

AGENDA

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

REGULAR MEETING OF SEPTEMBER 15, 2021

IMPORTANT NOTICE REGARDING THE SEPTEMBER 15, 2021 COMMISSION MEETING

The Local Agency Formation Commission for San Bernardino County (LAFCO or Commission) will conduct this meeting virtually by videoconference and/or teleconference in compliance with waivers to certain Brown Act provisions under the Governor's Executive Order N-08-21, and members of the Commission or LAFCO staff will participate in this meeting telephonically or electronically. The public may participate in the meeting by joining the meeting virtually, by phone, or viewing the meeting live, and may provide general comments and comments on specific agenda items, as described below:

Instructions for Viewing or Listening to the meeting:

Members of the public may:

- Join the virtual meeting on Zoom using the following link: <https://zoom.us/j/85771297250>
- Listen to the meeting by calling (669) 900-9128 and enter the Meeting ID: 85771297250#
- Watch the meeting via YouTube live stream using the following link: https://www.youtube.com/channel/UCpEpEankM-uoTTa8c_OyV1Q

Instructions for Making Comments and Testimony:

If you wish to make comment on a specific agenda item or a general comment under public comment you can do so by:

- On Zoom video conference via the web or the Zoom App, click the 'Raise Hand' button when the item you wish to comment on is being discussed.
- On Zoom via phone, you can also raise your hand by pressing *9 when the item you wish to comment on is being discussed.

Alternatively, if you wish to make written comments on specific agenda items, make general comments, or submit testimony for public hearing items, you can send comments and testimony to LAFCO, limited to a maximum of 250 words, by email at lafco@lafco.sbcounty.gov, online at www.sbclafco.org/AgendaandNotices/Agendas/PublicComments.aspx, or by mail to LAFCO, 1170 West 3rd Street, Unit 150, San Bernardino, CA 92415-0490, for receipt no later than 7:30 a.m. on the meeting day. These comments and testimony will be read on to the meeting record at the appropriate time.

This change in public participation will continue until further notice and supersede any LAFCO standard public comment and testimony policies and procedures to the contrary

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

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

CONSENT ITEMS:

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

1. [Approval of Minutes for Regular Meeting of July 21, 2021](#)
2. [Approval of Executive Officer's Expense Report](#)
3. [Ratify Payments as Reconciled and Note Cash Receipts for Months of June and July 2021](#)
4. [Consideration of: \(1\) CEQA Exemption for LAFCO SC#470; and \(2\) LAFCO SC#470 – City of Chino Irrevocable Agreement to Annex for Sewer Service \(APN 1019-071-32\)](#)
(REMOVED FROM CONSIDERATION; TO BE RE-NOTICED AND CONSIDERED AT THE NOVEMBER 17, 2021 MEETING)
5. [Note Receipt of Proposal Initiated by Landowner Petition Pursuant to Government Code Section 56857 - - LAFCO 3251 – Reorganization to include Annexation to Yucaipa Valley Water District and its Improvement District No. 1 \(I-10 Logistics Center\)](#)
6. [Update on Countywide Service Review for Park and Recreation](#)
7. Consent Items Deferred for Discussion

PUBLIC HEARING ITEMS:

8. [Consideration of: \(1\) CEQA Exemption for LAFCO 3250; and \(2\) LAFCO 3250 - Annexation to the Bighorn-Desert View Water Agency \(APN 0631-051-28\) and its Improvement Zones 1 and A](#)
9. [Consideration of: \(1\) CEQA Exemption for LAFCO SC#469; and \(2\) LAFCO SC#469 – City of Redlands OSC 19-53 for Water Service \(APN 0298-094-21\)](#)

DISCUSSION ITEMS:

10. [Continued Monitoring for the Twentynine Palms Public Cemetery District related to LAFCO 3245 -Countywide Service Area Review for Public Cemetery Districts](#)
11. [Continued Monitoring from LAFCO 3231 \(Countywide Fire Service Review\) for Barstow Fire Protection District and the City of Barstow](#) **(CONTINUED TO NOVEMBER 17, 2021 MEETING)**

INFORMATION ITEMS:

12. Legislative Update Oral Report

13. Executive Officer's Oral Report

14. 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.)

15. 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.

8/12/21:as

DRAFT
**ACTION MINUTES OF THE
LOCAL AGENCY FORMATION COMMISSION
FOR SAN BERNARDINO COUNTY**

REGULAR MEETING

9:00 A.M.

JULY 21, 2021

The Commission conducts the meeting virtually by videoconference (via Zoom) and teleconference (via Zoom phone) and broadcast live via YouTube live stream in compliance with the Governor's Executive Order N-08-21 in response to the COVID-19 pandemic.

PRESENT:

COMMISSIONERS:

Regular Member	Alternate Member
Jim Bagley, Chair	Rick Denison
Joe Baca Jr.	Steven Farrell
Kimberly Cox	Dawn Rowe
James Curatalo	
Curt Hagman	
Larry McCallon	

STAFF:

**Samuel Martinez, Executive Officer
Paula de Sousa, Legal Counsel
Michael Tuerpe, Senior Analyst
Hannah Larsen, Analyst
Angela Schell, Commission Clerk**

ABSENT:

**Acquanetta Warren, Vice Chair
Dieter Dammeier**

**CONVENE REGULAR MEETING OF THE LOCAL AGENCY FORMATION COMMISSION –
9:07 A.M. – CALL TO ORDER – FLAG SALUTE AND ROLL CALL**

Chair Bagley makes an announcement regarding the meeting/hearing being conducted via videoconference and teleconference as well as broadcast live via YouTube in compliance with waivers to certain Brown Act provisions under the Governor's Executive Orders due to the COVID-19 Coronavirus pandemic.

ANNOUNCEMENT OF CONTRIBUTIONS

1. Swear in Alternate County Commissioner

Supervisor Dawn Rowe is sworn-in and the oath of office is administered.

ANNOUNCEMENT OF CONTRIBUTIONS

2. PUBLIC COMMENTS ON CLOSED SESSION

No public comment was provided.

3. CONVENE CLOSED SESSION – 9:06 A.M. (Conference Call)

- 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, County of San Bernardino Superior Court Case No. CIVDS1906437
- Conference with Legal Counsel - Existing Litigation (Government Code Section 54956.9(d)(1)) – Montecito Equities, Ltd v. San Bernardino Local Agency Formation Commission, County of San Bernardino Superior Court Case No. CIVSB2029401
- Conference with Legal Counsel – Significant Exposure to Litigation (Government Code Section 54956.9(d)(2)) - - 1 Potential Case

4. RECONVENE PUBLIC SESSION – 9:37 A.M.

LAFCO Legal Counsel indicates there is no reportable action from Closed Session.

CONSENT ITEMS:

5. Approval of Minutes for Regular Meeting of May 19, 2021

6. Approval of Executive Officer's Expense Report

Recommendation: Approve the Executive Office's Expense for Procurement Card Purchases from April 23, 2021 to May 24, 2021 and May 25, 2021 to June 22, 2021.

7. Ratify Payments as Reconciled and Note Cash Receipts for the Months of April and May 2021 and Note Revenue Receipts

Recommendation: Ratify payments as reconciled for the months of April 2021 and May 2021 and note revenue receipts for the same period.

8. Approval of Fiscal Year 2012-13 Financial Records Destruction Pursuant to Commission Policy

Recommendation: Staff recommends the Commission direct the Executive Officer, as Records Management Coordinator, to:

1. Destroy the Commission's financial records for Fiscal Year 2012-13 pursuant to the Commission's Records Retention Policy, and
2. Record the items to be destroyed in the Destruction Log along with a copy of the Commission's minute action authorizing destruction.

9. Review and Update the Catalog Enterprise Systems per Government Code Section 6270.5

Recommendation: Staff recommends that the Commission take the following actions:

1. Approve the Enterprise Systems Catalog as of July 1, 2021 as identified in this staff report.
2. Direct the Executive Officer to post the Enterprise Systems Catalog as of July 1, 2021 on the LAFCO Website.

10. Review and Consideration of Amendments to Policy and Procedure Manual Section III – Human Resources (adjust effective date of Medial Premium Subsidy increase)

Recommendation: Staff recommends that the Commission take the following actions:

1. Adopt the amendment to the Policy and Procedure Manual, Section III (Human Resources), Chapter 5 (Benefits Plan), Policy 2 (Medical and Dental Subsidies).
2. Adopt Resolution No. 3333 approving the amendment to the Policy and Procedure Manual and direct the Executive Officer to make the document available on the Commission's website.

11. Consent Items Deferred for Discussion (None)

Executive Officer Martinez identifies a minor correction to the staff report for Item 8 noting that only the Form 700s for CY 2013 will be included as part of the records for destruction, not the Form 700s for both CYs 2013 and 2014. Commissioner Hagman moves the approval of the Consent Items. Second by Commissioner Cox. The motion passes with the following roll call vote:

Ayes: Baca Jr., Bagley, Cox, Curatalo, Denison, Hagman and McCallon.
Noes: None.
Abstain: None.
Absent: Warren (Denison voting in her stead).

PUBLIC HEARING ITEM:

12. LAFCO 3249 – Annexation to the Bighorn-Desert View Water Agency and Bighorn-Desert View Water Agency Improvement Zone CSA 70 W-1 (APN 0631-071-12)

Recommendation: Staff recommends that the Commission approve LAFCO 3249 by taking the following actions:

1. For environmental review, certify that LAFCO 3249 is exempt from the provisions of the California Environmental Quality Act and direct the Executive Officer to file the Notice of Exemption within five (5) days;
2. Approve LAFCO 3249, with the condition for the "hold harmless" clause for potential litigation costs, continuation of fees, charges, assessments, etc.;
3. Waive protest proceedings, as permitted by Government Code Section 56662(d), with 100% landowner consent to the annexation; and,
4. Adopt LAFCO Resolution #3334, setting forth the Commission's determinations

and conditions of approval concerning LAFCO 3249.

Commissioner Denison moves approval of staff recommendations. Second by Commissioner Curatalo. The motion passes with the following roll call vote:

Ayes: Baca Jr., Bagley, Cox, Curatalo, Denison, Hagman and McCallon.
Noes: None.
Abstain: None.
Absent: Warren (Denison voting in her stead).

DISCUSSION ITEMS:

13. Unaudited Year-End Financial Report for Fiscal Year 2020-21 to include Authorization for Transfer of Funds for Additional Payment towards Net Pension Liability

Recommendation: Staff recommends that the Commission:

1. Note receipt of this report and file.
2. Approve a transfer of \$43,852 from Reserve Account 6010 (Net Pension Liability Reserve) to Revenue Account 9970 (SBCERA Contributions) to provide budget authority for the payment to SBCERA that occurred in June 2021.

Commissioner McCallon moves to approve staff recommendations. Second by Commissioner Hagman. The motion passes with the following roll call vote:

Ayes: Baca Jr., Bagley, Cox, Curatalo, Denison, Hagman and McCallon.
Noes: None.
Abstain: None.
Absent: Warren (Denison voting in her stead).

14. Continued Monitoring from LAFCO 3231 (Countywide Fire Service Review) for San Bernardino County Fire Protection District (Continued from the May 19, 2021 Meeting)

Recommendation: Staff recommends that the Commission:

1. Receive and file this report.
2. Cease monitoring of the San Bernardino County Fire Protection District.

Commissioner Baca Jr., moves to approve staff recommendations. Second by Commissioner Hagman. The motion passes with the following roll call vote:

Ayes: Baca Jr., Bagley, Cox, Curatalo, Denison, Hagman and McCallon.
Noes: None.
Abstain: None.
Absent: Warren (Denison voting in her stead).

15. Continued Monitoring for the Barstow Cemetery District related to LAFCO 3245 – Countywide Service Review for Public Cemetery Districts

Recommendation: Staff recommends that the Commission:

1. Receive and file this report.
2. Schedule an update for the Barstow Cemetery District for the November 17, 2021 meeting, unless otherwise directed by the Commission.

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

Ayes: Baca Jr., Bagley, Cox, Curatalo, Denison, Hagman and McCallon.
Noes: None.
Abstain: None.
Absent: Warren (Denison voting in her stead).

16. Update on Countywide Service Review for Park and Recreation

Recommendation: Staff recommends that the Commission receive and file this report.

Chair Bagley notes to receive and file staff report.

17. Appointment of Voting Delegate and Alternate Delegate for the 2021/2022 CALAFCO Regional Caucus Elections and for the Annual Business Meeting and Nominations for CALAFCO Board Member

Recommendation: Staff recommends that the Commission:

1. Select Commission Chair Jim Bagley as voting delegate (and Acquanetta Warren as alternate voting delegate) to cast this Commission's vote for CALAFCO Board Member during the Regional Caucus Elections and for any items during the Annual Business Meeting; and,
2. For CALAFCO Board Member election nomination/selection:
 - Option 1 – If any of the County and/or District member Commissioners from this Commission is interested to serve on the CALAFCO Board of Directors, nominate said County and/or District member Commissioner and direct the voting delegate to select this LAFCO's nominated County and/or District member as the Southern Region representative(s) to the CALAFCO Board of Directors; or,
 - Option 2 – Direct the voting delegate to select the incumbents Michael Kelley (Imperial LAFCO) for the County Member Seat and Jo MacKenzie (San Diego LAFCO) for the District Member Seat at the Southern Region representatives to the CALAFCO Board of Directors.

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

Ayes: Baca Jr., Bagley, Cox, Curatalo, Denison, Hagman and McCallon.

Noes: None.
Abstain: None.
Absent: Warren (Denison voting in her stead).

INFORMATION ITEMS:

18. Legislative Update Report

Executive Officer Samuel Martinez states that the Legislature is now in summer recess until August 16. He states that the CALAFCO Omnibus Bill, AB1581, was signed by the Governor into law on June 28, 2021; and SB13, the pilot program for San Bernardino and Napa Counties, has been ordered to third reading in Assembly.

19. Executive Officer's Oral Report

Mr. Martinez states that the Ad-hoc Admin Committee has been re-established this year to go over lease options related to the LAFCO office as well as to review upcoming audit and budget. He also states that as outlined in the staff report, the members of the Ad-hoc Admin Committee will be the Chair, Vice Chair Warren and Commissioner McCallon.

20. Commissioner Comments

There is none.

21. Comments from the Public

There is none.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE COMMISSION, THE MEETING ADJOURNS AT 10:56 A.M.

ATTEST:


ANGELA SCHELL, Clerk to the Commission

LOCAL AGENCY FORMATION COMMISSION

JIM BAGLEY, 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
lafco@lafco.sbcounty.gov
www.sbclafco.org

DATE : SEPTEMBER 8, 2021
FROM: SAMUEL MARTINEZ,  Executive Officer
TO: LOCAL AGENCY FORMATION COMMISSION

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

RECOMMENDATION:

Approve the Executive Officer's Expense Report for Procurement Card Purchases from June 23, 2021 to July 22, 2021 and July 23, 2021 to August 23, 2021.

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 periods of:

- June 23, 2021 to July 22, 2021; and,
- July 23, 2021 to August 23, 2021.

Staff recommends that the Commission approve the Executive Officer's expense reports as shown on the attachment.

SM/AS

[Attachment](#)

Cardholder (Print & Sign)	Date	Approving Official (Print & Sign)	Date
Samuel Martinez 	09/07/21	Jim Bagley	09/15/21



ATTACHMENT G

PAGE 1 OF

[illegible]


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

Cardholder (Print & Sign)	Date
Samuel Martinez <i>Samuel Martinez</i>	09/07/21

Approving Official (Print & Sign)	Date
Jim Bagley	09/15/21

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
lafco@lafco.sbcounty.gov
www.sbclafco.org

DATE : SEPTEMBER 9, 2021
FROM: SAMUEL MARTINEZ,  Executive Officer
TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: AGENDA ITEM #3 - RATIFY PAYMENTS AS RECONCILED FOR
THE MONTHS OF JUNE 2021 AND JULY 2021 AND NOTE
REVENUE RECEIPTS

RECOMMENDATION:

Ratify payments as reconciled for the months of June 2021 and July 2021 and note revenue receipts for the same period.

BACKGROUND INFORMATION:

Staff prepared a reconciliation of warrants issued for payments to various vendors, internal transfers for payments to County Departments, cash receipts and internal transfers for payments of deposits or other charges that cover the periods of:



- June 1 through June 30, 2021
- July 1 through July 31, 2021

Staff recommends that the Commission ratify the payments as outlined on the attached listing and note the revenues received.

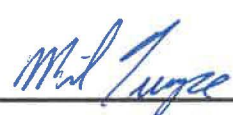

SM/MT

[Attachment](#)

MONTH OF JUNE 2021 PAYMENTS PROCESSED							
Document Number	Account	Posting Date	Vendor	Invoice	Reference	Amount	
1901025427	5200 2041	06/17/21	Century Link	230564776	Phone conference	\$ 7.32	
1901015645	5200 2090	06/02/21	Jan Pro Janitorial	77592	Janitorial for office	\$ 490.00	
1901024155	5200 2180	06/16/21	So Cal Edison	700099666433-06	Electricity	\$ 279.77	
1901018006	5200 2315	06/07/21	Storetrieve	0156693	Storage of paper files	\$ 64.37	
1901015644	5200 2335	06/02/21	Apple One Staffing	01-5921853	Temporary staffing	\$ 185.19	
1901027435	5200 2400	06/18/21	County of SB Human Resources	210103	Background check for new hire	\$ 21.00	
1901022216	5200 2424	06/14/21	Tom Dodson	LAFCO 21-5	Environmental consulting	\$ 170.00	
1901016552	5200 2445	06/03/21	Robert Aldrich	# 7	Supplemental staffing	\$ 1,462.50	
1901018005	5200 2445	06/07/21	Robert Aldrich	# 8	Supplemental staffing	\$ 300.00	
1901025428	5200 2445	06/17/21	Robert Aldrich	# 9	Supplemental staffing	\$ 375.00	
1901017951	5200 2895	06/07/21	Konica Minolta	37644951	Copy machine	\$ 365.38	
1901018013	5200 2895	06/07/21	Konica Minolta	37827834	Copy machine	\$ 365.38	
1901018013	5200 2895	06/07/21	Konica Minolta	37827834	Copy machine	\$ 93.38	
1901020635	4080 9990	06/10/21	SBCERA	--	Additional Payment toward Net Pension Liability	\$ 43,852.00	
TOTAL						\$ 48,031.29	
MONTH OF JUNE 2021 INTERNAL TRANSFERS PROCESSED							
4101903247	5200 2031	06/01/21	County IT		MAY 2021 Payroll System Services	\$ 81.60	
4101919073	5200 2031	06/25/21	County IT		JUN 2021 Payroll System Services	\$ 27.20	
4101903248	5200 2032	06/01/21	County IT		MAY 2021 Virtual Private Network (VPN)	\$ 13.20	
4101919049	5200 2032	06/25/21	County IT		JUN 2021 Virtual Private Network (VPN)	\$ 13.20	
4101903146	5200 2037	06/01/21	County IT		MAY 2021 Dial Tone	\$ 255.06	
4101919074	5200 2037	06/25/21	County IT		JUN 2021 Dial Tone	\$ 255.06	
4101902797	5200 2076	06/16/21	LAFCO via County HR		Tuition Reimbursement (Tuerpe)	\$ 999.00	
4101899878	5200 2305	06/07/21	County Purchasing		Staples supplies, surcharge	\$ 8.07	
4200078436	5200 2310	06/01/21	County Mail		Mail Services - DEL	\$ 130.00	
4200078437	5200 2310	06/01/21	County Mail		Mail Services - FLAT	\$ 10.00	
4200078552	5200 2310	06/03/21	County Mail		Mail Services - HAN	\$ 297.76	
4200080585	5200 2310	06/22/21	County Mail		Mail Services - DEL	\$ 143.00	
4200080606	5200 2310	06/22/21	County Mail		Mail Services - FLAT	\$ 3.60	
4200080609	5200 2310	06/22/21	County Mail		Mail Services - HAN	\$ 6.85	
4101903199	5200 2322	06/01/21	County IT		MAY 2021 Enterprise Printing	\$ 11.13	
4101919055	5200 2322	06/25/21	County IT		JUN 2021 Enterprise Printing	\$ 3.57	
4200080739	5200 2323	06/22/21	County Printing		#10 Regular Blue ink	\$ 122.10	
4101903292	5241 2410	06/01/21	County IT		IT Infrastructure - Period 12	\$ 807.00	
4101903202	5241 2417	06/01/21	County IT		Enterprise Content Management - Period 12	\$ 159.00	
4101903203	5241 2418	06/01/21	County IT		Storage - Tier 1 - Period 12	\$ 216.00	
4101903203	5241 2418	06/01/21	County IT		Storage - Tier 3 - Period 12	\$ 193.00	
4101903204	5200 2420	06/01/21	County IT		MAY 2021 Wireless Device (Exchange Active Sync)	\$ 17.59	
4101919057	5200 2420	06/25/21	County IT		JUN 2021 Wireless Device (Exchange Active Sync)	\$ 17.59	
4101903205	5200 2421	06/01/21	County IT		MAY 2021 Desktop Support Services	\$ 1,069.20	
4101919077	5200 2421	06/25/21	County IT		JUN 2021 Desktop Support Services	\$ 1,069.20	


4200078337	5200	2424	06/03/21	County Clerk to the Board	Environmental Filing - LAFCO Fees Schedule	\$	50.00
4200078338	5200	2424	06/03/21	County Clerk to the Board	Environmental Filing - SC#464	\$	50.00
4200078339	5200	2424	06/03/21	County Clerk to the Board	Environmental Filing - SC#465	\$	50.00
4200078672	5200	2424	06/08/21	County Clerk to the Board	Environmental Filing - SC#466	\$	50.00
4200080121	5200	2445	06/21/21	County Surveyor	Surveyor review of map and legal	\$	1,350.00
4101899878	5540	5012	06/07/21	County Purchasing	Staples supplies	\$	67.26
4200081281	5540	5012	06/25/21	County Purchasing	COVID-19 PPE	\$	43.20
TOTAL						\$	7,589.44
MONTH OF JUNE 2021 CASH RECEIPTS							
4101896469	4070	9800	06/01/21	City of Chino	SC# 465 Fees	\$	550.00
4101896469	4070	9800	06/01/21	City of Fontana	SC# 466 Fees	\$	550.00
4101906949	various		06/21/21	Bighorn Desert View Water Agency	LAFCO 3250	\$	9,699.00
4101906949	various		06/21/21	Yucaipa Valley Water District	LAFCO 3251	\$	8,479.00
TOTAL						\$	19,278.00
MONTH OF JUNE 2021 INTERNAL TRANSFERRED RECEIVED							
NONE							
TOTAL						\$	-
							
COMPLETED BY: MICHAEL TUERPE							
Senior Analyst							
							
APPROVED BY: SAMUEL MARTINEZ							
Executive Officer							
Date: 9/7/2021				9/7/2021			

MONTH OF JULY 2021 PAYMENTS PROCESSED							
Document Number	Account	Posting Date	Vendor	Invoice	Reference	Amount	
1901033005	5200 2075	07/01/21	CALAFCO	2021-36	Membership, annual	\$ 10,760.00	
1901041173	5200 2085	07/14/21	Daily Journal	B3484682	Hearing notice	\$ 312.95	
1901034929	5200 2090	07/02/21	City Comm	UNIT: 150	HVAC, quarterly	\$ 345.00	
1901034933	5200 2090	07/02/21	Jan-Pro	78017	Janitorial for office	\$ 490.00	
1901035832	5200 2115	07/06/21	Cal Special Districts Assoc	16135	Membership, annual	\$ 1,313.00	
1901046372	5200 2180	07/20/21	So Cal Edison	700099666433	Electricity	\$ 449.78	
1901033007	5200 2245	07/01/21	Special Districts Risk Mangement	70373	Property & liability insurance, annual	\$ 10,737.56	
1901033011	5200 2245	07/01/21	Special Districts Risk Mangement	69911	Workers' Comp, annual	\$ 1,899.71	
1901041174	5200 2305	07/14/21	Shred-It	8182353377	Document destruction	\$ 19.25	
1901039643	5200 2315	07/12/21	Storetrieve	0158681	Storage of paper files	\$ 64.37	
1901032993	5200 2400	07/01/21	Best, Best, & Krieger	907988	Legal counsel	\$ 1,070.00	
1901032994	5200 2400	07/01/21	Best, Best, & Krieger	907989	Legal counsel	\$ 6,309.10	
1901032996	5200 2400	07/01/21	Best, Best, & Krieger	907990	Legal counsel	\$ 4,308.50	
1901032997	5200 2400	07/01/21	Best, Best, & Krieger	907991	Legal counsel	\$ 8,343.00	
1901042327	5200 2400	07/15/21	Best, Best, & Krieger	909964	Legal counsel	\$ 135.80	
1901042330	5200 2400	07/15/21	Best, Best, & Krieger	909965	Legal counsel	\$ 1,057.55	
1901042331	5200 2400	07/15/21	Best, Best, & Krieger	909966	Legal counsel	\$ 648.90	
1901046375	5200 2400	07/20/21	Best, Best, & Krieger	909967	Legal counsel	\$ 896.10	
1901033002	5200 2445	07/01/21	Robert Aldrich	# 10	Supplemental staffing	\$ 375.00	
1901048092	5200 2445	07/22/21	Baca	BACA7-21-21	Commissioner Stipend 7/21/21	\$ 200.00	
1901048093	5200 2445	07/22/21	Bagley	BAGLEY7-21-21	Commissioner Stipend 7/21/21	\$ 200.00	
1901048094	5200 2445	07/22/21	Cox	COX7-21-21	Commissioner Stipend 7/21/21	\$ 200.00	
1901048096	5200 2445	07/22/21	Curatalo	CURATALO7-21-21	Commissioner Stipend 7/21/21	\$ 200.00	
1901048097	5200 2445	07/22/21	Denison	DENISON7-21-21	Commissioner Stipend 7/21/21	\$ 200.00	
1901048099	5200 2445	07/22/21	Farrell	FARRELL7-21-21	Commissioner Stipend 7/21/21	\$ 200.00	
1901048101	5200 2445	07/22/21	Hagman	HAGMAN7-21-21	Commissioner Stipend 7/21/21	\$ 200.00	
1901048104	5200 2445	07/22/21	McCallon	MCCALL7-21-21	Commissioner Stipend 7/21/21	\$ 200.00	
1901048106	5200 2445	07/22/21	Rowe	ROWE7-21-21	Commissioner Stipend 7/21/21	\$ 200.00	
1901035842	5200 2895	07/06/21	Konica Minolta	38007916	Copy machine	\$ 365.38	
1901035842	5200 2895	07/06/21	Konica Minolta	38007916	Copy machine	\$ 76.06	
1901034929	5200 2905	07/02/21	City Comm	UNIT: 150	Office lease payment, quarterly	\$ 8,464.50	
1901034929	5200 2905	07/02/21	City Comm	UNIT: 150	Office common area maintenance, quarterly	\$ 6,593.40	
1901034931	5200 2905	07/02/21	City Comm	# TEN AM 17	Amortization payment # 17, quarterly	\$ 8,448.33	
TOTAL						\$ 75,283.24	
MONTH OF JULY 2021 INTERNAL TRANSFERS PROCESSED							
4101952978	5200 2305	07/27/21	County Purchasing	4101952978	Staples supplies	\$ 13.54	
4101939034	5200 2322	07/01/21	County IT	4101939034	JUN 2021 Enterprise Printing	\$ 3.57	
4101939034	5241 2410	07/16/21	County IT	4101944534	IT Infrastructure - Period 1	\$ 556.00	
4101944536	5241 2416	07/16/21	County IT	4101944536	CPU Usage - Period 1	\$ 3.00	
4101944553	5241 2417	07/16/21	County IT	4101944553	Enterprise Content Management - Period 1	\$ 154.00	
4101944538	5241 2418	07/16/21	County IT	4101944538	Storage Tier 1 - Period 1	\$ 151.00	

4101944538	5241	2418	07/16/21	County IT	4101944538	Storage Tier 3 - Period 1	\$	192.00
4200082084	5540	5012	07/27/21	County Purchasing	4101952978	Staples supplies	\$	112.82
4200082122	5200	2424	07/27/21	County Clerk to the Board	4200082122	Env. filing for LAFCO SC#467	\$	50.00
4200082125	5200	2424	07/27/21	County Clerk to the Board	4200082125	Env. filing for LAFCO SC#468	\$	50.00
4200082084	5540	5012	07/26/21	County Purchasing	4200082084	Credit for N95 Masks	\$	(43.20)
4200081467	5200	2310	07/06/21	County Mail	4200081467	Mail Services - DEL	\$	6.50
4200081469	5200	2310	07/06/21	County Mail	4200081469	Mail Services - HAN	\$	69.93
TOTAL							\$	1,319.16
MONTH OF JULY 2021 CASH RECEIPTS								
4101941990	various		07/12/21	City of Redlands		SC #467	\$	550.00
4101941990	various		07/12/21	City of Upland		SC #468	\$	550.00
4101941990	various		07/12/21	City of Redlands		SC #469	\$	3,460.00
4101941990	4070	9800	07/12/21	Yucaipa Valley Water District		LAFCO 3251, additional fee	\$	4,000.00
4101964017	various		07/29/21	City of Chino		SC #470	\$	3,480.00
TOTAL							\$	12,040.00
MONTH OF JULY 2021 INTERNAL TRANSFERRED RECEIVED								
100609502	4030	8500	7/27/2021	County Treasury		Interest, quarterly	\$	1,589.43
various	4060	8842	7/28/2021	County Auditor		Apportionment	\$	1,090,497.00
TOTAL							\$	1,092,086.43
								
COMPLETED BY: MICHAEL TUERPE								
Senior Analyst								
					APPROVED BY: SAMUEL MARTINEZ			
					Executive Officer			
			Date: 9/7/2021				9/7/2021	

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

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(909) 388-0480 • Fax (909) 388-0481
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DATE: SEPTEMBER 9, 2021 
FROM: SAMUEL MARTINEZ, Executive Officer
TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: Agenda Item #4: LAFCO SC#470 – City of Chino Irrevocable Agreement to Annex for Sewer Service (APN 1019-071-32)
(REMOVE FROM CONSIDERATION; TO BE RE-NOTICED AND CONSIDERED AT THE NOVEMBER 17, 2021 MEETING)

RECOMMENDATION:

Staff recommends that the Commission remove LAFCO SC #470 from Commission consideration and direct staff to re-notice LAFCO SC #470 for the November 17, 2021 hearing.


BACKGROUND:

Following the publication of the Notice of Hearing, LAFCO staff informed the City of Chino (City) of an issue related to water service to the parcel. After further review, the City notified LAFCO staff that it desires to pull the item and amend its application to include water service as part of its request for Commission review and authorization.

Because this item was noticed for the provision of sewer service only, this item will have to be re-noticed to include water and sewer service for the November 17, 2021 hearing.

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DATE: SEPTEMBER 8, 2021 
FROM: SAMUEL MARTINEZ, Executive Officer
TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: Agenda Item #5: Note Receipt of Proposal Initiated by Landowner
Petition Pursuant to Government Code Section 56857 -- LAFCO 3251 --
Reorganization to Include Annexation to the Yucaipa Valley Water
District and its Improvement District No. 1

State law requires that any proposal involving annexation to a special district that has not been initiated by resolution of the district shall be placed on the next available Commission agenda (Government Code Section 56857(a)). Mr. Brian Rupp, representative for I-10 Logistics Owner, LLC, has submitted a petition initiating a reorganization proposal which includes the annexation of approximately 246 acres to the Yucaipa Valley Water District (YVWD or District) along with the annexation to its Improvement District No. 1. The purpose of the annexation is to receive water and sewer service to two warehouse facilities being developed within the reorganization area. A map of the proposed reorganization is included as an attachment to this report.

The area of consideration is located within Riverside County. San Bernardino LAFCO will process the application as the "principal county" for the YVWD since San Bernardino County includes the greater portion of the assessed valuation of the District.

Government Code Section 56857(a) sets in motion a 60-day time period in which the district involved may submit a resolution of opposition to the annexation proposal. This 60-day period began August 19 through notification to YVWD that LAFCO received the application. As of the date of this staff report, no response has been received from the District.

No action is required of the Commission other than to note receipt of the proposal.

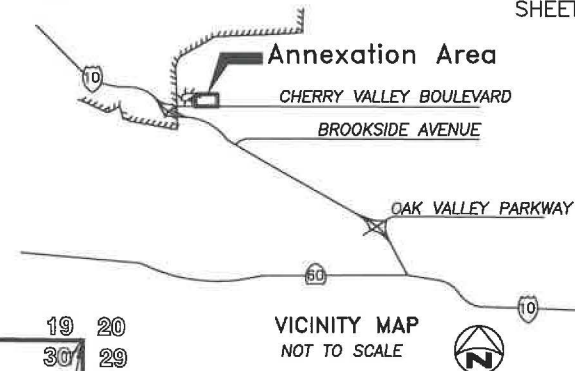
Attachments:

- 1 -- [Map of Reorganization Area](#)
- 2 -- [Application Submitted by Applicant](#)

GENERAL DESCRIPTION:
Portion N 1/2 Section 30, T2S, R1W

GENERAL DESCRIPTION:

Portion N 1/2 Section 30, T2S, R1W



VICINITY MAP
NOT TO SCALE

LEGEND

ANNEXATION BOUNDARY

— EXISTING YVWD BOUNDARY




SIGNATURE

DATE: 4/29/21

**ALBERT A.
WEBB
ASSOCIATES**

ENGINEERING CONSULTANTS
3788 McCRA Y STREET
RIVERSIDE CA. 92506
PH. (951) 888-1070
FAX (951) 788-1256

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: I10 Logistics Center Annexation into Yucaipa Valley Water District

2. NAME OF APPLICANT: I10 Logistics Center, LLC
 APPLICANT TYPE: ☒ Landowner ☐ Local Agency
☐ Registered Voter ☐ Other _____
 MAILING ADDRESS:
2 Park Plaza, Suite 700, Irvine, CA 92614

 PHONE: (949) 231-5068
 FAX: ()
 E-MAIL ADDRESS: brupp@shopoff.com

3. GENERAL LOCATION OF PROPOSAL: Quarter Mile east of I10 Fwy & Cherry Valley Blvd.
36312 & 36324 Cherry Valley Blvd., Beaumont, CA 92223

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. _____
We are building two logistics buildings totaling approximately 1.9 million square feet on the property and need water service for the buildings.
The property is within the sphere of influence of Yucaipa Valley Water District, therefore we are applying for annexation into their district.

LAND USE AND DEVELOPMENT POTENTIAL

1. Total land area of subject territory (defined in acres): 246 Acres
2. Current dwelling units within area classified by type (single-family residential, multi-family [duplex, four-plex, 10-unit], apartments) Zero
3. Approximate current population within area: YVWD serves approx. 51,000 people
4. Indicate the General Plan designation(s) of the affected city (if any) and uses permitted by this designation(s): Light Industrial

San Bernardino County General Plan designation(s) and uses permitted by this designation(s):

N/A - Property located in County of Riverside

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:

None

6. Indicate the existing use of the subject territory:

Fallow Land

What is the proposed land use?

Light Industrial - Logistics Center, 1.9 million square feet.

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

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

- | | |
|--|--|
| <input type="checkbox"/> Agricultural Land Uses | <input type="checkbox"/> Agricultural Preserve Designation |
| <input type="checkbox"/> Williamson Act Contract | <input type="checkbox"/> Area where Special Permits are Required |
| <input type="checkbox"/> Any other unusual features of the area or permits required: <u>No</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:

N/A

ENVIRONMENTAL INFORMATION

1. Provide general description of topography. Rolling terrain

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

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

3. Describe the surrounding land uses:

NORTH	<u>Low density residential</u>
EAST	<u>Low density residential</u>
SOUTH	<u>Vacant Land</u>
WEST	<u>Low density residential</u>

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

Installation of water facilities, sewer facilities, grading, flow channelization, building construction, landscaping.

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

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

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

NOTICES

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

NAME Brian Rupp TELEPHONE NO. (949) 231-5068

ADDRESS: 2 Park Place, Suite 700, Irvine, CA 92614

NAME David Graves TELEPHONE NO. (949) 769-6722

ADDRESS: 2 Park Place, Suite 700, Irvine, CA 92614

NAME _____ TELEPHONE NO. _____

ADDRESS: _____

CERTIFICATION

As a part of this application, the City/Town of _____, or the _____
District/Agency, 110 Logistics Owner, LLC (the applicant) and/or the 110 Logistics Owner, LLC (a 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 June 14, 2021



SIGNATURE

Brian Rupp

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

Administrative Member

Title and Affiliation (if applicable)

PLEASE CHECK SUPPLEMENTAL FORMS ATTACHED:

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

SUPPLEMENT ANNEXATION, DETACHMENT, REORGANIZATION PROPOSALS

INTRODUCTION: The questions on this form are designed to obtain data about the specific annexation, detachment and/or reorganization proposal to allow the San Bernardino LAFCO, its 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:

ANNEXED TO

DETACHED FROM

Yucaipa Valley Water District

YVWD Sphere of Influence

2. For a city annexation, State law requires pre-zoning of the territory proposed for annexation. Provide a response to the following:

a. Has pre-zoning been completed? YES ☐ NO ☐

b. If the response to "a" is NO, is the area in the process of pre-zoning? YES ☐ NO ☐

Identify below the pre-zoning classification, title, and densities permitted. If the pre-zoning process is underway, identify the timing for completion of the process.

Not Applicable

3. For a city annexation, would the proposal create a totally or substantially surrounded island of unincorporated territory?

YES ☐ NO ☐ If YES, please provide a written justification for the proposed boundary configuration.

Not Applicable

4. Will the territory proposed for change be subject to any new or additional special taxes, any new assessment districts, or fees?

No.

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

No.

6. If a Williamson Act Contract(s) exists within the area proposed for annexation to a City, please provide a copy of the original contract, the notice of non-renewal (if appropriate) and any protest to the contract filed with the County by the City. Please provide an outline of the City's anticipated actions with regard to this contract.

Not Applicable

7. Provide a description of how the proposed change will assist the annexing agency in achieving its fair share of regional housing needs as determined by SCAG.

Water Service Annexation, no regional housing requirements.

8. **PLAN FOR SERVICES:**

For each item identified for a change in service provider, a narrative "Plan for Service" (required by Government Code Section 56653) must be submitted. This plan shall, at a minimum, respond to each of the following questions and be signed and certified by an official of the annexing agency or agencies.

- A. A description of the level and range of each service to be provided to the affected territory.
- B. An indication of when the service can be feasibly extended to the affected territory.
- C. An identification of any improvement or upgrading of structures, roads, water or sewer facilities, other infrastructure, or other conditions the affected agency would impose upon the affected territory.
- D. The Plan shall include a Fiscal Impact Analysis which shows the estimated cost of extending the service and a description of how the service or required improvements will be financed. The Fiscal Impact Analysis shall provide, at a minimum, a five (5)-year projection of revenues and expenditures. A narrative discussion of the sufficiency of revenues for anticipated service extensions and operations is required.

