

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

1601 E. 3rd Street, Suite 102, San Bernardino, CA 92415-0490
(909) 388-0480 • Fax (909) 388-0481
lafco@lafco.sbcounty.gov
www.sbclafco.org

DATE: JULY 9, 2025 
FROM: SAMUEL MARTINEZ, Executive Officer
MICHAEL TUERPE, Assistant Executive Officer
TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: AGENDA ITEM #11: LAFCOs 3276 and 3277 (see full titles below)

TITLES:

LAFCO 3276 – Sphere of Influence Amendment (Expansion) for the Hi-Desert Water District

LAFCO 3277 – Annexation to the Hi-Desert Water District (Assessor Parcel Number 0585-273-04)

INITIATION:

Initiated by resolution of the Hi-Desert Water District

RECOMMENDATION:

Staff recommends that the Commission approve LAFCOs 3276 and 3277 by taking the following actions:

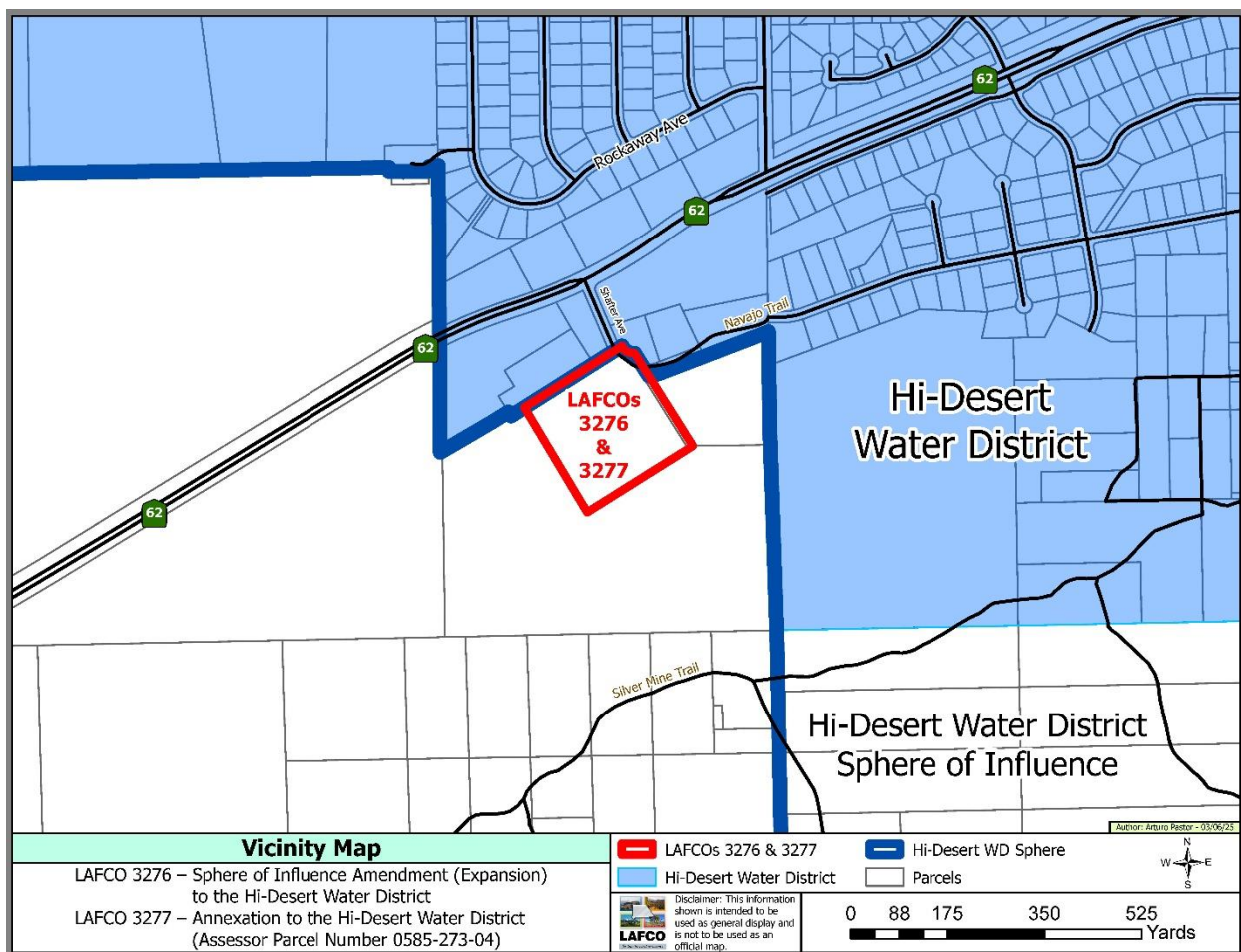
1. With respect to environmental review for LAFCO 3276 and LAFCO 3277:
 - a. Certify that the Commission, its staff, and its Environmental Consultant have independently reviewed and considered the County's Initial Study and Mitigated Negative Declaration for a Minor Use Permit to establish a personal self-storage facility (mini storage) to include (155) 8'x20' and (8) 8'x10' standard height shipping containers totaling 25,440 square feet of structures on approximately a 9.46-acre parcel;
 - b. Determine that the County's environmental assessment and Mitigated Negative Declaration are adequate for the Commission's use as a CEQA

Responsible Agency for its consideration of LAFCO 3276 and LAFCO 3277;

- c. Determine that the Commission does not intend to adopt alternatives or additional mitigation measures for the project; that the mitigation measures identified in the County's environmental document are the responsibility of the County and/or others, not the Commission; and,
 - d. Direct the Executive Officer to file the Notices of Determination within five (5) days.
2. For LAFCO 3276 (sphere of influence amendment):
- a) Determine that the proposed sphere of influence amendment, submitted under the provisions of Government Code Section 56428, does not require a service review;
 - b) Approve the sphere of influence amendment (expansion) for the Hi-Desert Water District;
 - c) Affirm the description of the functions and services for the Hi-Desert Water District, as identified in the *LAFCO Policy and Procedure Manual*; and,
 - d) Adopt LAFCO Resolution No. 3423 reflecting the Commission's determinations for the sphere of influence amendment as identified.
3. For LAFCO 3277 (annexation):
- a) Approve LAFCO 3277, with the standard terms and conditions that include, but are not limited to, the "hold harmless" clause for potential litigation costs by both the Hi-Desert Water District and the property owner;
 - b) Waive protest proceedings, as permitted by Government Code Section 56662(d), with 100% landowner consent to the annexation proposal; and,
 - c) Adopt LAFCO Resolution No. 3424 setting forth the Commission's determinations and conditions for LAFCO 3277.

BACKGROUND:

In December 2024, the Hi-Desert Water District (District) initiated an application for a sphere of influence expansion and an annexation—with 100% landowner consent—to include a 9.46-acre parcel into the boundary of the District. The sphere of influence expansion and annexation area (Project Area) includes a single parcel, Assessor Parcel Number (APN) 0585-273-04, generally located south of State Route (SR) 62 and west of Shafter Avenue, immediately west of the Town of Yucca Valley's boundary along SR 62. Location and vicinity maps are included as Attachment #1 to this report. The map below provides a general location of the sphere of influence expansion and annexation area.



The primary reason for the sphere of influence expansion and annexation request is to provide water service to a mini-storage facility that is being developed on the parcel. The parcel is currently not within the District's boundary; therefore, annexation to the District is required in order to receive water service.

PROCESSING OF LAFCOs 3276 and 3277:

The annexation proposal is designated as LAFCO 3277.

LAFCO 3276 is a companion application to amend (expand) the sphere of influence for the District of the exact same area. Through the sphere of influence expansion, the annexation proposal will be within the sphere of influence assigned the District, a requirement for annexation.

Both LAFCOs 3276 and 3277 are discussed concurrently within this report since the area being considered for both actions are identical.

RECOMMENDATION:

Staff recommends that the Commission approve both LAFCOs 3276 and 3277 for the following reasons:

1. LAFCO 3277 was submitted to provide water service to a mini-storage facility that is being developed on the parcel, APN 0585-273-04. The parcel is currently not within the District's boundary; therefore, annexation to the District is required in order to receive water service.
2. LAFCO 3276 is a companion application to expand the District's sphere of influence to include the annexation area, a requirement for annexation.
3. The proposal has 100% landowner consent to the annexation.

For these reasons, and those outlined throughout the staff report, the staff supports the approval of LAFCO 3276 and LAFCO 3277.

ENVIRONMENTAL CONSIDERATIONS:

San Bernardino County Land Use Services Department prepared an Initial Study and Mitigated Negative Declaration for its review of a Minor Use Permit to establish a personal self-storage facility (mini storage) to include (155) 8'x20' and (8) 8'x10' standard height shipping containers totaling 25,440 square feet of structures on approximately 9.46 acres. The County's environmental assessment for the project has been reviewed by the Commission's Environmental Consultant, Tom Dodson of Tom Dodson and Associates, and has determined that the County's documents are adequate for the Commission's use as a responsible agency under CEQA for both the sphere of influence amendment (LAFCO 3276) and the annexation proposal (LAFCO 3277).

Mr. Dodson has indicated that the necessary environmental actions to be taken by the Commission for LAFCO 3276 and LAFCO 3277, as a responsible agency under CEQA, are as follows:

- Certify that the County's environmental assessment and Mitigated Negative Declaration prepared for the project, has been independently reviewed and considered by the Commission and its staff;
- Determine that the County's environmental assessment and Mitigated Negative Declaration prepared for the project, is adequate for the Commission's use as a CEQA responsible agency for its consideration of LAFCO 3276 and LAFCO 3277;
- Determine that the Commission does not intend to adopt alternatives or mitigation measures for the project; that the mitigation measures identified in the County's environmental documents are the responsibility of the County and/or others, not the Commission; and,
- Direct the Executive Officer to file the Notices of Determination within five days.

A copy of Mr. Dodson's analysis and environmental recommendation is included as Attachment #4 to this report.

LAFCO 3276 (SPHERE OF INFLUENCE AMENDMENT):

SUMMARY OF SPHERE OF INFLUENCE AMENDMENT:

This section provides the Commission with an analysis of the application materials as well as additional information obtained during processing.

A “sphere of influence” is defined as a planning boundary that designates an agency’s probable future boundary and service area. The sphere of influence amendment is required to move forward with the annexation of the area into the District.

SERVICE REVIEW DETERMINATION:

It is the staff’s position that a sphere of influence “amendment” does not require that a service review be conducted pursuant to Government Code Section 56430 as this section reads in part, “In order to prepare and to update spheres of influence in accordance with 56425, the commission shall conduct a service review...” In this case, LAFCO 3263 includes a sphere of influence amendment pursuant to Section 56428, not updates pursuant to Section 56430. Therefore, a service review is not required.

SPHERE OF INFLUENCE AMENDMENT DETERMINATIONS:

Staff’s responses to the determinations required by State law for sphere of influence amendment, as outlined in Government Code Section 56425, are as follows:

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

The project area has a land use designation of MV/IC (Morongo Valley/Community Industrial). Community Industrial provides sites for light industrial uses such as light manufacturing uses, wholesale/warehouse services, contract/construction services, transportation services, agriculture support services, incidental commercial and accessory residential uses, and similar and compatible uses. The proposed development of a mini-storage facility is a permitted use within the project area.

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

There will be a change to the public facilities and utility services as a result of annexation of the project area, which is dependent upon the sphere of influence amendment. The sphere of influence amendment and the concurrent annexation will place the project area within the Hi-Desert Water District. The development of a mini-storage facility requires potable water, irrigation water, and/or fire suppression water service.

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

The Hi-Desert Water District provides water and sewer service within the Town of Yucca Valley and its surrounding unincorporated communities, including the community of Yucca Mesa. The District currently owns and operates an 8-inch potable water line in Shafter Avenue, which is adjacent to the project area. The District can feasibly extend and adequately supply potable water, irrigation water, and/or fire suppression water service to the proposed mini-storage facility being developed within the project area.

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

The project area is located within the Morongo Valley community. However, a local agency associated with the community, the Morongo Valley Community Services District, does not provide water service within said Morongo Valley community nor are there any water service providers anywhere near the project area.

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

The Town of Yucca Valley has a coterminous boundary and sphere of influence; therefore, the Town itself does not have any disadvantaged unincorporated communities; however, surrounding areas are considered disadvantaged, including areas within the Hi-Desert Water District's boundaries.

The District provides water service within the Town and its surrounding communities, including the community of Yucca Mesa. The District began providing sewer service within the Town's core along SR 62. The District is now getting ready to begin Phase 2 of implementing and expanding its sewer collection system to provide sewer service to additional customers within the District's boundaries.

The San Bernardino County Fire Protection District provides fire protection and emergency medical services within the Town and its surrounding communities.

FUNCTIONS AND SERVICES FOR SPECIAL DISTRICTS:

Government Code Section 56425(i) requires that during a sphere of influence amendment or update for a Special District, the Commission is required to review and identify the range of services to be provided, as well as the nature and location of these services. At present the Commission's Policy and Procedure Manual identifies the

authorized functions and services to be provided by the special districts under its purview. That listing identifies the following functions and services for:

Hi-Desert Water District:

<u>FUNCTION</u>	<u>SERVICES</u>
Water	Retail, agricultural, domestic, replenishment, fire flow, fire hydrants
Sewer	Collection, transportation, treatment, reclamation, disposal, planning and engineering

LAFCO staff recommends that the Commission affirm the service description for the Hi-Desert Water District as identified in the *LAFCO Policy and Procedure Manual, Section VI, Chapter 3: Listing of Special Districts within San Bernardino LAFCO Purview - Authorized Functions and Services*.

LAFCO 3277 (ANNEXATION PROPOSAL):

In every consideration for jurisdictional change, the Commission is required to look at a number of areas of consideration including boundaries, land uses, and service issues and the effects on other local governments within the area.

BOUNDARIES:

As outlined earlier, the annexation area is generally located south of State Route (SR) 62 and west of Shafter Avenue, immediately west of the Town of Yucca Valley's boundary along SR 62.

LAFCO 3277 has no boundary concerns since annexation to the District is required in order to receive water service.

It is noted that the project area is located within the Morongo Valley community. As identified earlier, the project area is within the sphere of influence assigned the Morongo Valley Community Services District (Morongo Valley CSD), which is the agency associated with said Morongo Valley community. However, the Morongo Valley CSD is not a water (or sewer) service provider for the community. Therefore, the inclusion of the project area into Hi-Desert Water District's boundary (and sphere of influence) will not change the Morongo Valley CSD's boundary and sphere of influence as a result of this action.

LAND USE:

The parcel is generally vacant with a few scattered free-standing shipping containers along the north side of the property. The County's General Plan land use designation for the parcel is MV/IC (Morongo Valley/Community Industrial).

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 related to 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 (multi-function entity, unincorporated countywide). In addition, the following entities overlay the annexation area: Hi-Desert Memorial Healthcare District (dba Morongo Basin Healthcare District), Mojave Desert Resource Conservation District, Mojave Water Agency and its Improvement Zones 1 and M (State Water Contractor), San

Bernardino County Fire Protection District (SBCFPD), SBCFPD South Desert Service Zone, and SBCFPD Service Zone FP-5.

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 water service will be provided to the parcel from the District's existing 8-inch water line in Shafter Avenue, which is adjacent to the project area. The District has identified the estimated costs associated with the type of extension of water service needs for the project:

Domestic Water Meter Installation	Estimated at \$3,000 - \$5,000
Irrigation Meter Installation	Estimated at \$3,000 - \$5,000
Fire Protection Service (on an 8" Fire Service)	Estimated at \$6,000 - \$9,000

In addition, the property owner will be responsible for the construction of the water 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.

WAIVER OF PROTEST PROCEEDINGS:

The annexation area is legally uninhabited and LAFCO staff verified that the area possesses 100% landowner consent to the annexation (see Attachment #3). Therefore, if the Commission approves LAFCO 3277 and none of the affected local agencies have submitted written opposition to a waiver of protest proceedings, staff is recommending pursuant to Government Code Section 56662(d) that protest proceedings be waived and that the Executive Officer be directed to complete the action following completion of the mandatory reconsideration period of 30-days.

DETERMINATIONS:

The following determinations are required pursuant to Government Code Section 56668 and Commission policy:

1. The County Registrar of Voters Office has determined that the annexation area is legally uninhabited, containing zero registered voters as of March 24, 2025.
2. The County Assessor's Office has determined that the total estimated assessed value of land and improvements within the annexation area is \$390,150.
3. Through approval of the companion sphere of influence amendment, LAFCO 3276, the annexation will be within the sphere of influence assigned the Hi-Desert Water District.

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 annexation 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. In compliance with the requirements of Government Code Section 56157 and Commission policies, LAFCO staff has provided individual notice to landowners and registered voters surrounding the annexation area (25 total). Comments from registered voters, landowners, and other individuals and any affected local agency in support or opposition have been reviewed and considered by the Commission in making its determination.
6. The Southern California Associated Governments (SCAG) has adopted its 2024-2050 Regional Transportation Plan and Sustainable Communities Strategy (RTP-SCS), referred to as Connect SoCal 2024, pursuant to Government Code Section 65080. LAFCO 3277 has no direct impact on SCAG's Connect SoCal 2024.
7. Acting as the CEQA Lead Agency, the San Bernardino County Land Use Services Department—as a function of its review of a Minor Use Permit to establish a personal self-storage facility (mini storage) to include (155) 8'x20' and (8) 8'x10' standard height shipping containers totaling 25,440 square feet of structures on approximately 9.46 acres—prepared an environmental assessment and adopted a Mitigated Negative Declaration, which indicates that approval of the project will not have a significant effect on the environment through its development under the Conditions of Approval that has been prepared for the proposed project. The County's Initial Study and Mitigated Negative Declaration have been reviewed by the Commission and its staff who find them to be adequate for the annexation decision.

The Commission certified that it has reviewed and considered the County's Mitigated Negative Declaration and its environmental effects as outlined in the Initial Study prior to reaching a decision on the annexation and finds the information substantiating the Mitigated Negative Declaration adequate for its use as CEQA Responsible Agency. The Commission further found that it does not intend to adopt alternatives or additional mitigation measures for the project and that all changes, alterations and mitigation measures are the responsibility and jurisdiction of the County and/or others, not the Commission, and are considered self-mitigating through implementation of the Conditions of Approval.

The Commission directed its Executive Officer to file a Notice of Determination within five (5) working days with the San Bernardino County Clerk of the Board of Supervisors.

8. The annexation area is currently served by the following local agencies: County of San Bernardino, Hi-Desert Memorial Healthcare District (dba Morongo Basin Healthcare District), Mojave Desert Resource Conservation District, Mojave Water Agency, San Bernardino County Fire Protection District and its Valley Service Zone and its Zone FP-5, County Service Area 70 (unincorporated County-wide multi-function agency).

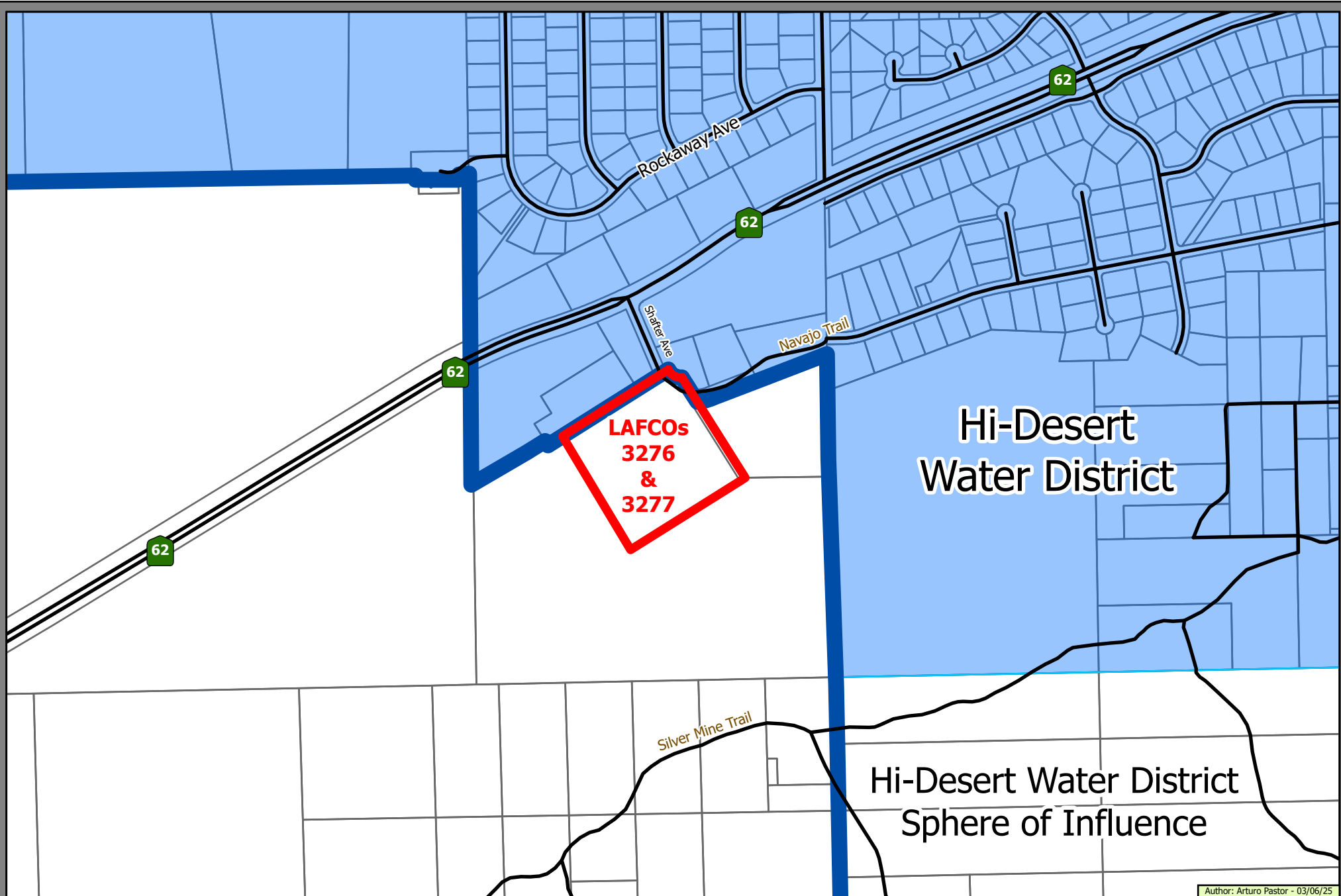
None of these agencies are affected by this annexation proposal as they are either regional in nature or identified for other services for the annexation area.

9. The Hi-Desert Water District submitted a plan for the provision of water service to the annexation area as required by Government Code Section 56653. The Plan is to provide potable water, irrigation water, and/or fire suppression water service to the mini-storage facility. 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.
10. The annexation area can benefit from the availability and extension of water service from the Hi-Desert Water District.
11. This proposal will not affect the fair share allocation of the regional housing needs assigned the County through the Southern California Association of Government's (SCAG) Regional Housing Needs Allocation (RHNA) since the annexation area is proposed for a mini-storage facility.
12. With respect to environmental justice, the annexation proposal—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, acting on behalf of the Hi-Desert Water District, adopted a resolution indicating there will be no transfer of property tax revenues as a result of the annexation. This resolution fulfills the requirements 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 Map including Sphere Amendment and Annexation Maps](#)
2. [Hi-Desert Water District Application for the Sphere Amendment and Annexation](#)
3. [Landowner Consent Form](#)

4. [Tom Dodson's Environmental Response for LAFCO 3276 and LAFCO 3277](#)
5. [Draft Resolution No. 3423 for LAFCO 3276](#)
6. [Draft Resolution No. 3424 for LAFCO 3277](#)



Author: Arturo Pastor - 03/06/25

Vicinity Map

LAFCO 3276 – Sphere of Influence Amendment (Expansion) to the Hi-Desert Water District

LAFCO 3277 – Annexation to the Hi-Desert Water District (Assessor Parcel Number 0585-273-04)



LAFCOs 3276 & 3277



Hi-Desert WD Sphere



Hi-Desert Water District



Parcels



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

0 88 175 350 525 Yards



LAFCO 3276

SHEET 1 OF 1

**SPHERE OF INFLUENCE AMENDMENT (EXPANSION) FOR
THE HI-DESERT WATER DISTRICT**

0 100 200 400

SCALE: 1" = 200'

5 4

EAST 1/4 COR.
SECTION 5

**SAN BERNARDINO COUNTY
SECTION 5, T.1S. R.5E. S.B.M.**

29 PALMS HIGHWAY (RT 62)

HI-DESERT
WATER DISTRICT
LAFCO NO. 2656
ANNEXATION NO. 91-12

SHAFTER AVENUE

HI-DESERT
WATER DISTRICT
LAFCO NO. 2656
ANNEXATION NO. 91-12

PARCEL 2

PARCEL 3

COURSE 5
R= 65.16'
Δ= 73°31'02"
L= 83.61'

TOWN OF
YUCCA VALLEY
SAN BERNARDINO
COUNTY

LARIAT AVENUE

PARCEL MAP NO. 7849
P.M.B. 85/26-27
PARCEL 4

APN 0585-273-13

EAST LINE
SECTION 5

TOWN OF
YUCCA VALLEY
SAN BERNARDINO
COUNTY

PARCEL 1

COURSE 4
N58°56'30"E 623.57'

N67°51'00"E RAD.

COURSE 6
S31°03'30"E
143.72'

P.O.B.

PARCEL 1
APN 0585-273-04
433,656 S.F.
(9.955 AC.)

SHAFTER AVENUE
DOC# 2024-0255014 O.R.
10/24/2024

N31°03'30"W 660.00'
COURSE 3

S58°56'30"W 660.00'
COURSE 2

AFFECTED AGENCIES

HI-DESERT WATER DISTRICT

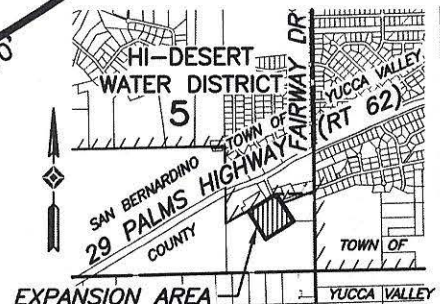
LEGEND

P.O.B. POINT OF BEGINNING

SECTION LINE

EXISTING HI-DESERT WATER
DISTRICT SPHERE OF INFLUENCE

SPHERE EXPANSION



VICINITY MAP
N.T.S.

SURVEYOR:

PREPARED UNDER THE DIRECTION OF:

FIGUEROA
SURVEYING, INC.

1265 N La Cadena Dr | #9A | Colton | CA 92324
909 264 3007 | josephf@figsurv.com

Joseph A. Figueroa 6/17/25
JOSEPH A. FIGUEROA DATE
L.S. 9288



LAFCO 3277
ANNEXATION TO THE HI-DESERT WATER DISTRICT
(ASSESSOR PARCEL NUMBER 0585-273-04)

SHEET 1 OF 1

0 100 200 400
 SCALE: 1" = 200'

5 4

EAST 1/4 COR.
SECTION 5

SAN BERNARDINO COUNTY
SECTION 5, T.1S. R.5E. S.B.M.

HI-DESERT
WATER DISTRICT
LAFCO NO. 2656
ANNEXATION NO. 91-12

HI-DESERT
WATER DISTRICT
LAFCO NO. 2656
ANNEXATION NO. 91-12

29 PALMS HIGHWAY (RT 62)

SHAFTER AVENUE

PARCEL 1

PARCEL 2

PARCEL 3

COURSE 5
 $R = 65.16'$
 $\Delta = 73^\circ 31' 02''$
 $L = 83.61'$

TOWN OF
YUCCA VALLEY
SAN BERNARDINO
COUNTY

TOWN OF
YUCCA VALLEY
SAN BERNARDINO
COUNTY

COURSE 4
 $N58^\circ 56' 30'' E \ 623.57'$
 $N67^\circ 51' 00'' E \text{ RAD.}$

COURSE 6
 $S31^\circ 03' 30'' E \ 143.72'$
 $N05^\circ 40' 02'' W \text{ RAD.}$

P.O.B.

PARCEL MAP NO. 7849
 P.M.B. 85/26-27
 PARCEL 4

APN 0585-273-13

EAST LINE
SECTION 5

PARCEL 1
 APN 0585-273-04
 433,656 S.F.
 (9.955 AC.)

SHAFTER AVENUE
 DOC# 2024-0255014 O.R.
 10/24/2024

$N31^\circ 03' 30'' W \ 660.00'$
 COURSE 3

$S58^\circ 56' 30'' W \ 660.00'$
 COURSE 2

AFFECTED AGENCIES
 HI-DESERT WATER DISTRICT

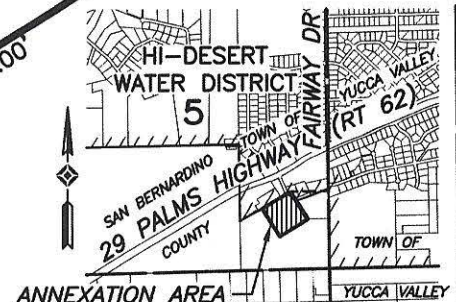
LEGEND

P.O.B. POINT OF BEGINNING

SECTION LINE

EXISTING HI-DESERT WATER
DISTRICT BOUNDARY

ANNEXATION BOUNDARY



VICINITY MAP
 N.T.S.



1265 N La Cadena Dr | #9A | Colton | CA 92324
 909 264 3007 | josephf@figsurv.com

SURVEYOR:

PREPARED UNDER THE DIRECTION OF:

Joseph A. Figueroa 6/17/25
 JOSEPH A. FIGUEROA DATE
 L.S. 9288



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: 0585-273-04-0000 (Owner: Connor Bauman)

2. NAME OF APPLICANT: Hi-Desert Water District

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

MAILING ADDRESS:

55439 29 Palms Hwy., Yucca Valley, CA 92284

PHONE: (760) 365-8333

FAX: (760) 365-8673

E-MAIL ADDRESS: ronw@hdwd.com

3. GENERAL LOCATION OF PROPOSAL:

7886 Shafter Ave., Yucca Valley, CA 92284

(APN: 0585-273-04-0000; 10 acres of vacant land)

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.

Applicant is looking to develop a non-residential property, and the County of San Bernardino requires they have access to water.

LAND USE AND DEVELOPMENT POTENTIAL

1. Total land area of subject territory (defined in acres): 10 Acres

2. Current dwelling units within area classified by type (single-family residential, multi-family [duplex, four-plex, 10-unit], apartments) **Property is Non-residential**
3. Approximate current population within area: **N/A**
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):

N/A

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. **Property is currently vacant**

What is the proposed land use? **Non-Residential**

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: | |

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 is not located within the Sphere of Influence of the Hi-Desert Water District Agency as determined by San Bernardino Local Agency Formation Commission. Therefore, given that the owner of the parcel desires to annex in order to obtain water service for development purposes, the annexation process positively promotes environmental justice

(FOR LAFCO USE ONLY)

by providing a pathway to potable water service while meeting all the goals and objectives of SB LAFCO.

ENVIRONMENTAL INFORMATION

1. Provide general description of topography. **The parcel is generally flat.**
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>Non-Residential (Private Ownership)</u>
EAST	<u>Vacant (Private Ownership)</u>
SOUTH	<u>Vacant (Private Ownership)</u>
WEST	<u>Vacant (Private Ownership)</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.).
None
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 **Hi-Desert Water District**

TELEPHONE NO.

760-365-8333

ADDRESS: **55439 29 Palms Hwy., Yucca Valley, CA 92284**

(FOR LAFCO USE ONLY)

NAME Connor Bauman

TELEPHONE NO.

714-330-3837

ADDRESS: 232 Avenida Aragon., San Clemente, CA 92672

CERTIFICATION

As a part of this application, the Hi-Desert Water District (the applicant) and/or Connor Bauman (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.

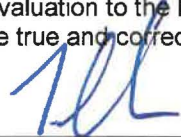
This indemnification obligation shall include, but not be limited to, damages, penalties, fines and other costs imposed upon or incurred by San Bernardino LAFCO should San Bernardino LAFCO be named as a party in any litigation or administrative proceeding in connection with this application.

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 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

2-19-25



SIGNATURE

Tony Culver

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

General Manager, Hi-Desert Water District

Title and Affiliation (if applicable)

PLEASE CHECK SUPPLEMENTAL FORMS ATTACHED:

☒

ANNEXATION, DETACHMENT, REORGANIZATION SUPPLEMENT

☒

SPHERE OF INFLUENCE CHANGE SUPPLEMENT

☐

CITY INCORPORATION SUPPLEMENT

☐

FORMATION OF A SPECIAL DISTRICT SUPPLEMENT

☐

ACTIVATION OR DIVESTITURE OF FUNCTIONS AND/OR SERVICES FOR SPECIAL DISTRICTS SUPPLEMENT

SUPPLEMENT SPHERE OF INFLUENCE AMENDMENT

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

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

SPHERE EXPANSION

SPHERE REDUCTION

Hi-Desert Water District

N/A

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

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

This property is zoned as MV/IC – (Morongo Valley Community/Industrial and is being developed as a commercial storage facility.

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

The current desire for public water service is for development purposes as a storage facility.

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

Hi-Desert Water District owns and operates an 8" potable water line on Shafter Ave. served by Pressure Zone 3682. This pressure zone can adequately supply domestic, fire and irrigation water service.

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

None

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

None

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

N/A

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

This request will require a sphere of influence and boundary change for the Hi-Desert Water District. The District will be annexing this property into its service area and provide potable water service to the subject parcel.

5. For any sphere of influence amendment either initiated by an agency or individual, or updated as mandated by Government Code Section 56425, the following service review information is required to be addressed in a narrative discussion, and attached to this supplemental form (See Government Code Section 56430):
- a. Growth and population projections for the affected area.
 - **N/A (subject parcel is classified Community/Industrial)**
 - b. Location and characteristics of disadvantaged unincorporated communities within or contiguous to the sphere of influence.
 - **None**
 - c. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies, including those associated with a disadvantaged unincorporated community.
 - d. Financial ability of agencies to provide services.
 - e. Status of, and opportunities for, shared facilities.
 - f. Accountability for community service needs, including governmental structure and operational efficiencies.
 - **To address a current need for water service for the area**

(FOR LAFCO USE ONLY)

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

CERTIFICATION

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

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

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

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

DATE

2-19-25

SIGNATURE

Tony Culver

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

General Manager, Hi-Desert Water District

Title and Affiliation (if applicable)

Rev: krm – 8/19/2015

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

Hi-Desert Water District

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 the agency's knowledge / Potential Water Standby Charges

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 the 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 expenditure. 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 Hi-Desert Water District, and/or the (the applicant) and/or Connor Bauman (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.

(FOR LAFCO USE ONLY)

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.

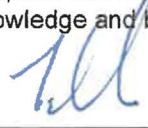
As the person signing this application, I will be considered the proponent for the proposed action(s) and will receive all related notices and other communications. I understand that if this application is approved, the Commission will impose a condition requiring the applicant and/or the real party 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 Hi-Desert Water District 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

2-19-25



SIGNATURE

Tony Culver

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

General Manager, Hi-Desert Water District

Title and Affiliation (if applicable)

/REVISED: krm – 8/19/2015



Local Agency Formation Commission (LAFCO) of San Bernardino County

PLAN FOR SERVICE REPORT - ANNEXATION OF PARCEL #0585-273-04

February 2025

Prepared on Behalf of Applicant/Property Owner: Connor Bauman

By

Hi-Desert Water District

Ron Wortham

Hi-Desert Water District

55439 29 Palms Hwy.

Yucca Valley, CA 92284

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

A handwritten signature in blue ink, reading "Ronald R. Wortham", is written over a horizontal line.

Ron Wortham
Director of Operations

Introduction:

This Plan for Service was prepared in accordance with Government Code Section 56653 for annexation of Assessor Parcel No. 0585-273-04 (the property), approximately 10-acres located at 7886 Shafter Ave., Yucca Valley, CA 92284.

Hi-Desert Water District (HDWD) is a special district formed on December 14, 1962, pursuant to Division 12, Section 30321 of the California Water Code, to provide drinking water service for a growing population in Yucca Valley, California.

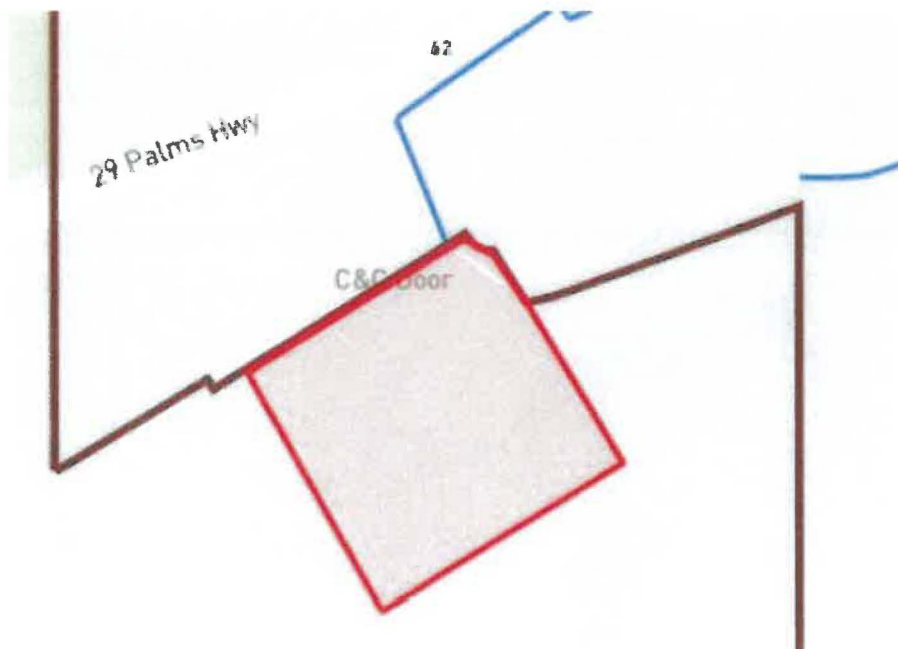
HDWD's water service area spans 57 square miles and includes over 300 miles of pipeline and provides water to the Town of Yucca Valley and a portion of the unincorporated areas of San Bernardino County.

Connor Bauman (the property owner) who wishes to develop the property and requires water service has requested HDWD to initiate annexation for the property.

HDWD's service boundary is immediately adjacent to the property. There are no other neighboring water agencies, the only other known source of water service for the property would be to drill a well.

Property Location:

The property is located at 7886 Shafter Ave. on the West end of Yucca Valley adjacent to HDWD's service boundary.



Water Service Plan:

The property owner is seeking access to *water service* from HDWD. To our knowledge, there would be no other entity that would be providing a “service” for which LAFCO would be required to approve.

Sewer Service Statement: This parcel is not subject to the Town of Yucca Valley Onsite Wastewater Treatment Systems Prohibition, which is outlined in Chapter 4, Section H. SEPTIC SYSTEMS of The California Regional Water Quality Control Plan for the Colorado River Basin Region. *At this time there are no available sewer facilities for this property and the property will not be required to connect to any sewer facilities.*

No mainline extension or additional infrastructure are needed to service this parcel.

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 were adopted by the Board on August 21, 2024. The Water Rate Study includes a 20-year financial model which is used here as the fiscal impact analysis.

Upon finalization of approvals by LAFCO to annex the parcel and receipt of payment of fees applicable to installing water service, HDWD can install the needed meter/service within approximately two weeks.

Cortese-Knox-Hertzberg Local Government Reorganization Act

Pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act, the District provides the following information:

Appendices: Reference

1. Water and Wastewater Rate Study – Water and Wastewater Financial Plan and Rate Study Report - Final report received and filed by the Board of Directors on August 21, 2024.
2. Ordinance No. 90 An ordinance of the Board of Directors of Hi-Desert Water District establishing rates for water service charges and taking other actions related thereto, adopted August 21, 2024.

HI-DESERT WATER DISTRICT

Water and Wastewater Rate Study

FINAL REPORT / MAY 23, 2024



May 23, 2024

Paul G. Peschel
General Manager
Hi-Desert Water District
55439 29 Palms Highway
Yucca Valley, California 92284

Subject: Water and Wastewater Financial Plan and Rate Study Report

Dear Mr. Peschel,

Raftelis is pleased to submit this Water and Wastewater Rate Study report to Hi-Desert Water District. The Study promotes the District's financial stability by recommending rates that meet proposed reserve targets by the end of the Study period. The report includes:

- A long-range financial plan to determine yearly revenue needs over the next five years;
- Proposed revenue adjustments that promote financial stability;
- A cost of service analysis that allocates costs to each customer class;
- A proposed rate structure that collects the cost to serve each class determined by the cost of service analysis.

We enjoyed working with you, your staff, and the District's Board. Please do not hesitate to call should you have any questions.

Sincerely,



Steve Gagnon, PE (AZ)
Project Manager



Katelyn Milius, PE (OH)
Senior Consultant

Contents

1. Executive Summary	1
1.1. Study Overview	1
1.2. Rate Study Process	1
1.3. Reserve Policy.....	1
1.4. Proposed Financial Plan.....	2
1.5. Cost of Service	3
1.6. Proposed Water Rates	4
1.7. Proposed Wastewater Rates	5
1.8. Average Single Family Bill Impact.....	6
1.9. Drought Rates	7
1.9.1. Drought Rate Adoption.....	9
2. Legal Framework and Rate Setting Methodology	10
2.1. Legal Framework.....	10
2.1.1. California Constitution - Article XIII D, Section 6 (Proposition 218).....	10
2.1.2. California Constitution – Article X, Section 2	10
2.2. Cost Based Rate Setting Methodology	11
2.2.1. Calculate Revenue Requirement.....	11
2.2.2. Cost of Service Analysis (COS).....	11
2.2.3. Rate Design and Calculations	12
2.2.4. Rate Adoption	12
3. Water Financial Plan and Rates.....	13
3.1. Introduction	13
3.1.1. Water System Background.....	13
3.1.2. Water Sources	13
3.1.3. Customer Classes and Number of Accounts	14
3.2. Water Financial Plan	15
3.2.1. Current Tiers and Rates	15
3.2.2. Financial Policy	16
3.2.3. Assumptions	17
3.2.4. Projected Revenues	19

3.2.5. Projected O&M Expenses	20
3.2.6. Capital Replacement Program	22
3.2.7. Debt.....	22
3.2.8. Status Quo Financial Plan	22
3.2.9. Proposed Revenue Adjustments and Financial Plan	24
3.3. Water Cost of Service Analysis	27
3.3.1. Proposed Tiers.....	27
3.3.2. Peaking Allocation.....	27
3.3.3. Customer Class Peaking Factor Derivation	28
3.3.4. Allocation of Functionalized Water Expenses to Cost Components	29
3.3.5. Revenue Requirement Calculation	33
3.3.6. Revenue Requirement Allocation to Cost Components	34
3.3.7. Fixed versus Volumetric Cost Recovery	34
3.3.8. Derivation of Cost Component Units (Service Units) and Unit Cost Calculation.....	40
3.3.9. Water Supply Cost Distribution.....	42
3.3.10.Distribution of Peaking Costs to Customer Classes	43
3.3.11.Revenue Offset Allocation	44
3.4. Proposed Water Rates	46
3.4.1. Fixed Monthly Charge Derivation	46
3.4.2. Volumetric Rate Derivation.....	46
3.4.3. Bill Impacts.....	48
3.4.4. Water Rate Survey	49
3.5. Drought Rates	51
4. Wastewater Financial Plan and Rates.....	57
4.1. Introduction	57
4.1.1. Wastewater System Background.....	57
4.1.2. Customer Classes and Number of EDUs	57
4.2. Wastewater Financial Plan	58
4.2.1. Current Rates.....	58
4.2.2. Financial Policy	58
4.2.3. Inflationary and Other Assumptions.....	59
4.2.4. Account Growth Assumptions	59
4.2.5. Projected Revenues	59

4.2.6. Projected O&M Expenses	60
4.2.7. Capital Improvement Plan (CIP)	60
4.2.8. Debt	60
4.2.9. Status Quo Financial Plan	61
4.2.10. Proposed Revenue Adjustments and Financial Plan	62
4.3. Wastewater Cost of Service Analysis.....	64
4.3.1. Wastewater Rate Revenue Requirement Determination	65
4.3.2. Calculation of Unit Cost.....	66
4.4. Wastewater Proposed Rates	67
4.4.1. Proposed Rate Schedule	67
4.4.2. Wastewater Bill Impacts	67
4.4.3. Wastewater Rate Survey.....	69
5. Water and Wastewater Combined Reserves and Bill Impacts..	70

Tables

Table 1-1 Proposed Reserve Targets	2
Table 1-2 Proposed Revenue Adjustments	2
Table 1-3 Proposed Basic Monthly Fee FY 24/25- FY 28/29.....	4
Table 1-4 Proposed Volumetric Rates per hcf for FY 24/25- FY 28/29	5
Table 1-5 Wastewater EDU by Customer Class.....	6
Table 1-6 Proposed Monthly Maintenance Fees per EDU for FY 24/25- FY 28/29.....	6
Table 1-7: Estimated Revenue Losses at Each Stage/Level of Drought.....	8
Table 1-8: Proposed Drought Rates FY 24/25	8
Table 3-1 Customer Classes.....	14
Table 3-2 Number of Water Accounts by Customer Classes in FY 22/23.....	14
Table 3-3 Number of Dwelling Units.....	15
Table 3-4 Current Rates and Tier Thresholds	16
Table 3-5 Basic Monthly Fees.....	16
Table 3-6 Projected Reserves.....	17
Table 3-7 Inflationary Assumptions	18
Table 3-8 Metered Water Use by Tiers in FY 22/23 (hcf)	18
Table 3-9 Account and Water Growth Assumptions	19
Table 3-10 Water Projected Revenues	20
Table 3-11 Calculated Water Costs	21
Table 3-12 Water O&M Expenses for FY 23/24 -FY 28/29.....	22
Table 3-13 Capital Replacement Program Projections	22
Table 3-14 Proposed Water Revenue Adjustments.....	24
Table 3-15 Financial Plan Projections with Proposed Revenue Adjustment.....	25
Table 3-16 System Wide Peaking Factors and Allocation to Cost Components	28
Table 3-17 Customer Group Peaking Factors	29
Table 3-18 Allocation of Functionalized O&M Expenses to Cost Causation Components	31
Table 3-19 Fixed Assets Allocation to Cost Causation Components	32
Table 3-20 Revenue Requirement Determination	33
Table 3-21 Allocation of Revenue Requirement by Cost Causation Component	35
Table 3-22 Allocation of Cost Causation Components to Rate Components	37
Table 3-23 Derivation of Cost Component Units	38
Table 3-24 Number of Bills and Equivalent Meters in FY 24/25.....	41
Table 3-25 Unit Cost Derivation	42
Table 3-26 Water Supply Unit Cost by Source	42

Table 3-27 Water Supply Unit Cost by Tier	43
Table 3-28 Peaking Rates Derivation.....	44
Table 3-29 Revenue Offset by Eligible Class	45
Table 3-30 Proposed Monthly Fixed Charge (“Basic Monthly Fee”)	46
Table 3-31 Proposed Basic Monthly Fee FY 24/25- FY 28/29.....	46
Table 3-32 Breakdown of Proposed Volumetric Rates per hcf for FY 24/25.....	47
Table 3-33 Proposed Volumetric Rates per hcf for FY 24/25 - FY 28/29	48
Table 3-34 Estimated Bill Impact by Customer Class	49
Table 3-35 District Water Shortage Levels.....	51
Table 3-36 Projected Water Demand by Percent Usage Reduction	52
Table 3-37 Estimated Cost Savings by Percent Usage Reduction	54
Table 3-38 Drought Surcharge by Percent Usage Reduction.....	55
Table 3-39 Drought Rates by Percent Usage Reduction FY 24/25.....	56
Table 3-40 Revenue Generated at each Stage	56
Table 4-1 Wastewater Customer Classes	58
Table 4-2 Wastewater EDUs FY 22/23	58
Table 4-3 Current Rate per EDU	58
Table 4-4 Wastewater Reserve Targets.....	59
Table 4-5 Inflationary Assumptions	59
Table 4-6 Wastewater Account Growth Assumptions.....	59
Table 4-7 Wastewater Revenues	60
Table 4-8 Wastewater O&M Expenses for FY 23/24 -FY 28/29.....	60
Table 4-9 Wastewater 5-Year CIP	60
Table 4-10 Wastewater Revenue Adjustments	62
Table 4-11 Wastewater Proposed Financial Plan.....	63
Table 4-12 Wastewater Rate Revenue Requirement	66
Table 4-13 Derivation of Cost for one EDU by Cost Component.....	66
Table 4-14 Proposed Rate Schedule FY 24/25 – FY 28/29.....	67
Table 5-1 Status Quo Combined Reserves FY 24/25 – FY 28/29	70
Table 5-2 Proposed Combined Reserves FY 24/25 – FY 28/29	71

Figures

Figure 1-1 Combined Water and Wastewater Reserves with Proposed Revenue Adjustments FY 23/24 - FY 28/29	3
Figure 1-2: Average Single Family Water Bill Impact	6
Figure 1-3: Average Single Family Wastewater Bill Impact	7
Figure 1-4 Average Single Family Water and Sewer Bill Impact.....	7
Figure 3-1 Water Use by Tier and Customer Class in FY 22/23	19
Figure 3-2 Status Quo Financial Plan Projections	23
Figure 3-3 Status Quo End Balances Projections	24
Figure 3-4 Financial Plan Projections with Proposed Revenue Adjustment.....	26
Figure 3-5 End Balance Projections with proposed Revenue Adjustment	26
Figure 3-6 Customer Group Comparison, Current vs. Proposed	29
Figure 3-7 Sample Residential Customer Water Bill Impact	49
Figure 3-8 Water Rate Survey.....	50
Figure 4-1 Status Quo Wastewater Financial Plan	61
Figure 4-2 Status Quo Wastewater Fund Balance	62
Figure 4-3 Wastewater Financial Plan.....	64
Figure 4-4 Wastewater Fund Balance	64
Figure 4-5 Sample Residential Bill Impacts	67
Figure 4-6 Sample Commercial Bill Impact	68
Figure 4-7 Wastewater Rate Survey	69
Figure 5-1 Water and Wastewater Fund Balance – Status Quo Scenario	70
Figure 5-2 Water and Wastewater Fund Balance – Proposed Scenario.....	71
Figure 5-3 Average Single Family Water and Sewer Bill Impact.....	72

Appendices

Appendix A: Status Quo Financial Plans for Water and Wastewater
Appendix B: Drought Rates (FY 24/25- FY 28/29)

THIS PAGE INTENTIONALLY LEFT BLANK

1. Executive Summary

1.1. Study Overview

The Hi-Desert Water District (District) engaged Raftelis Financial Consultants (Raftelis) to conduct a comprehensive financial plan and develop cost-of-service water and wastewater rates for fiscal years (FY) 2024/2025 through 2028/2029. This report documents the study's findings, analyses, and proposed changes developed with input from District staff and the Board of Directors. This executive summary provides an overview of the study and includes findings and recommendations for water and wastewater rates.

1.2. Rate Study Process

This study was conducted using industry-standard principles outlined by the American Water Works Association's (AWWA) *Manual M1* and the Water Environment Federation's (WEF) *Financing and Charges for Wastewater Systems*. The overall process outlined below applies to both water and wastewater rates.

1. **Financial Plan:** Develop cash flow projections for the Water and Wastewater Enterprise to determine the amount of revenue required from water and wastewater rates.
2. **Cost of Service Analysis:** Allocate costs to system components and then to various customer classes based on the costs incurred and user characteristics of each.
3. **Rate Design:** Develop rates that generate sufficient revenues based on the financial plan and cost of service analyses and that communicate the policy preferences of the agency, maintaining that rates are cost-justified.
4. **Report Preparation:** Develop a Study report to document study results.
5. **Rate Adoption:** Proposed rates may be adopted by the Board only after holding a public hearing in accordance with the procedural requirements of Proposition 218.

1.3. Reserve Policy

The District established reserve policies to ensure long-term financial stability. Reserves minimize rate fluctuations due to unforeseen cash flow requirements such as recessions or droughts. The District provided beginning reserve balances for June 30, 2023 and Raftelis projected FY 23/24 ending reserve balances. Without revenue increases, Raftelis projects reserves will be below target at the end of FY 24/25. District Staff is proposing to eliminate Water Supplemental Reserves, since the aquifer is full or near full, and increase Capital Reserves from 5% to 10% to ensure adequate coverage for upcoming capital needs.

There are currently no Wastewater Reserves. The objective over the study period is to build wastewater reserves so that the Wastewater Fund can reimburse the water fund for a \$7.5 million loan for the construction of the wastewater system. **Table 1-1** shows the proposed reserve targets used in this study.

