LOCAL AGENCY FORMATION COMMISSION
COUNTY OF SAN BERNARDINO

175 West Fifth Street, Second Floor
San Bernardino, CA 92415-0490 • (909) 387-5866 • Fax (909) 387-5871
E-mail: lafco@lafco.sbcounty.gov
www.sbclafco.org

DATE: AUGUST 9, 2005

FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer

TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: Agenda Item #6: Consideration of LAFCO 2919 – Service Review and Sphere of Influence Update for San Bernardino Valley Water Conservation District

INITIATED BY:

Local Agency Formation Commission

RECOMMENDATION:

If the Commission supports the staff's position that the concept of a basin-wide water conservation entity should be pursued, it is recommended that it support the ultimate consolidation of the San Bernardino Valley Water Conservation District and the San Bernardino Valley Municipal Water District, by taking the following actions:

1. Determine that the designation of a zero sphere of influence for the San Bernardino Valley Water Conservation District is statutorily exempt from environmental review and direct the Clerk to file a Notice of Exemption within five days;

2. Designate a zero sphere of influence for the San Bernardino Valley Water Conservation District indicating that it is the position of the Commission that the District should ultimately consolidate with the San Bernardino Valley Municipal Water District;

3. Direct the Executive Officer to establish a committee to review the possible consolidation of the San Bernardino Valley Water Conservation District with the San Bernardino Valley Municipal Water District to be made up of the

LAFCO Executive Officer and the General Manager, or designee, of the San Bernardino Valley Water Conservation District and the San Bernardino Valley Municipal Water District; and a representative from each of the major water stakeholders identified as: the City of Redlands, the City of San Bernardino Municipal Water Department, East Valley Water District, Bear Valley Mutual Water Company, and the City of Riverside to develop the parameters needed for consolidation. A report of the terms and conditions needed for such a consolidation, developed by the Committee, will be due back to the Commission no later than the January 18, 2006 hearing.

4. Adopt LAFCO Resolution #2893 setting forth the Commission's findings and determinations related to this consideration.

However, if the Commission determines that the municipal service review shows affirmation of the District's existing sphere of influence or a coterminous sphere of influence is appropriate, it may take the following actions to close this consideration:

1. Determine that the affirmation of the District's existing sphere of influence or the amendment to a coterminous sphere of influence through LAFCO 2919 is statutorily exempt from environmental review and direct the Clerk to file a Notice of Exemption within five days;

2. Make the findings related to a service review required by Government Code Section 56430 and determine that the sphere of influence for the San Bernardino Valley Water Conservation District should be affirmed in its present configuration or amended to be coterminous with the District's boundaries; and,

3. Defer adoption of the resolution making these determinations to the consent calendar for the September 21, 2005 Commission hearing.

BACKGROUND:

At the March 16th Commission hearing the consideration of the municipal service review and sphere of influence update required for the San Bernardino Valley Water Conservation District (hereinafter SBVWCD) was initially presented (a map of this district is included as Attachment #1 and the original staff report is included as Attachment #2). The basic questions presented in that staff report in response to the municipal service review factors were and remain today to be:

On the issue of agencies: "Why are there three overlapping agencies within this portion of the Bunker Hill Basin of the eastern San Bernardino Valley authorized to provide water conservation services? Is this division appropriate?", and,

> If the division of responsibility is appropriate then the question would be: "If the Bunker Hill Basin is to be addressed for water recharge and replenishment as a unit, why isn't the SBVWCD sphere of influence drawn to address the whole of the Basin, rather than being isolated to the eastern portion?"

The staff's review of the factors related to a municipal service review as identified in Government Code Section 56430 and sphere of influence update as identified in Government Code Section 56425 have attempted to answer these questions. The Commission continued its consideration of LAFCO 2919 to the June hearing to allow staff additional time to gather information regarding the mandatory factors to be considered by Government Code Section 56430. In addition, the Commission directed LAFCO staff to review the options presented in the original staff report regarding a potential change in the future government structure for water conservation services to the water producers within the boundaries of the District and request their opinion and position on these options. An additional continuance was requested by LAFCO staff at the May 18, 2005 hearing, with support from the staff of SBVWCD, to the August hearing.

The staff views this service review/sphere of influence update as timely for two reasons. First, this service review discussion is timely due to changes that have occurred in the eastern portion of the San Bernardino Valley related to water recharge and replenishment activities. These changes occurred primarily through the completion of the Seven Oaks Dam as a part of the Santa Ana River Mainstem Project. The completion of the construction of the Seven Oaks Dam to fulfill its responsibility in controlling the flood waters has resulted in a number of applications to the State Water Resources Control Board related to the appropriation of the waters of the Santa Ana River. In addition, it has resulted in an auspicious agreement, known as the Seven Oaks Accord, signed by Bear Valley Mutual Water Company, the City of Redlands, the East Valley Water District, Lugonia Water Company, North Fork Water Company, Redlands Water Company, San Bernardino Valley Municipal Water District and Western Municipal Water District related to future water diversion from the Santa Ana River. A copy of this agreement is included in Attachment #5 to this report. Missing from this group was the San Bernardino Valley Water Conservation District, who has filed a separate application to the State Water Resources Control Board for diversion from the Santa Ana River.

Second, SB 2067 (Harmon) signed by the Governor on September 10, 2004 with an effective date of January 1, 2005 has altered the possibilities for reorganization/ consolidation that the Commission is required to evaluate during its Service Review process. This change in statute allows for the consolidation of two special districts formed under different principal acts (the legislative act that defines a special district's abilities and responsibilities). The signing of this legislation allows the Commission to consider the possibility of consolidating the San Bernardino Valley

Water Conservation District with the San Bernardino Valley Municipal Water District or the San Bernardino County Flood Control District.

Mandatory Service Factors:

The areas of the mandatory service review factors were originally reviewed and outlined in the materials provided in the original staff report (copy included as Attachment #2) and will not be reiterated here. However, areas where questions were identified included District Finance issues primarily related to achieving a better understanding of the District's groundwater charge, its mining revenues and any restrictions on their use, and the costs for the Board of Directors, and Government Structure Options primarily related to an understanding of the positions of the water producers within the District on the possible options for changes, as they are identified as the primary constituents of the District. Those areas are more fully discussed below.

Financial Issues:

On May 17th staff forwarded a letter to the District requesting additional financial information summarized as follows:

a. An explanation of the District's expenditures for the current and past two fiscal years related to water spreading activities, including, but not limited to, purchase of state project water and the agreed upon repayment schedule, if any.

b. An outline of existing District policies related to expenditures for the Board of Directors, including, but not limited to, payment for attendance at meetings, conferences, travel costs, etc. as well as the expenditures for the current and past two fiscal years related to payments to the Board of Directors.

c. An explanation of the District's revenues for the current and past two fiscal years related to the groundwater assessment charge. It was requested that the information provided include a description of the restricted use of these revenues, if any, how the expenditures are separated by the District from its other activities, and the process by which the charge is established each year.

d. An explanation of the District's revenues from mining leases or other mining-related income, including a description of any restrictions on the use of these revenues, how expenditures are separated by the District from its other activities, the lease rate policy for current and future mining leases on District lands including any annual inflationary factor, etc.

e. An explanation of the $5,000,000 pre-payment of mining leases, including, but not limited to, an identification of the source of the revenue, the terms of

the payment, the adjustment for lease increases upon actual lease signing, etc.

On June 17th the District submitted its response to the LAFCO staff request and a copy of that response is included as Attachment #3 to this report.

As the financial materials in the response were reviewed, one item still resonated with the staff and that is the question of the cost for replenishment activities versus administration. The information provided shows that for every dollar spent in replenishment it has an expenditures of more than 100% of that amount for administration. The following illustrates this point:

In FY 2002-03 for every $1.00 spent on replenishment there was an expenditure of $1.42 for administrative costs (identified as General Fund).
In FY 2003-04 for every $1.00 spent on replenishment there was an expenditure of $1.77 for administrative costs.
In FY 2004-05 for every $1.00 spent on replenishment there was an expenditure of $1.26 for administrative costs.

During the District's annual determination of the groundwater assessment charge, it identifies in its staff reports that "the groundwater charge should continue to help defray the increasing costs of operations and investigations that are necessary to conduct the recharge program" (taken from March 2, 2005 report to the Board of Directors on the required engineering investigation). So its intent is to supplement the other revenues of the District for the provision of this service. However the financial documents show that it almost funds the entirety of the replenishment activities.

The documents included in the materials identified as the "Profit and Loss by Class for July 2004-May 2005" show that the District has made efforts to control its expenditures. The staff's question in the original report related to concerns that the expenditures of the District, on a yearly basis, exceeded its revenues. The Profit and Loss by Class documents for Fiscal Year 2002-03 identify this shortfall at $604,602 and Fiscal Year 2003-04 at $591,903. The material provided through the end of May 2005 appears to show that expenditures will be at least covered by revenues received during this Fiscal Year.

In response to the questions raised regarding the costs for the District's Board of Directors, the District has provided supplemental materials for review. In these materials they note that the District's policy allows for payment of up to a maximum of 10 meetings per month (as authorized by law), a stipend payment at the present time of $162 per meeting with an allowance for an annual 5% increase dependent upon certain conditions, and the payment of specific expenses. In addition, the supplemental response materials provide a table identifying director expenses per

year. Based upon the information presented by the District, the estimated per Director cost by Fiscal Year has been calculated by LAFCO staff to be:

FY 02-03	$11,445
FY 03-04	$12,093
FY 04-05 (estimated yearly total $90,154)	$12,879

However, if the maximum number of meetings were paid for each member of the Board of Directors at the present stipend rate of $162, the cost for stipend alone would be $136,000 ($19,440 per Director for seven Directors).

Issues related to Local Governance Options:

In its letter to the District, staff requested the official position of the Board of Directors of the SBVWCD as to the options presented for its future governance. Of no surprise, the District has responded through submission of Resolution No. 409 (copy included as a part of Attachment #3 – Appendix F) that it wishes to maintain its current sphere of influence and operations – not as a part of San Bernardino Valley Municipal Water District or the San Bernardino County Flood Control District or with an expanded sphere of influence.

SBVWCD indicates that it does not favor consolidation with the County Flood Control District since the fulfillment of the mission of SBVWCD and the County Flood Control District are at cross purposes – noting that effective flood control requires the movement of the waters safely through the watershed as quickly as possible; while the efforts of water conservation are to retain the waters within the facilities long enough to allow percolation to occur. The response by Mr. Patrick Mead, Director of the County Department of Public Works, on behalf of the County Flood Control District in general concurs with this position (copy included as Attachment #4).

SBVWCD has also indicated it does not favor consolidation with the San Bernardino Valley Municipal Water District (hereinafter "MWD") since the purposes identified during the creation of the agencies, in their view, are different. Specifically noted in the SBVWCD response is its position that it was formed to conserve water in the Bunker Hill Basin. Staff would note, however, that the previous materials submitted by SBVWCD indicated that the District was formed to "protect against excessive export of the local surface water by downstream agencies" -- not necessarily the same purpose. The SBVWCD response continues that the purpose for creation of the MWD in 1954, in their opinion, was to serve as the agent for importation of State Project Water into the eastern portion of the San Bernardino Valley. Supporting statements for this position within the SBVWCD's materials submitted are:

1. SBVWCD's commitment to groundwater maintenance and enhancement of the Bunker Hill basin is its paramount mission.

2. SBVWCD has significantly more experience in groundwater recharge than does the MWD since its spreading activities began more than 70 years ago.

3. SBVWCD has "no potentially conflicting interests or responsibilities" which might result in a shift of water priorities.

Mr. Robert Reiter, General Manager of the MWD has provided a response to the LAFCO staff request for information and to the positions of SBVWCD as outlined in their materials on file with the Commission. A copy of this response is included as Attachment #5. This response indicates Mr. Reiter's opinions that the consolidation is viable, especially in light of the signing of the Seven Oaks Accord, identifies the position that should such a consolidation be supported for the two agencies the financing of the groundwater replenishment/ recharge functions would be funded by the existing revenue stream from property tax, mining revenues and interest income and the groundwater assessment would be abolished.

Integrated Water Management Plan:

At the March hearing, questions were raised regarding the status of an Integrated Groundwater Management Plan or Regional Water Management Plan for the Basin. The response submitted by the SBVWCD indicates that no such document exists at the present time but that a Regional Water Management Group has been formed to develop such a document. The MWD response to the question raised by the Commission and the response of the District notes concurrence that no such document currently exists, but indicates that a group made up of the Water Conservation District, San Bernardino Valley Municipal Water District, and other agencies are working to prepare a Planning Grant Application for filing with the State of California. This application, according to the document, is to be filed by the MWD, as the lead agency. If the grant application is successful, the MWD will work with SBVWCD and the other members of the water community to meet the requirements of the Seven Oaks Accord, as well as addressing the needs of other water producers not a party to the accord.

Water Spreading Activities:

In the staff's view additional information was needed to clarify the water spreading, water recharge relationship of entities within the overall Bunker Hill Basin. In an effort to gather that information, staff requested that the County Flood Control District and MWD outline their efforts at recharge. Mr. Patrick Mead, on behalf of the San Bernardino County Flood Control District notes that the District's facilities are used for recharge purposes during non-flood periods and they have a number of agreements with various water agencies in place to allow for water percolation and replenishment to occur. The District however does not track the amounts of water spread but does provide reports on storm water captured. His response indicates that within the western portion of the Valley stormwater captured during the period

from 10/1/04 to 6/30/05 was 11,144 acre feet. Mr. Robert Reiter's response, on behalf of the MWD, indicates that it has spread a total of 42,814 acre feet over the five-year period. Other water agencies within the basin also recharge water, such as the City of Redlands, Bear Valley Mutual Water Company, and East Valley Water District, but due to time constraints staff has not requested information on the amounts of water recharge by these agencies. A comparison of the known recharge within the Bunker Hill Basin is identified as follows:

Entity	Water Spread Fiscal Year 2000-01	Water Spread Fiscal Year 2001-02	Water Spread Fiscal Year 2002-03	Water Spread Fiscal Year 2003-04	Water spread Fiscal Year 2004-05
Water Conservation District (Santa Ana and Mill Creek)	6,811	1,750	15,622	13,820	2,934
San Bernardino Valley Municipal Water District (various areas)	4,705	10,772	16,805	8,147	2,385

An average of the water spreading accomplished by these agencies over the five (5)-year period shows that the SBVWCD spread an average of 8,187 acre feet and the MWD spread an average of 8,563 acre feet. The waters spread by the Conservation District include its native Santa Ana River waters and supplemental water purchased during the drought period. No information was provided as to the types of water spread by the MWD, but it is assumed to be State Project Water.

Review of Options with Water Producers:

Of particular importance during the discussion of local governance issues at the prior hearing, was the need to initiate discussions with the major water producers within the boundaries of SBVWCD and outline the governance options presented to the Commission for its consideration. In order to accomplish this, staff included in its letter to SBVWCD the request for a listing of the name and address of the water producers within the District's boundaries. Staff's purpose was to send a letter outlining the options being reviewed and seeking each entity's position on those options identified as:

a. Consolidation with the County Flood Control District,
b. Consolidation with the San Bernardino Valley Municipal Water District,
c. Expansion of the SBVWCD sphere of influence to include the area identified by engineers as the "Bunker Hill Basin" to address the regional water conservation efforts, or,
d. Retention of the SBVWCD as it is presently configured – the status quo option.

In discussion between the LAFCO Executive Officer and SBVWCD General Manager, it was determined that rather than contact each producer, large and small, that

LAFCO staff should review the materials with the group identified as the "Upper Santa Ana Water Resources Association", which, in the District's opinion, provided a broad cross-section of the water stakeholders within the District. The Executive Officer met with this group on June 9th to review the service review/sphere of influence update for the SBVWCD currently being processed, outlined the options being discussed by the Commission, and requested that each agency within the boundaries of the SBVWCD provide a response to LAFCO staff by August 1st on their position on these options (copies included as Attachment #6). The following chart provides an outline of the responses received from the various water producers, the total amount of water they pump from within the District's boundaries during the 2004 calendar year which includes agricultural and non-agricultural water, and the total cost of their groundwater assessment for that period:

Water Producer	Service Review Option Chosen	Amount of Water Pumped from January 1 2004 through December 31, 2004	Amount of Groundwater Assessment paid
East Valley Water District	Supports Status Quo	22,755.2	$131,723.01
City of Riverside	Supports the receipt of additional information prior to position on consolidation, supports maintenance of sphere	19,973.1	$115,917.15
Gage Canal Company (understood to be a part of the City of Riverside)	No separate position provided	10,717.6	$40,320.41
City of Redlands	Supports Consolidation	17,320.1	$95,403.48
City of San Bernardino	No position as yet identified	7,055	$40,917.82
Meeks & Daley (primary owners are City of Riverside and Elsinore Valley Municipal Water District)	Supports Status Quo	2,037	$9,336.63
SBVMWD	No position	776.2	$4,667.80
Bear Valley Mutual Water Company	Supports Consolidation	0	$0.00
Lugonia Water Company	Supports Consolidation	not identified on listing	
Redlands Water Company	Supports Consolidation	not identified on listing	

In addition, correspondence was received from water producers outside the boundaries of SBVWCD. These include the Riverside-Highland Mutual Water Company, the City of Rialto and the West Valley Water District who have indicated their support for maintenance of the status quo. A copy of each of these responses is included as Attachment #7 to this report.

In establishing its position of support for consolidation, the City of Redlands City Council included the requirement that a memorandum of understanding be signed by both the City of Redland and the MWD. A draft copy of this memorandum is included in the City of Redlands staff response included as Attachment #8 to the report. This memorandum outlines the City's position that the employees of the District must be protected, that the operations of recharge are protected, that the revenue stream of the Water Conservation District be isolated and accounted for by

the MWD to support solely these activities, and its position related to the return of certain facilities to the City of Redlands.

CONCLUSION:

Based upon the information outlined above, and in the original staff report, for the review of LAFCO 2919 and the policy directions of the State Legislature to LAFCO to develop the most efficient and effective service boundaries for agencies, LAFCO staff's recommendation is that the Commission should amend the sphere of influence of the San Bernardino Valley Water Conservation District to a zero sphere indicating its position that a consolidation with the San Bernardino Valley Municipal Water District should be undertaken. The staff's recommendation does not initiate the consolidation, it does not change the area in which the Water Conservation District currently provides its services, nor does it eliminate the groundwater charge. Its intent is to set forth a method for gathering the specific detailed information that could be used by the SBVWCD and MWD to file a joint application for consolidation, much like that initiated by the Resource Conservation Districts, or for a future presentation to the Commission to initiate an application on its own volition to consolidate the districts pursuant to the provisions of Government Code Section 56375.

The staff's position is not taken on the basis that the District is mismanaged or derelict in the performance of its responsibilities, the District is well-managed and performs its responsibilities. The staff's recommendation is, however, based upon three elements:

1. During the hearings by the Commission on Local Governance for the 21st Century and adoption of Assembly Bill 2838 rewriting LAFCO law, the direction has been emphasized that the Commission is to provide for the most efficient and effective service boundaries for the agencies under its purview. The Municipal Service Review/Sphere of Influence update process requires that the Commission evaluate, as a part of its review local governance issues, hurdles to consolidations and reorganizations. The most efficient and effective boundary, in the staff's view, would be to address the whole of the Bunker Hill Basin. That would require either the expansion of the SBVWCD sphere of influence to encompass that territory or the consolidation of the District with the MWD.

2. Passage of AB 2067 which allows for the consolidation of special districts not formed under the same principal act. Absent this legislation, the only alternative available would be through dissolution of the Water Conservation District. Such an action would require the completion of the processes as specified by Water Conservation District Law which requires the submission of a petition to initiate dissolution and a vote which must exceed 60% in support.

3. The position that the Bunker Hill Basin should be considered as a single unit when evaluating agencies with recharge responsibilities or operations. In evaluating this economic community of interest, the changed circumstances in the Bunker Hill Basin through the completion of the Seven Oaks Dam and the subsequent signing of the Seven Oaks Accord should be considered. As staff understands it, 90% of the recharge of the basin occurs through natural recharge (snow melt, rainfall, river water through the area, etc.) and the remaining 10% is through artificial recharge efforts. To maximize those efforts they should, in the staff view, be coordinated at the regional level, or basin-level, and that would point toward either the expansion of the San Bernardino Valley Water Conservation District sphere of influence to include the whole of the Basin, or the consolidation with a regional entity.

In reviewing the option of a sphere of influence expansion to encompass the whole of the Bunker Hill Basin with the SBVWCD and its major water production stakeholders, no support for this option was received; therefore, staff has not evaluated this option further. In reviewing the option for consolidation with the San Bernardino County Flood Control District, no support for this option was received; therefore, staff has not evaluated that option further. However, some support from the water producer stakeholders for further review of the option of consolidation with the MWD has been received.

In addition, staff supports the consideration of this option for the following reasons:

1. The San Bernardino Valley Municipal Water District has responsibilities for the maintenance of the safe yield of the Bunker Hill Basin as the watermaster for *The Orange County Judgment* and *The Western Judgment*.

2. A reduction in cost for the operation of the general fund administrative activities could be achieved through a reduction in the Board of Director and meeting expenses, legislative services, while maintaining the replenishment activities. A reduction in the expense to the water producers in the area could be achieved through the abolition of the groundwater assessment charge currently imposed while maintaining the groundwater replenishment/ recharge activities with the balance of the SBVWCD revenue stream.

3. The Seven Oaks Accord specifies agreements between the water producers within the eastern end of the Bunker Hill Basin as to the diversion of waters within the Santa Ana River. In addition, the MWD is working with these stakeholders, the SBVWCD, and others to develop a grant application to the State of California, which if successful, will fund the development and implementation of an Integrated Groundwater Management Plan.

4. Numerous agencies currently spread water for recharge within the Bunker Hill Basin within and outside the boundaries of the Water Conservation District. Coordination and maximizing these efforts to secure the water

supply for the 400,000 plus residents anticipated within the boundaries of the SBVWCD and the 500,000 plus residents within Riverside County that rely on this Basin for their domestic water supply should be the paramount consideration.

Therefore, in the staff's opinion, an evaluation of consolidation of the San Bernardino Valley Municipal Water District and the San Bernardino Valley Water Conservation District should be pursued.

In closing, it should be clear that the actions presented by staff do not mandate that this consolidation will occur. There are a number of reviews, stakeholder and Commission considerations, and a protest proceeding that would be required if such an application were to be submitted by joint application of the Districts or initiated by the Commission. The staff's recommendation includes the establishment of a committee to gather information to evaluate such a consolidation, with the specific direction that a report back to the Commission occur no later than January 18, 2006.

However, if after reviewing the materials and the presentations at the hearing, the Commission does not support the staff's recommendation and believes that sufficient information has been presented to support retention of the district, it can:

1. Affirm the District's existing sphere which includes approximately 1,980 acres outside its existing boundaries within the Santa Ana River stretching from approximately Boulder Avenue on the east to the junction of the I-215 and I-10 freeways on the west; or,

2. It can establish a sphere of influence coterminous with the District's existing boundaries. This action would remove the ability of the District to expand its boundaries without a subsequent sphere of influence application and review.

The necessary actions to be taken by the Commission for this determination have also been included as part of the recommendation outlined at the start of this report.

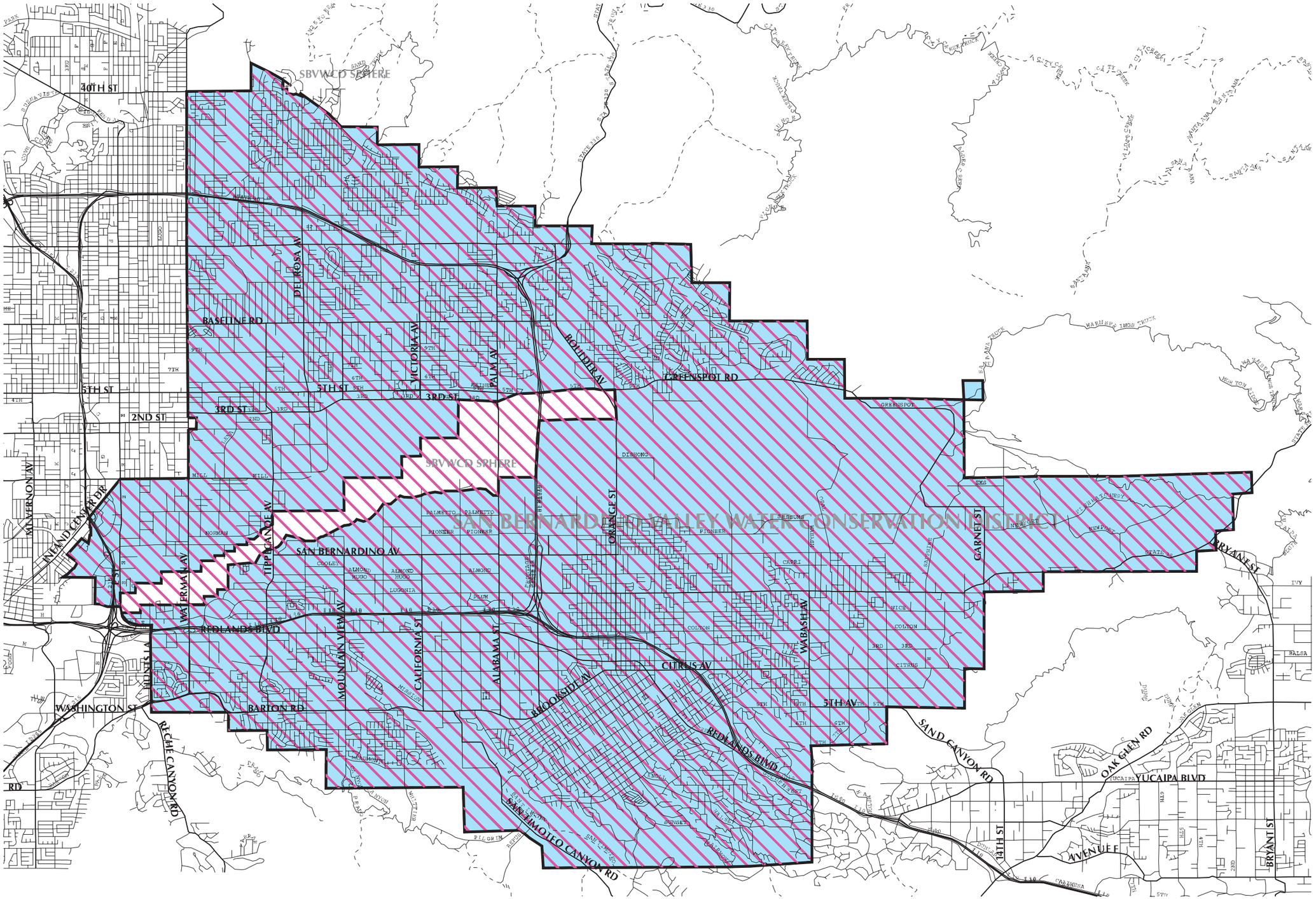
KRM/

Attachments:
1. Maps of San Bernardino Valley Water Conservation District and related agencies
2. Original Staff Report for March 16, 2005 hearing on LAFCO 2919 with Attachment #4 only (a full copy of staff report with attachments is available on the Commission's website at www.sbclafco.org)
3. Supplemental Information on the Municipal Service Review/Sphere of Influence Update from the San Bernardino Valley Water Conservation District dated June 17, 2005

4. Memorandum from Patrick Mead, Director, County Department of Public Works on behalf of San Bernardino County Flood Control District
5. Letter from Robert Reiter, General Manager, San Bernardino Valley Municipal Water District with copy of Attachments #7 and #20 Included
6. Response on Four Options Presented in Service Review from Water Producers within the Boundaries of the San Bernardino Valley Water Conservation District
7. Response on Four Options Presented in Service Review from Water Producers outside the Boundaries of the San Bernardino Valley Water Conservation District
8. Letter from Douglas Headrick, Chief of Water Resources for the City of Redlands Dated August 2, 2005
9. Response from Commission Environmental Consultant, Tom Dodson of Tom Dodson and Associates Dated January 20, 2005 on Affirmation of the District's Sphere of Influence and August 8, 2005 on Reduction to a Zero Sphere of Influence
10. Draft LAFCO Resolution #2893

Maps of San Bernardino Valley Water Conservation District and Related Agencies

Attachment 1



ISD-GIMS

SAN BERNARDINO COUNTY

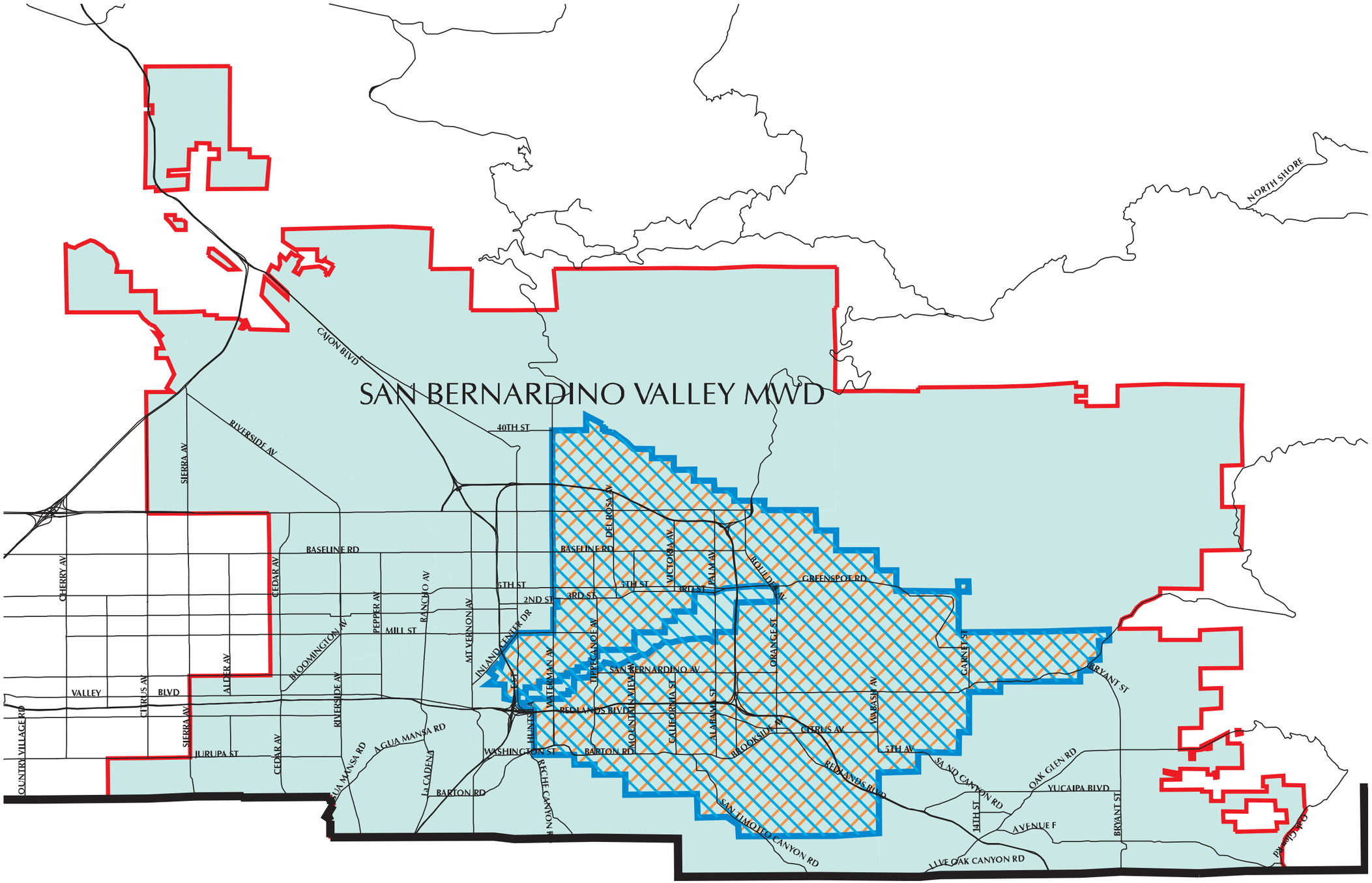
DISTRICT & SPHERE OF INFLUENCE BOUNDARIES

San Bernardino Valley Water Conservation District

Map Prepared On December 02, 2004

District Boundary

District Sphere of Influence



SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT & SAN BERNARDINO VALLEY MWD BOUNDARIES

SBVWCD District Boundary

SBVWCD Sphere Boundary

SBVMWD Boundary

Map Prepared On March 04, 2005

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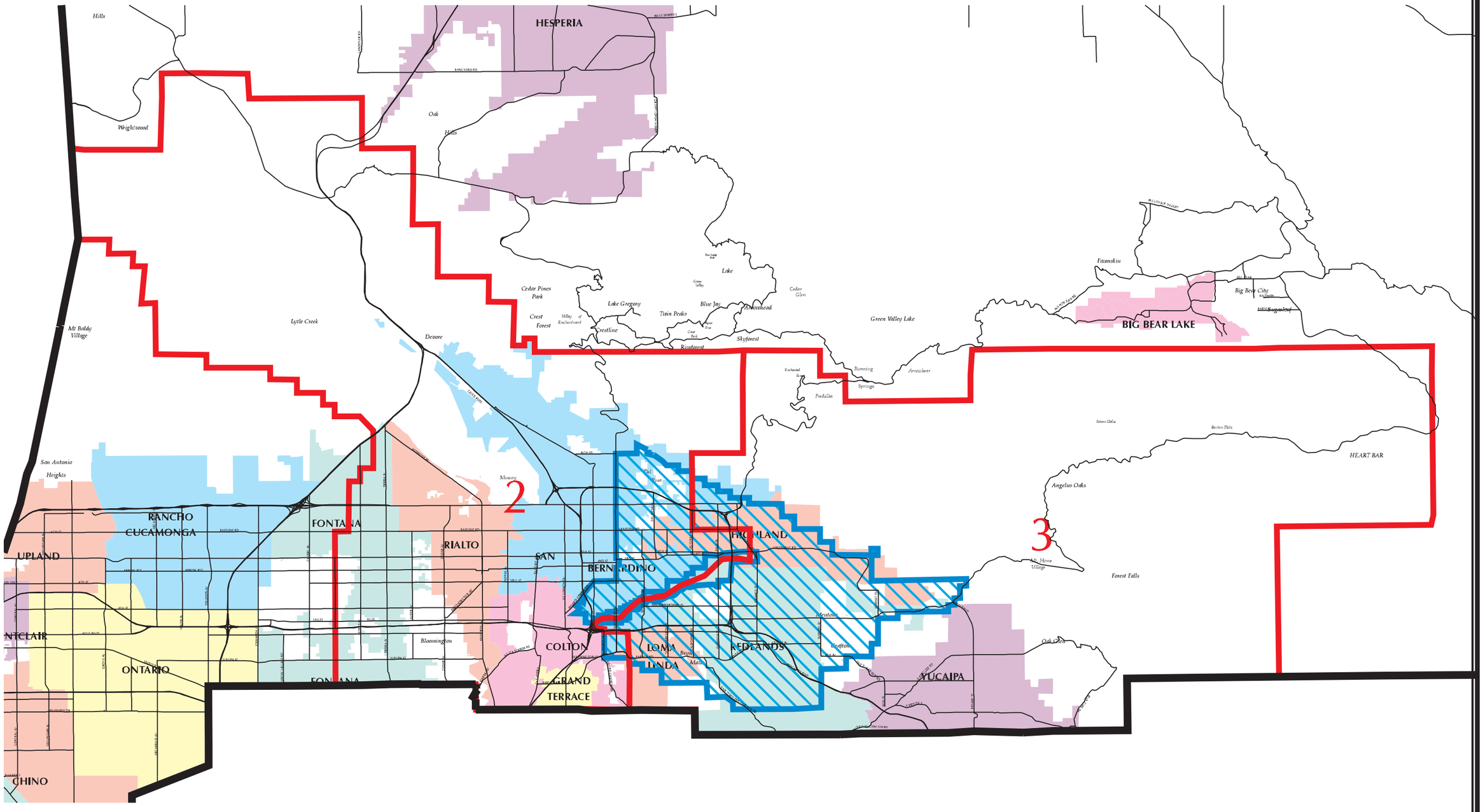

SAN BERNARDINO COUNTY FLOOD CONTROL DISTRICT
ZONES 2 & 3

Map Prepared On March 07, 2005

SBVWCD District Boundary

Flood Control Dist. Zone 2 & 3

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Monday March 07, 2005 2:53 PM

MAPSCALE: 1" = 18273.71764706ft

Original Staff Report for March 16, 2005 Hearing on LAFCO 2919 with Attachment #4 only (a full copy of staff report with attachments is available on the Commission's website at www.sbclafco.org)

Attachment 2

LOCAL AGENCY FORMATION COMMISSION
COUNTY OF SAN BERNARDINO

175 West Fifth Street, Second Floor
San Bernardino, CA 92415-0490 • (909) 387-5866 • Fax (909) 387-5871
E-mail: lafco@lafco.sbcounty.gov
www.sbclafco.org

DATE: MARCH 7, 2005

FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer

TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: AGENDA ITEM #6 – LAFCO 2919 – Service Review and Sphere of Influence Update for the San Bernardino Valley Water Conservation District

INITIATED BY:

Local Agency Formation Commission for San Bernardino County

RECOMMENDATION:

Staff's recommendation is that the Commission continue consideration of LAFCO 2919 to the May 18, 2005 hearing with the direction to staff to review questions with San Bernardino Valley Water Conservation District staff to provide additional information on:

1. District expenditures for the past two fiscal years and the current fiscal year related to costs associated with the Water Rights Application, expenditures for Board of Directors, spreading of water, etc.

2. District revenues generated for the past two fiscal years and the current fiscal year related to receipts from mining interests and groundwater spreading charge.

3. The statutory provisions related to potential consolidation of districts formed under different principal acts including, but not limited to, the transfer of groundwater charges, succession to mining leases between the District and mining interests.

4. If consolidation is not considered, would the appropriate sphere of influence designation for this District be the limits of the Bunker Hill Basin rather than merely a portion of its eastern area.

However, if the Commission feels that adequate information has been provided by the District for the affirmation of its existing sphere of influence and that the questions surrounding the distinction of the Bunker Hill Basin are answered, it may take the following actions to close this consideration:

1. Determine that the affirmation of the District's existing sphere of influence through LAFCO 2919 is statutorily exempt from environmental review and direct the Clerk to file a Notice of Exemption within five days;

2. Make the findings related to a service review required by Government Code Section 56430 and determine that the sphere of influence for the San Bernardino Valley Water Conservation District should be affirmed in its present configuration; and,

3. Defer adoption of the resolution making these determinations to the consent calendar for the April 20, 2005 Commission hearing.

BACKGROUND INFORMATION:

This proposal was initiated by the Local Agency Formation Commission on January 15, 2003, in response to State mandates requiring service reviews and sphere of influence updates for all cities and special districts on a rotating five-year schedule. This is the final agency to be discussed within the East Valley agency reviews. Included in this report are the following attachments:

#1 -- maps which identify the boundaries and sphere of influence for San Bernardino Valley Water Conservation District (hereafter SBVWCD) along with overlay maps showing the relationship of the District to the Cities and Water Districts within its jurisdiction.

#2 -- outline of the purposes and structure of a Water Conservation District.

#3 -- staff report for LAFCO 2751, consideration of an annexation to the San Bernardino Valley Water Conservation District.

#4 -- District Summary Profile Sheet and the response provided by the District to the LAFCO survey of the factors required by Government Code Section 56430 for a service review.

WATER CONSERVATION DISTRICTS:

Attachment #2 to this report includes a general outline of a Water Conservation District and the services it can perform under its principal act, prepared by LAFCO staff. As noted, Water Conservation District Law has been in existence since 1931 as a means to address locally the conservation of water and water rights within an area which is defined as the "watershed providing the water supply to its inhabitants". The services that can be offered by a Water Conservation District include:

1. Appropriate, acquire and conserve water and water rights for any useful purpose;

2. Make surveys and investigations of the water supply and resources of the district;

3. Acquire and construct dams, reservoirs, canals, conduits, spreading basins and sinking basins in order to conserve, store, spread and sink water;

4. Provide for the construction, operation, and maintenance of such works, facilities and operations within or outside the district's boundaries to protect the land or property in the district from damage by flood or overflow;

5. Drill, construct, install and operate wells, pumps, pipelines, conduits, valves, etc. and may pump water from these facilities for sale, delivery, distribution or other disposition;

6. Sell, deliver, distribute or otherwise dispose of any water that may be stored or appropriated, owned or controlled by the district;

7. Acquire, construct, maintain, and operate recreational facilities in connection with any dams, reservoirs or other works owned or controlled by the District.

As this outline notes, the functions and purposes of these types of districts are limited to the preservation of the water supply within a given area. In San Bernardino County there are two water conservation districts, both serving within

the Valley portion of the County (their service areas are outlined on the vicinity maps within Attachment #1). In each case they are located and serve within managed water basins – Chino Basin Water Conservation District serving the west-end area of the Valley associated with the Inland Empire Utilities Agency service area, and the SBVWCD serving the east-end of the Valley associated with the San Bernardino Valley Municipal Water District service area. Due to the regional nature of these agencies and their minimal annexation activity, they have had little official contact with LAFCO during the past 40 years.

In 1993, the Commission reviewed and approved an annexation proposal involving the SBVWCD expanding its boundaries by approximately 2,929 acres (LAFCO 2751). LAFCO 2751 was highly controversial due to the District's recent imposition of a groundwater charge and ultimately resulted in a modification to the boundaries to exclude the area of the District's sphere of influence within the Santa Ana River comprising 1,980 acres. This exclusion was based upon agreements reached between the District and the major water producers within the area which included the City of Riverside, the Western Municipal Water District of Riverside County, the Aqua Mansa Water Company, Meeks and Daley Water Company and the Riverside Highland Water Company. This 1,980 acre area remains the District's sphere of influence area outside its boundaries. A copy of the LAFCO staff report related to this proposal is included as Attachment #3.

SERVICE REVIEW:

The SBVWCD was formed in 1931, immediately following the implementation of Water Conservation District law as a means "to protect against excessive export of the local surface water by downstream agencies". The District operates recharge facilities in two areas – the Santa Ana River and Mill Creek. The SBVWCD is an independent special district formed under the provisions of Water Conservation District law (Water Code Sections 74000 through 76501).

In reference to the factors and findings required for a service review, the District provided a response in 2003 for Commission consideration along with numerous appendices, a copy of which is available for review in the LAFCO office. The report prepared by the SBVWCD is comprehensive in its review of the factors required by Government Code Section 56430. During the interim period, staff has met with the District on two occasions to discuss the service review/sphere update and to request updated materials due to the time delay in processing. The District has provided additional materials to assist staff in its review. The survey response contained in the District's response will not be reiterated in this report and is included as an attachment to this report along with some of the appendix documents (Attachment #4).

Appendix materials included as a part of Attachment #4 are:

1. The District's Draft "Program for Effective Recharge Coordination" or PERC dated June 2004, which defines the methods it will use in performing its functions, and a spreadsheet listing of the water spread for conservation purposes in Mill Creek and the Santa Ana river;

2. A copy of the letter received from the District in regard to the Seven Oaks Dam Borrow Site Restoration Project;

3. The Proposed Land Management and Habitat Conservation Plan for the Upper Santa Ana River Wash; and,

4. A spreadsheet outlining the amount of water spread historically in the Santa Ana River and Mill Creek by the District.

The District's materials include the identification of its mission statement as follows:

"The mission of the San Bernardino Valley Water Conservation District is to ensure recharge of the Bunker Hill Groundwater Basin in an environmentally and economically responsible way, using local native surface water to the maximum extent practicable.

We strive to improve the supply and quality of groundwater, balancing such demands with those of land, mineral and biological resources."

A summary of the major points of consideration within the response provided by SBVWCD and those areas which have prompted additional staff questions are outlined as follows:

1. Infrastructure Needs and Deficiencies:

   The District materials have indicated that most of the District's canals and percolation basins were constructed in the 1930's and remain in good condition at the present time. Their purpose has been to divert water from the Santa Ana River and Mill Creek for spreading and percolation within District facilities for recharge of the Bunker Hill Basin for better than 90 years. The materials indicated that the District plans to reconstruct its percolation basin in the "Borrow Site" for the Seven Oaks Dam which has been non-operational during that facility's construction period. The total acreage owned by the District for percolation purposes includes

approximately 185 acres in the Santa Ana River area and 65.5 acres in Mill Creek.

The materials identify that the highest level of recharge during the District's history was 52,172 acre feet in the Santa Ana River in 1978 and 19,800 acre feet in 1993 in Mill Creek. The District's ability to perform its function is directly related to the amount of surface water within the Santa Ana River and Mill Creek tributary available for spreading. The District anticipates that, under the auspices of the Upper Santa Ana River Wash Land Management and Habitat Conservation Plan, additional percolation basins and ancillary facilities could be constructed for a total of 45 acres for percolation within the Santa Ana River, depending upon determinations of that study.

The District has indicated that it is one of many entities that have been working together to manage the groundwater in the Bunker Hill Basin (PERC, page 15). The District has indicated that due to the number of agencies involved in the Bunker Hill Basin and the number of uses of the water of the Santa Ana River, a coordinated, inter-agency approach is required.

According to the District's Audit Report for 2003-04, one of its unanticipated, one-time expenses relates to its Water Rights application before the State Water Resources Control Board. This application is one of a series related to changes to the Santa Ana River since the construction of the Seven Oaks Dam. The Water Conservation District, the San Bernardino Valley and Western Municipal Water Districts, and the Orange County Water District all have or had applications on file with the State Water Resources Control Board for permits to divert water from the Santa Ana River.

2. Financial Constraints and Opportunities:

The District is currently in sound financial condition with limited debt and significant reserves.

The 2004 Audit Report (included as part of Attachment #5) for the District identified a shortfall between revenues received and actual expenditures of $686,497 for the period. The report identifies that this situation was predicated upon a number of one-time expenses for the District, including costs associated with its Water Rights Application identified as $361,585 and a $414,000 purchase of State Project water which were partially offset by additional revenues. The District anticipates a full reimbursement of the

costs for State Project water over time through payments of the water purveyors in the area. This report also identifies that the budgets for ensuing years will recognize the need to bring costs into balance against the revenues received in each fiscal year.

The Audit Report identifies that the District has pooled investments of $8,257,618 with the State of California State Treasurer's Local Agency Investment Fund. However, $5,000,000 of this amount is deferred revenue received as an advance from mining interest for pre-paid mining royalties. The notes within the Audit Report indicated that this amount may be required to be repaid, however, "the District does not expect such conditions to arise and through its participation in the Wash Plan is helping to ensure this is the case".

Pursuant to the District's PERC, it maintains a policy of "pay as you go" which requires that facilities maintenance, enhancement or new construction are identified during the District's annual budget process and funding of activities through current resources or reserves identified.

Questions of staff related to the financial information presented to the Commission by the District include the following:

a. For 2003-2004 the audited actual expenditures for the District were $2,359,693. Subtracting the one-time expenses identified in the report of $686,497 leaves operating expenditures of $1,673,196 to administer and spread a total of 6,025 acre feet of water within both the Santa Ana River and Mill Creek areas in pursuit of the District's legislative charge. However, the revenues associated with Groundwater Replenishment are listed as $501,300 and include the groundwater assessments, but do not include the Mining Income from lands the District owns for future use as water conservation areas.

b. The annual costs identified in the 2003-04 budgets and the 2004-05 budgets for Director expenses are $55,000, which is approximately $7,857 per director for the year. Meeting costs in 2003-04 were estimated at $32,000. However, in 2004-05 the budget accounts were renumbered and retitled so that LAFCO staff, at the present time, can only assume that the meeting expenses would be a compilation of Account # 6063 Meeting support expense ($2,500), a portion of Conference/Seminar Registrations Account #6081 ($18,000), a portion of lodging expense Account #6078 ($22,900), and meals Account #6075 ($7,900).

c. No mention is made of an Appropriation limit for this District.

3. Cost Avoidance Opportunities and Shared Facilities Opportunities:

Much of the District's activities outlined in its survey response have historically been projects with other agencies. The report identifies the following joint efforts by the District:

a. Upper Santa Ana River Wash Land Management and Habitat Conservation Plan – This is a joint effort with the Cities of Highland and Redlands, the County, SBVWCD, and the U.S. Bureau of Land Management as landowners and/or agencies with responsibility within the area (information included as a part of Attachment #4). One outcome anticipated through this effort has been the designation of areas for future mining activities to be consolidated as well as defining future locations for water conservation activities. This is of special importance to the District as lands it owns are leased for sand and gravel extraction and the leases and royalties for these activities represents approximately 50% of the District's revenues as well as their identified need for restoration and/or expansion of percolation basins in the easterly portion of this project. One concern of staff regarding this effort is the lack of designation of the on-going maintenance and operation entity for the Habitat lands.

b. Santa Ana River-Mill Creek Cooperative Water Project (the Exchange) – This is an agreement between ten public and private water agencies to allow for transfer of water among the agencies. SBVWCD has been assigned the responsibility to monitor the transfers, account for the waters exchanged, and report these matters to the other members.

c. High Groundwater Mitigation Project – The District is participating in a program which will address the issues of the high groundwater within the reaches of the Bunker Hill Basin with the water producers and retailers in the area.

d. Drought Mitigation Project – District purchased State Water Project waters at a discounted cost to spread within the District's boundaries to alleviate low groundwater levels brought on by the drought. The costs of this water will be charged back to the entities using the water and the District's investment refunded.

4. Government Structure Options:

The District was originally established in 1931 by election and the assets of its predecessor, the Water Conservation Association in the Santa Ana River, were transferred for use and operation by the District. In 1935, it acquired the assets of the East Lugonia Mutual Water Company to provide for water spreading and percolation within Mill Creek, a tributary to the Santa Ana River. Today, the District's boundaries include approximately 50,000 acres (78+ square miles) including territory within portions of the Cities of San Bernardino, Colton, Loma Linda, Highland, Redlands and Yucaipa, along with the unincorporated community of Mentone and various unincorporated areas. This area is served by a number of water retailers including the East Valley Water District, Yucaipa Valley Water District, and the Cities of San Bernardino, Loma Linda, Redlands, and Colton.

Also overlying the boundaries of the District, as outlined on maps within Attachment #1, are two other agencies authorized to provide water conservation services – the San Bernardino Valley Municipal Water District and the San Bernardino County Flood Control District:

a. The San Bernardino Valley Municipal Water District operates under Municipal Water District Law (Water Code Section 71000 through 73000) and is authorized the power to:

"Acquire, control, distribute, store, spread, sink, treat, purify, reclaim, recapture, and salvage any water, including sewage and storm waters, for the beneficial use or uses of the District, its inhabitants or the owners of rights to water in the district..." as well as "...Acquire waterworks or a waterworks system, waters, water rights, lands, rights, and privileges; construct, maintain, and operate conduits, pipelines, reservoirs, works, machinery, and other property useful or necessary to store, convey, supply or otherwise make use of water for a waterworks plant or system for the benefit of the district..."

In addition, this agency along with its Riverside counterpart, is the Water Master for the 1969 judgment determining the amount of water allowed for withdrawal to maintain the waterflow received by Orange County. The flows of the Santa Ana River are directly affected by the Bunker Hill Basin and the San Bernardino Valley Municipal Water District overlays the majority of this basin.

b. The San Bernardino County Flood Control District operates under provision of the Water Code Appendix 43-1 and was formed in 1939. It is authorized under Section 43-2(6) the powers of "water conservation; water rights; litigation", outlined in part as follows:

"To store water in surface or underground reservoirs within or outside of the district for the common benefit of the district; to conserve and reclaim water for present and future use within the district..."

This entity as well overlays the whole of the Bunker Hills Basin, while its flood zones divide the area of the District.

SBVWCD has indicated its opinion that a future consolidation of the District would require an election of the people, as well as its opinion that its customers, the Cities, retail water providers and entities extracting water from the basin, would not support such a consolidation. Staff's response to these positions is that the provisions of AB 2067 (Harmon), effective January 1, 2005 and not initiated at the time the response was prepared, allows for the consolidation of districts not formed under the same principal act. In such a circumstance, the election requirements would depend upon levels of protest. This is a new circumstance since the survey response has been drafted by the District. In addition, the question of consolidation has not been addressed specifically to these customer entities and a part of the staff's recommendation is intended to remedy that question through a continuance.

In addition, staff would indicate that if the SBVWCD is charged with the responsibility to recharge and assist in the maintenance of the Bunker Hill Basin, then absent a consolidation, its sphere of influence should encompass the whole of that Basin, not just the eastern end. The electorate charged with selecting the governing body should represent the whole of the Basin rather than the limited territory at its eastern extreme. This question has not been addressed by LAFCO staff with the SBVWCD, the other agencies overlaying the area with ability to provide this service, or with the customer entities of the water retailers, cities, and water producers within the area. In regard to that circumstance, staff is recommending that the Commission continue this matter to the May 18th hearing, with the direction to staff to seek the response from these agencies regarding: (a) their position on a possible consolidation with either the County Flood Control District or San Bernardino Valley Municipal Water District, and (b) what would their position be to the expansion of the District's sphere of influence to include the area identified by engineers as the "Bunker Hill Basin".

5. Local Accountability and Governance:

The District is governed by a seven (7) member Board elected from within Divisions. The District conducts its business at regularly scheduled monthly meetings of the Board of Directors at its administrative facilities open to the public. In addition, the District conducts monthly meetings of its three standing committees, Resources, Administration, and Outreach, composed of three members of the Board of Directors. Since the District does not provide a service, per se, to a specific customer, it has limited feedback or participation with its electorate. However, the materials provided indicate that the District does have feedback with the water purveyors or those extracting water from within its boundaries regarding its operations through its mandatory annual Engineering Assessment required for imposition of its groundwater charge, currently set at $6.05 per acre foot for non-agricultural water and $1.65 per acre foot for agricultural water, and through its participation on various committees and task forces.

The seven members of the Board of Directors are elected to four-year fixed terms and must be a registered voter within the boundaries of their respective divisions. While there is a requirement for an election in odd-numbered years, the following provides an outline of the elections actually conducted by the District during the last twenty years:

Division #1 (Redlands)	1983 and 1999
Division #5 (Mentone)	1989
Division #6 (North San Bernardino)	1993, 1997, 2001

No election has been held for Divisions 2, 3, 4, and 7 in the past twenty years according to the records of the Registrar of Voters. These divisions would have been appointed in-lieu of election with application papers filed by a single candidate.

6. When Special Districts were seated on the San Bernardino LAFCO in 1976, a listing of services and functions was prepared, as required by law, acknowledging the services actively provided by the special districts at that time. This document is identified in the Commission's Policy and Procedure Manual, Section V – Special Districts as "Exhibit A – Listing of Special Districts Functions and Services". According to this document, the SBVWCD is currently authorized the active function and service as follows:

FUNCTION	SERVICE
Water Conservation	Water Conservation

Latent powers are those powers authorized to a special district through its principal act, but which are not being actively provided. According to the SBVWCD's principal act, the Water Conservation District Law (Water Code Sections 74000 to 76501), the latent powers of the District on the basis of the definition above would be:

FUNCTION	SERVICE
Surveys of Water Supply and Resources	Make surveys and investigations of the water supply and resources of the Water Conservation District
Flood or Overflow Control	Provide for the construction, operation, and maintenance of such works, facilities and operations within or outside the District's boundaries to protect the land or property in the District from damage by flood or overflow
Water	May sell, deliver, distribute or otherwise dispose of any water that may be stored or appropriated, owned or controlled by the District
Park and Recreation	Acquire, construct, maintain and operate recreational facilities in connection with any dams, reservoirs, or other works owned or controlled by the District

It is unclear what was intended by the definition of the function and service as "water conservation" as the definition in Water Conservation Law provides specific language in this regard. It will be staff's recommendation that the Commission update this designation to more clearly outline the function and service authorized the District. Staff would suggest, based upon the materials provided, that the District's function and services be updated as follows:

FUNCTION	SERVICE
Water Conservation	Appropriation, acquisition, and conservation of water and water rights for any useful purpose. Acquisition and construction of dams, reservoirs, canals, conduits, spreading basins and sinking basins in order to conserve, store, spread and sink water
Surveys of Water Supply and Resources	Make surveys and investigations of the water supply and resources of the Water Conservation District

In summary, the District has indicated that it performs a much-needed service, working in conjunction with the water retailers and wholesaler within the area to assure a safe and sufficient water supply. It is noted that at the time the report was prepared, none of the adjacent or overlaying agencies had identified any concerns with the existing sphere of influence for the SBVWCD; however, their notice of this consideration has been limited. To date, no concern has been expressed from the water producers associated with the District's sphere of influence who indicated their opposition to the District's annexation twelve years ago; however, they too have had limited information regarding this consideration.

SPHERE OF INFLUENCE UPDATE:

Pursuant to the requirements of Government Code Section 56425, every sphere of influence review is required to consider four factors of consideration. Due to the regional nature of this District and the limitations of the District's boundary and sphere within the defined Bunker Hill Basin, a response to these factors is difficult to provide. However, a summary response follows based upon the existing area of the District and its sphere of influence:

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

   The present and planned land uses in the area comprising the area of the SBVWCD represent varying levels and intensities of urban development within unincorporated County areas as well as portions of the Cities of Colton, San Bernardino, Highland, Loma Linda, Redlands, and Yucaipa. The SBVWCD comprises approximately 50,000 acres (78+ square miles) within San Bernardino County.

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

   The present and probable need for the services provided by the District to sustain the Bunker Hill Basin will continue and expand as the population of this portion of the Valley grows. However, the relationship of this entity's boundaries to the Bunker Hill Basin it is charged with providing water conservation and recharge efforts is of concern to LAFCO staff. The entire area of this basin is experiencing drought conditions, water contamination, and growth of the use of the groundwater supply. Water conservation is a need within the entirety of the basin, not just the eastern portion as defined by the boundaries of the SBVWCD.

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

   Within its current boundaries, the District provides its services of water conservation through recharge of surface water and/or State Project water during drought conditions in performance of its legislatively prescribed powers and responsibilities.

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

   Due to the regional nature of this agency, it is difficult to address this issue. However, as noted in the materials and the mission statement of the District, its efforts are to maintain an adequate water level in the Bunker Hill Basin. The Bunker Hill Basin is much larger than the boundaries and/or sphere of influence of the District and could be considered a single community of interest. If the District's recharge efforts support this Basin, then staff would question the definition of the sphere – either it should be expanded to include the whole of this Basin, or the possibility of consolidation with a district with responsibility for this larger area should be considered.

CONCLUSION:

At this time, the primary staff recommendation is that the Commission continues this consideration to the May 18, 2005 hearing and direct staff to compile responses to the questions regarding the District's expenditures, revenues, agency positions on consolidations and agency positions on the possibility of expanding the District's sphere of influence to include the whole of the Bunker Hill Basin. As outlined in the staff report, this is based on a number of questions that the materials have raised but staff has not has sufficient to time to address.

However, if the Commission believes that sufficient information has been provided by the District, it can take the actions to approve the service review/sphere of influence update for the District affirming its existing sphere of influence designation and direct staff to return at the April 20, 2005 hearing with the resolution of approval for adoption on the consent calendar.

Attachments:

1. Maps of the District's boundaries, its Regional Location, and its Relationship to Cities, San Bernardino Valley Municipal Water District, and County Water Districts
2. Outline of a Water Conservation District Prepared by LAFCO Staff

3. Staff Report for LAFCO 2751, dated December 3, 1993
4. Survey Response Provided by the District Including the Appendix Materials Identified in the Staff Report
5. District Budget for 2004-2005, Budget for 2003-04 and Audit Report for 2003-2004
6. Response from Tom Dodson, Tom Dodson and Associates, LAFCO Environmental Consultant, Identifying Determination for Maintaining Existing Sphere of Influence Boundaries

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San Bernardino Valley Water Conservation District

Municipal Service Review (2003)

SBV WATER CONSERVATION DISTRICT

OUR NAME IS OUR MISSION

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San Bernardino Valley Water Conservation District - Municipal Service Review (2003)

1.0 Introduction

1.1. Background of Review[1]

On September 26, 2000, Governor Gray Davis signed into law AB 2838 (Chapter 761, Statutes of 2000), authored by Assembly Speaker Robert M. Hertzberg. This legislation, titled the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 ("CKH Act") and codified as California Government Code §56000 et seq, marked the most significant reform to local government reorganization law since the 1963 statute that created Local Agency Formation Commissions (LAFCOs) in each county.

Development of the legislation resulted from the recommendations of the Commission on Local Governance for the 21st Century. The Commission, established through statute in 1997, published its recommendations in a final report, Growth Within Bounds, issued on January 20, 2000.

Prior to the 2000 amendments, the law already permitted LAFCOs to conduct municipal service review studies. These LAFCO service studies generally provided evaluation tools to support future LAFCO actions or were part of a reorganization committee effort.

Existing law (§56430) now states that in order to prepare and update a Sphere of Influence (SOI), LAFCOs are required to first conduct a municipal service review of the municipal services provided in the county or other appropriate designated area. The term "municipal services" generally refers to the full range of services that a public agency provides or is authorized to provide.

The LAFCO for San Bernardino County chose to divide the county into five geographic areas, reviewing one area per year, to meet this requirement. In 2002 the western valley Municipal Services Reviews were completed, with 2003 being designated for the eastern valley reviews.

1.2. History of the San Bernardino Valley Water Conservation District

In 1931, local citizens voted to create the San Bernardino Valley Water Conservation District ("District") as a public agency, under the Water Conservation Act of 1931, to protect against excessive export of the local surface water by downstream agencies. The Water Conservation Act of 1931 provided broad authority to exercise a variety of powers necessary to further the District's primary goal of conserving water, such as making contracts, acquiring property through eminent domain, owning and operating recreational facilities, owning and operating hydroelectric plants, and intervening in the actions of

[1] This section was largely incorporated from "LAFCO MUNICIPAL SERVICE REVIEW GUIDELINES FINAL DRAFT 2002," Governor's Office of Planning and Research, October 3, 2002.

other agencies when those actions interfere with the natural flow of streams that would otherwise be conserved for beneficial use.

The District has historically operated water recharge facilities in two areas: the Santa Ana River ("SAR") and Mill Creek ("Mill Ck"). In 1935 East Lugonia Mutual Water Company transferred to the District its jurisdiction for conserving water from Mill Creek. A similar transfer occurred when the property and duties of the Water Conservation Association – primarily concerned with the Santa Ana River – were deeded over to the District.

The amount of water recharged by the District depends on the amount of rain and snow in the mountains. Over the period of its history the District has recharged the groundwater in any given month, and has put as much as 104,000 acre-feet of native (local) water into the groundwater basin in a single year. In addition to conservation of native water, the District has recharged imported water at the request of its constituents.

1.3. Current Mission

"The mission of the San Bernardino Valley Water Conservation District is to ensure recharge of the Bunker Hill Groundwater Basin in an environmentally and economically responsible way, using local native surface water to the maximum extent practicable.

We strive to improve the supply and quality of groundwater, balancing such demands with those of land, mineral, and biological resources."

1.4. District Activities

The District is often considered a neutral third-party as it relates to water, based on its unique position as neither water wholesaler nor retailer, and given responsibilities due to that role. In addition, its significant holdings of undeveloped land bring the District to the forefront of environmental issues. The actual activities undertaken by the District, to enact and support its mission, are quite broad. The services provided by the District assure high quality local water supplies for people and the environment in the San Bernardino Valley. Some key activities performed by the District are described below.

Groundwater Recharge

The weather in the Valley brings a wide range of precipitation. The District captures surface water from the Santa Ana River or Mill Ck in the wet years and channels the water to a series of small basins where the water percolates into the ground. Water is stored in this groundwater basin – the Bunker Hill Basin – until needed; when there is demand for the water it is pumped out by local water agencies and citizens and put to use. By keeping groundwater levels reasonably high, the District helps reduce the cost to local producers of pumping groundwater.

The subsurface of the Bunker Hill Basin slopes from east downward to the west. Water migrates naturally with that slope. A natural ground fault, called the San Jacinto Fault,

forms a barrier to groundwater movement, causing water to pool and rise toward the surface in the lower (west) end of the basin. As a result, groundwater tends to rise toward the ground surface in that area, which may increase the risk from liquefaction.

The native surface waters of the Santa Ana River and Mill Creek are some of the best quality water in the State of California. The District captures unused surface water and diverts it into spreading basins for percolation into the groundwater basin. Through this recharge, the high quality surface water blends with and improves the existing groundwater. Such use of native water provides a much better replenishment source than imported water. Annual analyses of the principle contaminants of total dissolved solids and total inorganic nitrogen reveal that the groundwater quality is better where the surface water has percolated into the ground. Another benefit of improving the groundwater supply is the reduced cost to local agencies for treatment of wastewater.

High Groundwater Mitigation Project

According to the U.S. Geological Survey, the "Pressure Zone" area of the Bunker Hill Basin, near the San Jacinto fault, was a shallow marshland throughout much of history. In the 1870s, many wells near present-day downtown San Bernardino had water at or above the ground surface. The historic pattern of high groundwater levels changed in the 1930s, when farming and groundwater pumping increased during a time of diminished local rainfall, as groundwater levels dropped.

In the 1960s, the pattern of water use changed again. Decreased groundwater pumping and decreased evaporative loss from agricultural plants occurred at the same time that import of water from outside the basin increased. This pattern continued through the decades of the 1970s and 1980s.

By the early 1980s the water level in the historic marsh area had risen to near, or above, the surface. These high water levels led to a number of problems including buckling streets, flooded basements, and damage to concrete-lined flood control channels. As groundwater levels rose, so too did the potential for soil liquefaction during a seismic event in the downtown area of San Bernardino.

The District is currently participating in a program which addresses managing the high groundwater levels in the pressure zone by increasing well pumping capacity using existing pumps, canals, and pipelines to deliver water to downstream users. Plans are being formulated to construct additional extraction monitoring wells to better manage the high groundwater area.

Assure Beneficial Use of Water Resources

The District serves a role of "honest broker" among ten public and private water agencies, which formed the Santa Ana River-Mill Creek Cooperative Water Project ("Exchange Plan") to facilitate transfers and exchanges of water amongst the members. Because the District is neither a wholesaler nor retailer of water, it was deemed the most objective and

was selected to manage the program and the water transfers. The District has performed that role continuously since 1976.

Big Bear Watermaster

The District is one of three court-appointed members of the Big Bear Watermaster. The Watermaster accounts for the flows of water in and out of Big Bear Lake. The District's role within the Watermaster is to ensure that flows that should or would contribute to the groundwater basin are not lost or improperly used by others.

Promote Proper Uses of Natural Resources

The District has supported mineral extraction from its lands for more than 60 years. These deposits of sand and gravel are designated by the State Department of Resources as "regionally significant," obligating local agencies to protect the viability of these deposits. The mining industry provides 2-4 million tons of aggregate annually for road construction and other masonry products. Using a standard economic multiplier factor, the mining industry is estimated to pump $50 million into the local economy each year.

Protect the Environment

District lands are home to several natural plant and animal habitats, including those for sensitive, threatened, or endangered species. The District is forming partnerships with the U.S. Bureau of Land Management, the U.S. Fish and Wildlife Service, and California Department of Fish and Game to ensure that water conservation practices are compatible with effective wildlife habitat management. To ensure that compatibility, the District is spearheading development of the Upper Santa Ana River Wash Land Management and Habitat Conservation Plan.

Upper Santa Ana River Wash Land Management and Habitat Conservation Plan

In 1993, representatives of numerous agencies - including water, mining, flood control, wildlife, and municipal interests - formed a Wash Committee to address land use planning issues local to the upper Santa Ana River wash area. The role of the Committee was subsequently expanded into the Task Force, and it began meeting to determine how this area might accommodate all of the important functions represented by the participating agencies.

The Task Force elected to disregard land ownership lines in favor of a "best use" strategy for land use planning. It is anticipated, for example, that significantly disturbed areas are more favorable for mining while undisturbed lands are more favorable for preservation. This project is expected to produce a Land Management and Habitat Conservation Plan for the wash planning area, comprised of approximately 5000 acres spanning from the mouth of the Santa Ana River canyon to Alabama Street in the Santa Ana River wash.

Drinking Water Source Assessment

The U.S. Environmental Protection Agency has mandated that the sources of drinking water be assessed for vulnerability to contamination. The Drinking Water and

Environmental Management Division of the California Department of Health Services ("DHS") is the lead agency for developing and implementing the Drinking Water Source Assessment Program in California.

DHS has allowed individual agencies that deliver water to customers for potable use to perform their own vulnerability assessment. The District, in association with the Upper Santa Ana Water Resources Association, has contracted with several of the participating agencies to perform this vulnerability assessment on those agencies' wells at a cost significantly reduced over that quoted by various consultants. The District has conducted source water assessments on approximately 300 wells, and continues to provide these assessments as needed.

1.5. District Facilities

Historically, the Upper Santa Ana River Wash was a natural floodplain and alluvial fan. Due to geological conditions of this area, it has been traditionally used for percolation basins for groundwater recharge, which provides a significant part of the water supply for the local region.

The District (including its predecessors the Water Conservation Association in the Santa Ana River and East Lugonia Mutual Water Company in Mill Creek) has developed facilities in, and diverted water from, Santa Ana River and Mill Creek for more than 90 years. The majority of the canals and percolation basins used were constructed in the 1930s.

The canal system was dug, often by hand, to conform to the natural topography. The canals were dug by displacing native material and creating a ditch-type canal lined with native rock. This remains a very cost effective way to move water for groundwater recharge. Little maintenance of the canals is required, beyond weed abatement and sediment removal. Reinforced concrete structures were constructed in the canals with gates to divert flows into the percolation basins.

