expected to increase by approximately 94,352 people by the year 2020, and by approximately 288,652 people by the year 2035. EVWD expects the population in its service area to increase by approximately 24,000 people by 2020, and by approximately 41,000 people by 2035, a 40% increase.

Increases in population necessarily increase the need for wastewater treatment. The proposed SNRC would increase the total wastewater treatment capacity in the San Bernardino Valley by up to 10 million gallons per day. The ability to treat 10 MGD at the SNRC will accommodate the expected population growth, eliminating the need to construct other facilities or increase the capacity of existing facilities to meet the needs of the growing population. As noted above, Valley District does not have authority as a land-use planning agency to control growth in the region; those decisions are the responsibility of land-use agencies. Valley District, by contrast, has the responsibility to ensure that there are sufficient facilities to meet the needs of expected growth. This project accommodates expected growth rather than encouraging new growth. Nonetheless, Valley District is treating the effects of growth associated with the project as a significant and unavoidable adverse impact on the environment.

By accommodating the wastewater treatment needs associated with the expected population growth, though, the Project will provide a valuable economic benefit to the San Bernardino Valley Region by ensuring population growth is not unduly constrained. Combined with the improved local control over wastewater treatment costs, the overall effect will be a considerable economic benefit to the region.

2. The Project Will Result in Increased Local Availability and Use of Recycled Water

a. The Project Will Create New Opportunities for Groundwater Replenishment

Groundwater is a significant component of the local water supply in the San Bernardino Valley region. Reliance on groundwater typically increases when surface water supplies are short, and decreases when surface water supplies are ample. However, “natural” groundwater recharge during periods of higher surface flows is not always enough to replenish aquifers that are depleted during dry periods. “Artificial” groundwater recharge, involving spreading surface water in recharge areas so that it can percolate into the ground and replenish the aquifer, has become an important strategy in regions that depend heavily on groundwater supplies.

The Project will make a new source of recycled water that can be used to artificially replenish groundwater in the region. Increased groundwater replenishment will result in benefits by not only enhancing groundwater supplies, but by helping to avoid negative consequences of groundwater use, such as land subsidence.

b. Water Produced by the Project Can Be Used to Meet Regional Water Supply Needs

Currently, water demand in the San Bernardino Valley region is met with groundwater, imported or wholesale water, and local surface water. The availability of these particular supplies is not necessarily expected to increase in correlation with expected increased water demand that will occur as population in the region grows, meaning that current supplies may fall short of demand in the future. The Project involves the recycling and reuse of water that has already been used, thus maximizing water use efficiency in the region and enabling Valley District to meet regional water supply needs with less reliance on increasing the regional demand for new sources of groundwater, imported water, or local surface water supplies. Meeting local water demands with local recycled water thus benefits not only the water users, but also the existing supplies: every gallon of recycled water used in the region means one less gallon that must be pumped from the ground, imported from other regions, or diverted from local surface streams.

c. The Availability of New Recycled Water Will Increase Local Operational Flexibility With Respect to Water Supplies

The Project will make available a new source of recycled water that can be used in conjunction with other sources to give EVWD and Valley District greater operational flexibility in managing the two districts’ water supplies. When agencies like Valley District and EVWD have access to a variety of water sources, they are better able to adapt their operations to meet changing circumstances, which improves water supply management over the long and short term and maximizes the beneficial use of water supplies. The Project will benefit both districts by increasing their operational flexibility and allowing them to adapt to a wider array of water supply situations.

3. Mitigation For the Project Will Strategically Improve Habitat Conditions for the Benefit of the Santa Ana Sucker

A direct consequence of the Project is the need for Valley District to mitigate potential adverse impacts to the Santa Ana Sucker (SAS). Valley District has endeavored to construct a mitigation plan that would, to the extent feasible, eliminate or avoid any significant impacts to the SAS but, in order to maintain a conservative approach to the environmental analysis, has deemed the

potential impacts to the SAS to be significant and unavoidable because it cannot rule out the possibility that, despite the District's mitigation efforts, reductions in flows resulting from the Project will adversely affect the SAS.

However, water flows of a certain volume are not the only factor that contributes to the health of the SAS population. Consequently, the mitigation plan adopts a comprehensive, habitat-focused approach that is intended to address specific factors that currently limit the health and abundance of the population, thus improving the long-term resiliency of the sucker population in the Santa Ana River.

The mitigation plan will involve, among other things, the establishment of a distinct SAS population in a suitable upper watershed tributary to the Santa Ana River, increasing summer habitat for the SAS in the Rialto Channel, creating linked microhabitats (deep pools, exposed gravel substrate, and areas of faster water flows) for SAS adults, creating linked microhabitats (edge habitat, refugia) for SAS juveniles and young-of-the-year, provision of artificial pulse flows to mimic natural high-water events that remove sand from the gravel bed, and management of predator species to increase survival of eggs, larval fish, and young-of-the-year. The proposed mitigation plan will not restore the lost flows, but it will nevertheless provide important benefits to the fitness and long term viability of the SAS population. In other words, though Valley District does not discount the potential adverse impact the Project may have as a result of reduced Santa Ana River flows, it has concluded that the mitigation measures that will be adopted in connection with approval of the Project will also provide important benefits to the SAS and will support the long-term conservation of the species.

The United States Fish and Wildlife Service, which has primary responsibility for managing and protecting the SAS, supports this approach to mitigation despite the conclusion that the project will result in significant impacts to the SAS. One of the key benefits of Valley District's approach to mitigation of impacts to the SAS is that it will provide a valuable model that other water projects in the San Bernardino area can emulate in the future. By taking the first steps towards an innovative and robust recovery plan for the SAS, Valley District will chart a new course towards recovery of the species and help shift the regional paradigm from one characterized by conflict to one characterized by cooperation and a multi-front approach to addressing the various factors that threaten the long-term survival of the species.

D. Conclusion

The Commission acknowledges that despite the adoption of all feasible mitigation measures, approval of the project will result in significant adverse and unavoidable impacts to air quality and noise levels during construction of the project, to growth inducement, and to the Santa Ana sucker. However, for the foregoing reasons and based on the EIR and the entire administrative record, the Commission hereby determines that although the Project will potentially result in these significant and unavoidable impacts, when the impacts are balanced against the project's specific benefits, on the whole the benefits of the project outweigh the impacts and warrant approval of the project. the Commission further finds that each of the overriding considerations set forth above constitutes a separate and independent basis for finding that the benefits of the project outweigh the unavoidable adverse environmental effects, and warrants approval of the project.

Draft LAFCO Resolution No. 3268

Attachment 8

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

1170 West Third Street, Unit 150, San Bernardino, CA 92415-0490
(909) 388-0480 • Fax (909) 388-0481
E-MAIL: lafco@lafco.sbcounty.gov
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PROPOSAL NO.: LAFCO 3226

HEARING DATE: June 20, 2018

RESOLUTION NO. 3268

A RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY MAKING DETERMINATIONS ON LAFCO 3226 AND APPROVING THE REORGANIZATION TO INCLUDE ACTIVATION OF THE EAST VALLEY WATER DISTRICT LATENT FUNCTION/SERVICE TO INCLUDE WASTEWATER TREATMENT, RECLAMATION, DISPOSAL AND RECHARGE OF RECYCLED WATER (territory encompasses the boundaries of the East Valley Water District).

On motion of Commissioner _____, duly seconded by Commissioner _____, and carried, the Local Agency Formation Commission adopts the following resolution:

WHEREAS, an application for the activation of latent functions/service for the East Valley Water District in the County of San Bernardino was filed with the Executive Officer of this Local Agency Formation Commission (hereinafter referred to as "the Commission") in accordance with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000 et seq.) and the Executive Officer has examined the application and executed her certificate in accordance with law determining and certifying that the filings are sufficient; 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 the 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 called for June 20, 2018 at the time and place specified in the notice of public hearing; and,

WHEREAS, at the hearing, this Commission heard and received all oral and written support and opposition; the Commission considered all objections and evidence which were made, presented, or filed; 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,

RESOLUTION NO. 3268

NOW, THEREFORE, BE IT RESOLVED, that the Commission does hereby determine, resolve, order and find as follows:

DETERMINATIONS:

SECTION 1. The proposal is approved subject to the terms and conditions hereinafter specified:

CONDITIONS:

Condition No. 1. The boundaries of this change of organization are approved as set forth in Exhibit "A" attached to this resolution;

Condition No. 2. The following distinctive short-form designation shall be used throughout this proceeding: LAFCO 3226;

Condition No. 3. Within 90 days of the effective date of the change of organization, the San Bernardino Valley Municipal Water District (hereafter Valley District) and the East Valley Water District (hereafter EVWD or District) shall take all actions necessary to transfer all obligations arising under the Sterling Natural Resource Center 2016 EIR and the Mitigation Monitoring and Reporting Program for that project to be assigned to EVWD. This condition complies with the March 2018 amendment to the "Framework Work Agreement" agreed to by Valley District and EVWD providing that the agreement will terminate upon LAFCO activation of EVWD's latent wastewater treatment authorities;

Condition No. 4. The East Valley Water District, applicant for this change of organization, shall indemnify, defend and hold harmless the Commission from any legal expense, legal action, or judgment arising out of the Commission's approval of this proposal, including any reimbursement of legal fees and costs incurred by the Commission; and,

Condition No. 5. The date of issuance of the Certificate of Completion shall be the effective date of the change of organization.

SECTION 2. The Local Agency Formation Commission for San Bernardino County hereby approves the amendment of the San Bernardino LAFCO Policy and Procedure Manual, Section VI – Special Districts, Chapter 3 – Listing of Special Districts within San Bernardino LAFCO Purview – Authorized Functions and Services and hereby finds and determines:

1. That the Rules and Regulations affecting the functions and services of Special Districts within San Bernardino County were originally adopted November 10, 1976 and are now contained within Chapter 3 of Section VI – Special Districts of the Policy and Procedure Manual of the Local Agency Formation Commission for San Bernardino County;
2. That the Board of Directors of the East Valley Water District desires to activate the latent function/service for the District for: wastewater treatment, reclamation, and disposal of sewage and recharge of recycled water;

RESOLUTION NO. 3268

3. That said Commission proposed to consider the proposal without reference to a special district advisory committee; and,
4. That said Commission approves the activation of wastewater function and services within the boundaries of the East Valley Water District and determines, pursuant to Government Code Section 56824.14 that the Plan for Service, combined with other information received, identifies that the District's activation of this service is financially sustainable and will not impair the ability of the City of San Bernardino Municipal Water Department to perform its range of services. Approval of this action will amend Chapter 3 -- Listing of Special Districts within San Bernardino LAFCO Purview -- Authorized Functions and Services for the East Valley Water District to read as follows:

East Valley
(amended June 20, 2018)

Water

Retail, agricultural, domestic,
replenishment

Sewer

**Collection, treatment, reclamation
and/or disposal of sewage,
wastewater, and recharge of
recycled water**

Park and Recreation

Development, maintenance in
conjunction with water facilities

SECTION 3. DETERMINATIONS. The following determinations are noted in conformance with Commission policy and Government Code Section 56668:

1. The County Registrar of Voters Office has determined that the activation area is legally inhabited with 44,791 registered voters as of March 8, 2018.
2. The activation area is included within the sphere of influence assigned the East Valley Water District.
3. The County Assessor's Office has provided a determination that identifies that the total assessed valuation of the East Valley Water District area as shown on the last equalized assessment roll (December 2017) is \$5,647,419,954 broken down as follows:

Land	\$1,584,765,803
Improvements	\$4,062,654,151

4. Legal notice of the Commission's consideration of the proposal has been provided through publication of a 1/8th page legal advertisement in the *The San Bernardino Sun*, a newspaper of general circulation in the area. In addition, individual notices were provided to all affected and interested agencies, County departments and

RESOLUTION NO. 3268

those individuals and agencies requesting special notice. Comments from affected and interested agencies have been considered by the Commission in making its determination.

5. The Southern California Association of Governments (SCAG) has adopted a Regional Transportation Plan and Sustainable Community Strategy pursuant to the provisions of Government Code Section 65352.5. Approval of LAFCO 3226 has no direct impact on these determinations. The Sustainable Community Strategy includes as a determination the need to assure the ongoing availability of water and wastewater services which approval of LAFCO 3226 will support.
6. A Complete Final Environmental Impact Report (EIR) was prepared and certified as adequate by the San Bernardino Valley Municipal Water District for its approval of the Sterling Natural Resource Center (SCH No. 2015101058). Copies of the applicable environmental review documents were previously provided to the Commission. The Commission, its staff, and its Environmental Consultant have independently reviewed the Valley District's Complete Final EIR and found it to be adequate for the activation change of organization decision.

The Commission certifies that it has reviewed and considered the Valley District's Complete Final EIR and the effects outlined therein, and as referenced in the Candidate Findings of Fact and Statement of Overriding Considerations, prior to reaching a decision on the project and finds the information substantiating the Complete Final EIR adequate for its use in making a decision as a CEQA responsible agency. The Commission hereby acknowledges the mitigation measures and mitigation monitoring and reporting program contained in Valley District's Complete Final EIR and finds that no additional feasible alternatives or mitigation measures will be adopted by the Commission. The Commission finds that all changes, alterations, and mitigation measures are within the responsibility and jurisdiction of Valley District and/or other agencies, and not the Commission. The Commission finds that it is the responsibility of Valley District to oversee and implement these measures and the mitigation monitoring and reporting program. However, the activation of the latent wastewater functions/services of the East Valley Water District anticipates the assumption of the development and operation of the Sterling Natural Resource Center; therefore, a condition of approval has been included requiring that within 90 days of approval all actions necessary to assume the responsibilities of the Mitigation Monitoring and Reporting Program shall be assigned to and undertaken by the East Valley Water District.

The Commission hereby adopts the Candidate Findings of Facts and Statement of Overriding Considerations regarding the environmental effects of the reorganization (a copy of which is attached). The Commission finds that all feasible changes or alterations have been incorporated into the project; that these changes are the responsibility of Valley District and/or other agencies identified in the Candidate Findings of Facts and Statement of Overriding Considerations and the Complete Final EIR; and that specific economic, social or other considerations make infeasible adoption of the alternatives identified in the Complete Final EIR.

RESOLUTION NO. 3268

The Commission directs its Executive Officer to file a Notice of Determination within five (5) days within the San Bernardino County Clerk of the Board of Supervisors. The Commission, as a responsible agency, also notes that this proposal is exempt from the California Department of Fish and Wildlife Fees because the fees were the responsibility of the San Bernardino Valley Municipal Water District as the CEQA lead agency.

7. The reorganization area is presently served by the following public agencies: County of San Bernardino, City of Highland, City of San Bernardino (portion), San Bernardino County Fire Protection District, its Valley Service Zone and Zone FP-5 (portion of the area), San Bernardino Valley Municipal Water District, San Bernardino Valley Water Conservation District, Inland Empire Resource Conservation District, County Service Areas 70 (unincorporated countywide) and SL-1 (streetlights).

The East Valley Water District is affected through the activation of its latent function/service for wastewater treatment. The City of San Bernardino Municipal Water Department, as the current provider of the wastewater treatment, is affected through the transition of service delivery. None of the other agencies are affected by this reorganization proposal as they are regional in nature.

8. Upon reorganization, the East Valley Water District shall be authorized the function/service for the provision of wastewater reclamation, treatment and disposal and recharge of recycled water throughout the entirety of its boundary. The Plan for Service provides a general outline of the delivery of services as mandated by Government Code Section 56824.12. This Plan and Fiscal Impact Analysis indicates that the activation of the function/service will, at a minimum, maintain the level of service delivery currently received by the area. The Plan for Service, supplemental information to the Plan, and Fiscal Impact Analysis have been reviewed and compared with the standards established by the Commission and the factors contained within Government Code Section 56824.12. The Commission finds that such Plan for Service and the supplemental data submitted conform to those adopted standards and requirements.
9. The reorganization area and its present and future residents can benefit from the services authorized to be provided by the East Valley Water District as evidenced by the amended Plan for Service and Fiscal Impact Analysis.
10. The proposal complies with Commission policies that indicate the desire to provide for the establishment of appropriate, sustainable and logical municipal government structure for the distribution of an efficient and effective delivery of public services.
11. This proposal will not affect the fair share allocation of the regional housing needs assigned to the Cities of Highland and San Bernardino or the County of San Bernardino through the Southern California Association of Government's (SCAG) Regional Housing Needs Allocation (RHNA) process.

RESOLUTION NO. 3268

12. With respect to environmental justice, the reorganization provides for the continuation of existing wastewater treatment within the area and will not result in the unfair treatment of any person based upon race, culture or income.
13. The County Board of Supervisors (on behalf of the East Valley Water District) has successfully completed the process for the determination that there will be no transfer of ad valorem property tax revenues upon successful completion of this reorganization. This fulfills the requirements of Section 99 of the Revenue and Taxation Code.

SECTION 4. Approval by the Local Agency Formation Commission indicates that completion of this proposal would accomplish the proposed change of organization in a reasonable manner with a maximum chance of success and a minimum disruption of service to the functions of other local agencies in the area.

SECTION 5. The Executive Officer is hereby authorized and directed to mail certified copies of this resolution in the manner provided by Section 56882 of the Government Code.

SECTION 6. The Commission hereby directs that following completion of the reconsideration period specified by Government Code Section 56895(b), the Executive Officer is hereby directed to initiate protest proceedings in compliance with this resolution and State law (Part 4, commencing with Government Code Section 57000), set the matter for consideration of the protest proceedings, and provide notice of the hearing pursuant to Government Code Section 57025 and 57026.

SECTION 7. Upon conclusion of the protest proceedings, the Executive Officer shall adopt a resolution setting forth her determination on the levels of protest filed and not withdrawn and setting forth the action on the proposal considered.

SECTION 8. Upon adoption of the final resolution by the Executive Officer, either a Certificate of Completion or a Certificate of Termination, as required by Government Code Sections 57176 through 57203, and a Statement of Boundary Change, as required by Government Code Section 57204, shall be prepared and filed for the proposal.

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:

.....

RESOLUTION NO. 3268

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 regular meeting of June 20, 2018.

DATED:

KATHLEEN ROLLINGS-McDONALD
Executive Officer

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

1170 West Third Street, Unit 150, San Bernardino, CA 92415-0490
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DATE: JUNE 13, 2018 
FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer
SAMUEL MARTINEZ, Assistant Executive Officer
TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: Agenda Item #12(b): LAFCO SC#423 -- Request for Exemption from Government Code Section 56133 for Settlement Agreement Provisions for East Valley Water District and City of San Bernardino Municipal Water Department Exchange of Wastewater Service Territories

RECOMMENDATION:

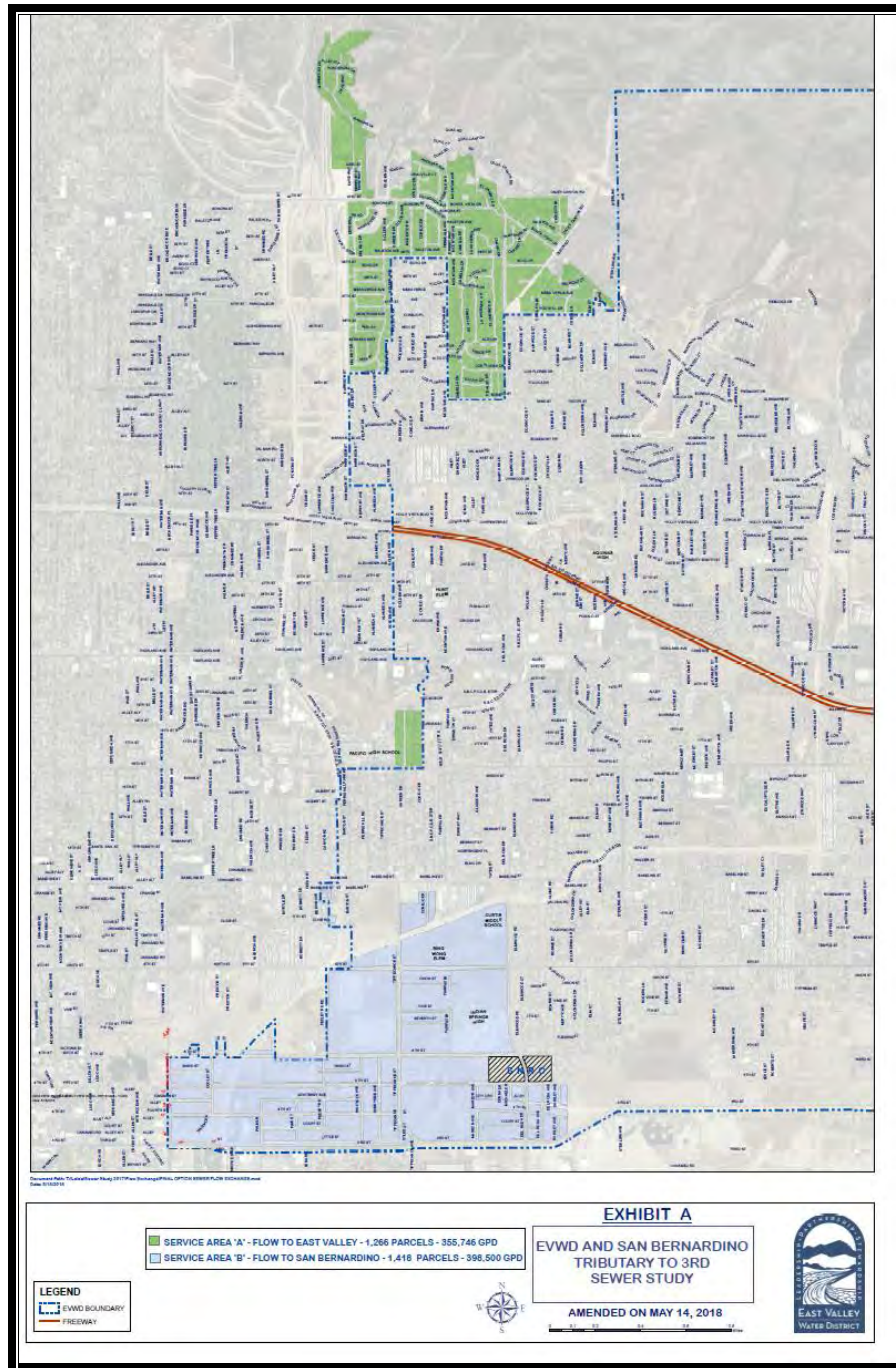
Staff recommends that the Commission take the following actions:

1. Modify LAFCO SC#423 to include the request for exemption for agreement between the East Valley Water District and City of San Bernardino Municipal Water Department related to the provision of water service to 3331 Third Street (Wyle Labs) as requested by the City of San Bernardino Municipal Water Department by letter dated April 6, 2010; and,
2. Determine that LAFCO SC#423, as modified, complies with the exemption provisions outlined within Government Code Section 56133 (e) and, therefore, does not require Commission approval.

BACKGROUND:

On February 22, 2018, the East Valley Water District (hereafter EVWD or District) submitted a request that the Commission determine that the proposed agreement between EVWD and the City of San Bernardino Municipal Water Department (hereafter identified as City) for the exchange of wastewater conveyance and treatment is exempt from the provisions of Government Code Section 56133 as outlined in Subsection (e). Per the Commission's policy, this is being presented to the Commission since the exemption request is development-related.

The agreement originally identified areas for exchange referenced in the settlement agreement process for the Sterling Natural Resources Center (SNRC) to include two areas for exchange. However, following the Departmental Review process on May 18, 2018 the District and City submitted a modification to the areas to identify three areas shown below:



A copy of the exemption request letter (Attachment #1) and draft agreement (Attachment #2) are included as a part of this report.

The request has cited the relevant exemption language within Government Code Section 56133 (e) for its request. The section reads as follows:

“(e) This section does not apply to... ..[t]wo 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.”

In the present case, staff believes that the exemption outlined above applies to the wastewater commingling/exchange of wastewater flows based on the following facts:

1. The agreement is between the East Valley Water District and the City of San Bernardino Municipal Water Department, both of which are public agencies.
2. The public service to be provided is an exchange of wastewater flows to enhance the efficiency of sewer operations of the regional wastewater system. The letter submitted has indicated that this exchange will be invisible to the customers and will not affect their rates. Therefore, this is a substitute for public services currently being provided in compliance with requirements of 56133 (e).
3. The level of service to be provided through this contractual relationship is consistent with the level of service currently provided the exchange areas.

During the current processing of the Wastewater Service Review, it was identified that the EVWD and City had agreed to a service arrangement related to the provision of water service by EVWD to the properties located at the northeastern portion of the Inland Valley Development Authority (hereafter shown as IVDA) generally at the southeastern intersection of Third and Alabama Streets. This area was included in the District’s sphere of influence during the first cycle service review (2004) at the request of IVDA and the developers of the Jet and Rocket Engine Test Site (JRETS) which LAFCO staff understood was operated by Wyle Labs. This service delivery method was supported by both the City and EVWD. However, there was no follow on action to address this service either through annexation or out of agency service exemption request accepted for processing by LAFCO. As outlined in the EVWD email dated March 1, 2018, the agreement was entered into in 2010, has been in operation since, and the affected parties were unaware of the need for further action.

LAFCO staff is proposing the expansion of LAFCO SC# 423 to include the determination of exemption for the water service agreement between the District and City for this parcel. The determinations for this are:

1. The agreement is between the East Valley Water District and the City of San Bernardino Municipal Water Department, both of which are public agencies.
2. The public service to be provided is the provision of retail water service to parcel (APN 0136-381-09) for the development of the Jet and Rocket Engine Test Site. The email submitted indicates that this service relationship was entered into in 2010 recognizing that the District had facilities closer to the site for service than did the City which had succeeded to the water system at the former Norton Air Force Base facility now a part of the Inland Valley Development Authority. Therefore, this is a substitute for public services currently being provided in compliance with requirements of 56133 (e).
3. The level of service to be provided through this contractual relationship is consistent with the level of service that was anticipated at the time that the contract was entered into.

CONCLUSION:

Based on the determinations outlined above, the staff is recommending that the Commission determine that pursuant to Government Code Section 56133 (e), the exchange/commingling of wastewater flows and the delivery of water service agreements between the East Valley Water District and the City of San Bernardino Municipal Water Department are exempt from further review and approval by the Commission under the provisions of Government Code Section 56133.

KRM/

Attachments:

1. [LAFCO SC#423 Request for Exemption Submitted February 22, 2018](#)
2. [Email Dated March 1, 2018 Outlining Existing Contract for Water Service](#)

LAFCO SC#423
Request for Exemption
Submitted February 22, 2018

Attachment 1



EAST VALLEY WATER DISTRICT

LEADERSHIP • PARTNERSHIP • STEWARDSHIP

February 15, 2018

Ms. Kathleen Rollings-McDonald, Executive Officer
Local Agency Formation Commission
1170 West 3rd Street, Unit 150
San Bernardino, CA 92415-0490

Subject: Request for Exemption / Government Code Section 56133 East Valley Water District and the City of San Bernardino / San Bernardino Water Department

Dear Ms. Rollings-McDonald:

In conjunction with East Valley Water District's (District) request for reorganization, the City of San Bernardino Water Department (Water Department) and the District have identified a potential exchange of wastewater conveyance and treatment services. Upon reorganization of the District to include wastewater treatment services, the City and the District would establish a contractual agreement allowing for the commingling/exchange of wastewater flows for specified areas within each respective service area. Flows of roughly equal quantities of Water Department customers and District customers would be treated by the other agency to ensure efficient operation of the regional wastewater system. Maps showing the affected parcels are included as Exhibit A and A-1. In order to move forward with this agreement, the District is requesting that the San Bernardino LAFCO determine that the service exchange is exempt under Section 56133(e) for the exchange of wastewater service between the District and Water Department.

This exchange will be invisible to the customers and will not impact their rates in any way. There will be no differentiation between customers within the identified exchange area and other customers within each agency's respective service area. Additionally, to the extent that additional physical facilities are needed to accomplish the exchange, the District shall have the sole responsibility for those costs.

Through cooperative efforts, the City of San Bernardino, Water Department, and San Bernardino Valley Municipal Water District have expressed support for the proposed



EAST VALLEY WATER DISTRICT

LEADERSHIP • PARTNERSHIP • STEWARDSHIP

exemption under the provision of Government Code Section 56133 subject to the terms of the Settlement Agreement (Appendix 3).

If you have any questions or comments, please feel free to contact me at (909) 885-4900 or jmura@eastvalley.org.

Sincerely,

John Mura
General Manager/ CEO

Attachments

Exhibit A- Current Service Area

Exhibit A-1- Customer Exchange Area

Settlement Agreement

This Settlement Agreement ("Agreement") is entered into and effective this 21st day of November, 2017 by and among the City of San Bernardino ("City"), the City of San Bernardino Municipal Water Department ("SB Water"), East Valley Water District ("East Valley") and San Bernardino Valley Municipal Water District ("Valley District"). The City, East Valley and Valley District are each sometimes referred to herein as a "Party" and are collectively referred to herein as the "Parties."

Recitals

- A. On March 15, 2016, Valley District certified the Final Environmental Impact Report ("SNRC EIR") under the provisions of the California Environmental Quality Act ("CEQA") for the Sterling Natural Resource Project ("SNRC Project") and approved the SNRC Project.
- B. On April 14, 2016, the City filed suit (the "CEQA Lawsuit") challenging the validity of Valley District's certification of the SNRC EIR as violating the provisions of CEQA.
- C. On June 1, 2016, the City filed a second lawsuit (the "LAFCo Lawsuit") challenging East Valley's actions in connection with the SNRC Project and alleging such actions violated the Cortese-Knox-Hertzberg Act ("LAFCo Law"). Valley District and East Valley filed a cross-complaint in that action.
- D. On March 7, 2017, SB Water certified the Final Environmental Impact Report ("CWF EIR") under the provisions of CEQA for the Clean Water Factory Project ("CWF Project") and approved the CWF Project.
- E. On June 6, 2017, the Superior Court for the County of San Diego entered judgment in favor of Valley District and East Valley in connection with the CEQA Lawsuit. The City has filed a timely appeal of that decision.
- F. By means of tolling agreements and stipulations the Parties have: (i) tolled the dates for filing the appendix on appeal and briefs in CEQA Lawsuit in the Court of Appeal, (ii) tolled all discovery and the hearing on the City's motion for a writ of mandate in the LAFCo Lawsuit (including discovery undertaken in connection with the cross-complaint filed by Valley District and East Valley), (iii) tolled the deadline for the City to file a motion to tax costs in the CEQA Lawsuit, and (iv) tolled the statute of limitations on potential legal challenges by East Valley and Valley District to the CWF Project.
- G. The Parties now wish to enter into a comprehensive settlement that will accomplish a number of different purposes, all of which are of equal importance.

Settlement Agreement
City of San Bernardino, SB Water, East Valley and Valley District
November 2017
Page 1 of 18

- 43
- 44 • The Parties wish to enter into arrangements that will allow East Valley and Valley
- 45 District to construct and operate the SNRC Project and that will allow the City to
- 46 construct and operate the CWF Project.
- 47
- 48 • The Parties wish to enter into arrangements that will ensure that the SNRC Project
- 49 and the CWF Project are operated in a manner that is consistent with the recovery
- 50 of threatened and endangered fish populations in the Santa Ana River that may
- 51 depend on the discharge of treated wastewater into the Santa Ana River.
- 52
- 53 • The Parties wish to enter into arrangements that will replenish the San Bernardino
- 54 Basin Area ("SBBA") and thereby enhance water supply reliability for their
- 55 respective ratepayers.
- 56
- 57 • The Parties wish to enter into arrangements that will allow East Valley to provide
- 58 wastewater treatment and disposal services to its ratepayers in compliance with
- 59 the LAFCo Law, and without adversely affecting the ratepayers within the City.
- 60
- 61 • The Parties wish to further enhance water supply reliability (and thereby lessen
- 62 the demands for the extraction of groundwater from the SBBA) by engaging in a
- 63 number of water efficient landscape improvements located within the City.
- 64
- 65 • The Parties wish to conclude all of the foregoing litigation on a mutually
- 66 agreeable basis and move on from the conflict associated with litigation to
- 67 collaborative efforts that will best serve the interests of their respective ratepayers.
- 68
- 69 H. The Parties wish to memorialize their mutual agreements and understandings by means of
- 70 this Agreement.
- 71

Agreements

73 1. *Construction and Operation of Facilities*

- 74 a. *Status of Existing JPA Agreement.* At present, the City provides wastewater
- 75 treatment and disposal services to East Valley pursuant to a Joint Powers
- 76 Authority agreement dated January 7, 1958, as amended most recently in April
- 77 1984 ("JPA Agreement"). The Parties intend to continue to operate under the
- 78 terms of the JPA Agreement solely as it pertains to wastewater treatment and
- 79 disposal services until termination of the JPA Agreement as provided for in
- 80 subparagraph 1(b) below. Not later than ninety (90) days after the date upon
- 81 which the San Bernardino Local Agency Formation Commission ("LAFCo")
- 82 may approve the activation of East Valley's latent authority for wastewater

treatment and disposal services, all remaining JPA obligations imposed upon the Parties including, but not limited to, East Valley's obligation to collect connection fees for the benefit of the City and the expansion fees described in section 3(c) of this Agreement shall terminate. The Parties shall, within one hundred eighty (180) days of the execution of this Agreement, agree upon amendments to the JPA Agreement to effectuate this Agreement.

b. *Termination of JPA Agreement.* Prior to completion of the SNRC Project, East Valley shall provide notice of anticipated completion to the other Parties and identify a date, at least six (6) months in the future, when East Valley will begin to provide wastewater treatment and disposal services to its customers. Upon SNRC Project completion, East Valley shall provide notice of completion to all Parties.

(1) The City shall, within thirty days of the date of East Valley's notice of completion, provide the other Parties with final invoicing, consistent with the City's prior invoicing practices, showing all charges incurred or that will be incurred for the operation of the City's facilities through the date on which East Valley will provide wastewater treatment services.

(2) East Valley shall, within thirty (30) days of receiving the City's final invoicing, either agree with that invoicing or begin the dispute resolution process described in paragraph 6(b) below. Such disputes shall be limited to invoice items that exceed one percent (1%) of the total invoiced amount.

(3) The JPA Agreement shall terminate on the date that East Valley begins to provide wastewater treatment services to its customers (the "Service Date") notwithstanding any dispute among the parties relating to the invoicing provided by the City. Such disputes will be addressed through procedures described in paragraph 6(b) below.

c. *SNRC Project.* The Parties agree to cooperate to enable East Valley and Valley District to construct the SNRC Project and place that project into operation at the earliest possible date, as follows:

(1) *General Provisions*

(a) The Parties agree that the SNRC Project will divert and treat all wastewater flows that are generated within East Valley's service area, which are currently approximately 6 million gallons/day, that would have been treated by SB Water pursuant to the JPA Agreement.

119 (b) Upon execution of this Agreement, the City and SB Water shall
120 send a letter to the State Water Resources Control Board
121 supporting the use of State Revolving Fund ("SRF") grant and
122 loan funds, at the lowest available rate of interest, to fund the
123 SNRC Project. Such letter shall be approved in advance by East
124 Valley. If requested by East Valley and/or Valley District,
125 representatives of the City and/or SB Water shall participate in a
126 teleconference with the State Water Resources Control Board or its
127 staff to state that SRF grant or loan funds be issued to East Valley
128 for the construction of the SNRC Project.

129 (c) After execution of this Agreement and upon request of East Valley
130 and/or Valley District, the City and/or SB Water shall provide
131 similar letter(s) supporting the SNRC Project to local, state or
132 federal administrative or regulatory agencies, private financial
133 institutions, or other entities with oversight or control over the
134 SNRC Project or its financing.

135 (2) *East Trunk Sewer Line.* The Parties shall negotiate and execute the
136 appropriate legal instruments through which the City and SB Water shall
137 convey by means of grant deed all right, title and interest in a 20,800
138 linear foot portion of the East Trunk Sewer Line as shown on Exhibit A
139 attached hereto, which is incorporated herein by reference, together with
140 any associated appurtenances, easements, operating agreements and the
141 like necessary for the safe operation of that portion of the East Trunk
142 Sewer Line, to East Valley. Such conveyance shall become effective on
143 the date upon which LAFCo may approve activation of East Valley's
144 latent authority to provide wastewater treatment services. This portion of
145 the East Trunk Sewer Line is needed by East Valley so as to allow East
146 Valley to collect and transport wastewater flows to the SNRC Project.
147 The City, SB Water and East Valley shall cooperate in drawing up the
148 necessary documentation and obtaining any regulatory permits for such
149 transfer. All costs incurred by any Party associated with the conveyance
150 and transfer of this portion of the East Trunk Sewer Line shall be the sole
151 responsibility of East Valley, and East Valley shall reimburse the other
152 Parties for any such costs incurred by them. After the date of the transfer,
153 East Valley shall be responsible for all operation and maintenance costs
154 associated with the portion of the East Trunk Sewer Line that has been
155 transferred to East Valley from the City and SB Water.

156 (3) *Commingling/Exchange of Flows.* East Valley, the City and SB Water
157 further understand and agree that implementing the transfer of a portion of

158 the East Trunk Sewer Line, both while the SNRC Project is being
 159 constructed and after the SNRC Project commences operation, will require
 160 an exchange/commingling of wastewater flows originating within the
 161 service areas of the City/SB Water and East Valley in roughly equal
 162 quantities so as to ensure the efficient operation of the regional wastewater
 163 system and thereby avoid increasing the cost of wastewater treatment to
 164 East Valley's ratepayers. The City/SB Water and East Valley agree that,
 165 within one hundred eighty (180) days of the effective date of this
 166 Agreement, they will enter into the necessary agreements for such
 167 exchange/commingling of wastewater flows, and that they will cooperate
 168 fully in obtaining any regulatory approvals needed for the transfer of the
 169 portion of the East Trunk Sewer Line to East Valley. To the extent that
 170 additional physical facilities are needed to accomplish the transfer, the
 171 costs associated with the permitting, construction and operation of those
 172 new physical facilities shall be the sole responsibility of East Valley, and
 173 East Valley shall reimburse the other Parties for any such costs incurred
 174 by them.

175 d. *CWF Project.* The Parties agree to support the construction and operation of a
 176 new recycled water plant project by the City (known as the "CWF Project").

177 (1) SB Water and Valley District hereby reaffirm their respective
 178 commitments pursuant to the February 22, 2011 Memorandum of
 179 Understanding ("MOU") that withdrew protests to Wastewater Change
 180 Petition No. WW0059 for the CWF Project.

181 (2) After execution of this Agreement and upon request of the City, Valley
 182 District and/or East Valley shall appear at public meetings to support the
 183 CWF Project and/or take such other actions (including but not limited to
 184 resolutions of their respective governing boards) to support the CWF
 185 Project. After execution of this Agreement and upon request of the City or
 186 SB Water, East Valley and/or Valley District shall provide similar letter(s)
 187 supporting the CWF Project to local, state or federal administrative or
 188 regulatory agencies, private financial institutions, or other entities with
 189 oversight or control over the CWF Project or its financing.

190 (3) The Parties agree that the CWF Project will not be inconsistent with the
 191 provisions of the Upper Santa Ana River Habitat Conservation Plan, if
 192 such plan is approved by the United States Fish & Wildlife Service
 193 ("USFWS").

194 (a) The City and Valley District, together with their partners under
 195 said MOU, may seek to obtain the regulatory permits necessary for

196 the CWF Project in advance of the completion of the Upper Santa
197 Ana River Habitat Conservation Plan, *provided that* the provisions
198 associated with the CWF Project are subsequently included in the
199 Upper Santa Ana River Habitat Conservation Plan.

200 (b) If the USFWS does not approve the Upper Santa Ana River
201 Habitat Conservation Plan by January 1, 2020, then the City and
202 Valley District may seek to obtain separate regulatory permits for
203 the CWF Project.

204 (4) After execution of this Agreement, after submittal of any SRF grant/loan
205 application for the CWF Project, and upon request of the City or SB
206 Water, Valley District and East Valley shall send a letter to the State
207 Water Resources Control Board supporting the use of SRF grant and loan
208 funds, at the lowest available rate of interest, to fund the CWF Project.
209 Such letter shall be approved in advance by the City or SB Water. If
210 requested by the City or SB Water, representatives of East Valley and/or
211 Valley District shall participate in a teleconference with the State Water
212 Resources Control Board or its staff to state that SRF grant or loan funds
213 be issued to the City or SB Water for the construction of the CWF Project.

214 e. *Treatment and Management of Solids*

215 (1) *Prior to the Completion of the SNRC Project.* Until the completion of the
216 SNRC Project, East Valley and City/SB Water will work cooperatively to
217 enable the City/SB Water to treat solids originating within East Valley's
218 service area in the same manner as at present. The Parties shall also work
219 cooperatively: (i) to develop cost-effective plans and specifications for any
220 additional pipelines or new equipment/facilities that may be necessary to
221 effectuate the solids handling agreement described in paragraph 1(e)(2)
222 below; (ii) in the acquisition and construction of such equipment/facilities;
223 and (iii) in securing any needed regulatory permits or approvals. East
224 Valley shall be responsible for all cost associated with such pipelines or
225 new equipment/facilities as may be determined in the agreement described
226 in paragraph 1(e)(2) below.

227 (2) *After Completion of the SNRC Project.* Within thirty (30) days of the
228 effective date of this Agreement, East Valley and the City/SB Water will
229 enter into negotiations for the handling of solids after the completion of
230 the SNRC Project, with the goal of entering into a definitive agreement for
231 the cost-effective handling of solids originating within East Valley's
232 service area by the City/SB Water no later than one hundred eighty (180)
233 days from the effective date of this Agreement.

- 234 (a) The initial term of the solids handling agreement shall be for ten
 235 (10) years, with two optional five (5) year renewal periods. The
 236 solids handling agreement shall commence on the Service Date.
 237 The solids handling agreement shall include an "evergreen" term
 238 that provides that the agreement shall be renewed for subsequent
 239 terms unless either party provides written notice of termination at
 240 least two years before the termination of the then-current term.
- 241 (b) The solids handling agreement shall provide for a service charge to
 242 be paid by East Valley to the City/SB Water, which charge shall be
 243 set so as to enable the City/SB Water to recover the actual costs of
 244 providing solids handling and treatment of the solids handling
 245 process liquid product, together with reasonable overhead not to
 246 exceed forty percent (40%) of the actual cost of service, *provided*
 247 *that* overhead shall not be charged on electricity costs charged by a
 248 third party utility provider and associated with the provision of
 249 solids handling.
- 250 (c) In the event that the City/SB Water and East Valley are unable to
 251 agree on the design, construction, or installation for the
 252 equipment/facilities that would enable SB Water to continue to
 253 provide solids handling services to East Valley after the Service
 254 Date by one hundred eighty (180) days after the effective date of
 255 this Agreement, East Valley shall, not later than thirty (30) days
 256 after the Service Date and on the anniversary of the Service Date
 257 thereafter for nine (9) years, pay SB Water the sum of seven
 258 hundred thousand dollars (\$700,000) each year, for a total payment
 259 to SB Water of seven million dollars (\$7,000,000). In the
 260 alternative, and subject to the prior written consent of SB Water
 261 and SB Water's concurrence on the value of the replenishment
 262 water, East Valley may replenish the SBBA with water that has an
 263 equivalent value as the payment to be made in any given year.
- 264 f. *Installation of Water Efficient Landscaping.* Not later than ninety (90) days after
 265 the date upon which LAFCo may approve the activation of East Valley's latent
 266 authority for wastewater treatment and disposal services, East Valley shall pay
 267 five hundred thousand dollars (\$500,000) and Valley District shall agree to
 268 reimburse the City for up to five hundred thousand dollars (\$500,000) to SB
 269 Water for the purpose of enabling SB Water to install water efficient landscape
 270 improvements in areas to be determined by the City and SB Water. During that
 271 same period of time, SB Water shall contribute an additional five hundred
 272 thousand dollars (\$500,000) to that account, to bring the total contributions to the

account to one million five hundred thousand dollars (\$1,500,000). The City and SB Water, after consulting East Valley and Valley District, shall develop a plan for the installation of water efficient landscape improvements using the \$1.5 million, within one (1) year of the execution of this Agreement. The City and SB Water shall install such water efficient landscape improvements within three (3) years of the date of execution of this Agreement.

g. *Replenishment of the SBBA.* Beginning in the fiscal year of the Service Date or fiscal year 2021/22, whichever is later, Valley District shall deliver to the City/SB Water a total of thirty thousand (30,000) acre-feet of State Water Project Water, at Valley District's sole cost, for direct diversion and/or groundwater replenishment at the City/SB Water's direction. City/SB Water expects to use and Valley District expects to deliver three thousand (3,000) acre-feet of such water each year, but if Valley District is not able to deliver three thousand (3,000) acre-feet in a given year, it shall use its best efforts to deliver the undelivered water in the following fiscal years, provided that such water is available in any given year pursuant to Valley District's contract with the California Department of Water Resources. The unavailability of such water in any given year does not excuse Valley District's overall obligation under this Agreement to deliver thirty thousand (30,000) acre-feet of such water to the City/SB Water.

h. *Upper Santa Ana River Habitat Conservation Plan and the CWF Project.* Valley District shall use its best efforts to develop, in conjunction with USFWS and California Department of Fish and Wildlife ("CDFW") (collectively, the "Wildlife Agencies") and through the Wildlife Agencies' permitting processes, a habitat conservation plan for the Upper Santa Ana River that provides for take coverage for a new recycled water plant project on the part of the City/SB Water that would reduce the current discharge of treated wastewater into the Santa Ana River by five (5) million gallons/day.

(1) In the event that the final habitat conservation plan, or as provided in paragraphs 1(d)(3) and 1(h) above, the Wildlife Agencies' permitting processes, does not authorize the City/SB Water to reduce its discharge of treated wastewater to the Santa Ana River by five (5) million gallons/day, Valley District shall deliver to the City/SB Water up to three thousand (3,000) acre-feet per year of State Water Project Water, at Valley District's sole cost, for direct diversion and/or groundwater replenishment at the City/SB Water's direction.

(2) The annual amount of such water delivered by Valley District will be the difference between five (5) million gallons/day and the amount of treated wastewater discharge that SB Water is allowed to reduce from its current discharge amount. Valley District will provide this annual amount until

the City/SB Water can reduce its discharge by five (5) million gallons per day from its current discharge amount for its recycled water project, *provided that* prior to the construction of the City/SB Water's new recycled water plant, the City/SB Water has installed and is properly maintaining automatic back-up power for the RIXES Well Rehabilitation/Santa Ana Sucker Habitat Maintenance/Restoration Project at the City/SB Water's wastewater treatment plant(s).

- (3) The Parties agree and acknowledge that future growth within the service areas of SB Water and East Valley may allow SB Water and East Valley to increase the quantity of recycled water generated from wastewater flows within their respective service areas. The Parties agree that they will support increases in the quantity of recycled water as part of both the SNRC Project and the CWF Project *provided that* the increase in recycled water for either project is derived from growth within that Party's service area *and provided further* that such increased use of recycled water does not diminish the quantity of treated wastewater that will be discharged into the Santa Ana River pursuant to the Upper Santa Ana River Habitat Conservation Plan.

2. *Application to San Bernardino County Local Agency Formation Commission to Activate Wastewater Treatment Authority.* Within 60 days of the execution of this Agreement, East Valley shall begin the process to submit to LAFCo an application to activate its latent wastewater treatment and disposal authority. East Valley agrees that it will pursue the application to a final decision by LAFCo, either in favor of the activation of the latent authority or to deny activation of that authority. At least 45 days prior to the submission of the application, East Valley shall provide a draft of the proposed application to the other Parties to this Agreement for review and comment. The provisions of the application shall be consistent with the terms of this Agreement and shall fully comply with all of the applicable requirements of LAFCo Law. No later than five (5) days after the date on which East Valley submits the application to LAFCo, the City/SB Water and Valley District shall submit letters supporting that application to LAFCo. The Parties understand that East Valley will request that LAFCo expedite processing of the application so that East Valley's latent wastewater treatment authority can be activated no later than December 31, 2018. The City/SB Water and Valley District, upon request by East Valley, shall appear at public meetings to support East Valley's application and/or take such other actions (including but not limited to resolutions of their respective governing boards) to support that application.

- 348 3. *Transfers of Property and Other Assets.* The Parties will negotiate and execute definitive
 349 agreements for the following transfers of property and assets, which will become
 350 effective on the date that LAFCo approves the activation of East Valley's latent authority
 351 to treat and dispose of wastewater.
- 352 a. The transfer, in fee title and without encumbrances or liens, from East Valley to
 353 the City/SB Water of approximately 22 acres of land located at the intersection of
 354 Sterling and 3rd Street (APNs 1192-231-01 and 1192-241-01), save for the
 355 existing well portion of the property, as shown on Exhibit B, which is attached
 356 hereto and incorporated herein by reference.
- 357 b. The transfer from the City/SB Water to East Valley of the balance of the East
 358 Trunk Sewer Line Replacement Fund, which is currently estimated to be
 359 approximately \$8 million, which funds have been collected by the City/SB Water
 360 from East Valley's ratepayers since 1984 for the purpose of expanding the
 361 capacity of the East Trunk Sewer Line to meet the needs of future growth. Not
 362 later than ninety (90) days after the date upon which LAFCo may approve the
 363 activation of East Valley's latent authority for wastewater treatment and disposal
 364 services, the East Trunk Sewer Line funds will no longer be collected by the
 365 City/SB Water. East Valley shall use the transferred funds in compliance with all
 366 applicable laws, including but not limited to Proposition 218.
- 367 c. The transfer under subparagraph 3(a) is made by East Valley to the City/SB
 368 Water in consideration of the transfer from the City/SB Water to East Valley
 369 under subparagraph 3(b).
- 370 4. *Dismissal/Prevention of Litigation.* The Parties agree that this Agreement represents a
 371 comprehensive settlement of all current litigation between the Parties. Not later than ten
 372 (10) days after the execution of this Agreement, the City shall dismiss its appeal in the
 373 CEQA Lawsuit with prejudice, and the City, East Valley, and Valley District shall
 374 dismiss their respective complaints in the LAFCo Lawsuit with prejudice. Valley District
 375 and East Valley shall, also within ten (10) days after the execution of this Agreement,
 376 withdraw their pending Bill of Costs filed in the CEQA Lawsuit, and all Parties shall bear
 377 their own costs and fees incurred in said litigation. Valley District and East Valley agree
 378 that they will not file any administrative or judicial challenges to the CWF Project.