Table 1-1 Proposed Reserve Targets

WATER	Recommended Target		Existing Target	
Operating Reserves	50%	of Oper. Budget	50%	of Oper. Budget
Water Supplemental Reserves	0%	of Oper. Budget	10%	of Oper. Budget
Emergency Reserves	5%	of Oper. Budget	5%	of Oper. Budget
Capital Reserves	10%	of Oper. Budget	5%	of Oper. Budget
WASTEWATER				
Operating Reserves	25%	of Oper. Budget	NA	
Capital Reserves ¹	100%	of Average 10 yr. CIP	NA	

1.4. Proposed Financial Plan

The proposed financial plan detailed in this report follows industry standards for long-term financial planning. The financial plan relies on reasonable assumptions based on industry indices, such as general inflation based on the Consumer Price Index (CPI) and input from District Staff. Raftelis reviewed inflationary assumptions with Staff to project future revenues and expenses.

Without revenue adjustments in both Water and Wastewater, revenues are not sufficient to recover expenses. The net cash flows are negative for each year during the study period in both the water and wastewater enterprise funds. The cash balances in water are projected to fall below the operating reserve target in FY 24/25, and wastewater has no reserves or reserve targets currently.

To reach reserve targets and promote a financially stable utility, Raftelis and District Staff propose the revenue adjustments shown in **Table 1-2**. The financial plan assumes that the revenue adjustments will occur on July 1 each year.

Table 1-2 Proposed Revenue Adjustments

Water Revenue Adjustment	8.00%	8.00%	8.00%	8.00%	8.00%
Wastewater Revenue Adjustment	14.00%	14.00%	9.75%	9.75%	9.75%

Key factors influencing the need for proposed revenue adjustments include:

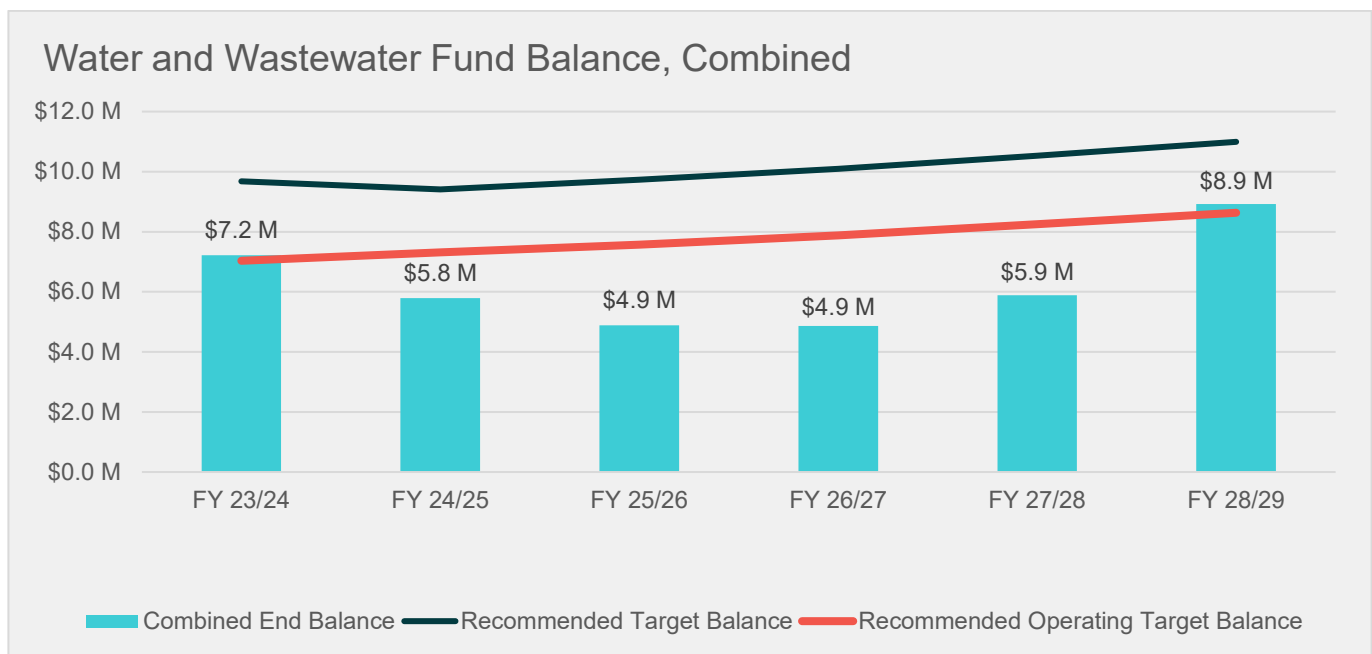
- **Cost inflation:** Operating costs continue to increase year over year due to general inflationary pressures.
- **Reduction in baseline water demand:** Following two multi-year droughts and associated mandatory conservation and messaging, the District has lower overall water consumption relative to historical demands. While conservation is necessary to ensure reliable long-term water supplies, utility costs must be recovered based on the remaining water use and reduced water demands generally mean increased rate pressure.
- **Planned capital expenditures:** The Water Enterprise plans to make \$11.1 M in CIP in the next five years.

¹ The proposed wastewater capital reserves are 5% of annual operating expenses. The modeled capital reserves are as shown in Table 1-1. The two reserves goals yield comparable reserve targets with FY 2025 targets of \$183k and \$186k for the targets of 100% capital and 5% of annual operating expenses respectively.

- **Slower connections to the Wastewater System:** The Phase 1 wastewater projects are complete, but several customer required to connect as a result of the State’s Septic to Sewer conversion mandate have not done so.
- **Building wastewater reserves:** Utilities must have sufficient cash on hand for working capital (paying routine expenses), to mitigate unexpected cost increases, and to mitigate risk, whether from recessions or natural disasters. The wastewater enterprise currently does not have reserves. Revenue adjustments will promote a self-sustaining.

Figure 1-1 shows the total combined reserves for the Water and Wastewater enterprise funds with the proposed revenue adjustments. For the purposes of this report, reserves are defined as all cash, cash equivalents and checking accounts that are not restricted. The District does not consider checking accounts to be part of reserves, however the below reserve balances includes checking accounts. The enterprise funds are combined because the wastewater fund is projected to have a deficit for the next three years and by combining the reserves, Stakeholders see the overall District financial health. The reserves for water and wastewater meet the recommended *operating* reserve target by the end of the study period.

Figure 1-1 Combined Water and Wastewater Reserves with Proposed Revenue Adjustments FY 23/24 - FY 28/29



Further details on the Water and Wastewater financial plans can be found in Section 4.1 and Section 5.1, respectively.

1.5. Cost of Service

To calculate fair and equitable rates so that users pay in proportion to the cost of providing service, Raftelis performed a cost of service analysis for both water and wastewater consistent with industry standards. The costs to serve each customer class is determined; rates are then designed to recover the costs from each class so that each class pays its fair share in line with Proposition 218 requirements.

1.6. Proposed Water Rates

The District's existing water rate structure consists of a fixed charge that includes a Water Service fee and a Capital Replacement Program (CRP) fee (based on meter size) and variable Water Rates (per hundred cubic feet [hcf] of water delivered). This study proposes revising the customer groups from two (irrigation and non-irrigation) to five (residential, irrigation, commercial, public, bulk).

Table 1-3 presents the proposed fixed charge ("basic monthly fees") for all customer classes, which is made up of the Water Service fee and the CRP fee.

Table 1-3 Proposed Basic Monthly Fee FY 24/25- FY 28/29

Meter Size	Current Fixed Charge	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
5/8 inch	\$23.35	\$25.22	\$27.24	\$29.42	\$31.78	\$34.33
1 inch	\$46.17	\$53.39	\$57.67	\$62.29	\$67.28	\$72.67
1 1/2 inch	\$84.20	\$100.35	\$108.38	\$117.06	\$126.43	\$136.55
2 inch	\$129.83	\$156.70	\$169.24	\$182.78	\$197.41	\$213.21
3 inch	\$251.49	\$306.97	\$331.53	\$358.06	\$386.71	\$417.65
4 inch	\$388.37	\$476.02	\$514.11	\$555.24	\$599.66	\$647.64
6 inch	\$768.59	\$945.61	\$1,021.26	\$1,102.97	\$1,191.21	\$1,286.51

Table 1-4 presents the proposed volumetric rates per hcf of water use. The sum of the unit cost components for water supply, delivery and peaking, reduced by revenue offsets yield the proposed volumetric rate in FY 24/25.

Revenue offsets from non-water rate-derived property tax revenue were used to promote affordability. Property tax was allocated based on the District's input and reduced the residential rate for each Tier and CIMIS Tier 2 and 3 rate. The District has discretion over how to use such non-water rate-derived revenue.

Table 1-4 Proposed Volumetric Rates² per hcf for FY 24/25- FY 28/29

	Current Rates	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
Residential (SFR, MFR, MHP)³						
Tier 1: 0-4 units	\$4.11	\$4.42	\$4.78	\$5.17	\$5.59	\$6.04
Tier 2: 5-11 units	\$6.95	\$7.53	\$8.14	\$8.80	\$9.51	\$10.28
Tier 3: 12 + units	\$7.91	\$8.53	\$9.22	\$9.96	\$10.76	\$11.63
Commercial (COM)						
Tier 1: 0-4 units	\$6.44	\$7.22	\$7.80	\$8.43	\$9.11	\$9.84
Tier 2: 5-11 units	\$6.95	\$7.92	\$8.56	\$9.25	\$9.99	\$10.79
Tier 3: 12 + units	\$7.91	\$7.92	\$8.56	\$9.25	\$9.99	\$10.79
Public (PBE)						
Tier 1: 0-4 units	\$6.44	\$7.22	\$7.80	\$8.43	\$9.11	\$9.84
Tier 2: 5-11 units	\$6.95	\$8.10	\$8.75	\$9.45	\$10.21	\$11.03
Tier 3: 12 + units	\$7.91	\$8.43	\$9.11	\$9.84	\$10.63	\$11.49
Irrigation (IRR)						
Tier 1: 0-4 units	\$6.49	\$7.47	\$8.07	\$8.72	\$9.42	\$10.18
Tier 2: 5-11 units	\$6.95	\$8.30	\$8.97	\$9.69	\$10.47	\$11.31
Tier 3: 12 + units	\$11.15	\$11.47	\$12.39	\$13.39	\$14.47	\$15.63
CIMIS (CIM)						
Tier 1: 0-4 units	\$6.49	\$7.47	\$8.07	\$8.72	\$9.42	\$10.18
Tier 2: 5-11 units	\$6.95	\$8.19	\$8.85	\$9.56	\$10.33	\$11.16
Tier 3: 12 + units	\$6.95	\$8.19	\$8.85	\$9.56	\$10.33	\$11.16
Bulk (BLK)						
Tier 1: 0-4 units	\$6.49	\$7.00	\$7.56	\$8.17	\$8.83	\$9.54
Tier 2: 5-11 units	\$6.95	\$7.63	\$8.25	\$8.91	\$9.63	\$10.41
Tier 3: 12 + units	\$11.15	\$7.92	\$8.56	\$9.25	\$9.99	\$10.79

1.7. Proposed Wastewater Rates

There are no proposed changes to the rate structure in which all residential customers pay a monthly fixed rate (“Monthly Maintenance Fee”) per equivalent dwelling unit (EDU) that varies based on estimated customer wastewater discharge volumes. Commercial customers pay based on their wastewater discharge. One EDU is defined as 175 gallons per day (gpd). This rate structure was created as part of the *Hi-Desert Water District Assessment District No. 2014-1 Engineer’s Report* and is consistent with the cost-of-service and allows for revenue stability. **Table 1-5** details the EDU assignment to each class. The formula used to calculate commercial EDUs is detailed in Section 4.1.2.

² Rates are rounded up to the nearest cent.

³ MFR and MHP have revised tiers based on unit count. For example: An apartment with 6 dwelling units would have a Tier 1 threshold of 24 units of water (6 dwelling units x 4 units of water each)

Table 1-5 Wastewater EDU by Customer Class

Customer Class	EDU Assignment
Single Family Home (SFR)	1 EDU per Parcel
Multi-Family Residential (MFR)	0.75 EDU per Unit
Mobile Home Property (MHP)	0.60 EDU per Unit
Commercial Property (COM)	Minimum of 1 EDU per parcel or Calculated EDU from 90% water consumption

Table 1-6 shows the proposed EDU charges for FY 24/25 through FY 28/29. These rates are effective on July 1st of each fiscal year of the study, beginning on July 1, 2024.

Table 1-6 Proposed Monthly Maintenance Fees per EDU for FY 24/25- FY 28/29

	Current	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
Charge per EDU	\$46.71	\$53.25	\$60.71	\$66.62	\$73.12	\$80.25

Residential properties are proposed to be charged through their property tax bill, while commercial properties will be charged based on monthly use of the system on monthly water bills.

1.8. Average Single Family Bill Impact

Figure 1-2 shows the average **water** single family bill impact with the proposed revenue adjustments. **Figure 1-3** shows the average **wastewater** single-family bill impact with the proposed revenue adjustments and **Figure 1-4** shows the **combined** water and wastewater average single family bill impacts. With the proposed revenue adjustments, the average single family customer bill impact for both water and wastewater is \$10.81 per month, a 10.8% increase in FY 24/25. This includes a 6 hcf water bill going from \$53.69 to \$57.96 and a single family sewer bill of 1 EDU increasing from \$46.71 to \$53.25.

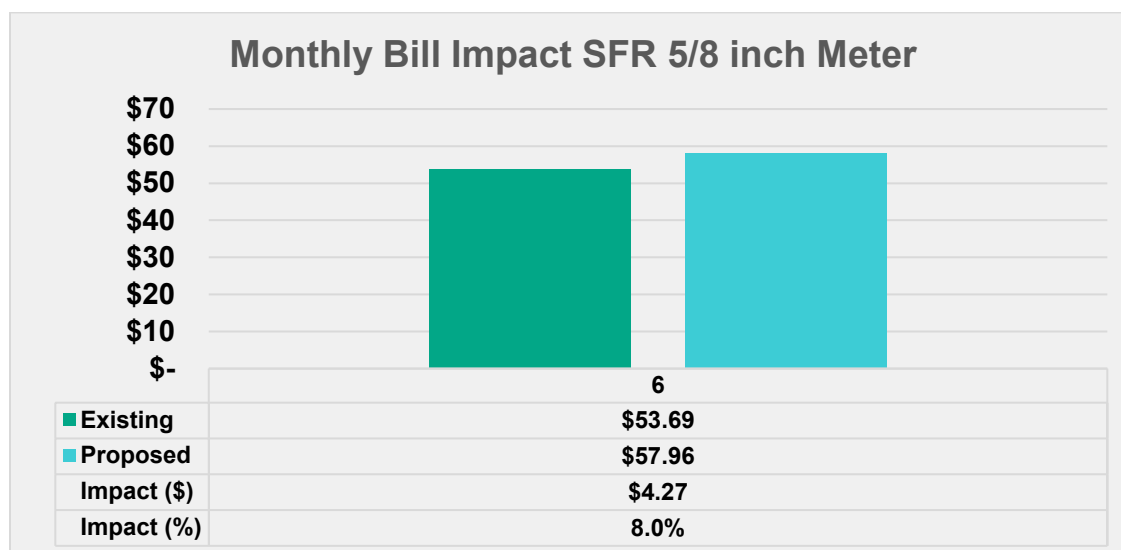
Figure 1-2: Average Single Family Water Bill Impact

Figure 1-3: Average Single Family Wastewater Bill Impact

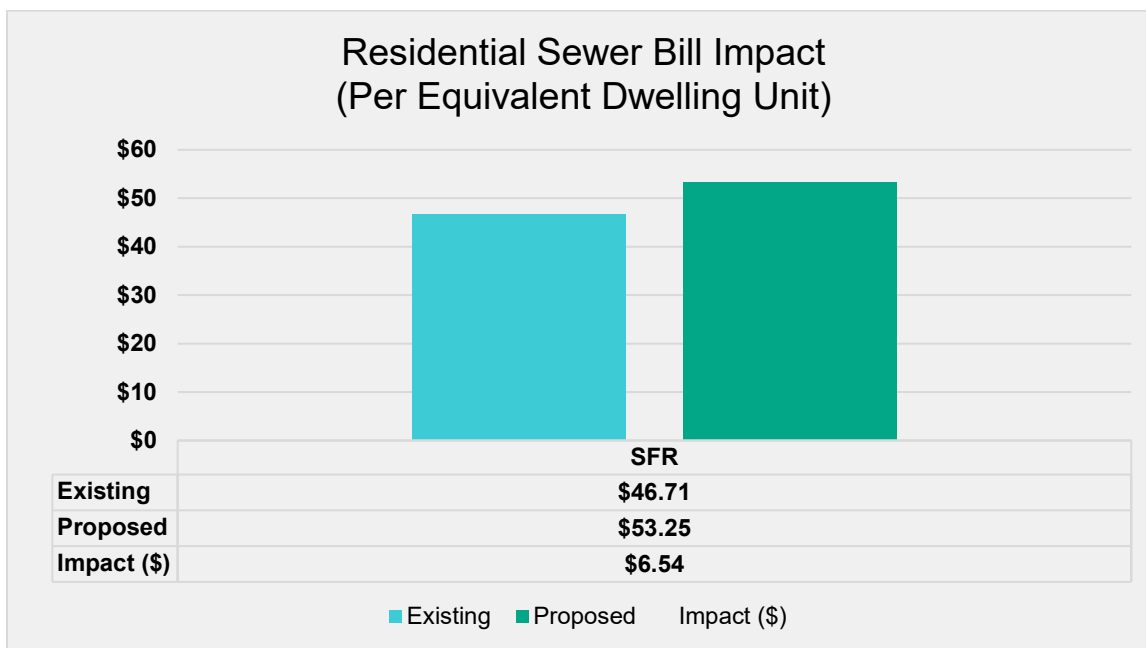
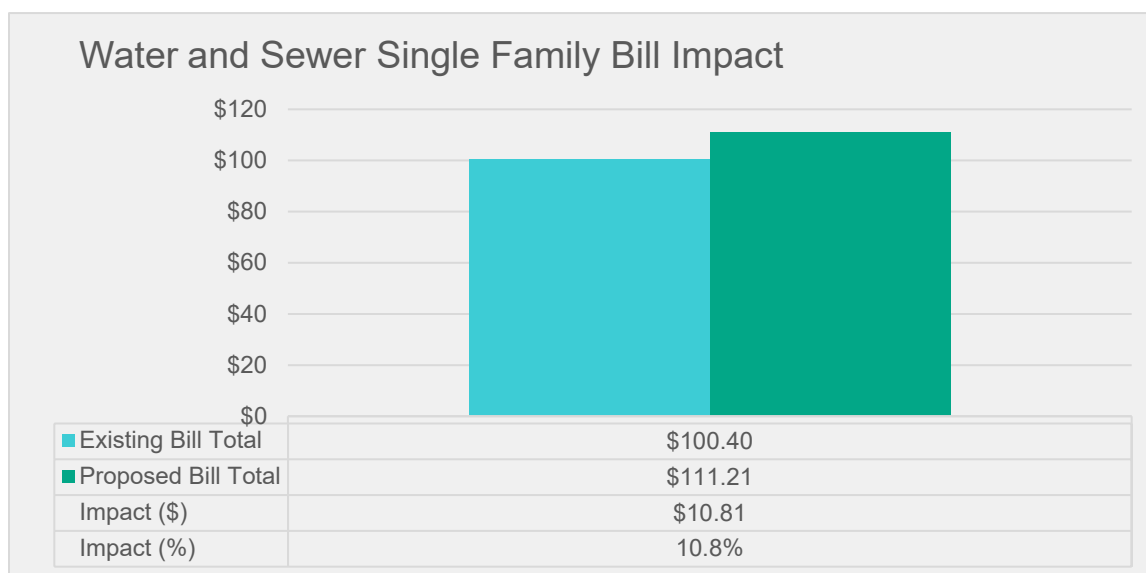


Figure 1-4 Average Single Family Water and Sewer Bill Impact



1.9. Drought Rates

Drought rates allow the District to recover fixed costs when customers curtail water use during a drought. The percent reduction in water demand during each water shortage emergency stage is defined in the District's Water Shortage Contingency Plan, approved by the Board as a part of the *2020 Urban Water Management Plan*

and Municipal Code. **Table 1-7** shows the estimated revenue losses at each stage and the percent increase required to recover the lost revenue. A more detailed calculation of these estimates is provided in Section 3.5.

Table 1-7: Estimated Revenue Losses at Each Stage/Level of Drought

Stages of Shortage	% Reduction	Description	Revenue Shortfall	Volumetric Rate Increase
Stage 1	10%	Water Alert	\$413,596	7%
Stage 2	20%	Moderate Water Shortage	\$804,916	15%
Stage 3	30%	Severe Water Shortage	\$1,244,847	27%
Stage 4	40%	Critical Water Shortage	\$1,673,724	43%
Stage 5	50%	Water Shortage Crisis	\$2,081,627	68%
Stage 6	60%	Emergency Water Shortage	\$2,382,324	100%

Table 1-8 shows the proposed drought rates for the first year of the study at each drought stage (10%, 20%, etc.). All rates are shown in \$/hcf terms.

Table 1-8: Proposed Drought Rates FY 24/25

	FY 24/25 Proposed Rates	Stage 1 - 7% Increase	Stage 2 - 15% Increase	Stage 3 - 27% Increase	Stage 4 - 43% Increase	Stage 5 - 68% Increase	Stage 6 - 100% Increase
Residential (SFR, MFR, MHP)⁴							
Tier 1: 0-4 units	\$4.42	\$4.72	\$5.08	\$5.61	\$6.35	\$7.41	\$8.85
Tier 2: 5-11 units	\$7.53	\$8.04	\$8.65	\$9.56	\$10.81	\$12.62	\$15.07
Tier 3: 12 + units	\$8.53	\$9.10	\$9.80	\$10.83	\$12.24	\$14.29	\$17.07
Commercial (COM)							
Tier 1: 0-4 units	\$7.22	\$7.71	\$8.29	\$9.17	\$10.36	\$12.10	\$14.45
Tier 2: 5-11 units	\$7.92	\$8.45	\$9.10	\$10.06	\$11.37	\$13.27	\$15.85
Tier 3: 12 + units	\$7.92	\$8.45	\$9.10	\$10.06	\$11.37	\$13.27	\$15.85
Public (PBE)							
Tier 1: 0-4 units	\$7.22	\$7.71	\$8.29	\$9.17	\$10.36	\$12.10	\$14.45
Tier 2: 5-11 units	\$8.10	\$8.65	\$9.30	\$10.28	\$11.62	\$13.57	\$16.21
Tier 3: 12 + units	\$8.43	\$9.00	\$9.68	\$10.70	\$12.10	\$14.13	\$16.87
Irrigation (IRR)							
Tier 1: 0-4 units	\$7.47	\$7.97	\$8.58	\$9.48	\$10.72	\$12.52	\$14.95
Tier 2: 5-11 units	\$8.30	\$8.86	\$9.53	\$10.54	\$11.91	\$13.91	\$16.61
Tier 3: 12 + units	\$11.47	\$12.24	\$13.17	\$14.56	\$16.46	\$19.22	\$22.96
CIMIS (CIM)							
Tier 1: 0-4 units	\$7.47	\$7.97	\$8.58	\$9.48	\$10.72	\$12.52	\$14.95
Tier 2: 5-11 units	\$8.19	\$8.74	\$9.41	\$10.40	\$11.75	\$13.72	\$16.39

⁴ MFR and MHP have revised tiers based on unit count. For example: An apartment with 6 dwelling units would have a Tier 1 threshold of 24 units of water (6 dwelling units x 4 units of water each)

	FY 24/25 Proposed Rates	Stage 1 - 7% Increase	Stage 2 - 15% Increase	Stage 3 - 27% Increase	Stage 4 - 43% Increase	Stage 5 - 68% Increase	Stage 6 - 100% Increase
Tier 3: 12 + units	\$8.19	\$8.74	\$9.41	\$10.40	\$11.75	\$13.72	\$16.39
Bulk (BLK)							
Tier 1: 0-4 units	\$7.00	\$7.47	\$8.04	\$8.89	\$10.05	\$11.73	\$14.01
Tier 2: 5-11 units	\$7.63	\$8.14	\$8.76	\$9.69	\$10.95	\$12.79	\$15.27
Tier 3: 12 + units	\$7.92	\$8.45	\$9.10	\$10.06	\$11.37	\$13.27	\$15.85

1.9.1. Drought Rate Adoption

The Board would adopt the drought rates separately from any other type of rate increase. For the duration of the rate proposal period (5 years), the Board would have the ability to adopt drought rates by increasing the then-current commodity rate without having to re-issue the Proposition 218 notice if it provides the percentage increases in the public notice.

2. Legal Framework and Rate Setting Methodology

2.1. Legal Framework

This report section describes the legal framework that informed the cost of service analysis and rate design, which ensures a fair and equitable cost allocation to customer classes.

2.1.1. California Constitution - Article XIII D, Section 6 (Proposition 218)

Proposition 218, reflected in the California Constitution as Article XIII D, was approved by the voters in 1996 to ensure that property-related fees and charges are reasonable and proportional to the cost of providing service. The principal substantive and procedural requirements for water and sewer service fees and charges are as follows:

1. A property-related charge (such as for water and sewer) imposed by a public agency on a parcel shall not exceed the costs required to provide the property-related service.
2. Revenues derived by the charge shall not be used for any purpose other than that for which the charge was imposed, and may not be used to fund general governmental services such as police, fire protection, or library services.
3. The amount of the charge imposed upon any parcel shall not exceed the proportional cost of service attributable to the parcel.
4. No charge may be imposed for a service unless that service is actually used or immediately available to the owner of property.
5. A written notice of the proposed charge shall be mailed to the record owner of each parcel at least 45 days prior to the public hearing. At the public hearing, the agency must consider oral and written testimony and protests, and if protests are filed on behalf of a majority of separate parcels, the agency may not adopt the proposed charges.

Water and wastewater rates and charges should be recovered from classes of customers in proportion to the cost of serving those customers. Proposition 218 requires that water and wastewater rates cannot be “arbitrary and capricious”, meaning that the rate-setting methodology must be sound and that there must be a nexus between costs and the rates charged. Raftelis followed industry standard rate setting methodologies set forth by the AWWA *M1 Manual* and WEF’s *Manual of Practice No. 27* to ensure this study meets Proposition 218 requirements and that it creates rates that charge customers equitably.

2.1.2. California Constitution – Article X, Section 2

Article X, section 2 of the California Constitution (adopted in 1976) states the following:

“It is hereby declared that because of the conditions prevailing in this State the general welfare requires that the water resources of the State be put to beneficial use to the fullest extent of which they are capable, and that the waste or

unreasonable use or unreasonable method of use of water be prevented, and that the conservation of such waters is to be exercised with a view to the reasonable and beneficial use thereof in the interest of the people and for the public welfare.”

As stated above Article X, section 2 of the California Constitution requires preservation of the State’s water supplies and discourages the wasteful or unreasonable use of water by encouraging conservation. As such, public agencies are constitutionally mandated to maximize the beneficial use of water, prevent waste, and encourage conservation.

In addition, section 106 of the Water Code declares that the highest priority use of water is for domestic purposes, and irrigation secondary. To meet the objectives of Article X, a water purveyor can utilize its water rate design to incentivize the efficient use of water. The District established single family tiered rates to incentivize customers to conserve water. Though they incentivize conservation, the tiered rates (as well as rates for the remaining classes) are based on the cost incurred to provide water to each tier and class as required by Proposition 218.

Tiered Rates – “inclining” block rate structures (which are synonymous with “increasing” block rate structures and tiered rates) when properly designed, allow a water utility to send consistent conservation price incentives to customers. Due to heightened interest in water conservation, tiered rates have gained widespread use, especially in relatively water-scarce regions, such as Southern California. Tiered rates meet the requirements of Proposition 218 as long as the tiered rates reflect the cost of service. In other words, to the extent an agency implements tiered rates, each tier must correspond to the costs of providing water service in each tier. These costs include water supply costs and peaking costs.

2.2. Cost Based Rate Setting Methodology

As stated in the American Water Works Association (AWWA) M1 Manual “the costs of water rates and charges should be recovered from classes in proportion to the cost of serving those customers.” There are four major steps in calculating rates discussed below.

2.2.1. Calculate Revenue Requirement

The rate-making process starts by determining the test year revenue requirement; for this study, the test year is FY 24/25. The revenue requirement should sufficiently fund the utility’s O&M, debt service and capital expenses as well as reserve funding.

2.2.2. Cost of Service Analysis (COS)

The annual cost of providing water service is distributed among customer classes commensurate with their service requirements. A COS analysis involves;

1. Functionalizing costs. Examples of functions are supply, treatment, transmission, distribution, storage, meter servicing and customer billing and collection. In this study the District’s staff provided functionalized O&M expenditures.
2. Allocating functionalized costs to cost components. Cost components include base, maximum day, maximum hour, meter service, customer service and conservation costs.
3. Lastly, distributing the cost components, using unit costs, to customer classes in proportion to their demands on the water system. This is described in the M1 Manual published by AWWA.

A COS analysis considers both the average quantity of water consumed (base costs) and the peak rate at which it is consumed (peaking or capacity costs as identified by maximum day and maximum hour demands). Peaking costs are costs that are incurred during peak times of consumption. The water system is designed to handle peak demands and the additional costs associated with design, construction and the operation and maintenance of facilities to meet these peak demands need to be allocated to those imposing such costs on the utility. In other words, not all customer classes share the same responsibility for peaking-related costs.

2.2.3. Rate Design and Calculations

Rates do more than simply recover costs. Within the legal framework and industry standards, properly designed rates should support and optimize a blend of various utility objectives, such as conservation, affordability for essential needs and revenue stability among other objectives. Rates should work as a public information tool in communicating these objectives to customers and may legally do so as long as they do not exceed the proportional cost of service.

2.2.4. Rate Adoption

Rate adoption is the last step of the rate-making process to comply with Proposition 218. Raftelis documented the rate study results in this Study Report to help inform the public about the proposed changes, the rationale and justifications behind the changes and their anticipated financial impacts in lay terms. At least 45 days after sending out the public notices, at a public hearing, the District shall consider all written protests against the proposed rates. If there is no majority protest, the District may adopt the new rates.

3. Water Financial Plan and Rates

This chapter presents the projections for revenues, O&M expenses, capital improvement and reserve requirements for FY 24/25 – 28/29. Projected revenues are compared to expenses to assess potential revenue shortages and the need for rate adjustments over the planning horizon. The cost of service analysis is described in detail, and the FY 24/25 rates are derived. Lastly, drought rates are discussed as a protection from revenue loss during periods of water shortage and use reduction.

3.1. Introduction

3.1.1. Water System Background

Hi-Desert Water District (District) provides potable water service to approximately 24,000 people through more than 11,000 connections in the Town of Yucca Valley and a portion of the unincorporated area of San Bernardino County. The total service area is 57 square miles and the water system includes 16 storage tanks, 12 active wells, and over 312 miles of pipeline.

3.1.2. Water Sources

The District's water sources include groundwater from two basins, the Ames Valley Basin and the Warren Valley Basin. In recent years, the Ames Valley Basin has yielded 500 AF of water per year (down from 700 AF), while purchased water from Mojave Water Agency (MWA) provides most of the District's water supply at about 2,500 AF per year, delivered through the Morongo Basin Pipeline.

According to the Urban water management plan (UWMP)⁵, when available, the District buys excess State Water Project (SWP) water from MWA and stores it for future use. This activity also allows the District to take advantage of wet year supplies due to abundant storage available in District's groundwater basins.

During the last few years, the District has purchased additional water to replenish the groundwater basin. During FY 26/27- 28/29, this study assumes the District will purchase 8 percent more water than is needed to serve customers in FY 23/24 and FY 24/25 followed by 7% in FY 25/26 and 10% more for the last two years of the study and store it in the aquifer.

⁵ UWMP 2020

3.1.3. Customer Classes and Number of Accounts

Table 3-1 lists all the customer classes and respective abbreviations used throughout the report. CIM customers are irrigation customers that include public baseball fields, school playgrounds, etc.

Table 3-1 Customer Classes

User Abbreviation	User Class
BLK	Bulk water users
CIM	CIMIS – irrigation customers
COM	Commercial customers
FPR	Fire protection
IRR	Irrigation customers
MHP	Mobile home parks
MTF	Multifamily dwellings
PBE	Public/Government customers
SFR	Single family residences

The number of accounts in each customer class is used to project the revenue from current fixed monthly charges. District staff provided individual water consumption for each account for FY 22/23. Raftelis used the provided data to estimate the customer count by meter size and class. The number of accounts for FY 22/23 used in the financial model is presented in **Table 3-2**.

Table 3-2 Number of Water Accounts by Customer Classes in FY 22/23

Meter Size	BLK	CIM	COM	IRR	MHP	MTF	PBE	SFR ⁶	Total
5/8 inch	2	1	302	41	2	150	29	9,998	10,525
1 inch	3	0	95	44	4	113	13	25	297
1 1/2 inch	0	3	29	4	0	12	7	5	60
2 inch	0	8	48	9	4	13	15	1	98
3 inch	12	2	0	0	0	1	2	0	17
4 inch	0	0	1	0	0	0	0	0	1
6 inch	0	0	0	0	2	0	0	0	2
TOTAL	17	14	475	98	12	289	66	10,029	11,000

⁶ By state building code, all new single-family residential homes now require a 1-inch meter for fire protection. Since the use would be similar to the 5/8-inch capacity, these SFR customers with 1-inch meters for fire protection are considered 5/8-inch meters.

The number of dwelling units for multifamily residences (MTF) and mobile home parks (MHP) is presented in **Table 3-3**. Currently, MTF and MHP customers have revised tier thresholds based on dwelling units. For example, a multifamily duplex would have a tier 1 threshold of 8 units rather than 4 units (2 dwelling units x 4 units = 8 units). Raftelis projects that the number of MTF and MHP units will remain constant throughout the study period based on District input.

Table 3-3 Number of Dwelling Units

Meter Size	Mobile Home Units	Multifamily Units
5/8 inch	19	381
1 inch	106	399
1 1/2 inch	0	81
2 inch	215	255
3 inch	0	33
4 inch	0	0
6 inch	274	0
TOTAL	614	1149

3.2. Water Financial Plan

This section details District's water revenues and expenses and provides a projection of revenue requirements over the five-year study period. The status quo financial plan is shared, which shows projected financial health if the District does not raise rates, and a revenue adjustment scenario is shared showing the cashflow if rates are increased as recommended.

3.2.1. Current Tiers and Rates

The District's rate structure includes volumetric rate revenues and fixed monthly charges. Below is a review of the existing rate structure used to project water rate revenues under the Status Quo financial plan scenario.

The District has a 3-tier inclining block (tiered rates) rate structure for all customers. The unit of water is one hcf. **Table 3-4** shows the current rates and tier thresholds. The tier breakpoints were set in the previous rate study. The tier 1 breakpoint was set at the average winter use, therefore it is an approximation of indoor water use. Tier 2 was set at the average summer use and therefore represents an average allocation for outdoor water use.

Table 3-4 Current Rates and Tier Thresholds

Customer class	Tier	Current Rate
Residential	Tier 1: 0-4 units	\$4.11
	Tier 2: 5-11 units	\$6.95
	Tier 3: 12 + units	\$7.91
Commercial and Public	Tier 1: 0-4 units	\$6.44
	Tier 2: 5-11 units	\$6.95
	Tier 3: 12 + units	\$7.91
CIMIS	Tier 1: 0-4 units	\$6.49
	Tier 2: 5-11 units	\$6.95
	Tier 3: 12 + units	\$6.95
Irrigation and Bulk	Tier 1: 0-4 units	\$6.49
	Tier 2: 5-11 units	\$6.95
	Tier 3: 12 + units	\$11.15

Fixed revenues (revenues that do not depend on the volume of water sold), consists of a monthly water service charge and a capital replacement charge per meter depending on its size, as displayed in **Table 3-5**.

Table 3-5 Basic Monthly Fees

Meter Size	Water Service	Capital Replacement Program (CRP)	Monthly Total
5/8 inches	\$11.69	\$11.66	\$23.35
1 inch	\$17.02	\$29.15	\$46.17
1 1/2 inches	\$25.90	\$58.30	\$84.20
2 inches	\$36.54	\$93.29	\$129.83
3 inches	\$64.94	\$186.55	\$251.49
4 inches	\$96.90	\$291.47	\$388.37
6 inch	\$185.65	\$582.94	\$768.59

3.2.2. Financial Policy

The District has reserves to promote financial stability, improve credit ratings and minimize customer rate fluctuations due to unforeseen and expected cash flow requirements⁷. There are five reserves, each of them associated with a specific purpose or risk. The District's Administrative Code describes each reserve and its target (shown in **Table 3-6** as "Water existing reserve policy"). As part of this study, Raftelis worked with District staff to review the reserves and their targets. Modifications to the existing reserves are proposed and shown in **Table 3-6** as "Water staff recommendation."

⁷ Hi-Desert Water District code, chapter 4.15

Table 3-6 Projected Reserves

WATER EXISTING RESERVE POLICY	District Target		FY 23/24 Projected Reserve Targets
Operating Reserves	50%	of Oper. Budget	\$6,143,581
Water Supplemental Reserves	10%	of Oper. Budget	\$1,228,716
Debt Reserves (Debt falls off in FY 24/25)	110%	annual debt service payment	\$617,925
Emergency Reserves	5%	of Oper. Budget	\$614,358
Capital Reserves	5%	of Oper. Budget	\$614,358
Total			\$9,218,939
WATER STAFF RECOMMENDATION			FY 23/24 Projected Reserve Targets (Recommended)
Operating Reserves	50%	of Oper. Budget	\$6,143,581
Water Supplemental Reserves	0%	of Oper. Budget	\$0
Debt Reserves (Debt falls off in FY 24/25)	110%	annual debt service payment	\$617,925
Emergency Reserves	5%	of Oper. Budget	\$614,358
Capital Reserves	10%	of Oper. Budget	\$1,228,716
Total			\$8,604,581
End Reserves for FY 23/24			\$7,542,432

3.2.3. Assumptions

Various assumptions are used to project future revenues and expenses. They can be divided into two major groups: (i) assumptions related to economic factors, such as inflation, capital cost, and interest rates and (ii) core business assumptions, such as water sale projections and capital replacement costs.

3.2.3.1. Inflationary Assumptions

The inflationary assumptions are summarized in **Table 3-7**. General inflation, for FY 24/25 reflects the recent inflation reported by the Bureau of Labor Statistics Consumer Price Index. For the latter years, it reflects longer term average inflation. Utility inflation reflects information from SCE as noted in footnote 7 and capital inflation reflects recent reading of the Engineering News Record Construction Cost Index as noted in footnote 8.

Table 3-7 Inflationary Assumptions

	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
Expense Escalators					
General/CPI	5.0%	4.0%	3.0%	3.0%	3.0%
Utilities (Electricity) ⁸	10.0%	3.0%	3.0%	3.0%	3.0%
Capital ⁹	6.0%	5.0%	4.0%	3.0%	3.0%
Purchased Water Cost	\$628.00	\$635.89	\$664.84	\$708.70	\$755.56
Revenue Escalators					
Other Oper Rev	1.0%	1.0%	1.0%	1.0%	1.0%
Misc Rev	1.0%	1.0%	1.0%	1.0%	1.0%
Reserve Interest Rate	1.0%	1.0%	1.0%	1.0%	1.0%
Property tax	1.0%	1.0%	1.0%	1.0%	1.0%

3.2.3.2. Water Use and Account Growth Assumptions

Water use and account growth assumptions are used to predict future rate revenues. Current water use by customer class and by tier is presented in **Table 3-8**. Total water use in FY 22/23 was about 1,057,918 hcf.

Table 3-8 Metered Water Use by Tiers in FY 22/23 (hcf)

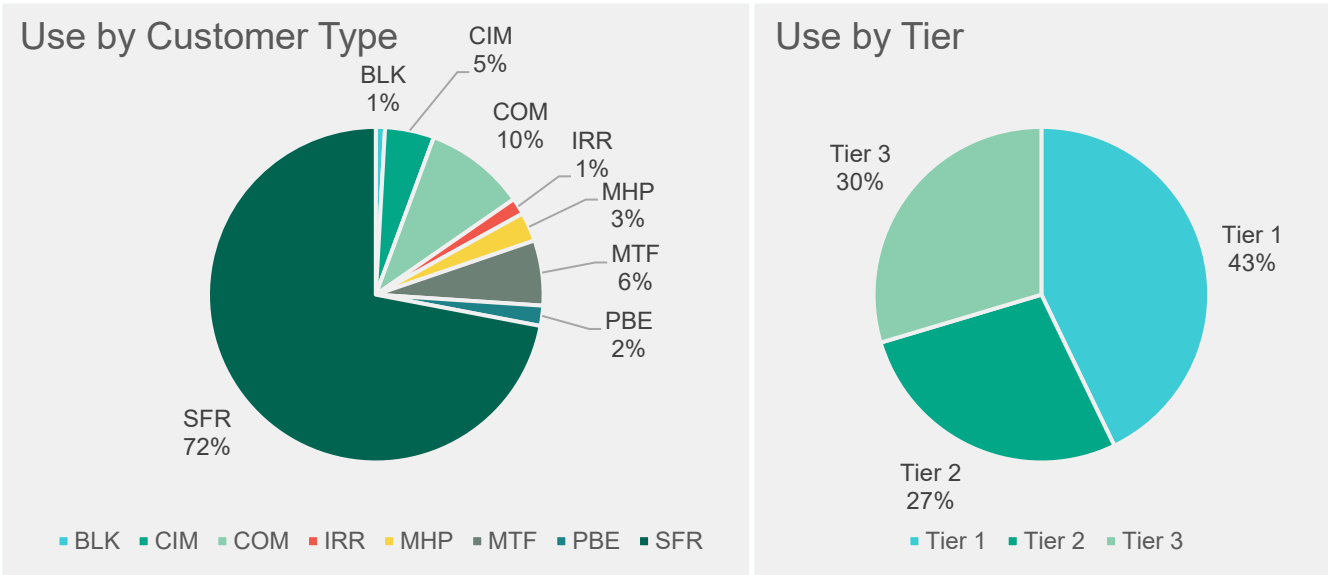
	TOTAL (hcf)	BLK	CIM	COM	IRR	MHP	MTF	PBE	SFR
Tier 1	453,189	435	643	13,614	2,020	25,405	45,473	2,093	363,506
Tier 2	291,434	643	1071	13,533	2,002	3,934	17,476	2,487	250,288
Tier 3	313,295	8,295	48,428	75,868	12,932	228	3,538	15,999	148,007
Total Use (hcf)	1,057,918	9,373	50,142	103,015	16,954	29,567	66,487	20,579	761,801

Figure 3-1 displays the water use by customer class and by tier. SFR uses 72% of the water. The tiered rates are applied to all customer classes.

⁸ Per direction from the Board which reflects SCE rate increases. SOURCE: <https://www.cpuc.ca.gov/events-and-meetings/a2305010-sce-pph-2024-04-10-2pm>

⁹ The ENR CCI for Los Angeles for FY 21/22 and 22/23 was 7.9% and 4.9%, respectively.

Figure 3-1 Water Use by Tier and Customer Class in FY 22/23



District staff projects a moderate water demand increase during the next five years (0.5% in FY 24/25 and 0.6% after that), driven by a slight increase in the number of accounts and water use and supported by the District’s *2020 Urban Water Management Plan*. Raftelis used the projections presented in **Table 3-9** to escalate water use and the number of SFR accounts over the study period.

Table 3-9 Account and Water Growth Assumptions

New accounts per year	50	50	50	50	50
Annual water demand growth rate	0.5%	0.6%	0.6%	0.6%	0.6%

3.2.4. Projected Revenues

Table 3-10 shows the calculated rate revenues and projected non-operating revenues for FY 24/25 through FY 28/29 based on the District’s current water rates. The projected annual rate revenue is determined by multiplying the accounts by meter size by the current fixed rates over 12 months, and the use by tier by the current volumetric rate.

Table 3-10 Water Projected Revenues

	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
Subtotal Revenues from Rates	\$9,921,518	\$9,973,717	\$10,025,916	\$10,078,115	\$10,130,314
Other Operating Revenues					
Delinquent Fees	\$207,916	\$209,995	\$212,095	\$214,216	\$216,358
Returned Checks	5,917	5,976	6,036	6,096	6,157
Disconnect/Reconnect	29,684	29,981	30,281	30,583	30,889
Turn On Fee	30,569	30,874	31,183	31,495	31,810
Standby	172,119	173,840	175,579	177,335	179,108
Total Other Operating Revenues	\$446,204	\$450,666	\$455,173	\$459,724	\$464,322
Non-Operating Revenues/(Expenses):					
Property taxes and assessments	\$2,140,714	\$2,162,121	\$2,183,743	\$2,205,580	\$2,227,636
Interest earnings	66,440	45,025	16,584	-	-
Other non-operating revenues, net	57,608	58,184	58,766	59,354	59,948
Total non-operating revenues, net	\$2,264,763	\$2,265,330	\$2,259,093	\$2,264,934	\$2,287,583
TOTAL REVENUES (excl. meter sales and grants)	\$12,632,484	\$12,689,713	\$12,740,181	\$12,802,773	\$12,882,219

3.2.5. Projected O&M Expenses

Raftelis projects O&M expenses by dividing them into two main groups. The first group includes water supply costs. For this group, projected costs depend on the volume of purchased water and the respective cost inflation factor. The second group includes administrative, customer billing, transmission and distribution, etc., costs which do not directly depend on volumetric sales and are projected to increase with the inflationary factors shown in **Table 3-7**.

Water use projections, based on the assumptions in **Table 3-9** are shown in **Table 3-11**, line 1. The District estimates 14% water loss; the percentage is calculated by subtracting the volume of billed water from the volume of water produced. For the first two years of the study, the District supplied the total water production value of 3,038 AF in line 9. In FY 26/27- FY28/29, total water production, shown on line 9, is determined by adding water losses and additional water purchases to water use.

The District's water is obtained from the Mojave Water Agency (MWA) and the Ames Valley basin (groundwater). Raftelis assumed, based on District feedback, 500 AF from the Ames Valley Basin in FY 24/25 – FY 25/26, and 703 AF after that. Raftelis projected the amount of purchased water from MWA (line 15) to be equal to the difference between total water produced (line 9) and the groundwater extracted from the Ames Valley basin.

Based on input from District staff, Raftelis projected MWA water purchases as shown in line 15 of **Table 3-11**. Annual water supply costs are calculated using the projected volumes and the cost per acre foot (AF) shown in line 11. The projected cost per acre foot was provided by District staff.

Table 3-11 Calculated Water Costs

Line		FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
1	Total Water Use (hcf)	1,068,499	1,074,785	1,081,070	1,087,355	1,093,640
2	Total Water Use (AF)	2,453	2,467	2,482	2,496	2,511
3						
4	Water system loss (in total water production)	14%	14%	14%	14%	14%
5	Total Water Produced (includes water loss) (hcf)	1,242,008	1,249,314	1,256,620	1,263,925	1,271,231
6	Total Water Produced (includes water loss) (AF)	2,851	2,868	2,885	2,902	2,918
7	Additional Water Purchases (% of Water Use)	8%	7%	10%	10%	10%
8	Additional Water Purchases (AF)	187	170	248	250	251
9	Total Water Produced (includes water loss & additional water purchased) (AF)	3,038	3,038	3,133	3,151	3,169
10						
11	Cost per AF for Purchased Water	\$628.00	\$635.89	\$664.84	\$708.70	\$755.56
12	Groundwater cost per AF	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
13						
14	Water Supply					
15	Purchased water from Mojave (AF)	2,538	2,538	2,430	2,448	2,466
16						
17	Groundwater Supply					
18	Groundwater - AMES Well/Wells (AF)	500	500	703	703	703
19	Natural Recharge Groundwater (AF)	-	-	-	-	-
20	Total Groundwater	500	500	703	703	703
21						
22	Total Water Cost	\$1,593,864	\$1,613,889	\$1,615,541	\$1,735,041	\$1,863,515

Total projected annual O&M expenses are presented in **Table 3-12**. There is an average 3.4% increase each year over the study period. Supply costs decrease slightly because the study assumes a lower wholesale rate from Mojave Water Agency in FY 24/25 compared to the FY 23/24 budget.

Table 3-12 Water O&M Expenses for FY 23/24 -FY 28/29

	FY 23/24 Budget	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
Source of supply	\$1,711,125	\$1,593,864	\$1,613,889	\$1,615,541	\$1,735,041	\$1,863,515
Pumping and water treatment	\$2,357,473	\$2,593,220	\$2,671,017	\$2,751,147	\$2,833,682	\$2,918,692
Const. & Maint. / CRP (Trans & Dist)	\$2,177,348	\$2,286,215	\$2,377,664	\$2,448,994	\$2,522,463	\$2,598,137
Field Services (Meters)	\$336,123	\$352,929	\$367,046	\$378,058	\$389,399	\$401,081
Accounting/Billing/ Customer Service	\$1,196,242	\$1,186,054	\$1,233,497	\$1,270,501	\$1,308,617	\$1,347,875
Administrative	\$4,508,851	\$4,743,894	\$4,933,650	\$5,081,659	\$5,234,109	\$5,391,132
Total Operating Expenses	\$12,287,162	\$12,756,177	\$13,196,762	\$13,545,900	\$14,023,311	\$14,520,433

3.2.6. Capital Replacement Program

The capital replacement program (CRP) projections were provided by District staff. The District charges a capacity fee for each new account (new construction) and the revenue is used for CRP funding. Raftelis calculated the revenue from capacity fees based on the assumed number of new accounts in **Table 3-9** and the current fee per 5/8-inch meter of \$5,418 for a total of \$270,900 per year. The rate funded CRP is reduced by the capacity fee revenue to obtain the rate funded (i.e. “pay as you go” - PAYGO) capital costs shown in **Table 3-13**.

Table 3-13 Capital Replacement Program Projections

CRP Total	\$1,820,000	\$2,495,000	\$2,550,000	\$2,525,000	\$1,725,000
CRP Funding					
New development (Capacity fee) funding	\$270,900	\$270,900	\$270,900	\$270,900	\$270,900
PAYGO funded	\$1,549,100	\$2,224,100	\$2,279,100	\$2,254,100	\$1,454,100

3.2.7. Debt

The District has one outstanding bond issue - Water Revenue Bonds Series 2013, which will be fully paid in FY 23/24. There is no other debt considered during this study period.

3.2.8. Status Quo Financial Plan

The Status Quo financial plan summarizes the District’s financial position if there is no increase in rates as shown in **Figure 3-2** to **Figure 3-3**. A detailed status quo financial plan is provided in **Appendix A**.

A utility’s revenue requirement is the yearly revenue needed to operate and maintain its water services and ensure fiscal solvency. The revenue requirement is determined by adding O&M expenses, rate-funded capital

expenditures, debt service payments and changes in end reserves. The status quo financial plan demonstrates that the revenue requirement exceeds existing revenues.

Figure 3-2 illustrates the Status Quo Financial Plan, which compares existing revenues with projected expenses. Expenses include O&M, CRP costs (capital expenses) and reserve funding and are shown by stacked bars, while total revenue at existing rates is represented by the black line. **Figure 3-2** compares revenue (black line) with expenses (stacked bars) and shows that current revenue from existing rates does not meet future total expenses, indicating a need for revenue adjustments. Note that under this scenario, the net cashflow (which either funds or depletes reserves) are negative each year (red stacked bars below the x-axis).

