

LOCAL AGENCY FORMATION COMMISSION COUNTY OF SAN BERNARDINO

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

DATE: MARCH 8, 2011

FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer
SAMUEL MARTINEZ, Senior LAFCO Analyst
MICHAEL TUERPE, LAFCO Analyst

TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: Agenda Item #6: Service Reviews for the Hilltop Community
(Running Springs, Arrowbear Lake and Green Valley Lake)

INITIATED BY:

San Bernardino Local Agency Formation Commission

INTRODUCTION

San Bernardino LAFCO has chosen to undertake its Service Reviews on a regional basis. By action taken in February 2002, the Commission divided the county into five separate regions, with the Mountain Region defined as generally being the territory of private lands within the San Bernardino National Forest. In November 2007, the Commission initiated the service reviews for the Mountain Region, generally encompassing the communities of Crest Forest, Lake Arrowhead, Hilltop, and Bear Valley.

The Commission has adopted policies related to its sphere of influence program determining that it will utilize a community-by-community approach to sphere of influence identification. Although the Commission has established the spheres of influence for the service providers in this area, the Commission has never defined a community for this portion of the mountain region. While each of the primary service providers, Running Springs Water District, Arrowbear Park County Water District, and County Service Area 79 strive to serve their residents and provide a voice for their respective communities, they are intertwined by those same services. Therefore the first Commission consideration will be to determine the community for the area.

In 2007, the County adopted a community plan for this area which included participation of the residents and landowners. The culmination of that effort was the "Hilltop Community

Plan” addressing the historic areas known as Running Springs, Arrowbear and Green Valley Lake. This report contains a discussion regarding the Commission’s ultimate definition of the community using the descriptive name “Hilltop” chosen through the County’s process, service reviews and sphere of influence updates for the service providers within that community which includes the Running Springs Water District, Arrowbear Park Water District, County Service Area 73, and County Service Area 79, discussion of the services provided by other regional public agencies and private agencies not required to have a sphere of influence update and is organized as follows:

- Location and Description – describes the study area and the underlying agencies
- Community History – provides a brief history of the community
- Community Discussion - provides options and staff recommendations for the definition of the Hilltop community
- Service Reviews and Sphere of Influence Updates - Running Springs Water District (LAFCO 3108), Arrowbear Park County Water District (LAFCO 3137), County Service Area 79 (LAFCO 3131), and County Service Area 73 (LAFCO 3123)
 - Service Reviews – review of the five mandatory factors for a service review
 - Sphere of Influence Updates – outlines the staff’s question *Why are there adjacent agencies providing essentially the same services within a unique and isolated community each with a separate sphere of influence?* The report provides recommendations for the spheres of influence changes, recommendations for authorized functions and services, and review of the mandatory four factors for a sphere update.
 - Service Review for the private retail water entities (Green Valley Mutual Water Company and Smiley Park Country Club)
- Additional Determinations and Recommendations for Commission Action

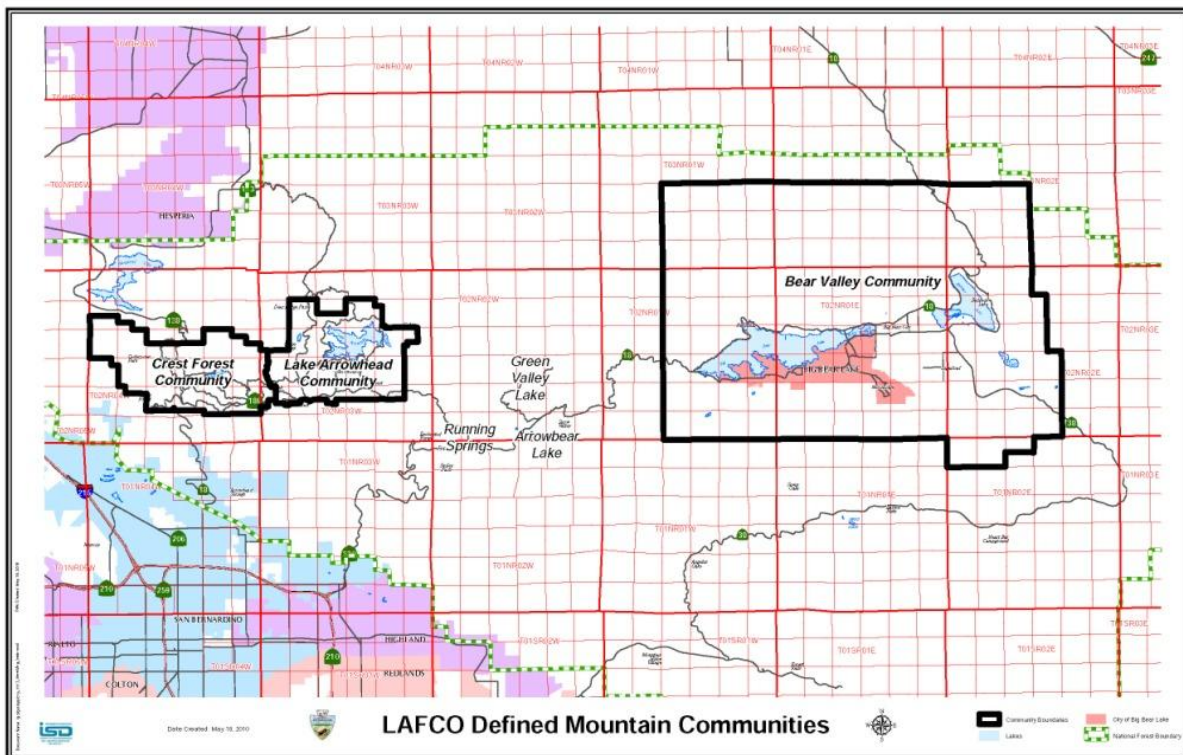
At the December 2010 hearing, staff presented a report outlining the regional provision of road and snow removal services throughout the mountain region (“Mountain Region Road and Snow Removal Service Review Report”; Item 8, December 2010 agenda). The report illustrated that the county service areas and zones to county service areas experience financial challenges as they deal with extremely varied sources of revenue. Further, the disjointed response to service demands has resulted in an abundance of financially challenged, scattered road agencies that have the same County governance and administrative structure. The Commission continued all matters related to the mountains roads report to the March 16, 2011 hearing. The mountains roads report is intended to be read in conjunction with this Hilltop community report.

Item 7 on this month's agenda is a supplemental report from LAFCO staff related to the regional road and snow removal services addressing the Hilltop community. As a part of that report, staff is recommending that the Commission continue final consideration of the mountain roads report to the May 18, 2011 hearing. At that hearing the Commission will complete its mountain region reviews through consideration of the service reviews for the Bear Valley community.

LOCATION AND DESCRIPTION:

Location

The Hilltop community is located in the central section of the Commission's defined Mountain region, approximately 18 miles north of the Cities of San Bernardino and Highland. The overall service review and sphere study area is generally situated east of the Lake Arrowhead community and west of the Bear Valley community. Highways 18 and 330 converge in Running Springs, and it is often a stopping point for travelers to either Bear Valley or Lake Arrowhead. The study area includes the areas commonly known as Arrowbear Lake, Crab Tree Flats, Fredalba, Green Valley Lake, Nob Hill, Running Springs, Seymour Flats, and Smiley Park Country Club, and the Snow Valley Ski area is located at the eastern edge of the community. There are a number of lakes within the community including Green Valley Lake, Arrowbear Lake, and Deep Creek Lake. Below is a map illustrating the Hilltop community in a regional context and showing the LAFCO defined communities in the Mountain region, a copy of which is included in Attachment #1. As shown, the Commission has not yet defined the community for this area. Therefore, the first step in the service review process will be for the Commission to define the community.



Description

The community is located entirely within the San Bernardino National Forest in heavily wooded, mountainous terrain consisting of pine forests, meadows, steep slopes, and numerous ravines with elevations ranging from 6,050 to 7,100 feet above sea level. The natural land features constrain development due to geologic and soil conditions. Deep Creek, also located within the community, is a state-designated Wild Trout Stream. The Forest Service considers Deep Creek to be eligible for National Wild and Scenic River status in recognition of its outstanding scenic, recreational, historical/cultural, fish, wildlife, and ecological values.

According to the *Hilltop Community Plan*, several issues set Hilltop apart from other mountain communities. Among these are the relationship to surrounding communities, community character, and commerce. Hilltop does not have the same growth pressures facing other mountain communities due to the limited supply of private land available for development. However, the Hilltop community is a highly trafficked area leading to Bear Valley and Lake Arrowhead. As for community character and commerce, the community plan stresses the importance of maintaining the community's natural setting, small-town atmosphere, and mountain character.

Public Service Providers

The Hilltop community is served by multiple public agencies. Regional service providers include:

- County Service Area 70 (multi-function, unincorporated county-wide) and its various zones for localized service
- Crestline-Lake Arrowhead Water Agency
- Mojave Desert Resource Conservation District
- Rim of the World Recreation and Park District
- San Bernardino County Fire Protection District and its Mountain Service Zone
- San Bernardino Flood Control District
- San Bernardino Mountains Community Healthcare District

The community-based agencies providing direct services to the residents and landowners are listed below and shown on the map which follows (included as a part of Attachment #1):

Running Springs Water District - This agency actively provides water, sewer, and fire protection. Its boundaries encompass approximately 4.2 square miles and its sphere of influence, including its boundaries, encompasses approximately 13.3 square miles (shown in green on the map). The district is in the vicinity of the junction of State Route 18 and 330 and includes the areas commonly known as Running Springs, Enchanted Forest and portions of Smiley Park and Fredalba.

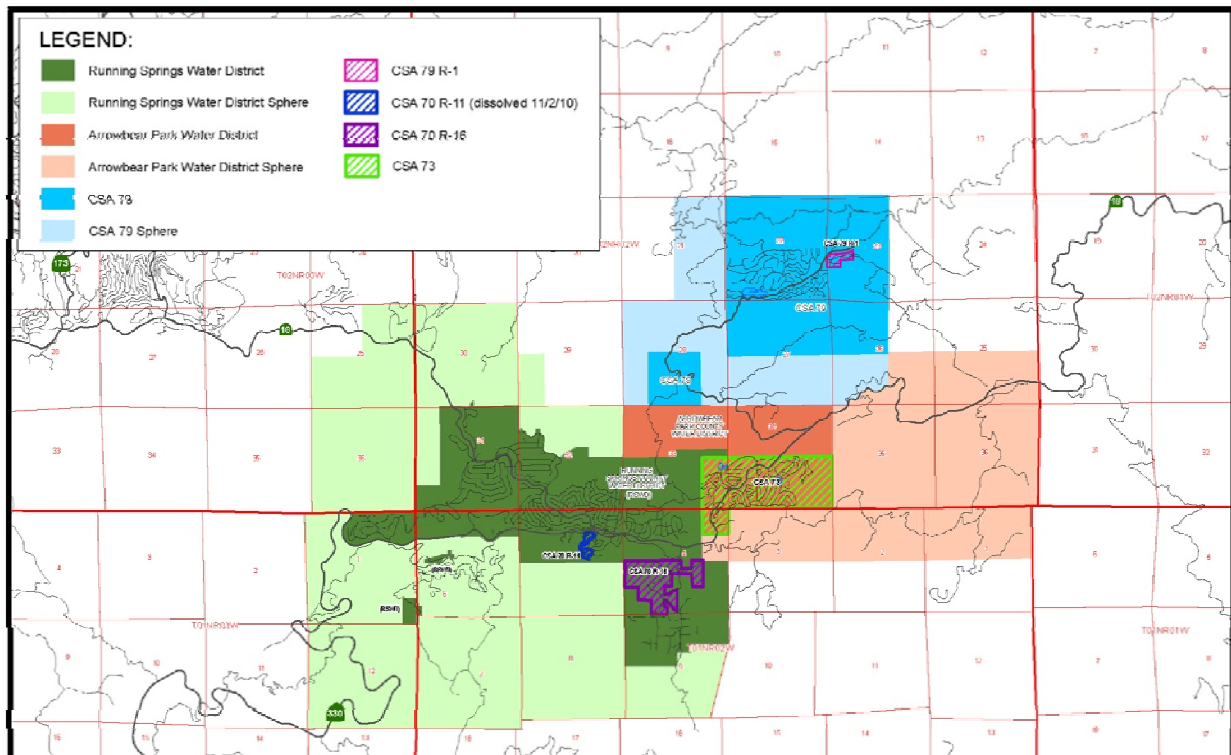
Arrowbear Park Water District – This agency actively provides water, sewer, and fire protection. Its boundaries encompass approximately 1.6 square miles and its

sphere of influence, including its boundaries, encompasses approximately 5.9 square miles (shown as orange on the map). The area includes Arrowbear Lake, Deep Creek Lake, and the Snow Valley Ski area.

County Service Area 73 – This agency actively provides streetlighting services. Its boundaries and sphere of influence, which are coterminous, encompass approximately 440 acres and is entirely within the boundaries of Arrowbear Park County Water District (shown as light green hatch on the map). The area includes the area of Arrowbear Lake including the lake itself.

County Service Area 79 – This agency actively provides sewer collection, and through its zone R-1 provides roads (shown as pink hatch on the map). CSA 79's boundaries encompass approximately 2.5 square miles and its sphere of influence, including its boundaries, encompasses approximately 4.5 square miles (shown as blue on the map). The area includes the area known as Green Valley Lake.

County Service Area 70 Zones – County Service Area 70 Zone R-16 currently exists as a mechanism to provide augmented road and snow removal within a portion of Running Springs (shown as purple hatch on the map). CSA 70 Zone R-11, also within a portion of Running Springs, was dissolved November 2, 2010 (shown as blue hatch on the map).



COMMUNITY HISTORY

The following provides a historical perspective of the community. The first section is a narrative history and includes information from the *Hilltop Community Plan*¹, Department of Water Resources², Crestline-Lake Arrowhead Water Agency website³, and *Running Springs*, a book that is part of the Images of America series⁴.

In the mid 1800s timber became recognized as a valuable natural resource within the area and roads were built to facilitate lumber production. In 1890, C. D. Danaher formed the Highland Lumber Company establishing a sawmill and logging operation near today's Live Oak Drive, just west of the Fredalba area. Excess lumbering to feed the intense demand for timber reflected a general neglect of conservation practices and environmental concerns. Local citizens and community groups quickly recognized the value of the mountains as a watershed to protect and foster growth in the valley. They petitioned the Federal Government for protection of the mountain forests and watersheds. Congress enacted the Forest Reserve Act in 1891 and the San Bernardino Forest Reserve was established in 1893.

In 1915 circulation in the mountains was improved when the "101 Mile Rim of the World" highway was constructed from Lake Arrowhead through Fredalba and Green Valley to Big Bear Lake. By 1917, the County assumed responsibility for improvement and maintenance of City Creek Road, which resulted in increased interest in the Fredalba area by travelers and potential residents. In 1920, Raymond Luring acquired 140 acres adjacent to Fredalba (now Smiley Park Country Club) and began to subdivide the land for development. However, Luring had to halt development because of a water shortage. In 1923, additional lands were acquired and development was initiated in the area that is now known as Running Springs. In 1924, Arrowbear was subdivided into lots, and a dam was built to create Arrowbear Lake. The following year, another lake was created by Ray Luring at the north end of Hunsaker Flats, and the Lake Luring Country Club was established. Around the same time, Green Valley was also subdivided and development initiated. During the Great Depression in the late 1920s, the Running Springs area experienced a decline in business and development.

Between 1946 and 1950, Snow Valley established itself as a major winter recreation attraction when it installed its first rope tows and ski lifts. Recreation opportunities also became more accessible when State Highway 30 (now 330) was constructed as two paved lanes. In 1950, the Luring Pines Mountain Club was constructed with an Olympic size swimming pool and tennis courts. After many years of inactivity, development was renewed in 1954 and stimulated much of what are today's residential land uses in the area.

¹ County of San Bernardino. General Plan. *Hilltop Community Plan*. 12 April 2007.

² California Department of Water Resources. Bulletin 119-19. "The Feasibility of Serving the Crestline-Lake Arrowhead Water Agency Area from the State Water Project". 1965.

³ Spindler, Jennifer. Untitled. Excerpt from project at California State University San Bernardino Water Resources Institute. Undated. As accessed from the CLAWA website on 27 April 2010. Last update unknown. www.clawa.org.

⁴ Bellamy, Stanley E. "Images of America: Running Springs". Arcadia Publishing. 2007.

To address the water challenges throughout the state, in 1957 the California Department of Water Resources issued the “California Water Plan”. In order to provide for a system to provide supplemental water delivery to Southern California, in 1959 the *Burns-Porter Act* passed the State Legislature, authorizing construction of the State Water Project (formerly known as the Feather River Project). In November 1960, the voters in the state approved the project and the bond to finance the State Water Project.

During this same time, local concern over the declining ground water occurred due to the expansion in population. A 1961 California Department of Water Resources study⁵ found that local groundwater supplies were declining confirming local suspicions. One year later, the Crestline-Lake Arrowhead Water Agency (CLAWA) was formed by an act of the California Legislature for the primary purpose of bringing supplemental water to the Crestline, Lake Arrowhead, and Hilltop communities.

A brief history of the major governmental events for this community and its relationship with the Local Agency Formation Commission is described below, listed chronologically by end date:

- | | |
|---------|---|
| 1953 | The County Board of Supervisors and the electorate approved the formation of the Arrowbear Park County Water District. |
| 1958 | The County Board of Supervisors and the electorate approved the formation of the Running Springs County Water District. |
| 1970 | The Commission reviewed and the County Board of Supervisors approved the formation of County Service Area 72 (LAFCO 937) to provide park and recreation and streetlighting services to the Arrowbear Lake area. |
| 1971 | The Commission reviewed and the County Board of Supervisors approved the formation of County Service Area 79 (LAFCO 1022) to provide fire protection services to the Green Valley area. |
| 1972-73 | The Commission established the spheres of influence for County Service Area 79 (LAFCO 1239), Arrowbear Park County Water District (LAFCO 1288), County Service Area 73 (LAFCO 1289), and Running Springs County Water District (LAFCO 1290). The staff report prepared by Robert B. Rigney, Assistant Executive Officer for LAFCO, for the sphere establishments included the following: “ <i>The districts in the future, should consider the feasibility and desirability of consolidating their operations so that one entity could provide all services with one tax rate, one board and one group to arrange priority of expenditures.</i> ” This view was also supported by the Planning Department based upon the fragmented provision of water service for development of the area. |

⁵ California Department of Water Resources. “The Feasibility of Serving the Crestline-Lake Arrowhead Water Agency Area from the State Water Facilities”. 1961.

1976

The Commission received an application initiated by the Running Springs County Water District for removal of 160 acres from the Water District sphere of influence with concurrent inclusion within the County Service Area 79 sphere of influence (LAFCO 1290). The stated reason for the proposal was to meet the California Water Quality Control Board's order for the Water District to cease disposing of sewage in the Upper Deep Creek's watershed. The District desired to meet the Board's order by contracting with CSA 79 for sewer transportation. However, this required the removal of the area from the Running Springs Water District and inclusion within the CSA 79 sphere of influence since the area would be served by CSA 79. The Commission approved the proposal as submitted.

During the same year, special districts were seated on San Bernardino LAFCO. As a part of this process all special districts were limited to the functions/services actively provided at that time. The affected districts responded to LAFCO's request to list their active functions and services by providing the following:

- The County identified to LAFCO that the active functions for:
 - County Service Area 73 were park and recreation and streetlighting.
 - County Service Area 79 were sewer and fire protection.
- The Arrowbear Park County Water District identified to LAFCO that the active functions were water, sewer, fire protection, recreation, and sanitation.
- The Running Springs County Water District identified to LAFCO that the active functions were water, sewer, fire protection, recreation, and sanitation.

Pursuant to adoption of the *Rules And Regulations of The Local Agency Formation Commission Of San Bernardino County Affecting Functions and Services Of Special Districts* in 1976 and amendments thereafter, the active functions and services for the districts have been determined. The policies and procedures adopted at the same time outlined the requirements to apply to the Commission for activation of any other latent powers.

1983-85

In an effort to provide direction to landowners in the general area, and as an indication of its service capabilities, the Arrowbear Park County Water District initiated a proposal to include all surrounding developable areas within its sphere of influence (LAFCO 2239). After a meeting of the local government agencies regarding this proposal, it was generally agreed that a particular development would require connection to the CSA 79 interceptor and utilize a direct connection to the Crestline-Lake Arrowhead Water Agency transmission line. These findings supported eventual annexation to CSA 79 rather than the Arrowbear Park County Water District.

Due to the findings, the County Board of Supervisors initiated a sphere of influence proposal to include the developable areas north of Highway 18 into the CSA 79 sphere (LAFCO 2251). With two competing proposals before LAFCO, the Commission requested that the two agencies reach a compromise. After a few hearing continuances, the Commission approved the following compromise:

- Arrowbear Park County Water District's sphere was expanded to include areas east of Highway 18 on the basis that it has traditionally provided emergency response to the area and any future development within the area will probably have a greater impact on Arrowbear Lake than it would have on Green Valley Lake.
- CSA 79's sphere was expanded to include areas west of Highway 18 on the basis that CSA 79 can provide immediate sewer service to the area and water service can be expeditiously provided by CSA 79 through development on on-site wells with back-up from the Crestline-Lake Arrowhead Water Agency.

At the request of the citizen's advisory committee for CSA 79, the County Board of Supervisors initiated an application to expand the active functions for CSA 79 to include water, road maintenance, and park and recreation (LAFCO 2252). The Commission authorized CSA 79 water and road maintenance powers. However, the Commission denied the park and recreation power request on the basis that: 1) there was no reliable source of on-going revenues for that service; and 2) the Board of Directors of the new Rim of the World Park and Recreation District should first have an opportunity to respond to Green Valley's service desires.

1994-97

In 1994, AB 1335 gave LAFCOs the authority to initiate reorganizations of special districts, which included a proposal for consolidation. In its review of this new authority, the Commission identified various potential reorganizations which could be considered, this included the potential consolidation of the Running Springs and Arrowbear Park Water Districts. In 1995, the Running Springs Water District and the Arrowbear Park County Water District formed a consolidation committee to review the possibility of consolidating the two water districts. According to the minutes from the May 1995 LAFCO hearing, the districts became concerned that if they did not review the possibility of consolidation that LAFCO would initiate such a review. During 1995 the districts met voluntarily to review the possibility; however, no proposal was submitted for LAFCO review nor was any follow-up on the issue identified.

Two years later at the April 1997 LAFCO hearing, LAFCO staff requested that the Commission consider initiating a study for the consolidation of the two districts. According to the hearing minutes, representatives from both districts stated that consolidation should eventually occur but that the issues regarding service costs between the districts would need to be resolved. The districts requested that the Commission not initiate a study and that it wait to see if the

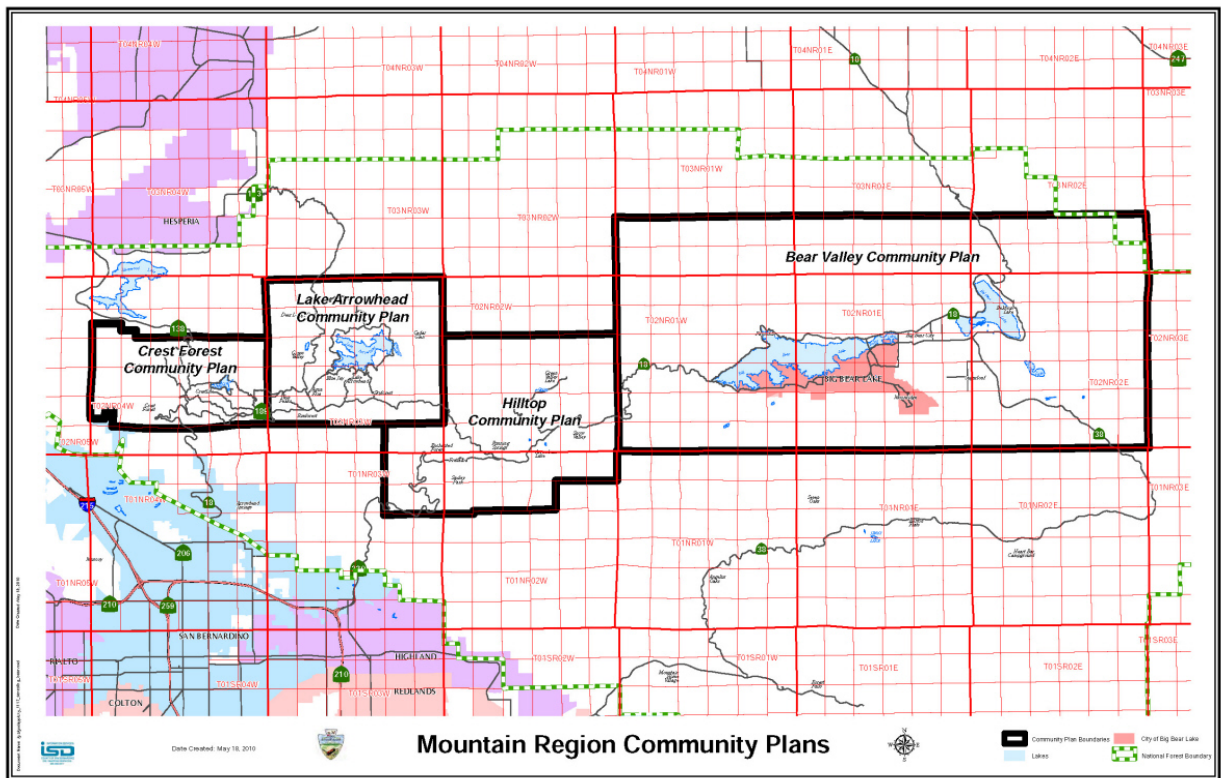
rate and charge discrepancies between the two districts could be mitigated by the districts. The districts did, however, express the desire for merging the fire protection services. The Commission urged the two districts to continue to discuss consolidation and look for ways to work together. The Commission took no action at the hearing, and no further activity is known to have taken place since that time.