- E. An indication of whether the annexing territory is, or will be, proposed for inclusion within an existing or proposed improvement zone/district, redevelopment area, assessment district, or community facilities district.
- F. 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)).

CERTIFICATION

As a part of this application, the City/Town of _____, or the _____ District/Agency, I10 Logistics Owner, LLC (the applicant) and/or the I10 Logistics Owner, LLC (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 annexation to the City/Town of _____ or the Yucaipa Valley Water District/Agency may result in the imposition of taxes, fees, and assessments existing within the (city or district) 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 and the documents attached to this form 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 June 14, 2021



SIGNATURE

Brian Rupp

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

Administrative Member

Title and Affiliation (if applicable)

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FOR SAN BERNARDINO COUNTY**

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DATE: SEPTEMBER 9, 2021

FROM: MICHAEL TUERPE, Senior Analyst

TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: AGENDA ITEM 6: Update on Countywide Service Review for Park and Recreation

RECOMMENDATION:

Staff recommends that the Commission receive and file this report.

UPDATE:

At the July LAFCO meeting, staff updated the Commission on two items related to the *Countywide Service Review for Park and Recreation*. Attached to this staff report is the July update.

1. Delayed Release of Census Data

The Census will not release the decennial data until late September/early October.

September Update: Staff anticipates presentation in January 2022, unless the Census pushes the release.

2. Big River Community Services District


Staff notified the Commission regarding the sustainability of the Big River CSD. The Commission and staff discussed if the CSD should be extracted from the countywide service review. The Commission left that decision at the discretion of the Executive Officer.

September Update: The Executive Officer decided not to extract the CSD from the countywide service review. Staff will contact the Colorado River Indian Tribes (CRIT) regarding the master lease of the park being on Indian land expiring in 2029. Staff continues to apprise the First Supervisorial District and County Administrative Office.

[Attachment](#)

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DATE: JULY 14, 2021 
FROM: MICHAEL TUERPE, Senior Analyst
TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: AGENDA ITEM 16: Update on Countywide Service Review for Park and Recreation

RECOMMENDATION:

Staff recommends that the Commission receive and file this report.

UPDATE:

1. Delayed Release of Census Data

Pursuant to the service review schedule that the Commission approved in September 2020, the *Countywide Service Review for Park and Recreation* was originally scheduled for presentation to the Commission in November 2021. However, the Census will not release the decennial data until late September/early October. Therefore, a November hearing is not possible if the report is to include current population and income data with staff's mapping and analysis. We now anticipate presentation in January 2022.


2. Big River Community Services District

During the data gathering phase of the service review, issues were illuminated which leads LAFCO staff to question the sustainability of the Big River CSD. The general issues have been known to LAFCO staff and County staff for some time: the master lease of the park being on Indian land expiring in 2029 and declining revenues due to fewer receipts of the assessment. However, the speed in the decline of revenue receipts has lessened the available funds available for routine operations and maintenance. For example, the general manager is paid for only eight hours per week and maintenance staff have been terminated. The District plans to take over collecting the assessment from the County, with hopes of a better collection rate (the 2020-21 delinquency rate was 24% according to the District).

LAFCO staff has interviewed the general manager, will virtually attend the District's July 17 meeting, and has met with staff from the First Supervisorial District. The purpose of this update is to apprise the Commission of the situation. We will present details as a part of the overall service review in January 2022, unless the Commission directs staff to isolate the district now and present a focused service review in November 2021.

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DATE: SEPTEMBER 9, 2021 
FROM: SAMUEL MARTINEZ, Executive Officer
HANNAH LARSEN, Analyst
TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: Agenda Item #8: LAFCO 3250 – Annexation to the Bighorn-Desert View Water Agency and its Improvement Zones 1 and A (APN 0631-051-28)

INITIATED BY:

Resolution of the Board of Directors of the Bighorn-Desert View Water Agency

RECOMMENDATION:

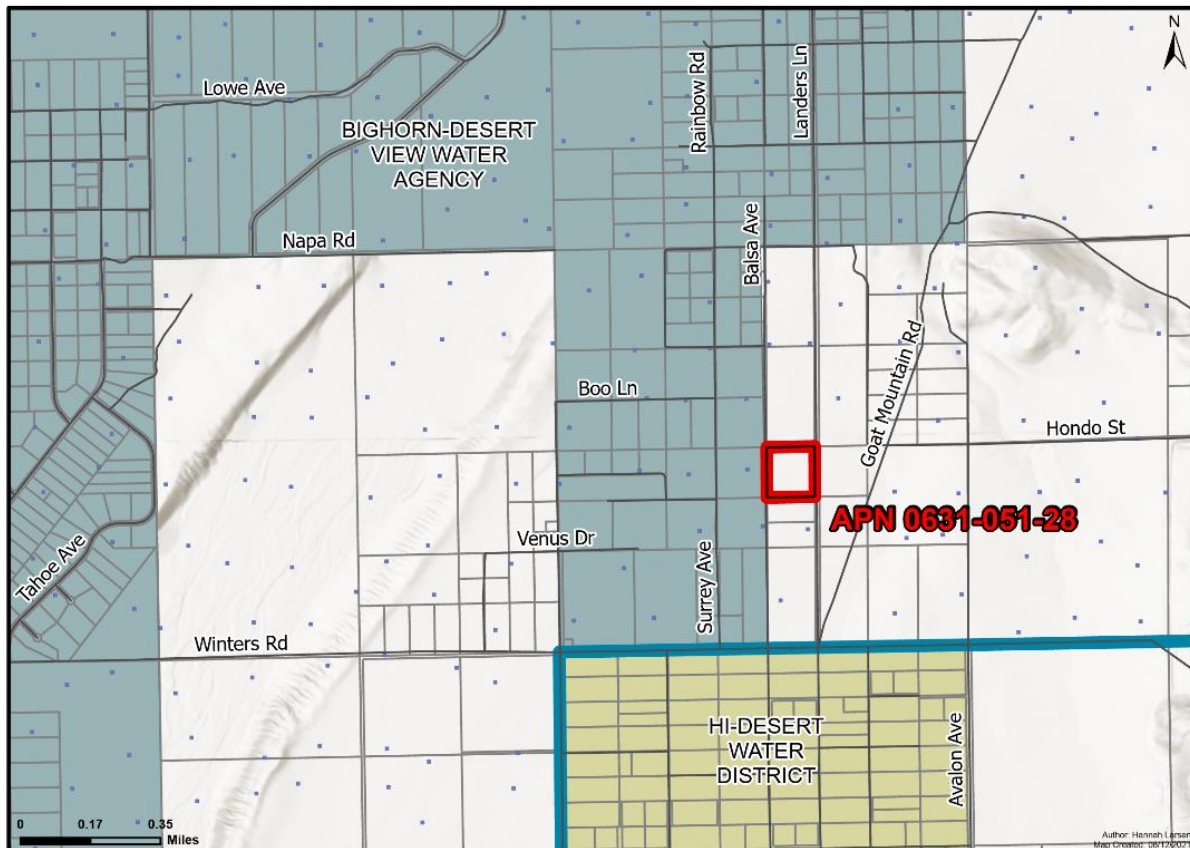
The staff recommends that the Commission approve LAFCO 3250 by taking the following actions:

1. For environmental review, certify that LAFCO 3250 is exempt from the provisions of the California Environmental Quality Act and direct the Executive Officer to file the Notice of Exemption within five (5) days;
2. Approve LAFCO 3250, with the condition for the “hold harmless” clause for potential litigation costs, continuation of fees, charges, assessments, etc.;
3. Waive protest proceedings, as permitted by Government Code Section 56662(d), with 100% landowner consent to the annexation; and,
4. Adopt LAFCO Resolution #3336, setting forth the Commission’s determinations and conditions of approval concerning LAFCO 3250.

BACKGROUND:

In May 2021, the Bighorn-Desert View Water Agency (hereinafter the “Agency”) initiated an annexation application—with 100% landowner consent—to annex approximately 10 acres into the Agency. The annexation area includes Assessor Parcel Number (APN)

0631-051-28, which is adjacent to the Agency's boundary generally located within the Agency's southern sphere of influence. Location and vicinity maps are included as Attachment #1 to this report. The map below provides a general location of the proposed annexation area.



The primary reason for the annexation request is to provide water service to the existing single-family residence on the parcel. The parcel is currently not within the Agency's boundary; therefore, annexation to the Agency is required in order to receive water service.

This report will provide the Commission with the information related to the four major areas of consideration required for a jurisdictional change – boundaries, land uses, service issues and the effects on other local governments, and environmental considerations.

BOUNDARIES:

As outlined above, the annexation area includes a single parcel, APN 0631-051-28, comprising approximately 10 acres, which is generally located west of Landers Lane

between Winters Road and the natural extension of Napa Road. The annexation area is bounded by parcel lines on the north, Landers Lane on the east, parcel lines on the south, and parcel lines and the natural extension of Balsa Avenue (existing Agency boundary) on the west.

LAFCO 3250 has no boundary concern since annexation into the Agency is required in order for the receipt of water service. In addition, LAFCO 3250 is contiguous to the Agency's boundary and it does not affect the boundaries of any other agency.

LAND USE:

The parcel currently has an existing single-family residential building on it. The County's current General Plan land use designation for the parcel is HV/RL (Homestead Valley [community]/Rural Living, one unit per 2.5 acres), which allows for rural residential development set in expansive areas of open space. An aerial display of the general vicinity is shown below:



No change in land use is anticipated as a result of the annexation. In addition, approval of this proposal will have no direct impact on the current land use designation assigned for the parcel. Therefore, there are no land use concerns for this proposal.

SERVICE ISSUES AND EFFECTS ON OTHER LOCAL GOVERNMENTS:

In every consideration for jurisdictional change, the Commission is required to look at the existing and proposed service providers within an area. The County service providers within the annexation area are County Service Area 70 Zone R-15 (road service), Zone TV-05 (TV transmission), and County Service Area 70 (multi-function entity, unincorporated countywide). In addition, the following entities overlay the annexation area: Mojave Desert Resource Conservation District, Mojave Water Agency and its Improvement Zones 01 and M (State Water Contractor), Hi-Desert Memorial Healthcare District, and San Bernardino County Fire Protection District and its South Desert Service Zone.

The application includes a plan for the extension of water service to the parcel as required by law and Commission policy (included as part of Attachment #2 to this report). The Plan for Service indicates that the Agency will provide water service to the parcel using a 1-inch lateral (service line) extension from the Agency's existing water main in Rainbow Drive.

The Agency has identified the estimated costs associated with the extension of water service to the parcel:

Water Capacity Fee (1-inch meter)	\$14,154
Service line and meter installation	\$1,475
Account set-up fee	\$35
Account deposit	\$100
Total fees	\$15,764

In addition, the property owner will be responsible for construction of the necessary extension from the water main.

As required by Commission policy and State law, the Plan for Service shows that the extension of its services will maintain, and/or exceed, current service levels provided to the parcel.

ENVIRONMENTAL CONSIDERATIONS:

As the CEQA lead agency, the Commission's Environmental Consultant, Tom Dodson from Tom Dodson and Associates, has indicated that the review of LAFCO 3250 is exempt from the California Environmental Quality Act (CEQA). This recommendation is based on the fact that the annexation will not result in any physical impacts on the environment. Therefore, the proposal is exempt from the requirements of CEQA, as outlined in the State CEQA Guidelines, Section 15061 (b)(3). Staff recommends that the Commission adopt the Common Sense Exemption for this proposal. A copy of Mr. Dodson's analysis is included as Attachment #4 to this report.

WAIVER OF PROTEST PROCEEDINGS:

The annexation area is legally uninhabited and LAFCO staff verified that the study area possesses 100% landowner consent to the annexation (see Attachment #3). Therefore, if the Commission approves LAFCO 3250 and none of the affected agencies has submitted written opposition to a waiver of protest proceedings, staff is recommending pursuant to Government Code Section 56662(d) that the Commission waive the protest proceedings and direct the Executive Officer to complete the action following completion of the mandatory reconsideration period of 30-days.

CONCLUSION:

LAFCO 3250 was submitted to provide water service to the existing residence on APN 0631-051-28. The parcel is currently not within the Agency's boundary; therefore, annexation to the Agency is required in order for the receipt of water service. For these reasons, and those outlined throughout the staff report, the staff supports the approval of LAFCO 3250.

DETERMINATIONS:

The following determinations are required to be provided by Commission policy and Government Code Section 56668 for any change of organization/annexation proposal:

1. The annexation area is legally uninhabited containing zero registered voter as determined by the Registrar of Voters as of July 13, 2021.
2. The County Assessor's Office has determined that the total assessed valuation of land within the annexation area is \$76,539 (land--\$35,325; improvements--\$41,214) as of July 7, 2021.
3. The annexation area is within the sphere of influence assigned the Bighorn-Desert View Water Agency.
4. Legal notice of the Commission's consideration of the proposal has been provided through publication in the *Hi Desert Star*, a newspaper of general circulation within the area. As required by State law, individual notification was provided to affected and interested agencies, County departments, and those individuals and agencies having requested such notice.
5. LAFCO staff has provided individual notice to landowners and registered voters surrounding the reorganization area (totaling 63 notices) in accordance with State law and adopted Commission policies. Comments from landowners and any

affected local agency in support or opposition will be reviewed and considered by the Commission in making its determination.

6. The County's land use designation for the annexation area is HV/RL (Homestead Valley/Rural Living). No change in land use is anticipated as a result of the annexation.
7. The Southern California Associated Governments (SCAG) adopted its 2020-2045 Regional Transportation Plan and Sustainable Communities Strategy (RTP-SCS) pursuant to Government Code Section 65080. LAFCO 3250 has no direct impact on SCAG's Regional Transportation Plan.
8. The Commission's Environmental Consultant, Tom Dodson and Associates, has recommended that this proposal is exempt from environmental review based on the finding that the Commission's approval of the annexation has no potential to cause any adverse effect on the environment; and therefore, the proposal is exempt from the requirements of CEQA, as outlined in the State CEQA Guidelines, Section 15061 (b)(3). Mr. Dodson recommends that the Commission adopt the Exemption and direct its Executive Officer to file a Notice of Exemption within five (5) days. A copy of Mr. Dodson's response letter is included as Attachment #4 to this report.
9. The annexation area is served by the following local agencies:
 - County of San Bernardino
 - Hi-Desert Memorial Healthcare District
 - Mojave Desert Resource Conservation District
 - Mojave Water Agency and its Improvement Zones 01 and M
 - San Bernardino County Fire Protection District, its South Desert Service Zone
 - County Service Area 70 (unincorporated County-wide multi-function agency) and its Zones R-15 and TV-05

None of these agencies are affected by this proposal as they are regional in nature.

10. A plan was prepared for the extension of water service to the annexation area, as required by law. The Plan for Service indicates that the Agency can provide water service to APN 0631-051-28 and can maintain and/or improve the level of service currently available. A copy of this plan is included as a part of Attachment #2 to this report.

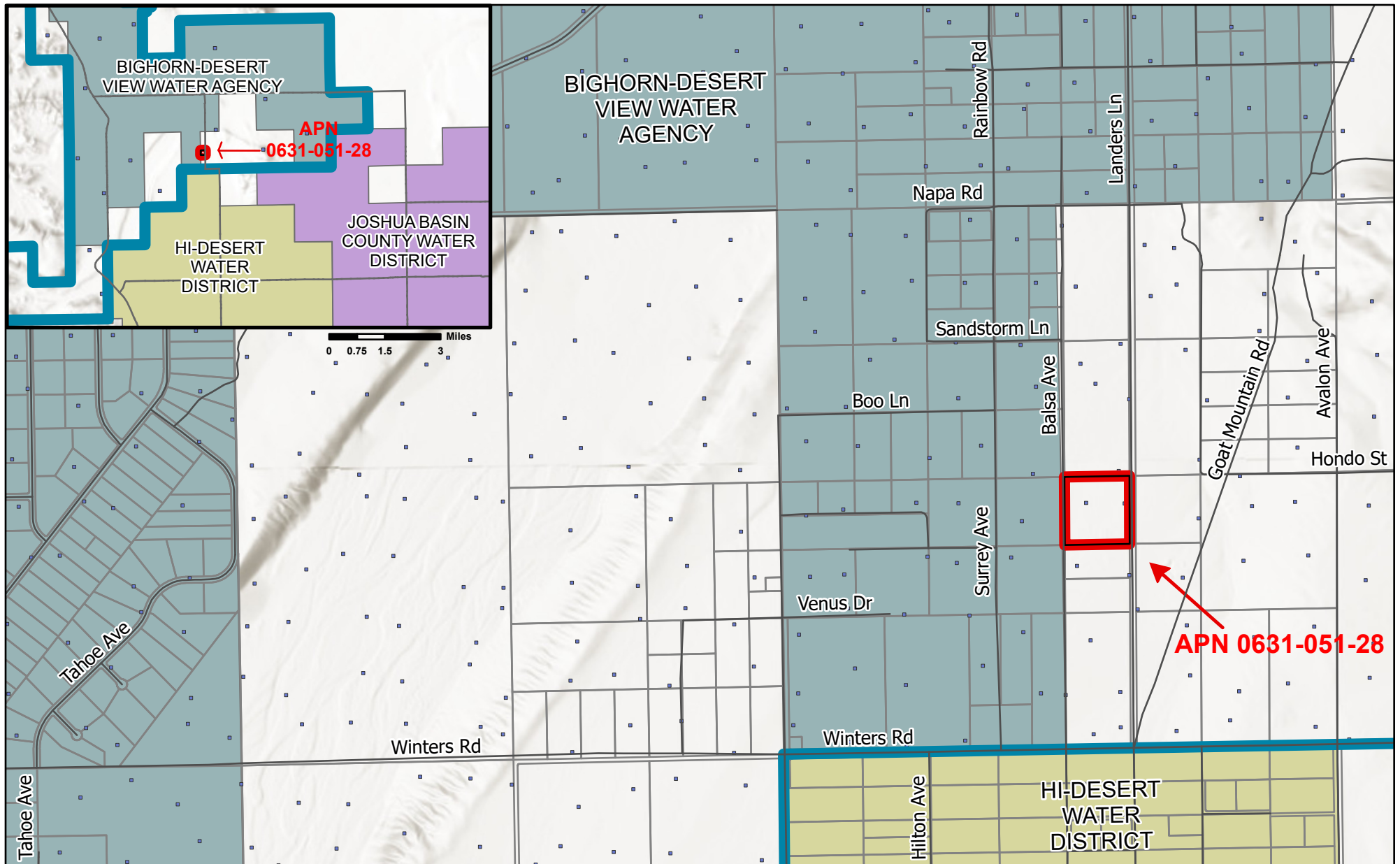
The Plan for Service has been reviewed and compared with the standards established by the Commission and the factors contained within Government

Code Section 56668. The Commission finds that the Plan for Service conforms to those adopted standards and requirements.

11. The annexation can benefit from the availability and extension of water service from the Agency as evidenced by the Plan for Service.
12. With respect to environmental justice, the annexation—which is to provide water service to the parcel —will not result in the unfair treatment of any person based on race, culture or income.
13. The County of San Bernardino adopted a resolution determining there will be no transfer of property tax revenues. This resolution fulfills the requirement of Section 99 of the Revenue and Taxation Code.
14. The map and legal description, as revised, are in substantial compliance with LAFCO and State standards.

Attachments:

1. [Vicinity Maps for the Annexation Proposal](#)
2. [Bighorn-Desert View Water Agency Application and Plan for Service](#)
3. [Landowner Consent Form](#)
4. [Tom Dodson's Environmental Response for LAFCO 3250](#)
5. [Draft Resolution No. 3336](#)



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

0 1.25 2.5 5 Miles



- APN 0631-051-28
- Bighorn-Desert View Water Agency
- Hi-Desert Water District
- Joshua Basin Water District
- Bighorn-Desert View Water Agency Sphere

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: Annexation APN 631-051-28 (Tsaconas, H. Owner)
2. NAME OF APPLICANT: Bighorn-Desert View Water Agency / H. Tsaconas
APPLICANT TYPE: ☒ Landowner ☒ Local Agency
 ☐ Registered Voter ☐ Other _____
MAILING ADDRESS:
622 Jemez Trail, Yucca Valley, CA 92284
PHONE: (760) 364-2315 ____
FAX: (760) 364-3412 ____
E-MAIL ADDRESS: mwest@bdvwa.org
3. GENERAL LOCATION OF PROPOSAL: Ms. Tsaconas owns the 10.0 acres at 550 Landers Lane, Landers, CA. APN 631-051-28.
4. Does the application possess 100% written consent of each landowner in the subject territory? YES
X NO ☐ If YES, provide written authorization for change.
5. Indicate the reason(s) that the proposed action has been requested. Applicant is currently in a permitted residential structure served by hauled water. Applicant desires to connect to the BDVWA water system which is contiguous with the western property boundary.

LAND USE AND DEVELOPMENT POTENTIAL

1. Total land area of subject territory (defined in acres): 10.0 ACRES
2. Current dwelling units within area classified by type (single-family residential, multi-family [duplex, four-plex, 10-unit], apartments) Presume Single-Family Residential
3. Approximate current population within area: currently 1 part-time resident
4. Indicate the General Plan designation(s) of the affected city (if any) and uses permitted by this designation(s):
N/A – not annexing to a city

San Bernardino County General Plan designation(s) and uses permitted by this designation(s):

HV/RL

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:

None

6. Indicate the existing use of the subject territory. 1 single-family residential dwelling.

What is the proposed land use? No change, owner currently resides part-time

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

The Agency is not operating at or near capacity. Therefore, this project would have not impact the Agency's ability to supply water to any development on this property.

There is no sanitary sewer planned for the BDVWA service area.

The Agency cannot determine whether or not the project would have a negative impact on police, fire or schools.

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: _____ | |

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:*

This parcel, as well as those around it, are located within the Sphere of Influence of the Bighorn-Desert View Water Agency as determined by San Bernardino Local Agency Formation Commission. Therefore, given that the sole owner of the parcel desires to annex in order to get access to pressurized water service and to cease "hailed water" service, the annexation process positively PROMOTES environmental justice by providing a pathway to potable water service while meeting all the goals and objectives of SB LAFCO.

This is the primary driver of the request to annex the parcel into the boundaries of Bighorn-Desert View Water Agency.

ENVIRONMENTAL INFORMATION

1. Provide general description of topography. ____ Parcel is generally flat.

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

Residential	____ 100 ____ %	Agricultural	____ %
Commercial	____ %	Vacant	____ %
Industrial	____ %	Other	____ %

3. Describe the surrounding land uses:

NORTH ____ vacant land zoned for residential ____

EAST ____ vacant land zoned for residential ____

SOUTH ____ one existing dwelling immediately south and then vacant land zoned for residential ____

WEST ____ vacant land zoned for 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.).

____ Water meter would be located on Rainbow Drive to the West of the Parcel and customer would have to install a private water line from Rainbow to applicants parcel (approx.. 700 ft). This would involve a single narrow trench be excavated to accommodate an approximate 1-inch diameter service line. No other site alterations have been proposed.

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

There is no mainline extension required and annexation does not induce any growth as a result of this single action.

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

7. Is this proposal a part of a larger project or series of projects? YES ☐ NOX 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 Bighorn-Desert View Water Agency_____ TELEPHONE NO. __760-364-2315__

ADDRESS:

_____622 Jemez Trail, Yucca Valley, CA 92284_____

NAME _Ms. Hella Tsaconas_____ TELEPHONE NO. _____

ADDRESS:

NAME _____ TELEPHONE NO. _____

ADDRESS:

CERTIFICATION

As a part of this application, the **Bighorn-Desert View Water Agency** (the applicant) and/or Ms. Hella Tsaconas (real party in interest - landowner 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

(FOR LAFCO USE ONLY)

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 MAR 9, 2021

Hella Tsaconas MARINA BUES + (BORWA)
SIGNATURE
Printed Name of Applicant or Real Property in Interest
(Landowner/Registered Voter of the Application Subject Property)

Landowner Applicant / Applicant
Title and Affiliation (if applicable)

PLEASE CHECK SUPPLEMENTAL FORMS ATTACHED:

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

SUPPLEMENT ANNEXATION, DETACHMENT, REORGANIZATION PROPOSALS

INTRODUCTION: The questions on this form are designed to obtain data about the specific annexation, detachment and/or reorganization proposal to allow the San Bernardino LAFCO, its 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:

ANNEXED TO
Bighorn-Desert View Water Agency

DETACHED FROM
N/A

2. For a city annexation, State law requires pre-zoning of the territory proposed for annexation. Provide a response to the following: **N/A**

a. Has pre-zoning been completed? YES ☐ NO ☐

b. If the response to "a" is NO, is the area in the process of pre-zoning? YES ☐ NO ☐

Identify below the pre-zoning classification, title, and densities permitted. If the pre-zoning process is underway, identify the timing for completion of the process.

N/A

3. For a city annexation, would the proposal create a totally or substantially surrounded island of unincorporated territory?

YES ☐ NO ☐ If YES, please provide a written justification for the proposed boundary configuration.

N/A

4. Will the territory proposed for change be subject to any new or additional special taxes, any new assessment districts, or fees?

Not to Agency's knowledge.

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

Not to Agency's knowledge.

6. If a Williamson Act Contract(s) exists within the area proposed for annexation to a City, please provide a copy of the original contract, the notice of non-renewal (if appropriate) and any protest to the contract filed with the County by the City. Please provide an outline of the City's anticipated actions with regard to this contract.

N/A

7. Provide a description of how the proposed change will assist the annexing agency in achieving its fair share of regional housing needs as determined by SCAG.

N/A

8. **PLAN FOR SERVICES:**

For each item identified for a change in service provider, a narrative "Plan for Service" (required by Government Code Section 56653) must be submitted. This plan shall, at a minimum, respond to each of the following questions and be signed and certified by an official of the annexing agency or agencies.

- A. A description of the level and range of each service to be provided to the affected territory.
- B. An indication of when the service can be feasibly extended to the affected territory.
- C. An identification of any improvement or upgrading of structures, roads, water or sewer facilities, other infrastructure, or other conditions the affected agency would impose upon the affected territory.
- D. The Plan shall include a Fiscal Impact Analysis which shows the estimated cost of extending the service and a description of how the service or required improvements will be financed. The Fiscal Impact Analysis shall provide, at a minimum, a five (5)-year projection of revenues and expenditures. A narrative discussion of the sufficiency of revenues for anticipated service extensions and operations is required.
- E. An indication of whether the annexing territory is, or will be, proposed for inclusion within an existing or proposed improvement zone/district, redevelopment area, assessment district, or community facilities district.
- F. 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)).

CERTIFICATION

As a part of this application, the Bighorn-Desert View Water Agency, and/or the (the applicant) and/or **Hella Tsaconas** (real party in interest - landowner) 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 annexation to the **Bighorn-Desert View Water Agency** may result in the imposition of taxes, fees, and assessments existing within the (city or district) on the effective date of the change of organization. I hereby waive any rights I may have under Articles XIIC 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 and the documents attached to this form 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

MAR 9, 2021

SIGNATURE

Hella Tsaconas ; Marina D. West

Hella Tsaconas ✱ MARINA D. WEST (BOWWA)
Printed Name of Applicant or Real Property in Interest
(Landowner/Registered Voter of the Application Subject Property)

Land Owner/Applicant

Title and Affiliation (if applicable)



San Bernardino Local Agency Formation Commission

PLAN OF SERVICE REPORT - ANNEXATION OF PARCEL NO. 0631-051-28

May 2021

Prepared by Applicant: Bighorn-Desert View Water Agency

Marina D. West, PG

Bighorn-Desert View Water Agency

622 Jemez Trail, Yucca Valley, CA 92284

I certify that the information
contained in this Plan of Service
Report is accurate to the best of my
knowledge.

A handwritten signature in blue ink, appearing to read "Marina West", is written over a horizontal line.

SUMMARY:

This *Plan for Service* was prepared in accordance with Government Code Section 56653 and is included as an attachment to the application for annexation of Assessor Parcel No. 0631-051-28 (10-acres located 550 Landers Lane, Landers, CA). The Annexation to the Bighorn-Desert View Water Agency and its Improvement Zones "1" and "A".

The annexation was requested by the property owner, H. Tsacomas. Bighorn-Desert View Water Agency will serve as the applicant on behalf of the landowner.

Ms. Tsacomas became the sole owner of this parcel in 2017. It was her late husband that purchased this 10-acre parcel with the single-family residence in 2009. It was a permitted residential dwelling utilizing bulk hauled water. Ms. Tsacomas has only used the property part-time but now is planning to move to Landers full time and began inquiring about service with Bighorn-Desert View Water Agency. She was informed that the parcel is within the Agency's Sphere of Influence and that annexation would be required to obtain access to water service. The landowner has decided it is in their best interest to proceed with the annexation so that water service to the parcel can be secured.

The annexation is for one single parcel for one water meter which is the basis for this *Plan for Service* in meeting the minimum requirements for such under the LAFCO guidelines.

A. Level and Range of Service to be Provided: The property owner is seeking access to water service from Bighorn-Desert View Water Agency. To our knowledge, there would be no other entity that would be providing a "service" for which LAFCO would be required to approve (ie. sewer service).

To that end, the level of service would be provision of water through a 1-inch water meter and service line installed west of the property on Rainbow Drive. The property owner would need to extend a private side service line from the meter onto the property. In other words, the meter will be "remote" to the property as are many such installations within the Agency boundaries.

B. Discuss When Service can be Feasibly Extended to the Parcel: No mainline extension or other infrastructure is needed to service this parcel. The parcel lies within 700 feet of an existing transmission mainline which is within the distance allowed by the Agency Rules and Regulations for Water Service. The only additional work needed is to install the service line and meter. Once the annexation proceedings are completed to bring the parcel into the service territory of the Agency, the water meter and service line can be installed within two weeks of that request.

C. Identify any Improvements or Upgrades the Agency would Impose on the Territory: None, no additional infrastructure is required to serve this parcel.

D. Fiscal Impact Analysis: The Agency has sufficient capacity to service this additional parcel. The fiscal impact of adding one additional service connection would not be significant and is

within the projected annual growth for the Agency. The Agency has completed a Water Rate Study which advised the Prop. 218 rate setting process. The fees adopted by the Board on April 13, 2021 outlined in the report will adequately fund the Agency's operations going forward. Furthermore, this rate study contemplates water consumption tiers to both encourage conservation but to also fund replacement water for any user that consumes more than the baseline established in the first consumption Tier. The Water Rate Study includes a 20-year financial model which is used here as the fiscal impact analysis. The Water Capacity Fee Study informs the water meter buy-in charge.

The 2021 Water Rate Study and 2021 Water Capacity Fee Study reports and associated appendixes were received and filed by the Board of Directors on February 9, 2021 and are submitted as an Appendix to this report.

E. Annexing Parcel to Existing Improvement District: The project falls within the existing physical infrastructure of the Bighorn-Desert View water system thus assimilating into what is known as Improvement District 1 and Improvement Zone A.

F. Water Availability to Parcel: Upon finalization of approvals by LAFCO to annex the territory (a single 10-acre parcel) and payment of fees applicable to initiating water service, the Agency can install the needed improvements within approximately two weeks.

LAFCO _____
ANNEXATION TO THE BIGHORN-
DESERT VIEW WATER AGENCY

BEING THE NORTH HALF OF THE WEST HALF OF THE NORTHWEST QUARTER OF THE SOUTHEAST QUARTER OF SECTION 19, TOWNSHIP 2 NORTH, RANGE 6 EAST, SAN BERNARDINO MERIDIAN, IN THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ACCORDING TO THE OFFICAL PLAT THEREOF, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT THE NORTHWEST CORNER OF THE SOUTHEAST QUARTER OF SAID SECTION 19;

COURSE 1. THENCE ALONG SAID NORTH HALF, NORTH 89° 50' 19" EAST A DISTANCE OF 663.61 FEET TO THE NORTHEAST CORNER OF SAID NORTH HALF;

COURSE 2. THENCE ALONG THE EASTERLY LINE OF SAID NORTH HALF, SOUTH 00° 36' 51" WEST A DISTANCE OF 662.64 FEET TO THE SOUTHEAST CORNER OF SAID NORTH HALF;

COURSE 3. THENCE ALONG THE SOUTHERLY LINE OF SAID NORTH HALF, SOUTH 89° 50' 44" WEST A DISTANCE OF 662.71 FEET TO THE SOUTHWEST CORNER OF SAID NORTH HALF;

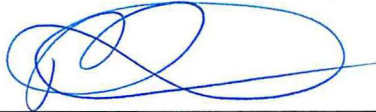
COURSE 4. THENCE ALONG THE WESTERLY LINE OF SAID NORTH HALF, NORTH 00° 32' 10" EAST A DISTANCE OF 662.55 FEET TO POINT OF BEGINNING.

SAID ABOVE DESCRIBED AREA CONTAINS 10.09 ACRES, MORE OR LESS.

SUBJECT TO ALL COVENANTS, RIGHTS, RIGHTS-OF-WAY, AND EASEMENTS OF RECORD.

AS DEPICTED IN EXHIBIT "B", ATTACHED HERETO AND BY THIS REFERENCE MADE A PART HEREOF.

THIS DOCUMENT WAS PREPARED BY
ME OR UNDER MY DIRECTION,
BASED ON RECORD INFORMATION.



PHILLIP K. FOMOTOR, P.L.S.

DATE 4/7/2021

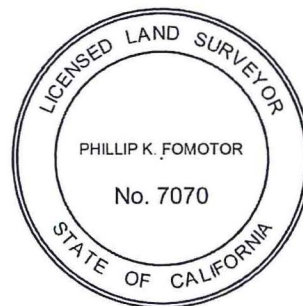


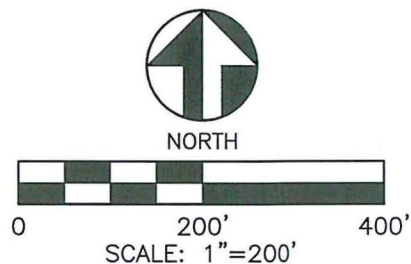
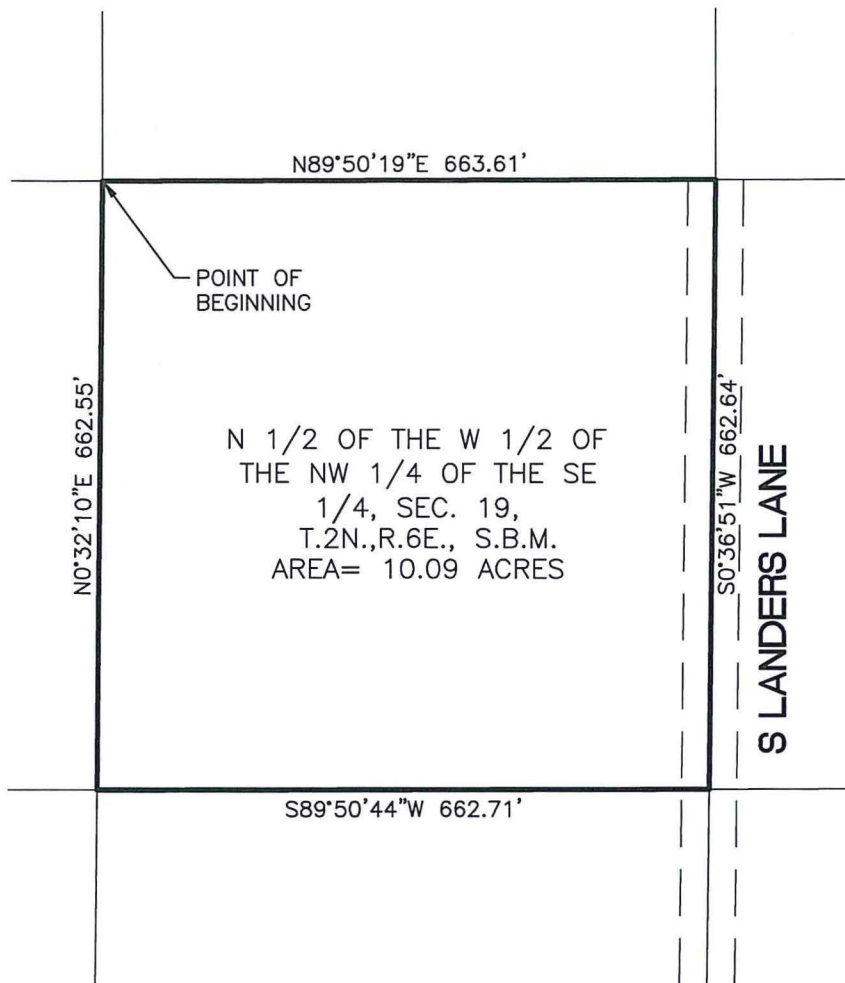
EXHIBIT "B"

SHEET 1 OF 1

N 1/2 OF THE W 1/2 OF THE NW
1/4 OF THE SE 1/4, SEC. 19
T.2N.,R.6E., S.B.M.

NOTE:

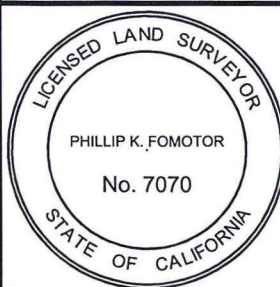
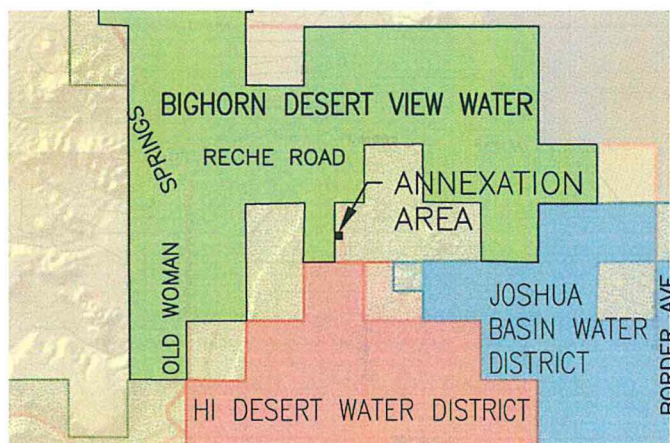
1. BEARING AND DISTANCES
SHOWN HEREON ARE CALC'D PER
RS 8/54 AND RS 99/46.



S LANDERS LANE

VICINITY MAP

(NO SCALE)



THIS DOCUMENT WAS PREPARED
BY ME OR UNDER MY DIRECTION,
BASED ON RECORD INFORMATION.

PHILLIP K. FOMOTOR, P.L.S.