Figure 3-2 Status Quo Financial Plan Projections

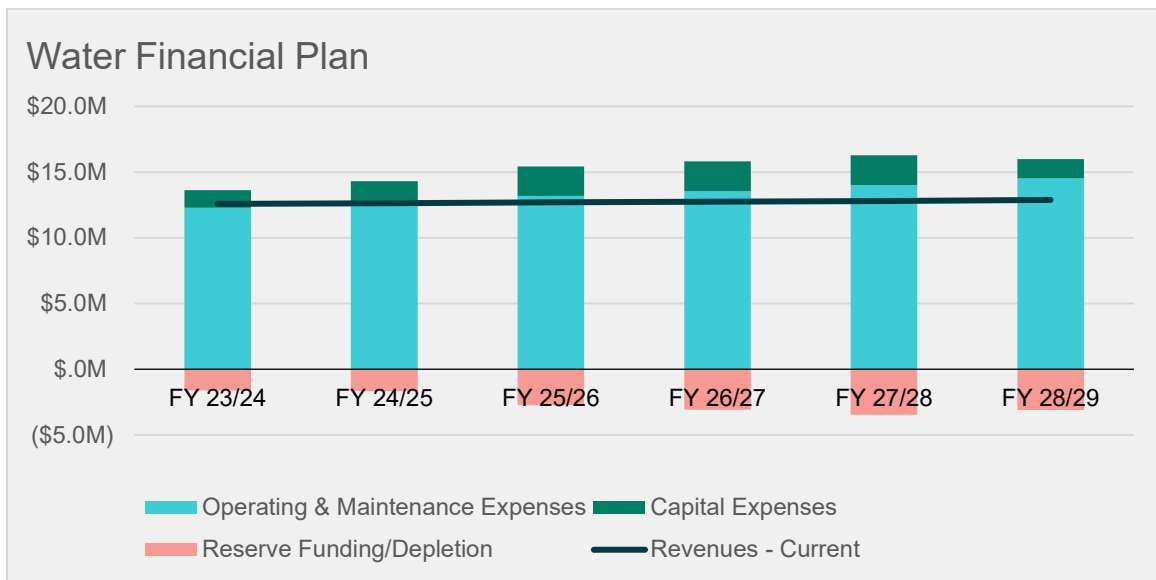
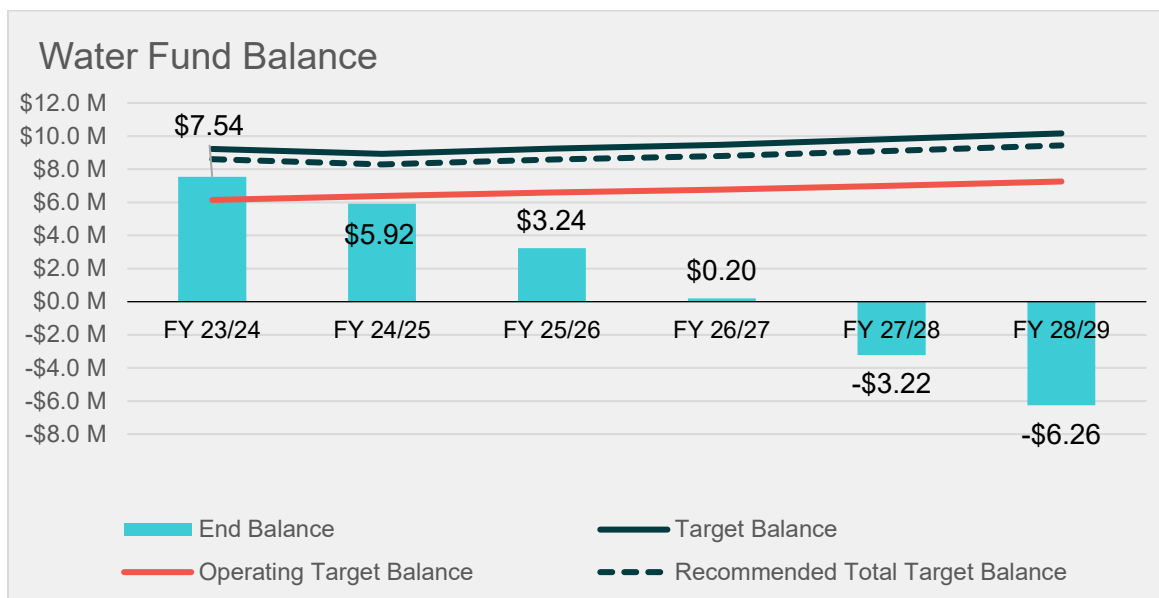


Figure 3-3 displays the District's projected ending balances. For the purposes of this study, all unrestricted cash and cash equivalents are considered reserves though the District does not consider checking accounts as part of reserves. The black line represents the projected target reserves under existing targets, the dotted black line represents projected reserves under proposed targets, and the red line shows target operating reserves (which are part of the total target reserves). The ending balances are projected to drop below the targeted Operating Reserves in FY 24/25 and be negative by FY 27/28.

Figure 3-3 Status Quo End Balances Projections



3.2.9. Proposed Revenue Adjustments and Financial Plan

An 8% revenue adjustment per year starting in FY 24/25 is proposed as shown in **Table 3-14**. The financial plan model assumes that the revenue adjustments will occur on July 1 each year.

Table 3-14 Proposed Water Revenue Adjustments

Water Revenue Adjustment	8.00%	8.00%	8.00%	8.00%	8.00%
--------------------------	-------	-------	-------	-------	-------

A detailed financial plan with the proposed revenue increase is presented in **Table 3-15**. Explanations of various line items in the table are detailed below:

- To calculate the revenues from current rates in Lines 2 through 4, the following steps were taken:
 - The number of accounts (projected using **Table 3-2**, **Table 3-3** and **Table 3-9**) were multiplied by the current monthly fixed rates and by 12 (months) to calculate the annual fixed rate revenues.
 - The annual water consumption by customer class and by tier (projected using **Table 3-8** and **Table 3-9**) was multiplied by the current volumetric rates from **Table 3-4** to calculate the annual volumetric rate revenues.
- The additional revenue from rate adjustment is shown in line 7 and it represents the cumulative increase in revenues due to the proposed 8% annual rate increase.
- Raftelis calculated revenues in **Table 3-10**.
- Line 10, "Total Revenues", is equal to the sum of both rate and non-rate revenues.
- Annual cashflows (line 27) is calculated as the difference between total revenues (line 10) and cash outflows (the sum of O&M, annual debt payments and CRP expenditures).

For FY 24/25-FY 26/27, the District will draw on reserves to meet yearly expenses. In FY 27/28 – FY 28/29, the net cashflow turns positive and reserves reach operating targets in FY 28/29.

Table 3-15 Financial Plan Projections with Proposed Revenue Adjustment

	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
1 REVENUES					
2 Water Consumption Sales	\$6,492,128	\$6,530,317	\$6,568,506	\$6,606,695	\$6,644,884
3 Monthly Service Charge	\$1,633,327	\$1,639,999	\$1,646,672	\$1,653,344	\$1,660,017
4 CRP Charge	\$1,796,063	\$1,803,400	\$1,810,738	\$1,818,075	\$1,825,413
5 Revenues from Current Rates	\$9,921,518	\$9,973,717	\$10,025,916	\$10,078,115	\$10,130,314
6					
7 Subtotal Proposed Revenues Adjustments	\$793,721	\$1,659,626	\$2,603,851	\$3,633,049	\$4,754,441
8 Subtotal Revenues from Rates	\$10,715,239	\$11,633,343	\$12,629,767	\$13,711,164	\$14,884,755
9					
10 TOTAL REVENUES (excl. meter sales and grants)	\$13,430,174	\$14,365,615	\$15,381,787	\$16,489,506	\$17,700,480
11					
12 Operations & Maintenance Expenses					
13 Source of supply	\$1,593,864	\$1,613,889	\$1,615,541	\$1,735,041	\$1,863,515
14 Pumping and water treatment	\$2,593,220	\$2,671,017	\$2,751,147	\$2,833,682	\$2,918,692
15 Const. & Maint. / CRP (Trans & Dist)	\$2,286,215	\$2,377,664	\$2,448,994	\$2,522,463	\$2,598,137
16 Field Services (Meters)	\$352,929	\$367,046	\$378,058	\$389,399	\$401,081
17 Accounting/Billing/Customer Service	\$1,186,054	\$1,233,497	\$1,270,501	\$1,308,617	\$1,347,875
18 Administrative	\$4,743,894	\$4,933,650	\$5,081,659	\$5,234,109	\$5,391,132
19 TOTAL O&M EXPENSES	\$12,756,177	\$13,196,762	\$13,545,900	\$14,023,311	\$14,520,433
20					
21 NET REVENUE	\$673,998	\$1,168,853	\$1,835,887	\$2,466,195	\$3,180,047
22					
23 CIP EXPENDITURES (excl. funded by grants and new dev't)					
24 PAYGO funded CIP	\$1,549,100	\$2,224,100	\$2,279,100	\$2,254,100	\$1,454,100
25 TOTAL CIP EXPENDITURES	\$1,549,100	\$2,224,100	\$2,279,100	\$2,254,100	\$1,454,100
26					
27 NET CASH FLOW	(\$875,102)	(\$1,055,247)	(\$443,213)	\$212,095	\$1,725,947
28 Beginning Balance	\$7,542,432	\$6,717,330	\$5,712,083	\$5,318,870	\$5,580,965
29 Capital Contributions - New installations	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
30 Ending Balance	\$6,717,330	\$5,712,083	\$5,318,870	\$5,580,965	\$7,356,912
31 Proposed Target Reserves	\$8,291,515	\$8,577,895	\$8,804,835	\$9,115,152	\$9,438,281

The proposed rate increases allow the District to fully cover costs starting in FY 27/28, as illustrated in **Figure 3-4**.

Figure 3-4 Financial Plan Projections with Proposed Revenue Adjustment

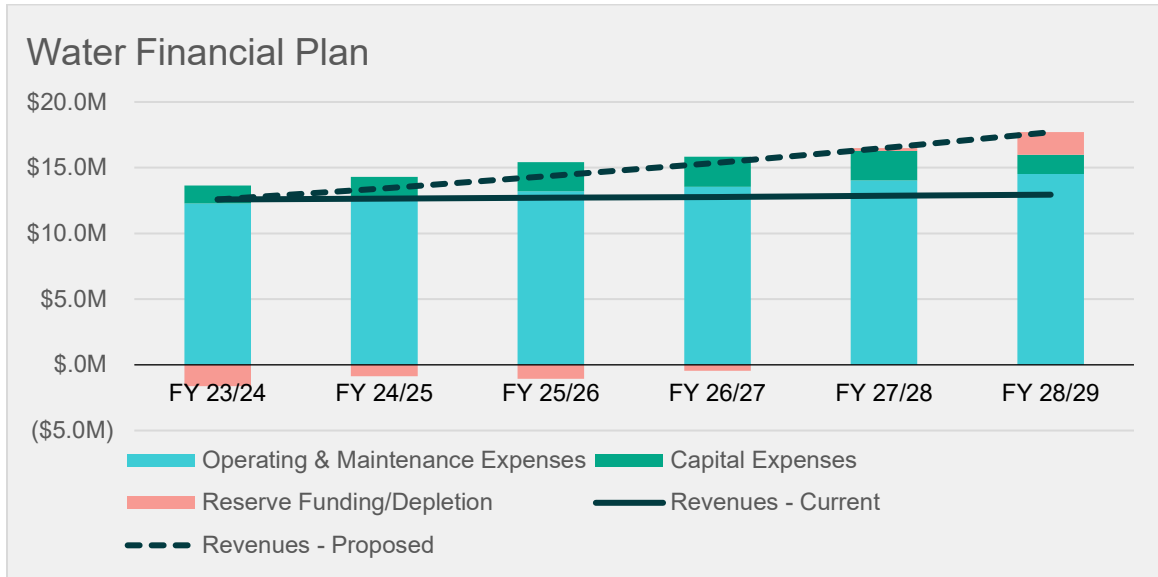
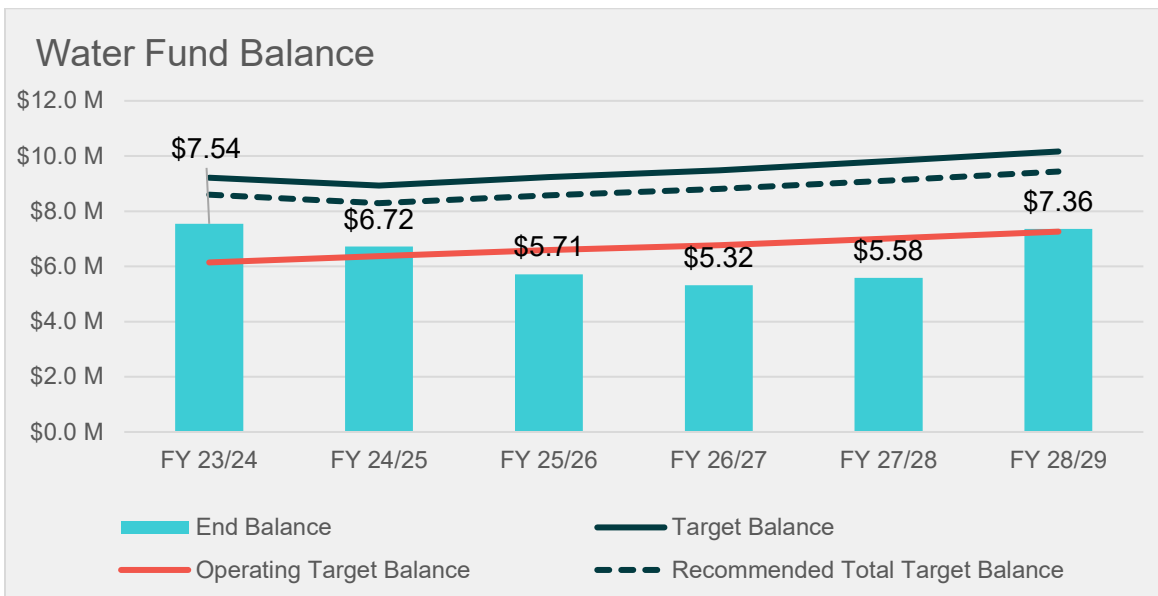


Figure 3-5 shows the resulting reserve balances as a result of the 8% per year revenue adjustments. Even with these revenue adjustments, the reserves fall below Operating Target balances in FY 25/26 and remain below this target through FY 27/28. The District will reach operating target reserves by FY 28/29. The District is minimizing customer rate increases for its customers by allowing the reserves to fall below target for a few years.

Figure 3-5 End Balance Projections with proposed Revenue Adjustment



3.3. Water Cost of Service Analysis

The principles and methodology of a cost of service analysis were described in **Section 2.2**. A cost of service analysis distributes the utilities revenue requirement (costs) to each customer class. The first step in a cost of service analysis is to functionalize a utility's O&M costs to the following functions:

1. water supply,
2. treatment,
3. pumping,
4. distribution storage,
5. distribution
6. meter maintenance,
7. customer service and meter reading
8. general and administrative costs and
9. fire protection.

The District functionalized expenses for this study. The functionalization of costs allows us to better allocate the functionalized costs to the cost causation components. Typical cost causation components include:

1. base (average) costs (sometime base costs are broken out into supply and delivery costs as is done in this study)
2. peaking costs (maximum day and maximum hour),
3. meter service,
4. billing and customer service, and
5. general and administrative costs.

Peaking costs are further divided into maximum day and maximum hour demand. The maximum day demand is the maximum amount of water used in a single day in a year. The maximum hour demand is the maximum use in an hour on the maximum use day. Different facilities, such as distribution and storage facilities, and the O&M costs associated with those facilities, are designed to meet customer peaking demands. Therefore, extra capacity costs include the O&M and capital costs associated with meeting peak customer demand. This method is consistent with the *AWWA M1 Manual* and is widely used in the water industry to perform cost of service analyses.

3.3.1. Proposed Tiers

The last study revised the tiers so that all customer classes have tiered rates. All classes remain tiered with the same tiered break points. Tier 1 is set at the average winter use and tier 2 is set at the average summer use. The tier breakpoints for multi-family residential are per apartment. The tier breakpoints are estimates for average indoor water use (tier 1) and average outdoor water use (tier 2).

3.3.2. Peaking Allocation

To allocate costs to base and peaking cost components¹⁰, the cost of service analyses uses system peaking factors. System peaking factors are defined as follows:

¹⁰ Peaking cost components include Max Day and Max Hour extra capacity

- The Average Day peaking factor is assigned a value of 1.0 signifying no peaking demand.
- The Maximum Day (Max Day) peaking factor of 1.49 is calculated as the ratio between the system wide max day and average day capacity provided by the District¹¹ and it means the system delivers 1.49 times the amount of water it does during an average day. It is calculated by dividing the Max Day demand of the system in gallons per day by the average demand in gallons per day.
- The Maximum Hour (Max Hour) peaking factor of 2.48 is calculated multiplying the Max Day peaking factor by 1.66 which is the industry standard max hour multiplier for utility of this size. The Max Hour peaking factor means that the system is designed to deliver 2.48 times the amount of water during the max hour that it does during an average day.

The derivation of the allocation bases which are used to allocate costs to the cost-causing components is shown in **Table 3-16**. Costs associated with Average Day demand is 100% allocated to the base (no peaking capacity used). Expenses allocated using the Max Day basis assume 67% (1/1.49) of costs are due to base demands with the remaining proportion 33% (100%-67%) of costs allocated to the Max Day cost component. Lastly, expenses allocated using the Max Hour basis attribute 40% (1/2.48) of the costs to the base cost component, 20% (0.49/2.48) to maximum day and 40% (100% - 40% -20%) to maximum hour. Collectively the maximum day and hour cost components are known as peaking costs. These allocation bases are used to assign the functionalized costs in **Table 3-18** to the cost components.

Table 3-16 System Wide Peaking Factors and Allocation to Cost Components

Cost component allocation basis	Peaking Factor	Base	Max Day	Max Hour	Total
Average Day ¹²	1.0	100%	0%	0%	100%
Max Day ¹³	1.49	67%	33%	0%	100%
Max Hour ¹⁴	2.48	40%	20%	40%	100%

3.3.3. Customer Class Peaking Factor Derivation

Peaking factors help properly distribute extra capacity costs to each class based on their peaking tendencies (extra capacity demanded). Water consumption by tier was calculated using FY 22/23 consumption data. Next, Raftelis calculated the peaking factor for each customer class. The peaking factors are defined as the ratio between the system wide month with highest water use and the average monthly water use during the fiscal year.

$$\text{Peaking Factor} = \frac{\text{Max month water use}}{\text{Average month water use}}$$

Where:

- *Max month water use* - the system wide month with highest water use during the fiscal year
- *Average month water use* - the average monthly water use calculated by dividing the annual water use by 12 (months)

¹¹ Maximum Day and Average Day water production provided by the District are 12.65 and 8.48 million gallons per day and are based on HDWD's water system master plan for 2016.

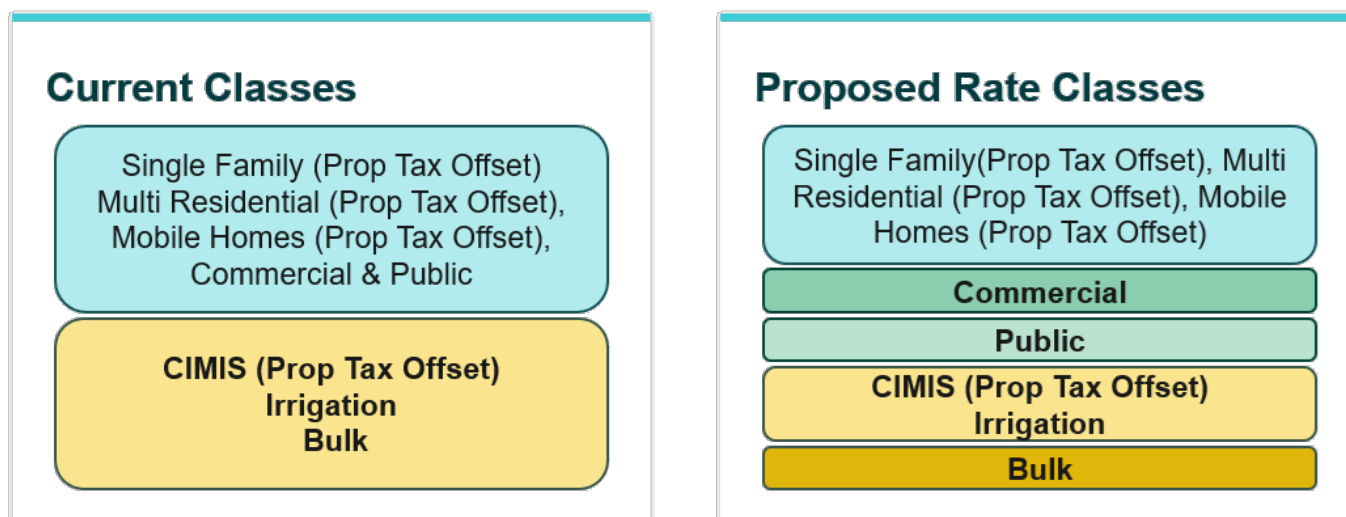
¹² Provided by District's staff

¹³ Provided by District's staff

¹⁴ Used calculated industry standard Max Hour peaking factor utilities of this sizes

After discussions with District staff and review of peaking factors, Raftelis proposes to increase the number of customer classes from two to five. The comparison between existing and proposed customer groups is shown in **Figure 3-6**.

Figure 3-6 Customer Group Comparison, Current vs. Proposed



The five customer groups created include: residential (SFR, MHP, MTF), commercial, public, irrigation (CIM, IRR), and bulk customers. The customers with similar peaking factors were grouped together and the peaking factors by tier for each of the five classes were determined. The peaking factor for each tier is a weighted average of the respective peaking factors by tiers for the customer classes included in the group. The water sales were used as the weight in the weighted average. Irrigation customers displayed higher peaking characteristics as shown in **Table 3-17**. The peaking factors were rounded to the second decimal.

Table 3-17 Customer Group Peaking Factors

	Residential (SFR, MHP, MTF)	Commercial	Public	Irrigation (IRR, CIM)	Bulk
Peaking Factor - Tier 1	1.06	1.06	1.06	1.13	1.00
Peaking Factor - Tier 2	1.37	1.08	1.13	1.18	1.00
Peaking Factor - Tier 3	1.89	1.08	1.22	2.06	1.08

3.3.4. Allocation of Functionalized Water Expenses to Cost Components

Raftelis performed a cost of service analysis for FY 24/25 using projected O&M costs and CRP expenditures. The projected functionalized O&M costs in **Table 3-12** were allocated to cost-causing components as explained in **Section 2.2**.

The allocations assigned to Base, Max Day and Max Hour from **Table 3-16** were used to allocate costs to the cost-causing components. Costs related solely to providing average day demand, such as supply sources, were allocated 100% to Base. Costs designed to meet Max Day peaking requirements, such as reservoirs and transmission facilities, were allocated to both Base and Max Day components. Water supply costs were

entirely allocated to the Water Supply cost component. Customer service related costs were allocated 100 percent to the customer service component. Costs related to meter maintenance were allocated to the meter service cost component. Accounting costs were allocated to the general and administrative cost components and billing costs were allocated to the customer service cost component based on District's staff inputs.

Table 3-18 shows the allocation of O&M cost to the cost components. The table consists of two parts: the upper portion shows the allocation of each function to cost component, and the lower section of the table shows the resulting allocation for FY 24/25.

For example, as shown in the second row labeled "Treatment", Raftelis allocated Water Treatment costs using Max day allocation basis (e.g. 67% attributed to Base and 33% attributed to Max day cost components). The second half of the table shows \$347,676 of the total treatment costs are allocated to base ($67\% \times \$518,644 = \$347,676$) and \$170,968 to Maximum day component ($33\% \times \$518,644 = \$170,968$).

Raftelis performed similar calculations for each group of O&M expenses and determined the cost by component as shown in the row labeled "Total" of **Table 3-18**. The resulting O&M cost allocation percentages by cost-causing component are determined in the last row labeled "O&M" by dividing the total cost in each column by the FY 24/25 O&M budget of \$12,756,177. These percentages are used to allocate the FY 24/25 revenue requirement to the cost components.

The columns labeled as Max Day and Max Hour are collectively known as peaking costs. Peaking costs are costs associated with delivering water during times of above average flow. Water systems must be sized to deliver water at different flow rates because the flow rate changes hourly, daily and seasonally. A Water Master Plan identifies the components of a water system and how they are designed or sized. It is normally water distribution tanks and pipelines, that must be sized to meet not only max hourly and daily flows but fire flows. Capital costs and operational costs are influenced by the upsizing of tanks and pipelines. For example, the District has 16 water distribution reservoirs (tanks), that must be sized to meet daily peak flows. Larger tanks are more costly to construct and maintain compared to smaller tanks and the concept of peaking strives to allocate both capital and operational costs to customer classes that are more responsible for peak flows. Peaking costs also apply to pipeline construction and maintenance.

Table 3-18 Allocation of Functionalized O&M Expenses to Cost Causation Components

Functions	Allocation Basis	Water Supply	Base	Max Day	Max Hour	Meter Service	Customer Service	Gen & Admin	Direct Fire Protection
Supply	Source of Supply	100%	0%	0%	0%	0%	0%	0%	0%
Treatment	Max Day	0%	67%	33%	0%	0%	0%	0%	0%
Pumping	Max Day	0%	67%	33%	0%	0%	0%	0%	0%
Distribution Storage	Max Day	0%	67%	33%	0%	0%	0%	0%	0%
Distribution	Max Hour	0%	40%	19%	39%	0%	0%	0%	2%
Meter Maintenance	Meter Service	0%	0%	0%	0%	100%	0%	0%	0%
Customer Service and Meter Reading	Cust. Service	0%	0%	0%	0%	0%	66%	34%	0%
General & Admin	Gen & Admin	0%	0%	0%	0%	0%	0%	100%	0%
Direct Fire Protection	Fire	0%	0%	0%	0%	0%	0%	0%	100%
FY 2025 Budget									
Supply	\$1,593,864	\$1,593,864	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Treatment	\$518,644	\$0	\$347,676	\$170,968	\$0	\$0	\$0	\$0	\$0
Pumping	\$2,074,576	\$0	\$1,390,704	\$683,872	\$0	\$0	\$0	\$0	\$0
Distribution Storage	\$228,622	\$0	\$153,258	\$75,364	\$0	\$0	\$0	\$0	\$0
Distribution	\$2,011,869	\$0	\$795,693	\$391,278	\$783,401	\$0	\$0	\$0	\$41,497
Meter Maintenance	\$352,929	\$0	\$0	\$0	\$0	\$352,929	\$0	\$0	\$0
Customer Service and Meter Reading	\$865,820	\$0	\$0	\$0	\$0	\$0	\$571,441	\$294,379	\$0
General & Admin	\$5,064,129	\$0	\$0	\$0	\$0	\$0	\$0	\$5,064,129	\$0
Direct Fire Protection	\$45,724	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$45,724
Total	\$12,756,177	\$1,593,864	\$2,687,331	\$1,321,482	\$783,401	\$352,929	\$571,441	\$5,358,507	\$87,222
O&M		12.5%	21.1%	10.4%	6.1%	2.8%	4.5%	42.0%	0.7%

Table 3-19 Fixed Assets Allocation to Cost Causation Components

Function	Type of Asset	Allocation Basis	Water Supply	Base	Max Day	Max Hour	Meter Service	Customer Service	Gen & Admin	Direct Fire Protection
General	General	Base	0%	100%	0%	0%	0%	0%	0%	0%
Supply	Supply	Source of Supply	100%	0%	0%	0%	0%	0%	0%	0%
Supply	Treatment Plant	Base	0%	100%	0%	0%	0%	0%	0%	0%
Distribution	Pumping	Max Day	0%	67%	33%	0%	0%	0%	0%	0%
Distribution	Transmission mains	Max Hour	0%	40%	19%	39%	0%	0%	0%	2%
General	Storage	Max Hour	0%	40%	19%	39%	0%	0%	0%	2%
Meters	Meters	Meter Service	0%	0%	0%	0%	100%	0%	0%	0%
Hydrants	Hydrants	Fire	0%	0%	0%	0%	0%	0%	0%	100%
Billing & CS	Billing & CS	Gen & Admin	0%	0%	0%	0%	0%	0%	100%	0%
Acquisition Cost										
General	General	\$ 5,774,616	\$0	\$5,774,616	\$0	\$0	\$0	\$0	\$0	\$0
Supply	Supply	\$7,069,534	\$7,069,534	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Supply	Treatment Plant	\$3,530,863	\$0	\$3,530,863	\$0	\$0	\$0	\$0	\$0	\$0
Distribution	Pumping	\$7,190,546	\$0	\$4,820,224	\$2,370,322	\$0	\$0	\$0	\$0	\$0
Distribution	Transmission mains	\$39,997,373	\$0	\$15,818,932	\$7,778,885	\$15,574,559	\$0	\$0	\$0	\$824,996
General	Storage	\$9,445,904	\$0	\$3,735,848	\$1,837,086	\$3,678,136	\$0	\$0	\$0	\$194,834
Meters	Meters	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Hydrants	Hydrants	\$847,105	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$847,105
Billing & CS	Billing & CS	\$45,805	\$0	\$0	\$0	\$0	\$0	\$0	\$45,805	\$0
Total		\$73,901,746	\$7,069,534	\$33,680,483	\$11,986,293	\$19,252,696	\$0	\$0	\$45,805	\$1,866,934
Capital			9.6%	45.6%	16.2%	26.1%	0.0%	0.0%	0.1%	2.5%

A similar procedure for cost allocation is applied to fixed assets costs as shown in **Table 3-19**. These percentages are used to allocate the FY 24/25 revenue requirement to the cost components.

3.3.5. Revenue Requirement Calculation

Water rates are calculated for FY 24/25, referred to as the “test year.” Thus, the FY 24/25 revenue requirement is allocated to the cost components using the percentages described in **Section 3.3.4**.

The revenue requirement calculation for FY 24/25, shown in **Table 3-20**, is based upon the premise that the utility must generate annual revenues to meet O&M expenses and capital investment needs. *Total* revenue requirements are calculated in line 5 of **Table 3-20**, however some of the revenue needs are met from non-rate revenue. Revenues from sources other than water charges (e.g. revenues from miscellaneous services, earned interest or property tax and assessments) are revenue offsets and are deducted from the total revenue requirement (as shown in line 11 of **Table 3-20**). Finally, the revenue from the proposed rate increase, shown in line 15 and the cash balance, shown in line 13, are added to the revenue requirement. Line 17, **Table 3-20** shows the resulting *rate* revenue requirement.

Table 3-20 Revenue Requirement Determination

Line	FY 24/25	Operating	Capital	Total
1	<u>Revenue requirements</u>			
2	O&M expenses	\$12,756,177		\$12,756,177
3	CIP expenses (excl CRP funding)		\$542,185	\$542,185
4	CRP funded capital		\$1,006,915	\$1,006,915
5	Total Revenue Requirements	\$12,756,177	\$1,549,100	\$14,305,277
6	<u>Revenue Offsets</u>			
7	Total Other Operating Revenues	(\$446,204)		(\$446,204)
8	Property taxes and assessments - Revenue Offset	(\$2,140,714)		(\$2,140,714)
9	Interest earnings		(\$70,409)	(\$70,409)
10	Other Non-op. revenues	(\$57,608)		(\$57,608)
11	Total Revenue Offsets	(\$2,644,526)	(\$70,409)	(\$2,714,935)
12	<u>Adjustments</u>			
13	Cash balance	(875,102)		(\$875,102)
14	Annual Rev. Adj't	\$0		\$0
15	Total Adjustments	(\$875,102)	\$0	(\$875,102)
16				
17	Rev. req. from rates	\$9,236,548	1,478,691	\$10,715,239

3.3.6. Revenue Requirement Allocation to Cost Components

In table **Table 3-21**, Raftelis used the cost allocation for O&M and fixed assets allocation, derived in **Table 3-18** and **Table 3-19**, to distribute the revenue requirement, shown in **Table 3-20**, to costs components. The Operating revenue requirement is allocated to the cost components using the calculated O&M allocation percentages. The rate-funded CRP costs were entirely allocated to the CRP charge component, while the remaining capital costs were allocated using the assets allocation percentages. Property taxes were allocated 100% to revenue offsets, as detailed in Section 3.3.11.

The final part of revenue requirement allocation is the redistribution of general and administrative costs, as well as direct fire protection costs, to the remaining cost-causing components. Raftelis reallocated the general and administrative costs to the rest of the cost components using reallocation factors shown in line 33 as “Gen & Admin Realloc. Factors” in **Table 3-21**. Raftelis determined the reallocation factors in line 33 by calculating the relative share of the cost components in line 31 to the total cost, excluding general and administrative costs (as they are reallocated) and revenue adjustments. The direct fire protection costs were reallocated, which represent the costs related to public fire protection services provided by the District, to the meter service costs as those cost will be recovered by all customers (shown in line 38 of **Table 3-21**). The final revenue requirement distribution by cost-causing component is derived in the last line (39) of **Table 3-21**.

3.3.7. Fixed versus Volumetric Cost Recovery

According to the M1 Manual, the cost-of-service approach to setting water rates results is the proportionate distribution of costs to each tier or customer class based on the costs that each cause. A dual set of fees—fixed and variable—is an extension of this cost causation theory. For example, a utility incurs some costs associated with serving customers irrespective of the amount or rate of water they use, such as billing and customer service costs. These types of costs are referred to as customer-related costs and typically are costs that would be recovered through a fixed charge. These costs are usually recovered on a per-customer basis or some other non-consumptive basis. Regardless of the level of a customer’s consumption, a customer will be charged this minimum amount in each bill. On the other hand, water supply costs represent costs that depend on a customer’s water consumption and can be recovered by a volumetric charge.

Table 3-22 shows the distribution of the total revenue requirement between fixed and variable rates with shares of 35% and 65%, respectively. The water supply, delivery and peaking costs are recovered from commodity charges. Meter service costs and billing and customer service costs are recovered from fixed charges. The rate funded CRP costs, which are also part of the revenue requirements, are incorporated into the fixed charge.

Table 3-21 Allocation of Revenue Requirement by Cost Causation Component

Line	Allocation	Allocation Factor / Total Cost	Water Supply	Base	Max Day	Max Hour	Meter Service	Customer Service	Gen & Admin	Direct Fire Protection	Rev. Offset	CRP Surcharge
1												
2	Operating	O&M	12%	21%	10%	6%	3%	4%	42%	1%		
3	Other capital (excl. CRP charge)	Capital	10%	46%	16%	26%				3%		
4	CRP charge	CRP Surcharge										100%
5												
6	<u>Revenue Offsets</u>											
7	Total Other Operating Revenues	O&M	12%	21%	10%	6%	3%	4%	42%	1%		
8	Property taxes and assessments	Capital	10%	46%	16%	26%				3%		
9	Property taxes and assessments for Rev Offset	Rev. Offset									100%	
10	Interest earnings	Capital	10%	46%	16%	26%				3%		
11	Other Non-Op Revenues	O&M	12%	21%	10%	6%	3%	4%	42%	1%		
12	<u>Adjustments</u>											
13	Cash Balance	O&M	12%	21%	10%	6%	3%	4%	42%	1%		
14	Mid Year Revenue Adjustment	O&M	12%	21%	10%	6%	3%	4%	42%	1%		
15	Revenue Requirement Allocation to Cost Components											
16	Total											
17	Operating	\$12,756,177	\$1,593,864	\$2,687,331	\$1,321,482	\$783,401	\$352,929	\$571,441	\$5,358,507	\$87,222	\$0	\$0
18	Other capital (excl. CRP charge)	\$542,185	\$51,866	\$247,099	\$87,938	\$141,249	\$0	\$0	\$336	\$13,697	\$0	\$0
19	CRP charge	\$1,006,915	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,006,915

Line	Allocation	Allocation Factor / Total Cost	Water Supply	Base	Max Day	Max Hour	Meter Service	Cus- tomer Service	Gen & Admin	Direct Fire Protection	Rev. Offset	CRP Surcharge
20												
21	<u>Revenue Offsets</u>											
22	Total Other Operating Revenues	(\$446,204)	(\$55,752)	(\$94,001)	(\$46,225)	(\$27,403)	(\$12,345)	(\$19,989)	(\$187,438)	(\$3,051)	\$0	\$0
23	Property taxes and assessments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
24	Property taxes and assessments for Rev Offset	(\$2,140,714)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$2,140,714)	\$0
25	Interest earnings	(\$70,409)	(\$6,735)	(\$32,089)	(\$11,420)	(\$18,343)	\$0	\$0	(\$44)	(\$1,779)	\$0	\$0
26	Other Non-Op Revenues	(\$57,608)	(\$7,198)	(\$12,136)	(\$5,968)	(\$3,538)	(\$1,594)	(\$2,581)	(\$24,200)	(\$394)	\$0	\$0
27	<u>Adjustments</u>											
28	Cash Balance	(\$875,102)	(\$109,343)	(\$184,357)	(\$90,657)	(\$53,743)	(\$24,212)	(\$39,202)	(\$367,606)	(\$5,984)	\$0	\$0
29	Mid Year Revenue Adjustment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
30												
31	Total Rev Requirements	\$10,715,239	\$1,466,702	\$2,611,847	\$1,255,151	\$821,623	\$314,778	\$509,669	\$4,779,557	\$89,711	(\$2,140,714)	\$1,006,915
32												
33	Gen & Admin Realloc. factors		21%	37%	18%	12%	4%	7%		1.30%		
34												
35	Reallocated Gen&Admin		\$991,612	\$1,765,825	\$848,587	\$555,485	\$212,816	\$344,579	(\$4,779,557)	\$60,652		
36	Adjusted COS (G&A)		\$2,458,314	\$4,377,672	\$2,103,738	\$1,377,108	\$527,595	\$854,248	\$0	\$150,364	(\$2,140,714)	\$1,006,915
37												
38	Reallocated Public Fire Costs						\$150,364			\$(150,364)		
39	Adjusted COS (w/fire protection)		\$2,458,314	\$4,377,672	\$2,103,738	\$1,377,108	\$677,958	\$854,248	\$0	\$0	(\$2,140,714)	\$1,006,915

The costs in **Table 3-21**, line 39 are assigned to their respective cost components in the “Costs” column of **Table 3-22**, where they are then allocated to the rate components. As shown, there are volumetric rate components collected through the volumetric rate and components collected through the fixed charge.

Table 3-22 Allocation of Cost Causation Components to Rate Components¹⁵

Cost Components	Costs	Supply	Delivery	Peaking	Rev. Offset	Meter	Billing & CS	CRP Surcharge
		VOLUMETRIC				FIXED		
Water Supply	\$2,458,314	100%						
Base	\$4,377,672	100%						
Max Day	\$2,103,738			65%		35%		
Max Hour	\$1,377,108			65%		35%		
Meter Service	\$677,958					100%		
Customer Service	\$854,248						100%	
Direct Fire Protection	\$0					100%		
Rev. Offset	(\$2,140,714)				100%			
CRP Surcharge	\$1,006,915							100%
Private Fire Protection	\$0							
TOTAL	\$10,715,239	\$2,458,314	\$4,377,672	\$2,269,634	(\$2,140,714)	\$1,889,170	\$854,248	\$1,006,915

¹⁵ Percentages are rounded.

Table 3-23 Derivation of Cost Component Units

Customer Class	Annual consumption (proposed tiers)	Daily Consumption (proposed tiers)	Peaking Factor	Capacity Factor	Total Capacity (hcf/day)	Extra Capacity (hcf/day)	Capacity Factor	Total Capacity (hcf/day)	Extra Capacity (hcf/day)
A	B	C = B/365	D	E = D*1.12	F = C*E	G = F-C	H = E*(2.48/1.49)	I = C*H	J = I-F
			MAX DAY				MAX HOUR		
SFR	768,864	2,106	1.31		3,126	1,020		5,189	2,063
T1	366,876	1,005	1.06	1.19	1,195	190	1.97	1,984	789
T2	252,608	692	1.37	1.54	1,063	371	2.55	1,765	702
T3	149,379	409	1.89	2.12	868	458	3.52	1,440	573
MTF	67,103	184	1.31		244	61		406	161
T1	45,895	126	1.06	1.19	149	24	1.97	248	99
T2	17,638	48	1.37	1.54	74	26	2.55	123	49
T3	3,571	10	1.89	2.12	21	11	3.52	34	14
MHP	29,841	82	1.31		102	20		169	67
T1	25,641	70	1.06	1.19	84	13	1.97	139	55
T2	3,970	11	1.37	1.54	17	6	2.55	28	11
T3	230	1	1.89	2.12	1	1	3.52	2	1
COM	103,970	285	1.08		344	59		571	227
T1	13,740	38	1.06	1.19	45	7	1.97	74	30
T2	13,658	37	1.08	1.21	45	8	2.01	75	30
T3	76,571	210	1.08	1.21	254	44	2.01	422	168
PBE	20,770	57	1.20		76	19		126	50
T1	2,112	6	1.06	1.19	7	1	1.97	11	5
T2	2,510	7	1.13	1.27	9	2	2.10	14	6
T3	16,147	44	1.22	1.37	61	16	2.27	100	40
IRR	17,111	47	1.99		97	50		161	64
T1	2,039	6	1.13	1.27	7	1	2.10	12	5
T2	2,021	6	1.18	1.33	7	2	2.20	12	5
T3	13,052	36	2.06	2.31	83	47	3.84	137	55
CIM	50,607	139	1.99		316	177		524	208
T1	649	2	1.13	1.27	2	0	2.10	4	1
T2	1,081	3	1.18	1.33	4	1	2.20	7	3
T3	48,877	134	2.06	2.31	309	175	3.84	514	204

Customer Class	Annual consumption (proposed tiers)	Daily Consumption (proposed tiers)	Peaking Factor	Capacity Factor	Total Capacity (hcf/day)	Extra Capacity (hcf/day)	Capacity Factor	Total Capacity (hcf/day)	Extra Capacity (hcf/day)
<i>A</i>	<i>B</i>	<i>C = B/365</i>	<i>D</i>	<i>E = D*1.12</i>	<i>F = C*E</i>	<i>G = F-C</i>	<i>H = E*(2.48/1.49)</i>	<i>I = C*H</i>	<i>J = I-F</i>
			MAX DAY				MAX HOUR		
BLK	9,460	26	1.06		31	5		52	21
T1	439	1	1.00	1.12	1	0	1.86	2	1
T2	649	2	1.00	1.12	2	0	1.86	3	1
T3	8,372	23	1.08	1.21	28	5	2.01	46	18
Water Sales		Daily Water Sales	MD Extra Capacity				MH Extra Capacity		
TOTAL	1,067,726	2,925	1,411				2,862		

3.3.8. Derivation of Cost Component Units (Service Units) and Unit Cost Calculation

The District's rate structure consists of volumetric rates and fixed charges. Volumetric rates are charges per unit of water sold, while fixed charges do not vary with water use. This section calculates the service units and the unit rate by cost component.

At the beginning of Section 3.3, we described typical cost components. The ones applicable to this study are:

1. Supply,
2. Delivery,
3. Peaking (Max Day and Max Hour),
4. Meter service,
5. Billing and customer service,
6. Capital Replacement Program (CRP). Raftelis defined the CRP costs as a separate cost component to be consistent with the existing rate structure.

The proposed volumetric rate will collect the following cost components: supply, delivery and peaking. **Table 3-23** shows the derivation of the units of service for each of these cost components in columns C, G and J respectively. The Max Day and Max Hour extra capacity requirements are in hundred cubic feet per day and are the amount of water demanded during the peak day and hour. Raftelis derived the Max Day and Max Hour requirements as detailed by the header equations in **Table 3-23**. The 1.12 shown in column E is a factor used to convert max monthly use to max day use. It is the ratio of the Max Day design factor of 1.49 divided by the observed (from District data), system wide monthly peaking factor of 1.33. This converts monthly peaking factors, in column D, to daily peaking factors in column E. The remaining calculations convert monthly peaking factors into Max Hour requirements. The total Max Day and Max Hour requirements (service units) are shown in the last line "Total" of **Table 3-23**.

3.3.8.1. Equivalent Meters

Table 3-24 shows the derivation of service units for the billing and customer service cost component and the meter service component – shown at the bottom of the table. The number of bills is equal to the number of meters times 12 (months). Billing and customer service costs are distributed among customers based on the total number of bills in a test year; these costs are the same for each customer and usually do not depend on the size of the meter.

Table 3-24 Number of Bills and Equivalent Meters in FY 24/25

	AWWA Safe Operating Flow	AWWA Ratio	Total Meters ¹⁶	Annual Bills	TOTAL Equivalent Meters	Annual Equivalent Meters
5/8 inches	20	1.00	10,634	127,608	10,634	127,608
1 inch	50	2.50	298	3,576	745	8,940
1 1/2 inches	100	5.00	61	732	305	3,660
2 inches	160	8.00	98	1,176	784	9,408
3 inches	320	16.00	17	204	272	3,264
4 inches	500	25.00	1	12	25	300
6 inches	1000	50.00	2	24	100	1,200
Total			11,111	133,332	12,865	154,380

The concept of equivalent meters is used to allocate meter-related costs appropriately. By using equivalent meters instead of a total meter count, the analysis accounts for the fact that larger meters impose greater demands on the system and are more expensive to install, maintain, and replace than smaller meters. Equivalent meters are used in calculating a portion of customer bills known as meter service.

Equivalent meters are based on meter hydraulic capacity. Equivalent meters represent the potential demand on the water system in terms of the base meter size. A ratio of hydraulic capacity is calculated by dividing large meter capacities by the base meter capacity. The capacity ratio is calculated using the meter capacity in gallons per minute (gpm) provided in the AWWA *M1 Manual Principles of Water Rates, Fees, and Charges* (7th Edition) for meters reflecting those used by the District.

The District's most common meter is a 5/8" meter. The ratio at which the meter charge increases is a function of the meter's safe operating capacity. For example, based on the AWWA meter capacity ratios, a customer that has a 2-inch meter has the capacity equivalency of eight 5/8" meters. A 2-inch meter has a safe operating capacity of 160 gpm compared to a 5/8" meter which has a safe operating capacity of 20 gpm as listed in Table B-1 in the M1 Manual. The distribution of meter service and capacity costs using equivalent meters recognizes that meter service and capacity costs are proportional to the service connection size (meter size).

3.3.8.2. Unit Cost Derivation

Table 3-25 derives the cost component unit costs shown at the bottom of the table, by dividing the revenue requirement by cost component, calculated in Table 3-22 and restated at the top of Table 3-25, by the units of service (calculated in Table 3-23 and Table 3-24).

¹⁶ By state building code, all new single-family residential homes now require a 1-inch meter for fire protection. Since the use would be similar to the 5/8-inch capacity, these SFR customers with 1-inch meters for fire protection are considered 5/8-inch meters.

Table 3-25 Unit Cost Derivation

	Supply	Delivery	Max day	Max Hour	Rev. Offset	Meter	Billing & CS	CRP Surcharge
			Peaking Component					
Total revenue requirements	\$2,458,314	\$4,377,672	\$1,371,711	\$897,923	(\$2,140,714)	\$1,889,170	\$854,248	\$1,006,915
Units used	Water Sales	Water Sales	Max day extra capacity	Max hour extra capacity	Eligible water sales	Equivalent Meters (annually)	Bills per year	Equivalent Meters (annually)
Units of Service	1,067,726	1,067,726	1,411	2,862		154,182	133,200	154,182
Unit cost	\$2.30	\$4.10	\$972.21	\$313.75		\$12.25	\$6.41	\$6.53

The delivery and billing and customer service unit costs are applied uniformly among customers/tiers. The proposed meter service costs and CRP surcharge unit costs are for a 5/8-inch meter and will increase with meter size based on AWWA safety capacity meter ratios. The fixed charge, which includes billing, customer service and meter service will be charged to all customers with meters.

The supply costs and volumetric peaking unit costs (Max Day and Max Hour) are allocated as described in **Section 3.3.9** and **Section 3.3.10**, respectively. Revenue offset-eligible sales are discussed in **Section 3.3.11**.

3.3.9. Water Supply Cost Distribution

The water supply costs are further allocated by tier based on the difference between groundwater (GW) costs and MWA (Mojave) purchased water costs. The total water production in **Table 3-26** is from **Table 3-11**. Of the total water produced 16% is GW and 84% is purchased from Mojave. The cost for groundwater (\$163,201) is calculated by multiplying 16% (GW's portion of total water) by \$991,612 (the general and administrative cost allocation to supply shown in line 35 of **Table 3-21**). This is the administrative costs of obtaining GW. The rest of the supply costs are attributed to Mojave water. A unit cost for GW and Mojave water is calculated in **Table 3-26**, in the bottom line, by dividing the total water cost for each by the water produced in hcf.

Table 3-26 Water Supply Unit Cost by Source

	FY 2025	GW	Mojave	TOTAL
Total Water Production (AF)		500 AF	2,538 AF	3,038 AF
Water production by source (%)		16%	84%	100%
Total Water Cost		\$163,201	\$2,295,112	\$2,458,314
Water Produced (hcf)		175,728	891,998	1,067,726
Unit Cost to customers		\$0.93	\$2.57	\$2.30

The unit costs for groundwater and Mojave purchased water are then multiplied by the volume sold in each tier. Groundwater is “supplied” to tier 1 until it is exhausted and the remaining water used in tier 1 is supplied by Mojave water. The total cost of groundwater and Mojave water is added together and then divided by total consumption at each tier, yielding the unit cost by tier as shown in **Table 3-27**.

Table 3-27 Water Supply Unit Cost by Tier

Customer Class	Consumption	GW Consumption	Mojave Consumption	GW Cost	Mojave Cost	Total Cost	Supply Unit Costs
	A	B	C	$D = B * \$0.93$	$E = C * \$2.57$	$F = D + E$	$G = F / A$
All Classes		175,728	891,998	\$163,427	\$2,292,435	\$2,455,862	\$2.30
T1	457,391	175,728	281,662	\$163,427	\$723,871	\$887,298	\$1.94
T2	294,136	-	294,136	\$0	\$755,930	\$755,930	\$2.57
T3	316,200	-	316,200	\$0	\$812,634	\$812,634	\$2.57

3.3.10. Distribution of Peaking Costs to Customer Classes

The distribution of peaking costs to customer classes is derived in **Table 3-28**. The numbers in columns A and B are based on Max Day and Max Hour extra capacity by tier and customer classes from **Table 3-23**. The extra capacity (peaking) costs in column C are the sum of the of Max Day and Max Hour extra capacity costs.

- Max Day extra capacity costs for each tier are calculated by multiplying the Max Day extra capacity in hcf per day from **Table 3-23** and the Max Day extra capacity unit cost from **Table 3-25**.
- Max Hour extra capacity costs are calculated by multiplying the Max Hour extra capacity in hcf per day from **Table 3-23** by Max Hour extra capacity unit cost from **Table 3-25**.

Next, the extra capacity costs (column C) is divided by the total sales, in column D, to yield the proposed peaking rates in column E.

Table 3-28 Peaking Rates Derivation

Customer Class	Max Day A	Max Hour B	Peaking cost C = A+B	Water Use D	Peaking Unit costs E = C/D
SFR	\$991,228	\$647,328	\$1,638,556	768,864	
<i>Tier 1: 0-4 units</i>	\$184,604	\$247,460	\$432,064	366,876	\$1.18
<i>Tier 2: 5-11 units</i>	\$361,055	\$220,216	\$581,270	252,608	\$2.30
<i>Tier 3: 12 + units</i>	\$445,570	\$179,652	\$625,222	149,379	\$4.19
MTF	\$58,954	\$50,627	\$109,581	67,103	
<i>Tier 1: 0-4 units</i>	\$23,093	\$30,956	\$54,049	45,895	\$1.18
<i>Tier 2: 5-11 units</i>	\$25,210	\$15,376	\$40,586	17,638	\$2.30
<i>Tier 3: 12 + units</i>	\$10,651	\$4,294	\$14,945	3,571	\$4.19
MHP	\$19,263	\$21,033	\$40,296	29,841	
<i>Tier 1: 0-4 units</i>	\$12,902	\$17,295	\$30,196	25,641	\$1.18
<i>Tier 2: 5-11 units</i>	\$5,675	\$3,461	\$9,136	3,970	\$2.30
<i>Tier 3: 12 + units</i>	\$686	\$277	\$963	230	\$4.19
COM	\$57,707	\$71,277	\$128,983	103,970	
<i>Tier 1: 0-4 units</i>	\$6,914	\$9,268	\$16,182	13,740	\$1.18
<i>Tier 2: 5-11 units</i>	\$7,689	\$9,387	\$17,075	13,658	\$1.25
<i>Tier 3: 12 + units</i>	\$43,104	\$52,622	\$95,726	76,571	\$1.25
PBE	\$18,694	\$15,765	\$34,459	20,770	
<i>Tier 1: 0-4 units</i>	\$1,063	\$1,425	\$2,488	2,112	\$1.18
<i>Tier 2: 5-11 units</i>	\$1,788	\$1,805	\$3,593	2,510	\$1.43
<i>Tier 3: 12 + units</i>	\$15,843	\$12,535	\$28,379	16,147	\$1.76
IRR	\$48,777	\$20,097	\$68,873	17,111	
<i>Tier 1: 0-4 units</i>	\$1,449	\$1,465	\$2,914	2,039	\$1.43
<i>Tier 2: 5-11 units</i>	\$1,767	\$1,523	\$3,290	2,021	\$1.63
<i>Tier 3: 12 + units</i>	\$45,561	\$17,109	\$62,670	13,052	\$4.80
CIM	\$172,023	\$65,351	\$237,374	50,607	
<i>Tier 1: 0-4 units</i>	\$461	\$466	\$928	649	\$1.43
<i>Tier 2: 5-11 units</i>	\$945	\$815	\$1,760	1,081	\$1.63
<i>Tier 3: 12 + units</i>	\$170,616	\$64,070	\$234,686	48,877	\$4.80
BLK	\$5,065	\$6,446	\$11,511	9,460	
<i>Tier 1: 0-4 units</i>	\$142	\$279	\$422	439	\$0.96
<i>Tier 2: 5-11 units</i>	\$210	\$413	\$623	649	\$0.96
<i>Tier 3: 12 + units</i>	\$4,713	\$5,753	\$10,466	8,372	\$1.25

3.3.11. Revenue Offset Allocation

Non-rate revenue, such as property tax, can often be used to provide revenue offsets – meaning non-rate revenue is applied to the revenue requirement for certain customer classes to promote affordability (lower the

rate). The District provided guidance as to how to best use property tax that reflects community values - which is affordability for SFR and for irrigation of ball fields (CIM). Tax revenue is projected to be \$2.14 million in FY 24/25. The District decided to allocate 100 percent of property tax as a revenue offset for residential customers (SFR, MTF and MHP) and for school and other public field irrigation customers (CIM). **Table 3-29** details the distribution of property tax to both customer classes and the resulting offset to rates shown in the right most column.

