

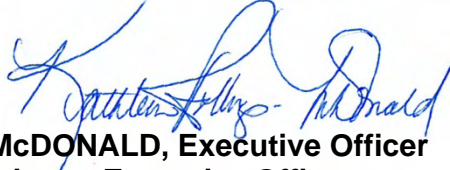
# LOCAL AGENCY FORMATION COMMISSION COUNTY OF SAN BERNARDINO

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**DATE:** AUGUST 9, 2011

**FROM:** KATHLEEN ROLLINGS-McDONALD, Executive Officer  
SAMUEL MARTINEZ, Assistant Executive Officer  
MICHAEL TUERPE, Project Manager



**TO:** LOCAL AGENCY FORMATION COMMISSION

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**SUBJECT:** Agenda Item #5: Service Reviews for the Bear Valley Community

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**INITIATED BY:**

Local Agency Formation Commission for San Bernardino County

## **INTRODUCTION**

San Bernardino LAFCO has chosen to undertake its Service Reviews on a regional basis. The Commission has 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 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. Since the early 1970s, the Commission has defined the Bear Valley community as that of the spheres of the Bear Valley-wide districts. While each primary service provider strives to serve its residents and provide a voice for their respective communities, they are intertwined by those same services.

This report is unique in two regards. First, this is the first time that LAFCO is reviewing a mountain community without access to supplemental water from the State Water Project. Second, it is the only mountain community that contains a city. The city's jurisdiction comprises less than ten percent of the territory of the Commission's definition of the Bear Valley community and the exterior boundaries of the County's 2007 *Bear Valley Community Plan*. In 2007, the County adopted a community plan for this area (excluding the City of Big Bear Lake) which included participation of the residents and landowners. The culmination of that effort was the *Bear Valley Community Plan* addressing the historic areas known as

Baldwin Lake, Big Bear City (not to be confused with the City of Big Bear Lake), Erwin Lake, Fawnskin, Lake Williams, and portions of Moonridge and Sugarloaf.

This report revisits the Commission's definition of the community using the descriptive name "Bear Valley" chosen through the County's process, to include the City of Big Bear Lake, 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 – revisits the Commission's community definition with options and staff recommendations
- Review of Regional and Community Services – a summary review of the services provided within the community and the region to include water, sewer, fire and emergency response, ambulance, park and recreation, streetlighting, solid waste, airport, electricity, roads, and detention basins.
- Service Reviews and Sphere of Influence Updates
  - South Shore
    - City of Big Bear Lake to include the Department of Water and Power
    - Big Bear Lake Fire Protection District (subsidiary district of the City)
  - East Valley
    - Big Bear City Community Services District
  - North Shore
    - County Service Area 53 and its zones
  - Valley-wide
    - Big Bear Municipal Water District
    - Big Bear Valley Recreation and Park District (board governed)
    - Big Bear Airport District
    - Big Bear Area Regional Wastewater Agency (service review only)
- Additional Determinations and Recommendations for Commission Action
- Attachment Listing

Three services particular to the Bear Valley community are not provided a service review in this report:

- Healthcare Districts - The Bear Valley Community Healthcare District overlays the Big Bear community. However, a service review of both healthcare districts in the mountain region will be included in a separate report, tentatively scheduled for the November 16, 2011 agenda.

- Road Service Provided by County Special Districts Department - 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. At the March 16, 2011 hearing further information was provided regarding this regional review and questions that remained. The mountains roads reports are intended to be read in conjunction with this Bear Valley community report. The final report from LAFCO staff related to the regional road and snow removal services (including the Bear Valley community and the remainder of the Mountain region) is scheduled for consideration at the September 28 hearing.
- Detention Basin Management by County Special Districts Department - County Service Area 70 Zone DB-2 ("Zone DB-2") was formed by the County Board of Supervisors on April 27, 2010 for the purpose of maintaining a detention basin, open space and storm drain conveyances to the basin of a newly developed tract on Maple Drive. Zone DB-2 began its services in FY 2010-11 and is funded by an annual \$285 service charge levied on real property owners within Zone DB-2. Due to Zone DB-2's limited operational period, a service review is not provided.

### **Request from City to Continue Sphere Amendment and Service Review**

Staff provided all community agencies with a copy of the draft staff report on June 6 and on June 15 met with the community agencies and representatives to review the determinations and recommendations made within the report, to respond to questions and to solicit comments and/or concerns on the presentation. The City (which was unable to attend the meeting) and its Department of Water and Power have responded separately to the draft staff report. In its letter dated July 25, 2011, the City states its position that it should have been allowed more time to coordinate its response with the other Valley agencies, especially its Department of Water and Power and its subsidiary district, Big Bear Lake Fire Protection District. In keeping with that position the City has requested a continuance of the consideration until such time that the City can coordinate its response with the other affected Bear Valley agencies. A copy of the City's letter is included as a part of Attachment #3.

At the time of publication of this report, staff has received comments from or has received a response of "no comment" from all agencies but the City's subsidiary district, Big Bear Lake Fire Protection District. Furthermore, the City has commented on the draft report in its letter dated July 25 to include clarifications and its position on staff's proposed sphere amendments. Staff has included the City's clarifications and comments in this final report. In addition, on several occasions during the 2.5 years that this service review has been in the works, LAFCO staff has communicated with representatives of the City, its Department of Water and Power, as well as its subsidiary fire protection district. Therefore, staff feels that the City has been given enough time to respond and participate in this process.

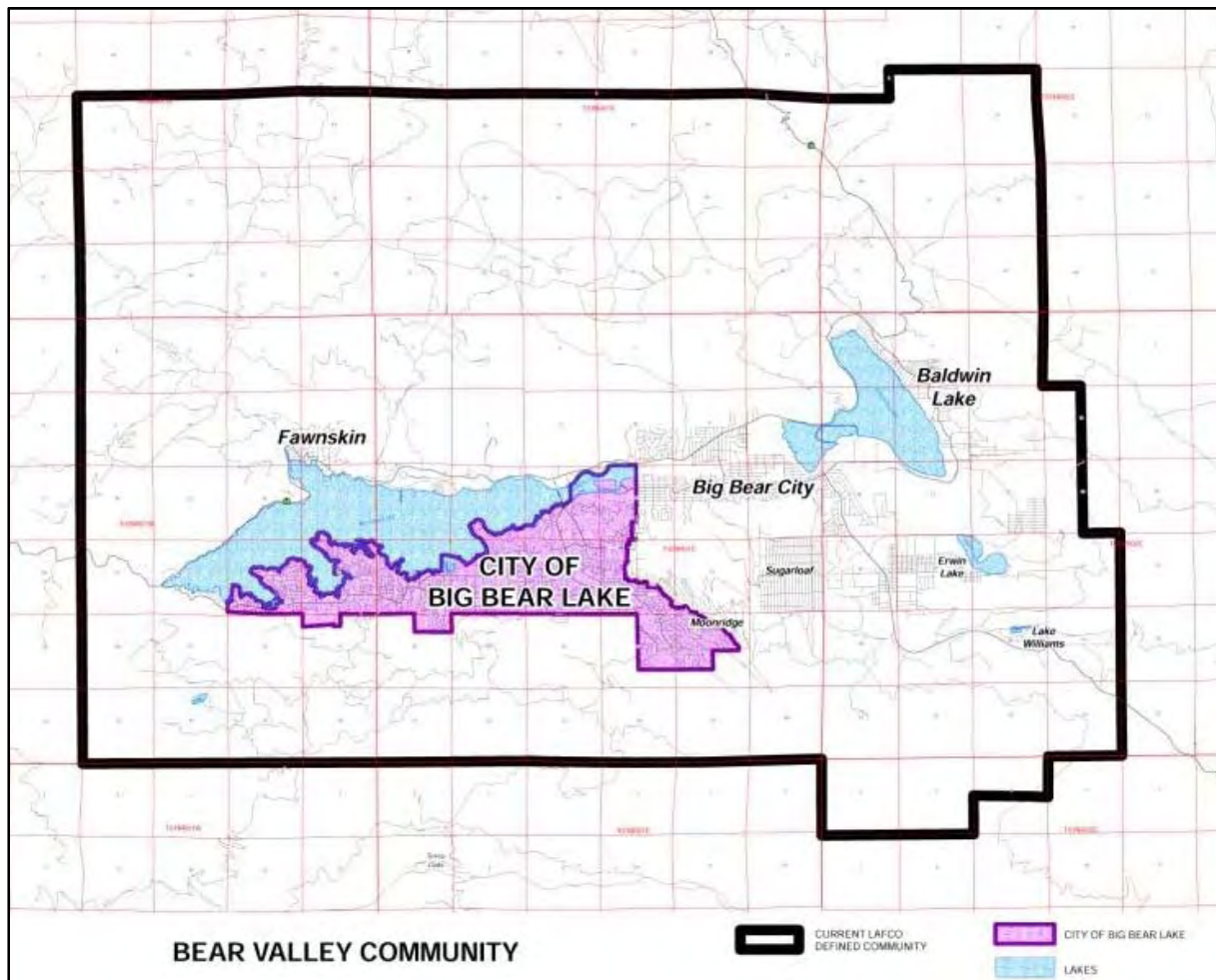
Moreover, the City and all of the affected agencies will have two additional opportunities to provide comments – following publication of this staff report dated August 10 and at the public hearing on August 17. Should the City still desire a continuance, it can request that the Commission either continue the entire Bear Valley report or continue only the City and Big Bear Lake Fire Protection District's portion of the report to a future hearing.



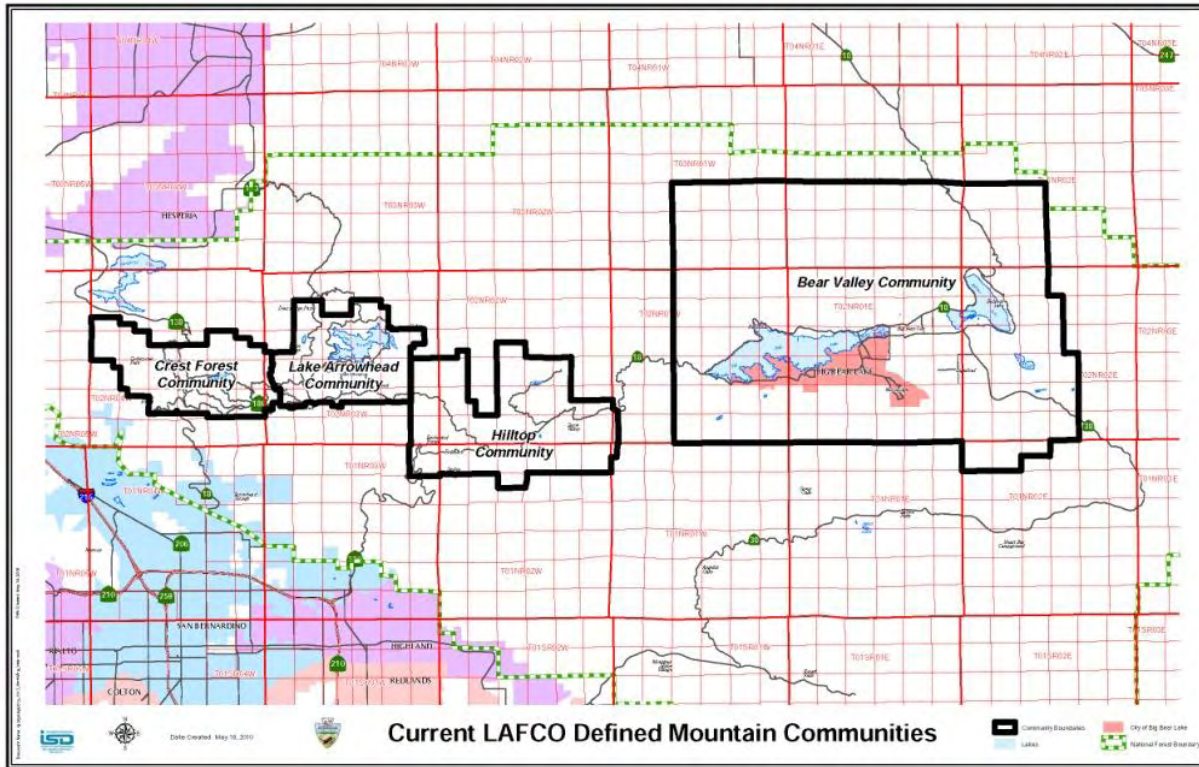
## LOCATION AND DESCRIPTION

### Location

The overall service review and sphere study area is generally situated at the east end of the Commission's defined Mountain region, approximately 45 miles northeast of San Bernardino and 48 miles southeast of Hesperia. The community is accessed by Highway 18 from the west and north and Highway 38 from the east. The study area includes the City of Big Bear Lake and the unincorporated communities commonly known as Big Bear City, Baldwin Lake, Erwin Lake, Lake Williams, Fawnskin, Sugarloaf and Moonridge (map below identifies City and the unincorporated communities). There are a number of lakes within the community including Baldwin Lake, Big Bear Lake, Erwin Lake, Lake Williams (formerly known as Deadman's Lake), Bluff Lake and Cedar Lake.



Below is a map illustrating the LAFCO defined communities in the Mountain region including the current Bear Valley community, a copy of which is included in Attachment #1.



## Description

The community is located entirely within the San Bernardino National Forest. The mountain environment and climate of the Bear Valley community, its recreation opportunities, and its close proximity make it a popular destination place for people from all over Southern California. The Bear Valley community is located in an approximate 12-mile long valley with an average elevation of 7,200 feet above sea level, surrounded by mountain ridges and rugged slopes. Surrounding land features and landmarks include Delmar Mountain (8,398 feet), Bertha Peak (8,201 feet), Snow Summit (8,182 feet), Castle Rock, Hanna Rocks, Sugarloaf Mountain, Nelson Ridge and others. The natural land features of the valley present constraints to development due to geologic and soils conditions such as sloping mountainsides, liquefaction, landslide hazards, and erodible soils.

Located within the community, Big Bear Lake is the largest high elevation lake in southern California with a surface area of approximately 4.5 square miles and 23 miles of shoreline. The lake is home to the largest population of wintering bald eagles in southern California, provides year round habitat for waterfowl and is a popular destination for wildlife viewing. Pinyon-Juniper woodland, conifer forest, subalpine forest, willow riparian forest and one of the two quaking aspen groves in southern California also support a variety of wildlife species including California spotted owl, southern western willow flycatcher and southern rubber boa. Three locations within the community on National Forest system lands are designated as Critical Biological zones due to the unique plant and wildlife species present. The natural resources of the plan area are not only ecological assets but also are an essential element of the local recreation-based economy.

Particular to the unincorporated area, according to the *Bear Valley Community Plan*, several issues set Bear Valley apart from other mountain communities. Among these are the preservation of community character and infrastructure. The preservation of the community's natural setting, small-town atmosphere and rural mountain character becomes important not only from an environmental perspective but from a cultural and economic point of view. As for infrastructure, unincorporated residents are concerned with the impacts that future growth and development will have on infrastructure systems, which they sense are already strained. The unincorporated residents' primary concerns center on water supply and traffic.

As a part of the City of Big Bear Lake General Plan, it was identified that the preservation of the community's natural setting, small town atmosphere and rural mountain character are all aspects that are to be considered by the City in the development process. In addition the City imposes a development impact fee that addresses the need to construct infrastructure as development takes place.

The Bear Valley community will continue to experience growth as a variety of factors continue to drive people to migrate from more urban areas to areas attractive for their rural nature. Additionally the area will continue to attract attention as a recreation destination. As the valley develops, it will be imperative that adequate services and infrastructure are provided, that all improvements reflect the needs of locals as well as visitors, that all development maintains a sense of connection to the natural environment and that the small town, rural-mountain character of the community is preserved.

## **Public Service Providers**

The Bear Valley 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
- Inland Empire Resource Conservation District
- San Bernardino County Fire Protection District and its Mountain Service Zone
- San Bernardino Flood Control District

The community-based agencies providing services to the residents and landowners are listed below and shown on the map which follows, organized by area:

### Big Bear Lake

- City of Big Bear Lake
- Big Bear Lake Fire Protection District (subsidiary district of the City)

### Big Bear City

- Big Bear City Community Services District

### Fawnskin

- County Service Area 53 Zones\_A (streetlights), B (sewer), and C (water – not currently active)



Community-wide

Bear Valley Community Healthcare District

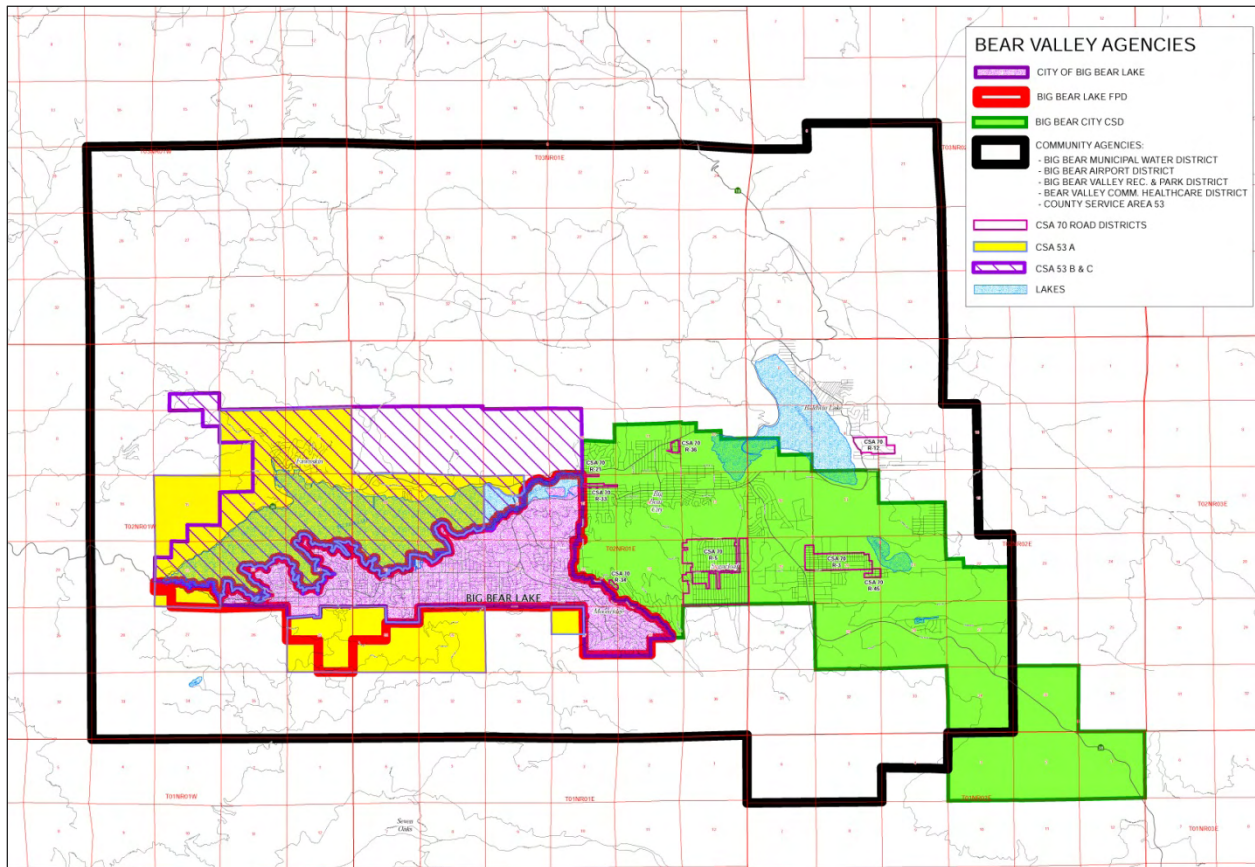
Big Bear Airport District

Big Bear Area Regional Wastewater Agency (a joint powers authority)

Big Bear Municipal Water District

Big Bear Valley Recreation and Park District

County Service Area 53 (does not include the area of the City of Big Bear Lake)



## **COMMUNITY HISTORY**

The following provides a historical perspective of the community. The first section is a narrative history and includes information from the *Bear Valley Community Plan*.

Big Bear Lake was inhabited by the indigenous Serrano Indians for over 2,000 years before it was explored by European settlers led by Benjamin Wilson. Once populated by only the natives and the grizzly bears, from which the received its name, Bear Valley grew rapidly during the Southern California Gold Rush from 1860 to 1912. In 1860, the discovery of gold in the area generated a flurry of mining activity; which in turn generated a need for timber. As a result, logging and sawmills also became a major activity in the area during this period. As the mines were being exhausted, livestock and cattle grazing activities began to flourish. Peak mountain cattle ranching lasted from about 1880 until the 1940s, concentrated primarily in the Bear Valley area. The Southern Pacific Railroad arrived in southern California in 1876 and the area began to grow rapidly. People looked to the mountains for additional water resources for their new agricultural communities. In 1883, Frank E. Brown organized the Bear Valley Land and Water Company, purchased land and in 1884, built the first dam in the area. The new mountain lake created by the 1884 dam began to attract recreational interests. In 1911, the present day multiple-arch dam, which tripled the capacity of the lake, was constructed.

By 1915, the "101 Mile Rim of the World" highway was completed, and with the development of capable automobiles, the number of resorts in the area continually increased. By the 1920s the area rapidly became resort oriented and recreation replaced ranching and mining as the predominant economic stimulus for the area. In 1934, the Big Bear Sports District was formed to develop winter sports in the area and the first ski lift (known as Lynn Lift) was constructed in 1949. By 1952, three additional ski areas were developed in Big Bear: Rebel Ridge, Goldmine and Snow Summit. Two ski areas remain in operation today, Bear Mountain and Snow Summit. Hollywood soon discovered Big Bear, and several movies, particularly westerns, have been filmed in the region. The Big Bear Lake area was incorporated as a city on November 28, 1980.

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:

- 1964      The County Board of Supervisors and the electorate approved the formation of the Big Bear Municipal Water District ("MWD") for the purpose of attempting to stabilize the level of Big Bear Lake, owned by Bear Valley Mutual Water Company.
  
- 1966      The Commission reviewed, the County Board of Supervisors and the electorate approved (344 yes and 30 no) the formation of the Big Bear City Community Services District ("CSD") and the dissolution of the Big Bear City Fire Protection District, Big Bear City Lighting District, and Big Bear City Sanitary District (LAFCO 348). The CSD was formed for the purpose of a

single agency providing the Big Bear City area with refuse collection, fire protection, streetlighting, mosquito abatement, water, and sewer services.

In 1966, the County Board of Supervisors approved the formation of County Service Area (“CSA”) 53 for the purpose of acquisition, construction, and operation of an airport. A tax rate was established and an existing private airport was acquired and improvements were made to the facilities and runways. In 1969 the Big Bear Lighting District dissolution was approved by the Commission (LAFCO 396) to be included in CSA 53’s Improvement Zone A for continuation of the service.

1972 The Commission established the spheres of influence for the districts within the community (LAFCO 1273 – 1281) which were the CSD, Big Bear Lake Fire Protection District (“FPD”), Fawnskin Fire Protection District, Big Bear Lake Sanitation District, Big Bear Municipal Water District (“MWD”), CSA 53, Big Bear Lake Pest Abatement District, Big Bear Valley Park and Recreation District (Park District), Bear Valley Community Hospital District. Of these districts, CSA 53, Big Bear Lake Pest Abatement District, Big Bear Valley Park and Recreation Park District, and Bear Valley Community Hospital District were coterminous representing, in general, representing the community. Due to many of the districts being single-purpose districts, as well as many of the districts overlapping, the staff report requested that the districts in the future seriously consider consolidation into one or more multi-function general purpose type districts.

1973 The Commission reviewed and the County Board of Supervisors approved the dissolution of the Fawnskin Fire Protection District (LAFCO 1374). The district had been inactive for over a year, had no tax rate, and did not provide any service. CSA 53 Improvement Zone B became the successor agency to the Fawnskin Fire Protection District assets and liabilities, set up service delivery mechanism, and established a new tax rate for providing the service.

1975 The Big Bear Pest Abatement District adopted Resolution 75-1 which transferred its responsibility for weed abatement to the MWD, which had been performing the service for the lake. The action taken by the Pest Abatement District also allocated a major portion of the Pest Abatement District’s property tax revenues to the MWD for the ongoing provision of this service.

1976 At the request of property owners, the CSD submitted an application to annex the area known as Erwin Lake (LAFCO 1636). The Commission approved the proposal.

In that 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 and required an application process to activate any other function/service in the future. 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:
  - CSA 53 were streetlights, airport, fire protection, and sewer
  - Big Bear Valley Recreation and Park District was park and recreation
  - Big Bear Lake Sanitation District was sewer
- The independent special districts identified to LAFCO that the active functions for:
  - Big Bear City CSD were water, sewer, streetlights, fire, rubbish, and mosquito abatement
  - Big Bear Lake FPD was fire protection
  - Big Bear Lake Pest Abatement District was pest abatement
  - Big Bear MWD were water, sewer, park and recreation, and fire protection
  - Bear Valley Community Hospital District was hospital

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.

1975-77 In 1975, the Commission received an application, initiated by registered voter petition, to incorporate the City of Big Bear Valley. The proposal encompassed the entire Bear Valley through a reorganization of the overlaying districts (LAFCO 1561). The Commission reviewed and the County Board of Supervisors approved the application which limited the proposed incorporation to the Big Bear Lake south shore area, described as generally the boundaries of the Big Bear Lake FPD and the Big Bear Lake Sanitation District. The Commission's decision to reduce the area to that of the south shore only, excluding the communities of Big Bear City and Fawnskin, was in response to the large number of protest received from these areas. The Commission felt that the reduced alternative was the most feasible and most practical given the social and political make-up of the valley. However, at the November 1977 election, the incorporation measure was still defeated. (LAFCO has no record of the vote on this measure).

1979 The County Board of Supervisors submitted an application to form the Big Bear Airport District (Airport District) as an independent special district and remove airport powers from CSA 53 (LAFCO 1878). The Commission approved the proposal with conditions, which included the transfer of the ad valorem taxes received by CSA 53 for airport service (100% of tax rate) to the Airport District. The proposal was approved by a vote of: Yes: 1,439 No: 476.

1980 The Commission received an application initiated by registered voter petition to incorporate the south shore of Big Bear Lake (LAFCO 2002). The Commission reiterated its position that the entire Bear Valley is a common service area and should be served by one centrally located government. Due to the failure of the previous incorporation attempt and the controversy surrounding the Commission's position for a valley-wide incorporation, the Commission held a workshop, several hearings, and a community meeting as well as staff conducting a random survey regarding valley-wide incorporation.

Given the extensive opposition to a valley-wide incorporation, staff recommended and the Commission approved the incorporation proposal for the south shore only utilizing the boundaries of the Big Bear Lake Sanitation District as the boundaries for the new city. The Commission supported the alternative on the basis that the south shore was an identifiable community that had the economic and fiscal ability to support itself, the community should determine for itself if it wanted a locally elected government and the opposition expressed by the Fawnskin (North Shore) and Big Bear City residents appeared sufficient to defeat a valley-wide effort. The Commission's approval also included the dissolution of the Big Bear Lake Sanitation District, the Big Bear Lake Vehicle Parking District No.1 and establishment of the Big Bear Lake FPD as a subsidiary district of the city. At the November 1980 election, 54% of the electorate voted in favor of incorporation (1,152 yes, 971 no).

1982 At the request of the City of Big Bear Lake, the Commission initiated a proposal to establish the sphere of influence for the City (LAFCO 2159). The Commission considered three options for the sphere establishment:

1. Establish a valley-wide sphere for the City;
2. Include the private lands on the north shore (Fawnskin), leaving the CSD unaffected; or
3. Exclude both Fawnskin and Big Bear City, but include some portion of the lake and developing lands to the south of the city boundaries.

After considering the extensive protest expressed for options 1 and 2 from those from Fawnskin and Big Bear City, the Commission instructed staff to propose a sphere which would not affect either Fawnskin or Big Bear City but which would provide for future annexation to the north and south. At the next hearing, the Commission established the sphere boundaries as follows: northern boundary – the high water line as established for Big Bear Lake plus areas 15 feet below the high water line for lands indicated for reclamation by the Big Bear MWD Shoreline Modification Plan; southern boundary – all privately-owned land south of existing city boundaries to the National Forest boundary; eastern and western boundaries – existing city limits.

1982-83 A property owner proposed to develop a 300-acre site (known as Castle Glen) that had 200 acres in the City of Big Bear Lake and 100 acres within the CSD. At the request of the property owner, a sphere of influence review



of the Castle Glen area was initiated to assess which agency would best serve the entire development (LAFCO 2199). After receiving input from the City, CSD, and other agencies, the Commission determined that the entire development could best be served if it were within the boundaries of the City. The Commission's action resulted in all of Castle Glen being placed within the sphere of influence of the City and removed that same area from the CSD sphere. Following the sphere changes, the City initiated an application to annex the 100-acre area to the City and detached it from the CSD and County Service Area 53, which the Commission approved (LAFCO 2200). This proposal became commonly known as the Rebel Ridge annexation.

1983 The Commission established the sphere of influence for the Airport District as coterminous with its boundaries (LAFCO 2212). The sphere establishment was also coterminous with the spheres for the other Bear Valley regional districts, thereby promoting the Commission's community-by-community sphere approach.

The Commission approved the expansion of powers for the CSD to include Library, Transportation, and Park and Recreation (service limited to construction and operation of a senior center) [LAFCO 2217]. The CSD had conducted an election within its service area prior to submitting the application to the Commission establishing community support for the expansion.

1987 The Board of Supervisors, as the governing body of CSA 53, initiated an application to expand the powers of CSA 53 to include road and water service (LAFCO 2443). The request for road powers was due to landowner interest in Fawnskin for maintenance and snow removal services. As for water, at that time the area was experiencing a water shortage and serious consideration was being given to the formation of a joint powers authority (JPA) to address these concerns. Within the JPA, CSA 53 would be able to address the areas outside of the City of Big Bear Lake and the CSD – generally that of the north shore. According to the staff report for this item, while the expansion of powers increased the potential for duplication, it appeared to be the simplest and most logical answer to the region's problems. The Commission approved the proposal. However, the formation of a JPA to address water challenges never materialized and the water problems continued.

1986-89 The local retail water system operated by the Southern California Water Company (a private utility) ("SCWC") experienced ongoing complications which included, but were not limited to, water delivery stoppages, lack of water pressure, and leaky pipes. These issues created a health and safety concern to which the City of Big Bear Lake responded by filing an eminent domain complaint with the San Bernardino County Superior Court in 1986 regarding the Big Bear Water Systems owned and operated by the SCWC.

When the City was considering condemnation proceedings for the SCWC water systems, it included the electrical utility operations of the SCWC in its 1985 City Charter amendment. Therefore, the portion of the City Charter that discusses the water utility also includes power thus the name of City of Big Bear Lake Department of Water and Power ("DWP"). Ultimately the electrical utility was not condemned. However, because the charter was already written, it remained as originally adopted.

The City of Big Bear Lake took over the Big Bear Water Systems of SCWC in 1989 subsequent to the outcome of the condemnation proceeding and 1988 Court Order. SCWC's Big Bear service area included five licensed water systems: Lake Williams, Erwin Lake-Sugarloaf, Big Bear Lake-Moonridge, Fawnskin, and Rimforest.

1994 The Big Bear Lake Pest Abatement District initiated an application by unanimous vote of its Board of Directors to dissolve the district on the basis that it had not performed any pest abatement services for the past six years and it received few requests for its service (LAFCO 2780). In addition, the County Department of Environmental Health Services at that time provided pest abatement services throughout the Bear Valley and levied an annual \$1 per parcel assessment for the provision of this service. The Commission approved the proposal to include a transfer of the ad valorem taxes (0.054% of the one percent general tax levy) received by the Pest Abatement District and its fund balance of approximately \$28,000 to the Park District.

1996-98 In 1996, the CSD initiated applications to expand its sphere of influence and annex portions of three separate areas known as Baldwin Lake, Erwin Lake, and Lake Williams (LAFCO 2799 and 2800 respectively). The CSD stated that the primary reason for the reorganization application was because its fire stations were closer than those of CSA 38 which resulted in the CSD providing first response fire protection and emergency services to the areas (service provided through a mutual aid agreement; therefore, CSD was not reimbursed for its response to the Baldwin Lake area).

The Commission modified the CSD sphere proposal to include additional areas for consistency of delivery boundaries and approved the sphere of influence expansion proposal, which included 2,880 acres outside the then defined Big Bear community in the southeast.

For the reorganization proposal, residents in the Baldwin Lake area submitted a petition in opposition to the proposed annexation citing the position that the extension of any service by the CSD would be growth inducing. Opposition petitions were not received from residents in Erwin Lake or Lake Williams. Due to resident opposition, the CSD agreed to limit the services provided to the proposed annexation area to fire protection. Also, at the request of the Baldwin Lake residents, the Commission split the annexation application into two proposals (LAFCO 2800 A and B). LAFCO 2800A proposed to annex eight square miles to the CSD overlaying the Baldwin Lake area. LAFCO

2800B proposed to annex 8.5 square miles to the CSD overlaying the Erwin Lake and Lake Williams area, including the territory southerly to Onyx Summit. In 1998 the Commission approved both proposals. Following the Commission's approval, LAFCO 2800A failed due to registered voter protest. LAFCO 2800B was successful.

In light of the CSD's attempt to annex the Baldwin Lake area, soon after LAFCO 2800A was terminated property owners in Baldwin Lake submitted an application to remove the Baldwin Lake area from the CSD's sphere (LAFCO 2841). The stated reason in the application was that, in the opinion of the applicants, the CSD was unable to provide adequate services to the area. According to the staff report for this proposal, the CSD indicated that it had no objection to the proposed sphere amendment and hoped that the sphere reduction would expedite the negotiations between the CSD and the County regarding a contractual arrangement that would reimburse the CSD for its mutual aid fire protection and emergency service to the area. The Commission approved the proposal as submitted.

2000 The City of Big Bear Lake initiated an application to expand its sphere of influence to include potential marina developments (LAFCO 2862). According to the staff report, the sphere expansion would allow for the coordination of service delivery to the marinas or land associated with the shoreline and would provide better direction to those seeking service.

When the City's sphere was established in 1982, the northern sphere was set at a line defined as "15 feet below the high water line for lands indicated by the Big Bear [MWD] Shoreline Modification Plan". The northern sphere line posed problems for the surveyor in that it did not show the lands intended to be reclaimed. Therefore, for about 20 years the Commission had to periodically adjust the City's sphere because of reclaimed lands and marinas which were wholly or partially beyond this designated line and only attached to dry land. The Commission modified and approved the proposal to utilize a combination of parcel lines, section lines and/or fractions of the sections to define the northern sphere boundary at the centerline of Big Bear Lake.

2004 The three fire protection agencies in the valley (Big Bear Lake FPD, the CSD, and CSAs 53 and 38 through the County) formed a reorganization committee to consider the possibility of consolidating fire services. The agencies expressed formal interest to LAFCO about possibly submitting an application for reorganization. However, after many months of discussion the preparation of the plan for service, specifically related to the desired salary and benefits costs, resulted in the entities abandoning the reorganization proposal.

2005 The CSD, with concurrence of the Bear Valley Community Healthcare District, proposed to assume full operating responsibilities for ambulance and paramedic services that were provided by the Healthcare District (LAFCO Service Contract OSC-249). Through the transfer of service, the CSD

assumed full operating responsibility for the ambulance permit that was held in the name of the Bear Valley Community Healthcare District and its corresponding Exclusive Operating Area defined by ICEMA. Because the contract to transfer service was between two public agencies, the Commission determined that pursuant to Government Code Section 56133 (e) the contract was exempt from LAFCO review at its March 31, 2005 hearing.

2005-06 LAFCO staff notified all the community services districts within the county of the rewrite of *Community Services District Law* (Senate Bill 135), effective January 1, 2006. The update of *Community Services District Law* included new provisions related to governance and latent powers for community services districts.

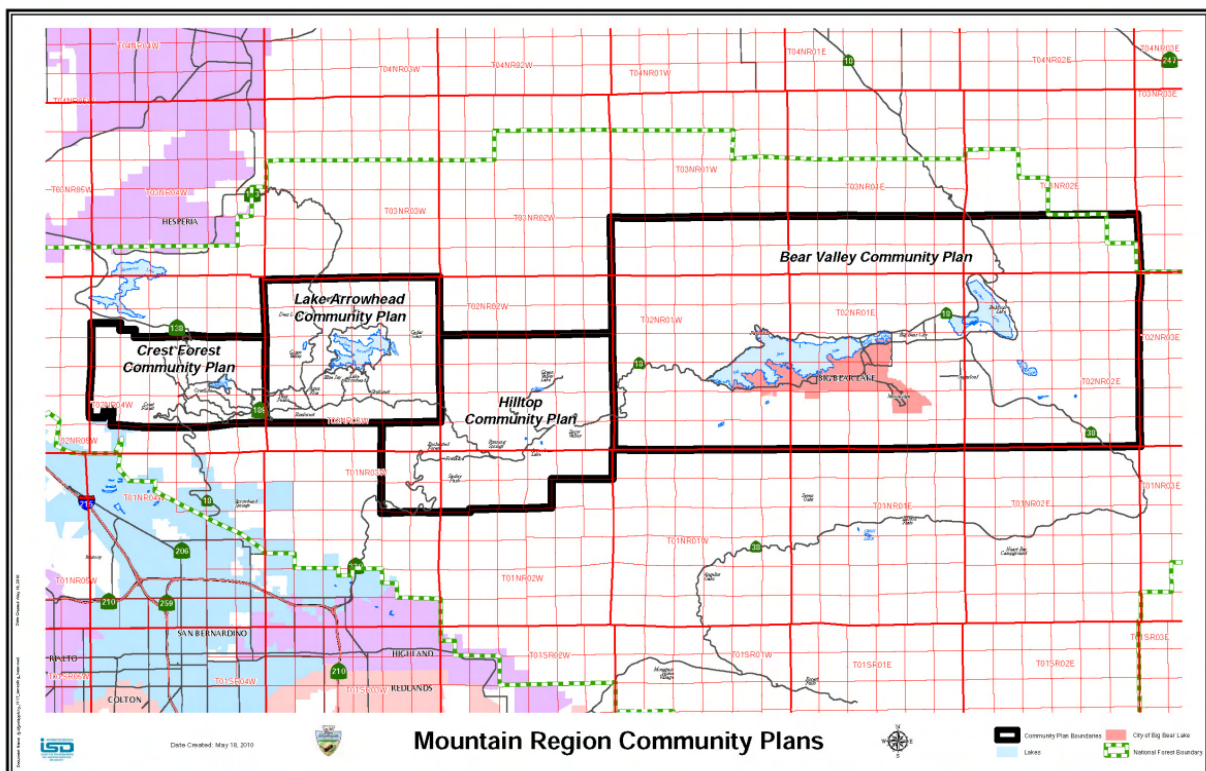
Pursuant to the 2006 re-write of *Community Services District Law*, those functions that LAFCO determined that a district did not actively provide prior to January 1, 2006 were to be designated as a "latent power". The Big Bear City CSD identified that it actively provided water, sewer, streetlighting, fire protection, ambulance, solid waste, and park and recreation. The district identified that the functions of library, transportation, and mosquito abatement were not actively provided. On January 18, 2006, these functions and services were removed from the Commission's adopted "Exhibit A".

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 County Service Area 53 and its zone B (serving the Fawnskin area) and CSA 38 serving Baldwin Lake and the surrounding mountain areas to the Mountain Service Zone of the newly reorganized San Bernardino County Fire Protection District ("County Fire"). In addition, it included the sphere of influence territory for both the Big Bear Lake FPD and the CSD, both of whom provide fire protection, within their boundaries. It was stated during the considerations of LAFCO 3000 that County Fire would not oppose the future annexation of the sphere of influence territory to the respective fire districts.

## COMMUNITY DISCUSSION

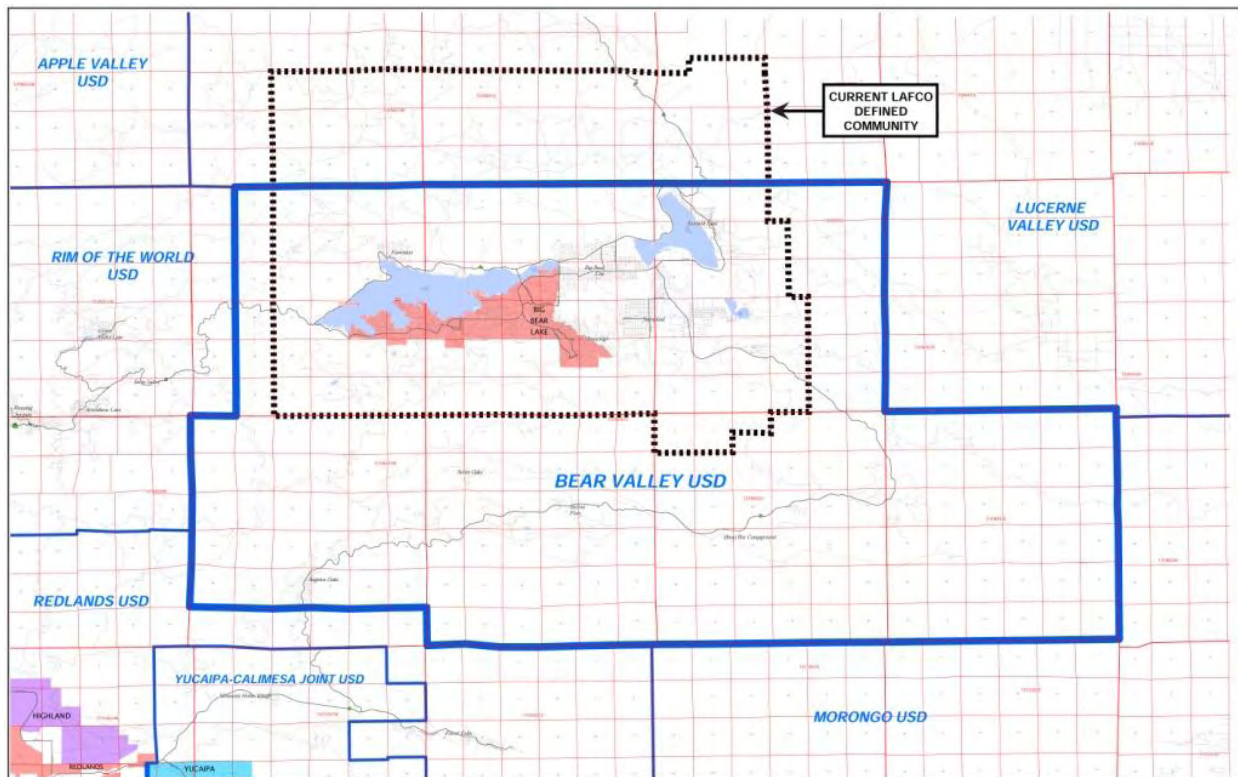
The Commission's policy guidelines for spheres of influence outline its strategy to utilize a "community-by-community" approach to consideration. This practice requires the Commission to look at the whole of the community as defined by the existence of inter-related economic, environmental, geographic 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 *Bear Valley Community Plan*, as shown on the map below (included as a part of Attachment #1), to represent the combined communities of Baldwin Lake, Big Bear City (not to be confused with the City of Big Bear Lake), Erwin Lake, Fawnskin, Lake Williams, and portions of Moonridge and Sugarloaf. As shown on the map below, the City of Big Bear Lake seems to be within the exterior boundaries of the *Bear Valley Community Plan* area but the city, since it is not under the jurisdiction of the County, is actually excluded from the community plan area.



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 an

additional perspective on the community of interest. The Lucerne Valley Unified School District (USD) overlays the northern portion of the Bear Valley community while the Bear Valley Unified School District (USD) overlays the southern Bear Valley community as well as areas down Highway 38 such as Angeles Oaks and Barton Flats (see map below). Due to the regional nature of the Lucerne Valley USD and the Bear Valley USD, neither provides additional information in relation to the definition of the Bear Valley community; except to note that both serve within and beyond the LAFCO defined Bear Valley community and the County's *Bear Valley Community Plan* area.



## Organization of Services

The preamble to the *Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000*<sup>1</sup> 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, the act states that the Commission may recommend governmental reorganizations to particular agencies using the spheres of influence as the basis for those recommendations.

<sup>1</sup> Government Code Section 56001 et seq. Local Agency Formation Commissions (LAFCOs) in each county are governed by and are responsible for implementation of the *Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000*.

In previous service reviews/sphere of influence updates considered by the Commission, the Commission has recommended governmental reorganizations using spheres of influence as the basis and signal for the recommendations. Such sphere of influence actions have included single spheres for overlapping and/or abutting agencies and zero spheres where service challenges are mounting. Based upon the information detailed throughout this report, service challenges are increasing and more effective and efficient governance could be achieved through an eventual reorganization of the service providers in the Bear Valley community into a unified organization.

However, given the historic opposition to a unification of service providers for the Valley by the communities, which staff believes continues today, voluntary reorganization of agencies (i.e. annexations, consolidations) with registered voter acceptance remains unlikely. Nevertheless, the challenges of adequate service provision due to the economic realities have prompted several agencies to share facilities and conduct joint operations. A few of these occurrences include, but are not limited to:

- Big Bear Lake Fire Protection District (“Big Bear Lake FPD”), Big Bear City Community Services District (“CSD”), and the San Bernardino County Fire Protection District (“County Fire”) have pooled resources and jointly operate a vegetation chipping program that is free to those who reside in Bear Valley.
- The CSD’s Fire Station 292 is on land leased from the Big Bear Valley Recreation and Park District (“Park District”) for \$1 annually. The station is located at an intersection which provides ready response in several different directions.
- The Park District has plans to construct a new park, called Paradise Park. This park would be a 5.48 acre park at the east end of the valley on land that is owned by the CSD. The CSD has agreed to lease the property to the Park District for \$1.00 per year for 40 years, with an option for the Park District to extend the lease for an additional ten years.

Additionally, the challenges of adequate service provision due to the economic realities have prompted several agencies to consider a reorganization of water and fire services, administratively and operationally. The two instances are:

- Assumption of the City’s Department of Water and Power (“DWP”) retail water service by the Big Bear Municipal Water District (“MWD”). The MWD overlays the entirety of the DWP service area (which includes the City and portions within Fawnskin, Sugarloaf, Moonridge, Erwin Lake and Lake Williams) and is authorized by LAFCO a water function. Although the MWD does not actively provide retail water, it does engage in other water activities. In this scenario, the MWD could assume the service responsibility of the DWP and provide retail water.

At the request of the DWP, on April 25, 2011, a joint workshop took place between the DWP and MWD regarding potential assumption of the City’s DWP retail service by the MWD. Potential benefits cited at the joint workshop include administrative economies of scale with a single agency managing surface water and groundwater.



Additionally, and importantly to LAFCO, this option would allow for elected representation to determine rates and service criteria.

Assumption of retail service by the MWD of the City's DWP service area does not require an application to LAFCO since there would be no organizational change or change in boundaries for either the City (the DWP is a department of the City) or the MWD (currently authorized the water function). However, at the July 21, 2011 meeting of the MWD Board of Directors, it decided to abandon its potential acquisition of the City's DWP indicating higher retirement costs for the DWP employees, but more importantly, indicating that the proposed acquisition would negatively impact the mission of the District. Nonetheless, LAFCO staff continues to support the potential for having a single entity responsible for surface and groundwater in this sector of the valley and hopes that it will consider again in the future.

- Consolidation of Big Bear Lake FPD and CSD fire and emergency medical services. Efforts toward consolidation of fire related activities have been unsuccessful in the past; however, there is a history of cooperative efforts. Big Bear Lake FPD and the CSD are currently considering a functional consolidation, joint operations, or contracting for services due to economic circumstances, most notably a budget deficit in Big Bear Lake FPD. At the outset, joint operations do not mean full unification; possibly just cost sharing to start. Both fire chiefs have collaborated on development of a consolidation plan based on three phases that was first discussed at a joint workshop on February 22, 2011. Phase 1 would integrate the administrative functions, Phase 2 the operations, and Phase 3 would consolidate the organizations. Should Phase 1 not work, then a return to current operations would occur.

According to the joint staff report prepared by both fire chiefs for the joint meeting, consolidation of fire protection and emergency medical services between Big Bear Lake FPD and the CSD has been addressed a number of times in the past, most recently about five years ago. Although true consolidation has not occurred, the two fire agencies currently function through joint operations. The two agencies are dependent upon resources from the other to manage any significant emergency incident or concurrent calls.

Further, recently, the two fire agencies have jointly formalized duty officer responsibilities, mirror each other's emergency response matrixes as much as possible, share public information officer services, and have consolidated wood shake/shingle roof replacement and fire fuels reduction, both operationally and administratively. Due to economic conditions, collaborating is a high priority. An operational advantage of unified services is a single set of policies under one leadership. It may allow for deployment adjustments that could increase staffing at different locations as needed or staff a paramedic ambulance within the boundaries of the City.

Both agencies returned on June 7 to a joint meeting to consider a report on consolidation (copy included as a part of Attachment #4). As an outgrowth of the



June 7 meeting, on July 13 the Big Bear Lake FPD appointed the CSD fire chief as the Big Bear Lake FPD interim fire chief, in addition to his full-time assignment with CSD. This has been memorialized through a contract between the agencies allowing for a shared fire chief. The fire chief will remain employed with the CSD and is Big Bear Lake FPD's interim fire chief until a decision is made to contract, consolidate, or remain a separate fire district.

In essence, the agencies have entered Phase I, a functional consolidation. Phase I consolidates and restructures administrative services currently provided separately by both departments. A single fire chief will guide administration, fire prevention, operations, and support services for both Big Bear City and Big Bear Lake. It is anticipated that this phase will encompass approximately 12 months; however the time frame could be extended. During Phase I, the focus will be on refining management and administrative personnel responsibilities; standardizing policies and procedures; implementing training procedures; and improving fire prevention operations.

Many of the agencies within Bear Valley have initiated earnest discussions on working jointly towards service efficiencies, looking toward the consolidation of services to address the needs of the community as a whole. Therefore, at this time staff is not recommending that the Commission signal its intent for governmental reorganizations using the service reviews and/or spheres of influence determinations as the basis for such changes. Rather, staff is recommending that Commission allow the interested agencies to continue discussions for potential changes with the request that the community identify a path for more effective and efficient service delivery. As a part of the next round of service reviews/sphere updates to be conducted in five years, these issues will be reviewed again in detail based upon the outcome of these discussions. Should efficiencies not be realized, staff would then recommend that future reorganizations be defined by the Commission through its sphere of influence program.

## **Revisiting the Commission's Community Definition**

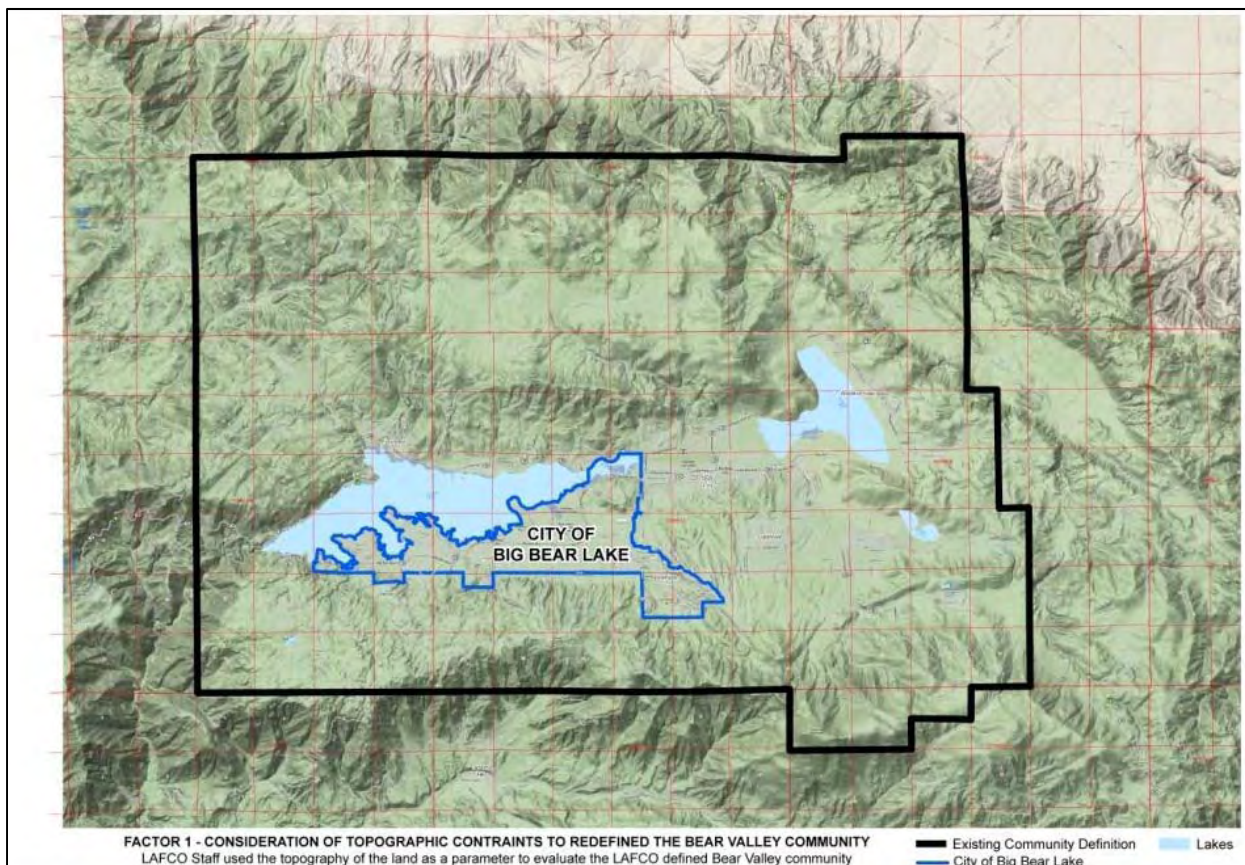
Even though staff is not recommending that the Commission signal its intent for governmental reorganizations using spheres of influence as the basis for the recommendations, it is recommending adjustments to the Commission's definition of the community. The last time the Commission examined its definition for the Bear Valley community was in 1973 when the Commission defined it through a reorganization proposal that made the boundaries of MWD, the Park District, Bear Valley Community Hospital (now Healthcare) District, County Service Area ("CSA") 53 and the former Big Bear Lake Pest Abatement District coterminous. In 1983, the sphere of influence was established for the Big Bear Airport District as coterminous with the above-mentioned districts. Since that time, the community has been defined by the boundaries and spheres of influence for these regional districts.

Within the community, other service providers include the City of Big Bear Lake and its subsidiary Big Bear Lake FPD (serving the south shore), the CSD (serving the east end of the valley), and numerous, smaller, single purpose zones to CSA 53 (serving primarily the north shore) and zones to CSA 70 (primarily located in the east end of the valley).

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 Bear Valley community, the possibility of redefining the community should be considered. Staff’s analysis indicates there are three parameters that the Commission should use to evaluate the existing Bear Valley community definition:

Parameter 1 – Topography

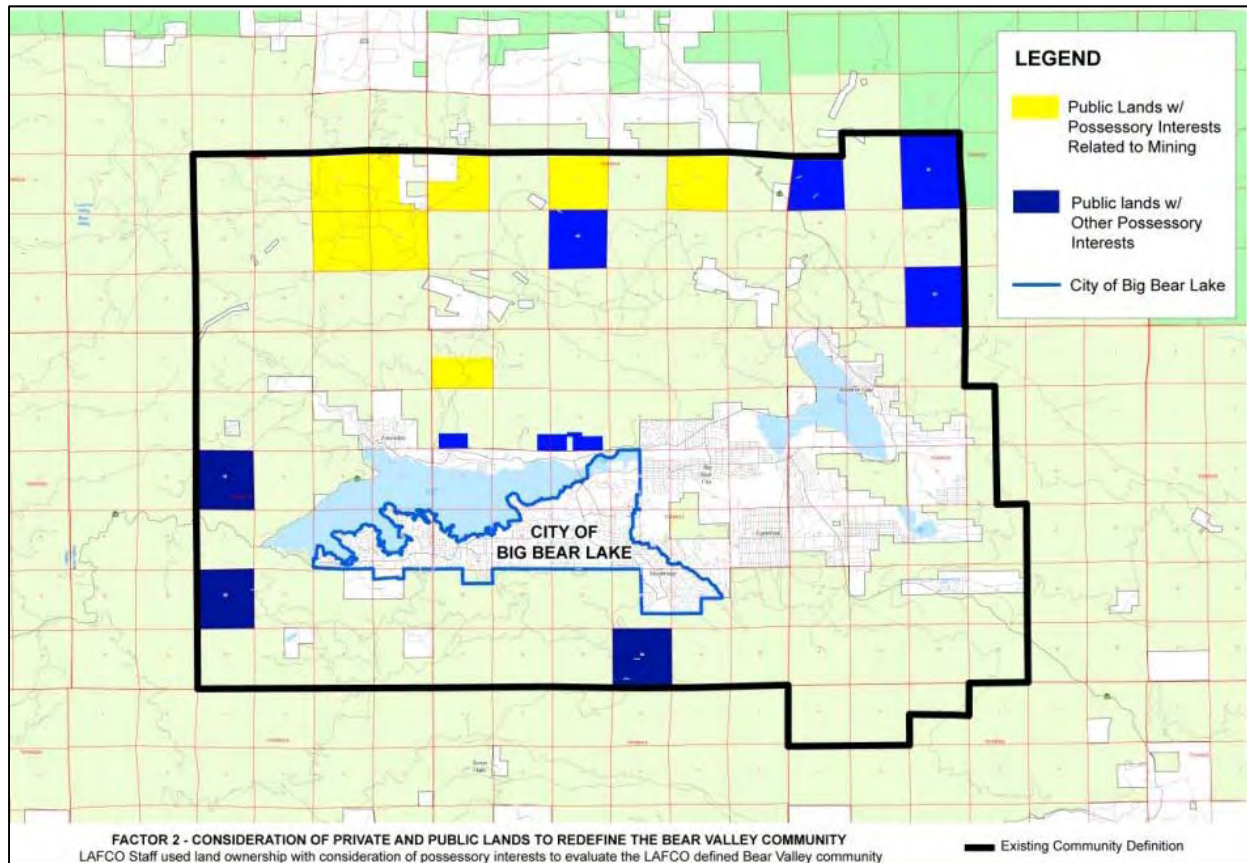
The overall community follows along existing topographic constraints. On the north, the boundaries are constrained along the ridgeline between White Mountain and Blackhawk Mountain. The south line also follows along the ridgeline between Sugarloaf Mountain and Snow Summit. On the west portion of the community, Bear Creek creates a clear divide between Bear Valley and the Hilltop communities. The east is also constrained by a combination of Silver Peak, Nelson Ridge, Deadmans Ridge, and Onyx Summit. The relief map below outlines these topographic features.



Service delivery, especially in the mountain areas, can be constrained by topography. Therefore, the use of a topographic constraint, such as a ridgeline or a canyon, is a key factor in defining a community.

### Parameter 2 – Land Ownership

Much of the mountains are considered part of the National Forest, which is administered by the United States Forest Service. Currently, the Bear Valley community encompasses approximately 123 square miles, 75 percent of which is Forest Service land. The map below shows the location of public lands in light green tone:



It should be noted that some of the lands within the National Forest have taxable possessory interests that have been granted either through leases, permits/licenses, contracts or agreements. As shown on the map, a number of the possessory interests within the Bear Valley community are related to mining operations (shown in yellow).

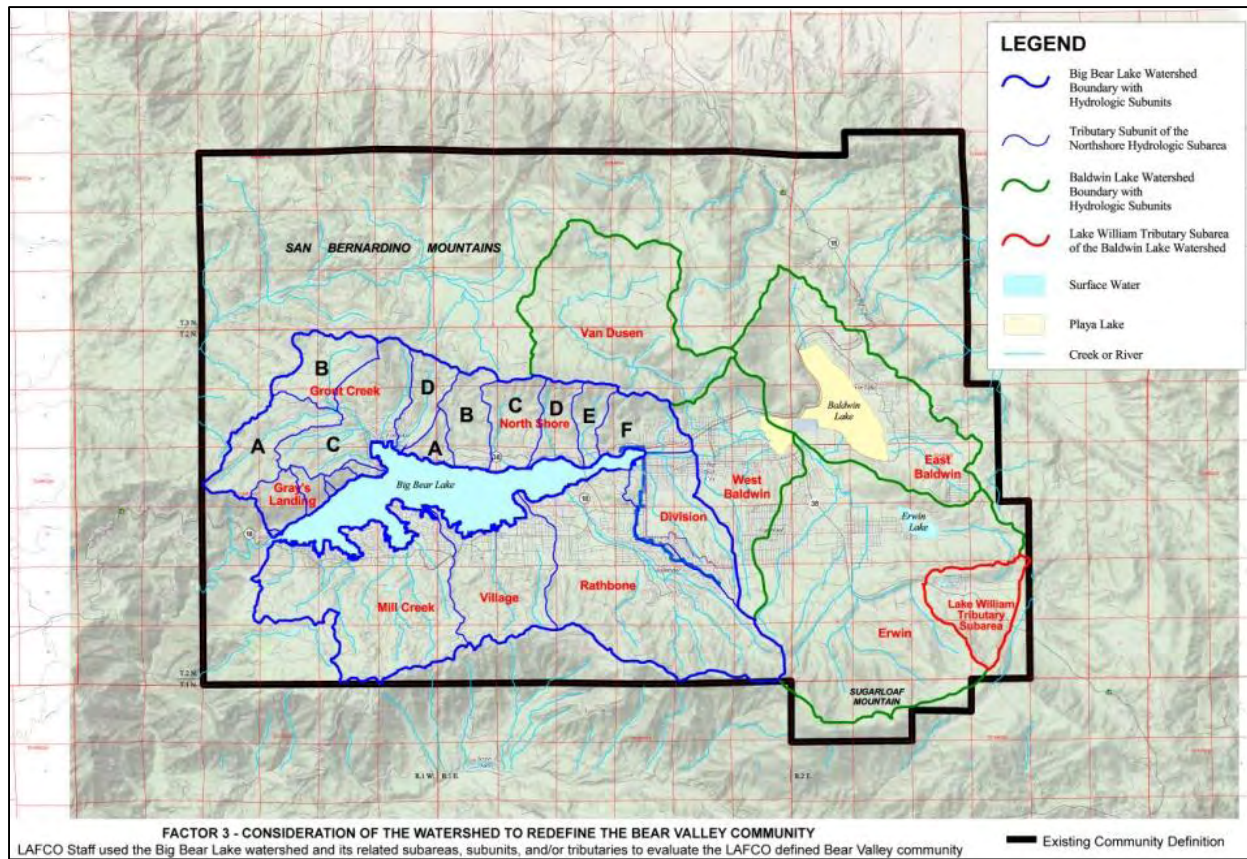
Although services may not be required within the National Forest area, there is a potential for some service needs on lands with possessory interests. Therefore, the use of land ownership (private vs. public lands) and identifying any private property interests on public lands can facilitate defining the community.

### Parameter 3 – Watershed Boundaries

Precipitation in Bear Valley provides recharge to the underlying groundwater basin. Although, watersheds generally do not reflect the extent of the Big Bear Valley groundwater basin, it generally runs along the existing topographic constraints (i.e. ridges and canyons)



that have been identified in Option 1. In the southwestern portion of the valley, Big Bear Lake is filled from runoff from numerous creeks that drain towards the valley floor both from the south end of the community and tributaries along the North Shore. As shown on the map, the Big Bear Lake watershed follows along the elevated land forms of the community (i.e. top of ridges, mountain peaks, etc.).



Therefore, the Big Bear Lake watershed and its related tributaries also provide some basis for defining a community.

#### Parameter 4 – County Community Plan

One parameter that the Commission could use to define the community is to match the County's *Bear Valley Community Plan*, which would provide for a clear definition of the boundaries. However, 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 for the area. In fact, the *Bear Valley 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.

### Staff's Analysis and Recommendation

In the mountains, the delivery of services, especially water and/or sewer service, are generally limited by topographic constraints. In addition, as outlined above, there are vast amounts of public lands currently within the existing boundaries and/or spheres of influence of Bear Valley service providers which may never require any type of municipal services.

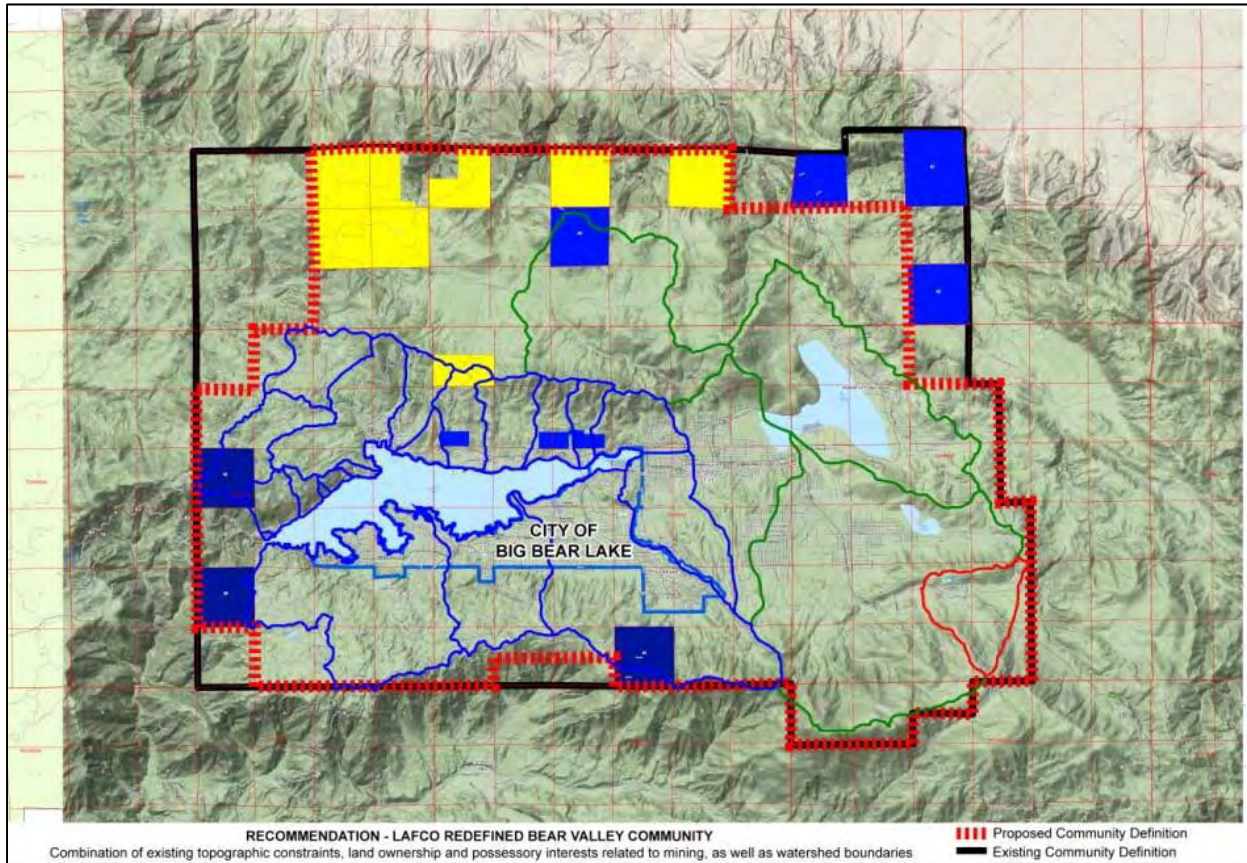
Therefore, LAFCO staff is recommending that the Commission adjust the Bear Valley community based on a combination of the first three parameters described above. Specifically, staff recommends that the Commission determine that the community definition shall be adjusted as closely as possible to:

1. Follow along topographic constraints that inhibit further expansion of services;
2. Include all private lands within the urban core and retain the public lands that have known possessory interests related to mining; and exclude some of the public lands along the periphery of the current community definition since service delivery to these area is highly unlikely; and,
3. Follow along the Big Bear Lake watershed and its related subareas, subunits, and/or tributaries.