379 5. *Indemnification*

380 a. *General Indemnification.* Each Party shall indemnify, defend and hold harmless
 381 each of the other Parties and their respective directors, officers, employees and
 382 agents from and against all damages, liabilities, claims, actions, demands, costs
 383 and expenses (including, but not limited to, costs of investigations, lawsuits and
 384 any other proceedings whether in law or in equity, settlement costs, attorneys'
 385 fees and costs), and penalties or violations of any kind, which arise out of, result
 386 from, or are related to the Party's performance of its obligations under this
 387 Agreement.

388 b. *Indemnification Procedures.* Any Party that is an indemnified party (the
 389 "Indemnified Party") that has a claim for indemnification against the other Party
 390 (the "Indemnifying Party") under this Agreement, shall promptly notify the
 391 Indemnifying Party in writing, *provided, however*, that no delay on the part of the
 392 Indemnified Party in notifying the Indemnifying Party shall relieve the
 393 Indemnifying Party from any obligation unless (and then solely to the extent) the
 394 Indemnifying Party is prejudiced. Further, the Indemnified Party shall promptly
 395 notify the Indemnifying Party of the existence of any claim, demand, or other
 396 matter to which the indemnification obligations would apply, and shall give the
 397 Indemnifying Party a reasonable opportunity to defend the same at its own
 398 expense and with counsel of its own selection, *provided that* the Indemnified
 399 Party shall at all times also have the right to fully participate in the disputed
 400 matter at its own expense. If the Indemnifying Party, within a reasonable time
 401 after notice from the Indemnified Party, fails to defend a claim, demand or other
 402 matter to which the indemnification obligations would apply, the Indemnified
 403 Party shall have the right, but not the obligation, to undertake the defense of, and
 404 to compromise or settle (exercising reasonable business judgment), the claim or
 405 other matter, on behalf, or for the account, and at the risk, of the Indemnifying
 406 Party. If the claim is one that cannot by its nature be defended solely by the
 407 Indemnifying Party, then the Indemnified Party shall make available all
 408 information and assistance to the Indemnifying Party that the Indemnifying Party
 409 may reasonably request.

410 6. *Administration of Agreement*

411 a. *Books and Records.* Each Party shall have access to and the right to examine any
 412 of the other Parties' pertinent books, documents, papers or other records
 413 (including, without limitation, records contained on electronic media) relating to
 414 the performance of that Party's obligations pursuant to this Agreement.

415 (1) *Retention of Records; Preservation of Privilege.* Each Party shall retain
 416 all such books, documents, papers or other records to facilitate such

review in accordance with that Party's record retention policy. Access to each Party's books and records shall be during normal business hours only. Nothing in this paragraph shall be construed to operate as a waiver of any applicable privileges.

- (2) *Outside Auditors.* Any Party may, at any time and at its sole cost, hire an auditor to examine the accounting for work performed pursuant to this Agreement. The Parties may also agree to retain an independent auditor to review the accounting for work performed pursuant to this Agreement. The costs of such an auditor will be shared equally among the Parties.

- b. *Disputes.* The Parties recognize that there may be disputes regarding the obligations of the Parties or the interpretation of this Agreement. The Parties agree that they may attempt to resolve disputes as follows:

- (1) *Statement Describing Alleged Violation or Interruption of Agreement.* A Party alleging a violation or interruption of this Agreement (the "Initiating Party") shall provide a written statement describing all facts that it believes constitute a violation or interruption of this Agreement to the Party alleged to have violated or interrupted the terms of this Agreement (the "Responding Party").
- (2) *Response to Statement of Alleged Violation or Interruption.* The Responding Party shall have sixty (60) days from the date of the written statement to prepare a written response to the allegation of a violation or interruption of this Agreement and serve that response on the Initiating Party or to cure the alleged violation or interruption to the reasonable satisfaction of the Initiating Party. The Initiating Party and the Responding Party shall then meet within thirty (30) days of the date of the response to attempt to resolve the dispute amicably.
- (3) *Mediation of Dispute.* If the Initiating Party and the Responding Party cannot resolve the dispute within ninety (90) days of the date of the written response, they shall engage a mediator, experienced in water-related disputes, to attempt to resolve the dispute. Each Party shall ensure that it is represented at the mediation by a Director. These representatives of the Initiating Party and the Responding Party may consult with staff and/or technical consultants during the mediation and such staff and/or technical consultants may be present during the mediation. The costs of the mediator shall be divided evenly between the Initiating Party and the Responding Party or Parties.

453 (4) *Prior to Claims Under California Tort Claims Act.* The Parties agree that
 454 the procedure described in this paragraph 6(b) represents an effort to
 455 resolve disputes without the need for a formal claim under the California
 456 Tort Claims Act or other applicable law. The period of time for the
 457 presentation of a claim by one Party against another shall be tolled for the
 458 period from the date on which the Initiating Party files a written statement
 459 until the date upon which the mediator renders a decision.

460 (5) *Reservation of Rights.* Nothing in this paragraph 6(b) shall require a Party
 461 to comply with a decision of the mediator and, after the completion of the
 462 mediation process described above, each Party shall retain and may
 463 exercise at any time all legal and equitable rights and remedies it may
 464 have to enforce the terms of this Agreement; provided, that prior to
 465 commencing litigation, a Party shall provide at least five (5) calendar
 466 days' written notice of its intent to sue to the other Party.

467 7. *General Provisions.*

468 a. *Authority.* Each signatory of this Agreement represents that s/he is authorized to
 469 execute this Agreement on behalf of the Party for which s/he signs. Each Party
 470 represents that it has legal authority to enter into this Agreement and to perform
 471 all obligations under this Agreement.

472 b. *Amendment.* This Agreement may be amended or modified only by a written
 473 instrument executed by each of the Parties to this Agreement.

474 c. *Jurisdiction and Venue.* This Agreement shall be governed by and construed in
 475 accordance with the laws of the State of California, except for its conflicts of law
 476 rules. Any suit, action, or proceeding brought under the scope of this Agreement
 477 shall be brought and maintained to the extent allowed by law in the County of San
 478 Bernardino, California.

479 d. *Headings.* The paragraph headings used in this Agreement are intended for
 480 convenience only and shall not be used in interpreting this Agreement or in
 481 determining any of the rights or obligations of the Parties to this Agreement.

482 e. *Construction and Interpretation.* This Agreement has been arrived at through
 483 negotiations and each Party has had a full and fair opportunity to revise the terms
 484 of this Agreement. As a result, the normal rule of construction that any
 485 ambiguities are to be resolved against the drafting Party shall not apply in the
 486 construction or interpretation of this Agreement.

- 487 f. *Entire Agreement.* This Agreement constitutes the entire agreement of the Parties
 488 with respect to the subject matter of this Agreement and, save as expressly
 489 provided in this Agreement, supersedes any prior oral or written agreement,
 490 understanding, or representation relating to the subject matter of this Agreement.
- 491 g. *Partial Invalidity.* If, after the date of execution of this Agreement, any provision
 492 of this Agreement is held to be illegal, invalid, or unenforceable under present or
 493 future laws effective during the term of this Agreement, such provision shall be
 494 fully severable. However, in lieu thereof, there shall be added a provision as
 495 similar in terms to such illegal, invalid or unenforceable provision as may be
 496 possible and be legal, valid and enforceable.
- 497 h. *Successors and Assigns.* This Agreement shall be binding on and inure to the
 498 benefit of the successors and assigns of the respective Parties to this Agreement.
 499 No Party may assign its interests in or obligations under this Agreement without
 500 the written consent of the other Parties, which consent shall not be unreasonably
 501 withheld or delayed.
- 502 i. *Waivers.* Waiver of any breach or default hereunder shall not constitute a
 503 continuing waiver or a waiver of any subsequent breach either of the same or of
 504 another provision of this Agreement and forbearance to enforce one or more of
 505 the rights or remedies provided in this Agreement shall not be deemed to be a
 506 waiver of that right or remedy.
- 507 j. *Attorneys' Fees and Costs.* The prevailing Party in any litigation or other action
 508 to enforce or interpret this Agreement shall be entitled to reasonable attorneys'
 509 fees, expert witnesses' fees, costs of suit, and other and necessary disbursements
 510 in addition to any other relief deemed appropriate by a court of competent
 511 jurisdiction.
- 512 k. *Necessary Actions.* Each Party agrees to execute and deliver additional
 513 documents and instruments and to take any additional actions as may be
 514 reasonably required to carry out the purposes of this Agreement.
- 515 l. *Compliance with Law.* In performing their respective obligations under this
 516 Agreement, the Parties shall comply with and conform to all applicable laws,
 517 rules, regulations and ordinances.
- 518 m. *Third Party Beneficiaries.* This Agreement shall not create any right or interest in
 519 any non-Party or in any member of the public as a third party beneficiary.

- n. *Counterparts.* This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute but one and the same instrument.
- o. *Notices.* All notices, requests, demands or other communications required or permitted under this Agreement shall be in writing unless provided otherwise in this Agreement and shall be deemed to have been duly given and received on: (i) the date of service if served personally, served by facsimile transmission, or served via electronic mail on the Party to whom notice is to be given at the address(es) provided below, (ii) on the first day after mailing, if mailed by Federal Express, U.S. Express Mail, or other similar overnight courier service, postage prepaid, and addressed as provided below, or (iii) on the third day after mailing if mailed to the Party to whom notice is to be given by first class mail, registered or certified, postage prepaid, addressed as follows:

Notice to San Bernardino Valley Municipal Water District

Douglas Headrick, General Manager
SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT
380 East Vanderbilt Way, San Bernardino, CA 92408
Phone: (909) 820-3701
Email: douglash@sbyvmwd.com

David R.E. Aladjem
DOWNEY BRAND LLP
621 Capitol Mall, Sacramento, CA 95814
Phone: (916) 520-5361
Email: daladjem@downeybrand.com

Notice to East Valley Water District

John Mura, General Manager/CEO
EAST VALLEY WATER DISTRICT
31111 Greenspot Rd., Highland, CA 92346
Phone: 909-889-9501
Email: john@eastvalley.org

Jean Cihigoyenetché
JC LAW FIRM
5871 Pine Ave., Suite 200, Chino Hills, CA 91709
Phone: 909-941-3382
E-mail: jean@thejclawfirm.com

Notice to the City of San Bernardino and the City of San Bernardino Municipal Water Department

Andrea M. Miller, City Manager
CITY OF SAN BERNARDINO
290 North "D" Street
San Bernardino, CA 92418
Phone: (909) 384-5122
E-mail: Miller_an@sbcity.org

Gary D. Saenz
City Attorney
Office of the City Attorney
290 North "D" Street, 3rd Floor
San Bernardino, CA 92401
Phone: (909) 384-5355
E-mail: Saenz_Ga@sbcity.org

Andrew M. Hitchings
Somach Simmons & Dunn
500 Capitol Mall, Suite 1000
Sacramento, CA 95814
Phone: (916) 446-7979
E-mail: ahitchings@somachlaw.com

IN WITNESS HEREOF, the Parties have executed this Agreement on the dates set forth below:

SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT


By:


Susan Longville
President, Board of Directors

Dated:

11/16/17

By:


Steve Copelan, Secretary

Dated:

11/16/17

APPROVED AS TO FORM

By: _____

Dated: 11/14/17

David R.E. Aladjem
Downey Brand, LLP
Counsel for San Bernardino Valley Municipal Water District

EAST VALLEY WATER DISTRICT

By: Ronald L. Coats

Dated: 11-21-17

Ronald L. Coats
Chairman of the Board

By: John Mura

Dated: 11-21-17

John Mura, General Manager/CEO

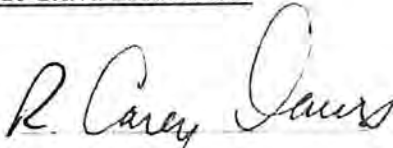
APPROVED AS TO FORM

By: Jean Cihigoyenetché

Dated: 11-21-17

Jean Cihigoyenetché
JC Law Firm
Counsel for East Valley Water District

CITY OF SAN BERNARDINO

By: 

R. Carey Davis
Mayor

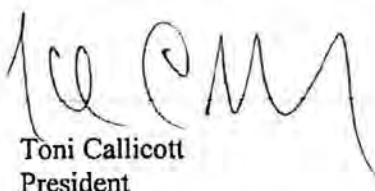
Dated: 11/29/2017

By: 

Andrea Miller
City Manager

Dated: ann 11/29/17

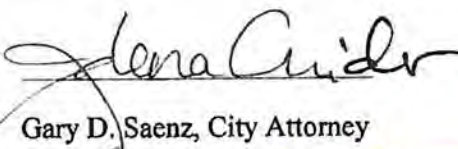
CITY OF SAN BERNARDINO MUNICIPAL WATER DEPARTMENT

By: 

Toni Callicott
President

Dated: 11-30-17

APPROVED AS TO FORM

By: 

Gary D. Saenz, City Attorney

Dated: 11/28/17

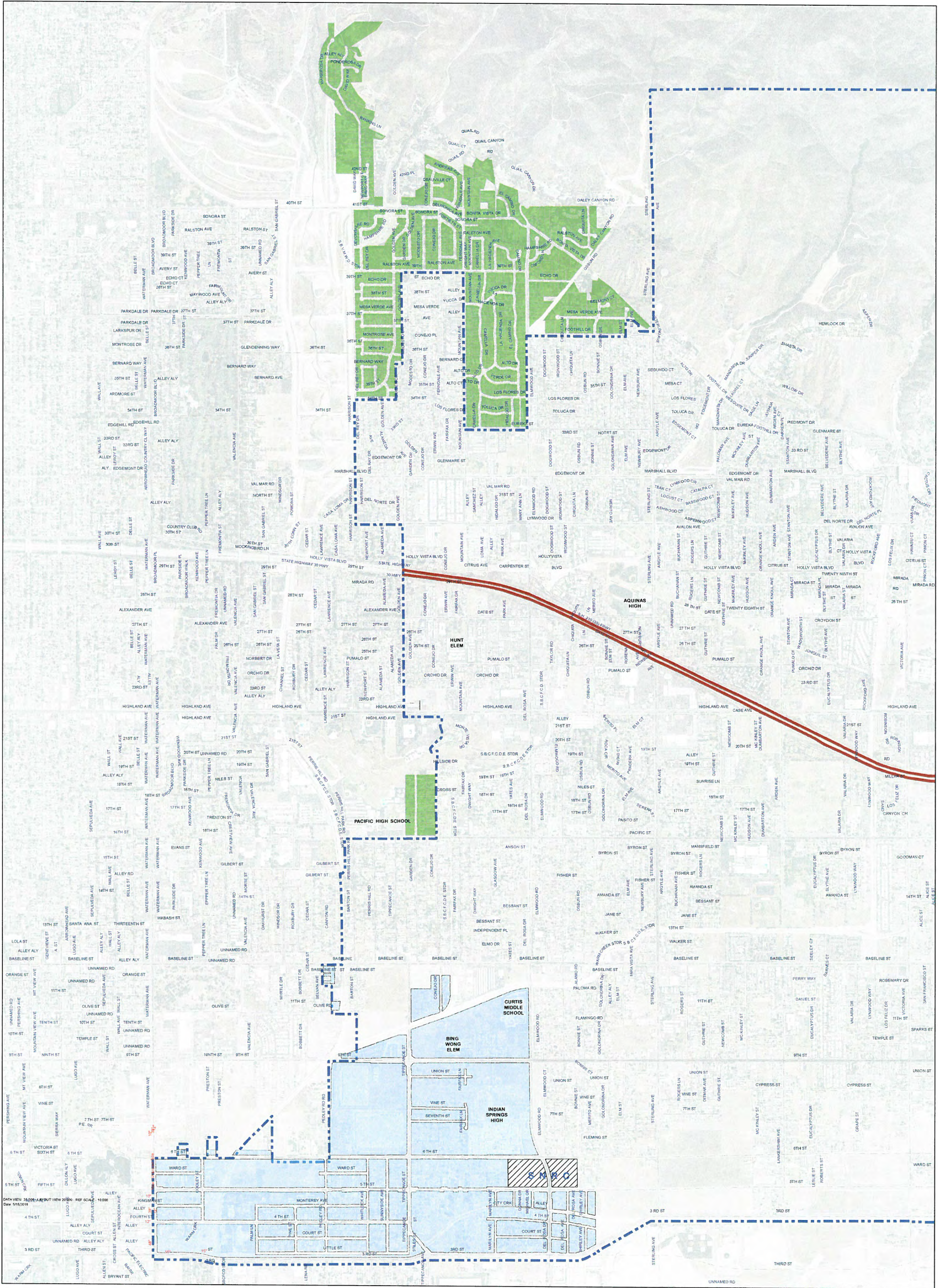
By: 

Andrew M. Hitchings
Somach Simmons & Dunn
Special Counsel for City of San Bernardino

Dated: 11/30/17

Exhibit A: Map: EVWD and San Bernardino Tributary to 3rd Sewer Study
Exhibit B: Map: Sterling Properties

Exhibit A



Document Path: T:\LeidsSewer Study 2017\Flow Exchange\FINAL OPTION SEWER FLOW EXCHANGE.mxd
Date: 5/18/2018

LEGEND

- EVWD BOUNDARY
- FREEWAY

- SERVICE AREA 'A' - FLOW TO EAST VALLEY - 1,266 PARCELS - 355,746 GPD
- SERVICE AREA 'B' - FLOW TO SAN BERNARDINO - 1,418 PARCELS - 398,500 GPD

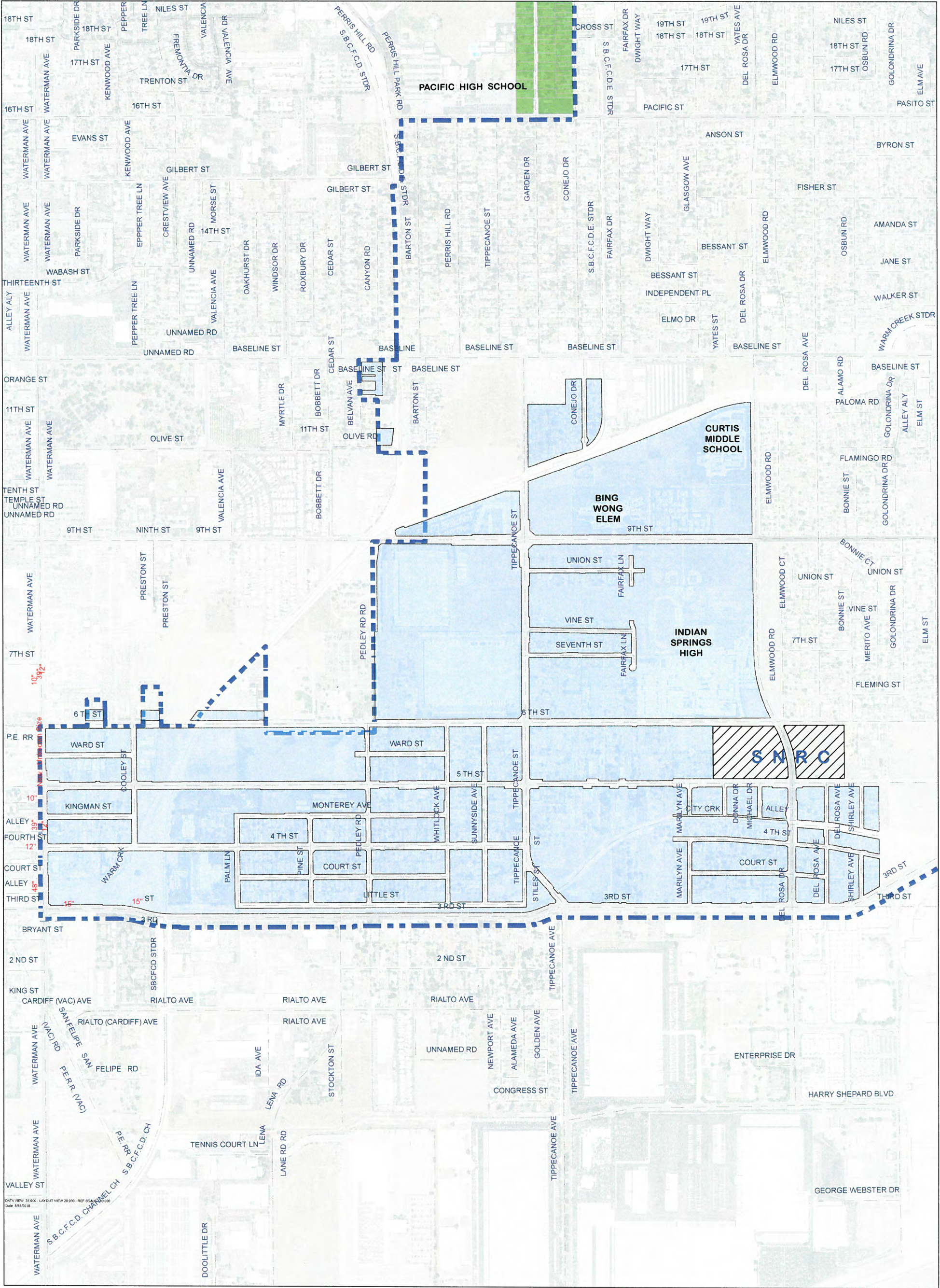


EXHIBIT A

EVWD AND SAN BERNARDINO TRIBUTARY TO 3RD SEWER STUDY

AMENDED ON MAY 14, 2018





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Date: 5/18/2018

EXHIBIT A

**EVWD AND SAN BERNARDINO
TRIBUTARY TO 3RD
SEWER STUDY**

AMENDED ON MAY 14, 2018

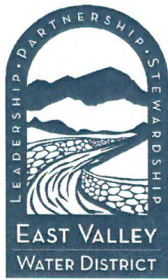
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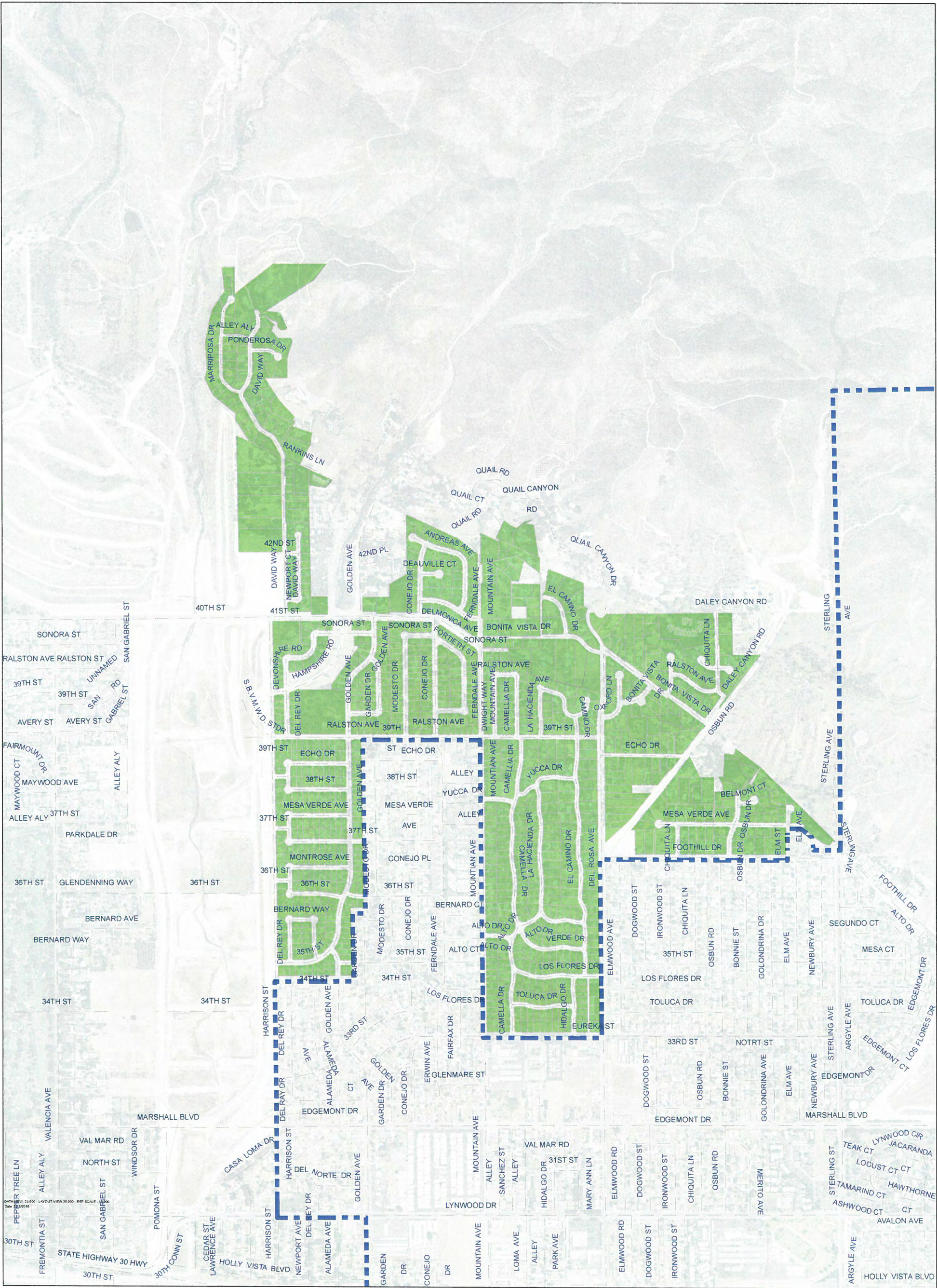
LEGEND

- EVWD BOUNDARY
- FREEWAY



0 0.05 0.1 0.2 0.3 0.4 Miles





LEGEND

- EVWD BOUNDARY
- FREWAY

- SERVICE AREA 'A' - FLOW TO EAST VALLEY - 1,266 PARCELS - 355,746 GPD
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EXHIBIT A

EVWD AND SAN BERNARDINO
TRIBUTARY TO 3RD
SEWER STUDY

AMENDED ON MAY 14, 2018

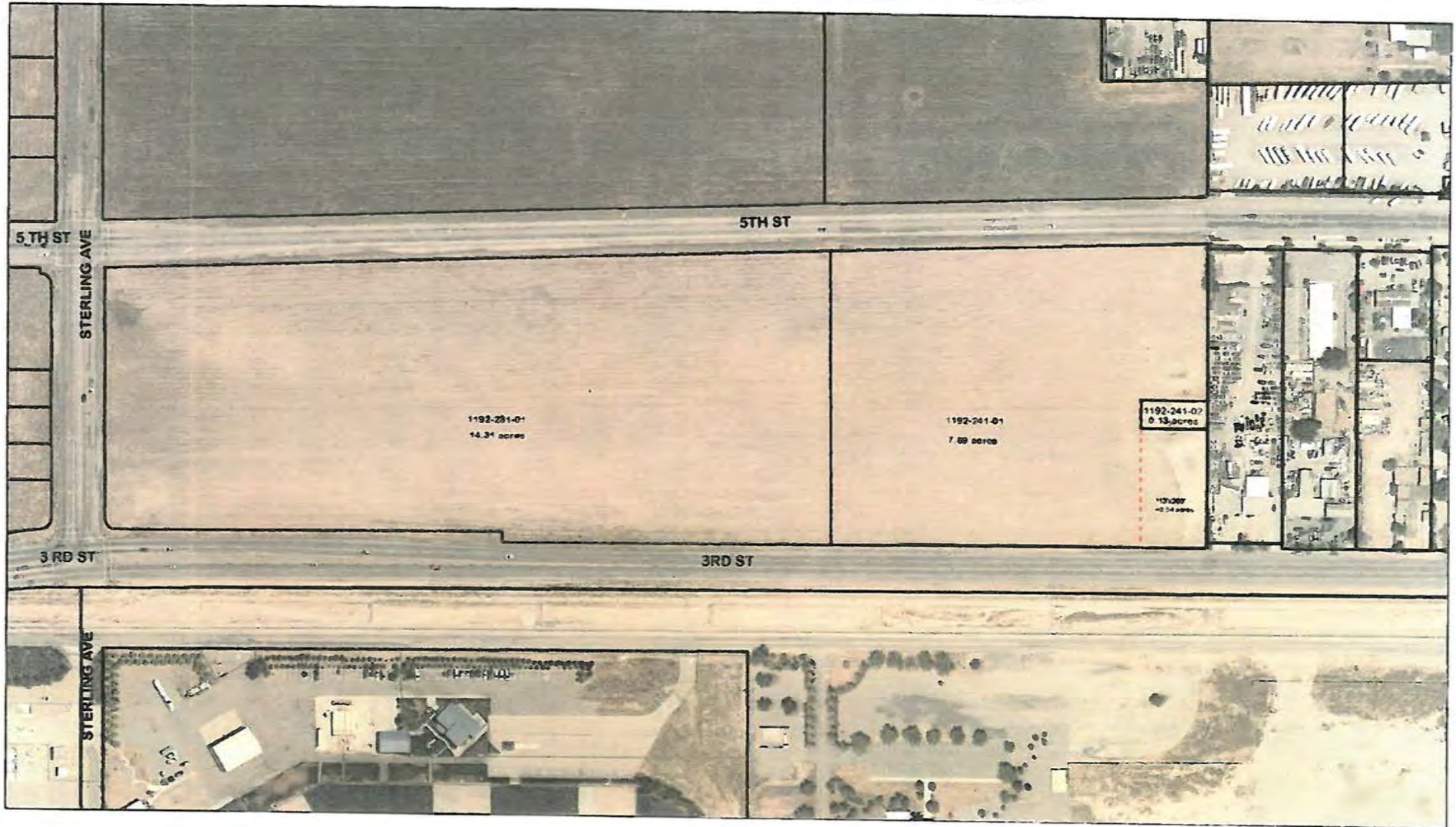
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Exhibit B

STERLING PROPERTIES

0 125 250 500 750 1,000 Feet



**EXTRATERRITORIAL WASTEWATER
TREATMENT EXCHANGE AGREEMENT**

This Agreement ("Agreement") is entered into and effective this ____ day of ____, 2018 by and among the City of San Bernardino, the City of San Bernardino Municipal Water Department (collectively "City") and East Valley Water District ("East Valley"). The City and East Valley are sometimes referred to herein as a "Party" and are collectively referred to herein as the "Parties."

WHEREAS, East Valley has undertaken the design and construction of a domestic wastewater treatment plant known as the Sterling Natural Resource Center (SNRC); and

WHEREAS, City had previously opposed the SNRC project by filing litigation and lodging objections with regulatory agencies; and

WHEREAS, on or about November 21, 2017, as a result of negotiations, the Parties entered into a global settlement agreement (Settlement) which resolves all disputes between the Parties concerning the SNRC and City's comparable project the Clean Water Factory, which together comprise regional wastewater facilities, and calls for the dismissal of all litigation between the Parties; and

WHEREAS, the Settlement agreement contemplates the conveyance of an approximately 20,800 linear foot portion of the East Trunk Sewer pipeline from City to East Valley to allow East Valley to collect and transport wastewater flows to the SNRC project; and

WHEREAS, the Parties recognize that as a result of the transfer of that portion of the East Trunk Sewer pipeline as described above, efficient and lower-cost operation of the regional wastewater system would require extraterritorial service in the form of an exchange of flows currently generated by City in the area designated in Exhibit A attached hereto (Service Area A), for a roughly equal amount of flows currently generated by East Valley in the area designated in Exhibit A attached hereto (Service Area B); and

WHEREAS, the Parties agree that such an exchange of flows would result in the efficient and cost-effective operation of the regional wastewater system which is of benefit to all users of the system; and

WHEREAS, pursuant to section 1 (c)(3) of the Settlement Agreement, the Parties have agreed to enter into this Agreement providing for the co-mingling and exchange of flows between those areas designated in Exhibit A attached hereto so as to ensure the efficient and cost-effective operation of wastewater treatment on a regional basis;

NOW THEREFORE, the Parties hereto agree as follows:

**ARTICLE I
FLOW EXCHANGE**

1.1 Flow Exchange: Effective upon the date which the SNRC becomes operational for its intended purpose as a wastewater treatment plant (Effective Date), wastewater flows emanating from the area designated in Service Area A shall be treated by the SNRC, while all flows emanating from the area designated in Service Area B shall be treated at City wastewater treatment facilities. Wastewater treatment services shall be provided by the respective Party in accordance with the then current ordinances, regulations and rules under which each Party provides wastewater treatment services to its ratepayers, including pretreatment requirements. The exchange of wastewater flows shall be accomplished by constructing a sewer pipeline to divert flow emanating from outside Service Area B from the East Trunk Sewer pipeline near Baseline Street to the SNRC. The flows from Service Area B shall continue to flow in the East Trunk Sewer pipeline south of Baseline Street and will not be diverted to the SNRC, rather those flows will go to City's wastewater treatment plant for treatment.

1.2 East Trunk Sewer: Within 30 days of the Effective Date, the City will convey an approximately 31,700-foot portion of the East Trunk Sewer pipeline to East Valley. This includes the East Trunk Sewer line and appurtenances from the 6th Street and Waterman Avenue intersection in the City of San Bernardino to the trunk system's northern terminuses as shown in Exhibit C, attached hereto. Upon conveyance, East Valley will own and maintain this portion of the East Trunk Sewer line.

Commented [MG1]: Include exhibit showing the extent of this portion of the East Trunk Sewer line.

Commented [JN2R1]: The transfer of this portion of the East Trunk Sewer will be accomplished through a separate legal instrument. Therefore, it won't be included in this Agreement.

1.3.1.3 Rate Setting and Fees: The responsibility for rate setting and fee collection shall not change. East Valley shall be responsible for rate setting and fee collection for Service Area B and City shall be responsible for rate setting and fee collection for Service Area A. Each party may impose wastewater user charges within their respective service area and, except as otherwise provided, shall be entitled to retain, use and expend such charges for any lawful purpose. City shall not impose nor seek to impose wastewater user charges within Service Area B and East Valley shall not impose nor seek to impose wastewater user charges within Service Area A. All laws, ordinances and regulations established with respect to rate setting procedures shall be followed by the Parties when establishing wastewater treatment rates.

1.3.1.4 Facility Ownership: Ownership of the capital facilities for wastewater collection shall not change. East Valley shall own all of the capital facilities for wastewater collection including, but not limited to, all pipelines, valves, and manholes located within Service Area B and City shall own all the capital facilities for wastewater collection including, but not limited to, all pipelines, valves, and manholes located within Service Area A. East Valley and City shall each be responsible for maintaining and periodic cleaning of the pipelines that they own.

1.4.1.5 Wastewater Ownership: Notwithstanding the origin of wastewater flows, it is the intention and agreement of the Parties hereto that recycled water generated by the wastewater treatment process of the SNRC shall be owned by East Valley and the recycled water generated by the wastewater treatment processes of the City shall be owned by the City.

ARTICLE II

PAYMENT FOR NEW CAPITAL FACILITIES

2.1 New Facilities: To the extent that additional capital facilities are needed to accomplish the wastewater flow exchange described herein, the costs associated with the permitting and construction of those new facilities shall be the sole responsibility of East Valley and East Valley shall reimburse City for any such costs incurred by City.

2.2 Consent: No new capital facilities necessary to accomplish the wastewater flow exchange described herein shall be designed or constructed without the consent and approval of the other Party, which approval shall not be unreasonably withheld.

ARTICLE III

MISCELLANEOUS

3.1 Approvals: The exchange of wastewater flows contemplated herein will result in each of the Parties providing extraterritorial wastewater treatment services. Accordingly, the Parties agree to cooperate in securing all necessary legal, regulatory and permit approval for the provision of extraterritorial service including, but not limited to, approval from the San Bernardino County Local Agency Formation Commission (LAFCO).

3.2 Term: Unless otherwise stated in this Agreement, this Agreement shall remain in effect until terminated in accordance with the provisions of Article 3.3 below or until such time as both Parties agree, in writing, to revise or repeal this Agreement as set forth herein.

3.3 Termination: Either Party may terminate this Agreement upon 24 months written notice to the other Party, provided however that no termination of this agreement shall be effective until such time as wastewater treatment services are available on an uninterrupted basis to both service areas A and B. Costs associated with the permitting and construction of new facilities required as result of termination of this Agreement shall be the sole responsibility of East Valley and East Valley shall reimburse City for any such costs incurred by City.

3.4 Amendment: No amendment or waiver of any provision of this agreement or consent to any departure from its terms shall be effective unless the same shall be in writing and signed by the parties hereto. Any Party desiring to change or otherwise amend the agreement must submit a written request to the other Party. The request shall be given a 60-day review period prior to submission to the respective governing bodies for approval.

3.5 Successors and Assigns: This agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective heirs, successors and assigns, except that no Party hereto shall have the right to assign or transfer hereunder any interest herein without the prior written consent of the other party. Any such attempted assignment shall be void and of no force and effect, and no such assignee or transferee shall acquire any right or interest by reason of such attempted assignment or transfer.

3.6 Effective Date: This Agreement shall become effective when the Agreement has been duly executed by both Parties hereto.

3.7 Notice: All notices and other communications provided for hereunder shall be in writing addressed to the parties as noted below:

To: City of San Bernardino
Andrea M. Miller, City Manager
290 North "D" Street
San Bernardino, CA 92418
Telephone No. (909) 384-5122
E-mail: Miller_an@sbcity.org

City of San Bernardino
Municipal Water Department
Robin Ohama, General Manager
397 Chandler Place
San Bernardino, CA 92408
Telephone No. (909) 384-5393
Email: Robin.Ohama@sbmwd.org

With copies to: Gary D. Saenz
City Attorney
Office of the City Attorney
290 North "D" Street, 3rd Floor
San Bernardino, CA 92401
Telephone: (909) 384-5355
E-mail: Saenz_Ga@sbcity.org

To: East Valley Water District
John Mura, General Manager
3111 Greenspot Road
Highland, CA 92346
Telephone No. (909) 885-4900
Facsimile No. (909) 889-5732

3.8 Indemnification: Each Party shall indemnify, defend and hold harmless the other Party and their respective directors, officers, employees and agents from and against all damages, liabilities, claims, actions, demands, costs and expenses (including, but not limited to, costs of investigations, lawsuits and any other proceedings whether in law or in equity, settlement costs, attorneys' fees and costs), and penalties or violations of any kind, which arise out of, result from, or are related to any acts or omissions of the indemnifying Party, or its officers, agents or employees, in the performance of its obligations under this Agreement.

3.9 Attorney Fees: The prevailing Party in any litigation or other action to enforce or interpret this Agreement shall be entitled to reasonable attorneys' fees, expert witnesses' fees,

costs of suit, and any other necessary disbursements in addition to any other relief deemed appropriate by a court of competent jurisdiction.

3.10 Entire Agreement: This writing constitutes the entire Agreement between the Parties with respect to the subject matter hereof and supersedes all oral or written representations or written agreements, which may have been entered into between the Parties prior to the execution of this Agreement.

3.11 Counterparts: This Agreement may be executed in counterparts, each of which shall be an original and all of which when taken together shall constitute one and the same instrument.

3.12 Partial Invalidity: The invalidity of any portion of this Agreement will not affect the validity of the remainder hereof.

3.13 Time of Essence: Time is of the essence in the fulfillment by the Parties hereto of their obligations under this agreement.

3.14 Governing Law: This Agreement shall be governed by and construed in accordance with the laws of the State of California.

IN WITNESS HEREOF, the Parties have executed this Agreement on the dates set forth below:

CITY WATER

By: _____
Toni Callicott, Water Board President
City of San Bernardino
Municipal Water Department

Dated: _____

CITY

By: _____
Andrea M. Miller, City Manager
City of San Bernardino

Dated: _____

By: _____
Gary D. Saenz, City Attorney
City of San Bernardino

Dated: _____

DISTRICT

By: _____
John Mura
East Valley Water District

Dated: _____

DRAFT

**Email Dated March 1, 2018
Outlining Existing Contract
for Water Service**

Attachment 2

Rollings-McDonald, Kathleen

From: Kelly Malloy <kmalloy@eastvalley.org>
Sent: Thursday, March 1, 2018 9:33 AM
To: Rollings-McDonald, Kathleen; Tuerpe, Michael
Subject: Out-of-Agency Service- Wastewater
Attachments: Scan_18011807542.pdf

Good Afternoon,

Based on the information regarding the Countywide Service Review for Wastewater Services, East Valley Water District would like to provide information regarding an out-of-service agreement that we have with the San Bernardino Water Department.

Currently, East Valley Water District provides water service to 3331 3rd Street, San Bernardino CA based on a written agreement as addressed in the current JPA. After researching this property, EVWD does not provide wastewater service.

Please feel free to contact me for additional information regarding this service.

Thank you,



Kelly Malloy
Public Affairs/Conservation Manager
31111 Greenspot Road
Highland, CA 92346
Office: (909) 806-4239
kmalloy@eastvalley.org | www.eastvalley.org

CITY OF SAN BERNARDINO MUNICIPAL WATER DEPARTMENT

BOARD OF WATER COMMISSIONERS

TONI CALLICOTT
President

Commissioners
B. WARREN COCKE
NORINE I. MILLER
LOUIS A. FERNANDEZ
WAYNE MENDRIX



"Trusted, Quality Service since 1905"

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General Manager
ROBIN L. OHAMA
Deputy General Manager
MATTHEW H. LITCHFIELD, P.E.
Director of Water Utility
JOHN A. CLAUS
Director of Water Reclamation
DON SHACKELFORD
Director of Finance
VALERIE HOUSEL
Director of Environmental &
Regulatory Compliance

April 6, 2010

Mr. Bob Martin
General Manager
East Valley Water District
3654 East Highland Avenue, Suite 18
Highland, CA 92346-2607

Dear Mr. Martin:

RE: REQUEST FOR EAST VALLEY WATER DISTRICT TO PROVIDE WATER SERVICE TO THE LANDFILL PROJECT AT 3331 3RD STREET, SAN BERNARDINO, CALIFORNIA (EPN 2010-004)

The San Bernardino Municipal Water Department (Department) received a request from Cordoba Corporation on behalf of Inland Valley Development Agency (IVDA) asking for consideration to have East Valley Water District provide water service to property that is located in the northeasterly portion of the San Bernardino International Airport Authority area. Cordoba Corporation has requested that East Valley Water District provide water service to the property since it has facilities adjacent to the property and can meet the demand with its existing system. Neither the Department nor IVDA have any existing facilities in this area to serve the proposed project.

The property is a portion of a parcel of land within our exclusive water service area as set forth in the "Joint Powers Agreement of 1965 Between the City of San Bernardino and the East San Bernardino County Water District".

Mr. Bob Martin
Page 2
April 6, 2010

The Board of Water Commissioners (BOWC) at their April 13, 2004 meeting unanimously voted to authorize the General Manager to provide a written consent for East Valley Water District to provide water service to a parcel of land within the exclusive area of the City of San Bernardino described as follows:

The most easterly 1,080 feet of property within the boundaries of the San Bernardino International Airport Authority lying south of 3rd Street to Alabama Street, thence south 90 degrees along Alabama Street a distance of 540 feet, thence west 90 degrees a distance of 1,080 feet, thence north 90 degrees a distance of 540 feet.

Pursuant to the April 13, 2004 BOWC's Resolution, the Department will authorize East Valley Water District to provide service to the proposed project.

If you have any questions, please call me at (909) 384-5091.

Sincerely,



Stacey R. Aldstadt
General Manager

SRA:TRB:jmt

cc: Mr. Roberto Ramirez
Cordoba Corporation
264 S. Leland Norton Way, Suite C-100
San Bernardino, CA 92408

Mr. Wayne Hendrix
Inland Valley Development Agency
294 S. Leland Norton Way, Suite 1
San Bernardino, CA 92408

Robin Ohama
Matt Litchfield
Greg Gage



3654 East Highland Avenue, Suite 18, Highland, CA 92346
P.O. Box 3427, San Bernardino, CA 92413

Serving Our Community for Over 50 Years

March 30, 2010

BOARD OF DIRECTORS

George E. "Skip" Wilson
President

Matt Le Vesque
Vice President

Kip E. Sturgeon
Director

James Morales, Jr.
Director

Larry Malmberg
Director

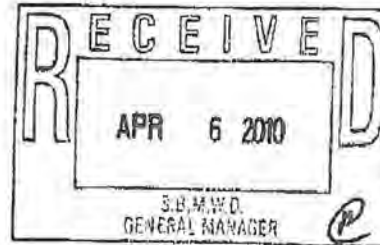
Robert E. Martin
General Manager

Brian W. Tompkins
Chief Financial Officer

Ronald E. Buchwald
District Engineer

Stacey R. Aldstadt
General Manager
City of San Bernardino Water Department
444 W. Rialto Avenue, Suite D
San Bernardino, CA 92401

Subject: Water Service to IVDA



Dear Ms Aldstadt,

As you are aware, IVDA is in the final stages of constructing a landfill project located at the northeasterly portion of the San Bernardino International Airport. An important consideration for them is the availability of a water supply that meets their pressure needs. IVDA has made a request to provide water service to their planned facility near the intersection of Alabama and Third Streets. After pressure testing in our Intermediate Pressure Zone, we produced pressure that appears to satisfy IVDA's estimated irrigation demands. However, the site for their facility is not within East Valley Water District's service area per the "Joint Powers Agreement of 1965 Between The City of San Bernardino and the East San Bernardino County Water District."

After reviewing the 1965 Agreement and its first amendment (signed in 1984), it appears that East Valley Water District can serve IVDA under the provisions in Section 4, "Consent to Serve".

"Either public agency may, by written consent, authorize the other public agency to provide water service within the exclusive service area of the agency giving consent."

The District has considered this request from IVDA and is willing to provide service provided the City of San Bernardino Water Department has no difficulty with us doing so. Therefore, I would appreciate the City's review of IVDA's request and consideration of giving East Valley Water District a "written consent" to serve this project.

Thank you for your consideration of this matter. If you or any of the Commissioners have any questions or need additional information, please do not hesitate to call me at (909) 885-4900.

Very Truly Yours,


Robert E. Martin
General Manager

REM: ctb

Administration (909) 885-4900, Fax (909) 889-5732 • Engineering (909) 888-8986, Fax (909) 383-1481

Customer Service (909) 889-9501, Fax (909) 888-6741 • Finance (909) 381-6463, Fax (909) 888-6741

RESOLUTION NO. 2004-05

**RESOLUTION OF THE INLAND VALLEY DEVELOPMENT AGENCY
CONFIRMING THE COMMENCEMENT OF CERTAIN
WATER AND SEWER SYSTEM TRANSFER NEGOTIATIONS
AND AUTHORIZING THE TRANSFER OF SERVICE
JURISDICTION FOR CERTAIN PROPERTIES PRESENTLY
WITHIN THE WATER AND SEWER SERVICE AREAS
OF THE INLAND VALLEY DEVELOPMENT AGENCY**

WHEREAS, the Inland Valley Development Agency ("IVDA") presently operates the water and sewer systems on the former Norton Air Force Base ("Norton") pursuant to one or more license agreements with the United States Air Force ("USAF") subject to the transfer thereof by one or more bills of sale from the USAF to the IVDA at a later date; and

WHEREAS, the Staff and consultants of the IVDA were previously authorized by the IVDA to analyze various alternatives for the continued provision of water and sewer service to the Norton properties and the costs associated with each alternative for the continued provision of water and sewer service to the Norton properties; and

WHEREAS, the Staff and consultants duly considered whether it would be advantageous for all parties concerned that there be either a system owned and operated by the IVDA, separate systems of the City of San Bernardino Water Department and the East Valley Water District or a water system owned solely by the City of San Bernardino Water Department; and

WHEREAS, the Staff and consultants have recommended to the IVDA that the entire water system located on the former Norton properties be transferred to the City of San Bernardino Water Department and that area B-1C East on the corner of 3rd Street and Alabama Street ("B-1C East") should be transferred to the East Valley Water District for water service; and

WHEREAS, the Staff and consultants have further recommended to the IVDA that the sewer system located on the former Norton properties in addition to the transmission line extending westerly from the Norton properties at Lena Road also be transferred to the City of San Bernardino and that the sewer service for the above mentioned area B-1C East likewise be transferred to the East Valley Water District; and

WHEREAS, it is desirable to inform the USAF of the intent of the IVDA as to the transfer of water and sewer service for area B-1C East from the IVDA to the East Valley Water District.

**NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED BY
THE INLAND VALLEY DEVELOPMENT AGENCY AS FOLLOWS:**

Section 1. The recitals as set forth above are accurate and correct in all material respects.

Section 2. The Board of the IVDA hereby accepts and ratifies and confirms the recommendations of the Staff and consultants to the IVDA to the effect that the on-base portions of the former Norton water system should be transferred to the City of San Bernardino Water Department pursuant to a negotiated agreement subject to approval by the Board of the IVDA at a later date.

Section 3. The Board of the IVDA hereby accepts and ratifies and confirms the recommendation of the Staff and consultants to the IVDA to the effect that the on-base portions of the former Norton sewer system together with the sewer transmission line extending westerly from the former Norton properties at Lena Road should be transferred to the City of San Bernardino pursuant to a separately negotiated agreement subject to approval by the Board of the IVDA at a later date.

Section 4. The Board of the IVDA hereby declares its intent to allow the transfer either directly by the USAF or by the IVDA, as applicable, of that portion of the water and sewer systems in area B-1C East, located on the corner of 3rd Street and Alabama Street to the East Valley Water District. Such transfer of service area shall be without any cost to the IVDA. East Valley Water District shall have the option of accepting the water and sewer systems in the B-1C East area in their then current "as is" condition without any representation or warranty by the IVDA of any nature whatsoever as to their physical condition or suitability for any further domestic water supply and sewer uses. East Valley Water District has made no commitment and is under no obligation at this time to accept the system for area B-1C East. When, and if, East Valley Water District agrees to accept the water and sewer systems, the Staff and consultants of the IVDA will cooperate with the East Valley Water District in such manner as may be reasonably required to accomplish the transfer of jurisdiction of said water and sewer service area to the East Valley Water District.

Section 5. This Resolution shall take effect upon its adoption and may only be modified or amended pursuant to another duly adopted Resolution of the Board of the IVDA.

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PASSED, APPROVED AND ADOPTED this 28th day of April, 2004.


Co-Chair
Inland Valley Development Agency


Co-Chair
Inland Valley Development Agency

(Seal)
Attest:


Clerk of the Board
Inland Valley Development Agency


I, Kelly Berry, Clerk of the Board of the Inland Valley Development Agency (IVDA) do hereby certify that the foregoing Resolution No. 2004-05 was duly and regularly passed and adopted by the IVDA at a regular meeting thereof, held on the 28th day of April, 2004, and that the foregoing is a full, true and correct copy of said Resolution and has not been amended or repealed.

(Seal)
Attest:


Clerk of the Board
Inland Valley Development Agency

I, Kelly Berry, Clerk of the Board, Inland Valley Development Agency, A Joint Powers Authority, State of California, hereby certify the foregoing instrument to be a full, true and correct copy of the original now on file in my office.