Table 3-29 Revenue Offset by Eligible Class

Customer Class	Eligible Water Sales	Property Tax Revenue Offset %	Property Tax Revenue Offset	Offset Rate
RESIDENTIAL (SFR, MTF, MHP)				
T1	438,411 hcf	57.35%	(\$1,227,700)	(\$2.80)
T2	274,217 hcf	18.50%	(\$396,032)	(\$1.44)
T3	153,180 hcf	16.65%	(\$356,429)	(\$2.33)
CIM				
T2	1,081 hcf	0.01%	(\$117)	(\$0.11)
T3	48,877 hcf	7.49%	(\$160,436)	(\$3.28)
TOTAL	915,766 hcf		(\$2,140,714)	

3.4. Proposed Water Rates

The proposed fixed and variable rates resulting from the cost of service analysis and revenue adjustments are discussed in the following sections.

3.4.1. Fixed Monthly Charge Derivation

Table 3-30 shows the derivation of the monthly charge components. The proposed fixed charge is the summation of the Billing & Customer Service (CS), Meter and CRP Charge components, which were derived for a 5/8-inch meter in Table 3-25. The meter and CRP charges for the larger meters are derived by escalating the 5/8-inch meter charge using the AWWA capacity ratios shown in Table 3-24. The Water Service fee is derived by adding the Billing & CS costs to the Meter costs for each meter size. The proposed fixed charge will apply to all customers with a meter.

Table 3-30 Proposed Monthly Fixed Charge (“Basic Monthly Fee”)¹⁷

Meter Size	Billing & CS	Meter	CRP Charge	Proposed Total Fixed Charge	Current Total Fixed Charge	Dollar Change	% change
5/8 inch	\$6.42	\$12.26	\$6.54	\$25.22	\$23.35	\$1.87	8%
1 inch	\$6.42	\$30.64	\$16.33	\$53.39	\$46.17	\$7.22	16%
1 1/2 inch	\$6.42	\$61.27	\$32.66	\$100.35	\$84.20	\$16.15	19%
2 inch	\$6.42	\$98.03	\$52.25	\$156.70	\$129.83	\$26.87	21%
4 inch	\$6.42	\$306.33	\$163.27	\$476.02	\$388.37	\$87.65	23%
6 inch	\$6.42	\$612.65	\$326.54	\$945.61	\$768.59	\$177.02	23%

Applying the proposed revenue adjustments from Table 3-14 to the proposed monthly fixed charges in Table 3-30 and rounding up to the nearest cent, yields the monthly fixed charges for the study period as presented in Table 3-31.

Table 3-31 Proposed Basic Monthly Fee FY 24/25- FY 28/29¹⁸

Meter Size	Current Fixed Charge	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
5/8 inch	\$23.35	\$25.22	\$27.24	\$29.42	\$31.78	\$34.33
1 inch	\$46.17	\$53.39	\$57.67	\$62.29	\$67.28	\$72.67
1 1/2 inch	\$84.20	\$100.35	\$108.38	\$117.06	\$126.43	\$136.55
2 inch	\$129.83	\$156.70	\$169.24	\$182.78	\$197.41	\$213.21
3 inch	\$251.49	\$306.97	\$331.53	\$358.06	\$386.71	\$417.65
4 inch	\$388.37	\$476.02	\$514.11	\$555.24	\$599.66	\$647.64
6 inch	\$768.59	\$945.61	\$1,021.26	\$1,102.97	\$1,191.21	\$1,286.51

3.4.2. Volumetric Rate Derivation

Table 3-32 derives the volumetric rates for FY 24/25 by customer class and provides a comparison with the existing rates.

¹⁷ Rates are rounded up to the nearest cent.

¹⁸ Rates are rounded up to the nearest cent.

The proposed volumetric rate is the sum of the water supply, delivery and peaking, and revenue offset costs as shown in **Table 3-32**. The water delivery costs are equally distributed among all customers. Variations in volumetric rates originate from the different peaking rates as shown in **Table 3-17** and **Table 3-28**, and from the variation in Tier 1 supply costs described in Section 3.3.9 and shown in **Table 3-27**.

In addition, the revenue offsets further differentiate residential Tier 1, 2, and 3 and CIMIS' Tier 2 and 3 volumetric rate. The revenue offsets were detailed in **Table 3-29**.

Table 3-32 Breakdown of Proposed Volumetric Rates¹⁹ per hcf for FY 24/25

Customer Class	Supply	Delivery	Peaking	Rev. Offset	Proposed Vol. Rate	Current Vol. Rate	Dollar Change	% change
Residential (SFR, MFR, MHP)²⁰								
Tier 1: 0-4 units	\$1.94	\$4.10	\$1.18	(\$2.80)	\$4.42	\$4.11	\$0.31	7.5%
Tier 2: 5-11 units	\$2.57	\$4.10	\$2.30	(\$1.44)	\$7.53	\$6.95	\$0.58	8.3%
Tier 3: 12 + units	\$2.57	\$4.10	\$4.19	(\$2.33)	\$8.53	\$7.91	\$0.62	7.8%
Commercial (COM)								
Tier 1: 0-4 units	\$1.94	\$4.10	\$1.18	\$0.00	\$7.22	\$6.44	\$0.78	12.1%
Tier 2: 5-11 units	\$2.57	\$4.10	\$1.25	\$0.00	\$7.92	\$6.95	\$0.97	14.0%
Tier 3: 12 + units	\$2.57	\$4.10	\$1.25	\$0.00	\$7.92	\$7.91	\$0.01	0.1%
Public (PBE)								
Tier 1: 0-4 units	\$1.94	\$4.10	\$1.18	\$0.00	\$7.22	\$6.44	\$0.78	12.1%
Tier 2: 5-11 units	\$2.57	\$4.10	\$1.43	\$0.00	\$8.10	\$6.95	\$1.15	16.5%
Tier 3: 12 + units	\$2.57	\$4.10	\$1.76	\$0.00	\$8.43	\$7.91	\$0.52	6.6%
Irrigation (IRR)								
Tier 1: 0-4 units	\$1.94	\$4.10	\$1.43	\$0.00	\$7.47	\$6.49	\$0.98	15.1%
Tier 2: 5-11 units	\$2.57	\$4.10	\$1.63	\$0.00	\$8.30	\$6.95	\$1.35	19.4%
Tier 3: 12 + units	\$2.57	\$4.10	\$4.80	\$0.00	\$11.47	\$11.15	\$0.32	2.9%
CIMIS (CIM)								
Tier 1: 0-4 units	\$1.94	\$4.10	\$1.43	\$0.00	\$7.47	\$6.49	\$0.98	15.1%
Tier 2: 5-11 units	\$2.57	\$4.10	\$1.63	(\$0.11)	\$8.19	\$6.95	\$1.24	17.8%
Tier 3: 12 + units	\$2.57	\$4.10	\$4.80	(\$3.28)	\$8.19	\$6.95	\$1.24	17.8%
Bulk (BLK)								
Tier 1: 0-4 units	\$1.94	\$4.10	\$0.96	\$0.00	\$7.00	\$6.49	\$0.51	8%
Tier 2: 5-11 units	\$2.57	\$4.10	\$0.96	\$0.00	\$7.63	\$6.95	\$0.68	10%
Tier 3: 12 + units	\$2.57	\$4.10	\$1.25	\$0.00	\$7.92	\$11.15	-\$3.23	-29%

Similar to the fixed charge calculation, the volumetric rates for FY 24/25 to 28/29 are escalated with the proposed revenue adjustment in **Table 3-14**, as derived in **Table 3-33**.

¹⁹ Rates are rounded up to the nearest cent.

²⁰ MFR and MHP have revised tiers based on unit count. For example: An apartment with 6 dwelling units would have a Tier 1 threshold of 24 units of water (6 dwelling units x 4 units of water each)

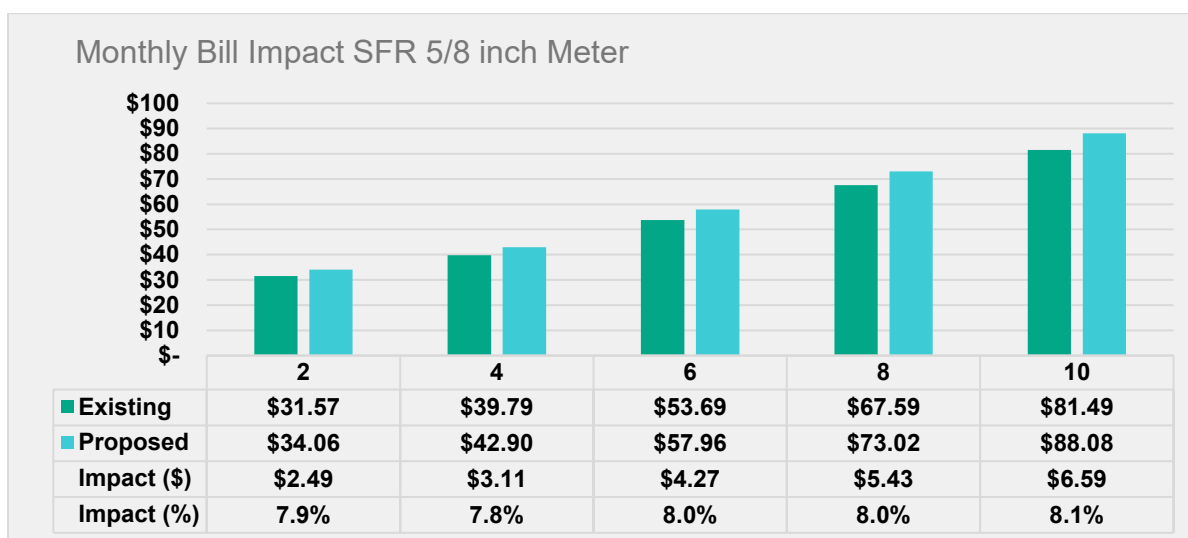
Table 3-33 Proposed Volumetric Rates per hcf for FY 24/25 - FY 28/29

	Current Rates	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
Residential (SFR, MFR, MHP)²¹						
Tier 1: 0-4 units	\$4.11	\$4.42	\$4.78	\$5.17	\$5.59	\$6.04
Tier 2: 5-11 units	\$6.95	\$7.53	\$8.14	\$8.80	\$9.51	\$10.28
Tier 3: 12 + units	\$7.91	\$8.53	\$9.22	\$9.96	\$10.76	\$11.63
Commercial (COM)						
Tier 1: 0-4 units	\$6.44	\$7.22	\$7.80	\$8.43	\$9.11	\$9.84
Tier 2: 5-11 units	\$6.95	\$7.92	\$8.56	\$9.25	\$9.99	\$10.79
Tier 3: 12 + units	\$7.91	\$7.92	\$8.56	\$9.25	\$9.99	\$10.79
Public (PBE)						
Tier 1: 0-4 units	\$6.44	\$7.22	\$7.80	\$8.43	\$9.11	\$9.84
Tier 2: 5-11 units	\$6.95	\$8.10	\$8.75	\$9.45	\$10.21	\$11.03
Tier 3: 12 + units	\$7.91	\$8.43	\$9.11	\$9.84	\$10.63	\$11.49
Irrigation (IRR)						
Tier 1: 0-4 units	\$6.49	\$7.47	\$8.07	\$8.72	\$9.42	\$10.18
Tier 2: 5-11 units	\$6.95	\$8.30	\$8.97	\$9.69	\$10.47	\$11.31
Tier 3: 12 + units	\$11.15	\$11.47	\$12.39	\$13.39	\$14.47	\$15.63
CIMIS (CIM)						
Tier 1: 0-4 units	\$6.49	\$7.47	\$8.07	\$8.72	\$9.42	\$10.18
Tier 2: 5-11 units	\$6.95	\$8.19	\$8.85	\$9.56	\$10.33	\$11.16
Tier 3: 12 + units	\$6.95	\$8.19	\$8.85	\$9.56	\$10.33	\$11.16
Bulk (BLK)						
Tier 1: 0-4 units	\$6.49	\$7.00	\$7.56	\$8.17	\$8.83	\$9.54
Tier 2: 5-11 units	\$6.95	\$7.63	\$8.25	\$8.91	\$9.63	\$10.41
Tier 3: 12 + units	\$11.15	\$7.92	\$8.56	\$9.25	\$9.99	\$10.79

3.4.3. Bill Impacts

Figure 3-7 presents sample monthly bills for single-family residential customers in FY 24/25. A single-family residential account with a 5/8-inch meter which uses 6 hcf will see a 8% increase in the proposed monthly water bill, which is equal to the overall revenue increase.

²¹ MFR and MHP have revised tiers based on unit count. For example: An apartment with 6 dwelling units would have a Tier 1 threshold of 24 units of water (6 dwelling units x 4 units of water each)

Figure 3-7 Sample Residential Customer Water Bill Impact

Bill impacts for other customer classes vary by class with most changing 8 to 9% for the average bill, close to the 8% revenue increase. IRR and CIM customers are more likely to see a significant increase in their bills due to the water supply and peaking factor changes that added more cost to the Tier 3 rates. During the 2019 rate study, the water supply costs were distributed uniformly across all three tiers rather than applying the lower groundwater costs to tier 1, as was done in this study. **Table 3-34** presents the estimated bill impacts for the most common meter size and average water use by customer class.

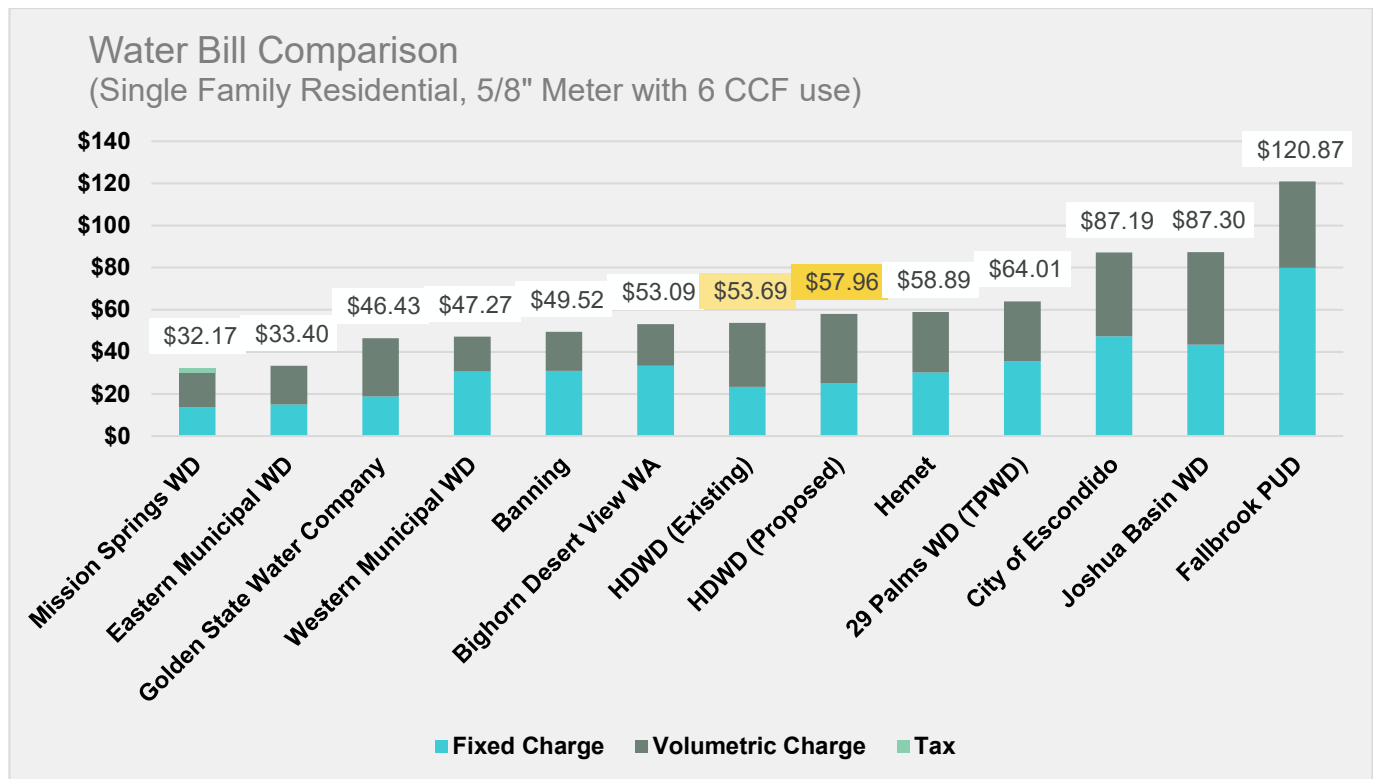
Table 3-34 Estimated Bill Impact by Customer Class

	SFR	MTF	MHP	COM	IRR	PBE	BLK	CIM
Average water use	6	9	205	20	20	29	46	298
Meter size	5/8 inch	5/8 inch	1 inch	5/8 inch	1 inch	5/8 inch	3 inch	2 inch
Number of Units	2		35					
Total Current Bill	\$53.69	\$63.18	\$1,073.32	\$153.13	\$221.13	\$240.14	\$716.35	\$2,199.09
Total Proposed Bill	\$57.96	\$68.11	\$1,161.64	\$164.98	\$244.60	\$262.54	\$665.58	\$2,594.44
Dollar impact	\$4.27	\$4.93	\$88.32	\$11.85	\$23.47	\$22.40	-\$50.77	\$395.35
Percent impact	8.0%	7.8%	8.2%	7.7%	10.6%	9.3%	-7.1%	18.0%

3.4.4. Water Rate Survey

A comparison to other utilities' water bills is shown in **Figure 3-8**. These are current water rates as published on the various utility or city websites and would not include any rate studies that are currently underway.

Figure 3-8 Water Rate Survey



3.5. Drought Rates

Southern California goes through periods of dry weather with very minimal rainfall which necessitates water conservation because of reduced water supplies. As experienced during previous drought conditions, State water regulators and wholesale water agencies may cut back the amount of water available from both surface water and local groundwater and declare mandatory conservation measures. In response, retail agencies declare drought stages to enforce water conservation. The District wants to be prepared to address these conditions when it becomes necessary to mandate conservation so that it can readily provide customers with an incentive to save water and implement drought rates (conservation rates) to mitigate the impact of reduced revenues from lower water sales.

A drought rate may be imposed during times of a declared drought when a certain level of reduction from normal use has been mandated. The District's *Water Shortage Contingency Plan* (the Plan) has six shortage levels as shown in **Table 3-35**. Water use efficiency practices and water conservation measures are outlined in the Plan to alter behavior and achieve reductions at each stage. A drought rate is charged on each unit of water and is calculated to recover costs resulting from loss of revenue due to reduced water use. The amount of the drought rate at different stages is based upon the District's Plan stages and projected revenue shortfall adjusted for changes in costs.

Table 3-35 District Water Shortage Levels

Stages of Shortage	% Reduction	Description
Stage 1	10%	Water Alert
Stage 2	20%	Moderate Water Shortage
Stage 3	30%	Severe Water Shortage
Stage 4	40%	Critical Water Shortage
Stage 5	50%	Water Shortage Crisis
Stage 6	60%	Emergency Water Shortage

Raftelis calculated the drought rate to recover the revenue shortfall that occurs as a result of demand reduction during the four water supply emergency stages.

To determine the drought rate, the first step is to project the water use reduction for each customer class under different drought stages. **Table 3-36** shows the projected water demand for each customer class and tier at different stages. Raftelis projects that single family customers and irrigation customers using more discretionary water are expected to reduce more under the different drought stages. Typically, multi-family customers typically have less irrigation use and will not be able to conserve much. Commercial customers that need water for their businesses will also conserve less. The analysis shows the increase in commodity rates for each drought stage. Note that the actual reduction achieved under each drought stage may vary slightly from the target, as seen in stage 6.

Table 3-36 Projected Water Demand by Percent Usage Reduction

Customer Class	Usage	10% Redu ction	10% Usage	20% Redu ction	20% Usage	30% Redu ction	30% Usage	40% Redu ction	40% Usage	50% Redu ction	50% Usage	60% Redu ction	60% Usage
SFR	768,864												
<i>T1</i>	366,876	5%	348,532	12%	322,851	17%	304,507	20%	293,501	25%	275,157	40%	220,126
<i>T2</i>	252,608	12%	222,295	25%	189,456	38%	156,617	50%	126,304	60%	101,043	70%	75,783
<i>T3</i>	149,379	20%	119,503	40%	89,628	60%	59,752	80%	29,876	92%	11,950	95%	7,469
MTF	67,103												
<i>T1</i>	45,895	5%	43,600	7%	42,682	10%	41,305	15%	39,010	25%	34,421	40%	27,537
<i>T2</i>	17,638	10%	15,874	20%	14,110	35%	11,465	45%	9,701	60%	7,055	70%	5,291
<i>T3</i>	3,571	15%	3,035	35%	2,321	55%	1,607	75%	893	90%	357	95%	179
MHP	29,841												
<i>T1</i>	25,641	5%	24,359	7%	23,846	10%	23,076	15%	21,794	25%	19,230	40%	15,384
<i>T2</i>	3,970	10%	3,573	20%	3,176	35%	2,581	45%	2,184	60%	1,588	70%	1,191
<i>T3</i>	230	15%	196	35%	150	55%	104	75%	58	90%	23	95%	12
COM	103,970												
<i>T1</i>	13,740	0%	13,740	3%	13,328	5%	13,053	10%	12,366	15%	11,679	20%	10,992
<i>T2</i>	13,658	3%	13,249	5%	12,976	10%	12,293	20%	10,927	35%	8,878	45%	7,512
<i>T3</i>	76,571	10%	68,914	15%	65,086	30%	53,600	35%	49,771	45%	42,114	60%	30,629
PBE	20,770												
<i>T1</i>	2,112	0%	2,112	3%	2,049	5%	2,007	10%	1,901	15%	1,796	20%	1,690
<i>T2</i>	2,510	3%	2,435	5%	2,385	10%	2,259	20%	2,008	35%	1,632	45%	1,381
<i>T3</i>	16,147	10%	14,533	15%	13,725	30%	11,303	35%	10,496	45%	8,881	60%	6,459

Customer Class	Usage	10% Reduction	10% Usage	20% Reduction	20% Usage	30% Reduction	30% Usage	40% Reduction	40% Usage	50% Reduction	50% Usage	60% Reduction	60% Usage
IRR	17,111												
T1	2,039	5%	1,937	10%	1,835	20%	1,631	30%	1,427	45%	1,121	60%	815
T2	2,021	7%	1,879	15%	1,717	25%	1,515	45%	1,111	55%	909	65%	707
T3	13,052	15%	11,094	25%	9,789	35%	8,484	60%	5,221	90%	1,305	95%	653
CIM	50,607												
T1	649	5%	617	10%	584	20%	519	30%	454	45%	357	60%	260
T2	1,081	7%	1,005	15%	919	25%	811	45%	595	55%	486	65%	378
T3	48,877	15%	41,545	25%	36,658	35%	31,770	60%	19,551	90%	4,888	95%	2,444
BLK	9,460												
T1	439	0%	439	3%	426	5%	417	10%	395	15%	373	20%	351
T2	649	3%	629	5%	617	10%	584	25%	487	35%	422	45%	357
T3	8,372	10%	7,535	15%	7,116	35%	5,442	40%	5,023	60%	3,349	65%	2,930
	1,067,726	10%	962,631	20%	857,428	30%	746,701	40%	645,054	50%	539,016	61%	420,528

Table 3-37 Estimated Cost Savings by Percent Usage Reduction

Cost Savings	FY 2025	10%	20%	30%	40%	50%	60%
Amount Purchased Water Reduction		10%	20%	30%	40%	50%	61%
Total Water Usage (AF)	2,453	2,211	1,970	1,715	1,482	1,238	966
Reduction in Water Usage (AF)		(241)	(483)	(738)	(971)	(1,215)	(1,487)
Water Supply							
Purchased water from Mojave	2,538 AF	2,297 AF	2,055 AF	1,800 AF	1,567 AF	1,323 AF	1,051 AF
Total Groundwater	500 AF	500 AF	500 AF	500 AF	500 AF	500 AF	500 AF
Total Supply	<u>3,038 AF</u>	<u>2,797 AF</u>	<u>2,555 AF</u>	<u>2,300 AF</u>	<u>2,067 AF</u>	<u>1,823 AF</u>	<u>1,551 AF</u>
Total Water Cost	\$1,593,864	\$1,442,240	\$1,290,460	\$1,130,711	\$984,060	\$831,076	\$660,130
Water Supply Cost Savings							
		\$151,624	\$303,404	\$463,153	\$609,804	\$762,788	\$933,734
Total Pumping and Water Treatment	\$2,593,220	\$2,387,129	\$2,180,826	\$1,963,690	\$1,764,359	\$1,556,418	\$1,324,064
Pumping and Water Treatment Unit Cost (\$/AF)	\$853.59						
Pumping and Water Treatment Cost Savings		\$206,091	\$412,395	\$629,530	\$828,861	\$1,036,802	\$1,269,156
Total Cost Savings		\$357,715	\$715,798	\$1,092,684	\$1,438,665	\$1,799,590	\$2,202,890

The next step is to estimate the water supply cost savings, from lower water purchases, that result when there is a reduction in demand. The variable costs associated with each supply source are used to determine the cost savings. Almost all other costs are fixed and will not vary based on water demand. **Table 3-37** shows the estimated cost savings in water supply costs for each stage. The first cost savings is the reduction in Mojave water purchases. The other cost savings comes from reductions in pumping and water treatment. The pumping and water treatment cost at each stage is estimated by dividing FY 24/25 pumping and water treatment costs (\$2,593,220) by the total water produced in FY 24/25 (3,038 AF) to come up with a unit cost of \$853.59/AF. This unit cost is then multiplied by each stage's total supply in AF to come up with a new pumping and water treatment cost at each stage.

The final step is to calculate the drought surcharge, shown in **Table 3-38**. First, the projected potable water revenue is calculated by multiplying the demand projections from **Table 3-36** for each level of reduction in use or scenario and the proposed water rates in FY 24/25. The revenue shortfall is determined by comparing this revenue for each scenario with the FY 24/25 revenues. Next, we add the estimated cost savings from **Table 3-37** for each scenario. The total shortfall is divided by the projected demand in each scenario to arrive at a uniform percent increase per unit of water for each scenario. **Table 3-38** shows the proposed percentage increase that would be charged for each drought stage. Surcharges for subsequent years would increase by the same percentages of 7%, 15%, 27%, 43%, 67%, or 100%. Rates for intermediate conservation goals may be determined by linearly prorating the increases per unit.

Table 3-38 Drought Surcharge by Percent Usage Reduction

	FY 24/25	10%	20%	30%	40%	50%	50%
Projected Potable Volumetric Revenue	\$6,969,386	\$6,193,515	\$5,444,112	\$4,627,296	\$3,852,437	\$3,083,609	\$2,379,613
Revenue Shortfall		(\$771,311)	(\$1,520,714)	(\$2,337,530)	(\$3,112,389)	(\$3,881,217)	(\$4,585,213)
Cost Savings		\$357,715	\$715,798	\$1,092,684	\$1,438,665	\$1,799,590	\$2,202,890
Net Revenue Shortfall to be Recovered		(\$413,596)	(\$804,916)	(\$1,244,847)	(\$1,673,724)	(\$2,081,627)	(\$2,382,324)
% Revenue Shortfall		7%	15%	27%	43%	68%	100%

The proposed surcharge rates for FY 24/25 are shown in **Table 3-39** with the total projected revenue at each stage shown in **Table 3-40**. The drought rates for the out years of the study are calculated by increasing the rates in effect at the time by the percentages shown in **Table 3-38**. The specific drought rates for each year of the study are shown in **Appendix B**.

Table 3-39 Drought Rates by Percent Usage Reduction FY 24/25

	FY 24/25 Proposed Rates	Stage 1 - 7% Increase	Stage 2 - 15% Increase	Stage 3 - 27% Increase	Stage 4 - 43% Increase	Stage 5 - 68% Increase	Stage 6 - 100% Increase
Residential (SFR, MFR, MHP)²²							
Tier 1: 0-4 units	\$4.42	\$4.72	\$5.08	\$5.61	\$6.35	\$7.41	\$8.85
Tier 2: 5-11 units	\$7.53	\$8.04	\$8.65	\$9.56	\$10.81	\$12.62	\$15.07
Tier 3: 12 + units	\$8.53	\$9.10	\$9.80	\$10.83	\$12.24	\$14.29	\$17.07
Commercial (COM)							
Tier 1: 0-4 units	\$7.22	\$7.71	\$8.29	\$9.17	\$10.36	\$12.10	\$14.45
Tier 2: 5-11 units	\$7.92	\$8.45	\$9.10	\$10.06	\$11.37	\$13.27	\$15.85
Tier 3: 12 + units	\$7.92	\$8.45	\$9.10	\$10.06	\$11.37	\$13.27	\$15.85
Public (PBE)							
Tier 1: 0-4 units	\$7.22	\$7.71	\$8.29	\$9.17	\$10.36	\$12.10	\$14.45
Tier 2: 5-11 units	\$8.10	\$8.65	\$9.30	\$10.28	\$11.62	\$13.57	\$16.21
Tier 3: 12 + units	\$8.43	\$9.00	\$9.68	\$10.70	\$12.10	\$14.13	\$16.87
Irrigation (IRR)							
Tier 1: 0-4 units	\$7.47	\$7.97	\$8.58	\$9.48	\$10.72	\$12.52	\$14.95
Tier 2: 5-11 units	\$8.30	\$8.86	\$9.53	\$10.54	\$11.91	\$13.91	\$16.61
Tier 3: 12 + units	\$11.47	\$12.24	\$13.17	\$14.56	\$16.46	\$19.22	\$22.96
CIMIS (CIM)							
Tier 1: 0-4 units	\$7.47	\$7.97	\$8.58	\$9.48	\$10.72	\$12.52	\$14.95
Tier 2: 5-11 units	\$8.19	\$8.74	\$9.41	\$10.40	\$11.75	\$13.72	\$16.39
Tier 3: 12 + units	\$8.19	\$8.74	\$9.41	\$10.40	\$11.75	\$13.72	\$16.39
Bulk (BLK)							
Tier 1: 0-4 units	\$7.00	\$7.47	\$8.04	\$8.89	\$10.05	\$11.73	\$14.01
Tier 2: 5-11 units	\$7.63	\$8.14	\$8.76	\$9.69	\$10.95	\$12.79	\$15.27
Tier 3: 12 + units	\$7.92	\$8.45	\$9.10	\$10.06	\$11.37	\$13.27	\$15.85

Table 3-40 Revenue Generated at each Stage

	Stage 1 - 7% Increase	Stage 2 - 15% Increase	Stage 3 - 27% Increase	Stage 4 - 43% Increase	Stage 5 - 68% Increase	Stage 6 - 100% Increase
Revenue Generated	\$6,611,442	\$6,255,021	\$5,874,613	\$5,531,714	\$5,168,444	\$4,763,437

²² MFR and MHP have revised tiers based on unit count. For example: An apartment with 6 dwelling units would have a Tier 1 threshold of 24 units of water (6 dwelling units x 4 units of water each)

4. Wastewater Financial Plan and Rates

This chapter details the wastewater rate study methodology and presents the projections for revenues, O&M expenses, capital improvement and reserve requirements for the period FY 24/25 – 28/29. Projected revenues are compared to expenses to assess potential revenue shortages and the need for rates adjustments over the planning horizon. The cost of service analysis, simplified since the District charges per Equivalent Dwelling Unit (EDU), is described in detail, showing how the proposed FY 24/25 wastewater charges are derived.

4.1. Introduction

4.1.1. Wastewater System Background

The Hi-Desert Water District has constructed and now operates a Wastewater Treatment Plant and a wastewater collection system to comply with the Regional Water Quality Control Board resolution (Resolution R7-2011-004) identifying the Town of Yucca Valley as a top priority for eliminating the use of septic systems. The resolution led to an amendment to the Regional Board's Water Quality Control Basin Plan which imposed a three-phased septic tank prohibition on new and existing septic systems within the Town. Phase I of the Wastewater Treatment and Reclamation Project is complete. This included building the Treatment Plant and collection system in the downtown area of Yucca Valley. The first phase was paid for through an assessment district. Properties in the Phase I area are connecting to the system and the District is working on securing funding for Phase 2.

4.1.2. Customer Classes and Number of EDUs

The District's Wastewater rate structure was established in the *Hi-Desert Water District Assessment District No. 2014-1 Engineer's Report*. There are no recommended changes to the structure. The District will continue to charge customers based on Equivalent Dwelling Units (EDUs). One EDU is defined as 175 gallons per day, which is a typical use for a single family customer. The average use in MFR and MHP dwelling units is less than a single family home, so the EDU for these customers is adjusted as shown in **Table 4-1**. Commercial properties' use varies widely based on the type and size of commercial customer, therefore the EDU is calculated monthly based on calculating the EDUs from 90% of water consumption (formula below) or 1 EDU, whichever is greater.

To calculate commercial EDUs the following formula is used:

$$((\text{Water Consumption (HCF)} * 90\%) * \left(\frac{748 \text{ gal/HCF}}{\text{Days in Billing Cycle}} \right)) / 175 \frac{\text{gpd}}{\text{EDU}} = \text{Commercial EDUs}$$

Table 4-1 Wastewater Customer Classes

Customer Class	EDU Assignment
Single Family Home (SFR)	1 EDU per Parcel
Multi-Family Residential (MFR)	0.75 EDU per Unit
Mobile Home Property (MHP)	0.60 EDU per Unit
Commercial Property (COM/PBE)	Minimum of 1 EDU per parcel or Calculated EDU from 90% water consumption

The number of EDUs in each customer class is used to project the revenue from current charges. The number of EDUs for FY 22/23 used in the financial model is presented in **Table 4-2**.

Table 4-2 Wastewater EDUs FY 22/23

Customer Class	FY 22/23
SFR	3,140
MFR	842
MHP	426
COM/PBE (EDU/Month - Average)	1,113
Total	5,520

4.2. Wastewater Financial Plan

This section details the District's wastewater revenues and expenses and projects revenue requirements over the five-year study period. The status quo financial plan is provided in this section, which shows projected financial health if the District does not raise rates, and a revenue adjustment scenario is shared showing the cashflow if rates are increased as recommended.

4.2.1. Current Rates

The current charge per EDU is \$46.71 as shown in **Table 4-3**, this is applied to the customer classes as shown in **Table 4-1** in Section 4.1.2.

Table 4-3 Current Rate per EDU

	FY 22/23
Cost per EDU	\$46.71

4.2.2. Financial Policy

The District has not established a reserves policy for the wastewater enterprise. This study proposes to establish wastewater reserves based on typical reserves. Proposed reserve targets are shown in **Table 4-4**.

Table 4-4 Wastewater Reserve Targets

WASTEWATER PROPOSED	Target
Operating Reserves	25% of Oper. Budget
Capital Reserves	100% of Average 10 yr. CIP ²³

4.2.3. Inflationary and Other Assumptions

To ensure that future costs are reasonably projected, it is necessary to make informed assumptions about inflationary factors. **Table 4-5** shows the inflationary assumptions incorporated in the five-year financial plan. O&M projections are based on the District's FY 23/24 budget using inflationary factors to project O&M expenditures related to general expenses and salaries. The reserve interest rate percentage is used to calculate interest income on reserves (cash balances).

Table 4-5 Inflationary Assumptions

	FY 24/25	FY 25/26	FY 27/28	FY 27/28	FY 28/29
Expense Escalators					
General/CPI	5.00%	4.00%	3.00%	3.00%	3.00%
Capital	6.00%	5.00%	4.00%	3.00%	3.00%
Reserve Interest Rate	1.00%	1.00%	1.00%	1.00%	1.00%

4.2.4. Account Growth Assumptions

Table 4-6 shows the Wastewater account growth assumptions during the study period. The model assumes an account growth of 25 EDUs per year in FY 24/25 and FY 25/26. Connection to the Phase 1 sewer project has been slower than anticipated. Starting in FY 26/27 it is assumed 500 EDUs are added per year as part of the Phase II (and Phase III) septic to sewer conversion project being completed.

Table 4-6 Wastewater Account Growth Assumptions

	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
New accounts per year	25	25	500	500	500

4.2.5. Projected Revenues

Table 4-7 shows the calculated rate revenues and projected non-operating revenues for FY 24/25 through FY 28/29 based on the District's current wastewater rates. The projected annual rate revenue is determined by multiplying the number of EDUs by the corresponding monthly charge per EDU for 12 months. As shown, the study assumes no growth in MFR, MHP and Commercial accounts as this growth is expected to be minimal.

²³ The proposed wastewater capital reserves are 5% of annual operating expenses. The modeled capital reserves are as shown in Table 1-1. The two reserves goals yield comparable reserve targets with FY 2025 targets of \$183k and \$186k for the targets of 100% capital and 5% of annual operating expenses respectively.

Table 4-7 Wastewater Revenues

Revenue Source	FY 23/24 ²⁴	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
SFR	\$1,820,961	\$1,773,906	\$1,787,919	\$2,068,179	\$2,348,439	\$2,628,699
MFR	\$515,011	\$471,678	\$471,678	\$471,678	\$471,678	\$471,678
MHP	\$240,941	\$238,782	\$238,782	\$238,782	\$238,782	\$238,782
COM	\$648,882	\$623,971	\$623,971	\$623,971	\$623,971	\$623,971
Total Sewer Revenue	\$3,225,795	\$3,108,336	\$3,122,349	\$3,402,609	\$3,682,869	\$3,963,129

4.2.6. Projected O&M Expenses

O&M expenses include the costs to operate and maintain the collection system and the wastewater treatment plant, as well as the costs of providing technical services such as engineering services and other administrative and operating costs. The District's FY 23/24 O&M budget and projected O&M expenses are shown in **Table 4-8**. The O&M budget incorporates the inflationary factors shown in **Table 4-4**. The Collection Budget is inflated by the capital inflation factors, and the other budget items are inflated by CPI. The Operations budget includes an additional \$400,000 in FY26/27-FY28/29 to account for additional costs associated with the Phase II septic to sewer project to bring on 1,500 more customers over those three years.

Table 4-8 Wastewater O&M Expenses for FY 23/24 -FY 28/29

	FY 23/24 Budget	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
O&M - Payroll & Benefits	\$1,141,890	\$1,198,985	\$1,246,944	\$1,284,352	\$1,322,883	\$1,362,569
O&M - Operations	1,065,090	\$1,118,345	\$1,163,078	\$1,597,971	\$2,045,910	\$2,507,287
O&M - Collection	55,638	\$58,976	\$61,925	\$64,402	\$66,334	\$68,324
O&M - Administration	1,294,801	\$1,359,541	\$1,413,923	\$1,456,340	\$1,500,031	\$1,545,032
	\$3,557,419	\$3,735,846	\$3,885,870	\$4,403,065	\$4,935,157	\$5,483,212

4.2.7. Capital Improvement Plan (CIP)

Since the wastewater system is fairly new, there are few planned capital improvement projects to include in the 5- year plan. **Table 4-9** shows the assumed CIP costs as provided by District staff. In FY 24/25, the District plans to purchase a camera truck, thus the higher expense. Subsequent years have \$82,500 included to account for any repair or replacement needs.

Table 4-9 Wastewater 5-Year CIP

	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
CIP Costs	\$420,000	\$82,500	\$82,500	\$82,500	\$82,500

4.2.8. Debt

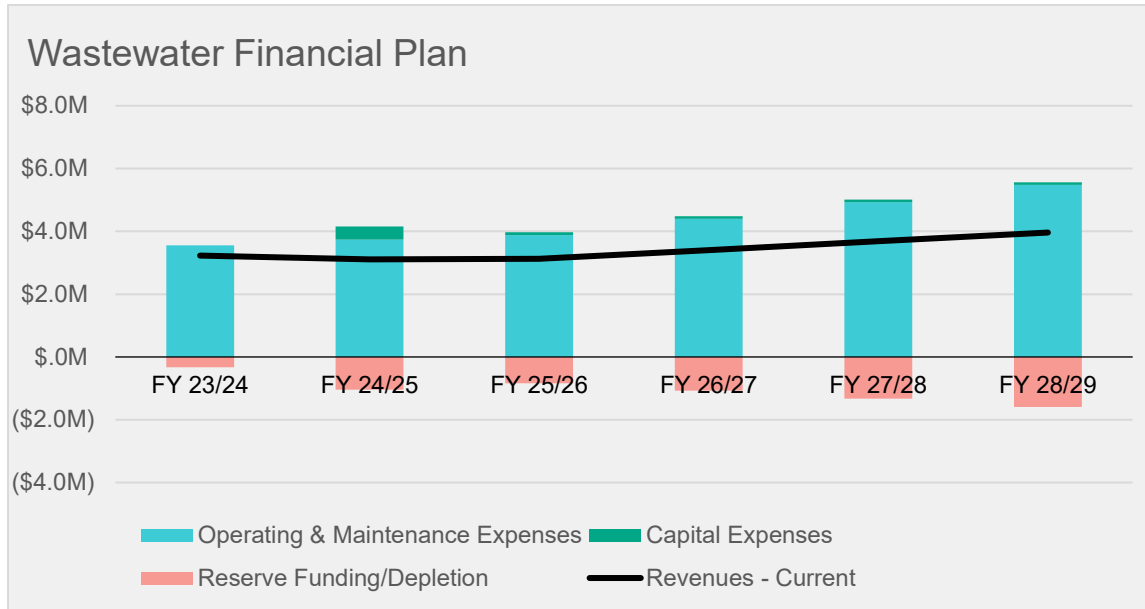
The Wastewater Enterprise currently has a \$7.5 million loan from the Water enterprise that must be repaid. No other debt is planned during this study.

²⁴ From District budget

4.2.9. Status Quo Financial Plan

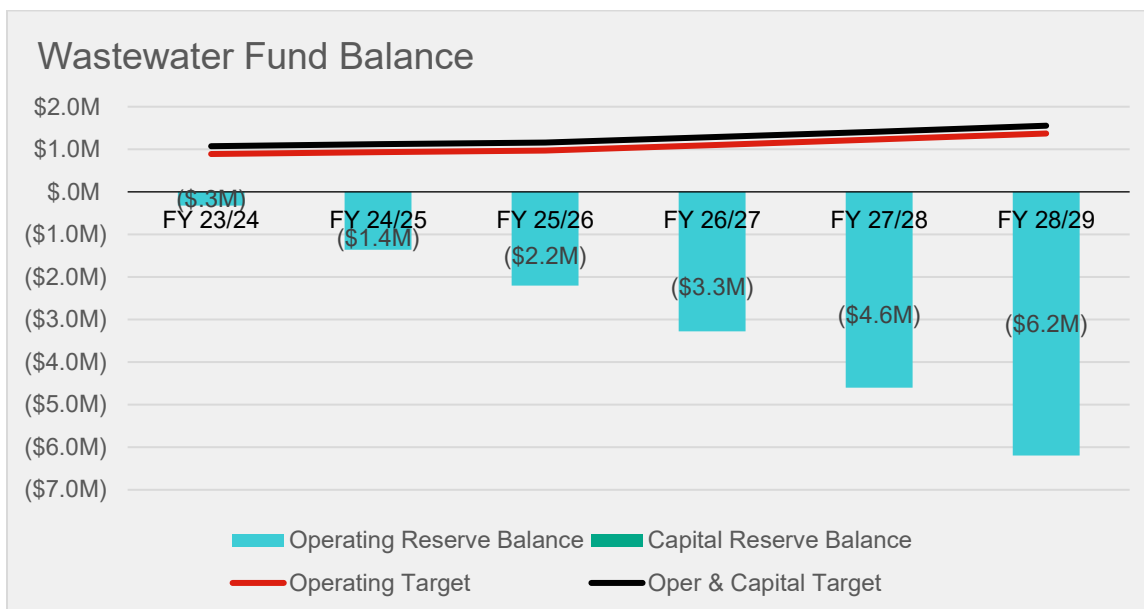
The projected financial plan is based on revenues at existing rates with no adjustments, known as status quo and is attached in **Appendix A**. **Figure 4-1** shows the projected status quo financial plan in graphical format. The bars represent the wastewater utility's cash needs. The black line represents the current revenues, which is below the stacked bars for each year, signifying that the District's wastewater revenues are insufficient to fund its costs. The Revenues are derived from **Table 4-7**, O&M expenses are from **Table 4-8** and Capital expenses are from **Table 4-9**.

Figure 4-1 Status Quo Wastewater Financial Plan



Net cash flow equals total revenues less O&M expenses. Since there are no reserves, the starting balance was set at zero for FY 23/24. Ending balances are calculated by adding beginning balances to net cash flow. The reserve target is derived from the reserve policies summarized in **Table 4-3**. Since the wastewater enterprise is starting with no reserves, the wastewater fund is already at a deficit in FY 23/24 as shown in **Figure 4-2**.

Figure 4-2 Status Quo Wastewater Fund Balance



4.2.10. Proposed Revenue Adjustments and Financial Plan

Table 4-10 shows the proposed revenue adjustments for the wastewater enterprise.

Table 4-10 Wastewater Revenue Adjustments

Wastewater Revenue Adjustment	14.00%	14.00%	9.75%	9.75%	9.75%
-------------------------------	--------	--------	-------	-------	-------

A detailed financial plan with the proposed revenue increase is presented in **Table 4-11**. Explanations of various line items in the table are detailed below:

- The revenues from existing rates (FY 24/25- 28/29 in line 2) are calculated in **Table 4-7**. FY 23/24 revenue is taken from the District's budget. Raftelis calculations, based on EDU counts, are slightly lower than budgeted revenue for FY 23/24.
- The additional revenue from rate adjustment is shown in line 3 and it represents the cumulative increase in revenues due to the proposed rate increases shown in **Table 4-10**.
- Raftelis projected other operating and non-operating revenues by multiplying the actual other revenues (as reported by the District's budget for FY 23/24) by the assumed inflation factors from **Table 4-4**. The only exception is "Interest income" (line 7) which was calculated using the reserve interest rate assumption from **Table 4-4** and the estimated average annual reserves of the District.
- Line 9, "Total Revenues", is equal to the sum of both rate and non-rate revenues.
- Annual cashflows (line 19) is calculated as the difference between total revenues (line 9) and cash outflows (the sum of O&M and CIP expenditures).

With the revenue adjustments, the wastewater enterprise builds its operating reserve close to the target in FY 28/29 (as shown by comparing line 23 to line 27).

Table 4-11 Wastewater Proposed Financial Plan

	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
1 REVENUES						
2 Revenues from Current Rates	\$3,225,795	\$3,108,336	\$3,122,349	\$3,402,609	\$3,682,869	\$3,963,129
3 Subtotal Proposed Revenue Adjustments	\$0	\$435,167	\$935,456	\$1,450,569	\$2,082,207	\$2,845,528
4 Subtotal Revenues from Rates	\$3,225,795	\$3,543,503	\$4,057,804	\$4,853,178	\$5,765,075	\$6,808,657
5						
6 Other Operating Revenues						
7 Interest Income	\$0	\$0	\$0	\$0	\$0	\$9,218
8 Miscellaneous Revenue (FOG)	\$7,960	\$7,960	\$7,960	\$7,960	\$7,960	\$7,960
9 Total Revenue	\$3,233,755	\$3,551,463	\$4,065,764	\$4,861,138	\$5,773,035	\$6,825,835
10						
11 Total O&M	\$3,557,419	\$3,735,846	\$3,885,870	\$4,403,065	\$4,935,157	\$5,483,212
12						
13 Net Cashflow before Capital	(\$323,664)	(\$184,384)	\$179,894	\$458,073	\$837,878	\$1,342,623
14						
15 CIP EXPENDITURES (excl. funded by grants and new dev't)						
16 Rate Funded Capital Projects	\$0	\$420,000	\$82,500	\$82,500	\$82,500	\$82,500
17 Total	\$0	\$420,000	\$82,500	\$82,500	\$82,500	\$82,500
18						
19 Net Cashflow	(\$323,664)	(\$604,384)	\$97,394	\$375,573	\$755,378	\$1,260,123
20						
21 Combined Beginning Balance	\$0	(\$323,664)	(\$928,048)	(\$830,653)	(\$455,081)	\$300,298
22						
23 Combined Ending Balance	(\$323,664)	(\$928,048)	(\$830,653)	(\$455,081)	\$300,298	\$1,560,420
24 Operating Reserve Ending Balance	(\$323,664)	(\$928,048)	(\$830,653)	(\$455,081)	\$300,298	\$1,560,420
25 Capital Reserve Ending Balance	\$0	\$0	\$0	\$0	\$0	\$0
26						
27 Target Reserves	\$1,072,688	\$1,117,295	\$1,154,801	\$1,284,100	\$1,417,123	\$1,554,136
28 Operating Reserves	\$889,355	\$933,962	\$971,467	\$1,100,766	\$1,233,789	\$1,370,803
29 Capital Reserves	\$183,333	\$183,333	\$183,333	\$183,333	\$183,333	\$183,333

The financial plan is shown graphically in **Figure 4-3**. The red bars indicate a deficit the first year of rate adjustments, but sufficient revenue is collected FY 25/26 through 28/29 to build reserves over the course of this study, as shown in **Figure 4-4**.

Figure 4-3 Wastewater Financial Plan

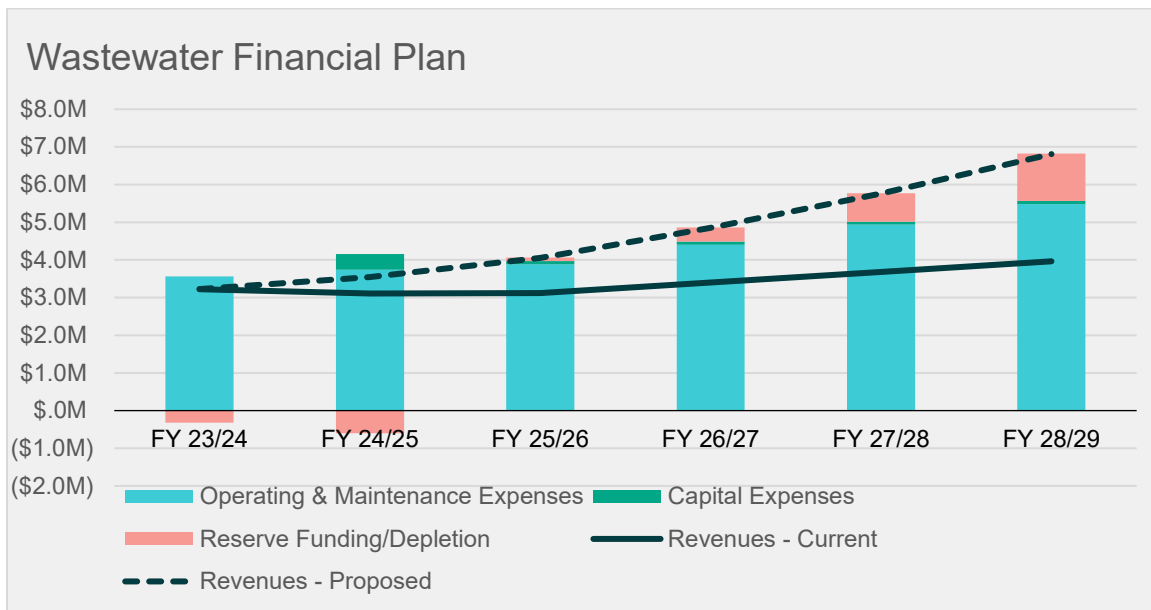
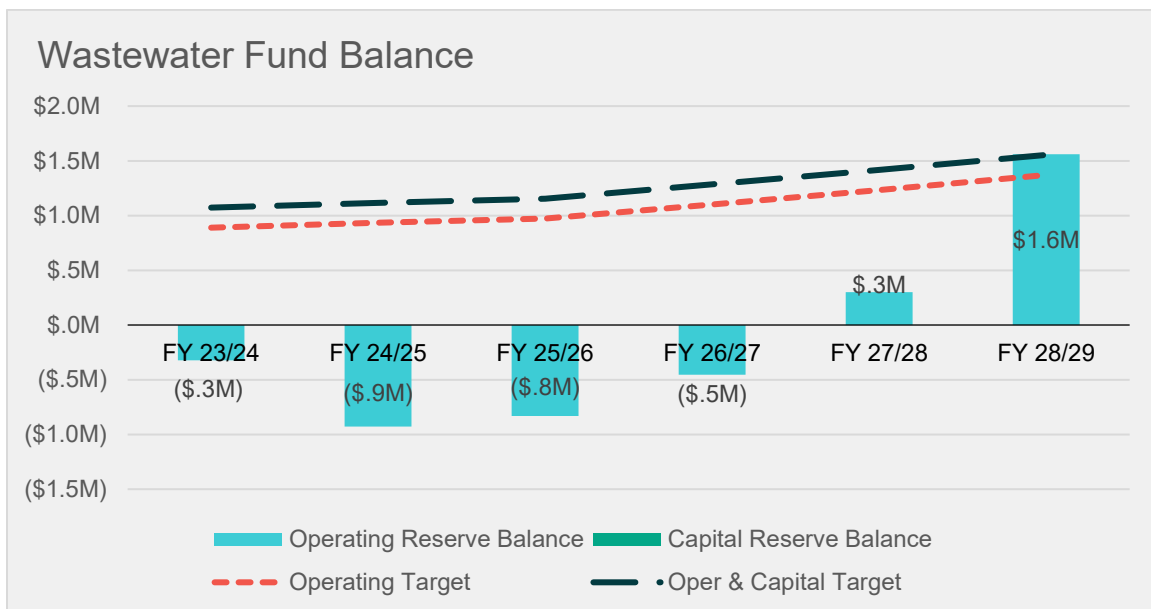


Figure 4-4 Wastewater Fund Balance



4.3. Wastewater Cost of Service Analysis

The Cost of Service (COS) analysis allocates the overall rate revenue requirement to customer classes based on their cost burden to the wastewater system. The COS provides the basis for the proposed wastewater rates through FY 28/29.