- 2006 The Running Springs Water District initiated an application to annex approximately two acres to provide a water system and fire protection to three parcels located in the Smiley Park area (LAFCO 3051). Even though the parcels were within the service area of the Smiley Park Country Club, a mutual water company that purchases its water from the District, the landowners requested service from the Water District because the study area was up slope from Smiley Park's facilities, and it had neither adequate water supply nor the infrastructure to deliver water to these properties. The Commission approved the annexation application.
- 2008 The reorganization of the San Bernardino County Fire Protection District (LAFCO 3000), effective July 1, 2008, included the transfer of responsibility for fire services from CSA 79 (serving the Green Valley Lake area) to the Mountain Service Zone of the newly reorganized San Bernardino County Fire Protection District. In addition, it included the sphere of influence territory for both the Running Springs and Arrowbear Park Water Districts, both of whom provide fire protection, within its boundaries. It was stated during the considerations of LAFCO 3000 that the San Bernardino County Fire Protection District would not oppose the future annexation of the sphere of influence territory to the Districts.

COMMUNITY DISCUSSION

The Commission’s policy guidelines for spheres of influence outline its strategy to utilize a “community-by-community” approach to consideration. This practice requires the Commission to look at the whole of the community as defined by the existence of inter-related economic, environmental, geographic and social interests. The Commission’s concept is to define a community and adjust the spheres of influence for all related service providers to that community. Such a determination provides direction to both current and future residents as to the agencies designed to serve them.

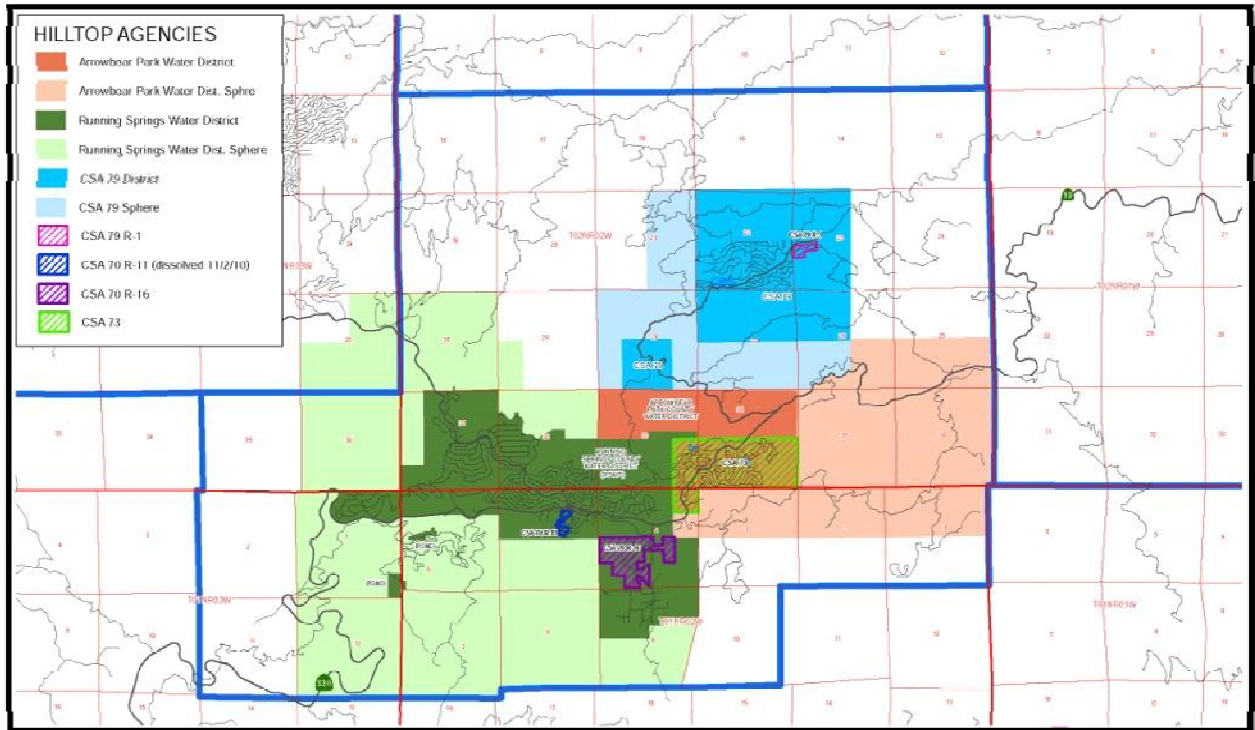
In 2007 as a part of the County General Plan, the County Board of Supervisors adopted four separate community plans for the Mountain region, which included the *Hilltop Community Plan*, as shown on the map below (included as a part of Attachment #1), to represent the combined communities of Running Springs, Arrowbear Lake and Green Valley Lake. LAFCO staff has adopted this name for this community description to reflect the community the Commission will need to define.



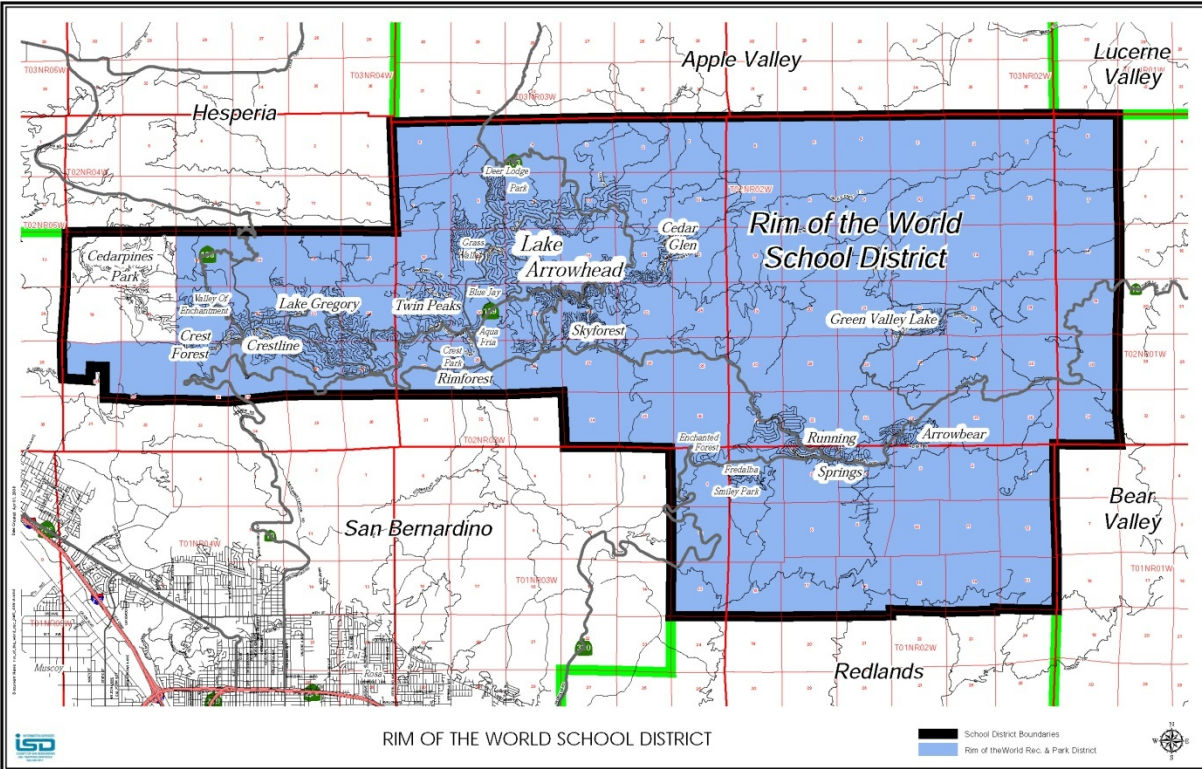
Hilltop Community Composition

Although the Commission has established the spheres of influence for the service providers within the Hilltop area, it has never defined the Hilltop community. With regard to community-based districts, the Running Springs Water District serves the area of Running Springs, the Arrowbear Park County Water District and County Service Area 73 serve the

area of Arrowbear Lake, and CSA 79 serves the area of Green Valley Lake. The map below illustrates the Hilltop agencies.



At the August 2010 LAFCO Workshop, the Commission directed staff to include information on the K-12 school districts as a part of the community discussion for its mandatory service reviews, to include a discussion of boundaries and shared facilities, in order to gain additional perspective of the community of interest. The Rim of the World Unified School District overlays the Hilltop, Crest Forest and Lake Arrowhead communities, as shown on the map below. The Rim of the World USD boundaries generally coincides with the Rim of the World Recreation and Park District (shown for reference in blue on the map below) with the exception of territory in the northwestern portion of the Crest Forest Community (CSA 18). Due to the regional nature of the Rim of the World USD, it does not provide additional information related to the definition of the Hilltop community; except to note that it extends easterly into what the County has defined as the Bear Valley community plan area.



Community Definition

To reflect the Commission’s policy direction to address its sphere of influence program on a community-by-community approach and to address actual service provision within the Hilltop community, a discussion of the Hilltop community definition needs to take place. Staff’s analysis indicates there are three options for Commission consideration:

Option 1 – County’s Community Plan Boundaries

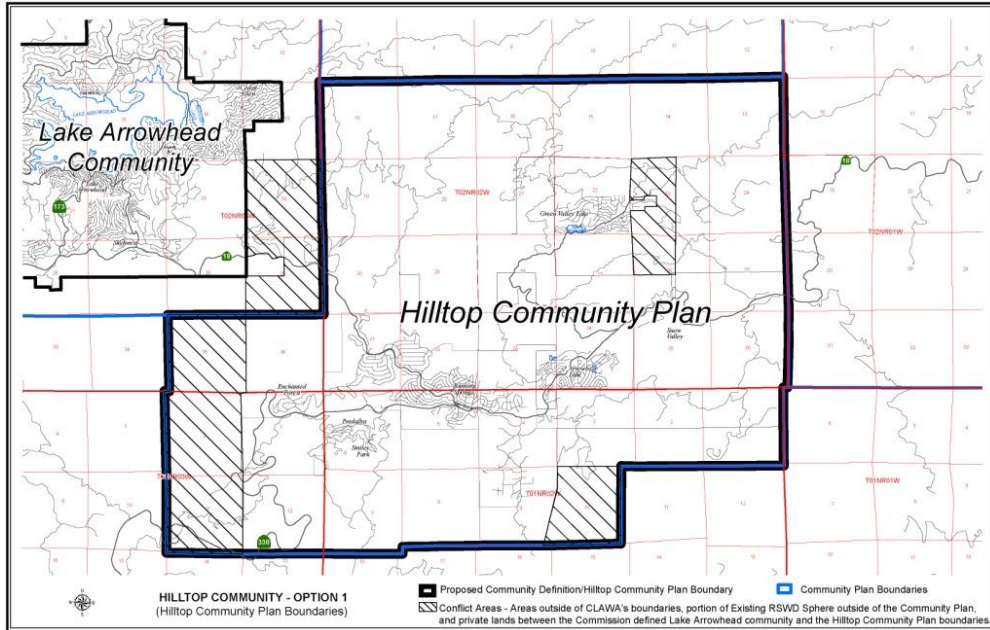
The Commission could determine to define the community by using the County’s *Hilltop Community Plan* boundaries. The map shown below provides an illustration of the location of the Community Plan boundaries.

However, use of the Community Plan boundaries to define the community has some conflicts and/or constraints defined as follows:

- 1) A portion of the Running Springs Water District existing sphere of influence extends beyond the boundaries of the Community Plan area,
- 2) A portion of the community plan’s western and southern area is not within the Crestline-Lake Arrowhead Water Agency’s boundary and/or sphere of influence, which is the wholesale water provider for the area placing constraints on the potential delivery of state water in the area, and

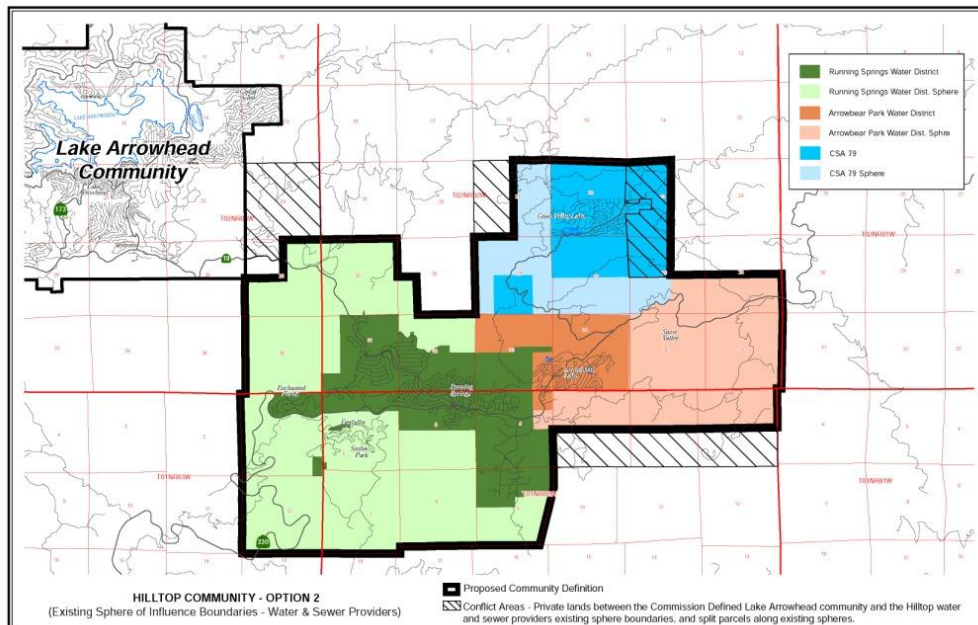
- 3) There are private lands located in between the Commission-defined Lake Arrowhead community and the *Hilltop Community Plan*.

The hatched areas shown on the map below identify these conflict/constraint areas.



Option 2 –Existing Spheres of Influence Boundaries for Water and Sewer Providers

Another option would be to define the community using the existing sphere of influence boundaries for the water and/or sewer providers for the community, which would be the Running Springs Water District, Arrowbear Park Water District, and CSA 79.

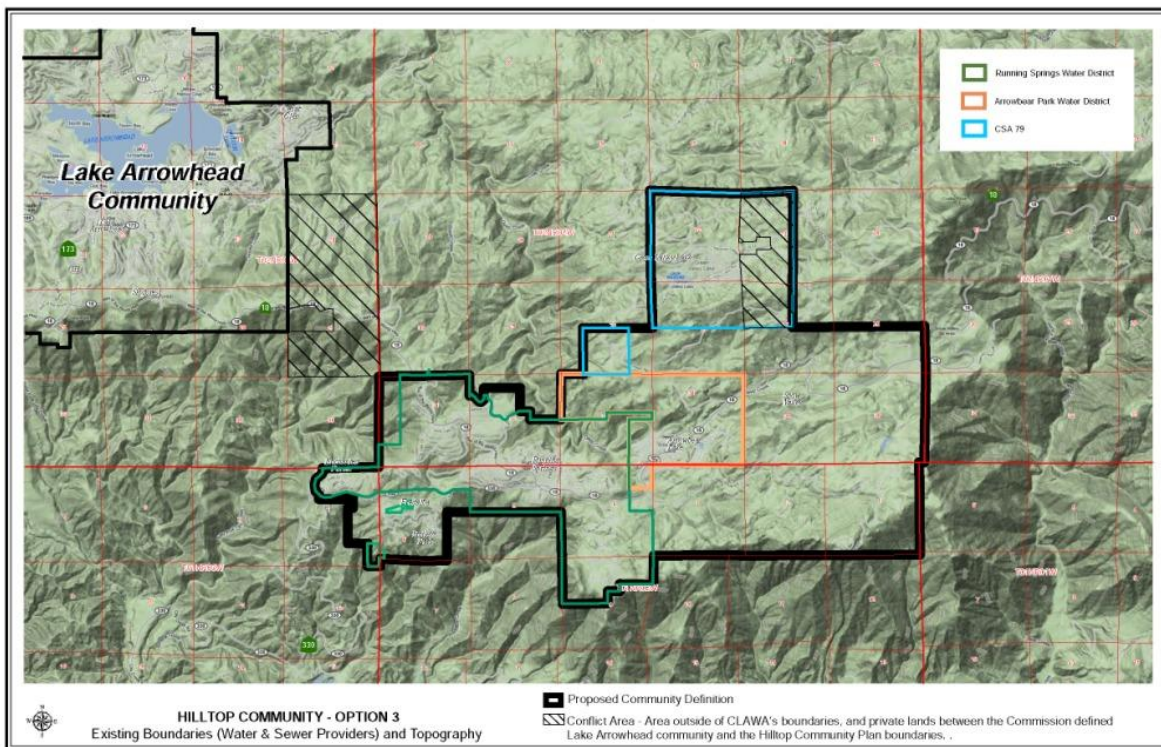


However, the use of the existing sphere of influence boundaries for the water and/or sewer service providers to define the community again presents some conflicts and/or constraints defined as:

- 1) The sphere boundaries currently split parcels,
- 2) There are private lands straddling the previously defined Lake Arrowhead community and the proposed community definition for Hilltop, and
- 3) There are many private lands beyond the existing sphere boundaries of the water and sewer service providers for Hilltop.

Option 3 – Existing Boundaries and Topographic Constraints

The Commission could define the community using existing boundaries for the water and sewer service providers for the community while incorporating topographic constraints as shown on the map below:



The use of the existing boundaries for the water and/or sewer service providers as well as the topographic constraints in the community still does not resolve the issue of having private lands straddling between the previously defined Lake Arrowhead community and the proposed community definition for Hilltop. In addition, there are many private lands beyond the existing boundaries of the water and sewer service providers for Hilltop. However, Option 3 does illustrate the constraints to the extension of services based on the topography of the land.

Staff's Analysis

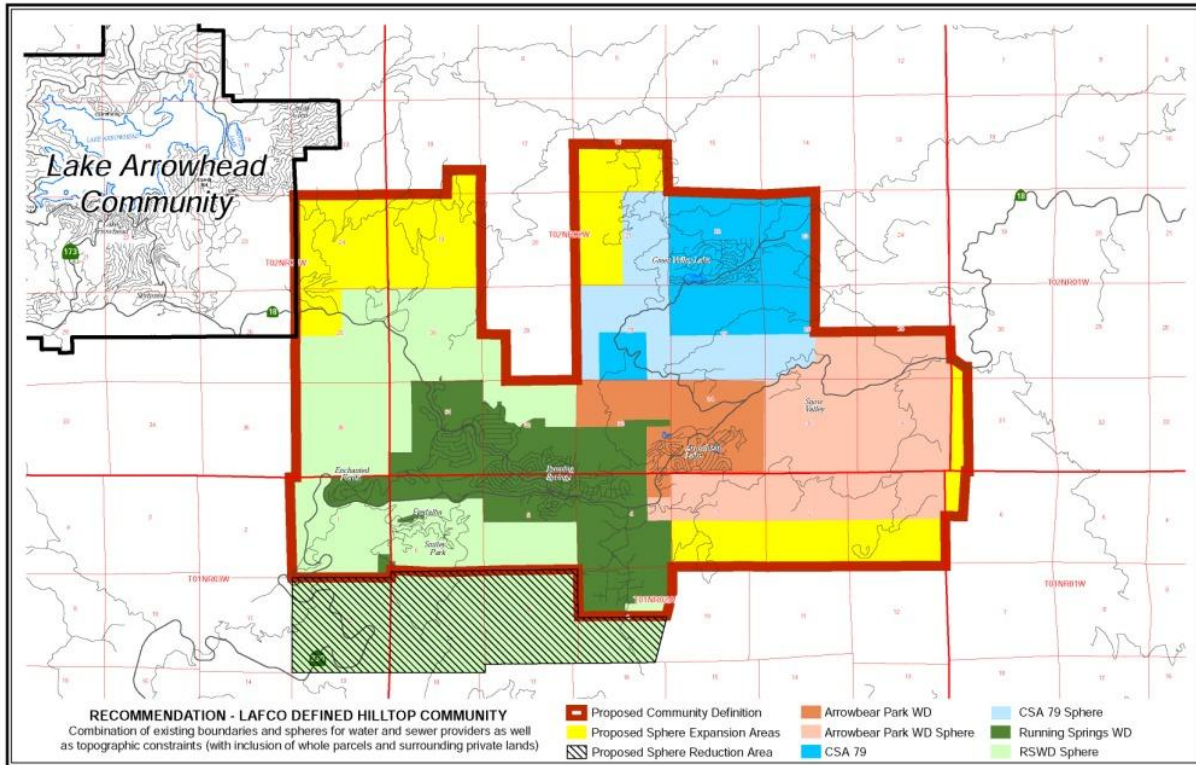
As staff has identified on numerous occasions, when the County developed the Community Plan boundaries, it did not take into account the boundaries of existing service providers within the area. In fact, the Hilltop Community Plan area includes vast amounts of public lands that will not require municipal services now nor in the future. Therefore, utilizing the County's Community Plan boundary does not adhere to Commission policy and practice or the directives of LAFCO law.

Recommendation for Community Definition

In the mountains, the delivery of services, especially water and/or sewer service, are generally limited by topographic constraints. However, as outlined above, there are private lands beyond the existing boundaries and/or spheres of influence of Hilltop service providers which could require municipal type services. Therefore, LAFCO staff is recommending that the Commission define the Hilltop community based on a combination of Options 2 and 3 described above. Specifically, staff recommends that the Commission determine that the community shall be:

1. A combination of the existing boundaries and/or spheres for the water and/or sewer service providers for the community (Running Springs Water District, Arrowbear Park Water District and CSA 79) adjusted to take into consideration the topographic constraints that inhibit further expansion of services (southerly reduction of Running Springs WD sphere);
2. Inclusion of surrounding private lands; and,
3. Adjust the sphere boundaries to run along existing parcel lines.

A map showing the LAFCO staff recommended definition for the Hilltop community is shown below, and included as Attachment #2.



This recommendation is utilized as the study area for the following service review summaries and sphere of influence updates presented by staff. To accomplish the Commission’s policy directives to incorporate the community definition into the sphere of influence program, in the “Sphere of Influence Updates” section of this report, LAFCO staff will be recommending that the Arrowbear Park County Water District, Running Springs Water District, County Service Area 73, and County Service Area 79 be assigned a single sphere of influence, encompassing the Hilltop community as defined by the Commission. A single sphere of influence signals the Commission’s position that a future reorganization should take place regarding the four agencies.

SERVICE REVIEWS AND SPHERE OF INFLUENCE UPDATES

The Commission is now required to conduct periodic sphere of influence updates (Government Code Section 56425) and when doing so, is required to prepare a Service review pursuant to Government Code Section 56430. The narrative discussion which follows summarizes the required service review determinations and sphere of influence update factors of consideration for the Running Springs Water District (LAFCO 3108), Arrowbear Park Water District (LAFCO 3137), County Service Area 79 (LAFCO 3131), and County Service Area 73 (LAFCO 3123).

Running Springs Water District (“Running Springs WD”) was formed in 1958 to provide retail water to the Running Springs area. **Arrowbear Park County Water District (“Arrowbear Park CWD”)** was formed in 1953 to provide retail water to the Arrowbear Lake area. The districts are independent special districts each with a five-member board of directors elected at-large and operate under *County Water District Law*, Water Code Section 30000 et seq. Currently, both districts are authorized by LAFCO to provide water, sewer, fire protection, park and recreation, and sanitation (garbage and/or refuse service) pursuant to the *Rules and Regulations of the Local Agency Formation Commission of San Bernardino County Affecting Functions and Services of Special Districts*. At this time, neither actively provides park and recreation or sanitation services.

