



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

RECEIVED
APR 06 2009

April 3, 2009

LAFCO
San Bernardino County

Ms. Kathleen Rollings-McDonald
Executive Officer
Local Agency Formation Commission
215 North D Street, Suite 204
San Bernardino, CA 92415-0490

Dear Ms. Rollings-McDonald:

Please find enclosed a copy of Resolution No. 446, *A Resolution of the Board of Directors of the San Bernardino Valley Water Conservation District Stating its Opposition to Consolidation with San Bernardino Valley Municipal Water District - San Bernardino County LAFCO 3076*, approved and adopted by our Board of Directors at their regular Board meeting on March 25, 2009.

Government Code Section 56668.3(b) calls for LAFCO to give great weight to any resolution stating objections to a proposed change of organization, particularly when based on financial concerns. And Government Code Section 56881(b) requires a finding that the public service costs of the consolidation proposal are likely to be less than or substantially similar to the costs of alternative means of providing the service, a finding that, based on the financial analyses submitted to LAFCO by the Conservation District to date, cannot be made.

Therefore, we are submitting a copy of Resolution No. 446 and request that a copy of the resolution be distributed to your commissioners.

Sincerely,

R. Robert Neufeld
General Manager

BOARD
OF
DIRECTORS

Richard W. Corneille
Clare Henry Day

Arnold L. Wright
John Longville

Cheryl A. Tubbs
Melody McDonald
Manuel Aranda, Jr.

GENERAL
MANAGER

R. Robert Neufeld

RECEIVED
APR 06 2009

RESOLUTION NO. 446

LAFCO RESOLUTION OF THE BOARD OF DIRECTORS OF THE SAN
San Bernardino County BERNARDINO VALLEY WATER CONSERVATION DISTRICT STATING ITS
OPPOSITION TO CONSOLIDATION WITH SAN BERNARDINO VALLEY
MUNICIPAL WATER DISTRICT - SAN BERNARDINO COUNTY LAFCO 3076

WHEREAS, the San Bernardino Valley Water Conservation District ("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, the San Bernardino Valley Water Conservation District has consistently fulfilled its role in applying such native flows to groundwater recharge, and the maintenance and protection of the Bunker Hill Basin, since that time; and

WHEREAS, the 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 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 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, on November 15, 2006, San Bernardino Valley Municipal Water District (the "Municipal District") adopted a Resolution of Application for the San Bernardino County Local Agency Formation Commission ("LAFCO") to initiate proceedings for the consolidation of the District and the Municipal District; and

WHEREAS, on or about December 13, 2006, the Municipal District filed with LAFCO its application for consolidation with the District, which proceeding has been designated as LAFCO Proceeding 3076; and

WHEREAS, LAFCO Proceeding 3076 is now pending before LAFCO, with an expected hearing to occur on or about June 17, 2009 on the merits of the Municipal District's application for consolidation.

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

1. **The District opposes consolidation with the San Bernardino Valley Municipal Water District, as included in LAFCO Proceeding 3076.** The Conservation District was formed in 1932, to conserve water for the Bunker Hill Basin. The Municipal District was formed in 1954, primarily to serve as the agent for importation of State Project Water into the San Bernardino Valley. While the two agencies have certain overlapping powers under their principal acts, the 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 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. The Municipal District lacks that history and experience.

(b) The 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 District's role as an advocate for the basin generally, as reflected in its role on the Big Bear Watermaster, as the Project Manager under the Santa Ana River-Mill Creek Cooperative Water Project and as the lead agency for the Wash Plan process. The 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 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 the Municipal District to fulfill its import and other duties may result in expanded capital expenditures and their attendant environmental impacts, in environmentally sensitive wash areas.

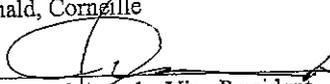
(d) The District has an established and accepted financing mechanism to assist its water conservation efforts, in its groundwater charge. This charge is specifically authorized by Water Code sections 75500 of the Water Code, and has been implemented by the District, without challenge, since the mid-1990s. The groundwater charge is an equitable financing mechanism, as it requires that those who directly benefit from the District's recharge activities (i.e., the groundwater producers) pay for those activities and the resulting replenishment of groundwater supplies. In this respect, the groundwater charge promotes accountability for community services needs and financial resources, as called for under Government Code section 56881(b)(2). Municipal District is not authorized by its principal act to impose such a groundwater charge, and consolidation would therefore result in the loss of this important source for funding groundwater recharge activities in the Bunker Hill Basin, which was almost \$700,000 last year alone. In addition, the loss of the groundwater charge in these times of significant decreases in mining royalty revenues payable to the District could result in the spreading of recharge costs to persons who do not at all benefit from those recharge activities.

(e) Government Code section 56668.3(b) calls for the commission to give great weight to any resolution stating objections to a proposed change of organization, particularly when based on financial concerns. Here, the Conservation District has filed no less than three studies, consisting of a Management Partners report dated February 3, 2006; a financial analysis prepared by Peasley, Aldinger, and O'Brymachow and Mr. Chris Aldinger on September 3, 2008; and a supplement to that analysis, showing the faulty presumptions underlying the financial analyses attending the Final Environmental Impact report certified for LAFCO 3076, dated January 20, 2009. Those reports indicate the consolidation will result in a net loss of up to \$513,334 annually from the proposed consolidation. Government Code section 56881(b) requires a finding that the public service costs of the consolidation proposal are likely to be less than or substantially similar to the costs of alternative means of providing the service, a finding that, based on the financial analyses submitted to LAFCO by the Conservation District to date, cannot be made.

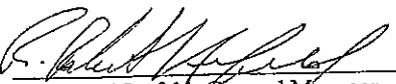
2. The Board of Directors of the San Bernardino Valley Water Conservation District therefore expresses its opposition to consolidation with the San Bernardino Valley Municipal Water District, and requests the San Bernardino LAFCO to disapprove LAFCO 3076, in its entirety.

This Resolution is **APPROVED** and **ADOPTED** and effective this 25th day of March, 2009, by the following roll-call vote:

YES: DIRECTORS: Aranda, Tubbs, Day, Wright, Longville
NO: DIRECTORS: 0
ABSTAIN: DIRECTORS: 0
ABSENT: DIRECTORS: McDonald, Cornelle


Manuel Aranda, Vice President

ATTEST:


R. Robert Neufeld, General Manager