

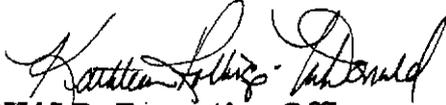
**Staff Report Dated
October 10, 2006 for
LAFCO 3053/3050**

Attachment 5

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

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DATE: OCTOBER 10, 2006

FROM:  KATHLEEN ROLLINGS-McDONALD, Executive Officer

TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: Agenda Items #5A and #5B - LAFCO 3053 - Sphere of Influence
Expansion for the City of San Bernardino and LAFCO 3050 -
Reorganization to Include City of San Bernardino Annexation No.
360 (Arrowhead Springs Specific Plan Area)

INITIATED BY:

City Council Resolution, City of San Bernardino

RECOMMENDATION:

The staff recommends that the Commission approve LAFCO 3053 with the modification to expand the proposal to include the Highway 18 right-of-way not a part of the original proposal within Sections 3 and 10, and continue consideration of LAFCO 3050 to the November 15th Hearing for the receipt of additional information, with an indication of support for the reorganization, by taking the following actions:

1. With respect to the environmental review necessary for LAFCO 3053:
 - a. Certify that the Environmental Impact Report (EIR) and other related environmental documents prepared by the City of San Bernardino for the Arrowhead Springs Specific Plan project have been independently reviewed and considered by the Commission, its staff and its Environmental Consultant;
 - b. Determine that the EIR for the project prepared by the City is adequate for the Commission's use as a California Environmental Quality Act (CEQA) Responsible Agency for its determinations related to LAFCO 3053;

- c. Determine that the Commission does not intend to adopt alternatives or mitigation measures for the Arrowhead Springs Project and that the mitigation measures identified for the project are the responsibility of the City and others, not the Commission;
 - d. The Commission makes the finding that the addition of the acreage included within the Highway 18 right-of-way added to the project does not modify the conclusions in the environmental documentation submitted or provide for additional adverse environmental effects resulting from the addition that would require further environmental evaluation;
 - e. Adopt the Candidate Findings of Fact and Statement of Overriding Considerations, as presented by the Commission's Environmental Consultant as attached to the staff report; and,
 - f. Direct the Clerk of the Commission to file the Notice of Determination within five days and find that no further Department of Fish and Game filing fees are required by the Commission's approval since the City, as lead agency, has paid said fees.
2. Approve LAFCO 3053 - Sphere of Influence Expansion for the City of San Bernardino with the modification to expand the amendment area to include the Highway 18 right-of-way previously excluded within Sections 3 and 10.
 3. Adopt LAFCO Resolution #2941 setting forth the Commission's findings and determinations concerning this proposal.
 4. Indicate the Commission's intent to approve LAFCO 3050 - Reorganization to include City of San Bernardino Annexation No. 360 and continue to the November 15, 2006 Commission Hearing in order to receive additional information related to the provision of services to the area.

However, if the Commission determines that the information provided at the hearing is sufficient to answer the questions raised by LAFCO staff in this report and by the Commission at previous hearings, it can also approve LAFCO 3050 by taking the following additional actions:

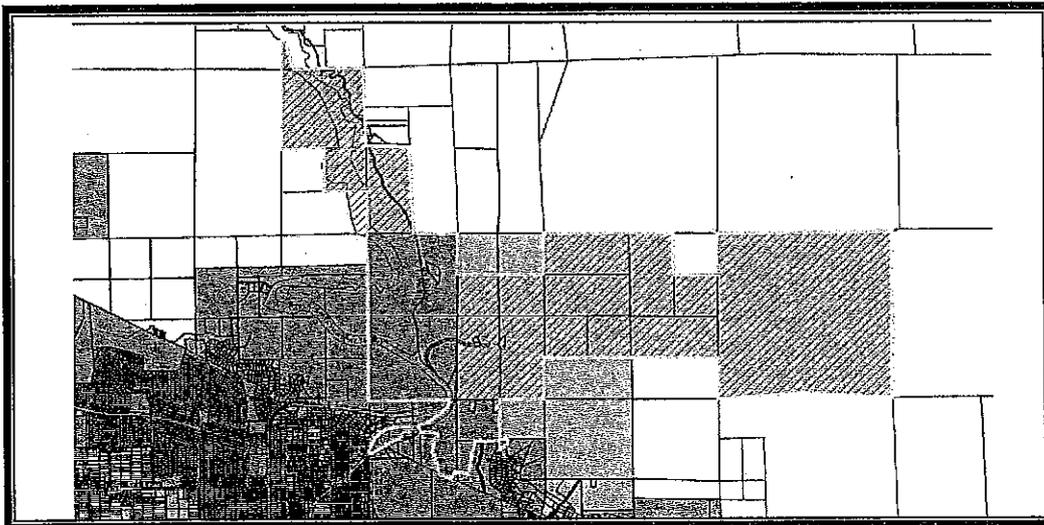
1. Modify environmental actions outlined above to include a decision on LAFCO 3050.
2. Modify LAFCO 3050 to include the Highway 18 right-of-way not a part of the original proposal within Sections 3 and 10.

3. Approve LAFCO 3050, with the following conditions:
 - a. Standard terms and conditions that include the "hold harmless" clause for potential litigation costs, continuation of fees, charges, assessments, and the identification that the transfer of utility accounts will occur within 90 days of the recording of the Certificate of Completion; and,
 - b. A condition to address service mechanisms in the event of court approval of environmental litigation filed on the project to read as follows:

"In the event that a court of competent jurisdiction invalidates the annexation of any of the properties within this reorganization for any reason, the City of San Bernardino shall enter into an out-of-agency service agreement with the County of San Bernardino for the provision of all services in that area that the City proposes to take over in the change of jurisdiction process, and present the same to LAFCO pursuant to Government Code Section 56133 within 60 days of such a court determination. The City of San Bernardino shall provide written consent to this condition within five (5) working days of the approval of this resolution."
4. Adopt LAFCO Resolution #2942, to be prepared by LAFCO staff, setting forth the Commission's terms, conditions, findings, and determinations for approval.

BACKGROUND:

LAFCOs 3050 and 3053 were submitted by the City of San Bernardino on March 23, 2006, in order to address the annexation of territory included within the Arrowhead Springs Specific Plan not currently a part of the City. The map below shows the boundaries of the Specific Plan, as adopted by the City, and its relationship to the City's existing boundary and sphere of influence:



The purpose of LAFCOs 3050/3053 is relatively simple philosophically -- to consolidate the land holdings of American Development Group/Campus Crusade for Christ within a single land use and service jurisdiction, the City of San Bernardino. However, once the applications were submitted, the technical factors for consideration of any annexation, including but not limited to, service providers for the area for the future development and Commission and State policies and directives, had to be reviewed. These elements make this a complex set of applications to consider.

In order to accomplish the consolidation of land ownership, the City was required to submit two separate applications - one for a minor sphere of influence expansion and one for a reorganization to annex the two separate areas, north and east of existing City limits. The specific proposals are identified as follows:

LAFCO 3053 - Sphere of Influence Review (Expansion) for the City of San Bernardino. This is a 3.9 +/- acre area along the northern border of the City of San Bernardino sphere of influence generally located northeast of Highway 18 and west of Old Waterman Canyon Road. This proposal was required so that the entirety of the Arrowhead Springs Specific Plan would become a part of the City upon annexation.

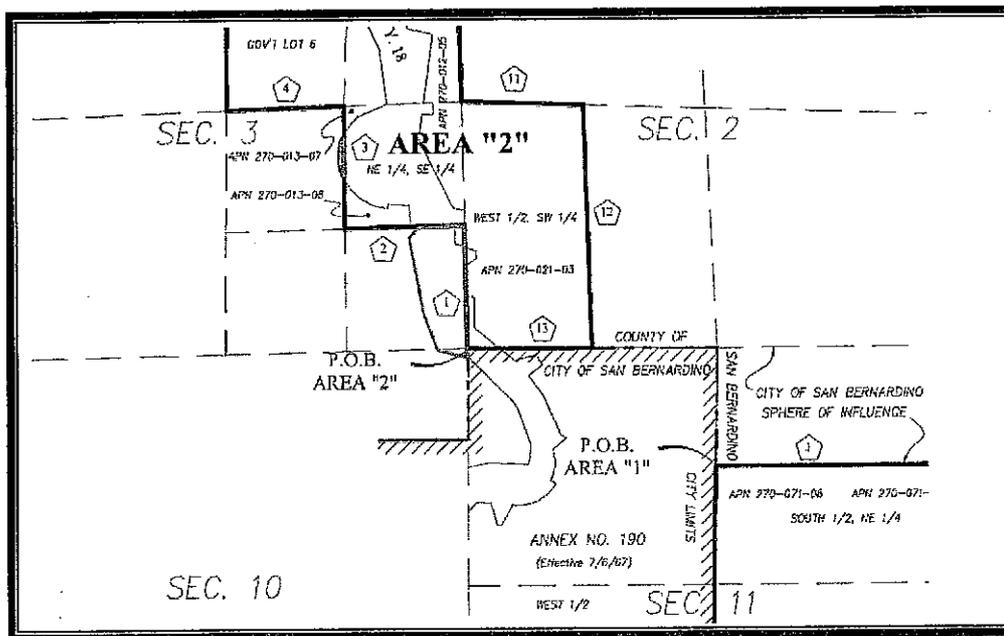
LAFCO 3050 - Reorganization to Include City of San Bernardino Annexation No. 360. This proposal involves two separate areas of annexation totaling approximately 1,572 +/- acres within the City of San Bernardino's northern sphere of influence. The two areas are identified as follows:

Area 1 - encompasses approximately 1,296 +/- acres generally located north of the City of San Bernardino boundaries, east of Highway 18. The annexation area includes the historic Arrowhead Springs Hotel and grounds. The area is generally bordered by the City of San Bernardino limits on the west and parcel lines on the north, east and south.

Area 2 - encompasses approximately 276 +/- acres generally located east and west of Highway 18 in the Old Waterman Canyon area. This annexation area is generally bordered by the City of San Bernardino limits on the south and parcel lines on the west, north, and east.

Following submission of the applications, and in consultation with City staff, LAFCO staff expanded LAFCO 3050 to include the two areas which would have become totally-surrounded islands of unincorporated territory. First, within Area #1, Assessor Parcel Number (APN) 0270-111-01 along the southern boundary which is privately owned, and second, within Area #2, APN 0270-011-01 owned by the Puritas Water Company, along the eastern edge of the annexation area. Location and vicinity maps and the City's applications are included as Attachments #1 and #2 respectively to this report.

In addition, at the September 20th hearing, in discussion of the status of the City of San Bernardino applications, Commissioner Hansberger questioned the exclusion of the Highway 18 right-of-way along the western boundary of the southern portion of Area #2 (territory within Section 3). LAFCO staff has reviewed this area and concurs that it should be included in the sphere and reorganization so that fire protection/paramedic and law enforcement responses are coordinated for the full length of State Highway 18 in the annexation area. Therefore, as a part of the staff's recommendation to the Commission, it is proposed that the sphere of influence and reorganization be expanded to include this area. The expansion areas are outlined in red on the map below.



To provide a better understanding of the applications before the Commission, a brief history of the Commission's involvement with the Arrowhead Springs area is appropriate. During the original sphere of influence discussions by LAFCO for the City of San Bernardino during the early 1970s, the area of the historic Arrowhead Springs Hotel was included in the City's sphere. The primary basis for this determination was that there was no more significant historic landmark for the City than the Arrowhead Springs Hotel.

In 1995-96, the Commission considered a request from the City of San Bernardino and Campus Crusade for Christ to expand the City's sphere of influence to include the balance of their land holdings. The rationale for this request was that Campus Crusade for Christ had purchased the historic Arrowhead Springs Hotel, associated buildings and surrounding lands and had used these facilities as their corporate headquarters and wished them to ultimately be a part of a single service jurisdiction. The Commission reviewed this application (LAFCO 2813) and

determined that the sphere of influence expansion was appropriate but indicated as a condition of its approval that it would not entertain any annexation application within the area without the completion of a General Plan, pre-zoning and environmental review process for the area.

Upon the determination to relocate the Campus Crusade for Christ headquarters to Orlando, Florida, it was determined that a new use for the site should be pursued. During the ensuing years, Campus Crusade for Christ has partnered with American Development Group to pursue development/redevelopment of the site. For the last 10 years, discussions with the City and landowners have been conducted, which culminated in the adoption of the Arrowhead Springs Specific Plan and related environmental documents on November 1, 2005. City Council action included the direction to City staff to submit the applications as soon as possible. Thereafter, the City submitted its set of applications for consideration and LAFCO staff has processed them through the various levels of review – environmental review, property tax transfer process and the evaluation of service delivery components associated with the development anticipated.

Following submission of the application, two significant circumstances arose which have further complicated the processing of this application:

- First, following adoption of the City's Specific Plan and related Environmental Impact Report (EIR); litigation was filed by the Center for Biological Diversity on CEQA grounds to challenge that approval. Early in the LAFCO review process, the Commission considered the City's request to override its environmental litigation policy which would have required the Commission's consideration to await completion of the litigation. At the April 18, 2006 hearing, the Commission determined to override its policy indicating that it would consider the application without awaiting a court decision.

The lawsuit filed by the Center for Biological Diversity in San Bernardino Superior Court challenging the environmental determination by the City for the Arrowhead Springs Specific Plan was heard on September 6, 2006, by Judge John Wade. A letter from Mr. John Nolan, attorney for the City of San Bernardino and American General Group, dated October 4, 2006 (included as Attachment #3), indicates that Judge Wade's September 6th decision "did not find the program EIR to be faulty", but requested that the City provide additional information in the record to support its contention to reject the wetlands alternative and accepting the project with a golf course. The City has moved forward to clarify the record as to the documentation to support the requirement of the golf course development to provide for the project's economic viability.

On October 2, 2006, the City of San Bernardino took action to provide in the administrative record the materials to support its findings related to the golf

course alternative as cited by Judge Wade. A copy of the amended Statement of Overriding Considerations is included as a part of the City's response in Attachment #4. The City and its attorneys believe that they have responded to the concerns and that the action taken will close this particular chapter for the project. However, appeals of this decision can be made and there is no speculation as to whether or not that will be the course taken by the Center for Biological Diversity.

However, based upon the possibility that the action could be still be legally challenged and overturned, LAFCO staff will still recommend the inclusion of a condition of approval that will address the continuing service obligations. The staff's recommended language reads as follows:

"In the event that a court of competent jurisdiction invalidates the annexation of any of the properties within this reorganization for any reason, the City of San Bernardino shall enter into an out-of-agency service agreement with the County of San Bernardino for the provision of all services in that area that the City proposes to take over in the change of jurisdiction process, and present the same to LAFCO pursuant to Government Code Section 56133 within 60 days of such a court determination. The City of San Bernardino shall provide written consent to this condition within five (5) working days of the approval of this resolution."

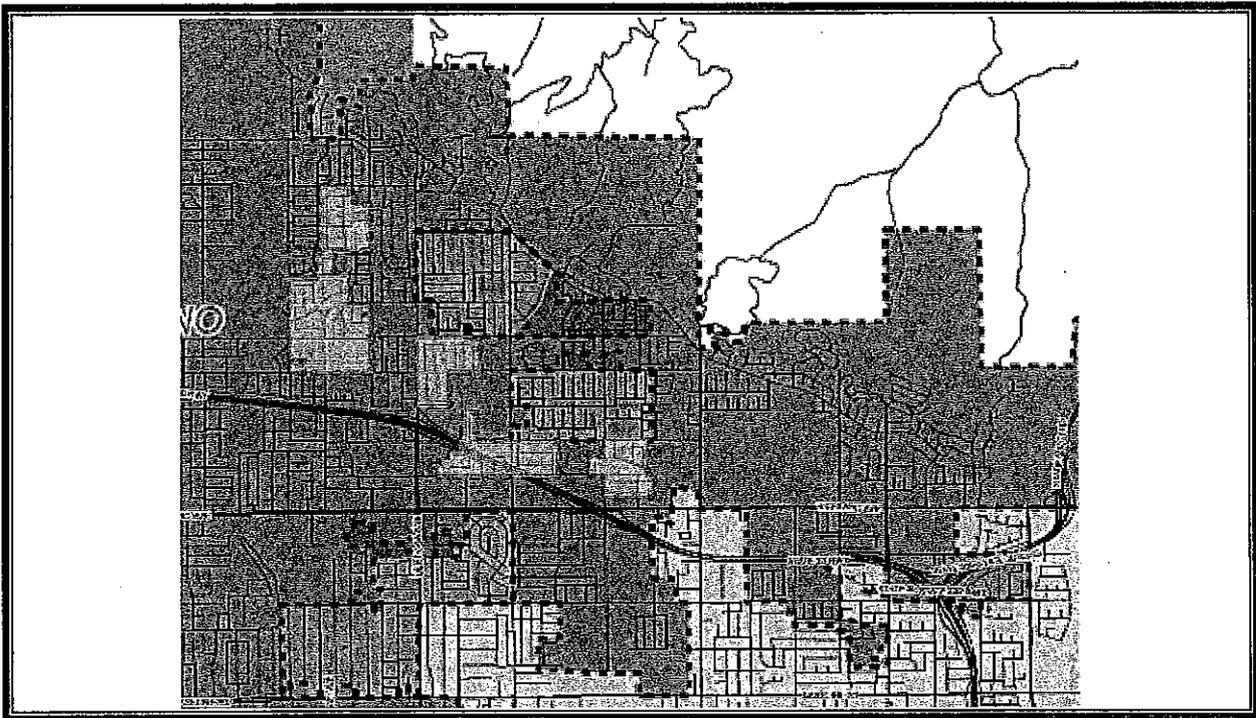
- Second, at the April 2006 hearing, the Commission outlined its direction to LAFCO staff and the City to implement its directives to initiate annexation of its totally- or substantially-surrounded islands when discussing development-related annexations. As a consequence of that discussion, the City indicated it would move forward with submitting applications for its thirteen (13) island annexations which fulfilled its accepted position on substantially-surrounded equaling 75%. The City noted, however, that the constraints of the sunset clause of those provisions (completion by January 1, 2007) did create major obstacles to fulfilling that requirement.

In July 2006, the City of San Bernardino submitted an application for annexation of six (6) islands (LAFCO 3067). The initiation resolution indicated that it was the City's position that the costs for serving all the islands previously identified for annexation were much higher than the revenues received so the City could not afford to pursue them all at one time. The City then proposed a schedule of annexation, as shown in its resolution included as Attachment #4, to fulfill its commitment to the Commission to address the island issues while also addressing the financial constraints.

At the September 20th Commission hearing on the status of the Arrowhead Springs Specific Plan applications and the islands, the Commission requested that the City provide identification of the areas it wishes to include in the

schedule for future island annexations in map form as well as provide a Fiscal Impact Analysis that supported its contention that it could not afford to address the areas in their entirety at one time.

At the September 25th City Council meeting, the City adopted a plan identifying that it will initiate annexation of what it has identified as Islands #1 and #6 consisting of 192 acres and an approximate population of 809 by January 31, 2007, and Islands #2, #7, and #8 consisting of 180 acres and an approximate population of 619 by January 31, 2008. A copy of the City staff report, resolution and map are included as a part of Attachment #4 to this report and the map below identifies the areas proposed to be processed as island annexations.



The City has provided its response to questions of LAFCO staff in a letter from the City Manager dated October 5, 2006 (copy included as Attachment #4). Included in this response is a spreadsheet (amended on October 9, 2006) outlining the City's calculation of costs associated with service delivery to the identified islands, as required by the Commission. This spreadsheet shows a deficit of \$101,650 during FY 2007-08 for the annexed areas identified as Del Rosa Island (LAFCO 3049), the six islands in LAFCO 3067 and Islands #1 and 6 committed to processing for FY 2007-08 and a deficit of \$260,658 in FY 2008-09 for the previously identified islands and the three new islands identified for processing as #2, #7, and #8.

However, staff's review of this information shows discrepancies in the property tax revenues to be received by the City for the previously approved Del Rosa Island Annexation (LAFCO 3049) and LAFCO 3067 currently being processed. In addition, the calculation does not appear to take into account the revenues to be received from LAFCO 3050 during the period of time that the development plans are being processed and efforts undertaken to prepare for development. The Arrowhead Springs properties outside the City are currently valued at \$3,648,455, due to its ownership by Campus Crusade for Christ, a non-profit institution, which will transfer to the City of San Bernardino \$5,997 tax dollars per year. There are also lands within the Arrowhead Springs Specific Plan within the City which are valued at the non-profit status because of ownership by Campus Crusade for Christ. However, once the development entitlements for the Specific Plan are secured through annexation, staff has been informed that the properties will be sold to others for actual development. As the Commission is well aware, this sale will affect the assessable value of the property, thereby affecting the revenues to be received by the City through property taxes, but will change little the service delivery costs until actual development occurs.

Therefore, staff has taken the City's information for the costs of providing service to the islands, included an estimated cost for providing service to Arrowhead Springs and the prior costs attributed to the Del Rosa Island, adjusted its property tax receipts from the areas of 3049 and 3067, and included an estimate of property tax revenues from Arrowhead Springs. Staff's calculation assumes that the sales price of the project would be \$100,000,000 (existing facilities and land) for ease in calculations (the Fiscal Impact Analysis estimates that the project would be valued at \$772,000,000 at full build-out). The chart below identifies the costs shown by the City for servicing the islands for two fiscal years. Staff has attempted to include an estimate of the costs to serve the Arrowhead Springs area based upon a simple division of the City's calculation by number of areas. However, the current service requirements are minimal, resulting from fire protection/paramedic currently provided by the City in a mutual aid/automatic aid arrangement, and law enforcement due to the low number of inhabitants in the area.

Fiscal Year	Area	Safety costs	Code Enforcement Costs	Public Services	Animal Control	TOTAL COSTS BY FISCAL YEAR
2007-08	Del Rosa (3049) Six Islands (3067) New areas #1 & #6	\$312,400	\$0	\$50,000	\$60,000	\$422,400
	Recurring Del Rosa		\$112,400			\$112,400
	Arrowhead Springs Area	\$34,711	0	\$5,555	\$6,667	\$46,933
TOTAL FOR FISCAL YEAR						\$581,733

AGENDA ITEMS #5A & #5B -
CITY OF SAN BERNARDINO ANNEXATION NO. 360
ARROWHEAD SPRINGS SPECIFIC PLAN AREA
OCTOBER 10, 2006

Fiscal Year	Area	Safety costs	Code Enforcement Costs	Public Services	Animal Control	TOTAL COSTS BY FISCAL YEAR
2008-09	New Islands #2, #7, and #8 plus Del Rosa (3049) Six Islands (3067) New areas #1 & #6	\$572,800	\$60,000	\$35,000	\$60,000	\$727,800
	Recurring Del Rosa		\$112,400			\$112,400
	Arrowhead Springs	\$47,733	\$0	\$2,917	\$5,000	\$55,650
TOTAL FOR FISCAL YEAR						\$895,850

The following chart identifies the revenues shown by the City on its submission, the update by staff to include the revenues of the Del Rosa Island (LAFCO 3049) taken from the information filed on that proposal, and an estimate of revenues based upon the Arrowhead Springs sales. For the second Fiscal Year shown below, staff has increased property tax revenues by the two percent (2%) allowed by law but made no other changes as the revenues provided by the City did not include information on how they were calculated.

Area	Property Tax Revenues	Reduction in County Fire Contract for Serving Islands	VLF Revenues	CSA 38 Zone L Special Tax	VLF Revenues under AB 1602	Total Revenue by Area	Revenues by Fiscal Year
FISCAL YEAR 2007-08							
Arrowhead Springs	\$164,369	\$0	\$16,436	\$0	\$0	\$180,805	
Del Rosa Island	\$76,775		\$7,677	\$9,100	\$123,800	\$217,352	
Six Islands (3067)	\$81,784	(\$55,400)	\$8,178	\$8,100	\$50,755	\$93,417	
Island #1 Proposed	\$47,500	(\$32,000)	\$4,400	\$7,300	\$44,000	\$71,200	
Proposed Island #6	\$66,000	(\$44,800)	\$6,900	\$8,100	\$69,000	\$105,200	\$667,974
FISCAL YEAR 2008-09							
Arrowhead Springs	\$167,656	\$0	\$16,766			\$184,422	
Del Rosa Island	\$78,311		\$7,831	\$9,100	\$123,800	\$219,042	
Six Islands (3067)	\$83,420		\$8,342	\$8,100	\$50,755	\$150,617	
Islands #1 and #6	\$115,770		\$11,577	\$15,400	\$113,000	\$255,747	
Island #2	\$31,500	(\$21,300)	\$3,300	\$3,000	\$33,000	\$49,500	
Island #7	\$38,000	(\$25,800)	\$3,500	\$4,600	\$35,000	\$55,300	
Island #8	\$30,500	(\$20,508)	\$2,500	\$3,100	\$25,000	\$40,592	\$955,220

Based upon these estimated calculations, it shows a positive revenue stream of \$86,241 in Fiscal Year 2007-08 and \$59,370 in Fiscal Year 2008-09.