County Service Area 79 (“CSA 79”) was formed in 1971 to provide fire protection services to the Green Valley Lake area. **County Service Area 73 (“CSA 73”)** was formed in 1970 to provide park and recreation and streetlighting services to the Arrowbear Lake area. The districts operate under *County Service Area Law* (Government Code Section 25210 et seq.) and are dependent, or “board-governed” special districts whose governing body is the County of San Bernardino Board of Supervisors. Currently, CSA 79 is authorized by LAFCO to provide water, sewer, and roads. In 2008, the County Fire reorganization included the transfer of responsibility for fire protection services from CSA 79 to the San Bernardino County Fire Protection District and its Mountain Service Zone. CSA 73 is authorized to provide park and recreation and streetlighting. At this time, CSA 79 does not actively provide water service, and CSA 73 does not actively provide park and recreation.

SERVICE REVIEWS

At the request of LAFCO staff, the districts⁶ each provided a response to the mandatory service review criteria pursuant to San Bernardino LAFCO policies and procedures. The responses to LAFCO's original and updated requests for materials includes, but is not limited to, the narrative response to the factors for a service review, response to LAFCO staff's request for information, and financial documents. LAFCO staff responses to the five mandatory factors for consideration for a service review (as required by Government Code 56430) are identified below and incorporate the responses and supporting materials. The districts' responses and supporting materials are included as Attachments 3 (Running Springs WD), 4 (Arrowbear Park CWD), 5 (CSA 79), and 6 (CSA 73) to this report and are summarized in the following information.

I. GROWTH AND POPULATION PROJECTIONS FOR THE AFFECTED AREA.

Land Use

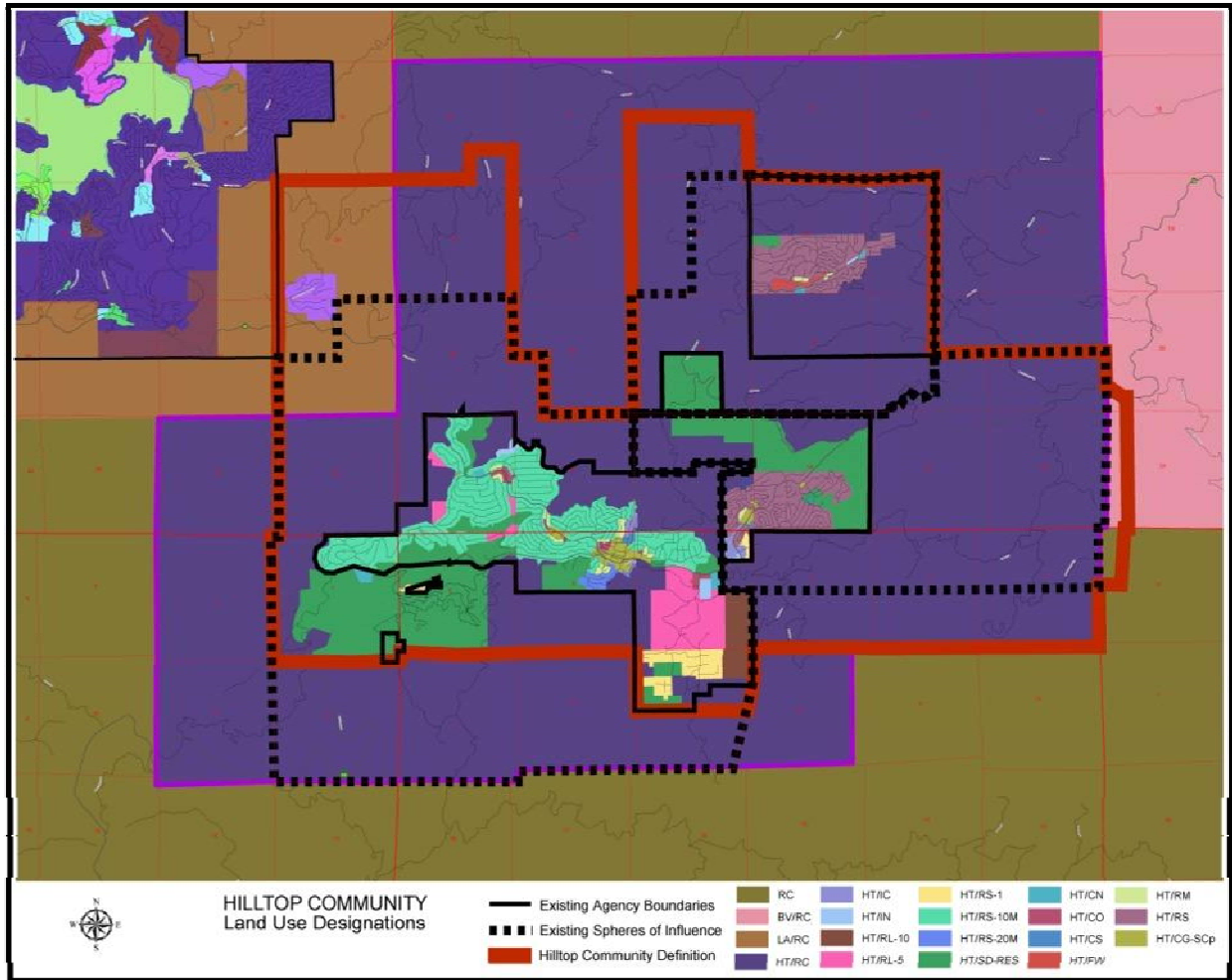
Development in the San Bernardino Mountains is naturally constrained by public land ownership, rugged terrain, limited access, and lack of support infrastructure, as well as by planning and environmental policies which place much of the area off limits to significant development. Maximum build-out potential is substantially constrained by the slope-density standards and fuel modification requirements of the County General Plan Fire Safety Overlay.

According to the *Hilltop Community Plan*, several issues set Hilltop apart from other mountain communities, suggesting that different strategies for future growth may be appropriate. Among these are the relationship to surrounding communities and community character and commerce. The Hilltop plan area, particularly Running Springs and Arrowbear Lake, is a highly trafficked area leading to the Bear Valley and Lake Arrowhead. Hilltop does not have the same growth pressures facing other mountain communities due to the limited supply of private land available for development. However, residents are concerned with the impacts that future growth and development in surrounding areas will have on an infrastructure system they sense is already strained. As for community character and commerce, residents expressed a strong desire for a park or central gathering place to help promote a sense of community. It is also important that the pursuit for commercial vitality does not disregard the importance of maintaining the community's natural setting, small-town atmosphere, and mountain character.

Below is a map identifying the County of San Bernardino land use designations within the study area. As shown, the majority land use designation is Resource Conservation. The three major residential land uses include RS-10M (Single Residential, 10,000 sq. ft. minimum), SD-RES (Special Development – Residential), and RS (Single Residential, 7,500 sq. ft. minimum). Most of the commercial land use designations are concentrated in

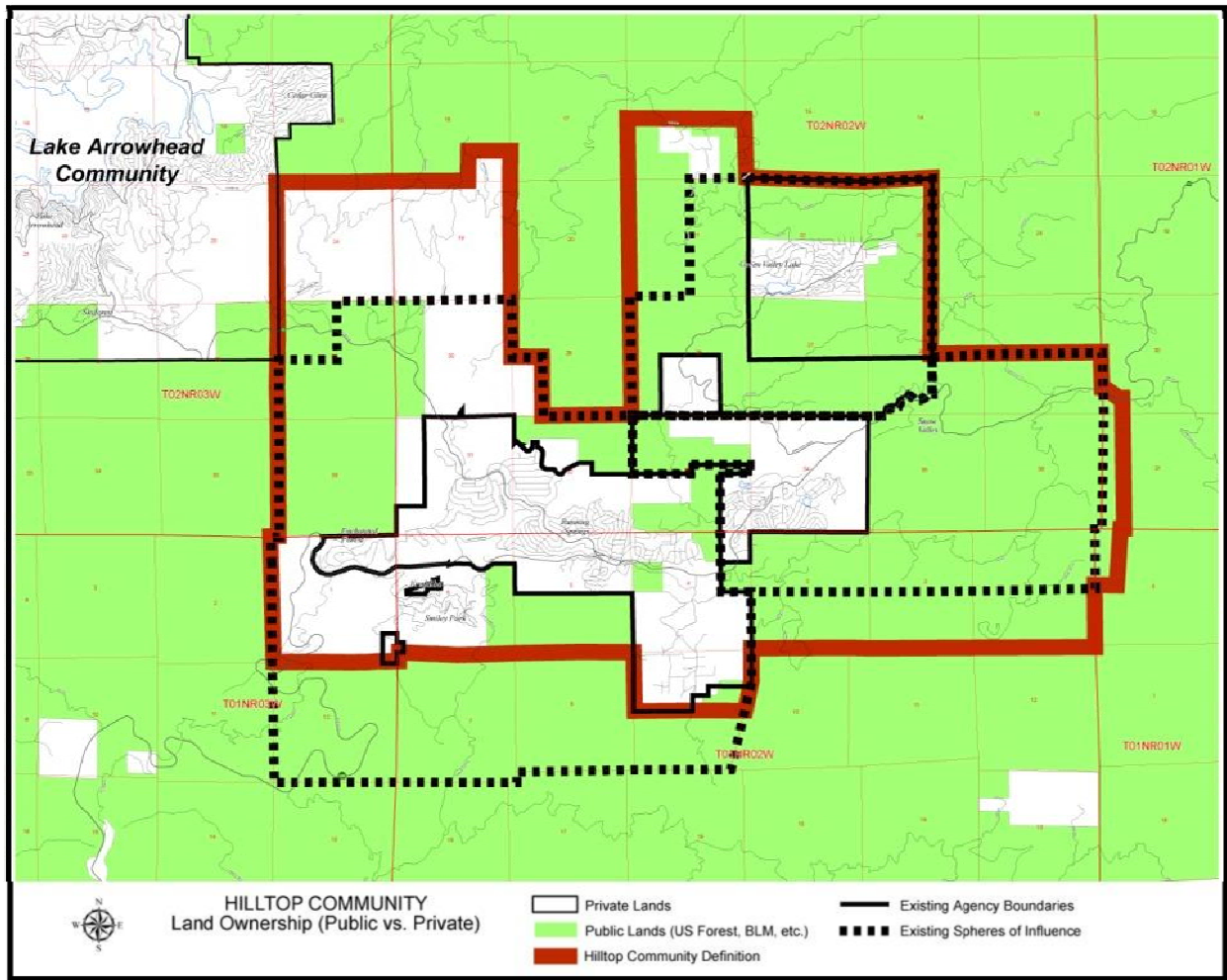
⁶ The County Special Districts Department, administrators for board-governed special districts, provided the service reviews for CSA 73 and CSA 79.

the central portion of the community where State Highway 18 and 330 meet. This commercial area is commonly known as “downtown Running Springs”.



The land ownership distribution and breakdown within each district boundary and respective current sphere are identified on the map below. Within the Hilltop community, roughly 38% of the land is privately owned with the remainder within the San Bernardino National Forest (owned by the federal government), which are devoted primarily to resource protection and recreational use.

Land Ownership Breakdown (in Acres)				
Agency		Private	Public	Total Area
1. Running Springs Water District	Boundary	2,455	250	2,705
	Sphere	1,670	4,180	5,850
2. Arrowbear Park County Water District	Boundary	825	220	1,045
	Sphere	0	2,715	2,715
3. County Service Area 79	Boundary	500	1,100	1,600
	Sphere	0	1,240	1,240
Remainder of Hilltop Community		1,420	1,775	3,195
Study Area Total		6,870	11,480	18,350



Below is a chart of recent development activity within the community. As the chart indicates, there is no current development activity within the area.

Year Received	APN	Area	Project No	Proposal	Acreage
2008		Running Springs	P200800602/MUP	MUP est library	2.49 acres
2009	0296-342-24	Running Springs	P200900126/TPM 19190	TPM 19100	2 parcels on 1.15 Acres
2009	0296-041-46	Running Springs	P200900294/CF	Gen Pln Amend	27.8 Acres
2010	0328-165-16	Arrowbear	P2010000612/CF	Gen Pln Amend	5.88 acres
2010	0296-211-11	Running Springs	P201000301/CF	Rev to AA for tower	1 Acre
2010	0296-342-22	Running Springs	P201000342/CF	Rev to AA for Wireless	.47 acres

Population Projections

In general, the San Bernardino Mountains is one of the most densely populated mountain areas within the country, and is the most densely populated urban forest west of the Mississippi River. The population and household projections below encompass the developable territory within the community. By 2030, the permanent population is estimated

to reach over 9,600, a 60% increase. Even with the increase in population, the area is not anticipated to reach its build-out population by the 2030 horizon of this report

Year	2000	2005	2010	2015	2020	2025	2030
Running Springs WD	4,183	4,527	4,900	5,303	5,739	6,212	6,723
Arrowbear WD	554	600	649	703	761	823	891
Portion within CSA 73	453	490	530	574	621	672	728
Remaining portion	101	110	119	129	139	151	163
CSA 79	1,289	1,395	1,510	1,634	1,769	1,914	2,072
COMMUNITY TOTAL	6,026	6,522	7,059	7,640	8,268	8,949	9,683

Build-out	2030 as % of Build-out
27,376	35%

Sources: County of San Bernardino 2007 *Hilltop Community Plan* (citing Stanley R. Hoffman Associates, Inc.); LAFCO

Notes: Does not include seasonal population or visitors
 Italicized figures are calculated by LAFCO staff
 Annual growth for population is anticipated at 1.6% and households at 1.4%.

II. PRESENT AND PLANNED CAPACITY OF PUBLIC FACILITIES AND ADEQUACY OF PUBLIC SERVICES, INCLUDING INFRASTRUCTURE NEEDS OR DEFICIENCIES.

The *Hilltop Community Plan* states that,

“The quality of life and the mountain character of the community are dependent on the services that are provided. Residents of Hilltop expect that services such as water and sewer, roads, fire and police protection, and park and recreation facilities are provided at levels that meet their needs. At the same time, it is understood that acceptable levels of service should be provided in accordance with the small-town character that is desired.”

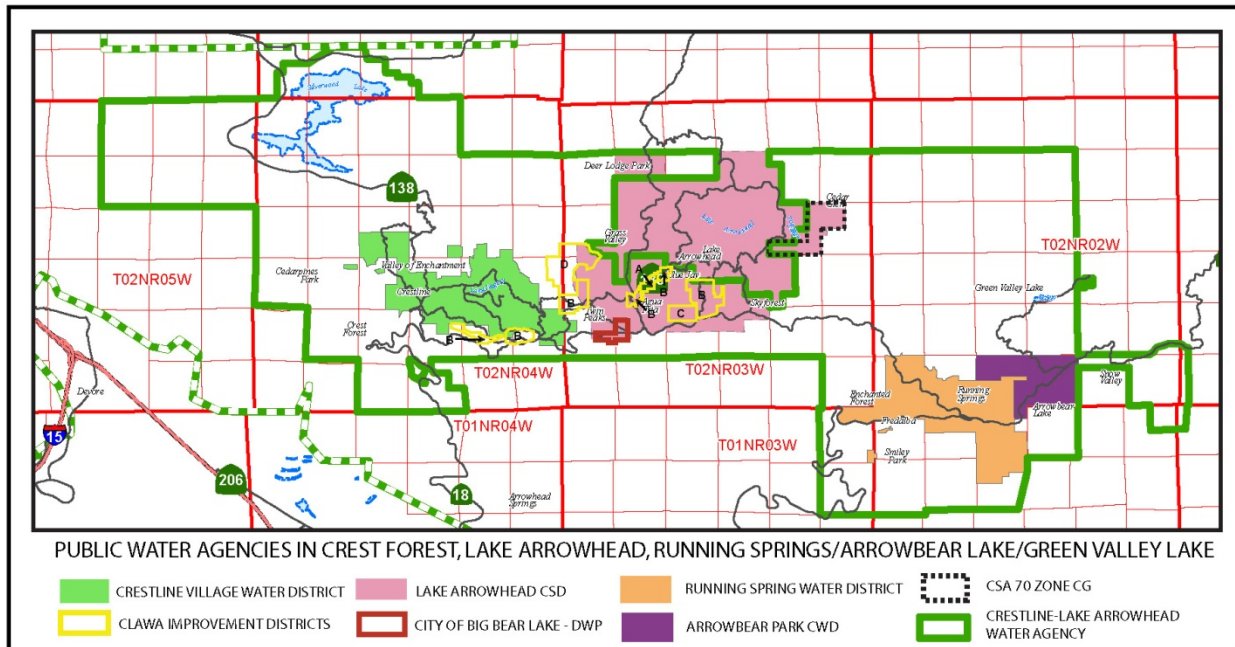
This section of the report is organized in order of services actively provided by the reviewed agencies: water, sewer, fire protection, and streetlighting. Park and recreation and sanitation services are authorized by LAFCO within the community; however, these services are not actively provided by any of the reviewed agencies. Road service is authorized to CSA 79 which limits that service to its Zone R-1, which is discussed in the supplemental roads report (Item #7 on the Agenda).

A. Water

Regional and Community Water

Regional Water

Generally, as designated by the California Department of Water Resources, the northwest portion of the study area is located in the Mojave Watershed and South Lahontan Hydrologic Region, which is represented by the Lahontan Regional Water Quality Control Board. The southwest portion is located in the Santa Ana River watershed and the Santa Ana Hydrologic Region, which is represented by the Santa Ana Regional Water Quality Control Board.⁷ The regional Crestline-Lake Arrowhead Water Agency (“CLAWA”) is a State Water Project contractor and delivers wholesale water within its boundaries to private and public retail water providers. The map below shows CLAWA and its four improvement zones, and the other public water retailers within CLAWA’s boundaries. Since CLAWA provides wholesale water to over twenty public and private water purveyors and camps, the map below is limited to public water agencies.



LAFCO staff has stated on many occasions, water is the lifeblood for communities located in the desert communities due to its limited nature. This statement is also true for the San Bernardino Mountains because it is one of the most densely populated mountain areas within the country and relies upon groundwater resources and/or imported water from the State Water Project for domestic use. Therefore, the most significant regional issue is present and future water supply. The *2007 State Water Project Delivery Reliability Report* indicates that SWP deliveries will be impacted by two

⁷ California Water Plan, Update 2009, Integrated Water Management, DWR, Bulletin 160-09, Vol. 3, South Lahontan.

significant factors. First, it is projected that climate change is altering hydrologic conditions in the State. Second, a ruling by the Federal Court in December 2007 imposed interim rules to protect delta smelt which significantly affects the SWP. Further, the *2007 Reliability Report* shows, "...a continued eroding of SWP delivery reliability under the current method of moving water through the Delta" and that "annual SWP deliveries would decrease virtually every year in the future..." The *2007 Reliability Report* assumes no changes in conveyance of water through the Delta or in the interim rules to protect delta smelt.

The *2007 Reliability Report* concluded that contractors to the SWP could anticipate average reliability of 66-69% through the year 2027. The range was provided to account for variable impact associated with different conclusions about the potential effects of modeled climate change. The average assumes that in some years contractors are likely to be allocated less than the stated average and in some years contractors are likely to be allocated more than the stated average.

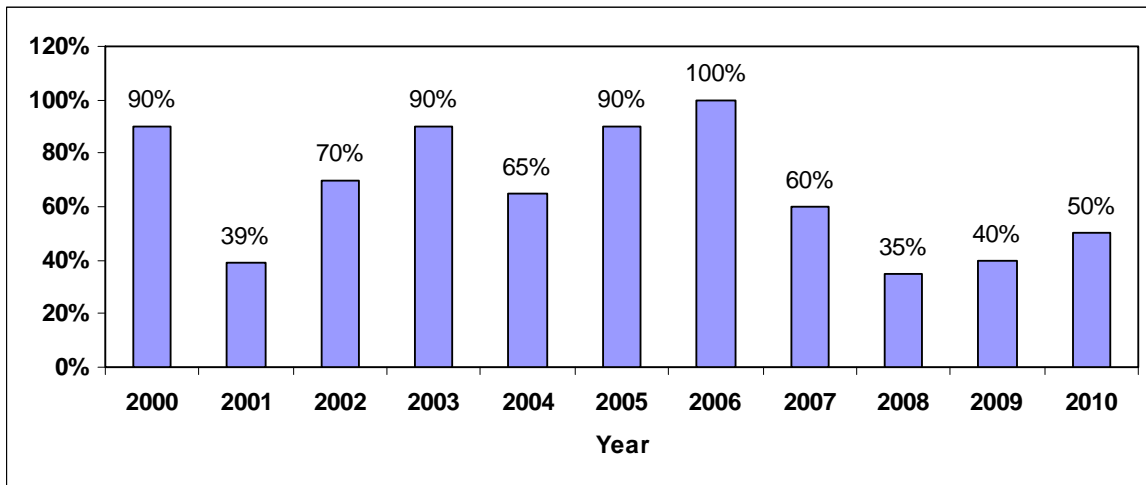
In 2009 the DWR provided an updated reliability report incorporating new biological opinions in place of the referenced interim rules promulgated by the Federal Court. The new biological opinions were significantly more restrictive than the interim rules and consequently the 2009 reliability analysis indicated a reduction in reliability to 61% for long-term (2029) conditions.

Since preparation of the *2009 Reliability Report*, the same Federal Court has found the new biological opinions to be unacceptable (and inappropriately restrictive to Delta water exports) and has ordered them to be redone. At this writing yet another set of interim operational guidelines are being developed with the Court and are expected to be less restrictive to water exports than the biological opinions that were included in the DWR modeling for the *2009 Reliability Report*. There is also a major effort underway to develop a habitat conservation plan to address the myriad of issues impacting water supply exports from the Delta. That effort, if accomplished in a manner consistent with the "co-equal goals" of ecosystem restoration and water supply reliability envisioned by the State Legislature's 2009 Comprehensive Water Package, is anticipated to significantly increase reliability of the SWP water supply. The eventual success and/or resulting increase to reliability are unknown at this time; however, the outcome will eventually be reflected in the biennial DWR reliability assessments.

The figure below shows the allocation percentage that State Water Contractors were allowed to purchase since 1998, which averages 67% for the eleven years shown. For example, CLAWA (the State Water Contractor for the area) is entitled to purchase up to 5,800 acre-feet of imported water per year. For 2010 the allocation percentage was 50%⁸; therefore, CLAWA could purchase up to 2,900 acre-feet. This reduction in supplemental water supply reduces the amount of water that CLAWA can deliver to its retail and wholesale customers. This prompts water purveyors to scale back consumption annually, to aggressively promote water conservation measures, and to buy more expensive imported water. Finding efficiencies in managing limited supply sources is critical for the future of the community.

⁸ State of California. Department of Water Resources. "Late Spring Weather Allows DWR to Increase Water Allocation", Press Release. 23 June 2010.

Department of Water Resources State Water Project Allocation Percentages Statewide (1998-2010)



source: Department of Water Resources

The percentage for 2011 is 60%; therefore the amount that CLAWA can purchase for 2011 is 3,480 acre-feet.⁹ The DWR press release cited states that prudent water planning dictates caution as the rainy season is monitored.

A complete service review was conducted for CLAWA in July 2010 (LAFCO 3107). The following are key points identified in the CLAWA service review.

- To date, CLAWA has indicated that the SWP allocation reductions have not adversely impacted the agency's ability to serve its retail and wholesale customers. CLAWA's retail deliveries averaged roughly 270 acre-feet/year for the past 10 years, which is a fraction of total water deliveries (16% of total deliveries to CLAWA from Lake Silverwood). Wholesale deliveries comprise the majority of CLAWA's water deliveries and the local retailers use this water to supplement their own local groundwater resources. CLAWA staff indicates that the local groundwater supply has been sufficient to date to satisfy local demand. Given this, retail and wholesale demand has not exceeded CLAWA's SWP allocation to date.
- CLAWA's SWP contract allows it to carry-over the unused portion of its allocation in the San Luis Reservoir in Merced County for use by CLAWA in a later year. The carry-over of water is subject to Department of Water Resources determining that there is adequate storage space in the reservoir. Anticipating that local and imported supply is not static, CLAWA has indicated that as of March 2010, it had 2,398 acre-feet of accumulated carry-over water at San Luis Reservoir for use in subsequent years if needed, dependent upon storage space in the reservoir.
- CLAWA pumps surface water from Silverwood Lake, treats and disinfects the water at a "multi-barrier" treatment plant located near the south shore of the Lake, then

⁹ Department of Water Resources. "State Water Project Allocation Increases to 60%". 21 January 2011.

pumps the treated water uphill to CLAWA's storage and pipeline distribution system. Once the water is treated and pumped up the mountain, it can then be delivered to its wholesale purveyors and retail customers. However, some retail water purveyors may provide additional treatment for their own local water supplies and blend the supplemental supply with their groundwater resources.

Community Water

In the Hilltop Community, water is produced from local groundwater sources and imported State Water Project water. According to the *Hilltop Community Plan*, the community is located in the San Bernardino Mountains where there are no true aquifers, but there are subsurface water sources such as snow pack and rain, which percolate into the crystalline rocks. Groundwater in the plan area is located primarily in the unconsolidated alluvial deposits found in localized canyons and slopes. Wells are usually placed into the crystalline granitic rock in order to draw on long term water supplies. Depending on the size of the localized water purveyor, wells can provide between 80 and 696 acre-feet of water per year. Water quality within the plan area is generally good.