The combination of these three factors reduces the current community definition by approximately 4,480 acres along the northwest near Big Pine Flat and Holcomb Creek, approximately 5,340 acres along the northeast along Cushenbury Canyon and Lone Valley (removing the portion of the Bighorn Mountain Wilderness<sup>2</sup> area that previously encroached into the community), approximately 640 acres along the south, and another 640 acres on the southwest. A map showing the LAFCO staff recommended definition for the redefined Bear Valley community is shown below, and included as Attachment #2.

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<sup>2</sup> *Wilderness Areas* are lands administered by either the US Forest Service, the US National Park Service, the US Bureau of Land Management, and/or the US Fish and Wildlife Service for the protection and preservation of their natural condition.



This recommendation is utilized as the study area for the following service reviews and spheres of influence updates presented by staff. To accomplish the Commission's policy directives to incorporate the community definition into the sphere of influence program, LAFCO staff recommends modifications to each agency's sphere in each agency's respective "Sphere of Influence Update" section. Among the recommendations are:

- Sphere modifications (reductions) for the regional agencies: Big Bear Municipal Water District, County Service Area 53, Big Bear Valley Recreation and Park District, and Big Bear Airport District to encompass the redefined Bear Valley community;
- For County Service Area 53, besides the sphere modifications outlined above, an additional sphere expansion to include all of Big Bear Area Regional Water Agency ("BBARWA")-owned lands outside of the Bear Valley community (within Lucerne Valley);
- Separate sphere modifications (expansions) for the City of Big Bear Lake and its subsidiary Big Bear Lake Fire Protection District in order to achieve coterminous spheres for both agencies; and,

- Sphere modifications (expansions and reductions) specific to the Big Bear City Community Services District (“CSD”). Staff is recommending that the CSD sphere of influence exclude approximately 2,880 acres at its southeastern terminus. This exclusion will realign the CSD’s sphere of influence with that of the Bear Valley community and signals the Commission’s position that a future reorganization to detach this territory should take place.

Government Code Section 56076 defines a sphere of influence as a “plan for the probable physical boundaries and service area of a local agency, as determined by the commission”. Regardless of which option the Commission chooses, it would not affect any agency’s current boundary or service delivery as no change in jurisdiction would take place.



## **REVIEW OF REGIONAL AND COMMUNITY SERVICES**

The *Bear Valley Community Plan* states that,

“The quality of life and the mountain character of the community are dependent on the services that are provided. Residents in Bear Valley expect that services such as schools, 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.”

The Guiding Principles of the City of Big Bear Lake’s 1999 General Plan include:

- Constructively addressing the transportation and circulation needs of the Valley.
- Provide sufficient infrastructure to meet the long term needs of the community,
- Provide and encourage improvements to the quality of the experience of visitors,
- Maintain a sense of public safety in the community.

Based upon the statements identified in the above-referenced documents, the following provides summary information that is regional in nature on the variety of services that are provided within the community.

### **A. Water**

#### **Watershed**

Bear Valley lies 6,750 feet above sea level at the eastern end of the San Bernardino Mountains. The watershed surrounding the valley encompasses roughly 38.5 square miles. The main ridges, to the north and south, are relatively steep and support peaks ranging from 8,000-10,000 feet elevation. The San Bernardino National Forest comprises 62% of the Big Bear Lake watershed. Average annual precipitation ranges from nearly 40 inches at the west end of the valley to 10-15 inches at the east end of the valley. Annual precipitation is highly variable and it is common to have long dry spells (3-8 years) between years with above average precipitation.

#### **Groundwater basin**

The Big Bear Valley groundwater basin lies within the San Bernardino Mountains, a transverse mountain range on the southern edge of the Mojave Desert. The basin is roughly 14 miles long from east to west and seven miles wide from north to south. There are two lakes in the middle of the basin: Big Bear Lake and the ephemeral Baldwin Lake. Big Bear Lake empties on the west into Bear Creek, which is a tributary of the Santa Ana River. Baldwin Lake sits in a local depression and does not empty to any other body of water. Big Bear Lake is unique among southern California populated areas in that it normally receives significant winter snowfall, averaging around 60 inches at lake level.



The water supply for the Big Bear area is produced mainly from springs on the periphery of the ground-water basin and wells drilled within the ground-water basin. To help meet water demand, the local water agencies have constructed new wells and are considering artificial recharge with reclaimed wastewater. To better manage the ground-water resources in the Big Bear Valley, there is a need to better understand the geohydrology of the ground-water basin.<sup>3</sup>

Groundwater quality within the Valley groundwater basin is generally very good. As in many areas where granitic bedrock is a source for sediment, a calcium-bicarbonate water character is prevalent. Such character indicates good mixing of waters and rapid natural recharge. Water quality issues tend to be limited to fluoride and localized contaminant.

### Big Bear Lake

Big Bear Lake is a man-made reservoir that was formed when a dam was built on Bear Creek in the early 1900s. Before that, the land beneath the reservoir was a marshy meadow that lay atop centuries of silt and sediment that had eroded from the surrounding mountainsides. The surface area of Big Bear Lake is approximately 3,000 acres and the reservoir holds nearly 73,000 acre-feet of water.

Big Bear Lake is listed on the U.S. Environmental Protection Agency's 303(d) list of impaired water bodies. Historical water quality data indicated that the lake and several of its tributaries are impaired for nutrients, sediments, pathogens, and trace metals. Beneficial uses in the lake, particularly recreation and aquatic habitat, were considered compromised by these pollutants as well as the spread of noxious and nuisance aquatic plants (Eurasian Water Milfoil and Coontail). Immediately after Big Bear Lake was added to the 303(d) list, the Santa Ana Regional Water Quality Control Board ("Regional Board") initiated a program to develop and implement Total Maximum Daily Loads for pollutants of concern. A task force of local stakeholders was formed to support the Regional Board's effort.

According to the Water Quality Control Plan for the Santa Ana River Basin, known as the "Basin Plan," the prescribed beneficial uses for Big Bear Lake are: MUN, AGR, GWR, REC1, REC2, WARM COLD, WILD, and RARE. The first three uses relate to potable and agricultural water supply and groundwater recharge. Recreational uses include direct contact, such as swimming and fishing, and secondary contact, such as boating or water-skiing. The warm and cold designations refer to aquatic habitat for a variety of fish, invertebrates, vegetation, and wildlife. Wild and rare indicate supporting habitat for certain species. The Regional Board identified Big Bear Lake as water quality limited due to excessive nutrients and noxious aquatic plants.

### Bulk Hauled Water

In areas that do not have access to a retail water provider or on-site wells, the hauling of domestic water is the sole means for domestic service. In Bear Valley, the use of hauling water as a means for water service primarily occurs in the Baldwin Lake area. In a joint

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<sup>3</sup> Flint, L.E., A.L. Flint, J.A. Hevesi, A.H. Christensen, M. Snead, P. M. Martin, R. Jachens, and J. Brandt. 2007. *Geohydrology of the Big Bear Valley ground-water basin, California: Phase 1 – Defining the depth and structure of the ground-water basin and quantity of recharge to the basin.*

letter to county planning and building departments in 2003, the California Department of Health Services<sup>4</sup> and the California Conference of Directors of Environmental Health specify that, “bulk hauled water does not provide the equivalent level of public health protection nor reliability as that provided from a permanent water system or from an approved onsite source of water supply.” This statement is based on five potential public health risks for hauled water:

1. The potential for contamination exists when water is transferred from tanker trucks to water storage tanks.
2. Storage tanks are often the source of bacterial contamination.
3. There is no assurance that licensed water haulers follow State guidelines at all times.
4. The future reliability of hauled water is susceptible to economic conditions.
5. There is generally a higher risk for contamination.

The letter further states that hauled water for domestic purposes should only be allowed to serve existing facilities due to a loss of quantity or quality and where an approved source cannot be acquired. A copy of this letter is on-file at the LAFCO staff office.

The County of San Bernardino recognizes the potential health hazards with hauled water. Future development will be restricted unless there is access to an individual well or domestic water system. Therefore, new development could not be approved without verification of access to a domestic water system. However, existing units without connection to a domestic water system or without individual wells on their property must rely on hauled water for domestic and other uses. County Code of San Bernardino Section 33.0623 (last amended in 1996) under Health and Sanitation and Animal Regulations reads:

Water furnished by a domestic hauler shall not be used as a source of water by any public water supply system unless it has been demonstrated to DEHS [Department of Environmental Health Services] that there are no reasonable means of obtaining an acceptable quality and quantity of groundwater, and that water treatment methods have been approved by DEHS. Exception: During an officially declared state or local emergency, a public water system may utilize hauled water as a temporary source of supply.

Adherence to these parameters will limit new development within the Baldwin Lake area for the future as it has no current mechanism for providing an organized retail water system for water delivery.

### Water Agencies

There are two active retail water providers for the valley, both public agencies: Big Bear City Community Services District (“CSD”) and City of Big Bear Lake through its Department of Water and Power (“DWP”). For consistency purposes for this part of this report, “DWP” is used to signify the City’s DWP water service. Neither of the agencies have access to supplemental water from the State Water Project. Those residents who live outside of a

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<sup>4</sup> The California Department of Health Services has been reorganized since 2003 and water related health issues are coordinated under the California Department of Public Health.

retail water agency have their own on-site methods such as wells or springs that are recharged annually by winter snows and rains. The yield from these sources will vary depending on the amount of snowmelt and rainfall.

There are two other public agencies authorized to provide water service in the Valley – County Service Area (“CSA”) 53 and the Big Bear Municipal Water District (“MWD”). CSA 53 provides service only through the creation of zones and has formed Zone C which has been authorized water service (although Zone C to date does not provide retail water service). This Zone addresses the Fawnskin community southerly to the northerly boundary of the City of Big Bear Lake. The other public water agency, the MWD, does not engage in wholesale or retail water service. Rather, it is responsible for the overall management of Big Bear Lake to include recreational activities, lake stabilization, the water quality, and wildlife habitat. The mission of the MWD is to stabilize the level of Big Bear Lake. The mission of lake stabilization is accomplished through the implementation of a comprehensive water management plan which includes controlled lake releases combined with a water purchase contract to provide water to the water rights holder while minimizing demand on the reservoir. After its formation in 1964, the original Board of Directors of the MWD decided that the best approach would be to condemn the Lake. What ensued was a thirteen year legal battle which finally led to an out-of-court settlement in early 1977.

The Bear Valley Mutual Water Company (“Mutual”), which owns the water rights to the lake, meets the water needs of its shareholders (Redlands-Highland citrus growers and the City of Redlands) primarily by diverting water from the Santa Ana River. When river flow is inadequate to meet its needs, Mutual can call upon water stored in Big Bear Lake, pump ground water from the San Bernardino ground water basin, buy State Water Project water from San Bernardino Valley Municipal Water District (“MUNI”), or reduce delivery to its shareholders.

### Big Bear Lake Judgment

A 1977 court decision limits the MWD’s use of the lake to “recreation and wildlife enhancement”. Under the terms of this judgment<sup>5</sup>, the MWD purchased from Mutual, the lake bottom, Bear Valley Dam and the right to utilize and manage the surface of Big Bear Lake for recreation and wildlife. In addition to controlling the Lake level, surface management included the transfer of the right, title and interest to oversee the seventeen commercial landing permits, residential dock licenses, revenue activities on Big Bear Lake and various leases and properties.

MWD was unable to purchase the water rights, which remained with Mutual, and MWD became obligated to provide the water reasonably necessary to meet the beneficial use requirements of Mutual’s stockholders, not to exceed 65,000 acre feet of water in any ten year period. This water can be in the form of lake releases or can be provided from other sources “in lieu” of lake releases. Hence, the lake stabilization program is commonly

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<sup>5</sup> Superior Court of the State of California for the County of San Bernardino; February 7, 1977. *Case No. 165493: Big Bear Municipal Water District v. North Fork Water Company, et al.*

referred to as the "In-Lieu Water Program". The most common sources of in-lieu water have historically been the State Water Project and wells in San Bernardino and Redlands.

Over the years, MWD has implemented several management strategies to maintain the level of the lake in the most cost-effective manner possible. However, none were as dependable as the 1996 water purchase agreement with MUNI. This agreement provides a single reliable source for all in-lieu water and negates the need to pursue any other in-lieu alternatives. MUNI has the option to provide the water from the State Water Project or any other available sources authorized under the Judgment. For an annual payment, MWD is guaranteed that when the Lake is at specified levels, no water will be released to meet the downstream water needs. With this agreement, MWD meets its mission of Lake stabilization.

According to the MWD FY 2011-12 Budget, during calendar year 2010 inflow to the Lake as reported in the annual Watermaster Report totaled 32,959 acre-feet compared to the 34 year average of 16,697 acre-feet. The actual Lake level rose 6.62 feet in 2010 and ended the calendar year at 0.87 feet below the top of the dam. Because the Lake was less than six feet below full in August, MUNI called for a release to satisfy a request from Mutual. A total of 123 acre-feet was released to help meet the request. The release rate was dramatically limited due to the potential adverse impact on the construction of the new highway bridge downstream of the dam.

Releases, except for fisheries, ended on May 10. A total of 10,122 acre-feet was released from the Lake. The last time Lake releases occurred was during 1996.

Without the in-lieu agreement with MUNI, which supplied Mutual 2,479 acre-feet during 2010, the Lake would have ended the calendar year 7.58 feet below the top of the dam instead of being full. In Fiscal Year 2010-11 the MWD paid MUNI \$1,239,214 for the in-lieu agreement.

The Judgment directed that the in-lieu water program be monitored through a series of accounts that are managed by the Big Bear Watermaster Committee. The three-member committee consists of one representative from each of three agencies: MWD, Mutual and the San Bernardino Valley Water Conservation District<sup>6</sup>. This is a committee whose sole responsibility is to monitor the "physical solution" set forth in the Judgment. The basic premise behind the physical solution is the comparison of the MWD's actual lake management to Mutual's historic management. MWD is then responsible for making up any net ground water deficiency in the San Bernardino basin which may occur as a result of maintaining a higher lake level than would have occurred under Mutual's operations. The amount of the deficiency or surplus is maintained in the basin make-up water account (commonly referred to as "basin compensation account"). A number of other accounting mechanisms are in place to calculate totals for lake releases, inflow, spills, evaporation, wastewater export and other related data. An annual Watermaster report is prepared documenting the annual accounting procedures.

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<sup>6</sup> The Conservation District's role as a member of the Big Bear Watermaster is to ensure that the groundwater basin is not impacted by the operation of the Physical Solution as specified in the 1977 Big Bear Judgment.

In 2009, Mutual reported they would need about 6,500 acre-feet of water from MWD. Its intent was to limit their deliveries from MWD to 6,500 acre-feet in 2009. Mutual met their overall 2009 water needs by in-lieu supplies from MWD, diversions from the Santa Ana River, purchases of state water project water, and local groundwater. Mutual also got some water from lake releases and dam leakage for fish protection in Bear Creek.

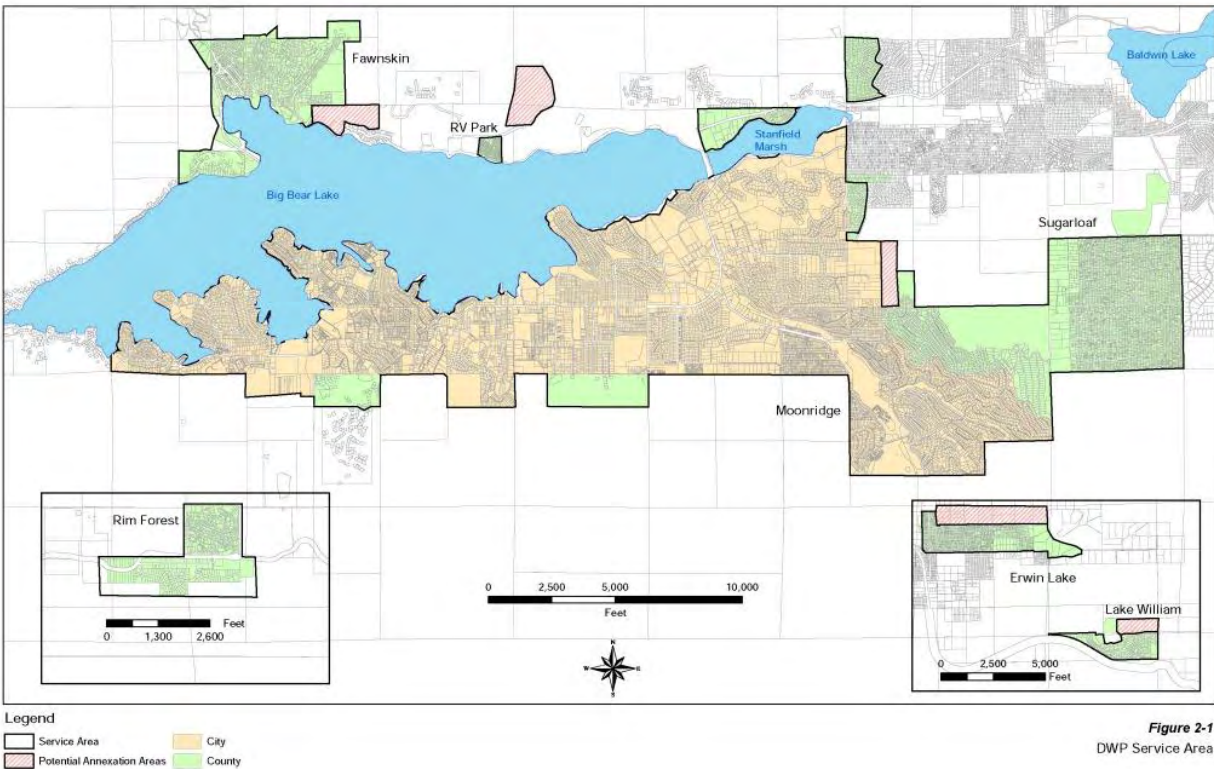
For the ten-year period ending with calendar year 2009, the amount of water delivered to Mutual by MWD was 60,793 acre-feet. For the 33-year period the Judgment has been in effect, the average annual deliveries by MWD to Mutual has been 4,307 acre-feet. In 2010 Mutual can request up to 17,595 acre-feet of water from MWD. This value is the amount that they are below the 65,000 limitation at the end of 2009 (which was 4,207 acre-feet), plus the deliveries made in 2000 (which was 13,388 acre-feet), which will be dropped from the ten-year period ending in 2010. The 17,595 acre-feet total includes in-lieu deliveries, lake releases and fishery outflows that Mutual is able to divert.

### **City of Big Bear Lake – Department of Water and Power**

The City operates its water system through its DWP. Although the City is the responsible entity, its charter and documents refer to the DWP as the water entity. A review of the governance and administrative structure of the City and its department is included in the City's service review.

The DWP provides water service to about 16,000 customers from four separate water systems: Big Four (which is a combination of the Big Bear, Moonridge, Sugarloaf and Erwin Lake systems), Lake Williams, Fawnskin, and Rimforest. The "Big Four" system delivers water to four communities, but is licensed by the California Department of Health Services as two systems – Big Bear Lake/Moonridge and Erwin Lake/Sugarloaf systems. The "Big Four" system is the largest of the water systems with 13 pressure zones and approximately 14,320 active connections that serve the City, portions of Big Bear City, the unincorporated Moonridge area, and the unincorporated areas of Sugarloaf and Erwin Lake. The Lake Williams system, which serves the Lake Williams area has approximately 120 active connections and is supplied by three active groundwater wells that pump into a reservoir. The Fawnskin system, which serves the north shore area with approximately 710 connections, is served by two pressure zones with six groundwater wells that pump directly into the system or into its existing reservoirs. The DWP provides water to its Bear Valley customers by pumping ground water from local aquifers. Currently, no outside water source is available to augment the local supply. The Rim Forest system, which serves the unincorporated area of Rim Forest located in the Lake Arrowhead community, has approximately 300 connections. Water used in this system is purchased from the Crestline-Lake Arrowhead Water Agency (CLAWA) the state contractor for the area. The Big Bear Shores RV Resort system, although technically not considered a part of the DWP's main water systems, serves a small RV Park along the north shore with a single connection that is served by two groundwater wells that pump into a small on-site reservoir.

Questions regarding the future service issues outside the boundaries of the City of Big Bear Lake are discussed in detail under the Service Review/Sphere of Influence Update for the City of Big Bear Lake in the DWP section.



Pursuant to the *Urban Water Management Planning Act*<sup>7</sup>, each urban water supplier shall update its plan at least once every five years on or before December 31, in years ending in five and zero, and shall file with the Department of Water Resources (DWR) a copy of the plan. In years ending in six and one, DWR submits a report to the State Legislature summarizing the status of the plans and identifies the outstanding elements of the individual plans. For the 2010 urban water management plan, the DWR has extended the 2010 submission date to June 30, 2011. The DWP has notified LAFCO staff that it has not completed its 2010 urban water management plan but it did provide its 2005 Urban Water Management Plan to DWR, albeit with a late submission.

### Supply

The DWP maintains 53 wells, 12 booster stations, 17 reservoirs, 16 chlorination stations, 20 sample stations, approximately 178 miles of water main pipeline, and a complex pressure-reducing network.

All of the DWP's water comes from snow and rain that percolates back into the ground. However, only three to five percent of the snow and rain reaches the water table. A significant reason why such a small percentage of the precipitation reaches the groundwater basin is due to surface runoff. The remaining water is used by evapotranspiration and evaporation. The DWP does not use lake water for public health and safety reasons and no additional water is imported into the Big Bear Valley.

<sup>7</sup> California Water Code, Division 6, Part 2.6, Section 10610, et seq.

DWP currently operates groundwater wells and slant wells that supply the various water systems in the service area. The average pumping capacity of these wells is 170 gpm which is reflective of the relatively low-producing aquifers, and fractured bedrock conditions of the local geology. Most of the slant wells are located in the vicinity of the Lassen Reservoir in the Big Bear Lake/Moonridge system and typically provide approximately 20 percent of the DWP total annual production. Several groundwater wells have been removed from service due to water quality considerations. The table below, taken from the 2010 Annual Water Report (included as a part of Attachment #3), shows the total water production for each of the service areas.

**Table 5 – Total Water Production June 2010**

| Y-T-D = Year to Date<br>MG = Million Gallons | June 2010<br>MC | 2010 Fiscal<br>Y-T-D | June 2009<br>MC | 2009 Fiscal<br>Y-T-D | 09-10<br>Monthly<br>% Difference | 09-10 Y-T-D<br>% Difference |
|--|-----------------|----------------------|-----------------|----------------------|----------------------------------|-----------------------------|
| *Big Bear Lake / Moonridge                   | 50.49           | 508.84               | 50.56           | 540.23               | -0.14%                           | -5.81%                      |
| *Sugarloaf / Erwin Lake                      | 15.51           | 184.28               | 15.40           | 180.92               | 0.71%                            | 1.86%                       |
| Fawnskin                                     | 2.76            | 28.53                | 2.78            | 29.39                | -0.72%                           | -2.93%                      |
| Lake Williams                                | 0.70            | 6.47                 | 0.64            | 6.80                 | 9.38%                            | -4.85%                      |
| RV Park                                      | 1.24            | 6.17                 | 0.94            | 6.78                 | 31.91%                           | -9.00%                      |
| <b>SUB - TOTAL</b>                           | <b>70.70</b>    | <b>734.29</b>        | <b>70.32</b>    | <b>764.12</b>        | <b>0.54%</b>                     | <b>-3.90%</b>               |
| Rimforest                                    | 1.59            | 17.08                | 1.63            | 19.24                | -2.45%                           | -11.23%                     |
| <b>GRAND - TOTAL</b>                         | <b>72.29</b>    | <b>751.37</b>        | <b>71.95</b>    | <b>783.36</b>        | <b>0.47%</b>                     | <b>-4.08%</b>               |

\*NOTE 5.24 Million Gallons were transferred from Sugarloaf / Erwin Lake to Big Bear Lake / Moonridge.  
65.50 Fiscal Year to Date Transferred.

(This amount is included in the Sugarloaf / Erwin Lake Total but not in the BBL / Moonridge Total.)

DWP currently has reservoirs in its service area that provide operational, emergency, and fire protection storage. With the exception of the Clinemiller Reservoir in the Fawnskin system, which is concrete with a wooden roof, all other reservoirs are either welded or bolted steel. The combined storage capacity of all reservoirs is estimated at just over 9.3 million gallons.

The DWP is currently operating under a Stage 1 water shortage emergency pursuant to California Water Code Section 350 (for all systems except Lake Williams, which is operating under a Stage 2 shortage emergency). No new connections are currently allowed in Lake Williams. For all other areas, connections are currently limited to 160 EDUs per year. When sufficient water supply sources have been developed to meet the community's needs at build out, the DWP intends to eliminate the Stage 1 water shortage emergency, which will remove limitations on new connections. Of note, the proposed "Mooncamp" project within the larger Fawnskin community now anticipates 50 lots which will require water service through an anticipated contractual agreement between DWP and CSA 53 Zone C. These 50 connections would take 1/3 of the annual permits allowed when development occurs.



The DWP identifies that there are a number of supplemental supply sources that are considered to meet ultimate supply requirements. According to the DWP, the current plan is to fully exploit the groundwater basins within the valley through an extensive drilling program. At this time, it is unclear whether or not the combined safe yields of the various basins will be sufficient to meet the demand at build-out. Consequently, the DWP also has a program to “stress-test” the various sub-units to more accurately determine the perennial yields.

Another identified potential source is reclaimed water from BBARWA. The use of recycled water for groundwater replenishment in the Erwin Lake area is a feasible alternative to narrow the estimated 1,929 ac-ft per year demand-supply deficit that is anticipated to exist. According to the DWP, BBARWA estimates the unit cost for this alternative ranges from \$3,300 to \$4,500 per acre-feet.

*Demand*

DWP’s records suggest that approximately one-third of its customers are full time residents based on the billing zip code of individual accounts. Service accounts (connections) have grown from 13,718 active accounts in 1995 to 15,442 as of June 30, 2006. This represents an increase of 1,724 active accounts over this 12-year period or an average of 144 connections per year. Currently, the number of new connections, excluding Rim Forest, is limited to 160 connections per year. A breakdown of the customer class, based on revenue from rates, is shown below:

| <b>Percentage of Revenue from Rates by Customer Class</b> |        |
|---|--------|
| Residential   | 81.6%  |
| Commercial  | 15.8%  |
| Rimforest   | 2.6%   |
| Total   | 100.0% |

Demand is likely to equal the perennial yield of the local aquifers between the years 2031 and 2036. The perennial yield is the maximum amount of water that can be sustainably drawn from the aquifers annually. Additionally, according to the DWP’s report dated March 30, 2010 titled “Reconnaissance Level Analysis of Alternative Water Sources for the DWP”, the best estimate of the safe yield of the groundwater basins currently utilized by the DWP is approximately 3,100 acre-feet/year. The DWP’s projected demand will likely exceed this amount within the next 15 to 20 years. At build-out, the DWP is projected to require between 530 and 950 acre-feet/year of additional water supply (or equivalent reductions in future demand per customer). The higher figure will be used for planning in order to provide for a reasonable contingency.

*Capital Improvement*

The FY 2010-11 budget for the DWP includes \$7 million in infrastructure improvements, These improvements are split roughly two-thirds for system rehabilitation and one third for capital projects related to meeting peak demands and future growth. The sources of funds for this investment are the United States Department of Agriculture - Rural Development



Loan-Grant Program (“USDA”) and local DWP funds. The focus of this capital investment program is to continue to improve fire flow throughout the system, replace aging wells, and increase overall pumping capacity to meet peak demands. It includes three pipeline replacement projects; equipping two previously drilled wells; drilling two new wells; and evaluating additional sites for future wells. By the close of FY 2010-11 the DWP expects to be 50% complete with the USDA projects which were started in October 2010. Additionally, included in the FY 2010-11 budget is a project to develop an augmented inventory and database of the DWP's facilities. This database will provide the foundation for future long term infrastructure planning.

The FY 2011-12 budget includes \$8 million to replace aging and inadequate infrastructure systems – specifically pipeline replacement, well drilling and equipping, and seeking new well sites. This investment is made possible primarily through funding that is currently in process from the USDA and supplemented by revenues expected from the DWP's nine percent rate increase effective July 2011. On March 23, 2011, the USDA issued a letter of conditions for a second funding application. The second application includes \$5 million loan and a \$1 million grant. When finalized, the additional funding will help to equip three wells and replace 13,300 linear feet of aging pipeline.

With these projects completed the DWP will have replaced nearly 22,000 linear feet of pipe, and brought two new wells and three replacement wells on line. This addresses nearly all of the "Priority 1" projects identified in the 2005 Master Plan.

Other minor projects to be funded from operating revenues include replacing pressure regulating valves, replacing hydrants, meters and meter boxes, and providing general professional services. Additionally, the DWP will collaborate with the Big Bear City Community Services District (“CSD”) to develop engineering plans for a blending line. It is expected that this collaboration will allow the DWP to move water from the east side to the west in a more cost-effective manner and will allow the CSD to bring an additional well on line. Further, the CSD and the DWP have budgeted \$15,000 each for fiscal year 2011-12 for the study of Fluoride Blending between the two agencies. The intended result would be improved water production for both agencies at minimal costs. With the possible joint Fluoride Blending Project on the horizon no discussions are currently in place for the CSD to sell water to DWP.

If the permanent resident population was all that Big Bear Lake had to deal with, the existing system could maintain its present configuration. Approximately 68% of the City's housing units are a second home, which has remained relatively constant. The Department of Finance identifies that there were 9,444 total housing units within the City in 2010, and the County of San Bernardino Assessor's Office has identified that 541 housing units have been foreclosed since 1994. Using a general average of 2.5 persons per unit, these second homes could generate an additional population of 15,135 persons<sup>8</sup>. Additionally, according to the DWP, as many as 50,000 or more people are estimated to visit or pass through the City on a peak holiday weekend. However, because the Big Bear Lake area is a tourist retreat for all seasons, the impact to the system is compounded.

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<sup>8</sup> (9,444 housing units – 541 foreclosed units) x 68% housing units as second homes x 2.5 general average of persons per unit = 15,135 second home population. Sources: Department of Finance and County of San Bernardino Assessor's Office.

Since acquiring the water systems in 1989, the DWP has invested substantial resources to reducing the number of water main leaks:

| <b>Number of Water Main Leaks Repaired by Area</b> |             |             |             |             |
|--|-------------|-------------|-------------|-------------|
| <b>Fiscal Year Ending June 30</b>                  | <b>1993</b> | <b>2000</b> | <b>2005</b> | <b>2010</b> |
| Big Bear Lake                                      | 436         | 41          | 13          | 13          |
| Moonridge  | 0           | 49          | 16          | 10          |
| Fawnskin   | 24          | 28          | 5           | 1           |
| Sugarloaf  | 154         | 4           | 0           | 2           |
| Erwin Lake   | 0           | 4           | 0           | 1           |
| Lake William                                       | 2           | 0           | 0           | 1           |
| Rimforest  | 48          | 0           | 0           | 0           |
| <b>Total System Main Leaks</b>                     | <b>664</b>  | <b>126</b>  | <b>34</b>   | <b>28</b>   |

Fire flow requirements are not met in all segments of the water system partially due to the age of the system and partially because fire flow requirements have changed. The 2006 Water Master Plan indentified \$110 million worth of needed system upgrades, most for fire flow. The DWP estimates that it will take 20 to 30 years to address all of the fire flow issues.

Recommended improvements have been grouped into three priorities. Priority 1, concentrates on replacing a limited number of pipelines in the most fire flow deficient areas, developing new wells to augment supply, adding storage in the Fawnskin system and completing the facilities required to convey water from Barton to the future La Crescenta reservoir. According to the DWP, by the end of FY 2011-12 essentially all of the Priority 1 pipeline projects are estimated to be complete and will begin to address Priority 2 projects. Priority 2 focuses on replacing additional pipelines to augment fire flow capacity in all systems and augmenting capacity from local sources. Finally, Other Replacement Pipelines facilities include replacing all pipelines less than six inches in diameter that have not been considered under any of the two initial priorities. The total capital cost (2006 dollars) of the proposed improvements is summarized as follows:

|                             |               |
|-----------------------------|---------------|
| Priority 1                  | \$ 11,950,000 |
| Priority 2                  | \$ 60,000,000 |
| Other Replacement Pipelines | \$ 37,000,000 |

DWP customers can get a \$100 rebate for replacing an old, high-flow toilet with a new, low-flow toilet that uses 1.6 gallons per flush or less. All DWP customers are eligible for free low-flow showerheads and aerators. The DWP will pay its customers \$0.50 for each square foot of turf removed over 500 square feet.

## **Big Bear City Community Services District**

LAFCO staff has reviewed the DWR report to the Legislature for the 2005 urban water management plans, and the report identifies that the CSD did not submit a 2005 urban water management plan<sup>9</sup>. For the 2010 update, the CSD has notified LAFCO staff that the CSD has contracted with Daniel B. Stephens and Associates, Inc. to prepare its 2010 Urban Water Management Plan. The CSD anticipates adoption by fall 2011, after the June 2011 required submission date.

### *Supply and Demand*

The primary source of water supplied to its customers is groundwater derived from the Big Bear Valley groundwater basin. The current well water sources for the CSD include 11 active vertical wells, two inactive vertical wells, and two horizontal wells. The CSD currently maintains four storage tanks with a combined storage capacity of approximately 6.24 million gallons (19.1 acre-feet). This volume is equivalent to 5.6 days of present average daily demand and 2.9 days of present maximum daily demand.

The CSD provides potable drinking water within an eight square mile service area. The service area excludes a portion of Whispering Forest, Erwin Lake, Lake Williams, and all of Sugarloaf. The water system also supports fire suppression activities with water flows that range from 500 to in excess of 1,500 gallons per minute.

In 1995, the CSD entered into an agreement to provide emergency interties with the DWP. The interties consist of adjacent fire hydrants, one maintained by the CSD and the other by City, that are connected hydraulically, thus linking the two agencies. There are no formal agreements regarding water transfer. Each transfer is evaluated individually. According to the CSD, if the interties are sized appropriately and institutional arrangements are made, a more formal transfer program could be implemented.

A portion of the total connections serve institutional, commercial, and industrial customers. According to CSD staff, there were 5,795 (96.3 percent) residential connections and 220 (3.7 percent) non-residential connections as of September 2008. Applying the same breakdown of residential and non-residential connections to the 2030 projection for new connections yields 7,609 residential connections and 292 new non-residential connections.

Additionally, according to U.S. Census 2007 data, the residential vacancy percentage for the CSD was approximately 52.3 percent. In other words, an estimated 52.3 percent of CSD residences are occupied less than five days per month. Therefore, the CSD has the potential to experience a large change in demand if full-time occupancy increases, even if the number of service connections remains constant.

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<sup>9</sup> California. Department of Water Resources, "Summary of the Status of 2005 Urban Water Management Plans", Report to the Legislature. 31 December 2006.

### *Improvements*

The CSD's 2010 Water Master Plan focuses on evaluation of its sources of supply and storage, analysis of the existing water system (evaluating the physical aspects of the transmission and distribution system, including planned improvements), and provides hydraulic computer modeling of the system. Based on the conclusions of the Master Plan, several recommendations are presented. With respect to proposed artificial recharge operations, natural recharge to the east portion of the Big Bear Valley groundwater basin appears to be adequate to meet the demands projected for the CSD service area. Therefore, artificial recharge according to the Master Plan is not recommended at this time.

To address existing deficiencies in the system, a suite of primary capital improvements are recommended. Over the course of the time period through 2030, the estimated costs for these improvements would total \$16.2 million (2008 dollars). The primary recommended capital improvements by the Master Plan include the following:

- Replace 10.2 miles of pipeline.
- Install new water meters with an automated meter reading device (fixed network).
- Replace 5 booster pumps to improve pumping capacity.
- Upgrade 11 booster pumps to increase efficiency.
- Equip Well 3B with pump and motor to increase capacity.
- Rehabilitate and maintain wells.
- Enhance fluoride blending pipeline.
- Construct fluoride treatment facility (if necessary).
- Conduct additional studies.

A suite of secondary improvements are also recommended to support development. Secondary recommended capital improvements, which would be required to support new development, in-fill development, or redevelopment, are estimated to cost \$9.6 million (2008 dollars); much of this cost could be borne by developers. These secondary recommendations would include:

- Replace 4.1 miles of pipeline.
- Establish new pressure zones.
- New gravity storage
- Tanglewood and Abbott Booster Station reconfiguration
- Zone boundary reconfiguration
- New gravity storage
- New booster station
- Install new fire hydrants

### **Big Bear Municipal Water District**

The MWD is not a wholesale or retail water service provider. Therefore, it has no pipelines or treatment facilities. Court decisions handed down in 1977 limit the MWD's use of the lake to "recreation and wildlife enhancement". The mission of the MWD is to stabilize the level of Big Bear Lake. This mission is accomplished through the implementation of a

comprehensive water management plan which includes controlled lake releases combined with a water purchase contract to provide water to the water rights holder while minimizing demand on the reservoir.

In 1964, by an overwhelming vote, the voters of Bear Valley created the MWD for the purpose of attempting to stabilize the level of Big Bear Lake. Shortly thereafter, the original Board of Directors of the MWD decided that the best approach would be to condemn the Lake. What ensued was a thirteen year legal battle which finally led to an out of court settlement in early 1977. For more information on the 1977 court decision and the terms of the judgment, please see "Big Bear Lake Judgment" section of the report on page 31.

The MWD dredges the lake and deposits the dredge material on the shore, thereby creating developable lands. All recent dredging has removed sediment with disposal on dry land. However, in some cases a sea wall is constructed to restore dry land along the shoreline and inside a private property line. In this case, previously submerged private property is recovered. The MWD states that it is not permitting any dredging project that creates new dry ground on public property. The MWD has also identified that it has completed dredging projects in the past, some of which created slivers of dry land above the high water level of the lake. None of these sliver fills, which are MWD-owned lands, is large enough to be developable on its own. However, these slivers are adjacent to some of the private lakefront properties. Since these slivers have little value to the District or the public, the MWD recently approved a resolution that establishes a procedure and policy to sell these sliver "easements". In the past, the development of these slivers has caused confusion as to who has jurisdictional authority to build on these lands. A discussion on this jurisdictional issue is on Page 62 of this report.

Private dredges permitted by the MWD have created navigable channels during low lake levels to private boat docks. Additionally, parties are allowed to construct sea walls and reclaim submerged eroded private property after completing necessary CEQA efforts and obtaining permits from the California Department of Fish and Game, Army Corps of Engineers and Santa Ana Regional Water Quality Control Board.

The dam and the abutments are inspected annually by the State Division of Safety of Dams.

The FY 2011-12 budget anticipates one significant capital project. The District RV Park, located adjacent to the District administrative office, has 25 spaces for rent, but only 21 have full hook-ups. This project will construct sewer, electricity and water to the remaining four in order to be able to charge full rent for the sites.

### *Storm Management Release*

In 2005, a winter storm release policy was approved. It authorizes that the lake be maintained at one foot below full from December 31 through March 31. This policy was developed to improve MWD's release capabilities in the event of a major storm event during those months. According to MWD, this policy will result in lake releases that were not contemplated in the 1996 water contract, and will reduce the amount of water available for release to Mutual under MWD's Lake Release Policy. This, in turn, increases the amount of in-lieu water delivered by MUNI. The average annual increase in in-lieu deliveries is

estimated at 80 acre feet, and MWD agreed to pay MUNI an additional \$12,000 each year beginning on July 1, 2006, subject to an annual increase from an escalation formula.

*Sale of Water for Snow Making*

MWD and Snow Summit, Inc. (“Summit”)<sup>10</sup> entered into a contract in 2006 allowing Summit to withdraw from Big Bear Lake 11,000 acre-feet of lake water for snow making in any 10-year rolling period, not to exceed 1,300 acre-feet in any single year. The contract for water sales to Snow Summit was negotiated with Bear Valley Mutual before the lake settlement contract was signed. The District states that Mutual is fully aware of the operations and approved the agreement prior to its adoption. Details of annual water sales are included in the Watermaster Report. The Big Bear Watermaster Committee accounting procedures calculate that one-half of the water taken returns to the Lake. On average, if all water is taken, the net reduction in the lake’s surface area is only about 33 acres, or 1% of the total surface area.

**Water Rates**

The residential retail water rates of the two retail water providers in the Bear Valley are identified in the chart below.

**Residential Water Rate Comparison (July 2011)**

(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 <sup>1</sup> | Tier Two | Tier Three | Tier Four |                                   |                                       |
| City of Big Bear Lake – Department of Water & Power    | \$2.45                | \$3.40   | \$5.07     | \$8.36    | \$81.32                           | \$110.72                              |
| Big Bear City CSD                                      | \$1.48                | \$1.86   | \$2.21     | --        | \$40.04                           | \$69.64                               |
| Rates rounded to the nearest hundredth                 |                       |          |            |           |                                   |                                       |
| <sup>1</sup> Service Charge base rate includes 8 units |                       |          |            |           |                                   |                                       |

**B. Sewer**

The Big Bear Area Regional Wastewater Agency (“BBARWA”) is a joint powers authority formed for the purposes of planning and constructing sewer improvements to serve the member entities' service areas, obtaining State and Federal Clean Water grants, financing the local share of project costs, and operating the regional facilities. The member agencies are the CSD, the City of Big Bear Lake, and the County of San Bernardino on behalf of CSA 53 Zone B.

<sup>10</sup> In 2002, Snow Summit Ski Resort and Bear Mountain Ski Resort merged and are now owned and operated as Snow Summit, Inc.

Each member agency maintains and operates its own wastewater collection system and delivers wastewater to BBARWA's interceptor system for transport to the wastewater treatment plant. The purpose of the plant is to treat sewage flows from the member agencies and to accept septic waste from residents and businesses, which are not served by a collection system. The treatment plant currently operates at about 2.5 million gallons per day. The effluent is discharged to farm lands in Lucerne Valley and the sludge is collected, dewatered, and hauled to disposal facilities off the mountain.

### **City of Big Bear Lake**

The Public Works Sanitation Division services about 10,680 properties (13,270 equivalent dwelling units). The City's sewer system consists of over 250 miles of sewer lines, 13 lift stations with 29 pumps (from a 2.5 horsepower to a 47 horsepower), and over 6000 manholes. Pipeline materials include a combination of concrete irrigation pipe, vitrified clay pipe, cast iron pipe, asbestos cement pipe, and polyvinyl chloride pipe. Pipe sizes range from 4-inches to 24-inches in diameter, with over 90 percent of the system comprised of 6-inch and 8-inch diameter pipes.

The system is divided into Assessment Districts and Tracts (there are 20 Assessment Districts and 15 Tracts within the City of Big Bear Lake). In Assessment Districts 1 thru 8, the City is responsible for the main line and wye connections at the main. In Assessment Districts 9 thru 20, the City is responsible for the main line and the lateral to the property line. In Assessment Districts 14 thru 20 and in the tracts, the laterals have a locating device on the end of the lateral.

The sewer system averages 13,500 GPM per month on out bound flows on larger stations, which more than doubles during the peak seasons. Collected flows are transported from the City to BBARWA for treatment with ultimate distribution to an alfalfa farm in Lucerne Valley. The sewer fee collected on the tax roll of \$373.14 includes a component unit for BBARWA and a component unit for the City's collection system.

### **Big Bear City Community Services District**

The CSD provides wastewater collection service to Big Bear City and in the areas known as Sugarloaf, Erwin Lake, Whispering Forest, and a portion of Moonridge. The existing CSD collector system consists of approximately 132 miles of gravity sewer pipeline, 2,791 manholes, seven sewage lift stations (six of the lift stations are of dry-well design and one of wet well-submerged pump design) and associated force mains.

The CSD collects and transports wastewater to the BBARWA treatment plant for processing and disposal. Average daily influent flow to BBARWA is 832,096 gallons per day. Influent flows from the CSD are treated at BBARWA and the effluent is transferred to an alfalfa farm in Lucerne Valley. The CSD serves as a collection agent in its geographical area for certain revenues of BBARWA, which include connection fees, usage fees and standby fees.

The CSD projects that connections will reach roughly 12,500 connections by 2021, which would be 80% of the saturation count for connections, as shown on the chart below taken from the Sewer Master Plan.

**TABLE 2-3: BBCCSD - PROJECTED CONNECTIONS AND FLOW FOR NEXT 20 YEARS**

| Year                               |       | 2001      | 2011      | 2021      |
|------------------------------------|-------|-----------|-----------|-----------|
| <b>Estimated EDU:</b>              |       | 10,732    | 11,688    | 12,500    |
| <b>Near Saturation EDU Count:</b>  |       | 15,544    | 15,544    | 15,544    |
| <b>Current EDU/ Sat EDU Ratio:</b> |       | 69%       | 75%       | 80%       |
| <b>Dry Weather Flow:</b>           |       |           |           |           |
| Average Flow:                      | (GPD) | 939,050   | 1,022,525 | 1,093,750 |
|                                    | (MGD) | 0.94      | 1.02      | 1.09      |
| Peak Flow                          | (GPD) | 2,380,131 | 2,569,555 | 2,729,948 |
|                                    | (MGD) | 2.38      | 2.57      | 2.73      |
| Unit Flow For Model (GPD/EDU)      |       | 153.03    | 164.91    | 174.72    |
| <b>Wet Weather Flow:</b>           |       |           |           |           |
| Average Flow:                      | (GPD) | 1,459,552 | 1,589,296 | 1,700,000 |
|                                    | (MGD) | 1.46      | 1.59      | 1.70      |
| Peak Flow                          | (GPD) | 3,538,551 | 3,820,169 | 4,058,624 |
|                                    | (MGD) | 3.54      | 3.82      | 4.06      |
| Unit Flow For Model (GPD/EDU)      |       | 227.51    | 245.18    | 259.75    |

To meet long term water supply requirements, water reuse (wastewater reclamation) will be an important component in addition to the current practice of pumping all of the required water from groundwater wells. Purchasing imported water (such as State Project Water) as exchange for water rights in Big Bear Lake will be substantially more expensive and will require extensive reviews, development of treatment facilities, and establishment of various agreements, as well as inclusion within the boundary of a State Water Project provider. This action would be necessary if State Water Project water was to be delivered to the area as it cannot leave the boundaries of a State Water Project provider.

The potential initial uses for reclaimed water within the CSD service boundary include landscape irrigation (parks and schools etc.) and groundwater recharge. Irrigation practices with reclaimed water are restricted to minimize surface runoff. Effluent water quality requirements included in the reclamation permits are established based on the water quality objectives established by the regional water quality control board for the groundwater basin.

### **County Service Area 53**

CSA 53 provides sewer collection within its Zone B (Fawnskin) and transports the effluent to the BBARWA Plant for treatment and disposal. The sewage collection system was installed in 1972 and currently services roughly 1,250 Equivalent Dwelling Units (roughly 950



connections) to residential and light commercial uses. According to the Special Districts Department, with the exception of the addition of a camp to the system, active connections have been relatively stable. The only major projects known for the Fawnskin community would be the development commonly known as “Mooncamp” which originally anticipated 92 lots, but which has since been redrawn to include 50 lots. Sewer service would be provided by 53B.

The system consists of a collection system by gravity, lift stations, a single vacuum collection system, approximately 17.5 miles of lines, and 375 manholes. A facility plan was prepared in 2002 and the plan recommended upgrades to the vacuum system. Special Districts Departments states that the upgrades were completed in 2006.

The FY 2011-12 Recommended Budget identifies two projects:

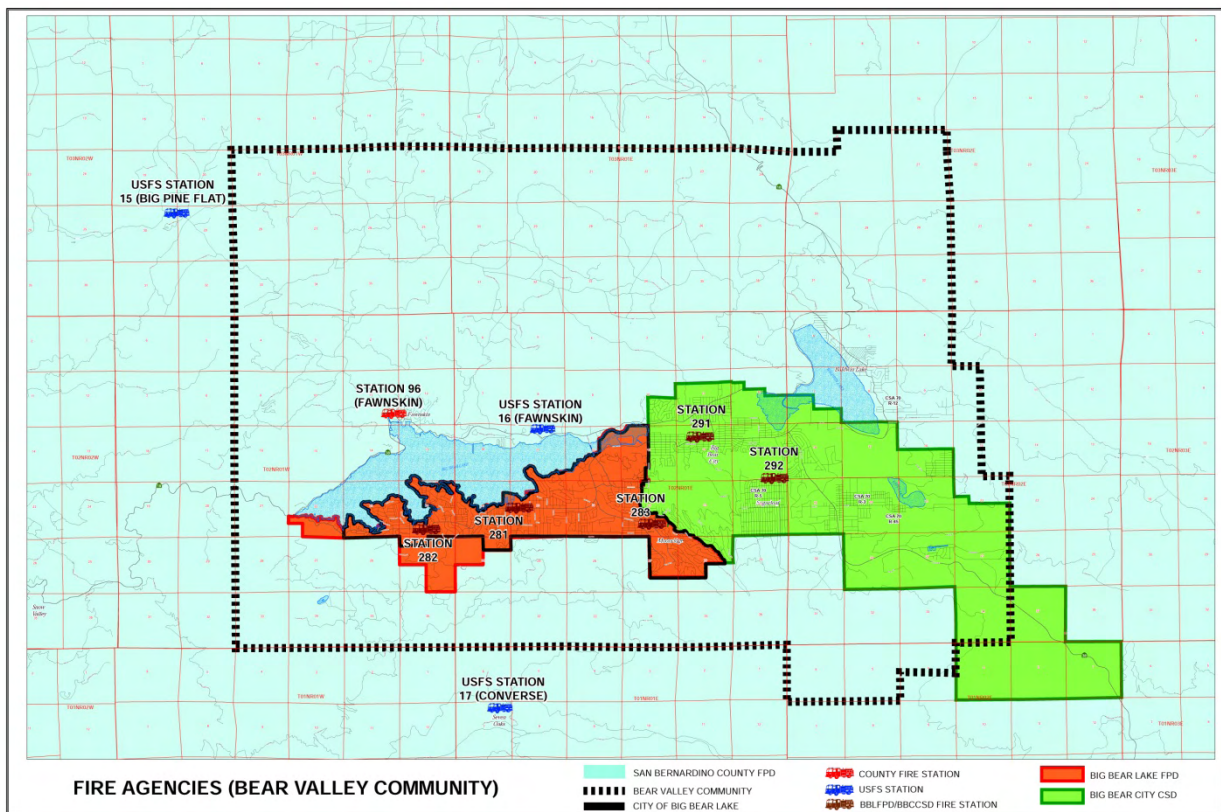
- Vacuum System Improvements – To replace the existing electrical panel and add enclosure for the vacuum system pump station. Local Funds \$6,125; Fund Balance \$52,757. Total \$58,782
- Manhole Sealing – Spray application sealant of approximately 55 manholes that currently allow significant water inflow. Local Funds \$550; Fund Balance \$60,337. Total \$60,887

**Sewer Rates for Fiscal Year 2011-12:**

| AGENCY  | SEWER SERVICE FEE   |
|---|---|
| <b>Bear Valley Community</b>                    |   |
| City of Big Bear Lake                           | \$31.10 monthly service charge; plus \$373.14 per served parcel on tax roll for BBARWA charges and other City sewer related charges \$62.20 is the monthly charge |
| Big Bear City CSD                               | \$119.29 annual system maintenance charge*<br>\$173.76 annual BBARWA treatment charge*<br>\$24.42 is the monthly charge   |
| CSA 53B   | \$54.19 monthly service charge  |
| <b>Other Mountain Providers</b>                 |   |
| Lake Arrowhead CSD                              | \$44.16 monthly service charge  |
| CSA 79  | \$61.40 monthly service charge  |
| Running Springs Water District*                 | \$27.45 plus 15% of water usage<br>\$3.00 wastewater pollution control plant loan repayment   |
| *Place on individual property tax bill annually |   |

## C. Fire and Emergency Response

Bear Valley is protected from fire and disaster by four different full-time fire protection agencies, which include the Big Bear Lake Fire Protection District (“Big Bear Lake FPD”) which generally serves the City of Big Bear Lake, the CSD which serves the east end of the valley, the San Bernardino County Fire Protection District (“County Fire”) and its Mountain Service Zone which overlays the entire Valley area excluding the City and the CSD’s territory but primarily serves the community of Fawnskin and the rest of the North Shore area, and the U.S. Forest Service protecting the surrounding federal forest land for wildland fire purposes. All four agencies provide mutual aid to each other upon request. Below is a map of the fire agencies for the Bear Valley community and the general location of the fire stations identified.



There are seven fire stations that serve the Bear Valley community. The breakdown of the stations is as follows: three stations for Big Bear Lake FPD (Stations 281, 282, and 283), two stations for CSD (Stations 291 and 292), one station for County Fire (Station 96, formerly Station 49) and one station for the U.S. Forest Service (Station 16). The figure below is taken from the *Bear Valley Community Plan*, which provides a detailed description of the fire stations in the Bear Valley community.

| Fire Stations              | Fire District /Agency                             | Area Served                                 | Equipment  | Personnel (number and title)  | EMT Response Capabilities | Availability of ambulance services | Nearest Medical Facilities                                 |
|----------------------------|---|---|--|---|---------------------------|------------------------------------|--|
| Big Bear City Station #291 | Big Bear City Community Services District         | Big Bear City, approx. 21 square miles      | 3 type 1 engines, 1 type 3 engine, 1 Water Tender (WT), 1 rescue squad, 5Advanced Life Support (ALS) ambulance, 1 snow cat   | 1 fire chief, 2 div chiefs, 3 captains, 6 engineers, 12 firefighters, 15 Paid Call Firefighters (PCF) and 1 paramedic.                          | 34 staff                  | 5 available                        | Bear Valley Community                                      |
| Big Bear City Station #292 | Big Bear City Community Services District         | Big Bear City                               |  |   |                           |                                    |  |
| Big Bear Lake Station #281 | Big Bear Lake Fire Protection District            | City of Big Bear Lake 9 square miles        | Type 1 Engine, 75 foot Squint, Type 3 brush, 1500 gal Water Tender (WT), medium rescue, 2 ambulances, brush quick attack   | Fire Chief, Ass't fire chief, Fire Prevention Officer, 2 Capt/EMT, 1 Capt paramedic, 3 engineer EMT, 7 firefighter paramedic, 5 firefighter EMT | 10 staff                  | None                               | Bear Valley Community - 1 mile                             |
| Big Bear Lake Station #282 | Big Bear Lake Fire Protection District            | City of Big Bear Lake                       | 1 type 1 engine  | 1 Paid Call Firefighters (PCF)/EMT  | 1 staff                   | None                               | Bear Valley Community - 4 miles                            |
| Big Bear Lake Station #283 | Big Bear Lake Fire Protection District            | City of Big Bear Lake                       | 1 type 1 engine  | 4 Paid Call Firefighters (PCF)/EMT  | 4 staff                   | None                               | Bear Valley Community - 1 mile                             |
| USFS Station 16, Fawnskin  | U.S. Forest Service                               | U.S. Forest Service lands                   | Type III engine, Type IV patrol and utility vehicles   | Engine =5 person, 7 days, open year round. Prevention Unit 16= 1 person, year round   | None                      | None                               | Mountain Community Hospital (MCH) or Bear Valley Community |
| Fawnskin Station #96       | San Bernardino County FPD (Mountain Service Zone) | Fawnskin - northwest shore of Big Bear Lake | Breathing Support (BS) 49, Medic Engine (ME) 49, Brush Engine (BE) 49, Medic Ambulance (MA) 49, Water Tender (WT) 49, Squad 49, Snow Cat (SC) 49, Squad 49R, Boat 49 | 3 capt, 3 Limited Term (LT)   | 6 staff                   | None                               | Bear Valley Community                                      |

In addition, there are two other fire stations located beyond the Bear Valley community that also provide fire protection service support for the community. The U.S. Forest Service Stations closest to the Bear Valley community are the U.S. Forest Service Stations 15 (near Big Pine Flat) and 17 (near Seven Oaks) which are manned in the summer only. Other stations nearby manned on a year-round basis include the Arrowbear Park County Water District Station, the Running Springs Water District Station, and County Fire Station #98 in Angelus Oaks. The map above also identifies the location of these stations and the figure below (from the *Bear Valley 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 17, Converse      | U.S. Forest Service   | U.S. Forest Service lands | Type III engine and utility vehicles                 | Engine = 5 person, 7 days, summer only  | None                      | None                               | Mountain Community Hospital (MTCH) |
| USFS Station 15, Big Pine Flat | 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 15=1 person, year round | None                      | None                               | Mountain Community Hospital (MTCH) |

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 Taskforce<sup>11</sup> and Fire Safe Council<sup>12</sup>.

### Big Bear Lake Fire Protection District

The Big Bear Lake FPD is empowered to provide services under the Fire Protection District Law, Health and Safety Code Section 13800 et seq. of the State of California, and its District Board, (the City council of the City of Big Bear Lake). Personnel in the District provide service in a diverse area of the County. Challenges range from providing structural fire fighting for residential areas and moderately sized commercial buildings and complexes to supporting wildland fire protection and suppression (responsibility of the U.S. Forest Service). According to the District, the following services are currently provided:

- Fire Protection Services: Structural and Wildland<sup>13</sup>
- 
- Emergency Medical Service
- Ice Rescue
- Public Safety and Self Help Education
- Fire Prevention and Fire Code Enforcement
- Hazardous Material Emergency Response - Operational Level
- Other Services Relating to the Protection of Lives and Property
- Public Service

The budget provides for the operation and maintenance of:

- One 24-hour staffed headquarters fire station
- Two outlying Paid Call fire stations
- Three first-line fire engines

<sup>11</sup> 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>.

<sup>12</sup> 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](http://www.firesafecouncil.org).

<sup>13</sup> Wildland fire suppression is provided through mutual aid only and is not a function of local fire fighting.

- One ladder truck
- One quick attack (brush patrol) unit
- One heavy rescue
- One rescue squad
- Five utility/staff vehicles

Staffing levels are:

- Fire Chief
- Assistant Fire Chief
- Two Administrative Secretaries
- Sixteen Suppression personnel assigned to three shifts
- Fire Prevention Officer
- An allocation for twelve Paid Call Firefighters to better assist Suppression personnel during emergencies. Paid Call Firefighters receive weekly training drills and rotate through weekend shifts for additional training and experience.

The Big Bear Lake FPD is configured in three Fire Management Areas broken into Fire Demand Zones within each management area. Each Fire Management Area is represented by the location of each station. Fire suppression consists of three shifts with five personnel per shift. First call equipment is deployed to deliver initial fire attack and Emergency Medical Services within four to six minutes approximately 70 percent of the time. Annual call volume has increased significantly through the years, with an average response time of five to six minutes from receipt of alarm.

The Big Bear Lake FPD stations include one full time headquarters station (Station 281) and two paid call outlying stations (Stations 282 & 283). The paid call stations were renovated in 1994, following the 1992 earthquake, and are listed in good condition. Station 281 contains the District's administration, is the primary response station, and includes the following equipment:

- Engine-281: 2004 4x4 KME; 1500 gallons per minute (GPM); 500 gallon tank.
- Truck-281: 2001 Emergency One; 75 Ft. Aerial; 1500 GPM; 500 gallon tank
- Brush Engine 281: 2003 4x4 Pierce; 500 GPM; 500 gallon tank
- Rescue 281: 2006 4X4 Pierce/International; CA Office of Emergency Services heavy rescue cache
- Water Tender-281: 2005 Pierce/International 1200 gallon tank
- IS-281: Incident Support Unit
- Squad-281: 1995 4x4 Dodge Ram
- 3100: 2006 4x4 Ford Explorer; Staff Vehicle
- 3101: 2006 4x4 Ford Explorer; Staff Vehicle
- Fire Prevention-281: 2000 4x4 Ford Explorer; Staff Vehicle
- Utility-281(quick attack): 2001 4x4 Dodge Ram 2500 Pickup

Currently Big Bear Lake FPD has automatic aid and mutual aid agreements with the CSD, Arrowbear Park Fire Protection District, Crest Forest Fire Protection District, U.S. Forest Service, and County Fire. The Big Bear Lake FPD also provides emergency services to areas outside its jurisdictional boundaries.

Training for full-time personnel is a high priority with a goal of 240 hours per year for each suppression member. This includes 24 hours dedicated to safety training and 24 hours dedicated to hazardous materials training. The Big Bear Lake FPD also has an in-house Department of Motor Vehicles-approved driver training program which meets the criteria for Class 'B' commercial drivers' license testing. Paramedic, emergency medical technician, and CPR re-certifications are ongoing, including twelve hours of continuing education units required per employee per year with a written and skills re-certification test every four years. The District's EMS Coordinator provides this training. Approximately half of the District's members have obtained California State Fire Marshal (CSFM) Fire Officer certification with other members working toward this goal. Captains and above are strongly encouraged to take CSFM Chief Officer level courses and to apply to the National Fire Academy for advanced management courses that are provided by the Federal government.

The Big Bear Lake FPD responds with fire apparatus to all reported medical emergencies and rescue situations. All firefighters assigned to fire apparatus are certified as emergency medical technicians. These individuals respond along with paramedic ambulances to medical service requests. The District responds to more medical aid service requests than any other type of call, which is typical for fire agencies. In 2010, the District responded to 1,757 calls. The median response time was 6.1 minutes and the mean response time was 7.0 minutes. The vast majority of situations were for emergency medical services, not including vehicle accidents with injuries. According to the District, while it expects to experience increased call volume, the current infrastructure (number of stations and apparatus) will support the corresponding increase in demand for service; however, there will be a need to increase staffing levels to meet the increased call volume.

The Big Bear Lake FPD interacts with the DWP providing water for fire protection. The sources of supply are typically local wells, watershed runoff, and storage tanks. The DWP has been upgrading areas that are deficient in fire flow requirements in conjunction with District reviews and recommendations. Markings are provided to locate each fire hydrant during normal and snow season.

The Big Bear Lake FPD supports a volunteer organization designed to help people help themselves and others in a time of a crisis called Community Emergency Response Team (CERT). According to the CERT website ([www.bbvcert.org](http://www.bbvcert.org)) CERT is a positive and realistic approach to emergency and disaster situations where citizens may initially be on their own and their actions can make a difference. While people will respond to others in need without the training, one goal of the CERT program is to help them do so effectively and efficiently without placing themselves in unnecessary danger. In the CERT training, citizens learn to:

- manage utilities and put out small fires,
- treat the three medical killers by opening airways, controlling bleeding, and treating for shock,
- provide basic medical aid,
- search for and rescue victims safely,
- organize themselves and spontaneous volunteers to be effective, and
- collect disaster intelligence to support first responder efforts.

## **Big Bear City Community Services District**

The CSD provides fire suppression, medical emergency response, hazard mitigation, fire prevention, investigation, and related special services. These services are provided within a service area of 21.13 square miles, with an additional responsibility of paramedic and ambulance transport services to an operating area of 258 square miles. Single-family residential structures make up approximately 92% of the developed properties in the CSD, with commercial structures making up the remaining eight percent. Two fire stations and 21 pieces of apparatus, 29 full time fire fighters with 14 paid-call fire fighters, support the fire operations.

A special fire prevention and protection tax was approved by the voters of the CSD on June 8, 1999 which is included on property tax bills in the amount of \$113.13 for each improved parcel, \$83.96 for each mobile home and \$54.78 for each unimproved parcel in the District, resulting in a 3.18% increase for fiscal year 2010/11. In January 2008, the Board approved a Community Facilities District ("CFD") for new development to augment funding for future fire department facilities and personnel. Based upon the effects of the recession, according to the CSD, there have been a couple of annexations for lot splits but the property owners have not applied for building permits, which is the qualifying event for CFD taxation. Consequently the CSD has not seen any tax revenue from the formation of the CFD and it does not have a separate budget.

The CSD has provided fire protection to the Baldwin Lake area by contract since 1998. The contract has no sunset date. The CSD has mutual aid and automatic aid agreements with surrounding emergency response agencies. The CSD and the Big Bear Lake FPD have a cooperative duty officer rotation system that makes a chief officer available 24 hours a day for both agencies. By action taken in July 2011, the CSD and Big Bear Lake FPD share a Fire Chief, with specific financial arrangements for sharing all costs.

Vegetation management continues to consume a great deal of time for department administrative staff. A goal of the CSD is to continue the promotion of property owner responsibility through community out-reach programs designed to engage the property owner to create defensible space around structures. Currently, through the use of grant funding, the CSD is offering curbside chipping to further assist the home owner with vegetation removal. The CSD continues to provide service to the community within the available revenue.

The CSD has identified that the following services are currently provided:

- Fire Suppression: Structural and Wildland<sup>14</sup>
- Emergency Medical Response (Paramedic and Non-Paramedic)
- Victim Rescue
- Ambulance Transport Services
- Fire Investigation
- Fire Prevention
- Plan Review

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<sup>14</sup> Wildland fire suppression is provided through mutual aid only and is not a function of local fire fighting.

- Public Safety Education

Services are provided from two 24-hour staffed fire stations. The CSD employs 28 full time personnel in the following positions: Fire Chief, EMS Coordinator, Training Captain, Fire Prevention Officer, 21 Fire Suppression Personnel Assigned to Three Shifts, Safety Compliance Coordinator, Two Administrative Assistants, EMS Accounting Clerk, Full-Time Staff is Complimented by Twenty Paid-Call Firefighter Positions.