While staff concurs with the City's contention that the annexation of older areas, where development potential is limited and the infrastructure is aging, can be a financial burden to a City, coupling those annexations with areas where the revenues will exceed costs to balance the City's obligations remains, in the staff's view, the best course to address the situation. These islands are already a service burden to the City since it currently provides service for fire protection/paramedics without benefit of the growth in assessed valuation for simply a flat contractual amount; it provides police response in emergency situations without repayment; and it must deal with the County on issues of road improvements since the roads flow in and out of its jurisdiction. This position is further borne out by the Fiscal Impact Analysis provided as a part of the City's application. This document indicates, on Table 3-1, page 12 that at build-out a surplus of \$2,800,731 will be provided to the City based upon total annual recurring revenues and total annual recurring costs. Therefore, staff support remains for the coupling of these projects.

The following provides the information to address the individual proposals for Commission consideration and the factors and determinations necessary, taken in the order required for consideration.

LAFCO 3053

As noted above, staff has proposed the expansion of LAFCO 3053 to include the territory of Highway 18 within Section 3 not currently a part of the proposal. The following provides the staff responses to the "factors of consideration" the Commission is required to review, consider and make determinations upon as outlined in Government Code Section 56425:

THE PRESENT AND PLANNED LAND USES IN THE AREA:

The existing land uses within the area assigned by the County General Plan are Resource Conservation (one unit to forty acres) for the 3.9 acres parcel and no specific land use designation for the portion of State Highway 18 included in the consideration by LAFCO staff. The Arrowhead Springs Specific Plan identifies a land use designation of Open Space/Residential for the sphere of influence territory and does not provide a land use designation for the State Highway 18 right-of-way. However, both the County General Plan and the Arrowhead Springs Specific Plan show the right-of-way as a State Highway.

THE PRESENT AND PROBABLE NEED FOR PUBLIC FACILITIES AND SERVICES IN THE AREA:

Currently, the service needs within the 3.9 +/- acre sphere expansion area are minimal due to its vacant nature. The area of Highway 18 proposed to be included in the sphere of influence does require the provision of law enforcement and paramedic services as this is the major route into the mountaintop communities of Crestline and Lake Arrowhead. Currently law enforcement is provided by a combination of the California Highway Patrol and the County Sheriff, while fire protection/paramedic service is already provided by the City of San Bernardino through contract with the County of San Bernardino/County Service Area 38:

THE PRESENT CAPACITY OF PUBLIC FACILITIES AND ADEQUACY OF PUBLIC SERVICES THAT THE AGENCY PROVIDES:

Current service provision is adequate through the County of San Bernardino and its county service areas and improvement zones. The transition of service to the City will solidify the responsibility of the existing provider of structural fire protection/paramedic service, the City of San Bernardino Fire Department and will transition the service responsibility for law enforcement to City police.

THE EXISTENCE OF ANY SOCIAL OR ECONOMIC COMMUNITIES OF INTEREST:

The social or economic community of interest for this area is established as a part of the Arrowhead Springs Specific Plan. Expansion of the sphere of influence of the City of San Bernardino to include the land holdings of the owner of the Specific Plan area and to accommodate the service delivery to the entirety of Highway 18 from the existing City limits to the end of the Specific Plan area prompts recognition of this community of interest.

Therefore, staff supports the sphere of influence expansion for the City of San Bernardino, as amended by staff, to include the land holdings of Campus Crusade for Christ within the Arrowhead Springs Specific Plan in the City sphere of influence.

LAFCO 3050

The following provides staff's responses to the issues which the Commission must consider for all annexation proposals - boundaries, land uses, financial considerations and service effects.

BOUNDARIES:

As outlined above, much discussion and consideration of the boundaries of the development anticipated for the Arrowhead Springs area have taken place over the years. With the amendment to the boundary proposed by staff to include:

- the entirety of State Highway 18 within the application; and,
- the expansion of the proposal to include the two areas which would have become totally surrounded islands,

the reorganization area includes the entirety of the land holdings of the Campus Crusade for Christ/American Development Group associated with the Arrowhead Springs Specific Plan.

The surrounding land uses include: existing residential development and public facilities to the south within the City of San Bernardino, to the west are vacant lands within the San Bernardino National Forest, to the north are residential developments along Old Waterman Canyon road and to the east are residential developments along Old Waterman Canyon Road and open space lands which are a part of the San Bernardino National Forest.

No further boundary issues have been presented. The staff supports the boundaries as presented since the proposal excludes lands designated for open space which are not a part of the group's land holdings; it includes the entirety of the project area anticipated to develop in the near term within the City of San Bernardino through adoption of the Arrowhead Springs Specific Plan; and it eliminates the creation of islands of unincorporated territory designated for development in the future.

LAND USE:

Existing land uses within the area of annexation include the historic Arrowhead Springs hotel which has existed since the 1930s and its ancillary buildings, and facilities for use of the existing Mutual Water Companies and Arrowhead Puritas Company. The existing County land use designations for the site include Resource Conservation (RC), which will allow one unit per forty acres but supports open space uses, and Single-Family Residential (RS-1 and RL-3). The areas are included in two hazard overlay areas of the County General Plan - wildfire and seismic activity.

Through the adoption of the Arrowhead Springs Specific Plan, the City has outlined the ultimate land uses within the area, including territory currently a part of the City and those areas to be annexed. A complete copy of the Specific Plan

was mailed to Commission members on September 28, 2006. However, this document also outlines that future land use decisions must still be made for the specific tract developments to accommodate the land use plan and the development of the golf course, and multiple permits are required from various Federal, State and County authorities for this project to move forward. The land use designations include:

- Residential – Residential Low, Residential Medium – Detached Village, Residential Medium Attached Village (Hilltown and Village Walk), and Residential Medium Senior
- Commercial – Commercial Regional – Village Walk, Commercial General – Hotel/Spa for the existing Arrowhead Springs Hotel, Commercial Regional-Hotel (CR-2) new hotel, Commercial General (CG1 and CG1-Windy Point), Commercial Office, Public Commercial – Golf course
- Open Space/Watershed
- Metropolitan Water District area.

The Arrowhead Springs Specific Plan anticipates a total of 1,350 residential dwelling units, 600 hotel rooms, a golf course and 1,044,646 gross square feet of commercial space. The City's Specific Plan land use designations are the pre-zoning for the site as required by Government Code Section 56375. Once annexed, pursuant to the provisions of Government Code Section 56735 (e), no change can be made to the General Plan or Specific Plan that is not in conformance with the pre-zoning determinations for a period of two (2) years. The law allows for a change if the City Council makes the finding, at a public hearing, that a substantial change has occurred in circumstances that necessitate a departure from the pre-zoning outlined in the application made to the Commission.

It is the staff's position that the land uses identified in the City's Arrowhead Springs Specific Plan require a broad range of municipal services which can be most effectively and efficiently provided by the City of San Bernardino.

FINANCIAL EFFECTS AND SERVICE CONSIDERATIONS:

In every consideration for jurisdictional change, the Commission is required to review the existing and proposed service providers within an area. Due to the primarily vacant nature of LAFCO 3050, government service requirements are currently minimal, generally encompassing law enforcement and fire protection. The current service providers include the California Highway Patrol for law enforcement services along the existing roadways (State Highway 18 and Old Waterman Canyon Road), the County of San Bernardino and its Flood Control District, County Service Area 38 (structural fire protection) and County Service Area 70 (multi-function agency). Due to the location of the reorganization area, currently the first responder to the area for fire protection/paramedic services is

the City of San Bernardino Fire Department due to the absence of a County fire station in close proximity to the site.

As outlined above, the Arrowhead Springs Specific Plan anticipates and requires the full range of municipal-level urban services to the site. The City of San Bernardino has provided a "Plan for Service" for this proposal as required by law which includes a Fiscal Impact Analysis. As a part of the Specific Plan review a Water Supply Assessment and a Domestic Water, Irrigation Water, Waterwater and Recycle Water Facility Plan were prepared to address delivery of services to the overall development. All of these documents were a part of the City of San Bernardino City Council review of the Arrowhead Springs Specific Plan. A copy of the Plan for Service and its updates is included as part of Attachment #2.

In addition, during the processing of these applications, LAFCO staff requested additional information from the City, which included augmented responses on water and sewer service delivery (copies of these responses are included in Attachment #4). On balance, these reports show that the services to be provided by the City and others are adequate for the development anticipated and outline that the anticipated revenues and expenditures associated with this service delivery are sufficient to provide for the service and its ongoing maintenance and operation. The following identifies the staff's areas of concern and/or question in regard to the service plan presented by the City of San Bernardino and the project proponent, Campus Crusade for Christ/American Development Group.

1. Water service needs for this project are anticipated to be provided by the existing mutual water companies within the area. The domestic water service is to be provided by the Del Rosa Mutual Water Company, a company which has existed since 1922. The management of this Company is identified by the Secretary of State Office in the following manner - the address for delivery of notices is listed as the Office of General Counsel in Orlando, Florida, which is the corporate headquarters of Campus Crusade for Christ, with a service delivery address on Arrowhead Springs Road in San Bernardino.

The Water Supply Assessment provided as a part of the application indicates that there is sufficient water to serve the anticipated development. However, during the processing of this application, staff has questioned the service choice of utilizing the Del Rosa Mutual Water Company, an entity whose only currently known water customer is the Arrowhead Springs Hotel, as the provider of domestic water to 1,350 dwelling units, two major hotels, and significant commercial/office space over that of the City of San Bernardino Municipal Water Department. Numerous requests for supplemental information and responses have been taken place between LAFCO staff and representatives of the City of San Bernardino. The City Manager and the City Municipal Water Department have indicated their support for the use of

the Del Rosa Mutual Water Company for the provision of this service as most recently outlined in their letters of October 5, 2006 and October 4, 2006 respectively.

These discussions have not dispelled staff's concern that for the future inhabitants of this area, a shareholder-owned mutual water company providing this service, when a public body is available, is not the best choice for service delivery. However, the City of San Bernardino Municipal Water Department would be the expert to evaluate these service plans and it has indicated its support for the mutual water company option.

The remaining staff concerns are:

- a. The letter from Mr. Fred Wilson, City Manager, indicates that the application to "revise" the boundaries and shares of the mutual water companies has not, as yet, been filed with the California Department of Corporations. The Department of Corporations is the agency responsible for determining the number of shares a mutual water company may offer, as they are defined as a stockholder owned utility. If the application by Campus Crusade for Christ/American Development Group to the Department of Corporations is not approved, the Plan for Service upon which this reorganization is decided will be flawed.
- b. Page 4, paragraph 3c, indicates that "American Development anticipates requesting that the Corporations Commission authorize two shares for each equivalent drinking unit in the event any adjustment is required in the project in the future." There is no identification as to what this number is proposed to be. However, under Item 3b, it is noted that the Del Rosa Mutual Water Company had 5,850 shares when it originally incorporated in 1922, but there are currently 4,310 shares outstanding with ownership divided between Campus Crusade for Christ (3,729 shares) and the City of San Bernardino Municipal Water Department (581 shares). Without an identification of the total number of shares anticipated and an outline of the method for transitioning as development occurs, staff concerns remain.

Therefore, in the staff view, since it is not clear what the ultimate number of shares will be or their anticipated ownership, nor when the application will be presented to the Department of Corporations for consideration, and, therefore, consideration of LAFCO 3050 should be continued. This position is taken on the basis that without this information on one of the primary service responsibilities to support the development, the staff is hesitant to recommend approval at this time. Once the record is clear on how this

service mechanism will be utilized, staff would support approval of the reorganization.

2. Irrigation water is proposed to be provided by the West Twin Creek Water Company, a mutual water company originally incorporated in 1891. As noted in the October 5th letter from the City Manager, this company has 720 shares and "during recent years all of the stock has gone back to the company". However, the following paragraph indicates that 443 shares are owned by Campus Crusade for Christ with the company holding the balance. Again, the City of San Bernardino Municipal Water Department supports the use of the West Twin Creek Water Company as one of the sources of irrigation water and the delivery system for irrigation water from water sources including wells. However, as noted above, staff concern remains that until the application is reviewed and approved by the Department of Corporations, the Plan for Service mechanism for providing this service is not assured. Therefore, staff would propose to continue this consideration to the November 15th Commission hearing.
3. Sewage collection services are currently provided to the Arrowhead Springs Hotel facility by the package treatment operated by the Del Rosa Mutual Water Company. The Plan anticipates that this responsibility will be expanded under the provisions of the Water Company to include the operation of the collection and conveyance system, the operation of the package treatment plant to provide tertiary treatment and the reconveyance of recycled water for use on the golf course and other agricultural operations within the community. The Plan's definition indicates that this would be a "no change in this service" through the reorganization process.

Staff has expressed its concern to City staff on several occasions as to the choice of utilizing the Del Rosa Mutual Water Company as the entity to provide this service. LAFCO staff knows of no mutual water company within our County that provides this level of service, while there are a number of package treatment plants for mobilehome parks, large commercial developments in the desert, and a large commercial complex in the West Valley where a sewerage entity is not available. In addition, there is no description within the materials submitted which provides an explanation of the mechanics for operating this system, such as how this will be operated against the shareholder requirements of the Company. For instance, are there shares assigned to the capacity of the treatment plant? Again, the City of San Bernardino Municipal Water Department has indicated their support for this option.

Again, staff would recommend a continuance so that more specific information regarding the mechanics of this operation can be provided to LAFCO staff and made a part of the record.

4. Fire protection services are currently the responsibility of County Service Area 38 (CSA 38) for structural fire protection and the California Department of Forestry and Fire Protection (State DFFP) for wildland fire protection. Upon annexation, structural and wildland fire protection responsibilities will be transferred to the City of San Bernardino Fire Department.

The area of LAFCO 3050 is currently designated as State Responsibility Area (SRA) lands by the State DFFP. This designation is removed upon annexation of territory by a City and the financial burden for this protection, where reciprocity is not available, becomes a responsibility of the City. Typically, these relate to services for bulldozers, aircraft, and specialized hand crews, etc. The State DFFP offers a program where cities can avail themselves of this service on a per-acre contract basis. The City's Plan for Service makes no reference to this arrangement; however, the City's response to the prior discussion indicates that it is amenable to such an arrangement. Based upon the high fire hazard in the area, staff would like to receive a more definitive response on this service.

As required by Commission policy and State law, the Plan for Service submitted by the City of San Bernardino shows that the extension of its services and those of the related service providers anticipated for the area will maintain, and/or exceed, current service levels provided through the County. However, staff's concerns regarding the application to the Department of Corporations for the Del Rosa Mutual Water Company and West Twin Creek Water Company and their effect on service delivery require a recommendation that the Commission indicate its intent to approve the proposed reorganization but continue the matter to the November 15th hearing for the receipt of additional information.

ENVIRONMENTAL CONSIDERATIONS:

The City's processing of the General Plan Update and the Arrowhead Specific Plan has included the adoption of the project's environmental documents. LAFCO's Environmental Consultant, Tom Dodson and Associates has reviewed these documents and indicated that they are adequate for the Commission's use as a responsible agency for both LAFCO 3050 and LAFCO 3053. A copy of the environmental documents, including, but not limited to, the Final EIR, Mitigation Monitoring Plan, and Statement of Overriding Considerations were forwarded to Commission members on September 22, 2006. Mr. Dodson has indicated in his letter to the Commission the actions that are appropriate for the review of LAFCOs

3050/3053. A copy of Mr. Dodson's analysis is included as Attachment #5 to this report. The actions are:

- Certify that the Commission, its staff, and its Environmental Consultant have individually reviewed and considered the EIR and related actions taken by the City of San Bernardino.
- Determine that the Final EIR is adequate for the Commission's use in making its decision related to LAFCO 3050/3053.
- Determine that the Commission does not intend to adopt alternatives or mitigations measures for the project. Mitigation measures required for the project are the responsibility of the City and others, not the Commission.
- Determine to make the finding that the addition of the acreage included within the Highway 18 right-of-way added to the project does not modify the conclusions in the environmental documentation submitted nor provide for additional adverse environmental effects resulting from the addition that would result in requiring further environmental evaluation.
- Adopt the Candidate Findings of Fact and Statement of Overriding Considerations as presented by Mr. Dodson. A copy of this Statement is included as a part of Attachment #5 to this report.
- Direct the Clerk to file the Notice of Determination within five days and find that no further Department of Fish and Game filing fees are required by the Commission's approval since the City, as lead agency, has paid said fees.

As noted above, the environmental litigation filed by the Center for Biological Diversity was heard before Judge John Wade of the San Bernardino Superior Court. A transcript of this proceeding has been provided to the Commission as a part of Attachment #3. However, further legal challenge may occur through the appeal process, so staff has recommended that the Commission include a condition of approval on the continuation of service should the reorganization proposal, LAFCO 3050, be approved.

CONCLUSION:

The Commission, its staff and consultants have reviewed mountains of paperwork for this project, as has the City of San Bernardino staff. In compliance with the directives of State law and Commission policies, the sphere of influence amendment and reorganization should be approved in order to provide the full range of municipal-level urban services to this project through the most efficient and effective service entity, the City of San Bernardino. None of staff's concerns outlined in this report change that position.

However, in the staff view, the information to address the concerns and questions related to the use of the mutual water companies for water and wastewater services should be on file with the Commission before an official action for approval is taken. Therefore, staff has recommended the approval of LAFCO 3053 - sphere amendment, and deferral of LAFCO 3050, with the articulation of a position of support for the project, to the November 15th hearing.

FINDINGS:

The following findings are required to be provided by Commission policy and Government Code Section 56668 for all proposals considered:

1. The Registrar of Voters Office has determined that the study area is legally uninhabited, containing 0 registered voters as of April 4, 2006.
2. The study area is within the sphere of influence, as amended by LAFCO 3053, of the City of San Bernardino.
3. The County Assessor's Office has determined that the assessed valuation of land and improvements for the area as modified is \$3,648,455 (\$1,151,258 land; \$2,497,197 improvements).
4. Legal advertisement of the Commission's consideration has been provided through publication in *The Sun*, a newspaper of general circulation within the study area. Individual notice has been provided to affected and interested agencies, County departments, and those individual and agencies having requested such notification.
5. LAFCO staff has provided individual notices to landowners (totaling 9 notices) within the reorganization area and to landowners and registered voters surrounding the study area (totaling 326 notices) in accordance with State law and adopted Commission policies. To date, opposition has been received from representatives of the Center for Biological Diversity by written correspondence.
6. The City of San Bernardino has processed land use approval for the area through adoption of the Arrowhead Springs Specific Plan which has pre-zoned the territory. The land use identifications are outlined within the body of the report. Pursuant to the provisions of Government Code Section 56375(e), these zoning designations shall remain in effect for two years following reorganization unless specific actions are taken by the City Council at a public hearing.

7. As a CEQA responsible agency, the Commission's Environmental Consultant, Tom Dodson of Tom Dodson and Associates, has reviewed the City's environmental documents for the reorganization proposal and has indicated that it is adequate for the Commission's use, as more fully described in the narrative portion of this report. Copies of the City's environmental documents were provided to Commission members by mail on September 22, 2006. Mr. Dodson has prepared his recommended actions on the proposals LAFCO 3050 and LAFCO 3053, and they are outlined in the narrative portion of the report. Attachment #5 provides the Candidate Findings of Fact and Statement of Overriding Considerations prepared for the Commission's use in addressing this project.

8. Upon reorganization, the City of San Bernardino will extend its services as required by the progression of development. The Fiscal Impact Analysis portion of the Plan for Service provides a general outline of the anticipated revenues/costs for the reorganization area and Specific Plan as a whole. The Plan indicates that revenues are anticipated to be sufficient to provide the level of services identified through the City and other agencies. Through the identified financing mechanisms, the Plan shows that the level of service will be adequate for the development anticipated and that the revenues anticipated are sufficient to provide for the infrastructure and ongoing maintenance and operation of these services.

Water and sewer service is anticipated to be provided to the area through the Del Rosa Mutual Water Company and irrigation water is anticipated to be provided by the West Twin Creek Water Company, both mutual water companies under the jurisdiction of the California Department of Corporations. The Plan for Service identifies that these Companies will be managed by the Arrowhead Water and Power Company LLC, by contract, approved by the Board of Directors elected by the shareholders. At present, the expansion of the shareholder base for these service providers has not been submitted to the Department of Corporations for its review and consideration. Absent this information, the Plan for Service does not show, in the staff view, that the level of service will be adequate to provide the required service for the development anticipated and that the revenues anticipated for this entity are sufficient to provide for the infrastructure and ongoing maintenance and operation of these services.

In addition, it is noted that the Arrowhead Water and Power Company LLC will operate the necessary Homeowners Association and/or private service requirements for private roads, landscape maintenance, detention basin management, etc. The City of San Bernardino has indicated that the formation documents and fiscal impact analysis for the delivery of these services will be refined during future considerations for the specific tract developments.

9. The litigation entitled Center for Biological Diversity vs. City of San Bernardino et al, Case No. SCVSS132463 was heard before Judge John Wade on September 6, 2006, and a determination rendered. However, if a future court action invalidates the reorganization to include annexations, requiring further environmental determinations, the City of San Bernardino and the County of San Bernardino will, within 60 days of the judicial determination, submit an out-of-agency service contract for the continuation of service by the City while further environmental processing is undertaken and completed, as outlined in the condition within the staff's recommendation.
10. The areas in question are presently served by the following public agencies:

County of San Bernardino
Inland Empire Resource Conservation District
San Bernardino Valley Municipal Water District (all of Area 1 and a portion of Area 2)
Crestline-Lake Arrowhead Water Agency (a portion of Area 2)
County Service Area 38 (structural fire protection)
County Service Area 70 (County-wide multi-function agency)

CSA 38 and CSA 70 will be detached through successful completion of this reorganization. None of the other agencies will be directly affected by the completion of this proposal through an adjustment in their boundaries as they are regional in nature.
11. The reorganization proposal complies with Commission policies and directives and State law that indicate the preference for areas proposed for urban intensity development to be included within a multi-function agency for the provision of those services in the most efficient and effective service delivery system.
12. All notices required by State law and local Commission policies have been provided. Comments from landowners and any affected local agency have been reviewed and considered by the Commission in making its determinations. To date, opposition to this annexation has been received and considered by the Commission in making its determination.
13. The reorganization area can benefit from the availability of municipal-level services from the City of San Bernardino.
14. This proposal will have an effect on the City of San Bernardino's ability to achieve its fair share of the regional housing needs as it proposes the addition of 1,350 residential units.

15. The County of San Bernardino and the City of San Bernardino have successfully negotiated a transfer of property tax revenues that will take effect upon completion of this reorganization. This negotiated agreement fulfills the requirements of Section 99 of the Revenue and Taxation Code.
16. The map and legal description, as revised, are in substantial compliance with LAFCO and State standards through certification by the County Surveyor's Office.

