

AGENDA

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

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

REGULAR MEETING OF FEBRUARY 19, 2020

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 Auditorium:

Conference with Legal Counsel – Existing Litigation – (Government Code Section 54956.9(d)(1)) – C.O.M.E.T. (Citizens of Mentone Empowered Together) v. City of Redlands et al, San Bernardino County Superior Court Case No. CIVDS1906437

3. RECONVENE PUBLIC SESSION

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.

4. [Approval of Minutes for Regular Meeting of January 15, 2020](#)

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

6. [Ratify Payments as Reconciled and Note Cash Receipts for Months of December 2019](#)

7. [Approve One Year Extension of Contract with Davis Farr, LLP for Financial Audit Services for Fiscal Year 2019-20](#)

8. Consent Items Deferred for Discussion

PUBLIC HEARING ITEMS:

9. [Consideration of: \(1\) CEQA Statutory Exemption for LAFCO 3231 and \(2\) LAFCO 3231 – Countywide Service Review for Fire/Emergency Medical Services/Dispatch](#)

10. [Consideration of: \(1\) Notice of Intent to Adopt a Mitigated Negative Declaration for LAFCO 3233 \(SCH #2019120661\); and \(2\) LAFCO 3233 - Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District](#)

INFORMATION ITEMS:

11. Legislative Update Oral Report

12. Executive Officer's Oral Report

13. 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.)

14. 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.sbclafco.org, and at the hearing.

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

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

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

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

1/17/20:as

**DRAFT - ACTION MINUTES TAKEN BY THE
LOCAL AGENCY FORMATION COMMISSION
FOR SAN BERNARDINO COUNTY**

REGULAR MEETING

9:00 A.M.

JANUARY 15, 2020

PRESENT:

COMMISSIONERS:

Regular Member	Alternate Member
Jim Bagley	Louisa Amis
James Curatalo, Vice Chair	Steven Farrell
Acquanetta Warren	Rick Denison
Larry McCallon, Chair	
Kimberly Cox	

STAFF:

**Samuel Martinez, Executive Officer
Paula de Sousa, LAFCO Legal Counsel
Michael Tuerpe, Senior Analyst
Jeffrey Lum, LAFCO Analyst
Angela Schell, Administrative Assistant**

ABSENT:

COMMISSIONERS:

**Robert Lovingood
Dawn Rowe
Janice Rutherford, Alternate**

9:03 A.M. – CALL TO ORDER – FLAG SALUTE

ANNOUNCEMENT OF CONTRIBUTIONS

1. PUBLIC COMMENTS ON CLOSED SESSION

There were no members of the public who requested to speak on the Closed Session items.

2. CONVENE CLOSED SESSION [Commission did not meet in Closed Session]

Conference with Legal Counsel – Existing Litigation – (Government Code Section 54956.9(d) (1)) – C.O.M.E.T. (Citizens of Montone Empowered Together) v. City of Redlands et al, San Bernardino Superior Court Case No. CIVDS1906437

3. RECONVENE PUBLIC SESSION

[Not needed, as Commission did not meet in Closed Session.]

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.

4. Approval of Minutes for Regular Meeting of December 18, 2019

5. Approval of Executive Officer's Expense Report

Recommendation: Approve the Executive Officers' Expense Report for Procurement Card Purchases from November 24, 2019 to December 22, 2019.

6. Ratify Payments as Reconciled and Note Cash Receipts for Month of October 2019

Recommendation: Ratify payments as reconciled for the month of November 2019 and note revenue receipts for the same period.

7. Consent Items Deferred for Discussion (none)

Commissioner Cox moves approval of the consent items. Second by Commissioner Denison. The motion on the Consent Items passes with the following roll call vote:

Ayes: Bagley, Cox, Curatalo, McCallon and Denison.

Noes: None.

Abstain: None.

Absent: Lovingood, Rowe, and Warren (Denison voting in her stead).

PUBLIC HEARING ITEMS:

Commissioner Warren takes her place at the dais at 9:05 A. M.

8. Consideration of: (1) CEQA Statutory Exemption for LAFCO SC#447; and (2) LAFCO SC#447 – City of Rialto Extraterritorial Wastewater Service for Assessor Parcel Numbers (APNs) 0253-072-35, 0253-072-36, 0253-072-39, 0253-231-01 thru 07 and 0256-031-01, -02, & -03, 0257-051-46, 0240-181-51, 0253-171-16, and 1133-211-14; and City of Rialto Extraterritorial Water Service for APNs 0269-171-21, -27, -39, -14 (previously 0269-171-37, -38, -40, & -41)

Recommendation: Staff recommends that the Commission approve LAFCO SC#447 by taking the following actions:

1. Certify that LAFCO SC #447 is statutorily exempt from environmental review and direct the Executive Officer to file a Notice of Exemption within five (5) days of this action;
2. Approve LAFCO SC #447 authorizing the City of Rialto to extend wastewater service outside its boundaries to Assessor Parcel Numbers 0253-072-35, 0253-072-36, 0253-072-39, 0253-231-01 thru -07 and 0253-232-01 thru -07, 0256-031-01 thru -03, 0257-051-46, and 1133-211-14;

3. Determine that the wastewater service to Assessor Parcel Number 0240-181-51 is a service agreement between two public agencies, the City of Rialto and the City of Fontana, which complies with the exemption provisions outlined within Government Code Section 56133(e);
4. Determine that the water service to Assessor Parcel Numbers 0269-171-21, 0269-171-27, 0269-171-39, 0269-171-42, and 0269-171-46 (previously comprised of Assessor Parcel Numbers 0269-171-37, 0269-171-38, 0269-171-40, & 0269-171-41) is a service agreement between two public agencies, the City of Rialto and the City of San Bernardino, which complies with the exemption provisions outlined within Government Code Section 56133(e); and,
5. Adopt LAFCO Resolution #3299 setting forth the Commission's determinations and approval of the wastewater services outside the City of Rialto boundaries.

Commissioner Cox moves approval of staff recommendation. Second by Commissioner Warren. The motion passes with the following roll call vote:

*Ayes: Bagley, Cox, Curatalo, McCallon and Warren.
Noes: None.
Abstain: None.
Absent: Lovingood and Rowe.*

9. Consideration of: (1) CEQA Statutory Exemption for Amendments to Policy and Procedure Manual; and (2) Review and Adoption of Amendments to LAFCO Policy and Procedure Manual (TO BE CONTINUED TO MARCH 18, 2020)

Recommendation: Staff recommends that the Commission continue the item to the March 18, 2020 hearing.

Commissioner Cox moves to approve staff recommendation. Second by Commissioner Curatalo. The motion passes with the following roll call vote:

*Ayes: Bagley, Cox, Curatalo, McCallon and Warren.
Noes: None.
Abstain: None.
Absent: Lovingood and Rowe.*

DISCUSSION ITEMS:

10. Review and Accept Audit Report for Fiscal Year Ended June 30, 2019

Recommendation: Staff recommends that the Commission receive and file the materials submitted by Davis Farr LLP related to the Commission's audit for Fiscal Year 2018-19.

Jennifer Farr from Davis Farr, LLP also made a brief presentation on the audit.

Commissioner Curatalo moves to approve staff recommendation. Second by Commissioner Bagley. The motion passes with the following roll call vote:

*Ayes: Bagley, Cox, Curatalo, McCallon and Warren.
Noes: None.
Abstain: None.
Absent: Lovingood and Rowe.*

11. Update on Sustainability of the City of Adelanto, related to LAFCO 3232 – Sphere of Influence Amendment for the City of Adelanto

Recommendation: Staff recommends that the Commission:

1. Receive and file this report.
2. Schedule an update for the City for the March 2020 hearing, unless otherwise directed by the Commission.

The Commission directs that, at the March update, the expectation is that at least the FY 2016-17 audit will be done and hopefully the FY 2017-18 will be done. The Commission requests that at the March update, the internal control findings as well as the corrective actions be presented to the Commission. Finally, the Commission requests that some of the City Council members be present at the March update.

Commissioner Cox moves to approve staff recommendation with a modification to have another update in May 2020. Second by Commissioner Curatalo. The motion passes with the following roll call vote:

*Ayes: Bagley, Cox, Curatalo, McCallon and Warren.
Noes: None.
Abstain: None.
Absent: Lovingood and Rowe.*

12. Mid-Year Budget Review for Fiscal Year 2019-20

Recommendation: Staff recommends that the Commission:

1. Note receipt of this report and file.
2. Provide direction to staff on items of concern for the second half.

Chair McCallon notes receipt and file of the Mid-Year Budget Review Report for Fiscal Year 2019-20.

13. Legislative Report

Recommendation: Staff recommends that the Commission indicate its support for Senate Bill 799 (Dodd) related to the removal of the sunset clause for Government Code Section 56133.5.

The Commission revises recommendation to “support, if amended” indicating its desire that the sunset clause be removed only if the pilot program is made available to all LAFCOs; otherwise, it is simply requesting for an extension if it remains a pilot program.

Commissioner Curatalo moves to approve revised recommendation. Second by Commissioner Warren. The motion passes with the following roll call vote:

Ayes: Bagley, Cox, Curatalo, McCallon and Warren.

Noes: None.

Abstain: None.

Absent: Lovingood and Rowe.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE COMMISSION, THE MEETING ADJOURNS AT 10:27 A.M.

ATTEST:


ANGELA SCHELL on behalf of
LA TRICI JONES, Clerk to the Commission

LOCAL AGENCY FORMATION COMMISSION

JAMES CURATALO, Vice 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
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www.sbclafco.org

DATE : FEBRUARY 10, 2020 
FROM: SAMUEL MARTINEZ, Executive Officer
TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: AGENDA ITEM #5 – APPROVAL OF EXECUTIVE OFFICERS' EXPENSE REPORT

RECOMMENDATION:

Approve the Executive Officers' Expense Report for Procurement Card Purchases from December 24, 2019 to January 22, 2020.

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 December 24, 2019 to January 22, 2020.


Staff recommends that the Commission approve the Executive Officers' expense reports as shown on the attachments.

SM/llj

Attachments

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

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www.sbclafco.org

DATE : FEBRUARY 10, 2020
FROM: SAMUEL MARTINEZ, Executive Officer 
TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: AGENDA ITEM #6 - RATIFY PAYMENTS AS RECONCILED FOR
THE MONTH OF DECEMBER 2019 AND NOTE REVENUE
RECEIPTS

RECOMMENDATION:

Ratify payments as reconciled for the month of December 2019 and note revenue receipts for the same period.

BACKGROUND INFORMATION:

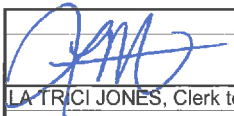

Staff has prepared a reconciliation of warrants issued for payments to various vendors, internal transfers for payments to County Departments, cash receipts and internal transfers for payments of deposits or other charges that cover the period of December 1, 2019 through December 31, 2019

Staff is recommending that the Commission ratify the payments for December 2019 as outlined on the attached listings and note the revenues received.

SM/llj


Attachments

MONTH OF DECEMBER 2019 PAYMENTS PROCESSED						
Document Number	Account	Posting Date	Activity	Reference	Vendor	Amount
1900589715	52002090	12/4/2019	LAFCO OFFICE JANITORIAL SERVICE	INVOICE 69376	JAN PRO	\$490.00
1900589701	52002305	12/4/2019	BUSINESS CARDS - JIM BAGLEY	INVOICE 110703	CROWN CONNECT	\$130.20
1900600413	52002305	12/18/2019	PAPER RECYCLING	INVOICE 38.50	SHRED-IT	\$38.50
1900589665	52001215	12/4/2019	RECORDS STORAGE	INVOICE 0121881	STORETRIEVE	\$64.37
1900592298	52002400	12/9/2019	BEST BEST & KRIEGER	INVOICE 865422	BBK	\$90.00
1900592330	52002400	12/9/2019	BEST BEST & KRIEGER	INVOICE 865421	BBK	\$1,339.50
1900592331	52002400	12/9/2019	BEST BEST & KRIEGER	INVOICE 865419	BBK	\$1,578.04
1900589656	52002405	12/4/2019	GASB 68 2019 PAYMENT	INVOICE 2019	SBCERA	\$3,188.20
1900589660	52002405	12/4/2019	GASB 68 2018 PAYMENT	INVOICE 2019	SBCERA	\$3,140.03
1900600409	52002444	12/18/2019	MIJAC ALARM SERVICES SYSTEM UPGRADE	INVOICE 448788	MIJAC ALARM	\$199.00
1900589667	52002445	12/4/2019	LAFCO CONSULTANT	INVOICE 10	ALDRICH & ASSOCIATES	\$2,025.00
1900600383	52002445/2940	12/18/2019	COMMISSIONER STIPEND & MILEAGE	BAGLEY 12-18-19	JAMES BAGLEY	\$304.28
1900600386	52002445/2940	12/18/2019	COMMISSIONER STIPEND & MILEAGE	COX 12-18-9	KIMBERLY COX	\$262.64
1900600388	52002445/2940	12/18/2019	COMMISSIONER STIPEND & MILEAGE	CURATALO 12-18-19	JIM CURATALO	\$229.00
1900600391	52002445/2940	12/18/2019	COMMISSIONER STIPEND & MILEAGE	FARRELL 12-18-19	STEVEN FARRELL	\$219.95
1900600394	52002445	12/18/2019	COMMISSIONER STIPEND	ROWE 12-18-19	DAWN ROWE	\$200.00
1900600395	52002445	12/18/2019	COMMISSIONER STIPEND	MCCALLON 12-8-19	LARRY MCCALLON	\$200.00
1900600398	52002445	12/18/2019	COMMISSIONER STIPEND	AMIS 12-18-19	LOUISA AMIS	\$200.00
1900600400	52002445	12/18/2019	COMMISSIONER STIPEND	LVNGOOD12-18-19	ROBERT LOVINGOOD	\$200.00
1900600407	52002445	12/18/2019	LAFCO CONSULTANT	INVOICE 110703	ALDRICH & ASSOCIATES	\$2,250.00
1900600672	52002445	12/19/2019	GOVERNANCE TRAINING	INVOICE 49645	CSDA	\$850.00
1900600415	52002895	12/18/2019	LAFCO OFFICE COPIER	INVOICE 34412327	KONICA MINOLTA	\$422.41
1900589670	52002905	12/4/2019	LAFCO COMMISSION MEETING ROOM	INVOICE 852	IVDA	\$405.00
1900599347	52942940	12/18/2019	MILEAGE FOR GOVERNANCE TRAINING	BAGLEY 12-18-19	JAMES BAGLEY	\$122.96
TOTAL						\$18,149.08
MONTH OF DECEMBER 2019 INTERNAL TRANSFERS PROCESSED						
4101142389	52002031	12/1/2019	NOVEMBER 2019 PAYROLL SYSTEMS	ISD	ISD	\$95.25
4101142393	52002037	12/1/2019	NOVEMBER 2019 DIAL TONE	ISD	ISD	\$286.20
4200042579	52002310	12/2/2019	MAIL SERVICES - HAN	COUNTY MAIL	COUNTY MAIL	\$120.50
4200042580	52002310	12/2/2019	MAIL SERVICES - FLAT	COUNTY MAIL	COUNTY MAIL	\$8.85
4200042628	52002310	12/2/2019	MAIL SERVICES - DEL	COUNTY MAIL	COUNTY MAIL	\$123.50
4101142402	52002420	12/1/2019	NOVEMBER 2019 WIRELESS DEVICE	ISD	ISD	\$23.83
4101142403	52002421	12/1/2019	NOVEMBER 2019 DESKTOP SUPPORT SERVICES	ISD	ISD	\$1,396.80
4101143689	52412410	12/1/2019	IT INFRASTRUCTURE - PERIOD 06	ISD	ISD	\$938.00
4101142399	52412416	12/1/2019	CPU USAGE & ENTERPRISE PRINTING - PERIOD 06	ISD	ISD	\$3.00
4101142401	52412418	12/1/2019	ENTERPRISE STORAGE - PERIOD 06	ISD	ISD	\$705.00
4200042929	55405012	12/11/2019	MICROSOFT EA REIMBURSEMENT	ISD	ISD	\$1,741.32
TOTAL						\$5,442.25
MONTH OF DECEMBER 2019 CASH RECEIPTS						
4101148425	40709555	12/10/2019	CITY OF UPLAND - LAFCO 3216	INDEMNIFICATION		\$17.25
4101148425	40709800	12/10/2019	SC#447 - RIALTO UTILITY AUTHORITY	LAFCO FEE		\$3,430.00
TOTAL						\$3,447.25
MONTH OF DECEMBER 2019 INTERNAL TRANSFERRED RECEIVED						
TOTAL						\$0.00

		2/10/2020			
LA TRICI JONES, Clerk to the Commission		DATE			
RECONCILIATION APPROVED BY:					
					
SAMUEL MARTINEZ, Executive Officer		2/10/2020			
		DATE			

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

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DATE : FEBRUARY 11, 2020
FROM: SAMUEL MARTINEZ, Executive Officer 
TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: AGENDA ITEM #7: Approve One-Year Extension of Contract with Davis Farr, LLP for Financial Audit Services for Fiscal Year 2019-20

RECOMMENDATION:

Authorize the Executive Officer to exercise the one-year extension with Davis Farr, LLP to prepare the audit for Fiscal Year 2019-20.

BACKGROUND:

In July 2016, the Commission approved a contract with the auditing firm Davis Farr, LLP to perform the Commission's annual audits for the periods FY 2015-16 through FY 2018-19 (four-year term) with a one-year option to continue using Davis Farr for the FY 2019-20 audit, at the discretion of the Commission.

Davis Farr has completed the audits for the four fiscal years, including the FY 2018-19 audit that the Commission received and filed at last month's meeting. For the last four years, Davis Farr has performed with outmost professionalism in preparing the Commission's audits.

In responding to LAFCO staff's inquiry regarding the one-year option to extend the contract, Davis Farr indicated that it can perform the Commission's FY 2019-20 audit for \$8,445, which is a nominal 3% increase over the rate of the Commission's last audit. It should be noted that the other LAFCOs who are a part of the joint RFP/contract (Imperial, Los Angeles, Orange, and Riverside LAFCOs) are all exercising their one-year extension with Davis Farr.

LAFCO staff recommends that the Commission approve using Davis Farr to prepare the Commission's FY 2019-20 and authorize the Executive Officer to exercise the one-year extension with Davis Farr. In addition, LAFCO staff is also requesting authorization to start working with the other LAFCOs (Imperial, Los Angeles, Orange and Riverside LAFCOs) on issuing a new joint RFP for auditing services starting FY 2020-21, and return to the Commission on the group's recommendation regarding its selection of a new auditing firm to perform the Commission's annual audits.

Attachment: Current Contract with Davis Farr, LLP

**AGREEMENT FOR SERVICES BETWEEN
LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY
AND
DAVIS FARR, LLP**

This Agreement is made and entered into as of July 1, 2016 ("Effective Date") by and between the Local Agency Formation Commission for San Bernardino County (hereinafter referred to as "LAFCO"), organized and operating pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, Government Code Section 56000 *et seq.* Davis Farr, LLP (hereinafter referred to as "Consultant").

RECITALS

A. LAFCO is a public agency of the State of California and is in need of the following professional services: Audit Services for the fiscal year ending on June 30, 2016, June 30, 2017, June 30, 2018 and June 30, 2019, as more particularly described herein (hereinafter referred to as "the Project").

B. Consultant is a qualified independent Certified Public Accounting firm.

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

AGREEMENT

NOW, THEREFORE, IT IS AGREED AS FOLLOWS:

1. Services.

Consultant shall provide LAFCO with the services described in the Scope of Services attached hereto as Exhibit "A." Should LAFCO determine, in its sole discretion, to exercise its option to renew this Agreement for an additional year as set forth in Section 5 of this Agreement, such renewed services shall be performed as described in the Scope of Services attached hereto as Exhibit "A."

2. Compensation.

a. The total amount paid for services rendered by Consultant pursuant to Exhibit "A" for the audit of the fiscal year ending on June 30, 2016 shall not exceed \$7,600, for the fiscal year ending on June 30, 2017 shall not exceed \$7,800, for fiscal year ending on June 30, 2018 shall not exceed \$8,000, and for fiscal year ending on June 30, 2019 shall not exceed \$8,200 without prior written approval by LAFCO. Periodic payments shall be made within 30 days of receipt of a statement for services rendered. Payments to Consultant for work performed will be made on a monthly billing basis.

b. Subject to paragraph 2(a) above, LAFCO shall pay for additional consulting services in accordance with the Schedule of Additional Charges set forth in Exhibit "B."

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

3. Additional Work.

If changes in the work seems merited by Consultant or LAFCO, and informal consultations with the other party indicate that a change is warranted, it shall be processed by LAFCO in the following manner: a letter outlining the changes shall be forwarded to LAFCO by Consultant with a statement of estimated changes in fee or time schedule. An amendment to the Agreement shall be prepared by LAFCO and executed by both parties before performance of such services or LAFCO will not be required to pay for the changes in the scope of work. Such amendment shall not render ineffective or invalidate unaffected portions of this Agreement.

4. Maintenance of Records.

Books, documents, papers, accounting records and other evidence pertaining to costs incurred shall be maintained by Consultant and made available at all reasonable times during the Agreement period and for seven (7) years from the date of final payment under the contract for inspection by LAFCO.

5. Term and Time of Performance.

The term of this Agreement shall be from July 1, 2016 to June 30, 2019. In its sole discretion, LAFCO may extend the Services required hereunder to include audit services related to the fiscal year(s) ending on June 30, 2020, in writing providing notice to Consultant that such Services shall be extended for an additional year. Consultant shall perform its services hereunder in a prompt and timely manner, in accordance with the Activity Schedule shown in Exhibit "C" and shall commence performance upon the execution of this Agreement.

6. Delays in Performance.

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

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

7. Compliance with Law.

a. Consultant shall comply with all applicable laws, ordinances, codes and regulations of the federal, state and local government.

b. Consultant shall assist LAFCO in obtaining and maintaining all permits required of Consultant by Federal, State and local regulatory agencies.

c. Consultant certifies by executing this Agreement that, on the Effective Date and for the duration of this Agreement, neither Consultant nor its employees assigned to perform services hereunder shall have any prohibited conflict of interest as defined under the California Political Reform Act or conflicting financial interest in this Agreement as defined under California Government Code Section 1090.

d. Consultant agrees that in the event an administrative agency or court of competent jurisdiction finds this Agreement to have been executed or administered in violation of Government Code Section 1090 or any other applicable law, that disgorgement of profits or anything received by Consultant may be required as a consequence of both civil and criminal liability. In such a case, payments made by LAFCO to the Consultant must be returned to LAFCO by the Consultant and no claim for future payments under this Agreement may be made, and LAFCO shall be entitled to retain any benefits which it receives under this Agreement.

8. Standard of Care.

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

9. Assignment and Subconsultant.

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

10. Independent Contractor.

Consultant is retained as an independent contractor and is not an employee of LAFCO. No employee or agent of Consultant shall become an employee of LAFCO. The work

to be performed shall be in accordance with the work described in Exhibit "A," subject to such directions and amendments from LAFCO as herein provided.

11. Integration.

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

12. Insurance.

a. Commercial General Liability

(1) Consultant shall maintain occurrence version Commercial General Liability Insurance or equivalent form with a combined single limit of not less than \$1,000,000 per occurrence. If such insurance contains a general aggregate limit, it shall apply separately to this Agreement or be no less than twice the occurrence limit.

(2) All such policies shall name LAFCO, the Commission and each member of the Commission, its officers, employees, agents and LAFCO designated volunteers as Additional Insureds under the policy.

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

b. Automobile Liability

(1) At all times during the performance of the work under this Agreement the Consultant shall maintain Automobile Liability Insurance for bodily injury and property damage including coverage for non-owned and hired vehicles, in a form and with insurance companies acceptable to LAFCO.

(2) Coverage for Automobile Liability Insurance shall be at least as broad as Insurance Services Office Form Number CA 0001 (ed. 6/92) covering automobile liability, Code 1.

(3) The automobile liability program may utilize deductibles, but not a self-insured retention, subject to written approval by LAFCO.

(4) All such policies shall name LAFCO, the Commission and each member of the Commission, its officers, employees, agents and designated volunteers as Additional Insureds under the policies.

c. Workers' Compensation/Employer's Liability

(1) At all times during the performance of the work under this Agreement and for 24 months following the date of Project completion and acceptance by LAFCO, the Consultant shall maintain workers' compensation in compliance with applicable statutory requirements and Employer's Liability Coverage in amounts indicated herein.

(2) Such insurance shall include an insurer's Waiver of Subrogation in favor of LAFCO and will be in a form and with insurance companies acceptable to LAFCO

(3) If insurance is maintained, the workers' compensation and employer's liability program may utilize either deductibles or provide coverage excess of a self-insured retention, subject to written approval by LAFCO.

(4) Before beginning work, the Consultant shall furnish to LAFCO satisfactory proof that Consultant has taken out, for the period covered by the work under this Agreement, full compensation insurance for all persons employed directly by Consultant to carry out the work contemplated under this Agreement, all in accordance with the "Workers' Compensation and Insurance Act," Division IV of the Labor Code of the State of California and any acts amendatory thereof. Consultant shall require all subconsultants to obtain and maintain, for the period covered by the work under this Agreement, workers' compensation of the same type and limits as specified in this Section.

d. Professional Liability (Errors and Omissions).

At all times during the performance of the work under this Agreement the Consultant shall maintain professional liability insurance, in a form and with insurance companies acceptable to LAFCO and in an amount indicated herein.

e. Minimum Policy Limits Required

(1) The following insurance limits are required for the Contract:

	<u>Combined Single Limit</u>
Commercial General Liability	\$1,000,000 per occurrence/aggregate for bodily injury, personal injury and property damage
Automobile Liability	\$1,000,000 per occurrence for bodily injury and property damage
Employer's Liability	\$1,000,000 per occurrence
Professional Liability (errors and omissions)	\$1,000,000 per claim and aggregate

f. Evidence Required

Prior to execution of the Agreement, the Consultant shall file with LAFCO evidence of insurance from an insurer or insurers certifying to the coverage of all insurance required herein. Such evidence shall include original copies of the ISO CG 2010 (or insurer's equivalent) signed by the insurer's representative and Certificate of Insurance (ACORD Form 25-S or equivalent). All evidence of insurance shall be signed by a properly authorized officer, agent or qualified representative of the insurer and shall certify the names of the insured, any additional primary insureds, where appropriate, the type and amount of the insurance, the location and operations to which the insurance applies and the expiration date of such insurance.

g. Policy Provisions Required

(1) All policies shall contain a provision for 30 days advance written notice by the insurer(s) to LAFCO of any cancellation. Statements that the carrier "will endeavor" and "that failure to mail such notice shall impose no obligation and liability upon the company, its agents or representatives," will not be acceptable on certificates.

(2) All policies shall contain a provision stating that the Consultant's policies are primary insurance and that the insurance of LAFCO or any Additional Insured shall not be called upon to contribute to any loss.

h. Additional Insurance Provisions

(1) The foregoing requirements as to the types and limits of insurance coverage to be maintained by Consultant, and any approval of said insurance by LAFCO, is not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by the Consultant pursuant to this Agreement, including but not limited to, the provisions concerning indemnification.

(2) If at any time during the life of the Agreement the Consultant fails to maintain in full force any insurance required by the Agreement documents, LAFCO may terminate the Agreement.

(3) The Consultant shall include all subconsultants as insureds under its policies or shall furnish separate certificates and endorsements for each subconsultant. All coverages for subconsultants shall be subject to all of the requirements stated herein.

(4) LAFCO may require the Consultant to provide complete copies of all insurance policies in effect for the duration of the Project.

(5) Neither LAFCO nor the Commission, nor any member of the Commission, nor any of the directors, officers, employees, agents or volunteers of LAFCO or the Commission shall be personally responsible for any liability arising under or by virtue of this Agreement.

13. Indemnification.

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

14. Laws, Venue and Attorneys' Fees.

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

15. Termination or Abandonment.

a. LAFCO has the right to terminate or abandon any portion or all of the work under this Agreement by giving ten (10) calendar days written notice to Consultant. In such event, LAFCO shall be immediately given title and possession to all original field notes, drawings and specifications, written reports and other documents produced or developed for that portion of the work completed and/or being abandoned. LAFCO shall pay Consultant the reasonable value of services rendered for any portion of the work completed prior to termination. If said termination occurs prior to completion of any task for the Project for which a payment request has not been received, the charge for services performed during such task shall be the reasonable value of such services, based on an amount mutually agreed to by LAFCO and Consultant of the portion of such task completed but not paid prior to said termination. LAFCO shall not be liable for any costs other than the charges or portions thereof which are specified herein. Consultant shall not be entitled to payment for unperformed services and shall not be entitled to damages or compensation for termination of work.

b. Consultant may terminate its obligation to provide further services under this Agreement upon thirty (30) calendar days' written notice to LAFCO only in the event of substantial failure by LAFCO to perform in accordance with the terms of this Agreement through no fault of Consultant.

16 Organization.

Consultant shall assign Jeff Ball as Project Manager. The Project Manager shall not be removed from the Project or reassigned without the prior written consent of LAFCO.

17. Notice.

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

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

Consultant:
Davis Farr, LLP
2301 DuPont Drive, Suite 200
Irvine, CA 92612
Attn: Jennifer Farr, Partner

and shall be effective upon receipt thereof.

18. Third Party Rights.

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

19. Severability.

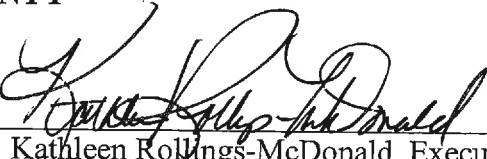
The unenforceability, invalidity or illegality of any provision(s) of this Agreement shall not render the other provisions unenforceable, invalid or illegal.

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

[signatures continued on next page]

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

By:



Kathleen Rollings-McDonald, Executive
Officer

DAVIS FARR, LLP

By:



Jennifer Farr, Partner

Approved as to Form:



Legal Counsel
Local Agency Formation Commission for
San Bernardino County

EXHIBIT A

Scope of Services

Consultant shall provide the following services:

1) Audit

- a) Consultant will perform an independent audit of all funds of LAFCO. The audit will be conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller of the United States.
- b) The Commission's Basic Financial Statements will be prepared and word-processed by the Consultant in full compliance with generally accepted accounting principles.
- c) The Consultant will render their auditors' report on the Basic Financial Statements that will include both Government-Wide Financial Statements and Fund Financial Statements.
- d) The Consultant will also apply limited audit procedures to Management's Discussion and Analysis ("MD&A"), consisting of the control environment, accounting systems and control procedures, and required supplementary information pertaining to the General Fund and each major fund of the Commission.

2) Management Letter

- a) The Consultant will issue a separate "management letter" that includes recommendations to the governing board for improvements in internal control that are considered to be nonreportable conditions.

LAFCO will provide the following services:

The LAFCO staff will provide normal cooperation and assistance during the audit including typing of confirmation requests, referral to the appropriate person and/or department for supporting documents and reconciliations of major asset and liability balances. LAFCO staff will prepare the MD&A and transmittal letters based on a template supplied by the Consultant. All other information and financial statements are the responsibility of the Consultant. All working papers and reports are to be retained at the Consultant's sole expense for a minimum of seven (7) years. Consultant will be responsible for making working papers available to LAFCO or any other appropriate government agency.

EXHIBIT B

Schedule of Additional Charges/Payments

Fee Schedule
for
DAVIS FARR, LLP

The following fee schedule shall apply for additional consulting services of the fiscal year ending on June 30, 2016, and June 30, 2017, and June 30, 2018, and June 30, 2019:

Professional Services Classification	Hourly Rates
Partners	\$170
Managers	\$125
Senior (in-Charge) Auditors	\$110
Staff Auditor	\$90

Consultant shall bill LAFCO only for the actual hours incurred in performing the services required under this Agreement, in accordance with the fee schedule set forth above, and subject to the provisions of Section 2 of this Agreement.

EXHIBIT C

Activity Schedule

Timetable of Audit Work and Deliverable Reports to be performed for the Fiscal Year ending on June 30, 2016, and June 30, 2017, and June 30, 2018, and June 30, 2019 and June 30, 2020, if LAFCO exercises its option to renew the Agreement, in its sole discretion:

Consultant shall be responsible for performing the audit for the fiscal year ending on June 30, 2016, and June 30, 2017, and June 30, 2018, June 30, 2019, and June 30, 2020, if LAFCO exercises its option to renew the Agreement, in its sole discretion, in accordance with Exhibit "A" and preparation and word processing of the following financial statements:


<u>Report Description</u>	<u>Number of Copies</u>	<u>Due Date of Each Audit Year</u>
Basic Financial Statements	1 photo ready 3 hard copies (Final audit)	No later than November 30 th of every year

A draft copy of the Basic Financial Statements should be delivered to the LAFCO Executive Officer for review approximately 10 days prior to the deadline noted above.

The audit shall begin no earlier than September 1 of each year and be completed no later than November 30, following the fiscal year audited (e.g. begin no earlier than September 1st and completed in time to meet the deadline established by LAFCO for the audit of each fiscal year).

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: FEBRUARY 12, 2020 
FROM: SAMUEL MARTINEZ, Executive Officer
MICHAEL TUERPE, Project Manager
TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: Agenda Item #9: LAFCO 3231 - Countywide Service Review for
Fire Protection/Emergency Medical Services/Dispatch

RECOMMENDATIONS:

Staff recommends that the Commission take the following actions related to LAFCO 3231:

1. For environmental review, certify that the service review is statutorily exempt from environmental review and direct the Executive Officer to file the Notice of Exemption within five (5) days.
2. Accept and file the Countywide Service Review for Fire Protection/Emergency Medical Services/Dispatch which sets forth the written statements for the six determinations outlined in Government Code Section 56430 made by the Commission.
3. As outlined in the service review presented to the Commission, take the following actions for specific agencies/entities:
 - a) Direct LAFCO staff to continue to monitor the Barstow Fire Protection District and the City of Barstow, and return to the Commission at its September 16, 2020 meeting.
 - b) Direct LAFCO staff to continue to monitor the San Bernardino County Fire Protection District, and return to the Commission at its September 16, 2020 meeting.
4. Adopt LAFCO Resolution No. 3301 reflecting the Commission's determinations and directions as required by Government Code Section 56430 and Commission policy.

BACKGROUND:

The primary objective of this service review is to provide the Commission with recommendations to: (1) update the determinations from previous service reviews, (2) initiate sphere of influence updates where appropriate, and (3) monitor specific agencies where appropriate.

The Executive Summary summarizes the content of the review, identifies key facts found during the review's preparation, and lists recommendations for Commission action. Additionally, staff has identified opportunities for the agencies and the emergency response community at large to consider – these do not have recommendations for Commission action. Furthermore, this service review identifies areas where agencies are providing service outside their boundaries and spheres of influence.

Agency Outreach

For this service review, LAFCO staff reached out to the San Bernardino County Fire Chiefs' Association due to the scale, scope, and reach of fire agencies. The Chiefs' Association formed an advisory group to provide guidance and technical assistance for this review. LAFCO staff and the advisory group convened five times. Their thoughtful feedback helped develop this service review.

LAFCO staff conducted an extensive outreach effort with the agencies addressed in this review, including, but not limited to:

- Briefing to the Fire Chiefs' Association three times.
- *Questionnaire and Survey.* LAFCO requested each fire agency to complete a questionnaire and a confidential online survey; all but one agency completed in full.
- *Working Copy.* Each agency was first provided with a working copy of their respective agency profile for review and input.
- *First Draft.* Each agency and stakeholder was provided with the first draft of the service review for review and comment, followed by a presentation to the Fire Chiefs' Association. LAFCO staff provided responses to comments received on the first draft (Appendix A to this service review).
- *Notice of the LAFCO hearing with Final Draft.* LAFCO provided the notice of the Commission hearing to all agencies, stakeholders, and interested parties, which was also noticed on the LAFCO website. The Final Draft was issued the same day to all parties as well as the Commission.
- *Staff report with Amended Final Draft.* The staff report, outlining recommendations for Commission action, along with the final draft, was provided to all agencies, stakeholders, and interested parties, which is also available on the LAFCO website. The service review attached to this staff report (Attachment #1) includes technical, non-substantive, corrections identified since release of the Final Draft (Attachment #2).

ENVIRONMENTAL CONSIDERATION:

The Commission's Environmental Consultant, Tom Dodson of Tom Dodson and Associates, has indicated his recommendation that LAFCO 3231 is statutorily exempt from California Environmental Quality Act (CEQA). This recommendation is based on the finding that the service review is not judged to pose any adverse changes to the physical environment; therefore, the service review 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 hearing was provided through publication in newspapers of general circulation within the area, the *Big Bear Grizzly, Mountain News, and San Bernardino Sun*. 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 State Law and Commission Policy, in-lieu of individual notice the notice of hearing publication was provided through an eighth page legal ad.
2. As required by State law, individual notification of the hearing was provided to affected and interested agencies, County departments, and those agencies and individuals requesting mailed notice.
3. The first draft of the service review document was released to all affected agencies on January 7, 2020.
4. The final draft of the service review was released on January 29, 2020 to all parties as well as the Commission and posted on the LAFCO website. Due to the size and scope of the service review, the final draft was released in advance of the staff report to allow for additional time for review and comment.
5. Comments from the public and any affected agency will be reviewed and considered by the Commission in making its determinations.

CONCLUSION:

Staff recommends that the Commission take the actions outlined on page 1 for the Countywide Service Review for Fire Protection/Emergency Medical Services/Dispatch and other actions for continued monitoring.

SM/MT

Attachments:

1. [Countywide Service Review for Fire Protection/Emergency Medical Services/Dispatch](#)
2. [Changes to the Final Draft](#)
3. [Environmental Recommendation from Tom Dodson](#)
4. [Draft Resolution No. 3301](#)

**Countywide Service Review for
Fire Protection/Emergency
Medical Services/Dispatch**

Attachment 1

LAFCO 3231 ATTACHMENT 1 – Countywide Service Review

The service review is accessible from the following link:

<http://www.sbcounty.gov/uploads/LAFCO//Downloads/FSR/FinalDraft/FireFinalDraft.pdf>

The first draft of the service review document was released to all affected agencies on January 7, 2020.

The final draft of the service review was released on January 29, 2020 to all parties as well as the Commission and posted on the LAFCO website. Due to the size and scope of the service review, the final draft was released in advance of the staff report to allow for additional time for review and comment.

Changes to the Final Draft

Attachment 2

*Countywide Service Review
Executive Summary*

1-22 The City of Rialto and County Fire are pilot agencies for Community Paramedicine in California. This program includes specially trained paramedics that provide out-of-hospital care at residents' homes to treat underlying medical conditions to help prevent future hospitalizations. According to City and County Fire staffs, this unfunded program has produced good results. However, the state legislature would need to take action to continue the program, hopefully with funding.

1-23 Rancho Cucamonga Fire Protection District's All Risk Training Center, 30 years in the making, offers a unique training facility available to District staff and all public safety partners in the region and throughout the state. The facility incorporates a variety of buildings, which simulate single-family homes, multi-story apartments, senior living facilities, warehouses, strip mall centers, high-rise towers and more. Buildings and props can be reconfigured to create realistic, high-level intensity situations for training public safety staff. By allowing for joint training of fire and law enforcement personnel, the Center offers opportunities for agencies to both refine skills and develop strategic, coordinated responses to a wide variety of crisis situations. The Rancho Cucamonga Police also use the facility to train officers using simulated ammunition in a realistic environment - without causing damage to a facility. The District has made the Center available to public safety staff throughout California.

1-24 The Health and Safety Code provisions authorizing the Inland Counties Emergency Medical Agency ("ICEMA") to establish Operating Areas ("OAs") for ambulance service is disconnected from the Government Code Sections governing LAFCO and local governments. LAFCOs authorize agencies to provide services (e.g., ambulance) and determine agencies' spheres of influence. ICEMA assigns an OA to an agency independent of LAFCO. The OA assignment does not necessarily conform to existing boundaries of an agency and often extends outside an agency's sphere boundaries.

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The Running Springs Water District and the Big Bear City Community Services District, via the Big Bear Fire Authority, provide ambulance service outside of their respective boundaries and spheres of influence. This circumstance can be addressed in the context of Gov't. Code §56133.5 - a pilot program, through 2020, for Napa and San Bernardino LAFCOs to authorize a city or district to extend services outside an agency's boundary and sphere of influence.

Economic/Staffing Challenges

1-25 Given the economic challenges of the past decade, decision makers are examining in detail the service levels for all governmental fund activities and making tough financial compromises amidst public scrutiny. Particular to fire, the decisions relate to staffing, equipment and pension payments.

1-26 Districts rely primarily upon property tax, special taxes, fees for service, and development mitigation fees, and have little opportunity to increase fees. The most significant financing constraints for fire services are legal requirements that limit property taxes and require voter approval of new taxes and tax increases. Because agency financial resources are primarily tied to property taxes, districts continue to be

3. Opportunities for Agency and Community Consideration

The opportunities outlined below are identified in the service review for future agency and community consideration. There is no recommendation to the Commission for action.

3-1 Barstow Fire Protection District

A. Area outside the Barstow Fire Protection District

There is land within the Barstow Fire Protection District's sphere of influence that is not a part of any fire agency's jurisdiction. The land comprises 187 acres and is located at the east end of the City, surrounded by the Barstow Fire Protection District ([a subsidiary district of the City of Barstow](#)) and portion by the Marine Corps Logistics Base. The County Assessor's records identify that the City of Barstow owns all the properties, and the area is within the City's jurisdiction as well; therefore, these lands are tax exempt. Yet, the Barstow Fire Protection District is the first responder to this area - outside its jurisdiction.

LAFCO 3000, the County Fire reorganization from 2008, could have addressed this area since the reorganization annexed all lands that were not within a fire provider. Whereas the legal description for the reorganization correctly named the Barstow Fire Protection District as an exclusion area, it incorrectly named the City of Barstow as an exclusion area (the City is not a fire agency). As a result, the area remains outside a fire agency's jurisdiction.

LAFCO recommends that an affected agency (City of Barstow or the Barstow Fire Protection District) submit an application to annex the 187-acre area to the Barstow Fire Protection District.

B. Dispatch

The Barstow City Council, acting as the governing body of the City of Barstow and the Barstow Fire Protection District, designated the dispatch system of the Barstow Police Department as the dispatcher of the Barstow Fire Protection District. In addition, the fire chief of the Barstow Fire Protection District reports to the Barstow Police Chief for dispatch matters and to the City Manager for all other matters.

LAFCO concludes that the fire chief of the Barstow Fire Protection District, being a self-governed district, should have a clear and single chain of reporting. LAFCO recommends that the City of Barstow and Barstow Fire Protection District evaluate the authority and reporting chain of the fire chief of the Barstow Fire Protection District.

3-2 Big Bear Fire Authority

A. Fiscal Challenges

LAFCO concludes that the Big Bear Fire Authority:

- Has experienced ongoing budget shortfalls for the past few years, which have threatened station closures and a reduction in service.

*Countywide Service Review
Executive Summary*

- Needs increased funding and/or a reduction in service to continue sustainable operations.

LAFCO recommends that the Big Bear Fire Authority continue to evaluate additional revenue sources or significant enhancements to existing revenues to include, but not limited to:

- A ballot measure for a special tax or formation of a community facilities district.
- Negotiations with the City of Big Bear Lake for the incorporated portion of the Fire Authority.
- Negotiations with the County of San Bernardino for the unincorporated portion of the Fire Authority.

B. Service outside Boundary and Sphere of Influence

The Inland Counties Emergency Medical Agency ("ICEMA") authorizes the Big Bear City Community Services District ("Big Bear City CSD") to provide ambulance services within Operating Area ("OA") #20. Under the authorization of its member agency, Big Bear City CSD, the Fire Authority provides this service. As a result, the Fire Authority provides both first responder and ambulance transportation services throughout the OA, which extend beyond the spheres of influence of its member agencies.

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LAFCO concludes that this circumstance can be addressed in the context of Gov't. Code §56133.5 - a pilot program, through 2020, for Napa and San Bernardino LAFCOs to authorize a city or district to extend services outside of a sphere.

LAFCO recommends that the Fire Authority and the Big Bear City Community Services District submit an application to LAFCO to address this circumstance.

C. LAFCO Authorization of Services

LAFCO authorizes the Big Bear City CSD to provide ambulance but such authority is lacking for the Big Bear Lake Fire Protection District.

LAFCO concludes that in order for a joint powers authority to provide ambulance services (and succeed to the contract), both the Big Bear City CSD and Big Bear Lake Fire Protection District need to provide similar services throughout its jurisdiction. Otherwise, the CSD should be the entity to continue to provide ambulance service.

LAFCO recommends that the Authority and the Big Bear Lake Fire Protection District submit an application to LAFCO requesting authorization of paramedic and ambulance services for the Big Bear Lake FPD.

B. Joint Training Association

Daggett, Newberry, and Yermo CSDs have recently formed a loose association for joint training activities.

LAFCO concludes that the recently formed association is a significant step in enhancing agency resources. Any future agreements will depend on local conditions and the needs of the individual districts, and analysis of tradeoffs in relation to autonomy, which may change over time.

LAFCO recommends that the Daggett, Newberry, and Yermo CSDs continue to pursue growth opportunities for its association to further efforts for effective and efficient provision of services.

3-12 Running Springs Water District

The Inland Counties Emergency Medical Agency ("ICEMA") authorizes the Running Springs Water District to provide ground ambulance services within an Operating Area ("OA"). As a result, the District provides both first responder and ambulance transportation services throughout the OA, which extend beyond its sphere of influence.

LAFCO concludes that this circumstance can be addressed in the context of Gov't. Code §56133.5 - a pilot program, through 2020, for Napa and San Bernardino LAFCOs to authorize a city or district to extend services outside of a boundary and sphere of influence.

LAFCO recommends that the Running Springs Water District submit an application to LAFCO to address this circumstance.

3-13 San Bernardino County Fire Protection District

A. Operational Deficit

The San Bernardino County Fire Protection District was formed with an operational deficit at the time of its formation in 2008. However, the County Board of Supervisors at its October 16, 2007 workshop (Item 82) indicated that it is the ongoing commitment of the Board to allocate the funds necessary to maintain the level of services as of that time. The District discussed its funding challenges most recently at its September 24, 2019 meeting and took this item off calendar at its November 19, 2019 meeting. The District plans to return in spring 2020 to discuss this matter with possible recommendations.

LAFCO determines that continued monitoring take place for the San Bernardino County Fire Protection District. The first status report is scheduled for LAFCO's September 16, 2020 meeting.

B. Advisory Commissions

Discourse between District board members at its September 2019 meeting identified that future discussions regarding County Fire's funding and service levels would include the public. One possibility mentioned was to conduct workshops.

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C. Emergency Medical Services

Agencies that provide structural fire protection also provide emergency medical services as an integral part of their response efforts. Emergency medical services generally refer to life support services and ambulance transport. The heaviest demand on the fire/emergency system is emergency medical calls. In 2016, fire departments in the United States responded to 35.3 million calls, with fire incidents being less than four percent and medical emergencies accounting for 68 percent.² A sampling of fire agencies in San Bernardino County reveals similar percentages.

EMS Act

In 1980, California's Emergency Medical Services System and Prehospital Emergency Care Personnel Act ("EMS Act") created the state's Emergency Medical Services Authority and added Division 2.5 to the California Health and Safety Code. Emergency Medical Services generally refer to life support services and ambulance transport. Division 2.5 requires each county to develop an emergency medical services program and to designate a Local Emergency Medical Services Agency ("LEMSA").

Local Emergency Medical Services Agency ("LEMSA")

Inland Counties Emergency Medical Agency ("ICEMA") was originally established under a Joint Powers Agreement ("JPA") between the Counties of Inyo, Mono, Riverside, and San Bernardino in 1975. In 1988, Riverside County withdrew from ICEMA. The result is a tri-county JPA (Inyo, Mono, and San Bernardino) with the San Bernardino County Board of Supervisors serving as the ICEMA Board of Directors.

As the local EMS agency, ICEMA administers State and local codes and regulations governing the provision of emergency medical care to the sick and injured at the scene of an emergency and during transport to an acute care hospital. In more detail, ICEMA:

- Plans, implements, and evaluates EMS, including the provision of EMS policies, procedures, and protocols within its region.
- Is responsible for the accreditation and certification of EMS field personnel.
- Provides medical resource management.
- Arranges for the evacuation of the injured to hospitals and alternative care sites.
- Manages the Hospital Preparedness Program Grant.
- Sponsors a local healthcare coalition.
- Tests disaster medical response plans through periodic drills and exercises.

Operating Areas

One of ICEMA's core responsibilities is the designation and management of Operating Areas ("OAs") for ambulance providers. These areas were created, in part, to avert the free-for-all ambulance responses that existed prior to 1980 in some parts of the state.

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² Governing Magazine, "Fire Departments Struggle to Meet New Demands," September 21, 2018

Part I, Section 1
Organization

The lack of coordination meant multiple ambulances might arrive on scene. In addition, ambulance providers might “cherry pick” areas to serve, sometimes resulting in inferior service for low-income or difficult to access areas.

Within San Bernardino County, ICEMA has established 26 OAs for ambulance services designated as urban, rural, or wilderness areas as shown in Table 1-2 below. By granting ambulance providers the exclusive right to operate in specific zones, ICEMA can better manage emergency responses and ensure service to all.³ OAs 24, 25 and 26 are unassigned, which can create confusion and typically result in long delays in service.

Regional maps of the OAs are included in Part III.

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**Table 1-2:
Ambulance Operating Areas in San Bernardino County**

Operating Area	Ambulance Provider
1	American Medical Response
2	American Medical Response
3	American Medical Response
4	American Medical Response
5a	Rialto Fire Department
5b	American Medical Response
6	American Medical Response
7	American Medical Response
8	American Medical Response
9	American Medical Response
10	SB County Fire Protection District (Crest Forest)
11	American Medical Response
12	American Medical Response SB County Fire Protection District (Lucerne Valley)
13	Desert Ambulance
14	Morongo Basin Ambulance
15	Morongo Basin Ambulance
16	SB County Fire Protection District (Wrightwood)
17	SB County Fire Protection District (Hesperia)
18	SB County Fire Protection District (Lake Arrowhead)
19	Running Springs Fire Department
20	Big Bear Fire Authority
21	SB County Fire Protection District (Yucca Valley)
22	Baker Emergency Medical Services (Needles)
23	SB County Fire Protection District (Baker)
24	Unassigned
25	Unassigned
26	Unassigned

³ The issue of “201 rights” is up to interpretation and is not a matter for review in this service review.

1. LAFCO Conclusions and Recommendations

A. Operational Deficit

The San Bernardino County Fire Protection District was formed with an operational deficit at the time of its formation in 2008. However, the County Board of Supervisors at its October 16, 2007 workshop (Item 82) indicated that it is the ongoing commitment of the Board to allocate the funds necessary to maintain the level of services as of that time.¹ The District discussed its funding challenges most recently at its September 24, 2019 meeting and took this item off calendar at its November 19, 2019 meeting. The District plans to return in spring 2020 to discuss this matter with possible recommendations.

LAFCO determines that continued monitoring take place for the San Bernardino County Fire Protection District. The first status report is scheduled for LAFCO's September 16, 2020 meeting.

B. Advisory Commissions

Discourse between District board members at its September 2019 meeting identified that future discussions regarding County Fire's funding and service levels would include the public. One possibility mentioned was to conduct workshops.

In addition to possible workshops conducted by the County/County Fire, advisory commissions could provide an additional avenue for dialogue. The County Board of Supervisors previously authorized this tool in 2005. On December 13, 2005, the County Board of Supervisors took action to authorize the creation of advisory commissions for the four regional service zones following completion of LAFCO 3000 (County Fire Reorganization), as well the advertisement of said commission vacancy memberships (Item 34). LAFCO is not aware of the County/County Fire actually forming the advisory commissions.

LAFCO concludes that the formation of regional service zone advisory commissions would allow for a comprehensive approach to the communities' understanding of their fire resources, financial constraints, opportunities, and provide a resource to the County/Fire Board administration on the issues affecting the regional service zones.

2. Overview and Brief History

The history of the San Bernardino County Fire Department began with the formation of the Fontana Fire Department in 1928. In 1973, it merged with the Bloomington and Muscoy Fire Protection Districts. The merger created the Central Valley Fire Protection District, a special district governed by the San Bernardino County Board of Supervisors.

In 1979, eight board-governed fire agencies joined the CVFPD (Lake Arrowhead FPD, Yucca Valley FPD, Forest Falls FPD, and County Service Areas representing Lucerne Valley, Wrightwood, Hinkley, Searles Valley, Green Valley Lake) and formed the

¹ LAFCO staff report for LAFCO 3000, 19 November 2007, pages 8-10.

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Deleted: a Joint Powers Authority ("JPA") was formed – the Central Valley Fire Protection District ("CVFPD") - which included Fontana Fire, the Muscoy Fire Protection District and the Bloomington Fire Protection District

Deleted: In 1982, the Chino Fire Protection District joined CVFPD. With the addition of the fourth agency, CVFPD became the West San Bernardino Valley Fire Agency. (In 1985, Chino Fire decided to become an independent agency once again.)

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Part II, Section 1
San Bernardino County Fire Protection District

San Bernardino County Fire Agency, which was designed to provide a management umbrella over the districts, providing a single fire chief, administrative management, fire prevention and vehicle and training services. In 1982, the Chino Rural Fire Protection District joined CVFPD. With the addition of the fourth agency, CVFPD became the West San Bernardino Valley Fire Agency. (In 1985, Chino Fire decided to become an independent agency once again.)

In 1994, the County Consolidated Fire District was created to manage all the board-governed fire agencies, with the exception of CSA 38 – in essence a functional consolidation, technically not a district. The California Department of Forestry (“CDF”) continued to manage CSA 38 at that time. The District added responsibility for hazardous materials, household hazardous waste, code enforcement, and the Office of Emergency Services. In 1997, the County cancelled its contract with CDF and directed the unfunded areas and CSA 38 to be transferred to County Fire.

On July 1, 2008, a fire reorganization plan was finalized which dissolved 27 separate fire districts and merged them into a single fire protection district with four regional service zones. This reorganization created the San Bernardino County Fire Protection District (“SBCFPD” or “County Fire”), the parent organization that provides all administration, payroll, fiscal and support services. Four regional service zones were created, leaving functions unchanged, but securing property taxes on a regional level. The reorganization resulted in simplified budgeting and fiscal operations, greater flexibility in the use of department resources and assets, and more effective use of executive management to oversee day-to-day operations.

Between 2015 and 2017, the Crest Forest Fire Protection District, the City of San Bernardino, the Twentynine Palms Water District, City of Needles, and the City of Upland all annexed their territories into County Fire. Today, County Fire serves more than 60 communities/cities and most of the unincorporated areas of the county. County Fire provides emergency mitigation and management for fire suppression, emergency medical services (paramedic and non-paramedic), ambulance services, hazardous materials (HAZMAT) response, arson investigation, technical rescue, winter rescue operations, hazard abatement, and terrorism and weapons of mass destruction. County Fire’s services and programs include air ambulance, a dozer, fire abatement hand crews, an inmate hand crew specialized program, and an honor guard. County Fire also provides for the management of: community safety services such as fire prevention, building construction plans and permits, household hazardous waste, and local oversight and collection program for hazardous materials.

Moved up [1]: The joining districts included Lake Arrowhead, Yucca Valley, Lucerne Valley, Wrightwood, Hinkley, Searles Valley, Green Valley Lake and Forest Falls.

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3. Boundary and Sphere of Influence Review

This review identifies no boundary or sphere of influence matters for the agency related to fire protection or related services.

4. General Operations

County Fire completed a questionnaire that identifies services performed within its boundary, automatic and mutual aid agreements, full-time services provided outside its

9. Website Transparency

The table, below, is not an exhaustive inventory of website criteria required under current law. Rather, it identifies key components (required by the Government Code and/or recommended by the California Special Districts Association and other organizations) for websites to enhance transparency and accountability.

Government Code Sections 54954.2 and 54957.5 require agencies to post all agendas 72 hours in advance on their websites. Government Code Section 6253 requires that agencies post content most requested by constituents (and most often requested via Public Record Act requests). Because of the difficulty for LAFCO staff to verify this information, these criteria are not included in the website checklist. However, agencies should address these criteria to comply with current website requirements.

San Bernardino County Fire Protection District Website Checklist			
website accessed 12/9/19 http://sbcfire.org			
Required			
		Yes	No
Government Code §53087.8	Agency maintains a website with current contact information? <i>(required for independent special districts by 1/1/2020)</i>	X	
Government Code §6270.5	Agency has created an Enterprise System Catalog and posted it to website?	X	
Government Code §54954.2	Agency has current agenda posted to website homepage and is accessible through a prominent, direct link?	X	
Government Code §53908	Agency's website provides information on compensation of elected officials, officers and employees or has link to State Controller's Government Compensation website?	X	
The following criteria are recommended for agency websites by a number of governance associations and organizations.			
		Yes	No
Description of services?		X	
Service area map?		X	
Board meeting schedule?		X	
Budgets (past 3 years)?		X	
Audits (past 3 years)?		X	
List of elected officials and terms of office?		X	
List of key agency staff with contact information?		X	
Meeting agendas/minutes (last six months)?		X	
Notes: County Fire is a <u>board-governed</u> district of the County of San Bernardino <u>with the consent of the cities and tribes that it overlays</u> . Refer to www.sbcounty.gov for the required checklist items.			

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C. Contract with County Fire

The City provides fire protection and paramedic services to the southeast portion of the City's unincorporated sphere area per its 2011 contract with County Fire.

D. "Fire Medical" Subscription Program

The Loma Linda Fire Department offers a voluntary subscription program for emergency medical services ("EMS"). A \$48.00 annual subscription fee covers all "out-of-pocket" EMS costs for an entire household anywhere in Loma Linda.

6. Master or Strategic Plan

In February 2015, the Cities of Loma Linda and Colton completed a joint *2015-2017 Strategic Plan*, the first strategic plan since the 2013 functional consolidation of the two agencies. The Plan defines the agencies' joint mission statement and core values, organizational structure, strengths, weaknesses, opportunities and threats, and responsibilities of key management and operations staff.

The City of Loma Linda Fire Department has initiated a community survey to guide the Department in developing a strategic plan for the next five years and beyond. Anyone who lives, works, attends school, or visits the City of Loma Linda are considered stakeholders and have been invited to participate in the survey. The City estimates a completion by March 2020.

7. Previous Service Reviews

The City's first service review (by agency), second (countywide water), and third (countywide wastewater) are available via the links located underneath the agency map on the first page of this profile section. The previous service reviews did not identify issues or opportunities related to fire protection, related services, or the general fund.

8. Financial Ability to Provide Services

To make the required service review determination of an agency's financial ability to provide services, LAFCO referenced the City's own financial documents (audits, budgets, capital improvement program). Additionally, LAFCO's Fiscal Indicators Program shows fiscal trends for an agency and allows for an agency comment. The information below incorporates all of the information and sources identified above.

A. Overview

The Fire Department continues to realize an enhancement in its management depth through the resource sharing agreement with its neighboring jurisdiction. The consolidated command staff concept with the City of Colton Fire Department has allowed the combined command staff to dedicate managers to the functional division of Training that were previously managed as secondary assignments of the Operational Battalion Chiefs. Both agencies are experiencing an increase in both quantity and quality of training opportunities above the company level.

1. LAFCO Conclusion and Recommendation

A. Fiscal Challenges

LAFCO concludes that the Big Bear Fire Authority:

- Has experienced ongoing budget shortfalls for the past few years, which have threatened station closures and a reduction in service.
- Needs increased funding and/or a reduction in service to continue sustainable operations.

LAFCO recommends that the Big Bear Fire Authority continue to evaluate additional revenue sources or significant enhancements to existing revenues to include, but not limited to:

- A ballot measure for a special tax or formation of a community facilities district.
- Negotiations with the City of Big Bear Lake for the incorporated portion of the Fire Authority.
- Negotiations with the County of San Bernardino for the unincorporated portion of the Fire Authority.

B. Service outside Boundary and Sphere of Influence

The Inland Counties Emergency Medical Agency ("ICEMA") authorizes the Big Bear City Community Services District ("Big Bear City CSD") to provide ambulance services within Operating Area ("OA") #20. Under the authorization of its member agency, Big Bear City CSD, the Fire Authority provides this service. As a result, the Fire Authority provides both first responder and ambulance transportation services throughout the OA, which extend beyond the spheres of influence of its member agencies.

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LAFCO concludes that this circumstance can be addressed in the context of Gov't. Code §56133.5 - a pilot program, through 2020, for Napa and San Bernardino LAFCOs to authorize a city or district to extend services outside of a sphere.

LAFCO recommends that the Fire Authority and the Big Bear City Community Services District submit an application to LAFCO to address this circumstance.

C. LAFCO Authorization of Services

LAFCO authorizes the Big Bear City CSD to provide ambulance but such authority is lacking for the Big Bear Lake Fire Protection District.

3. Boundary and Sphere of Influence Review

A. Service outside Boundary and Sphere

The Inland Counties Emergency Medical Agency ("ICEMA") authorizes the Big Bear City CSD to provide ground and air ambulance services to an assigned Operating Area ("OA"), in this case, OA 20. Under the authorization for its member agency, Big Bear City CSD, the Fire Authority provides this service. Thus, the Fire Authority provides both first responder and ambulance transportation services throughout the assigned OA, which extend beyond the spheres of influence of its member agencies.

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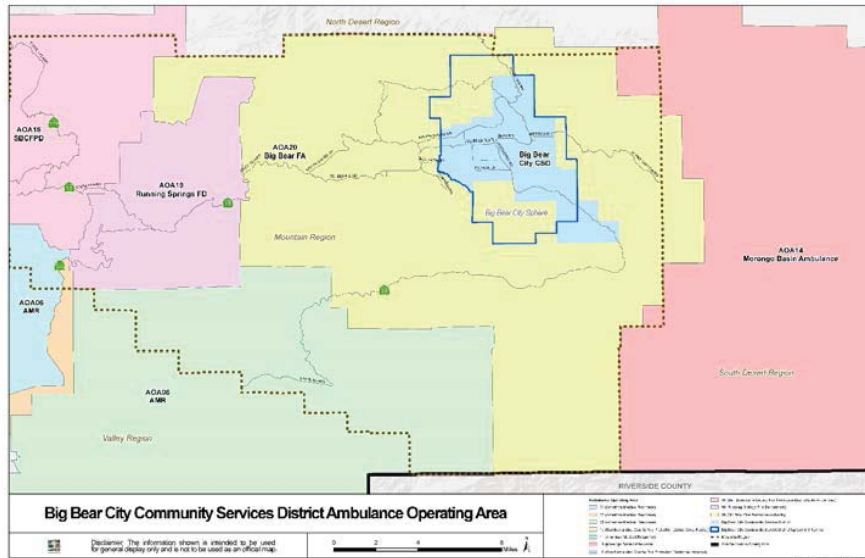
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However, the California law does not allow agencies to provide service outside their boundary and sphere of influence, other than in response to a threat to public health or safety. Fortunately, Government Code §56133.5 (Assembly Bill 402 effective 2016) establishes a pilot program, through 2020, for Napa and San Bernardino LAFCOs to authorize a city or district to extend services outside of a sphere of influence. This process requires that the Commission make the following determinations regarding the area to be served outside the agency's sphere of influence, at a noticed public hearing:

1. That the proposed service extension was identified and evaluated in a service review;
2. That the proposed service extension will not have an adverse impact on open space/agricultural lands and/or is not growth inducing; and,
3. That inclusion of the area to be served into the agency's sphere of influence is not feasible or desirable based on adopted commission policies.

Particular to Item 1 above, this service review identifies the area for any future service extensions, as outlined above and shown in the map below. To evaluate the proposed service extension, LAFCO staff has reviewed all prior service reviews involving the Big Bear City Community Services District and Big Bear Fire Authority and the area identified. Further, Part III, Section 3 of this service review provides service review information, on a regional basis, which includes the current service extension area.

Big Bear City CSD Boundary and Sphere with OA 20



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B. Possibility of a Single Entity

Should the community desire to have a single-entity that provides fire and emergency service, the most likely reorganization scenario would include:

- Dissolution of the JPA.
- Expansion of the Big Bear Lake FPD, currently a subsidiary district of the City, to include the area of the Big Bear City CSD. This would cause the district to become an independent district with its own board of directors. The district would most likely be renamed Big Bear Fire Protection District.
- Divestiture of fire protection, emergency medical services, and ambulance powers of the Big Bear City CSD.
- Transferring the assignment of OA 20 from the Big Bear City CSD to the Big Bear FPD.

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The above scenario does not include Fawnskin, which is served by County Fire.

3. General Operations

The Fire Authority completed a questionnaire that identifies services performed within its boundary, automatic and mutual aid agreements, full-time services provided outside its boundary (if any), fire station listing, apparatus listing, shared facilities, if it has a special tax or assessment, and ISO rating(s). The Authority's response is included at the rear of this agency's profile.

4. Service Delivery Unique to the Agency

A. Governance

The Big Bear Lake Fire Protection District, a subsidiary of the City, and the Big Bear City Community Services District have formed the Big Bear Fire Authority, a Joint Powers Authority, created to increase efficiencies in providing fire protection and medical emergency services within their service areas.

B. Geography Challenges

The Bear Valley Community Action Guide, a part of the Countywide Plan, identifies that the Bear Valley communities, like much of the rest of the San Bernardino Mountains, is a designated Very High Fire Hazard Severity Zone. There is a substantive threat of a major wildfire that could affect residents and visitors.

The Fire Authority's service territory includes a population of approximately 25,000 permanent residents. During holidays and on weekends, the popular three-season resort area expands to upwards of 100,000 residents and visitors. Further, the community is isolated at the mountaintop with limited evacuation routes.

C. Ground Ambulance

The Inland Counties Emergency Medical Agency ("ICEMA") authorizes the Big Bear City CSD to provide ground and air ambulance services to an assigned Operating Area ("OA"). Under the authorization of its member agency, Big Bear City CSD, the Fire Authority provides this service. As a result, the Fire Authority provides both first responder and ambulance transportation services throughout the assigned OA.

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D. Air Ambulance

Launched February 14, 2018, the Authority and Mercy Air, a division of Air Methods, began an innovative public/private partnership that brings a medical air helicopter to Big Bear area. Under the arrangement, Authority personnel provides all patient care services, and Mercy Air is the owner/operator of the air ship. The service operates from Station No. 285, which is located at Big Bear Airport.

Further, the air ship patient care team is able to provide emergency medical services during inclement weather, when air travel is not readily available due to cloud cover off the mountain. The critical care team created by this partnership is primarily for use in emergency medical air transports; however, it can easily adapt to provide immediate critical care ground transportation options during inclement weather.

E. Admission of the Fire Authority as a Member of SBCERA

In June 2018, the board of the San Bernardino County Employees' Retirement Association ("SBCERA") took two actions related to the Fire Authority.

1. LAFCO Conclusion and Recommendation

A. Service outside Boundary and Sphere of Influence

The Inland Counties Emergency Medical Agency ("ICEMA") authorizes the Running Springs Water District to provide ground ambulance services within an Operating Area ("OA"). As a result, the District provides both first responder and ambulance transportation services throughout the OA, which extend beyond its sphere of influence.

LAFCO concludes that this circumstance can be addressed in the context of Gov't. Code §56133.5 - a pilot program, through 2020, for Napa and San Bernardino LAFCOs to authorize a city or district to extend services outside of a boundary and sphere of influence.

LAFCO recommends that the Running Springs Water District submit an application to LAFCO to address this circumstance.

B. Countywide Plan, Hilltop Communities Action Guide

The Hilltop Communities Action Guide of the County's Countywide Plan does not include the Running Springs Water District, the adjacent Arrowbear Park County Water District, or their respective fire departments as agencies to implement the Focus Statement to "Improve Public Safety".

LAFCO recommends that the County of San Bernardino include the Running Springs Water District, the adjacent Arrowbear Park County Water District, or their respective fire departments as agencies to implement the Focus Statement to "Improve Public Safety".

2. Overview and Brief History

The Running Springs Water District (District) is an independent special district that formed in March 1958. The District is a multi-service organization that presently operates three departments: (1) a water department that provides retail water distribution, (2) wastewater department that collects, treats, and disposes the area's wastewater, and (3) fire department that provides fire protection and pre-hospital emergency medical aid services.

In October 1962, fire protection became the second service provided for the community by the District. Until that time, an all-volunteer fire department provided fire protection for the area. Because of increased community need, and after considering a number of service alternatives, the District formed its own fire department. Today, the Department is served by a combination of full-time and paid-call staff with eight full-time staff and seventeen paid-call firefighters providing 24-hour emergency response. The Fire Department operates from two fire stations located within the District boundaries. Cal Fire personnel are currently co-located in Running Springs Fire Department Station 51.

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Part II, Section 3
Running Springs Water District

Over the years, medical aid responses increased to the point where they significantly outnumbered fire-related responses. To provide better service and more fully meet the needs of the community, in September 1978, the District's Fire Department implemented advanced life support (paramedics) into its medical care services. With the implementation of advanced life support procedures, the District's Fire Department became the first fire agency in the San Bernardino Mountains to provide a 24-hour continuous paramedic program.

In 1984, to further enhance its emergency medical care system, the District's Board of Directors authorized the Fire Department to provide ambulance transportation services. Prior to 1984, the Lake Arrowhead Fire Protection District provided ambulance service. The Running Springs Water District's ambulance service boundary, through its Operations Area, currently includes Running Springs, Smiley Park, Arrowbear, Green Valley Lake, Snow Valley and along State Highway 18 to Lake View Point. The ambulance coverage also includes State Highway 330 to City Creek Ranger Station.

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3. Boundary and Sphere of Influence Review

A. Combined Sphere of Influence

The Running Springs Water District and the Arrowbear Park County Water District provide fire protection and emergency services to adjacent territory, and both operate under the same principal act within a distinct community. Prior service reviews have identified opportunities within the Crest Forest, Lake Arrowhead and Hilltop communities for service consolidations. The possibility of consolidating the two county water districts (Running Springs Water District and Arrowbear Park County Water District) has been discussed since the early 1970s. In March 2011, the Commission assigned a combined sphere of influence for the Running Springs Water District, Arrowbear Park County Water District and County Service Area 79¹.

B. Service outside Boundary and Sphere

The Inland Counties Emergency Medical Agency ("ICEMA") authorizes the Running Spring WD to provide ground ambulance services to an Operating Area ("OA"), in this case OA 19. Thus, the District provides both first responder and ambulance transportation services throughout the OA, which extend beyond its boundary and sphere of influence.

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However, the California law does not allow agencies to provide service outside their boundary and sphere of influence, other than in response to a threat to public health or safety. Fortunately, Government Code §56133.5 (Assembly Bill 402 effective 2016) establishes a pilot program, through 2020, for Napa and San Bernardino LAFCOs to authorize a city or district to extend services outside its boundary and sphere of influence. This process requires that the Commission make the following determinations regarding the area to be served outside the agency's sphere of influence, at a noticed public hearing:

¹ LAFCO Resolutions 3134, 3131 and 3133, respectively.

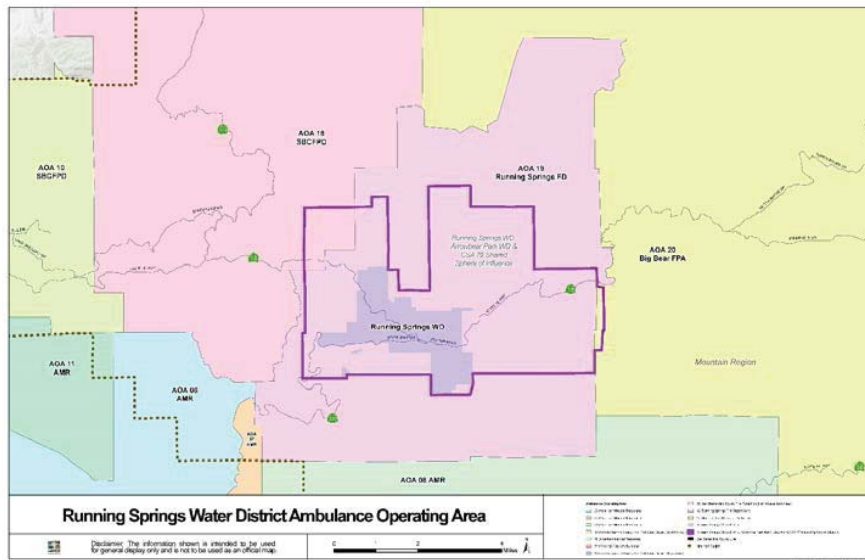
Part II, Section 3
Running Springs Water District

1. That the proposed service extension was identified and evaluated in a service review;
2. That the proposed service extension will not have an adverse impact on open space/agricultural lands and/or is not growth inducing; and,
3. That inclusion of the area to be served into the agency's sphere of influence is not feasible or desirable based on adopted commission policies.

Particular to Item 1 above, this service review identifies the area for any future service extensions, as outlined above and shown in the map below. To evaluate the proposed service extension, LAFCO staff has reviewed all prior service reviews involving the Running Springs Water District and the area identified. Further, Part III, Section 3 of this service review provides service review information, on a regional basis, which includes the proposed service extension area.

Running Springs Water District Boundary and Sphere with OA 19

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4. General Operations

The District completed a questionnaire that identifies services performed within its boundary, automatic and mutual aid agreements, full-time services provided outside its boundary (if any), fire station listing, apparatus listing, shared facilities, if it has a special tax or assessment, and ISO rating(s).

The District's response is included at the rear of this agency's profile.

5. Service Delivery Unique to the Agency

A. Ambulance Transportation Services

The Running Springs Water District provides ambulance and paramedic services to the Hilltop Community. Since 1988, the County of San Bernardino Board of Supervisors has authorized the implementation of ambulance provider Operating Areas ("OA") as authorized by Sections 1797 et seq. of the Health and Safety Code. The local emergency medical services agency for San Bernardino County which define OAs is the joint powers agency known as the Inland Counties Emergency Medical Agency ("ICEMA").

The Running Springs Water District provides ambulance service within its OA as defined by the memorandum of agreement with ICEMA. The District's OA goes beyond the District's actual boundaries, extending southerly along SR 330 towards the San Bernardino/Highland area, northerly towards Shay Mountain, and easterly towards the Snow Valley Ski area within the Arrowbear Park CWD.

According to the District, the 2013 ICEMA OA Financial Assessment Report states that OA Nineteen is located in the upper region of the southwestern corner of the county. It contains no incorporated cities. The OA population is estimated at 5,277. Running Springs Fire Department serves this OA and responded to 542 medical requests in 2011. The majority of the OA is rural, with a small area urban designation in the western portion of the OA. The OA Determination from the report is Grandfathered OA Nineteen is designated exclusive via the "grandfathering" provision of Health and Safety Code Section 1797.224, as the EMS Agency determined that Running Springs Fire Department or its predecessors have delivered uninterrupted service with no changes to the scope and manner of service to the operating area since prior to January 1, 1981.

B. Cooperative Agreement for Fire Station Joint Use

On September 18, 2019, the District approved a cooperative agreement for joint use with the California Department of Forestry and Fire Protection ("Cal Fire") to co-locate at Fire Station 51. Benefits to both agencies include the availability of additional staff, equipment and expanded training opportunities.

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1. LAFCO Conclusions and Recommendations

This review has no conclusions or recommendations for the Baker Community Services District.

2. Overview and Brief History

In 1956, the San Bernardino County Board of Supervisors and the registered voters approved the formation of the Baker Community Services District ("CSD"). Currently, the CSD is authorized by LAFCO to provide the functions of water, sewer, fire protection, park and recreation, street lighting, TV translator, solid waste, and ambulance (now classified under Fire Protection in CSD Law) services. The CSD has not actively provided ambulance services since 1993.

The Baker community exists almost in a world of its own, 65 miles away from the nearest "full service" community. The CSD is the recognized and responsible fire protection agency for the ultimate provision of this service within its boundaries. However, the CSD has not been the primary fire protection provider since at least 1987. From 1987 to 1994, the former County Service Area 38 provided fire protection to the CSD, even though CSA 38's boundaries terminated roughly 30 miles away from the CSD. There is no known written agreement for the service relationship prior to 1994.

In 1994, the two agencies memorialized this relationship through an agreement whereby CSA 38 "...agrees to administer and supervise fire protection and emergency services for Baker Community Services District."¹ In 2008, CSA 38 dissolved and the San Bernardino County Fire Protection District ("SBCFPD" or "County Fire") expanded to include much of the unincorporated territory of the County, including territory surrounding Baker CSD. As a function of that reorganization, County Fire succeeded to the 1994 contract.

Currently, the CSD maintains a volunteer fire department whose role is to augment County Fire personnel. The CSD's firefighters are not currently certified as paramedics or emergency medical technicians and do not respond to medical calls and traffic accidents. Medical response and ambulance services in the community are provided by County Fire within Operating Area ("OA") #23 – SBCFPD, and the Baker EMS (dba Needles Ambulance), a private company, within OA #22 - Needles.² Both OAs are assigned operators by the Inland Counties Emergency Management Agency ("ICEMA").

3. Boundary and Sphere of Influence Review

This review identifies no boundary or sphere of influence matters for the agency related to fire protection or related services.

¹ County of San Bernardino, Board of Supervisors, February 1, 1994, Agreement No. 94-97, Agenda Item 18.

² Baker EMS was formerly assigned OA 23, but gave up their exclusivity within OA 23. ICEMA has temporarily assigned OA 23 to County Fire, but there is no exclusivity as to who may provide emergency or non-emergency ambulance transportation.

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FY	Fiscal Year
GIS	Geographic Information System
ICEMA	Inland Counties Emergency Medical Agency
ISO	Insurance Service Office
JPA	Joint Powers Authority
LAFCO	Local Agency Formation Commission
LEMSA	Local Emergency Medical Services Agency
MDC	Mobile Data Computer
MDT	Mobile Data Terminal
MSR	Municipal Service Review
NFPA	National Fire Protection Association
NIFC	National Interagency Fire Center
<u>OA</u>	<u>Operating Area</u>
OFM	Office of the Fire Marshal
OPEB	Other Post-Employment Benefits
PEPRA	Public Employees Pension Reform Act
PSAP	Public Safety Answering Point
PTSD	Post-Traumatic Stress Syndrome
RRV	Rapid Response Vehicle
SBCOC	San Bernardino Council of Governments
SEMS	California Standardized Emergency Management System
SOI	Sphere of Influence
SRA	State Responsibility Area
UAL	Unfunded Accrued Liability
USAR	Urban Search and Rescue
USFS	United States Forest Service
WUI	Wildland Urban Interface

**Environmental
Recommendation from
Tom Dodson**

Attachment 3

TOM DODSON & ASSOCIATES

Mailing Address: PO Box 2307, San Bernardino, CA 92406-2307

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Tel: (909) 882-3612 ♦ **Fax:** (909) 882-7015 ♦ **Email:** tda@tdaenv.com



February 7, 2020

Mr. Samuel Martinez
Local Agency Formation Commission
1170 W. Third Street, Unit 150
San Bernardino, CA 92415-0490

Dear Sam:

The Local Agency Formation Commission (LAFCO) is considering LAFCO 3231, a County-wide service review for the Fire Protection/Emergency Medical Services/Dispatch for San Bernardino County. LAFCO has a state-mandated role to review the ability of an agency to provide a service; if that service is efficient and effective, and if the agency is accountable for community service needs. The referenced services are provided to the County's four regions: Valley, Mountain, North Desert; and South Desert.

The LAFCO Staff has requested that the LAFCO 3231 undergo review under the California Environmental Quality Act (CEQA) even though these reviews are only received and filed by the Commissioners. Service reviews consist of an action that has no potential to modify the physical environment. Only when specific actions are considered by the Commission in the future are actual decisions considered that could have potential effects on the physical environment.

Therefore, after careful review of LAFCO 3231, I am recommending that the Commission consider the adoption of a "Common Sense" Statutory Exemption. I recommend that the Commission find that a Statutory Exemption (as defined in CEQA) applies to LAFCO 3231 under Section 15061 (b) (3) of the State CEQA Guidelines, which states: *"A project is exempt from CEQA if: the activity is covered by the common Sense exemption 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 3231, service review for the Fire Protection/Emergency Medical Services/Dispatch for San Bernardino County.

Based on this review of the pertinent sections of CEQA and the State CEQA Guidelines, I conclude that the upcoming service review for the Fire Protection/Emergency Medical Services/Dispatch for San Bernardino County does not constitute a project under CEQA and adoption of the common sense exemption and filing of a Notice of Exemption is the most appropriate environmental determination to comply with CEQA for this action. The Commission can approve the review and findings for this action and I recommend that you notice this LAFCO 3231 service review, as statutorily exempt from CEQA for the reasons outlined in the State CEQA Guideline (2019) sections cited above. The Commission needs to file a Notice of Exemption with the County Clerk to the Board for this action once the hearing is completed.

A copy of this exemption recommendation should be retained in LAFCO's project file to serve as verification of this evaluation and as the CEQA environmental determination record. If you have any questions, please feel free to give me a call.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Dodson". The signature is fluid and cursive, with the first name "Tom" being more prominent than the last name "Dodson".

Tom Dodson

TD/cmc

Draft Resolution No. 3301

Attachment 4

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

PROPOSAL NO.: LAFCO 3231

HEARING DATE: FEBRUARY 19, 2020

RESOLUTION NO. 3301

A RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY MAKING DETERMINATIONS ON LAFCO 3231 – COUNTYWIDE SERVICE REVIEW FOR FIRE PROTECTION/EMERGENCY MEDICAL SERVICES/DISPATCH.

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

WHEREAS, a service review mandated by Government Code 56430 has been conducted by the Local Agency Formation Commission for San Bernardino County (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 his recommendations thereon, the filings and report and related information having been presented to and considered by this Commission; and,

WHEREAS, a public hearing by this Commission was called for February 19, 2020 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 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 service review, in evidence presented at the hearing; and,

WHEREAS, at this hearing, this Commission certified that the service review is statutorily exempt from environmental review pursuant to the provisions of the California Environmental Quality Act (CEQA) and such exemption was adopted by this Commission on February 19, 2020. The Commission directed its Executive Officer to file a Notice of Exemption within five working days of its adoption; and,

WHEREAS, the determinations required by Government Code Section 56430 and local

RESOLUTION NO. 3301

Commission policy are included in the service review prepared and submitted to the Commission dated January 29, 2020 and was recommended for acceptance and filing by the Commission on February 19, 2020, a complete copy the service review is on file in the LAFCO office.

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

- As required by State Law, notice of the hearing was provided through publication in newspapers of general circulation within the area, the *Big Bear Grizzly*, *Mountain News*, and *San Bernardino Sun*. 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 State Law and Commission Policy, in-lieu of individual notice the notice of hearing publication was provided through an eighth page legal ad.
- As required by State law, individual notification of the hearing was provided to affected and interested agencies, County departments, and those agencies and individuals requesting mailed notice.
- The first draft of the service review document was released to all affected agencies on January 7, 2020.
- The final draft of the service review was released on January 29, 2020 to all parties as well as the Commission and posted on the LAFCO website. Due to the size and scope of the service review, the final draft was released in advance of the staff report to allow for additional time for review and comment.
- Comments from the public and any affected agency were reviewed and considered by the Commission in making its determinations.

NOW, THEREFORE, BE IT RESOLVED by the Local Agency Formation Commission for San Bernardino County, State of California, that this Commission shall:

1. For environmental review, certify that the service review is statutorily exempt from environmental review and direct the Executive Officer to file the Notice of Exemption within five (5) days.
2. Accept and file the Countywide Service Review for Fire Protection/Emergency Medical Services/Dispatch which sets forth the written statements for the six determinations outlined in Government Code Section 56430 made by the Commission.
3. As outlined in the service review presented to the Commission, take the following actions for specific agencies/entities:
 - a) Direct LAFCO staff to continue to monitor the Barstow Fire Protection District and the City of Barstow, and direct staff to return to the Commission at its September 16, 2020 meeting.
 - b) Direct LAFCO staff to continue to monitor the San Bernardino County Fire Protection District, and direct staff to return to the Commission at its September 16, 2020 meeting.

RESOLUTION NO. 3301

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, SAMUEL MARTINEZ, Executive Officer of the Local Agency Formation Commission for San Bernardino County, California, do hereby certify this record to be a full, true, and correct copy of the action taken by said Commission, by vote of the members present, as the same appears in the Official Minutes of said Commission at its meeting of February 19, 2020.

DATED: ____

SAMUEL MARTINEZ
Executive Officer

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 : FEBRUARY 12, 2020

FROM: SAMUEL MARTINEZ, Executive Officer
MICHAEL TUERPE, Senior Analyst
JEFFREY LUM, LAFCO Analyst/GIS
BOB ALDRICH, Consultant

TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: AGENDA ITEM #10: LAFCO 3233 – Spring Valley Lake Reorganization

- LAFCO 3233A – Reorganization to include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping
 - LAFCO 3233B – Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District
-

INITIATION

Initiated by resolution of the County of San Bernardino Board of Supervisors

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EXECUTIVE SUMMARY

Initiation and Objective

LAFCO 3233 consists of a request from the San Bernardino County Board of Supervisors to dissolve County Service Area 64 (“CSA 64” or “District”) and form a new, local government agency to be named the Spring Valley Lake Community Services District (“SVLCSD”). If approved, the new community services district will have the authority to provide the following services: water, wastewater collection, street sweeping, and solid waste. The proposed SVLCSD would assume the water, wastewater and street sweeping services from CSA 64, as well as assume responsibility for solid waste services currently being managed by the County’s Solid Waste Division of its Public Works Department. The objective is for Spring Valley Lake residents to assume local control over certain services in their community.

Financial Determination

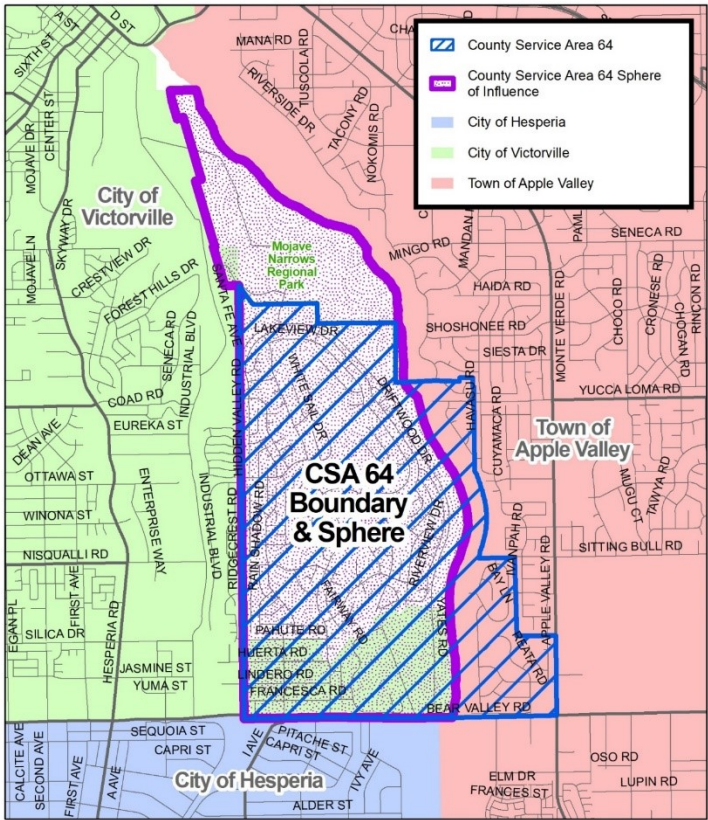
As outlined in the financial discussion within this report, the proposed CSD’s five-year financial forecast demonstrates that the CSD would be fiscally viable.

Sphere of Influence Establishment and the Commission’s Signals

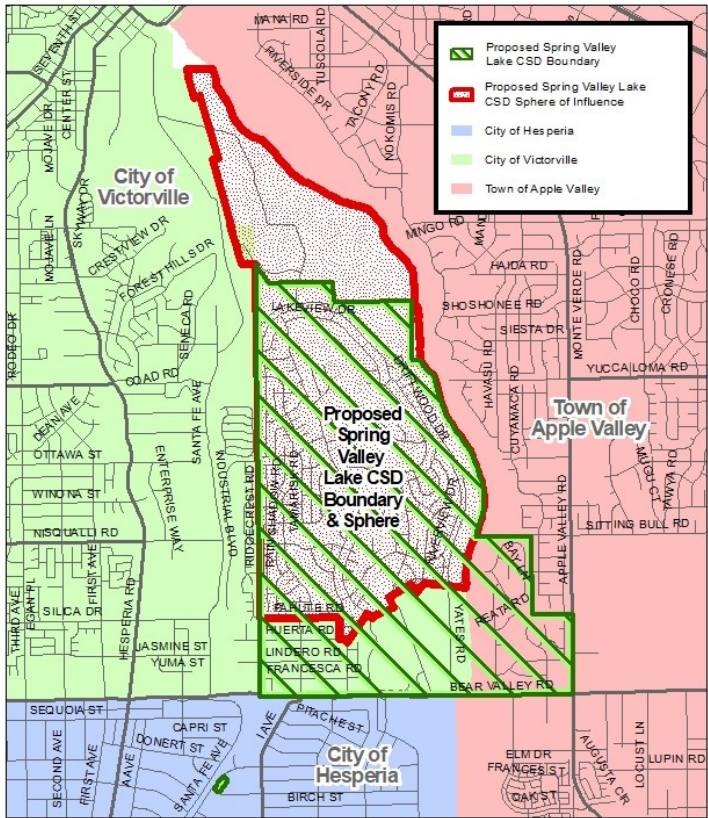
In addition, staff is also recommending that the Commission—as part of its approval of the proposed reorganization—establish the sphere of influence for the proposed SVLCSD to exclude the areas within the Town of Apple Valley and within the City of Victorville in order to signal the Commission’s directive that the Town of Apple Valley and City of Victorville should ultimately assume responsibility for service delivery to their respective areas.

Following this Executive Summary, beginning on page 6, are the details and in-depth analysis for the reorganization and sphere of influence establishment.

Below is the boundary and sphere of influence map for CSA 64 and the proposed SVLCSD.

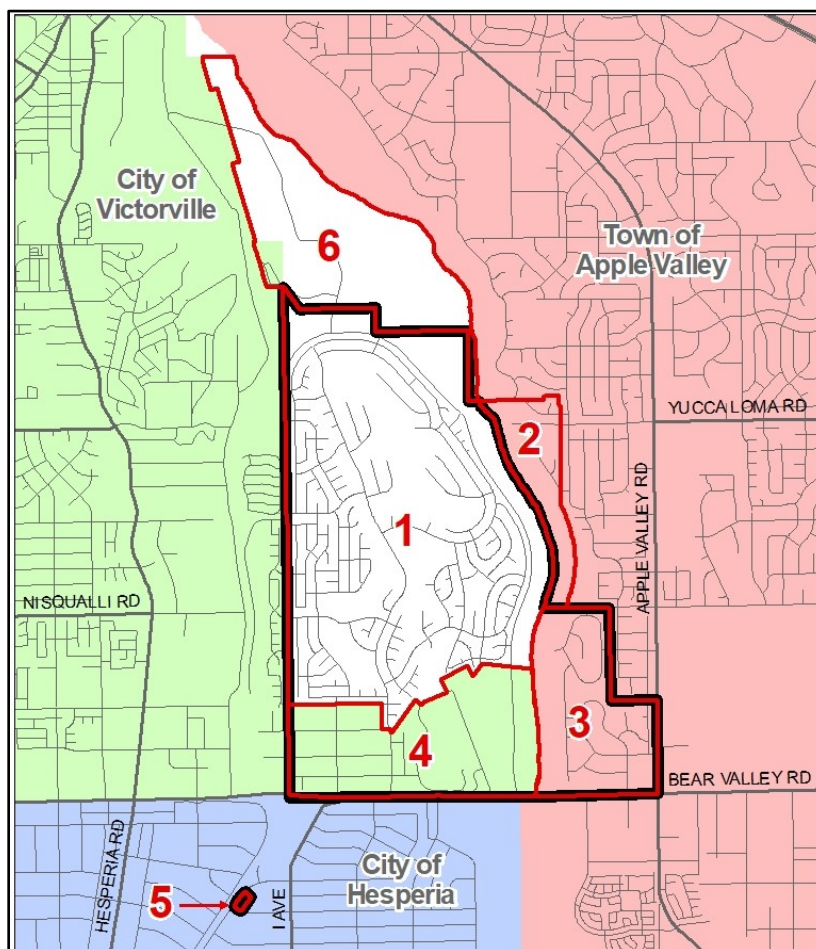


**County Service Area 64
Current Boundary and
Sphere of Influence**



**Proposed Spring Valley Lake
Community Services District
Boundary (as modified by
LAFCO Staff); and
Proposed Sphere of Influence
Establishment**

The area map and chart below summarize the reorganization by study area.



Area	Location	Current	Proposed	Current Service Providers	Proposed Service Providers	Notes
1	Unincorporated Spring Valley Lake Community	CSA 64	CSD	Water – CSA 64 Wastewater – CSA 64 Street sweeping – CSA 64 Solid Waste - County	Water – CSD Wastewater – CSD Street sweeping – CSD Solid Waste - CSD	CSD assumes all CSA 64 services and adds solid waste
2	Town of Apple Valley (north of Sitting Bull Rd.)	Apple Valley CSA 64	Apple Valley	Water – Liberty Utilities (private) Wastewater – Apple Valley Street sweeping – Apple Valley Solid Waste – Apple Valley	Water – Liberty Utilities (private) Wastewater – Apple Valley Street sweeping – Apple Valley Solid Waste – Apple Valley	Area 2 not proposed for inclusion in CSD. Property tax to transfer to the Town.
3	Town of Apple Valley (south of Sitting Bull Rd.)	Apple Valley CSA 64	Apple Valley CSD	Water – CSA 64 Wastewater – CSA 64 Street sweeping – CSA 64 Solid Waste – Apple Valley	Water – CSD Wastewater - CSD Street sweeping – Apple Valley Solid Waste – Apple Valley	A share of the property tax to transfer to the Town for street sweeping. CSD sphere of influence not proposed to overlay Town.
4	City of Victorville	City of Victorville (not within Victorville WD) CSA 64	City of Victorville CSD	Water – CSA 64 Wastewater – CSA 64 Street sweeping – Victorville Solid Waste – Victorville	Water – CSD Wastewater – CSD Street sweeping – Victorville Solid Waste - Victorville	CSD sphere of influence not proposed to overlay City.
5	APN 0416-263-13 (Hesperia)	Hesperia	Hesperia CSD	Not Applicable	Not Applicable	To be included in CSD for tax exemption of property.
6	Mojave Narrows Regional Park	CSA 64 sphere	CSD sphere	Water, Wastewater - Regional Parks (through contract with CSA 64) Solid Waste - County	Water, Wastewater - Regional Parks (through contract with CSA 64) Solid Waste - County	No change

What Does this Mean for the Affected Agencies?

If this proposal is approved as modified, the following summarizes the general impacts to affected agencies within the Spring Valley Lake area:

Town of Apple Valley:

- Area 2 - The CSD boundary would not extend into Area 2, and CSA 64's property tax would transfer to the Town.
- Area 3 - The Town would continue to provide street sweeping and refuse collection/recycling. The Town would assume street sweeping services and receive a portion of the property tax revenue associated with that service.
- The CSD sphere of influence would exclude Areas 2 and 3 and would not overlay any portion of the Town's boundary.
- Responsibility for land use and entitlements remain unchanged and are retained by the Town of Apple Valley.

City of Victorville:

- Area 4 - The City would continue to provide street sweeping and refuse collection/recycling.
- The CSD sphere of influence would exclude Area 4.
- The only portion of the proposed CSD sphere of influence that would overlay Victorville is the RV camping parcel within Mojave Narrows Regional Park that is inaccessible through the City; CSA 64 currently provides sewer service to the RV camping parcel through a contract with Regional Parks; the new CSD would assume this service contract.
- Responsibility for land use and entitlements remain unchanged and are retained by the City of Victorville.

City of Hesperia:

- Area 5 is a non-contiguous, three-acre parcel located in Hesperia which houses CSA 64's water storage facilities and other facilities for Special Districts; if formed, the parcel would transfer to the CSD; Special District's facilities and equipment would be removed from the parcel within six months following reorganization.
- Responsibility for land use and entitlements remain unchanged and are retained by the City of Hesperia.

County/Special Districts Department:

- CSA 64 would be dissolved, and its services assumed by the CSD.
- Property taxes and other revenues currently accrued by CSA 64 to fund services would transfer to the CSD, except as identified above for the Town.
- Responsibility for land use planning and entitlements in the unincorporated area would remain unchanged and are retained by the County.
- There would be a potentially significant indirect physical impact to the residual agencies managed by the Special District's Department.

INTRODUCTION

The Spring Valley Lake community, generally located east of the City of Victorville, north of the City of Hesperia, and southwest of the Town of Apple Valley, is a planned development community consisting of over 4,000 single-family residential lots, two condominium complexes, a number of townhomes and some commercial development that surround an 18-hole golf course and a 200-acre man-made recreational lake (See Figure 1 below). Ownership, operation, and maintenance of these amenities are provided by the Spring Valley Lake Association (the property/ homeowners association).



Figure 1. Spring Valley Lake Vicinity Map

County Service Area 64 ("CSA 64" or "District") is a dependent special district governed by the San Bernardino County Board of Supervisors and operates under County Service Area Law (Government Code §25210 et seq.). Currently, LAFCO authorizes CSA 64 to provide the following functions: water, sewer, street sweeping, parkway maintenance (inactive), and roads (inactive) - this is memorialized in *LAFCO's Policy and Procedure Manual, Section VI*

Below is the boundary and sphere of influence map (Figure 2) for CSA 64.