Training for all full-time personnel is scheduled around NFPA guidelines for a minimum of 240 hours per year with most personnel achieving 250 hours or more and is scheduled throughout the year over approximately 270 training days. Training elements consist of but not limited to Emergency EMS Services, Urban/Wildland Firefighting, Technical Rescue, Driver Operator, Fire Fighter Survival and Hazardous Materials Response.

All fire suppression personnel are trained and maintain either an Emergency Medical Technician or Paramedic level certification that requires a minimum of 24 to 48 hours of yearly training per State/ICEMA requirements. Additionally, all fire personnel are required to achieve their State Fire Marshal [CSFM] Fire Fighter II and are encouraged to receive a State Fire Marshal [CSFM] State Fire Officer certification, as well as a State Fire Marshal [CSFM] Chief Officer certification as classes become available.

The paid-call firefighters must maintain a minimum of 70 hours fire training per year along with an Emergency Medical Technician certification similar to any full time firefighter. Paid-call firefighters can receive their State Fire Marshal [CSFM] Firefighter 1 certification and are highly encouraged to complete the State Fire Marshal [CSFM] Firefighter 2 certification program.

The CSD has a dedicated fire training facility comprised of a three story fire simulation building, fire behavior container, natural gas live fire, and rescue and ventilation props along with a 35 seat multi-media classroom. The facility serves as a training center for other fire agencies within the area as well including Big Bear lake Fire Protection District, San Bernardino County Fire and the United States Fire Service.

The CSD supports and provides training for a volunteer organization designed to help themselves and others in a time of crisis called Community Emergency response Team (CERT). CERT is a positive and realistic approach to emergency and disaster situations where citizens may initially be on their own and their actions can make a difference. While people will respond to others in need without the training, one goal of the CERT program is to help them do so effectively and efficiently without placing themselves in unnecessary danger.

The CSD responds to over 3,000 calls per year on average. Approximately 80% of responses are for medical emergencies.

### **Big Bear Municipal Water District**

Fire protection and related services provided by the MWD are limited to the area of the lake. On some summer holiday weekends the San Bernardino County Sheriff's department



assists with enforcement duties on the lake. However, for the balance of time the MWD is the sole provider of lake and boating law regulation, first aid and rescue on the lake. MWD employees that patrol the lake are certified as Park Rangers in order to enforce District ordinances and State laws (copies of ordinances on file at the LAFCO office). Support is provided by local and county fire agencies once victims are transported to shore by MWD personnel.

Actual fire suppression is the responsibility of County Fire with the MWD assisting if requested. The MWD has been provided training in Marine Firefighting through the California Department of Boating and Waterways.

### **Other Fire Providers**

The Baldwin Lake Fire Department, which is a volunteer fire department serves the Baldwin Lake area, is under the umbrella of County Fire. The following information was taken in part from the Baldwin Lake Fire Department.<sup>15</sup>

Baldwin Lake Fire Department (“BLFD”) is an IRS qualified non –profit organization that serves the entire Baldwin Lake area. Two years ago it became Station 97 in the system for San Bernardino County Fire Department, who took over the dispatching of its fire calls. BLFD has roughly 40 volunteers. Each one has graduated from a State of California State Fire Marshall's fire academy. All have at least their "Paid-Call" certification and are American Heart Association First Responder trained in CPR and First Aid. Twelve of the firefighters have been Nationally Certified as Emergency Medical Technicians (EMT). The BLFD has a command vehicle, a brush patrol, and a Type 1 fire engine. In 2009 BLFD responded to 113 calls. The fire station and headquarters is located at 45360 Lucky Baldwin Ranch Road in Baldwin Lake. BLFD maintains a website: [baldwinlakefiredepartment.com](http://baldwinlakefiredepartment.com).

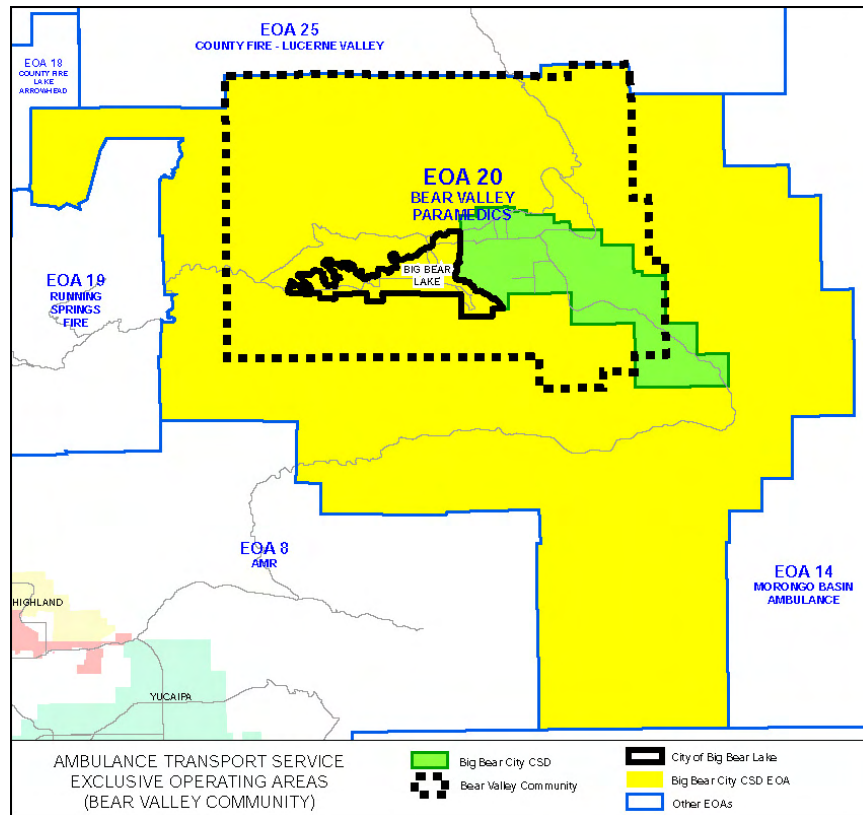
The lack of a defined area of responsibility, and not having a mutual aid agreement with any of its surrounding fire service providers, concerns LAFCO staff and staff questions the need of a new fire service provider for the area.

## **D. Ambulance**

In the Bear Valley community, ambulance and paramedic services are provided by the CSD. 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 the EOAs located in and around the study area, which identifies the CSD’s EOA (EOA 20) in yellow and the boundaries of the district in green. EOA 20 encompasses approximately 258 square miles. An estimate of 2005 population for the EOA is roughly 20,000 persons, which can reach up to 50,000 during peak recreational and tourism times.

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<sup>15</sup> Baldwin Lake Fire Department. [Baldwinlakefiredepartment.com](http://Baldwinlakefiredepartment.com), accessed 2 Aug 2010. Last update unknown.



The CSD is required to provide ambulance service within its EOA as defined by the memorandum of agreement with ICEMA. The District's assigned EOA goes well beyond its actual boundaries. This requires CSD to provide ambulance and paramedic services outside of its boundaries to areas that do not contribute property tax revenues to the CSD. 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 a continual drain on resources dedicated for ambulance services. This concerns LAFCO staff since the shortfall is funded by revenues generated by residents and property owners of the CSD; however, there is no LAFCO solution to this issue because the formulation of the EOA boundaries is through ICEMA. The CSD states that it has entered into this obligation freely and that the vast majority of the EMS call volume originates within the Bear Valley Community and does not cause significant displacement of ambulance services. A great portion of the ambulance EOA is rural/wilderness areas which represent a small percentage of the overall EOA response volume. The CSD further states that the revenue generated from the ambulance transport service offsets the cost of approximately three personnel on a daily basis, which such staffing is available to the entire Bear Valley community for a large majority of the time. LAFCO staff has suggested that at a minimum, in case ambulance transport service revenues are not adequate, consideration of an automatic aid agreement, which includes the transfer of funds for service, should be considered by the Bear Valley community agencies.

The CSD has experienced a stable number of fire responses and other non-medical responses. Emergency medical responses, however, have increased. Prior to 2006, Big Bear Lake FPD ran one ambulance. A large part of the 40 percent increase in medical calls from 2005 to 2006 is the result of the Big Bear Lake FPD discontinuing this service and the CSD assuming the responsibility.

While the CSD responds to all types of demands for emergency services, requests for emergency medical assistance is the most frequent. The CSD's current response goals call for fire suppression activities to commence within six minutes of dispatch 73 percent of the time and within a nine minute timeframe 90 percent of the time. Response time goals for EMS calls are specified by the San Bernardino County Ambulance Service Area standards.

## **E. Park & Recreation**

### Recreation and Parks

The natural setting, which includes open space, recreational areas and natural resources, is the contributing factor to the rural mountain character. The area's natural features including lakes, streams, vegetation, wildlife, topography, rock formations, etc. are regional assets that are highly valued by residents of the area and by visitors. Much of the local economy is based on the attraction of these natural resources.

The ski resorts offer opportunities for skiing and snowboarding during the winter and early spring seasons and mountain biking, hiking, and other recreational activities during the rest of the year. Big Bear Lake provides opportunities for fishing and water sports during the spring, summer and fall. The National Forest provides additional opportunities for outdoor recreation, such as hiking and camping. The Bear Valley community is completely surrounded by the San Bernardino National Forest. The community contains the Snow Summit and Bear Mountain ski/resort areas, Big Bear Discovery Center, Big Bear Solar Observatory, Moonridge Zoo, a number of campgrounds, organization camps and hiking trails, Big Bear Lake, Baldwin Lake, Erwin Lake and Lake Williams, all of which draw tourism to the area in the winter and summer months.

### Trails

The U.S. Forest Service is currently addressing the potential impacts of the "Rim of the World" trail system, which would potentially link several of the mountain communities through a system of access trails and trailheads. The San Bernardino County Trails and Greenways Committee is a public committee appointed by the County Board of Supervisors that is currently working with the Regional Parks Advisory Commission and Regional Parks Division in an effort to develop and maintain a system of public trails for hiking, bicycling and horseback riding and other public greenways throughout the entire County.

### Community Parks

The Big Bear Valley Recreation and Park District ("Park District") encompasses the Bear Valley community including the City of Big Bear Lake. Facilities include nine parks,

including an animal park, swim beach, and senior center. The total acreage of the parks totals 98.1 acres with a number of facilities including ball fields, basketball, volleyball, and tennis courts, a swimming pool (located at "The Ranch"), playgrounds, and picnic areas. The Big Bear Valley Senior Center is administered by the Park District but is a regional senior center facility that is intended for all within the Big Bear Valley. Particular to the animal park, the Moonridge Animal Park is 2.5 acres and is open year-round for visitors to see a huge array of wildlife that live in high elevation environments or alpine habitats. Approximately 99,000 visitors visit the park annually.

## **F. Streetlighting**

Within the Bear Valley, streetlights are provided by the City of Big Bear Lake, the CSD, and CSA 53 Zone A, within their respective service area. Bear Valley Electric owns the streetlights and responds to problems, and the agencies provide for payment of the utility costs associated with the individual lights.

Within the unincorporated areas, the future need for streetlights will increase if the population grows, dependent upon the implementation of the County's Night Sky Ordinance<sup>16</sup>, 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 Districts Department website do not appear to comply with the provision of the County Night Sky Ordinance.

## **G. Solid Waste**

Big Bear Disposal provides curbside garbage and recycling service to the residents and businesses within the City of Big Bear Lake. In partnership with San Bernardino County and Big Bear Disposal, the City of Big Bear Lake supports a hazardous waste collection facility and several other programs to address household hazardous waste. The City also maintains two public trash and recycling sites, which serve both visitors and residents year round.

The CSD services approximately 11,500 customer accounts providing refuse collection, disposal and recycling services. A fleet of seven refuse-hauling trucks and four support vehicles sustain department operations. Also, a curbside recycling program is now available to the CSD customers.

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<sup>16</sup> County of San Bernardino, Development Code Chapter 83.07, Adopted Ordinance 4011 (2007).

The costs for this service are identified as follows:

| AGENCY                                | SOLID WASTE/REFUSE FEE |
|---------------------------------------|------------------------|
| City of Big Bear Lake                 | \$264.49               |
| Big Bear City CSD                     | \$116.58               |
| Unincorporated County (not in BBCCSD) | \$85.15                |

## H. Airport

The Big Bear City Airport is open to the general public and general aviation 24 hours a day and is part of the FAA's National Plan of Integrated Airport Systems. Although the airport does not have any commercial passenger activity, services provided at the airport include general aviation, aircraft charter and sales, flight school, sightseeing flights, and aircraft maintenance services. The airport provides varying classes of service including business, flight training, air charters for medical services, transport of mail and business documents, law enforcement, fire, rescue services, and recreation. The airport is located south of State Highway 38 and North of State Highway 18, on the western edge of Big Bear City, adjacent to the City of Big Bear Lake.

## I. Electricity

Bear Valley Electric Service has served the Big Bear Valley since 1929. When Golden State Water Company acquired the company in 1938, it served a total of 147 customers. Today, it is a subsidiary company of American States Water and provides electric power to approximately 23,000 customers throughout the community. It is governed by the California Public Utilities Commission as to its rates and charges being a private utility.

## J. Roads

### City of Big Bear Lake

The City of Big Bear Lake is the responsible entity to provide road maintenance services within its boundaries. Exceptions include State Highways 18 which is maintained by Caltrans. The City manages and maintains approximately 90 miles of roadway within City limits and assures use of proper traffic control methods, proper signage, flow-lines, tree trimming, drainage, pothole repair, striping, snowplowing, and cindering.

### Unincorporated Area

Road maintenance and snow removal other than through Caltrans or County Transportation (County maintained road system) is provided to limited areas through the creation of zones to county service areas. CSA 53 was expanded to include road service as an active function; however, it has never provided the service through any of its existing zones. Existing mechanisms to provide augmented road and/or snow removal are through CSA 70

Zones R-3 (Erwin Lake), R-5 (Sugarloaf), R-12 (Baldwin Lake), R-21 (Mountain View, Big Bear), R-33 (Fairview Blvd, Big Bear City), R-34 (Big Bear), R-36 (Pan Springs), and R-45 (South Irwin Lake).

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 the matter to the March 16, 2011 hearing to address the provision of road and snow removal services within the Hilltop community. At that hearing the matter was continued to the September hearing to allow for funding concerns to be addressed outside the 2011-12 budget process and to answer questions associated with auditing functions. The final report from LAFCO staff related to the regional road and snow removal services for the Mountain Region, including the Bear Valley community, is scheduled for the September 28, 2011 hearing at which time a full review of these matters will be presented.

### Traffic Circulation

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

#### Roadway System

*One of the overriding goals expressed by residents of Bear Valley is to maintain the mountain 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 roadway system in Bear Valley is characterized by a combination of state highways and local roadways.*

*Much of the mountain region relies on State Routes 18 and 38 for access to the mountain from the valley and desert regions and within and to the neighboring mountain communities. These two highways not only accommodate traffic from the local population, but from the visitors who travel to the mountains on weekends and during the busy holiday season. 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.*

*In 2004, most of the County roadways operated at Levels of Service (LOS) "A," "B," or "C," which are considered acceptable. A Level of Service "A" is described as a free flow traffic condition with little or no delays. Segments of SR-18 and SR-38 did not operate at acceptable Levels of Service. SR-18, between Blue Jay Road and*

*Stanfield Cutoff, and between SR-38 South and SR-38 North operated between LOS "D" and "F." SR-38, between SR-18 North and State Lane, also operated at Levels of Service "D" and "F."*

*Future 2030 conditions for the Bear Valley Community Plan area indicate that major County roads within the plan area are projected to continue to operate at acceptable levels of service. Conditions on some segments of the State Highways are projected to improve, while other segments are projected to worsen. Overall, most segments of the State Highways that operated at acceptable levels of service in 2004 will continue to do so in 2030. Generally, those segments that did not operate at acceptable levels of service in 2004 are not predicted to change.*

#### *Pedestrian Circulation, Traffic, and Parking*

*In the winter, both pedestrian and vehicular circulation problems are compounded by snow. Plowed snow, piled along roadways or in parking lots, reduces traffic capacity, available parking and impedes pedestrian circulation. Residents and visitors often park on the road, which hinders the snow plow and further congests traffic. While the narrow, winding roads cause traffic problems, they also help maintain the rural mountain character of the community. One of the challenges will be to balance the circulation needs of the community with the residents' desire to protect the rural mountain character.*

#### *Scenic Routes*

*The following five roadways located within the Bear Valley Community Plan area have been designated as scenic routes by San Bernardino County: Rim of the World Highway (SR-18), from San Bernardino north to Apple Valley; State Route 38, from the Yucaipa sphere of influence northeast to Big Bear Dam; Coxey Truck Trail, from Rim of the World Drive northwest to Bowen Ranch Road; Rim of the World Drive, from Green Valley Lake Road to State Route 38; and Baldwin Lake Road, from State Route 18 southeast to Burns Canyon Road. State Route 38 has also been designated as a Scenic Route under the State of California Scenic Highway Program, and Rim of the World Highway (SR-18) is considered to be eligible for designation.*

#### *Evacuation Routes*

*Residents' primary concerns regarding safety in their community revolve around fire protection and the need for improved evacuation routes. SR-18, SR-38, Rim of the World Drive, Stanfield Cutoff and Division Drive are designated as evacuation routes. Specific evacuation routes will be designated during an emergency in order to respond to the specific needs of the situation and circumstances surrounding the disaster and will be handled in accordance with the evacuation procedures contained within the County Emergency Management Plan.*

The individual agencies will be reviewed in the remainder of this report to address the factors required for a service review as outlined in Government Code Section 56430 and an



individual sphere of influence update as mandated by Government Code Section 56425. These determinations will include growth projections, review of services provided, financial ability to provide services, opportunities for shared facilities, and government structure.

**REVIEW OF COMMUNITIES WITHIN**  
**BEAR VALLEY**

**SOUTH SHORE**

**EAST VALLEY**

**AND**

**NORTH SHORE**

## **CITY OF BIG BEAR LAKE**

### **Service Review and Sphere of Influence Update**

#### **INTRODUCTION:**

LAFCO 3125 consists of a service review pursuant to Government Code Section 56430 and sphere of influence update pursuant to Government Code 56425 for the City of Big Bear Lake ("City").

The City incorporated in 1980 following both LAFCO and local voter approval. In 1983 the electorate approved the city charter, with amendments in 1985 and 2010. The city operates under the council-manager form of government. Five council members are elected at large for four-year overlapping terms with the mayor chosen on an annual basis by the members of the city council.

As discussed in detail in this report, staff is recommending that the Commission expand the City's sphere of influence by approximately 720 acres to match the Big Bear Lake Fire Protection District ("FPD") sphere of influence and make both the City and the Big Bear Lake FPD's sphere boundaries coterminous.

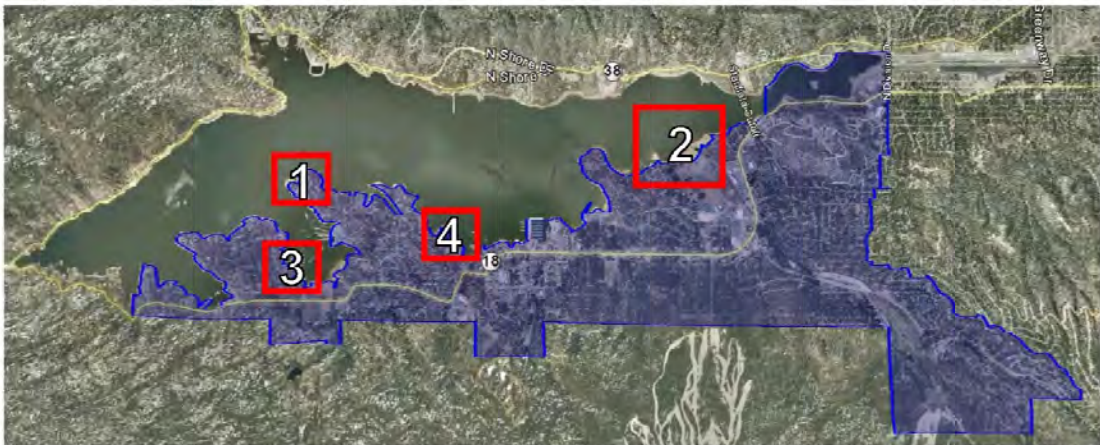
#### *Jurisdictional Issue:*

The letter from the City of Big Bear Lake, dated July 25, 2011, related to the processing of its service review identified a specific area of concern related to issues along the shoreline of Big Bear Lake. The letter stated:

"...the report does not address what entity would have jurisdiction to regulate marinas and floating structures. The City has entered into a MOU with the Municipal Water District to provide very limited building department services but the MOU does not address land use matters, CEQA review or unpermitted construction. This conflict is ongoing and has the potential to expose the City, County and Municipal Water District to litigation. These issues were not addressed in the report."

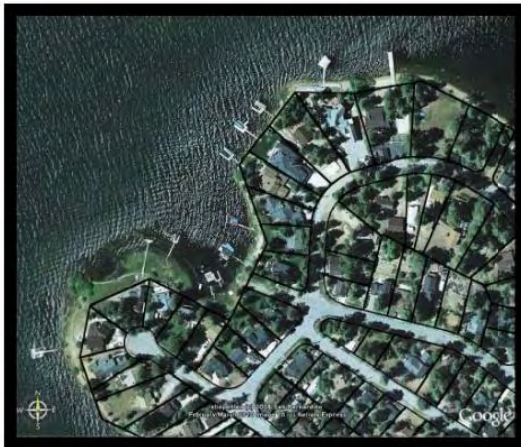
The concerns are relevant to this discussion. The background on this issue is that when the City incorporated, its north boundary utilized the former Big Bear Lake Sanitation District's boundaries, which ran along existing parcel lines abutting the Big Bear Lake. This boundary was defined as the high water line of the lake, which is set at an elevation point. Because of dredging activities in the lake through the years many of the lands along the lakeshore have been reclaimed. In addition, due to recent drought periods, lower lake levels have simply exposed some of the lands along the lakeshore. Many of these lands, which are considered part of the lake and owned by the Big Bear Municipal Water District (MWD), are under the jurisdiction of the County – not the City. During the late 1980s and 90s the City and LAFCO addressed some of these areas related to these reclaimed lands through reorganization of City boundaries. These proposals also included addressing the issues of marina activities which required service from the Big Bear Lake FPD. The affected proposals are: LAFCO 2204, 2213, 2218 related to the Willow Landing area;

LAFCOs 2206 and 2863 related to the Pine Knot Landing area; LAFCO 2715 related to the MWD facilities; LAFCO 2777 related to Lakeview Court; and LAFCO 2955 related to Holloways Marina. Even after these proposals addressed issues along the shoreline, some of the property owners along the lakeshore have developed pedestrian access to their floating marinas and boat houses. Other types of structures have also been built on these lands. See aerial map below and the four examples of the typical shoreline formation of the lake and appurtenant structures:



**AERIAL MAP - BIG BEAR LAKE**

AERIAL MAP - BIG BEAR LAKE



**EXAMPLE #1 - TYPICAL LAKESHORE**



**EXAMPLE #2 - UNDEVELOPED LAKESHORE**



**EXAMPLE #3 - DEVELOPED LAKESHORE**



**EXAMPLE #4 - TYPICAL LAKESHORE**

As shown on the detailed aerial maps, there are multiple structures and marinas that exist along the lakeshore. On at least one occasion, the Commission addressed the creation of a marina complex through the annexation process (Pine Knot Landing LAFCO 2863) which required concurrence from the MWD. These structures, which sometimes can straddle between the County and the City, have caused confusion as to who has jurisdictional authority to build and/or regulate the structures built on these lands. In some cases, due to the confusion, some of these structures have been built without any oversight and lack permits. In LAFCO staff's view, there are two options that the agencies involved can take in order to remove or minimize such problem:

#### *Annexation*

In order to alleviate any jurisdictional confusion, one option is to annex the City's existing sphere of influence within the lake. This places all of the south shore within the City's jurisdiction. In doing so, there will be no confusion as to who has jurisdiction since land use authority and service provision along the south shore will entirely be with the City and its related service providers (i.e. Big Bear Lake Fire Protection District). It appears to LAFCO staff that such a change of organization would qualify for a reduced fee to clarify the service responsibilities in the area.

#### *Memorandum of Understanding (MOU)*

Another option that can address some of the issues would be through a Memorandum of Understanding (MOU) between the agencies involved. It is LAFCO's understanding that an MOU exists between the County, the City and MWD. This agreement was entered into in order to ensure that the structures along the lakeshore were in conformance with applicable codes. However, the agreement only addressed plan checking, permitting, and inspection responsibilities between the County, the City, and the MWD.

Therefore, it is LAFCO staff's recommendation that if annexation is not pursued, that the agencies looked into a more comprehensive agreement that would also address CEQA review requirements, service provision, and development standards along the lakeshore.

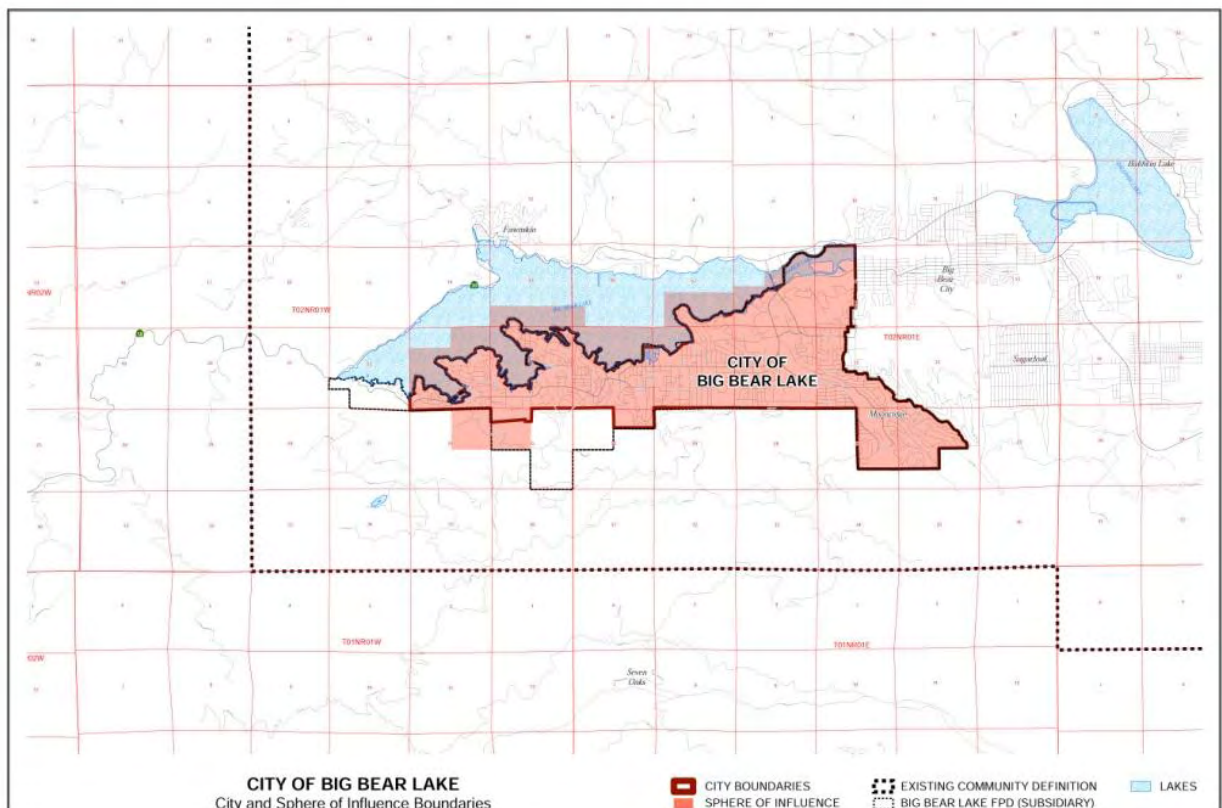


Such a review requirement could have been discussed during the mandatory negotiations required for the sphere of influence amendment as outlined in Government Code Section 56425. CEQA review, if not done properly, can expose the agencies to potential litigation but is currently the responsibility of the County with the City and MWD as interested or responsible agencies. Services along the lakeshore should be provided by the City and its related service providers since access to the lakeshore can only be through the City. Likewise, it would also be appropriate to have uniform development standards along the lakeshore, regardless of whether it is in the City or County.

The staff's position is that annexation is the optimal choice for correction of these issues and would work with the City and its subsidiary fire protection district to assist in accomplishing this change. However, the MOU could provide for an interim step until such time as annexation can be completed.

### **LOCATION AND BOUNDARIES:**

The service review and sphere of influence update study area encompasses approximately 8.75 square miles generally west of Division Road and the Moonridge area, north of the southern foothills of the Bear Mountain and Snow Summit ski resorts, west of the unincorporated area of Big Bear City, and south of the centerline of Big Bear Lake. A map of the City and its current sphere is shown below and is included as a part of Attachment #3.





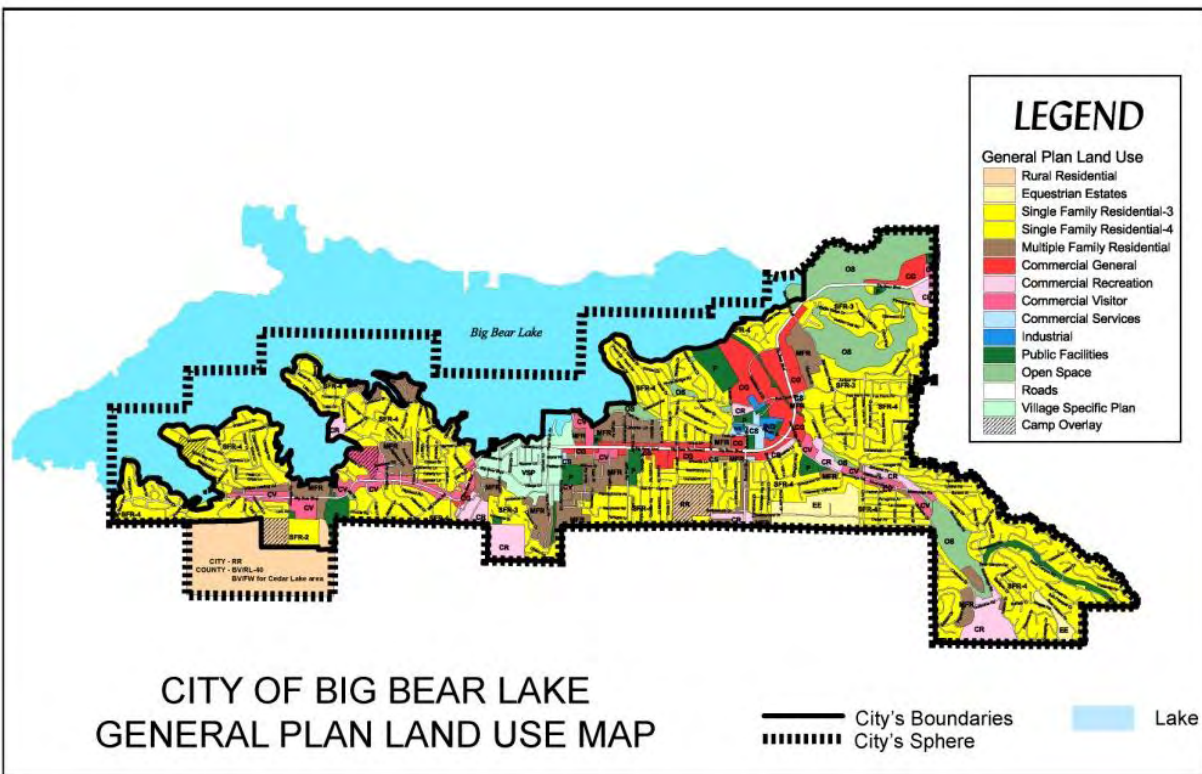
## ***CITY OF BIG BEAR LAKE SERVICE REVIEW***

At the request of LAFCO staff, the City prepared a service review pursuant to San Bernardino LAFCO policies and procedures. The response 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 (included as Attachment #3). LAFCO staff responses to the mandatory factors for consideration for a service review (as required by Government Code 56430) are identified below and incorporate the City's response and supporting materials.

### **I. Growth and population projections for the affected area.**

#### *City's General Plan*

Below is a map that identifies the City's 1999 General Plan land use designations for the study area. Approximately 45% is Single-Family Residential, 6.5% Multiple Family Residential, 13% Commercial and/or Industrial, 3% Public Facilities, 6.5% Open Space, 1% Rural Residential (which is unincorporated sphere area designated as RC in the County's General Plan – shown on the map below), and 25% identified only as Big Bear Lake (which is also within its unincorporated sphere area designated by the County as Floodway). The commercial development within the City, commonly known as the Village, is generally located along Big Bear Boulevard (Interstate Highway 18) and some areas near the lakefront.



All but 40 acres of the land within the City's corporate boundaries is privately owned. Its unincorporated sphere area (not including the lake) is entirely within the San Bernardino National Forest (owned by the federal government), which are devoted primarily to resource protection and recreational use. Some of the lands within the unincorporated sphere area contain private holdings.

### City Limits

Both the Department of Finance and the U.S. Census list the 2000 population as 5,438. For 2010, the U.S. Census lists 2010 population as 5,019 (decrease of 419), and the Department of Finance estimates the 2011 population as 5,051. The City states that numerous jobs have been eliminated within the City, due to the recession there has been sparse development for the past two years, and the tourism industry has been significantly impacted by the road closures due to winter storms of the past two years.

However, the community is a year-round resort and tourist destination – estimates indicate that the population can substantially increase during peak weekends. The City states that the City and the entire Valley has to plan as if it were a major suburban community to address peak weekend periods. Not only does this have a significant impact on City services, it also has a long term economic impact on local, state and federal funding formulas that are based on permanent population and not actual demand.

In looking at the City's population projections through 2035, the Southern California Association of Government (SCAG) Growth Forecast from the *2008 Regional Transportation Plan* did not reflect the full extent of the current economic and housing conditions. Although not yet adopted, recent figures available from SCAG point towards a more realistic and steady growth through 2035<sup>17</sup>, as shown in the chart below. Again, these figures are for the permanent population and do not take into account seasonal and tourism activities.

| <u>2020</u> | <u>2035</u> |
|-------------|-------------|
| 5,619       | 7,001       |

The City's 1995 General Plan describes the City as a mountain resort community. Although the General Plan provides for a wide range of housing options, the majority of the development has been single family housing units. The 2010 Census identifies that from 2000 to 2010, total housing units increased by 11.5% while occupied units decreased by 6.7% and the vacancy rate increased by 18.2%.

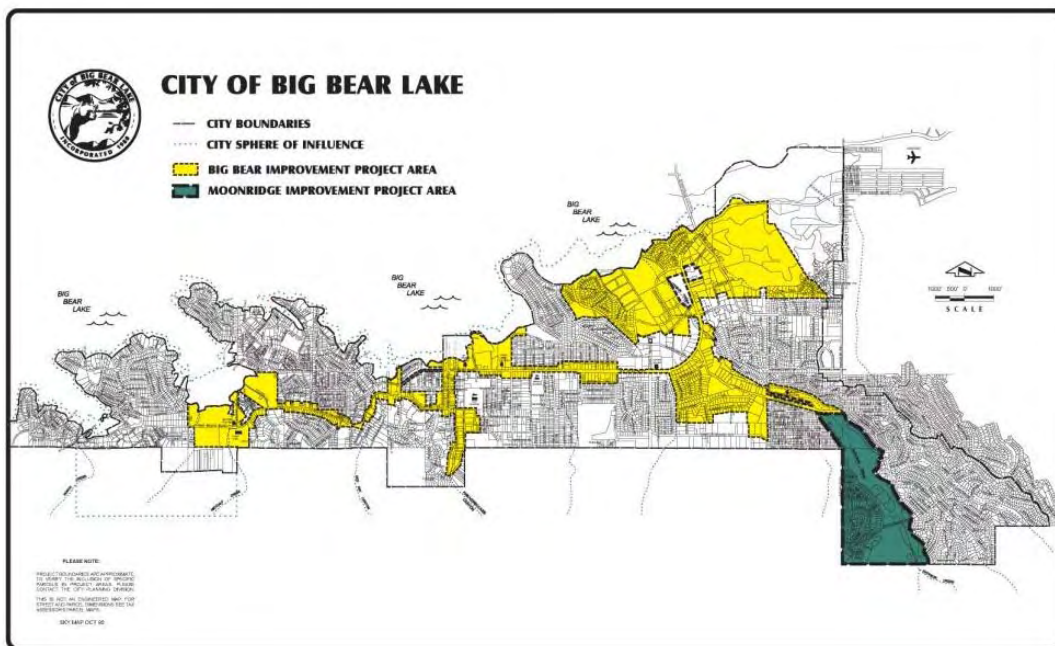
Foreclosure activity has affected the nation in general and the City of Big Bear Lake is no exception. According to data obtained from staff of the County of San Bernardino Assessor's Office, from 2004 to 2006 the City had 13 foreclosures. The number rose sharply to 56 in 2007 and escalated to 132, 178, and 162 for the next three years. For the

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<sup>17</sup> Southern California Association of Governments. *Draft Integrated Growth Forecast. May 2011.*

purposes of generally representing the extent of the foreclosure activity, the Department of Finance identifies that there were 9,444 total housing units within the City in 2010. The foreclosure of 541 homes represents 5.7% of the household units within the City have been in foreclosure since 2004. Even with the current economic conditions, the long-term population trend remains – the City is projected to experience 39% growth through 2035.

The City, through the Big Bear Lake Improvement Agency (a redevelopment agency), in 1983 established two improvement areas (Big Bear Lake and Moonridge) that will expire in 2026. The primary improvement area is Big Bear Lake, which incorporates most of the commercial corridor along Big Bear Boulevard from Cienega Road to Division Street as well as substantial portions of the "Village" shopping district, the northern portion of Moonridge Road and the "China Gardens" area. The Moonridge Improvement Area is relatively small, located along the southerly portion of Moonridge Road beginning at the Club View Drive "Y" and incorporating the Big Bear Golf Course and Bear Mountain Ski Resort. According to the City's website, in addition to providing new affordable housing opportunities, the primary focus of the Agency is to incentivize reinvestment in the redevelopment of commercial properties and guiding the economic development and build-out of the City's primary commercial business districts.



For purposes of planning and designing infrastructure and future service delivery, the seasonal population must be considered. As the population increases so does the need for service. Any future projects will increase the need for municipal services within the City's existing boundaries as well as within the surrounding unincorporated territory. However, as with all areas within Southern California, the single most tangible factor that could limit growth will be the availability of water.

**II. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.**

For this service review factor, referenced materials include the City's 2006 Water Master Plan, 2009 Comprehensive Water Rate Study, 2010 Water Annual Report, 2000 Park Master Plan, and 2003 Sewer Master Plan.

The City directly provides water, sewer collection, and public works within its boundaries. However, it also provides water facilities outside of its jurisdiction that extend well beyond its corporate boundaries. The Big Bear Lake FPD, a subsidiary district of the city, provides fire protection and emergency medical response. The City provides park and recreation services although the Big Bear Valley Recreation and Park District ("Park District") overlays the City and has facilities within the City. As a municipality, the City is responsible for law enforcement within its boundaries and has chosen to contract with the County for law enforcement services tailored to its needs and financial resources.

**Law Enforcement**

The City contracts with the San Bernardino County Sheriff's Department for criminal law and traffic enforcement. The Sheriff also provides all required administration, dispatch and clerical service. Specialized services such as homicide, narcotics, child crimes, aviation, crime lab, and crime prevention are provided as part of the contract. The Sheriff's Department maintains volunteer forces including Line Reserves, Search and Rescue, Horse Posse and Citizens on Patrol. The Big Bear Lake station is located at 477 Summit Boulevard. For FY 2010-11, the contracted cost is budgeted at \$2.30 million, an increase of 9.0% from the projected FY 2009-10 year-end.

**Water**

For a review of the City's water service, please refer to the "Water" portion of the "Review of Regional and Community Services" section of this report, beginning at page 33.

**Sewer**

For a review of the City's sewer service, please refer to the "Sewer" portion of the "Review of Regional and Community Services" section of this report, beginning at page 42.

**Fire Protection**

Fire protection and emergency medical response are provided by the Big Bear Lake FPD, a subsidiary district of the City. Information regarding fire protection is located in this report in the "Review of Regional and Community Services" section of this report, beginning at page 48; and the district's service review.

**Animal Control**

Animal control and regulation is provided by the County of San Bernardino, under the Animal Care & Control Program. The program services the unincorporated areas of San

Bernardino County and under contract, the cities of Big Bear Lake, Highland, Rialto and Yucaipa.

### Roads

The City is the responsible entity to provide road maintenance services within its boundaries. Exceptions include State Highways 18 which is maintained by Caltrans. The City manages and maintains approximately 90 miles of roadway within City limits and assures use of proper traffic control methods, proper signage, flow-lines, tree trimming, drainage, pothole repair, striping, snowplowing, and cindering. Snow removal is an expense which needs a substantial reserve to address fluctuations in the annual winter conditions.

### **III. Financial ability of agencies to provide services.**

For this section of the report, staff has reviewed the City's budgets, audits, State Controller reports for cities, and County filing records.

### General Operations and Accounting

Services provided by the City that are reported as governmental-type activities include general administration, police, fire protection, public works, and community development. These services are supported by property tax, sales tax, transient occupancy tax, use fees, interest income, franchise fees, state and federal grants, and other sources. The City's water utility (Department of Water and Power) is supported directly through user fees and charges and is reported as a business-type activity.

### *Component Units*

The reporting entity "City of Big Bear Lake" includes the accounts of the City, the Improvement Agency of the City of Big Bear Lake (Improvement Agency), the Big Bear Lake FPD, the Big Bear Lake Public Financing Authority (Financing Authority) and the Big Bear Lake Performing Arts Center Foundation.

The Improvement Agency of the City of Big Bear Lake was formed in 1982. The purpose of the Improvement Agency is to eliminate deteriorating conditions and conserve, rehabilitate and revitalize project areas in accordance with the community development plan and annual work programs. The Improvement Agency has established two redevelopment project areas, which are known as the Big Bear Lake Improvement Project Area, and the Moonridge Improvement Project Area. Separate financial statements for the Improvement Agency are available at City Hall and on-file at the LAFCO office.

The Big Bear Lake FPD was formed on September 6, 1927, to provide fire protection and prevention in the Big Bear Lake area. As a part of the incorporation of the City, the District was established as a subsidiary district of the new City. Separate financial statements for the Fire District are available at City Hall and on-file at the LAFCO office.

The Big Bear Lake Public Financing Authority is a joint powers authority organized pursuant to a Joint Exercise of Powers Agreement dated as of November 28, 1990, by and between the City and the Improvement Agency. The Financing Authority is a separate entity constituting and was formed for the public purpose of assisting the City and Improvement Agency in financing and refinancing their projects and activities. The Financing Authority is governed by a board of directors consisting of members of the Improvement Agency Board and the City Council. Separate financial statements for the Financing Authority are not issued.

The Big Bear Lake Performing Arts Center Foundation, formed on July 12, 2004, is organized as a not-for-profit corporation and as a tax-exempt organization. The purpose of the Foundation is to promote professional events at the Performing Arts Center and reduce the amount of public funding used for these events. For financial statement purposes, the Foundation is reported within the General Fund. Separate financial statements for the Foundation are not issued.

Net Assets and Fund Balances

In reviewing the City's financial documents, net assets have increased by 30% since FY 2005-06 as shown on the chart below. As of June 30, 2010, the City had \$83.4 million in net assets (of that amount \$5.6 million is attributed to the water fund and \$8.8 million to the Big Bear Lake FPD). Not including capital assets value and debt, the City had roughly \$39.6 million in restricted and unrestricted net assets. Of this amount \$7.9 million is unrestricted.

|   | 2005-06             | 2006-07             | 2007-08             | 2008-09             | 2009-10             |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Net Assets</b>                                 |                     |                     |                     |                     |                     |
| Invested in capital assets – net of related debt  | 29,838,990          | 36,123,640          | 36,139,337          | 38,671,324          | 43,875,369          |
| Restricted for:                                   |                     |                     |                     |                     |                     |
| Public Safety                                     | 3,002,900           | 3,683,873           | 4,240,797           | 4,623,522           | 4,369,578           |
| Capital Projects                                  | 10,856,695          | 10,472,152          | 9,764,028           | 9,233,988           | 9,056,927           |
| Debt Service                                      | 9,988,519           | 11,549,633          | 15,954,776          | 18,197,537          | 18,266,193          |
| Unrestricted                                      | 10,550,943          | 8,962,597           | 10,413,348          | 9,535,154           | 7,864,314           |
| <b>Total Net Assets</b>                           | <b>\$64,238,047</b> | <b>\$70,791,895</b> | <b>\$76,512,286</b> | <b>\$80,261,535</b> | <b>\$83,432,381</b> |
| <i>Net Assets attributed to Water activity</i>    | <i>\$728,677</i>    | <i>\$1,638,259</i>  | <i>\$2,660,798</i>  | <i>\$2,895,223</i>  | <i>\$5,600,992</i>  |
| <i>Net Assets attributed to Big Bear Lake FPD</i> | <i>\$6,526,126</i>  | <i>\$8,150,183</i>  | <i>\$8,564,772</i>  | <i>\$8,838,810</i>  | <i>\$8,788,333</i>  |

Considering net assets does not indicate if an agency has enough fund balance to operate short and long-term operations. The chart below shows fund balances for the City's governmental funds and its business-type fund (water) for the past five fiscal years. For the governmental funds, fund balances have increased each year until FY 2009-10. Conversely, the fund balance of the Water Fund has decreased each year while its Net Assets have increased significantly. The reason for this activity is due to the City's investment and capital projects for the water system during the past five years.



|                                   | 2005-06      | 2006-07      | 2007-08      | 2008-09      | 2009-10      |
|-----------------------------------|--------------|--------------|--------------|--------------|--------------|
| <b>Governmental Funds</b>         | \$29,475,083 | \$29,728,491 | \$31,613,454 | \$33,542,759 | \$31,253,473 |
| <b>Business-type Fund (water)</b> | \$8,833,262  | \$5,011,913  | \$4,783,827  | \$4,668,486  | \$4,670,199  |

Revenues and Expenditures

According to the City’s financial statements, the primary economic engines are tourism and building construction. When combined, property tax (21%), sales and use tax (11%), and transient occupancy tax (16%), comprise roughly 48% of the City’s annual budget. Although the economic downturn has resulted in a decrease in tourism statewide, the City’s proximity to the populated centers of southern California makes the area an alternative destination – offsetting the decline seen in other locations. As for building construction, the primary industry is custom homes as opposed to large-scale housing tracts. Although construction has declined, the decline has been less than that of other San Bernardino County areas.

According to the Management Discussion and Analysis from the FY 2009-10 financial statements, many of the properties located within the City are high-end custom homes and second homes. This has limited the City’s exposure to foreclosures when comparing the City to other municipalities in the county. Nonetheless, the decline in assessed valuations has impacted the City, including the Big Bear Lake FPD and Improvement Agency. A review of the County Assessor’s “Assessment Roll Re-cap Totals” for the past five years identifies the City’s percentage change in assessed values as follows: 2006 – increase 13.7%, 2007- increase 10.6%, 2008 – increase 6.7%, 2009 – decrease 0.6%, and 2010 – decrease 2.1%. The City estimates a decline of approximately one percent for FY 2010-11 with a modest recovery in FY 2011-12.

The following table, taken from the FY 2009-10 financial statements, shows program revenues for the governmental-type of activities compared to the costs for providing the services. The net cost shows the financial burden (subsidy) that was placed on the City’s taxpayers by each of these functions.

**Net Cost of Governmental Activities**  
As of June 30, 2010

|                       | <b>Governmental Activities</b> |                        |
|-----------------------|--------------------------------|------------------------|
|                       | Total Cost of Services         | Net Cost of Services   |
| General government    | \$ 6,097,324                   | \$ (4,994,723)         |
| Public safety         | 7,530,668                      | (6,104,190)            |
| Community development | 4,566,255                      | (3,926,415)            |
| Culture & leisure     | 791,096                        | (661,689)              |
| Public works          | 4,772,882                      | (915,780)              |
| Health & sanitation   | 6,119,809                      | (1,940,878)            |
| Total                 | <u>\$ 29,878,034</u>           | <u>\$ (18,543,675)</u> |

## Department of Water and Power

The DWP's primary source of revenue is from water user fees charged to residential and commercial customers throughout the water systems. However, in FY 2009-10, the DWP faced substantial increases in operating costs due to two approved rate increases for Bear Valley Electric. Additionally, effective January 1, 2010, a new law became effective in California establishing new lead-free standards for piping, this affects many components of the DWP's water system, including valves and meters. Based on this requirement, the cost of these components has increased by 30-35%. As a result, the DWP conducted a water rate study that indicates the need to continue funding capital projects through the rates. In turn, these funding shortfalls required increasing rates or drawing from reserves to resolve this situation and maintain prudent reserve levels.

The FY 2010-11 budget for the DWP included \$7 million in infrastructure improvements. These improvements were split roughly two-thirds for system rehabilitation and one third for capital projects related to meeting peak demands and future growth. The sources of funds for this investment were the USDA Rural Development Loan-Grant Program - \$5.2 million; and local DWP funds - \$1.87 million. The focus of this capital investment program is to continue to improve fire flow throughout the system, replace aging wells, and increase overall pumping capacity to meet peak demands. It includes three pipeline replacement projects; equipping two previously drilled wells; drilling two new wells; and evaluating additional sites for future wells. By the close of FY 2010-11 the DWP completed roughly 50% of the USDA projects which were started in October 2010. Additionally, included in the FY 2010-11 budget is a project to develop an inventory and database of the DWP's facilities. This database will provide the foundation for future long term infrastructure planning.

In the summer and fall of 2010, in accordance Proposition 218 guidelines, the City adopted a general rate increase for both residential and commercial customers. The rate structure was also modified to more appropriately account for low water usage customers. The rate modification was designed to generate an overall nine percent increase in expected water service revenues to be effective on January 1, 2010, and a second nine percent increase to be effective on July 1, 2011. The purpose of this rate increase was to eliminate an \$800,000 budget deficit (the total of the capital improvements funded through rates), so DWP could operate and maintain the water system in a manner that met all state and federal government water quality standards.

## Long-Term Debt

As of June 30, 2010, the City's long term debt totaled \$44.5 million, comprised of compensated absences, bond issuances, and loans. The table below, taken from the FY 2009-10 financial statements, is broken down by governmental and business-type activities.

**Long-Term Debt  
As of June 30, 2010**

|   | <b>Total Activities</b>    |                             |                      |
|---|----------------------------|-----------------------------|----------------------|
|   | Governmental<br>Activities | Business-type<br>Activities | Total                |
| Compensated absences                    | \$ 704,172                 | \$ 221,081                  | \$ 925,253           |
| Refunding revenue bonds                 | ---                        | 27,774,094                  | 27,774,094           |
| Tax allocation bonds                    | 7,500,000                  | --                          | 7,500,000            |
| Housing set-aside revenue bonds         | 3,475,000                  | --                          | 3,475,000            |
| Certificates of participation           | 2,210,000                  | --                          | 2,210,000            |
| Special Assessment District Obligations | 980,243                    | --                          | 980,243              |
| Loans & Notes Payable                   | ---                        | 1,640,262                   | 1,640,262            |
| Total                                   | <u>\$ 14,869,415</u>       | <u>\$ 29,635,437</u>        | <u>\$ 44,504,852</u> |

During the current and previous fiscal years, the City of Big Bear Lake has made loans to the Improvement Agency. These loans bear interest at rates up to 12% per annum depending upon when the loan was initiated. The City may demand payment of all or a portion of the principal balance at any time as funds become available; however, such demands are not anticipated within the next fiscal year. As of June 30, 2010, loans to and accrued unpaid interest owed on those loans was \$4,649,277.

The City issued bonds totaling \$35,200,000 in 1989 to purchase the water systems from Southern California Water Company. In April 1992, the City issued the revenue Refunding Bonds for \$45,220,000 to refund the 1989 bonds. In 1996, the City again issued Refunding Revenue Bonds for \$37,585,000 to refund the 1992 bonds. The 1996 Revenue Refunding Bonds are scheduled to mature in 2022 and cannot be refinanced by the terms of the loan. The unpaid balance of the 1996 bonds as of June 30, 2010 is expected to be \$28,550,000. The projected balance as of June 30, 2011 is expected to be \$26,855,000.

On June 21, 1993, the DWP entered into a contract with the State of California Department of Water Resources to borrow an amount not to exceed \$4,993,857 to replace water pipelines in the communities serviced by DWP. The total amount advanced was \$4,885,814 and the project was completed during the fiscal year ended June 30, 1996. Principal and interest payments of \$162,649 are due April 1 and October 1 of each year for 20 years, scheduled to mature in 2016. The interest rate on the loan is 2.955%.

Subsequent to FY 2009-10, in September 2010 the City entered into a loan agreement with the U.S. Department of Agriculture to participate as a recipient of the proceeds of bonds issued by the USDA. The agreement allows the City to borrow up to \$3.6 million for water infrastructure improvements. The bonds are secured solely by revenues of the DWP which are reported in the Water Utility Enterprise Fund. The City has taken draws of approximately \$474,000 on this loan. The interest rate on the loan is 2.375%. Loan repayments begin October 2011 and continue through October 2049.

The FY 2011-12 budget includes \$8 million to replace aging and inadequate infrastructure systems – specifically pipeline replacement, well drilling and equipping, and seeking new

well sites. This investment is made possible primarily through funding that is currently in process from the United States Department of Agriculture - Rural Development Department ("USDA") and supplemented by revenues expected from the DWP's nine percent rate increase effective July 2011. On March 23, 2011, the USDA issued a letter of conditions for a second funding application. The second application includes \$5 million loan and a \$1 million grant. When finalized, the additional funding will help to equip three wells and 13,300 linear feet of aging pipeline.

#### Other Information

In reviewing the budgets submitted for this review for the City as well as the separately published budget for the City's DWP, 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. However, the City's budgets do not contain a qualitative analysis upfront or for each budget section which would assist the user to understand the year-to-year financial status of the city. Conversely, the DWP budget contains both an upfront and sectional qualitative analysis to accompany the qualitative data.

Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the City is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller, returned to the taxpayers through revised tax rates or revised fee schedules, or an excess in one year may be offset against a deficit in the following year. For FY 2009-10, based on calculations by City management, proceeds of taxes did not exceed related appropriations. Furthermore, Section 5 of Article XIII B allows the City to designate a portion of fund balance of general contingencies to be used in future years without limitation.

The City contributes to the San Bernardino County Employees' Retirement Association (SBCERA), a cost-sharing multiple-employer public employee defined benefit pension plan. According to the FY 2009-10 financial statements, the City has a zero net pension obligation. Additionally, the City has no obligation to provide post employment health care benefits for retirees.

#### **IV. Status of, and opportunities for, shared facilities.**

The City has identified that it does not currently share any structural facilities with other agencies. However, the City's DWP has facilities within the boundaries of the Big Bear City Community Services District ("CSD"), and the Park District has parks located within the City.

The City's DWP and the CSD are mutually working on a project that would interconnect the water systems. The project would allow the CSD to bring a high-volume well online and would return water plus a surplus to the DWP through interconnect. Preliminary engineering costs for that project have been approved by the DWP board in the FY 2011-12 budget. The CSD has included a match in their budget for engineering.

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

**Local Government Structure and Community Service Needs**

The City is a charter city and operates under the council-manager form of government. Five council members are elected at large to four-year overlapping terms with the mayor chosen annually by the members of city council. For the November 2010 general election, there were 2,977 registered voters within the City with a 71% voter turnout for that election.

The City Council also serves as the Board of Directors of the Improvement Agency of the City of Big Bear Lake and the Big Bear Lake FPD. City Council meets on the second and fourth Mondays of the month at 6:30pm at the City Civic Center. The City Council convenes joint or separate meetings as the Council or the respective board of directors as necessary. The public is invited to all open session meetings. The budget is approved by the City Council at a public hearing, and financial reports are presented quarterly to the City Council by the Finance Director. Below is the composition of the current council, their positions, and terms of office:

| <b>Council Member</b> | <b>Title</b>   | <b>Term</b> |
|-----------------------|----------------|-------------|
| Bill Jahn             | Mayor          | 2012        |
| Rick Herrick          | Mayor pro tem  | 2014        |
| Liz Harris            | Council Member | 2012        |
| Jay Obernolte         | Council Member | 2014        |
| David Caretto         | Council Member | 2014        |

*City of Big Bear Lake Department of Water and Power*

Since 1989, the City of Big Bear Lake has provided retail water within and outside of the City limits through its DWP. The City Council appoints the five-member DWP Board of Commissioners to four-year terms, for a maximum of two consecutive terms. The current composition of the Board of Commissioners is as follows: Stephen Foulkes, Chair; William Giamarino, Vice-chair; Robert Tarras, Treasurer; Fred Miller, Commissioner; and Don Smith, Commissioner. The DWP conducts its own public hearings on the third Tuesday of each month at 9:00 a.m. at the DWP office located at 41972 Garstin Drive in Big Bear Lake.

In essence, the City and its charter consider the DWP as a subsidiary or component entity, even though the DWP is not a separate legal entity. However, since 2001 the DWP and the City have operated under a memorandum of understanding (MOU) which outlined the separation of funds and procedures between the City and the DWP. Among the operating procedures, the DWP paid the City \$115,000 annually for administrative services support. Nonetheless, the DWP is a department of the City and not a component unit of the City. This is evidenced by the DWP not required to have its own independent financial statements and water rate increases are first adopted by resolution of the DWP and then approved as an ordinance of the City to implement the rates.

LAFCO staff does not have issue with this arrangement; however, it feels that additional measures can be undertaken to improve the transparency of the DWP, its structure, and its operations. First, the City and the DWP each adopts its own budget at its respective public hearing. Again, there is no issue with the DWP having its own budget, but as a department of the City, the DWP figures should be included in the City's budget or at least referred to as a separate document. Additionally, absent from the organization charts that are in City budget and the DWP budget is the identification that the appointing body of the DWP Board of Commissioners is the City Council.

Second, unlike the structure of the budget, as a department of the City the DWP water activity is included in City's audit and is identified as a Business-type Fund. Conversely, the DWP does not issue its own financial statements that are independently audited. This operation is in contrast to the financial presentation of the City's fire subsidiary district which is a component unit of the City. As a subsidiary district, the Big Bear Lake FPD is a separate legal entity and is required to conduct an independent financial audit.

In looking at the both the City's and the DWP's documents, LAFCO staff recommends that the City and the DWP clarify the roles and activities of each entity in its respective documents. Doing so would allow the public to understand, for instance, that the DWP is a department of the City, its Board of Commissioners are appointed by the City Council, its budgetary information is included only in the DWP budget document, and that its independently verified annual financial information is included in the City's audit.

Returning to the MOU between the City and the DWP, both entities have terminated the MOU effective April 30, 2011. Doing so transfers full administrative services from the City to the DWP and further removes direct City involvement in the operation of retail water delivery, except for the City Council appointment of the DWP Board of Commissioners and final approval of rate increases. According to the DWP, the transfer was completed in July 2011. In the opinion of LAFCO staff, the devolution of responsibility underscores the issues of the entity which is a part of the City.

Another ongoing concern of LAFCO staff is that those residents/customers who reside within the DWP service area but outside of the City limits could not serve on the DWP Board of Commissioners – even though they receive direct service from the DWP. At the November 2010 election, 73% of the City's electorate approved Measure W (71% turnout). The measure amended the City charter to make any elector of the area serviced by the DWP eligible for appointment to the DWP Board of Commissioners. Additionally, the measure prohibits City employees and commissioners and elected or appointed board members of any governmental agency having jurisdiction over any area served by the DWP from becoming or remaining members of the Board of Commissioners. As of the date of this report the makeup of the Board of Commissioners has not changed.

### Operational Efficiencies

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

- The incorporation of the City utilized the boundaries of the Big Bear Lake Sanitation District ("Sanitation District"). The Sanitation District was governed by the County

Board of Supervisors; therefore, its employees were members of the San Bernardino County Employees' Retirement Association ("SBCERA"). As a function of the incorporation, the retirement benefits of existing employees were to be maintained and SBCERA allowed the new city employees to remain within the system. The City continues to participate in SBCERA. SBCERA is a cost-sharing multiple-employer defined benefit pension plan operating under the California Employees Retirement Act of 1937. A review of the most recently available audit identifies a zero net pension obligation.

- The City is a member of the Mojave Desert Mountain Integrated Waste Joint Powers Authority. The JPA plans and implements recycling and waste reduction programs.
- The City of Big Bear Lake is a member of the California Joint Powers Insurance Authority. The Authority is composed of 122 California public entities and is organized under a joint powers agreement pursuant to California Government Code §6500 et seq. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other coverage.
- The City's Department of Water and Power and the Big Bear City Community Services District have budgeted \$15,000 each for fiscal year 2011-12 for the study of Fluoride Blending between the two agencies. The intended result would be improved water production for both agencies at minimal costs. With the possible joint Fluoride Blending Project on the horizon no discussions are currently in place for the CSD to sell water to DWP.
- Big Bear Lake Nutrient TMDL Task Force - This is one of several Task Forces established through the Santa Ana Regional Water Quality Control Board to address specific watershed (in this case, Big Bear Lake) Total Maximum Daily Load (TMDL) development and issues related to the Basin Plan. The Task Force has used federal, state and local resources to collect and analyze the data needed to develop a formal TMDL. TMDL Task Force meetings are held at the San Bernardino Flood Control or Big Bear Municipal Water District offices approximately bimonthly. At these TMDL meetings, the Big Bear Lake stakeholders and Regional Water Quality Control Board staff are provided with an update of TMDL-related data collection and analyses efforts. The TMDL Task Force stakeholders consist of the following entities:
  - Big Bear Area Regional Wastewater Authority
  - Big Bear Mountain Resorts
  - Big Bear Municipal Water District
  - Caltrans
  - City of Big Bear Lake
  - Regional Board Staff
  - San Bernardino County Flood Control District
  - United States Forest Service



## Government Structure Options

The State has published advisory guidelines for LAFCOs to address all of the substantive issues required by law for conducting a service review<sup>18</sup>. The Guidelines address 49 factors in identifying an agency's government structure options. Themes among the factors include but are not limited to: more logical service boundaries, elimination of overlapping boundaries that cause service inefficiencies, economies of scale, opportunities to enhance capital improvement plans, and recommendations by a service provider.

The following scenarios are not being presented as options for the Commission to consider for action as a part of this service review. Rather, a service review should address possible options, and the following are theoretical scenarios for the community to consider for the future.

1. The City of Big Bear Lake took over the Big Bear Water Systems of the Southern California Water Company ("SCWC") in 1989 following a condemnation proceeding and 1988 Court Order. In 1994, LAFCO granted the City of Big Bear Lake an exemption from the provisions of Government Code Section 56133 for the provision of water service within the State Public Utilities Commission assigned certificated service area for the former SCWC. SCWC's Big Bear service area included five licensed water systems, Lake Williams, Erwin Lake-Sugarloaf, Big Bear Lake-Moonridge, Fawnskin, and Rimforest. This has resulted in approximately 40% of the DWP customers being outside the city's boundary and/or sphere of influence. This has produced two unique situations.
  - A. **Connections to new development outside City's boundary.** In 1994, San Bernardino LAFCO adopted an operating policy relating to the acquisition of a private water system by a public jurisdiction. The acquisition would require the city or district to continue the service and allow additional connections within the previously defined certificated service area without regard to an agency's sphere of influence. However, amendments in 1999 to the statute allowing for out-of-agency service contracts (Gov Code §56133) specified specific instances when service could be authorized outside an agency's sphere of influence; which are to address only health and safety concerns for developed areas.

Therefore, as the statute is currently written, the City (through its DWP) cannot provide a "new or extended" service outside the City's sphere of influence – even if the new development is within the previously defined SCWC certificated service area. In this case, connections made to new development would be classified as an "extended" service.<sup>19</sup> Moreover, an exemption to the statute (§56133 (e)): "*This section does not apply to an extended service that a city or district was providing on or before January 1, 2001*") does not apply because service to any new development could not have been provided on or before January 1, 2001. Conversely, in response to the draft staff report provided to all

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<sup>18</sup> State of California. Governor's Office of Planning and Research. "Local Agency Formation Commission Municipal Service Review Guidelines", August 2003.

<sup>19</sup> One exception would be re-establishing a connection to a vacant or improved parcel that had a previous connection.

affected agencies in this report, the DWP believes that the LAFCO's approval of the operating policy allowing the DWP to serve within the previously defined SCWC certificated service area in 1994 is sufficient to continue new or extended service (letter included as a part of Attachment #3). Nonetheless, this presents a quandary. In the opinion of LAFCO staff, the following scenarios are presented to address this service issue:

- The City could expand its sphere of influence to encompass the entirety of the DWP service area. However, this would expand the City's sphere over portions of the CSD area, the Fawnskin Community and other areas with historical opposition to ultimate inclusion in the City.

For Fawnskin -- County Service Area ("CSA") 53 (through its Zone C) is authorized by LAFCO a water function/service, although it does not actively provide the service. One option would be for CSA 53 Zone C (as the responsible agency overlaying the service areas) to contract with the City to provide service to new development. Such a contract would be exempt from LAFCO approval and allow for the continuation of development related service extensions.

- For Sugarloaf, Lake Mathews and Erwin Lake -- The CSD could assume the responsibility for the provision of retail water service for the areas within its boundary that are currently provided by the City.
- The MWD overlays the entirety of the DWP service area within the Big Bear community and is authorized by LAFCO a water function. Although the MWD does not actively provide retail water, it does engage in other water activities. In this scenario, the MWD could assume the entire service responsibility of the DWP and provide retail water.

At the request of the DWP, on April 25, 2011, a joint workshop took place between the DWP and MWD regarding potential assumption of the DWP retail service by the MWD. Potential benefits cited at the joint workshop include administrative economies of scale with a single agency managing surface water and groundwater. Additionally, this would allow for elected representation to determine rates and service criteria.

Assumption of the DWP retail service by the MWD does not require an application to LAFCO since there would be no organizational change or change in boundaries for either the City (the DWP is a department of the City) or the MWD (currently authorized the water function). However, at the July 21, 2011 meeting of the MWD Board of Directors, it decided to abandon its potential acquisition of the City's DWP. Nonetheless, it should be noted that LAFCO staff continues to support having a single entity responsible for surface and groundwater in the valley, which is still a viable option that should be reconsidered again in the future.