The Arrowbear Park CWD and the Running Springs WD are the two public retail water providers in the community. The Green Valley Mutual Water Company, a shareholder owned utility, provides water within its respective area. There are other water sources in the plan area; however, these are only for private use. The two largest include Snow Valley Ski area and Smiley Park Country Club. Snow Valley Ski area has several wells on site used for domestic water sources and snowmaking. Smiley Park Country Club currently has a single water source that is used by its members. Not all areas in the community have direct access to a retail water provider; therefore, it is understood that water service to those developed properties is provided through on-site wells. The figure below, taken from the *Hilltop Community Plan*, provides information regarding each of the active water providers. The figure shows CLAWA as a water agency within the community. CLAWA provides wholesale water and its retail connections are not within the Hilltop community.

Service Provider	# of Water Connections	Estimated Population Served	Estimated Annual Water Production	Policies Allow service outside of boundaries	Imported Water Source	Imported Water Source Amount *
Crestline – lake Arrowhead Water District (CLAWA)	135	10,000 ⁽¹⁾	3,000 A.F.	No	Lake Silverwood	5,800 A.F./year
Arrowbear Park Co.	955	582	190 A.F.	No	CLAWA	0
Green Valley Mutual Water Co.	1,130	700-3,000	80 A.F.	No	CLAWA	3.0 A.F.
Running Springs Water District	2,882	4475	696 A.F.	Yes	CLAWA	495 A.F.
* annual estimate (1) Approximately 10,000 permanent and 20,000 part-time (weekends, holidays) population; CLAWA includes all wholesale water usage in this total						

Water Rates

Retail water purveyors within CLAWA's boundaries are charged the same wholesale water rate no matter the location. The wholesale water rate has not been adjusted for over 15 years and is \$1,150 per acre-foot. A sampling of the residential retail water rates of the larger agencies within the CLAWA service area is identified in the chart below.

Residential Water Rate Comparison (June 2010)

(rates measured in units, or one hundred cubic feet)

Agency	Water Use Rate				Monthly Meter Charge (3/4" Meter)	Monthly Avg. Cost (20 units of water)
	Tier One ⁴	Tier Two	Tier Three	Tier Four		
HILLTOP COMMUNITY						
Arrowbear Park County Water District	-	4.90	-	-	19.50	88.10
Running Springs Water District	3.26	-	-	-	18.15	83.35
Green Valley Mutual Water Company	2.40	7.75	-	-	30.50	137.35
CREST FOREST COMMUNITY						
Cedar Pines Park Mutual Water Co.	5.50	7.00	10.00	-	30.76	179.76
Crestline Village Water District ¹	4.20	6.30	-	-	19.75	118.45
LAKE ARROWHEAD COMMUNITY						
Alpine Water Users Association	\$3.30	\$6.60	-	-	\$30.00	\$112.50
County Service Area 70 Zone CG	4.69	5.21	5.73	6.30	61.80	158.72
Crestline-Lake Arrowhead Water Agency (Improvement Districts A & C) ²	-	\$7.25	-	-	15.00	141.88
Crestline-Lake Arrowhead Water Agency (Improvement District B) ²	-	\$5.00	-	-	10.00	97.50
Crestline-Lake Arrowhead Water Agency (Improvement District D) ^{2,3}	-	\$7.25	-	-	25.00	151.88
Lake Arrowhead Community Services District (Arrowhead Woods)	0.68	1.74	6.21	12.93	20.60	79.27
Lake Arrowhead Community Services District (Deer Lodge Park)	3.27	3.90	-	-	22.52	94.22
Rates rounded to the nearest hundredth						
¹ Monthly meter charge is the average of the Crestline Division (\$17.50) and Lake Gregory Division (\$22.00)						
² CLAWA retail rates are for 5/8" meter						
³ \$25 monthly meter charge includes \$10 charge for loan repayment						
⁴ A blank Tier One rate indicates that the rate is a part of the Monthly Meter Charge.						

Running Springs Water District

Water Supply and Demand

All of the Running Springs WD's wells are located within fractured rocks and the water level for each well depends on rainfall and snow melt. The wells can provide up to 53 percent of total annual water demand. The table below taken from the 2010 Master Plan summarizes the well capacities.

Table 3.1. Running Springs Water Districts Well Capacities.

Location	Flow (gpm)	Pressure Zone
Sidewinder #1	5.5	1
Sidewinder #5	5	5
Sidewinder #3	20.5	1
Luring Canyon	16.5	2
Weiss Canyon	8.5	2
Brookings	Off Line	1
Rimwood #2	26	4
Owl Rock	26.5	3
Luring Pines	20	2
District Complex	9.5	3
Harris	26.5	3
Smiley Park	As Needed	2

The remaining 47 percent of the total annual water demand is supplied by CLAWA and Arrowbear Park CWD. The water purchase agreement between the Running Springs WD and CLAWA was signed in 1972. The Running Springs WD can purchase water from CLAWA at a minimum of 161 acre-feet per year (AF/Year) to a maximum of 1,137 AF/Year. The agreement between the Running Springs WD and Arrowbear Park CWD, for a maximum purchase of 129 AF/year, expired in 2003 and was not renewed. However, the agencies have identified that Running Springs WD can purchase water with no limitation provided water is available. LAFCO staff understands that a new agreement is being developed at this time.

Since CLAWA can provide the Running Springs WD with up to 1,137 AF/Year, and since there is no maximum limit on the supply from the Arrowbear Park CWD if available, the Running Springs WD will be able to meet the customer's demands for any multiple dry year condition. The Running Springs WD experienced multiple drought years from 1994 to 1996. In recent years the Running Springs WD experienced above average rainfall that has recharged the wells (*i.e.*: Year 1996, 1999 and 2005).

The table below, taken from the 2010 Master Plan, summarizes projected water demands and well water productions from Year 2013 to Year 2028. To further protect the reliability of water supply, the district is currently planning to drill new wells within the next five years; these wells are located in the area below Poplar Drive and Live Oak in the area currently referred to as "Ayers Acres." The exact construction time frame of the new wells is not known at this time.

Table 3.3. Projected Water Production of the District Owned and Operated Wells (gal/yr).

Water Sources \ Year	2013	2018	2023	2028
Sidewinder Canyon	27,697,371	27,697,371	27,697,371	27,697,371
Luring Canyon	4,561,920	4,561,920	4,561,920	4,561,920
Weiss Canyon	3,910,217	3,910,217	3,910,217	3,910,217
Brookings	977,554	977,554	977,554	977,554
Rimwood	10,427,246	10,427,246	10,427,246	10,427,246
Owl Rock	9,775,543	9,775,543	9,775,543	9,775,543
Luring Pines	6,517,029	6,517,029	6,517,029	6,517,029
District Complex	7,820,434	7,820,434	7,820,434	7,820,434
Harris	13,034,057	13,034,057	13,034,057	13,034,057
Additional Wells (New)	70,383,909	70,383,909	70,383,909	70,383,909
Water Demand	213,915,756	226,393,662	238,871,569	248,820,252

The 2010 Master Plan states that the average day water demand of the whole service area is expected to increase from 0.514 mgd (2008) to 0.692 mgd under build out conditions. The projected average day water demands for the Year 2013, 2018, 2023, 2028 are 0.545 mgd, 0.577 mgd, 0.609 mgd and 0.634 mgd, respectively. Pressure Zone 2 will reach build out condition at 2024, while all other pressure zones will not build out before 2028.

The Running Springs WD has a program in place to reuse treated wastewater effluent. This effluent is used to provide water for landscape irrigation. Such use is supported by the State of California Recycled Water (meeting California Title 22 standards), and could be used for existing and future community and landscape irrigation within the Running Springs WD and surrounding areas and agencies

Water Quality

The 2009 Consumer Confidence Report states that the sources are considered vulnerable to contamination from historic dump/landfills, utility maintenance areas, high density housing, sewer collection system, storm drainage discharge, and illegal unauthorized dumping. A review of the confidence report does not identify any violations in contaminants for that year.

The United States Environmental Protection Agency (USEPA) and the California Department of Public Health prescribe regulations that establish standards for the drinking water provided by Running Springs WD to its customers. The district continually tests the water it delivers to its customers to insure that the water meets these standards. The USEPA has indicated that it is considering adopting more stringent regulations in several areas that would require the district to increase the level of water treatment to ensure that the water would meet the proposed new standards. The additional water treatment would require additional capital improvement costs and

increased operating costs. The extent of these costs are unknown until the regulations are adopted and an implementation schedule is established.

On January 1, 2010, Section 2 of Section 116875 of the Health and Safety Code of California became operative. The section modified the allowed content of lead in pipes and plumbing supplies in order to be considered "lead free." Running Springs WD is in the process of evaluating the effects that this modified law will have on the district. According to the FY 2009-10 audit, it is likely that some of the inventory will need to be scrapped as obsolete. As of June 30, 2010, the amount of the loss cannot be reasonably estimated.

Water Facilities

The Running Springs WD owns 13 water storage reservoirs which can hold up to 2.73 million gallons of water. It is sufficient to meet the health and safety requirements of 50 gallons per day per capita for 4,475 customers for 12 days (assuming there is no non-residential use). In the event water supplies decrease beyond predicted levels, the Running Springs WD may choose to purchase more water from their suppliers (CLAWA and Arrowbear Park CWD). There are 14 booster pumping stations that lift water to upper zones or to replenish storage and to supply demand. The district has approximately 43 miles of water mains ranging in size from 2 to 16 inches in diameter. The 2-inch lines are back-lot lines and are systematically being replaced as part of an on-going process.

In 1984, as part of the district's water development plan, the Running Springs Water WD and the Arrowbear Park CWD entered into a joint venture to construct facilities that connect the two agencies' water systems. The interconnection between the two systems provides the capability to transfer water as necessary to meet the needs of each community for both domestic water and fire flow demand. Currently, the interconnection is primarily used as a means for the Running Springs WD to purchase surplus groundwater from Arrowbear Park CWD at a cost less than CLAWA imported water.

The overall cost for the proposed water system improvements presented in the Master Plan in the next 20 years is approximately \$7,953,581.

Arrowbear Park County Water District

The Arrowbear Park CWD's Water Master Plan was adopted in 1997 and provides for upgrading older steel pipelines to larger, more reliable lines. Additionally, long range plans include an additional water storage tank and well. No other water plans or studies were provided by the Arrowbear Park CWD for this service review.

Water Supply and Demand

The Arrowbear Park CWD has two sources for water production. The primary source is through four wells, drilled to depths ranging from 50 feet to 300 feet. The capacities are 91 gallons per minute (gpm), 84 gpm, 33 gpm, and 13 gpm. According the FY 2009-10 audit, in 2010 the Arrowbear Park CWD had 905 active water connections serving an

estimated 582 permanent population. The excess water connections are due to inactive connections stemming from the seasonal and vacation activities in the mountain region. In 2008, the Arrowbear Park CWD used 47% of its available production capacity. This available production capacity exceeds projected growth needs in the Arrowbear Park CWD within the 2030 horizon of this report.

In addition, the Arrowbear Park CWD has the ability to obtain supplemental water supply from CLAWA. CLAWA is the State Water Project contractor, which acts as a water wholesaler to the San Bernardino Mountains area. Since the district provides 100% of the water needs for its customers, and sells its excess capacity to the Running Springs WD when available, it has not yet utilized supplemental water through CLAWA.

Water Facilities

In addition to the four active wells, the current water system includes 12 miles of water pipelines and four reservoirs. The Arrowbear Park CWD states that 75% of the water mains date back to 1991 and are in excellent condition. The remaining 25% are over 50 years old and are in fair condition. The Arrowbear Park CWD states that its capital replacement plans include replacing the small and older lines (25% of the system), with new, larger capacity pipelines. The Arrowbear Park CWD is working towards building reserves to meet this goal. In case of emergency, the Arrowbear Park CWD could utilize its connection with CLAWA for access to water.

Since 1989, the Arrowbear Park CWD has treated its well water for uranium removal. The treatment plant receives water from the wells through an eight-inch line. The plant treatment capacity is 250 gallons per minute. Water is pumped through the plant, treated, chlorinated, and delivered to the Arrowbear Park CWD's distribution system and reservoirs.

According to the FY 2009-10 audit, during the past fiscal year major additions to the water system included:

- \$12,412 in land additions, to purchase property needed for the placement of underground pipelines to deliver well water from refurbished Well #2 to the water treatment facility.
- \$192,409 increase in construction in progress due to the construction of the new CLAWA booster pump station and investment in refurbishing Well #2 to add additional water supplies.

County Service Area 79

CSA 79 is authorized to provide water services within its boundary. However, it has never provided the service nor has it expressed interest in providing this service in the future. The primary service area of CSA 79 is within the service area of the Green Valley Mutual Water Company which provides retail, domestic water service.

B. Sewer

According to the *Hilltop Community Plan*, most of the larger neighborhoods are serviced by a sewer agency. However the neighborhoods of Fredalba, Smiley Park and Crab Flats are not. There are also other remaining exempt sites that have been developed with septic tanks and leachfield systems.

There are three agencies that provide sewer service to the Hilltop community: Running Springs Water District, Arrowbear Park County Water District, and County Service Area 79. For all three agencies, wastewater is collected in a network of sewer laterals, and then transported to sewer mains. The waste is then transported through force mains to the Running Springs Wastewater Treatment Plant. The capital investment and maintenance cost for the treatment plant located within the boundaries of and operated by the Running Springs WD is shared by Arrowbear Park CWD, CSA 79, and Running Springs WD based on a proportionate share of the costs as described in its quarterly Upstream Billing Report. The contracts between Running Springs WD and the other agencies were approved in 1977 and expire in 2017 (copies are on file at the LAFCO staff office). LAFCO staff understands that new contracts will be negotiated by all three agencies prior to their expiration.

Based on information from Running Springs Water District, the plant has a total design capacity of 1.1 million gallons per day and is currently at 45.5 percent of this design capacity. Based on rough information concerning the number of available connections, approximately 71 percent of the available sewer connections have been used, with 29 percent remaining. The figure below, taken from the *Hilltop Community Plan*, provides existing and future flow information for the system by district.

Wastewater Treatment Provider	Population Served in area	Existing Flow (mgd)	Existing Design Flow (mgd) ⁽³⁾	Future Design Flow (mgd)	Permitted Design Flow (mgd)
Green Valley County Service Area 79 (CSA 79)	Approx. 1,860. ⁽¹⁾ Residents 1,284 Connections		.43 ⁽²⁾	.43	.43
Running Springs Water District	5,000 Residents 2,830 Connections	.525	.600	1.0	1.0
Arrowbear Park County Water District ⁽³⁾	600 Residents 957 Connections	.082	.281	.281	.281
Notes: (1) According to CSA 79 approximately 75% of the households are occupied year –round. (2) This is the design maximum flow for Running Springs WWTP (3) There is an existing design flow capacity of .75 (mgd) to be shared by all three districts.					

Sewer Rates

A sampling of the residential sewer rates of the agencies within the CLAWA service area are identified in the chart below.

AGENCY	MONTHLY CHARGE
Hilltop Community	
Arrowbear Park County Water District	\$27.00 plus \$3.00 debt service repayment
CSA 79	\$59.61
Running Springs Water District	\$27.02 plus 15% of water usage \$3.00 wastewater pollution control plant loan repayment
Crest Forest Community	
Crestline Sanitation District	\$39.95
Lake Arrowhead Community	
Lake Arrowhead CSD	\$40.16

Running Springs Water District

Running Springs WD's entire service area encompasses approximately seven square miles. Running Springs WD has seven assessment districts for sewer, one interceptor system, and 3.22 miles or 17,000 feet of trunk or transmission lines. The existing collection system consists of pipelines ranging in sizes from 6-inch to 15-inch, spanning 58.3 miles (308,000 feet) in length and includes asbestos cement pipe, PVC pipe, and cement truss pipe.

Running Springs WD owns and operates the wastewater treatment plant which has a current maximum treatment capacity of 1.1 million gallons per day (mgd) with the design capability to increase to 1.6 mgd. The treatment plant was designated as a regional facility by the State Water Resources Control Board and provides wastewater treatment and disposal, under contract, for Arrowbear Park CWD, and CSA 79 which includes Green Valley Lake, US Forest Service Recreation areas-including camp grounds and ski areas within Green Valley Lake, private camps along Green Valley Lake Road, and the Snow Valley Ski area. The facility is located on lands being leased from the United States Forest Service in the south one-half of Section 7 and the north one-half of Section 18, Township 1 North, Range 2 West at an elevation of approximately 2300 feet. The facility includes a solids handling system, effluent disposal site consisting of 13 original percolation and evaporation ponds, and spray irrigation covering seven acres. The collection system consists of 65 miles of pipe ranging in size from 6" to 15" and nine sewage lift stations. The district's water pollution control program and the demand for this service has increased significantly because of service contracts, increased full-time residential population, and the addition of several new subdivisions.

According to the 2010 Water and Wastewater Master Plan, problems in the sewer system include an undersized collection system, failures from age or corrosion, WWTP capacity and equipment needs, incoming flow metering, effluent flow metering, US Forest Service requirements for maintaining the ponds, and spray irrigation for effluent disposal and fire suppression. The overall cost for the proposed sewer system improvements presented in this Master Plan through the next 20 years is approximately \$1,999,913.

Running Springs WD is located in both the Southern Lahontan and the Santa Ana watershed regions, which are governed by the Lahontan and Santa Ana Regional Water Quality Control Boards (RWQCBs), respectively. Running Springs WD is required to

comply with Santa Ana Region Order No. 87-8 "Waste Discharge Requirements for Running Springs Water District, San Bernardino County" for its waste discharge requirements. A review of the RWQCBs adopted and enforcement orders since 2000 does not identify any orders regarding Running Springs WD.

Arrowbear Park County Water District

The Arrowbear WD operates and maintains an 11 mile sewer collection system. The Arrowbear WD states that its wastewater mains were installed in 1977 and remain in excellent condition. Following collection of wastewater from its customers, the wastewater is transported to the sewer collection system of the Running Springs WD. From there the wastewater flows into the treatment plant maintained by Running Springs WD.

The Arrowbear WD is beginning to plan for an emergency pipeline to attach to the sewer system for emergency purposes, should the Running Springs WD sewer system fail to accept sewage from Arrowbear WD. Flows can be diverted to the emergency pipeline thus enabling continuous flows. There is no budget to begin the project at this time. The plan is only in the conceptual stages and is currently being considered by administrators for CSA 79. It is not certain at this time whether or not the pipeline will be constructed and to what extent Running Springs WD and CSA 79 will participate in the cost.

The Sewer Master Plan, adopted in November 1999, outlines the status of the wastewater collection system, its capacities and projected capacities based on assumed growth projections. The low growth rate of the Arrowbear WD since the early 1990s has resulted in a stable 30% of capacity flows. Routine maintenance and equipment replacement plans are on schedule, according to the Arrowbear WD. Capital improvement plans consist of replacing the remaining 25% of the older pipelines. No new wastewater additions are anticipated.

County Service Area 79

Since 1978 CSA 79 has provided service outside of its boundaries and outside its sphere of influence to the Snow Valley Ski area; the agreement expires in 2018, one year after the collection contracts expire. The territory served is within the sphere of influence of the Arrowbear Park CWD. The collection system was originally constructed in the late 1970s. The facilities consist of 35 miles of gravity sewer mains, 481 manholes, and four pump stations. Wastewater treatment is contracted through Running Springs WD. Facilities located outside of the CSA 79 boundaries include approximately four miles of sewer trunk line and two lift stations. Modification and additions to the collection system and lift stations have occurred over the years to maintain adequate capacity.

Historically, the collection system has experienced significant infiltration and inflow into the manholes and sewer mains, contributing to increased wastewater flows to the Running Springs treatment plant. This has increased lift station pump running times and increased operating and maintenance costs. The overall system capacity is about 75%

to 80% of the maximum capacity based on lift station pumping data and estimated peak flows from existing connections.

C. Fire Protection and Ambulance

The *Hilltop Community Plan* states that “fire protection and emergency services are among the most crucial of community needs.” It indicates that the mountain region as a whole exhibits a combination of several factors that expose development and natural resources to potential disaster from wildland fires and subsequent flooding and erosion. The factors include topography, climate, vegetation, pathogen infestation, and human use occupancy.

Fire Protection

Wildland fires are under the jurisdiction of the California Department of Forestry and Fire Protection (Cal Fire) and the U.S. Forest Service, both not subject to LAFCO jurisdiction. Agencies providing fire related information are the Mountain Area Safety Taskforce¹⁰ and Fire Safe Council¹¹.

The Running Springs WD, the Arrowbear Park CWD, and the San Bernardino County Fire Protection District (County Fire) and its Mountain Service Zone are the service providers for structural fires and emergency medical response calls. The northwestern portion of the Hilltop community is within the County Fire Zone PM-1 (Lake Arrowhead Paramedics special tax zone) as well. County Fire also provides other services such as hazardous materials regulation, disaster preparedness, weed abatement, inspection, and others.

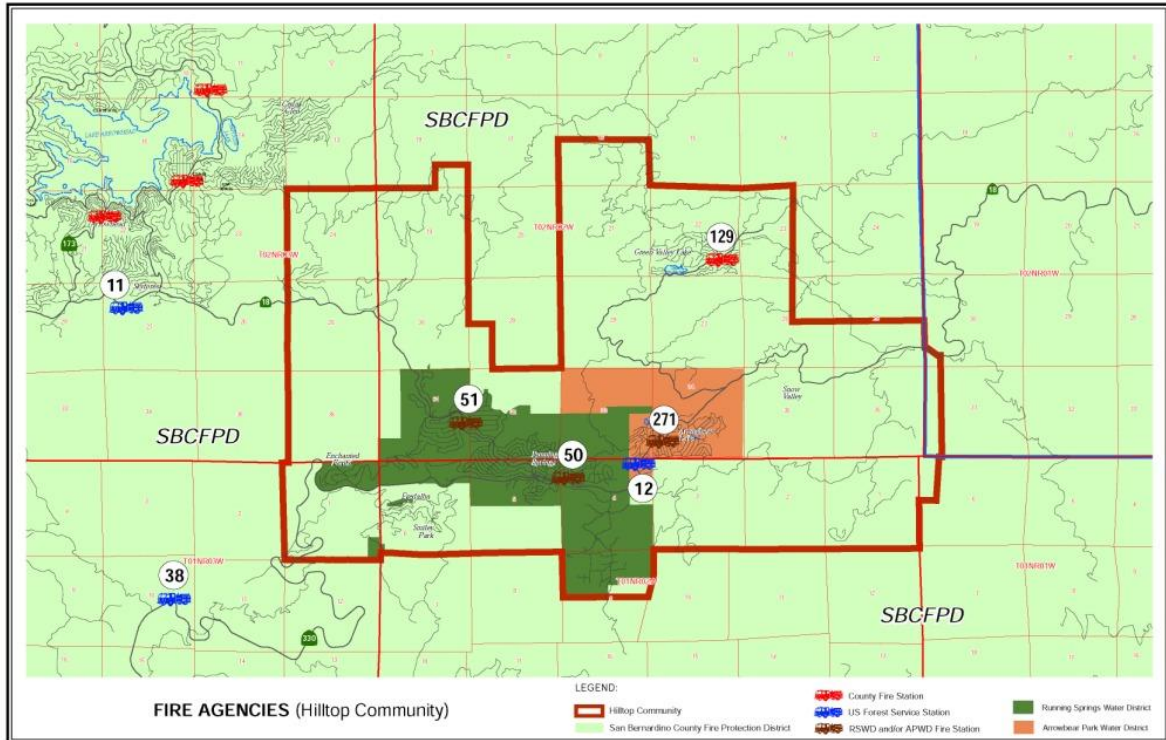
Prior to the County Fire Reorganization (LAFCO 3000 effective July 1, 2008), CSA 79 was the fire/emergency response provider for the community of Green Valley Lake. Through the reorganization, CSA 79's fire powers were removed and its fire revenues (through its share of the 1% general property tax levy) were transferred to the County Fire Mountain Service Zone, the service response provider that was created for the entire Mountain region. The sphere of influence proposal for the County Fire Reorganization, LAFCO 3001, included a service review for the former county service areas that provided fire protection on a regional basis (copy included as Attachment #7). Therefore, a detailed service review for County Fire and its Mountain Service Zone is not included in this report, but general information related to the fire protection and emergency response service to the community is provided.

¹⁰ The Mountain Area Safety Taskforce (MAST) in San Bernardino County is a coalition of local, state and federal government agencies, private companies and volunteer organizations working together to help prevent catastrophic wildfires. For more information, visit <http://calmast.org>.

¹¹ The Fire Safe Council provides resources for establishing and maintaining Fire Safe Councils, such as the FSC Handbook, nonprofit and funding information in California. For more information, visit www.firesafecouncil.org.