Percolation basins were dug in a similar manner as the canals. The native material was displaced to create a levee, allowing diverted water to flow in and accumulate. Small concrete structures with gates were constructed to regulate flows between basins. As a result, maintenance is minimal, with most efforts focused on weed abatement and sediment removal. Today, the canals, percolation basins, and concrete structures and gates are in good condition and, as mentioned above, require minimal annual maintenance.

The District owns and operates two diversion structures, one on Santa Ana River and one on Mill Creek. The diversion structure on Santa Ana River was constructed in the early 1930s just upstream of a weir in the river channel. The District diverts water from the Santa Ana River using this diversion facility in the Santa Ana Canyon. This structure has

a design capacity of 1,000 cubic feet per second ("cfs"). Additional water can be diverted using other local agencies' infrastructure. The diverted water is conveyed under Greenspot Road to the Parshall Flume for measurement, and then to the SAR recharge area for percolation, via the District's Main SAR Canal.

The Main SAR Canal is bifurcated shortly after the Parshall Flume (a gauging station) into the North Canal and South Canals. The North Canal carries water into percolation basins, where the water is spread for percolation. The South Canal carries water into the U.S. Army Corps of Engineers ("Corps") Seven Oaks Dam ("SOD") Borrow Site, where the water is spread for percolation in three reconstructed percolation basins inside the Borrow Site, and at the west end of the Borrow Site itself. The SAR recharge area contains sixteen percolation basins, with a wetted area of approximately 132 acres.

The Mill Ck recharge area lies south of Mill Ck just upstream of its confluence with the Santa Ana River. The Corps reconstructed the District's Mill Ck diversion structure in the 1980s as part of a flood protection project for the Santa Ana River Main Stem, from the mountains to the ocean. This facility is rated at 90cfs. Additionally, SAR water can be conveyed using several different routes to the District's Mill Ck recharge area.

The main canal from the Mill Ck diversion is split into a north and a south canal to provide maximum flexibility and redundancy for moving water. These two canals convey the diverted water to the Mill Ck recharge area located south of the flood control levee south of the river channel. Fifty-eight percolation basins in the Mill Ck recharge area have a total wetted area of approximately 66 acres.

2.0 Sphere of Influence (expected changes)

While no changes to its sphere of influence are anticipated at this time, the District does expect to annex in the near future those areas currently within its sphere of influence.

3.0 Service Review Issues

3.1. Infrastructure Needs/Deficiencies

3.1.1. Capital Improvement Plans/Studies

The District plans to reconstruct percolation basins in the Borrow Site to replace those basins whose operation was interrupted during the construction of Seven Oaks Dam. The wetted area of these basins will be approximately 145 acres.

The District will also construct percolation basins, and ancillary facilities, as part of the Upper Santa Ana River Wash Land Management and Habitat Conservation Plan. Seven basins of varying size, with a total wetted area of 45 acres, are anticipated under this plan.

3.1.2. Master Service Plans/Studies

The District is one of many entities that have been working together to manage groundwater in the Bunker Hill basin. Groundwater management is a

collaborative effort, and this effort is achieved through various agreements and judgments. Entities involved in this effort include:

- San Bernardino Valley Water Conservation District
- Upper Santa Ana Water Resources Association
- San Bernardino Valley Municipal Water District
- East Valley Water District
- Western Municipal Water District
- West San Bernardino County Water District
- Yucaipa Valley Water District
- Bear Valley Mutual Water Company
- Riverside Highland Water Company
- Elsinore Valley Municipal Water District
- Colton, Loma Linda, Redlands, Rialto, Riverside, and San Bernardino.

A significant challenge to water managers in the San Bernardino Valley is the balance of water levels. The District, in cooperation with other agencies in the basin, is working to balance the need for higher groundwater levels in the east and lower groundwater levels in the west. This is achieved through recharge in the east and pumping in the west. However, the situation is complicated by the fact that major water producers in the westerly part of the basin don't want water levels to drop too low – an event currently taking place causing the City of San Bernardino and other agencies to purchase state water for recharge.

This balancing act requires not only a high degree of inter-agency coordination, but also a thorough understanding of the interaction between groundwater recharge, groundwater levels, subsurface flow, subsurface and storage parameters. This understanding is based on hydrogeologic information and evaluation of monitoring well data from throughout the basin. The Santa Ana Watershed Project Authority is currently installing ten monitoring wells in the west end of the Bunker Hill basin using California Proposition 13 (2000 Water Bond) funds. Additionally, the District has won an individual grant to install two monitoring wells in the forebay (east) area of the valley. A groundwater model is currently being developed by the United States Geological Survey (USGS) for the San Bernardino area. The model will give the local agencies another important tool for groundwater management. Installation and monitoring of new monitoring wells in the Santa Ana River forebay will provide water quality information that will help support refinement of this model.

Two Watermasters serve the Bunker Hill Basin. The Western-San Bernardino Watermaster, created in 1969 (Case No. 78426), prepares annual reports on groundwater extractions in the Bunker Hill and the downstream Riverside and Colton groundwater basins. The Big Bear Watermaster, established in 1977 (Case No. 165493), prepares annual reports which keep account of Big Bear Lake

hydrologic conditions, and conditions downstream of the lake in Bear Creek and Santa Ana River. The District sits on the Big Bear Watermaster.

These basin adjudications provide the basic operating framework for basin management in this area. The District's specific roles in the existing groundwater management are documented in its *Operational Management Manual* (1994) which presents goals, objectives, and policies related to groundwater management and provides guidelines for recharge operational procedures. A copy of the *Operational Management Manual* is attached as Appendix A. This manual is being updated as the District's *Program for Effective Recharge Coordination*, and is due out early next year.

The District documents its groundwater management efforts, and the hydrologic conditions of the Bunker Hill basin, in its annual engineering investigation report. A copy of the *Engineering Investigation of the Bunker Hill Basin 2001-2002* is attached as Appendix B. These annual reports present groundwater contour maps, well hydrographs, changes in storage, groundwater production, estimations of groundwater recharge needed to replenish supplies in the coming year, and surface water and groundwater quality. These annual reports have been produced since 1993.

These two District documents provide important feedback to local water managers and thereby help coordinate and guide groundwater management in the Bunker Hill basin. In preparing the annual report, the District compiles, organizes, and analyzes production and water level information from numerous agencies. This annual report also includes a summary of water quality conditions, recognizing that impairment of water quality results in diminishment of usable water supply and a decline in water supply reliability.

3.1.3. Water Supply Service Plans/Studies

The District does not provide direct delivery of water. The water that the District recharges in the Bunker Hill groundwater basin is made available to all groundwater producers in the basin.

3.1.4. Sewer Service Plans/Studies

The District does not provide sewer service.

3.1.5. Age and Condition of Facilities

As mentioned in Section 1.5, the many of the District's facilities were constructed in the 1930s. Almost without exception the District's structures have been well maintained, and are in fine operating condition.

3.1.6. Capacity Analysis

The District has undergone an analysis and inventory of diversion structures, gates, canals, and percolation basins in its Santa Ana River and Mill Creek recharge areas. The results of this analysis indicate the District owns and maintains 75 percolation basins, with a total wetted area of approximately 198 acres, and surface storage capacity of approximately 2,000 acre-feet.

3.1.7. Future Development

Groundwater Conservation and Habitat Restoration

The District, in cooperation with the Corps, has begun a Section 1135 environmental restoration project in the Seven Oaks Dam Borrow Site.

Before the construction of the dam began, the Borrow Site was the site of several percolation basins used by the District for groundwater recharge. The use of the project site as a Borrow Site for the construction of the dam essentially eliminated all the vegetation, wildlife habitat, and groundwater recharge function that originally occurred at the site.

Three percolation basins have been reconstructed at the east end of the Borrow Site. The remainder of the Borrow Site, which consists of a relatively even-sloped bottom of coarse sand, and a few piles of very large granite boulders, is almost entirely devoid of vegetation. The proposed Section 1135 project would restore a series of percolation basins that are optimized to support the native vegetation and wildlife that are characteristic of the surrounding areas and were present at the project site prior to use of the area as a Borrow Site.

The estimated project cost is $5,639,000 with expected funding of $5,000,000 from the Corps and the remainder funded by the District. This project is scheduled for completion in the summer of 2005. The draft Preliminary Restoration Plan associated with this project is attached as Appendix C.

Groundwater Monitoring

The District has been awarded an AB303 grant from the California Department of Water Resources to support the installation of two 400-foot deep groundwater monitoring wells in the Santa Ana River and Mill Creek forebays. The grant awarded is in the amount of $230,000. The planning and design phase will begin by the end of this year. Information about this grant award is attached as Appendix D.

The construction of these wells will aid in understanding the local groundwater hydrogeology, and provides improved monitoring-data important for enhanced recharge by the District. Water level data will be collected at the time of well installation, and on a continuing basis as part of the groundwater monitoring program conducted by the District. These data will fill important gaps in the

current groundwater monitoring network, and will assist in understanding the effects of recharge on groundwater levels. This information will be shared with all the stakeholders in the basin, and will assist the District in managing its limited water resources.

Upper Santa Ana River Wash Land Management and Habitat Conservation Plan
This project seeks to disregard land ownership lines in favor of a "best use" strategy for land use planning. A Land Management and Habitat Conservation Plan for the wash planning area, comprised of approximately 5,000 acres spanning from the mouth of the Santa Ana River canyon to Alabama Street in the Santa Ana River wash, will be produced as part of this project. The Executive Summary of the concept plan for this project is attached as Appendix E.

3.1.8. Reserve Capacity

The District strives to uses the available native flows from the Santa Ana River and Mill Creek to improve and maintain groundwater levels in the Bunker Hill Basin. The Bunker Hill Basin requires continual recharge to protect against overdraft. On average, 200,000 acre-feet are produced each year from the Bunker Hill Basin. The Conservation District provides an average of 15,000 acre-feet of the total natural and artificial recharge, to this basin. As of Fall 2002, the Bunker Hill Basin is 300,000 acre-feet below its 1993 storage level – a commonly agreed-upon year when the major groundwater producers consider the basin "full."

3.2. Growth and Population

3.2.1. Population Information

The District's water conservation activities primarily support the communities of San Bernardino, Loma Linda, Redlands, and Highland, as well as the unincorporated county area of Mentone and various county "islands" within the incorporated cities. The 2000 census for these cities indicate a population of approximately 340,000 individuals, with an expected growth to approximately 460,000 people by 2020 – a growth of 35%[2]. The groundwater basin also serves as water supply for the city of Riverside. Growth in that region will have a significant effect on water use from this basin as well.

3.2.2. General Plan

The District does not prepare a General Plan.

3.2.3. Identify Significant Growth Areas

The most significant growth in population by 2020, as a percentage of current population, is expected in Highland (59%), Loma Linda (54%), and the

[2] Population data and growth predictions are from the Southern California Association of Governments (SCAG) 2001 Regional Transportation Plan Growth Forecast, available at http://www.scag.ca.gov/forecast/rtpgf.htm.

unincorporated Mentone area. In terms of absolute population growth, San Bernardino is expected to add the greatest number of individuals (over 70,000).

3.3. Financing Opportunities and Constraints

3.3.1. Finance Plans

Every year the District undergoes a planning and budgeting process. In this process the District identifies estimated income based upon known revenue sources, and capital improvements and maintenance projects desired for the upcoming fiscal year. These capital improvements and maintenance projects are prioritized, and cost estimates are determined, so that budget expenses are projected. The District operates within its projected revenue and expenses, making adjustments throughout the year in response to fluctuations in actual income and expenses. The District tends to operate with a "pay as you go" plan, funding capital improvements from reserves or operating budget rather than seeking financing.

3.3.2. Bond Rating

In resent years the District has not borrowed funds to complete large capital projects. The District has paid for any capital improvements through its general fund or its reserves. In the future, should the District choose to borrow money for large projects, it would take advantage of both fixed and variable rate financing, depending on the useful lives of the assets and the interest rate environment at that time.

3.3.3. Joint Financing Projects

The District is participating in three jointly funded projects: SOD Borrow Site Groundwater Conservation and Habitat Restoration Project; AB303 Grant to Install Groundwater Monitoring Wells; and the Upper Santa Ana River Wash Land Management and Habitat Conservation Plan.

3.3.4. Revenue Sources

The District receives revenue from several sources:

- Royalty payments on aggregate extraction;
- Groundwater charge on groundwater extracted;
- Investment income; and
- Miscellaneous income.

The District currently leases land to two mining companies. The leases are of varying length, and the royalty rate paid for each ton of aggregate extracted increases over time according to the provisions of the leases. This source represents approximately 50% of the district's annual revenue.

The current rate for the groundwater charge is $1.50 per acre-foot for agricultural uses, and $5.50 per acre-foot for all other uses. These rates are applied to every acre-foot of water extracted from the groundwater basin from within the District's boundary. The District sends out a semi-annual statement to each producer in its service area requesting payment of the charge based on that producer's production levels. This income represents approximately 30% of the District's revenue, and can be expanded by an action of the Board of Directors.

The District has reserve funds invested in LAIF, on which it receives modest interest income. The interest earned from these investments comprises 10% of the revenues for the District each year. Annually, or more often as needed, the District's Board of Directors reviews the investment policy to ensure the funds perform as well as possible while being conservatively invested.

The remain source of revenue comes from property tax income, property income, and reimbursements for programs or projects done on behalf of other agencies. This source represents approximately 10% of the revenue.

3.4. Cost Avoidance Opportunities

3.4.1. Overlapping/Duplicative Services

Other agencies authorized to provide water conservation service within the District's boundaries include the San Bernardino Valley Municipal Water District ("Muni") and the San Bernardino County Flood Control District ("Flood Control").

Muni's current groundwater recharge practice, as the District understands it, is to recharge surplus State Water into the Bunker Hill Basin. This occurs when a customer calls for State Water but is unable or unwilling to take that water at the time of scheduled delivery. This excess State Water is recharged into the groundwater basin and accounted for by Muni, which accounting allows Muni to export water from the basin in excess of their annual allotment. Muni does not own groundwater recharge facilities, and has no water rights on the native surface water of the valley.

Flood Control does own in-stream detention basins that can be used for groundwater percolation. The use of these basins for such purpose decreases their availability for use as flood control facilities by decreasing the available space inside the basins, which is not often an issue during the dry months. The City of San Bernardino uses these basins for groundwater recharge using state water purchased from Muni.

Though other agencies are authorized to provide water conservation services in this area, the District is the only agency whose primary focus is on responsible

recharge of the Bunker Hill Basin. Furthermore, the more than 90 years of water conservation by the District and its predecessors remains unmatched in the historic record of any other agency. This should not be considered a slight to the vital services provided by other agencies, but rather an indication of the well-placed focus each agency has had on its core missions.

3.4.2. Joint Agency Practices

The District is involved with several joint agency ventures, all of which help to reduce cost to the District. The most significant of these include the Upper Santa Ana River Wash Land Management and Habitat Conservation Plan, the Santa Ana River-Mill Creek Cooperative Water Project, the High Groundwater Mitigation Project, and the Drought Mitigation Project. All of these projects have been previously discussed in this document.

3.4.3. Rely On Other Agencies

Though reliance on other agencies is not currently necessary, the District recognizes the immense potential benefits associated with interagency cooperation and joint agency practices, and strives to implement such cooperation.

3.4.4. Growth Management Strategies

The District does not anticipate significant growth of its boundaries. The limited nature of the resources used by the District – in place and amount – suggests expansion beyond its sphere of influence would likely not have value. The District does anticipate annexing that portion of its sphere of influence that extends up the Santa Ana River, as that area is clearly benefited by the activities of the District.

3.4.5. Level of Service

The current level of service is limited, in large part, by the availability of water in the Santa Ana River and Mill Creek – service is supply rather than demand driven. Last fiscal year the District participated in a Drought Mitigation Project, whereby it paid half the discounted cost of state water to be spread within the District boundaries to alleviate low groundwater levels brought on by drought. The District is considering involvement in a similar project this fiscal year, and is analyzing the fiscal impacts and need for future rate increases associated with such significant expenditure.

3.4.6. Per-Unit Service Costs

The District's costs are largely fixed, and are generally inelastic with increased units of conservation provided. The cost to the "consumer" – in this case any party that pumps groundwater from within the District boundaries – is kept artificially depressed through the District's subsidy of its groundwater recharge activities with its aggregate mining royalty income.

3.5. Rate Restructuring

3.5.1. Rates

The District operates under legislatively mandated criteria for processing changes to the groundwater assessment rate. Changes to this **process**, such as mandating an increase with the consumer price index, are not possible under the constraints within which the District must operate. Changes to the **rate** itself are possible on an annual basis, based on the District's analysis of the appropriate groundwater recharge rate.

Income from aggregate mining royalties is set via contractual obligation, and cannot be changed except via amendment to those contracts. The contracts do contain provisions whereby the revenue accrued by the District increases over time.

3.6. Opportunities for Shared Facilities

3.6.1. Shared Facilities

The District is engaged in several facilities sharing plans. Of particular note is the Santa Ana River-Mill Creek Cooperative Water Project. This project is an agreement between ten public and private water agencies to facilitate transfers and exchanges of water amongst the members. Because the District is neither a wholesaler nor retailer of water, it was deemed the most objective and was selected to manage the program and the water transfers. The District has performed that role continuously since 1976. A report entitled *Bucket for Bucket*, explaining this cooperative agreement, is attached as Appendix F.

The District has a rich history of opening its facilities to use by others. This includes beekeepers, model airplane clubs, city trail events, permanent city trails, and general use by other local agencies. In particular, the District has opened its percolation basins to other parties wishing to conserve water in this groundwater basin. This ethic is continued in such projects as the Upper Santa Ana River Wash Land Management and Habitat Conservation Plan.

3.6.2. Duplication of Facilities

District facilities are, in essence, diversion structures on the Santa Ana River and Mill Creek, and percolations basins with which to recharge the groundwater basin. Other agencies are capable of diverting water from these two sources, but lack the capability to effectively recharge the groundwater basin. Flood Control has detention basins that can be used for percolation, but such percolation generally does not benefit users at the east and south end of the basin, such as Highland, Redlands, Loma Linda, and Grand Terrace. In short, there is very little local duplication of the District's facility set.

3.7. Government Structure Options

3.7.1. Agency Recommendation

The District has been operating successfully for over 70 years as an independent special district. This governmental structure offers the flexibility and focused mission necessary for the District to react to changing conditions, while still maintaining its high standard of service. The District recommends no change to its governmental structure at this time.

3.7.2. Hurdles to Consolidation/Reorganization

The District was formed by a vote of the people in 1931. Reorganization under a different governmental structure, consolidation, or dissolution would require another vote of the people.

In addition, the District believes the local groundwater producers would be reluctant to see any such consolidation or reorganization. Despite the legal authority for two other agencies to recharge water into this groundwater basin, the local users have consistently sought out participation of the District when requesting changes to the recharge regime, or with questions about existing recharge.

3.7.3. Recommended Options

The District currently offers limited recreation and land/habitat management services. These roles may increase in the future with evolving land use, especially associated with the Upper Santa Ana River Wash Land Management and Habitat Conservation Plan.

3.8. Evaluation of Management Efficiencies

3.8.1. Training Opportunities

The District provides its employees with a safe work environment and the training necessary to educate them about proper working procedures. All district employees receive numerous hours of training that increases their awareness of safety in the workplace. As specific examples, District staff receives first-aid, CPR, and defensive driving training. The District's insurance provider conducts an annual review of the District offices and field facilities for safety in the workplace.

The District also places a high value on the training of managers and administrative employees to ensure they are at the top of their profession with technology, techniques, and methods available to perform their job. Attendance is sponsored at various professional seminars, and the District offers an educational reimbursement program to any employee.pursuing credentialing or other educational goals.

3.8.2. Staffing Levels

The District is a small, highly trained organization that is involved in many aspects of managing the Bunker Hill Basin. Because of the limited financial resources that District maintains a small, flexible staff. Staff consists of a General Manager, Assistant General Manager, Administrative Services Manager, Project Manager, GIS/CADD Analyst, (2) Administrative Assistants, and (2) Field Operation Specialists.

3.8.3. Technology

The District maintains a Local Area Network connecting staff computers to a fileserver. The District upgrades its hardware on a rotating three-year schedule to guard against obsolescence.

The District has begun a program to convert all existing paper documents into digital format. The purpose for this task is to aid in research, consolidate space, and provide backup of these important documents. A significant portion of the paper documents includes historic data associated with water levels, well information, and studies in the Basin. This database is being developed in conjunction with other agencies. Many local agencies and consultants look to the District for information, and the District takes pride in being able to offer this service.

3.8.4. Budget

In recent years, the Board of Directors has taken time to implement an expanded annual budget process. Part of this expanded process involves Board review, at a public workshop, of the District's goals and objectives relating to its mission. The review affirms guidelines for long-range planning, provides a baseline for District activities during the next fiscal year, and serves as the foundation for the annual budget.

The District's mission is:

"The Mission of the San Bernardino Valley Water Conservation District is to ensure recharge of the Bunker Hill Groundwater Basin in an Environmentally and economically responsible way, using local native surface water to the maximum extent practicable.

We strive to improve the supply and quality of groundwater, balancing such demands with those of land, mineral, and biological resources."

This mission statement provides four goals for long-range planning:

- Recharge local native surface water to the maximum extent practicable;
- Ensure recharge operations are accomplished in an environmentally and economically responsible way;
- Strive to improve the supply and quality of groundwater; and
- Balance the demands of groundwater recharge, supply, and quality with those of land, mineral, and biological resources.

Each fiscal year the District performs a through planning and budgeting process, identifying the capital improvements and maintenance projects for the ensuing fiscal year. An essential step in this process is identifying income based upon the revenue sources. The District prioritizes the capital improvements and maintenance projects, estimates revenue and expenses, and compiles a budget for the next fiscal year. This budget is presented to the Administrative Committee in a public meeting, who reviews the budget and makes recommendations to the Board of Directors. The District operates within its projected revenue and expenses, making adjustments throughout the year in response to fluctuations in actual income and expenses. The District tends to operate with a "pay as you go" plan, funding capital improvements from reserves or operating budget rather than seeking financing. Attached, as Appendix G, is a copy of this year's annual budget.

3.8.5. Joint Powers Agreements

The District is not part of any Joint Powers Agreements.

3.9. Local Accountability and Governance

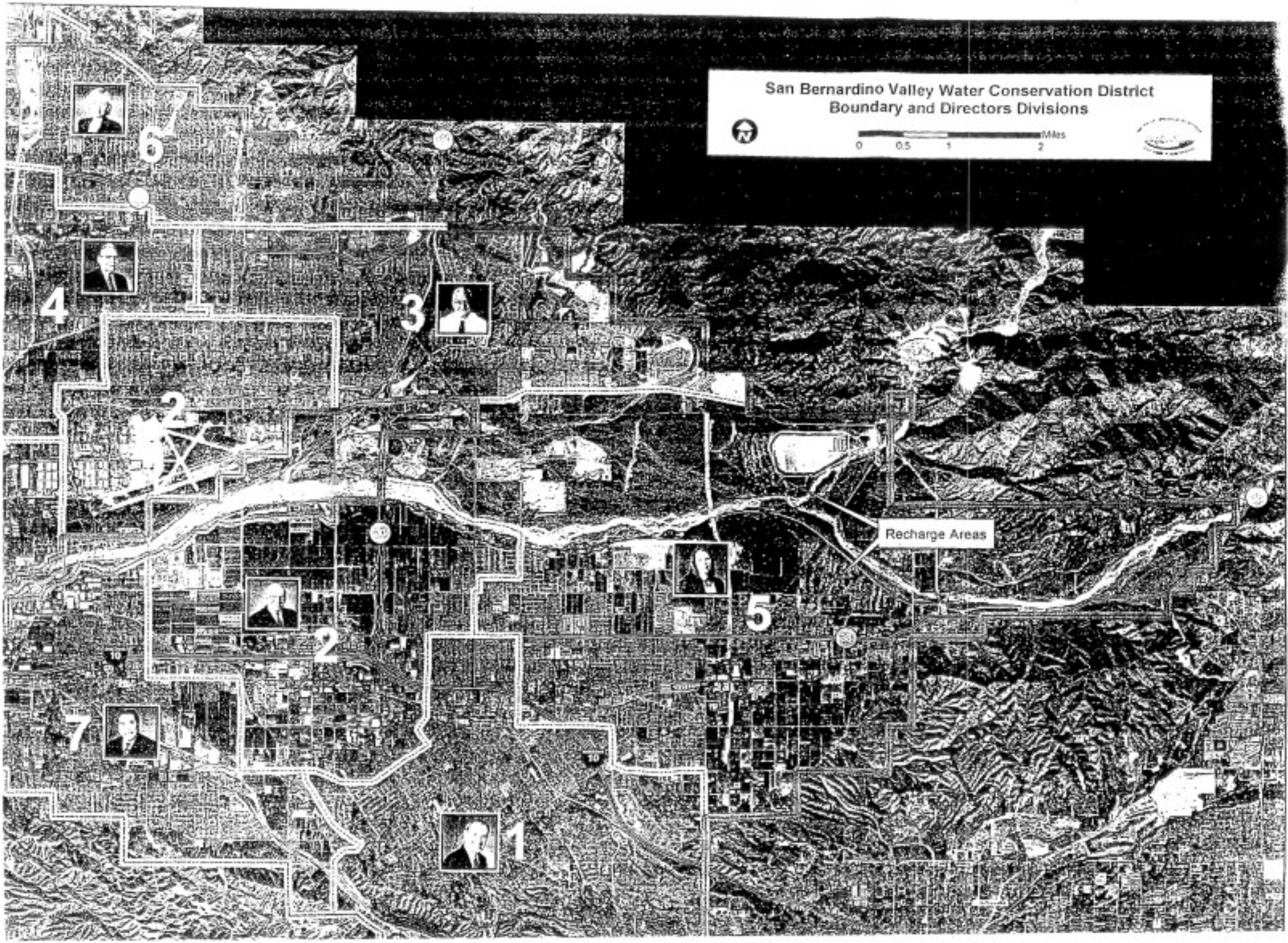
3.9.1. Governing Body

A publicly elected Board of Directors governs the District. Each of the seven Directors represents a specific demographic-geographic division for a period of four years. Elections occur during the odd years, with approximately half the Board facing re-election each cycle. The current division boundaries, as well as each division's duly elected representative, are shown on the attached Figure 1.

The Board of Directors meets regularly on the first Wednesday of each month. Three standing committees, each comprised of three Directors, typically meet monthly as well. These are the Resources, Administrative, and Outreach committees. All of these meetings are open, public meetings that conform to the requirements of the Brown Act.

3.9.2. Customer Feedback

The District does not have customers in the same sense that a water retailer or wholesaler would, as this organization does not directly exchange a good or service for some equivalent compensation. Despite this, the District generally


San Bernardino Valley Water Conservation District
Boundary and Directors Divisions
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Recharge Areas

views the local groundwater pumpers, and specifically the local water purveyors, to be its customers.

Numerous opportunities exist where the District solicits feedback from its customers. The most obvious of these is at its monthly public meetings. The District is also involved in a number of groups or committees where feedback about its practices would be appropriate, including the Upper Santa Ana Water Resources Association (for its water resource practices) and the Upper Santa Ana River Wash Land Management and Habitat Conservation Plan Task Force (for its land and environmental resource practices). Meetings of both these groups include District "customers" and are open to the public. In addition, members of both the Board of Directors and the District staff are involved in the community, with such organizations as Chambers of Commerce, the Cal State San Bernardino Water Resources Institute, and other organizations.

3.9.3. Access

Offices of the District are open 8am to 5pm, Monday through Friday, and are open to walk-in public. In addition, various parties who might have need to contact District staff after-hours have the appropriate information to do so.

Information about the District can be found online at http://www.sbvwcd.dst.ca.us, which includes contact information for the office. News releases are issued at various times to the local papers – The Sun and The Press-Enterprise.

3.9.4. Regular Progress Reports

As part of the District's annual review of its groundwater assessment rate, the District produces an Engineering Investigation of the Bunker Hill Basin. This report describes the past, current, and expected near-future status of the groundwater basin. District staff meets with local groundwater producers to discuss the report, to present a brief financial analysis of the money spent by the District on groundwater recharge compared to the money received through the groundwater assessment, and to discuss potential future projects. Subsequently, the Board of Directors holds a public hearing at which similar issues are discussed, and public comment is invited. This ties in to creation of the District's annual budget, which is accomplished through open committee and Board meetings.

Supplemental Information on the Municipal Service Review/Sphere of Influence Update from the San Bernardino Valley Water Conservation District dated June 17, 2005

Attachment 3

2919

SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT

MUNICIPAL SERVICE REVIEW

Request For Additional Information
LAFCO

June 17, 2005

SBV WATER CONSERVATION DISTRICT

OUR NAME IS OUR MISSION

Prepared By:

San Bernardino Valley Water Conservation District
1630 W. Redlands, Blvd., Suite A
Redlands, CA 92373
Phone: 909.793.2503 Fax: 909.793.0188
www.sbvwcd.dst.ca.us

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San Bernardino County

SBV WATER CONSERVATION DISTRICT
OUR NAME IS OUR MISSION

SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT
Established 1932

1630 West Redlands Boulevard, Suite A
Redlands, CA 92373-8032
(909) 793-2503
Fax: (909) 793-0188

P.O. Box 1839
Redlands, CA 92373-0581
Email: info@sbvwcd.dst.ca.us
www.sbvwcd.dst.ca.us

June 17, 2005

Ms. Kathleen Rollings-McDonald
Local Agency Formation Commission
175 West Fifth Street, Second Floor
San Bernardino, CA 92415-0490

Dear Ms. Rollings-McDonald:

We are writing in response to your request for additional information and clarification as a result of questions from the Local Agency Formation Commission (LAFCO) Commissioners and your staff, of several items in the Conservation District's Municipal Service Review. We appreciate the opportunity to better inform the Commission prior to their August 17, 2005 meeting.

The attached documents include the Conservation District's Resolution No. 409 and responses to questions from the LAFCO staff report. The responses were addressed on a question-by-question basis. Additionally, there are seven appendices, which provide additional information for particular items. It should be noted that both of these items, the Resolution and the responses, were adopted by a roll call vote of the Board of Directors of the Water Conservation District at a special Board meeting held Wednesday, June 15, 2005. It is our hope that this new information will assist the Commission in their decision-making process.

If you require further information or clarification, please contact me at (909) 793-2503.

Sincerely,

Lawrence M. Libeu
General Manager

ENCL - 3 Complete Sets (All hard copies - no CDs)
-10 Partial Sets (Hard copy responses - Appendices on CD)

BOARD OF DIRECTORS
Richard W. Corneille
Clare Henry Day
Arnold L. Wright
Glenda Douglas
Cheryl A. Tubbs
Melody Henriques-McDonald
Manuel Aranda, Jr.
GENERAL MANAGER
Lawrence M. Libeu

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1a. Provide a copy of the District's 2003 Audit report – the document was requested during application processing but has not been received to date.

Attached, as **Appendix A**, is a copy of the San Bernardino Valley Water Conservation District (Conservation District) 2003 Audit Report.

References

Appendix A – SBVWCD Audit Report, June 30, 2003

1b. An explanation of the District's expenditures for the current and past two fiscal years related to water spreading activities, including, but not limited to, purchase of state project water and the agreed upon repayment schedule.

The Conservation District has historically diverted water from the Santa Ana River and Mill Creek for groundwater recharge. Expenses related to these recharge activities generally include capital expenses, field operations, vehicle operations, general administration, benefits, salaries, utilities, insurance, and professional services. Water purchases, such as indicated below, are an irregular cost.

During the most recent drought, the Conservation District partnered with several other local water agencies to purchase for recharge State Water Project (SWP) water from San Bernardino Valley Municipal Water District. This collaborative effort to maintain groundwater levels in the basin cost the Conservation District $305,823 in Fiscal Year 02/03 and $151,647 in Fiscal Year 03/04. This water was purchased from the Conservation District's cash reserves, and no repayment is anticipated.

In Fiscal Year 03/04 the Conservation District purchased from San Bernardino Valley Municipal Water District $414,400 worth of SWP water to be used for groundwater recharge in the Bunker Hill basin. As agencies call on this water they reimburse the Conservation District for the cost of its purchase. Of the total amount purchased, $111,533 has been called for and recharged to date.

For more detailed information on the revenues and expenditures for the current and past two fiscal years, see **Appendix B**.

References

Appendix B - FY 2002/2003 Income and Expenditures
FY 2003/2004 Income and Expenditures
FY 2004/2005 Income and Expenditures

1c. An outline of existing District policies related to expenditures for the Board of Directors, including, but not limited to, payment for attendance at meetings, conferences, travel costs, etc. Please provide an outline of the District's expenditures for the current and past two fiscal years related to payments to the Board of Directors.

The Conservation District has a written policy governing payment to, and reimbursement of expenses incurred by, its Board of Directors (Board). The Policy Manual, attached as **Appendix C**, describes the policies set by the Board of Directors of the Conservation District for the conduct of the business of the Board. This Policy Manual sets out administrative policies governing the conduct of the Board's affairs, and the manner in which Conservation District business is to be conducted by members of the Board of Directors. It is the policy of the Conservation District to encourage Directors to participate in professional organizations; local, state, and national training and educational seminars; and meetings of other local organizations where such attendance would have applicability to the functions of the Conservation District. The Conservation District benefits from such activities both by keeping abreast of the latest developments and issues in the field of water conservation and groundwater management, and by the expanded professional communications that occur at such events.

These benefits must be balanced, however, by budgetary limitations and an effort to avoid unnecessary duplication of representation of the Conservation District. Directors receive compensation for each meeting attended up to the maximum allowable under the California Water Code (10 per month). The amount of compensation is established by a resolution of the Board; except however, as permitted by the California Water Code, the Board may elect to receive an automatic 5% increase annually without further action by the Board. The current meeting compensation amount is $162. Expenses eligible for reimbursement are limited to (1) registration or tuition costs, or other charges for participation in the event; (2) transportation to and from the event, including airfare, car rental, or mileage for use of Director's own automobile, and other miscellaneous transportation costs (shuttle, taxi, etc.); (3) lodging at the single-room rate; and (4) reasonable costs of meals.

To receive compensation for attendance at approved meetings, a Director submits a request for reimbursement to the General Manager not later than thirty (30) days after the meeting, or by the next regular Board meeting.

The following table indicates reimbursements of fees and expenses made to the Directors during the current and past two fiscal years.

References

Appendix C - Board of Directors Policy Manual

DIRECTOR'S COMPENSATION BY FISCAL YEAR

	FY 02/03	FY 03/04	FY 04/05*
Director's Fees	$55,237.00	$55,953.40	$50,236.00
Mileage	$1,101.86	$1,230.62	$1,110.72
Air Fare	$4,018.42	$5,439.40	$5,360.20
Lodging	$9,065.69	$8,011.43	$10,742.74
Meals	$3,083.95	$4,264.60	$3,660.23
Conf/Sem Reg	$6,140.17	$6,210.00	$9,645.00
Other Travel	$1,467.37	$3,543.09	$1,886.56
TOTAL	$80,114.46	$84,652.54	$82,641.45

Total Operating Expenditures	$1,512,880.35	$1,983,978.11	$1,352,629.31
% Director Compensation to Operating Expenditures	5.30%	4.27%	6.11%

* through May 31, 2005

1d. An explanation of the District's revenues for the current and past two fiscal years related to the groundwater assessment charge. Included in the materials please provide a description of the restricted use of these revenues, if any, how the expenditures are separated by the District from its other activities, and the process by which the charge is established each year. Please provide copies of the materials for establishing the upcoming year's charges.

The Conservation District assesses a groundwater replenishment charge on every acre-foot of water pumped from within the Conservation District's boundaries. By statute, a different rate is applied depending on the use to which the water is applied: agricultural versus non-agricultural use. Water Code Section 75594 requires that non-agricultural rates must be not less than three times, and not more than five times, the agricultural rate. The rates enacted, and revenue collected for this and the past two fiscal years, is shown in the table below.

Fiscal Year	Ag Rate	Non-Ag Rate	Revenue
04/05	$1.65	$6.05	$493,906
03/04	$1.50	$5.50	$603,632
02/03	$1.50	$5.50	$414,448

For its own internal purposes, and for use when setting the Groundwater Replenishment charge, the Conservation District separates its expenses and revenues into categories: General Fund and Groundwater Replenishment. All activities that are related to, or support, groundwater recharge activities are assessed to the Groundwater Replenishment account. All other expenses and revenues are put under the General Fund account. The revenues associated with the Groundwater Replenishment account are not restricted, but are used for the groundwater recharge activities. Over the last three years the Groundwater Replenishment expenses have exceeded the revenues. For more detailed information on the revenues and expenditures for the last three years, see **Appendix B**.

Adoption of the Groundwater Replenishment charge is governed by the Water Code, which requires the charge be adopted in the month of April following a public meeting and public hearing. Each year the Conservation District prepares and submits to the Board Secretary, at the regular March Board meeting, an Engineering Investigation Report providing the status of the Bunker Hill Groundwater Basin and predicting changes to the basin. At this meeting Conservation District staff recommends continuing or changing the Groundwater Replenishment charge based on existing and anticipated revenues and expenses. The Board of Directors authorizes staff to prepare a joint notice of a public meeting and public hearing and intent to adopt a Groundwater Replenishment charge. This joint notice is published in a newspaper of general circulation 45 days prior to the public hearing to adopt the charge, appearing once a week for 3 consecutive weeks. In addition, the public notice and Engineering Investigation

Report are posted on the Conservation District's website, and a letter advising of the joint notice information is sent to all groundwater producers within the Conservation District's boundaries. The Board of Directors holds a public meeting at their regular scheduled meeting in April, and conducts a public hearing at the end of April. Conservation District staff presents the Engineering Investigation Report, presents the Groundwater Replenishment Program, and receives comments at a public meeting of the Upper Santa Ana Water Resources Association. **Appendix D** provides copies of the materials used in establishing charges for the next fiscal year.

References

Appendix B - FY 2002/2003 Income and Expenditures
FY 2003/2004 Income and Expenditures
FY 2004/2005 Income and Expenditures

Appendix D - Executive Summary of the Engineering Investigation, 2004-2005
Staff Report, March 2, 2005, Accepting Engineering Investigation Report
Notice of Public Hearing
Sample Letters to Producers (2)
Staff Report, April 6, 2005, Public Meeting Related to Adoption of Groundwater Charge
Staff Report, Public Hearing to Receive Comments and Testimony Regarding Proposed Groundwater Charge for Fiscal Year 2005-2006
Staff Report, April 27, 2005, Adoption of Resolution No. 407 Establishing a Groundwater Charge on the Production of Groundwater Within District Boundaries and Making Certain Findings Relative Thereto for Fiscal Year 2005-2006
Resolution No. 407
Notice of Exemption

1e. An explanation of the District's revenues for the current and past two fiscal years related to the revenues from mining leases or other mining-related income. Included in the materials please provide a description of any restrictions on the use of these revenues, how expenditures are separated by the District from its other activities, the lease rate policy for current and future mining leases on District lands including any annual inflationary factor, etc.

The Conservation District has lease agreements with three mine operators, Cemex, Robertson's Ready Mix (Robertson's), and Redlands Aggregate. The revenue received under these leases is unrestricted. Mining-related expenditures, and expenditures of mining-related revenues, are not separated by the Conservation District from its other activities.

The terms of each lease are negotiated at the time of the lease. Other than these lease-specific terms, the Conservation District has no specific lease rate policy for current and future mining leases. Typical lease terms do, however, have some provision for adjusting the revenue based on fair market value of the material mined. Specific aspects of each lease are summarized in the following paragraphs, and revenues for the current and past two fiscal years included in the table below.

Cemex Rate Structure

The Cemex lease provides for royalty payments on each ton of material mined from the site. The current royalty rate is $0.35/ton. Beginning June 1, 2006 this rate rises to $0.45/ton. On June 1, 2016 the royalty rate becomes the Fair Market Value Royalty Rate, provided that this rate will be at least $0.35/ton.

This lease also provides additional payments, in the form of Minimum Rental (currently $14,000 per year), and for processing of materials mined outside of the lease area ($0.05/ton).

Cemex has the option to extend the lease in five-year increments, in its current form, to June 1, 2046.

Redlands Aggregate Rate Structure

The Redlands Aggregate lease requires that 5% of the sale price of each ton of material sold is paid in royalty to the Conservation District. The leaseholder is required to pay a minimum of $36,000 per year in royalty payments regardless of the actual amount of material sold. This lease may be extended in five-year increments, with its current terms, out to December 20, 2019, and extended with renegotiated terms out to December 20, 2044.

Robertson's Ready Mix Rate Structure

Robertson's has prepaid $5 million in anticipation of mining the first 12 million tons from the Lease Area. Thereafter, Robertson's will pay to the Conservation District the Fair Market Value

Royalty Rate for each ton excavated, provided that the rate will begin at a minimum of $0.50 per ton and a maximum of $0.55 per ton. This rate shall be revised every five years to be consistent with changes in the consumer price index.

The lease term begins on a date determined by permits to be issued under the Wash Plan, which date is expected to occur some time in 2006. From that date, the lease term extends ten years, with Robertson's having the option to extend the lease in five-year increments, in its current form, for another twenty years.

REVENUES RECEIVED FROM MINING, BY FISCAL YEAR

SOURCE	FY 04/05	FY 03/04	FY 02/03
Cemex	$754,747.55	$863,748.72	$702,637.33
Redlands Aggregate	$30,000.00	$33,000.00	$54,000.00
Robertson's	$0.00	$0.00	$0.00
TOTAL	$784,747.55	$896,748.72	$756,637.33

1f. An explanation of the $5,000,000 pre-payment of mining leases, including, but not limited to, an identification of the source of the revenue, the terms of the payment, the adjustment for lease increases upon actual lease signing, etc.

The Conservation District received in October 1992 from Robertson's Ready Mix a $5,000,000 pre-payment of royalties for the first twelve million (12,000,000) tons of material to be excavated under the lease. Permits from other state and local agencies for mining the lease area have not been obtained by Robertson's. The Upper Santa Ana River Wash Land Management and Habitat Conservation Plan (Wash Plan) is a multi-agency planning effort seeking to harmonize competing land uses in the Santa Ana River wash. As part of this plan, the existing lease area will be exchanged for other property in the wash, and permits will be sought for mining on the exchanged property.

The Lease provides that if Robertson's is unable to secure mining permits for the lease area within a defined period, the Conservation District shall refund the pre-paid royalty, without interest. Because of this potential refund obligation, the Conservation District has voluntarily restricted use of the principal funds until such obligation is removed.

2. **A listing of the water producers within the District's boundaries so that a meeting notice can be provided to discuss the issues of a possible sphere of influence expansion or consolidation proposal. As discussed in our meeting of May 11, 2005, this meeting can be accommodated through discussion at the Upper Santa Ana River Association meeting, held on the second Thursday of the month, if the major producers for agricultural and non-agricultural water within the District can attend.**

A meeting of the Upper Santa Ana Water Resources Association (USAWRA) was held on June 9, 2005. At Ms. Rollings-McDonald's request, she was placed on the agenda to discuss the Conservation District's Municipal Service Review (MSR).

Attached in **Appendix E** is a list of names and addresses of owners of water producing facilities within the Conservation District boundaries. These owners receive a reporting form every six months for the purpose of quantifying the water produced from their respective facilities and payment of their groundwater charge. Also attached is the USAWRA membership list.

References

Appendix E - Owners of Water Producing Facilities Within Conservation District Boundaries
Member Roster of the Upper Santa Ana Water Resources Association

3. The official position of the District regarding a potential consolidation with either San Bernardino Valley Municipal Water District or San Bernardino County Flood Control District, or the expansion of the District's sphere of influence to encompass the entirety of the Bunker Hill Basin.

The Conservation District does not favor consolidation with the San Bernardino County Flood Control District. While the San Bernardino County Flood Control District may have statutory authority to conduct certain water conservation activities, just as Water Code Section 74524 gives the Conservation District power to conduct flood control activities, practical inconsistencies between the fulfillment of water conservation and flood control objectives have led to these functions being best performed by different entities. Effective flood control requires the movement of the greatest quantities of water out of the watershed in the least amount of time, leaving facilities available to handle any subsequent storm events. Water conservation requires the detention of the maximum amount of flows practicable, and their retention in facilities long enough to allow for percolation into the groundwater basin. Consolidation of these two functions in a single agency would, the Conservation District believes, inevitably lead to a compromise in the effectiveness of either or both of these competing interests. Both are of critical importance, and neither should suffer in priority.

The Conservation District does not favor consolidation with the San Bernardino Valley Municipal Water District. The Conservation District was formed in 1932, to conserve water for the Bunker Hill Basin. The San Bernardino Valley Municipal Water District was formed in 1954, primarily to serve as the agent for importation of State Project Water into the San Bernardino Valley. Again, while the agencies have certain overlapping powers under their organic statutes, the Conservation District believes those it serves will best be served by an agency whose commitment to groundwater maintenance and enhancement in the Bunker Hill Basin is its paramount mission, for the following reasons:

(a) The Conservation District has significantly more experience with groundwater recharge within its boundaries. It has conducted its water spreading operations for over 70 years, during times of drought and flood. It has compiled both data and field experience with its facilities, and their response to changing river conditions, in order to maximize effective recharge of the native water resources for the groundwater basin. No other agency, including San Bernardino Valley Municipal Water District, has this history or extent of experience.

(b) The Conservation District has no potentially conflicting interests or responsibilities which might result in the priority of application of high quality native water flows being shifted to other uses, including potential export outside of the San Bernardino Valley. The history of water management in the San Bernardino Basin reflects the priority water users have accorded to the Conservation District's role as an advocate for the basin generally, as reflected in its role on the Big Bear Watermaster and as the Project Manager under the Santa Ana River-Mill Creek Cooperative Water Project. The Conservation District believes its established

role in this regard, free of potentially parochial concerns on water usage or exchange, or commitments to parties outside the basin, does and will continue to best serve the interests of the Bunker Hill Basin and its users.

(c) The Conservation District fulfills its mission with low-cost, environmentally unobtrusive infrastructure, consisting primarily of unlined canals, berms, and dikes made of natural material, and open spreading basins. Consolidation of these facilities with the more intensive infrastructure needed for San Bernardino Valley Municipal Water District to fulfill its responsibility of importing and exporting water, and other duties, may result in expanded capital expenditures and their attendant environmental impacts in environmentally sensitive areas.

(d) The Conservation District has an established and accepted financing mechanism to assist its water conservation efforts, in its groundwater charge. This charge is specifically authorized by Water Code section 75500 of the Water Code, and has been implemented by the Conservation District, without challenge, since the mid- 1990s. San Bernardino Valley Municipal Water District's organic statute contains no parallel revenue source, and consolidation may present a threat to this important source for funding groundwater recharge activities in the Bunker Hill Basin.

The Conservation District does not favor expansion of its sphere of influence to encompass the entire Bunker Hill Basin. The Conservation District is aware its boundaries do not reach the entirety of the Bunker Hill Basin, and understands the logic of having a single set of guiding management policies for all portions of the basin. Nevertheless, the Conservation District believes the best manner of establishing those policies is through the multi-agency collaborative efforts already well underway by basin stakeholders, rather than designating a single agency to dictate policy. The Upper Santa Ana Water Resources Association has formed a Basin Management Committee for this purpose, in which the Conservation District is an active participant. Numerous agencies are involved in the recharge and use of Bunker Hill Basin waters, many of which are outside the Conservation District's boundaries. These Basin users have entered into an Integrated Management Program Demonstration Project Agreement to test various parameters of cooperative basin management, and negotiations accompanying the water rights applications pending before the State Water Resources Control Board have led to constructive progress on proposals for groundwater recharge parameters and basin management criteria. The Conservation District believes these efforts offer the best and quickest path to long-term effective basin management, and will not be aided, indeed may be hindered, by LAFCO expanding the Conservation District's sphere of influence to include the full basin. In addition, the Conservation District has no facilities in the portions of the basin now outside its boundaries. Expansion of the Conservation District's Sphere of Influence would be duplicative of other agencies' facilities and services.

Attached as **Appendix F** is a copy of the adopted Resolution No. 409, communicating the Conservation District's opposition to consolidation with San Bernardino County Flood Control District or San Bernardino Valley Municipal Water District, and opposing expansion of the Conservation District's sphere of influence to include the entirety of the Bunker Hill basin.

References

Appendix F - Adopted Resolution No. 409

4. A copy of the Regional Water Management Plan or Integrated Groundwater Management Plan adopted by the District and/or the Watermaster for the basin.

Presently, neither such document exists. The Conservation District currently operates its facilities under the "Operational Management Manual," dated March 1994. As part of the Water Rights application on the Santa Ana River, the Conservation District has prepared a draft "Program for Effective Recharge Coordination" (PERC) to better assist the Conservation District in its operations. The PERC provides guidelines and procedures for the determination of annual water recharge/operational practices conducted by the Conservation District, to ensure it continues to operate in an economic, efficient, and environmentally sound manner.

The Conservation District has also joined in an effort to prepare an Integrated Regional Water Management Plan (IRWMP). A Regional Water Management Group (RWMG), comprised of the San Bernardino Valley Municipal Water District, Conservation District, City of San Bernardino, City of Redlands, City of Riverside, East Valley Water District, West Valley Water District, Yucaipa Valley Water District, and the Water Resources Institute at California State University San Bernardino, is developing this IRWMP. This group will facilitate meetings and coordinate preparation of the draft and final IRWMP. Members of the RWMG represent their respective agencies and provide status reports to their agency boards. The draft IRWMP will be presented to the governing boards of each agency for adoption, which adoption is scheduled for December of 2006.

5. An outline of the District's Water Rights application, including the costs for litigation, the status of the application at the present time, and the relationship to the San Bernardino Valley Municipal Water District/Western Municipal Water District application.

June 1, 2001, the Conservation District submitted an Application to appropriate water by permit from the Santa Ana River and Mill Creek, and petitioned the State Water Resources Control Board (SWRCB) for an order revising the fully appropriated stream declaration for the Santa Ana River. The purpose of the Application is to protect the integrity of the Conservation District's historical practice of diverting surface waters in the Santa Ana River and its tributary, Mill Creek, which practices date back to approximately 1911. The Conservation District sees this as primarily a defensive measure, ensuring its historical rights and practices are not overlooked during the SWRCB's permitting of other uses of the Santa Ana River. The total amount of water proposed for diversion in this Application is 65,864 acre-feet. The Conservation District has spent approximately $1.02 million on the preparation and submittal of the Application, and on the preparation of supporting environmental documents. Below is a breakdown of the services provided by fiscal year.

SERVICES PROVIDE IN SUPPORT OF THE CONSERVATION DISTRICT'S WATER RIGHTS APPLICATION

Fiscal Year	Legal	Engineering	Environmental	Total
00/01	$19,084.58	$25,302.69	$0.00	$44,387.27
01/02	$31,293.82	$3,073.05	$0.00	$34,366.87
02/03	$54,599.08	$121,636.80	$144,011.13	$320,247.01
03/04	$86,285.17	$191,665.45	$169,919.69	$447,870.31
04/05	$113,517.03	$40,559.37	$18,837.08	$172,913.48
Total	$304,779.68	$382,237.36	$332,767.90	$1,019,784.94

On July 2, 2002, the State Water Resources Control Board amended the fully appropriated stream declaration allowing and directing the Division of Water Rights to proceed with processing the Conservation District's and other specified applications. On May 20, 2003, the SWRCB noticed the pending applications. On June 27, 2003, the Conservation District released a Notice of Preparation of a Draft Environmental Impact Report (EIR) for the Conservation District's Santa Ana River and Mill Creek Water Rights Application and Groundwater Management Plan. On June 29, 2004 the Conservation District distributed the Draft EIR for public review and comment. The comment period closed on August 12, 2004. The Conservation District is in the process of meeting with commenting parties, and is seeking resolution of their concerns.

The San Bernardino Valley Municipal Water District and Western Municipal Water District of Riverside County (Muni/Western) have jointly filed two Applications to the SWRCB to appropriate water from the Santa Ana River. Their combined applications seek the right to divert

up to 200,000 acre-feet per year. Muni/Western has prepared a Draft EIR to evaluate the environmental impacts associated with the proposed diversion of water from the Santa Ana River. Their Draft EIR has been released for review and the comment period has been closed.

The Conservation District's operations are devoted to maintaining and enhancing groundwater supplies in the Bunker Hill Groundwater Basin, over which its jurisdictional boundaries lie. The Conservation District provides no retail services, and has no commitments for water deliveries, whether within or without the watershed of origin of the flows it diverts. The Conservation District makes water available for producers and other purveyors, which include the municipalities of Redlands, Highland, Loma Linda, San Bernardino, Riverside, and Grand Terrace as well as agricultural and other users.

Currently, the Conservation District and Muni/Western are in negotiations to reach settlement regarding the water rights applications prior to the conduct of hearings by the State Water Resources Control Board.

6. An outline of the outreach efforts conducted by the District over the past three years to provide information to the registered voters and landowners within District boundaries regarding the authorities of the District and its programs.

Over the last three years the Conservation District has focused its outreach in four areas: public; educational institutions; service and business communities; and the San Bernardino Basin Area stakeholders. As part of the Conservation District's efforts to reach out to the public, a new web site was launched in 2001. The web site provides information about the Conservation District, its mission and history, its Board of Directors, and the Conservation District boundaries. Also included is a list of current projects, meeting agendas and minutes, and noticing of other public documents. This website (www.sbvwcd.org) is updated regularly.

The Conservation District has expanded its outreach to educational institutions over the last two years by engaging in school visits and offering tours of local water facilities to classrooms. The Conservation District staff spends time in the classroom discussing the hydrological cycle (water cycle), demonstrating how groundwater works by using a physical model, describing how groundwater level information is gathered using monitoring wells, and providing tours of the Conservation District recharge facilities. The Conservation District also sponsors and exhibits at the CSUSB Environmental Expo and participates in the CSUSB Water Resources Institute.

The Conservation District is a member of the Loma Linda, Redlands, Highland, and San Bernardino Area Chambers of Commerce. In addition, staff and directors are local members of national service organizations. Staff prepares and presents at several monthly meetings describing the history and mission of the Conservation District, its recharge operations, and its groundwater-level monitoring program. The Conservation District also exhibits at the various chambers' Business and Community Fairs, at which staff is able to meet with the public and local businesses and answer any water-related questions. Attached in **Appendix G** are copies of the Conservation District fact sheets used at some of these events.

San Bernardino Basin Area stakeholders are reached through the Conservation District's involvement in the local water community. For example, the Conservation District is a member of the Upper Santa Ana Water Resources Association (USAWRA), composed of member agencies located in the Upper Santa Ana watershed that share a common goal of managing the surface water and groundwater resources of the region. Through the Basin Management Committee of this organization the Conservation District is involved in the formation of an Integrated Water Resources Management Plan for the San Bernardino Basin Area.

The Conservation District is also involved with several other multi-agency groups and projects: the Conservation District is the project manager for the Santa Ana River – Mill Creek Cooperative Water Project (Exchange Plan), an agreement amongst several water agencies for shared water exchanges and use of facilities; the Pilot Dewatering Project is a collaborative effort seeking to address potential high groundwater issues in the San Bernardino area; the FERC re-

licensing project examined streamflow issues related to Edison's hydroelectric facilities on Santa Ana River and Mill Creek; the TIN/TDS Task Force examined groundwater quality in the San Bernardino Basin Area; the Conservation District provided technical services to the various groundwater producers to fulfill their obligations under the Drinking Water Source Assessment Program; and the Conservation District is lead agency and project manager for the Upper Santa Ana River Land Management and Habitat Conservation Plan, seeking to balance resources in the Santa Ana River wash area.

References

Appendix G - Water Facts – San Bernardino Valley Water Conservation District

7. In response to your presentation at the March 16th hearing that the District would request activation of your flood control and park and recreation powers, please provide a description of the function and service anticipated to be provided if flood control and/or park and recreation services were to be activated, the financing mechanism to be used to provide the services, and any infrastructure or facility cost anticipated in order to actively provide the services.

The Conservation District indicated at the March 16th hearing that it does provide some flood control benefit by diverting storm flows from the Santa Ana River and Mill Creek to off-stream percolation basins. However, this flood control benefit is incidental to the Conservation District's normal operations, and not a focus of those operations.

The Conservation District does currently engage in recreational activities, and expects this to continue in the future. Examples of existing activities include hosting a model airplane runway maintained by a local radio-controlled airplane club, and hosting the City of Highland's annual Trails Day. Future recreation activities are proposed in conjunction with the City of Highland and the City of Redlands as part of the Upper Santa Ana River Wash Land Management and Habitat Conservation Plan, and include trails and potential active recreation in post-reclamation mining quarries.

Trails are maintained as part of the Conservation District's existing transportation network -- unimproved access and maintenance roads. Future active recreation in post-reclamation mining quarries has been proposed by the cities, but is too premature to analyze funding sources at this time.

Appendix A

SBV WATER CONSERVATION DISTRICT

OUR NAME IS OUR MISSION

- **SBVWCD Audit Report, June, 30, 2003**

SAN BERNARDINO
VALLEY WATER
CONSERVATION DISTRICT

AUDIT REPORT

JUNE 30, 2003

SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT

AUDIT REPORT

JUNE 30, 2003

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SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT
ORGANIZATIONAL INFORMATION
JUNE 30, 2003

Organization and Description of the District:
The San Bernardino Valley Water Conservation District was originally formed on January 4, 1932 under the statutory authority of the California Water Code, Sections 74000-76500, as well as other appropriate California laws.

The District is comprised of approximately 50,000 acres of land. Within its boundaries are several municipal water purveyors, public utilities, and other (mutual and private) companies who supply water needs. The source of such water is the groundwater basin underlying the District, of which an average of 150,000 acre-feet per year is extracted through some 300 producing wells by approximately 150 different producers.

The function of the District is to conduct water spreading operations by capturing flood flows of the Santa Ana River and Mill Creek. This spreading enables the water to percolate into the groundwater basin for the benefit of all producers.

Officers and Directors:

Cheryl A. Tubbs	President
Clare Henry Day	Vice President
Manuel Aranda, Jr.	Director
Melody A. Henriques	Director
Bert Marcum, Jr.	Director
Sterling Woodbury	Director
Arnold L. Wright	Director

General Manager: . . . . . Lawrence M. Libeu

INDEPENDENT AUDITORS' REPORT

Board of Directors
San Bernardino Valley Water Conservation District
Redlands, California

We have audited the accompanying general purpose financial statements of the San Bernardino Valley Water Conservation District as of and for the year ended June 30, 2003, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit. The prior-year comparative information has been derived from the District's 2002 financial statements and, in our report dated October 31, 2002, we expressed a qualified opinion on the general purpose financial statements due to the matter discussed in the third paragraph of this report.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The District has not completed its project of researching the fair market value of donated land at the time of donation. Generally accepted accounting principles require that the cost of all purchased land and the fair market value of donated land be included in the general fixed asset account group. Because of the omission of most of the land cost, the total amount that should be recorded in the general fixed assets account group is not known.

In our opinion, except for the effect on the financial statements of the matter described in the preceding paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the San Bernardino Valley Water Conservation District as of June 30, 2003, and the results of its operations and cash flows of its enterprise fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the state controller's office and state regulations governing Special Districts.

November 19, 2003

SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT

COMBINED BALANCE SHEET

ALL FUND TYPES AND ACCOUNT GROUPS

JUNE 30, 2003

(With Comparative Totals as of June 30, 2002)

	GOVERNMENTAL FUND TYPE	PROPRIETARY FUND TYPE	ACCOUNT GROUP	TOTALS (MEMORANDUM ONLY)	
	GENERAL FUND	ENTERPRISE FUND (REDLANDS PLAZA)	GENERAL FIXED ASSETS	2003	2002
ASSETS					
Cash and investments	$8,984,717	$ 27,128		$ 9,011,845	$ 9,661,986
Accounts receivable		443		443	3,035
Mining income receivable	86,775			86,775	59,192
Interest receivable	39,621			39,621	46,438
Prepaid commissions		26,187		26,187	12,504
Advances to Redlands Plaza	180,656			180,656	230,656
Property and equipment, net		338,140	$ 2,961,043	3,299,183	3,020,989
TOTAL ASSETS	$9,291,769	$391,898	$ 2,961,043	$ 12,644,710	$13,034,800
LIABILITIES AND FUND EQUITY					
Liabilities					
Accounts payable	$ 109,771	$ 4,270		$ 114,041	$ 42,569
Accrued expenses	5,277			5,277	3,642
Accrued salaries and benefits	51,553			51,553	63,788
Advance from General Fund		180,656		180,656	230,656
Security deposits		5,076		5,076	8,925
Note payable	32,139			32,139	
Deferred revenue	5,000,000			5,000,000	5,000,000
Total Liabilities	5,198,740	190,002	-	5,388,742	5,349,580
Fund Equity					
Investment in general fixed assets			$ 2,961,043	2,961,043	2,675,965
Fund balance - unreserved	4,093,029			4,093,029	4,861,096
Retained earnings		201,896		201,896	148,159
Total Fund Equity	4,093,029	201,896	2,961,043	7,255,968	7,685,220
TOTAL LIABILITIES AND FUND EQUITY	$9,291,769	$391,898	$ 2,961,043	$ 12,644,710	$13,034,800

The accompanying notes are an integral part of the financial statements.

SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2003

(With Comparative Totals for the Year Ended June 30, 2002)

	BUDGET	ACTUAL	VARIANCE - FAVORABLE (UNFAVORABLE)	(MEMORANDUM ONLY) ACTUAL 2002
REVENUES				
Groundwater assessments	$ 413,350	$ 414,448	$ 1,098	$ 380,256
Investment income	460,000	203,747	(256,253)	320,046
Property taxes	45,000	50,315	5,315	47,109
Property income	6,000	6,023	23	6,115
Mining income	628,100	763,221	135,121	546,991
Exchange plan - project manager	37,000	39,533	2,533	32,315
Reimbursed expense	80,000	23,555	(56,445)	
Other	1,000	317	(683)	2,959
Total Revenues	$1,670,450	1,501,159	$(169,291)	1,335,791
EXPENDITURES				
Transportation and travel	$ 20,700	11,121	$ 9,579	13,896
Utilities	24,250	27,335	(3,085)	21,978
Construction	317,259	268,884	48,375	637,213
Regional programs	418,500	314,644	103,856	13,813
Field operations	41,200	24,091	17,109	90,051
Land and building	6,900	7,180	(280)	10,603
Equipment and vehicles	32,500	53,260	(20,760)	17,903
Vehicle operations	12,000	14,027	(2,027)	11,339
Professional and specialized services	576,250	589,033	(12,783)	269,328
General administration	204,450	204,626	(176)	186,912
Benefits	160,763	175,512	(14,749)	158,003
Salaries	504,041	552,937	(48,896)	559,291
Insurance	25,400	26,576	(1,176)	25,227
Total Expenditures	2,344,213	2,269,226	74,987	2,015,557
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	$ (673,763)	(768,067)	$ (94,304)	(679,766)
FUND BALANCE, JULY 1		4,861,096		5,540,862
FUND BALANCE, JUNE 30		$ 4,093,029		$4,861,096

The accompanying notes are an integral part of the financial statements.

SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS - PROPRIETARY FUND TYPE

FOR THE YEAR ENDED JUNE 30, 2003

(With Comparative Totals for the Year Ended June 30, 2002)

	ENTERPRISE FUND (REDLANDS PLAZA)	
	2003	2002
REVENUES		
Rental income	$ 97,103	$ 82,141
Interest income	79	87
Other income	86	8,457
	97,268	90,685
EXPENSES		
Maintenance and repairs	11,914	5,869
Lease commissions	3,346	2,186
Management fee	9,600	8,850
Pest control	660	840
Professional fees	1,212	892
Taxes	828	417
Utilities	8,224	5,940
Telephone	859	848
Bad debts		11,592
Depreciation	6,884	6,194
Other	4	583
	43,531	44,211
NET INCOME	53,737	46,474
RETAINED EARNINGS, JULY 1	148,159	101,685
RETAINED EARNINGS, JUNE 30	$ 201,896	$ 148,159

The accompanying notes are an integral part of the financial statements.

SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUND TYPE

FOR THE YEAR ENDED JUNE 30, 2003

(With Comparative Totals for the Year Ended June 30, 2002)

	ENTERPRISE FUND (REDLANDS PLAZA)	
	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 53,737	$ 46,474
Adjustments to Reconcile Net Income to Net Cash Provided By Operating Activities		
Depreciation	6,884	6,194
Bad debt expense		11,592
Decrease (increase) in accounts receivable	2,592	(2,792)
Increase in prepaid commission	(13,683)	(12,504)
Increase (decrease) in accounts payable	2,741	(9,393)
Increase (decrease) in security deposits	(3,849)	988
Net Cash Provided By Operating Activities	48,422	40,559
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Tenant improvements		(20,885)
Net Cash Provided By (Used In) Capital and Related Financing Activities	-	(20,885)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Repayment of advance from General Fund	(50,000)	(30,000)
Net Cash Provided By (Used In) Noncapital Financing Activities	(50,000)	(30,000)
NET DECREASE IN CASH	(1,578)	(10,326)
BALANCE, BEGINNING OF YEAR	28,706	39,032
BALANCE, END OF YEAR	$ 27,128	$ 28,706

The accompanying notes are an integral part of the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. General

The San Bernardino Valley Water Conservation District (District) was formed in 1932 under the statutory authority of the California Water Code. Its function is to conduct water spreading operations by capturing flood flows of the Santa Ana River and Mill Creek.

The preparation of these financial statements requires management to make estimates and assumptions. Those estimates and assumptions affect the reported amounts of assets, liabilities, revenues, and expenditures, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

B. Funds and Account Groups

The accounts of the District are organized into funds and account groups, each of which is considered to be a separate accounting entity.

The fund categories and account groups are:

(1) Governmental Fund Types

Governmental funds use the current financial resources measurement focus. Their operating statements present sources and uses of available resources during a given period.

The General Fund is the District's only Governmental Fund Type.

(2) Proprietary Fund Types

The accounting objectives are a determination of net income, financial position, and cash flows. All assets and liabilities associated with a proprietary fund's activities are included on its balance sheet. Proprietary Funds use the economic resources measurement focus.

Redlands Plaza, an Enterprise Fund, is the District's only Proprietary Fund Type.

(3) Account Groups

The account groups are used to account for fixed assets and long-term liabilities which are not reported in the respective governmental funds.

The District's only account group is the General Fixed Assets Account Group.

C. **Basis of Accounting**

The District uses the modified accrual basis of accounting for the governmental fund. The modified accrual basis of accounting recognizes revenues when both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, if measurable.

The Redlands Plaza Enterprise Fund uses the accrual basis of accounting. The accrual basis of accounting recognizes revenues when earned and expenses when the related liabilities are incurred. The District applies all pronouncements of the Governmental Accounting Standards Board (GASB) as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

D. **Budget**

The District's annual budget is approved by its Board of Directors. Comparisons between actual and budgeted amounts are made by management and are used as a management tool during the year.

E. **Cash and Investments**

For purposes of the statement of cash flows, the District considers all short-term debt securities with a maturity of three months or less when acquired to be cash equivalents.

F. **Property Taxes**

The District assesses its property taxes through the County tax rolls. Property taxes are recognized as revenue in the period for which the taxes are levied.

G. **Property and Equipment**

Property and equipment are stated at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are stated at their estimated fair value on the date donated. Depreciation and accumulated depreciation are recorded for proprietary funds only using the straight-line method. Estimated useful lives for depreciable assets are as follows:

Buildings	40 years
Tenant Improvements	
Structural	40 years
Furnishings	10 years

H. **Total Columns (Memorandum Only)**

Total columns on the financial statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

2. **CASH AND INVESTMENTS**

Cash and investments at June 30, 2003 and 2002 consisted of the following:

	2003	2002
Demand deposits	$ 94,142	$ 74,401
Petty cash	200	200
Pooled investments	8,917,503	9,587,385
TOTAL CASH AND INVESTMENTS	$9,011,845	$9,661,986

A. **Credit Risk, Bank Balances, and Carrying Amount of Deposits**

Cash and deposits of the District are summarized below. The deposits are classified as to credit risk by three categories as follows: Category 1 includes deposits that are insured or collateralized, with the securities held by the District or its agent in the District's name; Category 2 includes deposits which are uninsured but which are collateralized with the securities held by the pledging financial institution's trust department or agent in the District's name; and Category 3 includes deposits which are uninsured and uncollateralized, or collateralized with securities held by the pledging financial institution or by its trust department or agent, but not in the District's name.

	BANK BALANCES	CATEGORY 1	CATEGORY 2	CATEGORY 3	CARRYING AMOUNTS
Categorized - demand deposits	$117,609	$117,609			$94,142
Uncategorized - petty cash					200
TOTAL					$94,342

B. **Credit Risk, Carrying Amount, and Market Value of Investments**

Investments of the District are summarized below. The investments that are represented by specific identifiable investment securities are classified as to credit risk by three categories as follows: Category 1 includes investments that are insured or registered for which securities are held by the District or its agent in the District's name; Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the District's name; and Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the District's name.

State of California State Treasurer's Local Agency Investment Fund: The State Treasurer's Local Agency Investment Fund (LAIF) is a governmental investment pool managed and directed by the California State Treasurer and is not registered with the Securities and Exchange Commission. An oversight committee, comprised of California State officials and various participants, provide oversight to the management of the fund. The daily operations and responsibilities of LAIF fall under the auspices of the State Treasurer's office. The District is a voluntary participant in the investment pool.