**B. Assumption of Rim Forest system by Lake Arrowhead Community Services District.** As a condition of the City's acquisition through condemnation, it was required to assume service responsibility for all of SCWC's water service area in the mountains – which included the Rimforest system in the Lake Arrowhead community. In 2004, the Commission authorized the expansion of the Rimforest Service area to include the Mountain Pioneer Mutual Water Company due to the devastating effects of the Old Fire on the system, pursuant to Gov't Code §56133(c). LAFCO staff broached the question of transferring this service obligation to the Lake Arrowhead Community Services District ("LACSD") due to its proximity (the DWP is more than 30 miles away) during the Lake Arrowhead service review. The transfer of service would include the responsibility for service provision and the assets and debt obligations of the Rim Forest system. The LACSD indicated its interest in assuming service responsibility for this area as well as succeeding to the system's assets; however, no official response was received from the DWP to its service assumption overtures.

2. Another alternative that could address the issues surrounding the DWP would be to form an independent county water district. The DWP already operates with a separate board of directors, appoints its own staff, adopts its own budget, and prepares its own plans. In this scenario, the DWP could serve without jurisdictional issue within its boundaries and its board of directors would be elected by the voters within its boundaries. Formation of a new independent district would require an approval by LAFCO with an application submitted by the City, residents, or registered voters and an election for formation and selection of the Board of Directors.

## ***CITY OF BIG BEAR LAKE SPHERE OF INFLUENCE UPDATE***

### **SPHERE OF INFLUENCE**

#### **Required Meeting between City and the County**

Pursuant to Government Code §56425(b), as a part of the sphere of influence updates for cities conducted by LAFCO, the cities and the County are required to meet and discuss the potential for coordination of land use within the sphere of influence of the city. Additionally, §56425(b) states that the commission shall give great weight to any agreement between the city and county, to the extent that it is consistent with commission policies, in its final determination of the city sphere. The City was made aware of this requirement during the service review/sphere update process initially and again in March 2011. To date, the City and the County have not met to discuss the City's sphere. Absent a discussion between the City and the County, the Commission shall consider a sphere for the City consistent with its adopted policies (§56425(d)).

County Development Code Chapter 82.22 establishes a “sphere standards overlay” to allow the implementation of County of standards that closely conform to city development standards. Adoption of such a sphere standard could “ensure that the County’s approval of a proposed development in a sphere of influence is consistent with the shared objectives of the County” and the city.

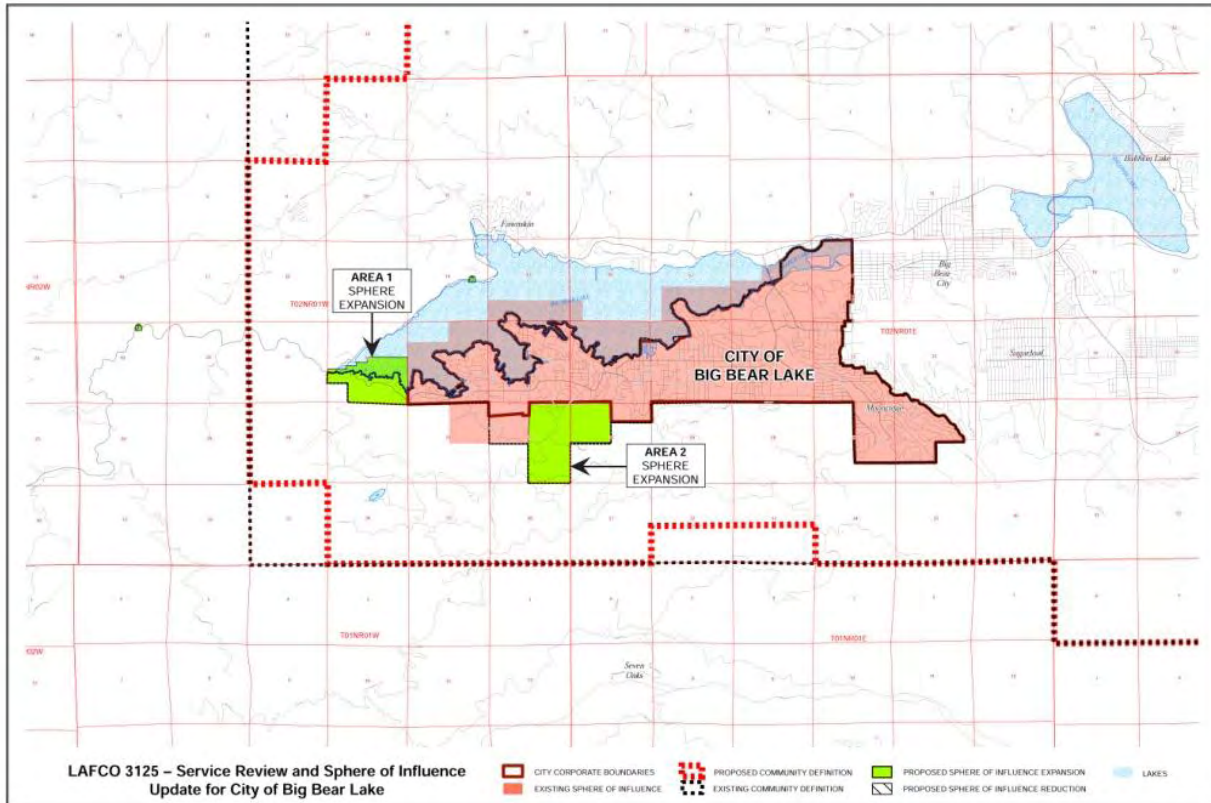
LAFCO Staff Proposed Sphere Amendments:

The City’s sphere is smaller than the sphere of its subsidiary fire protection district along its southern boundary. Further, the City’s sphere does not include territory located easterly of the dam (currently within the Fire District’s boundary and sphere). 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.

Staff is recommending the following sphere of influence amendments:

- Expand the sphere for the City along the west by approximately 240 acres (Area 1) toward Big Bear Dam to include the area currently within the Big Bear Lake FPD’s existing boundary/sphere and include a portion of the lake. The intent is to maintain the City’s sphere of influence at the centerline of the lake, which reduces any potential service delivery confusing along the shoreline of the lake. The lands within the sphere of influence expansion are government lands with substantial residential development through assignment of possessory interests through government leases. These lands have substantial development ranging from modest cabins with an estimated value of \$15,000 to large scale residential construction with an assessed value approaching \$300,000; and,
- Expand the sphere for the City along the south by approximately 480 acres (Area 2) to include an area currently within the Big Bear FPD’s existing sphere of influence. The lands included within this area are comprised of government parcels with no possessory interest assignments known to LAFCO staff.

By placing these areas within the City’s sphere, Commission policy requires the City to prepare plans for the extension of service and incorporate all of its sphere of influence within its planning documents.



### **CITY OF BIG BEAR LAKE CONCERNS:**

The letter from the City of Big Bear Lake dated July 25, 2011 submitting its comments on the draft report issued June 15, 2011 identified concerns related to the inclusion of government lands, specifically lands held by the US Forest Service in their sphere of influence. LAFCO staff has proposed the expansion of the sphere for two separate areas as shown on the map above. The City's concerns are that development of the possessory interest leases of government lands are not subject to the standards of the County or in the future the City, thereby creating conflicts. Therefore, the City requests that the lands not be included within their sphere of influence. LAFCO staff concurs with the concerns expressed, but would identify that the concept of MOUs utilized for dock and other appurtenant development between the County, City and MWD could be sought for the land leases on federal land.

As noted earlier in the report, the land leases within Area #1 are extensive and should have input regarding on-site waste disposal facilities, potable water and other municipal level services given the development intensity. Pursuant to Government Code Section §56425(b), as a part of sphere of influence updates for cities conducted by LAFCO, the cities and the County are required to meet and discuss potential coordination of land use issues within the sphere of influence of the city and any anticipated sphere of influence change. The City was made aware of this requirement early on in the service review/ sphere of influence update process and again by letter in March 2011. As of the date of this report, it is staff understands that this discussion never occurred. As an element which

could have been discussed as a part of this requirement, is the County's sphere overlay policies related to spheres of influence and the potential for seeking coordination with the U.S. Forest Service for the lands within the expansion areas, most importantly Area 1.

In addition, LAFCO sphere of influence policies direct that the service providers within a defined community be assigned coterminous spheres of influence. This in practice has led to determinations to assign coterminous spheres for a City and its subsidiary districts. Such a determination provides direction to both current and future residents as to the agencies designed to serve them by allowing the City and the subsidiary district to plan for the future provision of services utilizing the same boundary in its respective master plans, as well as providing for the understanding of the elected body for service delivery issues since they are the same. Additionally, in the possibility that the district is dissolved and becomes a part of the City, having coterminous spheres facilitates the process.

As to the issue of government lands being included within Cities, throughout the state and within San Bernardino County, there are cities that contain federal lands – either National Forest or Bureau of Land Management. In these instances, land use authority transfers to the City. The assignment of the sphere of influence does not extend land use jurisdiction to the area, but as a planning tool allows for and under County development review requires the participation of the City during the process.

An additional element in review of these concerns are that over the last several months the City's subsidiary district, Big Bear Lake Fire Protection District (Big Bear Lake FPD) and the Big Bear City Community Services District (CSD) have reviewed and determined to pursue at least a functional consolidation due to economic circumstances. The efforts are outlined in three phases, with Phase 1 accomplished through the consolidation of administrative services and the sharing of a Fire Chief. These earnest efforts to work jointly are applauded by LAFCO staff. In the staff view, the potential for a consolidated fire presence for the area which would preclude a subsidiary district status should be considered in responding to the City's request.

Should the Commission feel it appropriate to modify the sphere of influence presented by LAFCO staff based upon the City's concerns expressed in its letter and the staff's response to them, staff would recommend that Area 2 be removed but that Area 1, due to its existing development, remain a part of the City's sphere of influence on the basis of its need for a broader range of services.

## **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 responses to those factors are as follows:

### **I. Present and Planned Uses**

Overall, the City's boundaries and sphere include the full range of land uses. The City's General Plan designates approximately 45% as Single-Family Residential, 6.5% as Multiple

Family Residential, 13% as Commercial and/or Industrial, 3% as Public Facilities, 6.5% as Open Space, 1% as Rural Residential (which is within its unincorporated sphere area designated as RC in the County's General Plan), and 25% identified as Big Bear Lake (also within its unincorporated sphere area designated by the County as Floodway).

Although the General Plan provides for a wide range of housing options, the majority of the development has been single family housing units. The 2010 Census identifies that from 2000 to 2010, total housing units increased by 11.5% while occupied units decreased by 6.7% and the vacancy rate increased by 18.2%. The foreclosure of 541 homes represents 5.7% of the household units within the City have been in foreclosure since 2004. Even with the current economic conditions, the long-term population trend remains – the City is projected to experience 39% growth through 2035.

The entire 720 acres being added to the City's sphere of influence currently has limited development potential. 75% of the area is forest land owned by the Federal government. The remaining 25%, which is the lake portion of the sphere expansion area, is designation as Floodway. It should be noted that the 160-acre forest land westerly of the City's boundaries is an area with multiple government land leased residential units and/or cabins, shown as possessory interests on assessment documents. The area receives fire protection from the Big Bear Lake Fire Protection District, which is already within the district's boundaries. However, these dwelling units do not have access to sewer service or a domestic water supply.

## **II. Present and Probable Need for Public Facilities and Services**

The City provides water, sewer collection, and public works within its boundaries. The Big Bear Lake FPD, a subsidiary district of the city, provides fire protection and emergency medical response services. The City also provides limited park and recreation services (operation of passive park) although the Park District overlays the City and has facilities within the City. As a municipality, the City is responsible for law enforcement within its boundaries and has chosen to contract with the County for law enforcement services tailored to its needs and financial resources.

### Water

The City operates its water system through its DWP. It provides water service to about 16,000 customers from four separate water systems within the San Bernardino Mountains of Southern California. The DWP serves the City and the unincorporated areas of Fawnskin, Erwin Lake, Lake Williams, Sugarloaf, Moonridge, and a small RV Park on the north shore of Big Bear Lake. In addition, the DWP also serves a small unincorporated area in Rim Forest located in the Lake Arrowhead community. The DWP provides water to its Bear Valley customers by pumping ground water from local aquifers. Currently, no outside water source is available to augment the local supply except for the Rim Forest System located in Lake Arrowhead, which uses water purchased from the Crestline-Lake Arrowhead Water Agency.

DWP currently operates groundwater wells and slant wells that supply the various water systems in the service area. The average pumping capacity of these wells is 170 gpm



which is reflective of the relatively low-producing aquifers, and fractured bedrock conditions of the local geology. Most of the slant wells are located in the vicinity of the Lassen Reservoir in the Big Bear Lake/Moonridge system and typically provide approximately 20 percent of the DWP total annual production. Several groundwater wells have been removed from service due to water quality considerations.

The focus of the DWPs capital investment program is to continue to improve fire flow throughout the system, replace aging wells, and increase overall pumping capacity to meet peak demands. It includes three pipeline replacement projects; equipping two previously drilled wells; drilling two new wells; and evaluating additional sites for future wells. Additionally, the DWP is also developing an inventory and database of its facilities. This database will provide the foundation for future long term infrastructure planning.

### Sewer

The City's sewer system serves approximately 8,300 sewer connections providing for the collection and transportation of wastewater to the BBARWA.

Due to the topography of the land, wastewater generally flows by gravity northerly toward the lake. Flows are then generally transmitted easterly via a combination of larger diameter interceptor sewers, sewage lift stations and force mains. The only areas that do not require pumping include the Moonridge area, which conveys flows via an 18-inch interceptor sewer directly to the Lake Pump Station (LPS). The remainder of wastewater generated within the system is pumped through one or more of the 13 sewage lift stations located along the lake shoreline.

All City wastewater flows are directed to the Lake Pump Station, which is owned and operated by BBARWA. Flows are pumped from this station to BBARWA's wastewater treatment facility located on the south shore of Baldwin Lake.

### **III. Present Capacity of Public Facilities and Adequacy of Public Services**

The City provides or contracts for most municipal-level services within its jurisdiction, with the exception of fire service provided by the Big Bear Lake FPD, a subsidiary of the City. Overall, current facilities and services delivered are adequate.

### Water

The DWP maintains 53 wells, 12 booster stations, 17 reservoirs, 16 chlorination stations, 20 sample stations, approximately 178 miles of water main pipeline, and a complex pressure-reducing network. All of the DWP's water comes from snow and rain that percolates back into the ground. Only three to five percent of the snow and rain reaches the water table, and is recharged for future use. The remaining water is used by evapotranspiration and evaporation. The DWP does not use lake water for public health and safety reasons and no additional water is imported into the Big Bear Valley.

DWP currently has reservoirs in its service area that provide operational, emergency, and fire protection storage. With the exception of the Clinemiller Reservoir in the Fawnskin

system, which is concrete with a wooden roof, all other reservoirs are either welded or bolted steel. The combined storage capacity of all reservoirs is estimated at just over 9.3 million gallons.

The DWP is currently operating under a Stage 1 water shortage emergency pursuant to California Water Code Section 350 (for all systems except Lake Williams, which is operating under a Stage 2 shortage emergency). No new connections are currently allowed in Lake Williams. For all other areas, connections are currently limited to 160 EDUs per year. When sufficient water supply sources have been developed to meet the community's needs at build out, the DWP intends to eliminate the Stage 1 water shortage emergency, which will remove limitations on new connections.

The DWP identifies that there are a number of supplemental supply sources that are considered to meet ultimate supply requirements. According to the DWP, the current plan is to fully exploit the groundwater basins within the valley through an extensive drilling program. At this time, it is unclear whether or not the combined safe yields of the various basins will be sufficient to meet the demand at build-out. Consequently, the DWP also has a program to "stress-test" the various sub-units to more accurately determine the perennial yields.

Another identified potential source is reclaimed water from BBARWA. The use of recycled water for groundwater replenishment in the Erwin Lake area is a feasible alternative to narrow the estimated 1,929 ac-ft per year demand-supply deficit that is anticipated to exist. According to the DWP, BBARWA estimates the unit cost for this alternative ranges from \$3,300 to \$4,500 per acre-feet.

The use of recycled water for groundwater replenishment in the Erwin Lake area is a feasible alternative to narrow the estimated 1,929 ac-ft per year demand-supply deficit that exists. According to the DWP, BBARWA estimates the unit cost for this alternative ranges from \$3,300 to \$4,500 per acre-feet.

#### Sewer

The system consists of over 200 miles of sewer lines, 13 lift stations, and over 6,000 manholes. Treatment and disposal is provided by BBARWA. Pipeline materials include a combination of concrete irrigation pipe, vitrified clay pipe, cast iron pipe, asbestos cement pipe, and polyvinyl chloride pipe. Pipe sizes range from 4-inches to 24-inches in diameter, with over 90 percent of the system comprised of 6-inch and 8-inch diameter pipes.

Annual average flows per Equivalent Dwelling Unit (EDU) vary from a low of 122 gallons per day to a high of 273 gallons per day.

#### **IV. Social and Economic Communities of Interest**

The bulk of the commercial/retail activity for the Bear Valley is within the City, resulting in the City as the core of the social and economic community of interest for the Bear Valley community. In addition, the City is within the Bear Valley Unified School District, which is a

regional entity servicing the Bear Valley community providing for a larger social unit for the eastern Mountain region.

Economic communities of interest include the two ski resorts (Bear Mountain and Snow Summit), the Big Bear Lake itself and the recreational activities supported by the lake, as well as the commercial activities around the lake area, the Village, and along Big Bear Boulevard (State Highway 18).

**CONCLUSION FOR CITY OF BIG BEAR LAKE:**

Staff is recommending that the Commission make the following sphere determinations for the City of Big Bear Lake:

1. Expand the sphere for the City along the west by approximately 240 acres (Area 1) towards the Big Bear Dam to include the area currently within the Big Bear Lake FPD's existing sphere and include a portion of the lake. The intent is to maintain the City's sphere of influence at the centerline of the lake, which reduces any potential service delivery confusing along the shoreline of the lake; and,
2. Expand the sphere for the City along the south by approximately 480 acres (Area 2) to include an area currently within the Big Bear Lake FPD's existing sphere of influence.

## **BIG BEAR LAKE FIRE PROTECTION DISTRICT Service Review and Sphere of Influence Update**

### **INTRODUCTION:**

LAFCO 3112 consists of a service review pursuant to Government Code Section 56430 and sphere of influence update pursuant to Government Code 56425 for the Big Bear Lake Fire Protection District (“Big Bear Lake FPD” or “District”).

The Big Bear Lake FPD was formed in 1927 and operated under a board of directors appointed by the County of San Bernardino Board of Supervisors. In 1957, the citizens of Big Bear voted to reorganize the District to become a self-governed district with a locally elected Board of Directors. In 1980, when the City of Big Bear Lake was incorporated, the District became a subsidiary district<sup>20</sup> of the City with the City Council serving as the ex-officio Big Bear Lake FPD Board of Directors. It currently operates under the *Fire Protection District Law of 1987*, Health and Safety Code Section 13800 et seq. Currently, the District is authorized by LAFCO to provide the function of fire protection pursuant to the *Rules and Regulations of the Local Agency Formation Commission of San Bernardino County Affecting Functions and Services of Special Districts*.

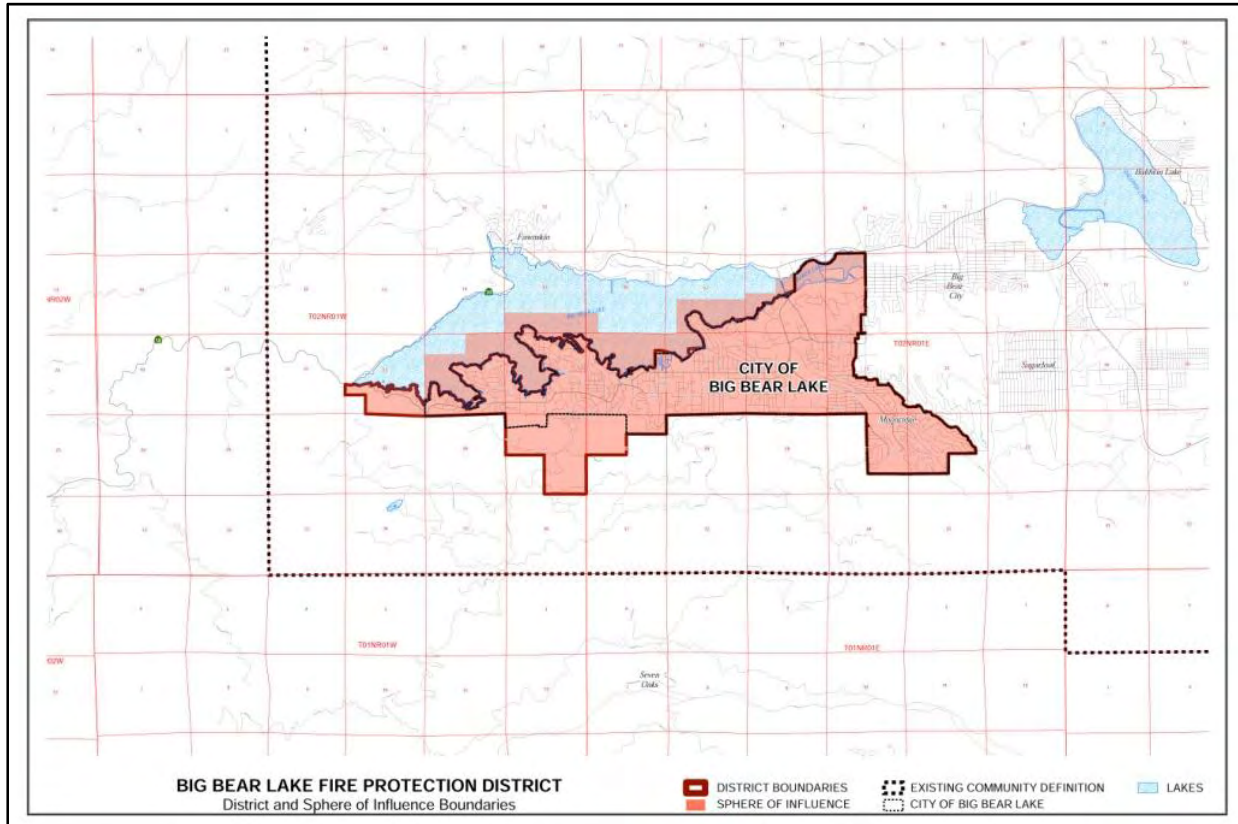
As discussed in detail in this report, staff is recommending that the Commission expand the District's sphere of influence by approximately 250 acres to match the City's sphere of influence and make both the City and the District's sphere boundaries coterminous.

### **LOCATION AND BOUNDARIES:**

The service review and sphere of influence update study area encompasses approximately 9.5 square miles generally bordered by the San Bernardino National Forest and Big Bear City Community Services District (“CSD”). The District encompasses the entirety of the City of Big Bear Lake as well as unincorporated area west and south of the City. A map of the District and its current sphere is shown below and is included as a part of Attachment #4.

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<sup>20</sup> As required by law, in order for a district to become a subsidiary district of the City, at least 70% of registered voters in the district must reside in the City and at least 70% of the district's territory must also be within the boundaries of the City. Since becoming a subsidiary district of the City of Big Bear Lake, the Big Bear Lake Fire Protection District continues to be within the threshold for subsidiary status since all annexations to the City have had concurrent annexations to the District.

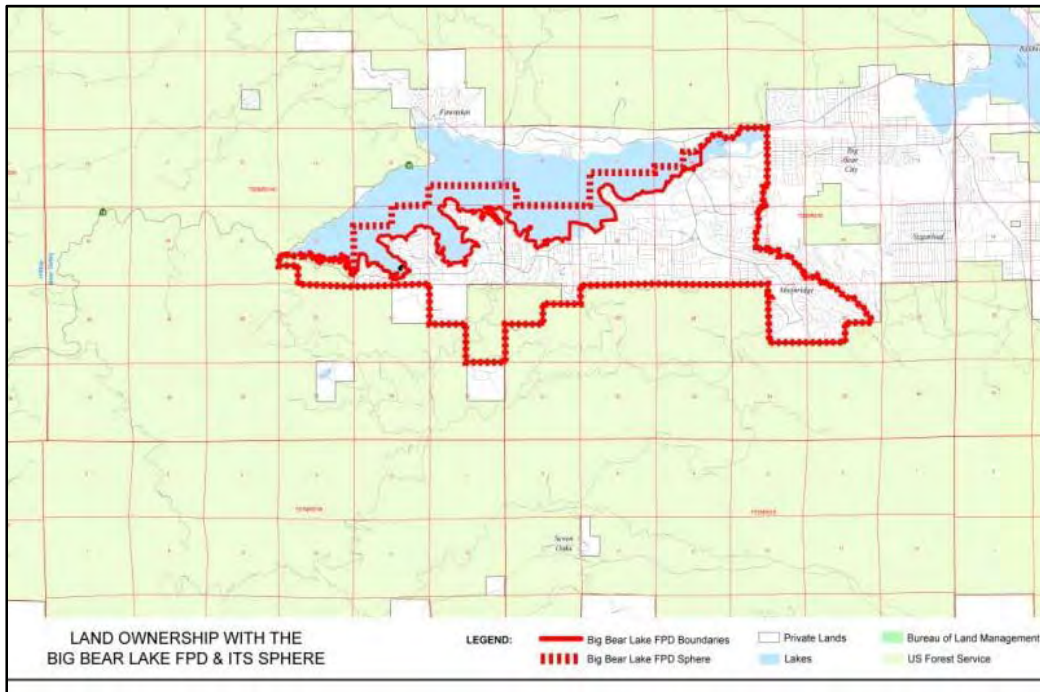


## ***BIG BEAR LAKE FIRE PROTECTION DISTRICT SERVICE REVIEW***

At the request of LAFCO staff, the Big Bear Lake FPD prepared a service review pursuant to San Bernardino LAFCO policies and procedures. The response 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 (included as Attachment #4). LAFCO staff responses to the mandatory factors for consideration for a service review (as required by Government Code 56430) are identified below and incorporate the district's response and supporting materials.

### **I. Growth and population projections for the affected area.**

The District's sphere of influence is similar to that of the City. The only difference is the additional areas outside of the City's corporate boundaries and/or existing sphere totaling approximately 640 acres of public lands. One area is on the District's western edge (approximately 160 acres) designated as RC (Resource Conservation which allows one unit per forty acres on private lands) and another area is along the District's southern edge (approximately 480 acres) also designated RC. As mentioned earlier, the 160-acre forest land west of the City's boundaries is an area with multiple government land leased residential units and/or cabins.



Therefore, the growth and population projections used for the City are used for the District as well. For the growth and population projections for the City and the District, please see the Service Review for the City of Big Bear Lake in this report.

## **II. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.**

For this service review factor, referenced materials include the District's 2002-2007 Fire Master Plan.

For a review of Big Bear Lake FPD's fire service, please refer to the "Fire and Emergency Response" portion of the "Review of Regional and Community Services" section of this report, beginning at page 46.

## **III. Financial ability of agencies to provide services.**

For this report, staff has reviewed the District's budgets and audits, State Controller reports for special districts, and County filing records.

### **Net Assets and Fund Balances**

In reviewing the financial documents, the District has been operating with an annual positive change in net assets from FY 2005-06 through FY 2008-09, as shown on the chart below. For the recent fiscal year, District expenditures of \$4,774,023 exceeded revenues of \$4,723,546 program resulting in a decrease in net assets of \$50,477. According to the District's FY 2009-10 financial statements, this decrease is primarily due to the decline in assessed property values reducing the property tax levy available to fund the cost of operations. As of June 30, 2010, Big Bear Lake FPD had \$8.8 million in net assets. Not

including capital assets value and debt, the District had roughly \$3.9 million in unrestricted net assets.

|  | 2005-06            | 2006-07            | 2007-08            | 2008-09            | 2009-10            |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Net Assets</b>                                |                    |                    |                    |                    |                    |
| Invested in capital assets – net of related debt | 3,917,267          | 4,972,034          | 4,801,980          | 4,643,420          | 4,847,802          |
| Unrestricted                                     | 2,608,859          | 3,178,149          | 3,762,792          | 4,195,390          | 3,940,531          |
| <b>Total Net Assets</b>                          | <b>\$6,526,126</b> | <b>\$8,150,183</b> | <b>\$8,564,772</b> | <b>\$8,838,810</b> | <b>\$8,788,333</b> |

Considering net assets does not indicate if an agency has enough cash and cash equivalents to operate short and long-term operations. In looking at the District’s fund balance, the same trend occurs as for net assets – an increase from FY 2005-06 through FY 2008-09 with a decrease in FY 2009-10. Even with the decrease in fund balance for the last fiscal year, overall the District’s fund balance has increased by 47% since FY 2005-06.

|                     | 2005-06     | 2006-07     | 2007-08     | 2008-09     | 2009-10     |
|---------------------|-------------|-------------|-------------|-------------|-------------|
| <b>Fund Balance</b> | \$2,909,559 | \$3,615,980 | \$4,240,785 | \$4,516,898 | \$4,274,958 |

In 2002, the district adopted a resolution to maintain a minimum of \$500,000 in its undesignated fund balance (Resolution FP2002-04). A breakdown of the Fund Balances as of June 30, 2010 is as follows:

|   |                  |
|---|------------------|
| <b>Fund Balances:</b>                       |                  |
| Reserved:                                   |                  |
| Reserved for encumbrances                   | 6,251            |
| Reserved for compensated absences           | 334,428          |
| Unreserved:                                 |                  |
| Unreserved, reported in nonmajor:           |                  |
| Designated for self-insurance               | 43,469           |
| Designated for future expenditures          | 463,795          |
| Designated for capital improvement projects | 1,257,668        |
| Designated for cash flows                   | 500,000          |
| Undesignated                                | 1,669,347        |
| <b>Total Fund Balances</b>                  | <b>4,274,958</b> |

### Revenues and Expenditures

Property tax revenues are the primary source of funds for the District. With the downturn in the economy, assessed valuations have declined causing a decrease in property tax revenues. As a result of this decline, the District has to look to its fund balance to fund current operations. Additionally, the district also lost its growth money with the creation of the City’s Redevelopment Agency in 1985. The City RDA did not establish a customary pass through agreement with the Fire District to ensure the district realized the incremental growth of property tax. According to the City, in an effort to address the fiscal impact of the existence of the City RDA on the Fire District (and consistent with redevelopment law), the City RDA agreed in 1992 to pay for the land (\$535,000) necessary for development of the District’s main fire station on Big Bear Boulevard. Additionally, in 2006, the City RDA agreed to pay off the remaining lease for the fire station of approximately \$905,000 thereby also saving the City approximately \$700,000 in future interest payments.” Though the



District receives less annual revenue the current agreement has offset a substantial amount. However in the future a draw on the City general fund for subsidized support may be required.

Additional sources of income include limited additional fees charged for services which include annual business inspections, permits, plan checks, and medical emergency responses, which was adopted in 1999.

The chart below, taken from the FY 2009-10 financial statements, shows the revenue and expenditure categories with respective amounts. In looking at the past five financial statements, the types of revenues and expenditures have generally remained constant in percentage terms.

|  | <b>General Fund</b> |
|--|---------------------|
| <b>Revenues:</b>   |                     |
| Taxes  | \$ 3,785,844        |
| Licenses and permits   | 20,905              |
| Intergovernmental  | 422,960             |
| Charges for services   | 387,765             |
| Use of money and property                                    | 53,221              |
| Contributions  | 20                  |
| Developer participation                                      | 23,014              |
| Miscellaneous  | 4,199               |
| <b>Total Revenues</b>  | <b>4,697,928</b>    |
| <b>Expenditures:</b>   |                     |
| Current:   |                     |
| Public safety  | 4,682,270           |
| Capital outlay   | 282,711             |
| <b>Total Expenditures</b>                                    | <b>4,964,981</b>    |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (267,053)           |
| <b>Other Financing Sources (Uses):</b>                       |                     |
| Transfers in   | 25,000              |
| Proceeds from sale of capital asset                          | 113                 |
| <b>Total Other Financing Sources<br/>(Uses)</b>              | <b>25,113</b>       |
| Net Change in Fund Balances                                  | (241,940)           |
| Fund Balances, Beginning of Year                             | 4,516,898           |
| <b>Fund Balances, End of Year</b>                            | <b>\$ 4,274,958</b> |

### Long-Term Debt

As of June 30, 2010, the District had total debt outstanding of \$334,427 representing the value of accumulated earned time off (compensated absences). The District does not have any bonded indebtedness.

### Other Information

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.

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 county auditor within 12 months of the end of the fiscal year. According to records from the County Auditor, the last audit received was in October 2010 for FY 2008-09. LAFCO staff recommends that the District provide the FY 2009-10 audit to the County Auditor.

The FY 2009-10 financial statements identifies a zero net pension obligation to SBCERA, and the financial statements do not identify if the District has an obligation to provide for post-employment health care benefits of retirees.

Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the District is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller, returned to the taxpayers through revised tax rates or revised fee schedules, or an excess in one year may be offset against a deficit in the following year. According to the FY 2009-10 financial statements, based on calculations by District Management, proceeds of taxes did not exceed related appropriations for the fiscal year ended June 30, 2010. Furthermore, Section 5 of Article XIII B allows the District to designate a portion of fund balance of general contingencies to be used in future years without limitation.

### **IV. Status of, and opportunities for, shared facilities.**

The District indicates that it does not share any facilities with other agencies. However, the Big Bear City Community Services District provides ambulance service within the boundaries of the District. Additionally, opportunities exist to share facilities with adjacent fire providers.

### **V. Accountability for community service needs, including governmental structure and operational efficiencies.**

#### Local Government Structure and Community Service Needs

Big Bear Lake FPD is a subsidiary district of the City of Big Bear Lake, thus it is governed by the City Council as the ex-officio board of directors. The current board, their positions, and terms of office are shown below. The Fire Chief, hired by the Fire Administrator who is also the City Manager under the City Council/Board of Directors, is responsible for the administration of the District affairs.

| <b>Board Member</b> | <b>Title</b> | <b>Term</b> |
|---------------------|--------------|-------------|
| Jay Obernolte       | Chair        | 2014        |
| David Caretto       | Vice-Chair   | 2014        |
| Liz Harris          | Member       | 2012        |
| Rick Herrick        | Member       | 2014        |
| Bill Jahn           | Member       | 2012        |

City Council/District Board meets on the second and fourth Mondays of the month at 6:30pm at the City Civic Center. The City Council convenes joint or separate meetings as the Council or the respective board of directors as necessary. The public is invited to all open session meetings. The budget is approved by the City Council/District Board at a public hearing, and financial reports are presented quarterly to the City Council/District Board by the Finance Director.

### Operational Efficiencies

Operational efficiencies are achieved through the following:

- Big Bear Lake FPD, CSD, and the San Bernardino County Fire Protection District (“County Fire”) have pooled resources and jointly operate a vegetation chipping program that is free to those who reside in the Bear Valley.
- The District’s funds are pooled with the City of Big Bear Lake’s cash and investments in order to generate optimum interest income.
- The District is a member of California Joint Power Insurance Authority (CJPIA) for general liability and worker’s compensation insurance.
- The District has been allowed to participate in the San Bernardino County Employees’ Retirement Association. SBCERA is a cost-sharing multiple-employer defined benefit pension plan operating under the California Employees Retirement Act of 1937. A review of the most recently available audit identifies a zero net pension obligation.
- The District recently transferred its dispatch provider to Confire joint powers authority. This is a fully computer aided dispatch vendor.

### 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:*

Currently Big Bear Lake FPD has automatic aid and mutual aid agreements with the CSD, Arrowbear Park Fire Protection District, Crest Forest Fire Protection District,

U.S. Forest Service, and County Fire. The Big Bear Lake FPD also provides emergency services to areas outside its jurisdictional boundaries.

*Government Structure Options:*

The State has published advisory guidelines for LAFCOs to address all of the substantive issues required by law for conducting a service review<sup>21</sup>. The Guidelines address 49 factors in identifying an agency's government structure options. Themes among the factors include but are not limited to: more logical service boundaries, elimination of overlapping boundaries that cause service inefficiencies, economies of scale, opportunities to enhance capital improvement plans, and recommendations by a service provider.

Fire protection and emergency medical services are provided by three separate agencies in Bear Valley: Big Bear Lake FPD, CSD, and County Fire. The following scenarios are not being presented as options for the Commission to consider for action as a part of this service review. Rather, a service review should address possible options, and the following are theoretical scenarios for the community to consider for the future.

- A single valley-wide agency as responsible entity. There are benefits to regionally providing services such as fire protection through a single entity such as the transfer of existing revenue streams to the larger fire entity for regional use, the standing army concept to respond to emergencies, and potential economies of scale that could be achieved. However, assumption of ambulance transport services by an agency other than the CSD would require ICEMA authorization. Without support from all affected agencies this option would not be achievable.
  - For example, reorganization could take place to return Big Bear Lake FPD to an independent district, annex the entire unincorporated Bear Valley area, and become the sole agency responsible for fire protection, emergency medical response and paramedics, and ambulance service in the valley.
  - Alternatively, the responsibility of fire protection and emergency services currently provided by Big Bear Lake FPD and the CSD could become the responsibility of County Fire and its Mountain Service Zone.

In the discussion of this option, LAFCO staff continues to support the establishment of a single fire provider for the Bear Valley community. The consideration of the option of annexation of this territory to County Fire and the transfer of the existing property tax for support for these operations from the district has additional issues. It has been indicated to staff that such an option would require the pledging of additional revenues for the funding of service. LAFCO staff would question such an action for the CSD area given that during the reorganization of County Fire (LAFCO 3000), the property tax revenues generated within each of the independent fire providers in unincorporated areas derived by CSA 70 was transferred to County Fire.

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<sup>21</sup> State of California. Governor's Office of Planning and Research. "Local Agency Formation Commission Municipal Service Review Guidelines", August 2003.

Below is the chart which was included in the September 2007 staff report for LAFCO 3000 outlining this distribution.

| SUMMARY OF REVENUE ALLOCATED TO CSA 70*    |                                       |                               |                          |   |               |
|--|---------------------------------------|-------------------------------|--------------------------|---|---------------|
| Prepared by Bob Wright 2/27/07             |                                       |                               |                          |   |               |
|  | Assessed<br>Value in<br><u>CSA 70</u> | 1% General<br><u>Tax Levy</u> | CSA 70<br><u>Revenue</u> | Independent<br>District<br><u>Revenue</u> | <u># TRAs</u> |
| 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.

- Consolidation of Big Bear Lake FPD and CSD fire and emergency medical services. Efforts toward consolidation of fire related activities have been unsuccessful since 1979; however, there is a history of cooperative efforts. Big Bear Lake FPD and the CSD are currently considering functional consolidation, joint operations, and/or contracting for services due to economic circumstances, most notably a budget deficit in Big Bear Lake FPD. At the outset, joint operations do not mean full unification; possibly just cost sharing to start. Both fire chiefs have collaborated on development of a consolidation plan based on three phases that was first discussed at a joint workshop on February 22, 2011. Phase 1 would integrate the administrative functions, Phase 2 the operations, and Phase 3 would consolidate the organizations. Should Phase 1 not work, then a return to current operations would occur.

According to the joint staff report prepared by both fire chiefs for the joint meeting, consolidation of fire protection and emergency medical services between Big Bear Lake FPD and the CSD has been addressed a number of times in the past, most recently about five years ago. Although true consolidation has not occurred, the two fire agencies currently function through joint operations. The two agencies are dependent upon resources from the other to manage any significant emergency incident or concurrent calls.

Further, recently, the two fire agencies have jointly formalized duty officer responsibilities, mirror each other's emergency response matrixes as much as

possible, share public information officer services, and have consolidated wood shake/shingle roof replacement and fire fuels reduction, both operationally and administratively. Due to economic conditions, collaborating is a high priority. An operational advantage of unified services is a single set of policies under one leadership. It may allow for deployment adjustments that could increase staffing at different locations as needed or staff a paramedic ambulance within the boundaries of the City.

Both agencies returned on June 7 to a joint meeting to consider a report on consolidation (copy included as a part of Attachment #4). As an outgrowth of the June 7 meeting, on July 13 the Big Bear Lake FPD appointed the CSD fire chief as the Big Bear Lake FPD interim fire chief, in addition to his full-time assignment with CSD. This has been memorialized through a contract between the agencies allowing for a shared fire chief. The fire chief will remain employed with the CSD and is Big Bear Lake FPD's interim fire chief until a decision is made to contract, consolidate, or remain a separate fire district.

In essence, the agencies have entered Phase I. Phase I consolidates and restructures administrative services currently provided separately by both departments. A single fire chief will guide administration, fire prevention, operations, and support services for both Big Bear City and Big Bear Lake. It is anticipated that this phase will encompass approximately 12 months; however the time frame could be extended. During Phase I, the focus will be on refining management and administrative personnel responsibilities; standardizing policies and procedures; implementing training procedures; and improving fire prevention operations.

- Dissolution of the Big Bear Lake FPD with the City as the successor. The City could dissolve its fire subsidiary district and become directly responsible for providing fire protection services. This would remove a layer of government within the community and would transfer territory outside the City boundaries to County Fire for further protection.
- Maintenance of the status quo. This scenario retains the existing fire structure for the Bear Valley community with the inherent cooperation amongst fire entities that currently exists.

Due to the current economic circumstances the ongoing and increased sharing of responsibilities and information, as noted above, a reorganization of fire protection and emergency medical response in the Bear Valley is warranted in the future. The timing of such a change is being worked out through a contract between entities and LAFCO staff commends the agencies for working toward a more cost efficient and effective provision of this crucial service to the mountain community.

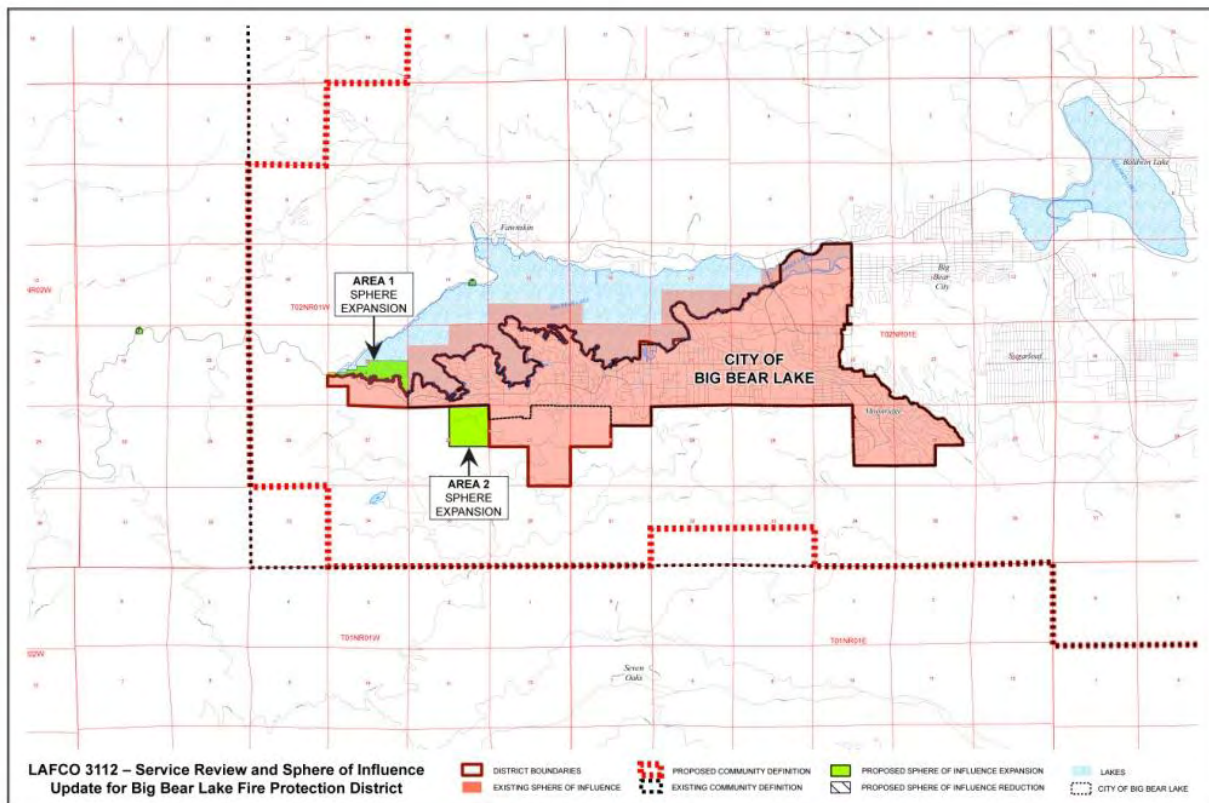
## ***BIG BEAR LAKE FIRE PROTECTION DISTRICT SPHERE OF INFLUENCE UPDATE***

### Sphere of Influence

In 1972, the Commission established the sphere of influence for the Big Bear Lake FPD as being coterminous with its boundaries. Since that time, there have been few changes to the District's sphere. As discussed in the "Community Discussion" section of this report, staff is recommending the following sphere of influence amendments:

- Expand the sphere for the Big Bear Lake FPD along the west by approximately 90 acres (Area 1) to include a portion of the lake. The intent is to bring the District's sphere of influence to the centerline of the lake, which would reduce any potential service delivery confusing along the shoreline of the lake; and,
- Expand the sphere for the Big Bear Lake FPD along the south by approximately 160 acres (Area 2) to include an area currently within the City's existing sphere of influence.

By placing these areas within the Big Lake Bear FPD's sphere, Commission policy requires the district to prepare plans for the extension of service and incorporate all of its sphere of influence within its planning documents.





### 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)). Neither LAFCO staff nor the District recommends any modifications to the service description for its fire function, shown below.

| <b>FUNCTION</b> | <b>SERVICE</b>  |
|-----------------|---|
| Fire Protection | Structural, watershed, suppression, prevention, rescue, first aid |

### 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 responses to those factors are as follows:

#### **I. Present and Planned Uses**

The Big Bear Lake FPD's boundaries generally correspond to the City's sphere of influence boundaries except for approximately 640 acres of additional forest land. The breakdown in land use designation include approximately 42% Single-Family Residential, 6% Multiple Family Residential, 12% Commercial and/or Industrial, 2% Public Facilities, and 6% Open Space, all of which are in the City's boundaries. Within the County's jurisdiction, 12% is designated as RC and the remaining 25% is designated by the County as Floodway.

Within the District, majority of the development has been single family housing units. The 2010 Census identifies that from 2000 to 2010, total housing units increased by 11.5% while occupied units decreased by 6.7% and the vacancy rate increased by 18.2%. The foreclosure of 541 homes represents 5.7% of the household units within the District has been in foreclosure since 2004. Even with the current economic conditions, the long-term population trend remains – the District is also projected to experience 39% growth through 2035.

Of the 250 acres being added to the District's sphere of influence, 64% is designated as RL-40 (Rural Living, 40 acres minimum) and the remaining 36%, which is the lake portion of the sphere expansion area, is designation as Floodway.

#### **II. Present and Probable Need for Public Facilities and Services**

The Big Bear Lake FPD provides Fire Protection Services (structural and wildland), Emergency Medical Service, Ice Rescue, Public Safety and Self Help Education, Fire Prevention and Fire Code Enforcement, Hazardous Material Emergency Response - Operational Level, and other services related to the protection of lives and property.

The District's budget provides for the operation and maintenance of:

- One 24-hour staffed headquarters fire station
- Two outlying Paid Call fire stations
- Three first-line fire engines
- One ladder truck
- One quick attack (brush patrol) unit
- One heavy rescue
- One rescue squad
- Five utility/staff vehicles

With regard to staffing levels, the District has a Fire Chief, an Assistant Fire Chief, two Administrative Secretaries, sixteen suppression personnel assigned to three shifts, Fire Prevention Officer, an allocation for twelve Paid Call Firefighters to better assist Suppression personnel during emergencies. Paid Call Firefighters receive weekly training drills and rotate through weekend shifts for additional training and experience. On July 13 the Big Bear Lake FPD appointed the CSD fire chief as the Big Bear Lake FPD interim fire chief, in addition to his full-time assignment with CSD. This has been memorialized through a contract between the agencies allowing for a shared fire chief. The fire chief will remain employed with the CSD, is Big Bear Lake FPD's interim fire chief until a decision is made to contract, consolidate, or remain a separate fire district, and the agencies will divide up the financial obligations for his service.

District stations include one full time headquarters station (Station 281) and two paid call outlying stations (Stations 282 & 283). The paid call stations were renovated in 1994, following the 1992 earthquake, and are listed in good condition. Station 281 contains the District's administration and is the primary response station.

### **III. Present Capacity of Public Facilities and Adequacy of Public Services**

The Big Bear Lake FPD is configured in three Fire Management Areas broken into Fire Demand Zones within each management area. Each Fire Management Area is represented by the location of each station. Fire suppression consists of three shifts with five personnel per shift. First call equipment is deployed to deliver initial fire attack and Emergency Medical Services within four to six minutes approximately 70 percent of the time. Annual call volume has increased significantly through the years, with an average response time of five to six minutes from receipt of alarm.

The District responds with fire apparatus to all reported medical emergencies and rescue situations. All firefighters assigned to fire apparatus are certified as emergency medical technicians. These individuals respond along with paramedic ambulances to medical service requests. The District responds to more medical aid service requests than any other type of call, which is typical for fire agencies. In 2010, the District responded to 1,757 calls. The median response time was 6.1 minutes and the mean response time was 7.0 minutes. The vast majority of situations were for emergency medical services, not including vehicle accidents with injuries. According to the District, while it expects to experience increased call volume, the current infrastructure (number of stations and apparatus) will

support the corresponding increase in demand for service; however, there will be a need to increase staffing levels to meet the increased call volume.

Currently through automatic aid and mutual aid agreements with the CSD, U.S. Forest Service, and County Fire, Big Bear Lake FPD also provides emergency services to areas outside its jurisdictional boundaries.

At this time, the district meets the needs of the area it serves. However, due to the economic downturn and the decline in assessed property values, the property tax levy available to fund the cost of operations has been reduced. As a result, both the District and the CSD are currently considering options for service including consolidation or contracting for services.

#### **IV. Social and Economic Communities of Interest**

The City is the core of the social and economic community of interest for the District. In addition, the entirety of the District is within the Bear Valley Unified School District, which is a regional entity servicing the Bear Valley community providing for a larger social unit for the eastern Mountain region.

Economic communities of interest include the two ski resorts (Bear Mountain and Snow Summit), Big Bear Lake itself and the recreational activities supported by the lake, as well as the commercial activities around the lake area, the Village, and along Big Bear Boulevard (State Highway 18).

#### **CONCLUSION FOR BIG BEAR LAKE FIRE PROTECTION DISTRICT:**

Staff is recommending that the Commission make the following sphere determinations for the Big Bear Lake Fire Protection District:

1. Expand the sphere for the Big Bear Lake FPD along the west by approximately 90 acres (Area 1) to include a portion of the lake. The intent is to bring the District's sphere of influence to the centerline of the lake, which would reduce any potential service delivery confusing along the shoreline of the lake;
2. Expand the sphere for the Big Bear Lake FPD along the south by approximately 160 acres (Area 2) to include an area currently within the City's existing sphere of influence; and,
3. Affirm the functions and related service descriptions for the Big Bear Lake FPD.

## **BIG BEAR CITY COMMUNITY SERVICES DISTRICT Service Review and Sphere of Influence Update**

### **INTRODUCTION:**

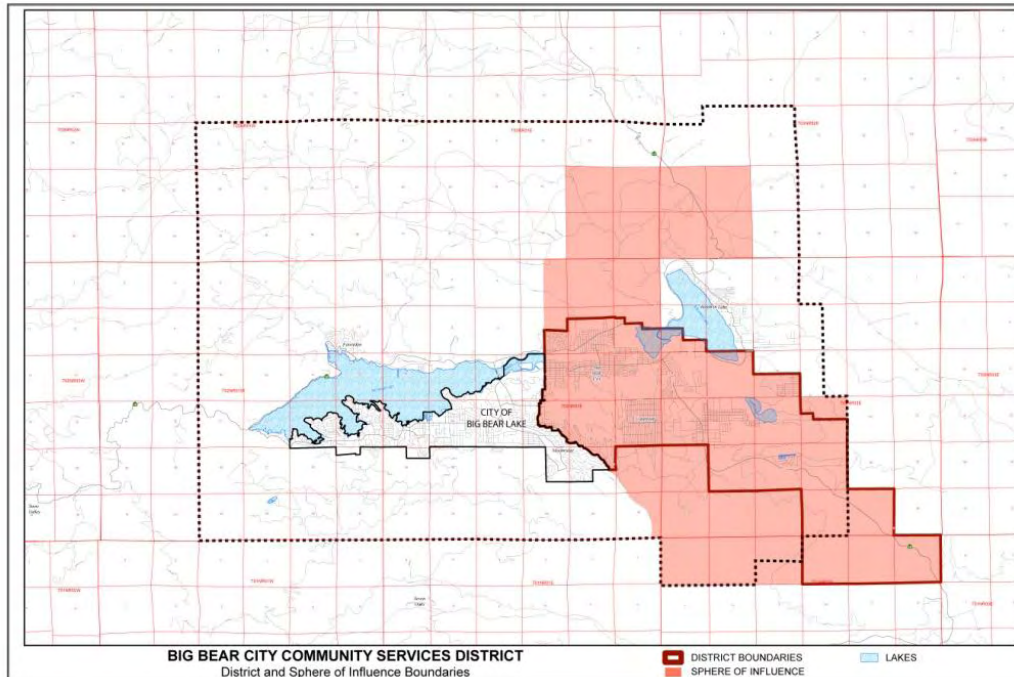
LAFCO 3150 consists of a service review pursuant to Government Code Section 56430 and sphere of influence update pursuant to Government Code 56425 for the Big Bear City Community Services District (“CSD” or “District”).

In 1966 the voters approved the formation of the CSD and the dissolution of the Big Bear City Fire Protection District, Big Bear City Lighting District, and Big Bear City Sanitary District. The CSD is an independent special district with a five-member board of directors and operates under *Community Services District Law*, Government Code Section 61000 et seq. Currently, the CSD is authorized by LAFCO to provide the functions of water, sewer, streetlighting, fire protection, solid waste, and park and recreation pursuant to the *Rules and Regulations of the Local Agency Formation Commission of San Bernardino County Affecting Functions and Services of Special Districts*.

As discussed in the “Community Discussion” section of this report, staff is recommending modification of the CSD sphere of influence to coincide with the Commission’s definition for the Bear Valley Community (expanding the CSD sphere of influence by approximately 4,640 acres and reducing its existing sphere of influence by approximately 3,550 acres). This recommendation proposes to exclude 2,880 acres of the District’s service boundary at its southeastern edge from the sphere. This signals the Commission’s position that a future reorganization should take place to detach this territory.

### **LOCATION AND BOUNDARIES:**

The service review and sphere of influence update study area encompasses approximately 41 square miles generally bordered by a combination of section and parcel lines along State Route (SR) 38, Erwin Lake, and SR 18 on the east, section lines along Sugarloaf Mountain on the south, a combination of Division and Menlo Drives, Sheephorn and Wolf Roads, and parcel lines on the west, and section lines along Gold Mountain on the north. The area includes the unincorporated communities of Big Bear City, Sugarloaf, Moonridge, Lake Williams, and Erwin Lake. A map of the District and its current sphere is shown below and is included as a part of Attachment #5.



## ***BIG BEAR CITY COMMUNITY SERVICES DISTRICT SERVICE REVIEW***

At the request of LAFCO staff, the CSD prepared a service review pursuant to San Bernardino LAFCO policies and procedures. The response 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 (included as Attachment #5). LAFCO staff responses to the mandatory factors for consideration for a service review (as required by Government Code 56430) are identified below and incorporate the district's response and supporting materials.

### **I. Growth and population projections for the affected area.**

#### **Land Use**

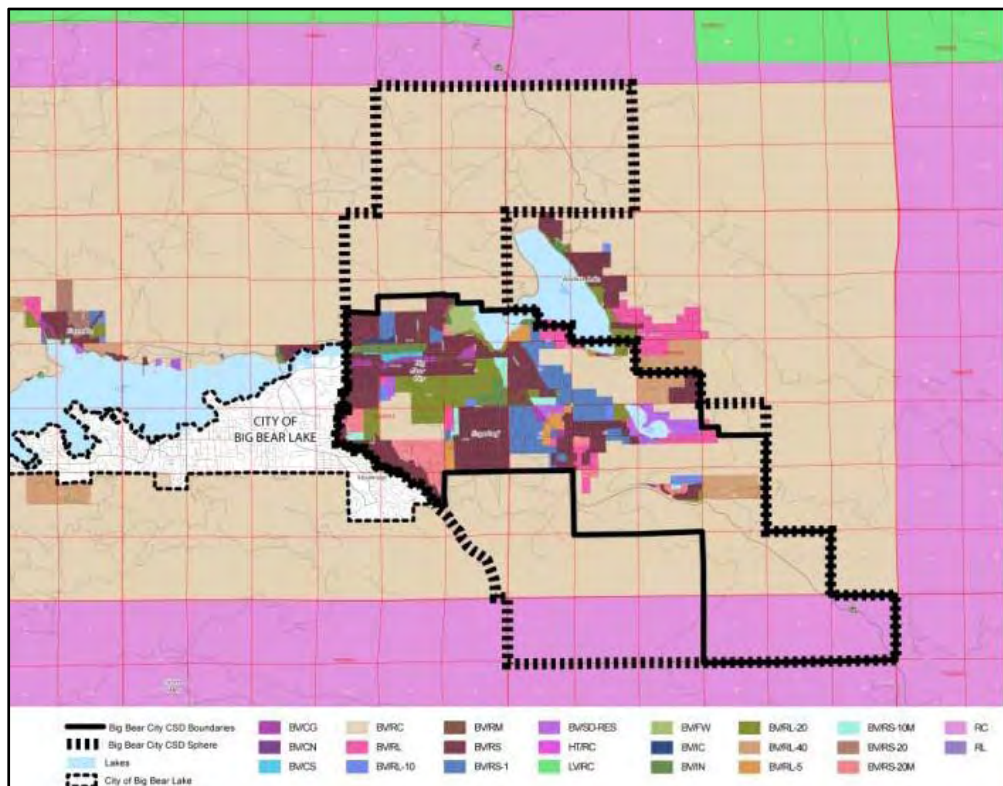
Development in the San Bernardino Mountains is naturally constrained by public land ownership, rugged terrain, limited access, and lack of support infrastructure, as well as by planning and environmental policies which place much of the area off limits to significant development. Maximum build-out potential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

According to the *Bear Valley Community Plan*, several issues set Bear Valley apart from other mountain communities, suggesting that different strategies for future growth may be appropriate. Among these are the preservation of community character and infrastructure. As for preservation of community character, residents feel that the high quality of life

experienced in their neighborhoods today should not be degraded by growth and the subsequent impacts of traffic congestion, strains on infrastructure and threats to natural resources.

The preservation of the community’s natural setting, small town atmosphere and rural mountain character becomes important not only from an environmental perspective but from a cultural and economic point of view. The *Community Plan* further states that the Bear Valley area is faced with the potential for significant growth. Residents are concerned with the impacts that future growth and development will have on an infrastructure system they sense is already strained. The community’s primary concerns center around water supply and traffic and circulation.

Below is a map identifying the County of San Bernardino land use designations within the study area. Approximately 81 percent is designated Resource Conservation, nine percent is Single Residential (RS, RS-10M, RS-20M, and RS-1), seven percent Rural Living (RL, RL-5, RL-10, RL-20, and RL-40), two percent is designated Floodway, and the remainder of the land use designations comprises two percent (Special Development, Multiple Residential, Neighborhood Commercial, Service Commercial, General Commercial, Community Industrial, and Institutional). The commercial development within the CSD is generally located along Big Bear Boulevard (which connects between Highway 18 and SR 38).

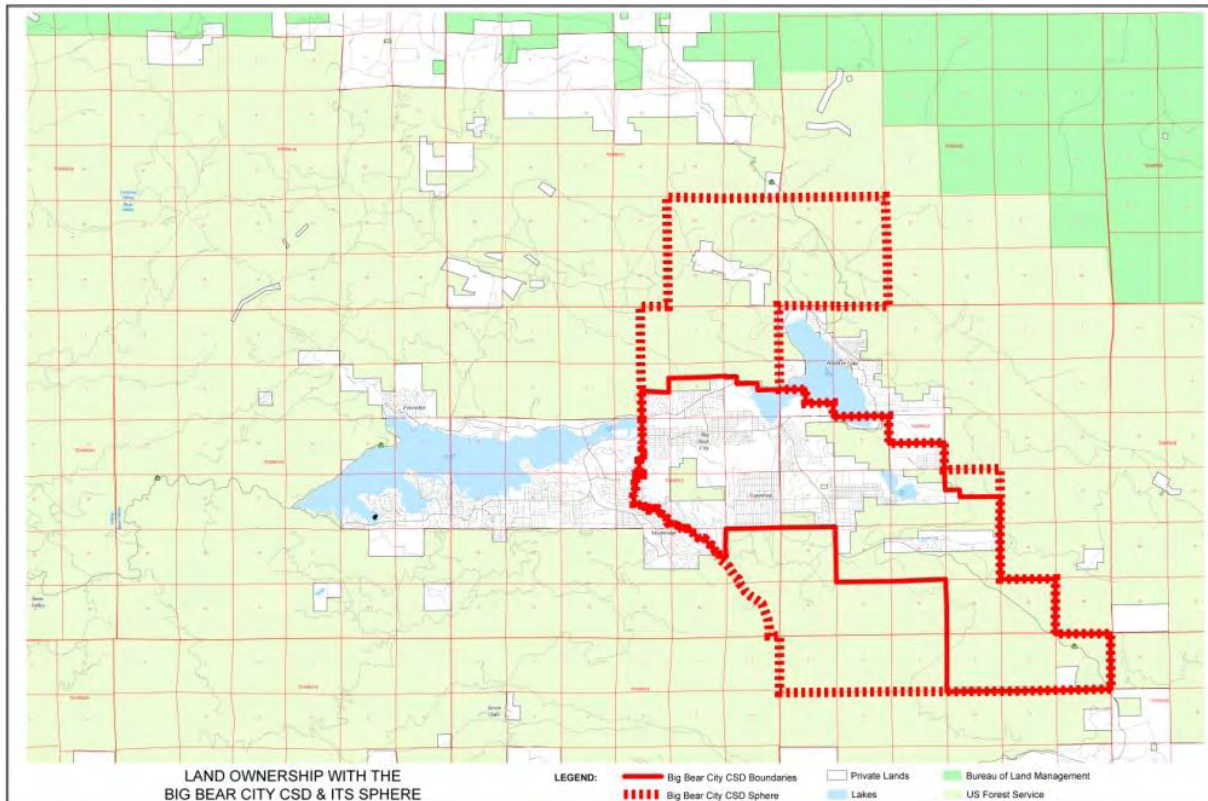


The land ownership distribution and breakdown within the district boundary and current sphere are identified on the map below. Within the CSD’s entire sphere, roughly 24% of the land is privately owned, 2% comprise of lake properties, and the remainder, 74%, is within



the San Bernardino National Forest (owned by the federal government), which are devoted primarily to resource protection and recreational use.

| <b>Land Ownership Breakdown (in Acres)</b> |                |               |             |                   |
|--|----------------|---------------|-------------|-------------------|
| <b>Big Bear City CSD</b>                   | <b>Private</b> | <b>Public</b> | <b>Lake</b> | <b>Total Area</b> |
| Boundary                                   | 6,755          | 6,320         | 490         | 13,565            |
| Sphere                                     | 115            | 12,800        | 0           | 12,915            |
| <b>Study Area Total</b>                    | <b>6,870</b>   | <b>19,120</b> | <b>490</b>  | <b>26,480</b>     |



## 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. However, there is a large seasonal population component as well as a substantial influx of visitors to the mountain resort areas. In 2000, the estimated population was 11,698. The seasonal population and visitors are not reflected in available demographic statistics, which count only year-round residents. It is estimated that the seasonal factors can substantially increase the peak population. The population projections below encompass the developable territory within the community. Utilizing the 1.8% annual growth from the *Bear Valley Community Plan*, by 2030 the permanent population is estimated to reach over 19,000, a 40% increase from 2010.



| 2010   | 2015   | 2020   | 2025   | 2030   |
|--------|--------|--------|--------|--------|
| 13,819 | 15,019 | 16,324 | 17,742 | 19,283 |

Sources: Big Bear City CSD 2010 Water Master Plan; County of San Bernardino 2007 *Bear Valley Community Plan* (citing Stanley R. Hoffman Associates, Inc.); LAFCO.

Notes: Does not include seasonal population or visitors.  
Annual growth for population is anticipated at 1.8%.

## **II. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.**

For this service review factor, referenced materials include the District's 2010 Water Master Plan, 2009 Water Quality Report, 2002 Sewer Master Plan Report, Sewer System Management Plan (undated), and 2007 Fire Evaluation and Fire Master Plan.

Currently, the CSD is authorized by LAFCO to provide the functions of water, sewer, streetlighting, fire protection, solid waste, and park and recreation.

### Water

For a review of the CSD's water service, please refer to the "Water" portion of the "Review of Regional and Community Services" section of this report, beginning on page 39.

### Sewer

For a review of the CSD's sewer service, please refer to the "Sewer" portion of the "Review of Regional and Community Services" section of this report, beginning on page 43.

### Fire Protection and Ambulance

For a review of the CSD's fire protection and ambulance services, please refer to the "Fire and Emergency Response" and "Ambulance" portions of the "Review of Regional and Community Services" section of this report, pages 51 and 53.

### Streetlighting

The District has identified and provided verification from Bear Valley Electric that it provides service for 18 streetlights.

The streetlights are classified as all night service (activated from dusk until dawn). Bear Valley Electric owns the streetlights and responds to problems, and the CSD 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 Ordinance<sup>22</sup>, 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

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<sup>22</sup> County of San Bernardino, Development Code Chapter 83.07, Adopted Ordinance 4011 (2007).

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 areas of the community only.

### Solid waste

The CSD services approximately 11,500 customer accounts providing refuse collection, disposal and recycling services during Monday through Saturday. A fleet of seven refuse-hauling trucks and four support vehicles sustain department operations. Also, a curbside recycling program is now available to the CSD customers. The CSD rate for solid waste service is \$116.58 per year for residential pickup and \$85.00 per month for commercial bins, with an additional tiered usage fee imposed by the County's Solid Waste Management District. The annual costs are placed on the tax roll and paid through the County's Tax Collector to the District.

### Park and Recreation

The District neither actively operates any parks nor provides any recreational activities for the residents within its boundaries. The District's website provides information on the other services that it provides, but it does not include any information on parks.