Proposal as Submitted by the Applicant

LAFCO 3233 consists of a request from the San Bernardino County Board of Supervisors to initiate proceedings to dissolve CSA 64 and form a new local government agency to be named the Spring Valley Lake Community Services District. The Board Resolution identified the following determinations:

- The request for formation of a community services district and dissolution of CSA 64 was initiated on behalf of certain residents of Spring Valley Lake (also referred to as the CSD Formation Committee).
- The objective is for Spring Valley Lake residents to carry out local control over certain services in their community as enumerated below.
- The SVLCSD would be governed by a five (5) member Board of Directors elected at large from within the proposed boundaries of the District.
- The range of services for which authorization was requested include: water, sewer, street sweeping, park and recreation¹, and solid waste.
- The new CSD would assume the rights, responsibilities, properties, contracts, assets and liabilities, and functions of CSA 64.
- The new CSD would also assume the authorized charges, fees, assessments, and taxes currently in effect.
- The goal of the LAFCO 3233 would be to maintain the current level of service to the Spring Valley Lake community with local control.

The proposal boundary, as initiated, was a combination of CSA 64's existing boundary and its sphere of influence, including two non-contiguous parcels (Assessor Parcel Numbers 0415-263-13 and 0473-183-23) encompassing a total of approximately 3,139 acres.

Applicant's Revised Proposal

Since the Board Resolution was adopted, and through the initial processing and review of the proposal by LAFCO staff, the applicant amended its application and removed park and recreation service from consideration. It was determined that there was no need for the CSD to take over responsibility of the Mojave Narrows Regional Park at this time.

The revised boundaries of the proposed SVLCSD are now reflective of the current boundary for CSA 64 including a non-contiguous parcel, Assessor Parcel Number (APN) 0415-263-13, which currently houses two of CSA 64's water storage facilities.

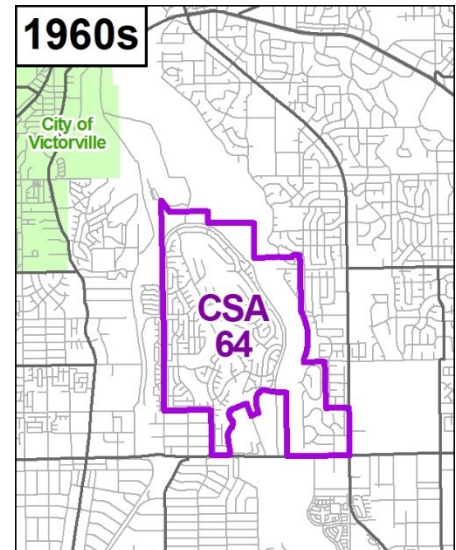
The proposal, as revised, provides for the new CSD to be formed with the active functions of water, sewer (limited to collection), roads (limited to street sweeping), and solid waste services. The new CSD would assume the water, wastewater collection and street sweeping services from CSA 64, as well as assume responsibility for solid waste services currently being managed by the County's Solid Waste Division of its Public Works Department.

¹ Park and recreation service was later removed at the request of the applicant (See Letter from County Administrative Office Dated November 7, 2019 included as Attachment #3)

HISTORY OF SPRING VALLEY LAKE AND CSA 64

The history of Spring Valley Lake and CSA 64 has evolved for over 50 years. A chronology of major events in the community's history is summarized below:

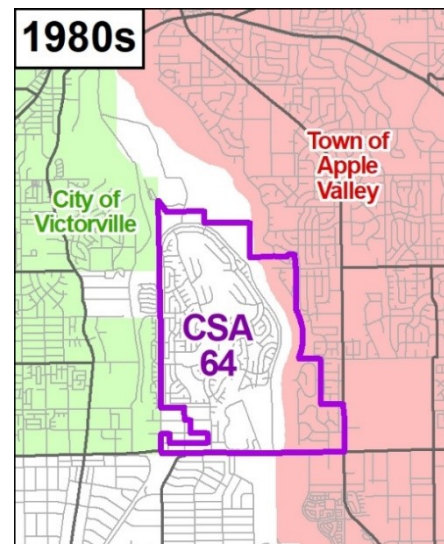
1960 & 70s. CSA 64 was formed by an act of the County of San Bernardino Board of Supervisors for the primary purpose of assuming responsibility for the provision of water and sewer service to the territory commonly known as Kalin Ranch. At the time of its formation, the District was authorized the functions and services of water, sewer, pest abatement, garbage collection, and street lighting services. In 1968, LAFCO reviewed and approved the formation of CSA 64 (LAFCO 665). The property located within the original boundaries of CSA 64 was developed as a planned unit development known as the "Spring Valley Lake Project".



The Spring Valley Lake Project was unique in that it was the first major planned development within the Desert region of the County. The Project was also unique in terms of the financing for municipal facilities. Under an agreement between the County and Boise Cascade (developer), all improvements including the sewer and water lines and reservoirs were installed at the developer's expense. In turn, Boise Cascade would be reimbursed at a later time when the assessed valuation reached a pre-determined level that supported the bond sale and redemption since the development would be in existence and the assessed valuation would be substantial. This mechanism necessitated the formation of a county service area to acquire the facilities. Boise Cascade deeded the facilities to CSA 64 for operation and maintenance of the facilities.

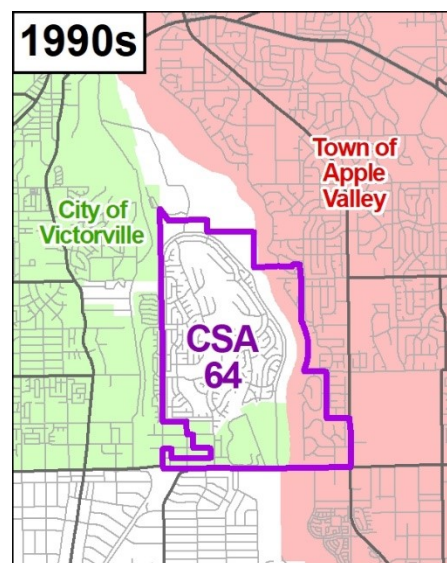
1980s. In the 1980s, LAFCO processed and approved five annexation proposals to CSA 64. These proposals expanded CSA 64 beyond the original residential confines of Spring Valley Lake for the primary purpose of receiving water and sewer services from CSA 64.

In 1988, the Town of Apple Valley ("Town") was incorporated, establishing the Apple Valley Water District as a subsidiary district of the Town (LAFCO 2470). In order to clarify the boundary of this incorporation, there was a reorganization of park and fire boundaries along the Mojave River north of Bear Valley Road to remove the Victorville based districts from the east side of the Mojave River. The exception to this action was CSA 64 within the area identified as the Equestrian Estates for the Spring Valley Lake community. As a result, CSA 64's boundaries remained within the Town's incorporation boundaries east of the Mojave River for water and sewer services.



1990s. By the 1990s, the City of Victorville's boundary abutted most of the CSA 64's westerly boundary.

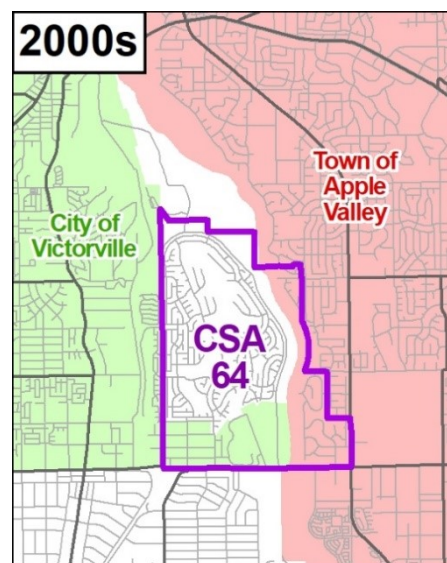
In 1991, the territory east of Ridgecrest, west of the Mojave River, north of Bear Valley Road, (including Victor Valley College), was annexed to the City of Victorville (LAFCO 2668). The proposal originally included the annexation of the area to the then Victorville Sanitary District (sewer) and the then Victor Valley Water District (water). However, the Commission determined to retain CSA 64 in this area since neither the Victor Valley Water District nor the Victorville Sanitary District were in a position to provide the services more efficiently than CSA 64. LAFCO 2668 was, therefore, modified to exclude the annexation to the Victor Valley Water District and Victorville Sanitary District.



2000s. In 2002, the remainder of the island area west of Ridgecrest road was annexed to CSA 64 for the primary purpose of receiving water and sewer services to a proposed day care center (LAFCO 2883). The proposal was expanded by LAFCO to include the remainder of the area since portions of the area were already receiving service from CSA 64 which included an assisted living facility, then known as Sterling Commons.

In 2004, street sweeping powers were confirmed through LAFCO 2951 after LAFCO became aware that CSA 64 actively engaged in the delivery of street sweeping since 1977.

Finally, in 2009, as part of the Service Review and Sphere of Influence Update for CSA 64 (LAFCO 3024), the Commission expanded CSA 64's sphere to encompass the entirety of the Mojave Narrows Regional Park and reduced CSA 64's sphere to exclude the area within the boundaries of the Town.



ENVIRONMENTAL CONSIDERATIONS

The Commission is the lead agency for review of the potential environmental consequences on the overall Spring Valley Lake Reorganization which includes the reorganization proposal to form the Spring Valley Lake Community Services District (SVLCSD) and dissolve County Service Area 64 (LAFCO 3233A) and the proposed sphere of influence establishment for the SVLCSD (LAFCO 3233B) both of which are being considered and evaluated in this report. In order to fulfill that requirement, the Commission's Environmental Consultant, Tom Dodson and Associates, prepared, and LAFCO staff reviewed, advertised and circulated an Initial Study and a proposed Mitigated Negative Declaration for the proposed reorganization and sphere of influence establishment proposal.

The Notice of Availability was published in *The Sun*, a newspaper of general circulation in the area, and posted on the LAFCO website on January 2, 2020. The Initial Study and proposed Mitigated Negative Declaration, as well as the Notice of Availability/Intent to Adopt a Mitigated Negative Declaration were circulated by certified mail to all interested and affected agencies, to individuals requesting notification on this particular proposal, as well as the State Clearinghouse for review by State agencies. The 30-day public review period was from January 2 through close of business at 5:00 p.m. on January 31, 2020.

At the close of the review period, six comment letters were received from the following agencies:

- Lahontan Regional Water Quality Control Board
- Mojave Desert Air Quality Management District
- City of Victorville
- County of San Bernardino (County Administrative Office)
- Town of Apple Valley
- State of California, Governor's Office of Planning and Research, State Clearinghouse and Planning Unit

The comments received during the circulation of the materials have been evaluated by the Commission's Environmental Consultant. A response to the comments has been prepared and forwarded to each of the agencies. Therefore, the original Initial Study will be utilized as the description of environmental impacts anticipated by the proposed reorganization and sphere of influence establishment proposal.

Included in the Initial Study is a discussion of a requirement to transfer a level of funding to the County Special Districts Department to mitigate the loss of CSA 64 from the list of agencies that the County Special Districts Department manages and to assure the continued operation of its residual agencies. The Initial Study includes the following mitigation measure to address this situation:

Utilities and Service Systems

UTIL-1 The County shall implement the necessary measures to ensure that future service to all remaining water and wastewater CSAs operated by the Special Districts Department is maintained at a comparable level of service and

operation that fulfills regulatory requirements for the specific resource, i.e., water and/or wastewater, delivered by the CSAs. This responsibility can be fulfilled by any one, two, or all of the following methods:

- 1) Increasing the rate(s) charged for the service provided by the CSAs consistent with meeting regulatory requirements;
- 2) LAFCO may assign to the new SVLCSD an amount of funds required to be returned to the Special District's Department to offset losses from approving LAFCO 3233 that will maintain a comparable level of service and operation in the remaining water and wastewater CSAs;
- 3) The County can allocate sufficient funds to maintain a comparable level of service and operation at the remaining water and wastewater CSAs.

As identified in the discussion under financial considerations, a condition of approval will require the SVLCSD to make a mitigation payment(s) to the County. The Response to Comments, the original Initial Study, and the Mitigation Monitoring and Reporting Program constitute the Final Mitigated Negative Declaration package that will be used by the Commission to consider the environmental effects of implementing the proposed reorganization and the sphere of influence establishment proposal. A copy of the Response to Comments, the original Initial Study, and Mitigation Monitoring and Reporting Program are included as Attachment #4 to this staff report. Mr. Dodson has indicated that the following actions must be taken by the Commission prior to making a decision on the proposed reorganization and sphere of influence establishment proposal:

- Certify that the Commission and its staff have independently reviewed and considered the environmental assessment and proposed Mitigated Negative Declaration prepared by the Commission's Environmental Consultant, Tom Dodson and Associates; it has reviewed and considered any comments received; and provided a response to those comments;
- Adopt the Mitigated Negative Declaration, including the mitigation measure and the Mitigation Monitoring and Reporting Program;
- Find and determine that the Commission does not intend to adopt alternatives but does intend to adopt a mitigation measure related to the mitigation payment(s) to the County Special Districts Department as part of the project; and,
- Direct the Executive Officer to file a Notice of Determination together with payment of the required Department of Fish and Wildlife Fees within five (5) days.

LAFCO 3233A (REORGANIZATION PROPOSAL)

This hearing requires consideration of the issues required for the formation of an independent district and dissolution of a dependent district. The evaluation of the reorganization will include a review of issues outlined by the Community Services District Law and by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, as well as a number of Commission policy issues relevant to the formation of an independent special district.

State law and Commission policy require that the Commission's decision must include, but not be limited to, answering the following questions:

1. Do the boundaries of the new district make sense from a service delivery perspective for current and future growth? Are the boundaries reasonably recognizable? Do they promote efficient service delivery? Do they represent a community of interest?
2. Would the formation of the new district impair the ability of any other agency to continue providing services? Would there be any adverse financial or service impacts on other agencies that would damage their ability to maintain service levels in other areas?
3. Is the proposed new district financially feasible and sustainable for at least the five years following formation? Can it, at least, maintain the pre-formation service levels that are currently provided within the study area?
4. Does the proposed formation represent the best available service option for the community? Are there better alternatives for the provision of the range of services within the study area? Does the proposed formation provide for a more efficient and accountable form of government?
5. Would the proposed formation have any adverse environmental effects that cannot be mitigated to a level of non-significance? If it does, can those adverse effects be overridden by other benefits?

What is a Community Services District?

The principal act that governs CSDs is the Community Services District Law (California Government Code Sections 61000 through 61144). A CSD can be any of the following:

- A permanent form of governance that can provide public facilities and services.
- A form of governance for combining two or more special districts that serve as overlapping or adjacent territory into a multifunction special district.
- A form of governance that can serve as an alternative to the incorporation of a new city, or
- A transitional form of governance as the community approaches cityhood.

A CSD is governed by a five-member, locally elected board of directors. The board appoints a general manager, directly responsible to the board, to implement the board's policies.

A CSD can provide one, or any combination of, the 33 services outlined in Government Code Section 61100. Services may include, but are not limited to, water, wastewater, fire, law enforcement, solid waste, and street lighting.

BOUNDARIES

The community of Spring Valley Lake and CSA 64 can be divided into six (6) distinct areas. These areas are generally described as follows:

- Area 1 – Unincorporated portion of CSA 64
- Area 2 – CSA 64 within the Town of Apple Valley located north of Sitting Bull Road
- Area 3 – CSA 64 within the Town of Apple Valley located south of Sitting Bull Road
- Area 4 – CSA 64 within the City of Victorville
- Area 5 – A parcel within the City of Hesperia that houses two of CSA 64's water storage facilities
- Area 6 – Current sphere of influence for CSA 64 outside of District's boundaries (portion of Mojave Narrows Regional Park outside of CSA 64)

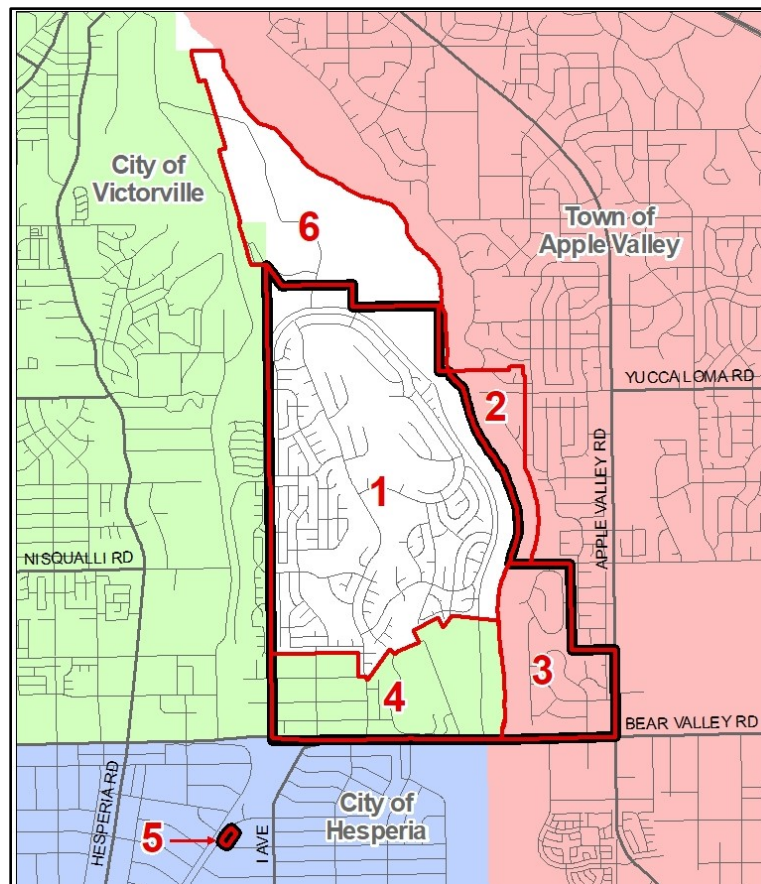


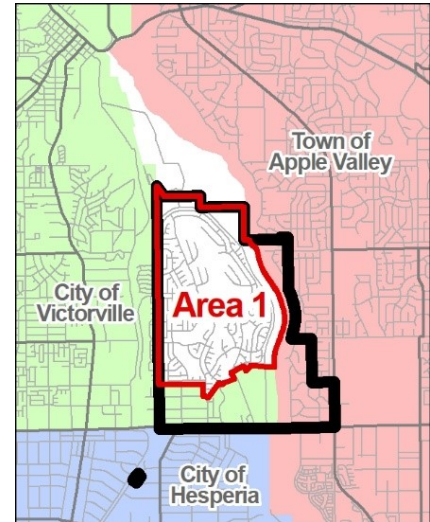
Figure 3. Map of Areas

The following provides an analysis of all six areas, which will be the basis for making a determination on the boundaries for the new CSD.

- **AREA 1**

Area 1, encompassing approximately 1,603 acres, is entirely unincorporated and is part of the original boundaries for CSA 64. CSA 64 currently provides water, sewer collection and street sweeping to the area, and the County manages the solid waste service. Following the reorganization, the new CSD will continue to provide water, sewer collection, and street sweeping services and would begin managing solid waste service to the area.

Both solid waste and street sweeping require the creation of a zone within the proposed CSD to isolate the delivery of these services to the unincorporated area of SVLCSD (Area 1). This is necessary since the areas within the corporate boundaries of the City of Victorville and the Town of Apple Valley are already included within the franchise area of the respective municipalities.



Similarly, as to the assumption of street sweeping by the new CSD (under its Road function), territory within the City of Victorville as well as the Town of Apple Valley will be provided street sweeping service by the respective municipalities. Therefore, street sweeping authority by the new CSD (under its Road function) will be isolated within the unincorporated portion of the CSD (Area 1).

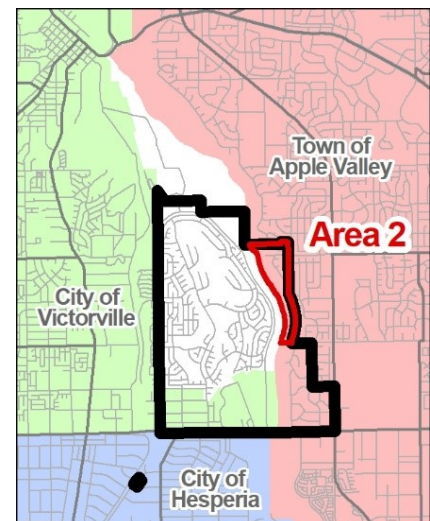
- **AREA 2**

Area 2 is an area within the Town of Apple Valley (Town), encompassing approximately 156 acres, and is generally located east of the Mojave River, north of Sitting Bull Road, and west and south of parcel lines.

Area 2 is part of the original boundaries for CSA 64 (Spring Valley Lake Project); however, it has never provided any services to the area.

The Town currently provides sewer collection, street sweeping, and refuse collection/recycling services while Liberty Utilities is the water service provider.

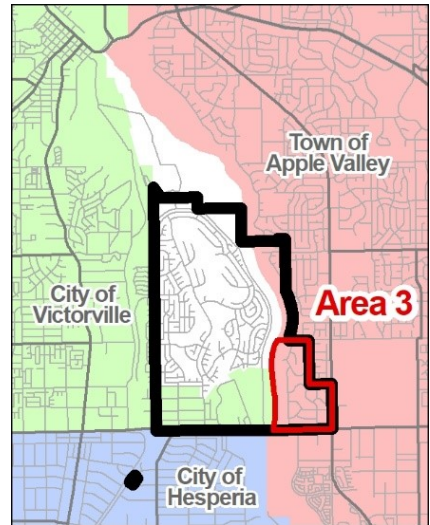
Because there are no services being provided by CSA 64 to the area, LAFCO staff is recommending modifying the revised proposal by removing Area 2 from LAFCO 3233. Since the area is already within the Town, no other action is required. This action would also transfer the property tax share in this area from CSA 64 to the Town.



- **AREA 3**

Area 3 is also an area within the Town of Apple Valley, encompassing approximately 345 acres, and is generally located east of the Mojave River, north of Bear Valley Road, west of a combination of parcel lines and Apple Valley Road, and south of Sitting Bull Road.

Area 3, which is the Equestrian Estates for Spring Valley Lake, has also been a part of the original boundaries for CSA 64. CSA 64 currently provides water, sewer collection, and street sweeping services to the area (The Town provides street sweeping limited to Bear Valley Road). Since the area is already within the Town, Apple Valley already provides solid waste collection service to the area.



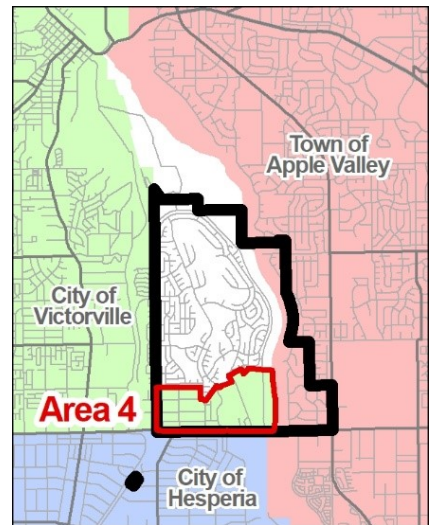
Following the reorganization, the new CSD will continue to provide water and sewer collection, and the Town will continue to provide solid waste service and assume direct responsibility for street sweeping service to the area, along with a share of the property tax to provide said service.

- **AREA 4**

Area 4 is an area within the City of Victorville, encompassing approximately 483 acres, and is generally located east of Ridgecrest Road, north of Bear Valley Road, west of the Mojave River (existing Apple Valley boundaries) and south of parcel lines.

Only the section along the Spring Valley Parkway is part of the original boundaries for CSA 64. Although the area is within the City of Victorville note that the area is not a part of the Victorville Water District, which is the City's subsidiary district for water and wastewater.

With regard to the services for Area 4, CSA 64 currently provides water and sewer service to the area. The City of Victorville already provides street sweeping and solid waste and refuse collection service to the area.



Following the reorganization, the new CSD will continue to provide water and sewer collection service, and the City will continue to provide street sweeping and solid waste and refuse collection service to the area.

- **AREA 5**

Area 5 is a non-contiguous parcel, Assessor Parcel Number 0415-263-13, encompassing approximately three acres, and is generally located at the northeast corner of Alder Street and Santa Fe Road within the City of Hesperia.

The parcel currently contains two of CSA 64's water storage facilities. It also houses other facilities for Special Districts including its main warehouse, main SCADA location, and main emergency/heavy equipment hub, as well as a fuel pod for County Fleet Services.

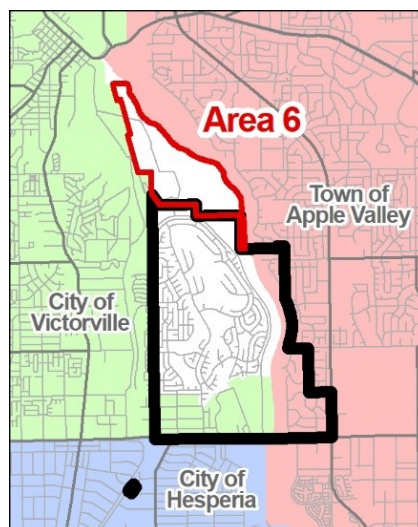
The parcel is being included within the new CSD in order for the parcel to be declared exempt from property tax assessment. As part of the process, if the formation of the SVLCSD is successful, the County Special Districts Department will have six (6) months following issuance of the Certificate of Completion to remove all equipment and facilities that are not considered CSA 64 equipment and facilities.



- **AREA 6**

Area 6, encompassing approximately 549 acres, is generally unincorporated and includes the Mojave Narrows Regional Park (Park), including the RV campground parcel that is within the City of Victorville but inaccessible from the City.

Area 6 is part of CSA 64's current sphere of influence, which was expanded by the Commission 2009 as part of the Service Review and Sphere of Influence Update for CSA 64 (LAFCO 3024) to encompass the entirety of the Park. It was noted that the Park received and benefited from sewer service provided by CSA 64 since approximately the early 1990s, and possibly as early as the mid-1970s. However, Special Districts Department could not locate an out-of-agency agreement for sewer service between CSA 64 and the County Regional Parks Department. Therefore, the sphere of influence was expanded to include the entirety of the Park.



Boundary Determinations:

- **Revised Proposal (Option 1)**

The applicant's revised proposal includes the current boundary for CSA 64 including the non-contiguous parcel which has two of CSA 64's water storage facilities.

- **LAFCO Staff's Proposed Modification (Option 2)**

Area 2, which is within the Town of Apple Valley, has not received any services from CSA 64 nor are services anticipated to be provided by the new CSD to the area. Therefore, LAFCO staff is recommending a modification of the revised proposal boundary by removing Area 2 from the proposed SVLCSD. Below is a map of LAFCO staff's proposed modification to the applicant's revised proposal.

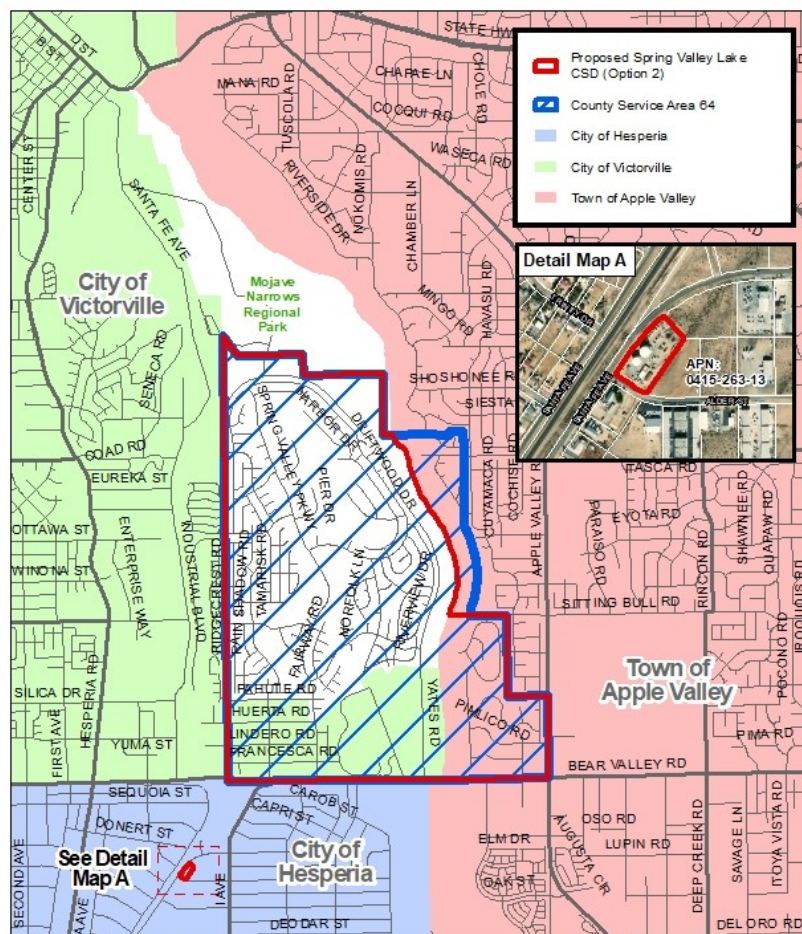


Figure 4. Revised Proposal, as Modified by LAFCO Staff (Option 2)

Option 2 makes sense from a service delivery perspective since it is the exact same service area for CSA 64, except for the portion that it currently does not provide any service (Area 2). With regard to the boundaries, it is the same area currently served by CSA 64, which defines the community of Spring Valley Lake.

- **Revised Proposal Excluding the Town of Apple Valley and the City of Victorville (Option 3)**

Through the initial processing of LAFCO 3233 and through the circulation of the Initial Study for LAFCO 3233, LAFCO staff received correspondence from both the Town of Apple Valley and the City of Victorville requesting that the areas within their respective municipalities be removed from the boundaries of the proposed SVLCSD.

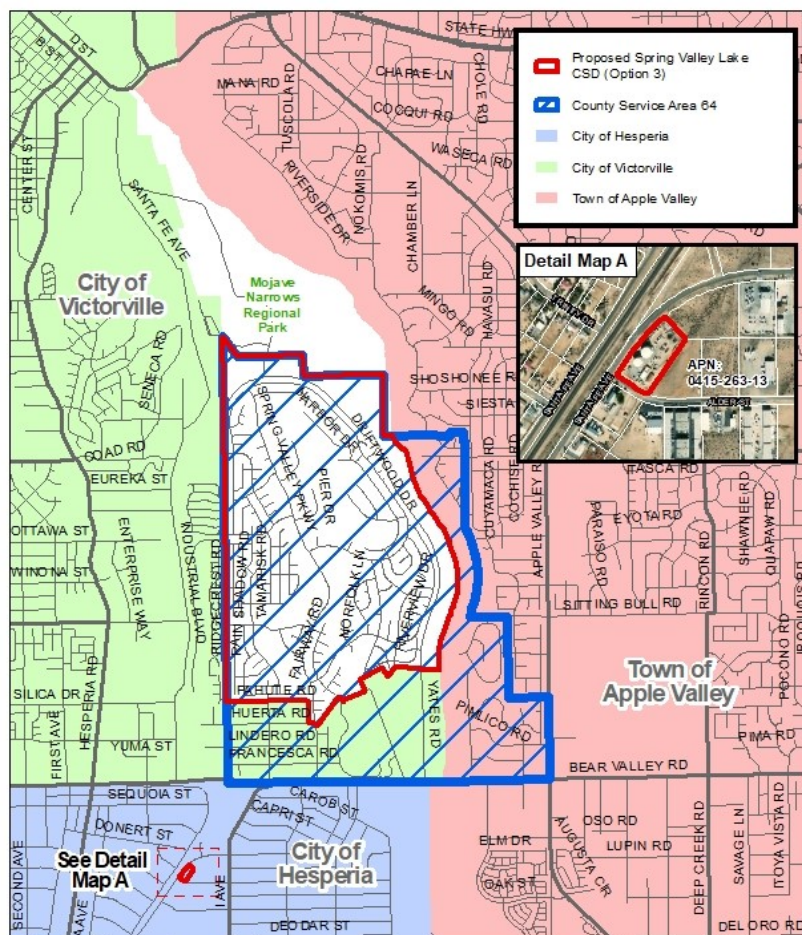


Figure 5. Proposal Excluding Town of Apple Valley and City of Victorville

Discussion Regarding Reorganization Boundary Option 3:

As noted previously, Area 2, which is within the Town of Apple Valley, is already being recommended for exclusion from LAFCO 3233, as modified by LAFCO staff. Therefore, the option to be discussed, Option 3, is the option that excludes the rest of the incorporated areas from the overall reorganization proposal—Area 3 (within the Town of Apple Valley) and Area 4 (within the City of Victorville).

The main issue relates to the delivery of water and sewer collection to both Areas 3 and 4, which involves infrastructure that cannot easily be transferred. As proposed, the new CSD

is to take over the management and operation of the existing water and sewer infrastructure of CSA 64.

Town of Apple Valley

The water service provider for the Town is Liberty Utilities, which is a private water company that the Town is currently trying to acquire by condemnation. The court trial for the said condemnation (CIVDS1600180) is still on-going. On the other hand, sewer collection is provided by the Town.

Therefore, for water service, the Town is not in a position to actually provide water service at this time. For sewer, the Town has indicated it will need to prepare engineering plans in order to add Area 3 into its wastewater collection system.

If Area 3 is excluded from the boundaries of the proposed SVLCSD, it is the Town's position that an out-of-agency service agreement could be utilized to continue to provide the service until such time that the Town can actually provide the service(s) to the area.

City of Victorville

Water and sewer collection for the City of Victorville is provided by its subsidiary district, the Victorville Water District. Although Area 4 is within the City of Victorville, the area is actually not within the Victorville Water District. In order to provide water and/or sewer service to the area, the Victorville Water District will have to annex Area 4 into its boundaries and propose detachment from the new CSD. The Victorville Water District will have to prepare a plan for service/feasibility study to connect Area 3 into its water and sewer collection systems.

Similarly, if Area 4 is excluded from the boundaries of the proposed SVLCSD, an out-of-agency service agreement could be utilized to continue to provide water and sewer collection service to the area until such time that the Victorville Water District can actually provide the services to the area.

Analysis:

Both the Town of Apple Valley and the Victorville Water District are not in a position to actually serve their respective areas right away. As such, it is LAFCO staff's position that the areas, Areas 3 and 4, should be kept as a part of the proposed SVLCSD. Then, when the time comes that the Town and/or the Victorville Water District can actually serve their respective areas, the Town can propose detachment of Area 3 from the SVLCSD and the Victorville Water District can proposed annexation of Area 4 into its boundary and detachment from the SVLCSD.

Utilizing an out-of-agency service agreement for both areas and excluding all the parcels within those two areas from the proposed SVLCSD means approximately 10 percent of the landowners (which is also approximately 45 percent of the total land area) will have no

participation in the setting of rates/policies related to water and sewer collection within the new CSD.

Therefore, LAFCO staff recommends that both Areas 3 and 4 remain within the new CSD until such time that either the Town or the Victorville Water District can actually serve the areas—at which time, either the Town can propose detachment from the SVLCSD or the Victorville Water District can propose annexation into its boundary and detachment from the SVLCSD.

In addition, staff is also recommending that the Commission—as part of its approval of the proposed reorganization—establish the sphere of influence boundary for the proposed SVLCSD to exclude the areas within the Town of Apple Valley (Area 3) and within the City of Victorville (Area 4) in order to signal the Commission's directive that the Town of Apple Valley should ultimately assume responsibility for service delivery to Area 3 and the City of Victorville should also ultimately assume responsibility for service delivery to Area 4.

Boundary Conclusion:

Based upon the information outlined above, it is the staff's position that the Commission can make the following determinations related to LAFCO staff's proposed modified boundary (Option 2):

1. Option 2 represents a reasonable service boundary since it is the exact same service area of CSA 64 except for the portion that CSA 64 currently does not provide any service (Area 2); and,
2. Option 2 is also an easily identifiable boundary since CSA 64 generally defines the community of Spring Valley Lake, and the new CSD will simply take over the services currently provided by CSA 64. As such, the new CSD will be able to provide the range and level of services in, at least, the same manner as CSA 64.

Additional Boundary Determinations:

- **Area 1 – Formation of Zone A**

Area 1 will define the zone being created as part of the reorganization (Zone A) to isolate the delivery of solid waste and the special tax for its operation. As noted earlier, this is necessary since the areas within the corporate boundaries of the City of Victorville and the Town of Apple Valley are already included within the solid waste franchise area for the respective municipalities.

Also, said municipalities are the responsible entity for maintaining roads (including street sweeping) within their respective corporate boundaries. Therefore, street sweeping services by the new CSD will also be contained within the boundaries of Zone A. All costs associated with street sweeping will be isolated within the zone.

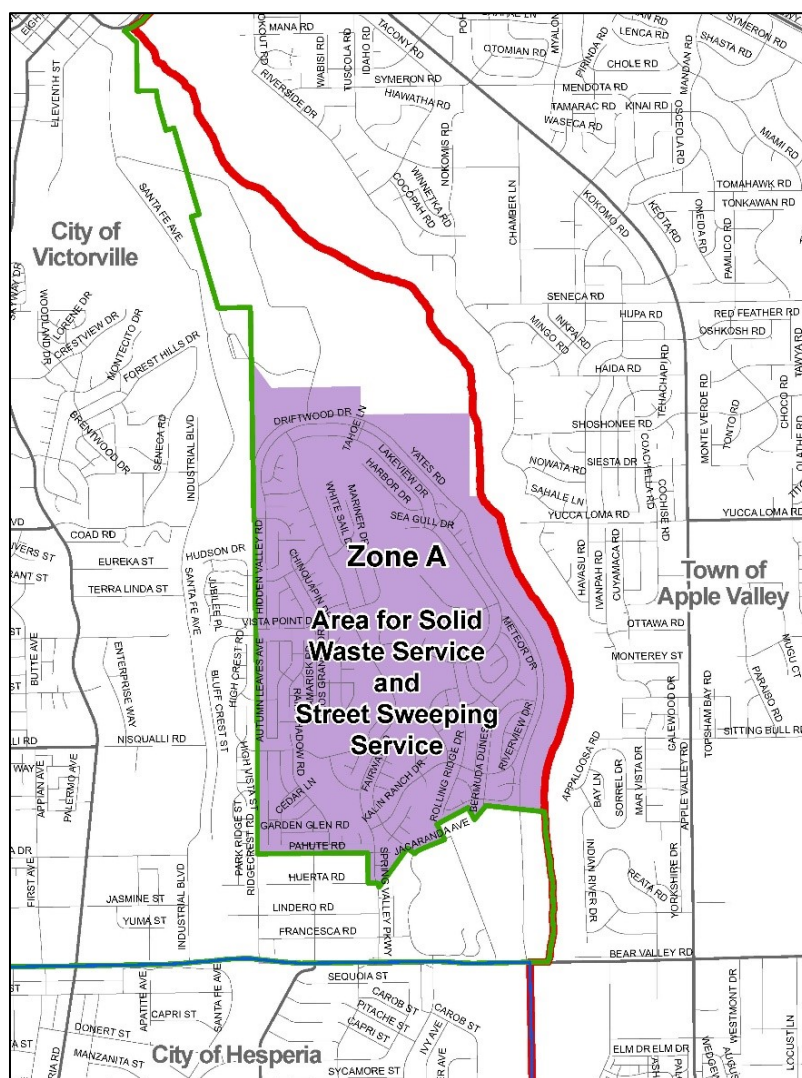


Figure 6. Formation of Zone A for Solid Waste and Street Sweeping

- **Sphere of Influence Establishment for the Spring Valley Lake CSD**

As mentioned previously, LAFCO staff is recommending that the Commission establish the sphere of influence for the SVLCSD to include the core of the community (Area 1) and the Mojave Narrows Regional Park (Area 6). The park area has received and benefited from sewer service provided by CSA 64.

As noted earlier, the exclusion of Areas 3 and 4 reiterates the Commission's directive that the Town of Apple Valley should ultimately assume responsibility for service delivery to Area 3, and the City of Victorville should also ultimately assume responsibility for service delivery to Area 4.

The establishment of the Sphere of Influence for the Spring Valley Lake Community Services District (LAFCO 3233B) is discussed on page 41.

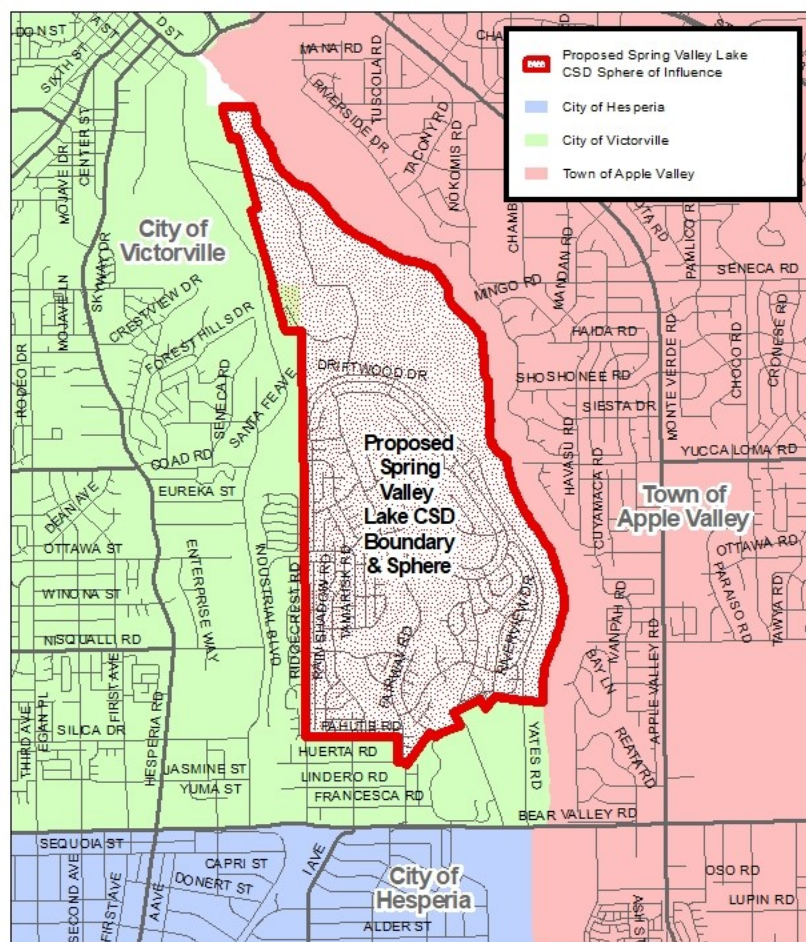


Figure 7. Proposed Sphere of Influence for the SVLCSD

SERVICE CONSIDERATIONS

County Service Area 64 is governed by the County Board of Supervisors, and LAFCO authorizes it to provide the following functions: retail water, wastewater collection, roads (currently not provided), parkway maintenance (for maintenance of the Spring Valley Parkway median), and street sweeping (not provided within the City of Victorville nor in Bear Valley Road within the Town of Apple Valley). The application proposes that the Spring Valley Lake CSD ("SVLCSD") provide the following services which are discussed below: water, wastewater collection, street sweeping (unincorporated area only, Area 1), and solid waste collection (currently provided by the County for the unincorporated area only, Area 1).

A. Water

CSA 64 currently provides water service to Areas 1, 3, and 4. The feasibility study for this proposal identifies that the water service operations currently provided through CSA 64 will transfer to the new SVLCSD. Area 2 receives water through Liberty Utilities, a private water purveyor. No change in water service for Area 2 is proposed by this reorganization.

Water service in CSA 64 is provided through five wells, one booster station, and three water reservoirs. CSA 64 has no direct employees - it operates with personnel and supplies provided by Special Districts Department. Services are funded by property tax revenue, user fees, and service charges.

The existing CSA 64 water system serves approximately 3,810 residential and commercial connections, including the Victor Valley College, and is divided into two pressure zones. Water service in each zone is gravity fed from storage reservoirs located at high elevations to provide the required minimum operating pressure. The three water reservoirs within CSA 64 have a total capacity of 2.75 million gallons. Two of the reservoirs are located on a parcel within the City of Hesperia (Area 5). These two reservoirs serve the upper zone and have a combined capacity of 1.65 million gallons. The third is located at Pebble Beach Road and Ridgecrest Road and serves the lower zone. This reservoir has a capacity of 1.0 million gallons. The District currently does not have inter-ties with other agencies for back-up supplies.

Mojave Basin Area Watermaster

The water supplied for consumption and/or use within the community is pumped from the local groundwater basin. The groundwater basin is adjudicated under a stipulated judgment that specifies the amount of groundwater that can be extracted by major groundwater producers (those using over ten acre-feet per year). The purpose of the adjudication is to balance water supply and demand and address groundwater overdraft. The Mojave Water Agency, the State Water Contractor that encompasses CSA 64, was appointed as Watermaster in 1993 pursuant to the Court Judgment which adjudicated groundwater pumping rights in the Mojave Basin. The Watermaster's main responsibilities are to monitor and verify water production and serve as a clearing house for recording water transfers and changes in ownership of Base Annual Production rights.

According to the most recent Watermaster Annual Report (May 1, 2019), producers in the Alto Subarea, which is where CSA 64 is located, have reduced water production from about 98,900 acre-feet in 1990 to 77,686 acre-feet in 2018. Population in Alto in 1990 was 165,100, which grew to 346,665 by 2015, and is projected to reach 371,356 by 2020. Prior to 1990, most pumping in the Alto Subarea was for agriculture. In the past 28 years while population has more than doubled, water production has been reduced by 21.4 percent. Water levels in Alto have been relatively stable, although some indications of water levels trending downward is apparent in some wells.

The Mojave Basin Area Watermaster states that once the reorganization is completed, the Watermaster will require copies of the LAFCO approvals and the executed Permanent Transfer of Base Annual Production Right forms to be filed and processed through the Watermaster. LAFCO staff has included a proposed condition of approval, Condition #10, which will transfer the water rights and obligations from CSA 64 to the SVLCSD and require the submission of required paperwork to effectuate this change.

B. Wastewater

Collection

Currently, wastewater within the service boundary of CSA 64 is collected via the collector sewer system owned and operated by CSA 64. CSA 64's wastewater and collection system includes three lift stations, a total of 35.6 miles of gravity sewer, and 0.5 miles of pressure sewer with approximately 3,837 connections. The system serves Areas 1, 3 and 4 and is segregated into 13 tracts and collectors.

The feasibility study for the SVLCSD identifies that the wastewater service operations currently provided through CSA 64 (Areas 1, 3 and 4) will transfer to the new SVLCSD. The new CSD will also assume the billing responsibilities for wastewater treatment and disposal from Mojave Narrows Regional Park currently undertaken by CSA 64. Wastewater collection for Area 2 is currently provided by the Town of Apple Valley. No change in sewer collection service for Area 2 is proposed by this reorganization since the Town will remain the wastewater collector for the area following the formation of SVLCSD.

Treatment and Disposal

Effluent within the community is collected by CSA 64's sewer lines and transported to the Victor Valley Wastewater Reclamation Authority's ("VWVRA") interceptor line located in the northern portion of CSA 64. The effluent is then transported to the Regional Wastewater Reclamation Facility operated by VWVRA for processing. The Regional Plant is located adjacent to the Southern California Logistics Airport ("SCLA") approximately nine miles north of CSA 64. VWVRA serves portions of Victorville, Hesperia, Apple Valley, CSA 64, and Oro Grande (CSA 42).

VWVRA is a Joint Powers Agency ("JPA"), and service is currently provided to CSA 64 because of the County's membership in the JPA. At the outset, the new CSD would not be a member of the JPA; however, VWVRA has agreed to continue to provide its services to

the new CSD at the current level as long as Spring Valley Lake CSD enters into a service agreement with VVWRA (see Attachment 5, VVWRA letter dated 10/28/2019).²

LAFCO staff has included a proposed condition of approval, Condition #11, which will transfer the provision of wastewater service within Areas 1, 3 and 4 to the SVLCSD and require the submission of required paperwork to effectuate this change.

Sewer Service to the Mojave Narrows Regional Park

CSA 64 has provided wastewater service outside of its boundaries and/or sphere of influence to the Mojave Narrows Regional Park since the early 1990s (and possibly as early as the mid-1970s). The Park receives sewer service through a direct connection to the VVWRA's interceptor line. Historically, VVWRA provided this service to the Park at no charge. However, in 2000, VVWRA requested a fee from the Park for use of their interceptor line.

On February 6, 2001, an agreement (Agreement No. 01-96) was approved by the County Board of Supervisors (acting as the governing body of CSA 64) between the Public Works Department (Regional Park Division), VVWRA and CSA 64 for the purpose of providing sewer service billing for Mojave Narrows Regional Park. (Regional Parks is now a separate agency and is not a division of Public Works.) As a member entity of the VVWRA, CSA 64 is billed for the Park's sewer flow that is ultimately transmitted to VVWRA for treatment and disposal. Regional Parks subsequently reimburses CSA 64 for the amount of the sewer fee and pays CSA 64 a small administrative fee for overseeing the billing process.

Sewer Service to a Development within the City of Hesperia

CSA 64 also recently executed an agreement with the Hesperia Water District to provide sewer collection to a proposed shopping center project located south of the terminus of Mojave Fish Hatchery Road on Bear Valley Road. LAFCO recognized this agreement in November 2018 (Service Contract #433).

C. Solid Waste & Recycling

The proposal has identified that the provision of solid waste (refuse) is to be an active function/service of the new Spring Valley Lake CSD. The proposed CSD will take over solid waste service for the unincorporated portion of Spring Valley Lake (Area 1) from the County's Solid Waste Division of its Public Works Department by assuming the existing contract with the County's franchisee, Advanced Disposal. It was noted that a dumpster in the RV campground park/parking area located near the southwestern entrance to Mojave Narrows Regional Park (which is within the City of Victorville) is being served by Advance Disposal through contract by the County. This may be because the area is inaccessible from the City, and there is no identifier that this small area is within the City. The new CSD will be required to take over the County's contract (Burrtec) with the City to continue this service to the RV park/parking area.

² VVWRA membership is currently composed of four members: City of Hesperia (on behalf of its subsidiary district Hesperia Water District), City of Victorville (on behalf of its subsidiary district Victorville Water District), County of San Bernardino (on behalf of County Service Area 42 and County Service Area 64), and Town of Apple Valley.

Three areas within the proposed CSD boundary that are located within incorporated cities will not receive solid waste services from the CSD. These include Areas 3, 4 and 5, which will continue to receive solid waste service from Victorville (Burrtec) and Apple Valley (Burrtec), and Hesperia (Advanced Disposal) per their individual franchise agreements.

Another aspect of Solid Waste will be the transfer of the existing special tax of the County Land Use Solid Waste of \$85.14 per parcel (actual receipts would be \$84.89 [subtracting the 25 cent per parcel administrative charge]). This will include the administration of the "dump card program". The issuance of the SVLCSD dump card program would require the completion of contracts with the County much like those implemented on behalf of the Helendale CSD and Phelan Pinon Hills CSD, and the County has indicated its assurance that it will assist in this process. The contract will need to be in place before the County will transfer the revenues of the special tax.

To distinguish the boundary of the new CSD's solid waste service responsibilities and ensure an equitable transfer of funds, staff has incorporated Condition #8 which would create a zone to isolate the service and related financial activities.

As for County Solid Waste, County Franchise Area No. 19 contains only unincorporated territory, and this proposal reduces CFA 19 by Area 1 of this report. The remainder of CFA 19 would continue to exist and operate through its contract with Advance Disposal.

Obligations and Reporting Requirements

Since the passage of AB 939, the State of California has shifted the responsibility for waste disposal from the haulers to the government jurisdictions. Currently, the County is responsible for the waste education programs implemented for the entirety of the County, including reporting and diversion programs. According to the County, the SVLCSD will be required to assume State mandated obligations/reporting requirements related to solid waste collection and recycling for the unincorporated portions of Spring Valley Lake. Those obligations/reporting requirements include, but are not limited to, those summarized below:

- When the Community Service District (CSD) is formed, the County will stop collecting the Land Use Fee for residential properties within the CSD. These fees are currently collected by the County to pay for landfill disposal costs. It will be up to the CSD to determine what fees, if any, they want to impose for solid waste services and the legal processes required to impose the Land Use Fee.
- If the CSD decides to issue "Land Use Disposal Cards" to its residents, then an agreement will need to be put into place between the CSD and the County for disposal costs.
- AB 939 and SB 1016 require jurisdictions to meet a 50 % diversion goal by 2000 and every year thereafter through source reduction, recycling, composting, and household hazardous waste diversion programs. The CSD will have to report annually to the County on diversion programs for incorporation into the County's annual report to the State.

- AB 341 and AB 1826 require implementation of Mandatory Commercial Recycling (MCR) requirements for certain commercial generators and Mandatory Commercial Organics Recycling requirements for certain commercial generators that meet certain thresholds.
- SB 1383 requires implementation of organics collection/processing and food recovery programs for short-lived climate pollutants.

D. Street Sweeping

Street sweeping powers were confirmed for CSA 64 in January 2004 through approval of LAFCO 2951. Currently, CSA 64 provides street sweeping services in Area 1 (unincorporated). This responsibility will transfer to the proposed SVLCSD. Areas 2 and 4, located in the Town of Apple Valley and the City of Victorville, respectively, receive street sweeping services from the respective municipalities. No change in this arrangement is proposed at this time.

Area 3 remains an anomaly – although located with the Town of Apple Valley, it is currently provided street sweeping services through CSA 64 (the Town only provides street sweeping along Bear Valley Road). In discussions with the Town, County and LAFCO staffs regarding this situation, the Town has agreed to absorb street sweeping responsibilities for Area 3 (see Attachment #6, Town of Apple Valley letter, 6/26/2019). Accordingly, street sweeping responsibility for Area 3, under the proposed CSD formation, will transfer from CSA 64 to the Town of Apple Valley. In turn, a share of the property tax will transfer to the Town for this service provision.

Interestingly, CSD Law does not allow for a separate function of street sweeping amongst the variety of services. Rather, the Roads function includes the service of street sweeping. Therefore, LAFCO would authorize the new CSD the function of Roads with a limitation of street sweeping – the CSD would not provide road construction or maintenance.

Service Determinations

Based upon the information presented in this report, it is the staff's position that the Commission can make the following determinations:

1. In response to the question of whether the formation represents the best available service option for the community, the staff would respond in the affirmative. Approval of this application by the Commission, and ultimately by the electors, will provide for a locally-elected Board of Directors, with five members from the community, to determine the delivery of the services and to be able to represent the community to state agencies proposing the imposition of new services for the area.
2. The alternatives to the formation are the continuation of the status quo without a voice on the delivery of these services. Incorporation of the area as a city is not available to the total community as it would not be financially viable, in the staff's opinion. It is the staff's opinion that the a single, multi-function Community Services District could assist the community in achieving local decision-making for the services the community desires and can fund and provide for selection of the Board of Directors from candidates within the community.

FINANCIAL CONSIDERATIONS

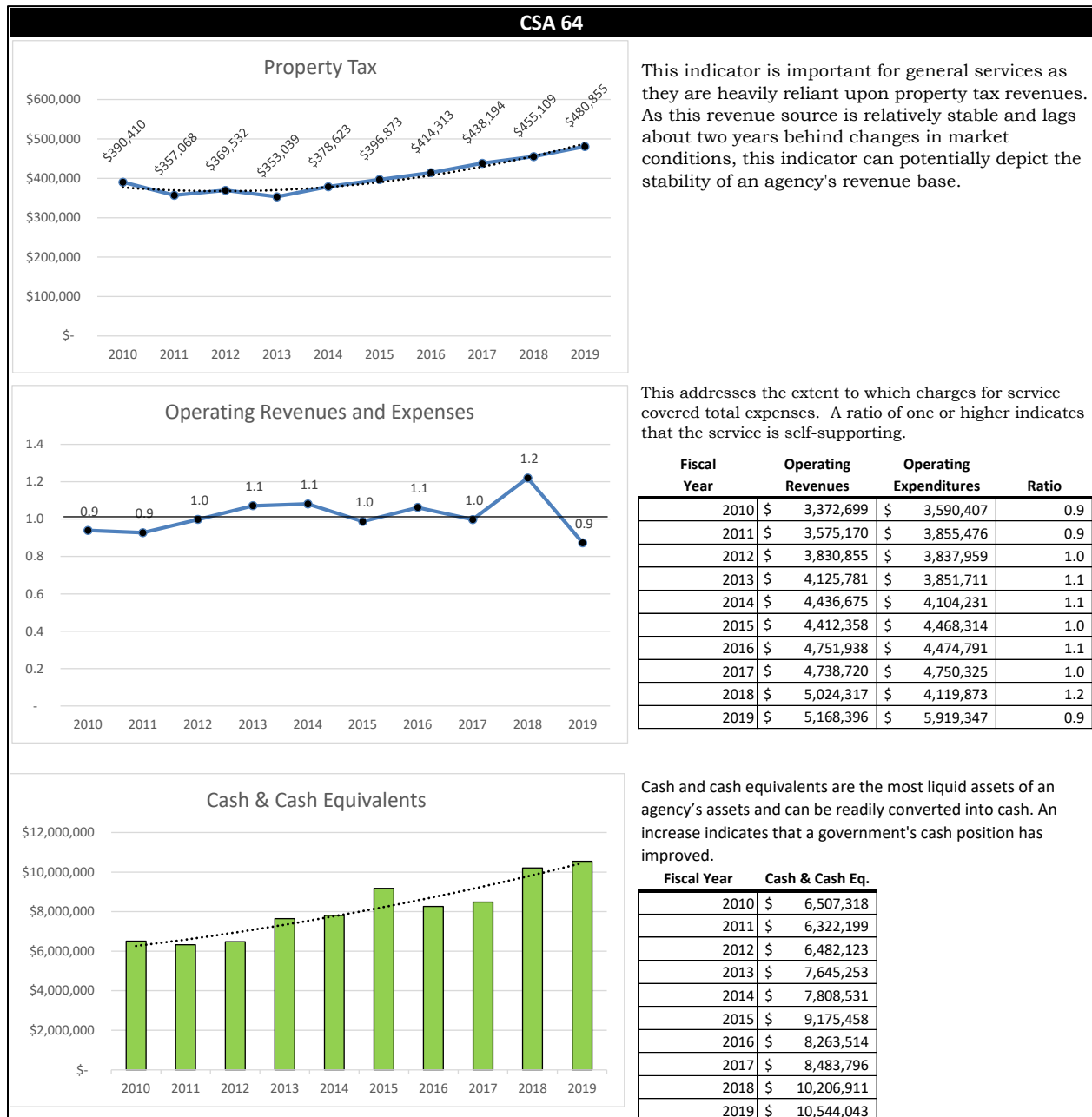
The County has submitted a Feasibility Study, prepared by the Spring Valley Lake Resident Group, as a part of its application and has supplemented that document with additional information, as required by LAFCO staff during the processing of the application. The Board Agenda Item initiating the application and the Feasibility Study are included as Attachment #2 to this report to include relevant supplemental information received during the processing of the proposal. The Commission is required to review these materials, and the LAFCO staff response to them, in order to make its determinations. This section, Financial Considerations, is organized as follows:

- A. CSA 64 Financial Position
- B. Property Tax Transfer
- C. Five-year Projection
- D. Calculation of Appropriations Limit
- E. Financial Effect on Other Governments
- F. Assets
- G. Financial Liabilities
- H. Financial Determinations

A. CSA 64 Financial Position

In order to evaluate the proposed change in governance structure, the Commission needs to be aware of the historic provision of service to this community. The unincorporated Spring Valley Lake community has a single direct service provider, CSA 64, and the incorporated portions receive additional services from their respective municipalities. The following materials provide for an outline of the current operations for CSA 64 based upon audit information:

CSA 64 AUDITED FINANCIAL POSITION					
	2014-15	2015-16	2016-17	2017-18	2018-19
Operating Revenues					
Sanitation Services	\$ 2,223,668	\$ 2,497,245	\$ 2,431,422	\$ 2,253,029	\$ 2,434,435
Water Sales	2,061,518	2,095,658	2,081,147	2,425,416	2,138,725
Connection Fees	37,891	74,480	86,657	145,739	406,522
Permit and Inspection Fees	2,625	3,750	5,250	8,100	4,875
Penalties	63,798	63,587	79,889	76,232	77,009
Other Services	22,858	17,218	54,355	115,801	106,830
Total Operating Revenues	4,412,358	4,751,938	4,738,720	5,024,317	5,168,396
Operating Expenses					
Salaries & Benefits	1,928,845	2,202,664	2,231,889	1,422,186	1,347,003
Services & Supplies	1,709,225	1,684,875	1,772,730	1,306,316	1,273,776
Professional Services				101,844	1,641,715
Water Replacement	369,310	137,340	301,950	-	252,750
Utilities	180,278	153,940	147,883	963,184	1,053,992
Depreciation/Capital Purchases	280,656	295,972	295,856	326,343	357,369
Total Operating Expenses	4,468,314	4,474,791	4,750,308	4,119,873	5,926,605
Operating Income (Loss)	(55,956)	277,147	(11,588)	904,444	(758,209)
Non-Operating Revenues (Expenses)					
Property Taxes	396,873	414,313	438,194	455,109	480,856
Special Assessment & Other Taxes	52,025	46,961	46,097	35,287	39,787
Loss on Disposal of Capital Assets	-	-	(252)	2,200	-
Investment Earnings	36,215	68,521	45,279	71,726	335,418
Other Revenues (Expenses)	72,829	71,799	86,364	82,183	145,132
Total Non-Operating Revenues (Expenses)	557,942	601,594	615,682	646,505	1,001,193
Change In Net Position	501,986	878,741	604,094	1,550,949	242,984
Net Position Prev Year	11,861,656	12,363,642	13,242,383	14,106,575	15,657,524
Prior-Period Adjustment	-	-	260,098	-	-
Net Position Beginning of Year	11,861,656	12,363,642	13,502,481	14,106,575	15,657,524
Net Position End of Year	\$ 12,363,642	\$ 13,242,383	\$ 14,106,575	\$ 15,657,524	\$ 15,900,508
Source: CSA 64 Financial Statements: Statement of Revenues, Expenses, & Changes in Net Position					



The materials identify that for the past five audit years, the annual revenues of CSA 64 are sufficient to cover its annual costs. LAFCO staff reviewed the budget adopted for Fiscal Year 2019-20, but it did not provide for an itemization of the revenues and expenditures for CSA 64.

B. Property Tax Transfer

The first order of business in evaluating a reorganization proposal which includes a formation requires staff to provide a determination on what the general ad valorem property tax transfer would be for this proposal pursuant to the provisions of Government Code

Section 56810. As this section of law requires, LAFCO staff contacted the County Auditor/Controller-Recorder and requested information regarding the property tax revenues attributable to the affected agencies for the services to be transferred. The Auditors' responses indicated that for Fiscal Year 2018-19 the property tax revenue distributions for CSA 64 within LAFCO 3233 was \$426,373.

In the case where all the services provided by the entity are to be transferred, pursuant to Government Code Section 56810(d), the Commission shall transfer the full amount of the property revenues attributable from the area for the service(s), as shown below (see Condition #14). In this case, LAFCO proposes the following property tax transfers:

Area	Transfer from	Transfer to	Percent
1	CSA 64	Spring Valley Lake CSD	100%
2	CSA 64	Town of Apple Valley	100%
3	CSA 64	Spring Valley Lake CSD	85%
	CSA 64	Town of Apple Valley	15%
4	CSA 64	Spring Valley Lake CSD	100%

The County Auditor's Property Tax Division provided a letter dated May 11, 2019 that identified certain tax rates areas that are a part of former redevelopment projects.

- Project RR97-RG01. CSA 64 has not been receiving pass-through payments for this project, thus these funds would not transfer to the new CSD. In order for the CSD to receive these funds, the CSD and the County would need to enter into an agreement.
- Project RR97-RG03. CSA 64 has been receiving pass-through payments for this project, thus these funds would statutorily transfer to the new CSD, approximately \$1,080 for FY 2017-18.

C. Five-Year Projections

With the property tax determination made, the Commission can now turn its attention to the discussion of whether or not the Spring Valley Lake CSD is financially feasible and sustainable, and whether or not, according to Commission policies, it can maintain pre-formation levels of service. In order to make these determinations, the Commission is required to review the feasibility study presented by the proponents, with the supplemental documentation provided at the request of LAFCO staff, against Community Service District Law requirements, Cortese-Knox-Hertzberg Local Government Reorganization Act requirements, and the policies of the Commission.

At the outset, LAFCO staff had questions regarding the financial assumptions included in the Five-Year financial analysis submitted. The applicant and resident group have provided adequate information to satisfy LAFCO staff's questions. The budget spreadsheet submitted by the applicant and resident group has been amended by LAFCO staff and is shown below.

Spring Valley Lake CSD Five-Year Forecast

Assumes estimated retirement costs if under SBCERA

	2020-21	2021-22	2022-23	2023-24	2024-25
Operating Revenues					
Sanitation Services	\$ 2,431,000	\$ 2,431,000	\$ 2,431,000	\$ 2,431,000	\$ 2,431,000
Water Sales	2,081,000	2,081,000	2,081,000	2,081,000	2,081,000
Connection Fees	78,416	78,416	78,416	78,416	78,416
Solid Waste Franchise Fees	103,000	103,000	103,000	103,000	103,000
Dump Fees / ESFR Fees	275,000	275,000	275,000	275,000	275,000
Permit and Inspection Fees	5,250	5,250	5,250	5,250	5,250
Penalties	79,889	79,889	79,889	79,889	79,889
Total Operating Revenues	5,053,555	5,053,555	5,053,555	5,053,555	5,053,555
Operating Expenses					
Salaries & Benefits	1,325,000	1,364,000	1,406,000	1,448,000	1,491,000
Services & Supplies	1,443,000	1,487,000	1,531,000	1,577,000	1,624,000
<i>Solid Waste Disposal Fee</i>	161,000	166,000	171,000	176,000	181,000
Solid Waste Recycle Program	10,300	10,600	10,900	11,200	11,500
Victor Valley Wastewater Reclamation Authority	795,000	859,000	876,000	894,000	912,000
Water Replacement (Mitigation)	309,000	318,000	328,000	338,000	348,000
Utilities	308,500	318,000	327,500	338,000	348,500
Capital Needs (Projects & Equipment)	543,000	559,000	576,000	593,000	611,000
Total Operating Expenses	4,894,800	5,081,600	5,226,400	5,375,200	5,527,000
Operating Income (Loss)	158,755	(28,045)	(172,845)	(321,645)	(473,445)
Non-Operating Revenues (Expenses)					
<i>Property Taxes</i>	<i>501,000</i>	<i>511,000</i>	<i>521,000</i>	<i>532,000</i>	<i>544,000</i>
Special Assesment & Other Taxes	46,000	46,000	46,000	46,000	46,000
Investment Earnings	46,000	46,000	46,000	46,000	46,000
Election	(50,000)	-	(25,000)	-	(25,000)
LAFCO Apportionment	(10,000)	(10,000)	(10,000)	(10,000)	(10,000)
Mitigation payment to County	(729,000)	(486,000)	(243,000)	-	-
Other Revenues	86,000	86,000	86,000	86,000	86,000
Total Non-Operating Revenues	(110,000)	193,000	421,000	700,000	687,000
Change In Net Position	48,755	164,955	248,155	378,355	213,555
Net Position Beginning of Year	16,665,469	16,714,224	16,879,179	16,879,179	17,127,334
Net Position End of Year	\$ 16,714,224	\$ 16,879,179	\$ 17,127,334	\$ 17,257,534	\$ 17,340,889

D. Calculation of Appropriation Limit:

For the formation of any new special district, the Commission is required to establish its provisional appropriation limit, also known as the Gann Limit, pursuant to requirements of the California Constitution. Government Code Section 56811 sets forth the required method to be utilized in calculating the provisional appropriation limit for the new SVLCSD. On June 11, 2019, Board Agenda Item 100, the San Bernardino County Board of Supervisors set the FY 2019-20 provisional appropriation limit for the County and its Board-governed special districts requiring such a determination. The appropriation limit for CSA 64 was set as: \$475,369 (sewer), \$382,471 (water), and \$210,265 (street sweeping).

Additionally, this proposal adds solid waste powers and its associated revenues. Therefore, the appropriation limit for the new CSD would have to include this amount (\$378,000). Hence, staff's recommendation will include Condition #18 to set a provisional appropriation limit at \$1,446,105.

E. Financial Effects on other Levels of Government:

Town of Apple Valley

As identified throughout this report, the CSD would not overlay the Town in Area 2, and in Area 3 the Town would assume street sweeping responsibility. Therefore, property taxes would transfer from CSA 64 to the Town as follows:

- Area 2. 100% of the share attributable to CSA 64 would transfer to the Town.
- Area 3. The cost of street sweeping service would transfer from CSA 64 to the Town. This equates to 15% of the property taxes attributable to CSA 64 from this area.

County of San Bernardino

As outlined at the outset of this discussion, one of the questions that the Commission is required to answer is whether or not the formation of the Spring Valley Lake CSD would have a financial or service impact on other agencies. There is a concern regarding the potential indirect impact of this project on the residual County water and wastewater agencies that remain under the jurisdiction of the County's Special Districts Department.

CSA 64 represents approximately 35% of the Special Districts' budget allocated to the water and wastewater agencies that it manages. Removal of CSA 64's portion of salaries and benefits that support Special Districts' water and wastewater agencies may have an adverse effect on provision of services (maintenance of facilities, required upgrades to water and wastewater infrastructure, and continued compliance with existing or new regulatory requirements for water quality at water and wastewater facilities) to the remaining agencies. This is considered a potentially significant indirect physical impact to the residual agencies managed by the Special District's Department.

The County Administrative Office provided LAFCO with information as to the financial effect of removing CSA 64 from the Special Districts Department mechanism; the figure identified is \$729,011 annually. The summary of this figure is as follows:

- Special Districts Department - Administration
 - Salary and Benefits – Remaining Allocated Costs \$ 41,937
 - Services and Supplies – Remaining Allocated Costs \$195,124
- Water and Sanitation Division
 - Salary and Benefits – Remaining Administrative Costs \$198,215
 - Services and Supplies – Remaining Costs \$304,735
- **TOTAL \$729,011**

The initial study for this proposal identifies three options to ensure that future service to all remaining water and wastewater CSAs operated by the Special Districts Department is maintained at a comparable level of service and operation that fulfills regulatory requirements for the specific resource, i.e., water and/or wastewater, delivered by the agencies:

- 1) Increasing the rate(s) charged for the service provided by the CSAs consistent with meeting regulatory requirements;
- 2) LAFCO may assign to the new SVLCSD an amount of funds required to be returned to the Special District's Department to offset losses from approving LAFCO 3233 that will maintain a comparable level of service and operation in the remaining water and wastewater CSAs; or
- 3) The County can allocate sufficient funds to maintain a comparable level of service and operation at the remaining water and wastewater CSAs.

The applicant (County) and the Resident Group continue to negotiate the mitigation mechanism to offset losses to maintain a comparable level of service and operation for the remaining county agencies. Of question is the amount and duration of mitigation funds. With implementation of this mitigation measure the potentially significant indirect impact to residual water and wastewater agencies in Special Districts Department from approval of LAFCO 3233 can be reduced-controlled to a less than significant impact level.

As a condition of approval (Condition #13), the County and Resident Group are to present a formal response to LAFCO on the negotiated and approved mitigation mechanism. The Certificate of Completion for LAFCO 3233 will be held in abeyance until receipt of said formal response. Such mitigation shall be signed within ten (10) days following the first regular meeting of the Board of Directors of the Spring Valley Lake CSD.

F. Assets

The SVLCSD shall succeed to all properties, land, improvements, equipment, etc. owned in the name of CSA 64 (Condition #s 4, 5, and 12). Listings of these assets are included as Attachment #9. There are 10 properties that are in the name of CSA 64. The new CSD would assume ownership of all 10 parcels, including the parcel within the City of Hesperia (Area 5).

Entrance Archway

The Spring Valley Lake developer, Boise Cascade, constructed the entrance archway in 1969. In 1979, CSA 64 agreed to assume ownership of the archway in exchange for receipt

of two vacant lots (at that time known as lots 79 and 80 in Tract 8031).³ Since that time, CSA 64 has owned and maintained the archway. The new CSD would assume ownership, responsibility, and liability of the archway.

Financial Assets

All reserve funds in the name of or apportioned to CSA 64 would transfer to SVLCSD.

In addition to the reserves in the name of CSA 64, the County has identified that CSA 64's share of Fund 1378 "CSA 70 Countywide General Districts Special Reserve Fund" would transfer to SVLCSD. Fund 1378 has accumulated fund balance over the years due to MOU work done for other County departments. This fund balance is used to acquire and/or replace capital assets associated with providing various services to these departments. Fund balance also fluctuates when the General Fund prepays Special Districts for construction projects that span multiple fiscal years (i.e. Calico Ghost Town). CSA 64 is entitled to \$438,418 for their portion of fund balance.

G. Financial Liabilities

CSA 64 has a proportionate share of the County's net pension liability allocated by the San Bernardino County Employees' Retirement Association ("SBCERA"). Upon formation, the SVLCSD would assume the net pension liability assigned to CSA 64 (see Condition #4). CSA 64's 2019-20 financial statements identify a Net Pension Liability of \$1,500,539; however, the exact figure would be recalculated as of the SVLCSD formation date. The County Administrative Office identified that should the new CSD board take action to enter SBCERA, then the SVLCSD would assume the CSA 64 net pension liability. However, should the SVLCSD take action to not enter SBCERA, then the net pension liability would be due in full to the County and paid from CSA 64's funds.

LAFCO staff asked if the County apportions Compensated Absences as a liability amongst the Special Districts Department agencies. The County replied in the affirmative, and the CSA 64's share of the compensated absences is \$282,171. In addition, the County identified that CSA 64's share of the Special Districts Department Termination Benefit Reserve is \$279,645. The County Administrative Office, LAFCO staff, and Resident Group all agree that the SVLCSD shall not assume any residual liability related to compensated absences due to the nominal variance.

H. Financial Determinations

Based upon the information outlined above, it is the staff's position that the Commission can make the following determinations:

³ County Board of Supervisors. Agreement 79-572. 6 August 1979.

1. The formation of the Spring Valley Lake CSD is financially feasible and could provide for a reasonable reserve during the first five years of its existence based upon the modifications in its financial feasibility study made by LAFCO staff.
2. The formation can maintain the pre-formation service levels that are currently provided within the area and provide for the long range planning necessary to provide for a higher level of service in the future as resources become available or service delivery is mandated by State agencies.
3. This proposal could result in a potentially significant indirect physical impact to the residual agencies managed by the Special District's Department. As a condition of approval (Condition #13), the County and Resident Group are to present a formal response to LAFCO on the negotiated and approved mitigation mechanism. The Certificate of Completion for LAFCO 3233 will be held in abeyance until receipt of said formal response. Such mitigation shall be signed within ten (10) days following the first regular meeting of the Board of Directors of the Spring Valley Lake CSD.
4. The implementation of the reorganization would not impair any other agency currently serving within the area.

DETERMINATIONS FOR 3233A

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

1. The Registrar of Voters has determined that the reorganization study area is legally inhabited, containing a total of 5,605 registered voters within LAFCO 3233A as of February 12, 2020.
2. The reorganization, including formation, does not conflict with the sphere of influence of any other entity because the proposal transfers existing service from an existing agency to the proposed new agency. Further, the companion sphere of influence establishment, LAFCO 3233B, does not include the SVLCSD sphere over the City of Hesperia, Town of Apple Valley or City of Victorville (except for the RV campground within the City of Victorville since it is inaccessible through the City).
3. The County Assessor has determined that the value of land and improvements within the reorganization area is broken down as follows:

Land:	\$ 289,143,644
Improvements:	\$ 823,594,781
Total:	\$1,112,738,425
4. In compliance with Commission policy and Government Code Section 56157, the Notice of Hearing for this proposal was provided by publication of an eight-page (1/8 page) legal ad in the *Daily Press*, a newspaper of general circulation in the area. Comments from landowners and any affected local agency have been reviewed and considered by the Commission in making its determination. Opposition has been received and considered by the Commission in making its determination.
5. The proposed reorganization, including formation, includes a variety of land uses established under the San Bernardino County's General Plan, City of Hesperia's General Plan, Town of Apple Valley's General Plan and the City of Victorville's General Plan; however, such formation has no direct impact on said land use designations.
6. 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 3233 has no direct impact on these determinations.
7. The Commission's Environmental Consultant prepared an environmental assessment for the reorganization proposal to form the Spring Valley Lake Community Services District (SVLCSD) and dissolve County Service Area 64 (LAFCO 3233A) and the proposed sphere of influence establishment for the SVLCSD (LAFCO 3233B) and has proposed a Mitigated Negative Declaration which indicates that approval of the reorganization and sphere of influence establishment as defined in the staff report will not have a significant adverse impact on the environment. The initial study has been independently reviewed by the

Commission's staff and has been found to be adequate for the proposed reorganization and sphere of influence establishment. Responses to comments received during the circulation of the Notice of Availability for the Mitigated Negative Declaration have been provided by the Commission and are made a part the document.

The Commission certifies it has reviewed and considered the proposed Mitigated Negative Declaration and environmental effects as outlined in the Initial Study prior to reaching a decision on the project and finds the information substantiating the Mitigated Negative Declaration is adequate for its use in making a decision as a CEQA lead agency. The Commission further finds that it does not intend to adopt alternatives but does intend to adopt a mitigation measure related to the mitigation payment(s) to the County as part of the project. The Commission hereby adopts the Mitigated Negative Declaration, as presented by its Environmental Consultant. The Commission directs the Executive Officer to file a Notice of Determination and pay the required Department of Fish and Wildlife filing fees within five (5) working days of its adoption.

8. The local agencies currently serving the area are:
 - County of San Bernardino
 - County Service Area 64
 - County Service Area 70 (unincorporated countywide, multi-function)
 - City of Hesperia
 - Hesperia Water District
 - Town of Apple Valley
 - City of Victorville
 - Mojave Desert Resource Conservation District
 - Victor Valley Wastewater Reclamation Authority
 - San Bernardino County Fire Protection District and its North Desert Service Zone

The affected agency is CSA 64, which is to be dissolved as a function of this reorganization. The other agencies are not affected by this reorganization as they are either regional in nature or identified for other services to a specific area.

9. The County of San Bernardino, as the proponent for LAFCO 3233, has submitted a Feasibility Study prepared by the Feasibility Committee for a Spring Valley Lake Community Services District, which provides a general outline of the delivery of services mandated by Government Code Section 56653 for a plan for providing services. The Plan and the Fiscal Impact Analysis indicate that the transfer of service to the Spring Valley Lake Community Service District upon its formation, can, at minimum, maintain the level of service delivery currently received by the area. The Feasibility Study and the supplemental documentation outlined in the staff report shows that the Community Services District has sufficient revenues to provide its active range of services (water, solid waste, wastewater and street sweeping) upon formation. The Feasibility Study and its supplemental information have been reviewed and compared with the standards established by the Commission and the factors contained within Government Code Section 56668. The Commission finds

that such Study, its supplemental data and the Fiscal Impact Analysis as revised by LAFCO staff, conform to those adopted standards and requirements.

10. The reorganization area can benefit from the availability and continuation water, sewer collection, and street sweeping services as well as assumption of solid waste services, as evidenced by the Feasibility Study and its supplemental data.
11. This proposal will not affect the fair share allocation of the regional housing needs assigned to the County of San Bernardino, the Town of Apple Valley, the City of Hesperia or the City of Victorville 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 water, wastewater, street sweeping and solid waste (refuse) services within the area. The delivery of these services, through a locally-elected special district, will not result in the unfair treatment of any person based upon race, culture or income.
13. This proposal complies with Commission and State policies that indicate the preference for the creation of multi-purpose agencies to serve growing communities. This position is taken on the basis that areas proposed for formation as a community services district can be planned, funded, services extended and maintenance funding put in place for the full range of service needs as identified by the community.
14. The maps and legal descriptions, prepared by the County Surveyor's Office, are in substantial compliance with LAFCO and State standards.

LAFCO 3233B

Spring Valley Lake CSD Sphere of Influence Establishment:

CSA 64 covers 2,579 acres. The current sphere of influence boundary for CSA 64 comprises 2,610 acres, and includes the unincorporated portion of Spring Valley Lake (Area 1), portions of the City of Victorville (Area 4) and the Mojave Narrows Regional Park (Area 6). The CSA 64 sphere boundary does not include those portions of the Town of Apple Valley (Areas 2 and 3) that are currently within the CSA 64 boundary, as the Commission has historically recognized this area as being a part of the overall Apple Valley community. Further, the division of the school districts by the Mojave River supports the division between Victorville and Apple Valley.

The proposed Spring Valley Lake CSD sphere of influence is largely consistent with the current CSA 64 sphere, with one exception: the proposed CSD sphere excludes Area 4 (City of Victorville). Area 4 was annexed into Victorville in 1991, however this area is not within the Victorville Water District's boundary, and CSA 64 currently provides water and wastewater collection within this area. The application received by LAFCO proposes to transfer service responsibility from CSA 64 to the new CSD for these services – water and wastewater.

When either the Town of Apple Valley or the Victorville Water District are able to assume water and wastewater collection to their respective areas, then an affected agency could submit an application to LAFCO to detach the CSD from their respective area. Excluding these areas from the newly formed CSD sphere of influence signals the Commission's intent that the CSD is not the logical, long-term service provider for these areas for water and wastewater collection services, and that these services should ultimately be taken over by another agency.

The following address the mandatory sphere of influence determinations as outlined in Government Code Section 54525:

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

The land area proposed to be included in the sphere of influence for the Spring Valley Lake CSD comprises 2,152 acres (+/- 3.3 square miles). All land use planning and development entitlements within the sphere area are administered through the County of San Bernardino.

The area is predominantly residential and approaching build-out. Currently, there are approximately 3,565 dwelling units in the proposed sphere area. The County's current land use designations include RS (Single-Family Residential), RS-14M (Single-Family Residential with 14,000 square foot minimum lot size), RM (Multiple Residential), CG (General Commercial), IN (Institutional) and FW (Floodway).

The sphere area also includes the 529-acre Mojave Narrows Regional Park, an open space refuge offering varied recreational opportunities, acres of waterways, and

significant strands of cottonwood and willows. No additional significant development is anticipated for this area in the foreseeable future.

Because a sphere of influence is a planning tool only, no land use changes are anticipated as a result of the proposed sphere establishment.

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

The proposed Spring Valley Lake CSD, if approved as proposed, will assume provision of the following services from CSA 64: water, wastewater collection, street sweeping and solid waste. The proposed sphere area has a population of approximately 8,599 residents and is nearing build-out. The proposed CSD will have adequate facilities and remains the logical service provider for this area at this time.

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

The Spring Valley Lake CSD, as proposed, has the fiscal and operational capabilities to provide its authorized services: water, wastewater collection, street sweeping and solid waste. No expansion of services will result from the proposed sphere of influence establishment.

4. The existence of any social or economic communities of interest as determined by the Commission to be relevant to the agency:

Historically, the Commission has recognized the Spring Valley Lake area as being part of the overall Victorville community. The Commission has long-recognized the boundary between Victorville and the Town of Apple Valley in the Spring Valley Lake area as along the Mojave River. The equestrian area, located in the Town of Apple Valley, south of Sitting Bull Road, is an original part of the Spring Valley Lake planned community and residents continue to strongly identify with that community.

CONCLUSIONS:

Through the review process for LAFCO 3233, the preparation of this staff report, and the completion of an analysis of the financial implications for the creation of a new government for the Spring Valley Lakes community, staff has compiled the information and data necessary to evaluate this application. At its core, the proposal is to dissolve County Service Area 64 and form a new local government agency to be named the Spring Valley Lakes Community Services District. If approved as proposed, the new CSD will have the authority to provide the following services: water, wastewater collection, street sweeping and solid waste.

On its face, the application, initiated by the San Bernardino County Board of Supervisors, appears complex – largely because the Spring Valley Lake community (CSA 64) is made up primarily of unincorporated territory but also includes portions of the City of Victorville and the Town of Apple Valley. Additionally, services for the Spring Valley Lake community are currently provided by a combination of all three entities – CSA 64, Victorville and Apple Valley - best depicted on the Services Roadmap (see Executive Summary). As described throughout this report, service provision for Spring Valley Lake has evolved over time along with the community's growth, the incorporation of the Town of Apple Valley and annexations into CSA 64 by the City of Victorville.

The current proposal for the Commission's consideration, in reality, is fairly straightforward – a transfer of existing CSA 64 services (with minor exceptions) to a new Community Services District that offers residents increased local control through a locally elected Board of Directors. Here are how services are proposed to be provided under a new Community Services District:

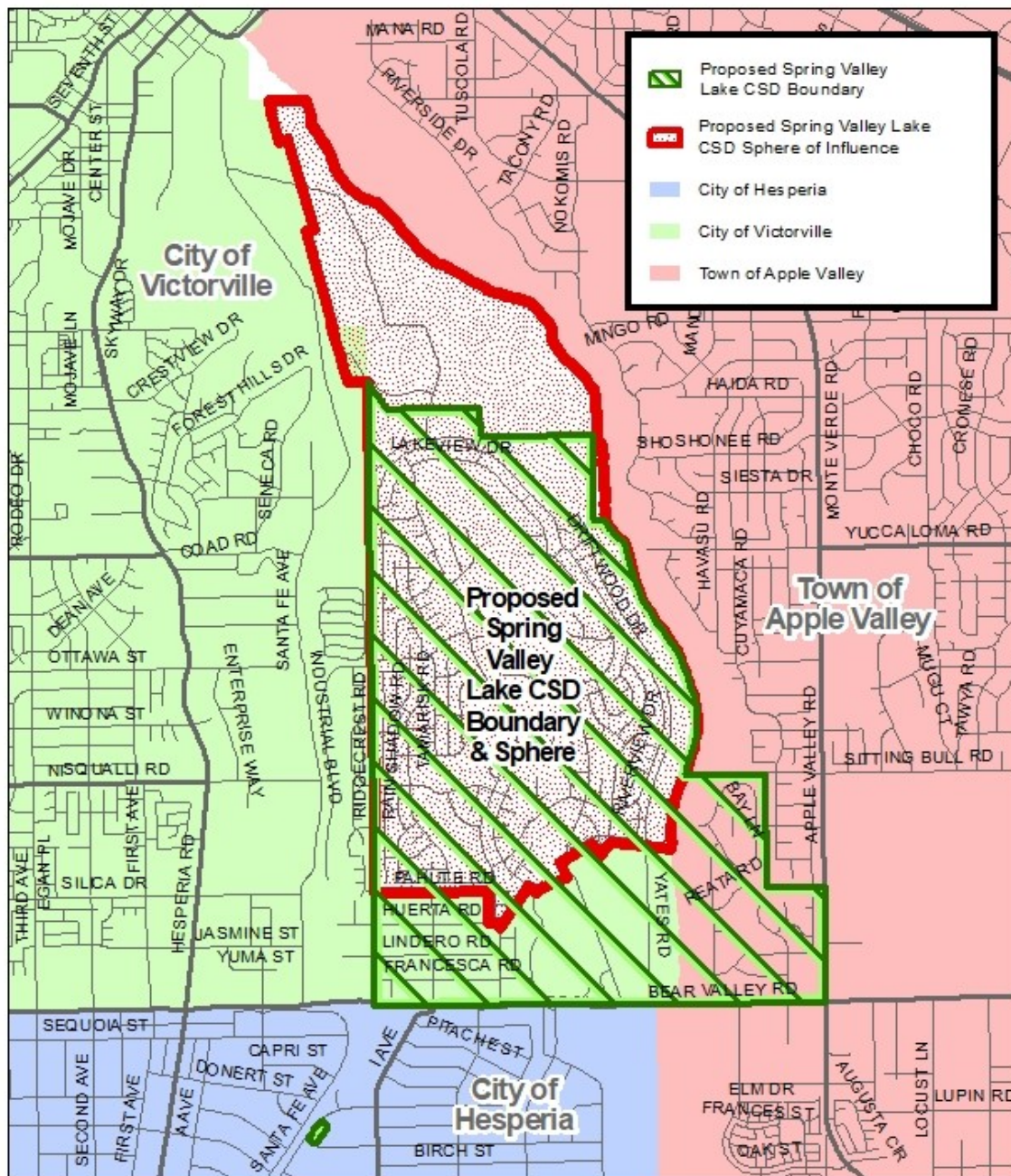
- Area 1 (unincorporated Spring Valley Lake Community/CSA 64): straight transfer of CSA 64 services (water, wastewater, street sweeping and solid waste) to the new CSD.
- Area 2 (Town of Apple Valley/CSA 64, north of Sitting Bull Road): no services currently provided by CSA 64; area excluded from proposed CSD.
- Area 3 (Town of Apple Valley/CSA 64, south of Sitting Bull Road): transfer of water and wastewater services from CSA 64 to the new CSD; transfer of street sweeping service from CSA 64 to the Town of Apple Valley.
- Area 4 (City of Victorville): straight transfer of water and wastewater services from CSA 64 to the new CSD.
- Area 5 (City of Hesperia): straight transfer of public facility site owned by CSA 64 to the new CSD
- Area 6 (Mojave Narrows Regional Park): County Regional Parks provides water, wastewater and solid waste services through a contract with Victorville; no change in service is proposed under the CSD proposal.

As outlined in the financial discussion within this report, the proposed CSD's five-year financial forecast demonstrates the CSD is fiscally viable.

Finally, as discussed in this report's sphere of influence section, staff's proposed sphere for the CSD includes the unincorporated portion of Spring Valley Lake (Areas 1 and 6) only,

and makes no change to the Commission's historical sphere boundary dividing the Town of Apple Valley and the City of Victorville along the Mojave River. This signals that Victorville and Apple Valley are the ultimate, long-term service providers for this area. As both jurisdictions are able to these provide services, annexations to the CSD can be submitted to LAFCO for consideration at that time.

LAFCO 3233A and LAFCO 3233B



What Does this Mean for Affected Agencies?

If this proposal is approved as modified, the following summarizes the general impacts to affected agencies within the Spring Valley Lake area:

Town of Apple Valley:

- Area 2 - The CSD boundary would not extend into Area 2, and CSA 64's property tax would transfer to the Town.
- Area 3 - The Town would continue to provide street sweeping and refuse collection/recycling. The Town would assume street sweeping services and receive a portion of the property tax revenue associated with that service.
- The CSD sphere of influence would exclude Areas 2 and 3 and would not overlay any portion of the Town's boundary.
- Responsibility for land use and entitlements remain unchanged and are retained by the Town of Apple Valley.

City of Victorville:

- Area 4 - The City would continue to provide street sweeping and refuse collection/recycling.
- The CSD sphere of influence would exclude Area 4.
- The only portion of the proposed CSD sphere of influence that would overlay Victorville is the RV camping parcel within Mojave Narrows Regional Park that is inaccessible through the City; CSA 64 currently provides sewer service to the RV camping parcel through a contract with Regional Parks; the new CSD would assume this service contract.
- Responsibility for land use and entitlements remain unchanged and are retained by the City of Victorville.

City of Hesperia:

- Area 5 is a non-contiguous, three-acre parcel located in Hesperia which houses CSA 64's water storage facilities and other facilities for Special Districts; if formed, the parcel would transfer to the CSD; Special District's facilities and equipment would be removed from the parcel within six months following reorganization.
- Responsibility for land use and entitlements remain unchanged and are retained by the City of Hesperia.

County/Special Districts Department:

- CSA 64 would be dissolved, and its services assumed by the CSD.
- Property taxes and other revenues currently accrued by CSA 64 to fund services would transfer to the CSD, except as identified above for the Town.
- Responsibility for land use planning and entitlements in the unincorporated area would remain unchanged and are retained by the County.
- There would be a potentially significant indirect physical impact to the residual agencies managed by the Special District's Department.

RECOMMENDATIONS:

If the Commission determines, based upon the staff report and testimony presented at the hearing that the community of Spring Valley Lake is ready for self-governance for the range of services outlined in the staff report, staff recommends that the Commission approve the proposed reorganization to include formation of the Spring Valley Lake Community Services District and Dissolution of County Service Area 64 (LAFCO 3233A) and the Sphere of Influence establishment for the Spring Valley Lake Community Services District (LAFCO 3233B), by taking the following actions:

1. Modify LAFCO 3233A by removing Area 2 from the revised proposal boundary since Area 2 has not received services from CSA 64 nor will the SVLCSD be providing any services to the area following successful completion of the reorganization.
2. With respect to environmental review for LAFCO 3233A, as modified, and LAFCO 3233B:
 - a) Certify that the Commission and its staff have independently reviewed and considered the environmental assessment and proposed Mitigated Negative Declaration prepared by the Commission's Environmental Consultant, Tom Dodson and Associates, it has reviewed and responded to any comments received; and provided a response to those comments;
 - b) Adopt the Mitigated Negative Declaration, including the mitigation measure and the Mitigation Monitoring and Reporting Program;
 - c) Find and determine that the Commission does not intend to adopt alternatives for the project but does intend to include a mitigation measure related to mitigation payment to the County; and,
 - d) Direct the Executive Officer to file a Notice of Determination within five (5) days.
3. Approve LAFCO 3233A, reorganization to include dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District, as modified, to exclude Area 2 from the overall proposal (as shown on Figure #4) together with Formation of Zone A for Solid Waste and Street Sweeping (as shown on Figure #6), with the following determinations:
 - a) Pursuant to the requirements of Government Code Section 61014, the Commission finds that the SVLCSD has sufficient revenues to perform the services as outlined in its application to provide water, sewer collection, street sweeping, and solid waste services.
 - b) Pursuant to requirements of Government Code Section 56301, the Commission determines that the proposed SVLCSD could provide the range and level of services contemplated in a more efficient and accountable manner.

And with the following terms and conditions:

Condition No. 1. The boundaries of this change of organization, as modified by the Commission, are approved as set forth in Resolution #3302 for LAFCO 3233A;

Condition No. 2. The following distinctive short-form designation shall be used through this proceeding: LAFCO 3233;

Condition No. 3. The effective date of this reorganization shall be the date the Certificate of Completion is issued;

Condition No. 4. The Spring Valley Lake Community Services District shall be the successor agency and shall function under and carry out all authorized duties and responsibilities assigned to a community services district as outlined in Government Code Section 61000 et seq., Community Services District Law, and other applicable laws. Upon the Effective Date of this reorganization, the legal existence of County Service Area 64 shall cease to exist, except as otherwise required by law, and the Spring Valley Lake Community Services District, as successor District, shall succeed to all the rights, duties, responsibilities, properties (both real and personal), contracts, equipment, assets, liabilities, obligations, functions, executory provisions, entitlements, permits and approvals of the extinguished agency;

Condition No. 5. All lands, buildings, appurtenances, and equipment held by County Service Area 64 or County Service Area 70 for the purpose of providing services within the boundaries of County Service Area 64 shall be transferred to the Spring Valley Lake Community Services District upon its formation. The Spring Valley Lake Community Services District shall assume complete maintenance and operation responsibilities for these facilities. All quitclaim deeds to effectuate the transfer of land and the title transfer documents for vehicles shall be prepared by the County to be filed upon the effective date of the change with copies provided to LAFCO.

Condition No. 6. The Board of Directors of the Spring Valley Lake Community Services District shall consist of five (5) members, elected at-large, pursuant to the provisions of Government Code Section 61020 and proceedings conducted by the Commission;

Condition No. 7. The Spring Valley Lake Community Services District shall be authorized to provide the following functions and services as active powers:

Water -- Supply water for any beneficial use as outlined in the Municipal Water District Law of 1911, Division 20 (commencing with Section 71000) of the Water Code.

Sewer -- Collection of sewage, wastewater, recycled water, and storm water in the same manner as a sanitary district formed pursuant to the Sanitary

District Act of 1923, Division 6 (commencing with Section 6400 of the Health and Safety Code).

Solid Waste and Recycling-- Collect, transfer, and dispose of solid waste and refuse and provide solid waste handling service, including, but not limited to, source reduction, recycling, and composting activities, pursuant to Division 30 (commencing with Section 40000), and consistent with Section 41821.2 of the Public Resources Code.

Roads – Limited to street sweeping of public streets and roads.

Condition No. 8. Upon the Effective Date of this change of organization, there shall be created a Zone of the Spring Valley Lake CSD related to the provision of Solid Waste and Recycling Services, identified in Resolution No. 3302 for LAFCO 3233A which shall continue all previously authorized charges, fees, assessments and/or special taxes of the County of San Bernardino identified as the "ESFR" in the same manner as provided in the original authorization pursuant to Government Code Section 56886(t). Such revenues shall accrue and be deposited in a separate account(s) designated for the use of the Zone and shall be accounted separately from other funds of the District.

Condition No. 9. If the proposal is approved by the electorate at an election, the County Board of Supervisors, through its County Special District's Department, shall continue to provide for the administration of services and functions performed by the dissolving entity for a transition period identified as commencing upon the effective of the reorganization until the contract end date. Nothing in this condition precludes a future Board of Directors of the Spring Valley Lake Community Services District from contracting for an extended period of time for the provision of administration, maintenance, operation, billing, and other services through the County Special Districts Department.

As outlined in the Transition Plan presented by the County Special Districts Department, set forth in Resolution No. 3302 for LAFCO 3233A, the Spring Valley Lake CSD shall be required to sign the Interim General Manager Agreement at its first regular meeting to allow for fulfillment of Government Code Section 61050 and setting forth the payment structure for services rendered. In addition, the Operation and Maintenance Agreement with the County Special Districts Department for the period from the effective date of the reorganization until the contract termination date shall be signed within ten (10) days following the first regular meeting of the Board of Directors of the Spring Valley Lake CSD to assure continuity of services and elimination of questions of liability or risk to the County for continued provision of the administration and operation of the services to the area.

Condition No. 10. The Spring Valley Lake CSD shall succeed to all water and capacity rights, outstanding obligation payments, and interests of County Service Area 64, whether wholly or partially owned or held by the District, and shall succeed to the priorities of use or rights of use of water or capacity rights in any public improvements or facilities or any other property, whether real or personal, to which

CSA 64 is entitled to upon the effective date of the reorganization. The Successor District shall specifically succeed to all rights and interests held or claimed by CSA 64 under the Judgment entered (including all documents constituting the Physical Solution, as from time to time exist) in City of Barstow, etc. et al v City of Adelanto, etc. et al., and Related Cross Actions, Riverside County Superior Court Case No. 208568 (the "Mojave Basin Area Adjudication"), including those from time to time set forth in Table B-1 to the Judgment.

The Successor District shall also specifically succeed to all rights and interest held or claimed by CSA 64 under all agreements and memoranda of understanding with the Regional Water Quality Control Board, the California Department of Health Services, the County Regional Parks, Victor Valley Wastewater Reclamation Authority, the City of Hesperia/Hesperia Water District, and any other public agency or private entity with which CSA 64 has an agreement or memorandum of understanding. The Successor District shall also assume all joint use flow agreements and maintenance agreements pursuant to Government Code Section 56886(j) and (r).