BIGHORN DESERT VIEW WATER AGENCY

Final Report

Water Rate Study

February 2021

OFFICE LOCATIONS:

Temecula – Corporate Headquarters
32605 Temecula Parkway, Suite 100
Temecula, CA 92592

San Francisco – Regional Office
870 Market Street, Suite 1223
San Francisco, CA 94102

California Satellite Offices
Atascadero, Davis
Huntington Beach,
Joshua Tree, Riverside
Sacramento, San Jose

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Section 1. PURPOSE AND OVERVIEW OF THE STUDY

A. Purpose

Bighorn Desert View Water Agency (Agency, BDVWA) retained NBS to conduct a water rate study for a number of reasons, including meeting revenue requirements and updating the water rate structure. The rates resulting from this study were developed in a manner that is consistent with industry standard cost of service principles. In addition to documenting the rate study methodology, this report is provided with the intent of assisting the Agency to maintain transparent communications with its residents and businesses.

In developing new water rates, NBS worked cooperatively with Agency staff and the Agency's Board of Directors (Board) in selecting appropriate rate alternatives. Based on input from Agency staff and the Board, the proposed water rates are summarized in this report.

B. Overview of the Study

Comprehensive rate studies such as this one typically include the following three components, as outlined in **Figure 1**:

1. Preparation of a **Financial Plan**, which identifies the net revenue requirements for the utility.
2. **Cost of Service Analysis**, which determines the cost of providing water service to each customer class.
3. **Rate Design Analysis**, which evaluates different rate design alternatives.

Figure 1. Primary Components of a Rate Study



These steps are intended to follow industry standards and reflect the fundamental principles of cost-of-service rate making embodied in the American Water Works Association (AWWA) Principles of Water Rates, Fees, and Charges¹, also referred to as the M1 Manual. They also address requirements under Proposition 218 that rates not exceed the cost of providing the service, and that they be proportionate to the cost of providing service for all customers. In terms of the chronology of the study, these three steps represent the

¹ *Principles of Water Rates, Fees, and Charges, Manual of Water Supply Practices, M1, AWWA, seventh edition, 2017.*

order they were performed. Detailed tables and figures documenting the development of the proposed rates are provided in Appendix A.

FINANCIAL PLAN

As a part of this rate study, NBS projected revenues and expenditures on a cash flow basis for the next five years. The amount of rate revenue required that will allow capital projects to be funded and reserves to be maintained at the approved levels, is known as the *net revenue requirement*. Although current rate revenue covers all the net revenue requirements, rate adjustments -- or more accurately, adjustments in the total revenue collected from water rates -- are recommended in order to fund planned capital improvement projects and keep reserve funds at healthy levels. This report presents an overview of the methodologies, assumptions, and data used, along with the financial plans and proposed rates developed in this study².

RATE DESIGN ANALYSIS

Rate Design is typically the stage in the study where NBS, staff and the Board must work closely together, to develop rate alternatives that will meet the Agency's objectives. It is important for the Agency to send proper price signals to its customers about the actual cost of their water usage. This objective is typically addressed through both the magnitude of the rates, and the rate structure design. In other words, both the amount of revenue collected and the way in which the revenue is collected from customers are important to consider.

Several criteria are typically considered in setting rates and developing sound rate structures. The fundamentals of this process have been documented in several rate-setting manuals, such as the AWWA Manual M1. The foundation for evaluating rate structures is generally credited to James C. Bonbright in the *Principles of Public Utility Rates*³ which outlines pricing policies, theories, and economic concepts along with various rate designs. The following is a simplified list of the attributes of a sound structure:

- Rates should be easy to understand from the customer's perspective.
- Rates should be easy to administer from the utility's perspective.
- Rates should promote the efficient allocation of the resource.
- Rates should be equitable and non-discriminating (that is, cost based).
- There should be continuity in the ratemaking philosophy over time.
- Rates should address other utility policies (for example, encouraging conservation & economic development).
- Rates should provide month-to-month and year-to-year revenue stability.

The following are the basic rate design criteria that were considered in this study:

Rate Structure Basics –The vast majority of water rate structures contain a fixed or minimum charge in combination with a volumetric charge. The revenue requirements for each customer class are collected from both fixed monthly meter charges and variable commodity charges. Based on direction from the Board of Directors, the rates proposed in this report are designed to collect 60 percent of rate revenue from the fixed meter charges and 40 percent from the variable commodity charges.

² The complete financial plan is set forth in the Appendix.

³ James C. Bonbright; Albert L. Danielsen and David R. Kamerschen, *Principles of Public Utility Rates*, (Arlington, VA: Public Utilities Report, Inc., Second Edition, 1988), p. 383-384.

Fixed Charges – Fixed charges can be called base charges, minimum monthly charges, customer charges, fixed meter charges, etc. Fixed charges for water utilities typically increase by meter size based on meter equivalent capacity factors. BDVWA refers to this as the Basic Service Charge.

Volumetric (Consumption-Based) Charges – In contrast to fixed charges, variable costs such as purchased water, the cost of electricity used in pumping water, and the cost of chemicals for treatment tend to change with the quantity of water produced. For a water utility, variable charges are generally based on metered consumption and charged on a dollar-per-unit cost (for example, per 100 cubic feet, or hcf).

Uniform (Single-Tier) Water Rates – There are significant variations in the basic philosophy of variable charge rate structure alternatives. Under a uniform (single tier) rate structure, the cost per unit does not change with consumption, and provides a simple and straightforward approach from the perspective of customers regarding their understanding of the rates, and for the utility’s administration and billing of the rates.

Multi-Tiered Water Rates – In contrast to a uniform tier, an inclining block rate structure attempts to send a price signal to customers that their consumption costs are greater as more water is consumed. Tiered water rates are intended to represent the higher costs for customers that contribute more to peak summertime usage and place greater demands on the system. The types of higher costs reflected, for example, in the *highest* tier of the rate structure may include:

- Conservation program costs: intended to encourage customers to eliminate inefficient and wasteful water use, and otherwise reduce consumption during peak periods.
- Replacement Water costs: when consumption exceeds the amount of the Agency’s allocated water rights, the agency incurs additional costs for replacement water in order to meet that increased demand. That replacement water comes at a higher cost.
- Energy costs: during summer months, the Agency may pay more in electric charges to pump, treat and deliver water, and have a higher percentage of its energy bill in higher electricity “tiers”.
- Higher maintenance costs: peak periods tend to have higher numbers of service calls, capacity costs, and system maintenance issues when the water system is running at peak demand.

Section 2. WATER RATE STUDY

A. Key Water Rate Study Issues

The Agency's water rate analysis was undertaken with a few specific objectives, including, but not limited to:

- Avoiding operational deficits and further depletion of reserves.
- Generating additional revenue needed to meet projected funding requirements.
- Continuing to encourage water conservation with a tiered rate structure for residential and agriculture customers.

NBS developed various water rate alternatives as requested by Agency staff over the course of this study. All rate structure alternatives relied on industry standards and cost-of-service principles. The rate alternative that will be implemented, is ultimately the decision of the Board of Directors. The fixed and volume-based charges were calculated based on the net revenue requirements, number of customer accounts, water consumption, and other Agency-provided information.

B. Financial Plan

It is important for municipal utilities to maintain reasonable reserves in order to handle emergencies, fund working capital, maintain a good credit rating, and generally follow healthy financial management practices. Rate adjustments are governed by the need to meet operating and capital costs, maintain adequate debt coverage, and build reasonable reserve funds. The current financial condition of the Agency, with regard to these objectives, is as follows:

- **Meeting Net Revenue Requirements:** For FY 2020/21 through FY 2024/25, the projected net revenue requirement (that is, total annual expenses plus debt service and rate-funded capital costs, less non-rate revenues) for the Agency is approximately \$1.66 million, annually on average. If no rate adjustments are implemented, the Agency is projected to see a \$131,500 deficit by fiscal year 2024/25. With 4% increases to the net revenue requirement, the Agency will see an annual surplus that grows to \$182,000 in fiscal year 2024/25 that will be used to replenish reserve funds as capital investments are made in the water system.
- **Building and Maintaining Reserve Funds:** Reserve funds provide a basis for a utility to cope with fiscal emergencies such as revenue shortfalls, asset failure, and natural disasters, among other events. Reserve policies provide guidelines for sound financial management, with an overall long-range perspective to maintain financial solvency and mitigate financial risks associated with revenue instability, volatile capital costs, and emergencies. The Agency plans to accumulate approximately \$3,790,000 in reserves by the end of FY 2024/25. These reserve funds for the Utility are considered unrestricted reserves and consist of the following:
 - **The Operating Reserve** should equal approximately 180 days of operating expenses, which is about \$1,000,000 at the end of FY 2024/25. An Operating Reserve is intended to promote financial viability in the event of any short-term fluctuation in revenues and/or expenditures. Fluctuations in revenue can be caused by weather patterns, the natural inflow and outflow of cash during billing cycles, natural variability in demand-based revenue

streams (such as volumetric charges), and – particularly in periods of economic distress – changes or trends in age of receivables.

- **The Emergency Contingencies Reserve** should equal a minimum of \$200,000. This reserve shall be authorized by the Board should cash be needed immediately for needs such as water system repairs or unforeseen circumstances.
- **The Capital Replacement and Refurbishment Reserve** should equal at least 10 percent of net capital assets plus \$1,500,000 for capital emergencies, totaling approximately \$2,180,000 in FY 2024/25, which is set aside to address long-term capital system replacement and rehabilitation needs.
- **Funding Capital Improvement Projects:** The District must also be able to fund necessary capital improvements in order to maintain current service levels. Agency staff has identified roughly \$800,000 (current year dollars) in expected capital expenditures for FY 2020/21 through 2024/25. With the recommended rate adjustments, these expenditures can be funded.
- **Inflation and Growth Projections** – Assumptions regarding cost inflation were made in order to project future revenues and expenses for the study period. The following inflation factors were used in the analysis:
 - No Customer growth over the 5-year rate period is estimated in order to maintain a conservative approach.
 - Electricity cost inflation is 3.5% annually.
 - General cost inflation is 2% annually.
 - Salary cost inflation is 3.3% annually.
 - Benefits cost inflation is 6% annually.
 - Fuel cost inflation is 1% annually.
- **Impact of Annual Rate Adjustment Date:** In the current year, the Agency will only collect two months of the planned revenue increase for FY 2020/21 since rate increases will not be effective until May 1, 2021. However, in future years of the rate plan, the financial plan modeling assumes that rate adjustments occur starting on the January bill of each year. This means that only six months of the planned revenue to be collected from the rate adjustment listed for one fiscal year will be collected in that year. For example, there is a 4 percent adjustment in rate revenue planned for FY 2020/21; meaning, the rates are developed to recover \$1.68 million, which is a 4 percent adjustment over the expected \$1.62 million that would be collected without a rate adjustment. However, because of the timing for when the rates will go into effect, the Financial Plan results in \$1.63 million in rate revenue for FY 2020/21.

Rate adjustments of 4 percent annually in FY 2020/21 through FY 2024/25 will be needed in order to fully fund all operating expenses, planned capital projects, debt service obligations and keep reserves above the recommended targets through FY 2024/25⁴. **Figure 2** summarizes the sources and uses of funds, net revenue requirements, and the recommended annual percent adjustments in total rate revenue recommended for the next 5 years for the Agency.

⁴ Because of the mid-year adjustment to the rates, the full impact of each year's adjustment does not affect revenue until the following year.

Figure 2. Summary of Water Revenue Requirements

Summary of Sources and Uses of Funds and Net Revenue Requirements	Budget	Projected			
	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Sources of Water Funds					
Rate Revenue Under Prevailing Rates	\$ 1,618,617	\$ 1,618,617	\$ 1,618,617	\$ 1,618,617	\$ 1,618,617
<i>Additional Revenue from Rate Increases</i> ¹	10,791	98,412	167,093	238,521	312,807
Non-Rate Revenues	289,832	289,832	289,832	289,832	289,832
Interest Earnings	16,000	6,741	6,825	6,981	7,209
Total Sources of Funds	\$ 1,935,240	\$ 2,013,602	\$ 2,082,367	\$ 2,153,952	\$ 2,228,465
Uses of Water Funds					
Operating Expenses	\$ 1,850,115	\$ 1,868,584	\$ 1,926,253	\$ 1,986,073	\$ 2,046,138
Debt Service	25,000	25,000	25,000	-	-
Rate-Funded Capital Expenses	-	-	52,665	-	-
Total Use of Funds	\$ 1,875,115	\$ 1,893,584	\$ 2,003,918	\$ 1,986,073	\$ 2,046,138
Surplus (Deficiency) after Rate Increase	\$ 60,125	\$ 120,018	\$ 78,449	\$ 167,879	\$ 182,327
Projected Annual Rate Increase	4.00%	4.00%	4.00%	4.00%	4.00%
<i>Cumulative Rate Increases</i>	4.00%	8.16%	12.49%	16.99%	21.67%
Surplus (Deficiency) before Rate Increase	\$ 49,334	\$ 21,606	\$ (88,644)	\$ (70,643)	\$ (130,480)
Net Revenue Requirement ²	\$ 1,569,283	\$ 1,597,011	\$ 1,707,261	\$ 1,689,260	\$ 1,749,097

1. Revenue from rate increases assume an implementation date of May 1, 2021 and then January 1st, 2022 through 2025.

2. Total Use of Funds less non-rate revenues and interest earnings. This is the annual amount needed from water rates.

Figure 3 summarizes the projected reserve fund balances and reserve targets. A summary of the Agency's proposed 5-year financial plan is included in Tables 1 and 2 of Appendix A. The appendix tables include revenue requirements, reserve funds, revenue sources, proposed rate adjustments, and the Agency's capital improvement program. As can be seen in Figure 3, given proposed rate adjustments, reserves meet the minimum target all 5 years of the prop 218 rate period.

Figure 3. Summary of Reserve Funds

Beginning Reserve Fund Balances and Recommended Reserve Targets	Budget	Projected			
	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Operating Reserve Fund (Current Customer Deposits)					
Ending Balance	\$ 912,385	\$ 921,493	\$ 949,933	\$ 979,433	\$ 1,009,054
<i>Recommended Minimum Target</i>	912,385	921,493	949,933	979,433	1,009,054
Emergency Contingencies Reserve Fund					
Ending Balance	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
<i>Recommended Minimum Target</i>	200,000	200,000	200,000	200,000	200,000
Replacement & Refurbishment Reserve Fund					
Ending Balance	\$ 2,258,258	\$ 2,290,793	\$ 2,340,803	\$ 2,425,132	\$ 2,577,838
<i>Recommended Minimum Target</i>	2,033,750	2,086,438	2,118,390	2,151,935	2,181,602
Total Ending Balance	\$ 3,370,643	\$ 3,412,287	\$ 3,490,736	\$ 3,604,565	\$ 3,786,892
Total Recommended Minimum Target	\$ 3,146,135	\$ 3,207,931	\$ 3,268,323	\$ 3,331,368	\$ 3,390,656

C. Cost of Service Analysis

Once the net revenue requirements are determined, the cost-of-service analysis proportionately distributes the revenue requirements to each customer class. The cost-of-service analysis consists of two major

components: (1) the classification of expenses, and (2) the allocation of costs to customer classes. Costs were classified corresponding to the function they serve.

All costs in the Agency's budget are allocated to each component of the rate structure in proportion to the level of service required by customers. The levels of service are related to volumes of peak and non-peak demand, infrastructure capacity, and customer service. These are based on allocation factors, such as water consumption, peaking factors, and number of accounts by meter size. Ultimately, a cost-of-service analysis is intended to result in rates that are proportional to the cost of providing service to each customer.

CLASSIFICATION OF COSTS

Most costs are not typically allocated 100 percent to fixed or variable categories and, therefore, are allocated to multiple functions of water service. Costs were classified using the commodity-demand method which is found in the AWWA M1 Manual⁵. In accordance with this method, budgeted costs were "classified" into five categories: commodity, additional water supply, capacity, customer and fire protection. The classification process provides the basis for allocating costs to various customer classes based on the cost causation (classification) components described below:

- **Commodity related costs** are those that change as the volume of water produced and delivered changes. These commonly include the costs of chemicals used in the treatment process, energy related to pumping for transmission and distribution, and source of supply.
- **Additional water supply related costs** are associated with the additional water purchased by the Agency to serve its customers.
- **Capacity related costs** are associated with sizing facilities to meet the maximum, or peak demand. This includes both operating costs and capital infrastructure costs incurred to accommodate peak system capacity events.
- **Customer related costs** are associated with having a customer on the water system, such as meter reading, postage and billing.
- **Fire Protection related costs** are associated with providing sufficient capacity in the system for fire meters and other operations and maintenance costs of providing water to properties for private fire service protection.

The Agency's budgeted costs were reviewed and allocated to these cost causation components which are used as the basis for establishing new water rates and translate to fixed and variable charges. Tables 15 through 18 in Appendix A show how the Agency's expenses were classified and allocated to these cost causation components. Additionally, each cost causation component is considered fixed or variable, as summarized in **Figure 4**.

⁵ *Principles of Water Rates, Fees, and Charges, Manual of Water Supply Practices, M1, AWWA, seventh edition, 2017, p. 83.*

Figure 4. Cost Classification Summary



Ideally, utilities should recover all their fixed costs from fixed charges and all of their variable costs from volumetric charges. When this is the case, fluctuations in water sales revenues would be directly offset by reductions or increases in variable expenses. When rates are set in this manner, they provide greater revenue stability for the utility. However, other factors are often considered when designing water rates such as community values, water conservation goals, ease of understanding, and ease of administration.

Based on the Agency's projected costs, the Cost-of-Service Analysis (COSA) resulted in a distribution that is approximately 65 percent fixed and 35 percent variable. The Agency's current rate structure collects approximately 41 percent of revenue from fixed charges and 59 percent from variable charges. The Board of Directors has chosen to move forward with a rate structure that will collect approximately 60 percent of revenue from fixed charges and 40 percent from variable charges. However, a share of the Agency's capacity costs will need to be collected from the variable rates in order to reach this rate structure. Thus, capacity related costs (which are normally considered fixed) will be collected from both fixed and variable rates.

Figure 5 summarizes the allocation of the net revenue requirements to each cost causation component.

Figure 5. Allocation of Water Revenue Requirements

Functional Category	Proposed Rates	
	Adjusted Net Revenue Requirements (2020-21) 60% Fixed / 40% Variable	
Commodity - Related Costs	\$ 532,313	31.6%
Additional Supply Costs	\$ 48,271	2.9%
Capacity - Related Costs (volumetric share)	\$ 92,760	5.5%
Capacity - Related Costs (fixed share)	\$ 811,720	48.2%
Customer - Related Costs	\$ 198,076	11.8%
Fire Protection - Related Costs	\$ 221	0.0%
Total	\$1,683,362	100%

CUSTOMER CLASSES

Customer classes are determined by combining customers with similar demand characteristics and types of use into categories that reflect the cost differentials to serve each type of customer. This process is limited by the desire to not overcomplicate the Agency's rate structure.

For Bighorn Desert View Water Agency, six customer classes were analyzed: residential, agriculture, commercial, institutional, private fire and bulk water. The amount of consumption, the peaking factors and the number of meters by size are used in the cost-of-service analysis to allocate costs to customer classes and determine the appropriate rate structures for each. Definitions of each customer class are provided in Appendix B.

COSTS ALLOCATED TO CUSTOMER CLASSES

Costs are allocated to each customer class based on the customer characteristics of each class in order to reflect the cost differentials to serve each type of customer. **Figure 6** summarizes how the costs for each cost causation component from Figure 5 are allocated to each customer class.

Figure 6. Cost Allocation Methodology

Capacity Related Costs (fixed share)	•Allocated based on the hydraulic capacity of each meter size
Customer Related Costs	•Allocated based on the total number of meters
Fire Protection Related Costs	•Allocated based on the hydraulic capacity of fire meters
Commodity Related Costs	•Allocated based on water consumption by customer class
Additional Water Supply Costs	•Allocated based on additional water purchased
Capacity Related Costs (volumetric share)	•Allocated based on peak consumption by customer class

The costs allocated to each causation component are assigned to each customer class using the cost allocation methodology described in Figure 6. This process is shown in the following sections, in Figure 7 through Figure 11.

Capacity Related Costs

Capacity related costs are those costs associated with constructing and operating the water system to ensure there is enough capacity in the system to meet the demand of each meter connected. Larger meters have the potential to use more of the system's capacity, compared to smaller meters. The potential capacity demanded is proportional to the maximum safe meter capacity of each meter size as established by the AWWA⁶. The meter capacity factors used in this study are shown in the third and fifth columns of **Figure 7**.

⁶ *Principles of Water Rates, Fees, and Charges, Manual of Water Supply Practices, M1, AWWA, seventh edition, 2017, p. 338.*

A “hydraulic capacity factor” (columns two and four in Figure 10) is calculated by dividing the maximum capacity or flow of large meters by the capacity of the base meter size, which is typically the most common residential meter size (in this case a 1-inch meter). For example, Figure 10 shows the hydraulic capacity of a two-inch meter is 3.2 times that of a 1-inch meter and therefore, the capacity component of the fixed meter charge is 3.2 times that of the 1-inch meter.

The actual number of meters by size is multiplied by the corresponding capacity ratios to calculate the total number of equivalent meters. The number of equivalent meters is used as a representation for the potential demand that each customer can place on the water system. The capacity related allocation is summarized in **Figure 8**. Capacity related costs are allocated to each customer class based upon their percentage of peak bi-monthly use.

Figure 7. Hydraulic Capacity Factors

Meter Size	Standard Meters ¹		Fire Service Meters ²	
	Meter Capacity (gpm)	Equivalency to 1 inch	Meter Capacity (gpm)	Equivalency to 1 inch
	<i>Displacement Meters</i>		<i>Displacement Meters</i>	
3/4 inch	30	1.00	30	1.00
1 inch	50	1.00	50	1.00
1.5 inch	100	2.00	100	2.00
2 inch	160	3.20	160	3.20
	<i>Compound Class I Meters</i>		<i>Fire Service Type II</i>	
3 inch	320	6.40	350	7.00
4 inch	500	10.00	700	14.00
6 inch	1,000	20.00	1,600	32.00
8 inch	1,600	32.00	2,800	56.00

1. Meter flow rates are from AWWA M-1 Table B-1.

2. Fire Service meter flow rates are from AWWA M-6 Table 5-3.

Figure 8. Capacity Related Allocation

Customer Class	Average Bi-Monthly Use (hcf)	Peak Bi-Monthly Use (hcf) ¹	Peaking Factor	Max 2-Month Capacity Factor
Residential	29,341	44,281	1.51	82.3%
Agriculture	2,716	6,034	2.22	11.2%
Bulk Water	1,760	2,760	1.57	5.1%
Commercial & Institutional	359	707	1.97	1.3%
Fire Meter	0	0	0.00	0.0%
Total	34,176	53,782		100%

1. Based on peak monthly data (peak day data not available).

Customer Related Costs

The customer related cost allocation is summarized in **Figure 9**. Customer related costs are comprised of those costs relating to reading and maintaining meters, customer billing and collection, and other customer service related costs. The customer service costs do not differ among the various meter sizes; therefore, these costs

are spread equally among all meters. Each customer class is allocated customer related costs based upon the percentage of total meters that are in that class.

Figure 9. Customer Related Cost Allocation

Customer Class	Number of Meters ¹	Percent of Total
Residential	2,522	93.2%
Agriculture	50	1.8%
Bulk Water	121	4.5%
Commercial & Institutional	12	0.4%
Fire Meter	2	0.1%
Total	2,707	100.0%

1. Meter Count is from July/August 2020. BHDVWA charges monthly rates, but bills bi-monthly
Source files: CUSTOMER BILLING DATA 09.18.2020.xlsx

Fire Protection Related Costs

Only Fire Protection meters are allocated this cost component. A direct allocation is made in the functionalization and classification step in the cost-of-service analysis to represent their share of system capacity and other related operations and maintenance costs. The percent of revenue collected over the total revenue was used to allocate these costs to fire protection meters. This cost is spread over the fire meters using the meter equivalency factors in Figure 7.

Commodity Related Costs

The commodity related cost allocation is summarized in **Figure 10**. Commodity related costs are those costs related to the amount of water sold and commonly include the costs of chemicals used in the treatment process, energy related to pumping for transmission and distribution, and source of supply. Each customer class is allocated commodity related costs based upon the percentage of total consumption by that class.

Figure 10. Commodity Related Costs Allocation

Customer Class	Volume (hcf) ¹	Percent of Total Volume
Residential	176,045	85.9%
Agriculture	16,297	7.9%
Bulk Water	10,563	5.2%
Commercial & Institutional	2,152	1.0%
Fire Meter	-	0.0%
Total	205,057	100%

1. Consumption is from September 2019 through August 2020. BDVWA charges monthly rates, but bills customers bi-monthly.
Source files: CUSTOMER BILLING DATA 09.18.2020.xlsx

Figure 11 summarizes the costs allocated to each customer class.

Figure 11. Allocation of Adjusted Net Revenue Requirements

Customer Classes	Classification Components						Cost of Service Net Rev. Req'ts	% of COS Net Revenue Req'ts
	Commodity-Related Costs	Additional Supply Costs	Capacity-Related Costs <i>Volumetric Share</i>	Capacity-Related Costs <i>Fixed Share</i>	Customer-Related Costs	Fire Protection-Related Costs		
Residential	\$ 457,000	\$ 38,855	\$ 76,373	\$ 668,320	\$ 184,539	\$ -	\$ 1,425,088	84.7%
Agriculture	42,306	8,518	10,406	91,064	3,659	-	155,952	9.3%
Bulk Water	27,420	-	4,761	41,661	8,854	-	82,696	4.9%
Commercial & Institutional	5,587	449	1,220	10,675	878	-	18,809	1.1%
Fire Meter	-	449	-	-	146	221	816	0.0%
Total Net Revenue Requirement	\$ 532,313	\$ 48,271	\$ 92,760	\$ 811,720	\$ 198,076	\$ 221	\$ 1,683,362	100%

D. Rate Design Analysis

NBS discussed several water rate alternatives and methodologies with Agency Staff over the course of this study, such as the percentage of revenue collected from fixed vs. variable charges and differentiating rates by customer class. Based on input provided by Agency staff and the Board of Directors, the proposed rates were developed. The following sections describe this process.

The rates proposed in this study make the following modifications to the water rate structure:

1. Update monthly fixed meter charges to collect 60% of the revenue requirement and update volumetric charges to reflect collecting 40% of revenue.
2. Update the volumetric rates for Residential and Agriculture customers as follows:
 - a. Develop a two tier rate structure.
 - b. Establish breakpoint between tier 1 and tier 2 to 25 hcf bi-monthly, which is based on the availability of ground water for customers in the Agency's service area.
3. Keep all non-residential customers on a uniform volumetric rate and impose a single charge for all water consumed.

FIXED CHARGES

The fixed meter charge recognizes that the Agency incurs fixed costs regardless of whether customers use water. There are two components that comprise the fixed meter charge: the customer component and the capacity component, as described in the previous section.

VARIABLE CHARGES

The Agency currently has a uniform volumetric rate for all customers. Based on the Agency's sources of water supply, NBS recommends updating the Residential and Agriculture customers to a two-tiered inclining rate structure.

The goals when setting the tier breakpoint were twofold:

1. The breakpoint for the first tier was set to the 25 hcf⁷, which is the bi-monthly ground water allocated to each customer.
2. The second tier consists of any consumption above 25 hcf and includes the cost of purchased water in addition to base commodity costs.

Figure 12 shows the calculation for the tier breakpoint with 908 acre feet of free ground water production used as the base water allotment.

Figure 12. Tier Breakpoint Calculation

Water Supply Allocation	Based on # of Accounts
Total Water Allocation 2020	908 acre feet
Total Customer Base	2,707 total active accounts
Water Allocated to Each Customer Annual	0.34 acre feet/parcel/year
Conversion to Hundred Cubic Feet	146.1 hcf
HCF Bi-Monthly Allocation Per Customer	24.4 hcf
Bi-Monthly Tier 1 Water	25.00 hcf

Figure 13 shows the calculation for the additional water supply costs that are added in the calculation for the fee of Tier 2 water consumption.

Figure 13. Additional Water Supply Costs

Cost Per Unit for State Water Project Water	Total
Total Cost for Additional Water Supply (70 AF)	\$48,271.27 Total Cost
Cost per Acre Foot	\$689.59 per AF
Cost per HCF	\$1.58 per hcf

Figure 14 presents the full calculation for the variable tiered charges for residential and agriculture customers. The base rate is calculated by dividing the commodity and volumetric capacity costs by the water consumption for residential and agriculture customers.

Figure 14. Residential & Agriculture Customer Tiered Rate Calculation

Customer Classes	Tier Break	Est. Water Consumption (hcf/yr.)	% of Consumption in Tier	Base Rate	Plus Additional Supply Cost	Cost Per Unit of Water	Estimated Revenue
Residential							
Tier 1	25	124,215	70%	\$3.03	\$0.00	\$3.03	\$ 376,341
Tier 2	--	53,094	30%	\$3.03	\$1.58	\$4.61	\$ 244,914
Agriculture							
Tier 1	25	4,052	26%	\$3.23	\$0.00	\$3.23	\$ 13,106
Tier 2	--	11,649	74%	\$3.23	\$1.58	\$4.82	\$ 56,120
Total		193,010					\$ 690,481

Due to the varying consumption characteristics, non-residential/agriculture customers will maintain a uniform volumetric rate because it best represents their cost-of-service. Using the commodity, volumetric capacity and additional supply costs allocated to each customer class, **Figure 15** shows the calculation for

⁷ HCF is one hundred cubic feet of water.

the per unit volumetric charge for each customer class and tier. It is notable to mention that the base rate for residential and agriculture customers is shown in Figure 17, which filters into the calculation in Figure 16.

Figure 15. Calculated Variable Charges for FY 2020/21

Customer Classes	Water Consumption (hcf/yr.)	Commodity Assigned Costs	Capacity Assigned Costs	Additional Supply Costs ¹	Fixed Costs to Recover from Vol. Charges	Target Rev. Req't from Vol. Charges	Base Volumetric Rates (\$/hcf)
Residential	176,045	\$ 457,000	\$ 76,373	<i>See footnote</i>	\$ -	\$ 533,374	\$3.03
Agriculture	16,297	42,306	10,406		-	52,712	\$3.23
Bulk Water	10,563	27,420	4,761	-	50,515	82,696	\$7.83
Commercial & Institutional	2,152	5,587	1,220	719	-	7,525	\$3.58
Fire Meter	0	-	-	180	-	180	\$3.58
Total	205,057	\$ 532,313	\$ 92,760	\$ 898	\$ 50,515	\$ 676,487	

1. Additional water supply costs for Residential and Agriculture customers shown in Figure 14.

E. Current and Proposed Water Rates

The cost-of-service analysis is used to establish the rates for FY 2020/21. In the subsequent four years of the rate study, proposed charges are simply adjusted by the proposed adjustment in total rate revenue needed, to meet projected revenue requirements. **Figure 16** provides a comparison of the current and proposed rates for FY 2020/21 through FY 2024/25. More detailed tables on the development of the proposed charges are documented in Appendix A.

Figure 16. Current and Proposed Water Rates

Water Rate Schedule	Current Rates	Proposed Rates				
		FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Projected Increase in Rate Revenue per Financial Plan:		4.00%	4.00%	4.00%	4.00%	4.00%
Fixed Meter Charges						
Bi-Monthly Fixed Service Charges:						
3/4 inch	\$66.84	\$61.78	\$64.25	\$66.82	\$69.49	\$72.27
1 inch	\$66.84	\$61.78	\$64.25	\$66.82	\$69.49	\$72.27
1.5 inch	\$66.84	\$111.36	\$115.81	\$120.44	\$125.26	\$130.27
2 inch	\$66.84	\$170.86	\$177.69	\$184.80	\$192.19	\$199.88
3 inch	\$66.84	\$329.53	\$342.71	\$356.42	\$370.68	\$385.51
4 inch	--	\$508.03	\$528.35	\$549.48	\$571.46	\$594.32
6 inch	--	\$1,003.87	\$1,044.02	\$1,085.78	\$1,129.21	\$1,174.38
Bi-Monthly Fire Service Charges:						
3/4 inch	\$16.00	\$30.62	\$31.84	\$33.11	\$34.43	\$35.81
1 inch	\$16.00	\$30.62	\$31.84	\$33.11	\$34.43	\$35.81
2 inch	\$16.00	\$71.14	\$73.99	\$76.95	\$80.03	\$83.23
3 inch	\$34.43	\$141.14	\$146.79	\$152.66	\$158.77	\$165.12
4 inch	\$57.38	\$270.09	\$280.89	\$292.13	\$303.82	\$315.97
6 inch	\$114.75	\$601.66	\$625.73	\$650.76	\$676.79	\$703.86
8 inch	\$183.60	\$1,043.76	\$1,085.51	\$1,128.93	\$1,174.09	\$1,221.05
Commodity Charges						
Rate per hcf of Water Consumed:						
Bulk Meters	\$9.57	\$7.83	\$8.14	\$8.47	\$8.81	\$9.16
Commercial, Institutional, Fire & Other	\$3.38	\$3.58	\$3.72	\$3.87	\$4.02	\$4.18
Residential, 3/4" and 1" Meters	\$3.38	--	--	--	--	--
Tiered Rate - Residential Customers:						
Proposed Break						
Tier 1 0-25 hcf	\$3.38	\$3.03	\$3.15	\$3.28	\$3.41	\$3.55
Tier 2 26+ hcf	\$3.38	\$4.61	\$4.80	\$4.99	\$5.19	\$5.40
Tiered Rate - Agriculture Customers:						
Proposed Break						
Tier 1 0-25 hcf	\$3.38	\$3.23	\$3.36	\$3.49	\$3.63	\$3.78
Tier 2 26+ hcf	\$3.38	\$4.82	\$5.01	\$5.21	\$5.42	\$5.64

F. Comparison of Current and Proposed Water Bills

Figure 17 and **Figure 18** compare a range of monthly water bills for the current and proposed water rates as a result of the initial rate adjustment for residential customers (with a 1-inch meter) and non-single family residential customers (the bill comparison for a commercial customer is also a 1-inch meter). These monthly bills are based on typical meter sizes at various consumption levels.

Figure 17. Bi-Monthly Bill Comparison for Single Family Customers

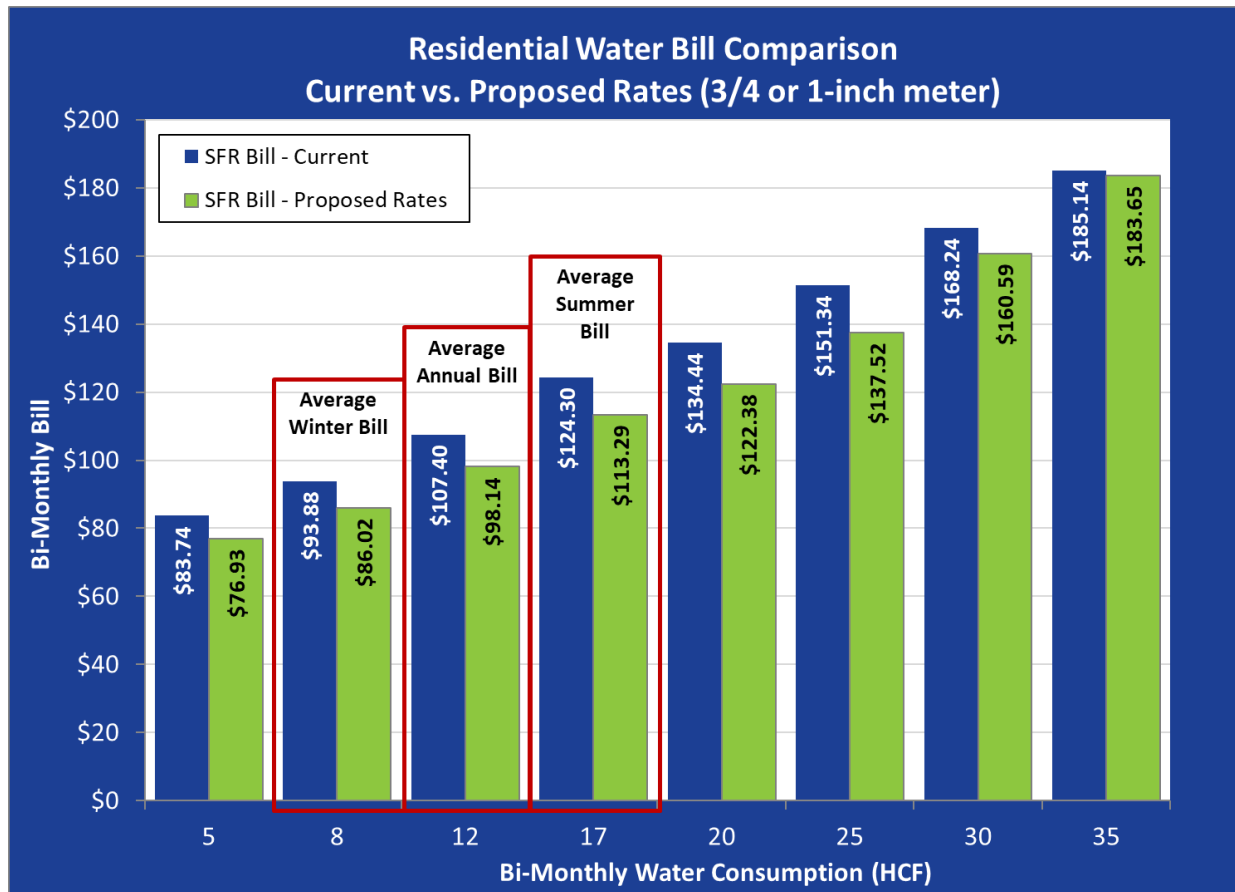
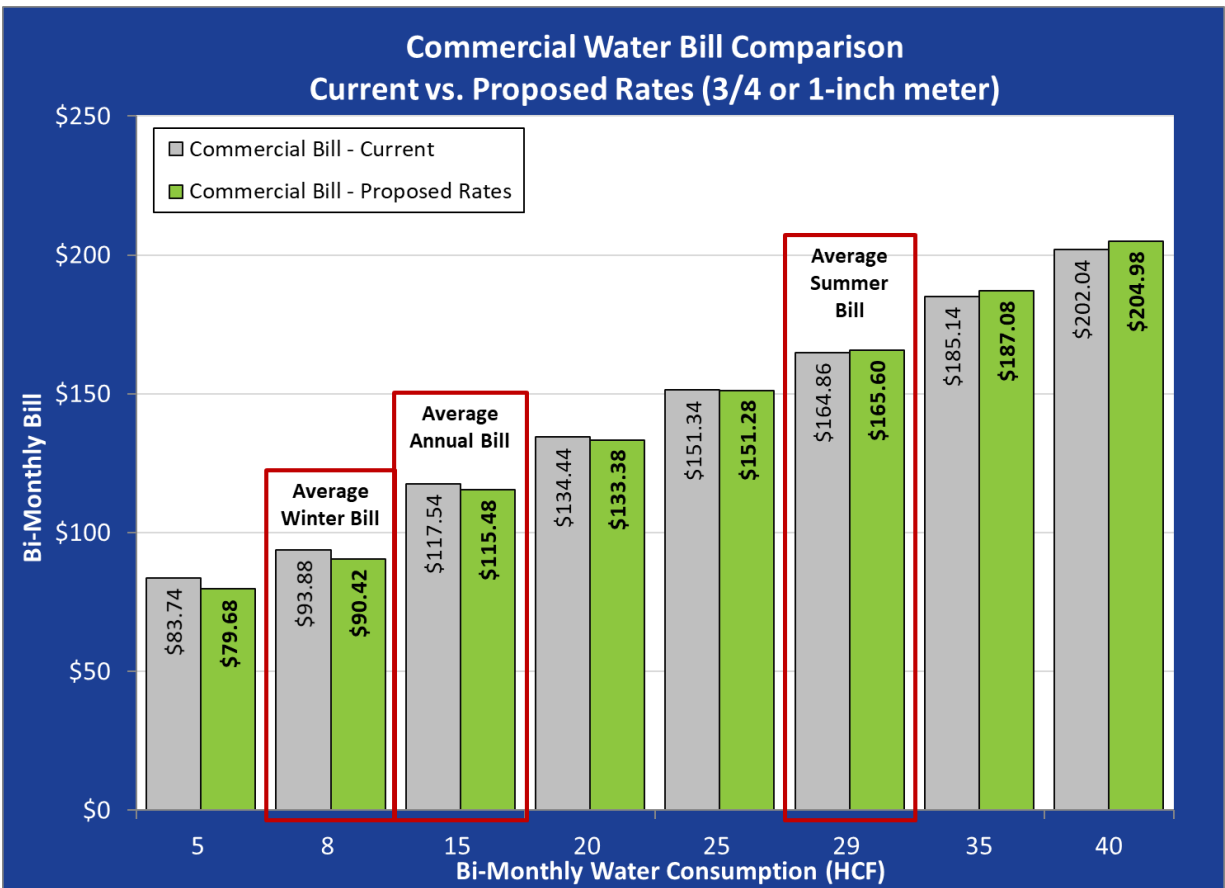


Figure 18. Bi-Monthly Water Bill Comparison for Commercial Customers



Section 3. RECOMMENDATIONS AND NEXT STEPS

A. Consultant Recommendations

NBS recommends the Agency take the following actions:

Approve and accept this Study: NBS recommends the Agency Board formally approve and adopt this Study and its recommendations and proceed with the steps required to implement the proposed rates. This will provide documentation of the rate study analyses and the basis for analyzing potential changes to future rates.