The District holds an investment in LAIF that is subject to being adjusted to fair value. The District relied upon information provided by the State Treasurer in estimating the District's fair value position of its holdings in LAIF. The District had a contractual withdrawal value of $8,892,193 whose pro-rata share of fair value was estimated by the State Treasurer to be $8,917,503. The investment in LAIF is not subject to categorization.

3. **FIXED ASSETS**

A summary of changes in general fixed assets is as follows:

	BALANCE, JULY 1, 2002	ADDITIONS	RETIREMENTS	BALANCE, JUNE 30, 2003
Land	$ 32,537			$ 32,537
Improvements to Land				
Spreading grounds	1,481,773	$ 268,362		1,750,135
Buildings and paving	308,516	5,109		313,625
Vehicles	96,241	41,683	$ 43,787	94,137
Field equipment	77,091	492		77,583
Administrative Assets				
Land - office site	64,750			64,750
Office building	471,244			471,244
Office equipment	143,813	13,219		157,032
TOTALS	$ 2,675,965	$ 328,865	$ 43,787	$ 2,961,043

A summary of changes in property and equipment of the Redlands Plaza Enterprise Fund is as follows:

	COST			
	BALANCE, JULY 1, 2002	ADDITIONS	RETIREMENTS	BALANCE, JUNE 30, 2003
Land	$110,250			$110,250
Building	186,170			186,170
Tenant improvements	77,827			77,827
TOTALS	$374,247	$ -	$ -	$374,247

	ACCUMULATED DEPRECIATION			
	BALANCE, JULY 1, 2002	ADDITIONS	RETIREMENTS	BALANCE, JUNE 30, 2003
Building	$ 24,435	$ 4,654		$ 29,089
Tenant improvements	4,788	2,230		7,018
TOTALS	$ 29,223	$ 6,884	$ -	$ 36,107

4. **NOTE PAYABLE**

The note payable is secured by a Chevrolet Suburban. The note is payable in monthly installments of $545 principal with a zero percent interest rate. Future principal payments on this note are as follows:

YEARS ENDING JUNE 30,	AMOUNT
2004	$ 6,537
2005	6,537
2006	6,537
2007	6,537
2008	5,991
TOTAL	$ 32,139

5. **DEFERRED REVENUE**

During fiscal year 1993, the District received a $5,000,000 prepayment against future rentals and royalties to be received for the extraction of rock, sand, and gravel from its Section 7 property. The lease terms call for a commencement date of approximately December 31, 2002, upon lapse of existing easements. The initial term is ten years with four successive five-year renewal periods, minimum annual rents of $1,000,000, and a minimum aggregate excavation of 12,000,000 tons of materials. In the event the lessee is unable to obtain the necessary permits within four years after the commencement date, the amounts prepaid by the lessee would then become refundable, without interest. There are no restrictions imposed by the lease agreement on the use of the prepayment.

6. **LEASE AGREEMENTS**

The District is the lessor in various lease agreements providing for the excavation and removal of rock, gravel, sand, and other materials from District property. Monthly lease payments are generally based on tonnage of materials removed, subject to annual minimum amounts.

The Redlands Plaza Enterprise Fund is the lessor of commercial building space under operating leases expiring in various years through the year ending June 30, 2013.

The property held for lease consists of the following:

	AMOUNT
Land, building, and tenant improvements	$ 374,247
Less: Accumulated depreciation	36,107
TOTAL	$ 338,140

Minimum future rentals to be received on noncancelable leases as of June 30, 2003 for each of the next 5 years are:

YEARS ENDING JUNE 30,	AMOUNT
2004	$ 83,175
2005	72,670
2006	74,849
2007	57,840
2008	38,045
Thereafter	189,653
TOTAL MINIMUM FUTURE RENTALS	$ 516,232

7. PENSION PLAN

A. Plan Description

The District's defined-benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Plan is part of the Public Agency portion of the California Public Employees' Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions, as well as other requirements, are established by State statutes within the Public Employee's Retirement Law. The District selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance (other local methods). CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 "P" Street, Sacramento, CA 95814.

B. Funding Policy

Active members in the Plan are required to contribute 7% of their annual covered salary. As an employee fringe benefit, the employee contribution is paid by the District. The District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The contribution requirements of the Plan members are established by the California state statute, and the employer contribution rate is established and may be amended by CalPERS.

C. Annual Pension Cost

For the year ended June 30, 2003, the District's annual pension cost was, and the District actually contributed, $70,307. The required contribution was determined as part of the June 30, 2001 actuarial valuation using the entry-age normal actuarial cost method. The actuarial assumptions included (a) 8.25% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.75% to 14.20%; and (c) a cost-of-living adjustment. Both (a) and (b) include an inflation component of 3.5%. The actuarial value of the Plan's assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a three-year period. The Plan's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll over a closed period.

Three-Year Trend Information:

YEARS ENDED JUNE 30,	ANNUAL PENSION COST (APC)	PERCENTAGE OF APC CONTRIBUTED	NET PENSION OBLIGATION
2001	$ 64,379	100.0 %	-
2002	65,006	100.0	-
2003	70,307	100.0	-

Funded Status of Plan:

ACTUARIAL VALUATION DATE	ENTRY-AGE ACTUARIAL ACCRUED LIABILITY	ACTUARIAL VALUE OF ASSETS	(OVER-FUNDED) LIABILITY	FUNDED RATIO	ANNUAL COVERED PAYROLL	(OVER-FUNDED) ACTUARIAL LIABILITY AS A % OF PAYROLL
June 30, 1998	$486,216	$589,719	$ (103,503)	121.3 %	$377,026	(27.5) %
June 30, 1999	588,149	711,100	(122,951)	120.9	429,900	(28.6)
June 30, 2000	677,718	859,182	(181,464)	126.8	465,706	(39.0)
June 30, 2001	770,717	936,520	(165,803)	121.5	496,138	(33.4)

8. COMPENSATED ABSENCES

It is the District's policy to record the cost of vested vacation and sick leave as it is earned. Vacation pay is payable to employees at the time a vacation is taken or upon termination of employment. Employees may receive payment for unused sick leave upon termination according to a predetermined vesting schedule.

At June 30, 2003, the total accrued liability for compensated absences amounted to $40,864, which consisted of $29,736 and $11,128 of vested vacation and sick leave, respectively.

9. RISK MANAGEMENT

The District is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

10. NEW ACCOUNTING STANDARD

In June 1999, the Government Accounting Standards Board (GASB) issued Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments." This Statement establishes new financial reporting requirements for state and local governments throughout the United States. When implemented, it will require new information and restructure much of the information that governments have presented in the past. Comparability with reports issued in all prior years will be affected. The District is required to implement this standard for the fiscal year ending June 30, 2004. The District has not yet determined the full impact that adoption of GASB Statement No. 34 will have on the financial statements.

When the statement is implemented, the District will be required to report depreciation expense on its general fixed assets. The reporting of accumulated depreciation for periods prior to the implementation of the Statement and other necessary adjustments will result in the restatement of the financial statements for the prior year.

11. BUDGET

With two exceptions, the District prepares its budget on the basis of generally accepted accounting principles (GAAP). A reconciliation of the revenues as budgeted to the GAAP basis is as follows:

	ORIGINAL BUDGET	REMOVE TRANSFER OF CASH	GAAP BASIS BUDGET
Groundwater assessments	$ 413,350		$ 413,350
Investment income	460,000		460,000
Property taxes	45,000		45,000
Property income	26,000	$ 20,000	6,000
Mining income	628,100		628,100
Exchange plan - project manager	37,000		37,000
Reimbursed expense	80,000		80,000
Other	1,000		1,000
Transfers from reserves	547,004	547,004	-
TOTALS	$ 2,237,454	$567,004	$1,670,450

Appendix B

SBV WATER CONSERVATION DISTRICT

OUR NAME IS OUR MISSION

- FY 2002/2003 Income and Expenditures
- FY 2003/2004 Income and Expenditures
- FY 2004/2005 Income and Expenditures

FY 2002/2003 Income and Expenditures

San Bernardino Valley Water Conservation District
Profit & Loss by Class
July 2002 through June 2003

	General Fund	Groundwater Replenishment	TOTAL
Income			
4010 · Interest Income			
4011 · Interest - CAMP	10,241.47	0.00	10,241.47
4012 · LAIF	146,737.28	0.00	146,737.28
Total 4010 · Interest Income	156,978.75	0.00	156,978.75
4020 · Groundwater Charge			
4021 · Assessments	0.00	414,448.09	414,448.09
Total 4020 · Groundwater Charge	0.00	414,448.09	414,448.09
4030 · Mining Income			
4031 · Cemex USA Plant Site Rent	10,083.37	0.00	10,083.37
4032 · Cemex Mining	671,610.51	0.00	671,610.51
4033 · Cemex USA Minimum Rent	20,943.45	0.00	20,943.45
4034 · Redlands Aggregate 5% Royalty	54,000.00	0.00	54,000.00
Total 4030 · Mining Income	756,637.33	0.00	756,637.33
4040 · Miscellaneous Income	317.20	0.00	317.20
4050 · Property Tax	50,315.09	0.00	50,315.09
4060 · Property Income			
4062 · Mentone Property	6,000.02	0.00	6,000.02
4063 · Water Conserv. Dist. Plaza	50,000.00	0.00	50,000.00
Total 4060 · Property Income	56,000.02	0.00	56,000.02
4070 · Source Water Assessment Plan	0.00	23,555.00	23,555.00
4072 · Reimbursed Expenses (RETIRE)	3,878.15	0.00	3,878.15
4080 · Exchange Plan	39,533.36	0.00	39,533.36
Total Income	1,063,659.90	438,003.09	1,501,662.99
Operating Expense			
4200 · Regional Programs			
4210 · SAWPA Programs	0.00	3,000.00	3,000.00
4230 · Groundwater Replenishment	0.00	500.00	500.00
4240 · Research Contribution	5,000.00	0.00	5,000.00
4250 · LAFCO Contribution	1,090.34	0.00	1,090.34
4270 · FERC	0.00	5,320.68	5,320.68
4280 · Groundwtr Level Mitigation Proj	0.00	305,823.58	305,823.58
Total 4200 · Regional Programs	6,090.34	314,644.26	320,734.60
5100 · Professional Service			
5120 · Misc. Professional Services	6,922.55	0.00	6,922.55
5130 · Aerial Photography & Surveying	0.00	0.00	0.00
5140 · Legislative Services	64,983.05	0.00	64,983.05
5150 · Public Relations Services	33,000.00	0.00	33,000.00
5160 · Computer Services	289.95	0.00	289.95
5170 · Audit & Accounting	4,560.00	3,750.00	8,310.00
5180 · Legal	83,907.63	29,308.54	113,216.17
6511 · Redistricting	2,554.78	0.00	2,554.78
Total 5100 · Professional Service	196,217.96	33,058.54	229,276.50

San Bernardino Valley Water Conservation District
Profit & Loss by Class
July 2002 through June 2003

	General Fund	Groundwater Replenishment	TOTAL
5200 · Field Operations			
5210 · Equipment Maintenance	0.00	202.88	202.88
5220 · Maintenance Materials/Shop/Fld	0.00	2,624.55	2,624.55
5230 · Field Tools	0.00	1,044.00	1,044.00
5240 · Facility Maintenance	25.00	2,593.05	2,618.05
5250 · Emergency Repairs	0.00	17,632.92	17,632.92
6115 · Maint/Rep. Rolling Maint. Equip	0.00	595.48	595.48
Total 5200 · Field Operations	25.00	24,692.88	24,717.88
5300 · Vehicle Operations			
5310 · Vehicle Maintenance	2,164.06	4,168.74	6,332.80
5320 · Fuel	1,501.02	5,589.61	7,090.63
Total 5300 · Vehicle Operations	3,665.08	9,758.35	13,423.43
5400 · Utilities			
5410 · Alarm Service	369.24	0.00	369.24
5420 · Electricity	9,261.40	0.00	9,261.40
5430 · Mobile Phone	1,433.34	1,170.17	2,603.51
5440 · Telephone	9,049.97	1,368.07	10,418.04
5450 · Natural Gas	984.65	0.00	984.65
5460 · Water	0.00	1,807.70	1,807.70
Total 5400 · Utilities	21,098.60	4,345.94	25,444.54
6000 · General Administration			
6006 · Permits	30,064.04	0.00	30,064.04
6009 · Licenses	440.00	0.00	440.00
6012 · Office Maintenance	90.00	0.00	90.00
6018 · Janitorial Services/Supplies	7,227.56	0.00	7,227.56
6021 · Office Equipment Maint.	962.38	0.00	962.38
6024 · Computer Equipment Maint.	585.21	0.00	585.21
6030 · Office Supplies	7,282.87	0.00	7,282.87
6036 · Printing	2,867.88	3,845.02	6,712.90
6039 · Postage and Overnight Delivery	2,451.93	0.00	2,451.93
6042 · Payroll Processing	2,070.10	0.00	2,070.10
6045 · Bank Service Charges	70.65	0.00	70.65
6048 · Furniture & Accessories	1,693.94	0.00	1,693.94
6051 · Uniforms	499.56	868.28	1,367.84
6057 · Directors' Fees	56,707.00	0.00	56,707.00
6060 · Outreach	15,063.70	0.00	15,063.70
6063 · Meeting Support Expense	43,872.73	0.00	43,872.73
6066 · Mileage	1,895.78	0.00	1,895.78
6069 · Air Fare	8,396.89	0.00	8,396.89
6084 · Training Registrations	577.00	0.00	577.00
6087 · Educational Reimbursement	178.75	0.00	178.75
6090 · Subscriptions/Publications	5,909.34	0.00	5,909.34
6093 · Memberships	12,114.96	0.00	12,114.96
6640 · Postage Machine Rental	376.52	0.00	376.52
Total 6000 · General Administration	201,398.79	4,713.30	206,112.09

San Bernardino Valley Water Conservation District
Profit & Loss by Class
July 2002 through June 2003

	General Fund	Groundwater Replenishment	TOTAL
6100 · Benefits			
6110 · Vision Insurance	1,621.31	405.33	2,026.64
6120 · Workers' Comp. Insurance	3,086.57	4,382.22	7,468.79
6130 · Dental Insurance	3,860.87	965.22	4,826.09
6140 · State Unemployment Insurance	1,174.81	293.70	1,468.51
6150 · Medical Insurance	36,783.99	9,196.00	45,979.99
6160 · Social Security/Medicare Taxes	24,350.65	6,087.66	30,438.31
6170 · PERS Retirement	54,656.34	13,664.08	68,320.42
6180 · Auto Allowance	886.15	221.54	1,107.69
6770 · Medicare Taxes	6,439.14	1,609.78	8,048.92
Total 6100 · Benefits	132,859.83	36,825.53	169,685.36
6200 · Salaries			
6210 · Overtime	0.00	13,664.49	13,664.49
6230 · Regular Salaries	362,434.10	120,811.36	483,245.46
Total 6200 · Salaries	362,434.10	134,475.85	496,909.95
6300 · Insurance			
6310 · Property Insurance	2,468.00	0.00	2,468.00
6320 · General Liability Insurance	24,108.00	0.00	24,108.00
Total 6300 · Insurance	26,576.00	0.00	26,576.00
Total Operating Expenses	**950,365.70**	**562,514.65**	**1,512,880.35**
Capital Expenditures			
7000 · Construction			
7010 · Materials	0.00	521.99	521.99
7030 · Concrete Structures	0.00	5,430.61	5,430.61
7035 · New Weir Structures	0.00	51,172.57	51,172.57
7050 · Basins	0.00	211,758.56	211,758.56
Total 7000 · Construction	0.00	268,883.73	268,883.73
7100 · Land & Buildings			
7110 · Buildings	0.00	1,677.91	1,677.91
7130 · Mentone Property (House)	0.00	5,238.48	5,238.48
Total 7100 · Land & Buildings	0.00	6,916.39	6,916.39
7200 · Equipment & Vehicles			
7210 · Computer Hardware	3,743.35	0.00	3,743.35
7220 · Computer Software	5,738.33	0.00	5,738.33
7230 · Field Equipment	0.00	204.70	204.70
7240 · Office Equipment	9,666.61	0.00	9,666.61
7250 · Vehicles	544.72	32,138.52	32,683.24
Total 7200 · Equipment & Vehicles	19,693.01	32,343.22	52,036.23
7300 · Professional Services			
7315 · Environmental Services - Wtr Rt	144,011.13		144,011.13

San Bernardino Valley Water Conservation District
Profit & Loss by Class
July 2002 through June 2003

	General Fund	Groundwater Replenishment	TOTAL
7335 · Engineering Services - Wtr Rts	121,636.80		121,636.80
Total 7300 · Professional Services	265,647.93	0.00	265,647.93
Total Capital Expenditures	285,340.94	308,143.34	593,484.28
Total Operating/Capital Expenditures	1,235,706.64	870,657.99	2,106,364.63
Net Profit	-172,046.74	-432,654.90	-604,701.64

FY 2003/2004 Income and Expenditures

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Accrual Basis

San Bernardino Valley Water Conservation District
Profit & Loss by Class
July 2003 through June 2004

	General Fund	Groundwater Replenishment	TOTAL
Income			
4010 · Interest Income			
4012 · LAIF	142,788.67	0.00	142,788.67
Total 4010 · Interest Income	142,788.67	0.00	142,788.67
4020 · Groundwater Charge			
4021 · Assessments	0.00	603,632.27	603,632.27
Total 4020 · Groundwater Charge	0.00	603,632.27	603,632.27
4030 · Mining Income			
4031 · Cemex USA Plant Site Rent	12,011.74	0.00	12,011.74
4032 · Cemex Mining	827,656.49	0.00	827,656.49
4033 · Cemex USA Minimum Rent	24,080.49	0.00	24,080.49
4034 · Redlands Aggregate 5% Royalty	54,000.00	0.00	54,000.00
Total 4030 · Mining Income	917,748.72	0.00	917,748.72
4040 · Miscellaneous Income	692.33	0.00	692.33
4050 · Property Tax	79,357.59	32.45	79,390.04
4060 · Property Income			
4062 · Mentone Property	6,000.02	0.00	6,000.02
4063 · Water Conserv. Dist. Plaza	20,000.00	0.00	20,000.00
Total 4060 · Property Income	26,000.02	0.00	26,000.02
4070 · Source Water Assessment Plan	250.00	36,600.00	36,850.00
4080 · Exchange Plan	7,259.03	0.00	7,259.03
Total Income	1,174,096.36	640,264.72	1,814,361.08
Operating Expense			
4200 · Regional Programs			
4230 · Groundwater Replenishment	0.00	414,400.00	414,400.00
4250 · LAFCO Contribution	1,338.72	0.00	1,338.72
4280 · Groundwtr Level Mitigation Proj	0.00	151,647.66	151,647.66
Total 4200 · Regional Programs	1,338.72	566,047.66	567,386.38
5100 · Professional Service			
5120 · Misc. Professional Services	14,776.23	0.00	14,776.23
5140 · Legislative Services	77,099.89	0.00	77,099.89
5150 · Public Relations Services	3,917.20	0.00	3,917.20
5160 · Computer Services	3,239.25	0.00	3,239.25
5170 · Audit & Accounting	7,500.00	7,000.00	14,500.00
5180 · Legal	101,858.83	15,573.65	117,432.48
5190 · Wash Plan	95,300.36	0.00	95,300.36
Total 5100 · Professional Service	303,691.76	22,573.65	326,265.41
5200 · Field Operations			
5210 · Equipment Maintenance	0.00	231.69	231.69
5220 · Maintenance Materials/Shop/Fld	0.00	1,770.34	1,770.34
5230 · Field Tools	0.00	2,329.77	2,329.77
5240 · Facility Maintenance	0.00	5,156.36	5,156.36
6115 · Maint/Rep. Rolling Maint. Equip	0.00	1,293.14	1,293.14

San Bernardino Valley Water Conservation District
Profit & Loss by Class
July 2003 through June 2004

	General Fund	Groundwater Replenishment	TOTAL
Total 5200 · Field Operations	0.00	10,781.30	10,781.30
5300 · Vehicle Operations			
5310 · Vehicle Maintenance	431.92	7,730.03	8,161.95
5320 · Fuel	2,460.59	6,233.42	8,694.01
Total 5300 · Vehicle Operations	2,892.51	13,963.45	16,855.96
5400 · Utilities			
5410 · Alarm Service	355.00	0.00	355.00
5420 · Electricity	9,100.33	0.00	9,100.33
5430 · Mobile Phone	1,964.18	1,073.10	3,037.28
5440 · Telephone	10,574.38	1,084.56	11,658.94
5450 · Natural Gas	1,168.67	0.00	1,168.67
5460 · Water	0.00	1,765.94	1,765.94
Total 5400 · Utilities	23,162.56	3,923.60	27,086.16
6000 · General Administration			
6003 · Property Tax	0.00	247.59	247.59
6006 · Permits	437.82	0.00	437.82
6009 · Licenses	349.00	0.00	349.00
6012 · Office Maintenance	710.97	0.00	710.97
6018 · Janitorial Services/Supplies	7,194.46	0.00	7,194.46
6021 · Office Equipment Maint.	716.23	0.00	716.23
6024 · Computer Equipment Maint.	852.00	0.00	852.00
6030 · Office Supplies	7,268.86	0.00	7,268.86
6036 · Printing	3,863.37	1,578.56	5,441.93
6039 · Postage and Overnight Delivery	3,259.79	0.00	3,259.79
6042 · Payroll Processing	2,156.08	0.00	2,156.08
6045 · Bank Service Charges	61.62	0.00	61.62
6048 · Furniture & Accessories	1,798.17	0.00	1,798.17
6051 · Uniforms	504.58	335.00	839.58
6054 · Elections	678.00	0.00	678.00
6057 · Directors' Fees	55,953.40	0.00	55,953.40
6060 · Outreach	13,521.26	0.00	13,521.26
6063 · Meeting Support Expense	66,856.46	0.00	66,856.46
6066 · Mileage	1,845.04	0.00	1,845.04
6069 · Air Fare	13,533.40	0.00	13,533.40
6084 · Training Registrations	553.00	0.00	553.00
6087 · Educational Reimbursement	1,732.77	0.00	1,732.77
6090 · Subscriptions/Publications	3,643.57	0.00	3,643.57
6093 · Memberships	11,586.25	0.00	11,586.25
6640 · Postage Machine Rental	298.03	0.00	298.03
Total 6000 · General Administration	199,374.13	2,161.15	201,535.28
6100 · Benefits			
6110 · Vision Insurance	1,628.58	407.14	2,035.72
6120 · Workers' Comp. Insurance	9,809.90	2,452.47	12,262.37
6130 · Dental Insurance	3,814.70	953.67	4,768.37
6140 · State Unemployment Insurance	1,577.78	394.45	1,972.23
6150 · Medical Insurance	40,215.10	10,053.78	50,268.88
6160 · Social Security/Medicare Taxes	32,752.78	8,188.20	40,940.98

San Bernardino Valley Water Conservation District
Profit & Loss by Class
July 2003 through June 2004

	General Fund	Groundwater Replenishment	TOTAL
6170 · PERS Retirement	61,426.87	15,356.72	76,783.59
6180 · Auto Allowance	7,384.60	1,846.15	9,230.75
Total 6100 · Benefits	158,610.31	39,652.58	198,262.89
6200 · Salaries			
6210 · Overtime		8,379.07	8,379.07
6220 · Contingency/Temporary	53,750.34	17,916.78	71,667.12
6230 · Regular Salaries	393,436.91	131,145.63	524,582.54
Total 6200 · Salaries	447,187.25	157,441.48	604,628.73
6300 · Insurance			
6310 · Property Insurance	2,441.00	0.00	2,441.00
6320 · General Liability Insurance	28,735.00	0.00	28,735.00
Total 6300 · Insurance	31,176.00	0.00	31,176.00
Total Operating Expenses	1,167,433.24	816,544.87	1,983,978.11
Capital Expenditures			
7000 · Construction			
7010 · Materials	0.00	385.55	385.55
7035 · New Weir Structures	0.00	7,793.81	7,793.81
7040 · Canals	0.00	536.00	536.00
Total 7000 · Construction	0.00	8,715.36	8,715.36
7100 · Land & Buildings			
7110 · Buildings	0.00	1,374.93	1,374.93
7130 · Mentone Property (House)	0.00	358.46	358.46
Total 7100 · Land & Buildings	0.00	1,733.39	1,733.39
7200 · Equipment & Vehicles			
7210 · Computer Hardware	2,086.58	0.00	2,086.58
7220 · Computer Software	5,404.01	2,389.13	7,793.14
7250 · Vehicles	0.00	6,536.64	6,536.64
Total 7200 · Equipment & Vehicles	7,490.59	8,925.77	16,416.36
7300 · Professional Services			
7315 · Environmental Services - Wtr Rt	169,919.69		169,919.69
7316 · Environmental Services - AB 303	0.00	20,100.00	20,100.00
7335 · Engineering Services - Wtr Rts	191,665.45		191,665.45
7336 · Engineering Services - AB 303	0.00	6,327.67	6,327.67
7337 · Engineering Services - Other	0.00	7,407.70	7,407.70
Total 7300 · Professional Services	361,585.14	33,835.37	395,420.51
Total Capital Expenditures	369,075.73	53,209.89	422,285.62
Total Operating/Capital Expenditures	1,536,508.97	869,754.76	2,406,263.73
Net Income	-362,412.61	-229,490.04	-591,902.65

FY 2004/2005 Income and Expenditures

San Bernardino Valley Water Conservation District
Profit & Loss by Class
July 2004 through May 2005

	General Fund	Groundwater Replenishment	TOTAL
Income			
4010 · Interest Income			
4012 · LAIF	155,897.91	0.00	155,897.91
Total 4010 · Interest Income	155,897.91	0.00	155,897.91
4020 · Groundwater Charge			
4021 · Assessments	0.00	493,906.21	493,906.21
Total 4020 · Groundwater Charge	0.00	493,906.21	493,906.21
4030 · Mining Income			
4032 · Cemex Mining	754,747.55	0.00	754,747.55
4034 · Redlands Aggregate 5% Royalty	30,000.00	0.00	30,000.00
Total 4030 · Mining Income	784,747.55	0.00	784,747.55
4040 · Miscellaneous Income	56,447.80	0.00	56,447.80
4050 · Property Tax	53,140.07	0.00	53,140.07
4060 · Property Income			
4062 · Mentone Property	5,538.48	0.00	5,538.48
4063 · Water Conserv. Dist. Plaza	48,000.00	0.00	48,000.00
Total 4060 · Property Income	53,538.48	0.00	53,538.48
4070 · Source Water Assessment Plan	500.00	0.00	500.00
4085 · AB 303 Monit. Wells Reimburse.	0.00	195,898.28	195,898.28
Total Income	1,104,271.81	689,804.49	1,794,076.30
Operating Expense			
4200 · Regional Programs			
4250 · LAFCO Contribution	1,491.33	0.00	1,491.33
Total 4200 · Regional Programs	1,491.33	0.00	1,491.33
5100 · Professional Service			
5120 · Misc. Professional Services	1,815.00	0.00	1,815.00
5140 · Legislative Services	72,146.92	0.00	72,146.92
5160 · Computer Services	548.75	0.00	548.75
5170 · Audit & Accounting	8,750.00	8,750.00	17,500.00
5180 · Legal	130,801.46	17,284.43	148,085.89
5190 · Wash Plan	120,249.18	0.00	120,249.18
Total 5100 · Professional Service	334,311.31	26,034.43	360,345.74
5200 · Field Operations			
5210 · Equipment Maintenance	0.00	1,113.08	1,113.08
5220 · Maintenance Materials/Shop/Fld	0.00	1,431.66	1,431.66
5230 · Field Tools	0.00	436.49	436.49
5240 · Facility Maintenance	0.00	4,455.18	4,455.18
5250 · Emergency Repairs	0.00	13,791.00	13,791.00
Total 5200 · Field Operations	0.00	21,227.41	21,227.41
5300 · Vehicle Operations			
5310 · Vehicle Maintenance	3,347.24	7,515.92	10,863.16
5320 · Fuel	2,991.28	5,946.88	8,938.16

San Bernardino Valley Water Conservation District
Profit & Loss by Class
July 2004 through May 2005

	General Fund	Groundwater Replenishment	TOTAL
Total 5300 · Vehicle Operations	6,338.52	13,462.80	19,801.32
5400 · Utilities			
5410 · Alarm Service	300.00	0.00	300.00
5420 · Electricity	6,334.13	0.00	6,334.13
5430 · Mobile Phone	1,765.79	1,657.21	3,423.00
5440 · Telephone	8,669.01	2,547.06	11,216.07
5450 · Natural Gas	923.95	0.00	923.95
5460 · Water	1,273.17	0.00	1,273.17
Total 5400 · Utilities	19,266.05	4,204.27	23,470.32
6000 · General Administration			
6003 · Property Tax	249.33	0.00	249.33
6006 · Permits	2,334.08	0.00	2,334.08
6009 · Licenses	459.50	0.00	459.50
6015 · Mentone House Maintenance	444.45	0.00	444.45
6018 · Janitorial Services/Supplies	6,475.60	0.00	6,475.60
6021 · Office Equipment Maint.	1,262.94	0.00	1,262.94
6027 · Computer Supplies	873.48	0.00	873.48
6030 · Office Supplies	4,615.10	0.00	4,615.10
6036 · Printing	3,524.85	0.00	3,524.85
6039 · Postage and Overnight Delivery	3,441.22	0.00	3,441.22
6042 · Payroll Processing	1,975.43	0.00	1,975.43
6045 · Bank Service Charges	56.12	0.00	56.12
6051 · Uniforms	366.44	511.20	877.64
6057 · Directors' Fees	50,236.00	0.00	50,236.00
6060 · Outreach	11,628.94	0.00	11,628.94
6063 · Meeting Support Expense	3,267.23	0.00	3,267.23
6066 · Mileage	1,485.96	0.00	1,485.96
6069 · Air Fare	12,523.20	0.00	12,523.20
6072 · Other Travel	5,221.29	0.00	5,221.29
6075 · Meals	12,945.16	0.00	12,945.16
6078 · Lodging	22,270.98	0.00	22,270.98
6081 · Conf/Seminar Registrations	16,415.00	0.00	16,415.00
6084 · Training Registrations	575.00	0.00	575.00
6087 · Educational Reimbursement	1,059.00	0.00	1,059.00
6090 · Subscriptions/Publications	9,627.70	0.00	9,627.70
6093 · Memberships	14,076.00	0.00	14,076.00
Total 6000 · General Administration	187,410.00	511.20	187,921.20
6100 · Benefits			
6110 · Vision Insurance	899.95	899.95	1,799.90
6120 · Workers' Comp. Insurance	8,139.00	8,139.00	16,278.00
6130 · Dental Insurance	2,342.10	2,342.09	4,684.19
6140 · State Unemployment Insurance	938.49	938.48	1,876.97
6150 · Medical Insurance	25,692.12	25,692.11	51,384.23
6160 · Social Security/Medicare Taxes	17,164.80	17,164.79	34,329.59
6170 · PERS Retirement	42,397.74	42,397.74	84,795.48
6180 · Auto Allowance	4,797.89	4,797.89	9,595.78
Total 6100 · Benefits	102,372.09	102,372.05	204,744.14

San Bernardino Valley Water Conservation District
Profit & Loss by Class
July 2004 through May 2005

	General Fund	Groundwater Replenishment	TOTAL
6200 · Salaries			
6210 · Overtime		10,967.64	10,967.64
6220 · Contingency/Temporary	5,981.93	5,981.93	11,963.86
6230 · Regular Salaries	241,900.93	241,900.92	483,801.85
Total 6200 · Salaries	247,882.86	258,850.49	506,733.35
6300 · Insurance			
6310 · Property Insurance	522.20	2,088.80	2,611.00
6320 · General Liability Insurance	4,540.30	19,743.20	24,283.50
Total 6300 · Insurance	5,062.50	21,832.00	26,894.50
Total Operating Expenses	904,134.66	448,494.65	1,352,629.31
Capital Expenditures			
7000 · Construction			
7010 · Materials	0.00	837.02	837.02
7030 · Concrete Structures	0.00	155.18	155.18
7060 · AB 303 Monitoring Wells	0.00	243,232.40	243,232.40
Total 7000 · Construction	0.00	244,224.60	244,224.60
7100 · Land & Buildings			
7130 · Mentone Property (House)	6,648.86	0.00	6,648.86
Total 7100 · Land & Buildings	6,648.86	0.00	6,648.86
7200 · Equipment & Vehicles			
7210 · Computer Hardware	3,789.78	1,892.08	5,681.86
7220 · Computer Software	5,896.64	2,144.11	8,040.75
7240 · Office Equipment	537.30	0.00	537.30
7250 · Vehicles	0.00	5,991.92	5,991.92
Total 7200 · Equipment & Vehicles	10,223.72	10,028.11	20,251.83
7300 · Professional Services			
7315 · Environmental Services - Wtr Rt	18,837.08	0.00	18,837.08
7317 · Environmental Services - Other	0.00	70.00	70.00
7335 · Engineering Services - Wtr Rts	40,559.37	0.00	40,559.37
7336 · Engineering Services - AB 303	0.00	70,617.78	70,617.78
7337 · Engineering Services - Other	0.00	1,231.10	1,231.10
Total 7300 · Professional Services	59,396.45	71,918.88	131,315.33
Total Capital Expenditures	76,269.03	326,171.59	402,440.62
Total Operating/Capital Expenditures	980,403.69	774,666.24	1,755,069.93
Net Income	123,868.12	-84,861.75	39,006.37

Appendix C

SBV WATER CONSERVATION DISTRICT

OUR NAME IS OUR MISSION

- **Board of Directors Policy Manual**

SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT

BOARD OF DIRECTORS POLICY MANUAL

FOR THE CONDUCT OF BUSINESS OF THE

BOARD OF DIRECTORS

1.0 PURPOSE OF BOARD POLICIES

This Policy Manual describes policies set by the Board of Directors ("Board") of the San Bernardino Valley Water Conservation District ("District") for the conduct of the business of the Board of Directors. This Policy Manual shall serve as a resource for Directors and staff regarding administrative policies governing the conduct of the Board's affairs, and the manner in which District business is to be conducted by members of the Board of Directors ("Directors"). The goal of this Policy Manual is to clarify the expectations and responsibilities of the office of Director, and to assist all Directors in the efficient, ethical, and professional execution of their duties. If any policy or portion of a policy contained in this manual is in conflict with any applicable provision of the Water Conservation District Act, California Government Code or Water Code, or any other provision of State or Federal law, such provisions shall prevail.

2.0 ORGANIZATION OF THE BOARD OF DIRECTORS

2.1 Board of Directors. The District conducts its normal or routine, daily operations with its own staff, coordinating as appropriate with other agencies. The staff conducts its activities in accordance with the policies and guidance set forth by the Board. The Board consists of one elected representative (Director) from each of seven separate geographical divisions of the District. A Director shall serve a 4-year period unless terminated earlier for reasons as set forth in this manual or State law, or a letter of resignation is submitted to the President of the Board and the District's Board passes a resolution accepting such resignation.

2.2 Officers. There shall be three (3) officers of the Board: President, Vice President and Secretary. The President and Vice President shall be appointed by vote of the Board taken in the regular meeting in December of a District election year, or following the occurrence of any vacancy, and officers shall serve for a term of two (2) years. Any Director may serve more than

one consecutive term in any office, but no Director shall serve in more than one (1) office at the same time. The duties and responsibilities of the officers shall be as follows:

(a) President. The President shall preside over the conduct of the meetings of the Board, and shall perform other duties as spelled out in this Policy Manual. The President may also call for any special meeting of the Board, provided such call is done in compliance with Government Code Section 54956, as may be subsequently amended, and any other applicable provision of law. Subject to the restrictions of Subsection 2.5 below, the President may sign all correspondence on behalf of the Board. The President may also create, fill, and dissolve Ad Hoc Committees of the Board. Any decision the President may or must make hereunder may be appealed by any Director of the Board, at the meeting in which the action is taken or, if the action is not taken at a meeting of the Board, at the next regularly scheduled meeting following the report of such action to the Board. If appealed, the Board may approve, reject, or modify the President's action or decision, and the decision of the Board shall be final.

(b) Vice President. The Vice President shall perform all of the duties of the office of the President, in the President's absence, inability, or incapacity to serve.

(c) Secretary. The District's General Manager shall serve as Secretary to the Board of Directors. The District's General Manager may, with the permission of the Board, delegate any or all of the duties of Secretary to any qualified employee of the District.

(d) Procedure for Nomination of Officers. The procedure for nomination and appointment of Officers of the Board of Directors shall be as follows:

(1) President opens the floor for nominations. (Any Board member can nominate any party, even himself or herself.)

(2) Once all nominations are exhausted, the president will entertain motion to close nominations. Motion requires majority vote.

(3) The President will call for vote on nominated parties. This will be done by roll call vote of the Board.

(4) If a nominated candidate receives the votes of a majority of the quorum (4 votes if all Board members are present), the president will

declare that party elected to the office. If no nominated party receives enough votes to carry a majority of the quorum (4 votes if all Board members are present), the President will declare that the nominations did not result in an effective appointment by the Board to fill the vacancy, and the President will reopen the nominations, starting again at #1 above. The process will be repeated until a single candidate receives the votes of a majority of the quorum.

2.3 Meetings of the Board of Directors. All meetings of the Board of Directors shall be held and conducted in conformity with the provisions of the Ralph M. Brown Act, Government Code §§ 54950, *et seq*.

(a) Regular Board Meetings. The Board of Directors shall establish by Resolution the time and location of regular meetings of the Board of Directors. Each regular meeting will be noticed by the posting of an agenda for at least 72 hours in advance of the meeting specifying the time, place, and subject matter to be discussed. The posting shall be at a conspicuous place at the District's offices freely accessible to members of the public, on the District's internet website, and may also be at such other places as the Board may from time to time designate. No business other than that described on the posted agenda shall be conducted except for when the Board determines by a majority vote that there exists an emergency situation, as provided in Government Code section 54956.5 (as may be amended), or situations for which there is a need to take immediate action, and the need to take action arises after the posting of the agenda, as determined by a vote of two-thirds of the Board members present for the meeting, or a unanimous vote of those members present if two-thirds are not present. Notwithstanding the foregoing, the Board may take action on items previously placed on a posted agenda for a prior meeting, and continued to a specific date not less than five days following the prior meeting for which the matter was included on the posted agenda. Further, a Board member may briefly respond to statements made or questions posed by persons participating in the public comment portion of the meeting, ask a question for clarification, make a brief announcement, or make a report on his or her activities.

(b) Special Board Meetings. A special meeting of the Board of Directors may be called at any time by the President of the Board or by a majority of the members of the Board. Each special meeting of the Board will be noticed by the posting of an agenda for at least 24 hours prior to the meeting specifying the time, place, and subject matter to be discussed. No other business shall be considered at a special meeting.

2.4 Committees of the Board of Directors

(a) Role of Committees. In order to assist in its background investigations or preliminary discussions, the Board of Directors has formed, and may form additional, committees to assist it. Unless specifically delegated by the Board, committees shall have no authority to bind the District to any position, contract, or course of action; the sole function of committees is to assist the Board in the fact finding and other tasks necessary for legislative action. Furthermore, no vote, statement, or position taken by any Director at a committee meeting shall be binding on that Director, if and when the matter comes before the full Board. All final approval of any action taken on behalf of the District rests with the full Board, unless the Board specifically delegates otherwise. The Board may at any time create or dissolve a committee, as it may from time to time deem necessary. There are two types of advisory committees of the Board: Standing and Ad Hoc Committees. Appendix "A" provides a list of current Committees.

(b) Standing Committees. All Standing Committees are created by formal action of the Board (approved by the Board and so recorded in the minutes). Such action may take the form of an amendment to this Board Policy Manual. The meetings of the Standing Committees shall be governed by, and conducted pursuant to, the provisions of the Ralph M. Brown Act, in the same manner as the meetings of the Board of Directors. All appointments to Standing Committees shall be made and approved by the Board of Directors. Any member of the Board may attend any meeting of any Standing Committee but may not participate in the vote on any question before the Committee. Minutes of the proceedings of all Standing Committees shall be kept by the Board Secretary, and shall be available to other Board members, or members of the public upon request.

(c) Ad Hoc Committees. Ad Hoc Committees are informal, temporarily formed advisory committees to investigate or address situation-specific occurrences, and are created and filled by appointment of the President of the Board of Directors. Ad Hoc Committees shall have no delegated authority from the Board, and shall be dissolved by the President of the Board when the situation or occurrence leading to their formation is resolved, or when the President otherwise considers such dissolution appropriate. Ad Hoc Committees shall have no continuing subject matter jurisdiction. Only Directors appointed to an Ad Hoc Committee shall attend or otherwise participate in its meetings.

(d) Membership of Committees. No Committee shall consist of more than three members of the Board. Each Committee shall elect its own Chairperson. The

membership of all committees shall be reviewed by the Board annually at its regular meeting in December, at which time any changes or modifications to the appointments shall be made for the upcoming year.

2.5 Representation of the District by a Board Member. Without the prior authorization of the Board, no individual Director has the authority, directly or indirectly, to represent the District as a whole. Unless otherwise authorized by the Board, no Director shall (i) make any undertaking purporting to obligate the District in any way, or (ii) make any representation to any member of the media, the public, any local agency, or any other person that the positions or statements of that individual are those of the District.

2.6 Absences from Meetings of the Board of Directors. Directors shall endeavor to attend all meetings of the Board. To the extent a Director anticipates that he or she shall be absent from a Board meeting, Director shall, at the prior regularly scheduled Board meeting, advise the Board of his or her anticipated absence and shall state the reason for the absence. In the event a Director does not become aware of the impending absence in time to give timely notice, that Director shall, upon learning that he or she shall be absent, notify the General Manager. The General Manager shall be responsible for informing the Board of the absence.

A Director's absence from a meeting shall be excused if such absence is due to illness of the Director, illness or death of a Director's family member, or when Director is traveling away from the District on vacation, personal business, or District business. Absences for any other reason shall be excused only if the Board President, in his or her discretion, determines there is good cause for the absence.

If a Director has three (3) consecutive unexcused absences from regular meetings of the Board, the Board may by resolution and in its discretion, declare the office of such Director vacated, and a successor shall be appointed or elected as provided in Subsection 2.7.

2.7 Vacancies in the Board of Directors. In addition to the provisions of Subsection 2.6 and pursuant to Government Code Section 1770, as may be amended, a vacancy in the Board shall exist on the happening of any of the following events:

(a) the death of an incumbent;

(b) an adjudication pursuant to a quo warranto proceeding declaring that the incumbent is physically or mentally incapacitated due to disease, illness, or accident and

that the incumbent would not be able to perform the duties of his or her office for the remainder of his or her term;

(c) his or her resignation;

(d) his or her removal from office;

(e) the Director's place of residence moves from the State, or the boundaries of the division in which the Director is required to reside;

(f) unlawful absence from the State;

(g) failure to discharge duties for three (3) consecutive months, except when prevented by sickness or when absent from the State with the permission required by law;

(h) a conviction of a felony or of any offense involving a violation of his or her official duties (conviction is when trial court judgment is entered);

(i) refusal or neglect to file his or her required oath or bond within the prescribed time;

(j) the decision of a competent tribunal declaring void his or her election or appointment;

(k) the making of an order vacating his or her office or declaring the office vacant when the Director fails to furnish any required bond; and

(l) his or her commitment to a hospital or sanitarium by a court of competent jurisdiction as being a drug addict, dipsomaniac, inebriate, or stimulant addict, but in that event, the office shall not be deemed vacant before the order of commitment has become final.

A vacancy in the Board shall be deemed effective on the date the Board passes a resolution by a majority vote declaring the office vacant and the reason therefor. Any vacancy occurring in the Board may be filled by (i) appointment by a majority vote of the remaining directors at a special meeting held within sixty (60) days after the effective date of the vacancy, or (ii) an election called for within sixty (60) days after the effective date of the vacancy and held on the next available election date that is one hundred thirty (130) or more days after the vacancy occurs. Where a vacancy is filled by appointment, notice of the vacancy shall be published in a newspaper

of general circulation within the District at least fifteen (15) days before the appointment is made, which notice shall invite interested, eligible parties to apply for appointment. An individual appointed to fill a vacancy shall hold office until the next District general election and until such Director's successor has been elected and qualified, unless an election is also held on the same date for the purpose of electing a Director to serve a full term in the same office, in which event the person appointed shall fill the balance of the unexpired term of his or her predecessor in office.

2.8 Confidentiality of Board Information. It is the Board's policy that all communications during the closed sessions of the Board are confidential, and shall remain confidential unless and until otherwise provided by law. During the term of his or her tenure as a Director, and after the end of such term, no Director shall disclose to any friend, associate, member of the media, or any other person, any information disclosed to or acquired by the Director in the closed sessions of the Board, unless specifically authorized to do so by the other Board members or required to do so by law. In the event a Director discloses information in violation of this policy, any Board member may request that the Board adopt a resolution of reprimand regarding the Director. Upon such a request, the matter shall be referred to and considered by the Board.

3.0 ATTENDANCE AT EDUCATIONAL SEMINARS AND MEETINGS OF OTHER ORGANIZATIONS

3.1 Policy Statement. It is the policy of the District to encourage Directors to participate in professional organizations; local, state, and national training and educational seminars; and meetings of other local organizations where such attendance would have applicability to the functions of the District. The District benefits from such activities both by keeping abreast of the latest developments and issues in the field of water conservation and groundwater management, and by the expanded professional communications which occur at such events. These benefits must be balanced, however, by budgetary limitations and an effort to avoid unnecessary duplication of representation of the District. To strike this balance, the Board's policy is to authorize Directors to attend certain conferences, and require Directors to secure the approval of the Board before attending other meetings or conferences. Reimbursement, therefore, shall be made for expenses incurred by a Director only in connection with attending seminars, conferences, or meetings, as previously approved by the Board or President.

3.2 Directors Appointed to Specified Positions. Directors who have been appointed by the President or the Board to serve as a member on any committee or commission are expected to

attend appropriate meetings of such committees or commissions, and to report regularly to the Board regarding the activities of such committees and commissions.

3.3 Pre-Approved Activities. Appendix "B" provides a roster of organizations and committees with Board and staff representatives. Attendance by the appointed Directors at meetings or conferences listed in Appendix "B" is "pre-approved," and is at District expense. This roster shall be updated annually by the General Manager, to reflect the most recent appointees to the various organizations and committees listed, and may be so updated as a clerical matter, without formal action of the Board. No organization, committee, or event may be added or deleted from the "pre-approved" list without action of the Board, however.

3.4 All Other Conferences. For all other conferences and seminars, including voluntary attendance at meetings, any Director wishing to attend shall notify the General Manager with sufficient time for the General Manager to place the matter on the agenda for the next meeting of the Board. The Board may approve any request for attendance at a conference or seminar, and in so doing shall consider all of the following: (i) the subject matter and quality of the conference or seminar, and its pertinence to District activities; (ii) the cost of participation, including both conference or seminar registration fees and any incidental expenses; (iii) the number of other or similar conferences or seminars attended by the requesting Director in the preceding twelve (12) months; and (iv) whether any stipend would be paid to the District for participating. In the event notification of a seminar, conference, or meeting arrives too late for placing the matter on the Board's agenda, the General Manager may refer a request for attendance to the President of the Board for his or her approval. The President may thereupon approve, disapprove, or conditionally approve any such request.

4.0 COMPENSATION AND EXPENSE REIMBURSEMENTS

4.1 Eligible Compensation Reimbursement. Directors' compensation shall be in accordance with the California Water Code. The District shall compensate Directors for attendance at approved meetings in accordance with the following:

(a) Directors shall receive compensation for each meeting attended, up to the maximum allowable under the California Water Code (10 per month). The amount of compensation shall be established by a resolution of the Board; except however, as permitted by the California Water Code, the Board may elect to receive an automatic 5% increase annually without further action by the Board.

(b) For the purpose of determining compensation for Directors only, a "meeting" is defined as a scheduled activity of several parties conducting business related to the parties, of which the District is a party. A simple phone call is not a meeting, but a scheduled teleconference conducted between the parties in lieu of a scheduled meeting is a "meeting." Conducting research, involvement in a discussion, or discussion by telephone in preparation for a meeting is also not a "meeting."

(c) Any and all meetings in a single day where a Director is representing the District qualifies for compensation only for one meeting.

(d) Compensation for serving on another agency board of directors is the responsibility of that other agency. However, if serving on that other agency's board of directors is a direct result of appointment by the District Board of Directors, then attendance at meetings of both agencies on one day would be compensated as one day's pay, which would be paid by the District, and compensation from the other agency would not be permitted.

(e) In the event a Director is eligible for compensation by two (2) different agencies for a single meeting or day, the Director shall submit a request for compensation from only one of the eligible agencies.

4.2 Eligible Expense Reimbursement. The District shall reimburse Directors for costs incurred related to approved attendance at meetings, seminars, or conferences, as provided herein.

(a) Expenses eligible for reimbursement shall be limited to (1) registration or tuition costs, or other charges for participation in the event; (2) transportation to and from the event, including airfare, car rental, or mileage for use of Director's own automobile, and other miscellaneous transportation costs (shuttle, taxi, etc.); (3) lodging at the single-room rate; and (4) reasonable costs of meals.

(b) Any other costs incurred by the Director shall be at the expense of the Director, unless, because of unusual circumstances, the Board, in its discretion, determines that any additional cost shall be authorized as an expense of the District.

(c) Directors shall be reimbursed for mileage on the basis of total miles driven for business purposes and at the rate specified in the Internal Revenue Code in effect at the time of the vehicle usage.

4.3 Ineligible Expenses.

(a) Attendance by Directors at regular or special Board meetings and meetings of Committees created by the Board or President are not eligible for reimbursement of any expenses.

(b) Directors shall not be eligible for reimbursement for any expenses incurred by any person traveling or attending an event as a guest of the Director. No Director shall be eligible for reimbursement for any expenses for personal services not related to District business.

4.4 Compensation and Expense Reimbursement Procedure.

(a) Compensation. To receive compensation for attendance at approved meetings, a Director shall submit a request for reimbursement to the General Manager not later than thirty (30) days after the meeting, or by the next Regular Board meeting.

(b) Expenses. In order to obtain reimbursement, a Director who has incurred reimbursable expenses shall submit a request for reimbursement to the General Manager not later than thirty (30) days after termination of the event for which the expenses were incurred, or by the next Regular Board meeting, whichever is later. The request shall be accompanied by itemized receipts verifying the expenses incurred. To the extent the incurring of expenses was approved by the Board, or pre-approved under this Policy Manual, the General Manager may reimburse the expenses as requested, and shall make a report of such reimbursement and its amount to the Board. To the extent such expenses were not approved or pre-approved, the General Manager shall refer the matter to the Board for its consideration at the next regularly scheduled meeting.

5.0 DIRECTOR/STAFF RELATIONSHIPS

5.1 Requests for Assistance. Directors shall direct all requests for work, studies, information, or any task which is to be performed by District Staff to the General Manager. If the General Manager determines that an individual Director's request for Staff services shall result in a substantial expenditure of time or District resources, the General Manager may refer the request to the Board for its approval. In no event shall any Director make any request of Staff for information or services not related to District business. This policy shall in no way limit the authority of individual Directors to contact the General Manager and General Counsel for the

purpose of inquiring about potential conflicts of interest regarding a Director's own economic interests.

5.2 Hiring and Firing of Staff. The Board of Directors shall approve the number of staff positions to be established and the appropriate pay ranges for each position, based on work requirements and budget limitations. The General Manager shall have control over the hiring, firing, promotion, pay raises within the established pay ranges, and discipline of the District staff; provided, however, that the General Manager may consult with the Board in the course of taking such action.

5.3 Annual Review of Staff Performance. On or before the regular Board meeting in May of each year, the Board shall conduct an annual review of the performance of the General Manager. Also, prior to the regular Board meeting in June of each year, the General Manager shall conduct, or cause to have conducted, an annual review of each District employee. Any pay rate changes within the established pay ranges for District employees, or changes in pay of the General Manager, shall be reflected in the budget proposal for the next fiscal year and submitted to the Board as part of the annual budgetary review process.

6.0 ABSENCE FROM STATE

In the event any Director shall be out of the State of California for a period of five (5) consecutive days or more, Director shall, on or before the last regularly scheduled Board meeting prior to Director's departure, inform the Board of his or her pending absence, and the length of time such Director anticipates being out of the State. In the event a requirement to be out of state occurs after the last regularly scheduled Board meeting, the Director shall notify the Board President or General Manager as soon as the Director knows of the requirement to be out of state.

7.0 CONFLICT OF INTEREST

It is the responsibility of each Director to be fully acquainted with his or her own "economic interests" under the Political Reform Act. Each Director shall notify District staff of any property interests, sources of income, business investments, gifts, loans, or any financial or economic interests of Director or Director's immediate family which may be affected by a decision before the Board. If Director has reason to believe a potential conflict of interest exists in connection with any decision or matter pending before the Board or any of its Committees, the Director shall immediately inform the General Manager and General Counsel, and seek advice as to the existence of any such conflict, and any appropriate action in connection therewith. A Director's disclosure obligations under this policy shall include a duty to inform the General

Manager and the General Counsel of any financial interest which may result in a violation of Government Code Section 1090, relating to prohibited interests in contracts. In the event any Director feels that he or she does not have a sufficient understanding of the restrictions of the Political Reform Act or Government Code Section 1090, he or she at any time may request a briefing on such matters from the General Manager and General Counsel.

APPENDIX "A"

BOARD COMMITTEES

STANDING COMMITTEES	AREAS OF RESPONSIBILITY
ADMINISTRATIVE **Members: Cheryl Tubbs, Chair** **Clare Henry Day** **Arnold Wright** **Alternate: Melody Henriques-McDonald**	Staffing and Human Resources, Finance (including budget preparation and review), Administrative Policy and Procedures, Grant/Loan Procurement and Oversight, Litigation Oversight
RESOURCES **Members: Bert Marcum Jr., Chair** **Clare Henry Day** **Arnold Wright** **Alternate: Manuel Aranda Jr.**	Water and Land Resources Planning, Groundwater Recharge Monitoring and Reporting, Facilities Development and Maintenance, Projects Oversight, Regulatory Compliance, Mineral Lease Oversight, Other Resource Management
OUTREACH **Members: Manuel Aranda Jr., Chair** **Melody Henriques-McDonald** **Glenda Douglas** **Alternate: Cheryl Tubbs**	Public Information and Outreach Programs, Legislative Monitoring and Advocacy, Intergovernmental Relations, Media Relations

AD HOC COMMITTEES

Ad Hoc Committees are informal, temporarily formed advisory committees to investigate or address situation specific occurrences, and are created by appointment of the President of the Board of Directors.

APPENDIX "B"

Roster of Organizations and Committees with Board and Staff Representatives

Organization/Committee	Representative
Wash Committee PAC	Henriques/Aranda
Wash Committee TAC	Libeu / Christensen
BLM Wash Area Management Plan	Libeu / Christensen
Upper Santa Ana Water Res Assoc	Libeu / Crowley
Muni Board Meetings	Libeu / Tubbs
Muni Advisory Commission	Henriques-McDonald/Douglas
Santa Ana Watershed Plnng Advsry Committee	Libeu / Crowley
Association of Ground Water Agencies	Libeu / Crowley
Joint Powers Insurance Authority	Henriques/Aranda
Redlands Chamber of Commerce	All Board / Libeu
Highland Chamber of Commerce	All Board / Libeu
Loma Linda Chamber of Commerce	All Board/Libeu
San Bernardino Chamber of Commerce	All Board/Libeu
Assoc of SB County Special Districts	All Board / Libeu / Crowley
California Special Districts Assoc	Henriques
Exchange Plan Management Committee	Libeu / Crowley
Big Bear Watermaster	Libeu / Crowley
Cal State WRI Advisory Board	Crowley

Organization/Committee	Representative
Association of California Water Agencies	All Board and Staff (as determined by General Manager)
Region 9 Meetings	Board
Federal Affairs Committee	Aranda / Libeu
Groundwater Committee	Aranda/Staff
Local Government Committee	Libeu
Legal Affairs Committee	Aranda
Water Management Committee	Henriques / Wright
State Legislative Committee	Aranda
Western Coalition of Arid States	Board/Libeu
NATIONAL WATER RESOURCES ASSO.	Board (Aranda)/Libeu
COLORADO RIVER WATER USERS ASSO.	Board (Aranda)/Libeu

Appendix D

SBV WATER CONSERVATION DISTRICT

OUR NAME IS OUR MISSION

- Executive Summary of the Engineering Investigation, 2004 – 2005
- Staff Report, March 2, 2005, Accepting Engineering Investigation Report
- Notice of Public Hearing
- Sample Letters to Producers (2)
- Staff Report, April 6, 2005, Public Meeting Related to Adoption of Groundwater Charge
- Staff Report, April 27, 2005, Public Hearing to Receive Comments and Testimony Regarding Proposed Groundwater Charge for Fiscal Year 2005-2006
- Staff Report, April 27, 2005, Adoption of Resolution No. 407 Establishing a Groundwater Charge on the Production of Groundwater Within District Boundaries and Making Certain Findings Relative Thereto for Fiscal Year 2005 – 2006
- Resolution No 407
- Notice of Exemption

ENGINEERING INVESTIGATION

2004 - 2005

EXECUTIVE SUMMARY

Bunker Hill Basin

SBV WATER CONSERVATION DISTRICT

OUR NAME IS OUR MISSION

ACKNOWLEDGMENTS

The staff of the San Bernardino Valley Water Conservation District would like to recognize the efforts of those agencies that contributed data for this Engineering Investigation. The cooperation received from the following agencies is gratefully acknowledged.

* City Of Colton
* City of Loma Linda
* City of Redlands
* City of Rialto
* City of Riverside
* City of San Bernardino
* East Valley Water District
* Elsinore Valley Municipal Water District/Meeks and Daley Water Company
* Gage Canal Company
* Geologic Associates
* Loma Linda University
* Patton State Hospital
* Redlands Farming, Inc.
* Riverside – Highland Water Company
* San Bernardino County Department of Transportation and Flood Control
* San Bernardino Valley Municipal Water District
* West Valley Water District
* Western Municipal Water District
* United States Geological Survey, Santee, CA Office

1.0 Executive Summary

Article 1, Section 75560 of the California Water Code requires that a Water Conservation District that proposes to levy a groundwater charge "*... shall annually cause to be made an engineering investigation and report upon groundwater conditions of the District*". In accordance with these requirements, the San Bernardino Valley Water Conservation District (District) must make the following findings and determinations as they relate to the ground and surface water conditions of the Bunker Hill Basin and those areas within the District boundary.

Task 1. Annual change in storage for the Bunker Hill Basin for the preceding water year (Fall 2004 groundwater levels);

Task 2. Accumulated change in storage of the Bunker Hill Basin as of the last day of the preceding water year (June 30, 2004);

Task 3. Total groundwater production from the Bunker Hill Basin for the preceding water year (July 1, 2003 - June 30, 2004);

Task 4. Estimate of the annual change in the Bunker Hill Basin storage for the current water year (July 1, 2004 - June 30, 2005);

Task 5. Estimate of the annual change in the Bunker Hill Basin storage for the ensuing water year (July 1, 2005 - June 30, 2006);

Task 6. Average annual change in Bunker Hill Basin storage for the immediate past 10 water years (1994 - 2004);

Task 7. Estimated amount of agricultural water and other than agricultural water to be withdrawn from the groundwater supplies of the District for the ensuing water year (July 1, 2005 - June 30, 2006);

Task 8. Estimated amount of water necessary for surface distribution for the ensuing water year for the Bunker Hill Basin and the District (July 1, 2005 - June 30, 2006); and

Task 9. The amount of water that is necessary for the replenishment of the groundwater supplies of the Bunker Hill Basin and the District for the ensuing water year (July 1, 2005 - June 30, 2006).

To make the findings and determinations listed above, District staff researched available geohydrologic and engineering data for the Bunker Hill Basin. These data were compiled and analyzed and a predictive relationship between precipitation, production, and change in basin storage was developed. This relationship was based on empirical data covering the last 13 years and enables the prediction of change in storage, given certain annual production and precipitation levels. In addition, annual and accumulated change in storage values were calculated based on historic water level changes throughout the Bunker Hill Basin.

Based on 9 measuring stations, precipitation throughout the contributing watershed was 61% of normal for the period July 1, 2003 to June 30, 2004. As a result of this below normal rainfall, the amount of groundwater storage in the Bunker Hill Basin decreased by 68,100 acre-feet. As would be expected, groundwater levels tended to be lower in many parts of the basin for the current water year with the largest decreases occurring in the Bunker Hill I – Southwest of Barstow Freeway.

The required findings for the 2005 Engineering Investigation are provided below. Each of the tasks is further explained in the main body of the report. Throughout this document a positive sign (+) denotes an increase in groundwater storage or groundwater level elevation while a negative sign (-) denotes a decrease in groundwater storage or groundwater level elevation.

Summary of Findings for the 2005 Engineering Investigation

Task 1. Annual change in storage for the Bunker Hill Basin for the preceding water year (Fall 2004 groundwater levels)

- Change in storage between Fall 2003 and Fall 2004

-68,100 acre-ft (decrease)

The amount of water stored in the Basin decreased by 68,100 acre-ft between 2003 and 2004.

Task 2. Accumulated change in storage of the Bunker Hill Basin as of the last day of the preceding water year (June 30, 2004)

- Accumulated change in storage between Fall 1993 and Fall 2004[1]

-406,900 acre-ft (decrease)

The amount in storage in the Fall of 2004 is 406,900 acre-ft less than in the Fall of 1993.

Task 3. Total groundwater production from the Bunker Hill Basin for the preceding water year (July 1, 2003 - June 30, 2004)

222,456 acre-ft

[1] In the District's Engineering Investigation, EIs prior to 1993-94, the accumulated change in storage was based on the basin storage in 1984 as considered [illegible]. According to [illegible] regarding the flooding of basements due to high groundwater levels in the Pressure Zone of the Bunker Hill Basin, the [illegible] in response to the City of San Bernardino's comments on accumulated change in storage, all EIs since that time are based on 1993 basin storage levels considered as full.

Task 4. Estimate of the annual change in the Bunker Hill Basin storage for the current water year (July 1, 2004 - June 30, 2005)

32,200 acre-ft (increase)

The amount of water in the Basin is estimated to increase by 32,200 acre-ft during the current water year.

Task 5. Estimate of the annual change in the Bunker Hill Basin storage for the ensuing water year (July 1, 2005 - June 30, 2006)

-10,400 acre-ft (decrease)

The amount of water in the Basin is estimated to decrease by 10,400 acre-ft during the ensuing water year.

Task 6. Average annual change in Bunker Hill Basin storage for the immediate past 10 water years (1994 - 2004)

-46,500 acre-ft (decrease)

Task 7. Estimated amount of agricultural water and other than agricultural water to be withdrawn from the groundwater supplies of the District for the ensuing water year (July 1, 2005 - June 30, 2006)

- Estimated amount of agricultural water withdrawn from the groundwater supplies within the District boundary for the ensuing water year (July 1, 2005 - June 30, 2006)

11,900 acre-ft

- Estimated amount of other than agricultural water withdrawn from the groundwater supplies of the District for the ensuing water year (July 1, 2005 - June 30, 2006)

85,400 acre-ft

Task 8. Estimated amount of water necessary for surface distribution for the ensuing water year for the Bunker Hill Basin and the District (July 1, 2005 - June 30, 2006)

- Estimated amount of water necessary for surface distribution for the ensuing water year (July 1, 2005 - June 30,2006) for the Bunker Hill Basin

44,900 acre-ft

- Estimated amount of water necessary for surface distribution for the ensuing water year (July 1, 2005 - June 30, 2006) within the District boundary

35,900 acre-ft

Task 9. The amount of water which is necessary for the replenishment of the groundwater supplies of the Bunker Hill Basin and the District for the ensuing water year (July 1, 2005 - June 30, 2006)

- The amount of water which is necessary for the replenishment of the groundwater supplies of the Bunker Hill Basin for the ensuing water year (July 1, 2005 - June 30, 2006)

203,800 acre-ft

- The amount of water which is necessary for the replenishment of the groundwater supplies within the District boundary for the ensuing water year (July 1, 2005 - June 30, 2006)

102,500 acre-ft

In the past there has been confusion regarding the use of the term "replenishment" in Task 9. The confusion appears to come from an interpretation of this term as the amount of water the District plans to "spread" for the ensuing water year. In fact, the term "replenishment" and its associated value determined in Task 9 is meant to provide an estimate of the amount of aquifer replenishment that must occur from all sources, including natural recharge, during the ensuing water year to keep the Bunker Hill Basin at the same storage level as the beginning of the ensuing water year (July 1, 2005).

In addition to the above findings, Section 75505 of the California Water Code requires that a finding be made as to the amount of water necessary to be replaced in the intake areas of the groundwater basins within the District to prevent the landward movement of salt water into the fresh groundwater body, or to prevent subsidence of the land within the District. Because of its location and the elevations of its water table, the Bunker Hill Basin is not subject to salt-water intrusion and the current groundwater levels will not result in any significant land subsidence.

Section 75540 of the California Water Code requires that the District Board establish a zone or zones where a groundwater charge is to be implemented. The Code specifically states that a single zone may include the entire District and in May 1993 the Board established the entire District as one zone. This determination may be amended in the future, but lacking any evidence to the contrary, in the 2005-06 year the entire District will remain as a single zone in regard to any groundwater charge.

Section 75561 of the California Water Code further requires the Engineering Investigation to include a finding related to the amount of water the District is obligated

by contract to purchase. At this time the District has no contractual obligation to purchase water for the replenishment of the groundwater supplies.

Based on the results of the 2005 Engineering Investigation, the San Bernardino Valley Water Conservation District finds that:

- Due to the below average precipitation and the resulting decreased natural and artificial recharge since 1992, the Bunker Hill Basin's storage is 406,900 acre-feet below that which is considered full for purposes of this Investigation.

- During the ensuing water year (July 1, 2005 to June 30, 2006), the Bunker Hill Basin can be recharged, from all sources, with 610,700 (203,800 + 406,900) acre-feet of water. This recharge quantity is needed to maintain the 1993 storage level considered full.

- The District should continue to take the necessary steps to enhance its capability to conduct recharge operations, which includes construction of new, or maintenance and repair of existing, diversion facilities, canals, dikes, basins, roads, and other water recharge facilities. These improvements are required to ensure the increasing demands on the Basin, especially during drought periods, can be met.

SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT
Established 1932

1630 West Redlands Boulevard, Suite A
Redlands, CA 92373-8032
(909) 793-2503
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www.sbvwcd.dst.ca.us

To: **Honorable Board of Directors**

From: **Tom Crowley, Assistant General Manager**

Date: **March 2, 2005**

Subject: **2004-2005 Engineering Investigation of the Bunker Hill Groundwater Basin**

RECOMMENDATION:

Staff recommends that the Board of Directors authorize the Board Secretary to accept the 2004-2005 Engineering Investigation of the Bunker Hill Groundwater Basin and determine the proposed groundwater replenishment charge rates for fiscal year 2005-2006.

Concur: Prepared by: Thomas J. Crowley

BOARD OF DIRECTORS
Bert Marcum, Jr.
Clare Henry Day
Arnold L. Wright
Glenda Douglas
Cheryl A. Tubbs
Melody Henriques-McDonald
Manuel Aranda, Jr.
GENERAL MANAGER
Lawrence M. Libeu

BACKGROUND:

Article 1, Section 75560 of the California Water Code requires that a Water Conservation District that proposes to levy a groundwater replenishment charge "...shall annually cause to be made an engineering investigation and report upon the groundwater conditions of the District." Further, the District must make a series of findings as they relate to the ground and surface water conditions of the Bunker Hill Groundwater Basin and those areas within the District boundary. The findings require estimating the amount of water expected to be used in the next year so as to determine the change in the amount of groundwater stored in the basin. As also required by the Water Code, the findings and conclusions of the annual Engineering Investigation Report (Report) shall be presented at a public hearing in April.

In addition, if a groundwater replenishment charge is being considered, either to establish or revise, the rates must be adopted following a public hearing and public meeting. Therefore, a public hearing has been scheduled in conjunction with the April 27, 2005 Board meeting and a public meeting has been scheduled in conjunction with the regular April 6, 2005 Board meeting. An informational meeting for groundwater producers and other members of the public will be held in conjunction with the Upper Santa Ana Water Resources Association on April 14, 2005, to present findings of the engineering investigation report and discuss the groundwater replenishment program.

For 2004-2005, the Report finds that the estimate of the amount of aquifer replenishment that must occur from all sources, including natural recharge, during the ensuing water year (July 1, 2005 to June 30, 2006) to keep the Bunker Hill Basin and the District's groundwater supplies at the same storage level as the beginning of the ensuing water year (July 1, 2005) is **237,400** acre-feet and **177,800** acre-feet, respectively. The cumulative surpluses and deficits result in a current deficit of **406,900** acre-feet. Therefore, **644,300** acre-feet can be recharged from all sources to bring the basin up to the 1993 "full" level. The Report concludes that the basin storage deficit would be worse if it were not for the ongoing recharge activities of the District. Furthermore, the District should continue to take the necessary steps to enhance its capability to conduct recharge operations, which includes construction of new, or maintenance and repair of existing, diversion facilities, canals, dikes, basins, roads, and other recharge facilities. These improvements are required to ensure the increasing demands on the basin, especially during drought periods, can be met.