The methodology used to develop the COS analysis is informed by the WEF's *Manual of Practice (MOP) No. 27 Financing and Charges for Wastewater Systems*. COS analyses are specific to each wastewater system. The District's COS is simplified because it charges customers based on Equivalent Dwelling Units (EDUs). Therefore, the COS calculates the cost to serve one equivalent dwelling unit.

4.3.1. Wastewater Rate Revenue Requirement Determination

The first step in a COS analysis is to determine the revenue required from wastewater rates. The total revenue requirement results from the wastewater financial plan outlined in Section 4.2, and is shown in **Table 4-12**, below. The revenue requirement is split into operating and capital, which are later allocated based on O&M expenses and capital assets. The revenue requirements (Lines 1-4) include projected FY 24/25 O&M expenses, debt service, and rate-funded CIP expenditures. The non-rate revenue offsets (line 10) include all non-rate revenues. These revenues reduce the final rate revenue requirement. The adjustment for cash balance (line 15) is equal to FY 24/25 negative net operating cash flow under the proposed financial plan, and accounts for the drawdown of operating reserves in FY 24/25.

Table 4-12 Wastewater Rate Revenue Requirement

Line		FY 24/25		
		Operating	Capital	Total
1	Revenue Requirements			
2	O&M Expenses	\$3,735,846		\$3,735,846
3	Debt Service		\$0	\$0
4	Rate Funded CIP		\$420,000	\$420,000
5	Subtotal	\$3,735,846	\$420,000	\$4,155,846
6				
7	Less Revenue Offsets			
8	Interest Income		\$0	\$0
9	Miscellaneous Revenue	\$7,960		\$7,960
10	Subtotal	\$7,960	\$0	\$7,960
11				
12	Less Adjustments			
13	Cash Balance	\$604,384		\$604,384
14	Annual Rev Adjustment	\$0		\$0
15	Subtotal	\$604,384	\$0	\$604,384
16				
17	Rate Revenue Requirement	\$3,123,503	\$420,000	\$3,543,503

4.3.2. Calculation of Unit Cost

The total operating cost and capital cost shown in **Table 4-13**, are from the total rate revenue requirement shown in line 17, **Table 4-12**. The number of EDUs are projected from **Table 4-2**, increasing FY 22/23 EDUs by the growth in **Table 4-6**. The “Charge per EDU” row shows the total charge per sewer equivalent dwelling unit. In the last row, the monthly charge per EDU is shown by dividing the row above by 12.

Table 4-13 Derivation of Cost for one EDU by Cost Component

	Total
Operating Cost	\$3,123,503
Capital Cost	\$420,000
Total Cost of Service	\$3,543,503
Total System EDUs	5,545
Charge per EDU	\$639.04
Monthly Charge per EDU	\$53.25

4.4. Wastewater Proposed Rates

The proposed wastewater rates are calculated based on the COS analysis and the revenue adjustment determined in the proposed financial plan. The proposed rates and the bill impacts based on customer class are presented in this section.

4.4.1. Proposed Rate Schedule

Table 4-14 shows the proposed wastewater rate schedule for the next five years. There is no change to the rate structure or customer classes.

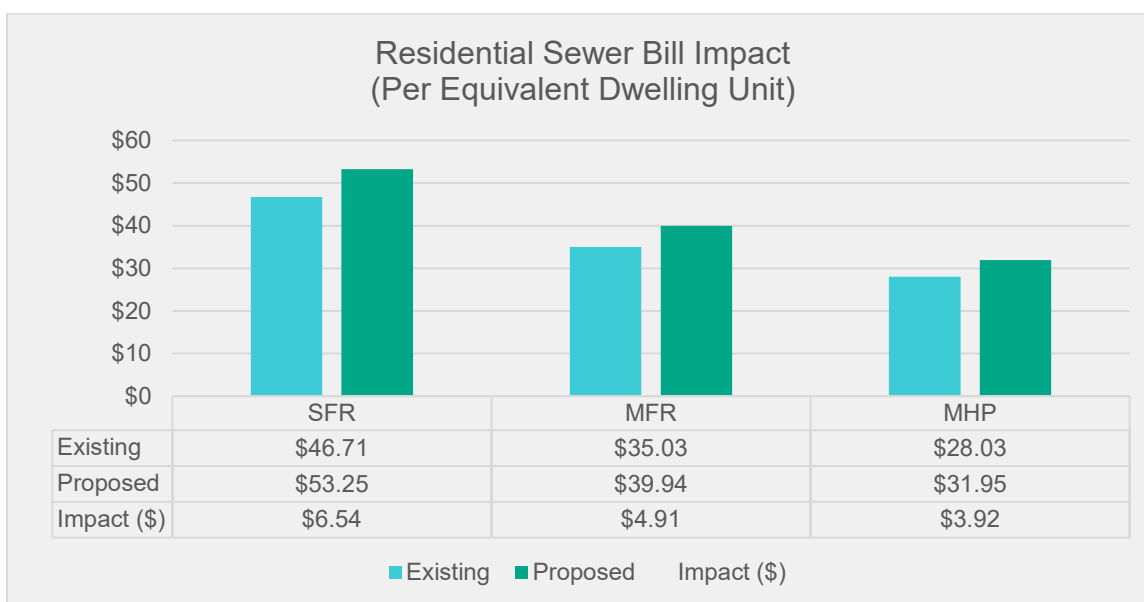
Table 4-14 Proposed Rate Schedule FY 24/25 – FY 28/29

	Current	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
Charge per EDU	\$46.71	\$53.25	\$60.71	\$66.62	\$73.12	\$80.25

4.4.2. Wastewater Bill Impacts

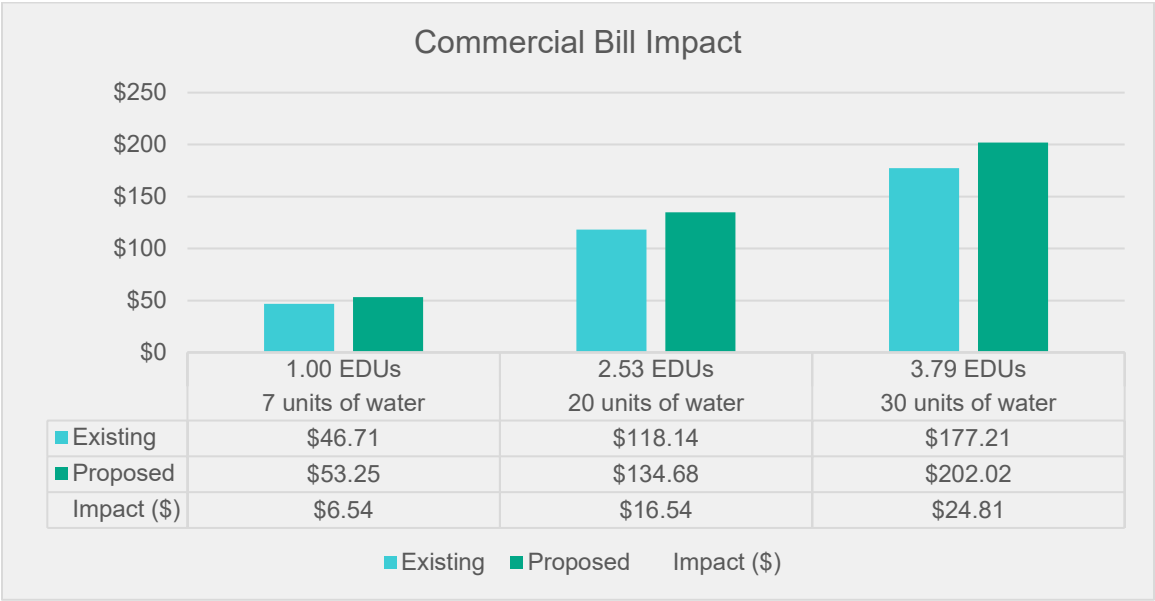
Figure 4-5 presents sample monthly bills for residential customers in FY 24/25. A SFR, MFR, and MHP accounts would see a 14% increase in their proposed monthly water bill, which is equal to the overall revenue increase.

Figure 4-5 Sample Residential Bill Impacts



Sample commercial bills are provided in **Figure 4-6** based on various levels of sewer discharge (water use). Each bill impact is 14%, again equal to the revenue adjustment.

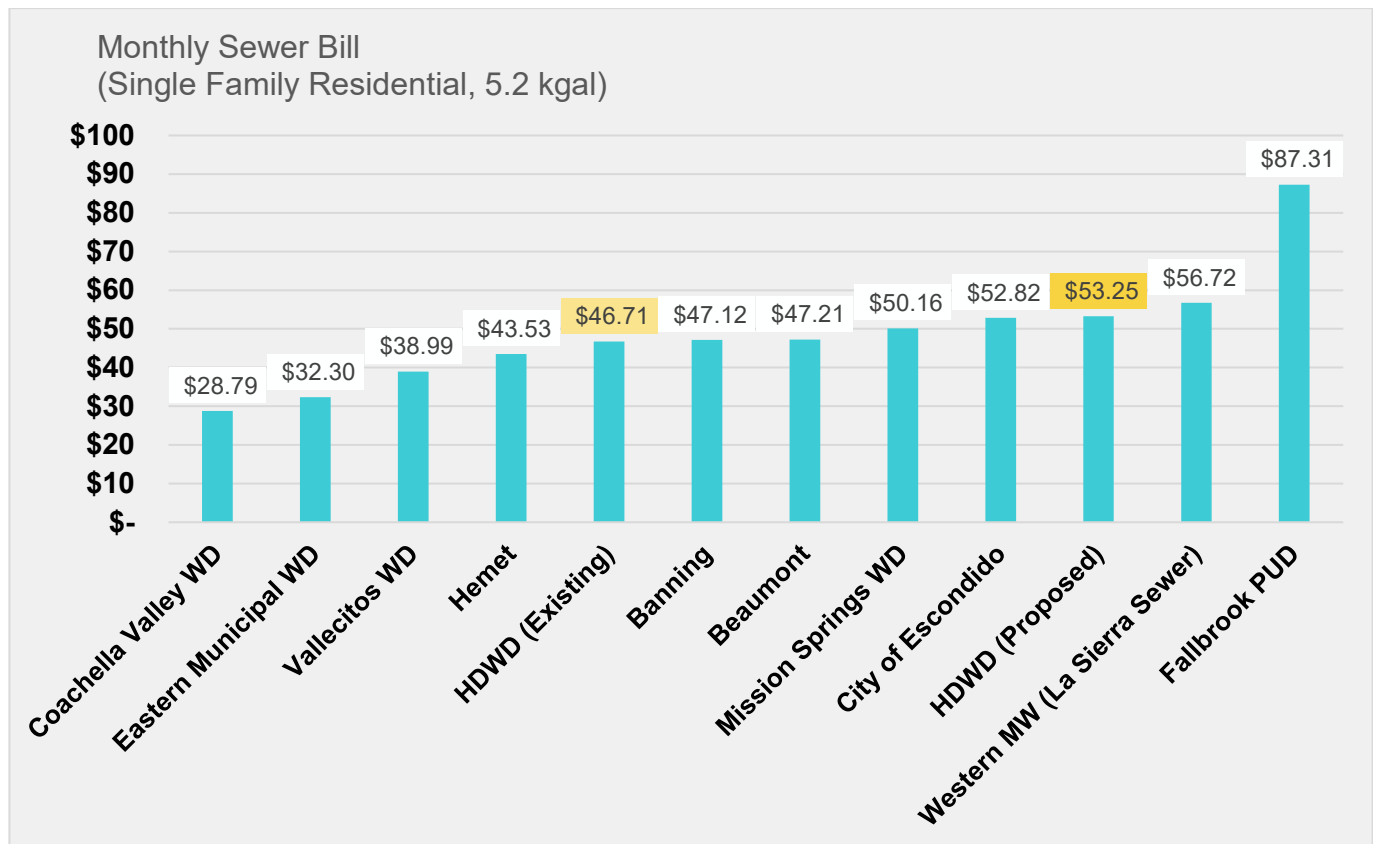
Figure 4-6 Sample Commercial Bill Impact



4.4.3. Wastewater Rate Survey

A comparison to other utilities' wastewater bills is included in **Figure 4-7**. These are current wastewater rates as published on the various utility or city websites and would not include any rate studies that are currently underway.

Figure 4-7 Wastewater Rate Survey



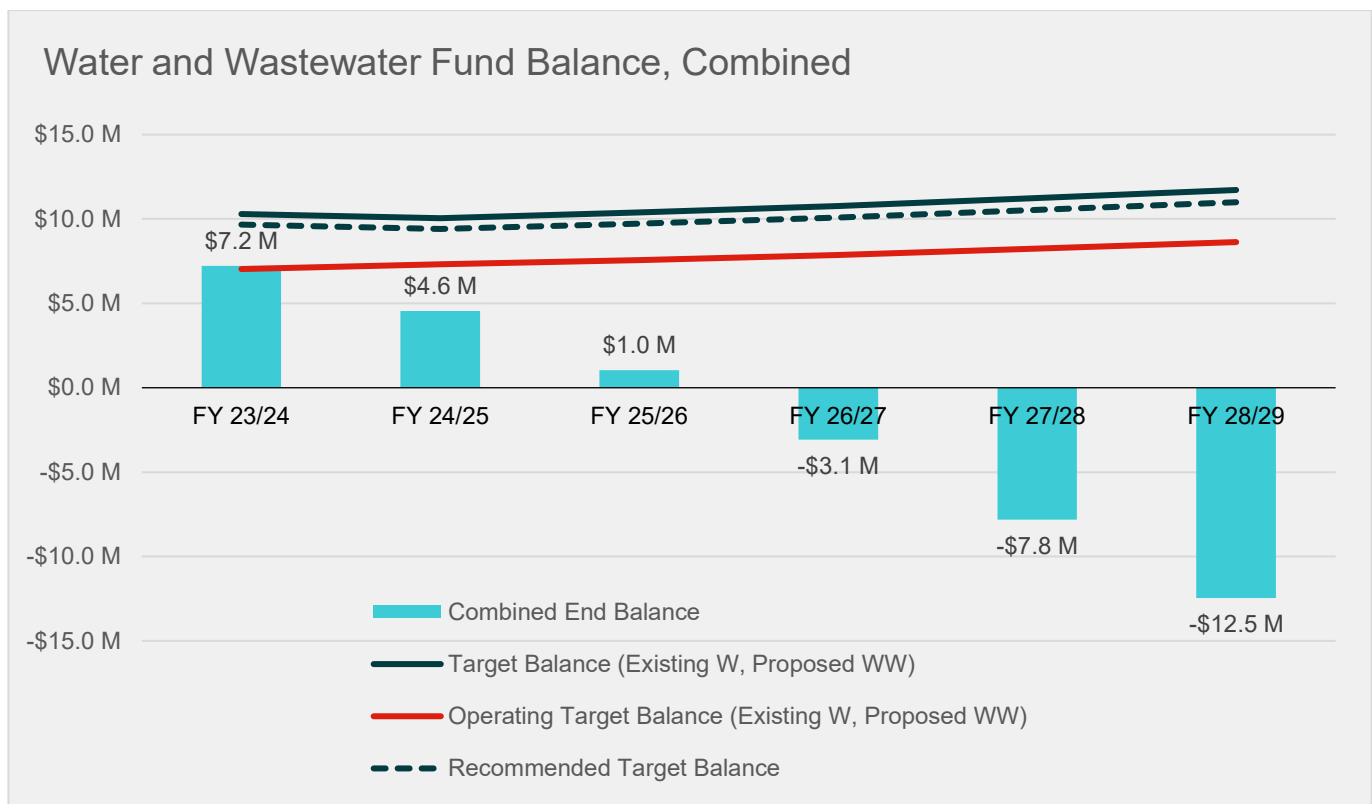
5. Water and Wastewater Combined Reserves and Bill Impacts

Since the District manages both the water and wastewater enterprises and often makes decisions based on its combined (water and wastewater) financial health, the reserves for water and wastewater were combined to account for wastewater fund deficits that would need to be funded by the water enterprise (shown in **Table 5-1**). Under the status quo scenario, without water or wastewater rate adjustments, the combined reserves would fall below proposed operating targets starting in FY 24/25 (shown in **Figure 5-1**).

Table 5-1 Status Quo Combined Reserves FY 24/25 – FY 28/29

	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
Water Reserves	\$7,542,432	\$5,919,640	\$3,238,491	\$203,672	(\$3,220,966)	(\$6,263,280)
Wastewater Reserves	(\$323,664)	(\$1,363,215)	(\$2,201,276)	(\$3,276,273)	(\$4,603,101)	(\$6,197,725)
W/WW Reserves Total	\$7,218,768	\$4,556,425	\$1,037,215	(\$3,072,600)	(\$7,824,067)	(\$12,461,005)

Figure 5-1 Water and Wastewater Fund Balance – Status Quo Scenario



The financial planning sections (3.2.9 and 4.2.10) detail the proposed revenue adjustments for water and wastewater. These adjustments increase the combined reserves to meet the water and wastewater operating targets by the end of the study period (FY 28/29) as shown in **Figure 5-2**. In the interim, the water fund would need to fund wastewater's operating deficit detailed in **Table 5-2**.

Figure 5-2 Water and Wastewater Fund Balance – Proposed Scenario

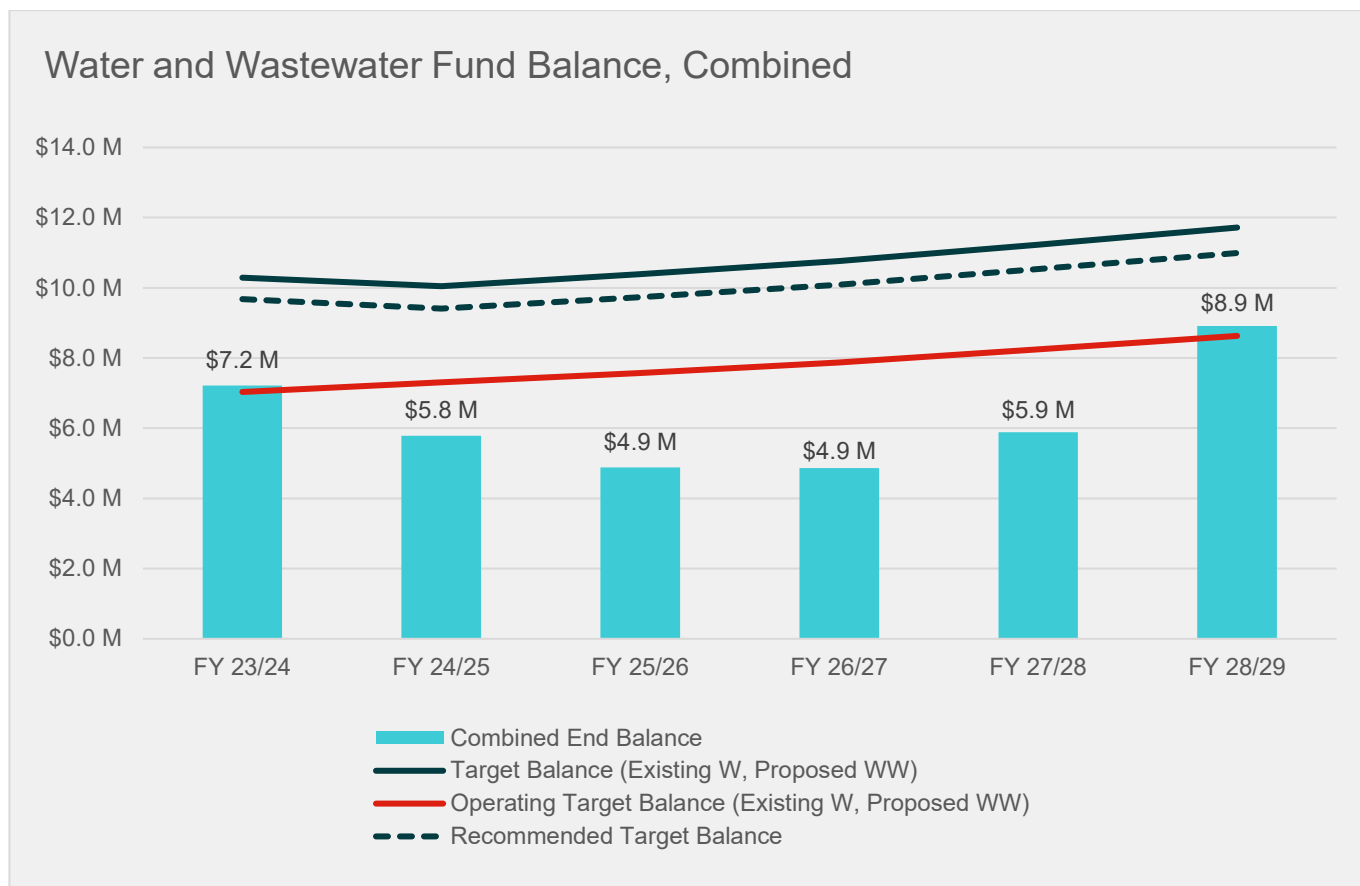
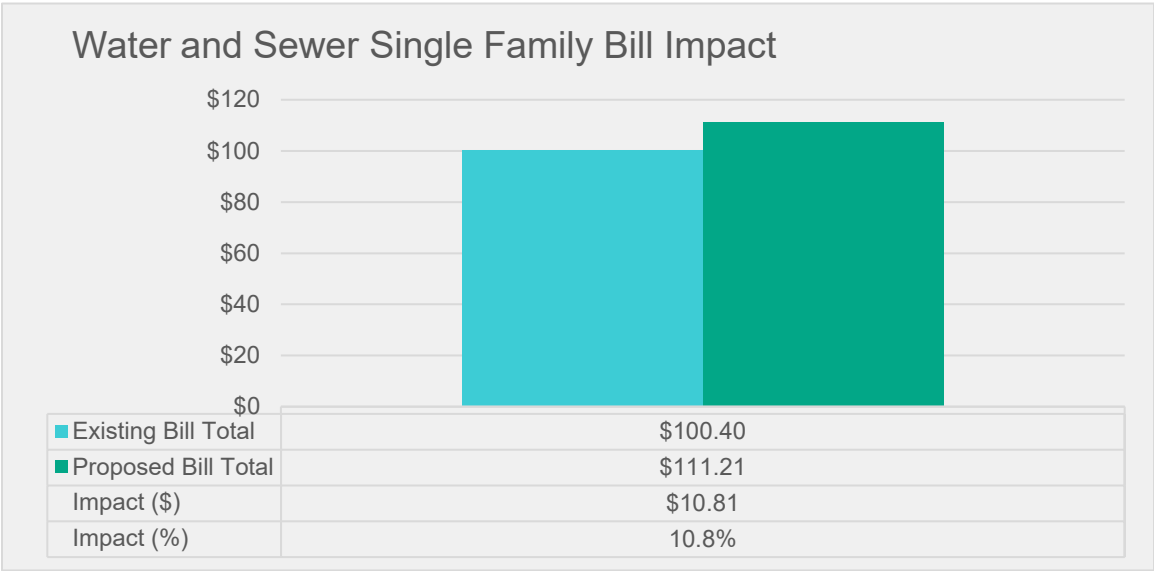


Table 5-2 Proposed Combined Reserves FY 24/25 – FY 28/29

	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
Water Reserves	\$7,542,432	\$6,717,330	\$5,712,083	\$5,318,870	\$5,580,965	\$7,356,912
Wastewater Reserves	(\$323,664)	(\$928,048)	(\$830,653)	(\$455,081)	\$300,298	\$1,560,420
W/WW Reserves Total	\$7,218,768	\$5,789,282	\$4,881,429	\$4,863,789	\$5,881,262	\$8,917,332

The combined bill impact of the proposed revenue adjustments for an average single family customer is provided in **Figure 5-3**.

Figure 5-3 Average Single Family Water and Sewer Bill Impact



APPENDIX A:

Status Quo Financial Plan Tables



WATER FINANCIAL PLAN	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
REVENUES					
Water Consumption Sales	\$6,492,128	\$6,530,317	\$6,568,506	\$6,606,695	\$6,644,884
Monthly Service Charge	\$1,633,327	\$1,639,999	\$1,646,672	\$1,653,344	\$1,660,017
CRP Charge	\$1,796,063	\$1,803,400	\$1,810,738	\$1,818,075	\$1,825,413
Revenues from Current Rates	\$9,921,518	\$9,973,717	\$10,025,916	\$10,078,115	\$10,130,314
Other Operating Revenues					
Delinquent Fees	\$207,916	\$209,995	\$212,095	\$214,216	\$216,358
Returned Checks	\$5,917	\$5,976	\$6,036	\$6,096	\$6,157
Disconnect/Reconnect	\$29,684	\$29,981	\$30,281	\$30,583	\$30,889
Turn On Fee	\$30,569	\$30,874	\$31,183	\$31,495	\$31,810
Standby	\$172,119	\$173,840	\$175,579	\$177,335	\$179,108
Total Other Operating Revenues	\$446,204	\$450,666	\$455,173	\$459,724	\$464,322
Non-Operating Revenues/(Expenses):					
Property taxes and assessments	\$2,140,714	\$2,162,121	\$2,183,743	\$2,205,580	\$2,227,636
Interest earnings	\$66,440	\$45,025	\$16,584	\$0	\$0
Interest expense	\$0	\$0	\$0	\$0	\$0
Other non-operating revenues, net	\$57,608	\$58,184	\$58,766	\$59,354	\$59,948
Total non-operating revenues, net	\$2,264,763	\$2,265,330	\$2,259,093	\$2,264,934	\$2,287,583
TOTAL REVENUES (excl. meter sales and grants)	\$12,632,484	\$12,689,713	\$12,740,181	\$12,802,773	\$12,882,219
Operations & Maintenance Expenses					
Source of supply	\$1,593,864	\$1,613,889	\$1,615,541	\$1,735,041	\$1,863,515
Pumping and water treatment	\$2,593,220	\$2,671,017	\$2,751,147	\$2,833,682	\$2,918,692
Const. & Maint. / CRP (Trans & Dist)	\$2,286,215	\$2,377,664	\$2,448,994	\$2,522,463	\$2,598,137
Field Services (Meters)	\$352,929	\$367,046	\$378,058	\$389,399	\$401,081
Accounting/Billing/Customer Service	\$1,186,054	\$1,233,497	\$1,270,501	\$1,308,617	\$1,347,875
Administrative	\$4,743,894	\$4,933,650	\$5,081,659	\$5,234,109	\$5,391,132
TOTAL O&M EXPENSES	\$12,756,177	\$13,196,762	\$13,545,900	\$14,023,311	\$14,520,433
NET REVENUE	-\$123,692	-\$507,049	-\$805,719	-\$1,220,538	-\$1,638,214
TOTAL DEBT SERVICE	\$0	\$0	\$0	\$0	\$0

WATER FINANCIAL PLAN	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
CIP EXPENDITURES (excl. funded by grants and new dev't)					
PAYGO funded CIP	\$1,549,100	\$2,224,100	\$2,279,100	\$2,254,100	\$1,454,100
TOTAL CIP EXPENDITURES	\$1,549,100	\$2,224,100	\$2,279,100	\$2,254,100	\$1,454,100
NET CASH FLOW	-\$1,672,792	-\$2,731,149	-\$3,084,819	-\$3,474,638	-\$3,092,314
Beginning Balance	\$7,542,432	\$5,919,640	\$3,238,491	\$203,672	-\$3,220,966
Capital Contributions, New installations	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Ending Balance	\$5,919,640	\$3,238,491	\$203,672	-\$3,220,966	-\$6,263,280
Proposed Target Reserves	\$8,291,515	\$8,577,895	\$8,804,835	\$9,115,152	\$9,438,281

WASTEWATER FINANCIAL PLAN	FY 23/24	FY 24/25	FY 25/26	FY 26/27	FY 27/28	FY 28/29
REVENUES						
Sewer Consumption Revenue	\$3,225,795	\$3,108,336	\$3,122,349	\$3,402,609	\$3,682,869	\$3,963,129
Revenues from Current Rates	\$3,225,795	\$3,108,336	\$3,122,349	\$3,402,609	\$3,682,869	\$3,963,129
Other Operating Revenues						
Miscellaneous Revenue (FOG)	\$7,960	\$7,960	\$7,960	\$7,960	\$7,960	\$7,960
Total Revenue	\$3,233,755	\$3,116,296	\$3,130,309	\$3,410,569	\$3,690,829	\$3,971,089
O&M						
O&M - Payroll & Benefits	\$1,141,890	\$1,198,985	\$1,246,944	\$1,284,352	\$1,322,883	\$1,362,569
O&M - Operations	\$1,065,090	\$1,118,345	\$1,163,078	\$1,597,971	\$2,045,910	\$2,507,287
O&M - Collection	\$55,638	\$58,976	\$61,925	\$64,402	\$66,334	\$68,324
O&M - Administration	\$1,294,801	\$1,359,541	\$1,413,923	\$1,456,340	\$1,500,031	\$1,545,032
Total	\$3,557,419	\$3,735,846	\$3,885,870	\$4,403,065	\$4,935,157	\$5,483,212
Net Cashflow before Capital	(\$323,664)	(\$619,551)	(\$755,561)	(\$992,497)	(\$1,244,329)	(\$1,512,123)
CIP EXPENDITURES (excl. funded by grants and new dev't)						
Rate Funded Capital Projects	\$0	\$420,000	\$82,500	\$82,500	\$82,500	\$82,500
Total	\$0	\$420,000	\$82,500	\$82,500	\$82,500	\$82,500
Net Cashflow	(\$323,664)	(\$1,039,551)	(\$838,061)	(\$1,074,997)	(\$1,326,829)	(\$1,594,623)
Combined Beginning Balance	\$ -	(\$323,664)	(\$1,363,215)	(\$2,201,276)	(\$3,276,273)	(\$4,603,101)
Combined Ending Balance	(\$323,664)	(\$1,363,215)	(\$2,201,276)	(\$3,276,273)	(\$4,603,101)	(\$6,197,725)
Target Reserves	\$1,072,688	\$1,117,295	\$1,154,801	\$1,284,100	\$1,417,123	\$1,554,136
Operating Reserves	\$889,355	\$933,962	\$971,467	\$1,100,766	\$1,233,789	\$1,370,803
Capital Reserves	\$183,333	\$183,333	\$183,333	\$183,333	\$183,333	\$183,333

APPENDIX B:

Drought Rates



Table B-1 Drought Rates by Percent Usage Reduction FY 24/25

	FY 24/25 Proposed Rates	Stage 1 - 7% Increase	Stage 2 - 15% Increase	Stage 3 - 27% Increase	Stage 4 - 43% Increase	Stage 5 - 68% Increase	Stage 6 - 100% Increase
Residential (SFR, MFR, MHP)							
Tier 1: 0-4 units	\$4.42	\$4.72	\$5.08	\$5.61	\$6.35	\$7.41	\$8.85
Tier 2: 5-11 units	\$7.53	\$8.04	\$8.65	\$9.56	\$10.81	\$12.62	\$15.07
Tier 3: 12 + units	\$8.53	\$9.10	\$9.80	\$10.83	\$12.24	\$14.29	\$17.07
Commercial (COM)							
Tier 1: 0-4 units	\$7.22	\$7.71	\$8.29	\$9.17	\$10.36	\$12.10	\$14.45
Tier 2: 5-11 units	\$7.92	\$8.45	\$9.10	\$10.06	\$11.37	\$13.27	\$15.85
Tier 3: 12 + units	\$7.92	\$8.45	\$9.10	\$10.06	\$11.37	\$13.27	\$15.85
Public (PBE)							
Tier 1: 0-4 units	\$7.22	\$7.71	\$8.29	\$9.17	\$10.36	\$12.10	\$14.45
Tier 2: 5-11 units	\$8.10	\$8.65	\$9.30	\$10.28	\$11.62	\$13.57	\$16.21
Tier 3: 12 + units	\$8.43	\$9.00	\$9.68	\$10.70	\$12.10	\$14.13	\$16.87
Irrigation (IRR)							
Tier 1: 0-4 units	\$7.47	\$7.97	\$8.58	\$9.48	\$10.72	\$12.52	\$14.95
Tier 2: 5-11 units	\$8.30	\$8.86	\$9.53	\$10.54	\$11.91	\$13.91	\$16.61
Tier 3: 12 + units	\$11.47	\$12.24	\$13.17	\$14.56	\$16.46	\$19.22	\$22.96
CIMIS (CIM)							
Tier 1: 0-4 units	\$7.47	\$7.97	\$8.58	\$9.48	\$10.72	\$12.52	\$14.95
Tier 2: 5-11 units	\$8.19	\$8.74	\$9.41	\$10.40	\$11.75	\$13.72	\$16.39
Tier 3: 12 + units	\$8.19	\$8.74	\$9.41	\$10.40	\$11.75	\$13.72	\$16.39
Bulk (BLK)							
Tier 1: 0-4 units	\$7.00	\$7.47	\$8.04	\$8.89	\$10.05	\$11.73	\$14.01
Tier 2: 5-11 units	\$7.63	\$8.14	\$8.76	\$9.69	\$10.95	\$12.79	\$15.27
Tier 3: 12 + units	\$7.92	\$8.45	\$9.10	\$10.06	\$11.37	\$13.27	\$15.85

Table B-2 Drought Rates by Percent Usage Reduction FY 25/26

Customer Class	FY 25/26	Stage 1 - 7% Increase	Stage 2 - 15% Increase	Stage 3 - 27% Increase	Stage 4 - 44% Increase	Stage 5 - 68% Increase	Stage 6 - 100% Increase
SFR							
Tier 1: 0-4 units	\$4.78	\$5.10	\$5.49	\$6.07	\$6.86	\$8.01	\$9.57
Tier 2: 5-11 units	\$8.14	\$8.69	\$9.35	\$10.33	\$11.68	\$13.64	\$16.29
Tier 3: 12 + units	\$9.22	\$9.84	\$10.59	\$11.71	\$13.23	\$15.45	\$18.46
MTF							
Tier 1: 0-4 units	\$4.78	\$5.10	\$5.49	\$6.07	\$6.86	\$8.01	\$9.57
Tier 2: 5-11 units	\$8.14	\$8.69	\$9.35	\$10.33	\$11.68	\$13.64	\$16.29
Tier 3: 12 + units	\$9.22	\$9.84	\$10.59	\$11.71	\$13.23	\$15.45	\$18.46
MHP							
Tier 1: 0-4 units	\$4.78	\$5.10	\$5.49	\$6.07	\$6.86	\$8.01	\$9.57
Tier 2: 5-11 units	\$8.14	\$8.69	\$9.35	\$10.33	\$11.68	\$13.64	\$16.29
Tier 3: 12 + units	\$9.22	\$9.84	\$10.59	\$11.71	\$13.23	\$15.45	\$18.46
COM							
Tier 1: 0-4 units	\$7.80	\$8.33	\$8.96	\$9.90	\$11.19	\$13.07	\$15.61
Tier 2: 5-11 units	\$8.56	\$9.14	\$9.83	\$10.87	\$12.28	\$14.34	\$17.13
Tier 3: 12 + units	\$8.56	\$9.14	\$9.83	\$10.87	\$12.28	\$14.34	\$17.13
PBE							
Tier 1: 0-4 units	\$7.80	\$8.33	\$8.96	\$9.90	\$11.19	\$13.07	\$15.61
Tier 2: 5-11 units	\$8.75	\$9.34	\$10.05	\$11.11	\$12.56	\$14.66	\$17.51
Tier 3: 12 + units	\$9.11	\$9.72	\$10.46	\$11.57	\$13.07	\$15.26	\$18.24
IRR							
Tier 1: 0-4 units	\$8.07	\$8.61	\$9.27	\$10.25	\$11.58	\$13.52	\$16.15
Tier 2: 5-11 units	\$8.97	\$9.57	\$10.30	\$11.39	\$12.87	\$15.03	\$17.96
Tier 3: 12 + units	\$12.39	\$13.22	\$14.23	\$15.73	\$17.78	\$20.76	\$24.80
CIM							
Tier 1: 0-4 units	\$8.07	\$8.61	\$9.27	\$10.25	\$11.58	\$13.52	\$16.15
Tier 2: 5-11 units	\$8.85	\$9.45	\$10.16	\$11.24	\$12.70	\$14.83	\$17.72
Tier 3: 12 + units	\$8.85	\$9.45	\$10.16	\$11.24	\$12.70	\$14.83	\$17.72
BLK							
Tier 1: 0-4 units	\$7.56	\$8.07	\$8.68	\$9.60	\$10.85	\$12.67	\$15.13
Tier 2: 5-11 units	\$8.25	\$8.81	\$9.47	\$10.47	\$11.84	\$13.82	\$16.51
Tier 3: 12 + units	\$8.56	\$9.14	\$9.83	\$10.87	\$12.28	\$14.34	\$17.13

Table B-3 Drought Rates by Percent Usage Reduction FY 26/27

Customer Class	FY 26/27	Stage 1 - 7% Increase	Stage 2 - 15% Increase	Stage 3 - 27% Increase	Stage 4 - 44% Increase	Stage 5 - 68% Increase	Stage 6 - 100% Increase
SFR							
Tier 1: 0-4 units	\$5.17	\$5.52	\$5.94	\$6.57	\$7.42	\$8.67	\$10.35
Tier 2: 5-11 units	\$8.80	\$9.39	\$10.11	\$11.17	\$12.63	\$14.75	\$17.62
Tier 3: 12 + units	\$9.96	\$10.63	\$11.44	\$12.64	\$14.29	\$16.69	\$19.94
MTF							
Tier 1: 0-4 units	\$5.17	\$5.52	\$5.94	\$6.57	\$7.42	\$8.67	\$10.35
Tier 2: 5-11 units	\$8.80	\$9.39	\$10.11	\$11.17	\$12.63	\$14.75	\$17.62
Tier 3: 12 + units	\$9.96	\$10.63	\$11.44	\$12.64	\$14.29	\$16.69	\$19.94
MHP							
Tier 1: 0-4 units	\$5.17	\$5.52	\$5.94	\$6.57	\$7.42	\$8.67	\$10.35
Tier 2: 5-11 units	\$8.80	\$9.39	\$10.11	\$11.17	\$12.63	\$14.75	\$17.62
Tier 3: 12 + units	\$9.96	\$10.63	\$11.44	\$12.64	\$14.29	\$16.69	\$19.94
COM							
Tier 1: 0-4 units	\$8.43	\$9.00	\$9.68	\$10.70	\$12.10	\$14.13	\$16.87
Tier 2: 5-11 units	\$9.25	\$9.87	\$10.62	\$11.74	\$13.27	\$15.50	\$18.52
Tier 3: 12 + units	\$9.25	\$9.87	\$10.62	\$11.74	\$13.27	\$15.50	\$18.52
PBE							
Tier 1: 0-4 units	\$8.43	\$9.00	\$9.68	\$10.70	\$12.10	\$14.13	\$16.87
Tier 2: 5-11 units	\$9.45	\$10.09	\$10.85	\$12.00	\$13.56	\$15.83	\$18.92
Tier 3: 12 + units	\$9.84	\$10.50	\$11.30	\$12.49	\$14.12	\$16.49	\$19.70
IRR							
Tier 1: 0-4 units	\$8.72	\$9.31	\$10.01	\$11.07	\$12.51	\$14.61	\$17.45
Tier 2: 5-11 units	\$9.69	\$10.34	\$11.13	\$12.30	\$13.90	\$16.24	\$19.40
Tier 3: 12 + units	\$13.39	\$14.29	\$15.37	\$17.00	\$19.21	\$22.43	\$26.80
CIM							
Tier 1: 0-4 units	\$8.72	\$9.31	\$10.01	\$11.07	\$12.51	\$14.61	\$17.45
Tier 2: 5-11 units	\$9.56	\$10.20	\$10.98	\$12.14	\$13.72	\$16.02	\$19.14
Tier 3: 12 + units	\$9.56	\$10.20	\$10.98	\$12.14	\$13.72	\$16.02	\$19.14
BLK							
Tier 1: 0-4 units	\$8.17	\$8.72	\$9.38	\$10.37	\$11.72	\$13.69	\$16.35
Tier 2: 5-11 units	\$8.91	\$9.51	\$10.23	\$11.31	\$12.79	\$14.93	\$17.84
Tier 3: 12 + units	\$9.25	\$9.87	\$10.62	\$11.74	\$13.27	\$15.50	\$18.52

Table B-4 Drought Rates by Percent Usage Reduction FY 27/28

Customer Class	FY 27/28	Stage 1 - 7% Increase	Stage 2 - 15% Increase	Stage 3 - 27% Increase	Stage 4 - 44% Increase	Stage 5 - 68% Increase	Stage 6 - 100% Increase
SFR							
Tier 1: 0-4 units	\$5.59	\$5.97	\$6.42	\$7.10	\$8.02	\$9.37	\$11.19
Tier 2: 5-11 units	\$9.51	\$10.15	\$10.92	\$12.07	\$13.65	\$15.93	\$19.04
Tier 3: 12 + units	\$10.76	\$11.48	\$12.36	\$13.66	\$15.44	\$18.03	\$21.54
MTF							
Tier 1: 0-4 units	\$5.59	\$5.97	\$6.42	\$7.10	\$8.02	\$9.37	\$11.19
Tier 2: 5-11 units	\$9.51	\$10.15	\$10.92	\$12.07	\$13.65	\$15.93	\$19.04
Tier 3: 12 + units	\$10.76	\$11.48	\$12.36	\$13.66	\$15.44	\$18.03	\$21.54
MHP							
Tier 1: 0-4 units	\$5.59	\$5.97	\$6.42	\$7.10	\$8.02	\$9.37	\$11.19
Tier 2: 5-11 units	\$9.51	\$10.15	\$10.92	\$12.07	\$13.65	\$15.93	\$19.04
Tier 3: 12 + units	\$10.76	\$11.48	\$12.36	\$13.66	\$15.44	\$18.03	\$21.54
COM							
Tier 1: 0-4 units	\$9.11	\$9.72	\$10.46	\$11.57	\$13.07	\$15.26	\$18.24
Tier 2: 5-11 units	\$9.99	\$10.66	\$11.47	\$12.68	\$14.34	\$16.74	\$20.00
Tier 3: 12 + units	\$9.99	\$10.66	\$11.47	\$12.68	\$14.34	\$16.74	\$20.00
PBE							
Tier 1: 0-4 units	\$9.11	\$9.72	\$10.46	\$11.57	\$13.07	\$15.26	\$18.24
Tier 2: 5-11 units	\$10.21	\$10.90	\$11.72	\$12.96	\$14.65	\$17.11	\$20.44
Tier 3: 12 + units	\$10.63	\$11.34	\$12.21	\$13.49	\$15.25	\$17.81	\$21.28
IRR							
Tier 1: 0-4 units	\$9.42	\$10.05	\$10.82	\$11.96	\$13.52	\$15.78	\$18.86
Tier 2: 5-11 units	\$10.47	\$11.17	\$12.02	\$13.29	\$15.02	\$17.54	\$20.96
Tier 3: 12 + units	\$14.47	\$15.44	\$16.61	\$18.37	\$20.76	\$24.24	\$28.96
CIM							
Tier 1: 0-4 units	\$9.42	\$10.05	\$10.82	\$11.96	\$13.52	\$15.78	\$18.86
Tier 2: 5-11 units	\$10.33	\$11.02	\$11.86	\$13.11	\$14.82	\$17.31	\$20.68
Tier 3: 12 + units	\$10.33	\$11.02	\$11.86	\$13.11	\$14.82	\$17.31	\$20.68
BLK							
Tier 1: 0-4 units	\$8.83	\$9.42	\$10.14	\$11.21	\$12.67	\$14.80	\$17.68
Tier 2: 5-11 units	\$9.63	\$10.28	\$11.06	\$12.23	\$13.82	\$16.14	\$19.28
Tier 3: 12 + units	\$9.99	\$10.66	\$11.47	\$12.68	\$14.34	\$16.74	\$20.00

Table B-5 Drought Rates by Percent Usage Reduction FY 28/29

Customer Class	FY 28/29	Stage 1 - 7% Increase	Stage 2 - 15% Increase	Stage 3 - 27% Increase	Stage 4 - 44% Increase	Stage 5 - 68% Increase	Stage 6 - 100% Increase
SFR							
Tier 1: 0-4 units	\$6.04	\$6.45	\$6.94	\$7.67	\$8.67	\$10.12	\$12.09
Tier 2: 5-11 units	\$10.28	\$10.97	\$11.80	\$13.05	\$14.75	\$17.22	\$20.58
Tier 3: 12 + units	\$11.63	\$12.41	\$13.35	\$14.76	\$16.69	\$19.49	\$23.28
MTF							
Tier 1: 0-4 units	\$6.04	\$6.45	\$6.94	\$7.67	\$8.67	\$10.12	\$12.09
Tier 2: 5-11 units	\$10.28	\$10.97	\$11.80	\$13.05	\$14.75	\$17.22	\$20.58
Tier 3: 12 + units	\$11.63	\$12.41	\$13.35	\$14.76	\$16.69	\$19.49	\$23.28
MHP							
Tier 1: 0-4 units	\$6.04	\$6.45	\$6.94	\$7.67	\$8.67	\$10.12	\$12.09
Tier 2: 5-11 units	\$10.28	\$10.97	\$11.80	\$13.05	\$14.75	\$17.22	\$20.58
Tier 3: 12 + units	\$11.63	\$12.41	\$13.35	\$14.76	\$16.69	\$19.49	\$23.28
COM							
Tier 1: 0-4 units	\$9.84	\$10.50	\$11.30	\$12.49	\$14.12	\$16.49	\$19.70
Tier 2: 5-11 units	\$10.79	\$11.52	\$12.39	\$13.70	\$15.48	\$18.08	\$21.60
Tier 3: 12 + units	\$10.79	\$11.52	\$12.39	\$13.70	\$15.48	\$18.08	\$21.60
PBE							
Tier 1: 0-4 units	\$9.84	\$10.50	\$11.30	\$12.49	\$14.12	\$16.49	\$19.70
Tier 2: 5-11 units	\$11.03	\$11.77	\$12.67	\$14.00	\$15.83	\$18.48	\$22.08
Tier 3: 12 + units	\$11.49	\$12.26	\$13.19	\$14.59	\$16.49	\$19.25	\$23.00
IRR							
Tier 1: 0-4 units	\$10.18	\$10.86	\$11.69	\$12.92	\$14.61	\$17.06	\$20.38
Tier 2: 5-11 units	\$11.31	\$12.07	\$12.99	\$14.36	\$16.23	\$18.95	\$22.64
Tier 3: 12 + units	\$15.63	\$16.68	\$17.95	\$19.84	\$22.43	\$26.19	\$31.28
CIM							
Tier 1: 0-4 units	\$10.18	\$10.86	\$11.69	\$12.92	\$14.61	\$17.06	\$20.38
Tier 2: 5-11 units	\$11.16	\$11.91	\$12.82	\$14.17	\$16.01	\$18.70	\$22.34
Tier 3: 12 + units	\$11.16	\$11.91	\$12.82	\$14.17	\$16.01	\$18.70	\$22.34
BLK							
Tier 1: 0-4 units	\$9.54	\$10.18	\$10.96	\$12.11	\$13.69	\$15.99	\$19.10
Tier 2: 5-11 units	\$10.41	\$11.11	\$11.95	\$13.22	\$14.94	\$17.44	\$20.84
Tier 3: 12 + units	\$10.79	\$11.52	\$12.39	\$13.70	\$15.48	\$18.08	\$21.60

ORDINANCE NO. 90

AN ORDINANCE OF THE BOARD OF DIRECTORS OF HI-DESERT WATER DISTRICT ESTABLISHING RATES FOR WATER SERVICE CHARGES AND TAKING OTHER ACTIONS RELATED THERETO

WHEREAS, on December 18, 2002, the Board of Directors of the Hi-Desert Water District ("District") adopted Ordinance 73, establishing rules and regulations for the provision of retail water service and providing among other things, that the Board of Directors shall from time to time establish rates and charges for services provided by the District; and

WHEREAS, on January 22, 2020, the Board of Directors of the District adopted Ordinance No. 89 Establishing Rates for Water Service Charges ("Water Service Charges"); and

WHEREAS, due to increased costs of water, energy, supplies, and equipment, the District engaged an independent rate consultant to conduct a cost-of-service study (the "Rate Study") to evaluate the service and infrastructure needs, programs, and operations and maintenance costs of the District's water system ("System"); and

WHEREAS, the Rate Study concluded that the revenues from the District's Water Service Charges will be insufficient to cover (i) current and projected operations and maintenance costs for the System; and (ii) the capital infrastructure improvements needed to maintain, repair, and update the System; and

WHEREAS, the District has determined that increases to the schedule of rates for its Water Service Charges are necessary for a five-year period to generate revenues sufficient to cover the District's ongoing costs of operations, maintenance, and infrastructure improvements for the System; and

WHEREAS, the proposed rate structure for the Water Service Charges establishes various customer classes which are identified on the basis of land use type, service characteristics, and demand patterns for such parcels of property. The specific customer classes are: Residential (which includes single-family residential ("SFR"), multi-family residential ("MFR"), mobile home park ("MHP")), Public ("PBE"), Commercial ("COM"), Irrigation ("IRR"), Bulk ("BLK"), and California Irrigation Management Information System ("CIMIS" or "CIM"); and

WHEREAS, the District's rates for Water Service Charges are calculated to recover the costs of the District in providing water services and to proportionately allocate those costs among the customer classes; and

WHEREAS, the rate structure for Water Service Charges for all customer classes includes two components: (1) Monthly Fixed Charge; (2) Volumetric Rates; and (3) Drought Rates, which will be imposed only in the event of declared water shortage stage necessitating demand reduction, in order to ensure revenue sufficiency; and

WHEREAS, the schedule of proposed Water Service Charges is attached hereto as Exhibit A, and by this reference incorporated herein; and



WHEREAS, the District has determined that other than the rates for the Water Service Charges as set forth herein, and the rates and charges for sewer service being considered at this same meeting pursuant to a separate ordinance, the rates for all other fees and charges of the District do not need to be increased at this time and shall remain in full force and effect until otherwise modified by the Board of Directors; and

WHEREAS, the revenues derived from the proposed Water Service Charges will not exceed the funds required to provide the water services and shall be used exclusively for the System; and

WHEREAS, the proposed Water Service Charges will not exceed the proportional cost of the service attributable to each parcel upon which they are proposed for imposition; and

WHEREAS, the proposed Water Service Charges will not be imposed on a parcel unless the water services are actually used by, or immediately available to, the parcel; and

WHEREAS, the District, as the lead agency under the California Environmental Quality Act ("CEQA"), in consultation with the District's Legal Counsel, determined that this Ordinance is exempt from CEQA review under Public Resources Code section 21080(B)(8) and State CEQA Guidelines section 15273 because the Water Service Charges are necessary and reasonable to fund the administration, operation, maintenance, and improvements of the System and will not result in the expansion of the System; and

WHEREAS, California Constitution Article XIII D, Section 6 ("Article XIII D") requires that prior to imposing any increase to the Water Service Charges, the District shall provide written notice ("Notice") by mail of the proposed increases to such rates and charges to the record owner of each parcel upon which the rates and charges are proposed for imposition and any tenant directly liable for payment of the rates and charges, the amount of the rates and charges proposed to be imposed on each parcel, the basis upon which the rates and charges were calculated, the reason for the rates and charges, and the date, time, and location of a public hearing ("Hearing") on the proposed rates and charges; and

WHEREAS, pursuant to Article XIII D such Notice is required to be provided to the affected property owners and any tenant directly liable for the payment of the rates and charges not less than forty-five days prior to the Hearing on the proposed rates and charges; and

WHEREAS, the District did provide such Notice to the affected property owners and tenants directly liable for payment of the proposed Water Service Charges in compliance with Article XIII D; and

WHEREAS, the Hearing was held on this day, August 21, 2024; and

WHEREAS, at the Hearing, the District's Board of Directors heard and considered all oral testimony, written materials, and written protests concerning the establishment and imposition of the proposed rates for the Water Service Charges, and at the close of the Hearing, the District did not receive written protests against the establishment and imposition of the proposed rates for the Water Service Charges from a majority of the affected property owners and tenants directly liable for the payment of the Water Service Charges; and



WHEREAS, the Board of Directors of the District now desires to establish and impose the proposed rates for the Water Service Charges.