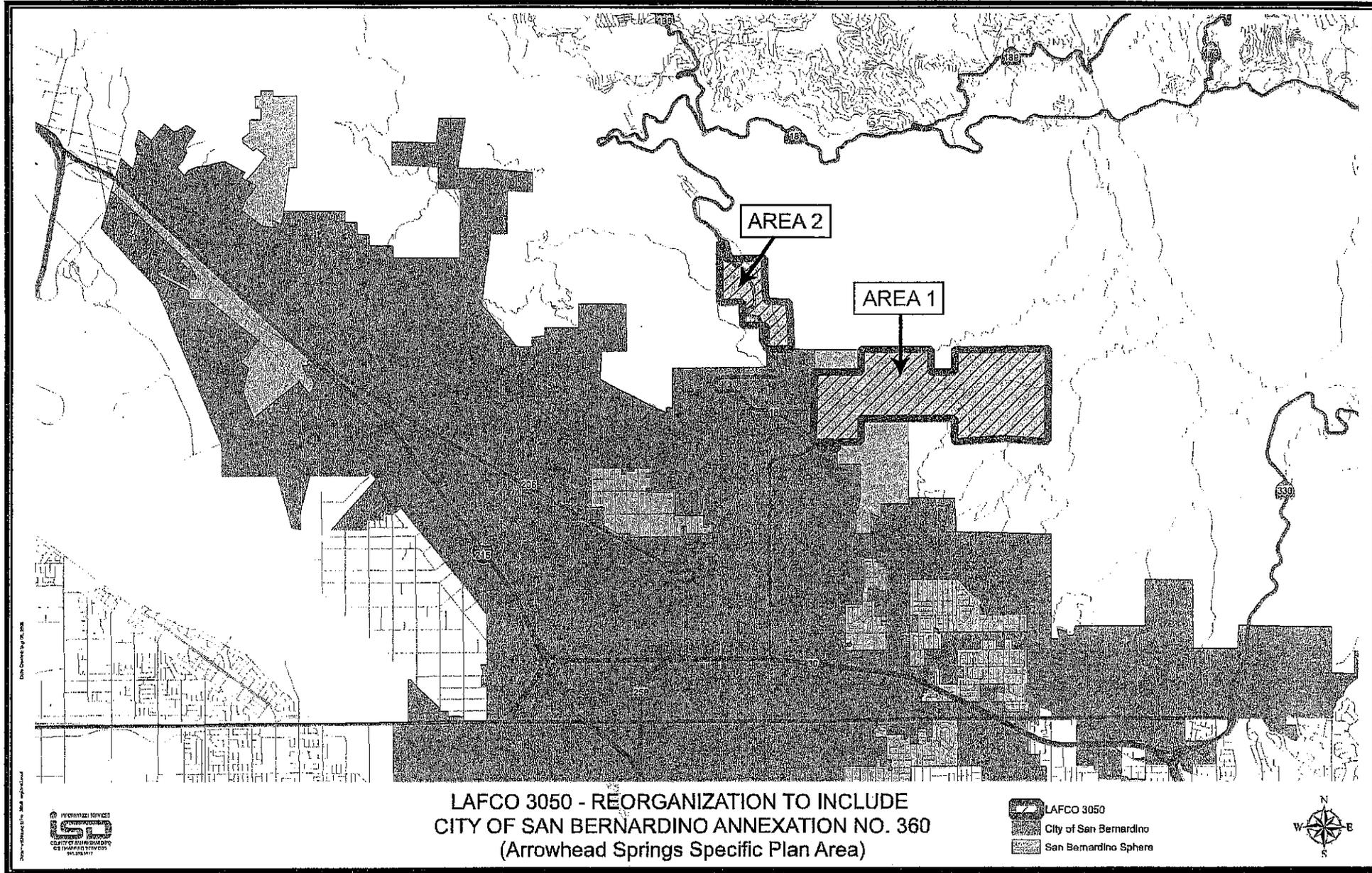
KRM

Attachments:

- 1 -- Maps - Vicinity and Location
 - a. LAFCO 3053 - Sphere of Influence Expansion
 - b. LAFCO 3050 - Reorganization
- 2 -- City of San Bernardino Applications and Related Documents:
 - a. LAFCO 3053 - Sphere of Influence Expansion
 - b. LAFCO 3050 -- Reorganization
- 3 -- Letter from Mr. John Nolan, Attorney for the City and American General Group for Existing Environmental Litigation
- 4 -- Letter Dated October 5, 2006 from Mr. Fred Wilson, City Manager, City of San Bernardino, Related to Response to Questions of Staff and Commission and Submission of Supplemental Information
- 5 -- Letter from Tom Dodson and Associates and Candidate Findings of Fact and Statement of Overriding Considerations
- 6 -- Draft Resolution No. 2941 for LAFCO 3053

**Maps – Vicinity and Location
LAFCO 3050
Reorganization**

Attachment 1b



AREA 2

AREA 1

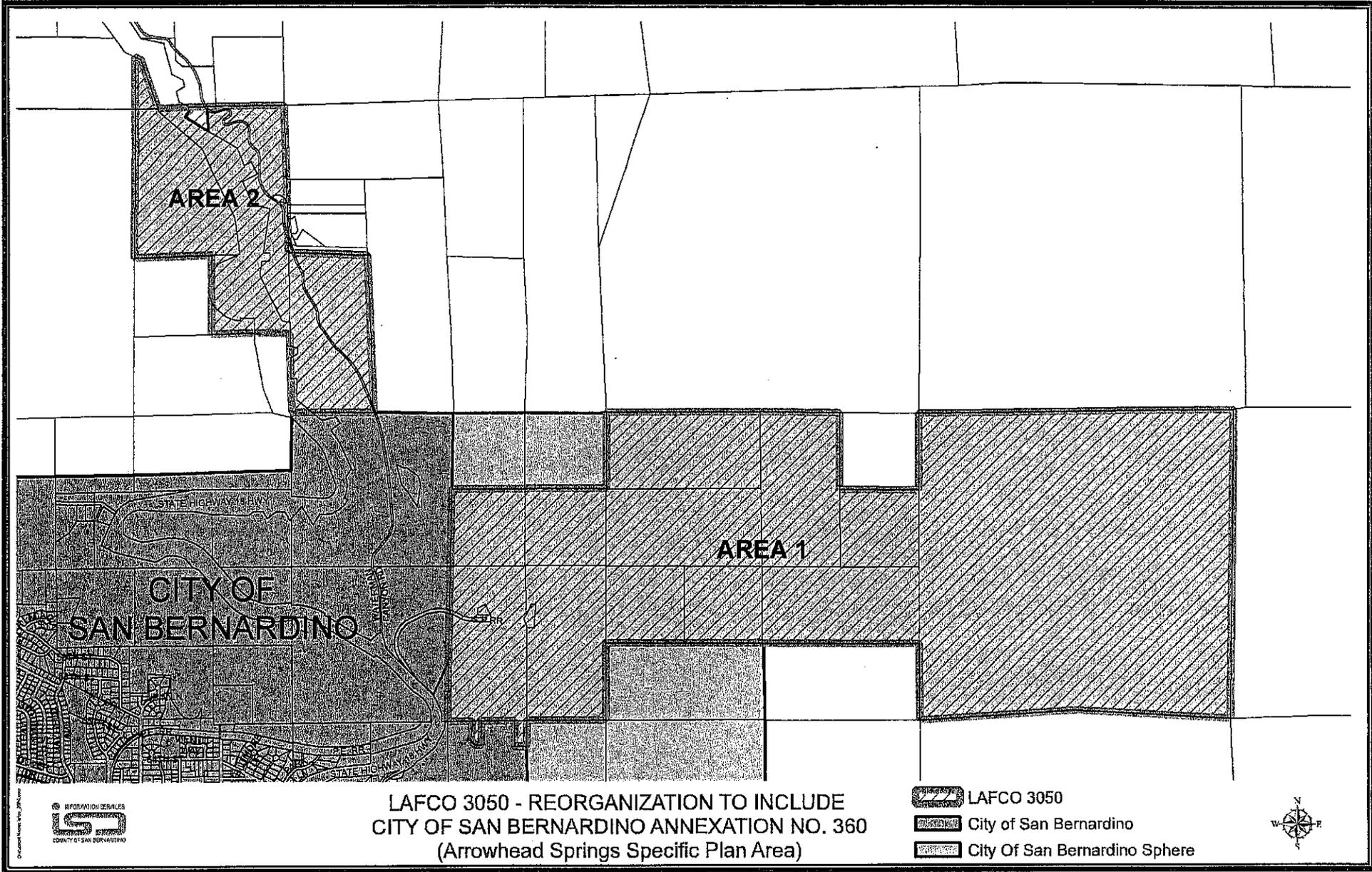
LAFCO 3050 - REORGANIZATION TO INCLUDE
CITY OF SAN BERNARDINO ANNEXATION NO. 360
(Arrowhead Springs Specific Plan Area)

-  LAFCO 3050
-  City of San Bernardino
-  San Bernardino Sphere



Data Courtesy: City of San Bernardino

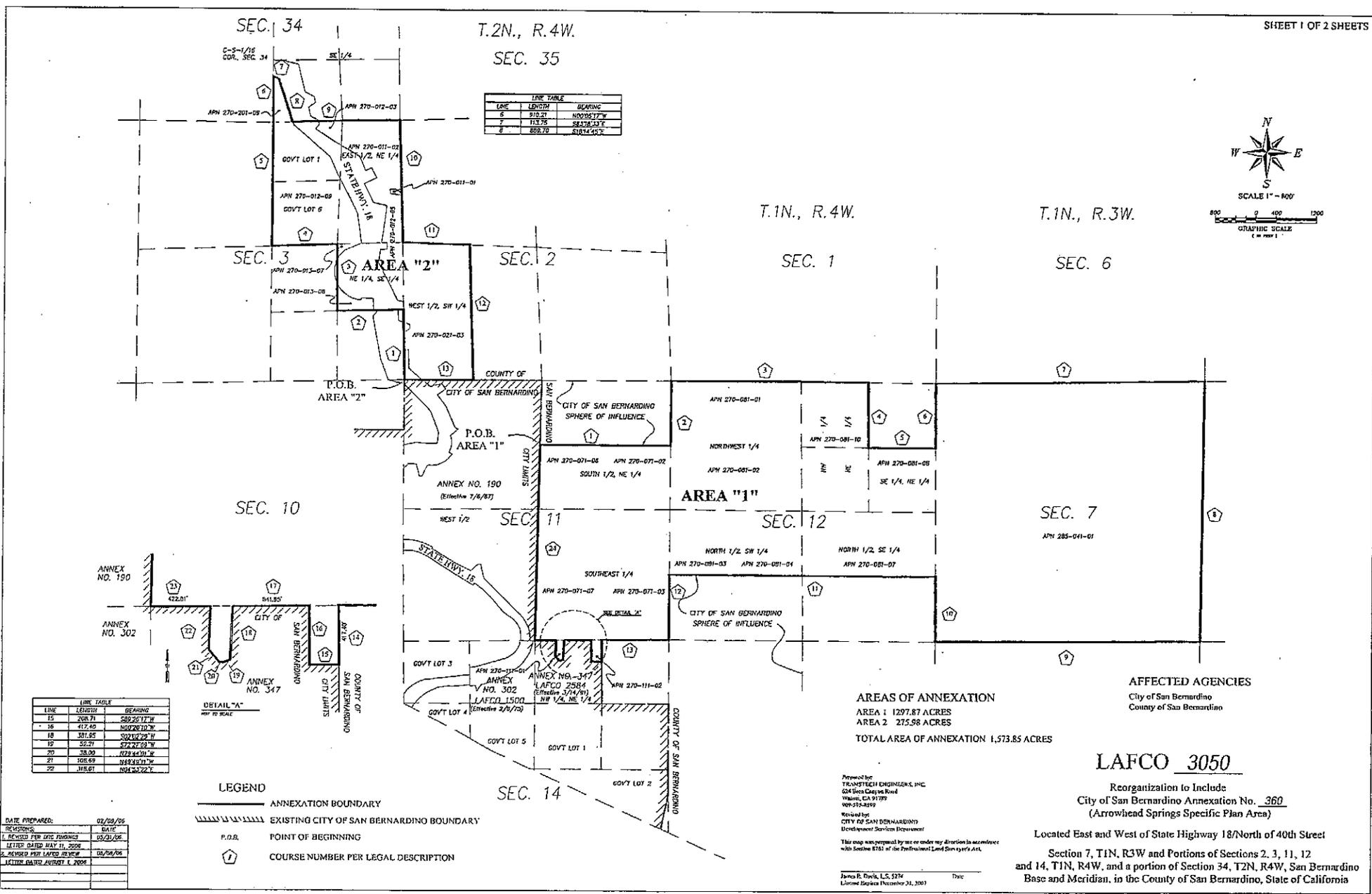




LAFCO 3050 - REORGANIZATION TO INCLUDE
 CITY OF SAN BERNARDINO ANNEXATION NO. 360
 (Arrowhead Springs Specific Plan Area)

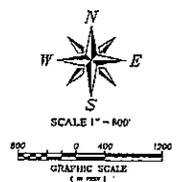
-  LAFCO 3050
-  City of San Bernardino
-  City Of San Bernardino Sphere





LINE TABLE

LINE	LENGTH	BEARING
5	810.21	N00°54'17"W
7	113.76	S82°38'34"E
8	882.70	S10°14'40"E



LINE TABLE

LINE	LENGTH	BEARING
15	208.71	S89°26'17"W
16	417.40	S00°28'30"W
18	391.52	S02°32'29"W
19	52.71	S72°42'59"W
20	38.00	N73°44'30"W
21	105.69	N49°34'11"W
22	119.61	N04°53'22"E

- LEGEND**
- ANNEXATION BOUNDARY
 - EXISTING CITY OF SAN BERNARDINO BOUNDARY
 - P.O.B. POINT OF BEGINNING
 - ⑦ COURSE NUMBER PER LEGAL DESCRIPTION

DATE PREPARED: 02/19/06

REVISIONS	DATE
1. REVISION FOR SPEC DRAWING	05/23/06
2. LETTER DATED MAY 11, 2006	
3. REVISION PER LAFCO REVIEW	06/06/06
4. LETTER DATED AUGUST 1, 2006	

AREAS OF ANNEXATION
 AREA 1 1297.87 ACRES
 AREA 2 275.98 ACRES
TOTAL AREA OF ANNEXATION 1,573.85 ACRES

AFFECTED AGENCIES
 City of San Bernardino
 County of San Bernardino

LAFCO 3050

Reorganization to Include
 City of San Bernardino Annexation No. 360
 (Arrowhead Springs Specific Plan Area)

Located East and West of State Highway 18/North of 40th Street
 Section 7, T1N, R3W and Portions of Sections 2, 3, 11, 12
 and 14, T1N, R4W, and a portion of Section 34, T2N, R4W, San Bernardino
 Base and Meridian, in the County of San Bernardino, State of California

Prepared by:
 TRINITY ENGINEERS, INC.
 6045 Sepia Canyon Road
 Walnut, CA 91790
 909-375-8599
 Witnessed by:
 CITY OF SAN BERNARDINO
 Development Services Department
 This map was prepared by me or under my direction in accordance
 with Section 8751 of the Professional Land Surveyors Act.
 James R. Davis, L.S. 5274 Date: _____
 Licensed Geoplic Professional 31, 2007

**City of San Bernardino Applications
and Related Documents:
LAFCO 3050 - Reorganization**

Attachment 2b

Justification for Proposal and Preliminary Environmental Description Form

INTRODUCTION: The questions on this form and its supplements are designed to obtain enough data about the proposed project site to allow the Commission, its staff and others to adequately assess the project. By taking the time to fully respond to the questions on the forms, you can reduce the processing time for your project. You may also include any additional information, which you believe is pertinent. Use additional sheets where necessary, or attach any relevant documents.

GENERAL INFORMATION

1. **NAME OF PROPOSAL:** Arrowhead Springs Specific Plan
2. **NAME OF APPLICANT:** City of San Bernardino
- MAILING ADDRESS:** ATTN: Mr. James Funk, Director of Development Services
300 North D Street
San Bernardino CA 92418
- PHONE:** (909) 384-5357
- FAX:** (909) 384-5155
- E-MAIL ADDRESS:** funk_ja@ci.san-bernardino.ca.us

3. **GENERAL LOCATION OF PROPOSAL:**

Consisting of approximately 1,916 acres, the Arrowhead Springs plan area is located at the base of the San Bernardino Mountains along State Route (SR) 18 at the north end of the City of San Bernardino. The total project includes 368 acres that are currently within the City of San Bernardino's jurisdictional boundaries and 1,548 acres of unincorporated County lands within the City's Sphere of Influence.

4. **Does the application possess 100% written consent of each landowner in the subject territory?**
YES NO If YES, provide written authorization for change. (See Attachment A)

5. **Indicate the reasons that the proposed action has been requested.**

The Arrowhead Springs Specific Plan and annexation request have received City approval for a new multiple-use development in the proposed annexation area. The reorganization is requested to allow for the development to proceed under a unified family of jurisdictions and to ensure the logical provision of services such as maintenance, public safety, and services. On behalf of the applicant, the City has initiated the annexation request with the unanimous approval of the initiating resolution (See Attachment B).

6. **Would the proposal create a totally or substantially surrounded island of unincorporated territory?**
YES NO

LAND USE AND DEVELOPMENT POTENTIAL

1. **Total land area (defined in acres):**
 - Total project area: 1,916 acres.
 - Total area for annexation: 1,548 acres.
 - Portion of project currently within the City of San Bernardino's jurisdictional boundaries: 368 acres.

2. **Current dwelling units in area:** There is one existing dwelling unit within the incorporated portion and ten units in the unincorporated portion of the Specific Plan. These units are part of the hotel and are used as temporary employee housing.

3. **Approximate current population in area:** Currently, there are nine residents who also work at Arrowhead Springs. However, for purposes of the EIR analysis, the maximum potential population was assumed. Based on the Department of Finance, City/County Population and Housing Estimates (1/1/2004) average household size of 3.340 persons per household, there could be approximately 37 people residing within the Specific Plan area.

4. **Indicate the General Plan designation(s) of the affected city (if any) and uses permitted by this designation(s):** The following General Plan designations were enacted through approval of the City of San Bernardino General Plan on November 1, 2005 (See Attachment D):
 - Residential Low Density (RL)-allows 3.1 single family detached dwelling units per acre
 - Residential Medium (RM)-allows 14 dwelling units per acre. Typical uses include multi-family dwellings such as townhouses, stacked flats, courtyard homes, apartments and condominiums as well as small lot single-family developments.
 - Commercial General-1 (CG-1)-allows commercial uses at 0.7 floor area ratio. Typical uses include local and regional serving retail, personal service, entertainment, office, related commercial uses and limited residential uses with a CUP.
 - Commercial Regional-2 (CR-2)-allows regional commercial uses at 3.0 floor area ratio (4.0 floor area ratio if a vertical mixed use project) and residential uses at 54 dwelling units per acre. Typical uses include a mixture of regional serving retail, service, office, outdoor dining, entertainment, cultural, and residential uses.
 - Public/Commercial Recreation (PCR)-allows intensive recreational uses, such as golf courses, sports complexes, and fair grounds as approved through the public review process.
 - Open Space (OS)-allows permanent open space.
 - Public Facilities (PF)-allows public facilities, governmental institutions, transportation facilities, public schools (K-12), public or private colleges and universities, museums, and public libraries.

Existing San Bernardino County General Plan and zoning designation(s) on the site and uses permitted by this designation(s): The lands within the County are zoned for Resource Conservation (RC), Rural Living-3 (RL-3), and Single Residential-1 (RS-1). The RC designation permits one unit per 40 acres and is intended for open space, conservation, and development of natural resources. The majority of the undeveloped portions of Arrowhead Springs fall within this designation. A small portion of Arrowhead Springs is designated RL-3, which allows one dwelling unit per three acres. On the very northern portion of the Arrowhead Springs property is a small pocket designated as RS-1, which allows one unit per acre.

The lands within the County are zoned for Resource Conservation (RC), Rural Living-3 (RL-3), and Single Residential-1 (RS-1), as shown in Figure 5.8-3. The RC designation permits one unit per 40 acres and is intended for open space, conservation, and development of natural resources. The majority of the undeveloped portions of Arrowhead Springs fall within this designation. A small portion of Arrowhead Springs is designated RL-3, which allows one dwelling unit per three acres. On the very northern portion of the Arrowhead Springs property is a small pocket designated as RS-1, which allows one unit per acre. (See Attachment E)

5. Describe any special land use concerns expressed in the above plans. None

6. Indicate the existing land use. The majority of the Arrowhead Springs property is currently undeveloped. The property is crisscrossed on its western side by both SR-18 and Waterman Canyon Road. The developed portion of the property consists of less than 200 acres and approximately 320,000 square feet of buildings including the historic 1939 hotel/spa resort which has 135 rooms, ten residential-styled bungalows, meeting halls, maintenance buildings and a small office building for the caretaker staff and security employees. Other facilities include steam caves, an historic swimming pool, tennis courts and outdoor theater. In one section of the developed area is the 'Village,' a group of five buildings totaling 60,000 square feet were constructed by CCC as dormitories, dining facilities, and meeting rooms. The resort/spa facilities are not currently open to the public.

There is one unit within the incorporated portion and ten units in the unincorporated portion of the Specific Plan. These units are temporary housing intended for employees of Arrowhead Springs. Arrowhead and Puritas Water, Inc., a subsidiary of Nestles, occupies a portion of the southwestern edge of the property where it maintains a pumping station for the transfer of spring water to its trucks. The spring water is sourced from a site located outside of the boundary of the Arrowhead Springs property. Metropolitan Water District (MWD) owns a 10-acre parcel adjacent to the front entry on Old Waterman Canyon Road, which is the site of their tunnel portal for the Inland Feeder Project.

Three blue-line streams run through the property on an annual basis: West Twin Creek and East Twin Creek and its tributaries. There are several locations where hot thermal springs spill out onto the ground. These are named Granite Springs, Penyugal Springs, the Steam Caves, and another abandoned hot springs near West Twin Creek. Several thermal wells also exist on the property, which service the existing hotel, residences, and swimming pool.

Arrowhead Springs occupies the lower portions of two converging valleys and consists of steep mountainous terrain and rolling foothills. West Twin Creek and East Twin Creek converge into a manmade flood control basin, known as the Waterman Canyon Channel, designed by the Army Corps of Engineers. It consists of several percolation and retention basins, which lie adjacent to or near the south property line.

What is the proposed land use? The Arrowhead Springs Specific Plan accommodates a range of land uses from low density residential to commercial. The proposed land uses would accommodate the following main features:

- The reuse of the historic Arrowhead Springs Hotel and development of a new 115 room annex to the hotel
- A new 25,000 square foot earth-sheltered conference center extending to the south of the historic hotel
- Reuse and expansion of the historic Arrowhead Springs spa/resort
- A new 300-room hotel
- 250,000 square feet of new professional office space
- 200,000 square feet of new commercial space
- 1,350 single-family detached and multi-family residential units
- 18-hole public golf course
- Multi-purpose open space

In order to accomplish this plan some of the existing facilities would be demolished and others would be retained and restored. The existing facilities contain approximately 320,606 square feet of space of which 84,610 square feet would be demolished. The facilities to be demolished are primarily maintenance buildings, small, modular steel office buildings and a couple of the residential bungalows. The Specific Plan would preserve 235,996 square feet of existing non-residential space and develop 808,650 square feet of new non-residential space.

Fourteen hundred acres have been established as open space in the Specific Plan. Active recreation amenities in the developed area would include lighted tennis courts, Olympic sized swimming pool, lawn bowling or bocci, golf and trails for equestrian, hiking and mountain biking activities. Several trails would continue into the large open space area to the east of the main development area along

existing fire roads. In addition to passive recreation activities like bird-watching and wildlife observation, the plan would provide for features such as botanical gardens, ornamental parks, thermal pools, natural waterfalls, steams caves, mineral pools, mud-baths and outdoor entertainment. A total of 21.0 acres would be developed as parks and recreational facilities.

The Arrowhead Springs Specific Plan would cluster development into 506 acres near existing development, which would be surrounded by 1,400 acres of open space and watershed.

7. **For a city annexation, State law requires pre-zoning of the territory proposed for annexation. Provide a response to the following:**

a. Has pre-zoning been completed? YES XX . NO ____ (Arrowhead Springs Specific Plan and General Plan Update approved November 1, 2005)

b. If the response to "a" is NO, is the area in the process of pre-zoning? YES ____ NO ____

Identify below the pre-zoning classification, title, and densities permitted. If the pre-zoning process is underway, identify the timing for completion of the process. (Prezoning was approved by the Common Council on November 1, 2005. See Attachment D for the Prezoning Designations):

- Residential Low (RL)-allows 36 single-family detached residential units on 33.8 acres.
- Residential Medium-Detached Village (RM-DV)-allows 429 attached condominiums, townhomes, and detached residential units on 54 acres.
- Residential Medium-Attached Village (RM-AV)-allows 285 condominiums and townhomes in Hilltown (46.3 acres) and 266 condominiums and townhomes in Village Walk Residential (21 acres).
- Residential Medium-Senior Village (RM-SV)-allows 300 total units including approximately 150 senior and 150 non-age restricted attached condominiums, townhomes, and/or apartments on 22 acres.
- Commercial Regional (CR-2)-accommodates three distinct uses: 1) a vertical or horizontal mixture of business related and residential uses in Village Walk; 2) Corporate offices, and; 3) a new 300-room hotel.
- Commercial General-Windy Point (CG-1-WP)-allows a restaurant on Windy Point (20,000 s.f. on 5 acres).
- Commercial General-Hotel/Spa Resorts (CG-1-H/S)-allows lodging, restaurants, destination resorts, health club, entertainment uses and a conference center uses on 47 acres.
- Commercial General-1 (CG-1)-allows convenience commercial uses and the Spring House on .7 acres in Hilltown.
- Public/Commercial Recreation (PCR)-allows an 18-hole, public golf course, including a clubhouse and related facilities, commercial stables, golf cart and bike rentals. The PCR designation also allows limited agricultural and open space uses, including vineyards, active and passive recreation, permanent open space, wildlife preserves, multi-purpose trails, and water retention basins. It is also intended to preserve water resources, such as watercourses, natural springs and lakes.
- Public Facility (PF)-allows public facilities, governmental institutions, transportation facilities, public schools (K-12), public or private colleges and universities, museums, and public libraries.
- Open Space-Watershed (OS-W)-is intended to preserve water resources, such as watercourses, natural springs and lakes and provide for recreational uses such as trails and stables.