Based on the findings and conclusions of the Report, the District staff has determined that the groundwater charge should continue to help defray the increasing costs of operations and investigations that are necessary to conduct the recharge program. Therefore, during the April 27, 2004 Board meeting, the Board will be asked to adopt a Board Resolution concurring with the findings of the Annual Engineering Investigation of the Bunker Hill Basin 2004-2005, and approve an increase of the groundwater charge at $1.85 per acre-foot for agriculture and $6.65 per acre foot for all other uses. For the ensuing period, the District will continue to regard the District as a single zone of benefit as it relates to charges for use of the water: agriculture and all other uses. The District will continue to conduct additional groundwater investigations and may at a later date determine that multiple zones of benefit are appropriate.

NOTICE OF PUBLIC HEARING

TO ALL PERSONS INTERESTED IN GROUNDWATER PRODUCTION WITHIN THE BOUNDARIES OF THE SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT

PLEASE TAKE NOTICE that on March 2, 2005, the San Bernardino Valley Water Conservation District conducted a public meeting and received an engineering report, which contains information regarding annual change in storage, accumulated change in storage, total groundwater production from District supplies for the preceding water year, estimates of annual change in storage for the current and ensuing water years, the amount of water the District is obligated to purchase for recharge, and recommendations on water needed to replenish groundwater supplies for the ensuing year. Preparation of this report is required in connection with the Board of Directors' consideration of a groundwater charge on groundwater production within the District's boundaries.

District staff is recommending to the District's Board of Directors to change the current amount of the groundwater charge of $1.65 per acre-foot for groundwater production for agricultural purposes, and $6.05 per acre-foot for groundwater production for non-agricultural purposes to $1.85 per acre-foot for groundwater production for agricultural purposes, and $6.65 per acre-foot for groundwater production for non-agricultural purposes. California Water Code § 75594 dictates that the rate for non-agricultural groundwater production must be between three and five times the rate for agricultural use.

The groundwater charge is not imposed on a property basis, but rather is a per acre-foot charge, which relates directly to the amount of groundwater produced from wells overlying the groundwater basin within the District's boundaries. Consequently, the ultimate amount of groundwater charge to be paid by each party subject to the charge will depend directly upon the amount of groundwater production such party engages in during the applicable water year, here July 1, 2005 to June 30, 2006. Based upon the estimated amount of agricultural water and other than agricultural water to be withdrawn from the groundwater supplies of the District for the ensuing water year, the revenue anticipated to be collected is $589,925. The groundwater charge is to be collected on a semi-annual basis based upon production statements submitted by the individual groundwater producers. The purpose of the groundwater charge is to fund the District's continuing groundwater replenishment efforts, and portions of the proceeds of this charge will be applied to various of the District's groundwater recharge and protection activities, including the maintenance and reconstruction of recharge basins, defense and protection of water rights, data and information collection regarding the basin, establishment of monitoring wells, and regular water spreading activities.

The District proposes to make a finding that the action to consider an increase in the groundwater charge is exempt from CEQA, under 14 California Code of Regulations sections 15273 (Rates, Tolls, and Charges), 15301 (Existing Facilities), 15304 (Minor Alterations to Land), and 15306 (Information Collection.).

PLEASE BE ADVISED that a public meeting and a public hearing on the proposed groundwater charge will be held in the District's Board Room at 1630 West Redlands Boulevard, Suite A, Redlands, California. The date and time for the public meeting and public hearing will be April 6, 2005 and April 27, 2005 at 1:30 p.m., respectively.

All persons are invited to attend the public meeting and public hearing, and may submit evidence concerning groundwater conditions, water supplies of the District, or any matter relating to the proposed groundwater charge. In addition, any party wishing to protest the groundwater charge may send protest to the District's office, 1630 West Redlands Boulevard, Suite A, Redlands, CA, 92373 and also be heard at the public meeting or public hearing. Please be advised that if you challenge the groundwater charge in court, you may be limited to raising only those issues that you or someone else raised at the public meeting or hearing described in this notice, or in written correspondence delivered to the District's office prior to, or at, the public hearing.

All interested persons are invited to review the engineering report at the District's office. Further inquiries regarding the report or the groundwater charge, or requests for further information, may be directed to Thomas J. Crowley at 1630 West Redlands Boulevard, Suite A, Redlands, CA, 92373, or by phone (909) 793-2503.

Dated: March 8, 2005
SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT

By:
Thomas J. Crowley, P.E.
Assistant General Manager

SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT

Established 1932

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www.sbvwcd.dst.ca.us

March 10, 2005

Anthony W. Araiza
West Valley Water District
P.O. Box 920
Rialto, CA 92377-0920

SUBJECT: Annual Engineering Investigation of the Bunker Hill Basin

The San Bernardino Valley Water Conservation District has completed the report of the 2004-2005 Annual Engineering Investigation of the Bunker Hill Basin. Article 1, Section 75560 of the California Water Code, requires that a Water Conservation District that proposes to levy or continue a groundwater extraction fee "...shall annually cause to be made an engineering investigation and report upon groundwater conditions of the District." Preparation of this report is required in connection with the Board of Directors' consideration of a groundwater charge on groundwater production within the District's boundaries.

District staff is recommending to the District's Board of Directors to change the current amount of the groundwater charge of $1.65 per acre-foot for groundwater production for agricultural purposes, and $6.05 per acre-foot for groundwater production for non-agricultural purposes to $1.85 per acre-foot for groundwater production for agricultural purposes, and $6.65 per acre-foot for groundwater production for non-agricultural purposes. California Water Code § 75594 dictates that the rate for non-agricultural groundwater production must be between three and five times the rate for agricultural use.

The groundwater charge is not imposed on a property basis, but rather is a per acre-foot charge, which relates directly to the amount of groundwater produced from the groundwater basin underlying the District's boundaries. Consequently, the ultimate amount of groundwater charge to be paid by each party subject to the charge will depend directly upon the amount of groundwater production such party engages in during the applicable water year, here July 1, 2005 to June 30, 2006. Based upon the estimated amount of agricultural water and other than agricultural water to be withdrawn from the groundwater supplies of the District for the ensuing water year, the revenue to be collected is $589,925. The groundwater charge is to be collected on a semi-annual basis from production statements submitted by the producers.

BOARD OF DIRECTORS: Bert Marcum, Jr. · Clare Henry Day · Arnold L. Wright · Glenda Douglas · Cheryl A. Tubbs · Melody Henriques-McDonald · Manuel Aranda, Jr.

GENERAL MANAGER: Lawrence M. Libeu

The purpose of the groundwater charge is to fund the District's continuing groundwater replenishment efforts, and portions of the proceeds of this charge will be applied to various of the District's groundwater recharge and protection activities, including the maintenance and reconstruction of recharge basins, defense and protection of water rights, data and information collection regarding the basin, establishment of monitoring wells, and regular water spreading activities.

A public meeting and a public hearing on the proposed groundwater charge will be held in the District's Board Room at 1630 West Redlands Boulevard, Suite A, Redlands, California. The date and time for the public meeting and public hearing will be April 6, 2005 and April 27, 2005 at 1:30 p.m., respectively. In addition, a meeting of the groundwater producers will be held in conjunction with the regularly scheduled meeting of the Upper Santa Ana Water Resources Association on April 14, 2005 at the District's Board Room at 9:30 a.m.

You are invited to attend the public meeting and public hearing, and may submit evidence concerning groundwater conditions, water supplies of the District, or any matter relating to the proposed groundwater charge. In addition, any party wishing to protest the groundwater charge may send protest to the District's office and also be heard at the public meeting or public hearing.

A copy of the Engineering Investigation and Notice of Public Hearing is attached for your review. Please contact me if you have any questions regarding the report or the groundwater charge.

Very truly,

Thomas J. Crowley

Thomas J. Crowley, P.E.
Assistant General Manager

Enc: Engineering Investigation Report
Notice of Public Hearing

SBV WATER CONSERVATION DISTRICT
OUR NAME IS OUR MISSION

SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT
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March 15, 2005

Doug Reed
Arrowhead Country Club
3433 Parkside Drive
San Bernardino, CA 92404

SUBJECT: Annual Engineering Investigation of the Bunker Hill Basin

The San Bernardino Valley Water Conservation District has completed the report of the 2004-2005 Annual Engineering Investigation of the Bunker Hill Basin. Article 1, Section 75560 of the California Water Code, requires that a Water Conservation District that proposes to levy or continue a groundwater extraction fee "...shall annually cause to be made an engineering investigation and report upon groundwater conditions of the District." Preparation of this report is required in connection with the Board of Directors' consideration of a groundwater charge on groundwater production within the District's boundaries.

For 2004-2005, the Annual Engineering Investigation finds that during the preceding water year (Fall 2004 groundwater levels) the amount of water stored in the Bunker Hill Basin decreased by 68,100 acre-feet between 2003 and 2004. The accumulated change in storage of the Bunker Hill Basin as of the last day of the preceding water year (June 30, 2004) is 406,900 acre-feet less than in the fall of 1993. The total groundwater production from the Bunker Hill Basin for the preceding water year (July 1, 2003 – June 30, 2004) was 222,456 acre-feet.

District staff is recommending to the District's Board of Directors to change the current amount of the groundwater charge of $1.65 per acre-foot for groundwater production for agricultural purposes, and $6.05 per acre-foot for groundwater production for non-agricultural purposes to $1.85 per acre-foot for groundwater production for agricultural purposes, and $6.65 per acre-foot for groundwater production for non-agricultural purposes. California Water Code § 75594 dictates that the rate for non-agricultural groundwater production must be between three and five times the rate for agricultural use.

BOARD OF DIRECTORS
Bert Marcum, Jr.
Clare Henry Day
Arnold L. Wright
Glenda Douglas
Cheryl A. Tubbs
Melody Henriques-McDonald
Manuel Aranda, Jr.
GENERAL MANAGER
Lawrence M. Libeu

The groundwater charge is not imposed on a property basis, but rather is a per acre-foot charge, which relates directly to the amount of groundwater produced from the groundwater basin underlying the District's boundaries. Consequently, the ultimate amount of groundwater charge to be paid by each party subject to the charge will depend directly upon the amount of groundwater production such party engages in during the applicable water year, here July 1, 2005 to June 30, 2006. Based upon the estimated amount of agricultural water and other than agricultural water to be withdrawn from the groundwater supplies of the District for the ensuing water year, the revenue to be collected is $589,925. The groundwater charge is to be collected on a semi-annual basis from production statements submitted by the producers.

The purpose of the groundwater charge is to fund the District's continuing groundwater replenishment efforts, and portions of the proceeds of this charge will be applied to various of the District's groundwater recharge and protection activities, including the maintenance and reconstruction of recharge basins, defense and protection of water rights, data and information collection regarding the basin, establishment of monitoring wells, and regular water spreading activities.

A public meeting and a public hearing on the proposed groundwater charge will be held in the District's Board Room at 1630 West Redlands Boulevard, Suite A, Redlands, California. The date and time for the public meeting and public hearing will be April 6, 2005 and April 27, 2005 at 1:30 p.m., respectively. In addition, a meeting of the groundwater producers will be held in conjunction with the regularly scheduled meeting of the Upper Santa Ana Water Resources Association on April 14, 2005 at the District's Board Room at 9:30 a.m.

You are invited to attend the public meeting and public hearing, and may submit evidence concerning groundwater conditions, water supplies of the District, or any matter relating to the proposed groundwater charge. In addition, any party wishing to protest the groundwater charge may send protest to the District's office and also be heard at the public meeting or public hearing.

A copy of the Engineering Investigation is available for your review at the District's office or our website {www.sbvwcd.dst.ca.us}, and the Notice of Public Hearing is attached for your review. Please contact me if you have any questions regarding the report or the groundwater charge.

Very truly,

Thomas J. Crowley

Thomas J. Crowley, P.E.
Assistant General Manager

Enc: Notice of Public Hearing

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To: **Honorable Board of Directors**

From: **Larry Libeu, General Manager**

Date: **April 6, 2005**

Subject: **Public Meeting Related to Adoption of Groundwater Charge**

RECOMMENDATION:

Staff recommends the Board of Directors conduct a public meeting to present the Annual Engineering Investigation Report and Groundwater Replenishment Program, consider proposed groundwater charge rate, and receive any written comments and hear oral comments.

Concur: Prepared by: Thomas J. Crowley

BOARD OF DIRECTORS
Bert Marcum, Jr.
Clare Henry Day
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Glenda Douglas
Cheryl A. Tubbs
Melody Henriques-McDonald
Manuel Aranda, Jr.
GENERAL MANAGER
Lawrence M. Libeu

BACKGROUND:

Article 1, Section 75560 of the California Water Code requires that a Water Conservation District that proposes to levy a groundwater replenishment charge "...shall annually cause to be made an engineering investigation and report upon the groundwater conditions of the District." Further, the District must make a series of findings as they relate to the ground and surface water conditions of the Bunker Hill Groundwater Basin (Basin) and those areas within the District boundary. The findings require estimating the amount of water expected to be used in the next year so as to determine the change in the amount of groundwater stored in the basin. As also required by the Water Code, the findings and conclusions of the annual Engineering Investigation Report (Report) shall be presented at a public meeting and public hearing in April that has been previously and appropriately noticed.

In addition, if a groundwater replenishment charge is being considered, either to establish or revise, the rates must be adopted following a public hearing and public meeting. Therefore, a public hearing has been scheduled in conjunction with the April 27, 2005 Board meeting along with this public meeting. An informational meeting for groundwater producers and other members of the public will be held in conjunction with the Upper Santa Ana Water Resources Association on April 14, 2005, to present findings of the Report and discuss the groundwater replenishment program.

For 2004-2005, the Report finds that the estimate of the amount of aquifer replenishment that must occur from all sources, including natural recharge, during the ensuing water year (July 1, 2005 to June 30, 2006) to keep the Basin and the District's groundwater supplies at the same storage level as the beginning of the ensuing water year (July 1, 2005) is **203,800** acre-feet and **102,500** acre-feet, respectively. The cumulative surpluses and deficits result in a current deficit of **406,900** acre-feet. Therefore, **610,700** acre-feet can be recharged from all sources to bring the Basin up to the 1993 "full" level. The Report concludes that the Basin storage deficit would be worse if it were not for the ongoing recharge activities of the District. Furthermore, the District should continue to take the necessary steps to enhance its capability to conduct recharge operations, which includes maintenance and repair of existing diversion facilities, canals, dikes, basins, roads, and other recharge facilities. These activities are required to ensure the increasing demands on the Basin, especially during drought periods, can be met.

Based on the findings and conclusions of the Report, the District staff has determined that the groundwater charge should continue to help defray the increasing costs of operations and investigations that are necessary to conduct the recharge program. Therefore, during the April 27, 2004 Board meeting, the Board will be asked to adopt a Board Resolution concurring with the findings of the Annual Engineering Investigation of the Bunker Hill Basin 2004-2005, and approve an increase of the groundwater charge at $1.85 per acre-foot for agriculture and $6.65 per acre foot for all other uses. For the ensuing period, the District will continue to regard the District as a single zone of benefit as it relates to charges for use of the water: agriculture and all other uses. The District will continue to conduct additional groundwater investigations and may at a later date determine that multiple zones of benefit are appropriate.

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To: **Honorable Board of Directors**

Date: **April 27, 2005**

Subject: **Public Hearing to Receive Comments and Testimony Regarding Proposed Groundwater charge for Fiscal Year 2005-2006**

RECOMMENDATION:

Staff recommends the Board of Directors conduct a public hearing to review the Annual Engineering Investigation Report, consider proposed groundwater charge rate, and receive any written or oral comments.

Concur:

Prepared by: Thomas J. Crowley, P.E.

BOARD OF DIRECTORS: Bert Marcum, Jr. · Clare Henry Day · Arnold L. Wright · Glenda Douglas · Cheryl A. Tubbs · Melody Henriques-McDonald · Manuel Aranda, Jr.

GENERAL MANAGER: Lawrence M. Libeu

BACKGROUND:

Article 1, Section 75560 of the California Water Code requires that a Water Conservation District that proposes to levy a groundwater replenishment charge "...shall annually cause to be made an engineering investigation and report upon the groundwater conditions of the District." Further, the District must make a series of findings as they relate to the ground and surface water conditions of the Bunker Hill Groundwater Basin (Basin) and those areas within the District boundary. The findings require estimating the amount of water expected to be used in the next year so as to determine the change in the amount of groundwater stored in the basin.

For 2004-2005, the Annual Engineering Investigation finds that the estimate of the amount of aquifer replenishment that must occur from all sources, including natural recharge, during the ensuing water year (July 1, 2005 to June 30, 2006) to keep the Basin and the District's groundwater supplies at the same storage level as the beginning of the ensuing water year (July 1, 2005) is **203,800** acre-feet and **102,500** acre-feet, respectively. The cumulative surpluses and deficits result in a current deficit of **406,900** acre-feet. Therefore, **610,700** acre-feet can be recharged from all sources to bring the Basin up to the 1993 "full" level. Based on the findings and conclusions of the Report, the District staff has determined that the groundwater charge should continue to help defray the increasing costs of operations and investigations that are necessary to conduct the recharge program.

In addition, if a groundwater replenishment charge is being considered, either to establish or revise, the rates must be adopted following a public hearing and public meeting. A public meeting was conducted in conjunction with the regular April 6, 2005 Board meeting. No written comments or oral comments were heard. An informational meeting for the groundwater producers and other members of the public was held in conjunction with the Upper Santa Ana Water Resources Association on April 21, 2005. No written comments were received at that meeting but oral comments were heard.

Therefore, during the April 27, 2005 Board meeting, the Board of Directors will be asked to adopt a Board Resolution concurring with the findings of the Annual Engineering Investigation of the Bunker Hill Basin 2004-2005, and adopt an groundwater charge rate for agricultural purposes and for non-agricultural purposes for the ensuing year (July 1, 2005 to June 30, 2006).

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To: **Honorable Board of Directors**

Date: **April 27, 2005**

Subject: **Adoption of Resolution No. 407 Establishing a Groundwater Charge on the Production of Groundwater Within District Boundaries and Making Certain Findings Relative Thereto for Fiscal 2005-2006**

RECOMMENDATION:

Staff recommends that the Board of Directors adopt Resolution No. 407 establishing a groundwater charge on the production of groundwater within District boundaries, and making certain findings relative thereto for Fiscal Year 2005-2006.

Concur:

Prepared by: Thomas J. Crowley, P.E.

BOARD OF DIRECTORS

Bert Marcum, Jr.
Clare Henry Day
Arnold L. Wright
Glenda Douglas
Cheryl A. Tubbs
Melody Henriques-McDonald
Manuel Aranda, Jr.

GENERAL MANAGER

Lawrence M. Libru

BACKGROUND:

On April 27, 2005 the Board of Directors conducted a Public Hearing and made certain findings as required by California Water Code, Division 21, Part 9, Section 75574, and concurred on the need to establish a groundwater charge rate in accordance with Sections 75521 and 75523 for agriculture purposes and non-agriculture purposes for the ensuing year (July 1, 2005 to June 30, 2006). Staff has prepared Resolution No. 407 to memorialize those certain findings.

RESOLUTION NO. 407

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT ESTABLISHING A GROUNDWATER CHARGE ON THE PRODUCTION OF GROUNDWATER WITHIN DISTRICT BOUNDARIES, AND MAKING CERTAIN FINDINGS RELATIVE THERETO

WHEREAS, California Water Code, Division 21, Part 9 provides authority for the San Bernardino Valley Water Conservation District to consider and impose a groundwater charge on groundwater production within the District; and

WHEREAS, the California Legislature has found, in Water Code Section 75521, that such groundwater charges are in furtherance of District activities in the protection and augmentation of water supplies for users, which are necessary for the public health, welfare and safety; and

WHEREAS, Water Code Section 75523 allows for the use of proceeds from a groundwater charge for any District purposes, which may be authorized by law; and

WHEREAS, at the regular meeting of the Board of Directors on March 2, 2005, the District accepted an engineer's investigation and report, prepared by the District's Chief Engineer, relating to groundwater conditions in the Bunker Hill Basin underlying the District boundaries; and

WHEREAS, the District provided mailed notice of meetings for all groundwater producers to be held on April 21, 2005, in conjunction with the regularly scheduled meeting of the Upper Santa Ana Water Resources Association, and published notice of the public meeting and public hearing to be held on April 6, 2005, and April 27, 2005, respectively, inviting all groundwater producers and all persons interested in the condition of groundwater or surface water supplies of the District to appear and submit evidence, and inviting all water producers to examine the engineering investigation report prepared by the District's Chief Engineer; and

WHEREAS, the Board of Directors has conducted a public hearing on April 27, 2005, and has received both comment and evidence submitted by the public at such hearing; and

WHEREAS, the Board has considered the engineering report and investigation, and considered all comments and evidence presented to it at the public meetings and hearing; and

WHEREAS, the District's ad valorem tax revenues are limited and the District is experiencing increased costs of groundwater recharge operations; and

WHEREAS, on the basis of all evidence presented, including the engineering investigation and report and such public comment, the Board has determined that it is appropriate and in the best interests of the District and all those water users who rely, directly or indirectly, on the District's water supplies, to levy a groundwater charge as further provided herein.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT AS FOLLOWS:

Section 1. As required by Water Code Section 75574, the Board hereby makes the following findings:

A. Annual Change in Storage in the Bunker Hill Basin, November 2003 to November 2004, is -68,100 acre-feet.

B. Accumulated Change in Storage in the Bunker Hill Basin as of the Last Day of the Preceding Water Year (using 1993 as base year) is – 406,900 acre-feet.

C. Total Groundwater Production from the Bunker Hill Basin from the Preceding Water Year July 1, 2003 to June 30, 2004 is 222,456 acre-feet.

D. Estimate of the Annual Change in Storage for the Current Water Year (July 1, 2004 to June 30, 2005) in the Bunker Hill Basin is –32,200 acre-feet.

E. Estimate of the Annual Change in Storage for the Ensuing Water Year (July 1, 2004 to June 30, 2005) in the Bunker Hill Basin is -10,400 acre-feet.

F. Average Annual Change in Storage for the Immediate Past Ten Water Years in the Bunker Hill Basin is – 46,500 acre-feet.

G. Estimated Amount of Agricultural Water Withdrawn from the Groundwater Supplies of the District for the Ensuing Water Year (July 1, 2005 to June 30, 2006) is 11,900 acre-feet.

H. Estimated Amount of Other-than-Agricultural Water Withdrawn from the Groundwater Supplies of the District for the Ensuing Water Year (July 1, 2005 to June 30, 2006) is 85,400 acre-feet.

I. Estimated Amount of Water Necessary for Surface Distribution for the Ensuing Water Year Within the Bunker Hill Basin is 44,900 acre-feet.

J. Estimated Amount of Water Necessary for Surface Distribution for the Ensuing Water Year for the District is 35,900 acre-feet.

K. The Amount of Water which is Necessary for the Replenishment of the Groundwater Supplies of the Bunker Hill Basin for the Ensuing Water Year (July 1, 2005 to June 30, 2006) is 203,800 acre-feet.

L. The Amount of Water Which is Necessary for the Replenishment of the Groundwater Supplies of the District for the Ensuing Water Year (July 1, 2005 to June 30, 2006) is 102,500 acre-feet.

Section 2. The Board of Directors hereby finds that the entire District constitutes a single zone of benefit for the imposition of this charge. The basis for this finding is that the entire portion of the basin underlying the District boundary is fed by the same naturally occurring surface flows. Although the basin may be divided into various subparts, because of hydrogeologic conditions these areas are interconnected, and water recharged by the District from its existing recharge facilities contributes to underground "flows" which eventually reach other subparts of the basin. Thus, the District's recharge inures to the benefit of users in other areas by enhancing the availability of water supplies throughout the basin. In addition, the District is undertaking programs for comprehensive management of the entire basin within its jurisdiction. Such programs include comprehensive studies of the physical characteristics and storage capacities of the basin, as well as programs coordinated with other agencies to build and supplement databases on water production and water quality. All groundwater users will benefit from this comprehensive groundwater management program.

Section 3. The Board finds that there is no past accumulation of the amount of water necessary to be replaced in the intake areas of the groundwater basins within the District to prevent the landward movement of salt water into the fresh groundwater body, or to prevent subsidence of the land within the District, either in the past water year or the proceeding 10 years, nor is there likely to be any amount of water necessary for these purposes in the ensuing water year. The Board also finds that further recharge of the basin is required based upon the findings related to change in storage stated in Section 1 above, to prevent depletion or degradation to the basin's groundwater supplies, to enhance both the availability and accessibility of such supplies, and to replenish, augment, and protect such supplies, and that the proceeds of the groundwater charge established hereon shall be used for such purposes.

Section 4. The Board of Directors hereby levies, assesses and affixes a groundwater charge in the amount of $1.85 per acre-foot for agricultural water, and in the amount of $6.65 per acre-foot for non-agricultural water.

Section 5. The Board of Directors hereby finds that the estimated annual revenue from the groundwater charge imposed herein is $589,925. The Board of Directors hereby finds that this amount is reasonably necessary to be used in furtherance of District purposes in the replenishment, augmentation, and protection of water supplies for all users within the District boundaries.

Section 6. The Board of Directors further finds that the groundwater charge adopted herein is statutorily exempt from CEQA under Title 14, California Code of Regulations Sections 15273, and 15306. The action contemplated herein constitutes a structuring and establishment of a charge which will be used in part for meeting operating expenses and for purchasing or leasing equipment and materials. To the extent the groundwater charge revenues will be applied to groundwater testing, these activities fit within Title 14, California Code of Regulations Section 15306. Such activities involve the occasional taking of groundwater samples by means of temporary equipment, which will not cause any alteration to the land, and consist solely of information gathering. Under each of the above-referenced exemptions, therefore, the Board of Directors finds that the levy and implementation of the groundwater charge is therefore properly exempt from CEQA.

Section 7. The General Manager is hereby authorized and directed to provide notice to operators of the levy of the groundwater charge, as provided for in Water Code Section 75610.

PASSED, APPROVED AND ADOPTED at a regular meeting of the Board of Directors this 27th day of April 2005, by the following roll-call vote:

YES:	DIRECTORS:	Tubbs, Day, Aranda, Henriquez-McDonald, Corneille,Dougl
NO:	DIRECTORS:	None
ABSTAIN:	DIRECTORS:	Wright
ABSENT:	DIRECTORS:	None

ATTEST:

Cheryl Tubbs, President

Lawrence M. Libey, Secretary

DATE FILED & POSTED

Please Return to:

San Bernardino Valley
Water Conservation District
1630 W. Redlands Blvd., Suite A
Redlands, CA 92373
Attn: Lawrence M. Libeu

Please File Stamp Here:

CLERK OF THE BOARD

JUN 1 0 2005

COUNTY OF SAN BERNARDINO

Receipt #256314

NOTICE OF EXEMPTION

(Title 14, Cal. Code Regs. §15062)

TO: Clerk of the Board of Supervisors
County of San Bernardino
385 North Arrowhead Avenue, Second Floor
San Bernardino, CA 92415-0130

Project Title:

Levy of Groundwater Charge Pursuant to California Water Code Section 75500 et seq.

Project Location:

Within the entire area encompassed by the boundaries of the San Bernardino Valley Water Conservation District.

Project Location - City:

District boundaries include areas within the Cities of Redlands, San Bernardino, Highland, and Loma Linda.

Project Location - County:

County of San Bernardino

Description of Nature, Purpose, and Beneficiaries of Project:

The project involves the imposition of a groundwater charge in the amount of $1.85 per acre-foot for agricultural water, and $6.65 per acre-foot for non-agricultural water. The purpose of the charge is to make up for lost or threatened revenues of the District, with proceeds planned for use in the maintenance of existing groundwater recharge facilities and continuation of groundwater basin studies and monitoring programs. The beneficiaries of the project are all groundwater users within District boundaries.

DATE FILED & POSTED

CLERK OF THE BOARD

JUN 1 0 2005

COUNTY OF
SAN BERNARDINO

Name of Public Agency Approving Project:

San Bernardino Valley Water Conservation District.

Name of Person/Agency Carrying Out Project:

San Bernardino Valley Water Conservation District.

Exempt Status: (Check One)

_____ Ministerial (Sec. 15073)
_____ Declared Emergency (Sec. 15071(a))
_____ Emergency Project (Sec. 15071(b) and (c))
__X__ Statutory Exemption. State Type and Section Number
_____ Categorical Exemption. State Type and Section Number

Statutory Exemption Section 15273-Rates, Tolls, Fares, and Charges.
Statutory Exemption Section 15306-Information Collection

Reasons Why Project Is Exempt:

Project involves the establishment of a charge by a public agency, which the agency has found is for the purpose of meeting operating expenses and obtaining funds for capital projects necessary to maintain service within existing service areas.

Contact Person:

Lawrence M. Libeu, General Manager
San Bernardino Valley Water Conservation District
1630 West Redlands Blvd, Suite A
Redlands, California 92373
(909) 793-2503

DATED: June 8, 2005

Submitted by:

Lawrence M. Libeu
General Manager

Appendix E

SBV WATER CONSERVATION DISTRICT

OUR NAME IS OUR MISSION

- **Owners of Water Producing Facilities Within Conservation District Boundaries**

- **Member Roster of the Upper Santa Ana Water Resources Association**

Owners of Water Producing Facilities in Groundwater Assessment Database

Facility Owner	Amber Hill Development
Contact Name	
Address	245 Fisher, Ste. C-1
City	Costa Mesa
State	CA
Zip	92626
Phone Number	

Facility Owner	Arrowhead Country Club
Contact Name	Doug Reed
Address	3433 Parkside Drive
City	San Bernardino
State	CA
Zip	92404
Phone Number	(909) 883-6365

Facility Owner	Arroyo Verde Mutual Water Company
Contact Name	Virginia DeGroff, Sec/Treas.
Address	7457 Golondrina Drive
City	San Bernardino
State	CA
Zip	92410
Phone Number	(909) 884-3169

Facility Owner	Baseline Gardens Mutual Water Company
Contact Name	Michael V. Stevens
Address	P.O. Box 3331
City	San Bernardino
State	CA
Zip	92413-3331
Phone Number	(909) 381-4366

Facility Owner	Bear Valley Mutual Water Company
Contact Name	Mike Huffstutler
Address	101 East Olive Avenue
City	Redlands
State	CA
Zip	92373
Phone Number	(909) 793-4901

Facility Owner	Berman, Jerry & Sons
Contact Name	Bud Berman
Address	24712 Sixth Street
City	San Bernardino
State	CA
Zip	92401
Phone Number	(909) 888-5836

Facility Owner	Big Bear Municipal Water District
Contact Name	Sheila Hamilton
Address	P.O. Box 2863
City	Big Bear Lake
State	CA
Zip	92315
Phone Number	(909) 866-5796

Facility Owner	Bryn Mawr Mutual Water Company
Contact Name	Mike Huffstutler
Address	101 East Olive
City	Redlands
State	CA
Zip	92373
Phone Number	(909) 798-7698

Facility Owner	Cardey Family Trust
Contact Name	Lew Cardey
Address	P.O. Box 288
City	Riverside
State	CA
Zip	92502
Phone Number	(909) 686-0987

Facility Owner	Carter, James E., M.D.
Contact Name	James Carter
Address	34360 LaRaye Drive
City	Yucaipa
State	CA
Zip	92399
Phone Number	(909) 795-6118

Facility Owner	Cemex USA
Contact Name	Christine Jones
Address	P.O. Box 4120
City	Ontario
State	CA
Zip	91761-1067
Phone Number	(909) 974-5500

Facility Owner	Crafton Water Company
Contact Name	Mike Huffstutler
Address	101 East Olive Avenue
City	Redlands
State	CA
Zip	92373
Phone Number	(909) 793-4901

Facility Owner	Daniels and Best Ranch
Contact Name	Don Daniels
Address	705 South Wabash
City	Redlands
State	CA
Zip	92374
Phone Number	(909) 792-3434

Facility Owner	East Highland Ranch, Inc.
Contact Name	
Address	3491 Centrelake Drive, Suite 480
City	Ontario
State	CA
Zip	91764
Phone Number	

Facility Owner	East Valley Water District
Contact Name	Bob Martin
Address	P.O. Box 3427
City	San Bernardino
State	CA
Zip	92413
Phone Number	(909) 885-4900

Facility Owner	Eastwood Farms Community Water Users
Contact Name	Frances Ferro
Address	P.O. Box 21016
City	San Bernardino
State	CA
Zip	92406-0216
Phone Number	(909) 889-4524

Facility Owner	Fairview Water Company
Contact Name	Barbara Marcum
Address	233 Grandview Drive
City	Redlands
State	CA
Zip	92373
Phone Number	(909) 792-4867

Facility Owner	Gage Canal Company
Contact Name	Ross Lewis
Address	7452 Dufferin Avenue
City	Riverside
State	CA
Zip	92504
Phone Number	(909) 780-1333

Facility Owner	General American Life Insurance Co. (Cushman & Wakefield)
Contact Name	Linda Rehm
Address	25884-C Business Center Drive
City	Redlands
State	CA
Zip	92374
Phone Number	(909) 796-0183

Facility Owner	Gladysta Well & Water Company
Contact Name	Barbara Marcum
Address	233 Grandview Drive
City	Redlands
State	CA
Zip	92373
Phone Number	(909) 792-4867

Facility Owner	Greenspot Mutual Well Company
Contact Name	Joe Arredondo
Address	2412 Mill Creek Road
City	Mentone
State	CA
Zip	92359
Phone Number	(909) 794-4443

Facility Owner	Happe Mutual Well Company
Contact Name	Wayne W. Mishak, President
Address	31452 East Highland Avenue
City	Redlands
State	CA
Zip	92374
Phone Number	(909) 794-2738

Facility Owner	Highland Acres Ranch
Contact Name	
Address	P.O. Box 205
City	Bryn Mawr
State	CA
Zip	92318
Phone Number	

Facility Owner	Highland Harvest Barn/Owned by EVWD
Contact Name	Chuck Hills
Address	28214 Fifth Street
City	Highland
State	CA
Zip	92346
Phone Number	(909) 794-6885

Facility Owner	IVDA
Contact Name	Martin Romeo
Address	294 S. Leland Norton Way
City	San Bernardino
State	CA
Zip	92408
Phone Number	(909) 382-4100

Facility Owner	J.G. Golfing Enterprises, Inc.
Contact Name	Thomas Self
Address	1494 S. Waterman Avenue
City	San Bernardino
State	CA
Zip	92408
Phone Number	(909) 885-2414

Facility Owner	Jacinto, Larry
Contact Name	Larry Jacinto
Address	P.O. Box 275
City	Mentone
State	CA
Zip	92359
Phone Number	(909) 794-2276

Facility Owner	K Inv./Trutanic/Y Un Well
Contact Name	Barbara Marcum
Address	233 Grandview Drive
City	Redlands
State	CA
Zip	92373
Phone Number	(909) 792-4867

Facility Owner	Kansas Street
Contact Name	Roy E. Wick, Sec./Treas.
Address	P.O. Box 8174
City	Redlands
State	CA
Zip	92375
Phone Number	(909) 795-6945

Facility Owner	Kunihira, Dr. Shirou
Contact Name	Shirou Kunihira
Address	P.O. Box 542
City	Loma Linda
State	CA
Zip	92354
Phone Number	

Facility Owner	Langford Ranches
Contact Name	Pete Marcum
Address	P.O. Box 294
City	Redlands
State	CA
Zip	92373
Phone Number	(909) 794-1350

Facility Owner	Laranni Gunter Well
Contact Name	Pete Marcum
Address	P.O. Box 294
City	Redlands
State	CA
Zip	92373
Phone Number	(909) 793-2511

Facility Owner	Loma Linda University
Contact Name	Glanville Allen
Address	Power Plant
City	Loma Linda
State	CA
Zip	92350
Phone Number	(909) 558-4559

Facility Owner	Loma Linda, City of
Contact Name	Greg Snyder
Address	25541 Barton Road
City	Loma Linda
State	CA
Zip	92354
Phone Number	(909) 799-4410

Facility Owner	Lucky Farms / Robert Pattillo Properties, Inc.
Contact Name	John Atwell / Butch Gurganus
Address	2987 Clairmont Road, Suite 550
City	Atlanta
State	GA
Zip	30329
Phone Number	(678) 365-4717

Facility Owner	Lucky Farms, Inc./Spring Pacific Properties
Contact Name	Terry Ruby
Address	P.O. Box 985
City	Loma Linda
State	CA
Zip	92354
Phone Number	(909) 799-6588

Facility Owner	Lugo Water Company
Contact Name	John K. Powell
Address	1545 Bellwood Road
City	San Marino
State	CA
Zip	91108
Phone Number	(818) 285-3084

Facility Owner	Majestic Realty
Contact Name	Jennifer Rowe
Address	13191 Crossroads Parkway North, Ste. 60
City	City of Industry
State	CA
Zip	91746
Phone Number	(562) 692-9581

Facility Owner	Meadowbrook Dairy
Contact Name	Ed Imsand
Address	1335 South Waterman
City	San Bernardino
State	CA
Zip	92408
Phone Number	(951) 314-1890

Facility Owner	Meeks & Daley Water Co.
Contact Name	Julius Ma
Address	P.O. Box 3000
City	Lake Elsinore
State	CA
Zip	92531-3000
Phone Number	(909) 674-3146

Facility Owner	Mentone Citrus Groves
Contact Name	Gary Romo
Address	P.O. Box 21845
City	Los Angeles
State	CA
Zip	90021
Phone Number	(213) 312-1380

Facility Owner	Montecito Mutual Water Co.
Contact Name	Leticia Pena
Address	P.O. Box 5546
City	San Bernardino
State	CA
Zip	92412
Phone Number	(909) 805-3024

Facility Owner	Mountain View Cemetery
Contact Name	Mike Reynosa
Address	570 E. Highland Avenue
City	San Bernardino
State	CA
Zip	92406
Phone Number	(909) 886-3872

Facility Owner	Mountainview Power Company, LLC
Contact Name	Ronald E Hoover
Address	2492 West San Bernardino Ave.
City	Redlands
State	CA
Zip	92374
Phone Number	(909) 820-5352

Facility Owner	Mt. View Child Care Center
Contact Name	
Address	1720 Mountain View Avenue
City	Loma Linda
State	CA
Zip	92354
Phone Number	

Facility Owner	National Orange Show
Contact Name	Blake Inman
Address	689 South E Street
City	San Bernardino
State	CA
Zip	92408
Phone Number	(909) 888-6788

Facility Owner	New England Water Co.
Contact Name	Barbara Marcum
Address	233 Grandview Drive
City	Redlands
State	CA
Zip	92373
Phone Number	(909) 792-4867

Facility Owner	Norine M. Larson
Contact Name	Douglas Headrick
Address	1626 Lotus Glen
City	Escondido
State	CA
Zip	92026
Phone Number	(909) 798-7698

Facility Owner	Old Town Well Co.
Contact Name	Mr. & Mrs. Dangermond
Address	912 Pacific Street
City	Redlands
State	CA
Zip	92373
Phone Number	(909) 792-5340

Facility Owner	Patterson, E. D., Jr. (c/o Ron Arnott)
Contact Name	Ron Arnott
Address	31838 Florida St.
City	Mentone
State	CA
Zip	92359
Phone Number	(909) 794-0456

Facility Owner	Patton State Hospital
Contact Name	Don Kleist
Address	3102 E. Highland Avenue
City	Patton
State	CA
Zip	92369
Phone Number	(909) 425-7590

Facility Owner	Pharaoh-Powell Water Company
Contact Name	Michelle Duralia
Address	733 Indigo Street
City	Beaumont
State	CA
Zip	92223
Phone Number	(909) 831-6870

Facility Owner	Pioneer Mutual Water Company
Contact Name	Ron Arnott
Address	31838 Florida St.
City	Mentone
State	CA
Zip	92359
Phone Number	(909) 794-0456

Facility Owner	Ramirez, J.J. Citrus Mgmt
Contact Name	J.J. Ramirez
Address	P.O. Box 205
City	Bryn Mawr
State	CA
Zip	92318
Phone Number	(909) 792-5934

Facility Owner	Ramirez, Stephen
Contact Name	Stephen Ramirez
Address	2473 Amherst Ave.
City	West Los Angeles
State	CA
Zip	90064-2709
Phone Number	(310) 479-2055

Facility Owner	Raught Mutual Well Company
Contact Name	C.R. McKeehan
Address	P.O. Box 1561
City	Redlands
State	CA
Zip	92373
Phone Number	(909) 792-1323

Facility Owner	Redlands Country Club
Contact Name	Betty Rivero
Address	1749 Garden Street
City	Redlands
State	CA
Zip	92373
Phone Number	(909) 793-2661

Facility Owner	Redlands Unified School District
Contact Name	Teri Shira
Address	P.O. Box 3008
City	Redlands
State	CA
Zip	92373
Phone Number	(909) 307-5300

Facility Owner	Redlands, City of
Contact Name	Douglas Headrick
Address	P.O. Box 3005
City	Redlands
State	CA
Zip	92373
Phone Number	(909) 798-7698

Facility Owner	Redlands, City of / Mentone Acres Mutual Water Co.
Contact Name	Douglas Headrick
Address	P.O. Box 3005
City	Redlands
State	CA
Zip	92373
Phone Number	(909) 798-7698

Facility Owner	Riverside, City of
Contact Name	Owen Lu
Address	2911 Adams Street
City	Riverside
State	CA
Zip	92504
Phone Number	(909) 351-6263

Facility Owner	San Bernardino Avenue Water Company
Contact Name	Ron Arnott
Address	31838 Florida St.
City	Mentone
State	CA
Zip	92359
Phone Number	(909) 794-0456

Facility Owner	San Bernardino County
Contact Name	David Lovell
Address	825 E. Third Street
City	San Bernardino
State	CA
Zip	92415
Phone Number	(909) 387-7906

Facility Owner	San Bernardino Valley MWD
Contact Name	Sam Fuller
Address	P.O. Box 5906
City	San Bernardino
State	CA
Zip	92412-5906
Phone Number	(909) 387-9230

Facility Owner	San Bernardino, City of
Contact Name	William Bryden
Address	P.O. Box 710
City	San Bernardino
State	CA
Zip	92402
Phone Number	(909) 384-5107

Facility Owner	Stater Bros.
Contact Name	Nancy Doss
Address	21700 Barton Rd., PO Box 150
City	Colton
State	CA
Zip	92324
Phone Number	(909) 783-5004

Facility Owner	Stowe Water Company
Contact Name	Barbara Marcum
Address	233 Grandview Drive
City	Redlands
State	CA
Zip	92373
Phone Number	(909) 792-4867

Facility Owner	Tennessee Mutual Well Company
Contact Name	Barbara Marcum
Address	233 Grandview Drive
City	Redlands
State	CA
Zip	92373
Phone Number	(909) 792-4867

Facility Owner	Tennessee Water Company
Contact Name	Pete Marcum
Address	P.O. Box 294
City	Redlands
State	CA
Zip	92373
Phone Number	(909) 793-2511

Facility Owner	Trojan Groves
Contact Name	John Thomas
Address	21202 Kroll Lane
City	Huntington Beach
State	CA
Zip	92646
Phone Number	(714) 960-1417

Facility Owner	University of California, Riverside
Contact Name	Mike Miller
Address	Accounting Office 002
City	Riverside
State	CA
Zip	92521
Phone Number	(909) 787-3658

Facility Owner	Victoria Farms Mutual Water Co.
Contact Name	Russell Handy
Address	P.O. Box 10744
City	San Bernardino
State	CA
Zip	92423-0744
Phone Number	(909) 796-2962

Facility Owner	Williams Well Corporation, LTD
Contact Name	Barbara Marcum
Address	233 Grandview Drive
City	Redlands
State	CA
Zip	92373
Phone Number	(909) 792-4867

UPPER SANTA ANA WATER RESOURCES ASSOCIATION (USAWRA) MEMBER AGENCIES AND CONTACTS:

San Bernardino Valley Water Conservation District
1630 West Redlands Blvd., Suite A
P.O. Box 1839
Redlands, CA 9237
(909) 793-2503
Larry Libeu – General Manager

Riverside, City of
Public Utilities Department
3900 Main Street
Riverside, CA 92522
(951) 826-5485
Zahra Panahi – Principal Engineer

City of San Bernardino Municipal Water Department
300 N. "D" Street ¨ 5th Floor
San Bernardino, CA 92418
(909) 384-5215
Stacy Aldstadt – Asst. General Manager

East Valley Water District
3654 E. Highland Avenue, Suite 18
Highland, CA 92346-2607
(909) 889-9501
Robert E. Martin – General Manager

San Bernardino Valley Municipal Water District
1350 South "E" Street
San Bernardino, CA 92408
(909) 387-9200
Robert L. Reiter – General Manager

West Valley Water District
855 W. Baseline
P.O. Box 920
Rialto, CA 92377
(909) 875-1804
Anthony (Butch) Araiza – General Manager

County of San Bernardino Flood Control District
825 East Third Street
San Bernardino, CA 92415
(909)387-7920
Dan Sainte-Claire

Santa Ana Watershed Project Authority
11615 Sterling Avenue
Riverside, CA 92503
(951) 354-4220
Daniel Cozad – General Manager

Riverside Highland Water Company
1450 E Washington St
Colton, CA 92324
(909) 825-4128
Don Hough – General Manager

Redlands, City of
Municipal Utilities Department
P.O. Box 3005
35 Cajon street, Suite 15A
Redlands CA 92373
(909) 798-7658
Douglas Headrick – Chief of Water Resources

Elsinore Valley municipal Water District
P.O. Box 3000
31315 Chaney St.
Lake Elsinore, CA 92531
(951) 674-3146
George Cambero

Water Resource Institute, PL 401
California State University, San Bernardino
5500, University Parkway, San Bernardino, CA 92407.
(909)-880-7681
Jeff Davis – Director

Western Municipal Water district
450 Alessandro Boulevard
Riverside CA 92517
(951) 789-5000
John Rossi – General Manager

Bear Valley Mutual Water Company
101 East Olive Avenue
Redlands, CA 92373
(909) 793-4901
Mike Huffstutler – General Manager

Rialto, City of
Water and Wastewater Utilities
150 S. Palm Avenue
Rialto, CA 92376
(909) 820-2544
Peter Fox - Superintendent

Colton, City of
650 N. La Cadena Drive
Colton, CA 92324
(909) 370-5099
Eric Fraser – Director of Water and Wastewater

Yucaipa Valley Water District
12770 Second Street
P.O. Box 730
Yucaipa, CA 92399
(909) 797-5119
Joseph Zoba – General Manager

Fontana Union Water Company
P.O. Box 309
Fontana, CA 92335
(909) 822-9199
Gerald Black – General Manager

Loma Linda, City of
25541 Barton Road
Loma Linda, CA. 92354
(909) 799-2800
Greg Snyder – Utilities Superintendent

ADDITIONAL POTENTIAL MEMBERSHIP

1. **Arrowhead Puritas Water Company**
2. **Baseline Gardens Mutual Water Company**
3. **Big Bear Municipal Water District**
4. **Loma Linda University**
5. **Montecito Memorial Park Cemetery**
6. **Muscoy Mutual Water Company**
7. **Patton State Hospital**
8. **University of California, Riverside**
9. **Western Heights Mutual Water Company**

Appendix F

SBV WATER CONSERVATION DISTRICT

OUR NAME IS OUR MISSION

- **Adopted Resolution No. 409**

RESOLUTION NO. 409

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT RESPONDING TO THE SAN BERNARDINO COUNTY LOCAL AGENCY FORMATION COMMISSION, AND STATING THE CONSERVATION DISTRICT'S OPPOSITION TO CONSOLIDATION OR AMENDMENT TO THE CONSERVATION DISTRICT'S SPHERE OF INFLUENCE

WHEREAS, the San Bernardino Valley Water Conservation District (Conservation District) was formed in 1932 to carry on the work of its predecessor agency, the Water Conservation Association, to capture native water flows from the Santa Ana River and Mill Creek for purposes of recharging the Bunker Hill Basin; and

WHEREAS, since the formation of the Conservation District, two other regional agencies (San Bernardino County Flood Control District and the San Bernardino Valley Municipal Water District) have been formed, whose primary missions are respectively to transport flood waters from the basin and import/export non-native water supplies; and

WHEREAS, the Conservation District has consistently fulfilled its primary mission in applying native flows to groundwater recharge, and the maintenance and protection of the Bunker Hill Basin, since 1932; and

WHEREAS, the Conservation District believes that the Bunker Hill Basin represents a critical resource for safe, reliable water supplies for the San Bernardino Valley, and will become increasingly important as a water management resource as water supply demands increase with advancing growth in development and population in the San Bernardino Valley area; and

WHEREAS, the Conservation District believes that the San Bernardino Valley and the Bunker Hill Basin are, and will be, best served by an agency whose mission is primarily devoted to applying high quality native Santa Ana River and Mill Creek flows to the preservation and enhancement of the utility of the Bunker Hill Basin as a groundwater resource, free of potential disputes regarding the location, manner, or identity of parties extracting that water or other potentially conflicting water management interests; and

WHEREAS, the Conservation District believes its familiarity with the land and infrastructure resources it has developed to accomplish its mission, together with its expertise in utilizing those resources for groundwater recharge, makes it uniquely qualified to assume the primary responsibility for conducting groundwater recharge operations within its jurisdictional boundaries; and

WHEREAS, in connection with the Municipal Service Review of the Conservation District, the San Bernardino County Local Agency Formation Commission (LAFCO) has requested the Conservation District's Board of Directors to communicate the Conservation District's official position on issues of potential consolidation of the Conservation District with the San Bernardino County Flood Control District, or the San Bernardino Valley Municipal Water District, and whether the Conservation District's sphere of influence should be expanded to cover the entirety of the Bunker Hill Basin;

NOW THEREFORE, THE BOARD OF DIRECTORS OF THE SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT DOES HEREBY RESOLVE AS FOLLOWS:

1. **The Conservation District does not favor consolidation with the San Bernardino County Flood Control District.** While the San Bernardino County Flood Control District may have statutory authority to conduct certain water conservation activities, just as Water Code Section 74524 gives the Conservation District power to conduct flood control activities, practical inconsistencies between the fulfillment of water conservation and flood control objectives have led to these functions being best performed by different entities. Effective flood control requires the movement of the greatest quantities of water out of the watershed in the least amount of time, leaving facilities available to handle any subsequent storm events. Water conservation requires the detention of the maximum

amount of flows practicable, and their retention in facilities long enough to allow for percolation into the groundwater basin. Consolidation of these two functions in a single agency would, the District believes, inevitably lead to a compromise in the effectiveness of either or both of these competing interests. Both are of critical importance, and neither should suffer in priority.

2. The Conservation District does not favor consolidation with the San Bernardino Valley Municipal Water District. The Conservation District was formed in 1932, to conserve water for the Bunker Hill Basin. The San Bernardino Valley Municipal Water District was formed in 1954, primarily to serve as the agent for importation of State Project Water into the San Bernardino Valley. Again, while the agencies have certain overlapping powers under their organic statutes, the Conservation District believes those it serves will best be served by an agency whose commitment to groundwater maintenance and enhancement in the Bunker Hill Basin is its paramount mission, for the following reasons:

(a) The Conservation District has significantly more experience with groundwater recharge within its boundaries. It has conducted its water spreading operations for over 70 years, during times of drought and flood. It has compiled both data and field experience with its facilities, and their response to changing river conditions, in order to maximize effective recharge of the native water resources for the groundwater basin. No other agency, including San Bernardino Valley Municipal Water District, has this history or extent of experience.

(b) The Conservation District has no potentially conflicting interests or responsibilities which might result in the priority of application of high quality native water flows being shifted to other uses, including potential export outside of the San Bernardino Valley. The history of water management in the San Bernardino Basin reflects the priority water users have accorded to the Conservation District's role as an advocate for the basin generally, as reflected in its role on the Big Bear Watermaster and as the Project Manager under the Santa Ana River-Mill Creek Cooperative Water Project. The Conservation District believes its established role in this regard, free of potentially parochial concerns on water usage or exchange, or commitments to parties outside the basin, does and will continue to best serve the interests of the Bunker Hill Basin and its users.

(c) The Conservation District fulfills its mission with low-cost, environmentally unobtrusive infrastructure, consisting primarily of unlined canals, berms, and dikes made of natural material, and open spreading basins. Consolidation of these facilities with the more intensive infrastructure needed for San Bernardino Valley Municipal Water District to fulfill its responsibility of importing and exporting water, and other duties, may result in expanded capital expenditures and their attendant environmental impacts in environmentally sensitive areas.

(d) The Conservation District has an established and accepted financing mechanism to assist its water conservation efforts, in its groundwater charge. This charge is specifically authorized by Water Code section 75500 of the Water Code, and has been implemented by the Conservation District, without challenge, since the mid-1990s. San Bernardino Valley Municipal Water District's organic statute contains no parallel revenue source, and consolidation may present a threat to this important source for funding groundwater recharge activities in the Bunker Hill Basin.

3. The Conservation District does not favor expansion of its sphere of influence to encompass the entire Bunker Hill Basin. The Conservation District is aware its boundaries do not reach the entirety of the Bunker Hill Basin, and understands the logic of having a single set of guiding management policies for all portions of the basin. Nevertheless, the Conservation District believes the best manner of establishing those policies is through the multi-agency collaborative efforts already well underway by basin stakeholders, rather than designating a single agency to dictate policy. The Upper Santa Ana Water Resources Association has formed a Basin Management Committee for this purpose, in which the Conservation District is an active participant. Numerous agencies are involved in the recharge and use of Bunker Hill Basin waters, many of which are

outside the Conservation District's boundaries. These Basin users have entered into an Integrated Management Program Demonstration Project Agreement to test various parameters of cooperative basin management, and negotiations accompanying the water rights applications pending before the State Water Resources Control Board have led to constructive progress on proposals for groundwater recharge parameters and basin management criteria. The Conservation District believes these efforts offer the best and quickest path to long-term effective basin management, and will not be aided, indeed may be hindered, by LAFCO expanding the Conservation District's sphere of influence to include the full basin. In addition, the Conservation District has no facilities in the portions of the basin now outside its boundaries. Expansion of the Conservation District's Sphere of Influence would be duplicative of other agencies' facilities and services.

This Resolution is **APPROVED** and **ADOPTED** and effective this 15th day of June 2005, by the following roll-call vote:

YES:	DIRECTORS: 7
NO:	DIRECTORS: 0
ABSTAIN:	DIRECTORS: 0
ABSENT:	DIRECTORS: 0

Cheryl Tubbs, President

ATTEST:

Lawrence M. Liberu, General Manager

Appendix G

SBV WATER CONSERVATION DISTRICT

OUR NAME IS OUR MISSION

- **Water Facts – San Bernardino Valley Conservation District (5)**

Water Facts

SBV WATER CONSERVATION DISTRICT
OUR NAME IS OUR MISSION

A Proud History

For over 70 years the ***San Bernardino Valley Water Conservation District*** has played a crucial role in the water supply to this region. The District's groundwater replenishment activities have helped to ensure an adequate supply of water for the area's growing population.

The District began as various private groups determined to capture flows from the Santa

Ana River and Mill Creek for storage in the Bunker Hill Basin. These groups were primarily concerned for reliable water supplies in support of agriculture – largely citrus – in the region. In 1932 the District was formed as a public agency, and assumed the rights and roles of its predecessors.

Over time, and with continued development in the region, consumption of water gradually changes from agricultural to municipal use – industrial, commercial, and residential.

So where does your water come from? The cities of Riverside, San Bernardino, Redlands, Highland, and Loma Linda rely on the Bunker Hill Groundwater Basin for water. Water is pumped from the basin, treated, and delivered to your home or business.

The mission of the San Bernardino Valley Water Conservation District is to ensure recharge of the Bunker Hill Groundwater Basin in an environmentally and economically responsible way, using local native surface water to the maximum extent practicable. We strive to improve the supply and quality of groundwater, balancing such demands with those of land, mineral, and biological resources.

New times call for new approaches. Recent years have seen the District's leadership role encompass both water and environmental issues.

Several endangered species call home the Santa Ana River Wash in which the District operates. The District is spearheading a multi-agency land management and habitat conservation plan designed to balance competing land uses in the undeveloped Wash area, with conservation of habitat comprising a major role in the project.

If you would like to discuss the District, its mission, or its operations, please contact District staff at (909) 793-2503.

Additional information is available at the District's website: www.sbvwcd.dst.ca.us.

Water Facts

SBV WATER CONSERVATION DISTRICT
OUR NAME IS OUR MISSION

Challenges Facing the District

Groundwater Levels

Managing groundwater levels in the Bunker Hill Basin poses a particular challenge to the ***San Bernardino Valley Water Conservation District***.

Groundwater in this basin tends to flow from the east to the west. During dry years, when recharge of the basin decreases, this flow magnifies the effects of pumping at the east end of the valley, and groundwater levels can drop precipitously. District recharge in this area becomes critical as a result of this outcome.

At the same time, groundwater pools behind the San Jacinto Fault to the west – a natural barrier to groundwater flow – and rises up beneath the City of San Bernardino in an area called the Pressure Zone. Sustainable groundwater levels in the basin require recharge in the east and additional pumping in the west.

The District is participating in a multi-agency program called the Pilot Dewatering Project, designed to pump low-quality water out of the Pressure Zone and send it downstream. Such efforts allow the District to continue recharging the basin with high-quality native water – benefiting both water supply and water quality in the region.

Endangered Species and the Environment

The Upper Santa Ana River Wash – the area in which the District operates – is home to several endangered species. The Endangered Species Act requires these species be protected from harm. Additionally, the California Environmental Quality Act requires the district to give "major consideration to preventing environmental damage."

The District recognizes its legal and ethical obligation to protect the environment. The District also recognizes similar obligations to the people of this region to continue its important water conservation duties.

These commitments meet in the District with relatively low-impact operations, in which the District's facilities coexist with – and at times enhance – the surrounding habitat. Planning efforts are under way on a Land Management and Habitat Conservation Plan designed to balance the various needs of the Wash, with a particular emphasis placed on habitat conservation.

Water Facts

SBV WATER CONSERVATION DISTRICT
OUR NAME IS OUR MISSION

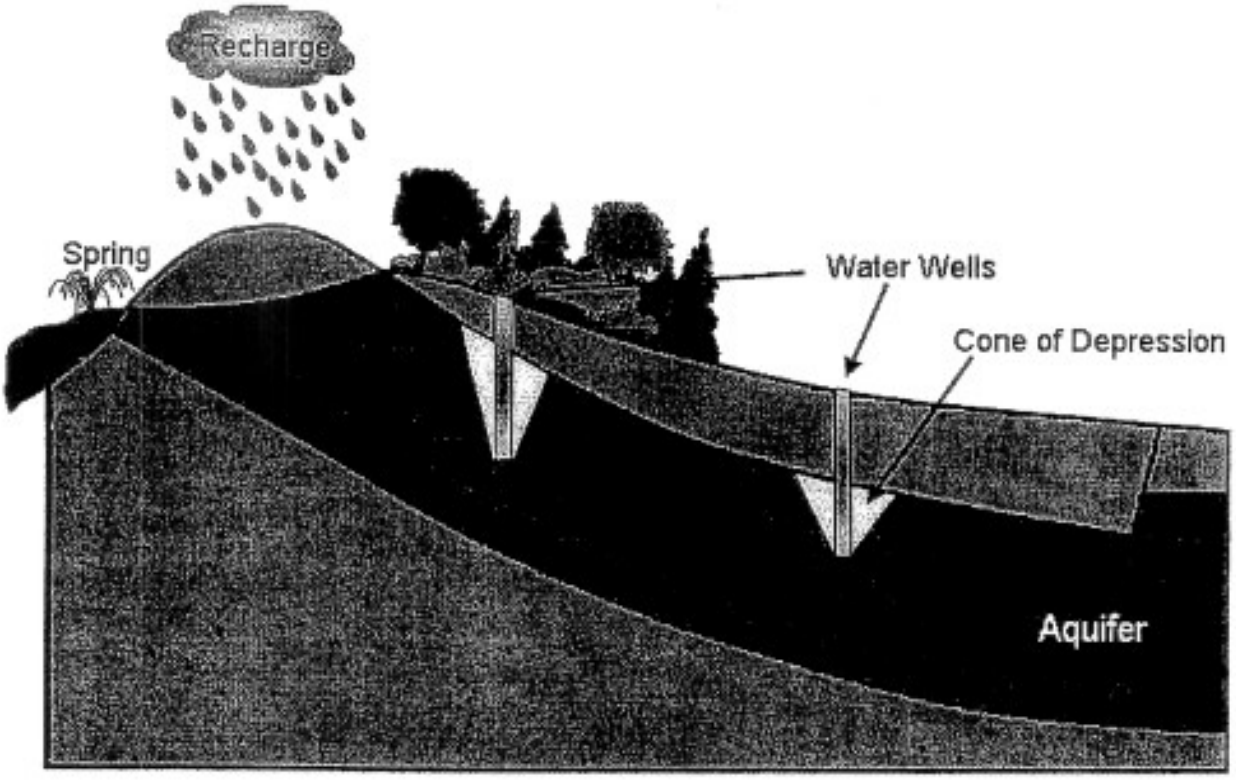
Groundwater

A Hidden Resource

We think of the ground beneath our feet as solid, but it is actually similar to a giant sponge. Rain or other water will percolate into the ground, trickling into and through the pores, fractures, and other spaces in soil and rock. The water in these spaces is called "groundwater." Groundwater continues to filter through these spaces until it reaches an aquifer – a layer of sand and rock saturated with water – where it recharges the area vacated by previous pumping.

Plentiful, Available, Accessible

The Bunker Hill Groundwater Basin stores approximately 5 million acre-feet of water. Of this, 1.2 million ac-ft are easily accessible. Some 200,000 ac-ft of water are pumped from this basin each year. The ***San Bernardino Valley Water Conservation District*** recharges through its efforts an average of 16,000 ac-ft annually, and has recharged over 100,000 ac-ft in one year; the rest of the replenishment depends on the vagaries of natural recharge. (An acre-foot provides water for one family for 1-2 years.)

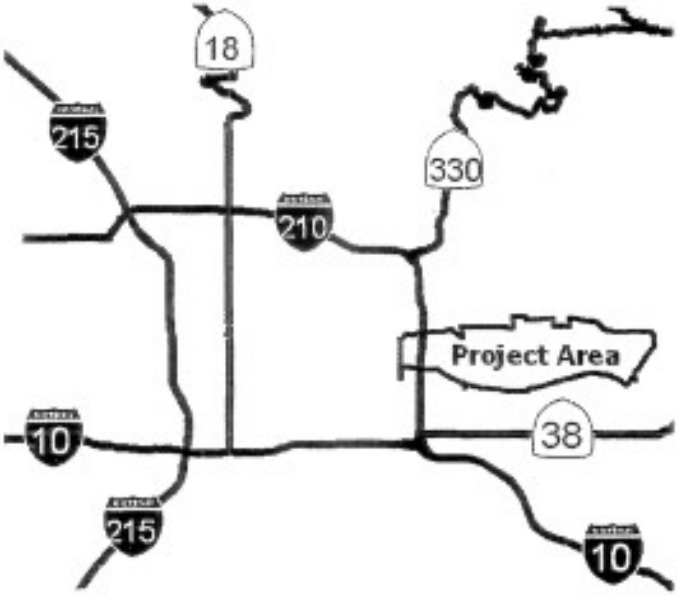


Water Facts

SBV WATER CONSERVATION DISTRICT
OUR NAME IS OUR MISSION

Wash Plan – Striking a Balance

The ***San Bernardino Valley Water Conservation District*** faces a challenge: the coexistence in the Upper Santa Ana River Wash of mining, endangered species, infrastructure, and groundwater replenishment. The District met this challenge as the lead agency of a Task Force comprised of 16 public and private agencies at the local, state, and federal level. This group is charged with developing a Land Management and Habitat Conservation Plan.



The Wash is a natural flood plain, and provides a number of unique natural and economic resources to the entire Inland Empire region. The Wash is also habitat for numerous sensitive, threatened, and endangered species, and provides open space for various forms of recreation.

The area's geology is ideal for replenishing the Bunker Hill Groundwater Basin, which provides 85 percent of the municipal water supply for the San Bernardino Valley, and much of the water supply for Riverside. Local communities pump over 65 billion gallons of water from the Basin each year.

The Wash is a rich source of aggregate for concrete products and roadway construction materials. The District leases a portion of its land to operators of sand and gravel mines, receiving a portion of the revenue from these operations. Sand and gravel mining has a long history in the wash, and plays a significant role in the Inland Empire's economy. The economic multiplier from mining is estimated to add $50 million to the Inland Empire's economy each year.

The Wash Plan coordinates existing and anticipated future activities, and helps to ensure balanced use and conservation of these important resources.

For more information about the Wash Plan, please contact Walter Christensen via telephone at (909) 793-2503, or via email at wchristensen@sbvwcd.dst.ca.us.

Water Facts

SBV WATER CONSERVATION DISTRICT
OUR NAME IS OUR MISSION

AB 303 Grant Awarded

Background

The ***San Bernardino Valley Water Conservation District*** (District) submitted a project to the California Department of Water Resources (DWR) that entailed installation of two (2) 400 foot deep dedicated monitoring wells in the Santa Ana River/Mill Creek Forebay (Forebay) area of the San Bernardino Valley. In 2003 it was announced by the DWR that a $230,000 grant had been awarded to the District for this project.

The District has successfully recharged water in this area for decades and has the capability and interest in improving its recharge operation. This project will support the understanding of the local hydrogeology and improved monitoring data needed for enhanced recharge in the Forebay area.

Water level data will be collected at the time of well installation and on a continuing basis as part of the groundwater monitoring program conducted by the District. These data will fill important gaps in the current monitoring network and will assist in understanding the effects of recharge. Incorporation of the new data will provide better definition of groundwater flow patterns and provide valuable data points for monitoring future recharge events. This project will foster better management of the District's limited water resources to the benefit of all stakeholders in the basin.

Goals and Objectives

The overall goal of this study is to provide an improved understanding of the effects of recharge in the Forebay area. Groundwater recharge is key to the water supply of Bunker Hill basin. Recent net declines in water levels have indicated a need for better understanding of hydrogeologic conditions near the spreading basins to allow a balanced management of the basin and to support increased recharge capabilities in the future. The following goals and objectives were identified for the two monitoring wells:

- Site and design the new dedicated monitoring wells to assist in the understanding of recharge and local groundwater quality.

- Locate the wells to better understand the geologic cross sections of the Forebay area and the groundwater level monitoring network.

- Conduct aquifer testing (pumping tests) of the wells to provide data on aquifer characteristics that will allow the District to better evaluate the impacts of its recharge operations on groundwater levels and flow.

- Collect and analyze groundwater samples from the wells to assist in the understanding of recharge and local groundwater quality.

Memorandum from Patrick Mead, Director, County Department of Public Works on behalf of San Bernardino County Flood Control District

Attachment 4

INTEROFFICE MEMO

DATE August 2, 2005 PHONE 387-7906

FROM **PATRICK J. MEAD, P.E.**, Director MAIL CODE 0835
Department of Public Works

TO **KATHLEEN ROLLINGS-McDONALD**, Executive Officer
Local Agency Formation Commission
County of San Bernardino

File: 216

RECEIVED
AUG 04 2005
LAFCO
San Bernardino County

SUBJECT **REPLY TO YOUR REQUEST FOR INFORMATION**

In your interoffice memo of July 20, 2005, you requested responses to the questions below:

1. *Does the Flood Control District currently spread water for percolation into the groundwater basins?*

   Every soft bottom channel within our system has the potential to recharge the ground water basins. However, this is not a formal water recharge program from which measurement of ground water recharge can be made. In the Chino basin, we have entered into agreements with the Chino Basin Watermaster, Inland Empire Utility Agency and the Chino Basin Water Conservation District to allow use of our basins to be improved and instrumented for recharge of storm, imported and recycled water. We are a partner in the endeavor but are not responsible for the water accounting or maintenance of the basins to keep water recharge rates high. Attached is a report of the current storm water capture. Data for the imported water program is not available now.

2. *San Bernardino Valley Water Conservation District has provided a response regarding our question on the possibility of consolidation with the Flood Control District. We request that you review the material and provide a response.*

   We concur with the statements that it is best for the two Districts to remain separate.

3. *At the March 16th Local Agency Formation Commission hearing that opened the discussion of the sphere of influence update/service review, the General Manager of SBVWCD indicated the District's request for activation of its flood control powers (copy of relevant portion of hearing minutes attached). The District has supplemented that response in the materials submitted to our office. A copy is attached for your information. Please provide a response to the potential expansion of service offered by SBVWCD.*

   The SBVWCD stated in their response "that it provides some flood control benefit by diverting storm flows from the Santa Ana River and Mill Creek to off-stream percolation basins. However, this flood control benefit is incidental to the Conservation District's normal operations, and not a focus of those operations."

   We concur that these efforts at flood control are inadequate and flood control should not be a central part of their function. The Flood Control District's Santa Ana River Mainstem Project is the prime flood control facility on the Santa Ana River, which has the capacity to mitigate a 200-year storm. This facility also has a water conservation capability, which is currently degraded by the fires of 2003 impact on water quality.