Condition No. 11. The Spring Valley Lake CSD, as the Successor District, shall enter into an agreement with the Victor Valley Wastewater Reclamation Authority (VWWRA) for the continuation of wastewater treatment at the level of service currently provided by VWWRA to CSA 64. Such agreement with VWWRA shall be signed within ten (10) days following the first regular meeting of the Board of Directors of the Spring Valley Lake CSD to assure continuity of services to the area.

Condition No. 12. The Spring Valley Lake CSD, as the Successor District, shall accept all system facilities transferred from the dissolving agency in "as is" condition without any payment or repair obligations (Government Code Section 56886(h)). All material and incidental liabilities, including, but not limited to, accounts payables and receivables, contract obligations and customer deposits, held by the dissolving CSA 64 shall be transferred to the Successor District upon the effective date of the reorganization (Government Code Section 56886(h)). All assets, including, but not limited to, cash reserves, building and other real property, water production equipment (pumps, storage tanks, etc.), transmission lines and rights-of-way, wastewater equipment (pumps, transmission lines); rolling stock, tools, and office furniture, fixtures and equipment, all lands building, real and personal property and appurtenances held by the dissolving entity shall be transferred to the Successor District upon the effective date of the reorganization.

In addition, the Spring Valley Lake CSD shall receive a share of the pooled equipment and equipment reserve funds for the County Special Districts Department, Water and Sanitation Division, as identified in Attachment #9. The Board of Directors of the Successor District are entitled to receive this amount in equipment, in cash, or in a combination of equipment and cash subject to the following limitations:

- a. If the method for receipt of the assigned value is determined by the Board of Directors to be received in cash only, said payment shall be spread over a

three- to five-year period subject to negotiations between the County Board of Supervisors and Board of Directors for the Successor District. Nothing in this resolution precludes the use of the value of these transfers to be used against the payments required of the Successor District as mitigation for continuation of the services of the Special Districts Department;

- b. If the method for receipt of the assigned value is determined by the Board of Directors to be received in a combination of cash and equipment, and the cash balance exceeds \$200,000, said cash payment shall be spread over a three-year period subject to negotiations with the County and Board of Directors; or,
- c. If the method for receipt of the assigned value is determined by the Board of Directors to be received in equipment only, or a combination of cash and equipment and the cash balance is less than \$200,000, said payment shall occur as expeditiously as possible, but not later than 90-days following the determination of the Board of Directors.

Condition No. 13. The applicant (County) and the Resident Group continue to negotiate the mitigation mechanism to offset losses to maintain a comparable level of service and operation for the remaining county agencies. Of question is the amount and duration of mitigation funds. With implementation of this mitigation measure, the potentially significant indirect impact to residual water and wastewater agencies in Special Districts Department from approval of LAFCO 3233 can be reduced-controlled to a less than significant impact level. As a condition of approval, the County and Resident Group are to present a formal response to LAFCO on the negotiated and approved mitigation mechanism. The Certificate of Completion for LAFCO 3233 will be held in abeyance until receipt of said formal response. Such mitigation shall be signed within ten (10) days following the first regular meeting of the Board of Directors of the Spring Valley Lake CSD.

Condition No. 14. All property tax revenues attributable to County Service Area 64, prior to calculations required by Section 96.1 of the Revenue and Taxation Code, including delinquent taxes, return of property tax revenues related to pass-through payments from any and all redevelopment agencies overlying the area, and any and all other collections or assets of the District shall accrue and be transferred to the Successor District, the Spring Valley Lake CSD, pursuant to the provisions of Government Code Section 56810, except as described below;

The property tax revenue attributable to County Service Area 64 within Tax Rate Area 21004 shall transfer at 15% to the Town of Apple Valley. The property tax revenue attributable to County Service Area 64 within Tax Rate Area 21006 shall transfer at 100% to the Town of Apple Valley.

Condition No. 15. All previously authorized charges, fees, assessments, and/or taxes of County Service Area 64 in effect upon the effective date of this reorganization shall be continued and assumed by the Spring Valley Lake CSD, as the successor agency, in the same manner as provided in the original authorization

pursuant to the provisions of Government Code Section 56886(t);

Condition No. 16. Until duly revised by the Spring Valley Lake CSD, and unless otherwise expressly provided herein or legally required, all ordinances, resolutions, rules and regulations, policies, procedures, and practices existing for CSA 64 on the effective date of this reorganization shall govern the activities and affairs of the Successor District. The Board of Directors of the Spring Valley Lake CSD, as the Successor District, shall expeditiously review and ratify the ordinances, resolutions, policies, procedures and practices adopted hereby, making such revisions as it shall deem appropriate;

Condition No. 17. Upon the effective date of this reorganization, any funds currently deposited for the benefit of County Service Area 64 which have been impressed with a public trust, use or purpose shall be transferred to the Spring Valley Lake CSD, as the successor agency, and the successor agency shall separately maintain such funds in accordance with the provisions of Government Code Section 57462;

Condition No. 18. Pursuant to the provisions of Government Code Section 56811, the provisional appropriation limit of the Spring Valley Lake CSD shall be set at \$\$1,446,105. The permanent appropriation limit shall be established at the first district election held following the first full fiscal year of operation and shall not be considered to be a change in the appropriation limit of the district pursuant to Article XIII B of the California Constitution;

Condition No. 19. Pursuant to the provisions of Government Code Section 56885.5(a)(4), the County Board of Supervisors, as the governing body of County Service Area 64, is prohibited from taking the following actions unless an emergency situation exists as defined in Section 54956.5:

1. Approve any increase in compensation or benefits for members of the governing body, its officers, or the executive officer of the agency;
2. Appropriating, encumbering, expending or otherwise obligating, any revenues of the agencies beyond that provided in the current budget at the time the reorganization is approved by the Commission. The Commission identifies that the budget to be utilized in this condition shall be the final budget for Fiscal Year 2020-21 adopted by the County Board of Supervisors;

Condition No. 20. Pursuant to Government Code Section 56886.1, public utilities, as defined in Section 216 of the Public Utilities Code, have ninety (90) days following the recording of the Certificate of Completion to make the necessary changes to impacted utility customer accounts;

Condition No. 21. The County of San Bernardino, as applicant, 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.

4. Adopt LAFCO Resolution #3302 for LAFCO 3233A, setting forth the Commission's determinations, terms and conditions concerning the reorganization proposal;
5. Approve LAFCO 3233B, the sphere of influence establishment for the Spring Valley Lake Community Services District as shown on Figure #7; and,
6. Adopt LAFCO Resolution #3303 for LAFCO 3233B, setting forth the Commission's determinations related to the sphere of influence establishment.

Attachments:

Attachment 1. [Vicinity Maps](#)

- Current CSA 64 Boundary and Sphere of Influence
- Proposed Spring Valley Lake CSD Boundary and Sphere of Influence
- Proposed Spring Valley Lake CSD Zone A for Solid Waste and Street Sweeping
- Three Options - Proposed Spring Valley Lake CSD Boundary
- Proposed Sphere of Influence Establishment
- CSA 64 Water and Sewer Lines

Attachment 2. [Application Packet](#)

- Resolution No. 2018-134 Initiating the Proposal
- Budget Prepared by County
- Letter from Applicant and CSD Formation Committee on Revised Proposal
- Application including Feasibility Study

Attachment 3. [Letter from County Administrative Office removing park and recreation service at request of applicant dated November 7, 2019](#)

Attachment 4. [Letter from Tom Dodson and Associates dated February 10, 2020, Response to Comments, including Initial Study, Mitigation Monitoring and Reporting Program](#)

Attachment 5. [Letter from VVWRA regarding continued service to SVLCSD dated October 28, 2019](#)

Attachment 6. [Town of Apple Valley letters dated May 8, 2019 and June 26, 2019](#)

Attachment 7. [Letter from City of Victorville dated May 9, 2019](#)

Attachment 8. [Draft Transition Plan \(Resolution 3302 Exhibit C\)](#)

Attachment 9. [Listing of Reserves, Properties, Pooled Equipment \(Resolution 3302 Exhibit D\)](#)

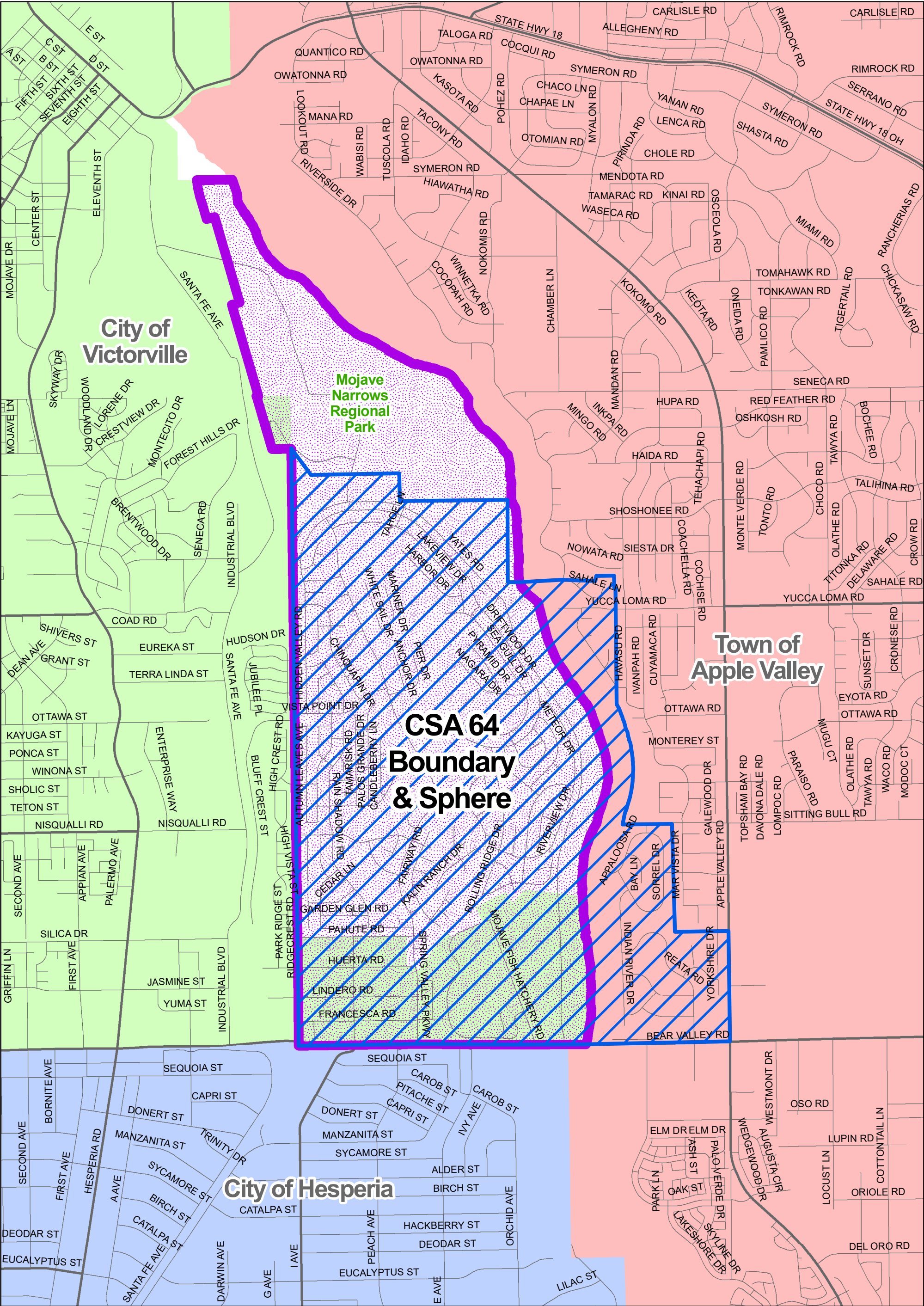
Attachment 10. [CSA 64 2018-19 Audit](#)

Attachment 11. [Draft Resolution 3302 for LAFCO 3233A](#)

Attachment 12. [Draft Resolution 3303 for LAFCO 3233B](#)

Vicinity Maps

- **Current CSA 64 Boundary and Sphere of Influence**
- **Proposed Spring Valley Lake CSD Boundary and Sphere of Influence**
- **Proposed Spring Valley Lake CSD Zone A for Solid Waste and Street Sweeping**
- **Three Options - Proposed Spring Valley Lake CSD Boundary**
- **Proposed Sphere of Influence Establishment**
- **CSA 64 Water and Sewer Lines**

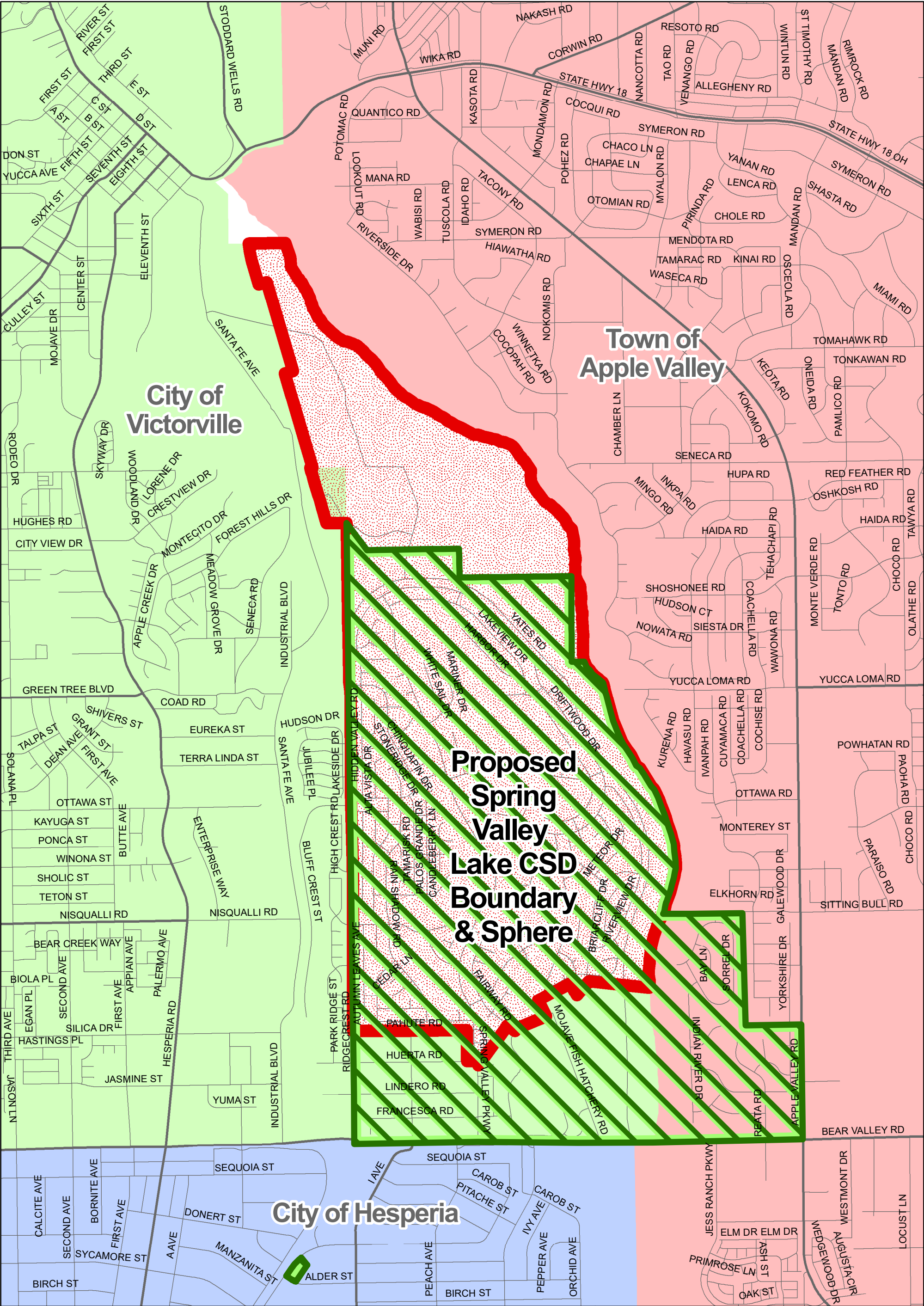


County Service Area 64 Boundary and Sphere of Influence

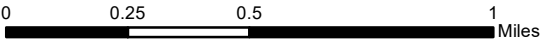


Disclaimer: The information shown is intended to be used for general display only and is not to be used as an official map.

- County Service Area 64
- County Service Area 64 Sphere of Influence
- City of Hesperia
- City of Victorville
- Town of Apple Valley

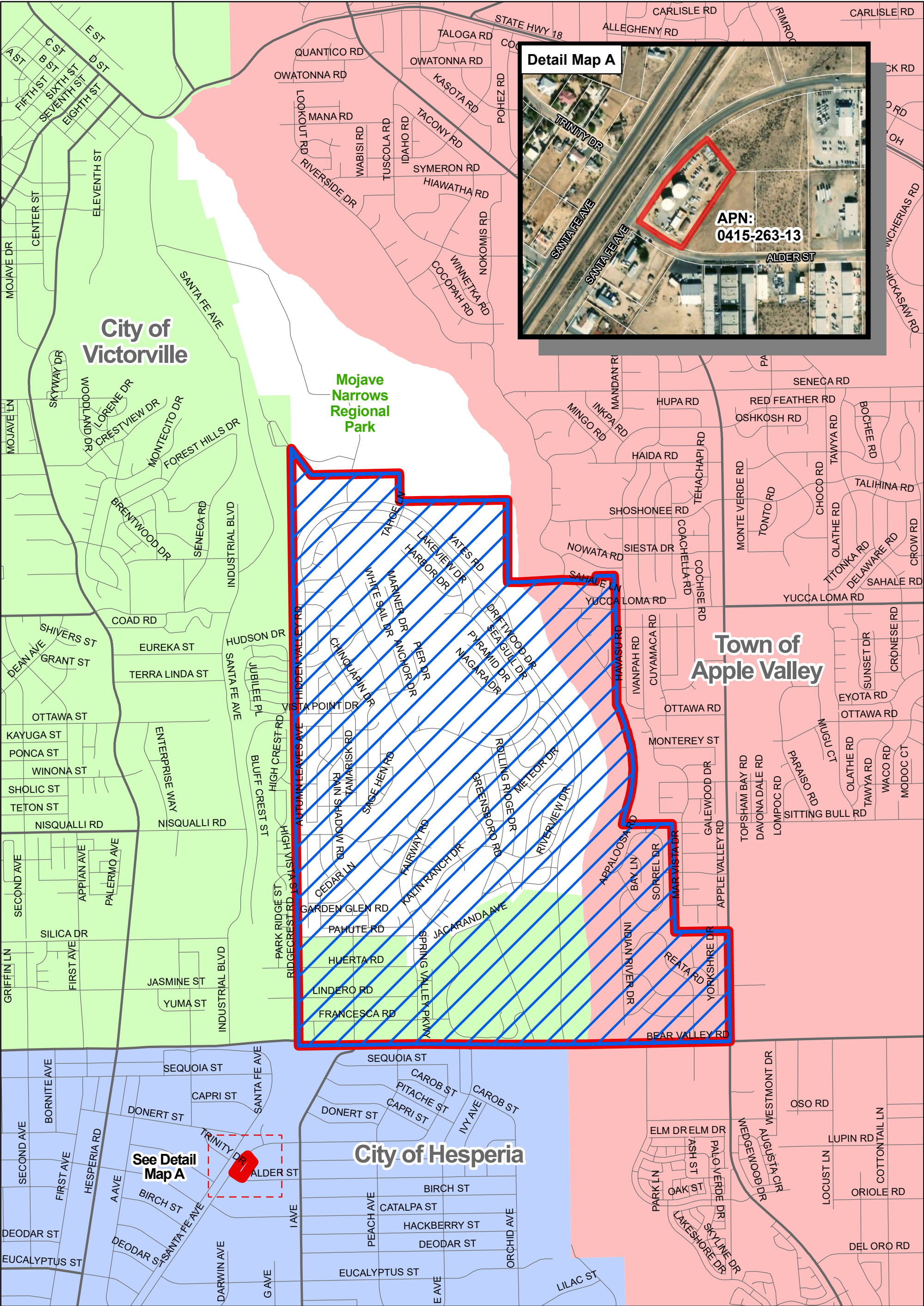


Spring Valley Lake Community Services District
Proposed Boundary and Sphere of Influence



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

- Proposed Spring Valley Lake CSD Boundary
- Proposed Spring Valley Lake CSD Sphere of Influence
- City of Hesperia
- City of Victorville
- Town of Apple Valley



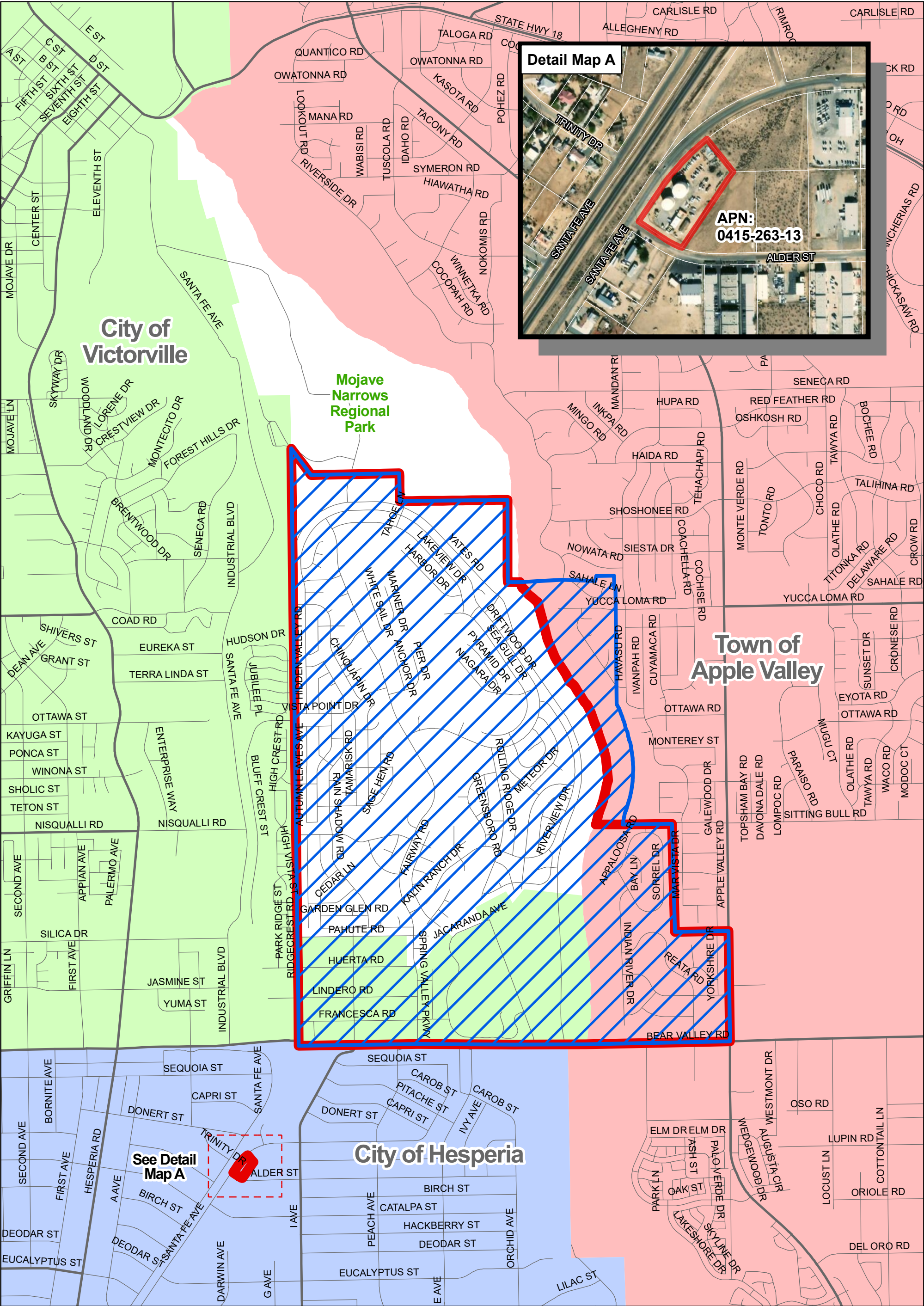
**Spring Valley Lake Community Services District
(As Proposed by the Applicant)**

0 0.25 0.5 1 Miles



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

- Proposed Spring Valley Lake CSD (Option 1)
- County Service Area 64
- City of Hesperia
- City of Victorville
- Town of Apple Valley

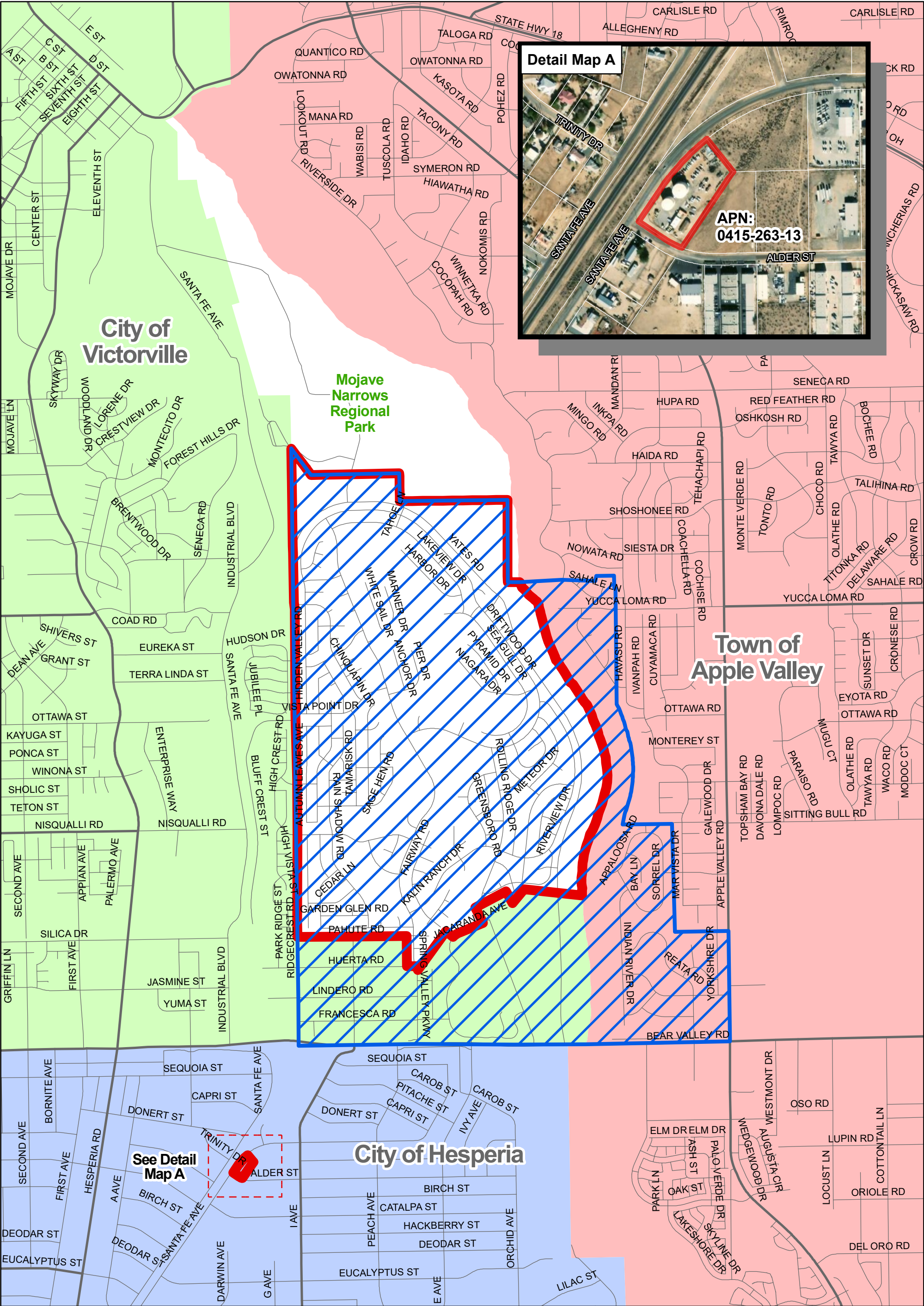


Spring Valley Lake Community Services District
(Option 2)



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

- Proposed Spring Valley Lake CSD (Option 2)
- County Service Area 64
- City of Hesperia
- City of Victorville
- Town of Apple Valley

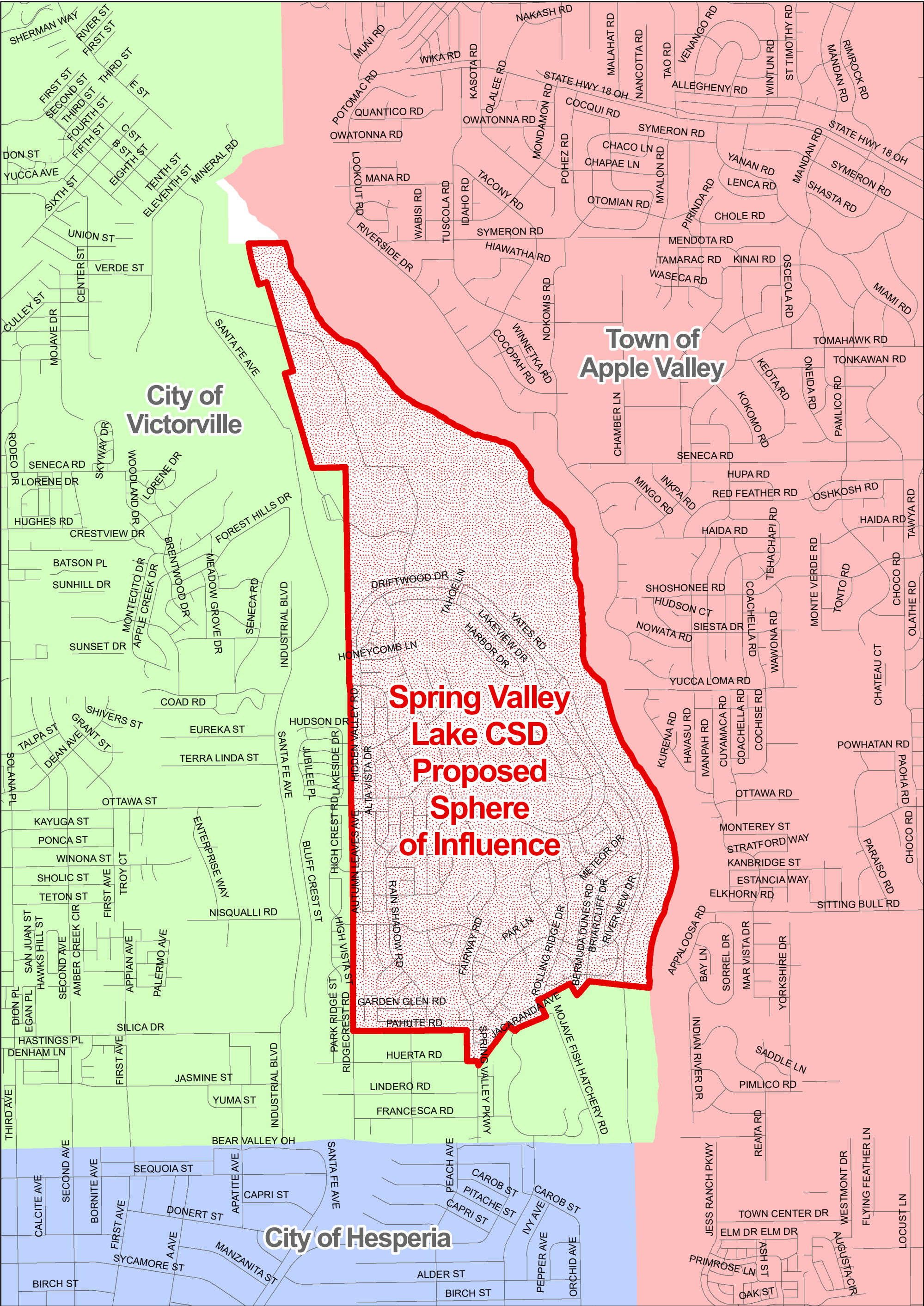


Spring Valley Lake Community Services District (Option 3)

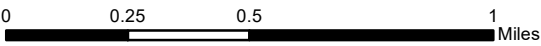


Disclaimer: The information shown is intended to be used for general display only and is not to be used as an official map.

- Proposed Spring Valley Lake CSD (Option 3)
- County Service Area 64
- City of Hesperia
- City of Victorville
- Town of Apple Valley

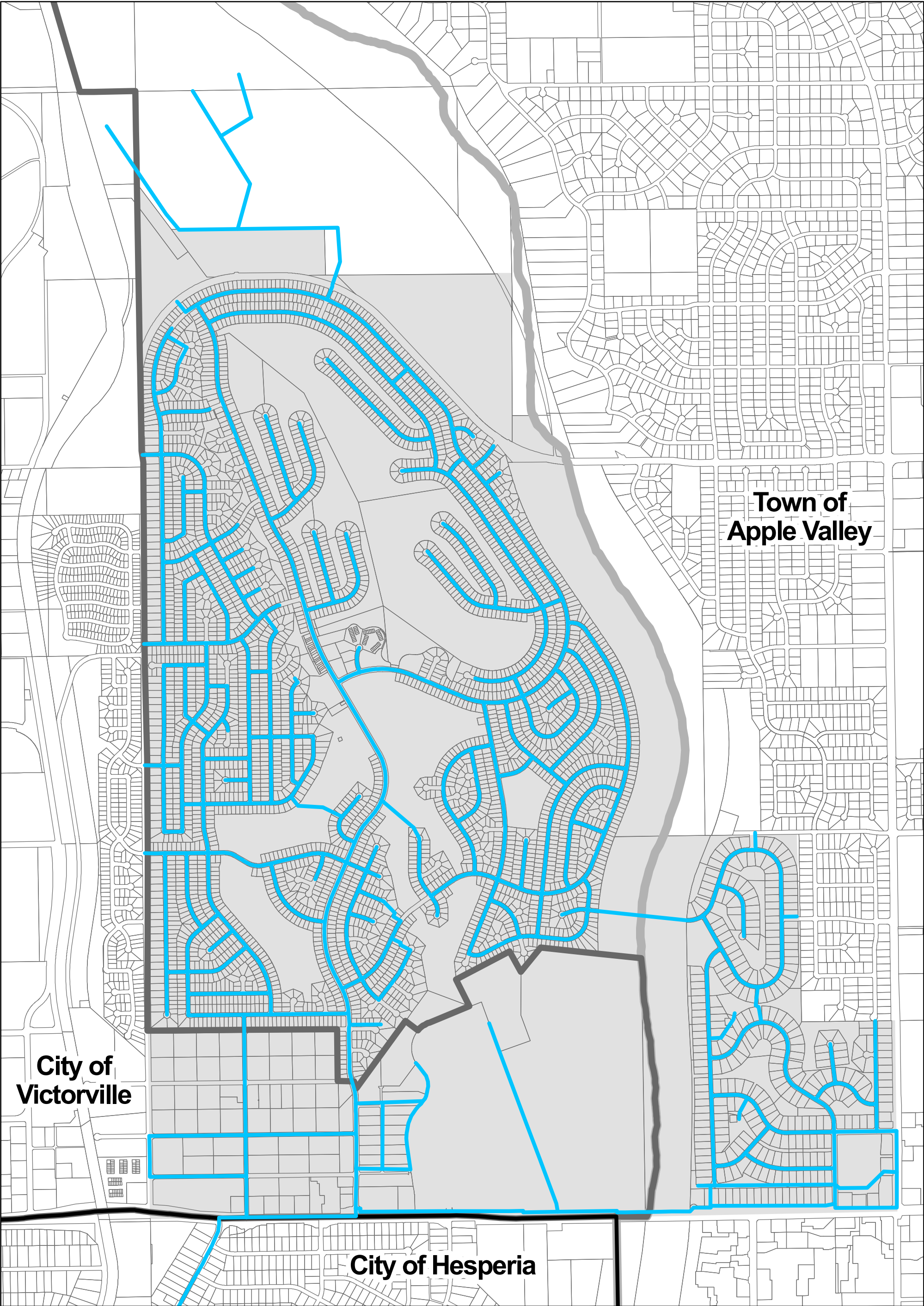


Spring Valley Lake Community Services District
Proposed Sphere of Influence



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


- Proposed Spring Valley Lake CSD Sphere of Influence
- City of Hesperia
- City of Victorville
- Town of Apple Valley



County Service Area 64 Water System

00.150.30.6Miles

N

LAFCO

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

CSA 64 Water Line

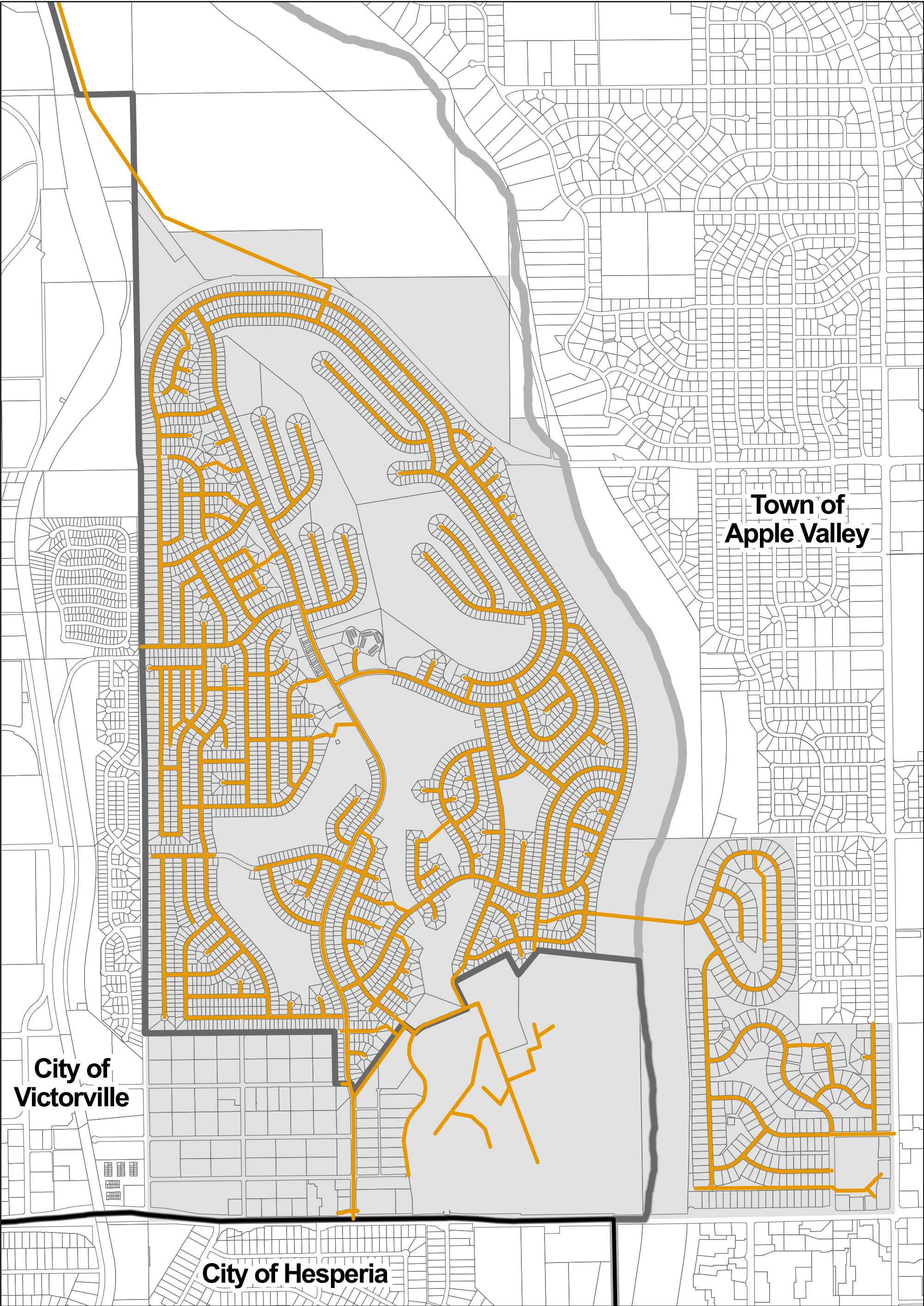
CSA 64 Water and Sewer Service Area

City of Victorville

Town of Apple Valley

City of Hesperia

Author: Jeffrey Lum Map Created: 9/17/2019



**Town of
Apple Valley**






**City of
Victorville**

City of Hesperia

County Service Area 64 Sewer System

0 0.15 0.3 0.6 Miles



-  CSA 64 Sewer Line
-  CSA 64 Water and Sewer Service Area
-  City of Victorville
-  Town of Apple Valley
-  City of Hesperia



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

Application Packet

- **Resolution No. 2018-134 Initiating the Proposal**
- **Budget Prepared by County**
- **Letter from Applicant and CSD Formation Committee on Revised Proposal**
- **Application including Feasibility Study**

Attachment 2

RESOLUTION NO. 2018-134

**RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN BERNARDINO,
STATE OF CALIFORNIA, REQUESTING THE LOCAL AGENCY FORMATION COMMISSION TO
INITIATE PROCEEDINGS FOR A REORGANIZATION TO INCLUDE FORMATION OF THE
SPRING VALLEY LAKE COMMUNITY SERVICES DISTRICT AND DISSOLUTION OF COUNTY
SERVICE AREA 64**

On Tuesday July 24, 2018, on motion of Supervisor Hagman, duly seconded by Supervisor Ramos and carried, the following resolution is adopted by the Board of Supervisors of San Bernardino County, State of California.

WHEREAS, certain residents of the Spring Valley Lake community have expressed a desire for local control and input into certain services, some of which are currently provided through County Service Area 64, through the formation of a Spring Valley Lake Community Services District; and

WHEREAS, the Local Agency Formation Commission (Commission) serves as the review authority over the formation and reorganization of special districts; and

WHEREAS, the Commission follows the processes and procedures contained in or authorized by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Section 56000 et seq.) (the Act), regarding the formation and reorganization of districts; and

WHEREAS, the Act established the process pursuant to which citizens or legislative bodies of local agencies may seek the formation and reorganization of districts; and

WHEREAS, certain residents of the Spring Valley Lake community have expressed a desire to have the matter of the formation of a Spring Valley Lake Community Services District placed on the June 2019 election ballot, with the appropriate elections costs to be paid by the interested residents' group; and

WHEREAS, in order to complete the Commission's process to evaluate the potential reorganization for formation of a Spring Valley Lake Community Services District and the dissolution of County Service Area 64, and to satisfy the timelines to have the reorganization placed on the June 2019 election ballot, the residents seek to commence the Commission process as soon as possible; and

WHEREAS, in order to facilitate the desires of the residents, through the adoption of this resolution of application, the Board of Supervisors is willing to request the Commission to commence its review process by the filing of an application along with the appropriate fees to be paid by the interested residents' group.

SECTION 1. The Board of Supervisors of the County of San Bernardino hereby finds and determines that:

- a) This Board desires to initiate proceedings pursuant to the Act and the Community Services District Law (Government Code Section 61000 et seq.) for a reorganization to include, but not be limited to, the formation of the Spring Valley Lake Community Services District and dissolution of County Service Area 64, as more specifically described in the "Spring Valley Lake CSD Draft Feasibility Study" dated June 2018, submitted to the County by the interested residents ("Study"), attached hereto as Exhibit A;

- b) The territory proposed for reorganization is legally inhabited and a description of the boundaries for all actions is set forth in Exhibit B attached hereto, which is the legal boundary of County Service Area 64;
- c) The proposed reorganization may conflict with the existing spheres of influence of the Town of Apple Valley and the City of Victorville in San Bernardino County;
- d) It is hereby provided that if the formation of the Spring Valley Lake Community Services District is submitted to and approved by the qualified electorate, the proposed actions be subject to the following terms and conditions:
 - 1. The name of the new district shall be the Spring Valley Lake Community Services District (Spring Valley Lake CSD, SVL-CSD or District);
 - 2. The Board of Directors of the District shall consist of five members, elected at large, from within the boundaries of the District;
 - 3. The District shall function under and carry out all authorized duties and responsibilities assigned to a Community Services District as set forth in Government Code Section 61000 et seq. and other applicable laws;
 - 4. The District shall be authorized to provide the services and perform the functions identified as follows: water; sewer; street sweeping; solid waste; and parks.
 - 5. The District shall be the successor agency to all rights, responsibilities, properties, contracts, assets and liabilities, and function of the agencies included within the reorganization, through dissolution or detachment, including but not limited to:
 - i. The existing sphere of influence of County Service Area 64, and now of the District, as shown on Exhibit B, includes an area known as the Mojave Narrows Regional Park; this area is subject to a long-term Cooperative Agreement dated March 17, 1969, between the State of California Department of Fish & Game (now known as Fish & Wildlife) and the County of San Bernardino for the operation and maintenance of the Mojave River Wildlife Area; the Cooperative Agreement and two amendments are attached as Exhibit C;
 - ii. The Sewer Service Agreement Between the County of San Bernardino Public Works Department (Regional Parks Division), Victor Valley Wastewater Reclamation Authority and County Service Area 64, attached hereto as Exhibit D;
 - 6. Upon reorganization, the successor agency succeeds to all properties, rights, contracts, and obligations of the dissolved or reorganized districts and any funds to which it succeeds may be expended and properly disposed of as provided by the Community Services District law;
 - 7. The indebtedness of any of the districts to be reorganized shall remain the legal obligation of only the lands and areas which incurred such indebtedness. However, the outstanding indebtedness of any district at the time of the reorganization shall become the obligation of the newly created Spring Valley Lake CSD;
 - 8. All previously authorized charges, fees, assessments, and/or taxes currently in effect, now levied or collected by any of the affected districts, including improvements districts thereof, shall continue to be levied and collected by the successor agency.
 - 9. The appropriation limit of the Spring Valley Lake CSD is anticipated to be the aggregate appropriations limits of the reorganized districts;
 - 10. That the standard terms and conditions imposed by the Local Agency Formation Commission upon all proposals, or such additional conditions as may be deemed

appropriate or necessary by the Local Agency Formation Commission in its consideration shall be applicable.

- e) That the reason for this proposed reorganization, including formation, is that residents of the community have expressed the desire for local control and input into the decision-making process for the delivery of the services identified in the Study, attached as Exhibit A.

SECTION 2. The Board of Supervisors of the County of San Bernardino, therefore, hereby resolves and orders that:

- a) This Resolution of Application is hereby adopted and approved by this Board.
- b) This Board acknowledges and agrees to the Local Agency Formation Commission for San Bernardino County's requirement for imposing legal indemnification as outlined in Section IV Application Processing, Chapter 1 Proposals, Policy 13 adopted August 2015.
- c) The Local Agency Formation Commission for San Bernardino County is hereby requested to initiate proceedings for a reorganization to include formation of a community services district according to the terms and conditions stated above and in the manner provided in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000.
- d) This Resolution shall take effect immediately upon adoption.

PASSED AND ADOPTED by the Board of Supervisors of the County of San Bernardino, State of California, by the following vote:

AYES: SUPERVISORS: Robert A. Lovingood, Janice Rutherford, James Ramos
Curt Hagman

NOES: SUPERVISORS: None

ABSENT: SUPERVISORS: Josie Gonzales

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN BERNARDINO)

I, **LAURA H. WELCH**, Clerk of the Board of Supervisors of the County of San Bernardino, State of California, hereby certify the foregoing to be a full, true and correct copy of the record of the action taken by the Board of Supervisors, by vote of the members present, as the same appears in the Official Minutes of said Board at its meeting of July 24, 2018. Item #7 jll

LAURA H. WELCH
Clerk of the Board of Supervisors

By _____

Deputy



Attachment A

3233

(FOR LAFCO USE ONLY)

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: Spring Valley Lake Community Services District

2. NAME OF APPLICANT: County of San Bernardino

APPLICANT TYPE: ☐ Landowner ☐ Local Agency
☐ Registered Voter ☒ Other County Government

MAILING ADDRESS:

County of San Bernardino 385 North Arrowhead Avenue, 5th Floor, San Bernardino, CA 92415-0120

PHONE: 909-387-4377

FAX: 909-387-5430

E-MAIL ADDRESS: pamela.williams@cao.sbcounty.gov

3. GENERAL LOCATION OF PROPOSAL: Please refer to CSA 64 Map and Legal description attached to the application.

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 community wishes to seek local governance and control of services currently provided by the County of San Bernardino.

LAND USE AND DEVELOPMENT POTENTIAL

1. Total land area of subject territory (defined in acres):
Approximately 1,600 acres in the unincorporated area (approximately 2,500 acres total).
 2. Current dwelling units within area classified by type (single-family residential, multi-family [duplex, four-plex, 10-unit], apartments) 2,957 housing units:
2914 Single Family Residences, 45- multi-residential ** (based on 2013-2017 American Community Survey, 5 year estimates)
 3. Approximate current population within area: 8,220** according to the 2010 Census.
 4. Indicate the General Plan designation(s) of the affected city (if any) and uses permitted by this designation(s): Maintain current use as stated below:

San Bernardino County General Plan designation(s) and uses permitted by this designation(s):
RS (Single Residential), RM (Multiple Residential), CG (General Commercial), OS (Open Space),
FW (Floodway) see attached list of allowed and permitted uses.**
 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:
There are no special land use concerns. The area is primarily buildout except for a few vacant lots in single residential and about 20 acres of land zones for multi-residential.**
 6. Indicate the existing use of the subject territory.
In the unincorporated portion of CSA 64, the existing use primarily consists of single family homes, the area also consists of a few of multi-family dwellings, a commercial strip and open space (the Mojave Narrows Regional Park and common space for the Spring Valley Lake HOA.
- What is the proposed land use?
There are no proposed land use changes. **
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.
The area in question is primarily built out and any new development would be negligible and therefore would not be expected to put a strain on existing services.

**Responses are based on the unincorporated area only- does not account for portions within the Town of Apple Valley or the City of Victorville.

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: <u>N/A</u> | |

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:

The creation of the Spring Valley Lake Community Services District, will not change the community or services provided, only the management and governance of such.

ENVIRONMENTAL INFORMATION

1. Provide general description of topography.

The area is bisected by a ridge running to the northwest. Land above the ridge is generally sloping 5% toward the Mojave River. Land below the ridge is generally sloping 2% toward the Mojave River.

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

Residential	<u>70%</u>	Agricultural	<u>0%</u>
Commercial	<u>20%</u>	Vacant	<u>0%</u>
Industrial	<u>0%</u>	Other	<u>10% (Park)</u>

3. Describe the surrounding land uses:

NORTH	Commercial
EAST	Residential and Commercial
SOUTH	Residential and Commercial
WEST	Residential

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.).

None.

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

Service extensions have not been contemplated at this time.

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

LAFCO SC#432 – Exemption from Provisions of Government Code Section 56133 for Agreement between Hesperia Water District and County Service Area 64 for Wastewater Collection Services

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: Laurie Marsden, 1st District Chief of Staff

TELEPHONE NO. 909-387-4830

ADDRESS: County of San Bernardino, Board of Supervisors, 385 N. Arrowhead Avenue, 5th Floor, San Bernardino CA. 92415-0120

NAME: Rory Shannon, Resident Group

TELEPHONE NO. 760-220-6589

ADDRESS: 9384 SVL Box, 13073 Sage Hen Road, Victorville, CA 92395
RoryJShannon@gmail.com

NAME: Pamela Williams, Principal Administrative Analyst

TELEPHONE NO. 909-387-4377

ADDRESS: County of San Bernardino, County Administrative Office 385 N. Arrowhead Avenue, 5th Floor, San Bernardino CA. 92415-0120

CERTIFICATION


As a part of this application, the City/Town of _____, or the _____ District/Agency, _____ (the applicant) and/or the County of San Bernardino (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 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 MARCH 19, 2019



 SIGNATURE

 County of San Bernardino

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

 Curt Hagman, Chairman, Board of Supervisors

 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

KRM-Rev. 8/19/2015

Attachment B

3233

(FOR LAFCO USE ONLY)

SUPPLEMENT FORMATION OF A SPECIAL DISTRICT

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

1. Please identify the agencies involved in the proposal by proposed action:

NAME OF SPECIAL DISTRICT TO BE FORMED:

Spring Valley Lake Community Services District

AGENCIES TO BE
DISSOLVED:

County Service Area 64

AGENCIES TO BE
DETACHED:

None

2. Under what principal act will the district be formed?

Community Services District Law, Government Code 61100 et seq.

3. Provide a listing of the services and functions to be provided by the new agency.

Water, Sewer, Street Sweeping, Solid Waste, Park service

4. Will the territory be relieved of any existing special taxes, assessments, district charges or fees required by the agencies to be detached?

To be determined by LAFCO.

5. If the district proposed to be formed is a single-purpose entity (such as a fire protection district, or a water district formed only to provide water), provide an identification of other multiple purpose districts within the area and a description as to why a single entity is the preferred choice.

The proposed CSD will be a multi-purpose entity.

6. PLAN FOR SERVICES:

For each item identified for a change in service provider, a narrative "Plan for Service" (required by Government Code Section 56653) will be required. This plan shall, at a minimum, respond to each of the following questions and be signed by the proponents of the change.

Please refer to the Residents' Group Feasibility Study dated June 2018 and County's application package dated March 19, 2019.

1. A description of the level and range of each service to be provided to the territory through the formation process.
2. An indication of when the service can be feasibly extended to the territory.
3. An identification of any improvement or upgrading of structures, roads, water or sewer facilities, other infrastructure, or other conditions the new district would need to impose upon the territory.
4. The estimated cost of extending the service and a description of how the service or required improvements will be financed. A discussion about the sufficiency of revenues to fund the anticipated service is also required.
5. An indication of whether the territory is or will be proposed for inclusion within a proposed improvement zone/district, assessment district, or community facilities district.
6. If retail water service is to be provided through this change, provide a description of the timely availability of water for projected needs within the area based upon factors identified in Government Code Section 65352.5 (as required by Government Code Section 56668(k)).
7. Copies of the feasibility study for the formation of the District. The feasibility study must outline the anticipated structure of the governing body and provide, at a minimum, a projected five-year budget for revenues and expenditures. The budget presented will need to indicate the source and amount of revenues and expenditures based upon services to be provided. Please note that the new district may receive a "share" of the property tax revenues generated within the boundaries but that share depends on the types of services to be offered by the District, the previous sources of those services if any, and the historic cost to provide the services to be absorbed. No new taxes can be imposed by the creation of the District unless two-thirds of the voters approve the proposal.

CERTIFICATION

As a part of this application, the _____ District/Agency, _____ (the applicant) and/or the County of San Bernardino (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.

As the proponent, I acknowledge that the formation of the Spring Valley Lake CSD District/Agency may result in the imposition of taxes, fees, and assessments on the effective date of the change of organization. I hereby waive any rights I may have under Articles XIIIC and XIID of the State Constitution (Proposition 218) to a hearing, assessment ballot processing or an election on those existing taxes, fees and assessments.

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 March 19, 2019



SIGNATURE

County of San Bernardino

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

Curt Hagman, Chairman, Board of Supervisors

Title and Affiliation (if applicable)

Spring Valley Lake CSD

Assumes estimated retirement costs if under SBCERA

	Forecasted					Forecasted				
	Spring Valley Lake CSD					Spring Valley Lake CSD				
	FY 2019-2020					FY 2020-2021				
	Sewer	Water	Solid Waste	Admin	Total	Sewer	Water	Solid Waste	Admin	Total
Operating Revenues										
Sanitation Services	\$ 2,431,000	\$ -	\$ -	\$ -	\$ 2,431,000	\$ 2,431,000	\$ -	\$ -	\$ -	\$ 2,431,000
Water Sales	-	2,081,000	-	-	2,081,000	-	2,081,000	-	-	2,081,000
Connection Fees	63,872	14,544	-	-	78,416	63,872	14,544	-	-	78,416
Solid Waste Franchise Fees	-	-	103,000	-	103,000	-	-	103,000	-	103,000
Dump Fees / ESFR Fees	-	-	275,000	-	275,000	-	-	275,000	-	275,000
Permit and Inspection Fees	1,950	3,300	-	-	5,250	1,950	3,300	-	-	5,250
Penalties	42,699	37,190	-	-	79,889	42,699	37,190	-	-	79,889
Total Operating Revenues	2,539,521	2,136,034	378,000	-	5,053,555	2,539,521	2,136,034	378,000	-	5,053,555
Operating Expenses										
Salaries & Benefits	270,000	456,000	-	560,000	1,286,000	278,000	470,000	-	577,000	1,325,000
Services & Supplies	439,610	446,400	60,000 *	514,600	1,460,610	453,000	460,000	62,000	530,000	1,505,000
Victor Valley Wastewater Reclamation Authority	736,000				736,000	795,000		-	-	795,000
Water Replacement (Mitigation)	-	300,000	-	-	300,000	-	309,000	-	-	309,000
Utilities	15,000	230,000	-	35,000	280,000	15,000	237,000	-	36,000	288,000
Capital Needs (Projects & Equipment)	197,000	330,000	-	-	527,000	203,000	340,000	-	-	543,000
Administration	554,800	554,800	-	(1,109,600)	-	571,500	571,500	-	(1,143,000)	-
Total Operating Expenses	2,212,410	2,317,200	60,000	-	4,589,610	2,315,500	2,387,500	62,000	-	4,765,000
Operating Income (Loss)	327,111	(181,166)	318,000	-	463,945	224,021	(251,466)	316,000	-	288,555
Non-Operating Revenues (Expenses)										
Property Taxes	237,000	255,000	-	-	492,000	246,000	265,000	-	-	511,000
Special Assesment & Other Taxes	23,000	23,000	-	-	46,000	23,000	23,000	-	-	46,000
Investment Earnings	22,000	24,000	-	-	46,000	22,000	24,000	-	-	46,000
Other Revenues	23,000	63,000	-	-	86,000	23,000	63,000	-	-	86,000
Total Non-Operating Revenues	305,000	365,000	-	-	670,000	314,000	375,000	-	-	689,000
Change In Net Position	632,111	183,834	318,000	-	1,133,945	538,021	123,534	316,000	-	977,555
Net Position Beginning of Year	5,832,424	9,825,100	-	-	15,657,524	6,464,535	10,008,934	318,000	-	16,791,469
Net Position End of Year	\$ 6,464,535	\$ 10,008,934	\$ 318,000	\$ -	\$ 16,791,469	\$ 7,002,556	\$ 10,132,468	\$ 634,000	\$ -	\$ 17,769,024
	5,447,172	4,708,959	Cash/Investments as of 6/30/18		10,156,131	* County will charge \$155,741 for 3,249 tons (CSA 64) disposal into County System, however, per Rory Shannon Advance Disposal will only charge them \$60,000.				

Spring Valley Lake CSD

Assumes estimated retirement costs if under SBCERA

	Forecasted					Forecasted				
	Spring Valley Lake CSD					Spring Valley Lake CSD				
	FY 2021-2022					FY 2022-2023				
	Sewer	Water	Solid Waste	Admin	Total	Sewer	Water	Solid Waste	Admin	Total
Operating Revenues										
Sanitation Services	\$ 2,431,000	\$ -	\$ -	\$ -	\$ 2,431,000	\$ 2,431,000	\$ -	\$ -	\$ -	\$ 2,431,000
Water Sales	-	2,081,000	-	-	2,081,000	-	2,081,000	-	-	2,081,000
Connection Fees	63,872	14,544	-	-	78,416	63,872	14,544	-	-	78,416
Solid Waste Franchise Fees	-	-	103,000	-	103,000	-	-	103,000	-	103,000
Dump Fees / ESFR Fees	-	-	275,000	-	275,000	-	-	275,000	-	275,000
Permit and Inspection Fees	1,950	3,300	-	-	5,250	1,950	3,300	-	-	5,250
Penalties	42,699	37,190	-	-	79,889	42,699	37,190	-	-	79,889
Total Operating Revenues	2,539,521	2,136,034	378,000	-	5,053,555	2,539,521	2,136,034	378,000	-	5,053,555
Operating Expenses										
Salaries & Benefits	286,000	484,000	-	594,000	1,364,000	295,000	499,000	-	612,000	1,406,000
Services & Supplies	467,000	474,000	64,000	546,000	1,551,000	481,000	488,000	66,000	562,000	1,597,000
Victor Valley Wastewater Reclamation Authority	859,000			-	859,000	876,000			-	876,000
Water Replacement (Mitigation)	-	318,000	-	-	318,000	-	328,000	-	-	328,000
Utilities	15,000	244,000	-	37,000	296,000	15,000	251,000	-	38,000	304,000
Capital Needs (Projects & Equipment)	209,000	350,000	-	-	559,000	215,000	361,000	-	-	576,000
Administration	588,500	588,500	-	(1,177,000)	-	606,000	606,000	-	(1,212,000)	-
Total Operating Expenses	2,424,500	2,458,500	64,000	-	4,947,000	2,488,000	2,533,000	66,000	-	5,087,000
Operating Income (Loss)	115,021	(322,466)	314,000	-	106,555	51,521	(396,966)	312,000	-	(33,445)
Non-Operating Revenues (Expenses)										
Property Taxes	256,000	276,000	-	-	532,000	266,000	287,000	-	-	553,000
Special Assesment & Other Taxes	23,000	23,000	-	-	46,000	23,000	23,000	-	-	46,000
Investment Earnings	22,000	24,000	-	-	46,000	22,000	24,000	-	-	46,000
Other Revenues	23,000	63,000	-	-	86,000	23,000	63,000	-	-	86,000
Total Non-Operating Revenues	324,000	386,000	-	-	710,000	334,000	397,000	-	-	731,000
Change In Net Position	439,021	63,534	314,000	-	816,555	385,521	34	312,000	-	697,555
Net Position Beginning of Year	7,002,556	10,132,468	634,000	-	17,769,024	7,441,577	10,196,002	948,000	-	18,585,579
Net Position End of Year	\$ 7,441,577	\$ 10,196,002	\$ 948,000	\$ -	\$ 18,585,579	\$ 7,827,098	\$ 10,196,036	\$ 1,260,000	\$ -	\$ 19,283,134

Spring Valley Lake CSD

Assumes estimated retirement costs if under SBCERA

	Forecasted					
	Spring Valley Lake CSD					
	FY 2023-2024					ASSUMPTIONS
	Sewer	Water	Solid Waste	Admin	Total	
Operating Revenues						
Sanitation Services	\$ 2,431,000	\$ -	\$ -	\$ -	\$ 2,431,000	No Increases Each Year
Water Sales	-	2,081,000	-	-	2,081,000	No Increases Each Year
Connection Fees	63,872	14,544	-	-	78,416	Assumes 10 connections each year based on 10 yr average
Solid Waste Franchise Fees	-	-	103,000	-	103,000	Establish its own agmt with Advance Disposal
Dump Fees / ESFR Fees	-	-	275,000	-	275,000	Establish its own fee with no escalation
Permit and Inspection Fees	1,950	3,300	-	-	5,250	No Increases Each Year
Penalties	42,699	37,190	-	-	79,889	No Increases Each Year
Total Operating Revenues	2,539,521	2,136,034	378,000	-	5,053,555	
Operating Expenses						
Salaries & Benefits	304,000	514,000	-	630,000	1,448,000	3% Increase Each Year
Services & Supplies	495,000	503,000	68,000	579,000	1,645,000	3% Increase Each Year
Victor Valley Wastewater Reclamation Authority	894,000			-	894,000	2018-19 Estimate plus 10%, 8%, 8%, 2% and 2%
Water Replacement (Mitigation)	-	338,000	-	-	338,000	3% Increase Each Year
Utilities	15,000	259,000	-	39,000	313,000	3% Increase Each Year
Capital Needs (Projects & Equipment)	221,000	372,000	-	-	593,000	3% Increase Each Year
Administration	624,000	624,000	-	(1,248,000)	-	
Total Operating Expenses	2,553,000	2,610,000	68,000	-	5,231,000	
Operating Income (Loss)	(13,479)	(473,966)	310,000	-	(177,445)	
Non-Operating Revenues (Expenses)						
Property Taxes	277,000	298,000	-	-	575,000	2017-18 Actual Base plus 4% plus 4%, and 4% Thereafter
Special Assesment & Other Taxes	23,000	23,000	-	-	46,000	No Increases Each Year
Investment Earnings	22,000	24,000	-	-	46,000	No Increases Each Year
Other Revenues	23,000	63,000	-	-	86,000	No Increases Each Year
Total Non-Operating Revenues	345,000	408,000	-	-	753,000	
Change In Net Position	331,521	(65,966)	310,000	-	575,555	
Net Position Beginning of Year	7,827,098	10,196,036	1,260,000	-	19,283,134	
Net Position End of Year	\$ 8,158,619	\$ 10,130,070	\$ 1,570,000	\$ -	\$ 19,858,689	

NOTE: The Ongoing Impact to the County is \$729,011.

**CSA 64 Spring Valley Lake
Summary of Remaining Costs**

Administration - San Bernardino Office

Salary & Benefits - Remaining Allocated Costs **FTE** **\$ 41,937**

Partially fund these positions:

Special Districts Director	1.0
Division Manager of Fiscal Services	1.0
Payroll Specialist	1.0
Human Resources and Fiscal Staff	5.5

Services & Supplies - Remaining Allocated Costs **\$ 195,124**

JPA- Vehicle Insurance	\$ 38,772
COWCAP	\$ 34,019
Vehicle Charges - Fleet	\$ 19,942
Data Processing	\$ 17,735
Computer Software & Hardware	\$ 8,315
Facilities Mgmt - Custodial	\$ 6,904
County Counsel	\$ 3,998
Facilities Mnmt- Basic Services	\$ 3,536
Training, Travel & Mileage	\$ 2,751
Information Services Charges	\$ 2,105
Property Insurance	\$ 1,908
Rents & Leases-Equipment	\$ 1,533
Medical Expense	\$ 1,034
Miscellaneous charges (office supplies, printers, merchant fees, professional services, etc.)	<u>\$ 52,572</u>
Total Remaining Costs	\$ 195,124

Water and Sanitation Division

Remaining Administrative Salary & Benefit Costs **\$ 187,215**

Partially fund these positions:

Division Manager	1.0
Administrative Supervisor I	1.0
Regulatory Compliance	1.0
Utility Services Associate (Billing & Customer Services)	2.0
Utility Services Associate (Development Services)	1.0
Water and Sanitation Supervisor	2.0

Remaining Services & Supplies Costs **\$ 304,735**

Vehicle Charges - Fleet	\$ 170,379 *
Building Lease	\$ 38,173
County Counsel	\$ 11,267
Utilities	\$ 38,963
Computer Software & Hardware	\$ 20,195
Information Services Charges	\$ 3,081
Rents & Leases-Equipment	\$ 3,124
Training, Travel, Mileage & Memberships	\$ 5,632 **
Miscellaneous charges	<u>\$ 13,921</u>
Total Remaining Costs	\$ 304,735
TOTAL COST REMAINING	\$ 729,011

FTE Full Time Equivalent Position

*Division Manager, Supervisors all have assigned vehicles for on-call purposes.
The office also has 2 vehicles to allow Compliance Officer, Administrative staff, and Engineers to use for meetings.
They travel throughout the county on a daily basis because our districts are located throughout.

**WAS staff is required to maintain their certifications to operate the systems



Feasibility Study
and
Executive Summary
June 2018

EXECUTIVE SUMMARY

Members of the community of Spring Valley Lake have decided to investigate the feasibility of creating a “Spring Valley Lake Community Services District” (referred as SVLCSD) to provide certain municipal level services for the community that are currently being provided by San Bernardino County through their Special Districts Department.

The “Spring Valley Lake Exploratory Group” has been formed to study the financial feasibility of local control over certain services, prepare the study, and provide communication and feedback to the community. The ultimate decision as to whether the community wishes to assume local control will be made by the registered voters of the proposed service area.

It is the duty, responsibility, and role of the public to hold the government accountable at all times. Investigations into these matters are a necessary part of governing and being governed. We believe this process to be very open ended and not a predetermined march to creating a local CSD. It is with that in mind that we prepare this study and investigate the feasibility of a local CSD.

That said, there are two outcomes from this study:

1. We determine not to assume local control for certain municipal services.
2. We determine that it is financially feasible, cost effective and in the best interests of the residents to obtain local governance to form the Spring Valley Lake CSD and the voters ratify that decision in a public vote.

The following study will provide the case, logic, and financial analysis for that decision process.

Finally, it is important for the reader of this document to know that this report has been researched and prepared by the Spring Valley Lake CSD Exploratory Group. The reason behind doing the report ourselves is twofold.

First, we will have a better understanding of the financials, operations, and challenges of creating a CSD if we prepare the report ourselves. Investigations into County operations, other local CSD and industry experts has provided this group with a level of understanding that would not have been obtained if we contracted this out.

Secondly, the cost of \$20,000 - \$30,000 seems very expensive to produce such a report when appropriate capacity exists among the Group to complete the study. Included in the report is the financial analysis of three contemplated services.

Feasibility Study Summary

The following will serve as a high-level summary to the detailed Feasibility Study also contained in this document.

Local Control:

Community Service Districts “CSD’s” have existed in California since the 1800’s. It was always intended that, when possible, a community of size would manage its own services. San Bernardino County has approximately 90 CSA’s of which about 17 have water and/or sewer services. These CSA’s are all managed by the Special Districts department of the County. Many of these CSA’s are small and require the assistance of Special Districts. CSA’s that are managed by the County were created to help provide services until a local community of size could create its own district and manage their own services.

Decision making for these services are best made at a local level. The more local the governance, the better it is for those being served. Residents are elected to a board. Local boards make decisions based on local needs. The residents of the community are better served.

Boundaries:

The Spring Valley Lake Community Services District boundary would be similar to the County Service Area (CSA) 64 boundary. This boundary extends slightly beyond the Spring Valley Lake (SVL) homeowners association boundary. The contemplated services for the new SVL Community Services District would be water, wastewater collection, solid waste management and park & recreation services. Each of these potential services will be discussed in greater detail in this draft report.

The current boundaries are:

- Ridgecrest on the west.
- Bear Valley on the south
- Mojave Narrows on the north
- Apple Valley Road on the east cutting in Pimlico Road to include the Equestrian Estates
- Near Yucca Loma Bridge there are a few houses on the east side of the river that are in the boundaries but receive no service.
- Only a small part of Mojave Narrows is within the boundary.
- The boundaries of the current CSA 64 and SVL-CSD include parts of unincorporated county, City of Victorville, and Town of Apple Valley. Continuity of services is important to each part of this group.

Services: Current & Projected:

Current services are:

- Water
- Sewer

- Roads
- Parkway Maintenance
- Street Sweeping

Proposed services are:

- Water
- Sewer
- Street Sweeping
- Solid Waste
- Parks

The roads were eliminated as CSA 64 does not maintain the roads. Public Works for the County currently provides those services. As the roads need repair, it would not be prudent to take them over until the County does the necessary repairs.

Solid Waste is being added to provide an income stream to the community of approximately \$400,000 per year via franchise fees and handling the ESFR/Dump fees.

Parks are being added as part of our strategic plan and provides us the ability to address park needs in our community.

Financials:

There is clearly a cost benefit to creating a new SVL-CSD. Creating the new budgets for the SVL-CSD was very challenging due to the accounting practices of Special Districts relative to pooling costs and allocating local CSA's with additional "Home Office" costs. That said we worked through the numbers using other CSD financials to assist us. Even doing that the cost benefit seemed too good to be true. We believed it prudent to partner with Rogers, Anderson, Malody, & Scott (a regional CPA firm) to examine our work and complete the budgeting process and reports. RAMS is an industry expert in CSD's having provided both auditing and financial accounting services for both CSD's and the Special Districts Department of San Bernardino County.

Those budgets are forecasting a substantial cost savings while increasing revenues via solid waste opportunities. These increased revenues come from a redistribution of current revenues from the County to the local CSD. This improvement should help mitigate any planned fee increases the Special Districts may be working on.

Findings/Case to Do:

- Local governance serves residents better.
- Expense management by a locally elected board will drive down costs.

- The proposed SVL-CSD is clearly large enough to financially run their own services
- Special Districts has become too large and the cost for support is too much relative to the benefit.
- Creating a locally governed CSD with reduced expense structure and increase revenues (not from residents) will mitigate attempted and planned rate increases.

Transition:

Transition is no more than managing change. Managing change is about understanding that change, knowing your end goal, creating a plan, collaborating with local industry experts, and executing that plan. We have already identified individuals and companies that will assist us through any transition challenges.

Summary:

In conclusion, we recommend that the San Bernardino County Board of Supervisors and LAFCO let the residents of Spring Valley Lake decide through an election if they want to create a new CSD and assume the services currently provided by various County departments. Please note the following reasons:

Vision for the Spring Valley Lakes CSD

“Self-determination and local control represent the foundation of the American governmental system, and perhaps no form of government is more “local” than the independent special district. Special districts are local government agencies that provide public infrastructure and essential services, including but not limited to, water, fire protection, recreation and parks, and garbage collection. Since California became a state in 1850, voters have established over 2,000 independent special districts to meet their local needs.”

This is a quote from the Special District Formation Guide provided by the California Special Districts Association (CSDA) and California Local Agency Formation Commission (CALAFCO). This statement clearly spells out:

1. Self Determination and local control represent the foundation of the American governmental system. An SVL CSD will bring government and decision making closer to the people that are being governed. A local CSD will clearly provide this foundation and a representative government for services that is focused solely on the constituents of a newly formed SVL-CSD.
2. Government by constituents at a local level will insure decisions based on what is best for this community.
3. County management of services was never the goal for communities of size that can manage their own services. That said, the creation of a local CSD (where possible and feasible) should be the goal of not only the local residents but the management of the

county itself. We look forward to the County/Special Districts assisting us with this transition if voted in by the residents.

We promote a “Yes” vote for the Spring Valley Lake – CSD.

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INTRODUCTION

BACKGROUND

In unincorporated areas the County provides municipal level services such as solid waste management, water, wastewater, park and recreation, roads, flood control, public works, and a host of other services as needed. The County provides these services until and unless another form of government provides those essential services for a community of interest. In many cases, a city may be formed as we have seen in the high desert with the incorporation of the Town of Apple Valley and the City of Hesperia in the mid to last 1980's. Community Services Districts (CSD's) which have many potential powers or services that can be provided have been formed in several of the High Desert areas where incorporation is either not an option or not economically feasible. These CSD's have been formed and assumed responsibilities that were formerly provided by various County departments, including County Service Areas and County Solid Waste Department. County Service Areas were never intended to be permanent but a means to provide needed services until unincorporated communities of size could create and manage their own districts.

PROCESS

The formation of a community services district is the mechanism whereby a local community can develop a structure for service provision that best meets the needs of a specific community with policy direction provided by local residents with a vested interest in cost containment and specific service provision. All revenue generated through the provision of service would stay within the community. Other CSD's have found significant cost savings through local control.

The process of formation requires review by the Local Agency Formation Commission (LAFCO). This is a formal commission formed by state law with unique responsibilities that includes formation of entities like a CSD. To begin the LAFCO process, a feasibility analysis is required. This sets forth the services contemplated by the new district, the governance and management structure, the financial feasibility, and other specific details. LAFCO staff reviews the viability of the proposed district and once all necessary information is provided holds a public hearing for the Commission to decide. If the Commission approves the formation it then goes to the Board of Supervisors who takes action to put it on the ballot for the registered voters in the community to affirm or deny the formation of the new Spring Valley Lake Community Services District.

CSA 64 Spring Valley Lake was established on December 30, 1968 by an act of the Board of Supervisors of the County of San Bernardino (the County) to provide sewer and water services (and more) for Spring Valley Lake. CSA-64 currently provides sewer services to approximately 4,200 equivalent dwelling units (EDU's) and maintains 3 lift stations and one pump station. CSA-64 also provides water services to approximately 3,800 customers and maintains 6 wells, 1

booster station and 3 water tanks. In addition to those two enterprise services, CSA-64 provides parkway maintenance, street sweeping and coordinates with Public Works for road maintenance and storm water drain maintenance.

In the High Desert we have seen the conversion of three CSA's to CSD's in recent history. While not all of these are the same in services or markets, it is important to note the success and challenges of each in forming a recommendation to the residents of CSA-64.

Helendale is the most similar to Spring Valley Lake but differs in that it encompasses a much larger geographic area beyond the Silver Lakes community. Helendale CSD provides Water and Sanitation the same as Spring Valley Lake except that Helendale CSD has its own Sanitation Treatment plant.

Phelan provides water services but not sanitation. The Phelan/Pinon Hill market is significantly different as it is more rural, lots are bigger and distance between properties are much further than Spring Valley Lake. In addition, many roads are still dirt and roads are still being put in. This creates a bigger need for engineering. It appears that the area has lacked consistency in pipes that were installed prior to the creation of that CSD. These reasons would dictate a much higher cost to operate.

Wrightwood has no enterprise services. Based on this, Wrightwood is not a good comparison for creation of a SVL-CSD.

Spring Valley lends itself to be more successful relative to cost due to density of houses and the quality and condition of our infrastructure. Our roads and pipes are completed and only need to be maintained. Sanitation treatment is provided by Victor Valley Waste Water Reclamation. It is the role of SVL to get their sewage to Yates road on the north where it then becomes the responsibility of VVWRA. VVWRA is the product of a Joint Powers Agreement between Apple Valley, Hesperia, Victorville, and the County of San Bernardino which represents CSA-64 (Spring Valley Lake) and CSA-42 (Oro Grande).

Management of water, the wells, and storage is the majority of the work for CSA-64 or a newly created SVL – CSD.

The density and condition of this CSA/CSD would allow it to run at a much lower cost than other service areas.

SPRING VALLEY LAKE CSD BOUNDARIES

The proposed boundaries of the Spring Valley Lake CSD would be the same as CSA-64 and are exhibited in the following pages by the map. Essentially CSA-64 includes the entire footprint of Spring Valley Lake Association in addition to some commercial areas and a portion of Mojave Narrows. The boundaries could further be described as:

- Ridgecrest on the west.
- Bear Valley on the south.
- Apple Valley Road on the east – coming back in on Pimlico and encompassing the Equestrian part of Spring Valley Lake Association.
- It then follows the Mojave River to Yucca Loma/Yates Road and goes to Ridgecrest.
- The boundary includes part of Mojave Narrows Regional Park
- The boundary also includes a residential section of Apple Valley near the Yucca Loma bridge.

It is important to note that the section east of the Mojave River is within the Town of Apple Valley. CSA – 64 provides both water and sanitation to the residential and commercial section in Apple Valley that falls in this map. While we believe that the Town of Apple Valley has an interest in the formation of this CSD, we do not believe they have interest in providing water and sanitation currently.

The current map does show parts of Apple Valley (not part of the SVLA EQ side) that is included in the CSA-64 area. However, CSA-64 has indicated that while this area is in the map CSA-64 does not provide services there.

Keeping the boundaries essentially the same for the new Community Services District will:

- Provide continuity of service delivery structure to all parties involved.
- Maintaining the current cross-jurisdictional boundary will protect Spring Valley Lake from annexation that will result in the dissolution of the CSD. Therefore, the community will be able to maintain some form of local control.
- It would be in the best interest of the residents of the Town of Apple Valley currently in the eastern boundary area to remain with the CSD than be annexed to Liberty Utilities and a significantly higher rate structure.

CURRENT SERVICES PROVIDED BY COUNTY

County Solid Waste Division currently provides the following services:

- Solid Waste Management
 - Dump Cards

- Oversees Franchise agreement with Advanced Disposal

CSA-64 currently provides the following services:

- Water
- Sewer
- Roads
- Parkway maintenance
- Street sweeping

While the roads are listed as approved services, CSA-64 partners with Public Works to maintain the roads. The roads are a source of contention with the SVL-HOA as they are need of significant repair.

Public works currently manages storm water drainage also. Due to the significant cost factor, it is our intent that the roads and drainage remain with Public works.

PROPOSED SERVICES

We are proposing the following services:

- Water
- Sewer

- Street Sweeping
- Solid Waste
- Parks

At this time, we do not want to include roads in our list of powers, due to the extensive costs to maintain and repair with no funding mechanism.

Solid Waste

We wish to add solid waste which will provides franchise fees and ESFR tax fees for the new CSD. This means that money that is currently going to county government would stay within the community and be used for appropriate purposes locally. Currently each property pays \$85.14 per year on the property taxes that goes to County Solid Waste Division. That money is used to pay for self-haulers who utilize the dump cards. It is our belief that this generates over \$300,000 additional revenue for a service that costs significantly less because in our estimation there are a limited number of people who actually utilize the dump passes. The new CSD would continue the provide dump passes for those who wish to use them, but because the money is retained locally it could be utilized for other beneficial programs or rate stabilization.

In addition, the County receives a franchise fee from the waste hauler for the exclusive right to service our community. The current fee is 10% of the bill that is paid to county with no local benefit received.

There are two areas of the proposed CSD boundary that will continue to receive solid waste services from others. The portion in the Town of Apple Valley and the portion of the CSD boundary in Victorville will continue to receive service from Burrtec per franchise agreement that those jurisdictions have. In an effort to maintain continuity for those customers and respect their franchise agreements, no changes will be contemplated.

Parks

Park powers are also being considered which will allow the CSD to augment existing recreational programming for the community as the need may arise. These would be fee-based services that would enhance quality of life within the community. In the future this committee would like to explore the potential to have free access for CSD residents to Mojave Narrows Park through a partnership with County Parks Department. While we have no intention of creating a park at this time having the ability for park and recreation services will allow for opportunities in the future and the creation of programs that will benefit the community.

WATER AND SEWER FINANCIAL INFORMATION

In preparing, reading, and understanding this feasibility study, it is critical that one understand the current financial model of the Special Districts Department (SDD) and its County Service Areas.

While each CSA has its own financials and reports, they all operate as a part of the Special Districts Department. All costs are originated at the Special Districts level. All CSA's fall under the County Special Districts Department. Both equipment and employees all reside at the Special Districts Department level. As work is done those costs are allocated to the local CSA's. In addition, all management and support costs including retirement, medical and other overhead for Special Districts are allocated to all CSA's.

Each CSA operates as a fully allocated cost/revenue center for Special Districts. This means that 100% of SDD and costs incurred through other County departments for the Special Districts Department are pushed down to all the CSA's creating a fully allocated cost/revenue center. As costs to support the department structure increase so must the revenue in the form of water and sewer rates increase to cover those costs.

This means that the costs, at a local level, are dictated by a centralized "Home Office" that serves over 90 CSA's and only 17 that manage water and/or sanitation. The proximity and makeup of each of the CSA's will certainly impact the costs that are allocated to each CSA.

In the event that a locally controlled SVL Community Services District is created, 100% of those costs will be managed at a local level and only the operations of the CSD will dictate the costs of that CSD.

While many will argue that economies of scale should prevail and would drive costs down, many would also argue that a bloated central office is not the most efficient way to keep costs down. Sometimes big is just big and not the answer to driving down costs. Cost efficiencies are not a function of size but a function of focus. Please note the following example:

In reviewing a proposed 2018 budget (work in progress) it was noted that the budgeted expense for Sanitation labor is only \$89,000. That same number for Water is \$358,000. That means that out of a budgeted \$4mm less than \$500,000 is actual operation labor costs. That is only 12.5% of budgeted Salary cost is going to actual operations.

Another example of cost management is the Archway. The Archway is a structure built many years ago at the entrance of Spring Valley Lake. It sits at Bear Valley and Spring Valley Lake Parkway. The structure is old and in need of repairs, demolition or be replaced. This conversation started several years ago with the Association wanting someone to replace, remove or repair the Archway as it is not property of the Association. Somehow CSA-64 was involved and came up with a plan to tear down and build a new entry something. At a recent

association meeting it was projected for completion this year. The concern is that the cost on this 8' x 8' water fall is projected at \$250,000. This is an excessive amount of money. We do not believe that the community understood those funds to be coming from our CSA-64 budget. Furthermore, we do not believe that a local board would have ever approved that project at that cost. A local CSD would not have spent \$250,000+or- on a project like this. Since that time the bids actually came in significantly higher. It appears that the project is being cancelled except for the removal of the existing archway.

Another example of cost management would be the replacement of our water meters. Helendale is going through the same process at the same time.

Helendale did analysis on different meters, size of meters and installation. Helendale chose the IPERL ¾ "composite meter. Composite was deemed acceptable for two reasons. First, the meters in Helendale (like Spring Valley Lake) sit behind curbs. The need for metal meters is not necessary as it might be in rural areas where cars are more prone to drive on top of them. In addition, today's brass is softer as the lead content has been reduced in them. A ¾" meter would handle the needs of all existing Spring Valley Lake properties. New construction might need at 1" meter due to fire sprinkler requirements. Using ¾ " vs 1" has been vetted with industry experts and deemed acceptable.

In contrast, Special Districts has chosen the 1" Badger made of brass. This choice might have been made to match the needs of the entire county vs the needs our Spring Valley Lake. Consideration may have been given due to the rural area that much of the remaining CSA's reside in and their lack of curbs. The desire is to have a stronger meter less likely to be damaged. However, we have learned that the current brass meters (without lead) are softer. Also, and more importantly, Spring Valley Lake does not need "crush resistant" meters as cars do not travel over them. This is where local management would match the needs of our community and save money.

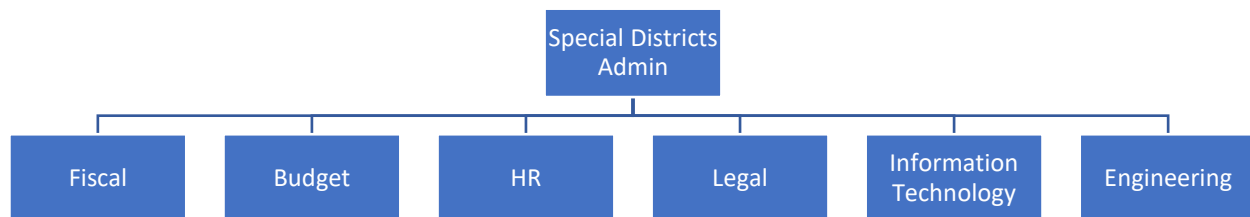
The cost differences are: (numbers are estimates based off quotes)

	Unit Cost	Units	Total
Badger 1"	\$233	3800	\$885,400
IPERL 3/4"	\$117	3800	<u>\$444,600</u>
Cost Difference			\$440,800

SPECIAL DISTRICTS ORGANIZATIONAL CHART

The organizational chart for Special Districts will help understand the top-heavy cost structure of the Special Districts Department. To serve 90+ CSA's, the organization, processes and overhead appear to have grown too large. In addition, as other larger CSA's have left and formed CSD's, this most likely has resulted in the unchanged cost overhead being spread over a smaller number of CSA's with CSA 64 bearing the most of that expense due to size of that CSA.

The chart below shows the different departments that each CSA supports. An independent SVL-CSD would be able to achieve significant cost saving by not having to contribute to supporting this large department. While we would have needs for similar services, we could outsource or handle them in house.



REVENUE OVERVIEW

Our study believes that revenues will remain at current levels for the foreseeable future. Expense reductions/management will eliminate the need for rate increases that the Special Districts have proposed in the past and are currently attempting to get approved again.

CSA 64 currently receives revenue from:

- Water Enterprise Services
- Sanitation Enterprise Services
- Property Taxes

County Solid Waste Department received revenue from:

- Solid Waste Franchise Fees
- Solid Waste Taxes paid by residents

Spring Valley Lake Community Services District will receive revenue from:

- Water Enterprise Services
- Sanitation Enterprise Services (Sewer)
- Property Taxes
- Solid Waste Franchise Fees
- Solid Waste Disposal Fees paid on tax bill paid by residents

Currently the County's Solid Waste Department keeps the solid waste franchise fees and Solid Waste Disposal fees.

Water


Special Districts proposed a rate increase 2017 that was denied. The increases were substantial as noted below in their proposal. Even though denied, we have been told that the rate increase proposal will be presented again in the future to the Board of Supervisors for approval. Our study believes that a newly created SVLCSD will be able to operate the system more efficiently by not paying for county's significant overhead and avoid a rate increase for the foreseeable future due to expense management and local oversight. In addition, solid waste revenue and franchise fees will add to the revenue of the new CSD.

The following is the previously attempted increase that was not approved in 2017. As you can see, this proposal would result in a substantial increase in water rates over a five-year period.

This is difficult to understand based on the facts that costs have not increased that amount and Special Districts has stated that they are currently cutting costs substantially.

Rates
Page 19

- Rate increases needed to sustain financial stability and keep up with inflationary cost increases
 - Rate increase recommendations for water are 10% per year for FY 2018 to FY 2020 and 5% per year for FY 2021 to FY 2022
 - Rate increase recommendations for sewer are 7.5% per year for FY 2018 to FY 2021 and 5% in FY 2022



**SAN BERNARDINO
COUNTY**

Special Districts Department
Water and Sanitation Division

www.SBCounty.gov

The argument we continue to hear is that our water rates are the best in the High Desert. Having good rates is not a license to increase them vs managing expenses.

Sewer Fees

Currently CSA 64 contracts with VVWRA for disposal of sewage. VVWRA would provide those same services for a newly formed CSD. We do not anticipate any change in revenue for sewer fees as there should be no negative impact to sewer expenses related to changing from a CSA to a CSD.

Property Taxes

Property taxes and assessments are approximately \$460,000 per year. We do not expect this revenue stream to change.

Solid Waste:

Solid Waste offers two opportunities for additional revenues for our community.

Franchise Fees:

Current disposal company pays a franchise fee to the County for the exclusive right to service the area. The current solid waste company for Spring Valley Lake is Advance Disposal. The service provider will not change, but the franchise fee will be paid to the CSD instead of County Solid Waste.

As you will see in the proposed financials we believe that amount to be approximately \$90,000 annually that would come back to our community. Also, important is to understand that franchise fees are unrestricted funds that the CSD can use as they see fit. Currently this money goes to the San Bernardino County Solid Waste Department.

Solid Waste Disposal Fees (ESFR):

Properties in CSA 64 (not counting the EQ section in Apple Valley) are taxed \$84.57 per year for dump fees. These fees are collected by the County and used to pay for disposal costs. What is not used is kept by County Solid Waste Department and not returned to the community for use.

In a SVL -CSD model with solid waste as one of the services provided, those fees would then belong to the SVL CSD.

We estimate those funds (after netting out dump fee reimbursement) to be approximately \$400,000 per year that comes back to our community and not the County.

The very important part of this is that fees collected by the County for Dump fees are not being equitably returned in benefits, services or rebates to those paying that tax. A CSD will insure that those funds are kept in the community and benefit those that are being taxed. If the board/community decides, the fees may be offered as a credit to residents against their bills. The point is that these funds belong to the community and should bring benefit to the community.

EXPENSES

Expense management clearly provides the greatest opportunity for our community to manage costs. While we all understand that costs do increase over time, we also recognize that the costs for the services we receive supports a much larger county structure. Local oversight would mean a small efficient staff augmented by strategic use of contract services will best help the Spring Valley Lake CSD manage our costs.

Discussions have taken place with many that know and understand the services and costs of running our district. The numbers in our study have been researched and well thought out. There is little doubt that a locally managed CSD that is not encumbered with the extremely high overhead of County departments would benefit the community with a much lower expense model for delivery services.

Salaries and benefits are based on chart enclosed.

We do recognize that both Phelan and Helendale have higher staffing models. Please note the following:

- Phelan/Pinon Hills is a different market with unique needs. It is still growing, making roads, and space between houses and water systems are much further apart. Each project they do will be more expensive based on this. This is quite different from the SVL-CSD model. SVL-CSD can clearly operate with fewer people due to the size of the service area and close proximity of facilities.
- Helendale CSD is probably the most comparable CSD with a few differences:
 - Helendale sanitation has its own waste water treatment plant. This will cause their expenses to be higher. SVL CSD will continue to send wastewater flows to VVWRA and continue to pay the same fees as the County has paid in the past.
- Finally, it is our intention that we operate at a very lean number of employees and fixed costs. We will leverage the ability to contract work that will free us from having the fixed costs of employees, equipment, equipment maintenance and equipment replacement only to have use of those things a few times per year. Our budget provides for those variable expenses in our services and supplies line.

While our study will not mimic the exact same numbers or categories of the CSA-64 reports, we wish to provide the following detail to these line items and the expenses included in the SVL CSD projections:

Services and Supplies:

This line (relative to the projections) includes the following:

- Contracted labor/services that are outside the scope of the staff at SVL CSD.
- Supplies needed for maintenance of enterprise services of SVL CSD.
- Wastewater Fees to VVWRA.

Administration:

This line (relative to the projections) includes the following:

- Lease expense
- Office expenses such as equipment, supplies etc.
- Communication such as phones and internet
- Mailings, emails, and website
- Billing
- Other nominal items

Insurance:

The County currently “self-insures”. While that may seem to some as a cost savings, that amount is probably nominal. Self-insuring means you pay those losses. CSD’s along with other municipalities can be insured by SDRMA. Special District Risk Management Authority is a public agency formed under California Government Code Section 6500 et seq. and provides a full-service risk management program for California’s local governments. For over 31 years, SDRMA has provided members with comprehensive coverage protection.

CSA 64 Audited Reports/Detailed Reports

The following pages provide the last 3 years of audited CSA 64 reports.

**COUNTY OF SAN BERNARDINO SPECIAL DISTRICT
COUNTY SERVICE AREA No. 64
SPRING VALLEY LAKE
FINANCIAL STATEMENTS
June 30, 2017**

**COUNTY OF SAN BERNARDINO SPECIAL DISTRICT
COUNTY SERVICE AREA No. 64
SPRING VALLEY LAKE
FINANCIAL STATEMENTS
June 30, 2017**

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Board of Supervisors

County of San Bernardino Special
District County Service Area
No. 64 Spring Valley Lake

Independent Auditors' Report

We have audited the accompanying financial statements of the County of San Bernardino Special District County Service Area No. 64 Spring Valley Lake (CSA), a component unit of the County of San Bernardino, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise CSA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the minimum audit requirements and reporting guidelines for California Special Districts required by the Office of the State Controller. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



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& Business Advisors**

Board of Supervisors
County of San Bernardino Special
District County Service Area
No. 64 Spring Valley Lake

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the County of San Bernardino Special District County Service Area No. 64 Spring Valley Lake as of June 30, 2017 and the changes in financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Other Matters

Prior-Year Comparative Information

Prior year data has been included with the basic financial statements for comparative purposes only. The financial statements of the County of San Bernardino Special District County Service Area No. 64 Spring Valley Lake as of June 30, 2016, were audited by other auditors whose report dated November 28, 2016 expressed unmodified opinions on those statements.