The District does, however, own three parcels of land that are set aside for what is classified as "passive recreational pursuits". These park activities were the justification for retention of park powers by the CSD in 2007.

The first parcel of land is a Xeriscape Demonstration Garden. The Garden contains plants that are drought tolerant and recommended for landscaping in the Bear Valley. Included in the Garden are a picnic table and walking path.

The second is located adjacent to the CSD fire station on a parcel of CSD owned land where the CSD holds holiday events such as Christmas tree lighting.

The third property is ten acres and is shown on County Surveyor maps as a wildlife habitat reserve. The land was set aside to protect the Checkerbloom; a plant listed on state and federal Endangered Species List. This land is set aside as a result of a mitigation declaration, and will remain as open space forever regardless of ownership. Presently, the CSD owns the land, but according to the CSD, it could transfer to the County in a future land trade. In return, the CSD would acquire the Big Bear City Park. The park has a baseball diamond, playground, picnic area, clubhouse, and a museum. No additional plans or funding mechanisms were provided to LAFCO staff regarding the potential park.

The Big Bear Valley Recreation and Park District ("Park District") has plans to construct a new park, called Paradise Park. This park would be a 5.48 acre park at the east end of the valley on land that is owned by the CSD. Plans include passive park areas, skate park, tennis court, basketball court, volleyball court, and a dog park. The CSD has agreed to lease the property to the Park District for \$1.00 per year for 40 years, with an option for the Park District to extend the lease for an additional ten years. Through the lease, both

districts are partnering to develop a new park to replace the loss of recreational acreage at Bear City Park due to its location within the Big Bear City Airport runway protection zone. Should the Park District not receive a Proposition 84 grant to construct the park and cannot secure other funding by April 30, 2012, the CSD will have the right to terminate the lease.<sup>23</sup>

LAFCO staff participated in the District's February 7, 2011 meeting regarding the duplication of park service and the potential for LAFCO staff recommending removal of the District's park powers. At the time, District representatives identified their desire to maintain the function and service due to questions about the Park District's ability to develop Paradise Park and questions of ongoing finances for operation and maintenance once built. Further, the CSD indicated that if the Park District was unable to develop the park, the CSD was committed to developing the facility for the benefit of its constituents.

### **III. Financial ability of agencies to provide services.**

For this report, staff has reviewed the District's budgets and audits, State Controller reports for special districts, and County filing records.

#### **General Operations and Accounting**

The CSD operates with a general fund and three enterprise funds.

The General Fund is used to account for all of the services of the District other than those specifically relating to the District's enterprise funds. These general services represent primarily fire protection, emergency medical services, and streetlights. The District accounts for all proprietary funds as major funds.

The Enterprise Funds are used to account for the costs (including depreciation) of providing water, sewer and solid waste services to the general public and to account for the user charges by which these costs are recovered.

#### **Net Assets and Fund Balances**

In reviewing the financial documents, the District has been operating with an annual positive change from FY 2006-07 through FY 2008-09, as shown on the chart below. For FY 2009-10, net assets of the District's governmental activities decreased by \$74,724, representing 1.3% of total net assets. This was primarily due to a year over year drop in total general revenues of \$64,924 resulting from the negative effects of recession and housing market to include a reduction in property tax receipts. As of June 30, 2010, the CSD had \$33.3 million in net assets. Not including capital assets value and debt, the District had roughly \$12.6 million in unrestricted net assets.

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<sup>23</sup> County of San Bernardino. Board of Supervisors. 19 April 2011, Item No. 63.

|  | 2006-07             | 2007-08             | 2008-09             | 2009-10             |
|--|---------------------|---------------------|---------------------|---------------------|
| <b>Net Assets</b>                                |                     |                     |                     |                     |
| Invested in capital assets – net of related debt | 20,194,122          | 20,243,795          | 21,184,615          | 20,707,288          |
| Unrestricted                                     | 11,742,577          | 12,885,644          | 12,293,036          | 12,583,036          |
| <b>Total Net Assets</b>                          | <b>\$31,936,699</b> | <b>\$33,129,439</b> | <b>\$33,477,651</b> | <b>\$33,290,324</b> |

Considering net assets does not indicate if an agency has enough cash and cash equivalents to fund short and long-term operations. In looking at the District's fund balance, the same trend occurs as for net assets – an increase from FY 2005-06 through FY 2008-09 with a decrease in FY 2009-10 (decrease of \$105,313). Even with the decrease in fund balance for the last fiscal year, overall the District's fund balance has increased by 23% since FY 2006-07.

|                     | 2006-07     | 2007-08     | 2008-09     | 2009-10     |
|---------------------|-------------|-------------|-------------|-------------|
| <b>Fund Balance</b> | \$3,183,271 | \$3,722,585 | \$4,037,907 | \$3,932,594 |

At the end of the fiscal year, unreserved fund balance for the General Fund was \$3,932,594. As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 77 percent of total General Fund expenditures.

In the FY 2011-12 Budget, Reserves are estimated to be the following through the end of the year at June 30, 2012:

|                     |   |
|---------------------|---|
| <i>Water</i>        | \$2,686,983 (\$250,000 as Emergency Operating & Contingency, or 8.8% of appropriations) |
| <i>Sewer</i>        | \$3,947,321 (\$382,000 as Emergency Operating & Contingency, or 9.5% of appropriations) |
| <i>Solid Waste</i>  | \$1,343,202 (\$15,000 as Emergency Operating & Contingency, or 0.7% of appropriations)  |
| <i>Fire</i>         | \$1,421,155 (\$15,000 as Emergency Operating & Contingency, or 0.2% of appropriations)  |
| <i>General Fund</i> | \$ 472,750 (\$20,000 as Emergency Operating & Contingency, or 1.3% of appropriations)   |

### Revenues and Expenditures

The CSD receives revenue from the following: water, sewer and solid waste service fees; property tax; emergency medical service fees; water and sewer connection fees; and standby charges. Real property values have declined as a result of foreclosures and short-sale activity coupled with property owner requests for temporary reductions in assessed valuation under Proposition 8. These factors were anticipated by the CSD and resulted in a reduction of \$137,360 in property tax receipts. Charges placed on land owners' property tax bills are as follows:

- Sewer
  - Annual CSD (System Maintenance) \$119.29
  - Big Bear Area Regional Wastewater Agency - BBARWA (Wastewater Treatment) \$173.76
- Trash - Annual Curbside Collection \$116.58
- Water Standby (applies only to property within water service area) -- This fee provides for water main line maintenance, capital improvement and debt service funding.
  - Improved property: \$30.00 per year
  - Unimproved property: \$40.00 per year
- Sewer Standby (applies only to un-served/vacant property within sewer service area) -- This charge is collected by the District, on behalf of BBARWA, and provides for future capacity at the treatment plant. \$20.00 - \$30.00 per parcel per year depending on parcel size.
- Fire Suppression: This fee provides for fire stations, equipment, and manpower to maintain a full-time fire department.
  - Improved residential property: \$113.13 per year
  - Unimproved property: \$54.78 per year
  - Mobile home: \$83.96 per year

Salaries and benefits (Personnel: Water – 9, Sewer – 8, Solid Waste – 11, Fire – 33) and operations and maintenance comprise the majority of the District's expenses. For the current fiscal year, Fire and Emergency Medical Services expenditures increased by \$288,803 primarily due to salary and benefit increases pursuant to the Safety Employee Memorandum of understanding expiring 6/30/11. Additional significant one-time expenses include completing sewer line repairs in the amount of \$133,588 and the purchase of two ambulances for a total of \$205,235.

The chart below, taken from the FY 2009-10 financial statements, shows the revenue and expenditure categories with respective amounts. In looking at the past five financial statements, the types of revenues and expenditures have generally remained constant in percentage terms.

|                                    | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>    |
|------------------------------------|----------------------------|-------------------------|------------------|
| <b>Revenues:</b>                   |                            |                         |                  |
| Property taxes                     | \$ 1,980,500               | 1,980,500               | 1,972,556        |
| Fire prevention and protection tax | 1,425,000                  | 1,425,000               | 1,473,996        |
| Ambulance service charges, net     | 1,350,000                  | 1,350,000               | 1,489,450        |
| Interest                           | 39,375                     | 39,375                  | 19,167           |
| Life Care                          | 48,000                     | 48,000                  | 53,739           |
| Cost recovery and other income     | <u>14,000</u>              | <u>14,000</u>           | <u>12,647</u>    |
| Total revenues                     | <u>4,856,875</u>           | <u>4,856,875</u>        | <u>5,021,555</u> |
| <b>Expenditures:</b>               |                            |                         |                  |
| Salaries and benefits              | 4,187,276                  | 4,187,276               | 4,145,060        |
| Utilities                          | 43,000                     | 43,000                  | 49,170           |
| Insurance                          | 22,000                     | 22,000                  | 23,103           |
| Training, memberships and dues     | 29,000                     | 29,000                  | 26,668           |
| Vehicle expenditures               | 120,000                    | 120,000                 | 136,662          |
| ICEMA agreement                    | 8,000                      | 8,000                   | 6,158            |
| General services                   | 197,724                    | 197,724                 | 194,569          |
| Capital expenditures               | 323,716                    | 353,793                 | 314,320          |
| Operating expenditures             | <u>237,000</u>             | <u>237,000</u>          | <u>231,158</u>   |
| Total expenditures                 | <u>5,167,716</u>           | <u>5,197,793</u>        | <u>5,126,868</u> |

The chart above identifies a shortfall of \$105,313 for the year. As stated in the review of the District's net assets and fund balance, this is primarily due to a year over year drop in total general revenues of \$64,924 resulting from the negative effects of recession and housing market to include a reduction in property tax receipts.

#### Long-Term Debt

As of June 30, 2010, the CSD's long-term debt totaled \$426,380 comprised of a retrofit loan and a bank loan, as shown on the figure below. During the fiscal year, the CSD paid off a 1996 refund bond. The proceeds of the original issue were restricted to the construction cost of a fluoride blending facility. The second figure identifies that the retrofit loan is scheduled to mature in FY 2011-12 and the bank loan will mature in FY 2014-15.

|                                | Beginning<br><u>Balance</u> | <u>Additions</u> | <u>Deletions</u> | Ending<br><u>Balance</u> | <u>Due Within<br/>One Year</u> | <u>Due Beyond<br/>One Year</u> |
|--------------------------------|-----------------------------|------------------|------------------|--------------------------|--------------------------------|--------------------------------|
| Business-type activities:      |                             |                  |                  |                          |                                |                                |
| Certificates of participation: |                             |                  |                  |                          |                                |                                |
| 1996 Series Z Refunding        | \$225,000                   | -                | (225,000)        | -                        | -                              | -                              |
| Less deferred refunding charge | -                           | -                | -                | -                        | -                              | -                              |
| Subtotal - COP                 | <u>225,000</u>              | <u>-</u>         | <u>(225,000)</u> | <u>-</u>                 | <u>-</u>                       | <u>-</u>                       |
| Loans payable:                 |                             |                  |                  |                          |                                |                                |
| Retrofit loan                  | 107,537                     | -                | (34,632)         | 72,905                   | 35,833                         | 37,072                         |
| Citizens Business Bank loan    | <u>588,869</u>              | <u>-</u>         | <u>(97,820)</u>  | <u>491,049</u>           | <u>101,741</u>                 | <u>389,308</u>                 |
| Subtotal - Loans payable       | <u>696,406</u>              | <u>-</u>         | <u>(132,452)</u> | <u>563,954</u>           | <u>137,574</u>                 | <u>426,380</u>                 |
| Total                          | <u>\$921,406</u>            | <u>-</u>         | <u>(357,452)</u> | <u>563,954</u>           | <u>137,574</u>                 | <u>426,380</u>                 |

| <u>Fiscal Year</u> | <u>Retrofit Loan</u> |                 | <u>Citizens Business Bank Loan</u> |                 |
|--------------------|----------------------|-----------------|------------------------------------|-----------------|
|                    | <u>Principal</u>     | <u>Interest</u> | <u>Principal</u>                   | <u>Interest</u> |
| 2010-2011          | 35,816               | 2,204           | 101,741                            | 18,495          |
| 2011-2012          | 37,089               | 963             | 105,821                            | 14,416          |
| 2012-2013          | -                    | -               | 110,063                            | 10,173          |
| 2013-2014          | -                    | -               | 114,476                            | 5,760           |
| 2014-2015          | -                    | -               | <u>58,948</u>                      | <u>1,170</u>    |
| Total              | <u>72,905</u>        | <u>3,167</u>    | <u>491,049</u>                     | <u>50,014</u>   |

Other Information

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 the District include at least one year's worth of actual financial data in its budgets.

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 county auditor within 12 months of the end of the fiscal year. According to records from the County Auditor, the last audit received was in January 2011 for FY 2009-10.

The District contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement, disability benefits, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within



the State of California. A review of the financial statements identifies that the CSD has a zero net pension obligation for safety and general employees.

Additionally, the CSD provides an annual Other Post Employment Benefit (OPEB) to eligible retirees and their spouses by providing medical insurance benefits. The CSD's 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 period not to exceed thirty years. The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2010 are as follows:

| <u>Fiscal<br/>Year<br/>Ended</u> | <u>Annual<br/>OPEB Cost</u> | <u>Percentage of<br/>Annual OPEB<br/>Cost Contributed</u> | <u>Net<br/>OPEB<br/>Obligation</u> |
|----------------------------------|-----------------------------|---|------------------------------------|
| 6/30/10                          | \$457,606                   | 50.8%   | \$225,042                          |

As of June 30, 2010, the actuarial accrued liability for benefits was \$4,928,307 all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$4,932,258 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 99.9 percent.

**IV. Status of, and opportunities for, shared facilities.**

Fire Station 292 is on land leased from the Park District for \$1 annually. The station is located at an intersection which provides ready response in several different directions.

The Big Bear Valley Recreation and Park District has plans to construct a new park, called Paradise Park. This park would be a 5.48 acre park at the east end of the valley on land that is owned by the CSD. The CSD has signed a lease for the property with the Park District for \$1.00 per year for 40 years, with an option for the Park District to extend the lease for an additional ten years.

The District's slant wells are located on U.S. Forest Service property approximately 3,000 feet north of the north end of Wendy Avenue.

The City of Big Bear Lake Department of Water and Power ("DWP") and the CSD are mutually working on a project that would interconnect the water systems. The project would allow the CSD to bring a high-volume well online and would return water plus a surplus to the DWP through interconnect. Preliminary engineering costs for that project have been approved by the DWP board in the FY 2011-12 budget. The CSD has included a match in its budget for engineering.

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

**Local Government Structure and Community Service Needs**

The CSD is an independent special district governed by a five-member board of directors. Members are either elected by the electorate at the November consolidated election in even numbered years or are appointed in-lieu of election by the County Board of Supervisors to four-year staggered terms. The November 2010 election had 6,108 registered voters with a 67% turnout. The current board, positions, and terms of office are shown below:

| <b>Board Member</b> | <b>Title</b>   | <b>Term</b> |
|---------------------|----------------|-------------|
| Jeff Newsome        | President      | 2014        |
| John Green          | Vice President | 2014        |
| Karyn Oxandaboure   | Member         | 2012        |
| Larry Walsh         | Member         | 2012        |
| Paul E. Terry       | Member         | 2012        |

Regular Board Meetings are scheduled at 5:30 p.m. on the first and third Mondays of each month at the CSD office. The CSD maintains a website (bbccsd.org) and a second website for its fire activities (bigbearcityfire.org).

The personnel structure of the CSD is unique, in that there are three individuals who report directly to the board of directors: interim general manager, fire chief, and chief board advisor.

The individual employed as the interim general manager also acts as the CSD's water superintendent and generally reports on water, sewer, streetlights, solid waste, parks and recreation and general district matters. The fire chief reports on fire protection, related services, and ambulance. The individual formerly employed as the general manager is now employed as the chief board advisor to provide operational and financial advice (in conjunction with the District's Finance Officer) and analysis directly to the board.

**Operational Efficiencies**

Operational efficiencies are achieved through the following:

- The CSD, the Big Bear Lake Fire Protection District ("FPD"), and the San Bernardino County Fire Protection District ("County Fire") have pooled resources and jointly operate a vegetation chipping program that is free to those who reside in the Bear Valley.
- In 1998, the CSD and CSA 38 (former county service area that provided fire protection) entered into an automatic aid agreement to furnish fire protection and emergency medical response assistance, upon request, to specific areas within the CSD and CSA 38. The agreement also outlines responsibilities for response to the Baldwin Lake Area. Specifically, the agreement designates the CSD as the first response agency to the area and for CSA 38 to pay the CSD \$4,000 annually.

Additionally, the agreement has no other reimbursement obligation and remains effective until terminated by either party. The agreement has not been terminated by either party and with the reorganization of County Fire, County Fire's Mountain Service Zone is the successor agency to the agreement.

- The CSD is a member of the California Joint Powers Insurance (Authority). The Authority is composed of 122 California public entities. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The CSD also participates in the workers' compensation pool, pollution legal liability and remediation legal liability insurance, property protection programs of the Authority.
- The CSD and the City's Department of Water and Power have budgeted \$15,000 each for fiscal year 2011-12 for the study of Fluoride Blending between the two agencies. The intended result would be improved water production for both agencies at minimal costs. With the possible joint Fluoride Blending Project on the horizon no discussions are currently in place for the CSD to sell water to DWP.

### 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:*

The CSD has provided fire protection to the Baldwin Lake area through contract since 1998, with no required review by LAFCO under the provisions of Government Code Section 56133. The contract has no sunset date. The CSD has mutual aid and automatic aid agreements with surrounding emergency response agencies. The CSD and the Big Bear Lake FPD have a cooperative duty officer rotation system that makes a chief officer available 24 hours a day for both agencies. The CSD provides service outside of its boundaries to the surrounding forest territories through an open memorandum of understanding with the U.S. Forest Service.

In 2005, the CSD assumed full operating responsibilities for the ambulance and paramedic services that were provided by the Bear Valley Community Healthcare District (LAFCO SC 249). Through the transfer of service, the CSD assumed full operating responsibility for the ambulance permit (as well as equipment, etc.) that was held in the name of the Bear Valley Community Healthcare District as well. Because the contract to transfer service was between two public agencies, the Commission determined that the contract was exempt from LAFCO review.

*Government Structure Options:*

The State has published advisory guidelines for LAFCOs to address all of the substantive issues required by law for conducting a service review<sup>24</sup>. The Guidelines address 49 factors in identifying an agency's government structure options. Themes among the factors include but are not limited to: more logical service boundaries, elimination of overlapping boundaries that cause service inefficiencies, economies of scale, opportunities to enhance capital improvement plans, and recommendations by a service provider.

The following scenarios are not being presented as options for the Commission to consider for action as a part of this service review. Rather, a service review should address possible options, and the following are theoretical scenarios for the community to consider for the future.

- When the City of Big Bear Lake condemned the Southern California Water Company service area, the City became the responsible agency to provide retail water within a portion of the CSD. In order to provide clarity and a clear division of service provision, the CSD could assume retail water service to the area currently serviced by the City (through its Department of Water and Power) within its boundaries. Assumption of retail service by the CSD of the DWP service area does not require a proposal application to LAFCO since there would be no organizational change or change in boundaries for either the City (the DWP is a department of the City) or the CSD (currently authorized the water function). However, based upon the charter amendment creating the DWP and loans for acquisition by the DWP there are restrictions that are to be imposed on such a transition.
- The Park District overlays the entirety of the CSD and the overlap of two agencies providing park and recreation services creates a duplication of service. In order to reduce the duplication of park and recreation providers within the CSD's boundaries, one scenario would be either:
  - A detachment of the CSD area from the Park District's boundaries, making the CSD the sole responsible park and recreation provider within its boundaries, or
  - For the Park District to succeed to any of the CSD's parks and recreation programs
- The CSD could annex the surrounding unincorporated populated areas and become the responsible agency for service provision for either a single service or the full range of services that the CSD is authorized. However, some of the surrounding areas, most notably Baldwin Lake, have historically opposed inclusion within the CSD. This option is not likely at this time.

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<sup>24</sup> State of California. Governor's Office of Planning and Research. "Local Agency Formation Commission Municipal Service Review Guidelines", August 2003.

- A single valley-wide fire agency. There are benefits to regionally providing services, such as fire protection, through a single entity such as the transfer of existing revenue streams to the larger fire entity for regional use and potential economies of scale that could be achieved through joint administration, joint purchasing, etc. However, assumption of ambulance transport services by an agency other than the CSD would necessitate ICEMA authorization. Without support from all affected agencies this option would not be achievable.
  - For example, reorganization could take place which would make the Big Bear Lake FPD an independent district, include annexation of the remaining area of Bear Valley, and with the Big Bear Lake FPD becoming the sole agency responsible for fire protection and ambulance service in the valley.
  - Alternatively, the responsibility of fire protection and emergency services currently provided by Big Bear Lake FPD and the CSD could become the responsibility of County Fire and its Mountain Service Zone.

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 the district. However, it has been indicated to staff that such an option would require the pledging of additional district revenues should the CSD's share of the one percent general levy not be adequate for the costs of County Fire. 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 areas derived by CSA 70 was transferred to County Fire. Below is the chart which was included in the September 2007 staff report for LAFCO 3000 outlining this distribution.

| SUMMARY OF REVENUE ALLOCATED TO CSA 70*    |                                       |                        |                   |                                    |        |
|--|---------------------------------------|------------------------|-------------------|------------------------------------|--------|
| Prepared by Bob Wright 2/27/07             |                                       |                        |                   |                                    |        |
|  | Assessed<br>Value in<br><u>CSA 70</u> | 1% General<br>Tax Levy | CSA 70<br>Revenue | Independent<br>District<br>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.

- Consolidation of Big Bear Lake FPD and CSD fire and emergency medical services. Efforts toward consolidation of fire related activities have been unsuccessful in the past; however, there is a history of cooperative efforts. Big Bear Lake FPD and the CSD are currently considering functional consolidation, joint operations, or contracting for services due to economic circumstances, most notably a budget deficit in Big Bear Lake FPD. At the outset, joint operations do not mean full unification; possibly just cost sharing to start. Both fire chiefs have collaborated on development of a consolidation plan based on three phases that was first discussed at a joint workshop on February 22, 2011. Phase 1 would integrate the administrations, Phase 2 the operations, and Phase 3 would consolidate the organizations. Should Phase 1 not work, then a return to current operations would occur.

According to the joint staff report prepared by both fire chiefs for the joint meeting, consolidation of fire protection and emergency medical services between Big Bear Lake FPD and the CSD has been addressed a number of times in the past, most recently about five years ago. Although true consolidation has not occurred, the two fire agencies currently function through joint operations. The two agencies are dependent upon resources from the other to manage any significant emergency incident or concurrent calls.

Further, recently, the two fire agencies have jointly formalized duty officer responsibilities, mirror each other's emergency response matrixes as much as possible, share public information officer services, and have consolidated wood shake/shingle roof replacement and fire fuels reduction, both operationally and administratively. Due to economic conditions, collaborating is a high priority. An operational advantage of unified services is a single set of policies under one leadership. It may allow for deployment adjustments that could increase staffing at different locations as needed or staff a paramedic ambulance within the boundaries of the City.

Both agencies returned on June 7 to a joint meeting to consider a report on consolidation (copy included as a part of Attachment #4). As an outgrowth of the June 7 meeting, on July 13 the Big Bear Lake FPD appointed the CSD fire chief as the Big Bear Lake FPD interim fire chief, in addition to his full-time assignment with CSD. This has been memorialized through a contract between the agencies allowing for a shared fire chief. The fire chief will remain employed with the CSD and is Big Bear Lake FPD's interim fire chief until a decision is made to contract, consolidate, or remain a separate fire district.

In essence, the agencies have entered Phase I. Phase I consolidates and restructures administrative services currently provided separately by both departments. A single fire chief will guide administration, fire prevention, operations, and support services for both Big Bear City and Big Bear Lake. It is anticipated that this phase will encompass approximately 12 months; however the time frame could

be extended. During Phase I, the focus will be on refining management and administrative personnel responsibilities; standardizing policies and procedures; implementing training procedures; and improving fire prevention operations.

- Assumption of road maintenance and snow removal responsibility as well as other municipal level services for the community. Within the CSD, County Service Area 70 has isolated zones for road maintenance and snow removal. As a multi-function, independent special district, the CSD has the statutory authority to provide road maintenance services (including snow removal), although activation of such service is subject to LAFCO review and authorization. In this scenario, the CSD could assume responsibility for the service entities within its boundaries.

Such a change is in concert with the Commission's community service ideology, there would be a single agency providing the full range of municipal services within a community (along with a transfer of the property tax share of each respective agency) and reduction of multiple agencies providing the same service. LAFCO staff bases this possibility upon the following:

- Legislature's intent in *Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000* and *Community Services District Law*.
  - The preamble to *Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000* 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.

San Bernardino LAFCO has utilized community services districts as a service mechanism to nurture communities and protect them from intrusion by other service providers so that the potential for a future incorporated city is retained.

- Further, the preamble to *Community Services District Law* states that the intent of the Legislature for CSD Law is to encourage LAFCOs to use their 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.

The CSD was requested to provide its response to this option. This option was discussed by the CSD board at its February 7 meeting with LAFCO staff present to answer questions. The District's written response to LAFCO states that the CSD is not interested at this time in assuming the responsibility for the provision of road maintenance and snow removal within its boundaries to the areas currently provided by the County Special Districts Department based upon questions of future liability and potential reduced funding. The question on a potential liability relates to the roads installed through CSA 70 R-5 within the Sugarloaf.



However, LAFCO staff returns to the Legislature's intent in LAFCO Law and *Community Services District Law* and the Commission's policy on spheres of influence in that a single multi-function agency may be the best mechanism to coordinate and provide service within a defined community. It is evident that the current situation results in multiple governing bodies, administration, overhead, and financial reporting.

- Maintenance of the status quo. This option retains the existing fire structure for the Bear Valley community with the inherent cooperation amongst fire entities that currently exists and maintenance of separate entities for water and road maintenance and snow removal within the territorial limits of the CSD.

Due to the current economic circumstances, the ongoing and increase sharing of responsibilities and information, as noted above, a reorganization of fire protection and emergency medical response in the Bear Valley is warranted.

## ***BIG BEAR CITY COMMUNITY SERVICES DISTRICT SPHERE OF INFLUENCE UPDATE***

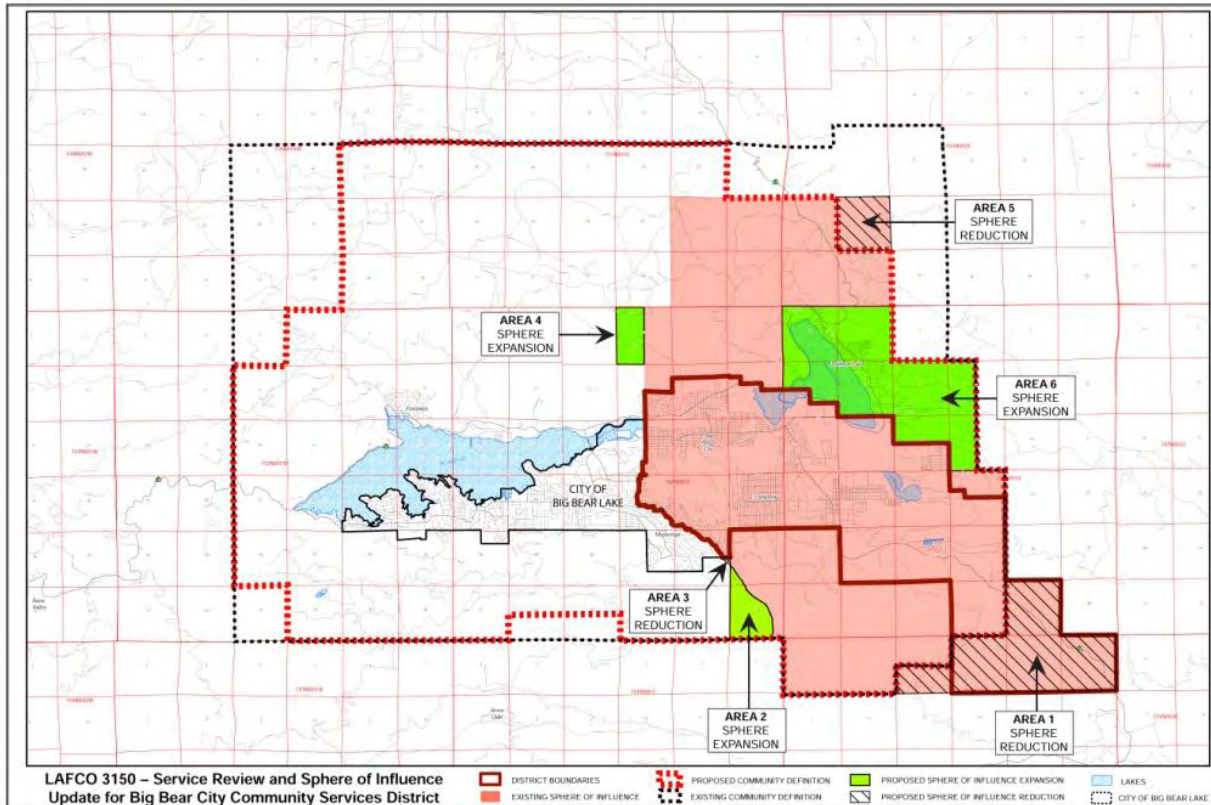
### Sphere of Influence

In 1972, the Commission established the sphere of influence for the CSD as coterminous with its boundaries. Since that time, there have been changes to the CSD's sphere. As discussed in the "Community Discussion" section of this report, staff is recommending the following sphere of influence amendments:

- Reduce the CSD's existing sphere by approximately 2,880 acres (Area 1) to exclude the Onyx Summit area which is outside the current community definition for Bear Valley and is also outside of the proposed redefined community for Bear Valley. This reduction signals the Commission's position that a future reorganization to detach this territory from the CSD should take place;
- Modify the CSD's sphere through expansion of approximately 400 acres (Area 2) and reduction of approximately 30 acres (Area 3) located in the Moonridge area. The proposed amendments would align its sphere along existing parcel lines;
- Expand the sphere for the CSD along the west by approximately 320 acres (Area 4) to align its sphere along existing parcel lines;
- Reduce the CSD's existing sphere by approximately 640 acres (Area 5) to exclude a section within the northern sphere which is outside of the proposed redefined community for Bear Valley. This action would exclude the Bighorn Mountain Wilderness area; and,

- Expand the sphere for the CSD along the east by approximately 3,920 acres (Area 6) to encompass the Baldwin Lake area. The Baldwin Lake area has historically opposed inclusion within the CSD. However, the area's population has steadily increased while access to services remains limited. The area could benefit from the planning that would be required of the CSD for the possible extension of service, generally outlined as:
  - a. Water is obtained from either on-site sources or hauled water. While on-site sources are acceptable, the local groundwater sources are exposed to septic discharge. Further, as detailed in the Water portion of the "Community Discussion" of this report, the County has placed restrictions on the use of hauled water for domestic purposes for any new development.
  - b. Sewer is deposited on-site. Due to the restrictions implemented in the 1980s that required the use of septic holding tanks for wastewater disposal, the area could benefit from the planning for a future connection to a municipal collection system, which would benefit the groundwater.
  - c. The area already receives fire protection from the CSD through contract with County Fire since 1998. There would be no service change; however, inclusion within the CSD would allow for clear service division and allocation of existing revenues would be transferred to the serving entity.

Government Code Section 56076 defines a sphere of influence as a "plan for the probable physical boundaries and service area of a local agency, as determined by the commission". Inclusion within the CSD's sphere would not affect its current boundary or service delivery as no change in jurisdiction would take place. Any change in jurisdiction would be decided by the voters and landowners of the affected area, as required by law.



## 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 participated in the District's February 7, 2011 meeting regarding the duplication of park service and the potential for LAFCO staff recommending removal of the District's park powers. At the time, District representatives identified their desire to maintain the function and service due to questions about the Park District developing Paradise Park and ongoing finances for operation and maintenance once built. Further, the CSD indicated that if the Park District was unable to develop the park, the CSD was committed to developing the facility for the benefit of its constituents.

The current service description for the CSD Sewer function does not adequately reflect the services that the District provides. The CSD collects wastewater and transports the effluent to the Big Bear Area Regional Wastewater Agency for treatment and disposal. The CSD provides for fire protection and emergency medical response, including ambulance and paramedic service. Staff is recommending that the service description be amended to more clearly identify the range of services provided. Staff recommends that the Commission modify the Sewer, Fire, and Park and Recreation service description for the CSD, with changes identified in ~~strikeout~~ and underline below.

| <b>FUNCTION</b>     | <b>SERVICE</b>   |
|---------------------|--|
| Water               | Retail, domestic, agriculture, replenishment   |
| Sewer               | Collection, <u>transportation and disposal</u>   |
| Streetlighting      | Streetlighting   |
| Fire Protection     | Structural, watershed, <u>suppression, prevention,</u><br>paramedic, ambulance, <u>rescue, first aid</u> |
| Solid Waste         | Collection and disposal  |
| Park and Recreation | <del>Senior citizens center</del> , local park development   |

## **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 responses to those factors are as follows:

### **I. Present and Planned Uses**

Big Bear City is an unincorporated community immediately east of the City of Big Bear Lake. The County of San Bernardino land use designations within the study area include approximately 81 percent designated as Resource Conservation, nine percent is Single Residential (RS, RS-10M, RS-20M, and RS-1), seven percent Rural Living (RL, RL-5, RL-10, RL-20, and RL-40), two percent is designated Floodway, and the remainder of the land use designations comprises two percent (Special Development, Multiple Residential, Neighborhood Commercial, Service Commercial, General Commercial, Community Industrial, and Institutional). The commercial development within the CSD is generally located along Big Bear Boulevard (which connects between Highway 18 and SR 38).

The CSD's sphere modifications (expansions/reductions) for Areas 1 to 5 currently have limited development potential since these are all forest lands owned by the Federal government. Area 6, which is the sphere expansion to include the Baldwin Lake area, is primarily designated RS (Single-Residential) and RL (Rural Living).

### **II. Present and Probable Need for Public Facilities and Services**

Currently, the CSD is authorized by LAFCO to provide the functions of water, sewer, streetlighting, fire protection, solid waste, and park and recreation.

## Water

The CSD provides potable drinking water within an eight square mile service area. The service area excludes a portion of Whispering Forest area, Erwin Lake, Lake Williams, and all of Sugarloaf. The water system also supports fire suppression activities with water flows that range from 500 to in excess of 1,500 gallons per minute.

The primary recommended capital improvements by the Master Plan include the following:

- Replace 10.2 miles of pipeline.
- Install new water meters with an automated meter reading device (fixed network).
- Replace 5 booster pumps to improve pumping capacity.
- Upgrade 11 booster pumps to increase efficiency.
- Equip Well 3B with pump and motor to increase capacity.
- Rehabilitate and maintain wells.
- Enhance fluoride blending pipeline.
- Construct fluoride treatment facility (if necessary).
- Conduct additional studies.

A suite of secondary improvements are also recommended to support development. Secondary recommended capital improvements, which would be required to support new development, in-fill development, or redevelopment, are estimated to cost \$9.6 million (2008 dollars); much of this cost could be borne by developers.

Based on the conclusions of the Master Plan, several recommendations are presented. With respect to proposed artificial recharge operations, natural recharge to the east portion of the Big Bear Valley groundwater basin appears to be adequate to meet the demands projected for the CSD service area.

## Sewer

The CSD provides wastewater collection service to Big Bear City and in the areas known as Sugarloaf, Erwin Lake, Whispering Forest, and a portion of Moonridge. The existing CSD collector system consists of approximately 132 miles of gravity sewer pipeline, 2,791 manholes, seven sewage lift stations (six of the lift stations are of dry-well design and one of wet well-submerged pump design) and associated force mains.

## Fire Protection

The CSD provides fire suppression, medical emergency response, hazard mitigation, fire prevention, investigation, and related special services. These services are provided within a service area of 21.13 square miles, with an additional responsibility of paramedic and ambulance transport services to an operating area of 258 square miles.

In the entire Bear Valley community, ambulance and paramedic services are provided by the CSD. 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. EOA 20 is served by the Big Bear City CSD.

### Streetlighting

The District has identified and provided verification from Bear Valley Electric that it provides service for 18 streetlights.

### Solid Waste

The CSD services approximately 11,500 customer accounts providing refuse collection, disposal and recycling services during Monday through Saturday.

### Park and Recreation

The District neither actively operates any parks nor provides any recreational activities for the residents within its boundaries. However, the District does own three parcels of land that are set aside for what is classified as “passive recreational pursuits”.

- The first parcel of land is a Xeriscape Demonstration Garden. The Garden contains plants that are drought tolerant and recommended for landscaping in the Bear Valley. Included in the Garden are a picnic table and walking path.
- The second is located adjacent to the CSD fire station on a parcel of CSD-owned land where the CSD holds holiday events such as Christmas tree lighting.
- The third property is ten acres and is shown on County Surveyor maps as a wildlife habitat reserve. The land was set aside to protect the Checkerbloom; a plant listed on state and federal Endangered Species List. This land is set aside as a result of a mitigation declaration, and will remain as open space forever regardless of ownership.

The Big Bear Valley Recreation and Park District (“Park District”) has plans to construct a new park, called Paradise Park. This park would be a 5.48 acre park at the east end of the valley on land that is owned by the CSD. Plans include passive park areas, skate park, tennis court, basketball court, volleyball court, and a dog park. The CSD has agreed to lease the property to the Park District for \$1.00 per year for 40 years, with an option for the Park District to extend the lease for an additional ten years. Through the lease, both districts are partnering to develop a new park to replace the loss of recreational acreage at Bear City Park due to its location within the Big Bear Airport runway protection zone.

### **III. Present Capacity of Public Facilities and Adequacy of Public Services**

The CSD continues to provide service to the community within the available revenue it generates. The following services are currently provided by the CSD:

## Water

The primary source of water supplied to its customers is groundwater derived from the Big Bear Valley groundwater basin. The current well water sources for the CSD include 11 active vertical wells, two inactive vertical wells, and two horizontal wells. The CSD currently maintains four storage tanks with a combined storage capacity of approximately 6.24 million gallons (19.1 acre-feet). This volume is equivalent to 5.6 days of present average daily demand and 2.9 days of present maximum daily demand.

## Sewer

The CSD collects and transports wastewater to the Big Bear Area Regional Wastewater Agency (BBARWA) treatment plant for processing and disposal. Average daily influent flow to BBARWA is 832,096 gallons per day. Influent flows from the CSD are treated at BBARWA and the effluent is transferred to an alfalfa farm in Lucerne Valley. The District serves as a collection agent in its geographical area for certain revenues of BBARWA, which include connection fees, usage fees and standby fees.

The CSD projects that connections will reach roughly 12,500 connections by 2021, which would be 80% of the saturation count for connections. To meet long term water supply requirements, water reuse (wastewater reclamation) will be an important component in addition to the current practice of pumping all of the required water from groundwater wells.

## Fire Protection

The CSD has two fire stations and 21 pieces of apparatus, 29 full time fire fighters and staff with 14 paid-call fire fighters support the fire operations of the CSD.

The CSD has provided fire protection to the Baldwin Lake area through contract since 1998. The contract has no sunset date. The CSD has mutual aid and automatic aid agreements with surrounding emergency response agencies. The CSD and the Big Bear Lake FPD have a cooperative duty officer rotation system that makes a chief officer available 24 hours a day for both agencies.

The CSD also provides ambulance service within its EOA as defined by the memorandum of agreement with Inland Counties Emergency Medical Agency (ICEMA). The District's EOA goes beyond its actual boundaries.

The CSD has experienced a stable number of fire responses and other non-medical responses. Emergency medical responses, however, have increased. Prior to 2006, Big Bear Lake FPD ran one ambulance. A large part of the 40 percent increase in medical calls from 2005 to 2006 is the result of the Big Bear Lake FPD discontinuing this service and the CSD assuming the responsibility.

While the CSD responds to all types of demands for emergency services, requests for emergency medical assistance is the most frequent. The CSD's current response goals call for fire suppression activities to commence within six minutes of dispatch 73 percent of the time and within a nine minute timeframe 90 percent of the time.

### Streetlighting

The streetlights are classified as all night service (activated from dusk until dawn). Bear Valley Electric owns the streetlights and responds to problems, and the CSD 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.

### Solid Waste

A fleet of seven refuse-hauling trucks and four support vehicles sustain department operations. Also, a curbside recycling program is now available to the CSD customers.

### Park and Recreation

The District neither actively operates any parks nor provides any recreational activities for the residents within its boundaries.

## **IV. Social and Economic Communities of Interest**

The CSD is considered a part of the overall Big Bear Valley community. More specifically, the CSD and its sphere of influence include the unincorporated communities of Big Bear City, Moonridge (portion), Sugarloaf, and Erwin Lake, and Lake Williams, generally defined as the East Valley area. In addition, the CSD is within the Bear Valley Unified School District, which is a regional entity servicing the Bear Valley community providing for a larger social unit for the eastern Mountain region.

## **CONCLUSION FOR BIG BEAR CITY COMMUNITY SERVICES DISTRICT:**

Staff is recommending that the Commission make the following sphere determinations for the Big Bear City Community Services District:

1. Reduce the CSD's existing sphere by approximately 2,880 acres (Area 1) to exclude the Onyx Summit area which is outside the current community definition for Bear Valley and is also outside of the proposed redefined community for Bear Valley;
2. Modify the CSD's sphere through expansion of approximately 400 acres (Area 2) and reduction of approximately 30 acres (Area 3) located in the Moonridge area. The proposed amendments would align its sphere along existing parcel lines;
3. Expand the sphere for the CSD along the west by approximately 320 acres (Area 4) to align its sphere along existing parcel lines;
4. Reduce the CSD's existing sphere by approximately 640 acres (Area 5) to exclude a section along the northern sphere which is outside of the proposed redefined community for Bear Valley;



5. Expand the sphere for the CSD along the east by approximately 3,920 acres (Area 6) to encompass the Baldwin Lake community; and,
6. Modify the service description to the Sewer function by adding “transportation” and removing “disposal”, the Fire Protection function by adding “suppression”, “prevention”, “rescue” and “first aid”, and the Park and Recreation function by removing “senior citizens center”, and affirm the remainder of the functions and service descriptions for the CSD.

## **COUNTY SERVICE AREA 53 Service Review and Sphere of Influence Update**

### **INTRODUCTION:**

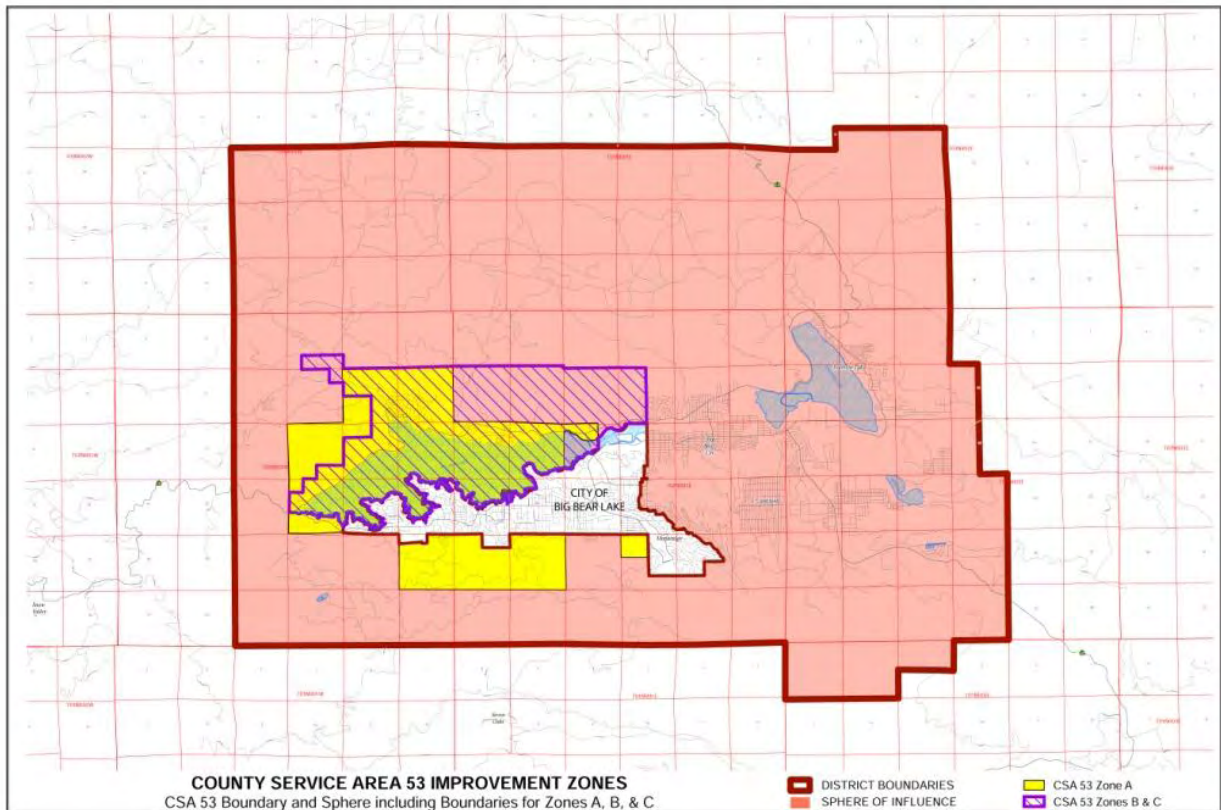
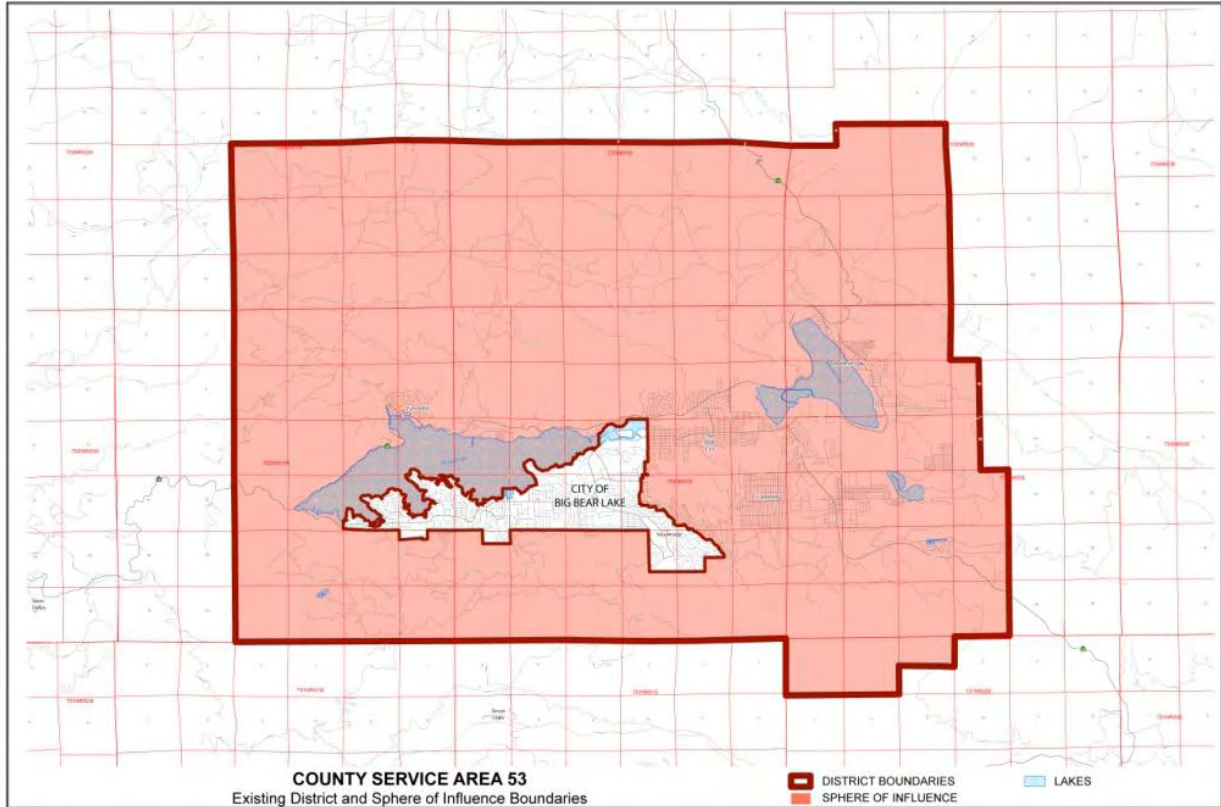
LAFCO 3124 consists of a service review pursuant to Government Code Section 56430 and sphere of influence update pursuant to Government Code 56425 for County Service Area 53 (“CSA 53” or “District”).

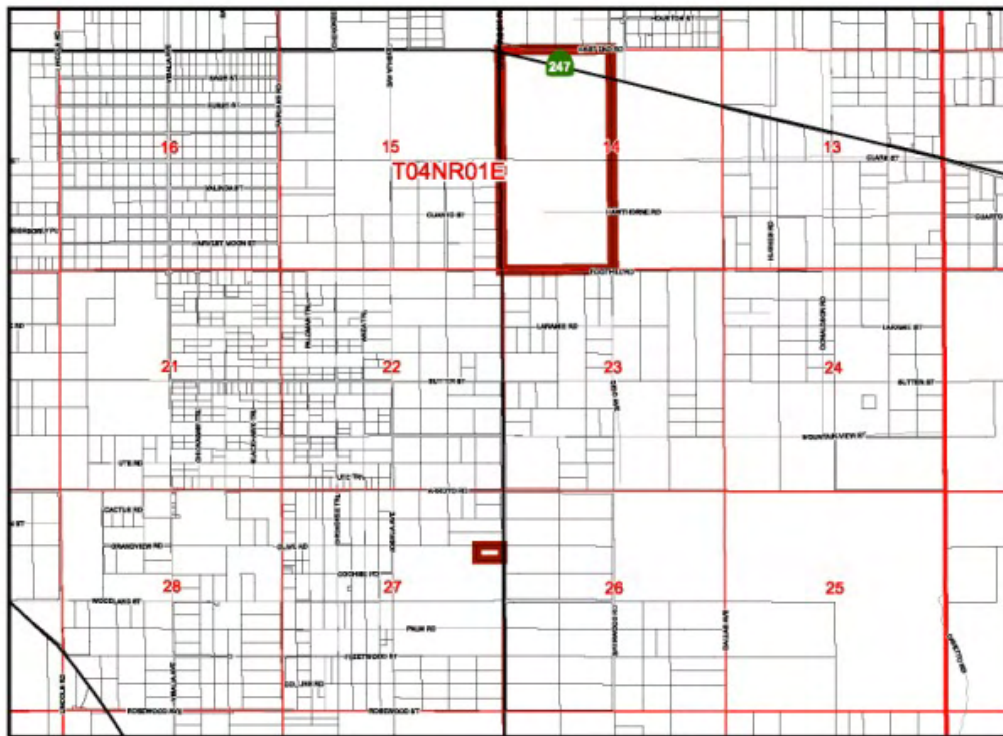
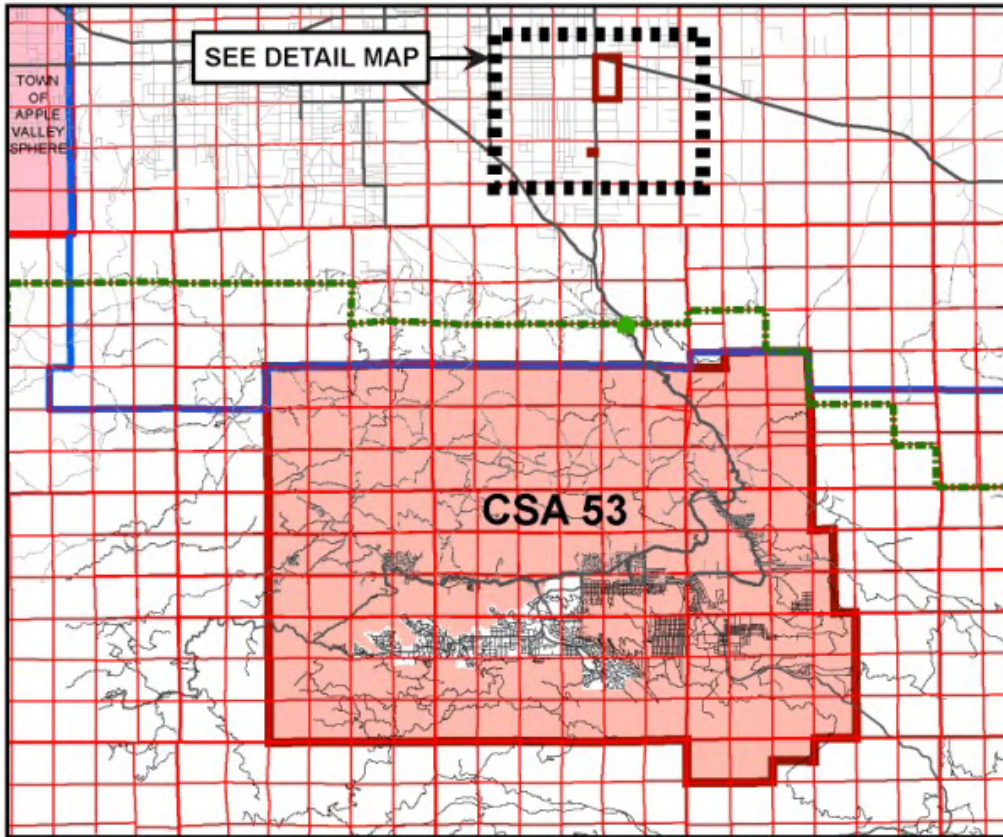
The County Board of Supervisors approved the formation of CSA 53 in 1966 for the purpose of acquisition, construction, and operation of an airport. Over time its functions were expanded to include water, sewer, fire protection, streetlights and roads. The district operates under *County Service Area Law* (Government Code Section 25210 et seq.) and is a dependent, or “board-governed” special district whose governing body is the County of San Bernardino Board of Supervisors. In 2008, the County Fire reorganization transferred the responsibility for fire protection services from CSA 53 and its Zone B to the San Bernardino County Fire Protection District and its Mountain Service Zone. Currently, CSA 53 is authorized by LAFCO to provide water, sewer, streetlights, and roads. However, it only actively provides streetlights (through its Zone A), sewer (through its Zone B); CSA 53 has never provided water (only conducted a water study) but is authorized this service through its Zone C, and has never provided road services.

As discussed in the “Community Discussion” section of this report, staff is recommending modification of the CSA 53 sphere of influence to coincide with the Commission’s definition for the Bear Valley Community (sphere reduction), as well as a sphere expansion to include all the Big Bear Area Regional Wastewater Authority (“BBARWA”) owned parcels located in Lucerne Valley.

### **LOCATION AND BOUNDARIES:**

The service review and sphere of influence update study area encompasses approximately 125 square miles. The area generally encompasses the Bear Valley community, excludes the City of Big Bear Lake, and includes Big Bear Lake itself, and the unincorporated communities of Big Bear City, Fawnskin, Sugarloaf, Moonridge, Baldwin Lake and Erwin Lake. Additionally, in 1980 CSA 53 annexed area in Lucerne Valley that was intended for use in conjunction with BBARWA’s outfall line. Maps of the District and its current sphere are shown below and are included as a part of Attachment #6.





**DETAIL MAP**  
CSA 53 NON-CONTIGUOUS DISTRICT BOUNDARIES WITHIN LUCERNE VALLEY, CA



## ***COUNTY SERVICE AREA 53 SERVICE REVIEW***

At the request of LAFCO staff, the County Special Districts Department, as administrators for board-governed special districts, prepared a service review pursuant to San Bernardino LAFCO policies and procedures. The response 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 (included as Attachment #6). LAFCO staff responses to the mandatory factors for consideration for a service review (as required by Government Code 56430) are identified below and incorporate the district's response and supporting materials.

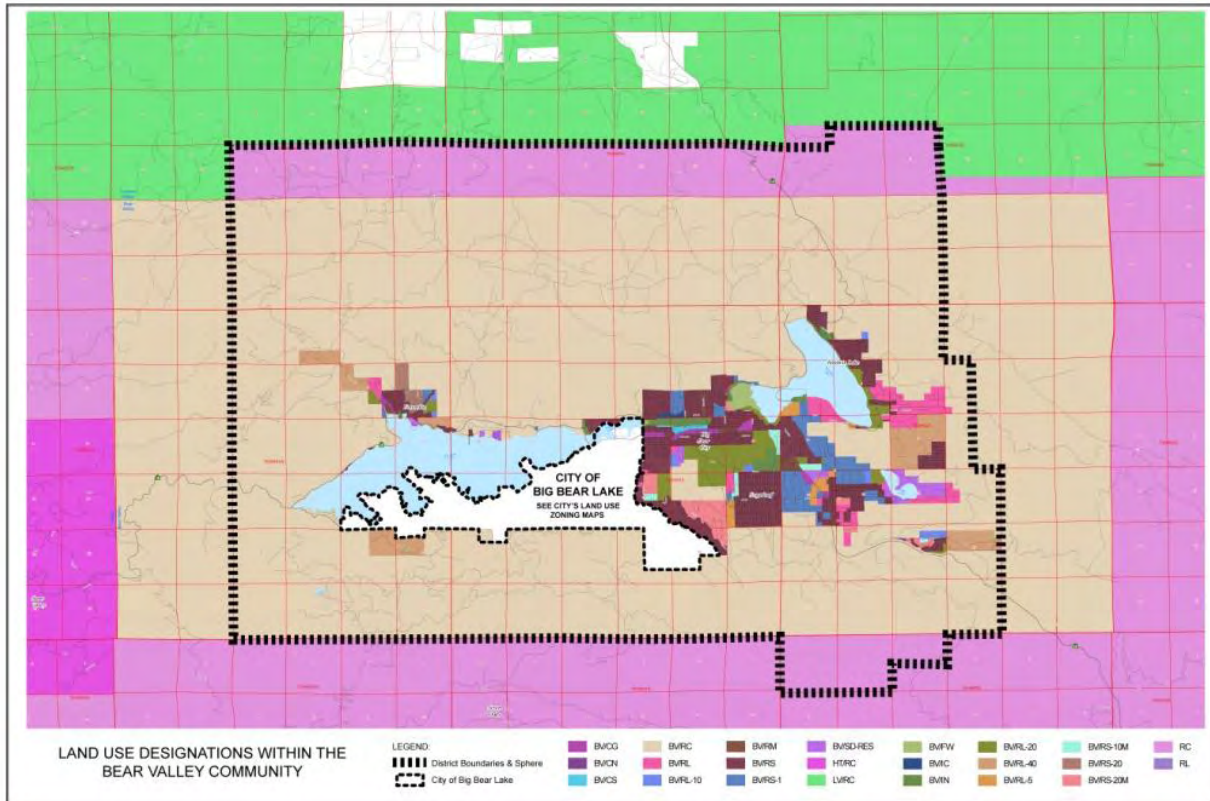
### **I. Growth and population projections for the affected area.**

#### **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 *Bear Valley Community Plan*, several issues set Bear Valley apart from other mountain communities, suggesting that different strategies for future growth may be appropriate. Among these are preservation of community character and infrastructure. As for preservation of community character, residents feel that the high quality of life experienced in their neighborhoods today should not be degraded by growth and the subsequent impacts of traffic congestion, strains on infrastructure and threats to natural resources.

Below is a map identifying the County of San Bernardino's land use designations within the study area. The majority is designated Resource Conservation. Other designations include Single Residential (RS, RS-10M, RS-20M, and RS-1), Rural Living (RL, RL-5, RL-10, RL-20, and RL-40), Floodway (lake areas). About 1% is a mix of generally commercial, industrial, and institutional land uses in the County (Neighborhood Commercial, Service Commercial, General Commercial, Community Industrial, and Institutional).



## 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. However, there is a large seasonal population component as well as a substantial influx of visitors to the mountain resort areas.

The estimated unincorporated population was roughly 12,000 in 2000 and 15,000 in 2010. The seasonal population and visitors are not reflected in available demographic statistics, which count only year-round residents. It is estimated that the seasonal factors can substantially increase the peak population. The population projections below encompass the developable territory within the community. Utilizing the 1.8% annual growth from the *Bear Valley Community Plan*, by 2030 the permanent population is estimated to reach approximately 20,000, a 69% increase from 2000.

**Table 3: Population, Households and Employment Projection 2000-2030**

|                   | 1990        | 2000        | Projection 2030 | Average Annual Growth Rate: 1990-2000 | Projected Average Annual Growth Rate: 2000-2030 | Maximum Policy Plan Build-Out | Ratio of 2030 Projection to Land Use Policy Map Build-out |
|-------------------|-------------|-------------|-----------------|---------------------------------------|---|-------------------------------|---|
| <b>Population</b> | 9,058       | 11,771      | <b>19,910</b>   | 2.7%                                  | 1.8%  | 43,414                        | 0.46  |
| <b>Households</b> | 3,474       | 4,712       | <b>8,426</b>    | 3.1%                                  | 2.0%  | 17,364                        | 0.49  |
|                   | <b>1991</b> | <b>2002</b> |                 | <b>1991-2002</b>                      | <b>2002-2030</b>                                |                               |   |
| <b>Employment</b> | 1,007       | 1,684       | <b>2,650</b>    | 4.8%                                  | 1.6%  | 8,332                         | 0.32  |

Source: Stanley R. Hoffman Associates, Inc.  
Note: The population figures for 1990 and 2000 were based on the U.S. Census. The employment figures for 1991 and 2002 were based on data from the FDD (Employment Development Department)

- Sources: County of San Bernardino 2007 *Bear Valley Community Plan* (citing Stanley R. Hoffman Associates, Inc.);
- Notes: Does not include seasonal population or visitors  
Annual growth for population is anticipated at 1.8%.

For purposes of planning and designing infrastructure and future service delivery, the seasonal population must be considered. As the population increases so does the need for service. Any future projects will increase the need for municipal services within the City’s existing boundaries as well as within the surrounding unincorporated territory. However, as with all areas within Southern California, the single most tangible factor that could limit growth will be the availability of water.

**II. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.**

CSA 53 actively provides streetlighting (through it Zone A) and sewer collection services (through its Zone B). Water is authorized within its Zone C (currently inactive) and roads services can be provided through any of the existing zones if desired.

**Streetlighting**

The District has identified and provided verification from Bear Valley Electric that it provides service for 15 streetlights in the Fawnskin area. The streetlights are classified as all night service (activated from dusk until dawn). Bear Valley Electric owns the streetlights and responds to problems, and CSA 53 Zone A provides for payment of the utility costs associated with the individual lights. Four years ago the Special Districts Department, at the recommendation of the CSA 53 Advisory Commission, eliminated roughly half of the lights due to the increased electricity costs from Bear Valley Electric and lack of revenues to support the service.

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 Ordinance<sup>25</sup>, 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.

### Sewer

For a review of CSA 53's sewer service, please refer to the "Sewer" portion of the "Review of Regional and Community Services" section of this report, page 44.

### Water and Roads

Although CSA 53 is authorized to provide roads and water services, it has never actively provided these services. In September 1991, Zone C of the District was formed for water service with the intent to provide a water study for the Fawnskin community. No other activity is known to exist for Zone C.

In 1987, the area was experiencing a water shortage and serious consideration was given to the formation of joint powers authority ("JPA") to address these concerns. Within the JPA, CSA 53 would be able to address the areas outside of the City of Big Bear Lake and the Big Bear City Community Services District ("CSD") – generally that of the north shore. According to the staff report for this item, while the expansion of powers increases the potential for duplication, it appears to be the simplest and most logical answer to the region's problems. The Commission approved the proposal; however, the formation of a JPA to address water challenges never materialized. It is important to note that in the future the activation of the water service may be needed to address ongoing water service issues in Fawnskin with the City of Big Bear Lake- Department of Water and Power.

## **III. Financial ability of agencies to provide services.**

### CSA 53 Zone A (streetlights)

The primary source of revenue for CSA 53 Zone A is its share of the one percent ad valorem general tax levy. As shown on the chart below, since at least FY 2007-08 CSA 53 Zone A has experienced revenues greater than expenditures. This has occurred due to the elimination of roughly half of the lights due to the increased electricity costs from Bear Valley Electric.

For FY 2009-10, the chart shows that CSA 53A received negative tax revenue. According to Special Districts Department staff, the County made a reconciliation entry which recovered over apportionments of taxes that took place in prior years – by decreasing the FY 2009-10 revenues. This resulted in FY 2009-10 being way understated, and some prior years being overstated.

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<sup>25</sup> County of San Bernardino, Development Code Chapter 83.07, Adopted Ordinance 4011 (2007).