Dated: September 20, 2004
Clerk of the Inland Valley Development Agency Board

By: 
3 pages total

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

1170 West Third Street, Unit 150, San Bernardino, CA 92415-0490
(909) 388-0480 • Fax (909) 388-0481
lafco@lafco.sbcounty.gov
www.sbclafco.org

DATE : June 13, 2018



FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer
SAMUEL MARTINEZ, Assistant Executive Officer

TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: AGENDA ITEM #13 – Status Report on Continued Monitoring of
Conditions Imposed by LAFCO Resolution 3190 on LAFCO 3157 –
Sphere of Influence Establishment for County Service Area 120

RECOMMENDATION:

Staff recommends that the Commission:

1. Note receipt of the Status Report and file;
2. Initiate a Sphere of Influence amendment for County Service Area 120 with the direction that it be for the assignment of a zero sphere of influence; and,
3. Direct staff to convene a working group including representatives for CSA 120, the County Administrative Office, LAFCO staff, California Department of Fish and Wildlife staff, Inland Empire Resource Conservation District, City of Rancho Cucamonga and San Bernardino County Transportation Authority to review the option for a possible reorganizations to transfer responsibility for the mitigation lands comprising the ownerships of CSA 120 and the conservation easements assigned the County of San Bernardino.

DISCUSSION:

At the September 17, 2014 LAFCO hearing, the Commission approved LAFCO 3157, the sphere of influence establishment for CSA 120, which was followed by the Commission's adoption of Resolution No 3190 setting forth its findings and determinations at the October hearing. Included within that resolution (copy included as Attachment #1) were conditions imposed on CSA 120's sphere establishment, which are outlined below:

1. Within six months of the approval of the sphere of influence establishment, County Service Area 120 shall have completed the due diligence process with the California Department of Fish and Wildlife to be declared an available recipient of mitigation properties in the future. Failure to do so will require a further analysis of the sphere of influence assignment;
2. Within six months of the approval of the sphere of influence establishment for CSA 120, management of the County Special Districts Department shall develop a mechanism to provide for the maintenance and operation of the improvements constructed through the 2008-09 State Park grant without use of the endowment funds established for mitigation purposes only;
3. Within six months of the approval of the sphere establishment, County Service Area 120 shall have completed all reporting required by State law for the management of mitigation properties;
4. Within six months of the approval of the sphere of influence establishment, County Service Area 120 will have developed funding plans to restore endowment balances for those mitigation properties where mitigation work has not been performed but interest earnings used; and,
5. Direct LAFCO staff to provide ongoing monitoring of the completion of these activities with periodic updates provided to the Commission.

For the past almost four years, LAFCO staff has provided updates on the progress related to the response to the conditions of approval imposed upon CSA 120 (also shown as District). At the last update, heard at the May 20, 2015 hearing, the Special Districts Department staff provided its responses to the four requirements directed at its operations which were outlined in the staff report for that hearing (copy included as Attachment #3 to this report). Ultimately the Commission determined that it would hold in abeyance any further discussion of the conditions until completion of its Service Review for Habitat Conservation and Open Space Preservation (LAFCO 3157A) and the effects of the habitat study being undertaken by the County's Environmental Element Group of its Countywide Vision process. At the March 21, 2018 hearing, the Commission received an update on the progress of those efforts and approved the action to close its Service Review, to be re-initiated upon completion of the County process as it had not yet been completed.

At the April 18, 2018 hearing, the matter of providing an update on the monitoring of CSA 120's compliance with the conditions imposed in 2014 was included as an agenda item. The intent was to update to the Commission on the progress of the staff of CSA 120 to meet the conditions imposed; however, the matter was continued to allow

LAFCO staff time to analyze the response letter received from CSA 120 on April 9 (copy included as Attachment #2). The staff's responses are outlined below:

- 1. Within six months of the approval of the sphere of influence establishment, County Service Area 120 shall have completed the due diligence process with the California Department of Fish and Wildlife to be declared an available recipient of mitigation properties in the future. Failure to do so will require a further analysis of the sphere of influence assignment.***

The March 28 letter outlines that the County Special Districts Department has been in contact with the California Department of Fish and Wildlife regarding an application to be an available recipient of mitigation properties. However, those discussions indicated that without a resolution of the funding issues plaguing the district, success of such an application was doubtful at best. The County Special Districts Department staff also made a presentation in 2016 to the County's Debt Advisory Committee regarding "endowment methodologies and achieving a sustainable model for the implementation of mitigation fees". However, to date no such determination has been made. So the position remains that no new lands may be acquired for mitigation purposes by CSA 120.

The letter states that the District has made significant progress on becoming fiscally responsible in meeting its mitigation obligations. However, a review of the Audits for CSA 120 does not support that perspective, in the staff view. LAFCO staff has updated the audit data used in the original 2014 review with current audit information, shown below. Two items are unexplained in the audits prepared for the County which are highlighted on the table which follows:

1. The Audit prepared for Fiscal Year 2013-14 issued in November 2014 has reduced the permanent endowment fund balance by \$18,759 without explanation. This brings the endowment fund balance below the restricted level of \$1,607 664 as identified by CSA 120.
2. In Fiscal Year 2016-17, the interest earnings of the Permanent Endowment are listed as accruing to the general operations, not the Endowment category. This was the problem that had been identified early in the process when all the endowment funds were not shown as being restricted, but were included in the general operations fund, see Fiscal Year 2008-09 on the chart below.

CSA 120 has relied upon significant transfers in from the County to continue its operations even while controlling expenditures to the best of its ability. So, until the unrestricted revenues begin to be received from the parking charges are realized, the financial stability of this entity remains of concern.

AGENDA ITEMS #13
STATUS REPORT – CSA 120
JUNE 13, 2018

County Service Area 120									
	Audit Data								
	2009	2010	2011	2012	2013	2014	2015	2016	2017
GENERAL									
EXPENDITURES									
Salaries & Benefits	\$ 12,752	\$ 13,277	\$ 7,733	\$ 7,037	\$ 1,734	\$ 2,735	\$ 12,890	\$ 2,650	\$ 3,955
Services & Supplies	\$ 35,052	\$ 22,520	\$ 14,095	\$ 10,547	\$ 13,066	\$ 19,419	\$ 20,289	\$ 36,532	\$ 31,189
Contingencies									
Transfer Out	\$ 1,361,553								\$ 250,000
Total Expenditures	\$ 1,409,357	\$ 35,797	\$ 21,828	\$ 17,584	\$ 14,800	\$ 22,154	\$ 33,179	\$ 39,182	\$ 285,144
REVENUES									
State Assistance	\$ 659,309			\$ 1,082		\$ 10,032	\$ -	\$ 38,925	\$ 26,302
Federal Assistance				\$ 4,330					
Investment Earnings	\$ 4,828			\$ 81	\$ 399	\$ 126	\$ 81	\$ 77	\$ 9,898
Intergovernmental	\$ 700,000								
Other	\$ 23,060		\$ 16,325		\$ 3,339	\$ 60			
Operating Transfer In		\$ 26,059	\$ 19,664	\$ 9,965	\$ 5,635	\$ 6,032	\$ 5,252	\$ 5,243	
County Transfer In					\$ 30,000				\$ 500,000
Total Revenues	\$ 1,387,197	\$ 26,059	\$ 35,989	\$ 15,458	\$ 39,373	\$ 16,250	\$ 5,333	\$ 44,245	\$ 536,200
Excess Revenues Over (Under) Expenditures	\$ (22,160)	\$ (9,738)	\$ 14,161	\$ (2,126)	\$ 24,573	\$ (5,904)	\$ (27,846)	\$ 5,063	\$ 251,056
Fund Balance									
Beginning	\$ 34,073	\$ 11,913	\$ 2,175	\$ 16,336	\$ 14,210	\$ 38,783	\$ 32,879	\$ 5,033	\$ 10,096
Ending	\$ 11,913	\$ 2,175	\$ 16,336	\$ 14,210	\$ 38,783	\$ 32,879	\$ 5,033	\$ 10,096	\$ 261,152
ENDOWMENT FUND									
EXPENDITURES									
Operating Transfer Out		\$ 26,059	\$ 17,914	\$ 7,234	\$ 5,635	\$ 6,032	\$ 5,252	\$ 5,243	\$ -
Other	\$ 20,715								
Total Expenditures	\$ 20,715	\$ 26,059	\$ 17,914	\$ 7,234	\$ 5,635	\$ 6,032	\$ 5,252	\$ 5,243	\$ -
REVENUES									
State Assistance	\$ 40,691								
Investment Earnings	\$ 52,868	\$ 36,448	\$ 13,797	\$ 6,405	\$ 17,517	\$ 5,184	\$ 6,885	\$ 12,469	\$ (1,338)
Special Assessment				\$ 12,500					
Other						\$ 3,195			
Operating Transfer In									
Total Revenues	\$ 93,559	\$ 36,448	\$ 13,797	\$ 18,905	\$ 17,517	\$ 8,379	\$ 6,885	\$ 12,469	\$ (1,338)
Excess Revenues Over (Under) Expenditures	\$ 72,844	\$ 10,389	\$ (4,117)	\$ 11,671	\$ 11,882	\$ 2,347	\$ 1,633	\$ 7,226	\$ (1,338)
Fund Balance									
Beginning	\$ 1,521,407	\$ 1,594,251	\$ 1,604,640	\$ 1,600,523	\$ 1,612,194	\$ 1,605,317	\$ 1,607,664	\$ 1,609,297	\$ 1,616,523
Ending	\$ 1,594,251	\$ 1,604,640	\$ 1,600,523	\$ 1,612,194	\$ 1,624,076	\$ 1,607,664	\$ 1,609,297	\$ 1,616,523	\$ 1,615,185
CAPITAL PROJECTS									
EXPENDITURES									
Construction in Progress	\$ 1,391,548	\$ 199,693							
Services & Supplies		\$ 389	\$ 204			\$ 2			
Improvement to Land			\$ 297	\$ 18,900					\$ 79,942
Transfer Out			\$ 1,750	\$ 2,731					
Total Expenditures	\$ 1,391,548	\$ 200,082	\$ 2,251	\$ 21,631	\$ -	\$ 2	\$ -	\$ -	\$ 79,942
REVENUES									
Investment Earnings	\$ 12,836			\$ 36	\$ (9)	\$ -			\$ 608
State Assistance		\$ 200,000							
Transfer in	\$ 1,361,553							\$ 50,000	\$ 227,134
Other									
Total Revenues	\$ 1,374,389	\$ 200,000	\$ -	\$ 36	\$ (9)	\$ -	\$ -	\$ 50,000	\$ 227,742
Excess Revenues Over (Under) Expenditures	\$ (17,159)	\$ (82)	\$ (2,251)	\$ (21,595)	\$ (9)	\$ (2)	\$ -	\$ 50,000	\$ 147,800
Fund Balance				4					
Beginning	\$ 41,098	\$ 23,939	\$ 23,857	\$ 21,606	\$ 11	\$ 2	\$ -	\$ -	\$ 50,000
Ending	\$ 23,939	\$ 23,857	\$ 21,606	\$ 11	\$ 2	\$ -	\$ -	\$ 50,000	\$ 197,800

- 2. *Within six months of the approval of the sphere of influence establishment for CSA 120, management of the County Special Districts Department shall develop a mechanism to provide for the maintenance and operation of the improvements constructed through the 2008-09 State Park grant without use of the endowment funds established for mitigation purposes only***

With regards to Condition No. 2, the March 28, 2018 letter on page 3 outlines the establishment of a paid parking program to provide for unrestricted revenues to support trails, kiosks and other maintenance and operation of the improvements constructed with the Park grant. As identified in the letter, funding has been provided by one-time revenue from the County Board of Supervisors in the amount of \$500,000 to acquire the easements, install the improvements, and establish the parking system with the City of Rancho Cucamonga. The budget materials for Fiscal Year 2018-19 submitted by the Special Districts Department (hereafter SDD) identify an anticipated revenue stream of \$102,000 from this source. However, operational costs in the same budget are doubling so the net gain is somewhat tempered.

- 3. *Within six months of the approval of the sphere establishment, County Service Area 120 shall have completed all reporting required by State law for the management of mitigation properties;***

With regards to Condition No. 3, County SDD's position in its letter of March 28 states that it has begun to compile, prepare, and provide an annual report of its conservation practices. This is a shift from its position in 2015 response that there was no requirement to comply with the conditions of the Commission. The materials submitted in support of the letter included a copy of the FY 2014-15 Annual Report, the only published report, which is included as a part of Attachment #4 to this report. So, there have been no published reports for the last two years and no identification of the issuance schedule for the current fiscal year. In order for the staff to provide a determination of compliance, there would need to be more than a single occurrence of this reporting.

- 4. *Within six months of the approval of the sphere of influence establishment, County Service Area 120 will have developed funding plans to restore endowment balances for those mitigation properties where mitigation work has not been performed but interest earnings used; and,***

Finally, with regard to Condition No. 4, the County SDD's response has not wavered since the 2014 report that it maintains the endowment level as a whole and has implemented a mechanism to proportionately charge each of the mitigation properties for their share of administration of CSA 120. It does not answer the

questions related to or condition requiring restoration of the endowment balances for those mitigation properties where mitigation work has not been performed but interest earnings used.

The requirements for assuring that the mitigation and/or conservation of all the properties managed by CSA 120 rests with the County of San Bernardino. This position is based on the recordation of Grant Deeds in 2009 where the conservation easements on all mitigation properties were transferred from CSA 120 to the County. Specifically, CSA 120 holds title to the property, but the conservation easement is in the name of the County of San Bernardino and carries with it all the requirements for fulfilling the preservation of the mitigation properties.

LAFCO staff remains of the position that the 2010 North Etiwanda Preserve Management Plan provides for segregation of administration and funding since it provides a clear distinction between Unit 1 (original 763 acre Preserve) and Unit 2 (all lands outside the original 763 acre Preserve). So, as in prior reports, the County SDD's response implies it will not comply with this specific condition imposed on CSA 120.

CONCLUSION:

Since the September 17, 2014 LAFCO hearing, the County SDD staff voiced its opposition to the conditions imposed on the sphere of influence establishment for CSA 120 (LAFCO 3157) and that position remains for at least one of the four conditions. Based on the response provided for this hearing by the County SDD on behalf of CSA 120, it is LAFCO staff's understanding that:

1. Condition 1 – CSA 120 has identified that it may never be able to accomplish the designation as a pre-established agency to provide for acquisition of new mitigation and open space lands. This position was articulated since the California Department of Fish and Wildlife will require a financing mechanism in place as a prerequisite of approval. CSA 120 has pursued such a plan through the County Debt Advisory Committee, which reviewed this question in 2016, with no resolution to date.
2. Condition 2 – CSA 120 is establishing a restricted parking program to raise revenues and address the maintenance issues of what has become thousands of people entering the Preserve rather than the hundreds which were visiting at the time of the original sphere establishment.
3. Condition 3 – CSA 120 has prepared a single Annual Report for its operations which does not comply with the condition imposed on CSA 120's sphere establishment.

4. Condition 4 – CSA 120 continues to take the position that this condition is not appropriate and will not comply.

At the September 2014 hearing, the action of the Commission was to approve the sphere of influence designation including only those lands within CSA 120 northerly of the City of Rancho Cucamonga and excluding those lands within the City of Fontana. At the last update on compliance with these conditions, in March of 2015, it was the Commission's determination that the staff would be directed to initiate a sphere of influence amendment for designation of a zero sphere of influence for CSA 120 if any of the conditions remained unmet.

As has been shown in this update, three out of the four conditions remain unmet even with the efforts of the Special Districts Department staff to address the financial concerns. Designation of a zero sphere of influence would signal the Commission's position that CSA 120 should no longer be considered to provide this service and that other public entities within the area should be considered for assumption of these services through a jurisdictional change. As a part of the recommendation to initiate the sphere of influence amendment, staff is also recommending that the Commission direct staff to convene a meeting of affected and/or interested agencies to review the potential transfer of service that could be accomplished through a future reorganization and to solicit their input as to what that reorganization would entail. Therefore, staff is recommending that the Commission take the actions outlined on page one of this staff report.

However, if the Commission receives testimony or evidence at the hearing that persuades it that CSA 120 is making progress, you can direct that instead of a sphere of influence amendment undertaking, LAFCO staff continue to monitor the District.

KRM

Attachment:

1. [LAFCO Resolution No. 3190](#)
2. [Response from County Special Districts Department dated March 28, 2018](#)
3. [Staff Report from May 20, 2015 with Excerpts from Minutes of September and October 2014 Commission hearings](#)
4. [Statement of Revenues , Expenditures and Changes in Fund Balance from County Service Area 120 Audits for 2017, 2016, 2015, 2014, 2013, 2012 and 2011](#)
5. [Supplemental Information Submitted by Special Districts in Support of its , letter dated March 28, 2018](#)

LAFCO Resolution No. 3190

Attachment 1

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
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PROPOSAL NO.: LAFCO 3157

HEARING DATE: SEPTEMBER 17, 2014

RESOLUTION NO. 3190

A RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY MAKING DETERMINATIONS ON LAFCO 3157 – SPHERE OF INFLUENCE ESTABLISHMENT FOR COUNTY SERVICE AREA 120 (Habitat Conservation and Historical Resources – North Etiwanda) (sphere of influence establishment coterminous with existing District boundary excluding the territory currently within the City of Fontana’s Interim Multi-Species Habitat Conservation Plan)

On motion of Commissioner Farrell, duly seconded by Commissioner Williams, and carried, the Local Agency Formation Commission adopts the following resolution:

WHEREAS, an application for the proposed sphere of influence establishment (expansion beyond existing District boundaries) in the County of San Bernardino was filed with the Executive Officer of the Local Agency Formation Commission (hereinafter referred to as “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 Mitigated Negative Declaration has been prepared pursuant to the provisions of the California Environmental Quality Act (CEQA) indicating that the sphere of influence establishment will not have a significant effect on the environment through implementation of the mitigation measures assigned; that the Commission has chosen Alternative #2 as the project for approval, and the Commission adopted the Mitigated Negative Declaration and instructed its Executive Officer to file a Notice of Determination within five days with the San Bernardino County Clerk to the Board of Supervisors if filing fees required by the California Department of Fish and Wildlife are received from the County Special Districts Department within that timeframe; and,

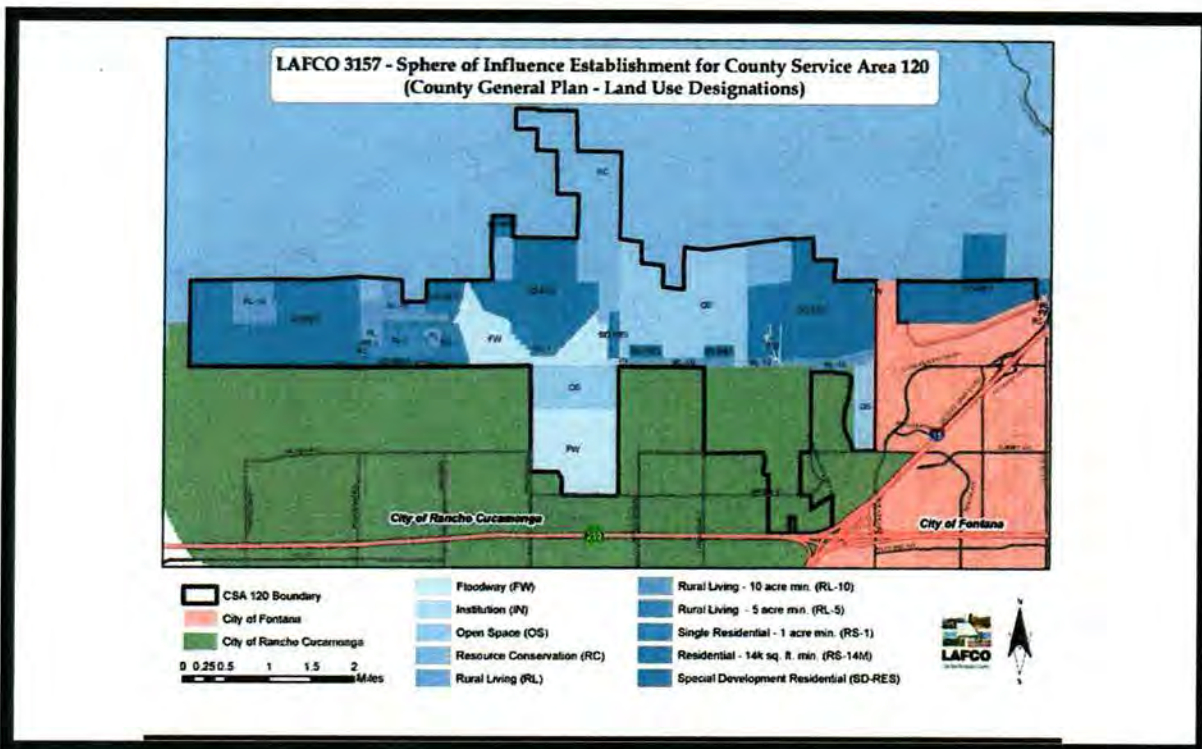
RESOLUTION NO. 3190

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 influence for County Service Area 120 should be coterminous with its existing boundaries excluding the territory within the City of Fontana's Multi-Species Habitat Conservation Plan, as more specifically described on the attached Exhibits "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:**

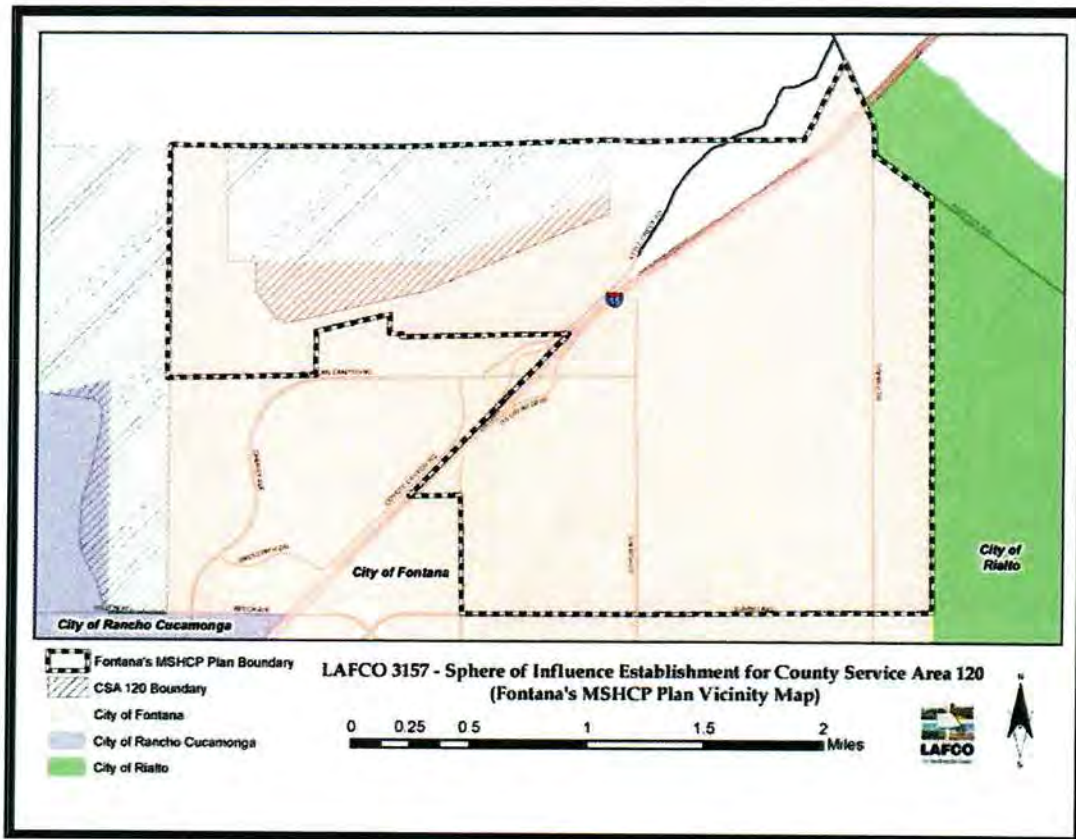
The present and planned land uses within the boundaries of CSA 120 include identification of open space uses and some rural level of residential development under the County General Plan. These uses are shown on the map below. Open space and Floodway designations within the area include those lands associated with flood control uses within Day Creek and the mitigation properties associated with the North Etiwanda Preserve as defined in 1998. However, the properties within the City of Fontana sphere of influence and within the boundaries of CSA 120, including mitigation lands deeded to CSA 120, along with most of the additional lands acquired for mitigation purposes in the Rancho Cucamonga sphere of influence have a SD-Res (Special Development -Residential) land use assignment by the County General Plan, contrary to the perpetual nature of the mitigation/conservation easement.



The City of Fontana General Plan assigns an open space designation to the territory within CSA 120 recognizing the future potential for habitat preservation. In addition, the City of Fontana has adopted a Multi-Species Habitat Conservation Plan (hereafter shown as MSHCP) and have indicated that the Interim MSHCP establishes a fee in-lieu of dedication to address mitigation. During the environmental assessment of the proposal, LAFCO's environmental consultant, Tom Dodson of Tom Dodson and Associates, reviewed an alternative that excluded the territory within

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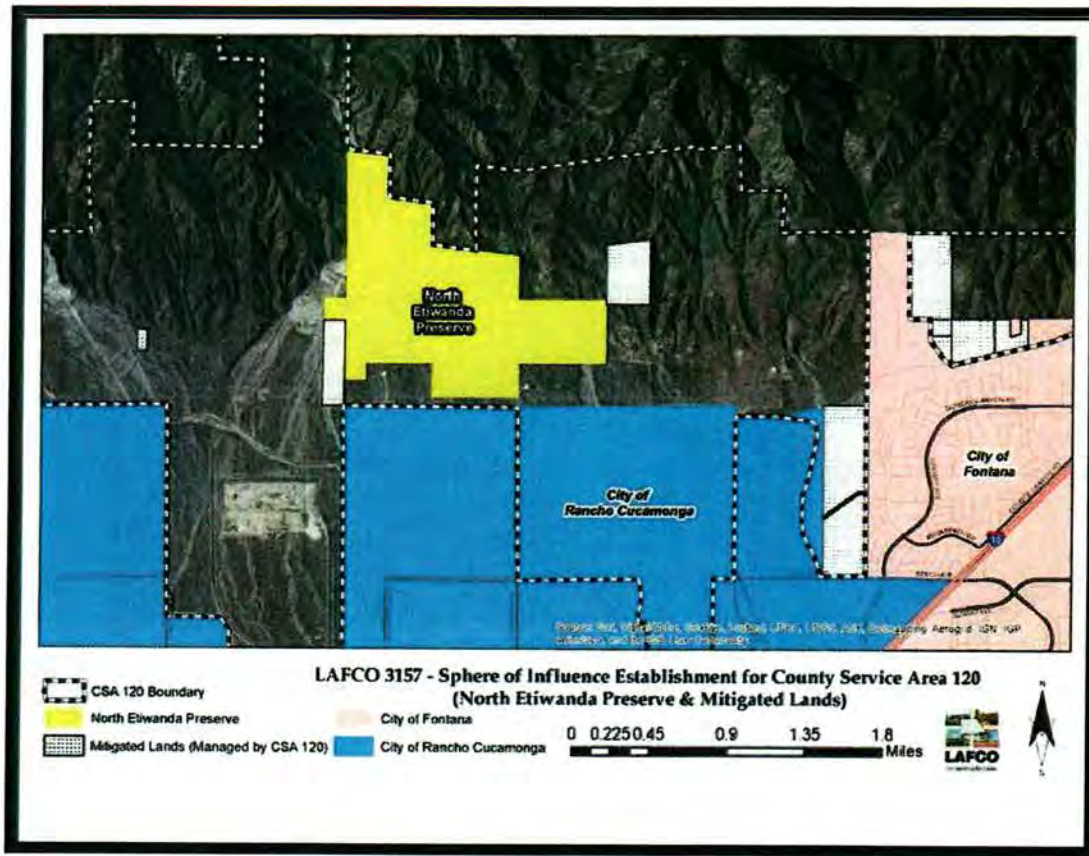
the City's MSHCP. The map below shows the relationship of the MSHCP territory to the existing boundaries of CSA 120.



2. The present and probable need for public facilities and services in the area:

Since 1998, mitigation lands have been managed by the County through its system of board-governed special districts. From 1998 through 2009, it was through CSA 70 Zones OS-1 and OS-3 and CSA 70 itself. From July 1, 2009 through the present day, it has been through CSA 120 in the area along the San Gabriel Mountains. These activities are managed under the auspices of the North Etiwanda Preserve Management Plan adopted in 2010 building upon its predecessor Cooperative Management Agreement of 1998. The lands now include approximately 1,207 acres and the management plan has divided the acreage into Unit 1 (original 762 acres of North Etiwanda Preserved) and Unit 2 (445 acres outside that boundary). The management of these lands is through deeded transfers of land ownership to CSA 70 OS-1 and CSA 70 (no quit claim transfer to the successor agency CSA 120 has taken place) and conservation easements transferred to the County of San Bernardino. A map of the lands under habitat management are shown below:

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The acquisition of additional lands for mitigation management are regulated by the California Department of Fish and Wildlife through its state mandated due diligence process to review the qualifications of entities to manage endowments and to perform the mitigation management activities designed in a mitigation agreement. This process is undertaken through the completion of an "Application for governmental entity, special district or nonprofit organization requesting to hold and manage mitigation lands". To date, CSA 120 has not submitted this report; therefore, it is not able to acquire additional mitigation properties for which an endowment is proposed. The only approved entities to manage mitigation lands within San Bernardino County are: Inland Empire Resource Conservation District, Center for Natural Lands Management, Southwest Resource Management Associates and Transition Habitat Conservancy.

Without this authorization, the need for a sphere of influence, even a coterminous one, is questionable as no new service can be provided. Therefore, to address this issue, the Commission adopts the following condition:

- **Within six months of the approval of the sphere of influence establishment County Service Area 120 shall have completed the due diligence process with the California Department of Fish and Wildlife to be declared an available recipient of mitigation properties in the future. Failure to do so will require a further analysis of the sphere of influence assignment.**

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

The discussion of the determination identified above for a single purpose County Service Area authorized to provide habitat management and historic preservation must revolve around the

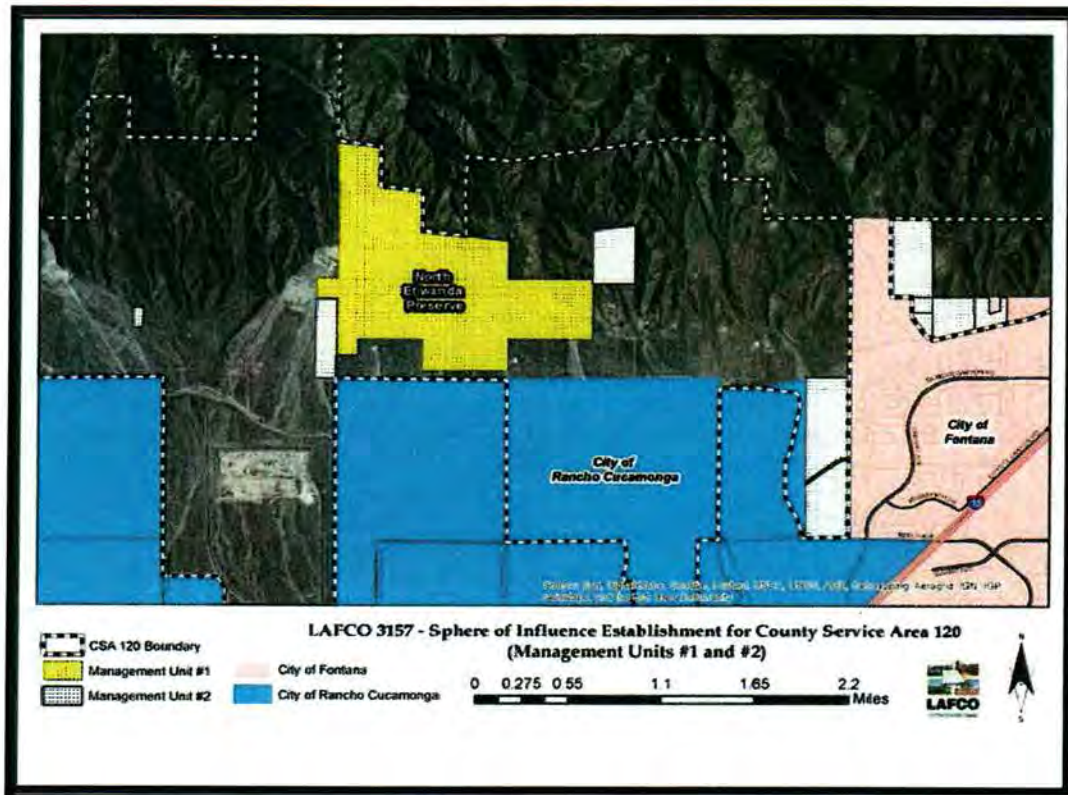
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question of funding for the provision of mitigation management services envisioned in the mitigation management agreement or other contractual arrangement. In evaluating this determination, the Commission has looked at the funding mechanism for CSA 120 and the annual expenditure/revenue picture for the agency. While this information identifies significant concerns, it should be noted that the management of the district has attempted to continue its operations under the significant duress of the recession. As the information which follows identify, the interest earnings for this agency have plummeted making its ability to perform its mandated role difficult if not insurmountable. It is within this context that the Commission identifies its concerns.

The funding for the operations of CSA 120 is limited to the interest earned on the endowment funds received at the time that the properties are transferred to its ownership for management. The statutes require that the funds be used for the purposes identified in managing the mitigation properties from which the endowment is derived. In addition, CSA 120 has an adopted fee schedule that proposes a two-tier approach to funding, the endowment for long term management and a payment for management activities necessary to bring the property into compliance for perpetual management. The County fee schedule for CSA 120 is to identify the formula for determining the endowment amount; however, this element of the fee schedule is currently being reviewed by the California Department of Fish and Wildlife so it is not available for review at this time.

Since the inception of CSA 120 (through its predecessor agencies CSA 70 OS-1 and OS-3) it has acquired the primary properties identified as the "North Etiwanda Preserve" the 762 acres set aside for habitat mitigation by SanBAG and Caltrans for the development of the I-210 Freeway (acquired in 1998) and five other properties transferred for management between 2003 and 2010 related to housing development habitat mitigation requirements imposed by the State and other agencies as a part of the development process. As was outlined in the determination above, these properties are deeded to CSA 70 OS-1 and CSA 70 with the conservation easement required held in the name of the County of San Bernardino. Included as a condition of the approval in the formation of CSA 120 in 2009 was the requirement that the agency update the Management Plan for the North Etiwanda Preserve to address the management requirements for the additional 440 acres. In October 2010 the County Board of Supervisors, as the governing body of CSA 120, approved the revised Management Plan. This plan identified that the original 762 acre North Etiwanda Preserve would be identified as "Unit 1" and all other properties would be "Unit 2". Page 4 of the plan states "Regardless of future designations, all lands within the original 762 acre Preserve boundary is subject to any terms of this management plan specified for Unit 1, and all lands outside the original 762 acre Preserve are subject to any terms specified for Unit 2." The map below identifies the location of the mitigation lands held by CSA 120.

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The chart which follows outlines the individual mitigation properties, the endowment for their perpetual management, and the interest earned by each property for the period of Fiscal Year 2007-08 through Fiscal Year 2012-13. This information is taken from the audits received as a part of the application process which are on file in the LAFCO office. Of concern to the Commission is that on several occasions during the processing of this proposal, information was requested on the work performed on those properties identified as Unit 2 and the response has always been that no mitigation work has been performed. Government Code Section 65968(c) specifies the disbursement of the interest earnings be limited to the property which funded the endowment; the section reads as follows:

"(c) The special district or nonprofit organization shall hold, manage, invest and disburse the funds in furtherance of the long-term stewardship of the property for which the funds were set aside."

Therefore, the interest earned on each of the properties can only be used for activities related to the specific property. However, the interest earnings related to CSA 120 have been consolidated and used for the purpose of maintaining the original 762 acres of the North Etiwanda Preserve for years. The original determination was to require the repayment of \$112,884 which was disputed by County Special Districts staff. The following chart has been modified to show the interest earnings attributable to each of the endowments received by CSA 120 using the percentage that the endowment bears to the whole, but has been modified during consultation with the County Special Districts Department, to require the repayment only from those years 2010-11 through current. (It is noted that the 2013-14 amount is not known at this time but will be included upon issuance of the audit.) This modification identifies the interest which would need to be returned to the five endowments that comprise Unit 2 to make them whole, as approximately \$14,752.

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Name of Owner	Date Acquired	Total Acreage	Endowment Funds Received	Interest Earned by Endowment Funds for Specific Properties						Total Interest by Conservation Property	% of Total Interest from 2008-13
				2008	2009	2010	2011	2012	2013		
UNIT #1 - CSA 120 MANAGEMENT PLAN											
SANBAG	2/27/1998	762	\$700,000	\$33,073	\$23,262	\$16,037	\$6,015	\$2,793	\$2,983	\$84,163	43.94%
UNIT #2 - CSA 120 MANAGEMENT PLAN											
Lennar Communities	10/21/2003	33	\$85,600	\$3,759	\$2,643	\$1,822	\$731	\$339	\$363	\$9,657	5.04%
A&J Resources and Rancho Etiwanda 685 LLC	3/1/2004	172	\$220,000	\$10,523	\$7,402	\$5,103	\$1,890	\$877	\$938	\$26,733	13.96%
Granite Homes/ Rancho 2004 LLC	9/13/2005	86	\$215,400	\$10,523	\$7,402	\$5,103	\$1,849	\$858	\$917	\$26,652	13.92%
CENTEX Homes	10/2/2005	149	\$373,250	\$17,288	\$12,160	\$8,383	\$3,201	\$1,486	\$1,588	\$44,106	23.03%
Western Slope & Mineral Company	12/14/2010	5	\$12,500	\$0.00	\$0.00	\$0.00	\$110	\$51	\$55	\$216	0.11%
Total Interest Earned				\$75,166	\$52,869	\$36,448	\$13,796	\$6,404	\$6,844	\$191,526	100.00%
Total Non-Wasting Endowment			\$1,606,750								
Interest for Unit #2				\$42,093	\$29,606	\$20,411					
Interest to be returned to Endowment for Unit #2 due to lack of work performed on specific properties							\$7,281	\$3,611	\$ 3,860	\$14,752	

The following chart outlines, there is no funding available to repay this amount due to the limitations of the revenue stream directly available to CSA 120. Outstanding questions remain: How will this situation be rectified? How will the SanBAG dedicated properties repay the other endowments or will reports for management and operation of the other properties be provided that show some of the funds used for the appropriate purpose? The Commission determines to impose the following conditions on this sphere of influence establishment to clarify this situation:

- Within six months of the approval of this sphere establishment County Service Area 120 shall have completed all reporting required by State law for the management of mitigation properties.
- Within six months of the approval of this sphere of influence establishment County Service Area 120 will have developed funding plans to restore endowment balances for those mitigation properties where mitigation work has not been performed but interest earnings used.

The question that needs to be answered in this consideration is whether or not the agency is financially sustainable. If an entity is consistently expending more than it receives, its long term viability is suspect. The chart which follows identifies the expenditures and revenues for the three accounts associated with CSA 120 – general, endowment, and capital projects. The data is taken from audits for the years 2006 through 2013 and budget data for years 2014 and 2015. The one major project within this time period was the development of the North Etiwanda Preserve trail system – design/environmental work in 2007 and 2008 and construction in 2009. This project entailed the construction of a trail system, kiosks, benches, and historic preservation. The maintenance of this system has become one of the primary operations of CSA 120 but comes without any source of funding for maintenance and operation. The following table includes the costs for the development of this facility:

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County Service Area 120										
	Audit Data								Budget Data	
	2006	2007	2008	2009	2010	2011	2012	2013*	2014	2015
GENERAL										
EXPENDITURES										
Salaries & Benefits	\$ 4,824	\$ 5,788	\$ 4,826	\$ 12,752	\$ 13,277	\$ 7,733	\$ 7,037	\$ 1,734		
Services & Supplies	\$ 63,172	\$ 58,106	\$ 70,810	\$ 35,052	\$ 22,520	\$ 14,095	\$ 10,547	\$ 13,066	\$ 18,310	\$ 47,429
Contingencies									\$ -	\$ 23,376
Transfer Out	\$ 3,942	\$ 814,996		\$ 1,361,553					\$ 3,515	\$ 13,699
Total Expenditures	\$ 71,938	\$ 878,890	\$ 75,636	\$ 1,409,357	\$ 35,797	\$ 21,828	\$ 17,584	\$ 14,800	\$ 21,825	\$ 84,504
REVENUES										
State Assistance				\$ 659,309			\$ 1,082		\$ 10,032	\$ 25,000
Federal Assistance							\$ 4,330			
Investment Earnings	\$ 17,954	\$ 42,323	\$ 3,111	\$ 4,828			\$ 81	\$ 399	\$ 126	\$ 138
Intergovernmental				\$ 700,000						
Other	\$ 839,342		\$ 59,597	\$ 23,060		\$ 16,325		\$ 3,339		
Operating Transfer In					\$ 26,059	\$ 19,664	\$ 9,965	\$ 5,635	\$ 6,032	\$ 8,000
County Transfer In								\$ 30,000		
Total Revenues	\$ 857,296	\$ 42,323	\$ 62,708	\$ 1,387,197	\$ 26,059	\$ 35,989	\$ 15,458	\$ 39,373	\$ 16,190	\$ 33,138
Excess Revenues Over (Under) Expenditures	\$ 785,358	\$ (836,567)	\$ (12,928)	\$ (22,160)	\$ (9,738)	\$ 14,161	\$ (2,126)	\$ 24,573	\$ (5,635)	\$ (51,366)
Fund Balance										
Beginning	\$ 98,210	\$ 883,568	\$ 47,001	\$ 34,073	\$ 11,913	\$ 2,175	\$ 16,336	\$ 14,210	\$ 38,783	\$ 32,866
Ending	\$ 883,568	\$ 47,001	\$ 34,073	\$ 11,913	\$ 2,175	\$ 16,336	\$ 14,210	\$ 38,783	\$ 33,148	
ENDOWMENT FUND										
EXPENDITURES										
Operating Transfer Out					\$ 26,059	\$ 17,914	\$ 7,234	\$ 5,635	\$ 6,032	\$ 8,000
Other			\$ 159,598	\$ 20,715						
Total Expenditures	\$ -	\$ -	\$ 159,598	\$ 20,715	\$ 26,059	\$ 17,914	\$ 7,234	\$ 5,635	\$ 6,032	\$ 8,000
REVENUES										
State Assistance				\$ 40,691						
Investment Earnings	\$ 25,262	\$ 37,230	\$ 75,166	\$ 52,868	\$ 36,448	\$ 13,797	\$ 6,405	\$ 6,844	\$ 5,184	\$ 10,000
Net Increase in Fair Value of Investments								\$ 10,673		
Special Assessment							\$ 12,500			
Other										
Operating Transfer In		\$ 737,550								
Total Revenues	\$ 25,262	\$ 774,780	\$ 75,166	\$ 93,559	\$ 36,448	\$ 13,797	\$ 18,905	\$ 17,517	\$ 5,184	\$ 10,000
Excess Revenues Over (Under) Expenditures	\$ 25,262	\$ 774,780	\$ (84,432)	\$ 72,844	\$ 10,389	\$ (4,117)	\$ 11,671	\$ 11,882	\$ (848)	\$ 2,000
Fund Balance										
Beginning	\$ 805,797	\$ 831,059	\$ 1,605,839	\$ 1,521,407	\$ 1,594,251	\$ 1,604,640	\$ 1,600,523	\$ 1,612,194	\$ 1,612,194	\$ 1,612,065
Ending	\$ 831,059	\$ 1,605,839	\$ 1,521,407	\$ 1,594,251	\$ 1,604,640	\$ 1,600,523	\$ 1,612,194	\$ 1,624,076	\$ 1,610,065	
CAPITAL PROJECTS										
EXPENDITURES										
Construction in Progress				\$ 1,391,548	\$ 199,693					
Services & Supplies					\$ 389	\$ 204				
Improvement to Land		\$ 39,579	\$ 183,868			\$ 297	\$ 18,900			
Transfer Out						\$ 1,750	\$ 2,731			
Total Expenditures	\$ 39,579	\$ 183,868	\$ 1,391,548	\$ 200,082	\$ 2,251	\$ 2,251	\$ 21,631			
REVENUES										
Investment Earnings		\$ 294	\$ 4,251	\$ 12,836			\$ 36			
State Assistance					\$ 200,000					
Transfer In		\$ 60,000		\$ 1,361,553						
Other			\$ 200,000							
Total Revenues	\$ 60,294	\$ 204,251	\$ 1,374,389	\$ 200,000	\$ -	\$ 36				
Excess Revenues Over (Under) Expenditures	\$ 20,715	\$ 20,383	\$ (17,159)	\$ (82)	\$ (2,251)	\$ (21,595)				
Fund Balance										
Beginning	\$ -	\$ 20,715	\$ 41,098	\$ 23,939	\$ 23,857	\$ 21,606				
Ending	\$ 20,715	\$ 41,098	\$ 23,939	\$ 23,857	\$ 21,606	\$ 11				

*Audit was revised; received by LAFCO staff on October 8, 2014

RESOLUTION NO. 3190

The use of endowment funds for the purpose of maintenance and operation of these facilities is of concern to the Commission. The responsibility for the operation should come from some other general sources of funding, such as a share of the general property tax levy, not the restricted revenues associated with the endowment properties. Therefore, Commission adopts the following condition in the approval of the sphere of influence establishment:

- **Within six months of the approval of the sphere of influence establishment for CSA 120, management of the County Special Districts Department shall develop a mechanism to provide for the maintenance and operation of the improvements constructed through the 2008-09 State Park grant without use of the endowment funds established for mitigation purposes only.**

An additional ongoing concern for the Commission is that the County Auditor-Controller has not updated the chart of accounts to acknowledge the existence of CSA 120. Case in point, up until 2013 the audits were issued for CSA 70 OS-1 and the "Budget Prep" documents provided by the County Special Districts Department with information necessary for the review of the 2014 and 2015 budget detail are titled "CSA 70 OS-1". While this may appear on the surface as a trivial matter, this directly impacts the County's reporting to the State Controller on the operations of special districts since CSA 70 and its various zones are reported as a single unit. One of the questions asked in the application to the California Department of Fish and Wildlife is whether or not the special district is current in its reporting requirements to the State Controller. To answer this question is now problematic for CSA 120 and the County.

As to the question of sustainability under the audit information outlined above, out of the eight years shown, six have operated at a deficit between revenues and expenditures within the fiscal year. In addition, the budget detail also shows that the district operates in the red without the infusion of funds from other sources. While the Commission has imposed a condition of approval related to the repayment of the endowment funds, as the chart above outlines, there are no current revenues available to provide for this. The question then to be answered at the end of the six month period is whether or not CSA 120 is sustainable for the long term? And if not what then? It is the position of the Commission that the service review to be presented in the future needs to answer these questions.

The final point in this discussion is that the County amendment for exclusion of the City of Fontana MSHCP from the sphere of influence establishment is an indication of the Commission's direction that the area should ultimately be removed from the boundaries of CSA 120. Such a future detachment would take with it the \$330,000 in endowment funds on deposit with CSA 120, representing approximately 20% of the endowment. The ramification of this change will need to be carefully addressed.

4. The existence of any social or economic communities of interest in the area:

In a typical sphere of influence review the question of social or economic communities of interest relates to the future development of the area and its associated identification with a specific community. However, for an entity that provides for the management of mitigation lands its economic community of interest would be the area from which mitigation properties could be assembled. That community would be the territory running along the foothills of the San Gabriel Mountains which support the endangered species identified by the local, state and federal wildlife agencies. This sphere of influence determination addresses a portion of this area.

RESOLUTION NO. 3190

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 County Service Area 120 shall be limited to the following:

CSA 120

Open space and habitat
conservation

Open space and habitat
conservation including, but not
limited to, the acquisition,
preservation, maintenance, and
operation of land to protect unique,
sensitive, threatened, or
endangered species, or historical or
culturally significant properties. Any
setback or buffer requirements to
protect open-space or habitat lands
shall be owned by a public agency
and maintained by the county
service area so as not to infringe on
the customary husbandry practices
of any neighboring commercially
productive agricultural, timber or
livestock operations.

WHEREAS, having reviewed and considered the findings as outlined above, the Commission establishes the sphere of influence for County Service Area 120 as outlined on the Exhibits attached to this resolution subject to the following conditions:

- 1. Within six months of the approval of the sphere of influence establishment County Service Area 120 shall have completed the due diligence process with the California Department of Fish and Wildlife to be declared an available recipient of mitigation properties in the future. Failure to do so will require a further analysis of the sphere of influence assignment.
- 2. Within six months of the approval of the sphere establishment County Service Area 120 shall have completed all reporting required by State law for the management of mitigation properties.
- 3. Within six months of the approval of the sphere of influence establishment County Service Area 120 will have developed funding plans to restore endowment balances for those mitigation properties where mitigation work has not been performed but interest earnings used.
- 4. Within six months of the approval of the sphere of influence establishment for CSA 120, management of the County Special Districts Department shall develop a mechanism to provide

RESOLUTION NO. 3190

for the maintenance and operation of the improvements constructed through the 2008-09 State Park grant without use of the endowment funds established for mitigation purposes only.

5. LAFCO staff is to provide ongoing monitoring of the completion of the activities outlined in the preceding conditions with periodic updates provided to the Commission.

NOW, THEREFORE, BE IT RESOLVED by the Local Agency Formation Commission of the County of San Bernardino, State of California, that this Commission shall consider the territory described in Exhibits "A" and "A-1" as being within the sphere of influence of County Service Area 120, it being fully understood that establishment 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 of the County of San Bernardino, State of California, does hereby determine that the County of San Bernardino shall indemnify, defend, and hold harmless the Local Agency Formation Commission of the County of San Bernardino 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 of the County of San Bernardino by the following vote:

AYES: COMMISSIONERS: Bagley, Cox, Farrell, Lovingood, McCallon, Ramos, Williams

NOES: COMMISSIONERS: None

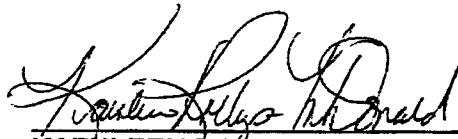
ABSENT: COMMISSIONERS: Curatalo (Mr. Farrell voting in his stead)

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN BERNARDINO)

I, KATHLEEN ROLLINGS-McDONALD, Executive Officer of the Local Agency Formation Commission of the County of San Bernardino, 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 October 22, 2014.