PJM:TMG:em

Storm Water and Snow Melt Capture in Flood Control Facilities in the Chino Basin
Source: Chino Basin Watermaster
10/1/04 to 6/30/05

Channel	Basin	Acre-Feet
West Fontana	Banana	401
West Fontana	Hickory	314
DeClez	DeClez	5
San Sevaine	San Sevaine 1-3	787
San Sevaine	San Sevaine 4-5	2,062
San Sevaine	Victoria	0
San Sevaine	Jurupa	0
Day Creek	Lower Day 1	465
Day Creek	Lower Day 2	1,200
Day Creek	Lower Day 3	1,732
Deer Creek/Cucamonga	Turner 1-2	452
Deer Creek/Cucamonga	Turner 3-4	976
West Cucamonga	Eighth Street	295
West Cucamonga	Seventh Street	405
West Cucamonga	Ely 1-3	2,050
TOTAL		11,144

Post-it® Fax Note 7671

To Ann	Date 2/8/05 # of pages ▶ 1
Co./Dept. LAFCO	From Ted Golandzinier
Phone #	Co. Public Works
Fax # 387-5871	Phone #
	Fax #

Letter from Robert Reiter, General Manager, San Bernardino Valley Municipal Water District with copy of Attachments #7 and #20 Included

Attachment 5

San Bernardino Valley Municipal Water District

1350 SOUTH "E" STREET - P. O. BOX 5906 - SAN BERNARDINO, CALIFORNIA 92412-5906 -(909) 387-9200
FAX (909) 387-9247

August 1, 2005

Kathleen Rollings-McDonald
Executive Officer
Local Agency Formation Commission
175 West Fifth Street, Second Floor
San Bernardino CA 92415-0490

RECEIVED
AUG 01 2005
LAFCO
San Bernardino County

Dear Mrs. Rollings-McDonald:

RE: July 25, 2005 LAFCO Request for Information - LAFCO 2919 - Service Review/Sphere of Influence Update for the San Bernardino Valley Water Conservation District.

Thank you for the opportunity to assist LAFCO as part of its review of the sphere of influence update for the San Bernardino Valley Water Conservation District (Conservation District). I hope that this information is useful as you prepare the LAFCO staff report for inclusion in the August 17, 2005 LAFCO Commission packet.

In order to answer the questions contained in your information request, this letter provides you and your staff with an overview of the water management activities and capabilities of the San Bernardino Valley Municipal Water District (Valley District). In the normal course of events, I would have preferred to provide you with more detail about the full range of our District's activities; I believe we have provided exemplary service to the people of the San Bernardino Valley for the past half-century. However, your information request arrived just as we were working to complete the Annual Report and nine supporting volumes for filing with the Riverside Superior Court in accordance with the *Western* Judgment. This over five-hundred page report is required to be filed on August 1 of each year. It was filed this morning. Given the competing time constraints while preparing a response to your letter, I have tried to limit this letter to an overview of our District's activities and capabilities. If you or your staff have questions or would like additional information, I would be glad to provide it to you as quickly as possible.

Directors and Officers

EDWARD B. KILLGORE, Division I | GEORGE A. AGUILAR, Division II | PAT MILLIGAN, Division III | MARK BULOT, Division IV | STEVE COPELAN, Division V | ROBERT L. REITER, General Manager and Chief Engineer

Background

By way of background, I have worked with LAFCO staff and executive officers since shortly after I came to work for Valley District in 1966. At that time it was my pleasure to work with Bob Rigney, Executive Officer, to prepare several annexation applications for Reche Canyon property owners who had approached Valley District with requests to annex to the District so that their property would be eligible to receive supplemental water from our District at some point in the future. I have spent my entire career working on various aspects of water supply and long-range water supply planning as they relate to the needs of all areas served by Valley District.

As the representative nominated by Valley District, I presently serve as one of the court-appointed watermasters charged with administering the judgments in Orange County Water District v. City of Chino *et al.* (the *Orange County* Judgment) and Western Municipal Water District v. East San Bernardino County Water District *et al.* (the *Western* Judgment). I have served in these capacities for 20 years. Prior to that time, starting in the late 1960's, I worked as staff support to the previous two watermasters representing the District from the time when they served as the District's consulting engineers during preparation of the 1969 settlements in both cases. As watermaster, I have prepared annual reports that detail water spreading and extraction throughout the Eastern San Bernardino Valley and stream flows throughout the Santa Ana River watershed, from the San Bernardino mountains to the Pacific Ocean.

Question 1: Consolidation of Conservation District

The first question in your letter asks that Valley District respond to the Conservation District's position that LAFCO should not consolidate the Conservation District with San Bernardino County Flood Control District (Flood Control District) or with Valley District and should not expand the Conservation District's sphere of influence to encompass the entire Bunker Hill Basin.

a. Consolidation with Flood Control District

I disagree with the Conservation District's claim that flood control and water conservation are inconsistent activities. My view of the compatibility of flood control operations and water conservation operations is based on two different experiences.

During the 1970's, I personally saw the ability of Flood Control District staff to work with our District to conserve native flows across the north end of the District during the period when I started and managed the District's field operations. Flood control was, as it should be, the focus of their efforts during storm periods. Following storm periods, Flood Control District staff were most cooperative in "switching hats" and working with the District to capture native flows for groundwater recharge after the flood threat had subsided. In point of fact, as can be seen in the District's joint report with the Department of Water Resources ENG-67-14 titled "Artificial Recharge in the Bunker Hill - San Timoteo Area", August 1967, the vast majority of artificial recharge done in the Base Period used by the Western - San Bernardino Watermaster in determining the Safe Yield of the Bunker Hill Basin was done by the Flood Control District and other agencies, exclusive of Conservation District's efforts. Information gathered for this report and others done cooperatively with DWR were ultimately used by DWR in preparation of DWR Bulletin 104-5 "Meeting Water Demands in the Bunker Hill - San Timoteo Area." This Bulletin formed the basis for many of the District's activities from its time of issue going forward.

More recently, since the mid-1990's, Valley District has been heavily involved in working with the Flood Control District and its counterparts in Riverside and Orange Counties, as well as with the United States Army Corps of Engineers, to plan for water conservation at Seven Oaks Dam and Reservoir. The basic principle is the same at Seven Oaks as it was at the Flood Control District's detention ponds: emphasize flood control in the fall and winter months to protect public safety and emphasize water conservation during the spring and summer months to conserve native water for the people of the San Bernardino Valley.

Despite the fact that the Flood Control District can (and has) assisted our District in water conservation, the Conservation District probably should probably not be consolidated with the Flood Control District. Spreading native water surplus to the needs of the users in that area requires a fair amount of coordination among the users and Valley District operations staff. That coordination procedure is already in place.

The spreading activities in the Conservation District's Santa Ana River and Mill Creek spreading grounds are an integral part of Valley District's plan for prudent management of the San Bernardino Basin Area - which was the basis for the Seven Oaks Accord, a document which will be explained later in

this letter. By contrast, water conservation is only in an ancillary way related to the Flood Control District's primary mission of flood control. Consolidating the Conservation District with the Flood Control District is, in my opinion, therefore, probably not the top way to continue providing services to the public if LAFCO determines that a consolidation should occur.

b. Consolidation with Valley District

(1) District Purposes

The Conservation District states that it was formed to "conserve water for the Bunker Hill Basin" while Valley District was formed "primarily to serve as the agent for importation of State Project Water into the San Bernardino Valley." Although both statements are technically correct, they exaggerate the role of the Conservation District and minimize the role of Valley District in basin management.

The Conservation District was created in 1931 in order "to protect against excessive export of local surface water by downstream agencies." This limited charge does not extend to the management of the San Bernardino Basin Area (as the combined Bunker Hill and Lytle Basins are known under the *Western* Judgment) or, indeed, to any role other than the recharge of limited quantities of water during years when such water is in excess to the needs of the direct users such as Bear Valley Mutual Water Company, Crafton Water Company, East Valley Water District, City of Redlands, and others. This limited role is consistent with the legal constraints imposed by the Water Conservation District Law on the Conservation District's activities. Indeed, if the Conservation District had been able to perform the services needed to import supplemental water and manage the whole groundwater basin, there would have been no need to form Valley District. (It is interesting to note that several of the 29 State Water Project contractors are County Flood Control and Water Conservation Districts. In that way, the Legislature has recognized that there is no natural incompatibility between selling water, flood control and water conservation as long as those activities fit the needs of the specific area being served.)

By contrast, Valley District was formed in 1954 with authority to manage water within its much larger boundaries as part of its future role as an importer of supplemental water. As it turned out, over three separate elections, Valley District voters choose not to join The Metropolitan Water District of Southern

California. The District signed a contract with the State of California to be an independent member of the State Water Project in 1960, then more generally referred to as the Feather River Project. Valley District was formed by voters with full knowledge of the historical activities of the Conservation District. As mentioned above, if the Conservation District had been able to perform these services, there would have been no need to form Valley District.

In forming Valley District rather than joining The Metropolitan Water District of Southern California, the voters of the San Bernardino Valley granted Valley District broad powers to engage in water management. Valley District is authorized to provide water for "the beneficial use or uses of the district, its inhabitants, or the owners of rights to water in the district." In addition to water service, though, Valley District is authorized to provide recreational facilities; to generate and deliver hydroelectric power; to collect, treat and dispose of sewage, wastewater and stormwater; to provide fire protection services; and provide sanitation services.

Although these differences in the purposes of the Conservation District and Valley District are interesting, the most important difference between the two districts is the role that they play in implementing the *Orange County* Judgment and the *Western* Judgment. The *Orange County* Judgment divides the Santa Ana River watershed at Prado Dam and requires three upstream agencies (Inland Empire Utilities Agency, Western Municipal Water District of Riverside County (Western) and Valley District) to ensure that certain quantities and qualities of water are received by Orange County Water District. In part to ensure these flow obligations are met, the *Western* Judgment aims to preserve the safe yield of the San Bernardino Basin Area by establishing entitlements (individual, in the case of the remaining named plaintiffs serving water in Riverside County and, in aggregate, in the case of all other parties producing water within the San Bernardino Basin Area) to groundwater and surface water diversions and by requiring replenishment of the San Bernardino Basin Area when extractions exceed the supply.

The Conservation District was dismissed from the *Orange County* litigation in exchange for its stipulation to support the stipulated judgment and its agreement not to interfere with the implementation of that judgment. By contrast, Valley District is one of the four regional water agencies charged with administering the *Orange County* Judgment (as the representative of the San Bernardino Valley). The Conservation District was also dismissed from the *Western* Judgment, based on Valley

District's willingness to accept responsibility for maintaining the safe yield of the San Bernardino Basin Area for parties represented by Valley District.

Thus, while the Conservation District was initially formed to conserve surface water in the eastern Bunker Hill basin, it has repeatedly abdicated any role in the management of the Bunker Hill basin or other groundwater basins within the San Bernardino Valley. Due, in part, to its limited areal extent, the voters of the San Bernardino Valley were not able to rely on the Conservation District to provide water needed for then current or future needs; instead they voted to form Valley District. The Conservation District was willing to be dismissed from the *Orange County* Judgment rather than take on the responsibility of managing the so-called "physical solution" that provided water to Orange County. The Conservation District, similarly, was willing to allow Valley District to accept the responsibility under the *Western* Judgment for maintaining the safe yield of the groundwater basins in the San Bernardino Valley.

In these ways, it is Valley District - not the Conservation District - that now has the legal authority and responsibility to manage the groundwater resources of the San Bernardino Valley. That role is confirmed by Valley District's nomination of a representative to the Court-appointed Watermaster committees that administer both Judgments. Pursuant to the terms of the Judgments, a representative from Valley District sits on the five-member Watermaster committee that administers the *Orange County* Judgment and a representative of Valley District is one member of the two-member Watermaster committee that administers the *Western* Judgment. As a member of these Watermaster committees, Valley District is directly responsible to the courts for ensuring that groundwater and surface water supplies are effectively assured and managed for the benefit of the region.

(2) Experience

(a) Conservation District

The Conservation District emphasizes its experience in spreading water in the Bunker Hill Basin, claiming that "no other agency, including San Bernardino Valley Municipal Water District, has this history or extent of experience." The experience touted by the Conservation District, however, is largely irrelevant to the challenge of modern-day groundwater management and, in fact, suggests the Conservation District cannot meet that challenge by adapting to today's needs.

The Conservation District has spread water in the Bunker Hill Basin for over 70 years. However, for approximately half that time, from 1931 through 1968, the Conservation District spread, on average, 4,490 acre-feet/year for the purpose of protecting "against excessive export of local surface water by downstream agencies."[1] Such protectionist and single-minded spreading hardly represents relevant experience for water management (including groundwater) in the 21st century.

More importantly, the current challenge for groundwater management in the San Bernardino Valley is to develop and implement an integrated plan (like the plan called for in the Seven Oaks Accord) in cooperation with other water agencies and local governments that maximizes the quantity of water stored in the Basin, avoids interference with the clean-up of contaminant plumes, and avoids aggravating the high groundwater problem in the Pressure Zone in the southwestern portion of the Basin. The Conservation District has a poor record on cooperating with other water agencies. Two examples illustrate this point.

During a wet period that began in the late 1970's and continued through the mid-1980's (Water Year 1978 to Water Year 1984), the Conservation District insisted on spreading an average of 28,828 acre-feet/year and spread as much as 52,172 acre-feet in the wet Water Year of 1978. That spreading contributed to and aggravated the effects of the historic high groundwater levels in the Pressure Zone in downtown San Bernardino and - of particular concern to Valley District - to the flooding of the basement in the District Operations Center where groundwater rose to a depth of 3 feet below ground surface. The County Emergency Operations Center, the basement in the California Court of Appeal building, the lower level of Inland Center along with several other buildings in City of San Bernardino were also made unusable. To settle litigation brought by the City of San Bernardino relating to the high groundwater problem, the Conservation District paid $3,500,000 to the City of San Bernardino for damages to City property and infrastructure.

Last fall, the Conservation District entered into the Integrated Management Program Demonstration Project Agreement with Valley District, Western, the City of San Bernardino Municipal Water Department, the City of Redlands and East Valley Water District. The purpose of that agreement was to begin to develop a

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[1] As noted above, for comparison purposes, other agencies spread an average of approximately 22,758 acre-feet/year during the base period used to determine the safe yield of the San Bernardino Basin Area.

management structure for spreading water without creating deleterious effects in the Pressure Zone. All parties agreed to certain target spreading levels and agreed that they would "meet and confer in good faith" to change those spreading levels if a party to the agreement requested a change and conditions warranted. The agreement called for the spreading by all parties of up to 40,000 acre-feet of native and imported water in the Basin. Under the target amounts set forth in the agreement, targets which Conservation District itself suggested for its spreading grounds, the Conservation District was allowed to spread up to 16,500 acre-feet of water from all sources in its Santa Ana River spreading grounds and up to 10,000 acre-feet of water from all sources in its Mill Creek spreading grounds. The Conservation District hailed the agreement at the time as evidence that it would agree to, and abide by, a limit on its spreading as part of a new day in operating a cooperative groundwater recharge program for the greater good.

As everyone knows, this past year was one of the wettest years in Southern California history, the second wettest in the Los Angeles area. Rather than conferring with the other parties and reaching a consensus on changing the target amounts as required by the agreement, however, the Conservation District went on a spreading spree. To date, according to Conservation District Board Packet materials and calculations based on Daily Flow Reports prepared by Conservation District, the Conservation District has spread more than 55,000 acre-feet of water or more than twice the combined target quantity allowed for at the Santa Ana River and Mill Creek spreading grounds. In fact, the Conservation District - by itself and without consulting any other water agency as required by the agreement - has spread 140% of the total quantity of basin-wide spreading called for in the agreement. Because the Conservation District reports monthly and cumulative spreading quantities in its Operations and Maintenance Report, the Conservation District was very much aware of its overspreading.

In sum, the Conservation District has limited relevant experience for the type of sophisticated and integrated management of groundwater and surface water called for by conditions in the San Bernardino Valley. Its experience - both in the 1980's and more recently - suggests that it will not limit spreading to further the public interest. Instead, experience suggests that the Conservation District will spread as much water as possible, regardless of consequences to others and regardless of its legal commitments.

(b) Valley District

Valley District approaches its responsibilities in a very different way than the Conservation District. To begin, our personnel are as experienced as those of any water district in the San Bernardino Valley, if not the State of California. I have been with Valley District for more than 38 years, my Assistant General Manager has been with Valley District for more than 25 years and my Assistant Chief Engineer will have been with the District for 20 years this coming November. Management staff have a combined total of 123 years of experience with the District. Our District's three senior operations technicians have a combined 49 years of experience. Our District's Directors have an average of more than 15 years of experience in serving the public.

Our experience allows Valley District to approach water management with a long-term view towards meeting the needs of all the people of the San Bernardino Valley. In 1995, our District adopted a Regional Water Facilities Master Plan. In setting out a mission statement for that Master Plan, we described the way that Valley District approaches water management:

> Develop regional facilities to allow coordinated management of available water resources to meet the ultimate requirements of all water purveyors and increase the reliability of supplies, by maximizing the use of local water resources and optimizing the use of imported water. The regional facilities should be cost-effective and be developed in a systematic, phased program with the cooperation of the water purveyors. (Master Plan, p. 1-8)

The Master Plan described the effect of this approach to water management by saying:

> This Master Plan emphasizes the coordinated use of multiple sources made available through a regional network of water transmission facilities with interties and turnouts to local purveyors. Coordinated use of multiple sources increases the reliability of the overall water supply by reducing the risk due to disruption of any single source. The regional network of transmission facilities increases flexibility of the local supply by allowing the movement of water from areas of abundance to areas of need. Finally, interties and turnouts to local

> purveyors provide important backup systems, making supplies from a wide range of sources available to purveyors that may otherwise have limited access to multiple supplies. (Master Plan, p. 1-15)

There are three themes in these excerpts from the Master Plan that I'd like to emphasize here. First, our District has worked very hard over the years to coordinate and cooperate with other water purveyors to provide a reliable water supply to the people of the San Bernardino Valley. Second, our District has emphasized the use of local supplies in preference to imported supplies, even if we lose the opportunity to sell imported water to local purveyors. Third, our job as a district is to meet the needs of water purveyors, large or small, that provide water to the people of the San Bernardino Valley.

First, our District has a long history of working with other water purveyors in the San Bernardino Valley to coordinate the delivery of water. For instance, in 1960, at the request of the residents in the Yucaipa area who were then being served by three mutual water companies that were failing, the District formed an improvement district to provide for effective continuation of domestic and irrigation water service. In 1970, when the residents of the area asked the District for assistance in transitioning to a County Water District, the District willingly helped with the election necessary to form the Yucaipa Valley County Water District (now Yucaipa Valley Water District) and turned over the assets of the District's Improvement District "A" to the new district. In 1978, although authorized under the 1911 Municipal Water District Act to engage in recreation activities on its own, this District entered into a contract with San Bernardino County Regional Parks for it to manage and operate what has become Yucaipa Regional Park. The District entered into this contract after working on that project for over ten years in planning, land acquisition and construction pursuant to Davis-Grunsky grants as an adjunct to construction of State Water Project facilities, Federal open space grants and local funding.

All of the District's major transmission pipelines and pump stations were built as joint ventures with other water agencies within and outside the District. This cooperative joint venture approach continues today as the District continues to construct large diameter (48 to 78 inch inside diameter) transmission pipelines which will provide the District with the ability to better manage groundwater levels and supplies within the District in addition to assisting with the control of water levels in areas underlying much of the City of San Bernardino

which are susceptible to liquefaction if ground water levels are again allowed to rise too high.

In the mid-1990's, Valley District developed our Master Plan as a cooperative effort with all of the retail agencies which it will ultimately serve. The Master Plan lays out facilities that address multiple priorities within the basin, e.g., controlling high groundwater conditions in the southwestern part of the Basin which at the same time provides the capability to move water from the high groundwater area to retail agencies whose service areas lie in the higher elevations of the Basin. The Master Plan and its accompanying EIR contemplated future development of an integrated water management plan for the Basin of the type called for in the Seven Oaks Accord. No agency, including our District, can hope to manage the water resources, both surface and subsurface, within the Bunker Hill Basin without the extensive infrastructure and the ongoing cooperative participation of the agencies and people it serves reflected in the Master Plan and the process that led to its adoption.

The District has entered into three agreements in the past year that are in significant part intended to coordinate the efforts of water purveyors and provide more effective service to the public. Last July, the District entered into the Seven Oaks Accord with the City of Redlands, Bear Valley Mutual Water Company, North Fork Water Company, Lugonia Water Company and East Valley Water District in the eastern end of the Valley, in addition to Western as our partner in the joint water right applications. That agreement, as was widely reported, resolved long-standing water right disputes. As important as the water right settlement, however, was the provision in the Seven Oaks Accord that called for all of the parties to cooperate in the development of a groundwater management plan for the Bunker Hill Basin. All of the parties to the Seven Oaks Accord realized that we all need to cooperate more fully in managing the groundwater basin to provide a reliable water supply and to maximize the use of local water supplies before incurring the significant cost of imported water. I am proud to have been able to participate in the negotiation of that agreement because I believe it will provide long-term benefits to our ultimate customers: the people who actually use the water.

Shortly after entering into the Seven Oaks Accord, the District entered into the Integrated Management Program Demonstration Project Agreement with the City of San Bernardino Municipal Water Department, East Valley Water District, the City of Redlands, the Conservation District and Western. The purpose of this agreement was to begin to implement the Seven Oaks Accord

by gaining experience in coordinated basin management. A second purpose was to give the Conservation District an opportunity to show that it would agree to, and abide by, set limits on its spreading. Those limits would only be adjusted after all parties were able to meet and confer in advance of those limits being reached, arrive at a consensus on the rationale for changing the target amounts, and obtain approval of the changed targets from our respective governing boards. Although written and approved by our respective governing boards, this was a "hand-shake" deal, and was intended to foster coordination and cooperation among water district managers without the need to document every operational detail in legalistic mumbo-jumbo. I thought that this agreement was a huge success - at least until early July 2005, when I first learned that the Conservation District had spread over 55,000 acre-feet, more than twice the combined target amounts for the Conservation District's Santa Ana River and Mill Creek spreading grounds (and much more than the 40,000 acre-feet the parties had agreed could be spread in the Basin). As noted above, the Conservation District did not follow the terms of our agreement, which would have required the Conservation District to consult with and obtain the consensus of the other five parties to the agreement <u>before</u> spreading water in excess of the targeted amounts.

The third agreement was the Agreement to Develop and Adopt an Institutional Controls Groundwater Management Program, which our District entered into with the City of San Bernardino, City of San Bernardino Municipal Water Department, Western, City of Riverside, City of Colton, East Valley Water District, West Valley Water District and Riverside Highland Water Company. This agreement calls for the parties to develop an Institutional Controls Groundwater Management Program that has several objectives: "(1) management of extraction and artificial recharge to ensure the effectiveness and integrity of the Newmark Site; (2) maintenance of water levels throughout the Bunker Hill Basin to optimize water extractions; (3) maintenance of water levels in the artesian or pressure zone to prevent high groundwater conditions; (4) coordination of Newmark Site activities that can affect other contaminant plumes in the Bunker Hill Basin; and (5) optimizing conditions in the Bunker Hill Basin for conjunctive use." The parties agreed that "these objectives will be considered in the context of overall basin management and it is contemplated that the Parties will coordinate with other management groups in implementing overall basin management strategies."

Also in the recent past, our District has entered into a series of "hand-shake" deals with The Metropolitan Water District of Southern California that are intended to foster the cooperative use of our respective facilities and which ended decades of litigation between our two districts. Under the auspices of these agreements, using capacity excess to that needed to make deliveries to agencies within our District, we have used our facilities to convey water to Metropolitan's Inland Feeder for delivery to Diamond Valley Lake. As a result of those cooperative efforts, there is slightly over 270,000 acre-feet more water in Diamond Valley than there would have been without our District's cooperation. This effort continues and will continue until the Inland Feeder tunnel sections are complete in a few years. The most recent of these cooperative agreements, which is referred to as "Attachment 6," will allow our District to deliver native water from the Santa Ana River to Metropolitan at times when there is no demand for that water in the San Bernardino Valley, when there is no ability to use that water to recharge the groundwater basins in the Valley, and when Metropolitan has capacity in its system to take delivery of that water. In exchange, Metropolitan will return water to Valley District on a one-for-one basis, at mutually agreeable times. This cooperative arrangement allows Metropolitan to improve the water quality it provides to its customers and allows our District effectively to receive State Water Project water in exchange for the native water banked with Metropolitan.

Most recently, the District last week saw the latest fruits of a generation of cooperative studies with the United States Geological Survey. Valley District first cooperated with the Department of Water Resources and International Business Machines in the mid-60's to develop the first digital groundwater model for the Bunker Hill Basin. This model was used extensively while planning the District's imported water distribution system along the north edge of the San Bernardino Valley. Our District, as part of its longstanding cooperative program with the United States Geological Survey, started work on a series of improved models developed by the Geological Survey in the 1970's to take advantage of advances in computer hardware, groundwater modeling and greater knowledge of the subsurface geology of the Basin. Since the late 1980's, our District has supported research by Wes Danskin and others of the Geological Survey seeking to develop an updated groundwater model of the Bunker Hill Basin, along with a number of other associated studies of groundwater hydrology, basin stratigraphy, basin lithology, etc. We learned last week that the Geological Survey had just approved publication of Danskin's model report

as a Professional Paper of the Geological Survey. In order to be a Professional Paper, Danskin's work must meet the highest standards of peer review used by the Geological Survey. Although it has been a long process, the District's Board of Directors will be very pleased to know that their cooperative effort with the Geological Survey has paid off with a groundwater model that can serve as the basis for cooperative basin management.

Valley District, as the Geological Survey's cooperator funding the work for all these many years, has been able to use the Danskin model as the basis for development of the water management plan in the Western/Valley District EIR mentioned below. Consultants to the two districts added a water allocation model, surface flow model and water quality model to the capabilities of the Geological Survey's model which was used as a foundation for our work. This enhanced array of models will be used to develop Basin-wide water management plans as required in the Seven Oaks Accord and other agreements.

Second, as mentioned above, our District has a long-standing preference for the use of local supplies over imported water. Our Board of Directors has repeatedly stated that, before we require retail water purveyors to pay over $100/acre-foot for water from northern California, we need to have made as much use as possible of local supplies. Our District's focus on improving local supplies began with the provisions in the *Orange County* and *Western* Judgments that gave the agencies above Prado the right to engage in new conservation efforts. Beginning in the mid-1980's, our District worked hard to convince the United States Army Corps of Engineers not to build the single-purpose Mentone Dam in the middle of the Eastern San Bernardino Valley and, instead, to build Seven Oaks Dam in the Santa Ana River canyon just above the Valley, where it could also serve to conserve water. Our District (with our partner Western) then spent over $4 million on including design elements in Seven Oaks Dam to ensure that it could be used for water conservation. We also worked with the Corps of Engineers through the San Bernardino County Flood Control District and the Riverside and Orange County Flood Control Districts to study the feasibility of water conservation at Seven Oaks. That study concluded that water conservation would be feasible. Our District (and Western) had already filed for water rights for that improved local supply in 1991 and were able to convince the State Water Resources Control Board in 1999 (over the strenuous objections of the Conservation District) that new supplies of water were available to benefit the people of the San Bernardino

Valley. Lastly, this fall our District (and Western) plan to issue a Final EIR analyzing the impacts on the environment of increasing the use of local supplies of water. Our District would not have made these very sizable investments of time, money and staff unless our Directors believed that making the optimum use of local resources is a priority for our District and is necessary to provide efficient and effective service to the water-using public.

Third, our District views its obligation under the *Western* Judgment to maintain the safe yield of the Basin as requiring the District to object to poor water management proposals even if such a proposal might result in additional water coming to the Basin. The best example of that attitude is our appearance on behalf of Big Bear Municipal Water District during a 1993 hearing before the State Water Resources Control Board. At the time, we were engaged in unpleasant litigation with that district regarding its interpretation of the 1977 judgment governing the release of water from Big Bear Lake, water that ultimately replenishes the Bunker Hill Basin. Despite the fact that the District was deep in litigation with Big Bear Municipal to protect the historic water supply to the Basin, and without being requested to do so, our District appeared at the hearing to inform the State Water Resources Control Board that we believed the proposal to increase releases from Big Bear Lake to be poor water management. The State Water Resources Control Board eventually agreed with our view, the view of Big Bear Municipal and others, and ordered only a minimal release from Big Bear Lake. This example reflects our District's view that we may have disagreements with our fellow water districts but, in the end, we need to be able and willing to act in the public interest.

In summary, contrary to a statement by the Conservation District during the March 16, 2005 LAFCO hearing, our District is not just an "infrastructure" district. Our District provides wholesale water service to water purveyors in the San Bernardino Valley by cooperating with them, working to maximize the use of local supplies before importing water, and in every way we know how, seeking to serve the public interest.

(3) Conflicting Interests

The Conservation District claims that Valley District might export "high quality native water" outside the San Bernardino Valley. By contrast, the Conservation District claims itself to be "an advocate for the basin generally, as reflected in its role on the Big Bear Watermaster and as the Project Manager

under the Santa Ana River-Mill Creek Cooperative Water Project." Neither of these statements are true. Valley District has not exported water from the Santa Ana River watershed, is not exporting water from the watershed and has no plans to export water. Conversely, the Conservation District has done little, if any, advocacy for the Bunker Hill Basin.

The Conservation District states that Valley District proposes to export Santa Ana River water from the San Bernardino Valley as if it were an accepted fact.[2] However, Valley District has not in the past, is not presently, and has no plans to export water from the Santa Ana River. Valley District does plan to *exchange* water from the Santa Ana River with the Metropolitan Water District of Southern California (or other entities) during times when the quantity of Santa Ana River water available for diversion exceeds the immediate demands of the people of the San Bernardino Valley and the ability to store water in the San Bernardino Basin Area. During such times (e.g., during the winter storm season of a wet year), Valley District could deliver Santa Ana River water to these other agencies in exchange for an equal quantity of water being returned later. Such exchanges, on a modest basis, have occurred in the past. As noted above, exchanging water so as best to match supplies with demands is prudent water management for the 21st century.

The Conservation District has also not been an advocate for the Bunker Hill Basin at all times, contrary to its claims. As part of the Big Bear Watermaster, the Conservation District was in a position where it could have corrected a problem with the watermaster accounting under the 1977 *Big Bear Municipal Water District* Judgment that permitted Big Bear Municipal Water District to avoid delivering adequate replenishment water to keep the Bunker Hill Basin whole. Instead, Valley District was required to expend well over a hundred thousand dollars in litigation costs and staff time with Big Bear Municipal Water District in order to reach an agreement under which Big Bear Municipal keeps the Basin whole for the historic users.

During the course of this litigation, in 1993, the State Water Resources Control Board held a hearing on a complaint by California Trout that sought to require increased releases of water from Big Bear Lake, thereby interfering with the terms of

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[2] It is true, of course, that the City of Riverside and certain other parties to the *Western* Judgment export water from the San Bernardino Basin Area and have done so for many years. Valley District supports the *Western* Judgment, including the right of the Plaintiff parties to export their share of any new conservation developed for the Basin.

the 1977 Judgment. The Big Bear Watermaster and the Santa Ana River-Mill Creek Cooperative Water Project received notice of the hearing and the Santa Ana River-Mill Creek Cooperative Water Project indicated that it intended to appear at the hearing. Neither the Big Bear Watermaster nor the Santa Ana River-Mill Creek Cooperative Water Project, of which the Conservation District is the Project Manager, however, appeared at the hearing. By contrast, Valley District appeared at the water right hearing and supported protecting the Bunker Hill Basin by respecting the existing water rights. (State Water Resources Control Board Order 95-4, p. 11.) As mentioned above, this appearance was not requested by Big Bear Municipal but occurred with the full support of the Valley District Board of Directors - even though the previously mentioned and hard fought litigation with Big Bear Municipal was still in progress - because our District's Board had concluded that the petition for additional releases of water from Big Bear Lake represented poor water management.

The Conservation District also states that its position as the Project Manager of the Santa Ana River-Mill Creek Cooperative Water Project Agreement gives it the ability and stature to advocate for the interests of the Bunker Hill Basin. Although I am not a lawyer, my understanding of that agreement is that the Management Committee, which is composed of a representative of each party to the agreement, is entitled to select the Project Manager. My experience is that the Project Manager, acting as the Project Manager, does not establish policy or take advocacy position other than as determined by the Management Committee. The Project Manager instead provides valuable ministerial functions by keeping track of various accounts, providing the parties with the Daily Flow Report, and other similar tasks.

(4) Impacts on the Environment

The Conservation District suggests that the consolidation of its facilities "with the more intensive infrastructure needed for San Bernardino Valley Municipal Water District to fulfill its responsibility of importing and exporting water, and other duties, may result in expanded capital expenditures and their attendant environmental impacts in environmentally sensitive areas." From this statement, the Conservation District apparently wishes LAFCO to conclude that it would be a better steward of the environment than Valley District.

The Conservation District's statement is incorrect, for a number of reasons. First, the Conservation District fails to recognize

that there is a good reason that its facilities are largely unlined canals or open spreading basins. Such facilities are needed in order to allow for the maximum percolation of water diverted from the Santa Ana River into the groundwater basin. Lining a conveyance canal or a spreading basin would defeat the purpose of those facilities. Conversely, Valley District's facilities - which provide the basic plumbing to move water throughout the San Bernardino Valley - are constructed of steel and concrete in order to avoid water losses.

Second, as noted above, the Conservation District continues incorrectly to state that our District exports water.

Third, as part of the EIR for our water right applications, our District and Western have had to address the question of how we mitigate for impacts on endangered species that live adjacent to the Santa Ana River channel. The District is working with the Corps of Engineers and the Local Sponsors (San Bernardino County, Riverside County and Orange County) to develop techniques which will make use of existing and future facilities in a manner which will provide for maintenance and restoration of environmentally sensitive areas related to the construction of Seven Oaks Dam for flood control purposes. I believe such efforts will allow for maintenance and restoration to be done in much more environmentally friendly and controlled manner than those previously proposed while, at the same time, allowing for conservation of more native water for local use. It will most certainly take expanded capital expenditures to construct facilities which will expand the ability of local agencies to capture and use local water, instead of simply importing more and more water from Northern California. The ability to use local water resources first in a more effective manner, consistent with the current water supply needs of the retail agencies within Valley District, is far more environmentally friendly overall than increasing imports from Northern California, particularly in light of the recent collapse of fisheries in the Sacramento-San Joaquin River Delta.

(5) Financing of Groundwater Recharge Efforts

The Conservation District states that it has an "established and accepted financing mechanism to assist its water conservation efforts, in its groundwater charge." The Conservation District further states that "consolidation may present a threat to this important source for funding groundwater recharge activities in the Bunker Hill Basin." After reading the analysis of the Conservation District's finances prepared by the City of Redlands, I believe that the groundwater charge is not needed

and could be abolished without loss of continued recharge activities if LAFCO were to decide that it is in the public interest to consolidate the Conservation District into Valley District.

Repeating information which the City of Redlands assembled, and which I have no reason to doubt and believe to be correct, the Conservation District did not levy a groundwater charge from its inception in 1931 until 1993. The Conservation District initially set the groundwater charge in 1993/94 at $4.00/acre-foot and justified that charge as a way to offset the varying revenues from mining leases. The charge is now $6.65/acre-foot and so has increased by about 66%. In the meantime, mining revenues have increased from 12 cents/ton in 1992 to 45 cents/ton in 2006, an increase of about 370%. Revenue from mining, interest on the Conservation District's reserves and property taxes totals about $1 million/year and is more than ample to fund the Conservation District's groundwater recharge activities. If the groundwater charge were truly being used only to offset reductions in mining revenues, I would have expected the groundwater charge to be reduced substantially or eliminated in the past few years due to the substantial increases in mining revenues but, instead, it has steadily increased. Under these circumstances, there appears to be no need for the groundwater charge in order to finance groundwater spreading operations.

If LAFCO were to determine that it is in the public interest to consolidate the Conservation District into Valley District, I would inform the Valley District Board of Directors that mining revenues, interest income and the property taxes formerly paid to the Conservation District would be sufficient to continue the Conservation District's groundwater spreading operations. This conclusion would be important to the Valley District Board of Directors; our District does not have authority to levy a groundwater charge and I am sure that the District's Board of Directors would not wish to take on an additional task without being assured that there is a reasonable source of funding for that task.

c. Expansion of Conservation District's Sphere of Influence

The Conservation District states that it "does not favor expansion of its sphere of influence to encompass the entire Bunker Hill Basin." I agree.

The Conservation District states that the best way to manage the Bunker Hill Basin is through "the multi-agency collaborative efforts already well underway by basin stakeholders" such as the Integrated Management Program Demonstration Project Agreement. Again, I agree and, as a consequence, our District was an important force in negotiating the Seven Oaks Accord, the Integrated Management Program Demonstration Project Agreement, and the Agreement to Develop and Adopt an Institutional Controls Groundwater Management Program during the last half of 2004 and early 2005. However, such agreements can only be effective when the parties fully implement all of the agreements' terms. For that reason, the Conservation District should not be rewarded with an expansion of its sphere of influence.

Question 2: Status of Integrated Groundwater Management Plan

The Conservation District's response inaccurately states that it, along with other agencies, is developing an Integrated Regional Water Management Plan (IRWMP) that will be completed by December 2006. There is no such plan.

The Conservation District should have said that it, Valley District and the other agencies identified in the Conservation District's response have been working together to prepare and for Valley District to file a Planning Grant Application with the State of California through the Integrated Regional Water Management Grant Program (Proposition 50, Chapter 8). A decision by the State of California as to whether to award that grant will not be made until some time in the fall of 2005. If the grant application is successful, the parties identified in the Conservation District's response will work with Valley District (the lead agency for the grant application) and others to develop and implement an IRWMP that meets the requirements of the Seven Oaks Accord and addresses the needs of other producers within the Basin that are not parties to the Accord. That program would be approved by Valley District and Western and implemented through the Seven Oaks Accord, of which the Conservation District is not a party.

Question 3: Valley District Spreading

Valley District currently spreads water. The District relies heavily on the use of spreading basins owned and operated by the Flood Control District, as well as the Santa Ana River and Mill

Creek spreading grounds. As has been reported in local newspapers, many of the Flood Control District facilities previously used by Valley District are currently unavailable due to debris flows which occurred over this past and previous winters. In accordance with their need for flood control purposes, the Flood Control District determines the priority for restoring these basins to a condition which will also be suitable for percolation of native or imported water.

The numbers describing Valley District's spreading over the past five years are included below. However, the breakdown as to which quantities were for a specific agency other than Valley District will be provided to you under separate cover later this week. The District doesn't assemble that type of information in the normal course of business. The District's Assistant General Manager, who also functions as our Chief Financial Officer, will be back in the office tomorrow and will respond to that portion of your request. I have additionally included as Attachment 26 a portion of the spreadsheet which I use in my Western Watermaster work to keep track of spreading activities in various basins back to December 1972 when imported water was first delivered into this Valley.

Location of spreading activities	Amount of water spread during Fiscal Year 2000 - 01 Acre - Feet	Amount of water spread during Fiscal Year 2001 - 02 Acre - Feet	Amount of water spread during Fiscal Year 2002 - 03 Acre - Feet	Amount of water spread during Fiscal Year 2003 - 04 Acre - Feet	Amount of water spread during Fiscal Year 2004 - 05 Acre - Feet	Total Acre - Feet
Sweetwater T.O.	4,705	3,489	6,078	4,095	1,443	19,810
Badger Basin T.O.	0	0	0	4	0	4
Waterman T.O.	0	0	3,778	0	0	3,778
City Creek T.O.	0	0	0	0	0	0
Santa Ana Low	0	7,153	5,737	1,794	0	14,684
Mill Creek Spreading	0	3	0	0	0	3
SARC West	0	0	1,116	438	942	2,496
Wilson Basins	0	0	61	1,816	0	1,877
Below Yucaipa Park	0	127	35	0	0	162
Total for Fiscal Year	4,705	10,772	16,805	8,147	2,385	42,814

Conclusion

I would like to thank you for this opportunity to provide information in response to your request. While this letter outlines a representative cross-section of the District's activities, it is by no means an exhaustive detailing of all of the District's activities. As I mentioned at the start of this letter, I would be glad to answer any questions you or your

staff might have and to provide additional information if LAFCO staff would find that to be useful. Please feel free to call me at 909/387-9222 should you, or your staff, require additional information on specific topics covered or information on new topics which you would find beneficial in the preparation of your staff report.

Very truly yours,

Robert L. Reiter

Robert L. Reiter
General Manager
and Chief Engineer

Attachments (see table)

cc: Lawrence Libeu - SBVWCD (attachments in electronic format)

Attachments to 080105 Letter to LAFCO

Attachment No.	Document Description
1	Resume of Robert L. Reiter
2	*Orange County* Judgment and associated documents
3	*Western* Judgment and associated documents
4	2005 *Orange County* Watermaster Report
5	2004 *Western* Watermaster Report
6	1997 USACOE Feasibility Study/EIS for Water Conservation at Seven Oaks Dam funded by SBVMWD/WMWD
7	Seven Oaks Accord
8	SBVMWD Agreement with State of California (SWP Contract) and Amendments
9	Chart showing Conservation District spreading by year
10	Big Bear Municipal Water District and SBVMWD settlement agreement
11	Excerpt from SWRCB Order 95-4 (pp. 10-11)
12	Newspaper reports of flooded basements
13	Integrated Management Program Demonstration Project Agreement
14	Conservation District's July 2005 Operations Report
15	Conservation District's Daily Flow Reports from July 1, 2005 to July 25, 2005
16	Santa Ana River-Mill Creek Cooperative Project Agreement
17	USGS Model of the Bunker Hill Basin (USGS Professional Paper __) [Approved for publishing]
18	Santa Ana River Water Right Application No. 31165 - SBVMWD/WMWD
19	Santa Ana River Water Right Application No. 31370 - SBVMWD/WMWD
20	Community Report for the Santa Ana River Water Right Applications for Supplemental Water Supply - SBVMWD/WMWD
21	Draft EIR for Supplemental Water from the Santa Ana River - SBVMWD/WMWD (Separate CD-ROM)
22	1995 SBVMWD Regional Water Facilities Master Plan (Separate CD-ROM)
23	Cooperative Agreements with MWDSC (including Attachments 1 through 6)
24	Agreement to Develop and Adopt an Institutional Controls Groundwater Management Program
25	SBVMWD Proposition 50 Planning Grant Application for an Integrated Regional Water Management Plan
26	State Water Project Water Deliveries Spreadsheet from *Western* Watermaster report
27	Artifical Recharge in the Bunker Hill-San Bernardino Timoteo Area - SBVMWD ENG-67-14
28	DWR Bulletin 104-5 - Meeting Water Demands in the Bunker Hill - San Timoteo Area

Execution Copy

SETTLEMENT AGREEMENT

Relating to the Diversion of Water From the Santa Ana River System

(the "Seven Oaks Accord")

July 21, 2004

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SETTLEMENT AGREEMENT

Relating to the Diversion of Water from the Santa Ana River System

This Settlement Agreement Relating to the Diversion of Water From the Santa Ana River ("**Agreement**") is entered into this 21st day of July, 2004 ("Effective Date") by and among: San Bernardino Valley Municipal Water District ("**Muni**") and Western Municipal Water District of Riverside County ('**Western**") (collectively, Muni and Western are referred to as the "**Applicants**"); the City of Redlands ("**Redlands**"); East Valley Water District ("**East Valley**"); and Bear Valley Mutual Water Company, Lugonia Water Company, North Fork Water Company and Redlands Water Company ("**Bear Valley**"), (collectively, Redlands, East Valley and Bear Valley are referred to as the "**Water Users**"). Each of the parties to this Agreement is referred to herein as a "**Party**" and the parties are collectively referred to herein as the "**Parties.**"

Recitals

Applicants have filed with the State Water Resources Control Board ("**SWRCB**") Application Nos. 31165 and 31370 (collectively, the "**Applications**") to appropriate water from the Santa Ana River for direct diversion and/or storage. Water Users have filed protests against the Applications alleging infringement of Water Users' senior water rights and adverse impacts on the environment. The Parties wish to resolve these protests without the need for a lengthy and expensive water rights hearing.

Agreements

1. *Withdrawal of Protests Presently Pending Before the SWRCB.*

   a. *Withdrawal of Protests.* Within twenty business days after the date on which Water Users receive a draft environmental impact report on the Applications for public review, Water Users shall each send to the SWRCB, via certified mail with a copy to Applicants, a letter withdrawing their respective protests against the Applications. Said letters shall be in the form provided in Exhibit A and incorporated herein by reference. Applicants shall provide Water Users with notice of the release of the draft environmental impact report via facsimile transmission upon its release.

   b. *Support for Applications.* Water Users shall, simultaneously with the withdrawal of their respective protests to the Applications, also each send, via certified mail with a copy to Applicants, letters to the SWRCB supporting the issuance of permits to Applicants for the diversion and storage of the full quantities of water from the Santa Ana River identified in the Applications. Such letters shall be in the form provided in Exhibit B and incorporated herein by reference. Water Users shall also, upon written request by Applicants, send similar letters to local, state and federal agencies supporting the issuance of all other permits or regulatory approvals that may be necessary for Applicants to implement their plans to divert water from the Santa Ana River, including seasonal water conservation at Seven Oaks Dam and Reservoir, as reflected in the Applications. A list of all permits/approvals that Applicants presently believe may be required to implement the Applications is included in Exhibit B and incorporated herein by reference. Applicants shall update this list annually if additional permits/approvals become necessary to implement the plans identified in the Applications and Water Users agree not to object to such additional permits/approvals that may be needed to implement the Applications.

c. *Incorporation of Settlement in Applications.* Applicants shall, within twenty business days of the date on which Applicants issue a draft environmental impact report on the Applications for public review, amend the Applications to incorporate the terms of this Agreement therein and request the SWRCB to incorporate the terms of this Agreement in any permits issued to Applicants.

2. *Effect of Agreement.* Paragraphs 3 to 11 of this Agreement shall not take effect unless and until: (i) the Parties complete the review and analysis, if any, that may be required by the terms of the California Environmental Quality Act of the potential physical change in the environment of implementing those provisions and (ii) the SWRCB approves the Applications, in whole or in part, and issues water rights permits to Applicants pursuant thereto. In the event that the SWRCB denies the Applications in their entirety, paragraphs 3 to 11 of this Agreement shall immediately be deemed null and void and no Party shall be bound thereby. In the event that the SWRCB approves the Applications by the issuance of permits which contain terms or provisions that are inconsistent with the terms or provisions of this Agreement, the Parties shall implement the terms or provisions of this Agreement to the extent legally permissible.

3. *Diversions from the Santa Ana River*

a. *Diversions by Water Users.* Subject to the conditions contained in subparagraphs 3(a)(1) to 3(a)(7) below, any rights granted Applicants by the SWRCB to divert water from the Santa Ana River shall be subject to the prior right of Water Users to divert up to the first 88 cfs of the natural flow of the Santa Ana River and Applicants shall not, during the term of this Agreement, object to, nor challenge by way of any administrative proceeding, judicial proceeding or otherwise, Water Users' combined diversion of up to the first 88 cfs of the natural flow of the Santa Ana River, as defined in paragraph 3(a)(7) below. Such diversion may include, without limitation, Water Users' diversion of water at rates sufficient to:

(i) equal the present and future treatment capacity of the Hinckley Treatment Plant or other water treatment plants used to deliver water for municipal and industrial purposes within Water Users' respective service areas, (ii) meet the irrigation demand from agricultural areas within Water Users' respective service areas, and (iii) satisfy other permitted uses of water as described in paragraphs 3(a)(1) and 3(a)(6) below. Nothing in this Agreement shall be interpreted to allow Water Users, under any circumstances, to divert water other than the first 88 cfs of the natural flow of the Santa Ana River.

(1) *"Run of the River" Basis for Diversions.* All diversions by Water Users from the Santa Ana River must be made on a "run of the river" basis (i.e., diversions for immediate delivery for beneficial use without storage of any kind, either above or below ground) for delivery within Water Users' combined service areas, *provided, however,* that Water Users may spread a portion of the natural flow of the Santa Ana River as provided in paragraph [redacted] below and may store a portion of the natural flow of the Santa Ana River as provided in paragraph 3(a)(6) below.

(2) *Natural Flow of the Santa Ana River.* The "natural flow of the Santa Ana River" is defined for purposes of this Agreement as the flow of the Santa Ana River in the Southern California Edison Company power conduit as measured downstream of Seven Oaks Dam, and the river pickup located downstream from Seven Oaks Dam and upstream from the afterbay of Southern California Edison Santa Ana River Powerhouse No. 3, less: (1) any releases from Bear Valley's Lake Account, and/or (2) any releases or spills from Big Bear Municipal Water District's Lake Account, as those accounts are defined in the 1977 judgment in *Big Bear Municipal Water District v. North Fork Water Company et al.* (San

Bernardino County Superior Court No. 165493) dated February 4, 1977, a copy of which is attached hereto as Exhibit C and incorporated herein by reference (the **"1977 Judgment"**). Water Users may divert up to the full 88 cfs using the combination of the Southern California Edison power conduit and the river pickup located downstream from Seven Oaks Dam and upstream from the afterbay of Southern California Edison Santa Ana River Powerhouse No. 3. The facilities described in this subparagraph are depicted in the map attached hereto as Exhibit D and incorporated herein by reference. If Southern California Edison sells or otherwise disposes of the power conduit system, Water User's right to divert the first 88 cfs of the natural flow of the Santa Ana River shall remain unaffected.

(3) *Water Users' Service Areas.* The Water Users' combined service areas are defined more precisely in Exhibit E, which is attached hereto and incorporated herein by reference.

(4) *Water Users' Points of Diversion.* Nothing in this Agreement is intended to prevent the Water Users from diverting water from points of diversion that they each respectively use at present. A list of such points of diversion is attached as Exhibit F and incorporated herein by reference. Water Users agree that Applicants may divert the water that is the subject of the Applications from Water Users' points of diversion, *provided* that Applicants may only divert water from Water Users' points of diversion during those times when there is diversion capacity available at those points of diversion which is excess to the needs of Water Users. Water Users shall execute the necessary documents, if any, to evidence full permission to Applicants to

divert water from Water Users' points of diversion, subject to the above restriction.

(5) *Cooperative Water Project Agreement Credits.* Nothing in this Agreement is to be construed as precluding Water Users from delivering water in a manner that generates Deferred Exchange Water Credits under the terms of the Santa Ana River-Mill Creek Cooperative Water Project Agreement (the "Cooperative Water Project Agreement").

(6) *Permitted Surface Storage.* Nothing in this Agreement shall: (i) preclude Bear Valley from storing water to the extent needed for system surface storage in the Mentone Reservoir at its present location to meet the needs/demands of its shareholders or (ii) preclude Bear Valley's shareholders from storing water in Crafton Reservoir at its present location to meet the needs/demands of its shareholders. Nothing in this Agreement is intended to interfere with Redlands' and East Valley's regulatory storage of potable water above ground prior to delivery of that water to retail or wholesale customers.

(7) *No Rights to Seven Oaks Reservoir.* Nothing in this Agreement shall be construed as granting Water Users any right to water that is conserved at Seven Oaks Reservoir or as granting Water Users any right to store water at Seven Oaks Reservoir; provided, however, Water Users may divert, at the Bear Valley River Pickup, up to 88 cfs of the natural flow of the Santa Ana River that is temporarily detained behind Seven Oaks Dam.

b. *Applicants' Diversion Rights.* Water Users shall not object to Applicants' diversion, pursuant to a permit or license issued by the SWRCB, of all water in the Santa Ana River in excess of the actual combined diversions

of Water Users, which, pursuant to paragraph 3(a) above, shall not exceed 88 cfs. Water Users shall have no claims to or rights in the water diverted by Applicants provided that nothing in this Agreement is to be construed as prohibiting Water Users from participating in programs developed or implemented by Applicants on the same terms and conditions as other water purveyors in the San Bernardino Valley.

4. *Groundwater Spreading Program.* Applicants, after consultation with Water Users, shall develop and manage a groundwater spreading program that is intended to maintain groundwater levels at the wells specified in Exhibit G at relatively constant levels, in spite of the inevitable fluctuations due to hydrologic variation. The groundwater spreading program shall identify target water level ranges in the specified wells and shall be subject to the requirement that such spreading not worsen the problem of high groundwater levels in the Pressure Zone. The determination of whether a particular action will worsen groundwater levels in the Pressure Zone shall be made using the integrated surface and groundwater models used by Applicants in the environmental impact report for the Applications, as those models may be refined in the future.

a. *Development and Implementation of Program.* Applicants shall adopt such an integrated management program within five years of the date on which the SWRCB grants Applicants a permit to divert water from the Santa Ana River. Water Users agree to limit spreading in the San Bernardino Basin Area so as to conform to an annual management plan adopted by Applicants that is consistent with the terms of this Agreement.

b. *Spreading by Water Users.* As part of the groundwater spreading program developed by Applicants, Bear Valley may, in lieu of a portion of its share of the 88 cfs of direct diversions of the natural flow of the Santa Ana River described in paragraph 3(a) above, divert up to a maximum collective total of 9 cfs for spreading at either the South Airport spreading basins and/or at the West Mill Creek spreading grounds. These spreading

grounds are shown on the map depicted in Exhibit H and incorporated herein by reference. The other Water Users, including but not limited to Redlands and East Valley, will also be able to participate in the spreading program by spreading a portion of their respective shares of the natural flows of the Santa Ana River within the 88 cfs limit described in paragraph 3(a) at the locations specified in Exhibit H. The maximum total spreading that may be done by all Water Users, in all locations at any given time, may not exceed a rate of 20 cfs, provided that such spreading shall not worsen high groundwater levels in the Pressure Zone as defined in paragraph 4 above. All spreading by Water Users is intended to be operated on a "put and take" basis with extractions occurring within one year of the date spread and Water Users shall report all spreading to Applicants on an annual basis for inclusion in the Watermaster's report pursuant to the *Western* Judgment identified in paragraph 7(c) below.

5. *Service of Water by Water Users.* In accordance with all applicable provisions of law, Water Users shall only deliver surface water or groundwater:

a. within Water Users' respective Service Areas as identified in Exhibit E, as modified from time to time in accordance with applicable law;

b. on a retail basis in areas outside Water Users' respective Service Areas where a Water User provides such service on a 365 day/year basis; or

c. on a non-retail basis outside Water Users' respective Service Areas and within the San Bernardino Basin Area, *provided that* if a Water User wishes to provide water on a non-retail basis outside its Service Area and within the San Bernardino Basin Area, it shall provide Applicants with at least 30 days' written notice of such proposed non-retail service. If Applicants do not object in writing to such proposed non-retail service within 15 days from the date of the notice, the Water User may proceed with such non-retail service of water. If Applicants object to such

proposed non-retail service, Applicants and the Water User shall promptly meet to consider whether the provision of non-retail water service would reduce or interfere with the diversion of water by Applicants. If the integrated groundwater/surface water model referred to in paragraph 4 above shows that the proposal for non-retail service would not have any impacts on the location, timing, quantity, spreading or other characteristic of Applicants' diversions, then the Water User may implement the proposal. In all other cases, the proposal for non-retail service shall only be implemented with the prior written consent of Applicants, which shall not be unreasonably withheld or unduly delayed.

6. *Banking and Exchanges.*

a. *By Water Users.* Save in cases of emergencies, water diverted by Water Users may only be wheeled, banked, exchanged or transferred, directly or indirectly, in lieu or otherwise in the manner allowed by the Cooperative Water Project Agreement.

b. *By Applicants.* Water Users acknowledge that Applicants intend to bank and/or exchange substantial quantities of native Santa Ana River water for water imported from the State Water Project or other sources of imported or native water pursuant to a comprehensive program for water banking and/or exchanges in the San Bernardino Valley and elsewhere in Southern California that includes, but is not limited to, the groundwater spreading plan described in paragraph 4 above, and that is not inconsistent with the terms of this Agreement.

c. *Pursuant to Applicants' Program.* Water Users acknowledge that Applicants intend to develop a comprehensive program for water banking and/or exchanges in the San Bernardino Valley and elsewhere in Southern California that includes, but is not limited to, the groundwater spreading plan described in paragraph 4 above. Water Users may participate in such

comprehensive water banking/exchange program on the same terms as other water purveyors.

d. *Definition of Emergency.* For purposes of this Agreement, the term "**emergency**" shall be defined as provided in California Code of Regulations, title 14, section 15359.

7. *State Project Water.* Applicants reserve the right to store State Water Project water in Seven Oaks Reservoir, either in conjunction with or separately from, the storage of conserved water from the Santa Ana River system. Water Users will not object to such storage of State Water Project water in Seven Oaks Reservoir to the extent that such storage is not inconsistent with the terms of this Agreement.

8. *Water Subject to Agreement.* This Agreement addresses the Parties' use of raw water (including surface water, non-contaminated groundwater and groundwater treated to remove contaminants) and potable water. Nothing in this Agreement shall be construed to regulate the Parties' use of recycled municipal wastewater.

9. *Relationship to Other Agreements and Judgments.*

a. *Cooperative Water Project Agreement.* Nothing in this Agreement is intended to modify the rights of the Parties under the Cooperative Water Project Agreement.

b. *Agreements Among Water Users.* Nothing in this Agreement is intended to modify the rights of Water Users among themselves.

c. *Judgments.* Nothing in this Agreement is intended to modify the rights of the Parties under the terms of the 1977 Judgment or the judgments in *Orange County Water District v. City of Chino et al.* (Orange County Superior Court, Case No. 117628, April 17, 1969) and *Western Municipal Water District of Riverside County v. East San Bernardino County Water District et al.* (Riverside County Superior Court Case No. 78426, April 17, 1969).

10. *No Admissions*. Nothing in this Agreement shall be construed as an admission by any Party regarding any subject matter of this Agreement, including but not limited to the water rights of the Parties. The Parties agree that Evidence Code sections 1152 and 1154 render this Agreement inadmissible as evidence against any of the Parties in any adjudicative proceeding, except a proceeding to enforce or interpret the terms or conditions of this Agreement and/or the terms or conditions of a permit or permits issued to Applicants by the SWRCB pursuant to the Applications. In particular, nothing in this Agreement shall be construed as an admission by Applicants relating to the priority, nature, quantity or other characteristic of the water rights claimed by Water Users or a waiver of any contentions by Applicants relating to Water Users' claimed water rights.

11. *Preservation of Rights*. The Parties agree that this Agreement is in settlement of water right disputes and preserves all rights of the Parties as they may exist as of the Effective Date of this Agreement. Nothing in this Agreement is to be construed as altering the priorities or entitlements of Water Users among themselves to water from the Santa Ana River.

12. *Administration of Agreement*

    a. *Recordation of Agreement*. Applicants shall, within ten days of the Effective Date of this Agreement, cause this Agreement to be recorded in the Official Records of the County of San Bernardino. Applicants shall provide Water Users with recorded copies of this Agreement promptly upon the receipt of such copies from the County of San Bernardino.

    b. *Books and Records*. Each Party shall have access to and the right to examine any of the other Party's pertinent books, documents, papers or other records (including, without limitation, records contained on electronic media) relating to the performance of that Party's obligations pursuant to this Agreement. The Parties shall each retain all such books, documents, papers or other records to facilitate such review. Access to

each Party's books and records shall be during normal business hours only. Nothing in this paragraph shall be construed to operate as a waiver of any applicable privileges.

c. *Disputes*. The Parties recognize that there may be disputes regarding the obligations of the Parties or the interpretation of this Agreement. The Parties agree that they may attempt to resolve disputes as follows:

(1) *Statement Describing Alleged Violation of Agreement.* A Party or Parties alleging a violation of this Agreement (the "**Initiating Party(ies)**") shall provide a written statement describing all facts that it believes constitute a violation of this Agreement to the Party(ies) alleged to have violated the terms of this Agreement (the "**Responding Party(ies)**").

(2) *Response to Statement of Alleged Violation.* The Responding Party(ies) shall have sixty days from the date of the written statement to prepare a written response to the allegation of a violation of this Agreement and serve that response on the Initiating Party(ies) or to cure the alleged violation to the reasonable satisfaction of the Initiating Party(ies). The Initiating Party(ies) and the Responding Party(ies) shall then meet within thirty days of the date of the response to attempt to resolve the dispute amicably.

(3) *Mediation of Dispute.* If the Initiating Party(ies) and the Responding Party(ies) cannot resolve the dispute within ninety days of the date of the written response, they shall engage a mediator, experienced in water-related disputes, to attempt to resolve the dispute. Each Party shall ensure that it is represented at the mediation by a Director or Trustee. These representatives of the Initiating Party(ies) and the Responding Party(ies) may consult

with staff and/or technical consultants during the mediation and such staff and/or technical consultants may be present during the mediation. The costs of the mediator shall be divided evenly between the Initiating Party(ies) and the Responding Party(ies).

(4) *Reservation of Rights.* Nothing in this paragraph 12 shall require a Party to comply with the dispute resolution process contained herein and each Party retains and may exercise at any time all legal and equitable rights and remedies it may have to enforce the terms of this Agreement; provided, that prior to commencing litigation, a Party shall provide at least five calendar days' written notice of its intent to sue to all Parties.

13. *Implementation of Agreement.* This Agreement shall become effective upon its approval by Muni, Western, Redlands, Bear Valley Mutual Water Company, and East Valley. Other Parties identified above shall have 90 days from the Effective Date to execute this Agreement.

14. *Environmental Impact Report.* Applicants shall include thresholds of significance and mitigation measures in substantially the form set forth in Exhibit I in their environmental impact report for the Applications.

15. *General Provisions.*

a. *Authority.* Each signatory of this Agreement represents that s/he is authorized to execute this Agreement on behalf of the Party for which s/he signs. Each Party represents that it has legal authority to enter into this Agreement and to perform all obligations under this Agreement.

b. *Amendment.* This Agreement may be amended or modified only by a written instrument executed by each of the Parties to this Agreement.

c. *Jurisdiction and Venue.* This Agreement shall be governed by and construed in accordance with the laws of the State of California, except for

its conflicts of law rules. Any suit, action, or proceeding brought under the scope of this Agreement shall be brought and maintained to the extent allowed by law in the County of San Bernardino, California.

d. *Headings*. The paragraph headings used in this Agreement are intended for convenience only and shall not be used in interpreting this Agreement or in determining any of the rights or obligations of the Parties to this Agreement.

e. *Construction and Interpretation*. This Agreement has been arrived at through negotiations and each Party has had a full and fair opportunity to revise the terms of this Agreement. As a result, the normal rule of construction that any ambiguities are to be resolved against the drafting Party shall not apply in the construction or interpretation of this Agreement.

f. *Entire Agreement*. This Agreement constitutes the entire agreement of the Parties with respect to the subject matter of this Agreement and supersedes any prior oral or written agreement, understanding, or representation relating to the subject matter of this Agreement.

g. *Partial Invalidity*. If, after the date of execution of this Agreement, any provision of this Agreement is held to be illegal, invalid, or unenforceable under present or future laws effective during the term of this Agreement, such provision shall be fully severable. However, in lieu thereof, there shall be added a provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable.

h. *Successors and Assigns*. This Agreement shall be binding on and inure to the benefit of the successors and assigns of the respective Parties to this Agreement. No Party may assign its interests in or obligations under this

Agreement without the written consent of the other Parties, which consent shall not be unreasonably withheld or delayed.

i. *Waivers*. Waiver of any breach or default hereunder shall not constitute a continuing waiver or a waiver of any subsequent breach either of the same or of another provision of this Agreement and forbearance to enforce one or more of the remedies provided in this Agreement shall not be deemed to be a waiver of that remedy.

j. *Attorneys' Fees and Costs*. The prevailing Party in any litigation or other action to enforce or interpret this Agreement shall be entitled to reasonable attorneys' fees, expert witnesses' fees, costs of suit, and other and necessary disbursements in addition to any other relief deemed appropriate by a court of competent jurisdiction.

k. *Necessary Actions*. Each Party agrees to execute and deliver additional documents and instruments and to take any additional actions as may be reasonably required to carry out the purposes of this Agreement.

l. *Compliance with Law*. In performing their respective obligations under this Agreement, the Parties shall comply with and conform to all applicable laws, rules, regulations and ordinances.

m. *Third Party Beneficiaries*. This Agreement shall not create any right or interest in any non-Party or in any member of the public as a third party beneficiary.

n. *Counterparts*. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute but one and the same instrument.

o. *Notices*. All notices, requests, demands or other communications required or permitted under this Agreement shall be in writing unless provided otherwise in this Agreement and shall be deemed to have been duly given

and received on: (i) the date of service if served personally or served by facsimile transmission on the Party to whom notice is to be given at the address(es) provided below, (ii) on the first day after mailing, if mailed by Federal Express, U.S. Express Mail, or other similar overnight courier service, postage prepaid, and addressed as provided below, or (iii) on the third day after mailing if mailed to the Party to whom notice is to be given by first class mail, registered or certified, postage prepaid, addressed as follows:

BEAR VALLEY MUTUAL WATER COMPANY:

Bear Valley Mutual Water Company
101 E. Olive Avenue
Redlands, CA 92373
(909) 793-4901
(909) 793-7073 (FAX)
Attn: General Manager

CITY OF REDLANDS:

City of Redlands
35 Cajon Street
Redlands, CA 92373
(909) 798-7533
(909) 798-7535 (FAX)
Attn: Municipal Utilities Director

EAST VALLEY WATER DISTRICT:

East Valley Water District
1155 Del Rosa Avenue
P.O. Box 3427
San Bernardino, CA 92413
(909) 885-4900
(909) 889-5732 (FAX)
Attn: General Manager

SBBA Index Wells

Well No.	State Well Number	Owner	Well Name
1	02N05W19Q01S	City of San Bernardino MWD	Vincent Well
2	01N04W06H02S	City of San Bernardino MWD	Devil Canyon No. 3
3	01N04W08M01S	City of San Bernardino MWD	Devil Canyon No. 1
4	01N05W03H01S	City of San Bernardino MWD	Cajon Well No. 1
5	01N04W31A01S	City of San Bernardino MWD	Mt. Vernon
6	01N05W06G01S	Fontana Union Water Company	Well 27
7	01N05W07H01S	Fontana Union Water Company	Well 26
8	01N05W22A01S	Fontana Union Water Company	Well 13
9	01N05W36H04S	West Valley Water District	Lord 7
10	01N04W26A02S	East Valley Water District	Well 24A
11	01S04W14P02S	City of Riverside	Raub 1
12	01S04W23Q	Gage Canal Company	Lower Kelly
13	01N04W16E03S	City of San Bernardino MWD	Newmark 3
14	01N04W27A02S	City of San Bernardino MWD	Leroy Street Well
15	01S03W04N01S	East Valley Water District	Well 40
16	01S03W15F01S	City of Redlands	Orange Street Well
17	01S03W21H01S	City of Redlands	Well 32
18	01N03W30J01S	East Valley Water District	Well 62
19	01S02W19A01S	City of Redlands	Agate 2
20	01S03W23A03S	Bear Valley Mutual Water Company	Nelson Street
21	01S03W13M01S	City of Redlands	Airport 2
22	01S03W13Q01S	San Bernardino Valley MWD	San Bernardino Ave. Well
23	01S03W02J02S	East Valley Water District	Well 120
24	01S03W03R04S	East Valley Water District	Well 146A
25	01S02W07R01S	East Valley Water District	Observation Well

EXHIBIT G

LUGONIA WATER COMPANY:

Lugonia Water Company
101 E. Olive Avenue
Redlands, CA 92373
(909) 793-4901
(909) 793-7073 (FAX)
Attn: General Manager

NORTH FORK WATER COMPANY

North Fork Water Company
1155 Del Rosa Avenue
P.O. Box 3427
San Bernardino, CA 92413
(909) 885-4900
(909) 889-5732 (FAX)
Attn: General Manager

REDLANDS WATER COMPANY

Redlands Water Company
101 E. Olive Avenue
Redlands, CA 92373
(909) 793-4901
(909) 793-7073 (FAX)
Attn: General Manager

SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT:

San Bernardino Valley Municipal Water District
1350 S. "E" Street (92408-2725)
P. O. Box 5906 (92412-5906)
San Bernardino, CA
(909) 387-9222
(909) 387-9247 (FAX)
Attn: General Manager

WESTERN MUNICIPAL WATER DISTRICT OF RIVERSIDE COUNTY:

Western Municipal Water District of Riverside County
450 Alessandro Boulevard
Riverside, CA 92508
(909) 789-5000
(909).780-3837 (FAX)
Attn: General Manager

BEAR VALLEY MUTUAL WATER COMPANY

By: _____
Robert A. Hinze
President, Board of Directors

Attest:

By: _____
Charlotte L. Van Eck
Secretary

CITY OF REDLANDS

By: _____
Susan Peppler
Mayor

Attest:

By: _____
Lorrie Poyzer
City Clerk

EAST VALLEY WATER DISTRICT

By: _____
George E. (Skip) Wilson
President, Board of Directors

LUGONIA WATER COMPANY

By: _____
David B. Knight
President

Attest:

By: _____
Charlotte Van Eck
Secretary

NORTH FORK WATER COMPANY

By: _____
Arnold Wright
President, Board of Directors

REDLANDS WATER COMPANY

By: _____
Joseph P. Buoye
President, Board of Directors

Attest:

By: _____
Charlotte L. Van Eck
Secretary

SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT

By: _____
Patrick Milligan
President, Board of Directors

WESTERN MUNICIPAL WATER DISTRICT OF RIVERSIDE COUNTY

By: _____
Wayne Holcomb
President, Board of Directors

List of Exhibits

Exhibit	Title
A	Form of Letter to the State Water Resources Control Board From Water Users Withdrawing Water Users' Protests
B	Form of Letter to the State Water Resources Control Board From Water Users Supporting the Issuance of Permits to Applicants (includes list of permits)
C	Judgment in *Big Bear Municipal Water District v. North Fork Water Company et al.* (San Bernardino Superior Court, No. 165493, February 4, 1977).
D	Map of Santa Ana River Facilities
E	Water Users' Service Areas
F	Water Users' Points of Diversion
G	SBBA Index Wells
H	Map of Water Users' Spreading Grounds
I	Thresholds of Significance and Mitigation Measures to be Included in Applicants' EIR

EXHIBIT A

Arthur G. Baggett, Jr.
Chairman
State Water Resources Control Board
1101 I Street
Sacramento, California 95814

Re: Withdrawal of Protest by _____
Application Nos. 31165 and 31370
Santa Ana River, San Bernardino County

Dear Chairman Baggett:

_____ ("Protestant") has filed protests against Application Nos. 31165 and 31370 which have been filed with the State Water Resources Control Board (the "SWRCB") by San Bernardino Valley Municipal Water District and Western Municipal Water District of Riverside County ("Applicants"). Protestant and Applicants have now approved a settlement agreement that resolves all of the matters that were the subjects of Protestant's objections to Application Nos. 31165 and 31370. Protestant, accordingly, hereby withdraws its protests to Application Nos. 31165 and 31370. A copy of that executed settlement agreement is enclosed with this letter.