Required Supplementary Information

Management has omitted Management's Discussion and Analysis and the Schedules of Pension Plan Contribution and Proportionate Share of Net Pension Liability that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Eadie and Payne, LLP

November 22, 2017
Riverside, California

Statement of Net Position
Proprietary Funds
June 30, 2017

	2017		
	Enterprise Funds		Total
	Sewer	Water	
Assets			
Cash and investments	\$ 4,438,846	\$ 3,965,250	\$ 8,404,096
Restricted cash and investments	50,780	-	50,780
Accounts receivable	535,891	321,411	857,302
Taxes receivable	10	10,932	10,942
Special assessment receivable	578	780	1,358
Interest receivable	13,785	15,135	28,920
Capital assets			
Capital assets not being depreciated	50,294	1,886,925	1,937,219
Capital assets being depreciated, net of accumulated depreciation	789,358	3,746,814	4,536,172
Total assets	<u>5,879,542</u>	<u>9,947,247</u>	<u>15,826,789</u>
Deferred outflows of resources			
Pension	<u>430,968</u>	<u>402,141</u>	<u>833,109</u>
Liabilities			
Current:			
Accounts payable and accrued liabilities	-	267,011	267,011
Matured unredeemed bonds payable	30,000	-	30,000
Interest payable on matured unredeemed bonds	20,780	-	20,780
Due to other governments	131,641	-	131,641
Due to other funds	688	22,189	22,877
Customer deposits	-	13,222	13,222
Long-term			
Net pension liability	873,401	814,981	1,688,382
Total liabilities	<u>1,056,510</u>	<u>1,117,403</u>	<u>2,173,913</u>
Deferred inflows of resources			
Pension	<u>196,269</u>	<u>183,141</u>	<u>379,410</u>
Net position			
Net investment in capital assets	839,652	5,633,739	6,473,391
Unrestricted	4,218,079	3,415,105	7,633,184
Total net position	<u>\$ 5,057,731</u>	<u>\$ 9,048,844</u>	<u>\$ 14,106,575</u>

The accompanying notes are in integral part of the financial statements

Statement of Net Position
Proprietary Funds
June 30, 2017

	For Comparative Purposes Only		
	2016		
	Enterprise Funds		
	Sewer	Water	Total
Assets			
Cash and investments	\$ 3,773,804	\$ 4,438,930	\$ 8,212,734
Restricted cash and investments	50,780	-	50,780
Accounts receivable	349,197	292,552	641,749
Taxes receivable	-	11,047	11,047
Special assessment receivable	1,070	493	1,563
Interest receivable	65,860	49,435	115,295
Capital assets			
Capital assets not being depreciated	45,699	1,048,033	1,093,732
Capital assets being depreciated, net of accumulated depreciation	893,772	3,938,508	4,832,280
Total assets	5,180,182	9,778,998	14,959,180
Deferred outflows of resources			
Pension	83,524	76,998	160,522
Liabilities			
Current:			
Accounts payable and accrued liabilities	-	27,468	27,468
Matured unredeemed bonds payable	30,000	-	30,000
Interest payable on matured unredeemed bonds	20,780	-	20,780
Due to other governments	43,803	-	43,803
Due to other funds	121	19,419	19,540
Customer deposits	-	11,622	11,622
Long-term:			
Net pension liability	664,566	612,642	1,277,208
Total liabilities	759,270	671,151	1,430,421
Deferred inflows of resources			
Pension	232,533	214,365	446,898
Net position			
Net investment in capital assets	939,471	4,986,541	5,926,012
Unrestricted	3,332,432	3,983,939	7,316,371
Total net position	\$ 4,271,903	\$ 8,970,480	\$ 13,242,383

The accompanying notes are in integral part of the financial statements

Statement of Revenues, Expenses, and Changes in Net Position
 Proprietary Funds
 For the Year Ended June 30, 2017

	2017		
	Enterprise Funds		
	Sewer	Water	Total
Operating Revenues			
Sanitation services	\$ 2,431,422	\$ -	\$ 2,431,422
Water sales	-	2,081,147	2,081,147
Connection fees	44,029	42,628	86,657
Permit and inspection fees	1,950	3,300	5,250
Penalties	42,699	37,190	79,889
Other services	-	54,355	54,355
Total operating revenues	2,520,100	2,218,620	4,738,720
Operating Expenses			
Salaries and benefits	1,162,718	1,069,171	2,231,889
Services and supplies	1,061,325	711,405	1,772,730
Water replacement	-	301,950	301,950
Utilities	9,280	138,603	147,883
Depreciation	104,162	191,694	295,856
Total operating expenses	2,337,485	2,412,823	4,750,308
Operating income (loss)	182,615	(194,203)	(11,588)
Non-operating Revenues (Expenses)			
Property taxes	400,409	37,785	438,194
Special assessment and other taxes	23,095	23,002	46,097
Investment earnings	21,643	23,636	45,279
Transfers in	615,222	446,676	1,061,898
Transfers outs	(615,222)	(446,676)	(1,061,898)
Loss on disposal of capital assets	(252)	-	(252)
Other revenues (expenses)	22,982	63,382	86,364
Total non-operating revenues	467,877	147,805	615,682
Change in net position	650,492	(46,398)	604,094
Net position at beginning of year as previously reported	4,271,903	8,970,480	13,242,383
Prior-Period Adjustment	135,336	124,762	260,098
Net assets at beginning of year as restated	4,407,239	9,095,242	13,502,481
Net position at end of year	<u>\$ 5,057,731</u>	<u>\$ 9,048,844</u>	<u>\$ 14,106,575</u>

The accompanying notes are in integral part of the financial statements

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2017

For Comparative Purposes Only
2016

	Enterprise Funds		
	Sewer	Water	Total
Operating Revenues:			
Sanitation services	\$ 2,497,245	\$ -	\$ 2,497,245
Water sales	-	2,095,658	2,095,658
Connection fees	53,793	20,687	74,480
Permit and inspection fees	1,200	2,550	3,750
Penalties	33,679	29,908	63,587
Other services	624	16,594	17,218
Total operating revenues	2,586,541	2,165,397	4,751,938
Operating Expenses:			
Professional Services	1,164,690	1,037,974	2,202,664
Services and supplies	1,106,949	577,926	1,684,875
Water replacement	-	137,340	137,340
Utilities	11,911	142,029	153,940
Depreciation	104,278	191,694	295,972
Total operating expenses	2,387,828	2,086,963	4,474,791
Operating income (loss)	198,713	78,434	277,147
Non-operating Revenues (Expenses)			
Property taxes	285	414,028	414,313
Special assessment and other taxes	23,102	23,859	46,961
Investment earnings	31,664	36,857	68,521
Transfers in	1,112,576	2,364,801	3,477,377
Transfers outs	(1,112,576)	(2,364,801)	(3,477,377)
Loss on disposal of capital assets	-	-	-
Other revenues (expenses)	16,623	55,176	71,799
Total non-operating revenues	71,674	529,920	601,594
Change in net position	270,387	608,354	878,741
Net position at beginning of year	4,001,516	8,362,126	12,363,642
Net position at end of year	\$ 4,271,903	\$ 8,970,480	\$ 13,242,383

	2017		
	Sewer Fund	Water Fund	Total
Cash flows from operating activities:			
Cash received from customers and others	\$ 2,392,143	\$ 2,231,072	\$ 4,623,215
Cash payments to suppliers for goods and services	(982,767)	(910,815)	(1,893,582)
Cash payments to employees for services	(1,202,255)	(1,098,437)	(2,300,692)
Net cash provided by (used for) operating activities	207,121	221,820	428,941
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(4,595)	(838,892)	(843,487)
Net cash provided by (used for) capital related and financing activities	(4,595)	(838,892)	(843,487)
Cash flows from non-capital related and financing activities:			
Cash received from (paid to) other funds	557	2,770	3,327
Taxes, special assessments, and other revenues	446,978	123,997	570,975
Net cash provided by (used for) non-capital related and financing activities	447,535	126,767	574,302
Cash flows from investing activities-interest income	14,981	16,625	31,606
Net increase (decrease) in cash and investments	665,042	(473,680)	191,362
Cash and investments, beginning of year	3,824,584	4,438,930	8,263,514
Cash and investments, end of year	<u>\$ 4,489,626</u>	<u>\$ 3,965,250</u>	<u>\$ 8,454,876</u>
FINANCIAL STATEMENT PRESENTATION:			
Cash and investments	\$ 4,438,846	\$ 3,965,250	\$ 8,404,096
Restricted cash and investments	50,780	-	50,780
Total cash, cash equivalents, and investments	<u>\$ 4,489,626</u>	<u>\$ 3,965,250</u>	<u>\$ 8,454,876</u>
Reconciliation of operating income (loss) to net cash used for operating activities:			
Operating income (loss)	\$ 182,615	(194,203)	(11,588)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	104,162	191,694	295,856
(Increase) decrease in accounts receivable	(127,957)	12,452	(115,505)
Increase (decrease) in customer deposits	-	1,600	1,600
Increase (decrease) in accounts payable and other liabilities	-	239,543	239,543
Increase (decrease) in due to other governments	87,838	-	87,838
Decrease in net pension liability, net of deferred outflows and inflows	(39,537)	(29,266)	(68,803)
Net cash provided by (used for) operating activities	<u>\$ 207,121</u>	<u>\$ 221,820</u>	<u>\$ 428,941</u>

	For Comparative Purposes Only 2016		
	Sewer Fund	Water Fund	Total
Cash flows from operating activities:			
Cash received from customers and others	\$ 2,482,600	\$ 2,079,710	\$ 4,562,310
Cash payments to suppliers for goods and services	(1,218,122)	(860,236)	(2,078,358)
Cash payments to employees for services	(1,232,711)	(1,120,155)	(2,352,866)
Net cash provided by (used for) operating activities	31,767	99,319	131,086
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(35,699)	(879,318)	(915,017)
Net cash provided by (used for) capital related and financing activities	(35,699)	(879,318)	(915,017)
Cash flows from non-capital related and financing activities:			
Cash received from (paid to) other funds	(354,997)	(341,235)	(696,232)
Taxes, special assessments, and other revenues	40,008	492,421	532,429
Net cash provided by (used for) non-capital related and financing activities	(314,989)	151,186	(163,803)
Cash flows from investing activities-interest income	7,568	27,920	35,488
Net increase (decrease) in cash and cash equivalents	(311,353)	(600,893)	(912,246)
Cash and cash equivalents, beginning of year	4,135,937	5,039,823	9,175,760
Cash and cash equivalents, end of year	\$ 3,824,584	\$ 4,438,930	\$ 8,263,514
FINANCIAL STATEMENT PRESENTATION:			
Cash and investments	\$ 3,773,804	\$ 4,438,930	\$ 8,212,734
Restricted cash and investments	50,780	-	50,780
Total cash, cash equivalents, and investments	\$ 3,824,584	\$ 4,438,930	\$ 8,263,514
Reconciliation of operating income (loss) to net cash used for operating activities:			
Operating income (loss)	\$ 198,713	78,434	277,147
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	104,278	191,694	295,972
(Increase) decrease in accounts receivable	(103,941)	(85,687)	(189,628)
Increase (decrease) in customer deposits	-	(1,522)	(1,522)
Increase (decrease) in accounts payable and other liabilities	(143,065)	(1,419)	(144,484)
Increase (decrease) in due to other governments	43,803	-	43,803
Decrease in net pension liability, net of deferred outflows and inflows	(68,021)	(82,181)	(150,202)
Net cash provided by (used for) operating activities	\$ 31,767	\$ 99,319	\$ 131,086

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the County Service Area No. 64, Spring Valley Lake (District) conform to generally accepted accounting principles as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

The District was established on December 30, 1968 by an act of the Board of Supervisors of the County of San Bernardino (the County) to provide sewer and water services. CSA 64 currently provides sewer services to approximately 4,200 equivalent dwelling units (EDU's) and maintains 3 lift stations. CSA 64 also provides water services to approximately 3,800 customers and maintains 5 wells, 1 booster station and 3 water tanks.

The District is a component unit of the County. Component units are legally separate organizations for which the Board is financially accountable or other organizations whose nature and significant relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (1) the County has the ability to impose its will on the organization, or (2) there is a potential for the organization to provide a financial benefit to or impose a financial burden on the County.

The accompanying financial statements reflect only the accounts of the County Service Area No. 64 Spring Valley Lake of the County of San Bernardino and are not intended to present the financial position of the County taken as a whole.

Because the District meets the reporting entity criteria established by the Governmental Accounting Standards Board (GASB), the District's financial statements have also been included in the Comprehensive Annual Financial Report of the County as a "component unit" for the fiscal year ended June 30, 2017.

Measurement focus, basis of accounting, and financial statements presentation

The proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Measurement focus, basis of accounting, and financial statements presentation (continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are charges to customers for water sales and sanitation services. Operating expenses for enterprise funds include the cost of salaries and benefits, services and supplies, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

The County of San Bernardino Special Districts Department allocates the cost of salaries and benefits, compensated absences, administrative services, and management services to the District. These costs are presented on the financial statements as professional services, an operating expense.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

The government reports the following types of major funds:

The *enterprise fund* labeled "Sewer" currently provides sewer services to approximately 4,200 equivalent dwelling units (EDU's) and maintains 3 lift stations.

The *enterprise fund* labeled "Water" currently provides water services to approximately 3,800 customers and maintains 5 wells, 1 booster station and 3 water tanks.

The County has established a materiality level for recording year-end accruals. For Special Districts with appropriations of less than \$500,000, individual items of less than \$1,000 are not accrued at year end. For Special Districts with appropriations over \$500,000, individual items of less than \$5,000 are not accrued at year end.

Financial reporting is based upon all GASB pronouncements including the Codification of Accounting and Financial Reporting Guidelines.

Receivables

No allowance for uncollectibles was recorded at June 30, 2017 based on management's expectation that all accounts receivable will be collected through the property tax roll.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property Taxes

Secured property taxes are levied in two equal installments, November 1 and February 1. They become delinquent with penalties on December 10 and April 10, respectively. The lien date is January 1 of each year. Unsecured property taxes are due on March 1 and become delinquent with penalties on August 31.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (for improvements to land and structures and equipment) and have an estimated useful life in excess of one year. Structures with an initial cost of \$100,000 are considered capital assets. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation in accordance with GASB Statement No. 72.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvement are capitalized as projects are constructed. Property, plant, and equipment of the government are depreciated using straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	10-100
Structure and improvements	up to 45
Equipment and vehicles	5-15

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position

Net position comprises the various net earnings from operating and non-operating revenues, expenses, and contribution of capital. Net position is classified in the following three components:

- Net investment in capital assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted* – This component of net position consists of constraints placed on net asset use through external constraints imposed by creditors, grantors, contributions, or laws or regulations of other governments or constraints imposed by law through constitutional provision or enabling legislation.
- *Unrestricted* – This component of net position consists of net position of the District that are not restricted for any project or other purpose.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred Outflows/ Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Long-Term Debt and Interest Payable

In the Government-Wide Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the appropriate activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are immediately expensed when incurred in the Government-Wide Financial Statements in addition to the Proprietary and Fiduciary Fund Statements in accordance with GASB No. 65. In the Fund Financial Statements, with the exception of advances from other funds, long-term liabilities are not presented. Consequently, long term debt is shown as a reconciling item in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position. In the Government-Wide Financial Statements, interest payable on long-term debt is recognized as the liability is incurred for governmental activities and business-type activities. In the Fund Financial Statements, only propriety fund types recognize the interest payable when the liability is incurred.

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

In the Government-Wide Financial Statements, net position is classified in the following categories: *Net Investment in Capital Assets* consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets. External creditors, grantors, contributors, laws, or regulations of other governments restrict restricted Net position. Unrestricted Net position is all net position that does not meet the definition of “net investment in capital assets” or “restricted net position.”

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the CSA’s plan and additions to/deductions from the plans’ fiduciary net position have been determined on the same basis as they are reported by SBCERA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 2: CASH AND INVESTMENTS

Cash and investments include balances of monies deposited with the County Treasurer which are pooled and invested for the purpose of increasing earnings through investment activities. Interest earned on pooled investments is deposited to the CSA's account based upon the CSA's average daily deposit balance during the allocation period. Cash and investments are shown at the fair value as of June 30, 2017. Changes in fair value that occur during a fiscal year are recognized as *investment earnings* reported for that fiscal year. *Investment earnings* reports interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments. The County's practice is to hold investments until maturity.

Interest income and realized gains and losses earned on pooled investments are deposited quarterly to the District's accounts based upon the District's average daily deposit balances during the quarter. Unrealized gains and losses of the pooled investments are distributed to the District annually. Cash and cash equivalents are shown at fair value. As of June 30, 2017, Cash and cash equivalents are reported in the District's financial statement as unrestricted cash of \$8,333,592 and restricted cash of \$50,780 for a total amount of \$8,384,372.

See the County of San Bernardino's Comprehensive Annual Financial Report (CAFR) for details of their investment policy and disclosures related to investment credit risk, concentration of credit risk, interest rate risk and custodial credit risk, as required by GASB Statement No. 40, and fair value hierarchy disclosures required by GASB Statement No. 72. The County of San Bernardino's CAFR may be obtained from their website <http://sbcounty.gov/ATC>.

Note 3: RESTRICTED CASH

The District issued bonds under the authority of California Government Code Section 25210.1 to finance certain water and sewer improvement. The District reports the bonds according to the provisions of Governmental Accounting Standards Board Codification Section S40. All the District's bonds matured as of the fiscal year ending June 30, 2004. The portion of the matured Bonds and interest held by the Auditor-Controller/Treasurer/Tax-Collector of the County of San Bernardino amounting to \$50,780 is reported as restricted cash as of June 30, 2017.

Note 4: CAPITAL ASSETS

Capital asset activity during the year ended June 30, 2017 was as follows:

Sewer:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 10,000	\$ -	\$ -	\$ 10,000
Development in progress	<u>35,699</u>	<u>4,595</u>	<u>-</u>	<u>40,294</u>
Total capital assets, not being depreciated	<u>45,699</u>	<u>4,595</u>	<u>-</u>	<u>50,294</u>
Capital assets, being depreciated:				
Improvements to land	4,054,874	-	(4,651)	4,050,223
Structures and improvements	218,810	-	-	218,810
Equipment and vehicles	<u>110,322</u>	<u>-</u>	<u>-</u>	<u>110,322</u>
Total capital assets, being depreciated	<u>4,384,006</u>	<u>-</u>	<u>(4,651)</u>	<u>4,379,355</u>
Less accumulated depreciation for:				
Improvements to land	(3,376,360)	(91,945)	4,400	(3,463,905)
Structures and improvements	(63,617)	(4,862)	-	(68,479)
Equipment and vehicles	<u>(50,258)</u>	<u>(7,355)</u>	<u>-</u>	<u>(57,613)</u>
Total accumulated depreciation	<u>(3,490,235)</u>	<u>(104,162)</u>	<u>4,400</u>	<u>(3,589,997)</u>
Total capital assets, being depreciated, net	<u>893,771</u>	<u>(104,162)</u>	<u>(251)</u>	<u>789,358</u>
Total capital assets, net	<u>\$ 939,470</u>	\$ (99,567)	\$ (251)	\$ 839,652

Note 4: CAPITAL ASSETS (continued)

Water:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 71,000	\$ -	\$ -	\$ 71,000
Development in progress	<u>977,033</u>	<u>838,892</u>	<u>-</u>	<u>1,815,925</u>
Total capital assets, not being depreciated	<u>1,048,033</u>	<u>838,892</u>	<u>-</u>	<u>1,886,925</u>
Capital assets, being depreciated:				
Improvements to land	5,775,230	-	-	5,775,230
Structures and improvements	56,290	-	-	56,290
Equipment and vehicles	19,991	-	-	19,991
Utility plant in-service	<u>369,760</u>	<u>-</u>	<u>-</u>	<u>369,760</u>
Total capital assets, being depreciated	<u>6,221,271</u>	<u>-</u>	<u>-</u>	<u>6,221,271</u>
Less accumulated depreciation for:				
Improvements to land	(2,050,341)	(183,477)	-	(2,233,818)
Structures and improvements	(56,290)	-	-	(56,290)
Equipment and vehicles	(19,991)	-	-	(19,991)
Utility plant in-service	<u>(156,141)</u>	<u>(8,217)</u>	<u>-</u>	<u>(164,358)</u>
Total accumulated depreciation	<u>(2,282,763)</u>	<u>(191,694)</u>	<u>-</u>	<u>(2,474,457)</u>
Total capital assets, being depreciated, net	<u>3,938,508</u>	<u>(191,694)</u>	<u>-</u>	<u>3,746,814</u>
Total capital assets, net	<u>\$ 4,986,541</u>	\$ 647,198	\$ -	\$ 5,633,739

Development in progress at June 30, 2017 represents the following projects:

	Final	<u>Capital Outlay</u>		Projected Year
	<u>Budget</u>	<u>Through</u> <u>June 30, 2017</u>	<u>Remaining</u> <u>Commitment</u>	<u>Completion</u>
Archway renovations	\$ 150,000	\$ 49,981	\$ 64,241	2018
Chlorinators	180,000	0	180,000	2019
Pebble Beach reservoir #1	30,000	94	24,362	2018
Sewer line replacement	381,116	475	344,942	2019
Well pump #1	87,150	57,098	29,743	2018
Well #7	1,985,471	731,719	319,026	2018
Lakeview lift station	<u>330,000</u>	<u>4,120</u>	<u>325,880</u>	2019
Total	<u>\$ 3,143,737</u>	<u>\$ 843,487</u>	<u>\$ 1,288,194</u>	

The District has entered into several contractual agreements for the development and/or improvement of the capital projects listed above.

Note 5: MATURED AND UNREDEEMED BONDS AND INTEREST PAYABLE

The schedule of changes in short-term debt is as follows:

	Balance at <u>June 30, 2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance at <u>June 30, 2017</u>
Matured unredeemed bonds	\$30,000	-	-	\$ 30,000
Matured interest	<u>20,780</u>	<u>-</u>	<u>-</u>	<u>20,780</u>
Total short-term debt	<u>\$ 50,780</u>	<u>-</u>	<u>-</u>	<u>\$ 50,780</u>

In 1972, 1974, 1982, and 1990 the County's Board of Supervisors approved the issuance of Series A, Series B, Series C, and Series D General Obligation Bonds, respectively, to finance the acquisition of water and sewer facilities within the County Service Area 64. Authority for the issuance of the bonds is provided under the County Service Area Law, Section 2521.1 et seq. of the California Government Code.

Series A bonds matured in the fiscal year ending June 30, 2002, Series B bonds matured in the fiscal year ending June 30, 2004, Series C Bonds matured in the fiscal year ending June 30, 1997, and Series D bonds matured in the fiscal year ending June 30, 2000. At June 30, 2017, the District had Matured and Unredeemed Bonds Payable of \$30,000 and Interest Payable of \$20,780 from the Series A, Series C, and Series D issuances.

Note 6: WATER REPLACEMENT EXPENDITURES

For purposes of defining and implementing a physical solution to the high desert's overdraft of the Mojave Basin Area, a Watermaster was appointed by Riverside County Superior Court in 1996 to oversee the adjudicated area. The District is within a subarea included in the 1996 judgment. If the downstream subarea obligation is not met, producers of water in the upstream Mojave Basin Area then must provide supplemental water to the downstream subarea. To maintain proper water balances within each subarea, the judgment established a Free Production Allowance (FPA) and provides for the Court to review as appropriate. All water produced in excess of the FPA must be replaced through supplemental water, or by transfer of unused FPA from another producer at a cost per acre foot. This action has resulted in quarterly reports that are verified by the Watermaster. This action also resulted in makeup and replacement obligations determined annually by the Watermaster. All makeup and replacement obligations result in supplemental water purchases from the Mojave Water Agency and private Water Purveyors.

Note 7: RELATED-PARTY TRANSACTIONS

The Victor Valley Wastewater Reclamation Authority (VWWRA) is a Joint Powers Authority, and the District is represented on the VWWRA board by the First Supervisorial District. The District collects fees on behalf of VWWRA from new development to connect to the sewer system, and pays the VWWRA for sewage treatment fees. For fiscal year 2017, sewage treatment fees incurred were \$601,619. As of June 30, 2017, \$131,641 of treatment fees was due to the VWWRA and was recorded as due to other governments on the statement of net position.

Note 8: RETIREMENT PLAN

Plan Description. Employees of the CSA participate in the County of San Bernardino's (County) cost-sharing multiple-employer defined benefit retirement plan (the Plan) administered by the San Bernardino County Employee's Retirement Association (SBCERA). The Plan is governed by the San Bernardino Board of Retirement (Board) under the California County Employees' Retirement Law of 1937 (CERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). The Plan's authority to establish and amend the benefit terms are set by the CERL and PEPRA, and may be amended by the California state legislature and in some cases, require approval by the County of San Bernardino Board of Supervisors and/or the SBCERA Board. SBCERA issues a stand-alone financial report, which may be obtained by contacting the Board of Retirement, 348 W. Hospitality Lane, 3rd Floor, San Bernardino, California 92415-0014.

Note 8: RETIREMENT PLAN (continued)

Benefits Provided. SBCERA provides retirement, disability, death, and survivor benefits. SBCERA administers the Plan which provides benefits for two membership classifications, General and Safety, and those benefits are tiered based upon date of SBCERA membership. Safety membership is extended to those involved in active law enforcement and fire suppression. All other members, including the CSA's employees, are classified as General members. Generally, those who become members prior to January 1, 2013 are Tier 1 members. All other members are Tier 2. An employee who is appointed to a regular position, whose service is greater than fifty percent of the full standard of hours required are members of SBCERA, and are provided with pension benefits pursuant to Plan requirements.

The CERL and PEPRA establish benefit terms. Retirement benefits for the General Tier 1 and General Tier 2 Plans are calculated based on age, average final compensation and service credit as follows:

	General – Tier 1	General – Tier 2
Final Average Compensation	Highest 12 months	Highest 36 consecutive months
Normal Retirement Age	Age 55	Age 55
Early Retirement: Years of service required and/or eligible for	Age 70 any years	Age 70 any years
	10 years age 50	5 years age 52
	30 years any age	N/A
Benefit percent per year of service for normal retirement age	2% per year of final average compensation for every year of service credit	At age 67, 2.5% per year of final average compensation for every year of service credit
Benefit Adjustments	Reduced before age 55, increased after 55 up to age 65	Reduced before age 67
Final Average Compensation Limitation	Internal Revenue Code section 401(a) (17)	Government Code section 7522.10

Note 8: RETIREMENT PLAN (continued)

Contributions. Participating employers and active members, including the CSA and the CSA's employees, are required by statute to contribute a percentage of covered salary to the Plan. This requirement is pursuant to Government Code sections 31453.5 and 31454, for participating employers and Government Code sections 31621.6, 31639.25 and 7522.30 for active members. The contribution requirements are established and may be amended by the SBCERA Board pursuant to Article 1 of the CERL, which is consistent with the Plan's actuarial funding policy. The contribution rates are adopted yearly, based on an annual actuarial valuation, conducted by an independent actuary, that requires actuarial assumptions with regard to mortality, expected future service (including age at entry into the Plan, if applicable and tier), and compensation increases of the members and beneficiaries. The combined active member and employer contribution rates are expected to finance the costs of benefits for employees that are allocated during the year, with an additional amount to finance any unfunded accrued liability. Participating employers may pay a portion of the active members' contributions through negotiations and bargaining agreements.

Employee contribution rates for the fiscal year ended June 30, 2017 ranged between 7.89% and 14.22% for Tier 1 General members and between 7.73% and 8.37% for Tier 2 General members.

Employer contribution rates for fiscal year ended June 30, 2017 were 22.33% and 19.2% for Tier 1 and Tier 2, respectively.

Actuarial Assumptions and Discount Rates

See the County of San Bernardino's Comprehensive Annual Financial Report (CAFR) for details of actuarial assumptions and discount rates for the year ended June 30, 2016.

Pension Liabilities, Pension Expense/Benefit, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the CSA reported a liability of \$1,688,382 which represents 22.38% of the County of San Bernardino Special District's proportionate share of the County's net pension liability. The CSA's proportion was allocated based on FY 2017 total salaries and benefits relative to the total salaries and benefits of the County of San Bernardino Special Districts as a whole.

The County of San Bernardino Special District's proportionate share of the County's net pension liability was based on its contributions to the pension plan relative to the County's contributions for FY 2016 as a whole. The County's net pension liability was allocated by SBCERA based on the actual employer contributions in each cost group.

The Plan's net pension liability was measured as of June 30, 2016 based upon the results of an actuarial valuation as of the same date. Plan fiduciary net position and the total pension liability were valued as of the measurement dates.

Sensitivity of the Proportionate Share of the Net Pension Liability/Asset to Changes in the Discount Rate

The following presents the CSA's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.5 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.5 percent) or 1 percentage-point higher (8.5 percent) than the current rate:

1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
\$ 2,820,295	\$1,688,382	\$ 750,418

Pension benefits recognized amounted to \$68,803 for the year ended June 30, 2017.

At June 30, 2017, the CSA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Outflows of Resources*</u>	<u>Deferred Inflows of Resources**</u>
<u>\$ 833,109</u>	<u>\$ (379,410)</u>

* Total deferred outflows include change in assumptions, change in proportion and differences between share of contributions, and contributions after measurement date.

* Total deferred inflows include differences in expected and actual expense, and net difference between projected and actual earnings on pension plan investments.

The deferred outflows of resources related to pensions, resulting from the CSA's contributions to the plan subsequent to the measurement date of \$241,345, will be recognized as a reduction of the net pension liability in the following year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Year Ended June 30,	
2018	\$ (12,235)
2019	\$ 47,023
2020	\$ 107,954
2021	\$ 75,238
2022	\$ (5,996)

Thereafter	\$	370
Total	\$	212,354

Note 9: RISK MANAGEMENT

The County has self-insurance programs for public liability, property damage, unemployment insurance, employee dental insurance, hospital and medical malpractice liability, and workers' compensation claims. Public liability claims are self-insured for up to \$3.0 million per occurrence. Excess insurance coverage over the Self-Insured Retention (SIR) up to \$54 million is provided through a combination of insurance policies as recommended by Alliant Insurance Services Inc., Insurance Broker as follows: Primary Liability coverage \$10 million excess of \$3.0 million self-insured retention with Security National Insurance Company (AM TRUST); Excess Liability coverage for \$4 million, excess of \$13 million with Evanston Insurance Company (Markel); and Excess Liability coverage of \$15 million, excess of \$17 million with National Casualty. Allied World Assurance Co. (AWAC) provides excess liability coverage of \$25 million, excess of \$32 million. No settlements related to these programs have exceeded insurance coverage in the last three years.

The Workers' Compensation program was restructured by joining CSAC-EIA (California State Association of Counties – Excess Insurance Authority) Excess Workers' Compensation Program and purchasing a policy with a \$2 million SIR and statutory limits with National Union Fire Insurance Company of Pittsburgh, PA. Property damage claims are insured on an occurrence basis over a \$25 thousand deductible, and insured through CSAC-EIA and reinsured with Lexington Insurance Co. and with several insurers like AWAC, Ironshore, Partner RE, and Lloyd's of London, among others.

The County supplements its self-insurance for medical malpractice claims with a \$25 million policy (\$35 million aggregate) with BETA Risk Management Authority, which provides annual coverage on a claim made form basis with a SIR of \$1 million for each claim.

All public officials and County employees are insured under a blanket Comprehensive Disappearance, Destruction, and Dishonesty policy covering County monies and securities, with Berkley Regional Insurance Co. with a \$100 thousand deductible, and excess limit up to \$10 million per occurrence.

The activities related to such programs are accounted for in the Risk Management Department's internal service funds ("Funds"), except for unemployment insurance, and employee dental insurance, which are accounted for in the General Fund. The liabilities recorded in these Funds are based on the results of actuarial studies and include amounts for allocated and unallocated loss adjustment expenses. The liabilities for these claims are reported using a discounted rate of 0.615% and an actuarially-determined 80% confidence level. It is the County's practice to obtain actuarial studies on an annual basis.

See the County of San Bernardino's Comprehensive Annual Financial Report (CAFR) for details of their claims liability in accordance with GASB Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, at June 30, 2017.

Note 10: CONTINGENCIES

The District is subject to other legal proceedings, claims, and assessments that arise in the ordinary course of its business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the CSA's financial position, changes in net position and cash flows.

Note 11: SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 22, 2017, which is the date the financial statements were available to be issued, and has determined that there are no transactions that will have a significant impact on the CSA.

Note 12: PRIOR-PERIOD ADJUSTMENT

The net position as of the beginning of the year was adjusted to correct an error made in recording the pension expense for the year ended June 30, 2016. The deferred outflow of resources for pension contributions of \$260,098 made subsequent to the measurement date was not recognized. Had the error not been made, the change in net position would have decreased by \$260,098.

**COUNTY OF SAN BERNARDINO SPECIAL DISTRICTS
COUNTY SERVICE AREA No. 64
SPRING VALLEY LAKE
FINANCIAL STATEMENTS
June 30, 2016**

**COUNTY OF SAN BERNARDINO SPECIAL DISTRICTS
COUNTY SERVICE AREA No. 64
SPRING VALLEY LAKE
FINANCIAL STATEMENTS
June 30, 2016**

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An Independent CPA Firm

Board of Supervisors
County of San Bernardino Special
District County Service Area
No. 64 – Spring Valley Lake

Independent Auditors' Report

We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the County of San Bernardino Special District County Service Area No. 64 Spring Valley Lake (CSA), a component unit of the County of San Bernardino, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise CSA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the minimum audit requirements and reporting guidelines for California Special Districts required by the Office of the State Controller. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund and the aggregate remaining fund

information of the County of San Bernardino Special District County Service Area No. 64, as of June 30,

2016, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

438 Old Newport Blvd, Newport Beach, CA 92663
Phone (949) 346-2900 – Fax (714) 901-0024 – www.gruber-inc.com

Board of Supervisors
County of San Bernardino Special
District County Service Area No. 64
– Spring Valley Lake Page Two

Emphasis of Matter

As described in Note 1 to the financial statements, during the year ended June 30, 2016, the CSA implemented GASB Nos. 72, 73, and 79. Our opinion is not modified with respect to this matter.

Other Matters*Required Supplementary Information*

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

David L. Gruber and Associates, Inc.

David L. Gruber and Associates, Inc.

Newport Beach, California
November 28, 2016

Statement of Net Position
Proprietary Funds June
30, 2016

	Enterprise Funds		
	Sewer	Water	Total
Assets:			
Cash and investments (note 2)	\$ 3,773,804	\$ 4,438,930	\$ 8,212,734
Restricted Cash and investments (notes 2 and 3)	50,780	-	50,780
Accounts receivable	349,197	292,552	641,749
Taxes receivable	-	11,047	11,047
Special assessment receivable	1,070	493	1,563
Due from other governments	-	-	-
Due from County of San Bernardino	-	-	-
Due from other funds	-	-	-
Interest receivable	65,860	49,435	115,295
Capital assets (note 4):			
Capital assets not being depreciated	45,699	1,048,033	1,093,732
Capital assets being depreciated, net of accumulated depreciation	<u>893,772</u>	<u>3,938,508</u>	<u>4,832,280</u>
Total assets	<u>5,180,182</u>	<u>9,778,998</u>	<u>14,959,180</u>
<u>Deferred outflows of resources</u>			
Pension	<u>83,524</u>	<u>76,998</u>	<u>160,522</u>
Liabilities:			
Current:			
Accounts payable and accrued liabilities	-	27,468	27,468
Matured unredeemed bonds payable	30,000	-	30,000
Interest payable on matured unredeemed bonds	20,780	-	20,780
Due to other governments	43,803	-	43,803
Due to other funds	121	19,419	19,540
Customer Deposits	-	11,622	11,622
Long-term:			
Net pension liability	<u>664,566</u>	<u>612,642</u>	<u>1,277,208</u>
Total liabilities	<u>759,270</u>	<u>671,151</u>	<u>1,430,421</u>
<u>Deferred inflows of resources</u>			
Pension	<u>232,533</u>	<u>214,365</u>	<u>446,898</u>
Net position:			
Net investment in capital assets	939,471	4,986,541	5,926,012
Unrestricted	<u>3,332,432</u>	<u>3,983,939</u>	<u>7,316,371</u>
Total net position	<u>\$ 4,271,903</u>	<u>\$ 8,970,480</u>	<u>\$ 13,242,383</u>

See accompanying notes to basic financial statements.

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year ended June 30, 2016

	Enterprise Funds		
	Sewer	Water	Total
<u>Operating Revenues:</u>			
Sanitation services	\$ 2,497,245	\$ -	\$ 2,497,245
Water sales	-	2,095,658	2,095,658
Connection fees	53,793	20,687	74,480
Permit and inspection fees	1,200	2,550	3,750
Penalties	33,679	29,908	63,587
Other services	624	16,594	17,218
Total operating revenues	2,586,541	2,165,397	4,751,938
<u>Operating Expenses:</u>			
Professional services	1,164,690	1,037,974	2,202,664
Services and supplies	1,106,949	577,926	1,684,875
Water replacement (note 7)	-	137,340	137,340
Utilities	11,911	142,029	153,940
Depreciation	104,278	191,694	295,972
Total operating expenses	2,387,828	2,086,963	4,474,791
Operating income (loss)	198,713	78,434	277,147
<u>Non-operating Revenues (Expenses)</u>			
Property taxes	285	414,028	414,313
Special assessment and other taxes	23,102	23,859	46,961
State aid	-	-	-
Investment earnings	31,664	36,857	68,521
Transfers in	-	-	-
Transfers outs	-	-	-
Other revenues (expenses)	16,623	55,176	71,799
Total nonoperating revenues	71,674	529,920	601,594
Change in net position	270,387	608,354	878,741
Net position at beginning of year	4,001,516	8,362,126	12,363,642
Net position at end of year	\$ 4,271,903	\$ 8,970,480	\$ 13,242,383

Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2016

	Sewer Fund	Water Fund	Total
<u>Cash flows from operating activities:</u>			
Cash received from customers and others	\$ 2,482,600	\$ 2,079,710	\$ 4,562,310
Cash payments to suppliers for goods and services	(1,218,122)	(860,236)	(2,078,358)
Cash payments to employees for services	(1,232,711)	(1,120,155)	(2,352,866)
Net cash provided by (used for) operating activities	<u>31,767</u>	<u>99,319</u>	<u>131,086</u>
<u>Cash flows from capital and related financing activities:</u>			
Acquisition of capital assets	(35,699)	(879,318)	(915,017)
Net cash provided by (used for) capital related and financing activities	<u>(35,699)</u>	<u>(879,318)</u>	<u>(915,017)</u>
<u>Cash flows from non-capital related and financing activities:</u>			
Cash received from (paid to) other funds	(354,997)	(341,235)	(696,232)
Taxes, special assessments, and other revenues	40,008	492,421	532,429
Net cash provided by (used for) non-capital related and financing activities	<u>(314,989)</u>	<u>151,186</u>	<u>(163,803)</u>
Cash flows from investing activities-interest income	<u>7,568</u>	<u>27,920</u>	<u>35,488</u>
Net increase (decrease) in cash and cash equivalents	(311,353)	(600,893)	(912,246)
Cash and cash equivalents, beginning of year	<u>4,135,937</u>	<u>5,039,823</u>	<u>9,175,760</u>
Cash and cash equivalents, end of year	<u>\$ 3,824,584</u>	<u>\$ 4,438,930</u>	<u>\$ 8,263,514</u>
FINANCIAL STATEMENT PRESENTATION:			
Cash and investments	\$ 3,773,804	\$ 4,438,930	\$ 8,212,734
Restricted cash and investments	50,780	-	50,780
Total cash, cash equivalents, and investments	<u>\$ 3,824,584</u>	<u>\$ 4,438,930</u>	<u>\$ 8,263,514</u>
Reconciliation of operating income (loss) to net cash used for operating activities:			
Operating income (loss)	\$ 198,713	78,434	277,147
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	104,278	191,694	295,972
(Increase) decrease in accounts receivable	(103,941)	(85,687)	(189,628)
Increase (decrease) in customer deposits	-	<u>(1,522)</u>	<u>(1,522)</u>
Increase (decrease) in accounts payable and other liabilities	(143,065)	(1,419)	(144,484)
Increase (decrease) in due to other governments	43,803	-	43,803
Decrease in net pension liability, net of deferred outflows and inflows	(68,021)	(82,181)	(150,202)
Net cash provided by (used for) operating activities	<u>\$ 31,767</u>	<u>\$ 99,319</u>	<u>\$ 131,086</u>

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the County Service Area No. 64, Spring Valley Lake (District) conform to generally accepted accounting principles as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

The District was established on December 30, 1968 by an act of the Board of Supervisors of the County of San Bernardino (the County) to provide sewer and water services. CSA 64 currently provides sewer services to approximately 4,200 equivalent dwelling units (EDU's) and maintains 3 lift stations. CSA 64 also provides water services to approximately 3,800 customers and maintains 5 wells, 1 booster station and 3 water tanks.

The District is a component unit of the County. Component units are legally separate organizations for which the Board is financially accountable or other organizations whose nature and significant relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (1) the County can impose its will on the organization, or (2) there is a potential for the organization to provide a financial benefit to or impose a financial burden on the County.

The accompanying financial statements reflect only the accounts of the County Service Area No. 64 – Spring Valley Lake of the County of San Bernardino and are not intended to present the financial position of the County taken as a whole.

Because the District meets the reporting entity criteria established by the Governmental Accounting Standards Board (GASB), the District's financial statements have also been included in the Comprehensive Annual Financial Report of the County as a "component unit" for the fiscal year ended June 30, 2016.

Measurement focus, basis of accounting, and financial statements presentation

The proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in

connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are charges to customers for water sales and sanitation services. Operating expenses for enterprise funds include the cost of salaries and benefits, services and supplies, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Department of Special Districts allocates the cost of salaries and benefits, compensated absences, administrative services, and management services to the District. These costs are presented on the financial statements as professional services, an operating expense.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

The government reports the following types of major funds:

The *enterprise fund* labeled "Sewer" currently provides sewer services to approximately 4,200 equivalent dwelling units (EDU's) and maintains 3 lift stations.

The *enterprise fund* labeled "Water" currently provides water services to approximately 3,800 customers and maintains 5 wells, 1 booster station and 3 water tanks.

Financial reporting is based upon all GASB pronouncements including the Codification of Accounting and Financial Reporting Guidelines.

Receivables

The District sends any delinquent accounts receivable to property tax to be included on the customer's property tax bills, hence, an allowance for doubtful accounts were \$0 were recorded for both the sewer and water fund which was determined by management to be sufficient. As of June 30, 2016, accounts receivable were \$349,197 for the sewer function and \$292,552 for the water function.

Property Taxes

Secured property taxes are levied in two equal installments, November 1 and February 1. They become delinquent with penalties on December 10 and April 10, respectively. The lien date is January 1 of each year. Unsecured property taxes are due on March 1 and become delinquent with penalties on August 31.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges,

sidewalks, and similar items) are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (for improvements to land and structures and equipment) and have an estimated useful life in excess of one year. Structures with an initial cost of \$100,000 are considered capital assets. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation in accordance with GASB Statement No. 72.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvement are capitalized as projects are constructed. Property, plant, and equipment of the government are depreciated using straight-line method over the following estimated useful lives:

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

<u>Assets</u>	<u>Years</u>
Infrastructure	10-100
Structure and improvements	up to 45
Equipment and vehicles	5-15

Net Position

Net position comprises the various net earnings from operating and non-operating revenues, expenses, and contribution of capital. Net position is classified in the following three components:

- Net investment in capital assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted* – This component of net position consists of constraints placed on net asset use through external constraints imposed by creditors, grantors, contributions, or laws or regulations of other governments or constraints imposed by law through constitutional provision or enabling legislation.
- *Unrestricted* – This component of net position consists of net position of the District that are not restricted for any project or other purpose.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred Outflows/ Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow or resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds of the balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Long-Term Debt and Interest Payable

In the Government-Wide Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the appropriate activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are immediately expensed in the Government- Wide Financial Statements in addition to the Proprietary and Fiduciary Fund Statements in accordance with GASB No. 65. In the Fund Financial Statements, except for advances from other funds, long-term liabilities are not presented. Consequently, long term debt is shown as a reconciling item in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position. In the Government-Wide Financial Statements, interest payable on long-term debt is recognized as the liability is incurred for governmental activities and business-type activities. In the Fund Financial Statements, only propriety fund types recognize the interest payable when the liability is incurred.

Net Position Flow Assumption

Sometimes the government will fund outlays for a purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. To calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

In the Government-Wide Financial Statements, net position is classified in the following categories: *Net Investment in Capital Assets* consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets. External creditors, grantors, contributors, laws, or regulations of other governments restrict restricted Net position. Unrestricted Net position is all net position that do not meet the definition of “invested in capital assets, net of related debt” or “restricted net position.”

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the CSA’s San Bernardino County Employee's Retirement Association (SBCERA) plan (Plan) and additions to/deductions from the Plans’ fiduciary net position have been determined on the same basis as they are reported by SBCERA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncements

The District adopted Statement on Governmental Accounting Standards (GASB Statement) No. 72, *Fair Value Measurement, and Application*, GASB Statement No. 73 *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB 68*, and GASB Statement No. 79 *Certain External Investment Pools and Pool Participants*.

Note 2: CASH AND INVESTMENTS

Cash, cash equivalents, and investments include balances of monies deposited with the County Treasurer which are pooled and invested for the purpose of increasing earnings through investment activities. Interest earned on pooled investments is deposited to the CSA's account based upon the CSA's average daily deposit balance during the allocation period. Cash, cash equivalents, and investments are shown at the fair value as of June 30, 2016. Changes in fair value that occur during a fiscal year are recognized as *investment earnings* reported for that fiscal year. *Investment earnings* reports interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments. The County's practice is to hold investments until maturity.

Interest income and realized gains and losses earned on pooled investments are deposited quarterly to the District's accounts based upon the District's average daily deposit balances during the quarter. Unrealized gains and losses of the pooled investments are distributed to the District annually. Cash and cash equivalents are shown at fair value. As of June 30, 2016, Cash and cash equivalents are reported in the District's financial statement as unrestricted cash of \$8,212,734 and restricted cash of \$50,780 for a total amount of \$8,263,514.

See the County of San Bernardino's Comprehensive Annual Financial Report (CAFR) for details of their investment policy and disclosures related to investment credit risk, concentration of credit risk, interest rate risk and custodial credit risk, as required by GASB Statement No. 40, and fair value hierarchy disclosures required by GASB Statement No. 72.

Note 3: RESTRICTED CASH

The District issued bonds under the authority of California Government Code Section 25210.1 to finance certain water and sewer improvement. The District reports the bonds according to the provisions of Governmental Accounting Standards Board Codification Section S40. All the District's bonds matured as of the fiscal year ending June 30, 2004. The portion of the matured Bonds and interest held by the Auditor-Controller/Treasurer/Tax-Collector of the County of San Bernardino amounting to \$50,780 is reported as restricted cash as of June 30, 2016.

Note 4: CAPITAL ASSETS

Capital asset activity during the year ended June 30, 2016 was as follows:

Sewer:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Capital assets not being depreciated:				
Land	\$ 10,000	-	-	10,000
Construction in process	-	35,699	-	35,699
Total capital assets not being depreciated	10,000	35,699	-	45,699
Capital assets being depreciated:				
Land improvements	4,019,471	35,404	-	4,054,875
Structures and improvements	218,810	-	-	218,810
Infrastructure	35,404	-	(35,404)	-
Equipment and vehicles	110,322	-	-	110,322
Total capital assets being depreciated	4,348,407	35,404	(35,404)	4,384,007
Less accumulated depreciation for:				
Land improvements	(3,278,595)	(97,765)	-	(3,376,360)
Structures and improvements	(58,755)	(4,862)	-	(63,617)
Infrastructure	(5,704)	-	5,704	-
Equipment and vehicles	(42,903)	(7,355)	-	(50,258)
Total accumulated depreciation	(3,385,957)	(109,982)	5,704	(3,490,235)
Total capital assets being depreciated, net	998,050	(74,578)	(29,700)	893,772
Total capital assets, net	\$ 1,008,050	(38,879)	(29,700)	939,471

Water:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Capital assets not being depreciated:				
Land	\$ 71,000	-	-	71,000
Construction in process	97,715	889,885	(10,567)	977,033
Total capital assets not being depreciated	168,715	889,885	(10,567)	1,048,033
Capital assets being depreciated:				
Land improvements	5,775,230	-	-	5,775,230
Structures and improvements	56,290	-	-	56,290
Equipment and vehicles	19,991	-	-	19,991
Utility plant in service	369,760	-	-	369,760
Total capital assets being depreciated	6,221,271	-	-	6,221,271
Less accumulated depreciation for:				
Land improvements	(1,866,864)	(183,477)	-	(2,050,341)
Structures and improvements	(56,290)	-	-	(56,290)
Equipment and vehicles	(19,991)	-	-	(19,991)
Utility plant in service	(147,924)	(8,217)	-	(156,141)
Total accumulated depreciation	(2,091,069)	(191,694)	-	(2,282,763)
Total capital assets being depreciated, net	4,130,202	(191,694)	-	3,938,508
Total capital assets, net	\$ 4,298,917	698,191	(10,567)	4,986,541

Note 4: CAPITAL ASSETS (continued)

Construction in Progress

Construction in progress at June 30, 2016 represents the following projects:

	Final <u>Budget</u>	Capital Outlay Through <u>June 30, 2016</u>	Remaining <u>Commitment</u>	Projected Year <u>Completion</u>
Archway Renovations	150,000	35,778	114,222	2017
Chlorinators	\$ 180,000	0	180,000	2018
Pebble Beach Reservoir #1	30,000	5,544	24,456	2017
Sewer Line Replacement	381,116	35,697	345,419	2017
Well Pump #1	87,150	309	86,841	2017
Well #7	1,552,768	848,254	704,514	2017
Total	<u>\$ 2,381,034</u>	<u>925,582</u>	<u>1,455,452</u>	

The District has entered into several contractual agreements for the development and/or improvement of the capital projects listed above.

Note 5: MATURED AND UNREDEEMED BONDS AND INTEREST PAYABLE

The schedule of changes in short-term debt is as follows:

	Balance at <u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	Balance at <u>June 30, 2016</u>
Matured unredeemed bonds	\$30,000	-	-	30,000
Matured interest	<u>20,780</u>	<u>-</u>	<u>-</u>	<u>20,780</u>
Total capital assets being depreciated	<u>\$ 50,780</u>	<u>-</u>	<u>-</u>	<u>50,780</u>

In 1972, 1974, 1982, and 1990 the County's Board of Supervisors approved the issuance of Series A, Series B, Series C, and Series D General Obligation Bonds, respectively, to finance the acquisition of water and sewer facilities within the County Service Area 64. Authority for the issuance of the bonds is provided under the County Service Area Law, Section 2521.1 et seq. of the California Government Code.

Series A bonds matured in the fiscal year ending June 30, 2002, Series B bonds matured in the fiscal year ending June 30, 2004, Series C Bonds matured in the fiscal year ending June 30, 1997, and Series D bonds matured in the fiscal year ending June 30, 2000. At June 30, 2016, the District had Matured and Unredeemed Bonds Payable of \$30,000 and Interest Payable of \$20,780 from the Series A, Series C, and Series D issuances.

Note 6: PROPOSITION 111 APPROPRIATION LIMITS

Proposition 111, which added Article XIII B to the State Constitution, established limits on budget appropriations in order to restrict government spending. Management has reviewed the proceeds of taxes received by the District during the 2015-16 fiscal year and believes the revenue to be in accordance with the guidelines established by Proposition 111.

Note 7: WATER REPLACEMENT EXPENDITURES

For purposes of defining and implementing a physical solution to the high desert's overdraft of the Mojave Basin Area, a Watermaster was appointed by Riverside County Superior Court in 1996 to oversee the adjudicated area. The District is within a subarea included in the 1996 judgment. If the downstream subarea obligation is not met, producers of water in the upstream Mojave Basin Area then must provide supplemental water to the downstream subarea. To maintain proper water balances within each subarea, the judgment established a Free Production Allowance (FPA) and provides for the Court to review as appropriate. All water produced in excess of the FPA must be replaced through supplemental water, or by transfer of unused FPA from another producer at a cost per acre foot. This action has resulted in quarterly reports that are verified by the Watermaster. This action also resulted in makeup and replacement obligations determined annually by the Watermaster. All makeup and replacement obligations result in supplemental water purchases from the Mojave Water Agency and private Water Purveyors.

Note 8: RELATED PARTY TRANSACTIONS

The Victor Valley Wastewater Reclamation Authority (VWVRA) is a Joint Powers Authority, and the District is represented on the VWVRA board by the First Supervisorial District. The District collects fees on behalf of VWVRA from new development to connect to the sewer system, and pays the VWVRA for sewage treatment fees. For fiscal year 2016, sewage treatment fees incurred were \$596,046. As of June 30, 2016, \$43,803 of treatment fees was due to the VWVRA and was recorded as due to other governments on the statement of net position.

Note 9: RETIREMENT PLAN

Plan Description. Employees of the CSA participate in the County of San Bernardino's (County) cost-sharing multiple-employer defined benefit retirement plan (the Plan) administered by the San Bernardino County Employee's Retirement Association (SBCERA). The Plan is governed by the San Bernardino Board of Retirement (Board) under the California County Employees' Retirement Law of 1937 (CERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). The Plan's authority to establish and amend the benefit terms are set by the CERL and PEPRA, and may be amended by the California state legislature and in some cases, require approval by the County of San Bernardino Board of Supervisors and/or the SBCERA Board. SBCERA issues a stand-alone financial report, which may be obtained by contacting the Board of Retirement, 348 W. Hospitality Lane, 3rd Floor, San Bernardino, California 92415-0014.

Benefits Provided. SBCERA provides retirement, disability, death, and survivor benefits. SBCERA administers the Plan which provides benefits for two membership classifications, General and Safety, and those benefits are tiered based upon date of SBCERA membership. Safety membership is extended to

those involved in active law enforcement and fire suppression. All other members, including the CSA's employees, are classified as General members. Generally, those who become members prior to January 1,

Note 9: RETIREMENT PLAN (continued)

2013 are Tier 1 members. All other members are Tier 2. An employee who is appointed to a regular position, whose service is greater than fifty percent of the full standard of hours required are members of SBCERA, and are provided with pension benefits pursuant to Plan requirements.

The CERL and PEPRRA establish benefit terms. Retirement benefits for the General Tier 1 and General Tier 2 Plans are calculated based on age, average final compensation and service credit as follows:

	General – Tier 1	General – Tier 2
Final Average Compensation	Highest 12 months	Highest 36 consecutive months
Normal Retirement Age	Age 55	Age 55
Early Retirement: Years of service required and/or eligible for	Age 70 any years	Age 70 any years
	10 years age 50	5 years age 52
	30 years any age	N/A
Benefit percent per year of service for normal retirement age	2% per year of final average compensation for every year of service credit	At age 67, 2.5% per year of final average compensation for every year of service credit
Benefit Adjustments	Reduced before age 55, increased after 55 up to age 65	Reduced before age 67
Final Average Compensation Limitation	Internal Revenue Code section 401(a) (17)	Government Code section 7522.10

Contributions. Participating employers and active members, including the CSA and the CSA's employees, are required by statute to contribute a percentage of covered salary to the Plan. This requirement is pursuant to Government Code sections 31453.5 and 31454, for participating employers and Government Code sections 31621.6, 31639.25 and 7522.30 for active members. The contribution requirements are established and may be amended by the SBCERA Board pursuant to Article 1 of the CERL, which is consistent with the Plan's actuarial funding policy. The contribution rates are adopted yearly, based on an annual actuarial valuation, conducted by an independent actuary, that requires actuarial assumptions about mortality, expected future service (including age at entry into the Plan, if applicable and tier), and compensation increases of the members and beneficiaries. The combined active member and employer contribution rates are expected to finance the costs of benefits for employees that are allocated during the year, with an additional amount to finance any unfunded accrued liability. Participating employers may pay a portion of the active members' contributions through negotiations and bargaining agreements.

Employee contribution rates for the fiscal year ended June 30, 2016 ranged between 7.81% and 14.21% for Tier 1 General members and between 7.70% and 8.40% for Tier 2 General members.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Note 9: RETIREMENT PLAN (continued)

At June 30, 2016, the District's reported a liability of \$1,277,208 for its proportionate share of the County's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the County's net pension liability was based on the District's FY 2015 actual contributions to the County's pension plan relative to the total contributions of the County as a whole.

At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Outflows of Resources *</u>	<u>Deferred Inflows of Resources **</u>
<u>\$ 160,522</u>	<u>\$ (446,898)</u>

* Total deferred outflows include change in assumptions, and change in proportion and differences between share of contributions.

* Total deferred inflows include differences in expected and actual expense, and net difference between projected and actual earnings on pension plan investments.

The \$160,522 reported as deferred outflows of resources related to pensions, resulting from the District's contributions to the County's plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

See the County of San Bernardino's Comprehensive Annual Financial Report (CAFR) for details of their pension liabilities, pension expense, deferred outflows and inflows of resources related to pensions, actuarial assumptions, and discount rates, for the current year and two preceding years computed in accordance with GASB 68, *Accounting and Reporting for Pension Plans*, for the year ended June 30, 2016.

Note 10: FEDERAL AND STATE GRANTS

From time to time the District may receive funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time, although the CSA expects such amounts, if any, to be immaterial.

Note 11: RISK MANAGEMENT

The County has self-insurance programs for public liability, property damage, unemployment insurance, employee dental insurance, hospital and medical malpractice liability, and workers' compensation claims.
Note 11: RISK MANAGEMENT (continued)

Public liability claims are self-insured for up to \$3.0 million per occurrence. Excess insurance coverage over the Self-Insured Retention (SIR) up to \$54 million is provided through a combination of insurance policies as recommended by Alliant Insurance Services Inc., Insurance Broker as follows: Primary Liability coverage \$10 million excess of \$3.0 million self-insured retention with Security National Insurance Company (AM TRUST); Excess Liability coverage for \$4 million, excess of \$13 million with Evanston Insurance Company (Markel); and Excess Liability coverage of \$15 million, excess of \$17 million with National Casualty. Allied World Assurance Co. (AWAC) provides excess liability coverage of \$25 million, excess of \$32 million. No settlements related to these programs have exceeded insurance coverage in the last three years.

The Workers' Compensation program was restructured by joining CSAC-EIA (California State Association of Counties – Excess Insurance Authority) Excess Workers' Compensation Program and purchasing a policy with a \$2 million SIR and statutory limits with National Union Fire Insurance Company of Pittsburgh, PA. Property damage claims are insured on an occurrence basis over a \$25 thousand deductible, and insured through CSAC-EIA and reinsured with Lexington Insurance Co. and with several insurers like AWAC, Ironshore, Partner RE, and Lloyd's of London, among others.

The County supplements its self-insurance for medical malpractice claims with a \$25 million policy (\$35 million aggregate) with BETA Risk Management Authority, which provides annual coverage on a claim made form basis with a SIR of \$1 million for each claim.

All public officials and County employees are insured under a blanket Comprehensive Disappearance, Destruction, and Dishonesty policy covering County monies and securities, with Berkley Regional Insurance Co. with a \$100 thousand deductible, and excess limit up to \$10 million per occurrence.

The activities related to such programs are accounted for in the Risk Management Department's internal service funds ("Funds"), except for unemployment insurance, and employee dental insurance, which are accounted for in the General Fund. The liabilities recorded in these Funds are based on the results of actuarial studies and include amounts for allocated and unallocated loss adjustment expenses. The liabilities for these claims are reported using a discounted rate of 0.615% and an actuarially-determined 80% confidence level. It is the County's practice to obtain actuarial studies on an annual basis.

See the County of San Bernardino's Comprehensive Annual Financial Report (CAFR) for details of their claims liability in accordance with GASB Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, at June 30, 2016.

Note 12: CONTINGENCIES

The District is subject to other legal proceedings, claims, and assessments that arise in the ordinary course of its business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect MHAIA's financial position, changes in net position and cash flows.

Note 13: SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 28, 2016, which is the date the financial statements were available to be issued, and has determined that there are no transactions that will have a significant impact on the CSA.

**COUNTY OF SAN BERNARDINO SPECIAL DISTRICTS
COUNTY SERVICE AREA No. 64
SPRING VALLEY LAKE
FINANCIAL STATEMENTS
June 30, 2015**

**COUNTY OF SAN BERNARDINO SPECIAL DISTRICTS
COUNTY SERVICE AREA No. 64
SPRING VALLEY LAKE
FINANCIAL STATEMENTS
June 30, 2015**

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An Independent CPA Firm

Board of Supervisors
County of San Bernardino Special
District County Service Area
No. 64 – Spring Valley Lake

Independent Auditors' Report

We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of the County of San Bernardino Special District County Service Area No. 64 Spring Valley Lake (CSA), a component unit of the County of San Bernardino, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise CSA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the minimum audit requirements and reporting guidelines for California Special Districts required by the Office of the State Controller. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund and the aggregate remaining fund information of the County of San Bernardino Special District County Service Area No. 64, as of June 30,

2015, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

15151 Springdale – Huntington Beach, CA 92649
Phone (949) 346-2900 – Fax (714) 901-0024 – www.gruber-inc.com

Board of Supervisors
County of San Bernardino Special
District County Service Area No. 64
– Spring Valley Lake Page Two

Emphasis of Matter

As described in Note 1 to the financial statements, during the year ended June 30, 2014, the CSA implemented GASB No. 68, 69 and 71. Our opinion is not modified with respect to this matter.

Other Matters*Required Supplementary Information*

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

David L. Gruber and Associates, Inc.

David L. Gruber and Associates, Inc.

Huntington Beach, California

December 2, 2015

Statement of Net Position
Proprietary Funds June
30, 2015

	Enterprise Funds		
	Sewer	Water	Total
Assets:			
Cash and investments (note 2)	\$ 4,085,157	\$ 5,039,823	\$ 9,124,980
Restricted Cash and investments (notes 2 and 3)	50,780	-	50,780
Accounts receivable	245,256	206,865	452,121
Taxes receivable	-	9,866	9,866
Special assessment receivable	1,068	1,032	2,100
Interest receivable	41,764	40,498	82,262
Capital assets (note 4):			
Capital assets not being depreciated	10,000	168,715	178,715
Capital assets being depreciated, net of accumulated depreciation	<u>998,050</u>	<u>4,130,202</u>	<u>5,128,252</u>
Total assets	<u>5,432,075</u>	<u>9,597,001</u>	<u>15,029,076</u>
<u>Deferred outflows of resources</u>			
Pension	<u>110,800</u>	<u>104,590</u>	<u>215,390</u>
Liabilities:			
Current:			
Accounts payable and accrued liabilities	143,065	28,887	171,952
Matured unredeemed bonds payable	30,000	-	30,000
Interest payable on matured unredeemed bonds	20,780	-	20,780
Due to other funds	355,118	360,654	715,772
Customer Deposits	-	13,144	13,144
Long-term:			
Net pension liability	<u>624,477</u>	<u>589,480</u>	<u>1,213,957</u>
Total liabilities	<u>1,173,440</u>	<u>992,165</u>	<u>2,165,605</u>
<u>Deferred inflows of resources</u>			
Pension	<u>367,919</u>	<u>347,300</u>	<u>715,219</u>
Net position:			
Net investment in capital assets	1,008,050	4,298,917	5,306,967
Unrestricted	<u>2,993,466</u>	<u>4,063,209</u>	<u>7,056,675</u>
Total net position	<u>\$ 4,001,516</u>	<u>\$ 8,362,126</u>	<u>\$ 12,363,642</u>

See accompanying notes to basic financial statements.

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year ended June 30, 2015

	Enterprise Funds		Total
	Sewer	Water	
<u>Operating Revenues:</u>			
Sanitation services	\$ 2,223,664	\$ 4	\$ 2,223,668
Water sales	-	2,061,518	2,061,518
Connection fees	20,088	17,803	37,891
Permit and inspection fees	825	1,800	2,625
Penalties	34,908	28,890	63,798
Other services	76	22,782	22,858
Total operating revenues	2,279,561	2,132,797	4,412,358
<u>Operating Expenses:</u>			
Professional services	1,003,608	925,237	1,928,845
Services and supplies	1,103,829	605,396	1,709,225
Water replacement (note 7)	-	369,310	369,310
Utilities	8,274	172,004	180,278
Depreciation	104,280	176,376	280,656
Total operating expenses	2,219,991	2,248,323	4,468,314
Operating income (loss)	59,570	(115,526)	(55,956)
<u>Non-operating Revenues (Expenses)</u>			
Property taxes	173,090	223,783	396,873
Special assessment and other taxes	23,773	28,252	52,025
Investment earnings	15,263	20,952	36,215
Other revenues (expenses)	15,861	56,968	72,829
Total nonoperating revenues	227,987	329,955	557,942
Change in net position	287,557	214,429	501,986
Net position at beginning of year, as restated (noted 13)	3,713,959	8,147,697	11,861,656
Net position at end of year	\$ 4,001,516	\$ 8,362,126	\$ 12,363,642

Statement of Cash Flows
Proprietary Funds
Year ended June 30, 2015

	Sewer Fund	Water Fund	Total
<u>Cash flows from operating activities:</u>			
Cash received from customers and others	\$ 2,331,550	\$ 2,265,563	\$ 4,597,113
Cash payments to suppliers for goods and services	(1,028,421)	(1,141,509)	(2,169,930)
Cash payments to employees for services	(1,077,877)	(995,344)	(2,073,221)
Net cash provided by (used for) operating activities	<u>225,252</u>	<u>128,710</u>	<u>353,962</u>
<u>Cash flows from capital and related financing activities:</u>			
Disposition of capital assets	-	(281,072)	(281,072)
Net cash (used for) capital related and financing activities	<u>-</u>	<u>(281,072)</u>	<u>(281,072)</u>
<u>Cash flows from non-capital related and financing activities:</u>			
Cash received from (paid to) other funds	354,359	364,290	718,649
Taxes, special assessments, and other revenues	213,056	310,781	523,837
Net cash provided by (used for) non-capital related and financing activities	<u>567,415</u>	<u>675,071</u>	<u>1,242,486</u>
Cash flows from investing activities-interest income	<u>19,800</u>	<u>32,053</u>	<u>51,853</u>
Net increase (decrease) in cash and cash equivalents	812,467	554,762	1,367,229
Cash and cash equivalents, beginning of year	3,323,470	4,485,061	7,808,531
Cash and cash equivalents, end of year	<u>\$ 4,135,937</u>	<u>\$ 5,039,823</u>	<u>\$ 9,175,760</u>
FINANCIAL STATEMENT PRESENTATION:			
Cash and investments	\$ 4,085,157	\$ 5,039,823	\$ 9,124,980
Restricted cash and investments	50,780	-	50,780
Total cash, cash equivalents, and investments	<u>\$ 4,135,937</u>	<u>\$ 5,039,823</u>	<u>\$ 9,175,760</u>
Reconciliation of operating income (loss) to net cash used for operating activities:			
Operating income (loss)	\$ 59,570	(115,526)	(55,956)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	104,280	176,376	280,656
(Increase) decrease in accounts receivable	51,989	<u>132,766</u>	<u>184,755</u>
Increase (decrease) in accounts payable and other liabilities	143,065	(7,943)	135,122
Increase (decrease) in due to other governments	(59,383)	13,144	(46,239)
Decrease in net pension liability, net of deferred outflows and inflows	<u>(74,269)</u>	<u>(70,107)</u>	<u>(144,376)</u>
Net cash provided by (used for) operating activities	<u>\$ 225,252</u>	<u>\$ 128,710</u>	<u>\$ 353,962</u>

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the County Service Area No. 64, Spring Valley Lake (District) conform to generally accepted accounting principles as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

The District was established on December 30, 1968 by an act of the Board of Supervisors of the County of San Bernardino (the County) to provide sewer and water services. CSA 64 currently provides sewer services to approximately 4,200 equivalent dwelling units (EDU's) and maintains 3 lift stations. CSA 64 also provides water services to approximately 3,800 customers and maintains 5 wells, 1 booster station and 3 water tanks.

The District is a component unit of the County. Component units are legally separate organizations for which the Board is financially accountable or other organizations whose nature and significant relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (1) the County can impose its will on the organization, or (2) there is a potential for the organization to provide a financial benefit to or impose a financial burden on the County.

The accompanying financial statements reflect only the accounts of the County Service Area No. 64 – Spring Valley Lake of the County of San Bernardino and are not intended to present the financial position of the County taken as a whole.

Because the District meets the reporting entity criteria established by the Governmental Accounting Standards Board (GASB), the District's financial statements have also been included in the Comprehensive Annual Financial Report of the County as a "component unit" for the fiscal year ended June 30, 2015.

Measurement focus, basis of accounting, and financial statements presentation

The proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are charges to customers for water sales and sanitation services. Operating expenses for enterprise funds include the cost of salaries and benefits, services and supplies, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

The Department of Special Districts allocates the cost of salaries and benefits, compensated absences, administrative services, and management services to the District. These costs are presented on the financial statements as professional services, an operating expense.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

The government reports the following types of major funds:

The *enterprise fund* labeled "Sewer" currently provides sewer services to approximately 4,200 equivalent dwelling units (EDU's) and maintains 3 lift stations.

The *enterprise fund* labeled "Water" currently provides water services to approximately 3,800 customers and maintains 5 wells, 1 booster station and 3 water tanks.

Financial reporting is based upon all GASB pronouncements including the Codification of Accounting and Financial Reporting Guidelines.

Receivables

The District sends any delinquent accounts receivable to property tax to be included on the customer's property tax bills, hence, an allowance for doubtful accounts were \$0 were recorded for both the sewer and water fund which was determined by management to be sufficient. As of June 30, 2014, accounts receivable were \$297,245 for the sewer function and \$339,631 for the water function.

Property Taxes

Secured property taxes are levied in two equal installments, November 1 and February 1. They become delinquent with penalties on December 10 and April 10, respectively. The lien date is January 1 of each year. Unsecured property taxes are due on March 1 and become delinquent with penalties on August 31.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (for improvements to land and structures and equipment) and have an estimated useful life in excess of one year. Structures with an initial cost of \$100,000 are considered capital assets. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated reasonable value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvement are capitalized as projects are constructed. Property, plant, and equipment of the government are depreciated using straight-line method over the following estimated useful lives:

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

<u>Assets</u>	<u>Years</u>
Infrastructure	10-100
Structure and improvements	up to 45
Equipment and vehicles	5-15

New Accounting Pronouncements

The District adopted Statement on Governmental Accounting Standards (GASB Statement) No. 68, *Accounting and Financial Reporting for Pensions*, GASB Statement No. 69 *Government Combinations and Disposals of Government Operations*, and GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Net Position

Net position comprises the various net earnings from operating and non-operating revenues, expenses, and contribution of capital. Net position is classified in the following three components:

- Net investment in capital assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted* – This component of net position consists of constraints placed on net asset use through external constraints imposed by creditors, grantors, contributions, or laws or regulations of other governments or constraints imposed by law through constitutional provision or enabling legislation.
- *Unrestricted* – This component of net position consists of net position of the District that are not restricted for any project or other purpose.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred Outflows/ Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow or resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds of the balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Long-Term Debt and Interest Payable

In the Government-Wide Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the appropriate activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are immediately expensed in the Government-Wide Financial Statements in addition to the Proprietary and Fiduciary Fund Statements in accordance with GASB No. 65. In the Fund Financial Statements, except for advances from other funds, long-term liabilities are not presented. Consequently, long term debt is shown as a reconciling item in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position. In the Government-Wide Financial Statements, interest payable on long-term debt is recognized as the liability is incurred for governmental activities and business-type activities. In the Fund Financial Statements, only propriety fund types recognize the interest payable when the liability is incurred.

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. To calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

In the Government-Wide Financial Statements, net position is classified in the following categories: *Net Investment in Capital Assets* consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets. External creditors, grantors, contributors, laws, or regulations of other governments restrict restricted Net position. Unrestricted Net position is all net position that do not meet the definition of “invested in capital assets, net of related debt” or “restricted net position.”

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the CSA's San Bernardino County Employee's Retirement Association (SBCERA) plan (Plan) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by SBCERA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 2: CASH AND INVESTMENTS

Cash, cash equivalents, and investments include balances of monies deposited with the County Treasurer which are pooled and invested for the purpose of increasing earnings through investment activities. Interest earned on pooled investments is deposited to the CSA's account based upon the CSA's average daily deposit balance during the allocation period. Cash, cash equivalents, and investments are shown at the fair value as of June 30, 2015. Changes in fair value that occur during a fiscal year are recognized as *investment earnings* reported for that fiscal year. *Investment earnings* reports interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments. The County's practice is to hold investments until maturity.

See the County of San Bernardino's Comprehensive Annual Financial Report (CAFR) for details of their investment policy and disclosures related to investment credit risk, concentration of credit risk, interest rate risk and custodial credit risk, as required by GASB Statement No. 40.

Interest income and realized gains and losses earned on pooled investments are deposited quarterly to the District's accounts based upon the District's average daily deposit balances during the quarter. Unrealized gains and losses of the pooled investments are distributed to the District annually. Cash and cash equivalents are shown at fair value. As of June 30, 2015, Cash and cash equivalents are reported in the District's financial statement as unrestricted cash of \$9,124,980 and restricted cash of \$50,780 for a total amount of \$9,175,760.

See the County of San Bernardino's Comprehensive Annual Financial Report (CAFR) for details of their investment policy and disclosures related to investment credit risk, concentration of credit risk, interest rate risk and custodial credit risk, as required by GASB Statement No. 40.

Note 3: RESTRICTED CASH

The District issued bonds under the authority of California Government Code Section 25210.1 to finance certain water and sewer improvement. The District reports the bonds according to the provisions of Governmental Accounting Standards Board Codification Section S40. All the District's bonds matured as of the fiscal year ending June 30, 2004. The portion of the matured Bonds and interest held by the Auditor-Controller/Treasurer/Tax-Collector of the County of San Bernardino amounting to \$50,780 is reported as restricted cash.

Note 4: CAPITAL ASSETS

Capital asset activity during the year ended June 30, 2015 was as follows:

Sewer:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Capital assets not being depreciated:				
Land	\$ 10,000	-	-	10,000
Construction in process	-	-	-	-
Total capital assets not being depreciated	10,000	-	-	10,000
Capital assets being depreciated:				
Land improvements	4,019,471	-	-	4,019,471
Structures and improvements	218,810	-	-	218,810
Infrastructure	35,404	-	-	35,404
Equipment and vehicles	110,322	-	-	110,322
Total capital assets being depreciated	4,348,407	-	-	4,348,407
Less accumulated depreciation for:				
Land improvements	(3,188,893)	(89,702)	-	(3,278,595)
Structures and improvements	(53,892)	(4,863)	-	(58,755)
Infrastructure	(3,344)	(2,360)	-	(5,704)
Equipment and vehicles	(35,548)	(7,355)	-	(42,903)
Total accumulated depreciation	(3,281,677)	(104,280)	-	(3,385,957)
Total capital assets being depreciated, net	1,102,330	(104,280)	-	998,050
Total capital assets, net	\$ 1,112,330	(104,280)	-	1,008,050

Water:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015
Capital assets not being depreciated:				
Land	\$ -	71,000	-	71,000
Construction in process	806,706	34,818	(743,809)	97,715
Total capital assets not being depreciated	806,706	105,818	(743,809)	168,715
Capital assets being depreciated:				
Land improvements	4,856,167	919,063	-	5,775,230
Structures and improvements	56,290	-	-	56,290
Equipment and vehicles	19,991	-	-	19,991
Utility plant in service	369,760	-	-	369,760
Total capital assets being depreciated	5,302,208	919,063	-	6,221,271
Less accumulated depreciation for:				
Land improvements	(1,698,705)	(168,159)	-	(1,866,864)
Structures and improvements	(56,290)	-	-	(56,290)
Equipment and vehicles	(19,991)	-	-	(19,991)
Utility plant in service	(139,707)	(8,217)	-	(147,924)
Total accumulated depreciation	(1,914,693)	(176,376)	-	(2,091,069)
Total capital assets being depreciated, net	3,387,515	742,687	-	4,130,202
Total capital assets, net	\$ 4,194,221	848,505	(743,809)	4,298,917

Note 4: CAPITAL ASSETS (continued)

Construction in Progress

Construction in progress at June 30, 2015 represents the following projects:

	Final <u>Budget</u>	Capital Outlay Through <u>June 30, 2015</u>	Remaining <u>Commitment</u>	Projected Year <u>Completion</u>
Chlorinators	\$ 105,000	678	104,322	2016
Meter replacement project	<u>633,330</u>	<u>4,163</u>	<u>629,167</u>	2016
Total	<u>\$ 738,330</u>	<u>4,841</u>	<u>733,489</u>	

The District has entered into several contractual agreements for the development and/or improvement of the capital projects listed above.

Note 5: MATURED AND UNREDEEMED BONDS AND INTEREST PAYABLE

The schedule of changes in short-term debt is as follows:

	Balance at <u>June 30, 2014</u>	<u>Additions</u>	<u>Deletions</u>	Balance at <u>June 30, 2015</u>
Matured unredeemed bonds	\$30,000	-	-	30,000
Matured interest	<u>20,780</u>	<u>-</u>	<u>-</u>	<u>20,780</u>
Total capital assets being depreciated	<u>\$ 50,780</u>	<u>-</u>	<u>-</u>	<u>50,780</u>

In 1972, 1974, 1982, and 1990 the County's Board of Supervisors approved the issuance of Series A, Series B, Series C, and Series D General Obligation Bonds, respectively, to finance the acquisition of water and sewer facilities within the County Service Area 64. Authority for the issuance of the bonds is provided under the County Service Area Law, Section 2521.1 et seq. of the California Government Code.

Series A bonds matured in the fiscal year ending June 30, 2002, Series B bonds matured in the fiscal year ending June 30, 2004, Series C Bonds matured in the fiscal year ending June 30, 1997, and Series D bonds matured in the fiscal year ending June 30, 2000. At June 30, 2015, the District had Matured and Unredeemed Bonds Payable of \$30,000 and Interest Payable of \$20,780 from the Series A, Series C, and Series D issuances.

Note 6: PROPOSITION 111 APPROPRIATION LIMITS

Proposition 111, which added Article XIII B to the State Constitution, established limits on budget appropriations in order to restrict government spending. Management has reviewed the proceeds of taxes received by the District during the 2014-2015 fiscal year and believes the revenue to be in accordance with the guidelines established by Proposition 111.

Note 7: WATER REPLACEMENT EXPENDITURES

For purposes of defining and implementing a physical solution to the high desert's overdraft of the Mojave Basin Area, a Watermaster was appointed by Riverside County Superior Court in 1996 to oversee the adjudicated area. The District is within a subarea included in the 1996 judgment. If the downstream subarea obligation is not met, producers of water in the upstream Mojave Basin Area then must provide supplemental water to the downstream subarea. To maintain proper water balances within each subarea, the judgment established a Free Production Allowance (FPA) and provides for the Court to review as appropriate. All water produced in excess of the FPA must be replaced through supplemental water, or by transfer of unused FPA from another producer at a cost per acre foot. This action has resulted in quarterly reports that are verified by the Watermaster. This action also resulted in makeup and replacement obligations determined annually by the Watermaster. All makeup and replacement obligations result in supplemental water purchases from the Mojave Water Agency and private Water Purveyors.

Note 8: RELATED PARTY TRANSACTIONS

The Victor Valley Wastewater Reclamation Authority (VWVRA) is a Joint Powers Authority, and the District is represented on the VWVRA board by the First Supervisorial District. The District collects fees on behalf of VWVRA from new development to connect to the sewer system, and pays the VWVRA for sewage treatment fees. For fiscal year 2015, sewage treatment fees incurred were \$661,184. As of June 30, 2015, \$85,638 of treatment fees was due to the VWVRA and was recorded as due to other governments on the statement of net position.

Note 9: RETIREMENT PLAN

Plan Description. Employees of the District participate in the County of San Bernardino's (County) cost-sharing multiple-employer defined benefit retirement plan (the Plan) administered by the San Bernardino County Employee's Retirement Association (SBCERA). The Plan is governed by the San Bernardino Board of Retirement (Board) under the California County Employees' Retirement Law of 1937 (CERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). The Plan's authority to establish and amend the benefit terms are set by the CERL and PEPRA, and may be amended by the California state legislature and in some cases, require approval by the County of San Bernardino Board of Supervisors and/or the SBCERA Board. SBCERA issues a stand-alone financial report, which may be obtained by contacting the Board of Retirement, 348 W. Hospitality Lane, 3rd Floor, San Bernardino, California 92415-0014.

Benefits Provided. SBCERA provides retirement, disability, death, and survivor benefits. SBCERA administers the Plan which provides benefits for two membership classifications, General and Safety, and those benefits are tiered based upon date of SBCERA membership. Safety membership is extended to those involved in active law enforcement and fire suppression. All other members, including the District's employees, are classified as General members. Generally, those who become members prior to January 1, 2013 are Tier 1 members. All other members are Tier 2. An employee who is appointed to a regular position, whose service is greater than fifty percent of the full standard of hours required are members of SBCERA, and are provided with pension benefits pursuant to Plan requirements.

The CERL and PEPRA establish benefit terms. Retirement benefits for the General Tier 1 and General Tier 2 Plans are calculated based on age, average final compensation and service credit as follows:

Note 9: RETIREMENT PLAN (continued)

	General – Tier 1	General – Tier 2
Final Average Compensation	Highest 12 months	Highest 12 months
Normal Retirement Age	Age 55	Age 55
Early Retirement: Years of service required and/or eligible for	Age 70 any years	Age 70 any years
	10 years age 50	5 years age 52
	30 years any age	N/A
Benefit percent per year of service for normal retirement age	2% per year of final average compensation for every year of service credit	2.5% per year of final average compensation for every year of service credit
Benefit Adjustments	Reduced before age 55, increased after 55 up to age 65	Reduced before age 67
Final Average Compensation Limitation	Internal Revenue Code section 401(a) (17)	Government Code section 7522.10

Contributions. Participating employers and active members, including the District and the District's employees, are required by statute to contribute a percentage of covered salary to the Plan. This requirement is pursuant to Government Code sections 31453.5 and 31454, for participating employers and Government Code sections 31621.6, 31639.25 and 7522.30 for active members. The contribution requirements are established and may be amended by the SBCERA Board pursuant to Article 1 of the CERL, which is consistent with the Plan's actuarial funding policy. The contribution rates are adopted yearly, based on an annual actuarial valuation, conducted by an independent actuary, that requires actuarial assumptions about mortality, expected future service (including age at entry into the Plan, if applicable and tier), and compensation increases of the members and beneficiaries. The combined active member and employer contribution rates are expected to finance the costs of benefits for employees that are allocated during the year, with an additional amount to finance any unfunded accrued liability. Participating employers may pay a portion of the active members' contributions through negotiations and bargaining agreements.

Employee contribution rates for the fiscal year ended June 30, 2015 ranged between 7.07% and 13.52% for Tier 1 General members and between 6.37% and 7.88% for Tier 2 General members.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2015, the District's reported a liability of \$1,213,957 for its proportionate share of the County's net pension liability. The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the County's net pension liability was based on the District's FY 2014 actual contributions to the County's pension plan relative to the total contributions of the County.

At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Deferred Outflows of Resources *</u>	<u>Deferred Inflows of Resources **</u>
<u>\$ 215,390</u>	<u>\$ (715,219)</u>

* Total deferred outflows include change in assumptions, and change in proportion and differences between share of contributions.

* Total deferred inflows include differences in expected and actual expense, and net difference between projected and actual earnings on pension plan investments.

The \$215,390 reported as deferred outflows of resources related to pensions, resulting from the District's contributions to the County's plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

See the County of San Bernardino's Comprehensive Annual Financial Report (CAFR) for details of their pension liabilities, pension expense, deferred outflows and inflows of resources related to pensions, actuarial assumptions, and discount rates, for the current year and two preceding years computed in accordance with GASB 68, *Accounting and Reporting for Pension Plans*, for the year ended June 30, 2015.

Note 10: FEDERAL AND STATE GRANTS

From time to time the District may receive funds from various Federal and State agencies. The grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time, although the CSA expects such amounts, if any, to be immaterial.

Note 11: RISK MANAGEMENT

The County has self-insurance programs for public liability, property damage, unemployment insurance, employee dental insurance, hospital and medical malpractice liability, and workers' compensation claims. Public liability claims are self-insured for up to \$3.0 million per occurrence. Excess insurance coverage over the Self-Insured Retention (SIR) up to \$57 million is provided through a combination of insurance policies as recommended by Arthur J. Gallagher & Co., Broker of Record, as follows: Primary Liability coverage \$6 million excess of \$3.0 million self-insured retention with Lloyd's (Brit Syndicated 2987 – 100%) and Gemini Insurance Co.; Excess Liability coverage for \$11 million, excess of \$6 million with National Casualty Co.; and Excess Liability coverage of \$15 million, excess of \$17 million with Allied World Assurance Co. In addition, Great American Assurance Co. provides excess liability coverage of \$25 million, excess of \$32 million. No settlements related to these programs have exceeded insurance coverage in the last three years.

Note 11: RISK MANAGEMENT (continued)

The Workers' Compensation program was restructured to include a cash flow SIR that applies per accident/per payment year as follows: \$2.0 million 1st year; \$1.25 million 2nd year; \$600 thousand 3rd year and each year thereafter, with coverage provided by State National Insurance Co. for up to \$3 million for employer's liability, and up to \$150 million limits for workers' compensation per occurrence. Property damage claims are insured on an occurrence basis over a \$25 thousand deductible, and insured through CSAC-EIA (California State Association of Counties – Excess Insurance Authority) and reinsured with Lexington Insurance Co. and with several insurers like AWAC, Ironshore, Partner RE, and Lloyd's of London, among others.

The County supplements its self-insurance for medical malpractice claims with a \$25 million policy (\$35 million aggregate) with BETA Risk Management Authority, which provides annual coverage on a claim made form basis with a SIR of \$1 million for each claim.

All public officials and County employees are insured under a blanket Comprehensive Disappearance, Destruction, and Dishonesty policy covering County monies and securities, with Berkley Regional Insurance Co. with a \$100 thousand deductible, and excess limit up to \$10 million per occurrence.

The activities related to such programs are accounted for in the Risk Management Department's internal service funds ("Funds"), except for unemployment insurance, and employee dental insurance, which are accounted for in the General Fund. The liabilities recorded in these Funds are based on the results of actuarial studies and include amounts for allocated and unallocated loss adjustment expenses. The liabilities for these claims are reported using a discounted rate of 0.324% and an actuarially-determined 80% confidence level. It is the County's practice to obtain actuarial studies on an annual basis.

The total claims liability of \$232.10 million reported at June 30, 2015 is based on the requirements of GASB Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements, and the amount of the loss can be reasonably estimated.

See the County of San Bernardino's Comprehensive Annual Financial Report (CAFR) for details of their claims liability in accordance with GASB Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues, at June 30, 2015.

Note 12: CONTINGENCIES

The District is subject to other legal proceedings, claims, and assessments that arise in the ordinary course of its business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect MHAIA's financial position, changes in net position and cash flows.

Note 13: RESTATEMENT OF FINANCIAL POSITION

The following schedule summarizes the effects of the prior period adjustment to the Government-wide Statements.

Government-wide:

	Business-type <u>Activities</u>		
	<u>Sewer</u>	<u>Water</u>	<u>Total</u>
Net position at June 30, 2014, as previously reported	\$ 4,669,824	\$ 9,049,994	\$13,719,818
Adjustment to record GASB 68 pension liability	<u>(955,865)</u>	<u>(902,297)</u>	<u>(1,858,162)</u>
Net position as July 1, 2014, as restated	<u>\$ 3,713,959</u>	<u>\$ 8,147,697</u>	<u>\$11,861,656</u>

Note 14: SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 2, 2015, which is the date the financial statements were available to be issued, and has determined that there are no transactions that will have a significant impact on the CSA.

SVL CSD Proposed Financials/Budgets

Please find the following reports for our study:

1. Projected budget for Spring Valley Lake CSD
2. Projected Services and Supplies for Spring Valley Lake CSD including contracted services.
3. Projected Administration expenses for Spring Valley Lake CSD.

Spring Valley Lake Community Services District
(County Service Area No. 64 – Spring Valley Lake)

Prospective Financial Information

June 21, 2018

Prepared for:

Spring Valley Lake Exploratory Group
Victorville, California

Contact:

Rory Shannon

Prepared by:



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ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

Accountant's Report

To the Spring Valley Lake Exploratory Group
Victoryville, California

The Spring Valley Lake Exploratory Group (the "Group") is the responsible party for the accompanying financial forecast of the Spring Valley Lake Community Services District (County Service Area No. 64- Spring Valley Lake), which comprises the forecasted statement of revenues, expenses and changes in net position for the fiscal years ending June 30, 2020 and 2018 and the related summaries of significant assumptions and accounting policies in accordance with guidelines for the presentation of a financial forecast established by the American Institute of Certified Public Accountants (AICPA). We have prepared, from information provided by (1) the Group, (2) the County's budget, accounting records, and audit reports, and (3) operating data obtained from three similar and comparable special districts in San Bernardino County that were formerly component units of the County, the accompanying forecasted statements of revenues, expenses and changes in net position of the District for the fiscal years ending June 30, 2020 and 2018 in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not examine (audit) or review the financial forecast nor were we required to perform any procedures to verify the accuracy or completeness of the information provided. Accordingly we do not express an opinion, a conclusion, nor provide any form of assurance on this prospective financial information.

The forecasted results may not be achieved as there will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and these differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Rogers, Anderson, Malody & Scott, LLP.

San Bernardino, California
June 21, 2018

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Prospective Financial Information
Forecasted Statement of Revenues, Expenses and Changes in Net Position
Years Ending June 30, 2020 and 2018

		Forecasted				
		Spring Valley Lake CSD				
		FY 2019-2020				
	Reference	Sewer	Water	Solid Waste	Admin	Total
Operating Revenues						
Sanitation Services	a	<u>\$ 2,431,000</u>	\$ -	\$ -	\$ -	<u>\$ 2,431,000</u>
Water Sales	a	-	2,081,000	-	-	2,081,000
Connection Fees	d	50,000	50,000	-	-	100,000
Solid Waste Franchise Fees	b	-	-	90,000	-	90,000
Dump Fees / ESFR Fees	b	-	-	330,000	-	330,000
Permit and Inspection Fees	c	1,950	3,300	-	-	5,250
Penalties	c	42,699	37,190	-	-	79,889
Total Operating Revenues		<u>2,525,649</u>	<u>2,171,490</u>	<u>420,000</u>	<u>-</u>	<u>5,117,139</u>
Operating Expenses						
Salaries & Benefits	e	270,000	456,000	-	560,000	1,286,000
Services & Supplies	f	544,000	596,400	50,000	514,600	1,705,000
Water Replacement	g	-	300,000	-	-	300,000
Utilities	h	15,000	155,000	-	13,000	183,000
Depreciation	i	110,000	200,000	-	-	310,000
Administration	j	543,800	543,800	-	(1,087,600)	-
Total Operating Expenses		<u>1,482,800</u>	<u>2,251,200</u>	<u>50,000</u>	<u>-</u>	<u>3,784,000</u>
Operating Income (Loss)		<u>1,042,849</u>	<u>(79,710)</u>	<u>370,000</u>	<u>-</u>	<u>1,333,139</u>
Non-Operating Revenues (Expenses)						
Property Taxes	k	400,000	38,000	-	-	438,000
Special Assessment & Other Taxes	l	23,000	23,000	-	-	46,000
Investment Earnings	m	22,000	24,000	-	-	46,000
Other Revenues (Expenses)	o	23,000	63,000	-	-	86,000
Total Non-Operating Revenues		<u>468,000</u>	<u>148,000</u>	<u>-</u>	<u>-</u>	<u>616,000</u>
Change in Net Position	p	<u>1,510,849</u>	<u>68,290</u>	<u>370,000</u>	<u>-</u>	<u>1,949,139</u>
Net Position Beginning of Year		<u>5,210,731</u>	<u>8,180,844</u>	<u>-</u>	<u>-</u>	<u>13,391,575</u>
Net Position End of Year		<u>\$ 6,721,580</u>	<u>\$ 8,249,134</u>	<u>\$ 370,000</u>	<u>\$ -</u>	<u>\$ 15,340,714</u>

See accompanying Summary of Significant Forecast Assumptions and Accounting Policies.

No assurance is provided on this prospective financial information.

Prospective Financial Information
 Forecasted Statement of Revenues, Expenses and Changes in Net Position (continued)
 Years Ending June 30, 2020 and 2018

	Reference	Forecasted			Comparative Budget Information		
		County CSA 64			County CSA 64		
		FY 2017-2018			FY 2017-2018 (Recommended Budget)		
		Sewer	Water	Total	Sewer	Water	Total
Operating Revenues							
Sanitation Services	a	\$ 2,431,000	\$ -	<u>\$ 2,431,000</u>	\$ 1,956,492	\$ -	<u>\$ 1,956,492</u>
Water Sales	a	-	2,081,000	2,081,000	-	1,900,041	1,900,041
Connection Fees	d	3,000	-	3,000	2,500	-	2,500
Permit and Inspection Fees	c	1,000	3,000	4,000	1,200	2,550	3,750
Penalties	c	34,000	30,000	64,000	33,679	29,908	63,587
Total Operating Revenues		<u>2,469,000</u>	<u>2,114,000</u>	<u>4,583,000</u>	<u>1,993,871</u>	<u>1,932,499</u>	<u>3,926,370</u>
Operating Expenses							
Salaries & Benefits	e	850,000	850,000	1,700,000	849,926	849,926	1,699,852
Services & Supplies	f	1,269,000	1,105,000	2,374,000	1,268,542	1,105,381	2,373,923
Water Replacement	g	-	300,000	300,000	-	300,000	300,000
Utilities	h	12,000	175,000	187,000	12,000	175,000	187,000
Depreciation	i	<u>110,000</u>	<u>200,000</u>	<u>310,000</u>	-	-	-
Total Operating Expenses		<u>2,241,000</u>	<u>2,630,000</u>	<u>4,871,000</u>	<u>2,130,468</u>	<u>2,430,307</u>	<u>4,560,775</u>
Operating Income (Loss)		<u>228,000</u>	<u>(516,000)</u>	<u>(288,000)</u>	<u>(136,597)</u>	<u>(497,808)</u>	<u>(634,405)</u>
Non-Operating Revenues (Expenses)							
Property Taxes	k	400,000	38,000	438,000	190,036	215,798	405,834
Special Assessment & Other Taxes	l	23,000	23,000	46,000	22,905	23,223	46,128
Investment Earnings	m	22,000	24,000	46,000	3,680	4,571	8,251
Transfers Out	n	(543,000)	(500,000)	(1,043,000)	(543,263)	(500,000)	(1,043,263)
Other Revenues (Expenses)	o	<u>23,000</u>	<u>63,000</u>	<u>86,000</u>	<u>16,569</u>	<u>58,437</u>	<u>75,006</u>
Total Non-Operating Revenues		<u>(75,000)</u>	<u>(352,000)</u>	<u>(427,000)</u>	<u>(310,073)</u>	<u>(197,971)</u>	<u>(508,044)</u>
Change <u>in</u> Net Position	p	<u>153,000</u>	<u>(868,000)</u>	<u>(715,000)</u>	<u>(446,670)</u>	<u>(695,779)</u>	<u>(1,142,449)</u>
Net Position Beginning of Year		<u>5,057,731</u>	<u>9,048,844</u>	<u>14,106,575</u>	<u>5,057,731</u>	<u>9,048,844</u>	<u>14,106,575</u>
Net Position End of Year		<u>\$ 5,210,731</u>	<u>\$ 8,180,844</u>	<u>\$ 13,391,575</u>	<u>\$ 4,611,061</u>	<u>\$ 8,353,065</u>	<u>\$ 12,964,126</u>

See accompanying Summary of Significant Forecast Assumptions and Accounting Policies.
No assurance is provided on this prospective financial information.

Prospective Financial Information
Forecasted Statement of Revenues, Expenses and Changes in Net Position (continued)
Years Ending June 30, 2020 and 2018

	Comparative Historical Information								
	County CSA 64			County CSA 64			County CSA 64		
	FY 2016-2017 (per Audit Report)			FY 2015-2016 (per Audit Report)			FY 2014-2015 (per Audit Report)		
	Sewer	Water	Total	Sewer	Water	Total	Sewer	Water	Total
Operating Revenues									
Sanitation Services	\$ 2,431,422	\$ -	<u>\$ 2,431,422</u>	\$ 2,497,245	\$ -	<u>\$ 2,497,245</u>	\$ 2,223,664	\$ 4	<u>\$ 2,223,668</u>
Water Sales	-	2,081,147	2,081,147	-	2,095,658	2,095,658	-	2,061,518	2,061,518
Connection Fees	44,029	42,628	86,657	53,793	20,687	74,480	20,088	17,803	37,891
Permit and Inspection Fees	1,950	3,300	5,250	1,200	2,550	3,750	825	1,800	2,625
Penalties	42,699	37,190	79,889	33,679	29,908	63,587	34,908	28,890	63,798
Other Services	-	54,355	54,355	624	16,594	17,218	76	22,782	22,858
Total Operating Revenues	<u>2,520,100</u>	<u>2,218,620</u>	<u>4,738,720</u>	<u>2,586,541</u>	<u>2,165,397</u>	<u>4,751,938</u>	<u>2,279,561</u>	<u>2,132,797</u>	<u>4,412,358</u>
Operating Expenses									
Salaries & Benefits	1,162,718	1,069,171	2,231,889	1,164,690	1,037,974	2,202,664	1,003,608	925,237	1,928,845
Services & Supplies	1,061,325	711,405	1,772,730	1,106,949	577,926	1,684,875	1,103,829	605,396	1,709,225
Water Replacement	-	301,950	301,950	-	137,340	137,340	-	369,310	369,310
Utilities	9,280	138,603	147,883	11,911	142,029	153,940	8,274	172,004	180,278
Depreciation	104,162	191,694	295,856	104,278	191,694	295,972	104,280	176,376	280,656
Total Operating Expenses	<u>2,337,485</u>	<u>2,412,823</u>	<u>4,750,308</u>	<u>2,387,828</u>	<u>2,086,963</u>	<u>4,474,791</u>	<u>2,219,991</u>	<u>2,248,323</u>	<u>4,468,314</u>
Operating Income (Loss)	182,615	(194,203)	(11,588)	198,713	78,434	277,147	59,570	(115,526)	(55,956)
Non-Operating Revenues (Expenses)									
Property Taxes	400,409	37,785	438,194	285	414,028	414,313	173,090	223,783	396,873
Special Assessment & Other Taxes	23,095	23,002	46,097	23,102	23,859	46,961	23,773	28,252	52,025
Investment Earnings	21,643	23,636	45,279	31,664	36,857	68,521	15,263	20,952	36,215
Transfers In	615,222	446,676	1,061,898	1,112,576	2,364,801	3,477,377	-	-	-
Transfers Out	(615,222)	(446,676)	(1,061,898)	(1,112,576)	(2,364,801)	(3,477,377)	-	-	-
Loss On Disposal of Capital Assets	(252)	-	(252)	-	-	-	-	-	-
Other Revenues (Expenses)	22,982	63,382	86,364	16,623	55,176	71,799	15,861	56,968	72,829
Total Non-Operating Revenues	<u>467,877</u>	<u>147,805</u>	<u>615,682</u>	<u>71,674</u>	<u>529,920</u>	<u>601,594</u>	<u>227,987</u>	<u>329,955</u>	<u>557,942</u>
Change In Net Position	<u>650,492</u>	<u>(46,398)</u>	<u>604,094</u>	<u>270,387</u>	<u>608,354</u>	<u>878,741</u>	<u>287,557</u>	<u>214,429</u>	<u>501,986</u>
Net Position Previous Year	4,271,903	8,970,480	13,242,383	4,001,516	8,362,126	12,363,642	4,669,824	9,049,994	13,719,818
Prior Period Adjustment	135,336	124,762	260,098	-	-	-	(965,865)	(902,297)	(1,868,162)
Net Position Beg of Year Restated	<u>4,407,239</u>	<u>9,095,242</u>	<u>13,502,481</u>	<u>4,001,516</u>	<u>8,362,126</u>	<u>12,363,642</u>	<u>3,703,959</u>	<u>8,147,697</u>	<u>11,851,656</u>
Net Position End of Year	<u>\$ 5,057,731</u>	<u>\$ 9,048,844</u>	<u>\$ 14,106,575</u>	<u>\$ 4,271,903</u>	<u>\$ 8,970,480</u>	<u>\$ 13,242,383</u>	<u>\$ 4,001,516</u>	<u>\$ 8,362,126</u>	<u>\$ 12,363,642</u>

See accompanying Summary of Significant Forecast Assumptions and Accounting Policies.
No assurance is provided on this prospective financial information.