Implement Recommended Levels of Rate Adjustments and Proposed Rates: Based on successfully meeting the Proposition 218 procedural requirements, the Agency should proceed with implementing the 5-year schedule of proposed rates and rate adjustments previously shown in Figure 16. This will help ensure the continued financial health of Agency's water utility.

B. Next Steps

Annually Review Rates and Revenue – Any time an agency adopts new utility rates or rate structures, those new rates should be closely monitored over the next several years to ensure the revenue generated is sufficient to meet the annual revenue requirements. Changing economic and water consumption patterns underscore the need for this review, as well as potential and unseen changing revenue requirements—particularly those related to environmental regulations that can significantly affect capital improvements and repair and replacement costs.

Note: The attached Technical Appendix A provides more detailed information on the analysis of the water revenue requirements, cost-of-service analysis and cost allocations, and the rate design analyses that have been summarized in this report.

C. NBS' Principal Assumptions and Considerations

In preparing this report and the opinions and recommendations included herein, NBS has relied on a number of principal assumptions and considerations with regard to financial matters, conditions, and events that may occur in the future. This information and these assumptions, including Agency's budgets, capital improvement costs, and information from Agency staff were provided by sources we believe to be reliable, although NBS has not independently verified this data.

While we believe NBS' use of such information and assumptions is reasonable for the purpose of this report and its recommendations, some assumptions will invariably not materialize as stated herein and may vary significantly due to unanticipated events and circumstances. Therefore, the actual results can be expected to vary from those projected to the extent that actual future conditions differ from those assumed by us or provided to us by others.

APPENDIX A: WATER RATE STUDY TABLES AND FIGURES

APPENDIX B: CUSTOMER CLASS DEFINITIONS (DRAFT)

This appendix shows the customer class definitions that are currently in progress and subject to change. The definitions will be updated upon final approval of the Board of Directors.

Customer Classes Served

Any person or entity connected to the water system and immediately able to receive water service from the Agency under these rules and regulations will be placed into a unique customer class.

1. Residential Customer: A place where people reside. A legally permitted dwelling and/or “vacation” parcel (e.g. “inactive”) which has a meter connected to the water system and readily able to receive water service.
2. Bulk Hauling Customer and/or (Temporary) Construction Meters: A bulk hauling customer is one who obtains water from one of the Agency’s “bulk water station” facilities. A construction meter is connected to a fire hydrant to supply water to a project on a temporary basis thru application for such.
3. Commercial/Institutional/Industrial/Non-Agriculture: A facility that is neither residential, bulk, nor agriculture. Such facility may or may not have a cross connection control device (backflow device). Examples of such facilities are restaurants, retail stores, schools and other types of “commercial” businesses.
4. Agriculture (Non-Residential and Non-Commercial/Institutional): Agricultural customer classes will be the default class whenever any of the following are met:
 - Cross connection control device mandated per an analysis by staff of the Water Use Questionnaire completed and signed by the customer at time of application for water service (new or renewed).
 - A property with, or without, a permitted residential dwelling but also with irrigation of non-ornamental landscaping or “vegetable gardens”. For reference, and “ornamental landscape” shall be defined as a permanent landscape designed which serves the primary purpose of adding visually pleasing plants to the landscape. Non-ornamental landscaping or crops are those that are harvested on a routine basis and are not a permanent part of the landscape. Such crops could also be defined as specialized botanicals or otherwise botanicals that are harvested for extraction or consumption.
 - Livestock (horses, pigs, cows, poultry, etc.) that are raised for commercial purposes such as food processing or commercial sales.
5. Fire Service Connections: Parcels which have separate and distinct connections for fire sprinklers or on-site fire hydrants or other fire suppression devices or systems. Such fire service connections are static and only consume water during firefighting efforts.

BIGHORN DESERT WATER AGENCY
WATER RATE STUDY
Financial Plan and Reserve Projections

Financial Plan & Reserve Summary

TABLE 1 : FINANCIAL PLAN AND SUMMARY OF REVENUE REQUIREMENTS

RATE REVENUE REQUIREMENTS SUMMARY ¹	Budget	Projected			
	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Sources of Water Funds					
<i>Rate Revenue:</i>					
Water Sales Revenue Under Current Rates	\$ 1,618,617	\$ 1,618,617	\$ 1,618,617	\$ 1,618,617	\$ 1,618,617
Revenue from Rate Increases ²	10,791	98,412	167,093	238,521	312,807
Subtotal: Rate Revenue After Rate Increases	1,629,408	1,717,029	1,785,710	1,857,138	1,931,424
<i>Non-Rate Revenue:</i>					
Other Operating Revenue	\$ 60,001	\$ 60,001	\$ 60,001	\$ 60,001	\$ 60,001
Non-Operating Revenue	229,831	229,831	229,831	229,831	229,831
Interest Income ³	16,000	6,741	6,825	6,981	7,209
Subtotal: Non-Rate Revenue	305,832	296,573	296,657	296,813	297,041
Total Sources of Funds	\$ 1,935,240	\$ 2,013,602	\$ 2,082,367	\$ 2,153,952	\$ 2,228,465
Uses of Water Funds					
<i>Operating Expenses ⁴</i>					
Operating Administrative Expenses	\$ 854,710	\$ 890,584	\$ 925,153	\$ 961,173	\$ 996,638
Non-Operating Administrative Expenses	24,300	24,900	25,500	26,100	26,700
Operations Expense	786,005	806,600	827,600	849,300	871,800
Director Expense	45,100	46,500	48,000	49,500	51,000
Administration Projects	140,000	100,000	100,000	100,000	100,000
Subtotal: Operating Expenses	\$ 1,850,115	\$ 1,868,584	\$ 1,926,253	\$ 1,986,073	\$ 2,046,138
<i>Other Expenditures:</i>					
Existing Debt Service	\$ 25,000	\$ 25,000	\$ 25,000	\$ -	\$ -
New Debt Service	-	-	-	-	-
Rate-Funded Capital Expenses	-	-	52,665	-	-
Subtotal: Other Expenditures	\$ 25,000	\$ 25,000	\$ 77,665	\$ -	\$ -
Total Uses of Water Funds	\$ 1,875,115	\$ 1,893,584	\$ 2,003,918	\$ 1,986,073	\$ 2,046,138
Annual Surplus/(Deficit)	\$ 60,125	\$ 120,018	\$ 78,449	\$ 167,879	\$ 182,327
Net Revenue Req't. (Total Uses less Non-Rate Revenue)	\$ 1,569,283	\$ 1,597,011	\$ 1,707,261	\$ 1,689,260	\$ 1,749,097
Projected Annual Rate Revenue Adjustment	4.00%	4.00%	4.00%	4.00%	4.00%
Cumulative Increase from Annual Revenue Increases	4.00%	8.16%	12.49%	16.99%	21.67%
Debt Coverage After Rate Increase	3.40	5.80	6.24	N/A	N/A

- Revenue for FY 2019/20 through FY 2020/21 are from source files: Resolution No. 19R-03 Adopting the Agency Budget for FY 2019-20.pdf, and FY2020.21 Budget adopted 5 26 2020 20R-14.pdf
- Rate increases assume an implementation date of May 1, 2021 and then January 1st thereafter.
- Interest earnings for FY 2019/20 through FY 2020/21 from Agency budgets. For all other years, it is calculated based on historical LAIF returns.
- Expenses for FY 2019/20 through FY 2020/21 are from source files: Resolution No. 19R-03 Adopting the Agency Budget for FY 2019-20.pdf, and FY2020.21 Budget adopted 5 26 2020 20R-14.pdf

BIGHORN DESERT WATER AGENCY
WATER RATE STUDY
Financial Plan and Reserve Projections

Financial Plan & Reserve Summary

TABLE 2 : RESERVE FUND SUMMARY

SUMMARY OF CASH ACTIVITY UN-RESTRICTED RESERVES	Budget	Projected			
	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Total Beginning Cash ^{1, 2, 3}	\$ 3,310,519				
Operating Reserve Fund (Current Customer Deposits)					
Beginning Reserve Balance ¹	\$ 856,666	\$ 912,385	\$ 921,493	\$ 949,933	\$ 979,433
Plus: Net Cash Flow (After Rate Increases)	60,125	120,018	78,449	167,879	182,327
Plus: Transfer of Debt Reserve Surplus	-	-	-	-	-
Less: Transfer Out to Emergency Contingencies Fund	-	-	-	-	-
Less: Transfer Out to Capital Replacement Reserve	(4,406)	(110,910)	(50,010)	(138,379)	(152,706)
Ending Operating Reserve Balance	\$ 912,385	\$ 921,493	\$ 949,933	\$ 979,433	\$ 1,009,054
Target Ending Balance (180-days of O&M) ²	\$ 912,385	\$ 921,493	\$ 949,933	\$ 979,433	\$ 1,009,054
Emergency Contingencies Reserve Fund					
Beginning Reserve Balance	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Plus: Transfer of Operating Reserve Surplus	-	-	-	-	-
Less: Use of Reserves for Capital Projects	-	-	-	-	-
Ending Emergencies Contingencies Reserve Balance	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Target Ending Balance Set by Board (\$200,000 minimum) ³	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Replacement & Refurbishment Reserve Fund					
Beginning Reserve Balance	\$ 2,253,852	\$ 2,258,258	\$ 2,290,793	\$ 2,340,803	\$ 2,425,132
Plus: Transfer of Operating Reserve Surplus	4,406	110,910	50,010	138,379	152,706
Less: Use of Reserves for Capital Projects	-	(78,375)	-	(54,050)	-
Ending Capital Rehab & Replacement Reserve Balance	\$ 2,258,258	\$ 2,290,793	\$ 2,340,803	\$ 2,425,132	\$ 2,577,838
Target Ending Balance ⁴	\$ 2,033,750	\$ 2,086,438	\$ 2,118,390	\$ 2,151,935	\$ 2,181,602
Ending Balance	\$ 3,370,643	\$ 3,412,287	\$ 3,490,736	\$ 3,604,565	\$ 3,786,892
Minimum Target Ending Balance	\$ 3,146,135	\$ 3,207,931	\$ 3,268,323	\$ 3,331,368	\$ 3,390,656
Ending Surplus/(Deficit) Compared to Reserve Targets	\$ 224,508	\$ 204,356	\$ 222,413	\$ 273,197	\$ 396,236
Restricted Reserves:					
Bond Debt Service Reserve Fund					
Beginning Reserve Balance	\$ -	\$ -	\$ -	\$ -	\$ -
Plus: Reserve Funding from New Debt Obligations	-	-	-	-	-
Less: Transfer of Surplus to Operating Reserve	-	-	-	-	-
Ending Debt Reserve Balance	\$ -	\$ -	\$ -	\$ -	\$ -
Target Ending Balance	\$ -	\$ -	\$ -	\$ -	\$ -
Connection Fee Reserve					
Beginning Reserve Balance	\$ 12,780	\$ 25,586	\$ 38,417	\$ 51,274	\$ 64,156
Plus: Capital Impact Fee Revenue	12,780	12,780	12,780	12,780	12,780
Plus: Interest Revenue	26	51	77	103	128
Less: Use of Reserves for Capital Projects	-	-	-	-	-
Ending Connection Fee Fund Balance	\$ 25,586	\$ 38,417	\$ 51,274	\$ 64,156	\$ 77,064
Annual Interest Earnings Rate ⁵	0.20%	0.20%	0.20%	0.20%	0.20%

1. Beginning cash from Audited Financial Statements for 2019/20 source files: BHDVWA_FINAL-CAFR-FY2018.19-1.pdf, page 30, Note 2; Cash and Cash Equivalents.

Beginning balance for 2020/21 is per client email 9/7/2020.

2. Operating Reserve Target set to 180 days (or 6 months) of O&M expenses. Industry standard is 3 to 6 months.

3. Reserve target set by Agency Board. Source file: 16R-11 Establishing Criteria for Agency Financial Reserves.pdf

4. Replacement & Refurbishment Reserve target set to 10% of net assets, plus a \$1.5 million component for capital emergencies (increased by ENR CCI annually of 2.63%). Existing Board adopted policy is a \$300,000 minimum.

CHART 1

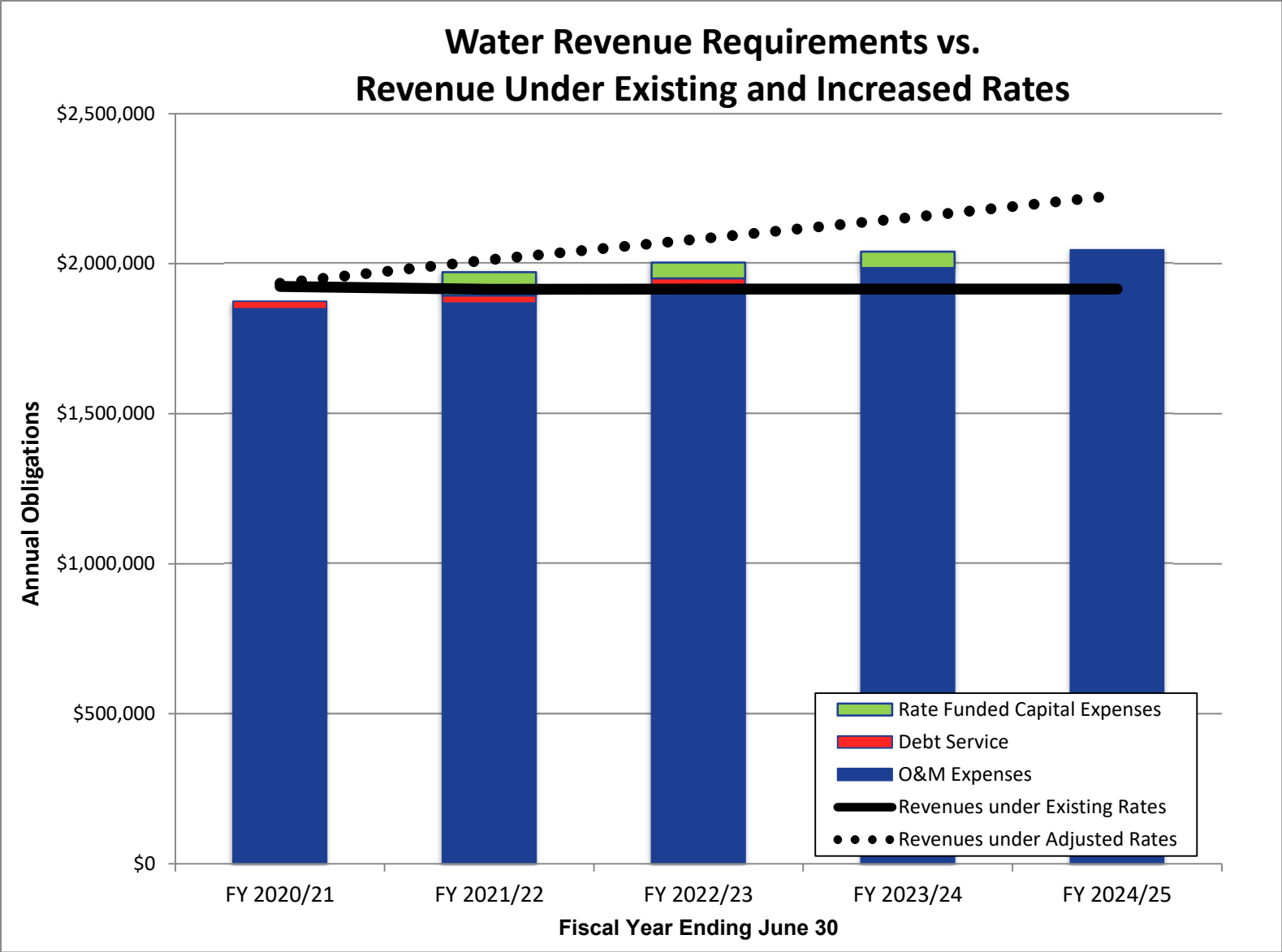


CHART 2

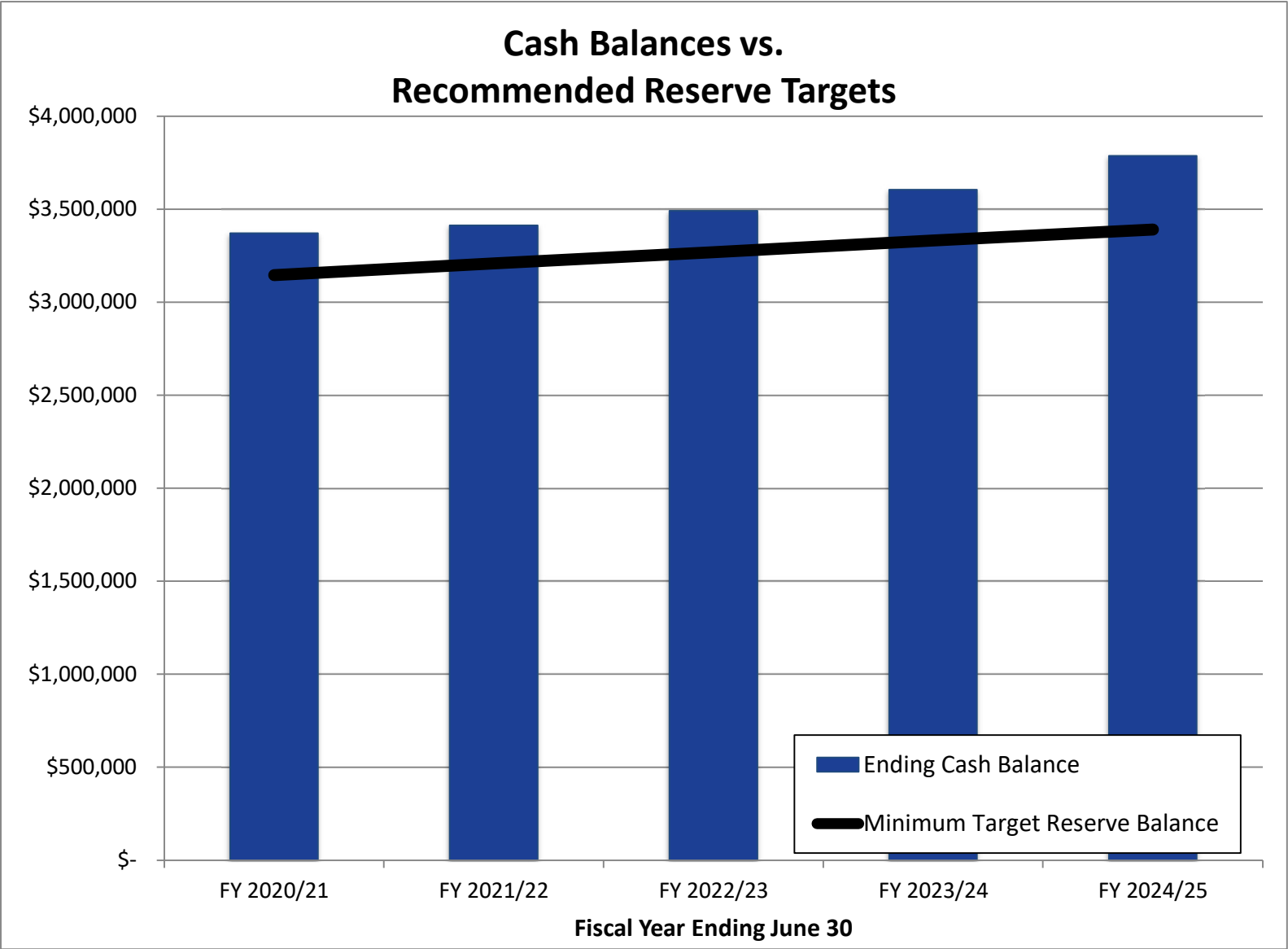
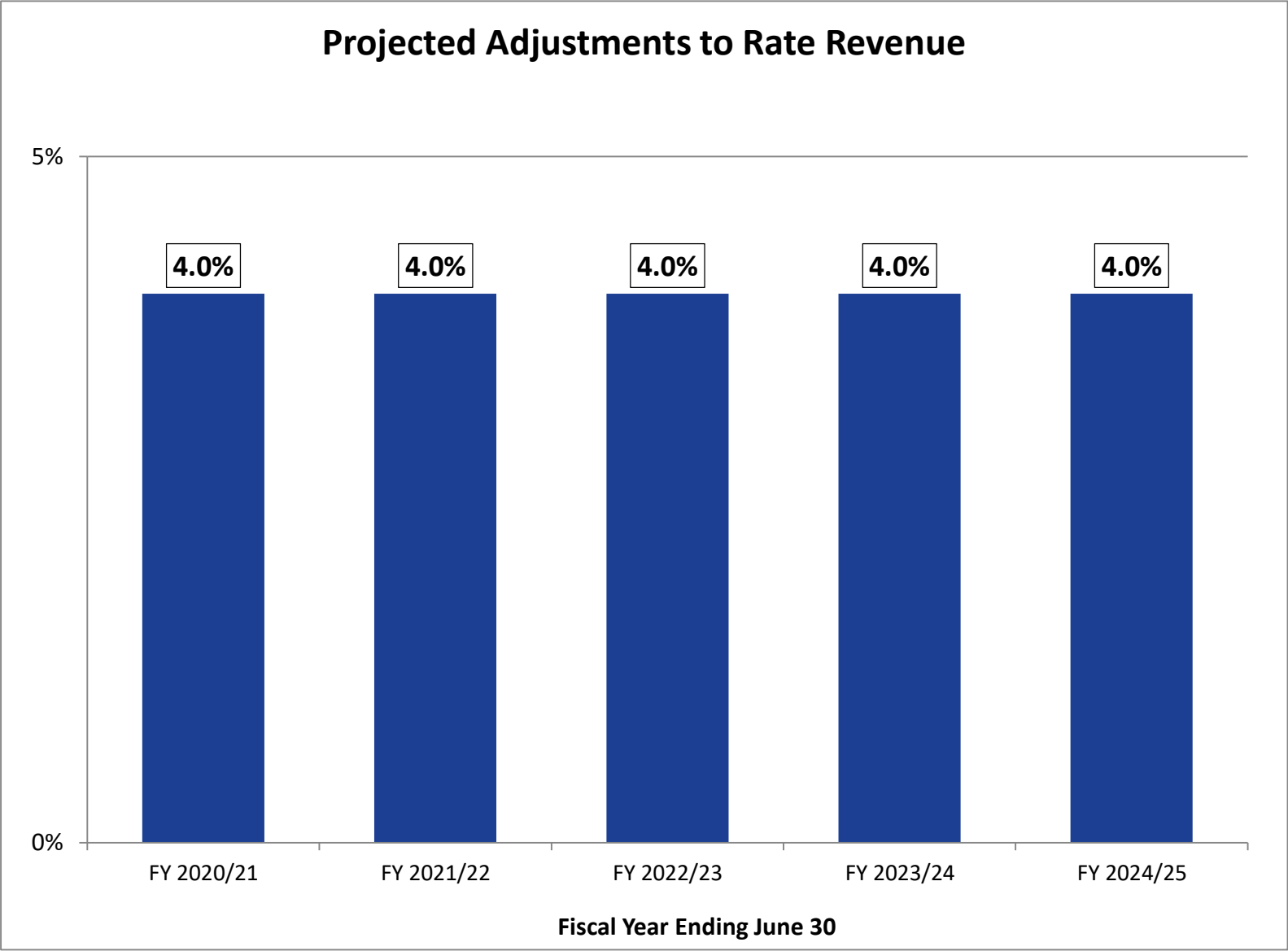


CHART 3



BIGHORN DESERT WATER AGENCY
WATER RATE STUDY
Operating Revenue and Expenses

EXHIBIT 1

TABLE 3 : REVENUE FORECAST ¹

		Budget				
DESCRIPTION	Inflation Basis	2021	2022	2023	2024	2025
Operating Revenue						
Metered Water Sales	1	\$ 678,177	\$ 678,177	\$ 678,177	\$ 678,177	\$ 678,177
Basic Service Charge	1	940,440	940,440	940,440	940,440	940,440
Other Operating Income	1	60,000	60,000	60,000	60,000	60,000
Interest Income Unrestricted	See FP	16,000				
Water Sales from Ames	1	1	1	1	1	1
Subtotal		\$ 1,694,618	\$ 1,678,618	\$ 1,678,618	\$ 1,678,618	\$ 1,678,618
Non-Operating Revenue						
Stand-By Income W-1	1	\$ 65,000	\$ 65,000	\$ 65,000	\$ 65,000	\$ 65,000
Predicted Lien Receipts (DQ, Pen, Int)	1	28,500	28,500	28,500	28,500	28,500
Debt Service BDVWA ID "1"	1	1	1	1	1	1
Debt Service DV	1	-	-	-	-	-
General Tax Income (portion of 1%)	1	136,330	136,330	136,330	136,330	136,330
Subtotal		\$ 229,831	\$ 229,831	\$ 229,831	\$ 229,831	\$ 229,831
Non-Operating Revenue - New Connections						
Meter Connect Fees (SL Install Fees)	1	\$ 3,590	\$ 3,590	\$ 3,590	\$ 3,590	\$ 3,590
Basic Facilities Charge (Buy-In)	1	9,190	9,190	9,190	9,190	9,190
Subtotal		\$ 12,780	\$ 12,780	\$ 12,780	\$ 12,780	\$ 12,780
TOTAL: REVENUE		\$ 1,937,229	\$ 1,921,229	\$ 1,921,229	\$ 1,921,229	\$ 1,921,229

TABLE 4 : REVENUE SUMMARY

		Budget				
RATE REVENUE:						
Metered Water Sales		\$ 678,177	\$ 678,177	\$ 678,177	\$ 678,177	\$ 678,177
Basic Service Charge		940,440	940,440	940,440	940,440	940,440
OTHER REVENUE:						
Other Operating Revenue		\$ 60,001	\$ 60,001	\$ 60,001	\$ 60,001	\$ 60,001
Interest Income		16,000	-	-	-	-
Non-Operating Revenue		229,831	229,831	229,831	229,831	229,831
Non-Operating Revenue - New Connections		12,780	12,780	12,780	12,780	12,780
TOTAL: REVENUE		\$ 1,937,229	\$ 1,921,229	\$ 1,921,229	\$ 1,921,229	\$ 1,921,229

BIGHORN DESERT WATER AGENCY
WATER RATE STUDY
Operating Revenue and Expenses

EXHIBIT 1

TABLE 5 : OPERATING EXPENSE FORECAST ¹

DESCRIPTION	Inflation Basis	Budget				
		2021	2022	2023	2024	2025
Operating Administrative Expenses						
Administrative Compensation	2	\$ 307,871	\$ 318,000	\$ 328,500	\$ 339,300	\$ 350,500
Contractual Services - Auditor	2	21,165	21,900	22,600	23,300	24,100
Contractual Services - Legal	2	20,000	20,700	21,400	22,100	22,800
Legislative Affairs	4	10,000	10,200	10,400	10,600	10,800
PERS Contribution	3	39,079	41,400	43,900	46,500	49,300
PERS UAL ¹		60,921	67,284	71,053	75,073	77,138
Payroll Tax	2	15,703	16,200	16,700	17,300	17,900
Telephone & Fax	4	9,085	9,300	9,500	9,700	9,900
Mailing Expenses	4	1,500	1,500	1,500	1,500	1,500
Contractual Services - Other	2	78,500	81,100	83,800	86,600	89,500
Property/Liability Insurance	4	67,230	68,600	70,000	71,400	72,800
Workers Comp Insurance	4	12,606	12,900	13,200	13,500	13,800
Dues & Subscriptions & Annual Fees	4	17,850	18,200	18,600	19,000	19,400
Power/Propane - Office & Yards	6	8,200	8,500	8,800	9,100	9,400
Bad Debt Expense	7	1,500	1,500	1,500	1,500	1,500
Bad Debt Expense - Uncollected Liens	7	5,000	5,000	5,000	5,000	5,000
Office Supplies/Printing	4	8,500	8,700	8,900	9,100	9,300
Employee Benefits Insurance	3	155,000	164,300	174,200	184,700	195,800
Employee Education	4	15,000	15,300	15,600	15,900	16,200
Non-Operating Administrative Expenses						
Office Equipment Expense	4	\$ 10,000	\$ 10,200	\$ 10,400	\$ 10,600	\$ 10,800
Customer Relations	4	3,800	3,900	4,000	4,100	4,200
Other Administrative Expenses	4	7,500	7,700	7,900	8,100	8,300
Election Costs	4	2,500	2,600	2,700	2,800	2,900
Misc. Expenses	4	500	500	500	500	500
Operations Expense						
Operations Staff Compensation	2	\$ 326,155	\$ 336,900	\$ 348,000	\$ 359,500	\$ 371,400
Uniforms	4	6,750	6,900	7,000	7,100	7,200
Vehicle, Tractor, Equipment Expense	4	30,000	30,600	31,200	31,800	32,400
Vehicle Expense - Fuel	5	36,750	37,100	37,500	37,900	38,300
Field Materials and Supplies	4	75,000	76,500	78,000	79,600	81,200
Water Testing	4	12,000	12,200	12,400	12,600	12,900
Engineering	4	60,000	61,200	62,400	63,600	64,900
Water System Repairs	4	70,000	71,400	72,800	74,300	75,800
Excavation Permit Fees (CoSB)	4	500	500	500	500	500
Building Maintenance and Repair	4	15,500	15,800	16,100	16,400	16,700
Communications Expense	4	6,700	6,800	6,900	7,000	7,100
Disinfection Expense	4	15,000	15,300	15,600	15,900	16,200
Power - Wells, Booster Pumps	6	75,000	77,600	80,300	83,100	86,000
Other Operations Expense	4	11,650	11,900	12,100	12,300	12,500
Water Purchases	4	45,000	45,900	46,800	47,700	48,700
Sub-Total		\$ 1,665,015	\$ 1,722,084	\$ 1,778,253	\$ 1,836,573	\$ 1,895,138

BIGHORN DESERT WATER AGENCY
WATER RATE STUDY
Operating Revenue and Expenses

EXHIBIT 1

TABLE 6

Budget

DESCRIPTION	Inflation Basis	2021	2022	2023	2024	2025
Director Expense						
Director - McBride	2	\$ 9,020	\$ 9,300	\$ 9,600	\$ 9,900	\$ 10,200
Director - Corl-Lorono	2	9,020	9,300	9,600	9,900	10,200
Director - J. Burkhardt	2	9,020	9,300	9,600	9,900	10,200
Director - McKenzie	2	9,020	9,300	9,600	9,900	10,200
Director - Coulombe	2	9,020	9,300	9,600	9,900	10,200
Sub-Total		\$ 45,100	\$ 46,500	\$ 48,000	\$ 49,500	\$ 51,000

TABLE 7

Budget

DESCRIPTION	Inflation Basis	2021	2022	2023	2024	2025
Administration Projects (Approved April 2020)						
Rate and Fee Study	4	\$ 40,000	\$ -	\$ -	\$ -	\$ -
PARS TRUST FY 2020/21 Contribution (No. 2)	7	100,000	100,000	100,000	100,000	100,000
Sub-Total		\$ 140,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
GRAND TOTAL: WATER OPERATING EXPENSES		\$ 1,850,115	\$ 1,868,584	\$ 1,926,253	\$ 1,986,073	\$ 2,046,138

TABLE 8 : FORECASTING ASSUMPTIONS

INFLATION FACTORS ²	Inflation Basis	2021	2022	2023	2024	2025
Water Sales	1	0.00%	0.00%	0.00%	0.00%	0.00%
Salaries	2	3.30%	3.30%	3.30%	3.30%	3.30%
Benefits ³	3	6.00%	6.00%	6.00%	6.00%	6.00%
General Inflation ⁴	4	2.00%	2.00%	2.00%	2.00%	2.00%
Fuel ⁵	5	1.00%	1.00%	1.00%	1.00%	1.00%
Electricity	6	3.50%	3.50%	3.50%	3.50%	3.50%
No Escalation	7	0.00%	0.00%	0.00%	0.00%	0.00%

- Revenue and expenses for FY 2019/20 through FY 2020/21 are from source files: *Resolution No. 19R-03 Adopting the Agency Budget for FY 2019-20.pdf*, and *FY2020.21 Budget adopted 5 26 2020 20R-14.pdf*. PERS updated by Cindy September 9, 2020 in source file: *V2 9.8.20 BHDWA_Water Rate Model_09.08.20 -to client.xlsx*
- Inflation values follow 5-year average from US Bureau of Labor Statistics (BLS).
Website: <https://data.bls.gov/cgi-bin/surveymost?en+06>
- Benefits inflation set to 6% per Agency staff on September 9, 2020.
- Five-year average CPI for All Urban Consumers for the Los Angeles/Riverside/Orange County areas, per BLS.
- Average cost inflation for Fuel and Utilities for US City Average (2018-2020), per BLS.