Please feel free to call if you or your staff have questions regarding this withdrawal of protests.

Very truly yours,

EXHIBIT B

Arthur G. Baggett, Jr.
Chairman
State Water Resources Control Board
1101 I Street
Sacramento, California 95814

Re: Letter of Support by _____
Application Nos. 31165 and 31370
Santa Ana River, San Bernardino County

Dear Chairman Baggett:

_____ ("Protestant") has filed protests against Application Nos. 31165 and 31370 (collectively, the "Applications") which have been filed with the State Water Resources Control Board ("SWRCB") by San Bernardino Valley Municipal Water District and Western Municipal Water District of Riverside County (collectively, "Applicants"). Protestant and Applicants have now approved and executed a settlement agreement that resolves all of the matters that were the subjects of Protestant's objections to the Applications.

Protestant hereby supports the SWRCB's issuance of permits to Applicants for the diversion and storage of the full quantities of water from the Santa Ana River identified in the Applications. Protestant also supports the issuance of all other permits or other regulatory approvals that may be necessary for Applicants to implement their plans to divert water from the Santa Ana Rive, including seasonal water conservation at Seven Oaks Dam and Reservoir, as reflected in the Applications.

Please feel free to call if you or your staff have questions regarding this letter in support of the Applications.

Very truly yours,

EXHIBIT C

Original Filed

FEB 7 1977

V. Dennis Wardle
County Clerk

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF SAN BERNARDINO

BIG BEAR MUNICIPAL WATER DISTRICT, Plaintiff v. NORTH FORK WATER COMPANY et al., Defendants	No. 165493 JUDGMENT

This action having been pending on appeal from a prior judgment of this Court, and the parties having stipulated to a form of judgment disposing of the issues raised by the complaint, and the Court of Appeal, pursuant to stipulation, having remanded the case for proceedings in accordance with said Stipulation for Judgment, and good cause appearing

IT IS HEREBY ORDERED, ADJUDGED AND DECREED as follows:

I. DEFINITIONS AND EXHIBITS

1. Definitions. As used in this judgment, the following terms shall have the meanings herein set forth:

(a) Basin Make-up Water. Water provided by District to

DONALD D. STARK
ATTORNEY AT LAW
21 BUSINESS CENTER
DRIVE

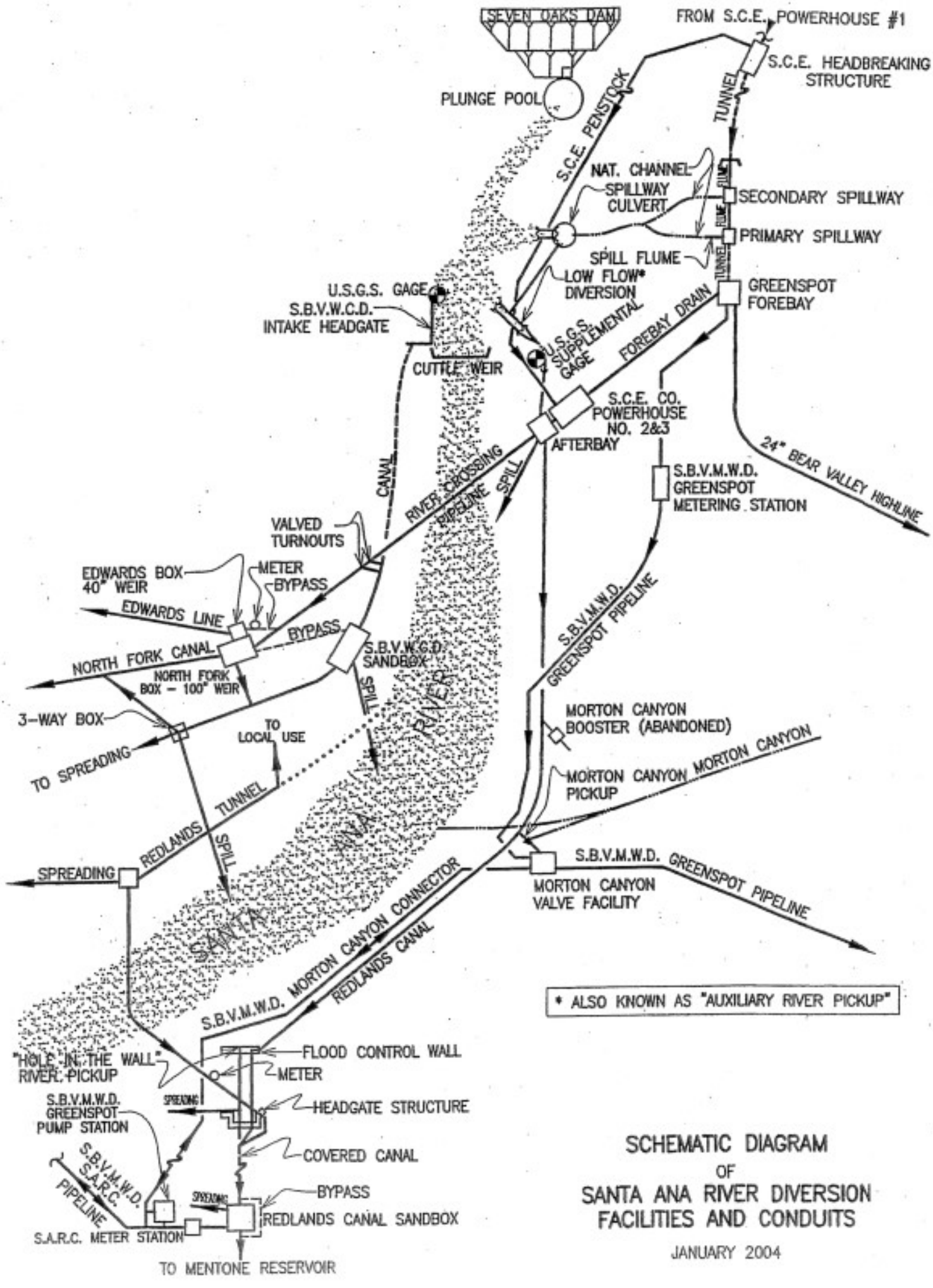
Permits Potentially Required for Water Conservation at Seven Oaks Dam

The following is a list of permits that may, depending upon site-specific circumstances, be required in order for the Applicants to implement their plans for seasonal water conservation at Seven Oaks Dam. Applicants will identify necessary permits after the completion of the Final EIR on seasonal water conservation.

Agency	*Permits/Approvals*
U.S. Army Corps of Engineers	• Approval for any physical alterations to Seven Oaks Dam and its operations, including seasonal water conservation • Approval for new pipelines to connect to facilities of Seven Oaks Dam • Permits/approvals per Section 404 of the Clean Water Act (for the discharge of dredged and fill material into waters of the United States) • Permits/approvals per Section 10 of the Rivers and Harbors Act (for construction in waterways) • Compliance with the National Environmental Policy Act (in conjunction with other Federal agencies)
U.S. Fish and Wildlife Service	• Permits/approvals per the Federal Endangered Species Act, Fish & Wildlife Coordination Act, Migratory Bird Treaty Act and similar statutes (including, if needed, incidental take permits)
U.S. Forest Service	• Access agreements/permits for construction within the San Bernardino National Forest and other compliance with applicable Forest Plan(s) • Special use permit for water conservation at Seven Oaks Dam
California State Water Resources Control Board	• Approval of Muni/Western water rights applications 31165 and 31370 • Clean Water Act Section 401 certification for all federal permits
Santa Ana Regional Water Quality Control Board	• Clean Water Act Section 401 certification for water quality/stormwater runoff during construction • National Pollutant Discharge Elimination System (NPDES) permit for ongoing pipeline cleaning and maintenance activities
California Department of Fish and Game	• Section 2081 and other permits per the California Endangered Species Act, the Fully Protected Species Act, the Natural Communities Conservation Program Act, and similar statutes (including, if needed, incidental take permits) • Section 1602 Streambed Alteration Agreement • Compliance with Section 5937 and similar statutes requiring that fish be kept in good condition below a dam or reservoir

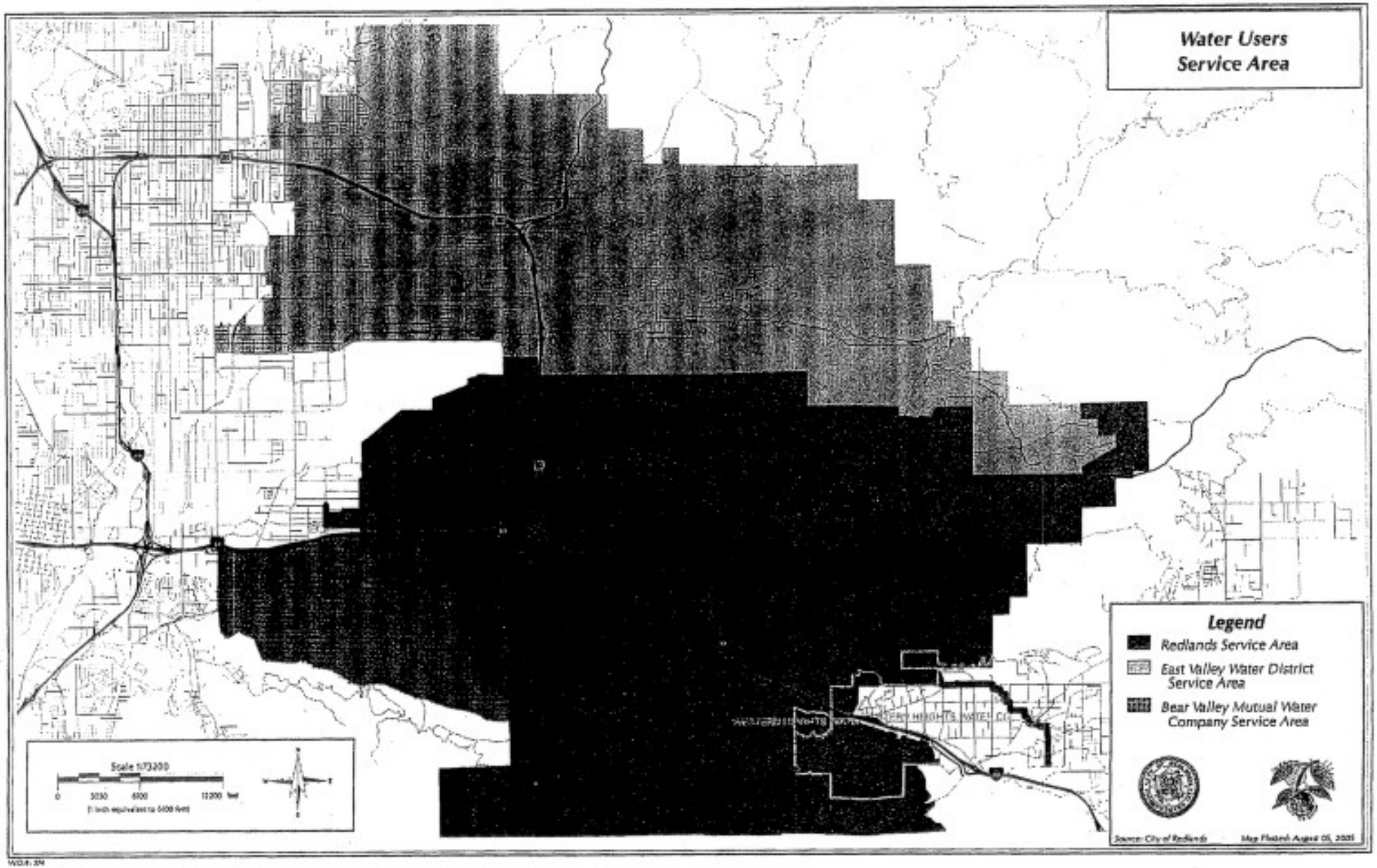
Agency	*Permits/Approvals*
State Historic Preservation Officer	• Consultation per Section 106 of the National Historic Preservation Act
South Coast Air Quality Control Board	• Permit to Construct • Approval of the fugitive dust emissions plan
County of San Bernardino	• Road Encroachment and Closure permit • Flood Control Right-of-Way (for construction in the floodplain) • Soil Erosion and Sediment Control Permit
City of Highland	• Grading permits • Road encroachment and closure permits
City of Rialto	• Grading permits • Road encroachment and closure permits
San Bernardino Flood Control District, Orange County Flood Control District, and Riverside County Flood Control and Water Conservation District (Local Sponsors of Seven Oaks Dam)	• Encroachment permits and access agreements • Agreement(s) to implement seasonal water conservation at Seven Oaks Dam
Metropolitan Water District of Southern California	• Encroachment permits and access agreements • Exchange agreement (Attachment 5 to Coordinated Operating Agreement for Conveyance Facilities and State Water Project Supplies)

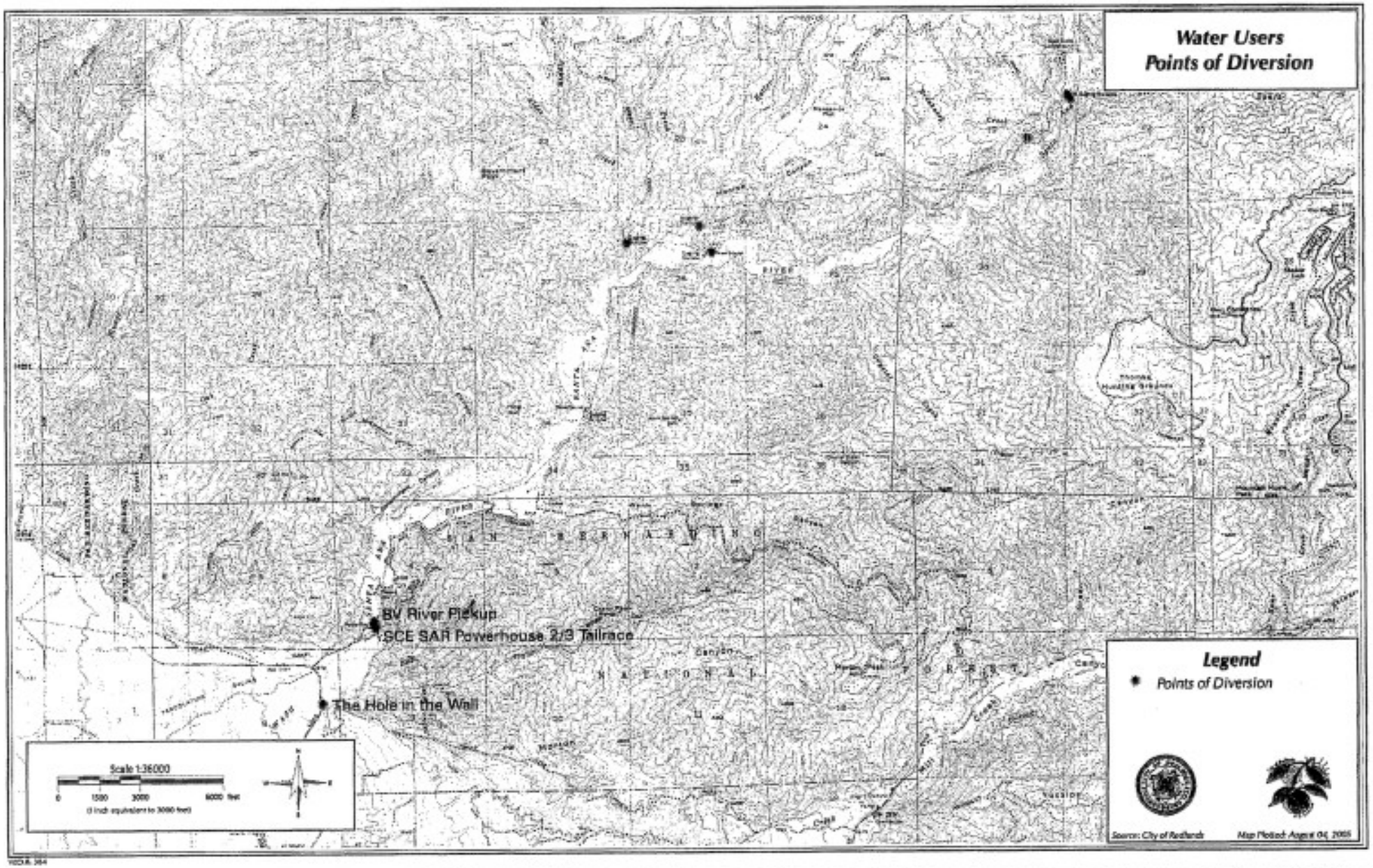
EXHIBIT D

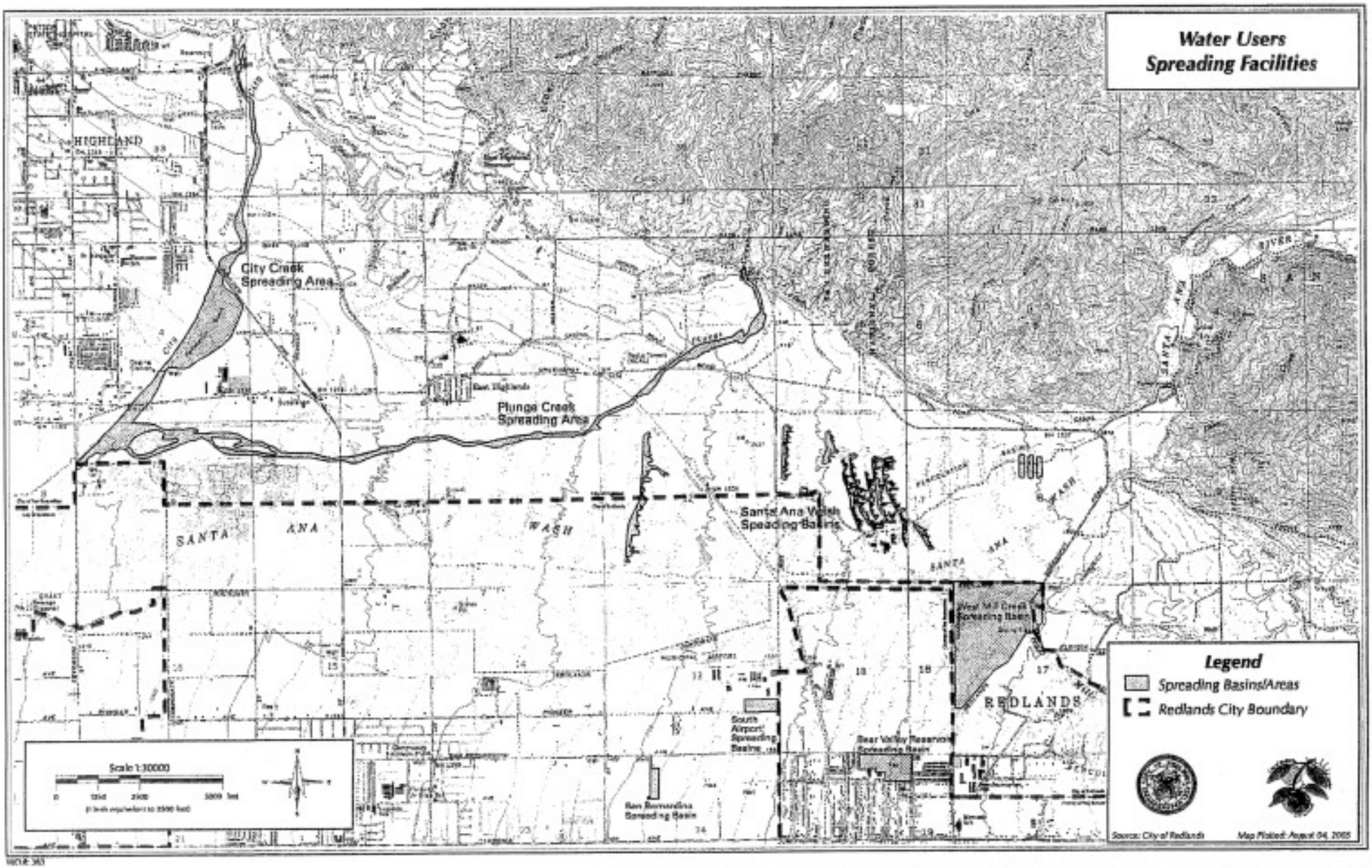


SCHEMATIC DIAGRAM
OF
SANTA ANA RIVER DIVERSION FACILITIES AND CONDUITS

JANUARY 2004


Water Users
Service Area
Legend
Redlands Service Area
East Valley Water District
Service Area
Bear Valley Mutual Water
Company Service Area
Scale 1/73200
0
3050
6100
12200 feet
Source: City of Redlands


Water Users
Points of Diversion
BV River Pickup
SCE SAR Powerhouse 2/3 Tailrace
The Hole in the Wall
Scale 1:36000
0 1500 3000 6000 feet
(1 inch equivalent to 3000 feet)
Legend
Points of Diversion
Source: City of Redlands
Map Plotted: August 04, 2005


Water Users
Spreading Facilities
City Creek
Spreading Area
Plunge Creek
Spreading Area
Santa Ana Wash
Spreading Basins
SANTA ANA WASH
HIGHLAND
REDLANDS
South
Airport
Spreading
Basins
Bear Valley Reservoir
Spreading Basin
San Bernardino
Spreading Basin
Legend
Spreading Basins/Areas
Redlands City Boundary
Scale 1:30000
Source: City of Redlands
Map Plotted: August 04, 2005

Notice of Exemption

To: ☒ Office of Planning and Research
PO Box 3044, 1400 Tenth Street, Rm. 222
Sacramento, CA 95812-3044

☒ County Clerks
County of San Bernardino
222 West Hospitality Lane
San Bernardino, California 92415

County of Riverside
P.O. Box 751
Riverside, California 92501

From: San Bernardino Valley Municipal Water District
1350 S. "E" Street (92408-2725)
P.O. Box 5906 (92412-5906)
San Bernardino, California

Western Municipal Water District of Riverside County
450 Alessandro Blvd.
Riverside, CA 92508

City of Redlands
35 Cajon Street, Suite 15-A
Redlands, CA 92373

East Valley Water District
1155 Del Rosa Avenue
San Bernardino, CA 92413

Project Title: Settlement Agreement Relating to the Diversion of Water from the Santa Ana River System (the "Seven Oaks Accord")

Project Location - Specific: See description of project, below.

Project Location – Cities: San Bernardino, Highland, Rialto, Colton, Redlands, Grand Terrace, Loma Linda, and Yucaipa

Project Location - Counties: San Bernardino and Riverside Counties

Description of Nature, Purpose, and Beneficiaries of Project:
San Bernardino Valley Municipal Water District and Western Municipal Water District of Riverside County have filed applications with the State Water Resources Control Board ("SWRCB") to appropriate water from the Santa Ana River for direct diversion and/or storage. The City of Redlands, East Valley Water District and Bear Valley Mutual Water Company (among others) have filed protests against the applications alleging infringement of their senior water rights and adverse impacts on the environment. The project is the execution of a settlement agreement, approved by the parties, to resolve the protests without the need for a lengthy and expensive water rights hearing. The execution of the settlement agreement will have no physical impact on the environment.

Name of Public Agency Approving Project: San Bernardino Valley Municipal Water District, Western Municipal Water District of Riverside County, City of Redlands, East Valley Water District.

Name of Person or Agency Carrying Out Project: San Bernardino Valley Municipal Water District, Western Municipal Water District of Riverside County, the City of Redlands, East Valley Water District, Bear Valley Mutual Water Company, Lugonia Water Company, North Fork Water Company, and Redlands Water Company.

Exempt Status: (*check one*)

- ☐ Ministerial (Sec. 21080(b)(1); 15268);
- ☐ Declared Emergency (Sec. 21080(b)(3); 15269(a));
- ☐ Emergency Project (Sec. 21080(b)(4); 15269(b)(c));
- ☐ Categorical Exemption. State type and section number:
- ☐ Statutory Exemptions: State code number:

Thresholds of Significance and Mitigation Measures
To be Included in Applicants' EIR

1. Threshold of Significance: Reduction in Groundwater Levels at Index Wells Outside the Pressure Zone

A reduction in groundwater levels outside the Pressure Zone is significant if the analysis in this EIR, using the integrated surface water and groundwater model developed by the project proponents, predicts that the project would reduce static groundwater levels at one or more index wells, on average, by more than 10 feet during a repetition of the 39-year base period hydrology, as compared to static water levels in the absence of the project.

2. Threshold of Significance: Increase in Groundwater Levels at Index Wells Within the Pressure Zone

An increase in groundwater levels in the Pressure Zone is significant if the analysis in this EIR, using the integrated surface water and groundwater model developed by the project proponents, predicts that the project would increase static groundwater levels at one or more index wells in the Pressure Zone, on average, by more than 10 feet during a repetition of the 39-year base period hydrology, as compared to static water levels in the absence of the project.

3. Mitigation Measure ___: Targeted Spreading to Maintain Groundwater Levels

To avoid a significant effect on groundwater levels at one or more index wells located outside the Pressure Zone, the project proponents shall spread sufficient water to maintain static groundwater levels at the affected index wells to reduce this project impact to a less-than-significant level.

4. Mitigation Measure ___: Limitation on Spreading to Prevent High Groundwater Levels.

To avoid a significant effect on groundwater levels in the Pressure Zone, the project proponents shall curtail their spreading or direct other parties engaged in the spreading of water to replenish the San Bernardino Basin to curtail their spreading to reduce this project impact to a less-than-significant level.

Determination of Exempt Status – Execution of Seven Oaks Accord

The execution of the Seven Oaks Accord is a project that is exempt from environmental analysis under the terms of the California Environmental Quality Act ("CEQA"). A project is exempt from CEQA if a lead agency can determine with certainty that there is no possibility that the activity in question may have a significant effect on the environment. (Cal. Code Regs. tit. 14, §15061, subd. (b)(3)); No Oil, Inc. v. City of Los Angeles (1974) 13 Cal.3d 68, 74.) The purpose of this exemption is to provide "a short way for agencies to deal with discretionary activities which could arguably be subject to the CEQA process but which common sense provides should not be subject to the Act." (Cal. Code Regs. tit. 14, discussion following §15061; Davidon Homes v. City of San Jose (1997) 54 Cal.App.4th 106, 112.)

An agency can determine that a project will have no significant effect on the environment where the project will have no direct environmental effect and is not an implementation step in a comprehensive plan which can ultimately result in physical changes to the environment. (Kaufman & Broad-South Bay, Inc. v. Morgan Hill Unified School District (1992) 9 Cal.App.4th 464, 474, 476.) In Kaufman & Broad-South Bay, Inc., the court held that an environmental analysis was not required for the formation of a community facilities district, emphasizing the absence of a causal link between the action and the alleged environmental impact, the construction of new schools. (Id. at 474.) Although the District could foreseeably construct new schools in the future, the court found that the formation of a community facilities district was not an "essential step" in a chain of events leading to a change in the environment. (Id.)

Here, the project involves the execution of a settlement agreement that resolves protests against water rights applications presently pending before the State Water Resources Control Board. The project itself requires administrative activities consisting of the withdrawal of protests to applications, a submission of letters in support of applications, and an amendment to the application. The project is exempt from CEQA for at least two reasons. First, the execution of a settlement agreement is not an "essential step" in the processing of the two water right applications before the State Water Resources Control Board; accordingly, under Kaufman & Broad-South Bay, Inc., the adoption of the settlement agreement is exempt from further analysis under CEQA. Second, given the nature of the project (i.e., the exchange of correspondence with the State Water Resources Control Board), common sense dictates that it can be seen with certainty that the project will not have an adverse impact on the physical environment. Similar to Kaufman & Broad-South Bay, Inc., and consistent with the terms of the settlement agreement itself, environmental impacts resulting from future decisions related to the Project will be examined at the time those decisions are made. (9 Cal.App.4th at 473.)

For these reasons, San Bernardino Valley Municipal Water District, Western Municipal Water District of Riverside County, the City of Redlands, and East Valley Water District can determine with certainty that there is no possibility that the project may have a significant effect on the environment.

Reasons why project is exempt: The project is the execution of a settlement agreement which requires the withdrawal of protests to applications presently pending before the SWRCB, the submission of letters in support of the applications, and an amendment to the applications. Consequently, there is no possibility that the project will result in a physical change to the environment and the project is exempt pursuant to the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. CEQA Guidelines §15061(b)(3).

Please see attached.

Lead Agency Contact Person:

Robert Reiter	(909) 387-9222
John Rossi	(909) 789-5000
Douglas Headrick	(909) 798-7698
Robert Martin	(909) 889-9501

If filed by applicant:

1. Attach certified document of exemption finding.
2. Has a Notice of Exemption been filed by the public agency approving the project? ☐ Yes ☐ No

Signature: _____ Date: _____ Title: _____

☐ Signed by Lead Agency

☐ Signed by Applicant

Date received for filing at OPR: _____

Attachment 20

COMMUNITY REPORT

SANTA ANA RIVER WATER RIGHT APPLICATIONS FOR SUPPLEMENTAL WATER SUPPLY

October 2004

SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT 1954

WESTERN MUNICIPAL WATER DISTRICT

WESTERN MUNICIPAL WATER DISTRICT

Ladies and Gentlemen:

On behalf of San Bernardino Valley Municipal Water District and Western Municipal Water District of Riverside County (Muni/Western), we would like to thank you for taking the time to read this Community Report.

This Community Report describes one of the key parts of our agencies' continuing efforts to ensure that the water users of the Inland Empire have sufficient, reliable water to meet their needs. We plan to accomplish this by making more effective use of local supplies from the Santa Ana River and, thus, reduce reliance on water imported from Northern California or the Colorado River.

Specifically, the Community Report describes: the need for additional water in the Inland Empire; our proposed project, which is designed to use the waters of the Santa Ana River more effectively; and the potential impacts of that use on the environment. This Community Report summarizes the contents of the Draft Environmental Impact Report that our agencies have prepared for the proposed Project. Compact discs containing a copy of the entire Draft Environmental Impact Report including appendices are included in this Community Report.

We thank you for your interest in our project and in our efforts to ensure that the Inland Empire has sufficient water in the future.

Very truly yours,

Robert L. Reiter
General Manager and Chief Engineer

San Bernardino Valley
Municipal Water District

John V. Rossi
General Manager

Western Municipal Water
District of Riverside County

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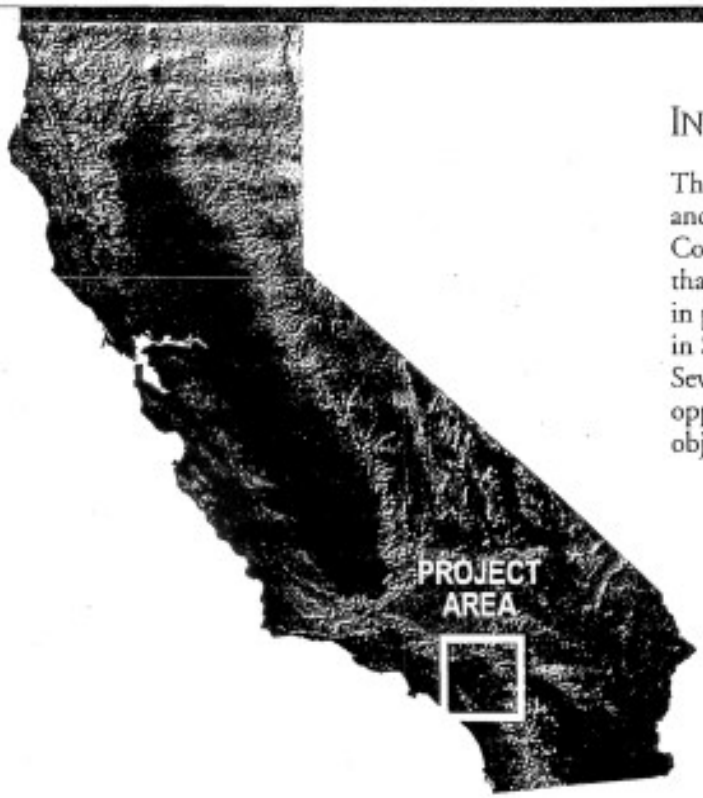
NEED FOR THE PROJECT AND PROJECT GOALS



INTRODUCTION:

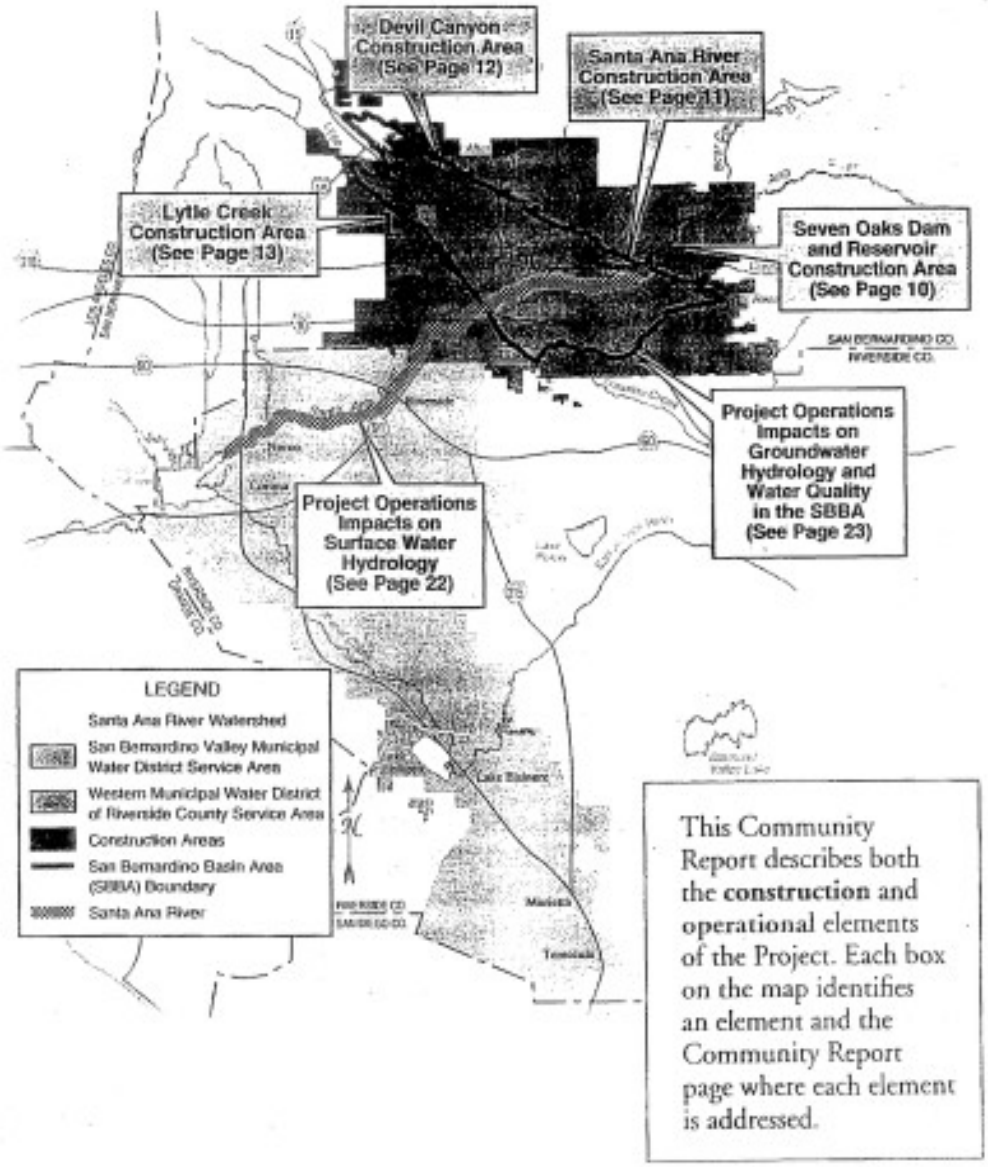
The San Bernardino Valley Municipal Water District and Western Municipal Water District of Riverside County (Muni/Western) are regional water agencies that manage groundwater and surface water supplies in portions of San Bernardino and Riverside counties in Southern California. The recent completion of Seven Oaks Dam on the Santa Ana River provides an opportunity for Muni/Western to achieve the following objectives:

- Increase water supply reliability by reducing dependence on imported water;
- Develop and deliver a new, local, high quality, long-term water supply that is needed to meet part of anticipated future demands; and
- Expand operational flexibility by adding infrastructure and varying sources of water, thereby providing Muni/Western with greater capability to match changing supply and demand.

To accomplish these goals, Muni/Western have jointly filed two applications with the State Water Resources Control Board (SWRCB) to appropriate water from the Santa Ana River. The applications seek the right to divert up to 200,000 acre-feet per year (afy) of local water to help meet anticipated demands.

A Draft Environmental Impact Report (Draft EIR) has been prepared to evaluate the environmental impacts associated with the proposed diversion of water from the Santa Ana River. The Draft EIR has been released for public review and comment. This Community Report summarizes the Draft EIR. The entire Draft EIR, including appendices, is included on compact discs at the back of this report.

PROJECT AREA



This Community Report describes both the **construction** and **operational** elements of the Project. Each box on the map identifies an element and the Community Report page where each element is addressed.

THE PROJECT

- Muni/Western have jointly filed applications with the State Water Resources Control Board to divert up to a maximum of 200,000 acre feet per year of water from the Santa Ana River.
- The Draft Environmental Impact Report evaluates the potential environmental impacts of this project.
- The newly appropriated water will:
  - Increase regional water supply reliability
  - Provide an additional source of local, high quality, long-term water supply
  - Improve operational flexibility in water management

CONTENTS OF THE COMMUNITY REPORT

This Community Report summarizes the Draft EIR but is not a formal part of it. The Draft EIR, including appendices, contains over 1,000 pages and presents a large amount of detailed information and analyses. This Community Report is designed to provide the reader with the basic facts about the environmental process and the potential environmental impacts associated with the water right applications.

Some of the major topics that are discussed in this Community Report include:

- An overview of Muni and Western and the legal framework applicable to Santa Ana River water resources;
- The need to meet the growing water demand in the Muni/Western service area and how the supplemental water supply would be put to beneficial use;
- A brief background and overview of the Project;
- Key environmental impacts analyzed in the Draft EIR associated with both Project construction and operational activities;
- Growth-inducing aspects of the Project;
- Assessment of potential alternatives to the Project;
- Potential permits, approvals and consultations to implement the Project; and
- Other water right applications and the water right process.

This Community Report does not take the place of the Draft EIR. The full Draft EIR provides detailed discussions of the potential impacts of the Project on environmental resources, and includes extensive data tables, maps, literature citations, and appendices. The entire Draft EIR and appendices are contained on two compact discs located on the inside of the back cover of this report.

This Community Report is structured so that it can be read in one of two ways:

- From beginning to end to obtain an overview of the Santa Ana River water right applications for supplemental water supply and the potential uses of the supplemental water; or
- By locating a Project construction or operational element of interest on the map on page 3 and turning to the indicated pages in this Community Report for a discussion of specific issues.

Muni and Western were both created as public agencies in 1954 to address the imbalance between available water supplies and the demands of a growing population in portions of San Bernardino and Riverside counties. Muni/Western provide imported water directly to wholesale and retail customers, and augment local groundwater supplies by recharging groundwater with imported water to enable water retailers to use groundwater basins as reliable sources of water. The Muni/Western service area is shown on page three. Muni holds a contract for water from the California State Water Project (SWP). As a member agency of The Metropolitan Water District of Southern California (Metropolitan), Western receives imported water from both the SWP and Colorado River. Entities within Western also extract groundwater from the San Bernardino Basin Area (SBBA) groundwater basin located within the Muni service area (see page 3).

A key role of Muni/Western is to provide and manage groundwater and surface water supplies on a long-term, regional basis as established under state law and consistent with the Orange County Superior Court in *Orange County Water District v. City of Chino et al.*, Case No. 117628 (April 17, 1969) (*Orange County* Judgment) and by the Riverside County Superior Court in *Western Municipal Water District of Riverside County v. East San Bernardino County Water District*, Case No. 78426 (April 17, 1969) (*Western* Judgment).

Under the terms of the *Orange County* and *Western* judgments, Muni/Western are directly responsible for ensuring that groundwater and surface water are effectively managed. The *Orange County* Judgment requires entities in the upper watershed (above Prado Flood Control Basin) to deliver specific quantities of flow in the Santa Ana River at Riverside Narrows and at Prado Dam. The *Western* Judgment establishes entitlements to groundwater extractions from the SBBA and requires Muni's replenishment of the basin when surface diversions and groundwater extractions exceed the determined safe yield.

On July 21, 2004, a settlement agreement ("Seven Oaks Accord") was reached between Muni/Western and a number of water users related to the diversion of water from the Santa Ana River. The agreement calls for Muni/Western to develop and manage a groundwater spreading program that is intended to maintain groundwater levels at a number of specified monitoring wells. This integrated water resources management program will be adopted within five years of SWRCB approval of the Muni/Western applications.

MUNI AND WESTERN: THE PROJECT PROPONENTS

- Muni: State Water Project contractor and wholesaler of imported water to retailers.
- Western: Member agency of The Metropolitan Water District of Southern California.
- Muni and Western manage regional surface and groundwater resources subject to conditions contained in the *Orange County* Judgment and *Western* Judgment.

THE NEED FOR ADDITIONAL WATER SUPPLIES

- Population growth in the Muni/Western service area has outpaced that of Southern California.
- Demand for water in the combined Muni/Western service area is projected to increase from 505,000 af in 2000 to 680,000 af in 2025, an increase of 35 percent.

Population growth in Southern California in general, and the Inland Empire of Riverside County and San Bernardino County in particular, continues to increase rapidly. Water demand projections prepared by the Santa Ana Watershed Project Authority show demand in the combined Muni/Western service area increasing from about 505,000 af in 2000 to 680,000 af in 2025. The table to the right shows historic and projected population.

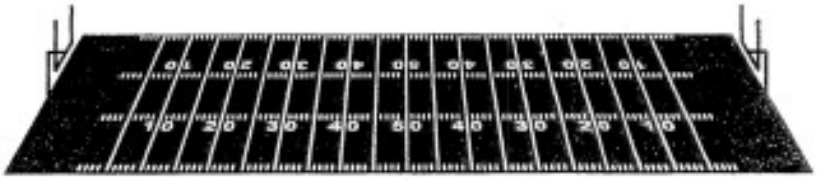
	Population		
	2000	2025	Change 2000-2025
Southern California	16,516,000	22,621,000	6,105,000 (37%)
Riverside County	1,545,000	2,832,000	1,287,000 (83%)
San Bernardino County	1,709,000	2,778,000	1,069,000 (63%)
Muni/Western Service Area	1,238,000	2,036,000	798,000 (65%)

Factors such as poor water quality, drought, legal and institutional constraints, increasing environmental demands on existing water supplies, and less than anticipated supply from the SWP dictate that Muni/Western seek additional sources of water, such as water made available by the existence of Seven Oaks Dam, to meet current and anticipated future demands. This includes water conserved through the use of Seven Oaks Dam.

Meeting the needs of projected growth requires Muni/Western, in addition to ongoing conservation and education efforts, to identify new local supplies and search for new imported water supplies. Due to the uncertain reliability associated with imported water, it is prudent for Muni/Western to look to unutilized and under-developed local supplies to meet a portion of expected future demand. Improved facilities will enhance the effective management of groundwater and surface water supplies in the Muni/Western service area.

The recent completion of Seven Oaks Dam on the upper Santa Ana River provides an added opportunity for Muni/Western to divert and use Santa Ana River storm flows. This new supply of water will assist Muni/Western to meet a portion of the projected demand for water in their respective service areas. More details regarding future needs for water supply in the Muni/Western service area are presented in Chapter 4 (Growth-Inducing Effects and Growth-Related Impacts) of the Draft EIR.

One acre-foot is a measure of a volume of water. If you could cover a football field one foot deep in water you would have about one acre-foot of water (about 326,000 gallons.) Even with water conservation, one acre-foot of water is required to meet the needs of between one and two families for a year.



The Project provides water management facilities needed to more efficiently use the water conserved by the operation of Seven Oaks Dam and increases the reliability of water supply. Important Project characteristics include the following:

- Provides an additional source of high quality water to meet the increasing demands placed on the resources of the SBBA while complying with the *Western* Judgment.
- Reduces the dependence of Muni and Western on imported SWP water supplies.
- Provides an annual average of between 11,000 af and 27,000 af of local, high quality water. The water available will vary, in any year from zero to 200,000 af.
- Will not infringe upon the right or ability of other entities with existing rights to divert water from the Santa Ana River.
- Will not affect flood protection provided by Seven Oaks Dam to downstream communities.
- Includes the requirement for water releases to be made to comply with the mandates of the Biological Opinion issued by the U.S. Fish and Wildlife Service to mitigate impacts associated with operation of Seven Oaks Dam for flood control.
- Avoids adverse impacts to groundwater levels and reduces the potential for liquefaction in the Pressure Zone of the SBBA.
- Uses seasonal conservation storage at Seven Oaks Dam and Reservoir for the benefit of Muni/Western water users without causing additional significant adverse environmental effects.
- Provides a conveyance, storage and exchange system capable of effectively managing the distribution of diverted water.

PROJECT CHARACTERISTICS

- Facilitates the diversion and use of newly conserved water.
- Uses new and existing water management facilities.
- Increases water supply reliability.
- Avoids adverse environmental impacts to groundwater levels and the potential for liquefaction in the Pressure Zone of the San Bernardino Basin Area.

Floodwaters slowed by Seven Oaks Dam (in the left of this picture) would be diverted at either the plunge pool (lower right of picture) or Cuttle Weir. New facilities would be built near the plunge pool, and captured water would be conveyed in new and existing facilities for use in the Muni and Western service areas.

ROJECT OMPONENTS

Construction areas:

- Seven Oaks Dam and Reservoir
- Santa Ana River
- Devil Canyon
- Lower Lytle Creek

Operations areas:

- Muni/Western Service Area
- San Bernardino Basin Area Groundwater Basin

Water captured from the Santa Ana River would be put to beneficial use in the Muni/Western service area through direct use, groundwater recharge, or exchange. Muni/Western have the ability to coordinate the use of water conveyance facilities on a local and regional basis. Muni/Western do not propose to export water for use outside their service areas. Any water conveyed outside the service areas would be returned via exchange as soon as practical.

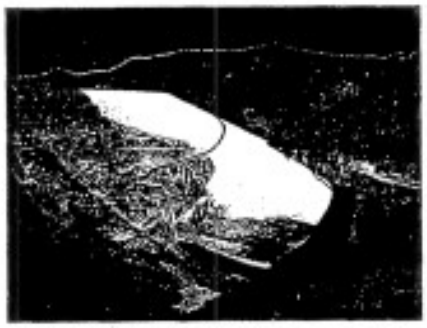
Hydrologic analyses conducted by Muni/Western indicate that, after senior water right claims and environmental needs are accounted for, the Project can provide a water supply sufficient to help meet projected demands within the Muni/Western service area. Detailed descriptions of these hydrologic analyses are presented in Appendix A (Surface Water Hydrology) of the Draft EIR. This new water supply would delay the need to increase the amount of imported water. The additional Santa Ana River water would improve the reliability of regional water supplies and allow for effective conjunctive use of groundwater and surface water supplies.

Existing facilities would be used to the extent possible to divert and convey newly appropriated water from the Santa Ana River. Project-related facilities would be designed to connect existing facilities with new or modified facilities so that supplemental water supplies can be efficiently used to meet local needs. New project-related facilities would be constructed or existing ones modified in four areas as shown on the map on page three and described in detail in Appendix C (Construction and Operation Activities) of the Draft EIR.

- The Seven Oaks Dam and Reservoir Construction Area includes modification of the intake structure of Seven Oaks Dam, relocation of the access road serving the intake structure, and relocation of a section of road providing access upstream of the dam. (See page 10.)
- The Santa Ana River Construction Area includes the Plunge Pool, Low Flow Connector, and Morton Canyon Connector II pipelines. All of these are new facilities. (See page 11.)
- The Devil Canyon Construction Area includes the new Devil Canyon By-Pass Pipeline. (See page 12.)
- The Lower Lytle Creek Construction Area includes the new Lower Lytle Creek Pipeline and Cactus Basins Pipeline. (See page 13.)

SEVEN OAKS DAM AND THE HYDROLOGY OF THE SANTA ANA RIVER

The U.S. Congress authorized construction of Seven Oaks Dam and Reservoir in 1986 as part of ongoing efforts to provide flood protection to communities in Orange, Riverside, and San Bernardino counties. Operation of Seven Oaks Dam for flood control fundamentally affects the patterns of water flow in the Santa Ana River. During most years, the Santa Ana River has little or no surface flow from its confluence with Keller Creek upstream of Seven Oaks Dam in the San Bernardino Mountains to just above the point at which the river crosses the San Bernardino/Riverside county line (see map on page three).



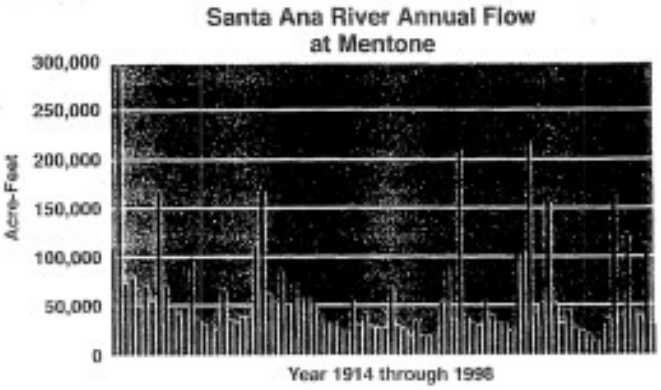
The U.S. Army Corps of Engineers concluded that the use of Seven Oaks Dam, pictured here from upstream, for conservation storage is feasible, beneficial, and compatible with the dam's flood-control functions.

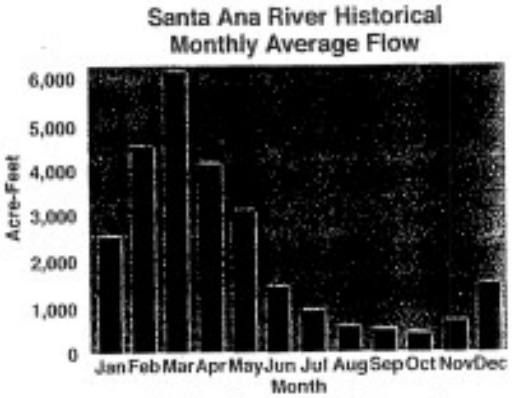
Looking southwest from the crest of Seven Oaks Dam, the plunge pool, pictured here in the foreground, with the Santa Ana River in the background, is in an area that was periodically inundated when floods occurred. The Seven Oaks Dam has dramatically reduced the potential for flooding downstream from this area.

Occasionally, storms cause large quantities of water to flow in the Santa Ana River over a very short period. Seven Oaks Dam slows the water flow in the Santa Ana River, and so decreases downstream flooding and related impacts. During 100-year storms, Seven Oaks Dam reduces flow rates in the upper Santa Ana River from 60,000 cubic feet per second (cfs) to a maximum of 7,000 cfs. Storms generally occur from the fall through the spring. Outside this period, space is available in the reservoir for conservation storage of rainfall from storms and the runoff. Conservation storage was found to be feasible and compatible with flood control operations by the U.S. Army Corps of Engineers. See Section 3.1 (Surface Water Hydrology and Water Quality) and Appendix A (Surface Water Hydrology) of the Draft EIR for more details.

SEVEN OAKS DAM AND THE HYDROLOGY OF THE SANTA ANA RIVER

- Seven Oaks Dam regulates flood flows on the Santa Ana River.
- Seven Oaks Dam was constructed by the U.S. Army Corps of Engineers and is operated by three Local Sponsors (Orange County Flood Control District, Riverside County Flood Control and Water Conservation District, and San Bernardino County Flood Control District).
- Seven Oaks Dam reduces flood flows at the mouth of the Santa Ana River canyon from about 60,000 to a maximum of 7,000 cubic feet per second under 100-year flood conditions.





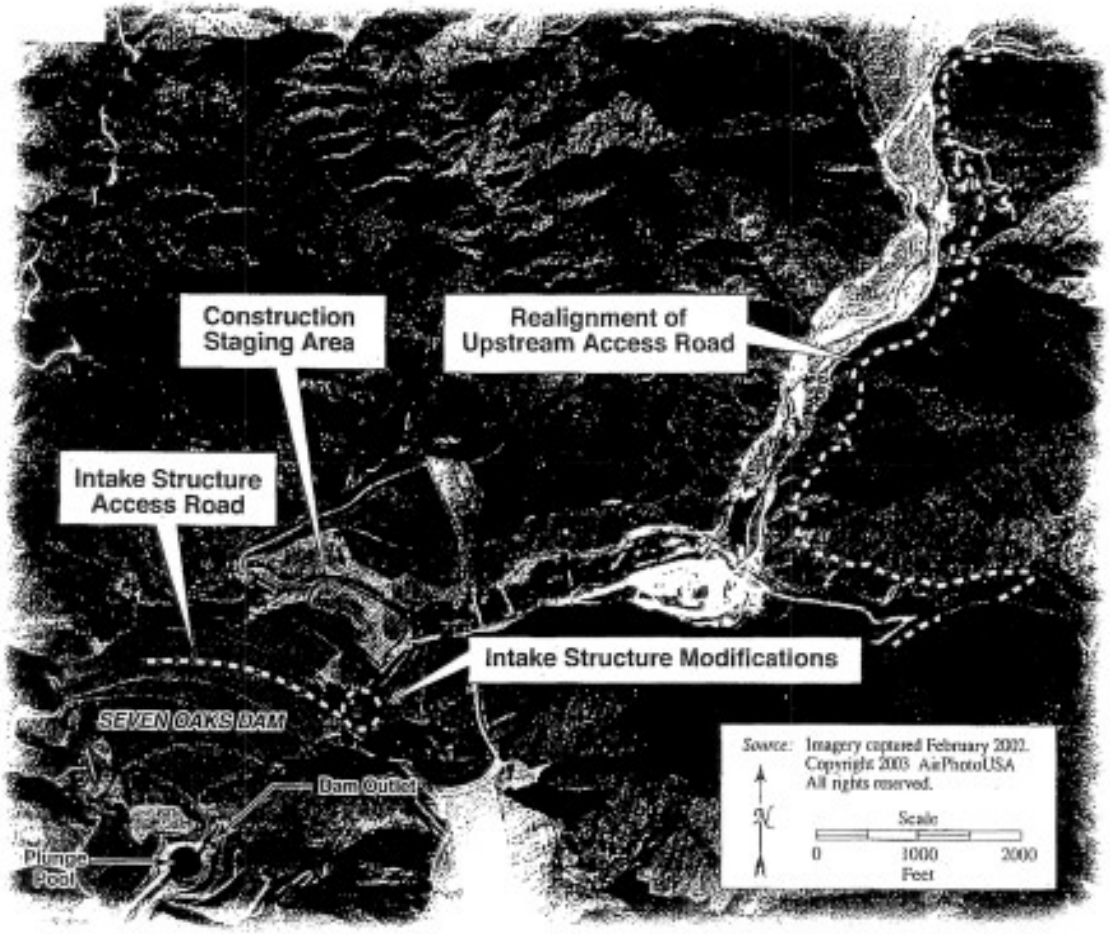
Prior to construction of Seven Oaks Dam, the Inland Empire was subjected to floods related to high storm flows, e.g., in 1968, 1979, and 1992.

SEVEN OAKS DAM AND RESERVOIR CONSTRUCTION AREA

- The Project includes:
  - Modification to the intake structure of Seven Oaks Dam
  - Relocation of the intake structure access road
  - Realignment of an upstream access road

Seasonal water storage at Seven Oaks Dam would be accommodated by modifying and rebuilding the maintenance deck, the bulkhead at the base of the intake structure, and a bridge and road used to access the intake structure. Details regarding these modifications are included in Appendix C (Construction and Operation Activities) of the Draft EIR. The photograph below depicts the location and extent of project elements in the Seven Oaks Dam and Reservoir Construction Area.

Seasonal water storage after the storm season could cause periodic inundation of a section of the upstream access road leading to SCE hydroelectric facilities and a short section of the existing Warm Springs Canyon Road. This would require the relocation of sections of both roads. Although final design of the road modifications is not complete, details are contained in Appendix C (Construction and Operation Activities) of the Draft EIR.



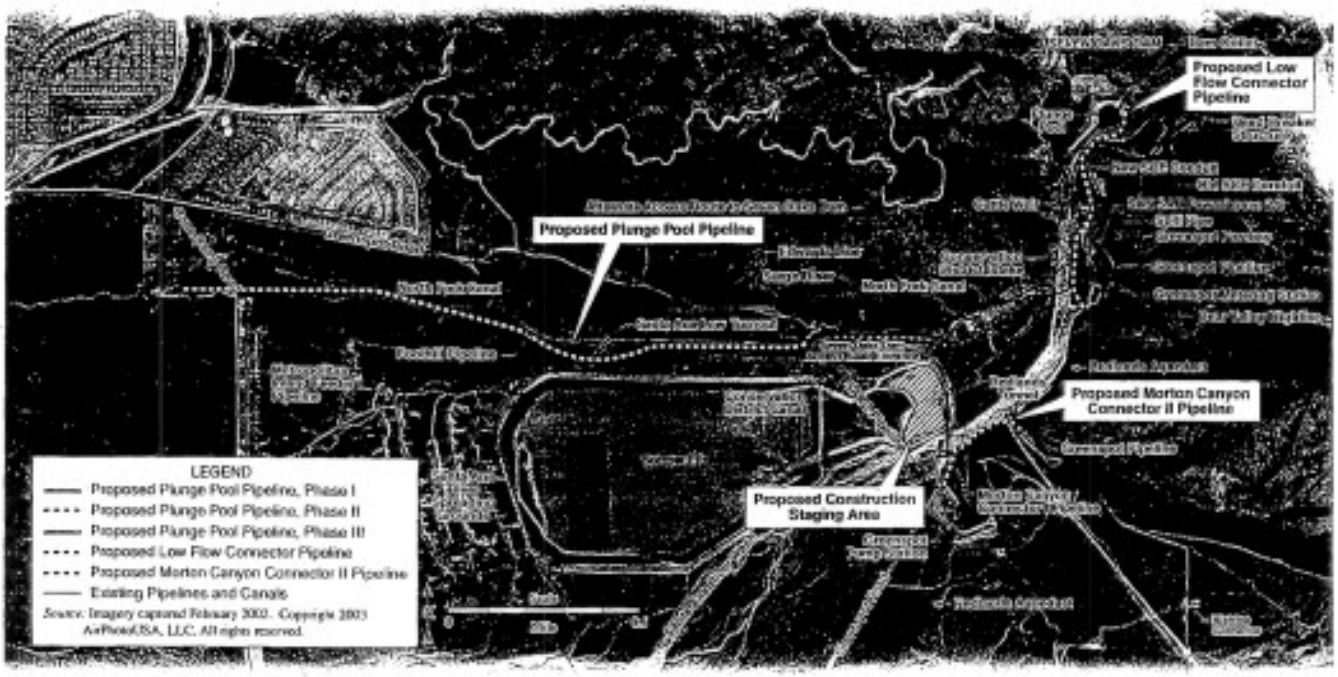
Project-related construction activities at Seven Oaks Dam would be spread over three summers. Construction would be planned so that it would be completed within the non-flood season and, thus, would not impair the flood control function of the facility.

Most of the water captured from the Santa Ana River would be diverted at a new structure located adjacent to either the plunge pool of Seven Oaks Dam or the Cuttle Weir and conveyed through the proposed Plunge Pool Pipeline and/or Low Flow Connector Pipeline. The Plunge Pool Pipeline would be a 15-foot diameter, 1,500 cfs capacity pipeline. The Low Flow Connector Pipeline would be a 4-foot diameter, 100 cfs capacity pipeline. The Morton Canyon Connector II Pipeline (4-foot diameter, 100 cfs capacity) would connect the Greenspot Pipeline and Greenspot Pump Station. These pipelines would be installed in alignments designed to minimize, to the extent feasible, significant environmental impacts.

Construction of the Plunge Pool Pipeline would occur in three phases. Ultimately the pipeline could connect the plunge pool located immediately downstream of Seven Oaks Dam to both Muni's existing Foothill Pipeline and Metropolitan's Inland Feeder Pipeline. Timing of the three phases would depend on several factors. Additional details are presented in Appendix C (Construction and Operation Activities) of the Draft EIR.

SANTA ANA RIVER CONSTRUCTION AREA

- Most of the water diverted from the Santa Ana River would be diverted at either the existing plunge pool or at the Cuttle Weir.
- Diverted water would be conveyed through:
  - Plunge Pool Pipeline, connecting to
    - Muni's Foothill Pipeline and Santa Ana River Crossing Pipeline under Phase I
    - Muni's Foothill Pipeline and Metropolitan's Inland Feeder Pipeline under Phases II and III
  - Low Flow Connector Pipeline connecting to Muni's Greenspot Pipeline
  - Morton Canyon Connector II Pipeline connecting the Greenspot Pipeline to Greenspot Pump Station.

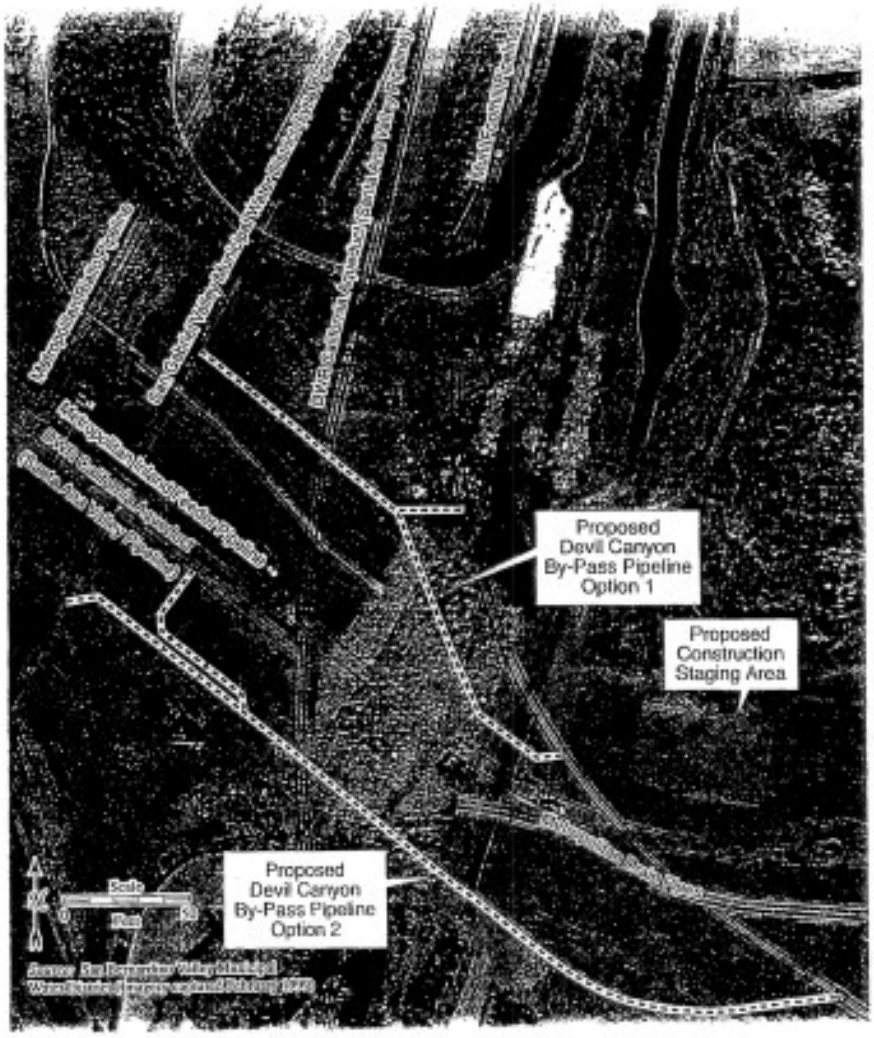


DEVIL CANYON CONSTRUCTION AREA

- Santa Ana River water conveyed through Muni's Foothill Pipeline will enter the Devil Canyon By-Pass Pipeline.
- The Devil Canyon By-Pass Pipeline will connect to:
  - The Lytle Pipeline owned by the San Gabriel Valley Municipal Water District
  - The Santa Ana Valley Pipeline (California Aqueduct)

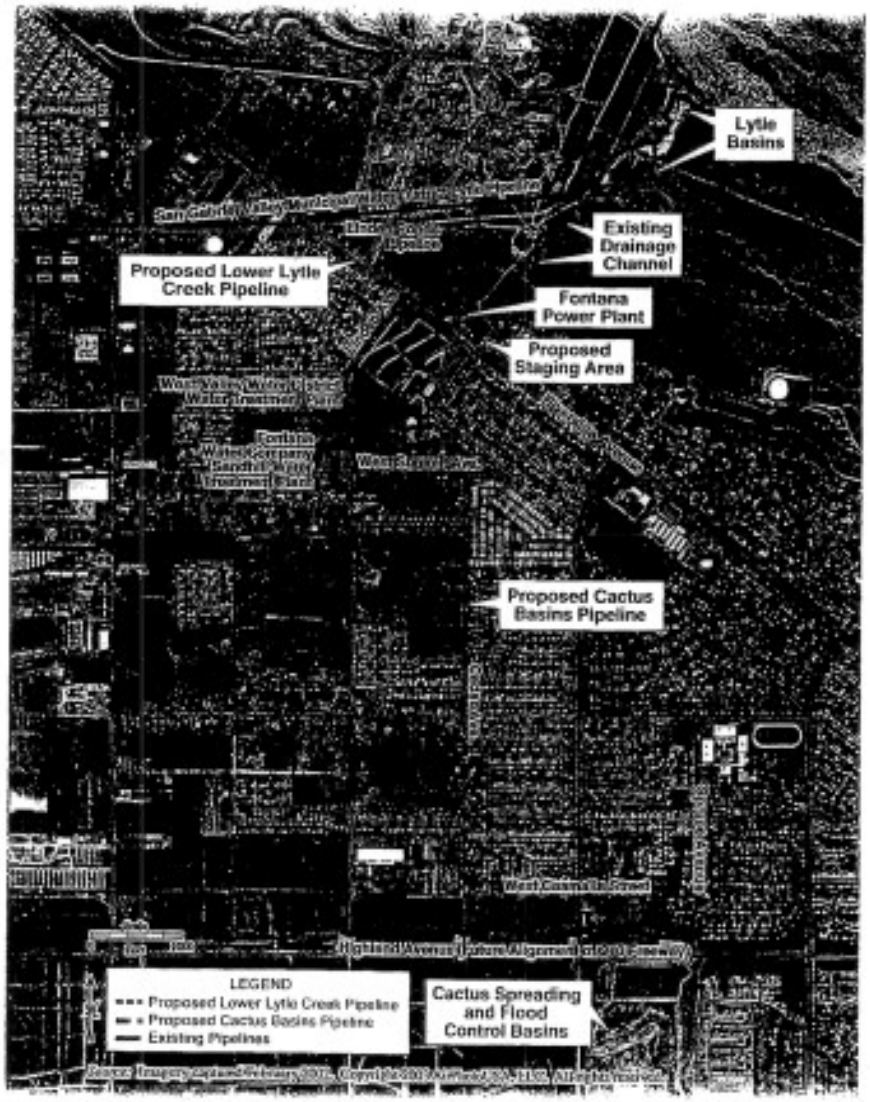
The proposed Devil Canyon By-Pass Pipeline (a 4.5-foot diameter, 120 cfs capacity pipeline) would connect the Foothill Pipeline to both the Lytle Pipeline (the Devil Canyon-Azusa Pipeline), owned and operated by the San Gabriel Valley Municipal Water District and Santa Ana Valley Pipeline (California Aqueduct). This will enable improved delivery of newly conserved water in the western section of the Muni service area.

The Devil Canyon By-Pass Pipeline has two alignment options. The shorter northern alignment (Option 1) is from 250 to 570 feet long (depending on configuration) and connects the Foothill Pipeline with the Lytle Pipeline. The longer southern alignment (Option 2) is about 800 feet long and has an additional connection to the Santa Ana Valley Pipeline. Both of the options are within a previously disturbed corridor that contains Metropolitan's Inland Feeder Pipeline. See Appendix C (Construction and Operation Activities) of the Draft EIR for more details.



The first portion of the Lower Lytle Creek pipeline would be 2,700 feet long, 4.5 feet in diameter, with a capacity of 110 cfs. It would connect to the proposed Cactus Basins Pipeline. The second portion of the Lower Lytle Creek Pipeline would be a 3-foot diameter pipe, about 1,200 feet long. It would discharge water via an existing open channel to the Lytle Basins.