CSA 53 Zone A utilizes the County Special Districts Department for management of its operations. To pay for these functions, the FY 2011-12 Recommended Budget identifies a transfer to CSA 70 Countywide of \$2,131 for salaries and benefits and services and supplies support. The budget identifies the following activities which have had significant changes from the prior year and its operational impact:

- Operating expenses of \$6,631 includes electric billings, lease of lights from Bear Valley Electric and transfers for salaries and benefits and services and supplies support from CSA 70 Countywide and is increasing by \$339 due to an anticipated net increase in energy charges.
- Contingencies of \$22,000 are increasing by \$2,118 primarily due to prior year conservative spending.
- Departmental revenue of \$8,777 represents property taxes and interest and is decreasing by \$115.

|                             | 2007-08<br>Actual | 2008-09<br>Actual | 2009-10<br>Actual | 2010-11<br>Estimate | 2010-11<br>Modified<br>Budget | 2011-12<br>Recommended<br>Budget |
|-----------------------------|-------------------|-------------------|-------------------|---------------------|-------------------------------|----------------------------------|
| <b>Appropriation</b>        |                   |                   |                   |                     |                               |                                  |
| Staffing Expenses           | 0                 | 0                 | 0                 | 0                   | 0                             | 0                                |
| Operating Expenses          | 5,078             | 5,193             | 4,922             | 6,255               | 6,292                         | 6,631                            |
| Capital Expenditures        | 0                 | 0                 | 0                 | 0                   | 0                             | 0                                |
| Contingencies               | 0                 | 0                 | 0                 | 0                   | 19,882                        | 22,000                           |
| Total Exp Authority         | 5,078             | 5,193             | 4,922             | 6,255               | 26,174                        | 28,631                           |
| Reimbursements              | 0                 | 0                 | 0                 | 0                   | 0                             | 0                                |
| Total Appropriation         | 5,078             | 5,193             | 4,922             | 6,255               | 26,174                        | 28,631                           |
| Operating Transfers Out     | 0                 | 0                 | 0                 | 0                   | 0                             | 0                                |
| Total Requirements          | 5,078             | 5,193             | 4,922             | 6,255               | 26,174                        | 28,631                           |
| <b>Departmental Revenue</b> |                   |                   |                   |                     |                               |                                  |
| Taxes                       | 9,212             | 8,617             | (2,606)           | 8,627               | 8,803                         | 8,627                            |
| Realignment                 | 0                 | 0                 | 0                 | 0                   | 0                             | 0                                |
| State, Fed or Gov't Aid     | 0                 | 0                 | 0                 | 0                   | 0                             | 0                                |
| Fee/Rate                    | (66)              | (124)             | (114)             | 0                   | 0                             | 0                                |
| Other Revenue               | 259               | 383               | 171               | 200                 | 209                           | 150                              |
| Total Revenue               | 9,405             | 8,876             | (2,548)           | 8,827               | 8,892                         | 8,777                            |
| Operating Transfers In      | 0                 | 0                 | 0                 | 0                   | 0                             | 0                                |
| Total Financing Sources     | 9,405             | 8,876             | (2,548)           | 8,827               | 8,892                         | 8,777                            |
|                             |                   |                   |                   | Fund Balance        | 17,282                        | 19,854                           |
|                             |                   |                   |                   | Budgeted Staffing   | 0                             | 0                                |

**CSA 53 Zone B (sewer)**

The primary source of revenue for CSA 53 Zone B is the receipt of user fees for its sewer collection service. User fees collected from CSA 53B include a component for BBARWA. As shown on the chart below, for the past two years expenditures have been less than revenues. CSA 53 Zone B utilizes the County Special Districts Department for management of its operations. The budget identifies the following activities which have had significant changes from the prior year and the operational impact:

- Operating expenses of \$743,474 include sewage treatment costs, general system maintenance, and allocation of management and operations support from CSA 70 Countywide. The decrease of \$60,192 is primarily due to reduced general maintenance, utility and fuel costs and reduced allocation charges from CSA 70 Countywide.
- Contingencies of \$346,198 are increasing by \$3,776 for future operations.
- Operating transfers out of \$101,113 is transfers to capital improvement fund EAI for a vacuum system improvement project and to capital replacement reserve fund EAE for future system replacement projects. The decrease of \$24,712 is primarily due to reduced capital improvement project requirements in 2011-12.
- Departmental revenue of \$801,536 includes user fees for sanitation services and interest earnings and is increasing by \$17,587 primarily due to user fee adjustments.
- Operating transfers in is decreasing by \$89,349 primarily due to reduced funding requirements for capital improvement projects in 2011-12 and reduced operations and maintenance support from reserves.
- Capital expenditures of \$37,500 fund a pump station replacement project.

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 53 and its Zone B (serving the Fawnskin area) to the Mountain Service Zone. As a condition of approval, the property tax share that was allocated toward fire protection (99%) transferred to County Fire. Therefore, the one percent that was allocated towards sewer service remained with CSA 53 Zone B. However, the budgets for CSA 53 Zone B do not identify the receipt of taxes. Referencing the FY 2009-10 financial statements, CSA 53's sewer fund received \$1,260. For transparency purposes, LAFCO staff recommends that the receipt of property taxes be identified in CSA 53 Zone B's budgets.

|                             | 2007-08<br>Actual | 2008-09<br>Actual | 2009-10<br>Actual | 2010-11<br>Estimate | 2010-11<br>Modified<br>Budget | 2011-12<br>Recommended<br>Budget |
|-----------------------------|-------------------|-------------------|-------------------|---------------------|-------------------------------|----------------------------------|
| <b>Appropriation</b>        |                   |                   |                   |                     |                               |                                  |
| Staffing Expenses           | 0                 | 0                 | 0                 | 0                   | 0                             | 0                                |
| Operating Expenses          | 711,603           | 670,377           | 707,525           | 698,920             | 803,666                       | 743,474                          |
| Contingencies               | 0                 | 0                 | 0                 | 0                   | 342,422                       | 346,198                          |
| Total Exp Authority         | 711,603           | 670,377           | 707,525           | 698,920             | 1,146,088                     | 1,089,672                        |
| Reimbursements              | 0                 | 0                 | 0                 | 0                   | 0                             | 0                                |
| Total Appropriation         | 711,603           | 670,377           | 707,525           | 698,920             | 1,146,088                     | 1,089,672                        |
| Depreciation                | 0                 | 0                 | 0                 | 0                   | 0                             | 0                                |
| Operating Transfers Out     | 80,991            | 131,741           | 153,035           | 56,476              | 125,825                       | 101,113                          |
| Total Requirements          | 792,594           | 802,118           | 860,560           | 755,396             | 1,271,913                     | 1,190,785                        |
| <b>Departmental Revenue</b> |                   |                   |                   |                     |                               |                                  |
| Taxes                       | 0                 | 0                 | 0                 | 0                   | 0                             | 0                                |
| Realignment                 | 0                 | 0                 | 0                 | 0                   | 0                             | 0                                |
| State, Fed or Gov't Aid     | 0                 | 0                 | 0                 | 0                   | 0                             | 0                                |
| Fee/Rate                    | 750,972           | 733,363           | 773,711           | 777,051             | 776,719                       | 795,186                          |
| Other Revenue               | 10,115            | 16,154            | 11,115            | 6,479               | 7,200                         | 6,350                            |
| Total Revenue               | 761,087           | 749,517           | 784,826           | 783,530             | 783,949                       | 801,536                          |
| Operating Transfers In      | 0                 | 0                 | 79,500            | 0                   | 89,349                        | 0                                |
| Total Financing Sources     | 761,087           | 749,517           | 864,326           | 783,530             | 873,298                       | 801,536                          |
| Rev Over/(Under) Exp        | (31,507)          | (52,601)          | 3,765             | 20,134              | (390,615)                     | (309,249)                        |
|                             |                   |                   |                   | Budgeted Staffing   | 0                             | 0                                |
| <b>Fixed Assets</b>         |                   |                   |                   |                     |                               |                                  |
| Capital Expenditures        | 41,804            | 0                 | 49,419            | 0                   | 0                             | 37,500                           |
| Total Fixed Assots          | 41,804            | 0                 | 49,419            | 0                   | 0                             | 37,500                           |

The FY 2011-12 Recommended Budget identifies a beginning balance of \$399,548 for the Capital Replacement Reserve and \$160,573 for the Capital Expansion Reserve.

According to CSA 53's FY 2009-10 financial statements, previously CSA 53 issued bonds under the Improvement Act of 1915 to finance certain sewer improvements. There were no outstanding Special Assessment Bonds at June 30, 2010. However, cash and cash equivalents in reserve funds at June 30, 2010 totaled \$14,742. Disposition of the reserve funds will be determined by the Board of Supervisors during the next fiscal year. As of the date of this staff report, no action has been taken by the County regarding these reserve funds.

#### **IV. Status of, and opportunities for, shared facilities.**

The Special Districts Department consolidates the administrative operations and facilities for county service areas (and zones of CSAs) under the auspices of CSA 70. The County is a member of BBARWA, a JPA for regional wastewater treatment and disposal service.

#### **V. Accountability for community service needs, including governmental structure and operational efficiencies.**

##### **Local Government Structure and Community Service Needs**

CSA 53 is governed by the County Board of Supervisors and administered by the County Special Districts Department; it is 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 53 has a board-appointed advisory commission that meets at the Fawnskin Fire Station quarterly on the third Wednesday of the month. According to the County Clerk of the Board website, as of December 20, 2010, the CSA 53 Advisory Commission is a five-member board composed of the following members: Thomas Brandau, Todd Murphy, and Joy Powell. The third and fourth seats are currently vacant.

### Operational Efficiencies

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

- 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 CSA 70. Therefore, CSA 53 pays 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.
- County (on behalf of CSA 53 Zone B) is a member of the regional wastewater treatment agency – BBARWA. The wastewater collected by CSA 53 is transported to the BBARWA plant for treatment and processing.

### 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:*

The District has indicated that it does not provide any services outside the boundaries of its zones.

#### *Government Structure Options:*

The State has published advisory guidelines for LAFCOs to address all of the substantive issues required by law for conducting a service review<sup>26</sup>. The Guidelines address 49 factors in identifying an agency’s government structure options. Themes among the factors include but are not limited to: more logical service boundaries, elimination of overlapping boundaries that cause service inefficiencies, economies of scale, opportunities to enhance capital improvement plans, and recommendations by a service provider.

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<sup>26</sup> State of California. Governor’s Office of Planning and Research. “Local Agency Formation Commission Municipal Service Review Guidelines”, August 2003.

The following scenarios are not options for the Commission to consider for action as a part of this service review. Rather, a service review should address possible options, and the following are theoretical scenarios for the community to consider.

- CSA 53 is authorized by LAFCO the water function, although it does not actively provide the service. One option would be for the City's Department of Water and Power ("DWP") to contract with CSA 53 Zone C in order to provide service to new development. Such a contract would be exempt from LAFCO approval and allow for the continuation of service to developing properties within the Fawnskin community.
- In 1987 the Board of Supervisors, as the governing body of CSA 53, initiated an application to expand the powers of CSA 53 to include road and water service (LAFCO 2443). However, CSA 53 has never provided either service.
  - CSA 53 could assume the responsibility for road maintenance and snow removal that is currently provided through eight separate zones to CSA 70. This would reduce layers of government and provide for economies of scale. Keeping in line with increasing efficiencies, the Commission has been presented with the opportunity to consider consolidating all of the zones to county services areas that provide maintenance and snow removal of roads that are not in the County-maintained system. Therefore, the option of CSA 53 assuming the responsibility for road maintenance and snow removal, even though it would provide efficiencies, is not the desired scenario at this time.
  - As for water, at that time the valley was experiencing a water shortage and serious consideration was given to the formation of joint powers authority (JPA) to address these concerns. Within the JPA, CSA 53 would be able to address the areas outside of the DWP and the CSD – generally that of the north shore. According to the staff report for this item, while the expansion of powers increases the potential for duplication, it appears to be the simplest and most logical answer to the region's problems. The Commission approved the proposal; however, the formation of a JPA to address water challenges never materialized.

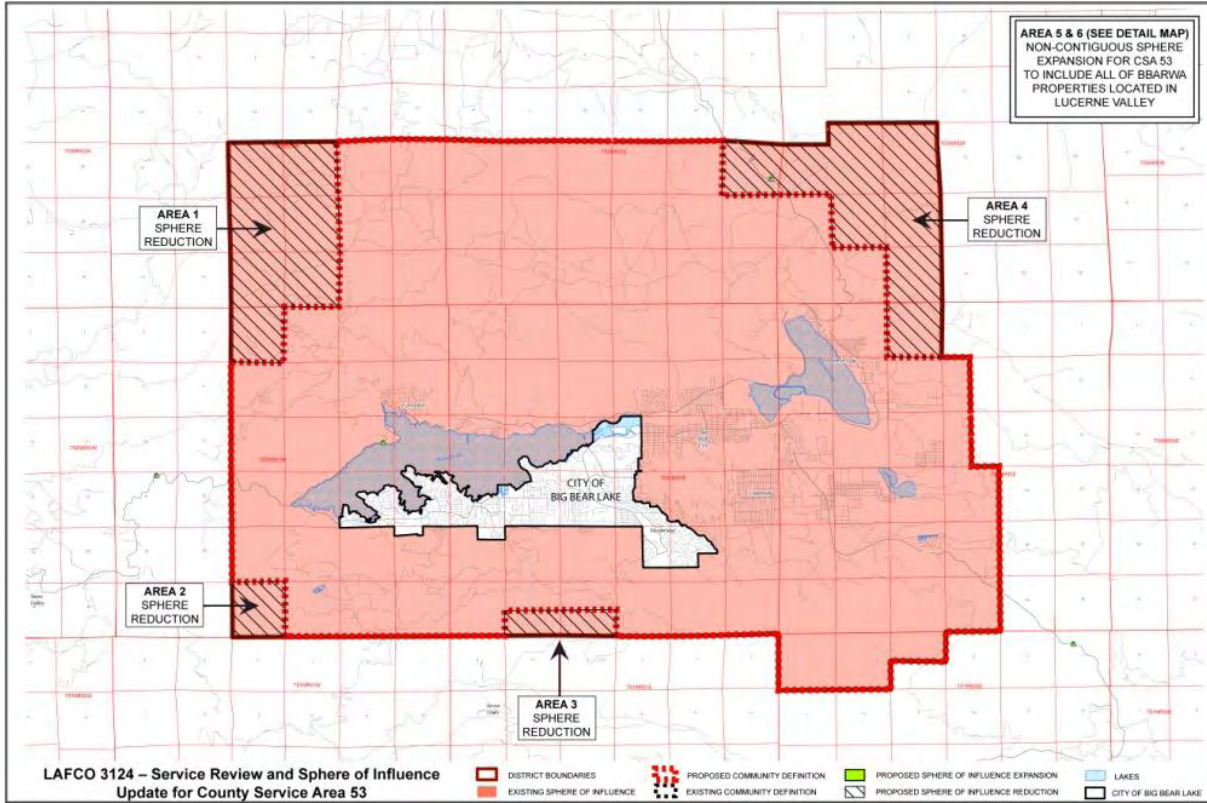
CSA 53 could assume responsibility for retail water provision within its boundaries. However, CSA 53 does not include the City of Big Bear Lake and the scenario of having an entity providing retail water to only the unincorporated portions of the Valley does not achieve proper efficiencies in comparison to a single retail water provider for the entire Valley.

## ***COUNTY SERVICE AREA 53 SPHERE OF INFLUENCE UPDATE***

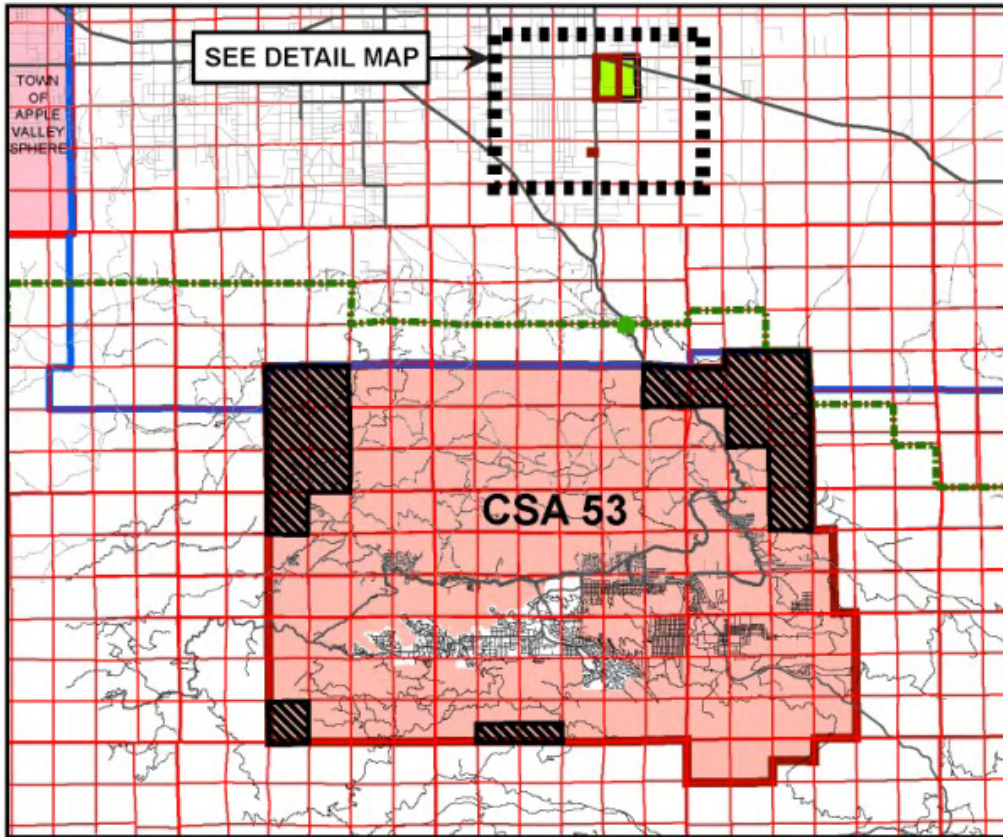
### Sphere of Influence

In 1972, the Commission established the sphere of influence for CSA 53 as being coterminous with its boundaries. Since that time, there have been few changes to the District's sphere. As discussed in the "Community Discussion" section of this report, staff is recommending the following sphere of influence amendments:

- Reduce the District's existing sphere by approximately 4,480 acres (Area 1) to exclude the northwestern sphere area outside the redefined Bear Valley community;
- Reduce the District's existing sphere by approximately 640 acres (Area 2) to exclude the southwestern sphere area outside the redefined Bear Valley community;
- Reduce the District's existing sphere by approximately 640 acres (Area 3) to exclude the southern sphere area outside the redefined Bear Valley community;
- Reduce the District's existing sphere by approximately 5,340 acres (Area 4) to exclude a section along the northeastern sphere area outside the redefined Bear Valley community; and,
- Expand the sphere for the District by approximately 650 acres to include five parcels located in Lucerne Valley (Areas 5 and 6). In 1980 CSA 53 annexed territory in Lucerne Valley that was intended for use in conjunction with the Big Bear Area Regional Wastewater Authority (BBARWA) outfall line. A sphere expansion did not occur in conjunction with the 1980 annexation because it was not at the time required for an annexation. LAFCO staff is recommending expanding the District's sphere to include the area that was previously annexed into the District. In addition, LAFCO staff is also proposing to add the two adjacent parcels that BBARWA also owns and uses for its outfall line. In doing so, the sphere expansion would be consistent with current LAFCO policies and practice.







**DETAIL MAP - SPHERE AMENDMENT FOR CSA 53**  
PROPOSED SPHERE EXPANSION FOR CSA 53 WITHIN LUCERNE VALLEY, CA

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)).

Special Districts Department has identified that CSA 53 actively performs sewer and streetlighting services but does not provide road or water services. LAFCO staff is recommending that CSA 53's Road function be removed since it has never provided this service nor does it foresee providing it in the future. However, for its water service, LAFCO staff is recommending keeping the function for now since there is a potential for the DWP to contract with CSA 53 Zone C (or through creation of a JPA between CSA 53, DWP and the CSD) to address water service to areas outside of the City and the CSD, especially within the Fawnskin community. For the Sewer function, CSA 53 actually collects the wastewater and transports the effluent to the Big Bear Area Regional Wastewater Agency for treatment and disposal.

Unfortunately, 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 reflect "Collection and transportation", as shown in strikeout and underline:

| <b>FUNCTION</b> | <b>SERVICE</b>  |
|-----------------|---|
| Streetlighting  | Streetlighting  |
| Sewer           | <del>Sewer</del> <u>Collection and transportation</u> |
| Road            | Road Maintenance                                      |
| Water           | Water distribution and treatment                      |

- Request the County to take the actions necessary to divest CSA 53 of its Roads 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 Roads as an authorized function for CSA 53.

## **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 responses to those factors are as follows:

### **I. Present and Planned Uses**

CSA 53's boundary and/or current sphere of influence correspond to the current LAFCO defined Bear Valley community with the exception of the boundaries for City of Big Bear Lake. The County's General Plan designates approximately 79% as Resource Conservation, 6% as Single Residential (RS, RS-10M, RS-20M, and RS-1), 4% as Rural Living (RL, RL-5, RL-10, RL-20, and RL-40), 5% as Floodway (lake areas), and the remainder 1% is a mix of generally commercial, industrial, and institutional land uses.

CSA 53's proposed sphere reductions, Areas 1 to 4, currently have limited development potential since these are all forest lands owned by the Federal government.

### **II. Present and Probable Need for Public Facilities and Services**

CSA 53 actively provides streetlighting (through its Zone A) and sewer collection services (through its Zone B).

#### **Streetlighting**

The District has identified and provided verification from Bear Valley Electric that it provides service for 15 streetlights in the Fawnskin area. There are no plans at this time to increase the number of the streetlights. Due to the adoption of the Night Sky Ordinance by the County of San Bernardino, the need for future streetlights appear to be limited. However, the streetlighting standards outlined on the County Special Districts website do not appear to comply with the Night Sky ordinance.

#### **Sewer**

CSA 53 provides sewer collection within its Zone B (Fawnskin) and transports the effluent to the Big Bear Area Regional Wastewater Treatment Plant for treatment and disposal. The sewage collection system was installed in 1972 and currently services roughly 1,250 Equivalent Dwelling Units (roughly 950 connections) to residential and light commercial uses. According to the Special Districts Department, with the exception of the addition of a camp to the system, active connections have been relatively stable.

A facility plan was prepared in 2002 and the plan recommended upgrades to the vacuum system. Special Districts Departments states that the upgrades were completed in 2006.

## Water and Roads

Although CSA 53 is authorized to provide roads and water services, it does not actively provided these services nor are there current plans to do so.

### **III. Present Capacity of Public Facilities and Adequacy of Public Services**

Overall, CSA 53's current facilities and services delivered are adequate.

#### Streetlighting

The streetlights are classified as all night service (activated from dusk until dawn). Bear Valley Electric owns the streetlights and responds to problems, and the CSA 53 provides for payment of the utility costs associated with the individual lights. Four years ago the Special Districts Department, at the recommendation of the CSA 53 Advisory Commission, eliminated roughly half of the lights due to the increased electricity costs from Bear Valley Electric.

#### Sewer

The system consists of a collection system by gravity, lift stations, a single vacuum collection system, approximately 17.5 miles of lines, and 375 manholes. There are no known future projects that would add a significant number of customers to the system.

### **IV. Social and Economic Communities of Interest**

The social communities of interest include the unincorporated communities of Big Bear City, Fawnskin, and the communities around Baldwin Lake, Erwin Lake, and Lake Williams. However, the zones of CSA 53 created to provide service are generally defined as serving the Fawnskin community, the North Shore area of Big Bear Lake. In addition, CSA 53 is within the Bear Valley Unified School District, which is a regional entity servicing the Bear Valley community (including the Angelus Oaks area) providing for a larger social unit for the eastern Mountain region.

## **CONCLUSION:**

Staff is recommending that the Commission make the following sphere determinations for County Service Area 53:

1. Reduce CSA 53's existing sphere by approximately 4,480 acres (Area 1) to exclude the northwestern sphere area outside the redefined Bear Valley community;
2. Reduce CSA 53's existing sphere by approximately 640 acres (Area 2) to exclude the southwestern sphere area outside the redefined Bear Valley community;
3. Reduce CSA 53's existing sphere by approximately 640 acres (Area 3) to exclude the southern sphere area outside the redefined Bear Valley community;

4. Reduce CSA 53's existing sphere by approximately 5,340 acres (Area 4) to exclude a section along the northeastern sphere area outside the redefined Bear Valley community;
5. Expand the sphere for CSA 53 by approximately 650 acres to include five parcels located in Lucerne Valley (Areas 5 and 6);
6. Modify the service description to the Sewer function by adding "collection" and "transportation" and removing "sewer", and affirm the remainder of the functions and service descriptions for CSA 53;
7. Request the County to take the actions necessary to divest CSA 53 of its Roads function and file the appropriate resolution with the Commission; and,
8. 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 Roads as an authorized function for CSA 53.

## **BIG BEAR MUNICIPAL WATER DISTRICT Service Review and Sphere of Influence Update**

### **INTRODUCTION:**

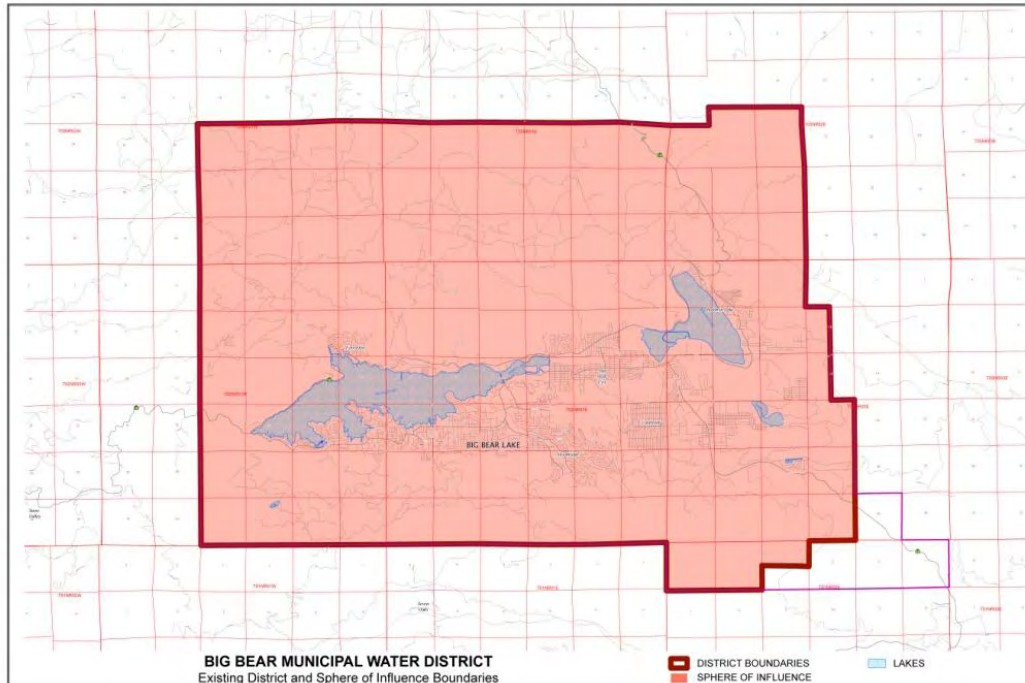
LAFCO 3129 consists of a service review pursuant to Government Code Section 56430 and sphere of influence update pursuant to Government Code 56425 for the Big Bear Municipal Water District (“MWD” or “District”).

In 1964 the voters approved the formation of the MWD for the purpose of attempting to stabilize the level of Big Bear Lake. The MWD is an independent special district with a five-member board of directors and operates under *Municipal Water District Law of 1911*, Water Code Section 71000 et seq. Currently, the MWD is authorized by LAFCO to provide the functions of water, sewer, fire protection, and park and recreation pursuant to the *Rules and Regulations of the Local Agency Formation Commission of San Bernardino County Affecting Functions and Services of Special Districts*. The District confines the provision of these functions to Big Bear Lake.

As discussed in the “Community Discussion” section of this report, staff is recommending modification of the MWD sphere of influence to coincide with the Commission’s definition for the Bear Valley Community (sphere reduction of approximately 11,100 acres).

### **LOCATION AND BOUNDARIES:**

The service review and sphere of influence update study area encompasses approximately 125 square miles. The area generally encompasses the Bear Valley community and includes the City of Big Bear Lake, Big Bear Lake itself, and the unincorporated communities of Big Bear City, Fawnskin, Sugarloaf, Moonridge, Baldwin Lake and Erwin Lake. A map of the District and its current coterminous sphere are shown below and is included as a part of Attachment #7.



## ***BIG BEAR MUNICIPAL WATER DISTRICT SERVICE REVIEW***

At the request of LAFCO staff, the MWD prepared a service review pursuant to San Bernardino LAFCO policies and procedures. The response 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 (included as Attachment #7). LAFCO staff responses to the mandatory factors for consideration for a service review (as required by Government Code 56430) are identified below and incorporate the district's response and supporting materials.

### **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.

#### **Unincorporated Area**

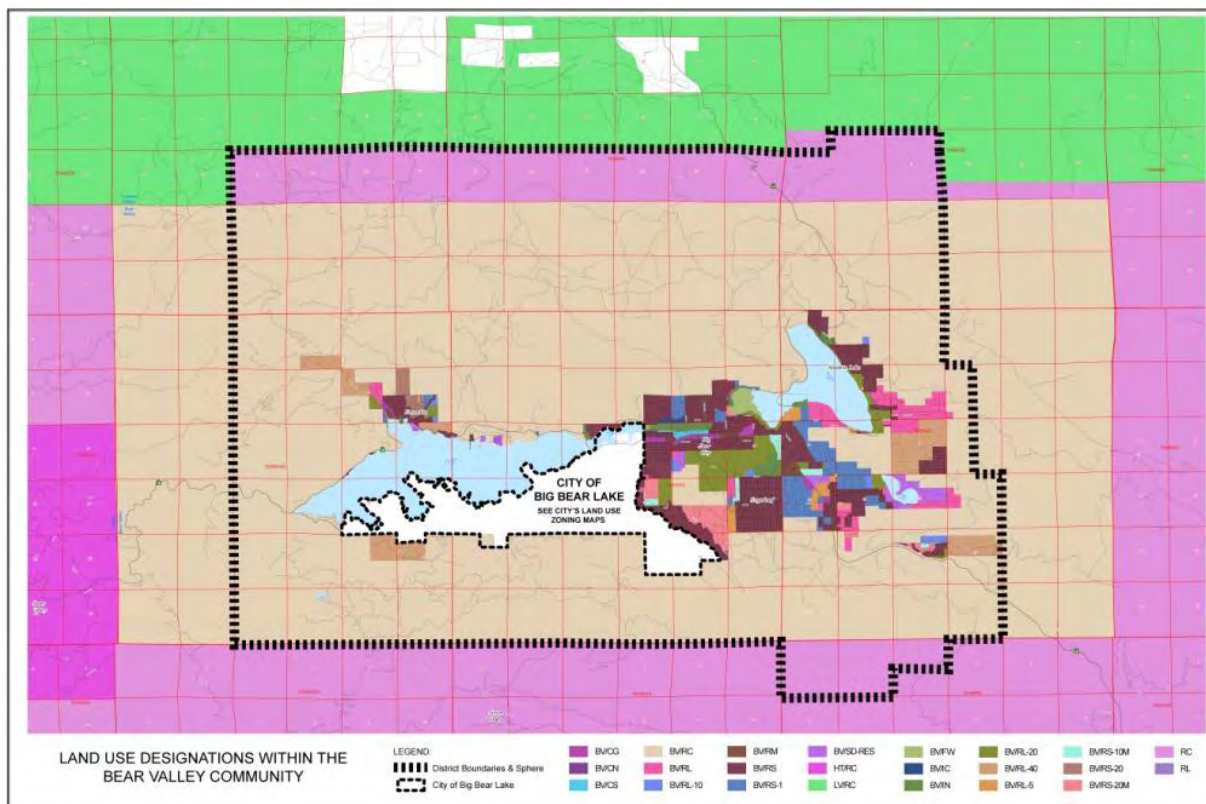
According to the *Bear Valley Community Plan*, several issues set Bear Valley apart from other mountain communities, suggesting that different strategies for future growth may be



appropriate. Among these are preservation of community character and infrastructure. As for preservation of community character, residents feel that the high quality of life experienced in their neighborhoods today should not be degraded by growth and the subsequent impacts of traffic congestion, strains on infrastructure and threats to natural resources.

The preservation of the community's natural setting, small town atmosphere and rural mountain character becomes important not only from an environmental perspective but from a cultural and economic point of view. The *Community Plan* further states that the Bear Valley area is faced with the potential for significant growth. Residents are concerned with the impacts that future growth and development will have on an infrastructure system they sense is already strained. The community's primary concerns center on water supply and traffic and circulation.

Below is a map identifying the County of San Bernardino's land use designations within the study area. The breakdown shows approximately 79% is designated Resource Conservation, 6% is Single Residential (RS, RS-10M, RS-20M, and RS-1), 4% is Rural Living (RL, RL-5, RL-10, RL-20, and RL-40), 5% is designated Floodway (lake areas), 1% is a mix of generally commercial, industrial, and institutional land uses in the County (Neighborhood Commercial, Service Commercial, General Commercial, Community Industrial, and Institutional), and the remainder 5% is within the City's boundaries, whose land uses are the jurisdiction of the City.

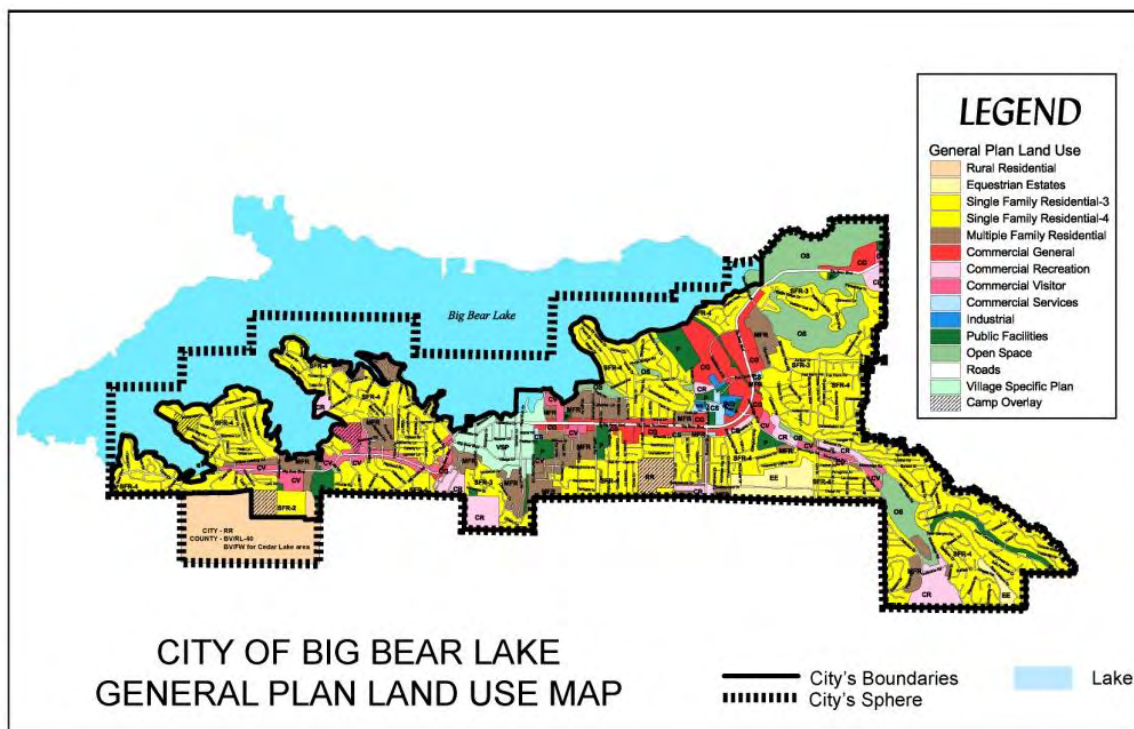




Incorporated Area

The preservation of the community’s natural setting, small town atmosphere and rural mountain character are all aspects that are considered by the City in the development process. In addition the City imposes a development impact fee that addresses the need to construct infrastructure as development takes place.

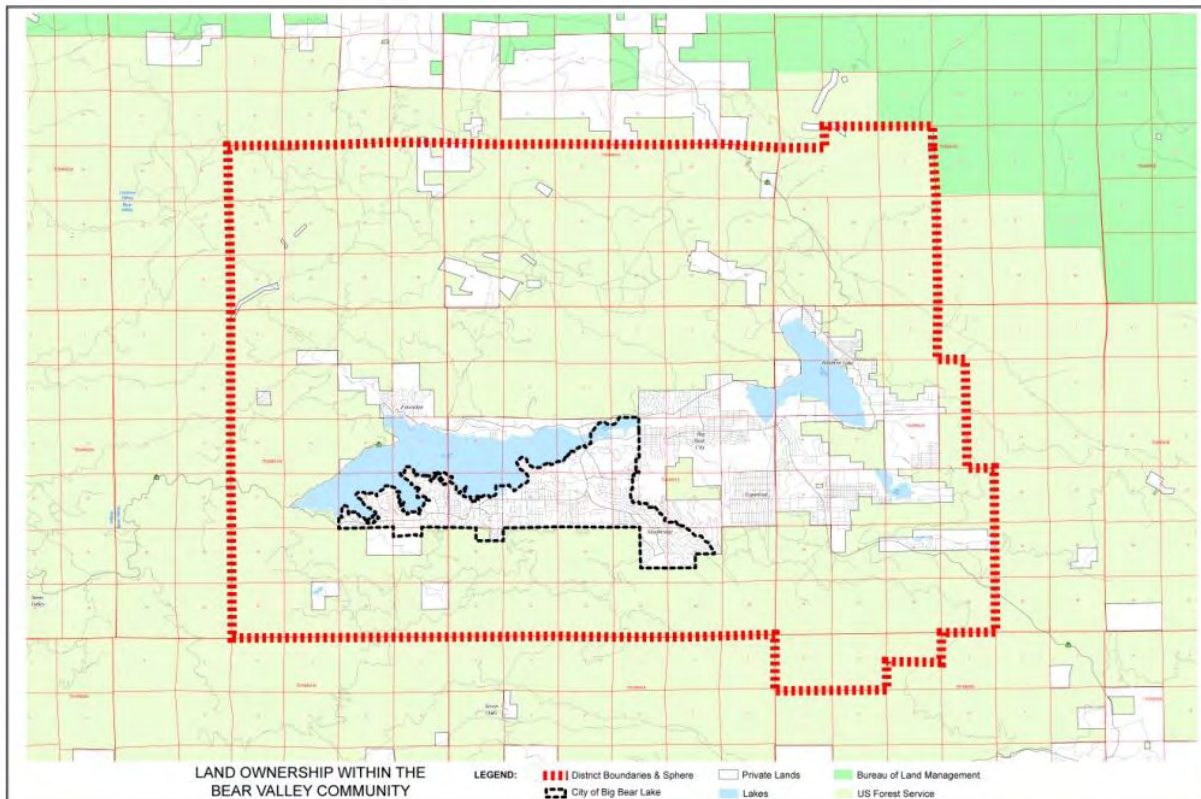
Within the City’s boundaries, approximately 60% of the lands are designated as Single-Family Residential, 9% Multiple Family Residential, 18% Commercial/Industrial, 4% Public Facilities, and 9% Open Space. The commercial development within the City is generally located along Big Bear Boulevard (which connects between Highway 18 and SR 38) and some areas near the lakefront. Below is a map identifying the City’s land use designations.



Landownership

The land ownership distribution and breakdown within the district boundary and current sphere are identified on the map below. Within the MWD’s entire boundary/sphere, roughly 20% of the land is privately owned, 5% comprise all the lakes within the community, and the remainder 75% are within the San Bernardino National Forest (owned by the federal government), which are devoted primarily to resource protection and recreational use.

| <b>Land Ownership Breakdown (in Acres)</b> |                |               |             |                   |
|--|----------------|---------------|-------------|-------------------|
|  | <b>Private</b> | <b>Public</b> | <b>Lake</b> | <b>Total Area</b> |
| MWD Boundary and Sphere                    | 15,110         | 59,660        | 3,960       | 78,730            |
| <b>Percentage</b>                          | <b>20%</b>     | <b>75%</b>    | <b>5%</b>   | <b>100%</b>       |



## 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. However, there is a large seasonal population component as well as a substantial influx of visitors to the mountain resort areas.

### Unincorporated Area

The estimated unincorporated population was roughly 12,000 in 2000 and 15,000 in 2010. The seasonal population and visitors are not reflected in available demographic statistics, which count only year-round residents. It is estimated that the seasonal factors can substantially increase the peak population. The population projections below encompass the developable territory within the community. Utilizing the 1.8% annual growth from the *Bear Valley Community Plan*, by 2030 the permanent population is estimated to reach approximately 20,000, a 69% increase from 2000.

**Table 3: Population, Households and Employment Projection 2000-2030**

|                   | 1990        | 2000        | Projection 2030 | Average Annual Growth Rate: 1990-2000 | Projected Average Annual Growth Rate: 2000-2030 | Maximum Policy Plan Build-Out | Ratio of 2030 Projection to Land Use Policy Map Build-out |
|-------------------|-------------|-------------|-----------------|---------------------------------------|---|-------------------------------|---|
| <b>Population</b> | 9,058       | 11,771      | <b>19,910</b>   | 2.7%                                  | 1.8%  | 43,414                        | 0.46  |
| <b>Households</b> | 3,474       | 4,712       | <b>8,426</b>    | 3.1%                                  | 2.0%  | 17,364                        | 0.49  |
|                   | <b>1991</b> | <b>2002</b> |                 | <b>1991-2002</b>                      | <b>2002-2030</b>                                |                               |   |
| <b>Employment</b> | 1,007       | 1,684       | <b>2,650</b>    | 4.8%                                  | 1.6%  | 8,332                         | 0.32  |

Source: Stanley R. Hoffman Associates, Inc.  
Note: The population figures for 1990 and 2000 were based on the U.S. Census. The employment figures for 1991 and 2002 were based on data from the FDD (Employment Development Department)

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

Notes: Does not include seasonal population or visitors  
Annual growth for population is anticipated at 1.8%.

### Incorporated Area

Both the Department of Finance and the U.S. Census list the 2000 population as 5,438. For 2010, the U.S. Census lists 2010 population as 5,019 (decrease of 419), and the Department of Finance estimates the 2011 population as 5,051. The City further states that numerous jobs have been eliminated within the City, there has been sparse development for the past two years, and the tourism industry has been significantly impacted by the road closures due to winter storms of the past two years.

In looking at the City's population projections through 2035, the Southern California Association of Government (SCAG) Growth Forecast from the *2008 Regional Transportation Plan* did not reflect the full extent of the current economic and housing conditions. Although not yet adopted, recent figures available from SCAG point towards a more realistic and steady growth through 2035<sup>27</sup>, as shown in the chart below. Again, these figures are for the permanent population and do not take into account seasonal and tourism activities.

|             |             |
|-------------|-------------|
| <b>2020</b> | <b>2035</b> |
| 5,619       | 7,001       |

The City's 1995 General Plan describes the City as a mountain resort community. Although the General Plan provides for a wide range of housing options, the majority of the development has been single family housing units. The 2010 Census identifies that from 2000 to 2010, total housing units increased by 11.5% while occupied units decreased by 6.7%. The decrease in occupied units correlates with the economic downturn.

<sup>27</sup> Southern California Association of Governments. *Draft Integrated Growth Forecast. May 2011.*

For purposes of planning and designing infrastructure and future service delivery, the seasonal population must be considered. As the population increases so does the need for service. Any future projects will increase the need for municipal services within the City's existing boundaries as well as within the surrounding unincorporated territory. However, as with all areas within Southern California, the single most tangible factor that could limit growth will be the availability of water.

## **II. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.**

For this service review factor, referenced materials include 33<sup>rd</sup> Annual Report of the Big Bear Watermaster, Watermaster agreements, Lake Management Plan by the Big Bear Lake TMDL Task Force, the MWD website, and materials provided by the MWD. The District does not have a master plan for any of the services it provides. Currently, the MWD is authorized by LAFCO to provide the functions of water, sewer, fire protection, and park and recreation.

### Water

For a review of the MWD's water service, please refer to the "Water" portion of the "Review of Regional and Community Services" section of this report, beginning at page 40.

### Sewer

The 1977 judgment (see "Big Bear Lake Judgment" section of the report on page 31) included a provision stating that if the MWD engaged in wastewater reclamation within a set short period of time after the signing of the judgment, then the reclaimed water would be used as a part of the Watermaster calculations. MWD has stated that it did not engage in reclamation activities. Therefore, beginning reclamation activities today would not alter the Watermaster calculations.

### Fire Protection

For a review of MWD's fire service, please refer to the "Fire" portion of the "Review of Regional and Community Services" section of this report, page 52.

### Park and Recreation

*Municipal Water District Law* does not allow for recreational facilities that are not appurtenant to district facilities. However, the District does not provide retail or wholesale water; therefore, it does not have traditional water facilities. Because of the unique and special recreational situation revolving around the lake, in *Municipal Water District Law* the District has special legislation (Water Code Section 71661) authorizing the District to construct, maintain, improve, and operate public recreational facilities which are not appurtenant to a water reservoir operated by the district, when such proposal is approved by a majority of the qualified voters.

The District administers permits for commercial marina operations, public and private boat docks, public launch ramps, and boating on Big Bear Lake. Additionally, the District manages the wildlife habitat in Stanfield Marsh, an area on the east end of Big Bear Lake for wildlife viewing and fishing. Two public launch ramps have park amenities including restrooms, picnic tables, and fishing docks.

According to the District, an important project is the construction of the new Carol Morrison East Public Launch office. Through late spring 2010, about one-third of the ramp was removed and replaced. The new facility will provide the public with more efficient access and comfort to purchase lake permits. The new facility will also be equipped with video surveillance of the ramp area, spike strip at the entrance as well as the sales counter. Another improvement resulting from the construction is the removal of the old office that blocked the lake view. Improvements have also been made in computer technology, which allow attendants to enter permit application information directly into the District's server database.

Other work that is presently underway at the ramp is removal and replacement of about 1/3 of the asphalt parking lot, construction of a new vessel decontamination station, and installation of new underground water and electrical lines. The parking lot was not fully restored after suffering significant damage during the east end dredge project in 2005.

### **III. Financial ability of agencies to provide services.**

For this report, staff has reviewed the District's budgets and audits, State Controller reports for special districts, and County filing records.

#### General Operations and Accounting

The MWD is responsible for itself and its component unit, the Big Bear Municipal Water District Public Facilities Corporation ("Corporation"). This exempt corporation was created to issue certificates of participation in order to finance the purchase of capital assets used by the District. The Corporation board and management is the same as the District's; therefore, the Corporation has been included in the District's reporting entity as a blended component unit. The amounts reported include the capital projects fund, general capital assets, and general long-term debt.

The District only uses governmental funds, and reports the following major funds:

- General Fund - The General Fund is used to account for all financial resources of the District except those required to be accounted for in another fund. The General Fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of California and the bylaws of the District.
- Capital Projects Fund - The Capital Projects Fund is used to account for the proceeds of the Certificates of Participation.

Additionally, the District maintains an In-Lieu Water Fund. This fund was originally established to meet the cost of purchasing water or facilities to meet the demands of Bear

Valley Mutual Water Company. At the end of each fiscal year, the account shall have a balance equal to two years' payments (twice the amount of the payment due on the following July 1st, plus 10% of that payment). The fund is reviewed annually to ensure the formula results in the appropriate balance and adjustments are made as needed. This provides the District with the ability to continue payments for at least two years in the event of an unexpected revenue shortfall. According to the audit, an advance will be made from the fund each year to meet the July 1st contract amount. This advance will be replaced with property tax income later in the fiscal year as it becomes available.

**Net Assets and Fund Balances**

In reviewing the District's financial documents, net assets have increased by 5.4% since FY 2005-06 as shown on the chart below. As of June 30, 2010, the City had \$23.8 million in net assets. Not including capital assets value and debt, the City had roughly \$7.6 million in restricted and unrestricted net assets. Of this amount \$6.3 million is unrestricted.

|  | 2005-06             | 2006-07             | 2007-08             | 2008-09             | 2009-10             |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Net Assets</b>                                |                     |                     |                     |                     |                     |
| Invested in capital assets – net of related debt | 16,204,243          | 16,763,436          | 16,646,329          | 16,377,558          | 16,179,654          |
| Restricted for capital projects                  | 460,526             | 483,696             | 497,973             | 499,731             | 499,731             |
| Restricted for debt service                      | 392,701             | 412,876             | 395,503             | 393,526             | 393,500             |
| Restricted for other                             | 479,281             | 477,870             | 523,345             | 414,132             | 414,137             |
| Unrestricted                                     | 4,986,350           | 5,104,316           | 5,831,899           | 6,240,132           | 6,332,294           |
| <b>Total Net Assets</b>                          | <b>\$22,523,101</b> | <b>\$23,242,194</b> | <b>\$23,895,049</b> | <b>\$23,925,079</b> | <b>\$23,819,226</b> |

Considering net assets does not indicate if an agency has enough fund balance to operate short and long-term operations. The chart below shows fund balances for the past five fiscal years. During this time, total fund balances increased generally in the same amount as Net Assets, with the biggest increases in the Unrestricted/Unreserved categories, respectively.

|                            | 2005-06            | 2006-07            | 2007-08            | 2008-09            | 2009-10            |
|----------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b>Fund Balances</b>       |                    |                    |                    |                    |                    |
| Reserved for debt          | 392,701            | 412,876            | 395,503            | 393,526            | 393,500            |
| Reserved for other         | 479,281            | 477,870            | 523,345            | 414,132            | 414,137            |
| Reserved for capital       | 460,526            | 483,696            | 497,973            | 499,731            | 499,731            |
| Unreserved                 | 4,383,957          | 4,949,669          | 5,558,996          | 6,079,885          | 6,260,673          |
| <b>Total Fund Balances</b> | <b>\$5,895,422</b> | <b>\$6,324,111</b> | <b>\$6,975,817</b> | <b>\$7,387,274</b> | <b>\$7,860,082</b> |

**Revenues and Expenditures**

Two-thirds of the District's revenue is its share of the one percent ad valorem general levy collected within the District boundary. The balance comes from boat permit sales, dock license fees, water sales for snow making, and marina compensation. However, over the past three years property tax revenue has declined considerably resulting in a corresponding decline in designated fund allocations.

Approximately one-third of the District's annual budget is used to purchase State Project Water on behalf of Bear Valley Mutual Water Company (through the in-lieu water contract with San Bernardino Valley Municipal Water District) and thereby reduce the amount of water released from Big Bear Lake. Another third of the budget provides direct support for lake improvement programs including dam maintenance, water quality protection, public education, monitoring efforts and other activities designed to preserve all of the lake's many beneficial uses. The remaining budget covers the management and administration costs of the District including debt service. Salaries and benefits for FY 2011-12 include 11 full-time employees and 14 seasonal employees.

The chart below, taken from the FY 2010-11 financial statements, shows the revenue and expenditure categories with respective amounts. In looking at the past five financial statements, the types of revenues and expenditures have generally remained constant in percentage terms.

|  | <u>GENERAL</u>      | <u>CAPITAL<br/>PROJECTS</u> | <u>TOTALS</u>       |
|--|---------------------|-----------------------------|---------------------|
| <b>REVENUES</b>  |                     |                             |                     |
| Property taxes   | \$ 2,995,037        |                             | \$ 2,995,037        |
| Charges for services   | 1,433,894           |                             | 1,433,894           |
| Operating grants and contributions   | 5,431               |                             | 5,431               |
| Investment earnings  | <u>42,825</u>       | -                           | <u>42,825</u>       |
| <b>TOTAL REVENUES</b>  | <u>4,477,187</u>    | -                           | <u>4,477,187</u>    |
| <b>EXPENDITURES</b>  |                     |                             |                     |
| General government   | 2,805,263           |                             | 2,805,263           |
| Administration   | 751,368             |                             | 751,368             |
| Lake improvement   | 160,484             |                             | 160,484             |
| Capital outlay   | 243,393             | -                           | 243,393             |
| Debt Service   |                     |                             |                     |
| Principal  | 140,064             |                             | 140,064             |
| Interest   | <u>256,297</u>      | -                           | <u>256,297</u>      |
| <b>TOTAL EXPENDITURES</b>  | <u>4,356,869</u>    | -                           | <u>4,356,869</u>    |
| <b>EXCESS (DEFICIT) OF REVENUES OVER<br/>(UNDER) EXPENDITURES BEFORE<br/>OTHER FINANCING SOURCES</b> | <u>120,318</u>      | -                           | <u>120,318</u>      |
| <b>OTHER FINANCING SOURCES (USES)</b>  |                     |                             |                     |
| Proceeds from sales of property  | <u>60,449</u>       | -                           | <u>60,449</u>       |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>  | <u>60,449</u>       | -                           | <u>60,449</u>       |
| <b>NET CHANGE IN FUND BALANCES</b>   | 180,767             | -                           | 180,767             |
| <b>FUND BALANCES, JULY 1, 2009</b>   | <u>6,887,543</u>    | <u>\$ 499,731</u>           | <u>7,387,274</u>    |
| <b>FUND BALANCES, JUNE 30, 2010</b>  | <u>\$ 7,068,310</u> | <u>\$ 499,731</u>           | <u>\$ 7,568,041</u> |



### Long-Term Debt

The District has one debt obligation which was entered into in June 2003 and continues for 30 years until 2033. Certificates of Participation (COP) were issued in the amount of \$6,100,000. This debt issue refinanced existing indebtedness of \$2,540,000 from a 1991 COP issue, and included additional debt for lake dredge projects. In FY 2005-2006, the first project using these funds was completed. The East End Sediment Removal/Landfill Cap Project involved the removal of approximately 200,000 cubic yards of lake-bottom material for use at the Big Bear Landfill as the final cap for closure of the facility. The total cost of that project was \$5.2 million, with \$2.6 million paid from the COP funds. At the end of the fiscal year ended June 30, 2010, the outstanding principal balance was \$5,305,000.

### Other Information

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 county auditor within 12 months of the end of the fiscal year. According to records from the County Auditor, the last audit received was in October 2010 for FY 2008-09.

The District contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement, disability benefits, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. A review of the financial statements identifies that the MWD has a zero net pension obligation. The financial statements do not identify if MWD has any other Post Employment Benefits.

Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the District is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller, returned to the taxpayers through revised tax rates or revised fee schedules, or an excess in one year may be offset against a deficit in the following year. Furthermore, Section 5 of Article XIII B allows the City to designate a portion of fund balance of general contingencies to be used in future years without limitation. For FY 2011-12, the District adopted an appropriations limit of \$11,242,001.13.

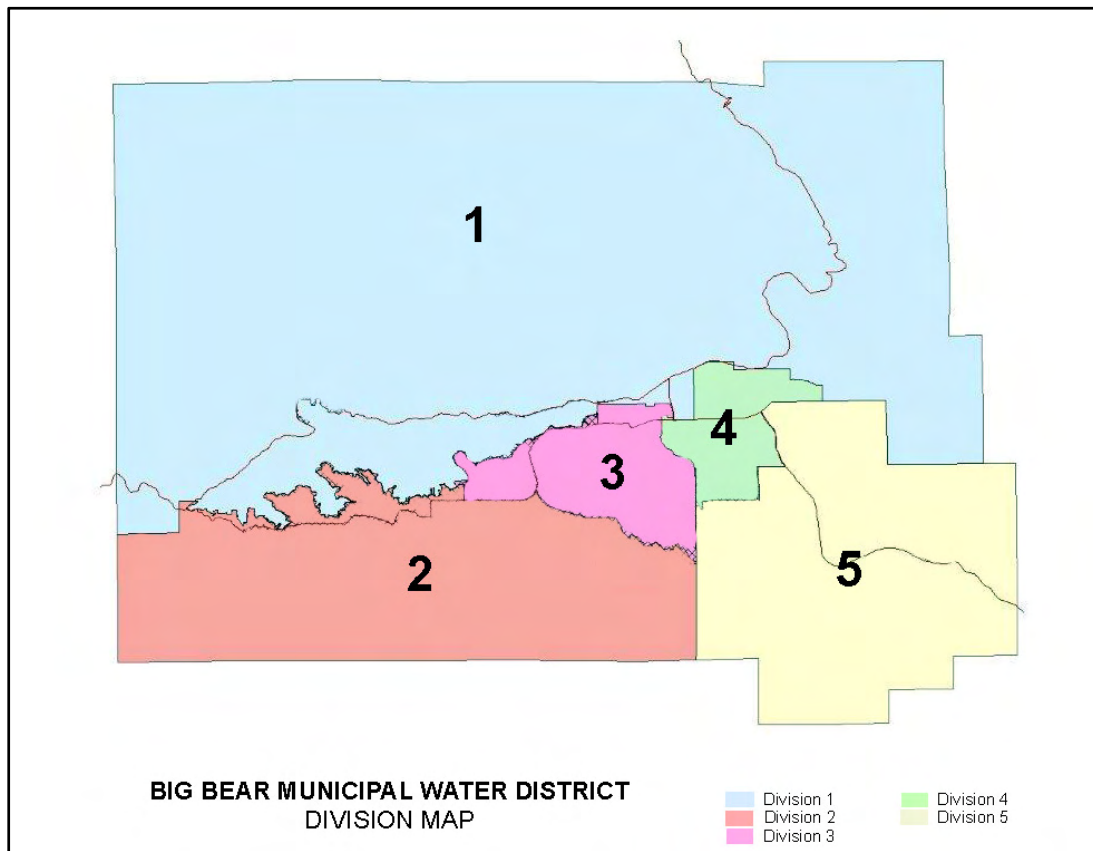
### **IV. Status of, and opportunities for, shared facilities.**

The District office Board Room is used as a meeting and training room for the San Bernardino County Sheriff's Citizens on Patrol, U.S. Forest Service, County Sheriff, and local non-profits.

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

**Local Government Structure and Community Service Needs**

The MWD is an independent special district governed by a five-member board of directors elected by division, as shown on the map below.



Regular Board Meetings are scheduled at 1:00p.m. on the first and third Thursdays of each month at the district office. The District maintains a website ([bbmwd.org](http://bbmwd.org)) and disseminates information and lake use advisories through the website. The current board, positions, and terms of office are shown below:

| Board Member     | Title          | Division | Term |
|------------------|----------------|----------|------|
| Frank Suhay      | President      | 3        | 2014 |
| John Eminger     | Vice President | 4        | 2012 |
| Paula Fashempour | Member         | 2        | 2014 |
| Todd Murphy      | Member         | 1        | 2014 |
| Vince Smith      | Member         | 5        | 2012 |

## Operational Efficiencies

Operational efficiencies are achieved through the following:

- Big Bear Lake Nutrient TMDL Task Force—This is one of several Task Forces established through the Santa Ana Regional Water Quality Control Board to address specific watershed (in this case, Big Bear Lake) Total Maximum Daily Load (TMDL) development and issues related to the Basin Plan. The Task Force has used federal, state and local resources to collect and analyze the data needed to develop a formal TMDL. TMDL Task Force meetings are held at the San Bernardino Flood Control or MWD offices approximately bimonthly. At these TMDL meetings, the Big Bear Lake stakeholders and Regional Water Quality Control Board staff are provided with an update of TMDL-related data collection and analyses efforts. The TMDL Task Force stakeholders consist of the following entities:
  - Big Bear Area Regional Wastewater Authority
  - Big Bear Mountain Resorts
  - Big Bear Municipal Water District
  - Caltrans
  - City of Big Bear Lake
  - Regional Board Staff
  - San Bernardino County Flood Control District
  - United States Forest Service
- The District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (JPIA). JPIA is a public entity risk pool currently operating as a risk management and insurance program for over 200-member water agencies. The District pays an annual premium to JPIA for its general and automobile liability and property coverage.
- The District participates in professional organizations such as California Lake Managers' Society (CALMS), Western Aquatic Plant Managers' Society (WAPMS), Western Dredging Association (WEDA), Association of California Water Agencies (ACWA), and California Boating Safety Officers Association (CBSOA).

## 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:*

The District has indicated that it does not provide any services outside its boundaries.

*Government Structure Options:*

The State has published advisory guidelines for LAFCOs to address all of the substantive issues required by law for conducting a service review<sup>28</sup>. The Guidelines address 49 factors in identifying an agency's government structure options. Themes among the factors include but are not limited to: more logical service boundaries, elimination of overlapping boundaries that cause service inefficiencies, economies of scale, opportunities to enhance capital improvement plans, and recommendations by a service provider.

The following scenarios are not being presented as options for the Commission to consider for action as a part of this service review. Rather, a service review should address possible options, and the following are theoretical scenarios for the community to consider for the future.

- MWD as a retail water agency. MWD overlays the entirety of the City's Department of Water and Power (DWP) service area and is authorized by LAFCO a water function. Although the MWD does not actively provide retail water, it does engage in other water activities. In this scenario, the MWD could assume the service responsibility of the DWP and provide retail water.

At the request of the DWP, on April 25, 2011, a joint workshop took place between the DWP and MWD regarding potential assumption of the City's DWP retail service by the MWD. Potential benefits cited at the joint workshop include administrative economies of scale with a single agency managing surface water and groundwater. Additionally, this would allow for elected representation to determine rates and service criteria.

Assumption of retail service by the MWD for the DWP service area does not require an application to LAFCO since there would be no organizational change or change in boundaries for either the City (the DWP is a department of the City) or the MWD (currently authorized the water function). However, at the July 21, 2011 meeting of the MWD Board of Directors, it decided to abandon its potential acquisition of the City's DWP. Nonetheless, it should be noted that LAFCO staff continues to support having a single entity responsible for surface and groundwater in the valley, which is still a viable option that should be reconsidered again in the future.

- MWD as a wastewater (sewer) collection and/or treatment agency. Although the MWD does not actively provide wastewater collection or treatment water, it is authorized by LAFCO the sewer function. In this scenario, MWD could assume wastewater collection responsibility to all or portions within its boundaries. This would achieve economies of scale and reduce a layer of government.

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<sup>28</sup> State of California. Governor's Office of Planning and Research. "Local Agency Formation Commission Municipal Service Review Guidelines", August 2003.

The regional wastewater collection and treatment agency, Big Bear Area Regional Wastewater Agency (BBARWA) and the MWD have coterminous boundaries, and municipal water districts are authorized by its enabling act to provide sewer (wastewater) services. Under this scenario, MWD would assume the responsibility and liabilities of BBARWA and become the wastewater treatment and disposal agency for the Bear Valley. This could provide for economies of scale and reduce a layer of government in the community. As for representation, MWD encompasses the boundaries of all three BBARWA member agencies and the representation of the populous would remain. Additional representation could be provided in the form of a council or commission isolated to wastewater service by the current method of appointment by the governing bodies of the three service agencies.

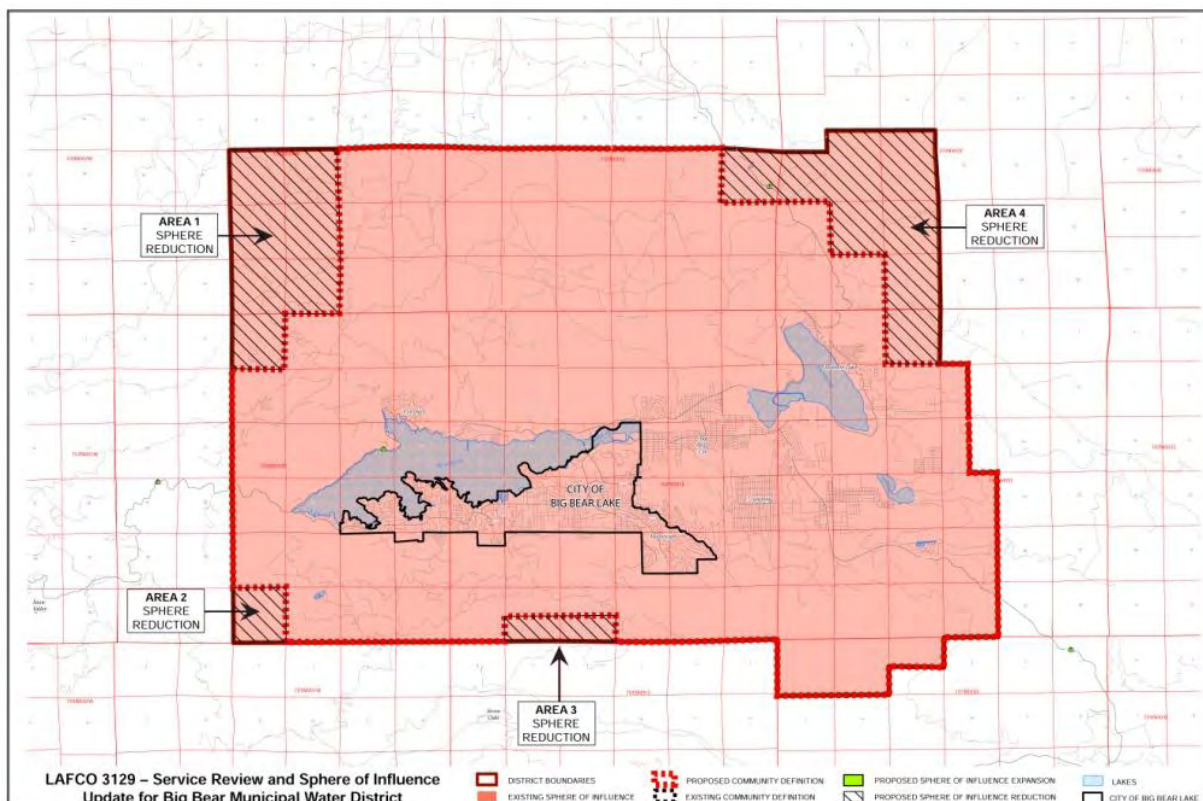
- MWD as a region-wide park and recreation provider. Because of the unique and special recreational situation revolving around the lake, in *Municipal Water District Law* the District has special legislation (Water Code Section 71661) authorizing the District to construct, maintain, improve, and operate public recreational facilities which are not appurtenant to a water reservoir operated by the district, when such proposal is approved by a majority of the qualified voters. In this scenario, MWD could succeed to the service responsibility of the existing park providers and becomes the sole park provider to the Bear Valley. This scenario would provide for economies of scale and reduce a layer of government.
- MWD as the region-wide fire and ambulance provider. MWD is authorized by LAFCO the fire function, although it is not the agency responsible for fire suppression and emergency medical response, and its fire related services are confined to the lake. However, *Municipal Water District Law* does allow for the MWD to provide fire related services throughout its boundaries, with the exception of existing fire providers unless consent to the overlay is received. In this scenario, the MWD would become the primary agency responsible for fire protection within its boundaries, if concurred to by the other fire providers or through a detachment. There are benefits to regionally providing services such as fire protection through a single entity such as the transfer of existing revenue streams to the larger fire entity for regional use and potential economies of scale that could be achieved. However, assumption of ambulance transport services by an agency other than the Big Bear City Community Services District (the ambulance provider) would include ICEMA authorization. Without support from all affected agencies this option would not be achievable.
- Maintenance of the status quo. This option retains the existing structure with different agencies managing surface and groundwater resources within the Bear Valley.

## ***BIG BEAR MUNICIPAL WATER DISTRICT SPHERE OF INFLUENCE UPDATE***

### Sphere of Influence

In 1972, the Commission established the sphere of influence for the Big Bear Municipal Water District as being coterminous with its boundaries. Since that time, there have been few changes to the District's sphere. As discussed in the "Community Discussion" section of this report, staff is recommending modification of the District's sphere of influence to coincide with the Commission's definition for the Bear Valley Community, as follows:

- Reduce the District's existing sphere by approximately 4,480 acres (Area 1) to exclude the northwestern sphere area outside the redefined Bear Valley community;
- Reduce the District's existing sphere by approximately 640 acres (Area 2) to exclude the southwestern sphere area outside the redefined Bear Valley community;
- Reduce the District's existing sphere by approximately 640 acres (Area 3) to exclude the southern sphere area outside the redefined Bear Valley community; and,
- Reduce the District's existing sphere by approximately 5,340 acres (Area 4) to exclude a section along the northeastern sphere area outside the redefined Bear Valley community.