BIGHORN DESERT WATER AGENCY
WATER RATE STUDY
Capital Improvement Plan Expenditures

EXHIBIT 2

TABLE 9 : CAPITAL FUNDING SUMMARY

CAPITAL FUNDING FORECAST	Budget	Projected			
Funding Sources:	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Grants ¹	\$ 430,030	\$ 194,970	\$ -	\$ -	\$ -
Use of Capacity Fee Reserves	-	-	-	-	-
SRF Loan Funding	-	-	-	-	-
Use of New Revenue Bond Proceeds	-	-	-	-	-
Use of Capital Rehabilitation and Replacement Reserve	-	78,375	-	54,050	-
Rate Revenue	-	-	52,665	-	-
Total Sources of Capital Funds	\$ 430,030	\$ 273,345	\$ 52,665	\$ 54,050	\$ -
Uses of Capital Funds:					
Total Project Costs	\$ 430,030	\$ 273,345	\$ 52,665	\$ 54,050	\$ -
Capital Funding Surplus (Deficiency)	\$ -	\$ -	\$ -	\$ -	\$ -
Bank Loan	\$ -	\$ -	\$ -	\$ -	\$ -
New Revenue Bond Proceeds	\$ -	\$ -	\$ -	\$ -	\$ -

1. Grant Funding is per page 14 of the Agency's 2020/21 budget (file: *FY2020.21 Budget adopted 5 26 2020 20R-14.pdf*).

BIGHORN DESERT WATER AGENCY
WATER RATE STUDY
Capital Improvement Plan Expenditures

EXHIBIT 2

CAPITAL IMPROVEMENT PROGRAM

TABLE 10 : CAPITAL IMPROVEMENT PROGRAM COSTS (IN CURRENT-YEAR DOLLARS) ¹

Avg. Life Yrs.	Project Description	2021	2022	2023	2024	2025
Refurbish and Replacement Projects						
15	Well 4 Rehab	\$ 39,425				
15	Well 6 Rehab					
8	Well 7 Rehab	34,030				
8	Well 8 Rehab					
8	Well 9 Rehab					
15	Well 10 Rehab					
15	Well GMW1		24,900			
15	Well GMW2					
15	Well GMW3					
15	Well 13					
15	Pump Well 3	60,575				
15	Pump Well 4	100,000				
15	Pump Well 6					
8	Pump Well 7					
8	Pump Well 8					
8	Pump Well 9					
8	Pump Well 10					
8	Pump Well GMW1		41,440			
15	Pump Well GMW2					
8	Pump Well GMW3					
8	Pump Well 13					
30	New Replacement Well for BH or DV					
7	JV Booster Station Upgrade - VFD's/Pressure Vessels		15,000			
	New Storage Tank					
20	Customer Meter w/ Box & Shutoff, Complete					
20	Utility Billing Software Replacement					
75	Loop Charles Rd.					
75	Shop Building Upgrades - storage and work space		50,000			
20	Replace Generator - 90 KW mobile					
20	Dump truck		85,000			
15	Replace Tractor					
9	Replace Fleet Vehicles (avg life)		50,000	50,000	50,000	
Distribution System Projects						
75	Distribution Valve, 6" avg, both water systems 50%	\$ -	\$ -	\$ -	\$ -	\$ -
75	Fire Hydrants, both water systems 50%	-	-	-	-	-
75	Pipe w/sand bedding, 6" avg. ID Goat Mtn	-	-	-	-	-
75	Pipe w/sand bedding, 6" avg. BDVWA					
Operations Capital Projects (from 2020/21 Budget) ²						
	Water Storage Tank Recoating (B1, B2), May 26, 2020	81,000	-	-	-	-
	Water Storage Tank Recoating (B1, B2), Feb. 2020	80,000	-	-	-	-
	C-Booster Station Upgrades	35,000	-	-	-	-
Total: CIP Program Costs (Current-Year Dollars)		\$ 430,030	\$ 266,340	\$ 50,000	\$ 50,000	\$ -

BIGHORN DESERT WATER AGENCY
WATER RATE STUDY
Capital Improvement Plan Expenditures

EXHIBIT 2

TABLE 11 : CAPITAL IMPROVEMENT PROGRAM COSTS (IN FUTURE-YEAR DOLLARS) ¹

Project Description	2021	2022	2023	2024	2025
Refurbish and Replacement Projects					
15 Well 4 Rehab	\$ 39,425	\$ -	\$ -	\$ -	\$ -
15 Well 6 Rehab	-	-	-	-	-
8 Well 7 Rehab	34,030	-	-	-	-
8 Well 8 Rehab	-	-	-	-	-
8 Well 9 Rehab	-	-	-	-	-
15 Well 10 Rehab	-	-	-	-	-
15 Well GMW1	-	25,555	-	-	-
15 Well GMW2	-	-	-	-	-
15 Well GMW3	-	-	-	-	-
15 Well 13	-	-	-	-	-
15 Pump Well 3	60,575	-	-	-	-
15 Pump Well 4	100,000	-	-	-	-
15 Pump Well 6	-	-	-	-	-
8 Pump Well 7	-	-	-	-	-
8 Pump Well 8	-	-	-	-	-
8 Pump Well 9	-	-	-	-	-
8 Pump Well 10	-	-	-	-	-
8 Pump Well GMW1	-	42,530	-	-	-
15 Pump Well GMW2	-	-	-	-	-
8 Pump Well GMW3	-	-	-	-	-
8 Pump Well 13	-	-	-	-	-
30 New Replacement Well for BH or DV	-	-	-	-	-
7 JV Booster Station Upgrade - VFD's/Pressure Vessels	-	15,395	-	-	-
-- New Storage Tank	-	-	-	-	-
20 Customer Meter w/ Box & Shutoff, Complete	-	-	-	-	-
20 Utility Billing Software Replacement	-	-	-	-	-
75 Loop Charles Rd.	-	-	-	-	-
75 Shop Building Upgrades - storage and work space	-	51,315	-	-	-
20 Replace Generator - 90 KW mobile	-	-	-	-	-
20 Dump truck	-	87,236	-	-	-
15 Replace Tractor	-	-	-	-	-
9 Replace Fleet Vehicles (avg life)	-	51,315	52,665	54,050	-
Distribution System Projects	-	-	-	-	-
75 Distribution Valve, 6" avg, both water systems 50%	-	-	-	-	-
75 Fire Hydrants, both water systems 50%	-	-	-	-	-
75 Pipe w/sand bedding, 6" avg. ID Goat Mtn	-	-	-	-	-
75 Pipe w/sand bedding, 6" avg. BDVWA	-	-	-	-	-
Operations Capital Projects (from 2020/21 Budget)2	-	-	-	-	-
-- Water Storage Tank Recoating (B1, B2), May 26, 2020	81,000	-	-	-	-
-- Water Storage Tank Recoating (B1, B2), Feb. 2020	80,000	-	-	-	-
-- C-Booster Station Upgrades	35,000	-	-	-	-
Total: CIP Program Costs (Future-Year Dollars)	\$ 430,030	\$ 273,345	\$ 52,665	\$ 54,050	\$ -

BIGHORN DESERT WATER AGENCY
WATER RATE STUDY
Capital Improvement Plan Expenditures

EXHIBIT 2

TABLE 12 : FORECASTING ASSUMPTIONS

Economic Variables	2021	2022	2023	2024	2025
Annual Construction Cost Inflation, Per Engineering News Record ³	0.00%	2.63%	2.63%	2.63%	2.63%
Cumulative Construction Cost Multiplier from 2020	1.00	1.03	1.05	1.08	1.11

1. Estimated capital improvement project costs found in source files: *BDVWA Replacement Refurbishment CIP and Min Rate Gen 5 1 2017.xlsx*
Cindy and Marina confirmed updated costs in source file: *CIP Estimates through 2035-36 V2.xlsx*
2. Operations Capital projects are per page 14 of the Agency's 2020/21 budget (file: *FY2020.21 Budget adopted 5 26 2020 20R-14.pdf*).
3. Construction inflator is based on the most current 10 year average of the Engineering News-Record Construction Cost Index.
Source: www.enr.com/economics (August 2010 to August 2020).

BIGHORN DESERT WATER AGENCY
WATER RATE STUDY
Debt Service

EXHIBIT 3

TABLE 13

AGENCY DEBT OBLIGATIONS					
Annual Repayment Schedules:	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
<u>Desert View Water Revenue Bonds</u> ¹					
Principal Payment	\$ -	\$ -	\$ -	\$ -	\$ -
Interest Payment	-	-	-	-	-
Subtotal: Annual Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -
Coverage Requirement (\$-Amnt above annual payment)	100%	100%	100%	100%	100%
Reserve Requirement (total fund balance)	\$ -	\$ -	\$ -	\$ -	\$ -
<u>MWA Pipeline Debt</u>					
Principal Payment ²	\$ 25,000	\$ 25,000	\$ 25,000	\$ -	\$ -
Interest Payment	-	-	-	-	-
Subtotal: Annual Debt Service	\$ 25,000	\$ 25,000	\$ 25,000	\$ -	\$ -
Coverage Requirement (\$-Amnt above annual payment)	100%	100%	100%	100%	100%
Reserve Requirement (total fund balance)	\$ -	\$ -	\$ -	\$ -	\$ -

1. Water revenue bonds due to mature in 2020. Source file: *Resolution No. 19R-03 Adopting the Agency Budget for FY 2019-20.pdf, page 8.*

2. Per Agency staff, this is in all likelihood going to be reimbursed with a grant. Leaving in model as a conservative approach.

TABLE 14 : EXISTING ANNUAL DEBT OBLIGATIONS TO BE SATISFIED BY WATER RATES

Existing Annual Debt Service	\$ 25,000	\$ 25,000	\$ 25,000	\$ -	\$ -
Existing Annual Coverage Requirement	100%	100%	100%	100%	100%
Existing Debt Reserve Target	\$ -	\$ -	\$ -	\$ -	\$ -

BIGHORN DESERT WATER AGENCY
WATER RATE STUDY
Cost of Service Analysis

Function & Classification

TABLE 15

Classification of Expenses											
Budget Categories	Total Revenue Requirements	Commodity	Additional Supply	Capacity	Customer	Fire Protection	Basis of Classification				
	FY 2020/21	(COM)	(ADD SUP)	(CAP)	(CA)	(FP)	COM	ADD SUP	CAP	CA	FP
Operating Administrative Expenses											
Administrative Compensation	\$ 307,871	\$ 92,361	\$ -	\$ 184,676	\$ 30,787	\$ 46	30.0%	0.0%	60.0%	10.0%	0.02%
Contractual Services - Auditor	\$ 21,165	\$ 6,350	\$ -	\$ 12,696	\$ 2,117	\$ 3	30.0%	0.0%	60.0%	10.0%	0.02%
Contractual Services - Legal	\$ 20,000	\$ 6,000	\$ -	\$ 11,997	\$ 2,000	\$ 3	30.0%	0.0%	60.0%	10.0%	0.02%
Legislative Affairs	\$ 10,000	\$ 3,000	\$ -	\$ 5,998	\$ 1,000	\$ 2	30.0%	0.0%	60.0%	10.0%	0.02%
PERS Contribution	\$ 39,079	\$ 11,724	\$ -	\$ 23,442	\$ 3,908	\$ 6	30.0%	0.0%	60.0%	10.0%	0.02%
PERS UAL	\$ 60,921	\$ 18,276	\$ -	\$ 36,543	\$ 6,092	\$ 9	30.0%	0.0%	60.0%	10.0%	0.02%
Payroll Tax	\$ 15,703	\$ 4,711	\$ -	\$ 9,419	\$ 1,570	\$ 2	30.0%	0.0%	60.0%	10.0%	0.02%
Telephone & Fax	\$ 9,085	\$ 2,726	\$ -	\$ 5,450	\$ 909	\$ 1	30.0%	0.0%	60.0%	10.0%	0.02%
Mailing Expenses	\$ 1,500	\$ -	\$ -	\$ -	\$ 1,500	\$ -	0.0%	0.0%	0.0%	100.0%	0.0%
Contractual Services - Other	\$ 78,500	\$ 23,550	\$ -	\$ 47,088	\$ 7,850	\$ 12	30.0%	0.0%	60.0%	10.0%	0.02%
Property/Liability Insurance	\$ 67,230	\$ 20,169	\$ -	\$ 40,328	\$ 6,723	\$ 10	30.0%	0.0%	60.0%	10.0%	0.02%
Workers Comp Insurance	\$ 12,606	\$ 3,782	\$ -	\$ 7,562	\$ 1,261	\$ 2	30.0%	0.0%	60.0%	10.0%	0.02%
Dues & Subscriptions & Annual Fees	\$ 17,850	\$ 5,355	\$ -	\$ 10,707	\$ 1,785	\$ 3	30.0%	0.0%	60.0%	10.0%	0.02%
Power/Propane - Office & Yards	\$ 8,200	\$ 2,460	\$ -	\$ 4,919	\$ 820	\$ 1	30.0%	0.0%	60.0%	10.0%	0.02%
Bad Debt Expense	\$ 1,500	\$ 450	\$ -	\$ 900	\$ 150	\$ 0	30.0%	0.0%	60.0%	10.0%	0.02%
Bad Debt Expense - Uncollected Liens	\$ 5,000	\$ 1,500	\$ -	\$ 2,999	\$ 500	\$ 1	30.0%	0.0%	60.0%	10.0%	0.02%
Office Supplies/Printing	\$ 8,500	\$ 2,550	\$ -	\$ 5,099	\$ 850	\$ 1	30.0%	0.0%	60.0%	10.0%	0.02%
Employee Benefits Insurance	\$ 155,000	\$ 46,500	\$ -	\$ 92,977	\$ 15,500	\$ 23	30.0%	0.0%	60.0%	10.0%	0.02%
Employee Education	\$ 15,000	\$ 4,500	\$ -	\$ 8,998	\$ 1,500	\$ 2	30.0%	0.0%	60.0%	10.0%	0.02%
Non-Operating Administrative Expenses											
Office Equipment Expense	\$ 10,000	\$ 3,000	\$ -	\$ 5,998	\$ 1,000	\$ 2	30.0%	0.0%	60.0%	10.0%	0.02%
Customer Relations	\$ 3,800	\$ -	\$ -	\$ -	\$ 3,800	\$ -	0.0%	0.0%	0.0%	100.0%	0.0%
Other Administrative Expenses	\$ 7,500	\$ 2,250	\$ -	\$ 4,499	\$ 750	\$ 1	30.0%	0.0%	60.0%	10.0%	0.02%
Election Costs	\$ 2,500	\$ 750	\$ -	\$ 1,500	\$ 250	\$ 0	30.0%	0.0%	60.0%	10.0%	0.02%
Misc. Expenses	\$ 500	\$ 150	\$ -	\$ 300	\$ 50	\$ 0	30.0%	0.0%	60.0%	10.0%	0.02%
Sub-Total	\$ 879,010	\$ 262,113	\$ -	\$ 524,095	\$ 92,671	\$ 131	29.8%	0.0%	59.6%	10.5%	0.01%

BIGHORN DESERT WATER AGENCY
WATER RATE STUDY
Cost of Service Analysis

Function & Classification

TABLE 16

Classification of Expenses, continued											
Budget Categories	Total Revenue Requirements	Commodity	Additional Supply	Capacity	Customer	Fire Protection	Basis of Classification				
	FY 2020/21	(COM)	(ADD SUP)	(CAP)	(CA)	(FP)	COM	ADD SUP	CAP	CA	FP
Operations Expense											
Operations Staff Compensation	\$ 326,155	\$ 97,847	\$ -	\$ 195,644	\$ 32,616	\$ 49	30.0%	0.0%	60.0%	10.0%	0.02%
Uniforms	\$ 6,750	\$ 2,025	\$ -	\$ 4,049	\$ 675	\$ 1	30.0%	0.0%	60.0%	10.0%	0.02%
Vehicle, Tractor, Equipment Expense	\$ 30,000	\$ 9,000	\$ -	\$ 17,995	\$ 3,000	\$ 5	30.0%	0.0%	60.0%	10.0%	0.02%
Vehicle Expense - Fuel	\$ 36,750	\$ 11,025	\$ -	\$ 22,044	\$ 3,675	\$ 6	30.0%	0.0%	60.0%	10.0%	0.02%
Field Materials and Supplies	\$ 75,000	\$ 22,500	\$ -	\$ 44,989	\$ 7,500	\$ 11	30.0%	0.0%	60.0%	10.0%	0.02%
Water Testing	\$ 12,000	\$ 12,000	\$ -	\$ -	\$ -	\$ -	100.0%	0.0%	0.0%	0.0%	0.0%
Engineering	\$ 60,000	\$ 18,000	\$ -	\$ 35,991	\$ 6,000	\$ 9	30.0%	0.0%	60.0%	10.0%	0.02%
Water System Repairs	\$ 70,000	\$ 21,000	\$ -	\$ 41,989	\$ 7,000	\$ 11	30.0%	0.0%	60.0%	10.0%	0.02%
Excavation Permit Fees (CoSB)	\$ 500	\$ 150	\$ -	\$ 300	\$ 50	\$ 0	30.0%	0.0%	60.0%	10.0%	0.02%
Building Maintenance and Repair	\$ 15,500	\$ 4,650	\$ -	\$ 9,298	\$ 1,550	\$ 2	30.0%	0.0%	60.0%	10.0%	0.02%
Communications Expense	\$ 6,700	\$ -	\$ -	\$ -	\$ 6,700	\$ -	0.0%	0.0%	0.0%	100.0%	0.0%
Disinfection Expense	\$ 15,000	\$ 15,000	\$ -	\$ -	\$ -	\$ -	100.0%	0.0%	0.0%	0.0%	0.0%
Power - Wells, Booster Pumps	\$ 75,000	\$ 75,000	\$ -	\$ -	\$ -	\$ -	100.0%	0.0%	0.0%	0.0%	0.0%
Other Operations Expense	\$ 11,650	\$ 3,495	\$ -	\$ 6,988	\$ 1,165	\$ 2	30.0%	0.0%	60.0%	10.0%	0.02%
Water Purchases	\$ 45,000	\$ -	\$ 45,000	\$ -	\$ -	\$ -	0.0%	100.0%	0.0%	0.0%	0.0%
Director Expense											
Director - McBride	\$ 9,020	\$ -	\$ -	\$ -	\$ 9,020	\$ -	0.0%	0.0%	0.0%	100.0%	0.0%
Director - Corl-Lorono	\$ 9,020	\$ -	\$ -	\$ -	\$ 9,020	\$ -	0.0%	0.0%	0.0%	100.0%	0.0%
Director - J. Burkhart	\$ 9,020	\$ -	\$ -	\$ -	\$ 9,020	\$ -	0.0%	0.0%	0.0%	100.0%	0.0%
Director - McKenzie	\$ 9,020	\$ -	\$ -	\$ -	\$ 9,020	\$ -	0.0%	0.0%	0.0%	100.0%	0.0%
Director - Coulombe	\$ 9,020	\$ -	\$ -	\$ -	\$ 9,020	\$ -	0.0%	0.0%	0.0%	100.0%	0.0%
Administration Projects (Approved April 2020)											
Rate and Fee Study	\$ 40,000	\$ 12,000	\$ -	\$ 23,994	\$ 4,000	\$ 6	30.0%	0.0%	60.0%	10.0%	0.02%
PARS TRUST FY 2020/21 Contribution (No. 2)	\$ 100,000	\$ 30,000	\$ -	\$ 59,985	\$ 10,000	\$ 15	30.0%	0.0%	60.0%	10.0%	0.02%
Sub-Total	\$ 971,105	\$ 333,692	\$ 45,000	\$ 463,267	\$ 129,031	\$ 116	34.4%	4.6%	47.7%	13.3%	0.0%
Total Operating Expense	\$ 1,850,115	\$ 595,805	\$ 45,000	\$ 987,362	\$ 221,702	\$ 247	32.2%	2.4%	53.4%	12.0%	0.0%

BIGHORN DESERT WATER AGENCY
WATER RATE STUDY
Cost of Service Analysis

Function & Classification

TABLE 17

Classification of Expenses, continued											
Budget Categories	Total Revenue Requirements	Commodity	Additional Supply	Capacity	Customer	Fire Protection	Basis of Classification				
	FY 2020/21	(COM)	(ADD SUP)	(CAP)	(CA)	(FP)	COM	ADD SUP	CAP	CA	FP
Debt Service Payments											
Existing Debt Service	\$ 25,000	\$ -	\$ -	\$ 25,000	\$ -	\$ -	0.0%	0.0%	100.0%	0.0%	0.0%
New Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%	0.0%	100.0%	0.0%	0.0%
Total Debt Service Payments	\$ 25,000	\$ -	\$ -	\$ 25,000	\$ -	\$ -	0.0%	0.0%	100.0%	0.0%	0.0%
Capital Expenditures											
Rate Funded Capital Expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.0%	0.0%	100.0%	0.0%	0.0%
TOTAL REVENUE REQUIREMENTS	\$ 1,875,115	\$ 595,805	\$ 45,000	\$ 1,012,362	\$ 221,702	\$ 247	31.8%	2.4%	54.0%	11.8%	0.0%
Less: Non-Rate Revenues											
Operating Revenue											
Metered Water Sales											
Basic Service Charge											
Other Operating Income	\$ (60,000)	\$ (19,533)	\$ -	\$ (33,190)	\$ (7,268)	\$ (8)	32.6%	0.0%	55.3%	12.1%	0.0%
Interest Income Unrestricted	\$ (16,000)	\$ (5,209)	\$ -	\$ (8,851)	\$ (1,938)	\$ (2)	32.6%	0.0%	55.3%	12.1%	0.0%
Water Sales from Ames	\$ (1)	\$ (0)	\$ -	\$ (1)	\$ (0)	\$ (0)	32.6%	0.0%	55.3%	12.1%	0.0%
Non-Operating Revenue											
Stand-By Income W-1	\$ (65,000)	\$ (21,161)	\$ -	\$ (35,956)	\$ (7,874)	\$ (9)	32.6%	0.0%	55.3%	12.1%	0.0%
Predicted Lien Receipts (DQ, Pen, Int)	\$ (28,500)	\$ (9,278)	\$ -	\$ (15,765)	\$ (3,453)	\$ (4)	32.6%	0.0%	55.3%	12.1%	0.0%
Debt Service BDVWA ID "1"	\$ (1)	\$ (0)	\$ -	\$ (1)	\$ (0)	\$ (0)	32.6%	0.0%	55.3%	12.1%	0.0%
Debt Service DV	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	32.6%	0.0%	55.3%	12.1%	0.0%
General Tax Income (portion of 1%)	\$ (136,330)	\$ (44,383)	\$ -	\$ (75,413)	\$ (16,515)	\$ (18)	32.6%	0.0%	55.3%	12.1%	0.0%
Non-Operating Revenue - New Connections											
Meter Connect Fees (SL Install Fees)											
Basic Facilities Charge (Buy-In)											
NET REVENUE REQUIREMENTS	\$ 1,569,283	\$ 496,239	\$ 45,000	\$ 843,185	\$ 184,653	\$ 206					
<i>Allocation of Revenue Requirements</i>	<i>100.0%</i>	<i>31.6%</i>	<i>2.9%</i>	<i>53.7%</i>	<i>11.8%</i>	<i>0.0%</i>					

TABLE 18

Classification of Expenses, continued						
Adjustments to Classification of Expenses						
Adjustment for Current Rate Level:	Total	COM	ADD SUP	CAP	CA	FP
FY 2020/21 Target Rate Rev. After Rate Increases	\$ 1,683,362					
Projected Rate Revenue at Current Rates	\$ 1,618,617					
FY 2020/21 Projected Rate Increase	4.0%					
Adjusted Net Revenue Req'ts	\$ 1,683,362	\$ 532,313	\$ 48,271	\$ 904,480	\$ 198,076	\$ 221
<i>Percent of Revenue</i>	<i>100.0%</i>	<i>31.6%</i>	<i>2.9%</i>	<i>53.7%</i>	<i>11.8%</i>	<i>0.0%</i>

BIGHORN DESERT WATER AGENCY
WATER RATE STUDY
Water Cost of Service Analysis

Allocation Factors

TABLE 19

Development of the COMMODITY Allocation Factor			Average Monthly Statistics			Average Bi-Monthly Statistics		
Customer Class	Volume (hcf) ¹	Percent of Total Volume	Winter	Annual	Summer	Winter	Annual	Summer
Residential	173,074	84.4%	4	6	9	8	12	17
Residential + Backflow	2,971	1.4%	9	14	18	18	28	36
Agriculture	8,593	4.2%	1	31	75	2	62	150
Agriculture + Residence	7,704	3.8%	7	24	48	15	48	95
Bulk Water	10,563	5.2%	4	7	11	7	15	23
Commercial	448	0.2%	4	7	14	8	15	29
Commercial + Backflow	856	0.4%	12	18	27	24	36	53
Fire Meter	-	0.0%	-	-	-	-	-	-
Institutional - Fire Dept.	9	0.0%	-	1	3	-	2	7
Institutional + Backflow	839	0.4%	13	35	86	27	70	172
Total	205,057	100%						

1. Consumption is from September 2019 through August 2020. BDVWA charges monthly rates, but bills customers bi-monthly.
Source files: *CUSTOMER BILLING DATA 09.18.2020.xlsx*

Commodity Related Costs: *These costs are associated with the total consumption (flow) of water over a specified period of time (e.g. annual).*

BIGHORN DESERT WATER AGENCY
WATER RATE STUDY
Water Cost of Service Analysis

Allocation Factors

TABLE 20

Development of the CAPACITY (MAX MONTH) Allocation Factor				
Customer Class	Average Bi-Monthly Use (hcf)	Peak Bi-Monthly Use (hcf) ¹	Peaking Factor	Max 2-Month Capacity Factor
Residential	28,846	43,629	1.51	81.1%
Residential + Backflow	495	652	1.32	1.2%
Agriculture	1,432	3,461	2.42	6.4%
Agriculture + Residence	1,284	2,572	2.00	4.8%
Bulk Water	1,760	2,760	1.57	5.1%
Commercial	75	144	1.92	0.3%
Commercial + Backflow	143	213	1.49	0.4%
Institutional - Fire Dept.	2	7	4.33	0.0%
Institutional + Backflow	140	344	2.46	0.6%
Total	34,176	53,782		100%
Fire Meter	0	0	0.00	0.0%

1. Based on peak monthly data (peak day data not available).

Capacity Related Costs: *Costs associated with the maximum demand required at one the maximum size of facilities required to meet this demand.*

BIGHORN DESERT WATER AGENCY
WATER RATE STUDY
Water Cost of Service Analysis

Allocation Factors

TABLE 21

Development of the CUSTOMER Allocation Factor		
Customer Class	Number of Meters ¹	Percent of Total
Residential	2,504	92.5%
Residential + Backflow	18	0.7%
Agriculture	23	0.8%
Agriculture + Residence	27	1.0%
Bulk Water	121	4.5%
Commercial	5	0.2%
Commercial + Backflow	4	0.1%
Fire Meter	2	0.1%
Institutional - Fire Dept.	1	0.0%
Institutional + Backflow	2	0.1%
Total	2,707	100.0%

1. Meter Count is from July/August 2020. BHDVWA charges monthly rates, but bills bi-monthly.

Source files: *CUSTOMER BILLING DATA 09.18.2020.xlsx*

Customer Related Costs : Costs associated with having a customer on the water system. These costs vary with the addition or deletion of customers on the system. Examples: Meter-reading, Postage and billing.

BIGHORN DESERT WATER AGENCY
WATER RATE STUDY
Water Cost of Service Analysis/Rate Design

TABLE 22

Meter Size	Standard Meters ¹		Fire Service Meters ²	
	Meter Capacity (gpm)	Equivalency to 1 inch	Meter Capacity (gpm)	Equivalency to 1 inch
	<u>Displacement Meters</u>		<u>Displacement Meters</u>	
3/4 inch	30	1.00	30	1.00
1 inch	50	1.00	50	1.00
1.5 inch	100	2.00	100	2.00
2 inch	160	3.20	160	3.20
	<u>Compound Class I Meters</u>		<u>Fire Service Type II</u>	
3 inch	320	6.40	350	7.00
4 inch	500	10.00	700	14.00
6 inch	1,000	20.00	1,600	32.00
8 inch	1,600	32.00	2,800	56.00

1. Meter flow rates are from AWWA M-1 Table B-1.

2. Fire Service meter flow rates are from AWWA M-6 Table 5-3.

TABLE 23 : ALLOCATION OF WATER REVENUE REQUIREMENTS

Functional Category	COSA Results		Proposed Rates	
	Unadjusted Net Revenue Requirements (2020-21) 68% Fixed / 32% Variable		Adjusted Net Revenue Requirements (2020-21) 60% Fixed / 40% Variable	
Commodity - Related Costs	\$ 532,313	31.6%	\$ 532,313	31.6%
Additional Supply Costs	\$ 48,271	2.9%	\$ 48,271	2.9%
Capacity - Related Costs (volumetric share)	\$ -	0.0%	\$ 92,760	5.5%
Capacity - Related Costs (fixed share)	\$ 904,480	53.7%	\$ 811,720	48.2%
Customer - Related Costs	\$ 198,076	11.8%	\$ 198,076	11.8%
Fire Protection - Related Costs	\$ 221	0.0%	\$ 221	0.0%
Total	\$ 1,683,362	100%	\$ 1,683,362	100%

BIGHORN DESERT WATER AGENCY
WATER RATE STUDY
Water Cost of Service Analysis/Rate Design

TABLE 24 : ALLOCATION OF ADJUSTED NET REVENUE REQUIREMENTS - FY 2020/21

Proposed Rates - Net Revenue Requirements (60% Fixed / 40% Variable)								
Customer Classes	Classification Components						Cost of Service Net Rev. Req'ts	% of COS Net Revenue Req'ts
	Commodity-Related Costs	Additional Supply Costs	Capacity-Related Costs Volumetric Share	Capacity-Related Costs Fixed Share	Customer-Related Costs	Fire Protection-Related Costs		
Residential	\$ 449,288		\$ 75,249	\$ 658,483	\$ 183,222	\$ -	\$1,366,243	81.2%
Residential + Backflow	7,713		1,124	9,836	1,317	-	19,990	1.2%
Agriculture	22,307	Direct	5,970	52,239	1,683	-	82,199	4.9%
Agriculture + Residence	19,998	Allocation	4,437	38,825	1,976	-	65,236	3.9%
Bulk Water	27,420	Made based	4,761	41,661	8,854	-	82,696	4.9%
Commercial	1,164	on Tiered	248	2,167	366	-	3,944	0.2%
Commercial + Backflow	2,222	Water	368	3,216	293	-	6,098	0.4%
Fire Meter	-	Usage	-	-	146	221	367	0.0%
Institutional - Fire Dept.	24		12	101	73	-	210	0.0%
Institutional + Backflow	2,177		593	5,190	146	-	8,107	0.5%
Total Net Revenue Requirement	\$ 532,313	\$ 48,271	\$ 92,760	\$ 811,720	\$ 198,076	\$ 221	\$1,683,362	97%

BIGHORN DESERT WATER AGENCY
WATER RATE STUDY
Water Cost of Service Analysis/Rate Design

TABLE 25 : CALCULATION OF BI-MONTHLY FIXED METER SERVICE CHARGES FOR FY 2020/21

Proposed Rates - Net Revenue Requirements (60% Fixed / 40% Variable)								
Number of Meters by Class and Size ¹	3/4 inch	1 inch	1 1/2 inch	2 inch	3 inch	4 inch	6 inch	Total
Residential	1,628	875	-	1	-	-	-	2,504
Residential + Backflow	7	11	-	-	-	-	-	18
Agriculture	6	17	-	-	-	-	-	23
Agriculture + Residence	12	15	-	-	-	-	-	27
Commercial	3	2	-	-	-	-	-	5
Commercial + Backflow	3	1	-	-	-	-	-	4
Institutional - Fire Dept.	-	1	-	-	-	-	-	1
Institutional + Backflow	1	-	-	1	-	-	-	2
Total Meters/Accounts	1,660	922	-	2	-	-	-	2,584
<i>Hydraulic Capacity Factor ²</i>	<i>1.00</i>	<i>1.00</i>	<i>2.00</i>	<i>3.20</i>	<i>6.40</i>	<i>10.00</i>	<i>20.00</i>	
Total Equivalent Meters	1,660	922	-	6	-	-	-	2,588
Bi-Monthly Fixed Service Charges								
Customer Costs (\$/Acct/2 months) ³	\$12.20	\$12.20	\$12.20	\$12.20	\$12.20	\$12.20	\$12.20	
Capacity Costs (\$/Acct/2 months) ⁴	\$49.58	\$49.58	\$99.17	\$158.67	\$317.34	\$495.84	\$991.68	
Total Bi-Monthly Meter Charge	\$61.78	\$61.78	\$111.36	\$170.86	\$329.53	\$508.03	\$1,003.87	
Annual Fixed Costs Allocated to Bi-Monthly Meter Charges								
Customer Costs	\$ 189,076							
Capacity Costs	770,058							
Total Fixed Meter Costs	\$ 959,134							
Annual Revenue from Bi-Monthly Meter Charges								
Customer Charges	\$ 121,465	\$ 67,464	\$ -	\$ 146	\$ -	\$ -	\$ -	\$ 189,076
Capacity Charges	493,856	274,298	-	1,904	-	-	-	\$ 770,058
Total Revenue from Bi-Monthly Meter Charges	\$ 615,321	\$ 341,763	\$ -	\$ 2,050	\$ -	\$ -	\$ -	\$ 959,134

1. Number of meters by size and customer class for July-August 2020.

Source file for meters and consumption: CUSTOMER BILLING DATA 09.18.2020.xlsx

2. Source file: AWWA Manual M1, "Principles of Water Rates, Fees, and Charges", Table B-1.

3. Customer costs are allocated to each customer by dividing the total customer costs by the total number of customers.

4. Capacity costs are allocated by meter size and the hydraulic capacity of the meter.

BIGHORN DESERT WATER AGENCY
WATER RATE STUDY
Water Cost of Service Analysis/Rate Design

TABLE 26 : CALCULATION OF BI-MONTHLY FIXED METER SERVICE CHARGES FOR FY 2020/21

Proposed Rates - Net Revenue Requirements (60% Fixed / 40% Variable)								
Number of Meters by Class and Size ¹	3/4 inch	1 inch	2 inch	3 inch	4 inch	6 inch	8 inch	Total
Fire Protection - Related Costs	-	2	-	-	-	-	-	2
Total Meters/Accounts	-	2	-	-	-	-	-	2
<i>Hydraulic Capacity Factor ²</i>	1.00	1.00	3.20	7.00	14.00	32.00	56.00	
Total Equivalent Meters	-	2	-	-	-	-	-	2
Bi-Monthly Fixed Service Charges								
Customer Costs (\$/Acct/2 months) ³	\$12.20	\$12.20	\$12.20	\$12.20	\$12.20	\$12.20	\$12.20	
Capacity Costs (\$/Acct/2 months) ⁴	\$18.42	\$18.42	\$58.95	\$128.95	\$257.89	\$589.47	\$1,031.56	
Total Bi-Monthly Meter Charge	\$30.62	\$30.62	\$71.14	\$141.14	\$270.09	\$601.66	\$1,043.76	
Annual Fixed Costs Allocated to Bi-Monthly Meter Charges								
Customer Costs	\$ 146							
Fire Protection Costs	221							
Total Fixed Meter Costs	\$ 367							
Annual Revenue from Bi-Monthly Meter Charges								
Customer Charges	\$ -	\$ 146	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 146
Capacity Charges	-	221	-	-	-	-	-	221
Total Revenue from Bi-Monthly Meter Charges	\$ -	\$ 367	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 367

1. Number of meters by size and customer class for July-August 2020.

Source file for meters and consumption: CUSTOMER BILLING DATA 09.18.2020.xlsx

2. Source file: AWWA Manual M6, "Water Meters - Selection, Installation, Testing and Maintenance", Table 5-3.

3. Customer costs are allocated to each customer by dividing the total customer costs by the total number of customers.

4. Capacity costs are allocated by meter size and the hydraulic capacity of the meter.

BIGHORN DESERT WATER AGENCY
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Proposed Volume Charges

PROPOSED VOLUMETRIC CHARGES FOR FY 2020/21

TABLE 27

Proposed Rates - Net Revenue Requirements (60% Fixed / 40% Variable)								
Customer Classes	Water Consumption (hcf/yr.) ¹	Commodity Assigned Costs	Capacity Assigned Costs	Additional Supply Costs ²	Fixed Costs to Recover from Vol. Charges	Target Rev. Req't from Vol. Charges	Cost Per Unit of Water (\$/hcf)	Volumetric Rates (\$/hcf)
Residential	173,074	\$ 449,288	\$ 75,249	<i>Allocated based on water supply costs.</i>	\$ -	\$ 524,537	\$3.03	\$3.03
Residential + Backflow	2,971	7,713	1,124		-	8,837	\$2.97	
Agriculture	8,593	22,307	5,970		-	28,277	\$3.29	
Agriculture + Residence	7,704	19,998	4,437		-	24,435	\$3.17	
Bulk Water	10,563	27,420	4,761		50,515	82,696	\$7.83	\$7.83
Commercial	448	1,164	248	898	-	2,310	\$5.15	\$3.58
Commercial + Backflow	856	2,222	368		-	2,589	\$3.03	
Fire Meter	0	-	-		-	-	N/A	
Institutional - Fire Dept.	9	24	12		-	36	\$3.84	
Institutional + Backflow	839	2,177	593		-	2,770	\$3.30	
Total	205,057	\$ 532,313	\$ 92,760	\$ 898	\$ 50,515	\$ 676,487		

1. Consumption by customer class for July-August 2020.

Source file for meters and consumption: CUSTOMER BILLING DATA 09.18.2020.xlsx

2. Additional water supply costs for Residential and Agriculture customers shown in Table 29.

TABLE 28: PROPOSED TIER BREAKPOINTS

Water Supply Allocation	Based on # of Parcels	Based on # of Accounts
Total Water Allocation 2020	908 acre feet	908 acre feet
Total Customer Base	5,286 total parcels	2,707 total active accounts
Water Allocated to Each Customer Annual	0.17 acre feet/parcel/year	0.34 acre feet/parcel/year
Conversion to Hundred Cubic Feet	74.8 hcf	146.1 hcf
HCF Bi-Monthly Allocation Per Customer	12.5 hcf	24.4 hcf
Bi-Monthly Tier 1 Water	13.00 hcf	25.00 hcf
Total Water Allocation in hcf	395,524	

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Proposed Volume Charges

TABLE 29: ADDITIONAL WATER SUPPLY COSTS

Cost Per Unit for State Water Project Water	Ag+Res	Non-Res	Total
Total Cost for Additional Water Supply (70 AF)	\$47,373.11	\$898.16	\$48,271.27 Total Cost
Cost per Acre Foot	\$689.59		\$689.59 per AF
Cost per HCF	\$1.58		\$1.58 per hcf

TABLE 30: TIERED WATER RATES

Proposed Rates - Net Revenue Requirements (60% Fixed / 40% Variable)						
Customer Classes	Est. Water Consumption (hcf/yr.)	% of Consumption in Tier	Base Rate	Plus Additional Supply Cost	Cost Per Unit of Water (\$/hcf)	Estimated Revenue
Residential						
Tier 1	124,215	70%	\$3.03	\$0.00	\$3.03	\$ 376,341
Tier 2	53,094	30%	\$3.03	\$1.58	\$4.61	\$ 244,914
Agriculture						
Tier 1	4,052	26%	\$3.23	\$0.00	\$3.23	\$ 13,106
Tier 2	11,649	74%	\$3.23	\$1.58	\$4.82	\$ 56,120
Total	193,010					\$ 690,481

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Water Cost of Service Analysis/Rate Design

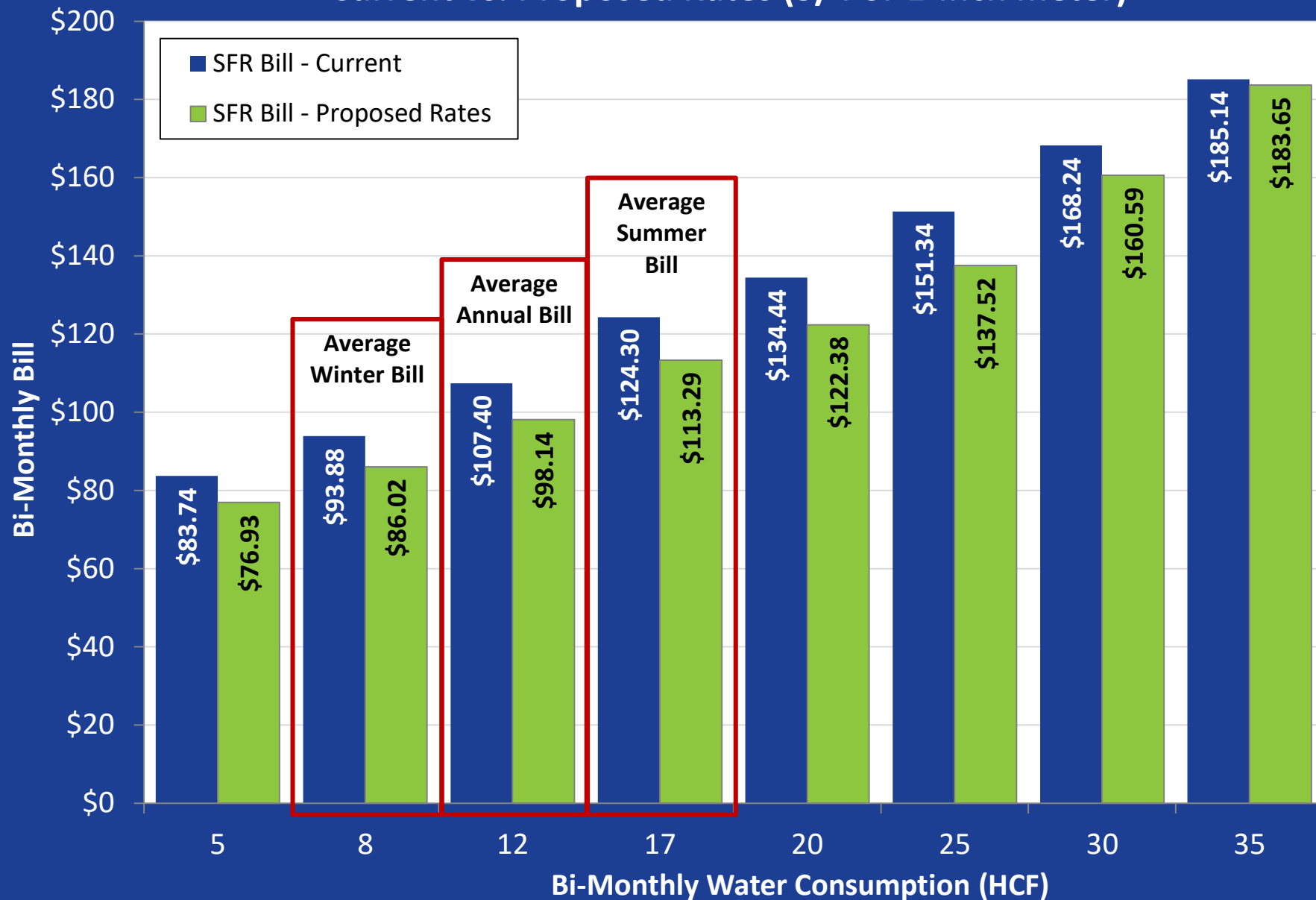
Current & Proposed Rates

CURRENT VS. PROPOSED WATER RATES:

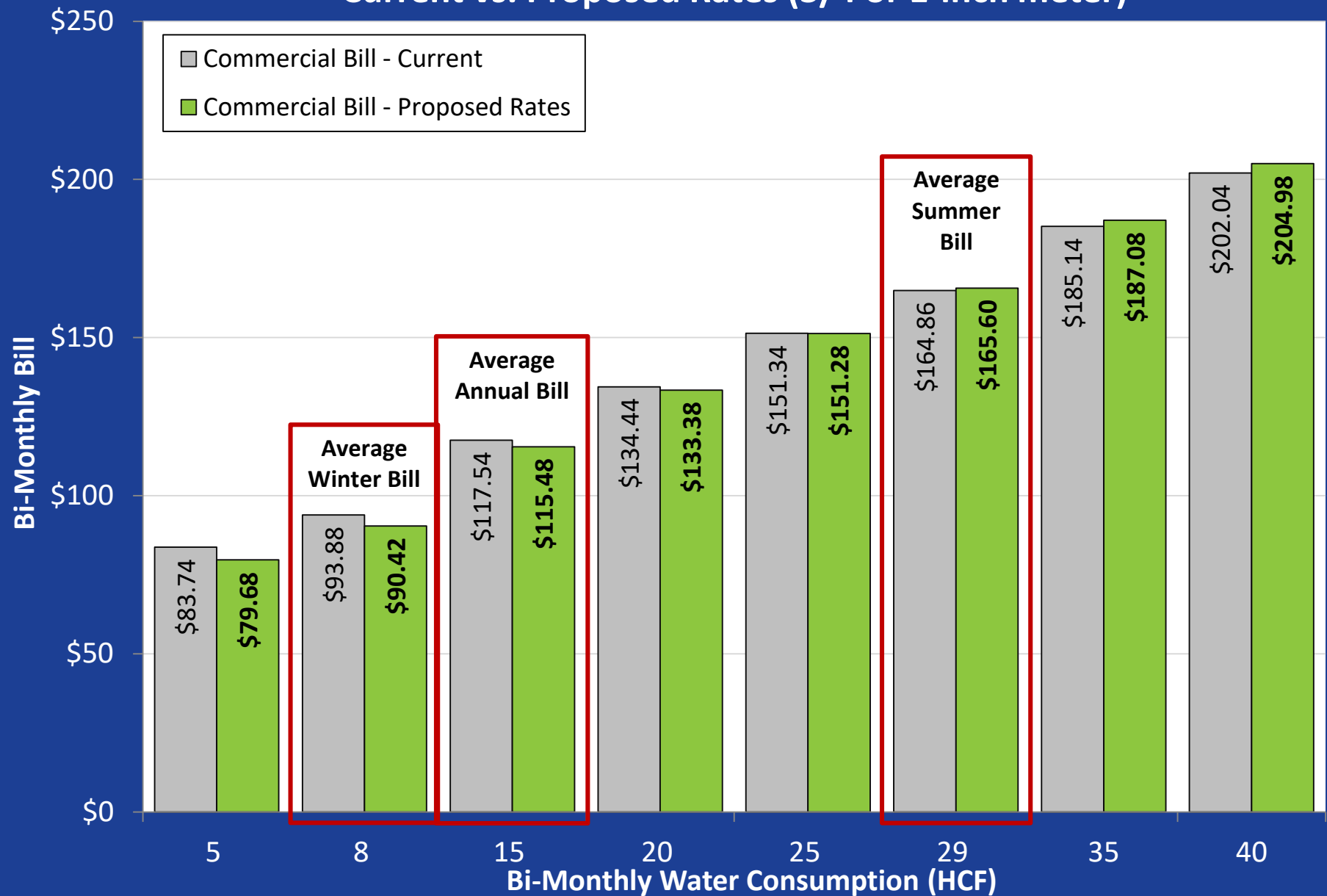
TABLE 31

Proposed Rates - Net Revenue Requirements (60% Fixed / 40% Variable)						
Water Rate Schedule	Current Rates	Proposed Rates				
		FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25
Projected Increase in Rate Revenue per Financial Plan:		4.00%	4.00%	4.00%	4.00%	4.00%
Fixed Meter Charges						
Bi-Monthly Fixed Service Charges:						
3/4 inch	\$66.84	\$61.78	\$64.25	\$66.82	\$69.49	\$72.27
1 inch	\$66.84	\$61.78	\$64.25	\$66.82	\$69.49	\$72.27
1.5 inch	\$66.84	\$111.36	\$115.81	\$120.44	\$125.26	\$130.27
2 inch	\$66.84	\$170.86	\$177.69	\$184.80	\$192.19	\$199.88
3 inch	\$66.84	\$329.53	\$342.71	\$356.42	\$370.68	\$385.51
4 inch	--	\$508.03	\$528.35	\$549.48	\$571.46	\$594.32
6 inch	--	\$1,003.87	\$1,044.02	\$1,085.78	\$1,129.21	\$1,174.38
Bi-Monthly Fire Service Charges:						
3/4 inch	\$16.00	\$30.62	\$31.84	\$33.11	\$34.43	\$35.81
1 inch	\$16.00	\$30.62	\$31.84	\$33.11	\$34.43	\$35.81
2 inch	\$16.00	\$71.14	\$73.99	\$76.95	\$80.03	\$83.23
3 inch	\$34.43	\$141.14	\$146.79	\$152.66	\$158.77	\$165.12
4 inch	\$57.38	\$270.09	\$280.89	\$292.13	\$303.82	\$315.97
6 inch	\$114.75	\$601.66	\$625.73	\$650.76	\$676.79	\$703.86
8 inch	\$183.60	\$1,043.76	\$1,085.51	\$1,128.93	\$1,174.09	\$1,221.05
Commodity Charges						
Rate per hcf of Water Consumed:						
Bulk Meters	\$9.57	\$7.83	\$8.14	\$8.47	\$8.81	\$9.16
Commercial, Institutional, Fire & Other	\$3.38	\$3.58	\$3.72	\$3.87	\$4.02	\$4.18
Residential, 3/4" and 1" Meters	\$3.38	--	--	--	--	--
Tiered Rate - Residential Customers:						
Proposed Break						
Tier 1 0-25 hcf	\$3.38	\$3.03	\$3.15	\$3.28	\$3.41	\$3.55
Tier 2 26+ hcf	\$3.38	\$4.61	\$4.80	\$4.99	\$5.19	\$5.40
Tiered Rate - Agriculture Customers:						
Proposed Break						
Tier 1 0-25 hcf	\$3.38	\$3.23	\$3.36	\$3.49	\$3.63	\$3.78
Tier 2 26+ hcf	\$3.38	\$4.82	\$5.01	\$5.21	\$5.42	\$5.64

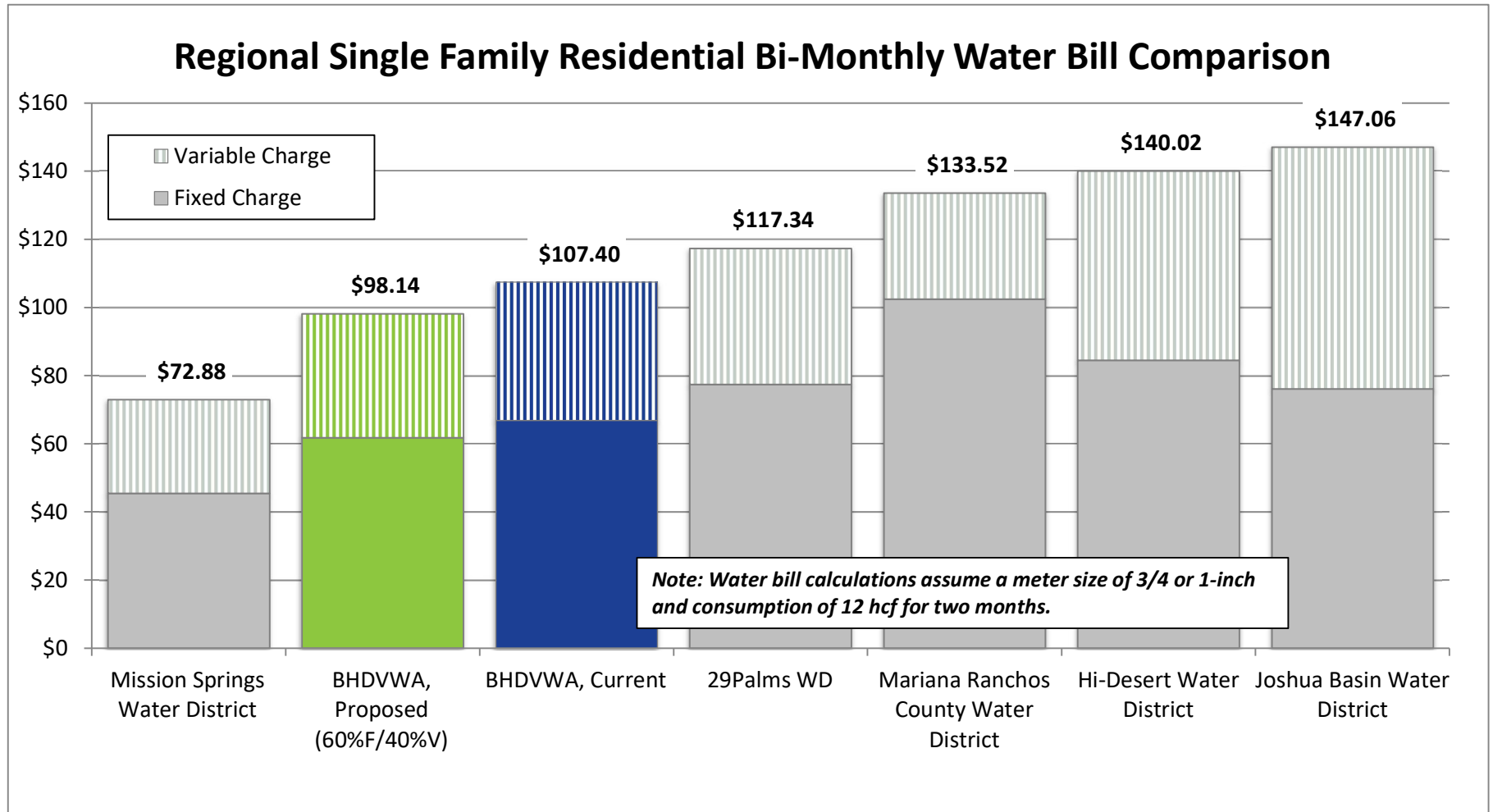
Residential Water Bill Comparison Current vs. Proposed Rates (3/4 or 1-inch meter)



Commercial Water Bill Comparison Current vs. Proposed Rates (3/4 or 1-inch meter)



Water Rate Comparison
Regional Water Rate Comparison





Bighorn Desert View Water Agency

Water Capacity Fee Study

Final Report

February 2021

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Section 1. Executive Summary

A. Background and Purpose

Bighorn Desert View Water Agency retained NBS to conduct a water capacity fee study in conjunction with the water rate study for two primary reasons: (1) to ensure that the fees are updated to comply with legal requirements and industry standards, and (2) to ensure that these fees reflect the cost of capital infrastructure needed to serve new connections, or any person requesting additional capacity in the Agency's water system (referred to throughout as "future customers").

Please note, the fees updated in this study are commonly referred to as "connection fees," "capital facility fees," "capacity charges," or in this case, "capacity fees." BDVWA refers to this as the Basic Facilities Charge. The terms are often used interchangeably, and California Government Code Section 66013 defines these types of fees (referred to as a "capacity charge") as a one-time "charge for public facilities in existence at the time a charge is imposed or charges for new public facilities to be acquired or constructed in the future that are of proportional benefit to the person or property being charged, including supply or capacity contracts for rights or entitlements, real property interests, and entitlements and other rights of the local agency involving capital expense relating to its use of existing or new public facilities." It authorizes public agencies to impose "connection fees" (e.g., capacity fees) which are more appropriately called system capacity charges or capacity fees, on customers connecting to or upsizing their connection to the water system, to ensure that they pay their fair share of existing utility asset costs, plus the costs of new facilities needed to serve them. In its simplest form, capacity fees are the result of dividing the cost (or value) of the Utility's current system assets plus planned capital improvements, by the expected number of future customers. As a result, future customers connecting to the Agency's water utility would enter as equal participants, along with current customers, regarding their financial commitment and obligations to the utility.

Whereas water rate increases imposed on existing customers require a protest ballot procedure (under Proposition 218), capacity fees do not because they are an appropriate funding mechanism for facilities that benefit new development agencywide and may be imposed by a majority vote of the governing legislative body, which in this case is the Bighorn Desert View Water Agency's Board of Directors. This report provides the documentation and findings necessary for the adoption of proposed capacity (system capacity) fees.

B. Overview of Capacity Fee Program Methodology

Various methodologies have been and are currently used to calculate water capacity fees. The most common methodologies are based on the following from the American Water Works Association's Principles of Water Rates, Fees and Charges¹, also referred to as Manual M1:

- The value of existing (historical) system assets, often called a "system buy-in" or "replacement cost" methodology.

¹ *Principles of Water Rates, Fees, and Charges, Manual of Water Supply Practices, M1, AWWA, seventh edition, 2017.*

- The value of planned future improvements, also called the “incremental” or “system development” methodology.
- A combination of these two approaches.

This analysis uses the “Combination Approach,”² which requires new customers to pay both their fair share of existing system assets as well as their share of the planned future capital improvements needed to provide them with capacity in the Agency’s water system. As a result, new customers connecting to the Agency’s water system would enter as equal participants with existing customers regarding their financial commitment and obligations to the utility.

In its simplest form, capacity fees (also referred to as connection fees, capacity fees, or system development charges) are calculated by dividing the costs allocated to future development by the number of units of new development anticipated:

- Costs of planned future facilities and improvements required to serve new development are those that can reasonably be allocated to future development.
- The number of new units (i.e., growth) are those units projected to occur within the timeframe covered by the capacity fee analysis.

Capacity fees are one-time fees intended to reflect the cost of existing infrastructure and planned improvements available to new services, and place new utility customers or existing customers requesting an increase in service capacity on equal basis from a financial perspective with existing customers. Once new customers are added to the system, they then incur the obligation to pay the same service charges or water rates that existing customers pay.

This capacity fee study and the recommended fees assume a given level of development activity over the course of the study period based on data available from the Agency’s 2007 Water Master Plan. The development that occurs may result in both different impacts and fee revenues than those that are calculated in this study. For that reason, regular updates are recommended to adjust the fees to match the needs created by the rate of actual development.

In developing the proposed fees, NBS worked cooperatively with Agency staff. The fees presented in this study reflect input provided by Agency staff regarding financial matters, available capacity in the water system, existing asset values, and planned capital improvements.

Section 2 discusses in more detail the development of the water capacity fees and present the updated fees recommended for new and upsized connections.

² Method of calculating capital facility fees (also known as System Development Fees, Connection Fees, Capacity Fees) are set forth in the American Water Works Association’s *Principles of Water Rates, Fees and Charges* Seventh Edition (2017) pages 311 to 347.

Section 2. Water Capacity Fee Study

A. Existing Connections and Projected Future Growth

The Agency currently has approximately 2,700 equivalent 1-inch water meter connections to the water system. The Agency has implemented 1-inch meters as the standard (or base) meter size installed, but there are over 1,600 3/4-inch meters connected to the system. For the purpose of this study, 3/4-inch meters are treated the same as 1-inch meters; which is a common industry practice when setting rates and fees for smaller meter sizes. **Figure 1** shows the current number of meters by size connected to the system, meter equivalency factors and meter equivalent units.

FIGURE 1. CURRENT WATER CUSTOMERS

Meter Size	Existing Water Meters ¹	Meter Equivalence		1-inch Meter Equivalent Units
		Maximum Flow (gpm) ²	Equivalency to 1 inch meter	
3/4 inch	1,660	30	1.00	1,660
1 inch	1,019	50	1.00	1,019
1.5 inch	0	100	2.00	0
2 inch	26	160	3.20	83
3 inch	0	320	6.40	0
Total	2,705			2,762

1. Number of meters by size and customer class for July-August 2020. Includes 121 Bulk meters.

Source file for meters and consumption: CUSTOMER BILLING DATA 10.13.2020_v2.xlsx

2. Source: AWWA M1, Table B-2. Assumes displacement meters for 5/8" through 2", Compound Class I for 3".

Larger meters have the potential to use more of the system's capacity, compared to smaller meters. The potential capacity demanded by each meter is proportional to the maximum hydraulic flow through each meter size as established by the AWWA³ hydraulic capacity ratios. The AWWA hydraulic capacity ratios (also known as flow factors, or meter equivalencies) used in this study are shown in the fourth column of Figure 1. The maximum flow rate, in gallons per minute (gpm) for each size meter is used to determine the number of equivalent 1-inch meter units currently connected.

As an example, a 2-inch meter has a greater capacity, or potential peak demand than a 1-inch meter. The "equivalency to a 1-inch meter" is calculated by dividing the maximum capacity or flow of larger meters by the capacity of the base (1-inch) meter size. The meter capacity factors shown in Figure 1 are the ratio of potential flow through each meter size compared to the flow through a 1-inch meter. The 1-inch meter is the base meter size for the utility and is used to compare the capacities of the larger meters. For example, column 4 in Figure 1 shows that a 2-inch meter is equivalent to 3.2 1-inch meters.

The actual number of meters by size is multiplied by the corresponding meter equivalency to calculate the total number of equivalent meters. The number of equivalent meters is used as a proxy for the

³ "AWWA" is the American Water Works Association.

potential demand that each customer can place on the water system. A significant portion of a water system's peak capacity, and in turn the utility's fixed capital costs, are related to meeting system capacity requirements. Therefore, the capacity fee for a new connection will be proportional to the service's meter equivalence.

The equivalent meter calculation is summarized for standard use meters in Figure 1. Given that the state now requires fire suppression systems in all new single-family home construction, the minimum meter size going forward is a 1-inch meter. This difference has not changed the expected use within the home. Consequently, the District has chosen to treat 3/4-inch meters equivalent to 1-inch meters for the following reasons:

- The desire for a single, fixed meter charge across all customer classes.
- The desire for a single capacity fee for new connections.
- The overwhelming number of meters between 3/4-inch and 1 inch are for residential and non-residential properties.

The result of this analysis, summarized in Figure 1, is that while there are currently 2,705 connections to the water system, there are 2,762 potable water equivalent (i.e., 1-inch) meter units.

Figure 2 shows existing and projected service numbers for the water system. The anticipated future connections are based on the Agency's planned customer growth rate of 40 meters added annually, for the next 20 years. Existing capacity in the Agency's water system is allocated to current and future customers and the percentage assigned to current and future customers is based upon their assigned share of 1-inch meter equivalent units. As shown in Figure 2, new customers will be allocated about 27.6% of existing assets and planned assets. This is calculated by taking the expected number of new units (763) divided by the existing total of equivalent meters (2,762).

FIGURE 2. EXISTING AND PROJECTED SERVICE NUMBERS

Demographic Statistics	Existing Total	Projected Service Total ¹ (thru FY2037/38)	% Allocation Factors		Cumulative Change	
			Existing Customers	New Customers	Number of Units	% Increase
Equivalent 1-inch meters	2,762	3,525	72.4%	27.6%	763	27.6%

1. Customer growth estimated in 2007 Urban Water Master Plan. Assumes 40 new connections per year.

Source file: Water Master Plan 2007.pdf, page 16.

B. Existing and Planned Assets

The capital assets addressed in this study include existing assets and planned capital improvements (i.e. the system buy-in and incremental assets). An important aspect of this study is how the value of existing utility assets is determined. For example, the purchase price does not account for wear and tear, and current book value (purchase price less accumulated depreciation) typically underestimates the "true value" of facilities as it does not account for cost increases over time. Therefore, this study uses the replacement cost (RC) approach summarized in **Figure 3** to estimate existing asset values, because it provides an up-to-date asset value that reflects estimated cost inflation.

FIGURE 3. SUMMARY OF EXISTING ASSET VALUES

Asset Category ¹	Original Values ¹	Replication Value ²	System Buy-In
	Asset Cost	Asset Cost	Cost Basis ³
Water Fund			
Infrastructure	\$ 582,157	\$ 1,416,064	\$ 1,416,064
Land	38,690	38,690	38,690
Large Machinery	595,257	914,242	914,242
Mains and Piping	1,845,242	4,762,862	4,762,862
Meters and Hydrants	257,851	318,347	318,347
Office Equipment	576,474	719,186	719,186
Pumps, Tanks & Wells	3,443,496	8,175,586	8,175,586
Treatment Plant	4,003,823	16,369,245	16,369,245
Vehicle	253,208	265,048	265,048
Total Capital Facilities & Equipment	\$ 11,596,198	\$ 32,979,269	\$ 32,979,269

1. Source file for Bighorn Desert View Water Agency current assets as of August 2020: 2020.09.02-58227744-FA-Asset Listing.xlsx

Fully depreciated assets have been excluded from this analysis.

2. Takes into account estimated cost inflation, noted in Footnote 3.

3. System Buy-In Cost Basis values are calculated by escalating the book values (from Districts fixed asset report) from service date to current year values using historical cost inflation factors from the Handy-Whitman Index of Public Utility Construction Costs for Water Utility Construction in the Pacific Region. The percentage change in the asset cost is shown in column M of the Existing Assets Detail tab, labeled "Adjusted % of Original Value".

The replacement cost is calculated by escalating the book value of existing assets to current-day values using inflation factors from the Handy-Whitman Index of Public Utility Construction Costs for Water Utility Construction. Figure 3 summarizes the System Buy-In Cost Basis by Asset Category for the water utility. For this analysis, assets that have exceeded their useful life (as defined in the Agency's asset records) were considered to have no remaining value.

Most of the replacement costs were allocated to current customers based on the 72.4 percent allocation factor previously shown in Figure 2 (and the 27.6 percent allocation factor for future customers). Meters are allocated 100 percent to current customers since they do not benefit future customers. **Figure 4** shows the allocation of about \$33 million system buy-in costs to current and future customers. Future customers are allocated approximately \$9 million of the existing water utility assets, or about 27.4%, due to meters being allocated to current customers only.

FIGURE 4. EXISTING ASSET VALUES ALLOCATED TO CURRENT & FUTURE CUSTOMERS

Asset Category ¹	System Buy-In Cost Basis	Allocation Basis (%) ²		Distribution of Cost Basis (\$)	
		Existing Customers	Future Customers	Existing Customers	Future Customers
Water Fund					
Infrastructure	\$ 1,416,064	72.4%	27.6%	\$ 1,024,906	\$ 391,158
Land	38,690	72.4%	27.6%	28,002	10,687
Large Machinery	914,242	72.4%	27.6%	661,702	252,540
Mains and Piping	4,762,862	72.4%	27.6%	3,447,221	1,315,641
Meters and Hydrants	318,347	93.2%	6.8%	296,842	21,505
Office Equipment	719,186	72.4%	27.6%	520,526	198,660
Pumps, Tanks & Wells	8,175,586	72.4%	27.6%	5,917,251	2,258,335
Treatment Plant	16,369,245	72.4%	27.6%	11,847,583	4,521,662
Vehicle	265,048	72.4%	27.6%	191,834	73,214
Total Capital Facilities & Equipment	\$ 32,979,269	72.6%	27.4%	\$ 23,935,867	\$ 9,043,402

1. Source file for Bighorn Desert View Water Agency current assets as of August 2020: 2020.09.02-58227744-FA-Asset Listing.xlsx

2. Based on proportionate allocation between existing and future users. See Table 2 in Exhibit 1 for demographic expectations.

The Agency's capital improvement plans for the water utility extend to FY 2035/36. Some of the cost estimates for planned future improvements used to calculate the system development component of the capacity fees are allocated 100% to future customers, as these projects are needed specifically to serve future customers. There are a few other projects allocated using the same allocations found in Figure 2, as these projects benefit both current and future customers. **Figure 5** and **Figure 6** include a list of future capital improvement projects; where future customers are allocated about \$1.8 million of planned asset costs.

FIGURE 5. PLANNED ASSETS ALLOCATED TO CURRENT & FUTURE CUSTOMERS

Capital Project Description ¹	Future Cost Estimate (2020-2034) ¹	System Development Cost Basis ³	% Allocation		Distribution of Cost Basis (\$)	
			Existing Customers	Future Customers	Existing Customers	Future Customers
Refurbish and Replacement Projects						
Well 4 Rehab	\$ 78,850	\$ 78,850	100.0%	0.0%	\$ 78,850	\$ -
Well 6 Rehab	\$ -	\$ -	100.0%	0.0%	\$ -	\$ -
Well 7 Rehab	\$ 68,060	\$ 68,060	100.0%	0.0%	\$ 68,060	\$ -
Well 8 Rehab	\$ 130,310	\$ 130,310	100.0%	0.0%	\$ 130,310	\$ -
Well 9 Rehab	\$ 81,340	\$ 81,340	100.0%	0.0%	\$ 81,340	\$ -
Well 10 Rehab	\$ 69,720	\$ 69,720	100.0%	0.0%	\$ 69,720	\$ -
Well GMW1	\$ 24,900	\$ 24,900	100.0%	0.0%	\$ 24,900	\$ -
Well GMW2	\$ -	\$ -	100.0%	0.0%	\$ -	\$ -
Well GMW3	\$ 29,299	\$ 29,299	100.0%	0.0%	\$ 29,299	\$ -
Well 13	\$ -	\$ -	100.0%	0.0%	\$ -	\$ -
Pump Well 3	\$ 60,575	\$ 60,575	100.0%	0.0%	\$ 60,575	\$ -
Pump Well 4	\$ 200,000	\$ 200,000	100.0%	0.0%	\$ 200,000	\$ -
Pump Well 6	\$ -	\$ -	100.0%	0.0%	\$ -	\$ -
Pump Well 7	\$ 65,120	\$ 65,120	100.0%	0.0%	\$ 65,120	\$ -
Pump Well 8	\$ 129,880	\$ 129,880	100.0%	0.0%	\$ 129,880	\$ -
Pump Well 9	\$ 99,840	\$ 99,840	100.0%	0.0%	\$ 99,840	\$ -
Pump Well 10	\$ 44,000	\$ 44,000	100.0%	0.0%	\$ 44,000	\$ -
Pump Well GMW1	\$ 82,880	\$ 82,880	100.0%	0.0%	\$ 82,880	\$ -
Pump Well GMW2	\$ -	\$ -	100.0%	0.0%	\$ -	\$ -
Pump Well GMW3	\$ 82,880	\$ 82,880	100.0%	0.0%	\$ 82,880	\$ -
Pump Well 13	\$ 100,000	\$ 100,000	100.0%	0.0%	\$ 100,000	\$ -
New Replacement Well for BH or DV	\$ 500,000	\$ 500,000	0.0%	100.0%	\$ -	\$ 500,000
JV Booster Station Upgrade - VFD's/Pressure Vessels	\$ 15,000	\$ 15,000	100.0%	0.0%	\$ 15,000	\$ -
New Storage Tank	\$ 500,000	\$ 500,000	0.0%	100.0%	\$ -	\$ 500,000
Customer Meter w/ Box & Shutoff, Complete	\$ -	\$ -	100.0%	0.0%	\$ -	\$ -
Utility Billing Software Replacement	\$ 200,000	\$ 200,000	100.0%	0.0%	\$ 200,000	\$ -
Loop Kickapoo Trail	\$ 702,240	\$ 702,240	0.0%	100.0%	\$ -	\$ 702,240
Shop Building Upgrades - storage and work space	\$ 50,000	\$ 50,000	100.0%	0.0%	\$ 50,000	\$ -
Replace Generator - 90 KW mobile	\$ 50,000	\$ 50,000	100.0%	0.0%	\$ 50,000	\$ -
Dump truck	\$ 85,000	\$ 85,000	100.0%	0.0%	\$ 85,000	\$ -
Replace Tractor	\$ 175,000	\$ 175,000	100.0%	0.0%	\$ 175,000	\$ -
Replace Fleet Vehicles (avg life)	\$ 430,000	\$ 430,000	100.0%	0.0%	\$ 430,000	\$ -

FIGURE 6. PLANNED ASSETS ALLOCATED TO CURRENT & FUTURE CUSTOMERS, CONTINUED

Capital Project Description ¹	Future Cost Estimate (2020-2038) ¹	System Development Cost Basis ³	% Allocation		Distribution of Cost Basis (\$)	
			Existing Customers	Future Customers	Existing Customers	Future Customers
Distribution System Projects						
Distribution Valve, 6" avg, both water systems 50%	\$ -	\$ -	72.4%	27.6%	\$ -	\$ -
Fire Hydrants, both water systems 50%	\$ -	\$ -	72.4%	27.6%	\$ -	\$ -
Pipe w/sand bedding, 6" avg. ID Goat Mtn	\$ -	\$ -	72.4%	27.6%	\$ -	\$ -
Pipe w/sand bedding, 6" avg. BDVWA	\$ -	\$ -	72.4%	27.6%	\$ -	\$ -
Operations Capital Projects						
Water Storage Tank Recoating (B1, B2), May 26, 2020	\$ 81,000	\$ 81,000	72.4%	27.6%	\$ 58,625	\$ 22,375
Water Storage Tank Recoating (B1, B2), Feb. 2020	\$ 80,000	\$ 80,000	72.4%	27.6%	\$ 57,902	\$ 22,098
C-Booster Station Upgrades	\$ 35,000	\$ 35,000	72.4%	27.6%	\$ 25,332	\$ 9,668
Total	\$ 4,250,894	\$ 4,250,894	58.7%	41.3%	\$ 2,494,513	\$ 1,756,381

1. Estimated capital improvement project costs found in source files: *BDVWA Replacement Refurbishment CIP and Min Rate Gen 5 1 2017.xlsx*

Cindy and Marina confirmed updated costs in source file: *CIP Estimates through 2035-36 V2.xlsx*

Certain projects being built in order to allocate new growth are 100% allocated to future customers.

2. Operation Capital projects are per page 14 of the District's 2020/21 budget (file: *FY2020.21 Budget adopted 5 26 2020 20R-14.pdf*).

C. Calculated Capacity Fees – Water Utility

The sum of the existing and future planned asset values (that is, the system buy-in and system development costs), defines the total cost basis allocated to future customers. **Figure 7** summarizes this calculation.

FIGURE 7. SUMMARY OF COST BASIS ALLOCATED TO FUTURE CUSTOMERS

System Asset Values Allocated to Future Development	Replacement Cost
<i>Costs Included in Existing System Buy-In:</i>	
Existing Assets	\$ 9,043,402
Planned, Future Capital Projects	1,756,381
Total Cost Basis for New Development	\$ 10,799,783

The total adjusted cost basis is then divided by the number of future customers, measured in 1-inch meter equivalents, expected to connect to the water utility (that is, the 763 meter equivalents) in order to determine the base capacity charge for a 1-inch water meter. This calculation is shown in **Figure 8**.

FIGURE 8. SUMMARY OF NEW BASE CAPACITY FEES

Summary of Capacity Fee Calculation	Adjusted System Cost Basis	Planned Additional Meter Equivalents (thru FY2037/38)	Base Capacity Fee
Proposed Fee -Replacement Cost	\$ 10,799,783	763	\$14,154

Based on the system buy-in capacity fee methodology, and the assumptions used in this analysis, NBS has calculated the new capacity fees for various water meter sizes, as shown in **Figure 9**. The updated fees represent the maximum that the Agency can charge for new connections.

FIGURE 9. UPDATED WATER CAPACITY FEES

Meter Size	Equivalency Factor		Capacity Fee Per Meter Size
	Maximum Continuous Flow (gpm) ¹	Equivalency to 1 inch meter	
3/4 inch	30	1.00	\$14,154
1 inch	50	1.00	\$14,154
1.5 inch	100	2.00	\$28,309
2 inch	160	3.20	\$45,294
3 inch	320	6.40	\$90,588
4 inch	500	10.00	\$141,544
6 inch	1,000	20.00	\$283,087
8 inch	2,800	56.00	\$792,645
10 inch	4,200	84.00	\$1,188,967

1. Source: AWWA M1, Table B-2. Assumes displacement meters for 3/4" through 2", Compound Class I for 3" through 6", and Turbine Class II for 8" through 10".

D. Water Capacity Fee Findings Statements

The new water capacity fees calculated in this report are based on regulatory requirements and generally accepted industry standards, and are further detailed in *Appendix A*. This study concludes the following:

- The purpose of the Agency's water capacity fee is to ensure that new and upsized connections reimburse and/or mitigate a reasonable portion of the Agency's planned capital investment projects. These investments are necessary to accommodate the increased demand for water service.
- The Agency uses capacity fee proceeds to fund capital investments in the water system, which include the future design and construction of planned facilities.
- Capacity fees for new water customers vary depending on the size of the water meter serving the connection. Meter size is generally proportionate to the demands that a parcel places on the water utility system, specifically the peaking requirements related to the meter size.
- Without capital investment in existing facilities, the water system capacity available to serve the needs of future connections would be uncertain. Without planned investments in future facilities, water service would not be sustainable at the level of service received by current users. The total value of planned water system assets that are attributable to serving future connections is identified in *Appendix A*.
- Upon payment of a capacity fee, a new customer incurs the obligation to pay the same ongoing service rates as existing customers, regardless of the date of connection to the system or the actual start of service. These fees ensure that, over time, ongoing service rates are not disproportionately burdened by the accommodation of system growth.

Section 3. Recommendations and Next Steps

A. Consultant Recommendations and Next Steps

NBS recommends the Agency take the following actions:

- **Accept this Study Report:** On January 12, 2021, the Board of Directors implemented the new capacity fees. This report is further documentation of the study and the basis for adopting the new capacity fees.
- **Implement New Water Capacity Fees:** Based on the analysis presented in this report, the Board should implement the new water capacity fee of \$14,154 per 1-inch water meter equivalent unit, as described in this study.
- **Periodically Review Capacity Fees:** Any time an Agency adopts capacity fees, they should be periodically reviewed to incorporate new capital improvement programs, significant repair and replacement projects, or new planning data (i.e. customer growth estimates). This will help ensure the fees generate sufficient revenue to cover the cost of capital projects, support the fiscal health of the Agency, and ensure future customers invest their fair share of infrastructure costs.
- **Annually Update Capacity Fees:** NBS recommends applying an inflation factor to the capacity fees on an annual basis. Annually, the Agency should review the Engineering News Record's Construction Cost Indices and calculate the percentage change in construction costs and apply that change to the capacity fees to ensure they keep pace with cost inflation.

B. Principal Assumptions and Considerations

In preparing this study and the recommendations included herein, NBS has relied on a number of principal assumptions and considerations with regard to financial matters, number of customer accounts, asset records, planned capital improvements, and other conditions and events that may occur in the future. This information and assumptions were provided by sources we believe to be reliable, although NBS has not independently verified this data.

While we believe NBS' use of such information and assumptions is reasonable for the purpose of this Study and its recommendations, some assumptions will invariably not materialize as stated herein or may vary significantly due to unanticipated events and circumstances. Therefore, the actual results can be expected to vary from those projected to the extent that actual future conditions differ from those assumed by us or provided to us by others.

Appendix A. Water Capacity Facility Fee Study Summary Tables

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Bighorn Desert View Water Agency
Water Capacity Fee Analysis
Demographic Data and Projections

EXHIBIT 1

TABLE 1 - METER EQUIVALENT UNITS

Meter Size	Existing Water Meters ¹	Meter Equivalence		1-inch Meter Equivalent Units
		Maximum Flow (gpm) ²	Equivalency to 1 inch meter	
3/4 inch	1,660	30	1.00	1,660
1 inch	1,019	50	1.00	1,019
1.5 inch	0	100	2.00	0
2 inch	26	160	3.20	83
3 inch	0	320	6.40	0
Total	2,705			2,762

1. Number of meters by size and customer class for July-August 2020. Includes 121 Bulk meters.

Source file for meters and consumption: CUSTOMER BILLING DATA 10.13.2020_v2.xlsx

2. Source: AWWA M1, Table B-2. Assumes displacement meters for 5/8" through 2", Compound Class I for 3".

TABLE 2 - EXISTING AND PROJECTED SERVICE NUMBERS

Demographic Statistics	Existing Total	Projected Service Total ¹ (thru FY2037/38)	% Allocation Factors		Cumulative Change	
			Existing Customers	New Customers	Number of Units	% Increase
Equivalent 1-inch meters	2,762	3,525	72.4%	27.6%	763	27.6%

1. Customer growth estimated in 2007 Urban Water Master Plan. Assumes 40 new connections per year.

Source file: Water Master Plan 2007.pdf, page 16.

Bighorn Desert View Water Agency
Water Capacity Fee Analysis
Existing Capital Facilities and Equipment for Consideration (System Buy-In)

EXHIBIT 2

TABLE 3 - EXISTING ASSETS, ORIGINAL AND REPLICATION VALUE

Asset Category ¹	Original Values ¹	Replication Value ²	System Buy-In Cost Basis ³
	Asset Cost	Asset Cost	
Water Fund			
Infrastructure	\$ 582,157	\$ 1,416,064	\$ 1,416,064
Land	38,690	38,690	38,690
Large Machinery	595,257	914,242	914,242
Mains and Piping	1,845,242	4,762,862	4,762,862
Meters and Hydrants	257,851	318,347	318,347
Office Equipment	576,474	719,186	719,186
Pumps, Tanks & Wells	3,443,496	8,175,586	8,175,586
Treatment Plant	4,003,823	16,369,245	16,369,245
Vehicle	253,208	265,048	265,048
Total Capital Facilities & Equipment	\$ 11,596,198	\$ 32,979,269	\$ 32,979,269

1. Source file for Bighorn Desert View Water Agency current assets as of August 2020: 2020.09.02-58227744-FA-Asset Listing.xlsx

Fully depreciated assets have been excluded from this analysis.