DATED: October 22, 2014




KATHLEEN ROLLINGS-McDONALD
Executive Officer

**Response from County
Special Districts Department
dated March 28, 2018**

Attachment 2



RECEIVED
Special Districts Department
2018 APR -9 AM 10:24
LOCAL AGENCY
FORMATION COMMISSION

Jeffrey O. Rigney
Director

March 28, 2018

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

SUBJECT: Status Update Request on LAFCO 3157 — Sphere of Influence
Establishment for County Service Area 120

Dear Ms. Rollings-McDonald:

The letter received from LAFCO, dated February 12, 2018, requested the Special Districts Department (Department) to provide a status update on County Service Area 120 (CSA 120) and the progress associated with conditions stipulated by LAFCO Resolution 3190, issued in September of 2014. The stipulations were made part of a CSA 120 request to allow for an expanded Sphere of Influence under LAFCO 3157. The purpose of the expanded Sphere was to offer an option for the provision of mitigation management for rare and endangered habitats and species found in areas beyond the CSA 120 boundary established under LAFCO Resolution 3051, dated February 18, 2009. At the time that CSA 120 submitted the application for an expanded sphere under LAFCO 3157, the County was initiating work on the development of a Countywide Habitat Preservation/Conservation Framework Study, meant to universally address conservation and potential mitigation needs on a less localized scale. As with LAFCO, the Department has been interested in the Conservation Framework as it relates to CSA 120, and the direction to be taken with habitat conservation and mitigation responsibilities under a more universal region concept. The Framework Study is a lengthy process and an imminent change in the handling of Countywide conservation, and mitigation is still not in view. In that regard, CSA 120 has been making incremental progress on the LAFCO conditions to make CSA 120 a more viable and sustainable entity.

The following update notes the progress of CSA 120 to date, and eventual planned solutions for addressing the LAFCO 3157 concerns as part of establishing a sphere of influence:

BOARD OF SUPERVISORS

ROBERT A. LOVINGOOD
Chairman, First District

JANICE RUTHERFORD
Second District

JAMES RAMOS
Third District

CURT HAGMAN
Vice Chairman, Fourth District

JOSIE GONZALES
Fifth District

Gary McBride
Chief Executive Officer

- **Within six months of the approval of the sphere of influence establishment, CSA 120 shall have completed the due diligence process with the California Department of Fish and Wildlife, to be declared an available recipient of mitigation properties in the future. Failure to do so will require a further analysis of the sphere of influence assignment.**

The Department consulted with staff from the Department of Fish and Wildlife in December of 2015 to discuss the need for a pre-established agency to continue management of mitigation land and open space. The mutual consensus taken from the meeting was that the requirement of a CDFW due diligence application allowing an agency to hold and manage mitigation land would only be required of CSA 120 if it chooses to expand its mitigation property portfolio specifically related to a CDFW initiated mitigation requirement. A due diligence application had been prepared for CSA 120, but was never submitted in favor of resolving more prominent issues relative to funding augmentation and determination of a mitigation fee strategy for CSA 120. The meeting made clear that the resolution of these items had a significant bearing on the potential success of the application and therefore submission had been placed on hold. In May of 2016, the Department made a presentation to members of the County's Debt Advisory Committee in order to facilitate discussion on endowment methodologies and achieving a sustainable model for the implementation of mitigation fees given the complexities of perpetuity management responsibilities associated with conservation properties. Final determinations on an acceptable model have not been achieved at this time, but CSA 120 has made significant progress on becoming a fiscally responsible leader in the way mitigation obligations may be met in the future.

- **Within six months of the approval of this sphere establishment, CSA 120 shall have completed all reporting required by State Law for the management of mitigation properties.**

CSA 120 has begun to compile, prepare and provide an annual report on the conservation practices undertaken in each year as would be required as if it were a CDFW designated conservation entity. The annual reports are provided to the CSA 120 Board, offered to the public by being posting to the North Etiwanda Preserve website in the spirit of transparency, and copies are sent to CDFW for review. The report covers financial information, conservation efforts, status of habitat areas, reveals biological studies undertaken, identifies partnerships, outlines education programs administered to school groups, and covers the level of service hours provided by volunteers.

- **Within six months of the approval of this sphere of influence establishment, CSA 120 will have developed funding plans to restore endowment balances**

for those mitigation properties where mitigation work has not been performed but interest earnings have been used.

CSA 120 has always maintained the appropriate endowment levels required and never let endowment balances drop below the initial amount set aside for any particular property. LAFCO's assumption that funds for non-contiguous properties were being used to supplement the overall management of the large body of property more commonly known as the North Etiwanda Preserve were invalid. The assumption did not take into account any overall CSA 120 Direct Administration Expenses that could be attributed to each subsequent property. In October of 2015, the Department provided LAFCO with a reconciliation report that identified the range of what have been identified as Direct Administration Expenses to include: Legal Notices, Audit Charges, COWCAP, County Counsel Legal Fees, Salaries and Transfers Out, as well as Service and Supplies Transfers Out. As part of the reconciliation of funds, a separate budget fund and endowment interest fund has been established for each mitigation property acceptance. All funds are budgeted separately according to the percentage of obligation each should share based on direct administrative expenses. Copies of budgets and audit reports are available for review.

- **Within six months of the approval of the sphere of influence establishment for CSA 120, management of the County Special Districts Department shall develop a mechanism to provide for the maintenance and operation of the improvements constructed through the 2008-09 State Park grant without use of the endowment funds established for mitigation purposes only.**


For the past number of years CSA 120 has been working on the establishment of a paid parking program that would provide unrestricted funds to offset expenses related to public use of the North Etiwanda Preserve. Although LAFCO has a perception that mitigation funds are not to be used for the purpose of public use, the North Etiwanda Preserve Cooperative Management Plan and CSA 120's Management Plan allows for public use as an identified tool to facilitate the education of conservation values through the integration of public visitation in the way of low-impact hiking trails. As a component of the effort to transition to a paid parking system, CSA 120 had to secure licensed use for parking on two areas not owned by the District. This past year, CSA 120 was able to secure licenses for parking with Southern California Edison and the City of Los Angeles Department of Water and Power. The licenses allowed for parking immediately adjacent to the Preserve and provided the necessary authorization to make other improvements to the security of the NEP and control of public visitation through the installation of control gates on the licensed areas. The funding for the parking project came from onetime policy needs funding which were provided by the County Board of Supervisors. The next step is to secure an agreement with the City of Rancho Cucamonga to implement a paid

parking system already in place in other parts of the City. The partnership with the City will offer CSA 120 a way to collect fees at a low cost without adding system purchase or manpower cost. The City of Rancho is currently in review of a draft agreement prepared by the Departments. The desire is to implement the paid parking program with the start of the new fiscal year in July 2018.

At the request of LAFCO, a progress update on conditions of LAFCO 3157 will be placed on the April 19, 2018 quarterly CSA 120 Board meeting agenda.

Please feel free to contact the Special Districts Department if there are any questions as to the implementation of conditions as stipulated by LAFCO in the development of a Sphere of Influence for CSA 120.

Sincerely,



Jeffrey O. Rigney
Director

cc: Janice Rutherford, Second District Supervisor
Christina Taylor, Second District Field Representative
Gary McBride, Chief Executive Officer
Leonard Hernandez, Chief Operating Officer
Tim Millington, Division Manager
CSA 120 Board Members

**Staff Report from May 20,
2015 with Excerpts from
Minutes of September and
October 2014 Commission
Hearings**

Attachment 3

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 : MAY 12, 2015

FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer
SAMUEL MARTINEZ, Assistant Executive Officer

TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: AGENDA ITEM #11 – Status Report on Conditions Imposed on
LAFCO 3157 – Sphere of Influence Establishment for County Service
Area 120

RECOMMENDATION:

Staff recommends that the Commission:

1. Continue to monitor County Service Area 120's compliance with the conditions outlined in Resolution No. 3190;
2. Provide another status report as part of the Service Review for open-space and habitat conservation, with direction to evaluate a sphere reduction to zero if any of the conditions still have not been met; and,
3. Note receipt of the Status Report and file.

BACKGROUND:

At the March 18, 2015 Commission hearing, LAFCO staff was to apprise the Commission on the status and/or the progress of County Service Area (CSA) 120 in meeting the conditions that were imposed on its sphere of influence establishment. A few days before the staff report was to be published, the County Special Districts Department (hereafter "County SDD") provided a response letter that prompted LAFCO staff to request for a continuance of the item to the April 2015 hearing in order to provide staff and its Special Legal Counsel the ability to fully evaluate the positions taken regarding each of the conditions (copy included as Attachment #1).

Unbeknown to LAFCO staff, the Commission's Special Legal Counsel for LAFCO 3157, Holly Whatley from Colantuono, Highsmith & Whatley, PC, could not be available for the April 2015 hearing due to a prior commitment. Therefore, the Commission agreed to once again continue the item to the May 2015 hearing.

Sphere of Influence Establishment Conditions for County Service Area 120:

At the September 17, 2014 LAFCO hearing, the Commission approved LAFCO 3157, the sphere of influence establishment for CSA 120 which was followed by the Commission's adoption of Resolution No 3190 for LAFCO 3157. Included within that resolution (copy included as Attachment #2) were conditions imposed on CSA 120's sphere establishment, which are outlined below:

1. Within six months of the approval of the sphere of influence establishment, County Service Area 120 shall have completed the due diligence process with the California Department of Fish and Wildlife to be declared an available recipient of mitigation properties in the future. Failure to do so will require a further analysis of the sphere of influence assignment;
2. Within six months of the approval of the sphere of influence establishment for CSA 120, management of the County Special Districts Department shall develop a mechanism to provide for the maintenance and operation of the improvements constructed through the 2008-09 State Park grant without use of the endowment funds established for mitigation purposes only;
3. Within six months of the approval of the sphere establishment, County Service Area 120 shall have completed all reporting required by State law for the management of mitigation properties;
4. Within six months of the approval of the sphere of influence establishment, County Service Area 120 will have developed funding plans to restore endowment balances for those mitigation properties where mitigation work has not been performed but interest earnings used; and,
5. Direct LAFCO staff to provide ongoing monitoring of the completion of these activities with periodic updates provided to the Commission.

The first four are conditions that directly relate to CSA 120 operations, which addresses questions on solvency, operational issues, and management of endowment funds. The fifth condition is the reason this status report is being provided to the Commission as part of its on-going monitoring of CSA 120.

DISCUSSION:

As outlined at the outset of the report, in response to staff's request for an update on the conditions identified above, the County SDD submitted a letter to LAFCO dated March 6, 2015 (copy included as Attachment #2) which was presented to the Commission at its March 18 hearing. On March 24, 2015, LAFCO staff together with its Special Legal Counsel met with County SDD's staff and its legal counsel to go over its response letter. Based on the response letter submitted to LAFCO and the discussions that were made in the March 24, 2015 meeting, staff is providing the Commission with an update on the status of compliance with the conditions imposed on the sphere of influence establishment, as well as a discussion of the County SDD's response:

1. With regard to Condition No. 1, it responded that it is still in the process of preparing its Application for Requesting to Hold and Manage Mitigation Land (due diligence application) to the California Department of Fish and Wildlife (CDFW) and had projected that a completed application would be submitted in April 2015. In the March 24, 2015 meeting, the County SDD staff restated its position that it will comply with this requirement.

However, to date, LAFCO staff is not aware that the County has submitted its application to CDFW. Without CDFW authorization to hold and manage mitigation properties, LAFCO staff would question the rationale for having a sphere of influence if no new additional mitigation lands can be acquired.

2. With regards to Condition No. 2, the letter reiterates the positions taken by County SDD at the September hearing. Its response does not offer a mechanism to maintain and operate the improvements constructed through the 2008-09 State Park grant, as required by the condition. Instead, it outlines its justification for the use of endowment funds to support the needs of the North Etiwanda Preserve (NEP) overall. In the March 24, 2015 meeting, one of the statements that was reiterated was that, because the Wildlife Agencies (both the California Department of fish and Wildlife and the United States Fish and Wildlife Services) were involved in preparing the Cooperative Use Agreement, the North Etiwanda Preserve Management Plan (NEPMP), including the initial study and Mitigated Negative Declaration prepared for the NEP Enhancement Program, the Wildlife Agencies were fully aware of the funding structure and that both agencies never notified CSA 120 that it questioned the funds available for its use.

LAFCO staff's response to the reiteration of the statements made at the September hearing is that we do not believe that it is the responsibility of the Wildlife Agencies to raise the funding issues related to the management of the NEP especially since the Cooperative Use Agreement and the 2010 NEPMP specifically state that the

management of the NEP, which is the sole operation of CSA 120, was to be limited to the interest amount of the endowment funds.

Unfortunately, this enhancement program was put in place without a funding source for maintenance and operation. As LAFCO staff has stated several times in the past, the use of endowment funds for the maintenance and operation of these facilities is a concern. Therefore, staff reiterates its questions regarding the ability of CSA 120 to maintain and operate this trail system without any additional funding source. Nonetheless, the County SDD's response identifies that it will not comply with this specific condition imposed on CSA 120.

3. With regards to Condition No. 3, County SDD's position is that there are no reporting requirements for the management of its mitigation properties, indicating that it is the staff's interpretation that the current laws cannot be applied retroactively and that the law is inapplicable to the properties it acquired prior to the passage of the current law.

To be clear, the condition imposed does not relate to the current laws, it relates to the lack of documentation on work performed in response to the mitigation conditions imposed through the development process. As outlined in the staff report, the conditions that were imposed on the sphere establishment for CSA 120 are not tied to the Statute. The County SDD presentation at the September hearing included the presentation of this argument to the Commission before it made its determination (see Attachment #3 to this report). Therefore, it is LAFCO staff's opinion that the condition regarding the need to report on the mitigation activities is a valid condition and that the County SDD's response identifies that it does not intend to comply with this condition. Therefore, this direction will need to be addressed as a part of the ongoing service review for habitat conservation within LAFCO 3157A.

4. Finally, with regard to Condition No. 4, the County SDD's response does not provide any means of restoring the endowment balances for those mitigation properties where mitigation work has not been performed but interest earnings used. Instead, the letter states that CSA 120 will continue to manage current properties without segregating the funds, indicating there is economies of scale in doing so. Again, this was the position presented at the September Commission hearing which was not persuasive to the Commission in making its determination.

In addition, for this particular condition, LAFCO staff even changed its position on repayment of funds, changing its original condition to restore the endowment based on the revised NEPMP, which was adopted in 2010 instead of going back to 2003. This compromise was discussed by the Commission prior to adopting the resolution in October 2014 and staff from County SDD provided information at that hearing.

In the March 24, 2015 meeting, it was again reiterated by the County SSD staff that the Wildlife Agencies signed off on the NEPMP, and that both entities have not expressed any concerns regarding combining the endowment funds. Yet, the 2010 NEPMP specifically provides a clear distinction between Unit 1 (original 763 acre Preserve) and Unit 2 (all lands outside the original 763 acre Preserve). Even so, the County SSD's response implies it will not comply with this specific condition imposed on CSA 120.

CONCLUSION:

At the September 17, 2014 LAFCO hearing, the County SSD staff voiced its opinion on the same issues that were raised in its letter dated March 6, 2015. Its position was heard and discussed, and the Commission took the action to approve the sphere establishment but the adoption of the resolution was continued to the October 22, 2014 hearing to include the corrected audit numbers and the revised condition that took the repayment of funds from when the revised NEPMP was implemented - reducing the obligation from \$112,884 to \$14,752. At the October hearing, the Commission took the adoption of the resolution off the consent calendar in order to open the item for discussion; however, no one raised any further issues beyond LAFCO staff's changes. The 30-day reconsideration period took effect after the Commission adopted the resolution, and again, no one requested a reconsideration of the item.

Based on the response provided by the County SSD on behalf of CSA 120, it is LAFCO staff's understanding that Condition 1 will be accomplished at some point in the future, date not identified. However, for Conditions 2, 3, and 4, it is LAFCO staff's interpretation that CSA 120 will not comply with these conditions that were imposed upon the establishment of its sphere of influence.

At the September hearing, staff recommended that the service review required by Govt. Code Section 56430 for the sphere of influence establishment for CSA 120 be deferred until the final report of the County's Vision Environmental Element Group and SanBAG's "Habitat Conservation Framework for San Bernardino County" was completed. Since the framework study has now been completed, the Commission can move forward with its service review for open-space and habitat conservation in the Valley Region. LAFCO staff will consider the positions of the County SSD as a part of this service review and the alternative of designating a zero sphere of influence for CSA 120 because it has not fulfilled the conditions that were imposed on its sphere establishment. Designation of a zero sphere of influence would signal the Commission's position that the CSA 120 should no longer be considered to provide this service and that others within the area should consider assumption of these services through a jurisdictional change.

In conclusion, staff is recommending that the Commission take the actions outlined on page one of this staff report to continue to monitor the activities of CSA 120 in reference to the conditions imposed through adoption of LAFCO Resolution 3190.

KRM

Attachment:

1. Response from County Special Districts Department Dated March 6, 2015
2. LAFCO Resolution No. 3190
3. Excerpts from Minutes of September and October 2014 Commission hearings

**Response from
County Special District Department
Dated March 6, 2015**

Attachment 1



Interoffice Memo

DATE: March 6, 2015

PHONE: 387-5967

FROM: TIMOTHY L. MILLINGTON
Interim Division Manager
Special Districts Department

TO: KATHLEEN ROLLINGS-MCDONALD
Executive Director
Local Agency Formation Commission

RECEIVED
MAR 06 2015

LAFCO
San Bernardino County

SUBJECT	LAFCO CONDITIONS OF APPROVAL FOR CSA 120 SPHERE OF INFLUENCE ESTABLISHMENT
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SPECIAL DISTRICTS ACTION SUMMARY

February 19, 2015

- **Within six months of the approval of the sphere of influence establishment County Service Area 120 shall have completed the due diligence process with the California Department of Fish and Wildlife to be declared an available recipient of mitigation properties in the future. Failure to do so will require a further analysis of the sphere of influence assignment.**

The Special Districts Department (Department) is still in the process of preparing the application to the California Department of Fish and Wildlife (CDFW) and gathering items needed for inclusion in CSA 120's submission to the State as part of the due diligence process. Submission of the completed application is projected to occur in April of 2015. The Department is not aware of the length of the State's review process and decision timeline. The requirement of an application to hold and manage mitigation land with the CDFW is only required if CSA 120 chooses to expand its mitigation property portfolio

- **Within six months of the approval of the sphere of influence establishment County Service Area 120 shall have completed all reporting required by State law for the management of mitigation properties.**

LAFCO has indicated that reporting is required by Government Code section 65968 amended and effective as of September 28, 2012¹. All properties were brought into CSA 120 prior to the effective date established under the law. After speaking with County Counsel, it is our opinion that the current laws cannot be applied retroactively and, therefore, are inapplicable to properties acquired prior to the passage of the

¹ Government Code section 65965 et seq was added in 2011 through Senate Bill (SB) 436 and subsequently amended by SB 1024 and effective September 28, 2012.

current law. Therefore, there is no reporting required by State law for the management of mitigation properties now held by CSA 120. Since the current laws were passed, CDFW representatives attending quarterly CSA 120 Board Meetings haven't voiced their concerns relative to this statutory law. Additionally, no agency has ever indicated that CSA 120 is in violation of Government Code section 65968. It appears that LAFCO has interpreted the law to be retroactive. However, the law as enacted does not contain a provision for retroactive application of its requirements. CSA 120 will provide required reports pertaining to any new property, it may acquire if approved under the CDFW due diligence process enacted under the new law.

Within six months of the approval of the sphere of influence establishment County Service Area 120 will have developed funding plans to restore endowment balances for those mitigation properties where mitigation work has not been performed but interest earnings used.

When the Legislature enacted SB 1094 (Gov. Code §65965 et seq), it intended for eligible entities "to hold, manage, invest and disburse endowments in furtherance of the long-term stewardship of the property set aside for mitigation purposes." CSA 120 properties have all been accepted in the same vicinity of like-habitat under the North Etiwanda Preserve Management Plan (NEPMP). The NEP's Endowment and Management Plan has always been constructed so that additional properties could be accepted and added under a similar management plan. CSA 120 currently manages properties that were accepted prior to enactment of the current laws. All CSA 120 properties are interrelated within the same geographic area and represent a similar habitat type with similar degree of management under the NEPMP approved and signed by the CDFW and United States Fish and Wildlife Service (USFWS) in 2010.

The Wildlife Agencies collectively agreed under the NEPMP that the combining of funds and properties is the best way to manage properties of similar habitat type in the same geographic area. SB 1094 was seemingly created to restrict organizations from using monies designated for one mitigation property in an entirely different area with no geographic or management connectivity. CSA 120 properties are both connected managerially by the NEPMP and geographically connected as neighboring properties of the same ecological community. The addition of properties and funding under the NEPMP was intended to improve the financial position of the Endowment through an economies of scale. **Economies of scale** is a term that refers to the reduction of per-unit costs through an increase in production volume. Economies of scale leverage both the operational and financial aspects of CSA 120 by working in concert. The NEPMP stipulates that additional properties would be added over time and that the area would benefit from combined management of additional resources, as it provides a more comprehensive management approach for the region. None of the regulatory agencies have expressed concerns relating to the violation of Government Code section 65968, or asked that CSA 120 divide properties and funds in this fashion. To comply with SB 1094, CSA 120 will segregate all future properties that it accepts as an approved mitigation property holder according to Government Code section 65968. CSA 120 will however continue to manage current properties under the NEPMP as intended, with all new properties being segregated as desired by the Wildlife Agencies.² There is still value to combined management and CSA 120 will seek

² In the execution of its duties, CSA 120, when it makes sense, will recommend (?) joint (?) management of all the properties and would seek CDFW permission to do so(??)

CDFW approval on consolidation of these efforts when it makes sense. To segregate funds of previously accepted properties would have detrimental impacts to CSA 120's land holdings.

- **Within six months of the approval of the sphere of influence establishment County Service Area 120, management of the County Special Districts Department shall develop a mechanism to provide for the maintenance and operation of the improvements constructed through the 2008-09 State Park grant without use of the endowment funds established for mitigation purposes only.**

The improvements constructed through the 2008-2009 State Park grant were constructed in accordance with the Cooperative Use Agreement (CMA) and CSA 120 NEPMP. The CMA is a Ownership and Management Agreement develop at inception of the NEP in 1998 that was signed by San Bernardino Associated Governments, CADFG now CADFW, USFWS, California Department of Transportation, County of San Bernardino, and County Special Districts as County Service Area 70 OS-1. Both Wildlife Agencies (USFWS and CDFW) were involved in the process of preparation of the Cooperative Use Agreement, NEPMP, Initial Study and the Mitigated Negative Declaration filed for the NEP Enhancement project. The Enhancement project was designed to eliminate harmful activities occurring within the North Etiwanda Preserve (Preserve) as a measure of protection through responsible use. Regulated public access is a component of the NEPMP used to aid and protect the environmental assets of the area. It has been commonly understood and noted in the CMA and NEPMP that endowment funds would be used to support the overall health and needs of the Preserve which also includes responses to public activity and impacts. The trails support education and define use of the area which keep people on designated routes and out of habitat areas of greater sensitivity. The project allowed the installation of gates to address OHV incursion, designated trail paths to define permissible areas of pedestrian travel, and installed signs for both regulation and education purposes. The enhancement has allowed recover of previously disturbed habitat, eliminated environmental degradation from trail blazing and OHV, and increased environmental awareness through education. The lack of such designed use would prove to be more detrimental to the area if additional funding hadn't been secured for these efforts of management.

The Wildlife Agencies have never notified CSA 120 that it has misused the properties or funds it is managing, nor have they indicated that the use of funds to provide signs for interpretation and education, removal of graffiti, or holding Preserve clean-ups was not allowed. Rather, the Wildlife Agencies has indicated that there has been the lack of funding available and asked that the fee methodology be changed to provide funding for future management. The management activities for which endowment funds have been used coincide with provisions under the NEPMP and CMA.

Structures built through the Enhancement Project within the Preserve were built with State grant funds and didn't require use of Endowment Funds. Nevertheless, the structures were designed to provide public education relative to the environment within the Preserve. The areas were designed as stops for education purposes and have interpretive panels at each to explain the area's significance to visitors and to encourage them to take a more active role in helping preserve the site.

Cc: Jeffrey O. Rigney, Director
Dawn Messer, Deputy County Counsel
CSA 120 Board Members

LAFCO Resolution No.3190

Attachment 2

**Excerpts from Minutes of
September and October 2014
Commission Hearing**

Attachment 3

ITEM 11. CONSIDERATION OF: (1) ADOPTION OF MITIGATED NEGATIVE DECLARATION AND (2) LAFCO 3157 – SPHERE OF INFLUENCE ESTABLISHMENT FOR COUNTY SERVICE AREA 120 (HABITAT PRESERVATION AND HISTORICAL RESOURCES -- NORTH ETIWANDA)

Chairman Curatalo opens the public hearing.

Executive Officer Kathleen Rollings-McDonald presents the staff report for LAFCO 3157, 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. McDonald reviews the history of the proposal. She says that in 2009, the Commission initiated the sphere of influence establishment for CSA 120 as required by law and notified the County of its intent to establish a coterminous sphere of influence as was the Commission's practice. The County responded that it would be requesting an expanded sphere of influence and LAFCO staff agreed to work with the County to move forward with the expansion request. Over the next two years the County deliberated about the application – what territory would be proposed, the funding for payment of the mandatory LAFCO filing fees and such. She says that in March 2012 the County of San Bernardino Board of Supervisors initiated the application and the filing fees were submitted by the Lytle Development Company. The sphere of influence establishment submitted encompassed a total of 71 square miles.

Ms. McDonald says that in January 2014 the Commission held a workshop to review the requirements which would point toward the need for dedication of mitigation lands so that the Commission could understand the purpose of CSA 120 and in February 2014 the Commission was presented with the environmental documents prepared for LAFCO 3157. She says that a mitigated negative declaration was approved.

Ms. McDonald says that at the February hearing the Commission received a letter, dated February 13, 2014, from the Board of Supervisors Chair, proponent for the action, requesting amendment of the application to reflect the alternative #2 of the environmental assessment document that excludes the territory included within the City of Fontana's Multi-species Habitat Conservation Plan. She reminds the Commission that at this hearing, the Commission will evaluate and make determinations on the required factors outlined in Government Code Section 56425. These determinations will be guided by the Commission's stated mission statement which is "to ensure the establishment of an appropriate, sustainable and logical municipal level of government structure for the distribution of efficient and effective public services".

Ms. McDonald reviews the factors of determination. She provides a description of the County's land use designations noting that the City of Fontana General Plan assigns an open space designation to the territory within CSA 120 recognizing the future potential for habitat preservation.

Ms. McDonald says that the North Etiwanda Preserve Management Plan adopted in 2010 builds upon its predecessor Cooperative Management Agreement of 1998. The

ACTION MINUTES FOR THE SEPTEMBER 17, 2014 LAFCO HEARING

mitigation lands now include approximately 1,207 acres and the management plan has divided the acreage into Unit 1 (original 762 acres of North Etiwanda Preserved) and Unit 2 (445 acres outside that boundary). The acquisition of additional lands for mitigation management are regulated by the California Department of Fish and Wildlife through its state mandated due diligence process to review the qualifications of entities to manage endowments and to perform the mitigation management activities designed in a mitigation agreement. This process is undertaken through the completion of an "Application for governmental entity, special district or nonprofit organization requesting to hold and manage mitigation lands." To date, CSA 120 has not submitted this report; therefore, it is not able to acquire additional mitigation properties for which an endowment is proposed. She says that without the authorization, no new service can be provided. In order to address the issue, LAFCO staff is proposing a condition that within six months of the approval of the sphere of influence establishment County Service Area 120 shall have completed the due diligence process with the California Department of Fish and Wildlife to be declared an available recipient of mitigation properties in the future. And that failure to do so will require a further analysis of the sphere of influence assignment.

She says that the funding for the operations of CSA 120 is limited to the interest earned on the endowment funds received at the time that the properties are transferred to its ownership for management. The statutes require that the funds be used for the purposes identified in managing the mitigation properties from which the endowment is derived. Based upon these factors the question of the solvency of the district and the need to return endowment funds not utilized in performing services on the properties from which they were derived. LAFCO staff has identified that approximately \$112,000 needs to be returned to the endowment fund.

Ms. McDonald says there will be no change to CSA 120's authorized powers.

Tom Dodson, Environmental Consultant for the Commission, presents the environmental element of the staff report. He says that for environmental review, the initial study evaluated will not have a significant adverse impact on the environment. He says that the findings were appropriate. He also responds to the information that was received from Metropolitan Water District of Southern California.

Ms. McDonald says that the staff is recommending that the Commission direct the Executive Officer to file the Notice of Determination within five days of the Commission's decision on the project. She says that such filing must be accompanied by the payment of California Department of Fish and Wildlife Fee in the amount of \$2,231.95 and that staff will not submit the required filing until such time as the County Special Districts Department transfers the required funds to LAFCO for processing. Failure to file within the required five days of action will lengthen the period for legal challenge to 180 days rather than the 30-day statute of limitations period for CEQA challenges when timely filed.

Ms. McDonald states that the determinations outlined in this report come with the acknowledgement that there are significant funding issues for CSA 120 to overcome to continue to operate, and failure to address them could result in a determination of insolvency. She reviews the recommendations and conditions for the project.

ACTION MINUTES FOR THE SEPTEMBER 17, 2014 LAFCO HEARING

Commissioner Cox asks what the funding mechanism was when the District was formed. Ms. McDonald says that it was endowment funding.

Commissioner McCallon asks who is requesting the City of Fontana's MSHCP area be excluded from CSA 120, to which Ms. McDonald says that it is the City of Fontana who is requesting exclusion from the project.

Commissioner Williams asks what if the proponent does not complete the items of continuance within the six month timeline. Ms. McDonald says that LAFCO staff will continue to monitor and will report back to the Commission. She says that County Special Districts has indicated that they will work with staff to complete the conditions required.

Commissioner Cox asks if CSA 120 has the means to repay the monies to the endowment fund, to which Ms. McDonald responds in the negative noting that it would need an infusion of funds from another source.

Commissioner Williams asks if there are any legal parameters to recoup the funds; is the District legally entitled to look for other funding. Ms. McDonald says that the District is entitled to look for other funding and that they would need to be responsible for looking for other funding sources that may be available to possibly help the District repay the monies to the endowment fund.

Commissioner Farrell asks what distinguishes the CSA 120's powers from park district powers. Ms. McDonald says that not much, but that the attribute was to provide opportunities for educational pursuits for the community to understand the habitat that is being preserved and that LAFCO staff's concern is that the endowment funds are to be used to maintain the habitat not the maintenance of park benches, kiosks, trails and the like. There are other sources to fund those types of things. Commissioner Farrell asks if a review of the interest accumulated from 1994 has been conducted, which Ms. McDonald says that the endowment was \$700,000 and that at the time it was understood that the amount was insufficient for long term management but it was all that was available. Commissioner Farrell asks what type of oversight LAFCO has on CSA 120, to which Ms. McDonald says that LAFCO is charged with reviewing whether or not they are performing the service that they are authorized to perform and that they have adhered to the management plan through the advisory board, which reports to the County Board of Supervisors.

Tim Millington, Special Districts Representative, Interim Division Manager, says with regard to the condition to provide a mechanism for the maintenance and operation of the improvements constructed through the 2008-09 State Park grant without the use of established endowment funds, that the North Etiwanda Enhancement Project was born out of a need to address illegal activities taking place in the preserve and to control environmental damage. He says that to the lay person it would appear as a recreational project on the surface, but that the strategies gained support of all the environmental groups. He says that a full initial study was prepared and that the study indicated that the project was a better alternative than the destructive behaviors and uses within the

ACTION MINUTES FOR THE SEPTEMBER 17, 2014 LAFCO HEARING

property. He says that the project educates and control use of the area in an environmentally responsible way.

Mr. Millington says that interest from the endowment is used to manage and control use and to support responsible stewardship. He says that it would not be in the best interest of the area to further deplete resources and that placing a financial constraint on CSA 120 would put a strain on what little funding resources are currently available. He says that CSA 120's management plan has support from various agencies. He says that there are many examples of mitigated land being used for public purpose. He says that California Fish and Game Code Section 2779.5 states that land set aside for conservation must allow responsible public access. He says that the enhancement project fulfills that requirement.

Mr. Millington says that with regard to the condition of developing funding plans to restore endowment balance for those mitigation properties where mitigation work has not been performed but interest earnings used, the endowment management plan has been constructed in a way that it allows for the acceptance of funding from multiple agencies. He says that Government Code Section 65968 which is referred to in the LAFCO staff report, was not enacted until January 1, 2012, so those properties accepted prior to that date would be potentially exempt.

Mr. Millington says that he does not feel that directing LAFCO staff and CSA 120 to continue to work together should be a condition. He also says that with regard to some items noted in the staff report, that he would like to clarify on page 10 for the 2012 report that it states that the interest earnings were \$17,516 and then on page 12 it shows the earnings at considerable less. He wants to make sure that there are no discrepancies within the staff report.

Chairman Curatalo asks LAFCO Counsel Holly Whatley with regard to the comments made by special districts, if there are any items that the Commission should consider.

Ms. Whatley says that CSA 120 has developed a way to use the funds and that there is room for a difference of opinion and interpretation of the law on the issue.

Executive Officer Kathleen Rollings-McDonald states that LAFCO staff stands behind the staff report.

(It is noted that Commissioner Cox leaves the dais.)

Steve Loe, member of the public, makes comments of understanding the issues from both views.

(It is noted that Commissioner Warren leaves the dais.)

Jane Hunt, member of the public, asks for clarification of the modification of the proposal and asks who will monitor the on-going mitigation lands if an expansion is proposed.

ACTION MINUTES FOR THE SEPTEMBER 17, 2014 LAFCO HEARING

Executive Officer Kathleen Rollings-McDonald states that the North Etiwanda Advisory Board monitors the lands and that the modification of the proposal excludes Fontana's Multi-Species Habitat Conservation Plan. She says that no expansion is proposed.

(it is noted that Commissioner Cox returns to the dais.)

Ms. Hunt asks for clarification regarding the direction for County Special Districts to submit the necessary funds to pay the required California Fish and Wildlife Filing fee prior to the Executive Officer filing the Notice of Determination. Ms. McDonald says that staff is requesting approval for the directive from the Commission that the County Special Districts, like any other applicant, make or confirm payment of the \$2,231.95 California Fish and Wildlife Filing Fee before the Executive Officer files the Notice of Determination with the Clerk of the Board of San Bernardino County, as is adopted in the LAFCO fee schedule and Policies and Procedures.

Lynn Boshart, Save Lytle Creek Wash, thanks staff for the information received and for the clarification of the item. She says that she is glad that the financial concerns are being addressed.

Chairman Curatalo calls for further public testimony, there being none closes the public hearing.

Commissioner McCallon moves approval of staff recommendation, second by Commissioner Williams. There being no opposition, the motion passes unanimously with the following vote: Ayes: Cox, Curatalo, McCallon, Sethi, Williams. Noes: None. Abstain: None. Absent: Bagley (Mr. Sethi voting in his stead).

LAFCO Legal Counsel Clark Alsop returns to the dais.

**ITEM 6. CONSENT ITEMS DEFERRED FOR DISCUSSION ADOPTION OF
LAFCO RESOLUTION NO. 3190 FOR LAFCO 3157 – SPHERE OF INFLUENCE
ESTABLISHMENT FOR COUNTY SERVICE AREA 120 (HABITAT PRESERVATION
AND HISTORICAL RESOURCES – NORTH ETIWANDA)**

Vice-Chair Cox opens the public hearing.

Executive Officer Kathleen Rollings-McDonald presents the staff report for LAFCO 3157, 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 September 17, 2014 hearing, the Commission reviewed and considered the Sphere of Influence Establishment for CSA 120. She says that at that time the Commission made mandatory determinations required by Government Code Section 56425 and also approved the modification requested by the County of San Bernardino. She says that during the September Commission hearing, the manager of CSA120 expressed questions regarding the amount of interest earned to be returned to the endowment fund. Staff had identified that amount to be \$112,884.

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

Ms. McDonald states that County Special Districts staff identified their concerns that the statute specifying that the interest earned could not be consolidated for use did not take effect until January 2012 and its provisions should not be applied retroactively. LAFCO staff has been in consultation with Special Districts staff on this concern.

Ms. McDonald says that staff believes its position is legally defensible given the contractual nature of the endowment funds for use for maintenance and preservation of specific properties going back to the acquisition and agreement for conservation. She says that the adoption of the updated Cooperative Management Plan in October 2010 by the County Board of Supervisors clearly identifies the division of the areas into two units. She says that therefore, staff is modifying their determination to reflect the need to redeposit the interest earnings for Fiscal Years 2010-11, 2011-12, 2012-13 and the amount for 2013-14 now due.

(It is noted that Commissioner Ramos arrives at the dais.)

Ms. McDonald says that Special Districts staff also questioned the \$17,517 shown for Fiscal Year 2012-13 as interest earned and requested the amount be modified. She says that LAFCO staff received a revised version of the 2012-13 audit for CSA 120, a copy of which is included as attachment #3 to the staff report, and shows the interest earned during Fiscal Year 2012-13 as reduced to \$6,844. She says that staff is still concerned that even with the reduction on interest to be returned, it does not alleviate concern for the future operation of CSA 120 and that significant work still remains to address the conditions identified and approved by the Commission.

ACTION MINUTES FOR OCTOBER 22, 2014 HEARING

Ms. McDonald requests that the Commission take the actions outlined in page 1 of the staff report to amend the determination on interest to be returned to the endowment fund and adopt LAFCO Resolution No. 3190.

Commissioner Farrell questions where the net increase in fair value change came from and also notes an error in the chart versus the text in the staff report.

Executive Officer McDonald says that the fair value change was due to the auditor's acknowledgement of the large amount to be held on deposit, that it is a net fair value that needs to be assigned. She says that the text in the staff report will be corrected to reflect the correct amounts.

Tim Millington, County Special Districts, says that Net Fair Value relates to property value as well as the endowment fund and that as the property value increases, the net fair value is added to the audit report. He says that County Special Districts is also having County Counsel review Government Code Section 65968 with regard to the retroactive activity and if it is applicable to CSA 120.

Vice-Chair Cox closes the public hearing.

Commissioner Farrell moves approval of staff recommendations for LAFCO 3157, second by Commissioner Williams. There being no opposition, the motion passes unanimously with the following vote: Ayes: Bagley, Cox, Farrell, Lovingood, McCallon, Ramos, Williams. Noes: None. Abstain: None. Absent: Curatalo (Mr. Farrell voting in his stead).

LAFCO Legal Counsel Clark Alsop returns to the dais.

Rollings-McDonald, Kathleen

From: Rollings-McDonald, Kathleen
Sent: Monday, May 21, 2018 12:20 PM
To: Holly O. Whatley (hwhatley@chwlaw.us)
Cc: Samuel Martinez (smartinez@lafco.sbcounty.gov)
Subject: CSA 120
Attachments: csa 120 documents.pdf; SKM_C754e18052112140.pdf

Importance: High

Hi Holly,

I have attached the current information available on CSA 120's compliance with LAFCO Resolution No. 3190 adopted September 17, 2014. I would like to set up a meeting with you within the next two weeks to review the current status and discuss strategy for the June 20 hearing – the staff report is published on June 13. Let me know your availability. By the way we have moved our offices to the San Bernardino Train Depot and Metrolink stops right here if that is available to you.

Thanks -- Kathy

KATHLEEN ROLLINGS-McDONALD, Executive Officer
Local Agency Formation Commission for San Bernardino County
1170 West 3rd Street, Unit 150, San Bernardino, CA 92415-0490
Phone: 909-388-0480
Fax: 909-388-0481
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Rollings-McDonald, Kathleen

From: Rollings-McDonald, Kathleen
Sent: Monday, May 21, 2018 11:42 AM
To: Millington, Tim; Opliger, Erin
Cc: Samuel Martinez (smartinez@lafco.sbcounty.gov); Rigney, Jeff; Holly O. Whatley (hwhatley@chwlaw.us)
Subject: Follow up on meeting

Morning Tim and Erin,

Following our meeting of April 5 you were going to get additional information on the payments, etc that are more clearly understandable and provide those to LAFCO. Since the hearing on the update on the status of conditions of approval for CSA 120 is scheduled for June 20, I will need the information by no later than June 1 for inclusion in the staff report. Please let me know if there are issues in responding.

Thanks – Kathy

KATHLEEN ROLLINGS-McDONALD, Executive Officer
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DISCUSSION ITEMS:

ITEM 11. STATUS REPORT ON CONDITIONS IMPOSED ON LAFCO 3157 – SPHERE OF INFLUENCE ESTABLISHMENT FOR COUNTY SERVICE AREA 120 (CONTINUED FROM APRIL 15, 2015 HEARING)

Chairman Curatalo welcomes Holly Whatley from Colantuono, Highsmith & Whatley, PC as the Commission's special legal counsel for LAFCO 3157. Executive Officer Kathleen Rollings-McDonald presents the staff 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.

Executive Officer Kathleen Rollings-McDonald summarizes the Commission's adoption of Resolution No. 3190 related to the sphere of influence establishment for County Service Area 120 during the October 2014 hearing. Ms. Rollings-McDonald notes that the resolution included several conditions imposed on the sphere establishment. She indicates that staff was scheduled to update the Commission on the status of CSA 120 in meeting those conditions back in March; however, the County Special Districts Department provided a letter requiring a continuance to allow staff to fully evaluate the County's position on those conditions.

Executive Officer Kathleen Rollings-McDonald notes that based on the County Special Districts Department's correspondence, the County will not complete three conditions imposed upon the establishment of the sphere of influence for CSA 120. Ms. Rollings-McDonald states that the service review for the sphere establishment was deferred by the Commission in September 2014 to allow for the completion of the final report of the County's Vision Environmental Element Group and SanBAG's "Habitat Conservation Framework for San Bernardino County." She indicates that staff will now move forward with its service review and will consider the positions of the County SDD and the designation of a zero sphere for CSA 120 due to the lack of commitment in fulfilling the conditions that were imposed on its sphere establishment.

Commissioner Ramos inquires whether he should recuse himself from this item since he represents the County. Kathleen Rollings-McDonald notes that there is no conflict and he has the discretion to recuse himself.

Commissioner Ramos leaves the dais at 11:43am.

Commissioner Cox inquires whether County legal counsel had the opportunity to review the report and resolution. Kathleen Rollings-McDonald states that all information was provided to County counsel and the letter submitted by the County Special Districts Department was also reviewed by County counsel.

Commissioners Sethi and Warren leave the dais at 11:45am.

Tim Millington, County Special Districts Department Regional Manager, notes that the current economies of scale and direct costs affect the County's position on the conditions presented. Mr. Millington states that the County will continue to work with LAFCO on this item.

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

ACTION MINUTES FOR MAY 20, 2015 HEARING

Chairman Curatalo calls for a brief recess allowing the Commission to switch their special legal counsel back to their regular legal counsel prior to the discussion of Item #12.

Commissioner Ramos returns to the dais at 11:49am.

AGENDA

NORTH ETIWANDA PRESERVE DISTRICT BOARD MEETING (CSA 120)

April 19, 2018
2:30 P.M.

8575 Haven Avenue, Suite 130
Environmental Health Department Meeting Room
Rancho Cucamonga, CA

1. Introductions – (John Roberts, Board Chair).
2. Approval of Minutes from January 18, 2018– The field meeting included reports on endowment earnings, the parking lot improvements, and an overview of CSA 120 operations and properties. (John Roberts, Board Chair)
3. Public Comment – Each speaker has up to five minutes to comment on agenda items or express views to the District Board of Directors. (John Roberts, Board Chair)
4. North Etiwanda Preserve Operation and Maintenance – An update will be given regarding trends of use, projects, clean-ups and other items being addressed. (Erin Opliger, Special Districts)
5. Endowment Interest Report –3rd quarter earnings figures shall be provided and funds were deposited into the appropriate operating accounts for each mitigation property. The total endowment fund balance remains at \$1,605,750.00. (Tim Millington, Special Districts)
6. Update on Parking Lot Project – With all physical improvements to the parking lot completed, staff will discuss the next steps of establishing a paid parking system. (Tim Millington, Special Districts)
7. Sub-Committee Update- The biological sub-committee met since the last Board Meeting regarding the potential impacts of local development plans. And update will be provided. (Erin Opliger, Special Districts)
8. Update on LAFCO Resolution 3157 - A status update will be provided on the progress of stipulations outlined in LAFCO Resolution 3157 issued in 2014 for CSA 120. Staff has met with LAFCO and will provide a summary of this process. (Tim Millington, Special Districts)
9. Board Comment
10. Next Quarterly Meeting Date:

Thursday, July 19, 2018
8575 Haven Avenue, Suite 130
Environmental Health Department Meeting Room
Rancho Cucamonga, CA

COUNTY SERVICE AREA 120—DISTRICT BOARD MEETING
NORTH ETIWANDA PRESERVE
Meeting Minutes: January 18, 2018

In Attendance:

Board of Directors

Doug Andresen

Robin Ikeda

John Roberts – Board Chair

Andy Silva

Sam Spagnolo (Absent)

Non-Board Members

Tina Kuo - CSA 120 Independent Researcher, John Hopkins University Graduate Student

Chris McDonald - UC Cooperative Extension, Division of Agriculture and Natural Resources

Tim Millington – Special Districts Department

Erin Opliger – Special Districts Department

Phil Paule - 2nd Supervisorial District Chief of Staff, Janice Rutherford

Stephanie Rose – 2nd Supervisorial District Representative, Janice Rutherford

Introduction:

The County Service Area 120—North Etiwanda Preserve (NEP) Board Meeting was called to order at 2:30 p.m. on January 18, 2018 by Board Chair, John Roberts. Introductions were then made.

Review of Minutes:

John Roberts presented the October 19, 2017 minutes for approval before the board. Board Member Robin Ikeda moved to approve the minutes, which was seconded by Board Member John Roberts. All other Board Members unanimously agreed in favor.

Public Comment:

Chris McDonald of UC Cooperative Extension gave a brief introduction of his position and how he has worked with the Preserve over time. He explained that the Cooperative Extension is an off-campus arm of the University that is funded by State, Federal and County dollars. His job as a natural resource advisor, is to help advise local land management entity all across Southern California on land management decisions to help preserve habit and build endangered species habitat. These can range from how to use herbicides, protect endangered species, undertaking various management activities, or implementing policies. He continued in saying that his expertise is in land management. Board Member John Roberts asked if he had ever been to the Preserve, to which he replied that he had worked with CSA 120 many times and was involved in the biological sub-committee meetings, but had not been able to make the meetings in the last year.

CSA 120 researcher, Tina Kuo, mentioned that the data and study results from last year's baseline vegetation and soil collection surveys is currently under review and should be ready by the end of February for formal review by the public.

North Etiwanda Preserve Maintenance and Operations Report:

Erin Opliger of the Special Districts Department discussed the cleanup coming up on the first Saturday in February, which would mark the first of two cleanups that occur each year. Aside from the major community cleanup events, Erin mentioned that there had also been a few groups that contacted her directly to set up contribution events. Some of these groups include the North Face staff and Boy Scout troops from the region. Next Ms. Opliger briefly mentioned the grad school education program in partnership with the Inland Empire Resource Conservation District (IERCD). She noted that the school programs were still continuing this year but in a smaller capacity of ~10 trips since the grant funding had been used and that she was in the process of submitting for a final reimbursement on that. While the formal contract with the IERCD had expired at the end of the previous fiscal year, they had been able to continue running the program under an education permit.

Next Ms. Opliger discussed that the biological monitoring for vegetation phenology would typically started on Feb 1st and would now begin in November with help from Pomona College students and staff. They have been able to cover 2 weeks each month and other weeks have been supplemented by Special Districts' staff. Additionally, Erin mentioned that there was no biological sub-committee meeting over the holidays, but that there is one coming up on February 5th that will be held in Rancho Cucamonga, likely Chaffey College. She continued in saying that the main conversation would involve establishing the baseline biological studies and further discussion on adjacent proposed development projects. Board Member Robin Ikeda briefly mentioned she had concerns about the Rancho Cucamonga's proposed North Eastern Sphere Annexation Proposal and the implications it would have on CSA 120, North Etiwanda Preserve, flood control, and public safety. She further mentioned that the project could have significance ecological impacts of having more development close by and questions about what mitigation measures are being considered or taken for that. Erin mentioned that these answers are not currently known but that the Board Members may want to consider formalizing a comment on behalf of CSA 120 during the City's environmental review process.

Endowment Interest Report:

Tim Millington began by stating that we are doing very well on our endowment interest in comparison to previous years, in that the fund earned more than 1% annually for the first time in a while. The 1st quarter earnings totaled \$4,700 and the 2nd quarter earnings dipped slightly to \$3,600. He continued to say that although the interest earning are improving, they are still not enough to fully meet the demands for service without the support of volunteers and cleanups. Tim invited all the Board Members to come out for a cleanup to see what happens and reminded the Board that cleanups occur on the 1st Saturday in February and last Saturday in October each year from 8:00 – 11:00 a.m. Tim finished by thanking the many dedicated volunteers of CSA 120

Update on the Parking Lot Project:

Mr. Millington began by stating the installation of the gates had been completed and that a final extension of the paved surface beyond the speedbump was in process. The extension was added to go beyond a standard wheel base of a car as they come over the speedbump, with the intent of minimizing the rutting that was occurring beyond the paved surface and into the gravel. A 1 day closure would be required for the contractor to pour cement and that the anticipated completion date would be within 2 weeks. Next Mr. Millington reported that staff had begun locking the gates at sunrise and unlocking them again at sunset and that the completion of the East and South gate has already proven successful in preventing the east-west travel through the power corridor and keeping people out of the lot at night. To provide the public ample warnings of the gate closures, he noted that signs had been posted of the new hours and a note of the future gate closing date of January 16, 2018. Among the signs posted is also a number to call if a person's car gets locked in afterhours so the Sheriff could come up and unlock the gate and violation notices were created at the request of the Sheriff to support this effort. The next steps of this process will be to implement a parking fee. He reported that a draft Memorandum of Understanding between the City of Rancho Cucamonga and CSA 120 had been prepared and provided to County Counsel for review. Following their approval, the proposal would be sent back to the City for review and approval.