8. On the following list, indicate if any portion of the territory contains the following by placing a checkmark next to the item:

- | | |
|--|--|
| <input type="checkbox"/> Agricultural Land Uses | <input type="checkbox"/> Agricultural Preserve Designation |
| <input type="checkbox"/> Williamson Act Contract | <input type="checkbox"/> Area where Special Permits are Required |
| <input checked="" type="checkbox"/> Any other unusual features of the area or permits required | |

Historic Arrowhead Springs Hotel and Spa

9. If a Williamson Act Contract(s) exists within the area proposed for annexation to a City, please provide a copy of the original contract, the notice of non-renewal (if appropriate) and any protest to the contract filed with the County by the City. Please provide an outline of the City's anticipated actions with regard to this contract. NOT APPLICABLE

10. Will the proposal require public services from any agency or district that is currently operating at or near capacity (including sewer, water, police, fire, or schools)?
YES XX NO If YES, please explain.

Fire Department. A new fire station will be provided on site. This fire station will be owned and maintained by the City of San Bernardino, but financed in-part by Arrowhead Springs.

ENVIRONMENTAL INFORMATION

1. **Provide general description of topography.** The Arrowhead Springs plan area extends up the flank of the San Bernardino Mountains. The Arrowhead Springs plan area lies at an elevation of 1,480 feet to 2,400 feet above mean sea level. Arrowhead Springs is located in the Waterman Canyon (West Twin Creek) and East Twin Creek Watersheds and three primary water courses flow through the planning area: the East Twin Creek, Strawberry Creek, and West Twin Creek which flows through Waterman Canyon. The Arrowhead Springs planning area can generally be described as hilly marked with sharp terrain, valleys, and inaccessible steep slopes of the San Bernardino Mountains. In general the Arrowhead Springs plan area consists of numerous small canyons trending north-south. Ridges are underlain by either Potato Formation or by granitic-metamorphic complex. These units are deeply weathered and are offset by faulting of uncertain age. Hot springs travertines and quartz deposits mark the ridge exposures of these faults as do active hot springs. Within areas of the upper plateau and ridges, near the south, the subgrade soils are comprised of moderately dense, deeply weathered gravelly sand with some silts. Within the upper plateau and hillsides near the north, subgrades are expected to consist of grayish brown to gray highly fractured metamorphic rocks, weathered gravelly sand of decomposed granitic origin, and/or calcite as derived from old hot springs. Within the canyon bottoms, subgrade soils consist of alluviums of silty fine sand and fine to medium coarse gravelly sand of variable consistency along with numerous cobbles and isolated rocks. Subgrade soils underlying the upper described alluviums are expected to consist of well consolidated gravelly sand or weathered bedrock of siltstone/sandstone origin, generally compressible in nature.

2. **Describe any existing improvements on the site as % of total area.**

Residential	<u>1</u>	%	Agricultural	<u>None</u>	%
Commercial (hotel/Spa)	<u>9</u>	%	Vacant	<u>90</u>	%
Industrial	<u>None</u>	%	Other	<u></u>	%

3. **Describe the surrounding land uses:**

NORTH: Open space (San Bernardino National Forest) and with pockets of residential in Waterman Canyon

EAST: Open space (San Bernardino National Forest)

SOUTH: Open space, residential, and a manmade flood control basin known as the Waterman Canyon Channel.

WEST: Open space (San Bernardino National Forest)

4. Describe site alterations that will be produced by improvement projects associated with this proposed action (installation of water facilities, sewer facilities, grading, flow channelization, etc.). Currently the Arrowhead Springs area has a single point of access from State Road 18 (SR18). To accommodate the increase in traffic from the proposed development of Arrowhead Springs, a new circulation plan has been developed that includes a combination of secondary arterial roads, collector roads, local streets and a new second access road connecting to 40th Street, south of the property.

As part of the Arrowhead Springs Specific Plan, a portion of Harrison Street would ultimately be improved and expanded to 4-lanes between 40th Street and Lynwood Drive/30th Street to improve the long-term circulation system for the City and for Arrowhead Springs. The new roadway would be known as Harrison Parkway. The portion of Harrison Street south of Lynwood would remain the same and retain the same street name of Harrison Street.

Implementation of the Arrowhead Springs Specific Plan would require grading within the 506 acres designated for development on the Land Use Plan. Approximately 7,000,000 cubic yards of earth would be cut from slopes and used as fill on-site to establish a base grade for development pad sites. An additional 1,000,000 cubic yards of earth may be moved to remediate landslide areas. A public golf course is planned along either or both sides of a long portion of West Twin Creek in Waterman Canyon. All natural stream courses would be avoided where ever feasible; however, development of the golf course may substantially encroach into and/or alter the main channel of the West Twin Creek and potentially several tributary drainages. The fairways of the golf course would be designed and graded to function as over-flow basins as part of a flood control mechanism for West Twin Creek, which has a history of severe flooding. Habitable structures would be placed a minimum of 100 feet from the 100-year flood mark or 5 feet above the 100-year flood mark.

The Arrowhead Springs development proposes to install a complete infrastructure system that would include provision and distribution of domestic water and irrigation water, wastewater treatment and collection, storm water collection, and utility systems that are designed to serve the development within Arrowhead Springs and connect, where appropriate, to the regional/local systems. Arrowhead Water & Power (AWP), a California limited liability company, was formed to be a utility company by the developer, American Development Group. The Del Rosa Mutual Water Company will provide the domestic water system for Arrowhead Springs and the West Twin Creek Mutual Water Company will provide the recycled water service for irrigation. Both companies belong to the holding company, Arrowhead Water & Power.

A new domestic water distribution system and a separate irrigation water distribution system would be installed to specifically accommodate just the Arrowhead Springs development. The domestic water system would be used primarily for drinking water and irrigation of lawns in residential areas. The secondary irrigation system would be developed to irrigate non-residential areas such as the golf course and parks. A series of four aboveground reservoirs (steel welded tanks) would be required, as well as four booster stations. Pressure regulators would be needed to operate the system and two surface water treatment plants with a capacity of 0.5 million gallons per day (MGD) and 1.0 MGD. The reservoirs would maintain a capacity of water for fire suppression, daily operational need and emergency supplies. The treatment process would generate a small quantity of "backwash" or drain water that would be captured in tanks and allowed to evaporate. The domestic water reservoirs would vary in size between 500,000 gallons of capacity to 3,200,000 gallons of capacity and are expected to vary in dimension from up to 50 feet in height and up to 200 feet in diameter. Pipelines would range in size from 8 inches to 18 inches. The reservoirs would be designed to avoid inundation of nearby neighborhoods in the event of failure through the use of an outer "safety" tank with a two day holding capacity. These tanks would be located such that they would not be visible from nearby of residential areas where practical. The water distribution system would be developed in conjunction with the roadway improvements and contained within the road right-of-way where ever possible.

A separate irrigation system would be developed to irrigate the golf course, parks, selected open space, streetscapes and fuel modification zone. The irrigation system would rely in part on recycled water from the wastewater treatment plant (discussed below) that has been appropriately treated, stream flows on the property, on-site wells and new wells in the Bunker Hill (groundwater) Sub-basin, also discussed below. Water would be diverted from the stream flows and would be allowed to settle or be filtered and then would be mixed with the recycled water and any supplemented well water.

Water from the various sources would be collected and stored in a series of ponds or open reservoirs that have been lined with a sealant and/or above ground tanks. Booster stations would also be required in selected locations.

A new wastewater treatment facility and waste water collection system would be constructed on-site to specifically accommodate the proposed development. This service would be provided by the Del Rosa Water Company. The existing permitted treatment system, which is an Imhoff Tank style system, is not adequate to handle the planned development and would be dismantled and properly disposed. The new waste water treatment system would use a micro-filtrate membrane bioreactor process and be designed to handle 0.90 million gallons a day (mgd) in a completely enclosed facility providing odor control. Wastewater would be re-cycled for spray irrigation according the Federal and State regulations, which place requirements on use of wastewater effluent for irrigation in close proximity of human contact and habitation.

A new storm water collection system consisting of underground pipe or natural drainage courses would be constructed to collect drainage from on-site impervious surfaces which would be routed through specially designed catch basins, inlets, vaults, swales, filters, etc. for entrapment of sediment debris before discharge to either East Twin or West Twin Creeks. Energy dissipaters would be provided at storm drain discharge points as necessary to control erosion. The collection system would be designed to prevent runoff from areas irrigated with treated wastewater from discharging into streams where drinking water is supplied.

It should be noted that major components of the infrastructure system would cross East or West Twin Creeks where necessary under bridges or otherwise above ground.

A number of existing utilities including overhead electrical lines and water pipelines may have to be relocated. Where possible these utilities would be placed in new easements established for utilities and along with new utilities such as natural gas, cable and communication equipment be placed underground when appropriate.

5. Will service extensions accomplished by this proposal induce growth on this site?
On-site? YES NO
Adjacent sites? YES NO Unincorporated Incorporated
6. Is this project a part of a larger project or series of projects? YES NO

NOTICES

Please provide the names and addresses of persons who are to be furnished mailed notice of the hearing(s) and receive copies of the agenda and staff report.

NAME: City of San Bernardino

ATTN: Mr. James Funk
Director of Development Services
300 North D Street
San Bernardino, CA 92418

TELEPHONE NO: (909) 384-5357

NAME: County of San Bernardino

Department of Land Use Services
385 N Arrowhead Avenue
San Bernardino CA 92415

TELEPHONE NO: (909) 387-8311

NAME: American Development Group

ATTN: Thomas Thornburgh
24600 Arrowhead Springs Road
San Bernardino, CA 92414

TELEPHONE NO: (909) 875-1400

CERTIFICATION

I hereby certify that the statements furnished above and in the attached supplements and exhibits present the data and information required for this initial evaluation to the best of my ability, and that the facts, statements, and information presented herein are true and correct to the best of my knowledge and belief. I understand that if this proposal is approved, the Commission will impose a condition requiring the applicant to indemnify, hold harmless and reimburse the Commission for all legal actions that might be initiated as a result of that approval.

Date: _____

[Handwritten Signature]

SIGNATURE OF APPLICANT

Fred A. Wilson

PRINTED NAME OF APPLICANT

City Administrator

TITLE

PLEASE CHECK SUPPLEMENTAL FORMS ATTACHED:

- ANNEXATION, DETACHMENT, REORGANIZATION SUPPLEMENT
- SPHERE OF INFLUENCE CHANGE SUPPLEMENT
- CITY INCORPORATION SUPPLEMENT
- FORMATION OF A SPECIAL DISTRICT SUPPLEMENT
- ACTIVATION OF LATENT POWERS SUPPLEMENT

APPLICATION TO BE SUBMITTED TO:

LOCAL AGENCY FORMATION COMMISSION
175 WEST FIFTH STREET, SECOND FLOOR
SAN BERNARDINO, CA 92415-0490
PHONE: (909) 387-5866 • FAX: (909) 387-5871
E-mail address: lafco@lafco.co.san-bernardino.ca.us

KRM - REV

**SUPPLEMENT
ANNEXATION, DETACHMENT, REORGANIZATION PROPOSALS**

INTRODUCTION: The questions on this form are designed to obtain data about the specific annexation, detachment and/or reorganization proposal to allow the Commission, staff and others to adequately assess the project. You may also include any additional information which you believe is pertinent. Use additional sheets where necessary, and/or include any relevant documents.

1. Please identify the agencies involved in the proposal by proposed action:

ANNEXED TO:

City of San Bernardino

DETACHED FROM:

County of San Bernardino

2. Will the territory proposed for change be subject to any new or additional special taxes, any new assessment districts, or fees? (The Fiscal impact Report has been prepared by Stanley Hoffman and Associates and is contained in Attachment F.1): Yes, as follows:

- Existing development Impact fees (police, fire, traffic, storm drains, library, parks and recreation, general).

3. Will the territory be relieved of any existing special taxes, assessments, district charges or fees required by the agencies to be detached? No special tax districts currently exists within the area of annexation.

4. Provide a description of how the proposed change will assist the annexing agency in achieving its fair share of regional housing needs as determined by SCAG. Arrowhead Springs accommodates 1,350 new residential units that provide housing opportunities for multiple segments of the housing market, from first time buyers, to executive homes, to condominiums and multi-family units. Arrowhead Springs accommodates 36 custom estates, 34 'urban' flats in Village Walk, 266 condominiums and townhomes adjacent to Village Walk, 150 upscale senior units, 150 non-age restricted attached units, 429 golf course condominiums, and 285 townhomes and condominiums in the unique Hilltown. This will increase the inventory of homes affordable to above-moderate income families.

5. Plan For Services (The Plan of Services has been prepared by Stanley Hoffman and Associates and is contained in Attachment F.2):

For each item identified for a change in service provider, a narrative "Plan for Service" (required by Government Code Section 56653) must be submitted. This plan shall, at a minimum, respond to each of the following questions and be signed and certified by an official of the annexing agency or agencies.

1. A description of the level and range of each service to be provided to the affected territory.
2. An indication of when the service can be feasibly extended to the affected territory.
3. An identification of any improvement or upgrading of structures, roads, water or sewer facilities, other infrastructure, or other conditions the affected agency would impose upon the affected territory.
4. The estimated cost of extending the service and a description of how the service or required improvements will be financed. A discussion of the sufficiency of revenues for anticipated service extensions and operations is also required.
5. An indication of whether the annexing territory is, or will be, proposed for inclusion within an existing or proposed improvement zone/district, redevelopment area, assessment district, or community facilities district.
6. If retail water service is to be provided through this change, provide a description of the timely availability of water for projected needs within the area based upon factors identified in Government Code Section 65352.5 (as required by Government Code Section 56668(k)).

CERTIFICATION

I hereby certify that the statements furnished above and the documents attached to this form present the data and information required to the best of my ability, and that the facts, statements, and information presented herein are true and correct to the best of my knowledge and belief.

DATE 1-24-06



SIGNATURE OF APPLICANT

Arrowhead Springs Specific Plan Annexation Study: Plan For Service City of San Bernardino

Prepared for:

Development Services Department
City of San Bernardino
300 North "D" Street
San Bernardino, CA 92418

December 20, 2005

SRHA Job #1046

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CHAPTER 1

INTRODUCTION

1.1 Overview

This report presents the Plan for Service for the annexation of the Arrowhead Specific Plan Area into the City of San Bernardino. The Local Agency Formation Commission (LAFCO) of the County of San Bernardino requires a jurisdiction to submit a Plan For Service when the jurisdiction is affected by a proposed change in boundaries, formations or organization. This plan must demonstrate that the City can provide the appropriate infrastructure improvements and services. The LAFCO policy states the following:

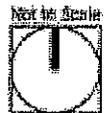
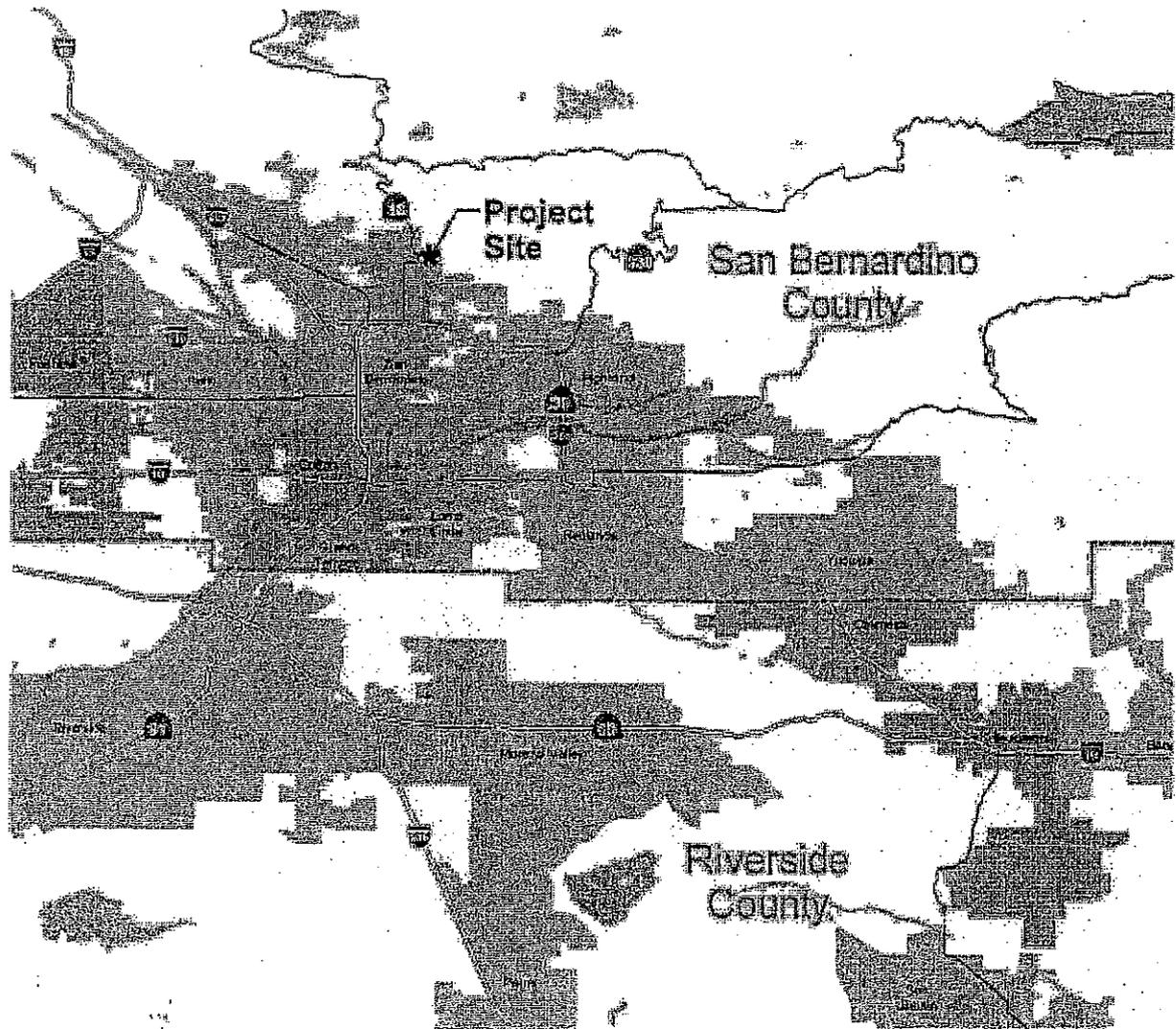
“ The plan for service shall be prepared and submitted by each local agency affected by a proposed change of organization, regardless whether that proposal is initiated by resolution or petition. In the case of a proposed annexation, the plan for service must demonstrate that the range and level of services currently available within the study area will, at least, be maintained by the annexing agency....”

The Plan for Service identifies the proposed public facility improvements and services related to roads, fire and emergency medical services, police, libraries, water, wastewater, storm drainage, parks and open space, public utilities, schools and solid waste management. The Plan for Service shows how public facilities and infrastructure improvements will be implemented, and presents the related capital costs of these improvements where available. A separate fiscal analysis will be prepared for the project area to show the impacts of development on public revenues and costs of ongoing operations and maintenance.

1.2 Project Overview

The property is located in unincorporated San Bernardino County, and is proposed for annexation to the City of San Bernardino by the American Development Group. Arrowhead Springs is located at the base of the San Bernardino Mountains along State Route (SR) 18 at the northeast end of the City of San Bernardino. This study provides a Plan for Services for the proposed Arrowhead Springs development, which encompasses 1,916 acres. Figure 1-1 shows the regional location of the Arrowhead Springs development.

Figure 1-1
Arrowhead Springs Regional Vicinity



As shown in Table 1-1, the proposed Arrowhead Springs Specific Plan proposes 1,350 units and 1.04 million square feet of commercial building area. The land uses are those presented in the *Arrowhead Springs Specific Plan, January 2005*, prepared by the Planning Center. Commercial land uses include retail, mixed use, office and hotel uses. Hotel uses include three hotels with 608 rooms. Other land uses include 10.2 acres of public facilities, 199 acres of golf course, and 1,400 acres of open space. The project will require approximately 1.8 lane miles of new public roads and 6 lane miles of private roads.

A population of about 4,233 is projected at buildout of the Specific Plan. This is based on the City's average household size of 3.34 persons per household, according to January 2004 estimates from the California Department of Finance. The Senior Village assumes 1 and 2 persons per household for selected units. Employment for the commercial uses is projected at about 2,530 for the Arrowhead Springs Specific Plan based on standards for commercial uses.

1.3 Methodology and Resources

Each of the public facilities or services required by the project area was analyzed as to the respective levels of service requirements and existing facilities serving the area after buildout. The preparation of the Plan for Services involves the analysis of public infrastructure and service requirements of the respective jurisdictions and agencies that have lead responsibility. The Plan for Service demonstrates that the necessary public infrastructure will be provided in a timely manner commensurate with the development of the Arrowhead Springs project and will not create financial burdens on the City of San Bernardino. For each service or improvement area, the following is included:

- A description of the service provider;
- A description of the level of each service to be provided to the area;
- An identification of any improvement or upgrading of structures, roads, water or sewer facilities, other infrastructure, or other conditions the affected agency would impose upon the area;
- The approximate phasing of the service or facility; and
- A description of how the service or required improvements would be financed and operated and maintained.

Table 1-1
Arrowhead Springs
Land Use Summary

Designation	Subarea ¹	Acres	Max. Units	Max. Non-Residential Square Feet	Estimated Population ²
Residential Areas					
Residential Low (RL)	Golf Course Residential North	25	24		80
	Golf Course Residential South	8.8	12		40
Residential Medium-Detached Village (RM-DV)	Golf Course Residential North	54	429		1,433
Residential Medium-Attached Village (RM-AV)	Hilltown Residential	46.3	285		952
	Hilltown Chapel (Existing)	Part of 46.3		1,500	
Residential Medium-Attached Village (RM-AV)	Village Walk Residential	21	266		888
Residential Medium-Senior Village (RM-SV) ³	Golf Course Residential South	22	300		726
<i>Subtotal</i>		<i>177.1</i>	<i>1,316</i>	<i>1,500</i>	<i>4,119</i>
Commercial/Office Areas					
Commercial Regional (CR-2)	Village Walk Commercial	46	34	200,000	114
	300 Room Hotel	17		200,000	
	Corporate Office	14		250,000	
Commercial General-Windy Point (CG-1-WP)	Windy Point	5		20,000	
Commercial General-Hotel/Spa Resorts (CG-1-H/S)	Historic Hotel (8 Existing)	25		153,938	
	Hotel Annex	Part of 25		75,000	
	Conference Center	Part of 25		25,000	
	Bungalows (Existing)	Part of 25		15,955	
	Spa Resort (existing)	22		61,936	
	Spa/Resort	Part of 22		8,600	
Commercial General-1 (CG-1)	Hilltown Shops	0.7		8,000	
	Hilltown Spring Home (Existing Meeting Center)	Part of .7		2,667	
<i>Subtotal</i>		<i>129.7</i>	<i>34</i>	<i>1,021,096</i>	<i>114</i>
Golf Course					
Public/Commercial Recreation (PCR)	18-hole Public Golf Course	199		22,050	
<i>Subtotal</i>		<i>199</i>		<i>22,050</i>	
Other					
Public Facility (PF)	Metropolitan Water District	10.2			
Open Space-Watershed (OS-W)		1,400			
<i>Subtotal</i>		<i>1,410.20</i>			
Totals					
Grand Total		1,916	1,350	1,044,646	4,233
Total Existing Building Area				235,996	
Total New Building Area				808,650	

1. See Development Plan, Section V, for detailed descriptions of intent and standards.
2. An average household size of 3.340 persons per household was utilized and derived from the Department of Finance, City/County Population and Housing Estimates, 1/1/2004, except for 150 one-bedroom senior units, where 1.5 persons per household was used.