Fire Stations

There are five fire stations that serve the Hilltop community. The breakdown of the stations is as follows: two stations for Running Springs WD (Stations 50 and 51), one station for Arrowbear Park CWD (Station 271), one station for County Fire (Station 95, former CSA 79 Fire Station) and one station for the U.S. Forest Service (Station 12). Below is a map of the fire agencies for the Hilltop community and the general location of the fire stations identified.



The figure below is taken from the *Hilltop Community Plan*, which provides a detailed description of the fire stations in the Hilltop community.

Fire Stations	Fire District /Agency	Area Served	Equipment	Personnel (number and title)	EMT Response Capabilities	Availability of ambulance services	Nearest Medical Facilities
Green Valley Lake Station #129	San Bernardino County FPD (Mountain Service Zone)	Green Valley Lake and other areas	Snowcat, Water Tender (WT), Pumper, RQ Squad	14 Paid Call Firefighters (PCF)	14 Paid Call Firefighters (PCF)	Running Springs Fire	Mountain Community Hospital (MTCH) or St. Bernadine's in San Bernardino
Running Springs Station #50	Running Springs Water District	Running Springs, Lakeview Point, Heaps Peak, Hwy 330	Engine 50, SQS1R, Medic Ambulance (MA) 50, Medic Ambulance (MA) 51A	1 capt/pm, 1 firefighter/pm, 1 Paid Call Firefighter (PCF)/EMT	All Paid Call Firefighter (PCF) staff (24)	one hard cover, 1 Paid Call Firefighter (PCF)	Mountain Community Hospital (MTCH) or St. Bernadine's in San Bernardino
Running Springs Station #51	Running Springs Water District	Running Springs, Lakeview Point, Heaps Peak, Hwy 330	Medic Ambulance (MA) 51, TS1, Engine 51, Snow Cat (SC) 51	1 BC/pm	All Paid Call Firefighter (PCF) staff (24)	PCF coverage	Mountain Community Hospital (MTCH) or St. Bernadine's in San Bernardino
Arrowbear Lake Station #271	Arrowbear Park County Water District	Arrowbear Lake, CSA 38 to Lake View Point on Hwy 18, Green Valley Lake	Engine 271 Type I, Engine 271A Type I, Brush (BR) 271 Type III, Squad 271 4x4, c2700 central command vehicle	1 Chief, 2 capt, 2 engineers, 6 firefighters (all volunteers)	Basic Life Support (BLS) non transport agency	Running Springs Fire	Mountain Community Hospital (MTCH) or St. Bernadine's in San Bernardino
USFS Station 12, Deer Lick	U.S. Forest Service	U.S. Forest Service lands	Type III engine, Type II water tender, Type IV patrol, and utility vehicles	Engine= 5 person, 7 days, summer only. Water tender= 1 person, summer only. Prevention Unit 12= 1 person year round			Mountain Community Hospital (MTCH) or St. Bernadine's in San Bernardino

In addition, there are other stations located beyond the Hilltop community that also provide fire/emergency response service support for the community. The two stations closest to the Hilltop community are the U.S. Forest Service Stations 11 (located along Highway 18 in Skyforest) and 38 (located along Highway 330). The map above also identifies the location of these two fire stations and the figure below (from the *Hilltop Community Plan*) provides a detailed description of these stations.

Fire Stations	Fire District /Agency	Area Served	Equipment	Personnel (number and title)	EMT Response Capabilities	Availability of ambulance services	Nearest Medical Facilities
USFS Station 38, City Creek	U.S. Forest Service	U.S. Forest Service lands	Type III engine, Type IV patrol and utility vehicles	Engine=5 person, 7 days, summer only. Prevention Unit 38= 1 person, year round			Mountain Community Hospital (MTCH) or St. Bernadine's in San Bernardino
USFS Station 11, Sky Forest	U.S. Forest Service	U.S. Forest Service lands	Type III engine, Type IV patrol and utility vehicles	Engine=5 person, 7 days, year round. Prevention Unit 11= 1 person, year round			Mountain Community Hospital (MTCH) or St. Bernadine's in San Bernardino

County Fire and its Mountain Service Zone

The Mountain Service Zone provides the full range of first-responder emergency medical services from basic first aid through paramedic. Personnel consists of: one division chief, three battalion chiefs, 14 captains, nine engineers, 21 firefighters, nine

limited term firefighters, and 61 paid call firefighters. Equipment consists of: eleven fire engines, three brush engines, three brush patrols, six ambulances, two squads, four water tenders, six snow cats, three boats, three rescues, and 14 support trailers. The Mountain Service Zone of County Fire has automatic and/or mutual aid agreements with the California Department of Forestry, Fire Protection (Cal Fire), U.S. Forest Service, Running Springs WD, and Arrowbear Park CWD. Emergency call information for 2008 and 2009 is shown on the chart below.¹²

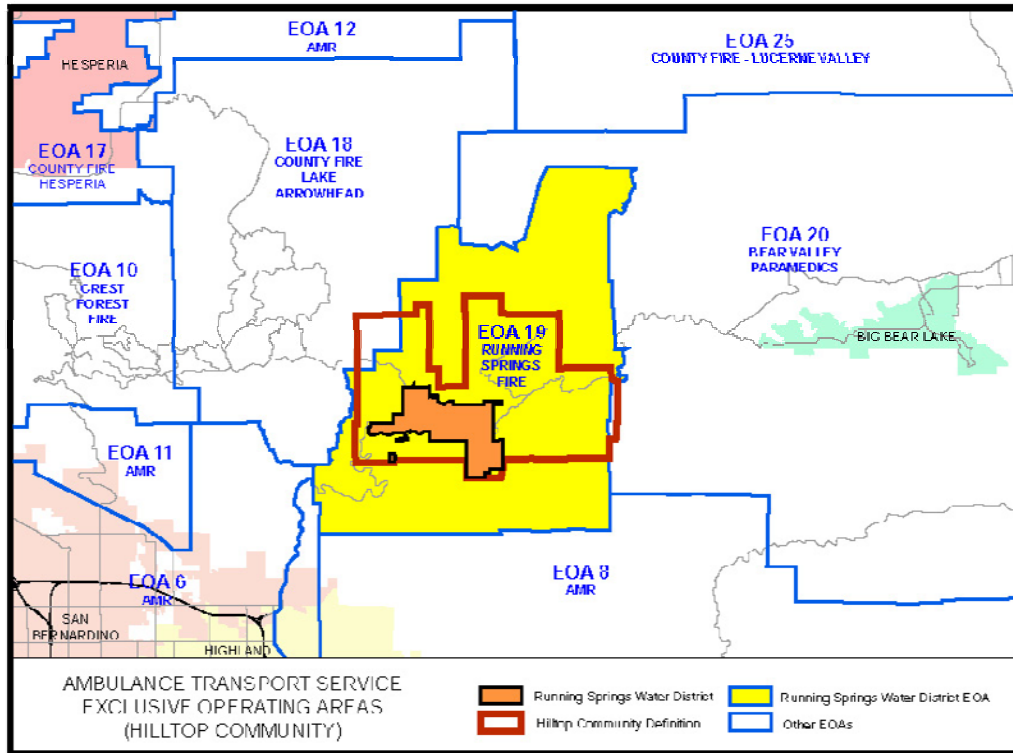
2008 and 2009 Calls for Service								
	Structure Fires	Brush/Veg Fires	Other Fires	Rescues	Medical Calls	Traffic Accidents	Other Incidents	Total
2008	45	37	49	20	1,866	266	1,357	3,640
2009	50	23	34	22	1,330	180	949	2,588
*2009 totals reflect Station 9 (Mentone) moved from the Mountain Division into the Valley Division.								

There is only one County Fire station located in the Hilltop community. Station 95, located at 33596 Green Valley Lake, protects the mountain area of Green Valley Lake. This station is staffed with on-call Paid Call Firefighters from the local community, as identified in the County Fire Budget documents. The equipment housed in this station includes one ICS Type 2 Engine, one 4-wheel drive ICS Type 3 brush engine, one squad unit with specialized equipment, one Water Tender, and a snow cat vehicle. Most responses for service are inside the Green Valley Lake area. This station also responds to assist the Running Springs, Arrowbear, and Lake Arrowhead areas.

Ambulance and Paramedic Services

In the Hilltop community, ambulance and paramedic services are provided by Running Springs Water District. Since 1988, the County of San Bernardino Board of Supervisors has authorized the implementation of ambulance provider Exclusive Operating Areas (EOAs) as authorized by Sections 1797 et seq. of the Health and Safety Code. The local emergency medical services agency for San Bernardino County to define EOAs is the joint powers agency known as the Inland Counties Emergency Medical Agency, or "ICEMA". The map below shows all the EOAs located in and around the study area, which identifies the Running Springs WD EOA (EOA 19) in yellow and the boundaries of the district in orange.

¹² San Bernardino County Fire Protection District 2009 Annual Report. www.sbcfire.org.



The Running Springs WD is required to provide ambulance service within its EOA as defined by the memorandum of agreement with ICEMA. The District's EOA goes beyond its actual boundaries, extending southerly along SR 330 towards the San Bernardino/Highland area, northerly towards Shay Mountain, and easterly towards the Snow Valley Ski area within the Arrowbear Park CWD sphere of influence. This requires Running Springs WD to provide ambulance services outside of its boundaries to areas that do not contribute property tax revenues to Running Springs WD. Further, there are no automatic aid agreements between Running Springs WD and the surrounding agencies, but Running Springs WD provides the bulk of responses to the Arrowbear and Green Valley Lake areas because these stations are manned with volunteers and do not have ambulance authority from ICEMA.

In order to recover these costs, the district charges for its services directly to the recipient. The ambulance transport and emergency management services fees are established annually by the County Board of Supervisors. In the aggregate, this circumstance results in an annual operating loss for the ambulance services. This concerns LAFCO staff since the shortfall is funded by revenues generated by residents and property owners of Running Springs; however, there is no LAFCO solution to this issue because the formulation of the EOA boundaries is through ICEMA. LAFCO staff has suggested that at a minimum, consideration of an automatic aid agreement, which includes the transfer of funds for service, should be considered by the Hilltop community agencies.

Running Springs Water District

Fire protection services include a variety of public assistance, field emergency medical care, ambulance transportation, and community education and awareness programs.

The district received a Volunteer Fire Assistance (VFA) award from the State of California Department of Forestry and Fire Protection in the amount of \$180,000 during the year ended June 30, 2006. The grant was to assist with the purchase of the Type III Wildland Fire Engine, which was purchased in September 2005. Under the grant agreement, the Federal Government has a vested interest in the fire engine until such time as the fair market value is less than \$5,000. The VFA percentage used to purchase the equipment will be applied to the sale price and recovered for the Government during the sale. The Federal Government may not have to be reimbursed if the disposal sale amounts to a fair market value of less than \$5,000.

Running Springs Fire Department equipment consists of:

- Fire Engines - E50 2003 KME type 1, E51 1999 KME type 1, BE51 2005 BME type 3 brush engine)
- Ambulances - MA50 2006 Chevy K4500 modular, MA51 2007 Chevy van, MA51A 1995 Ford van
- Squad/ Rescue - SQ51 1997 Ford F350
- Snowcat - SC51 1969 Thikol
- Utility/ Plow vehicle - UT51 2005 Chevy HD2500, PT51 1992 Chevy 2500
- Command vehicle - 3600 2003 Dodge Durango, 3603 2000 Dodge Durango
- Personnel - One chief, one battalion chief, six full time firefighter/ paramedics and twenty four paid call firefighters (EMTs or paramedics).

Arrowbear Park County Water District

Arrowbear Park CWD provides fire protection and emergency medical response services with a volunteer Fire Department, budgeted annually from property tax revenues. The district Fire Station is centrally located on State Highway 18. Regular training and drills prepare the volunteers to meet EMT certified requirements. The Arrowbear Park CWD's fire protection service protects the local community and is often called upon to fight major wildfires. Currently, there is one fire chief and one assistant fire chief on payroll and seven volunteer fire fighters.

The Fire Master Plan, adopted in November 1998, provided an analysis of the fire service needs for the community of Arrowbear Lake and specified recommendations for equipment and staffing needs for the volunteer fire department. Included in the plan were projections for replacement of fire engines and other essential equipment based

on availability of funds and/or grant monies. Additionally, the plan called for close coordination with the Water Master Plan to assist in the prioritizing of water pipeline replacement projects based on fire flow needs and safety/fire risk areas in the district.

In order to acquire additional fire apparatus and equipment, the district placed the following measure on the November 2008 ballot:

Shall the Arrowbear Park County Water District fund the purchase and/or lease, and maintenance, of fire engines and firefighting apparatus and equipment by means of a special tax of \$45.00 per parcel per year, adjusted annually for inflation, for a maximum of 30 years?

Passage of the measure required 55% to vote yes. A review of the Registrar of Voters "Statement of Votes Cast" for the November 2008 election identifies an 84% registered voter turnout with 51% voting yes. Therefore, the special tax measure to acquire additional fire apparatus and equipment did not pass. No further information has been provided on the mechanism to acquire the equipment identified in the 1998 master plan.

D. Streetlighting

CSA 73 is the only streetlighting service provider within the community, with service limited to within its boundary. The County Special Districts Department has identified and provided verification from South California Edison that CSA 73 provides service for 18 streetlights. However, staff has identified that one streetlight is outside the boundaries and current sphere of CSA 73.

The streetlights are classified as all night service (activated from dusk until dawn). Southern California Edison owns the streetlights and responds to problems, and CSA 73 provides for payment of the utility costs associated with the individual lights. There are no plans at this time to increase the number of the streetlights. The future need for streetlights will increase if the population grows, dependent upon the implementation of the County's Night Sky Ordinance¹³, which is applicable in the Mountain region. The purpose of the Night Sky Ordinance is to encourage outdoor lighting practices and systems that will minimize light pollution, conserve energy, and curtail the degradation of the nighttime visual environment. The implementation of this ordinance points toward a limitation of the number of streetlights for the future and may limit them to commercial area of the community only. The streetlighting standards outlined on the County Special District website do not appear to comply with the provision of the Night Sky Ordinance.

E. Park and Recreation

The Running Springs WD, Arrowbear Park CWD, and CSA 79 are all authorized by LAFCO to provide park and recreation services within their respective boundaries.

¹³ County of San Bernardino, Development Code Chapter 83.07, Adopted Ordinance 4011 (2007).

However, they have neither actively provided park and recreation services nor have formally expressed an interest in the assumption of the service at this time.

The Hilltop community is wholly within the boundaries of the Rim of the World Recreation and Park District (Park District) which operates the following facilities within the community.

Facility	Area	Size
Arrowbear Park & Ball Field	Arrowbear Lake	1.05 acre
Senior/Community Center – Hootman	Running Springs	3960 sq ft
Running Springs Ball Field	Running Springs	4.32 acre
Firehouse Play Area	Running Springs	0.99 acre
Public Restroom	Running Springs	N/A
Childcare – Hoffman Elementary	Running Springs	960 sq ft

While not providing direct park and recreation services, the Arrowbear Park CWD and Running Springs WD have cooperated with the Park District for facility use. In the past, the Arrowbear Park CWD maintained and operated the Arrowbear Park and ball field, leasing the facility from the previous owners (Don Bosco Camp). However upon assumption by the Park District of maintenance and operation of the facility the land subsequently transferred to the Park District. Likewise, the Running Springs WD is leasing property to the Park District, who will also be maintaining a basketball court. The term of the lease agreement is for ten years, expiring in September 2020, with two additional five year terms and either party may terminate the lease upon ninety days written notice. The premises are leased to the Park District for \$1 per year. The project has been completed by a local Eagle Scout. The time, materials, and funding have all been donated by local companies, as well as, organizations located down the mountain.

Both agencies have expressed ongoing concerns regarding the financial viability and governance of the Park District.¹⁴ In 2002, the Arrowbear Park CWD adopted resolutions expressing concern due to the Park District’s inability to adequately operate and maintain the Arrowbear Park and outlined its intent to explore the acquisition and control of the facility. However, the Arrowbear Park CWD did not formally submit an application to LAFCO for detachment and assumption of this service.

Both districts request that their Park and Recreation powers remain at this time given the concerns expressed regarding the Park District’s sustainability.

F. Sanitation

Running Springs WD and Arrowbear Park CWD are authorized Sanitation (garbage and/or refuse collection) as an active function, although neither has ever actively provided sanitation services nor have they formally expressed an interest in the assumption of the service at this time. This service is provided regionally by Mountain Disposal Service (collection) as a franchise authorized by the County of San Bernardino.

¹⁴ See LAFCO service review and sphere of influence update for the Rim of the World Recreation and Park District, LAFCO 3149, Item 11, June 2010 agenda.

In addition, the County provides a “Clean Mountain Disposal” site operated by Burrtec located within the Running Springs community at the Charles Hoffman Elementary School for the drop off trash and recyclables.

G. Roads

Road service other than through Caltrans or County Transportation is provided to limited areas through the creation of zones to county service areas. CSA 70 Zone R-16 and CSA 79 Zone R-1 currently exist as mechanisms to provide augmented road and snow removal within a portion of Running Springs and the “Meadow” portion of Green Valley Lake, respectively. CSA 70 Zone R-11, also within a portion of Running Springs, was dissolved November 2, 2010.

At the December 2010 hearing, staff presented a report reviewing the provision of road and snow removal services throughout the mountain region (“Mountain Region Road and Snow Removal Service Review Report”; Item 8, December 2010 agenda). The report illustrated that the county service areas and zones to county service areas experience financial challenges as they deal with extremely varied sources of revenue and service expectations. Further, the disjointed response to service demands has resulted in an abundance of financially challenged, scattered road agencies that have the same County governance and administrative structure. The Commission continued all matters related to this report to the March 16, 2011 hearing. The mountains roads report is intended to be read in conjunction with this Hilltop community report.

Item 7 on this month’s agenda is a supplemental report addressing road and snow removal within the Hilltop community and includes the request from LAFCO staff to continue final consideration of the mountain roads report to the May 18, 2011 hearing – following completion of the final community and service reviews for the mountain region (Bear Valley).

Traffic Circulation

The following information regarding traffic circulation within the community is taken from the Circulation and Safety sections of the *Hilltop Community Plan*.

One of the overriding goals expressed by residents of Hilltop is to maintain the existing character of the community. The character of the community can be significantly impacted by roads and the traffic generated from the region and the community. The existing street system in Hilltop is characterized by a combination of state highways and local roadways. SR-18 and SR-330 bear the burden of nearly all local trips as well as the visitor traffic that comes from the valley region.

These two highways not only accommodate traffic from the local population, but also from visitors who travel to the mountains on weekends and during busy holiday periods. Identifying and implementing future improvements will be a challenge that will have to address: a) a lack of local control over state-highway improvements, b) improvements that may be in conflict with the community’s desire to maintain the

area’s scenic and natural resources and rural mountain character, and c) environmental constraints that will limit the feasibility of certain improvements to the road system.

The operating condition of the roadway system within the plan area was examined in terms of congestion and delay. Table 4 provides the existing and future 2030 roadway operating conditions for major County roads and highways within the Hilltop Community Plan area. The operating conditions include: Average Daily Trips (ADT) data, Volume to Capacity (V/C) ratios and Level of Service (LOS) data.

Table 4: Existing and Future Roadway Operating Conditions

Facility	Begin-End	Existing 2004 Operating Condition			Future 2030 Operating Conditions		
		ADT	V/C	LOS	ADT	V/C	LOS
Arterials							
Green Valley Lake Rd/101 Mile Drive	SR-18 - Lakeside Drive	1,000	0.083	A	1,049	0.087	A
	Lakeside Drive - Ridge Way	400	0.033	A	449	0.037	A
State Highways							
Rim of the World Hwy (SR-18)	SR-189 - SR-330	7,400	0.643	C	9,350	0.813	D
	SR-330 – Blue Jay Rd	7,100	0.592	C	9,100	0.791	D
City Creek Road (SR-330)	SR-30 – SR-18	11,000	0.948	E	14,800	1.287	F

Source: Myer, Mohaddes Associates.

According to Table 4, most roadways within the plan area operated at acceptable Levels of Service in 2004 [with “A as the highest level of service]. Future 2030 conditions for the Hilltop Community Plan area indicate that Green Valley Lake Road will continue to operate at an acceptable Level of Service. Traffic conditions are expected to worsen on both State Highways 18 and 330.

Residents’ primary concerns regarding safety in their community revolve around fire protection and the need for improved evacuation routes. Highways 18 and 330, Green Valley Lake Road, and Live Oak Drive are designated as evacuation routes.

However, the recent winter storms of 2010/2011 have resulted in the closure of Highway 330. Caltrans estimates that the Highway 330 repairs will take at least a year if the roadbed can be reestablished; if a bridge is necessary it will take at least two years.¹⁵

¹⁵ Roberts, Charles. Highland Community News. “Officials tour Highland, Highway 330”. 7 January 2011.

III. FINANCIAL ABILITY OF AGENCIES TO PROVIDE SERVICES.

For this section of the report, staff has reviewed the districts' budgets, audits, and State Controller reports for special districts.

A. Running Springs Water District

Net Assets

In reviewing the district's financial documents, net assets have increased by 14% since FY 2005-06 as shown on the chart below. As of June 30, 2010, the district had \$20.2 million in net assets. Not including capital assets value and debt, the district had roughly \$3.8 million in restricted and unrestricted net assets. Of this amount \$3.0 million is unrestricted.

	2005-06	2006-07	2007-08	2008-09	2009-10
Net Assets					
Invested in capital assets – net of related debt	13,463,256	13,894,660	14,168,860	16,382,276	16,362,374
Restricted for debt service	811,369	874,471	850,682	682,708	763,030
Unrestricted	3,178,588	2,864,704	2,652,234	3,419,653	3,043,937
Total Net Assets	\$17,633,835	\$17,633,835	\$17,671,776	\$20,484,637	\$20,169,341

General Operations and Accounting

The accounts of the Running Springs Water District are organized on the basis of funds, each of which is considered a separate accounting entity.

- The General Fund is the general operating fund of the district. It is used to account for all financial resources except those required to be accounted for in another fund. At the present time the General Fund is used to account for all financial resources of its fire protection service.
- The Proprietary Fund is used to account for operations of the Water, Sewer and Ambulance Departments that are financed and operated in a manner similar to private business enterprise - where the intent of the district is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Revenues and Expenditures

The figure below is taken from the FY 2009-10 financial statements and provides a breakdown of the revenues and expenditures for the Governmental Activities (fire protection) and Business-type Activities (water, ambulance, and sewer).

Governmental Activities			
	Statement of Revenues and Expenditures Governmental Fund (Fire Protection)	GASB 34 Conversion	Statement of Activities Government-Wide (Fire Protection)
Revenues	\$ 1,773,434	\$ 8,000	\$ 1,781,434
Expenditures	1,417,690	61,441	1,479,131
Excess of Revenues Over (Under) Expenditures	355,744	(53,441)	302,303
Other Financing Sources and (Uses) Proceeds From Sale of Capital Assets	15,027	(15,027)	-
Net Change	\$ 370,771	\$ (68,468)	\$ 302,303

Business-type Activities				
	Water	Ambulance	Sewer	Totals
Operating Revenues	\$ 1,411,000	\$ 489,488	\$ 1,429,272	\$ 3,329,760
Operating Expenses	1,672,371	630,172	1,628,631	3,931,174
Operating Income (Loss)	(261,371)	(140,684)	(199,359)	(601,414)
Non-operating Revenues (Expenses):				
Leasing revenue	9,600	-	-	9,600
Assessments – availability charges	41,398	-	14,875	56,273
Interest	13,858	-	35,338	49,196
Special charges	139,571	-	106,058	245,629
Leachate loads	-	-	151,841	151,841
Miscellaneous	154,939	-	1,178	156,117
Interest on long-term debt	(22,636)	(2,957)	(55,658)	(81,251)
Cost of availability charges	(104)	-	(104)	(208)
Bond issuance costs	(750)	-	-	(750)
Gain (loss) on disposal of assets	(1,032)	-	(3,651)	(4,683)
Income (Loss) Before Property Contributions	73,473	(143,641)	50,518	(19,650)
Property contributions	10,505	-	22,138	32,643
Change in Net Assets	\$ 83,978	\$ (143,641)	\$ 72,656	\$ 12,993

After reviewing the Running Springs WD financial documents, it is apparent that the most pressing financial challenge relates to its ambulance service. Running Springs WD is required to provide ambulance service within its Exclusive Operating Area (hereafter as shown EOA) as defined by the memorandum of agreement with the Inland Counties Emergency Management Association. However, the EOA extends beyond the Running Springs WD boundary. This requires Running Springs WD to provide ambulance services to areas that do not contribute property tax revenues to Running Springs WD for the service; the revenue stream is associated with other emergency

medical response providers. These costs are then backfilled by property taxes generated from within the district.

In order to recover these costs, the district charges for its services in these areas directly to the recipient. The ambulance transport and emergency management services fees are established annually by the County Board of Supervisors. In the aggregate, this circumstance results in an annual operating loss for the ambulance services. However, the uncollectible amounts roll forward with each successive year. For FY 2009-10, ambulance uncollectible accounts increased by 29% to \$129,697.