Prospective Financial Information
 Forecasted Statement of Revenues, Expenses and Changes in Net Position (continued)
 Years Ending June 30, 2020 and 2018

Schedule of Forecasted Operating Expenses for Year Ending June 30, 2020

	Sewer	Water	Solid Waste	Administration	Total
Salaries & Benefits	\$ 270,000	\$ 456,000	\$ -	\$ 580,000	\$ 1,286,000
Services & Supplies:					
Auditing Services	-	-	-	15,000	15,000
Bank Charges	-	-	-	15,000	15,000
Board Meeting Supplies	-	-	-	1,500	1,500
Community Promotion	-	-	-	6,000	6,000
Connection Costs	50,000	50,000	-	-	100,000
Contractual Services	33,000	12,000	-	50,000	95,000
Directors' Fees	-	-	-	30,000	30,000
Directors' Training & Seminars	-	-	-	15,000	15,000
Dues & Subscriptions	5,000	5,000	-	5,000	15,000
Education and Training	4,000	9,000	-	2,500	15,500
Employment Expense	-	-	-	2,500	2,500
Engineering Services	-	20,000	-	-	20,000
Equipment	100,000	100,000	-	-	200,000
Equipment Maintenance & Supplies	-	-	-	10,000	10,000
GIS Support	2,000	5,400	-	-	7,400
Insurance	15,000	15,000	-	-	30,000
Insurance - Vehicle	5,000	5,000	-	5,000	15,000
Laboratory Analysis	20,000	10,000	-	-	30,000
Legal Services	-	-	-	50,000	50,000
Mileage and Travel Reimbursement	-	-	-	1,000	1,000
Misc. Expense	10,000	10,000	-	-	20,000
Office Supplies	-	-	-	15,000	15,000
Operating Supplies	10,000	10,000	-	10,000	30,000
Operations and Maintenance	50,000	50,000	-	-	100,000
Permits and Fees	20,000	15,000	-	-	35,000
Postage & Delivery	-	-	-	12,000	12,000
Professional Fees	200,000	200,000	-	142,600	542,600
Public Notices	-	-	-	10,000	10,000
Rents and Leases - Admin Office	-	-	-	54,000	54,000
San Bernardino County Fees	-	-	-	8,000	8,000
SB County Disposal Fees	-	-	50,000	-	50,000
Small Tools	4,000	3,000	-	-	7,000
Software Support	-	-	-	50,000	50,000
Street Maintenance	-	50,000	-	-	50,000
Uniforms	3,000	3,000	-	1,000	7,000
Vehicle Fuel	6,000	14,000	-	1,500	21,500
Vehicle Maintenance	7,000	10,000	-	2,000	19,000
Water Replacement	-	300,000	-	-	300,000
Utilities:					
Telephone	5,000	5,000	-	13,000	23,000
Electric	10,000	150,000	-	-	160,000
Depreciation	110,000	200,000	-	-	310,000
Administration	543,800	543,800	-	(1,087,600)	-
	<u>\$ 1,482,800</u>	<u>\$ 2,251,200</u>	<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 3,784,000</u>

See accompanying Summary of Significant Forecast Assumptions and Accounting Policies.

No assurance is provided on this prospective financial information.

Note 1: Summary of Significant Forecast Assumptions and Accounting Policies

Members of the community of Spring Valley Lake have decided to investigate the feasibility of creating a “Spring Valley Lake Community Services District” (referred to as SVLCSD, or “the District”) to provide certain municipal level services for the community that are currently being provided by San Bernardino County. The Spring Valley Lake Exploratory Group (the “Group”) was formed to study the financial feasibility of local control over certain services, prepare a study, and provide communication and feedback to the community. One of the responsibilities of the Group is to evaluate the District’s financial feasibility and cost effectiveness. The Group has prepared a financial forecast as part of its evaluation responsibilities.

This financial forecast presents, to the best of the Groups’ knowledge and belief, the District’s expected net position and change in net position (or results of operations) for the forecasted years ending June 30, 2020 and 2018, under the assumptions that the District will continue to be operated by the County for fiscal years 2018 and 2019, and will be operated independent of the County beginning fiscal year 2020. A financial forecast for fiscal year 2019 is not presented as it is expected to be similar and substantially comparable to fiscal year

2018. The Group understands that the County will continue to operate the District for some

portion of fiscal year 2020, but the forecast has been prepared under the hypothetical scenario that the District would operate independently for all fiscal year 2020. Accordingly, the forecast reflects the Group’s judgment as of June 21, 2018, the date of this forecast, of the hypothetical conditions and its hypothetical expected course of action. The assumptions disclosed herein are those that the Group believe are significant to the forecast. The summary of assumptions is not an all-inclusive list of the assumptions used in the preparation of the forecasted financial information. There will usually be differences between forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

The comparative historical information for fiscal years ended June 30, 2017, 2016, and 2015 are extracted from the County Service Area No. 64 – Spring Valley Lake financial statements for those years. Those financial statements should be read for additional information. The comparative budget information for fiscal year ended June 30, 2018 is extracted from the County Service Area No. 64 – Spring Valley Lake operating budget, as obtained from the County for that year.

Note 1: Summary of Significant Forecast Assumptions and Accounting Policies (continued)

Measurement focus, basis of accounting, and financial statements presentation

The proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are charges to customers for water sales and sanitation services. Operating expenses for enterprise funds include the cost of salaries and benefits, services and supplies, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

Financial reporting is based upon all GASB pronouncements including the Codification of Accounting and Financial Reporting Guidelines.

Summary of Assumptions

a. Sanitation Services and Water Sales

- ✓ FY 2018 – Revenue was forecasted based on the FY 2017 actual amounts, which were higher than the FY 2018 budget.
- ✓ FY 2020 – Revenue was forecasted based on the FY 2017 actual amounts, which assumes the same number of connections, rates, and usage.

b. Solid Waste Fees

- ✓ FY 2018 – No amount was forecasted since the service is not anticipated to be included in District activities for that year.
- ✓ FY 2020 – The forecasted revenue is based on similar activity at other comparable community services districts.

c. Permit and Inspection Fees and Penalties

- ✓ FY 2018 – Revenue was forecasted based on the FY 2018 budget amounts.
- ✓ FY 2020 – Revenue was forecasted based on the FY 2018 budget and FY 2017 actual amounts.

Note 1: Summary of Significant Forecast Assumptions and Accounting Policies (continued)*Summary of Assumptions (continued)***d. Connection Fees and Other Services**

- ✓ FY 2018 – Revenue was forecasted based on the FY 2018 budget amounts.
- ✓ FY 2020 – Revenue was forecasted based on the FY 2018 budget and FY 2017 actual amounts.

e. Salaries & Benefits

- ✓ FY 2018 – Expenses were forecasted based on the FY 2018 budget amounts.
- ✓ FY 2020 – Expenses were forecasted based on a comprehensive salaries and benefits schedule based on the estimated number of employees necessary to operate the District independently from the County. The salaries and benefits schedule is based on comparable community services districts, adjusted for the size of the District.

f. Services & Supplies

- ✓ FY 2018 – Expenses were forecasted based on the FY 2018 budget amounts.
- ✓ FY 2020 – Expenses were forecasted based on a combination of data obtained from the FY 2018 budget and equivalent expenses from comparable community services districts, adjusted for the size of the District, and including additional setup costs such as professional services and information technology.

g. Water Replacement

- ✓ FY 2018 – Expenses were forecasted based on the FY 2018 budget and FY 2017 actual amounts.
- ✓ FY 2020 – Expenses were forecasted based on the FY 2018 budget and FY 2017 actual amounts.

h. Utilities

- ✓ FY 2018 – Expenses were forecasted based on the FY 2018 budget amounts.
- ✓ FY 2020 – Expenses were forecasted based on a combination of data obtained from the FY 2018 budget, FY 2017 actual amounts, and equivalent expenses from comparable community services districts, adjusted for the size of the District.

i. Depreciation

- ✓ FY 2018 – Expenses were forecasted based on the FY 2017 actual amounts.
- ✓ FY 2020 – Expenses were forecasted based on the FY 2017 actual amounts.

Note 1: Summary of Significant Forecast Assumptions and Accounting Policies (continued)Summary of Assumptions (continued)**j. Administration**

- ✓ FY 2018 – Not applicable
- ✓ FY 2020 – Administration expenses were separately forecasted based on a combination of data obtained from the FY 2018 budget, FY 2017 actual amounts, and equivalent expenses from comparable community services districts, adjusted for the size of the District. Administrative expenses are presented in a separate column by natural classification, and allocated 50% to the Sewer function and 50% to the Water function for financial reporting.

k. Property Taxes

- ✓ FY 2018 – Revenue was forecasted based on the FY 2017 actual amounts.
- ✓ FY 2020 – Revenue was forecasted based on the FY 2017 actual amounts.

l. Special Assessment & Other Taxes

- ✓ FY 2018 – Revenue was forecasted based on the FY 2017 actual amounts.
- ✓ FY 2020 – Revenue was forecasted based on the FY 2017 actual amounts.

m. Investment Earnings

- ✓ FY 2018 – Revenue was forecasted based on the FY 2017 actual amounts.
- ✓ FY 2020 – Revenue was forecasted based on the FY 2017 actual amounts.

n. Transfers Out

- ✓ FY 2018 – Transfers out were forecasted based on the FY 2018 budget amounts.
- ✓ FY 2020 – Transfers out were not included in the forecast, since the related expenses were already included in the forecast of operating expenses, and no additional payments to the County would be anticipated.

o. Other Revenues (Expenses)

- ✓ FY 2018 – Revenue was forecasted based on the FY 2017 actual amounts.
- ✓ FY 2020 – Revenue was forecasted based on the FY 2017 actual amounts.

p. Change in Net Position

- ✓ FY 2018 – The most significant differences between the FY 2018 forecast and the 2018 budget are related to Sanitation Services and Water Sales revenues, and Depreciation expense, which wasn't included in the FY 2018 budget.
- ✓ FY 2020 – The most significant differences between the FY 2020 and FY 2018 forecasts are related to the inclusion of the Solid Waste function, the Salaries & Benefits and Services & Supplies expenses, and the elimination of the Transfers Out in FY 2020.

Findings

It is the belief of this group that changing the management to a locally run CSD without the connection and ties to the County will result in significant cost savings. These savings will allow the SVL CSD to mitigate future rate increases for years to come.

In addition, the locally run CSD with a Board of Directors comprised of residents and onsite management of functions will provide the community with more representation relative to services provided.

Expense management at a local level and more accountable to the residents will result in lower costs. Case in point are the Water meters and the Spring Valley Lake Monument entrance projects. We believe that local management would not have approved the monument saving \$250,000 of local resident's money. Local management would likely have chosen different meters saving over \$200,000 in local resident's money. While at a large county level that may not appear to be significant, it would still be close to \$500,000 in savings for our community. These decisions are better made locally (by a locally elected board) where there is more accountability to constituents – those that pay for the services.

Local management will allow the community to look at other services and opportunities that may be better served by a local CSD.

Creating a local municipality directed by members of our community, will give our community a "seat at the municipal" table. An SVL-CSD can leverage the relationship with the local HOA creating a cooperation in representing our residents and meeting our community's needs.

We are concerned that some may look at these numbers and contest the ability to save that much money. Understand that due diligence has been put into creating this revenue/expense model that includes but not limited to:

1. Comparing numbers to other current CSD's. We have met with both the Helendale and Phelan/Pinon Hills CSD's and have confirmations of our beliefs that both costs and services will improve with a locally managed CSD.
2. Creating actual expense models.
3. Consulting with actual local resources for contract work.
4. Having a CPA firm familiar with Special Districts and CSD's review our numbers and provide input.

In looking at the large picture, the residents of the community need to be given the opportunity to choose or not choose local governance.

Transition Plan

The first year of newly created CSD will be a most critical time. A well planned and executed hand off from County departments to local management will be effectuated without impacting service levels to our customers. This can be accomplished in different ways:

- SVL – CSD could contract with the County for a period to continue existing services until such time the SVL – CSD can hire and start providing services.
- SVL – CSD could contract with local private companies and partner with other CSD's for a short period of time.

The transition process will be reviewed by the Local Agency Formation Commission (LAFCO) as well as an evaluation of all the revenues, reserve funds and equipment that will be transferred to the new CSD.

There are assets critical to the operation of a newly created CSD that will need to transfer from the County Special Districts to the newly formed CSD. Current “pooling of assets” by Special Districts will make it difficult to work through this process. But do understand that funds from CSA 64 have been used to purchase those assets and/or those funds have been set aside in reserves. Those assets are clearly the property of CSA64 and will need to transfer to the newly formed SVL-CSD.

- Equipment.
- Cash
- Reserves

Conclusion

In conclusion, we recommend that the San Bernardino County Board of Supervisors and LAFCO let the residents of Spring Valley Lake decide through an election if they want to create a new CSD and assume the services currently provided by various County departments. Please note the following reasons:

Vision for the Spring Valley Lakes CSD

“Self-determination and local control represent the foundation of the American governmental system, and perhaps no form of government is more “local” than the independent special district. Special districts are local government agencies that provide public infrastructure and essential services, including but not limited to, water, fire protection, recreation and parks, and garbage collection. Since California became a state in 1850, voters have established over 2,000 independent special districts to meet their local needs.”

This is a quote from the Special District Formation Guide provided by the California Special Districts Association (CSDA) and California Local Agency Formation Commission (CALAFCO). This statement clearly spells out:

1. Self Determination and local control represent the foundation of the American governmental system. An SVL CSD will bring government and decision making closer to the people that are being governed. A local CSD will clearly provide this foundation and a representative government for services that is focused solely on the constituents of a newly formed SVL-CSD.
2. Government by constituents at a local level will insure decisions based on what is best for this community.
3. County management of services was never the goal for communities of size that can manage their own services. That said, the creation of a local CSD (where possible and feasible) should be the goal of not only the local residents but the management of the county itself. We look forward to the County/Special Districts assisting us with this transition if voted in by the residents.

Financial

As evidenced in the projected financial statements, a local CSD can operate at a much more efficient level. It is not so much a matter of costs at a local level as it is the costs associated with working under the significantly larger county structure with the burden to pay a portion of the mammoth overhead. The costs from that level that are pushed down to the local water and sewer customers are overly cumbersome. Between creating a leaner management model and outsourcing non-critical services costs will be significantly reduced.

Local Control

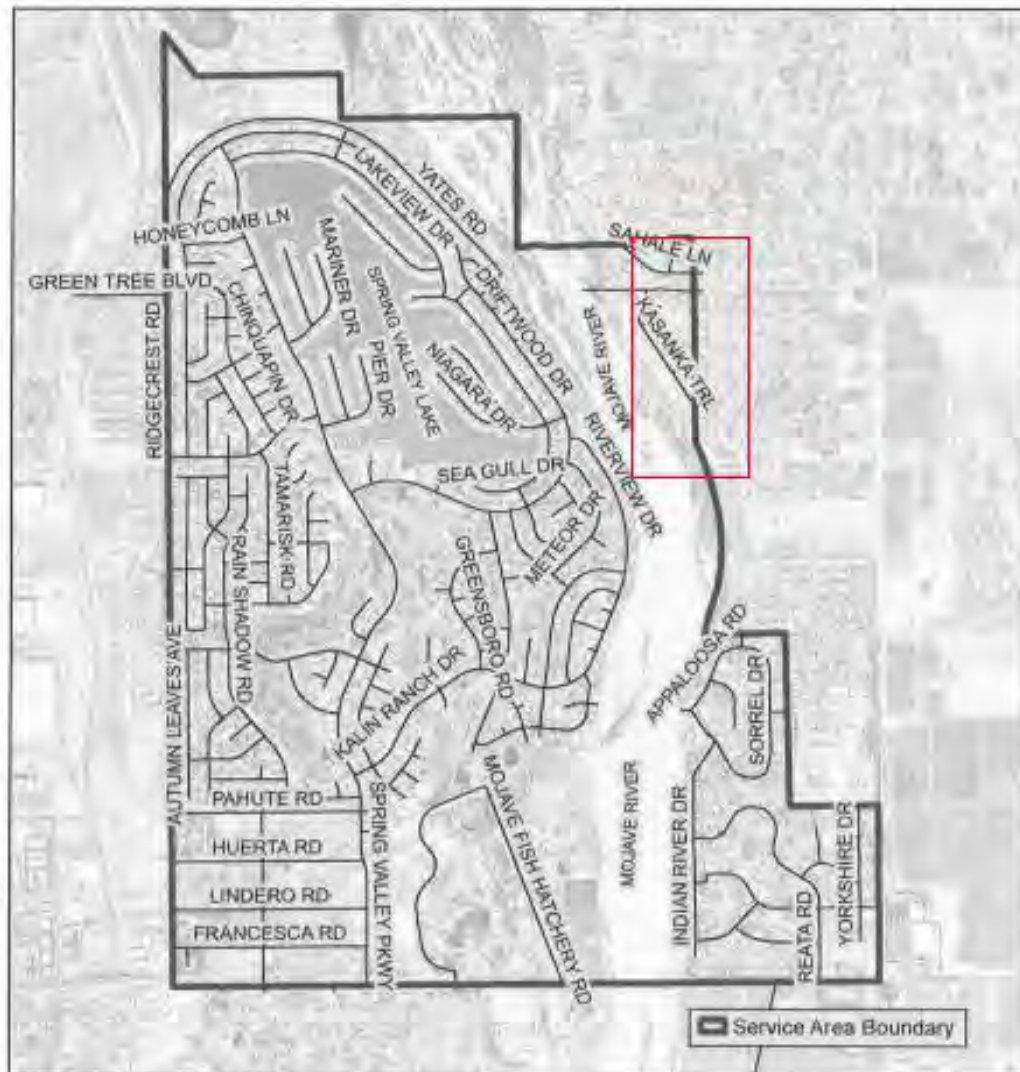
No one can argue that the residents of Spring Valley Lakes will not be better represented by a Board of residents voted in by their peers. That is the foundation of local governance. A locally elected board will clearly make decisions based on what is best for this community without having to consider the operations of Spring Valley Lakes along with the other 90 CSA's. Examples have been spelled out earlier in this document.

Appendix

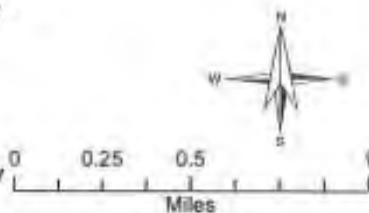
- Existing Boundaries
- Spring Valley Lake Map
- Solid Waste Opportunity
- Personnel Expense Model

EXISTING BOUNDARY – SVL – CSA 64

County Service Area 64



County Service Area 64
 12402 Industrial Blvd., Building D, Suite 6
 P.O. Box 5004, Victorville, CA 92395
 (760) 955-9885 phone
 (760) 955-9685 fax
 Emergency after-hours phone:
 (760) 955-9885
customerservice@sdd.sbcounty.gov
www.specialdistricts.org



Solid Waste Opportunity

Total Lots	4215
EQ	310
ESFR Lots	3905
Annual Trash Fee	\$252.00
Total Solid Waste Revenue	\$984,060.00
Franchise Fee Rate	10.00%
Franchise Fee	\$98,406.00
Dump Fees	\$85.14
Total	\$332,471.70
% used	5.00%
Reimbursed	\$16,623.59
Net to SVL CSD	\$315,848.12
Total Net to SVL CSD	\$414,254.12
Per Homeowner	\$106.08

Employee Expense Model/Contract Labor

	#	Salary	Benefits	Total per Employee	Total
Administration					
General Manager	1	\$150,000.00	\$60,000.00	\$210,000.00	\$210,000.00
Administrative Staff	4	\$50,000.00	\$20,000.00	\$70,000.00	<u>\$280,000.00</u>
Total Mgmt & Admin	5				\$490,000.00
Water					
Manager	1	\$100,000.00	\$40,000.00	\$140,000.00	\$140,000.00
Staff	3	\$55,000.00	\$22,000.00	\$77,000.00	<u>\$231,000.00</u>
Total Water	4				\$371,000.00
Sanitation					
Manager	1	\$100,000.00	\$40,000.00	\$140,000.00	\$140,000.00
Staff	1	\$55,000.00	\$22,000.00	\$77,000.00	<u>\$77,000.00</u>
Total Sanitation	2				\$217,000.00
Board of Directors					
Stipends	5	\$6,000.00		\$6,000.00	\$30,000.00
Benefits	5	\$12,000.00		\$12,000.00	<u>\$60,000.00</u>
Total Board of Directors	10				\$90,000.00
Total Salaries and Benefits					<u>\$1,138,000.00</u>

Dissolution of CSA-64 and
Spring Valley Lake CSD Resolution

EXHIBIT B

December 30, 1968

RE: COUNTY SERVICE AREA 64, KALIN RANCH; FORMATION APPROVEDRESOLUTION OF THE BOARD OF SUPERVISORS OF THE
COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA

On Monday, December 30, 1968, on motion of Supervisor Betterley, duly seconded by Supervisor Backord, and carried, the following resolution is adopted:

SECTION 1. The Board of Supervisors of the County of San Bernardino hereby finds:

(a) That a resolution of application was filed with the Local Agency Formation Commission of the County of San Bernardino by this Board for the formation of COUNTY SERVICE AREA NO. 64, pursuant to the provisions of Chapter 2.2, Part 2, Division 2, Title 3 (commencing at Section 25210.1) and Chapter 6.6, Part 1, Division 2, Title 5 (commencing at Section 54773), all of the Government Code of the State of California;

(b) That the Local Agency Formation Commission assigned to said proposed formation a distinctive short-form designation of "LAFC NO. 665 -- PROPOSED FORMATION OF COUNTY SERVICE AREA NO. 64 (KALIN RANCH)";

(c) That thereafter appropriate proceedings were conducted by the said Local Agency Formation Commission, and the said Commission on November 18, 1968, duly adopted a resolution, being Resolution No. 295, modifying the boundaries and approving the proposed formation as modified;

(d) That the boundaries of the proposed COUNTY SERVICE AREA NO. 64, as approved, are as follows:

CLERK OF THE
COUNTY COUNSEL
COUNTY CIVIC BUILDING
157 WEST FIFTH STREET
SAN BERNARDINO, CALIFORNIA 92401

LAFC No. 665

1 PROPOSED FORMATION OF COUNTY SERVICE AREA NO. 64
 2 (Kslin Service Area)

3 Portions of Sections 23, 25, 26, 35, and 36, Township 5 North,
 4 Range 4 West, San Bernardino Base and Meridian, according to
 5 the Official Plat of said land approved by the Surveyor General,
 6 dated March 19, 1856, in the County of San Bernardino, State
 7 of California, described as follows:

8 Beginning at the South quarter corner of said Section 35;

9 Thence along the West line of the Southeast quarter of said
 10 Section North $0^{\circ}51'04''$ West 71.50 feet to the "TRUE POINT OF
 11 BEGINNING";

12 Thence continuing along the West line of the Southeast quarter
 13 of said Section North $0^{\circ}51'04''$ West 2573.99 feet to the center
 14 of said Section;

15 Thence along the South line of the Northwest quarter of said
 16 Section South $89^{\circ}17'41''$ West 2673.35 feet to the West quarter
 17 corner of said Section;

18 Thence along the West line of said Section North $0^{\circ}50'30''$
 19 West 2650.02 feet to the Northwest corner of said Section also
 20 being the Southwest corner of said Section 26;

21 Thence along the South line of said Section 26, North $89^{\circ}27'11''$
 22 East 667.99 feet to the East line of the West half of the
 23 Southwest quarter of the Southwest quarter of said Section 26;

24 Thence along said East line North $00^{\circ}30'26''$ West 1322.20 feet
 25 to the Northeast corner of said West half;

26 Thence along the South line of the Northwest quarter of the
 27 Southwest quarter of said Section 26 North $89^{\circ}21'50''$ East
 28 663.06 feet to the Southeast corner of said Northwest quarter
 29 of the Southwest quarter;

30 Thence along the East line of said quarter, quarter section
 31 North $00^{\circ}43'13''$ West 1323.22 feet to the Northeast corner
 32 thereof;

Thence along the North line of said quarter, quarter section
 South $89^{\circ}16'25''$ West 1316.29 feet to the West quarter corner
 of said Section 26;

Thence along the West line of said Section 26 North $00^{\circ}39'31''$
 West 2648.56 feet to the Northwest corner of said Section also
 being the Southwest corner of said Section 23;

Thence along the line common to Sections 22 and 23 North $0^{\circ}55'$
 $40''$ West 2657.15 feet to the West quarter of said Section 23;

Thence continuing along the said common line North $1^{\circ}00'41''$
 West 1329.95 feet to the Southeast corner of the Northeast
 quarter of the Northeast quarter of Section 22;

Thence South $36^{\circ}50'55''$ East 1641.65 feet to a point on the
 one quarter Section line running East and West through said
 Section 23; said point being designated by a two inch pipe in
 a block of concrete;

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- 1 Thence North $88^{\circ}58'21''$ East 1818.80 feet along the quarter
- 2 section line to a point, said point being designated by a
- 3 two inch pipe in a block of concrete;
- 4 Thence South $45^{\circ}34'38''$ East 2044.85 feet to a point, said
- 5 point being designated by a two inch pipe in a block of
- 6 concrete;
- 7 Thence South $40^{\circ}12'21''$ East 1585.36 feet to the Southeast
- 8 corner of said Section 23;
- 9 Thence along the North line of said Section 25 North $89^{\circ}17'$
- 10 $17''$ East 2642.88 feet to the North quarter corner of said
- 11 Section 25;
- 12 Thence along the East line of the West half of said Section 25
- 13 South $0^{\circ}45'55''$ West 2389.33 feet, to an intersection with a
- 14 non-tangent curve concave to the West having a radius of 3709.56
- 15 feet;
- 16 Thence Southerly along said curve through a central angle of
- 17 $13^{\circ}02'54''$ a distance of 844.80 feet to the beginning of a
- 18 compound curve concave to the West having a radius of 3575.00
- 19 feet;
- 20 Thence Southerly along said compound curve through a central
- 21 angle of $34^{\circ}18'06''$ a distance of 2140.27 feet to the South
- 22 line of said Section 25;
- 23 Thence along the South line of said Section 25 North $89^{\circ}13'55''$
- 24 East 1244.70 feet to the East line of the West half of the
- 25 Northeast quarter of said Section 36;
- 26 Thence along said East line South $00^{\circ}47'16''$ East 2643.59 feet
- 27 to the Southeast corner of said West half;
- 28 Thence along the South line of the Northeast quarter of said
- 29 Section 36 North $89^{\circ}11'22''$ East 1320.21 feet to the East
- 30 quarter corner of said Section 36;
- 31 Thence along the East line of said Section 36 South $00^{\circ}45'46''$
- 32 East 2642.36 feet to the Southeast corner of said Section 36;
- Thence along the Southerly line of said Section 36 South $89^{\circ}09'$
- $30''$ West 3556.11 feet to the East line of the land described
- in the deed to Victor Valley Junior College District of San
- Bernardino County, recorded September 27, 1962 in Book 5775,
- Page 258 of Official Records of said County;
- Thence along the boundary line of said land North $00^{\circ}51'17''$
- West 3572.27 feet;
- Thence North $83^{\circ}55'41''$ West 1414.55 feet;
- Thence South $40^{\circ}14'19''$ West 446.78 feet;
- Thence South $0^{\circ}20'22''$ West 605.89 feet;
- Thence South $19^{\circ}50'41''$ East 385.00 feet;
- Thence South $70^{\circ}09'19''$ West 460.00 feet;
- Thence North $19^{\circ}50'41''$ West 746.00 feet;

COUNTY OF THE
 COUNSEL
 COUNTY CIVIC BUILDING
 187 WEST FIFTH STREET
 SAN BERNARDINO, CALIFORNIA 92401

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1 Thence South $68^{\circ}14'19''$ West 804.20 feet to the beginning of a
2 tangent curve concave to the Southeast having a radius of
378.81 feet;

3 Thence Southwesterly, Southerly, and Southeasterly along said
4 curve through a central angle of $115^{\circ}13'20''$ a distance of 761.79
feet to the beginning of a tangent reverse curve concave to
5 the West having a radius of 350.00 feet; a tangent line to
both curves bears North $46^{\circ}59'01''$ West;

6 Thence Southeasterly, Southerly, and Southwesterly along said
7 reverse curve through a central angle of $89^{\circ}13'20''$ a distance
of 545.03 feet;

8 Thence tangent to said curve South $42^{\circ}14'19''$ West 100.00 feet
9 to the beginning of a tangent curve concave to the Southeast
having a radius of 500.00 feet;

10 Thence Southwesterly along said curve through a central angle
of $32^{\circ}00'00''$ a distance of 279.25 feet;

11 Thence tangent to said curve South $10^{\circ}14'19''$ West 97.96 feet
12 to the beginning of a tangent curve concave to the East having
a radius of 500.00 feet;

13 Thence Southerly along said curve through a central angle of
14 $19^{\circ}00'00''$ a distance of 165.81 feet;

15 Thence tangent to said curve South $8^{\circ}45'41''$ East 701.33 feet
16 to the beginning of a tangent curve concave to the West
having a radius of 500.00 feet;

17 Thence Southerly along said curve through a central angle
of $8^{\circ}00'00''$ a distance of 69.81 feet;

18 Thence tangent to said curve South $0^{\circ}45'41''$ East 168.54 feet
19 to an intersection with a line that is parallel with and 71.50
20 feet North measured at right angles from the South line of
said Section 35;

21 Thence Westerly along said parallel line, to an intersection
22 with the West line of the East half of said Section 35;

23 Thence South $0^{\circ}51'04''$ West 71.50 feet to the Point of
Beginning.

COUNTY SURVEYOR'S OFFICE
November 18, 1968.

OFFICE OF THE
COUNTY COUNSEL
COUNTY CIVIC BUILDING
101 WEST FIFTH STREET
SAN BERNARDINO, CALIFORNIA 92401

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1 (e) That the territory included in the proposed
2 COUNTY SERVICE AREA NO. 64 is inhabited;

3 (f) That the reason for the proposed formation is
4 that the area can, and will be, benefited from water and sewer service,
5 pest abatement, garbage collection, and street lighting service;

6 (g) That this Board, by resolution adopted on
7 November 18, 1968, duly called a public hearing on the matter of the
8 said formation, said hearing to be held on December 23, 1968, at
9 the hour of 2:15 o'clock p.m., in the Chambers of this Board at
10 the County Civic Building, 175 West Fifth Street, San Bernardino,
11 California;

12 (h) That due and proper legal notice of said hearing
13 was ordered given, and was made and given pursuant to said order
14 and resolution, and the same has been duly held at the time and
15 place appointed, and was duly continued to this date;

16 (i) That said hearing has been completed; all
17 parties desiring to be heard have been heard;

18 (j) That all objections have been heard, duly
19 considered, found to be insufficient and denied;

20 (k) That all testimony of all interested persons
21 or taxpayers for or against the establishment of the area, the
22 extent of the area, or the furnishing of specified types of
23 extended services have been heard and duly considered;

24 (Q) That the type of extended county service
25 proposed to be provided within the area pursuant to this chapter
26 is described as follows:

27 Water and sewer service, pest abatement, garbage
28 collection, and street lighting services;

29 (m) That no extended county services are already
30 provided in the area described herein;

31 (n) That a tax sufficient to pay for such services
32 which are hereafter furnished on an extended basis will be annually
levied upon all taxable property within the area described herein

OF THE
COUNSEL
COUNTY CIVIC BUILDING
137 WEST FIFTH STREET
SAN BERNARDINO, CALIFORNIA 92401

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1 when such services are provided by this Service Area.

2 SECTION 2. It is, therefore, hereby ordered that the
3 territory described in Section 1, paragraph (d) herein be, and the
4 same is established as COUNTY SERVICE AREA NO. 64.

5 SECTION 3. The Clerk of the Board is hereby directed to
6 certify to the passage of this resolution and a copy of the same
7 to be forwarded to each of the following public bodies and
8 officers:

- 9 (a) Assessor of the County of San Bernardino;
- 10 (b) Registrar of Voters of the County of
11 San Bernardino;
- 12 (c) Board of Equalization of the State of California;
- 13 (d) Secretary of the Advisory Board of COUNTY
14 SERVICE AREA NO. 64;
- 15 (e) Surveyor of the County of San Bernardino.

16 -----
17 PASSED AND ADOPTED by the Board of Supervisors of the
18 County of San Bernardino, State of California, by the following
19 vote:

20 AYES: Supervisors: Betterley, Mikesell, Beckord, Ayala, Smith.
21 NOES: Supervisors: None.
22 ABSENT: Supervisors: None.

23 STATE OF CALIFORNIA }
24 COUNTY OF SAN BERNARDINO) ss.

25 I, V. DENNIS WARDLE, County Clerk and ex officio Clerk
26 of the Board of Supervisors of San Bernardino County, California,
27 hereby certify the foregoing to be a full, true and correct copy
28 of the record of the action taken by said Board of Supervisors
29 by vote of the members present as the same appears in the
30 Official Minutes of said Board at its meeting of December 30, 1968.

31 Dated: V. DENNIS WARDLE, County Clerk and
32 ex officio Clerk of said Board

By _____ Deputy

(continued)

December 30, 1968

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MINUTES OF THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY, CALIFORNIA

(cont'd)

By the same motion, the Board hereby approves that certain agreement dated December 30, 1968, by and between the County of San Bernardino, on behalf of County Service Area No. 64, and Neste, Brudin & Stone, Civil Engineers, providing for engineering services on behalf of County Service Area No. 64, and authorizes its Chairman to sign said agreement, indicating this Board's acceptance of the terms and conditions contained therein. The Board further directs the engineering firm of Neste, Brudin & Stone not to commence their services until the fees in the amount of \$8,800.00 have been advanced by the developers, U. S. Land Company.

PASSED AND ADOPTED by the Board of Supervisors of the County of San Bernardino, State of California, by the following vote:

AYES: SUPERVISORS: Betterley, Mikesell, Beckord, Smith, Ayala
NOES: SUPERVISORS: None
ABSENT: SUPERVISORS: None

December 30, 1968

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MINUTES OF THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY, CALIFORNIA

RE: COUNTY SERVICE AREA NO. 64 (KALIN RANCH); APPROVED; AGREEMENT APPROVED

At 10:00 A.M. the Board conducts further public hearing on proposed formation of County Service Area No. 64, LAFC 665, in the Victorville area. Robert B. Rigney, Assistant Administrative Officer, reminds the Board that on Monday, December 23, 1968, it continued to this date public hearing on the formation of County Service Area No. 64, Kalin Ranch, for further information. Mr. Rigney then submits a report to the Board, a copy of which is on file in the office of the Clerk. He then reviews said report for the Board. He further submits a proposed agreement by and between the Board of Supervisors, in behalf of County Service Area No. 64, and the engineering partnership firm of Neste, Brudin & Stone. The agreement provides for the partnership to provide consulting services as outlined in the agreement, in return for which they will receive approximately \$8,800.00 in fees.

A general discussion with reference to said agreement is held and the Board indicates that it feels that fees in the amount of \$8,800.00 should be paid by the developer before the engineers commence their services. Allan Noble again expresses his opposition to this proposal, indicating that he feels that this is an improper activity and that general obligation bonds should not be issued. He further expresses the feeling that in that this is an expensive project and money might be difficult to obtain, it could cause problems in the future.

Steven Stern, of the law firm of O'Melveny & Myers, expresses the opinion that it is the obligation of the County Service Area to pay for the bonds. There is no legal obligation of the County to pay for the bonds.

Whereupon, after full and complete discussion, the Board approves the formation of County Service Area No. 64 by the following action:

Fifth Floor
Court House Addition
San Bernardino, California

LOCAL AGENCY FORMATION COMMISSION
COUNTY OF SAN BERNARDINO

ROBERT A. COVINGTON
Executive Officer

ROBERT B. RIGNEY
Assistant
Executive Officer

740

LAFC Number

5/22/69

Dated

RESOLUTION NO. 354

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF THE COUNTY OF SAN BERNARDINO
MAKING DETERMINATION ON LAFC # 740 AND APPROVING ANNEXATION
TO COUNTY SERVICE AREA 64.

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

WHEREAS, an application annexation for the proposed

in the County of San Bernardino, was heretofore filed with the Executive Officer of this Local Agency Formation Commission, and said Executive Officer has examined said application, petition, or resolution and executed his certificate in accordance with law, determining and certifying that said filings are sufficient; and

WHEREAS, at the times and in the form and manner provided by law, said Executive Officer has given notice of public hearing by this Commission upon said application, petition or resolution; and

WHEREAS, said Executive Officer has reviewed available information and prepared a report, including his recommendations thereon, said 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 said notice of public hearing and in any order or orders continuing such hearing; and

WHEREAS, at such hearing, this Commission heard and received all oral and written protests, all plans and proposed changes of organization and reorganization, objections and evidence which were made, presented, or filed, 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 said applications, petition or resolution in evidence presented at the hearing;

NOW, THEREFORE, the Local Agency Formation Commission of the County of San Bernardino does hereby find, determine, resolve and order as follows:

FINDINGS:

1. The territory proposed for annexation is uninhabited.
2. That notice as required by law has been made.
3. That all persons requesting to be heard have been given the opportunity to be heard.
4. That the area can benefit from street lighting, water and sewage disposal.
5. It is necessary to have the entire subdivision within the county service area from a legal point of view if reimbursement is to be made in the future for facilities serving these areas.

DETERMINATIONS:

SECTION 1. The proposal is approved subject to the terms and conditions hereinafter specified:

CONDITIONS:

Condition No. 1. The conducting agency shall not make any changes in the boundaries hereby approved nor shall it impose any new conditions or modify any conditions hereby imposed unless and until it receives the approval of the Local Agency Formation Commission for such changes, modifications, or conditions, pursuant to the procedures prescribed by Section 56275 of the Government Code.

Condition No. 2. The conducting agency shall provide the Local Agency Formation Commission Executive Officer with a copy of the resolution calling the hearing and a copy of the resolution indicating final disposition of the proposal ~~which shall include terms and conditions~~ and which indicate full compliance with this resolution, and shall provide copies of the documents submitted to the State Board of Equalization and the Secretary of State for recording.

Condition No. 3. The boundaries are hereby approved as amended and as approved are set forth in Exhibit A attached hereto.

Condition No. 4. The following distinctive short form designation shall be used throughout this proceeding: LAFC NO. 740.

Condition No. 5. The conducting agency for this proceeding shall be County of San Bernardino.

Condition No. 6. That the Board of Supervisors initiate proceedings to detach territory overlapping County Service Area 17 at the time that this territory is annexed to County Service Area 64.

SECTION 2. The governing body of the conducting agency is hereby directed to initiate appropriate proceedings in compliance with this resolution and state law.

SECTION 3. The Executive Officer is hereby authorized and directed to mail certified copies of this resolution in the manner and as provided in Section 56272 of the Government Code.

SECTION 4. Approval by the Local Agency Formation Commission is not to be interpreted as indicating that the Commission recommends, requires or advocates that particular proceeding. It should be construed only to mean that if the people--acting by election or through their elected representatives, as required by existing statutory provisions--wish to change the boundaries of a political taxing agency in order to provide a necessary service, the proposal as approved by this Commission would accomplish the service 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.

* * * * *

STATE OF CALIFORNIA)
COUNTY OF SAN BERNARDINO) ss.

I, Robert A. Covington, Executive Officer of the Local Agency Formation Commission of San Bernardino County, California, hereby certify this record to be a full, true and correct copy of the record 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 5/28/69.

Dated: 5/29/69

ROBERT A. COVINGTON, Executive Officer
of LOCAL AGENCY FORMATION COMMISSION

By: R.A. Covington

LAFC No. 740*Revised 5/20/69*

ANNEXATION
TO
COUNTY SERVICE AREA No. 64

Being a portion of Sections 23, 24, and 26, Township 5 North, Range 4 West, San Bernardino Meridian, in the County of San Bernardino, State of California described as follows:

Parcel No. 1

The West 44.00 feet of the Southwest 1/4 of said Section 26, Township 5 North, Range 4 West.

Parcel No. 2

A parcel of land lying within the Northwest 1/4 of said Section 23 bounded as follows:

On the North by the North line of the South 1/2 of the South 1/2 of the Northwest 1/4 of said Section 23;

On the South and on the West by the existing District boundary;

And on the East by the North and South center line of said Section 23.

Parcel No. 3

Being a portion of said Sections 23 and 24 of Township 5 North, Range 4 West, described as follows:

Beginning at the South 1/4 corner of said Section 24, said corner being on the existing District boundary;

Thence Northerly along the East line of the Southwest 1/4 to the North line of the South 1/2 of the South 1/2 of the Southwest 1/4 of said Section 24;

Thence Westerly along said North line, to the West line of the

COUNTY SURVEYOR'S OFFICE

-1-

Revised as of
May 20, 1969

Southwest 1/4 of said Section 24;

Thence Northerly along said West line, to the East 1/4 corner of said Section 23;

Thence Westerly along the North line of the Southeast 1/4 of said Section 23, to an intersection with the existing District boundary;

Thence Southeasterly and Easterly along said District boundary, to the Point of Beginning.

Parcel No. 4

The West 40.00 feet of the Southwest 1/4 of Section 35, Township 5 North, Range 4 West.

Saving and Excepting that portion lying South of the North line of Lot 10, Tract No. 4158 as per map recorded in Book 56, of Maps, Page 37, in the office of the Recorder of said County.

COUNTY SURVEYOR'S OFFICE
Revised as of
May 20, 1969

INTER-OFFICE MEMO

DATE: May 7, 1969

FROM: ROBERT B. RIGNEY
Assistant Executive Officer

TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: LAFC 740 - Annexation to County Service Area 64

General area includes the periphery streets and adjacent lands along Ridgcrest Road and Yates Road.

Summary of proponents justification: This county service area was previously approved by the LAFC and the Board of Supervisors to supply water, sewer and street lighting services to the Service Area to back up the large subdivision, lake, golf course and equestrian complex proposed by Boise Cascade. The Board and the proponents have agreed upon the terms of County-Boise Cascade Cooperation and the contract is attached. In essence, it states that all improvements are to be paid for by Boise Cascade properties and turned over to the County for operation. However, when the assessed valuation reaches specified levels the developer is to be reimbursed a portion of his investment. In no instance may the tax rate exceed \$2.00 of \$100 of the assessed valuation.

The original boundaries of the county service area previously included land which Boise Cascade, or U.S. Land, had under option to purchase the subdivision. The subdivision maps were tentative. Now the subdivision plans have been finalized and it was determined that the exterior boundaries needed to be adjacent to include all of the subdivision within the county service area. As it has not as yet been staked out on the ground, the exact notes and bounds description cannot be used but a description can be written which includes all of the subdivision and perhaps a small amount of additional lands.

It is necessary to have the entire subdivision within the county service area from a legal point of view if reimbursement is to be made in the future for facilities serving these areas.

Staff comments: There are no registered voters within the area. Parcel No. 1 will create an island within the district. Parcel No. 2 is a peninsula 44' wide and over one-half mile long which is primarily the perimeter road around the subdivision. Parcel No. 3 lies partially within County Service Area 17 which provides street lights as does this service area. However, no street lights are in this area at the present time.

*check with Ralph on legal.
legals revised 5/20/69*

There are eight parcel splits, three of them owned by the State of California which are lands to be a part of the County Regional Park. In addition, it splits parcels owned by Ollie and Florence Halstead, Charles Head, Winifried O'Donnell, Reserve Oil and Gas Company, and Title Insurance and Trust Company. These splits are primarily due to the road which takes portions of boundary sites of section lines for other purposes.

The basic agreements between the developers, the LAFC and the Board of Supervisors have been accomplished and these small adjustments are necessary to implement those agreements. There are several technical problems but they may be resolved in the future. The island created by the inclusion of the road may be eliminated in the future as the property owners have requested information regarding annexation to the service area. The overlapping with a portion of County Service Area 17 can be resolved by making conditions of this annexation that the Board of Supervisors initiate proceedings to detach the overlapping territory. Separate parcels should go forward as separate annexations in conformance with policy and law.

The parcel splits involving the County Regional Park are not important as no taxes are involved. The parcel splits should be taken care of when the road is installed and if there is any territory not needed for the road included with this annexation, when the subdivision is actually staked out on the ground and surveyed, these territories may be detached and it should be the Board of Supervisors' responsibility to initiate such detachments. Portions of the subdivision road in Section 35 is still not within the proposed annexation.

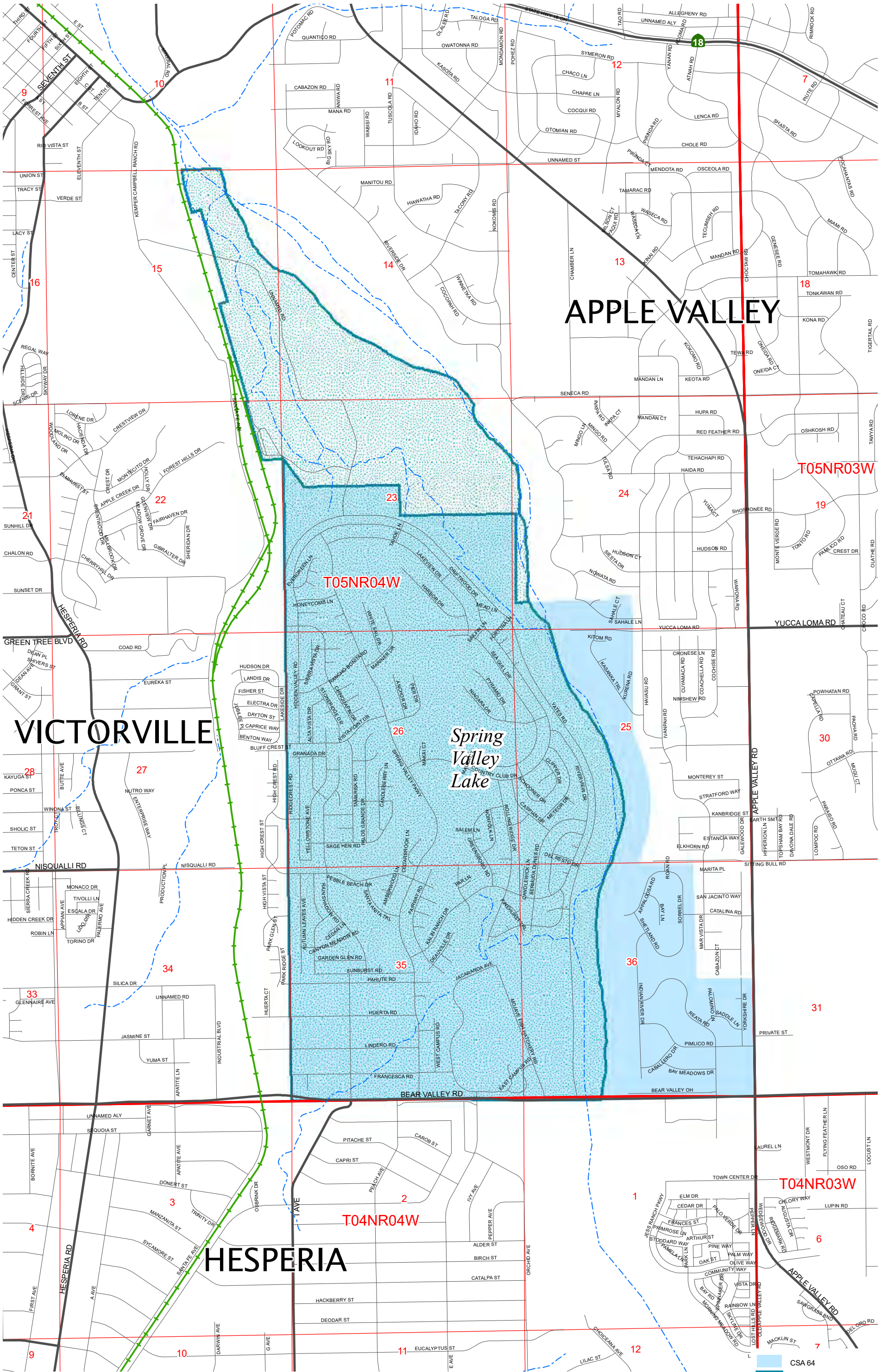
The staff would recommend approval subject to the following conditions:

1. Inclusion of all of Ridgcrest Road within the subdivision or to be approved by the subdivider from Bear Valley Road to Yates Road.
2. Annexation of non-contiguous areas in separate annexation proceedings.

Initiation by the Board of Supervisors of detachment of territory overlapping County Service Area 17 at the time that this territory is annexed to County Service Area 54.

In addition, although it cannot legally be a part of the annexation, the minutes of the Commission should request that the Board of Supervisors initiate proceedings to detach any taxable parcel of land which may not be in the subdivision or the road rights of way when the subdivision is finally surveyed and staked.

RBR/fj



COUNTY SERVICE AREA 64
Service Area and Sphere Boundaries



- CSA 64
- CSA 64 Sphere Of Influence
- Water Features
- Railroads
- Water Features



Date Created: March 5, 2010



Dissolution of CSA-64 and
Spring Valley Lake CSD Resolution

EXHIBIT C

MINUTES OF THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY, CALIFORNIA

RE: PARKS, REGIONAL, AGREEMENTS: COOP AG, STATE WILDLIFE BD, MOJAVE NARROWS

Acting upon the recommendation of Regional Park Director, the Board, on motion of Supervisor Betterley, duly seconded by Supervisor Beckord, and carried, hereby approves the Cooperative Agreement dated March 17, 1969, by and between the State of California, Department of Fish and Game and the County of San Bernardino for operation and maintenance of Mojave River Wildlife area to be known as the Mojave Narrows Regional Park; and further authorizes its Chairman to sign said agreement indicating this Board's approval of the terms and conditions therein contained.

PASSED AND ADOPTED by the Board of Supervisors of the County of San Bernardino, State of California, by the following vote:

AYES: SUPERVISORS: Betterley, Beckord, Ayala, ~~Beckord~~
NOES: SUPERVISORS: None
ABSENT: SUPERVISORS: Mikesell, Smith.

I, V. DENNIS WARDLE, County Clerk and ex-officio Clerk of the Board of Supervisors of San Bernardino County, Calif., hereby certify this copy to be a full, true and correct copy of the record of the action taken by said Board of Supervisors, by vote of the members present, as the same appears in the minutes of said Board at its meeting of MAR. 17, 1969.

Dated: APR 7

V. DENNIS WARDLE, County Clerk and
ex-officio Clerk of said Board

By Rena E. Montero.....
Deputy

FILE 5-10.3

WG-464

COOPERATIVE AGREEMENT
between
THE STATE OF CALIFORNIA, DEPARTMENT OF FISH AND GAME
and
THE COUNTY OF SAN BERNARDINO

FOR THE OPERATION AND MAINTENANCE OF MOJAVE RIVER WILDLIFE AREA

THIS AGREEMENT, made and entered into this 12 day of March, 1969, by and between the State of California, acting by and through its duly appointed, qualified, and acting Director of the Department of Fish and Game, hereinafter called the State, and the County of San Bernardino, a political subdivision of the State of California, hereinafter called the County.

WITNESSETH:

WHEREAS, the State has acquired by deeds dated August 20, 1968 and October 21, 1968, from the Kemper Campbell and Litta Belle Campbell Inter Vivos Trust certain real property located in the County of San Bernardino, recorded December 3, 1968, and Document Nos. 144 and 145 in Book 7140, pages 570 and 574, Official Records of San Bernardino County; and

WHEREAS, the County desires to cooperate with the State in the operation and maintenance of said area known as Mojave River Wildlife Area; and

WHEREAS, the State desires to cooperate with the County in the operation and maintenance of said area; and

WHEREAS, the State and the County desire to preserve the beauty of this area and to enhance it by development of fish and wildlife habitat and provide for recreational use related thereto;

NOW, THEREFORE, the parties hereto, for and in consideration of the covenants, agreements, and stipulations hereinafter expressed, do hereby mutually agree as follows:

1. The County will prepare overall plans for development and use of said wildlife area substantially as approved by the Wildlife Conservation Board on September 26, 1967, and will at its sole cost and expense develop planned facilities. The facilities to be developed by the County shall be of the type usually associated with outdoor recreation developments, such as picnic areas, fishing, camping, boating, swimming, equestrian trails, hunting, etc., and are not to include amusement type development or concessions, such as roller coasters, ferris wheels, or those types of amusement commonly found at carnivals.

2. The State reserves the right to review and approve the overall development plans and proposed uses to determine concurrence with the general objectives of said wildlife area and the statutory requirements of the Wildlife Conservation Board. Hunting will

1 be considered as one of the recreational uses of the area. Such hunting, if allowed, shall be
2 compatible with other recreational uses. The State reserves the right to build a
3 production fish hatchery on the area.

4 3. The County will commence development of the property within one year
5 following the date hereof and will complete an access road to County road standards within
6 three years following the date of this agreement.

7 4. The County will, upon completion of said development, provide all
8 necessary maintenance and upkeep of the said wildlife area for the term hereof. Such
9 maintenance shall include, but not be limited to keeping access roads, parking areas,
10 sanitary facilities, and other improvements developed by County in good repair and free from
11 unsightly conditions and debris accumulations.

12 5. It is understood that the public shall have free and unrestricted ingress
13 and egress to said wildlife area except at such times as the maintenance and upkeep operations
14 of the County do not permit it.

15 6. The State hereby permits the County to the exclusion of all other persons,
16 firms, or corporations, to operate or permit others to operate such concessions compatible
17 with the purposes of this project as may enhance and benefit public recreation, to the end
18 that greater use and enjoyment of said area may be provided. Upon the establishing of any
19 such concessions, the rights of the public shall thereupon become subject to the operation of
20 such concessions and to such rules and regulations as may be promulgated by the County
21 relative thereto. All such concessions shall be administered in accordance with the standards
22 prescribed by the State laws applicable to public recreational areas.

23 7. The County may authorize or permit such concessions, special services or
24 accommodations to serve the public as County may deem fit and proper, and all charges, fees,
25 collections, and profits derived by the County therefrom or otherwise under this agreement
26 shall be used by the County solely in the furtherance of the purposes herein set forth. Subject
27 to paragraph 6, the County may at its discretion impose and collect charges or fees for the
28 admission of motor vehicles to said wildlife area. All charges and fees for concessions,
29 special services, or accommodations established by the County shall be subject to prior
30 written approval of the State; and the County shall reserve in the State in any permit,
31 license, contract or lease for concessions, special services, or accommodations the right to
32 audit or examine the records thereof.

8. All earnings received by the County or its successor in interest, as a

1 result of farming or grazing on project lands shall be used exclusively on the area for one or
2 a combination of the following purposes: (1) Construction of recreation facilities,
3 (2) Improvement of wildlife habitat, or (3) undergrounding of utility lines. Accounts and
4 records of such funds received and their disbursement shall be kept by the County and made
5 available for review at the request of the State. Farming shall be limited to the production
6 of forage crops and grazing limited to domestic livestock. The acreage devoted to these
7 uses shall not exceed 300 acres. Such farming and grazing operations shall be conducted in
8 a manner compatible with and in enhancement of, the aesthetic and recreational
9 opportunities provided on the property.

10 9. This agreement shall be for the term commencing with the date hereof and
11 ending December 31, 2018. By mutual agreement of County and State, the term of this
12 agreement may be extended at the end of said period. In the event of a breach of the
13 contract on the part of the County, the State, in addition to any other remedies it may have,
14 may terminate this agreement upon sixty (60) days prior written notice to the County.

15 10. All notices which may be given by either party to the other shall be
16 deemed to have been fully given when made in writing and deposited in the United States
17 mail, certified and postage prepaid, and addressed to the County as follows: Board of
18 Supervisors, County of San Bernardino, Courthouse, San Bernardino, California; and to the
19 State as follows: Department of Fish and Game, Wildlife Conservation Board, 1416 Ninth
20 Street, Sacramento, California 95814. The address to which the notices shall or may be
21 mailed as aforesaid may be changed by written notice by such party to the other as
22 hereinbefore provided, but nothing contained herein shall preclude the giving of any such
23 notice by personal service.

24 11. This agreement is not assignable by the County in whole or in part
25 without written consent of the State first had and obtained and any such assignment without
26 written consent of the State first had and obtained shall be null and void.

27 12. The parties hereto agree that the County and any of its agents and
28 employees, in the performance of this agreement, shall act in an independent capacity and
29 not as officers or employees or agents of the State.

30 13. The County agrees to indemnify and save harmless the State, its officers,
31 agents, and employees from any and all claims and losses to any person, firm or corporation,
32 arising out of the exercise by the County of its rights and obligations under this agreement.

14. The attached sheet, entitled "Part B, Addendum to General Conditions Applicable only to contracts involving Reimbursement in whole or in part by the United States of America" is made a part of this agreement.

IN WITNESS WHEREOF, this agreement has been executed by and on behalf of the parties hereto the day and year first above written.

COUNTY OF SAN BERNARDINO

By Ruben Ayala
RUBEN AYALA, Chairman
Board of Supervisors

ATTEST:
V. DENNIS WARDLE, County Clerk
and ex-officio clerk of said Board

By Rena E. Montero
Deputy

STATE OF CALIFORNIA
DEPARTMENT OF FISH AND GAME

By R. Guenier
Executive Officer
WILDLIFE CONSERVATION BOARD



The officer signing this instrument on behalf of the State of California, Department of Fish and Game, hereby certifies that all conditions for exemption set forth in State Administrative Manual, Section 1201.15, have been complied with and this document is exempt from review by the Department of Finance.

PART "A"
FAIR EMPLOYMENT PRACTICES

In connection with the performance of work under this contract, the Contractor agrees as follows:

(1) The Contractor will not willfully discriminate against any employee or applicant for employment because of race, color, religion, ancestry, or national origin. The Contractor will take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, ancestry, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices, Standard Form 809, to be provided by the awarding authority setting forth the provisions of this Fair Employment Practices section.

(2) The Contractor will send to each labor union or representative of workers with which he has a collective bargaining agreement or other contract or understanding, a Notice to Labor Unions (Standard Form 808) to be provided by the awarding authority, advising the said labor union or workers' representative of the Contractor's commitments under this section, and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

(3) The Contractor will permit access to his records of employment, employment advertisements, application forms, and other pertinent data and records by the Fair Employment Practices Commission, the awarding authority or any other appropriate agency of the State of California designated by the awarding authority, for the purposes of investigation to ascertain compliance with the Fair Employment Practices section of this contract.

(4) A finding of willful violation of the Fair Employment Practices section of this contract or of the Fair Employment Practices Act shall be regarded by the awarding authority as a basis for determining the Contractor to be not a "responsible bidder" as to future contracts for which such Contractor may submit bids, for revoking the Contractor's prequalification rating, if any, and for refusing to establish, re-establish or renew a prequalification rating for the Contractor.

The awarding authority shall deem a finding of willful violation of the Fair Employment Practices Act to have occurred upon receipt of written notice from the Fair Employment Practices Commission that it has investigated and determined that the Contractor has violated the Fair Employment Practices Act and has issued an order under Labor Code Section 1426 or obtained an injunction under Labor Code Section 1429.

Upon receipt of such written notice from the Fair Employment Practices Commission, the awarding authority shall notify the Contractor that unless he demonstrates to the satisfaction of the awarding authority within a stated period that the violation has been corrected, his prequalification rating will be revoked at the expiration of such period.

(5) The Contractor agrees, that should the awarding authority determine that the Contractor has not complied with the Fair Employment Practices section of this contract, then pursuant to Labor Code sections 1735 and 1775, the Contractor shall, as a penalty to the awarding authority, forfeit for each calendar day, or portion thereof, for each person who was denied employment as a result of such non-compliance, the penalties provided in the Labor Code for violation of prevailing wage rates. Such monies may be recovered from the Contractor. The awarding authority may deduct any such dues from any monies due the Contractor from the State of California.

(6) (a) Nothing contained in this Fair Employment Practices section shall be construed in any manner or fashion so as to prevent the awarding authority of the State of California from pursuing any other remedies that may be available at law.

(b) Nothing contained in this Fair Employment Practices section shall be construed in any manner or fashion so as to require or permit the hiring of aliens on public works, as prohibited by the provisions of section 1850 of the California Labor Code, or an employee not permitted by the National Labor Relations Act.

(7) Prior to award of the contract, the Contractor shall certify to the awarding authority that he has or will meet the following standards for affirmative compliance, which shall be evaluated in each case by the awarding authority:

(a) The Contractor shall provide evidence, as required by the awarding authority, that he has notified all supervisors, foremen and other personnel officers in writing of the content of the anti-discrimination clause and their responsibilities under it.

(b) The Contractor shall provide evidence, as required by the awarding authority, that he has notified all sources of employee referrals (including unions, employment agencies, advertisements, Department of Employment) of the content of the anti-discrimination clause.

(c) The Contractor shall file a basic compliance report, Standard Form 810, "Compliance Report" for all contracts in excess of \$5,000.00 and Standard Form 811 for all contracts of \$5,000.00 or less as required by the awarding authority. Willfully false statements made in such reports shall be punishable as provided by law. The compliance report shall also spell out the sources of the work force and who has the responsibility for determining whom to hire, or whether or not to hire.

(d) Personally, or through his representatives, the Contractor shall, through negotiations with the unions with whom he has agreements, attempt to develop an agreement which will:

1. Spell out responsibilities for non-discrimination program in hiring, referral, upgrading and training.

2. Otherwise implement an affirmative anti-discrimination program in terms of the unions' specific areas of skill and geography, to the end that qualified minority workers will be available and given an equal opportunity for employment.

(a) The Contractor shall notify the contracting agency of opposition to the anti-discrimination clause by individuals, firms or organizations during the period of its prequalification.

(8) The Contractor will include the provisions of the foregoing paragraphs 1 through 7 in every first tier subcontract, so that such provisions will be binding upon each such subcontractor.

(Revised 7/1/66)

Agree. 96-1098

December 10, 1996

FROM: E. JAY ELLINGTON, Director
Department of Community and Cultural Resources - Regional Parks

SUBJECT: AMENDMENT NO. 1 TO COOPERATIVE AGREEMENT WITH THE STATE OF CALIFORNIA DEPARTMENT OF FISH AND GAME (STATE CONTRACT NO. WC464)

RECOMMENDATION: Approve Amendment No. 1 with the State of California, Department of Fish and Game to plan and monitor water production at Mojave River Wildlife Area (also known as Mojave Narrows Regional Park), effective September 22, 1993.

BACKGROUND: On March 17, 1969, the Board of Supervisors approved a cooperative agreement with the State of California, Department of Fish and Game, to operate and maintain the Mojave River Wildlife Area (Mojave Narrows Regional Park) through December 31, 2018. This park annually produces groundwater as well as receiving water outflow from the Mojave State Fish Hatchery for its utilization. The judgment of a civil case City of Barstow v. City of Adelanto et al., Civ. No. 208568, went into effect September 22, 1993 and was affirmed by a Judgment After Trial on January 10, 1996, stipulating that assessments be paid by the park and adjacent private organizations for both groundwater and water from the hatchery in excess of the park's annual allocation levels as defined in the judgment. The judgment also requires reports from the County and the installation of meters to measure inflow, outflow, and production at the park.

The County is obligated to pay any required assessments under this judgment directly to the Mojave Basin Area Watermaster. Assessments are based on fees for over utilization of water known as a Replacement Water Assessment and an Administrative Assessment to cover costs in monitoring annual water production.

Delays in processing this amendment have resulted from legal challenges to the original stipulated judgment.

REASON FOR RECOMMENDATION: The department has prepared this amendment to implement the requirements of the judgment. County Policy 11-10 SP requires approval by the Board of Supervisors for all contracts and amendments, unless otherwise directed by the Board or provided for by law.

cc: CCR-Susan Ramos w/9 agreements
for signature
State Dept of Fish & Game
c/o CCR
Auditor
Contract Compliance
Risk Management
PSG
File

mll

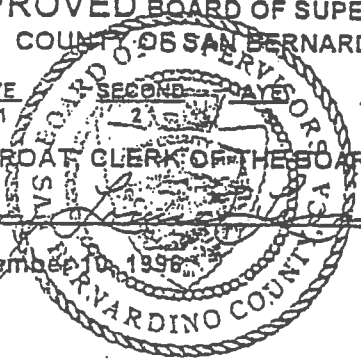
Action of the Board of Supervisors
AGREEMENT NO. 96-1098
APPROVED BOARD OF SUPERVISORS
COUNTY OF SAN BERNARDINO

MOTION	AYE	SECOND	AYE	MOVE	AYE
	1	2	3	4	5

EARLENE SPROAT, CLERK OF THE BOARD

BY 

DATED: December 10, 1996



ITEM 022

AMENDMENT NO. 1 COOPERATIVE AGREEMENT WITH THE STATE OF CALIFORNIA
DEPARTMENT OF FISH AND GAME
December 10, 1996
Page 2

REVIEW BY OTHERS: This amendment has been approved as to legal form by Tom Krahelski, Deputy County Counsel, on June 13, 1996, and by Risk Management on October 9, 1996. The item has also been reviewed by staff of the First Supervisorial District and by Ron Bangert, Special Districts.

FINANCIAL DATA: Appropriations of \$11,000 to pay assessments required by the judgment to the Mojave Basin Area Watermaster were included in the Department's FY 1996-97 budget. Estimated cost of \$7,500 for installation of meters will be paid from Capital Improvement Project funds.

PRESENTER: E. JAY ELLINGTON, 387-2577

DECEMBER 10, 1996

ITEM 022

AMENDMENT NO. 1
to
COOPERATIVE AGREEMENT

between

THE STATE OF CALIFORNIA
CALIFORNIA DEPARTMENT OF FISH AND GAME

and the

COUNTY OF SAN BERNARDINO

for the

OPERATION AND MAINTENANCE OF
MOJAVE RIVER WILDLIFE AREA
(Also Known As Mojave Narrows Regional Park)

THIS AGREEMENT TO AMEND, is made and entered into this 10th day of December, 1996, by and between the State of California, acting by and through its duly appointed, qualified Director of the Department of Fish and Game, hereinafter the State, and the County of San Bernardino, hereinafter called the County.

WITNESSETH:

WHEREAS, a Cooperative Agreement was entered into on the 17th day of March, 1969 by and between the State and the County for the operation and maintenance by the County of the Mojave River Wildlife Area, also now known as the Mojave Narrows Regional Park; and

WHEREAS, the Judgment Pursuant to Stipulation in *City of Barstow v. City of Adelanto*, et al., Civ. No. 208568 went into effect on September 22, 1993 and was affirmed by the Judgment After Trial dated January 10, 1996 ("Judgment"); and

WHEREAS, the Judgment sets forth a certain allocation of yearly water production for the Mojave Narrows Regional Park, above which allocated water production, assessments will be made upon Mojave Narrows Regional Park, for payment to the Watermaster; and

WHEREAS, the Judgment sets forth certain assessments based on total Groundwater Production for the subarea in which the Mojave Narrows Regional Park is located, an administrative assessment for all Groundwater Production and a biological resource assessment for most Groundwater Production; and

WHEREAS, the Judgment sets forth certain obligations and responsibilities for the Mojave Narrows Regional Park, including, but not limited to, the installation of measuring devices, and monitoring and reporting obligations; and

WHEREAS, the State and the County hereto desire to amend the Cooperative Agreement to reflect that the County assumes any and all responsibilities and obligations for Mojave Narrows Regional Park under the Judgment, including, but not limited to, the payment of any and all assessments, fees, taxes of any kind resulting from and arising out of the Judgment, including assessments from the Watermaster for Mojave Narrows Regional Park during the term of the original agreement and this amendment through and including December 31, 2018;

NOW, THEREFORE, it is mutually agreed by and between the State and the County as follows:

1. The State and the County understand that the Judgment provides as follows:

(a) The Judgment provides that Mojave Narrows Regional Park has a base annual production of 2,107 acre feet beginning in the first year (10/93-9/94) with a proposed rampdown for the following four water years as follows: 2,001, 1,896, 1,790, 1,685.

(b) The Judgment, at Exhibit F, paragraph 7, provides that together the Spring Valley Lake Country Club, the Spring Valley Lake Association ("Association"), the California Department of Fish and Game ("DFG"), Mojave Narrows Regional Park ("Park") and Kemper Campbell Ranch ("Ranch") comprise a group called the Verde Ranch Producers. The Judgment provides that each producer has the ability physically both to produce ground water and to produce water that originated as tailwater flowing from the DFG Fish Hatchery.

(c) The Judgment provides that Total Production by the Park will be calculated as the sum of Park Groundwater Production plus inflow from the Association minus outflow to the Ranch minus outflow to the Mojave River. The Judgment provides that the Park shall monitor and report to Watermaster as to such Groundwater Production, inflow and outflows.

(d) The Judgment, at Exhibit F, Section 7(e), provides that Fish Hatchery production up to 10,678 acre-feet per year will be permitted free of any assessments against the Hatchery, provided that any production in excess of that amount by the Hatchery is reported as Groundwater Production by one of more of the Verde Ranch Producers in the same year pursuant to operating agreements by and between the Hatchery and such Producers filed with Watermaster, specifying the responsibility for payment of assessments.

2. The County assumes any and all responsibilities and obligations for any and all assessments of any kind resulting from or arising from the Judgment, for the Groundwater Production by the Park, including but not limited to Administrative Assessments and Replacement Water Assessments. It is the understanding of the State and the County that under the terms of the Judgment the Park may not be assessed a Biological Resource Assessment. If there arises a dispute as to this issue, the County assumes responsibility for the Biological Resource Assessment.

3. The County shall enter into such required additional operating agreements referenced hereinabove in paragraph 1(d) with the Hatchery and other Verde Ranch Producers, to additionally set forth its responsibility for payment of assessments.

4. The County assumes any and all responsibilities and obligations for Mojave Narrows Regional Park under the Judgment, including, but not limited to, the installation of all stage recorders, meters, or other measuring devices necessary to determine inflows, outflows and production for the park and monitoring and reporting to the Watermaster. Judgment, Exhibit F.

5. Pursuant to the terms of the Judgment, the Watermaster requires each Producer to submit quarterly reports and an annual report demonstrating total production of such Producer for each reporting period. The County assumes all responsibility for the preparation and timely submission of each report required pursuant to the Judgment. The County agrees to submit to the Department of Fish and Game a draft copy of each report at least seven (7) days prior to the date of the required submission to the Watermaster.

6. Except as amended herein, the Cooperative Agreement dated August 15, 1969 and all the terms and provisions thereof shall remain in full force and effect.

7. This Agreement to Amend is effective on December 10, 1996 and will be retroactive to the effective date of the Judgment, September 22, 1993.

8. Attached as Exhibit A to this Agreement is a resolution passed by the Board of Supervisors, County of San Bernardino, authorizing the chairperson to execute this Agreement on behalf of the County.

IN WITNESS WHEREOF, this Agreement to Amend has been executed by, and on behalf of the parties hereto the day and year first above written.

STATE OF CALIFORNIA
DEPARTMENT OF GENERAL SERVICES

By: _____

Date: _____

STATE OF CALIFORNIA
DEPARTMENT OF FISH AND GAME

By: C. Lamy

Date: 11/25/96

COUNTY OF SAN BERNARDINO

By: Jerry Exves
Vice Chairperson, Board of Supervisors
JERRY EXVES

Date: DEC 10 1996
96-1098

SIGNED AND CERTIFIED THAT A
COPY OF THIS AGREEMENT HAS
BEEN DELIVERED TO THE CHAIRMAN
OF THE BOARD.

By: Alan K. Marks
DEPUTY COUNTY CLERK

APPROVED AS TO FORM

ALAN K. MARKS, County Counsel
San Bernardino County, California

By: L. Thomas Krahelski

Date: 11/20/96

Approved as to
legal form and sufficiency

Craig Manson
CRAIG MANSON, General Counsel

Mojave River Wildlife Area Amend. I/ Coop. Agr.
CA, CDFG, San Bernardino Co.
November 20, 1996

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY, CALIFORNIA
AND RECORD OF ACTION**

August 22, 2006

FROM: THOMAS A. POTTER, Director
Regional Parks Department

SUBJECT: AMENDMENT NO. 2 TO COOPERATIVE AGREEMENT WITH THE STATE OF CALIFORNIA DEPARTMENT OF FISH AND GAME (STATE CONTRACT NO. WC464)

RECOMMENDATION: Approve **Amendment No. 2 to Cooperative Agreement No. 96-1098** with the State of California, Department of Fish and Game (State), extending the contract term through December 31, 2030 for operation and maintenance of the Mojave River Wildlife Area (also known as Mojave Narrows Regional Park) at no cost impact.

BACKGROUND INFORMATION: On March 17, 1969, the Board of Supervisors approved a cooperative agreement with the State that allowed the County to operate and maintain the Mojave River Wildlife Area (Mojave Narrows Regional Park) in Victorville through December 31, 2018. As a condition of the 2002 Resources Bond Act Per Capita Program, California Clean Water, Clean Air, Safe Neighborhood Parks, and coastal Protection Act of 2002 (Proposition 40), all grants exceeding \$100,000 require at least 20 years of land tenure. Since the County will be utilizing Proposition 40 funds in excess of \$100,000 to finance the Front Entry Gate Improvement Project at Mojave Narrows Regional Park, the term of the current cooperative agreement with the State needs to be extended.

The proposed Amendment No. 2 extends the current lease to December 31, 2030, which grants San Bernardino County twenty-four years of land tenure at Mojave Narrows Regional Park and satisfies the conditions for use of Proposition 40 funds. Except as amended, this Cooperative Agreement remains unmodified and in full force and effect. By mutual agreement of the County and State, the term of this agreement may be further extended at the end of Amendment No. 2.

REVIEW BY OTHERS: This item has been reviewed by Deputy County Counsel Fiona Luke (387-5474) and the County Administrative Office (Tom Forster, Administrative Analyst, 387-4635) on August 11, 2006.

FINANCIAL IMPACT: There is no financial impact from this amendment.

SUPERVISORIAL DISTRICT(S): 1st

PRESENTER: Thomas A. Potter, 387-2340

CC: Parks – Potter w/agree
Contractor c/o Parks w/agree
ACR – Mejico w/agree
IDS w/agree
Risk Management
County Counsel – Luke, F.
CAO – Forster

File w/Agreement No. 96-1098

mb (08/25/06)

Record of Action of the Board of Supervisors

AGREEMENT NO. 96-1098 A-2

APPROVED(CONSENT CALENDAR)

BOARD OF SUPERVISORS

COUNTY OF SAN BERNARDINO

MOTION	<u>AYE</u>	<u>MOVE</u>	<u>AYE</u>	<u>AYE</u>	<u>SECOND</u>
	1	2	3	4	5

DENA M. SMITH, CLERK OF THE BOARD

BY _____

DATED: August 22, 2006

DUPLICATE**RETURN TO C.O.B.**

FOR COUNTY USE ONLY



County of San Bernardino

FAS

CONTRACT TRANSMITTAL

<input type="checkbox"/> New <input checked="" type="checkbox"/> Change <input type="checkbox"/> Cancel	Vendor Code	SC	Dept.	A	Contract Number 96-1098 A-2	
County Department Regional Parks		Dept. CCP	Orgn. CCP	Contractor's License No.		
County Department Contract Representative Thomas A. Potter, Director		Telephone 387-2340		Total Contract Amount		
Contract Type <input type="checkbox"/> Revenue <input type="checkbox"/> Encumbered <input type="checkbox"/> Unencumbered <input checked="" type="checkbox"/> Other: Amendment						
If not encumbered or revenue contract type, provide reason:						
Commodity Code		Contract Start Date	Contract End Date	Original Amount	Amendment Amount	
Fund	Dept.	Organization	Appr.	Obj/Rev Source	GRC/PROJ/JOB No.	Amount
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			Estimated Payment Total by Fiscal Year			
			FY	Amount	I/D	

CONTRACTOR Department of Fish and Game

Federal ID No. or Social Security No. _____

Contractor's Representative Michael Haynie, Deputy Regional Manager Region 6Address 4665 Lampson Ave, Suite J Los Alamitos CA 90720Phone 562-596-4215Nature of Contract: *(Briefly describe the general terms of the contract)*

Amendment 2 with the State of California, Department of Fish and Game for a lease extension of twelve years to December 30, 2030 at Mojave River Wildlife Area (also known as Mojave Narrows Regional Park). The current lease expires December 2018.

THIS IS NOT A CONTRACT

THIS IS A COVER

TRANSMITTAL ONLY

(Attach this transmittal to all contracts not prepared on the "Standard Contract" form.)

Approved as to Legal Form (sign in blue ink)

County Counsel
Date 8/14/06

Reviewed as to Contract Compliance

Department Head
Date 8/14/06

Presented to BOB for Signature

Department Head
Date 8-14-06

Auditor/Controller-Recorder Use Only



AMENDMENT NO. 2

To

COOPERATIVE AGREEMENT

Between

THE STATE OF CALIFORNIA
DEPARTMENT OF FISH AND GAME

And the

COUNTY OF SAN BERNARDINO

For the

OPERATION AND MAINTENANCE OF
MOJAVE RIVER WILDLIFE AREA
(Also Known as Mojave Narrows Regional Park)

THIS AMENDMENT NO. 2 ("Amendment") is made and entered into effective as of the 6th day of June, 2005, by and between the State of California, acting by and through its Department of Fish and Game, hereinafter the "State", and the County of San Bernardino, hereinafter called the "County".

WITNESSETH:

WHEREAS, a Cooperative Agreement was entered into on the 17th day of March, 1969, by and between the State and the County for the operation and maintenance by the County of the Mojave River Wildlife Area, also now known as the Mojave Narrows Regional Park; and

WHEREAS, the Judgment Pursuant to Stipulation in *City of Barstow v. City of Adelanto*, et al., Civ. No. 208568 went into effect on September 22, 1993 and was affirmed by the Judgment After Trial dated January 10, 1996 ("Judgment"); and

WHEREAS, by Amendment No. 1 to Cooperative Agreement entered into on December 10, 1996 ("Amendment No. 1"), the State and the County amended the Cooperative Agreement as set forth in Amendment No. 1.

WHEREAS, the County has obtained a grant of \$400,000 from the California Department of Parks and Recreation ("DPR") to construct an interpretive center at Mojave Narrows Regional Park (the "Grant"). As a condition of the Grant, the County must certify to DPR that the County has adequate tenure to, and site control of, the property to be improved. The Procedural Guide for the 2002 Resources Bond Act Per Capita Program, California Clean Water, Clean Air, Safe Neighborhood Parks, and Coastal Protection Act of 2002 (July 2003) states that grants exceeding \$100,000 require at least 20 years of land tenure.

WHEREAS, to facilitate the County obtaining the Grant and constructing the interpretive center described above, the State and the County desire to further amend the Cooperative Agreement to extend the term thereof through and including December 31, 2030.

NOW, THEREFORE, it is mutually agreed by and between the State and the County as follows:

1. Paragraph 9 of the Cooperative Agreement made and entered into March 17th, 1969, by and between the State of California and the County of San Bernardino (Cooperative Agreement), as amended by Amendment No. 1, is hereby amended to read as follows:
 9. This agreement shall be for the term commencing with the date of the Cooperative Agreement and ending December 31, 2030. By mutual agreement of County and State, the term of this agreement may be extended at the end of said period. In the event of a breach of the contract on the part of the County, the State, in addition to any other remedies it may have, may terminate this agreement upon sixty (60) days prior written notice to the County.
2. The County hereby agrees that its responsibilities and obligations for Mojave Narrows Regional Park under the Judgment, as set forth in Amendment No. 1, shall remain in full force and effect throughout the term of the Cooperative Agreement, as amended by Amendment No. 1 and this Amendment.
3. Except as amended herein, the Cooperative Agreement, as amended by Amendment No. 1, remains unmodified and in full force and effect.
4. Attached as Exhibit A to this Amendment is a resolution passed by the Board of Supervisors, County of San Bernardino, authorizing the Chairperson to execute this Amendment on behalf of the County.

IN WITNESS WHEREOF, this Amendment No. 2 to Cooperative Agreement has been executed by the State and the County effective as of the date first set forth above.

COUNTY OF SAN BERNARDINO

STATE OF CALIFORNIA
DEPARTMENT OF FISH AND GAME

By: 

Bill Postmus

Title: Chairman, Board of
Supervisors

Date: AUG 22 2006

By: 

Title: REGIONAL MANAGER

Date: Oct. 3, 2006

AGREE NO. 96-1098 A-2
ITEM# 45

SIGNED AND CERTIFIED THAT A
COPY OF THIS DOCUMENT HAS
BEEN DELIVERED TO THE CHAIRMAN
OF THE BOARD

Dana M. Smith, Clerk of the Board

By: 

County, AUG 22 2006



Approved as to legal form
and sufficiency

By: 

Nancy Templeton
Staff General Counsel
Department of Fish and Game

APPROVED AS TO FORM
County Counsel
San Bernardino County, California

By: 

Date: 8/11/06

Dissolution of CSA-64 and
Spring Valley Lake CSD Resolution

EXHIBIT D

REPORT AND RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY, CALIFORNIA
AND RECORD OF ACTION

LAFCO 3233

Agree. 01-96

February 6, 2001

FROM: EMIL A. MARZULLO, Director
Special Districts Department

KEN MILLER Director
Department of Public Works

SUBJECT: SEWER SERVICE AGREEMENT BETWEEN SAN BERNARDINO COUNTY
PUBLIC WORKS DEPARTMENT (REGIONAL PARKS DIVISION), VICTOR
VALLEY WASTEWATER RECLAMATION AUTHORITY AND COUNTY
SERVICE AREA 64

RECOMMENDATION: On behalf of the County and acting as the governing body of County Service Area 64 (Spring Valley Lake), approve Agreement No. 01-96 between the Public Works Department (Regional Parks Division), Victor Valley Wastewater Reclamation Authority and County Service Area 64 for the purpose of providing sewer service billing for Mojave Narrows Regional Park.

BACKGROUND INFORMATION: Mojave Narrows Regional Park (Park) is located north of County Service Area 64 (District), and is receiving sewer service through a direct connection to the Victor Valley Wastewater Reclamation Authority's (VWVRA's) interceptor line. In the past, VWVRA has been providing this service to the Park at no charge. However, VWVRA is now requesting a fee from the Park for use of their inceptor line. The continued use of VWVRA's resources is essential to the Park for the disposal of its waste. The proposed Agreement delineates the billing process as it relates to sewer services. As a member entity of the VWVRA, the District will be billed for the Park's sewer flow that is ultimately transmitted to VWVRA for treatment and disposal. The Public Works Department (PWD) will subsequently reimburse the District for the amount of the sewer fee. PWD will also pay the District a small administrative fee for overseeing the billing process.

REVIEW BY OTHERS: This item has been reviewed by County Counsel (L. Thomas Krahelski) and coordinated with the First Supervisorial District. This item has also been reviewed by County Administrative Office (Tom Forster, Administrative Analyst).

FINANCIAL IMPACT: The estimated annual cost to the Public Works Department from this item is approximately \$4,500. Of this amount, the Department shall pay approximately \$3,930 in sewer fees and \$570 in administrative fees to the District.

SUPERVISORIAL DISTRICT(S): First

PRESENTER: EMIL A. MARZULLO

cc: SDD-Sutton w/2 agrees.
Public Works-Miller
PW/Regional Parks-Potter w/
agree.
Victor Vly. Waste Water
Reclamation Auth. c/o
SDD-Sutton w/agree.
Auditor/Controller w/agree.
SBD w/agree.
ED/PSG-Goss
File w/agree.

Record of Action of the Board of Supervisors
AGREEMENT 01-96

APPROVED BOARD OF SUPERVISORS
COUNTY OF SAN BERNARDINO

MOTION REMOVE AYE SECOND AYE ABSENT
1 2 3 4 5

J. RENEE BASTIAN, INTERIM CLERK OF THE BOARD

BY

DATED: February 6, 2001



County of San Bernardino

F A S

STANDARD CONTRACT

FOR COUNTY U ONLY										LAFCO 3233	
M X	<input type="checkbox"/> New	Vendor Code				Dept.	Contract Number				
	<input type="checkbox"/> Change					SC	0196				
	<input type="checkbox"/> Cancel						A				
County Department						Dept.	Orgn.		Contractor's License No.		
SBCO. Public Works Department (Regional Parks Division)											
County Department Contract Representative						Ph. Ext.		Amount of Contract			
Thomas L. Sutton						387-9625		\$			
Fund	Dept.	Organization	Appr.	Obj/Rev Source	Activity	GRC/PROJ/JOB Number					
Commodity Code				FY		Estimated Payment Total by Fiscal Year		Amount		I/D	
Project Name				FY		\$					
				FY		\$					
				FY		\$					

THIS CONTRACT is entered into in the State of California by and between the County of San Bernardino Public Works Department, Regional Parks Division, hereinafter called the County, and

Name

Victor Valley Wastewater Reclamation Authority

hereinafter called VVWRA

Address

20111 Shay Rd.

County Service Area 64
P.O. Box 5004

Victorville, CA 92394

Victorville, CA 92393-5004

Phone

Birth Date

Federal ID No. or Social Security No.

IT IS HEREBY AGREED AS FOLLOWS:

(Use space below and additional bond sheets. Set forth service to be rendered, amount to be paid, manner of payment, time for performance or completion, determination of satisfactory performance and cause for termination, other terms and conditions, and attach plans, specifications, and addenda, if any.)

SAN BERNARDINO COUNTY PUBLIC WORKS DEPARTMENT

(REGIONAL PARKS DIVISION),

COUNTY SERVICE AREA 64

AND

VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY

SEWER SERVICE AGREEMENT

PURPOSE

This Agreement is entered into by San Bernardino County Public Works Department (Regional Parks Division), on behalf of Mojave Narrows Regional Park (Park), County Service Area 64 (District), and Victor Valley Wastewater Reclamation Authority (VVWRA) for the purpose of providing sewer service billing for Mojave Narrows Regional Park.

SEWER SERVICE

Park is located north of District and is receiving sewer service through a direct connection to VVWRA's interceptor line. Park is not a member entity of VVWRA. As a member entity of VVWRA, District has the ability to bill for sewer flow that is ultimately transmitted to VVWRA for treatment and disposal.

BILLING

The District and VVWRA performed a fixture unit count to determine the current number of Equivalent Dwelling Units (EDU's) to be billed to Park. The District will bill Park for sewer service in arrears, on a bi-monthly basis. All billing relative to this Agreement shall be at a rate determined by VVWRA, with an administration fee to be charged by District. The current sewer use charge is based on 42 EDU's and is calculated as shown on Attachment A, incorporated herein and made a part hereof by this reference.

The sewer use fee will be evaluated annually and adjusted on a fiscal year basis (July 1st). Park agrees that VVWRA may make annual adjustments to the fee as prescribed in VVWRA's fee ordinance. Park further agrees that District may make annual adjustments to the administration fee as adopted by the Board of Supervisors in District's fee resolution.

PAYMENT

Any sewer use charge remaining unpaid after the due date printed on the bill will be subject to a delinquent fee of as adopted in the District's fee resolution.

OPERATION AND MAINTENANCE

Park shall be responsible for the operation and maintenance of its on-site sewer system. VVWRA will be responsible for the Operation and Maintenance of it's sewer collection system that the parks on-site sewer connects to.

AMENDMENTS

This Agreement contains all the terms and conditions agreed to by the parties hereto and may only be amended in writing and with the consent of the parties to this Agreement.

INDEMNIFICATION

The parties to this Agreement agree to indemnify, hold harmless, and defend the other parties, their officers, agents, employees, and elective boards, in any action with respect to a claim, loss, damage or injury asserted by a third party against the party entitled to indemnification hereunder, arising out of a negligent act, error or omission, or willful misconduct, of an employee or agent of the party whose actions under this

Agreement gave rise to such third party claim.

NOTICES

Any and all notices, communications, billings, requests, and/or demands of any kind which any party to this Agreement may wish or be required to give or serve on the other party shall be made in writing, attention: General/District Manager or their designee, and sent postage paid to the following addresses:

PARK

San Bernardino County Public Works Department
Regional Parks Division
Mojave Narrows Regional Park
Facilities Manager
200 So. Lena
San Bernardino, CA 92355

DISTRICT

County of San Bernardino
Special Districts Department
Division Chief Water and Sanitation
County Service Area 64
P. O. Box 5004
Victorville, CA 92393-5004

VWRA

Victor Valley Wastewater Reclamation Authority
General Manager
20111 Shay Road
Victorville, CA 92394

TERM OF AGREEMENT

LAFCO 3233

This Agreement may be terminated only upon 90 days prior written notice and only after careful consideration by the parties of any consequences, which may apply to the parties, affected by the termination of this Agreement.

SAN BERNARDINO COUNTY PUBLIC WORKS DEPARTMENT (REGIONAL PARKS DIVISION)

Fred Aguilar
Chairman, Board of Supervisors

FEB 6 2001
DATE: _____

COUNTY SERVICE AREA 64

Fred Aguilar
Chairman, Board of Supervisors

FEB 6 2001
DATE: _____

VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY

Robert G. Sagona
Robert G. Sagona, Chairman, VVWRA Board

DATE: 1-10-01

///
///
///

COUNTY OF SAN BERNARDINO

Fred Aguilar
Chairman, Board of Supervisors

(State if corporation, company, etc.)

Dated FEB 6 2001 #01-96

By _____
(Authorized Signature)

SIGNED AND CERTIFIED THAT A COPY OF THIS DOCUMENT HAS BEEN DELIVERED TO THE CHAIRMAN OF THE BOARD.

Clerk of the Board of Supervisors of the County of San Bernardino.

By _____

Dated _____
Title _____
Address _____

Approved as to Legal Form

Thomas Krachelski
County Counsel

Date 1/30/01

Reviewed as to Contract Compliance

Greg Brown

Date 1/30/01

Reviewed for Processing

Kam
Agency Administrator/CAO

Date 1-18-01



County of San Bernardino

F A S

STANDARD CONTRACT

FOR COUNTY U				ONLY		LAECO 3233	
<input checked="" type="checkbox"/> New	Vendor Code			Dept.		Contract Number	
<input type="checkbox"/> Change				SC	A	01-96	
<input type="checkbox"/> Cancel							
County Department				Dept.	Orgn.	Contractor's License No.	
SBCO. Public Works Department (Regional Parks Division)							
County Department Contract Representative				Ph. Ext.		Amount of Contract	
Thomas L. Sutton				387-9625		\$	
Fund	Dept.	Organization	Appr.	Obj/Rev Source	Activity	GRC/PROJ/JOB Number	
Commodity Code			FY	Estimated Payment Total by Fiscal Year			
Project Name				Amount	I/D	FY	Amount I/D
			FY	\$			
			FY	\$			

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Phone

Birth Date

Federal ID No. or Social Security No.

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(Use space below and additional bond sheets. Set forth service to be rendered, amount to be paid, manner of payment, time for performance or completion, determination of satisfactory performance and cause for termination, other terms and conditions, and attach plans, specifications, and addenda, if any.)

SAN BERNARDINO COUNTY PUBLIC WORKS DEPARTMENT

(REGIONAL PARKS DIVISION),

COUNTY SERVICE AREA 64

AND

VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY

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PURPOSE

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NOTICES

Any and all notices, communications, billings, requests, and/or demands of any kind which any party to this Agreement may wish or be required to give or serve on the other party shall be made in writing, attention: General/District Manager or their designee, and sent postage paid to the following addresses:

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Mojave Narrows Regional Park
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County of San Bernardino
Special Districts Department
Division Chief Water and Sanitation
County Service Area 64
P. O. Box 5004
Victorville, CA 92393-5004

VVWRA

Victor Valley Wastewater Reclamation Authority
General Manager
20111 Shay Road
Victorville, CA 92394

This Agreement may be terminated only upon 90 days prior written notice and only after careful consideration by the parties of any consequences, which may apply to the parties, affected by the termination of this Agreement.

SAN BERNARDINO COUNTY PUBLIC WORKS DEPARTMENT (REGIONAL PARKS DIVISION)

Fred Aguilar

Chairman, Board of Supervisors

DATE: FEB 6 2001

COUNTY SERVICE AREA 64

Fred Aguilar

Chairman, Board of Supervisors

DATE: FEB 6 2001

VICTOR VALLEY WASTEWATER RECLAMATION AUTHORITY

Robert G. Sagona

Robert G. Sagona, Chairman, VVWRA Board

DATE: 1-10-01

///
///
///

COUNTY OF SAN BERNARDINO

Fred Aguilar

Chairman, Board of Supervisors

(State if corporation, company, etc.)

Dated FEB 6 2001 #0196

By _____
(Authorized Signature)

SIGNED AND CERTIFIED THAT A COPY OF THIS DOCUMENT HAS BEEN DELIVERED TO THE CHAIRMAN OF THE BOARD.

Clerk of the Board of Supervisors for the County of San Bernardino.

By *[Signature]*

Dated _____
Title _____
Address _____

Approved as to Legal Form

A. Thomas Krakelska
County Counsel

Date 1/30/01

Reviewed as to Contract Compliance

[Signature]

Date 1/30/01

Reviewed for Processing

Kam
Agency Administrator/CAO

Date 1-18-01

ATTACHMENT A**CALCULATION OF SEWER USE FEE**

42 EDU's x 245 Gallons Per Day (GPD)/EDU = 10,290 GPD or 3.7558 Million Gallons (MG)/year. $3.7558 \times \$1,032.57/\text{MG} = \$3,878/\text{year}$ or \$646.35 every two months.

\$646.35 plus \$95.00 administration = \$741.35 per two month cycle.

\$95.00 administration fee is

1 hour (\$30) per billing cycle for billing

1 hour (\$30) per billing cycle for payment verification

\$35.00 cost for remittance, 1 check per billing cycle

EXPANSION OF COUNTY SERVICE AREA 64

Those portions of Township 05 North, Range 04 West, San Bernardino Meridian, in the unincorporated territory of the County of San Bernardino, more particularly described as follows:

All those portions of the current County Service Area 64 on file with the San Bernardino County Local Agency Formation as of October 13th 2018

Together with:

All that area described as the current County Service Area 64 Sphere of Influence on file with the San Bernardino County Local Agency Formation as of October 13th 2018.

Together with that portion of parcel described as follows:

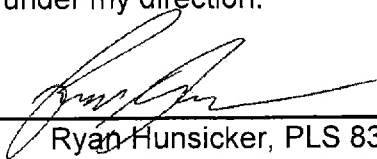
A portion of the Southwest Quarter of Section 10, Township 5 North, Range 4 West, San Bernardino Meridian described as follows:

Beginning at a point on the Southerly line of said Section 10, distant thereon North 89° 37' 10" East, 1992.11 feet from the Southwest corner of said Section 10; Thence North 0° 22' 50" West, 40.00 feet; Thence North 89° 37' 10" East, 330.00 feet; Thence South 0° 22' 50" East, 40.00 feet to the Southerly line of said Section 10; Thence South 89° 37' 10" West, 330.00 feet along the Southerly line of said Section 10 to the true point of beginning.

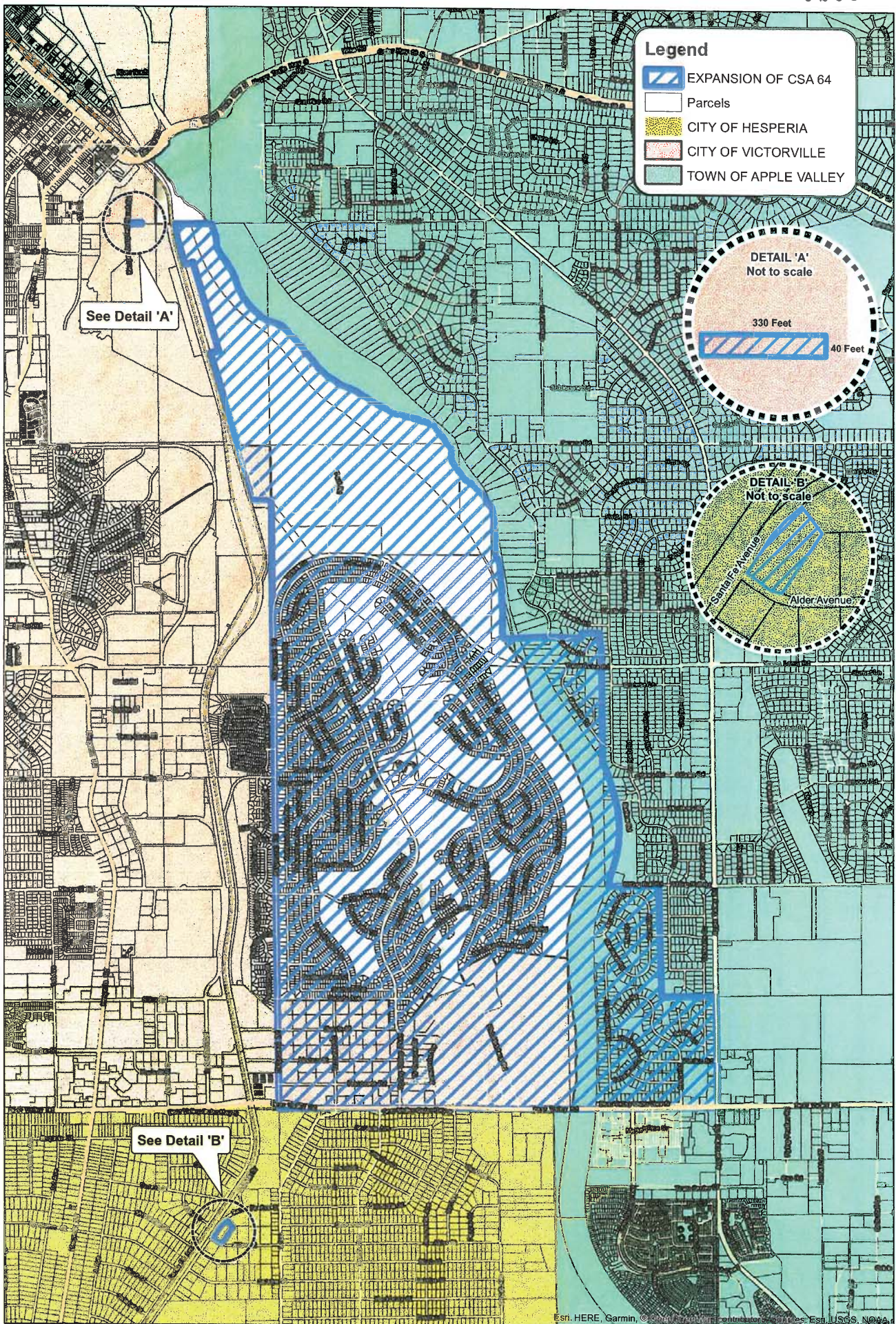
Together with Lot 15 of Tract No. 5391, as per plat Recorded in Book 63, Page(s) 65-66, Records of the County of San Bernardino Recorder's office.