2. Takes into account estimated cost inflation, noted in Footnote 3.

3. System Buy-In Cost Basis values are calculated by escalating the book values (from Agency's fixed asset report) from service date to current year values using historical cost inflation factors from the Handy-Whitman Index of Public Utility Construction Costs for Water Utility Construction in the Pacific Region.

The percentage change in the asset cost is shown in column M of the Existing Assets Detail tab, labeled "Adjusted % of Original Value".

TABLE 4 - EXISTING ASSETS, ALLOCATION TO EXISTING AND FUTURE CUSTOMERS

Asset Category ¹	System Buy-In Cost Basis	Allocation Basis (%) ²			Distribution of Cost Basis (\$)		
		Exclude from Analysis ³	Existing Customers	Future Customers	Exclude from Analysis ³	Existing Customers	Future Customers
Water Fund							
Infrastructure	\$ 1,416,064	0.0%	72.4%	27.6%	\$ -	\$ 1,024,906	\$ 391,158
Land	38,690	0.0%	72.4%	27.6%	-	28,002	10,687
Large Machinery	914,242	0.0%	72.4%	27.6%	-	661,702	252,540
Mains and Piping	4,762,862	0.0%	72.4%	27.6%	-	3,447,221	1,315,641
Meters and Hydrants	318,347	0.0%	93.2%	6.8%	-	296,842	21,505
Office Equipment	719,186	0.0%	72.4%	27.6%	-	520,526	198,660
Pumps, Tanks & Wells	8,175,586	0.0%	72.4%	27.6%	-	5,917,251	2,258,335
Treatment Plant	16,369,245	0.0%	72.4%	27.6%	-	11,847,583	4,521,662
Vehicle	265,048	0.0%	72.4%	27.6%	-	191,834	73,214
Total Capital Facilities & Equipment	\$ 32,979,269	0.0%	72.6%	27.4%	\$ -	\$ 23,935,867	\$ 9,043,402

1. Source file for Bighorn Desert View Water Agency current assets as of August 2020: 2020.09.02-58227744-FA-Asset Listing.xlsx

2. Based on proportionate allocation between existing and future users. See Table 2 in Exhibit 1 for demographic expectations.

TABLE 5 - Asset Categories for Inflation

Category	Type of Asset
ENR-LA	Engineering News Record Average Construction Inflation - Los Angeles
ENR-SF	Engineering News Record Average Construction Inflation - San Francisco
	Source of Supply Plant
1	Collecting & Impounding Res.
	Pumping Plant
2	Structures & Improvements
3	Electric Pumping Equipment
	Water Treatment Plant
4	Structures & Improvements
5	Large Treatment Plant Equipment
6	Small Treatment Plant Equipment
	Transmission Plant
7	Steel Reservoirs
8	Elevated Steel Tanks
9	Concrete Reservoirs
10	Cast Iron Mains
11	Steel Mains
12	Concrete Cylinder Mains
	Distribution Plant
13	Mains-Average All Types
14	Cast Iron Mains
15	Cement Asbestos Mains
16	Steel Mains
17	PVC Mains
18	Services Installed
19	Meters
20	Meter Installations
21	Hydrants Installed
	Miscellaneous Items
22	Flocculating Equipment - Installed
23	Clarifier Equipment - Installed
24	Filter Gallery Piping - Installed

Water Capacity Fee Analysis

Allocation of Cash Reserves and Outstanding Debt to Existing and Future Services

TABLE 6 - ALLOCATION OF CASH RESERVES TO EXISTING AND FUTURE USERS

Cash Reserves	Beginning Cash ¹	% Allocation		\$ - Allocation	
		Existing Customers	Future Customers	Existing Customers	Future Customers
Un-restricted Reserves					
Operating Reserve Fund (Current Customer Deposits)					
Emergency Contingencies Reserve Fund	\$ 3,310,519	100.0%	0.0%	\$ 3,310,519	\$ -
Replacement & Refurbishment Reserve Fund					
Restricted Reserves					
Capacity Fee Reserve ²	\$ 12,780	100.0%	0.0%	\$ 12,780	\$ -
Total Beginning Cash	\$ 3,323,299	100.0%	0.0%	\$ 3,323,299	\$ -

1. Beginning balance for fiscal year 2020/21 is per client email September 7, 2020.

2. Capacity fee cash is excluded as to not double count asset values included in the fee calculation.

Bighorn Desert View Water Agency
Water Capacity Fee Analysis
Water Planned Capital Facilities and Equipment for Consideration (System Development)

EXHIBIT 6

TABLE 7 - PLANNED CAPITAL IMPROVEMENT COSTS, ALLOCATED TO EXISTING AND FUTURE CUSTOMERS

Capital Project Description ¹	Future Cost Estimate (2020-2034) ¹	System Development Cost Basis ³	% Allocation		Distribution of Cost Basis (\$)	
			Existing Customers	Future Customers	Existing Customers	Future Customers
Refurbish and Replacement Projects						
Well 4 Rehab	\$ 78,850	\$ 78,850	100.0%	0.0%	\$ 78,850	\$ -
Well 6 Rehab	\$ -	\$ -	100.0%	0.0%	\$ -	\$ -
Well 7 Rehab	\$ 68,060	\$ 68,060	100.0%	0.0%	\$ 68,060	\$ -
Well 8 Rehab	\$ 130,310	\$ 130,310	100.0%	0.0%	\$ 130,310	\$ -
Well 9 Rehab	\$ 81,340	\$ 81,340	100.0%	0.0%	\$ 81,340	\$ -
Well 10 Rehab	\$ 69,720	\$ 69,720	100.0%	0.0%	\$ 69,720	\$ -
Well GMW1	\$ 24,900	\$ 24,900	100.0%	0.0%	\$ 24,900	\$ -
Well GMW2	\$ -	\$ -	100.0%	0.0%	\$ -	\$ -
Well GMW3	\$ 29,299	\$ 29,299	100.0%	0.0%	\$ 29,299	\$ -
Well 13	\$ -	\$ -	100.0%	0.0%	\$ -	\$ -
Pump Well 3	\$ 60,575	\$ 60,575	100.0%	0.0%	\$ 60,575	\$ -
Pump Well 4	\$ 200,000	\$ 200,000	100.0%	0.0%	\$ 200,000	\$ -
Pump Well 6	\$ -	\$ -	100.0%	0.0%	\$ -	\$ -
Pump Well 7	\$ 65,120	\$ 65,120	100.0%	0.0%	\$ 65,120	\$ -
Pump Well 8	\$ 129,880	\$ 129,880	100.0%	0.0%	\$ 129,880	\$ -
Pump Well 9	\$ 99,840	\$ 99,840	100.0%	0.0%	\$ 99,840	\$ -
Pump Well 10	\$ 44,000	\$ 44,000	100.0%	0.0%	\$ 44,000	\$ -
Pump Well GMW1	\$ 82,880	\$ 82,880	100.0%	0.0%	\$ 82,880	\$ -
Pump Well GMW2	\$ -	\$ -	100.0%	0.0%	\$ -	\$ -
Pump Well GMW3	\$ 82,880	\$ 82,880	100.0%	0.0%	\$ 82,880	\$ -
Pump Well 13	\$ 100,000	\$ 100,000	100.0%	0.0%	\$ 100,000	\$ -
New Replacement Well for BH or DV	\$ 500,000	\$ 500,000	0.0%	100.0%	\$ -	\$ 500,000
JV Booster Station Upgrade -						
VFD's/Pressure Vessels	\$ 15,000	\$ 15,000	100.0%	0.0%	\$ 15,000	\$ -
New Storage Tank	\$ 500,000	\$ 500,000	0.0%	100.0%	\$ -	\$ 500,000
Customer Meter w/ Box & Shutoff, Complete	\$ -	\$ -	100.0%	0.0%	\$ -	\$ -
Utility Billing Software Replacement	\$ 200,000	\$ 200,000	100.0%	0.0%	\$ 200,000	\$ -
Loop Kickapoo Trail	\$ 702,240	\$ 702,240	0.0%	100.0%	\$ -	\$ 702,240
Shop Building Upgrades - storage and work space	\$ 50,000	\$ 50,000	100.0%	0.0%	\$ 50,000	\$ -
Replace Generator - 90 KW mobile	\$ 50,000	\$ 50,000	100.0%	0.0%	\$ 50,000	\$ -
Dump truck	\$ 85,000	\$ 85,000	100.0%	0.0%	\$ 85,000	\$ -
Replace Tractor	\$ 175,000	\$ 175,000	100.0%	0.0%	\$ 175,000	\$ -
Replace Fleet Vehicles (avg life)	\$ 430,000	\$ 430,000	100.0%	0.0%	\$ 430,000	\$ -

Bighorn Desert View Water Agency
Water Capacity Fee Analysis
Water Planned Capital Facilities and Equipment for Consideration (System Development)

EXHIBIT 6

TABLE 8 - PLANNED CAPITAL IMPROVEMENT COSTS, ALLOCATED TO EXISTING AND FUTURE CUSTOMERS

Capital Project Description ¹	Future Cost Estimate (2020-2038) ¹	System Development Cost Basis ³	% Allocation		Distribution of Cost Basis (\$)	
			Existing Customers	Future Customers	Existing Customers	Future Customers
Distribution System Projects						
Distribution Valve, 6" avg, both water systems 50%	\$ -	\$ -	72.4%	27.6%	\$ -	\$ -
Fire Hydrants, both water systems 50%	\$ -	\$ -	72.4%	27.6%	\$ -	\$ -
Pipe w/sand bedding, 6" avg. ID Goat Mtn	\$ -	\$ -	72.4%	27.6%	\$ -	\$ -
Pipe w/sand bedding, 6" avg. BDVWA	\$ -	\$ -	72.4%	27.6%	\$ -	\$ -
Operations Capital Projects						
Water Storage Tank Recoating (B1, B2), May 26, 2020	\$ 81,000	\$ 81,000	72.4%	27.6%	\$ 58,625	\$ 22,375
Water Storage Tank Recoating (B1, B2), Feb. 2020	\$ 80,000	\$ 80,000	72.4%	27.6%	\$ 57,902	\$ 22,098
C-Booster Station Upgrades	\$ 35,000	\$ 35,000	72.4%	27.6%	\$ 25,332	\$ 9,668
Total	\$ 4,250,894	\$ 4,250,894	58.7%	41.3%	\$ 2,494,513	\$ 1,756,381

1. Estimated capital improvement project costs found in source files: *BDVWA Replacement Refurbishment CIP and Min Rate Gen 5 1 2017.xlsx*

Cindy and Marina confirmed updated costs in source file: *CIP Estimates through 2035-36 V2.xlsx*

Certain projects being built in order to allocate new growth are 100% allocated to future customers.

2. Operation Capital projects are per page 14 of the District's 2020/21 budget (file: *FY2020.21 Budget adopted 5 26 2020 20R-14.pdf*).

Bighorn Desert View Water Agency
Water Capacity Fee Analysis
Unit Cost Calculation

EXHIBIT 7

TABLE 9 - DEVELOPMENT OF THE COST BASIS FOR NEW CUSTOMERS

System Asset Values Allocated to Future Development	Replacement Cost
<i>Costs Included in Existing System Buy-In:</i>	
Existing Assets	\$ 9,043,402
Planned, Future Capital Projects	1,756,381
Total Cost Basis for New Development	\$ 10,799,783

TABLE 10 - DEVELOPMENT OF THE MAXIMUM CAPACITY FEE PER METER EQUIVALENT

Summary of Capacity Fee Calculation	Adjusted System Cost Basis	Planned Additional Meter Equivalents (thru FY2037/38)	Base Capacity Fee
Proposed Fee -Replacement Cost	\$ 10,799,783	763	\$14,154

1. Refer to Exhibits 2 and 4 for detail of existing assets.
2. Refer to Exhibit 6 for detail related to planned assets.
3. Refer to Exhibit 5 for detail related to cash reserves and outstanding debt.
4. Refer to Exhibit 1 (Demographics) for growth projections.

Bighorn Desert View Water Agency
Water Capacity Fee Analysis
Water Fee Classification and Calculation of Maximum Fee

EXHIBIT 8

TABLE 11 - WATER CAPACITY FEE BASED ON METER SIZE

Meter Size	Equivalency Factor		Capacity Fee Per Meter Size
	Maximum Continuous Flow (gpm) ¹	Equivalency to 1 inch meter	
3/4 inch	30	1.00	\$14,154
1 inch	50	1.00	\$14,154
1.5 inch	100	2.00	\$28,309
2 inch	160	3.20	\$45,294
3 inch	320	6.40	\$90,588
4 inch	500	10.00	\$141,544
6 inch	1,000	20.00	\$283,087
8 inch	2,800	56.00	\$792,645
10 inch	4,200	84.00	\$1,188,967

1. Source: AWWA M1, Table B-2. Assumes displacement meters for 3/4" through 2", Compound Class I for 3" through 6", and Turbine Class II for 8" through 10".

LANDOWNER CONSENT FORM

Local Agency Formation Commission For San Bernardino County

I (We), Hella Tsaconas, consent
to the annexation/ reorganization of my (our) property located at:
550 Landers Lane, Landers, CA 92285 which is identified as
Assessor's Parcel Number(s) 0631-051-28,
to the Bighorn-Desert View Water Agency.
(name of agency)

Signature(s):

Hella Tsaconas

Address:

1625 Scenic Ave.

City, State, Zip

Berkeley, CA 94703

Date Signed:

MARCH 9, 2021

*If a corporation or company owns the property, please provide with
this form authorization from the entity for the signer to sign on its
behalf.*

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



September 7, 2021

Mr. Samuel Martinez
Local Agency Formation Commission
1170 West 3rd Street, Unit 150
San Bernardino, CA 92415-0490

RECEIVED

SEP 07 2021

LAFCO
San Bernardino County

Dear Sam:

LAFCO 3250 consists of a request by the Bighorn-Desert View Water Agency (Agency) for an Annexation of additional territory to the Agency. The property proposed for annexation consists of a ten (10) acre property that is generally located west of Landers Lane between Winters Road and the natural extension of Napa Road, within the Bighorn-Desert View Water Agency's southeastern Sphere of Influence. If LAFCO 3250 is approved by the Commission, the 10-acre property would be annexed into the Agency for future water service.

Based on the above proposal, it appears that the proposed Annexation would allow the Agency to provide water service to the existing single residence on this property. There will be no changes in land use associated with this proposal. Any changes in future development would require a separate review and approval by the County, including issuance of a building permit for the project site. The approval of LAFCO 3250 does not appear to have any potential to significantly alter the existing physical environment in any manner different from the existing environmental circumstances.

Therefore, I recommend that the Commission find that an exemption (Common Sense Rule), as defined in CEQA under Section 15061 (b) (3) of the State CEQA Guidelines, applies to LAFCO 3250. This Section states: "*A project is exempt from CEQA if the activity is covered by the common-sense rule that CEQA applies only to projects which have the potential for causing significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.*" It is my opinion and recommendation to the Commission that this circumstance applies to LAFCO 3250.

Based on this review of LAFCO 3250 and the pertinent sections of CEQA and the State CEQA Guidelines, I conclude that the proposed LAFCO action does not constitute a project under CEQA and adoption of the referenced 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 LAFCO 3250 as exempt from CEQA for the reasons outlined in the State CEQA Guideline 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 and assuming LAFCO 3250 is approved.

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 written in a cursive, flowing style.

Tom Dodson

TD/cmc

RESOLUTION NO. 3336

**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 3250

HEARING DATE: SEPTEMBER 15, 2021

RESOLUTION NO. 3336

A RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY MAKING DETERMINATIONS ON LAFCO 3250 AND APPROVING THE ANNEXATION TO THE BIGHORN-DESERT VIEW WATER AGENCY AND ITS IMPROVEMENT ZONES 1 AND A (APN 0631-051-28). The annexation area consists of Assessor Parcel Number 0631-051-28, comprising approximately 10 acres generally located west of Landers Lane between Winters Road and the natural extension of Napa Road.

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 in San Bernardino County was filed with the Executive Officer of this Local Agency Formation Commission (hereinafter referred to as "the Commission") in accordance with the Cortese-Knox- Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000 et seq.), and the Executive Officer has examined the application and executed 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 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 September 15, 2021, 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/or opposition; 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.

RESOLUTION NO. 3336

NOW, THEREFORE, BE IT RESOLVED, that the Commission does hereby determine, find, resolve, and order as follows:

DETERMINATIONS:

SECTION 1. The proposal is approved subject to the terms and conditions hereinafter specified:

CONDITIONS:

Condition No. 1. The boundaries are approved as set forth in Exhibits “A” and “A-1” attached.

Condition No. 2. The following distinctive short-form designation shall be used throughout this proceeding: LAFCO 3250.

Condition No. 3. All previously authorized charges, fees, assessments, and/or taxes currently in effect by the Bighorn-Desert View Water Agency (annexing agency) shall be assumed by the annexing territory in the same manner as provided in the original authorization pursuant to Government Code Section 56886(t).

Condition No. 4. The Bighorn-Desert View Water Agency shall indemnify, defend, and hold harmless the Local Agency Formation Commission for San Bernardino County from any legal expense, legal action, or judgment arising out of the Commission’s approval of this proposal, including any reimbursement of legal fees and costs incurred by the Commission.

Condition No. 5. The date of issuance of the Certificate of Completion shall be the effective date of this annexation.

SECTION 2. The Commission determines that:

- a) This proposal is certified to be legally uninhabited;
- b) It has 100% landowner consent; and,
- c) No written opposition to a waiver of protest proceedings has been submitted by any subject agency.

Therefore, the Commission does hereby waive the protest proceedings for this action as permitted by Government Code Section 56662(d).

SECTION 3. DETERMINATIONS. The following determinations are noted in conformance with Commission policy:

- 1. The reorganization area is legally uninhabited containing zero registered voters as certified by the Registrar of Voters as of July 13, 2021.
- 2. The County Assessor’s Office has determined that the total assessed value of land and improvements within the annexation area is \$76,539 (land--\$35,325; improvements--\$41,214) as of July 7, 2021.

RESOLUTION NO. 3336

3. The annexation area is within the sphere of influence assigned the Bighorn-Desert View Water Agency.
4. Notice of this hearing has been advertised as required by law through publication in the *Hi Desert Star*, a newspaper of general circulation within the area. As required by State law, individual notification was provided to affected and interested agencies, County departments, and those agencies and individuals requesting mailed notice. Comments from any affected local agency have been reviewed by the Commission.
5. In compliance with the requirements of Government Code Section 56157 and Commission policy, individual notice was mailed to surrounding landowners and registered voters within approximately 1,350 feet of the exterior boundaries of the annexation area (totaling 63 notices). Comments from landowners, registered voters and any affected local agency have been reviewed and considered by the Commission in making its determination.
6. The County's land use designation for the annexation area is HV/RL (Homestead Valley/Rural Living). No change in land use is anticipated as a result of the annexation.
7. The Southern California Associated Governments (SCAG) adopted its 2020-2045 Regional Transportation Plan and Sustainable Communities Strategy (RTP-SCS) pursuant to Government Code Section 65080. LAFCO 3250 has no direct impact on SCAG's Regional Transportation Plan.
8. The Local Agency Formation Commission has determined that this proposal is exempt from environmental review. The basis for this determination is that the Commission's approval of the annexation has no potential to cause any adverse effect on the environment; and therefore, the proposal is exempt from the requirements of CEQA, as outlined in the State CEQA Guidelines, Section 15061 (b)(3). The Commission adopted the Exemption and directed its Executive Officer to file a Notice of Exemption within five (5) days with the San Bernardino County Clerk of the Board of Supervisors.
9. The local agencies currently serving the area are: County of San Bernardino, Hi-Desert Memorial Healthcare District, Mojave Desert Resource Conservation District, Mojave Water Agency, its Improvement Zones 01 and M, San Bernardino County Fire Protection District, its South Desert Service Zone, and County Service Area 70 (multi-function unincorporated area Countywide).

None of these agencies are affected by this proposal as they are regional in nature.

10. The Bighorn-Desert View Water Agency submitted a plan for the provision of water service as required by Government Code Section 56653, which indicates that the Agency can, at a minimum, maintain the existing level of service delivery. The Plan for Service has 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 Plan conforms to those adopted standards and requirements.

RESOLUTION NO. 3336

11. The annexation area can benefit from the availability and extension of water service from the Agency.
12. With respect to environmental justice, the annexation proposal – which is to provide water service to the parcel – will not result in unfair treatment of any person based on race, culture or income.
13. The County of San Bernardino, acting on behalf of the Bighorn-Desert view Water Agency, adopted a resolution indicating no transfer of property tax revenues would be required. This negotiated agreement fulfills the requirements of Section 99 of the Revenue and Taxation Code.
14. The map and legal description, as revised, are in substantial conformance with LAFCO and State standards.

SECTION 4. The primary reason for this annexation is to provide water service to the existing residence on APN 0631-051-28. The parcel is currently not within the Agency's boundary; therefore, annexation to the Agency is required in order to receive water service.

SECTION 5. Approval by the Local Agency Formation Commission indicates that completion of this proposal would accomplish the proposed change of organization in a reasonable manner with a maximum chance of success and a minimum disruption of service to the functions of other local agencies in the area.

SECTION 6. The Commission hereby orders the territory described in Exhibits “A” and “A-1” reorganized. The Commission hereby directs, that following completion of the reconsideration period specified by Government Code Section 56895(b), the Executive Officer shall prepare and file a Certificate of Completion, as required by Government Code Section 57176 through 57203, and a Statement of Boundary Change, as required by Government Code Section 57204

SECTION 7. 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.

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

RESOLUTION NO. 3336


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 September 15, 2021.

DATED:

SAMUEL MARTINEZ
Executive Officer

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

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

DATE: SEPTEMBER 12, 2021 
FROM: SAMUEL MARTINEZ, Executive Officer
MICHAEL TUERPE, Project Manager
TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: Agenda Item #9: LAFCO SC#469 – City of Redlands OSC 19-53, Out-of-Agency Service Agreement for Water Service (APN 0298-094-21)

INITIATED BY:

City of Redlands, on behalf of the property owner

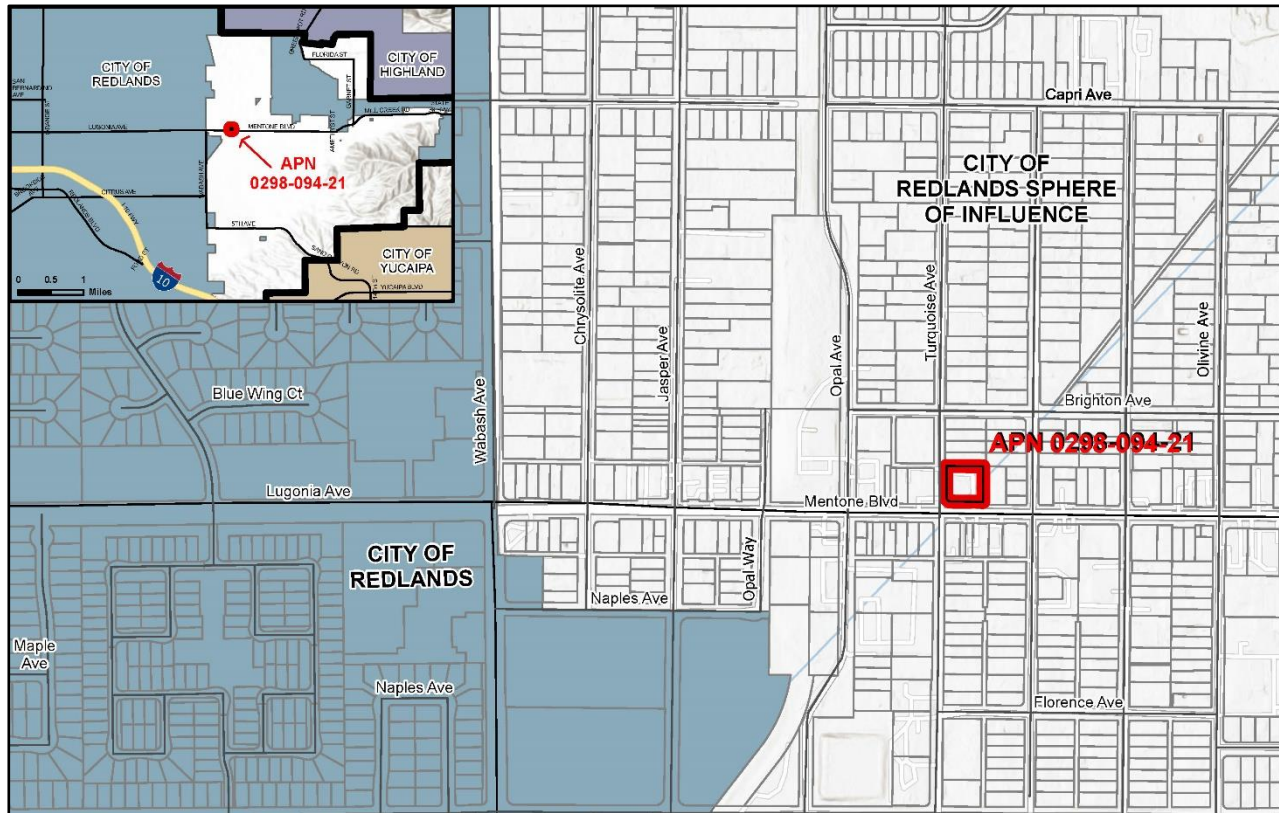
RECOMMENDATION:

Staff recommends that the Commission approve LAFCO SC#469 by taking the following actions:

1. Certify that LAFCO SC #469 is 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 #469 authorizing the City of Redlands to extend water service outside its boundaries to Assessor Parcel Number 0298-094-21.
3. Adopt LAFCO Resolution #3337 setting forth the Commission's determinations and approval of the agreement for service outside the City of Redlands' boundaries.

BACKGROUND:

The City of Redlands (hereinafter the "City") has submitted a request for approval of an out-of-agency service agreement that outlines the terms by which it will extend water service. The agreement relates to Assessor Parcel Number (APN) 0298-094-21, generally located on the northeast corner of Mentone Boulevard and Turquoise Avenue, within the City of Redlands' northeastern sphere of influence. The map below, which is also included as part of Attachment #1, provides a vicinity map of the site along with a map outlining the location of the infrastructure to be extended.



The property currently has a vacant building that has not been completed since 2008. The property owner now wishes to complete its proposed commercial (restaurant) structure. Therefore, the City, on behalf of the property owner, has requested that the Commission authorize the extension of water service to the parcel pursuant to the provisions of Government Code Section 56133. Authorization of this agreement is required before the City can take the final actions to implement the terms of the agreement.

PLAN FOR SERVICE:

The City's application, included as Attachment #2, identifies that water service will be provided to the proposed restaurant through connection to an existing 12-inch water main in Turquoise Avenue along the west side of the property by extending a water lateral into the property.

Pursuant to the Commission's application requirements for service contracts, information must be provided regarding all financial obligations for the extension of service outside an agency's boundaries. The provisions of Measure U within the City of Redlands require that the property owner pay the "sums equivalent to the City's development impact fees" as a condition for access to water service. The City of Redlands has identified an estimated cost of \$55,565.75 in sums equivalent in

development impact fees as well as water fees for the extension of water service to the property. The following tables show the cost to the applicant to fulfill this requirement:

Sums Equivalent to City's DIF	Net Cost
Transportation Facilities	\$22,143.83
Fire Facilities	\$2,632.50
General Government Facilities	\$3,117.63
Police Facilities	\$136.74
Storm Drain Facilities	\$30.54
Subtotal	\$7,680

Water DIF	Net Cost
Water Capacity	\$8,449.71
Water Source Acquisition	\$1,483.19
Subtotal	\$9,932.90

Water Frontage Fees	Net Cost
Water Frontage 8" Water	\$1,260.00
Water Frontage 12" Water	\$16,311.60
Subtotal	\$17,571.60

TOTAL	\$55,565.75
--------------	--------------------

In addition to the cost outlined above, the property owner will be responsible for the entire cost of the construction and installation of the lateral extension from the water main.

ENVIRONMENTAL DETERMINATION:

As the CEQA lead agency, the Commission's Environmental Consultant, Tom Dodson from Dodson and Associates, has reviewed this proposal and has indicated that it is his recommendation that the review of LAFCO SC#469 is exempt from the California Environmental Quality Act (CEQA). This recommendation is based on the finding that the Commission's approval of the out-of-agency service agreement does not have the potential to cause a significant adverse impact on the environment; and therefore, the proposal is exempt from the requirements of CEQA, as outlined in the State CEQA Guidelines, Section 15061(b)(3).

CONCLUSION:

The purpose of the service contract review is to receive authorization from LAFCO for the City to contract to provide water service outside its boundaries to a commercial (restaurant) structure that is to be completed on APN 0298-094-21.

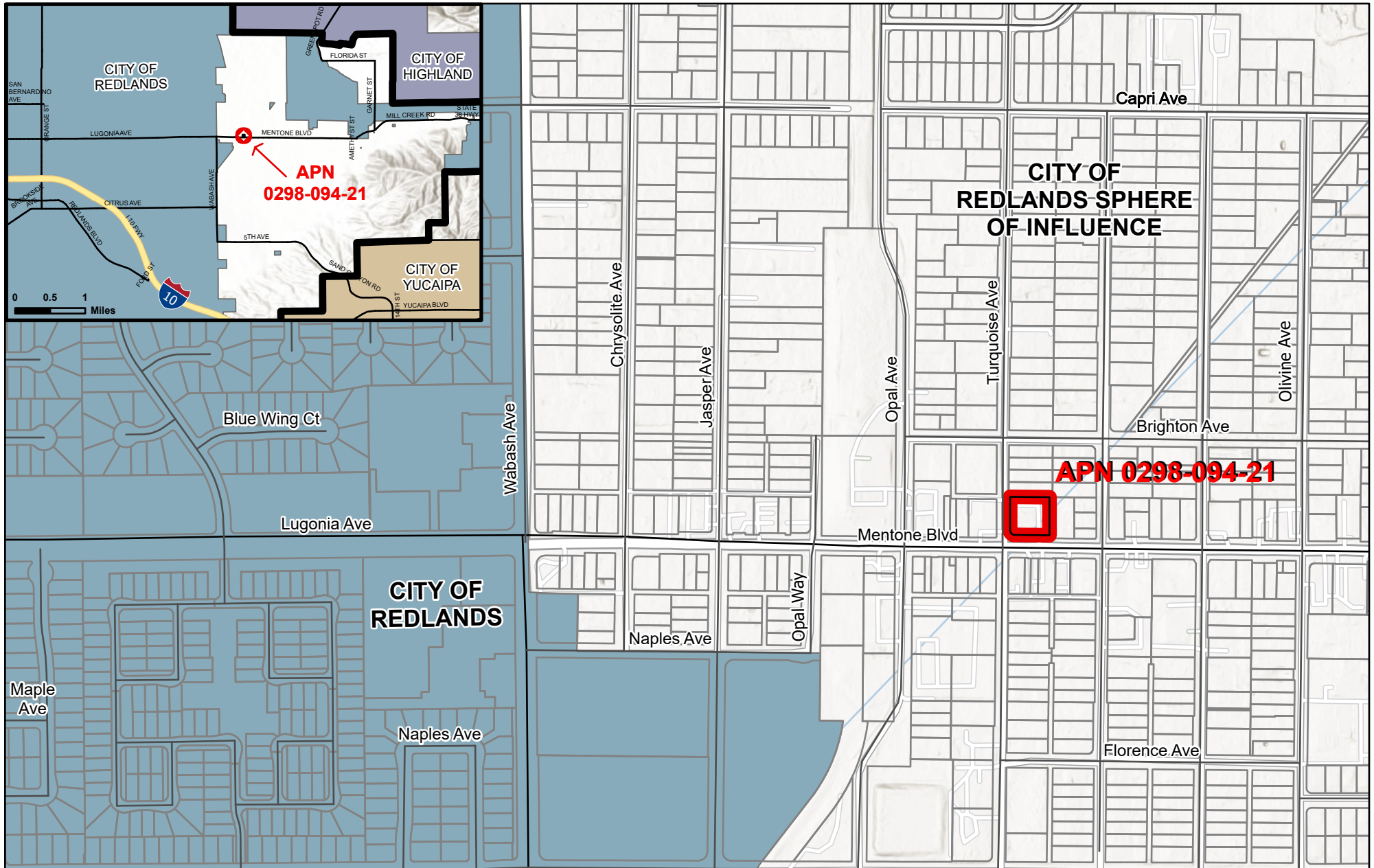
Staff has reviewed this request for authorization to provide water service from the City of Redlands outside its corporate boundaries against the criteria established by Commission policy and Government Code Section 56133. The area to be served is within the sphere of influence assigned the City of Redlands and is anticipated to become a part of the City sometime in the future. Staff supports the City's request for authorization to provide water service to APN 0298-094-21 since its facilities are adjacent to the parcel, and there is no other existing entity available to provide this service within the area.

DETERMINATIONS:

1. The parcel, identified as APN 0298-094-21, is within the sphere of influence assigned the City of Redlands and is anticipated to become a part of that City sometime in the future. The application requests authorization to receive City of Redlands water service.
2. The City of Redlands' OSC 19-53 being considered is for the provision of water service to APN 0298-094-21, generally located on the northeast corner of Mentone Boulevard and Turquoise Avenue, within the City of Redlands' northeastern sphere of influence. This contract will remain in force in perpetuity or until such time as the area is annexed. Approval of this request for authorization will allow the property owner and the City of Redlands to proceed in finalizing the contract for the extension of water service.
3. The fees charged this project by the City of Redlands for the extension of water service are identified as totaling \$55,565.75 (for a breakdown of charges, see tables on page 3). Payment of these fees is required prior to connection to the City's water facilities. In addition, the property owner will be responsible for the entire costs of the construction and installation of the lateral extension.
4. As the CEQA lead agency, the Commission's Environmental Consultant, Tom Dodson and Associates, has reviewed the service contract submitted by the City of Redlands and recommended that this application is exempt from environmental review. A copy of Mr. Dodson's response is included as Attachment #3 to this report.

Attachments:

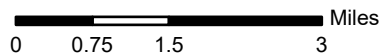
1. [Vicinity Map and Map of Contract Area](#)
2. [City of Redlands' Application and Contract](#)
3. [Response from Tom Dodson and Associates](#)
4. [Draft Resolution #3337](#)



**LAFCO SC #469 - City of Redlands OSC #19-53 for Water Service
(APN 0298-094-21)**



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



- APN 0298-094-21
- City of Highland
- City of Redlands
- City of Yucaipa
- Redlands Sphere of Influence

**SAN BERNARDINO LAFCO
APPLICATION FOR
EXTENSION OF SERVICE BY CONTRACT**

(A certified copy of the City Council/District Board of Directors resolution or a letter from the City Manager/General Manager requesting approval for an out-of-agency service agreement must be submitted together with this application form.)

AGENCY TO EXTEND SERVICE:

AGENCY NAME: City of Redlands

CONTACT PERSON: Ross Wittman

ADDRESS: 35 Cajon Street, Suite 15A

PHONE: 909.798.7524 x1

EMAIL: rwittman@cityofredlands.org

CONTRACTING PARTY:

NAME OF
PROPERTY OWNER: Perry Karpouzis

CONTACT PERSON: Raul Madrid

MAILING ADDRESS: 329 W 26th Street

PHONE: 909.985.5239

EMAIL: raulsmountain@hotmail.com

ADDRESS OF PROPERTY
PROPOSED FOR CONTRACT: 1853 Mentone Boulevard

Mentone, CA

CONTRACT NUMBER/IDENTIFICATION: OSC 19-53

PARCEL NUMBER(S): 0298-094-21-0000

ACREAGE:

*Extension of Service by Contract
Application Form*

(FOR LAFCO USE ONLY)

The following questions are designed to obtain information related to the proposed agreement/contract to allow the Commission and staff to adequately assess the proposed service extension. You may include any additional information which you believe is pertinent. Please use additional sheets where necessary.

1. (a) List the type or types of service(s) to be provided by this agreement/contract.

Potable Water Service

- (b) Are any of the services identified above "new" services to be offered by the agency? ☐ YES ☒ NO. If yes, please provide explanation on how the agency is able to provide the service.

2. Is the property to be served within the agency's sphere of influence? ☒ YES ☐ NO

3. Please provide a description of the service agreement/contract.

Pre-Annexation Agreement

4. (a) Is annexation of the territory by your agency anticipated at some point in the future? ☒ YES ☐ NO. If yes, please provide a projected timeframe when it anticipates filing an application for annexation of territory that would include the area to be served. If no, please provide an explanation as to why a jurisdictional change is not possible at this time.

Time frame for annexation is too difficult to project accurately

*Extension of Service by Contract
Application Form*

(FOR LAFCO USE ONLY)

- (b) Is the property to be served contiguous to the agency's boundary?
☐ YES ☒ NO. If yes, please provide explanation on why annexation to the agency is not being contemplated.

5. Is the service agreement/contract outside the Agency's sphere of influence in response to a threat to the public health and safety of the existing residents as defined by Government Code Section 56133(c)?
☐ YES ☒ NO. If yes, please provide documentation regarding the circumstance (i.e. letter from Environmental Health Services or the Regional Water Quality Control Board).

6. (a) What is the existing use of the property?

Lot was vacant until ~2008. Property has had a vacant building on it since then.

- (b) Is a change in use proposed for the property? ☐ YES ☒ NO. If yes, please provide a description of the land use change.

7. If the service agreement/contract is for development purposes, please provide a complete description of the project to be served and its approval status.

Project is for a Tom's Burgers restaurant. The project has been approved for the

continued processing of the application and the pre-annexation agreement. City's

next step is LAFCO approval.

Extension of Service by Contract
Application Form

(FOR LAFCO USE ONLY)

8. Are there any land use entitlements/permits involved in the agreement/contract?
☐ YES ☒ NO. If yes, please provide documentation for this entitlement including the conditions of approval and environmental assessment that are being processed together with the project. Please check and attach copies of those documents that apply:

Tentative Tract Map / Parcel Map	<input type="checkbox"/>
Permit (Conditional Use Permit, General Plan Amendment, etc.)	<input type="checkbox"/>
Conditions of Approval	<input type="checkbox"/>
Negative Declaration (Initial Study)	<input type="checkbox"/>
Notice of Determination (NOD)/Notice of Exemption (NOE)	<input type="checkbox"/>
Department of Fish and Game (DFG) Receipt	<input type="checkbox"/>
Others (please identify below)	<input type="checkbox"/>

9. Has the agency proposing to extend service conducted any CEQA review for this contract? ☐ YES ☒ NO. If yes, please provide a copy of the agency's environmental assessment including a copy of the filed NOD/NOE and a copy of the DFG Receipt.