Long-Term Debt

Long-term debt consists of a 2002 Water Refunding Loan Agreement, which has an outstanding balance of \$398,467 (as identified in the audit); Sewer Treatment, 2001 Installment Payable, which has an outstanding balance of \$1,108,165; and 2008 Municipal Finance Corporation installment payable, which has an outstanding balance of \$44,331. However, on September 15, 2010, the district decided to pay off the remaining balance of the 2002 Water Refunding loan, with the payment made on January 11, 2011.

Financial Master Plan

Updates from the Water and Wastewater Master Plan provide a prioritized listing of infrastructure improvements needed, along with a schedule and costs for these improvements. The overall cost for the proposed water and sewer system improvements presented in this Master Plan through the next 20 years is approximately \$10 million. The district then must consider alternatives for financing this needed work, while still providing funding for all of the costs associated with delivering services. To properly identify and consider financing options, the district is in the process of preparing a Financial Master Plan.

To date, the Financial Plan has not been adopted and due to economic conditions, the Board has decided to place it on hold until the local economy improves. The Plan was originally scheduled for implementation in July 2011. However, based upon the deferral of adoption, the schedule for implementation will be revised. Thereafter, the district will finalize rates and recommendations, mail out Proposition 218 notices and information on a public hearing to property owners, hold a public rate hearing to consider adoption of proposed rates and apply new rates once approved.

Other Information

Budgets

In reviewing the district's budgets submitted for this review, the budgets do not include at least one year's worth of actual financial data, as recommended by the *Best Practices* of the Government Finance Officers Association. LAFCO staff recommends that for the future the district include at least one year's worth of actual figures.

Regular Audits

Government Code Section 26909 requires all districts to provide for regular audits; the district conducts annual audits and meets this requirement. Section 26909 also requires districts to file a copy of the audit with the State Controller and county auditor within 12 months of the end of the fiscal year. According to records from the County Auditor, as of January 21, 2011 the last audit received was for FY 2008-09 on November 17, 2009. LAFCO staff recommends that the appropriate documents be forwarded to the County.

Pension and Post-Employment Benefits

The district contributes to the California Public Employees Retirement System (“PERS”). Through FY 2009-10 the district has a zero net pension obligation. The audits do not identify any Other Post Employment Benefits.

B. Arrowbear Park County Water District

Net Assets

In reviewing the financial documents, the district’s net assets have increased by 36% since FY 2005-06 as shown on the chart below. As of June 30, 2010, the district had \$4.78 million in net assets. Not including capital assets value and debt, the District had roughly \$1.91 million in restricted and unrestricted net assets. Of this amount \$1.59 million is unrestricted.

	2005-06	2006-07	2007-08	2008-09	2009-10
Net Assets					
Invested in capital assets – net of related debt	2,129,928	2,122,235	2,170,947	2,207,194	2,366,097
Restricted for sewer	303,429	312,735	320,853	328,340	324,793
Unrestricted	1,075,540	1,441,868	1,587,248	1,5646,312	1,586,488
Total Net Assets	\$3,508,897	\$3,876,838	\$4,079,048	\$4,181,846	\$4,782,590

General Operations and Accounting

District Funds

The district utilizes two funds, each of which is considered a separate accounting entity with a self-balancing set of accounts. The two funds types are:

- Water, Sewer, and Fire Fund – This fund is primarily used to account for resources used to deliver water, sewer, and fire services to residents within its service areas. LAFCO staff points out that this fund includes revenue and expenditure activity for governmental and business-type activities.

- Assessment Fund – This fund is used to account for the assessments levied on property, the indebtedness incurred for the construction of the sewer system and related expenses.

Arrowbear Park County Water District Financing Corporation

The district is responsible for one component unit. The Arrowbear Park County Water District Financing Corporation (“Corporation”) is a nonprofit, public benefit corporation incorporated under the laws of the State of California and recorded by the Secretary of State on January 6, 2000. The Corporation was formed for the sole purpose of providing financing assistance to the district. The Corporation issued debt to refinance existing debt of the district. Under an installment purchase arrangement, the Corporation obtained title to certain district facilities through the year 2009. At the end of the installment purchase arrangement in 2009, title of all Corporation property passed to the district for no additional consideration. At this time, the district has not identified the future for the Corporation.

Designation of Funds

The district has designated over \$1 million of its future fund balance to the following activities:

	2010	2009
Sewer master plan	\$ 121,763	\$ 121,763
Water master plan	155,051	155,051
Fire replacement	46,639	46,639
Sewer replacement	36,868	36,868
Water replacement	461,441	453,517
Capital improvement	112,322	112,322
Sewer treatment operations and maintenance	37,316	37,316
Accrued benefits plan	136,000	136,000
	<u>\$1,107,400</u>	<u>\$1,099,476</u>

Revenues

Operating revenues primarily consist of water sales to local residents and to the Running Springs Water District. Non-operating revenues primarily consist of taxes and standby charges.

1. User Fees

User fees constitute the district’s sewer and water service. Rates for water use are comprised of a consumptive component and a monthly charge. The monthly charge is charged to all active water accounts in an attempt to equally spread the fixed costs of the district to all customers. However, the consumptive component does not have more than one tier.

2. Water Sales to Running Springs Water District

The district provides 100% of its water needs for its customers, and sells its excess capacity to the Running Springs Water District when available. For FY 2009-10, sales totaled \$56,545.

3. Share of the one percent general tax levy

In 1977-78, before Proposition 13, all landowners within the boundaries of the district paid a tax rate of \$3.00 per \$100 of assessed valuation, as identified in the County's 1977-78 tax rate book, for the purpose of paying all obligations of the district.

Following Proposition 13, the Legislature enacted statutes to implement its provisions. Under these statutes, a local government's share of the one percent general levy was based on the share of the property tax going to that local government before Proposition 13 (excluding bond debt). The district receives a share of the one percent ad valorem property tax, \$254,820, for its non-enterprise activities, fire protection/emergency response. In contrast to other areas of the county, assessed valuations have increased each of the past four fiscal years, although collections decreased slightly in 2008.

4. Water and Sewer Standby Charges

The district has established a Water Standby Charge of \$15 and a Sewer Standby Charge of \$30. The standby charges are annual assessments by the district on each property within the district's boundaries (improved and unimproved). There is no inflation factor for either charge.

The figure below is taken from the FY 2009-10 financial statements and provides a breakdown of the revenues and expenditures for FY 2008-09 and FY 2009-10.

Statements of Revenues, Expenses, and Changes in Net Assets		
For the Years Ended June 30,	2010	2009
Operating revenues		
User fees	\$ 582,188	\$ 583,581
Sales to other agencies	56,545	52,351
Total operating revenues	<u>638,733</u>	<u>635,932</u>
Operating expenses		
Salaries and wages	321,437	313,435
Benefits	159,433	134,056
Fire calls, drills, coverage	23,453	19,591
Professional services	58,363	61,706
Insurance	61,978	64,710
Gas, oil, and fuel	10,079	7,673
Vehicle maintenance	9,526	11,687
Office supplies	7,967	12,594
Utilities	18,593	17,062
System maintenance	36,986	64,359
Power for pumping	32,222	39,329
Depreciation and amortization	197,872	199,016
Contractual services	153,399	137,255
Dispatch	2,374	3,197
Miscellaneous	354	399
Total operating expenses	<u>1,094,036</u>	<u>1,086,069</u>
Operating loss	<u>(455,303)</u>	<u>(450,137)</u>
Nonoperating revenues		
Property taxes	254,820	253,637
Standby charges	258,781	230,083
Interest income	18,849	41,854
Grant revenue	3	12,890
Other	34,220	36,645
Total nonoperating revenues	<u>566,673</u>	<u>575,109</u>
Nonoperating expenses		
Interest	15,591	21,798
Other	247	376
Total nonoperating expenses	<u>15,838</u>	<u>22,174</u>
Increase in net assets	95,532	102,798
Net assets, beginning of year	<u>4,181,846</u>	<u>4,079,048</u>
Net assets, end of year	<u>\$4,277,378</u>	<u>\$4,181,846</u>

Expenditures

The chart above identifies the expenditures of the district for the past two fiscal years. For FY 2009-10, expenditures of the district mainly consist of salaries and benefits (44%), contractual services (14%), insurance (6%), professional services (5%), and system maintenance (3%).

Long-Term Debt

The district has repaid \$995,000 of Certificates of Participation, first incurred when the 1991 Pipeline Replacement Project was approved for the district. Final payoff of this debt was scheduled for October 2009. The outstanding principal balance of this debt at June 30, 2009 was \$115,000. This debt of the district now has been fully satisfied and is closed.

The district is participating in a joint use facilities agreement with Running Springs Water District for capital improvement debt for sewer treatment plant improvements. The estimated cost of the improvements was \$3,261,000, with the district's share of the improvement to be approximately \$463,066. A supplemental sewer debt charge was approved in 2002 for district customers to repay the 15-year obligation at 4.75 percent. Payments for this debt obligation are approximately \$46,329 per year.

Other Information

Budgets

In reviewing the district's budgets submitted for this review, the budgets include at least one year's worth of actual financial data, as recommended by the *Best Practices* of the Government Finance Officers Association.

Regular Audits

Government Code Section 26909 requires all districts to provide for regular audits; the Agency conducts annual audits and meets this requirement. Section 26909 also requires districts to file a copy of the audit with the State Controller and county auditor within 12 months of the end of the fiscal year. According to records from the County Auditor, as of January 21, 2011 the last audit received was for FY 2008-09 on October 7, 2010.

Pension and Post-Employment Benefits

The district contributes to the California Public Employees Retirement System ("PERS"). For FY 2009-10 the annual pension cost for the Miscellaneous Plan was \$17,679, which the district contributed 100%. Further, the Miscellaneous Plan has a zero net pension obligation. The district is paying approximately \$54,000 per year for the Safety Plan due to a change in actuarial valuation as of June 30, 2004.

In addition to PERS retirement, the district provides post-employment retirement health care. The district pays for these benefits on a cash basis. Retirees with five years of service and who retire from the district after age 50 are eligible to receive full retiree and eligible spousal health premiums up to a fixed monthly cap. For FY 2009-10, the cap was \$357 per month for employee-only coverage and \$595 for employee plus spouse coverage. As of June 30, 2010, the benefit was provided to four retired employees. For FY 2009-10, the district paid 100% of the premiums, totaling \$22,035. However, the

annual required contribution¹⁶ cost was \$52,485. Therefore, the district paid 42% of the annual required contribution cost, thereby increasing the net obligation by \$30,450.

C. CSA 79

The primary source of revenue for CSA 79 is from charges collected from its sewer operation. As shown on the chart below, taken from the FY 2010-11 Budget, for the past two fiscal years CSA 79 has experienced expenditures greater than revenues. This has resulted in a decrease in the beginning fund balance for FY 2010-11. CSA 79 utilizes the County Special Districts Department for management of its operations. To pay for these functions, the FY 2010-11 Budget identifies a transfer to CSA 70 Countywide of \$514,771 for salaries and benefits and services and supplies support. The budget identifies the following activities which have had significant changes from the prior year:

- Services and supplies of \$362,085 include utilities, professional and specialized services, maintenance of structures, fuel and other miscellaneous costs and are increasing by \$45,791 primarily due to higher use of professional services for sewage treatment and higher maintenance costs.
- Other charges of \$69,645 represent a debt service payment to Running Springs WD for a joint-use facilities filtration project.
- Transfers of \$514,771 are decreasing by \$12,012 due to a reduction in the allocation of management and operations support from CSA 70 Countywide.
- Contingencies of \$500,785 are decreasing by \$108,122 to fund current year operations and due to less departmental revenue available.
- Operating transfers of \$118,026 represents replacement reserve fund costs and is decreasing by \$168,826 due to reduced capital improvement projects (CIP) funding requirements in 2010-11.
- Departmental revenue of \$912,594 includes fees for sanitation services (which is sewer service), interest earnings and operating transfers in and is decreasing by \$266,666 due primarily to a reduction in transfers for CIP projects.

¹⁶ The Annual Required Contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a defined period.

CSA 79 Financial Activities – Operational Fund

	2006-07 Actual	2007-08 Actual	2008-09 Actual	2009-10 Actual	2009-10 Current Budget	2010-11 Adopted Budget
Appropriation						
Services and Supplies	242,675	266,101	257,085	316,962	316,294	362,085
Other Charges	59,462	66,454	69,645	69,645	69,645	69,645
Equipment	30,985	26,399	-	-	-	-
Transfers	406,120	466,454	476,052	526,783	526,783	514,771
Contingencies	-	-	-	-	608,907	500,785
Total Appropriation	739,242	825,408	802,782	913,390	1,521,629	1,447,286
Operating Transfers Out	116,404	67,784	233,573	286,852	286,852	118,026
Total Requirements	855,646	893,192	1,036,355	1,200,242	1,808,481	1,565,312
Departmental Revenue						
Use of Money and Prop	17,238	19,964	11,321	8,405	6,873	8,500
Current Services	854,174	829,550	1,048,327	881,487	879,365	867,944
Other Revenue	58,075	(16,991)	4,933	8,997	9,011	3,500
Other Financing Sources	-	-	-	360	360	-
Total Revenue	929,487	832,523	1,064,581	899,249	895,609	879,944
Operating Transfers In	116,370	65,841	71,189	283,651	283,651	32,650
Total Financing Sources	1,045,857	898,364	1,135,770	1,182,900	1,179,260	912,594
				Fund Balance	629,221	652,718

The FY 2010-11 Budget identifies a beginning capital improvement program fund balance of \$347,935 for a lift station rehabilitation, manhole sealing, and sewer slip lining, with the transfer of \$118,026 for FY 2010-11 to fund these improvements. Adopted reserves for CSA 79 total \$455,228 identified for capital replacement reserve and capital expansion reserve.

Appropriation Limit

An appropriation limit is required by Article XIII B of the State Constitution and limits the expenditure of the proceeds of taxes. The reorganization of the San Bernardino County Fire Protection District (LAFCO 3000), effective July 1, 2008, included the transfer of responsibility and all of CSA 79's property tax receipts to the Mountain Service Zone of the newly reorganized San Bernardino County Fire Protection District. Therefore, CSA 79 no longer has an appropriation limit assigned to it. However, Zone R-1 of CSA 79 is required to have an adopted appropriation limit since it receives proceeds from a special tax implemented in 2007. LAFCO staff understands that County Special Districts and Auditor-Controller personnel are working on placing this matter before the County Board of Supervisors.

D. CSA 73

The primary source of revenue for CSA 73 is its share of the one percent ad valorem general levy. As shown on the chart below, taken from the FY 2010-11 Budget, for the past two fiscal years CSA 73 has experienced expenditures greater than revenues. This has resulted in a decrease in the beginning fund balance for FY 2010-11. CSA 73

utilizes the County Special Districts Department for management of its operations. To pay for these functions, the FY 2010-11 Budget identifies a transfer to CSA 70 Countywide of \$887 for salaries and benefits and services and supplies support. The budget identifies the following activities which have had significant changes from the prior year:

- Services and supplies of \$4,520 represent electric billings, lease of lights from Edison and other miscellaneous costs and are increasing by \$946 due to anticipated higher energy costs.
- Other Charges of \$1,099 represents debt payments for a CSA revolving fund loan. LAFCO staff has requested an identification of the purpose of the loan; to date, no response has been received.
- Transfers of \$887 represents costs for salaries and benefits and services and supplies support from CSA 70 Countywide.
- Contingencies are decreasing by \$1,806 to fund current year operations and due to less fund balance available.
- Departmental revenue of \$4,446 includes property taxes and interest and is increasing by \$466 primarily due to higher anticipated property tax revenue.

CSA 73 Financial Activities – Operational Fund

	2006-07 Actual	2007-08 Actual	2008-09 Actual	2009-10 Actual	2009-10 Current Budget	2010-11 Adopted Budget
Appropriation						
Services and Supplies	2,244	2,221	3,947	3,574	3,574	4,520
Other Charges	400	400	82	35	459	1,099
Transfers	733	926	968	905	905	887
Contingencies	-	-	-	-	1,806	-
Total Appropriation	3,377	3,547	4,997	4,514	6,744	6,506
Departmental Revenue						
Taxes	4,423	4,649	4,635	4,264	4,001	4,366
Use of Money and Prop	-	19	74	35	35	80
Current Services	(40)	(33)	(61)	(56)	(56)	-
Other Revenue	(2)	-	(354)	-	-	-
Total Revenue	4,381	4,635	4,294	4,243	3,980	4,446
				Fund Balance	2,764	2,060

Appropriation Limit

An appropriation limit is required by Article XIIB of the State Constitution and limits the expenditure of the proceeds of taxes. Section 9 of this Article provides exemptions to the appropriations limit, such as Section 9 (c) exempts the appropriations limit for special districts which existed on January 1, 1978 and which did not levy an ad valorem tax on property in excess of \$0.125 (12 ½ cents) per \$100 of assessed value for the 1977-78 fiscal

year. A review of tax rates identifies that CSA 73 levied at tax rate of \$0.0543 during FY 1977-78. Therefore, CSA 73 is not required to have an appropriation limit.

IV. STATUS OF, AND OPPORTUNITIES FOR, SHARED FACILITIES.

The Arrowbear Park CWD, Running Springs WD, and CSA 79 have shared facilities and programs:

- The water districts have connections with Crestline-Lake Arrowhead Water Agency in order to receive State Water Project water.
- In 1984, the Running Springs WD and the Arrowbear Park CWD entered into a joint venture to construct facilities that connect the two agencies' water systems. The interconnection between the two systems provides the capability to transfer water as necessary to meet the needs of each community for both domestic water and fire flow demand. Currently, the interconnection is primarily used as a means for the Running Springs WD to purchase surplus groundwater from Arrowbear Park CWD at a cost less than CLAWA imported water.
- The wastewater collected by each district flows into the treatment plant maintained by Running Springs WD. The capital investment and maintenance costs for the treatment plant located within the Running Springs WD are shared by all three districts according to contracts which assign a proportionate share of costs to each.
- The Arrowbear Park CWD is beginning to plan for an emergency pipeline to attach to the sewer system for emergency purposes, should the Running Springs WD sewer system fail to accept sewage from the district. The plan is only in the conceptual stages.
- Running Springs WD also entered into agreement(s) with CSA 79 and Arrowbear Park CWD to receive and/or provide assistance for emergency situations.
- The opportunity for shared facilities exists because the two water agencies are contiguous to each other and each provides retail water and sewer collection. For fire protection, Running Springs WD and Arrowbear Park CWD each provides fire protection, each with its own facilities and equipment.

The Special Districts Department consolidates the administrative operations and facilities for county service areas (and zones of CSAs) under the auspices of CSA 70 and does so for the operations of CSA 73 and CSA 79.

V. ACCOUNTABILITY FOR COMMUNITY SERVICE NEEDS, INCLUDING GOVERNMENTAL STRUCTURE AND OPERATIONAL EFFICIENCIES.

A. Government Structure and Accountability for Community Service Needs

Running Springs Water District

The district is an independent special district governed by a five-member board of directors elected at-large. A review of the County Registrar of Voters website identifies that since 1997, there have been six elections for selection of directors. At the last election held for the district in November 2009, 84% of the ballots voted in favor of conducting future elections by mail rather than traditional precinct voting. For that election, there were 2,558 registered voters within the district with a 20% turnout. Beginning in February 2011, the regular board meetings of the district are conducted on the third Wednesday of each month at 9:00 a.m. at the district office. The district also maintains a website, runningspringswaterdistrict.com. The current board, their positions, and terms of office are shown below:

Board Member	Title	Term
Ken Ayers	President	2013
Kevin Kellems	Vice President	2011
Pam Bennett	Director	2013
Paul Shouse	Director	2013
Mike Terry	Director	2011

Arrowbear Park County Water District

The district is an independent special district governed by a five-member board of directors, elected at-large. A review of the County Registrar of Voters website identifies that since 1997, there have been five elections for selection of directors. At the last election held for the district in August 2009, 87% of the ballots voted in favor of conducting future elections by mail rather than traditional precinct voting. For that election, there were 410 registered voters within the district with a 42% turnout. Regular board meetings occur on the second Friday of each month at 6:30 p.m. at the district office. The district also maintains a website, arrowbearwater.org. The current board, their positions, and terms of office are shown below:

Board Member	Title	Term
Mark Bunyea	President	2011
Rick Weber	Vice President	2011
Sheila Wymer	Director	2011
Pat Oberlies	Director	2013
Richard Kuritz	Director	2013

County Service Areas 73 and 79

CSA 73 and CSA 79 are governed by the County Board of Supervisors and administered by the County Special Districts Department; they are within the political boundaries of the Third Supervisorial District. The budgets are prepared as a part of the County Special Districts Department's annual budgeting process and presented to the County Executive Office and Board of Supervisors for review and approval. CSA 79 has an advisory commission which meets on the first Monday of even numbered months at the Green Valley Lake fire station. According to the County Clerk of the Board website, as of December 20, 2010 the CSA 79 Advisory Commission is a five-member board composed of the following members: Gary Lee, Ronald Pearne, Thomas Lawrence, and Donald Fiscus. The fifth seat is currently vacant.

B. Operational Efficiency

As a mechanism to control costs, the County of San Bernardino Special Districts Department has consolidated many of the administrative and technical functions necessary to manage the various services provided under County Service Area 70. Therefore, CSAs 73 and 79 pay for a proportional share of salaries and benefits costs necessary to serve it for overall management and pay a proportional cost of the administrative functions of the County Special Districts Department. One regional manager oversees all streetlighting districts.

Operational efficiencies are realized through several joint agency practices, for example:

- Arrowbear Park CWD and Running Springs WD contribute to the California Public Employees Retirement System ("PERS"), a cost-sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investments and administrative agent for participating public entities with the State of California.
- The wastewater collected by each district flow into the treatment plant maintained by Running Springs WD. The capital investment and maintenance costs for the treatment plant located within the Running Springs WD are apportioned each of the three districts according a formula derived proportionate share of costs.

C. Government Structure Options

There are two types of government structure options:

1. Areas served by the agency outside its boundaries through "out-of-agency" service contracts;
2. Other potential government structure changes such as consolidations, reorganizations, dissolutions, etc.

Out-of-Agency Service Agreements

Arrowbear Park CWD has identified that it provides wholesale water service outside of its boundaries to Running Springs WD pursuant to a contract dated November 1983 that expired in 2003 and was not renewed. However, the agencies have identified that the Running Springs WD can purchase water with no limitation provided water is available. LAFCO staff understands that a new agreement is being developed at this time. The districts will need to request that the Commission declare this future agreement is exempt from the provision of Government Code Section 56133, limiting the extension of service outside an agency's boundaries.

Running Springs WD has identified that it has provided water and sewer outside of its boundaries to a church (St. Anne's in the Mountains) since 1990, water to a boy scouts camp (Camp Helendale) since 2002, and has sold wholesale water to Smiley Park since 1991. None of these contracts were identified during the original considerations for out-of-agency services contracts by the Commission in 1994, and the 2002 contract was not submitted to the Commission for consideration under the provisions of Government Code Section 56133. However, based upon historic provision of service, these contracts will be considered to be exempt from further review based upon the historic delivery of service.

Additionally, Running Springs WD is required to provide ambulance service within its Exclusive Operating Area as defined by the memorandum of agreement with the Inland Counties Emergency Management Association.

Since 1978 CSA 79 has provided service outside of its boundaries and sphere of influence to the Snow Valley Ski area. The agreement expires in 2018.

Government Structure Options

While the discussion of some government structure options may be theoretical, a service review should address possible options.

- Reorganization of the existing Hilltop agencies into a single-multi function entity.
 - Consolidation of the sewer entities with one of the county water districts as the successor district. The possibility of consolidating the two county water districts in the Hilltop community has been discussed since the early 1970s. The staff report for the sphere establishments stated that the districts should consider consolidation since the districts provided similar services and had coterminous boundaries. In 1995, the Running Springs Water District and the Arrowbear Park County Water District formed a consolidation committee to review the possibility of consolidating the two water districts. During 1995 the districts met voluntarily to review the possibility; however, no outcomes following the meetings were presented to LAFCO. Two years later, at the April 1997 LAFCO hearing LAFCO staff requested that the Commission consider initiating a study for the consolidation of the two districts. According to the hearing minutes, representatives from both districts stated that

consolidation should eventually occur but disparity in service costs existed between the districts. The Commission urged the two districts to continue to discuss consolidation and look for ways to work together. CSA 79 was not a part of these discussions since LAFCO law at the time precluded its consolidation.

Since the change in LAFCO law allowing for the consolidation of agencies not formed under the same principal act, the service area of CSA 79 (sewer service) could be included in such reorganization. The three agencies already work together and share facilities. The wastewater collected by the agencies flows into the treatment plant maintained by Running Springs WD. The capital investment and maintenance costs for the treatment plant located within the Running Springs WD are shared by Arrowbear Park CWD, CSA 79, and Running Springs WD based on a proportionate share of costs. The roads function of CSA 79 would be removed since the funding mechanism for the service is through its zone R-1 and would be transferred to either a regional road/snow removal entity or through the conversion to a zone of CSA 70.