Containing 3,139 Acres more or less

This legal description was prepared
by me or under my direction.

by:  10/17/2018
Ryan Hunsicker, PLS 8302 Date
Deputy County Surveyor





EXPANSION OF COUNTY SERVICE AREA 64

This plat was prepared by me or under my direction.

by *Ryan Hensicker* 10/17/2018
Ryan Hensicker, PLS 8502 Date
Deputy County Surveyor



**Letter from County Administrative
Office removing park and recreation
service at request of applicant dated
November 7, 2019**

Attachment 3



**SAN BERNARDINO
COUNTY**

County Administrative Office

Leonard X. Hernandez
County Chief Operating Officer

November 7, 2019

Local Agency Formation Commission
1170 W. Third Street, Unit 150
San Bernardino, CA 92415-0490

RE: Spring Valley Lake CSD Application

Dear Mr. Martinez,

As the official applicant of the Spring Valley Lake Community Services District (CSD), it is the desire of the formation committee to amend its application and remove its request for parks powers, relative to Mojave Narrows Regional Park.

Should you have any questions regarding this request, please contact my office.

Sincerely,

Leonard X. Hernandez
County Chief Operating Officer

Enclosure

cc: Robert Lovingood, First District Supervisor
Gary McBride, Chief Executive Officer

BOARD OF SUPERVISORS

ROBERT A. LOVINGOOD
First District

JANICE RUTHERFORD
Second District

DAWN ROWE
Third District

CURT HAGMAN
Chairman, Fourth District

JOSIE GONZALES
Vice Chair, Fifth District

Gary McBride
Chief Executive Officer

**Letter from Tom Dodson and
Associates dated February 10, 2020,
Response to Comments, including
Initial Study, Mitigation Monitoring
and Reporting Program**

Attachment 4

TOM DODSON & ASSOCIATES

Mailing Address: PO Box 2307, San Bernardino, CA 92406-2307

Physical Address: 2150 N. Arrowhead Avenue, San Bernardino, CA 92405

Tel: (909) 882-3612 ♦ *Fax:* (909) 882-7015 ♦ *Email:* tda@tdaenv.com



MEMORANDUM

February 11, 2020

From: Tom Dodson

To: Mr. Samuel Martinez

Subj: Completion of the Mitigated Negative Declaration for the County of San Bernardino Local Agency Formation Commission, LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District (SCH# 2019120661)

The Local Agency Formation Commission for San Bernardino County (LAFCO) received six comments on the proposed Mitigated Negative Declaration (MND) for the reorganization to include dissolution of County Service Area 64 and formation of the Spring Valley Lake Community Services District together with formation of Zone A for solid waste and street sweeping (LAFCO 3233A) and establishment of the sphere of influence for the Spring Valley Lake Community Services District (LAFCO 3233B) (SCH#2019120661). CEQA (State CEQA Guidelines Section 15074) requires a negative declaration to consist of the Initial Study, copies of the comments, any responses to comments (refer to responses on the following pages), and any other project-related material prepared to address issues evaluated in the Initial Study.

For this project, the original Initial Study will be utilized as one component of the Final Mitigated Negative Declaration (MND) package for the LAFCO 3233. The attached responses to comments, combined with the Initial Study and the Mitigation Monitoring and Reporting Program, constitute the Final MND package that can be used by the Commission to consider the environmental effects of implementing the proposed project.

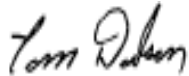
The following parties submitted comments. These comments are addressed in the attached Responses to Comments:

1. Lahontan Regional Water Quality Control Board,
2. Mojave Desert Air Quality Management District
3. City of Victorville
4. County of San Bernardino, County Administrative Office
5. Town of Apple Valley
6. State of California, Governor's Office of Planning and Research, State Clearinghouse and Planning Unit

Because one mitigation measure is required for this project to reduce potentially significant impacts to a less than significant level, the Mitigation Monitoring and Reporting Program (MMRP) attached to this package is required to be adopted as part of this Final MND package. The MMRP has been incorporated as Attachment 1 to this package for approval and implementation. The Commission's consideration of the proposed project and adoption of the Mitigated Negative Declaration is scheduled for February 19, 2019.

Based on the whole of the administrative record to date, we recommend that the Commission find the information contained in the whole record justifies the adoption of a Mitigated Negative Declaration for the Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for solid waste and street sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District (SCH#2019120661). Tom Dodson will be attending the LAFCO public meeting when the project is considered by the Commission to address any questions that the Commission-members or other parties may have regarding the adoption of the MND for the proposed project.

Do not hesitate to give me a call if you have any questions regarding the contents of this package.

A handwritten signature in black ink, appearing to read "Tom Dodson". The signature is cursive and fluid, with the first name "Tom" being more prominent than the last name "Dodson".

Tom Dodson

Attachments

Lahontan Regional Water Quality Control Board

January 15, 2020

General: Spring Valley Lake CSD

Samuel Martinez, Executive Officer
Local Agency Formation Commission for
San Bernardino County
1170 West 3rd Street, Unit 150
San Bernardino, CA 92415-0490
lafco@lafco.sbcounty.gov

Governor's Office of Planning & Research

JAN 15 2020

STATE CLEARINGHOUSE

Comment on Initial Study Checklist Proposing Formation of Independent Special District – Spring Valley Lake, San Bernardino County, State Clearinghouse No. 2019120661

1-1 The Lahontan Regional Water Quality Control Board (Water Board) received an Initial Study Checklist from San Bernardino County Local Agency Formation Commission (LAFCO) to satisfy the California Environmental Quality Act regarding a proposal to form a new independent district and dissolve County Service Area No. 64 (CSA 64). A new Spring Valley Lake Community Services District (District) would have numerous service authorities granted including water, wastewater collection, street sweeping and solid waste. The Water Board supports forming an independent Special District for the Community of Spring Valley Lake and provides the following comments on the Initial Study.

1-2 1. CSA 64 is an enrollee under State Water Board General Order 2006-0003-DWQ (*Statewide General Waste Discharge Requirements for Sanitary Sewer Systems*) and is assigned Waste Discharge Identification Number (WDID) No. 6SSO11379. The new District would have to apply with the State Water Board to transfer this enrollment and become responsible for compliance. This includes preparing and implementing a *Sewer System Management Plan*, maintaining the sewer collection system and all appurtenances, and reporting all sewage spills to the State Water Board's California Integrated Water Quality System (CIWQS) database.

1-3 2. CSA 64 and the Spring Valley Lake community are within the urbanized area of the Victor Valley. San Bernardino (representing CSA 64) is an enrollee under State Water Board General Order 2013-0001-DWQ (*General Permit Waste Discharge Requirements for Storm Water Discharges from Small Municipal Separate Storm Sewer Systems - MS4s*) and is assigned WDID No. 6B36M2000166. The new District may have to apply with the State Water Board to transfer this enrollment and become responsible for compliance. This includes participating in regional

PETER C. PUMPHREY, CHAIR | PATTY Z. KOUYOUMDJIAN, EXECUTIVE OFFICER

RESPONSES TO COMMENTS
LETTER #1
LAHONTAN REGIONAL WATER QUALITY CONTROL BOARD

- 1-1 Your comment is noted and will be made available to the Commission prior to a decision on the proposed project. The project summary provided in this comment is accurate.
- 1-2 The requirement to transfer and become responsible for compliance with State Water Board General Order 2006-0003-DWQ is acknowledged by LAFCO. This requirement will be part of a transition plan for the new CSD (SVLCSD) if LAFCO 3233 is approved by the Commission. Please note that the ability to assume responsibility for enrollment in the General Order and prepare the requisite "Sewer System Management Plan" (Plan) can only be completed after the CSD formation is approved; a governing board elected; a budget adopted; and a contract approved by the new Board to compile the new Plan; and finally to submit to the State and Regional Boards.
- 1-3 Assuming LAFCO 3233 is approved by the Commission, the new CSD (SVLCSD) will assume responsibility for managing water resources within the Spring Valley community. It is not yet clear whether the MS4 management responsibilities currently being implemented by San Bernardino County will transition to the new CSD. This is because the County Flood Control District typically oversees compliance with MSF storm water discharges. To the extent that CSA 64 supports the MS4 program for the Spring Valley Lake community, LAFCO will require the new District to continue this support this program or to ensure the continuation of this effort by the County. This decision will be incorporated into the Commission's final decision on LAFCO 3233.

1-3
cont.

monitoring conducted by the Mojave Watershed Group and preparation and submission of required reports.

1-4

3. Water Board staff concurs with the Initial Study, Section X (Hydrology and Water Quality), in that the project to dissolve CSA 64 and form the District would have No Impact in this category. However, the Initial Study does not identify the relevant water quality standards (beneficial uses and water quality objectives) for the project area.
 - a. Beneficial Uses for both surface and groundwater are described in the *Water Quality Control Plan for the Lahontan Region* (Basin Plan). The Basin Plan, Table 2-1, describes the beneficial uses of Hydrologic Unit No. 628.20 Upper Mojave Hydrologic Area for the Mojave River, Upper Mojave River Lower Slough, Minor Surface Waters, and Minor Wetlands as: Municipal, Agricultural, Groundwater Recharge, Freshwater Replenishment, Power, Recreational-1, Recreational-2, Commercial and Sport Fishing, Warm Habitat, Cold Habitat, and Wildlife Habitat. The Basin Plan, Table 2-2, describes the beneficial uses of the Upper Mojave Groundwater Valley (Department of Water Resources Groundwater Basin No. 6-42) as Municipal, Agricultural, Industrial, Freshwater Replenishment, and Aquaculture.
 - b. Water Quality Objectives for both surface and groundwater are described in the Basin Plan, Chapter 3. Surface water quality objectives are established for ammonia, bacteria, bio stimulatory substances, chemical constituents, chlorine, color, dissolved oxygen, floating materials, oil and grease, non-degradation, pH, radioactivity, sediment, settleable materials, suspended materials, taste and odor, temperature, toxicity, and turbidity. Groundwater quality objectives are established for bacterial, chemical constituents, radioactivity, and taste and odor.

1-5

Please send future information regarding this project to the Water Board's email address at Lahontan@waterboards.ca.gov as well as the Water Board project staff. If you have questions please contact me at (760) 241-2434 Jehiel.cass@waterboards.ca.gov.



Jehiel Cass, P.E.

Senior Water Resources Control Engineer
Agriculture and Wastewater Unit

cc: Michael Tuerpe, LAFCO, mtuerpe@lafco.sbcounty.gov
State Clearinghouse, state.clearinghouse@opr.ca.gov

- 1-4 The Commission appreciates the summary of Beneficial Uses and Water Quality Objectives in the Basin Plan for the area encompassed by the proposed Reorganization. These factors (Beneficial Uses and Water Quality Objectives) were not included in the Initial Study since the proposed project does not include any action that will physically change any component of the local environment.
- 1-5 Your comment is noted and will be made available to the Commission prior to a decision on the proposed project.

COMMENT LETTER #2

Mojave Desert Air Quality Management District

Brad Poiriez, Executive Director
14306 Park Avenue, Victorville, CA 92392-2310
760.245.1661 • Fax 760.245.2022
www.MDAQMD.ca.gov • @MDAQMD

2020 JAN 16 AM 9:45



January 14, 2020

Mr. Samuel Martinez, Executive Officer
Local Agency Formation Commission for San Bernardino County
1170 West 3rd Street, Unit 150
San Bernardino, CA 92415-0490

Project: LAFCO 3233 Notice of Availability and Intent to Adopt a Mitigated Negative Declaration

Dear Mr. Martinez:

2-1 | The Mojave Desert Air Quality Management District (District) has received a request for comments for the Notice of Intent to Adopt a Mitigated Negative Declaration for LAFCO 3233, a proposal for the reorganization to include dissolution of County Service Area 64 and formation of the Spring Valley Lake Community Services District.

2-2 | The District has reviewed the Mitigated Negative Declaration and concurs with the determination of "No Impact". As indicated in the project description, all of the services proposed for the new Spring Valley Lake Community Services District (SVLCSD) are currently being provided by existing agencies, such as CSA 64 (water, sewer collection, and street sweeping) and the County (solid waste). The new CSD will utilize the equipment and facilities of the existing service providers and in the case of solid waste will oversee the solid waste franchise contract. Until the new CSD exists, no physical changes to any existing emissions related to providing services can occur. Thus, the Commission's approval of LAFCO 3233 has no potential to have any adverse air quality impacts

2-3 | Thank you for the opportunity to review this planning document. If you have any questions regarding this letter, please contact me at (760) 245-1661, extension 6726, or Tracy Walters at extension 6122.

Sincerely,

Alan J. De Salvio
Deputy Director – Mojave Desert Operations

**RESPONSES TO COMMENTS
LETTER #2
MOJAVE DESERT AIR QUALITY MANAGEMENT DISTRICT**

- 2-1 Your comment is noted and will be made available to the Commission prior to a decision on the proposed project.
- 2-2 Your comment is noted and will be made available to the Commission prior to a decision on the proposed project. The summary of the Initial Study findings is accurate
- 2-3 Your comment is noted and will be made available to the Commission prior to a decision on the proposed project.

CITY OF
VICTORVILLE

DEVELOPMENT DEPARTMENT
Planning • Building • Code Enforcement
14343 Civic Drive
P.O. Box 5001
Victorville, CA 92395-5001

(760) 955-5135
Fax (760) 269-0070

January 30, 2020

Samuel Martinez
SBC LAFCO Executive Officer
1170 West 3rd Street, Unit 150
San Bernardino, CA 92415

Subject: Comments on the Initial Study and Mitigated Negative Declaration for the LAFCO 3233 Project – Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Service District (SVLCSD)

Dear Executive Officer Martinez:

The City of Victorville has received a copy of the Initial Study conducted for the above-mentioned project. Thank you for the opportunity to review and comment on the submitted documentation. As a city with incorporated jurisdiction within a portion of the project area, the following comments are provided:

Alternatives

3-1

Page 4 states that LAFCO staff is requesting that the Commission consider three alternatives. However, no analysis of the third alternative (Option 3) is provided in the Initial Study for the Commission and public to consider. Option 3 as proposed would allow the formation of the SVLCSD, but would exclude all incorporated areas within the City of Victorville and the Town of Apple Valley. Please analyze Option 3 as well as a No Project Alternative for public review and discuss the findings within the Initial Study. The purpose of evaluating the No Project Alternative is to allow decision-makers the ability to compare the impacts of approving the project with the impacts of not approving the project.

3-2

Page 11 of CALAFCO's Special District Formation Guide states, "When the formation of a new governmental entity is proposed, LAFCO must make a determination as to whether existing agencies can feasibly provide the needed service(s) in a more efficient and accountable manner." As noted in my May 9, 2019 letter to you, I mentioned CSA 64's water pressure deficiencies within the incorporated area of Victorville. This deficiency in required fire flow for fire protection has caused developments in the area to install on-site pumps to increase pressure to meet the required fire flow. On-site pumps are not as reliable as a gravity feed water supply. These on-site pump systems also add a cost to the development for the upfront installation and ongoing maintenance responsibility. To avoid this water press issue, the Victor Elementary School District actually connected Endeavor School of Exploration, located at 12403 Ridgecrest Rd, to Victorville Water District's water system for fire protection, resulting in the duplication of services within CSA 64's jurisdiction. Given this noted deficiency, it would be negligent for LAFCO to further consider the formation of a new governmental entity without first reviewing the service capabilities of existing agencies. This matter shall be analyzed for public review and addressed within Section XIX(B) of the Initial Study before the formation of SVLCSD is considered by the Commission. Simply reorganizing a CSA to a CSD to gain local control without investigating other local alternatives would be a disservice to the residents and property owners within the CSA.

RESPONSES TO COMMENTS
LETTER #3
CITY OF VICTORVILLE

- 3-1 Your comment is noted and will be made available to the Commission prior to a decision on the proposed project. All of the alternatives identified in the Initial Study would result in continuation of the same services currently provided to the Spring Valley Lake community. For example, the No Project alternative would also not result in any physical changes in the environment as CSA 64 would simply continue its ongoing operations. Similarly, the alternative of excluding the areas located within Victorville and Apple Valley from the project area would not change any existing physical circumstances. Under such an alternative the new CSD would continue to serve the incorporated areas until applications could be processed by LAFCO to either annex Area 4 to the Victorville Water District and detach said area from the new CSD or Apple Valley detaching Areas 2 and 3 from the new CSD and some arrangement for transfer of water and wastewater resources could be arranged between the various entities. Since the manner in which these actions might occur is not known and cannot be known until the preceding issues are resolved, there can be no direct physical changes in the environment and any indirect changes would be speculative as outlined in Section 15145. Thus, LAFCO considers the finding of no adverse impact for all three alternatives to be adequate for LAFCO 3233.
- 3-2 This comment focuses on the upgrade of the CSA 64 water system which would require some as yet undefined modifications (physical changes) to the environment. In reality, CSA 64 could initiate such changes at any time, but LAFCO has no ability to force or influence such a change. However, a new district, SVLCSD in this instance, could implement a water system modification such as discussed in this comment, but only after the new District is created; a new Board is elected; and the item budgeted. LAFCO has no control over these follow-on processes. Under either process, LAFCO has no ability to force an action with sufficient definition to evaluate consequences to the environment. LAFCO can identify the problem and recommend that either CSA 64 or its successor agency should proceed to identify an engineering solution and correct the water system deficiencies.

Plan for Providing Services

3-3

The formation of SVLCSD requires a "Plan for Providing Services" in accordance with the Cortese-Knox-Hertzberg Governmental Reorganization Act of 2000 (California Government Code Section 56653). The Initial Study does not reference this document nor has this document been posted on LAFCO's website for review. For example, the Plan for Providing Services would provide a discussion on SVLCSD's planned improvements or upgrades to sewer and water facilities. Also, the Plan for Providing Services would include a discussion of alternative boundaries and the rationale for the boundaries proposed as stated on Page 10 of CALAFCO's Special District Formation Guide. This information is not only required by law but is needed for the project area, given that the 2009 LAFCO Service Review and Sphere of Influence Update for CSA 64 identifies that new development will further strain the limited water resources available to CSA 64. Further, the failure to plan for and implement system upgrades and maintenance could cause an unnecessary financial liability for the City of Victorville if and when the area is annexed into the City.

Sphere of Influence and Zones

3-4

Page 3 indicates that LAFCO will be considering the establishment of the sphere of influence boundary for the SVLCSD, however no additional analysis or depiction of the proposed sphere of influence is provided in the Initial Study. Additionally, there is mention of the formation of a Zone A for Solid Waste and Street Sweeping within the SVLCSD without any corresponding map to reference or additional explanation.

Revised Application Scope:

3-5

Pages 2 and 3 of the Initial Study indicate the applicant (County of San Bernardino) has asked that the park and recreation services that it originally requested be removed from consideration since there is no need to take over responsibility of the Mojave Narrows Regional Park. Since these park and recreational services were listed as terms and conditions within the initiating resolution for this LAFCO action, please provide the updated resolution that authorizes the reduction in the application scope.

Given that the Mojave Narrows Regional Park is currently located within the CSA 64 Sphere of Influence, the planned improvements and upgrades for this park should be included within the Plan for Providing Services, regardless of whether or not SVLCSD will provide park services.

Economic Effect

3-6

Page 41 and Attachment 2 of the Initial Study demonstrates that CSA 64 has generally funded an additional 5 percent of overall salaries and benefits for all CSA water and wastewater agencies, but does not analyze other operation costs that may be shared amongst all the CSA agencies. Since the salaries and benefits only account for approximately ¼ of the overall CSA 64 budget, additional analysis of the entire budget should be provided to ensure that future service are maintained at a comparable level of service that fulfills regulatory requirements for the specific resource.

3-7

Proceeding with this application without addressing the items expressed within this letter would be a violation of State law. Should you have any questions, please contact me at swebb@victorvilleca.gov or (760) 955-5135.

Sincerely,



Scott Webb
City Planner

cc: Keith Metzler, Victorville City Manager
Sophie Smith, Victorville Deputy City Manager

- 3-3 Your comment is noted and will be made available to the Commission prior to a decision on the proposed project. LAFCO Staff indicates that the content of a plan for service is contained in the Feasibility Study submitted by the County and the local residents supporting LAFCO 3233's proposed Reorganization, which has been available on LAFCO's website since the Notice of Filing was issued. A Plan for Services is not a commitment on any party's behalf to actually implement specific programs other than to describe the existing services and an indication of how services can be extended and/or assume the existing services. Any commitments to implement change in this system can only be defined and implemented after the new District is created; after a new Board is elected; and after a new Board establishes a budget to fund a specific change
- 3-4 In the Initial Study it was assumed that the Sphere of Influence (SOI) would generally coincide with the existing SOI for CSA 64 as shown on Figure 1. A SOI is a planning boundary only, in other words the establishment of a SOI has no potential to allow physical modification of the environment. Thus, even if the ultimate SOI boundary is different than that shown in Figure 1, such an action by the Commission would have no potential to physically modify the environment. Thus, the findings in the Initial Study remain accurate for the ultimate SOI established by the Commission.
- 3-5 Regarding the revision of the project to eliminate the park and recreation service from the application, please refer to the letter from the County Administrative Office (Attachment 2) regarding removal of this service from the application
- Regarding the Mojave Narrows Regional Park, the only relationship that will remain if LAFCO 3233 is approved is the contract between CSA 64 and the Park to provide sewer and/or water service to the Park. Since this already contract exists, its continuation would not result in any physical changes to the environment.
- 3-6 The analysis of the budget in the Initial Study is one of the few instances where economic effects may translate into a physical effect on the environment. What was shown with the available data is that the dissolution of CSA 64 could harm other water and wastewater agencies operated by the County Special District's Office due to budget shortfalls. Based on this finding, mitigation measure XIX-1 was crafted with the objective of offsetting potential impacts to other such districts. As part of the application materials submitted, an estimated amount of \$729,000 of mitigation was identified. No specific amount of money was identified for offset in the mitigation measure, only that Special Districts must maintain services at a "comparable level." Alternative methods of accomplishing this objective were identified in the measure. If LAFCO 3233 is approved, the Special Districts Department would become aware of total losses and how much additional funding would be required to maintain adequate levels of service within other agencies where it has oversight.
- 3-7 Your comment is noted and will be made available to the Commission prior to a decision on the proposed project



COMMENT LETTER #4

www.SBCounty.gov

County Administrative Office

Leonard X. Hernandez
County Chief Operating Officer

January 31, 2020

Local Agency Formation Commission
Samuel Martinez, Executive Officer
1170 West Third Street, Unit 150
San Bernardino, CA 92415-0490

RE: LAFCO 3233- Response to Intent to Adopt a Mitigated Negative Declaration

Dear Mr. Martinez,

4-1

The County is in receipt of the Initial Study for LAFCO 3233. It was received on January 2, 2020, at which time the County began its review for the first time. Based on the months of conversation and significant amounts of data provided by the County, it was believed that a more detailed and definitive financial analysis would be received than what was contained in the CEQA document. While the CEQA document attempts to address financial impacts, the brevity and methodology of the Initial Study caused several concerns. The County would have preferred that LAFCO complete a financial analysis prior to the Initial Study being released. Because of these conditions, the County does not believe the mitigations measures as proposed are viable. However, the County believes that there are alternative mitigation measures that should be explored. The County is requesting to discuss alternative mitigation measures with LAFCO to develop a feasible mitigation plan.

We look forward to continued discussions regarding this endeavor.

Sincerely,

Leonard X. Hernandez
County Chief Operating Officer

cc: Gary McBride, Chief Executive Officer
Michelle Blakemore, County Counsel
Luther Snoke, Interim Director, Special Districts Department

BOARD OF SUPERVISORS

ROBERT A. LOVINGOOD
First District

JANICE RUTHERFORD
Second District

DAWN ROWE
Third District

CURT HAGMAN
Chairman, Fourth District

JOSIE GONZALES
Vice Chair, Fifth District

Gary McBride
Chief Executive Officer

RESPONSES TO COMMENTS
LETTER #4
SAN BERNARDINO COUNTY

- 4-1 Your comment is noted and will be made available to the Commission prior to a decision on the proposed project. If the County wishes to submit alternative language to measure XIX-1, the Commission can consider it and authorize such an alternative if the Commission finds it “equivalent” or “more effective” than this measure. Refer to Section 15074.1.



Town of Apple Valley

A Better Way of Life

January 31, 2020

Samuel Martinez
SBC LAFCO Executive Director
1170 West 3rd Street, Unit 150
San Bernardino, CA 92415

Subject: Comments to Initial Study and Mitigated Negative Declaration for the LAFCO 3233 Project – Reorganization to Include Dissolution of County Service Area 64 and formation of the Spring Valley Lake Community Service District.

Dear Mr. Martinez:

Thank you for the opportunity to review and comment on the referenced document above. The Town of Apple Valley provides the following comments:

- 5-1 | The Initial Study does not reference the completion of a Plan for Service that is required in accordance with Cortese-Knox-Hertzberg Act of 2000. There is also no mention of this document availability on the LAFCO website. The Town of Apple Valley reserves the right to comment on the feasibility of the proposal before LAFCO, due to the fact that there could be financial implications that would affect the Town of Apple Valley.
- 5-2 | Option 3 as described, would exclude incorporated areas of Victorville and the Town of Apple Valley. This option is not analyzed in the Initial Study. In addition, the option of a “No Project Alternative” is not provided as an option and it should also be analyzed and discussed within the Initial Study. A significant omission of alternatives will occur, if these two options are not analyzed and discussed to provide the LAFCO Board all the necessary information to make the best decision.
- 5-3 | The Initial Study indicates that the applicant has requested the park and recreation services, that it originally requested, be removed. This mainly involves the operations of the Mojave Narrows Regional Park. The Town of Apple Valley is supportive of the Mojave Narrows Regional Park operations being left with as a County responsibility and removing it from the future SVLCSD Sphere of Influence. A revised resolution that authorizes the reduction in the application scope, should be provided as part of the application process.

**RESPONSES TO COMMENTS
LETTER #5
TOWN OF APPLE VALLEY**

- 5-1 Your comment is noted and will be made available to the Commission prior to a decision on the proposed project. LAFCO Staff indicates that the content of a plan for service is contained in the Feasibility Study submitted by the County and the local residents supporting LAFCO 3233's proposed Reorganization, which has been available on LAFCO's website since the Notice of Filing was issued. A Plan for Services is not a commitment on any party's behalf to actually implement specific programs other than to document a group's ability to assume the existing services. Any commitments to implement change in this system can only be defined and implemented after the new District is created; after a new Board is elected; and after a new Board establishes a budget to fund a specific change. Finally, this comment on Plan for Services appears to be more of a LAFCO procedural issue as opposed to a comment on the environmental document.
- 5-2 Your comment is noted and will be made available to the Commission prior to a decision on the proposed project. All of the alternatives identified in the Initial Study would result in continuation of the same services currently provided to the Spring Valley Lake community. For example, the No Project alternative would also not result in any physical changes in the environment as CSA 64 would simply continue its ongoing operations. Similarly, the alternative of excluding the areas located within Victorville and Apple Valley from the project area would not change any existing physical circumstances. Under such an alternative the new CSD would continue to serve the incorporated areas until applications could be processed by LAFCO to either annex Area 4 to the Victorville Water District and detach said area from the new CSD or Apple Valley detaching Areas 2 and 3 and some arrangement for transfer of water and wastewater resources could be arranged between the various entities. Since the manner in which these actions might occur is not known and cannot be known until the preceding issues are resolved, there can be no direct physical changes in the environment and any indirect changes would be speculative as outlined in Section 15145. Thus, LAFCO considers the finding of no adverse impact for all three alternatives to be adequate for LAFCO 3233.
- 5-3 Regarding the revision of the project to eliminate the park and recreation service from the application, please refer to the letter from the County Administrative Office (Attachment 1) regarding removal of this service from the application
- Regarding the Mojave Narrows Regional Park, the only relationship that will remain if LAFCO 3233 is approved is the contract between CSA 64 and the Park to provide sewer and/or water service to the Park. Since this already contract exists, its continuation would not result in any physical changes to the environment.

5-4

In reiteration of our previous concerns, the Town of Apple Valley requests and recommends that the border of the Town becomes the border of the CSD rather than allowing an overlay or a jurisdictional change. The Town of Apple Valley can provide all of the services and functions listed in the supplemental application, with the exception of water, which is currently engaged in an imminent domain action to also provide. This is clearly the best opportunity to resolve the present confusion of services.

5-5

Any attempt to annex/deannex portions of the current Town boundaries will be challenged at the fullest extent possible. Therefore, we would like to see these issues addressed prior to proceeding with consideration of this application.

If you have any questions please contact me at llamson@applevalley.org or 760-240-7000 x7204.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Lori Lamson', written in a cursive style.

Lori Lamson,
Assistant Town Manager

cc: Doug Robertson, Town Manager

- 5-4 Your comment is noted and will be made available to the Commission prior to a decision on the proposed project. The Town of Apple Valley may be able to provide services to the certain portions of CSA 64. However, for sewer collection, the Town will have to resolve issues regarding actually connecting its wastewater facilities to the portion that the existing CSA 64 serves (or the new CSD will be serving) within the Town. In addition, since water service is currently not a service provided by Town, it will have to provide such service through an agreement with the new CSD to continue to provide water service in lieu of the Town actually providing the service. Refer to response to comment 5-2 for additional information.
- 5-5 Your comment is noted and will be made available to the Commission prior to a decision on the proposed project. At this time annexation or de-annexation in relation to the Town is not proposed.



Gavin Newsom
Governor

COMMENT LETTER #6

STATE OF CALIFORNIA

Governor's Office of Planning and Research

State Clearinghouse and Planning Unit



Kate Gordon
Director

2020 FEB -4 PM 12:08

CEQA AGENCY
ISSUED

January 29, 2020

Samuel Martinez
San Bernardino County Local Agency Formation Commission
1170 West 3rd Street, Unit 150
San Bernardino, CA 92415-0490

Subject: LAFCO 3233 - Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together...
SCH#: 2019120661

Dear Samuel Martinez:

The State Clearinghouse submitted the above named MND to selected state agencies for review. The review period closed on 1/28/2020, and the comments from the responding agency (ies) is (are) available on the CEQA database for your retrieval and use. If this comment package is not in order, please notify the State Clearinghouse immediately. Please refer to the project's ten-digit State Clearinghouse number in future correspondence so that we may respond promptly.

Please note that Section 21104(c) of the California Public Resources Code states that:

"A responsible or other public agency shall only make substantive comments regarding those activities involved in a project which are within an area of expertise of the agency or which are required to be carried out or approved by the agency. Those comments shall be supported by specific documentation."

Check the CEQA database for submitted comments for use in preparing your final environmental document: <https://ceqanet.opr.ca.gov/2019120661/2>. Should you need more information or clarification of the comments, **we recommend that you contact the commenting agency directly.**

This letter acknowledges that you have complied with the State Clearinghouse review requirements for draft environmental documents, pursuant to the California Environmental Quality Act. Please contact the State Clearinghouse at (916) 445-0613 if you have any questions regarding the environmental review process.

Sincerely,

Scott Morgan
Director, State Clearinghouse

cc: Resources Agency

RESPONSES TO COMMENTS
LETTER #6
OFFICE OF PLANNING AND RESEARCH, STATE CLEARINGHOUSE

- 6-1 This is an acknowledgment letter verifying that the State Clearinghouse distributed the Initial Study and proposed Mitigated Negative Declaration to selected state agencies for review, and that one state agencies submitted comments through the Clearinghouse by the close of the review period, which occurred on January 28, 2020. The State assigned this project the following tracking number, SCH #2019120661. This letter is for information only and does not require additional formal response.

ATTACHMENT 1

**COUNTY OF SAN BERNARDINO
LOCAL AGENCY FORMATION COMMISSION (LAFCO)**

LAFCO 3233 - Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District

MITIGATION MONITORING AND REPORTING PROGRAM

Mitigation Measure		Implementation Schedule		Verification
Utilities and Service Systems				
UTIL-1	<p>The County shall implement the necessary measures to ensure that future service to all remaining water and wastewater CSAs operated by the Special Districts Department is maintained at a comparable level of service and operation that fulfills regulatory requirements for the specific resource, i.e., water and/or wastewater, delivered by the CSAs. This responsibility can be fulfilled by any one, two, or all of the following methods:</p> <ol style="list-style-type: none"> 1) increasing the rate(s) charged for the service provided by the CSAs consistent with meeting regulatory requirements; 2) LAFCO may assign to the new SVLCSD an amount of funds required to be returned to the Special District's Department to offset losses from approving LAFCO 3233 that will maintain a comparable level of service and operation in the remaining water and wastewater CSAs; or 3) The County can allocate sufficient funds to maintain a comparable level of service and operation at the remaining water and wastewater CSAs. 	<p>On an annual basis the Special Districts Department shall submit to LAFCO a report documenting the water and wastewater services at other agencies under the Department's management are able to continue operating in compliance with all laws, regulations, and operating permits assigned to these agencies, except under emergency circumstances. Upon documentation that all agencies under Department management meet compliance, no further reports will need to be submitted to LAFCO.</p>		<p>Copies of the annual reports shall be retained in the LAFCO project file documenting compliance. After the final report is accepted by LAFCO, LAFCO Staff shall send a final verification notification to the Special Districts Department that this measure has been completed.</p>
		Source	Responsible Party	Status / Date / Initials
		Initial Study	County of San Bernardino Local Agency Formation Commission (LAFCO)	

ATTACHMENT 2



**SAN BERNARDINO
COUNTY**

County Administrative Office

Leonard X. Hernandez
County Chief Operating Officer

November 7, 2019

Local Agency Formation Commission
1170 W. Third Street, Unit 150
San Bernardino, CA 92415-0490

RE: Spring Valley Lake CSD Application

Dear Mr. Martinez,

As the official applicant of the Spring Valley Lake Community Services District (CSD), it is the desire of the formation committee to amend its application and remove its request for parks powers, relative to Mojave Narrows Regional Park.

Should you have any questions regarding this request, please contact my office.

Sincerely,

Leonard X. Hernandez
County Chief Operating Officer

Enclosure

cc: Robert Lovingood, First District Supervisor
Gary McBride, Chief Executive Officer

BOARD OF SUPERVISORS

ROBERT A. LOVINGOOD
First District

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Gary McBride
Chief Executive Officer

**INITIAL STUDY
FOR THE REORGANIZATION TO INCLUDE
DISSOLUTION OF COUNTY SERVICE AREA 64 AND
FORMATION OF THE SPRING VALLEY LAKE
COMMUNITY SERVICES DISTRICT**

Prepared for:

**Local Agency Formation Commission
for San Bernardino County**
1170 West 3rd Street, Unit 150
San Bernardino, CA 92415-0490

Prepared by:

Tom Dodson & Associates
P.O. Box 2307
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San Bernardino, California 92405
(909) 882-3612

December 2019

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FIGURES

Figure 1	Map of Current CSA 64 Boundary and Sphere of Influence
Figure 2	Proposed Spring Valley Lake Community Services District (As Proposed by the Applicant)
Figure 3	Option 2 – Existing CSA 64 boundary, including the non-contiguous parcel APN 0415-263-13, within the City of Hesperia, but excluding the area within the Town of Apple Valley north of Sitting Bull Road
Figure 4	Option 3 – Existing CSA 64 boundary, including the non-contiguous parcel APN 0415-263-13, within the City of Hesperia, but excluding all incorporated areas within the City of Victorville and the Town of Apple Valley jurisdictions

ATTACHMENTS

Attachment 1	Victor Valley Wastewater Reclamation Authority Letter dated October 28, 2019...
Attachment 2	Data Analysis

ENVIRONMENTAL CHECKLIST FORM

1. Project Title: LAFCO 3233 - Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District
2. Lead Agency Name: Local Agency Formation Commission for San Bernardino County
Address: 1170 West 3rd Street, Unit 150
San Bernardino, CA 92415-0490
3. Contact Person: Mr. Samuel Martinez, Executive Officer
Phone Number: 909-388-0480; lafco@lafco.sbcounty.gov
4. Project Location: The project study area is located in the north desert portion of the County and is generally bordered by a combination of parcel lines and the Mojave River (existing Town of Apple Valley boundaries) on the north; a combination of parcel lines, Sitting Bull Road and Apple Valley Road (existing/within the Town of Apple Valley boundaries) on the east; Bear Valley Road (portion within the Town of Apple Valley and within the City of Victorville/existing City of Hesperia boundaries) on the south; and a combination of parcel lines, Ridgecrest Road and the ATSF Railroad right-of-way (generally existing/within the City of Victorville boundaries) on the west. County Service Area 64 (CSA 64) includes territory within the City of Victorville, the Town of Apple Valley, and the unincorporated community of Spring Valley Lake. A non-contiguous parcel, Assessor Parcel Number 0415-263-13 located within the City of Hesperia, is also being included as part of the project study area which includes two of CSA 64's water storage facilities. Figure 1 shows the current CSA 64 boundary and Sphere of Influence (SOI). Figure 2 shows the proposal as submitted by the applicant. The total area within the boundaries shown on Figure 2 is estimated to encompass approximately 2,590 acres.
5. Applicant's Name: County of San Bernardino
Address: 385 North Arrowhead Avenue, 5th Floor
San Bernardino, CA 92415-0120
6. General Plan Designation: N/A
7. Zoning Classification: N/A

8. Project Description:

Introduction

For areas within the County that are unincorporated but have sufficient population to require urban level service, the County often creates a "County Service Area" to provide such services. County Service Area (CSA) 64 encompasses a mostly unincorporated area of the High Desert, which is generally considered the community of Spring Valley Lake. CSA 64 provides water and wastewater management as well as street sweeping services for Spring Valley Lake that include limited incorporated areas of the City of Victorville and the Town of Apple Valley for which the County Board of Supervisors serves as the governing board.

Figure 1 shows the boundary of the CSA 64 and its current Sphere of Influence. At the request of some of the Spring Valley Lake (SVL) residents, the San Bernardino County Board of Supervisors passed a resolution requesting that the Local Agency Formation Commission for San Bernardino County (LAFCO or Commission) consider the dissolution of CSA 64 and the creation of a new community services district, which is an independently governed entity with the district's governing board being elected from within the local service area. The objective supporting this request was for SVL residents to assume local control over certain services in their community as enumerated in the detailed project description provided below.

Project Description

LAFCO 3233 consists of a request from the San Bernardino County Board of Supervisors to initiate proceedings to dissolve CSA 64 and form a new, local government agency to be named the Spring Valley Lake Community Services District (SVLCSD). If approved as proposed, the new community services district will have the authority to provide the following services: water, wastewater collection, street sweeping and solid waste. The proposed district would assume the water, wastewater and street sweeping services from County Service Area 64, as well as assume responsibility for solid waste services currently being managed by the County's Solid Waste Division of its Public Works Department. The Board Resolution identified the following facts and findings:

- The request was initiated on behalf of certain residents of Spring Valley Lake (SVL).
- The objective is for SVL residents to carry out local control over certain services in their community as enumerated below.
- The SVL Community Services District would be governed by a five (5) member Board of Directors if approved by LAFCO and a subsequent election.
- The range of services for which authorization was requested include: water, sewer, street sweeping, park and recreation, and solid waste.
- The new CSD would assume the rights, responsibilities, properties, contracts, assets and liabilities, and functions of CSA 64.
- The new CSD would also assume the authorized charges, fees, assessments, and taxes currently in effect.
- The goal of the LAFCO 3233 would be to maintain the current level of service to the Spring Valley Lake community with local control.

Since the Resolution was adopted and through the processing of said proposal by LAFCO, the applicant has asked that the park and recreation services that it originally requested (as outlined in its Board Resolution) be removed from consideration and that the boundaries of the proposed

SVLCSD be reduced to that of the existing boundaries of CSA 64 (including the non-contiguous parcel, APN 0415-263-13) since there is no need to take over responsibility of the Mojave Narrows Regional Park.

LAFCO will also be considering the establishment of the sphere of influence boundary for the proposed SVLCSD. A sphere of influence is a plan for the probable physical boundary and service area of a local agency, as determined by the Commission.

The SVLCSD has identified two important goals if the formation is approved: (1) the formation will not change the existing community (physically) or the services currently provided to the SVL community, only the management and governance of the services themselves; (2) if approved, the proposed CSD will not cause or oversee any land use changes as the County will retain jurisdiction over land uses within the SVL unincorporated territory and the City of Victorville and Town of Apple Valley will also retain jurisdiction over land uses within the SVL incorporated territory.

Construction Scenario

As indicated in the preceding discussion of goals, LAFCO 3233 will not result in any direct or indirect physical modifications to the environment. Assuming the new CSD is formed, follow-on actions include an election to determine whether the new CSD should be formed and the election of the new five-member Board will occur. Once the new CSD assumes responsibility for the services identified above, it can make decisions regarding management and operation of its facilities, including the planning/purchasing of new facilities and equipment. Under this assumption the newly formed CSD would also assume responsibility for compliance with the California Environmental Quality Act (CEQA) for any future actions that would modify the physical environment within its jurisdiction. Since it is not possible for LAFCO to identify such actions at this time, LAFCO concludes that further consideration of any construction scenario would be speculative (Para. 15145, State CEQA Guidelines, 2019); therefore, this document does not consider any construction scenarios or activities for evaluation.

9. Surrounding land uses and setting: The Spring Valley Lake community is shown on Figure 1. It consists of an estimated 2,914 single-family residences and about 45 multi-family residential units. The 2017 estimated population was 7,356 persons based on U. S. Census Bureau population estimates. Land use designations within the project area are RS (single-family residential), RM (multi-family residential), CG (general commercial), OS (open space), and FW (flood area). Based on information in the Feasibility Study, Spring Valley Lake is essentially built-out, except for a few single-family residential lots and about 20 acres of land zoned for RM. Open space within the whole project area (CSA 64 and the CSA 64 SOI) includes Mojave Narrows Regional Park, the Mojave River floodplain, and Spring Valley Lake common space. As noted previously, the formation of the SVLCSD does not involve any changes in land use and no changes to the physical environment. The whole area encompassed by the existing CSA 64 boundary and SOI is estimated at 3,139 acres.
10. Other agencies whose approval is required (e.g., permits, financing approval, or participation agreement.) The formation of the SVLCSD is the action before the Commission for decision. No other agency approvals have been identified as necessary to support implementation of the proposed project. The proposed Spring Valley Lake Community Services District boundary being considered by LAFCO is shown on Figure 2. The following three alternatives for the formation of the SVLCSD may be considered by LAFCO. These

alternatives reflect the applicant's proposal and modifications that the LAFCO staff is requesting that the Commission consider.

1. Existing CSA 64 boundary, including the non-contiguous parcel APN 0415-263-13, within the City of Hesperia (Proposal as Submitted by the Applicant);
 2. Existing CSA 64 boundary, including the non-contiguous parcel APN 0415-263-13, within the City of Hesperia, but excluding the area within the Town of Apple Valley north of Sitting Bull Road (Option 2); or,
 3. Existing CSA 64 boundary, including the non-contiguous parcel APN 0415-263-13, within the City of Hesperia, but excluding all incorporated areas within the City of Victorville and Town of Apple Valley jurisdictions (Option 3).
11. Have California Native American tribes traditionally and cultural affiliated with the project area requested consultation pursuant to Public Resources Code section 21080.3.1? If so, has consultation begun?

Note: Conducting consultation early in the CEQA process allows tribal governments, lead agencies, and project proponents to discuss the level of environmental review, identify and address potential adverse impacts to tribal cultural resources, and reduce the potential for delay and conflict in the environmental review process. (See Public Resources Code section 21083.3.2.) Information may also be available from the California Native American Heritage Commission's Sacred Lands File per Public Resources Code section 5097.96 and the California Historical Resources Information System administered by the California Office of Historic Preservation. Please also note that Public Resources Code section 21082.3(c) contains provisions specific to confidentiality.

ENVIRONMENTAL FACTORS POTENTIALLY AFFECTED

The environmental factors checked below would be potentially affected by this project, involving at least one impact that is a "Potentially Significant Impact" as indicated by the checklist on the following pages.

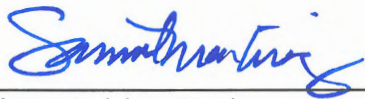
- | | | |
|---|---|--|
| <input type="checkbox"/> Aesthetics | <input type="checkbox"/> Agriculture and Forestry Resources | <input type="checkbox"/> Air Quality |
| <input type="checkbox"/> Biological Resources | <input type="checkbox"/> Cultural Resources | <input type="checkbox"/> Energy |
| <input type="checkbox"/> Geology / Soils | <input type="checkbox"/> Greenhouse Gas Emissions | <input type="checkbox"/> Hazards & Hazardous Materials |
| <input type="checkbox"/> Hydrology & Water Quality | <input type="checkbox"/> Land Use / Planning | <input type="checkbox"/> Mineral Resources |
| <input type="checkbox"/> Noise | <input type="checkbox"/> Population / Housing | <input type="checkbox"/> Public Services |
| <input type="checkbox"/> Recreation | <input type="checkbox"/> Transportation | <input type="checkbox"/> Tribal Cultural Resources |
| <input checked="" type="checkbox"/> Utilities / Service Systems | <input type="checkbox"/> Wildfire | <input checked="" type="checkbox"/> Mandatory Findings of Significance |

DETERMINATION (To be completed by the Lead Agency)

On the basis of this initial evaluation, the following finding is made:

<input type="checkbox"/>	The proposed project COULD NOT have a significant effect on the environment, and a NEGATIVE DECLARATION will be prepared.
<input checked="" type="checkbox"/>	Although the proposed project could have a significant effect on the environment, there will not be a significant effect in this case because revisions in the project have been made by or agreed to by the project proponent. A MITIGATED NEGATIVE DECLARATION will be prepared.
<input type="checkbox"/>	The proposed project MAY have a significant effect on the environment, and an ENVIRONMENTAL IMPACT REPORT is required.
<input type="checkbox"/>	The proposed project MAY have a "potentially significant impact" or "potentially significant unless mitigated" impact on the environment, but at least one effect 1) has been adequately analyzed in an earlier document pursuant to applicable legal standards, and 2) has been addressed by mitigation measures based on the earlier analysis as described on attached sheets. An ENVIRONMENTAL IMPACT REPORT is required, but it must analyze only the effects that remain to be addressed.
<input type="checkbox"/>	Although the proposed project could have a significant effect on the environment, because all potentially significant effects (a) have been analyzed adequately in an earlier EIR or NEGATIVE DECLARATION pursuant to applicable standards, and (b) have been avoided or mitigated pursuant to that earlier EIR or NEGATIVE DECLARATION, including revisions or mitigation measures that are imposed upon the proposed project, nothing further is required.

Tom Dodson & Associates
Prepared by



Lead Agency (signature)

December 27, 2019
Date

December 27, 2019
Date

EVALUATION OF ENVIRONMENTAL IMPACTS:

- 1) A brief explanation is required for all answers except "No Impact" answers that are adequately supported by the information sources a lead agency cites in the parentheses following each question. A "No Impact" answer is adequately supported if the referenced information sources show that the impact simply does not apply to projects like the one involved (e.g., the project falls outside a fault rupture zone). A "No Impact" answer should be explained where it is based on project-specific factors as well as general standards (e.g., the project will not expose sensitive receptors to pollutants, based on a project-specific screening analysis).
- 2) All answers must take account of the whole action involved, including off-site as well as on-site, cumulative as well as project-level, indirect as well as direct, and construction as well as operational impacts.
- 3) Once the lead agency has determined that a particular physical impact may occur, then the checklist answers must indicate whether the impact is potentially significant, less than significant with mitigation, or less than significant. "Potentially Significant Impact" is appropriate if there is substantial evidence that an effect may be significant. If there are one or more "Potentially Significant Impact" entries when the determination is made, an EIR is required.
- 4) "Negative Declaration: Less Than Significant With Mitigation Incorporated" applies where the incorporation of mitigation measures has reduced an effect from "Potentially Significant Impact" to a "Less Than Significant Impact." The lead agency must describe the mitigation measures, and briefly explain how they reduce the effect to a less than significant level (mitigation measures from "Earlier Analyses," as described in (5) below, may be cross-referenced).
- 5) Earlier analyses may be used where, pursuant to the tiering, program EIR, or other CEQA process, an effect has been adequately analyzed in an earlier EIR or negative declaration. Section 15063(c)(3)(D). In this case, a brief discussion should identify the following:
 - a) Earlier Analysis Used. Identify and state where they are available for review.
 - b) Impacts Adequately Addressed. Identify which effects from the above checklist were within the scope of and adequately analyzed in an earlier document pursuant to applicable legal standards, and state whether such effects were addressed by mitigation measures based on the earlier analysis.
 - c) Mitigation Measures. For effects that are "Less than Significant with Mitigation Measures Incorporated," describe the mitigation measures which were incorporated or refined from the earlier document and the extent to which they address site-specific conditions for the project.
- 6) Lead agencies are encouraged to incorporate into the checklist references to information sources for potential impacts (e.g., general plans, zoning ordinances). Reference to a previously prepared or outside document should, where appropriate, include a reference to the page or pages where the statement is substantiated.
- 7) Supporting Information Sources: A source list should be attached, and other sources used or individuals contacted should be cited in the discussion.

- 8) This is only a suggested form, and lead agencies are free to use different formats; however, lead agencies should normally address the questions from this checklist that are relevant to a project's environmental effects in whatever format is selected.
- 9) The explanation of each issue should identify:
 - a) the significance criteria or threshold, if any, used to evaluate each question; and
 - b) the mitigation measure identified, if any, to reduce the impact to less than significance.

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact or Does Not Apply
I. AESTHETICS: Except as provided in Public Resources Code Section 21099, would the project:				
a) Have a substantial adverse effect on a scenic vista?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Substantially damage scenic resources, including, but not limited to, trees, rock outcroppings, and historic buildings within a state scenic highway?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) In non-urbanized areas, substantially degrade the existing visual character or quality of public views of the site and its surroundings? (Public views are those that are experienced from publicly accessible vantage point). If the project is in an urbanized area, would the project conflict with applicable zoning or other regulations governing scenic quality?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Create a new source of substantial light or glare which would adversely affect day or nighttime views in the area?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

SUBSTANTIATION

As indicated in the project description, all of the services proposed for the new Spring Valley Lake Community Services District (SVLCSD) are currently being provided by existing agencies, such as CSA 64 (water, sewer collection, and street sweeping) and the County (solid waste). Regardless of which alternative may be approved by the Commission, this new Community Services District (CSD) will assume responsibility for providing these services. The new CSD will utilize the equipment and facilities of the existing service providers and in the case of solid waste will oversee the solid waste franchise contract. Until the new CSD is formed and a Board of Directors elected, the new CSD cannot assume control over these services, including alterations or expenditure for new facilities or equipment. Therefore, until the new CSD exists, no physical changes to the aesthetic environment can occur. Thus, the Commission's approval of LAFCO 3233 has no potential to have any adverse aesthetic impacts. Only after the new CSD exists and is capable of assuming CEQA lead agency responsibility can any actions be authorized that could have a potential to adversely alter an existing aesthetic/visual setting of the environment. Since it is not possible to know what such actions might be, LAFCO considers any future aesthetic impacts to be speculative and beyond its ability to forecast or identify at this time.

- a. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, has no potential to have a substantial adverse effect on a scenic vista. This approval will only allow the new CSD to assume responsibility for existing services, and any future change in services or facilities that might affect a scenic vista will become the responsibility of the new CSD.
- b. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, has no potential to have a substantial adverse effect on any scenic resources, including any within the vicinity of a state scenic highway. First, there is no scenic highway in the vicinity of the CSA 64 service area and this approval

will allow only the new CSD to assume responsibility for existing services. Any future change in services or facilities that might affect a scenic vista will become the responsibility of the new CSD.

- c. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, has no potential to substantially degrade existing visual settings including quality public views or to be in conflict with any regulations governing scenic quality. This approval will only allow the new CSD to assume responsibility for existing services, and any future change in services or facilities that might affect a scenic vista will become the responsibility of the new CSD.
- d. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, has no potential to create any new sources of light or glare that could adversely impact view in the service area. This approval will only allow the new CSD to assume responsibility for existing services, and any future modifications to lighting or creation of new sources of glare that might affect a visual setting will become the responsibility of the new CSD.

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact or Does Not Apply
II. AGRICULTURE AND FORESTRY RESOURCES: In determining whether impacts to agricultural resources are significant environmental effects, lead agencies may refer to the California Agricultural Land Evaluation and Site Assessment Model (1997) prepared by the California Dept. of Conservation as an optional model to use in assessing impacts on agriculture and farmland. In determining whether impacts to forest resources, including timberland, are significant environmental effects, lead agencies may refer to information compiled by the California Department of Forestry and Fire Protection regarding the state's inventory of forest land, including the Forest and Range Assessment Project and the Forest Legacy Assessment project; and forest carbon measurement methodology provided in Forest Protocols adopted by the California Air Resources Board. Would the project:				
a) Convert Prime Farmland, Unique Farmland or Farmland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to non-agricultural use?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Conflict with existing zoning for agricultural use or a Williamson Act contract?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Conflict with existing zoning for, or cause rezoning of, forest land (as defined in Public Resources Code section 12220(g)), timberland (as defined by Public Resources Code section 4526), or timberland zoned Timberland Production (as defined by Government Code section 51104(g))?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Result in the loss of forest land or conversion of forest land to non-forest use?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Involve other changes in the existing environment which, due to their location or nature, could result in conversion of Farmland, to non-agricultural use or conversion of forest land to non-forest use?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

SUBSTANTIATION

As indicated in the project description, all of the services proposed for the new Spring Valley Lake Community Services District (SVLCSD) are currently being provided by existing agencies, such as CSA 64 (water, sewer collection, and street sweeping) and the County (solid waste). Regardless of which alternative may be approved by the Commission, this new Community Services District (CSD) will assume responsibility for providing these services. The new CSD will utilize the equipment and facilities of the existing service providers and in the case of solid waste will oversee the solid waste franchise contract. Until the new CSD is formed and a Board of Directors elected, the new CSD cannot assume control over these services, including alterations or expenditure for new facilities or equipment. There are no agricultural activities or forestry/timber activities that currently occur within the service area(s). Therefore, until the new CSD exists, no physical changes to any agricultural or forestry/timber resources can occur. Thus, the Commission's approval of LAFCO 3233 has no potential to have any adverse agricultural or forestry

resources impacts. Only after the new CSD exists and is capable of assuming CEQA lead agency responsibility can any actions be authorized that could have a potential to adversely alter any existing agricultural or forestry resources. Since there are no agricultural or forestry/timber resources within any of the proposed service area(s), LAFCO's action cannot affect such resources.

- a. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, has no potential to have a substantial adverse effect on any agricultural land or farmland. This approval will only allow the new CSD to assume responsibility for existing services, and any future change in services or facilities that might affect a scenic vista will become the responsibility of the new CSD.
- b. *No Impact* - LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, has no potential to have a substantial adverse effect on any agriculturally zone land or Williamson Act contract. There is no agriculturally zone land in the vicinity of the CSA 64 service area and this approval will allow only the new CSD to assume responsibility for existing services.
- c. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, has no potential to adversely impact forest land or timberland because none exists in the project area.
- d. *No Impact* - LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, has no potential to cause the loss of forest land because there is no forested land within the project service areas.
- e. *No Impact* - LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, has no potential to cause any conversion of farmland or forest land/timberland because no such lands exist within the service area(s) or its vicinity.

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact or Does Not Apply
III. AIR QUALITY: Where available, the significance criteria established by the applicable air quality management or air pollution control district may be relied upon to make the following determinations. Would the project:				
a) Conflict with or obstruct implementation of the applicable air quality plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Result in a cumulatively considerable net increase of any criteria pollutant for which the project region is non-attainment under an applicable federal or state ambient air quality standard?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Expose sensitive receptors to substantial pollutant concentrations?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Result in other emissions (such as those leading to odors) adversely affecting a substantial number of people?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

SUBSTANTIATION:

As indicated in the project description, all of the services proposed for the new Spring Valley Lake Community Services District (SVLCSD) are currently being provided by existing agencies, such as CSA 64 (water, sewer collection, and street sweeping) and the County (solid waste). Regardless of which alternative may be approved by the Commission, this new Community Services District (CSD) will assume responsibility for providing these services. The new CSD will utilize the equipment and facilities of the existing service providers and in the case of solid waste will oversee the solid waste franchise contract. Until the new CSD is formed and a Board of Directors elected, the new CSD cannot assume control over these services, including alterations or expenditure for new facilities or equipment. Thus, following LAFCO's approval no new air emissions can occur within the service area(s). Therefore, until the new CSD exists, no physical changes to any existing emissions related to providing services can occur. Thus, the Commission's approval of LAFCO 3233 has no potential to have any adverse air quality impacts. Only after the new CSD exists and is capable of assuming CEQA lead agency responsibility can any actions be authorized that could have a potential to adversely alter existing air quality. Since it is not possible to know what such actions might be, LAFCO considers any future air quality impacts to be speculative and beyond its ability to forecast or identify at this time.

- a. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, has no potential to conflict with or obstruct implementation of the applicable air quality plan. This approval will only allow the new CSD to assume responsibility for existing services, and any future change in services or facilities that might generate new emissions and affect air quality will become the responsibility of the new CSD.
- b. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, has no potential to have a substantial cumulative adverse effect on air quality because no emissions will be generated. This approval will allow only the new CSD to assume responsibility for existing services, and any future

change in services or facilities that might affect air quality will become the responsibility of the new CSD.

- c. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, has no potential to expose sensitive receptors to substantial pollutant concentrations. This approval will only allow the new CSD to assume responsibility for existing services, and any future change in services or facilities that might expose sensitive receptors to adverse pollutant concentrations will become the responsibility of the new CSD.
- d. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, has no potential to generate emissions that could adversely affect a substantial number of people. This approval will only allow the new CSD to assume responsibility for existing services, and any future modifications that may generate new emissions will become the responsibility of the new CSD.

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact or Does Not Apply
IV. BIOLOGICAL RESOURCES: Would the project:				
a) Have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Wildlife or U.S. Fish and Wildlife Service?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, regulations or by the California Department of Fish and Wildlife or U.S. Fish and Wildlife Service?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Have a substantial adverse effect on state or federally protected wetlands (including, but not limited to, marsh, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Interfere substantially 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?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Conflict with the provisions of an adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional, or state habitat conservation plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

SUBSTANTIATION:

As indicated in the project description, all of the services proposed for the new Spring Valley Lake Community Services District (SVLCSD) are currently being provided by existing agencies, such as CSA 64 (water, sewer collection, and street sweeping) and the County (solid waste). Regardless of which alternative may be approved by the Commission, this new Community Services District (CSD) will assume responsibility for providing these services. The new CSD will utilize the equipment and facilities of the existing service providers and in the case of solid waste will oversee the solid waste franchise contract. Until the new CSD is formed and a Board of Directors elected, the new CSD cannot assume control over these services, including alterations or expenditure for new facilities or equipment. Thus, following LAFCO's approval no ground disturbance can occur that could adversely impact any biological resources within the service area(s). Therefore, until the new CSD exists, no physical changes to any biological resources can occur. Thus, the Commission's approval of LAFCO 3233 has no potential to have any adverse biological resource impacts. Only after the new CSD exists and is capable of assuming CEQA lead agency responsibility can any actions be authorized that could have a potential to adversely impact any biological resources. Since it is not possible to know what such actions might be, LAFCO considers any future biological resource impacts to be speculative and beyond its ability to forecast or identify at this time.

- a. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, has no potential to impact any candidate, sensitive or special status species. This approval will only allow the new CSD to assume responsibility for existing services, and any future change in services or facilities that might disturb habitat and adversely impact sensitive biological resources will become the responsibility of the new CSD.
- b. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, has no potential to impact any riparian habitat or other sensitive natural community. This approval will only allow the new CSD to assume responsibility for existing services, and any future change in services or facilities that might disturb sensitive habitat and adversely impact sensitive biological resources will become the responsibility of the new CSD.
- c. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, has no potential to impact any wetland habitat. This approval will only allow the new CSD to assume responsibility for existing services, and any future change in services or facilities that might disturb wetland habitat and adversely impact sensitive wetland biological resources will become the responsibility of the new CSD.
- d. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, has no potential to interfere with movement of native species, wildlife corridors or impede the use of native wildlife nursery sites. This approval will only allow the new CSD to assume responsibility for existing services, and any future change in services or facilities that might adversely impact movement of native species, wildlife corridors or impede the use of native wildlife nursery sites will become the responsibility of the new CSD.
- e. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, has no potential to conflict with local policies or ordinances protecting biological resources. This approval will only allow the new CSD to assume responsibility for existing services, and any future change in services or facilities that might conflict with local policies or ordinances will become the responsibility of the new CSD.

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact or Does Not Apply
V. CULTURAL RESOURCES: Would the project:				
a) Cause a substantial adverse change in the significance of a historical resource pursuant to §15064.5?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Cause a substantial adverse change in the significance of an archaeological resource pursuant to §15064.5?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Disturb any human remains, including those interred outside of formal cemeteries?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

SUBSTANTIATION

As indicated in the project description, all of the services proposed for the new Spring Valley Lake Community Services District (SVLCSD) are currently being provided by existing agencies, such as CSA 64 (water, sewer collection, and street sweeping) and the County (solid waste). Regardless of which alternative may be approved by the Commission, this new Community Services District (CSD) will assume responsibility for providing these services. The new CSD will utilize the equipment and facilities of the existing service providers and in the case of solid waste will oversee the solid waste franchise contract. Until the new CSD is formed and a Board of Directors elected, the new CSD cannot assume control over these services, including alterations or expenditure for new facilities or equipment. Thus, following LAFCO's approval no ground disturbance can occur that could adversely impact any cultural resources within the service area(s). Therefore, until the new CSD exists, no physical changes to any cultural resources can occur. Thus, the Commission's approval of LAFCO 3233 has no potential to have any adverse cultural resource impacts. Only after the new CSD exists and is capable of assuming CEQA lead agency responsibility can any actions be authorized that could have a potential to adversely impact any cultural resources. Since it is not possible to know what such actions might be, LAFCO considers any future cultural resource impacts to be speculative and beyond its ability to forecast or identify at this time.

- No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, has no potential to impact any historical resources. This approval will only allow the new CSD to assume responsibility for existing services, and any future change in services or facilities that might disturb the ground and adversely impact historical resources will become the responsibility of the new CSD.
- No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, has no potential to impact any archaeological resources. This approval will only allow the new CSD to assume responsibility for existing services, and any future change in services or facilities that might disturb archaeological resources will become the responsibility of the new CSD.
- No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, has no potential to impact any human remains. This approval will only allow the new CSD to assume responsibility for existing

services, and any future change in services or facilities that might disturb and adversely impact human remains will become the responsibility of the new CSD.

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact or Does Not Apply
VI. ENERGY: Would the project:				
a) Result in a potentially significant environmental impact due to wasteful, inefficient, or unnecessary consumption of energy resources, during project construction or operations?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Conflict with or obstruct a state or local plan for renewable energy or energy efficiency?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

SUBSTANTIATION

As indicated in the project description, all of the services proposed for the new Spring Valley Lake Community Services District (SVLCSD) are currently being provided by existing agencies, such as CSA 64 (water, sewer collection, and street sweeping) and the County (solid waste). Regardless of which alternative may be approved by the Commission, this new Community Services District (CSD) will assume responsibility for providing these services. The new CSD will utilize the equipment and facilities of the existing service providers and in the case of solid waste will oversee the solid waste franchise contract. Until the new CSD is formed and a Board of Directors elected, the new CSD cannot assume control over these services, including alterations or expenditure for new facilities or equipment. Thus, following LAFCO's approval no new energy consumption can occur within the service area(s). Therefore, until the new CSD exists, no physical changes to any existing energy demand related to providing services can occur. Thus, the Commission's approval of LAFCO 3233 has no potential to have any adverse energy impacts. Only after the new CSD exists and is capable of assuming CEQA lead agency responsibility can any actions be authorized that could have a potential to adversely affect energy issues. Since it is not possible to know what such actions might be, LAFCO considers any future energy impacts to be speculative and beyond its ability to forecast or identify at this time.

- a. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, has no potential to result in potentially significant impacts due to wasteful, inefficient or unnecessary consumption of energy resources. This approval will only allow the new CSD to assume responsibility for existing services, and any future change in services or facilities that might consume energy in a wasteful or inefficient manner will become the responsibility of the new CSD.
- b. *No Impact* - LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, has no potential to conflict with any plans for renewable energy or energy efficiency because no additional energy will be consumed as a result of a LAFCO approval. This approval will allow only the new CSD to assume responsibility for existing services, and any future change in services or facilities that might affect energy consumption will become the responsibility of the new CSD.

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact or Does Not Apply
VII. GEOLOGY AND SOILS: Would the project:				
a) Directly or indirectly cause potential substantial adverse effects, including the risk of loss, injury, or death involving:				
(i) Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area or based on other substantial evidence of a known fault? Refer to Division of Mines and Geology Special Publication 42.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(ii) Strong seismic ground shaking?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(iii) Seismic-related ground failure, including liquefaction?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(iv) Landslides?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Result in substantial soil erosion or the loss of topsoil?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in onsite or offsite landslide, lateral spreading, subsidence, liquefaction or collapse?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Be located on expansive soil, as defined in Table 18-1-B of the Uniform Building Code (1994), creating substantial direct or indirect risks to life or property?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Have soils incapable of adequately supporting the use of septic tanks or alternative wastewater disposal systems where sewers are not available for the disposal of wastewater?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Directly or indirectly destroy a unique paleontological resource or site or unique geologic feature?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

SUBSTANTIATION

As indicated in the project description, all of the services proposed for the new Spring Valley Lake Community Services District (SVLCSD) are currently being provided by existing agencies, such as CSA 64 (water, sewer collection, and street sweeping) and the County (solid waste). Regardless of which alternative may be approved by the Commission, this new Community Services District (CSD) will assume responsibility for providing these services. The new CSD will utilize the equipment and facilities of the existing service providers and in the case of solid waste will oversee the solid waste franchise contract. Until the new CSD is formed and a Board of Directors elected, the new CSD cannot assume control over these services, including alterations or expenditure for new facilities or equipment. Thus, following LAFCO's approval no new development can occur (except by the existing service provider) that could adversely impact any new facilities within the service area(s). Therefore, until the new CSD exists, no physical changes can occur that would expose new facilities to geotechnical hazards. Thus, the

Commission's approval of LAFCO 3233 has no potential to have any or experience any adverse geotechnical impacts. Only after the new CSD exists and is capable of assuming CEQA lead agency responsibility can any actions be authorized that could have a potential to adversely impact or be adversely impacted by site geology and soils. Since it is not possible to know what such actions might be, LAFCO considers any future geology and soils impacts to be speculative and beyond its ability to forecast or identify at this time.

- a(i) *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, has no potential to experience impact from fault ground rupture. First no faults pass through the project service area, and second, no new facilities will be constructed that could be adversely impacted by such rupture. This approval will only allow the new CSD to assume responsibility for existing services, and no new facilities could be exposed to fault rupture without further environmental review.
- a(ii) *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, has no potential to experience impact from any seismic groundshaking. This approval will only allow the new CSD to assume responsibility for existing services, and any future change in services or facilities that might be exposed to groundshaking will become the responsibility of the new CSD.
- a(iii) *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, has no potential to expose humans to new seismic related hazards. This approval will only allow the new CSD to assume responsibility for existing services, and any future change in services or facilities that might expose humans to new seismic related hazard will become the responsibility of the new CSD.
- a(iv) *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, has no potential to experience impact from landslides. No new facilities will be constructed that could be adversely impacted by such landslides because of the minimal potential for this hazard in the project area. This approval will only allow the new CSD to assume responsibility for existing services, and no new facilities could be exposed to landslides without further environmental review.
- b. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, has no potential to experience impact from soil erosion or loss of topsoil. This approval will only allow the new CSD to assume responsibility for existing services, and any future change in services or facilities that might be exposed to erosion or loss of topsoil will become the responsibility of the new CSD.
- c. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, has no potential to expose humans to geotechnical unstable conditions. This approval will only allow the new CSD to assume

responsibility for existing services, and any future change in services or facilities that might expose humans to geotechnically unstable conditions will become the responsibility of the new CSD.

- d. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, has no potential to experience impact from expansive soil. First, expansive soils do not occur within the project area. Second, this approval will only allow the new CSD to assume responsibility for existing services, and any future change in services or facilities that might be exposed to expansive soil will become the responsibility of the new CSD.
- e. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, has no potential to expose humans to soils incapable of supporting subsurface septic systems. This is because the project does not involve the use of such systems, but instead collects wastewater and delivers it for treatment to a wastewater treatment plant.
- f. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, has no potential to impact any paleontological resources. This approval will only allow the new CSD to assume responsibility for existing services, and any future change in services or facilities that might disturb paleontological resources will become the responsibility of the new CSD.

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact or Does Not Apply
VIII. GREENHOUSE GAS EMISSIONS: Would the project:				
a) Generate greenhouse gas emissions, either directly or indirectly, that may have a significant impact on the environment?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Conflict with an applicable plan, policy or regulation adopted for the purpose of reducing the emissions of greenhouse gases?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

SUBSTANTIATION

As indicated in the project description, all of the services proposed for the new Spring Valley Lake Community Services District (SVLCSD) are currently being provided by existing agencies, such as CSA 64 (water, sewer collection, and street sweeping) and the County (solid waste). Regardless of which alternative may be approved by the Commission, this new Community Services District (CSD) will assume responsibility for providing these services. The new CSD will utilize the equipment and facilities of the existing service providers and in the case of solid waste will oversee the solid waste franchise contract. Until the new CSD is formed and a Board of Directors elected, the new CSD cannot assume control over these services, including alterations or expenditure for new facilities or equipment. Thus, following LAFCO's approval no new development can occur (except by the existing service provider) that could adversely impact any new facilities within the service area(s). Therefore, until the new CSD exists, no physical changes can occur that would generate new greenhouse gas (GHG) emissions. Thus, the Commission's approval of LAFCO 3233 has no potential to generate new GHG emissions. Only after the new CSD exists and is capable of assuming CEQA lead agency responsibility can any actions be authorized that could generate new GHG emissions. Since it is not possible to know what such actions might be, LAFCO considers any future GHG emissions to be speculative and beyond its ability to forecast or identify at this time.

- a. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, has no potential to generate GHG emissions. This approval will only allow the new CSD to assume responsibility for existing services, and any future change in services or facilities that might generate new GHG emissions and affect air quality will become the responsibility of the new CSD.
- b. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, has no potential to conflict with applicable GHG plans, policies or regulations have a substantial cumulative adverse effect on air quality because no emissions will be generated. This approval will allow only the new CSD to assume responsibility for existing services, and any future change in services or facilities that might affect GHG emissions will become the responsibility of the new CSD.

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact or Does Not Apply
IX. HAZARDS AND HAZARDOUS MATERIALS: Would the project:				
a) Create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5 and, as a result, would it create a significant hazard to the public or the environment?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project result in a safety hazard or excessive noise for people residing or working in the project area?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f) Impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
g) Expose people or structures, either directly or indirectly, to a significant risk of loss, injury or death involving wildland fires?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

SUBSTANTIATION

As indicated in the project description, all of the services proposed for the new Spring Valley Lake Community Services District (SVLCSD) are currently being provided by existing agencies, such as CSA 64 (water, sewer collection and street sweeping) and the County (solid waste). Regardless of which alternative may be approved by the Commission, this new Community Services District (CSD) will assume responsibility for providing these services. The new CSD will utilize the equipment and facilities of the existing service providers and in the case of solid waste will oversee the solid waste franchise contract. Until the new CSD is formed and a Board of Directors elected, the new CSD cannot assume control over these services, including alterations or expenditure for new facilities or equipment. Thus, following LAFCO's approval no new development can occur (except by the existing service provider) that could adversely impact any new facilities within the service area(s). Therefore, until the new CSD exists, no physical changes can occur that would expose new facilities to hazards or hazardous materials. Thus, the Commission's approval of LAFCO 3233 has no potential to have any or experience any adverse hazards impacts. Only after the new CSD exists and is capable of assuming CEQA lead agency responsibility can any actions be authorized that could have a potential to adversely impact or be adversely impacted by hazards and hazardous materials. Since it is not possible to know what such actions might be, LAFCO

considers any future hazards and hazardous materials impacts to be speculative and beyond its ability to forecast or identify at this time.

- a. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, has no potential to experience impact from routine transport, use, or disposal of hazardous materials. This approval will only allow the new CSD to assume responsibility for existing services, and no new facilities or activities will experience routine transport, use or disposal of hazardous materials without further environmental review.
- b. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, has no potential to experience impact from foreseeable upset or accident conditions involving release of hazardous materials into the environment. This approval will only allow the new CSD to assume responsibility for existing services, and any future change in services or facilities that might be exposed to release of hazardous materials will become the responsibility of the new CSD.
- c. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, has no potential to emit hazardous emissions or handle acutely hazardous materials near a school. This approval will only allow the new CSD to assume responsibility for existing services, and any future change in services or facilities that might emit hazardous emissions or expose humans to acutely hazardous materials will become the responsibility of the new CSD.
- d. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, has no potential to be located on a contaminated site. This approval will only allow the new CSD to assume responsibility for existing services, and any future change in services or facilities that might be located on a contaminated site will become the responsibility of the new CSD.
- e. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, has no potential to expose humans to airport hazards, because there are no airports in the general area.
- f. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, has no potential to physically interfere with an emergency response or evacuation plan. This approval will only allow the new CSD to assume responsibility for existing services, and any future change in services or facilities that might interfere with such plans will become the responsibility of the new CSD.
- g. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of

Influence for the Spring Valley Lake Community Services District, has no potential to expose humans to wildfire hazards. This approval will only allow the new CSD to assume responsibility for existing services, and any future change in services or facilities that might create exposure to wildfires will become the responsibility of the new CSD.

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact or Does Not Apply
X. HYDROLOGY AND WATER QUALITY: Would the project:				
a) Violate any water quality standards or waste discharge requirements or otherwise substantially degrade surface or groundwater quality?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Substantially decrease groundwater supplies or interfere substantially with groundwater recharge such the project may impede sustainable groundwater management of the basin?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river or through the addition of impervious surfaces, in a manner which would:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(i) result in substantial erosion or siltation onsite or offsite?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(ii) substantially increase the rate or amount of surface runoff in a manner which would result in flooding onsite or offsite?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(iii) create or contribute runoff water which would exceed the capacity of existing or planned stormwater drainage systems or provide substantial additional sources of polluted runoff?; or,	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
(iv) impede or redirect flood flows?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) In flood hazard, tsunami, or seiche zones, risk release of pollutants due to project inundation?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Conflict with or obstruct implementation of a water quality control plan or sustainable groundwater management plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

SUBSTANTIATION

As indicated in the project description, all of the services proposed for the new Spring Valley Lake Community Services District (SVLCSD) are currently being provided by existing agencies, such as CSA 64 (water, sewer collection, and street sweeping) and the County (solid waste). Regardless of which alternative may be approved by the Commission, this new Community Services District (CSD) will assume responsibility for providing these services. The new CSD will utilize the equipment and facilities of the existing service providers and in the case of solid waste will oversee the solid waste franchise contract. Until the new CSD is formed and a Board of Directors elected, the new CSD cannot assume control over these services, including alterations or expenditure for new facilities or equipment. Thus, following LAFCO's approval no new development can occur (except by the existing service provider) that could adversely impact any new facilities within the service area(s). Therefore, until the new CSD exists, no physical changes can occur that would physically modify the environment. Thus, the Commission's approval of LAFCO 3233 has no potential to cause any adverse environmental impacts. Only after the new CSD exists and is capable of assuming CEQA lead agency responsibility can any actions be authorized

that could modify the environment. Since it is not possible to know what such actions might be, LAFCO considers any future actions to be speculative and beyond its ability to forecast or identify at this time.

- a. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, will not change operations for water and wastewater supply for the new CSD. This approval will only allow the new CSD to assume responsibility for existing services, and any future change in services or facilities that might cause water quality violations will become the responsibility of the new CSD utilizing facilities of the existing system.
- b. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, will not change rates of withdrawal from or recharge to the regional groundwater aquifer due to the new CSD. This approval will only allow the new CSD to assume responsibility for existing services, and any future change in services or facilities that might cause changes to groundwater resources will become the responsibility of the new CSD utilizing facilities of the existing system.
- c(i) *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, will not make any alterations to any surface flows within the service area. This approval will only allow the new CSD to assume responsibility for existing services, and any future changes to the physical environment that could modify surface flows will become the responsibility of the new CSD utilizing facilities of the existing system.
- c(ii) *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, will not make any alterations to any surface flows within the service area. This approval will only allow the new CSD to assume responsibility for existing services, and any future changes to the physical environment that could modify the rate or amount of surface flows in the future will become the responsibility of the new CSD utilizing facilities of the existing system.
- c(iii) *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, will not make any alterations to any surface flows within the service area. This approval will only allow the new CSD to assume responsibility for existing services, and any future changes to the physical environment that could generate additional surface flows in the future will become the responsibility of the new CSD utilizing facilities of the existing system.
- c(iv) *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, will not make any alterations to any surface flows within the service area. This approval will only allow the new CSD to assume responsibility for existing services, and any future changes to the physical environment that could

impede or redirect surface flows in the future will become the responsibility of the new CSD utilizing facilities of the existing system.

- d. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, will not change the location of any existing water or wastewater facilities. Much of CSA 64 is exposed to flood hazards from a failure of the Mojave Forks Dam, but the proposed action will not alter this fact in any manner. This approval will only allow the new CSD to assume responsibility for existing services, and any future change in services or facilities that might create greater exposure to flood hazards will become the responsibility of the new CSD utilizing facilities of the existing system.
- e. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, will not change operations for water supply or wastewater treatment for the new CSD. The project site is located in the Mojave River Basin, which has undergone a court adjudication. This approval will only allow the new CSD to assume responsibility for existing services, and any future change in services or facilities that might conflict with or obstruct a sustainable groundwater management plan should not occur because groundwater resources available to the new CSD are monitored and limited to established volumes. Any future changes to these assigned water resources will become the responsibility of the new CSD interacting with the Mojave Water Agency under well-established rules. No adverse impact (conflict or obstruction) from approving LA 3233 will affect any existing water resource management plan(s).

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact or Does Not Apply
XI. LAND USE AND PLANNING: Would the project:				
a) Physically divide an established community?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Cause a significant environmental impact due to a conflict with any land use plan, policy, or regulation adopted for the purpose of avoiding or mitigating an environmental effect?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

SUBSTANTIATION

As indicated in the project description, all of the services proposed for the new Spring Valley Lake Community Services District (SVLCSD) are currently being provided by existing agencies, such as CSA 64 (water, sewer collection, and street sweeping) and the County (solid waste). Regardless of which alternative may be approved by the Commission, this new Community Services District (CSD) will assume responsibility for providing these services. The new CSD will utilize the equipment and facilities of the existing service providers and in the case of solid waste will oversee the solid waste franchise contract. Until the new CSD is formed and a Board of Directors elected, the new CSD cannot assume control over these services, including alterations or expenditure for new facilities or equipment. Thus, following LAFCO's approval no new development can occur (except by the existing service provider) that could adversely impact any new facilities within the service area(s). Therefore, until the new CSD exists, no physical changes can occur that would physically modify the environment. Thus, the Commission's approval of LAFCO 3233 has no potential to cause any adverse environmental impacts. Only after the new CSD exists and is capable of assuming CEQA lead agency responsibility can any actions be authorized that could modify the environment. Since it is not possible to know what such actions might be, LAFCO considers any future actions to be speculative and beyond its ability to forecast or identify at this time.

- a. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, will not change any existing land uses or result in changes in any land uses. This is because the new CSD will not have any land use authority. This approval will only allow the new CSD to assume responsibility for existing water and wastewater services, and any future change in services or facilities that might affect existing land uses will become the responsibility of the new CSD.
- b. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, will not change any land uses and therefore it cannot have any adverse impact due to conflicts with any land use plan, policy, or regulations adopted for the purpose of avoiding or mitigating an environmental effect. This approval will only allow the new CSD to assume responsibility for existing services, and any future change in services or facilities that might cause such conflicts will become the responsibility of the new CSD.

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact or Does Not Apply
XII. MINERAL RESOURCES: Would the project:				
a) Result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Result in the loss of availability of a locally important mineral resource recovery site delineated on a local general plan, specific plan or other land use plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

SUBSTANTIATION:

As indicated in the project description, all of the services proposed for the new Spring Valley Lake Community Services District (SVLCSD) are currently being provided by existing agencies, such as CSA 64 (water, sewer collection, and street sweeping) and the County (solid waste). Regardless of which alternative may be approved by the Commission, this new Community Services District (CSD) will assume responsibility for providing these services. The new CSD will utilize the equipment and facilities of the existing service providers and in the case of solid waste will oversee the solid waste franchise contract. Until the new CSD is formed and a Board of Directors elected, the new CSD cannot assume control over these services, including alterations or expenditure for new facilities or equipment. Thus, following LAFCO's approval no new development can occur (except by the existing service provider) that could adversely impact any new facilities within the service area(s).

Therefore, until the new CSD exists, no physical changes can occur that would physically modify the environment. Thus, the Commission's approval of LAFCO 3233 has no potential to cause any adverse environmental impacts. Only after the new CSD exists and is capable of assuming CEQA lead agency responsibility can any actions be authorized that could modify the environment. Since it is not possible to know what such actions might be, LAFCO considers any future actions to be speculative and beyond its ability to forecast or identify at this time.

a&b. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, will not change any land uses or affect the availability of any mineral resources or mineral resource operations. This approval will only allow the new CSD to assume responsibility for existing services, and any future change in services or facilities that might affect mineral resources will become the responsibility of the new CSD.

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact or Does Not Apply
XIII. NOISE: Would the project result in:				
a) Generation of a substantial temporary or permanent increase in ambient noise levels in the vicinity of a project in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Generation of excessive groundborne vibration or groundborne noise levels?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) For a project located within the vicinity of a private airstrip or an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project expose people residing or working in the project area to excessive noise levels?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

SUBSTANTIATION

As indicated in the project description, all of the services proposed for the new Spring Valley Lake Community Services District (SVLCSD) are currently being provided by existing agencies, such as CSA 64 (water, sewer collection, and street sweeping) and the County (solid waste). Regardless of which alternative may be approved by the Commission, this new Community Services District (CSD) will assume responsibility for providing these services. The new CSD will utilize the equipment and facilities of the existing service providers and in the case of solid waste will oversee the solid waste franchise contract. Until the new CSD is formed and a Board of Directors elected, the new CSD cannot assume control over these services, including alterations or expenditure for new facilities or equipment. Thus, following LAFCO's approval no new development can occur (except by the existing service provider) that could adversely impact any new facilities within the service area(s). Therefore, until the new CSD exists, no physical changes can occur that would physically modify the environment. Thus, the Commission's approval of LAFCO 3233 has no potential to cause any adverse environmental impacts. Only after the new CSD exists and is capable of assuming CEQA lead agency responsibility can any actions be authorized that could modify the environment. Since it is not possible to know what such actions might be, LAFCO considers any future actions to be speculative and beyond its ability to forecast or identify at this time.

- a. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, will not change any existing activities that could generate noise or result in changes in any land uses. This approval will only allow the new CSD to assume responsibility for existing water and wastewater services and associated activities, and any future change in services or facilities that might affect future noise levels will become the responsibility of the new CSD.
- b. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, will not change any existing activities that could generate ground vibration or groundborne noise or result in changes in any land uses. This approval will only allow the new CSD to assume responsibility for existing water and wastewater services and associated activities, and any future change in services or facilities that might affect future groundborne vibration/noise levels will become the responsibility of the new CSD.

- c. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, will not expose any residents or employees to airport noise impacts because there are no airports in the project vicinity.

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact or Does Not Apply
XIV. POPULATION AND HOUSING: Would the project:				
a) Induce substantial population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of roads or other infrastructure)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Displace substantial numbers of existing people or housing, necessitating the construction of replacement housing elsewhere?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

SUBSTANTIATION

As indicated in the project description, all of the services proposed for the new Spring Valley Lake Community Services District (SVLCSD) are currently being provided by existing agencies, such as CSA 64 (water, sewer collection, and street sweeping) and the County (solid waste). Regardless of which alternative may be approved by the Commission, this new Community Services District (CSD) will assume responsibility for providing these services. The new CSD will utilize the equipment and facilities of the existing service providers and in the case of solid waste will oversee the solid waste franchise contract. Until the new CSD is formed and a Board of Directors elected, the new CSD cannot assume control over these services, including alterations or expenditure for new facilities or equipment. Thus, following LAFCO's approval no new development can occur (except by the existing service provider) that could adversely impact any new facilities within the service area(s). Therefore, until the new CSD exists, no physical changes can occur that would physically modify the environment. Thus, the Commission's approval of LAFCO 3233 has no potential to cause any adverse environmental impacts. Only after the new CSD exists and is capable of assuming CEQA lead agency responsibility can any actions be authorized that could modify the environment. Since it is not possible to know what such actions might be, LAFCO considers any future actions to be speculative and beyond its ability to forecast or identify at this time.

- a. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, will not change any existing land uses or result in changes in any land uses. This is because the new CSD will not have any land use authority. This approval will only allow the new CSD to assume responsibility for existing water and wastewater services, and any future change in services or facilities that might affect existing or future population and housing will become the responsibility of the new CSD.
- b. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, will not change any existing land uses or result in changes in any land uses. This is because the new CSD will not have any land use authority. This approval will only allow the new CSD to assume responsibility for existing water and wastewater services, and any future change in services or facilities that might affect existing or future housing will become the responsibility of the new CSD.

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact or Does Not Apply
XV. PUBLIC SERVICES: Would the project result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for any of the public services:				
a) Fire protection?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Police protection?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Schools?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Parks?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Other public facilities?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

SUBSTANTIATION

As indicated in the project description, all of the services proposed for the new Spring Valley Lake Community Services District (SVLCSD) are currently being provided by existing agencies, such as CSA 64 (water, sewer collection, and street sweeping) and the County (solid waste). Regardless of which alternative may be approved by the Commission, this new Community Services District (CSD) will assume responsibility for providing these services. The new CSD will utilize the equipment and facilities of the existing service providers and in the case of solid waste will oversee the solid waste franchise contract. Until the new CSD is formed and a Board of Directors elected, the new CSD cannot assume control over these services, including alterations or expenditure for new facilities or equipment. Thus, following LAFCO's approval no new development can occur (except by the existing service provider) that could adversely impact any new facilities within the service area(s). Therefore, until the new CSD exists, no physical changes can occur that would physically modify the environment. Thus, the Commission's approval of LAFCO 3233 has no potential to cause any adverse environmental impacts. Only after the new CSD exists and is capable of assuming CEQA lead agency responsibility can any actions be authorized that could modify the environment. Since it is not possible to know what such actions might be, LAFCO considers any future actions to be speculative and beyond its ability to forecast or identify at this time.

- a. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, will not change any existing land uses or result in changes in any land uses that could affect future demand for fire protection. This approval will only allow the new CSD to assume responsibility for existing water and wastewater services, and any future change in services or facilities that might affect existing or future fire protection demand, including adequate fire flow within the new CSD, will become the responsibility of the new CSD.
- b. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, will not change any existing land uses or result in changes in any land uses that could affect future demand for police protection. This approval will only allow the new CSD to assume responsibility for existing water and wastewater

services, and any future change in services or facilities that might affect existing or future police protection demand will become the responsibility of the new CSD.

- c. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, will not change any existing land uses or result in changes in any land uses that could affect future demand for school services. This approval will only allow the new CSD to assume responsibility for existing water and wastewater services, and any future change in services or facilities that might affect existing or future school capacity demand will become the responsibility of the new CSD.
- d. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, will not change any existing land uses or result in changes in any land uses that could affect future demand for park or recreation resources. This approval will only allow the new CSD to assume responsibility for existing water and wastewater services, and any future change in services or facilities that might affect existing or future demand for parks or recreational facilities will become the responsibility of the new CSD.
- e. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, will not change any existing land uses or result in changes in any land uses that could affect future demand for other public services. This approval will only allow the new CSD to assume responsibility for existing water and wastewater services, and any future change in services or facilities that might affect existing or future other public services police will become the responsibility of the new CSD.

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact or Does Not Apply
XVI. RECREATION:				
a) Would the project increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Does the project include recreational facilities or require the construction or expansion of recreational facilities which might have an adverse physical effect on the environment?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

SUBSTANTIATION

As indicated in the project description, all of the services proposed for the new Spring Valley Lake Community Services District (SVLCSD) are currently being provided by existing agencies, such as CSA 64 (water, sewer collection, and street sweeping) and the County (solid waste). Regardless of which alternative may be approved by the Commission, this new Community Services District (CSD) will assume responsibility for providing these services. The new CSD will utilize the equipment and facilities of the existing service providers and in the case of solid waste will oversee the solid waste franchise contract. Until the new CSD is formed and a Board of Directors elected, the new CSD cannot assume control over these services, including alterations or expenditure for new facilities or equipment. Thus, following LAFCO's approval no new development can occur (except by the existing service provider) that could adversely impact any new facilities within the service area(s). Therefore, until the new CSD exists, no physical changes can occur that would physically modify the environment. Thus, the Commission's approval of LAFCO 3233 has no potential to cause any adverse environmental impacts. Only after the new CSD exists and is capable of assuming CEQA lead agency responsibility can any actions be authorized that could modify the environment. Since it is not possible to know what such actions might be, LAFCO considers any future actions to be speculative and beyond its ability to forecast or identify at this time.

a&b. No Impact – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, will not change any existing land uses or result in changes in any land uses that could affect future demand for park or recreation resources. This approval will only allow the new CSD to assume responsibility for existing water and wastewater services, and any future change in services or facilities that might affect existing or future demand for parks or recreational facilities (including construction or expansion of recreational facilities) will become the responsibility of the new CSD.

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact or Does Not Apply
XVII. TRANSPORTATION: Would the project:				
a) Conflict with a program, plan, ordinance or policy addressing the circulation system, including transit, roadway, bicycle and pedestrian facilities?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Conflict or be inconsistent with CEQA Guidelines section 15064.3, subdivision (b)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Substantially increase hazards due to a geometric design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Result in inadequate emergency access?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

SUBSTANTIATION

CEQA Section 15064.3, subdivision (b):

(1) Land Use Projects. Vehicle miles traveled exceeding an applicable threshold of significance may indicate a significant impact. Generally, projects within one-half mile of either an existing major transit stop or a stop along an existing high-quality transit corridor should be presumed to cause a less than significant transportation impact. Projects that decrease vehicle miles traveled in the project area compared to existing conditions should be presumed to have a less than significant transportation impact.

(2) Transportation Projects. Transportation projects that reduce, or have no impact on, vehicle miles traveled should be presumed to cause a less than significant transportation impact. For roadway capacity projects, agencies have discretion to determine the appropriate measure of transportation impact consistent with CEQA and other applicable requirements. To the extent that such impacts have already been adequately addressed at a programmatic level, such as in a regional transportation plan EIR, a lead agency may tier from that analysis as provided in Section 15152.

(3) Qualitative Analysis. If existing models or methods are not available to estimate the vehicle miles traveled for the particular project being considered, a lead agency may analyze the project's vehicle miles traveled qualitatively. Such a qualitative analysis would evaluate factors such as the availability of transit, proximity to other destinations, etc. For many projects, a qualitative analysis of construction traffic may be appropriate.

(4) Methodology. A lead agency has discretion to choose the most appropriate methodology to evaluate a project's vehicle miles traveled, including whether to express the change in absolute terms, per capita, per household or in any other measure. A lead agency may use models to estimate a project's vehicle miles traveled, and may revise those estimates to reflect professional judgment based on substantial evidence. Any assumptions used to estimate vehicle miles traveled and any revisions to model outputs should be documented and explained in the environmental document prepared for the project. The standard of adequacy in Section 15151 shall apply to the analysis described in this section.

As indicated in the project description, all of the services proposed for the new Spring Valley Lake Community Services District (SVLCSD) are currently being provided by existing agencies, such as CSA 64 (water, sewer collection, and street sweeping) and the County (solid waste). Regardless of which alternative may be approved by the Commission, this new Community Services District (CSD) will assume responsibility for providing these services. The new CSD will utilize the equipment and facilities of the existing service providers and in the case of solid waste will oversee the solid waste franchise contract.

Until the new CSD is formed and a Board of Directors elected, the new CSD cannot assume control over these services, including alterations or expenditure for new facilities or equipment. Thus, following LAFCO's approval no new development can occur (except by the existing service provider) that could adversely impact any new facilities within the service area(s). Therefore, until the new CSD exists, no physical changes can occur that would physically modify the environment. Thus, the Commission's approval of LAFCO 3233 has no potential to cause any adverse environmental impacts. Only after the new CSD exists and is capable of assuming CEQA lead agency responsibility can any actions be authorized that could modify the environment. Since it is not possible to know what such actions might be, LAFCO considers any future actions to be speculative and beyond its ability to forecast or identify at this time.

- a. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, will not change any existing land uses or result in changes in any land uses that could affect future generation of traffic or demand for mass transit resources. This approval will only allow the new CSD to assume responsibility for existing water and wastewater services, and any future change in services or facilities that might affect existing or future trip generation or demand for mass transit resources will become the responsibility of the new CSD.
- b. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, will not change any existing land uses or result in changes in any land uses that could affect future vehicle miles traveled. This approval will only allow the new CSD to assume responsibility for existing water and wastewater services, and any future change in services or facilities that might affect existing or future vehicle miles traveled will become the responsibility of the new CSD.
- c. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, will not change any existing land uses or result in changes in any land uses that could increase roadway hazards. This approval will only allow the new CSD to assume responsibility for existing water and wastewater services, and any future change in roadways that could increase hazards services or facilities that might affect existing or future roadway hazards will become the responsibility of the new CSD.
- d. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, will not change any existing land uses or result in changes in any land uses that could affect future adequacy of roadway emergency access. This approval will only allow the new CSD to assume responsibility for existing water and wastewater services, and any future change in services or facilities that might affect emergency access will become the responsibility of the new CSD.

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact or Does Not Apply
XVIII. TRIBAL CULTURAL RESOURCES: Would the project cause a substantial change in the significance of tribal cultural resources, defined in Public Resources Code section 21074 as either a site, feature, place, cultural landscape that is geographically defined in terms of the size and scope of the landscape, sacred place, or object with cultural value to the California Native American tribe, and that is:				
a) Listed or eligible for listing in the California Register of Historical Resources, or in a local register of historical resources as defined in Public Resources Code section 5020.1(k), or	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) A resource determined by the lead agency, in its discretion and supported by substantial evidence, to be significant pursuant to criteria set forth in subdivision (c) of Public Resources Code Section 5024.1. In applying the criteria set forth in subdivision (c) of Public Resources Code Section 5024.1, the lead agency shall consider the significance of the resource to a California Native American tribe.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

SUBSTANTIATION

As indicated in the project description, all of the services proposed for the new Spring Valley Lake Community Services District (SVLCSD) are currently being provided by existing agencies, such as CSA 64 (water, sewer collection, and street sweeping) and the County (solid waste). Regardless of which alternative may be approved by the Commission, this new Community Services District (CSD) will assume responsibility for providing these services. The new CSD will utilize the equipment and facilities of the existing service providers and in the case of solid waste will oversee the solid waste franchise contract. Until the new CSD is formed and a Board of Directors elected, the new CSD cannot assume control over these services, including alterations or expenditure for new facilities or equipment. Thus, following LAFCO's approval no new development can occur (except by the existing service provider) that could adversely impact any new facilities within the service area(s). Therefore, until the new CSD exists, no physical changes can occur that would physically modify the environment. Thus, the Commission's approval of LAFCO 3233 has no potential to cause any adverse environmental impacts. Only after the new CSD exists and is capable of assuming CEQA lead agency responsibility can any actions be authorized that could modify the environment. Since it is not possible to know what such actions might be, LAFCO considers any future actions to be speculative and beyond its ability to forecast or identify at this time.

- a. With no potential to make any physical modifications in any natural or man-made environment as a result of approving LAFCO 3233, a letter summarizing this finding was submitted to the three tribes that requested consultation with LAFCO. None of the tribes requested further consultation and no historical resources will be adversely impacted by approval of the new SVLCSD by LAFCO.
- b. With no physical changes in the environment from approval of LAFCO 3233, no potential exists to adversely impact any resources of significance to any Native American tribes.

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact or Does Not Apply
XIX. UTILITIES AND SERVICE SYSTEMS: Would the project:				
a) Require or result in the relocation or construction of new or expanded water, wastewater treatment, or stormwater drainage, electric power, natural gas, or telecommunications facilities, the construction or relocation of which could cause significant environmental effects?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) Have sufficient water supplies available to serve the project and reasonably foreseeable future development during normal, dry and multiple dry years?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Result in a determination by the wastewater treatment provider which serves or may serve the project that it has adequate capacity to serve the project's projected demand in addition to the provider's existing commitments?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Generate solid waste in excess of State or local standards, or in excess of the capacity of local infrastructure, or otherwise impair the attainment of solid waste reduction goals?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Comply with federal, state, and local management and reduction statutes and regulations related to solid waste?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

SUBSTANTIATION

As indicated in the project description, all of the services proposed for the new Spring Valley Lake Community Services District (SVLCSD) are currently being provided by existing agencies, such as CSA 64 (water, sewer collection, and street sweeping) and the County (solid waste). Regardless of which alternative may be approved by the Commission, this new Community Services District (CSD) will assume responsibility for providing these services. The new CSD will utilize the equipment and facilities of the existing service providers and in the case of solid waste will oversee the solid waste franchise contract. Until the new CSD is formed and a Board of Directors elected, the new CSD cannot assume control over these services, including alterations or expenditure for new facilities or equipment. Thus, following LAFCO's approval no new development can occur (except by the existing service provider) that could adversely impact any new facilities within the service area(s). Therefore, until the new CSD exists, no physical changes can occur that would physically modify the environment. Thus, the Commission's approval of LAFCO 3233 has no potential to cause any adverse environmental impacts. Only after the new CSD exists and is capable of assuming CEQA lead agency responsibility can any actions be authorized that could modify the environment. Since it is not possible to know what such actions might be, LAFCO considers any future actions to be speculative and beyond its ability to forecast or identify at this time.

- a. *Less Than Significant With Mitigation Incorporated* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, will not cause any identifiable change in any water or wastewater system infrastructure within CSA 64 if it transitions to the SVLCSD. However, even though the proposed LAFCO approval of LAFCO 3233 will not cause any direct effects on the CSA 64 water or wastewater

systems, there is a concern regarding the potential indirect impact of this project on the residual County water and wastewater agencies (County Service Areas) that remain under the jurisdiction of the County's Special Districts Department. Regarding wastewater issues the Victor Valley Wastewater Reclamation Authority (VWVRA) has indicated that it will continue to accept CSA 64 wastewater effluent until new arrangements can be established for participation in this Joint Powers Authority. Refer to Attachment 1 of this document for a copy of VWVRA's letter dated October 28, 2019.