NOW THEREFORE, BE IT ORDAINED BY THE BOARD OF DIRECTORS OF THE HI-DESERT WATER DISTRICT AS FOLLOWS:

SECTION 1. The District Board of Directors finds and determines that the foregoing Recitals are true and correct and incorporates the Recitals herein.

SECTION 2. The Board of Directors hereby adopts, establishes and imposes the Water Service Charges set forth in Exhibit A, effective on the dates, at the rates, and in the amounts set forth therein.

SECTION 3. The District Administrative Code shall be amended as provided in Exhibit A of this Ordinance.

SECTION 4. The Board of Directors hereby finds that the administration, operation, maintenance, and improvements of the System, which are to be funded by the Water Service Charges set forth herein, are necessary to maintain service within the District's existing service area. The Board of Directors finds that the administration, operation, maintenance, and improvements of the System, to be funded by the Water Service Charges set forth herein, will not expand the System. The Board of Directors further finds that such Water Service Charges are necessary and reasonable to fund the administration, operation, maintenance, and improvements of the System. Based on these findings, the Board of Directors hereby determines that the Ordinance is exempt from the requirements of CEQA pursuant to California Public Resources Code section 21080(b)(8) and State CEQA Guidelines section 15273(a).

SECTION 5. The documents and materials that constitute the record of proceedings on which these findings have been based are located at Hi-Desert Water District, 55439 29 Palms Highway, Yucca Valley, California 92284. The custodian for these records is the General Manager of the District.

SECTION 6. The Board of Directors hereby authorizes and directs the General Manager to implement and take all actions necessary to effectuate the rates for the Water Service Charges set forth herein and to file a Notice of Exemption with the County Clerk for San Bernardino County within five (5) working days of the date of the adoption of this Ordinance.

SECTION 7. If any section, subsection, subdivision, sentence, clause, or phrase in this Ordinance or any part thereof is for any reason held to be unconstitutional or invalid, ineffective by any court of competent jurisdiction, such decision shall not affect the validity or effectiveness of the remaining portions of the Ordinance or any part thereof. The Board of Directors hereby declares that it would have adopted each section irrespective of the fact that any one or more sections, subsections, subdivisions, sentences, clauses, or phrases be declared unconstitutional, invalid, or ineffective.

SECTION 8. The Ordinance shall supersede all other previous District resolutions and ordinances that may conflict, or be contrary to, this Ordinance.



SECTION 9. The Ordinance shall become effective immediately upon its adoption by the Board of Directors.

PASSED, APPROVED AND ADOPTED by the Board of Directors of the Hi-Desert Water District at a regular meeting held on August 21, 2024 by the following votes:

AYES: Hough, Stadum, McKone, Tsuda, Mayes

NOES: None

ABSTAIN: None

ABSENT: None

Scot McKone

Scot McKone, President of the Hi-Desert Water District and its Board of Directors

ATTEST:

Tony Culver

Tony Culver, Secretary of the Hi-Desert Water District and its Board of Directors

(SEAL)



EXHIBIT A

6.15.080 Water service charge.

The monthly water service charges shall be imposed by the district at the rates set forth herein on any customer as a condition of service. Any water customer of an undeveloped parcel may avoid such payment of such water service charges by withdrawing his or her request for service, disconnecting from district facilities by removing the water meter from his or her property, and otherwise terminating district service in accordance with the district's rules and regulations. A water customer of an undeveloped parcel can disconnect from the water system if his or her water meter is removed by the district. The district will reimburse the amount of any acquisition of service charge previously paid by the customer to the district, less any administrative costs of the district associated with such reimbursement. Upon removal of the water meter, the customer shall be responsible for paying the district an annual standby charge at the rates then in effect. In the event the customer chooses to reconnect to the district's water system at a later date, the customer shall pay the district an acquisition service charge at the rate then in effect.

The monthly water service charge shall be as follows:

Table 6.15.080
Rates for Monthly Fixed Charge per Meter Size

Meter Size	FY2024	FY2025	FY2026	FY2027	FY2028
Effective Date	Sept 1, 2024	July 1, 2025	July 1, 2026	July 1, 2027	July 1, 2028
5/8-inch	\$25.22	\$27.24	\$29.42	\$31.78	\$34.33
1-inch	\$53.39	\$57.67	\$62.29	\$67.82	\$72.67
1 1/2-inch	\$100.35	\$108.38	\$117.06	\$126.43	\$136.55
2-inch	\$156.70	\$169.24	\$182.78	\$197.41	\$213.21
3-inch	\$306.97	\$331.53	\$358.06	\$386.71	\$417.65
4-inch	\$476.02	\$514.11	\$555.24	\$599.66	\$647.64
6-inch	\$945.61	\$1,021.26	\$1,102.97	\$1,191.21	\$1,286.51

~~Units in mobile home parks shall be considered as 0.60 of a single family residence. Multifamily shall be considered as 0.72 of a single family residence. [Ord. 89 § 2 (Exh. A), 2020; Ord. 84 § 2, 2012; Ord. 83 § 5, 2011; amended by district 10/2011; Ord. 79 §§ 3 (Exh. A), 6, 2009; Res. 07-19; Res. 05-04 § 8.0].~~

6.15.090 Encompass clause.

Any rates, fees, or charges made for fire protection service to residential properties shall be established at the same meter size required by the district for the property, regardless of fire department requirements. [Res. 10-18; Res. 10-06; Res. 10-01; Res. 05-04 § 30.0].

6.15.100 Water consumption charge.

The monthly water consumption charge per unit (100 cubic feet) shall be as follows:



Table 6.15.100
Volumetric Rates per Hundred Cubic Feet (hcf)*

Customer Class Tiers	FY 24/25 Sept 1, 2024	FY 25/26 July 1, 2025	FY 26/27 July 1, 2026	FY 27/28 July 1, 2027	FY 28/29 July 1, 2028
Residential (SFR, MFR, MHP)¹					
Tier 1: 0-4 units	\$4.42	\$4.78	\$5.17	\$5.59	\$6.04
Tier 2: 5-11 units	\$7.53	\$8.14	\$8.80	\$9.51	\$10.28
Tier 3: 12 + units	\$8.53	\$9.22	\$9.96	\$10.76	\$11.63
Commercial (COM)					
Tier 1: 0-4 units	\$7.22	\$7.80	\$8.43	\$9.11	\$9.84
Tier 2: 5-11 units	\$7.92	\$8.56	\$9.25	\$9.99	\$10.79
Tier 3: 12 + units	\$7.92	\$8.56	\$9.25	\$9.99	\$10.79
Public (PBE)					
Tier 1: 0-4 units	\$7.22	\$7.80	\$8.43	\$9.11	\$9.84
Tier 2: 5-11 units	\$8.10	\$8.75	\$9.45	\$10.21	\$11.03
Tier 3: 12 + units	\$8.43	\$9.11	\$9.84	\$10.63	\$11.49
Irrigation (IRR)					
Tier 1: 0-4 units	\$7.47	\$8.07	\$8.72	\$9.42	\$10.18
Tier 2: 5-11 units	\$8.30	\$8.97	\$9.69	\$10.47	\$11.31
Tier 3: 12 + units	\$11.47	\$12.39	\$13.39	\$14.47	\$15.63
CIMIS (CIM)					
Tier 1: 0-4 units	\$7.47	\$8.07	\$8.72	\$9.42	\$10.18
Tier 2: 5-11 units	\$8.19	\$8.85	\$9.56	\$10.33	\$11.16
Tier 3: 12 + units	\$8.19	\$8.85	\$9.56	\$10.33	\$11.16
Bulk (BLK)					
Tier 1: 0-4 units	\$7.00	\$7.56	\$8.17	\$8.83	\$9.54
Tier 2: 5-11 units	\$7.63	\$8.25	\$8.91	\$9.63	\$10.41
Tier 3: 12 + units	\$7.92	\$8.56	\$9.25	\$9.99	\$10.79

* One hundred cubic feet is equivalent to 748 gallons of water.

¹ MFR and MHP have revised tiers based on unit count. For example: An apartment with 6 dwelling units would have a Tier 1 threshold of 24 units of water (6 dwelling units x 4 units of water each)



Tier Thresholds

Tiers	Units
Tier 1	4 hcf
Tier 2	11 hcf
Tier 3	12+ hcf

[Ord. 89 § 2 (Exh. A), 2020; amended by district 10/2011; Ord. 79 § 3 (Exh. A), 2009; Res. 07-19; Res. 05-04 § 9.0].

DELETE SECTION - CRP charge now included in monthly service charge.

~~6.15.120 Capital replacement charge.~~

~~A. The monthly capital replacement charge shall be as follows:~~

~~Capital Replacement Charge (Based on Meter Size) Effective October 1, 2011~~

FR/COM/PBE Customers	
5/8"	\$7.50
1"	\$15.00
1 1/2"	\$22.50
2"	\$37.50
3"	\$82.50
4"	\$127.50
6"	\$247.50
MHP Customers	
1st unit*	\$7.50
Each additional unit	\$4.50
MTF Customers	
1st unit**	\$7.50
Each additional unit	\$5.40

~~* In the case of an MHP customer, a unit refers to a mobile home dwelling unit.~~

~~** In the case of an MTF customer, a unit refers to a multifamily dwelling unit.~~

~~B. Residential services containing an excess of one unit of service shall be billed at the five-eighths by three-fourths inch rate for each unit. The units shall be determined as follows:~~

~~1. Mobile home parks shall be equal to one unit plus 0.60 units for each additional occupied space.~~

~~2. Multifamily dwellings shall be equal to one unit plus 0.72 units for each additional occupied space. [Ord. 83 § 2 (Exh. A), 2011; Ord. 81 § 2 (Exh. A), 2010; Ord. 80 § 2 (Exh. A), 2010; Ord. 79 § 3 (Exh. A), 2009; Res. 05-04 § 11.0].~~

DROUGHT RATES

Drought rates allow the District to recover fixed costs when customers curtail water use during a



drought. The percent reduction in water demand during each water shortage emergency stage is defined in the District's Water Shortage Contingency Plan, approved by the Board as a part of the *2020 Urban Water Management Plan* and Municipal Code.

Volumetric Rate Increase by Stage of Shortage

Stages of Shortage	Description	Volumetric Rate Increase
Stage 1	Water Alert	7%
Stage 2	Moderate Water Shortage	15%
Stage 3	Severe Water Shortage	27%
Stage 4	Critical Water Shortage	43%
Stage 5	Water Shortage Crisis	68%
Stage 6	Emergency Water Shortage	100%

The Board would adopt the drought rates separately from any other type of rate increase. For the duration of the rate proposal period (5 years), the Board will have the ability to adopt drought rates by increasing the then-current commodity rate without having to re-issue the Proposition 218 notice if it provides the percentage increases in the public notice.



LANDOWNER CONSENT FORM

Local Agency Formation Commission For San Bernardino County

I (We), CONNOR BAUMAN, consent to the
annexation/ reorganization of my (our) property located at:
[REDACTED], YUCCA VALLEY, CA 92284
which is identified as Assessor's Parcel Number(s)
0585-273-04-0-000,
to the HI-DESERT WATER DISTRICT
(name of agency)

Signature(s):



Address:

[REDACTED]

City, State, Zip

SAN CLEMENTE, CA 92672

Date Signed:

3/27/2025

*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

Physical Address: 2150 N. Arrowhead Avenue, San Bernardino, CA 92405

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



MEMORANDUM

July 9, 2025

Mr. Samuel Martinez
Executive Officer
Local Agency Formation Commission
1601 East 3rd Street, Suite 120
San Bernardino, CA 92415-0490

Dear Sam:

LAFCO's 3276 and 3277 consist of applications from Hi-Desert Water District (District) for a Sphere of Influence Amendment (Expansion) and Annexation to the District. The specific action before the Local Agency Formation Commission (LAFCO or Commission) consists of a request by the District to extend water service to a proposed mini-storage facility that will occupy an approximate 2.3 acre portion of a 9.46-acre parcel. The proposed actions will affect Assessor Parcel Number 0585-273-04 which is generally located south of 29 Palms Highway (State Highway 62) and west of Shafter Avenue on the west side of the District's service area. If the Commission approves LAFCO's 3276 and 3277, the project can move forward with development of an approximate 163 space personal mini-storage facility on the project site, under San Bernardino County jurisdiction, and connect to the District's water distribution system.

The County prepared an Initial Study and adopted a Mitigated Negative Declaration (MND) for this project to comply with the California Environmental Quality Act (CEQA) in February 2024. This document addressed the whole of the project as it is defined above, which resulted in issuance of a Minor Use Permit being approved at that time. The connection of the project to the District's water system was addressed at a very general level as part of the overall project evaluated in the Initial Study. A Notice of Determination was processed for the County project in February 2024.

LAFCO Staff concurs with this decision and supports the connection of the mini-storage facility to the District's water system. The Initial Study concluded that implementation of the proposed project would not result in significant adverse impacts to the environment and brought forward several project specific mitigation measures for implementation. None of these measures is the responsibility of the Commission. Therefore, I am recommending that the Commission consider the adopted Initial Study/Mitigated Negative Declaration (IS/MND) as a CEQA Responsible

Agency and as the appropriate CEQA environmental determination for LAFCO's 3276 and 3277.

Thus, after independent review of the proposed actions, this proposed sphere of influence amendment (expansion) and annexation to the District does not appear to have any potential to significantly alter the existing physical environment. Since no other project is known to be 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 approval of this action. Under this situation, I recommend that the Commission take the following steps if it chooses to approve LAFCO's 3276 and 3277, acting as a CEQA Responsible Agency:

1. Indicate that the Commission Staff and environmental consultant have independently reviewed the County's IS/MND and found it adequate for the proposal contained in LAFCO's 3276 and 3277.
2. The Commission needs to indicate that it has considered the IS/MND and environmental effects, prior to reaching a decision on the project, and finds the information substantiating the MND adequate for approval of the out-of-agency service extension proposal contained in these applications.
3. The Commission should indicate that it does not intend to adopt alternatives or other mitigation measures for this project. The mitigation measures required for this project will remain the responsibility of the County to implement.
4. File new Notices of Determination with the County Clerk of the Board acting as a CEQA Responsible Agency.

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

DATE FILED & POSTED

Posted On:

Removed On:

Receipt No:

Notice of Determination

To:

☒ Office of Planning and Research

U.S. Mail:

P.O. Box 3044

Sacramento, CA 95812-3044

Street Address:

1400 Tenth St., Rm 113

Sacramento, CA 95814

☒ Clerk of the Board

County of: San Bernardino

Address: 385 North Arrowhead Avenue, Second Floor
San Bernardino, CA 92415-0130

From:

Public Agency: San Bernardino County, LUS

Address: 385 North Arrowhead Ave, First Floor San Bernardino, CA 92415-0187

Contact: Alexander Lee

Phone: 909-361-7258

Lead Agency (if different from above):

Address:

Contact:

Phone:

SUBJECT: Filing of Notice of Determination in compliance with Section 21108 or 21152 of the Public Resources Code.

State Clearinghouse Number (if submitted to State Clearinghouse): 2023110542

Project Title: Morongo Valley Self Storage

Project Applicant: Ethan Ramberg

Project Location (include county): 7886 Shafter Avenue Morongo Valley, CA 92284

Project Description:

A Minor Use Permit to establish a personal self-storage facility (mini storage) to include (155) 8'x20' and (8) 8'x10' standard height shipping containers totaling 25,440 square feet of structures in the unincorporated community of Morongo Valley.

This is to advise that the San Bernardino County has approved the above (☒ Lead Agency or ☐ Responsible Agency)

described project on February 15, 2024 and has made the following determinations regarding the above (date) described project.

1. The project [☐ will ☒ will not] have a significant effect on the environment.
2. ☐ An Environmental Impact Report was prepared for this project pursuant to the provisions of CEQA.
☒ A Negative Declaration was prepared for this project pursuant to the provisions of CEQA.
3. Mitigation measures [☒ were ☐ were not] made a condition of the approval of the project.
4. A mitigation reporting or monitoring plan [☒ was ☐ was not] adopted for this project.
5. A statement of Overriding Considerations [☐ was ☒ was not] adopted for this project.
6. Findings [☒ were ☐ were not] made pursuant to the provisions of CEQA.

This is to certify that the final and record of project approval are the Mitigated Negative Declaration are available to the General Public at:

385 N. Arrowhead Ave., San Bernardino, CA 92415

Signature (Public Agency): Alex Lee Title: Planner
Alexander Lee

Date: 2/23/2024

Date Received for filing at OPR: _____

Authority cited: Sections 21083, Public Resources Code.
Reference Section 21000-21174, Public Resources Code.

Revised 2011

**SAN BERNARDINO COUNTY
INITIAL STUDY/MITIGATED NEGATIVE DECLARATION
ENVIRONMENTAL CHECKLIST FORM**

This form and the descriptive information in the application package constitute the contents of Initial Study pursuant to County Guidelines under Ordinance 3040 and Section 15063 of the State CEQA Guidelines.

PROJECT LABEL:

APNs:	0585-273-04	USGS Quad:	Yucca Valley South Quadrangle
Applicant:	Ethan Ramberg RAMBERG WEST 53 Sansovino Ladera Ranch, CA 92694	T, R, Section:	East 1/3 Fractional Section 5, Township 1 South, Range 5 East, San Bernardino Base and Meridian.
Location	Address: 7886 Shafter Avenue Morongo Valley, CA 92284	Thomas Bros	
Project No:	PROJ-2022-00176	Community Plan:	N.A.
Rep	3rd Supervisorial District; Dawn Rowe	LUZD:	IC – Community Industrial
Proposal:	A Minor Use Permit to establish a personal self-storage facility (mini storage) to include (155) 8'x20' and (8) 8'x10' standard height shipping containers totaling 25,440 square feet of structures in the unincorporated community of Morongo Valley	Overlays:	Flood Plain Safety Zone (FP: F129-B) Fire Safety Zone (FS: F129-B)

PROJECT CONTACT INFORMATION:

Lead agency: San Bernardino County
Land Use Services Department
385 N. Arrowhead Avenue, 1st Floor
San Bernardino, CA 92415-0182

Contact person: Alexander Lee, Planner
Phone No: (909) 361-7258 **Fax No:** (909) 387-3223
E-mail: Alexander.Lee@lus.sbcounty.gov

Project Sponsor
Inside the Box, Inc.
PO Box 3398
Landers, CA 92285

PROJECT DESCRIPTION:

Summary

The proposed project involves a Minor Use Permit entitlement to establish a personal self-storage facility (mini storage) utilizing shipping containers. The facility would include one hundred fifty-five

(155) 8'x20' and eight (8) 8'x10' standard 10-foot height metal shipping containers totaling 25,440 square feet, to be located on a vacant 9.46-acre parcel in the unincorporated community of Morongo Valley, immediately adjacent to the Town of Yucca Valley northwesterly corporate boundary.

The facility is proposed to operate 7 days a week, from 9 a.m. to 4 p.m. Access will be governed by a self-serve kiosk at a 20-foot-wide entrance gate, with each storage unit assigned an Entry Code for access. The Entry Code will only work during the hours of operation. Security personnel will stop by the site and drive through units twice a day during business hours to ensure compliance with business terms of service. Storage units will be limited to standard residential purposes, such as storage of furniture, clothing, holiday decorations, files /paperwork, and similar items and will be prohibited from storing firearms, food and other hazardous materials.

One 17'-4" x 12' trash enclosure providing two bins will be located near the entrance to the facility per County Standards, and the entire storage facility will be enclosed within a chain link fence structure. The proposed site plan configuration incorporates setbacks as follows: Front – 25 feet; Street side - 25 feet; Interior side - 10 feet; and Rear - 10 feet as required by County Land Development Standards in the MV/IC – Community Industrial Zone.

Vehicular access to the facility will be provided by a 26-foot-wide asphalt paved driveway connecting to Shafter Avenue. All interior drives will also be asphalt paved 24 feet wide, depending on location. Parking will be provided for 83 vehicles (82 regular spaces and one disabled parking space), all located within the fenced area and parallel adjacent to storage units. A portion of Shafter Avenue (from the site entrance to Highway 62), which is currently a gravel/dirt road in a degraded condition, will also be repaved with asphalt to accommodate proposed site usage.

Approximately 20.5% of the development site area will be devoted to landscaped area utilizing drought tolerant native desert plant species such as shrubs, groundcovers, cacti, succulents, and trees as well as decorative rock in compliance with County standards. No protected Joshua trees are located within the development site area. Yucca and Joshua trees located on the hilly remainder of the property will not be disturbed by the proposed project. (Please refer to Section IV: Biological Resources for additional information.)

Surrounding Land Uses and Setting

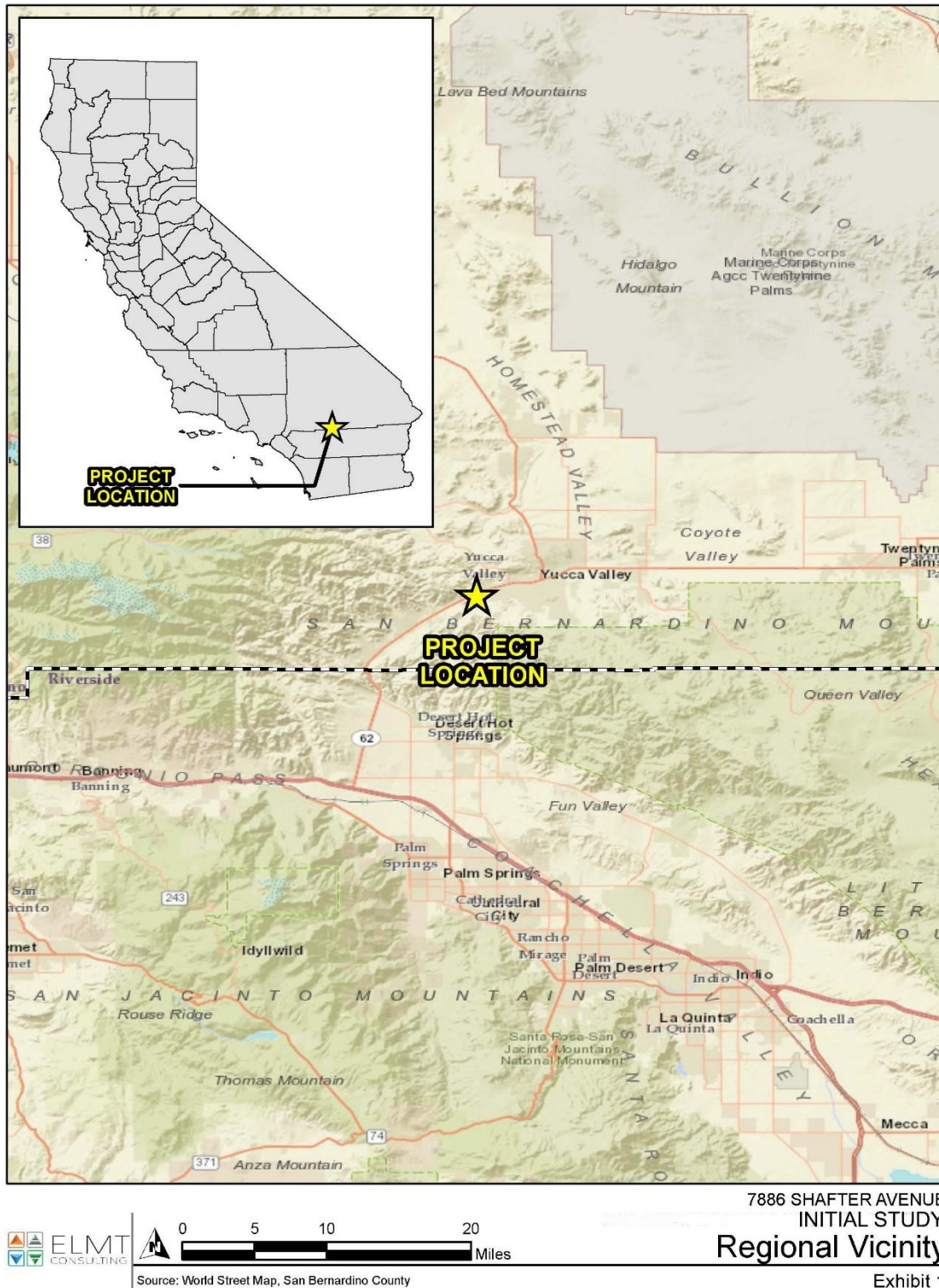
Existing Land Use and Land Use Zoning Districts		
Location	Existing Land Use	Land Use Zoning District
Project Site	Vacant	San Bernardino County: IC (Community Industrial)
North	Industrial – Auto Collision Repair Business	Town of Yucca Valley: I-Industrial Zone
South	Vacant	San Bernardino County: IC (Community Industrial)
East	Vacant	San Bernardino County: IC (Community Industrial)
West	Vacant	San Bernardino County: IC (Community Industrial)

Project Site Location, Existing Site Land Uses and Conditions

The project site encompasses 9.46 acres of vacant land located at 7886 Shafter Avenue, Morongo Valley, immediately adjacent to the northwesterly boundary of the Town of Yucca Valley, in the unincorporated area of San Bernardino County. Existing land uses on-site and on surrounding parcels are indicated in the table above.

A 2.3-acre portion of the 9.46-acre project site is proposed to be developed. This portion of the site has been graded level at some time in the past. Minimal, mostly weedy, vegetation exists within this portion of the site. The remainder of the site is hilly topography in its natural condition and contains typical desert vegetation. (Additional description of this portion of the site is contained in Section IV - Biological Resources).

Exhibits 1 through 3 illustrate the project location regionally and locally. Exhibits 4-a through 4-d provide photographs of existing on-site conditions. Exhibit 5 shows the proposed Site Plan. Exhibit 6 illustrates the proposed Container Layout and Parking Plan.





Source: USA Topographic Map, San Bernardino County

7886 SHAFTER AVENUE
 INITIAL STUDY
 Site Vicinity

Exhibit 2



0 62.5 125 250
Feet
Source: ESRI Aerial Imagery, San Bernardino County

7886 SHAFTER AVENUE
INITIAL STUDY
Project Site
Exhibit 3

EXHIBIT 4-A: SITE PHOTOGRAPHS



Photograph 1: From the northeast corner of the project site looking southeast.



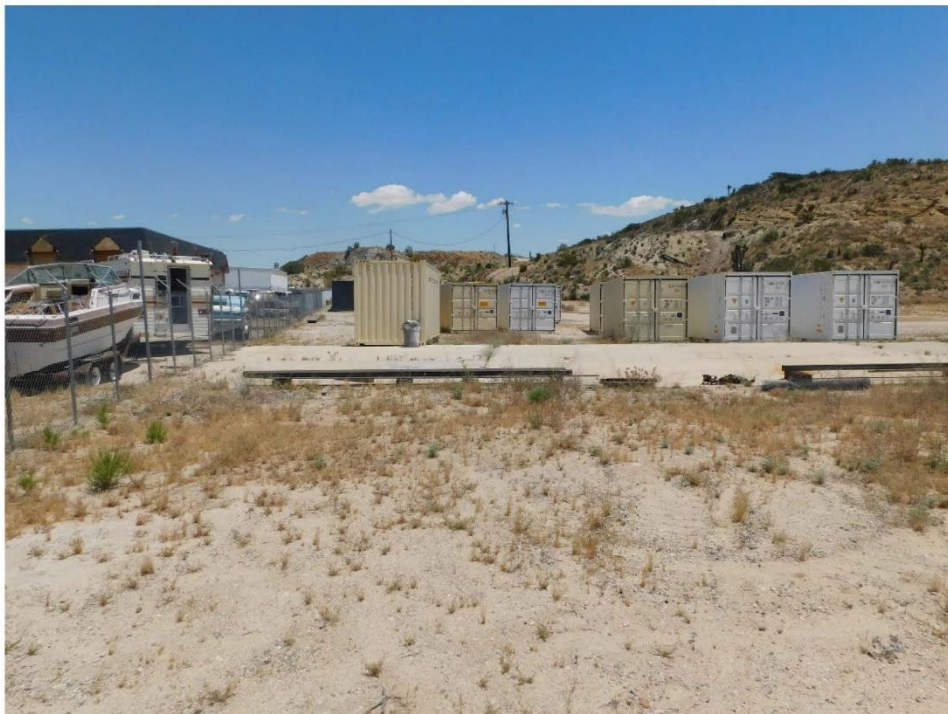
Photograph 2: From the northeast corner of the project site looking south.

Photos by ELMT Consulting

EXHIBIT 4-B: SITE PHOTOGRAPHS



Photograph 3: From the eastern limits of the project site at Shafter Avenue looking west.



Photograph 4: From the northwest corner of the project site looking west along the northern boundary.

Photos by ELMT Consulting

EXHIBIT 4-C: SITE PHOTOGRAPHS



Photograph 5: From the southwest corner of the project site looking north along the western boundary.



Photograph 6: From the southwest corner of the project site looking east along the southern boundary.

Photos by ELMT Consulting

EXHIBIT 4-D: SITE PHOTOGRAPHS

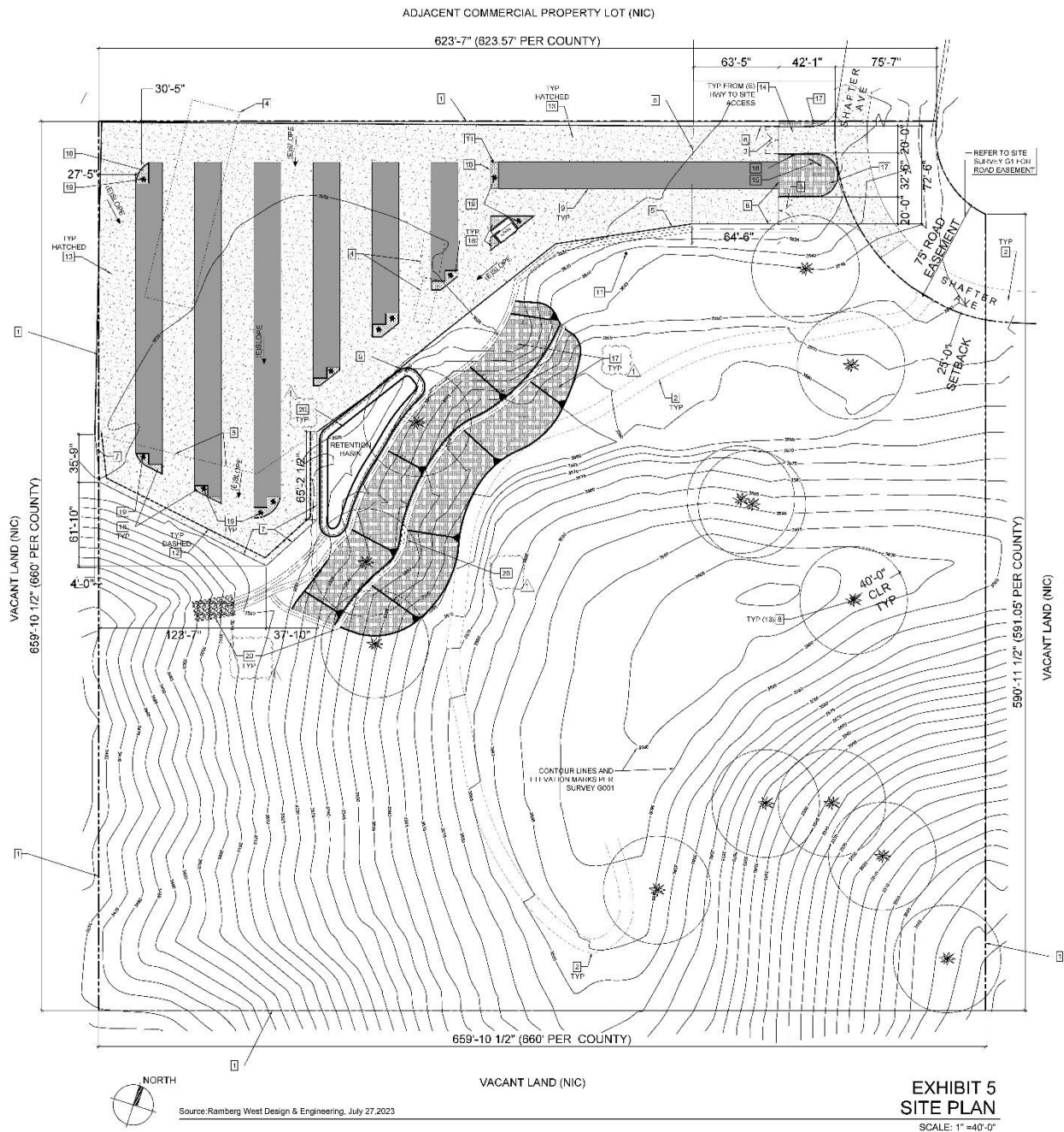


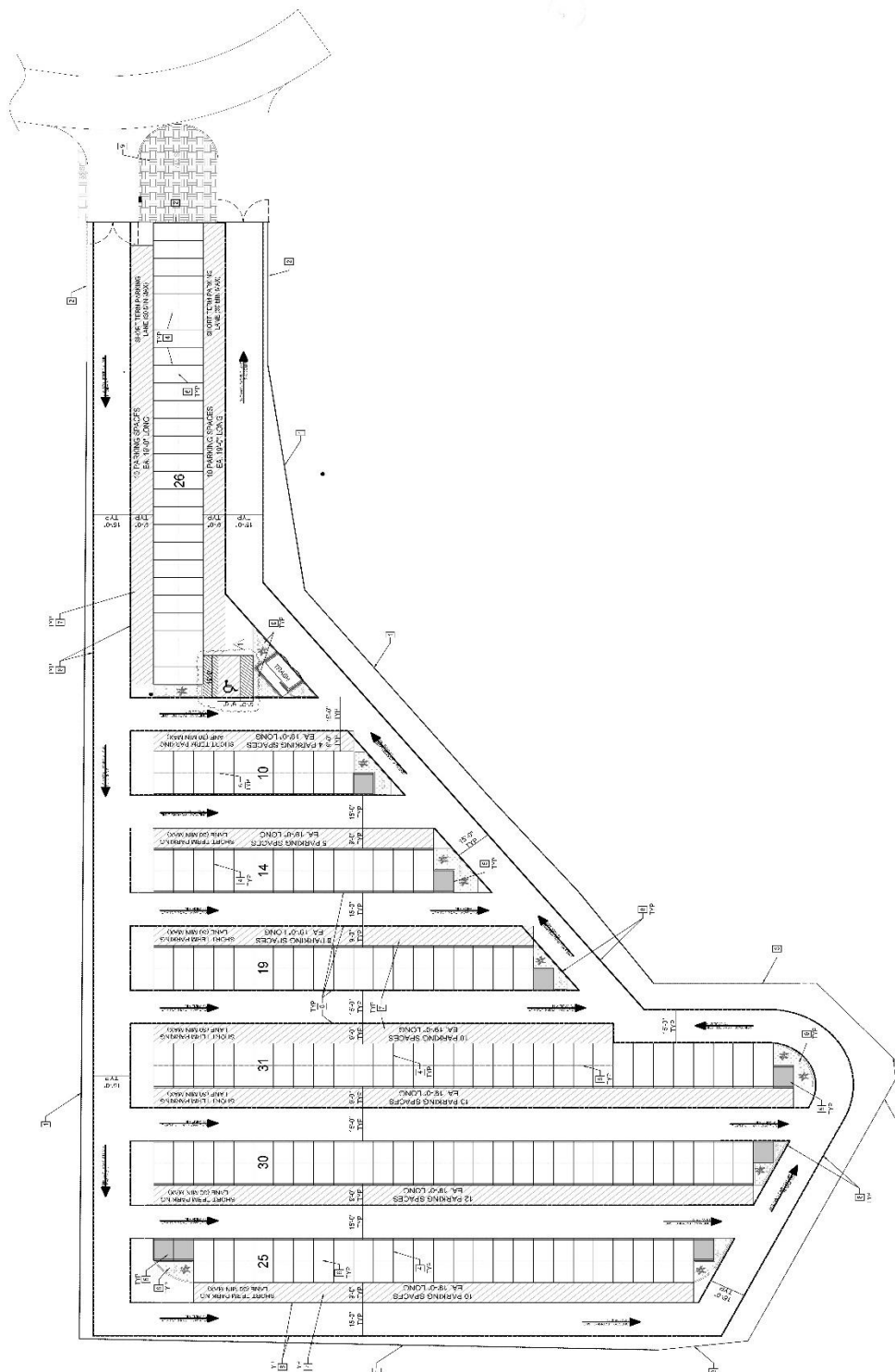
Photograph 7: From the middle of the southern boundary of the project site looking southwest.



Photograph 8: From the middle of the southern boundary of the project site looking northeast.

Photos by ELMT Consulting





Source:RAMBERG West Design & Engineering, 7/27/23

EXHIBIT 6 Container Layout & Parking Plan

ADDITIONAL APPROVAL REQUIRED BY OTHER PUBLIC AGENCIES

Federal: None.

State of California: None.

County of San Bernardino: Land Use Services Department-Building and Safety, Public Health-Environmental Health Services, Special Districts, and Public Works.

Regional: None.

Local: None other than County approvals.

CONSULTATION WITH CALIFORNIA NATIVE AMERICAN TRIBES

On July 20, 2003, the County of San Bernardino mailed notifications pursuant to AB 52 to four tribes. Table 2 – AB 52 Consultation Results, shows a summary of comments and responses provided for the Project.

Table 1
AB 52 Tribal Consultation

Tribe	Comment Received	Summary of Response	Conclusion
Twenty-Nine Palms Band of Mission Indians	None	None	Concluded
Colorado River Indian Tribes	None	None	Concluded
Morongo Band of Mission Indians	None	None	Concluded
San Manuel Band of Mission Indians	None	None	Concluded

Note: Conducting consultation early in the CEQA process allows tribal governments, lead agencies, and project proponents to discuss the level of environmental review, identify and address potential adverse impacts to tribal cultural resources, and reduce the potential for delay and conflict in the environmental review process. (See Public Resources Code Section 21083.3.2.) Information may also be available from the California Native American Heritage Commission's Sacred Lands File per Public Resources Code Section 5097.96 and the California Historical Resources Information System administered by the California Office of Historic Preservation. Please also note that Public Resources Code Section 21082.3(c) contains provisions specific to confidentiality.

EVALUATION FORMAT

This Initial Study is prepared in compliance with the California Environmental Quality Act (CEQA) pursuant to Public Resources Code Section 21000, et seq. and the State CEQA Guidelines (California Code of Regulations Section 15000, et seq.). Specifically, the preparation of an Initial Study is guided by Section 15063 of the State CEQA Guidelines. This format of the study is presented as follows. The project is evaluated based on its effect on 20 major categories of environmental factors. Each factor is reviewed by responding to a series of questions regarding the impact of the project on each element of the overall factor. The Initial Study checklist provides a formatted analysis that provides a determination of the effect of the project on the factor and its elements. The effect of the project is categorized into one of the following four categories of possible determinations:

Potentially Significant Impact	Less than Significant With Mitigation Incorporated	Less than Significant	No Impact
--------------------------------	--	-----------------------	-----------

Substantiation is then provided to justify each determination. One of the four following conclusions is then provided as a summary of the analysis for each of the major environmental factors.

1. **No Impact:** No impacts are identified or anticipated and no mitigation measures are required.
2. **Less than Significant Impact:** No significant adverse impacts are identified or anticipated and no mitigation measures are required.
3. **Less than Significant Impact with Mitigation Incorporated:** Possible significant adverse impacts have been identified or anticipated and the following mitigation measures are required as a condition of project approval to reduce these impacts to a level below significant. The required mitigation measures are: (List of mitigation measures)
4. **Potentially Significant Impact:** Significant adverse impacts have been identified or anticipated. An Environmental Impact Report (EIR) is required to evaluate these impacts, which are (List of the impacts requiring analysis within the EIR).

At the end of the analysis the required mitigation measures are restated and categorized as being either self- monitoring or as requiring a Mitigation Monitoring and Reporting Program.

ENVIRONMENTAL FACTORS POTENTIALLY AFFECTED:

The environmental factors checked below will be potentially affected by this project, involving at least one impact that is a "Potentially Significant Impact" as indicated by the checklist on the following pages.

- | | | |
|--|---|--|
| <input type="checkbox"/> Aesthetics | <input type="checkbox"/> Agriculture and Forestry Resources | <input type="checkbox"/> Air Quality |
| <input checked="" type="checkbox"/> Biological Resources | <input checked="" type="checkbox"/> Cultural Resources | <input type="checkbox"/> Energy |
| <input type="checkbox"/> Geology/Soils | <input type="checkbox"/> Greenhouse Gas Emissions | <input type="checkbox"/> Hazards & Hazardous Materials |

Initial Study PROJ-2022-00176
Ethan Ramberg, RAMBERG WEST
APN: 0585-273-04
November 17,2023

- | | | |
|--|---|---|
| <input type="checkbox"/> Hydrology/Water Quality | <input type="checkbox"/> Land Use/Planning | <input type="checkbox"/> Mineral Resources |
| <input type="checkbox"/> Noise | <input type="checkbox"/> Population/Housing | <input type="checkbox"/> Public Services |
| <input type="checkbox"/> Recreation | <input type="checkbox"/> Transportation | <input type="checkbox"/> Tribal Cultural Resources |
| <input type="checkbox"/> Utilities/Service Systems | <input type="checkbox"/> Wildfire | <input type="checkbox"/> Mandatory Findings of Significance |

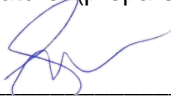
DETERMINATION: (To be completed by the Lead Agency)

On the basis of this initial evaluation, the following finding is made:

<input type="checkbox"/>	The proposed project COULD NOT have a significant effect on the environment, and a NEGATIVE DECLARATION shall be prepared.
<input checked="" type="checkbox"/>	Although the proposed project could have a significant effect on the environment, there shall not be a significant effect in this case because revisions in the project have been made by or agreed to by the project proponent. A MITIGATED NEGATIVE DECLARATION shall be prepared.
<input type="checkbox"/>	The proposed project MAY have a significant effect on the environment, and an ENVIRONMENTAL IMPACT REPORT is required.
<input type="checkbox"/>	The proposed project MAY have a "potentially significant impact" or "potentially significant unless mitigated" impact on the environment, but at least one effect 1) has been adequately analyzed in an earlier document pursuant to applicable legal standards, and 2) has been addressed by mitigation measures based on the earlier analysis as described on attached sheets. An ENVIRONMENTAL IMPACT REPORT is required, but it must analyze only the effects that remain to be addressed.
<input type="checkbox"/>	Although the proposed project could have a significant effect on the environment, because all potentially significant effects (a) have been analyzed adequately in an earlier EIR or NEGATIVE DECLARATION pursuant to applicable standards, and (b) have been avoided or mitigated pursuant to that earlier EIR or NEGATIVE DECLARATION, including revisions or mitigation measures that are imposed upon the proposed project, nothing further is required.

Alex Lee
 Signature: (prepared by Alexander Lee, Planner)

11/17/2023
 Date


 Signature: (Steven Valdez, Supervising Planner)

11/20/2023
 Date

Issues		Potentially Significant Impact	Less than Significant with Mitigation Incorporated	Less than Significant	No Impact
I. AESTHETICS – Except as provided in Public Resources Code Section 21099, would the project:					
a)	Have a substantial adverse effect on a scenic vista?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b)	Substantially damage scenic resources, including but not limited to trees, rock outcroppings, and historic buildings within a state scenic highway?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c)	In non-urbanized areas, substantially degrade the existing visual character or quality of public views of the site and its surroundings? (Public views are those that are experienced from a publicly accessible vantage point). If the project is in an urbanized area, would the project conflict with applicable zoning and other regulations governing scenic quality?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d)	Create a new source of substantial light or glare, which will adversely affect day or nighttime views in the area?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

SUBSTANTIATION: (Check ☐ if project is located within the view-shed of any Scenic Route listed in the General Plan):

Sources: San Bernardino Countywide Plan and EIR, Site Exhibits and Photographs, Submitted Project Materials.

a) **Have a substantial adverse effect on a scenic vista?**

The project site is not located in proximity to any designated scenic vista, and is visually obscured from surrounding areas by either topography or intervening development. (See Site Photographs.) Consequently, the proposed project would have no impact on a scenic vista.

No Impact.

b) **Substantially damage scenic resources, including but not limited to trees, rock outcroppings, and historic buildings within a state scenic highway?**

There are no scenic resources such as trees or rock outcroppings or permanent structures of any kind located on the project site. Yucca and Joshua Trees located on the hilly remainder portion of the project site will not be affected by proposed

construction. (See Section IV- Biological Resources). According to CalTrans, State Route 62, which provides the major circulation access to the region, and to the project site from Shafter Avenue, is eligible for Scenic Highway designation but is not presently an officially designated State Scenic Route. It is, however, a designated County Scenic Route in the San Bernadino County General Plan. The project site, in any case, is not located immediately adjacent to Route 62, but is obscured by an intervening existing auto collision repair business. (See Exhibit 3 – Project Site, for an aerial view of the area.) Consequently, the proposed project will not impact any scenic resources, including but not limited to trees, rock outcroppings, and historic buildings within a State scenic highway corridor.

No Impact.

- c) **In non-urbanized areas, substantially degrade the existing visual character or quality of public views of the site and its surroundings? (Public views are those that are experienced from a publicly accessible vantage point). If the project is in an urbanized area, would the project conflict with applicable zoning and other regulations governing scenic quality?**

The project site is located in a non-urbanized area but is situated in such a way that it is not visible from State Route 62, which is located north of the project site. Adjacent parcels are designated for industrial use and are vacant, with the exception of the auto collision business previously noted on the north side of the project site. (Please refer to Site Photographs and Exhibit 3 which provides an aerial view of the Project Site and adjacent surrounding area.) Consequently, the proposed project will have no impact on the existing visual character or quality of public views of the site and its surroundings.

No Impact.

- d) **Create a new source of substantial light or glare, which will adversely affect day or nighttime views in the area?**

As has been previously described, there are no views either from or to the project site. The storage facility will, however, have limited security lighting at night, which must comply with County lighting and design requirements. The Proposed Project's lighting plan is required to be designed in accordance with the Night Sky Protection Ordinance (Ordinance No. 4419, Chapter 83.07 of Division 3 of Title 8 - San Bernardino County Development Code, Section 83.07.060) The Proposed Project would be subject to design review in the final stages of development to ensure the use of proper lighting at the Project Site which would reduce impacts from any additional light and glare in the area. No significant adverse impacts from light and glare are identified or anticipated, and no mitigation measures are required.

No Impact.

In consideration of the preceding information and analysis, no adverse aesthetic impacts are identified or anticipated, and no mitigation measures are required.

Issues	Potentially Significant Impact	Less than Significant with Mitigation Incorporated	Less than Significant	No Impact
II. AGRICULTURE AND FORESTRY RESOURCES - In determining whether impacts to agricultural resources are significant environmental effects, lead agencies may refer to the California Agricultural Land Evaluation and Site Assessment Model (1997) prepared by the California Dept. of Conservation as an optional model to use in assessing impacts on agriculture and farmland. In determining whether impacts to forest resources, including timberland, are significant environmental effects, lead agencies may refer to information compiled by the California Department of Forestry and Fire Protection regarding the state's inventory of forest land, including the Forest and Range Assessment Project and the Forest Legacy Assessment project; and forest carbon measurement methodology provided in Forest Protocols adopted by the California Air Resources Board. Would the project:				
a) Convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland) as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to non-agricultural use?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Conflict with existing zoning for agricultural use, or a Williamson Act contract?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c) Conflict with existing zoning for, or cause rezoning of, forest land (as defined in Public Resources Code section 12220(g)), timberland (as defined by Public Resources Code Section 4526), or timberland zoned Timberland Production (as defined by Government Code section 51104(g))?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Result in the loss of forest land or conversion of forest land to non-forest use?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e) Involve other changes in the existing environment which, due to their location or nature, could result in conversion of Farmland, to non-agricultural use or conversion of forest land to non-forest use?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

SUBSTANTIATION: (Check ☐ if project is located in the Important Farmlands Overlay):

Sources: San Bernardino Countywide Plan and EIR; California Department of Conservation Farmland Mapping and Monitoring Program; Submitted Project Materials

- a) **Convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland) as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to non-agricultural use?**

The project site is not, and never has been, utilized for agricultural purposes and is not contained on any official California Farmland Maps. No impacts to prime or unique farmlands will occur. No mitigation measures are necessary.

No Impact.

- b) **Conflict with existing zoning for agricultural use, or a Williamson Act contract?**

As has been noted, the project site is zoned for industrial use, as are all immediately surrounding parcels. No conflicts with existing zoning for agricultural use, or a Williamson Act contract, will occur. No mitigation measures are necessary.

No Impact.

- c) **Conflict with existing zoning for, or cause rezoning of, forest land (as defined in Public Resources Code section 12220(g)), timberland (as defined by Public Resources Code section 4526), or timberland zoned Timberland Production (as defined by Government Code section 51104(g))?**

A 2.3-acre portion of the 9.46-acre site has been graded and the remainder of the site is natural desert habitat. As has been noted, the project site and all adjacent parcels are zoned for industrial purposes. No forest or timberland exists on-site or in surrounding areas. Consequently, no conflicts with zoning for forest or timberland will occur. No mitigation measures are necessary.

No Impact.

- d) **Result in the loss of forest land or conversion of forest land to non-forest use?**

See Response II-c above. No loss of forest land or conversion of forest land to non-forest use will occur. No mitigation measures are necessary.

No Impact.

- e) **Involve other changes in the existing environment which, due to their location or nature, could result in conversion of Farmland, to non-agricultural use or conversion of forest land to non-forest use?**

See preceding Responses II-a through d. No farmland or forest land will be affected by the proposed project in any way. No mitigation measures are necessary.

No Impact.

In consideration of the preceding information and analysis, no adverse impacts to either farmland or forest land are identified or anticipated, and no mitigation measures are required.

Issues		Potentially Significant Impact	Less than Significant with Mitigation Incorporated	Less than Significant	No Impact
III. AIR QUALITY - Where available, the significance criteria established by the applicable air quality management district or air pollution control district might be relied upon to make the following determinations. Would the project:					
a)	Conflict with or obstruct implementation of the applicable air quality plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b)	Result in a cumulatively considerable net increase of any criteria pollutant for which the Project region is non-attainment under an applicable federal or state ambient air quality standard?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
c)	Expose sensitive receptors to substantial pollutant concentrations?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
d)	Result in other emissions (such as those leading to odors adversely affecting a substantial number of people?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

SUBSTANTIATION: (Discuss conformity with the Mojave Desert Air Quality Management Plan, if applicable):

Sources: San Bernardino Countywide Plan and EIR; Submitted Project Materials

a) Conflict with or obstruct implementation of the applicable air quality plan?

The Project Site is in the Mojave Desert Air Basin (MDAB). The Mojave Desert Air Quality Management District (MDAQMD) has jurisdiction over air quality monitoring and regulations within the east desert area which includes the Project site. A project is deemed by the MDAQMD to not exceed "significant emissions thresholds" established by the district if it is consistent with the existing land use plan and does not increase vehicle trips and vehicle miles traveled beyond plan assumptions.

The proposed Project is a request for a Minor Use Permit (MUP) for a self-storage facility. The Project site occurs within the General Plan Land Use category "Industrial" and is zoned Community Industrial (IC). These adopted land use designations are assumed in the preparation of the *Mojave Desert Air Quality Management Plan* (AQMP). The proposed Project is conditionally permitted within the IC Zone and will be required to comply with all pertinent regulations of the MDAQMD as listed below during construction. It is also worth noting that land uses much more intense in terms of potential air quality impacts than the Proposed Project, such as light manufacturing and warehouse operations, are allowed within the existing Industrial General Plan land use designation.

MDAQMD Requirements

The Project would be required to comply with Rule 402 - Nuisance Dust and Rule 403 - Fugitive Dust, which require the implementation of Best Available Control Measures (BACMs) for each fugitive dust source, and the MDAQMP, which identifies Best Available Control Technologies (BACTs) for area sources and point sources. The BACMs and BACTs would include, but may not be limited to the following:

1. The Project Applicant shall ensure that any portion of the site to be graded shall be pre-watered prior to the onset of grading activities.