Board Comment:

Board Member Robin Ikeda readdressed the discussion on the City's NESAP and asked how to best proceed, given the large size of the proposal and the potential it poses for having a major impact on the Preserve. She continued in asking if it would be appropriate for the Board to make a comment as a whole. Tina Kuo supported her concerns, suggesting that the Board use the report to group the problems together, while trying to find a possible solution. The Board Members discussed their various opinions on the project. Tim Millington responded that it would be appropriate for the Board to examine the proposal and determine if there should be a response from the Board regarding the impacts it could have on CSA 120. Mr. Millington then asked if the basic project information should be presented at the next meeting, if available. Board Members openly discussed some of the potential impacts of traffic into the Preserve, maintaining the integrity of the conservation easement, alluvial fan flows, natural disaster ramifications, and other related issues. Board Member's expressed a general concern in further understanding what the proposal was and for how it should be accomplished. Ms. Ikeda then asked if it would be possible to hold a special meeting to discuss the concerns of the Board and develop a response. Ms. Opliger responded that as the plan progresses, she may be able to reach out to the city for a special presentation on what the proposal entails and that the formalization of a comment can occur in sub-committee. She stressed that although there may be other implications of the project that affect the community, it is important that all comments from CSA 120 only apply to the potential concerns for the habitat and should refrain from including external opinions or concerns of the project.

Next Quarterly Meeting Date:

Thursday, April 19, 2018
2nd District Supervisor's Rancho Cucamonga Office
8575 Haven Avenue, Suite 110
Rancho Cucamonga



RECEIVED
Special Districts Department
2018 APR -9 AM 10: 24
LOCAL AGENCY
FORMATION COMMISSION

Jeffrey O. Rigney
Director

March 28, 2018

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

SUBJECT: Status Update Request on LAFCO 3157 — Sphere of Influence
Establishment for County Service Area 120

Dear Ms. Rollings-McDonald:

The letter received from LAFCO, dated February 12, 2018, requested the Special Districts Department (Department) to provide a status update on County Service Area 120 (CSA 120) and the progress associated with conditions stipulated by LAFCO Resolution 3190, issued in September of 2014. The stipulations were made part of a CSA 120 request to allow for an expanded Sphere of Influence under LAFCO 3157. The purpose of the expanded Sphere was to offer an option for the provision of mitigation management for rare and endangered habitats and species found in areas beyond the CSA 120 boundary established under LAFCO Resolution 3051, dated February 18, 2009. At the time that CSA 120 submitted the application for an expanded sphere under LAFCO 3157, the County was initiating work on the development of a Countywide Habitat Preservation/Conservation Framework Study, meant to universally address conservation and potential mitigation needs on a less localized scale. As with LAFCO, the Department has been interested in the Conservation Framework as it relates to CSA 120, and the direction to be taken with habitat conservation and mitigation responsibilities under a more universal region concept. The Framework Study is a lengthy process and an imminent change in the handling of Countywide conservation, and mitigation is still not in view. In that regard, CSA 120 has been making incremental progress on the LAFCO conditions to make CSA 120 a more viable and sustainable entity.

The following update notes the progress of CSA 120 to date, and eventual planned solutions for addressing the LAFCO 3157 concerns as part of establishing a sphere of influence:

BOARD OF SUPERVISORS

ROBERT A. LOVINGOOD
Chairman, First District

JANICE RUTHERFORD
Second District

JAMES RAMOS
Third District

CURT HAGMAN
Vice Chairman, Fourth District

JOSIE GONZALES
Fifth District

Gary McBride
Chief Executive Officer

- **Within six months of the approval of the sphere of influence establishment, CSA 120 shall have completed the due diligence process with the California Department of Fish and Wildlife, to be declared an available recipient of mitigation properties in the future. Failure to do so will require a further analysis of the sphere of influence assignment.**

The Department consulted with staff from the Department of Fish and Wildlife in December of 2015 to discuss the need for a pre-established agency to continue management of mitigation land and open space. The mutual consensus taken from the meeting was that the requirement of a CDFW due diligence application allowing an agency to hold and manage mitigation land would only be required of CSA 120 if it chooses to expand its mitigation property portfolio specifically related to a CDFW initiated mitigation requirement. A due diligence application had been prepared for CSA 120, but was never submitted in favor of resolving more prominent issues relative to funding augmentation and determination of a mitigation fee strategy for CSA 120. The meeting made clear that the resolution of these items had a significant bearing on the potential success of the application and therefore submission had been placed on hold. In May of 2016, the Department made a presentation to members of the County's Debt Advisory Committee in order to facilitate discussion on endowment methodologies and achieving a sustainable model for the implementation of mitigation fees given the complexities of perpetuity management responsibilities associated with conservation properties. Final determinations on an acceptable model have not been achieved at this time, but CSA 120 has made significant progress on becoming a fiscally responsible leader in the way mitigation obligations may be met in the future.

- **Within six months of the approval of this sphere establishment, CSA 120 shall have completed all reporting required by State Law for the management of mitigation properties.**

CSA 120 has begun to compile, prepare and provide an annual report on the conservation practices undertaken in each year as would be required as if it were a CDFW designated conservation entity. The annual reports are provided to the CSA 120 Board, offered to the public by being posting to the North Etiwanda Preserve website in the spirit of transparency, and copies are sent to CDFW for review. The report covers financial information, conservation efforts, status of habitat areas, reveals biological studies undertaken, identifies partnerships, outlines education programs administered to school groups, and covers the level of service hours provided by volunteers.

- **Within six months of the approval of this sphere of influence establishment, CSA 120 will have developed funding plans to restore endowment balances**

for those mitigation properties where mitigation work has not been performed but interest earnings have been used.

CSA 120 has always maintained the appropriate endowment levels required and never let endowment balances drop below the initial amount set aside for any particular property. LAFCO's assumption that funds for non-contiguous properties were being used to supplement the overall management of the large body of property more commonly known as the North Etiwanda Preserve were invalid. The assumption did not take into account any overall CSA 120 Direct Administration Expenses that could be attributed to each subsequent property. In October of 2015, the Department provided LAFCO with a reconciliation report that identified the range of what have been identified as Direct Administration Expenses to include: Legal Notices, Audit Charges, COWCAP, County Counsel Legal Fees, Salaries and Transfers Out, as well as Service and Supplies Transfers Out. As part of the reconciliation of funds, a separate budget fund and endowment interest fund has been established for each mitigation property acceptance. All funds are budgeted separately according to the percentage of obligation each should share based on direct administrative expenses. Copies of budgets and audit reports are available for review.

- **Within six months of the approval of the sphere of influence establishment for CSA 120, management of the County Special Districts Department shall develop a mechanism to provide for the maintenance and operation of the improvements constructed through the 2008-09 State Park grant without use of the endowment funds established for mitigation purposes only.**

For the past number of years CSA 120 has been working on the establishment of a paid parking program that would provide unrestricted funds to offset expenses related to public use of the North Etiwanda Preserve. Although LAFCO has a perception that mitigation funds are not to be used for the purpose of public use, the North Etiwanda Preserve Cooperative Management Plan and CSA 120's Management Plan allows for public use as an identified tool to facilitate the education of conservation values through the integration of public visitation in the way of low-impact hiking trails. As a component of the effort to transition to a paid parking system, CSA 120 had to secure licensed use for parking on two areas not owned by the District. This past year, CSA 120 was able to secure licenses for parking with Southern California Edison and the City of Los Angeles Department of Water and Power. The licenses allowed for parking immediately adjacent to the Preserve and provided the necessary authorization to make other improvements to the security of the NEP and control of public visitation through the installation of control gates on the licensed areas. The funding for the parking project came from onetime policy needs funding which were provided by the County Board of Supervisors. The next step is to secure an agreement with the City of Rancho Cucamonga to implement a paid

parking system already in place in other parts of the City. The partnership with the City will offer CSA 120 a way to collect fees at a low cost without adding system purchase or manpower cost. The City of Rancho is currently in review of a draft agreement prepared by the Departments. The desire is to implement the paid parking program with the start of the new fiscal year in July 2018.

At the request of LAFCO, a progress update on conditions of LAFCO 3157 will be placed on the April 19, 2018 quarterly CSA 120 Board meeting agenda.

Please feel free to contact the Special Districts Department if there are any questions as to the implementation of conditions as stipulated by LAFCO in the development of a Sphere of Influence for CSA 120.

Sincerely,



Jeffrey O. Rigney
Director

cc: Janice Rutherford, Second District Supervisor
Christina Taylor, Second District Field Representative
Gary McBride, Chief Executive Officer
Leonard Hernandez, Chief Operating Officer
Tim Millington, Division Manager
CSA 120 Board Members

From: Millington, Tim

Sent: Wednesday, March 28, 2018 5:14 PM

To: Rollings-McDonald, Kathleen <kmcdonald@lafco.sbcounty.gov>

Cc: Rigney, Jeff <jrigney@sdd.sbcounty.gov>; Gianni, Renee <Renee.Gianni@sdd.sbcounty.gov>

Subject: LAFCO 3157 Draft Update for Review

Hi Kathy.

Please see the attached draft and let me know your thoughts! It is being circulated to the County Administrative Office for review also.

Best regards,

Tim Millington, Division Manager

ORIGINAL ENDOWMENT BALANCE :	2/27/1998	700,000.00
Lennar Communities - Tract 14759	10/21/2003	785,600.00
A & J Inc., & Rancho 685, LLC, - Rancho Etiwan	3/1/2004	1,005,600.00
Granite Homes/Rancho 2004, LLC - Tract SUBT	9/13/2005	1,221,000.00
Centex Homes - Tracts 16290, 16325, 16326	10/5/2005	1,594,250.00
Western Slope & Mineral Company - Tract 1874	12/14/2010	1,606,750.00

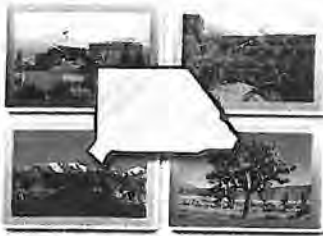
FY 09/10	Bal	Interest	APR
7/1/2009	1,594,250.85	7,539.84	1.892
10/1/2009	1,601,790.69	7,001.15	1.748
1/1/2010	1,594,250.84	4,650.14	1.167
7/1/2010	1,598,876.69	4,665.85	1.167
	TOTAL	23,856.98	
FY 10/11			
10/1/2010	1,594,210.84	5,118.98	1.284
1/1/2011	1,594,210.84	3,667.48	0.920
4/1/2011	1,594,210.84	3,811.93	0.956
7/1/2011	1,606,710.00	3,244.54	0.808
	TOTAL	15,842.93	
FY 11/12			
8/15/2011	1,606,710.00	2,594.00	0.646
11/4/2011	1,606,710.00	2,856.00	0.711
1/25/2012	1,606,710.84	1,394.77	0.347
4/16/2012	1,606,710.84	1,783.46	0.444
	TOTAL	8,628.23	
FY 12/13			
7/24/2012	1,608,494.30	1,984.71	0.494
10/29/2012	1,606,750.00	2,275.23	0.566
1/29/2013	1,608,233.00	1,483.80	0.369
4/23/2013	1,606,750.00	1,876.04	0.467
	TOTAL	7,619.78	0.474
FY 13/14			
8/1/2013	1,606,750.00	1,209.92	0.301
10/24/2013	1,606,750.00	1,619.41	0.403
1/29/2014	1,606,750.00	1,127.21	0.281
5/9/2014	1,606,750.00	1,037.54	0.258
	TOTAL	4,994.08	0.311
FY 14/15			
7/29/2014	1,606,750.00	1,400.16	0.349
10/27/2014	1,606,750.00	1,575.54	0.392
1/26/2015	1,606,750.00	1,296.71	0.323
4/23/2015	1,606,750.00	2,016.88	0.502
	TOTAL	6,289.29	0.391
FY 15/16			
7/24/2015	1,606,750.00	1,435.82	0.357
10/23/2015	1,606,750.00	1,801.95	0.449
1/26/2016	1,606,750.00	2,005.22	0.499
4/23/2016	1,606,750.00	2,849.67	0.709
	TOTAL	8,092.66	0.504

FY 16/17

7/28/2016	1,606,750.00	2,849.67	0.709
10/24/2016	1,606,750.00	2,737.20	0.681
1/5/2017	1,606,750.00	1,819.84	0.453
4/21/2017	1,606,750.00	3,134.71	0.780
	TOTAL	10,541.42	0.656

FY 17/18

7/24/2017	1,616,760.93	4756.96	1.177
	1,616,760.93	3672.23	0.909
	1,616,760.93		0.000
	1,616,760.93		0.000
	TOTAL	8,429.19	0.521



LAFCO

**Local Agency
Formation Commission**
for San Bernardino County

1170 West 3rd Street, Unit 150
San Bernardino, CA 92415-0490
909 388 0480 | Fax 909 388 0481
E-mail: lafco@lafco.sbcounty.gov
www.sbcslafco.org

Established by the State of California
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STAFF

KATHLEEN ROLLINGS-McDONALD
Executive Officer

SAMUEL MARTINEZ
Assistant Executive Officer

MICHAEL TUERPE
Project Manager

LA TRICI JONES
Clerk to the Commission

LEGAL COUNSEL

CLARK H. ALSOP

February 12, 2018
Via Email and Inter-office Mail

Mr. Jeff Rigney, Director
Special Districts Department
County of San Bernardino
157 West Fifth Street
San Bernardino, Ca 92415-0450

REF: LAFCO 3157 – Sphere of Influence Establishment for
County Service Area 120

Dear Mr. Rigney:

In October 2014, the Local Agency Formation Commission for San Bernardino County (hereafter LAFCO) concluded its review and established the sphere of influence for County Service Area 120 as required by law. As you are aware, that sphere of influence determination included a number of monitoring requirements for issues related to financing and sustainability for the District. In March 2016, the Commission again deferred its service review of open space and habitat conservation until the completion of Phase 2 of the Countywide Habitat Preservation/Conservation Framework Study, anticipated to be completed in September 2017. Along with that determination, it extended the timeframe for completion of the conditions outlined in the CSA 120 sphere of influence establishment for the same timeframe.

At the Environmental Element meeting in November 2017, it was identified that the manner and scope of the Framework Study had changed due to legislative changes and funding issues. As an outgrowth of these changes, LAFCO staff is bringing a workshop item to the Commission at its March 21st hearing to review the County/SBCTA current effort. Staff at that time anticipates recommending that the service review be closed to be taken up, if progress is made by the Environmental Element Group, during the 2020-21 service review cycle.

In order to address the various issues with the sphere of influence establishment for CSA 120 as outlined in LAFCO 3157/3157A, we are placing an update of the conditions of approval of the sphere of influence on the Commission's April 18, 2018 agenda. At that time we will be updating the Commission on the current status of the CSA 120 efforts to complete the conditions.

In order to provide a staff report for this item, we are requesting that the Department provide a written update on the various items and place review of the LAFCO matter on the next CSA 120 Advisory Board meeting. At present it is our understanding that the quarterly meeting would be sometime in March 2018. In order for this item to have the staff report published, we will need your responses/information by not later than March 28, 2018. Please let me know if you have any questions concerning the information outlined or requested in this letter or if you would like to meet to review the terms and conditions from the 2014 approval for LAFCO 3157.

Sincerely,



KATHLEEN ROLLINGS-McDONALD
Executive Officer

KRM/

cc: Supervisor Janice Rutherford, Second District
Christina Taylor, Field Representative Se3cond District
Gary McBride, County Executive Officer
Leonard Hernandez, County Chief Operating Officer
Tim Millington, Regional Manager, Special District Department

**Statement of Revenues,
Expenditures and Changes
in Fund Balance from County
Service Area 120**

**Audits for 2017, 2016, 2015,
2014, 2013, 2012 and 2011**

Attachment 4

COUNTY OF SAN BERNARDINO SPECIAL DISTRICT
COUNTY SERVICE AREA No. 120
NORTH ETIWANDA PRESERVE
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
For the Year Ended June 30, 2017

	2017			
	Special Revenue Fund	Permanent Fund	Capital Projects Fund	Total
	General (SOH)	Preserve (VFG)	CIP (CAT)	Governmental Funds
Revenues				
Investment earnings	\$ 9,898	\$ (1,338)	\$ 608	\$ 9,168
State assistance	26,302	-	-	26,302
Total Revenues	<u>36,200</u>	<u>(1,338)</u>	<u>608</u>	<u>35,470</u>
Expenditures				
General Government				
Salaries and benefits	3,955	-	-	3,955
Services and supplies	<u>31,189</u>	<u>-</u>	<u>-</u>	<u>31,189</u>
Capital outlay:				
Improvements to land	<u>-</u>	<u>-</u>	<u>79,942</u>	<u>79,942</u>
Total Expenditures	<u>35,144</u>	<u>-</u>	<u>79,942</u>	<u>115,086</u>
Excess of Revenues Over (Under) Expenditures	<u>1,056</u>	<u>(1,338)</u>	<u>(79,334)</u>	<u>(79,616)</u>
Other Financing Sources (Uses)				
Transfers in from County	500,000	-	-	500,000
Transfers in	-	-	227,134	227,134
Transfers out	<u>(250,000)</u>	<u>-</u>	<u>-</u>	<u>(250,000)</u>
Total Other Financing Sources (Uses)	<u>250,000</u>	<u>-</u>	<u>227,134</u>	<u>477,134</u>
Net Change in Fund Balance	251,056	(1,338)	147,800	397,518
Fund Balance - beginning	<u>10,096</u>	<u>1,616,523</u>	<u>50,000</u>	<u>1,676,619</u>
Fund Balance - ending	<u>\$ 261,152</u>	<u>\$ 1,615,185</u>	<u>\$ 197,800</u>	<u>\$ 2,074,137</u>

The accompanying notes are an integral part of the financial statements.

COUNTY OF SAN BERNARDINO SPECIAL DISTRICTS
COUNTY SERVICE AREA No. 120
NORTH ETIWANDA PRESERVE
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
For the Year Ended June 30, 2016

	Special Revenue Fund	Permanent Fund	Capital Projects Fund	Total Governmental Funds
	General (SOH)	Preserve (VFG)	CIP (CAT)	
<u>Revenues</u>				
Investment earnings	\$ 77	\$ 12,469	\$ -	\$ 12,546
State assistance	<u>38,925</u>	<u>-</u>	<u>-</u>	<u>38,925</u>
Total Revenues	<u>39,002</u>	<u>12,469</u>	<u>-</u>	<u>51,471</u>
<u>Expenditures</u>				
General Government				
Salaries and benefits	2,650	-	-	2,650
Services and supplies	<u>36,532</u>	<u>-</u>	<u>-</u>	<u>36,532</u>
Total Expenditures	<u>39,182</u>	<u>-</u>	<u>-</u>	<u>39,182</u>
Excess of Revenues Over (Under) Expenditures	<u>(180)</u>	<u>12,469</u>	<u>-</u>	<u>12,289</u>
Other Financing Sources (Uses)				
Transfers in from County	-	-	50,000	50,000
Transfers in	5,243	-	-	5,243
Transfers out	<u>-</u>	<u>(5,243)</u>	<u>-</u>	<u>(5,243)</u>
Total Other Financing Sources (Uses)	<u>5,243</u>	<u>(5,243)</u>	<u>50,000</u>	<u>50,000</u>
Net Change in Fund Balance	5,063	7,226	50,000	62,289
Fund Balance - beginning	<u>5,033</u>	<u>1,609,297</u>	<u>-</u>	<u>1,614,330</u>
Fund Balance - ending	<u>\$ 10,096</u>	<u>\$ 1,616,523</u>	<u>\$ 50,000</u>	<u>\$ 1,676,619</u>

The accompanying notes are an integral part of these financial statements.
See accompanying independent auditors' report.

COUNTY OF SAN BERNARDINO SPECIAL DISTRICTS
COUNTY SERVICE AREA No. 120
NORTH ETIWANDA PRESERVE
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
For the Year Ended June 30, 2015

	Special Revenue Fund	Permanent Fund	Total Governmental Funds
	General (SOH)	Preserve (VFG)	
<u>Revenues</u>			
Investment earnings	\$ 81	\$ 6,885	\$ 6,966
State assistance	-	-	-
Total Revenues	<u>81</u>	<u>6,885</u>	<u>6,966</u>
<u>Expenditures</u>			
General Government			
Salaries and benefits	12,890	-	12,890
Services and supplies	20,289	-	20,289
Total Expenditures	<u>33,179</u>	<u>-</u>	<u>33,179</u>
Excess of Revenues Over (Under) Expenditures	<u>(33,098)</u>	<u>6,885</u>	<u>(26,213)</u>
Other Financing Sources (Uses)			
Transfer in	5,252	-	5,252
Transfer out	-	(5,252)	(5,252)
Total Other Financing Sources (Uses)	<u>5,252</u>	<u>(5,252)</u>	<u>-</u>
Net Change in Fund Balance	(27,846)	1,633	(26,213)
Fund Balance - beginning	<u>32,879</u>	<u>1,607,664</u>	<u>1,640,543</u>
Fund Balance - ending	<u>\$ 5,033</u>	<u>\$ 1,609,297</u>	<u>\$ 1,614,330</u>

The accompanying notes are an integral part of these financial statements.
See accompanying independent auditors' report.

COUNTY OF SAN BERNARDINO SPECIAL DISTRICTS
COUNTY SERVICE AREA No. 120
NORTH ETIWANDA PRESERVE
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
For the Year Ended June 30, 2014

	Special Revenue Fund	Permanent Fund	Nonmajor Capital Projects Fund	Total Governmental Funds
	General (SOH)	Preserve (VFG)	Etiwanda Preserve (CAT)	
<u>Revenues</u>				
Net increase in fair value	\$ 60	\$ 3,195	\$ -	\$ 3,255
Interest	126	5,184	-	5,310
State assistance	10,032	-	-	10,032
Total Revenues	10,218	8,379	-	18,597
<u>Expenditures</u>				
Salaries and benefits	2,735	-	-	2,735
Services and supplies	19,419	-	2	19,421
Total Expenditures	22,154	-	2	22,156
Excess of Revenues Over (Under) Expenditures	(11,936)	8,379	(2)	(3,559)
<u>Other Financing Sources (Uses)</u>				
Transfer in	6,032	-	-	6,032
Transfer out	-	(6,032)	-	(6,032)
Total Other Financing Sources (Uses)	6,032	(6,032)	-	-
Net Change in Fund Balance	(5,904)	2,347	(2)	(3,559)
Fund Balance - beginning	38,783	1,605,317	2	1,644,102
Fund Balance - ending	\$ 32,879	\$ 1,607,664	\$ -	\$ 1,640,543

The accompanying notes are an integral part of these financial statements.
See accompanying independent auditors' report.

COUNTY OF SAN BERNARDINO SPECIAL DISTRICTS
COUNTY SERVICE AREA No. 120
NORTH ETIWANDA PRESERVE
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
For the Year Ended June 30, 2013

	Special Revenue Fund	Permanent Fund	Nonmajor Capital Projects Fund	Total Governmental Funds
	General (SOH)	Preserve (VFG)	Etiwanda Preserve (CAT)	
Revenues				
Investment earnings	\$ 399	\$ 17,517	\$ (9)	\$ 17,907
State assistance	-	-	-	-
Other services	3,339	-	-	3,339
Total Revenues	3,738	17,517	(9)	21,246
Expenditures				
Salaries and benefits	1,734	-	-	1,734
Services and supplies	13,066	-	-	13,066
Capital outlay:				
Improvements on land	-	-	-	-
Total Expenditures	14,800	-	-	14,800
Excess of Revenues Over (Under) Expenditures	(11,062)	17,517	(9)	6,446
Other Financing Sources (Uses)				
Transfer in from County	30,000	-	-	30,000
Transfer out	5,635			5,635
Transfer out	-	(5,635)	-	(5,635)
Total Other Financing Sources (Uses)	35,635	(5,635)	-	30,000
Net Change in Fund Balance	24,573	11,882	(9)	36,446
Fund Balance - beginning	14,210	1,612,194	11	1,626,415
Fund Balance - ending	\$ 38,783	\$ 1,624,076	\$ 2	\$ 1,662,861

The accompanying notes are an integral part of these financial statements.
See accompanying independent auditors' report.

COUNTY OF SAN BERNARDINO SPECIAL DISTRICTS
COUNTY SERVICE AREA No. 70 - ZONE OS-1
NORTH ETIWANDA FONTANA OPEN
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
For the Year Ended June 30, 2012

	Special Revenue Fund	Permanent Fund	Nonmajor Capital Projects Fund	Total Governmental Funds
	General (SOH)	Preserve (VFG)	Etiwanda Preserve (CAT)	
Revenues				
Investment earnings	\$ 81	\$ 6,405	\$ 36	\$ 6,522
Special assessments	-	12,500	-	12,500
State assistance	1,082	-	-	1,082
Federal assistance	4,330	-	-	4,330
Total Revenues	5,493	18,905	36	24,434
Expenditures				
Salaries and benefits	7,037	-	-	7,037
Services and supplies	10,547	-	-	10,547
Capital outlay:				
Improvements on land	-	-	18,900	18,900
Total Expenditures	17,584	-	18,900	36,484
Excess of Revenues Over (Under) Expenditures	(12,091)	18,905	(18,864)	(12,050)
Other Financing Sources (Uses)				
Transfer in	9,965	-	-	9,965
Transfer out	-	(7,234)	(2,731)	(9,965)
Total Other Financing Sources (Uses)	9,965	(7,234)	(2,731)	-
Net Change in Fund Balance	(2,126)	11,671	(21,595)	(12,050)
Fund Balance - beginning	16,336	1,600,523	21,606	1,638,465
Fund Balance - ending	\$ 14,210	\$ 1,612,194	\$ 11	\$ 1,626,415

The accompanying notes are an integral part of these financial statements.
See accompanying independent auditor's report.

County of San Bernardino Special Districts
County Service Area No. 70 - Zone OS-1 - North Etiwanda Fontana Open
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011

	SPECIAL REVENUE FUND General (SOH)	PERMANENT FUND Preserve (VFG)	NONMAJOR CAPITAL PROJECTS FUND Etiwanda Preserve (CAT)	Total Governmental Funds
REVENUES				
Investment earnings	\$ -	\$ 13,797	\$ -	\$ 13,797
Other	16,325	-	-	16,325
Total Revenues	16,325	13,797	-	30,122
EXPENDITURES				
Salaries and benefits	7,733	-	-	7,733
Services and supplies	14,095	-	204	14,299
Capital outlay:				
Improvements to land	-	-	297	297
Total Expenditures	21,828	-	501	22,329
Excess of Revenues Over (Under) Expenditures	(5,503)	13,797	(501)	7,793
OTHER FINANCING SOURCES (USES)				
Transfers in	19,664	-	-	19,664
Transfers out	-	(17,914)	(1,750)	(19,664)
Total Other Financing Sources (Uses)	19,664	(17,914)	(1,750)	-
Net Change in Fund Balances	14,161	(4,117)	(2,251)	7,793
Fund Balances - beginning	2,175	1,604,640	23,857	1,630,672
Fund Balances - ending	\$ 16,336	\$ 1,600,523	\$ 21,606	\$ 1,638,465

The accompanying notes are an integral part of these financial statements.

COUNTY OF SAN BERNARDINO SPECIAL DISTRICTS
COUNTY SERVICE AREA No. 120
NORTH ETIWANDA PRESERVE
Balance Sheet
Governmental Funds
June 30, 2014

	Special Revenue Fund	Permanent Fund	Nonmajor Capital Projects Fund	Total Governmental Funds
	General (SOH)	Preserve (VFG)	Etiwanda Preserve (CAT)	
<u>Assets</u>				
Cash and cash equivalents	\$ 32,847	\$ 1,606,264	\$ -	\$ 1,639,111
Interest receivable	32	1,400	-	1,432
Total Assets	<u>\$ 32,879</u>	<u>\$ 1,607,664</u>	<u>\$ -</u>	<u>\$ 1,640,543</u>
<u>Liabilities and Fund Balances</u>				
Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances:				
Non-spendable: Permanent endowment	-	1,607,664		1,607,664
Assigned	<u>32,879</u>	<u>-</u>	<u>-</u>	<u>32,879</u>
Total Fund Balances	<u>32,879</u>	<u>1,607,664</u>	<u>-</u>	<u>1,640,543</u>
Total Liabilities and Fund Balance	<u>\$ 32,879</u>	<u>\$ 1,607,664</u>	<u>\$ -</u>	<u>\$ 1,640,543</u>
Total Fund Balance - Governmental Fund				\$ 1,640,543
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:				
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				<u>1,462,995</u>
Net Assets of Governmental Activities				<u>\$ 3,103,538</u>

The accompanying notes are an integral part of these financial statements.
See accompanying independent auditors' report.

COUNTY OF SAN BERNARDINO SPECIAL DISTRICTS
COUNTY SERVICE AREA No. 120
NORTH ETIWANDA PRESERVE
Balance Sheet
Governmental Funds
June 30, 2013

	Special Revenue Fund	Permanent Fund	Nonmajor Capital Projects Fund	Total Governmental Funds
	General (SOH)	Preserve (VFG)	Etiwanda Preserve (CAT)	
Assets				
Cash and cash equivalents	\$ 38,900	\$ 1,622,866	\$ 2	\$ 1,661,768
Interest receivable	29	1,210	-	1,239
Total Assets	<u>\$ 38,929</u>	<u>\$ 1,624,076</u>	<u>\$ 2</u>	<u>\$ 1,663,007</u>
Liabilities and Fund Balances				
Liabilities				
Due to other funds	146	-	-	146
Total Liabilities	<u>146</u>	<u>-</u>	<u>-</u>	<u>146</u>
Fund balances:				
Non-spendable: Permanent endowment	-	1,624,076		1,624,076
Assigned	38,783	-	2	38,785
Total Fund Balances	<u>38,783</u>	<u>1,624,076</u>	<u>2</u>	<u>1,662,861</u>
Total Liabilities and Fund Balance	<u>\$ 38,929</u>	<u>\$ 1,624,076</u>	<u>\$ 2</u>	<u>\$ 1,663,007</u>
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:				\$ 1,662,861
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.				<u>1,549,745</u>
Net Assets of Governmental Activities				<u>\$ 3,212,606</u>

The accompanying notes are an integral part of these financial statements.
See accompanying independent auditors' report.

**Supplemental Information
Submitted by Special Districts
in Support of its letter dated
March 28, 2018**

Attachment 5



Photo By: Gary Mumaw, January 2010

Annual Report 2014–15



Special Districts Department
County Service Area 120

San Bernardino Countywide Vision Statement

We envision a complete county that capitalizes on the diversity of its people, its geography, and its economy to create a broad range of choices for its residents in how they live, work, and play.

We envision a vibrant economy with a skilled workforce that attracts employers who seize the opportunities presented by the county's unique advantages and provide the jobs that create countywide prosperity.

We envision a sustainable system of high-quality education, community health, public safety, housing, retail, recreation, arts and culture, and infrastructure, in which development complements our natural resources and environment.

We envision a model community which is governed in an open and ethical manner, where great ideas are replicated and brought to scale, and all sectors work collaboratively to reach shared goals.

From our valleys, across our mountains, and into our deserts, we envision a county that is a destination for visitors and a home for anyone seeking a sense of community and the best life has to offer.

Our Mission

To provide management for conservation, preservation, and mitigation properties within County Service Area 120 by providing ongoing protection of the natural ecosystem and habitats, through stewardship and education.



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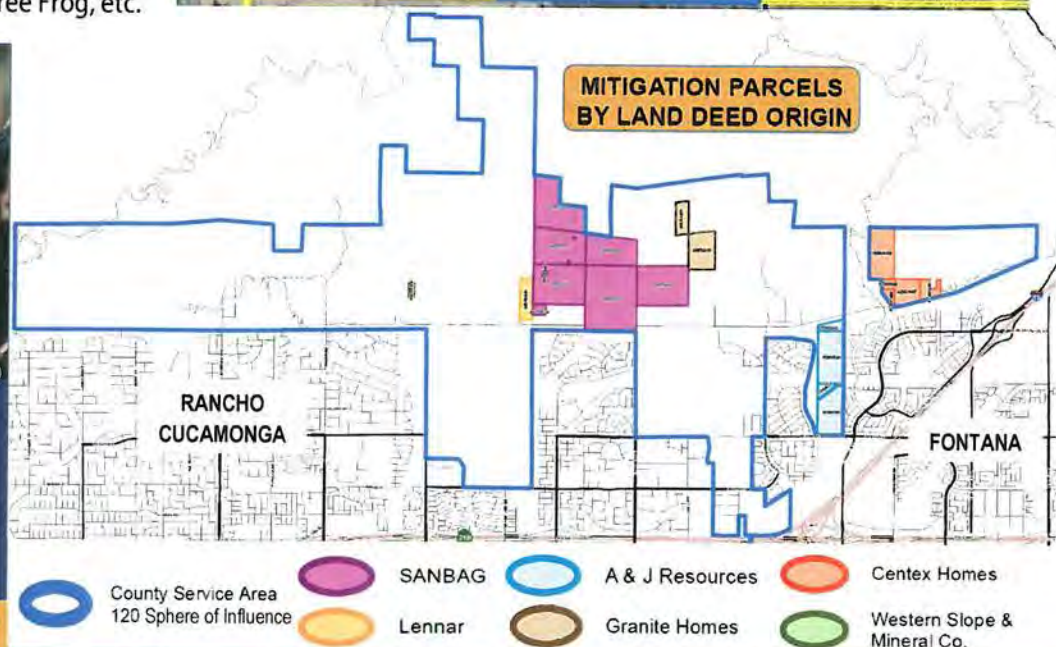
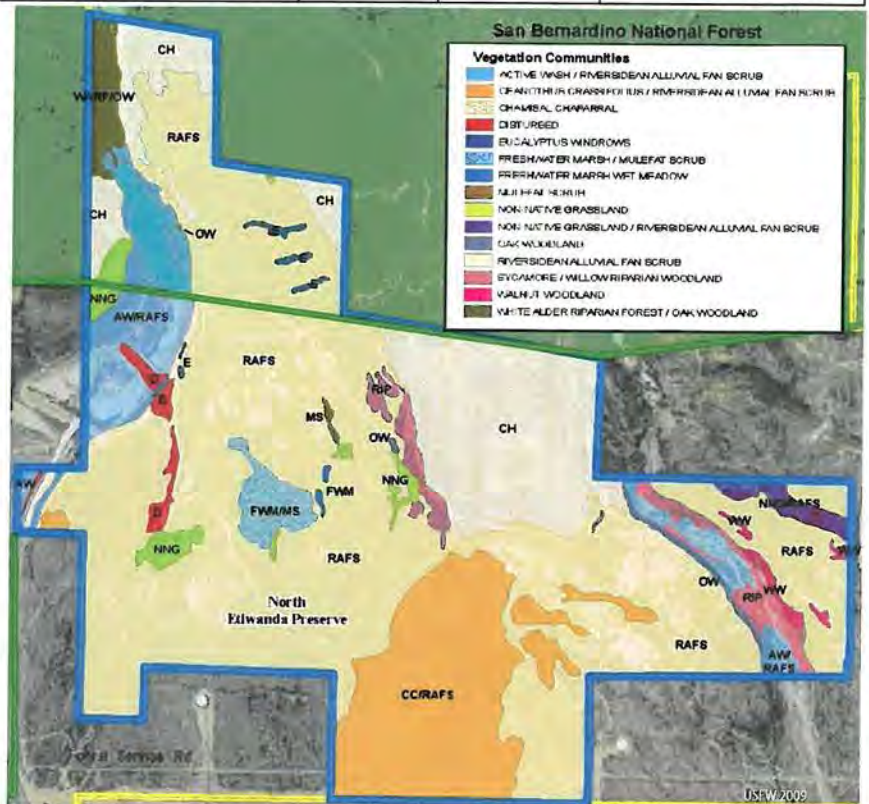
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Introduction

County Service Area 120 (CSA 120) spans a 9,557 acre sphere area at the base of the San Gabriel Mountains, located north of the cities of Rancho Cucamonga and Fontana. The Special Districts Department (SDD) is responsible for managing 18 conservation easements, encapsulating just over 1,200 acres. While each property is managed according to its individual mitigation requirement, the larger contiguous body of properties (SANBAG) created the North Etiwanda Preserve (NEP) in 1998. The NEP was formed to provide mitigation lands for the development of the 210 freeway, resulting in the conservation of 762 acres of habitat. In 2009, a centralized trail system and minor educational amenities were created to deter some of the damaging illegal activities occurring at the site, while fostering a stewardship ethic for the environment. Of the multiple mitigation properties managed by SDD, the NEP is the only area that warrants public access and visitorship.

The habitat composition of CSA 120 is primarily that of the highly endangered Riversidean Alluvial Fan Sage Scrub (RAFSS) with several sub-habitat areas (Chaparral, Freshwater Marsh, Riparian, Disturbed Grassland, etc.). This habitat is historically known to have been home to over 18 federally and state protected species such as the California Gnatcatcher, San Bernardino Merriam's Kangaroo Rat, Plummer's Mariposa Lily, Rufous-Crowned Sparrow, Parry's Spineflower, Mountain Yellow-Legged Tree Frog, etc.

Origin of Land Deeds	Acceptance	Total Acreage	Mitigation Conditions
SANBAG	1998	762	RAFSS Protection
Lennar Comm.	2003	32.93	RAFSS Protection
A & J Resources	2004	172	Open Space (OS)
Granite Homes	2005	86.15	OS/ Habitat Preservation
Centex Homes	2005	149.3	OS/ Habitat Preservation
Western Slope & Mineral Co.	2010	5	OS/ Habitat Preservation



Biology



A Cal Poly Pomona lab group surveys the annual vegetation transects in CSA 120

Committed to Conservation

In 2014, the North Etiwanda Preserve (NEP) entered into a regional biological monitoring program to study and preserve endangered California Sage Scrub (CSS) communities across Southern California. Experts from universities and local agencies collaborated in a three-day workshop to design six protocols for monitoring diversity and phenology of CSS plants, invertebrates, birds, and mammals. The monitoring methodology focused on developing a common taxonomic emphasis to generate comparable data from site to site, ultimately contributing to a broad understanding of the CSS ecosystem.

Implementation of the protocols began in February of 2015, as district volunteers began monitoring over 30 individual plants every week into July. Additionally, the NEP hosted a group of biologists from Cal Poly Pomona University who completed the annual vegetation diversity survey in late April. The district has also installed a weather station to monitor the abiotic influences on the ecosystem and a series of wildlife cameras to track the presence of large mammals at the site.

The Year in Transition

Sometimes it truly takes a picture to tell the story of a thousand words. At the beginning of each month, photographs are taken in pre-designated locations across the CSA 120 properties to capture the changes that may occur in those landscapes over time. Each picture acts as a visual "bookmark," documenting the vegetation composition and growth at a set moment in time. District staff are then able to analyze and compare the various "bookmarks" to determine the appropriate level of management needed to maintain the overall ecosystem health.

Permits Issued

- ◆ Chaffey College
-Biology Classes
- ◆ Pomona College
-Geology Classes
- ◆ John Hopkins University
-Independent Research

Student Projects

- ◆ Animal survey in NEP using Camera Traps
- ◆ Ant Abundance in Burned and Unburned Chamisal Chaparral of Day Canyon
- ◆ Association Between Patch Density and Sex Ratio of *Croton californicus*
- ◆ Differences in Abundance of Species of the Day Canyon Pleistocene Terrace (2013-2014)
- ◆ Comparing Pappus to Achene Size Ratios Between *Lepidospartum squamatum* and *Heterotheca grandifolia* in Day Canyon
- ◆ Identifying Butterfly Species in RAFSS

June 2014

October 2014

February 2015

June 2015



Volunteerism

A Little Help from Our Friends

Tri-annual cleanup events unite a community of conservation-minded individuals from all across the inland empire in an effort to support the beautification and responsible management of the various CSA 120 properties. While activities often include picking up trash, removing invasive plant material, and working to restore trails, volunteers work alongside district staff who provide an interpretive discussion of the land use history, points of interest, biological composition, and management of the conservation sites. With support from the members of the public, local interest groups, and our partnering agencies, the district is able to foster a more healthy and vibrant habitat to support the biological community.

Did You Know?

CSA 120 Volunteers have contributed **over 750 Hours** of community service this last year alone! That's **over \$20,000** of in-kind service!

A big thank you to our regular support groups!



BOY SCOUTS OF AMERICA

JANICE RUTHERFORD
SECOND DISTRICT SUPERVISOR



girl scouts



CSA 120 Manager, Tim Millington, discusses the impacts of invasive species with a local Boy Scout troop at a cleanup event.

Tri-Annual Cleanup Events

World Wetlands Day

1st Saturday in February
(2-7-2015)

Endangered Species Day

3rd Saturday in May
(5-16-2015)

Make a Difference Day

Last Saturday in October
(10-25-2014)



Volunteers and staff work together to restore trails following the Etiwanda Fire of 2014.

Looking to Get More Involved?

Each week the Preserve is visited thousands of people looking to get some fresh air, maybe even a little exercise, but ultimately develop a deeper connection with nature. District-certified Stewards work daily to support the beautification of the area, while educating visitors on the things that make the NEP unique. In addition to standard tasks, Stewards are encouraged to get involved in areas of the NEP that interest them most, such as: trail planning, photography, education programs, restoration, and so much more!

Think this might be something for you?
Join Us and Find Out!

Email us at: nep@specialdistricts.org



Education

A Typical Day as a Student at the NEP

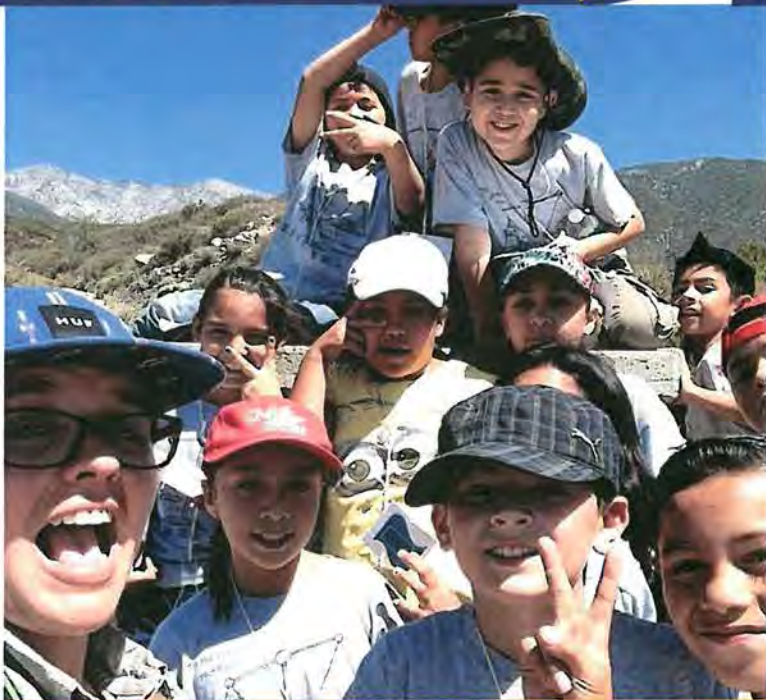
Following a quick safety discussion from the NEP lead educator, students eagerly exit the bus as they are greeted by the spectacular vistas of the San Gabriel Mountains and the Inland Valley below. NEP educators divide students into three groups to begin interactive station work, which focuses on incorporating classroom learning objectives in a tactile way. Student groups are then cycled through three stations, which vary by grade level. Following station work, students are given either a scavenger hunt or plant journal to complete by identifying species discussed on the hike. NEP educators then guide students through the Preserve, discussing important topics and points of interest along the way to reinforce concepts presented both in the classroom and in pre-hike stations.



NEP educators lead a couple of 4th grade classes on a field trip at the Preserve.

49 **2,395** **\$65,773**
Field Trips ♦ Students ♦ Funds Committed
HCF Grant to Date

2014-2015
31 **21** **1,288**
Field Trips ♦ Schools and Troops ♦ Students



Zimmerman Elementary students take a 'selfie' with one of the NEP educators.

In the Early Stages

In 2009, the California Department of Parks and Recreation awarded a \$100,000 grant (\$200,000 program) to the Special Districts Department to provide nature education at the North Etiwanda Preserve through 2016 under the Habitat Conservation Fund. Shortly after the award, Special Districts formed a partnership with the Inland Empire Resource Conservation District to collectively develop and implement the program. Partnering staff worked together to formulate grade-specific curriculums that provide students with a hands-on learning experience both in the classroom and out at the Preserve, reinforcing individual learning objectives and state standards for education. Since the program's inception, field trips have been provided to over 2,500 students from 31 schools (K-12) and troops across the Inland Empire.



Management

Management Challenges	Management Measure(s)	Noticeable Effect(s)
After-Hours Trespassing	<ul style="list-style-type: none"> -Incidents are reported directly to the Sheriff. -Looking into potential security cameras at night. -Greater enforcement needed 	<ul style="list-style-type: none"> -Increased Police Patrols in the area. -Growing conversation of local partnerships and ways to manage enforcement.
Dogs on Site	<ul style="list-style-type: none"> -Staff and Stewards actively work to educate persons on site and through web portals. -A informational flyer of impact is given to owners and are asked to leave 	<ul style="list-style-type: none"> -Seen a significant decline in the number of dogs brought to the NEP. Volunteers once reported 5-7 dogs per visit, while records now indicate less than 1-2 per visit.
Graffiti	<ul style="list-style-type: none"> -All photos are stored in a data base and forwarded to the Sheriff for enforcement. -Removal often involves an incident report and depending on the sensitivity of the area, low-impact sand blasting may be administered. 	<ul style="list-style-type: none"> -Graffiti is often removed in a timely fashion -Impact currently remains steady, occurring about once every 1-2 months. -Greater Enforcement Needed
Illegal Plant Harvesting	<ul style="list-style-type: none"> -Report occurrences to the Sheriff or Code Enforcement -District staff and Stewards often educate harvesters of the rules and will escort them to the authority and/or will confiscate the plant material 	<ul style="list-style-type: none"> -Appears to be a growing enterprise. Hours and avoidance tactics remain dynamic. -Have issues 1 citation and 1 late hours arrest -Greater enforcement needed
Invasive Species	<ul style="list-style-type: none"> -Active hand removal of invasive by special groups, Stewards, and at cleanups -Spread native seeds in fire restoration areas to discourage non-native growth 	<ul style="list-style-type: none"> -Since the fire, invasive mustard and thistles plague the site, but drought seems to be taking a toll, allowing natives to propagate.
Littering	<ul style="list-style-type: none"> -Staff and Stewards regularly patrol parking lot, kiosks, and trail areas removing litter. 	<ul style="list-style-type: none"> -Trash remains constant. -Illegal dumping appears more common when dumpsters are on site for cleanups.
Vehicle Intrusion	<ul style="list-style-type: none"> -Post-fire revealed historic entry points. Active trail maintenance and rock buildups were created to cease intrusions 	<ul style="list-style-type: none"> -Intrusions appear to be minimal to non-existent.



Restoration seen after the trail maintenance and rock blockades.

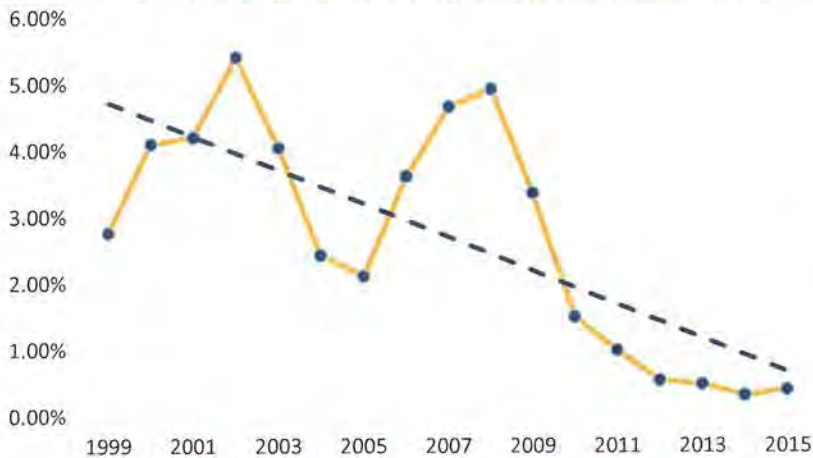


Removal of 4 large, invasive Pampas Grass stands in the bog.



Financial

History of Endowment Interest Earnings



The graph to the left demonstrates the decline in endowment fund interest yields that has occurred since its inception. Interest earnings tend to follow societal economic trends, as earnings are generated as a result of safe investments managed by the County's Auditor-Controller Department. The interest generated from the endowment directly funds the management and administration of CSA 120. Low yielding years create an increased strain on the operating budget, resulting in heavier reliance on in-kind services to achieve management objectives. The district intends to apply for supplementary funding sources to bolster the endowment earnings in covering operating costs for the CSA 120 properties.

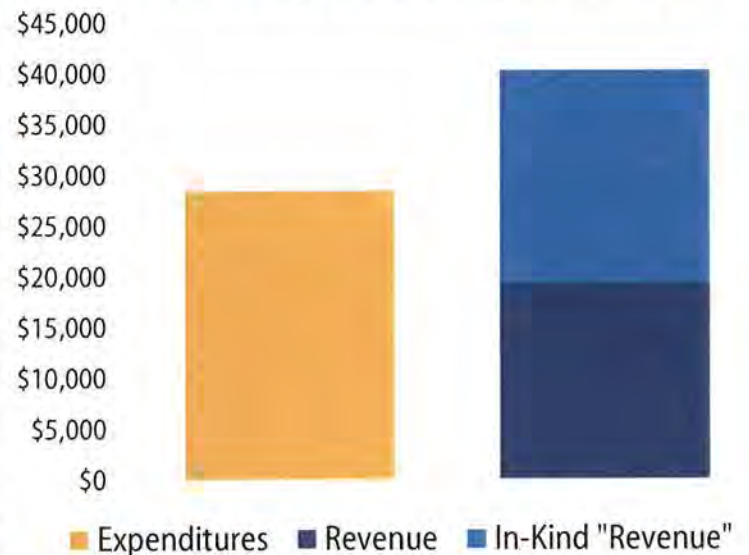
CSA 120 Endowment Interest Earnings		
July 2014	\$1,400	0.35%
October 2014	\$1,575	0.39%
January 2015	\$1,297	0.32%
April 2015	\$2,017	0.50%
FY 14/15 Total	\$6,289	0.39%
Annual Average	\$25,467	2.69%

Maintaining the Checks and Balances

The long-term operation and maintenance requirements associated with each property are dictated by the North Etiwanda Preserve Management Plan (MP). At the time of property acceptance, a corresponding endowment is provided to achieve conservation goals identified in the MP. The endowment maintains a minimum balance, which consists of the combined total of all mitigation funds accepted. Those interest earnings are then re-directed into the operating budget for the properties. While prior management was achieved collectively based the parameters in the MP and the economic share of the initial endowment, CSA 120 will identify both revenues and expenses of the individual properties moving forward.