### 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)).

- Water - The District engages in conservation activities and the current service description for the Water function does not adequately reflect the District's activities. Additionally, discussions are currently taking place regarding potential assumption of the DWP retail service by the MWD. Therefore, LAFCO and MWD staffs recommend modifying the service description to include "conservation" and "retail".
- Sewer - The 1977 judgment (see "Big Bear Lake Judgment" section of the report on page 31) included a provision stating that if the MWD engaged in wastewater reclamation within a set short period of time after the signing of the judgment, then the reclaimed water would be used as a part of the Watermaster calculations. MWD has stated that it did not engage in reclamation activities. Therefore, beginning reclamation activities today would not alter the Watermaster calculations. However, being a regional agency, MWD could play a role in sewer collection and transportation all the way through treatment and disposal. Therefore, LAFCO and MWD staffs recommend that the Sewer function and its service description remain at this time.
- Fire protection - Fire protection and related services are limited to the area of the lake. On some summer holiday weekends the San Bernardino County Sheriff's department assists with enforcement duties on the lake. However, for the balance of time the District is the sole provider of lake and boating law regulation, first aid and rescue on the lake. District employees that patrol the lake are certified as Park Rangers in order to enforce District ordinances and State laws (copies of ordinances on file at the LAFCO office). Actual fire suppression is the responsibility of County Fire with the District assisting if requested. The District has been provided training in Marine Firefighting through the California Department of Boating and Waterways.

*Municipal Water District Law* allows such districts to perform fire protection services as allowed under *Fire Protection District Law of 1987*, Health and Safety Code Section 13800 et seq. The District's lake patrol is commensurate with *Fire Protection District Law*. LAFCO and MWD staffs recommend that the Fire Protection function include a service description of "lake patrol".

Staff recommends that the Commission modify the service descriptions for the Water and Fire Protection functions as described above (changes identified in strikeout and underline below):



| <b>FUNCTION</b>     | <b>SERVICE</b>   |
|---------------------|--|
| Water               | Acquisition of facilities, <del>and</del> recreation, <u>conservation, retail</u>    |
| Sewer               | Reclamation  |
| Park and Recreation | Development, operation, maintenance  |
| Fire Protection     | Structural, watershed, first aid, rescue, prevention, inspection, <u>lake patrol</u> |

## **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 responses to those factors are as follows:

### **I. Present and Planned Uses**

The MWD's boundary and/or current sphere of influence correspond to the current LAFCO defined Bear Valley community, which includes the City of Big Bear Lake and the unincorporated communities of Big Bear City, Fawnskin, Baldwin Lake, Erwin Lake and Lake Williams. Within the unincorporated County area, the County's General Plan designates approximately 79% as Resource Conservation, 6% as Single Residential (RS, RS-10M, RS-20M, and RS-1), 4% as Rural Living (RL, RL-5, RL-10, RL-20, and RL-40), 5% as Floodway (lake areas), 1% is a mix of generally commercial, industrial, and institutional land uses, and the remainder 5% is entirely within the City.

Within the City's territory, the City's General Plan assigns the following land uses – 60% as Single-Family Residential, 9% as Multiple Family Residential, 18% as Commercial and/or Industrial, 4% Public Facilities, and 9% Open Space.

The MWD's proposed sphere reductions, Areas 1 to 4, currently have limited development potential since these are all forest lands owned by the Federal government.

### **II. Present and Probable Need for Public Facilities and Services**

The MWD is authorized by LAFCO to provide the functions of water, sewer, fire protection, and park and recreation.

#### Water

The MWD does not engage in wholesale or retail water service. Therefore, it has no pipelines or treatment facilities. Court decisions handed down in 1977 limit the District's use

of the lake to "recreation and wildlife enhancement". The mission of the MWD is to stabilize the level of Big Bear Lake. The mission of lake stabilization is accomplished through the implementation of a comprehensive water management plan which includes controlled lake releases combined with a water purchase contract to provide water to the water rights holder while minimizing demand on the reservoir.

In addition to controlling the Lake level, surface management included the transfer of the right, title and interest to oversee the seventeen commercial landing permits, residential dock licenses, revenue activities on Big Bear Lake and various leases and properties.

MWD also has a water supply contract with Snow Summit, Inc. (Summit) allowing Summit to withdraw from Big Bear Lake 11,000 acre feet of water for snow making in any 10-year rolling period, not to exceed 1,300 acre feet in any single year. The contract for water sales to Snow Summit was negotiated with Bear Valley Mutual before the contract was signed. The District states that Mutual is fully aware of the operations and the details of annual water sales are included in the Watermaster Report. On average, if all water is taken, the net reduction in the lake's surface area is about 33 acres, or 1% of the total surface area.

### Sewer

MWD has never provided sewer service and it has not identified plans to actively pursue such service at this time or the near future.

### Fire Protection

Fire protection and related services are limited to the area of the lake. On some summer holiday weekends the San Bernardino County Sherriff's department assists with enforcement duties on the lake. However, for the balance of time the District is the sole provider of lake regulation and boating law enforcement, first aid and rescue on the lake. The District's authority to patrol the lake is granted by being Park Rangers and includes enforcing District ordinances and State laws. Support is provided by local and county fire departments once victims are transported to shore by District personnel.

### Park and Recreation

The District administers permits for commercial marina operations, public and private boat docks, public launch ramps, and boating on Big Bear Lake. Additionally, the District manages the wildlife habitat in Stanfield Marsh, an area on the east end of Big Bear Lake for wildlife viewing and fishing. Two public launch ramps have park amenities including restrooms, picnic tables, and fishing docks.

According to the District, an important project that was completed last fiscal year was the construction of the new Carol Morrison East Public Launch office. The new facility provides the public with more efficient access and comfort to purchase lake permits. The new facility has also been equipped with video surveillance of the ramp area, spike strip at the entrance as well as the sales counter. Another improvement resulting from the construction is the removal of the old office that blocked the lake view. Improvements have also been made in

computer technology, which allow attendants to enter permit application information directly into the District's server database.

Other work that is presently underway at the ramp is removal and replacement of about 1/3 of the asphalt parking lot, construction of a new vessel decontamination station, and installation of new underground water and electrical lines. The parking lot was not fully restored after suffering significant damage during the east end dredge project in 2005.

### **III. Present Capacity of Public Facilities and Adequacy of Public Services**

#### Water

MWD has implemented several management strategies to maintain the level of the lake in the most cost-effective manner possible. However, none were as dependable as the 1996 water purchase agreement with San Bernardino Valley Municipal Water District (MUNI). This agreement provides a single reliable source for all in-lieu water and negates the need to pursue any other in-lieu alternatives. MUNI has the option to provide the water from the State Water Project or any other available sources authorized under the Judgment. For an annual payment, MWD is guaranteed that when the lake is at specified levels, no water will be released to meet the downstream water needs. With this agreement, MWD meets its mission of lake stabilization.

#### Fire Protection

Fire protection and related services are limited to the area of the lake. Actual fire suppression is the responsibility of County Fire with the District assisting if requested. The District has been provided training in Marine Firefighting through the California Department of Boating and Waterways.

#### Park and Recreation

*Municipal Water District Law* does not allow for recreational facilities that are not appurtenant to district facilities. Because of the unique and special recreational situation around the lake and because the District does not provide retail or wholesale water, it has special legislation (Water Code Section 71661) authorizing it to construct, maintain, improve, and operate public recreational facilities which are not appurtenant to a water reservoir operated by the District.

The District administers permits for commercial marina operations, public and private boat docks, public launch ramps, and boating on Big Bear Lake. Additionally, the District manages the wildlife habitat in Stanfield Marsh, an area on the east end of Big Bear Lake for wildlife viewing and fishing. Two public launch ramps have park amenities including restrooms, picnic tables, and fishing docks.

### **IV. Social and Economic Communities of Interest**

The social communities of interest include the City of Big Bear Lake and the unincorporated communities of Big Bear City, Fawnskin, and the communities around Baldwin Lake, Erwin

Lake, and Lake Williams. In addition, the MWD is within the Bear Valley Unified School District, which is a regional entity servicing the Bear Valley community (including the Angelus Oaks area) providing for a larger social unit for the eastern Mountain region.

Economic communities of interest include the two ski resorts (Bear Mountain and Snow Summit), Big Bear Lake itself and the recreational activities supported by the lake, as well as the commercial activities around the lake area and along Big Bear Boulevard (State Highway 18 and 38).

### **CONCLUSION:**

Staff is recommending that the Commission make the following sphere determinations for the Big Bear Municipal Water District:

1. Reduce the MWD's existing sphere by approximately 4,480 acres (Area 1) to exclude the northwestern sphere area outside the redefined Bear Valley community;
2. Reduce the MWD's existing sphere by approximately 640 acres (Area 2) to exclude the southwestern sphere area outside the redefined Bear Valley community;
3. Reduce the MWD's existing sphere by approximately 640 acres (Area 3) to exclude the southern sphere area outside the redefined Bear Valley community;
4. Reduce the MWD's existing sphere by approximately 5,340 acres (Area 4) to exclude a section along the northeastern sphere area outside the redefined Bear Valley community;
5. Modify the service description to the Water function by adding "conservation" and "retail" and the Fire Protection function to include "lake patrol", and affirm the remainder of the functions and service descriptions for the MWD.

## **BIG BEAR PARK AND RECREATION DISTRICT Service Review and Sphere of Influence Update**

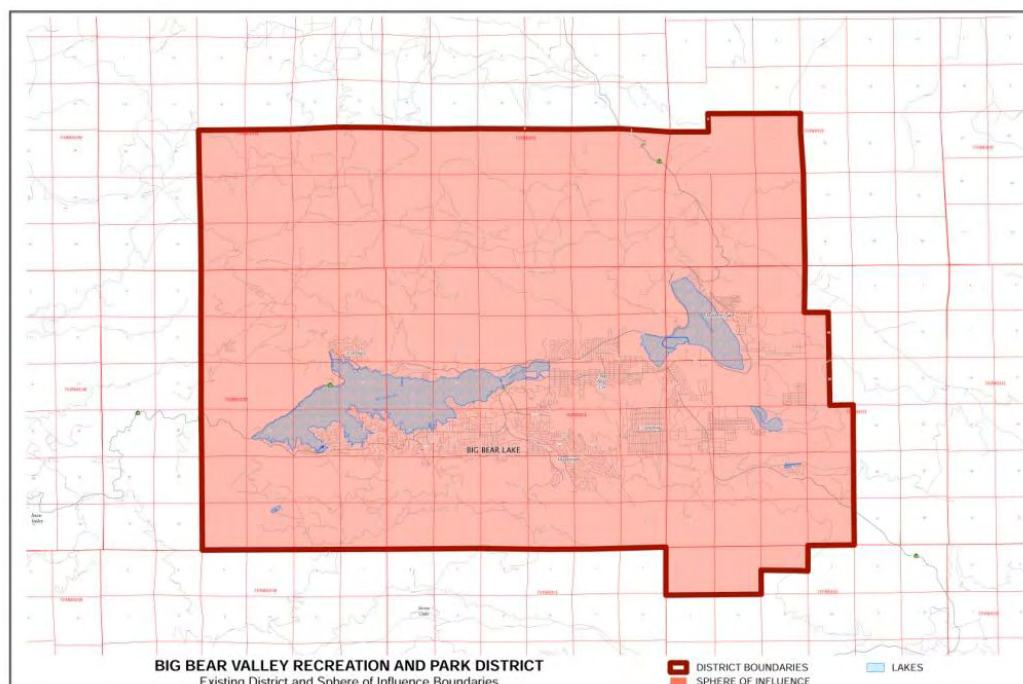
### **INTRODUCTION:**

LAFCO 3109 consists of a service review pursuant to Government Code Section 56430 and sphere of influence update pursuant to Government Code 56425 for Big Bear Valley Recreation and Park District (“Park District” or “District”).

The Park District was established by an act of the Board of Supervisors of the County of San Bernardino on April 23, 1934. The district operates under *Recreation and Park District Law* (Public Resources Code Section 5780 et seq.) and is a dependent, or “board-governed” special district whose governing body is the County of San Bernardino Board of Supervisors. Currently, the Park District is authorized by LAFCO to provide park and recreation services.

### **LOCATION AND BOUNDARIES:**

The service review and sphere of influence update study area encompasses approximately 125 square miles. The area generally encompasses the Bear Valley community and includes the City of Big Bear Lake, Big Bear Lake itself, and the unincorporated communities of Big Bear City, Fawnskin, Sugarloaf, Moonridge, Baldwin Lake and Erwin Lake. A map of the District and its current sphere is shown below and is included as a part of Attachment #8.



## ***BIG BEAR VALLEY PARK AND RECREATION DISTRICT SERVICE REVIEW***

At the request of LAFCO staff, the County Special Districts Department, as administrators for board-governed special districts, prepared a service review pursuant to San Bernardino LAFCO policies and procedures. The response 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 (included as Attachment #8). LAFCO staff responses to the mandatory factors for consideration for a service review (as required by Government Code 56430) are identified below and incorporate the district's response and supporting materials.

### **I. Growth and population projections for the affected area.**

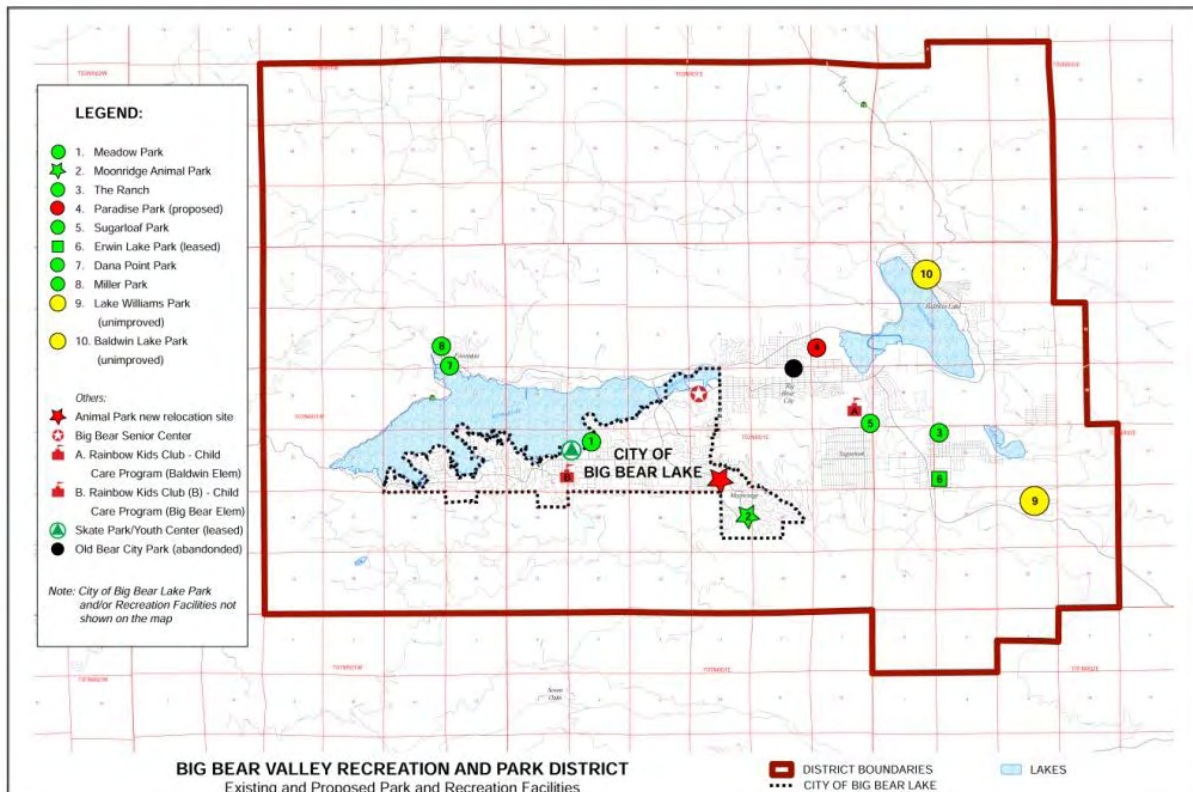
The sphere of influence for the Park District is same as the sphere of influence for the Big Bear Municipal Water District ("MWD"). For the Park District's land use and population projections, please see the MWD's service review, previously in this report.

### **II. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.**

The Park District Master Plan was adopted in 1988. The District is contracting with an outside firm to complete a new master plan, with work estimated to begin in July 2011.

The District provided a detailed listing of its facilities which includes nine parks, including an animal park (commonly known as "Moonridge Zoo"), swim beach, and senior center (chart and map below). The total acreage of the parks totals 98.1 acres, with three of the parks containing ball fields. The Big Bear Valley Senior Center is administered by the District but is a regional senior center facility.

| NAME                   | ADDRESS                  | ACREAGE | CENTER | PLAY LOT | RESTROOMS | PICNIC FACILITIES | GROUP PICNIC AREA | BALL FIELD | LAKE ACCESS | PUBLIC SWIMMING | BASKETBALL | TENNIS | VOLLEYBALL | ZOO EXHIBITS/SHOWS |
|------------------------|--------------------------|---------|--------|----------|-----------|-------------------|-------------------|------------|-------------|-----------------|------------|--------|------------|--------------------|
| MEADOW PARK            | 41220 Park Ave, BBL      | 16.25   | YES    | YES      | YES       | YES               | YES               | YES L      | YES         | YES             |            | YES    | YES        |                    |
| MOONRIDGE ANIMAL PARK  | 43285 Moonridge Rd, BBL  | 25      | YES    |          | YES       | YES               | YES               |            |             |                 |            |        |            | YES                |
| THE RANCH              | 2050 Erwin Ranch Rd, BBC | 13.5    | YES    |          | YES P     | YES               | YES               | YES        |             | YES             | YES        | YES    | YES        |                    |
| PARADISE PARK          | 1087 Paradise Way, BBC   | 6       | YES    | YES      | YES       | YES               | YES               |            |             |                 | YES        | YES    | YES        |                    |
| SUGARLOAF PARK         | 44828 Baldwin Ln, Suglof | 6       |        | YES      | YES       | YES               | YES               | YES L      |             |                 |            | YES    | YES        |                    |
| ERWIN LAKE PARK        | 1140 Hatchery, Erwn Lke  | 1.25    |        | YES      | YES P     | YES               | YES               |            |             |                 |            |        | YES        |                    |
| DANA POINT PARK        | 39369 N. Shore, Fwnskn   | 6       |        |          | YES       | YES               | YES               |            | YES         |                 |            |        |            |                    |
| MILLER PARK            | 1178 Chickasaw, Fwnskn   | 1.1     | YES    | YES      | YES P     | YES               |                   |            |             |                 | YES        | YES    | YES        |                    |
| LAKE WILLIAMS PARK     | Unimproved               | 5       |        |          |           |                   |                   |            | YES         |                 |            |        |            |                    |
| BALDWIN LAKE PARK      | Unimproved               | 18      |        |          |           |                   |                   |            |             |                 |            |        |            |                    |
| TOTAL                  |                          | 98.1    |        |          |           |                   |                   |            |             |                 |            |        |            |                    |
| Improved Acreage       |                          |         |        |          |           |                   |                   |            |             |                 |            |        |            |                    |
| P=Portable L=Lighted   |                          |         |        |          |           |                   |                   |            |             |                 |            |        |            |                    |
| BALDWIN LAKE           |                          |         |        |          |           |                   |                   |            |             |                 |            |        |            |                    |
| Big Bear Senior Center | 42651 BB Blvd            |         |        |          |           |                   |                   |            |             |                 |            |        |            |                    |



Particular to the animal park, the Moonridge Animal Park is 2.5 acres and is open year-round for visitors to see alpine species. Approximately 99,000 visitors visit the park



annually. Currently, the Animal Park leases the property on which the zoo operates from a private party for a monthly fee of approximately \$5,878. However, the animal park is in the process of being relocated to a 10.4 acre district-owned site at the opposite end of the Bear Mountain Golf Course. The proposed new location will allow for larger animal enclosures. Funding sources include approximately \$7.1 million in County general funds, grants, corporate fundraising, private donations, fundraising by Friends of the Moonridge Zoo, and anticipated increased ticket sales. According to the District, construction is anticipated to begin in March 2012 with a hopeful opening date of May 2013.

Additionally, the Park District has entered into a joint use agreement with the Bear Valley Unified School District for use of the School District's facility for the Park District's childcare program.

### Capital Improvements

The District states that additional park facilities are needed, in particular ball fields. Recently, the District purchased a sports ranch to provide various recreational activities for the residents of Big Bear Lake. The overall purchase included land, a hockey rink, basketball courts, tennis courts, a dining hall, dormitories, and a swimming pool. The District received \$2,500,000 in Proposition 12 grant funding from the State to finance the sports ranch purchase.

The Park District has plans to construct a new park, called "Paradise Park Project". This park would be a 5.48 acre park at the east end of the valley on land that is owned by the Big Bear City Community Services District (CSD). Plans include passive park areas, skate park, tennis court, basketball court, volleyball court, and a dog park. The CSD has agreed to lease the property to the Park District for \$1.00 per year for 40 years, with an option for the Park District to extend the lease for an additional ten years.<sup>29</sup> Through the lease, both districts are partnering to develop a new park to replace the loss of recreational acreage at Bear City Park due to its location within the Big Bear City Airport runway protection zone. The Park District plans to finance the construction through the sale of the abandoned Bear City Park and from Proposition 84 funds (Statewide Park Development and Community Revitalization Program of 2008).

The \$2.5 million grant, if awarded, will cover all costs associated with the planning and construction of the new park. The ongoing maintenance and operating costs will be provided by the Park District general funds for park maintenance. The Park District was advised by administrators for Proposition 84 that grant recipients may be notified as late as March 30, 2012 about awards of the park funds. If the grant is not awarded to Park District, and Park District has not secured other funding by April 30, 2012, one month following the March 30, 2012 Proposition 84 notification date, the CSD will have the right to terminate the lease.<sup>30</sup> The CSD anticipates that if this occurs it will proceed to build the park on its own to service its constituents.

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<sup>29</sup> County of San Bernardino. Board of Supervisors. 23 Feb 2010, Item No. 59.

<sup>30</sup> County of San Bernardino. Board of Supervisors. 19 April 2011, Item No. 63.

The FY 2011-12 Recommended Budget includes the following projects:

- Paradise Park Project – Design and construction of a new 5.28 acre park with multiple features including skate park, tennis courts, etc. \$2.5 million from Prop 84 grant.
- Erwin Ranch Pool Renovation – Refurbishing of the existing pool and expansion to double the pool capacity along with a restroom facility. \$380,000 fund balance.
- Bear City Park Non-ARRA – Installation of new walk paths and landscaping at the existing Bear City Park. \$70,000 local funds.
- Erwin Park Building Renovation – Renovation of the existing park building that was heavily damaged due to flooding and upgrade to meet current code requirements. \$250,000 from insurance coverage.
- Bear City Park – AARA – Installation of new paths and landscaping at the existing Bear City Park. \$28,500 fund balance.
- Moonridge Animal Park Relocation – Design, construct new zoo, and relocate existing zoo to new site. \$75,000 local funds; \$6,458,950 fund balance. Total \$6,533,950.

### **III. Financial ability of agencies to provide services.**

For this report, staff has reviewed the District's budgets and audits, and State Controller reports for special districts, and County filing records.

#### **General Operations and Accounting**

The District reports the following major funds for its operations:

- The *special revenue fund* labeled "General" is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *special revenue fund* labeled "Zoo" accounts for the Moonridge Animal Park Zoo.
- The *capital projects fund* labeled "Moonridge Animal Park Relocation" is used to account for financial resources to be used for the acquisition or construction of major capital facilities for the zoo.
- The *capital projects fund* labeled "Erwin Park Improvements" is used to account for financial resources to be used for the acquisition or construction of major capital facilities for Erwin Park.

*Park District Financial Statements and Management Letters*

The management letters from the District's independent auditors related to the past two audits for the District have identified material weakness, significant deficiencies and control deficiencies. The audits prepared include the operation of the Park District and its special revenue fund for operation of the Moonridge Animal Park inclusive. LAFCO staff is unaware of whether the following items apply to the District as a whole, or a separate Park and Animal Park operation:

FY 2008-09 Management Letter

Material Weakness #1 - The overall accounting and internal controls related to the Special Activities account are not adequate.

Material Weakness #2 - The Big Bear Sports Ranch purchase was not recorded in the Financial Accounting System (FAS).

Significant Deficiency #1 - Bank reconciliations were not being performed.

Significant Deficiency #2 - The District lacks appropriate segregation of duties for their accounting functions.

FY 2009-10 Management Letter

Material Weakness #1 - The overall accounting and internal controls related to the District's bank accounts are not adequate.

Material Weakness #2 – Necessary year-end entry was not recorded.

Control Deficiency #1 - Internal controls over fixed assets could be improved.

The District's responses to each of the items listed above are included in the management letters indicate that corrective measures are being taken to correct the weaknesses and deficiencies and that changes in operating procedures are necessary. According to the management letters, the District's response addresses planned action to prevent reoccurrence of the findings.

Net Assets and Fund Balances

In reviewing the financial documents, the District has been operating with an annual positive change in net assets from FY 2005-06 through FY 2009-10, as shown on the chart below. A sharp increase occurred from FY 2007-08 to FY 2008-09. In August 2008, the County Board of Supervisors approved a transfer of \$5,750,000 from the County General Fund Moonridge Zoo Reserve Fund to the Park District. The reserve fund, which was managed by the County, was established in FY 2006-07 and received general fund contributions for the purpose of setting aside funds to financially assist with the future relocation of the

Moonridge Zoo.<sup>31</sup> The above-referenced document does not identify that the funds were a loan or that there was an expectation of repayment for the transfer.

As of June 30, 2010, the District had \$14.4 million in net assets. Not including capital assets, the District had roughly \$7.4 million in unrestricted net assets.

|                            | 2006-07            | 2007-08            | 2008-09             | 2009-10             |
|----------------------------|--------------------|--------------------|---------------------|---------------------|
| <b>Net Assets</b>          |                    |                    |                     |                     |
| Invested in capital assets | 1,828,491          | 4,484,324          | 5,022,414           | 7,002,338           |
| Unrestricted               | 2,706,469          | 2,881,165          | 8,319,118           | 7,375,625           |
| <b>Total Net Assets</b>    | <b>\$4,534,960</b> | <b>\$7,365,489</b> | <b>\$13,341,532</b> | <b>\$14,377,963</b> |

Considering net assets does not indicate if an agency has enough cash and cash equivalents to operate short and long-term operations. In looking at the District's fund balance, the trend mirrors that for net assets – an increase from FY 2005-06 through FY 2008-09 with a decrease in FY 2009-10. Even with the decrease in fund balance for the last fiscal year, overall the District's fund balance has increased by 47% since FY 2005-06. Additionally, it is not clear to LAFCO staff why all of the District's funds are now classified as Undesignated when the District has received \$5.75 million from the County General Fund -- Moonridge Zoo Reserve Fund for the purpose of setting aside funds to financially assist with the future relocation of the Moonridge Zoo. Further, LAFCO staff questions why the transferred funds are not classified as Reserved.

| <b>Fund Balance</b>       | 2006-07            | 2007-08            | 2008-09            | 2009-10            |
|---------------------------|--------------------|--------------------|--------------------|--------------------|
| Reserved                  | 53,994             | 158,433            | 0                  | 0                  |
| Unreserved – Designated   | 0                  | 0                  | 5,731,557          | 0                  |
| Unreserved – Undesignated | 2,752,681          | 2,859,284          | 2,712,182          | 7,512,068          |
| <b>Total Fund Balance</b> | <b>\$2,806,675</b> | <b>\$3,017,717</b> | <b>\$8,443,739</b> | <b>\$7,512,068</b> |

### Revenues and Expenditures

The County Special District Department, administrators for the Park District, provides a separate budget for the Moonridge Animal Park.

#### *Park District Budget for FY 2011-12*

Excluding the Animal Park, the District's primary source of continual revenue is its share of the one percent ad valorem general tax levy. As a part of the dissolution of the Big Bear Lake Pest Abatement District in 1994, the LAFCO Commission approved the proposal to include a transfer of the ad valorem property tax share received by the Pest Abatement District and its then fund balance to the Park District. As shown on the chart below, since at least FY 2007-08 the District has experienced expenditures greater than revenues. The Park District utilizes the County Special Districts Department for management of its

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<sup>31</sup> County of San Bernardino. "Moonridge Zoo Animal Park Relocation Project", Board Agenda Item 10, 26 August 2008.

operations. The FY 2011-12 budget identifies the following activities which have had significant changes from the prior year:

- Staffing expenses of \$928,656 fund 7 regular budgeted positions and 44 public service employee (PSE) positions. The decrease of \$169,320 is due to a reduction in hours for budgeted staff.
- Operating expenses of \$1,579,409 include costs for utilities, maintenance, professional services for recreational classes, vehicle charges, equipment leases, insurance, administrative support, and COWCAP charges. The increase of \$103,558 is primarily due to repayment of short-term loan from CSA 70 Countywide<sup>32</sup>.
- Capital expenditures of \$5,000 is for purchase of a new water slide at Swim Beach. The decrease of \$41,000 is due to reduced equipment purchases for 2011-12.
- Contingencies of \$63,306 are decreasing by \$51,220 to fund current year operations and due to reduced departmental revenue and available fund balance.
- Reimbursements received of \$41,003 are for costs of shared Park General Manager position with CSA 29 Lucerne Valley Park.
- Operating transfers out of \$170,000 includes a \$100,000 transfer of shared property taxes to Moonridge Zoo and a transfer to fund Bear City Park capital improvement project. The decrease of \$2,720,000 is due primarily to a reduction in Proposition 84 grant funding for Paradise Park.
- Total revenue of \$2,411,654 primarily represents property taxes, park program fees, grant funds, concessions and rent, interest earnings, and other miscellaneous revenue and are decreasing by \$2,856,339 due to no Proposition 84 grant funding expected in 2011-12.
- Operating transfers in of \$230,000 represents a short term loan from CSA 70 Countywide for cash flow purposes<sup>33</sup> and a contribution for Big Bear City Park through the Third Supervisorial District.

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<sup>32</sup> On August 24, 2010 the County Board of Supervisors authorized the Director of Special Districts Department, with County Administrative Officer consent, to approve short-term loans up to \$100,000 from CSA 70 to the District to supplement the cash flow for operational activities, subject to full repayment with interest.

<sup>33</sup> On August 24, 2010 the County Board of Supervisors authorized the Director of Special Districts Department, with County Administrative Officer consent, to approve loans up to \$250,000 from CSA 70 to the District to implement capital improvement projects that will be reimbursed by grant revenues; subject to full repayment with interest.

|                             | 2007-08<br>Actual | 2008-09<br>Actual | 2009-10<br>Actual | 2010-11<br>Estimate | 2010-11<br>Modified<br>Budget: | 2011-12<br>Recommended<br>Budget: |
|-----------------------------|-------------------|-------------------|-------------------|---------------------|--------------------------------|-----------------------------------|
| <b>Appropriation</b>        |                   |                   |                   |                     |                                |                                   |
| Staffing Expenses           | 1,196,364         | 1,304,404         | 1,173,224         | 1,085,151           | 1,097,976                      | 928,656                           |
| Operating Expenses          | 924,951           | 1,397,248         | 1,329,543         | 1,337,299           | 1,475,851                      | 1,579,409                         |
| Capital Expenditures        | 0                 | 21,375            | 12,140            | 9,393               | 46,000                         | 5,000                             |
| Contingencies               | 0                 | 0                 | 0                 | 0                   | 114,526                        | 63,306                            |
| Total Exp Authority         | 2,121,315         | 2,723,027         | 2,514,908         | 2,431,843           | 2,734,353                      | 2,576,371                         |
| Reimbursements              | 0                 | (54,267)          | (65,698)          | (54,002)            | (41,003)                       | (41,003)                          |
| Total Appropriation         | 2,121,315         | 2,668,760         | 2,449,210         | 2,377,841           | 2,693,350                      | 2,535,368                         |
| Operating Transfers Out     | 384,000           | 564,197           | 589,076           | 241,968             | 2,890,000                      | 170,000                           |
| Total Requirements          | 2,515,315         | 3,232,957         | 3,038,286         | 2,619,809           | 5,583,350                      | 2,705,368                         |
| <b>Departmental Revenue</b> |                   |                   |                   |                     |                                |                                   |
| Taxes                       | 1,746,285         | 1,922,412         | 1,778,388         | 1,770,112           | 1,802,861                      | 1,772,654                         |
| Realignment                 | 0                 | 0                 | 0                 | 0                   | 0                              | 0                                 |
| State, Fed or Gov't Aid     | 105,427           | 23,202            | 263,512           | 36,434              | 2,524,821                      | 97,500                            |
| Fee/Rate                    | 448,523           | 515,157           | 450,823           | 423,338             | 536,811                        | 493,000                           |
| Other Revenue               | 138,055           | 81,145            | 168,450           | 138,282             | 403,500                        | 48,500                            |
| Total Revenue               | 2,438,290         | 2,541,916         | 2,660,973         | 2,368,166           | 5,267,993                      | 2,411,654                         |
| Operating Transfers In      | 49,593            | 209,021           | 205,000           | 0                   | 0                              | 230,000                           |
| Total Financing Sources     | 2,487,883         | 2,811,737         | 2,925,973         | 2,368,166           | 5,267,993                      | 2,641,654                         |
|                             |                   |                   |                   | Fund Balance        | 315,357                        | 63,714                            |
|                             |                   |                   |                   | Budgeted Staffing   | 51                             | 51                                |

### *Moonridge Animal Park Budget*

The County has determined to provide for the budget of the Moonridge Animal Park separate from the Park District, though it is owned by that entity. The primary source of revenue for the Moonridge Animal Park is user fees. The Animal Park fund receives an allocated share of property taxes that is received by the Park District's operating fund. As shown on the chart below, the Animal Park generally experiences revenues greater than expenditures, except for FY 2009-10. The Park District utilizes the County Special Districts Department for management of its operations. The budget identifies the following activities which have had significant changes from the prior year:

- Staffing expenses of \$459,316 funds two regular budgeted positions and 13 public service employee (PSE) positions and are decreasing by \$2,919 and one PSE position.
- Operating expenses of \$331,060 include costs for animal feed, veterinary services, utilities, maintenance, and administrative support. The net increase of \$2,456 is primarily due to an increase in on-site animal food services.
- Capital expenditures are decreasing by \$18,700 due to no improvement projects being programmed in this budget unit in 2011-12.
- Contingencies of \$34,924 are to support future year operations.
- Reimbursements are decreasing by \$11,000 due to no Community Development and Housing grant funding in 2011-12.

- Total revenue of \$591,146 includes gate fees, park program fees, concessions, interest earnings, and miscellaneous revenue and are increasing by \$5,307 primarily due to park and recreation fee revenue based on projected trends.
- Operating transfers in of \$175,000 includes \$100,000 of shared tax revenue with Big Bear Recreation and Park and \$75,000 from interest earned on the relocation fund (CRR-620) to help defray lease payments until zoo relocation takes place.

|                             | 2007-08<br>Actual | 2008-09<br>Actual | 2009-10<br>Actual | 2010-11<br>Estimate | 2010-11<br>Modified<br>Budget | 2011-12<br>Recommended<br>Budget |
|-----------------------------|-------------------|-------------------|-------------------|---------------------|-------------------------------|----------------------------------|
| <b>Appropriation</b>        |                   |                   |                   |                     |                               |                                  |
| Staffing Expenses           | 359,588           | 458,124           | 499,204           | 436,198             | 462,235                       | 459,316                          |
| Operating Expenses          | 214,596           | 278,302           | 338,105           | 296,067             | 328,604                       | 331,060                          |
| Capital Expenditures        | 0                 | 0                 | 0                 | 0                   | 18,700                        | 0                                |
| Contingencies               | 0                 | 0                 | 0                 | 0                   | 0                             | 34,924                           |
| Total Exp Authority         | 574,184           | 736,426           | 837,309           | 732,265             | 809,539                       | 825,300                          |
| Reimbursements              | 0                 | 0                 | 0                 | 0                   | (11,000)                      | 0                                |
| Total Appropriation         | 574,184           | 736,426           | 837,309           | 732,265             | 798,539                       | 825,300                          |
| Operating Transfers Out     | 0                 | 0                 | 0                 | 0                   | 0                             | 0                                |
| Total Requirements          | 574,184           | 736,426           | 837,309           | 732,265             | 798,539                       | 825,300                          |
| <b>Departmental Revenue</b> |                   |                   |                   |                     |                               |                                  |
| Taxes                       | 111,700           | 118,890           | 0                 | 0                   | 0                             | 0                                |
| Realignment                 | 0                 | 0                 | 0                 | 0                   | 0                             | 0                                |
| State, Fed or Gov't Aid     | 0                 | 0                 | 0                 | 0                   | 0                             | 0                                |
| Fee/Rate                    | 499,338           | 578,974           | 487,671           | 574,350             | 568,219                       | 585,000                          |
| Other Revenue               | 22,106            | (5,762)           | 33,381            | 6,337               | 17,620                        | 6,146                            |
| Total Revenue               | 633,144           | 692,102           | 521,052           | 580,687             | 585,839                       | 591,146                          |
| Operating Transfers In      | 0                 | 115,386           | 59,076            | 173,309             | 175,277                       | 175,000                          |
| Total Financing Sources     | 633,144           | 807,488           | 580,128           | 753,996             | 761,116                       | 766,146                          |
|                             |                   |                   |                   | Fund Balance        | 37,423                        | 59,154                           |
|                             |                   |                   |                   | Budgeted Staffing   | 16                            | 15                               |

The chart above identifies that for FY 2009-10 and FY 2010-11 the Animal Park stopped receiving taxes for its operations. Prior to FY 2009-10, the Animal Park's property taxes were recorded as property tax receipts (identified as Taxes on the chart above). Per direction of the County Auditor/Controller, for FY 2009-10 and thereafter the County Special Districts Department produces an internal transfer of general property taxes annually to the Animal Park's budget from the District's share of the property tax (recorded as Operating Transfers In on the chart above). According to the FY 2011-12 Recommended Budget, and as shown on the last bullet item above the chart, operating transfers in of \$175,000 includes \$100,000 of shared tax revenue with Big Bear Recreation and Park and \$75,000 from interest earned on the relocation fund to help defray lease payments until zoo relocation takes place. Without the \$75,000 in interest, property taxes remain less than previous years. This reduction in tax receipts corresponds with the reduction in assessed values for the Bear Valley.

### Transfer of Funding

During the processing of the formation of the Phelan/Pinon Hills Community Services District ("PPHCSD") in 2007 (LAFCO 3070), it was identified that Proposition 40 State Grant Funds allocation of \$500,000 was designated for the Phelan/Pinon Hills community to assist in developing a community park. According to documents related to LAFCO 3070, County



Service Area 70 (unincorporated countywide) was allocated \$500,000 of Proposition 40 grant funds for park improvements for the Phelan/Pinon Hills community. Per communication with the State, these funds were to be administered by County Special Districts Department (“SDD”) on behalf of PPHCSD. Both parties entered into an agreement for the funds to be used for their intended purpose. The agreement reads that the administration of these grant funds cannot be transferred to PPHCSD. In turn, PPHCSD requested CSA 70 provide project and grant administration of the Proposition 40 grant funds for park improvements.<sup>34</sup>

However, according to SDD staff the grant received was for \$600,000 and there were challenges in utilizing the grant funding by the contracted deadline, so SDD (as administrators for CSA 70) used the grant on a Big Bear project (land for zoo) and transferred the corresponding amount of cash from Big Bear Recreation and Park District to the PPHCSD. In essence, SDD traded a grant for cash between the two agencies. SDD staff identify that these actions were approved by the State and County Board of Supervisors.

#### Additional Information

Under Article XIII B of the California Constitution (the Gann Spending Limitation Initiative), the District is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller, returned to the taxpayers through revised tax rates or revised fee schedules, or an excess in one year may be offset against a deficit in the following year. The independent auditor reviewed the proceeds of taxes received by the District during the 2009-10 fiscal year, and have found the revenue to be within the guidelines established by Proposition 111. Furthermore, Section 5 of Article XIII B allows the District to designate a portion of fund balance of general contingencies to be used in future years without limitation.

For the year ended June 30, 2010, expenditures exceeded appropriations in the *special revenue fund* labeled “General” by \$265,945. No documentation has been provided to LAFCO staff to indicate a Board of Supervisors’ action to increase appropriation authority for this fund. The District states that program revenue has decreased from the prior years substantially in FY 2009-10, and the District in turn was forced to backfill with reserves to keep program levels and services at current levels. The District has since reduced staff, both full and part time, to compensate for the loss in revenue, as well as diminished programming to cut costs.

By action taken June 28, 2011, the County Board of Supervisors established the FY 2011-12 preliminary appropriation limit for the District as \$8,562,823.

The District has a zero pension obligation and has no long-term indebtedness.

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<sup>34</sup> LAFCO 3070. “County of San Bernardino Special Districts Department, Transition Plan, Phelan/Pinon Hills Community Services District”. 1 August 2007. Pgs 7, 72-74.

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

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

The City of Big Bear Lake has two small passive parks located within the city. The opportunity exists for the City and the Park District to coordinate activities and/or share facilities.

Additionally, the Park District has entered into a joint use agreement with the Bear Valley Unified School District for use of the School District's facility (Baldwin and Big Bear Elementary) for the Park District's childcare program.

The CSD's Fire Station 292 is on land leased from the Park District for \$1 annually.

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

**Local Government Structure and Community Service Needs**

The Park District is governed by the County Board of Supervisors and administered by the County Special Districts Department; it is 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. The District has a board-appointed advisory commission that meets at the Big Bear Senior Center on the third Tuesday of each month. According to the County Clerk of the Board website, as of December 20, 2010 the Park District Advisory Commission is a five-member board composed of the following members: Don Pletcher, Gloria Tscharanyan, Bob Ybarra, Katheryn Poole, and Helen Stearns.

The District office is open Monday through Friday from 8 am until 5 pm (except holidays). The District has 13 full time employees and 40 full time public service employees ("PSE" – positions that do not have regular benefits) and 40 seasonal/part time PSE employees for various programs and activities. The District staff consists of a General Manager, Assistant Regional Manager, Office Assistant, two Recreation Superintendents, a Maintenance Superintendent and a seasonal office PSE. In May, September and December newsletters are distributed through the local newspaper, businesses, school district, and are also available at the park office. They outline the different programs, services and park facilities available for all ages. The District's website is [www.bigbearparks.com](http://www.bigbearparks.com).

**Operational Efficiencies**

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

- The Park District has entered into a joint use agreement with the Bear Valley Unified School District for use of the School District's facility for the Park District's childcare program.

- The Park District has plans to construct a new park, called the Paradise Park Project. This park would be a 5.48 acre park at the east end of the valley on land that is owned by the CSD. Plans include passive park areas, skate park, tennis court, basketball court, volleyball court, and a dog park. The CSD has agreed to lease the property to the Park District for \$1.00 per year for 40 years, with an option for the Park District to extend the lease for an additional ten years.<sup>35</sup> Through the lease, both districts are partnering to develop a new park to replace the loss of recreational acreage at Bear City Park due to its location within the Big Bear Airport runway protection zone. The Park District plans to finance the construction through the sale of the abandoned Bear City Park and from Proposition 84 funds (Statewide Park Development and Community Revitalization Program of 2008).
- The Park District general manager also manages the park and recreation activities of CSA 29 in Lucerne Valley. For FY 2010-11, reimbursements of \$41,003 are budgeted from CSA 29 to the Park District.

### 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:*

The District has indicated that it does not provide any services outside its boundaries.

#### *Government Structure Options:*

The State has published advisory guidelines for LAFCOs to address all of the substantive issues required by law for conducting a service review<sup>36</sup>. The Guidelines address 49 factors in identifying an agency’s government structure options. Themes among the factors include but are not limited to: more logical service boundaries, elimination of overlapping boundaries that cause service inefficiencies, economies of scale, opportunities to enhance capital improvement plans, and recommendations by a service provider.

The following scenarios are not being presented as options for the Commission to consider for action as a part of this service review. Rather, a service review should address possible options, and the following are theoretical scenarios for the community to possibly consider for the future.

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<sup>35</sup> County of San Bernardino. Board of Supervisors. 23 Feb 2010, Item No. 59.

<sup>36</sup> State of California. Governor’s Office of Planning and Research. “Local Agency Formation Commission Municipal Service Review Guidelines”, August 2003.

- Detachment of the Park District. The Park District overlays the City and the CSD, both of which actively provide park and recreation services. This situation creates a duplication of service and adds an additional layer of government. However, the Park District serves and has facilities outside of the two previously mentioned agencies. Such an action would include the transfer of park and recreation responsibility and assets to the two agencies. However, detachment would significantly reduce the Park District's ability to continue operations to the remainder of its territory and would significantly hinder continuation of service to the remainder territory. Therefore, at this time, this option is not desirable.
- One Valley-wide service provider. Alternatively, the City and the CSD could transfer its respective service responsibility and assets to the Park District. In this scenario, there would be one park and recreation provider for the entire Bear Valley. While the same number of agencies would remain, the duplication of service would be removed. Such a change is in keeping with directives of LAFCO law.
- The District as an independent district. Currently, the District is a board-governed district, meaning that the County board of supervisors acts as the board of directors for the District. Following incorporation of the City of Big Bear Lake no request for change in the governance of the agency was requested to change it to an appointed board of directors. An independent district would place governance of the district in local control with an elected board of directors. Becoming an independent district would require approval by the registered voters within the district as set forth in procedures in Section 5785.3 of the California Public Resources Code.
- Maintenance of the status quo. This option retains the current structure for the Park District with the cooperation of the CSD for future facilities.

No sentiment has been publicly expressed on any of the options above. Therefore, at this time, a duplication of service exists. However, efficiencies are realized through the sharing of facilities.

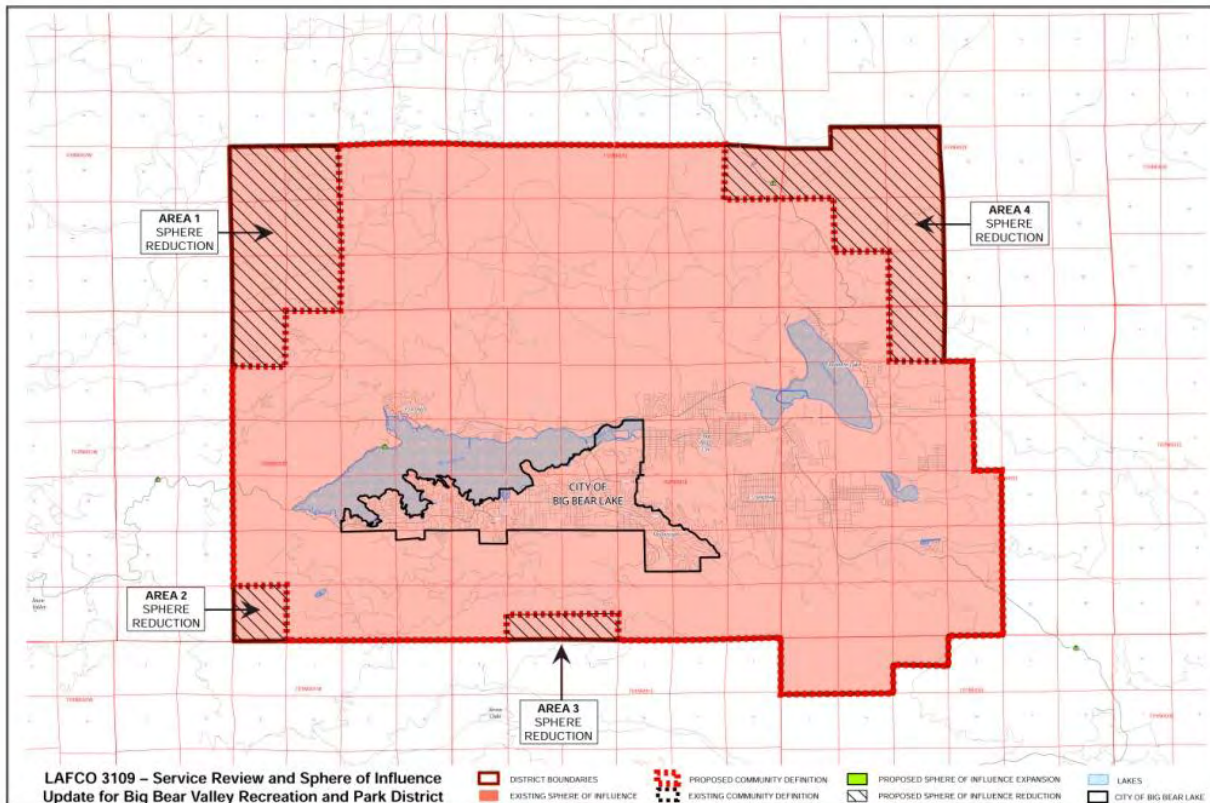
## ***BIG BEAR VALLEY PARK AND RECREATION DISTRICT SPHERE OF INFLUENCE UPDATE***

### Sphere of Influence

In 1972, the Commission established the sphere of influence for Park District as being coterminous with its boundaries. Since that time, there have been few changes to the District's sphere. As discussed in the "Community Discussion" section of this report, staff is recommending the following sphere of influence amendments:

- Reduce the District's existing sphere by approximately 4,480 acres (Area 1) to exclude the northwestern sphere area outside the redefined Bear Valley community;

- Reduce the District's existing sphere by approximately 640 acres (Area 2) to exclude the southwestern sphere area outside the redefined Bear Valley community;
- Reduce the District's existing sphere by approximately 640 acres (Area 3) to exclude the southern sphere area outside the redefined Bear Valley community; and,
- Reduce the District's existing sphere by approximately 5,340 acres (Area 4) to exclude a section along the northeastern sphere area outside the redefined Bear Valley community.



### 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)).

Neither LAFCO nor District staffs recommend any changes for the District's active functions. However, LAFCO staff is recommending a clarification of the service provided by the District as well as the recognition of the Moonridge Animal Park.

| <b>FUNCTION</b>     | <b>SERVICE</b>  |
|---------------------|---|
| Park and Recreation | <u>Operation and maintenance Local park development, operation, maintenance, recreation, child care, including the operation and maintenance of the Moonridge Animal Park</u> |

## **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 responses to those factors are as follows:

### **I. Present and Planned Uses**

The Park District's boundary and/or current sphere of influence correspond to the current LAFCO defined Bear Valley community, which includes the City of Big Bear Lake and the unincorporated communities of Big Bear City, Fawnskin, Baldwin Lake, Erwin Lake and Lake Williams. Within the unincorporated County area, the County's General Plan designates approximately 79% as Resource Conservation, 6% as Single Residential (RS, RS-10M, RS-20M, and RS-1), 4% as Rural Living (RL, RL-5, RL-10, RL-20, and RL-40), 5% as Floodway (lake areas), 1% is a mix of generally commercial, industrial, and institutional land uses, and the remainder 5% is entirely within the City.

Within the City's territory, the City's General Plan assigns the following land uses – 60% as Single-Family Residential, 9% as Multiple Family Residential, 18% as Commercial and/or Industrial, 4% Public Facilities, and 9% Open Space.

The Park District's proposed sphere reductions, Areas 1 to 4, currently have limited development potential since these are all forest lands owned by the Federal government.

### **II. Present and Probable Need for Public Facilities and Services**

The District's facilities include nine parks, including an animal park, swim beach, and a senior center. The total acreage of the parks is 98.1 acres, with three of the parks containing ball fields. The Big Bear Valley Senior Center is administered by the District but is a regional senior center facility.

The Moonridge Animal Park is open year-round for visitors to see alpine species. Approximately 99,000 visitors visit the park annually. Future relocation and expansion of this facility will allow for larger animal enclosures.

The Park District has plans to construct a new park, called the Paradise Park Project. This park would be a 5.48 acre park at the east end of the valley on land that is owned by the CSD. Plans include passive park areas, skate park, tennis court, basketball court, volleyball court, and a dog park.

### **III. Present Capacity of Public Facilities and Adequacy of Public Services**

The District's current Master Plan was adopted in 1988. The District is contracting with an outside firm to complete a new master plan, with work estimated to begin in July 2011.

The animal park is in the process of being relocated to a 10.4 acre site at the opposite end of the Bear Mountain Golf Course. According to the District, construction is anticipated to begin in March 2012 with a hopeful opening date of May 2013.

In addition, the CSD has agreed to lease the property for the Paradise Park to the Park District for \$1.00 per year for 40 years, with an option for the Park District to extend the lease for an additional ten years.<sup>37</sup> Through the lease, both districts are partnering to develop a new park to replace the loss of recreational acreage at Bear City Park due to its location within the Big Bear Airport runway protection zone. The Park District plans to finance the construction through the sale of the abandoned Bear City Park and from Proposition 84 funds (Statewide Park Development and Community Revitalization Program of 2008). The \$2.5 million grant, if awarded, will cover all costs associated with the planning and construction of the new park. The ongoing maintenance and operating costs will be provided by the Park District general funds for park maintenance.

It should also be noted that the Park District has entered into a joint use agreement with the Bear Valley Unified School District for use of the School District's facility for the Park District's childcare program.

### **IV. Social and Economic Communities of Interest**

The social communities of interest include the City of Big Bear Lake and the unincorporated communities of Big Bear City, Fawnskin, and the communities around Baldwin Lake, Erwin Lake, and Lake Williams. In addition, the Park District is within the Bear Valley Unified School District, a regional entity servicing the Bear Valley community, which it partners with on its childcare program.

Economic communities of interest include the two ski resorts (Bear Mountain and Snow Summit), the Big Bear Lake itself and the recreational activities supported by the lake, as well as the commercial activities around the lake area, the Village area, and along Big Bear Boulevard (State Highway 18 and 38).

### **CONCLUSION:**

Staff is recommending that the Commission make the following sphere determinations for the Big Bear Valley Recreation and Park District:

1. Reduce the Park District's existing sphere by approximately 4,480 acres (Area 1) to exclude the northwestern sphere area outside the redefined Bear Valley community;

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<sup>37</sup> County of San Bernardino. Board of Supervisors. 23 Feb 2010, Item No. 59.



2. Reduce the Park District's existing sphere by approximately 640 acres (Area 2) to exclude the southwestern sphere area outside the redefined Bear Valley community;
3. Reduce the Park District's existing sphere by approximately 640 acres (Area 3) to exclude the southern sphere area outside the redefined Bear Valley community; and,
4. Reduce the Park District's existing sphere by approximately 5,340 acres (Area 4) to exclude a section along the northeastern sphere area outside the redefined Bear Valley community.
5. Modify the Park District's service description to its Park and Recreation function by adding "local park development", "operation", "maintenance", "recreation", "child care" and "operation and maintenance of the Moonridge Animal Park" and removing "operation" and "maintenance".

## **BIG BEAR AIRPORT DISTRICT Service Review and Sphere of Influence Update**

### **INTRODUCTION:**

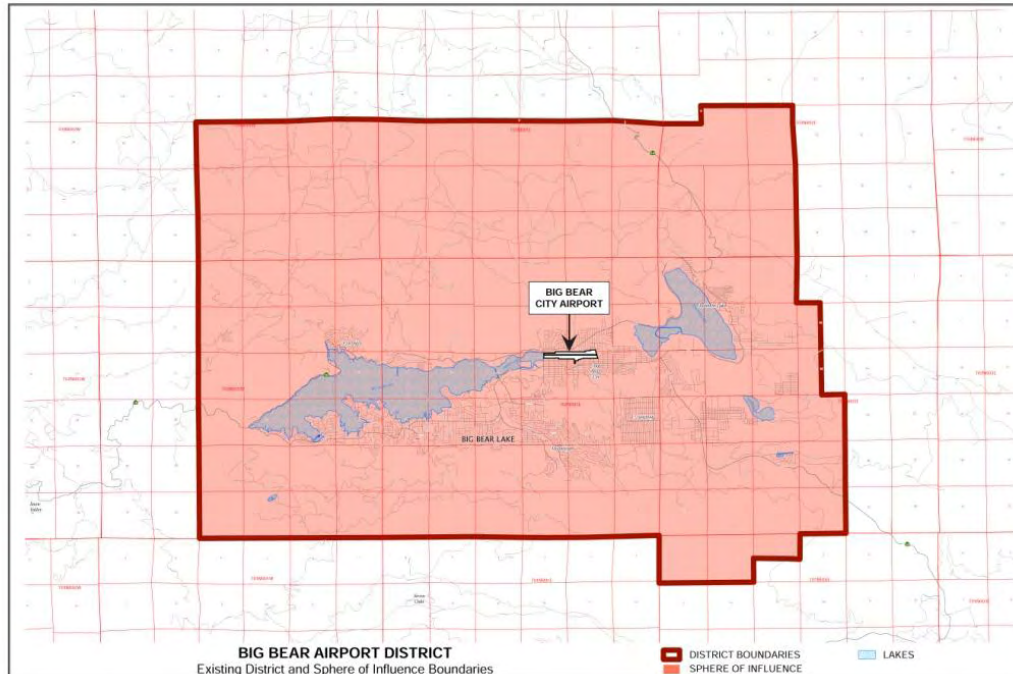
LAFCO 3130 consists of a service review pursuant to Government Code Section 56430 and sphere of influence update pursuant to Government Code 56425 for the Big Bear Airport District (“Airport District” or “District”).

In the 1979, the County Board of Supervisors submitted an application to remove airport powers from County Service Area (“CSA”) 53 and form the Big Bear Airport District. The District is an independent special district with a five-member board of directors and operates under the “California Public Airport District Act” (Public Utilities Code Section 22001 et seq. Currently, the Airport District is authorized by LAFCO to provide the function of airport pursuant to the *Rules and Regulations of the Local Agency Formation Commission of San Bernardino County Affecting Functions and Services of Special Districts*.

As discussed in the “Community Discussion” section of this report, staff is recommending modification of the Airport District’s sphere of influence to coincide with the Commission’s definition for the Bear Valley Community (sphere reduction of approximately 11,100 acres).

### **LOCATION AND BOUNDARIES:**

The service review and sphere of influence update study area encompasses approximately 125 square miles. The area generally encompasses the Bear Valley community and includes the City of Big Bear Lake, Big Bear Lake itself, and the unincorporated communities of Big Bear City, Fawnskin, Sugarloaf, Moonridge, Baldwin Lake and Erwin Lake. A map of the District and its current sphere is shown below and is included as a part of Attachment #9.



## ***BIG BEAR AIRPORT DISTRICT SERVICE REVIEW***

At the request of LAFCO staff, the District prepared a service review pursuant to San Bernardino LAFCO policies and procedures. The response 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 (included as Attachment #9). LAFCO staff responses to the mandatory factors for consideration for a service review (as required by Government Code 56430) are identified below and incorporate the district's response and supporting materials.

### **I. Growth and population projections for the affected area.**

The sphere of influence for the Airport District is coterminous with its boundaries and is the same as the sphere of influence for the Big Bear Municipal Water District ("MWD"). For the Airport District's land use and growth and population projections, please see the MWD's service review in this report.

### **II. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.**

The Big Bear City Airport 2005 Master Plan (copy included in Attachment #9) has been approved by the District board and the Federal Aviation Administration ("FAA") and has replaced the 1992 Airport Comprehensive Land Use Plan. Said document and the District's response to the service review are referenced for this section of the report.

The Big Bear City Airport is open to the general public and general aviation 24 hours a day and is part of the FAA's National Plan of Integrated Airport Systems. Although the airport does not service commercial passenger activity, services provided at the airport include general aviation, aircraft charter and sales, flight school, sightseeing flights, and aircraft maintenance services. The airport provides varying classes of service including business, flight training, air charters for medical services, transport of mail and business documents, law enforcement, fire, rescue services, and recreation.

The airport is located south of State Highway 38 and North of State Highway 18, on the western edge of Big Bear City, adjacent to the City of Big Bear Lake (map of airport included as a part of Attachment #9). Big Bear Lake lies directly to the west, while Baldwin Lake lies to the east. The airport is located in a valley surrounded by rapidly rising terrain associated with the San Bernardino Mountain Range. Aircraft access to the facility from the west through the Cajon Pass area is the recommended route, due to its relatively flat mountainous terrain and clearance of leeward mountains.

The airport has four fixed based operators on the field. The airport is the only fuel provider on site. The airport has approximately 141 hangars in 31 separate buildings, and there is a waiting list for hangars. The airport provides 104 paved aircraft tiedowns, which are adequate for transient and permanent requirements. The airport has one maintenance building that is 7,200 square feet. The existing ground access and parking facilities are considered adequate.

The airport terminal facility ownership has been a contentious issue for many years which has included litigation. Prior to April 2011, according to County Assessor records, the terminal land and facility was owned by the District. According to the FY 2009-10 financial statements, the District has a building value of \$2.4 million. Since April 2011, the airport terminal facility has been divided into four sections. One section (pilot's lounge, administrative offices, café, and local radio station) is owned by the District. The other three parts of the building are owned by a corporation which leases the offices and restaurants to various parties. The District retains ownership of all property beneath the terminal building and has a long term lease with the corporation.

The airport does not presently have an Aircraft Rescue and Fire Fighting facility on the field; however, fire protection services for the Airport are provided by the Big Bear City Fire Station No. 291, located approximately three blocks south of the east end of the Airport.

According to the Master Plan, with no on-site air traffic control tower facilities, there are limited historical records that provide accurate information concerning the aviation activity present at Big Bear City Airport. A tabulation of the best available historical aviation activity information from 1995 – 2004 is presented in the following table from the Master Plan. As shown on the chart, the airport experiences itinerant military operations, sharply increasing in 2004. The District states that all branches of the military uses the airport for training flights due to the airports altitude and surrounding terrain – which is similar to deployed conditions.

**HISTORICAL AVIATION ACTIVITY, 1995-2004**

| Year | Itinerant GA Operations | Itinerant Military Operations | Total Itinerant Operations | Local GA Operations | Total Operations |
|------|-------------------------|-------------------------------|----------------------------|---------------------|------------------|
| 1995 | 32,850                  | 150                           | 33,000                     | 12,000              | 45,000           |
| 1996 | 22,250                  | 150                           | 22,400                     | 12,600              | 35,000           |
| 1997 | 22,250                  | 150                           | 22,400                     | 12,600              | 35,000           |
| 1998 | 22,250                  | 150                           | 22,400                     | 12,600              | 35,000           |
| 1999 | 19,800                  | 140                           | 20,190                     | 11,260              | 31,450           |
| 2000 | 19,800                  | 140                           | 20,190                     | 11,260              | 31,450           |
| 2001 | 19,800                  | 140                           | 20,190                     | 11,260              | 31,450           |
| 2002 | 19,800                  | 140                           | 20,190                     | 11,260              | 31,450           |
| 2003 | 19,800                  | 140                           | 20,190                     | 11,260              | 31,450           |
| 2004 | 17,440                  | 2000                          | 19,440                     | 12,960              | 32,400           |

Source: FAA Terminal Area Forecasts Summary Report, FAA Airport Master Records (Form 5010), and airport personnel.

In looking at growth forecasts for operations activities, the Master Plan assumes that future airport activity should mirror aviation related influences in the nation. It also recognizes an assumption that there are no identified significant local influences that are expected to negatively or positively impact the amount of aviation activity at the airport. The table below from the Master Plan shows the forecast for local and itinerant (take off at one airport and land at another) operations through 2025.

**SUMMARY OF LOCAL AND ITINERANT OPERATIONS FORECAST, 2004-2025**

| Year | Local          | Itinerant      | Total         |
|------|----------------|----------------|---------------|
| 2004 | 12,960 (40.0%) | 19,440 (60.0%) | 32,400 (100%) |
| 2010 | 13,553 (39.0%) | 21,198 (61.0%) | 34,751 (100%) |
| 2015 | 14,003 (38.0%) | 22,848 (62.0%) | 36,851 (100%) |
| 2020 | 14,461 (37.0%) | 24,623 (63.0%) | 39,084 (100%) |
| 2025 | 14,926 (36.0%) | 26,535 (64.0%) | 41,461 (100%) |

Source: BARNARD DUNKELBERG & COMPANY.

Recent improvements to the airport include the construction of six helicopter pads, rehabilitation of Taxiway B, and replacement of the airfield emergency standby generator in 2009.

The District's 2010-2014 Capital Improvement Plan includes rehabilitation of the west and east sections of the south parallel taxiway, purchase of Big Bear City Park, extension of the north parallel taxiway 2000 feet west, fog seal of ramps and runways, and rerouting of highways. According to the CIP, the total costs of the projects are estimated to be \$7,820,000. Of this amount, \$7,429,000 would be paid from federal funds; \$185,725 from state funds; and \$205,275 from local funds. Specifically for the purchase of the Big Bear City Park, located east of the airport, the acquisition of this parcel is intended to serve the

dual purpose of acquiring Runway Protection Zone land and relocating Greenway Drive to meet Runway Safety Area (RSA) and Runway Object Free Area (ROFA) standards.

Additionally, the Department of the Navy is currently proposing to expand the boundaries of the Twentynine Palms Marine Corps Air Ground Combat Center to include an expansion westward toward Bear Valley. Of the six alternatives for expansion, Alternative 1 has a potential for impact on the airport as stated in the Draft Environmental Impact Statement in that the initial approach/holding for runway 26 is within the proposed expansion area of the western military operating area boundary. However, Alternative 6 (Marine Corps Preferred Alternative) states that the increased distance between the Big Bear airport and the western boundary of the proposed military operating area would reduce the potential effects of this alternative on the instrument approaches for this airport.<sup>38</sup>

The Big Bear Valley Recreation and Park District (“Park District”) owns parkland at the eastern edge of the runway within the airport’s runway protection zone. Given this circumstance, the Park District has plans to construct a new park, called Paradise Park. This park would be a 5.48 acre park at the east end of the valley on land that is owned by the Big Bear City Community Services District (“CSD”). Future ownership of the lands located in the runaway protection zone is not yet certain; however, the lands will be free of park use and available for full utilization as part of the runaway protection zone.

**III. Financial ability of agencies to provide services.**

For this report, staff has reviewed the District’s budgets and audits, and State Controller reports for special districts, and County filing records.

**Net Assets and Fund Balances**

In reviewing the financial documents, the District has been operating with an annual positive change in net assets since at least FY 2005-06, as shown on the chart below. As of June 30, 2010, the District had \$24.5 million in net assets. The largest portion of the District’s net assets, \$20,674,595 is invested in capital assets (land, improvements, equipment, and construction-in progress). Capital asset balances are trending upward due to construction-in-progress of runway, taxiway, and ramp during the 2008 to 2010 fiscal years. The District uses its capital assets to provide hangar space, taxiways, runways, and equipment to maintain these facilities for airport users. Not including capital assets value and debt, the District had roughly \$3.8 million in unrestricted net assets.

|  | 2005-06             | 2006-07             | 2007-08             | 2008-09             | 2009-10             |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Net Assets</b>                                |                     |                     |                     |                     |                     |
| Invested in capital assets – net of related debt | 16,150,531          | 17,863,784          | 18,737,532          | 19,249,330          | 20,674,595          |
| Unrestricted                                     | 1,869,370           | 2,981,905           | 3,701,102           | 4,395,846           | 3,809,336           |
| <b>Total Net Assets</b>                          | <b>\$18,019,901</b> | <b>\$20,845,689</b> | <b>\$22,438,634</b> | <b>\$23,645,176</b> | <b>\$24,483,931</b> |

<sup>38</sup> Department of the Navy. Draft Environmental Impact Statement, *Land Acquisition and Airspace Establishment To Support Large-Scale MAGTF Live-Fire and Maneuver Training at the Marine Corps Air Ground Combat Center, Twentynine Palms, CA*. February 2011.