(a) The Project Applicant shall ensure that watering of the site or other soil stabilization method shall be employed on an on-going basis after the initiation of any grading activity on the site. Portions of the site that are actively being graded shall be watered regularly (2 x daily) to ensure that a crust is formed on the ground surface and shall be watered at the end of each workday.

(b) The Project Applicant shall ensure that all disturbed areas are treated to prevent erosion until the site is constructed upon.

(c) The Project Applicant shall ensure that landscaped areas are installed as soon as possible to reduce the potential for wind erosion.

(d) The Project Applicant shall ensure that all grading activities are suspended during first and second stage ozone episodes or when winds exceed 25 miles per hour.

2. To reduce emissions, all equipment used in grading and construction must be tuned and maintained to the manufacturer's specification to maximize efficient burning of vehicle fuel.

3. The Project Applicant shall ensure that existing power sources are utilized where feasible via temporary power poles to avoid on-site power generation during construction.

4. The Project Applicant shall ensure that construction personnel are informed of ride sharing and transit opportunities.

5. All buildings on the Project Site shall conform to energy use guidelines in Title 24 of the California Administrative Code.

6. The Project Applicant shall maintain and effectively utilize and schedule on-site equipment in order to minimize exhaust emissions from truck idling.

7. The Project Applicant shall comply with all existing and future CARB and MDAQMD regulations related to diesel-fueled trucks, which may include among others: (1) meeting more stringent emission standards; (2) retrofitting existing engines with particulate traps; (3) use of low sulfur fuel; and (4) use of alternative fuels or equipment."

The San Bernardino County Traffic Study Guidelines require the preparation of a traffic study if a proposal generates 100 or more peak hour trips without consideration of pass-by trips during any peak hour. The Public Works Traffic Division of the Land Development Department has reviewed the project and has determined that the Proposed Project would generate no more than 50 peak hour trips, thus it does not meet the threshold specified by San Bernardino County Traffic Study Guidelines to require a traffic study. In

consideration of these facts, the Proposed Project will not obstruct or conflict with the implementation of the MDAQMP. No mitigation measures are necessary.

Less than Significant Impact.

- b) **Result in a cumulatively considerable net increase of any criteria pollutant for which the Project region is non-attainment under an applicable federal or state ambient air quality standard?**

See Response III-(a) above.

The Proposed Project is limited in scope. Project-related construction air quality impacts are anticipated to be minimal because the site has already been graded and will require a limited amount of additional grading. The use of metal shipping containers for storage units will also minimize construction-related air quality impacts as no new structures other than trash enclosures are anticipated. The Proposed Project will be required to comply with all pertinent regulations of the MDAQMD listed in Item III-a) above during construction.

A project is deemed by the MDAQMD to not exceed “significant emissions thresholds” established by the District if it is consistent with the existing land use plan and does not increase vehicle trips and vehicle miles traveled beyond plan assumptions. As has been noted, the proposed Project is consistent with both the General Plan Industrial Land Use designation as well as zoning Community Industrial, (IC) which form the basis of regional air quality planning programs. It is also worth noting that land uses are much more intense in terms of potential air quality impacts than the Proposed Project such as light manufacturing and warehouse operations, are allowed within existing +designations.

The San Bernardino County Traffic Study Guidelines require the preparation of an assessment of Vehicle Miles Travelled (VMT) if a proposal generates 100 or more peak hour trips without consideration of pass-by trips during any peak hour. The Public Works Traffic Division of the Land Development Department has reviewed the project and has noted that it is “located in a low VMT generating area according to the San Bernardino County Traffic Analysis (SBCTA) VMT Screening Tool. Projects in this area are primarily local serving, not expected to increase VMT”. The Traffic Division also estimated that the Proposed Project would generate no more than 50 peak hour trips, thus it does not meet the threshold specified by SBCTA Study Guidelines to require a VMT assessment. In consideration of these factors, the Proposed Project is not anticipated to generate cumulatively considerable net increase of any criteria pollutant. Consequently, no significant air quality impacts either on a project specific or cumulative level have been identified or are anticipated, and no mitigation measures are required.

Less than Significant Impact.

- c) **Expose sensitive receptors to substantial pollutant concentrations?**

As has been described, the project site is immediately surrounded on three sides by vacant land. The auto collision repair facility adjacent to the north of the project site is not considered a sensitive receptor. Sensitive receptors are defined as residences, schools, daycare centers, playgrounds and medical facilities. Industrial uses proposed within 1000 feet of such sensitive receptors are subject to more rigorous analysis by MDAQMD. The

closest sensitive receptor is a residence located approximately 1450 feet to the east, accessible to the Project Site only by a partially unpaved road, according to Google Earth. Exhibit 2 shows area topography and the approximate location of this residence. No project related traffic will utilize this road either during construction or long-term operations. As has been noted, the project must comply with all applicable pollution control measures of the MDAQMD, any construction related air quality impacts will be temporary and minimized by compliance with all applicable MDAQMD rules and regulations. No substantial pollutant concentrations of any type are anticipated. Consequently, no significant air quality impacts to sensitive receptors are anticipated and no mitigation measures are necessary.

Less than significant impact.

d) Result in other emissions (such as those leading to odors adversely affecting a substantial number of people?)

The proposed storage facility will not involve any industrial processes or activities that are anticipated to generate objectionable odors. As has been noted, the project site is bounded by vacant land on three sides and there is not a large concentration of people at the auto collision repair service adjacent on the north. No impacts from odors will occur. No mitigation measures are necessary.

No Impact.

In consideration of the preceding information and analysis, no significant adverse air quality impacts are identified or anticipated, and no mitigation measures are required.

<i>Issues</i>	<i>Potentially Significant Impact</i>	<i>Less than Significant with Mitigation Incorporated</i>	<i>Less than Significant</i>	<i>No Impact</i>
IV. BIOLOGICAL RESOURCES - Would the project:				

- | | | | | |
|--|--------------------------|-------------------------------------|--------------------------|-------------------------------------|
| a) Have substantial adverse effects, either directly or through habitat modifications, on any species identified as a candidate, sensitive or special status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Wildlife or U.S. Fish and Wildlife Service? | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| b) Have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, and regulations or by the California Department of Fish and Wildlife or US Fish and Wildlife Service? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| c) Have a substantial adverse effect on state or federally protected wetlands (including, but not | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

limited to, marsh, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means?

- | | | | | | |
|----|---|--------------------------|--------------------------|-------------------------------------|-------------------------------------|
| d) | Interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| e) | Conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| f) | Conflict with the provisions of an adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional or state habitat conservation plan? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

SUBSTANTIATION: (Check if project is located in the Biological Resources Overlay or contains habitat for any species listed in the California Natural Diversity Database ☐):

Sources: San Bernardino Countywide Plan and EIR; Submitted Project Materials; Biological Resources Assessment, prepared by ELMT Consulting, June 2023 and "Joshua Tree Location Inspection" prepared by ARBORPRO, August 2023, as contained in Appendix A to this Initial Study.

- a) **Have substantial adverse effects, either directly or through habitat modifications, on any species identified as a candidate, sensitive or special status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Wildlife or U.S. Fish and Wildlife Service?**

The CNDDDB Rarefind 5 and the CNPS Electronic Inventory of Rare and Endangered Vascular Plants of California were queried for reported locations of special-status plant and wildlife species as well as special status natural plant communities in the Yucca Valley South USGS 7.5-minute quadrangle. The habitat assessment evaluated the conditions of the habitat(s) within the boundaries of the project site to determine if the existing plant communities, at the time of the survey, have the potential to provide suitable habitat(s) for special-status plant and wildlife species.

- Special Status Plant Species

The literature search identified ten (10) special-status plant species and thirty-four (34) special-status wildlife species as having potential to occur within the Yucca Valley South USGS 7.5-minute quadrangle. Special-status plant and wildlife species were evaluated for their potential to occur within the project site based on habitat requirements, availability and quality of suitable habitat, and known distributions. Species determined to have the potential to occur within the general vicinity of the project site are listed in

the Biological Resources Assessment contained in Appendix A to this Initial Study. No special-status plant species were, however, observed on-site during the field investigation.

While the portion of the site identified for development is disturbed land, the majority of the site supports an uninterrupted, undeveloped open space that supports a natural creosote bush scrub plant community. Based on habitat requirements for specific special-status plant species and the availability and quality of habitats needed by each species, and proximity of the site to known occurrences, it was determined that the undeveloped portions of project site have a low potential to support Joshua Tree poppy (*Eschscholzia androuxii*) and Latimer's woodland-gilia (*Saltugilia latimeri*).

While no western Joshua tree (*Yucca brevifolia*) were observed within the proposed storage facility footprint itself, a total of thirteen specimens do, however, occur in the adjacent hilly area, a portion of which is to be graded for drainage improvements as shown on Exhibit 5 - Site Plan. Joshua trees within 40 feet of planned construction activity have been evaluated by a qualified arborist, as described in Appendix A. The arborist determined that no adverse impacts to four Joshua Trees located within 40 feet of planned construction activities will occur with the utilization of temporary fencing seven (7) feet in diameter around each tree. With implementation of the construction fencing contained in **Mitigation Measure BIO-1**, impacts to western Joshua Trees will be less than significant and no additional mitigation measures are considered necessary.

It was further determined that the project site does not have the potential to support the remainder of special-status plant species known to occur in the vicinity of the site and all are presumed to be absent. These special-status plant species are not state or federally listed as threatened or endangered.

- Special-Status Wildlife

According to the CNDDB, thirty-four (34) special-status wildlife species have been reported in the Yucca Valley South quadrangle (refer to Attachment C). The only special-status wildlife species observed during the field investigation was Cooper's hawk. Based on habitat requirements for specific species and the availability and quality of on-site habitats, and proximity to known occurrences, it was determined that the proposed project site has a high potential to support Cooper's hawk (*Accipiter cooperii*), sharp-shinned hawk (*Accipiter striatus*), Costa's hummingbird (*Calypte costae*), and loggerhead shrike (*Lanius ludovicianus*); and a low potential to support red-diamond rattlesnake (*Crotalus ruber*), western mastiff bat (*Eumops perotis californicus*), prairie falcon (*Falco mexicanus*), coast horned lizard (*Phrynosoma blainvillii*), and black-tailed gnatcatcher (*Poliophtila melanura*). It was further determined that the project site does not have the potential to support the remainder of special-status wildlife species known to occur in the vicinity of the site and all are presumed to be absent.

None of the aforementioned special-status wildlife species are federally or state listed as endangered or threatened. Of the aforementioned avian species, only Costa's hummingbird and loggerhead shrike might be expected to nest on-site. None of the other avian species are expected to nest on-site due to the lack of suitable nesting habitat or geographic limitations regarding species' nesting range.

Nesting birds are protected pursuant to the Migratory Bird Treaty Act (MBTA) and California Fish and Game Code (Sections 3503, 3503.5, 3511, and 3513 prohibit the take, possession, or destruction of birds, their nests or eggs). In order to ensure impacts to special-status avian species do not occur from implementation of the proposed project, a pre-construction nesting bird clearance survey is required prior to ground disturbance. With implementation of the pre-construction survey contained in **Mitigation Measure BIO-2**, impacts to special-status avian species will be less than significant and no additional action is considered necessary.

Due to regional significance and/or listing status, the potential occurrence of burrowing owl and desert tortoise are discussed in further detail below.

- *Burrowing Owl*

The burrowing owl is currently listed as a California Species of Special Concern. Burrowing owls use a wide variety of arid and semi-arid environments with well-drained, level to gently-sloping areas characterized by sparse vegetation and bare ground. Burrowing owls are dependent upon the presence of burrowing mammals (such as ground squirrels) whose burrows are used for roosting and nesting. The presence or absence of suitable mammal burrows is often a major factor that limits the presence or absence of burrowing owls. Where mammal burrows are scarce, burrowing owls have been found occupying man-made cavities, such as buried and non-functioning drain

pipes, stand-pipes, and dry culverts. Burrowing mammals may burrow beneath rocks and debris or large, heavy objects such as abandoned cars, concrete blocks, or concrete pads. They also require open vegetation allowing line-of-sight observation of the surrounding habitat to forage as well as watch for predators.

No burrowing owls or recent sign (i.e., pellets, feathers, castings, or whitewash) was observed during the field investigation. Portions of the project site are unvegetated and/or vegetated with a variety of low-growing plant species that allow for line-of-sight observation favored by burrowing owls. However, no suitable burrows (>4 inches) for roosting and nesting were observed within or near site boundaries. In addition, the site is bounded by structures and electrical poles that provide perching opportunities for large raptors (i.e., red-tailed hawk) that prey on burrowing owls. Therefore, the project site was determined not to have potential to support burrowing owl. No further surveys are recommended.

- *Desert Tortoise*

The Mojave population of the desert tortoise inhabits areas north and west of the Colorado River in the Mojave Desert of California, Nevada, Arizona, and southwestern Utah, and in the Sonoran Desert in California. Throughout the majority of the Mojave Desert, desert tortoises occur most commonly on gentle sloping soils characterized by an even mix of sand and gravel and sparsely vegetated low-growing vegetation where there is abundant inter-shrub space. Typical habitat for the Mojave desert tortoise has been characterized as Mojavean desert scrub below 5,500 feet in elevation with a high diversity of perennial and ephemeral plants. The dominant shrub commonly associated with desert tortoise habitat is creosote bush; however, other shrubs including burrobrush (*Ambrosia dumosa*), Mojave yucca, cheesebush (*Ambrosia salsola*), and Mojave prickly pear (*Opuntia mojavensis*) also provide suitable habitat. The desert tortoise spends 95 percent of its life underground and will opportunistically utilize burrows of various

lengths, deep caves, rock and caliche crevices, or overhangs for cover. Therefore, a moderately friable soil is required to allow for burrow construction and ensure that burrows do not collapse.

No live desert tortoises, suitable burrows, or other sign were observed during the field investigation. The Mojavean desert scrub plant community supported by the project site and adjacent open space provide suitable foraging habitat for desert tortoise; however, routine disturbance associated with on-site and adjacent development likely preclude this species from occurring. As such, the project site was determined not to have potential to support desert tortoise. No further surveys are recommended.

With **Mitigation Measure BIO-2**, no significant impacts to any species identified as a candidate, sensitive or special status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Wildlife or U.S. Fish and Wildlife Service will occur.

Mitigation Measure BIO-1:

To ensure no impacts to Western Joshua trees, any tree within 40 feet of active construction shall be encircled by temporary construction fencing. This will be of a height and color to be visible from a distance. With this mitigation incorporated, no western Joshua trees will be affected. Should impacts to this species become unavoidable in the future, an incidental take permit (ITP) will be required from the CDFW. The ITP will detail all impacts to the species and any necessary additional mitigation measures.

Mitigation Measure BIO-2:

If construction occurs between February 1st and August 31st, a pre-construction clearance survey for nesting birds shall be conducted within three (3) days of the start of any vegetation removal or ground disturbing activities to ensure that no nesting birds will be disturbed during construction. The biologist conducting the clearance survey should document a negative survey with a brief letter report indicating that no impacts to active avian nests will occur. If an active avian nest is discovered during the pre-construction clearance survey, construction activities should stay outside of a no-disturbance buffer.

The size of the no-disturbance buffer will be determined by the wildlife biologist and will depend on the level of noise and/or surrounding anthropogenic disturbances, line of sight between the nest and the construction activity, type and duration of construction activity, ambient noise, species habituation, and topographical barriers. These factors will be evaluated on a case-by-case basis when developing buffer distances. Limits of construction to avoid an active nest will be established in the field with flagging, fencing, or other appropriate barriers; and construction personnel will be instructed on the sensitivity of nest areas.

A biological monitor should be present to delineate the boundaries of the buffer area and to monitor the active nest to ensure that nesting behavior is not adversely affected by the construction activity. Once the young have fledged and

left the nest, or the nest otherwise becomes inactive under natural conditions, construction activities within the buffer area can occur.

Less than Significant Impact with Mitigation Incorporated.

- b) **Have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, and regulations or by the California Department of Fish and Wildlife or US Fish and Wildlife Service?**

A 2.3-acre portion of the project site has been graded and the remainder of the site is hilly natural desert habitat. There is no riparian habitat or sensitive natural community located on the project site or in the vicinity. No impacts to riparian habitat will occur. No mitigation measures are necessary.

No Impact.

- c) **Have a substantial adverse effect on state or federally protected wetlands (including, but not limited to, marsh, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means?**

A 2.3-acre portion of the project site has been graded and the remainder of the site is hilly natural desert habitat. No wetlands or vernal pools of any kind are located on-site or in any adjacent areas. No adverse effect on state or federally protected wetlands will occur. No mitigation measures are necessary.

No Impact.

- d) **Interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites?**

The project site is not located within the federally designated Critical Habitat. Further, the nearest Critical Habitat designations are located approximately 8.9 miles to the south for Coachella Valley milk-vetch (*Astragalus lentiginosus* var. *coachellae*). The proposed project will have no effect on designated Critical Habitat, or regional wildlife corridors/linkage because none exist within the area. No mitigation measures are necessary.

No Impact.

- e) **Conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance?**

Section 88.01.060 of the County of San Bernardino Development Code provides regulations for the removal or harvesting of specified desert native plants in order to preserve and protect the plants and to provide for the conservation and wise use of desert resources. The provisions are intended to coincide with the Desert Native Plants Act (Food and Agricultural Code Section 8001 et seq.) and the State Department of Food and Agriculture to implement and enforce the Act. Pursuant to Section 88.01.060 of the

Development Code, the following desert native plants or any part of them, except the fruit, shall not be removed except under a Tree or Plant Removal Permit:

1) The following desert native plants with stems two inches or greater in diameter or six feet or greater in height:

(a) *Dalea spinosa* (smoke tree);

(b) All species of the genus *Prosopis* (mesquites);

2) All species of the family Agavaceae (century plants, nolinias, yuccas);

3) Creosote Rings, 10 feet or greater in diameter;

4) All Joshua trees (*Yucca brevifolia*);

5) Any part of any of the following species, whether living or dead: (A) *Olneya tesota* (desert ironwood); (B) All species of the genus *Prosopis* (mesquites); (C) All species of the genus *Cercidium* (palos verdes).

Based on the results of the field investigation, Mohave yucca is present on-site. If any of these Mojave Yucca are expected to be impacted by project implementation, respective Tree or Plant Removal Permits will be required for each individual prior to ground disturbance in association with Section 88.01.060 of the San Bernardino County Development Code. Consequently, no conflicts with local policies or ordinances protecting biological resources will occur. No mitigation measures are necessary.

Less than Significant Impact.

- f) **Conflict with the provisions of an adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional or state habitat conservation plan?**

The project site is not located within any adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional or state habitat conservation plan, and none are located in proximity to the project site. Consequently, no conflicts with such plans will occur. No mitigation measures are necessary.

No Impact.

In consideration of the preceding information and analysis, with Mitigation Measure BIO-1, no significant adverse impacts to biological resources will occur.

Issues		Potentially Significant Impact	Less than Significant with Mitigation Incorporated	Less than Significant	No Impact
V. CULTURAL RESOURCES - Would the project:					
a)	Cause a substantial adverse change in the significance of a historical resource pursuant to §15064.5?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b)	Cause a substantial adverse change in the significance of an archaeological resource pursuant to §15064.5?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c)	Disturb any human remains, including those outside of formal cemeteries?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SUBSTANTIATION: (Check if the project is located in the Cultural ☐ or Paleontologic ☐ Resources overlays or cite results of cultural resource review):

Sources: San Bernardino Countywide Plan and EIR; Submitted Project Materials; Cultural Resources Assessment, conducted by BCR Consulting, LLC, May 24, 2023. This report is attached in Appendix B to this Initial Study.

a) **Cause a substantial adverse change in the significance of a historical resource pursuant to §15064.5?**

There are no structures located on the project site, and no known historical resources located in proximity to the project site. Parcels adjacent to the project site are vacant on three sides and developed as an auto collision repair business on the north side. Consequently, no impacts to historical resources are anticipated. No mitigation measures are necessary.

No Impact.

b) **Cause a substantial adverse change in the significance of an archaeological resource pursuant to §15064.5?**

In May 2023, BCR Consulting LLC. completed a Phase I Cultural Resources Investigation for the Project Site. The purpose of a Phase I Cultural Resources Assessment is to identify and document any cultural resources that may potentially occur within a Project Site and to evaluate resources pursuant to National Historic Preservation Act (NHPA) Section 106, CEQA, and the County's General Plan. The Cultural Resources Investigation searched for historic or archaeological properties by means of a record search, field survey, and the initiation of Native American consultation. Findings of the Cultural Resource Investigation are summarized herein.

A standard archaeological records search was completed through the California State University, Fullerton, California-South Central Coastal Information Center (CSUF-SCCIC). The records search revealed that 14 cultural resource studies have taken place within one half-mile of the project site, none of which assessed any portion of the project site. No cultural resources have been identified within a one half-mile radius of the project site, and no cultural resources have been previously identified within its boundaries.

The geologic units underlying the project area are mapped primarily as alluvial fan deposits of “fanglomerate”, in arkosic matrix, from the early Quarternary, possibly Tertiary, along with Precambrian gneiss (Dibblee and Minch 2008). These units, while partially alluvial, are considered to be of low paleontological value, and the Western Science Center does not have localities within the project area or within a 1-mile radius. Should excavation activity associated with the development of the project area extend beyond the identified development footprint into surrounding alluvial units, paleontological resources would be possible. However, under current project parameters, and with the geologic units described, it would be unlikely for fossil material to be preserved.

During the field survey, BCR Consulting archaeologists did not identify any surface cultural resources within the project site boundaries. Based on these factors, no significant impacts related to archaeological, historical resources are anticipated and no further investigations or monitoring are recommended for any proposed project activities.

Although no on-site cultural resources were identified during the records search and field survey, ground-disturbing activities have the potential to reveal buried deposits not observed on the surface. Prehistoric or historic cultural materials that may be encountered during ground-disturbing activities include:

- historic-period artifacts such as glass bottles and fragments, cans, nails, ceramic and pottery fragments, and other metal objects;
- historic-period structural or building foundations, walkways, cisterns, pipes, privies, and other structural elements;
- prehistoric flaked-stone artifacts and debitage (waste material), consisting of obsidian, basalt, and or cryptocrystalline silicates;
- groundstone artifacts, including mortars, pestles, and grinding slabs;
- dark, greasy soil that may be associated with charcoal, ash, bone, shell, flaked stone, groundstone, and fire affected rocks;
- human remains.

The following mitigation measure is recommended to insure adequate and compliant management of any resources that may be identified within the project area during

project development. With Mitigation Measure CR-1, no substantial adverse change in the significance of an archaeological resource will occur.

Mitigation Measure CR-1:

Prior to the initiation of ground-disturbing activities, field personnel should be alerted to the possibility of buried prehistoric or historic cultural deposits. In the event that field personnel encounter buried cultural materials, work in the immediate vicinity of the find should cease and a qualified archaeologist should be retained to assess the significance of the find. The qualified archaeologist shall have the authority to stop or divert construction excavation as necessary. If the qualified archaeologist finds that any cultural resources present meet eligibility requirements for listing on the California Register or the National Register of Historic Places (National Register), plans for the treatment, evaluation, and mitigation of impacts shall be developed.

Less than significant impact with Mitigation Incorporated.

c) Disturb any human remains, including those outside of formal cemeteries?

Findings are pending for the Sacred Lands File search with the NAHC. The Legislature added requirements regarding tribal cultural resources for CEQA in Assembly Bill 52 (AB 52) that took effect in 2015. AB 52 requires consultation with California Native American tribes and consideration of tribal cultural resources in the CEQA process. The Lead Agency is responsible to carry out the required AB52 Native American Consultation.

Construction activities, particularly grading, could potentially disturb human remains interred outside of a formal cemetery. Field surveys conducted as part of the Cultural Resource Assessment did not encounter any evidence of human remains. The Project Site is not located on or near a known cemetery, and no human remains are anticipated to be disturbed during the construction stage. However, to insure adequate and compliant management of any buried remains that may be identified during project development, the following mitigation measure is required as a condition of project approval to reduce any impact to a level below significant.

Mitigation Measure CR-2:

If human remains or funerary objects are encountered during any activities associated with the project, work in the immediate vicinity (within a 100-foot buffer of the find) shall cease and the County Coroner shall be contacted pursuant to State Health and Safety Code §7050.5 and that code enforced for the duration of the project Mitigation Measure CR-2.

Less than significant with Mitigation Incorporated.

In consideration of the preceding information and analysis, no significant impacts to cultural resources are anticipated with mitigation measures identified.

Issues	Potentially Significant Impact	Less than Significant with Mitigation Incorporated	Less than Significant	No Impact
VI. ENERGY – Would the project:				
a) Result in potentially significant environmental impact due to wasteful, inefficient, or unnecessary consumption of energy resources, during project construction or operation?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b) Conflict with or obstruct a state or local plan for renewable energy or energy efficiency?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

SUBSTANTIATION:

Sources: San Bernardino County General Plan and EIR; Submitted Project Materials.

- a) **Result in potentially significant environmental impact due to wasteful, inefficient, or unnecessary consumption of energy resources, during project construction or operation?**

The proposed project involves limited grading on a 2.3-acre portion of the site which has been previously graded, paving of access and drive aisles and the construction of concrete footings to support the proposed re-use of shipping containers. Construction is estimated to require approximately 4 months. Construction activities would be relatively limited in scope and will comply with all pertinent County of San Bernardino ordinances and regulations. Energy use during long term operations will be limited to nighttime security lighting. No wasteful, inefficient, or unnecessary consumption of energy resources, during project construction or operation are anticipated. In consideration of these factors, no Mitigation Measures are necessary.

Less than Significant Impact.

- b) **Conflict with or obstruct a state or local plan for renewable energy or energy efficiency?**

See **Response VI-a** above. The proposed project will not conflict with or obstruct any state or local energy related plans or policies.

No Impact.

In consideration of the preceding information and analysis, no impacts pertaining to energy use are identified or anticipated and no mitigation measures are required.

Issues	Potentially Significant Impact	Less than Significant with Mitigation Incorporated	Less than Significant	No Impact
VII. GEOLOGY AND SOILS - Would the project:				
a) Directly or indirectly cause potential substantial adverse effects, including the risk of loss, injury, or death involving:				
i. Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map Issued by the State Geologist for the area or based on other substantial evidence of a known fault? Refer to Division of Mines and Geology Special Publication 42.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
ii. Strong seismic ground shaking?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
iii. Seismic-related ground failure, including liquefaction?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
iv. Landslides?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Result in substantial soil erosion or the loss of topsoil?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
c) Be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in on- or off-site landslide, lateral spreading, subsidence, liquefaction or collapse?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
d) Be located on expansive soil, as defined in Table 18-1-B of the Uniform Building Code (1994), creating substantial direct or indirect risks to life or property?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
e) Have soils incapable of adequately supporting the use of septic tanks or alternative wastewater disposal systems where sewers are not available for the disposal of wastewater?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

- | | | | | |
|---|--------------------------|--------------------------|-------------------------------------|--------------------------|
| f) Directly or indirectly destroy a unique paleontological resource or site or unique geologic feature? | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
|---|--------------------------|--------------------------|-------------------------------------|--------------------------|

SUBSTANTIATION: (Check ☐ if project is located in the Geologic Hazards Overlay District):

Sources: San Bernardino Countywide Plan and EIR; Submitted Project Materials - Boundary and Topographic Survey; "Geotechnical Engineering Investigation for 7886 Shafter Avenue", prepared by NorCal Engineering, June 8, 2023. This report is contained in Appendix C to the Initial Study; Cultural Resources Assessment, conducted by BCR Consulting, LLC, May 24, 2023. This report is attached in Appendix B to the Initial Study.

- a) **Directly or indirectly cause potential substantial adverse effects, including the risk of loss, injury, or death involving:**

- i. **Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area or based on other substantial evidence of a known fault? Refer to Division of Mines and Geology Special Publication 42.**

Based on the State of California Special Studies Zone Regulatory Map - Yucca Valley South Quadrangle dated July 1, 1993, the Pinto Mountain Fault is situated parallel to the south side of Highway 62. The subject site is situated approximately 450 feet south of the fault and is just within the state designated Alquist-Priolo Special Studies Zone. According to the California Division of Mines and Geology, the Pinto Mountain Fault is an active fault capable of generating a maximum magnitude earthquake of 7.0 - 7.5 on the Richter Scale. Ground shaking originating from earthquakes along other active faults in the region is expected to induce lower horizontal accelerations due to smaller anticipated earthquakes and/or greater distances to other faults.

New development within an Alquist- Priolo Fault Zone must comply with General Plan Policy HZ-1.2 - "New Development in Earthquake Hazard Zones, which states that "any lot or parcel that does not have sufficient buildable area outside of such hazard areas requires adequate mitigation, including designs that allow occupants to shelter in place and to have sufficient time to evacuate during times of extreme weather and natural disasters."

The proposed project does not involve habitable space and has been designed in compliance with the San Bernardino County Building Code. Concrete footings upon which storage units will be placed are to be reinforced with steel rebar. The storage containers themselves would be generally considered more earthquake resistant than conventional structures. As has been described, the storage containers are one story (10 feet) in height, which would minimize hazards from potential structural failure. In addition, users of the proposed storage facility are not anticipated to be present on the site for extended periods of time. Evacuation from the site after a major earthquake event would be available on Shafter Avenue to Highway 62, a distance of approximately 450 feet.

With compliance to County seismic building standards and the recommendation of the project geotechnical investigation, all feasible measures to minimize potential impacts from fault rupture have been incorporated in the project and remaining impacts are considered less than significant. No additional measures are necessary.

Less than Significant Impact.

ii. Strong seismic ground shaking?

Like much of Southern California, the project site is subject to potentially strong ground shaking. The Pinto Mountain fault is estimated by The California Division of Mines and Geology to be capable of generating a maximum magnitude earthquake of 7.0-7.5 on the Richter Scale. As has been described in the preceding Response i) above, the proposed project incorporates features in compliance with seismic standards contained in the San Bernardino County Building Code. No other measures are feasible without excluding development of the site altogether, which the County General Plan does not stipulate.

With compliance to County seismic building standards and the recommendations of the project geotechnical investigation, all feasible measures to minimize potential impacts from strong ground shaking have been incorporated in the project and remaining impacts are considered less than significant. No additional mitigation measures are necessary.

Less than Significant Impact.

iii. Seismic-related ground failure, including liquefaction?

See preceding **Responses VII, a-i) and a-ii)**. The project site is not located in an area subject to liquefaction. Groundwater was not encountered during site borings conducted as part of the project geotechnical investigation. Groundwater in the project vicinity has been recorded at a depth 102 feet below the ground surface.

With compliance to County seismic building standards and the recommendations of the project geotechnical investigation, all feasible measures to minimize potential impacts from seismic related ground failure have been incorporated in the project and remaining impacts are considered less than significant. No additional mitigation measures are necessary.

Less than Significant Impact.

iv. Landslides?

As has been described, the portion of the site proposed to be developed is essentially level and has been previously graded. The remainder of the property, which will remain vacant, is hilly topography. No known landslide areas are located within this remainder area. No landslide related mitigation measures are necessary.

No Impact.

b) Result in substantial soil erosion or the loss of topsoil?

The Project Site has been previously graded and cleared of most vegetation. Limited grading and site preparation is anticipated. The total disturbed area is estimated at one hundred twenty-four thousand (124,000) square feet of area. Four thousand six hundred (4,600) cubic yards of cut and two thousand nine hundred (2,900) cubic yards of fill are anticipated. Proposed cut/fill is nearly balanced when considering compaction. Any extra soil will remain on site.

The Project is subject to the National Pollutant Discharge Elimination System (NPDES) permit requirements. Construction activities covered under the State's General Construction Permit include removal of vegetation, grading, excavating, or any other activity that causes the disturbance of one acre or more. The General Construction Permit requires development of a Stormwater Pollution Prevention Plan (SWPPP) prior to issuance of building permits. The SWPPP must list Best Management Practices (BMPs) to avoid and minimize soil erosion. Adherence to BMPs is anticipated to ensure that the Proposed Project does not result in substantial soil erosion or the loss of topsoil. Consequently, no significant impacts from soil erosion or loss of topsoil are identified or anticipated. No mitigation measures are necessary.

Less than Significant Impact.

c) Be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in on or off site landslide, lateral spreading, subsidence, liquefaction or collapse?

See preceding **Responses VII, a-iii) and a-iv).**

Exploratory drilling conducted during the project geotechnical investigation revealed that a portion of the site is underlain by a layer of fill soils containing deleterious material such as gravel, plastic, wood, glass and pieces of concrete. This material will be removed from the site and will not be mixed or blended with fill soils placed in areas of planned development.

There are no landslides on-site or in proximity and it is not subject to liquefaction. The geotechnical investigation conducted for the proposed project determined that the potential for lateral spreading, subsidence and soil collapse were minimal.

With compliance to County seismic building standards and the recommendations of the project geotechnical investigation, all feasible measures to minimize potential impacts from lateral spreading, subsidence, liquefaction and soil collapse have been incorporated in the project and remaining impacts are considered less than significant. No additional mitigation measures are necessary.

Less than Significant Impact.

d) Be located on expansive soil, as defined in Table 18-1-B of the Uniform Building Code (1994), creating substantial direct or indirect risks to life or property?

The project geotechnical investigation determined that the upper on-site soils are low in expansion potential (EI 21-50). Expansive Soil Guidelines are outlined in the project geotechnical study and have been considered during the design of the project. With compliance to County seismic building standards and the recommendations of the project geotechnical investigation, all feasible measures to minimize potential impacts from expansive soils have been incorporated in the project and remaining impacts are considered less than significant. No additional mitigation measures are necessary.

Less than Significant Impact.

- e) **Have soils incapable of adequately supporting the use of septic tanks or alternative wastewater disposal systems where sewers are not available for the disposal of wastewater?**

The proposed project does not involve use of septic tanks or sewer connections. No mitigation measures are necessary.

No Impact.

- f) **Directly or indirectly destroy a unique paleontological resource or site or unique geologic feature?**

The geologic units underlying the project area are mapped primarily as alluvial fan deposits of “fanglomerate”, in arkosic matrix, from the early Quarternary, possibly Tertiary, along with Precambrian gneiss (Dibblee and Minch 2008). These units, while partially alluvial, are considered to be of low paleontological value, and no resource localities within the project area or within a 1-mile radius have been identified. Should excavation activity associated with the development of the project area extend beyond the current project site into surrounding alluvial units, paleontological resources would be possible. However, under current project parameters, and with the geologic units described, it would be unlikely for fossil material to be preserved.

There are no unique geologic features located on the Project Site. As has been noted, the site has been previously graded. Limited additional grading is anticipated. As such, minimal impacts to underlying soils conditions would occur and no mitigation measures are necessary.

Less than Significant Impact.

In consideration of the preceding information and analysis, no significant adverse impacts pertaining to geology and soils are identified or anticipated and no mitigation measures are required.

<i>Issues</i>	<i>Potentially Significant Impact</i>	<i>Less than Significant with Mitigation Incorporated</i>	<i>Less than Significant</i>	<i>No Impact</i>
VIII. GREENHOUSE GAS EMISSIONS – Would the project:				
a) Generate greenhouse gas emissions, either directly or indirectly, that may have a significant impact on the environment?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b) Conflict with any applicable plan, policy or regulation of an agency adopted for the purpose of reducing the emissions of greenhouse gases?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

SUBSTANTIATION:

Sources: San Bernardino Countywide Plan and EIR; Submitted Project Materials, “Greenhouse Gas Consistency Evaluation”, prepared by MD Acoustics, August 21, 2023. This report is attached in Appendix D to the Initial Study.

- a) **Generate greenhouse gas emissions, either directly or indirectly, that may have a significant impact on the environment?**

Table 2 outlines the estimated construction and operational GHG emissions for the project. The project’s emissions are below (127.79 MTCO₂e) the County of San Bernardino’s screening threshold of 3,000 MTCO₂e for all land uses and; therefore, the impact is less than significant. No mitigation measures related to GHG emissions are necessary.

Less than Significant Impact.

Table 2: Opening Year Project-Related Greenhouse Gas Emissions

Category	Greenhouse Gas Emissions (Metric Tons/Year) ¹						
	Bio-CO2	NonBio-CO2	CO2	CH4	N2O	R	CO2e
Area Sources ²	0.00	0.37	0.37	0.00	0.00	0.00	0.37
Energy Usage ³	0.00	67.84	67.84	0.00	0.00	0.00	68.07
Mobile Sources ⁴	0.00	32.56	32.56	0.00	0.00	0.06	33.14
Solid Waste ⁶	2.13	0.00	2.13	0.21	0.00	0.00	7.47
Water ⁷	1.87	8.65	10.51	0.19	0.00	0.00	16.68
Construction ⁸	0.00	2.05	2.05	0.00	0.00	0.00	2.06
Total Emissions	4.00	111.46	115.46	0.41	0.01	0.06	127.7
County of San Bernardino Screening Threshold							3,00
Exceeds Threshold?							No
Notes: ¹ Source: CalEEMod Version 2022.1.1.17 ² Area sources consist of GHG emissions from consumer products, architectural coatings, and landscape equipment. ³ Energy usage consist of GHG emissions from electricity and natural gas usage. ⁴ Mobile sources consist of GHG emissions from vehicles. ⁵ Solid waste includes the CO2 and CH4 emissions created from the solid waste placed in landfills. ⁶ Water includes GHG emissions from electricity used for transport of water and processing of wastewater. ⁷ Construction GHG emissions based on a 30-year amortization rate.							

Source: MD Acoustics, August 2023

b) Conflict with any applicable plan, policy or regulation of an agency adopted for the purpose of reducing the emissions of greenhouse gases?

According to the *County of San Bernardino Greenhouse Gas Emissions Reduction Plan*, "all development projects, including those otherwise determined to be exempt from CEQA will be subject to applicable Development Code provisions, including the GHG performance standards, and state requirements, such as the California Building Code requirements for energy efficiency. With the application of the GHG performance standards, projects that are exempt from CEQA and small projects that do not exceed 3,000 MTCO2e per year are considered to be consistent with the Plan and determined to have a less than significant individual and cumulative impact for GHG emissions."

As presented in Table 1, the Project's operational GHG emissions do not exceed the County's screening threshold of 3,000 MTCO2e per year. The Project is required to comply with applicable provisions of the County Development Code and California Building Code for energy efficiency. Therefore, the proposed Project is consistent with the GHG Plan pursuant to Section 15183.5 of the State CEQA Guidelines. The Project will not conflict with the County of San Bernardino Climate Action Plan (CAP). No mitigation measures are necessary.

No Impact.

In consideration of the preceding information and analysis, no significant adverse impacts pertaining to greenhouse gas emissions are identified or anticipated and no mitigation measures are required.

<i>Issues</i>		<i>Potentially Significant Impact</i>	<i>Less than Significant with Mitigation Incorporated</i>	<i>Less than Significant</i>	<i>No Impact</i>
IX. HAZARDS AND HAZARDOUS MATERIALS – Would the project:					
a)	Create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b)	Create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c)	Emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d)	Be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5 and, as a result, would it create a significant hazard to the public or the environment?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e)	For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project result in a safety hazard or excessive noise for people residing or working in the project area?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
f)	Impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
g)	Expose people or structures, either directly or indirectly, to a significant risk of loss, injury or death involving wildland fires?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

SUBSTANTIATION:

Sources: San Bernardino Countywide Plan and EIR; Submitted Project Materials

- a) **Create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials?**

The proposed project will not involve the routine transport, use, or disposal of hazardous materials. Storage units are anticipated to contain only typical household goods. No mitigation measures are necessary.

No Impact.

- b) **Create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment?**

The proposed project will not involve the transport, use, or disposal of hazardous materials. Storage units are anticipated to contain only typical household goods. Consequently, no reasonably foreseeable upset or accident conditions involving the release of hazardous materials into the environment are anticipated. No mitigation measures are necessary.

No Impact.

- c) **Emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school?**

There are no existing or proposed schools located within one-quarter mile of the Project Site. The proposed project will not involve the transport, use, or disposal of hazardous materials. Storage units are anticipated to contain only typical household goods. Consequently, no hazardous emissions or risk to schools from use of hazardous or acutely hazardous materials, substances, or waste are anticipated. No mitigation measures are necessary.

No Impact.

- d) **Be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5 and, as a result, would it create a significant hazard to the public or the environment?**

The project site is not included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5 and, as a result, it would not create a hazard to the public or the environment. No mitigation measures are necessary.

No Impact.

- e) **For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project result in a safety hazard or excessive noise for people residing or working in the project area?**

The project site is not located within an airport land use plan or within two miles of a public airport or public use airport. Only very minimal noise would occasionally be generated by operation of the proposed storage facility and no employees would be permanently located on-site. The height of the storage units (10 feet) would be less than the height of structures of the adjacent auto collision repair business. The proposed development area is also at a lower elevation than the remainder of the project site, as shown on the Project Site Plan. Thus, the project would not result in any airport related safety hazard. No mitigation measures are necessary.

No Impact.

- f) **Impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?**

The project site is located immediately adjacent to Shafter Avenue which would provide circulation access to Highway 62. Shafter Avenue is not a designated emergency evacuation route, and only very minimal other development exists in the vicinity. The proposed project would not impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan. No mitigation measures are necessary.

No Impact.

- g) **Expose people or structures, either directly or indirectly, to a significant risk of loss, injury or death involving wildland fires?**

The proposed project is not located in a designated Wildland Fire Hazard area. In addition, quick access is available to Highway 62 and the nature of the proposed storage facility (using steel shipping containers) would make it resistant to fire hazards. No mitigation measures are necessary.

No Impact.

In consideration of the preceding information and analysis, no significant adverse impacts pertaining to the use or transport of hazardous materials are identified or anticipated and no mitigation measures are required.

Issues		<i>Potentially Significant Impact</i>	<i>Less than Significant with Mitigation Incorporated</i>	<i>Less than Significant</i>	<i>No Impact</i>
X. HYDROLOGY AND WATER QUALITY - Would the project:					
a)	Violate any water quality standards or waste discharge requirements or otherwise substantially degrade surface or ground water quality?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b)	Substantially decrease groundwater supplies or interfere substantially with groundwater recharge such that the project may impede sustainable groundwater management of the basin?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
c)	Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river or through the addition of impervious surfaces, in a manner which would:				
	i. result in substantial erosion or siltation on- or off-site;	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	ii. substantially increase the rate or amount of surface runoff in a manner which would result in flooding on or offsite;	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	iii. create or contribute runoff water which would exceed the capacity of existing or planned stormwater drainage systems or provide substantial additional sources of runoff; or	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	iv. impede or redirect flood flows?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
d)	In flood hazard, tsunami, or seiche zones, risk release of pollutants due to project inundation?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
e)	Conflict with or obstruct implementation of a water quality control plan or sustainable groundwater management plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

SUBSTANTIATION:

Sources: San Bernardino Countywide Plan and EIR; Submitted Project Materials; "Preliminary Drainage Study" prepared by SITETECH, Inc, Highland, CA. July 2023. This study is incorporated in Appendix E to this Initial Study. See additional sources in the Bibliography at the end of this Initial Study.

- a) **Violate any water quality standards or waste discharge requirements or otherwise substantially degrade surface or ground water quality?**

The proposed Project is located outside of the MS 4 (Municipal Storm Water Program) Map boundaries that define regulated storm water and discharge of storm water. Any incremental increase in storm water discharge due to impervious surfaces must be retained on-site.

The proposed project is not located in proximity to any stream or river and incorporates a system of surface drainage ditches and a retention basin at the base of the hilly portion of the site in order to collect and direct any stormwater flow from exterior sources away from the storage facility. Within the storage facility, a catch basin inlet will collect runoff into adjacent gutters and to the retention basin. (Refer to Exhibit 5 – Site Plan).

The amount of driveway paving and parking area, combined with the amount of land disturbed by pads for storage facilities, is more than one acre. Thus the Project is subject to the National Pollutant Discharge Elimination System (NPDES) permit requirements. Construction activities covered under the State's General Construction Permit include removal of vegetation, grading, excavating, or any other activity that causes the disturbance of one acre or more. The General Construction Permit requires recipients to reduce or eliminate non-storm water discharges into storm water systems, and to develop a Stormwater Pollution Prevention Plan (SWPPP) prior to issuance of building permits. This is a standard requirement and would address potential impacts to surface and groundwater quality.

The Proposed Project's design incorporates measures to diminish impacts to water quality to an acceptable level as required by state and federal regulations and is not expected to violate any water quality standards or waste discharge requirements. Consequently, no significant adverse impacts to surface or groundwater quality are identified or anticipated, and no mitigation measures are necessary.

Less than Significant Impact.

- b) **Substantially decrease groundwater supplies or interfere substantially with groundwater recharge such that the project may impede sustainable groundwater management of the basin?**

The proposed project will be served by the Hi-Desert Water District (HDWD), 55439 29 Palms Highway, Yucca Valley, CA. The HDWD 2020 Urban Water Quality Management Plan (UWMP), which was developed in partnership with Mojave Water Agency (MWA), is a long-term plan to ensure an adequate water supply is available to meet the future needs of the District. Water supply for the District service area is sourced almost entirely from pumped groundwater from the Warren Valley and Ames Groundwater Basins. Groundwater is recharged by natural storm water flows, irrigation and wastewater return flow, and State Water Project imports to recharge the Warren Valley Basin via water deliveries from the Morongo Basin Pipeline to percolation ponds in Yucca Valley.

According to the 2020 UWMP, "The HDWD, in collaboration with Mojave Water Agency and other local agencies, has established opportunities to optimally manage water supplies in the Warren Valley Basin and Ames Valley Basin through innovative actions.

These actions have created a robust water supply for the District that demonstrates there is sufficient water supply to meet the District's growing demands through 2045."

Water demand in the proposed project will be limited to irrigation of landscape area and to meet fire protection needs. Although this demand has not been quantitatively estimated, it would clearly be negligible, and would not decrease groundwater supplies or interfere with groundwater recharge. Consequently, no significant adverse impacts to groundwater recharge or supplies are identified or anticipated, and no mitigation measures are necessary.

Less than Significant Impact.

- c) **Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river or through the addition of impervious surfaces, in a manner which would:**

- i. **result in substantial erosion or siltation on- or off-site;**

See **Response X-a)** above. The proposed project incorporates a system of surface drainage ditches and a retention basin at the base of the hilly portion of the site in order to collect and direct any storm runoff from exterior sources away from the storage facility. Within the storage facility, a catch basin inlet will collect runoff into adjacent gutters and to the retention basin. (Refer to Exhibit 5 – Site Plan). The Project is subject to the National Pollutant Discharge Elimination System (NPDES) permit requirements. Consequently, no significant adverse impacts from erosion or siltation are identified or anticipated, and no mitigation measures are necessary.

Less than Significant Impact.

- ii. **substantially increase the rate or amount of surface runoff in a manner which would result in flooding on or offsite;**

See **Responses X- a) and c)-ii** above. Runoff from the storage facility will be conveyed to a series of concrete gutters which will convey the runoff in a westerly direction, then southerly to a retention basin. (See Exhibit 5- Site Plan.) The proposed basin will mitigate the difference in runoff before it outlets in the same location as the existing condition. Calculations of pre- and post- construction surface run-off conditions for a 100-year storm prepared by SITETECH, Inc. estimate a negligible increase in runoff that will be controlled by drainage improvements incorporated in the project. (Please refer to Appendix E for further detail.) Consequently, no significant adverse impacts from the amount or rate of surface runoff are identified or anticipated, and no mitigation measures are necessary.

Less Than Significant Impact.

iii. create or contribute runoff water which would exceed the capacity of existing or planned stormwater drainage systems or provide substantial additional sources of runoff;

See **Responses X- c) i** and **ii** above. The estimated increase in stormwater generated under a 100-year storm scenario is negligible. Consequently, no

significant change in surface runoff has been identified. The capacity of existing and planned storm water drainage systems off-site will not be significantly impacted. No mitigation measures are necessary.

Less than Significant Impact.

iv. impede or redirect flood flows?

See **Responses X- c)i** and **ii** above. The proposed Project is limited in scale and no significant run-off during a 100-year storm condition has been identified. No impediments or changes in flood flows have been identified or are anticipated. No mitigation measures are necessary.

No impact.

d) In flood hazard, tsunami, or seiche zones, risk release of pollutants due to project inundation?

The project site is not located in proximity to any stream, river or water body. No mitigation measures are necessary.

No Impact.

e) Conflict with or obstruct implementation of a water quality control plan or sustainable groundwater management plan?

See **Responses X-a)** and **b)** above. The proposed project will not obstruct implementation of a water quality control plan or sustainable groundwater management plan. No mitigation measures are necessary.

No Impact.

In consideration of the preceding information and analysis, no significant adverse impacts pertaining to hydrology and water quality are identified or anticipated and no mitigation measures are required.

Issues		Potentially Significant Impact	Less than Significant with Mitigation Incorporated	Less than Significant	No Impact
XI. LAND USE AND PLANNING - Would the project:					
a)	Physically divide an established community?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b)	Cause a significant environmental impact due to a conflict with any land use plan, policy, or regulation adopted for the purpose of avoiding or mitigating an environmental effect?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

SUBSTANTIATION:

Sources: San Bernardino Countywide Plan and EIR; Submitted Project Materials

a) Physically divide an established community?

The project site is located on the fringe of the Town of Yucca Valley and is zoned for Industrial Use, as are all immediately surrounding parcels.(See Project Description). Only very sparse residential uses exist in the vicinity. Implementation of the project would not impact or physically divide an established community. No mitigation measures are necessary.

No Impact.

b) Cause a significant environmental impact due to a conflict with any land use plan, policy, or regulation adopted for the purpose of avoiding or mitigating an environmental effect?

The proposed project is consistent with both the Countywide Plan and existing zoning. There are no other land use plans, policies, or regulations pertinent to the proposed project. No mitigation measures are necessary.

No Impact.

In consideration of the preceding information and analysis, no adverse land use related impacts are identified or anticipated and no mitigation measures are required.

<i>Issues</i>	<i>Potentially Significant Impact</i>	<i>Less than Significant with Mitigation Incorporated</i>	<i>Less than Significant</i>	<i>No Impact</i>
---------------	---	---	----------------------------------	----------------------

XII. MINERAL RESOURCES - Would the project:

- | | | | | | |
|----|--|--------------------------|--------------------------|--------------------------|-------------------------------------|
| a) | Result in the loss of availability of a known mineral resource that will be of value to the region and the residents of the state? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| b) | Result in the loss of availability of a locally important mineral resource recovery site delineated on a local general plan, specific plan or other land use plan? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

SUBSTANTIATION: (Check ☐ if project is located within the Mineral Resource Zone Overlay):

Sources: San Bernardino Countywide Plan and EIR ; Submitted Project Materials

- a) **Result in the loss of availability of a known mineral resource that will be of value to the region and the residents of the state?**

The project site is not located within a designated mineral resource conservation area. No loss of availability of a known mineral resource of value to the region and the residents of the state would occur. No mitigation measures are necessary.

No Impact.

- b) **Result in the loss of availability of a locally important mineral resource recovery site delineated on a local general plan, specific plan or other land use plan?**

The project site is not located within a designated mineral resource area on the County General Plan or other land use plan. Consequently, no loss of availability of a designated locally important mineral resource recovery site would occur. No mitigation measures are necessary.

No Impact.

In consideration of the preceding information and analysis, no adverse impacts related to mineral resources are identified or anticipated and no mitigation measures are required.

Issues	<i>Potentially Significant Impact</i>	<i>Less than Significant with Mitigation Incorporated</i>	<i>Less than Significant</i>	<i>No Impact</i>
XIII. NOISE - Would the project result in:				
a) Generation of a substantial temporary or permanent increase in ambient noise levels in the vicinity of the project in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b) Generation of excessive groundborne vibration or groundborne noise levels?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
c) For a project located within the vicinity of a private airstrip or an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the Project expose people residing or working in the project area to excessive noise levels?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

SUBSTANTIATION: (Check if the project is located in the Noise Hazard Overlay District ☐ or is subject to severe noise levels according to the General Plan Noise Element ☐):

Sources: San Bernardino Countywide Plan and EIR; Submitted Project Materials

- a) **Generation of a substantial temporary or permanent increase in ambient noise levels in the vicinity of the project in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies?**

There are no sensitive receptors located in proximity to the project site, and adjacent parcels are planned for similar industrial land uses. Construction activities would be limited in duration and would occur within the daytime hours permitted by Chapter 83.01 of the Development Code. Permitted construction hours in the County are identified in Subsection 83.01.080 of the Development Code and are between the hours of 7:00 a.m. and 7:00 p.m. (except for Sunday and Federal Holidays).

Operating hours for the Proposed Project will be from 9:00 a.m. to 4:00 p.m. with no nighttime operations. The noise generated by long-term operations, including traffic generation, would be minimal due to the nature and limited scale of the proposed project and would not exceed the daytime acceptable noise levels of 65 DBA LDN. With compliance to established standards and regulations, noise impacts are anticipated to be less than significant. No mitigation measures are necessary.