Source: American Development Group, January 2005.

Resources used in the preparation of the Plan for Service include the following:

- Land uses provided by the project developer, American Development Group;
- The City of San Bernardino, 2004-2005 Adopted Budget;
- The *Arrowhead Springs Specific Plan, January 2005*, prepared by the Planning Center.

The necessary facility improvements have been identified through review of the Specific Plan and discussions with the agencies that provide the services. Appendix A presents a list of agencies contacted as part of the preparation of the Plan for Service.



CHAPTER 2

PLAN FOR SERVICE SUMMARY

2.1 Summary of Service Providers

Table 2-1 shows the current service providers in the City of San Bernardino. These providers will be responsible for the provision of services to the project area. These services include the basic level of public services that are required to support the projected development and the associated population growth. As shown, these services range from public safety to schools. Upon annexation, the City of San Bernardino will assume responsibility for several services that were previously provided by the County of San Bernardino or other agencies. In addition to the services shown in Table 2-1, the City will also assume responsibility for General Government functions, such as City administration, human resources and finance, as well as Community Development services.

2.2 Summary of Capital and Operations & Maintenance Funding Sources

Table 2-2 presents a summary of the funding requirements for the facilities and services identified in the Plan for Service. The funding responsibilities are shown by capital costs and operations & maintenance (O & M) costs. In most cases, the developer is required to fund the capital costs of construction for additional local facilities or improvements required as a result of development; regional facilities usually require a fair-share approach. As shown, the improvements include water and wastewater improvements as well as transportation infrastructure and flood control facilities. Capital costs to provide additional facilities and improvements to serve the project area would be funded by the City's development impact fees or other financing approaches.

Facilities to be maintained within Arrowhead Springs include infrastructure improvements, common areas, public facilities and private residential streets. Most improvements constructed by developers will be maintained by the developer until the improvements are accepted by the City or transferred to a homeowner's association, private entity or other agency. A Homeowners Association (HOA) is required to address maintenance of project landscaping, community facilities, project lighting and private streets. The City of San Bernardino and other service providers are generally responsible for the operations and maintenance costs associated with additional services and facilities, and fund these costs through various sources of revenues that might include: property taxes, sales taxes and

Table 2-1
Arrowhead Springs Annexation - Plan for Service
City of San Bernardino
Ultimate Service Providers

Category of Service	Provider Before Annexation	Provider After Annexation
Transportation:		
Freeways and Interchanges	Caltrans	Caltrans
Arterials and collectors	Arrowhead Water & Power	Arrowhead Water & Power
Local roads	Arrowhead Water & Power	Arrowhead Water & Power
Signalized intersections	Arrowhead Water & Power	Arrowhead Water & Power
Fire and Paramedic	County FD, Calif. Dept. of Forestry (CDF)	San Bernardino City FD, CDF
Police	San Bernardino County Sheriff	San Bernardino Police Dept.
Libraries	San Bernardino County Library	City of San Bernardino Public Library
Domestic Water	Arrowhead Water & Power	Arrowhead Water & Power
Recycled Water	Arrowhead Water & Power	Arrowhead Water & Power
Wastewater	Arrowhead Water & Power	Arrowhead Water & Power
Flood Control and Drainage:		
Local facilities	San Bernardino County Flood Control Dist.	City of San Bernardino
Regional facilities	San Bernardino County Flood Control Dist.	San Bernardino County Flood Control Dist.
Parks and Open Space:		
Local facilities	Not Applicable	Arrowhead Water & Power
Regional facilities	Not Applicable	County Public Works Parks Division
Utilities:		
Cable/Internet Provider	Adephia	Adephia
Power	Southern California Edison	Southern California Edison
Telephone	AT&T, SBC, Verizon	SBC, Verizon
Natural Gas	Southern California Gas	Southern California Gas
Schools	San Bernardino County USD	San Bernardino City USD
Solid Waste Management	County of San Bernardino	City of San Bernardino

Source: Stanley R. Hoffman Associates, Inc.

Table 2-2
 Arrowhead Springs Annexation - Plan for Service
 City of San Bernardino
 Summary of Funding Requirements

Facility or Service	Provider	Capital Funding	Operations & Maintenance Funding
<u>Transportation</u>			
Arterials and collectors	City of San Bernardino	Developer financing ¹	General Fund, Gas Tax
Local roads	City of San Bernardino	Developer financing	General Fund, Gas Tax
Signalized intersections	City of San Bernardino	Developer financing	General Fund
Private Roads	Developer	Developer financing	Arrowhead Water & Power and Homeowner's Association.
Public Street Lighting in R-O-W	City of San Bernardino	Developer financing	General Fund
Private Street Lighting	Developer	Developer financing	Arrowhead Water & Power and Homeowner's Association.
Public Parking Areas	City of San Bernardino	Developer financing	General Fund
Private Parking Areas	Developer	Developer financing	HOA, AWP, property owner
<u>Fire and Paramedic</u>			
	San Bernardino City FD	n/a	General Fund
<u>Police</u>			
	City of San Bernardino	n/a	General Fund
<u>Libraries</u>			
	City of San Bernardino	n/a	General Fund
<u>Domestic Water</u>			
	Arrowhead Water & Power	Developer financing	Arrowhead Water & Power
<u>Recycled Water</u>			
	Arrowhead Water & Power	Developer financing	Arrowhead Water & Power
<u>Wastewater</u>			
	Arrowhead Water & Power	Developer financing	Arrowhead Water & Power
<u>Flood Control and Storm Drainage</u>			
Public Storm Drains	City of San Bernardino	Developer financing	City of San Bernardino
Private Storm Drains	Developer	Developer financing	Arrowhead Water & Power and Homeowner's Association.
Regional Facilities	County Flood Control Dist.	Developer financing	Special district property tax
<u>Landscaping</u>			
Landscaping (Arrowhead Parkway) ²	Developer	Developer financing	Arrowhead Water & Power
Private Street Landscaping	Developer	Developer financing	HOA, property owner
<u>Parks and Open Space</u>			
Open Space	City of San Bernardino	Provided by developer	Arrowhead Water & Power
Botanical Gardens	Developer	Developer financing	Arrowhead Water & Power
Neighborhood Parks	Developer	Developer financing	Arrowhead Water & Power and Homeowner's Association.
Private Recreation Trails	Developer	Developer financing	Arrowhead Water & Power
<u>Utilities</u>			
Cable/Internet Provider	Adelphia	Utility	User charges
Power	Arrowhead Water & Power	Utility	User charges
Telephone	SBC, Verizon	Utility	User charges
Natural Gas	Southern California Gas	Utility	User charges
<u>Schools</u>			
	San Bernardino City USD	Impact Fees	Special district property tax & State Financial Aid
Solid Waste Management	City of San Bernardino	Utility	User charges

1. Developer financing refers to a range of capital financing beyond impact fees, e.g., assessment districts, LMD's, and Mello Roos special taxes.

2. Includes landscaping along Harrison Street between 30th and 40th Streets.

Source: Stanley R. Hoffman Associates, Inc.

other General Fund revenues, user charges and landscape & lighting district assessments. The City of San Bernardino would receive a portion of the County's share of the basic 1 percent property tax levy at buildout of the Arrowhead Springs Project, since some County services would be transferred to the City of San Bernardino.

CHAPTER 3

SERVICE REQUIREMENTS

3.1 TRANSPORTATION

Service Provider. The City of San Bernardino is responsible for the planning and provision of streets and roads in the City of San Bernardino. Additionally, Caltrans is responsible for freeways (i.e. I-10, I-215, SR-30, SR-81, SR-206 and SR-259) and freeway interchanges.

Level of Service. The road system within Arrowhead Springs is based upon the City of San Bernardino Design Standards: Standard No.100, dated August 21,1978. The City provides street maintenance to all local, collector and arterial roads. Regional access to the site is provided by SR-81 merging into SR-30.

Improvements. Table 3-1 shows the improvements to the roadway system in the Arrowhead Springs Specific Plan by road type and the phasing of these improvements. Six local streets have been planned. Local Streets typically provide connection to individual parcels or units within the development. Improvements include about 1.8 lane miles of new public roads. The project will also include 6.0 lane miles of private roads, as well as 5 new signalized intersections.

Funding Responsibility. The construction of new roads are the responsibility of the developer. These costs may be funded through an assessment district or other financing approach. The City of San Bernardino is responsible for the ongoing operations and maintenance costs for public roadways and related facility maintenance within the project area. These costs are paid from the Gas Tax Fund and General Fund. The private internal roads will be the responsibility of an HOA or Arrowhead Water & Power (AWP).

Table 3-1
Phasing of New Roads

Streets and Roads	Secondary Arterial (4-lane)	Collector (2-lane)	Local Street (2-lane)	Phase
Arrowhead Road (formerly Old Arrowhead Road)		X		Extension
New Waterman Canyon Road		X		Phase I
Old Waterman Canyon Road		X		Phase I
Arrowhead Springs Village Avenue	X			Phase I
Arrowhead Springs Resort Road	X			Phase I
Arrowhead Springs South Road		X		Phase I
Arrowhead Springs North Road		X		Phase I
Lucille Ball Lane			X	Phase I
Humphrey Bogart Lane			X	Phase I
Al Jolson Lane			X	Phase I
Jimmy Durante Lane			X	Phase I
Elizabeth Taylor Lane			X	Phase I
Judy Garland Lane			X	Phase I

Notes: Lanes will be developed on a project-by-project basis

Sources: Stanley R. Hoffman Associates, Inc.

Arrowhead Springs Draft Specific Plan, January 2005.

3.2 FIRE AND PARAMEDIC

Service Provider. The Arrowhead Springs Specific Plan area will be served by the San Bernardino City Fire Department (SBFD). The SBFD currently provides fire protection, paramedic service, urban search and rescue service and hazardous materials emergency response service to the City of San Bernardino. The City Fire Department also has joint response agreements with the California Department of Forestry and the U.S. Forest Service, as well as with the neighboring cities of Rialto, Colton, and Loma Linda. The City Fire Department also contracts with the County of San Bernardino to provide service for portions of the County.

Level and Range of Service. The San Bernardino City Fire Department operates 12 fire engine companies and two aerial truck companies housed in 12 stations in the City. Station number 232 is under construction. Table 3-2 shows the location of fire stations within the City of San Bernardino. The current number of fire personnel, including two battalion Chief Officers, at existing fire stations is 51. This represents a ratio of 0.26 personnel per 1,000 population based on the estimated population 196,273 in the City in 2004, according to the Department of Finance.

As shown on Table 3-2, Fire Station number 227 is the closest fire station to the project site, at 3.4 miles away. The City's adopted response time standard is 5 minutes or less on 90 percent of the emergency calls for service. Currently, the response time to the Arrowhead Springs project area from the closest station would be 8 to 12 minutes. According to the Fire Chief, in order to meet the desired response time of 5 minutes to the project area, additional equipment and personnel would likely have to be provided.

Improvements. The City Council has approved a plan to relocate four of the existing fire stations within the City limits so that response units can achieve the adopted level of 5 minutes or less 90 percent of the time. This will occur as funding is identified and allocated by the Mayor and Common Council. At this time, no additional capital facilities have been identified as result of the proposed project. If additional facilities were required, the proposed project would be required to pay fire facilities and equipment development impact fees for new developments and comply with all recommendations of the San Bernardino fire ordinance for residential developments.

Table 3-2
 Arrowhead Springs Annexation - Plan for Service
 City of San Bernardino
 San Bernardino Fire Department Stations

Station No.	Address	Status	Distance from Arrowhead Springs (Miles)
221	200 E. 3rd St.	Existing	7.2
222	1201 W. 9th St.	Existing	8.2
223	2121 Medical Center Dr.	Existing	7.6
224	2641 N. E St.	Existing	5.5
225	1640 W. Kendall Dr.	Existing	5.9
226	1920 N. Del Rosa Ave.	Existing	6.4
227	282 W. 40th St. ¹	Existing	3.4
228	3398 E. Highland Ave.	Existing	6.8
229	202 N. Meridian Ave.	Existing	11.1
230	502 S. Arrowhead Ave.	Existing	8.5
231	450 E. Vanderbilt Dr.	Existing	9.7
232	6053 North Palm Ave.	Under Construction	10.5
233	165 S. Leland Norton Way SBD Airport	Existing	9.1

1. This is the closest station in terms of miles to the proposed project.

Sources: Stanley R. Hoffman Associates, Inc.
 San Bernardino City Fire Department.

Funding Responsibility. The City will be responsible for the operations and maintenance costs through the General Fund to provide fire and emergency services to the annexation area. The City of Bernardino Fire Department would receive a portion of the County's share of the basic 1 percent property tax levy at buildout of the Arrowhead Springs Project.

3.3 POLICE

Service Provider. The City of San Bernardino Police Department provides police protection services to the residents and employees of the City of San Bernardino. Currently, the annexation area is serviced by the San Bernardino County Sheriff's Department.

Level and Range of Service. Currently, the San Bernardino Police Department is divided into five patrol subdivisions called community-policing areas as shown in Table 3-3 and Figure 3-1. These districts include: Western, Northern, Eastern, Central and Southern. Arrowhead Springs is located within the Northern District. Based on the current staffing of 312 sworn officers and January 2004 Department of Finance population estimate of 196,273, the City's current staffing level is 1.6 sworn officers per 1,000 population. Law enforcement and crime prevention services are provided by the San Bernardino Police Department. Police services provided include patrol, investigations, traffic enforcement, School Resource Officer, forensics, and community service offices.

According to Police staff, it is expected that response time will increase to calls for service from The Arrowhead Springs Specific Plan area. The Northern district station is the closest station to the project area, and is located at 941 Kendall Drive, about 4.6 miles from the project area. Currently this sub-station is staffed by four police personnel.

Improvements. No additional facilities have been required at this time as a result of the proposed Arrowhead Springs project. However, the police department is currently addressing the identified need for additional space. To address needed resources, the Police Department and City have implemented long-term budgetary planning strategies to ensure that as The Arrowhead Springs Specific Plan area develops, the resources needed to provide police protection will be available.

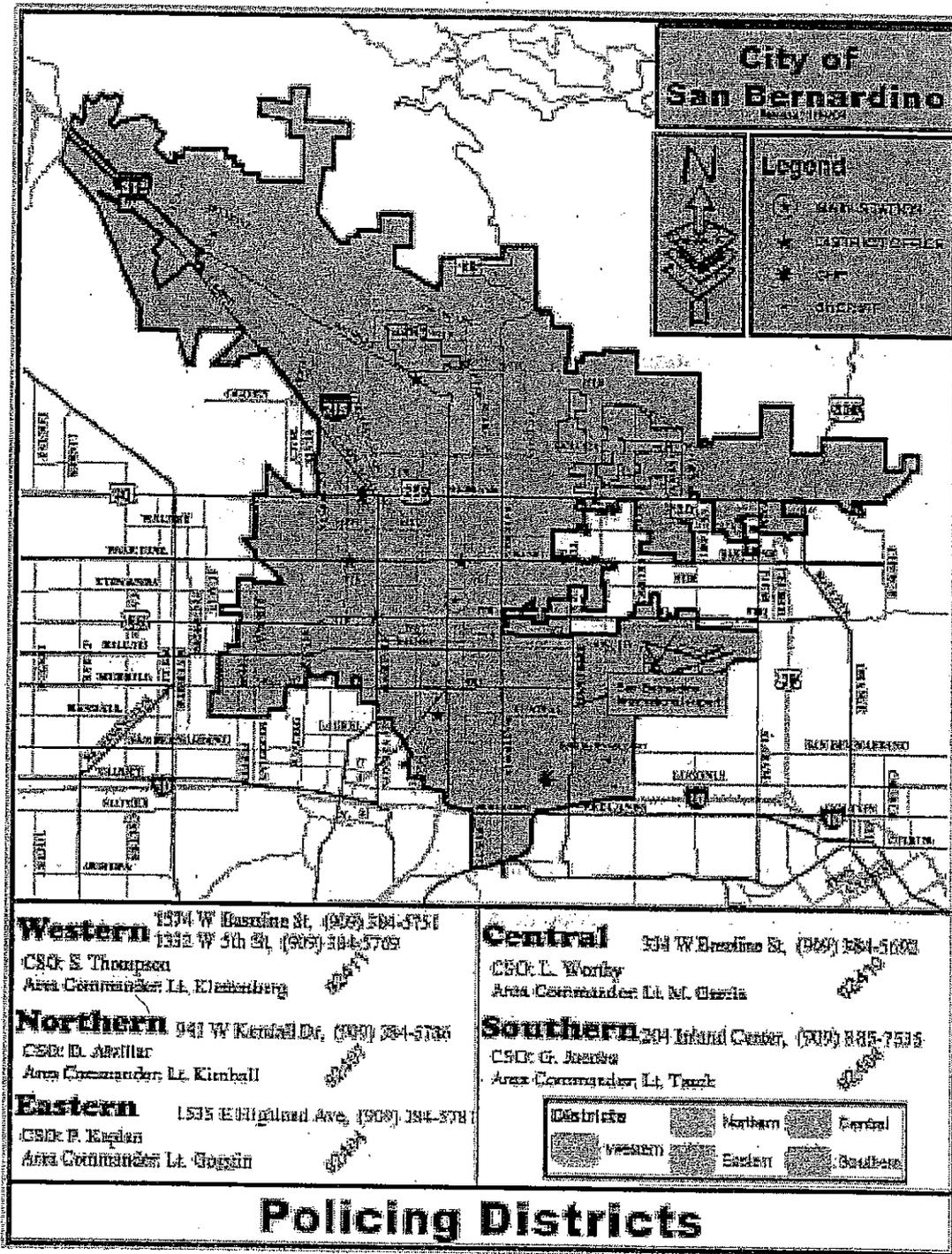
Funding. No additional capital funding requirements for police facilities have been identified as a result of the proposed project. The City will provide the operations and maintenance costs to provide service to the annexation area through its General Fund. Although no new facilities are required at this time, there may be a need for additional facilities and staffing over time to meet the needs of additional development in the City.

Table 3-3
Arrowhead Springs Annexation - Plan for Service
City of San Bernardino
City of San Bernardino Police Department District Offices

Police District	Address	Distance from Project Area (Miles)
Northern	941 Kendall Drive	4.6
Eastern	1535 E Highland Avenue	6.3
Central	334 W Baseline Street	6.6
Western	1574 W Baseline Street #103	8.4
	1332 W 5th Street	8.9
Southern	204 Inland Center	10.1

Sources: Stanley R. Hoffman Associates.
 City of San Bernardino Police Department.

Figure 3-1
 Arrowhead Springs
 City of San Bernardino Policing Districts



3.4 LIBRARIES

Service Provider. The unincorporated areas are currently served by the County of San Bernardino Public Libraries. Upon annexation, the project area will be served by the City of San Bernardino Public Library. The City of San Bernardino Public Library has its main branch located at the Norman F. Feldhym Central Library, 555 West 6th Street, with three other branches in the City.

Level and Range of Service. Current libraries that serve the City of San Bernardino are shown in Table 3-4. The Howard M. Rowe Branch Library located at 108 E. Marshall Blvd. is the closest City library branch to the Arrowhead Springs development, at 4.3 miles away. The Division of Library Development Services of the State of California uses the current state average of 1.5 volumes per capita as the standard. The existing City library system has an estimated 276,000 volumes. Based on the standard of 1.5 volumes per capita, the existing volumes can serve a population of about 184,000, which is less than the City's existing population of about 196,273 in 2004. According to these level of service standards, there is not enough existing capacity to serve the Arrowhead Springs project population.

Improvements. No new library facilities have been planned as a result of the proposed Arrowhead Springs project. The City's long-range plans include expansion of the Rowe Branch, which is the closest branch to the project area in terms of miles.

Funding. Capital costs to provide additional facilities and improvements to serve the project area would be funded by State Library Fund bond measures. Ongoing operations and maintenance costs for the City's libraries are currently covered through the City's General Fund, although other supplemental financing approaches are under consideration.

Table 3-4
 Arrowhead Springs - Plan for Service
 Public Library Facilities

Library Location	Book Volume	Distance from Project Area (Miles)
City of San Bernardino Public Library		
Norman F.Feldheym Central Library 555 West 6th Street	200,000	8.3
Dorothy Inghram Branch Library 1505 W.Highland Ave.	15,000	7.0
Howard M.Rowe Branch Library 108 E.Marshall Blvd.	39,000	4.3
Paul Villasenor Branch Library 525 N.Mt.Vernon Ave	22,000	8.9
Total	276,000	

Sources: Stanley R.Hoffman Associates, Inc.
 San Bernardino City Public Library.

3.5 DOMESTIC AND RECYCLED WATER

Service Provider. Arrowhead Water & Power (AWP), a California limited liability company, was formed to be a utility company by the developer, American Development Group. The Del Rosa Mutual Water Company will provide the domestic water system for Arrowhead Springs and the West Twin Creek Water Company will provide the recycled water service for irrigation. Both companies belong to the holding company, Arrowhead Water & Power. The water demand, supply and delivery/storage systems for Arrowhead Springs are described in detail in the *Arrowhead Springs Specific Plan, January 2005*.

Domestic Water: Level and Range of Service. The water source for the Del Rosa Mutual Water Company will come from sources within the East Twin Creek Watershed. The Arrowhead Springs Project is estimated to require 1,993 acre-feet of water per year. One source will be from an intake on Coldwater Creek, which has been a source of water to the Arrowhead Springs Hotel for many years. Strawberry Creek, at the junction of Coldwater Creek is on the Project property and is a second source of supply. It is estimated that 1,059 acre-feet of water will come from this source during an average year. A third source of water will be from the San Bernardino Basin. Water from the East Twin Creek watershed will not be a constant flow but will vary during the year.

The rate of domestic water consumption varies with the type of land use. As shown in Table 3-5, based on information provided in the draft *Arrowhead Springs Specific Plan, January 2005*, the estimated average annual daily domestic water requirement is about 1.6 million gallons per day for all uses in the Arrowhead Springs project. The supply of water is estimated at about 3.6 million gallons per day and includes Coldwater Creek, Strawberry Creek and both on-site and off-site wells. About 2.0 million gallons per day of this total are provided through off-site wells.

Domestic Water Improvements. Domestic water will be distributed throughout the project through a series of booster stations, reservoirs and pipelines through metered services to the various customers in the project. The reservoirs will maintain a capacity of water for fire suppression, daily operational need and emergency supplies. New off-site wells would be constructed in the San

Table 3-5
 Arrowhead Springs Annexation - Plan for Service
 City of San Bernardino
 Projected Domestic Water Requirements

Landuse	Gallons per Day
Residential	792,320
Commercial/Office	227,200
Hotel/ Conference Center	<u>760,320</u>
<i>Total</i>	1,779,840

Source: American Development Group.

Bernardino Basin southerly of the development. AWP will be responsible for the design and development of the water distribution systems within the project and will construct required infrastructure improvements, such as water lines and other facilities. AWP will also develop and manage the water resources at Arrowhead Springs for both domestic and irrigation purposes within the project. All necessary infrastructure will be developed in conjunction with the roadway improvements. Distribution water mains will be installed by AWP in accordance with an approved Water Distribution Plan for Arrowhead Springs.

Irrigation Water: Level and Range of Service.

The West Twin Creek Water Company will provide the services of irrigation water. The estimated requirement for irrigation water is 2,042 acre-feet per year. Water for irrigation purposes will come from two sources. One source will be from recycled water from a wastewater treatment plant located on the property, serving the Project. It is estimated that 977 acre-feet of water will be available annually at build-out of the project. A second source of water will be from Waterman Canyon Creek (West Twin Creek). The flows have averaged 2,491 acre-feet annually.

Recycled Water Improvements. Irrigation water will be distributed to users through a system of booster stations, reservoirs, and pipelines to metered services. Reservoirs will allow gravity pressure on the water so water will be available for use at any time. The reservoirs will contain water so pumping can be contained to non-peak electrical use hours to save on energy costs and reduce energy use during periods of high use.

Funding Responsibility. The capital costs of the improvements required are the responsibility of the developer. Arrowhead Water & Power (AWP), which is owned by American Development Group and Campus Crusade for Christ, will be responsible for the construction costs of capital facilities. These costs may be funded through an assessment district or other financing approach. The water utilities are responsible for the ongoing operations and maintenance costs for related facility maintenance within the annexation area. Operations and maintenance costs are covered primarily through monthly service charges that will be paid by future users within the project area.