Otherwise, it is rare that an economic or social effect must be considered in an environmental document. The State CEQA Guidelines contain the following information regarding economic and social effects: Section 15131 of the Guidelines states: *Economic or social information may be included in an EIR or may be presented in whatever form the agency desires.*

- (a) *Economic or social effects of a project shall not be treated as significant effects on the environment. An EIR may trace a chain of cause and effect from a proposed decision on a project through anticipated economic or social changes resulting from the project to physical changes caused by the economic or social changes. The economic or social changes need not be analyzed in any detail greater than necessary to trace the chain of cause and effect. The focus of the analysis shall be on the physical changes.*

According to the analysis of data prepared by LAFCO Staff (refer to Attachment 2), CSA 64 represents approximately 35% of the Special Districts' budget allocated to the water and wastewater agencies that it manages; however, in the past (using the average of the previous five years), CSA 64 has generally funded an additional five percent of overall salaries and benefits for all CSA water and wastewater agencies. Removal of CSA 64's portion of salaries and benefits as well as the additional funding for salaries and benefits (approximately 5%) that support Special Districts' water and wastewater agencies may have an adverse effect on provision of services (maintenance of facilities, required upgrades to water and wastewater infrastructure, and continued compliance with existing or new regulatory requirements for water quality at water and wastewater facilities) to the remaining CSAs. This is considered a potentially significant indirect physical impact to the residual agencies managed by the Special District's Department. Therefore, the following mitigation measure is recommended for implementation by the Commission for this potential impact:

UTIL-1 *The County shall implement the necessary measures to ensure that future service to all remaining water and wastewater CSAs operated by the Special Districts Department is maintained at a comparable level of service and operation that fulfills regulatory requirements for the specific resource, i.e., water and/or wastewater, delivered by the CSA. This responsibility can be fulfilled by any one, two, or all of the following methods:*

- 1) increasing the rate charged for the service provided by the CSA consistent with meeting regulatory requirements;*
- 2) LAFCO may assign to the new SVLCSD an amount of funds required to be returned to the Special District's Department to offset losses from approving LAFCO 3233 that will maintain a comparable level of service and operation in the remaining water and wastewater CSAs; or*
- 3) the County can allocate sufficient funds to maintain a comparable level of service and operation at the remaining water and wastewater CSAs.*

With Implementation of this mitigation measure the potentially significant indirect impact to residual water and wastewater agencies in Special Districts Department from approval of LAFCO 3233 can be reduced-controlled to a less than significant impact level.

- b. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, will not change any existing land uses or result in changes in demand for water supply. This approval will only allow the new CSD to assume responsibility for existing water and wastewater services, and any future change in services or facilities that might affect existing or future water demand will become the responsibility of the new CSD.
- c. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, will not change any existing land uses or result in changes in demand for wastewater service. This approval will only allow the new CSD to assume responsibility for existing water and wastewater services, and any future change in services or facilities that might affect existing or future demand for wastewater treatment capacity will become the responsibility of the new CSD.
- d&e. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, will not change any existing land uses or result in changes in any land uses that could affect future adequacy solid waste capacity and or compliance with solid waste statutes and regulations. This approval will only allow the new CSD to assume responsibility for existing water and wastewater services, and any future change in services or facilities that might affect solid waste generation will become the responsibility of the new CSD.

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact or Does Not Apply
XX. WILDFIRE: If located in or near state responsibility areas or lands classified as very high fire hazard severity zones, would the project:				
a) Substantially impair an adopted emergency response plan or emergency evacuation plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Due to slope, prevailing winds, and other factors, exacerbate wildfire risks, and thereby expose project occupants to pollutant concentrations from a wildfire or the uncontrolled spread of wildfire?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Require the installation or maintenance of associated infrastructure (such as roads, fuel breaks, emergency water sources, power lines or other utilities) that may exacerbate fire risk or that may result in temporary or ongoing impacts to the environment?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Expose people or structures to significant risks, including downslope or downstream flooding or landslides, as a result of runoff, post-fire slope instability, or drainage changes?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

SUBSTANTIATION

As indicated in the project description, all of the services proposed for the new Spring Valley Lake Community Services District (SVLCSD) are currently being provided by existing agencies, such as CSA 64 (water, sewer collection, and street sweeping) and the County (solid waste). Regardless of which alternative may be approved by the Commission, this new Community Services District (CSD) will assume responsibility for providing these services. The new CSD will utilize the equipment and facilities of the existing service providers and in the case of solid waste will oversee the solid waste franchise contract. Until the new CSD is formed and a Board of Directors elected, the new CSD cannot assume control over these services, including alterations or expenditure for new facilities or equipment. Thus, following LAFCO's approval no new development can occur (except by the existing service provider) that could adversely impact any new facilities within the service area(s). Therefore, until the new CSD exists, no physical changes can occur that would physically modify the environment. Thus, the Commission's approval of LAFCO 3233 has no potential to cause any adverse environmental impacts. Only after the new CSD exists and is capable of assuming CEQA lead agency responsibility can any actions be authorized that could modify the environment. Since it is not possible to know what such actions might be, LAFCO considers any future actions to be speculative and beyond its ability to forecast or identify at this time.

- a. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, will not change any existing land uses or result in changes in any land uses that could affect an adopted emergency response plan or emergency evacuation plan. This approval will only allow the new CSD to assume responsibility for existing water and wastewater services, and any future change in services or facilities that might affect existing or future emergency response will become the responsibility of the new CSD.
- b. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of

Influence for the Spring Valley Lake Community Services District, will not change any existing land uses or result in changes in any land uses that could affect future exposure to wildland fire hazard pollutants. This is because the CSA 64 project area is not located in a high wildland fire hazard area and no changes to existing land uses or infrastructure can result from approval of LA-3233.

- c. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, will not change any existing land uses or result in changes in any land uses that could increase potential wildland fire hazards or that could modify the environment within the project area. This approval will only allow the new CSD to assume responsibility for existing water and wastewater services, and any future change in area infrastructure related to wildland fire hazard will become the responsibility of the new CSD.
- d. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, will not change any existing land uses or result in changes in any land uses that could affect future exposure to post-fire hazards. This approval will only allow the new CSD to assume responsibility for existing water and wastewater services, and any future change in services or facilities that might affect post-fire hazards will become the responsibility of the new CSD.

	Potentially Significant Impact	Less Than Significant with Mitigation Incorporated	Less Than Significant Impact	No Impact or Does Not Apply
XXI. MANDATORY FINDINGS OF SIGNIFICANCE:				
a) Does the project have the potential to substantially degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, substantially reduce the number or restrict the range of a rare or endangered plant or animal or eliminate important examples of the major periods of California history or prehistory?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Does the project have the potential to achieve short-term environmental goals to the disadvantage of long-term environmental goals?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Does the project have impacts that are individually limited, but cumulatively considerable? ("Cumulatively considerable" means that the incremental effects of a project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Does the project have environmental effects which will cause substantial adverse effects on human beings, either directly or indirectly?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SUBSTANTIATION

The analysis in this Initial Study and the findings reached indicate that the proposed project can be implemented without causing any new project specific, indirect or cumulatively considerable unavoidable significant adverse environmental impacts. Mitigation is required to control one potential environmental impact of approving LAFCO 3233 to a less than significant impact level. The following findings are based on the detailed analysis of the Initial Study of all environmental topics and the implementation of the mitigation measures identified in the previous text and summarized following this section.

- a. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, will not change any existing land uses or result in changes in any land uses that could affect any biological or cultural resources as no physical changes in the environment will result from project approval. Commission approval of LAFCO 3233 will only allow the new CSD to assume responsibility for existing water and wastewater services, and any future change in services or facilities that might affect existing biological or cultural resources will become the responsibility of the new CSD.
- b. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, will not cause any physical changes to the environment. Therefore, the proposed project will not achieve short-term environmental goals to the disadvantage of long-term environmental goals.

- c. *No Impact* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, will not cause any physical changes to the environment. Therefore, the proposed project has no potential to cause cumulative adverse environmental impacts.
- d. *Less Than Significant With Mitigation Incorporated* – LAFCO approval of LAFCO 3233, Reorganization to Include Dissolution of County Service Area 64 and Formation of the Spring Valley Lake Community Services District together with Formation of Zone A for Solid Waste and Street Sweeping, and Establishment of the Sphere of Influence for the Spring Valley Lake Community Services District, will not cause any identifiable change in any water or wastewater system infrastructure within CSA 64 if it transitions to the SVLCSD. VVWRA has indicated (Attachment 1) that it will continue to accept flows from the new CSD until final arrangements can be made with this Joint powers Authority. However, even though the proposed LAFCO approval of LAFCO 3233 will not cause any direct effects on the CSA 64 water or wastewater systems, there is a concern regarding the potential indirect impact of this project on the residual County water and wastewater agencies (County Service Areas) that remain within the County's Special Districts Department. According to the analysis of data prepared by LAFCO Staff (refer to Attachment 2), CSA 64 represents approximately 35% of the Special Districts' budget allocated to the water and wastewater agencies that it manages; however, in the past (using the average of the previous five years), CSA 64 has generally funded an additional five percent of overall salaries and benefits for all CSA water and wastewater agencies. Removal of CSA 64's portion of salaries and benefits as well as the additional funding for salaries and benefits (approximately 5%) that support Special Districts' water and wastewater agencies may have an adverse effect on provision of services (maintenance of facilities, required upgrades to water and wastewater infrastructure, and continued compliance with existing or new regulatory requirements for water quality at water and wastewater facilities) to the remaining CSAs. This is considered a potentially significant indirect physical impact to the residual agencies managed by the Special District's Department. With implementation of mitigation measure UTIL-1 this potential impact can be reduced to a less than significant adverse impact.

Conclusion

This document evaluated all CEQA issues contained in the latest Initial Study Checklist form. The evaluation determined that either no impact or less than significant impacts would be associated with all environmental issues, except for water and wastewater utilities that remain with the County Special District's Department. The required mitigation has been proposed in this Initial Study to reduce impacts for this single environmental issue to a less than significant impact level.

Based on the evidence and findings in this Initial Study, the San Bernardino County Local Agency Formation Commission proposes to adopt a Mitigated Negative Declaration for the LAFCO 3233 Project. A Notice of Intent to Adopt a Mitigation Negative Declaration (NOI) will be issued for this project by LAFCO. The Initial Study and NOI will be circulated for 30 days of public comment. This is because the transfer of authority for production and delivery of potable water to the SVLCSD will have to be approved by the State Water Resources Control Board's Division of Drinking Water. At the end of the 30-day review period, a final MND package will be prepared and it will be reviewed by the Commission for possible adoption at a future meeting, the date for which has yet to be determined. If you or your agency comments on the MND/NOI for this Project, you will be notified about the meeting date in accordance with the requirements in Section 21092.5 of CEQA (statute).

Note: Authority cited: Sections 21083 and 21083.05, Public Resources Code. Reference: Section 65088.4, Gov. Code; Sections 21080(c), 21080.1, 21080.3, 21083, 21083.05, 21083.3, 21093, 21094, 21095, and 21151, Public Resources Code; *Sundstrom v. County of Mendocino*, (1988) 202 Cal.App.3d 296; *Leonoff v. Monterey Board of Supervisors*, (1990) 222 Cal.App.3d 1337; *Eureka Citizens for Responsible Govt. v. City of Eureka* (2007) 147 Cal.App.4th 357; *Protect the Historic Amador Waterways v. Amador Water*

Agency (2004) 116 Cal.App.4th at 1109; *San Franciscans Upholding the Downtown Plan v. City and County of San Francisco* (2002) 102 Cal.App.4th 656.

Revised 2019

Authority: Public Resources Code sections 21083 and 21083.09

Reference: Public Resources Code sections 21073, 21074, 21080.3.1, 21080.3.2, 21082.3/ 21084.2 and 21084.3

SUMMARY OF MITIGATION MEASURES

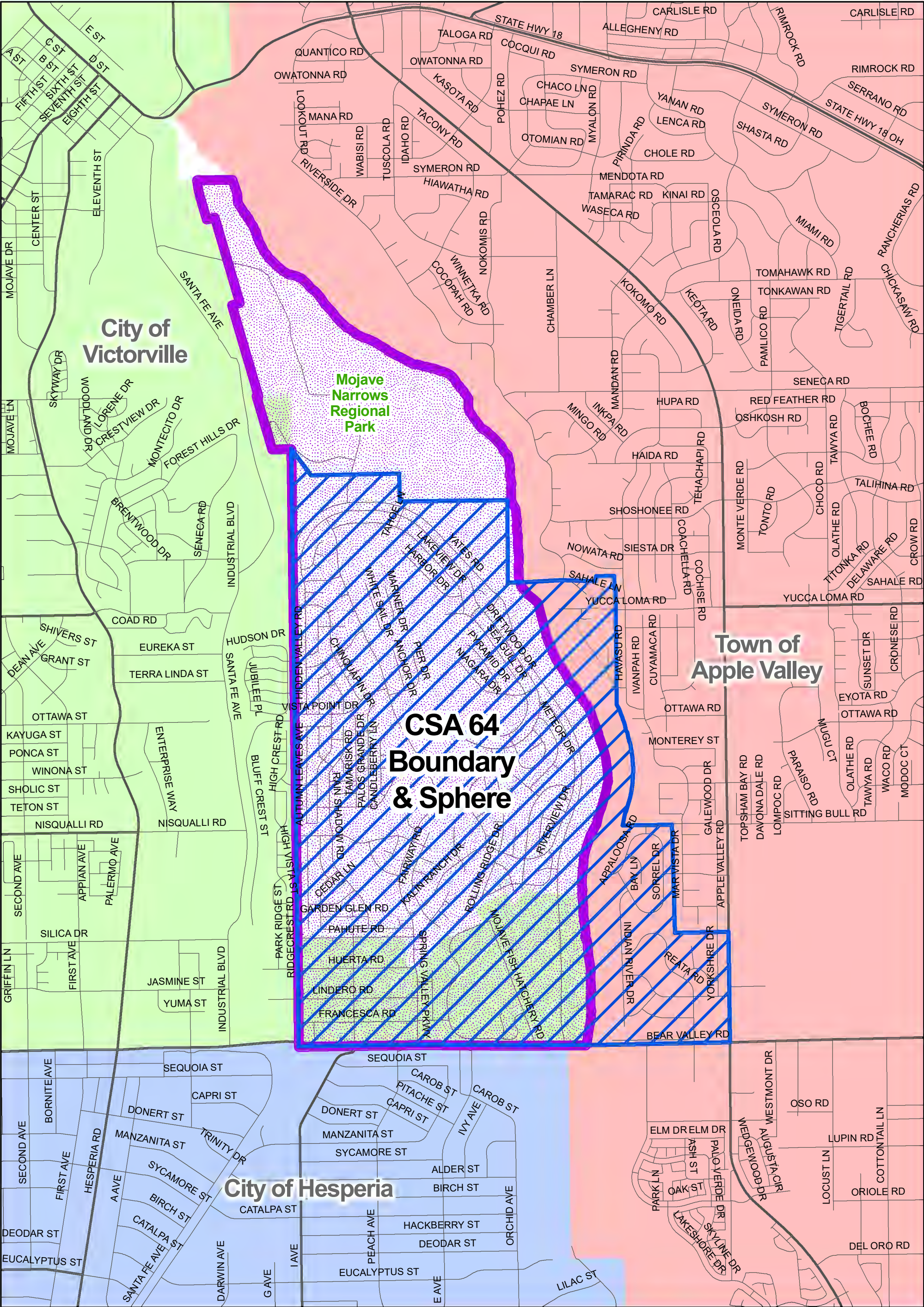
Utilities and Service Systems

UTIL-1 The County shall implement the necessary measures to ensure that future service to all remaining water and wastewater CSAs operated by the Special Districts Department is maintained at a comparable level of service and operation that fulfills regulatory requirements for the specific resource, i.e., water and/or wastewater, delivered by the CSAs. This responsibility can be fulfilled by any one, two, or all of the following methods:

- 1) increasing the rate(s) charged for the service provided by the CSAs consistent with meeting regulatory requirements;
- 2) LAFCO may assign to the new SVLCSD an amount of funds required to be returned to the Special District's Department to offset losses from approving LAFCO 3233 that will maintain a comparable level of service and operation in the remaining water and wastewater CSAs; or
- 3) The County can allocate sufficient funds to maintain a comparable level of service and operation at the remaining water and wastewater CSAs.

The implementation of this measure shall be demonstrated by a submittal from the Special District's Department or the County verifying that it has adjusted budgets or otherwise has sufficient funds to continue to provide comparable water and wastewater service to those water and wastewater agencies that remain under its jurisdiction. This verification shall be provided to LAFCO within one year of approval of LAFCO 3233, if approved.

FIGURES

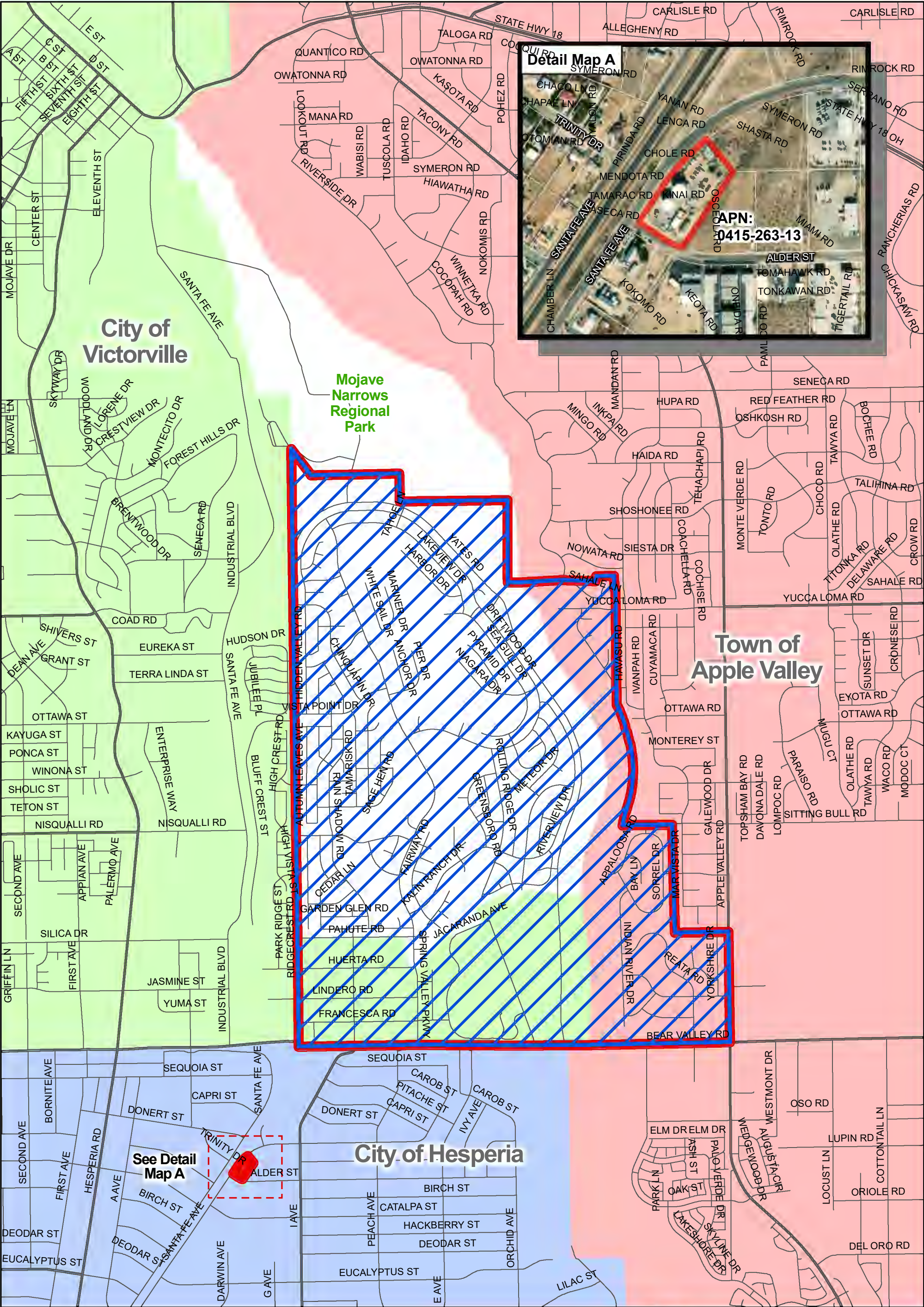


County Service Area 64 Boundary and Sphere of Influence



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

- County Service Area 64
- County Service Area 64 Sphere of Influence
- City of Hesperia
- City of Victorville
- Town of Apple Valley



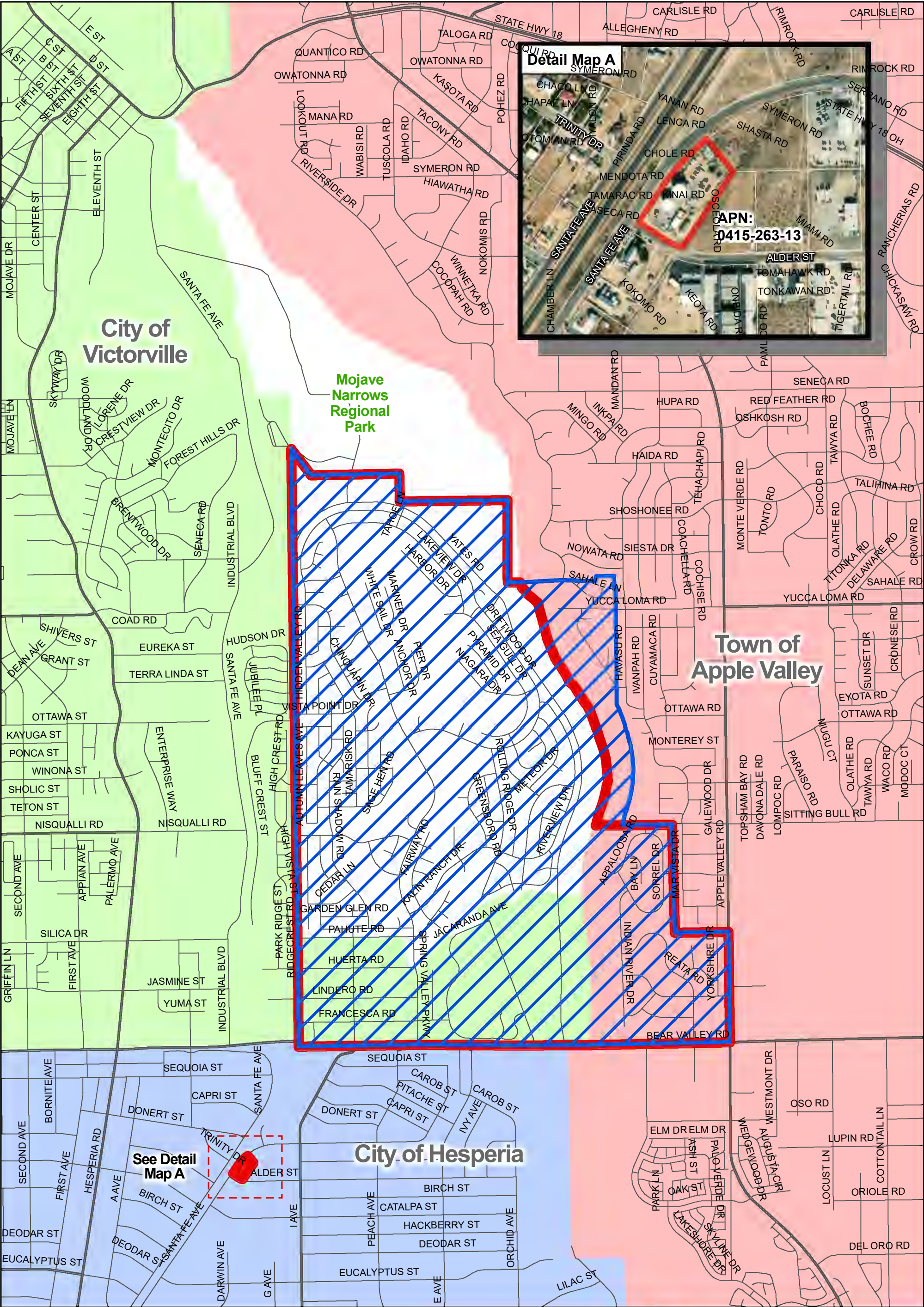
**Spring Valley Lake Community Services District
(As Proposed by the Applicant)**

0 0.25 0.5 1 Miles



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

- Proposed Spring Valley Lake CSD (Option 1)
- County Service Area 64
- City of Hesperia
- City of Victorville
- Town of Apple Valley

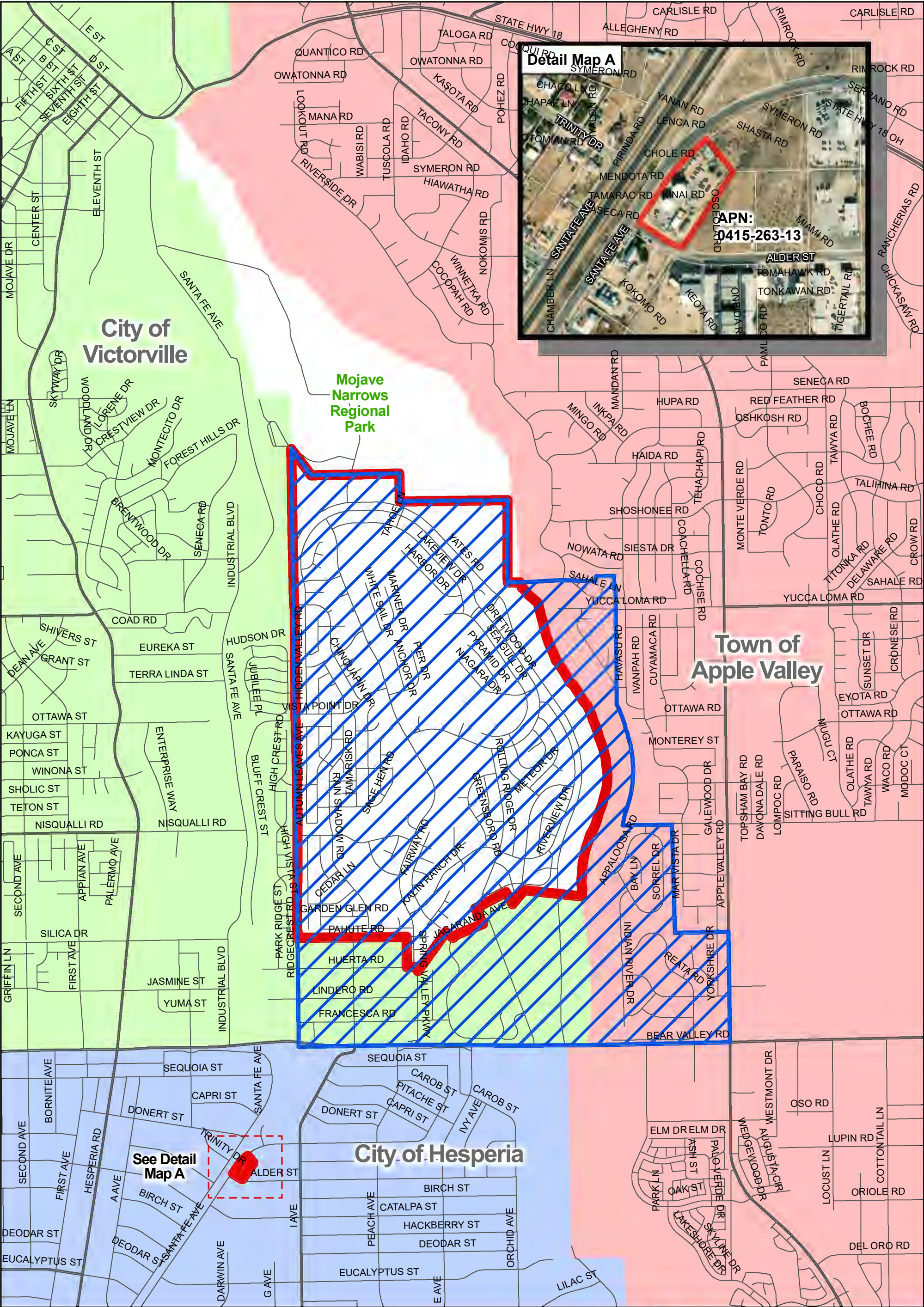


Spring Valley Lake Community Services District
(Option 2)



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

- Proposed Spring Valley Lake CSD (Option 2)
- County Service Area 64
- City of Hesperia
- City of Victorville
- Town of Apple Valley



Spring Valley Lake Community Services District (Option 3)



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

- Proposed Spring Valley Lake CSD (Option 3)
- County Service Area 64
- City of Hesperia
- City of Victorville
- Town of Apple Valley

ATTACHMENT 1



Victor Valley Wastewater Reclamation Authority

A Joint Powers Authority and Public Agency of the State of California

20111 Shay Road, Victorville CA 92394

Telephone: (760) 246-8638

Fax: (760) 246-2898

E-mail: mail@vwwra.com

October 28, 2019

Samuel Martinez, Executive Officer
Local Agency Formation Commission for San Bernardino County
1170 West 3rd Street Unit 150
San Bernardino, CA 92415-0490

**Subject: Formation of Spring Valley Lake Community Services District –
LAFCO 3233 and Continuation of Service**

Dear Mr. Martinez:

We understand LAFCO 3233 is a proposal to dissolve County Service Area 64 (CSA 64) and form an independent special district to be named Spring Valley Lake Community Services District. As a part of this proposal, the new CSD would assume all functions and responsibilities of CSA 64.

As you know, Victor Valley Wastewater Reclamation Authority (VWVRA), a Joint Powers Agency ("JPA"), collects, treats, and disposes of CSA 64's effluent. That service is provided as a result of the County of San Bernardino's membership in the JPA. Local Agency Formation Commission for San Bernardino County has asked VWVRA whether the agency would be able to continue to provide the current services if Spring Valley Lake Community Services District assumed all functions and responsibilities of CSA 64. At the October 23, 2019 Board of Commissioners Meeting, the Board discussed this issue and the consensus of the Board was that VWVRA would be able to continue to provide its services at the current level as long as Spring Valley Lake Community Services District enters into a service agreement with VWVRA.

Should you have additional questions or need additional information, please feel free to contact me at bmacy@vwwra.com or 760-246-8638.

Sincerely,

Robert A. DeLoach

Interim General Manager

Victor Valley Wastewater Reclamation Authority

ATTACHMENT 2

TOTALS BY AGENCY (FY 2013-14 through FY 2017-18)

WATER AND SANITATION DIVISION

District	A		C		D	
	Total Rev	% of Total	Sal & Ben	% of Total	(C - A)	(D x B)
42 Oro Grande	\$ 2,290,523	3.1%	\$ 545,576	2.3%	-0.8%	\$ (191,151)
64 Spring Valley Lake	\$ 26,287,555	35.5%	\$ 9,544,032	40.0%	4.6%	\$ 1,088,866
53 B Fawnskin	\$ 4,857,433	6.6%	\$ 1,578,531	6.6%	0.1%	\$ 16,179
70 BL Bloomington	\$ 230,426	0.3%	\$ 44,467	0.2%	-0.1%	\$ (29,648)
70 GH Glen Helen	\$ 6,021,774	8.1%	\$ 1,934,729	8.1%	0.0%	\$ (2,123)
70 S-3 Lytle Creek	\$ 3,169,881	4.3%	\$ 1,059,125	4.4%	0.2%	\$ 39,560
70 S-7 Lenwood	\$ 284,659	0.4%	\$ 116,503	0.5%	0.1%	\$ 24,945
70 SP-2 High Country	\$ 1,446,715	2.0%	\$ 631,768	2.6%	0.7%	\$ 166,445
79 Green Valley Lake	\$ 5,281,596	7.1%	\$ 1,569,343	6.6%	-0.5%	\$ (129,437)
82 Searles Valley	\$ 2,545,993	3.4%	\$ 970,459	4.1%	0.6%	\$ 151,562
70 CG Cedar Glen	\$ 2,596,646	3.5%	\$ 649,553	2.7%	-0.8%	\$ (185,636)
70 F Morongo Valley	\$ 699,974	0.9%	\$ 205,366	0.9%	-0.1%	\$ (19,775)
70 J Oak Hills	\$ 16,352,492	22.1%	\$ 4,413,624	18.5%	-3.5%	\$ (846,014)
70 W-3 Hacienda	\$ 1,042,893	1.4%	\$ 356,822	1.5%	0.1%	\$ 21,384
70 W-4 Pioneertown	\$ 1,044,707	1.4%	\$ 230,862	1.0%	-0.4%	\$ (105,159)

B						
Water & San. Total	\$ 74,153,267	100%	\$ 23,850,760	100%	0.00%	0.00%
Five year average of \$1,088,866						\$ 217,773

CSA 64 represents 35.5% of the total Water and Sanitation Division revenues, yet represents 40.0% of total Salaries and Benefits. The variance of 4.6% results in a five-year excess allocation of \$1,088,866, averaging \$217,773 each year. It is the only Water and Sanitation Division district to have a positive variance over 1% and is an outlier.

source: Statement of Revenues, Expenses, and Changes in Net Position

prepared by LAFCO staff

FY 2013-14						
WATER AND SANITATION DIVISION						
	A		C		D	
District	Total Rev	% of Total	Sal & Ben	% of Total	(C - A)	(D x B)
42 Oro Grande	\$ 483,869	3.2%	\$ 92,802	2.1%	-1.1%	\$ (49,259)
64 Spring Valley Lake	\$ 4,938,499	32.9%	\$ 1,758,448	39.9%	7.0%	\$ 308,533
53 B Fawnskin	\$ 981,062	6.5%	\$ 311,128	7.1%	0.5%	\$ 23,094
70 BL Bloomington		0.0%		0.0%	0.0%	\$ -
70 GH Glen Helen	\$ 1,610,585	10.7%	\$ 324,549	7.4%	-3.4%	\$ (148,310)
70 S-3 Lytle Creek	\$ 612,475	4.1%	\$ 209,580	4.8%	0.7%	\$ 29,761
70 S-7 Lenwood	\$ 7,981	0.1%	\$ 60,608	1.4%	1.3%	\$ 58,265
70 SP-2 High Country	\$ 278,822	1.9%	\$ 126,153	2.9%	1.0%	\$ 44,292
79 Green Valley Lake	\$ 1,060,983	7.1%	\$ 321,443	7.3%	0.2%	\$ 9,944
82 Searles Valley	\$ 416,940	2.8%	\$ 198,913	4.5%	1.7%	\$ 76,502
70 CG Cedar Glen	\$ 488,484	3.3%	\$ 93,366	2.1%	-1.1%	\$ (50,050)
70 F Morongo Valley	\$ 137,649	0.9%	\$ 31,398	0.7%	-0.2%	\$ (9,015)
70 J Oak Hills	\$ 3,589,086	23.9%	\$ 792,916	18.0%	-5.9%	\$ (260,819)
70 W-3 Hacienda	\$ 215,864	1.4%	\$ 50,541	1.1%	-0.3%	\$ (12,835)
70 W-4 Pioneertown	\$ 198,883	1.3%	\$ 38,288	0.9%	-0.5%	\$ (20,103)
			B			
Water & San. Total	\$ 15,021,182	100%	\$ 4,410,133	100%	0.00%	0.00%
source: Statement of Revenues, Expenses, and Changes in Net Position						
prepared by LAFCO staff						

FY 2014-15						
WATER AND SANITATION DIVISION						
	A		C		D	
District	Total Rev	% of Total	Sal & Ben	% of Total	(C - A)	(D x B)
42 Oro Grande	\$ 462,922	3.2%	\$ 100,447	2.2%	-0.9%	\$ (41,577)
64 Spring Valley Lake	\$ 4,970,300	34.0%	\$ 1,928,845	43.1%	9.0%	\$ 403,966
53 B Fawnskin	\$ 972,096	6.7%	\$ 306,933	6.9%	0.2%	\$ 8,696
70 BL Bloomington		0.0%		0.0%	0.0%	\$ -
70 GH Glen Helen	\$ 1,058,664	7.3%	\$ 311,943	7.0%	-0.3%	\$ (12,853)
70 S-3 Lytle Creek	\$ 652,254	4.5%	\$ 196,554	4.4%	-0.1%	\$ (3,556)
70 S-7 Lenwood	\$ 19,065	0.1%	\$ 18,536	0.4%	0.3%	\$ 12,687
70 SP-2 High Country	\$ 282,321	1.9%	\$ 121,263	2.7%	0.8%	\$ 34,647
79 Green Valley Lake	\$ 1,064,690	7.3%	\$ 306,537	6.8%	-0.4%	\$ (20,108)
82 Searles Valley	\$ 607,974	4.2%	\$ 182,503	4.1%	-0.1%	\$ (4,022)
70 CG Cedar Glen	\$ 568,888	3.9%	\$ 93,567	2.1%	-1.8%	\$ (80,967)
70 F Morongo Valley	\$ 146,825	1.0%	\$ 28,400	0.6%	-0.4%	\$ (16,646)
70 J Oak Hills	\$ 3,134,426	21.5%	\$ 800,121	17.9%	-3.6%	\$ (161,515)
70 W-3 Hacienda	\$ 237,194	1.6%	\$ 46,344	1.0%	-0.6%	\$ (26,427)
70 W-4 Pioneertown	\$ 420,613	2.9%	\$ 36,717	0.8%	-2.1%	\$ (92,326)
			B			
Water & San. Total	\$ 14,598,232	100%	\$ 4,478,710	100%	0.00%	0.00%
source: Statement of Revenues, Expenses, and Changes in Net Position						
prepared by LAFCO staff						

FY 2015-16						
WATER AND SANITATION DIVISION						
	A		C		D	
District	Total Rev	% of Total	Sal & Ben	% of Total	(C - A)	(D x B)
42 Oro Grande	\$ 333,309	2.3%	\$ 142,981	2.7%	0.4%	\$ 22,922
64 Spring Valley Lake	\$ 5,353,532	36.9%	\$ 2,202,664	42.2%	5.3%	\$ 274,307
53 B Fawnskin	\$ 976,940	6.7%	\$ 349,132	6.7%	-0.1%	\$ (2,764)
70 BL Bloomington	\$ 1,645	0.0%	\$ 7,009	0.1%	0.1%	\$ 6,416
70 GH Glen Helen	\$ 1,109,495	7.7%	\$ 336,196	6.4%	-1.2%	\$ (63,447)
70 S-3 Lytle Creek	\$ 634,773	4.4%	\$ 225,432	4.3%	-0.1%	\$ (3,215)
70 S-7 Lenwood	\$ 137,382	0.9%	\$ 63,226	1.2%	0.3%	\$ 13,741
70 SP-2 High Country	\$ 304,456	2.1%	\$ 157,920	3.0%	0.9%	\$ 48,254
79 Green Valley Lake	\$ 1,062,020	7.3%	\$ 346,819	6.6%	-0.7%	\$ (35,723)
82 Searles Valley	\$ 450,645	3.1%	\$ 218,856	4.2%	1.1%	\$ 56,532
70 CG Cedar Glen	\$ 497,132	3.4%	\$ 120,686	2.3%	-1.1%	\$ (58,382)
70 F Morongo Valley	\$ 133,350	0.9%	\$ 39,827	0.8%	-0.2%	\$ (8,206)
70 J Oak Hills	\$ 3,185,855	22.0%	\$ 902,891	17.3%	-4.7%	\$ (244,662)
70 W-3 Hacienda	\$ 166,090	1.1%	\$ 65,502	1.3%	0.1%	\$ 5,676
70 W-4 Pioneertown	\$ 151,822	1.0%	\$ 43,238	0.8%	-0.2%	\$ (11,449)
			B			
Water & San. Total	\$ 14,498,446	100%	\$ 5,222,379	100%	0.00%	0.00%
source: Statement of Revenues, Expenses, and Changes in Net Position						
prepared by LAFCO staff						

FY 2016-17						
WATER AND SANITATION DIVISION						
	A		C		D	
District	Total Rev	% of Total	Sal & Ben	% of Total	(C - A)	(D x B)
42 Oro Grande	\$ 503,767	3.5%	\$ 105,855	2.0%	-1.5%	\$ (78,239)
64 Spring Valley Lake	\$ 5,354,402	37.1%	\$ 2,231,889	42.4%	5.2%	\$ 275,204
53 B Fawnskin	\$ 983,427	6.8%	\$ 348,351	6.6%	-0.2%	\$ (11,027)
70 BL Bloomington	\$ 14,742	0.1%	\$ 7,000	0.1%	0.0%	\$ 1,613
70 GH Glen Helen	\$ 1,047,381	7.3%	\$ 331,015	6.3%	-1.0%	\$ (51,734)
70 S-3 Lytle Creek	\$ 642,816	4.5%	\$ 231,201	4.4%	-0.1%	\$ (3,706)
70 S-7 Lenwood	\$ 91,689	0.6%	\$ 60,574	1.1%	0.5%	\$ 27,068
70 SP-2 High Country	\$ 319,113	2.2%	\$ 149,908	2.8%	0.6%	\$ 33,293
79 Green Valley Lake	\$ 1,029,465	7.1%	\$ 353,480	6.7%	-0.4%	\$ (22,722)
82 Searles Valley	\$ 366,422	2.5%	\$ 220,533	4.2%	1.6%	\$ 86,630
70 CG Cedar Glen	\$ 485,313	3.4%	\$ 112,425	2.1%	-1.2%	\$ (64,925)
70 F Morongo Valley	\$ 125,451	0.9%	\$ 46,892	0.9%	0.0%	\$ 1,048
70 J Oak Hills	\$ 3,116,477	21.6%	\$ 959,503	18.2%	-3.4%	\$ (179,366)
70 W-3 Hacienda	\$ 213,457	1.5%	\$ 64,858	1.2%	-0.2%	\$ (13,147)
70 W-4 Pioneertown	\$ 120,939	0.8%	\$ 44,208	0.8%	0.0%	\$ 13
Water & San. Total	\$ 14,414,861	100%	\$ 5,267,692	100%	0.00%	0.00%
source: Statement of Revenues, Expenses, and Changes in Net Position						
prepared by LAFCO staff						

FY 2017-18							
WATER AND SANITATION DIVISION							
	A		C		D		
District	Total Rev	% of Total	Sal & Ben	% of Total	(C - A)	(D x B)	
42 Oro Grande	\$ 506,656	3.2%	\$ 103,491	2.3%	-0.9%	\$ (41,554)	
64 Spring Valley Lake	\$ 5,670,822	36.3%	\$ 1,422,186	31.8%	-4.5%	\$ (201,256)	
53 B Fawnskin	\$ 943,908	6.0%	\$ 262,987	5.9%	-0.2%	\$ (7,235)	
70 BL Bloomington	\$ 214,039	1.4%	\$ 30,458	0.7%	-0.7%	\$ (30,817)	
70 GH Glen Helen	\$ 1,195,649	7.7%	\$ 631,026	14.1%	6.5%	\$ 288,736	
70 S-3 Lytle Creek	\$ 627,563	4.0%	\$ 196,358	4.4%	0.4%	\$ 16,699	
70 S-7 Lenwood	\$ 28,542	0.2%	\$ (86,441)	-1.9%	-2.1%	\$ (94,612)	
70 SP-2 High Country	\$ 262,003	1.7%	\$ 76,524	1.7%	0.0%	\$ 1,518	
79 Green Valley Lake	\$ 1,064,438	6.8%	\$ 241,064	5.4%	-1.4%	\$ (63,663)	
82 Searles Valley	\$ 704,012	4.5%	\$ 149,654	3.3%	-1.2%	\$ (51,890)	
70 CG Cedar Glen	\$ 556,829	3.6%	\$ 229,509	5.1%	1.6%	\$ 70,100	
70 F Morongo Valley	\$ 156,699	1.0%	\$ 58,849	1.3%	0.3%	\$ 13,989	
70 J Oak Hills	\$ 3,326,648	21.3%	\$ 958,193	21.4%	0.1%	\$ 5,841	
70 W-3 Hacienda	\$ 210,288	1.3%	\$ 129,577	2.9%	1.6%	\$ 69,376	
70 W-4 Pioneertown	\$ 152,450	1.0%	\$ 68,411	1.5%	0.6%	\$ 24,768	
			B				
Water & San. Total	\$ 15,620,546	100%	\$ 4,471,846	100%	0.00%	0.00%	
source: Statement of Revenues, Expenses, and Changes in Net Position							
prepared by LAFCO staff							

**Letter from VVWRA regarding
continued service to SVLCSD dated
October 28, 2019**

Attachment 5



Victor Valley Wastewater Reclamation Authority

A Joint Powers Authority and Public Agency of the State of California

20111 Shay Road, Victorville CA 92394

Telephone: (760) 246-8638

Fax: (760) 246-2898

E-mail: mail@vwwra.com

October 28, 2019

Samuel Martinez, Executive Officer
Local Agency Formation Commission for San Bernardino County
1170 West 3rd Street Unit 150
San Bernardino, CA 92415-0490

**Subject: Formation of Spring Valley Lake Community Services District –
LAFCO 3233 and Continuation of Service**

Dear Mr. Martinez:

We understand LAFCO 3233 is a proposal to dissolve County Service Area 64 (CSA 64) and form an independent special district to be named Spring Valley Lake Community Services District. As a part of this proposal, the new CSD would assume all functions and responsibilities of CSA 64.

As you know, Victor Valley Wastewater Reclamation Authority (VWVRA), a Joint Powers Agency ("JPA"), collects, treats, and disposes of CSA 64's effluent. That service is provided as a result of the County of San Bernardino's membership in the JPA. Local Agency Formation Commission for San Bernardino County has asked VWVRA whether the agency would be able to continue to provide the current services if Spring Valley Lake Community Services District assumed all functions and responsibilities of CSA 64. At the October 23, 2019 Board of Commissioners Meeting, the Board discussed this issue and the consensus of the Board was that VWVRA would be able to continue to provide its services at the current level as long as Spring Valley Lake Community Services District enters into a service agreement with VWVRA.

Should you have additional questions or need additional information, please feel free to contact me at bmacy@vwwra.com or 760-246-8638.

Sincerely,

Robert A. DeLoach
Interim General Manager
Victor Valley Wastewater Reclamation Authority

**Town of Apple Valley letters dated
May 8, 2019 and June 26,2019**

Attachment 6



Town of Apple Valley

RECEIVED

2019 MAY 14 PM 12:59

CLERK OF SUPERIOR COURT
COUNTY OF SAN BERNARDINO

A Better Way of Life

Wednesday, May 08, 2019

Local Agency Formation Commission
1170 West 3rd Street
Unit 150
San Bernardino, Ca 92415

RE: Formation of the Spring Valley Lake CSD

To Whom It May Concern,

The Town of Apple Valley supports local control and would support the formation of the Spring Valley Lake CSD, with the exception of the proposed map. The formation of a Community Services District which overlaps the boundary of a municipality creates confusion as to the provision of services now and in the future. The Town of Apple Valley currently provides all of the services and functions listed in the supplemental application, with the exception of water, which it is currently engaged in an imminent domain action to also provide.

Page nine (9) of LAFCO's Special Districts Formation Guide clearly states, "Generally, boundaries should follow existing geopolitical boundaries, such as parcel lines and natural or man-made features such as streams, lakes, natural terrain...". Based on the Sphere of Influence of the current County Service Area, it appears a past decision was made that the logical future boundary be the center line of the Mojave River. As LAFCO considers this formation, the Town of Apple Valley requests and recommends this border be formally adopted as the coterminous border of the Town and the CSD rather than allowing an overlay. This is clearly the best opportunity now, and into the future to resolve this potential conflict and overlap of services.

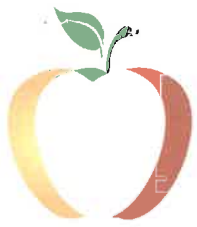
In order to allow for orderly development without impacting our current residents, the Town requests LAFCO require the CSD and Town to enter into an out of area service agreement for the affected homes. This agreement and the services provided therein should remain in place until such time as it is feasible to incorporate those services as Town responsibilities.

One other area that should be discussed, on which the Town is not prepared to express an opinion, is representation on various Joint Powers Authorities. As an example, the County holds a seat on Victor Valley Wastewater Reclamation Authority. If the CSD will be the sewer provider, it may be appropriate for them to assume this board seat. Again, the Town does not wish to express an opinion at this time, only to alert LAFCO that this is one area that should be examined.

Please let me reiterate the Town's support of the formation of the Spring Valley lake CSD. Our only concern is that the boundary between the Town and the CSD is clearly identified as the center line of the river. Any overlap of boundaries or attempt to annex/deannex portions of the Town will be met with the full legal force available.

Douglas B. Robertson
Apple Valley Town Manager
(760) 240-7050

cc: Robert Lovingood, Supervisor, First District
Larry Cusack, Mayor, Town of Apple Valley
Scott Nassif, Mayor Pro Tem, Town of Apple Valley
Art Bishop, Council Member, Town of Apple Valley
Curt Emick, Council Member, Town of Apple Valley
Kari Leon, Council Member, Town of Apple Valley
Lori Lamson, Assistant Town Manager, Town of Apple Valley
Rory Shannon, Resident Group
Tom Hoegerman, Superintendent, Apple Valley Unified School District



Town of Apple Valley

RECEIVED

2019 JUL -3 AM 9:48

LOCAL AGENCY
FORMATION COMMISSION

A Better Way of Life

June 26, 2019

Samuel Martinez, Executive Officer
Local Agency Formation Commission
1170 West 3rd St., Room 150
San Bernardino, CA 92415-0490

RE: LAFCO 3233 Formation of the Spring Valley Lake CSD and the Dissolution of CSA 64

Dear Mr. Martinez:

Please find the following information you requested in your letter to Doug Robertson, Town Manager, dated June 10, 2019, regarding the referenced LAFCO 3233 proposal. The General Plan Land Use and zoning designations are provided in attached maps.

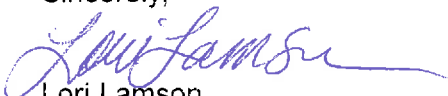
The Town does not currently provide street sweeping for the residential portions of the area in question, but it does provide sweeping of the commercial areas and along Bear Valley Road. Wastewater collection for this area south of Sitting Bull within the Spring Valley Lake Equestrian HOA area is serviced by CSA 64. The areas to the south, north and east of this area are "sewered areas", currently serviced by the Town of Apple Valley for both wastewater collection and street sweeping. The Town provides building and safety permitting and inspections and installs and maintains traffic signage and street maintenance in this CSD area within the Town limits.

Wastewater service, through CSA 64, is collected by the Victor Valley Wastewater Reclamation Authority, a JPA of four public agencies, of which Apple Valley and CSA 64 are members. If the CSD will be the sewer provider, it may be appropriate for them to assume the board seat currently held by CSA 64. The JPA agreement would need to be amended if this option was pursued.

Street sweeping service could be absorbed into the Town's responsibilities for the area. However, in order to provide wastewater service without impacting the current residences and businesses in this area the Town and the CSD could enter into an out of area service agreement that would remain in place until such time that it is feasible, from an engineering perspective, to incorporate this service as a Town responsibility.

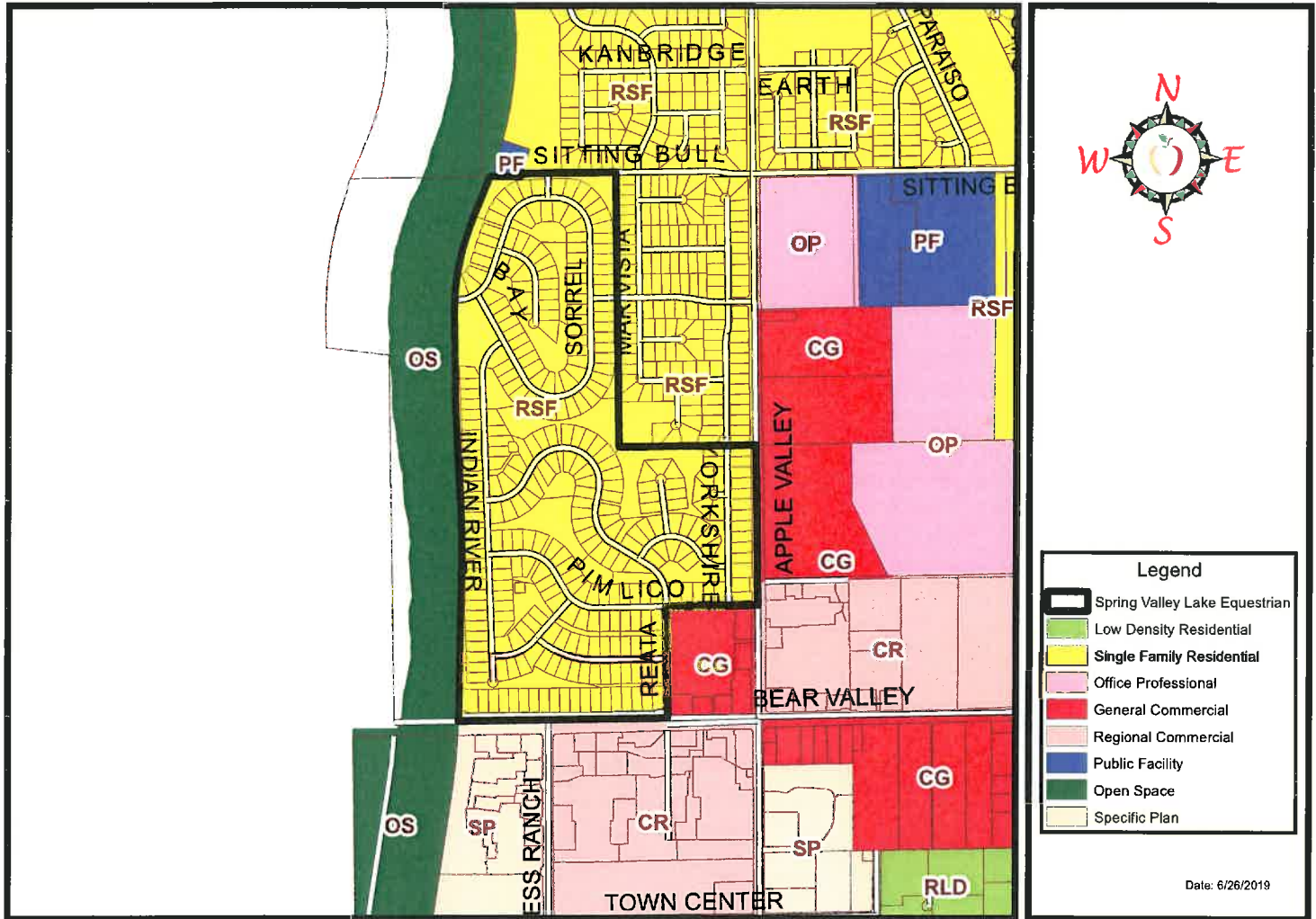
As previously stated in Mr. Robertson's May 8, 2019 letter, the Town will support the formation of the Spring Valley Lake CSD as long as the boundary between the Town and the CSD is clearly identified as the centerline of the river. Any overlap of boundaries or attempt to annex/deannex portions of the Town will be met with opposition.

Sincerely,

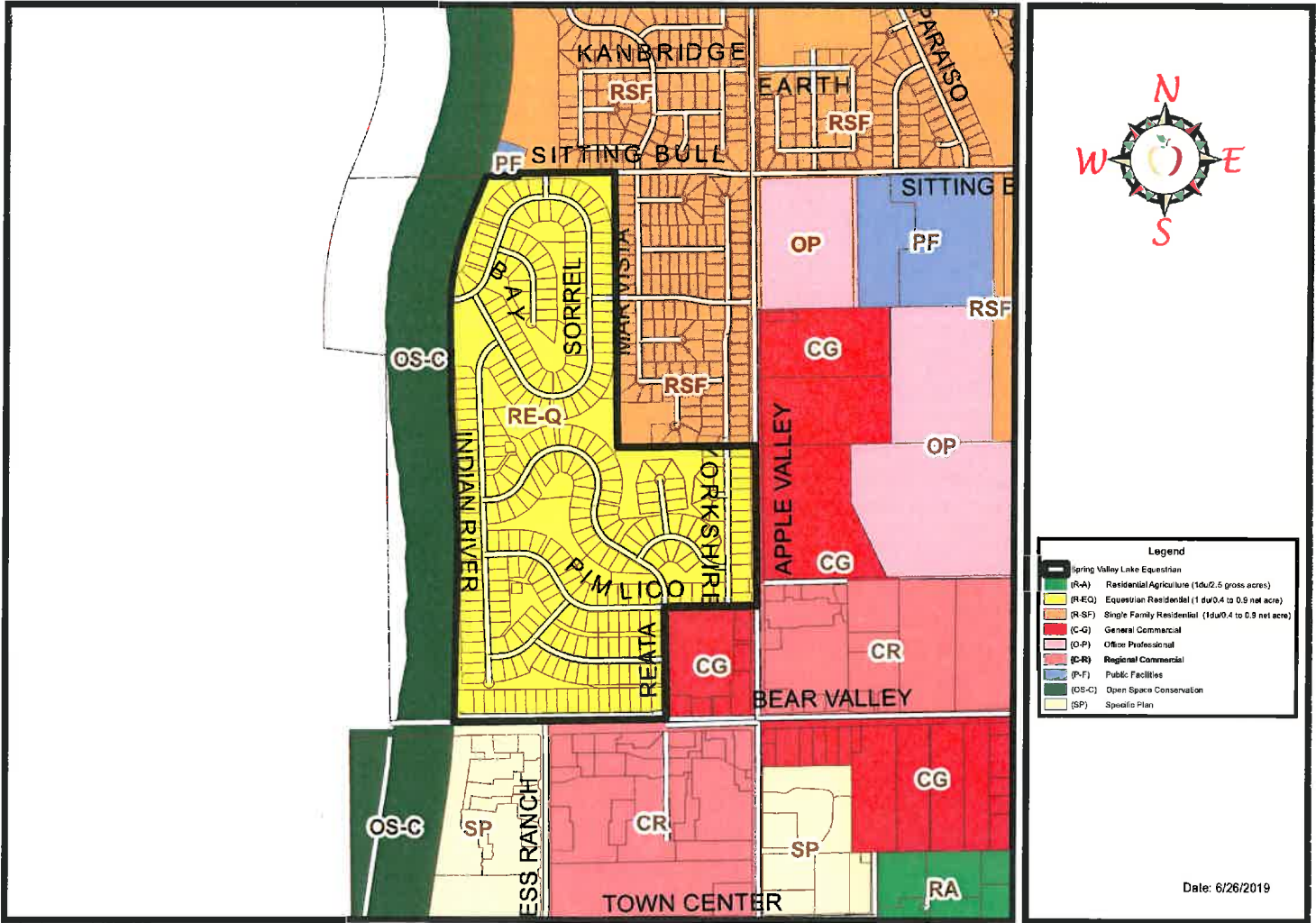

Lori Lamson,
Assistant Town Manager

Attachments: General Plan and Zoning Designations

GENERAL PLAN /LOCATION MAP



ZONING/LOCATION MAP



**Letter from City of Victorville
dated May 9, 2019**

Attachment 7

CITY OF VICTORVILLE



DEVELOPMENT DEPARTMENT
Planning • Building • Code Enforcement
14343 Civic Drive
P.O. Box 5001
Victorville, CA 92395-5001

(760) 955-5135
Fax (760) 269-0070

May 9, 2019

Samuel Martinez
SBC LAFCO Executive Officer
1170 West 3rd Street, Unit 150
San Bernardino, CA 92415

RE: LAFCO 3233 – Reorganization to Include Dissolution of County Service Area 64 and
Formation of the Spring Valley Lake Community Service District

Dear Executive Officer Martinez:

This letter provides comments in response to your April 16, 2019 Notice of Filing of Proposed Change of Jurisdictional Boundaries pertaining to the above-mentioned application (LAFCO 3233). This currently proposed application to form a Community Service District (CSD) would introduce a new independent form of local government within portions of Victorville's city limits and sphere of influence. The proposed CSD is also located within the Victorville Water District's sphere of influence. The proposed CSD would have jurisdiction to provide water, sewer, street sweeping, solid waste and park services. This proposed overlapping of boundaries creates major concerns regarding the orderly development and services provided in the area. As this proposal is further analyzed to determine if a CSD is feasible, the following concerns and questions are provided to assist your team in preparing a comprehensive plan of service for review.

- The City of Victorville already provides park, solid waste and street sweeping services within the incorporated City limits. How will this overlapping service proposal be addressed, and does it conflict with LAFCO's standards?
- Victorville is responsible for complying with State recycling mandates for areas within its city limits. How will the formation of a CSD make these compliance mandates more efficient?
- Inadequate water pressure currently exists within the County Service Area (CSA) 64. This has affected the ability of property owners pursuing developments within Victorville's existing city limits. How will this be resolved by creating a new CSD, given that the Victorville Water District already has adequate water pressure to service the area?
- How will the formation of a CSD affect the Mojave Narrows Regional Park? Who would operate and fund the park?

I will be in attendance at the May 16, 2019 Department Review Committee meeting. Should you have any questions of me in the meantime, please contact me at (760) 955-5135.

Sincerely,

Scott Webb
City Planner

cc: Keith Metzler, Victorville City Manager
Sophie Smith, Victorville Deputy City Manager

**Draft Transition Plan
(Resolution 3302 Exhibit C)**

Attachment 8

**COUNTY OF SAN BERNARDINO
SPECIAL DISTRICTS DEPARTMENT
DRAFT TRANSITION PLAN**

Spring Valley Lake Community Services District
December 2019

DRAFT TRANSITION PLAN

The County of San Bernardino, Special Districts Department (SDD) has outlined the following draft transition plan at the Local Agency Formation Commission's (LAFCO) request. This is only a draft for the purposes of outlining proposed services and potential costs of providing those services. The actual transition plan would need to be formalized by the governing body of both parties should a transition of services occur.

SDD proposes the following actions take place to transition services from the SDD to the Spring Valley Lake Community Services District (SVLCSD) upon the issuance of the Certificate of Completion by LAFCO officially forming the new entity. These recommendations are not to be considered all inclusive of every action necessary to guarantee or ensure the smooth transition of services; however, they do identify those actions required during the mandated transition period from formation until close of the fiscal year. This period is referred to in this document as the "transition period". Exhibits to this document include draft contracts required to implement required actions during the transition period, dissolving the existing entities, and finalizing the formation of the new District (SVLCSD) (see Sections A through E).

As a part of this Transition Plan, actions taken by SVLCSD are at its discretion. SDD cannot be held liable for any failure of SVLCSD to perform actions required to facilitate the transition based on any exclusion of actions from the recommendations enclosed herein.

The transition of duties, responsibilities, authority, and documents maintained by and authorized by SDD, are divided into two main categories: transfer of duties and responsibilities and transfer of assets. SDD management would continue to operate in the capacity of Interim General Manager (IGM) of SVLCSD upon its formation during the transition period or until such time as a permanent (or different interim) General Manager is selected by SVLCSD Board. The costs associated with providing these services, according to the terms of the contract, are to be billed quarterly by SDD, in advance, for the duration of the contract.

The following provides an outline of services and administrative support to be provided by SDD to SVLCSD during the transition period.

SDD – EXECUTIVE AND ADMINISTRATIVE SUPPORT

Executive personnel and staff provide leadership and administrative support, including but not limited to Finance and Budget, Information Technology, Human Resources, Risk Management, and Legal services. The transfer of responsibility is effective upon the finalized formation of SVLCSD and the dissolution of the existing entities. The cost for providing executive support shall be billed quarterly to SVLCSD for payment and will be included in the line item costs for any service provided. The cost of this administrative support functions will be twenty-five percent (25%) and shall be applied to all costs associated with direct services provided.

It should be noted that SDD continues to evaluate the administrative allocation percentage for the department and this percentage may adjust in the future, prior to the finalization of the transition plan, based on the results of that evaluation.

The final transfer of executive support functions from SDD to SVLCSD shall be initiated by SVLCSD through direct action of its Board of Directors and is dependent upon SVLCSD employing staff or contracting from available service providers to perform the required functions.

**SPECIAL DISTRICTS DEPARTMENT, WATER AND SANITATION DIVISION
OPERATING COUNTY SERVICE AREA 64**

Business Operations Section

This section outlines the contractual provisions for the continuing of business services during the transition period to SVLCSD from SDD and CSA 64. The transfer of responsibility is effective upon the finalized formation of SVLCSD and the dissolution of the existing entity (CSA 64). The cost for providing this service shall be billed quarterly, in advance, to SVLCSD for payment. The estimated number of Full-Time Equivalent (FTE; assumed to be an employee who receives 2,080 hours paid annually) positions required for providing this service is **3.20**, with an estimated cost of **\$428,750** for staffing.

The final transfer of all business operations duties from the Water and Sanitation Division (WAS) to SVLCSD shall be initiated by SVLCSD through direct action of its Board of Directors and is dependent upon SVLCSD employing staff or contracting from available service providers to perform the mandatory duties.

The transfer of responsibility, information, documentation and physical assets to be provided to SVLCSD shall include, but not be limited to the following:

1. Hard copies and/or electronic files of customer account data.
2. Hard copies and/or electronic files of billing data.
3. Hard copies and/or electronic files of CSA 64 logs, permits, project files, assessment district "Engineer Reports", and active correspondences related to SVLCSD.
4. Notify all regulatory and permitting agencies to transfer and/or reestablish permits, licenses, rights, etc. SDD personnel operating as Interim General Manager to assist in providing for this transition. Coordinate transfer of properties including land, facilities, vehicles, equipment, utilities, etc.
5. Provide related Watermaster documentation.

6. SVLCSD shall be required to initially adopt the Rules, Regulations, Ordinances, Fee Package, and Purchasing Policy of SDD/WAS following formation until such time as SVLCSD reviews, amends and adopts their own.
7. Provide all CSA 64 related historical data, which includes all regulatory reporting.
8. Arrange for transfer of any assets that may be associated with SVLCSD.

Water Operations Section

This section outlines the contractual provisions for the continuing of services during the transition period for the operation of the water system transferred to SVLCSD from CSA 64. The transfer of responsibility is effective upon the finalized formation of SVLCSD and the dissolution of the existing entity (CSA 64). The cost for providing this service shall be billed quarterly, in advance, to SVLCSD for payment. The estimated number of FTE positions required for providing this service is 3.25, with an estimated cost of \$393,898 for staffing.

The final transfer of all water operations duties from WAS to SVLCSD shall be initiated by SVLCSD through direct action of its Board of Directors and is dependent upon SVLCSD employing staff or contracting from available service providers to perform the mandatory duties.

Transfer of Duties and Responsibilities includes, but is not limited to:

1. Cancellation of existing licenses and permits in the name of SDD/WAS for the operation of the water delivery system to allow SVLCSD to apply for the required licenses and permits for operation of the water system. SDD personnel operating as Interim General Manager to assist in providing for this transition.
2. Arrange to transfer CSA 64 equipment and physical assets to SVLCSD.
3. Provide all SVLCSD related water quality data and sampling/backflow program data to SVLCSD.
4. Provide contact information to establish accounts with parts and materials suppliers, contractors and other vendors.
5. Provide meter reading route books and associated maps.
6. Provide related field/ operational historical data.
7. Transfer all video well logs, e-logs, deviation logs, as-builds, maintenance manuals including associated records etc.

Sewer Collection System Operations Section

This section outlines the contractual provisions for the continuing of sewer collection system maintenance services during the transition period until transferred to SVLCSD from CSA 64. The transfer of responsibility is effective upon the finalized formation of SVLCSD and the dissolution of the existing entity (CSA 64). The cost for providing this service shall be billed quarterly, in advance, to SVLCSD for payment. The estimated number of FTE positions required for providing this service is 1.83, with an estimated cost of \$239,799 for staffing.

The final transfer of all sewer collection system duties from WAS to SVLCSD shall be initiated by SVLCSD through direct action of its Board of Directors and is dependent upon SVLCSD employing staff or contracting from available service providers to perform the mandatory duties.

Transfer of Duties and Responsibilities includes, but is not limited to:

1. Cancellation of existing licenses and permits in the name of CSA 64 for the operation and maintenance of the sewer collection system to allow SVLCSD to apply for the required licenses and permits for operation of the sewer system. SDD personnel operating as Interim General Manager to assist in providing for this transition.
2. Arrange to transfer CSA 64 equipment and physical assets to SVLCSD.
3. Provide CCTV and main pipeline cleaning records to SVLCSD.
4. Provide preventative maintenance records for the sewer lift stations and wet-wells.
5. Provide contact information to transfer the California Integrated Water Quality System (CIWQS) required legal data entry to the SVLCSD.
6. Provide contact information to establish accounts with parts and materials suppliers, contractors and other vendors.
7. Provide related field/operational historical data.
8. Provide contact information to SVLCSD to enter JPA with VVWRA.

SDD – PROJECT MANAGEMENT (SDD-PMD)

This section outlines the contractual provisions for the continuing of engineering and construction services during the transition period for the operation and maintenance of the water system and sewer system transferred to SVLCSD through dissolution of CSA 64 as well as other engineering/construction services. The transfer of responsibility is effective upon the finalized formation of SVLCSD and the dissolution of the existing entity (CSA 64). The cost for providing these services shall be billed monthly, in arrears, to SVLCSD for payment. The

number of FTE positions required for providing these services is dependent upon actual hours worked by SDD Engineering Staff. The charge for engineering services is calculated using the productive hourly rate for hours worked and adding the administrative component as outlined previously. **Project Management costs are not included in the base service amount and would be charged in addition to the base services amount should SVLCSD request service that required Project Management involvement.**

The final transfer of all duties and responsibilities from SDD-PMD to SVLCSD shall be initiated by SVLCSD through direct action of its Board of Directors and is dependent upon SVLCSD employing staff or contracting from available service providers to perform the mandatory duties.

The transfer of these duties and responsibilities includes, but is not limited to:

1. Transfer of Land Use Services duties from SDD-PMD to SVLCSD, effective upon the formation of the District.
2. Transfer of Development Services duties from SDD-PMD to SVLCSD, initiated by SVLCSD and is dependant upon the entity employing staff to perform these duties.
3. Upon formation of the SVLCSD, the Board of Directors shall adopt SDD's Capital Improvement Program (CIP). All current active CIP projects will be taken to completion.
4. SDD-PMD shall transfer the management and maintenance of documents to SVLCSD. The transfer shall include, but not be limited to:
 - a. Original drawings of CIP improvements and developer built water and sewer improvement drawings. Copies of disks containing the digital files for the as-built drawings will also be provided. Not all projects and improvements have digital files available.
 - b. Hard copies and computer files (where available) for all water and sewer master plans, focused studies, grant/loan application packages and other planning documents.
 - c. Hard copies and computer files for water hydraulic model (H2Onet) and Sewer CAD.
 - d. Hard copies and computer files (where available) for all service policies and procedural documents shall be provided to SVLCSD. SVLCSD shall be required to initially adopt these policies and procedures following formation until such time as they can be reviewed in the manner required by law for amendment.
 - e. Hard copies and computer files (where available) for Rules, Regulations, Ordinances, Fee Package, Purchasing Policy and other governing documents. SVLCSD shall be required to initially adopt these policies and procedures

following formation until such time as they can be reviewed in the manner required by law for amendment.

SDD – HUMAN RESOURCES DIVISION (HR)

This section outlines the contractual provisions for the continuing of Human Resource services during the transition period to SVLCSD. The transfer of duties and responsibility is effective upon the finalized formation of SVLCSD and the dissolution of the existing entities (CSA 64). The cost for providing this service shall be included though the administrative support charge as previously outlined in this agreement.

The final transfer of all human resource duties from SDD -HR to SVLCSD shall be initiated by SVLCSD through direct action of its Board of Directors and is dependent upon SVLCSD employing staff or contracting from available service providers to perform the mandatory duties.

During the transition period identified in Section B, the transfer of Human Resources duties and responsibilities from the SDD-HR to the SVLCSD is limited to all personnel data and records as well as benefit calculations. Payroll records for Special District Department personnel will remain with the SDD-HR.

Transfer of Duties and Responsibilities includes, but is not limited to:

1. Provide copies of Rules, Regulations, Ordinances, and other related personnel documents governing Human Resource activities within the Department if the new district is interested in reviewing for possible use as an interim step in setting up their employee needs.
2. Division staff will continue to provide Human Resource services, including payroll and employee relations until SVLCSD no longer contracts with SDD for the provision of these services.
3. Schedule meetings with SVLCSD staff to review potential to develop a comprehensive plan to transition Human Resource services from the SDD to SVLCSD.

SDD – BUDGET AND FINANCE DIVISION

This section outlines the contractual provisions for the continuing of Fiscal services, from the effective date of the change until the close of the Fiscal Year, for services previously provided by the Budget and Finance Division. The transfer of responsibility is effective upon the formation of the District and the dissolution of the existing entities. The cost for providing this service shall be included though the administrative support charge as previously outlined in this agreement.

The transfer of the duties and responsibilities from the SDD Budget/Finance Division to the SVLCSD shall be initiated by SVLCSD and is dependent upon the SVLCSD employing additional staff or contracting from available service providers to perform these duties.

Transfer of Duties and Responsibilities include, but are not limited to:

1. Identify vehicles and equipment of which the ownership will be transferred to the new district (see Section B).
2. Implement the SDD and SVLCSD fair share plan to distribute pooled equipment assets currently owned by SDD/WAS as outlined (See Section D).
3. Upon the effective date of formation and dissolution, request the Auditor/Controller to assign fund/department codes for SVLCSD new agency funds, replacing the existing entity's enterprise funds.
4. Develop a process to transfer incoming payments and outstanding payables received subsequent to the transition.
5. Hard copies and/or electronic files of collection activity i.e. payment arrangements, payment extensions and related banking information including Non Sufficient Funds (NSF) checks.
6. Contact the County of San Bernardino, Auditor/Controller/Recorder to establish SVLCSD as the new contact for all Notices of Condition/Liens for delinquent charges recorded in CSA 64's name and update the fund code that all future payments will be deposited. Additionally, the Division shall provide a hard copy of the accounts to SVLCSD.
7. Deactivate and close cash balances from existing entity funds and transfer to SVLCSD funds, providing SVLCSD Board of Directors with outline of transfer amounts.
8. Discontinue payment documents from, and receiving deposits into, existing entity funds.
9. Begin paying documents from, and receiving deposits into, SVLCSD funds.
10. Establish signature authorization for SVLCSD funds.
11. Establish SVLCSD Board signature procedures to allow SVLCSD direct payments.
12. Transfer fiscal records to SVLCSD upon effective date of formation, in coordination with SVLCSD Board of Directors.

13. Implement cash handling procedures.
14. Provide contact information for materials and services vendors.
15. Assist in the transfer of utilities accounts to SVLCSD as customer/owner.

SDD- INFORMATION SERVICES DIVISION (ISD)

This section outlines the contractual provisions for the continuing of information services, from the effective date of the change until the close of the Fiscal Year, for services previously provided by the Information Services Division. The transfer of responsibility is effective upon the formation of the District and the dissolution of the existing entities. The cost for providing this service shall be included though the administrative support charge as previously outlined in this agreement. Equipment replacement costs that are excessive or beyond the scope of routine services will be charged in addition to any base service costs. These will be discussed with SVLCSD prior to incurring, with the exception of in a critical situation as deemed by SDD leadership.

Transfer of Duties and Responsibilities include, but are not limited to:

1. Identify all sites to be transferred, site address and services/functions operated.
2. Identify communication interconnectivity plan.
3. Identify communications methods employed and licenses required (FCC, Cellular, Telco).
4. Add/Remove non-reprogrammable communication components configured for SDD operations.
5. Identify site/elevation issues for Radio Frequency processes.
6. Remove SDD select agreement license keys from software for future software upgrade/license certification requirements.
7. Extract all data files and application formats if applications are part of SVLCSD's inventory.
8. Prepare electronic export file of all account data in format specified.
9. Determine communication service providers in areas of SVLCSD facilities and coordinate transfer of authority and accounting information with service transfer date.
10. If web presence is to continue, provide electronic copy of web pages and application formats.

11. Establish contract with Internet Service Provider and Telco service for WAN/Internet capabilities.
12. Establish contracts for support and licensing of all operation specific software applications.
13. Establish contracts for computer hardware and peripheral maintenance and support.
14. Establish technical/program support of all applications developed in-house utilizing standard office products.
15. Establish data security model for customer and operation data integrity.
16. Establish power management and emergency plan for critical systems and functions.
17. Establish disaster recovery plan and agreements with other entities to provide emergency support during disaster scenarios.
18. Provide, depending on the operation, for on-call 24/7 supports for critical systems.
19. Establish agreement for AMI service with Transparent Technologies and Badger Meter.
20. Develop separate SCADA HMI and establish SCADA support agreement.
21. Establish written agreement including formats, frequency, and validation requirements for all data transactions between district and external agencies and institutions as mandated, including:
 - All data must be formatted for export or import into a billing system
 - All data to be downloaded or uploaded from devices, such as meter readers, automated check readers, electronic transactions files (from banks), need to be documented
 - SCADA transmissions, content, format and frequencies (FCC License) must be documented and maintained
 - Upload of transactions into an accounting system (SAP or other) must be documented and audited
 - Internet service provider agreements on type of security and services to be provided. User data access levels and data availability

Scope of Services

1.0 ABBREVIATIONS

CAL-EPA: State of California Environmental Protection Agency

CAL-OSHA: California Occupational Safety and Health Administration

CFR: Code of Federal Regulations

LRWQCB: Lahontan Regional Water Quality Control Board

MDAQMD: Mojave Desert Air Quality Management District

SVLCSD: Spring Valley Lake Community Services District

SWRCB: California State Water Resources Control Board

RCRA: Resource Conservation and Recovery Act

USEPA: United States Environmental Protection Agency

2.0 DEFINITIONS

2.1 Permit Requirements

The Permit Requirements referred to in this document shall be understood to be:

- (1) the SWRCB Water Permit No. 05-13-15PA-024

or any permit issued by the USEPA that amends, revises or replaces these permits while the contract is in effect.

2.2 Regulatory Agency

The term Regulatory Agency referred to in this document shall be understood to be the USEPA, CAL-EPA, MDAQMD, SWRCB, Lahontan RWQCB or any agency imposing regulations upon the district as it refers to the water or sewer facilities.

2.3 Regulatory Requirements

The Regulatory Requirements referred to in this document shall be understood to be:

- (1) all SWRCB and USEPA laws, and regulations
- (2) all SWRCB, USEPA, CAL-EPA –regulations, and guidelines regarding monitoring, analysis or reporting of the Facilities
- (3) the Code of Federal Regulations – Title 40, the California Health and Safety Code, and the California Code of Regulations as it relates to the Facilities
- (4) the RCRA and Hazardous Materials Control Act
- (5) the Government Code, Health and Safety Code, Water Code, California Safe Drinking Water Act and related laws and regulations
- (6) the Clean Water Act and all other applicable, Federal, State and local laws and

regulations.

2.4 Facilities

The Water Facilities referred to in this document shall be understood to be:

Water Production Wells, Water Storage Reservoirs, Water Distribution Pipelines, and Appurtenances

The Sewer Facilities referred to in this document shall be understood to be:

Sewer Collection Main Pipelines, Sewer Lift Stations, and Appurtenances

3.0 GENERAL

SDD agrees to operate, maintain and manage SVLCSD Facilities. These services include but are not limited to the following:

The complete operation, maintenance and management of SVLCSD Facilities.

All of these tasks are to be performed in full coordination with the SVLCSD, as defined by the Scope of Services, and in full compliance with all Permit and Regulatory Requirements.

3.1 Communications

SDD shall transmit to SVLCSD all necessary and/or requested information regarding the operation and maintenance of SVLCSD Facilities in a timely manner.

3.2 Emergency

SDD will be required to respond to all emergencies that occur at, or in some way involve, the Facilities. SDD shall designate the appropriate level of “stand by” personnel to respond to emergency calls during unmanned hours.

3.3 Business Operations

The Business Operations Section shall provide billing, collections, customer service, and development services. SDD shall provide and maintain all computer software required to produce customer billing and to maintain all data relevant to SVLCSD business operations as referenced above.

The Business Operations Section shall maintain all regulatory reports and permits such as self-monitoring reports, inspections, compliance inspections and sampling data, baseline monitoring data, compliance schedule program reports and various enforcement activities, etc. in conformity with all Permit and Regulatory Requirements.

All business operations equipment such as computers, computer software, printers, fax machines and all other office equipment are the sole property of SDD and are non-transferable. All custom modifications to billing software programs shall be considered proprietary and shall

not be duplicated and/or reproduced without express written consent of SDD. All business operations equipment shall remain with SDD upon termination of this contract.

3.4 Warranties and Guarantees

SDD shall maintain all warranties on all equipment.

3.5 Client Meetings

The Division Manager or designated representative shall be available to meet with SVLCSD's representative upon request.

3.6 SVLCSD Access to Facilities

SVLCSD's staff or its representatives shall have access to facilities during normal hours of operation.

3.7 Equipment

SVLCSD shall provide equipment for use by SDD staff when performing work on SVLCSD system. This equipment will likely be from that which is negotiated for transition from SDD to SVLCSD during the formation period. Any equipment necessary to perform work on the SVLCSD system that is not owned by SVLCSD will be billed at whatever the current rate set is in the County Fee Ordinance, or based on current rate set in the CalTrans equipment rate guide should a County Fee Ordinance rate not exist.

3.8 Inclusions

SVLCSD shall provide for wages, salaries and benefits, utilities (including electric power, potable water and refuse), materials and supplies required for efficient administration, operation and maintenance of the Facilities. Materials and supplies include but are not limited to gasoline and diesel fuel, vehicles, vehicle supplies, accessories, office supplies, telephones, building and grounds maintenance supplies, copying machine, photo supplies, medical supplies, safety equipment, laboratory supplies, clothing and uniforms, office equipment, etc.

4.0 STAFFING

SDD shall staff the Facilities with qualified, trained and adequately experienced personnel to manage, operate, and maintain SVLCSD's Facilities. The staff shall meet the minimum standards to undertake the basic responsibilities under this Agreement and shall meet or exceed all performance criteria and minimum qualifications.

4.1 Staffing

SDD shall provide an appropriate level of staffing to provide required services, including technical personnel with appropriate education, training, certification, and experience required for effective operation and maintenance of the SVLCSD's Facilities and administration of SVLCSD's Facilities in an effective manner and in full compliance with all Permit and Regulatory Requirements per the Fiscal Year 2019-20 County of San Bernardino Board of Supervisors Approved Budget for CSA 64 prior to dissolution.

4.2 Engineering and Technical Support

SDD may provide in-house professional, technical, and engineering expertise for investigating and developing engineering studies, solutions and designs to meet SVLCSD's potential needs at an additional cost to SVLCSD.

4.3 Training

The Agreement shall provide for continued training of SDD's personnel. Any training requested by the SVLCSD above the level provided by the FY 2019-20 Budget shall be at the cost of SVLCSD.

4.4 Professional Services Contracts

SDD maintains contracts to provide professional services i.e. facilities repair, engineering services, construction services etc. Upon approval of this Agreement by the San Bernardino County Board of Supervisors, all professional service contracts may be utilized by County, for the operation, maintenance and management of the water and sewer systems. Use of these contracts shall be provided at cost plus any applicable administrative fees.

4.5 Hours of Operation and Staffing

Hours of operation and staffing provided by SDD shall meet the minimum full-time operations requirements set forth by Permit and Regulatory Requirements. During unmanned hours, SDD shall designate the appropriate level of "standby" personnel to respond to emergency calls.

5.0 REGULATORY COMPLIANCE

5.1 Compliance Assurance

Within the design and operational capabilities of SVLCSD's Facilities, SDD shall assure compliance with all Permit and Regulatory Requirements. In the event that Facilities do not comply with Permit or Regulatory Requirements, SDD will notify SVLCSD in writing with recommendations outlining the proposed corrective action. SDD shall inform SVLCSD of any Permit and/or Regulatory Requirements that are unable to be met and the corresponding justification. Any Permit and/or Regulatory Requirements that SVLCSD agrees in writing cannot possibly be met or that result from a force majeure will not result in a breach of this Agreement. SDD shall not be held liable for any non-compliance issues.

5.2 Liability for Fines

SVLCSD shall be fully responsible for all administrative, civil or criminal fees, costs, assessments, expenses, losses, damages, liabilities, fines and/or penalties that may arise from any asserted claim or action, and/or that may be imposed by any and all regulatory agencies, resulting from failure to fully comply with Permit or Regulatory Requirements. SDD will not be liable for any violation, fine or penalty that does not result from SDD's misconduct or negligence in the performance of services set forth in this Agreement.

5.3 Reporting Requirements

SDD shall collect, test, analyze, etc. all required field data in full compliance with the Permit and Regulatory Requirements. SDD shall provide required documentation, including

calculations, rationale, justification and reports for submittal to the appropriate Regulatory Agency.

SDD shall prepare all required reports in accordance with SVLCSD's Permit and Regulatory Requirements as they involve the Facilities. SDD will submit all reports to the appropriate Regulatory Agency in a timely manner.

5.4 Reports to SVLCSD

SDD shall provide administrative and management services, including submission to SVLCSD of a proposed capital improvement and major equipment repair or replacement budget on an annual basis; preventive and corrective maintenance reports on a quarterly basis.

6.0 FACILITIES OPERATIONS

6.1 Records of Operation

SDD shall maintain complete and accurate records regarding the Facilities which include records pertaining to all tasks relative to administration and implementation of SVLCSD's Permit and Regulatory Requirements. These records shall be available for inspection by SVLCSD during normal working hours. When the contract terminates these records shall become the property of SVLCSD.

6.2 Facilities Appearance

SDD will maintain the appearance of the grounds, buildings and structures and agrees to maintain the cleanliness and appearance of the facilities in a sanitary, professional manner.

6.3 Maintenance & Repair

SDD shall maintain all equipment and structures of the Facilities and shall perform preventive and corrective maintenance as required. All equipment and structures of the Facilities shall be regularly inspected by SDD to detect equipment wear and tear and potential equipment failure. SVLCSD shall be notified promptly of any equipment that requires replacement or repair.

6.4 Modifications

SDD shall submit to SVLCSD and obtain SVLCSD's approval for any modifications, equipment additions, changes, or non-routine major maintenance undertakings. All such modifications, additions, equipment installations due to such modification shall become an integral part of the facility and shall become SVLCSD property.

7.0 SAFETY

SDD shall perform all work under this Agreement in such a manner as to provide safety to the public and operating personnel including SVLCSD staff, and to meet or exceed the safety standards outlined by CAL-OSHA. SDD shall protect the work site from hazards to persons and property resulting from its operations. Any hazardous conditions noted by SDD, which are not the results of operations, shall immediately be reported to SVLCSD. SDD reserves the right

to halt operations under this Agreement if it determines that unsafe or harmful acts are occurring.

7.1 Safety Responsibility

SDD shall be responsible for the administration of safety programs including, but not limited to, the following:

1. Establishing appropriate general workplace and confined space entry safety procedures as per CAL-OSHA regulations.
2. Training all personnel in the proper use of personnel protection equipment and safety procedures, including confined space entry procedures.
3. Training of all personnel in proper use of safety equipment and apparatus.
4. Maintenance and calibration of all safety equipment on an established schedule.
5. Record keeping of all safety-related activities in conformance with SDD's Safety Manual and/or CAL-OSHA regulations.
6. Conduct tailgate meetings at least every ten (10) working days and monthly safety meetings with supervisors and members of the employee Safety Committee.
7. Develop an annual program of tailgate meetings, safety demonstrations, and maintenance of safety equipment.

7.2 Training and Safety

SDD shall maintain a safety training program for all personnel to insure proper operation and maintenance of the Facilities in a safe and efficient manner. SDD shall practice a work place safety and health program in accordance with the CAL-OSHA requirements.

SDD shall administer all safety programs, inspections, training and preventive maintenance in compliance with all CAL/OSHA and SDD's safety manual procedures.

SDD shall be required to comply with Section 3203 of the California Code of Regulations Title 8, and with all applicable CAL/OSHA requirements including Article 108 of Title 8.

7.3 Security

SDD shall properly secure the Facilities and devices to the reasonable satisfaction of SVLCSD. All equipment assigned by SVLCSD to SDD shall be restricted to SDD's use and only for that use which is necessary for the performance of work under this Agreement, unless otherwise authorized by SVLCSD.

COUNTY OF SAN BERNARDINO

SPECIAL DISTRICTS DEPARTMENT DESCRIPTION OF SERVICES

The Special Districts Department (SDD) provides direct administrative oversight to approximately 97 dependent special districts (those governed by the County of San Bernardino Board of Supervisors). These districts provide a variety of municipal services throughout the County of San Bernardino, including water and sanitation, parks and recreation, road maintenance, television translator, and street light services. The administrative offices are located in the Cities of San Bernardino and Victorville. Satellite offices are located throughout the county within many of the communities served by the SDD.

County Service Areas (CSA) are legal entities authorized under California law and formed by the Board of Supervisors to provide public services, capital improvements and financial planning and management. The services and financial arrangements are tailored to meet the needs of a local area or region. These services are known as “extended services” because they are in addition to those services customarily funded by the general property tax levy. The desire and ability to pay for extended services are primary considerations in the communities’ decision to form and operate a special district.

The Special Districts Department provides direct management and administrative oversight of the CSAs through six divisions: Regional Operations, Water and Sanitation, Budget and Finance, Project Management, Human Resources, and Information Services.

WATER AND SANITATION DIVISION

The Water and Sanitation Division consists of seventeen (17) water and sewer county service areas and improvement zones that are collectively administered by the Special Districts Department under the Water and Sanitation Division (Division). This Division, staffed with 52 positions, provides administrative, billing, collections, clerical, operations/maintenance, and project administration/engineering support to the water and sanitation districts. The Division’s service base ranges between 4 and 3,935 connections. The Division’s operation and maintenance functions are directed and performed on a regional basis. The main Department office is located in San Bernardino, with a regional office located in Victorville. The Division maintains four (4) sub-regional operations/maintenance yards located throughout the communities served. The Division is further divided into the following Sections and Units.

BUSINESS OPERATIONS SECTION

The Business Operations Section administers billing, collections, customer service, and development services support to the water and sewer county service areas and improvement zones from the Victorville Division Office.

Customer Service Unit assists Water/Sanitation Division customers by telephone and in person. Customer Service Unit staff receipt customer payments, answers or directs inquiries, dispatches field staff, processes necessary paperwork and maintains records.

- Processes:
 - Customer Service – Utilize billing system and account documentation to address customers account and telephone inquiry. Includes processing customer requests for payment extensions and fee waivers.
 - Communication – Utilize telephone, cell phone, and email for local communication with field staff. Communication with an Answering Service to address after hours service calls. Distribute On-Call Sheet to all field locations and answering service.
 - Record Maintenance and Documentation – Maintain account records and documents including account information, account comments, address and name change requests, new owner applications, stop service requests, and owner/tenant agreements.
 - Payment Processing – Process customer payments received through mail and in person. Includes cash handling in accordance with County of San Bernardino Internal Controls and Cash Handling Manual.
 - USA Ticket Issuance and Distribution – Contact Underground Service Alert for issuance of time sensitive utility line location requests. Process line location requests from other utilities in accordance with State guidelines.
 - Service Orders – Issue and maintain service orders as requested by field staff and customers to address field service issues such as water meter leaks, water quality concerns, water and sewer service line breaks and water meter reads.
 - Support – Provide clerical support as needed to other Units, Management staff and satellite locations.

Billing Unit prepares detailed billing statements for Division customers on a bi-monthly basis using information provided by Water Operations staff and Customer Service staff. Billing Unit staff prepares and processes account documentation and maintains records.

- Processes
 - Water and Sanitation Billing – Prepare, calculate and print detailed billing statements for water and/or sanitation services using Board approved rate structures.
 - Account Maintenance – Maintain customer account information, including opening and closing customer accounts, adjustments to accounts as authorized.
 - Accounts Receivable Collection – Prepare, calculate and print Final Notice statements for water and/or sanitation customers. Prepare and distribute Disconnection List of customer accounts to be disconnected for non payment of charges. Provide clerical support to Collections Clerk.
 - Communication – Communicate with other units and field staff as needed to complete assigned tasks.
 - Record Maintenance and Documentation – Maintain account records and documents including account information, account comments, address and name change

requests, new owner applications, stop service requests, and owner/tenant agreements. Review and track payment extension requests.

Collections Unit recovers delinquent accounts receivables using approved collection methods. Collections Unit staff maintains and authorizes payment agreements.

- Processes
 - Payment Agreements and Extensions – Negotiate and track customer payment agreements for payment of large outstanding balances over an extended time period. Issue and track payment extensions for customers who need additional time to pay charges due, to avoid service disconnection.
 - Accounts Receivable Collection – Process returned items (NSF Checks) for collection. Issue service orders for disconnection of accounts who fail to adhere to terms of payment agreements or extensions.
 - Notice of Delinquent Water and/or Sewer Charges – File Notice of Delinquent Water and/or Sewer Charges liens on property in an attempt to collect delinquent charges. Prepare demands for escrow companies advising of the current amount due to satisfy the lien. Release liens when appropriate.
 - Discharge of Accountability – Prepare requests and supporting documentation for Discharge of Accountability for uncollectible charges as authorized.
 - Delinquency to the Tax Roll – Prepare requests and supporting documentation for collection of delinquent water and/or sewer service charges through collection on the annual property tax bill as authorized.

Fiscal Unit prepares and monitors the Accounts Receivable and the Accounts Payable processes.

- Processes
 - Accounts Receivable – Verify, process and reconcile all cash receipts received daily by the Division. Prepare bank deposit and reconcile account. Distribute revenues to appropriate district funds. Prepare monthly Accounts Receivable report by district. Prepare year end accruals
 - Maintain financial records as required by the Auditor Controller including cash receipts journal, receipts issued, automated cash register receipts, cash receipts by fund, maintenance bonds, mainline extension reimbursements, and construction meter deposits.
 - Accounts Payable -Assist purchasing in the verification of Budget and operating funds for all purchases. Process all Vendor invoices which includes verification of purchasing approval, obtaining approvals for payment from water and sanitation Manager, preparing payment documents and transfer forms as required, verification of Budget and operating funds for expenditures, monitoring expenditures against blanket purchase orders, purchase orders, encumbered and un-encumber contracts as not to exceed preset limits, process payments for utilities, and other County departments. Process all customer refunds including water and sanitation service accounts, hydrant meter deposits and mainline extensions and reimbursements. Process payments to other Agencies for fees collected by the Development Services

- Unit. Process all travel claim forms for payments. Maintain Petty Cash account to include customer refunds, vendor invoices, postage due and reconciliation of Petty Cash account and bank account reconciliation. Prepare year-end accruals. Verification of FAS processing of payment documents and FAS transfers
- Maintain Division and District equipment listing which includes preparing documents for transfer or surplus of equipment.
 - Monitor Board Approved contracts for the Division not related to purchasing of material or services, which includes preparation of invoices as required.
 - Process all Travel/Training request to include reviewing documents for accuracy and completeness, obtaining approvals from Division and Department as required, payment of registration and travel expenses are required and maintain travel/training records for each employee.
 - Preparation of monthly report of expenditures and revenues by operating fund for each district
 - Prepare quarterly salary, service and supply abatements
 - Prepare Division invoices for services provided to other agencies and for damages to district structures or equipment including collections of payment.
 - Prepare transfers for all customer payments returned for non-sufficient funds for charge back to district funds.
 - Reconcile consolidated banking accounts to include research and resolution of bank adjustments.
 - Assist Management and Department Budget staff with preparation of year-end estimates and budgets.

Development Services Unit assists the Engineering/Construction Division through project support and maintenance; connection permit preparation and issuance; standby preparation and processing; and fire flow administration.

- Processes
 - Water Availability – Determines service availability through research and review of assessment credit information and water system maps. Issue water availability letters or provide recommendations for water main line extension projects.
 - Projects and Feasibility Studies – Determines water system demand, supply and storage requirements, fire flow requirements and system improvements for subdivisions, commercial projects and other projects as needed. Includes plan check process, filing of appropriate documents, and providing recommendations to the Design Review Committee.
 - Construction Meters – Issue Construction Meter Permit for various construction projects.
 - Fire Flow Administration – Handles all fire flow requests and related inquiries as required by the County of San Bernardino Fire Department or other agencies.
 - Standby – Prepares and processes documentation for water standby charges on parcels not connected to the water systems based on criteria as provided by the County of San Bernardino Board of Supervisors for collection on the annual property tax bill.

- Permits – Issue permits for water meters, fire hydrants, and construction meters.

Administration/Regulatory Unit oversees all annual and quarterly reporting to ensure compliance with regulatory agency guidelines.

- Processes
 - Watermaster – Prepares quarterly and annual water production reports.
 - Consumer Confidence Reports – Prepares annual reporting on water quality and water system status.
 - State Water Resources Control Board – Prepares annual water production and consumption reports.
 - Annual Notice of Groundwater Extraction and Diversion – Prepare annual report to State of California Water Resources Control Board.
 - Statistical Reports – Prepares and maintain public water system statistical reports.
 - Compliance Programs – includes HAZCOM, MSDS, Emergency Response Plans, CUPA Business plans, Hazardous Materials handling, storage, transportation and disposal.

WATER OPERATIONS SECTION

The Water Operations Section operates and maintains various water systems consisting of pressure zones, domestic wells, tanks/reservoirs, pressure reducing stations, booster pump stations, and water main pipeline.

Construction/Hydrant Unit performs all repair and maintenance of water main lines and system infrastructure.

- Processes
 - Fire Hydrants – Repairs and replaces all fire hydrant facilities. Also includes fire flow testing and flushing of hydrants and dead end lines.
 - Valves – Maintains valves through a valve exercising program and makes repairs and replacements to valves on an as needed basis.
 - Construction – Installs new customer water meters. Repairs and replaces water service lines and water main line facilities. Relocates water meters as needed due to installation of new water mains. Bacteriological and hydrostatic testing of new and existing water mains prior to activation. Performs scheduled and unscheduled water main shut downs. Performs traffic control measures when needed to provide a safe work environment.
 - Equipment Maintenance – Performs regular minor maintenance of all vehicles and equipment, including heavy equipment such as backhoes, dump trucks, trailers and generators.
 - USA Tickets Issuance and Completion – Contact Underground Service Alert for issuance of time sensitive utility line location requests. Process line location requests from other utilities in accordance with State guidelines.