Mitigation Property Share of Endowment Funds	
SANBAG	43.57%
Centex Homes	23.23%
A & J Resources	13.69%
Granite Homes	13.42%
Lennar	5.33%
Western Slope & Mineral Company	0.78%

CSA 120 Operations FY14/15



The graph above demonstrates the actual and relative revenues and expenditures for CSA 120. In-kind services were quantified here due to the significant impact they have on the management capacity of the properties and while actual funds may not be steady from year to year, the degree of volunteer assistance provides economic relief on the district budget. Also, the discrepancy shown between actual revenue and expenditures occurs because the funds received for the Habitat Conservation Fund grant are not accrued till the following year.

Expenditures	Revenues
<ul style="list-style-type: none"> Administration/Staffing, Auditing, Brochures, County Council, HCF Grant, LAFCO, Legal Notices, O&M/ Cleanups, Real Estate Services 	<ul style="list-style-type: none"> HCF Grant, Endowment Interest Earnings, In-Kind Services, Policy Needs Fund Balance

**CSA 120 - GENERAL OPERATING Budget Fund
1810-547 ROLLUP**

Special Revenue Summary



County of San Bernardino
Fund 1810, Rollup - CSA 120 N Etiwanda
Fiscal Year 2019

Special Revenue Summary

Appr Unit	Description	2017 Actual	2018 Acopied	2018 Q2 Budget	2018 Q4 Budget	2018 Estimated	2018 Actual	2019 Requested	2019 Recommended	Change
APPROPRIATION										
Staffing Expenses										
100	Salaries And Benefits	0	0	0	0	0	0	0	0	0
140	Earned Leave	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
Operating Expenses										
200	Services And Supplies	30,376	299,471	299,471	0	5,643	0	71,703	71,703	-227,768
241	Central Services	0	0	0	0	0	0	0	0	0
294	Travel and Related Costs	0	0	0	0	0	0	0	0	0
300	Other Charges	0	0	0	0	0	0	0	0	0
540	Transfers	4,769	6,423	6,423	0	5,617	0	16,695	16,695	10,272
	Subtotal	35,145	305,894	305,894	0	11,260	0	88,398	88,398	-217,496
Capital Expenditures										
400	Land	0	0	0	0	0	0	0	0	0
410	Improvements To Land	0	0	0	0	0	0	0	0	0
420	Easements/Right of Ways	0	0	0	0	0	0	0	0	0
430	Struct & Improv To	0	0	0	0	0	0	0	0	0
440	Equipment	0	0	0	0	0	0	0	0	0
450	Vehicles	0	0	0	0	0	0	0	0	0
460	Lease	0	0	0	0	0	0	0	0	0
465	Lease	0	0	0	0	0	0	0	0	0
470	Lease Purchase-Vehicles	0	0	0	0	0	0	0	0	0
480	Construction In Progress	0	0	0	0	0	0	0	0	0
490	Capitalized Software	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
Reimbursements										
541	Reimbursements	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
Contingencies										
600	Contingencies and	0	0	0	0	0	0	0	0	0
650	Reserves	0	131,769	0	0	0	0	325,841	325,841	325,841
	Subtotal	0	131,769	0	0	0	0	325,841	325,841	325,841
	TOTAL	35,145	437,663	305,894	0	11,260	0	414,239	414,239	108,345
Operating Transfers Out										
530	Operating Transfers Out	227,134	5,000	5,000	0	0	0	5,000	5,000	0
	Subtotal	227,134	5,000	5,000	0	0	0	5,000	5,000	0
	TOTAL REQUIREMENTS	262,279	442,663	310,894	0	11,260	0	419,239	419,239	108,345
REVENUE										
Taxes										
00	Taxes	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
State/Federal/Other Govt										
40	State Aid	26,302	26,000	26,000	0	26,000	0	0	0	-26,000
50	Federal Aid	0	0	0	0	0	0	0	0	0

County of San Bernardino
Fund 1810, Rollup - CSA 120 N Etiwanda
Fiscal Year 2019

Special Revenue Summary

Appr Unit	Description	2017 Actual	2018 Adopted	2018 Q2 Budget	2018 Q4 Budget	2018 Estimated	2018 Actual	2019 Requested	2019 Recommended	Change
60	Other Governmental Aid	0	0	0	0	0	0	0	0	0
	Subtotal	26,302	26,000	26,000	0	26,000	0	0	0	-26,000
	Fee/Rate									
10	Licenses, Permits &	0	0	0	0	0	0	0	0	0
20	Fines, Forfeitures &	0	0	0	0	0	0	0	0	0
70	Charges For Current	0	130,580	130,580	0	0	0	102,348	102,348	-28,232
	Subtotal	0	130,580	130,580	0	0	0	102,348	102,348	-28,232
	Other Revenue									
30	Rev From Use of	10,045	7,323	7,323	0	7,323	0	16,068	16,068	8,745
80	Other Revenue	0	17,500	17,500	0	0	0	17,500	17,500	0
90	Other Financing Sources	-22,866	0	0	0	0	0	0	0	0
	Subtotal	-12,820	24,823	24,823	0	7,323	0	33,568	33,568	8,745
	TOTAL REVENUE	13,482	181,403	181,403	0	33,323	0	135,916	135,916	-45,487
	Operating Transfers In									
98	Operating Transfers In	500,000	0	0	0	0	0	0	0	0
	Subtotal	500,000	0	0	0	0	0	0	0	0
	TOTAL FINANCING	513,482	181,403	181,403	0	33,323	0	135,916	135,916	-45,487
	FUND BALANCE	-251,202	261,260	129,491	0	-22,063	0	283,323	283,323	153,832
	TARGET FUND	0	261,260	0	0	261,260	0	283,323	283,323	283,323
	FUND BALANCE	251,202	0	0	0	283,323	0	0	0	0
	Budgeted Staffing		0					0	0	0

County of San Bernardino
Fund-Dept 1810-547, Rollup - CSA120 Eliwanda Endowment
Fiscal Year 2019

OBJECT SUMMARY

Fund/Dept	Appr Unit	Object Code	Description	2017 Actual	2018 Adopted	2018 Q2 Budget	2018 Q4 Budget	2018 Estimated	2018 Actual	2019 Requested	2019 Recommended	D	Explanation / Justification	Change
1810/547	200	2025	Clothing & Personal Supplies	0	3,000	3,000	0	398	0	0	3,000	3,000		0
1810/547	200	2070	Food	15	25	25	0	0	0	0	25	25		0
1810/547	200	2085	Legal Notices	0	210	210	0	106	0	0	125	125		-85
1810/547	200	2115	Computer Software Expense	296	275	275	0	274	0	0	276	276		1
1810/547	200	2116	Computer Hardware Expense	84	0	0	0	0	0	0	0	0		0
1810/547	200	2180	Utilities	0	800	800	0	0	0	0	800	800		0
1810/547	200	2303	Program Supplies	46	5,000	5,000	0	0	0	0	5,000	5,000		0
1810/547	200	2323	Courier & Printing (Isf Only)	0	1,500	1,500	0	0	0	0	0	0		0
1810/547	200	2400	Prof & Specialized Services	0	200,000	200,000	0	0	0	0	0	0		-1,500
1810/547	200	2405	Auditing	0	848	848	0	458	0	0	801	801		-200,000
1810/547	200	2415	County Services (Incl Cowcap)	0	36	36	0	25	0	0	8,499	8,499		-47
1810/547	200	2419	Real Estate Services -Svc Chgs	1,349	12,500	12,500	0	0	0	0	0	0		8,463
1810/547	200	2445	Other Professional & Spec Svcs	22,397	55,000	55,000	0	4,326	0	0	35,000	35,000		-12,500
1810/547	200	2448	County Counsel Services	315	2,513	2,513	0	13	0	0	2,500	2,500		-20,000
1810/547	200	2835	General Household Expenses	158	0	0	0	43	0	0	0	0		-13
1810/547	200	2870	Gen Maint-Struct,Imp & Grounds	587	11,150	11,150	0	0	0	0	10,500	10,500		0
1810/547	200	2905	Rents & Leases-Struct,Imp&Grds	4,551	6,614	6,614	0	0	0	0	5,177	5,177		-650
1810/547	200	2910	Transportation & Travel	578	0	0	0	0	0	0	0	0		-1,437
			Services And Supplies Total	30,376	299,471	299,471	0	5,643	0	0	71,703	71,703		0
			Operating Transfers Out	227,134	5,000	5,000	0	0	0	0	5,000	5,000		-227,768
1810/547	530	5030	Operating Transfers Out Total	227,134	5,000	5,000	0	0	0	0	5,000	5,000		0
1810/547	540	5010	Salaries & Bene Transfers Out	3,955	5,610	5,610	0	4,925	0	0	13,832	13,832		8,222
1810/547	540	5012	Servs & Supply Transfers Out	814	813	813	0	692	0	0	2,863	2,863		2,050
			Transfers Total	4,769	6,423	6,423	0	5,617	0	0	16,695	16,695		10,272
1810/547	650	6500	Advance To Available Reserve	0	131,769	0	0	0	0	0	325,841	325,841		325,841
			Reserves Total	0	131,769	0	0	0	0	0	325,841	325,841		325,841
1810/547	30	8500	Interest	10,045	7,323	7,323	0	7,323	0	0	16,068	16,068		8,745
			Rev From Use of Money/Property	10,045	7,323	7,323	0	7,323	0	0	16,068	16,068		8,745
1810/547	40	8760	State - Capital Grants	26,302	26,000	26,000	0	26,000	0	0	0	0		-26,000
			State Aid Total	26,302	26,000	26,000	0	26,000	0	0	0	0		-26,000
1810/547	70	9800	Other Services	0	130,580	130,580	0	0	0	0	102,348	102,348		-28,232
			Charges For Current Services	0	130,580	130,580	0	0	0	0	102,348	102,348		-28,232

County of San Bernardino
Fund-Dept 1810-547, Rollup - CSA120 Eliwanda Endowment
Fiscal Year 2019

OBJECT SUMMARY

Fund/Dept	Appr Unit	Object Code	Description	2017 Actual	2018 Adopted	2018 Q2 Budget	2018 Q4 Budget	2018 Estimated	2018 Actual	2019 Requested	2019 Recommended	D	Explanation / Justification	Change
1810/547	80	9970	Other	0	17,500	17,500	0	0	0	17,500	17,500			0
			Other Revenue Total	0	17,500	17,500	0	0	0	17,500	17,500			0
1810/547	90	9999	Residual Equity Transfers Out	-22,866	0	0	0	0	0	0	0			0
			Other Financing Sources Total	-22,866	0	0	0	0	0	0	0			0
1810/547	98	9975	Op Transfers In	500,000	0	0	0	0	0	0	0			0
			Operating Transfers In Total	500,000	0	0	0	0	0	0	0			0

**CSA 120 - GENERAL OPERATING Budget Fund
1810-547-100 (SANBAG)**

Object Summary



OBJECT SUMMARY

Appr Unit	Object Code	Description	2017 Actual	2018 Adopted	2018 Q2 Budget	2018 Q4 Budget	2018 Estimated	2018 Actual	2019 Requested	2019 Recommended	D	Explanation / Justification	Change
200	2025	Clothing & Personal Supplies	0	3,000	3,000	0	398	0	3,000	3,000	Y		0
200	2070	Food	15	25	25	0	0	0	25	25	Y		0
200	2085	Legal Notices	0	91	91	0	0	0	54	54	Y		-37
200	2115	Computer Software Expense	133	275	275	0	274	0	120	120	N		-155
200	2116	Computer Hardware Expense	41	0	0	0	0	0	0	0	N		0
200	2180	Utilities	0	800	800	0	0	0	800	800	Y		0
200	2303	Program Supplies	46	5,000	5,000	0	0	0	5,000	5,000	Y		0
200	2323	Courier & Printing (1st Only)	0	1,500	1,500	0	0	0	0	0	Y		0
200	2400	Prof & Specialized Services	0	200,000	200,000	0	0	0	0	0	Y		-1,500
200	2405	Auditing	-592	369	369	0	0	0	349	349	Y		-200,000
200	2415	County Services (Incl Cowcap)	0	25	25	0	25	0	3,703	3,703	Y		-20
200	2419	Real Estate Services -Svc Chgs	1,349	12,500	12,500	0	0	0	0	0	Y		3,678
200	2445	Other Professional & Spec Svcs	22,397	55,000	55,000	0	4,326	0	35,000	35,000	Y		-12,500
200	2448	County Counsel Services	137	2,500	2,500	0	0	0	2,500	2,500	Y		-20,000
200	2835	General Household Expenses	158	0	0	0	43	0	0	0	N		0
200	2870	Gen Maint-Struct,Imp & Grounds	587	11,150	11,150	0	0	0	10,500	10,500	Y		-650
200	2905	Rents & Leases-Struct,Imp&Grds	4,551	6,614	6,614	0	0	0	5,177	5,177	Y		-1,437
200	2910	Transportation & Travel	363	0	0	0	0	0	0	0	N		0
		Services And Supplies Total	29,185	298,849	298,849	0	5,066	0	66,228	66,228			-232,621
530	5030	Operating Transfers Out	227,134	5,000	5,000	0	0	0	5,000	5,000	Y		0
		Operating Transfers Out Total	227,134	5,000	5,000	0	0	0	5,000	5,000			0
540	5010	Salaries & Bene Transfers Out	2,519	3,573	3,573	0	3,573	0	6,026	6,026	N		2,453
540	5012	Servs & Supply Transfers Out	407	355	355	0	355	0	1,247	1,247	N		892
		Transfers Total	2,926	3,928	3,928	0	3,928	0	7,273	7,273			3,345
650	6500	Advance To Available Reserve	0	127,056	0	0	0	0	325,841	325,841	Y		325,841
		Reserves Total	0	127,056	0	0	0	0	325,841	325,841			325,841
30	8500	Interest	10,045	3,486	3,486	0	3,486	0	7,000	7,000	Y		3,514
		Rev From Use of Money/Property	10,045	3,486	3,486	0	3,486	0	7,000	7,000			3,514
40	8760	State - Capital Grants	26,302	26,000	26,000	0	26,000	0	0	0	Y		-26,000
		State Aid Total	26,302	26,000	26,000	0	26,000	0	0	0			-26,000
70	9800	Other Services	0	130,580	130,580	0	0	0	102,348	102,348	Y		-28,232
		Charges For Current Services	0	130,580	130,580	0	0	0	102,348	102,348			-28,232

OBJECT SUMMARY

Appr Unit	Object Code	Description	2017 Actual	2018 Adopted	2018 Q2 Budget	2018 Q4 Budget	2018 Estimated	2018 Actual	2019 Requested	2019 Recommended	D	Explanation / Justification	Change
80	9970	Other	0	17,500	17,500	0	0	0	0	17,500	Y		0
		Other Revenue Total	0	17,500	17,500	0	0	0	0	17,500			0
90	9999	Residual Equity Transfers Out	-22,866	0	0	0	0	0	0	0	Y		0
		Other Financing Sources Total	-22,866	0	0	0	0	0	0	0			0
98	9975	Op Transfers In	500,000	0	0	0	0	0	0	0	Y		0
		Operating Transfers In Total	500,000	0	0	0	0	0	0	0			0

**CSA 120 - GENERAL OPERATING Budget Fund
1810-547-200 (Lennar)**

Object Summary



OBJECT SUMMARY

Appr Unit	Object Code	Description	2017 Actual	2018 Adopted	2018 Q2 Budget	2018 Q4 Budget	2018 Estimated	2018 Actual	2019 Requested	2019 Recommended	D	Explanation / Justification	Change
200	2085	Legal Notices	0	11	11	0	0	0	7	7	Y		-4
200	2115	Computer Software Expense	15	0	0	0	0	0	15	15	N		15
200	2116	Computer Hardware Expense	4	0	0	0	0	0	0	0	N		0
200	2405	Auditing	56	45	45	0	43	0	43	43	Y		-2
200	2415	County Services (Incl Cowcap)	0	3	3	0	0	0	453	453	N		450
200	2448	County Counsel Services	17	0	0	0	0	0	0	0	Y		0
200	2910	Transportation & Travel	20	0	0	0	0	0	0	0	N		0
		Services And Supplies Total	112	59	59	0	43	0	518	518			459
540	5010	Salaries & Bene Transfers Out	102	192	192	0	19	0	737	737	N	5.33%	545
540	5012	Servs & Supply Transfers Out	43	43	43	0	43	0	153	153	N	5.33%	110
		Transfers Total	145	235	235	0	62	0	890	890			655
650	6500	Advance To Available Reserve	0	523	0	0	0	0	0	0	N		0
		Reserves Total	0	523	0	0	0	0	0	0			0
30	8500	Interest	0	409	409	0	409	0	856	856	N		447
		Rev From Use of Money/Property	0	409	409	0	409	0	856	856			447

CSA 120 - GENERAL OPERATING Budget Fund

1810-547-300 (A&J Resources)

Object Summary



OBJECT SUMMARY

Appr Unit	Object Code	Description	2017 Actual	2018 Adopted	2018 Q2 Budget	2018 Q4 Budget	2018 Estimated	2018 Actual	2019 Requested	2019 Recommended	D	Explanation / Justification	Change
200	2085	Legal Notices	0	29	29	0	29	0	17	17	Y		-12
200	2115	Computer Software Expense	39	0	0	0	0	0	38	38	N		38
200	2116	Computer Hardware Expense	10	0	0	0	0	0	0	0	N		0
200	2405	Auditing	144	116	116	0	116	0	110	110	N	13.69%	-6
200	2415	County Services (Incl Cowcap)	0	3	8	0	0	0	1,164	1,164	N		1,156
200	2448	County Counsel Services	43	0	0	0	0	0	0	0	Y		0
200	2910	Transportation & Travel	52	0	0	0	0	0	0	0	N		0
		Services And Supplies Total	288	153	153	0	145	0	1,329	1,329			1,176
540	5010	Salaries & Bene Transfers Out	363	494	494	0	494	0	1,894	1,894	N		1,400
540	5012	Servs & Supply Transfers Out	60	111	111	0	111	0	392	392	N		281
		Transfers Total	423	605	605	0	605	0	2,286	2,286			1,681
650	6500	Advance To Available Reserve	0	1,260	0	0	0	0	0	0	N		0
		Reserves Total	0	1,260	0	0	0	0	0	0			0
30	8500	Interest	0	1,052	1,052	0	1,052	0	2,200	2,200	N		1,148
		Rev From Use of Money/Property	0	1,052	1,052	0	1,052	0	2,200	2,200			1,148

CSA120 - GENERAL OPERATING Budget Fund

1810-547-400 (Granite)

Object Summary



OBJECT SUMMARY

Appr Unit	Object Code	Description	2017 Actual	2018 Adopted	2018 Q2 Budget	2018 Q4 Budget	2018 Estimated	2018 Actual	2019 Requested	2019 Recommended	D	Explanation / Justification	Change
200	2035	Legal Notices	0	28	28	0	0	0	17	17	N	13.41%	-11
200	2115	Computer Software Expense	39	0	0	0	0	0	37	37	N		37
200	2116	Computer Hardware Expense	10	0	0	0	0	0	0	0	N		0
200	2425	Auditing	141	114	114	0	107	0	107	107	N		-7
200	2415	County Services (Incl Cowcap)	0	0	0	0	0	0	1,139	1,139	N		1,139
200	2448	County Counsel Services	42	0	0	0	0	0	0	0	N		0
200	2910	Transportation & Travel	51	0	0	0	0	0	0	0	N		0
		Services And Supplies Total	283	142	142	0	135	0	1,300	1,300			1,158
540	5010	Salaries & Bene Transfers Out	355	484	484	0	0	0	1,854	1,854	N		1,370
540	5012	Servs & Supply Transfers Out	109	109	109	0	0	0	384	384	N		275
		Transfers Total	464	593	593	0	0	0	2,238	2,238			1,645
650	6500	Advance To Available Reserve	0	1,235	0	0	0	0	0	0	Y		0
		Reserves Total	0	1,235	0	0	0	0	0	0			0
30	8500	Interest	0	1,030	1,030	0	1,030	0	2,154	2,154	N		1,124
		Rev From Use of Money/Property	0	1,030	1,030	0	1,030	0	2,154	2,154			1,124

CSA120 -GENERALOPERATING Budget Fund

1810-547-500 (Centex Homes)

Object Summary



OBJECT SUMMARY

Appr Unit	Object Code	Description	2017 Actual	2018 Adopted	2018 Q2 Budget	2018 Q4 Budget	2018 Estimated	2018 Actual	2019 Requested	2019 Recommended	D	Explanation / Justification	Change
200	2085	Legal Notices	0	49	49	0	49	0	29	29	N	23.23%	-20
200	2115	Computer Software Expense	67	0	0	0	0	0	64	64	N		64
200	2116	Computer Hardware Expense	18	0	0	0	0	0	0	0	N		0
200	2405	Auditing	244	197	197	0	186	0	186	186	N		-11
200	2415	County Services (Incl Cowcap)	0	0	0	0	0	0	1,974	1,974	N		1,974
200	2448	County Counsel Services	73	13	13	0	13	0	0	0	N		-13
200	2910	Transportation & Travel	89	0	0	0	0	0	0	0	N		0
		Services And Supplies Total	491	259	259	0	248	0	2,253	2,253			1,994
540	5010	Salaries & Bene Transfers Out	616	839	839	0	839	0	3,213	3,213	N		2,374
540	5012	Servs & Supply Transfers Out	195	189	189	0	183	0	665	665	N		476
		Transfers Total	811	1,028	1,028	0	1,022	0	3,878	3,878			2,850
650	6500	Advance To Available Reserve	0	1,624	0	0	0	0	0	0	Y		0
		Reserves Total	0	1,624	0	0	0	0	0	0			0
30	8500	Interest	0	1,286	1,286	0	1,286	0	3,733	3,733	N		2,447
		Rev From Use of Money/Property	0	1,286	1,286	0	1,286	0	3,733	3,733			2,447

CSA120-GENERALOPERATING Budget Fund
1810-547-600 (Western Slope)

Object Summary



OBJECT SUMMARY

Appr Unit	Object Code	Description	2017 Actual	2018 Adopted	2018 Q2 Budget	2018 Q4 Budget	2018 Estimated	2018 Actual	2019 Requested	2019 Recommended	D	Explanation / Justification	Change
200	2085	Legal Notices	0	2	2	0	0	0	1	1	N	78%	-1
200	2115	Computer Software Expense	2	0	0	0	0	0	2	2	N		2
200	2116	Computer Hardware Expense	1	0	0	0	0	0	0	0	N		0
200	2405	Auditing	8	7	7	0	6	0	6	6	N		-1
200	2415	County Services (Incl Cowcap)	0	0	0	0	0	0	66	66	N		66
200	2448	County Counsel Services	2	0	0	0	0	0	0	0	N		0
200	2910	Transportation & Travel	3	0	0	0	0	0	0	0	N		0
		Services And Supplies Total	16	9	9	0	6	0	75	75			66
540	5010	Salaries & Bene Transfers Out	0	28	28	0	0	0	108	108	N		80
540	5012	Servs & Supply Transfers Out	0	6	6	0	0	0	22	22	N		16
		Transfers Total	0	34	34	0	0	0	130	130			96
650	6500	Advance To Available Reserve	0	71	0	0	0	0	0	0	Y		0
		Reserves Total	0	71	0	0	0	0	0	0			0
30	8500	Interest	0	60	60	0	60	0	125	125	N		65
		Rev From Use of Money/Property	0	60	60	0	60	0	125	125			65

CSA 120 - ENDOWMENT Budget Fund

3920-547 ROLLUP

Special Revenue Summary



County of San Bernardino
Fund 3920, Rollup - CSA 120 Preserve Endowment
Fiscal Year 2019

Special Revenue Summary

Appr Unit	Description	2017 Actual	2018 Adopted	2018 Q2 Budget	2018 Q4 Budget	2018 Estimated	2018 Actual	2019 Requested	2019 Recommended	Change
APPROPRIATION										
Staffing Expenses										
100	Salaries And Benefits	0	0	0	0	0	0	0	0	0
140	Earned Leave	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
Operating Expenses										
200	Services And Supplies	0	0	0	0	0	0	0	0	0
241	Central Services	0	0	0	0	0	0	0	0	0
294	Travel and Related Costs	0	0	0	0	0	0	0	0	0
300	Other Charges	0	0	0	0	0	0	0	0	0
540	Transfers	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
Capital Expenditures										
400	Land	0	0	0	0	0	0	0	0	0
410	Improvements To Land	0	0	0	0	0	0	0	0	0
420	Easements/Right of Ways	0	0	0	0	0	0	0	0	0
430	Struct & Improv To	0	0	0	0	0	0	0	0	0
440	Equipment	0	0	0	0	0	0	0	0	0
450	Vehicles	0	0	0	0	0	0	0	0	0
460	Lease	0	0	0	0	0	0	0	0	0
465	Lease	0	0	0	0	0	0	0	0	0
470	Lease Purchase-Vehicles	0	0	0	0	0	0	0	0	0
480	Construction In Progress	0	0	0	0	0	0	0	0	0
490	Capitalized Software	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
Reimbursements										
541	Reimbursements	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
Contingencies										
600	Contingencies and	0	0	0	0	0	0	0	0	0
650	Reserves	0	1,621,761	0	0	0	0	1,626,761	1,626,761	1,626,761
	Subtotal	0	1,621,761	0	0	0	0	1,626,761	1,626,761	1,626,761
	TOTAL	0	1,621,761	0	0	0	0	1,626,761	1,626,761	1,626,761

County of San Bernardino
Fund 3920, Rollup - CSA 120 Preserve Endowment
Fiscal Year 2019

Special Revenue Summary

Appr Unit	Description	2017 Actual	2018 Adopted	2018 Q2 Budget	2018 Q4 Budget	2018 Estimated	2018 Actual	2019 Requested	2019 Recommended	Change
Operating Transfers Out										
530	Operating Transfers Out	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
	TOTAL REQUIREMENTS	0	1,621,761	0	0	0	0	1,626,761	1,626,761	1,626,761
REVENUE										
Taxes										
00	Taxes	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
State/Federal/Other Govt										
40	State Aid	0	0	0	0	0	0	0	0	0
50	Federal Aid	0	0	0	0	0	0	0	0	0
60	Other Governmental Aid	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
Fee/Rate										
10	Licenses, Permits &	0	0	0	0	0	0	0	0	0
20	Fines, Forfeitures &	0	0	0	0	0	0	0	0	0
70	Charges For Current	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
Other Revenue										
30	Rev From Use of	4,766	0	0	0	0	0	0	0	0
80	Other Revenue	0	0	0	0	0	0	0	0	0
90	Other Financing Sources	0	0	0	0	0	0	0	0	0
	Subtotal	4,766	0	0	0	0	0	0	0	0
	TOTAL REVENUE	4,766	0	0	0	0	0	0	0	0
Operating Transfers In										
98	Operating Transfers In	0	5,000	5,000	0	5,000	0	5,000	5,000	0
	Subtotal	0	5,000	5,000	0	5,000	0	5,000	5,000	0
	TOTAL FINANCING	4,766	5,000	5,000	0	5,000	0	5,000	5,000	0
	FUND BALANCE	-4,766	1,616,761	-5,000	0	-5,000	0	1,621,761	1,621,761	1,626,761
	TARGET FUND	0	1,616,761	0	0	1,616,761	0	1,621,761	1,621,761	1,621,761

County of San Bernardino
Fund 3920, Rollup - CSA 120 Preserve Endowment
Fiscal Year 2019

Special Revenue Summary

Appr Unit	Description	2017 Actual	2018 Adopted	2018 Q2 Budget	2018 Q4 Budget	2018 Estimated	2018 Actual	2019 Requested	2019 Recommended	Change
	FUND BALANCE	4,766	0	0	0	1,621,761	0	0	0	0
	Budgeted Staffing		0					0	0	0

County of San Bernardino
Fund 3920, Rollup - CSA 120 Preserve Endowment
Fiscal Year 2019

OBJECT SUMMARY

Fund	Appr Unit	Object Code	Description	2017 Actual	2018 Adopted	2018 Q2 Budget	2018 Q4 Budget	2018 Estimated	2018 Actual	2019 Requested	2019 Recommended	D	Explanation / Justification	Change
3920	650	6500	Advance To Available Reserve	0	1,621,761	0	0	0	0	1,626,761	1,626,761			1,626,761
			Reserves Total	0	1,621,761	0	0	0	0	1,626,761	1,626,761			1,626,761
3920	30	8500	Interest	4,766	0	0	0	0	0	0	0			0
			Rev From Use of Money/Property	4,766	0	0	0	0	0	0	0			0
3920	98	9975	Op Transfers In	0	5,000	5,000	0	5,000	0	5,000	5,000			0
			Operating Transfers In Total	0	5,000	5,000	0	5,000	0	5,000	5,000			0

CSA 120 - ENDOWMENT Budget Fund
3920-547-100 (SANBAG)

Object Summary



Special Revenue Summary

Appr Unit	Description	2017 Actual	2018 Adopted	2018 Q2 Budget	2018 Q4 Budget	2018 Estimated	2018 Actual	2019 Requested	2019 Recommended	Change
APPROPRIATION										
Staffing Expenses										
100	Salaries And Benefits	0	0	0	0	0	0	0	0	0
140	Earned Leave	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
Operating Expenses										
200	Services And Supplies	0	0	0	0	0	0	0	0	0
241	Central Services	0	0	0	0	0	0	0	0	0
294	Travel and Related Costs	0	0	0	0	0	0	0	0	0
300	Other Charges	0	0	0	0	0	0	0	0	0
540	Transfers	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
Capital Expenditures										
400	Land	0	0	0	0	0	0	0	0	0
410	Improvements To Land	0	0	0	0	0	0	0	0	0
420	Easements/Right of Ways	0	0	0	0	0	0	0	0	0
430	Struct & Improv To	0	0	0	0	0	0	0	0	0
440	Equipment	0	0	0	0	0	0	0	0	0
450	Vehicles	0	0	0	0	0	0	0	0	0
460	Lease	0	0	0	0	0	0	0	0	0
465	Lease	0	0	0	0	0	0	0	0	0
470	Lease Purchase-Vehicles	0	0	0	0	0	0	0	0	0
480	Construction In Progress	0	0	0	0	0	0	0	0	0
490	Capitalized Software	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
Reimbursements										
541	Reimbursements	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
Contingencies										
600	Contingencies and	0	0	0	0	0	0	0	0	0
650	Reserves	0	715,011	0	0	0	0	1,626,761	1,626,761	1,626,761
	Subtotal	0	715,011	0	0	0	0	1,626,761	1,626,761	1,626,761
	TOTAL	0	715,011	0	0	0	0	1,626,761	1,626,761	1,626,761
Operating Transfers Out										
530	Operating Transfers Out	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
	TOTAL REQUIREMENTS	0	715,011	0	0	0	0	1,626,761	1,626,761	1,626,761
REVENUE										
Taxes										
00	Taxes	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
State/Federal/Other Govt										
40	State Aid	0	0	0	0	0	0	0	0	0
50	Federal Aid	0	0	0	0	0	0	0	0	0

Special Revenue Summary

Appr Unit	Description	2017 Actual	2018 Adopted	2018 Q2 Budget	2018 Q4 Budget	2018 Estimated	2018 Actual	2019 Requested	2019 Recommended	Change
60	Other Governmental Aid	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
	Fee/Rate									
10	Licenses, Permits &	0	0	0	0	0	0	0	0	0
20	Fines, Forfeitures &	0	0	0	0	0	0	0	0	0
70	Charges For Current	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
	Other Revenue									
30	Rev From Use of	4,766	0	0	0	0	0	0	0	0
80	Other Revenue	0	0	0	0	0	0	0	0	0
90	Other Financing Sources	0	0	0	0	0	0	0	0	0
	Subtotal	4,766	0	0	0	0	0	0	0	0
	TOTAL REVENUE	4,766	0	0	0	0	0	0	0	0
	Operating Transfers In									
98	Operating Transfers In	0	5,000	5,000	0	5,000	0	5,000	5,000	0
	Subtotal	0	5,000	5,000	0	5,000	0	5,000	5,000	0
	TOTAL FINANCING	4,766	5,000	5,000	0	5,000	0	5,000	5,000	0
	FUND BALANCE	-4,766	710,011	-5,000	0	-5,000	0	1,621,761	1,621,761	1,626,761
	TARGET FUND	0	1,616,761	0	0	1,616,761	0	1,621,761	1,621,761	1,621,761
	FUND BALANCE	4,766	906,750	0	0	1,621,761	0	0	0	0
	Budgeted Staffing		0					0	0	0

CSA 120 - ENDOWMENT Budget Fund

3920-547-200 (Lennar)

Object Summary



Special Revenue Summary

Appr Unit	Description	2017 Actual	2018 Adopted	2018 Q2 Budget	2018 Q4 Budget	2018 Estimated	2018 Actual	2019 Requested	2019 Recommended	Change
APPROPRIATION										
Staffing Expenses										
100	Salaries And Benefits	0	0	0	0	0	0	0	0	0
140	Earned Leave	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
Operating Expenses										
200	Services And Supplies	0	0	0	0	0	0	0	0	0
241	Central Services	0	0	0	0	0	0	0	0	0
294	Travel and Related Costs	0	0	0	0	0	0	0	0	0
300	Other Charges	0	0	0	0	0	0	0	0	0
540	Transfers	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
Capital Expenditures										
400	Land	0	0	0	0	0	0	0	0	0
410	Improvements To Land	0	0	0	0	0	0	0	0	0
420	Easements/Right of Ways	0	0	0	0	0	0	0	0	0
430	Struct & Improv To	0	0	0	0	0	0	0	0	0
440	Equipment	0	0	0	0	0	0	0	0	0
450	Vehicles	0	0	0	0	0	0	0	0	0
460	Lease	0	0	0	0	0	0	0	0	0
465	Lease	0	0	0	0	0	0	0	0	0
470	Lease Purchase-Vehicles	0	0	0	0	0	0	0	0	0
480	Construction In Progress	0	0	0	0	0	0	0	0	0
490	Capitalized Software	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
Reimbursements										
541	Reimbursements	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
Contingencies										
600	Contingencies and	0	0	0	0	0	0	0	0	0
650	Reserves	0	85,600	0	0	0	0	0	0	0
	Subtotal	0	85,600	0	0	0	0	0	0	0
	TOTAL	0	85,600	0	0	0	0	0	0	0
Operating Transfers Out										
530	Operating Transfers Out	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
	TOTAL REQUIREMENTS	0	85,600	0	0	0	0	0	0	0
REVENUE										
Taxes										
00	Taxes	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
State/Federal/Other Govt										
40	State Aid	0	0	0	0	0	0	0	0	0
50	Federal Aid	0	0	0	0	0	0	0	0	0

Special Revenue Summary

Appr Unit	Description	2017 Actual	2018 Adopted	2018 Q2 Budget	2018 Q4 Budget	2018 Estimated	2018 Actual	2019 Requested	2019 Recommended	Change
60	Other Governmental Aid	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
	Fee/Rate									
10	Licenses, Permits &	0	0	0	0	0	0	0	0	0
20	Fines, Forfeitures &	0	0	0	0	0	0	0	0	0
70	Charges For Current	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
	Other Revenue									
30	Rev From Use of	0	0	0	0	0	0	0	0	0
80	Other Revenue	0	0	0	0	0	0	0	0	0
90	Other Financing Sources	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
	TOTAL REVENUE	0	0	0	0	0	0	0	0	0
	Operating Transfers In									
98	Operating Transfers In	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
	TOTAL FINANCING	0	0	0	0	0	0	0	0	0
	FUND BALANCE	0	85,600	0	0	0	0	0	0	0
	TARGET FUND	0	0	0	0	0	0	0	0	0
	FUND BALANCE	0	-85,600	0	0	0	0	0	0	0
	Budgeted Staffing		0					0	0	0

CSA 120 - ENDOWMENT Budget Fund

3920-547-300 (A&J Resources)

Object Summary



Special Revenue Summary

Appr Unit	Description	2017 Actual	2018 Adopted	2018 Q2 Budget	2018 Q4 Budget	2018 Estimated	2018 Actual	2019 Requested	2019 Recommended	Change
APPROPRIATION										
Staffing Expenses										
100	Salaries And Benefits	0	0	0	0	0	0	0	0	0
140	Earned Leave	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
Operating Expenses										
200	Services And Supplies	0	0	0	0	0	0	0	0	0
241	Central Services	0	0	0	0	0	0	0	0	0
294	Travel and Related Costs	0	0	0	0	0	0	0	0	0
300	Other Charges	0	0	0	0	0	0	0	0	0
540	Transfers	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
Capital Expenditures										
400	Land	0	0	0	0	0	0	0	0	0
410	Improvements To Land	0	0	0	0	0	0	0	0	0
420	Easements/Right of Ways	0	0	0	0	0	0	0	0	0
430	Struct & Improv To	0	0	0	0	0	0	0	0	0
440	Equipment	0	0	0	0	0	0	0	0	0
450	Vehicles	0	0	0	0	0	0	0	0	0
460	Lease	0	0	0	0	0	0	0	0	0
465	Lease	0	0	0	0	0	0	0	0	0
470	Lease Purchase-Vehicles	0	0	0	0	0	0	0	0	0
480	Construction In Progress	0	0	0	0	0	0	0	0	0
490	Capitalized Software	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
Reimbursements										
541	Reimbursements	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
Contingencies										
600	Contingencies and	0	0	0	0	0	0	0	0	0
650	Reserves	0	220,000	0	0	0	0	0	0	0
	Subtotal	0	220,000	0	0	0	0	0	0	0
	TOTAL	0	220,000	0	0	0	0	0	0	0
Operating Transfers Out										
530	Operating Transfers Out	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
	TOTAL REQUIREMENTS	0	220,000	0	0	0	0	0	0	0
REVENUE										
Taxes										
00	Taxes	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
State/Federal/Other Govt										
40	State Aid	0	0	0	0	0	0	0	0	0
50	Federal Aid	0	0	0	0	0	0	0	0	0

Special Revenue Summary

Appr Unit	Description	2017 Actual	2018 Adopted	2018 Q2 Budget	2018 Q4 Budget	2018 Estimated	2018 Actual	2019 Requested	2019 Recommended	Change
60	Other Governmental Aid	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
	Fee/Rate									
10	Licenses, Permits &	0	0	0	0	0	0	0	0	0
20	Fines, Forfeitures &	0	0	0	0	0	0	0	0	0
70	Charges For Current	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
	Other Revenue									
30	Rev From Use of	0	0	0	0	0	0	0	0	0
80	Other Revenue	0	0	0	0	0	0	0	0	0
90	Other Financing Sources	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
	TOTAL REVENUE	0	0	0	0	0	0	0	0	0
	Operating Transfers In									
98	Operating Transfers In	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
	TOTAL FINANCING	0	0	0	0	0	0	0	0	0
	FUND BALANCE	0	220,000	0	0	0	0	0	0	0
	TARGET FUND	0	0	0	0	0	0	0	0	0
	FUND BALANCE	0	-220,000	0	0	0	0	0	0	0
	Budgeted Staffing		0					0	0	0

CSA 120 - ENDOWMENT Budget Fund

3920-547-400 (Granite)

Object Summary



Special Revenue Summary

Appr Unit	Description	2017 Actual	2018 Adopted	2018 Q2 Budget	2018 Q4 Budget	2018 Estimated	2018 Actual	2019 Requested	2019 Recommended	Change
APPROPRIATION										
Staffing Expenses										
100	Salaries And Benefits	0	0	0	0	0	0	0	0	0
140	Earned Leave	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
Operating Expenses										
200	Services And Supplies	0	0	0	0	0	0	0	0	0
241	Central Services	0	0	0	0	0	0	0	0	0
294	Travel and Related Costs	0	0	0	0	0	0	0	0	0
300	Other Charges	0	0	0	0	0	0	0	0	0
540	Transfers	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
Capital Expenditures										
400	Land	0	0	0	0	0	0	0	0	0
410	Improvements To Land	0	0	0	0	0	0	0	0	0
420	Easements/Right of Ways	0	0	0	0	0	0	0	0	0
430	Struct & Improv To	0	0	0	0	0	0	0	0	0
440	Equipment	0	0	0	0	0	0	0	0	0
450	Vehicles	0	0	0	0	0	0	0	0	0
460	Lease	0	0	0	0	0	0	0	0	0
465	Lease	0	0	0	0	0	0	0	0	0
470	Lease Purchase-Vehicles	0	0	0	0	0	0	0	0	0
480	Construction In Progress	0	0	0	0	0	0	0	0	0
490	Capitalized Software	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
Reimbursements										
541	Reimbursements	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
Contingencies										
600	Contingencies and	0	0	0	0	0	0	0	0	0
650	Reserves	0	215,400	0	0	0	0	0	0	0
	Subtotal	0	215,400	0	0	0	0	0	0	0
	TOTAL	0	215,400	0	0	0	0	0	0	0
Operating Transfers Out										
530	Operating Transfers Out	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
	TOTAL REQUIREMENTS	0	215,400	0	0	0	0	0	0	0
REVENUE										
Taxes										
00	Taxes	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
State/Federal/Other Govt										
40	State Aid	0	0	0	0	0	0	0	0	0
50	Federal Aid	0	0	0	0	0	0	0	0	0

Special Revenue Summary

Appr Unit	Description	2017 Actual	2018 Adopted	2018 Q2 Budget	2018 Q4 Budget	2018 Estimated	2018 Actual	2019 Requested	2019 Recommended	Change
60	Other Governmental Aid	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
	Fee/Rate									
10	Licenses, Permits &	0	0	0	0	0	0	0	0	0
20	Fines, Forfeitures &	0	0	0	0	0	0	0	0	0
70	Charges For Current	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
	Other Revenue									
30	Rev From Use of	0	0	0	0	0	0	0	0	0
80	Other Revenue	0	0	0	0	0	0	0	0	0
90	Other Financing Sources	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
	TOTAL REVENUE	0	0	0	0	0	0	0	0	0
	Operating Transfers In									
98	Operating Transfers In	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
	TOTAL FINANCING	0	0	0	0	0	0	0	0	0
	FUND BALANCE	0	215,400	0	0	0	0	0	0	0
	TARGET FUND	0	0	0	0	0	0	0	0	0
	FUND BALANCE	0	-215,400	0	0	0	0	0	0	0
	Budgeted Staffing		0					0	0	0

CSA 120 - ENDOWMENT Budget Fund

3920-547-500 (Centex Homes)

Object Summary



Special Revenue Summary

Appr Unit	Description	2017 Actual	2018 Adopted	2018 Q2 Budget	2018 Q4 Budget	2018 Estimated	2018 Actual	2019 Requested	2019 Recommended	Change
APPROPRIATION										
Staffing Expenses										
100	Salaries And Benefits	0	0	0	0	0	0	0	0	0
140	Earned Leave	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
Operating Expenses										
200	Services And Supplies	0	0	0	0	0	0	0	0	0
241	Central Services	0	0	0	0	0	0	0	0	0
294	Travel and Related Costs	0	0	0	0	0	0	0	0	0
300	Other Charges	0	0	0	0	0	0	0	0	0
540	Transfers	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
Capital Expenditures										
400	Land	0	0	0	0	0	0	0	0	0
410	Improvements To Land	0	0	0	0	0	0	0	0	0
420	Easements/Right of Ways	0	0	0	0	0	0	0	0	0
430	Struct & Improv To	0	0	0	0	0	0	0	0	0
440	Equipment	0	0	0	0	0	0	0	0	0
450	Vehicles	0	0	0	0	0	0	0	0	0
460	Lease	0	0	0	0	0	0	0	0	0
465	Lease	0	0	0	0	0	0	0	0	0
470	Lease Purchase-Vehicles	0	0	0	0	0	0	0	0	0
480	Construction In Progress	0	0	0	0	0	0	0	0	0
490	Capitalized Software	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
Reimbursements										
541	Reimbursements	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
Contingencies										
600	Contingencies and	0	0	0	0	0	0	0	0	0
650	Reserves	0	373,250	0	0	0	0	0	0	0
	Subtotal	0	373,250	0	0	0	0	0	0	0
	TOTAL	0	373,250	0	0	0	0	0	0	0
Operating Transfers Out										
530	Operating Transfers Out	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
	TOTAL REQUIREMENTS	0	373,250	0	0	0	0	0	0	0
REVENUE										
Taxes										
00	Taxes	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
State/Federal/Other Govt										
40	State Aid	0	0	0	0	0	0	0	0	0
50	Federal Aid	0	0	0	0	0	0	0	0	0

Special Revenue Summary

Appr Unit	Description	2017 Actual	2018 Adopted	2018 Q2 Budget	2018 Q4 Budget	2018 Estimated	2018 Actual	2019 Requested	2019 Recommended	Change
60	Other Governmental Aid	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
	Fee/Rate									
10	Licenses, Permits &	0	0	0	0	0	0	0	0	0
20	Fines, Forfeitures &	0	0	0	0	0	0	0	0	0
70	Charges For Current	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
	Other Revenue									
30	Rev From Use of	0	0	0	0	0	0	0	0	0
80	Other Revenue	0	0	0	0	0	0	0	0	0
90	Other Financing Sources	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
	TOTAL REVENUE	0	0	0	0	0	0	0	0	0
	Operating Transfers In									
98	Operating Transfers In	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
	TOTAL FINANCING	0	0	0	0	0	0	0	0	0
	FUND BALANCE	0	373,250	0	0	0	0	0	0	0
	TARGET FUND	0	0	0	0	0	0	0	0	0
	FUND BALANCE	0	-373,250	0	0	0	0	0	0	0
	Budgeted Staffing		0					0	0	0

CSA 120 - ENDOWMENT Budget Fund

3920-547-600 (Western Slope)

Object Summary



Special Revenue Summary

Appr Unit	Description	2017 Actual	2018 Adopted	2018 Q2 Budget	2018 Q4 Budget	2018 Estimated	2018 Actual	2019 Requested	2019 Recommended	Change
APPROPRIATION										
Staffing Expenses										
100	Salaries And Benefits	0	0	0	0	0	0	0	0	0
140	Earned Leave	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
Operating Expenses										
200	Services And Supplies	0	0	0	0	0	0	0	0	0
241	Central Services	0	0	0	0	0	0	0	0	0
294	Travel and Related Costs	0	0	0	0	0	0	0	0	0
300	Other Charges	0	0	0	0	0	0	0	0	0
540	Transfers	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
Capital Expenditures										
400	Land	0	0	0	0	0	0	0	0	0
410	Improvements To Land	0	0	0	0	0	0	0	0	0
420	Easements/Right of Ways	0	0	0	0	0	0	0	0	0
430	Struct & Improv To	0	0	0	0	0	0	0	0	0
440	Equipment	0	0	0	0	0	0	0	0	0
450	Vehicles	0	0	0	0	0	0	0	0	0
460	Lease	0	0	0	0	0	0	0	0	0
465	Lease	0	0	0	0	0	0	0	0	0
470	Lease Purchase-Vehicles	0	0	0	0	0	0	0	0	0
480	Construction In Progress	0	0	0	0	0	0	0	0	0
490	Capitalized Software	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
Reimbursements										
541	Reimbursements	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
Contingencies										
600	Contingencies and	0	0	0	0	0	0	0	0	0
650	Reserves	0	12,500	0	0	0	0	0	0	0
	Subtotal	0	12,500	0	0	0	0	0	0	0
	TOTAL	0	12,500	0	0	0	0	0	0	0
Operating Transfers Out										
530	Operating Transfers Out	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
	TOTAL REQUIREMENTS	0	12,500	0	0	0	0	0	0	0
REVENUE										
Taxes										
00	Taxes	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
State/Federal/Other Govt										
40	State Aid	0	0	0	0	0	0	0	0	0
50	Federal Aid	0	0	0	0	0	0	0	0	0

Special Revenue Summary

Appr Unit	Description	2017 Actual	2018 Adopted	2018 Q2 Budget	2018 Q4 Budget	2018 Estimated	2018 Actual	2019 Requested	2019 Recommended	Change
60	Other Governmental Aid	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
	Fee/Rate									
10	Licenses, Permits &	0	0	0	0	0	0	0	0	0
20	Fines, Forfeitures &	0	0	0	0	0	0	0	0	0
70	Charges For Current	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
	Other Revenue									
30	Rev From Use of	0	0	0	0	0	0	0	0	0
80	Other Revenue	0	0	0	0	0	0	0	0	0
90	Other Financing Sources	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
	TOTAL REVENUE	0	0	0	0	0	0	0	0	0
	Operating Transfers In									
98	Operating Transfers In	0	0	0	0	0	0	0	0	0
	Subtotal	0	0	0	0	0	0	0	0	0
	TOTAL FINANCING	0	0	0	0	0	0	0	0	0
	FUND BALANCE	0	12,500	0	0	0	0	0	0	0
	TARGET FUND	0	0	0	0	0	0	0	0	0
	FUND BALANCE	0	-12,500	0	0	0	0	0	0	0
	Budgeted Staffing		0					0	0	0

Rollings-McDonald, Kathleen

From: Millington, Tim
Sent: Monday, May 21, 2018 1:40 PM
To: Rollings-McDonald, Kathleen; Opliger, Erin
Cc: Martinez, Samuel; Rigney, Jeff; Holly O. Whatley (hwhatley@chwlaw.us)
Subject: RE: Follow up on meeting
Attachments: Approved CON-CSA120-012417-SCE Agreement.pdf; Approved BAI CSA 120 - SCE & LADWP License Areas (1-24-2017).pdf; Approved CSA 120 - LADWP Licnese Agreement (1-24-2017).pdf

Kathy,

Attached you will find Board of Supervisor Approved copies of the agreements between SCE and LADWP for license areas associated with the designated parking area. Although the LADWP license agreement was a draft approved by the Board as attached, the agreement has been under minor revision by the City of Los Angeles. The revised LADWP agreement will be going back before the BOS for approval when complete.

A conservative estimate of the current vehicle volume experienced at the North Etiwanda Preserve is about 79,140 vehicles annually or a daily average of 217. With the implementation of a \$3 parking fee the volume is expected to decrease by 50%. The annual revenue projection at the decreased volume and \$3.00 parking fee anticipates a revenue of \$119,000.00 a year.