3.6 WASTEWATER

Service Provider. Development within Arrowhead Springs will be provided with wastewater collection, conveyance, treatment, and disposal through facilities on-site. The Del Rosa Mutual Water Company will provide wastewater services to the Arrowhead Springs area.

Level of Service. The wastewater systems for Arrowhead Springs are described in detail in the *Arrowhead Springs Specific Plan, January 2005*. The capacity of the existing system will not be adequate for the proposed development and a new system would be needed. The nearest existing wastewater facilities are to the south, at a lower height than the proposed development. The existing sewers are of minimum diameter and do not have adequate capacity to provide service to the development.

Improvements. The Arrowhead Springs Project is estimated to generate 889,920 gallons of wastewater per day at build out. A treatment plant will be constructed and the wastewater will be conducted through sanitary sewers. The collection system will consist of sewers, manholes and lift stations, only when necessary. Arrowhead Water & Power (AWP), within the Arrowhead Springs area, will construct required infrastructure improvements. AWP will be responsible for the design and development of the water distribution systems within the project and will construct required infrastructure improvements, such as water lines and other facilities. All necessary infrastructure will be developed in conjunction with the roadway improvements. The wastewater treatment and sanitary sewer system will be installed by AWP in accordance with the City of San Bernardino guidelines.

Funding Responsibility. The capital costs of the improvements required are the responsibility of the developer. Arrowhead Water & Power (AWP) will be responsible for the construction costs of capital facilities. These costs may be funded through an assessment district or other financing approach. The AWP utilities are responsible for the ongoing operations and maintenance costs for related facility maintenance within the annexation area. Operations and maintenance costs are covered primarily through monthly service charges to be paid by future users within the project area.

3.7 FLOOD CONTROL AND DRAINAGE

Service Provider. The County of San Bernardino Flood Control District is responsible for the design, construction, operation and maintenance of regional flood control facilities for all of the incorporated and unincorporated areas in San Bernardino County. Local drainage facilities are maintained by the City of San Bernardino.

Level of Service. The drainage systems for Arrowhead Springs are described in detail in the *Arrowhead Springs Specific Plan, January 2005*. Since the project is proposed for annexation into the City of San Bernardino, it is subject to the storm water discharge requirements of the General Construction Permit (GCP). The GCP requires the development and implementation of a Storm Water Pollution Prevention Plan (SWPPP). The SWPPP contains site maps that show the construction site perimeter, existing and proposed buildings, lots, roadways, storm water collection and discharge points, general topography both before and after construction, and drainage patterns.

Improvements. The proposed development would require construction of new storm drainage facilities onsite. Arrowhead Water & Power (AWP), within the Arrowhead Springs Specific Plan Area, will construct required infrastructure improvements, such as storm drains and other facilities. All necessary infrastructure will be developed in conjunction with the roadway improvements. Once backbone facilities are in place, site owners are responsible for extending drainage lines as needed.

Funding Responsibility. Arrowhead Water & Power (AWP), which is owned by American Development Group and Campus Crusade for Christ, will be responsible for the construction costs of capital facilities. These costs may be funded through an assessment district or other financing approach. Operations and maintenance costs for local public facilities are the responsibility of the City. The AWP and/or a homeowner's association will be responsible for the maintenance of private drainage facilities within the project area. The County of San Bernardino Flood Control District is responsible for reviewing improvements to the regional drainage system and covering ongoing operations and maintenance costs. The SBCFCD receives a share of the basic 1 percent property tax levy that would be used to fund operations and maintenance costs.

3.8 PARKS AND OPEN SPACE

Service Provider. The City of San Bernardino's Parks, Recreation and Community Services Department provides parks and recreation services to the residents and employees of San Bernardino. Included as a part of these services are the parks and trails, community facilities, senior centers, classes and other recreational programs.

Level and Range of Service. The City is responsible for the maintenance of City parks, trails and recreational facilities. The City maintains over 42 park facilities, including 7 community centers, 2 senior centers, 1 Center for Individual Development-CID (therapeutic recreation center), 6 pools, 1 water park, a ballroom, soccer complex, 20 playground sites and a Skate park.

Improvements. The parks system for Arrowhead Springs consists of neighborhood/mini-parks, botanical gardens and open spaces distributed throughout the entire Arrowhead Springs property. The Arrowhead Springs Specific Plan is required to have 21.12 acres of parkland based on the estimated residential population of 4,223 and a standard of 5 acres of parkland per 1,000 residents. However, the park plan provides open space acreage which is in excess of this requirement. The park plan in the Arrowhead Springs Specific Plan provides for 21.2 acres of Neighborhood/ Mini-Parks and 1,400 acres of open space. In addition, there is a proposed 199-acre public golf course.

Funding. Operations and maintenance of the neighborhood parks will be the responsibility of a homeowners association, while open space will be the responsibility of Arrowhead Water and Power. The City will not be responsible for maintaining any of the parks, gardens or open space.

3.9 UTILITIES

Service Provider. The project area will be served by the appropriate local utility companies who have indicated that they will have the ability to service the area. Service providers to the area include the following:

Cable and Internet Provider: Adelfia Cable provides cable television service and internet services to the project area. These services are all delivered via a single broadband network of coaxial and fiber-optic cable.

Power: Power service to the proposed annexation development area project will be provided externally by Southern California Edison Company (SCE) through a contract with Arrowhead Water & Power. The costs and rate structure to the property owners for these services are controlled by the Public Utilities Commission. No additional costs to the City would be incurred due to annexation. Services are provided through user fees paid to the utility.

Telephone Service: Telephone service to the proposed annexation development area will be provided by Verizon and SBC. The area would require the installation of cable wiring from a backbone facility to the site.

Natural Gas: Natural gas would be provided by the Southern California Gas Company. The developer is responsible for local connection to existing mains in the area and the installation of any new meters if required. All other utility facilities including sewer and water must be installed prior to gas line installation. The Southern California Gas Company has indicated that it will provide supplies to meet the proposed development.

Improvements. The AWP will coordinate with the applicable utility agency regarding the location of existing utility lines and hookups in order to finalize improvement plans. Generally, the necessary facilities are constructed either prior to or in parallel with the development projected. The utility companies have indicated that they have the capability to provide the necessary services to the area.

Funding. The AWP will be responsible for funding the necessary improvements for dry utility services described above. This includes the cost of extending utilities from the various backbone facilities to the project site. Funding of the regional utility facilities is provided to the project by the individual utility company. Funding of the operations and maintenance for general utilities is the responsibility of the individual utility company through user charges. There are no financial cost impacts on the City's General Fund for these utility services.

3.10 SCHOOLS

Service Provider. The annexation area will be served by San Bernardino City Unified School District (SBCUSD). The San Bernardino City Unified School District consists of 41 elementary schools, 8 middle schools, and 7 high schools. The schools closest to the Arrowhead Springs project area include the Arrowhead Elementary School, the Arrowview Middle School and the Arroyo Valley Senior High.

Level and Range of Service. Build-out of the Arrowhead Springs Specific Plan area would result in a total build-out of 1,350 units. Of these potential units, 465 are proposed single-family units, 585 are multi-family attached units and 300 are senior units. Excluding the senior units, because these units do not usually have school age children and applying the SBCUSD student generation rates per household, build-out of the Arrowhead Springs Specific Plan would result in an increase in 570 elementary school students, 132 middle school students, and 192 high school students. The schools closest to the Arrowhead Springs project area include the Arrowhead Elementary School, the Arrowview Middle School and the Arroyo Valley Senior High. However these schools are nearing capacity and may not be able to accommodate the influx of student with current facilities. Growth in the Arrowhead Springs Specific Plan area would therefore necessitate the need for additional school facilities and personnel in the SBCUSD.

Improvements. The annexation area will be served by the schools closest to the Arrowhead Springs Project area. Recent changes in school financing laws indicate that payment of State-mandated developer impact fees represent full and complete mitigation under CEQA, regardless of the enrollment to capacity conditions of the affected schools.

Funding. For new residential units, The San Bernardino City Unified School District assesses impact fees for both new residential and commercial land uses. The residential uses are charged a fee of \$4.28 per square foot. Based on the average unit sizes of the various residential product types, there is an estimated total square footage of 2,366,000 square feet. At \$4.28 per square foot for the 1,350 new units, this results in an estimated \$10.13 million of impact fees to the school district. In addition, commercial uses are charged an estimated \$0.36 per square foot. Based on the estimated total 808,650 new square feet, about \$291,114 of impact fees to the school district is estimated. Together these fees total \$10,421,114.

3.11 SOLID WASTE MANAGEMENT

Service Provider. The California Integrated Waste Management Board oversees waste disposal for the City of San Bernardino. The Colton Refuse Disposal Site, the El Sobrante Sanitary Landfill, the Fontana Refuse Disposal Site (Mid-Valley), and the San Timoteo Solid Waste Disposal site are managed by the San Bernardino County Solid Waste Management Department and would likely be the waste facilities receiving waste generated from the proposed project. The Refuse & Recycling Division of the City of San Bernardino Public Services Department provides solid waste collection services to residential and commercial customers.

Level of Service. The San Timoteo Solid Waste Disposal site is able to accept 3,000 tons per day (TPD) with a remaining capacity of approximately 694 million cubic yards. The San Timoteo Solid Waste Disposal is scheduled to close on May 1, 2016. The Colton Refuse Disposal Site, located in Colton, is able to accept 3,100 TPD with an estimated closure date of January 1, 2006. The Fontana Refuse Disposal Site (Mid-Valley), located in Rialto, is able to accept 7,500 TPD and is expected to close on April 1, 2033.

Improvements. The City has implemented recycling programs, as required by State law (AB939). The Refuse & Recycling Division of the City of San Bernardino Public Services Department will provide solid waste collection services to the residential and commercial customers in the Arrowhead Springs project.

Funding. There are no capital improvements required. The City provides refuse pickup for residential and commercial customers. The fees for residential service are \$19.86 per month, while the fees for commercial users range from \$101 monthly to \$883 monthly.

APPENDIX A
AGENCIES AND FIRMS CONTACTED

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Arrowhead Springs Specific Plan Fiscal Impacts of Annexation City of San Bernardino

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December 20, 2005

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EXECUTIVE SUMMARY

This report presents the projected annual fiscal impacts of the proposed development by American Development Group, on the City of San Bernardino at project build-out. The property is primarily located in unincorporated San Bernardino County, and is proposed for annexation to the City of San Bernardino. A portion of the project area is located within the City of San Bernardino. Arrowhead Springs is located at the base of the San Bernardino Mountains along State Route (SR) 18 at the northeast end of the City of San Bernardino. The project site consists of about 1,916 acres, and is proposed for hotel and resort, commercial, residential, and golf course uses.

Project Description

The proposed Arrowhead Springs Specific Plan proposes 1,350 units and 1.04 million square feet of commercial building area, which includes 608 hotel rooms. The land uses are those presented in the *Arrowhead Springs Specific Plan, January, 2005* prepared by the Planning Center. Commercial land uses include retail, mixed use, office and hotel uses. Other land uses include 10.2 acres of public facilities, 199 acres of golf course, and 1,400 acres of open space. The project will require approximately 1.8 lane miles of new public roads and 6 lane miles of private roads. About 21.2 acres are designated for public parks. A population of about 4,233 is projected at build-out of the Specific Plan. This is based on the City's average household size of 3.34 persons per household, according to January 1, 2004 estimates from the California Department of Finance. The Senior Village assumes 1.5 persons per household for the one-bedroom units. Employment for the commercial uses is projected at about 2,530 for the Arrowhead Springs Specific Plan based on standards for commercial uses.

Proposed Fire Station

A new fire station has been proposed to serve the Arrowhead Springs project. This station will also be able to provide service to other areas in the City as well. The one-time costs associated for opening a new fire station are estimated at \$3.63 million, and include the costs of construction (\$3.1 million), fire engine and ancillary equipment (\$400.0 thousand) and start up costs (\$127.9 thousand). The annual recurring costs related to fire protection and emergency services for the proposed station

have also been provided by the San Bernardino City Fire Department and are estimated at \$1.80 million. This includes materials and operations for station operations (\$60.0 thousand) and personnel (\$1.74 million). The new fire station is assumed to be operational starting in the second component of the Arrowhead Springs development, or phases 2 through 5 of the Specific Plan. One-time fire code permits and plan check fees collected upon development were not included as part of the fiscal analysis to offset annual costs.

A Community Facilities District (CFD) will be formed to levy special taxes to assist funding the annual cost of providing fire services to the Arrowhead Springs Specific Plan area and other northwestern sections of the City of San Bernardino. Costs not covered by the proposed CFD will be the responsibility of the City to fund from the annual recurring General Fund revenues, which will be generated from development of the Arrowhead Springs Specific Plan area.

Fiscal Impacts

Fiscal impacts are presented in constant 2005 dollars for the City's General Fund and Gas Tax Fund upon annexation. The projected impacts are based on the project description provided by the *Arrowhead Springs Specific Plan*, valuation assumptions provided by the American Development Group and an analysis of the City's adopted Fiscal Year 2004-2005 Budget. Table 1 summarizes the projected cumulative fiscal impacts of the annexation to the City of San Bernardino. The fiscal impacts are shown in three components to reflect the differential impacts of the uses phased according to the Arrowhead Springs Specific Plan phasing period.

Component 1. This component includes the historic hotel, bungalows and spa resort hotel and corresponds to Phase 1 of the Specific Plan. Key General Fund revenues include transient occupancy tax, property taxes and business registration fees. The transient occupancy tax generated by the 193 hotel rooms in this component result in the largest portion of revenues for the General Fund. Major projected costs include police and general government costs. Police costs are lower than in other components since there is no residential use in this first component. Annual recurring revenues are estimated at \$1.63 million and annual recurring costs are estimated at \$141.7 thousand, resulting in an annual recurring surplus of \$1.49 million. This results in a revenue/cost ratio of 11.54. The

TABLE 1
ARROWHEAD SPRINGS ANNEXATION FISCAL ANALYSIS
CITY OF SAN BERNARDINO
SUMMARY OF CUMULATIVE FISCAL IMPACTS
(In Constant 2005 Dollars)

Category	Component One ¹	Component Two ²	Component Three ³
Annual Recurring Revenues	\$1,634,831	\$5,058,405	\$6,949,540
Annual Recurring Costs	<u>141,657</u>	<u>4,084,767</u>	<u>4,148,809</u>
Annual General Fund Surplus/Deficit	\$1,493,174	\$973,639	\$2,800,731
Revenue/Cost Ratio	11.54	1.24	1.68

1. Includes the existing Historic Hotel, Spa Hotel and Bungalows (193 rooms). This corresponds to Phase 1 of the Specific Plan.
2. Includes the Historic Hotel annexation (115 rooms), all residential and retail (except other hotel restaurants). This corresponds to Phases 2 through 5 of the Specific Plan.
3. Includes the new International Hotel (300 rooms). This corresponds to Phase 6 of the Specific Plan, or buildout.

Sources: Stanley R. Hoffman Associates, Inc.
City of San Bernardino, *Fiscal Year 2004-2005 Adopted Budget*.

projected surplus of the first component is relatively large because the development in this component does not require the construction of a fire station. The operating costs for the fire station are assumed under Component 2.

Component 2. This component corresponds to Phases 2, 3, 4 and 5 of the Specific Plan and includes all residential and retail uses (except hotel restaurants for the hotels in Components one and three) and the historic hotel annex. Key General Fund revenues include transient occupancy taxes, property taxes, on-site sales and use tax and electric utility user fees. Gas tax revenues are also generated, and provide a source of funds for road and street-related maintenance. Major projected costs include fire, police and general government costs. The new fire station is assumed to be

operational in this component of project development. Annual recurring revenues are estimated at \$5.06 million and annual recurring costs are estimated at \$4.08 million, resulting in an annual recurring surplus of \$973.6 thousand and a revenue/cost ratio of 1.24.

Component 3. This component includes the new International Hotel, which corresponds to Phase 6 of the Specific Plan. This reflects the build-out condition of the Arrowhead Springs Specific Plan, with all uses fully operational. As shown in Table 1, after build-out, a recurring General Fund surplus of \$2.80 million is projected for the proposed project. Annual recurring revenues are estimated at \$6.95 million and annual recurring costs are estimated at \$4.15 million, resulting in a revenue/cost ratio of 1.68. Key General Fund revenues include transient occupancy tax from the additional hotel in Phase 6, property taxes, on-site sales and use tax and electric utility user fees. Major projected costs include fire, police and general government costs.

CHAPTER 1 - INTRODUCTION

1.1 Background

The proposed Arrowhead Springs project is located in both the City of San Bernardino and the County of San Bernardino, with the majority (about 81.0 percent) of the development falling within the jurisdiction of the County. A concurrent annexation proposal is currently being processed for the area that is proposed for annexation into the City of San Bernardino. The project is proposed as a residential and resort community comprised of 1,350 residential units, 1.04 million square feet of commercial building area and 608 hotel rooms with conference facilities. In addition, there are about 21.2 acres of parks, 1,400 acres of open space and 199 acres of golf course. The City has requested a fiscal analysis of the effects of the proposed annexation on the City's General Fund operating budget.

1.2 Methodology and Assumptions

The analyses in this report are based on the following methodology and assumptions from the following sources:

1. Land use descriptions for the proposed residential project are based on information presented in the *Arrowhead Springs Specific Plan, January 2005*. Valuation assumptions for new development are provided by the American Development Group. Existing assessed valuation for the property site is estimated based on information from the San Bernardino County Auditor-Controller.
2. Project retail taxable sales are projected based on factors from the Urban Land Institute's *Dollars & Cents of Shopping Centers: 2004*.
3. Population is estimated based on an average of 3.34 persons per household, according to data provided by California Department of Finance, January 1, 2004 estimates. The population for the Senior Village units has been estimated using 1.5 persons and 3.34 persons per household, for the one- and two-bedroom units, respectively.
4. Employment is estimated based on square feet per employee standards presented in the *Arrowhead Springs Specific Plan, January 2005*.
5. Cost and revenue factors for the City General Fund were derived through an analysis of the *City of San Bernardino Adopted Budget, 2004-2005* and discussions with City staff.
6. Property tax allocation factors for the Tax Rate Area (TRA) in which the project site is located were obtained from the San Bernardino County Auditor-Controller's Office.
7. All revenue and cost projections are presented in constant 2005 dollars.

1.3 Report Organization

In addition to the Executive Summary, the report is organized into the following sections:

- Project background and overview are presented in Chapter 1.
- Project description and development scenarios are presented in Chapter 2.
- Fiscal impacts on the City's General Fund are presented in Chapter 3.
- Revenue and Cost assumptions and estimated factors are presented in Chapter 4.
- Supporting detail assumptions and calculations are presented in Appendix A.
- Persons and agencies contacted are presented in Appendix B.

CHAPTER 2 - PROJECT DESCRIPTION

The following chapter presents the detailed land uses for the proposed development. This includes a summary of the development as well as land uses and required infrastructure at build-out.

2.1 Project Location

The property is located in San Bernardino County. Arrowhead Springs is located at the base of the San Bernardino Mountains along State Route (SR) 18 at the northeast end of the City of San Bernardino. The San Bernardino National Forest lies to the north, east and west of the project site. Arrowhead Springs is accessed directly by SR-18 and Waterman Avenue. The project site and immediate area are shown in Figure 2-1.

2.2 Project Description and Development

The project site encompasses about 1,916 acres, of which about 364 are currently within the City of San Bernardino. The remaining acres are located within the County of San Bernardino and are proposed for annexation. As shown in Table 2-1, the proposed Arrowhead Springs Specific Plan proposes 1,350 units and 1.04 million square feet of commercial building area, including a total of 608 hotel rooms. The commercial general category includes the Hilltown retail shops and the existing historic hotel, conference center, spa resort, bungalows and annexation, as well as the Windy Point restaurant. The commercial regional category includes the Village Walk retail shops, corporate office uses, the International Hotel and 34 apartments.

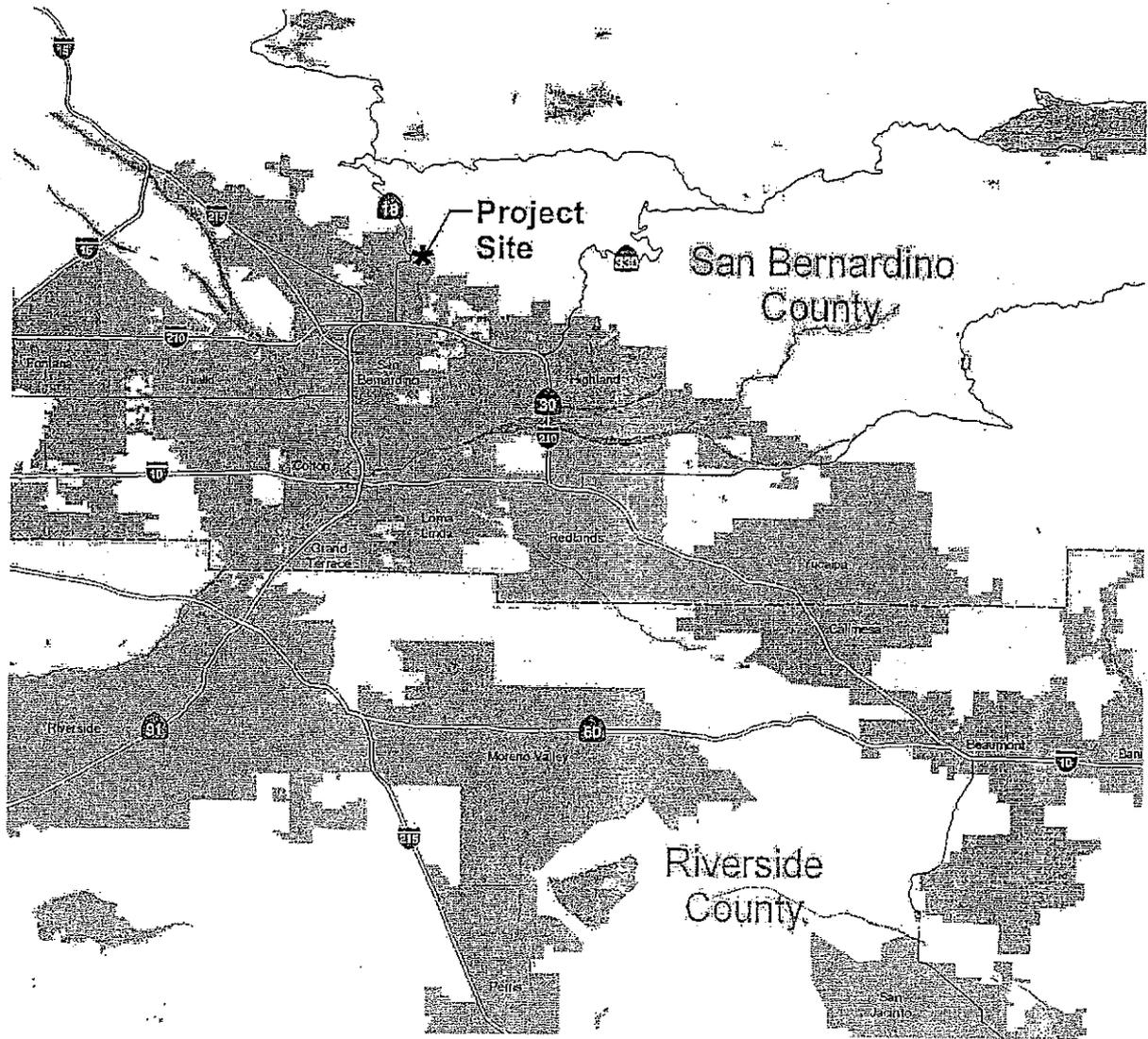
Residential Development

As shown in Table 2-1, the project is proposed for 1,350 residential units, which include a mix of single family, attached and senior village housing units. A population of about 4,233 is projected at build-out of the Specific Plan. This is based on the City's average household size of 3.34 persons per household, according to January 2004 estimates from the California Department of Finance, except for the one-bedroom units in the Senior Village. The household size for the 300 senior village units is estimated at 1.5 persons per household for 150 one-bedroom units, and 3.34 persons per household for 150 two-bedroom units.