The type of change is supported by LAFCO law. The preamble to LAFCO law reads that while the Legislature recognizes the critical role of many limited purpose agencies, especially in rural areas, it finds and declares that a single multipurpose governmental agency accountable for community service needs and financial resources may be the best mechanism for establishing community service priorities. This scenario would provide for an efficient service delivery pattern for water, sewer, and fire protection within the community through a single agency.

The downside to this type of reorganization of water districts is that it would prohibit the inclusion of CSA 73 as part of the reorganization since streetlighting service, which is what CSA 73 currently provides, is not a function that water districts are authorized to perform.

- Formation of a Community Services District. Similar to the reasons cited in the scenario above, forming a single, multi-purpose special district, through reorganization of the existing service providers, and formation of a Community Services District, is a preferred form of government that is feasible for the Hilltop community. The agencies within the community (Running Springs WD, Arrowbear Park CWD, CSA 79, including CSA 73) could be reorganized into a CSD, which would assume the responsibilities and all functions, obligations, assets, liabilities, and equipment of the agencies that are to be reorganized. This scenario would provide for an efficient service delivery pattern for the full range of services available within the community through a single agency. The creation of a CSD would allow a mechanism to isolate the special funding mechanisms and debt obligations of each respective district, while achieving economies of scale and elimination of duplicative services or requirements, such as legal counsel, auditing, payment of LAFCO apportionment, etc.

The preamble to Community Services District law states that the intent of the Legislature for CSD Law is:

To encourage local agency formation commissions to use their municipal service reviews, spheres of influence, and boundary powers, where feasible and appropriate, to combine special districts that serve overlapping or adjacent territory into multifunction community services districts.

In addition, such a formation would solidify the community as outlined in the preamble to CSD law, which states that a CSD is:

1. A permanent form of governance that can provide locally adequate levels of public facilities and services.
2. An effective form of governance for combining two or more special districts that serve overlapping or adjacent territory into a multifunction special district.
3. A form of governance that can serve as an alternative to the incorporation of a new city.
4. A transitional form of governance as the community approaches cityhood.

For San Bernardino LAFCO, the establishment of Community Services District has been used to establish independent government structures that allow for the fostering and nurturing of communities for a potential future incorporation. With the support of the Hilltop community such a distinction could be achieved for the area; however, no clear expression of interest has been conveyed to LAFCO staff during this consideration. It is the staff's position that the establishment of the community designation for Hilltop is a potential first step in this process.

- Consolidation with a County Service Area as successor agency. As a county service area, either CSA 73 or CSA 79 could provide the full range of services -- water, sewer, and fire protection -- to the community through assumption of the services provided by Arrowbear Park CWD and Running Springs WD. LAFCO staff is not aware of any community interest in this option and such an option would remove local control of these services.
- Consolidation of all public water agencies and/or service areas within CLAWA. An additional scenario would be to consolidate all of the public water agencies providing retail water service within the boundaries of the Crestline-Lake Arrowhead Water Agency (CLAWA). These agencies include Arrowbear Park CWD, County Service Area 70 Zone CG, CLAWA, Crestline Village Water District, Lake Arrowhead Community Services District, Running Springs WD, and the Rim Forest portion of the City of Big Bear Lake Department of Water and Power. This option could reduce duplication of administrative efforts and provide the opportunity for economies of scale. Further, it would provide a single voice for this part of the mountain region regarding water issues. This scenario could also alleviate the need for short-term solutions for water delivery. This is a feasible option in an economic sense, and

appears more practical for the Crest Forest and Lake Arrowhead communities. However, the details of a possible consolidation would need to consider the other services provided by the agencies and if annexation of additional territory would be included. Further, this scenario, as outlined to LAFCO staff, is not politically acceptable or practicable at this time.

- Regional cooperation for distributing reclaimed and/or recycled water. Crestline-Lake Arrowhead Water Agency (CLAWA) does not perform reclamation services; although CLAWA Law allows for it to perform reclamation services (treatment and reclamation of sewage and storm water) within its boundaries and the request for authorization to perform the services would be subject to LAFCO approval. However, within its boundaries and sphere of influence there are three agencies that provide this service: Crestline Sanitation District (collection and treatment), Running Springs WD (collection and treatment), and Lake Arrowhead Community Services District (collection and treatment).

As a regional agency, in cooperation with other water entities CLAWA is responsible for managing the water resources within its boundaries to ensure a sustainable supply of water for the benefit of its constituents. As such, CLAWA could help coordinate a regional plan for distribution of reclaimed water in the mountains. Such a structure could reduce duplication of planning efforts and provide the opportunity for economies of scale while maintaining the independence of each district.

- County Fire as responsible entity for fire protection. In this scenario, the responsibility of fire protection and emergency services currently provided by Arrowbear Park CWD and Running Springs WD could become the responsibility of County Fire and its Mountain Service Zone. There are benefits to regionally providing services such as fire protection through the standing army concept, the transfer of existing revenue streams to the larger fire entity for regional use, and potential economies of scale that could be achieved. The districts have indicated interest in this option in the past and are currently discussing either transferring their fire protection responsibility to County Fire or contracting with County Fire. Additionally, assumption of ambulance transport services by County Fire would include ICEMA authorization. Without support from all affected agencies this option would not be achievable.

In the discussion of this option, LAFCO staff would support the annexation of this territory to County Fire and the transfer of the existing property tax support for these operations from each of the districts. However, it has been indicated to staff that such an option would require the pledging of additional district revenues. LAFCO staff would question such an action given that during the reorganization of County Fire (LAFCO 3000), the property tax revenues generated within each of the unincorporated independent fire providers derived by CSA 70 was transferred to County Fire. Below is the chart which was included in the September 2007 staff report for ALFCO 3000 outlining this distribution.

SUMMARY OF REVENUE ALLOCATED TO CSA 70*					
Prepared by Bob Wright 2/27/07					
	Assessed Value in CSA 70	1% General Tax Levy	CSA 70 Revenue	Independent District Revenue	# TRAs
Crest Forest Fire Protection District	1,368,861,644	13,688,616.44	323,282.27	3,248,324.64	52
Chino Valley Independent Fire District	438,657,966	4,386,579.66	111,192.51	644,285.16	21
Apple Valley Fire Protection District	919,969,619	9,199,696.19	261,868.80	914,490.28	90
Barstow Fire Protection District	271,329,791	2,713,297.91	59,506.45	663,640.71	25
Rancho Cucamonga Fire Protection District	92,986,681	929,866.81	24,993.45	117,115.79	13
Arrowbear Park County Water District	109,185,352	1,091,853.52	29,580.76	224,409.90	2
Running Springs County Water District	530,926,431	5,309,264.31	134,376.95	1,450,365.16	19
Big Bear Lake Fire Protection District	11,153,693	111,536.93	2,886.69	18,388.82	2
Big Bear City Community Services District	1,886,320,591	18,863,205.91	532,325.71	1,725,718.50	17
Morongo Valley Community Services District	200,630,602	2,006,306.02	52,124.25	363,395.32	21
Twentynine Palms Water District	1,162,534	11,625.34	388.27	0.00	4
Yermo Community Services District	78,014,587	780,145.87	25,277.40	78,008.05	8
Daggett Community Services District	23,336,338	233,363.38	6,439.71	55,730.25	16
Newberry Community Services District	161,113,077	1,611,130.77	52,174.36	162,401.48	14
Baker Community Services District	37,565,171	375,651.71	11,182.79	66,264.78	1
	6,131,214,077	61,312,140.77	1,627,600.37	9,732,538.85	305
REMAINING UNINCORPORATED AREA			4,534,982.00		

Contracting with County Fire for fire protection does not provide access to these administration funds; however, annexation would. Conversely, should the districts annex additional territory, the property tax share for fire administration and fire protection services would transfer to the districts.

- Maintenance of the status quo. At this time, LAFCO has not received any expressed interest from the agencies, landowners, or residents in exploring the options above. Maintenance of the existing organizational structure would maintain the delivery of retail water, sewer, and fire protection within the respective service areas with no additional services provided.

LAFCO staff is recommending a single sphere of influence for the Arrowbear Park County Water District, Running Springs Water District, County Service Area 73, and County Service Area 79, thereby signaling the Commission's position that a future reorganization consolidating the service providers for the Hilltop Community is appropriate.

SPHERE OF INFLUENCE UPDATES

SPHERES OF INFLUENCE

The spheres of influence for Running Springs WD, Arrowbear Park CWD, CSA 73, and CSA 79 were originally established in 1972. Additional sphere changes for Arrowbear Park CWD and CSA 79 took place in the early 1980s.

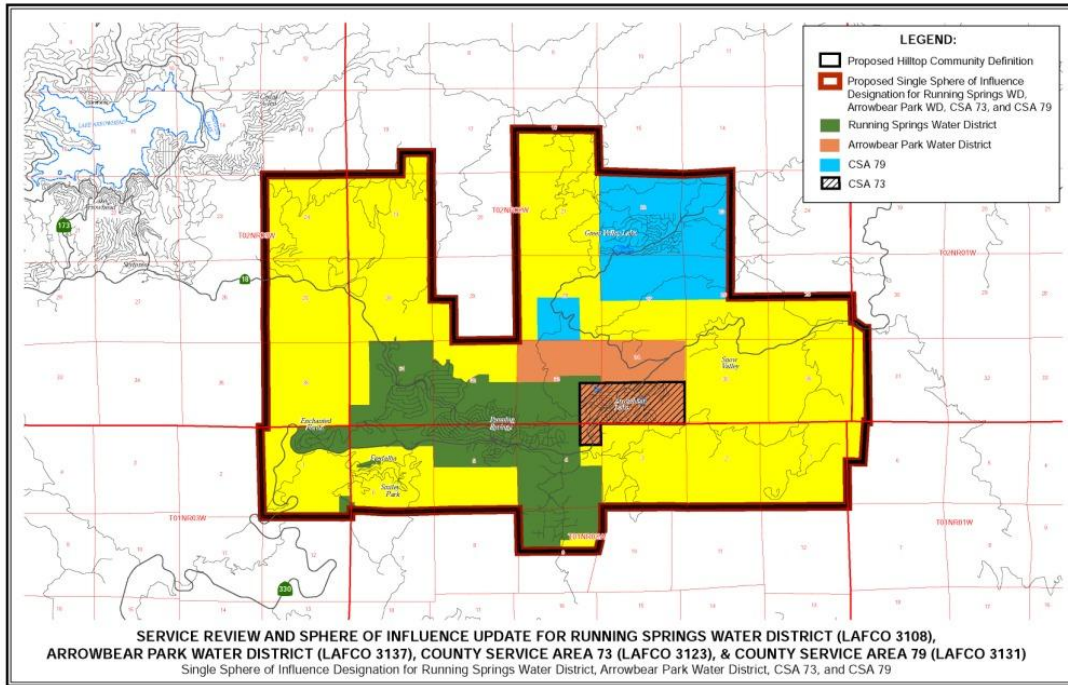
The preamble to LAFCO law reads that while the Legislature recognizes the critical role of many limited purpose agencies, especially in rural areas, it finds and declares that a single multipurpose governmental agency accountable for community service needs and financial resources may be the best mechanism for establishing community service priorities. Further, LAFCO law states that the Commission may recommend governmental reorganizations to particular agencies using the spheres of influence as the basis for those recommendations. This report questions:

“Should the four agencies (Running Springs WD, Arrowbear Park CWD, CSA 73, and CSA 79) that are adjacent and/or overlap each other, serving the defined Hilltop community and essentially providing the same services ultimately be reorganized?”

Based upon the information detailed in the Community Discussion and the Service Review, more effective and efficient governance could be achieved through an eventual reorganization of the service providers in the Hilltop community. The options available to the Commission related to the sphere of influence determination are:

- Maintenance of the existing spheres of influence for the service providers. The Running Springs WD, Arrowbear Park CWD, and County Special Districts Department on behalf of CSA 73 and CSA 79, have all requested maintenance of their existing spheres through submission of the service review materials.
- Separate expansions and reduction of the spheres of influence of the individual sewer and/or water providers to encompass the Hilltop community as defined by the Commission. This would entail the expansion of the spheres of influence for Running Springs WD, Arrowbear Park CWD, and CSA 79 outward to encompass the defined community, and the reduction of the Running Springs WD sphere of influence as identified in the community discussion.
- Consolidate the spheres of influence of the service providers into a single sphere of influence which indicates the Commission’s position that a future change of organization to address the community as a whole is appropriate.

Based upon the staff’s recommendations for the definition of the Hilltop community included in the “Community Discussion” section and the review of the five factors for a service review, it is recommended that the Commission designate a single sphere of influence for Running Springs WD, Arrowbear Park CWD, CSA 73, and CSA 79. A map showing staff’s recommendation is shown below and is included in Attachment #2.



Authorized Powers

When updating a sphere of influence for a special district, the Commission is required to establish the nature, location, and extent of any functions or classes of services provided by the district (Government Code §56425(i)). LAFCO staff recommended changes are shown in underline and strikethrough on the outline of existing functions and services.

As reviewed in detail in the "Service Review" section of this report, the Arrowbear Park CWD and Running Springs WD do not actively provide park and recreation services. However, they have cooperated with the overlaying Rim of the World Recreation and Park District for facility use. Additionally, both agencies have ongoing concerns regarding the financial viability, sustainability, and governance of the Park District. Both districts request that their Park and Recreation powers remain given the concerns expressed.

As reviewed in detail in the "Service Review" section of this report, the Arrowbear Park CWD and Running Springs WD have never actively provided sanitation (garbage collection) services. Further, both have no objection to the removal of their respective Sanitation function. In previous sphere of influence updates for independent and dependent special districts, the Commission has established the functions and services that districts actively provided by initiating and updating its *Rules and Regulations of the Local Agency Formation Commission of San Bernardino County Affecting Functions and Services of Special Districts*. Unfortunately, legislative changes effective January 1, 2009 no longer allow the Commission to initiate the activation or divestiture of a function for a special district. Therefore, divestiture of said function would require the districts to initiate proposals with

LAFCO. However, this situation would be rectified as a part of any potential consolidation application.

Running Springs Water District

For its Fire Protection function, staff recommends that the Commission modify the service description to include “first aid” “advanced life support” and “ambulance”, to reflect the services that it actually provides. As noted above, the Commission does not have the ability to remove the Sanitation function at this time, so staff is recommending affirmation of the balance of the services.

<u>FUNCTIONS</u>	<u>SERVICES</u>
Water	Retail, domestic, wholesale, conservation
Sewer	Collection, transportation, treatment
Fire Protection	Structural, watershed, suppression, prevention, <u>first aid, advanced life support, ambulance, rescue</u>
Park and Recreation	Local park and recreation
Sanitation	Collection, transportation, waste and trash disposal

Arrowbear Park County Water District

The Arrowbear Park CWD has identified that it provides wholesale water service outside of its boundaries to Running Springs Water District pursuant to a contract dated November 1983 that has no expiration date. Additionally, the district engages in water conservation activities. Therefore, staff recommends that the Commission modify the service description of its Water function to include “wholesale” and “conservation”. As noted above, the Commission does not have the ability to remove the Sanitation function at this time, so staff is recommending affirmation of the balance of the services.

<u>FUNCTIONS</u>	<u>SERVICES</u>
Water	Retail, domestic, <u>wholesale, conservation</u>
Sewer	Collection, transportation
Fire Protection	Structural, watershed, suppression, prevention, first aid, rescue
Park and Recreation	Operation, maintenance
Sanitation	Refuse collection at parks

County Service Area 79

Special Districts Department has identified that CSA 79 actively performs sewer and road services (including road maintenance and snow removal) but does not provide water services. Both LAFCO and Special District Department staffs agree that the Water function should be removed since it has never provided this service nor does it foresee providing it in the future.

As mentioned earlier, legislative changes no longer allow the Commission to initiate the activation or divestiture of a function from a special district. However, Government Code Section 25213.6 (County Service Area Law) permits the Board of Supervisors through adoption of a resolution to divest a county service area of the authority to provide a service if the proposed divestiture would not require another public agency other than the county to provide a new or higher level of service or facilities.

Therefore, staff is recommending that the Commission:

- Modify the service description of its Sewer function to include “transportation” and removing “disposal” and the service description of its Roads function to include “snow removal”:

<u>FUNCTIONS</u>	<u>SERVICES</u>
Water	Water
Sewer	Collection, <u>transportation</u> disposal
Roads	Road maintenance as defined in Government Code Section 25213(i) which includes snow removal Maintenance and improvement

- Request the County to take the actions necessary to divest CSA 79 of its Water function and file the appropriate resolution with the Commission; and,
- Direct staff to update the *Rules and Regulations of the Local Agency Formation Commission of San Bernardino County Affecting Functions and Services of Special Districts* upon receipt of the County resolution removing Water as an authorized function for CSA 79.

County Service Area 73

Special Districts Department has identified that CSA 73 actively performs streetlighting services but does not provide park and recreation services. Both LAFCO and Special District Department staffs agree that the Park and Recreation function should be removed since it has never provided this service nor does it foresee providing it in the future. Staff is recommending that the Commission:

- Affirm the functions and related service descriptions for CSA 73 listed as follows:

<u>FUNCTIONS</u>	<u>SERVICES</u>
Streetlighting	Streetlighting
Park and Recreation	Park and Recreation

- Request the County to take the actions necessary to divest CSA 73 of its Park and Recreation function and file the appropriate resolution with the Commission; and,
- Direct staff to update the *Rules and Regulations of the Local Agency Formation Commission of San Bernardino County Affecting Functions and Services of Special Districts* upon receipt of the County resolution removing Park and Recreation as an authorized function for CSA 73.

FACTORS OF CONSIDERATION

Government Code Section 56425 requires the Commission to make four specific determinations related to a sphere of influence update. The staff's response to those factors are outlined as follows:

I. PRESENT AND PLANNED USES

Land Use

Maximum build-out potential is substantially constrained by the slope-density standards and fuel modification requirements of the County General Plan Fire Safety Overlay.

According to the *Hilltop Community Plan*, several issues set Hilltop apart from other mountain communities, suggesting that different strategies for future growth may be appropriate. Among these are the relationship to surrounding communities and community character and commerce. The Hilltop plan area, particularly Running Springs and Arrowbear Lake, is a highly trafficked area leading to Bear Valley. Hilltop does not have the same growth pressures facing other mountain communities due to the limited supply of private land available for development. However, residents are concerned with the impacts that future growth and development in surrounding areas will have on an infrastructure system they sense is already strained. As for community character and commerce, residents expressed a strong desire for a park or central gathering place to help promote a sense of community. It is also important that the pursuit for commercial vitality does not disregard the importance of maintaining the community's natural setting, small-town atmosphere, and mountain character.

The majority land use designation is Resource Conservation. The three major residential land uses include RS-10M (Single Residential, 10,000 sq. ft. minimum), SD-RES (Special Development – Residential), and RS (Single Residential, 7,500 sq. ft. minimum). Most of the commercial land use designations are primarily concentrated in the central portion of the community where State Highway 18 and 330 meet. This commercial area is known as downtown Running Springs.

The area being removed from Running Springs WD's existing sphere is all Resource Conservation. The remainder of the Hilltop community that is not within the spheres of influence assigned to Running Springs WD, Arrowbear Park CWD, and/or CSA 79, is primarily designated as Resource Conservation.

Population Projections

In general, the San Bernardino Mountains is one of the most densely populated mountain areas within the country, and is the most densely populated urban forest west of the Mississippi River. The population and household projections below encompass the developable territory within the community. By 2030, the permanent population is estimated to reach over 9,600, a 60% increase. Even with the increase in population, the area is not anticipated to reach its build-out population by the 2030 horizon of this report

II. PRESENT AND PROBABLE NEED FOR PUBLIC FACILITIES AND SERVICES

Water

In the Hilltop community, water is produced from local groundwater sources and imported State Water Project water. Depending on the size of the local water purveyor, wells can provide between 80 and 696 acre-feet of water per year. Water quality within the plan area is generally good.

The Arrowbear Park County Water District and the Running Springs Water District are the two public retail water providers in the community. The Green Valley Mutual Water Company provides retail domestic water within its respective area. There are other water sources in the plan area; however, these are only for private use. The two largest include Snow Valley Ski area and Smiley Park Country Club. Snow Valley Ski area has several wells on site used for domestic water sources and snowmaking. Smiley Park Country Club has a single water source that is used by its members. Not all areas in the community have direct access to a retail water provider; therefore, it is understood that water service to those developed properties is provided through on-site wells. The Crestline-Lake Arrowhead Water Agency provides wholesale water and its retail connections are not within the Hilltop community.

Running Springs Water District

The projected well water production includes a number of new wells that have been planned to be drilled within the next five years. The Running Springs WD has a program in place to reuse treated wastewater effluent. This effluent is used to provide water for landscape irrigation.

The Running Springs WD owns 13 water storage reservoirs which can hold up to 2.73 million gallons of water. It is sufficient to meet the health and safety requirements of 50 gallons per day per capita for 4,475 customers for 12 days (assuming there is no non-residential use). In the event water supplies decrease beyond predicted levels, the Running Springs WD may choose to purchase more water from their suppliers (CLAWA and Arrowbear Park CWD). There are 14 booster pumping stations that lift water to upper zones or to replenish storage and to supply demand. The district has approximately 43 miles of water mains ranging in size from 2 to 16 inches in diameter. The 2-inch lines are back-lot lines and are systematically being replaced as part of an on-going process.

Arrowbear Park Water District

The Arrowbear Park CWD has two sources for water production. The primary source is through four wells, drilled to depths ranging from 50 feet to 300 feet. The capacities are 91 gallons per minute (gpm), 84 gpm, 33 gpm, and 13 gpm. According the FY 2009-10 audit, in 2010 the Arrowbear Park CWD had 905 active water connections serving an estimated 582 permanent population. The excess water connections are due to inactive connections stemming from the seasonal and vacation activities in the mountain region. In addition, the Arrowbear Park CWD has the ability to obtain supplemental water supply from CLAWA. CLAWA is the State Water Project contractor, which acts as a water wholesaler to the San Bernardino Mountains area. Since the district provides 100% of its water needs for its customers, and sells its excess capacity to the Running Springs WD when available, it has not yet utilized supplemental water through CLAWA.

County Service Area 79

CSA 79 is authorized to provide water services within its boundary. However, it has never provided the service. CSA 79 is within the service area of the Green Valley Mutual Water Company.

Sewer

There are three agencies that provide sewer service to the Hilltop area: Running Springs Water District, Arrowbear Park County Water District, and County Service Area 79. For all three agencies, wastewater is collected in a network of sewer laterals, and then transported to sewer mains. The waste is then transported through force mains to the Running Springs Wastewater Treatment Plant. The capital investment and maintenance cost for the treatment plant located within the Running Springs WD

is shared by Arrowbear Park CWD, CSA 79, and Running Springs WD based on a proportionate share of costs.

Running Springs Water District

Running Springs WD has one wastewater treatment plant currently designed for a maximum treatment capacity of 1.1 million gallons per day (mgd) with the ability to increase to 1.6 mgd. The treatment plant was designated as a regional facility by the State Water Resources Control Board and provides wastewater treatment and disposal, under contract, for Running Springs WD, Arrowbear Park CWD, and CSA 79 which includes Green Valley Lake, US Forest Service Recreation areas-including camp grounds and ski areas within Green Valley Lake, private camps along Green Valley Lake Road, and the Snow Valley Ski area. The facility includes a solids handling system, effluent disposal site consisting of 13 original percolation and evaporation ponds, and spray irrigation covering seven acres. The collection system consists of 65 miles of pipe ranging in size from 6" to 15" and nine sewage lift stations.

Arrowbear Park Water District

The Arrowbear Park CWD operates and maintains an 11 mile sewer collection system. The Arrowbear Park CWD states that its wastewater mains were installed in 1977 and remain in excellent condition. Following collection of wastewater from its customers, the wastewater is transported to the sewer collection system of the Running Springs WD. From there the wastewater flows into the treatment plant maintained by Running Springs WD.

County Service Area 79

Since 1978 CSA 79 has provided service outside of its boundaries to the Snow Valley Ski area. The agreement expires in 2018. The collection system was originally constructed in the late 1970s. The facilities consist of 35 miles of gravity sewer mains, 481 manholes, and four pump stations. Wastewater treatment is contracted through Running Springs WD.

Fire Protection and Ambulance

The Running Springs WD, the Arrowbear Park CWD, and the San Bernardino County Fire Protection District (County Fire) and its Mountain Service Zone are the service providers for structural fires and emergency medical response calls. County Fire also provides other services such as hazardous materials regulation, dispatch communication, and disaster preparedness, weed abatement, inspection, and others. Prior to the County Fire Reorganization (LAFCO 3000), CSA 79 was the fire service provider for the community of Green Valley Lake. Through the reorganization, CSA 79's fire powers were removed and its fire revenues were transferred to the County Fire Mountain Service Zone.