I will be sending you the detail pages on the budget once accessible in Budprep. Thanks,

Tim Millington, Division Manager

From: Rollings-McDonald, Kathleen
Sent: Monday, May 21, 2018 11:42 AM
To: Millington, Tim <tmillington@sdd.sbcounty.gov>; Opliger, Erin <Erin.Opliger@sdd.sbcounty.gov>
Cc: Martinez, Samuel <smartinez@lafco.sbcounty.gov>; Rigney, Jeff <jrigney@sdd.sbcounty.gov>; Holly O. Whatley (hwhatley@chwlaw.us) <hwhatley@chwlaw.us>
Subject: Follow up on meeting

Morning Tim and Erin,

Following our meeting of April 5 you were going to get additional information on the payments, etc that are more clearly understandable and provide those to LAFCO. Since the hearing on the update on the status of conditions of approval for CSA 120 is scheduled for June 20, I will need the information by no later than June 1 for inclusion in the staff report. Please let me know if there are issues in responding.

Thanks – Kathy

KATHLEEN ROLLINGS-McDONALD, Executive Officer
Local Agency Formation Commission for San Bernardino County
1170 West 3rd Street, Unit 150, San Bernardino, CA 92415-0490
Phone: 909-388-0480
Fax: 909-388-0481
www.sbclafco.org

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ORIGINAL



FAS

CONTRACT TRANSMITTAL

<input checked="" type="checkbox"/> New <input type="checkbox"/> Change <input type="checkbox"/> Cancel	FAS Vendor Code		SC		Dept.	A		Contract Number 17-36	
ePro Vendor Number							ePro Contract Number		
County Department County Service Area 120					Dept.	Orgn.	Contractor's License No.		
County Department Contract Representative Terry W. Thompson, Director					Telephone 909-387-5252		Total Contract Amount \$4,480		
Contract Type <input type="checkbox"/> Revenue <input type="checkbox"/> Encumbered <input checked="" type="checkbox"/> Unencumbered <input type="checkbox"/> Other:									
If not encumbered or revenue contract type, provide reason:									
Commodity Code			Contract Start Date		Contract End Date		Original Amount		Amendment Amount
Fund SKV	Dept. 105	Organization	Appr.	Obj/Rev Source	GRC/PROJ/JOB No.		Amount \$4,480		
Fund	Dept.	Organization	Appr.	Obj/Rev Source	GRC/PROJ/JOB No.		Amount		
Fund	Dept.	Organization	Appr.	Obj/Rev Source	GRC/PROJ/JOB No.		Amount		
Project Name SCE License Agreement Parking Area for Etiwanda Preserve				Estimated Payment Total by Fiscal Year					
				FY	Amount	I/D	FY	Amount	I/D

CONTRACTOR Southern California Edison Company (SCE)

Federal ID No. or Social Security No. _____

Contractor's Representative Joseph C. Schaefer, Land Service AgentAddress 2885 Foothill Blvd., Rialto, CA 92376Phone: (909) 421-5480 PAX
11380Nature of Contract: *(Briefly describe the general terms of the contract)*

This License Agreement authorizes improvements to a 1.74-acre portion of SCE property (portion of Assessor Parcel Number 1087-081-03) for a parking area serving visitors to the Etiwanda Preserve, which is operated by CSA 120. The \$4,480 payment is for the first year of the term. The annual license fee increases 3% per year for a total rental expense over the five-year term of \$23,764.93.

(Attach this transmittal to all contracts not prepared on the "Standard Contract" form.)

Approved as to Legal Form (sign in blue ink)

Reviewed as to Contract Compliance

Presented to BOS for Signature

► SEE SIGNATURE PAGE

County Counsel

Terry W. Thompson, Department Head

Date _____

Date _____

Date 11/9/17

Auditor-Controller/Treasurer/Tax Collector Use Only

☐ Contract Database ☐ FAS

Input Date

Keyed By

COUNTY SERVICE AREA 120 C/O SPECIAL DISTRICTS DEPARTMENT

L I C E N S E A G R E E M E N T
I N D E X O F A R T I C L E S

1. USE
2. TERM
3. CONSIDERATION
4. INSURANCE
5. LICENSOR'S USE OF THE PROPERTY
6. LICENSEE'S IMPROVEMENTS
7. LICENSEE'S PERSONAL PROPERTY
8. HEIGHT LIMITATIONS AND VERTICAL CLEARANCES
9. ACCESS AND CLEARANCES
10. PARKING **(MODIFIED)**
11. WEEDS, BRUSH, RUBBISH AND DEBRIS (WEED ABATEMENT)
12. FLAMMABLES, WASTE AND NUISANCES
13. PESTICIDES AND HERBICIDES
14. HAZARDOUS WASTE
15. SIGNS
16. FENCING AND EXISTING FIXTURES
17. PARKWAYS AND LANDSCAPING
18. IRRIGATION EQUIPMENT
19. UNDERGROUND TANKS
20. UNDERGROUND FACILITIES
21. UTILITIES
22. TAXES, ASSESSMENTS AND LIENS
23. EXPENSE
24. ASSIGNMENTS
25. COMPLIANCE WITH LAW
26. GOVERNING LAW
27. INDEMNIFICATION
28. TERMINATION
29. EVENTS OF DEFAULT
30. REMEDIES
31. LICENSEE'S PERSONAL PROPERTY UPON TERMINATION OR EXPIRATION
32. LIMITATION OF LIABILITY
33. NON-POSSESSORY INTEREST
34. WAIVER
35. AUTHORITY
36. ELECTRIC AND MAGNETIC FIELDS

Initial (JS)/(DA)
Licensor/Licensee

37. INDUCED VOLTAGES

38. NOTICES

39. RECORDING

40. COMPLETE AGREEMENT

41. SIGNATURE AUTHORITY

42. SURVIVAL

APPENDIX: GUIDELINES FOR STANDARD LICENSEE IMPROVEMENTS

ADDENDUM(S)

PARKING

Initial (JS)/(CJ)
Licensor/Licensee

LICENSE AGREEMENT

THIS AGREEMENT between SOUTHERN CALIFORNIA EDISON COMPANY, a corporation organized under the laws of the State of California, called "Licensor", and COUNTY SERVICE AREA 120 C/O SPECIAL DISTRICTS DEPARTMENT, called "Licensee";

WITNESSETH: That Licensor, for and in consideration of the faithful performance by Licensee of the terms, covenants and agreements hereinafter set forth to be kept and performed by Licensee, does hereby give to Licensee the license to use that certain real property solely for the purpose hereinafter specified, upon and subject to the terms, reservations, covenants and conditions hereinafter set forth, hereinafter designated as "Property" on the Exhibit "A" attached hereto and made a part hereof, being a portion of Assessor's Parcel Numbers 1087-081-01 and 1087-081-03, situated in the City of Rancho Cucamonga, County of San Bernardino, State of California, subject to any and all covenants, restrictions, reservations, exceptions, rights and easements, whether or not of record.

Acknowledgment of License and Disclaimer of Tenancy

Licensee acknowledges and agrees that the License constitutes a limited, revocable, non-possessory, personal and non-assignable privilege to use the Property solely for those permitted uses and activities expressly identified in the Agreement (the "License Privilege"). Licensee further acknowledges and agrees that:

- The consideration paid by Licensee pursuant to Article 3 of the Agreement is consistent with the value of the rights comprising the License Privilege; the consideration is *not* consistent with the higher market value for a greater right, privilege or interest (such as a lease) in the Property or similarly situated parcels.
- Licensee is not a tenant or lessee of Licensor and holds no rights of tenancy or leasehold in relation to the Property.
- The Agreement and/or any prior and/or future acts or omissions of Licensor shall not create (or be construed as creating) a leasehold, tenancy or any other interest in the Property.
- Licensor may terminate the License and revoke the License Privilege at any time, subject, if applicable, to a notice period agreed upon by the parties, as more particularly set forth in the Agreement.
- In consideration of Licensor's grant of the License, Licensee specifically and expressly waives, releases and relinquishes any and all right(s) to assert any claim of right, privilege or interest in the Property other than the License.
- Licensee further acknowledges and agrees that without the representations and agreements set forth herein, Licensor would not enter into the Agreement.

1. Use: Licensee will use the Property for parking purposes only. Licensor makes no representation, covenant, warranty or promise that the Property, and any fixtures thereon, are fit or

Initial (JS)/(R)
Licensor/Licensee

suitable for any particular use, including the use for which this Agreement is made and Licensee is not relying on any such representation, covenant, warranty or promise. Licensee's use of the property for any other purpose and/or failure to utilize the Property in accordance with this License as determined by the Licenser in its sole discretion will be deemed a material default and grounds for immediate termination of this Agreement in accordance with Articles 28 and/or 30.

2. Term: Unless otherwise terminated as provided herein, this Agreement will be in effect for a term of five (5) years commencing on the first day of February, 2017 and ending on the last day of January, 2022. Licensee acknowledges that this Agreement does not entitle Licensee to any subsequent agreement, for any reason whatsoever, regardless of the use Licensee makes of the Property, the improvements Licensee places on or makes to the Property, or for any other reason.

3. Consideration: Licensee will pay to Licenser the sum of Four Thousand Four Hundred Eighty and 00/100 Dollars (\$4,480.00) upon the execution and delivery of this Agreement with subsequent annual payments. Payment to Licenser must be in the form of a check or money order payable to Southern California Edison Company. No cash payments will be accepted by Licenser. Payment schedule:

Term	Year Due	Yearly Amount	Payment Due First Day Of
First Year	2017	\$4,480.00	January
Second Year	2018	\$4,614.40	January
Third Year	2019	\$4,752.83	January
Fourth Year	2020	\$4,895.42	January
Fifth Year	2021	\$5,042.28	January

All accounts not paid within 30 days of the agreed upon due date will be charged a late fee equal to ten percent (10%) of the full amount that was due on said date. To the extent a payment is not made within sixty (60) days, Licenser may increase the late fee to twenty percent (20%) of the full amount due. Licenser shall further be entitled to any other costs associated with collection of the unpaid amounts.

All payments subsequent to the initial payment will be paid to the Southern California Edison Company, Post Office Box 800 Rosemead, California, 91770, and Attention: Corporate Accounting Department - Accounts Receivable.

4. Insurance: During the term of this Agreement, Licensee shall maintain the following insurance:

- (a) Workers' Compensation with statutory limits, under the laws of the State of California and Employer's Liability with limits of not less than \$1,000,000.00 each accident, disease/each employee, and disease/policy limit. Licensee shall require its insurer to waive all rights of subrogation against Licenser, its officers, agents and employees, except for any liability resulting from the willful or grossly negligent acts of the Licenser.
- (b) Commercial General Liability Insurance, including contractual liability and products liability, with limits not less than \$1,000,000.00 per occurrence and \$1,000,000.00 in the aggregate. Such insurance shall: (i) name Licenser, its officers, agents and

Initial (JS) / ([Signature])
Licenser/Licensee

employees as additional insureds, but only for Licensee's negligent acts or omissions; (ii) be primary for all purposes and (iii) contain separation of insureds or cross-liability clause, and (iv) require its insurer to waive all rights of subrogation against Licensor, its officers, agents and employees, except for any liability resulting from the willful or grossly negligent acts of the Licensor.

- (c) Commercial Automobile Liability insurance with a combined single limit of \$1,000,000.00. Such insurance shall cover the use of owned, non-owned and hired vehicles on the Property.

The failure to maintain such insurance may be deemed by Licensor a material default of this Agreement and grounds for immediate termination pursuant to Articles 28 and/or 30. Licensee shall provide Licensor with proof of such insurance by submission of certificates of insurance, pursuant to Article 38 "Notices", at least ten days prior to the effective date of this Agreement, and thereafter at least ten days prior to each insurance renewal date. Licensee must provide Licensor at least thirty (30) days notice before any such insurance will be canceled, allowed to expire, or materially reduced. However, in the event insurance is canceled for the non-payment of a premium, Licensee must provide to Licensor at least ten (10) days' prior written notice before the effective date of cancellation. The required insurance policies shall be maintained with insurers reasonably satisfactory to Licensor, and shall be primary and non-contributory with any insurance or self-insurance maintained by Licensor.

5. Licensor's Use of the Property: Licensee agrees that Licensor, its successors and assigns, have the right to enter the Property, at all times, for any purpose, and the right to conduct any activity on the Property. Exercise of these rights by Licensor, its successors and assigns, will not result in compensation to Licensee for any damages whatsoever to personal property, structures, and/or crops located on the Property, nor shall Licensee be entitled to any compensation for any loss of use of the Property or a portion thereof, and/or any related damages, as a result of Licensor's activities under this Article.

6. Licensee's Improvements: Licensee must submit, for Licensor's prior written approval, complete improvement plans, including, but not limited to, grading, lighting, landscaping, grounding, and irrigation plans, - identifying all existing and proposed improvements, a minimum of sixty (60) days prior to making any use of the Property. Licensee's conceptual plans for proposed improvements shall be developed in accordance with the guidelines contained in the Appendix to this License. It is understood and agreed that the general guidelines contained in the Appendix are intended to provide a framework for the development of conceptual plans only; and that Licensor may modify or add to the conditions contained in the Appendix hereto, based on individual site characteristics, Licensor's existing or potential operating needs or Licensee's proposed use(s). Licensee must submit, for Licensor's prior written approval plans for any modifications to such improvements. Written approval may be modified and/or rescinded by Licensor for any reason whatsoever.

To the extent Licensor reviews and/or approves any improvement plans, Licensor is doing so only for purposes of determining whether said improvements are compatible with Licensor's use of the Property. Under no circumstances shall such review and/or approval be construed as a warranty, representation, or promise that the Property is fit for the proposed improvements, or that said improvements comply with any applicable city, state, or county building requirements, other legal requirements, or the generally accepted standard of care.

At any time, Licensor may require Licensee to modify and/or remove any or all such previously approved improvements at Licensee's risk and expense and without compensation from Licensor. Licensor is not

Initial () / ()
Licensor/Licensee

required, at any time, to make any repairs, improvements, alterations, changes or additions of any nature whatsoever to the Property and/or any fixtures thereon. Licensee expressly acknowledges that any expenditures or improvements will in no way alter Licensor's right to terminate in accordance with Articles 28, and/or 30.

7. Licensee's Personal Property: (i) Licensor grants Licensee permission to place Licensee's personal property on the Property consistent with the use identified in Article 1 and other terms of this Agreement. Such permission granted by Licensor shall be revoked upon the earlier of the termination or expiration of this Agreement. All equipment and other property brought, placed or erected on the Property by Licensee shall be and remain the property of Licensee, except as otherwise set forth herein. Licensee shall be responsible for any damage to the Property and/or Licensor's personal property arising out of Licensee's activities on the Property, including its use and/or removal of Licensee's personal property. Licensee further acknowledges and agrees that Licensor is not responsible for Licensee's personal property during the effectiveness of this Agreement, or upon termination or expiration. Licensor further assumes no duty or obligation to maintain or secure Licensee's personal property at any time.

(ii) Unless as specifically provided for in an Addendum to this Agreement, Licensee shall not store on the Property, for a period longer than twenty-four (24) consecutive hours, any personal property owned by a non-party to this Agreement.

Licensee will defend and indemnify Licensor, its directors, officers, agents, subcontractors, and employees, and its successors and assigns, from any and all claims, loss, damage, actions, causes of action, expenses and/or liability arising from the storage of, damage to, and/or loss of use of such non-party's personal property.

8. Height Limitations and Vertical Clearances: Any equipment used by Licensee or its agents, employees or contractors, on and/or adjacent to the Property, will be used and operated so as to maintain minimum clearances from all overhead electrical conductors as designated in the table below:

Vehicle/ Equipment Vertical Clearance	
500 kV	36 feet
220 kV – 66kV	30 feet
<66kV (Distribution facilities)	25 feet
Telecom	18 feet

All trees and plants on the Property will be maintained by Licensee at a maximum height of fifteen (15) feet. If requested by Licensor, Licensee will remove, at Licensee's expense, any tree and/or other planting.

9. Access and Horizontal Clearances: Licensee will provide Licensor with adequate access to all of Licensor's facilities on the Property and at no time will there be any interference with the free movement of Licensor's equipment, personnel, and materials over the Property. Licensor may require Licensee to provide and maintain access roads within the Property, at a minimum usable width of sixteen (16) feet, with commercial driveway aprons and curb depressions capable of supporting a gross load of forty (40) tons on a three-axle vehicle. The minimum width of all roads shall be increased on curves by a distance equal to 400/inside radius of curvature. All curves shall have a radius of not less than 50 feet measured at the inside edge of the usable road surface. Unless otherwise specified in writing by

Initial (JS)/(LA)
Licensor/Licensee

Licensors, Licensee will make no use of the area directly underneath Licensors' towers and will maintain the following minimum clearances:

- a. A 50-foot-radius around suspension tower legs, H-Frames and poles and 100-foot radius around dead-end tower legs, H-Frames and poles.
- b. A 25-foot-radius around all other poles.

NOTE: Additional clearance may be required by Licensors for structures.

10. Parking: (MODIFIED) Except as otherwise authorized herein, Licensee will not park, store, repair or refuel any motor vehicles or allow parking, storage, repairing or refueling of any motor vehicles on the Property unless specifically approved in a writing executed by Licensors.

11. Weeds, Brush, Rubbish and Debris (Weed Abatement): Licensee will keep the Property clean, free from weeds, brush, rubbish and debris and in a condition satisfactory to Licensors.

12. Flammables, Waste and Nuisances: Unless permitted by Licensors in writing, Licensee will not, or allows others, to place, use, or store any flammable or combustible materials or waste materials on the Property or commit any waste or damage to the Property or allow any to be done. Licensee will be responsible for the control of and will be liable for any damage or disturbance, caused by any trespasser, dust, odor, flammable or waste materials, noise or other nuisance disturbances. Licensee will not permit dogs on the Property.

13. Pesticides and Herbicides: Any pesticide or herbicide applications and disposals will be made in accordance with all Federal, State, County and local laws. Licensee will dispose of all pesticides, herbicides and any other toxic substances declared to be either a health or environmental hazard, and all materials contaminated by such substances, including but not limited to, containers, clothing and equipment, in the manner prescribed by law.

14. Hazardous Waste: Licensee will not engage in, or permit any other party to engage in, any activity on the Property that violates federal, state or local laws, rules or regulations pertaining to hazardous, toxic or infectious materials and/or waste. Licensee will indemnify and hold Licensors, its directors, officers, agents and employees, and its successors and assigns, harmless from all claims, loss, damage, actions, causes of action, expenses and/or liability arising from leaks of, spills of, and/or contamination by or from hazardous materials as defined by applicable laws or regulations, which may occur during and after the Agreement term, and are attributable to the actions of, or failure to act by, Licensee or any person claiming under Licensee.

15. Signs: Licensee must obtain written approval from Licensors prior to the construction or placement of any sign, signboard or other form of outdoor advertising. Licensee shall within three (3) days from the date on which the Licensee learns of the graffiti remove any signs containing graffiti or shall otherwise remove such graffiti from the signs in a manner reasonably acceptable to Licensors. Notwithstanding any other language in this Article, Licensee shall not advertise on any sign any product, service, or good which is (i) not directly related to Licensee's use of the Property, (ii) offensive to the public, or (iii) which Licensors, in its reasonable discretion, deems objectionable.

16. Fencing and Existing Fixtures: Licensors disclaims any and all express or implied warranties for any fencing and/or other fixtures affixed to the Property, and further disclaims any liability arising from any disrepair of the same. Licensee may install fencing on the Property with prior written approval from Licensors. Such fencing will include double drive gates, in locations specified by

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Licensors/Licensee

Licensors, a minimum of twenty (20) feet in width, and designed to accommodate separate Licensor and Licensee locks. Licensee will maintain and repair all fencing and other fixtures affixed to the Property, including any grounding of the same as deemed necessary by Licensor, in a manner acceptable to Licensor. Grounding plans must be prepared and stamped by a licensed electrical engineer and submitted to Licensor.

17. Parkways and Landscaping: Licensee will keep parkway and sidewalk areas adjacent to the Property free of weeds, brush, rubbish and debris. Licensee will maintain parkways on the Property and provide landscaping that is compatible with adjoining properties and that is satisfactory to Licensor.

18. Irrigation Equipment: Any irrigation equipment located on the Property prior to the commencement of this Agreement, including but not limited to pipelines, well pumping equipment and other structures, is the property of Licensor and will remain on and be surrendered with the Property upon termination of this Agreement. Should Licensee desire to use the irrigation equipment, Licensee will maintain, operate, repair and replace, if necessary, all irrigation equipment at its own expense.

19. Underground and Above-Ground Tanks: Licensee will not install underground or above-ground storage tanks, as defined by any and all applicable laws or regulations, without Licensor's prior written approval.

20. Underground Facilities: Any underground facilities must be approved by Licensor pursuant to Article 6. Licensee must contact Dig Alert and comply with the applicable processes, policies and/or procedures of Dig Alert, prior to any underground installation. Any underground facilities installed or maintained by Licensee on the Property must have a minimum cover of three feet from the top of the facility and be capable of withstanding a gross load of forty (40) tons on a three-axle vehicle. Licensee will compact any earth excavated to a compaction of ninety percent (90%). Licensee will relocate its facilities at its own expense so as not to interfere with Licensor's proposed facilities.

21. Utilities: Licensee will pay all charges and assessments for, or in connection with, water, electric current or other utilities which may be furnished to or used on the Property.

22. Taxes, Assessments and Liens: Licensee will pay all taxes and assessments which may be levied upon any crops, personal property, and improvements, including but not limited to, buildings, structures, and fixtures on the Property. Licensee will keep the Property free from all liens, including but not limited to, mechanics liens and encumbrances by use or occupancy by Licensee, or any person claiming under Licensee. If Licensee fails to pay the above-mentioned taxes, assessments or liens when due, Licensor may pay the same and charge the amount to the Licensee. All accounts not paid within thirty (30) days of the agreed upon due date will be charged a "late fee" on all amounts outstanding up to the maximum rate allowed by law.

23. Expense: Licensee will perform and pay all obligations of Licensee under this Agreement. All matters or things required by Licensee will be performed and paid for at the sole cost and expense of Licensee, without obligation by Licensor to make payment or incur cost or expense for any such matters or things.

24. Assignments: This Agreement is personal to Licensee, and Licensee will not assign, transfer or sell this Agreement or any privilege hereunder in whole or in part, and any attempt to do so will be void and confer no right on any third party.

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25. Compliance with Law: Licensee will comply with all applicable federal, state, county and local laws, all covenants, conditions and restrictions of record and all applicable ordinances, zoning restrictions, rules, regulations, orders and any requirements of any duly constituted public authorities now or hereafter in any manner affecting the Property or the streets and ways adjacent thereto. Licensee will obtain all permits and other governmental approvals required in connection with Licensee's activities hereunder. Licensee shall hold harmless, defend and indemnify Licensor, its officers, agents and employees, and its successors and assigns, from and against all claims, loss, damage, actions, causes of actions, expense and/or liability arising from or resulting from any violation of this provision.

26. Governing Law: The existence, validity, construction, operation and effect of this Agreement and all of its terms and provisions will be determined in accordance with the laws of the State of California.

27. Indemnification: Licensee shall hold harmless, defend and indemnify Licensor, its officers, agents and employees, and its successors and assigns, from and against all claims, loss, damage, actions, causes of actions, expense and/or liability arising from or growing out of loss or damage to property, including that of Licensor, or injury to or death of persons, including employees of Licensor resulting in any manner whatsoever, directly or indirectly, by reason of this Agreement or the use or occupancy of the Property by Licensee or any person claiming under Licensee.

28. Termination: Licensor or Licensee may terminate this Agreement, at any time, for any reason, upon thirty (30) days notice in writing. Additionally, Licensor may immediately terminate this Agreement pursuant to Article 30. Termination does not release Licensee from any liability or obligation (indemnity or otherwise) which Licensee may have incurred. Upon termination, Licensor may immediately recover from Licensee all amounts due and owing hereunder, plus interest at the maximum rate permitted by law on such amounts until paid, as well as any other amount necessary to compensate Licensor for all the detriment proximately caused by Licensee's failure to perform its obligations under this Agreement. Licensee's continued presence after termination shall be deemed a trespass. In the event of a termination for any reason other than non-payment of the License fee, Licensor shall refund any previously collected/pre-paid License fees covering the unused portion of the remaining term, to the extent such fees exceed any offset claimed by Licensor under the Agreement.

29. Events of Default: In addition to material defaults otherwise described herein, the occurrence of any of the following shall constitute a material default and breach of this Agreement by Licensee:

- (a) Any failure by Licensee to pay the consideration due under Article 3, or to make any other payment required to be made by Licensee when due.
- (b) The abandonment or vacating of the Property by Licensee.
- (c) Any attempted assignment or subletting of this Agreement by Licensee in violation of Article 24.
- (d) The violation by Licensee of any resolution, ordinance, statute, code, regulation or other rule of any governmental agency for Licensee's activities under this Agreement.
- (d) Any attempt to exclude Licensor from the licensed premises.

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Licensor/Licensee

- (f) The making by Licensee of any general assignment for the benefit of creditors; the appointment of a receiver to take possession of substantially all of Licensee's assets located on the Property or of Licensee's privileges hereunder where possession is not restored to Licensee within five (5) days; the attachment, execution or other judicial seizure of substantially all of Licensee's assets located on the Property or of Licensee's privileges hereunder, where such seizure is not discharged within five (5) days.
- (g) Any case, proceeding or other action brought against Licensee seeking any of the relief mentioned in "clause f" of this Article which has not been stayed or dismissed within thirty (30) days after the commencement thereof.
- (h) Any claim by Licensee that it has a possessory interest and/or irrevocable license in the Property.
- (i) With respect to items not otherwise listed in Article 29.a-h, the failure by Licensee to observe and perform any other provision of this Agreement to be observed or performed by Licensee. Licensors shall provide written notice of such failure and Licensee shall be considered in material default where such failure continues for a total of ten (10) or more consecutive days from the date of the notice. Further, with respect to items not otherwise listed in Article 29.a-h, Licensee shall be considered in material default should Licensee fail to observe or perform any other provision of this Agreement for more than fifteen (15) days during the entire Term of the Agreement in the aggregate, after Licensors provides an initial written notice of such failure. After providing initial notice under this provision, Licensors will not be required to provide any subsequent notice of breach of this Agreement.

30. Remedies: Notwithstanding the notice requirement in Article 28, in the event of any material default by Licensee, then in addition to any other remedies available to Licensors at law or in equity, Licensors shall have the option to immediately terminate this Agreement and all rights of Licensee hereunder by giving written notice of such immediate termination to Licensee.

31. Licensee's Personal Property Upon Termination or Expiration: In the event that this Agreement is terminated, whether termination is effected pursuant to Article 28 and/or 30, or in the event this Agreement expires pursuant to Article 2, Licensee shall, at Licensee's sole cost and expense and prior to the earlier of the effective termination date or expiration date, remove all weeds, debris, and waste from the Property and peaceably quit, surrender and restore the licensed Property to the condition it was in prior to the Licensee's use of the Property, in a manner satisfactory to Licensors.

If Licensee fails or refuses to remove any of Licensee's personal property, building(s), fixture(s) or structure(s) from the Property prior to the earlier of the termination date or expiration date, said personal property, building(s), fixture(s) or structure(s) shall be deemed abandoned by the Licensee, and the Licensors shall have the right, but not the obligation, to remove, destroy, sell or otherwise dispose of them with no further notice to Licensee. Licensors shall not be required to seek and/or obtain judicial relief (including, but not limited to, the filing of an unlawful detainer action), nor shall Licensors be responsible for the value of Licensee's personal property.

Licensors shall have the right to charge and recover from Licensee all costs and expenses incurred by Licensors related to (i) the removal, disposal or sale of Licensee's personal property, building(s), fixture(s) or structure(s), (ii), the removal of any waste, weeds, or debris on the Property, (iii) environmental studies and environmental remediation and/or cleanup attributable to Licensee's use of the Property, and (iv)

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the restoration of the Property to the condition it was in prior to Licensor's initial use of the Property. Licensee agrees to pay such expenses to Licensor upon demand.

32. Limitation of Liability:

IN ORDER FOR LICENSEE TO OBTAIN THE BENEFIT OF THE FEE IDENTIFIED IN ARTICLE 3, WHICH INCLUDES A LESSER ALLOWANCE FOR RISK FUNDING FOR LICENSOR, LICENSEE AGREES TO LIMIT LICENSOR'S LIABILITY PURSUANT TO THIS AGREEMENT. AS SUCH, IF LICENSEE IS ENTITLED TO ANY RELIEF FOR LICENSOR'S NEGLIGENCE, INCLUDING GROSS NEGLIGENCE, FOR DAMAGE OR DESTRUCTION OF LICENSEE'S PERSONAL PROPERTY, BUILDING(S), STRUCTURE(S) OR FIXTURE(S) AFTER THE TERMINATION OR EXPIRATION OF THIS AGREEMENT, THE TOTAL LIABILITY OF LICENSOR SHALL NOT EXCEED THE TOTAL FEES ACTUALLY PAID BY LICENSEE TO LICENSOR DURING THE TERM OF THIS AGREEMENT.

FURTHER, IN NO EVENT SHALL LICENSOR BE LIABLE UNDER ANY CIRCUMSTANCES FOR INJURY OR DAMAGE TO LICENSEE'S BUSINESS, IF ANY, INCLUDING, BUT NOT LIMITED TO, LOSS OF PROFITS, LOSS OF RENTS OR OTHER EVENTS, LOSS OF BUSINESS OPPORTUNITY, LOSS OF GOODWILL OR LOSS OF USE, IN EACH CASE, HOWEVER OCCURRING, RELATED TO THIS AGREEMENT.

33. Non-Possessory Interest: Licensor retains full possession of the Property and Licensee will not acquire any possessory interest, whether temporary, permanent, or otherwise by reason of this Agreement, or by the exercise of the permission given herein. Licensee will make no claim to any such interest and Licensee will not claim that it has or ever had an irrevocable license in the Property.

34. Waiver: Licensor shall not be deemed to waive any provision of this Agreement orally or by conduct. Any waiver by Licensor of any provision of this Agreement must be in a writing signed by Licensor. No waiver by Licensor of any provision shall be deemed a waiver of any other provision or of any subsequent breach by Licensee of the same or any other provision. Licensor's consent to or approval of any act shall not be deemed to render unnecessary the obtaining of Licensor's consent to or approval of any subsequent act by Licensee. Licensor's acceptance of payment after providing notice of termination to Licensee shall not constitute a waiver of Licensor's termination of the Agreement.

35. Authority: This Agreement is executed subject to General Order No. 69-C of the Public Utilities Commission of the State of California dated and effective July 10, 1985, incorporated by this reference. As set forth in General Order 69-C, this License is made conditional upon the right of the Licensor either on order of the Public Utilities Commission or on Grantor's own motion to resume the use of that property (including, but not limited to the removal of any obstructions) whenever, in the interest of Licensor's service to its patrons or consumers, it shall appear necessary or desirable to do so. Licensee agrees to comply with all federal, state and local laws and regulations. This Agreement should not be construed as a subordination of Licensor's rights, title and interest in and to its fee ownership, nor should this Agreement be construed as a waiver of any of the provisions contained in said License or a waiver of any costs of relocation of affected Licensor facilities.

36. Electric and Magnetic Fields ("EMF"): There are numerous sources of power frequency electric and magnetic field ("EMF"), including household or building wiring, electrical appliances and electric power transmission and distribution facilities. There have been numerous scientific studies about the potential health effects of EMF. Interest in a potential link between long-term exposures to EMF and certain diseases is based on this scientific research and public concerns.

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While some 40 years of research have not established EMF as a health hazard, some health authorities have identified magnetic field exposures as a possible human carcinogen. Many of the questions about diseases have been successfully resolved due to an aggressive international research program. However, potentially important public health questions remain about whether there is a link between EMF exposures in homes or work and some diseases including childhood leukemia and a variety of other adult diseases (e.g. adult cancers and miscarriages). While scientific research is continuing on a wide range of questions relating to exposures at both work and in our communities, a quick resolution of the remaining scientific uncertainties is not expected.


Since Licensee plans to license or otherwise enter Licensor property that is in close proximity to Licensor electric facilities, Licensor wants to share with Licensee and those who may enter the property under this agreement, the information available about EMF. Accordingly, Licensor has attached to this document a brochure that explains some basic facts about EMF and that describes Licensor policy on EMF. Licensor also encourages Licensee to obtain other information as needed to assist in understanding the EMF regarding the planned use of this property.

37. Induced Voltages: Licensee hereby acknowledges that any structures (including, but not limited to, buildings, fences, light poles) that exist or may be constructed on the Property licensed herein, (hereinafter, the "Structures") in close proximity to one or more high voltage (66 kilovolt or above) electric transmission lines and/or substation facilities may be susceptible to induced voltages, static voltages and/or related electric fault conditions (hereinafter collectively referred to as "Induced Voltages") unless appropriate grounding or other mitigation measures are incorporated into the Structures. If not properly mitigated, Induced Voltages can cause a variety of safety and/or nuisance conditions including, but not limited to, electric shocks or other injuries to individuals contacting the Structures or other utilities connected to the Structures (including, but not limited to, natural gas lines, water lines or cable television lines), or interference with or damage to sensitive electronic equipment in or around the Structures. Measures to mitigate Induced Voltages, if required, will vary from case to case because of factors such as electric facility configuration and voltage, other utilities involved, or sensitivity of electronic equipment. Licensee will be responsible to determine what Induced Voltages mitigation measures should be undertaken regarding the Structures and to implement such mitigation measures at its sole cost and expense.

Licensee agrees for itself and for its contractors, agents, licensees, invitees, and employees, to save harmless and indemnify Licensor, its parent, subsidiaries and affiliated entities and their respective officers and employees against all claims, loss, damage, actions, causes of action, expenses and/or liability arising from or growing out of loss or damage to property, including Licensor's own personal property, or injury to or death of persons, including employees of Licensor caused by or resulting from or connected to Induced Voltages on or related to the Structures.

38. Notices: All notices required to be given by either party will be made in writing and deposited in the United States mail, first class, postage prepaid, addressed as follows:

To Licensor: Southern California Edison Company
Real Properties Department
Land Management – Eastern Region
2 Innovation Way
Pomona, CA 91768

Initial (JS) / (C) 
Licensor/Licensee

To Licensee: County Service Area 120 C/O Special Districts Department
157 West Fifth Street, 2nd Floor
San Bernardino, CA 92415

Business Telephone No. (909) 387-5940

Notice will be deemed effective on the third calendar day after mailing. A party will immediately notify the other party in writing of any address change.

39. Recording: Licensee will not record this Agreement.

40. Complete Agreement: Licensor and Licensee acknowledge that the foregoing provisions and any appendix, addenda and exhibits attached hereto constitute the entire Agreement between the parties. This Agreement may not be modified, amended, contradicted, supplemented or altered in any way by any previous written or oral agreements or any subsequent oral agreements or unsigned written agreements. This Agreement may be modified or amended only by way of a writing executed by both parties.

41. Signature Authority: Each of the persons executing this Agreement warrants and represents that he or she has the full and complete authority to enter into this Agreement on behalf of the Party for which he or she is signing, and to bind said party to the agreements, covenants and terms contained herein.

42. Survival: Any provision of this Agreement that imposes an obligation after termination or expiration of this Agreement shall survive the termination or expiration of this Agreement.

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Initial (JS) / (BR)
Licensor/Licensee

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in duplicate.

SIGNED AND CERTIFIED THAT
A COPY OF THIS DOCUMENT
HAS BEEN DELIVERED TO THE
CHAIR OF THE BOARD

LAURA H. WELCH, Clerk of the Board of
Supervisors

By: 

Date: JAN 24 2017

Approved as to Legal Form:

JEAN-RENE BASLE, County Counsel
San Bernardino County, California

By: 

Robert F. Messinger,
Principal Assistant County Counsel

Date: 1-18-17

SOUTHERN CALIFORNIA EDISON COMPANY

By: 

LICENSOR

Date: 1/15/17

JOSEPH SCHAEFER
Land Services Agent
Land Management – Eastern Region
Real Properties Department

COUNTY SERVICE AREA 120 C/O SPECIAL
DISTRICT DEPARTMENT


By: 

LICENSEE

Date: JAN 24 2017

Date

Print Name: Robert A. Lovingood, Chairman

Initial 
Licensor/Licensee

APPENDIXGuidelines for Standard Licensee Improvements

The following criteria are provided to aid in developing a conceptual plot plan to be submitted to Southern California Edison Company herein after referred to as "Licensor" for consideration and approval prior to the start of any construction on "Licensor" property.

Plans should be developed indicating the size and location of all planned improvements. The plan should specify the dimensions of all planned improvements and the distance of all planned improvements from property lines and all adjacent "Licensor" towers, poles, guy wires or other "Licensor" facilities.

The plan must show the locations of all "Licensor" towers and poles, 16-foot wide access roads, main water lines and water shut-off valves, electrical service lines and parking areas. All plans must indicate adjacent streets and include a "north arrow" and the Licensee's name.

SHADE STRUCTURES

(Definition: A non-flammable frame covered on the top with a material designed to provide shade to aid in growing plants)

1. Shade structures must maintain minimum spacing of 50 feet between shade structure locations, should be placed perpendicular to Licensor's overhead electrical conductors (wires) unless otherwise approved in writing by Licensor, and should not exceed maximum dimensions of:
 - a. 100 feet in length
 - b. 50 feet in width
 - c. 15 feet in height
2. Shade structures will not be permitted within the following areas reserved for Licensor's access:
 - a. Within 2 feet from edge of 16-foot wide access roads
 - b. 50-foot radius around suspension tower legs, H-Frames and poles
 - c. 100-foot radius around dead-end tower legs, H-Frames and poles
 - d. 25-foot radius around anchors/guy wires, poles and wood poles
3. Shade structures must utilize the following design:
 - a. Temporary/slip joint construction only
 - b. Non-flammable frame only
 - c. Adequately grounded by a licensed electrical engineer
 - d. Shade covering must be non-flammable and manufactured with non-hydrocarbon materials.

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SHADEHOUSES/HOTHOUSES

*(Definition: A simple, non-flammable, enclosed structure designed to control temperature **without** the benefit of heating and/or air conditioning units to aid in propagating and/or growing plants)*

1. Shadehouses/hothouses must maintain minimum spacing of 50 feet between shadehouse/hothouse locations, should be placed in perpendicular to Licensor's overhead electrical conductors (wires) unless otherwise approved in writing by Licensor, and should not exceed maximum dimensions of:
 - a. 100 feet in length
 - b. 50 feet in width
 - c. 15 feet in height
2. Shadehouses/hothouses will not be permitted within the following areas reserved for Licensor's access:
 - a. Within 2 feet from edge of 16-foot wide access roads
 - b. 50-foot radius around suspension tower legs, H-Frames and poles
 - c. 100-foot radius around dead-end tower legs, H-Frames and poles
 - d. 25-foot radius around anchors/guy wires, poles and wood poles
3. Shadehouses/hothouses must utilize the following design:
 - a. Temporary/slip joint construction only
 - b. Non-flammable frame only
 - c. Adequately grounded by a licensed electrical engineer
 - d. Covering must be non-flammable and manufactured with non-hydrocarbon materials

GREENHOUSES

(Definition: An enclosed structure designed to control temperature and/or humidity by the use of heating and/or air conditioning units to aid in propagating and/or growing plants)

Greenhouses will be considered on a case-by-case basis.

IRRIGATION SYSTEMS / WELLS

1. Maximum diameter of pipe: 3 inches
2. All pipe must be plastic Schedule 40 or better
3. No irrigation system will be permitted within the following areas reserved for Licensor's access:
 - a. Within 2 feet from edge of 16-foot wide access roads
 - b. 50 -foot radius around suspension tower legs, H-Frames and poles
 - c. 100-foot radius around dead-end tower legs, H-Frames and poles

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4. Sprinkler and drip irrigation controllers must be located at the edge of the right of way
5. Suitable identification markers will be required on main controllers and valves
6. Locations of main shut off valve will be provided and shown on a plot plan
7. Underground facilities must have a minimum cover of three feet
8. Earth disturbed must be compacted to ninety percent (90%)

LANDSCAPING

1. No trees will be permitted under the overhead electrical conductors or within 20 feet of the "drip line" of the conductors
2. Trees must have slow to moderate growth, and must be of a variety that grows to a maximum height of only 40 feet and must be maintained by the Licensee at a height not to exceed 15 feet
3. Placement of large rocks (boulders) must be approved in writing by Licensor
4. Any mounds or change of grade must be approved in writing by Licensor
5. No cactus or thorny shrubs will be permitted
6. Retaining walls, planters, etc. may be considered ~~on a case by case~~ by case basis and must be approved in writing by Licensor

TRAILERS *(Definition: Removable / portable office modules are not permitted without Licensor's prior permission. Trailers must meet the following criteria to be considered:* Trailers must meet the following criteria:

- a. Must have axles and wheel and be able to be moved
 - b. Maximum length: 40 feet
 - c. Maximum height: 15 feet
 - d. Maximum width: 12 feet
2. No trailers will be permitted within the following areas reserved for Licensor's access:
 - a. Within 2 feet from edge of 16-foot wide access roads
 - b. 50-foot radius around suspension tower legs, H-Frames and poles
 - c. 100-foot radius around dead-end tower legs, H-Frames and poles
 - d. 25-foot radius around anchors/guy wires, poles and wood poles
 - e. Under or within 10 feet of the conductor "drip lines"
 3. Sewer or gas lines to trailers must be approved in writing by Licensor
 4. Location of all electrical and telephone lines must be approved in writing by Licensor

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5. Electrical lines must be installed by a licensed -general contractor.
6. Trailers shall not be used for residential purposes
7. Toxic or flammable materials will not be permitted in trailers
8. Adequately grounded by a licensed -general contractor

PARKING AREAS

Parking areas should not be designed under the overhead electrical conductors or within 10 feet of the "drip lines" without Licensor's prior written approval. Parking spaces to be identified under the approved site plan. "No Parking" striping may be required in areas where additional clearance is required.

MATERIAL STORAGE

1. If an emergency occurs, Licensee must immediately relocate all materials specified by Licensor to provide Licensor clear access to its facilities.
2. Licensee must provide Licensor with a list of material stored on the right of way
3. No toxic or flammable materials will be permitted
4. No materials shall be stored within the following areas reserved for Licensor's access:
 - a. Within 2 feet from edge of 16-foot wide access roads
 - b. 50 - foot radius around suspension tower legs, H-Frames and poles
 - c. 100- foot radius around dead-end tower legs, H-Frames and poles
 - d. 25 feet from anchors/guy wires, poles and wood poles
5. Storage of materials not to exceed a maximum height of 15 feet
6. No storage of gasoline, diesel or any other type of fuel will be permitted
7. Any fencing around the storage areas must have Licensor's prior written approval.

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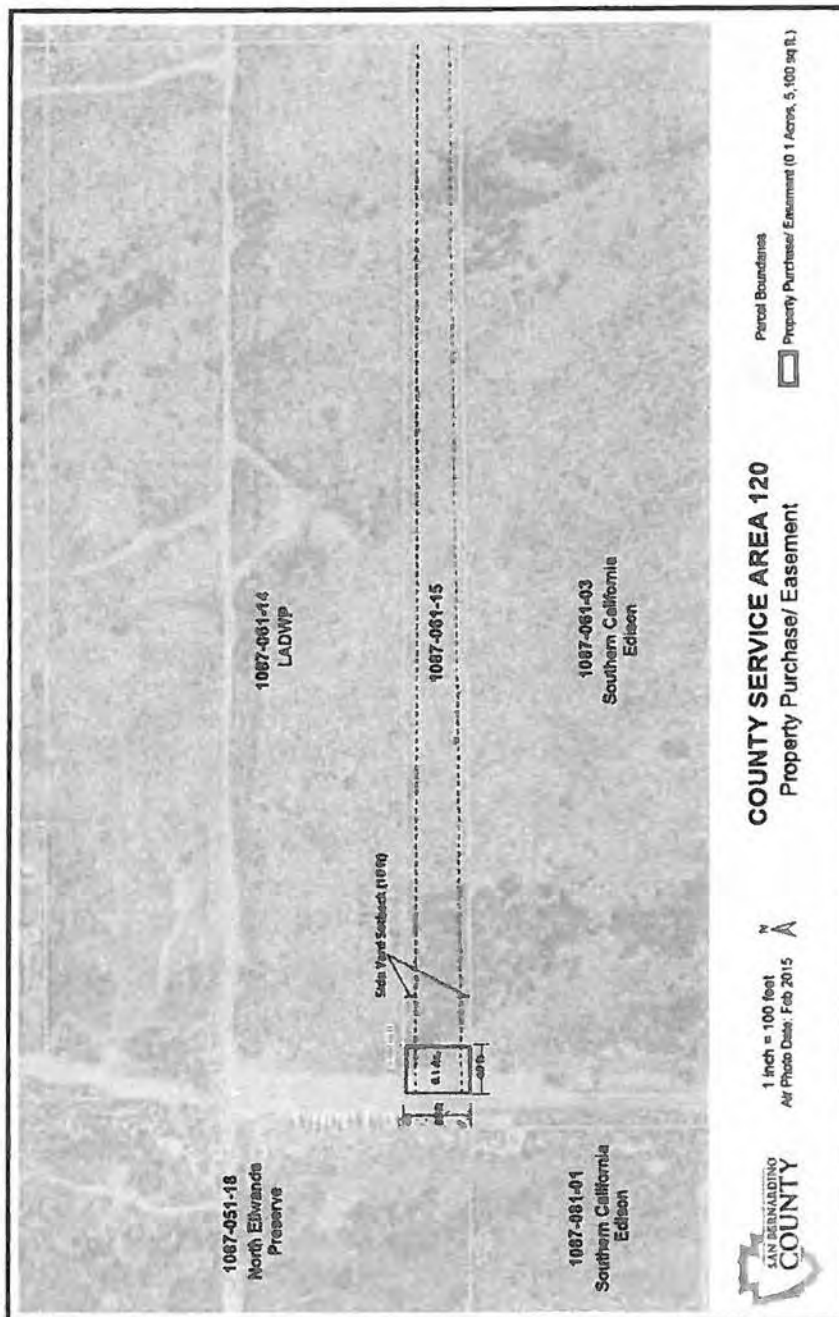
ADDENDUM

PARKING

- A. Vehicles parked on the Property are limited to those owned by Licensee and its employees, invitees, customers and visitors. Licensee will not allow the storage, repairing or refueling of any vehicles on the property.
- B. Licensor only allows overflow parking. No portion of the Property will be used to satisfy the minimum parking requirements of any government agency.
- C. Licensee must obtain prior written approval from Licensor for any vehicle parking improvements and/or subsequent modification. Licensee will maintain parking improvements at all times in a safe condition satisfactory to Licensor.
- D. At any time, Licensor may require removal, modification, or relocation of any portion of the parking improvements. At Licensee's sole expense, Licensee will remove, modify, or relocate same to a location satisfactory to Licensor, within sixty (60) days after receiving notice to remove, modify, or relocate from Licensor.
- E. Parking will be permitted in designated areas only. Unless prior written approval is received from Licensor, no parking will be permitted under or within ten (10) feet of the "drip line" of Licensor's overhead electrical conductors.
- F. All parking spaces and parking improvements are to be identified on a site plan and submitted to Licensor to obtain prior written approval from Licensor.
- G. Bollards, K-rails, or "No Parking" striping may be required to protect Licensor's structures or in areas where additional clearance is required.
- H. The Licensee's parking area shall not interfere with the Licensor's minimum access road requirements.

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Licensor / Licensee

LOCATION MAP
NORTH ETIWAANDA PRESERVE



**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF THE BOARD GOVERNED COUNTY SERVICE AREAS
AND RECORD OF ACTION**

January 24, 2017

FROM: JEFFREY O. RIGNEY, Director
Special Districts Department

TERRY W. THOMPSON, Director
Real Estate Services Department

SUBJECT: LICENSE AGREEMENTS BETWEEN COUNTY SERVICE AREA 120 (NORTH ETIWANDA PRESERVE), LOS ANGELES DEPARTMENT OF WATER AND POWER, AND SOUTHERN CALIFORNIA EDISON FOR PRESERVE PARKING

RECOMMENDATION(S)

Acting as the governing body of County Service Area 120 (North Etiwanda Preserve) (CSA 120):

1. Approve the License Agreement No.17-35 with Los Angeles Department of Water and Power (LADWP) for a five-year term commencing February 1, 2017 for CSA 120's use of approximately 2.38 acres of LADWP land [portion of Assessor Parcel Number (APN) 1087-061-14] for parking to service the North Etiwanda Preserve upon payment of a one-time fee of \$2,000.
2. Approve the License Agreement No.17-36 with Southern California Edison (SCE) for a five-year term commencing February 1, 2017 for CSA 120's use of approximately 1.74 acres of SCE land (portion of APN 1087-081-03) for parking to service the North Etiwanda Preserve upon payment of an annual fee for a total of \$23,784.93.
3. Authorize the Director of the Real Estate Services Department to execute any other documents necessary to complete this transaction.

(Presenter: Terry W. Thompson, Director, 387-5252)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS AND OBJECTIVES

Operate in a Fiscally-Responsible and Business-Like Manner.

Ensure Development of a Well-Planned, Balanced, and Sustainable County.

FINANCIAL IMPACT

This item does not result in the use of Discretionary General Funding (Net County Cost). The cost of the five-year license with LADWP is a one-time fee of \$2,000. The cost of the license with SCE is \$23,785 for five years to be paid in increments annually, both of which will be paid by CSA 120. Sufficient appropriation for license fees is included in the 2016-17 CSA 120 budget and will be included in future recommended budgets. These costs will be offset with anticipated future parking revenue once a fee is established.

Page 1 of 4

cc: RESD-Thompson w/ agrees
Contractor c/o RESD w/ agree
ATC-Accts Pay Mgr w/ agrees
SDD-Reception w/ agrees
SDD-Rigney
RESD-Lowe
CAO-Pajot
File - w/ agree
jll 02/02/17

ITEM 54

Record of Action of the Board of Supervisors
APPROVED (CONSENT CALENDAR)
COUNTY OF SAN BERNARDINO
Board Governed County Service Areas
BOARD

MOTION	AYE	AYE	AYE	AYE	AYE
	1	2	3	4	5

LAURA H. WELCH, CLERK OF THE BOARD

BY

DAVED: January 24, 2017

**LICENSE AGREEMENTS BETWEEN COUNTY SERVICE AREA 120
(NORTH ETIWANDA PRESERVE), LOS ANGELES DEPARTMENT OF
WATER AND POWER, AND SOUTHERN CALIFORNIA EDISON FOR
PRESERVE PARKING
JANUARY 24, 2017
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License fees are as follows:

LADWP	Period	License Fee
	February 1, 2017 – January 31, 2021	\$2,000

SCE	Period	License Fee
	February 1, 2017 – January 31, 2018	\$4,480
	February 1, 2018 – January 31, 2019	\$4,614
	February 1, 2019 – January 31, 2020	\$4,753
	February 1, 2020 – January 31, 2021	\$4,895
	February 1, 2021 – January 31, 2022	\$5,042
	Total License Fees	\$23,785

The estimated cost to construct the parking facilities is approximately \$250,000 and is included in the CSA 120 budget (CAT 547).