- Emergencies – Respond to and repair water main line and water service line breaks and leaks on a 24-hour basis. Communicate with Business Operations staff and after hours answering service staff. Assist with other agencies as needed.

Operations/Maintenance Unit maintains integrity of the water system facilities through daily monitoring and maintenance.

- Processes
 - Monitoring – Monitors and records water system operational status daily. Monitor and maintain chlorine residuals daily. Operate and monitor SCADA system.
 - Efficiency Testing – Performs pump and motor efficiency testing on wells and booster pumps.
 - Maintenance – Repair and replace water booster and water well pumps and motors. Maintain and repair pressure reducing stations. Repair and replace control valves.
 - Operation – Operate and maintain water wells and water booster stations. Operate control valves.
 - Electrical – Maintain and repair high voltage electrical panels serving water well booster pumps and motors and control valves.

Meter Reading Unit reads water meters on a regularly scheduled basis and performs water meter repair and maintenance as required.

- Processes
 - Reading Water Meters – Regularly reads water meters for billing purposes or as needed. Performs re-reads and read verifications.
 - Water Meter Repair and Replacement – Repairs and replaces water meters or water meter components as needed or requested.
 - Service Disconnection – Performs water service disconnection and reconnection of delinquent accounts as required for Accounts Receivable collection.
 - Service Orders – Completes service orders. Includes performing site investigations, water meter calibration and water pressure testing.

Purchasing/Warehouse Unit purchases, issues, controls and maintains inventory of all necessary parts, materials and equipment.

- Processes
 - Purchasing – Buys all repair and maintenance materials. Purchases all vehicles, equipment, tools, supplies, and services. Provide support for Board Agenda Items required for purchasing activities.
 - Warehouses – Maintains adequate emergency and routine repair materials for the water distribution system.

Water Quality Unit monitors and samples the water system to maintain compliance with regulatory agency requirements.

- Processes
 - Cross Connection Control Program – Maintain and enforce annual testing report compliance of all customer backflow prevention assemblies.

- Monitoring – Monitors water quality characteristics through physical, chemical, biological and radiological testing.
- Conservation – Encourage and enforces district water conservation ordinances through customer contact and participation in local agency water conservation programs.
- Investigation – Investigate customer water quality complaints.

SEWER OPERATIONS SECTION

The sewer operations section operates and maintains various sewer collection systems and sewer treatment plants in County Services Areas. The sewer operations section also operates and maintains various client sewer collection systems and client sewer treatment plants.

Operations and Maintenance Unit monitors, inspects, and maintains all sewer collection systems and sewer treatment plants according to regulatory requirements.

- Processes
 - Crews CCTV and/or clean a minimum of twenty percent (20%) of all sewer collection systems annually
 - Performs preventative maintenance on sewer pump/lift stations
 - Performs manhole inspections
 - Schedules sewer meter maintenance and calibration
 - Emergency response, 24/7 coverage

Sewer Treatment Plant Unit monitors, inspects, and maintains all sewer treatment plants according to regulatory requirements.

- Processes
 - Perform preventative maintenance at all sewer treatment plants.
 - Collect samples for wastewater analysis
 - Collect data for regulatory reporting
 - Maintain plant grounds and property
 - SCADA operations
 - Emergency response, 24/7 coverage

PROJECT MANAGEMENT DIVISION

Project Management Services would be billed separate from the base charges in the event the services of this division are requested by the CSD.

In general, the Project Management Division (Engineering/Construction) is responsible for the service end of the Land Use Services process including the technical review and approval of the Development Services process; the planning, design, and budgeting of Capital Improvement

Projects (CIP); the overview, management, and inspection of construction projects; and the management and maintenance of plans, policies, procedures, rules and regulations, data, and engineering related documents.

Land Use Services duties are currently being performed by Division Staff related to the County of San Bernardino Land Use Services Process. The services/duties have been listed in the order they are required in the process.

- Processes
 - Approval of Adequate Sewer and/or Water Service Certifications – The Division Manager reviews and approves the Adequate Sewer and Water Certification documents. These documents are required by the County Planning Department in order for developers to submit tentative plans for parcel maps, tract maps, and land use permit projects into the County Planning Process.
 - Staff preparation of a Design Review Committee Interoffice Memo – Staff prepare an Interoffice Memo describing initial service requirements in response to Project Notices circulated by County Planning.
 - Attendance and representation at the Design Review Committee (DRC) – The County Planning Department conducts regularly scheduled DRC meetings held at the San Bernardino County Planning Department offices in the Government Center, City of San Bernardino. Division Staff attend the meeting to comment on proposed development projects.
 - Generation of map and permit Conditions of Approval – Division Staff prepare Conditions of Approval for water, sewer, street lighting, and assessment payoff or apportionment services for all development projects located within an area served by the Department.
 - Attendance and representation at the Planning Commission Hearing – Division Staff must periodically attend the Planning Commission Hearings to speak to service requirements on controversial or high profile projects.
 - Issuance of Will Serve Letter or Completed Feasibility Study – Division Staff review and approve the issuance of service letters and/or studies which outline service requirements and allow development projects to obtain permits from the County Building and Safety Department.
 - Participation in the Preparation of Bonding Documents – Division Staff will prepare bond amounts for water, sewer, streetlight, and drainage improvements required by the County Surveyor to be posted (in lieu of construction) prior to the recordation of map and permit projects.
 - Approval and Authorization of Condition Compliance Release Forms – The Division Manager verifies and approves condition compliance to the County Surveyors Office to allow maps and permits to record.

Development Services duties are currently performed by Division Staff related to the County of San Bernardino Development Services Process. The services/duties have been listed in the order they are required in the process.

- Processes

- Meeting(s) with developer(s) – The initial step of the Development Services Process is to meet with developers or property owners to discuss prospective projects in those areas served by the Department. These meetings usually result in a request for services.
- Preparation, Review and Approval of Feasibility Studies – The Division is responsible for the approval and issuance of a final feasibility which identifies water and/or sewer service requirements for mapping and permit projects that involve a division of property, commercial/industrial development, or a high-density residential project. Feasibility Studies are not required for a residential home on a single lot.
- Plan check and Approval of Improvement Drawings – The Division is responsible for the review and approval of improvement plans for mapping and permit projects required to construct facilities in order to receive service. Plans must be prepared in accordance with Department requirements and per Department Standards and Standard Specifications. The Owner/Developer pays the costs for these services.
- Inspection of improvements being constructed by Owner/Developer – The Division Inspector inspects all improvements constructed by Owners/Developers that are to be given to a District to provide public service. Improvement construction must be in accordance with Department requirements and per Department Standards and Standard Specifications. The Owner/Developer pays the costs for these services.
- Maintenance Bonds – Division Staff review and approve bond documents from the Owner/Developers for adequacy and accuracy. The bonds are issued in an amount equal to 10% of the construction costs.
- Preparation and Approval of Reimbursement Agreements – Department Staff prepare reimbursement agreements for Owner/Developers who wish to recover a portion of their construction costs from other neighboring/benefiting properties. The County Board of Supervisors must approve these agreements.

Capital Improvement Projects are currently managed by Division Staff in conjunction with planning, designing and constructing capital improvements.

- Processes
 - Water Hydraulic Modeling and Master Plans – Division Staff prepare or have Hydraulic Models and Master Plans prepared under their review to determine water capital improvements on an annual basis.
 - Sewer Hydraulic Modeling and Master Plans – Division Staff prepare or have Hydraulic Models and Master Plans prepared under their review to determine sewer capital improvements on an annual basis.
 - Project Cost Estimating – Division Staff prepare initial Project costs, including planning, environmental processing, survey and design, administration, construction and construction management costs, for the budgeting of the capital improvement program on an annual basis.
 - Preparation of Pre-Application and Final Application for Loan/Grant Funding – Division staff plays a significant role, including the project description, project costs

- and project schedule, for the preparation of funding applications for various funding agency submittals.
- Design or Contract for Design of District Capital Improvement Projects (CIP) – All CIP projects are designed by Division Staff or designed by consultants under the review and approval of Division Staff.
 - Advertise for and Receive Public Bids – Bid packages for CIP projects are prepared by Division Staff and the Division Manager seeks Board approval for the packages and to solicit public bids. This includes bid review, analysis, and selection of a responsible low bidder.
 - Prepare and Issue Contracts – Division Staff prepare the contracts for CIP projects and the Division Manager seeks Board approval to award these contracts to the successful bidder(s).
 - Inspection of CIP Projects – The Division Inspector provides construction inspection for all CIP projects being constructed. Project must be in accordance with the approved project plans and specifications, and the Division Inspector insures that this is the case.
 - Manage Construction and Construction Contracts – The Division Manager will assign a Project Manager to oversee the construction on CIP projects. Tasks typically performed include all requests for information, change orders, field adjustments, and all necessary documentation required by funding and regulating authorities.
 - Prepare and Process Operational Permits – Division Staff play a significant role in conjunction with Operations Staff in the preparation and processing of operational permits and permit amendments to include the new capital improvement facilities.

Management and Maintenance of Department Documents is performed by Division Staff.

- Processes
 - Original drawings – Division Staff are responsible for maintaining the record drawings for all Owner/Developer and CIP improvements. The Division stores the original reproducible copies and has digital images prepared for computer storage and distribution in either .jpg or .tif format.
 - Service Policies and Procedures – Division Staff are responsible for the creation, management, and updating of service policy and procedural documents. These documents include Sewer and Water Standard Drawings, and Standard Specifications and Water Service Policies.
 - Master Plan and Similar Type Documents – Division Staff, who are involved with the initial document preparation, also are required to maintain and update all master plan type documents. Document types include water and sewer master plans, urban water management plans, focused studies, grant and loan application packages, and others.
 - Rules and Regulations – Division Staff are included with other Divisions in the preparation, review, update, and revisions to the Rules and Regulations for water districts and sewer districts.

HUMAN RESOURCES DIVISION

In general, the Human Resources Division of the Special Districts Department is responsible for recruitment, selection, classification, compensation, employee and labor relations, benefits, payroll services and Workers Compensation for the Department.

- Processes:
 - Recruitment – Develop recruiting strategies for vacant positions. Write job announcements, advertise in local publications, review applications, and develop a certified list of qualified candidates for departments to interview.
 - Selection – Work with managers to schedule interview dates and times for vacant positions, review interview questions, develop written tests, administer testing, coordinate panel members to conduct interviews, and notify candidates of interview dates and the final outcome of the interview.
 - Classification – Review the job duties and job specifications for all positions within the department. Ensure the information on the job specification is reflective of the duties assigned to the position. Update the job specifications on a regular basis. Research and create new classifications for the department as needed.
 - Compensation – Review the compensation for all classifications within the department on a routine basis to ensure the classifications within the department are paid at the established market average. Review the compensation for classifications in support of the negotiations process. Develop the appropriate salary ranges for newly established classifications.
 - Employee and Labor Relations – Handle all employee disciplinary issues to include work performance issues, grievances, insubordination, employee counseling, workplace violence, harassment, and discrimination. Serve as the Chief Negotiator for the Department and negotiate the Memorandum of Understandings with the Employee Association. Develop the compensation plans for unrepresented and exempt employees. Provide guidance to managers and supervisors on human resources issues.
 - Benefits – Coordinate the open enrollment process for department staff. Provide information and guidance to employees within the department on the benefits offered throughout the County and coordinate the completion of the appropriate benefit paperwork.
 - Payroll – Conduct orientation for all newly hired employees to include completion of all new hire paperwork. Process bi-weekly payroll for staff. Make payroll correction as necessary. Compute and process payment for payroll taxes.
 - Workers Compensation – Receive, complete, and forward to Risk Management all paperwork surrounding Workers Compensation injuries. Schedule return to work physicals for injured employees. Place injured employees in modified duty assignments as necessary. Conduct interactive meetings as required. Compile disability retirement responses for the Retirement Board.

BUDGET/FINANCE DIVISION

The Budget/Finance Division coordinates and oversees the preparation, presentation and publishing of the County Service Area budgets. It provides budget analysis for department funds, including revenue and expenditure review and appropriation accounting. The Budget/Finance Division oversees contracts, purchasing and acquisitions, including preparation, audit, and processing of all transfer and payment documents, and maintenance of current and historical document files.

The Budget/Finance Division also coordinates submittal of the Department's county fees, and lien administration for special taxes, assessment districts and community facilities districts. Further, in order to preserve and strengthen district financial integrity, the Budget/Finance Division annually sets user charges for water and sewer services at levels sufficient to ensure that revenues equal or exceed expenses in each fiscal year.

In conjunction with the Engineering/Construction, Water/Sanitation and the Regional Operations Divisions, the Budget/Finance Division is responsible for processing applications and implementation of state and federal grants for new facilities and infrastructure.

- Processes
 - Compile and present budgets for review and approval - Includes gathering and researching historical cost data as well as forecasting future required costs, and setting water rates to recover all costs (Salary/Benefits, Services and Supplies, Debt Service, Equipment and Vehicles, construction, and maintain required reserves). The Division uses a detailed, intensive modeling program purchased from a consulting firm to project rates. The model considers such factors as inflation, future construction projects, rate revenue and operating expense coverage.
 - Salary and Benefit Budgeting – requires staffing plan and review, and interface with retirement fund administrators for retirement costs. The Human Resources Department and upper management provide high level staffing review. Existing positions (employees) are counted and reconciled with Human Resources and Payroll records. Human Resources conduct reclassification and equity studies on a scheduled basis; Budget Section calculates the increased costs and places them in the budget.
 - Fixed asset accounting - includes depreciation calculations. The list of fixed assets is reviewed annually and certified for accuracy. Discrepancies are noted and corrected by processing the appropriate asset accounting forms.
 - Negotiate with insurance companies - for coverage, i.e. workers compensation, auto comprehensive and liability, fire insurance, etc.
 - Provide credit card and gas card accounting. - this includes obtaining and canceling employees' cards, reconciling employees' credit card receipts with statements, and reviewing expenditures for appropriateness.
 - Provide petty cash replenishment and accounting - this includes frequent cash counts to ensure cash is not missing, and review of type-of-use to ensure spending is appropriate.

- Maintain current signature authorizations - (for approval of payment documents). All employees who are allowed to approve payments must have authorized signature forms on file containing their name, their sample signature, and the forms the employee is allowed to sign. These forms are then used to verify signatures on payment documents before processing.
- General corrections and customer service, i.e. complaints – help desk. This desk is the first line of contact for vendors calling in for status of payment, for instance. This employee should be familiar with general duties and responsibilities of the rest of the fiscal staff so they would know how to direct the caller.
- Track receipt and expenditure documents to ensure bank clearance - a log of the payment documents that are processed for payment is used to list all payments. The log is reconciled to either a checking statement or financial system report to ensure all payments that are processed clear the bank. Statements must also be reviewed to ensure no transactions have cleared a bank that did not have a payment document.

INFORMATION SERVICES DIVISION

The Information Services (IS) Division maintains all Network, Communication and Information System resources utilized by the Special Districts Department. This includes development and management of Enterprise-Wide Information Systems and various communications systems (voice and/or data) distributed over Telco landline, dedicated peer-to-peer medium, radio frequencies, and wireless technology. The IS Division is responsible for planning and directing the development and design of all computer systems and projects that utilize or interface with computer based technology. The IS Division is integrally involved with every Division within the Special Districts Department and its member districts. The IS Division utilizes a layered approach to providing services to its customers by:

- Focusing on technologies required to help the district fulfill its mission to its customers efficiently.
- Ensuring the entity is in compliance with all County policies adopted by its governing board.
- Providing the ability to interface with the County entities in the adopted format over secure, cost-effective communication platforms.
- Providing all required reporting and placement of all data control points within the system in order to meet State and Federal regulatory requirements, where applicable.
- Providing data security and disaster recovery and information support to emergency services personnel and County/State/Federal agencies.
- Enabling each member district to be included or segregated from common infrastructure as the district requires with a documented audit trail.

The goal of the IS Division is to provide our customers with solutions based on their specific needs and not a closed set of options with limited flexibility. The IS Division is constantly reviewing new products and approaches to IS services in order to provide cost-effective and efficient solutions while providing the security of confidential data that our customers expect.

IS Division personnel have experience in Computer Science, Business Information Technology, or similar, and have system experience ranging from 5 to 20+ years. This allows the division to provide complete IT support from the business system planning methodology through the technical computer software engineering and application development phases. Staff is cross-trained in various disciplines and works to maintain all new training and certification requirements.

INFORMATION SERVICES DIVISION SECTIONS

The IS Division works together to analyze all new facility construction plans to ensure that all required communication needs are factored in before construction begins. The Division serves as in-house consultants for new district services and serves as project manager for outsourced support services. Extensive experience coupled with in-house solutions has allowed the Division to structure and utilize service contracts with proper oversight in order to maximize the district's investment in personnel.

Communications Infrastructure Section provides all districts with a single point of contact for all communications needs. The section maintains a working relationship with all public carriers and approved vendors of communications equipment. The section also maintains personnel certified by various vendors on utilization and installation of communications media in order to reduce costs of installation and repairs with the assurance that the districts emergency needs determine the service priority. The section has responsibility for all telephone services (Telco) and data communications circuits utilized by the districts. The section is responsible for the procurement and coordination of cellular communications and radio communication equipment utilized for data and FCC licensing requirements, and the procurement, installation, and maintenance of all audio/video equipment in the various offices as required. The section is also responsible for the procurement, installation and maintenance of all security services, access control, and video security equipment with appropriate monitoring agreements where applicable.

Network Administration Section maintains network security, data integrity, and system-application compatibility. The section maintains all system and application licensing requirements for the various products in use and negotiates group-volume discounts to benefit all districts while allowing each entity to pay only for the products utilized. The section further establishes maintenance agreements for support, acquires updates and patches with various vendors, and reviews the requested information to ensure product compatibility between hardware, operating systems, and applications. The section is responsible for maintenance of all software and computer hardware inventories, and all software versions and hardware warrantee information. The section also maintains the department's disaster recovery plan and the data backup processes. As part of the security plan, this section interprets district and department functional and operational relationships and implements system security policies and event flags. This section maintains a test environment of new operating system platforms to

test and certify that upgrade paths established by vendors will not negatively impact district operations.

Application/User Support Section provides the first level of support to all users and maintains application and process availability. The section maintains the help desks and will interface with vendors of process specific software as users encounter problems that affect their ability to service their customers. This section always responds with the same level of urgency as the users and can call upon all IS Division sections to help resolve issues. The section further establishes direct working relationships with the various vendors' technical support staff to provide a contact with hardware and software support training and network administration privileges that also understand the users operation and configuration. This allows the users to handle other tasks while the support staff concentrates on getting problem systems back online. The support group also maintains a working knowledge of script, query, and report writer languages to facilitate the generation of ADHOC reports and data exports. The section is also responsible for maintenance of all computer software, hardware and peripherals throughout the operation. Through standardization and centralization of all hardware and software, the section maintains spare equipment to provide replacements when repairs are required during visits at all locations. The section will provide end user training on use of standard system utilities such as email and generic business software and access to County information resource and accounting applications as required.

System/Application Development (DBA) section is responsible for the development of all district and department specific applications where the requirements and mandates are beyond the functionality of commercially available products. This section will also develop "front-end" application to interface with standard products where the most cost-effective solution is a combination of "off-the-shelf" and custom interface. The section is also responsible for the development of applications to automatically generate electronic files as input to County systems. This method is used in order to maintain compatibility with County systems and new developments by other departmental systems the districts, as board governed entities, must utilize. This section also serves as the department Database Administrator (DBA) in order to ensure data security and that "best practices" are followed by other development staff within the IS division. Provides routines and methods to access critical data without requiring the programmers spend time developing views into the database when the task is to develop a solution with the results. Provide a separate and additional layer of security from the application programmers, scriptwriters, and network administrators so that an audit trail and checks exist.

The IS Division works with all district management staff and field supervisors in the development of strategic and functional plans to help reduce overhead cost by integrating new information, hardware, and communication technology with existing processes to increase efficiency of the operation. The IS division is committed to providing our customers with the appropriate level of service based on their needs and requirements. As a full service IT operation, our goal is to provide our customers with communications/network infrastructure appropriate to their needs connected and utilizing shared resources to provide maximum

support, security, and disaster recovery at a minimal cost. Yet, provide the unique identity to your customers expect.

DRAFT

CSA 64 OVERVIEW OF SERVICES

(SVLCSD TRANSITION PERIOD)

SDD Administration

- Overall Administration and Leadership
- Budget and Fiscal Services
- Project Management Services
- Information Technology Services
- Human Resources
- Risk Management
- County Counsel/Legal

Water Operations

- Water System Operations
- Construction Services
- Preventative Maintenance
- Meter Reading
- Water Quality Sampling
- Warehouse Inventory
- Electrician Services
- After-Hours Emergency Response

WAS Business Operations

- Division Operations Manager and Administration
- Regulatory Compliance
- Development Services
- Fiscal Services
- Billing Services
- Customer Service

Sewer Operations

- Sewer CCTV Inspections
- Sewer System Cleaning
- Preventative Maintenance
- Pump/Lift Station Maintenance
- Emergency Response
- Sewer Saddle Installations
- New Construction Inspections
- After-Hours Emergency Response

WAS Operations Personnel	Water Operations FTE	Sewer Operations FTE	Total FTEs	Hours Weekday	Productive Hourly Rate*	Annual Estimated Costs
WAS Supervisor	0.56	0.56	1.12	2,080	\$ 83.73	\$ 195,045.76
Electrical Specialist	0.05	0.05	0.1	2,080	\$ 90.84	\$ 18,894.20
Maintenance Worker III	0.4	0.16	0.56	2,080	\$ 67.00	\$ 78,041.60
Maintenance Worker II	0.4	0.16	0.56	2,080	\$ 59.06	\$ 68,796.00
Maintenance Worker I	1.44	0.8	2.24	2,080	\$ 52.21	\$ 243,268.48
Sampling Technician	0.1		0.1	2,080	\$ 65.75	\$ 13,676.00
Public Service Employee	0.3	0.1	0.4	2,080	\$ 19.20	\$ 15,974.40
Totals:	3.25	1.83	5.08	14,560		\$ 633,696.44
WAS Administrative Personnel	Water Operations FTE	Sewer Operations FTE	Total FTEs	Hours Weekday	Productive Hourly Rate*	Annual Estimated Costs
Division Manager	0.2	0.2	0.4	2,080	\$ 155.45	\$ 129,334.40
Administrative Supervisor	0.2	0.2	0.4	2,080	\$ 91.79	\$ 76,367.20
Utility Staff Analyst II	0.2	0.2	0.4	2,080	\$ 63.69	\$ 52,988.00
Regulatory Specialist	0.15	0.05	0.2	2,080	\$ 63.58	\$ 26,447.20
Utility Services Associate	1	0.6	1.6	2,080	\$ 40.55	\$ 134,950.40
Public Services Employee	0.1	0.1	0.2	2,080	\$ 20.83	\$ 8,663.20
Totals:	1.85	1.35	3.2	12,480		\$ 428,750.40

Grand Total: \$ 1,062,446.84

*inc admin costs

**Listing of Reserves, Properties,
Pooled Equipment (Resolution 3302
Exhibit D)**

Attachment 9

County of San Bernardino Special Districts
CSA 64 - Spring Valley Lake
2018-19 Reserves (pending audited financials)

Fund	Description	Reserves
Water		
4580	Operating	6,828,413.93
4590	Replacement Reserve	1,311,877.12
4576	Capital Accumulation	389,479.89
4582	CIP	1,235,224.35
Subtotal - Water Reserves		9,764,995.29
Sewer		
4572	Operating	1,287,364.61
4574	Replacement Reserve	2,569,117.54
4578	Capital Accumulation	1,465,207.64
4570	CIP	1,055,400.32
Subtotal - Sewer Reserves		6,377,090.11
Total CSA 64 Reserves		16,142,085.40

County of San Bernardino Special Disitriacts
Fund 1378 - CSA 70 Countywide
Fund Balance as of 6/30/19

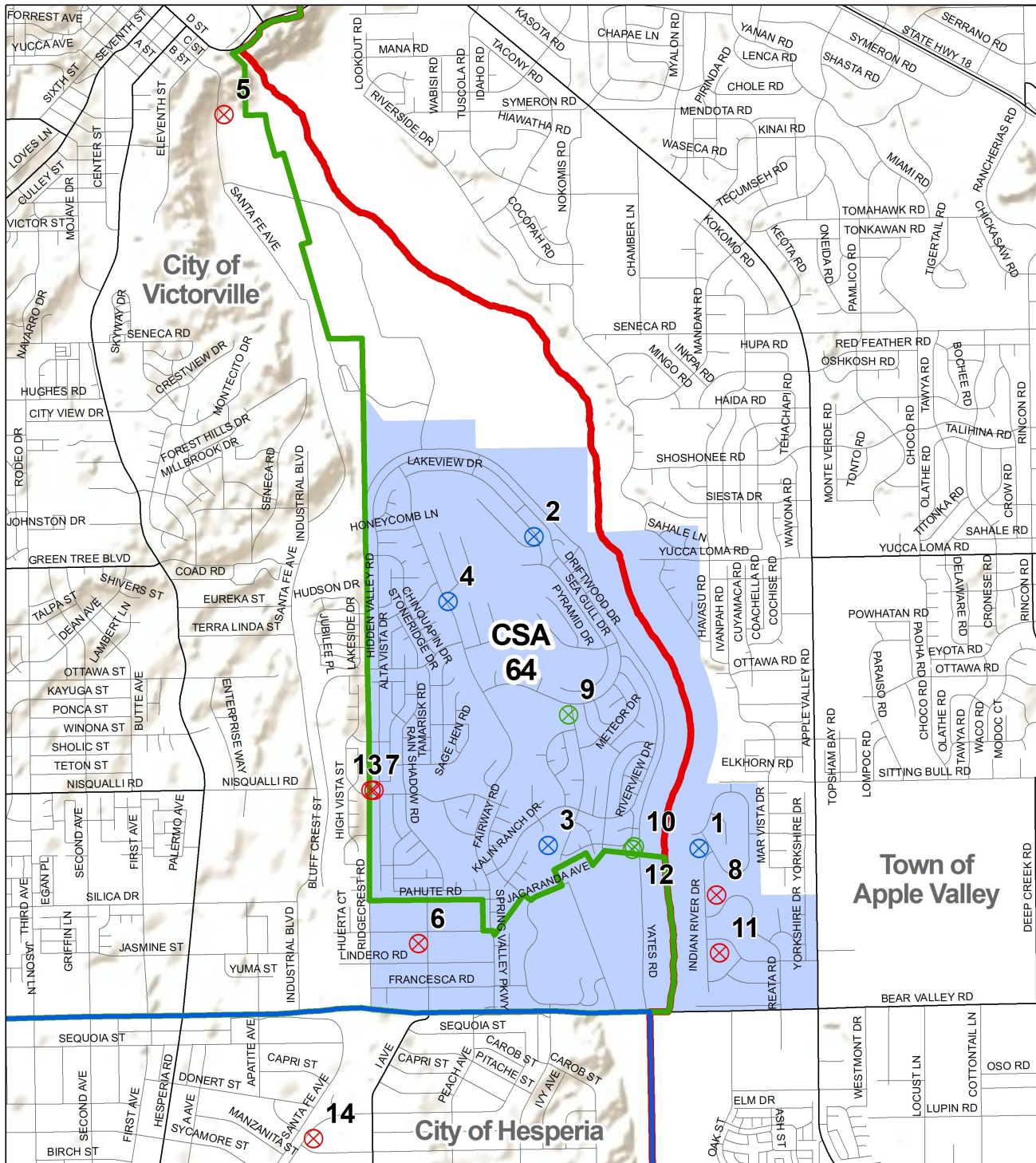
GL Account	Description	Ending Balance
37008710	Fund Balance Assigned - Imprest Cash	1,000.00
37008740	Fund Balance Assigned - Other Reserves	1,500,000.00
37008850	Fund Balance Reserved - Encumbrances	249,554.07
37008860	Fund Balance Reserved - Encumbrances (Contra)	-37,564.83
37008880	Fund Balance Reserved - Available Reserve	3,647,797.00
37008890	Fund Balance - Unreserved	1,067,107.04
37008895	Fund Balance - General Fixed Assets	1,913,507.62
Total Fund Balance as of 6/30/2019		8,341,400.90

Less:

Fund Balance Assigned Total	(1,501,000.00)
Fund Balance Reserved - Encumbrances Total	(211,989.24)
Fund Balance - General Fixed Assets	(1,913,507.62)
Total Fund Balance Not Applicable	(3,626,496.86)

CSA 64 Portion of Fund Balance:

Fund Balance to be Allocated	4,714,904.04
CSA64 Percentage of Water and Sanitation Admin Spread	15.65%
CSA 64 Portion of Fund Balance:	737,882.48
Less CSA 64 Percentage of Accumulated Depreciation	(299,463.94)
CSA 64 Portion of Fund Balance:	438,418.54



County Service Area 64 Properties & Other Properties with Critical Infrastructure

FID	APN	Owner	Description
1	044433101	SPRING VALLEY LAKE ASSN	Catalina Sewer Lift Station
2	048024101	SPRING VALLEY LAKE ASSN	Lakeview Sewer Lift Station
3	048022202	CLUBCORP SPRING VALLEY LAKE COUNTRY	Well #1 Located on the Golf Course
4	308812159	SPRING VALLEY LAKE ASSN	Parkway Sewer Lift Station
5	047318323	COUNTY SERVICE AREA NO 64	Used by VVWRA at One Time
6	048203309	COUNTY SERVICE AREA 64	Well #7 and Future Tank Site
7	048205111	SAN BERNARDINO CO SERVICE AREA NO 64	Existing Pebble Beach Tank Site
8	044435201	SAN BERNARDINO CO SERVICE AREA NO 64	Well #3 Located off of Indian River Dr.
9	308801114	SAN BERNARDINO CO SERVICE AREA NO 64	No CSA 64 Facilities
10	048220119	COUNTY SERVICE AREA 64	Vacant Property given to CSA 64 by Boise Cascade for Entrance Structure Maintenance
11	044442104	SAN BERNARDINO CO SERVICE AREA NO 64	Well #5 Located off of Caballero Dr.
12	048220118	COUNTY SERVICE AREA 64	Vacant Property given to CSA 64 by Boise Cascade for Entrance Structure Maintenance
13	048205112	SAN BERNARDINO CO SERVICE AREA NO 64	Existing Pebble Beach Tank Site Located on Pebble Beach Dr.
14	041526313	SAN BERNARDINO CO SERVICE AREA NO 64	Well #6 Tank Site 2A & 2B Maintenance Yard/Shop Located off of Santa Fe Ave

0 0.25 0.5 1 Miles



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

⊗ CSA 64 Properties with Infrastructure

⊗ CSA 64 Properties

⊗ Other Properties with CSA 64 Infrastructure

County Service Area 64

City of Victorville

Town of Apple Valley

City of Hesperia

CSA 64 PROPERTIES

APN	Owner	Description/Comments
0482-033-09	County Service Area 64	Well #7 and future tank site located on Tamarisk Road
0482-201-19	County Service Area 64	Vacant property given to CSA 64 by Boise Cascade for maint. of Entrance Structure - possible future well site located on Arrowhead Trail
0482-201-18	County Service Area 64	Vacant property given to CSA 64 by Boise Cascade for maint. of Entrance Structure - possible future well site located on Arrowhead Trail
0473-183-23	County Service Area No 64	East of Kemper Campbell Ranch Road; Possibly used by VVWRA at one time.
0482-051-11	San Bernardino Co Service Area No 64	Existing Pebble Beach Tank Site located on Pebble Beach Drive
0444-352-01	San Bernardino Co Service Area No 64	Well #3 located off of Indian River Dr. (Equestrian side)
3088-011-14	San Bernardino Co Service Area No 64	No CSA 64 facilities; location is on Spring Valley Golf Course
0444-421-04	San Bernardino Co Service Area No 64	Well #5 located off of Caballero Drive
0482-051-12	San Bernardino Co Service Area No 64	Existing Pebble Beach Tank Site located on Pebble Beach Drive
0415-263-13	San Bernardino Co Service Area No 64	Well #6 - Tank Site 2A and 2B - Maintenance Yard/Shop located off of Santa Fe Ave.

OTHER PROPERTIES WITH CRITICAL INFRASTRUCTURE

APN	Owner	Description/Comments
0482-022-02	Clubcorp Spring Valley Country Club	Well #1 located on the Golf Course. SDD is researching for easement or lease agreement.
0480-241-01	Spring Valley Lake Association	Lakeview Sewer Lift Station
3088-121-59	Spring Valley Lake Association	Parkway Sewer Lift Station
0444-331-01	Spring Valley Lake Association	Catalina Sewer Lift Station

CSA 64 ADDITIONAL CONTRACTS

WELL #1 Well #1 is located on Clubcorp Spring Valley Country Club property. Special Districts is currently researching for an easement or lease agreement.

CSA 64 PROJECTS

	Cost Center	Project	Estimated Cost	Funds Allocated	Comments
WATER	30.30.0044	CSA 64 Pebble Beach Reservoir #1	\$ 45,000	\$ 15,000	Planning Stage
	30.30.0045	CSA 64 Chlorinators	\$ 180,000	\$ 180,000	Planning Stage
	30.30.0046	CSA 64 Archway Relocation/Renovations	\$ 250,000	\$ 250,000	Planning Stage
	30.30.0047	CSA 64 Tamarisk Reservoir	\$ 3,000,000	\$ 300,000	Planning Stage
	30.30.0048	CSA 64 Santa Fe Rsrvr Seismic Retrofit	\$ 30,000	\$ 30,000	Planning Stage
SEWER	30.30.0024	CSA 64 Lakeview Lift Station Reno	\$ 330,000	\$ 330,000	Planning Stage
	30.30.0025	CSA 64 Collection System Improvements	\$ 500,000	\$ 250,000	Planning Stage
	30.30.0026	CSA 64 Manhole Raising Phase II	\$ 150,000	\$ 150,000	Planning Stage
	30.30.0027	CSA 64 Sewer Line Replacement	\$ 381,116	\$ 381,116	Planning Stage

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 LOCAL AGENCY
 FORMATION COMMISSION

SUMMARY - CSA 64 VEHICLE AND EQUIPMENT

15.65% OF VEHICLES

Full Depreciation Mileage at 200,000

Total Purchase Price:	\$	3,452,711.74
Fleet Value Remaining:	\$	2,023,588.60
CSD Value at 15.65%	\$	316,691.62
Proposed Vehicle Transfer:	\$	321,636.18
Proposed Cash	\$	(4,944.57)

15.65% OF EQUIPMENT

Full Depreciation at 20 year life

Total Purchase Price:	\$	1,319,433.76
Remaining Value:	\$	649,580.21
CSD Value at 15.65%	\$	101,334.51
Proposed Equip Transfer:	\$	33,288.57
Proposed Cash	\$	68,045.94

CASH GAP	\$	63,101.37
Proposed Inventory	\$	63,101.37
TOTAL CASH	\$	0.00

Note: The cash gap is proposed to be recovered by a transfer of Inventory determined at a later date.

CSA 64 2018-19 Audit

Attachment 10

**COUNTY OF SAN BERNARDINO SPECIAL DISTRICT
COUNTY SERVICE AREA No. 64 SPRING VALLEY LAKE
FINANCIAL STATEMENTS
June 30, 2019**

**COUNTY OF SAN BERNARDINO SPECIAL DISTRICT
COUNTY SERVICE AREA No. 64
SPRING VALLEY LAKE
FINANCIAL STATEMENTS
June 30, 2019**

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Board of Supervisors
County of San Bernardino Special
District County Service Area
No. 64 Spring Valley Lake

Independent Auditor's Report

We have audited the accompanying financial statements of the County of San Bernardino Special District County Service Area No. 64 Spring Valley Lake (CSA), a component unit of the County of San Bernardino, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise CSA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the minimum audit requirements and reporting guidelines for California Special Districts required by the Office of the State Controller. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the County of San Bernardino Special District County Service Area No. 64 Spring Valley Lake as of June 30, 2019 and the changes in financial position and its cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America, as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Other Matters

Prior-Year Comparative Information

Prior year data has been included with the basic financial statements for comparative purposes only.

Required Supplementary Information

Management has omitted Management's Discussion and Analysis and the Schedules of Pension Plan Contribution and Proportionate Share of Net Pension Liability that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2019, on our consideration of the CSA's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the CSA's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the CSA's internal control over financial reporting and compliance.

Eadie and Payne, LLP

November 22, 2019
Riverside, California

COUNTY OF SAN BERNARDINO SPECIAL DISTRICT
COUNTY SERVICE AREA NO. 64 - SPRING VALLEY LAKE
Statement of Net Position
Proprietary Funds
June 30, 2019

	2019		
	Enterprise Funds		
	Sewer	Water	Total
Assets			
Cash and investments	\$ 6,533,208	\$ 3,960,056	\$ 10,493,264
Restricted cash and investments	50,780	-	50,780
Accounts receivable	365,501	308,094	673,595
Taxes receivable	-	11,788	11,788
Special assessment receivable	1,592	1,674	3,266
Capital assets			
Capital assets being depreciated, net of accumulated depreciation	728,682	5,329,867	6,058,549
Total assets	7,679,763	9,611,479	17,291,242
Deferred outflows of resources			
Pension	348,677	317,341	666,018
Liabilities			
Current:			
Accounts payable and accrued liabilities	-	84,885	84,885
Retention payable	-	-	-
Matured unredeemed bonds payable	30,000	-	30,000
Interest payable on matured unredeemed bonds	20,780	-	20,780
Due to other governments	57,034	18,870	75,904
Due to other funds	-	-	-
Customer deposits	-	16,215	16,215
Long-term			
Net pension liability	785,570	714,969	1,500,539
Total liabilities	893,384	834,939	1,728,323
Deferred inflows of resources			
Pension	171,941	156,488	328,429
Net position			
Net investment in capital assets	728,682	5,329,867	6,058,549
Unrestricted	6,234,433	3,607,526	9,841,959
Total net position	\$ 6,963,115	\$ 8,937,393	\$ 15,900,508

The accompanying notes are an integral part of the financial statements.

COUNTY OF SAN BERNARDINO SPECIAL DISTRICT
COUNTY SERVICE AREA NO. 64 - SPRING VALLEY LAKE
Statement of Net Position
Proprietary Funds
June 30, 2019

For Comparative Purposes Only			
2018			
	Enterprise Funds		Total
	Sewer	Water	
Assets			
Cash and investments	\$ 5,447,172	\$ 4,708,959	\$ 10,156,131
Restricted cash and investments	50,780	-	50,780
Accounts receivable	349,123	351,605	700,728
Taxes receivable	-	12,778	12,778
Special assessment receivable	556	-	556
Capital assets			
Capital assets being depreciated, net of accumulated depreciation	744,896	5,596,095	6,340,991
Total assets	<u>6,592,527</u>	<u>10,669,437</u>	<u>17,261,964</u>
Deferred outflows of resources			
Pension	<u>419,813</u>	<u>387,631</u>	<u>807,444</u>
Liabilities			
Current:			
Accounts payable and accrued liabilities	-	199,107	199,107
Retention payable	-	33,073	33,073
Matured unredeemed bonds payable	30,000	-	30,000
Interest payable on matured unredeemed bonds	20,780	-	20,780
Due to other governments	81,707	-	81,707
Due to other funds	6,319	20,431	26,750
Customer deposits	-	18,063	18,063
Long-term:			
Net pension liability	851,028	785,784	1,636,812
Total liabilities	<u>989,834</u>	<u>1,056,458</u>	<u>2,046,292</u>
Deferred inflows of resources			
Pension	<u>190,082</u>	<u>175,510</u>	<u>365,592</u>
Net position			
Net investment in capital assets	744,896	5,596,095	6,340,991
Unrestricted	<u>5,087,528</u>	<u>4,229,005</u>	<u>9,316,533</u>
Total net position	<u>\$ 5,832,424</u>	<u>\$ 9,825,100</u>	<u>\$ 15,657,524</u>

The accompanying notes are an integral part of the financial statements.

COUNTY OF SAN BERNARDINO SPECIAL DISTRICT
COUNTY SERVICE AREA NO. 64 - SPRING VALLEY LAKE
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2019

	2019		
	Enterprise Funds		
	Sewer	Water	Total
Operating Revenues			
Sanitation services	\$ 2,434,300	\$ 135	\$ 2,434,435
Water sales	(50)	2,138,775	2,138,725
Connection fees	328,212	78,310	406,522
Permit and inspection fees	1,575	3,300	4,875
Penalties	43,357	33,652	77,009
Other services	4,657	102,173	106,830
Total operating revenues	<u>2,812,051</u>	<u>2,356,345</u>	<u>5,168,396</u>
Operating Expenses			
Salaries and benefits	580,133	766,870	1,347,003
Services and supplies	551,995	721,781	1,273,776
Professional services	-	1,641,715	1,641,715
Water replacement	-	252,750	252,750
Utilities	919,395	134,597	1,053,992
Depreciation	74,854	282,515	357,369
Total operating expenses	<u>2,126,377</u>	<u>3,800,228</u>	<u>5,926,605</u>
Operating income (loss)	<u>685,674</u>	<u>(1,443,883)</u>	<u>(758,209)</u>
Non-operating Revenues (Expenses)			
Property taxes	228,661	252,195	480,856
Special assessment and other taxes	19,348	20,439	39,787
Investment earnings	177,662	157,756	335,418
Gain on disposal of capital assets	-	-	-
Other revenues (expenses)	19,346	125,786	145,132
Total non operating revenues	<u>445,017</u>	<u>556,176</u>	<u>1,001,193</u>
Transfers			
Transfers in	489,123	31,740	520,863
Transfers out	(489,123)	(31,740)	(520,863)
Total transfers	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	<u>1,130,691</u>	<u>(887,707)</u>	<u>242,984</u>
Net position at beginning of year	<u>5,832,424</u>	<u>9,825,100</u>	<u>15,657,524</u>
Net position at end of year	<u>\$ 6,963,115</u>	<u>\$ 8,937,393</u>	<u>\$ 15,900,508</u>

The accompanying notes are an integral part of the financial statements.

COUNTY OF SAN BERNARDINO SPECIAL DISTRICT
COUNTY SERVICE AREA NO. 64 - SPRING VALLEY LAKE
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
June 30, 2019

	For Comparative Purposes Only		
	2018		
	Enterprise Funds		
	Sewer	Water	Total
Operating Revenues:			
Sanitation services	\$ 2,235,075	\$ 17,954	\$ 2,253,029
Water sales	263	2,425,153	2,425,416
Connection fees	99,802	45,937	145,739
Permit and inspection fees	2,400	5,700	8,100
Penalties	40,193	36,039	76,232
Other services	173	115,628	115,801
Total operating revenues	<u>2,377,906</u>	<u>2,646,411</u>	<u>5,024,317</u>
Operating Expenses:			
Salaries and benefits	594,574	827,612	1,422,186
Services and supplies	430,815	875,501	1,306,316
Professional services	-	101,844	101,844
Water replacement	-	-	-
Utilities	773,688	189,496	963,184
Depreciation	96,808	229,535	326,343
Total operating expenses	<u>1,895,885</u>	<u>2,223,988</u>	<u>4,119,873</u>
Operating income (loss)	<u>482,021</u>	<u>422,423</u>	<u>904,444</u>
Non-operating Revenues (Expenses)			
Property taxes	219,281	235,828	455,109
Special assessment and other taxes	17,825	17,462	35,287
Investment earnings	35,850	35,876	71,726
Gain on disposal of capital assets	-	2,200	2,200
Other revenues (expenses)	19,716	62,467	82,183
Total non operating revenues	<u>292,672</u>	<u>353,833</u>	<u>646,505</u>
Transfers			
Transfers in	543,263	103,000	646,263
Transfers out	<u>(543,263)</u>	<u>(103,000)</u>	<u>(646,263)</u>
Total transfers	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	<u>774,693</u>	<u>776,256</u>	<u>1,550,949</u>
Net position at beginning of year	<u>5,057,731</u>	<u>9,048,844</u>	<u>14,106,575</u>
Net position at end of year	<u>\$ 5,832,424</u>	<u>\$ 9,825,100</u>	<u>\$ 15,657,524</u>

The accompanying notes are an integral part of the financial statements.

COUNTY OF SAN BERNARDINO SPECIAL DISTRICT
COUNTY SERVICE AREA NO. 64 - SPRING VALLEY LAKE
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2019

	2019		
	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from customers and others	\$ 2,795,673	\$ 2,398,008	\$ 5,193,681
Cash payments to suppliers for goods and services	(1,496,063)	(2,879,268)	(4,375,331)
Cash payments to employees for services	(592,596)	(786,417)	(1,379,013)
Net cash provided by (used for) operating activities	<u>707,014</u>	<u>(1,267,677)</u>	<u>(560,663)</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(58,640)	(16,287)	(74,927)
Net cash provided by (used for) capital related and financing activities	<u>(58,640)</u>	<u>(16,287)</u>	<u>(74,927)</u>
Cash flows from non-capital related and financing activities:			
Cash received from (paid to) other funds	(6,319)	(20,431)	(26,750)
Taxes, special assessments and other revenues	266,319	397,736	664,055
Net cash provided by (used for) non-capital related and financing activities	<u>260,000</u>	<u>377,305</u>	<u>637,305</u>
Cash flows from investing activities-interest income	177,662	157,756	335,418
Net increase (decrease) in cash and investments	1,086,036	(748,903)	337,133
Cash and investments, beginning of year	5,497,952	4,708,959	10,206,911
Cash and investments, end of year	<u>\$ 6,583,988</u>	<u>\$ 3,960,056</u>	<u>\$ 10,544,044</u>
FINANCIAL STATEMENT PRESENTATION:			
Cash and investments	\$ 6,533,208	\$ 3,960,056	\$ 10,493,264
Restricted cash and investments	50,780	-	50,780
Total cash, cash equivalents, and investments	<u>\$ 6,583,988</u>	<u>\$ 3,960,056</u>	<u>\$ 10,544,044</u>
Reconciliation of operating income (loss) to net cash used for operating activities:			
Operating income (loss)	\$ 685,674	(1,443,883)	(758,209)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	74,854	282,515	357,369
(Increase) decrease in accounts receivable	(16,378)	43,511	27,133
Increase (decrease) in customer deposits	-	(1,848)	(1,848)
Increase (decrease) in accounts payable and other liabilities	-	(147,295)	(147,295)
Increase (decrease) in due to other governments	(24,673)	18,870	(5,803)
Decrease in net pension liability, net of deferred outflows and inflows	(12,463)	(19,547)	(32,010)
Net cash provided by (used for) operating activities	<u>\$ 707,014</u>	<u>\$ (1,267,677)</u>	<u>\$ (560,663)</u>

The accompanying notes are an integral part of the financial statements.

COUNTY OF SAN BERNARDINO SPECIAL DISTRICT
COUNTY SERVICE AREA NO. 64 - SPRING VALLEY LAKE
Statement of Cash Flows
Proprietary Funds
June 30, 2019

	For Comparative Purposes Only		
	2018		
	Sewer Fund	Water Fund	Total
Cash flows from operating activities:			
Cash received from customers and others	\$ 2,564,684	\$ 2,621,058	\$ 5,185,742
Cash payments to suppliers for goods and services	(1,254,437)	(1,201,672)	(2,456,109)
Cash payments to employees for services	(611,979)	(849,930)	(1,461,909)
Net cash provided by (used for) operating activities	<u>698,268</u>	<u>569,456</u>	<u>1,267,724</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(2,052)	(191,891)	(193,943)
Net cash provided by (used for) capital related and financing activities	<u>(2,052)</u>	<u>(191,891)</u>	<u>(193,943)</u>
Cash flows from non-capital related and financing activities:			
Cash received from (paid to) other funds	5,631	(1,758)	3,873
Taxes, special assessments and other revenues	<u>256,844</u>	<u>316,891</u>	<u>573,735</u>
Net cash provided by (used for) non-capital related and financing activities	<u>262,475</u>	<u>315,133</u>	<u>577,608</u>
Cash flows from investing activities-interest income	<u>35,850</u>	<u>35,876</u>	<u>71,726</u>
Net increase (decrease) in cash and cash equivalents	994,541	728,574	1,723,115
Cash and cash equivalents, beginning of year	<u>4,503,411</u>	<u>3,980,385</u>	<u>8,483,796</u>
Cash and cash equivalents, end of year	<u>\$ 5,497,952</u>	<u>\$ 4,708,959</u>	<u>\$ 10,206,911</u>
FINANCIAL STATEMENT PRESENTATION:			
Cash and investments	\$ 5,447,172	\$ 4,708,959	\$ 10,156,131
Restricted cash and investments	<u>50,780</u>	<u>-</u>	<u>50,780</u>
Total cash, cash equivalents, and investments	<u>\$ 5,497,952</u>	<u>\$ 4,708,959</u>	<u>\$ 10,206,911</u>
Reconciliation of operating income (loss) to net cash used for operating activities:			
Operating income (loss)	\$ 482,021	422,423	904,444
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation	96,808	229,535	326,343
(Increase) decrease in accounts receivable	186,778	(30,194)	156,584
Increase (decrease) in customer deposits	-	4,841	4,841
Increase (decrease) in accounts payable and other liabilities	-	(34,831)	(34,831)
Increase (decrease) in due to other governments	(49,934)	-	(49,934)
Decrease in net pension liability, net of deferred outflows and inflows	(17,405)	(22,318)	(39,723)
Net cash provided by (used for) operating activities	<u>\$ 698,268</u>	<u>\$ 569,456</u>	<u>\$ 1,267,724</u>

The accompanying notes are an integral part of the financial statements.

COUNTY OF SAN BERNARDINO SPECIAL DISTRICT
COUNTY SERVICE AREA No. 64 SPRING VALLEY LAKE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the County Service Area No. 64, Spring Valley Lake (District) conform to generally accepted accounting principles as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

The District was established on December 30, 1968 by an act of the Board of Supervisors of the County of San Bernardino (the County) to provide sewer and water services. CSA 64 currently provides sewer services to approximately 4,200 equivalent dwelling units (EDU's) and maintains 3 lift stations. CSA 64 also provides water services to approximately 3,800 customers and maintains 5 wells, 1 booster station and 3 water tanks.

The District is a component unit of the County. Component units are legally separate organizations for which the Board is financially accountable or other organizations whose nature and significant relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (1) the County has the ability to impose its will on the organization, or (2) there is a potential for the organization to provide a financial benefit to or impose a financial burden on the County.

The accompanying financial statements reflect only the accounts of the County Service Area No. 64 Spring Valley Lake of the County of San Bernardino and are not intended to present the financial position of the County taken as a whole.

Because the District meets the reporting entity criteria established by the Governmental Accounting Standards Board (GASB), the District's financial statements have also been included in the Comprehensive Annual Financial Report of the County as a "component unit" for the fiscal year ended June 30, 2019.

Measurement focus, basis of accounting, and financial statements presentation

The proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

COUNTY OF SAN BERNARDINO SPECIAL DISTRICT
COUNTY SERVICE AREA No. 64 SPRING VALLEY LAKE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement focus, basis of accounting, and financial statements presentation (continued)

Proprietary funds distinguish operating revenues and expenses from non operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are charges to customers for water sales and sanitation services. Operating expenses for enterprise funds include the cost of salaries and benefits, services and supplies, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non operating revenues and expenses.

The County of San Bernardino Special Districts Department allocates the cost of salaries and benefits, compensated absences, administrative services, and management services to the District. These costs are presented on the financial statements as professional services, an operating expense.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, and then unrestricted resources as they are needed.

The government reports the following types of major funds:

The *enterprise fund* labeled "Sewer" currently provides sewer services to approximately 4,200 equivalent dwelling units (EDU's) and maintains 3 lift stations.

The *enterprise fund* labeled "Water" currently provides water services to approximately 3,800 customers and maintains 5 wells, 1 booster station and 3 water tanks.

The County has established a materiality level for recording year-end accruals. For Special Districts with appropriations of less than \$500,000, individual items of less than \$1,000 are not accrued at year end. For Special Districts with appropriations over \$500,000, individual items of less than \$5,000 are not accrued at year end.

Financial reporting is based upon all GASB pronouncements including the Codification of Accounting and Financial Reporting Guidelines.

Receivables

No allowance for uncollectibles was recorded at June 30, 2019 based on management's expectation that all accounts receivable will be collected through the property tax roll.

COUNTY OF SAN BERNARDINO SPECIAL DISTRICT
COUNTY SERVICE AREA No. 64 SPRING VALLEY LAKE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property Taxes

Secured property taxes are levied in two equal installments, November 1 and February 1. They become delinquent with penalties on December 10 and April 10, respectively. The lien date is January 1 of each year. Unsecured property taxes are due on March 1 and become delinquent with penalties on August 31.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (for improvements to land and structures and equipment) and have an estimated useful life in excess of one year. Structures with an initial cost of \$100,000 are considered capital assets. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation in accordance with GASB Statement No. 72.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvement are capitalized as projects are constructed. Property, plant and equipment of the government are depreciated using straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Infrastructure	10-100
Structure and improvements	up to 45
Equipment and vehicles	5-15

COUNTY OF SAN BERNARDINO SPECIAL DISTRICT
COUNTY SERVICE AREA No. 64 SPRING VALLEY LAKE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position

Net position comprise the various net earnings from operating and non operating revenues, expenses and contribution of capital. Net position are classified in the following three components:

- Net investment in capital assets – This component of net position consist of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted* – This component of net position consists of constraints placed on net asset use through external constraints imposed by creditors, grantors, contributions, or laws or regulations of other governments or constraints imposed by law through constitutional provision or enabling legislation.
- *Unrestricted* – This component of net position consists of net position of the District that are not restricted for any project or other purpose.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Deferred Outflows/ Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow or resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

COUNTY OF SAN BERNARDINO SPECIAL DISTRICT
COUNTY SERVICE AREA No. 64 SPRING VALLEY LAKE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Long-Term Debt and Interest Payable

In the Government-Wide Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the appropriate activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are immediately expensed when incurred in the Government-Wide Financial Statements in addition to the Proprietary and Fiduciary Fund Statements in accordance with GASB No. 65. In the Governmental Financial Statements, with the exception of advances from other funds, long-term liabilities are not presented. Consequently, long term debt is shown as a reconciling item in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position. In the Government-Wide Financial Statements, interest payable on long-term debt is recognized as the liability is incurred for governmental activities and business-type activities. In the Fund Financial Statements, only propriety fund types recognize the interest payable when the liability is incurred.

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

In the Government-Wide Financial Statements, net position are classified in the following categories: *Net Investment in Capital Assets* consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets. Restricted net position is restricted by external creditors, grantors, contributors, laws or regulations of other governments. Unrestricted net position is all net position that does not meet the definition of “net investment in capital assets” or “restricted net position.”

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the CSA’s plan and additions to/deductions from the plans’ fiduciary net position have been determined on the same basis as they are reported by SBCERA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

COUNTY OF SAN BERNARDINO SPECIAL DISTRICT
COUNTY SERVICE AREA No. 64 SPRING VALLEY LAKE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 2: CASH AND INVESTMENTS

Cash and investments include balances of monies deposited with the County Treasurer which are pooled and invested for the purpose of increasing earnings through investment activities. Interest earned on pooled investments is deposited to the CSA's account based upon the CSA's average daily deposit balance during the allocation period. Cash and investments are shown at the fair value as of June 30, 2019. Changes in fair value that occur during a fiscal year are recognized as *investment earnings* reported for that fiscal year. *Investment earnings* reports interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments. The County's practice is to hold investments until maturity.

Interest income and realized gains and losses earned on pooled investments are deposited quarterly to the District's accounts based upon the District's average daily deposit balances during the quarter. Unrealized gains and losses of the pooled investments are distributed to the District annually. Cash and cash equivalents are shown at fair value. As of June 30, 2019, Cash and cash equivalents are reported in the District's financial statement as unrestricted cash of \$10,544,044.

See the County of San Bernardino's Comprehensive Annual Financial Report (CAFR) for details of their investment policy and disclosures related to investment credit risk, concentration of credit risk, interest rate risk and custodial credit risk, as required by GASB Statement No. 40, and fair value hierarchy disclosures required by GASB Statement No. 72. The County of San Bernardino's CAFR may be obtained from their website <http://sbcounty.gov/ATC>.

NOTE 3: RESTRICTED CASH

The District issued bonds under the authority of California Government Code Section 25210.1 to finance certain water and sewer improvement. The District reports the bonds according to the provisions of Governmental Accounting Standards Board Codification Section S40. All the District's bonds matured as of the fiscal year ending June 30, 2004. The portion of the matured Bonds and interest held by the Auditor-Controller/Treasurer/Tax-Collector of the County of San Bernardino amounting to \$50,780 is reported as restricted cash as of June 30, 2019.

COUNTY OF SAN BERNARDINO SPECIAL DISTRICT
COUNTY SERVICE AREA No. 64 SPRING VALLEY LAKE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 4: CAPITAL ASSETS

Capital asset activity during the year ended June 30, 2019 was as follows:

Sewer:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 10,000	\$ -	\$ -	\$ 10,000
Development in progress	42,346	58,640	-	100,986
Total capital assets, not being depreciated	52,346	58,640	-	110,986
Capital assets, being depreciated:				
Improvements to land	4,050,223	-		4,050,223
Structures and improvements	218,810	-	-	218,810
Equipment and vehicles	110,322	-	-	110,322
Total capital assets, being depreciated	4,379,355	-	-	4,379,355
Less accumulated depreciation for:				
Improvements to land	(3,555,851)	(55,282)	-	(3,611,133)
Structures and improvements	(73,341)	(4,862)	-	(78,203)
Equipment and vehicles	(57,613)	(14,710)	-	(72,323)
Total accumulated depreciation	(3,686,805)	(74,854)	-	(3,761,659)
Total capital assets, being depreciated, net	692,550	(74,854)	-	617,696
Total capital assets, net	<u>\$ 744,896</u>	<u>\$ (16,214)</u>	<u>\$ -</u>	<u>\$ 728,682</u>

COUNTY OF SAN BERNARDINO SPECIAL DISTRICT
COUNTY SERVICE AREA No. 64 SPRING VALLEY LAKE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 4: CAPITAL ASSETS (continued)

Water:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 71,000	\$ -	\$ -	\$ 71,000
Development in progress	191,424	16,287	-	207,711
Total capital assets, not being depreciated	<u>262,424</u>	<u>16,287</u>	<u>-</u>	<u>278,711</u>
Capital assets, being depreciated:				
Improvements to land	7,591,622	-	-	7,591,622
Structures and improvements	56,290	-	-	56,290
Equipment and vehicles	19,991	-	-	19,991
Utility plant in-service	369,760	-	-	369,760
Total capital assets, being depreciated	<u>8,037,663</u>	<u>-</u>	<u>-</u>	<u>8,037,663</u>
Less accumulated depreciation for:				
Improvements to land	(2,455,136)	(274,298)	-	(2,729,434)
Structures and improvements	(56,290)	-	-	(56,290)
Equipment and vehicles	(19,991)	-	-	(19,991)
Utility plant in-service	(172,575)	(8,217)	-	(180,792)
Total accumulated depreciation	<u>(2,703,992)</u>	<u>(282,515)</u>	<u>-</u>	<u>(2,986,507)</u>
Total capital assets, being depreciated, net	<u>5,333,671</u>	<u>(282,515)</u>	<u>-</u>	<u>5,051,156</u>
Total capital assets, net	<u>\$ 5,596,095</u>	<u>\$ (266,228)</u>	<u>\$ -</u>	<u>\$ 5,329,867</u>

COUNTY OF SAN BERNARDINO SPECIAL DISTRICT
COUNTY SERVICE AREA No. 64 SPRING VALLEY LAKE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 5: MATURED AND UNREDEEMED BONDS AND INTEREST PAYABLE

The schedule of changes in short-term debt is as follows:

	Balance at June 30, 2018	Additions	Deletions	Balance at June 30, 2019
Matured unredeemed bonds	\$30,000	-	-	\$ 30,000
Matured interest	<u>20,780</u>	<u>-</u>	<u>-</u>	<u>20,780</u>
Total short-term debt	<u>\$ 50,780</u>	<u>-</u>	<u>-</u>	<u>\$ 50,780</u>

In 1972, 1974, 1982, and 1990 the County's Board of Supervisors approved the issuance of Series A, Series B, Series C, and Series D General Obligation Bonds, respectively, to finance the acquisition of water and sewer facilities within the County Service Area 64. Authority for the issuance of the bonds is provided under the County Service Area Law, Section 2521.1 et seq. of the California Government Code.

Series A bonds matured in the fiscal year ending June 30, 2002, Series B bonds matured in the fiscal year ending June 30, 2004, Series C Bonds matured in the fiscal year ending June 30, 1997, and Series D bonds matured in the fiscal year ending June 30, 2000. At June 30, 2019, the District had Matured and Unredeemed Bonds Payable of \$30,000 and Interest Payable of \$20,780 from the Series A, Series C, and Series D issuances.

NOTE 6: WATER REPLACEMENT EXPENDITURES

For purposes of defining and implementing a physical solution to the high desert's overdraft of the Mojave Basin Area, a Watermaster was appointed by Riverside County Superior Court in 1996 to oversee the adjudicated area. The District is within a subarea included in the 1996 judgment. If the downstream subarea obligation is not met, producers of water in the upstream Mojave Basin Area then must provide supplemental water to the downstream subarea. To maintain proper water balances within each subarea, the judgment established a Free Production Allowance (FPA) and provides for the Court to review as appropriate. All water produced in excess of the FPA must be replaced through supplemental water, or by transfer of unused FPA from another producer at a cost per acre foot. This action has resulted in quarterly reports that are verified by the Watermaster. This action also resulted in makeup and replacement obligations determined annually by the Watermaster. All makeup and replacement obligations result in supplemental water purchases from the Mojave Water Agency and private Water Purveyors.

COUNTY OF SAN BERNARDINO SPECIAL DISTRICT
COUNTY SERVICE AREA No. 64 SPRING VALLEY LAKE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 7: RELATED-PARTY TRANSACTIONS

The Victor Valley Wastewater Reclamation Authority (VWVRA) is a Joint Powers Authority, and the District is represented on the VWVRA board by the First Supervisorial District. The District collects fees on behalf of VWVRA from new development to connect to the sewer system, and pays the VWVRA for sewage treatment fees. For fiscal year 2019, sewage connection fees incurred were \$236,330 and sewage treatment fees incurred were \$672,765 for total fees incurred of \$909,095. As of June 30, 2019, \$57,034 of treatment fees was due to the VWVRA and was recorded as due to other governments on the statement of net position.

Note 8: RETIREMENT PLAN

Plan Description. Employees of the CSA participate in the County of San Bernardino's (County) cost-sharing multiple-employer defined benefit retirement plan (the Plan) administered by the San Bernardino County Employee's Retirement Association (SBCERA). The Plan is governed by the San Bernardino Board of Retirement (Board) under the California County Employees' Retirement Law of 1937 (CERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). The Plan's authority to establish and amend the benefit terms are set by the CERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the County of San Bernardino Board of Supervisors and/or the SBCERA Board. SBCERA issues a stand-alone financial report, which may be obtained by contacting the Board of Retirement, 348 W. Hospitality Lane, 3rd Floor, San Bernardino, California 92415-0014.

Benefits Provided. SBCERA provides retirement, disability, death and survivor benefits. SBCERA administers the Plan which provides benefits for two membership classifications, General and Safety, and those benefits are tiered based upon date of SBCERA membership. Safety membership is extended to those involved in active law enforcement and fire suppression. All other members, including the CSA's employees, are classified as General members. Generally, those who become members prior to January 1, 2013 are Tier 1 members. All other members are Tier 2. An employee who is appointed to a regular position, whose service is greater than fifty percent of the full standard of hours required are members of SBCERA, and are provided with pension benefits pursuant to Plan requirements.

The CERL and PEPRA establish benefit terms. Retirement benefits for the General Tier 1 and General Tier 2 Plans are calculated on the basis of age, average final compensation and service credit as follows:

COUNTY OF SAN BERNARDINO SPECIAL DISTRICT
COUNTY SERVICE AREA No. 64 SPRING VALLEY LAKE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 8: RETIREMENT PLAN (continued)

	General – Tier 1	General – Tier 2
Final Average Compensation	Highest 12 months	Highest 36 consecutive months
Normal Retirement Age	Age 55	Age 55
Early Retirement: Years of service required and/or eligible for	Age 70 any years	Age 70 any years
	10 years age 50	5 years age 52
	30 years any age	N/A
Benefit percent per year of service for normal retirement age	2% per year of final average compensation for every year of service credit	At age 67, 2.5% per year of final average compensation for every year of service credit
Benefit Adjustments	Reduced before age 55, increased after 55 up to age 65	Reduced before age 67
Final Average Compensation Limitation	Internal Revenue Code section 401(a)(17)	Government Code section 7522.10

Contributions. Participating employers and active members, including the CSA and the CSA's employees, are required by statute to contribute a percentage of covered salary to the Plan. This requirement is pursuant to Government Code sections 31453.5 and 31454, for participating employers and Government Code sections 31621.6, 31639.25 and 7522.30 for active members. The contribution requirements are established and may be amended by the SBCERA Board pursuant to Article 1 of the CERL, which is consistent with the Plan's actuarial funding policy. The contribution rates are adopted yearly, based on an annual actuarial valuation, conducted by an independent actuary, that requires actuarial assumptions with regard to mortality, expected future service (including age at entry into the Plan, if applicable and tier), and compensation increases of the members and beneficiaries. The combined active member and employer contribution rates are expected to finance the costs of benefits for employees that are allocated during the year, with an additional amount to finance any unfunded accrued liability. Participating employers may pay a portion of the active members' contributions through negotiations and bargaining agreements.

Employee contribution rates for the fiscal year ended June 30, 2019 ranged between 8.61% and 15.50% for Tier 1 General members and was 9.16% for Tier 2 General members.

Employer contribution rates for fiscal year ended June 30, 2019 were 25.39% and 22.86% for Tier 1 and Tier 2, respectively.

COUNTY OF SAN BERNARDINO SPECIAL DISTRICT
COUNTY SERVICE AREA No. 64 SPRING VALLEY LAKE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 8: RETIREMENT PLAN (continued)

Actuarial Assumptions and Discount Rates

See the County of San Bernardino's Comprehensive Annual Financial Report (CAFR) for details of actuarial assumptions and discount rates for the year ended June 30, 2019.

Pension Liabilities, Pension Expense/Benefit, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the CSA reported a liability of \$1,500,539 which represents 23.08% of the County of San Bernardino Special District's proportionate share of the County's net pension liability. The CSA's proportion was allocated based on FY 2019 total salaries and benefits relative to the total salaries and benefits of the County of San Bernardino Special Districts as a whole.

The County of San Bernardino Special District's proportionate share of the County's net pension liability was based on its contributions to the pension plan relative to the County's contributions for FY 2018 as a whole. The County's net pension liability was allocated by SBCERA based on the actual employer contributions in each cost group.

The Plan's net pension liability was measured as of June 30, 2018 based upon the results of an actuarial valuation as of the same date. Plan fiduciary net position and the total pension liability were valued as of the measurement dates.

Sensitivity of the Proportionate Share of the Net Pension Liability/Asset to Changes in the Discount Rate

The following presents the CSA's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.25 percent) or 1 percentage-point higher (8.25 percent) than the current rate:

	Current	
1% Decrease	Discount Rate	1% Increase
(6.25%)	(7.25%)	(8.25%)
\$ 2,890,937	\$ 1,500,539	\$ 360,075

Pension benefit recognized amounted to \$32,011 for the year ended June 30, 2019.

COUNTY OF SAN BERNARDINO SPECIAL DISTRICT
COUNTY SERVICE AREA No. 64 SPRING VALLEY LAKE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 8: RETIREMENT PLAN (continued)

At June 30, 2019, the CSA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Outflows of Resources*	Deferred Inflows of Resources**
<u>\$ 666,018</u>	<u>\$ 328,429</u>

* Total deferred outflows includes change in assumptions, change in proportion and differences between share of contributions, and contributions after measurement date.

* Total deferred inflows includes differences in expected and actual expense, and net difference between projected and actual earnings on pension plan investments.

The deferred outflows of resources related to pensions, resulting from the CSA's contributions to the plan subsequent to the measurement date of \$285,423 will be recognized as a reduction of the net pension liability in the following year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Year Ended June 30,	
2020	\$ 52,629
2021	26,150
2022	(42,678)
2023	18,414
2024	(1,207)
Thereafter	<u>(1,145)</u>
Total	<u>\$ 52,164</u>

COUNTY OF SAN BERNARDINO SPECIAL DISTRICT
COUNTY SERVICE AREA No. 64 SPRING VALLEY LAKE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 9: RISK MANAGEMENT

The County has self-insurance programs for public liability, property damage, unemployment insurance, employee dental insurance, hospital and medical malpractice liability, environmental liability, and workers' compensation claims. Public liability claims are self-insured for up to \$3.0 million per occurrence. Excess insurance coverage over the Self-Insured Retention (SIR) up to \$50 million is provided through a combination of insurance policies as recommended by Alliant Insurance Services Inc., Insurance Broker through CSAC-EIA (California State Association of Counties – Excess Insurance Authority), as follows: Primary Liability coverage \$25 million excess of \$3 million self-insured retention with QBE Insurance, Munich Reinsurance America, Inc., Markel Corp., Great American Ins., Brit Global Specialty USA, and Lloyd's of London ANNV syndicate. Excess Liability coverage for \$10 million, excess of \$25 million with Brit Global Specialty USA and Great American Ins. Company. Allied World Assurance Co. (AWAC) provides excess liability coverage of \$15 million, excess of \$35 million. In addition, the actuary has recommended that the County maintains a \$24 million reserve to cover SIR exposure for auto and general liability programs. No settlements related to these programs have exceeded insurance coverage in the last three years.

The Workers' Compensation program continued under CSAC-EIA Excess Workers' Compensation Program with a policy of \$2 million SIR and statutory limits with Great American Insurance Co., ACE American Insurance Co., and Liberty Insurance Corporation. Property damage claims are insured on an occurrence basis over a \$25 thousand deductible, and insured through CSAC-EIA and reinsured with Lexington Insurance Co. and with several insurers/reinsurers like AWAC, Ironshore, Partner RE, and Lloyd's of London, among others.

The County supplements its self-insurance for medical malpractice claims with a \$25 million policy (\$35 million aggregate) with BETA Risk Management Authority, which provides annual coverage on a claims made basis with a SIR of \$1 million for each claim.

Environmental claims are expected to occur infrequently, but have the potential to be expensive when they do occur. The County has experienced only two significant environmental liability claims since it began self-insuring this exposure in 1983. Given that environmental liability is an extremely volatile coverage, which is characterized by low frequency and high severity, the County has taken a conservative stance, as recommended by the actuary, by setting aside a minimum of \$10 million to cover future environmental liability claims.

All public officials and County employees are insured under a blanket Comprehensive Disappearance, Destruction, and Dishonesty policy covering County monies and securities, with Berkley Regional Insurance Co. with a \$100 thousand deductible, and excess limits up to \$10 million per occurrence.

COUNTY OF SAN BERNARDINO SPECIAL DISTRICT
COUNTY SERVICE AREA No. 64 SPRING VALLEY LAKE
NOTES TO FINANCIAL STATEMENTS
June 30, 2019

NOTE 9: RISK MANAGEMENT (Continued)

The activities related to such programs are accounted for in the Risk Management Department's internal service funds ("Funds"), except for unemployment insurance, and employee dental insurance, which are accounted for in the General Fund. The liabilities recorded in these Funds are based on the results of actuarial studies and include amounts for allocated and unallocated loss adjustment expenses. The liabilities for these claims are reported using a discounted rate of 1.392% and an actuarially-determined 80% confidence level. It is the County's practice to obtain actuarial studies on an annual basis.

See the County of San Bernardino's Comprehensive Annual Financial Report (CAFR) for details of their claims liability in accordance with GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, at June 30, 2019.

NOTE 10: CONTINGENCIES

The District is subject to other legal proceedings, claims, and assessments that arise in the ordinary course of its business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the CSA's financial position, changes in net position and cash flows.

NOTE 11: SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 22, 2019, which is the date the financial statements were available to be issued, and has determined that there are no transactions that will have a significant impact on the CSA.

**Draft Resolution 3302 for
LAFCO 3233A**

Attachment 11

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

PROPOSAL NO.: LAFCO 3233A

HEARING DATE: FEBRUARY 19, 2020

RESOLUTION NO. 3302

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY MAKING DETERMINATIONS ON LAFCO 3233A; APPROVING A REORGANIZATION TO INCLUDE DISSOLUTION OF COUNTY SERVICE AREA 64 AND FORMATION OF THE SPRING VALLEY LAKE COMMUNITY SERVICES DISTRICT TOGETHER WITH THE FORMATION OF ZONE A FOR SOLID WASTE AND STREETSWEeping (generally encompassing the area commonly identified as the Spring Valley Lake community representing approximately 2,434 acres or 3.8 square miles generally located east of Victorville, north of Hesperia, and southwest of the Town of Apple Valley).

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 reorganization was filed with the Executive Officer of the Local Agency Formation Commission for San Bernardino County (hereinafter referred as the "Commission") in accordance with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Section 56000 et seq.), and the Executive Officer has examined the application and executed his 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 this Commission on this matter; and,

WHEREAS, the Executive Officer has reviewed available information and prepared a report including his recommendations thereon, the filings and report and related information having been presented to and considered by this Commission; and,

RESOLUTION NO. 3302

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 order or orders continuing the hearing; and,

WHEREAS, at this hearing, this Commission heard and received all oral and written protests; the Commission considered all plans and proposed changes of organization, 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, the Commission determines to modify the proposal by removing Area 2 from the proposed boundary for the Spring Valley Lake Community Services District (as outlined in the staff report related to LAFCO 3233 dated February 12, 2020), as more specifically described on the attached Exhibits "A" and "A-1" to this resolution.

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 Exhibits "A", "A-1", "B", and "B-1", attached this resolution;

Condition No. 2. The following distinctive short-form designation shall be used through this proceeding: LAFCO 3233A;

Condition No. 3. The effective date of this reorganization shall be the date the Certificate of Completion is issued;

Condition No. 4. The Spring Valley Lake Community Services District shall be the successor agency and shall function under and carry out all authorized duties and responsibilities assigned to a community services district as outlined in Government Code Section 61000 et seq., Community Services District Law, and other applicable laws. Upon the Effective Date of this reorganization, the legal existence of County Service Area 64 shall cease to exist, except as otherwise required by law, and the Spring Valley Lake Community Services District, as successor District, shall succeed to all the rights, duties, responsibilities, properties (both real and personal), contracts, equipment, assets, liabilities, obligations, functions, executory provisions, entitlements, permits and approvals of the extinguished agency;

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Condition No. 5. All lands, buildings, appurtenances, and equipment held by County Service Area 64 or County Service Area 70 for the purpose of providing services within the boundaries of County Service Area 64 shall be transferred to the Spring Valley Lake Community Services District upon its formation. The Spring Valley Lake Community Services District shall assume complete maintenance and operation responsibilities for these facilities. All quitclaim deeds to effectuate the transfer of land and the title transfer documents for vehicles shall be prepared by the County to be filed upon the effective date of the change with copies provided to LAFCO.

Condition No. 6. The Board of Directors of the Spring Valley Lake Community Services District shall consist of five (5) members, elected at-large, pursuant to the provisions of Government Code Section 61020 and proceedings conducted by the Commission;

Condition No. 7. The Spring Valley Lake Community Services District shall be authorized to provide the following functions and services as active powers:

Water -- Supply water for any beneficial use as outlined in the Municipal Water District Law of 1911, Division 20 (commencing with Section 71000) of the Water Code.

Sewer -- Collection of sewage, wastewater, recycled water, and storm water in the same manner as a sanitary district formed pursuant to the Sanitary District Act of 1923, Division 6 (commencing with Section 6400 of the Health and Safety Code).

Solid Waste and Recycling-- Collect, transfer, and dispose of solid waste and refuse and provide solid waste handling service, including, but not limited to, source reduction, recycling, and composting activities, pursuant to Division 30 (commencing with Section 40000), and consistent with Section 41821.2 of the Public Resources Code.

Roads – Limited to street sweeping of public streets and roads.

Condition No. 8. Upon the Effective Date of this change of organization, there shall be created a Zone of the Spring Valley Lake CSD related to the provision of Solid Waste and Recycling Services, which shall continue all previously authorized charges, fees, assessments and/or special taxes of the County of San Bernardino identified as the "ESFR" in the same manner as provided in the original authorization pursuant to Government Code Section 56886(t). Such revenues shall accrue and be deposited in a separate account(s) designated for the use of the Zone and shall be accounted separately from other funds of the District.

Condition No. 9. If the proposal is approved by the electorate at an election, the County Board of Supervisors, through its County Special District's Department, shall continue to provide for the administration of services and functions performed by the dissolving entity for a transition period identified as commencing upon the effective

RESOLUTION NO. 3302

of the reorganization until the contract end date. Nothing in this condition precludes a future Board of Directors of the Spring Valley Lake Community Services District from contracting for an extended period of time for the provision of administration, maintenance, operation, billing, and other services through the County Special Districts Department.

As outlined in the Transition Plan presented by the County Special Districts Department, set forth in Exhibit "C" attached this resolution, the Spring Valley Lake CSD shall be required to sign the Interim General Manager Agreement at its first regular meeting to allow for fulfillment of Government Code Section 61050 and setting forth the payment structure for services rendered. In addition, the Operation and Maintenance Agreement with the County Special Districts Department for the period from the effective date of the reorganization until the contract termination date shall be signed within ten (10) days following the first regular meeting of the Board of Directors of the Spring Valley Lake CSD to assure continuity of services and elimination of questions of liability or risk to the County for continued provision of the administration and operation of the services to the area.

Condition No. 10. The Spring Valley Lake CSD shall succeed to all water and capacity rights, outstanding obligation payments, and interests of County Service Area 64, whether wholly or partially owned or held by the District, and shall succeed to the priorities of use or rights of use of water or capacity rights in any public improvements or facilities or any other property, whether real or personal, to which CSA 64 is entitled to upon the effective date of the reorganization. The Successor District shall specifically succeed to all rights and interests held or claimed by CSA 64 under the Judgment entered (including all documents constituting the Physical Solution, as from time to time exist) in City of Barstow, etc. et al v City of Adelanto, etc. et al., and Related Cross Actions, Riverside County Superior Court Case No. 208568 (the "Mojave Basin Area Adjudication"), including those from time to time set forth in Table B-1 to the Judgment.

The Successor District shall also specifically succeed to all rights and interest held or claimed by CSA 64 under all agreements and memoranda of understanding with the Regional Water Quality Control Board, the California Department of Health Services, the County Regional Parks, Victor Valley Wastewater Reclamation Authority, the City of Hesperia/Hesperia Water District, and any other public agency or private entity with which CSA 64 has an agreement or memorandum of understanding. The Successor District shall also assume all joint use flow agreements and maintenance agreements pursuant to Government Code Section 56886(j) and (r).

Condition No. 11. The Spring Valley Lake CSD, as the Successor District, shall enter into an agreement with the Victor Valley Wastewater Reclamation Authority (VWWRA) for the continuation of wastewater treatment at the level of service currently provided by VWWRA to CSA 64. Such agreement with VWWRA shall be signed within ten (10) days following the first regular meeting of the Board of Directors of the Spring Valley Lake CSD to assure continuity of services to the area.

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Condition No. 12. The Spring Valley Lake CSD, as the Successor District, shall accept all system facilities transferred from the dissolving agency in "as is" condition without any payment or repair obligations (Government Code Section 56886(h)). All material and incidental liabilities, including, but not limited to, accounts payables and receivables, contract obligations and customer deposits, held by the dissolving CSA 64 shall be transferred to the Successor District upon the effective date of the reorganization (Government Code Section 56886(h)). All assets, including, but not limited to, cash reserves, building and other real property, water production equipment (pumps, storage tanks, etc.), transmission lines and rights-of-way, wastewater equipment (pumps, transmission lines); rolling stock, tools, and office furniture, fixtures and equipment, all lands building, real and personal property and appurtenances held by the dissolving entity shall be transferred to the Successor District upon the effective date of the reorganization.

In addition, the Spring Valley Lake CSD shall receive a share of the pooled equipment and equipment reserve funds for the County Special Districts Department, Water and Sanitation Division, set forth in Exhibit "D" attached this resolution. The Board of Directors of the Successor District are entitled to receive this amount in equipment, in cash, or in a combination of equipment and cash subject to the following limitations:

- a. If the method for receipt of the assigned value is determined by the Board of Directors to be received in cash only, said payment shall be spread over a three- to five-year period subject to negotiations between the County Board of Supervisors and Board of Directors for the Successor District. Nothing in this resolution precludes the use of the value of these transfers to be used against the payments required of the Successor District as mitigation for continuation of the services of the Special Districts Department;
- b. If the method for receipt of the assigned value is determined by the Board of Directors to be received in a combination of cash and equipment, and the cash balance exceeds \$200,000, said cash payment shall be spread over a three-year period subject to negotiations with the County and Board of Directors; or,
- c. If the method for receipt of the assigned value is determined by the Board of Directors to be received in equipment only, or a combination of cash and equipment and the cash balance is less than \$200,000, said payment shall occur as expeditiously as possible, but not later than 90-days following the determination of the Board of Directors.

Condition No. 13. The applicant (County) and the Resident Group continue to negotiate the mitigation mechanism to offset losses to maintain a comparable level of service and operation for the remaining county agencies. Of question is the amount and duration of mitigation funds. With implementation of this mitigation measure, the potentially significant indirect impact to residual water and wastewater agencies in Special Districts Department from approval of LAFCO 3233 can be reduced-controlled to a less than significant impact level. As a condition of approval,

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the County and Resident Group are to present a formal response to LAFCO on the negotiated and approved mitigation mechanism. The Certificate of Completion for LAFCO 3233 will be held in abeyance until receipt of said formal response. Such mitigation shall be signed within ten (10) days following the first regular meeting of the Board of Directors of the Spring Valley Lake CSD.

Condition No. 14. All property tax revenues attributable to County Service Area 64, prior to calculations required by Section 96.1 of the Revenue and Taxation Code, including delinquent taxes, return of property tax revenues related to pass-through payments from any and all redevelopment agencies overlying the area, and any and all other collections or assets of the District shall accrue and be transferred to the Successor District, the Spring Valley Lake CSD, pursuant to the provisions of Government Code Section 56810, except as described below;

The property tax revenue attributable to County Service Area 64 within Tax Rate Area 21004 shall transfer at 15% to the Town of Apple Valley. The property tax revenue attributable to County Service Area 64 within Tax Rate Area 21006 shall transfer at 100% to the Town of Apple Valley.

Condition No. 15. All previously authorized charges, fees, assessments, and/or taxes of County Service Area 64 in effect upon the effective date of this reorganization shall be continued and assumed by the Spring Valley Lake CSD, as the successor agency, in the same manner as provided in the original authorization pursuant to the provisions of Government Code Section 56886(t);

Condition No. 16. Until duly revised by the Spring Valley Lake CSD, and unless otherwise expressly provided herein or legally required, all ordinances, resolutions, rules and regulations, policies, procedures, and practices existing for CSA 64 on the effective date of this reorganization shall govern the activities and affairs of the Successor District. The Board of Directors of the Spring Valley Lake CSD, as the Successor District, shall expeditiously review and ratify the ordinances, resolutions, policies, procedures and practices adopted hereby, making such revisions as it shall deem appropriate;

Condition No. 17. Upon the effective date of this reorganization, any funds currently deposited for the benefit of County Service Area 64 which have been impressed with a public trust, use or purpose shall be transferred to the Spring Valley Lake CSD, as the successor agency, and the successor agency shall separately maintain such funds in accordance with the provisions of Government Code Section 57462;

Condition No. 18. Pursuant to the provisions of Government Code Section 56811, the provisional appropriation limit of the Spring Valley Lake CSD shall be set at \$1,446,105. The permanent appropriation limit shall be established at the first district election held following the first full fiscal year of operation and shall not be considered to be a change in the appropriation limit of the district pursuant to Article XIII B of the California Constitution;

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Condition No. 19. Pursuant to the provisions of Government Code Section 56885.5(a)(4), the County Board of Supervisors, as the governing body of County Service Area 64, is prohibited from taking the following actions unless an emergency situation exists as defined in Section 54956.5:

1. Approve any increase in compensation or benefits for members of the governing body, its officers, or the executive officer of the agency;
2. Appropriating, encumbering, expending or otherwise obligating, any revenues of the agencies beyond that provided in the current budget at the time the reorganization is approved by the Commission. The Commission identifies that the budget to be utilized in this condition shall be the final budget for Fiscal Year 2020-21 adopted by the County Board of Supervisors;

Condition No. 20. Pursuant to Government Code Section 56886.1, public utilities, as defined in Section 216 of the Public Utilities Code, have ninety (90) days following the recording of the Certificate of Completion to make the necessary changes to impacted utility customer accounts;

Condition No. 21. The County of San Bernardino, as applicant, 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.

SECTION 2. The following determinations are made in conformance with Government Code Sections 61014 and 56301:

1. Pursuant to the requirements of Government Code Section 61014, the Commission finds that the SVLCSD has sufficient revenues to perform the services as outlined in its application to provide water, sewer collection, street sweeping, and solid waste services.
2. Pursuant to requirements of Government Code Section 56301, the Commission determines that the proposed SVLCSD could provide the range and level of services contemplated in a more efficient and accountable manner.

SECTION 3. DETERMINATIONS. The following determinations are noted in conformance with Commission policy and Government Code Section 56668:

1. The Registrar of Voters has determined that the reorganization study area is legally inhabited, containing a total of 5,605 registered voters within LAFCO 3233A as of February 12, 2020.
2. The reorganization, including formation, does not conflict with the sphere of influence of any other entity because the proposal transfers existing service from an existing agency to the proposed new agency. Further, the companion sphere of influence establishment, LAFCO 3233B, does not include the SVLCSD sphere over the City of

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Hesperia, Town of Apple Valley or City of Victorville (except for the RV campground within the City of Victorville since it is inaccessible through the City).

3. The County Assessor has determined that the value of land and improvements within the reorganization area is broken down as follows:

Land:	\$ 289,143,644
Improvements:	\$ 823,594,781
Total:	\$1,112,738,425
4. In compliance with Commission policy and Government Code Section 56157, the Notice of Hearing for this proposal was provided by publication of an eight-page (1/8 page) legal ad in the *Daily Press*, a newspaper of general circulation in the area. Comments from landowners and any affected local agency have been reviewed and considered by the Commission in making its determination. Opposition has been received and considered by the Commission in making its determination.
5. The proposed reorganization, including formation, includes a variety of land uses established under the San Bernardino County's General Plan, City of Hesperia's General Plan, Town of Apple Valley's General Plan and the City of Victorville's General Plan; however, such formation has no direct impact on said land use designations.
6. 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 3233 has no direct impact on these determinations.
7. The Commission's Environmental Consultant prepared an environmental assessment for the reorganization proposal to form the Spring Valley Lake Community Services District (SVLCSD) and dissolve County Service Area 64 (LAFCO 3233A) and the proposed sphere of influence establishment for the SVLCSD (LAFCO 3233B) and has proposed a Mitigated Negative Declaration which indicates that approval of the reorganization and sphere of influence establishment as defined in the staff report will not have a significant adverse impact on the environment. The initial study has been independently reviewed by the Commission's staff and has been found to be adequate for the proposed reorganization and sphere of influence establishment. Responses to comments received during the circulation of the Notice of Availability for the Mitigated Negative Declaration have been provided by the Commission and are made a part the document.

The Commission certifies it has reviewed and considered the proposed Mitigated Negative Declaration and environmental effects as outlined in the Initial Study prior to reaching a decision on the project and finds the information substantiating the Mitigated Negative Declaration is adequate for its use in making a decision as a CEQA lead agency. The Commission further finds that it does not intend to adopt alternatives but does intend to adopt a mitigation measure related to the mitigation payment(s) to the County as part of the project. The Commission hereby adopts the

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Mitigated Negative Declaration, as presented by its Environmental Consultant. The Commission directs the Executive Officer to file a Notice of Determination and pay the required Department of Fish and Wildlife filing fees within five (5) working days of its adoption.

8. The local agencies currently serving the area are: County of San Bernardino, County Service Area 64, County Service Area 70 (unincorporated countywide, multi-function), City of Hesperia, Hesperia Water District, Town of Apple Valley, City of Victorville, Mojave Desert Resource Conservation District, Victor Valley Wastewater Reclamation Authority, and San Bernardino County Fire Protection District and its North Desert Service Zone.

The affected agency is CSA 64, which is to be dissolved as a function of this reorganization. The other agencies are not affected by this reorganization as they are either regional in nature or identified for other services to a specific area.

9. The County of San Bernardino, as the proponent for LAFCO 3233, has submitted a Feasibility Study prepared by the Feasibility Committee for a Spring Valley Lake Community Services District, which provides a general outline of the delivery of services mandated by Government Code Section 56653 for a plan for providing services. The Plan and the Fiscal Impact Analysis indicate that the transfer of service to the Spring Valley Lake Community Service District upon its formation, can, at minimum, maintain the level of service delivery currently received by the area. The Feasibility Study and the supplemental documentation outlined in the staff report shows that the Community Services District has sufficient revenues to provide its active range of services (water, solid waste, wastewater and street sweeping) upon formation. The Feasibility Study and its supplemental information have been reviewed and compared with the standards established by the Commission and the factors contained within Government Code Section 56668. The Commission finds that such Study, its supplemental data and the Fiscal Impact Analysis as revised by LAFCO staff, conform to those adopted standards and requirements.
10. The reorganization area can benefit from the availability and continuation water, sewer collection, and street sweeping services as well as assumption of solid waste services, as evidenced by the Feasibility Study and its supplemental data.
11. This proposal will not affect the fair share allocation of the regional housing needs assigned to the County of San Bernardino, the Town of Apple Valley, the City of Hesperia or the City of Victorville 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 water, wastewater, street sweeping and solid waste (refuse) services within the area. The delivery of these services, through a locally-elected special district, will not result in the unfair treatment of any person based upon race, culture or income.

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13. This proposal complies with Commission and State policies that indicate the preference for the creation of multi-purpose agencies to serve growing communities. This position is taken on the basis that areas proposed for formation as a community services district can be planned, funded, services extended and maintenance funding put in place for the full range of service needs as identified by the community.
14. The maps and legal descriptions, prepared by the County Surveyor's Office, are in substantial compliance with LAFCO and State standards.

SECTION 4. 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, noting that its approval is subject to the confirmation of the registered voters within the affected territory.

SECTION 5. The reason for the reorganization, as specified in the Resolution Initiating the Proposal, is that the residents of the community of Spring Valley Lake have expressed the desire for local control and input into the decision-making process for the delivery of services including water, sewer collection, street sweeping, and solid waste.

SECTION 6. Upon formation, the Spring Valley Lake Community Services District shall utilize the regular County Assessment Roll and such shall be identified in the final resolution confirming the formation.

SECTION 7. The Executive Officer, on behalf of the Local Agency Formation Commission for San Bernardino County, in compliance with this resolution and State law (Part 4, commencing with Government Code Section 57000), hereby requests that the County of San Bernardino Board of Supervisors direct its County Elections Official to conduct the necessary election, setting the matter for consideration on the November 3, 2020 general election, pursuant to Government Code Sections 57077 and 57100 et seq.

SECTION 8. The question to be submitted to the voters shall read as follows:

“Shall the order adopted on February 19, 2020, by the Local Agency Formation Commission for San Bernardino County ordering the reorganization to include formation of the Spring Valley Lake Community Services District together with the formation of Zone A for solid waste and street sweeping and the Dissolution of County Service Area 64, known as LAFCO 3233A, be approved subject to the terms and conditions as more particularly described in the order?”

SECTION 9. The election shall be held within the territory of the reorganization, as described in Exhibit “A”.

SECTION 10. The election to be held shall include a call for election of a five-member board of directors to be elected at-large pursuant to the provisions of the Uniform Election Law, Part 4 (commencing with Section 10500) of the Elections Code.

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SECTION 11. A simple majority of ballots cast in favor of the measure is required to confirm the order for the reorganization to include formation.

SECTION 12. Upon completion of the canvass of ballots cast at the election, as required pursuant to Sections 15300 to 15309, inclusive of the Elections Code, the Executive Officer shall issue the final resolution and direct that 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:

STATE OF CALIFORNIA)
) SS.
COUNTY OF SAN BERNARDINO)

I, SAMUEL MARTINEZ, 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 February 19, 2020.

DATED:

SAMUEL MARTINEZ
Executive Officer

**Draft Resolution 3303
for LAFCO 3233B**

Attachment 12

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

PROPOSAL NO.: LAFCO 3233B

HEARING DATE: February 19, 2020

RESOLUTION NO. 3303

A RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY MAKING DETERMINATIONS ON LAFCO 3233B AND ADOPTING THE SPHERE OF INFLUENCE DESIGNATION FOR THE SPRING VALLEY LAKE COMMUNITY SERVICES DISTRICT (encompassing approximately 2,152 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 establishment was initiated by the Local Agency Formation Commission for San Bernardino County (hereinafter referred to as "the Commission") for the Spring Valley Lake Community Services District 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 his 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 February 19, 2020 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,

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WHEREAS, the Commission reviewed and considered the Mitigated Negative Declaration prepared by the Commission's Environmental Consultant, Tom Dodson and Associates, prior to reaching a decision on the proposal, finding that the information substantiating the Mitigated Negative Declaration as adequate for its use in making a decision as CEQA lead agency and that it does not intend to adopt alternatives but does intend to adopt a mitigation measure related to the mitigation payment to the County as part of the project, and directed its Executive Officer to file a Notice of Determination 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 presented to and considered by this Commission, it is determined that the sphere of influence for the Spring Valley Lake Community Services District should be determined to be Areas 1 and 6 (as outlined in the staff report related to LAFCO 3233 dated February 12, 2020), as more specifically described on the attached Exhibits "A" and "A-1" to this resolution; and,

WHEREAS, the Commission conducted service reviews for County Service Area 64 (Spring Valley Lake), including: a) LAFCO 3024 - Service Review and Sphere of Influence Update for County Service Area 64 (2009); b) LAFCO 3187 - Countywide Service Review for Water (2017); and, c) LAFCO 3190 - Countywide Service Review for Wastewater (2018); 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 land area proposed to be included in the sphere of influence for the Spring Valley Lake CSD comprises approximately 2,152 acres (+/- 3.3 square miles). All land use planning and development entitlements within the sphere area are administered through the County of San Bernardino.

The area is predominantly residential and approaching build-out. Currently, there are approximately 3,565 dwelling units in the proposed sphere area. The County's current land use designations include RS (Single-Family Residential), RS-14M (Single-Family Residential with 14,000 square foot minimum lot size), RM (Multiple Residential), CG (General Commercial), IN (Institutional) and FW (Floodway).

The sphere area also includes the 529-acre Mojave Narrows Regional Park, an open space refuge offering varied recreational opportunities, acres of waterways,

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and significant strands of cottonwood and willows. No additional significant development is anticipated for this area in the foreseeable future.

Because a sphere of influence is a planning tool only, no land use changes are anticipated as a result of the proposed sphere establishment.

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

The proposed Spring Valley Lake CSD, if approved as proposed, will assume the water, wastewater and street sweeping services from CSA 64, as well as assume responsibility for solid waste services currently being managed by the County's Solid Waste Division of its Public Works Department. The proposed sphere area has a population of approximately 8,599 residents and is nearing build-out. The proposed CSD will have adequate facilities and remains the logical service provider for this area at this time.

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

The Spring Valley Lake CSD, as proposed, has the fiscal and operational capabilities to provide its authorized services: water, wastewater collection, street sweeping and solid waste. No expansion of services will result from the proposed sphere of influence establishment.

4. The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency:

Historically, the Commission has recognized the Spring Valley Lake area as being part of the overall Victorville community. The Commission has long-recognized the boundary between Victorville and the Town of Apple Valley in the Spring Valley Lake area as along the Mojave River. The equestrian area, located in the Town of Apple Valley, south of Sitting Bull Road, is an original part of the Spring Valley Lake planned community and residents continue to strongly identify with that community.

5. Additional Determinations

- Legal notice of the Commission's consideration of the sphere establishment has been provided through publication of a 1/8th page legal advertisement in *The Daily Press*, a newspaper of general circulation in the area.
- Individual notices were provided to all affected and interested agencies, County departments and those individuals and agencies requesting special notice.

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WHEREAS, pursuant to the provisions of Government Code Section 56425(i), the range of services provided by the Spring Valley Lake Community Services District shall be limited to the following:

FUNCTIONS	SERVICES
Water	Supply water for any beneficial use as outlined in the Municipal Water District Law of 1911, Division 20 (commencing with Section 71000) of the Water Code.
Sewer	Collection of sewage, wastewater, recycled water, and storm water in the same manner as a sanitary district formed pursuant to the Sanitary District Act of 1923, Division 6 (commencing with Section 6400 of the Health and Safety Code).
Solid Waste and Recycling	Collect, transfer, and dispose of solid waste and refuse and provide solid waste handling service, including, but not limited to, source reduction, recycling, and composting activities, pursuant to Division 30 (commencing with Section 40000), and consistent with Section 41821.2 of the Public Resources Code.
Roads	Limited to street sweeping of public streets and roads.

WHEREAS, having reviewed and considered the determinations as outlined above, the Commission determines to establish the sphere of influence for the Spring Valley Lake Community Services District.

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 being within the sphere of influence of the Spring Valley Lake Community Services District, it being fully understood that the adoption of such sphere of influence is a policy declaration of this Commission based on existing facts and circumstances which, although not readily changed, may be subject to review and change in the event a future significant change of circumstances so warrants.

BE IT FURTHER RESOLVED that the Local Agency Formation Commission for San Bernardino County, State of California, does hereby determine that the County of San Bernardino 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.

RESOLUTION NO. 3303

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, SAMUEL MARTINEZ, 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 February 19, 2020.

DATED: _____

SAMUEL MARTINEZ
Executive Officer