Running Springs Water District

Running Springs WD provides fire protection and emergency medical response services. In the Hilltop community, ambulance and paramedic services are provided by Running Springs Water District within its EOA as defined by the memorandum of agreement with ICEMA. The District's EOA goes beyond its actual boundaries, which extends southerly along SR 330 towards the San Bernardino/Highland area, northerly towards Shay Mountain, and easterly towards the Snow Valley Ski area. This requires Running Springs WD to provide ambulance services (a non-enterprise service) to areas that do not contribute property tax revenues or fire suppression assessment to Running Springs WD.

Arrowbear Park County Water District

Arrowbear Park CWD provides fire protection and emergency medical response services with a volunteer Fire Department, budgeted annually from property tax revenues. The district Fire Station is centrally located on State Highway 18. Regular training and drills prepare the volunteers to meet EMT certified requirements. The Arrowbear Park CWD's fire protection service protects the local community and is often called upon to fight major wildfires. Currently, there is one fire chief and one assistant fire chief on payroll and seven volunteer fire fighters.

Streetlighting

CSA 73 currently provides streetlighting services within its boundaries and operates 18 streetlights. Staff has identified that one of the streetlights is outside the District's boundary and sphere of influence. Currently, CSA 73 meets the service needs of those within its boundaries. The future need for streetlights may increase with population growth; however, there is no need for additional streetlighting at this time. With regard to the one light outside the boundaries of CSA 73, the option would be to cease operation of the light unless it can be transferred to another entity such as Caltrans (or County Public Works – Transportation Division) since the light is located along State Highway 18.

Park and Recreation

While not providing direct park and recreation services, the Arrowbear Park CWD and Running Springs WD have cooperated with the Rim of the World Recreation and Park District for facility use. The Arrowbear Park CWD has transferred land to the Park District for \$1 for the Park District to operate and maintain. The Running Springs WD is leasing property to the Park District, who will also be maintaining a basketball court.

Sanitation

Running Springs WD and Arrowbear Park CWD are authorized the Sanitation function, although neither has never actively provided sanitation services nor have they formally

expressed an interest in the assumption of the service at this time. These services are currently provided through the Solid Waste Franchise to Mountain Disposal Services and through the Clean Mountain Disposal site managed by Burrtec operated at the Charles Hoffman Elementary School in Running Springs.

Roads

Road service other than through Caltrans or County Transportation is provided to limited areas by zones to county service areas. County Service Area 70 Zone R-16 and CSA 79 Zone R-1 currently exist as mechanisms to provide augmented road and snow removal within a portion of Running Springs and the "Meadow" portion of Green Valley Lake, respectively. CSA 70 Zone R-11, also within a portion of Running Springs, was dissolved November 2, 2010.

III. PRESENT CAPACITY OF PUBLIC FACILITIES AND ADEQUACY OF PUBLIC SERVICES

Water

The Arrowbear Park County Water District and the Running Springs Water District are the two public retail water providers in the community. The Green Valley Mutual Water Company provides water within its respective area. There are other water sources in the plan area; however, these are only for private use.

Running Springs Water District

All of the Running Springs WD's wells are located within fractured rocks and the water level for each well depends on rainfall and snow melt. The wells can provide up to 53 percent of total annual water demand. The remaining 47 percent of the total annual water demand is supplied by CLAWA and Arrowbear Park CWD. The water purchase agreement between the Running Springs WD and CLAWA was signed in 1972. The Running Springs WD can purchase water from CLAWA at a minimum of 161 acre-feet per year (AF/Year) to a maximum of 1,137 AF/Year. The agreement between the Running Springs WD and Arrowbear Park WD is for a maximum purchase of 129 AF/year.

Since CLAWA can provide the Running Springs WD with up to 1,137 AF/Year, and since there is no maximum limit on the supply from the Arrowbear Park CWD if available, the Running Springs WD will be able to meet the customer's demands for any multiple dry year condition.

Arrowbear Park Water District

In 2008, the Arrowbear Park CWD used 47% of its available production capacity. This available production capacity exceeds projected growth needs in the Arrowbear Park CWD within the 2030 horizon.

The Arrowbear Park CWD states that its capital replacement plans include replacing the small and older lines (25% of the system), with new, larger capacity pipelines. The Arrowbear Park CWD is working towards building reserves to meet this goal. In case of emergency, the Arrowbear Park CWD could utilize its connection with CLAWA for access to water.

Sewer

There are three agencies that provide sewer service to the Hilltop area: Running Springs Water District, Arrowbear Park County Water District, and County Service Area 79. For all three agencies, wastewater is collected in a network of sewer laterals, and then transported to sewer mains.

Based on information from Running Springs Water District, the plant has a total capacity of 1.1 million gallons per day and is currently at 45.5 percent of this design capacity. Based on rough information concerning the number of available connections, approximately 71 percent of the available sewer connections have been used, with 29 percent remaining.

Running Springs Water District

According to the 2010 Water and Wastewater Master Plan, problems in the sewer system include an undersized collection system, failures from age or corrosion, WWTP capacity and equipment needs, inflow and influent flow metering, effluent flow metering, US Forest Service requirements for maintaining the ponds, and spray irrigation for effluent disposal and fire suppression. The overall cost for the proposed sewer system improvements presented in this Master Plan through the next 20 years is approximately \$1,999,913.

Arrowbear Park Water District

The Sewer Master Plan, adopted in November 1999, outlines the status of the wastewater collection system, its capacities and projected capacities based on assumed growth projections. The low growth rate of the Arrowbear Park CWD since the early 1990s has resulted in a stable 30% of capacity flows. Routine maintenance and equipment replacement plans are on schedule, according to the Arrowbear Park CWD. Capital improvement plans consist of replacing the remaining 25% of the older pipelines. No new wastewater additions are anticipated.

CSA 79

The collection system was originally constructed in the late 1970s. Wastewater treatment is contracted through Running Springs WD. Facilities located outside of the CSA 79 boundaries include approximately four miles of sewer trunk line and two lift stations. Historically, the collection system has experienced significant infiltration and inflow into the manholes and sewer mains, contributing to increased wastewater flows to the Running Springs treatment plant. This has increased lift stations pump running

times and increased operating and maintenance costs. The overall system capacity is about 75% to 80% of the maximum capacity based on lift station pumping data and estimated peak flows from existing connections.

Fire Protection and Ambulance

The Running Springs WD, the Arrowbear Park County WD, and the San Bernardino County Fire Protection District (County Fire) and its Mountain Service Zone are the service providers for structural fires and emergency medical response calls.

Running Springs Water District

In the Hilltop community, ambulance and paramedic services are provided by Running Springs Water District. This requires Running Springs WD to provide ambulance services (a non-enterprise service) to areas that do not contribute property tax revenues to Running Springs WD. In order to recover these costs, the district charges for its services in these areas directly to the recipient. The ambulance transport and emergency management services fees are established annually by the County Board of Supervisors. In the aggregate, this circumstance results in an annual operating loss for the ambulance services.

Arrowbear Park County Water District

Arrowbear Park CWD provides fire protection and emergency medical response services with a volunteer Fire Department, budgeted annually from property tax revenues. The district's Fire Master Plan, makes an analysis of the fire service needs for the community of Arrowbear Lake and specifies recommendations for equipment and staffing needs for the volunteer fire department. Included in the plan are projections for replacement of fire engines and other essential equipment based on availability of funds and/or grant monies. Additionally, the plan calls for close coordination with the Water Master Plan to assist in the prioritizing of water pipeline replacement projects based on fire flow needs and safety/fire risk areas in the district.

Streetlighting

CSA 73 provides streetlighting within its boundaries and adequately serves the area. Revenues are generally adequate to support the current streetlighting activities. For the light that is outside CSA 73's boundaries/sphere, the options are: 1) turn it off; or 2) transfer the light to another entity such as Caltrans (or County Public Works – Transportation Division) since the light is located along State Highway 18.

IV. SOCIAL AND ECONOMIC COMMUNITIES OF INTEREST

The community discussion at the outset of this review identified the inter-relationship between the three communities – Running Springs, Arrowbear Lake, and Green Valley

Lake. The social and economic communities of interest are represented by the commercial center of the community located at the intersection of Highway 18 and 330. In addition, the Rim of the World Unified School District (which is a regional entity servicing the majority of the mountain region) provides for a larger social unit for the western Mountain region.

LAFCO's practices in the past have been to establish community services districts to nurture a local electorate to provide the management and guidance for service provision as desired by the electorate. The definition of the Hilltop community is the first step in recognizing the social and economic communities for the future in this manner.

CONCLUSIONS:

In order to address the determination of the Commission that the Hilltop Community includes all three of the areas known as Running Springs, Arrowbear Lake and Green Valley Lake, staff is recommending that the Commission make the following sphere determinations:

Running Springs Water District

1. Expand the sphere of influence for Running Springs WD by approximately 9,795 acres and reduce its existing sphere by approximately 2,280 acres to include the entirety of the Hilltop community, as defined by the Commission, and affirm the remainder of its sphere of influence.
2. Modify the service description to the Fire Protection function by adding "first aid", "advanced life support", and "ambulance" and affirm the remainder of the functions and service descriptions.

Arrowbear Park County Water District

1. Expand the sphere of influence for Arrowbear Park CWD by approximately 12,310 acres to include the entirety of the Hilltop community, as defined by the Commission, and affirm the balance of its sphere of influence.
2. Modify the service description to the Water function by adding "wholesale" and "conservation" and affirm the remainder of the functions and service descriptions.

County Service Area 79

1. Expand the sphere of influence for CSA 79 by approximately 13,230 acres to include the entirety of the Hilltop community, as defined by the Commission, and affirm the balance of its sphere of influence.

2. Modify the service description to the Sewer function by adding “transportation” and removing “disposal” and the Roads function to clarify services provided to include “snow removal”, and affirm the remainder of the functions and service descriptions.
3. Request the County to take the actions necessary to divest CSA 79 of its Water function and file the appropriate resolution with the Commission.
4. Direct staff to update the *Rules and Regulations of the Local Agency Formation Commission of San Bernardino County Affecting Functions and Services of Special Districts* upon receipt of the County resolution removing Water as an authorized function for CSA 79.

County Service Area 73

1. Expand the sphere of influence for CSA 73 by approximately 15,630 acres to include the entirety of the Hilltop community, as defined by the Commission, and affirm the balance of its sphere of influence.
2. Affirm the functions and related service descriptions for CSA 73.
3. Request the County to take the actions necessary to divest CSA 73 of its Park and Recreation function and file the appropriate resolution with the Commission.
4. Direct staff to update the *Rules and Regulations of the Local Agency Formation Commission of San Bernardino County Affecting Functions and Services of Special Districts* upon receipt of the County resolution removing Park and Recreation as an authorized function for CSA 73.

PRIVATE RETAIL WATER PURVEYORS Service Reviews

INTRODUCTION:

In addition to the two public water retail districts, the Hilltop community has numerous water camps, the Green Valley Mutual Water Company, and the Smiley Park County Club.

Information regarding these companies was obtained from the Crestline-Lake Arrowhead Water Agency (the State Water Project contractor for the area) and the Green Valley MWC website to allow staff to better process the service reviews for the communities which LAFCO reviews as a part of its Service Review responsibilities. These companies are regulated by the California Department of Public Health and primarily serve residential customers and can be classified as community water systems. As a mutual water company, Green Valley MWC provides water to shareholders and is required to file with the California Department of Corporations. These agencies are not under LAFCO purview, therefore only information related to a service review is provided for this report.

Green Valley Mutual Water Company

The Green Valley Mutual Water Company (Mutual WC) is a private retail water provider that serves the Green Valley Lake community and is classified as a community water system that provides water to its shareholders. The water system is regulated by the State Department of Public Health – Division of Drinking Water and Environmental Management and is required to file with the California Department of Corporations.

Records obtained from the State Department of Public Health identifies that the last inspection performed by the State Department of Public Health on the system was in 2001. The last annual report submitted by the Mutual WC to the State was in 2008 (with information derived from 2007 data). The system was originally permitted by the State (CDPH- Bureau of Sanitary Engineering) in 1958. At the time of permitting in 1958 the system consisted of seven springs and several lateral wells and ten storage tanks. There was also a rapid sand filtration plant treating Green Valley Lake water. The Mutual WC was issued an updated master permit by the State in 1993.

Water Supply and Storage

Based on 2007 data, the water system has approximately 1,161 connections with an additional 127 inactive connections. All of the Mutual WC's water supply comes from wells. The table below provides a summary of its overall source of water (wells and others):

Source	Status	Capacity (GPM)
Wells:		
<i>Vertical Wells</i>		
• Meadow Well No. 1	Active	40
• Meadow Well No. 2	Active	12
• Stable Well No. 2	Active	60

• Dam Well	In-active	
<i>Horizontal Wells</i>		
• Angeles High Springs (5 wells)	Active	15
• Park Well No. 1	Active	5
• Snow Canyon (4 wells)	Active	13
• Ski Hill (3 wells)	Active	5
• Stable Well No. 1	Active	5
• Tank Farm (8 wells)	Active	8
• Ski Hill (2 wells)	In-active	
• Tank Farm Well (2 wells)	In-active	
Total Production		163
Surface Water: <i>(None Used)</i>		
Connections with other systems:		
CLAWA	Active	(30-200)

In addition to its total well production, the Mutual WC has an agreement with Crestline-Lake Arrowhead Water Agency (CLAWA) to receive a minimum of 30 gallons per minute (GPM) and a maximum of 200 GPM of treated surface water for emergencies. The 2007 data provided by the State indicates that the Mutual WC produced an annual total of approximately 29.1 million gallons (MG) of water, including approximately 3.5 MG that was purchased from CLAWA. According to the Mutual WC's website, water production for 2010 was 22 MG, (25% reduction compared to 2007 data).

The Mutual WC has a total of 1.14 MG of storage capacity, which according to the State, is adequate to meet current demand for the system. The table below provides a summary of its water storage facilities:

Reservoir Name	Type	Capacity (gal)	Zone	Comments
Tank Farm No. 1	Welded Steel	60,000	Main	
Tank Farm No. 2	Welded Steel	60,000	Main	
Tank Farm No. 3	Welded Steel	60,000	Main	
Tank Farm No. 4	Rock/Mortar	30,000	Main	
Tank Farm No. 5	Rock/Mortar	4,000	Main	
Tank Farm No. 6	Welded Steel	100,000	Main	
Phillips Mull Tank	Welded Steel	500,000	Main	
Holcomb Tank	Welded Steel	30,000	Main	
GV Park Tank	Welded Steel	175,000	Park	
San Antonio Tank	Welded Steel	120,000	Angeles	
Ski Hill No. 3 Tank	Welded Steel		Main	Out of service due to inactive Ski Hill #3 wells
Total Storage		1,139,000		

The Mutual WC's website, www.gylwater.org, indicates that the Board of Directors passed its 2011 budget with no increase in water rates. An assessment is levied on the shares of

the corporation each year. The assessment is billed to all shareholders and not just to those who receive water service. The purpose of the assessment is to generate revenues to fund its Capital Improvement.

The following is copied from the Green Valley MWC website:

A multi year improvement project was completed in 2009. Replacement of the 4,500 feet of water distribution main on Angeles Drive, including replacing all service connections and installing eight hydrants, began in 2008. This project upgraded the pipeline size for increased fire flow and replaced a failing system installed over fifty years ago. In 2006, a new water storage tank was built adjacent to the existing San Antonio Tank. The old tank was completely refurbished with new protective coatings inside and out. The new Angeles pipeline was connected to these tanks, to extend increased fire flow and system life expectancy at least fifty years into the future. A new horizontal well was drilled in 2009, to replace an old failing well. This new well is expected to increase water production.

The total budgeted expense for the 2010 Capital Plan was \$275,000. The Board of Directors levied an assessment of \$200.00 per share of stock to fund its Capital Plan. Any excess funds were to be transferred into its contingency reserves to offset future high expense items of the company.

The 2010 Capital Plan includes replacement of aging water distribution pipelines, tank maintenance, upgrades to existing wells, and an overall upgrade of the water distribution infrastructure to meet current fire flow standards. This includes the following expenditures:

- Pipeline replacement - Dahlia Drive - 2000 ft. 8" PVC
- Park storage tank re-coating
- Lake dredging project
- Re-drill 2 horizontal wells
- Park #1 well structure and assemblies
- Water meter replacements

Revenue generated from water use billing and connection fee is used to fund its operations. The Mutual WC bills all water customers on a quarterly basis. The water bill for the second and third quarters includes the water consumption for the period between meter readings. The water bill for the first and fourth quarters are for the service connection fees only and do not include water consumption. The billing rates for 2010 are as follows:

Service Connection Fee = \$30.50 per month (billed quarterly at \$91.50 per quarter)
Tier ONE Water Usage = \$2.40 per 1,000 gallons (0-6,500 gallons per month)
Tier TWO Water Usage = \$7.75 per 1,000 gallons (over 6,500 gallons per month)

According to the Mutual WC newsletter, the Mutual WC Board consists of 5 members, each serving a 2 year term. However, the newsletter identifies nine members as its current Board composition (see list shown below). Regular Board meetings are held every third Wednesday of each month at the Cask 'N Cleaver Steakhouse in San Dimas, California.

The Mutual WC maintains a website, www.gvlwater.org. The current board and positions are shown below:

Board Member	Title
Ken Martin	President
Ken Burrows	Vice President
Sterling Stalford	2 nd Vice President
Scott Burger	Secretary/Treasurer
Anna Barker	
Steve Brant	
Kit Kjelstrom	
Larry Schember	
Dick Vouga	

Smiley Park Country Club

The Smiley Park Country Club (Smiley Park CC) is a non-profit corporation that serves the Smiley Park area in Running Springs and is classified as a privately-owned community water system that was developed and built to provide water for members of Smiley Park CC. Smiley Park CC was established in 1923 and currently consists of 165 memberships within a 265-acre area. Currently, there are 125 homes and five unimproved lots being served with water. The water system is composed of a single ground water well, water mains (for domestic and fire-flow water), fire hydrants, and a 100,000 gallon storage tank. The water system is regulated by the County of San Bernardino – Division of Environmental Health Services, which issued its water supply permit in February 2005. According to the County’s records, the last inspection completed by County EHS on the system was in May 2010.

Water Supply and Storage

Based on 2010 data, the water system has approximately 125 connections and an additional 5 unimproved parcels. The table below provides a summary of its overall source of water (wells and others):

Source	Status	Capacity (GPM)
Wells:		
• Panorama Well (Vertical Well)	Active	20
• Park Well (Horizontal Well)	In-active	
• Manzanita Well (Horizontal Well)	In-active	
Total Production		20
Inter-tie connection with other systems:		
CLAWA (through RSWD)	Active	(300)

The Park well is inactive due to low production. The Manzanita well is also inactive due to falling water levels and damages from a fire that happened years ago. In addition to its total well production, the Smiley Park CC also purchases additional water from CLAWA that is transported through the Running Spring WD.

The Smiley Park CC has 3 water storage facilities with a total capacity of 110,000 gallons. The table below provides a summary of its water storage facilities:

Reservoir Name	Type	Capacity (gal)	Comments
Storage Tank	Welded Steel	100,000	
Panorama Tank 1	Polyethylene	5,000	With Booster pump
Panorama Tank 2	Polyethylene	5,000	
Total Storage		110,000	

Water from the Panorama well is stored in the two Panorama tanks, which is then pumped to the gravity storage tank that feeds the distribution system.

According to County EHS, the Smiley Park CC water system is able to meet its water demand (peak maximum at approximately 50,000 gallons/day) with the Running Springs WD inter-tie connection for the provision of CLAWA water.

The Smiley Park CC Board consists of 5 members, each serving a 2 year term, and each member is limited to 2 consecutive terms. Its regular Board meetings are generally held every fourth Saturday of each month at 67½ Park Drive, Running Springs, California. It also maintains a website: smileypark.org. The current board, their positions, and terms of office are shown below:

Board Member	Title	Term
Beverly Schauwecker	President	2011
Bill Derrenbacher	Vice President	2011
Marlene Kiemel	Secretary	2011
Nancy Schatz	Treasurer	2012
Kathy Stiles	Member-at-Large	2012

ADDITIONAL DETERMINATIONS

1. The Commission's Environmental Consultant, Tom Dodson and Associates, has recommended that the options outlined in this report for the various agencies are statutorily exempt from environmental review. Mr. Dodson's response for each of the reviews is included in their respective attachments to this report.
2. As required by State Law notice of the hearing was provided through publication in a newspaper of general circulation, the *San Bernardino Sun*. Individual notice was not provided as allowed under Government Code Section 56157 as such mailing would include more than 1,000 individual notices. As outlined in Commission Policy #27, in-lieu of individual notice the notice of hearing publication was provided through an eighth page legal ad.
3. As required by State law, individual notification was provided to affected and interested agencies, County departments, and those agencies and individuals requesting mailed notice. In addition, on March 7, 2011 LAFCO staff met with the community agencies and representatives to review the determinations and recommendations made within this report.
4. Comments from landowners/registered voters and any affected agency will need to be reviewed and considered by the Commission in making its determinations.

RECOMMENDATIONS

To complete the considerations for the Hilltop Community, staff recommends that the Commission take the following actions:

1. Determine the community definition for the Hilltop Community to be a combination of the existing boundaries and spheres for the water and sewer service providers for the community (Running Springs Water District, Arrowbear Park Water District and CSA 79), defined by topographic constraints, with the inclusion of surrounding private lands and the sphere boundaries adjusted to run along existing parcel lines.
2. Receive and file the service reviews for the Hilltop Community agencies; make the findings related to the service reviews for Arrowbear Park County Water District, County Service Area 73, County Service Area 79, and Running Springs Water District required by Government Code 56430 as outlined in the staff report.
3. For environmental review certify that the sphere of influence expansions and the service description modifications for Arrowbear Park County Water District (LAFCO 3137) and County Service Area 79 (LAFCO 3131), sphere of influence expansion for County Service Area 73 (LAFCO 3123), and the sphere of influence expansions and reduction and the service description modification for Running Springs Water District (LAFCO 3108) are statutorily exempt from environmental review and direct the Executive Officer to file the Notices of Exemption within five (5) days.
4. For LAFCO 3108, approve the sphere of influence expansions and reduction for Running Springs Water District and service description modifications to its authorized Fire Protection function, as identified in this report.

5. For LAFCO 3137, approve the sphere of influence expansions for Arrowbear Park County Water District and service description modifications to its authorized Water function, as identified in this report.
6. For LAFCO 3131, approve the sphere of influence expansions for County Service Area 79 and service description modifications to its authorized Sewer function, as identified in this report.
7. For LAFCO 3123, approve the sphere of influence expansions for County Service Area 73, as identified in this report.
8. Direct the staff to prepare the resolutions reflecting the Commission's findings and determinations regarding the service review and sphere of influence updates for the Hilltop community agencies and place their adoption as a consent item on the Commission's April 21, 2011 Agenda for adoption.

KRM/SM/MT

ATTACHMENTS

1. Maps
 - a. [LAFCO Defined Mountain Communities](#)
 - b. [Existing Boundaries and Spheres of Influence for the Hilltop Community Agencies](#)
 - c. [County Mountain Region Community Plan Areas](#)
2. Maps
 - a. [LAFCO Staff Recommended Hilltop Community](#)
 - b. [LAFCO Staff Recommended Sphere of Influence Designations](#)
3. Running Springs Water District
 - a. [Map – Current Boundary and Sphere](#)
 - b. [Map – LAFCO Staff Proposed Sphere Expansion](#)
 - c. [Service Review and Sphere Update Response](#)
 - d. [2010 Water and Sewer Master Plan](#)
 - e. [Financial Information: Budget and Audit](#)
 - f. [Response from Commission's Environmental Consultant](#)
4. Arrowbear Park County Water District
 - a. [Map – Current Boundary and Sphere](#)
 - b. [Map – LAFCO Staff Proposed Sphere Expansion](#)
 - c. [Service Review and Sphere Update Response](#)
 - d. [Financial Information: Budget and Audit](#)

- e. [Response from Commission's Environmental Consultant](#)
5. County Service Area 79
- a. [Map – Current Boundary and Sphere](#)
 - b. [Map – LAFCO Staff Proposed Sphere Expansion](#)
 - c. [Service Review and Sphere Update Response](#)
 - d. [Financial Information: Budget and Audit](#)
 - e. [Response from Commission's Environmental Consultant](#)
6. County Service Area 73
- a. [Map – Current Boundary and Sphere](#)
 - b. [Map – LAFCO Staff Proposed Sphere Affirmation](#)
 - c. [Service Review and Sphere Update Response](#)
 - d. [Financial Information: Budget and Audit](#)
 - e. [Response from Commission's Environmental Consultant](#)
7. [Staff Report Dated September 10, 2007](#) for LAFCO 3001 Municipal Service Review for Board Governed Fire Districts and Excerpts from the Staff Reports Related to [LAFCO 3000 Regarding Transfer of CSA 70 Revenues](#) from within Independent Unincorporated Fire Providers