Figure 2-1
Arrowhead Springs Regional Vicinity

Arrowhead Springs Specific Plan

LOCAL VICINITY



Source: American Development Group

**Table 2-1
Arrowhead Springs Annexation Fiscal Analysis
Arrowhead Springs Proposed Development**

Developable/Usable Area ¹		Acres	Residential	Non-Residential		
Foundation Component	Land Use Designation	Total Acres ²	Proposed Units (Total)	Population (Gross) ³	Proposed Sq. Ft. (Total)	Jobs (Gross) ⁴
Residential Designations						
RL	Residential Low (Golf course - residential north)	25.0	24	80		
	Residential Low (Golf course - residential south)	8.8	12	40		
RM	Residential Medium-Detached Village (RM-DV)	54.0	429	1,433		
	Village Walk Residential Medium-Attached Village (RM-AV)	21.0	266	888		
	Hilltown Residential Medium-Attached Village (RM-AV)	46.3	285	952	1,500	5
	Residential Medium-Senior Village (RM-SV)	22.0	300	726		
<i>Subtotal</i>		177.1	1,316	4,119	1,500	5
Business Designations						
CS & CR	Commercial General-1 (Hilltown shops and Spring House)	0.7			10,667	36
	Commercial General-1- Hotel/Spa (GG-1-H/S)=25+22	47.0			340,429	1,135
	Commercial Regional-2 (CR-2) 46+17+14 & Intl. Hotel	77.0	34	114	650,000	1,300
	Commercial General-1-Windy Point (CG-1-WP)	5.0			20,000	40
<i>Subtotal</i>		129.7	34	114	1,021,096	2,510
Public/Quasi Public Designations						
Q. U.	Public Facilities (MWD site) 5	10.2			0	0
<i>Subtotal</i>		10.2	0	0	0	0
Open Space Designations						
OS	Open Space/Watershed (OS/W)	1,400.0				
	Public/Commercial Recreation (PCR) 5	199.0			22,050	15
<i>Subtotal</i>		1,599.0	0	0	22,050	15
Total for Developable/Usable Area		1,916.0	1,350	4,233	1,044,646	2,530

1. Developable/Usable area accounts for areas of the City in which the land use can be developed or used in some manner. The Non-Developable/Un-Usable Area is land that is not available for use.
2. Acres in the Developable/Usable area are adjusted and do not include existing or approved roadways, flood control facilities, nor railroads.
3. An average household size of 3.340 persons per household was utilized and derived from the Department of Finance, City/County Population and Housing Estimates, 1/1/2004 for all units, except for 150 one-bedroom senior units, where 1.5 persons per household was used.
4. Employment Assumptions as listed in the Methodology Report
5. There is no maximum FAR for the PCR and PF land use designations. The FARs listed are assumptions for the purposes of the statistical analysis only.

Source: The Planning Center, Arrowhead Springs Specific Plan, January 2005.

Non-Residential Development

An estimated 1.04 million square feet of commercial uses are proposed for the Arrowhead Springs project. This includes retail, corporate office, hotel and resort, retail, and golf course clubhouse uses. The 608 total hotel rooms include 258 at the historic Arrowhead Springs Hotel, annexation and bungalows; 50 rooms at the Spa Resort; and 300 rooms at the new International Hotel. Employment for the commercial uses is projected at about 2,530 for the Arrowhead Springs Specific Plan based on standards for commercial uses.

A new fire station will also be constructed to serve the project area as well as other service areas within the City. Other non-residential uses include public facilities (MWD site), neighborhood/mini-parks, botanical gardens and open spaces distributed throughout the entire Arrowhead Springs property. About 1,400 acres of the site will remain as undeveloped open space. There will also be about 21.2 acres designated for public parks, as well as a proposed 199-acre public golf course. Operations and maintenance of the neighborhood parks will be the responsibility of a homeowners association, while open space will be the responsibility of Arrowhead Water and Power (AWP). The City will not be responsible for maintaining any of the parks or open space.

Infrastructure

There are also about 1.8 lane miles of new public roads proposed as well as 5 new signalized intersections. The project will also include 6.0 lane miles of private roads. The City of San Bernardino is responsible for the ongoing operations and maintenance costs for public roadways and related facility maintenance within the project area. These costs are paid for from the Gas Tax Fund and General Fund. The private internal roads will be the responsibility of a homeowner's association or AWP.

2.3 Project Valuation

As shown in Table 2-2, total new residential valuation is estimated at \$491.90 million based on average unit prices provided by the American Development Group. The weighted average unit value is estimated at about \$342,000. The project includes several product types, as shown in Table A-1 of Appendix A.

The new non-residential valuation is estimated at \$284.10 million including the hotel uses, commercial uses and golf course complex and is shown in Table A-2 of Appendix A. The estimated net valuation of the project is \$772.66 million, which is the total new valuation less the existing valuation within the City portion of the project area (\$3.34 million), provided from County property tax records. A portion of the project area, or about 364 acres, is located within City boundaries. Existing valuation is shown in Table A-3 of Appendix A.

TABLE 2-2
ARROWHEAD SPRINGS ANNEXATION FISCAL ANALYSIS
CITY OF SAN BERNARDINO
TOTAL VALUATION AT BUILD-OUT
(In Constant 2005 Dollars)

Description	Buildout
Residential	\$491,900,000
Non-Residential	<u>284,100,000</u>
Total	776,000,000
Existing Valuation in City	(\$3,336,627)
Net Valuation	\$772,663,373
Source: Stanley R. Hoffman Associates, Inc. American Development Group.	

2.4 Taxable Sales

The proposed residential project generates on-site taxable sales, which are taxable sales that accrue to the City as a result of the on-site retail uses in the Arrowhead Springs project. Total projected annual taxable sales and sales and use tax for the project is presented in Table 2-3. Based on factors for median sales per square foot from the Urban Land Institute (ULI), taxable sales are estimated for on-site retail uses. As shown in Table 2-3, the overall median sales per square foot are estimated at \$212. The projected annual taxable sales for the proposed project are estimated at about \$52.18 million.

TABLE 2-3
ARROWHEAD SPRINGS ANNEXATION FISCAL ANALYSIS
CITY OF SAN BERNARDINO
ESTIMATED ON-SITE RETAIL TAXABLE SALES
(in Constant 2005 dollars)

Land Use	Proposed Square Feet	Taxable Sales/ Sq. Ft. ¹	Total Taxable Sales
Commercial Village Walk Retail	189,000	\$200	\$37,800,000
Commercial Village Walk Restaurant	11,000	\$273	3,003,000
International Hotel Restaurant	3,500	\$273	955,500
Windy Point Restaurant	20,000	\$273	5,460,000
Historic Hotel Restaurant	7,000	\$273	1,911,000
Hilltown Shops Retail	8,000	\$200	1,600,000
Golf Course Retail	<u>7,277</u>	<u>\$200</u>	<u>1,455,300</u>
Total	245,777	\$212	\$52,184,800

1. Median sales per square foot factors are from the *2004 ULI Dollars & Cents of Shopping Centers*.
2. The retail square feet associated with the Golf Course clubhouse is estimated at 33% of the total golf course facility retail square feet (22,050 square feet).

Source: Stanley R. Hoffman Associates, Inc.
Urban Land Institute, Dollars & Cents of Shopping Centers: 2004.

2.5 Gross Hotel Room Receipts

The proposed project has an estimated 608 hotel rooms in three lodging facilities. As shown in Table 2-4, these include the historic Arrowhead Springs Hotel, the Spa Resort and the International Hotel, as well as bungalows at the historic hotel. Average room rates of \$200 and \$250 were used to estimate the gross receipts, and an estimated occupancy rate of 80.0 percent was assumed based on data provided by the American Development Group. Based on these assumptions, gross annual hotel receipts were projected at about \$40.0 million annually at build-out of the Arrowhead Springs project.

TABLE 2-4
 ARROWHEAD SPRINGS ANNEXATION FISCAL ANALYSIS
 CITY OF SAN BERNARDINO
 GROSS ANNUAL HOTEL RECEIPTS AFTER BUILD-OUT
 (In Constant 2005 Dollars)

Category	Room Rate ¹	Total Rooms	Occupancy Rate ¹	Gross Annual Room Receipts
Existing Historic Hotel	\$250	135	80%	\$9,855,000
Historic Annexation	\$250	115	80%	8,395,000
Celebrity "Bungalows"	\$250	8	80%	584,000
Spa Resort	\$250	50	80%	3,650,000
International Hotel	<u>\$200</u>	<u>300</u>	<u>80%</u>	<u>17,520,000</u>
Total		608	80%	\$40,004,000

1. Estimated average room rates and occupancy rates were provided by the American Development Group.

Source: Stanley R. Hoffman Associates, Inc.
 The American Development Group.

CHAPTER 3 - FISCAL ANALYSIS

3.1 Projected Impacts

This section discusses the projected fiscal impacts of the annexation to the City of San Bernardino's General Fund and Gas Tax Fund. In addition to the fiscal impacts at build-out, the cumulative fiscal impacts are shown for three components to reflect the differential impacts of the uses phased according to the Arrowhead Springs Specific Plan phasing periods.

Projections are presented in constant 2005 dollars. Selected revenues and costs are projected based on a per capita, per employee, or per resident equivalent population basis and are based on the City's Adopted 2004-2005 Budget. The resident equivalent population is the City's population plus employment weighted at 50.0 percent. This weighting accounts for the estimated less frequent use of City public services by employment versus the resident population. The fiscal factors used to project the annual recurring impacts are presented in Chapter 4.

3.2 Fiscal Summary at Build-out

Recurring Revenues

As shown in Table 3-1, the projected annual recurring General Fund revenues of \$6.95 million for the Arrowhead Springs project less the annual recurring costs of \$4.15 million result in a projected annual surplus at build-out of \$2.80 million. This represents a revenue/cost ratio of 1.68. Transient occupancy taxes from an estimated 608 hotel rooms in the Arrowhead Springs development are the major source of revenue generated for the General Fund. Transient occupancy tax is estimated at around \$4.0 million in 2005 dollars, comprising 57.6 percent of the total recurring revenues. Property tax to the General Fund from new growth is the second major contributor to the project's recurring revenues, comprising about 20.4 percent of total recurring revenues at \$1.42 million. On-site sales and use tax from the development comprise about 6.2 percent of the total annual recurring revenues, at an estimated \$432.5 thousand.

Recurring Costs

As shown in Table 3-1, after build-out, the annual recurring costs are projected at \$4.15 million. Major costs associated with this project include fire, police and general government. Fire

TABLE 3-1
 ARROWHEAD SPRINGS ANNEXATION FISCAL ANALYSIS
 CITY OF SAN BERNARDINO
 PROJECTED RECURRING ANNUAL FISCAL IMPACTS AT BUILDOUT
 (In Constant 2005 Dollars)

Source	Proposed Development	Percent of Total
<u>Total Annual Recurring Revenues</u>		
Property Taxes General Fund	\$1,420,873	20.4%
Property Transfer Tax - Residential	27,055	0.4%
Property Transfer Tax - Non-Residential	22,018	0.3%
Property Tax in Lieu of MVLF	124,277	1.8%
Property Tax in Lieu of Sales Tax	144,161	2.1%
On-site Sales and Use Tax	432,482	6.2%
Electric Companies	229,001	3.3%
Utility User Taxes - Electric Companies	56,700	0.8%
Utility User Taxes - Gas Companies	64,020	0.9%
Transient Occupancy	4,000,400	57.6%
Sales Tax Public Safety	15,636	0.2%
Motor Vehicle In Lieu Taxes	31,882	0.5%
Fines and Penalties	25,677	0.4%
Business Registration	137,627	2.0%
Swimming Pool Fee	1,958	0.0%
Paramedic Reimbursement	4,555	0.1%
Police-Related Fees	21,885	0.3%
Gas Tax Fund	28,792	0.4%
Transfers in from Other Funds	<u>160,542</u>	<u>2.3%</u>
Total	\$6,949,540	100.0%
<u>Total Annual Recurring Costs</u>		
General Government	\$695,245	16.8%
Police	1,104,397	26.6%
Fire	1,798,202	43.3%
Development Services	73,078	1.8%
Code Compliance	69,688	1.7%
Facilities Management	84,772	2.0%
Parks, Recreation, and Community Services	117,708	2.8%
Public Services	133,582	3.2%
Transfers out to Other Funds	<u>72,137</u>	<u>1.7%</u>
Total	\$4,148,809	100.0%
Annual Surplus or (Deficit)	\$2,800,731	
Revenue/Cost Ratio	1.68	

Sources: Stanley R. Hoffman Associates, Inc.

protection and emergency services costs are the major contributor to the project's recurring costs, comprising 43.3 percent of the total recurring costs, or about \$1.80 million. The costs for police protection are estimated at \$1.10 million, or 26.6 percent of the total annual recurring costs. General Government costs are estimated at \$695.2 thousand, or 16.8 percent of the total annual recurring costs.

Fire Protection and Emergency Medical Services

A new fire station has been proposed to serve the Arrowhead Springs project. The one-time costs associated for opening a new fire station are estimated at \$3.63 million, and include the costs of construction (\$3.1 million), fire engine and ancillary equipment (\$400.0 thousand) and start up costs (\$127.9 thousand). The annual recurring costs related to fire protection and emergency services for the proposed station are estimated at \$1.80 million. This includes materials and operations for station operations (\$60.0 thousand) and personnel (\$1.74 million). One time fire code permits and plan check fees collected upon development were not included as part of the fiscal analysis to offset annual costs.

A Community Facilities District (CFD) will be formed to levy special taxes to assist funding the annual cost of providing fire services to the Arrowhead Springs Specific Plan area and other northwestern sections of the City of San Bernardino. Costs not covered by the proposed CFD will be the responsibility of the City to fund from the annual recurring General Fund revenues, which will be generated from development of the Arrowhead Springs Specific Plan area.

3.3 Fiscal Analysis by Development Components

Table 3-2 presents the cumulative fiscal impacts by development component, to show the differential impacts of the various land uses according to when they are phased in the Specific Plan. For example, there are primarily hotel uses in the first development component. Therefore, hotel-related revenues are high relative to costs, resulting in a large revenue/cost ratio.

Component 1. This component includes the historic hotel, bungalows and spa resort hotel and corresponds to Phase 1 of the Specific Plan. Key General Fund revenues include transient occupancy

TABLE 3-2
 ARROWHEAD SPRINGS ANNEXATION FISCAL ANALYSIS
 CITY OF SAN BERNARDINO
 PROJECTED ANNUAL RECURRING CUMULATIVE FISCAL IMPACTS
 (In Constant 2005 Dollars)

Source	Component One ¹	Component Two ²	Component Three ³
<u>Total Annual Recurring Revenues</u>			
Property Taxes General Fund	\$119,470	\$1,332,460	\$1,420,873
Property Transfer Tax - Residential	0	27,055	27,055
Property Transfer Tax - Non-Residential	5,250	18,065	22,018
Property Tax in Lieu of MVLF	0	124,277	124,277
Property Tax in Lieu of Sales Tax	5,279	141,521	144,161
On-site Sales and Use Tax	15,837	424,563	432,482
Utility User Taxes - Electric Companies	18,426	220,671	229,001
Utility User Taxes - Gas Companies	4,562	54,637	56,700
Franchise Tax	5,151	61,691	64,020
Transient Occupancy Tax	1,408,900	2,248,400	4,000,400
Sales Tax Public Safety	0	15,636	15,636
Motor Vehicle In Lieu Taxes	0	31,882	31,882
Fines and Penalties	2,066	24,743	25,677
Business Registration	48,129	115,868	137,627
Swimming Pool Fee	0	1,958	1,958
Paramedic Reimbursement	0	4,555	4,555
Police-Related Fees	1,761	21,089	21,885
Gas Tax Fund	0	28,792	28,792
Transfers in from Other Funds	0	<u>160,542</u>	<u>160,542</u>
Total	\$1,634,831	\$5,058,405	\$6,949,540
<u>Total Annual Recurring Costs</u>			
General Government	\$23,738	\$684,513	\$695,245
Police	88,862	1,064,223	1,104,397
Fire	0	1,798,202	1,798,202
Development Services	5,880	70,420	73,078
Code Compliance	5,607	67,153	69,688
Facilities Management	6,821	81,689	84,772
Parks, Recreation, and Community Services	0	117,708	117,708
Public Services	10,748	128,723	133,582
Transfers out to Other Funds	0	<u>72,137</u>	<u>72,137</u>
Total	\$141,657	\$4,084,767	\$4,148,809
Annual Surplus or (Deficit)	\$1,493,174	\$973,639	\$2,800,731
Revenue/Cost Ratio	11.54	1.24	1.68

1. Includes the existing Historic Hotel, Spa Hotel and Bungalows (193 rooms).
This corresponds to Phase 1 of the Specific Plan.
2. Includes the Historic Hotel annexation (115 rooms), all residential and retail (except other hotel restaurants), and the new fire station. This corresponds to Phases 2 through 5 of the Specific Plan, or buildout.
3. Includes the new International Hotel (300 rooms). This corresponds to Phase 6 of the Specific Specific Plan, or buildout.

Sources: Stanley R. Hoffman Associates, Inc.

taxes, property taxes and business registration fees. The transient occupancy taxes generated by the 193 hotel rooms in this component result in the largest portion of revenues for the General Fund. Major projected costs include police and general government costs. Annual recurring revenues are estimated at \$1.63 million and annual recurring costs are estimated at \$141.7 thousand, resulting in an annual recurring surplus of \$1.49 million. This results in a revenue/cost ratio of 11.54. The projected surplus of the first component is relatively large because it is assumed that the new fire station is not operational until Component 2 of the Arrowhead Springs development.

Component 2. This component corresponds to Phases 2, 3, 4 and 5 of the Specific Plan and includes all residential and retail uses (except hotel restaurants for the hotels in Components and 1 and 3) and the historic hotel annex. Construction of the new fire station is also proposed to occur in this component and the full operational costs of the fire station are assumed. Key General Fund revenues include transient occupancy tax, property taxes, on-site sales and use tax and electric user utility taxes. The transient occupancy taxes generated by the hotel rooms in this component result in the largest portion of revenues for the General Fund. Gas Tax revenues are also generated, and provide a source of funds for road and street-related maintenance. Major projected costs include fire, police and general government costs. Cumulative annual recurring revenues are estimated at \$5.06 million and annual recurring costs are estimated at \$4.08 million, resulting in an annual recurring surplus of \$973.6 thousand and a revenue/cost ratio of 1.24.

Component 3. This component includes the new International Hotel, which corresponds to Phase 6 of the Specific Plan. This reflects the build-out condition of the Arrowhead Springs Specific Plan, with all uses fully operational. The transient occupancy taxes generated by the hotel rooms in this component result in the largest portion of revenues for the General Fund. Major projected costs include fire, police and general government costs. As shown in Table 3-2, after build-out, a recurring General Fund surplus of \$2.80 million is projected for the proposed project. Annual recurring revenues are estimated at \$6.95 million and annual recurring costs are estimated at \$4.15 million, resulting in a revenue/cost ratio of 1.68.

CHAPTER 4 - GENERAL ASSUMPTIONS AND FISCAL FACTORS

This chapter presents the general assumptions as well as the revenue and cost factors used to prepare the projected annual fiscal impacts of the proposed Arrowhead Springs development on the City of San Bernardino at project build-out.

4.1 General Assumptions

Table 4-1 provides the general assumptions for the City of San Bernardino used for this fiscal analysis. Fiscal impacts are projected based on a per capita, per employee, or per resident equivalent population basis. General fund revenue and cost factors were estimated by dividing the 2004-05 budget categories by the City's resident population, employment or total resident equivalent population where appropriate.

Population. The City's population of 196,273 is based on the California State Department of Finance (DOF) estimates as of January 1, 2004.

Average Household Size. The City's average household size of 3.34 persons per household has been calculated based on a household population of 189,747, and occupied housing units of 56,802.

Employment. Based on the Southern California Association of Governments' (SCAG) RTP 2004 estimates, the City's employment is estimated at 88,791.

Resident Equivalent Population. Several revenues and costs are impacted by both population and employment growth. Therefore, these fiscal factors are estimated by allocating total budgeted revenues or costs to both population and employment. The resident equivalent population is the City's population plus employment weighted at 50.0 percent. This weighting accounts for the estimated less frequent use of City public services by employment versus the resident population. As shown in Table 4-1, an estimated resident equivalent population of 240,669 was used to calculate the fiscal factors that apply to both population and employment. This includes the resident population of 196,273 and the estimated weighted employment of 44,396.

TABLE 4-1
 ARROWHEAD SPRINGS ANNEXATION FISCAL ANALYSIS
 CITY OF SAN BERNARDINO
 SUMMARY OF GENERAL ASSUMPTIONS

Assumption	Description
<u>Population and Housing</u> ¹	
196,273	Total Resident Population
6,526	Group Quarters
189,747	Household Population
63,857	Total Housing Units
56,802	Occupied Housing Units
3.34	Average Household Size
<u>Employment</u>	
88,791	Total Employment ²
44,396	Employment at 50% ³
<u>Population and Employment</u>	
240,669	San Bernardino resident equivalent population (Population + Weighted Employment)
285,064	Population + Total Employment

- Notes: 1. Population and housing estimates are from the California Department of Finance (DOF) for January 1, 2004.
2. The total employment estimate is based on the Southern California Association of Governments (SCAG) RTP 2004 Projections.
3. The total estimated employment of 88,791 was weighted by 50% to account for the estimated less frequent use of City public services by employment versus population.

Sources: Stanley R. Hoffman Associates, Inc.
 State of California, Department of Finance, *E-5 City/County Population and Housing Estimates, 2004*.
 Southern California Association of Governments, *RTP 2004 Projections*.

4.2 Revenue Assumptions and Factors

Table 4-2 presents the revenue factors developed from the City's recurring Fiscal Year 2004-2005 revenues. These revenues are Revenue factors are projected primarily on: 1) a per capita basis, or 2) a per residential equivalent population. Any exceptions to this are noted in the description for that revenue factor. The revenue amount is divided by the total population or resident equivalent population to determine the factor. One-time and non-recurring revenues, such as grant monies and permit fees, are typically excluded from the recurring General Fund revenue estimates. The City's General Fund revenues are shown in Table A-4 of Appendix A.

TABLE 4-2
ARROWHEAD SPRINGS ANNEXATION FISCAL ANALYSIS
CITY OF SAN BERNARDINO
SUMMARY OF RECURRING REVENUE FACTORS
(in Constant 2005 Dollars)

Revenue Source	FY 2004-05 Adopted Budget	Projection Basis ¹	Projection Factor
GENERAL FUND			
<u>Tax Revenue</u>			
Property Taxes General Fund ²	\$8,520,000	Assessed Valuation	18.55% City share of 1% levy
Property Transfer Tax	\$600,000	Property turnover and valuation assumptions	10% Residential turnover rate 5% Non-residential turnover rate
Property Tax In Lieu of MVLF ³	\$8,369,200	Population & Employment	\$29.36 per capita and per employee
Prop Tax In Lieu of Sales Tax ⁴	\$7,875,000	Taxable Sales	0.25% of 1% of project taxable sales
Sales Tax	\$26,225,000	Taxable Sales	0.75% of 1% of project taxable sales Use tax is 10.5% of Sales Tax
Utility User Tax ⁵	\$22,215,900		
Electric Companies	\$10,024,238	Resident Equiv. Population	\$41.65 per resident equiv. population
Gas Companies	\$2,481,951	Resident Equiv. Population	\$10.31 per resident equiv. population
Franchise Tax	\$2,802,400	Resident Equiv. Population	\$11.64 per resident equiv. population
Transient Occupancy	\$2,800,000	Gross Receipts	10.0% of Gross Receipts
Sales Tax Public Safety	\$725,000	Population	\$3.69 per capita
<u>Revenue from Other Agencies</u>			
Motor Vehicle In Lieu Taxes	\$1,478,300	Population	\$7.53 per capita
<u>Fines and Penalties</u>			
	\$1,124,000	Resident Equiv. Population	\$4.67 per resident equiv. population
<u>Licenses and Permits</u>			
Business Registration	\$4,830,000	Employment	\$54.40 per employee
<u>Charges for Services</u>			
Swimming Pool Fee	\$90,800	Population	\$0.46 per capita
Paramedic Reimbursement	\$259,000	Resident Equiv. Population	\$1.08 per resident equiv. population
<u>Miscellaneous Revenues</u>			
Police Related Fees ⁶	\$958,000	Resident Equiv. Population	\$3.98 per resident equiv. population
<u>Transfers in From Other Funds⁷</u>			
	\$7,443,900	Population	\$37.93 per capita
GAS TAX FUND			
Transfer to GF - street main/lighting	(\$2,810,000)		
Net gas tax fund revenue	\$1,335,000	Population	\$6.80 per capita

1. For fiscal factors that are based on population and employment, an estimated resident equivalent factor is applied to the estimated project's resident equivalent population, which represents the total population plus 50% of the employment.
2. The fiscal analysis projects property tax at 18.55 percent of the basic one percent property tax, or the average of the portion of the project that is annexed to the City and the portion of the project that is currently in the City.
3. The State has lowered the MVLF rate, which reduces the amount of MVLF received by cities counties. However, they will provide property taxes to offset the MVLF backfill. This amount will change according to the assessed valuation for the City. For purposes of this analysis the in lieu property tax has been projected on a per capita and per employee basis.
4. As of July 1, 2004, the State has reduced the local sales tax allocation by 0.25%, and used this 0.25% as security for the State's "Economic Recovery Bonds." The State has replaced this 0.25% reduction of sales tax with a dollar-for-dollar allocation of local property tax from County ERAF funds.
5. Only the utilities not provided by AWP would be subject to the City's Utility Tax. This includes gas and electric services. The 2004/05 amount has been estimated based on the proportion of the total utility user taxes in 2003/04, as provided by the City's Finance Director.
6. Includes police misc. receipts, property auction, restitutions, drunk driver reimbursements, booking fee reimbursements and investigation fees.
7. This includes transfers to the General Fund from other funds, such as Special Gas Tax, Traffic Safety, 1/2 Cent Sales and Road Tax and other funds.