10. Plan for Service:

- (a) Please provide a detailed description of how services are to be extended to the property. The response should include, but not be limited to, a description of:
1) capacity of existing infrastructure, 2) type of infrastructure to be extended or added to serve the area, 3) location of existing infrastructure in relation to the area to be served, 4) distance of infrastructure to be extended to serve the area, and 5) other permits required to move forward with the service extension.

Connection will be a 1" service lateral from a 12" distribution main in Turquoise

Avenue. Infrastructure to be installed will be a water meter.

Extension of Service by Contract
Application Form

(FOR LAFCO USE ONLY)

- (b) Please provide a detailed description of the overall cost to serve the property. The response should include the costs to provide the service (i.e. fees, connection charges, etc.) and also the costs of all improvements necessary to serve the area (i.e. material/equipment costs, construction/installation costs, etc.).

<i>Description of Fees/Charges</i>	<i>Cost</i>	<i>Total</i>
See attachment		
Total Costs		

- (c) Please identify any unique costs related to the service agreement such as premium outside City/District rates or additional 3rd-party user fees and charges (i.e. fees/charges attributable to other agencies).

Not Applicable

- (d) If financing is to occur, please provide any special financial arrangement between the agency and the property owner, including a discussion of any later repayment or reimbursement (If available, a copy of the agreement for repayment/reimbursement is to be provided).

- 11 Does the City/District have any policies related to extending service(s) outside its boundary? ☒ YES ☐ NO. If yes, has a copy been provided to LAFCO?
☒ YES ☐ NO. If not, please include a copy of the policy or policies (i.e. resolution, municipal code section, etc.) as part of the application.

CERTIFICATION

As a part of this application, the City/Town of Redlands, or the _____ District/Agency 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.

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

*Extension of Service by Contract
Application Form*

(FOR LAFCO USE ONLY)

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

SIGNED



NAME:

Ross Wittman

POSITION TITLE:

Senior Project Manager

DATE:

May 6, 2021

REQUIRED EXHIBITS TO THIS APPLICATION:

1. Copy of the agreement/contract.
2. Map(s) showing the property to be served, existing agency boundary, the location of the existing infrastructure, and the proposed location of the infrastructure to be extended.
3. Certified Plan for Service (if submitted as a separate document) including financing arrangements for service.

Please forward the completed form and related information to:

Local Agency Formation Commission for San Bernardino County
1170 W. Third Street, Unit 150,
San Bernardino, CA 92415-0490
PHONE: (909) 388-0480 • FAX: (909) 388-0481



Electronically
Recorded In Official Records
County of San Bernardino
Bob Dutton
Assessor-Recorder-County Clerk

RECORDING REQUESTED BY AND
WHEN RECORDED MAIL TO:

CITY CLERK'S OFFICE
CITY OF REDLANDS
P.O. BOX 3005
REDLANDS, CA 92373

DOC# 2021-0185826

04/22/2021
08:06 AM
SAN
15190

Titles: 1 Pages: 8

Fees	\$0.00
Taxes	\$0.00
CA SB2 Fee	\$0.00
Total	\$0.00

FEES NOT REQUIRED
PER GOVERNMENT CODE
SECTION 6103

(THIS SPACE FOR RECORDER'S USE ONLY)

AGREEMENT FOR ANNEXATION AND PROVISION FOR CITY UTILITY SERVICES

This Agreement for Annexation and Provision of City Utility Services ("Agreement") is made and entered into this 20th day of April, 2021, by and between the City of Redlands, a municipal corporation organized and existing under the laws of the State of California ("City") and Perry Karpouzis, an individual ("Property Owner"). City and Property Owner are sometimes individually referred to herein as a "Party" and, together, as the "Parties."

RECITALS

WHEREAS, to provide for orderly planning, City (1) has the authority pursuant to Government Code sections 65300 and 65301 to include within its General Plan property outside its boundaries which is in City's sphere of influence or, which in City's judgment, bears a relation to its strategic planning, and (2) also has the authority pursuant to Government Code section 65859 to pre-zone property within its sphere of influence for the purpose of determining the zoning designation that will apply to such property in the event of a subsequent annexation of the property to City; and

WHEREAS, the Parties acknowledge and agree that California case law, including but not limited to, *Dateline Builders, Inc. v. City of Santa Rosa* (1983) 146 Cal. App. 3d, 520 and *County of Del Norte v. City of Crescent City* (1999) which state in relevant part that it is not against the law or public policy for a city or county to use utilities as a tool to manage growth, provides that a city has no obligation, and may use its sole discretion, to extend utility services outside its corporate boundaries; and

WHEREAS, Property Owner owns a partially developed parcel of property located at 1853 Mentone Boulevard and identified as county of San Bernardino Assessor's Parcel Number 0298-094-21-0000 (the "Property") in the unincorporated area of the county of San Bernardino within City's sphere of influence, has made a request and application to City to receive water service for the Property, and has provided evidence satisfactory to City that Property Owner is the fee owner of the Property; and

WHEREAS, Government Code section 56133 authorizes City to provide new or extended utility services by contract outside its jurisdictional boundaries if it first receives written approval from the Local Agency Formation Commission for San Bernardino County ("LAFCO"), and provides that LAFCO may authorize City to provide such services within City's sphere of influence in anticipation of a later change of organization; and

WHEREAS, City's General Plan and Chapter 13.60 of the Redlands Municipal Code establish policies and procedures for the approval of City utility services to properties located within the City's sphere of influence and require, among other things, the owner of the property to be served to enter into an agreement, and record the same in the official records of the county of San Bernardino, requiring the property owner to annex the property to City upon certain conditions; and

WHEREAS, City has prepared a General Plan for the unincorporated area in which the Property is located to provide for the orderly planning of such area, and has determined that the proposed development of the Property is consistent with the goals and policies of City's General Plan; and

WHEREAS, it is the policy and goal of City to discourage and not facilitate development in City's sphere of influence which is unwilling and/or fails to comply with City's General Plan and City's development standards by refusing to extend utility services in such instances; and

WHEREAS, pursuant to the requirements of Chapter 13.60 of the Redlands Municipal Code and in consideration for City's agreement to extend utility services outside its jurisdictional boundaries to the Property, Property Owner has entered into this Agreement to provide assurances to City that connection to City's domestic water system will occur in accordance with the Redlands General Plan and the development standards of the Redlands Municipal Code, and that the Property shall be annexed to City in accordance with this Agreement's terms, provisions and conditions;

NOW, THEREFORE, in consideration of the mutual covenants contained herein and other good and valuable consideration, the receipt of which is hereby acknowledged, the City of Redlands and Property Owner agree as follows:

AGREEMENT

1. Recitals. The foregoing recitals are true and correct.
2. Provision of Utility Services. City agrees to provide domestic water service to the Property consistent with the terms and conditions of this Agreement, provided that the connection complies with all rules and regulations of City governing the extension and provision of utility services to properties located outside City's boundaries at the time a request by Property Owner for application for a water connection is approved by City's Municipal Utilities and Engineering Department. Nothing herein represents a commitment by City to provide such service unless and until Property Owner complies with all such rules and regulations. As a condition of approval of an application for water connection, and prior to receiving any service,

Property Owner agrees to pay the full cost of such service as established by City for the extension of utility services to the Property.

3. Agreement to Develop by City Standards. In consideration of City's agreement to provide City water service to the Property, Property Owner shall develop the Property in accordance with the Redlands General Plan and any applicable development standards of the Redlands Municipal Code.

4. Agreement to Annex. In consideration of City's agreement to provide City water service to the Property, Property Owner hereby revocably consents to annexation of the Property to City and agrees it shall take any and all reasonable and necessary actions, and fully and in good faith cooperate with City, to cause the annexation of the Property to City. Property Owner and City agree that in the event City initiates an annexation of the Property, City shall be responsible for the costs of such annexation. In all other instances where the annexation of the Property is proposed to City, Property Owner shall be responsible for such costs.

5. Payment of Fees. Concurrent with City's extension of services to the Property, Property Owner shall pay to City, as a condition of receiving such services in accordance with the voter-approved amendment to the City's General Plan known as Measure "U," a sum equivalent to all City capital improvement and other development fees which would be applicable to the Property if the Property was developed within City limits at the time of provision of the services.

6. Taxes and Assessments. Property Owner hereby consents to the imposition of, and agrees that Property Owner shall pay, all taxes and assessments imposed and/or levied by City which may be applicable to the Property at the time the Property is annexed to City.

7. Recordation. By entering into this Agreement, Property Owner and City acknowledge and agree that, among other things, it is the express intention of the Parties that any and all successors in interest, assigns, heirs and executors of Property Owner shall have actual and constructive notice of Property Owner's obligations under, and the benefits and burdens of, this Agreement. Therefore, this Agreement and any amendments hereof, shall be recorded in the official records of the county of San Bernardino. Property Owner further agrees that City shall, at the sole cost of Property Owner, have the right to cause the recordation of this Agreement.

8. Breach/Failure to Annex In the event Property Owner fails to comply with its obligations under this Agreement or takes any action to protest, challenge, contravene or otherwise breach any of its obligations or representations under this Agreement, City shall have the right to, without any liability whatsoever, cease the provision of City utility services to the Property. This right shall be in addition to any other legal or equitable relief available to City.

9. Not a Partnership. The Parties specifically acknowledge that Property Owner's development of the Property is a private project, that neither Party is acting as the agent of the other in any respect hereunder, and that each Party is an independent contracting entity with respect to the terms, covenants and conditions contained in this Agreement. No partnership, joint-venture or other association of any kind is formed by this Agreement. \The only

relationship between City and Property Owner is that of a governmental entity regulating the development of private property and the owner of such property.

10. Indemnity and Cost of Litigation.

A. Property Owner agrees to and shall hold City, and its elected and appointed officials, officers, agents, and employees free and harmless from any and all liability for damage or claims for damage for personal injury, including death, and claims for property damage which may arise from the operations, errors, or omissions of Property Owner or those of its contractors, subcontractors, agents, employees or any other persons acting on Property Owner's behalf which relate to development of the Property. Property Owner agrees to and shall defend, indemnify and hold harmless City, its elected officials, officers, agents, employees and representatives from all actions for damages caused or alleged to have been caused by reason of Property Owner's acts, errors or omissions in connection with the development of the Property. This hold harmless agreement applies to all damages and claims for damages suffered or alleged to have been suffered by reason of Property Owner's or its representatives' acts, errors or omissions regardless of whether or not City supplied, prepared or approved plans or specifications relating to the development of the Property and regardless of whether or not any insurance policies of Property Owner relating to such development are applicable.

B. Property Owner shall defend, at its expense, including attorneys' fees, indemnify and hold harmless City, and its elected and appointed officials, officers, agents and employees from any claim, action or proceeding against any of them to attack, set aside, void or annul the approval of this Agreement or the approval of any permit or entitlement granted in furtherance of this Agreement. City may, in its sole discretion, participate in the defense of any such claim, action or proceeding.

11. Liquidated Damages. In the event that the property is not annexed to City in accordance with the terms of the Agreement, the then existing owner of the Property shall pay each year to City, as liquidated damages, a sum equal to the property taxes and any sales taxes the City would have received had the Property been annexed. Failure to make such liquidated damages payments shall be good cause for City to cease water service to the Property.

12. Section Headings. All section headings and sub-headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

13. Governing Law. This Agreement and any dispute arising hereunder shall be governed by and construed in accordance with the laws of the State of California.

14. Attorneys' Fees. In the event any action is commenced to enforce or interpret the terms or conditions of this Agreement the prevailing Party shall, in addition to any costs and other relief, be entitled to the recovery of its reasonable attorneys' fees, including fees for a Party's use of in-house counsel.

15. Binding Effect. The burdens of this Agreement bind and the benefits of this Agreement inure to the assigns and successors in interest of the Parties.

16. Authority to Execute. The person or persons executing this Agreement warrant and represent that they have the authority to execute this Agreement on behalf of the legal, fee title owner of the Property.

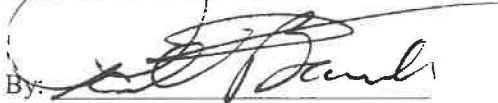
17. Waiver and Release. Property Owner hereby waives and releases any and all claims it may have against City, and its elected and appointed officials, officers, employees and agents with respect to any City actions or omissions relating to the development of the Property, and the Parties' entry into, and execution of, this Agreement. Property Owner makes such waiver and release with full knowledge of Civil Code Section 1542, and hereby waives any and all rights thereunder to the extent of this waiver and release, of such Section 1542 is applicable. Civil Code Section 1542 provides as follows:

"A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."


18. Construction. The Parties agree that each Party and its counsel have reviewed this Agreement and that any rule of construction to the effect that ambiguities are to be resolved against the drafting Party shall not apply in the interpretation of this Agreement. The Parties further agree that this Agreement represents a voluntary "arms-length" transaction agreed to by and between the Parties and that each Party has had the opportunity to consult with legal counsel regarding the terms, conditions and effect of this Agreement.

19. Entire Agreement. This Agreement sets forth and contains the entire understanding and agreement of the Parties as to the matters contained herein, and there are no oral or written representations, understandings or ancillary covenants or agreements which are not contained or expressly referenced herein, and no testimony or evidence of any such representations, understandings or covenants shall be admissible in any proceeding of any kind or nature to interpret or determine the terms or conditions of this Agreement.

CITY OF REDLANDS

By: 
Paul T. Barich, Mayor

PROPERTY OWNER

By: 
Perry Karpouzis, Owner

ATTEST:


Jeanne Donaldson, City Clerk

CALIFORNIA ALL- PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California }

County of San Bernardino }

On April 21, 2021 before me, Diana Rains, Notary Public,
(Here insert name and title of the officer)

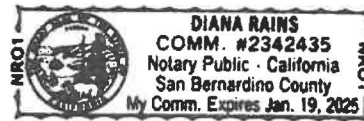
personally appeared Paul T. Barich and Jeanne Donaldson,
who proved to me on the basis of satisfactory evidence to be the person(s) whose
name(s) is/are subscribed to the within instrument and acknowledged to me that
~~he/she/they~~ executed the same in ~~his/her/their~~ authorized capacity(ies), and that by
~~his/her/their~~ signature(s) on the instrument the person(s), or the entity upon behalf of
which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Diana Rains
Notary Public Signature

(Notary Public Seal)



ADDITIONAL OPTIONAL INFORMATION

DESCRIPTION OF THE ATTACHED DOCUMENT
Agreement for Annexation and Provision of
Services for City Utility Services

(Title or description of attached document)

(Title or description of attached document continued)

Number of Pages _____ Document Date _____

CAPACITY CLAIMED BY THE SIGNER

- ☐ Individual (s)
☐ Corporate Officer

(Title)

- ☐ Partner(s)
☐ Attorney-in-Fact
☐ Trustee(s)
☐ Other _____

INSTRUCTIONS FOR COMPLETING THIS FORM

This form complies with current California statutes regarding notary wording and, if needed, should be completed and attached to the document. Acknowledgments from other states may be completed for documents being sent to that state so long as the wording does not require the California notary to violate California notary law.

- State and County information must be the State and County where the document signer(s) personally appeared before the notary public for acknowledgment.
- Date of notarization must be the date that the signer(s) personally appeared which must also be the same date the acknowledgment is completed.
- The notary public must print his or her name as it appears within his or her commission followed by a comma and then your title (notary public).
- Print the name(s) of document signer(s) who personally appear at the time of notarization.
- Indicate the correct singular or plural forms by crossing off incorrect forms (i.e. ~~he/she/they~~, is /are) or circling the correct forms. Failure to correctly indicate this information may lead to rejection of document recording.
- The notary seal impression must be clear and photographically reproducible. Impression must not cover text or lines. If seal impression smudges, re-seal if a sufficient area permits, otherwise complete a different acknowledgment form.
- Signature of the notary public must match the signature on file with the office of the county clerk.
 - ❖ Additional information is not required but could help to ensure this acknowledgment is not misused or attached to a different document.
 - ❖ Indicate title or type of attached document, number of pages and date.
 - ❖ Indicate the capacity claimed by the signer. If the claimed capacity is a corporate officer, indicate the title (i.e. CEO, CFO, Secretary).
- Securely attach this document to the signed document with a staple.

ALL- PURPOSE CERTIFICATE OF ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California }

County of San Bernardino }

On February 5, 2021 before me, Melyssa Sharples, Notary Public,
(Here insert name and title of the officer.)

personally appeared Perry Karpouzis,
who proved to me on the basis of satisfactory evidence to be the person(s) whose
name(s) (s) are subscribed to the within instrument and acknowledged to me that
he ~~she~~/they executed the same in his ~~her~~/their authorized capacity(ies), and that by
his ~~her~~/their signature(s) on the instrument the person(s), or the entity upon behalf of
which the person(s) acted, executed the instrument.

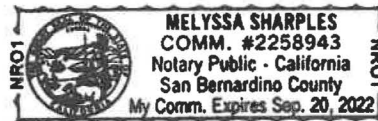
I certify under PENALTY OF PERJURY under the laws of the State of California that
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.



Notary Public Signature

(Notary Public Seal)



ADDITIONAL OPTIONAL INFORMATION

DESCRIPTION OF THE ATTACHED DOCUMENT

(Title or description of attached document)

(Title or description of attached document continued)

Number of Pages _____ Document Date _____

CAPACITY CLAIMED BY THE SIGNER

- ☐ Individual (s)
☐ Corporate Officer

(Title)

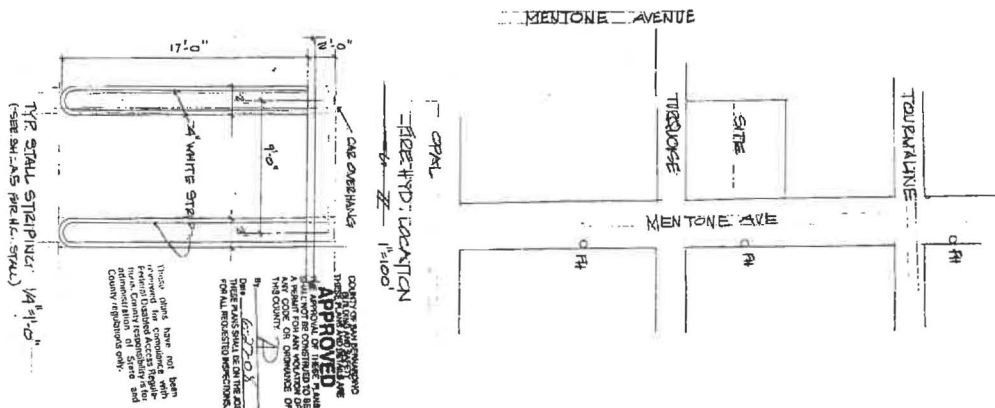
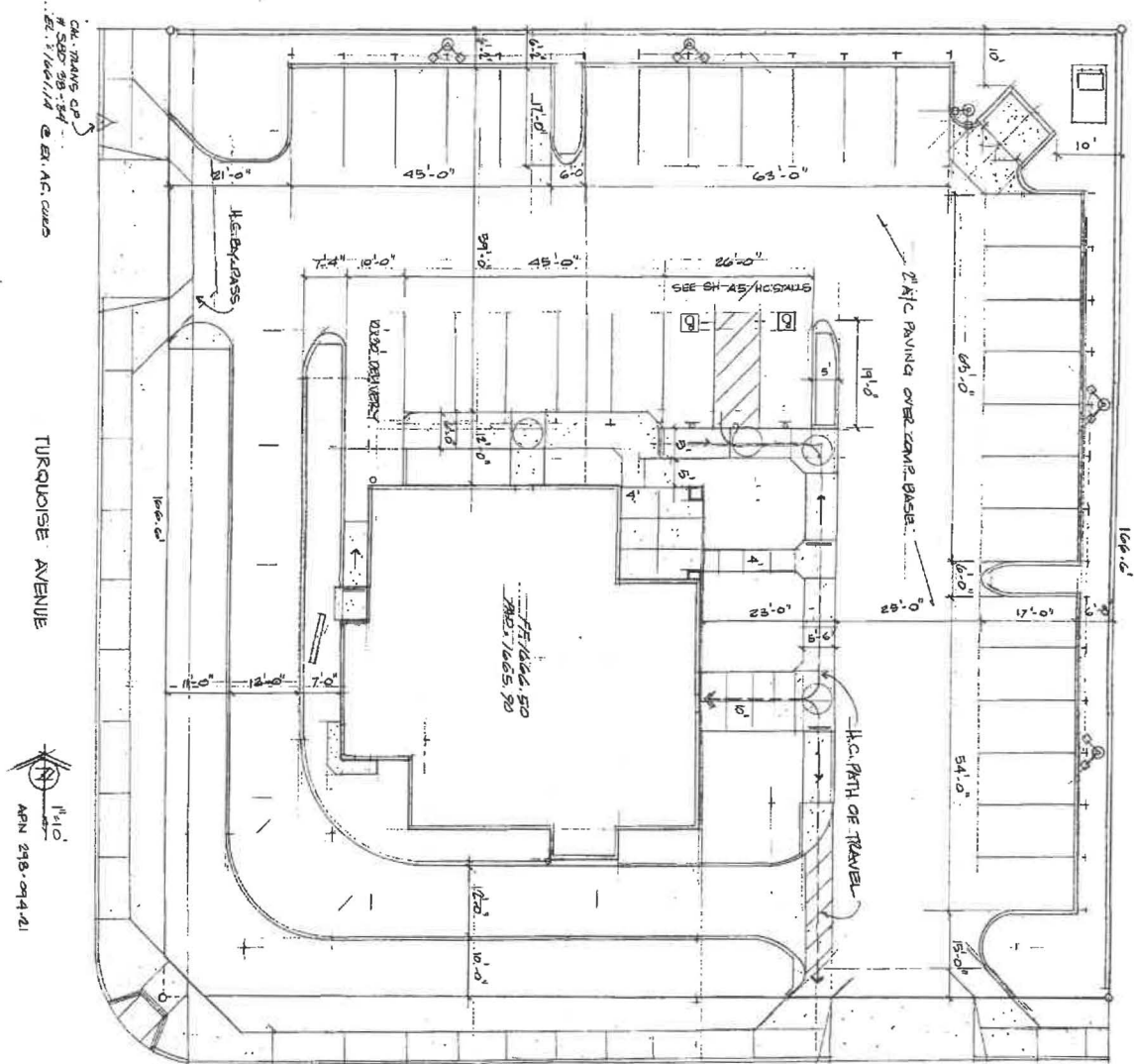
- ☐ Partner(s)
☐ Attorney-in-Fact
☐ Trustee(s)
☐ Other _____

INSTRUCTIONS FOR COMPLETING THIS FORM

This form complies with current California statutes regarding notary wording and, if needed, should be completed and attached to the document. Acknowledgments from other states may be completed for documents being sent to that state so long as the wording does not require the California notary to violate California notary law.

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- The notary public must print his or her name as it appears within his or her commission followed by a comma and then your title (notary public).
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- Signature of the notary public must match the signature on file with the office of the county clerk.
 - ❖ Additional information is not required but could help to ensure this acknowledgment is not misused or attached to a different document.
 - ❖ Indicate title or type of attached document, number of pages and date.
 - ❖ Indicate the capacity claimed by the signer. (If the claimed capacity is a corporate officer, indicate the title (i.e. CEO, CFO, Secretary).
- Securely attach this document to the signed document with a staple.

EXHIBIT A
PROJECT





Proposed Development

Applicant

Project

Address

Prior project

(Include Agriculture if water supplied by City)

Project Data:

Date:

6/13/2019

Prepared by:

Don Young

Perry Karpouzis**Restaurant****1853 Mentone Boulevard****SFR removed between 1968 and 1980****PW DIF:**

	Fee	Credit	Est. NET DIF
Transportation	\$23,656.19	-\$1,512.36	\$22,143.83
Fire	\$3,209.58	-\$577.08	\$2,632.50
Government	\$3,804.08	-\$686.45	\$3,117.63
Library	\$0.00	\$0.00	\$0.00
Open Space/Park/Community Facility	\$0.00	\$0.00	\$0.00
Police	\$166.85	-\$30.11	\$136.74
Storm Drain	\$730.54	-\$700.00	\$30.54
Subtotal:	\$31,567.25	\$3,506.00	\$28,061.25

Water and Sewer DIF:

Sewer Capacity	\$0.00	\$0.00	\$0.00
Recycled Irr	\$0.00	\$0.00	\$0.00
Water Capacity	\$8,449.71	\$0.00	\$8,449.71
Water Source	\$1,483.19	\$0.00	\$1,483.19
Solid Waste	\$0.00	\$0.00	\$0.00
Subtotal:	\$9,932.90		\$9,932.90

Frontage Fees:

Frontage Fee 8" Water	\$1,260.00	\$0.00	\$1,260.00
Frontage Fee 12" Water:	\$16,311.60	\$0.00	\$16,311.60
Frontage Fee 6" Non-Potable	\$0.00	\$0.00	\$0.00
Frontage Fee 8" Sewer:	\$0.00	\$0.00	\$0.00
Subtotal	\$17,572.00		\$17,571.60

Grand Total: **\$59,072.15** With Credits - Adjusted Total: **\$55,565.75**

No water credit given for prior use as SFR because of length of time of disconnect.

Assumptions

3272 SF restaurant

1162 SF storage on second floor with no other use

2990 SF landscaping

These fees/charges are subject to change.

Meter set fee to be determined at time of meter set application.

Water usage is estimated as follows:

900 gpd for restaurant operation

12 gpd for storage area

209 gpd for landscape irrigation

Fronatage fees are calculated per Redlands Municipal Code

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



RECEIVED

SEP 07 2021

LAFCO

San Bernardino County

September 7, 2021

Mr. Samuel Martinez
Local Agency Formation Commission
1170 W 3rd Street, Unit 150
San Bernardino, CA 92415-0490

Dear Sam:

I have completed the California Environmental Quality Act (CEQA) review of out-of-area service contract, SC#469 for the Commission. LAFCO SC#469 would permit the City of Redlands to extend water service to a single parcel of land located in unincorporated territory on the northeast side of the City in the community of Mentone which is in the City's eastern Sphere of Influence. The parcel is located on the northeast corner of Mentone Boulevard and Turquoise Avenue. If approved, the service extension would provide water service and allow a Tom's Burgers restaurant to be constructed in the near-term future on the lot that currently has a vacant building. If SC#469 is approved, this facility would be connected to City of Redlands potable water distribution system located adjacent to the site in Turquoise Avenue. In return, the owner makes a commitment to ultimately annex this parcel to the City. At the present time the property is noncontiguous with the City's boundary.

Based on the above proposal and the findings presented below, it appears that LAFCO SC#469 can be implemented without causing significant adverse environmental impacts. LAFCO will consider this extension of service contract as the CEQA lead agency. Based on the limited square footage that can ultimately be developed on this property, this project has no potential to cause a significant adverse impact on the environment. Therefore, I conclude that LAFCO SC#469 does not constitute a project under CEQA and adoption of an exemption (under the "Common Sense Rule") and filing of a Notice of Exemption is the most appropriate determination to comply with the CEQA. This exemption is found in Section 15061(b)(3). The Commission can approve this review and finding for this action and I recommend that you notice LAFCO SC#469 as exempt from CEQA for the reasons outlined in the State CEQA Guideline section referenced above. The Commission needs to file a Notice of Exemption (NOE) with the County Clerk to the Board for this action once a decision is made for this out-of-area service agreement.

Thus, after independent review of this proposed action, the proposed water service extension to this lot does not appear to have any potential to significantly alter the existing physical environment. Extending water service has no effect on land uses which are governed by the County. Thus, this service extension does not involve any change in the authorized end use, which will consist of a single retail commercial operation in the near future. Since no other project is pending or will occur as a result of approving this application, no other potential significant physical changes in the environment are forecast to result from this action.

Based on a review of LAFCO SC#469 and the pertinent sections of CEQA and the State CEQA Guidelines, I believe it is appropriate for the Commission's CEQA environmental determination to cite the "Common Sense Rule" exemption, as adequate CEQA compliance in accordance with

the Commission's CEQA lead agency status. If you have any questions regarding these recommendations, please feel free to give me a call.

Sincerely,

A handwritten signature in black ink that reads "Tom Dodson". The signature is written in a cursive, flowing style.

Tom Dodson

TD/cmc

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 SC#469

HEARING DATE: SEPTEMBER 15, 2021

RESOLUTION NO. 3337

A RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY MAKING DETERMINATIONS ON LAFCO SC#469 – CITY OF REDLANDS OSC 19-53, OUT OF AGENCY SERVICE AGREEMENT FOR WATER SERVICE (APN 0298-094-21)

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

WHEREAS, Government Code Section 56133 requires the Local Agency Formation Commission to review and approve or deny applications for agencies to provide services outside their existing boundaries; and,

WHEREAS, an application for the proposed service extension in San Bernardino County was filed with the Executive Officer of this Local Agency Formation Commission in accordance with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000 et seq.), and the Executive Officer has examined the application and determined that the filings are sufficient; and,

WHEREAS, at the times and in the form and manner provided by law, the Executive Officer has given notice of the public hearing by the Commission on this matter; and,

WHEREAS, the Executive Officer has reviewed available information and prepared a report including 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 September 15, 2021 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 protests; and all persons present were given an opportunity to hear and be heard in respect to any matter relating to the contract, in evidence presented at the hearing;

RESOLUTION NO. 3337

NOW, THEREFORE, BE IT RESOLVED, that the Local Agency Formation Commission for San Bernardino County does hereby determine, find, resolve and order as follows:

DETERMINATIONS:

SECTION 1. The following determinations are noted in conformance with Commission policy:

1. The property identified as Assessor Parcel Number 0298-094-21 is within the sphere of influence assigned the City of Redlands and is anticipated to become a part of that City sometime in the future. The application requests authorization to receive City of Redlands' water service.
2. The City of Redlands' OSC 19-53 being considered is for the provision of water service to Assessor Parcel Number 0298-094-21. This contract will remain in force in perpetuity or until such time as the area will be annexed. Approval of this application will allow the property owner and the City of Redlands to proceed in finalizing the contract for the extension of water service.
3. The fees charged this project by the City of Redlands for water service are identified as totaling \$55,565.75 (a breakdown of charges is on file in the LAFCO office). Payment of these fees is required prior to connection to the City's water facilities. In addition, the property owner shall bear all costs to complete improvements needed to extend the water service to the parcel.
4. The Local Agency Formation Commission for San Bernardino County has determined that this service contract is exempt from environmental review since it does not have the potential for resulting in physical changes in the environment (Section 15161[b] [3] of the State California Environmental Quality Act Guidelines). Therefore, this proposal is not subject to environmental review under the provisions of the State CEQA Guidelines section cited above or the Commission's adopted CEQA Guidelines. The Commission hereby adopts the Statutory Exemption and directs its Executive Officer to file a Notice of Exemption within five (5) working days with the San Bernardino County Clerk of the Board of Supervisors.

SECTION 2. CONDITION. The City of Redlands shall indemnify, defend, and hold harmless the Local Agency Formation Commission for San Bernardino County from any legal expense, legal action, or judgment arising out of the Commission's approval of this service contract, including any reimbursement of legal fees and costs incurred by the Commission.

SECTION 3. The Local Agency Formation Commission for San Bernardino County does hereby determine to approve the service extension contract submitted by the City of Redlands to provide water service to Assessor Parcel Number 0298-094-21.

SECTION 4. The Commission instructs the Executive Officer of this Local Agency Formation Commission to notify the affected agencies that the application identified as LAFCO SC#469 – City of Redlands OSC 19-53, Out-of-Agency Service Agreement for Water Service (APN 0298-094-21), has been approved.

RESOLUTION NO. 3337

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 September 15, 2021.

DATED:

SAMUEL MARTINEZ
Executive Officer

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

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DATE: SEPTEMBER 8, 2021
FROM: MICHAEL TUERPE, Senior Analyst
TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: AGENDA ITEM #10: Continued Monitoring for the Twentynine Palms Public Cemetery District related to LAFCO 3245 - Countywide Service Review for Public Cemetery Districts

RECOMMENDATION:

Staff recommends that the Commission:

1. Receive and file this report.
2. Cease monitoring of the Twentynine Palms Public Cemetery District, unless otherwise directed by the Commission.

BACKGROUND:

As an outgrowth from LAFCO's December 2020 Countywide Service Review for Public Cemetery Districts (LAFCO 3231), the Commission directed staff to return with an update on the sustainability of the Twentynine Palms Public Cemetery District.

MAY 2021 UPDATE (Summary):

A review of the District identifies good movement in governance training, general upkeep, correcting structural deficiencies, and health and safety improvements. However, the District continues to experience cash flow challenges. The May 2021 update is attached to this staff report.

SEPTEMBER 2021 UPDATE (Summary):

For this update, staff requested that the District general manager provide an update on the outstanding matters from the March 2021 staff report.

- Due to high costs, the District no longer uses general legal counsel. Should the need arise the District would contract for special counsel. LAFCO staff discussed with the general manager and expressed the risks of not having general counsel.

Update: The Cemetery has engaged an Attorney within the firm of Best, Best and Krieger.

- The cemetery lacks a "Friends of the Cemetery" association. The general manger and board members are seeking community members to take upon this endeavor.

Update: Still in the process.

- The general manager is reviewing old policies for presentation to the board.

Update: A "Policy Committee" has been formed with two Trustees and the General Manager to review previous policies and utilize the CSDA Policy Templates available to Special Districts, by incorporating the General Policies with the Cemetery's current policies. The process will be an ongoing one with the goal of a collective vote on all policies by June 2021.

- The District is seeking interest, and is in contact with the County Third District, in filling an open seat on the board.

Update: Two seats will be available in January 2022. The information will be advertised via the Cemetery's Social Media outlets, noted on the September, October, November and December Agenda's in the "Announcement" portion, as well as advertised on the Cemetery's website to include a link to the San Bernardino County for the application.

CONCLUSION:

The District is current on all required governance matters, to include budget, audit, etc... District staff and board continue solid movement in good governance. Therefore, LAFCO staff recommends the Commission cease monitoring of the Twentynine Palms Public Cemetery District, unless otherwise directed by the Commission.

SM/MT

[Attachment](#)

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

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DATE: MAY 12, 2021

FROM: MICHAEL TUERPE, Senior Analyst



TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: AGENDA ITEM 17: Continued Monitoring for the Twentynine Palms Public Cemetery District related to LAFCO 3245 - Countywide Service Review for Public Cemetery Districts

RECOMMENDATION:

Staff recommends that the Commission:

1. Receive and file this report.
2. Schedule an update for the Twentynine Palms Public Cemetery District for the September 15, 2021 meeting, unless otherwise directed by the Commission.

BACKGROUND:

As an outgrowth from LAFCO's December 2020 Countywide Service Review for Public Cemetery Districts (LAFCO 3231), the Commission directed staff to return with an update on the sustainability of the Twentynine Palms Public Cemetery District.

Below is the Conclusion and Recommendation from the service review:

LAFCO concludes that the Twentynine Palms Cemetery District suffers from historical governance and operational challenges resulting in lack of continuity, training, and numerous structural deficiencies due to neglect and maintenance backlog. The two previous general managers of the District were terminated with cause based on evidence of misconduct pertaining to suspected embezzlement and fraud. The successive general managers were terminated in 2012 and 2020, respectively. Restitution was ordered and satisfied in the first case and is pending for the second case.

LAFCO concludes that since Spring 2020, current district staff have commenced with governance training, general upkeep, correcting structural deficiencies, and health and safety improvements.

LAFCO recommends that the Commission continue to monitor the Twentynine Palms Public Cemetery District, with the first status report scheduled for LAFCO's May 19, 2021 meeting.

MARCH 2021 UPDATE:

For this update, the District general manager invited LAFCO staff to the cemetery to review recent improvements and to discuss the direction of the District. Staff reviewed the improvements and the overall appearance of the facilities is markedly better since our first visit in September 2020.

For this update, staff interviewed the District General Manager. She informed us that:

- The District is current on all audits.
- The District currently employs two personnel, the general manager and ground supervisor. The general manager contracts out for specialty services.
- Due to high costs, the District no longer uses general legal counsel. Should the need arise the District would contract for special counsel. LAFCO staff discussed with the general manager and expressed the risks of not having general counsel.
- The cemetery lacks a "Friends of the Cemetery" association. The general manager and board members are seeking community members to take upon this endeavor.
- The website now has a dedicated Open Governance tab.
- The general manager is reviewing old policies for presentation to the board.
- The District is seeking interest, and is in contact with the County Third District, in filling an open seat on the board.
- Finally, the District desires to participate in future LAFCO Governance Training.

A review of the District identifies good movement in governance training, general upkeep, correcting structural deficiencies, and health and safety improvements. However, the District continues to experience cash flow challenges.

DISTRICT REQUEST:

The District is considering utilizing provision that allows districts with low revenues to conduct a multi-year audit instead of an annual audit. As specified in Government Code Section 26909, special districts may change their audit period to an interval no longer than once every five years if there is a unanimous request of the governing board and unanimous approval of the County's Board of Supervisors. The District is not making this request at this time. Rather, it is introducing this option as a part of this update to gauge sentiment.

CONCLUSION:

Staff recommends that the Commission schedule an update for the Twentynine Palms Cemetery District for the next Commission meeting, September 15, 2021 meeting, unless otherwise directed by the Commission.

SM/MT

Attachment:

Twentynine Palms Public Cemetery District Portion of Countywide Service Review

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DATE: **SEPTEMBER 8, 2021**

FROM: **MICHAEL TUERPE, Senior Analyst**

TO: **LOCAL AGENCY FORMATION COMMISSION**

**SUBJECT: AGENDA ITEM #11: Continued Monitoring from LAFCO 3231
(Countywide Fire Service Review) for Barstow Fire Protection District and
the City of Barstow (CONTINUED TO NOVEMBER 17, 2021 MEETING)**

RECOMMENDATION:

Staff recommends that the Commission continue the update for the Barstow Fire Protection District/City of Barstow for the November 17, 2021 meeting.

BACKGROUND:

As an outgrowth from LAFCO's February 2020 Countywide Fire Service Review (LAFCO 3231), the Commission directed staff to continue to monitor the sustainability of the Barstow Fire Protection District and its parent agency, the City of Barstow. Staff provided the first update to the Commission in March 2021.

Leadership and key support staff at the District and the City is changing, and continuing the update for another two months should allow for a proper update.

CONCLUSION:

Staff recommends that the Commission continue the update for the Barstow Fire Protection District/City of Barstow for the November 17, 2021 meeting.