### Revenues and Expenditures

A condition of the removal of airport powers of County Service Area (“CSA”) 53 and the formation of the Airport District included the transfer of the ad valorem taxes received by CSA 53 for airport service to the Airport District.

The chart below, taken from the FY 2009-10 financial statements, shows the revenue and expenditure categories with respective amounts. The primary source of revenue is the District’s share of the one percent ad valorem general levy (roughly 2.2% share of the general levy) and rental income. Additional revenue sources include fuel sales and sale of miscellaneous items. The majority of expenses include salaries and benefits and insurance. Non-FAA funded capital improvements can make up a significant portion of expenditures; however, this expense fluctuates annually. The chart identifies that Salaries and Employee Benefits increased 36% to \$616,646. The District states that most of the increase is due to an increase in health benefit costs as well a temporary manager employed for six months.

|  | 2010               | 2009             |
|--|--------------------|------------------|
| Operating revenues:                                  |                    |                  |
| Facility and hangar rentals                          | \$ 437,913         | 446,554          |
| Fuel sales (net of cost of goods sold)               | 56,118             | 57,494           |
| Aircraft tiedown fees, parking, souvenirs, and other | 41,658             | 47,237           |
|  | <u>535,689</u>     | <u>551,285</u>   |
| Operating expenses:                                  |                    |                  |
| Salaries and employee benefits                       | 616,646            | 453,641          |
| Utilities and telephone                              | 118,690            | 103,176          |
| Office supplies and expenses                         | 144,360            | 108,439          |
| Insurance  | 51,314             | 48,526           |
| Repairs and maintenance                              | 69,433             | 85,114           |
| Outside professional services                        | 117,128            | 170,480          |
| Board expenses and directors fees                    | 18,129             | 28,658           |
| Total operating expenses                             | <u>1,135,700</u>   | <u>998,034</u>   |
| Operating loss before depreciation                   | (600,011)          | (446,749)        |
| Depreciation   | 609,789            | 541,467          |
| Operating loss                                       | <u>(1,209,800)</u> | <u>(988,216)</u> |
| Nonoperating revenues and (expenses):                |                    |                  |
| Property taxes                                       | 1,188,081          | 1,238,004        |
| Interest income (expense), net                       | 22,768             | 77,673           |
| Other revenue (expense), net                         | 37,218             | 10,142           |
| Total nonoperating revenues                          | <u>1,248,067</u>   | <u>1,325,819</u> |
| Change in net assets before capital contributions    | <u>38,267</u>      | <u>337,603</u>   |
| Capital contributions:                               |                    |                  |
| Federal grants                                       | 730,964            | 847,745          |
| State grants   | 19,524             | 21,194           |
| Total capital contributions                          | <u>800,488</u>     | <u>868,939</u>   |

### Long-Term Debt

As of June 30, 2010, the District has no long-term debt.

### Other Information

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 the District include at least one year's worth of actual financial data in its budgets.



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 county auditor within 12 months of the end of the fiscal year. According to records from the County Auditor it has not received the Airport District audits for FY 2008-09 and FY 2009-10. LAFCO staff recommends that the District provide the County Auditor with its audits, as required by State Law.

The District contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement, disability benefits, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. A review of the financial statements identifies that the District has a zero net pension obligation.

Additionally, the District provides an annual Other Post Employment Benefit (OPEB) to eligible retirees and their spouses by providing lifetime healthcare insurance benefits. The District's 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 period not to exceed thirty years. The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2010 and the two preceding years are as follows:

| <u>Fiscal<br/>Year<br/>Ended</u> | <u>Annual<br/>OPEB Cost</u> | <u>Percentage of<br/>Annual OPEB<br/>Cost<br/>Contributed</u> | <u>Net<br/>OPEB<br/>Obligation</u> |
|----------------------------------|-----------------------------|---|------------------------------------|
| June 30, 2010                    | \$ 51,395                   | 45.2%   | \$ 28,173                          |
| June 30, 2009                    | n/a                         | n/a   | n/a                                |
| June 30, 2008                    | n/a                         | n/a   | n/a                                |

As of June 30, 2010, the actuarial accrued liability for benefits was \$956,801, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$312,105, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 306.6 percent.

**IV. Status of, and opportunities for, shared facilities.**

Since April 2011, the airport terminal facility has been divided into four sections. One section (pilot's lounge, administrative offices, café, and local radio station) is owned by the District. The other three parts of the building are owned by a corporation which leases the offices and restaurants to various parties. The District retains ownership of all property beneath the terminal building and has a long term lease with the corporation.

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

**Local Government Structure and Community Service Needs**

The District is an independent special district governed by a five-member board of directors. Members are either elected at the November consolidated election in even numbered years or are appointed in-lieu of election by the County Board of Supervisors to four-year staggered terms. According to records of the County Registrar of Voters, the last election held for the District was at the November 2008 general election. For this election, there were 7,351 registered voters with an 81% turnout. The current board, positions, and terms of office are shown below:

| <b>Board Member</b> | <b>Title</b>   | <b>Term</b> |
|---------------------|----------------|-------------|
| Julie Smith         | President      | 2012        |
| Gary Steube         | Vice President | 2014        |
| Steven Baker        | Member         | 2014        |
| Gloria Greene       | Member         | 2012        |
| Chuck Knight        | Member         | 2012        |

Regular Board Meetings are scheduled the second Wednesday of each month in the airport terminal building, located at 501 West Valley Blvd, in Big Bear City. The District maintains a website ([www.bigbearcityairport.com](http://www.bigbearcityairport.com)).

**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:*

The District does not directly provide services outside of its boundary. However, it is a public airport that is open 24 hours a day and receives traffic from outside of the District.

*Government Structure Options:*

While the discussion of some government structure options may be theoretical, a service review should address possible options. On the basis of the unique operation of this entity the only option would be the dissolution of the agency with a determination that the County be the successor to the operations. In this action the County’s Department of Airports would succeed to operation of the airport and it would become a part of the County’s airport enterprise fund. There has been no expressed support for this option by the Airport District, County Department of Airports, or County Executive Office staff.

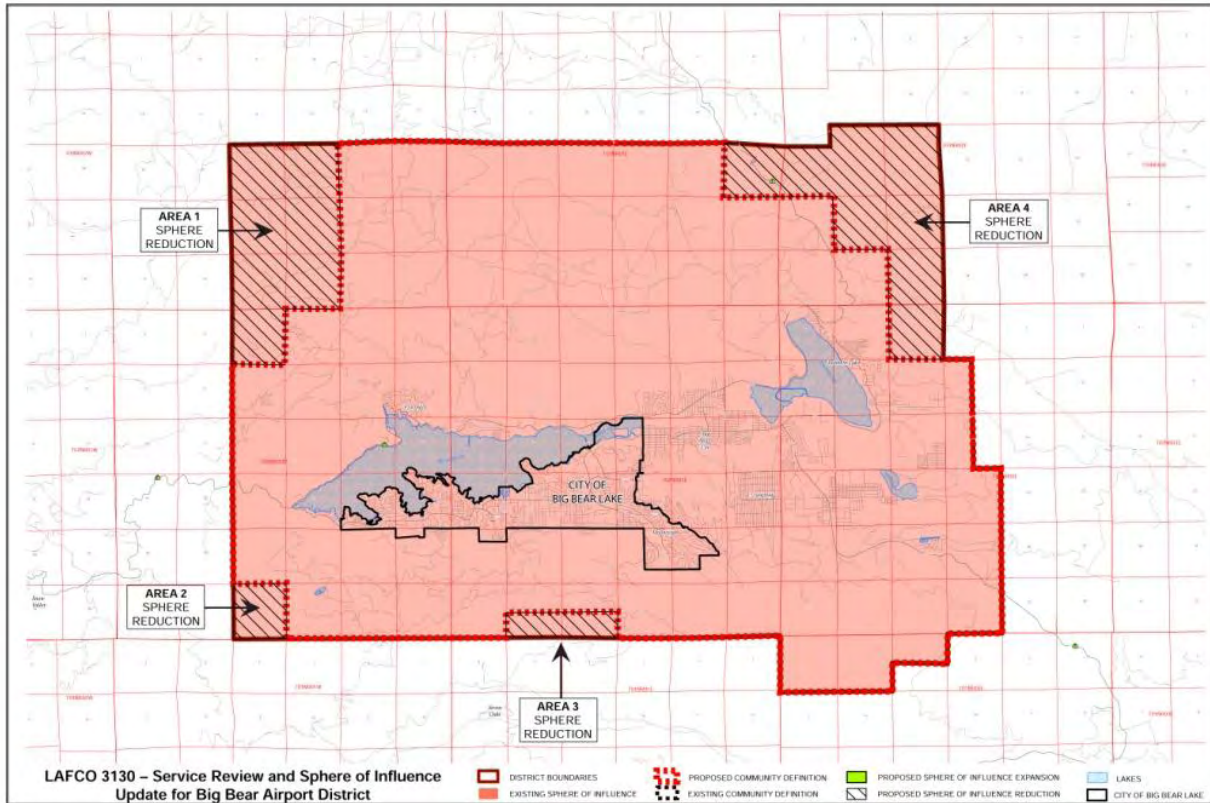
Therefore, maintenance of the status quo is supported by LAFCO staff. The Big Bear Airport is the sole public airport for the entire Mountain region. Its existence contributes to the accessibility of the Mountain region, and at this time there is no expressed interest in a change of structure for the Airport District.

## ***BIG BEAR AIRPORT DISTRICT SPHERE OF INFLUENCE UPDATE***

### Sphere of Influence

In 1983, the Commission established the sphere of influence for the Big Bear Airport District as being coterminous with its boundaries. Since that time, there have been no change to the District's sphere or boundary. As discussed in the "Community Discussion" section of this report, staff is recommending the following sphere of influence amendments:

- Reduce the District's existing sphere by approximately 4,480 acres (Area 1) to exclude the northwestern sphere area outside the redefined Bear Valley community;
- Reduce the District's existing sphere by approximately 640 acres (Area 2) to exclude the southwestern sphere area outside the redefined Bear Valley community;
- Reduce the District's existing sphere by approximately 640 acres (Area 3) to exclude the southern sphere area outside the redefined Bear Valley community; and,
- Reduce the District's existing sphere by approximately 5,340 acres (Area 4) to exclude a section along the northeastern sphere area outside the redefined Bear Valley community.



**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)). Neither LAFCO staff nor the District recommends any changes to the service description for the District, as shown below:

| <b>FUNCTION</b> | <b>SERVICE</b>             |
|-----------------|----------------------------|
| Airport         | Operations and maintenance |

**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 responses to those factors are as follows:

**I. Present and Planned Uses**

The Big Bear Airport District’s boundary and/or current sphere of influence correspond to the current LAFCO defined Bear Valley community, which includes the City of Big Bear

Lake and the unincorporated communities of Big Bear City, Fawnskin, Baldwin Lake, Erwin Lake and Lake Williams. Within the unincorporated County area, the County's General Plan designates approximately 79% as Resource Conservation, 6% as Single Residential (RS, RS-10M, RS-20M, and RS-1), 4% as Rural Living (RL, RL-5, RL-10, RL-20, and RL-40), 5% as Floodway (lake areas), 1% is a mix of generally commercial, industrial, and institutional land uses, and the remainder 5% is entirely within the City.

Within the City's territory, the City's General Plan assigns the following land uses – 60% as Single-Family Residential, 9% as Multiple Family Residential, 18% as Commercial and/or Industrial, 4% Public Facilities, and 9% Open Space.

The Big Bear Airport District's proposed sphere reductions, Areas 1 to 4, currently have limited development potential since these are all forest lands owned by the Federal government.

## **II. Present and Probable Need for Public Facilities and Services**

The Big Bear City Airport is open to the general public and general aviation 24 hours a day and is part of the FAA's National Plan of Integrated Airport Systems. Although the airport does not service commercial passenger activity, services provided at the airport include general aviation, aircraft charter and sales, flight school, sightseeing flights, and aircraft maintenance services. The airport provides varying classes of service including business, flight training, air charters for medical services, transport of mail and business documents, law enforcement, fire, rescue services, and recreation.

The airport does not presently have an Aircraft Rescue and Fire Fighting facility on the field; however, fire protection services for the Airport are provided by the Big Bear City Fire Station No. 291, located approximately three blocks south of the east end of the Airport.

The District's 2010-2014 Capital Improvement Plan includes rehabilitation of the west and east sections of the south parallel taxiway, purchase of Big Bear City Park, extension of the north parallel taxiway 2000 feet west, fog seal of ramps and runways, and rerouting of highways.

## **III. Present Capacity of Public Facilities and Adequacy of Public Services**

The Airport District's facilities and services are currently adequate.

The airport has four fixed based operators on the field. The airport is the only fuel provider on site. The airport has approximately 141 hangars in 31 separate buildings, and there is a waiting list for hangars. The airport provides 104 paved aircraft tiedowns, which are adequate for transient and permanent requirements. The airport has one maintenance building that is 7,200 square feet. The existing ground access and parking facilities are considered adequate.

The Big Bear City Airport 2005 Master Plan (copy included in Attachment #9) has been approved by the District board and the Federal Aviation Administration and has replaced the 1992 Airport Comprehensive Land Use Plan.

#### **IV. Social and Economic Communities of Interest**

The social communities of interest include the City of Big Bear Lake and the unincorporated communities of Big Bear City, Fawnskin, and the communities around Baldwin Lake, Erwin Lake, and Lake Williams.

The District does not directly provide services outside of its boundary. However, it is a public airport that is open 24 hours a day and receives traffic from outside of the District.

#### **CONCLUSION:**

Staff is recommending that the Commission make the following sphere determinations for the Big Bear Airport District:

1. Reduce the Airport District's existing sphere by approximately 4,480 acres (Area 1) to exclude the northwestern sphere area outside the redefined Bear Valley community;
2. Reduce the Airport District's existing sphere by approximately 640 acres (Area 2) to exclude the southwestern sphere area outside the redefined Bear Valley community;
3. Reduce the Airport District's existing sphere by approximately 640 acres (Area 3) to exclude the southern sphere area outside the redefined Bear Valley community;
4. Reduce the Airport District's existing sphere by approximately 5,340 acres (Area 4) to exclude a section along the northeastern sphere area outside the redefined Bear Valley community; and,
5. Affirm the functions and related service descriptions for the Airport District.

## **BIG BEAR AREA REGIONAL WASTEWATER AGENCY Service Review**

### **INTRODUCTION:**

The Big Bear Area Regional Wastewater Agency (“BBARWA” or “Agency”) is a joint powers authority formed in 1974 under Section 6500 et seq. of California Government Code for the purposes of planning and constructing sewer improvements to serve the member entities' service areas, obtaining State and Federal Clean Water grants, financing the local share of project costs, and operating the regional facilities. The member agencies are the Big Bear City Community Services District (“CSD”), the City of Big Bear Lake, and the County of San Bernardino on behalf of San Bernardino County Service Area 53 (CSA 53) Zone B.

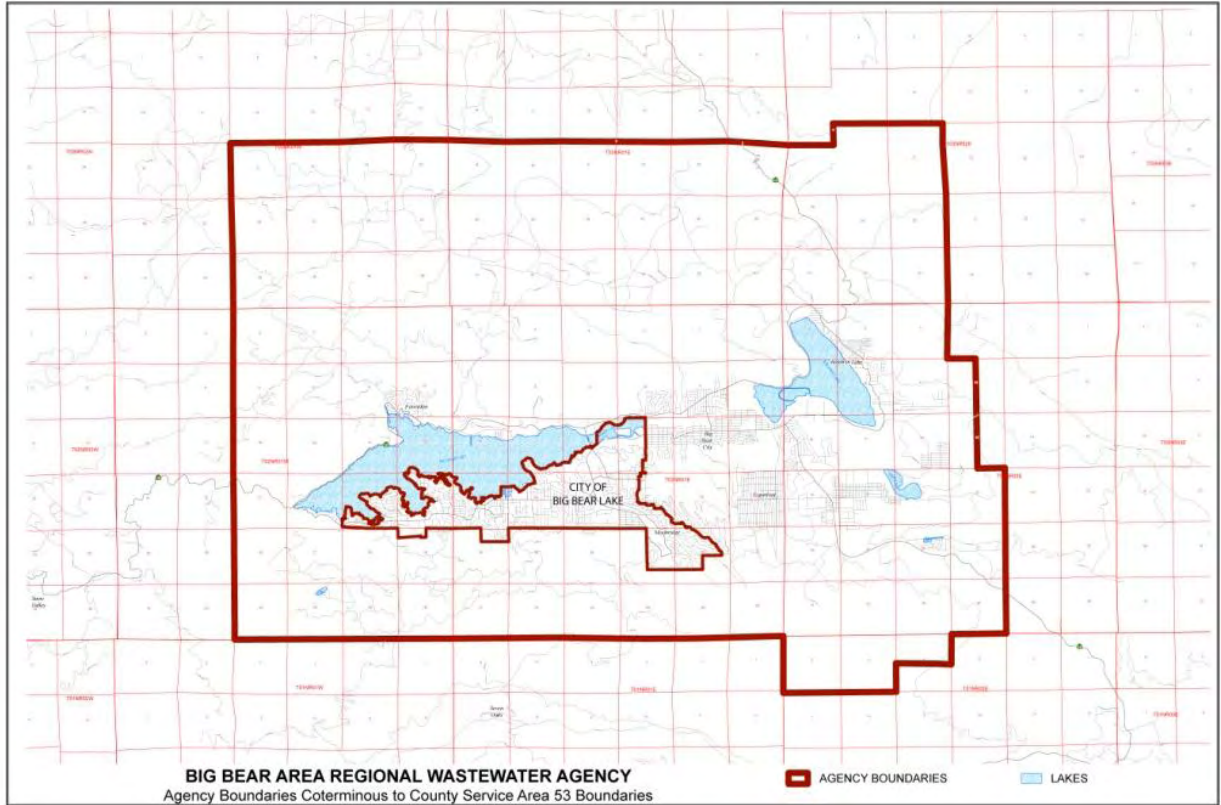
Each member agency maintains and operates its own wastewater collection system and delivers wastewater to BBARWA's interceptor system for transport to the wastewater treatment plant. The purpose of the plant is to treat sewage flows from the member agencies and to accept septic waste from residents and businesses, which are not served by a collection system. The treatment plant currently operates at about 2.5 million gallons per day. The treated effluent is discharged to farm lands in Lucerne Valley and the sludge is collected, dewatered, and hauled to disposal facilities off the mountain.

Whereas the member agencies fall under LAFCO purview for a service review and sphere of influence update, BBARWA is not under LAFCO purview. Therefore, only information related to a service review is provided for this report.

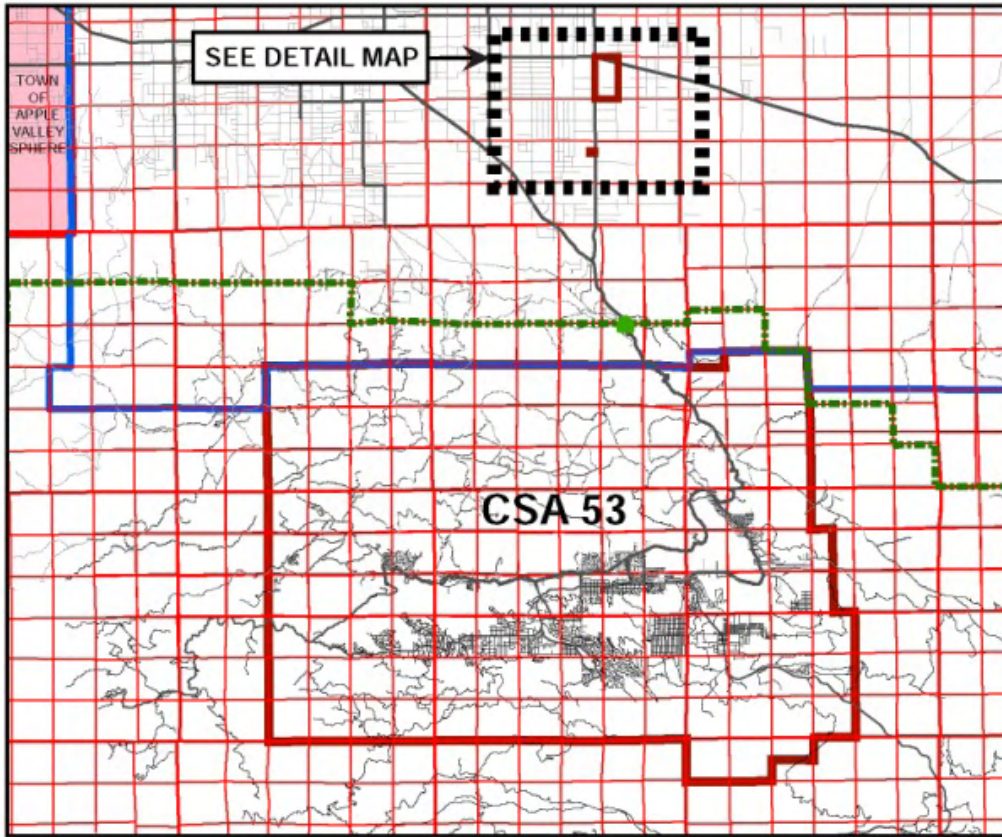
### **BOUNDARIES AND ACTIVE SERVICE AREA:**

#### **Jurisdictional Boundaries**

As stated in the joint powers agreement forming BBARWA, its boundaries shall be coterminous with the [exterior] boundaries of CSA 53. The boundaries of CSA 53 (approximately 125 square miles) generally encompasses the Bear Valley community and includes the City of Big Bear Lake, Big Bear Lake itself, and the unincorporated communities of Big Bear City, Fawnskin, Sugarloaf, Moonridge, Baldwin Lake and Erwin Lake. Additionally, in 1980 CSA 53 annexed territory in Lucerne Valley that was intended for use in conjunction with the BBARWA outfall line. Therefore, the boundaries of BBARWA include the area in Lucerne Valley as well. Maps of BBARWA's boundaries area shown below and are included as a part of Attachment #10.







**BBARWA BOUNDARIES IN LUCERNE VALLEY**  
CSA 53 NON-CONTIGUOUS DISTRICT BOUNDARIES WITHIN LUCERNE VALLEY, CA

Active Service Area

BBARWA’s active service area is different than its jurisdictional boundaries. As stated above, its boundaries are coterminous with the [exterior] boundaries of CSA 53. However, the active service area is the area that is actively being served sewer collection by its member agencies. A map of BBARWA’s active service area (shaded areas) is shown below and included as a part of Attachment #10. The boundaries shown on this map are defined as the exterior boundary of the City of Big Bear Lake, CSA 53 Zone B and the CSD. However, the boundary for the CSD is not accurately depicted, since it does not show the annexation completed in 1996 (LAFCO 2800). LAFCO staff recommends that BBARWA update this map to accurately show the limits for sewer service which will alter the area identified as “potential future service area”.

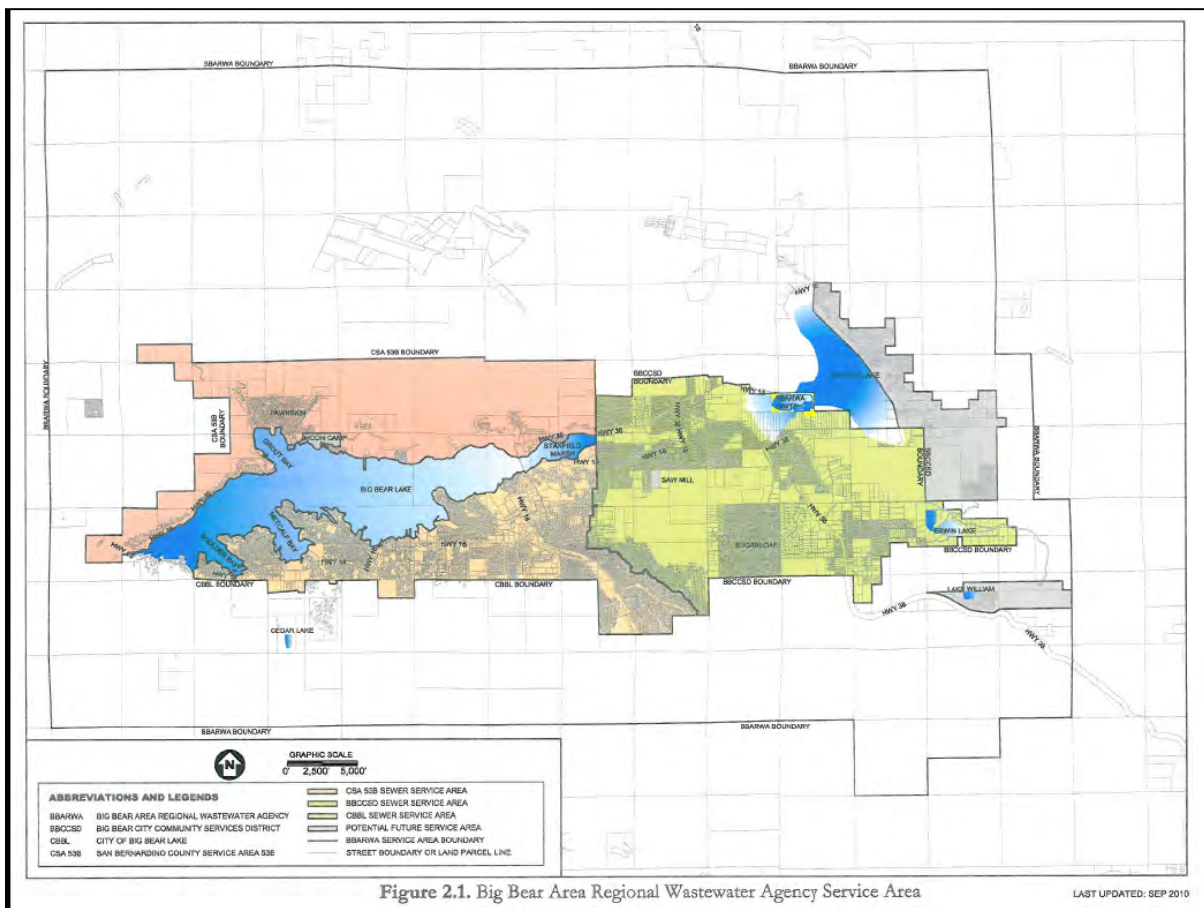


Figure 2.1. Big Bear Area Regional Wastewater Agency Service Area

LAST UPDATED: SEP 2010

**BBARWA  
SERVICE REVIEW**

At the request of LAFCO staff, BBARWA responded to LAFCO’s request for materials which includes, but is not limited to financial documents and master plan (included as Attachment #10). LAFCO staff responses to the mandatory factors for consideration for a service

review (as required by Government Code 56430) are identified below and incorporate BBARWA's supporting materials.

### **I. Growth and population projections for the affected area.**

BBARWA's active service area is that of the service area of its member agencies. For BBARWA's land use and growth and population projections, please see the Big Bear Municipal Water District ("MWD") service review, previously in this report.

Additionally, BBARWA states that currently there is an estimated population of over 61,575 on a full-and part-time basis and approximately 24,528 equivalent dwelling units (EDUs). It is estimated that 38% of residential EDUs are occupied full-time. Higher full-time residency due to the conversion of part-time residents to full-time residents is possible in the future and should be considered; however, full-time residency rates higher than 50% are unlikely to occur by 2030.

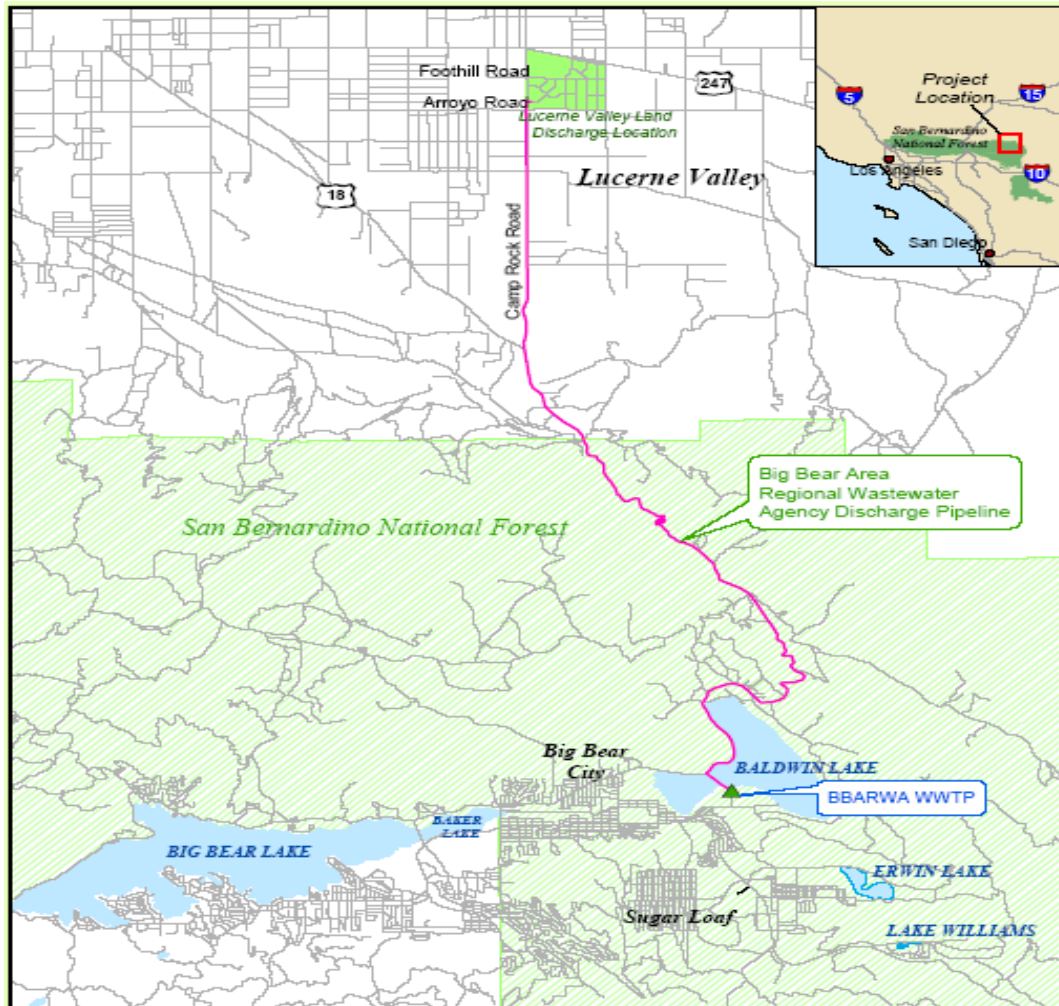
BBARWA has identified possible future service areas to include the Baldwin Lake area, Lake Williams area, remainder of Moon Camp, and Saw Mill and will add a maximum of 2,609 residential EDUs to BBARWA's service and contribute approximately 173 million gallons per year of wastewater flow to the treatment plant under build-out conditions and 100% full-time residency rate. This projection is not included in the total projected flow of the existing service area.

### **II. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.**

For this section of the service review, staff referenced BBARWA's agreements with other agencies, 2000 Long Range Facilities Plan, 2006 Final EIR for Recycled Water Master Plan, 2010 Sewer Master Plan, 2011 Sewer Rate Study, FY 2010-11 budget, and regional water quality control board permits and orders.

#### **Facilities**

Facilities include a 4.8 million gallon-per-day sewage treatment plant, interceptors, outfall line and disposal site. An illustration provided by BBARWA showing its facilities is provided below.



### *Inflow and Treatment*

BBARWA operates three main lines: Lake Pump Station (LPS) force main that services the City of Big Bear Lake's wastewater system, North Shore Interceptor that services the County's wastewater system, and the trunk line that services the CSD's wastewater system and conveys flow from the North Shore Interceptor to the wastewater treatment plant.

BBARWA's treatment plant is located in the Baldwin Lake area, on a 93.5 acre parcel. The plant occupies about 11.2 acres, leaving 82.3 acres for storage ponds and an evaporation lake (80 acres). BBARWA's treatment plant consists of a headwork, three oxidation ditches, three clarifiers, two load equalization basins, one horseshoe secondary effluent balancing pond, one sludge treatment system, and one 10-million-gallon emergency storage pond. The plant has a peak hydraulic capacity of 9.1 million gallons a day (mgd) and a secondary wastewater treatment capacity of 4.89 mgd. The plant's current annual sewer flow is approximately 2.5 million gallons per day (mgd) including 1.4 mgd of base flow, 0.70 mgd of other sanitary flows (generated by visitor, part time residential and commercial activities), and 0.4 mgd of infiltration/inflow. The treatment facilities operate



under permit from the California Regional Water Quality Control Board, Santa Ana Region, Order No. R8-2005-0044.

BBARWA currently uses dissolved air flotation to increase the solids concentration in the mixture that is extracted from the secondary clarifiers. The sludge is then dewatered with a belt press and dried in asphalt-lined drying beds. The dried solids are hauled away to disposal sites off the mountain. BBARWA also utilizes a Cannibal Solids Reduction Process to significantly reduce sludge production.

### *Disposal*

The secondary treated effluent is pumped to a 480-acre site in Lucerne Valley for irrigation of fodder and fiber crops under permit from the California Regional Water Quality Control Board, Colorado River Basin, Order No. 01-156. The outfall lines are composed of approximately 58,500 linear feet (11 miles) of 12- to 18-inch pipelines. The system also includes an effluent disposal reservoir and a disposal pond. The disposal site is leased to an independent contractor. BBARWA is permitted to discharge treated wastewater for irrigation, construction compaction/dust control, and wildland firefighting in the Big Bear area.

In order to transport the treated effluent via the outfall line to the disposal site in Lucerne Valley, in 1978 the U.S. Forest Service issued BBARWA a special use permit for the effluent to cross National Forest lands. Treated effluent delivery began in 1980 and according to BBARWA approximately 2.5 mgd is delivered daily.

A review of regional water quality control board website does not identify that BBARWA has received any orders or actions against the agency or the treatment plant.

### Customers and Connections

As shown on the figure below, the average annual change in EDUs (Equivalent Dwelling Units) has been 1.0% over the last 10 years. This slow growth correlates to the population figures identified previously. The service areas of the City of Big Bear Lake and the CSD comprise the majority of the EDUs.

## EDUs Reported by Member Agencies

| Calendar Year | County Service Area   |                   |               | Total  | Change |
|---------------|-----------------------|-------------------|---------------|--------|--------|
|               | City of Big Bear Lake | Big Bear City CSD | 53B (CSA 53B) |        |        |
| 12/31/99      | 10,488                | 10,710            | 1,037         | 22,235 | 94     |
| 12/31/00      | 10,539                | 10,752            | 1,044         | 22,335 | 100    |
| 12/31/01      | 10,786                | 10,798            | 1,050         | 22,634 | 299    |
| 12/31/02      | 10,842                | 10,887            | 1,102         | 22,831 | 197    |
| 12/31/03      | 10,984                | 11,018            | 1,196         | 23,198 | 367    |
| 12/31/04      | 11,157                | 11,143            | 1,199         | 23,499 | 301    |
| 12/31/05      | 11,212                | 11,367            | 1,212         | 23,791 | 292    |
| 12/31/06      | 11,281                | 11,568            | 1,225         | 24,074 | 283    |
| 12/31/07      | 11,411                | 11,716            | 1,234         | 24,361 | 287    |
| 12/31/08      | 11,523                | 11,853            | 1,250         | 24,626 | 265    |
| 12/31/09      | 11,489                | 11,855            | 1,253         | 24,597 | -28    |

The 2010 Master Plan assumes that the average annual increase rate of residential EDUs in BBARWA's service area is approximately 0.8% over the next 20 years. This rate of growth is based on long-term historical average and is consistent with growth rates forecast by other agencies in the Big Bear area. Therefore, based on the slow population growth of the region, BBARWA's capital investment patterns have been concentrated on process improvement and efficiencies rather than capacity expansion. The figure below shows the projected residential EDUs through 2020.

**Table 3.3. Projected Residential EDUs at BBARWA for Study Purposes**

| <b>Year</b> | <b>EDUs</b> | <b>EDUs<br/>Increment</b> | <b>Year</b> | <b>EDUs</b> | <b>EDUs<br/>Increment</b> |
|-------------|-------------|---------------------------|-------------|-------------|---------------------------|
| 2010        | 20,310      | 50                        | 2021        | 21,985      | 200                       |
| 2011        | 20,360      | 80                        | 2022        | 22,185      | 200                       |
| 2012        | 20,440      | 110                       | 2023        | 22,385      | 200                       |
| 2013        | 20,550      | 135                       | 2024        | 22,585      | 200                       |
| 2014        | 20,685      | 160                       | 2025        | 22,785      | 200                       |
| 2015        | 20,845      | 180                       | 2026        | 22,985      | 200                       |
| 2016        | 21,025      | 180                       | 2027        | 23,185      | 200                       |
| 2017        | 21,205      | 180                       | 2028        | 23,385      | 200                       |
| 2018        | 21,385      | 200                       | 2029        | 23,585      | 200                       |
| 2019        | 21,585      | 200                       | 2030        | 23,785      | 200                       |
| 2020        | 21,785      | 200                       |             |             |                           |

Capital Improvement Plan

Considering existing conditions (38% full time residency) or increased growth conditions to 50%, according to the Master Plan, the capacities of BBARWA’s facilities are adequate (including appropriate use of the emergency storage), except the following:

- Lake Pump Station (“LPS”) has inadequate hydraulic capacity to deliver or store the projected maximum day flows. BBARWA needs to consider expanding the pumping capacity of LPS to 8.0 mgd in the future.
- The treatment plants hydraulic capacity for average day flow is 3.04 mgd and is bottlenecked by the hydraulic capacity of the existing clarifiers. The treatment plant’s hydraulic capacity is inadequate for the projected flows. BBARWA needs to construct a new clarifier (9,250 sq ft) to expand the treatment plants hydraulic capacity to 4.89 mgd.
- The North Shore Interceptor gravity main upgrade is suggested for carrying projected peak flows. For dry weather flow, assuming a 38% and 50% full-time residency rate, the recommended parallel pipeline installation is 868 feet and 1,628 feet, respectively. For wet weather flow with 100% historical peak infiltration and inflow, assuming a 38% and 50% full-time residency rate, the recommended parallel pipeline installation is 1,648 feet for both scenarios.

- The Trunk Line upgrade is suggested for carrying projected peak flows. For dry weather flow, assuming a 38% and 50% full-time residency rate, the recommended parallel pipeline installation is 4,125 feet and 6,183 feet, respectively. For wet weather flow with 100% historical peak infiltration and inflow, assuming a 38% and 50% full-time residency rate, the recommended parallel pipeline installation is 13,606 feet and 14,402 feet, respectively.

BBARWA's five-year capital improvement plan totals \$5.6 million and consists of two major infrastructure projects, small capital improvement projects and scheduled maintenance. In the FY 2010-11 Budget, capital expenditures are minimal at \$230,069 and consist primarily of scheduled maintenance. The interceptor improvements in FY 2010-11 (manhole cover replacement and sealing) are part of the agency's ongoing efforts and annual goals to minimize infiltration and inflow in the system. Future projects, which include the rebuild of two existing structures will be requested for appropriation based on design, cost and available funding. The figure below taken from the 2011 Rate Study, shows the anticipated costs and funding sources for each of the projects through 2016.

| <b>Table PD-4</b>   |                |                |                |                |                |                |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Summary of the Revised Capital Improvement Plan (\$000s)</b> |                |                |                |                |                |                |
| <b>Project Description</b>                                      | <b>FY 2011</b> | <b>FY 2012</b> | <b>FY 2013</b> | <b>FY 2014</b> | <b>FY 2015</b> | <b>FY 2016</b> |
| <b>Capital Improvement Projects</b>                             |                |                |                |                |                |                |
| Treatment Facility  | \$192          | \$900          | \$77           | \$25           | \$34           | \$428          |
| Interceptor System  | 142            | 978            | 993            | 356            | 250            | 250            |
| Effluent Disposal Assets  | 0              | 0              | 0              | 0              | 125            | 68             |
| Flow Measuring Devices  | 0              | 0              | 28             | 0              | 44             | 0              |
| Other Equipment   | 0              | 0              | 6              | 12             | 114            | 13             |
| Transportation Equipment  | 45             | 0              | 65             | 11             | 147            | 0              |
| Other Tangible Facilities                                       | 40             | 0              | 0              | 0              | 81             | 0              |
| <b>Total Capital Improvements</b>                               | <b>\$419</b>   | <b>\$1,878</b> | <b>\$1,169</b> | <b>\$404</b>   | <b>\$795</b>   | <b>\$759</b>   |
| Less: Funding Sources   |                |                |                |                |                |                |
| Capital and Replacement Fund                                    | \$236          | \$18           | \$191          | \$184          | \$583          | \$294          |
| Connection Fees   | 183            | 22             | 20             | 220            | 212            | 465            |
| Revenue Bonds   | 0              | 1,838          | 958            | 0              | 0              | 0              |
| <b>Total Outside Funding</b>                                    | <b>\$419</b>   | <b>\$1,878</b> | <b>\$1,169</b> | <b>\$404</b>   | <b>\$795</b>   | <b>\$759</b>   |
| <b>Excess/(Shortfall) Funding Sources</b>                       | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     |

### III. Financial ability of agencies to provide services.

For this report, staff has reviewed the District's budgets and audits, 2010 Connection Fee Analysis, and 2011 Sewer Rate Study.



Net Assets and Fund Balances

In reviewing the financial documents, BBARWA's assets exceeded its liabilities by \$16.2 million at the end of FY 2009-10, down \$230,132 from the prior year, as shown of the chart below. The decline in net assets for the past two fiscal years was primarily the result of insufficient operating income to cover non-operating expenses and low connection fee revenue. Not including capital assets value and liabilities, BBARWA had roughly \$4.7 million in unrestricted net assets.

| <b>Net Assets</b>                                | <b>2006-07</b>    | <b>2007-08</b>    | <b>2008-09</b>    | <b>2009-10</b>    |
|--|-------------------|-------------------|-------------------|-------------------|
| Invested in capital assets – net of related debt | 11,626,593        | 11,773,510        | 11,882,132        | 11,584,347        |
| Unrestricted                                     | 4,490,004         | 5,018,800         | 4,595,903         | 4,663,556         |
| <b>Total Net Assets</b>                          | <b>16,116,597</b> | <b>16,792,310</b> | <b>16,478,035</b> | <b>16,247,903</b> |

Considering net assets does not indicate if an agency has enough funds to operate short and long-term operations. In looking BBARWA's cash and cash equivalents, the total has decreased sharply from FY 2006-07. The decrease from FY 2006-07 is due to BBARWA funding capital improvements with cash and not financing (restricted cash & equivalents). However, cash and investments has increased since that time.

| <b>Cash &amp; cash equivalents</b>       | <b>2006-07</b>     | <b>2007-08</b>     | <b>2008-09</b>     | <b>2009-10</b>     |
|--|--------------------|--------------------|--------------------|--------------------|
| Cash & Investments                       | 4,572,020          | 5,498,464          | 4,900,940          | 4,950,105          |
| Restricted cash & investments            | 5,487,984          | 1,171,712          | 633,308            | 633,559            |
| Less investment agreement                | (464,000)          | (464,000)          | 0                  | 0                  |
| <b>Total cash &amp; cash equivalents</b> | <b>\$9,596,004</b> | <b>\$6,206,176</b> | <b>\$5,534,748</b> | <b>\$5,583,664</b> |

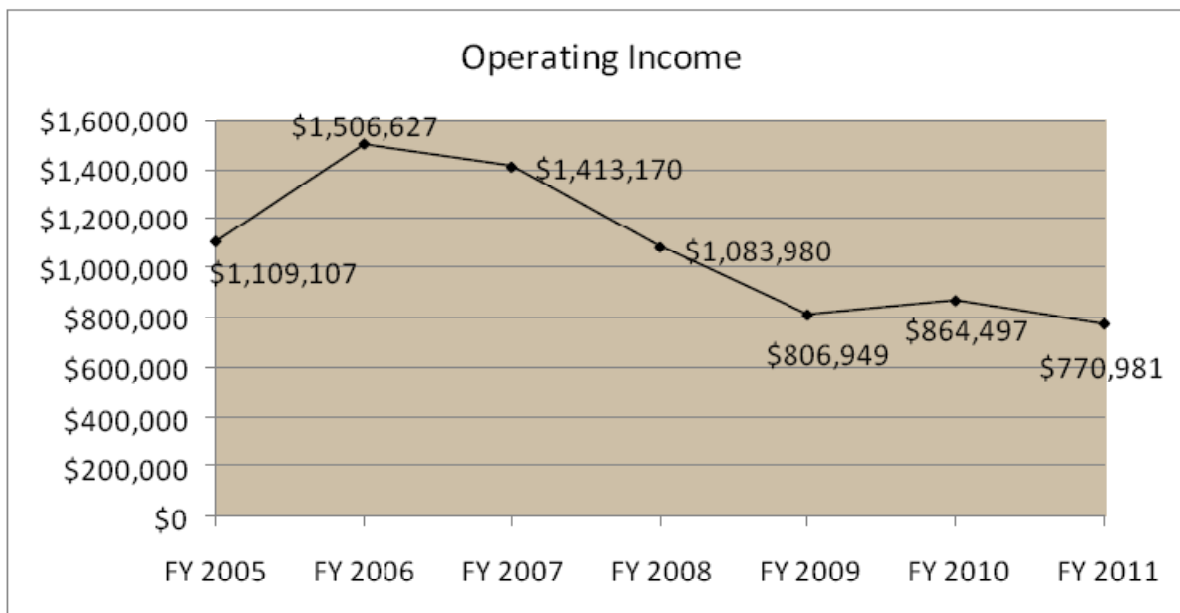
Revenues and Expenditures

BBARWA's revenue categories can be classified into three categories:

- Operating Revenue - Derived from BBARWA's primary operations and include annual charges (based on the user fee and number of EDUs in the system), standby fees (collected from undeveloped parcel owners to cover operating costs to maintain the system in a "ready" state), rental income (income from leased property), and waste disposal income (charge for waste disposal by outside parties at the treatment plant).
- Other Income - Includes other income such as interest income (earned on excess cash balances and reserves held with bond trustees), gains on asset disposal, and other miscellaneous non-operating income.

- Connection Fees - A one-time fee paid at the time of connection to the system and recovers a proportional share of capital costs incurred to provide service capacity for the new waste-water customers.

Operating revenues have been flat since FY 2006 (the last year of the last rate increase) primarily as a result of flat usage fees and to a lesser extent, declining connections beginning in FY 2006-07. The chart below, taken from the FY 2010-11 budget, shows that with flat revenues and increasing costs BBARWA's operating income (operating revenues minus operating expenditures) was reduced by almost half during this period. Operating revenues increased at an average annual rate of 0.5% since FY 2005-06. During this same period, operating expenses increased at an average annual rate of 9.3%. The increase was driven largely by legal and engineering costs, salaries and benefits, and repairs and maintenance expense offset in part by a reduction in sludge removal and utilities expense.



## Rates

In response to ongoing declining operating income, BBARWA commissioned a rate study. The results, conclusions, and recommendations of the draft rate study were presented to the Board on February 18, 2011. Based on the recommendations of the study, and the subsequent discussion of the Board, the following findings, conclusions, and recommendations include:

- Rate adjustments are necessary to fund the Agency's operating and capital costs over the next five-year period (FY 2012 – FY 2016).
- Given the level of the Agency's capital improvements, additional long-term borrowing is appropriate and will minimize the projected rate adjustments.

- Based upon Board policy direction, a five-year rate schedule has been developed which includes 6.0% annual rate adjustments in FY 2012 and FY 2013 followed by a 5.0% adjustment in FY 2014, and annual adjustments of 4.5% in FY 2015 and FY 2016.
- A flat annual charge combined with a volumetric charge (based on a three-year average of each member agency’s metered wastewater flow) is recommended to align the Agency’s rates with its operating and capital cost requirements.
- In 2015, the Agency should review the need for additional rate adjustments.
- Based on the five-year capital plan beginning in FY 2017, the Agency will have insufficient funds to finance these projects on a pay-as-you-go basis.

The annual flat charge or fixed charge component will allow the Agency to recover its fixed costs irrespective of flow. As a result, approximately 72% of the Agency’s revenue would be collected on a per EDU basis, with the remaining 28% collected on a volume basis. The following tables provide the present<sup>39</sup> and proposed rates for the City of Big Bear Lake, Big Bear City CSD, and CSA 53B customers.

| <b>Table PD-8<br/>Present Sewer Rates</b> |                                 |                                    |  |
|---|---------------------------------|------------------------------------|--|
|   | <b>FY 2011<br/>Present Rate</b> | <b>FY 2011<br/>Billed Revenues</b> | <b>Implicit<br/>Charge Per<br/>EDU</b> |
| <b>Annual Customer Charge</b>             |                                 |                                    |  |
| City of Big Bear Lake                     | \$173.76                        | \$2,264,634                        | \$197.11                               |
| Big Bear City CSD                         | 173.76                          | \$1,832,198                        | \$154.55                               |
| CSA 53B                                   | 173.76                          | \$177,212                          | \$141.43                               |

<sup>39</sup> The present rate is comprised of an annual flat rate per EDU. This amount multiplied by the total EDUs reported by the member agencies establishes the total amount to be collected. This base amount is then pro-rated among the member agencies based on the actual metered volumes. This results in an implicit rate that is 100% volumetric.

| <b>Table PD-9<br/>Summary of the Revised Proposed Sewer Rates</b> |                             |                             |                             |                             |                             |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|   | <b>Proposed<br/>FY 2012</b> | <b>Proposed<br/>FY 2013</b> | <b>Proposed<br/>FY 2014</b> | <b>Proposed<br/>FY 2015</b> | <b>Proposed<br/>FY 2016</b> |
| <b>Annual Charge per EDU Billed Amount</b>                        | \$184.19                    | \$195.24                    | \$205.00                    | \$214.22                    | \$223.86                    |
| <b>Annual EDU Charge</b>  |                             |                             |                             |                             |                             |
| City of Big Bear Lake   | \$130.00                    | \$140.00                    | \$145.00                    | \$155.00                    | \$160.00                    |
| Big Bear City CSD   | \$130.00                    | \$140.00                    | \$145.00                    | \$155.00                    | \$160.00                    |
| CSA 53B   | \$130.00                    | \$140.00                    | \$145.00                    | \$155.00                    | \$160.00                    |
| <b>Charge - \$/1,000 Gal</b>                                      |                             |                             |                             |                             |                             |
| City of Big Bear Lake   | \$1.69                      | \$1.73                      | \$1.87                      | \$1.85                      | \$1.99                      |
| Big Bear CSD  | \$1.69                      | \$1.73                      | \$1.87                      | \$1.85                      | \$1.99                      |
| CSA 53B   | \$1.69                      | \$1.73                      | \$1.87                      | \$1.85                      | \$1.99                      |
| <b>Total Billed Amount (a)</b>                                    |                             |                             |                             |                             |                             |
| City of Big Bear Lake   | \$2,201,388                 | \$2,335,967                 | \$2,455,089                 | \$2,565,135                 | \$2,684,810                 |
| Big Bear CSD  | \$2,113,688                 | \$2,247,754                 | \$2,356,471                 | \$2,470,631                 | \$2,579,712                 |
| CSA 53B   | \$218,266                   | \$232,299                   | \$243,348                   | \$255,456                   | \$266,540                   |
| <b>Implicit Annual Charge per EDU (a):</b>                        |                             |                             |                             |                             |                             |
| City of Big Bear Lake   | \$191.38                    | \$202.83                    | \$212.91                    | \$222.19                    | \$232.27                    |
| Big Bear CSD  | \$178.14                    | \$189.28                    | \$198.27                    | \$207.70                    | \$216.68                    |
| CSA 53B   | \$174.06                    | \$185.10                    | \$193.75                    | \$203.23                    | \$211.88                    |

(a) Based on the projected EDUs and three-year average volume by member agency.

### Long-Term Liabilities

BBARWA's long-term liabilities as of June 20, 2010 consisted of wastewater revenue bonds, municipal finance loan agreement, and compensated absences. The chart below, taken from the FY 2009-10 financial statements, summarizes the liabilities.

| A summary of long-term liabilities of the Agency at June 30, 2010 is as follows: |                              |                  |                  |                           |                                |                                |
|--|------------------------------|------------------|------------------|---------------------------|--------------------------------|--------------------------------|
|  | <u>Beginning<br/>Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>Ending<br/>Balance</u> | <u>Due Within<br/>One Year</u> | <u>Due Beyond<br/>One Year</u> |
| 1998 ABAG Water and<br>Wastewater Revenue Bonds                                  | \$1,655,000                  | -                | (135,000)        | 1,520,000                 | 140,000                        | 1,380,000                      |
| Less: Unamortized discount<br>and issuance cost                                  | <u>(62,678)</u>              | <u>-</u>         | <u>6,672</u>     | <u>(56,007)</u>           | <u>(6,672)</u>                 | <u>(49,335)</u>                |
| Subtotal   | <u>1,592,322</u>             | <u>-</u>         | <u>(128,328)</u> | <u>1,463,993</u>          | <u>133,328</u>                 | <u>1,330,665</u>               |
| Municipal Finance<br>Loan Agreement  | 4,715,985                    | -                | (182,892)        | 4,533,093                 | 191,121                        | 4,341,972                      |
| Less: Unamortized discount<br>and issuance costs                                 | <u>(38,500)</u>              | <u>-</u>         | <u>2,200</u>     | <u>(36,300)</u>           | <u>(2,200)</u>                 | <u>(34,100)</u>                |
| Subtotal   | <u>4,677,485</u>             | <u>-</u>         | <u>(180,692)</u> | <u>4,496,793</u>          | <u>188,921</u>                 | <u>4,307,872</u>               |
| Compensated absences   | <u>280,344</u>               | <u>168,757</u>   | <u>(150,516)</u> | <u>298,585</u>            | <u>160,309</u>                 | <u>138,276</u>                 |
| <b>Total</b>   | <u>\$6,550,151</u>           | <u>168,757</u>   | <u>(459,536)</u> | <u>6,259,371</u>          | <u>482,558</u>                 | <u>5,776,813</u>               |

**Pension and Other Postemployment Benefits**

BBARWA contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement, disability benefits, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. A review of the financial statements identifies that BBARWA has a zero net pension obligation.

Additionally, BBARWA provides an annual Other Post Employment Benefit (OPEB) to eligible retirees and their spouses by providing healthcare insurance benefits. BBARWA prefunds its annual contribution requirement.<sup>40</sup> BBARWA's annual required contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2010 and the two preceding years are as follows:

| <b><u>Year Ended</u></b> | <b><u>Annual OPEB Cost</u></b> | <b><u>Annual OPEB Cost Contributed</u></b> | <b><u>OPEB Obligation</u></b> |
|--------------------------|--------------------------------|--|-------------------------------|
| 6/30/08                  | N / A                          | N / A                                      | N / A                         |
| 6/30/09                  | \$ 185,898                     | 100.0%                                     | \$0                           |
| 6/30/10                  | \$ 191,650                     | 100.0%                                     | \$0                           |

As of June 30, 2010, the actuarial accrued liability for benefits was \$1,806,937, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$922,834, and the ratio of the unfunded actuarial accrued liability to the covered payroll was zero percent.

**Other Information**

In FY 2010, for the second consecutive year, the Government Finance Officers Association presented the Agency with the Distinguished Budget Presentation Award.

In reviewing the 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.

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<sup>40</sup> The Board, in May 2009, established a policy to prefund its OPEB Liability in the amount of 100% of its Annual Required Contribution (as determined by an actuarial valuation) on or near June 30th of each year. The Agency will deposit its contribution into the California Employers' Retiree Benefit Trust Fund, a trust established for prefunding health care coverage for annuitants (retirees). This policy adopted by the Agency is an effort to ensure the sustainability of the Agency's post retirement benefits.

**IV. Status of, and opportunities for, shared facilities.**

BBARWA itself does not share facilities with other agencies. However, it does have a special use permit with the U.S. Forest Service for its outfall line to travel through forest lands. The BBARWA wastewater treatment plant is a shared facility by its three member agencies.

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

Local Government Structure and Community Service Needs

The constituency of BBARWA is both the member agencies and the residents and landowners within the member agencies. BBARWA is governed by a five-member board appointed annually by the governing bodies of its three member agencies. The CSD and the City of Big Bear Lake have two appointments and County of San Bernardino (on behalf of CSA 53 Zone B) has one. Currently, the board membership is composed of the following:

| <b>Board Member</b> | <b>Title</b> | <b>Representation</b> |
|---------------------|--------------|-----------------------|
| Rick Herrick        | Chair        | City of Big Bear Lake |
| Tom Brandau         | Vice Chair   | CSA 53B               |
| Liz Harris          | Secretary    | City of Big Bear Lake |
| Jeff Newsome        | Director     | CSD                   |
| Paul Terry          | Director     | CSD                   |

Presently, the facilities are being staffed with a General Manager, a Plant Superintendent, a Finance Manager, an Accounting/HR Technician, seven Operators (including one Senior Operator), two Lab Personnel (including one Senior Lab Analyst) and a Part-Time Administrative Clerk.

Regular Board Meetings are scheduled the fourth Wednesday of each month at 5 p.m. at the BBARWA office, in Big Bear City. The District maintains a website (bbarwa.org).

Government Structure Options

The State has published advisory guidelines for LAFCOs to address all of the substantive issues required by law for conducting a service review<sup>41</sup>. The Guidelines address 49 factors in identifying an agency's government structure options. Themes among the factors include but are not limited to: more logical service boundaries, elimination of overlapping boundaries that cause service inefficiencies, economies of scale, opportunities to enhance capital improvement plans, and recommendations by a service provider.

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<sup>41</sup> State of California. Governor's Office of Planning and Research. "Local Agency Formation Commission Municipal Service Review Guidelines", August 2003.

The following scenarios are not being presented as options for the Commission to consider for action as a part of this service review. Rather, a service review should address possible options, and the following are theoretical scenarios for the community to consider for the future.

- Expansion of BBARWA's jurisdictional boundaries or active service area. As stated in the joint powers agreement, the jurisdictional boundaries of BBARWA are coterminous with CSA 53's [exterior] boundaries. Expansion of BBARWA's jurisdictional boundaries would occur if CSA 53 expanded its boundaries. Expansion of BBARWA's active service area (area that is actively being served sewer collection by its member agencies) would occur if a member agency either annexes territory or serves additional connections. Further, if a member agency is able to construct collectors to a structure and send the effluent to the BBARWA interceptor, then BBARWA is obligated to accept the flow because the area is within a member agency.
- Removal of a member agency. In this scenario, a member agency would remove itself from membership and develop its own wastewater treatment plant. The joint powers agreement entered into 1974 states that the agreement shall remain in effect until all revenue bonds are paid in full or for a period of 50 years, whichever shall first occur. According to the FY 2009-10 financial statements, the outstanding revenue bonds are scheduled to mature in 2019. However, BBARWA has stated that it will consider long-term borrowing in order to minimize further rate adjustments. Given this, removal of a member agency does not seem likely at this time.
- Assumption of wastewater treatment and disposal by the Big Bear Municipal Water District ("MWD"). Currently, BBARWA and the MWD have coterminous boundaries, and a municipal water district is authorized by its enabling act to provide sewer (wastewater) services. Under this scenario, MWD could assume the responsibility and liabilities of BBARWA and become the wastewater treatment and disposal agency for the Bear Valley. This could provide for economies of scale and reduce a layer of government in the community. As for representation, MWD encompasses the boundaries of all three BBARWA member agencies; its members are elected by-divisions which are adjusted with each census; therefore, representation of the populous would remain. Additional representation could be provided in the form of a council or commission isolated to wastewater service by the current method of appointment by the governing bodies of the three service agencies.
- Maintenance of the status quo. The current structure of a joint powers authority serves the needs of its member agencies.

### **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 June 15, 2011 LAFCO staff met with the community agencies and representatives to review the determinations and recommendations made within its draft report, to solicit comments on the determinations presented and to respond to any questions of the affected Bear Valley agencies.
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 Bear Valley Community, staff recommends that the Commission take the following actions:

1. Determine to adjust the definition of the Bear Valley community by using a combination of topographic constraints that inhibit future expansion of services, land ownership (private and public) with the exception of public lands with possessory interests related to mining, and the utilization of the Big Bear Lake watershed boundaries and its related tributaries as a basis for redefining the community.
2. Receive and file the service reviews for the Bear Valley Community agencies; make the findings related to the service reviews for the City of Big Bear Lake, Big Bear Lake Fire Protection District (subsidiary district of the City), Big Bear City Community Services District, Big Bear Airport District, Big Bear Municipal Water District, Big Bear Valley Recreation and Park District, and County Service Area 53 required by Government Code 56430 as outlined in the staff report.
3. For environmental review certify that the sphere of influence expansions for the City of Big Bear Lake (LAFCO 3125) and its subsidiary the Big Bear Lake Fire Protection District (LAFCO 3112), sphere of influence expansions/reductions and the service description modifications for the Big Bear City Community Services District (LAFCO 3150) and County Service Area 53 (LAFCO 3124), sphere of influence reductions



and the service description modifications for the Big Bear Municipal Water District (LAFCO 3129) and the Big Bear Valley Recreation and Park District (LAFCO 3109) and the sphere of influence reductions for the Big Bear Airport District (LAFCO 3130) are statutorily exempt from environmental review and direct the Executive Officer to file the Notices of Exemption within five (5) days.

4. Approve the following:
  - a. For LAFCO 3125, approve the sphere of influence expansions for the City of Big Bear Lake, as identified in this report.
  - b. For LAFCO 3112, approve the sphere of influence expansions for the Big Bear Lake Fire Protection District.
  - c. For LAFCO 3150, approve the sphere of influence expansions and reductions for the Big Bear City Community Services District and service description modifications to its authorized Sewer, Fire Protection and Park and Recreation functions, as identified in this report.
  - d. For LAFCO 3129, approve the sphere of influence reductions for the Big Bear Municipal Water District and service description modifications to its authorized Water and Fire Protection functions, as identified in this report.
  - e. For LAFCO 3124, approve the sphere of influence expansion and reductions for County Service Area 53 and service description modifications to its authorized Sewer function, as identified in this report.
  - f. For LAFCO 3109, approve the sphere of influence reductions for the Big Bear Valley Recreation and Park District and service description modifications to its authorized Park and Recreation function, as identified in this report.
  - g. For LAFCO 3130, approve the sphere of influence reductions for the Big Bear Airport District, as identified in this report.
5. 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 Bear Valley community agencies and place their adoption as a consent item on the Commission's September 28, 2011 Hearing agenda.

## ATTACHMENTS

1. Maps
  - a. [LAFCO Defined Mountain Communities](#)
  - b. [Existing Boundaries for the Bear Valley Community Agencies](#)
  - c. [County Mountain Region Community Plan Areas](#)
2. [LAFCO Staff Recommended Bear Valley Community Map](#)
3. City of Big Bear Lake
  - a. [Map – Current Boundary and Sphere](#)
  - b. [Map – LAFCO Staff Proposed Sphere Modifications](#)
  - c. [Service Review and Sphere Update Response](#)
  - d. [2010 Water Annual Report](#)
  - e. [Financial Information: Budgets and Audit](#)
  - f. [Letter from City dated July 25, 2011](#)
  - g. [Letter from City Department of Water and Power dated July 15, 2011](#)
  - h. [Response from Commission’s Environmental Consultant](#)
4. Big Bear Lake Fire Protection District
  - a. [Map – Current Boundary and Sphere](#)
  - b. [Map – LAFCO Staff Proposed Sphere Modifications](#)
  - c. [Service Review and Sphere Update Response](#)
  - d. [Five Year Strategic Plan](#)
  - e. [Financial Information: Budget and Audit](#)
  - f. [Joint Report on Fire Consolidation](#)
  - g. [Response from Commission’s Environmental Consultant](#)
5. Big Bear City Community Services District
  - a. [Map – Current Boundary and Sphere](#)
  - b. [Map – LAFCO Staff Proposed Sphere Modifications](#)
  - c. [Service Review and Sphere Update Response](#)
  - d. [2010 Water Master Plan](#)
  - e. [2007 Fire Protection Evaluation and Master Plan](#)
  - f. [Financial Information: Budget and Audit](#)
  - g. [Response from Commission’s Environmental Consultant](#)
6. County Service Area 53 and its Zones
  - a. [Map – Current Boundary and Sphere](#)
  - b. [Map – LAFCO Staff Proposed Sphere Modifications](#)
  - c. [Service Review and Sphere Update Response](#)
  - d. [Financial Information: Budget and Audit](#)
  - e. [Response from Commission’s Environmental Consultant](#)
7. Big Bear Municipal Water District
  - a. [Map – Current Boundary and Sphere](#)
  - b. [Map – LAFCO Staff Proposed Sphere Modifications](#)
  - c. [Service Review and Sphere Update Response](#)

- d. [Financial Information: Budget and Audit](#)
  - e. [Response from Commission's Environmental Consultant](#)
8. Big Bear Valley Recreation and Park District
- a. [Map – Current Boundary and Sphere](#)
  - b. [Map – LAFCO Staff Proposed Sphere Modifications](#)
  - c. [Service Review and Sphere Update Response](#)
  - d. [1998 Master Plan](#)
  - e. [Financial Information: Budget and Audit](#)
  - f. [Response from Commission's Environmental Consultant](#)
9. Big Bear Airport District
- a. [Map – Current Boundary and Sphere](#)
  - b. [Map – LAFCO Staff Proposed Sphere Modifications](#)
  - c. [Map – Big Bear Airport](#)
  - d. [Service Review and Sphere Update Response](#)
  - e. [2005 Master Plan](#)
  - f. [Financial Information: Budget and Audit](#)
  - g. [Response from Commission's Environmental Consultant](#)
10. Big Bear Area Regional Wastewater Agency
- a. [Map – Current Boundary](#)
  - b. [Sewer Master Plan](#)
  - c. [Financial Information: Budget and Audit](#)
11. [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](#)
12. [County of San Bernardino 2007 Bear Valley Community Plan](#)