The Cactus Basin Pipeline would be 4.5 feet in diameter, approximately 11,000 feet long, with a capacity also of 110 cfs. This pipeline would end at the existing Cactus Spreading and Flood Control Basins and would include turnouts to the West Valley Water District Water Treatment Plant and the Fontana Water Company Sandhill Water Treatment Plant. See Appendix C (Construction and Operation Activities) of the Draft EIR for more details.



LYTLE CREEK CONSTRUCTION AREA

- Santa Ana River water conveyed through the Lytle Pipeline will reach water treatment plants and groundwater spreading facilities via:
  - The Lower Lytle Creek Pipeline (to the Lytle Basins)
  - The Cactus Basins Pipeline (to the West Valley Water District and Fontana Water Company water treatment plants and the Cactus Spreading and Flood Control Basins)

Muni/Western have several options available for conveying and distributing Santa Ana River water. The water can be put to direct use, stored in groundwater basins within the Muni/Western service area for later extraction and use, or conveyed to agencies outside the Muni/Western service area and later returned via an exchange for other water. The determination of how best to allocate Santa Ana River water at any given time would depend on factors such as demand for direct use, availability of alternate local supplies, potential for groundwater recharge, and conveyance capacity.

Water exchanges allow flexibility in the timing of water delivery and assist in maximizing the beneficial use of captured water. Water exchanges convey new Santa Ana River water to other agencies in consideration for the return of a like amount of water to the Muni/Western service area within a prescribed period.

The Project provides for the delivery of exchange water to other water agencies throughout Southern California. In this way, Santa Ana River water could be delivered directly to water treatment plants, both within and outside the Muni/Western service area. Existing local and regional agency conveyance systems would be used to deliver water to retail providers and to spreading facilities for groundwater recharge.

The actual amounts of conserved Santa Ana River water used in exchanges would depend on both local hydrologic conditions and the availability of alternative supplies. In the wettest years, the largest diversions from the Santa Ana River would occur. Approximately 200,000 af could be available for exchange when: (a) local purveyors were unable to take direct delivery of the water; (b) local spreading facilities with adequate capacity were not able to take the remaining water; (c) conveyance capacity was available; and (d) there was unmet demand or available storage in other parts of Southern California.

Muni/Western would have the greatest distributional flexibility in years when a limited volume of Santa Ana River water is available. In very wet years, distribution would likely be limited by low demand for direct delivery and available conveyance capacity. Additional institutional arrangements would be put in place, if needed, in order to:

- Share unused conveyance capacity of existing facilities;
- Jointly use existing spreading grounds; and
- Provide for water exchanges.

Existing facilities used by the Project would be operated in a manner consistent with historic practices and within the range of conditions applicable to their permitted use. Use of facilities would be subject to applicable regulatory compliance.

PROJECT WATER DISTRIBUTION PRIORITIES

Distribution Priorities for Santa Ana River Water

Priority 1: Meet demand in the Muni/Western service area through direct delivery, mainly to water treatment plants (WTPs), that would otherwise be met with imported water or groundwater. Groundwater that otherwise would have been extracted would remain in the local groundwater basins.

Priority 2: Conduct direct groundwater recharge within the San Bernardino Basin Area (SBBA) groundwater basin. Recharge provides groundwater benefits within the service areas and allows for the future recovery of the supplies. Project water would be used to recharge groundwater basins, provided adverse impacts on groundwater levels or water quality can be avoided.

Priority 3: Conduct direct groundwater recharge in groundwater basins outside the SBBA, but within the Muni/Western service area (Rialto-Colton, San Timoteo and Yucaipa).

Priority 4: Deliver water to agencies outside the Muni/Western service area as part of an exchange. Exchange water would be returned within a reasonable period of time.

A discussion of these priorities is contained in Chapter 2 (Project Description) of the Draft EIR.

Direct Delivery
- City Creek WTP
- Hinkley WTP
- Tate WTP
- West Valley Water District WTP
- Yucaipa WTP
- Other WTPs

Groundwater Recharge San Bernardino Basin Area
- Badger Basins
- City Creek Spreading Grounds
- Devil Canyon & Swarmwater Basins
- East Twin Creek Spreading Grounds
- Lytle Basins
- Mill Creek Basins
- Patton Basins
- Waterman Basins
- Other Spreading Grounds

Source: AirPhotoUSA, LLC, Copyright 2003

Groundwater Recharge Muni/Western Service Area
- Wilson Spreading Grounds
- Cactus Spreading and Flood Control Basins
- Other Spreading Grounds

Source: AirPhotoUSA, LLC, Copyright 2003

Water Exchange
- The Metropolitan Water District of Southern California
- San Gabriel Valley Municipal Water District
- San Gorgonio Pass Water Agency
- Other Agencies

WATER MANAGEMENT AND DISTRIBUTION PRIORITIES

- Diverted Santa Ana River water will be distributed to beneficial uses according to a priority system.
  - **Priority 1** Direct delivery within the Muni/Western service area
  - **Priority 2** Groundwater recharge within the San Bernardino Basin Area
  - **Priority 3** Groundwater recharge at other locations within the Muni/Western service area
  - **Priority 4** Water exchanges with other regional water agencies

PROJECT-RELATED CONSTRUCTION IMPACTS

- Direct construction-related impacts are anticipated for a number of environmental resources.
  - Air Quality: Temporary exceedance of federal and state air quality standards
  - Noise: Temporary increase in ambient noise levels
  - Cultural Resources: Disturbance to Cuttle Weir and a retaining wall at the Greenspot Bridge
  - Biological Resources: Temporary disturbance and removal of riparian, wetland, and stream habitat and Riversidean Alluvial Fan Sage Scrub
  - Public Services, Utilities, and Transportation: Temporary disruption of water supply, roadway disturbance, and temporary road closures

The Draft EIR defines specific significance criteria against which the environmental impacts of construction were evaluated. Details of these criteria and the methodology employed for each environmental resource are presented in Chapter 3 (Environmental Setting, Project Impacts, and Mitigation Measures) of the Draft EIR.

The following pages describe notable and significant environmental impacts associated with the construction phase of the Project. These impacts are summarized below.

Air Quality	Temporary exceedance of state and federal air quality standards. Impacts to air quality would primarily be related to combustive and fugitive dust emissions from mobile and stationary construction equipment and vehicles.
Noise	Temporary increase in ambient noise levels and exceedance of local noise ordinances. Noise would exceed some local standards and ordinances.
Cultural Resources	Modification of and construction near Cuttle Weir and retaining wall of Greenspot Bridge could affect their historical significance. Direct impacts are primarily associated with ground disturbance activities.
Biological Resources	Temporary disturbance and removal of riparian, wetland, stream habitat, and Riversidian Alluvial Fan Sage Scrub. Direct impacts are primarily associated with ground disturbance activities, increased noise levels, and changes in surface water flows and quality, especially as they relate to specific types of sensitive habitats and species.
Public Services, Utilities, and Transportation	Temporary disruption of water supplies, roadway disturbance, and temporary road closures. Direct impacts are primarily related to temporary changes in traffic circulation patterns and disruption of services to residences necessitated by installation of Project facilities.

Air Quality

Muni/Western are located within the South Coast air basin, where air pollution levels exceed a number of state and federal air quality standards. Emissions associated with Project construction equipment and earth-moving activities would temporarily contribute to the continued exceedance of those air quality standards.

To lessen the overall impacts to air quality, mitigation measures to protect air quality will be implemented and will include: watering of disturbed areas; covering of excavated materials during transportation; and encouraging construction contractors to use alternative diesel fuel and low emission diesel-powered equipment. See Section 3.8 (Air Quality) of the Draft EIR.

Excavation in the Muni service area, such as the pipeline pictured here, can produce air quality impacts. During excavation and grading, fugitive dust emissions would be released, and construction equipment and vehicles would generate emissions.

Noise

Construction of facilities and pipelines would temporarily increase ambient noise levels in the vicinity of the Project. In some cases, noise would exceed standards established in local general plans and noise ordinances.

To lessen construction noise impacts, noise abatement mitigation measures will be implemented: providing advance warning to residents in the vicinity of construction activities; limiting construction hours; and fitting proper noise attenuating devices on equipment. See Section 3.10 (Noise) of the Draft EIR.

Construction activities such as excavation, grading, and construction vehicles crossing the project sites can be noisy.

CONSTRUCTION IMPACTS ON CULTURAL RESOURCES

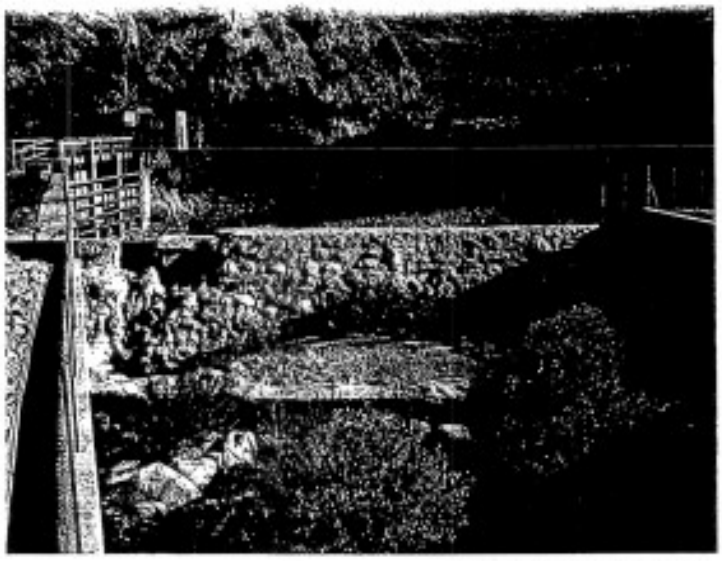


Photo courtesy Steve Burroughs, Hunt

Phase I of the Plunge Pool Pipeline could include modification of the existing intake structure of the Conservation District canal.

Construction activities could disturb or alter known cultural resources such as the Cuttle Weir pictured above and a retaining wall adjacent to the Greenspot Bridge pictured here.

Cultural resources are generally defined to include: prehistoric and historic archaeological sites, districts, and objects; standing historic structures, buildings, districts, and objects; and locations of important historic events, or sites of traditional/cultural importance. The analysis of cultural resources, including prehistoric and historic sites, provides information about the cultural heritage of both local and regional populations.

Major known cultural resources in the vicinity of the Project include the following:

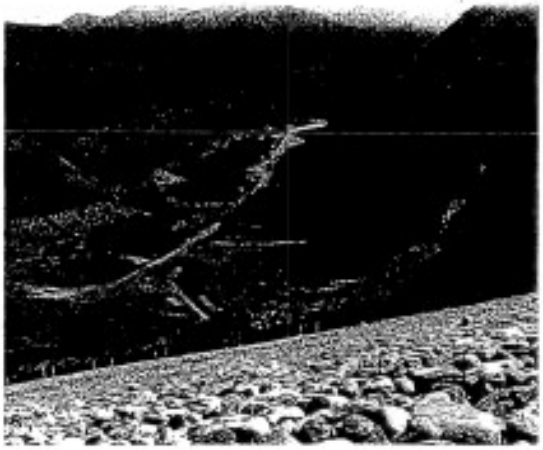
- Seven Oaks Dam and Reservoir Construction Area:
  - Southern California Edison System Historic District
  - Bear Valley Highline Aqueduct
- Santa Ana River Construction Area
  - North Fork Canal
  - Cuttle Weir
  - Greenspot Bridge
- Lytle Creek Construction Area
  - Fontana Powerhouse

Unknown cultural resources could be discovered during Project construction activities such as grading and pipeline installation. Ground disturbance associated with grading and pipeline installation could adversely affect or alter these cultural resources.

The Project design aims to preserve cultural resources in the Project area, and avoid disturbing these resources, if possible. If cultural resources were discovered during construction activities, ground disturbance within 150 feet of the discovery will be halted or redirected to other areas until the discovery has been documented by a qualified archaeologist, and its potential significance evaluated. Resources considered significant will be avoided by Project redesign. If avoidance is not feasible, the resource will be subject to a data recovery mitigation program. If human remains are discovered, the County Coroner will be contacted. See Section 3.9 (Cultural Resources) of the Draft EIR.

CONSTRUCTION IMPACTS ON BIOLOGICAL RESOURCES

Project-related construction activities, and general ground disturbance from construction trucks and equipment may disturb the vegetation and wildlife species in the construction areas. The temporary effects of construction activities, such as increases in noise, vibration, and dust from grading and construction equipment, could also affect the biological resources in the vicinity of construction. Impacts could include: the loss of native vegetation; temporary effects on common wildlife species in the area; and disturbance and removal of riparian, wetland and stream habitat. Construction may result in mortality of common riparian and upland wildlife species. Some of the sensitive species that could be affected include Riversidian Alluvial Fan Sage Scrub, Slender-horned spineflower, Parry's spineflower, Santa Ana River woolly-star, and the San Bernardino kangaroo rat.



Most of the biological resources upstream of Seven Oaks Dam potentially affected by the Project are within the inundation area attributable to flood control operation of the dam. Mitigation for these losses is the responsibility of the U.S. Army Corps of Engineers.

Riversidian Alluvial Fan Sage Scrub is a unique vegetation community that includes an assemblage of drought-tolerant deciduous shrubs and larger evergreen woody shrubs that are characteristic of coastal sage scrub and chaparral plant communities, respectively. It is considered a threatened natural community by California Department of Fish and Game because of its limited distribution (typically occurring only on upper alluvial fans along the southern base of the San Gabriel and San Bernardino mountains) and because only remnant tracts remain. Riversidian Alluvial Fan Sage Scrub is also considered unique because it supports assemblages of sensitive plant species, some of which occur only in the Santa Ana River alluvial fan (e.g., the Santa Ana River woolly-star).

Disturbance to native habitats and to sensitive species will be lessened by:

- Restricting construction activities to previously disturbed areas, where practical;
- Identifying and avoiding biologically sensitive areas prior to construction activities;
- Training employees to become familiar with affected species, habitats, and any permit conditions; and
- Biological monitoring and relocation of species (both common and sensitive) in the construction areas prior to construction.

In addition, dust control, and erosion control measures will be implemented to minimize impacts from ground disturbances, and special efforts will be made to protect species listed under the Endangered Species Act. See Section 3.3 (Biological Resources) of the Draft EIR.

The Santa Ana wash area contains sensitive habitat and associated sensitive species. Mitigation measures would reduce significant environmental impacts.

Construction Impacts on Public Services, Utilities, and Transportation

Some pipeline construction will be in established rights-of-way. Construction will temporarily disrupt some portions of roadways, possibly requiring the temporary use of alternate routes.

Travel along Greenspot Road would be restricted at times, with detours at selected locations.

Project construction has the potential to affect water utilities and transportation services.

During Project construction, water supplies could be temporarily disrupted as new pipelines are installed and connected to the existing water conveyance system. To ensure continuation of water deliveries to local users, arrangements will be made to use alternate water facilities during these times.

Installation of the new pipelines would involve disturbance of the roadways adjacent to the pipeline alignments. Construction would temporarily disrupt portions of the roadways and could increase roadway hazards if construction equipment blocks roadways. Some roads in construction areas may be closed temporarily, which would require residents, public service providers, and emergency response vehicles to use alternate routes during those times. See Section 3.13 (Public Services, Utilities, and Transportation) of the Draft EIR.

Construction impacts on roadways will be mitigated by:

- Providing weekly updates on construction schedules and road closures to agencies providing emergency services;
- Notifying all residents in construction areas of planned construction activities one week before their commencement;
- Providing timely pickup of business and residential refuse, coordinated with construction activities; and
- Installing warning signs and construction barriers to protect pedestrians near construction areas.

ENVIRONMENTAL IMPACTS OF PROJECT OPERATIONS

The following pages present descriptions of notable and significant operations-related environmental impacts that are likely to occur as a result of the Project. Impacts are anticipated for the resources listed below.

Surface Water Hydrology	Reduction in flows in the Santa Ana River. Increased likelihood of the development of anaerobic conditions in the water detained in Seven Oaks Reservoir. Sediment erosion and transport at a number of locations.
Groundwater Hydrology	Intermittent and local exceedance of water quality objectives for total dissolved solids and nitrates. Change in extent and location of contaminant plumes. Management of the interaction between surface and groundwater resources would reduce the potential for liquefaction conditions in certain areas of the City of San Bernardino.
Biological Resources	Reduction in the frequency and extent of flood and overbank flows could adversely impact regeneration of Riversidian Alluvial Fan Sage Scrub, San Bernardino kangaroo rat, Santa Ana River woolly-star, Slender-horned spineflower, and Parry's spineflower habitat.

Muni/Western have developed a series of models and other analytical tools to estimate how much water could be reasonably diverted from the Santa Ana River. These computer-based tools are also useful for determining the Project's effects on surface and groundwater hydrology and on other environmental resources. When combined with a detailed understanding of the historic hydrology of the Santa Ana River, this suite of tools provides the numerical basis for many of the determinations of impact significance made in the Draft EIR.

PROJECT-RELATED OPERATIONS IMPACTS

Direct operations-related impacts are anticipated to the following environmental resources:

- Surface Water Hydrology
  - Reduction of in-stream flows
- Groundwater Hydrology
  - Changes in water quality
  - Changes in extent and location of contaminant plumes
  - Changes in area susceptible to liquefaction
- Biological Resources
  - Reduction in "overbank flooding" could affect local sage scrub habitat, Santa Ana River woolly-star, Slender-horned spineflower, Parry's spineflower, and San Bernardino kangaroo rat

PROJECT OPERATIONS IMPACTS ON SURFACE WATER HYDROLOGY

During Project operations, the amount of water flowing in the Santa Ana River downstream from the points of diversion would decrease. Flow rates which would be reduced under all hydrologic conditions, whether high or low, and the frequency and extent of flooding in some areas along the river would decrease. Also, the frequency and amount of water flowing between Cuttle Weir and the confluence with Mill Creek, under low flow conditions, would be substantially reduced.

Under certain conditions, water detained in Seven Oaks Reservoir develops anaerobic conditions. Project operations, without mitigation measures, would increase the possibility of anaerobic conditions developing. Should anaerobic conditions develop in the conservation pool, Muni/Western will participate in a preventative program designed to reverse the water quality degradation.

Erosion of the channel leading to the Lytle Basins could result from water conveyed to the spreading grounds. An energy dissipation structure placed at the discharge end of the water delivery pipeline will be installed to prevent or reduce these effects.

Muni/Western will use water exchanges when groundwater basins approach capacity. Agreements with other agencies would be established or expanded. Santa Ana River water diverted by Muni/Western could be conveyed to regional distribution systems. The diverted water would be distributed to these locations until daily water demand within Muni/Western increases to levels that require return of the water.

The Draft DEIR does not predict direct or indirect environmental consequences of water exchanges. Such exchanges would involve the use of existing facilities and would not involve changes in the manner in which these facilities are operated or maintained. See Section 3.0 of the Draft EIR.

With the Project, the average number of days in the year when there is no flow in the upper Santa Ana River channel will be similar to the number prior to operation of Seven Oaks Dam.

Project Operations Impacts on Groundwater Hydrology and Water Quality in the San Bernardino Basin Area (SBBA)

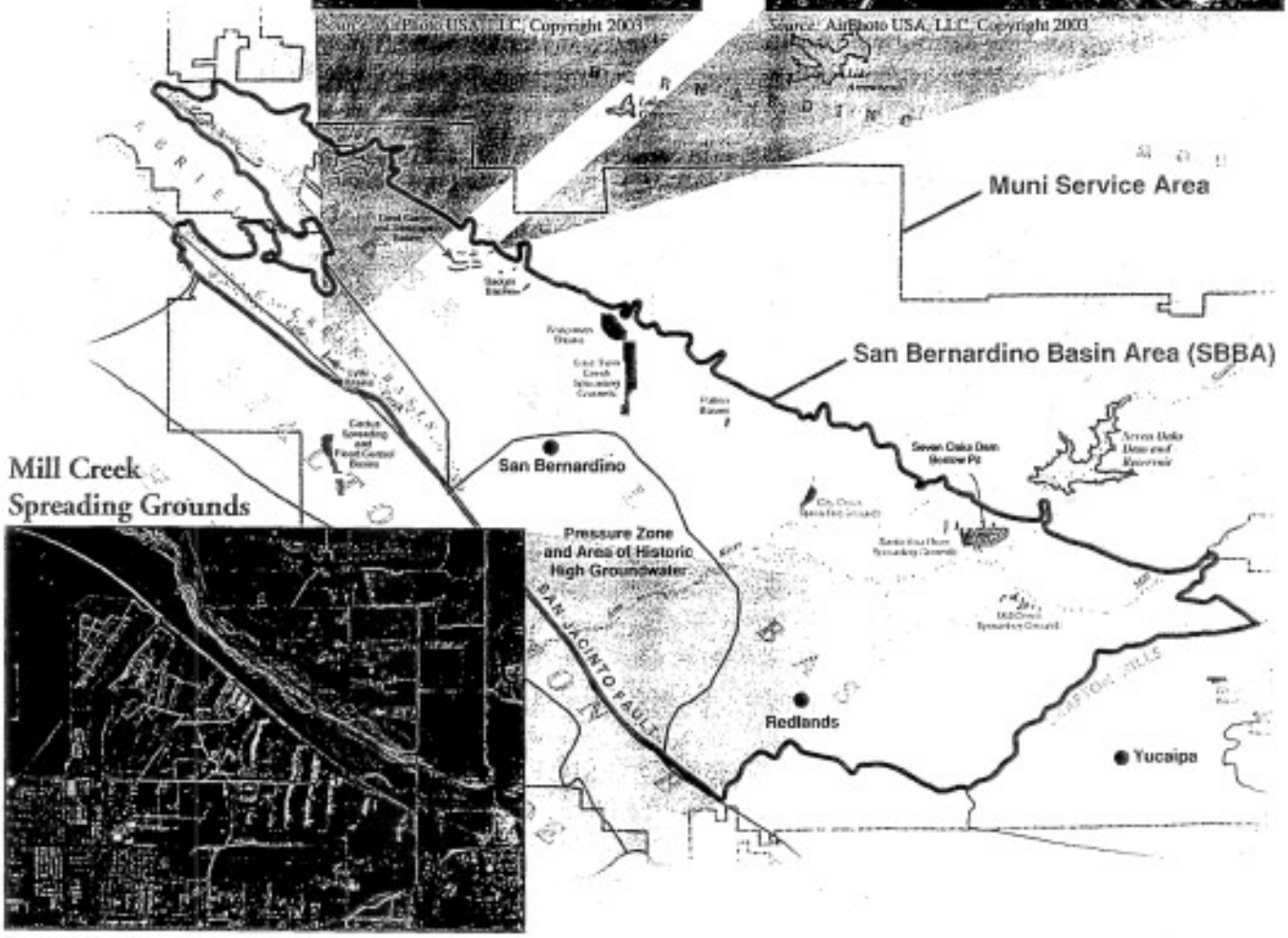
Managed recharge of Santa Ana River water would occur directly by using selected spreading basins, and indirectly through the delivery of surface water to water treatment plants in lieu of groundwater pumping.

Lytle Basins

Source: AirPhoto USA, LLC, Copyright 2003

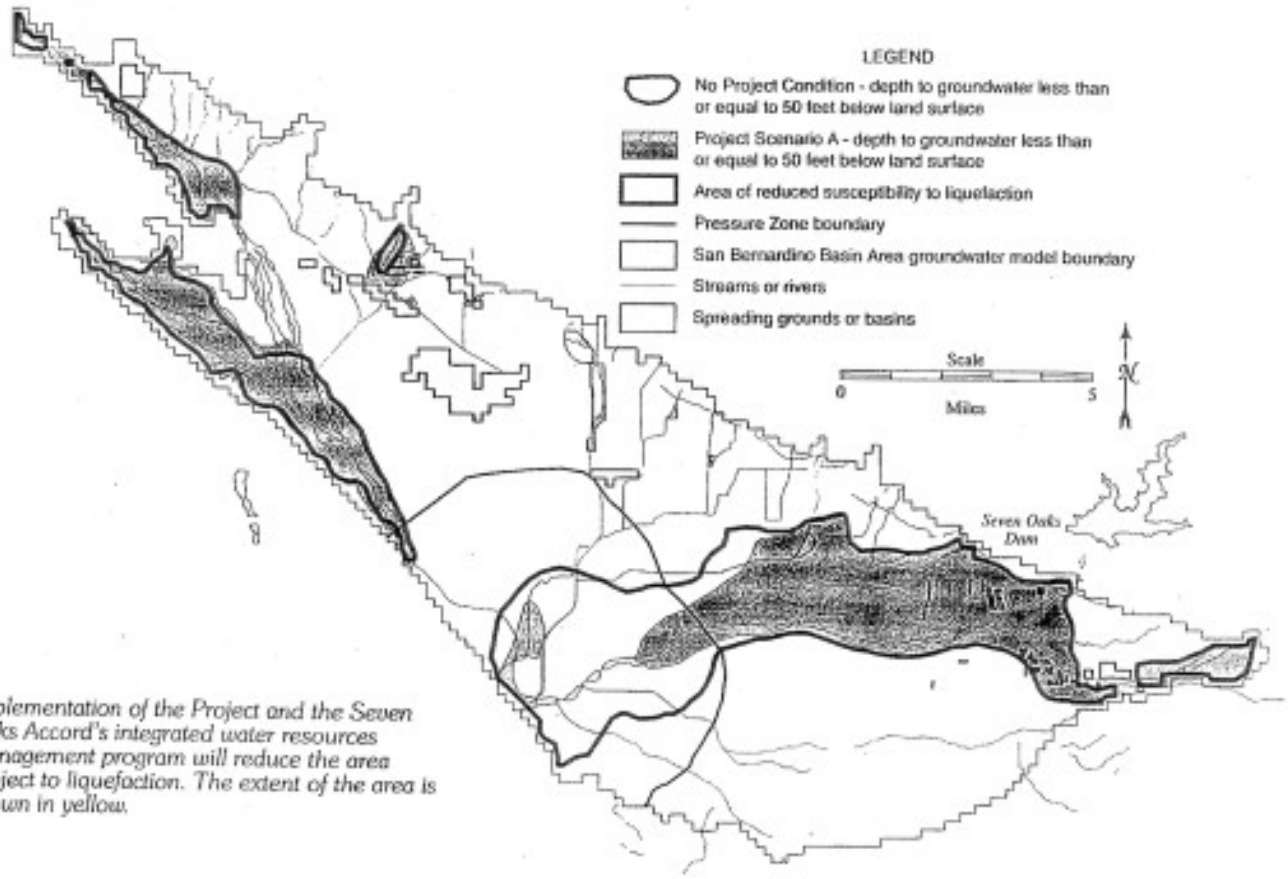
Devil Canyon and Sweetwater Basins

Source: AirPhoto USA, LLC, Copyright 2003



Mill Creek Spreading Grounds

Source: AirPhoto USA, LLC, Copyright 2003



Implementation of the Project and the Seven Oaks Accord's integrated water resources management program will reduce the area subject to liquefaction. The extent of the area is shown in yellow.

Excessively high groundwater levels can create conditions conducive to liquefaction during an earthquake. Liquefaction occurs when the strength and stiffness of a soil is reduced by earthquake shaking or other rapid, strong loading. Liquefaction and related phenomena have been responsible for extensive damage to structures in strong earthquakes. Consistent year-round water extraction in the Pressure Zone and controlled recharge in the Santa Ana River Spreading Grounds are the most effective ways to mitigate excessively high groundwater levels, and reduce the potential for liquefaction.

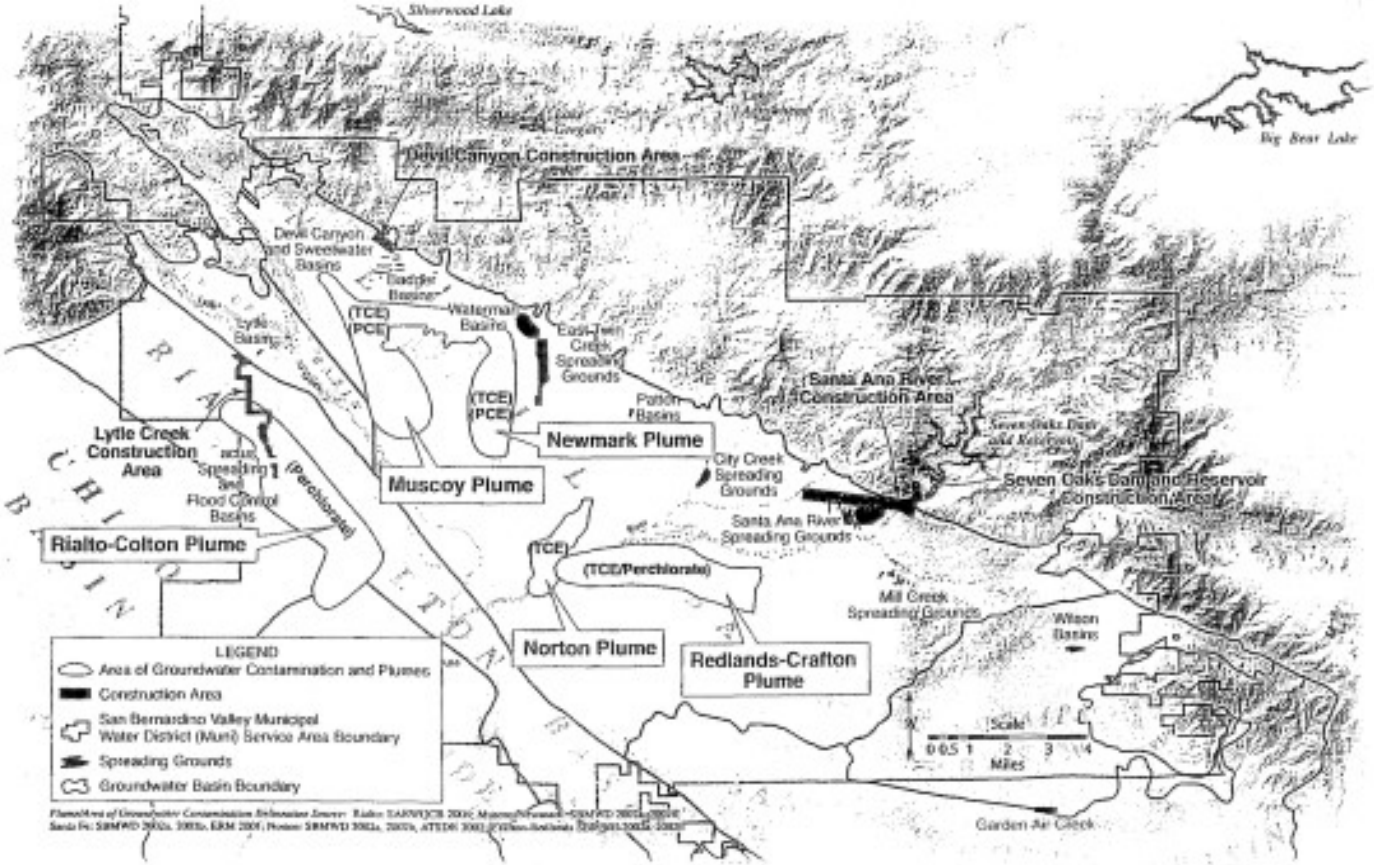
High groundwater conditions in the Pressure Zone of the SBBA are directly related to the amount of surface flow in the main channel of the Santa Ana River, and to the quantity of water recharged in the Santa Ana River Spreading Grounds. The Project diverts water from the Santa Ana River to spreading facilities mostly along the base of the San Bernardino Mountains. This change in both the pattern and timing of groundwater recharge within the SBBA reduces high groundwater conditions in the Pressure Zone and diminishes the risk of liquefaction. See Section 3.2 (Groundwater Hydrology and Water Quality) and Appendix B (Groundwater Hydrology) of the Draft EIR.

PROJECT OPERATIONS IMPACTS ON GROUNDWATER QUALITY

There are several areas of groundwater contamination in the SBBA, the most extensive of which are the Muscoy, Newmark, Redlands-Crafton, and Norton plumes. The Rialto-Colton plume is located just outside the SBBA in the Rialto-Colton Groundwater Basin. The **Muscoy and Newmark Plumes** primarily affect City of San Bernardino water supply wells, however, with groundwater pump-and-treat systems in place, the produced water meets drinking water standards and is delivered to local water distribution systems. The **Redlands-Crafton Plume** requires well-head treatment for some domestic wells. The **Norton Plume** is migrating southwesterly from its origin on the former Norton Air Force Base towards Riverside. Two pump-and-treat systems installed in the plume are slowing the migration and reducing the concentration of contaminants in the aquifer. The **Rialto-Colton Plume** has forced the closure of numerous public drinking water supply wells in the Rialto-Colton groundwater basin.

The Project could influence the extent, direction, and rate of movement of groundwater contamination. Due to the spatial and temporal variability of plume boundaries, the Project could result in beneficial as well as significant impacts. Beneficial impacts including reduced footprint size are expected in relation to TCE (trichloroethylene) and PCE (tetrachloroethylene) contamination in the Muscoy, Newmark, Norton, and Redlands-Crafton plumes. In the case of perchlorate in the Redlands-Crafton Plume, a slight increase in the size of the footprint is forecast.

Using available data, in conjunction with the integrated surface and groundwater models, Muni/Western will identify groundwater trends, including plume movement, and isolate changes attributable to the Project. To the extent feasible, and consistent with meeting other basin management objectives, Muni/Western will direct Project water spreading to limit adverse plume movements.



PROJECT OPERATIONS IMPACTS ON BIOLOGICAL RESOURCES

For much of its length, the upper Santa Ana River has a dry, wide riverbed. The Project would decrease flows in the Santa Ana River, resulting in a reduction in the frequency and extent of flooding in some areas along the river. The term "overbank flooding" describes the condition where flows overtop riverbanks and spill out of the main channel onto adjacent land. Reduced overbank flooding and changes in flow regimes along the Santa Ana River could adversely affect natural habitat such as the Riversidian Alluvial Fan Sage Scrub, and sensitive species including the Santa Ana River woolly-star, Slender-horned spineflower, Parry's spineflower, and San Bernardino kangaroo rat.

Impacts on biological resources associated with changes in surface flow in the Santa Ana River will be minimized by: monitoring and removing invasive non-native plant species that diminish the value of the affected species; and by implementing a program, prepared in cooperation with federal and state resource agencies, to restore/renew habitat. These measures may be modified and additional measures may be identified as part of compliance with federal and state Endangered Species Act requirements. See Section 3.3 (Biological Resources) and Appendix E (Biological Resources) of the Draft EIR.

The Santa Ana sucker (a federally listed fish native to portions of the Santa Ana River) does not occur in the upper portions of the Santa Ana River. Project-related changes in hydrology are not expected to adversely affect the Santa Ana sucker. This fish is present in the Santa Ana River (below the RIX and Rialto outfall channel) where water reclamation plant discharges maintain water flows. Changes in the flow regime of the Santa Ana River attributable to the Project are virtually indiscernible in these lower portions of the Santa Ana River, so adverse impacts to the habitat are highly unlikely. Additionally, reductions of flood flows could result in benefits to this species by reducing flood flows that may otherwise wash some individuals downstream.

Periodic surface disturbance by overbank flooding outside the main channel can lead to habitat renewal. This process is thought to be important to the persistence of sensitive resources associated with the Santa Ana River alluvial fan.

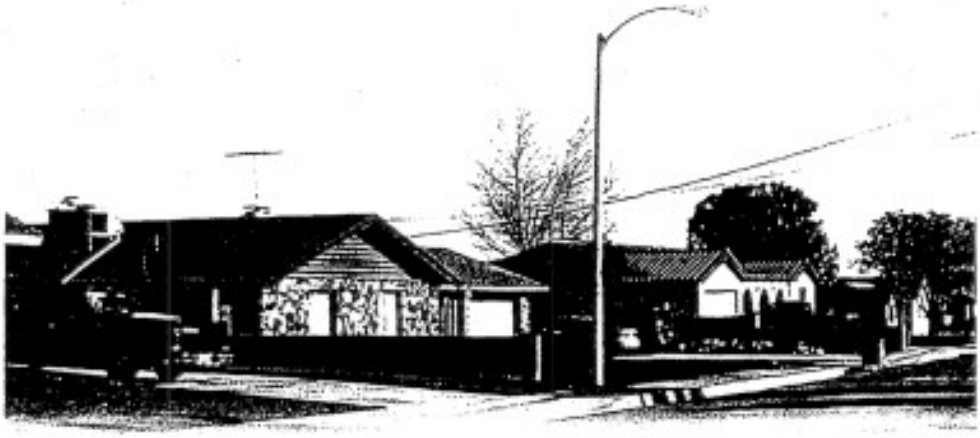
The Draft EIR evaluates the reasonably foreseeable indirect physical changes attributable to the Project. Indirect physical changes are those that are not immediately related to the Project, but that are caused indirectly by the Project. Growth-related impacts are the indirect impacts of growth or development, such as the conversion of open land to developed land, added traffic, and increased demand for public services.

The Project, even though consistent with local and regional population projections and plans, would remove an obstacle to population growth by providing additional local water within the Muni/Western service area. Therefore, the Project may indirectly foster economic or population growth or the construction of additional housing within the Muni/Western service area.

Growth accommodated by the Project would indirectly affect the following resources:

- Hydrology and Water Quality
- Biological Resources
- Geology, Soils and Mineral Resources
- Land Use and Planning
- Agricultural Resources
- Recreational Resources
- Cultural Resources
- Air Quality
- Noise
- Aesthetics
- Hazardous Materials
- Public Services, Utilities, and Transportation

Mitigating the growth-related impacts on these environmental resources is primarily the responsibility of local governments and regulatory agencies. See chapter 4 (Growth-Inducing Effects and Growth-Related Impacts) of the Draft EIR.



On a long-term basis, the quantity of additional water provided by the Project could support between about 33,000 and 83,000 persons in the Muni/Western service area. This represents between 4 and 10 percent of the population increase anticipated in the combined service areas between 2000 and 2025.

GROWTH-INDUCING AND INDIRECT IMPACTS

- Newly conserved water would remove an obstacle to growth.
- Growth accommodated by the Project would affect the following resources:
  - Hydrology and Water Quality
  - Biological Resources
  - Geology, Soils and Mineral Resources
  - Land Use and Planning
  - Agricultural Resources
  - Recreational Resources
  - Cultural Resources
  - Air Quality
  - Noise
  - Aesthetics
  - Hazardous Materials
  - Public Services, Utilities, and Transportation

ALTERNATIVES TO THE PROJECT

The Draft EIR addresses three water supply alternatives in addition to the No Project Alternative. These alternatives were designed to avoid or substantially reduce the Project's significant impacts to environmental resources by eliminating or reducing Santa Ana River diversions. A brief description of each of the alternatives follows. A detailed discussion can be found in Chapter 5 (Alternatives) of the Draft EIR.

No Project Alternative

The Project would not be built if Muni/Western chose not to go forward with the Project or did not receive a permit from the SWRCB. Construction activities (for diversion or conveyance facilities) and the diversion of Santa Ana River water would not occur. However, since neither Muni nor Western has the authority to restrict use of local groundwater resources or grant or deny land use permits, regional growth would continue and cause growth-related impacts to occur. It is likely that Muni and Western would become more dependent on imported water supplies and groundwater overdrafting could occur.

Well-head treatment facilities to remove water contamination.

Alternative 1 – New Local Water Supplies

The Draft EIR evaluates three types of new local water supplies in lieu of diversions of Santa Ana River water:

- Brackish groundwater desalination;
- Regional water recycling; and
- Groundwater extraction, with wellhead treatment, from the Riverside Basin.

Distribution of the new local water within the Muni/Western service area would involve construction activities with environmental impacts similar to those of the Project.

Drought-tolerant landscape demonstration garden, Western.

Alternative 2 – Enhanced Conservation

The Enhanced Conservation Alternative would provide a similar amount of water to the annual average provided by the Project, i.e., 27,000 afy. This alternative would be primarily implemented in the Muni service area, since Western currently has an active conservation program and Western could achieve only minimal conservation gains. Obtaining an extra savings of 27,000 afy would require new conservation activities to be implemented and maintained over a long period.

Devil Canyon Power Plant of the State Water Project.

Alternative 3 – New Imported Water Supply

The development of new imported water sources, the acquisition of existing water sources followed by the transfer of that water for use in the Muni/Western service area, or a combination of both is considered a feasible alternative to the Project. Two options for new imported water sources are considered: (1) additional SWP Table A Amounts, and (2) cooperation in a seawater desalination facility and water exchange. Under this alternative, only those facilities needed to convey water within the Muni/Western service area would be required.

The Project has both beneficial and adverse direct environmental effects. None of the direct impacts would occur if the **No Project Alternative** is selected. The No Project Alternative would reduce the significant indirect (growth-related and development-related) impacts of the Project in the Western/Muni service area. This alternative would not increase water supply reliability and therefore would not meet the Project objectives.

Selection of any of the components of the **New Local Water Supplies Alternative** would result in the same indirect impacts as the Project and, thus, would not reduce or avoid the Project's growth-related impacts. These water supply alternatives would result in greater direct impacts to several environmental resources because new treatment and conveyance facilities would have to be constructed from the water sources to the existing water distribution system. New water conveyance facilities would be required to distribute recycled water to customers able to use this water source. Depending on the specifics of implementation, this alternative could result in greater impacts to water resources and water quality in the lower reaches of the Santa Ana River as well as greater and significant impacts to aquatic species, air quality, aesthetics, and hazardous materials.

Selection of the **Enhanced Conservation Alternative** would result in the same indirect impacts as the Project and thus would not reduce or avoid the Project's growth-related impacts. It would result in fewer direct impacts to all environmental resources since it would not require new construction of conveyance facilities and would not reduce flows in the Santa Ana River. Water demand forecasts prepared by the Santa Ana Watershed Project Authority assume a conservation rate of about 10 percent. To achieve the required conservation of 27,000 afy (the Project's average annual yield) from an annual increase in demand in the Muni service area of about 43,000 af (over the period 2000 through 2025) would require a conservation rate of over 60 percent. Implementation of sufficient conservation measures to permanently decrease regional demand equal to the additional supply provided by the Project could face substantial institutional and consumer resistance and, therefore, may not be achievable or sustainable.

Selection of either of the components of the **New Imported Water Supply Alternative** would result in the same indirect impacts as the Project and, thus, would not reduce or avoid the Project's growth-related impacts. This alternative would result in fewer direct impacts in some environmental resources and more impacts in other resource areas.

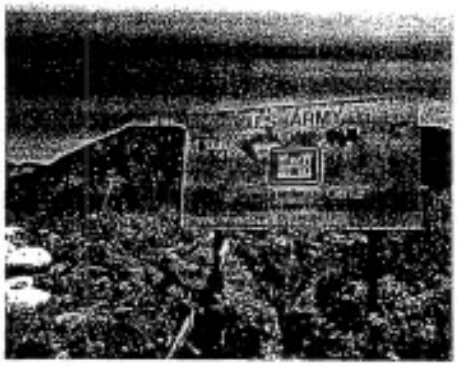
ALTERNATIVES TO THE PROJECT

Three alternatives to the Project, each of which avoid or substantially reduce some of the adverse environmental impacts associated with the Project, were identified for detailed analysis. The No Project Alternative was also assessed.

- No Project Alternative
- Alternative 1: New Local Water Supplies
  - Desalination of brackish groundwater
  - Regional water recycling
  - Increased groundwater extraction (with water quality treatment) from the Riverside Basin
- Alternative 2: Enhanced Conservation
- Alternative 3: New Imported Water Supply
  - Additional SWP Table A Amount
  - Desalination of seawater and water exchange

POTENTIAL PERMITS, APPROVALS AND CONSULTATIONS TO IMPLEMENT THE PROJECT

In addition to the agencies listed below, Muni and Western would enter into agreements with agencies to facilitate water exchanges and gain access to, and use of, various pipelines, spreading grounds, and other facilities. As examples, Muni/Western could enter into agreements with Metropolitan and other adjacent water agencies for exchange of Santa Ana River water; and Muni/Western could enter into agreements with the San Bernardino County Flood Control District for access to that agency's spreading grounds. See Chapter 2 (Project Description) of the Draft EIR.



Seven Oaks Dam was constructed by the U.S. Army Corps of Engineers and is managed and operated for flood control by the Local Sponsors.

Agency	Potential Permits/Approvals
U.S. Army Corps of Engineers	• Approval for any alterations to Seven Oaks Dam and its operations • Approval for new pipelines to connect to facilities of Seven Oaks Dam • Permits/approvals per Section 404 of the Clean Water Act (for the discharge of dredged or fill material into waters of the United States) • Permits/approvals per Section 10 of the Rivers and Harbors Act (for construction in waterways)
U.S. Fish and Wildlife Service	• Permits/approvals per the Federal Endangered Species Act
U.S. Forest Service	• Access agreements/permits for construction within the San Bernardino National Forest
California State Water Resources Control Board	• Approval of Muni/Western water rights applications 31165 and 31370
Santa Ana Regional Water Quality Control Board	• Section 401 certification for water quality/stormwater runoff during construction • National Pollutant Discharge Elimination System permit for pipeline construction activities
California Department of Fish and Game	• Section 2081 permit per the California Endangered Species Act • Section 1600 Streambed Alteration Agreement
State Historic Preservation Officer	• Consultations per Section 106 of the National Historic Preservation Act
South Coast Air Quality Control Board	• Permit to Construct • Approval of fugitive dust emissions plan
County of San Bernardino	• Road encroachment and closure permit • Flood Control Right-of-Way (for construction in the floodplain) • Soil Erosion and Sediment Control Permit
City of Highland	• Road encroachment and closure permits
City of Rialto	• Road encroachment and closure permits
San Bernardino County Flood Control District, Orange County Flood Control District, and Riverside County Flood Control and Water Conservation District (Local Sponsors of Seven Oaks Dam)	• Encroachment permits and access agreements
The Metropolitan Water District of Southern California	• Encroachment permits and access agreements

The U.S. Army Corps of Engineers would be requested to approve alterations to the Seven Oaks Dam, including proposed changes to the intake structure pictured here.

OTHER WATER RIGHT APPLICATIONS

As a result of many factors, including the urbanization of the Santa Ana River watershed, the importation of water from the Colorado River and SWP, and management actions by others (including the operation of Big Bear Lake and the construction of Seven Oaks Dam), several public entities, in addition to Muni/Western, have made application to the California State Water Resources Control Board (SWRCB) to be granted an appropriative right to some of the additional water now carried by the Santa Ana River. These applications include:

- Muni/Western (Application Number 31165)
- Orange County Water District (Application Number 31174)
- Chino Basin Watermaster (Application Number 31369)
- Muni/Western (Application Number 31370)
- San Bernardino Valley Conservation District (Application Number 31371)
- City of Riverside (Application Number 31372)

Some of these applications overlap and compete for the same water while others are independent and seek to appropriate different water.

The SWRCB has received information on the hydrology and other resources of the Santa Ana River, and the amount and timing of anticipated diversions. The Board has a well-established public process to determine the amounts and nature of water rights. Following this process, it is expected that the Board will hold one or more water right hearings on the Santa Ana River.

Muni/Western's Santa Ana River Water Right Applications will:

- Increase water supply reliability by reducing dependence on imported water;
- Develop and deliver a new, local, high quality, long-term water supply that is needed to meet part of anticipated future demands; and
- Expand operational flexibility by adding infrastructure and varying sources of water, thereby providing Muni/Western with greater capability to match varying supply and demand.

Project diversions from the Santa Ana River will vary depending on a number of factors. Over a 39-year future period, Muni/Western could have the opportunity to capture over one million acre feet of water from the Santa Ana River. Over the long-term, the average annual amount could be as high as 27,000 af.

	Maximum Diversion Rate (1,500 cfs)	Minimum Diversion Rate (500 cfs)
Average Annual	27,000 af	11,400 af
Cumulative Total	1,054,000 af	445,000 af
Maximum Annual	198,000 af	121,000 af

Most of the Project's significant environmental impacts can be reduced to a less than significant level through implementation of a number of mitigation measures. However, some significant impacts in the following environmental resources are unavoidable: surface water hydrology and water quality; groundwater hydrology and water quality; geology and soils; air quality; cultural resources; noise; and public services, utilities, and transportation.

The Project will meet Muni and Western's primary goals and objectives by providing the additional facilities to improve water management operational flexibility, while increasing water supply reliability and reducing the dependence on imported supplies.

For Further Information

San Bernardino Valley Municipal Water District
1350 South E Street, San Bernardino, CA 92408-2725
Post Office Box 5906, San Bernardino, CA 92412-5906
(909) 387-9211 (Telephone) (909) 387-9247 (Fax)
Contact: Robert L. Reiter, General Manager and Chief Engineer
Western Municipal Water District of Riverside County
450 Alessandro Boulevard, Riverside, CA 92508-2449
Post Office Box 5286, Riverside, CA 92517-5286
(951) 789-5000 (Telephone) (951) 780-3837 (Fax)
Contact: John V. Rossi, General Manager

For Review of Printed Copies of Documents

This Community Report, along with the Draft EIR and its Appendices, will be available for public review at the libraries listed below and at the offices of both Muni and Western, the co-lead agencies.

- A.K. Smiley Public Library
  125 West Vine Street, Redlands, CA 92373 (909) 798-7565
- City of San Bernardino Public Library
  555 West Sixth Street, San Bernardino, CA 92410 (909) 381-8201
- Riverside Public Library
  3581 Mission Inn Avenue, Riverside, CA 92501 (951) 826-5213
- San Bernardino County Library, Highland Branch
  27167 Baseline, Highland, CA 92346 (909) 862-8549
- San Bernardino County Library, Mentone Branch
  1870 Mentone Boulevard, Mentone, CA 92354 (909) 794-2657
- City of Colton Library
  656 North Ninth Street, Colton, CA 92324 (909) 370-5083
- Corona Public Library
  650 South Main Street, Corona, CA 92882 (951) 736-2382
- Riverside County Library, Lake Elsinore Branch
  600 West Graham, Lake Elsinore, CA 92530 (951) 674-4517

Public Hearing and Comments on the Draft EIR

Public hearings on the Draft EIR will be held. Please see the Notice of Availability for times, dates, and locations.

Every effort has been made in this Community Report to represent accurately the information contained in the Draft EIR. If there are any discrepancies, please rely on the discussion in the Draft EIR.

Response on Four Options Presented in Service Review from Water Producers Within the Boundaries of the San Bernardino Valley Water Conservation District

Attachment 6

REDLANDS WATER COMPANY

101 East Olive Avenue
Redlands, CA 92373
909-793-4901

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LAFCO
San Bernardino County

August 4, 2005

Kathleen Rollings-McDonald
Executive Director
Local Agency Formation Commission
175 West Fifth Street
San Bernardino, CA 92415-0490

LAFCO 2919 – Service Review for San Bernardino Valley Water Conservation District

This letter is in response to the Local Agency Formation Commission (LAFCO) request for input regarding suggested consolidation options for the San Bernardino Valley Water Conservation District (SBVWCD) and represents the interests of the Redlands Water Company (RWC) who is a major irrigation water provider in the east end of the Bunker Hill Basin.

The Board of Directors of the RWC has reviewed the various options indicated in the LAFCO staff report, dated March 7, 2005. Those options included: Consolidation with the San Bernardino County Flood Control District, Expansion of the San Bernardino Valley Water Conservation District Sphere, Consolidation with the San Bernardino Valley Municipal Water District (SBVMWD) and Status Quo. As a result of that review the RWC Board supports a consolidation of the SBVWCD with the SBVMWD.

The RWC Board of Directors understands that LAFCO has sole and exclusive authority in this matter. However, in the event that LAFCO decides that a consolidation of the SBVWCD and the SBVMWD is in the public interest the RWC requests that serious consideration be given to the Memorandum of Understanding between the City of Redlands and the SBVMWD as an instrument to best implement their decision and protect the long-term interests of the RWC.

Larry Burgess

Larry Burgess
Vice President

LUGONIA WATER COMPANY

101 East Olive Avenue
Redlands, CA 92373
909-793-4901

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AUG 05 2005
LAFCO
San Bernardino County

August 1, 2005

Kathleen Rollings-McDonald
Executive Director
Local Agency Formation Commission
175 West Fifth Street
San Bernardino, CA 92415-0490

LAFCO 2919 – Service Review for San Bernardino Valley Water Conservation District

This letter is in response to the Local Agency Formation Commission (LAFCO) request for input regarding suggested consolidation options for the San Bernardino Valley Water Conservation District (SBVWCD) and represents the interests of the Lugonia Water Company (LWC) who is a major irrigation water provider in the east end of the Bunker Hill Basin.

On July 25, 2005 the Board of Directors of the LWC reviewed the various options indicated in the LAFCO staff report, dated March 7, 2005. Those options included: Consolidation with the San Bernardino County Flood Control District, Expansion of the San Bernardino Valley Water Conservation District Sphere, Consolidation with the San Bernardino Valley Municipal Water District (SBVMWD) and Status Quo. As a result of that review the LWC Board voted to support a consolidation of the SBVWCD with the SBVMWD.

The LWC Board of Directors understands that LAFCO has sole and exclusive authority in this matter. However, in the event that LAFCO decides that a consolidation of the SBVWCD and the SBVMWD is in the public interest the LWC requests that serious consideration be given to the Memorandum of Understanding between the City of Redlands and the SBVMWD as an instrument to best implement their decision and protect the long-term interests of the LWC.

David B. Knight

David Knight
President

Meeks & Daley

Incorporated September 1, 1885
Consolidated January 1, 1998

August 2, 2005

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LAFCO
San Bernardino County

Local Agency Formation Commission
Attn: Mrs. Kathleen Rollings-McDonald
175 West 5TH Street, Second Floor
San Bernardino, CA 92415

SUBJECT: MUNICIPAL SERVICE REVIEW SUGGESTIONS FOR THE SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT

Dear Mrs. Rollings-McDonald:

In 1989, the Elsinore Valley Municipal Water District acquired the assets of the Temescal Water Company. Among those assets was the Meeks & Daley Water Company. The Meeks & Daley Water Company remains as a mutual water company, serving its customers from a water supply derived from wells drawing water from the Bunker Hill and Rialto Basins. The two major shareholders in the Meeks & Daley Water Company are the Elsinore Valley Municipal Water District and the City of Riverside.

On August 2, 2005, the Board of Directors of the Meeks & Daley Water Company held its Third Quarterly meeting, at which the Minutes of June 9, 2005 of the Upper Santa Ana Water Resources Association were reviewed. It was noted that your presentation of the Municipal Service Review and Sphere of Influence Update provided the Conservation District with five options, and called for the written comments of major water purveyors in the area.

By unanimous vote, the Board of Directors of the Meeks and Daley Water Company took action to support Option No. 1 for the Conservation District; to stay status quo and to support the good work of the SBVCD, of which we are a paying participant and benefactor.

Thank you for the opportunity to comment and for the consideration of the LAFCO Commission on August 17, 2005.

Sincerely,

Ronald E. Young, P.E., DEE
General Manager/Director

Meeks & Daley Water Company * P.O. Box 3000 * Lake Elsinore, CA 92530
Phone 951-674-3146 Fax 951-674-9872

ROBERT A. HINZE
PRESIDENT

E.D. PATTERSON, JR.
VICE PRESIDENT

MICHAEL L. HUFFSTUTLER
GENERAL MANAGER

CHARLOTTE VAN ECK
SECRETARY AND TREASURER

BEAR VALLEY MUTUAL WATER COMPANY

101 EAST OLIVE AVENUE
REDLANDS, CALIFORNIA 92373
(909) 793-4901

August 1, 2005

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LAFCO
San Bernardino County

Kathleen Rollings-McDonald
Executive Director
Local Agency Formation Commission
175 West Fifth Street
San Bernardino, CA 92415-0490

LAFCO 2919 – Service Review for San Bernardino Valley Water Conservation District

This letter is in response to the Local Agency Formation Commission (LAFCO) request for input regarding suggested consolidation options for the San Bernardino Valley Water Conservation District (SBVWCD) and represents the interests of the Bear Valley Mutual Water Company (BVMWC) who is the major irrigation water provider in the east end of the Bunker Hill Basin. The Bear Valley Mutual Water Company provides irrigation water to Lugonia Water Company, North Fork Water Company, Redlands Water Company, West Redlands Water Company, Crafton Water Company and Redlands Heights Water Company. In addition, the Bear Valley Mutual Water Company provides untreated water to the domestic water treatment plants of the City of Redlands and the East Valley Water District.

On July 21, 2005 the Board of Directors of the BVMWC met to review the various options indicated in the LAFCO staff report, dated March 7, 2005. Those options included: Consolidation with the San Bernardino County Flood Control District, Expansion of the San Bernardino Valley Water Conservation District Sphere, Consolidation with the San Bernardino Valley Municipal Water District (SBVMWD) and Status Quo. As a result of that review the BVMWC Board voted to support a consolidation of the SBVWCD with the SBVMWD.

The BVMWC Board of Directors understands that LAFCO has sole and exclusive authority in this matter. However, in the event that LAFCO decides that a consolidation of the SBVWCD and the SBVMWD is in the public interest the BVMWC requests that serious consideration be given to the Memorandum of Understanding between the City of Redlands and the SBVMWD as an instrument to best implement their decision and protect the long-term interests of the BVMWC.

Robert A. Hinze
President

Michael L. Huffstutler
General Manager

San Bernardino Valley Municipal Water District

1350 SOUTH "E" STREET - P. O. BOX 5906 - SAN BERNARDINO, CALIFORNIA 92412-5906 -(909) 387-9200
FAX (909) 387-9247

August 4, 2005

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San Bernardino County

Kathleen Rollins-McDonald
Executive Officer
Local Agency Formation Commission
175 West Fifth Street, Second Floor
San Bernardino CA 92415-0490

Dear Mrs. Rollins-McDonald:

At our meeting on August 3, 2005, our Board considered LAFCO's request that our District comment on LAFCO's consideration of a change in organization for the San Bernardino Valley Water Conservation District ("SBVWCD") which would result in consolidation with our District.

As a potential successor district to SBVWCD, the District Board voted not to take a position for, or against, consolidation of SBVWCD with our District. The Board also, as part of its action, wishes to make a commitment to LAFCO to work with LAFCO to fully implement any decision made by LAFCO. We believe that our District has demonstrated its ability to develop and implement sound, efficient and effective water management plans (including groundwater management) in a collaborative way. We will bring that same expertise to bear in implementing any decision of LAFCO in relation to LAFCO 2919. The District understands that past LAFCO consolidation approvals had contained a condition that the successor agency accept all of the current staff of the agency being consolidated. The District is fully prepared to meet this requirement, as well as continue any existing activities of SBVWCD which LAFCO believes should be continued.

Sincerely,

C. Patrick Milligan
President, Board of Directors

Directors and Officers

EDWARD B. KILLGORE, Division I
GEORGE A. AGUILAR, Division II
PAT MILLIGAN, Division III
MARK BULOT, Division IV
STEVE COPELAN, Division V
ROBERT L. REITER, General Manager and Chief Engineer

Rollings-McDonald. Kathleen

From: Aldstadt_St [Aldstadt_St@ci.san-bernardino.ca.us]

Sent: Friday, July 29, 2005 9:57 AM

To: Rollings-McDonald. Kathleen

Cc: Kersey_Be

Subject: LAFCO 2919 Service Review for San Bernardino Valley Water Conservation District

Dear Ms. Rollings-McDonald:

Our agency, the City of San Bernardino Municipal Water Department, intends to provide comments to your agency regarding the service review for the SB Valley Water Conservation District. However, our board will not meet until August 9, 2005 to finalize their position. We will submit comments shortly thereafter. We apologize for any inconvenience this causes you and your commission. If you have any questions regarding our submission, please do not hesitate to call me.

Stacey Aldstadt
General Manager
San Bernardino Municipal Water Department
300 North D Street
San Bernardino, CA 92418
(909) 384-7210
(909) 384-5215 fax
Aldstadt_St@ci.san-bernardino.ca.us

Office of the Mayor
City of Redlands

Susan Peppler

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JUL 20 2005
LAFCO
San Bernardino County

July 20, 2005

Kathleen Rollings-McDonald, Executive Officer
Local Agency Formation Commission
County of San Bernardino
175 West fifth Street, Second Floor
San Bernardino, CA 92415-0490

SUBJECT: SUPPORT FOR CONSOLIDATION OF THE SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT WITH THE SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT

Dear Ms. Rollings-McDonald:

This letter is in response to your request for an official position regarding potential consolidation of the San Bernardino Valley Water Conservation District (SBVWCD) with the San Bernardino Valley Municipal Water District or the San Bernardino County Flood Control District and if not, whether the SBVWCD sphere of influence should be expanded to include the entire Bunker Hill Groundwater Basin or make no changes to the SBVWCD boundaries.

The Redlands City Council considered the above request for an official position on July 19, 2005. It City Council adopted a recommendation to support consolidation of the San Bernardino Valley Water Conservation District with the San Bernardino Valley Municipal Water District. The City Council also authorized staff to negotiate the terms of an agreement between the City of Redlands and the San Bernardino Valley Municipal Water District regarding the potential consolidation of the San Bernardino Valley Water Conservation District. The City Council took this action following consideration of the improved efficiencies that will result from consolidation of the districts and the City's ability to lower its cost of continuing groundwater recharge activities under a different organization. Further, the City of Redlands is opposed to a consolidation with the San Bernardino County Flood Control District due to the antithetical objectives of flood control and recharge operations. We are also opposed to an expansion of the sphere of influence.

If you have any questions regarding this formal position adopted by the Redlands City Council, please feel free to contact Doug Headrick, Chief of Water Resources, at 798-7698.

Sincerely,

Susan Peppler

Susan Peppler
Mayor

cc: John Davidson, City Manager
Gary G. Phelps, Municipal Utilities Director
Doug Headrick, Chief of Water Resources

CITY OF
RIVERSIDE
PUBLIC UTILITIES

July 19, 2005

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JUL 22 2005
LAFCO
San Bernardino County

Kathleen Rollings-McDonald, Executive Officer
Local Agency Formation Commission
County of San Bernardino
175 West Fifth Street,
Second Floor,
San Bernardino, CA 92415-0490

SUBJECT: **LAFCO 2919 – SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR THE SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT ("CONSERVATION DISTRICT")**

Dear Ms. Rollings-McDonald:

This letter is in response to your request for comments from the major Bunker Hill Basin water extractors on LAFCO's Municipal Service Review of the Conservation District.

As the largest water extractor in the Bunker Hill Basin, the City of Riverside Public Utilities Department ("RPU") takes this opportunity to provide the following comments. Please be advised that these comments have been approved by the City of Riverside Board of Public Utilities ("RPU Board").

Background

RPU and its predecessors in interest have extracted water from and have established water rights in the Bunker Hill Basin dating back over 130 years. Water extracted from RPU's wells in the Bunker Hill Basin provide more than seventy percent of the potable water supply for almost all of Riverside's residents.

RPU's wells are situated westerly and downstream of the Conservation District's groundwater spreading basins. The Conservation District's recharge activities in those spreading basins are beneficial to the quantity of the water extracted from RPU's wells and other extractors' wells near RPU's.

LAFCO's Municipal Service Review

1. Consolidation Proposal

RPU appreciates that LAFCO's Municipal Service Review has focused on the levels of the Conservation District's administrative and litigation expenditures, and recognizes that efficiencies may be realized by consolidating the Conservation District's functions with those of another agency such as the San Bernardino Valley Municipal Water District ("SBVMWD") or the San Bernardino County Flood Control District ("SBFCD").

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However, on the basis of information available to RPU it appears pre-mature to consolidate the Conservation District with SBVMWD or SBFCD until further studies and review can be made as to the environmental impacts of such a consolidation and the mitigation measures that would be imposed to provide binding assurances that the successor entity would continue to engage in a similar level of recharge activities in the Conservation District's spreading basins.

Therefore, before any action is taken to consolidate the Conservation District's functions with those of another agency, RPU encourages LAFCO to perform such studies and review, including legal effects on water rights of the basin.

2. Sphere of Influence

LAFCO's Municipal Service Review also raised the question whether the Conservation District's sphere of influence should be expanded to include the entire Bunker Hill Basin. The Conservation District's spreading basins are situated generally in the eastern end of the Bunker Hill Basin. Water recharged into those spreading basins generally flows east to west toward the Santa Ana River, which bisects the southern end of the Bunker Hill Basin.

Spreading basins operated by the SBVMWD are situated generally in the northwest and north central section of the Bunker Hill Basin–areas not included in the Conservation District's sphere of influence. SBVMWD's recharge activities benefit wells that hydrologically do not benefit from the Conservation District's recharge activities.

This division of recharge responsibilities in the Bunker Hill Basin seems to be logical and functions well. Therefore, RPU does not see any reason at present to expand the Conservation District's sphere of influence to those northwest and north central portions of the Bunker Hill Basin that are currently served by the SBVMWD's activities. Rather, RPU would prefer that the Conservation District focus on efficiently and economically recharging water in its own spreading basins.

If you should have any questions related to these comments, please do not hesitate to contact me.

Very truly yours,

David H. Wright

David H. Wright
Riverside Public Utilities Director

DHW/ET/cef
Ref: PUDIR05019

EVWD East Valley Water District

Serving Our Community for Over 50 Years

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Paul R. Dolter
District Engineer

Brian W. Tompkins
Chief Financial Officer

P.O. Box 3427
San Bernardino, CA 92413
3654 Highland Avenue
Suite 18
Highland, CA 92346
Phone: (909) 889-9501

Office Hours:
Monday - Friday
8:00 am - 5:00 pm

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San Bernardino County

July 7, 2005

Kathleen Rollings-McDonald, Executive Officer
Local Agency Formation Commission
County of San Bernardino
175 West Fifth Street, Second Floor
San Bernardino, CA 92415-0490

Re: LAFCO 2919 – San Bernardino Valley Water Conservation District

Dear Ms Rollings-McDonald:

Reference is made to LAFCO's current service review of the San Bernardino Valley Water Conservation District (LAFCO 2919). You recently made a presentation on this issue at the Upper Santa Ana Water Resources Association. Following your presentation, you stated that the Commission had requested comments from the various water agencies in this basin, especially those that operate within the boundaries of the Water Conservation District. The Board of Directors of the East Valley Water District has reviewed this issue and the various options being considered by the Commission and wishes to offer the following comments, which were approved by the Board at its regularly scheduled meeting on July 12, 2005.

1) East Valley Water District strongly recommends that LAFCO reject the option for consolidation of the Water Conservation District with the San Bernardino County Flood Control District. In our view, these two agencies have distinctly different functions and operational goals. An example of this concern is the ongoing problems we are experiencing with water quality degradation at the Seven Oaks Dam. While the dam is operating effectively from a flood control perspective, it has created serious problems from a water supply and water quality standpoint

2) With respect to all other options being considered by the Commission, the District's view is that the existing organization and sphere of influence of the Water Conservation District is satisfactory and should not be subjected to any modifications. East Valley Water District is satisfied with the operation of the Water Conservation District and their willingness to work

with other agencies on regional problems. We are pleased with many of the regional projects and agreements that are being forged in the Bunker Hill Basin area with the intent of creating effective water management programs. The Water Conservation District has been an integral part of many of these agreements. It is also our understanding that the Water Conservation District is nearing a settlement with the San Bernardino Valley Municipal Water District regarding their competing water rights applications. This has been a major concern of our District and we are encouraged that a resolution of this dispute appears to be imminent.

3) If the Commission should decide upon some form of consolidation, we strongly recommend that the revenue stream from existing mining operations be committed to groundwater recharge and Basin Management programs. The use of these funds for any other purpose would be highly objectionable.

We wish to thank you for the opportunity to comment on this very important matter being considered by the Commission. If there is any further information that we can provide you in this matter, we encourage you to contact our staff.

Sincerely,

Kip Sturgeon
Vice President

Response on Four Options Presented in Service Review from Water Producers Outside the Boundaries of the San Bernardino Valley Water Conservation District

Attachment 7

City of Rialto

CALIFORNIA

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AUG 02 2005
LAFCO
San Bernardino County

July 27, 2005

Ms. Kathleen Rollings-McDonald
San Bernardino Local Agency Formation Commission
175 West Fifth Street, Second Floor
San Bernardino, CA 92415-0490

Re: Rialto's Comments on the Municipal Service Review for the San Bernardino Valley Water Conservation District

Dear Ms. Rollings-McDonald:

The City of Rialto ("Rialto") appreciates the opportunity to submit comments on the Municipal Service Review ("MSR") for the San Bernardino Valley Water Conservation District ("Conservation District") by the San Bernardino Local Agency Formation Commission ("LAFCO"). The City of Rialto ("Rialto") was notified of LAFCO's consideration of this matter by the Conservation District, and asks that these comments be submitted into the record.

Rialto holds substantial adjudicated water rights, including pumping rights, critical to its future growth and development in the Rialto, Lytle, and Bunker Hill Basins. Portions of the areas in which Rialto holds adjudicated water rights in the Bunker Hill Basin are within the boundaries of the Conservation District. The Conservation District has, to date, respected and supported Rialto's exercise of its Bunker Hill Basin water rights. The Conservation District and its predecessors have done their job for a century. No good reason has been suggested to support a determination to eliminate the Conservation District, to change its Sphere of Influence ("SOI"), or to consolidate it with another agency. The Conservation District should remain intact, and its SOI similarly remain intact at the present time. Any inter agency cooperation required to improve water management can be achieved among agencies during public meetings, properly noticed, with members of the public present, without consolidation of the Conservation District and San Bernardino Valley Municipal Water District ("Muni") or the San Bernardino County Flood Control District ("Flood Control District").