BACKGROUND INFORMATION

The establishment of license agreements with LADWP and SCE provide additional designated visitor parking for the North Etiwanda Preserve (NEP) and allow implementation of a paid parking system to develop a revenue stream for CSA 120 to offset license and NEP operational expenses. Collectively, the license areas are 4.12 acres in size of which a small portion of pre-disturbed land will provide parking with remaining undisturbed natural habitat used as a buffer adjacent to the NEP. The license area will expand the delineated parking capacity of the NEP from 17 stalls by an additional 46 spaces and allow better bus and emergency vehicle access. The areas to be licensed have provided spillover parking in recent years as the popularity of the NEP has grown. A parking fee is in the process of being established and annual revenue is forecast to be approximately \$100,000 annually.

The NEP is located north of the City of Rancho Cucamonga, encompasses over 762 acres of land, and was formally established as a habitat preservation site in February 1998 in order to mitigate construction impacts related to the Interstate 210 Freeway. This historical site has 3.3 miles of trails, a riparian wetland, early settlers' ruins, Native American Culture Site, historical remnants of a water delivery system, and a cienega. One of the many examples of the site preservation is related to the Riversidean Alluvial Fan Sage Scrub plant, which provides a habitat for the endangered California Gnatcatcher birds.

The recommended license agreements and existing designated vehicle spaces will provide parking of up to 63 vehicles in the area located at the NEP's entrance at the northern terminus of Etiwanda Avenue. The license areas are located immediately east of the current NEP parking area, and gates will be installed at points of ingress/egress to control traffic and delineate boundaries of the parking area to be established under the licenses. CSA 120 is working with the

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City of Rancho Cucamonga on the potential use of their paid parking system to develop a parking fee collection and monitoring system at the Preserve. The planned parking area is designed to improve functionality in the area with minimal expense. This item meets the needs of county residents and visitors by establishing formal parking at the NEP.

Summary of License Terms for LADWP

Licensors:	LADWP
Licensee:	County Service Area 120 (North Etiwanda Preserve)
Location:	APN 1087-061-14, Etiwanda Avenue
Size:	2.38 Acres
Term:	Five years, commencing February 1, 2017
Option:	None
License Fees:	\$2,000 one-time payment
Annual Increases:	None
Improvements:	CSA 120 will construct the proposed improvements
Maintenance:	Provided by CSA 120
Utilities:	None
Right to Terminate:	Only for breach of contract

Summary of License Terms for SCE

Licensors:	SCE
Licensee:	County Service Area 120 (North Etiwanda Preserve)
Location:	APN 1087-081-03, Etiwanda Avenue
Size:	1.74 Acres
Term:	Five years, commencing February 1, 2017

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Option:	None
License Fees:	\$4,480 annually
Annual Increases:	Fixed 3% each year
Improvements:	CSA 120 will construct the proposed improvements
Maintenance:	Provided by CSA 120
Utilities:	None
Right to Terminate:	Either party may terminate for any reason with 30 days' notice

PROCUREMENT

Not applicable.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Robert Messinger, Principal Assistant County Counsel, 387-5455 and Carol Greene, Supervising Deputy County Counsel, 387-5455) on December 27, 2016; Finance (Janet Lowe, Assistant Director, Real Estate Services Department, 387-5252 and Allegra Pajot, Administrative Analyst, 387-5005) on January 4, 2017; and County Finance and Administration (Mary Jane Olhasso, Assistant Executive Officer, 387-4599) on January 5, 2017.

(KK: 677-8751)



F A S

CONTRACT TRANSMITTAL

FOR COUNTY USE ONLY

<input checked="" type="checkbox"/> New <input type="checkbox"/> Change <input type="checkbox"/> Cancel	FAS Vendor Code	SC	Dept.	A	Contract Number	
ePro Vendor Number					ePro Contract Number	
County Department County Service Area 120			Dept.	Orgn.	Contractor's License No.	
County Department Contract Representative Terry W. Thompson, Director			Telephone 909-387-5252		Total Contract Amount \$2,000	
Contract Type <input type="checkbox"/> Revenue <input type="checkbox"/> Encumbered <input checked="" type="checkbox"/> Unencumbered <input type="checkbox"/> Other:						
If not encumbered or revenue contract type, provide reason:						
Commodity Code		Contract Start Date		Contract End Date		Original Amount
Amendment Amount						
Fund SKV	Dept. 105	Organization	Appr.	Obj/Rev Source	GRC/PROJ/JOB No.	Amount \$2,000
Fund	Dept.	Organization	Appr.	Obj/Rev Source	GRC/PROJ/JOB No.	Amount
Fund	Dept.	Organization	Appr.	Obj/Rev Source	GRC/PROJ/JOB No.	Amount
Project Name LADWP License Agreement Parking Area for Etiwanda Preserve			Estimated Payment Total by Fiscal Year			
			FY	Amount	I/D	
			FY	Amount	I/D	
			FY	Amount	I/D	
			FY	Amount	I/D	

CONTRACTOR Los Angeles Department of Water and Power (LADWP)

Federal ID No. or Social Security No. _____

Contractor's Representative David L. Wright, Interim General Manager (Asya Hickman Hybarger, Representative)Address Real Estate Section, P.O. Box 51111, Room 1025, Los Angeles 90051-0100 Phone (213) 367 - 0084Nature of Contract: *(Briefly describe the general terms of the contract)*

This License Agreement authorizes improvements to a 2.376-acre portion of LADWP property (portion of Assessor Parcel Number 1087-061-14) for a parking area serving visitors to the Etiwanda Preserve, which is operated by CSA 120. The \$2,000 payment is for the five-year term.

(Attach this transmittal to all contracts not prepared on the "Standard Contract" form.)

Approved as to Legal Form (sign in blue ink)	Reviewed as to Contract Compliance	Presented to BOS for Signature
County Counsel		Department Head
Date _____	Date _____	Date _____

Auditor-Controller/Treasurer/Tax Collector Use Only	
<input type="checkbox"/> Contract Database	<input type="checkbox"/> FAS
Input Date	Keyed By

LICENSE AGREEMENT
FOR
VEHICLE PARKING

THE DEPARTMENT OF WATER AND POWER OF THE CITY OF LOS ANGELES, ("LADWP"), gives permission to San Bernardino County Service Area 120, ("CSA 120"), whose address is 157 West Fifth Street, San Bernardino, CA 92525, to use certain real property (sometimes hereinafter referred to as "Licensed Area") which is owned in fee and consent to certain real property which is owned in easement by the City of Los Angeles and under the jurisdiction and control of said LADWP for the purpose of vehicle parking and installation of paving and other improvements necessary for such use affecting LADWP's Lugo Jct - Firestone Jct, Transmission Line Right of Way No. 25B, in the vicinity of Etiwanda Avenue and East Avenue & N/O 24th, City of Rancho Cucamonga. The Licensed Area is shown bold on the drawing marked Exhibit A and in accordance with the development drawing marked Exhibit B, attached hereto and made a part hereof. The gross Licensed Area is estimated to be 2.376 acres. LADWP finds that: (1) the property to be licensed is not presently needed for LADWP purposes; and (2) the grant of the License Agreement will not interfere with LADWP purposes.

THE FOREGOING PERMISSION is given upon and subject to the following terms and conditions:

1. Definitions

- (a) Approved Vehicles: As used herein, "Vehicles" shall mean easily movable passenger vehicles and light trucks, such as pickups and vans. (Any larger vehicles or equipment, such as trucks, trailers, recreational vehicles, campers, and boats, are not allowed.)
- (b) Vehicle Parking: Leaving approved vehicles unattended for a period not to exceed 24 hours.

2. The right and permission of CSA 120 is subordinate to the prior and paramount right of LADWP to use said real property for the public purposes to which it now is and may, at the option of LADWP, be devoted. CSA 120 undertakes and agrees to use said Licensed Area and to exercise this License Agreement jointly with LADWP, and will at all times exercise the permission herein given in such manner as will not interfere with the full use and enjoyment of said Licensed Area by LADWP.

3. CSA 120 hereby acknowledges title in the City of Los Angeles, a municipal corporation, and said LADWP in said real property, and agrees never to assail or resist the same, and further agrees that CSA 120's use and occupancy of said Licensed Area shall be referable solely to the permission herein given.

4. This License Agreement shall commence on February 1, 2017 and terminate on January 31, 2022.

5. A one-time rental fee of \$2,000.00 is due and payable by CSA 120 within 60 days from commencement date of this License Agreement.

All payments subsequent to the initial payment shall reference LADWP File P-100081, and sent to the following address:

Los Angeles Department of Water and Power
Billing Project and Claims
P.O. Box 51212, Room 450
Los Angeles, California 90051

6. In the event CSA 120 remains in possession of the Licensed Area after the expiration or other termination of this License Agreement, whether with the apparent consent of the LADWP or without the consent of the LADWP, CSA 120 shall become a licensee from month to month only and rent and other monetary sums due hereunder shall be payment in the amount of 125% of the rent payable for the last month of the five year term (or if prior to the expiration of the five year term, the last rent payable under this License Agreement) and such month to month occupancy shall be subject to every other provision contained herein and such occupancy shall continue unless terminated by LADWP or CSA 120 giving the other at least 30 days prior written notice of the intention to terminate this License Agreement. The foregoing provisions of this Section are in addition to and do not affect the right of re-entry or any right of LADWP hereunder or as otherwise provided by law, and in no way shall such provision affect any right which the LADWP may have to recover damages from CSA 120 for loss or liability incurred by LADWP resulting from such failure or refusal of CSA 120 to surrender the Licensed Area. Nothing contained in this Section shall be construed as consent by LADWP to any holding over by CSA 120 and LADWP expressly reserves the right to require CSA 120 to surrender possession of the Licensed Area to LADWP as provided in this License Agreement upon the expiration or other termination of this License Agreement. In all other respects, the occupancy shall be governed by the provisions of this License Agreement.

7. Notices.

(a) All notices from one party to the other given pursuant to the terms of this License Agreement under the laws of the State of California, including but not limited to notice under the provisions of Section 1161 of the California Code of Civil Procedure, shall be in writing and shall be deemed to have been fully given when deposited in the United States mail, certified or registered, postage prepaid, and addressed to CSA 120 or LADWP at the addresses respectively specified below or to such other place as CSA 120 or LADWP may from time to time designate in a written notice to the other. CSA 120 hereby agrees that service of notice in accordance with the terms of this License Agreement shall be in lieu of the methods of service specified in Section 1161 of the California Code of Civil Procedure. The provisions of subdivision (a) of Section 1013 of the California Code of Civil Procedure, extending the time within which a right may be exercised or an act may be done, shall not apply to a notice given pursuant to this License Agreement.

(b) Notice to LADWP:

Los Angeles Department of Water and Power
Real Estate Section
P.O. Box 51111, Room 1025
Los Angeles, CA 90051-0100

Notice to CSA 120:

San Bernardino County
Special Districts Department
157 West Fifth Street
San Bernardino, CA 92525-0450
Attn: Division Manager

(c) CSA 120 shall notify LADWP of any changes in CSA 120's mailing address and daytime telephone number within ten days of changes.

8. Regardless of the manner or duration of use or occupancy of said Licensed Area by CSA 120, and regardless of the permanent character of any works or structures constructed or installed therein or thereon by CSA 120, this License Agreement may be terminated at any time without cause for any reason or no reason at all at the option of the LADWP by giving 30 days' written notice of termination.

9. This License Agreement may be revoked by LADWP in the event of any failure or refusal on the part of CSA 120 to comply or perform any of the terms or conditions herein. Notice of revocation shall be given by delivering the same to CSA 120 personally or by mailing the same to CSA 120. Failure by LADWP to revoke this License Agreement for noncompliance of the terms or conditions by CSA 120 shall not constitute a waiver of the terms or conditions.

10. Upon the expiration or termination of this License Agreement, CSA 120 shall surrender the Licensed Area in a neat, clean and orderly condition. CSA 120 shall complete restoration of the Licensed Area to its original condition or better prior to termination of this License Agreement. Restoration of the Licensed Area shall include, but not be limited to, removal of all of the CSA 120's equipment, vehicles, trailers, containers, signs, litter, and debris. CSA 120 shall remove all improvements unless otherwise instructed in writing by LADWP. CSA 120 shall call LADWP's Real Estate Section at (213) 367-0564 to make arrangements for a site inspection of CSA 120's improvements on the Licensed Area in order to determine which improvements, if any, will be allowed to remain. All improvements allowed to remain shall become the property of the LADWP. This obligation shall survive the termination of this License Agreement.

Upon expiration or termination of this License Agreement, LADWP will expeditiously conduct an inspection of the Licensed Area to determine if restoration has been completed by CSA 120. If LADWP determines that restoration has not been completed upon expiration or termination of this License Agreement, LADWP may restore said Licensed Area entirely at the risk and expense of the CSA 120. The cost for said restoration by LADWP shall be deducted from the CSA 120's restoration deposit. If CSA 120's restoration deposit is insufficient to cover the restoration costs, LADWP will bill the CSA 120, and CSA 120 shall promptly pay LADWP for the restoration costs in excess of the CSA 120's restoration deposit.

11. All work completed, pursuant to the terms of this License Agreement, shall be completed in accordance with the terms and conditions specified in ordinances, statutes, permits, and regulations governing such instances; and the provisions of such ordinances, statutes, permits, and regulations are, by reference, made a part hereof as though incorporated verbatim herein.

12. (a) CSA 120 has inspected the Licensed Area, knows the condition thereof, and on behalf of itself and its successors, assigns, and sub-licensees undertakes and agrees to indemnify and hold harmless the City of Los Angeles ("City"), the LADWP, the Board of Water and Power Commissioners of the City of Los Angeles, and all of its officers, agents, successors in interest, insurers, assigns and/or employees (individually and collectively, "Indemnitees"), and at the option of the City, defend by counsel satisfactory to the City, the Indemnitees from and against any and all liens and claims of liens, suits, causes of action, claims, administrative proceedings, charges, damages (including but not limited to indirect, consequential, and incidental), demands, judgments, civil fines, penalties, or losses of any kind or nature whatsoever that are incurred by or asserted against the Indemnitees, for death, bodily injury or personal injury to any person, including but not limited to CSA 120's employees, customers, invitees and agents, or persons who enter onto the Licensed Area, or damage or destruction or loss of use of any property of either party hereto, or third persons in any manner arising by reason of, incidental to, or connected in any manner to: 1) this License Agreement; 2) the Licensed Area; or 3) the acts or omissions of CSA 120 or its officers, employees, contractors, agents, or invitees, regardless of any negligence on the part of Indemnitees, except for the sole active negligence or willful misconduct of LADWP. This indemnity shall apply whether occurring during the term of this License Agreement and

any time thereafter, and shall be in addition to any other rights or remedies which Indemnitees have under law or under this License Agreement.

(b) CSA 120 on behalf of itself and its successors, assigns, and sub-licensees further undertakes and agrees to indemnify and hold harmless the City of Los Angeles, the LADWP, the Board of Water and Power Commissioners of the City of Los Angeles, and all of their officers, agents, successors in interest, insurers, assigns and/or employees (individually and collectively, "Indemnitees"), and at the option of the LADWP, defend by counsel satisfactory to the LADWP, the Indemnitees from and against any and all liens and claims of lien, suits, causes of action, claims, administrative proceedings, charges, damages, demands, judgments, civil fines, penalties, (including but not limited to costs, expenses, and legal liability for environmental investigations, monitoring, containment, abatement, removal, repair, cleanup, restoration, remediation, penalties and fines arising from the violation of any local, regional, state, or federal law, or regulation, disbursements, and other environmental response costs), or losses of any kind or nature whatsoever that are incurred by or asserted against the Indemnitees, for death, bodily injury or personal injury to any person, including CSA 120's employees and agents, or damage or destruction or loss of use of any property of either party hereto, or third persons in any manner arising by reason of, incident to, or connected in any manner to the acts, errors, omissions to act, willful misconduct, or non-performance or breach by CSA 120 of any term and/or condition of this License Agreement, relating directly or indirectly to the release or spill of any legally designated hazardous material or waste, resulting from or incident to the presence upon or performance of activities by CSA 120 or its personnel with respect to the Licensed Area covered under this License Agreement, on the part of the CSA 120, or the CSA 120's officers, agents, invitees, employees, or sub-licensees of any tier, regardless of any negligence on the part of Indemnitees, except for the sole active negligence or willful misconduct of LADWP. This indemnity shall apply whether occurring during the term of this License Agreement and any time thereafter, and shall be in addition to any other rights or remedies which Indemnitees have under law or under this License Agreement.

13. CSA 120 shall neither hold LADWP liable for nor seek indemnity from LADWP for any damage to the CSA 120's equipment and/or improvements due to future construction or reconstruction by LADWP within the Licensed Area. LADWP shall notify CSA 120 of any pending construction by LADWP to enable CSA 120 to protect its equipment and/or improvements.

14. CSA 120 shall pay for all materials placed upon, joined, or affixed to said Licensed Area by or at the instance of CSA 120, shall pay in full all persons who perform labor upon said Licensed Area at the instance of CSA 120, and shall not cause or permit any liens of any kind or nature to be levied against said Licensed Area for any work completed or materials furnished thereon at the instance or request of CSA 120. CSA 120 shall provide LADWP notice in writing of any liens levied against the Licensed Area. CSA 120 shall have 15 days to cause the removal of any such liens and if such liens are not removed, LADWP may pay any amount owed and cause their removal. LADWP shall bill the CSA 120 for the amount paid out by LADWP in removing such liens. CSA 120 shall have 15 days to repay the funds expended by LADWP necessary to remove such lien. Failure to comply with the requirements of this section shall be considered a default and LADWP shall have the right but not the obligation to terminate this License Agreement. The exercise by LADWP of its right to terminate under this section shall not be construed as a waiver of any of its right to any other remedy or lawful action to recover funds paid by LADWP.

15. (a) CSA 120 shall not assign, sublease or otherwise transfer all or any part of its interest in this License Agreement or the Licensed Area without the prior written consent of LADWP's Manager of Real Estate.

(b) Transfers. CSA 120 shall not, without the prior written consent of LADWP, assign to, or otherwise transfer, this License Agreement or any interest hereunder, permit any assignment or other such foregoing transfer of this License Agreement of any interest hereunder by operation of law, sublet the Licensed Area or any part thereof, or permit the use of the Licensed Area by any persons other than CSA 120 and its employees (all of the foregoing are hereinafter sometimes referred to collectively as "Transfers" and any person to whom any Transfer is made or sought to be made is hereinafter sometimes referred to as a "Transferee"). If CSA 120 shall desire LADWP's consent to any Transfer, CSA 120 shall notify LADWP in writing, which notice (the "Transfer Notice") shall include (i) the proposed effective date of the Transfer, which shall not be less than 90 days nor more than 180 days after the date of delivery of the Transfer Notice, (ii) a description of the portion of the Licensed Area to be transferred (the "Subject Space"), (iii) all of the terms of the proposed Transfer and the consideration therefore, including a calculation of the "Transfer Premium", as that term is defined in subsection (c) below, in connection with such Transfer, the name and address of the proposed Transferee, and a copy of all existing and/or proposed documentation pertaining to the proposed Transfer, including all existing operative documents to be executed to evidence such Transfer or the agreements incidental or related to such Transfer, (iv) current financial statements of the proposed Transferee and any other information required by LADWP, which will enable LADWP to determine the financial responsibility, character, and reputation of the proposed Transferee, nature of such Transferee's business and proposed use of the Subject Space, and (v) such other information as LADWP may reasonably require. Any Transfer made without LADWP's prior written consent shall, at LADWP's option, be null, void and of no effect, and shall, at LADWP's option, constitute a default by CSA 120 under this License Agreement. Whether or not LADWP shall grant consent, CSA 120 shall pay LADWP's review and processing fees, LADWP, within 30 days after written request by LADWP.

(c) LADWP's Consent. LADWP shall not unreasonably withhold its consent to any proposed Transfer of the Licensed Area to the Transferee on the terms specified in the Transfer Notice. The parties hereby agree that it shall be deemed to be reasonable under this License Agreement and under any applicable law for LADWP to withhold consent to any proposed Transfer where one or more of the following apply, without limitation as to other reasonable grounds for withholding consent:

(i) The Transferee's intended use of the Subject Space is not completely consistent with the Permitted Use;

(ii) The Transferee is not a party of reasonable financial worth and/or financial stability in light of the responsibilities involved under this License Agreement on the date consent is requested;

(iii) The Transferee is delinquent on any rental or other obligations owing to the City of Los Angeles for a period of 45 days or more;

(iv) The Transferee was previously delinquent or unfaithful in the performance of any former contract with the City;

(v) The Transferee was in the previous ten years delinquent or unfaithful in its performance of any contract.

In the event LADWP withholds or conditions its consent and CSA 120 believes that LADWP did so contrary to the terms of the License Agreement, CSA 120 may prosecute an action for declaratory relief to determine if LADWP properly withheld or conditioned its consent, but CSA 120 waives and discharges any claims it may have against LADWP for damages arising from LADWP's withholding or conditioning its consent. In any such action, each party shall bear its own attorneys' fees. CSA 120 shall indemnify, defend, and hold harmless LADWP from any and all liability, losses, claims, damages, costs, expenses, causes of action and proceedings involving any third party or parties (including without limitation CSA 120's proposed subtenant or assignee) who claim they were damaged by LADWP's wrongful withholding or conditioning of LADWP's consent. If LADWP consents to any Transfer pursuant to the terms of this Section, CSA 120 may within six months after LADWP'S consent, but not later than the expiration of said six-month period, enter into such Transfer of the Licensed Area or portion thereof, upon substantially the same terms and conditions as are set forth in the Transfer Notice furnished by CSA 120 to LADWP, provided that if there are any changes in the terms and conditions from those specified in the Transfer Notice (i) such that LADWP would initially have been entitled to refuse its consent to such Transfer under this Section, or (ii) which would cause the proposed Transfer to be more favorable to the Transferee than the terms set forth in CSA 120's original Transfer Notice, CSA 120 shall again submit the Transfer to LADWP for its approval and other action under this Section.

(d) Transfer Premium. If LADWP consents to a Transfer, as a condition thereto which the parties hereby agree is reasonable, CSA 120 shall pay to LADWP 25% of any "Transfer Premium," as that term is defined in this Section, received by CSA 120 from such Transferee. "Transfer Premium" shall mean all rent, additional rent, or other consideration payable by such Transferee in excess of the Rent payable by CSA 120 under this License Agreement, on a per rentable square foot basis if less than all of the Licensed Area is transferred. "Transfer Premium" shall also include, but not be limited to, key money and bonus money paid by Transferee to CSA 120 in connection with such Transfer, and any payment in excess of fair market value for services rendered by CSA 120 to Transferee or for assets, inventory, or equipment, transferred by CSA 120 to Transferee in connection with such Transfer.

(e) Effect of Transfer. If LADWP consents to a Transfer, (i) the terms and conditions of this License Agreement shall in no way be deemed to have been waived or modified, (ii) such consent shall not be deemed consent, to any further Transfer by either CSA 120 or a Transferee, (iii) CSA 120 shall deliver to LADWP promptly after execution, an original executed copy of all documentation pertaining to the Transfer in form reasonably acceptable to LADWP, (iv) CSA 120 shall furnish upon LADWP's request a complete statement, setting forth in detail the computation of any Transfer Premium CSA 120 has

derived and shall derive from such Transfer, and (v) no Transfer relating to this License Agreement or agreement entered into with respect thereto, whether with or without LADWP's consent, shall relieve CSA 120 or any guarantor of the License Agreement from liability under this License Agreement. LADWP or its authorized representatives shall have the right at all reasonable times to audit the books, records, and papers of CSA 120 relating to any Transfer, and shall have the right to make copies thereof. If the Transfer Premium respecting any Transfer shall be found understated, CSA 120 shall, within thirty (30) days after demand, pay the deficiency and LADWP's costs of such audit, and if understated by more than ten percent, LADWP shall have the right to cancel this License Agreement upon 30 days' notice to CSA 120.

16. PREVAILING WAGES

(a) To the extent applicable CSA 120 shall pay or cause to be paid to all workers employed in connection with the construction of the improvements, not less than the prevailing rates of wages, as provided in the statutes applicable to City public work contracts, including without limitation Sections 1770-1780 of the California Labor Code.

(b) If federal funds were at any time used in the acquisition of this land or will be used in connection with the construction of any improvements, CSA 120 shall comply with or cause its general contractor and all subcontractors to comply with the requirements of the Davis-Bacon Act (40 U.S.C. 276 et. seq.). The Davis-Bacon Act requires the payment of wages to all laborers and mechanics at a rate not less than the minimum wage specified by the Secretary of Labor in periodic wage rate determinations as described in the Federal Labor Standards Provisions (HUD-4010). In the event both State Prevailing wages and Davis-Bacon Act wages will be required, all works shall be paid at the higher of the two wages.

(c) Prior to the commencement of construction, and as soon as practicable in accordance with the applicable Schedule of Performance, CSA 120 shall contact the City to schedule a preconstruction orientation meeting with CSA 120 and with the general contractor to explain such matters as the specific rates of wages to be paid to workers in connection with the construction of the Improvements, preconstruction conference requirements, record keeping and reporting requirements necessary for the evaluation of CSA 120's compliance with this Section.

(d) CSA 120 shall monitor and enforce any applicable prevailing wage requirements imposed on its contractors and subcontractors, including withholding payments to those contractors or subcontractors who violate these requirements. In the event that CSA 120 fails to monitor or enforce these requirements against any contractor or subcontractor, CSA 120 shall be liable for the full amount of any underpayment of wages, plus costs and attorney's fees, as if CSA 120 was the actual employer, and the City or the State Department of Industrial Relations may withhold monies owed to CSA 120, may impose penalties on CSA 120 in the amounts specified herein, may take action directly against the contractor or subcontractor as permitted by law, and/or may declare CSA 120 in default of this License Agreement and thereafter pursue any of the remedies available under this License Agreement.

(e) CSA 120 agrees to include, or cause to be included, the above provisions in all bid specifications for work covered under this License Agreement.

(f) CSA 120 shall indemnify, hold harmless and defend (with counsel reasonably acceptable to the City) the City against any claim for damages, compensation, fines, penalties or other amounts arising out of the failure or alleged failure of any person or entity (including CSA 120, its contractor and subcontractors) to pay prevailing wages as determined pursuant to Labor Code Sections 1720 et seq. and implementing regulation or comply with the other applicable provisions of Labor Code Sections 1720 et seq. and implementing regulations of the Department of Industrial Relations in connection with construction of the improvements or any other work undertaken or in connection with the Licensed Area.

17. CSA 120 acknowledges that CSA 120 is not entitled to relocation assistance or any other benefits under the Uniform Relocation Assistance Act or any other provisions of law upon termination of this License Agreement.

18. **INSURANCE**

(a) Additional Insured Status Required

CSA 120 shall procure and maintain or cause to be procured and maintained at all times during the term of this License Agreement, the types and amounts of insurance specified on the attached Contract Insurance Requirements page. The specified insurance shall also, either by provisions in the policies, by City's own endorsement form or by other endorsement attached to such policies, include and insure City, its Department of Water and Power, its Board of Commissioners (hereinafter referred to as "Board"), and all of its officers, employees and agents, their successors and assigns, as Additional Insureds against the area of risk described herein as respects CSA 120's negligent acts, errors, or omissions in its performance of this License Agreement, hereunder or other related functions performed by or on behalf of CSA 120. Such insurance shall not limit or qualify the liabilities and obligations of the CSA 120 assumed under the contract.

(b) Severability of Interests and Cross Liability Required

Each specified insurance policy shall contain a Severability of Interest and Cross Liability Endorsement which shall also apply to liability assumed by the insured under this License Agreement with the City of Los Angeles.

(c) Primary and Non-Contributory Insurance Required

All such insurance shall be Primary and Noncontributing with any other insurance held by LADWP where liability arises out of or results from the negligent acts, errors, or omissions of CSA 120, its agents, employees, officers, assigns, or any person or entity acting for or on behalf of CSA 120. Any insurance carried by LADWP which may be applicable shall be deemed to be excess insurance and the CSA 120's insurance is primary for all purposes despite any conflicting provision in the CSA 120's policies to the contrary.

(d) Proof of Insurance for Renewal or Extension Required

CSA 120 shall provide evidence of the required insurance at least ten days after the expiration date of any of the policies required on the attached Contract Requirement page showing that the insurance coverage has been renewed or extended and shall be filed with LADWP.

(e) Submission of Acceptable Proof of Insurance and Notice of Cancellation

CSA 120 shall provide proof to LADWP's Risk Manager of all specified insurance and related requirements either by use of LADWP's own endorsement form(s) or by other written evidence of insurance acceptable to the Risk Manager, but always in a form acceptable to the Risk Manager and the Office of the City Attorney. The documents evidencing all specified coverages shall be filed with LADWP prior to CSA 120 beginning operations or occupying the Licensed Area hereunder. Said proof shall contain at a minimum, the applicable policy number, the inclusive dates of policy coverages, the date the protection begins for LADWP, and the insurance carrier's name. It shall provide that such insurance shall not be subject to cancellation, material reduction in coverage or non-renewal except after written notice by certified mail, return receipt requested, to the City Attorney of the City of Los Angeles at least 30 calendar days prior to the effective date thereof. The notification shall be sent by registered mail to: Risk Management Section, Los Angeles Department of Water and Power, P.O. Box 51111, Los Angeles, CA 90051-0100.

(f) Claims-Made Insurance Conditions

Should any portion of the required insurance be on a "Claims Made" policy, the CSA 120 shall, at the policy expiration date following completion of work, provide evidence that the "Claims Made" policy has been renewed or replaced with a retroactive effective date to the policy in place at the inception of the License Agreement with the same limits, terms and conditions of the expiring policy.

(g) Failure to Maintain and Provide Proof as Cause for Termination

Failure to maintain and provide acceptable evidence of the required insurance for the required period of coverage shall constitute a breach of contract, upon which LADWP may immediately terminate or suspend this License Agreement.

(h) Sub-Contractor Compliance

CSA 120 shall be responsible for all sub-contractor's and sub-CSA 120's compliance with the insurance requirements of this License Agreement.

(i) Self-Insurance

CSA 120 is allowed to retain (self-insure) in whole or in part any insurance obligation under this Agreement. Any retention shall be for the account of CSA 120. If CSA 120 elects to retain (self-insure) in whole or in part any insurance required by the Agreement, CSA 120 agrees that it shall provide LADWP with the same coverage that would have been provided to it by the required commercial insurance forms had CSA 120 obtained commercial insurance. For all coverage not retained (not self-insured) CSA 120 shall furnish LADWP with certificate(s) of insurance, executed by a duly authorized representative of each insurer, showing compliance with the insurance requirements in this agreement.

(j) Specific Insurance Requirements

See Attachment A, "Contract Insurance Requirements," attached hereto and made a part hereof.

19. CSA 120 hereby acknowledges that this License Agreement is a license only and does not constitute a lease of, invitation or obligation to lease, or any present or future interest in real property.

20. CSA 120, by executing this License Agreement and accepting the benefits hereof, understands that a property right pursuant to applicable ordinances and codes under tax law, may be created known as "possessory interest" and may be subject to property taxation. CSA 120 will be responsible for payment of any property taxes upon such right. CSA 120 herewith acknowledges that notice required by Revenue and Taxation Code, Section 107.6 has been provided. For information about a specific Possessory Interest assessment, please contact the Assessor's Office, Possessory Interest Section.

21. CSA 120 is hereby notified that facilities of other Licensees of LADWP may exist on the Licensed Area. CSA 120 shall take reasonable precautions and actions to avoid infringement, interference, or damage to all such installations. LADWP and any of its licensees will take reasonable precautions and actions to avoid infringement, interference, or damage to CSA 120's equipment and/or improvements. CSA 120 shall be responsible for the identification and protection of the existing facilities during construction of approved improvements. CSA 120 shall provide reasonable access to any other licensees, users, or easement holders.

22. CSA 120 shall be responsible for the training of its personnel under all applicable laws including, but not limited to, training with regard to the operation of equipment, and the handling and disposal of hazardous materials and wastes in connection with the permission herein given.

23. The right of way contains high-voltage electrical conductors; therefore, the CSA 120 shall utilize only such equipment, material, and construction techniques that are permitted under applicable safety ordinances and statutes, including the following: State of California Code of Regulations, Title 8, Industrial Relations, Chapter 4, Division of Public Utilities Commission, General Order No. 95, Rules for Overhead Electric Line Construction.

Note: Under the above mentioned code for Title 8, the clearances outlined pertain to "qualified electrical workers". These qualified workers are individuals who are familiar with working in and around high voltage conductors and understand minimum approach distances.

24. CSA 120 shall notify LADWP's Transmission Construction and Maintenance Business Group at (818) 771-5014, or (818) 771-5076, at least 14 days prior to the start of any construction activities in the Transmission Line Rights of Way.

25. CSA 120 shall acknowledge the LADWP transmission line rights of way are integral components of the transmission line system, which provides electric power to the City of Los Angeles and other local communities. Their use is under the jurisdiction of the Federal North American Electric Reliability Corporation (NERC). Safety and protection of critical facilities are the primary factors used to evaluate secondary land use proposals. The rights of way serve as platforms for access, construction, maintenance, facility expansion and emergency operations. Therefore, the proposed use may from time to time be subject to temporary disruption caused by such operations.

26. No improvements or construction activities of any kind whatsoever, except for the improvements noted in plans under job number 1553, stamped "Reviewed and Accepted by Power System Right-of-Way Engineering on July 14, 2016", or as authorized in the field by LADWP personnel, will be allowed within the LADWP's Transmission line right of way without the written approval of the LADWP.

27. No equipment shall be used within LADWP's transmission line right of way that has a reach higher than 14 feet without the written permission of the LADWP.

28. Before commencing any excavations, contact Underground Service Alert of Southern California (a.k.k DigAlert).

29. Grading activity resulting in a vertical clearance between the ground and the transmission line conductor elevation less than 35 feet or as noted in transmission line right of way is unacceptable. No grading is allowed below the top of tower footing within the LADWP transmission line right of way, in the immediate vicinity of the towers.

30. The LADWP prohibits drainage structures or the discharging onto the transmission line rights of way. Concentrated runoff can cause erosion especially to the transmission line tower footings.

31. CSA 120 shall compact all fill slopes within the LADWP Transmission Line Rights of Way. The compaction shall comply with applicable Building Code requirements.

32. Conditions Nos. 1 to 7, 9, 11A, 12 to 16, 17C to 22A, 22C, 23A to 23B, 25, and 28 of the Standard Conditions for Construction are included and shall apply (Exhibit F).

33. All aboveground metal structures including, but not limited to, pipes, drainage devices, fences, and bridge structures located within or adjoining the right of way shall be properly grounded, and shall be insulated from any fencing or other conductive materials located outside of the right of way. For safety of personnel and equipment, all equipment and structures shall be grounded in accordance with State of California Code of Regulations, Title 8, Section 2941, and National Electric Code of Regulations, Title 8, Section 2941, and National Electric Code, Article 250.

34. During and upon termination of this License Agreement for whatever reason, CSA 120 shall be responsible, to the extent caused by or introduced onto the Licensed Area as a result of the use of the Licensed Area by CSA 120, for all cleanup costs and expenses including, but not limited to, any fines, penalties, judgments, litigation costs, and attorneys' fees incurred as a result of any and all discharge, leakage, spillage, emission of material which is, or becomes, defined as any pollutant, contaminant, hazardous waste or hazardous substance, under all federal, state, local, or municipal laws, rules, orders, regulations, statutes, ordinances, codes, decrees, or requirements of any government authority regulating, or imposing liability or standards of conduct concerning any hazardous substance on, under, or about the Licensed Area, as now or may at any later time be in effect, including without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 [42 CFR §§9601 et. seq.]; the Resource Conservation

and Recovery Act of 1976 [42 CFR §§6901 et. seq.]; the Clean Water Act, also known as the Federal Water Pollution Control Act [33 CFR §§1251 et. seq.]; the Toxic Substances Control Act [15 CFR §§2601 et. seq.]; the Hazardous Materials Transportation Act [49 CFR §§5101 et. seq.]; the Federal Insecticide, Fungicide, Rodenticide Act [7 CFR §§136 et. seq.]; the Superfund Amendments and Reauthorization Act [42 CFR §§9601 et. seq.]; the Clean Air Act [42 CFR §§7401 et. seq.]; the Safe Drinking Water Act [42 CFR §§300f et. seq.]; the Solid Waste Disposal Act [42 CFR §§6901 et. seq.]; the Surface Mining Control and Reclamation Act [30 CFR §§1201 et. seq.]; the Emergency Planning and Community Right to Know Act [42 CFR §§11001 et. seq.]; the Occupational Safety and Health Act [29 CFR §§651 et. seq.]; the California Underground Storage of Hazardous Substances Act [H&SC §§25280 et. seq.]; the California Hazardous Substances Account Act [H&SC §§25300 et. seq.]; the California Hazardous Waste Control Act [H&SC §§25100 et. seq.]; the California Safe Drinking Water and Toxic Enforcement Act [H&SC §§25249.5 et. seq.]; the Porter-Cologne Water Quality Control Act [Wat. C. §§13000 et. seq.] together with any amendments of, or regulations promulgated under the statutes cited above, and any other federal, state, or local law, statute, ordinance, or regulation now in effect or later enacted that pertains to hazardous substances on, under, or about the Licensed Area, including ambient air, soil, soil vapor, groundwater, surface water, or land use. Said cleanup shall be accomplished to the satisfaction of LADWP and any governmental body having jurisdiction there over.

35. Exhibit B may be a tentative plan. Construction shall not commence until final electrical, civil, and mechanical engineering plans have been reviewed and approved in writing by LADWP.

37. "As Constructed" drawings showing all plans and profiles of the CSA 120's improvements shall be furnished to the Los Angeles Department of Water and Power, Attention: Manager of Real Estate, P.O. Box 51111, Room 1025, Los Angeles, CA 90051-0100, within five days after completion of CSA 120's improvements.

38. If LADWP determines at any time that CSA 120's efforts are hazardous or detrimental to LADWP's transmission line right-of-way, LADWP shall have the right to immediately terminate said construction, and if necessary, to terminate this License Agreement.

39. CSA 120 shall pay for all costs, fees, or charges for the application, installation, maintenance, use, or removal of any utilities or services required in the exercise of the permission herein given. CSA 120 shall not use any existing utility system prior to the transfer of financial responsibility to CSA 120 with the appropriate utility company supplying existing service.

40. CSA 120 shall not use LADWP's property to satisfy any zoning demands, zoning variances, open space or parking requirements, and any other governmentally imposed conditions for building plans and permits.

41. At CSA 120's expense, CSA 120 shall be responsible for obtaining all required permits (e.g. conditional use permits or other entitlements) and environmental review necessary to develop and use the Licensed Area for vehicle parking.

42. CSA 120 shall be responsible for the operation, repair, and maintenance of the Licensed Area; and said Licensed Area shall be kept in a neat and clean condition, including landscaping and parkways between fences and public streets, as listed and described in Exhibit C. Repair and maintenance of the Licensed Area shall mean regular parking lot maintenance such as sweeping and cleaning, and periodic striping and sealing (every three years).

43. LADWP shall not be liable for any damage to vehicles or improvements resulting from LADWP's operation and maintenance and from any construction or reconstruction of LADWP's transmission line right-of-way.

44. CSA 120 shall take all necessary measures to minimize disturbances to neighboring businesses or nearby residences and shall assume the responsibility of resolving any complaints/disputes from adjacent property owners or the public, arising out of CSA 120's use and enjoyment of the Licensed Area. Any inquiries or complaints brought to the attention of LADWP shall be directed to the CSA 120's Division Manager at (909) 387-5940 or by email at tmillington@sdd.sbcounty.gov.

45. CSA 120 must post and maintain on site the required signage, which includes but not limited to the following information, at a designated location approved by LADWP:

(a) CSA 120's 24-hour contact name

(b) CSA 120's 24-hour phone number

(c) License Agreement Number

46. CSA 120, its employees, agents, contractors, invitees or others shall not at any time, physically access, climb upon, build or attach on, or in any way modify LADWP's transmission tower.

In the event of damage to any transmission tower, line, or other facility, LADWP must be notified immediately. LADWP personnel will conduct an assessment and appropriate measures to find out the extent of the damage. CSA 120 agrees to reimburse LADWP for the cost to repair the facilities. Five Thousand Dollars is the minimum charges for a minor damage occurrence on a transmission line tower. The overall cost for each incident includes expenses for Real Estate, Transmission Construction and Maintenance, Transmission Engineering, Right of Way Engineering, Structural Engineering, LADWP Shops, equipment usage, customized materials, and procurement processing, and typically exceeds the conservative minimum charge. LADWP reserves the right to increase the minimum charge, depending on the extent of tower damage.

47. CSA 120 shall access LADWP facility by conforming to LADWP security and operational procedures and shall take reasonable precautions to prevent unauthorized ingress and egress to LADWP property.

48. There is expressly reserved unto LADWP and unto all authorized employees of LADWP the right of continuous access.

49. CSA 120 shall not place any equipment or improvements within the transmission line right-of-way except for those approved in writing by LADWP and shown on Exhibit B. CSA 120 shall obtain written approvals for changes or

additions to said equipment or improvements prior to the construction of such changes or additions. Detailed drawings showing the proposed changes shall be submitted to LADWP's Real Estate Section not less than 60 days before the date of any proposed change or addition. LADWP shall sign and date the drawings, which will then become a part of the License Agreement. Unapproved equipment or improvements found on the Licensed Area may be considered a breach of the License Agreement.

50. During construction of CSA 120's facilities, access across LADWP property to the Licensed Area shall be between the hours of 8:00 a.m. through 4:00 p.m., Monday through Friday.

51. During the term of this License Agreement, CSA 120 shall comply with Los Angeles Municipal Code Section 121, relating to water conservation as to the Licensed Area.

52. CSA 120 agrees that this License Agreement will not be recorded.

53. Laws, Rules, and Regulations.

(a) CSA 120 shall be, at its sole cost and expense, solely responsible for fully complying with any and all applicable present and/or future rules, regulations, restrictions, ordinances, statutes, laws and/or orders of any federal, state, and/or local government authority.

(b) CSA 120 shall be solely responsible for any and all civil and/or criminal penalties assessed as a result of its failure to comply with any of these rules, regulations, restrictions, ordinances, statutes, laws, orders, directives and or conditions.

54. CSA 120 hereby acknowledges receipt of an information package consisting of:

(a) Understanding EMF - Electric Magnetic Fields, Exhibit D.

(b) Additional Information pertaining to EMF can be obtained via the Internet at: <http://www.ladwp.com/ladwp/cms/ladwp004154.jsp>.

CSA 120 undertakes and agrees to distribute all the information in said package to all personnel working under CSA 120's direction and control.

55. Guidelines for Vehicle Parking, as shown on Exhibit E, are incorporated as terms of this License and unless otherwise specified herein, CSA 120 shall comply with the Guidelines for Vehicle Parking.

56. Ordinance- Related Provisions

(a) This License Agreement is subject to Section 10.10, Article 1, Chapter 1, Division 10, as amended, of the Los Angeles Administrative Code related to Child Support Assignment Orders. Said ordinance is incorporated by reference as though fully set forth herein. Failure to comply with this ordinance shall constitute a default of the License Agreement subjecting the License Agreement to termination where such failure shall continue for more than 90 days after such notice of such failure to CSA 120 by LADWP or City.

(b) This License Agreement is subject to Section 10.8.2.1, Article 1, Chapter 1, Division 10 of the Los Angeles Administrative Code ("Equal Benefits Provisions") related to equal benefits to employees. CSA 120 agrees to comply with the provisions of Section 10.8.2.1. By way of specification but not limitation, pursuant to Section 10.8.2.1.c and 10.8.2.1f of the Los Angeles Administrative Code, the failure of CSA 120 to comply with the Equal Benefits Provisions of this License Agreement may be deemed to be a material breach of this License Agreement. No such finding shall be made or penalties assessed except upon a full and fair hearing after notice and an opportunity to be heard have been given to CSA 120. Upon a finding duly made that CSA 120 has failed to comply with the Equal Benefits Provisions of this License Agreement, this License Agreement may be forthwith terminated.

(c) This License Agreement is a contract with or on behalf of the City of Los Angeles for which the consideration is \$1,000.00 or more. Accordingly, during the performance of this License Agreement, CSA 120 further agrees to comply with Section 10.8.3 of the Los Angeles Administrative Code ("Equal Employment Practices"). By way of specification but not limitation, pursuant to Sections 10.8.3E and 10.8.3F of the Los Angeles Administrative Code, the failure of CSA 120 to comply with the Equal Employment Practices provisions of this License Agreement may be deemed to be a material breach of this License Agreement. No such finding shall be made or penalties assessed except upon a full and fair hearing after notice and an opportunity to be heard have been given to CSA 120. Upon a finding duly made that CSA 120 has failed to comply with the Equal Employment Practices provisions of this License Agreement, this License Agreement may be forthwith terminated.

(d) This License Agreement is subject to the applicable provisions of the Slavery Disclosure Ordinance ("SDO") (Section 10.41, et seq, of the Los Angeles Administrative Code). Unless otherwise exempt in accordance with the provision of this Ordinance, CSA 120 certifies that it has complied with the applicable provisions of the Ordinance. Under the provisions of Section 10.41.2(b) of the Los Angeles Administrative Code, LADWP has the authority, under appropriate circumstances, to terminate this License Agreement and otherwise pursue legal remedies that may be available to LADWP if LADWP determines that CSA 120 failed to fully and accurately complete the SDO affidavit or otherwise violated any Provision of the SDO.

(e) CSA 120, sublicensees, and their principals (if any) are obligated to fully comply with City of Los Angeles Charter Section 470(c)(12) and related ordinances, regarding limitations on campaign contributions and fundraising for certain elected City officials or candidates for elected City office if the License is valued at \$100,000 or more and requires approval of a City elected official. Additionally, CSA 120 is required to provide and update certain information to the City as specified by law. Any Licensee subject to Charter Section 470(c)(12), shall include the following notice in any contract with a subcontractor or sublicensee expected to pay at least \$100,000 in rent under this License Agreement.

Notice Regarding Los Angeles Campaign Contribution and Fundraising Restrictions:

As provided in Charter Section 470(c)(12) and related ordinances, you are a sublicensee on LADWP License Agreement P-100081. Pursuant to City Charter Section 470(c)(12), sublicensee and its principals are prohibited from making campaign contributions and fundraising for certain elected City officials or candidates for elected City office for 12 months after the LADWP License is signed. Sublicensee is required to provide to CSA 120 names and addresses of the sublicensee's principals and contact information and shall update that information if it changes during the 12 month time period. Sublicensee's information included must be provided to CSA 120 within five business days. Failure to comply may result in termination of this License Agreement or any other available legal remedies including fines. Information about the restrictions may be found at the City Ethics Commission's website at <http://ethics.lacity.org> or by calling (213) 978-1960.

CSA 120, sublicensees, and their principals shall comply with these requirements and limitations. Violation of this provision shall entitle the City to terminate this License Agreement and pursue any and all legal remedies that may be available.

(f) This Section is applicable where CSA 120 engaged in business within the City of Los Angeles and CSA 120 is required to obtain a Tax Registration Certificate ("TRC") pursuant to one or more of the following articles (collectively "Tax Ordinances") of Chapter II of the Los Angeles Municipal Code: Article 1 (Business Tax Ordinance) [Section 21.00, et seq.], Article 1.3 (Commercial Tenant's Occupancy Tax) [Section 21.3.1, et seq.], Article 1.7 (Transient Occupancy Tax) [Section 21.7.1, et seq.], Article 1.11 (Payroll Expense Tax) [Section 21.11.1, et seq.], or Article 1.15 (Parking Occupancy Tax) [Section 21.15.1, et seq.]. Prior to the execution of this License Agreement or the effective date of any extension of the Term or renewal of this License Agreement, CSA 120 shall provide to the LADWP proof satisfactory to the Real Estate Department that CSA 120 has the required TRCs and that CSA 120 is not then currently delinquent in any tax payment required under the Tax Ordinances. LADWP may terminate this License Agreement if LADWP determines that CSA 120 failed to have the required TRCs or was delinquent in any tax payments required under the Tax Ordinances at the time of entering into, extending the Term of, or renewing this License Agreement. LADWP may also terminate this License Agreement at any time during the term of this License Agreement if CSA 120 fails to maintain required TRCs or becomes delinquent in tax payments required under the Tax Ordinances and CSA 120 fails to cure such deficiencies within the 30 day period.

(g) The CSA 120 shall obtain and keep in full force and effect during the term of this License Agreement all Business Tax Registration Certificates (BTRC) required by the City of Los Angeles Business Tax Ordinance, Article 1, Chapter II, Section 21.00 and following, of the Los Angeles Municipal Code. For additional information regarding applicability of the City Business Tax Registration, contact the Office of Finance at (213) 473-5901.

57. This License Agreement shall be interpreted, governed by, and construed under the laws of the State of California and venue shall lie in the County of Los Angeles.

58. The Parties do not intend to create rights in or grant remedies to any Third Party as a beneficiary of this License Agreement or of any duty, covenant, obligation, or undertaking established under this License Agreement.

59. Any waiver at any time by either Party of its rights with respect to a default under this License Agreement, or with respect to any other matter arising in connection with this License Agreement, shall not be deemed a waiver with respect to any subsequent default or other matter arising in connection therewith. Any delay in assessing or enforcing any right, shall not be deemed to be a waiver of such right, provided that all applicable statutory periods of limitation shall apply.

SIGNATURE PAGE FOLLOWS.

Dated _____

DEPARTMENT OF WATER AND POWER OF
THE CITY OF LOS ANGELES

APPROVED:

DAVID H. WRIGHT
GENERAL MANAGER

ANDREW C. KENDALL
Executive Direct - Power System
Construction, Maintenance, and Services

By _____

SAN BERNARDINO COUNTY SERVICE AREA 120

Robert Lovingood
Chairman Board of Supervisors

Date: _____

SIGNED AND CERTIFIED THAT A COPY OF
THIS DOCUMENT HAS BEEN DELIVERED TO
THE CHAIRMAN OF THE BOARD

LAURA H. WELCH
Clerk of the Board of Supervisors

By: _____
Deputy

Date: _____

Approved as to Legal Form:
JEAN-RENE BASLE, County Counsel
San Bernardino County, California

By: _____
Robert F. Messinger
Principal Assistant County Counsel

Date: _____