

**LOCAL AGENCY FORMATION COMMISSION
COUNTY OF SAN BERNARDINO**

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DATE: APRIL 8, 2009
FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer
TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: AGENDA ITEM #6: Consideration of LAFCO 3076 – Consolidation of San Bernardino Valley Water Conservation District and San Bernardino Valley Municipal Water District

RECOMMENDATION:

Staff recommends that the Commission continue the consideration of LAFCO 3076 to the July 15, 2009 hearing.

BACKGROUND:

At the January 21, 2009, hearing the Commission certified the Environmental Impact Report prepared for LAFCO 3076 – Consolidation of the San Bernardino Valley Water Conservation District and the San Bernardino Valley Municipal Water District as complete. That action allowed LAFCO staff to issue the Certificate of Filing as outlined in Government Code Section 56658(g). The Certificate of Filing was issued on January 26, 2009 (copy included as Attachment #1). In addition, Section 56658(g) requires that the hearing be scheduled no later than 90 days after the issuance of the Certificate of Filing; therefore, LAFCO 3076 was placed on the April Agenda for consideration.

LAFCO staff is recommending that the Commission continue consideration of this proposal to the July 15, 2009 on the basis of the following:

1. On the February 18, 2009 Commission agenda was the approval of the engagement of Rosenow Spevacek Group (RSG) to conduct an independent financial analysis of the Plan for Service submitted for LAFCO 3076, updated financial material received from the time of the application submission through the environmental impact report process, and information determined to be relevant to their review. RSG has begun this process and is scheduled to meet with the Districts on April 13th along with

the LAFCO Executive Officer. This process is outlined in the RSG letter of introduction included as Attachment #2 to this report. Based upon RSG's estimate the final report will not be available for inclusion in the staff report until the first week in June.

2. One element of the Plan for Service was a recommendation to transfer ownership of the Mill Creek Spreading basin to the City of Redlands. The terms of this transfer were outlined in a Memorandum of Understanding between the City of Redlands and San Bernardino Valley Municipal Water District effective August 2005, sunsetting on July 1, 2008 (copy included as a part of Attachment #3). After the expiration of this agreement, LAFCO staff contacted the City of Redlands regarding whether or not it wished to continue to pursue this transfer, and City staff responded in the affirmative. In order to move forward with the financial analysis, LAFCO staff requested an updated memorandum be provided. The City of Redlands responded by letter, dated March 26, 2009 (copy included in Attachment #3), indicating that they were pursuing the Memorandum of Understanding but its completion date could not be determined with certainty. .
3. On April 6, 2009 LAFCO staff received correspondence from the San Bernardino Valley Water Conservation District forwarding its Resolution No. 446 stating its opposition to LAFCO 3076 and identifying that Government Code Section 56668.3 "calls for LAFCO to give great weight to any resolution stating objections to a proposed change of organization, particularly those based upon financial concerns" (copy included as Attachment #4). A copy of Resolution No. 446 has been forwarded to the Commission's Financial Consultant, RSG, for inclusion in the materials for the independent financial analysis and LAFCO staff will include its analysis of the statements in the final report.

Continuation to the July hearing will allow LAFCO staff and its financial consultant to complete the reports necessary to bring this matter to the Commission for its full consideration. San Bernardino Valley Municipal Water District and San Bernardino Valley Water Conservation District have been notified of the staff's recommendation for continuance. While all wish to proceed to complete this process as soon as possible, no objection to the continuation has been provided to staff.

KRM/

Attachments:

1. Certificate of Filing for LAFCO 3076 and map of LAFCO 3076
2. Letter of Introduction – Independent Financial Review for LAFCO 3076 from RSG dated March 16, 2009
3. Letter from the City of Redlands dated March 26, 2009 and a Copy of the Memorandum of Understanding between the City and San

Bernardino Valley Municipal Water District (Appendix C of the Plan for Service)

4. Letter dated April 3, 2009 from the San Bernardino Valley Water Conservation District forwarding Resolution No. 446 outlining the District's Opposition to LAFCO 3076