Rialto concurs in the position of the Conservation District regarding the Conservation District's SOI and regarding merger of the Conservation District with another agency. For the current MSR, Rialto supports the status quo concerning the Conservation District.

Sphere of Influence

The Conservation District's SOI should be affirmed in its present configuration rather than expanded, because of its specific and regional focus. There is no consensus among the water purveyors at this time that expansion of the Conservation District's services is needed or appropriate in the near future. Rialto does not see such a need. Absent some plan which would require a change in the Conservation District's SOI, or a consensus among purveyors, it would be premature to extend the SOI of the Conservation District, especially given its power to tax pumping.

Consolidation with the Flood Control District

Consolidation of the Conservation District with the Flood Control District would be like grafting a cat to a dog. The Conservation District should not be consolidated with the Flood Control District. The principal focus of each of those agencies is in direct conflict with the focus of the other. The Flood Control District exists to move flood waters out of the area as quickly as possible, and the Conservation District undertakes actions to conserve and detain water for percolation into the groundwater basin. These opposing goals cannot be reconciled into the same agency.

Consolidation with Muni

The Conservation District should not be consolidated with Muni at this time. Rialto strongly opposes such a consolidation because of the magnitude of the water management powers that would be consolidated in one agency. Bigger and more powerful does not necessarily mean better, and it almost never means cheaper. And there is no question that if Muni is consolidated with the Conservation District, and obtains the power through such a consolidation to levy a pump tax, RIALTO PROPERTY OWNERS WILL BE DOUBLE-TAXED: first through their property taxes, a portion of which are already allocated to Muni and then, again, through the pump tax. Muni serves Bunker Hill high groundwater to Rialto through the Baseline Feeder, in lieu of State Project water. Rialto agreed to take the groundwater in lieu of State Project water in large part because it helped solve a high groundwater problem. Now, in addition to having to pay to remove VOC contamination, if consolidation of Muni and the Conservation District occurs, Rialto will also be charged a pump tax.

Muni's current water management plan does not indicate that consolidation with the Conservation District is needed, or even desirable. The goals of the water management activities of each of the agencies can be successfully achieved by the joint agreement of separate agencies. Rialto understands that Muni and the Conservation District are very close to agreement on the pending Application to Appropriate. Consolidation at this time, therefore, would be more of a distraction to both agencies, than an action which would benefit the public. Consolidation can be re-considered at a later time.

The Cortese-Knox-Hertzberg Act does not address what happens to the power to levy a pump tax when the agency which possesses it, is consumed in a consolidation by a much larger agency, such as Muni. AB 2067 (Harmon) does not address that question. Muni has not demonstrated that it should hold the power to impose a pump tax, nor is this a decision which should be made by LAFCO in the context of a MSR. The right to impose a pump tax is a right which only the Legislature or the voters should grant to Muni, and neither of them has. It would be beyond the power of LAFCO and in contravention of State Constitutional and statutory provisions to confer upon Muni such a sweeping power through a consolidation of the Conservation District with Muni.

Rialto, therefore, supports the Water Conservation District's position that no consolidation with Muni should occur at this time. In the event that LAFCO determines that consolidation with Muni occurs, Rialto respectfully requests that the matter be placed on the ballot for a vote of the people, or that as a condition of the consolidation, the power to levy a pump tax be extinguished.

Thank you for the opportunity to submit comments. Feel free to telephone me if you have any questions at (909) 820-2528,

Sincerely,

Henry T. Garcia,
City Administrator

RIVERSIDE HIGHLAND WATER COMPANY

1450 E. Washington St. • Colton, CA 92324-4696 • (909) 825-4128 FAX (909) 825-1715

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San Bernardino County

July 28, 2005

Ms. Kathleen Rollings-McDonald, Executive Officer
Local Agency Formation Commission
County of San Bernardino
175 West Fifth Street, Second Floor
San Bernardino, CA 92415-0490

Re: LAFCO 2919, San Bernardino Valley Water Conservation District

Dear Ms. Rollings-McDonald:

At the June 9, 2005 Upper Santa Ana Water Resources Association Meeting you made a presentation in regard to the service review of the San Bernardino Valley Water Conservation District. Following the presentation you encouraged the various agencies to provide comments on the questions of whether the Conservation District should consider consolidation with either the San Bernardino County Flood Control District or the San Bernardino Valley Municipal Water District, or expansion of the Conservation District's sphere of influence to encompass the entirety of the Bunker Hill Basin.

Riverside Highland Water Company Board of Directors would like to make the following recommendations:

> At this time Riverside Highland Water Company strongly recommends that the Conservation District not consolidate with the San Bernardino County Flood Control District. While the Flood Control District may have some authority to conduct certain water conservation activities, we feel these two agencies have two completely different functions. The Flood Control's function being to remove the greatest amount of water as fast as possible, while the Conservation District's responsibility is to maintain as much water in the area so as to allow for the percolation of the water into the basin. We also recommend that the Conservation District not consolidate with the San Bernardino Valley Water District at this time.
>
> Riverside Highland Water Company also does not favor expansion of the Conservation District's sphere of influence to include the entire Bunker Hill Basin. There are currently other efforts by stakeholders, of which Riverside Highland Water Company is a party to, for management of the Bunker Hill Basin. In addition there are facilities in other parts of the basin outside of the Conservation District's boundaries that fulfill these functions. We feel expansion

of the Conservation District's sphere of influence would only duplicate these efforts and facilities.

We would like to thank you for the opportunity to comment on this item and encourage you to contact our General Manager, Don Hough, at (909) 825-4128 if you have any questions.

Thank You,

William McKeever
President

West Valley Water District

855 West Base Line, P.O. Box 920
Rialto, California 92377-0920
Phone (909) 875-1804

Board of Directors
Earl Tillman, Jr. President
Betty J. Gosney Vice President
Alan G. Dyer
Donald D. Olinger
Jackie Cox

Administrative Staff
Anthony W. Araiza General Manager-Secretary
Leon Long Assistant General Manager
Deborah L. Sousa Treasurer
Peggy S. Asche Administrative Secretary

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Fax (909) 875-1361 Engineering
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July 26, 2005

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Kathleen Rollings-McDonald
Local Agency Formation Commission
County of San Bernardino
175 West Fifth Street, Second Floor
San Bernardino, CA 92415-0490

Re: Re-Organization of the San Bernardino Valley Water Conservation District

Dear Kathleen and Members of the LAFCO Board:

This letter is to address the upcoming proposed re-organization of the San Bernardino Valley Water Conservation District (Conservation District). At its regular Board meeting on July 7, 2005, the Board of Directors of the West Valley Water District (District) approved unanimously that the Conservation District should remain as it is presently formed. The District's Board of Directors believe that the Conservation District, which was formed in 1932 serves as a vital function in East Valley of San Bernardino, ensuring that this areas most precious commodity "water" is being conserved for the betterment of all the residents in the San Bernardino Valley.

If you have any questions or require further information, please feel free to contact my office at (909) 875-1804.

Sincerely,

WEST VALLEY WATER DISTRICT

Anthony W. "Butch" Araiza
General Manager

AWA:pa

Letter from Douglas Headrick, Chief of Water Resources for the City of Redlands Dated August 2, 2005

Attachment 8

City of
Redlands
Municipal Utilities Department
WATER - WASTEWATER - SOLID WASTE - AIRPORT - CEMETERY - CITRUS

August 2, 2005

Kathleen Rollings-McDonald, Executive Officer
175 West Fifth St., Second Floor
San Bernardino, CA 92415-0490

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AUG 03 2005
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San Bernardino County

Re: SBVWCD Municipal Service Review

Dear Ms. Rollings-McDonald,

Thank you for the opportunity to comment on the Municipal Service Review of the San Bernardino Valley Water Conservation District (WCD). In response to your request for an official position regarding a possible consolidation or sphere of influence boundary change, the City of Redlands City Council took an action to support consolidation of the WCD with the San Bernardino Valley Municipal Water District (SBVMWD). A letter to that effect, signed by the Mayor, has been provided to you under separate cover. This position of support is based soundly on the fact that significant economic efficiencies will be attained through a consolidation. A detailed evaluation of audited financial records from the WCD proves this position. Please accept the additional information contained in this letter as further support of a consolidation of the two agencies.

On July 19th the City Council also authorized its Staff to begin negotiations on an agreement between the City and SBVMWD should LAFCO decide to support a consolidation. This agreement should in no way be seen as an attempt to circumvent the LAFCO authority or process. It is simply a way for the City of Redlands to ensure that its support for a consolidation is well grounded and minimizes any risk associated with a potential consolidation. The agreement was subsequently negotiated and approved by the Redlands City Council on August 2, 2005 (See attached copy.). The main points covered in the agreement are summarized as follows:

1. Employment security for WCD employees
2. Abolition of the Groundwater Assessment
3. Establishment of a Basin Management Account with mining and interest revenue
4. Continuation of Wash Plan "Plan B"
5. Conveyance of Mill Creek Property and Water Rights application to City of Redlands

35 Cajon Street - Suite 15A - Redlands, CA 92373 (909) 798-7698 phone (909) 798-7670 fax
www.redlandsutilities.org

Items 1-4 in the list above are relatively self-explanatory in the agreement language. However, I would like to expand on the reasons why the City of Redlands believes that the Mill Creek spreading property and water rights application should be returned to the City if a consolidation takes place.

The City has been involved in the Mill Creek spreading property since it was first used for water spreading in 1921. The City was ¼ owner of the over 1,000 acres of land while the East Lugonia Mutual Water Company (ELMWC) was ¾ owner. The facilities on the land included wells, pipelines, and spreading facilities. However, due to its capabilities, the City of Redlands maintained the books and had charge of all the property from the inception of the ELMWC. Unfortunately, the ELMWC was forced into bankruptcy in 1931 due to a series of dry water years in the Mill Creek canyon combined with the effects of the Great Depression. As a result of this bankruptcy, the newly formed WCD took over the recharge functions in 1936, but not the rights to the property or other water facilities. Then in 1941, after ten years of negotiations, the City offered to purchase the remaining assets of the ELMWC and pay off the bondholders, thus becoming the sole owner of the property and all the facilities.

This arrangement with the WCD operating the spreading facilities on the City of Redlands' property continued until 1979. In that year, the City deeded the property to the WCD for $1 for the sole purpose of water spreading. However, the City of Redlands retained full rights to operate, build, and expand water facilities on the property.

This sale of the ELMWC property to the WCD did not appear to be a problem until the early 1990's. In 1993 the WCD implemented a groundwater assessment on all pumping within their District boundary. This pump tax has increased by 66% in the last 12 years even though the recharge services provided by the WCD have not changed. Further, mining revenue for the WCD has more than tripled over the same time period. Therefore, the City has become more and more convinced that the value added by the WCD for operating the Mill Creek spreading operations that support the City of Redlands water supply does not equal the charges assessed by the WCD. In this year, alone the City of Redlands will be required to pay over $120,000 to the WCD. We are certain that these Mill Creek recharge facilities can be more efficiently operated and managed by the City of Redlands. The equipment and personnel to accomplish these tasks are already available as the City currently owns and operates a multitude of water facilities on and around the Mill Creek property.

In addition, the City has experienced a constant decline in the cooperation of the WCD over the last several years. For example, the General Manager of the WCD stated in his testimony at the March 16, 2005 LAFCO Hearing that "… the District is diverting water from Mill Creek and sending it to the City of Redlands because the City has been unable to take water from the Seven Oaks Dam." While it is true that, based on a request from the City of Redlands, the WCD offered to perform this function, as would have been expected in years past, the conveyance of water did not occur. What was left unsaid at the Hearing was the fact that the WCD required that the City of Redlands sign an agreement to allow the water delivery. The City did not expect to have to sign an agreement guaranteeing certain conditions to facilitate the transfer of, what most would consider, its own water. No additional offers to assist the City of Redlands were received

from the WCD. This is just one example of the vast changes that have occurred at the WCD in the recent past.

Based on the foregoing, the City respectfully requests that LAFCO, should it choose to direct a consolidation, assign the Mill Creek recharge property back to the City of Redlands to own and operate. We strongly believe that since our water supplies, both current and future, depend on the Mill Creek recharge operations, all producers in the area, both large and small, can be assured that the City will continue to operate the recharge facilities in a cooperative manner that supports ongoing groundwater pumping.

Further, it has been brought to our attention that the WCD has stated that they are the sole entity providing recharge services to this area. This is not true. The City of Redlands and the Bear Valley Mutual Water Company own and operate several effective recharge areas that have no connection to the WCD recharge facilities. These facilities are approximately 20 acres in size and have been utilized for the recharge of both native water from the Santa Ana River and imported State Project Water for many years. These facilities are strategically located to support both public and private groundwater production facilities in and around the Mentone area.

Thank you again for the opportunity to provide information in regards to the Municipal Service Review of the WCD. I remain available to answer any questions you may have.

Sincerely,

Douglas D. Headrick

Douglas Headrick, PE
Chief of Water Resources

Memorandum of Understanding
Relating to the Service Review by LAFCO
of the San Bernardino Valley Water Conservation District

This Memorandum of Understanding Relating to the Service Review by LAFCO of the San Bernardino Valley Water Conservation District ("MOU") is entered into and effective this ___ day of August, 2005 by and between the City of Redlands ("**Redlands**") and the San Bernardino Valley Municipal Water District ("**Valley District**"). Redlands and Valley District are each referred to as a "**Party**" and are collectively referred to as the "**Parties**."

Recitals

A. Redlands relies upon the extraction of groundwater from the Bunker Hill Basin for approximately 50% of the water it serves to its residents, which percentage is expected to increase in the future;

B. Valley District is required by the terms of the judgment in *Western Municipal Water District v. East San Bernardino County Water District* (Riverside County Superior Court No. 78426) to maintain the safe yield of the Bunker Hill Basin for the benefit of all Non-Plaintiff parties under the judgment, including Redlands;

C. Because of their respective interests in the Bunker Hill Basin, the Parties wish to ensure the most effective and efficient management of that basin;

D. The San Bernardino County Local Agency Formation Commission ("**LAFCO**"), as required by Government Code section 56430, is engaged in reviewing the services provided by the San Bernardino Valley Water Conservation District ("**Conservation District**") and is considering whether a change in organization of the

Conservation District would serve the public interest in the efficient and effective provision of governmental services.

E. The Parties believe that the water spreading activities at the Conservation District spreading grounds are important to maintaining groundwater supplies in the Bunker Hill Basin;

F. The Parties further believe that Valley District can provide the groundwater recharge function of the Conservation District in a manner that eliminates the groundwater charge and so will save the residents of the San Bernardino Valley approximately $600,000 in fiscal year 2005/06;

G. The Parties additionally believe that the consolidation of the Conservation District into Valley District will allow for the more effective management of the Bunker Hill Basin under the auspices of the Seven Oaks Accord, of which the Conservation District is not a party;

H. On July 19, 2005, the City Council of Redlands voted to direct staff to enter into negotiations with Valley District that are intended to reach agreement on the terms and conditions under which Redlands' interests in Bunker Hill Basin as a large part of its water supply could be assured if LAFCO independently determines that the Conservation District should be consolidated into Valley District;

I. On July 20, 2005, the Board of Directors of Valley District, in response to LAFCO's request, considered taking a position with regard to consolidating the Conservation District into San Bernardino County Flood Control District, consolidating into Valley District, expanding Conservation District's sphere of influence to cover the entire Bunker Hill Basin, or suggesting no change. During consideration of this item, Valley District Board Members requested additional information, including the terms and conditions under which Redlands would agree that its water supply interest in the Bunker

Hill Basin would be protected if LAFCO determines that the Conservation District should be consolidated into Valley District; and

J. The Parties recognize and acknowledge that LAFCO has the sole and exclusive authority to consider and implement changes in the organization of special districts. The purpose of this MOU is to better implement any decision that may be made by LAFCO in connection with its review of the services provided by the Conservation District.

Understandings

1. *LAFCO Authority.* The Parties hereby acknowledge that LAFCO has sole and exclusive authority over the terms and conditions of any change in the organization of special districts in San Bernardino County and that nothing in this MOU shall be construed so as to interfere in any way with the full and free exercise of that authority by LAFCO. It is the intent of the Parties that the terms of this MOU and the future agreement described in paragraph 4 below be construed so as to best implement any decision that LAFCO may make regarding the potential change in organization of the Conservation District. In the event that any provision of this MOU or the future agreement described in paragraph 4 below interferes with the implementation of LAFCO's decision on the services to be provided by the Conservation District, that provision shall be stricken and the Parties shall agree on a substitute provision that is as close as possible to the stricken provision but that is consistent with LAFCO's decision on the services to be provided by the Conservation District.

2. *Recommendation to LAFCO.* Within five days of the effective date of this MOU, the Parties shall send a joint letter to LAFCO recommending that, if LAFCO determines the consolidation or other change in organization of the Conservation District to be in the public interest, LAFCO consider including the following

terms and conditions as part of any such consolidation or other change in organization:

a. *Employment Security for Conservation District Employees.* All employees of the Conservation District as of July 1, 2005 will be offered employment at Redlands or Valley District as may be directed by LAFCO.

b. *Abolition of Groundwater Assessment.* The groundwater assessment currently levied by the Conservation District will be abolished as part of any change in organization. Valley District may not propose an election to approve the levy of another tax, assessment, or fee/charge without the consent of a majority of the members of the basin management committee described below and other producers in the San Bernardino Basin Area, which producers would be identified by LAFCO as part of any decision.

c. *Basin Management Account.* Valley District shall place all revenues (other than the groundwater assessment) currently being received by the Conservation District into a segregated account ("**Basin Management Account**") that will only be used to fund recharge efforts and other basin-related operations, including but not limited to staff costs and administrative expenses. The Basin Management Account shall be supervised in a manner consistent with the terms of the Seven Oaks Accord by a committee composed of Redlands, Valley District, Bear Valley Mutual Water Company, East Valley Water District, the City of San Bernardino Municipal Water Department, the City of Riverside Public Utilities Department, Western Municipal Water District of Riverside County and any other producer from the San Bernardino Basin Area that LAFCO deems to be appropriate. Valley District shall provide an annual report on the fund's operations to the parties to the Seven Oaks Accord and to all other water purveyors in the San Bernardino Basin Area.

d. *Implementation of Plan B.* The Parties shall work cooperatively towards the expeditious completion of the environmental document for the Santa Ana River Wash Plan (**"Plan B"**) and the subsequent implementation of Plan B. Nothing in this MOU shall prevent the Parties from amending Plan B in cooperation with other Plan B member agencies to be consistent with the Seven Oaks Accord or other efforts cooperatively to manage water in the Bunker Hill Basin. Valley District shall serve as state lead agency for the purpose of environmental review of Plan B.

e. *Conveyance of Real Property to Redlands.* The Mill Creek spreading basins that were formerly owned by Redlands shall be conveyed back to Redlands. This conveyance shall include the property originally held by the East Lugonia Water Company. Redlands shall operate these facilities in a manner that is consistent with the Seven Oaks Accord. The costs of operating the Mill Creek spreading basis shall be covered by disbursements from the Basin Management Account as described in an annual operating budget pre-approved by Valley District.

f. *Water Rights.* The portion of the Conservation District's Water Right Application No. 31370 that seeks the right to divert water from Mill Creek shall be assigned to the Mill Creek Water Owners as part of the resolution of Valley District's and Redlands' protests against that application.

3. *Term.* This MOU shall continue in effect until July 1, 2008 unless cancelled in writing by both Parties prior to that date.

4. *Future Agreement.* In the event that LAFCO determines, in its sole and absolute discretion, that the public interest would be served by a change of organization that results in the consolidation or other change in organization of the

Conservation District, with Valley District serving as the successor agency to the Conservation District in whole or in part, then the Parties will promptly take such steps as may be necessary in good faith to enter in an agreement to implement LAFCO's resolution making determinations and/or any other applicable orders, resolutions or decisions.

CITY OF REDLANDS

By:_____
Susan Peppler
Mayor

Attest:

By:_____
Lorrie Poyzer
City Clerk

SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT

By:_____
C. Patrick Milligan
President, Board of Directors

Response from Commission Environmental Consultant, Tom Dodson of Tom Dodson and Associates Dated January 20, 2005 on Affirmation of the District's Sphere of Influence and August 8, 2005 on Reduction to a Zero Sphere of Influence

Attachment 9

TOM DODSON & ASSOCIATES
2150 N. ARROWHEAD AVENUE
SAN BERNARDINO, CA 92405
TEL (909) 882-3612 • FAX (909) 882-7015
E-MAIL tda@tstonramp.com

January 20, 2005

RECEIVED
JAN 20 2005
LAFCO
San Bernardino County

Ms. Kathleen Rollings-McDonald
Local Agency Formation Commission
175 West Fifth Street, Second Floor
San Bernardino, CA 92415-0490

Dear Kathy:

LAFCO 2919 consists of a service review for San Bernardino Valley Water Conservation District (District) pursuant to Government Code Section 56430 and Sphere of Influence Study pursuant to Government Code 56425. If approved by the Commission, the service and Sphere review would retain the District existing boundaries, which are currently limited to the eastern portion of San Bernardino County. Based on the above proposal, it appears that LAFCO 2919 can be implemented without causing any physical changes to the environment or any adverse environmental impacts.

The service and Sphere review does not appear to have any potential to alter the existing physical environment in any manner. Verification of the current District sphere as proposed does not have any potential for causing physical changes in the environment. Therefore, I recommend that the Commission find that a Statutory Exemption (as defined in the California Environmental Quality Act, CEQA) applies to LAFCO 2919 under Section 15061 (b) (3) of the State CEQA Guidelines, which states: "A project is exempt from CEQA if the activity is covered by the general rule that CEQA applies only to projects which have the potential for causing significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA." It is my opinion, and recommendation to the Commission, that this circumstance applies to LAFCO 2919.

Based on this review of LAFCO 2919 and the pertinent sections of CEQA and the State CEQA Guidelines, I conclude that LAFCO 2919 does not constitute a project under CEQA and adoption of the Statutory Exemption and filing of a Notice of Exemption is the most appropriate determination to comply with CEQA for this action. The Commission can approve the review and findings for this action and I recommend that you notice LAFCO 2919 as statutorily exempt from CEQA for the reasons outlined in the State CEQA Guideline sections cited above. The Commission needs to file a Notice of Exemption with the County Clerk to the Board for this action once the hearing is completed.

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

Sincerely,

Tom Dodson

Tom Dodson

TOM DODSON & ASSOCIATES
2150 N. ARROWHEAD AVENUE
SAN BERNARDINO, CA 92405
TEL (909) 882-3612 • FAX (909) 882-7015
E-MAIL tda@tstonramp.com

RECEIVED
AUG 08 2005
LAFCO
San Bernardino County

August 8, 2005

Ms. Kathleen Rollings-McDonald
Local Agency Formation Commission
175 West Fifth Street, Second Floor
San Bernardino, CA 92415-0490

Dear Kathy:

I am submitting this supplemental analysis for LAFCO 2919 (Sphere of Influence review for the San Bernardino Valley Water Conservation District) in response to our discussions and your e-mail yesterday. In January 2005, I submitted my recommendations for compliance with the California Environmental Quality Act (CEQA) for the District's sphere review based on retention of the existing Sphere boundary. In our discussions, you indicate that, based on further review of the circumstances, it is your intent to recommend to the Commission that they adopt a "zero" Sphere of Influence for the District. The following information is provided to augment my January 2005 recommendation for Statutory Exemption under Section 15061 (b) (3) of the State CEQA Guidelines.

The primary consideration regarding the "zero" sphere issue is whether it would result in any possible physical change in the environment. My recommendation in the January 2005 letter was that retention of the existing sphere of influence for the District had no potential to alter the existing physical environment. Your recommendation to the Commission will be for a "zero" sphere. Based on our discussions, this recommendation does not change the District's boundaries, but it does indicate to the District that their functions/operations could be implemented by another overlapping agency. Thus, as I understand the "zero" sphere recommendation, there will be no mandatory changes in the District nor will their be any possible physical changes to the environment if the Commission adopts this recommendation.

Therefore, based on the analysis provided above, it is my conclusion that the January 2005 recommendation to the Commission that it adopt a Statutory Exemption is still the appropriate environmental determination. Should you have any questions, please do not hesitate to contact me.

Sincerely,

Tom Dodson

Tom Dodson

Draft Resolution No. 2893

Attachment 10

PROPOSAL NO.: LAFCO 2919

HEARING DATE: August 17, 2005

RESOLUTION NO. 2893

A RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF THE COUNTY OF SAN BERNARDINO MAKING DETERMINATIONS ON LAFCO 2919, A SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR THE SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT (a sphere of influence reduction to a zero sphere of influence for the District).

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

WHEREAS, a service review mandated by Government Code Section 56430, and a sphere of influence update mandated by Government Code Section 56425 have been conducted by the Local Agency Formation Commission of the County of San Bernardino (hereinafter referred to as "the Commission") in accordance with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000 et seq.); and,

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

WHEREAS, the Executive Officer has reviewed available information and prepared a report including her recommendations thereon, the filings and report and related information having been presented to and considered by this Commission; and,

WHEREAS, the public hearing by this Commission was held on March 16, 2005 and continued to the August 17, 2005 hearing, at the time and place specified in the notice of public hearing and in an order or orders continuing the hearing; and,

WHEREAS, at the hearing, this Commission heard and received all oral and written protests; the Commission considered all objections and evidence which were made, presented, or filed; and all persons present were given an opportunity to hear and be heard in respect to any matter relating to the review, in evidence presented at the hearing; and,

WHEREAS, a statutory exemption has been issued pursuant to the provisions of the California Environmental Quality Act (CEQA) indicating that this service review and sphere of influence update are statutorily exempt from CEQA and such exemption was adopted by this Commission at its August 17, 2005 hearing. The Clerk was directed to file a Notice of Exemption within five working days of adoption; and,

DRAFT

WHEREAS, based on presently existing evidence, facts, and circumstances filed with the Local Agency Formation Commission and considered by this Commission, it is determined that the sphere of influence for the San Bernardino Valley Water Conservation District shall be reduced to a "zero" sphere of influence with the direction that the consolidation of the District with the San Bernardino Valley Municipal Water District should be pursued; and,

WHEREAS, the following findings are made in conformance with Government Code Section 56430 and local Commission policy:

1. **Infrastructure Needs and Deficiencies.**

The District has outlined its plans to reconstruct the percolation basins within the Borrow Site for the Seven Oaks Dam and has plans to construct seven basins upon adoption and completion of the Upper Santa Ana River Wash Land Management and Habitat Conservation Plan (commonly known as "Plan B"). The District has outlined in its materials that its basic infrastructure of canals and percolation basins were constructed in 1930's and continue to comprise the District's primary infrastructure. These facilities total 75 percolation basins with a total wetted area of approximately 198 acres and surface storage capacity of approximately 2,000 acre feet. The materials submitted by the District indicate no requirement for new facilities or deficiencies in its existing infrastructure.

2. **Growth and Population.**

The District provides service to approximately 78 square miles (approximately 50,000 acres) within its current boundaries which includes portions of the incorporated and unincorporated areas of the Cities of Colton, San Bernardino, Highland, Loma Linda, Redlands, and Yucaipa. The materials submitted by the District indicates that its services primarily support the communities of San Bernardino, Loma Linda, Redlands and Highland and unincorporated areas of Mentone and islands within the Cities. The 2000 Census indicate a population of approximately 340,000 individuals within these communities in San Bernardino County and anticipates a 35% growth rate by 2020 to a population of 460,000. In addition its services support wells within the Bunker Hill Basin, owned by the City of Riverside, the Meeks and Daley Water Company, and Gage Canal Company, which serve as the primary water supply for the City of Riverside and other areas within Riverside County. The City of Riverside's population in the 2000 Census was 256,352 with a projected 2020 population of 338,712. Therefore, the water extraction from the Bunker Hill Basin is anticipated to support a projected population of 798,712 in the year 2020.

The establishment of a zero sphere of influence is proposed to point toward the consolidation of the San Bernardino Valley Water Conservation District with the San Bernardino Valley Municipal Water District to better serve the whole of the Bunker Hill Basin which supports the populations identified above.

3. **Financing Opportunities and Constraints.**

The primary funding mechanisms for the District are:

- Mining Revenues (estimated at $784,748 for FY 2004-05)
- Groundwater Assessments ($493,906 for FY 2004-05)
- Interest ($155,898 for FY2004-05)

LOCAL AGENCY FORMATION COMMISSION
COUNTY OF SAN BERNARDINO

175 West Fifth Street, Second Floor
San Bernardino, CA 92415-0490 • (909) 387-5866 • Fax (909) 387-5871
E-mail: lafco@lafco.sbcounty.gov
www.sbclafco.org

DATE: AUGUST 10, 2005

FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer

TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: Agenda Item #6: Supplemental Information

Attached are documents received after the preparation and printing of the Staff Report for LAFCO 2919 which are relevant to the Commission's consideration. They are:

1. The San Bernardino Valley Water Conservation District (SBVWCD) has provided a copy of a memorandum from Mr. Larry Libeu, General Manager, to the Integrated Management Program Demonstration Project Committee regarding the revision of Replenishment Targets for groundwater spreading. This material outlines the District's response to a number of questions presented regarding the possibility of overspreading by the SBVWCD.

2. The response from the City of San Bernardino Municipal Water Department to the options presented by LAFCO staff. The response includes the letter authorized for submission by action of the Board of Water Commissioners on August 9, 2005 outlining the City's support for the consolidation of the SBVWCD with the San Bernardino Valley Municipal Water District. Included with the letter is a copy of the staff report presented to the Board of Water Commissioners.

KRM/

SBV WATER CONSERVATION DISTRICT
OUR NAME IS OUR MISSION

SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT
Established 1932

1630 West Redlands Boulevard, Suite A
Redlands, CA 92373-8032
(909) 793-2503
Fax: (909) 793-0188

P.O. Box 1839
Redlands, CA 92373-0581
Email: info@sbvwcd.dst.ca.us
www.sbvwcd.dst.ca.us

TO: The Integrated Management Program Demonstration Project Committee Members

FROM: Larry Libeu, General Manager
San Bernardino Valley Water Conservation District

RECEIVED
AUG 08 2005
LAFCO
San Bernardino County

DATE: August 4, 2005

RE: Revision of Replenishment Targets

I am writing as a follow up to the July 26, 2005 meeting, and issues that have apparently arisen regarding the Conservation District's reporting of its groundwater recharge activities, and their relationship to the Replenishment Targets. As you are all aware, the "Integrated Management Program Demonstration Project Agreement" (Agreement) set various Replenishment Targets for various recharge areas. The Replenishment Targets set for the Santa Ana recharge area was 16,500 af, and for Mill Creek was 10,000 af. The Agreement specifically provides: "The Replenishment Targets are not intended to be fixed limits. They are intended to serve as thresholds for additional review and analysis."

Because of the unusually wet year we experienced, the Conservation District approached these Replenishment Targets rather early, and ultimately exceeded them. When the Santa Ana replenishment area recharge was approaching 13,000 af, I informally contacted Mr. Reiter, indicating that we were nearing Replenishment Target points, and indicating a future meeting would be necessary to consider their revision. In addition, throughout the water year, the Conservation District has reported the amounts of water it has spread, both in Santa Ana and Mill Creek, to the Upper Santa Ana Water Resources Association. Specifically, it reported on February 10, 2005, that it had spread 6,900 af in Santa Ana, and 1,728 af in Mill Creek. On March 10, 2005, it reported an additional 3,360 af in Santa Ana, and 3,930 in Mill Creek. On April 21, 2005, the Conservation District advised that it had spread 12,000 af in Santa Ana, and 12,000 in Mill Creek. On June 9, 2005, it reported spreading an additional 3,700 af in Santa Ana, and an additional 3,500 af in Mill Creek.

At no time throughout this process did any Committee member indicate any requirement or request that the Conservation District stop spreading until Replenishment Target adjustment procedures could be pursued. Indeed, on at least two occasions at the Upper Santa Ana Water Resources Association, the fact that Conservation District spreading had exceeded originally conceived Replenishment Targets was discussed, and I was tasked with contacting Mr. Reiter to attempt to convene a meeting of the Committee members to fulfill the Agreement's provision that "all parties to the Agreement shall meet and confer in good faith to evaluate the proposed change to spreading targets."

BOARD OF DIRECTORS
Richard W. Corneille
Clare Henry Day
Arnold L. Wright
Glenda Douglas
Cheryl A. Tubbs
Melody Henriques-McDonald
Manuel Aranda, Jr.
GENERAL MANAGER
Lawrence M. Libeu

Admittedly, the process I followed to convene this meeting was informal, and ultimately proved ineffective. In connection with recent discussions on proposals for consolidation of the Conservation District, members of the Committee for the first time indicated an objection to the Conservation District's spreading above previously designated Replenishment Targets. In response to these criticisms, the Conservation District ceased diversion activities in both Santa Ana River and Mill Creek on July 25, 2005. A Committee meeting was convened the next day, at which the Conservation District was asked to submit a letter requesting retroactive adjustment to the initial Replenishment Targets for both Santa Ana River and Mill Creek.

Including July, the total amount spread by the Conservation District for this water year has been 27,562 af in Santa Ana, and 28,624 af in Mill Creek.

The "Integrated Management Program Demonstration Project Agreement" is very unspecific regarding procedures for revising Replenishment Targets. One thing this process has taught me is that essentially there is no process. Nevertheless, and pursuant to the Committee's directions at our July 26, 2005 meeting, it was agreed that the Conservation District would formally present its request to retroactively adjust the Replenishment Targets. The requested adjustment is for 27,600 af for the Santa Ana River, and 29,800 af for Mill Creek, being the actual recharge of 28,624 af through July, and approximately 100 af of additional diversions since August 2, 2005, as a result of the request by the City of Redlands, and agreed upon by all Committee members to reduce Santa Ana River flows for the City's Alabama Street Bridge Project.

The Conservation District believes the Committee should look favorably upon this request. Attached to the memorandum is an analysis conducted by Todd Engineers, specifically Kate White, P.E., regarding likely impacts of the recent recharges on water levels. Ms. White concludes that data regarding changes in groundwater storage from both the San Bernardino Valley Municipal Water District and the Conservation District indicates the Basin has significantly more storage space than during the late 1970's to early 1980's, when high groundwater was a problem. She also notes that increases in water levels from October 2004 through June of 2005 are less than those experienced in October 1978 through June 1979, when high groundwater became a concern. Various time frames have been conjectured for the time lag between groundwater spreading and subsequent rise in the eastern forebays of Bunker Hill Basin and groundwater level rise in the pressure zone. Continued monitoring of water levels in the basin is recommended to observe the water level response in wells downgradient from recharge basins. Subsequent water level response will indicate the appropriateness of further recharge. She does not conclude that the actual recharge levels will result in high groundwater issues, however. Ms. White will be available at our meeting for further questions.

Based on all of the foregoing, the Conservation District respectfully requests revision of the Replenishment Targets for water year 2004-2005 to 27,600 af for the Santa Ana River, and 29,800 af for Mill Creek.

TODD ENGINEERS

2200 Powell Street, Suite 225
Emeryville, CA 94608
(510) 595-2120
fax (510) 595-2112

August 3, 2005

Mr. Larry Libeu
San Bernardino Valley Water Conservation District
1630 West Redlands Blvd., Suite A
Redlands, CA 92373-8032

Re: 2004-2005 District Recharge and Water Levels

Dear Mr. Libeu:

This letter is in response to your request to review the potential water level response in the Bunker Hill Groundwater Basin, in particular the pressure zone area, from the recent volumes of water recharged in the San Bernardino Valley Water Conservation District (District) Santa Ana River and Mill Creek recharge basins. Between October 2004 and July 2005 the District spread 27,562 acre-feet (AF) of water in the Santa Ana River recharge basins and 28,622 AF in the Mill Creek recharge basins.

Introduction

Groundwater flows from the east, where the District's recharge basins are located, downgradient to the west. The western boundary of the Bunker Hill Groundwater Basin is the San Jacinto Fault. Just upgradient of the fault is the pressure zone, located within the City of San Bernardino, which historically has had high groundwater levels. Recent occurrences of high groundwater in the pressure zone are dependent upon precipitation and pumping. During years of average or below average rainfall, pumping of groundwater, particularly in the urbanized central and western portions of the basin, equals or exceeds total recharge from all sources. However, in wet years, and especially a series of such years, increased precipitation results in high volumes of natural recharge. At the same time, artificial recharge rates tend to increase because of the availability of above-average streamflow. Such increased recharge can lead to high groundwater levels in the pressure zone and potential flooding and liquefaction.

Groundwater levels were most recently near ground surface in the pressure zone in the late 1970s and early 1980s during a period of high precipitation. The high groundwater problem was alleviated by the drought beginning in 1986 and extending into the 1990s. Groundwater levels have generally remained low in the pressure zone into the mid-2000s.

Based on review of available data, Todd Engineers believes that the water recharged by the District into their spreading grounds between October 2004 and July 2005 will not result in water levels rising to near the ground surface in the pressure zone. Recent and historic water level and recharge data were reviewed to compare the recent wet season with the 1978 through 1980 series of wet seasons. The following was observed:

- More groundwater storage space is available now and recharge has been less than in the late 1970s just before the influx of large volumes of recharge and subsequent high groundwater problems in the pressure zone.
- The recent water level rise has been less than the 1978-1979 water level rise.

Groundwater Storage

Table 1 is a summary of recent groundwater storage change from a cumulative, long-term table beginning with the base year 1934. The San Bernardino Valley Municipal Water District (SBVMWD) calculates the change in storage for subbasins in the San Bernardino Basin area. The cumulative change in storage of each subbasin is compared to the base year 1934.

The cumulative change in groundwater storage in the pressure zone for the 2001 calendar year, the most recent year presented in the report, was -88,572 AF. The cumulative change in storage in the pressure zone for calendar year 1977 was -78,512. Thus, the basin had less water in storage and more storage space available in 2001 than in 1977. The year 1977 was just before the successive wet years of 1978 through the early 1980s, the last time high groundwater conditions occurred in the pressure zone. The volume of water in storage continued to increase until the mid 1980s.

Table 1 also shows City Creek subbasin cumulative change in storage which also increases up to the mid 1980s. The cumulative change in storage in 2001 (-120,598 AF) is less than that available in 1977 but still considerably more than in 1978 and subsequent years.

Three years of substantial natural and artificial recharge occurred in 1978, 1979, and 1980 with the District spreading 52,172 AF, 49,484 AF, and 39,054 AF, respectively, per water year in the Santa Ana River recharge basins. The District has spread 10,729 AF, 2,934 AF, and 27,562 AF, in the Santa Ana recharge basins in the 2003, 2004, and 2005 water years, respectively. The District spread 4,893 AF, 3,091 AF, and 28,622 AF, in the Mill Creek recharge basins in the 2003, 2004, and 2005 water years, respectively.

Although 2004 change in storage as calculated by the SBVMWD is not available at the time this letter was prepared, a review of water depths indicates that water levels are lower in late 2004 than in 2001 and 1977. These data are presented in Table 2 for wells near the Santa Ana River recharge basins and for wells further downgradient to the west.

In addition, the District also calculates storage change for the Bunker Hill Basin in their annual Engineering Investigation Reports. Groundwater storage for 1977 is not available since it is before the District began preparing the annual Engineering Investigation

Reports. Groundwater storage is available for 2001 and most recently, 2004, to compare the change since 2001. The accumulated change in storage for the Bunker Hill Basin was -212,200 AF in 2001 and -406,900 AF in 2004, clearly indicating decline since 2001. Figure 9 for the District's most recent Engineering Investigation Report is attached showing accumulated change in storage since 1987. The SBVMWD change in storage for the San Bernardino Basin area was -212,390 AF 2001. The slight difference in change in storage values is mainly due to different base years used; fall 1993 by the District and 1934 by SBVMWD.

The above data indicate that in the beginning of the late 1970s through early 1980s wet period less storage space was available. In addition, much more water was naturally and artificially recharged over the three-year 1978, 1979, and 1980 period than during the most recent wet season and pumpage is greater today. Accordingly, water levels are not expected to rise to critical levels as a result of spreading to date.

Water Level Rise

In addition to more storage space and less natural and artificial recharge, the water level rises in response to the heavy recharge appear to be less recently, with the exception of well 7K1 immediately adjacent to the spreading grounds, than in the 1977-1978 wet season as summarized below.

	Water Level Rise in Feet	
Well	Oct 1977-Jun 1978	Oct 2004-Jun 2005
7K1	141	186
7B1	213	193
30A	22	1
34	39	22
Mill & D	7	3

These wells are shown on the attached Figure 7 from the District's 2005 Engineering Investigation Report. Water levels continued to rise in 1979, 1980, and 1981 in response to additional natural and artificial recharge. These data also indicate that the change in groundwater storage and rise in water levels are expected to be much less in response to the recent recharge than compared to late 1970s recharge because there is more storage space in the Bunker Hill Basin and the enhanced recharge has occurred only over one season.

A similar pattern of low storage and above average precipitation occurred in 1992. Basin storage was low (SBVMWD = -197,782 AF for San Bernardino Basin area; District = -191,000 AF for Bunker Hill Basin) and precipitation was almost 200 percent of average (see attached Figure 9). Water levels in wells near the District's Santa Ana River recharge basins increased nearly 200 feet in early 1993. High groundwater levels in the pressure zone did not occur since basin storage was low and increased natural and artificial recharge did not occur in subsequent years.

The District's recharge contributes only incrementally to the high groundwater problem when considered in the context of all water recharged. Various time frames have been conjectured for the time lag between groundwater spreading and subsequent rise in the eastern forebays of Bunker Hill Basin and groundwater level rise in the pressure zone. Continued monitoring of water levels in the basin is recommended to observe the water level response in wells downgradient from recharge basins. Subsequent water level response will indicate the appropriateness of further recharge.

Sincerely yours,
TODD ENGINEERS

Katherine White, P.E.
Senior Civil Engineer

Table 1
Cumulative Change in Groundwater Storage (Acre Feet) from Base Year 1934

Calendar Year	Subbasin	
	Pressure Zone	City Creek
1976	-69,694	-130,129
1977	-78,512	-143,825
1978	-56,902	-54,067
1979	-52,882	-10,116
1980	-29,342	48,850
1981	-19,215	65,654
1982	-13,634	74,551
1983	1,745	89,441
2001	-88,572	-120,598

Data from San Bernardino Valley Municipal Water District, *Change in Groundwater Storage for the San Bernardino Basin Area, Calendar Years 1934 to 2001,* May 2002

Table 2
Depths to Groundwater (Feet)

Wells in the vicinity of Santa Ana Recharge Basins

Date	1S/2W-7B1	1S/2W-7K1	1S/3W-12J1	1S/3W-11H1
Oct-77	-273	-158	-250	-197
Oct-01	-305	-220	-252	-185
Oct-04	-304	-217	-268	-217*

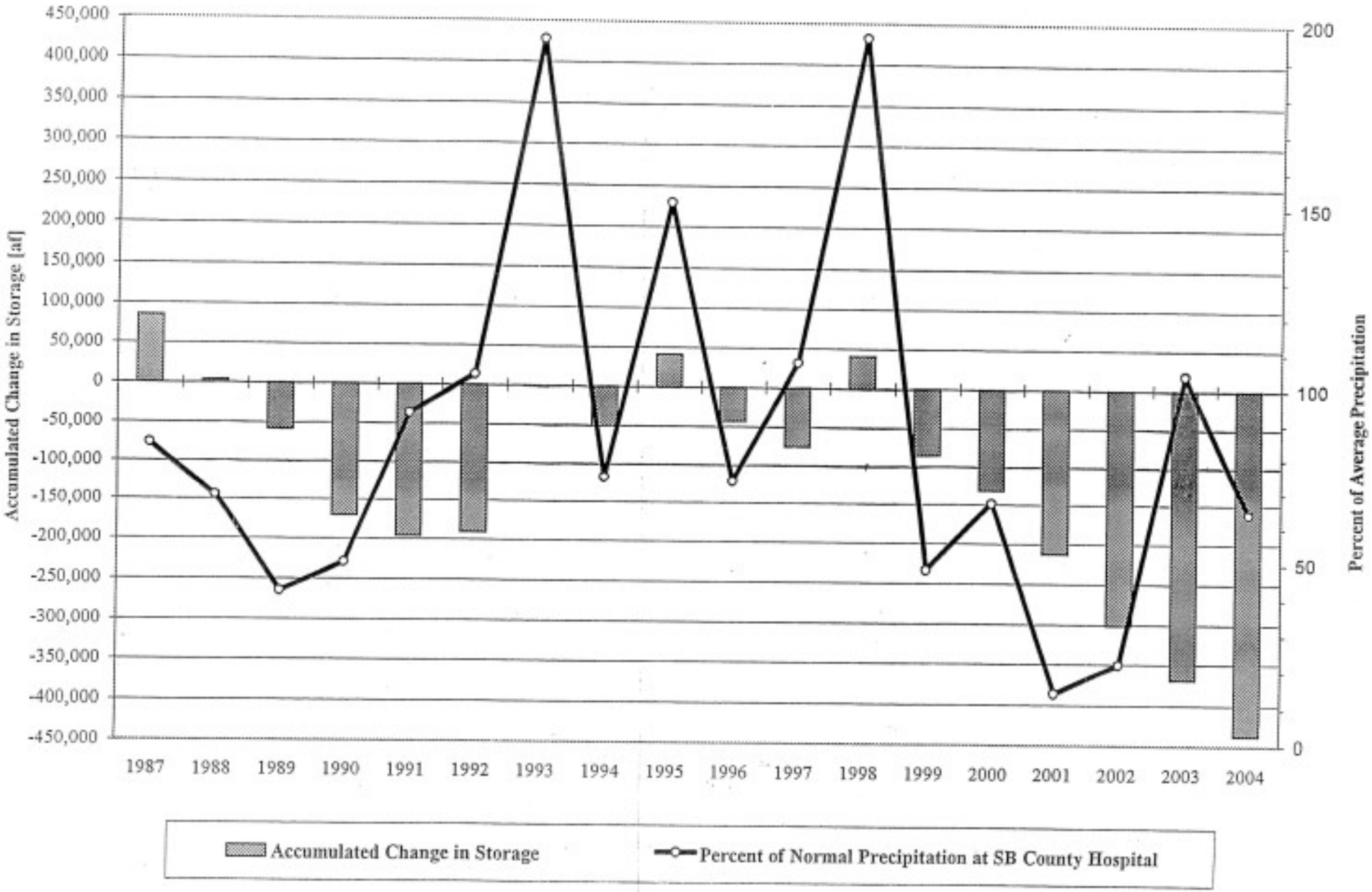
Wells downgradient of Santa Ana River Recharge Basins

Date	1S/3W-21H6 Well 30A	1S/4W-24K1 Well 34	1N/4W-10N6 Mill & D
Oct-77	-200	-150	-38
Oct-01	-174	-144	-28
Oct-04	-204	-168	-58

Data from SBVWCD spreadsheet summary received 8/1/05 and Todd Engineers files
*March 2005 water depth: Aug 2004-Feb 2005 not available

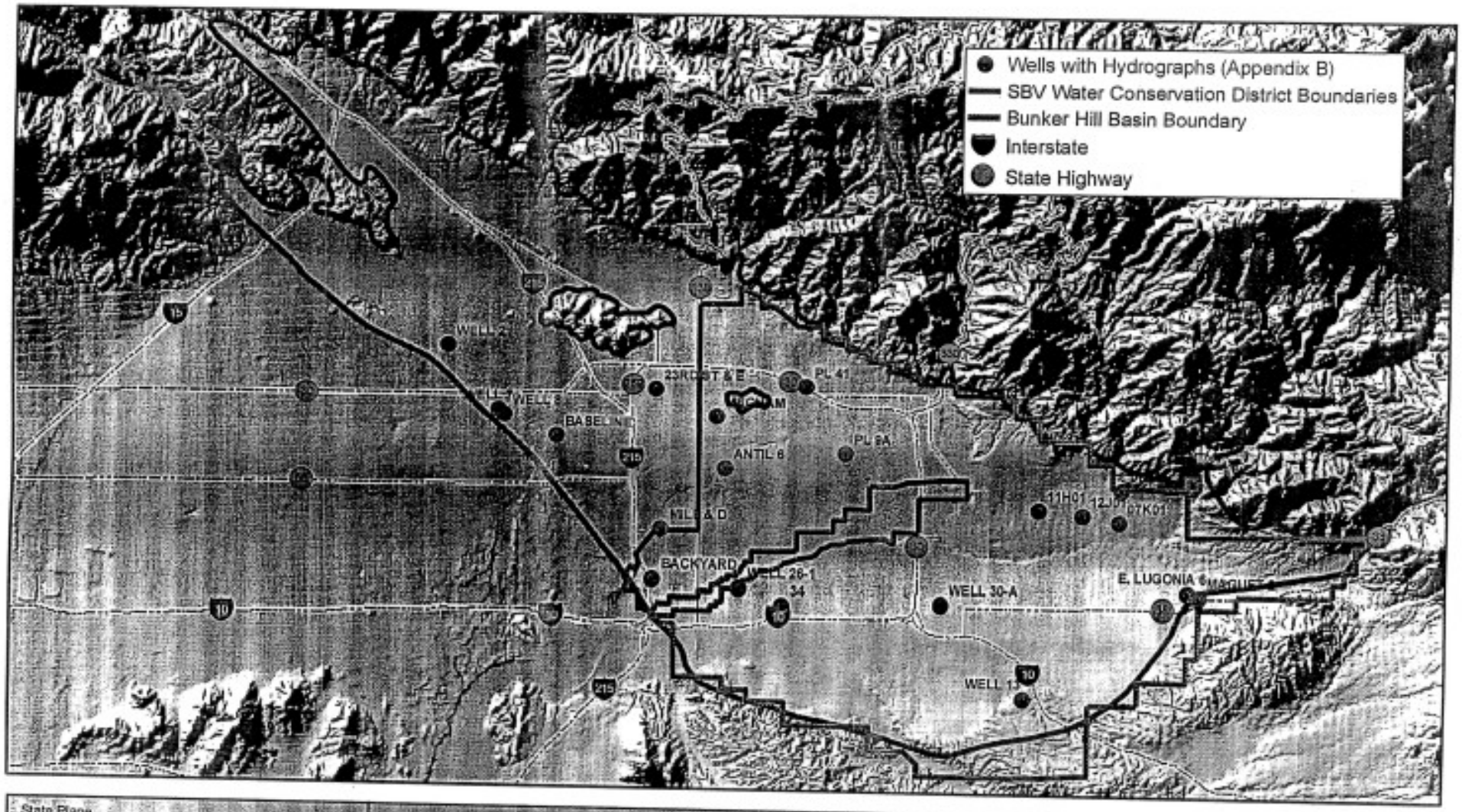
Accumulated Change in Storage for Bunker Hill Basin

1987 to 2004 (1993 assumed = 0)



SBVWCD 2005 Engineering Investigation

Figure 9



State Plane
NAD 83, Zone V, feet
30M DEM

Location of Wells with Hydrographs

Engineering Investigation
February 2005

Source: SBVWCD GIS

Figure 7

At the Regular Meeting of the Board of Water Commissioners of the City of San Bernardino, held on Tuesday, August 9, 2005 at 9:30 a.m. in the Water Department Board Room, with President Cocke presiding, with Commissioners Callicott, Battey and Miller present; staff Kersey, Aldstadt, Perry, Turnipseed, Bryden and Erickson present, the following business was transacted:

****

LOCAL AGENCY FORMATION COMMISSION (LAFCO) SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR THE SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT:

Upon motion by Commissioner Battey, duly seconded by Commissioner Miller, it was unanimously voted to approve submittal of a letter to LAFCO supporting consolidation of the San Bernardino Valley Water Conservation District with San Bernardino Valley Municipal Water District.

B. WARREN COCKE
President

By: STACEY R. ALDSTADT
Deputy City Clerk &
Ex-Officio Secretary

****

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

I, Stacey R. Aldstadt, Secretary in and for the Board of Water Commissioners of the City of San Bernardino, hereby certify that the foregoing is a full, true and correct copy of an extract from the minutes of the Board of Water Commissioners of the City of San Bernardino held on the 9th day of August, 2005.

IN WITNESS WHEREOF, I have hereunto set my hand and the Official Seal of the City of San Bernardino this 10th day of August, 2005.

Stacey Aldstadt
STACEY R. ALDSTADT
Secretary

(SEAL)

CITY OF SAN BERNARDINO
MUNICIPAL WATER DEPARTMENT

BOARD OF WATER COMMISSIONERS

B. WARREN COCKE
President

Commissioners
JUDITH W. BATTEY
TONI CALLICOTT
NORINE I. MILLER

BERNARD C. KERSEY
General Manager Emeritus
STACEY R. ALDSTADT
General Manager
W. WILLIAM BRYDEN, P.E.
Director of Water Utility
JOHN A. PERRY, P.E.
Director of Water Reclamation
DAVID S. ERICKSON
Director of Administration & Finance
JON K. TURNIPSEED
Safety Program Manager

RECEIVED
AUG 09 2005
LAFCO
San Bernardino County

August 1, 2005

Kathleen Rollings-McDonald
Local Agency Formation Commission
175 West Fifth Street, Second Floor
San Bernardino, CA 92415-0490

Re: LAFCO 2919 Service Review and Sphere of Influence Update for the San Bernardino Valley Water Conservation District

Dear Ms. Rollings-McDonald:

The following comments are submitted for consideration at your board's meeting on August 17, 2005 and are in response to your request that water producers in the Bunker Hill Basin provide their input into your board's decision on the San Bernardino Valley Water Conservation District's (Conservation District's) service review.

The City of San Bernardino Municipal Water Department (Department) has fifteen (15) water production wells in the Conservation District's sphere of influence. Of those fifteen wells, less than half produced water subject to the Conservation District's groundwater assessment charge, for a total produced during 2004 of 7054 acre-feet. The Department paid groundwater assessment charges of $40,917.00 to the Conservation District for 2004. That number will go up for 2005, because the Conservation District raised the per acre-foot groundwater assessment charge by ten percent (10%) to $6.65 per acre-foot this year.

In the past, the Department has received some benefit from the water recharged by the Conservation District. However, the Department has also conducted spreading and recharge activities in the eastern forebay of the Bunker Hill Basin because the Conservation District spreading activities do not benefit wells located in the northern and western portions of the basin.

Your board will be considering the following potential actions at their August 17, 2005 meeting:

Alternative 1: Consolidation of the Conservation District with the San Bernardino Valley Municipal Water District (SBVMWD);

300 North "D" Street, San Bernardino, California 92418 P.O. Box 710, 92402 Phone: (909) 384-5141
FACSIMILE NUMBERS: Administration: (909) 384-5215 Engineering: (909) 384-5532 Customer Service: (909) 384-7211
Corporate Yards: (909) 384-5260 Water Reclamation Plant: (909) 384-5258

Alternative 2: Consolidation of the Conservation District with the San Bernardino Flood Control District (Flood Control);

Alternative 3: Possible expansion of the Conservation District's sphere of influence to include the entire Bunker Hill Basin; or

Alternative 4: Make no changes to the Conservation District's sphere of influence boundaries (the "Status Quo" alternative).

The Board of Water Commissioners for the City of San Bernardino Municipal Water Department **supports** Alternative 1, consolidation with SBVMWD. We believe that SBVMWD would be the most appropriate agency to coordinate water conservation throughout the Bunker Hill Basin and into contiguous basins. In the event that LAFCO's board does vote to consolidate the Conservation District with SBVMWD, the Department believes that all of the Conservation District's assets, including its mining leases and recharge basins, should be transferred to SBVMWD to carry out the vital function of recharging the Bunker Hill Basin. Without the assets, a successor agency will not be able to support the groundwater recharge program.

With respect to Alternative 2, the Department feels strongly that consolidation with Flood Control is **not** a viable option. While Flood Control conducts its mission admirably, the Department believes that recharge activities would not be a priority and, in fact, would conflict with Flood Control's primary mission. Flood Control's priority is to assure that storm flows move out of the area safely, to protect health and safety, instead of assuring the retention of storm flows for recharge to the groundwater basin. The Department urges LAFCO not to implement Alternative 2.

With respect to Alternative 3, the Department does not support expansion of the Conservation District's sphere of influence.

Thank you for this opportunity to provide comments on LAFCO's proposed actions. If you have any questions regarding the Department's comments, or wish to discuss this matter further, please contact Stacey Aldstadt, General Manager, at (909) 384-7210.

Very truly yours,

B. Warren Cocke

B. Warren Cocke
President
Board of Water Commissioners

cc: Bernard C. Kersey
Stacey R. Aldstadt
SBVWCD Board of Directors
Larry Libeu, SBVWCD
SBVMWD Board of Directors
Robert Reiter, SBVMWD
Redlands City Council
Doug Headrick, Redlands

CITY OF SAN BERNARDINO
MUNICIPAL WATER DEPARTMENT
INTEROFFICE MEMORANDUM

RECEIVED
AUG - 2 2005
SBMWD
GENERAL MANAGER

TO: Board of Water Commissioners

FROM: Stacey R. Aldstadt, General Manager

SUBJECT: LOCAL AGENCY FORMATION COMMISSION SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR THE SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT

DATE: August 2, 2005

CC: Bernard C. Kersey

On July 12, 2005, the Board of Water Commissioners discussed the Local Agency Formation Commission's (LAFCO's) service review for the San Bernardino Valley Water Conservation District (Conservation District). The Board reviewed staff's memorandum regarding the four proposed alternatives under discussion by LAFCO: (1) the so-called "status quo" alternative whereby the Conservation District's sphere of influence would remain the same; (2) the possibility of extending the Conservation District's sphere of influence to encompass the entire Bunker Hill Basin; (3) possible consolidation with the San Bernardino County Flood Control District; and, (4) possible consolidation with the San Bernardino Valley Municipal Water District (Muni).

Representatives from the Conservation District, including its board's president, Cheryl Tubbs, and its General Manager, Larry Libeu, were present at the meeting and urged the Board of Water Commissioners to support the "status quo" alternative. At that time, the Board approved preparation of a letter to LAFCO strongly supporting no change to the Conservation District's sphere of influence, opposing consolidation with the County Flood Control District and providing some comments to LAFCO in the event that it decided to consolidate the Conservation District with Muni.

After the July 12, 2005 Board meeting, on July 14, 2005, Department staff attended a meeting of the Upper Santa Ana Water Resources Association and, after the meeting, the Conservation District provided comprehensive information

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regarding their recharge activities that have a substantial impact on staff's recommendations on this issue. This information also prompted Muni's board president, Patrick Milligan, to attend the Board of Water Commissioner's meeting held on July 21, 2005 and make a request for reconsideration of the Board's action of July 12, 2005. Taking the item up after a motion adding the item to the agenda as arising after the agenda was posted and requiring immediate attention, the Board moved to reconsider its action of submitting a letter to LAFCO pending further staff recommendations and consideration at this August 9, 2005 meeting.

The information that Conservation District provided on July 14, 2005 does not bear directly on the LAFCO service review. However, it does relate to the Conservation District's role in basin management.

On October 6, 2004, Mr. Cocke signed the Integrated Management Program Demonstration Project Agreement (IMPDP), an agreement that was negotiated among the Department, Muni, the Conservation District, Western Municipal Water District, the City of Redlands and East Valley Water District. This agreement was heralded as a new chapter in cooperation in that, in it, the Conservation District agreed to replenishment targets for spreading activities in the basin. A copy of the IMPDP is attached.

The Conservation District has historically been reluctant to agree to limits on its spreading activities, a fact which was demonstrated by its position in litigation filed by the City of San Bernardino because of damages caused by excessive spreading by the Conservation District in the 1980s.

The IMPDP was a modest first step in comprehensive basin management. After seven years of drought, Muni agreed to pay to spread imported water in the upper areas of the basin. However, the parties wanted to insure that, if spreading did occur, it was managed in a way to avoid later impacts to the pressure zone, namely the return of high groundwater conditions. A key component to the IMPDP was the agreement that replenishment targets would be set and that, if those targets were near or had been reached, the parties to the agreement would meet to discuss whether it was prudent to continue spreading.

The Conservation District agreed to set replenishment targets for its two spreading basins, Santa Ana and Mill Creek, at 16,500 acre-feet (AF) and 10,000 AF respectively.

After the IMDPD was signed, it began to rain. The Conservation District began spreading water in Santa Ana and Mill Creek and, for several months at the beginning of 2005, at least two of the parties to the agreement, the City of Redlands and the Department, began to ask where the Conservation District's spreading was in relationship to the replenishment targets. For at least three consecutive months beginning in March, at Upper Santa Ana Water Resources Association meetings, staff from Redlands and San Bernardino asked direct questions of Conservation District staff and received assurances that the replenishment targets had not been met or exceeded.

After repeated requests, the Conservation District finally provided a report on their spreading activities on July 14, 2005. After the parties had an opportunity to see the figures, additional calculations were made and it appears undisputed that, as of July 21, 2005, the Conservation District spread 26,838 AF in Santa Ana and 28,452 AF in Mill Creek. The IMPDP provided that a **total** replenishment target from all water sources was 40,000 AF. As of July 21, 2005, the Conservation District has spread 55,290 AF.

To date, we have not received a satisfactory explanation for why the replenishment targets were exceeded. Mr. Libeu advised staff that the Conservation District knew that the replenishment targets had been exceeded several months ago, and had allegedly discussed it with Muni, allegedly receiving tacit approval from Muni to continue spreading. However, as pointed out to Mr. Libeu, the IMPDP had four additional signatory parties and none of them, to our knowledge, had approved the activities. Muni staff does not agree with the Conservation District's representation that they agreed to exceed the replenishment targets.

The IMPDP is quite explicit that, before a replenishment target is changed, the party supporting such a change must request a change and then meet and confer with the other parties and the change must be supported by consensus. This is in order to allow for evaluation of the change on the basin hydrology. We believe any increase to the targets require approval by each of the agencies' governing bodies.

On July 26, 2005, we convened a meeting of the parties to the IMPDP to discuss these issues. Again, the Conservation District did not offer any logical support for their failure to request and achieve consensus on exceeding the replenishment targets.

Of particular concern to the parties, aside from the failure to follow the express provisions of the IMPDP, was the potential for significant impacts to the pressure zone. Preliminary analysis seems to indicate that groundwater levels have risen over 200 feet in the area just below the Santa Ana spreading basins. Depending on whether we see another rainy year, this data seems to indicate that we may well have a significant pressure increase and resulting groundwater level increase in the areas of historic high groundwater.

Another level of concern for this Department is whether the Conservation District's spreading activities, left unchecked, will adversely affect the Newmark remedy. The Conservation District's spreading basins are not within the City limits and, therefore, the activities therein are not subject to the City's review.

For your information, the City of Redlands has voted to support consolidation of the Conservation District with Muni. Redlands' reasons for this position are based largely on the savings that it would realize from consolidation, reportedly $120,000 or more each fiscal year (elimination of the replenishment fees charges by the Conservation District). However, Redlands staff has also indicated that the new information about the Conservation District's failure to comply with the IMPDP further supports their decision to recommend consolidation.

In staff's prior memorandum regarding this matter, in discussing the possibility of consolidation of the Conservation District with Muni, staff noted that Muni's existing service area includes all of the Bunker Hill Basin. If Muni's water rights application for conservation water behind Seven Oaks Dam is approved by the State Water Resources Control Board, it would be the most appropriate agency to coordinate water conservation throughout the Bunker Hill Basin and into contiguous basins like the Yucaipa basin, the Rialto/Colton basin and the Lytle Creek basin.

More importantly, the Department continues to work extremely well with Muni toward important infrastructure improvements (the Baseline Feeder South, the 10th Street and Virginia Street pipelines, for example), basin planning (the updated Master Plan) and basin management in general (the consent decree institutional controls program). Muni has demonstrated their willingness to work cooperatively with the Department and with others toward basin management. We are certain that we would be able to work with Muni on regulated basin spreading activities to the end of increasing water quality, increasing water level trends in the north end of the basin and reducing the threat of high groundwater in the pressure zone.

Based on this additional information and on the importance to the Department of a comprehensive and cooperative approach to basin management, staff recommends that the Board approve the attached draft letter to LAFCO, which strongly supports a consolidation of the Conservation District with Muni.

Staff Recommendation:

Motion to approve submittal of a letter to LAFCO supporting consolidation of the San Bernardino Valley Water Conservation District with San Bernardino Valley Municipal Water District.

Respectfully submitted,

Stacey Aldstadt

Stacey R. Aldstadt
General Manager

INTEGRATED MANAGEMENT PROGRAM DEMONSTRATION PROJECT AGREEMENT

This Integrated Management Program Demonstration Project Agreement (Agreement) is between the San Bernardino Valley Water Conservation District, San Bernardino Valley Municipal Water District, Western Municipal Water District of Riverside County, the City of San Bernardino Municipal Water Department, the City of Redlands, and East Valley Water District and effective from the date of execution by all parties to the Agreement (Parties).

RECITALS

WHEREAS, the Parties have various missions, but intend through this Agreement to provide a management structure for the purposes of (1) spreading native water as and when available; (2) spreading supplemental water when native water is not otherwise available to increase water levels in the upper basin (forebay); and, (3) managing recharge to avoid deleterious impacts in the pressure zone; and,

WHEREAS, there are pre-existing agreements or judgments that impose conditions on some or all of the Parties, including, the "Seven Oaks Accord," the Western Judgment, the 1977 Big Bear judgment and the "Exchange Plan"; and,

WHEREAS, the Parties intend that this Agreement will implement a demonstration program, pending the preparation and full implementation of the Integrated Management Program, as that term is defined in the "Seven Oaks Accord," and, as such, is intended to be of limited duration.

NOW, THEREFORE, THE PARTIES AGREE AS FOLLOWS:

TERMS OF AGREEMENT

1. This agreement shall have a term of one (1) year from execution by all Parties (Initial Term). The Initial Term may be extended by the consent of all Parties for four (4), one-year periods (Extension Terms). Unless all Parties make an express determination that the Agreement may extend beyond five (5) years, the Agreement shall expire at the end of the Extension Terms.

2. The Parties shall establish replenishment targets (Replenishment Targets) for recharge areas for the Initial Term. The Replenishment Targets established for the Initial Term are attached hereto as Exhibit "A". At any time that it is determined necessary, the Parties will review and revise the Replenishment Targets; provided, however, that at the beginning of each Extension Term, the Parties will meet and confer in good faith to review and revise the Replenishment Targets. Any revision to the Replenishment Targets will be incorporated as though set forth in full in this Agreement.

3. The Parties will meet and confer in good faith to prepare a mechanism for evaluating the effects of the proposed Replenishment Targets, using such technical tools and analyses as they may collectively develop. At a minimum, the Parties agree that the groundwater model prepared by United States Geological Survey (USGS) for SBVMWD will be utilized to determine potential effects. Additionally, available, current groundwater levels will be analyzed. The Parties may determine that additional data are required for analysis and, by mutual consent, develop technical memoranda setting forth the information that will be considered to re-evaluate the effects of Replenishment Targets.

4. The Replenishment Targets are not intended to be fixed limits. They are intended to serve as thresholds for additional review and analysis. In the event that any party to this Agreement requests a change to the Replenishment Targets, then all Parties to the Agreement shall meet and confer in good faith to evaluate the proposed change to spreading targets, using the evaluation methodology set forth in the technical memoranda that may be prepared as set forth in Paragraph 3. In order to change Replenishment Targets, the Parties must achieve consensus.

5. Notwithstanding any other provision in this Agreement, the Parties will meet quarterly, or more frequently as required, to discuss, review and analyze this demonstration program and its effectiveness.

6. This Agreement may be executed in counterparts.

7. This Agreement may be terminated with the written consent of all Parties.

8. This Agreement does not confer a benefit on any other person, corporation, organization, agency or municipality; no third party beneficiary is created through this Agreement.

9. This Agreement does not obligate funds on behalf of any Party.

10. No Party to this Agreement may use this Agreement, or any actions taken pursuant to this Agreement, as evidence in any pending water rights proceedings.

SAN BERNARDINO VALLEY
WATER CONSERVATION DISTRICT

By: Cheryl A. Tubbs DATE: 10/7/04

SAN BERNARDINO VALLEY
MUNICIPAL WATER DISTRICT

By: _____ DATE: 10-6-04

WESTERN MUNICIPAL WATER DISTRICT
OF RIVERSIDE COUNTY

By: _____ DATE: 10-6-04

CITY OF SAN BERNARDINO
MUNICIPAL WATER DEPARTMENT

By: _____ DATE: 10/6/04

CITY OF REDLANDS

By: _____ DATE: 10-6-04

Attest:

By: _____ DATE: 10-6-04

EAST VALLEY WATER DISTRICT

By: _____ DATE: Oct-6-04

Exhibit "A"

Recharge Areas	Total for Water Year 2004-05 Target Amounts from all sources (AF)	Total for Water Year 2004-05 Target Amounts from SWP Water (AF)	Initial (from Oct 1 till first 1" of rainfall)SWP Flow Rate Maximum CFS	Notes:
Santa Ana	16,500	6,000	15	
Mill Creek	10,000	4,000	10	
Redlands Airport/BV	1,500	400	5	
City/Plunge Creek	1,500	250	5	
Patton	500	250	5	
Devil Canyon/Sweetwater	6,000	5,000	15	
Badger	500	0	5	
Waterman	2,000	1,500	10	
Yucaipa-Wilson	1,500	0	5	
	40,000	17,400	75	
				Spread rates in areas that are operated by SBCFCD may vary based upon SBCFCD flood management/preparation activities.