Less than Significant Impact.

b) Generation of excessive groundborne vibration or groundborne noise levels?

Ground borne vibration and ground borne noise could originate from grading and site preparation activities during construction. The project would not, however, involve any pile driving or other heavy construction techniques which typically generate ground borne vibration impacts. Any ground-borne vibration resulting from construction activities would be very low level and temporary in nature.

As has been noted, the project site is surrounded on three sides by vacant land. The auto collision repair business adjacent to the north is housed primarily in metal structures that would not be susceptible to damage or other adverse impacts from the limited ground borne vibration that might occur. In consideration of these factors, the ground borne vibration impacts that could be generated by project construction are anticipated to result in less than significant and would not expose people to or generate excessive ground borne vibration or ground borne noise levels. No mitigation measures are required.

Less than significant impact.

c) For a project located within the vicinity of a private airstrip or an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the Project expose people residing or working in the project area to excessive noise levels?

The Project Site is not located within the vicinity of a private or public airstrip. The nearest airport is Yucca Valley Airport, a private aviation facility located approximately 4 miles from the Project Site. Consequently, no impacts are anticipated and no mitigation measures are required.

No Impact.

In consideration of the preceding information and analysis, no adverse noise impacts are identified or anticipated and no mitigation measures are required.

Issues	Potentially Significant Impact	Less than Significant with Mitigation Incorporated	Less than Significant	No Impact
XIV. POPULATION AND HOUSING - Would the project:				
a) Induce substantial unplanned population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of roads or other infrastructure)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b) Displace substantial numbers of existing people or housing, necessitating the construction of replacement housing elsewhere?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

SUBSTANTIATION:

Sources: San Bernardino Countywide Plan and EIR; Submitted Project Materials.

- a) **Induce substantial unplanned population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of roads or other infrastructure)?**

Minimal employment (one or possibly two employees) is expected to be generated by the Proposed Project and would be easily filled within the local area. No population growth not already anticipated by the County's General Plan is anticipated. The Project Site is served by an existing public street and available utility infrastructure. Implementation of the proposed Self-Storage Facility would not result in significant direct or indirect growth in the area. Furthermore, the Proposed Project would not result in the construction of new homes nor would any residents be displaced. Consequently, no adverse population and housing impacts are anticipated, and no mitigation measures are required.

No Impact.

- b) **Displace substantial numbers of existing people or housing, necessitating the construction of replacement housing elsewhere**

See response XIV (a) above. The project is vacant. No homes exist on-site or in proximity. No mitigation measures are necessary.

No Impact.

In consideration of the preceding information and analysis, no adverse population and housing impacts are anticipated and no mitigation measures are required.

<i>Issues</i>		<i>Potentially Significant Impact</i>	<i>Less than Significant with Mitigation Incorporated</i>	<i>Less than Significant</i>	<i>No Impact</i>
XV. PUBLIC SERVICES					
a)	Would the project result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for any of the public services:				
	Fire Protection?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Police Protection?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Schools?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Parks?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Other Public Facilities?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

SUBSTANTIATION:

Sources: San Bernardino Countywide Plan and EIR; Submitted Project Materials

- a) **Would the project result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for any of the public services:**

Fire Protection?

The San Bernardino County Fire Department (SBCFD) provides services to the unincorporated Morongo Valley/Yucca Valley area. The Project site is served by Station No. 4, located approximately 4 miles away at 57201 29 Palms Highway, near the intersection with Highway 274.

Any development, along with associated human activity, in previously undeveloped areas increases the potential of the occurrence of fires. The Project Site is located within a Fire Safety Overlay Zone, which requires additional site design, building, and access standards to provide enhanced resistance to fire hazards. The nature of the Proposed Project, utilizing metal storage containers would, however, minimize structural fire risk. Safety measures that comply with federal, state, and local worker safety and fire protection codes and regulations would be implemented to minimize the potential for fires to occur during construction and long-term operations. The Proposed Project would be required to comply with County fire suppression standards, to provide adequate fire access and pay required development fees. In consideration of these requirements, proximity of Station 41, and easy access from Highway 62, no significant adverse impacts are identified or are anticipated, and no mitigation measures are required.

Less than Significant Impact.

Police Protection?

Personnel organization, distance, grade and road conditions as well as other physical factors influence response times by law enforcement. The unincorporated portions of San Bernardino County near the Project site are served by the Twentynine Palms Patrol Station, located at 63665 Twentynine Palms Highway (State Highway 62), in Joshua Tree. The Sheriff's Department reviews staffing needs on a yearly basis and adjusts service levels as needed to maintain an adequate level of public protection. Due to the limited activity level typical of similar storage facilities and ease of accessing the property from Highway 62, no significant impacts are identified or anticipated, and no mitigation measures are required.

Less than Significant Impact.

Schools?

The nature of the proposed project is not one that is anticipated to generate any additional demand on schools. The proposed storage facility would serve existing residents and businesses, rather than attract new residents and businesses. Only one full-time long-term employee (Security Personnel) is anticipated associated with the proposed project. Therefore, the proposed Project is not expected to draw any new residents to the region that would require expansion of existing schools or additional schools. Development impact fees payable to the School District may be required but have not been determined at this time. Impacts related to school facilities are expected to be less than significant and no mitigation measures are required.

No Impact.

Parks?

As previously noted, the proposed storage facility is intended to serve the existing population. Operation of the Proposed Project would place no demands on parks because it would not involve the construction of housing and would not involve the introduction of a temporary or permanent human population into the area. Therefore, no impacts are identified or anticipated, and no mitigation measures are required.

No Impact.

Other Public Facilities?

The Proposed Project would not result in an increased residential population or a significant increase in the work force. Therefore, no impact to other public facilities is identified or anticipated, and no mitigation measures are required.

No Impact.

*Initial Study PROJ-2022-00176
Ethan Ramberg, RAMBERG WEST
APN: 0585-273-04
November 17, 2023*

In consideration of the preceding information and analysis, no significant adverse public service-related impacts are identified or anticipated and no mitigation measures are required.

<i>Issues</i>	<i>Potentially Significant Impact</i>	<i>Less than Significant with Mitigation Incorporated</i>	<i>Less than Significant</i>	<i>No Impact</i>
---------------	---	---	----------------------------------	----------------------

XVI. RECREATION

- | | | | | | |
|----|--|--------------------------|--------------------------|--------------------------|-------------------------------------|
| a) | Would the project increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility will occur or be accelerated? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| b) | Does the project include recreational facilities or require the construction or expansion of recreational facilities which might have an adverse physical effect on the environment? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

SUBSTANTIATION:

Sources: San Bernardino Countywide Plan and EIR; Submitted Project Materials

- a) **Would the project increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility will occur or be accelerated?**

No population growth is anticipated in association with the Proposed Project; thus the Proposed Project would not increase the use of existing neighborhood or regional parks, or other recreational facilities. No new recreational facilities would be constructed as part of the Proposed Project. Therefore, no impacts are identified or anticipated, and no mitigation measures are required.

No Impact.

- b) **Does the project include recreational facilities or require the construction or expansion of recreational facilities which might have an adverse physical effect on the environment?**

See Response XVI-a) above.

No Impact.

In consideration of the preceding information and analysis no adverse recreation related impacts are identified or anticipated and no mitigation measures are required.

<i>Issues</i>		<i>Potentially Significant Impact</i>	<i>Less than Significant with Mitigation Incorporated</i>	<i>Less than Significant</i>	<i>No Impact</i>
XVII. TRANSPORTATION – Would the project:					
a)	Conflict with a program plan, ordinance or policy addressing the circulation system, including transit, roadway, bicycle and pedestrian facilities?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
b)	Would the project conflict or be inconsistent with CEQA Guidelines section 15064.3 subdivision (b)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
c)	Substantially increase hazards due to a geometric design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d)	Result in inadequate emergency access?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

SUBSTANTIATION:

Sources: San Bernardino Countywide Plan and EIR; Submitted Project Materials

a) Conflict with a program plan, ordinance or policy addressing the circulation system, including transit, roadway, bicycle and pedestrian facilities?

The proposed Project will obtain access from Shafter Avenue and 29 Palms Highway (Highway). Shafter Avenue, which is presently unimproved but treated with an oil substance, will be improved to a paved thirty-six (36) foot wide street with project implementation. By its nature, the Project is not anticipated to generate a substantial amount of traffic. Typical usage of storage facilities is sporadic in nature and unlikely to involve more than a small number of units at any one time. No bicycle, pedestrian or transit facilities exist in proximity to the Project site. A public transit route does exist along Highway 62, but there are no stops in the project vicinity and the Proposed Project would not be expected to generate any demand for transit services, nor would it conflict with any transit plan or program.

The San Bernardino County Traffic Study Guidelines require the preparation of a traffic study if a proposal generates 100 or more peak hour trips without consideration of pass-by trips during any peak hour. The proposed project consists of only 155 storage units, thus generation of 100 or more peak hour trips will not occur. The Public Works Traffic Division evaluated the proposed Project would generate no more than 50 peak hour trips and found such an analysis would not be required based upon Project characteristics and a limited number of anticipated daily vehicle trips. Therefore, the proposed Project does not conflict with an applicable plan, ordinance, or policy establishing measure of effectiveness for the performance of the circulation system. No impacts are identified or are anticipated, and no mitigation measures are necessary.

No Impact.

- b) **Would the project conflict or be inconsistent with CEQA Guidelines section 15064.3 subdivision (b)?**

See Response XVII- a) above. CEQA Guidelines Section 15064.3 deals with determining the significance of transportation impacts. Sub-section (b) addresses criteria for analyzing transportation impacts. The County of San Bernardino has adopted traffic study guidelines that establish a threshold for the requirement of a full traffic study. As noted in Response XVII-a) the proposed project does not meet the minimum trip generation to trigger a full traffic study. Therefore, no conflict or inconsistency with CEQA Guidelines Section 15064.3 subdivision (b) are identified or anticipated, and no mitigation measures are required.

No Impact.

- c) **Substantially increase hazards due to a geometric design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment)?**

Access from Shafter Avenue will be improved with project implementation. This will benefit the adjacent auto collision repair business as well as any future development which may occur in the vicinity as well as scattered residences that exist nearby. Project-related traffic generation is anticipated to be minimal, and no unusual equipment or vehicles are expected. Therefore, no impacts are identified or anticipated, and no mitigation measures are required.

No Impact.

- d) **Result in inadequate emergency access?**

Highway 62 is a designated emergency evacuation route. The Proposed Project is located within approximately 450 feet of Highway 62 and Shafter Avenue will be improved with project implementation. As has been previously noted, typical usage of storage facilities is sporadic in nature and unlikely to involve more than a small number of units at any one time, thus demand on emergency access would be minimal. The Project would be subject to any conditions required by the San Bernardino County Fire Department to maintain adequate emergency access. Therefore, no significant impacts are identified or anticipated, and no mitigation measures are required.

Less than Significant Impact.

In consideration of the preceding information and analysis no significant adverse transportation-related impacts are identified or anticipated and no mitigation measures are required.

Issues	Potentially Significant Impact	Less than Significant with Mitigation Incorporated	Less than Significant	No Impact
XVIII. TRIBAL CULTURAL RESOURCES				
a) Would the Project cause a substantial adverse change in the significance of a tribal cultural resource, defined in Public Resources Code Section 21074 as either a site, feature, place, cultural landscape that is geographically defined in terms of the size and scope of the landscape, sacred place, or object with cultural value to a California Native American tribe, and that is:				
i) Listed or eligible for listing in the California Register of Historical Resources, or in a local register of historical resources as defined in Public Resources Code section 5020.1(k), or	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
ii) A resource determined by the lead agency, in its discretion and supported by substantial evidence, to be significant pursuant to criteria set forth in subdivision (c) of Public Resources Code Section 5024.1. In applying the criteria set forth in subdivision (c) of Public Resource Code Section 5024.1, the lead agency shall consider the significance of the resource to a California Native American tribe?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

SUBSTANTIATION:

Sources: San Bernardino Countywide Plan; Cultural Historical Resources Information System (CHRIS), South Coast Information Center, California State University, Fullerton; Submitted Project Materials

- a) **Would the Project cause a substantial adverse change in the significance of a tribal cultural resource, defined in Public Resources Code section 21074 as either a site, feature, place, cultural landscape that is geographically defined in terms of the size and scope of the landscape, sacred place, or object with cultural value to a California Native American tribe, and that is:**

- i. **Listed or eligible for listing in the California Register of Historical Resources, or in a local register of historical resources as defined in Public Resources Code section 5020.1(k), or**

There are no permanent structures located on the Project site. Therefore, no impacts pertaining to resources eligible for listing in the California Register of Historical Resources, or in a local register of historical resources as defined in Public Resources Code section 5020.1(k) are identified or anticipated, and no mitigation measures are required.

No Impact.

- ii. **A resource determined by the lead agency, in its discretion and supported by substantial evidence, to be significant pursuant to criteria set forth in subdivision (c) of Public Resources Code Section 5024.1. In applying the criteria set forth in subdivision (c) of Public Resource Code Section 5024.1, the lead agency shall consider the significance of the resource to a California Native American tribe?**

In accordance with Public Resources Code Section 5024.1, on July 20, 2003, the County of San Bernardino mailed notifications to four area tribes, including the Twenty-Nine Palms Band of Mission Indians, the Colorado River Indian Tribes, the Morongo Band of Mission Indians, and the San Manuel Band of Mission Indians. As described in the Project Description, page 13 of this Initial Study, no responses were received. No cultural resources (including architectural historical resources, prehistoric archaeological resources, or historic-period archaeological resources) were identified during research or fieldwork conducted by BCR Consulting for the Proposed Project. (See Appendix B- Cultural Resources Assessment) Due to a lack of historical resources located within or near the project site combined with a high level of disturbance, BCR Consulting recommends that no additional cultural resources work for monitoring is necessary for any proposed project activities. The current study attempted to determine whether significant archaeological deposits were present on the proposed project site. Although none were yielded during the records search and field survey, ground-disturbing activities have the potential to reveal buried deposits not observed on the surface. Prior to the initiation of ground-disturbing activities, field personnel should be alerted to the possibility of buried prehistoric or historic cultural deposits.

Mitigation Measures CR-1 and CR-2 outlined in Section V - Cultural Resources, page 32, will require evaluation by a qualified archaeologist of any cultural resources discovered during site preparation to assess the significance of any finds; and notification of the County Coroner if human remains or funerary objects are discovered during the course of project development. These measures will ensure adequate and compliant management of any resources that may be identified within the project area during project development. With **Mitigation Measure CR-1 and 2**, no substantial adverse change in the significance of an archaeological or tribal resource will occur.

Less than significant Impact with Mitigation.

In consideration of the preceding information and analysis no significant adverse impacts to tribal resources are identified or anticipated and no mitigation measures are required at this time.

<i>Issues</i>		<i>Potentially Significant Impact</i>	<i>Less than Significant with Mitigation Incorporated</i>	<i>Less than Significant</i>	<i>No Impact</i>
XIX. UTILITIES AND SERVICE SYSTEMS - Would the project:					
a)	Require or result in the relocation or construction of new or expanded water, wastewater treatment or storm water drainage, electric power, natural gas, or telecommunications facilities, the construction or relocation of which could cause significant environmental effects?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b)	Have sufficient water supplies available to serve the Project and reasonably foreseeable future development during normal, dry and multiple dry years?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
c)	Result in a determination by the wastewater treatment provider which serves or may serve the Project that it has adequate capacity to serve the Project's projected demand in addition to the provider's existing commitments?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d)	Generate solid waste in excess of state or local standards, or in excess of the capacity of local infrastructure, or otherwise impair the attainment of solid waste reduction goals?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
e)	Comply with federal, state, and local management and reduction statutes and regulations related to solid waste?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

SUBSTANTIATION:

Sources: San Bernardino Countywide Plan and EIR; Submitted Project Materials

- a) **Require or result in the relocation or construction of new or expanded water, wastewater treatment or storm water drainage, electric power, natural gas, or telecommunications facilities, the construction or relocation of which could cause significant environmental effects?**

The proposed Project will result in a very negligible change in demand for water. The only component of the Project that will utilize water is landscape irrigation, and the landscaping proposed will feature drought tolerant plant materials. No wastewater will be generated on-site as the Project does involve an on-site manager residence or office.

The project is designed to collect all storm water runoff into a drain system and then to a retention basin. The estimated increase in storm water run-off in the post development condition is minimal. (See Section X - Hydrology and Water Quality and Exhibit 5 – Site Plan, for additional detail.)

The Project Site is serviced by Southern California Edison (SCE), which provides electrical service to the project vicinity. The Proposed Project will receive electrical power by connecting to SCE's existing power lines. The increased demand for electric power is expected to be very minimal and will be sufficiently served by existing SCE electrical facilities. Total electricity demand in SCE's service area is estimated to increase by approximately 12,000 Gigawatt hours between the years 2015 and 2026. The increase in electricity demand from the project would represent an insignificant portion of overall demand in SCE's service area.

The Proposed Project would not require the expansion or construction of any new infrastructure to provide water, wastewater treatment, storm water drainage, electric power, natural gas or telecommunications other than on-site improvements and/or typical service connections to the site. Therefore, no significant adverse impacts to any of the foregoing services and utilities are identified or anticipated, and no mitigation measures are required.

Less than Significant Impact.

- b) **Have sufficient water supplies available to serve the Project and reasonably foreseeable future development during normal, dry and multiple dry years?**

The proposed project will be served by the Hi-Desert Water District (HDWD), 55439 29 Palms Highway, Yucca Valley, CA. The HDWD 2020 Urban Water Quality Management Plan (UWMP), which was developed in partnership with Mojave Water Agency (MWA), is a long-term plan to ensure an adequate water supply is available to meet the future needs of the District. Water supply for the District service area is sourced almost entirely from pumped groundwater from the Warren Valley and Ames Groundwater Basins

According to the 2020 UWMP, "The HDWD, in collaboration with Mojave Water Agency and other local agencies, has established opportunities to optimally manage water supplies in the Warren Valley Basin and Ames Valley Basin through innovative actions. These actions have created a robust water supply for the District that demonstrates there is sufficient water supply to meet the District's growing demands through 2045." It should be noted that the proposed use is consistent with the General Plan Industrial Land Use designation, thus future development of the project site would be assumed in long-term projections of water demand.

Water demand in the proposed project will be limited to irrigation of landscape area and to meet fire protection needs. Although this demand has not been quantitatively estimated, it would clearly be negligible, and would not impact the ability of the Hi-Desert Water District or the Mojave Water Agency to meet projected demands. Consequently, no significant adverse impacts to water supply to serve the Project are identified or anticipated, and no mitigation measures are necessary.

Less than Significant Impact.

- c) **Result in a determination by the wastewater treatment provider which serves or may serve the Project that it has adequate capacity to serve the Project's projected demand in addition to the provider's existing commitments?**

The proposed project will not be connected to the public sewer system. Consequently, no adverse impacts to the capacity of the wastewater treatment infrastructure to serve the Project are identified or anticipated, and no mitigation measures are necessary.

No Impact.

- d) **Generate solid waste in excess of state or local standards, or in excess of the capacity of local infrastructure, or otherwise impair the attainment of solid waste reduction goals?**

The Project site is currently within the refuse collection area of Burrtec Waste Industries. Solid waste generated at the Project Site would be disposed of at either the San Bernardino County Landers Sanitary Landfill (36-AA-0057), or other active landfills as necessary. According to the CalRecycle web site, the Landers Sanitary Landfill has a maximum throughput of 1,200 tons per day, an expected operational life through 2072, and a remaining capacity of 11,148,100 cubic yards, as of 7/5/16. Due to the nature of the proposed Project, solid waste generation is anticipated to be very limited. An on-site waste collection receptacle is provided in design plans. (See Exhibit 6 – Container Layout and Parking Plan) The Project would be served by a landfill with sufficient permitted capacity to accommodate its solid waste disposal needs. No hazardous wastes are anticipated to be generated by the project, which is intended to accommodate only storage of typical household items. No significant adverse impacts pertaining to solid waste from long-term operations are identified or are anticipated, and no mitigation measures are required.

Preparation and approval of a Construction and Demolition Solid Waste Management Plan is required by the County of San Bernardino. The California Green Building Standards Code (CALGreen) requires all newly constructed buildings, including low-rise residential and most nonresidential commercial projects, develop a waste management plan and divert a minimum of 65 percent of construction waste. Projects are required to estimate the amount of solid waste tonnage to be disposed and diverted during construction. The mandatory requirement to prepare a Construction and Demolition Solid Waste Management Plan would ensure that impacts related to construction waste would be less than significant and no mitigation measures are required.

Less than Significant Impact.

- e) **Comply with federal, state, and local management and reduction statutes and regulations related to solid waste?**

Please refer to Response XIX- (d) above. The proposed Project would comply with all federal, state, and local statutes and regulations related to solid waste. Solid waste produced during the construction phase and operational phase of the proposed Project would be disposed of in accordance with all applicable statutes and regulations.

Therefore, no significant adverse impacts pertaining to solid waste disposal are identified or anticipated, and no mitigation measures are required.

Less than Significant Impact.

In consideration of the preceding information and analysis, no significant adverse impacts related to utilities and service systems are identified or anticipated and no mitigation measures are required.

Issues	Potentially Significant Impact	Less than Significant with Mitigation Incorporated	Less than Significant	No Impact
XX. WILDFIRE: If located in or near state responsibility areas or lands classified as very high fire hazard severity zones, would the project:				
a) Substantially impair an adopted emergency response plan or emergency evacuation plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b) Due to slope, prevailing winds, and other factors, exacerbate wildfire risks, and thereby expose project occupants to, pollutant concentrations from wildfire or the uncontrolled spread of a wildfire?	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
c) Require the installation or maintenance of associated infrastructure (such as roads, fuel breaks, emergency water resources, power lines or other utilities) that may exacerbate fire risk or that may result in temporary or ongoing impacts to the environment?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
d) Expose people or structures to significant risks, including downslope or downstream flooding or landslides, as a result of runoff, post-fire slope instability, or drainage changes?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

SUBSTANTIATION:

Sources: San Bernardino Countywide Plan; Submitted Project Materials

a) **Substantially impair an adopted emergency response plan or emergency evacuation plan?**

The Project site is located within approximately 450 feet of 29 Palms Highway (Highway 62) which is a designated Countywide Plan evacuation route. Operations and construction of the proposed Project would not interfere with the use of this route during an evacuation. During construction, the contractor would be required to maintain adequate emergency access for emergency vehicles as required by the County Fire Department. Furthermore, the Project site does not contain any emergency facilities. Long-term operations at the proposed Project would not interfere with an adopted emergency response or evacuation plan. Proposed project driveways would be maintained for ingress/egress. As has been previously noted, site occupancy at any one time can be expected to be very low due to the nature of the facility. The auto collision repair facility is the only other substantial use taking access from Shafter Avenue, and it has separate driveway access. The area to the east of the project site which also takes access from Shafter Avenue is very sparsely populated. No significant

impacts pertaining to emergency response or evacuation are identified or anticipated, and no mitigation measures are necessary.

Less than Significant Impact.

- b) **Due to slope, prevailing winds, and other factors, exacerbate wildfire risks, and thereby expose project occupants to, pollutant concentrations from wildfire or the uncontrolled spread of a wildfire?**

The portion of the project site to be developed is essentially flat, but the remainder of the site on the south edge of the property is characterized by a steep slope bank that will remain in its natural state. As has been previously noted, the proposed use of metal shipping containers for storage would minimize the level of fire risk. No habitable structures are involved in the proposed Project. No significant impacts pertaining to emergency response or evacuation are identified or anticipated, and no mitigation measures are necessary.

Less than Significant Impact.

- c) **Require the installation or maintenance of associated infrastructure (such as roads, fuel breaks, emergency water resources, power lines or other utilities) that may exacerbate fire risk or that may result in temporary or ongoing impacts to the environment?**

The Project site would provide moderate improvements to the property, including improved access to the site from Shafter Avenue. The utilization of recycled metal storage containers would be more fire resistant than typical storage facilities. The proposed Project does not include the installation or maintenance of associated infrastructure that may exacerbate fire risk or that may result in temporary or ongoing impacts to the environment. Therefore, no impacts are identified, and no mitigation measures are required.

No Impact.

- d) **Expose people or structures to significant risks, including downslope or downstream flooding or landslides, as a result of runoff, post-fire slope instability, or drainage changes?**

None of the cited conditions exist on the Project site. Please refer to Section VII - Geology and Soils, and Section X- Hydrology and Water Quality, for additional information. No impacts have been identified or are anticipated and no mitigation measures are necessary.

No Impact.

In consideration of the preceding information and analysis, no significant adverse impacts related to wildfire risks are identified or anticipated and no mitigation measures are required

<i>Issues</i>	<i>Potentially Significant Impact</i>	<i>Less than Significant with Mitigation Incorporated</i>	<i>Less than Significant</i>	<i>No Impact</i>
XXI. MANDATORY FINDINGS OF SIGNIFICANCE:				
a) Does the project have the potential to substantially degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, substantially reduce the number or restrict the range of a rare or endangered plant or animal or eliminate important examples of the major periods of California history or prehistory?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b) Does the project have impacts that are individually limited, but cumulatively considerable? ("Cumulatively considerable" means that the incremental effects of a project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects)?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c) Does the project have environmental effects, which would cause substantial adverse effects on human beings, either directly or indirectly?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

- a) **Does the project have the potential to substantially degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, substantially reduce the number or restrict the range of a rare or endangered plant or animal or eliminate important examples of the major periods of California history or prehistory?**

The Biological Resource Assessment (RA) prepared for the proposed Project concluded that all direct, indirect, and cumulative impacts would be reduced to a less than significant impact with implementation of Mitigation Measures BIO-1 and BIO-2. Therefore, the proposed Project is not anticipated to have the potential to significantly degrade the overall quality of the region's environment, or substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population or drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal.

Potential impacts to cultural resources were identified in the Phase I Cultural Resources Assessment (CRA) prepared for the Proposed Project. As discussed in this Initial Study, all direct, indirect, and cumulative can be reduced to a less than significant level with implementation of Mitigation Measures CR-1 and CR-2. Adherence to mitigation measures as presented in this Initial Study would ensure that any important examples of the major periods of California history or prehistory that may be discovered during construction are not eliminated as a result of the proposed Project.

Less than Significant Impact with Mitigation Incorporated.

- b) **Does the project have impacts that are individually limited, but cumulatively considerable? (“Cumulatively considerable” means that the incremental effects of a project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects)?**

The project has 3 potential impact categories that are individually limited but may potentially be cumulatively considerable. These are: Biological Resources, Cultural Resources, and Tribal Cultural Resources. The project is not considered growth-inducing, as defined by *State CEQA Guidelines*. These referenced issues require the implementation of mitigation measures to reduce impacts to a less than significant level and ensure that cumulative effects are not cumulatively considerable. All other environmental issues were found to have no potential significant impacts without implementation of mitigation. The potential cumulative environmental effects of implementing the proposed project have been determined to be less than considerable and therefore, less than significant.

Less than Significant Impact with Mitigation Incorporated.

- c) **Does the project have environmental effects, which would cause substantial adverse effects on human beings, either directly or indirectly?**

All potential impacts have been fully evaluated and have been deemed to be neither individually significant nor cumulatively considerable in terms of adverse effects upon the region, the local community, or its inhabitants, with mitigation as incorporated in this Initial Study. It is anticipated that conditions of approval will incorporate all mitigation measures set forth in this analysis in addition to other requirements that will further ensure that no potential for substantial adverse impacts will be introduced by construction activities or long-term operations authorized by the project approval.

Less than Significant Impact with Mitigation Incorporated.

MITIGATION MEASURES / CONDITIONS OF APPROVAL

Any mitigation measures, which are not “self-monitoring”, shall have a Mitigation Monitoring and Reporting Program prepared and adopted at time of project approval. Condition compliance will be verified by existing procedures. (CCRF)

Mitigation Measure BIO-1:

To ensure no impacts to Western Joshua trees, any tree within 40 feet of active construction shall be encircled by temporary construction fencing. This will be of a height and color to be visible from a distance. With this mitigation incorporated, no western Joshua trees will be affected. Should impacts to this species become unavoidable in the future, an incidental take permit (ITP) will be required from the CDFW. The ITP will detail all impacts to the species and any necessary additional mitigation measures.

Mitigation Measure BIO-2:

If construction occurs between February 1st and August 31st, a pre-construction clearance survey for nesting birds shall be conducted within three (3) days of the start of any vegetation removal or ground disturbing activities to ensure that no nesting birds will be disturbed during construction. The biologist conducting the clearance survey should document a negative survey with a brief letter report indicating that no impacts to active avian nests will occur. If an active avian nest is discovered during the pre-construction clearance survey, construction activities should stay outside of a no-disturbance buffer.

The size of the no-disturbance buffer will be determined by the wildlife biologist and will depend on the level of noise and/or surrounding anthropogenic disturbances, line of sight between the nest and the construction activity, type and duration of construction activity, ambient noise, species habituation, and topographical barriers. These factors will be evaluated on a case-by-case basis when developing buffer distances. Limits of construction to avoid an active nest will be established in the field with flagging, fencing, or other appropriate barriers; and construction personnel will be instructed on the sensitivity of nest areas.

A biological monitor should be present to delineate the boundaries of the buffer area and to monitor the active nest to ensure that nesting behavior is not adversely affected by the construction activity. Once the young have fledged and left the nest, or the nest otherwise becomes inactive under natural conditions, construction activities within the buffer area can occur.

Mitigation Measure CR-1:

Prior to the initiation of ground-disturbing activities, field personnel should be alerted to the possibility of buried prehistoric or historic cultural deposits. In the event that field personnel encounter buried cultural materials, work in the immediate vicinity of the find should cease and a qualified archaeologist should be retained to assess the significance

of the find. The qualified archaeologist shall have the authority to stop or divert construction excavation as necessary. If the qualified archaeologist finds that any cultural resources present meet eligibility requirements for listing on the California Register or the National Register of Historic Places (National Register), plans for the treatment, evaluation, and mitigation of impacts shall be developed.

Mitigation Measure CR-2:

If human remains or funerary objects are encountered during any activities associated with the project, work in the immediate vicinity (within a 100-foot buffer of the find) shall cease and the County Coroner shall be contacted pursuant to State Health and Safety Code §7050.5 and that code enforced for the duration of the project Mitigation Measure CR-2.

BIBLIOGRAPHY

GENERAL REFERENCES

- Basin Transit website. <https://basin-transit.com/>
- California Department of Conservation, Farmland Mapping and Monitoring Program
- California Department of Resources Recycling and Recovery (CalRecycle), Solid Waste Facilities.
- California Department of Transportation, Scenic Highways Program.
- California Energy Commission, California Energy Consumption Database.
- San Bernardino County. Development Code.
- San Bernardino County, Countywide Plan and EIR. 2020. All pertinent Elements of the General Plan and EIR chapters in addition to the following supporting documents:
 - San Bernardino County. Greenhouse Gas Emissions Reduction Plan. September 2011.
 - San Bernardino County, Multi-Jurisdictional Hazard Mitigation Plan, July 2017
 - Cultural Resources Technical Report
 - Land Use Background Report
 - Morongo Valley Community Action Guide.
 - Paleontological Resources Technical Report
 - San Bernardino County Community and Municipal Greenhouse Gas Inventory, October 2017
 - Safety Background Report
 - Water, Wastewater, and Hydrology Existing Conditions
- San Bernardino County, Transportation Impact Study Guidelines. July 2019
- High Desert Water District Urban Water Quality Management Plan (UWMP), 2020.
- Mojave Air District CEQA Guidelines, 2020

PROJECT SPECIFIC REFERENCES

- “Biological Resources Assessment for the Proposed Project”, 7888 Shafter Avenue, Yucca Valley, San Bernardino County, California, Prepared by ELMT Consulting, June 6, 2023.

- “Cultural Resources Assessment”, 7886 Shafter Avenue Self Storage Project, Yucca Valley, San Bernardino County, California. Prepared by BCR Consulting, May 24, 2023.
- “Geotechnical Engineering Investigation”, Proposed ISO Shipping Container Self-Storage Facility 7886 Shafter Avenue, Yucca Valley, California. Prepared by Nor Cal Engineering, June 8, 2023
- “Preliminary Drainage Study”, 7886 Shafter Avenue, Yucca Valley, Prepared by SITETECH, Inc. July 27, 2023.

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

1601 E. 3rd Street, Suite 102, San Bernardino, CA 92415-0490
(909) 388-0480 • Fax (909) 388-0481
lafco@lafco.sbcounty.gov
www.sbclafco.org

PROPOSAL NO.: LAFCO 3276

HEARING DATE: JULY 16, 2025

RESOLUTION NO. 3423

A RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY MAKING DETERMINATIONS ON LAFCO 3276 AND APPROVING THE SPHERE OF INFLUENCE AMENDMENT (EXPANSION) FOR HI-DESERT WATER DISTRICT

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

WHEREAS, an application for the proposed sphere of influence amendment (expansion) in the County of San Bernardino was filed with the Executive Officer of this Local Agency Formation Commission (hereinafter referred to as “the Commission”) in accordance with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000 et seq.); and,

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

WHEREAS, the Executive Officer has reviewed available information and prepared a report including 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 July 16, 2025 at the time and place specified in the notice of public hearing; and,

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

WHEREAS, this Commission reviewed and considered the Mitigated Negative Declaration prepared by the San Bernardino County Land Use Services Department—as a function of its review of a Minor Use Permit to establish a personal self-storage facility (mini storage) to include (155) 8’x20’ and (8) 8’x10’ standard height shipping containers totaling

RESOLUTION NO. 3423

25,440 square feet of structures on approximately 9.46 acres—prior to reaching a decision on the sphere of influence amendment, finding that the information substantiating the Mitigated Negative Declaration as adequate for its use in making a decision as a CEQA responsible agency and that it does not intend to adopt alternatives or mitigation measures for this project as all changes, alterations and mitigation measures are within the responsibility and jurisdiction of the County and/or other agencies and not the Commission, and directed its Executive Officer to file a Notice of Determination within five (5) working days with the San Bernardino County Clerk of the Board of Supervisors; and,

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

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

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

The project area has a land use designation of MV/IC (Morongo Valley/Community Industrial). Community Industrial provides sites for light industrial uses such as light manufacturing uses, wholesale/warehouse services, contract/construction services, transportation services, agriculture support services, incidental commercial and accessory residential uses, and similar and compatible uses. The proposed development of a mini-storage facility is a permitted use within the project area.

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

There will be a change to the public facilities and utility services as a result of annexation of the project area, which is dependent upon the sphere of influence amendment. The sphere of influence amendment and the concurrent annexation will place the project area within the Hi-Desert Water District. The development of a mini-storage facility requires potable water, irrigation water, and/or fire suppression water service.

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

The Hi-Desert Water District provides water and sewer service within the Town of Yucca Valley and its surrounding unincorporated communities, including the community of Yucca Mesa. The District currently owns and operates an 8-inch potable water line in Shafter Avenue, which is adjacent to the project area. The District can feasibly extend and adequately supply potable water, irrigation water, and/or fire suppression water service to the proposed mini-storage facility being developed within the project area.

RESOLUTION NO. 3423

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

The project area is located within the Morongo Valley community. However, a local agency associated with the community, the Morongo Valley Community Services District, does not provide water service within said Morongo Valley community nor are there any water service providers anywhere near the project area.

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

The Town of Yucca Valley has a coterminous boundary and sphere of influence; therefore, the Town itself does not have any disadvantaged unincorporated communities; however, surrounding areas are considered disadvantaged, including areas within the Hi-Desert Water District's boundaries.

The District provides water service within the Town and its surrounding communities, including the community of Yucca Mesa. The District began providing sewer service within the Town's core along SR 62. The District is now getting ready to begin Phase 2 of implementing and expanding its sewer collection system to provide sewer service to additional customers within the District's boundaries.

The San Bernardino County Fire Protection District provides fire protection and emergency medical services within the Town and its surrounding communities.

Additional Determinations

- As required by State Law, notice of the Commission's consideration of this issue has been advertised through publication the *Hi-Desert Star*, a newspaper of general circulation in the area. As required by State law, individual notification was provided to affected and interested agencies, County departments, and those individuals and agencies having requested such notice.
- LAFCO staff has also provided individual notices in conjunction with noticing the proposed annexation proposal, LAFCO 3277, to landowners surrounding the sphere amendment and annexation area in accordance with state law and adopted Commission policies.
- The map and legal description for the sphere of influence amendment, as revised, are in substantial compliance with LAFCO and State standards.

WHEREAS, pursuant to the provisions of Government Code Section 56425(i), the range of services provided by the West Valley Water District shall be limited to the following:

RESOLUTION NO. 3423

FUNCTION

SERVICES

Water

Retail, agricultural, domestic, replenishment, fire flow, fire hydrants

Sewer

Collection, transportation, treatment, reclamation, disposal, planning and engineering

WHEREAS, based on presently existing evidence, facts, and circumstances filed with the Local Agency Formation Commission and considered by this Commission, it determines to amend the sphere of influence for the Hi-Desert Water District (expansion).

NOW, THEREFORE, BE IT RESOLVED by the Local Agency Formation Commission for San Bernardino County, State of California, that this Commission shall consider the territory described in Exhibits "A" and "A-1" as being within the sphere of influence for the Hi-Desert Water District, it being fully understood that the amendment of said sphere of influence is a policy declaration of this Commission based on existing facts and circumstances which, although not readily changed, may be subject to review and change in the event a future significant change of circumstances so warrants.

BE IT FURTHER RESOLVED that the Local Agency Formation Commission for San Bernardino County, State of California, does hereby determine that the Hi-Desert Water District, as the applicant, shall indemnify, defend, and hold harmless the Commission from any legal expense, legal action, or judgment arising out of the Commission's approval of this proposal, including any reimbursement of legal fees and costs incurred by the Commission.

THIS ACTION APPROVED AND ADOPTED by the Local Agency Formation Commission for San Bernardino County by the following vote:

AYES: COMMISSIONERS:

NOES: COMMISSIONERS:

ABSTAIN: 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

RESOLUTION NO. 3423

at its regular meeting of July 16, 2025.

DATED:

SAMUEL MARTINEZ
Executive Officer

DRAFT

LAFCO 3276
SPHERE OF INFLUENCE AMENDMENT (EXPANSION) FOR
THE HI-DESERT WATER DISTRICT
LEGAL DESCRIPTION

PARCEL 1 (APN 0585-273-04)

All that portion of Section 5, Township 1 South, Range 5 East, San Bernardino Base and Meridian, in the County of San Bernardino, State of California, according to the official plat thereof, described as follows:

Beginning on the Northwest corner of Parcel No. 4, per Parcel Map No. 7849 recorded in Book 85, Pages 26 and 27, records of said County, said corner being a point on the existing Hi-Desert Water District boundary established by "Annexation No. 91-12 (LAFCO 2656)", said corner also being a point on the Town of Yucca Valley incorporation boundary per LAFCO No. 2661;

Course 1, thence, leaving said LAFCO 2656 boundary, and also leaving said Town boundary, South $31^{\circ}03'30''$ East, along the southwesterly line of said Parcel No. 4, a distance of 447.33 feet;

Course 2, thence, leaving said southwesterly line, South $58^{\circ}56'30''$ West, a distance of 660.00 feet;

Course 3, thence, North $31^{\circ}03'30''$ West, a distance of 660.00 feet to a point on said LAFCO 2656 boundary, said point also being on said Town boundary;

Course 4, thence, North $58^{\circ}56'30''$ East, along said LAFCO 2656 boundary, and also said Town boundary, a distance of 623.57 feet to the beginning of a non-tangent curve, concave northeasterly, having a radius of 65.16 feet, to which beginning of curve a radial bears North $67^{\circ}51'00''$ East;

Course 5, thence, southeasterly along said curve, through a central angle of $73^{\circ}31'02''$, an arc distance of 83.61 feet;


Course 6, thence, South $31^{\circ}03'30''$ East, a distance of 143.72 feet to the **Point of Beginning**.

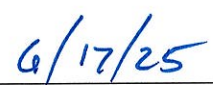
The above described parcel contains 433,656 square feet (9.955 acres), more or less.

Map is attached hereto and by this reference made a part hereof.

END OF DESCRIPTION

This real property description has been prepared by me, or under my direction, in conformance with the Professional Land Surveyors' Act.


Joseph A. Figueroa, PLS 9288


Date



LAFCO 3276 SPHERE OF INFLUENCE AMENDMENT (EXPANSION) FOR THE HI-DESERT WATER DISTRICT

0 100 200 400
SCALE: 1" = 200'

5 4

EAST 1/4 COR.
SECTION 5

SAN BERNARDINO COUNTY
SECTION 5, T.1S. R.5E. S.B.M.

29 PALMS HIGHWAY (RT 62)

HI-DESERT
WATER DISTRICT
LAFCO NO. 2656
ANNEXATION NO. 91-12

HI-DESERT
WATER DISTRICT
LAFCO NO. 2656
ANNEXATION NO. 91-12

PARCEL 2

PARCEL 3

COURSE 5
R= 65.16'
Δ= 73°31'02"
L= 83.61'

TOWN OF
YUCCA VALLEY
SAN BERNARDINO
COUNTY

PARCEL 1

COURSE 4
N58°56'30"E 623.57'

N67°51'00"E RAD.

COURSE 6
S31°03'30"E
143.72'

P.O.B.

PARCEL MAP NO. 7849
P.M.B. 85/26-27
PARCEL 4

APN 0585-273-13

EAST LINE
SECTION 5

PARCEL 1
APN 0585-273-04
433,656 S.F.
(9.955 AC.)

SHAFTER AVENUE
DOC# 2024-0255014 O.R.
10/24/2024

N31°03'30"W 660.00'
COURSE 3

S58°56'30"W 660.00'
COURSE 2

AFFECTED AGENCIES

HI-DESERT WATER DISTRICT

LEGEND

P.O.B. POINT OF BEGINNING

SECTION LINE

EXISTING HI-DESERT WATER
DISTRICT SPHERE OF INFLUENCE

SPHERE EXPANSION

SURVEYOR:

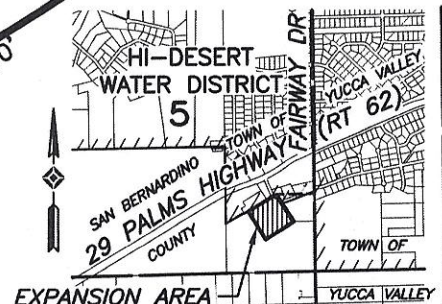
PREPARED UNDER THE DIRECTION OF:

FIGUEROA
SURVEYING, INC.

1265 N La Cadena Dr | #9A | Colton | CA 92324
909 264 3007 | josephf@figsurv.com

JOSEPH A. FIGUEROA
L.S. 9288

DATE



VICINITY MAP
N.T.S.



LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

1601 E. 3rd Street, Suite 102, San Bernardino, CA 92415-0490
(909) 388-0480 • Fax (909) 388-0481
lafco@lafco.sbcounty.gov
www.sbclafco.org

PROPOSAL NO.: LAFCO 3277

HEARING DATE: JULY 16, 2025

RESOLUTION NO. 3424

A RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY MAKING DETERMINATIONS ON LAFCO 3277 AND APPROVING THE ANNEXATION TO HI-DESERT WATER DISTRICT (APN 0585-273-04)

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 annexation 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 July 16, 2025 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.

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

RESOLUTION NO. 3424

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 3277.

Condition No. 3. All previously authorized charges, fees, assessments, and/or taxes currently in effect by the Hi-Desert Water District (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 Hi-Desert Water District shall indemnify, defend, and hold harmless the Local Agency Formation Commission for San Bernardino County from any legal expense, legal action, or judgment arising out of the Commission’s approval of this 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 the 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 required to be provided by Commission policy and Government Code Section 56668:

1. The County Registrar of Voters Office has determined that the annexation area is legally uninhabited, containing zero registered voters as of March 24, 2025.
2. The County Assessor’s Office has determined that the total estimated assessed value of land and improvements within the annexation area is \$390,150.
3. Through approval of the companion sphere of influence amendment, LAFCO 3276, the annexation will be within the sphere of influence assigned the Hi-Desert Water District.
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

RESOLUTION NO. 3424

the annexation 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. In compliance with the requirements of Government Code Section 56157 and Commission policies, LAFCO staff has provided individual notice to landowners and registered voters surrounding the annexation area (25 total). Comments from registered voters, landowners, and other individuals and any affected local agency in support or opposition have been reviewed and considered by the Commission in making its determination.
6. The Southern California Associated Governments (SCAG) has adopted its 2024-2050 Regional Transportation Plan and Sustainable Communities Strategy (RTP-SCS), referred to as Connect SoCal 2024, pursuant to Government Code Section 65080. LAFCO 3277 has no direct impact on SCAG's Connect SoCal 2024.
7. Acting as the CEQA Lead Agency, the San Bernardino County Land Use Services Department—as a function of its review of a Minor Use Permit to establish a personal self-storage facility (mini storage) to include (155) 8'x20' and (8) 8'x10' standard height shipping containers totaling 25,440 square feet of structures on approximately 9.46 acres—prepared an environmental assessment and adopted a Mitigated Negative Declaration, which indicates that approval of the project will not have a significant effect on the environment through its development under the Conditions of Approval that has been prepared for the proposed project. The County's Initial Study and Mitigated Negative Declaration have been reviewed by the Commission and its staff who find them to be adequate for the annexation decision.

The Commission certified that it has reviewed and considered the County's Mitigated Negative Declaration and its environmental effects as outlined in the Initial Study prior to reaching a decision on the annexation and finds the information substantiating the Mitigated Negative Declaration adequate for its use as CEQA Responsible Agency. The Commission further found that it does not intend to adopt alternatives or additional mitigation measures for the project and that all changes, alterations and mitigation measures are the responsibility and jurisdiction of the County and/or others, not the Commission, and are considered self-mitigating through implementation of the Conditions of Approval.

The Commission directed its Executive Officer to file a Notice of Determination within five (5) working days with the San Bernardino County Clerk of the Board of Supervisors.

8. The annexation area is currently served by the following local agencies: County of San Bernardino, Hi-Desert Memorial Healthcare District (dba Morongo Basin Healthcare District), Mojave Desert Resource Conservation District, Mojave Water Agency, San Bernardino County Fire Protection District and its Valley Service Zone and its Zone FP-5, County Service Area 70 (unincorporated County-wide multi-function agency).

None of these agencies are affected by this annexation proposal as they are either regional in nature or identified for other services for the annexation area.

RESOLUTION NO. 3424

9. The Hi-Desert Water District submitted a plan for the provision of water service to the annexation area as required by Government Code Section 56653. The Plan is to provide potable water, irrigation water, and/or fire suppression water service to the mini-storage facility. 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.
10. The annexation area can benefit from the availability and extension of water service from the Hi-Desert Water District.
11. This proposal will not affect the fair share allocation of the regional housing needs assigned the County through the Southern California Association of Government's (SCAG) Regional Housing Needs Allocation (RHNA) since the annexation area is proposed for a mini-storage facility.
12. With respect to environmental justice, the annexation proposal—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, acting on behalf of the Hi-Desert Water District, adopted a resolution indicating there will be no transfer of property tax revenues as a result of the annexation. This resolution fulfills the requirements 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.

SECTION 4. The primary reason for this annexation is to provide potable water, irrigation water, and/or fire suppression water service to the proposed mini-storage facility. The parcel is currently not within the Hi-Desert Water District's boundary; therefore, annexation to the District is required in order to receive water service.

SECTION 5. The affected territory will not be taxed for existing bonded indebtedness or contractual obligations by the Hi-Desert Water District through the annexation. The Hi-Desert Water District utilizes the regular County assessment rolls.

SECTION 6. 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 7. The Commission hereby orders the territory described in Exhibits "A" and "A-1" annexed. The Commission hereby directs, following completion of the reconsideration period specified by Government Code Section 56895(b), that 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.

RESOLUTION NO. 3424

SECTION 8. 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:

ABSTAIN: 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 July 16, 2025.

DATED:

SAMUEL MARTINEZ
Executive Officer

LAFCO 3277
ANNEXATION TO THE HI-DESERT WATER DISTRICT
(ASSESSOR PARCEL NUMBER 0585-273-04)
LEGAL DESCRIPTION

PARCEL 1 (APN 0585-273-04)

All that portion of Section 5, Township 1 South, Range 5 East, San Bernardino Base and Meridian, in the County of San Bernardino, State of California, according to the official plat thereof, described as follows:

Beginning on the Northwest corner of Parcel No. 4, per Parcel Map No. 7849 recorded in Book 85, Pages 26 and 27, records of said County, said corner being a point on the existing Hi-Desert Water District boundary established by "Annexation No. 91-12 (LAFCO 2656)", said corner also being a point on the Town of Yucca Valley incorporation boundary per LAFCO No. 2661;

Course 1, thence, leaving said LAFCO 2656 boundary, and also leaving said Town boundary, South $31^{\circ}03'30''$ East, along the southwesterly line of said Parcel No. 4, a distance of 447.33 feet;

Course 2, thence, leaving said southwesterly line, South $58^{\circ}56'30''$ West, a distance of 660.00 feet;

Course 3, thence, North $31^{\circ}03'30''$ West, a distance of 660.00 feet to a point on said LAFCO 2656 boundary, said point also being on said Town boundary;

Course 4, thence, North $58^{\circ}56'30''$ East, along said LAFCO 2656 boundary, and also said Town boundary, a distance of 623.57 feet to the beginning of a non-tangent curve, concave northeasterly, having a radius of 65.16 feet, to which beginning of curve a radial bears North $67^{\circ}51'00''$ East;

Course 5, thence, southeasterly along said curve, through a central angle of $73^{\circ}31'02''$, an arc distance of 83.61 feet;

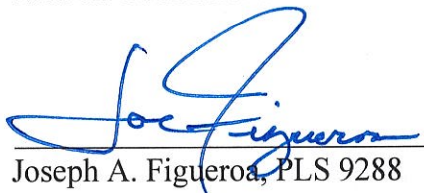
Course 6, thence, South $31^{\circ}03'30''$ East, a distance of 143.72 feet to the **Point of Beginning**.

The above described parcel contains 433,656 square feet (9.955 acres), more or less.

Map is attached hereto and by this reference made a part hereof.

END OF DESCRIPTION

This real property description has been prepared by me, or under my direction, in conformance with the Professional Land Surveyors' Act.


Joseph A. Figueroa, PLS 9288

6/17/25
Date



LAFCO 3277
ANNEXATION TO THE HI-DESERT WATER DISTRICT
(ASSESSOR PARCEL NUMBER 0585-273-04)

0 100 200 400
 SCALE: 1" = 200'

5 4

EAST 1/4 COR.
 SECTION 5

SAN BERNARDINO COUNTY
SECTION 5, T.1S. R.5E. S.B.M.

HI-DESERT
 WATER DISTRICT
 LAFCO NO. 2656
 ANNEXATION NO. 91-12

HI-DESERT
 WATER DISTRICT
 LAFCO NO. 2656
 ANNEXATION NO. 91-12

29 PALMS HIGHWAY (RT 62)

SHAFTER AVENUE

PARCEL 2

PARCEL 3

COURSE 5
 R= 65.16'
 Δ= 73°31'02"
 L= 83.61'

PARCEL 1

COURSE 4
 N58°56'30"E 623.57'
 N67°51'00"E RAD.

COURSE 6
 S31°03'30"E
 143.72'

TOWN OF
 YUCCA VALLEY
 SAN BERNARDINO
 COUNTY

P.O.B.

PARCEL MAP NO. 7849
 P.M.B. 85/26-27
 PARCEL 4

APN 0585-273-13

EAST LINE
 SECTION 5

PARCEL 1
 APN 0585-273-04
 433,656 S.F.
 (9.955 AC.)

SHAFTER AVENUE
 DOC# 2024-0255014 O.R.
 10/24/2024

N31°03'30"W 660.00'
 COURSE 3

S58°56'30"W 660.00'
 COURSE 2

AFFECTED AGENCIES
 HI-DESERT WATER DISTRICT

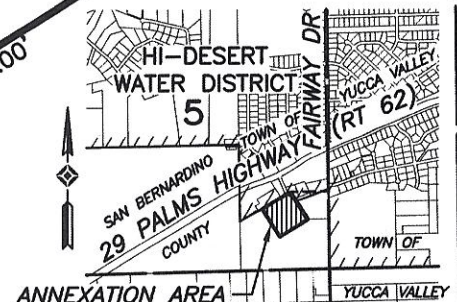
LEGEND

P.O.B. POINT OF BEGINNING

SECTION LINE

EXISTING HI-DESERT WATER
 DISTRICT BOUNDARY

ANNEXATION BOUNDARY



VICINITY MAP
 N.T.S.



1265 N La Cadena Dr | #9A | Colton | CA 92324
 909 264 3007 | josephf@figsurv.com

SURVEYOR:

PREPARED UNDER THE DIRECTION OF:

Joseph A. Figueroa 6/17/25
 JOSEPH A. FIGUEROA DATE
 L.S. 9288