Source: Stanley R. Hoffman Associates, Inc.
City of San Bernardino, Fiscal Year 2004-2005 Adopted Budget.

General Fund

Property Tax.

Property tax revenues are projected by multiplying one percent times the tax allocation percentage for each jurisdiction or special district within a tax rate area (TRA) by the assessed value of the proposed project in constant dollars. The current property tax allocations for the TRAs within the Arrowhead Springs project area are shown in Table 4-3. The TRAs 7001 and 7010 include the portion of the project area that is currently located in the City. The TRAs 107027, 107064, 107145 and 107149 include the portion of the project area that is currently located in the unincorporated County area.

Estimated City General Fund Share. Property tax revenues are projected by multiplying one percent times the tax allocation percentage for each jurisdiction or special district within a tax rate area (TRA) by the assessed value of the proposed project in constant dollars. The estimated property tax allocation for the Arrowhead Springs project is shown in Table 4-4. As shown in Table 4-4, upon annexation of the project area currently located in the County, property tax revenues will be exchanged between the County and the City of San Bernardino. Since the Local Agency Formation Commission (LAFCO) of the County of San Bernardino has not yet received a resolution for the Arrowhead Springs Specific Plan project, the transfer proportion was estimated based on information from LAFCO for a recent annexation into the City of Highland in close proximity to the project area. Based on this recent annexation, the County will shift 29.0 percent of the current allocation to the County General Fund to the City upon annexation of the project area currently located in the County. In addition to this share of the County General Fund (4.26 percent, or 29 percent of 0.1468), the City of San Bernardino General Fund will receive the total current property tax allocations of the CSA 38 General Fire (11.89 percent), CSA 70 Countywide Fire Administration (2.64 percent) and the County Library District (1.42 percent), because the City will assume the responsibility for the provision of these services upon annexation of the area currently located in the County.

Upon annexation, the total property tax allocation to the City for the area currently located in the County is estimated at 20.21 percent of the basic one percent levy. The fiscal analysis projects property tax at 18.55 percent of the basic one percent property tax, or the weighted average of the portion of the project that is annexed to the City (20.21 percent) and the portion of the project that is currently in the City (16.89 percent).

TABLE 4-3
ARROWHEAD SPRINGS ANNEXATION FISCAL ANALYSIS
CITY OF SAN BERNARDINO
CURRENT TAX RATE AREA (TRA) ALLOCATIONS

Fund Description	City TRAs			County TRAs				
	7001	7010	Weighted Average	107027	107064	107145	107149	Weighted Average
San Bernardino County General Fund	0.1453	0.1452	0.1452	0.1470	0.1468	0.1468	0.1468	0.1468
Educational Revenue Augmentation Fund (ERAF)	0.2199	0.2198	0.2198	0.2225	0.2223	0.2222	0.2223	0.2223
Flood Zone 2	0.0257	0.0257	0.0257	0.0260	0.0260	0.0260	0.0260	0.0260
Flood Control Administration	0.0018	0.0018	0.0018	0.0018	0.0018	0.0018	0.0018	0.0018
County Free Library	0.0000	0.0000	0.0000	0.0142	0.0142	0.0142	0.0142	0.0142
County Superintendent of Schools, Countywide	0.0050	0.0050	0.0050	0.0050	0.0050	0.0050	0.0050	0.0050
County Superintendent of Schools, R.O.P.	0.0009	0.0009	0.0009	0.0009	0.0009	0.0009	0.0009	0.0009
City of San Bernardino General Tax Levy	0.1690	0.1689	0.1689	0.0000	0.0000	0.0000	0.0000	0.0000
San Bernardino Valley Community College District	0.0510	0.0510	0.0510	0.0516	0.0516	0.0515	0.0516	0.0516
San Bernardino Unified School District	0.3551	0.3549	0.3549	0.3592	0.3590	0.3586	0.3589	0.3589
CSA 38 General - Fire	0.0000	0.0000	0.0000	0.1190	0.1189	0.1188	0.1189	0.1189
CSA 70 - Countywide	0.0000	0.0000	0.0000	0.0264	0.0264	0.0263	0.0264	0.0264
IE West Resource Conservation District - All Property	0.0000	0.0006	0.0005	0.0000	0.0000	0.0000	0.0000	0.0000
IE West Resource Conservation District - Land Only	0.0000	0.0000	0.0000	0.0007	0.0000	0.0013	0.0006	0.0003
East Valley Resource Conservation District - Land Only	0.0000	0.0000	0.0000	0.0000	0.0005	0.0000	0.0000	0.0004
San Bernardino Valley Municipal Water District	0.0263	0.0262	0.0262	0.0000	0.0265	0.0265	0.0265	0.0265
Crestline-Lake Arrowhead Water Agency	0.0000	0.0000	0.0000	0.0258	0.0000	0.0000	0.0000	0.0001
Total	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Acreage	0.75	362.84	363.59	4.81	1,082.28	242.22	223.65	1,552.96
Percent of Total Acres	0.21%	99.79%	100.00%	0.31%	69.69%	15.60%	14.40%	100.00%

Source: Stanley R. Hoffman Associates, Inc.
San Bernardino County Auditor Controller, FY2004-2005

TABLE 4-4
 ARROWHEAD SPRINGS ANNEXATION FISCAL ANALYSIS
 CITY OF SAN BERNARDINO
 TAX RATE AREA (TRA) PROPERTY TAX ALLOCATIONS
 ESTIMATED CITY GENERAL FUND SHARE OF BASIC ONE PERCENT PROPERTY TAX LEVY

Description of Fund ¹	County Portion of Project		Annexed Area ²	Current City Area	Total Project Average Allocation ³
	Prior to Annexation	Upon Annexation ²			
COUNTY OF SAN BERNARDINO					
County General Fund	0.1468	0.1042			
CSA 38 General - Fire	0.1189	n/a			
CSA 70 - Countywide	0.0264	n/a			
County Library District	0.0142	n/a			
CITY OF SAN BERNARDINO					
Shift from County General Fund (@ 29% of 0.1468)			0.0426	n/a	
Shift from CSA 38			0.1189	n/a	
Shift from CSA 70			0.0264	n/a	
Shift from Library District			<u>0.0142</u>	n/a	
Total City of San Bernardino			0.2021	0.1689	0.1855

- Notes: 1. Only the property tax allocations for the funds analyzed in this report are presented in this table. The allocations have been adjusted for the ERAF (Education Realignment) shift.
2. Upon annexation of the portion of the Arrowhead Springs Specific Plan that is currently in the County area to the City of San Bernardino, the County will shift 29 percent of the current allocation to the County General Fund to the City. In addition to the shift from the County General Fund of about 4.26 percent, the City will receive the total current allocations to CSA 38, CSA 70 and the County Library District because the City will provide fire protection and library services upon annexation. Upon annexation, the total property tax allocation to the City for the area currently located in the County is estimated at 20.21 percent of the basic one percent levy.
3. The fiscal analysis projects property tax at 18.55 percent of the basic one percent property tax, or the average of the portion of the project that is annexed to the City and the portion of the project that is currently in the City. The average was weighted by acres.

Source: Stanley R. Hoffman Associates, Inc.
 San Bernardino County Auditor Controller's Office

Property Transfer Tax. The County receives property transfer tax revenues on the sale of real property at the rate of \$1.10 per \$1,000 of transferred value. The City of San Bernardino receives 50.0 percent of this amount, or \$0.55 per \$1,000 of transferred value. In this analysis, transfer tax is calculated assuming that 10.0 percent of residential uses will change owners annually (estimated 10.0 percent annual turnover rate) and 5.0 percent of non-residential uses will change owners annually (estimated 5.0 percent annual turnover rate).

Property Tax in Lieu of MVLFF. These revenues are received by the City to offset the backfill for the State reduction of motor vehicle license fees. The amount received is calculated by the State and increases with the annual growth in assessed valuation Citywide. Based on a review of citywide assessed valuation for the nine fiscal years of 1994-95 to 2003-04, assessed valuation grew at an average annual rate of 2.11 percent in actual dollars. For the three-year period from 2000-01 to 2003-04, the average annual rate of growth was 5.36 percent, reflecting the recent dramatic increase in market values. For purposes of this analysis, these revenues are allocated on a per capita and per employee basis. Based on FY 2004-05 budgeted revenues of \$8.37 million and the total population plus employment of 285,064, property tax in lieu of motor vehicle license fees are projected at \$29.36 per capita and per employee. In reality, the property tax in lieu of MLVFF amount received by the City could be higher or lower according to the change in assessed valuation.

Property Tax in Lieu of Sales Tax. These revenues are received by the City as part of the backfill for the State reduction of sales tax. Sales and use taxes provide a major revenue source for most municipalities in California. All cities and counties in the State levy a basic one percent (1 percent) sales tax and have the option to levy additional sales taxes under certain circumstances. As of July 1, 2004, the State has reduced the local 1 percent sales tax allocation by 0.25 percent, and replaced this with a dollar-for-dollar allocation of local property tax from County ERAF funds. Therefore, the property tax in lieu of sales tax is projected based on 25 percent of the estimated sales and use tax generated by the project on-site retail uses.

Sales and Use Tax. As previously explained, the State has reduced the local sales tax allocation (1 percent) by 0.25 percent, and replaced this with a dollar-for-dollar allocation of local property tax from County ERAF funds. Therefore, sales and use tax is projected at 75.0 percent of the total sales and use tax generated by the on-site retail uses of the project.

Utility User Tax. Only the utilities not provided by AWP would be subject to the City's Utility Tax. This includes electric and gas services. The 2004/05 amount has been estimated based on the proportion of the total utility user taxes in 2003/04, as provided by the City's Finance Director. As shown below, these amounts are estimated at \$10.02 million for electric and \$2.48 for gas. These utility user taxes are then allocated to the City's population plus employment, as shown in Table 4-2.

Utility Type	FY 2003-04 Adopted Budget	% of Total	Estimated FY 2004-05
Cable Companies	\$1,149,856	5.3%	\$1,171,666
Electric Companies	9,837,644	45.1%	10,024,238
Gas Companies	2,435,751	11.2%	2,481,951
Telecomm. Comp.	<u>8,379,116</u>	<u>38.4%</u>	<u>8,538,046</u>
Total	\$21,802,367	100.0%	\$22,215,900
Total Utility User Tax FY 2004/05			\$22,215,900

Franchise Taxes. Franchise fees are charged to various entities in exchange for the exclusive right to operate franchises within the City's jurisdiction. These revenues are allocated to the resident equivalent population. Based on FY 2004-05 budgeted revenues of \$2.80 million in franchise taxes and a total resident equivalent population of 240,669, franchise taxes for the project are projected at \$11.64 per resident equivalent population.

Transient Occupancy Tax (TOT). The City's Transient Occupancy Tax rate is 10.0 percent of gross receipts. Transient Occupancy Taxes are projected based on estimated average daily room rates and an estimated 80.0 percent rate of occupancy.

Sales Tax Public Safety. These revenues are allocated to the population. Based on FY 2004-05 budgeted revenues of \$725.0 thousand and a total population of 196,273, public safety sales taxes are projected at \$3.69 per capita.

Motor Vehicle in Lieu Taxes. These revenues are allocated to the population. Based on FY 2004-05 budgeted revenues, motor vehicle license estimated revenues of \$1.50 million and a total resident population of 196,273, motor vehicle license fees are estimated at \$7.53 per capita.

Fines and Penalties. Fines and penalties consist of vehicle code violations and other fines and forfeitures related to violations of municipal code. These revenues are projected at \$4.67 per resident equivalent population, based on FY 2004-05 budgeted revenues of \$1.12 million.

Licenses and Permits. These revenues are projected at \$54.40 per employee, based on FY 2004-05 budgeted revenues of \$4.83 million and the City's estimated total employment of 88,791.

Swimming Pool Fee. These revenues are projected at \$0.46 per capita, based on FY 2004-05 budgeted revenues of \$90.8 thousand and the City's population of 196,273.

Paramedic Reimbursement. Based on FY 2004-05 budgeted revenues of \$259.0 thousand and a total resident equivalent population of 240,669, this revenue is projected at \$1.08 per resident equivalent population.

Police Related Fees. Based on FY 2004-05 budgeted revenues for miscellaneous police-related fees of \$958.0 thousand and a total resident equivalent population of 240,669, these revenues are estimated at \$3.98 per resident equivalent population.

Transfers in From Other Funds. Other revenues have been transferred to the General Fund to cover operations and maintenance costs. These total \$7.44 million, including \$2.81 million in Special Gas Tax revenues, and have been allocated to the population. This results in a per capita factor of \$37.93. These transfers are shown in Table A-5 of Appendix A.

Gas Tax Fund

The State Controller allocates State gas taxes to cities. According to the City's FY 2004-05 Budget, the Special Gas Tax revenues are \$4.15 million. As discussed above, about \$2.81 million was transferred from the Special Gas Tax fund to the General Fund for street maintenance and street lighting. Therefore, this amount is subtracted from the Gas Tax Fund amount of \$4.15 million to result in net Gas Tax revenues of \$1.34 million. Revenues from this source are estimated at \$6.80 per capita based on the City's population of 196,273.

4.3 Cost Assumptions and Factors

Table 4-5 provides a summary of the recurring General Fund cost factors developed from the City's recurring Fiscal Year 2004-05 expenditures. The General Fund expenditures are included in Table A-6 of Appendix A. As with revenues, cost factors are projected primarily on a per capita basis or per resident equivalent population. The FY 2004-05 estimated one-time revenues for certain General Fund categories are deducted where applicable to arrive at a net recurring cost. The net cost is used

TABLE 4-5
 ARROWHEAD SPRINGS ANNEXATION FISCAL ANALYSIS
 CITY OF SAN BERNARDINO
 SUMMARY OF RECURRING GENERAL FUND COST FACTORS
 (In Constant 2005 Dollars)

General Fund	FY 2004-05 Adopted Budget	Projection Basis ¹	Projection Factor	
General Government	\$19,819,700	Percent of direct costs	20.13%	of direct department costs
Police	\$48,343,600	Resident Equiv. Population	\$200.87	per resident equiv. population
Fire ²	\$1,798,202	Case Study	n/a	n/a
Development Services ³	\$4,398,700	Resident Equiv. Population	\$13.29	per resident equiv. population
Code Compliance	\$3,050,500	Resident Equiv. Population	\$12.68	per resident equiv. population
Facilities Management ⁴	\$3,980,800	Resident Equiv. Population	\$15.42	per resident equiv. population
Parks, Recreation & Community Svcs.	\$5,457,800	Population	\$27.81	per capita
Public Services	\$5,847,400	Resident Equiv. Population	\$24.30	per resident equiv. population
Transfers out to Other Funds ⁵	\$3,344,800	Population	\$17.04	per capita

1. For fiscal factors that are based on population and employment, an estimated resident equivalent factor is applied to the estimated project's resident equivalent population, which represents the total population plus 50% of the employment.
2. Cost provided by the SBCFD includes estimated annual ongoing materials and operations costs and personnel costs to operate a fire station.
3. Cost factor is shown as a net cost, and assumes that Development Services fees will offset a portion of Development Services costs.
4. Cost factor is shown as a net cost, and assumes that Mechanical Permit fees will offset a portion of Facilities Management costs.
5. This includes transfers out of the General Fund to other funds, including: Animal Control, CATV Fund, Library Fund, Baseball Stadium Fund and Refuse (street sweeping).

Sources: Stanley R. Hoffman Associates, Inc.

City of San Bernardino Fiscal Year 2004-2005 Budget.

State of California, Department of Finance, E-5 City/County Population and Housing Estimates, 2004.

as the basis for calculating the cost factors summarized in Table 4-5. Development Services and Facilities Management costs are shown as net costs, assuming that one-time fee revenues will offset a portion of these costs. These costs are included in Appendix A.

General Government. General Government costs such as Mayor, City Clerk, City Attorney and Finance provide generalized services and cannot be directly linked to a specific development project. General government costs arise from administration and support of departmental line costs such as police, fire and public works. These costs are typically viewed as Citywide overhead and are projected using an overhead rate applied to departmental line costs. General Government costs are estimated at 20.13 percent of non-general government costs, as shown in Table A-6 of Appendix A.

Police Department. Costs related to police protection services are estimated on a per resident equivalent population basis. As shown in Table 4-5, based on FY 2004-05 budgeted expenditures of \$48.34 million and the City's resident equivalent population of 240,669, police protection costs are projected at \$200.87 per resident equivalent population.

Fire Department. Annual recurring costs related to fire protection and emergency services have been provided by the San Bernardino City Fire Department. As shown in Table 4-5, the annual recurring costs related to fire protection and emergency services for operating the proposed fire station are estimated at about \$1.80 million. This includes materials and operations of about \$60.0 thousand and the costs for a 4-person staff at \$1.74 million. The calculation for operational fire costs is shown on Table A-7 of Appendix A. The one-time costs for starting up a new station are also shown on Table A-7. These are estimated at \$3.63 million and include the costs of construction (\$3.1 million), fire engine and ancillary equipment (\$400.0 thousand) and start up costs (\$127.9 thousand). One time fire code permits and plan check fees collected upon development were not included as part of the fiscal analysis to offset annual costs.

Development Services. The costs for this category include costs for community development. A portion of ongoing development services costs are assumed to be covered by fees such as building permit fees, plan check fees and inspection fees collected upon development. Based on budgeted FY 2004-05 expenditures of \$4.40 million and a total resident equivalent population of 240,669, net development services costs are projected at \$13.29 per resident equivalent population. The calculation for net development services costs is shown in Table A-8 of Appendix A.

Code Compliance. Based on FY 2004-05 budgeted expenditures of \$3.05 million and a total resident equivalent population of 240,669, code compliance costs are projected at \$12.68 per resident equivalent population.

Facilities Management. These costs are estimated on a per resident equivalent population basis. A portion of ongoing facilities management costs are assumed to be covered by mechanical permit fees collected upon development. Based on FY 2004-05 budgeted expenditures of \$3.98 million, minus estimated one-time revenues, net development services costs are projected at \$15.42 per resident equivalent population. The calculation for net facilities management costs is shown in Table A-9 of Appendix A.

Parks, Recreation & Community Service. These costs are estimated on a per capita basis. Based on FY 2004-05 budgeted expenditures of \$5.46 million and the City's resident population of 196,273, parks, recreation and community services costs are projected at \$27.81 per capita.

Public Services. These costs are estimated on a per resident equivalent population basis. Based on FY 2004-05 budgeted expenditures of \$5.85 million and the City's resident equivalent population of 240,669, public services costs are projected at \$24.30 per resident equivalent population.

Transfers out to Other Funds. These costs represent General Fund amounts that are transferred out to other accounts to provide sources of funding for operations and maintenance. These total \$3.34 million and have been allocated to the population, resulting in a per capita factor of \$17.04 based on the City's resident population of 196,273. These General Fund transfers out to other funds are shown in Table A-10 of Appendix A.



APPENDIX A - SUPPORTING TABLES

Table A-1	Estimated Residential Valuation at Build-Out
Table A-2	Estimated Non-Residential Valuation at Build-Out
Table A-3	Estimation of Existing Assessed Valuation
Table A-4	Summary of General Fund Revenues, 2004-2005
Table A-5	Summary of Transfers to the General Fund, 2004-2005
Table A-6	Summary of General Fund Expenditures, 2004-2005
Table A-7	Estimated Costs for Proposed Fire Station
Table A-8	General Fund Net Development Services Costs
Table A-9	General Fund Net Facilities Management Costs
Table A-10	Summary of General Fund Transfers out to Other Funds



TABLE A-1
ARROWHEAD SPRINGS ANNEXATION FISCAL ANALYSIS
CITY OF SAN BERNARDINO
ESTIMATED RESIDENTIAL VALUATION AT BUILD-OUT
(In Constant 2005 Dollars)

Product Description	Number of Units	Average Value	Total Valuation
Hilltown Condos	285	\$435,088	\$124,000,000
North Golf Course - Estate Dwellings	24	333,333	8,000,000
South Golf Course - Estate Dwellings	12	333,333	4,000,000
South Golf Course - Senior Dwellings	300	175,000	52,500,000
Village Walk Condos	266	345,113	118,000,000
Village Walk Apartments	34	100,000	3,400,000
North Golf Course - Detached Dwellings	<u>429</u>	<u>352,500</u>	<u>182,000,000</u>
TOTAL	1,350	\$364,000	\$491,900,000

Source: Stanley R. Hoffman Associates, Inc.
American Development Group.

TABLE A-2
ARROWHEAD SPRINGS ANNEXATION FISCAL ANALYSIS
CITY OF SAN BERNARDINO
ESTIMATED NON-RESIDENTIAL VALUATION AT BUILD-OUT
(In Constant 2005 Dollars)

Category	Assessed Valuation		Total Square Feet	Value per Square Foot
	Total	% of Total		
<u>LODGING</u>				
Historic Hotel, Bungalows, Annex & Conference Center (258 rooms)	\$67,500,000		269,893	\$250
Spa Resort (50 rooms)	19,000,000		70,536	\$269
International Hotel (300 rooms)	<u>51,000,000</u>		<u>200,000</u>	<u>\$255</u>
Total Hotel	\$137,500,000	48.4%	540,429	\$254
<u>COMMERCIAL DEVELOPMENT</u>				
Village Walk Commercial	\$53,600,000		200,000	\$268
Commercial Shops	3,000,000		10,667	\$281
Corporate Office	63,000,000		250,000	\$252
Windy Point	<u>7,500,000</u>		<u>20,000</u>	<u>\$375</u>
Total Commercial	\$127,100,000	44.7%	480,667	\$264
<u>GOLF COURSE COMPLEX</u>				
Golf Course (18 holes) and Clubhouse (22,050 sq. ft.)	\$19,500,000	6.9%	22,050	n/a
TOTAL	\$284,100,000	100.0%		

Sources: Stanley R. Hoffman Associates, Inc.
American Development Group.

TABLE A-3
 ARROWHEAD SPRINGS ANNEXATION FISCAL ANALYSIS
 CITY OF SAN BERNARDINO
 ESTIMATION OF EXISTING ASSESSED VALUATION
 (In Constant 2005 Dollars)

Tax Rate Area	Parcel Number	Land Value	Improvement Value	Total Assessed Valuation	Acres	
Within City						
7010	270-101-02	\$17,181	\$0	\$17,181	0.34	
	270-101-12	608	0	608	0.02	
	270-101-13	938,061	0	938,061	30.81	
	270-092-02	140,041	0	140,041	2.80	
	270-092-03	215,205	10,149	225,354	4.10	
	270-111-03	1,144,182	0	1,144,182	37.58	
	270-111-08	337,651	0	337,651	11.09	
	155-482-15	14,615	0	14,615	0.34	
	270-061-11	81,067	0	81,067	131.51	
	270-061-12	390,140	0	390,140	143.00	
	155-482-16	<u>10,390</u>	<u>0</u>	<u>10,390</u>	<u>1.25</u>	
	Sub-Total	\$3,289,141	\$10,149	\$3,299,290	362.84	
	7001	270-092-01	<u>\$37,337</u>	<u>\$0</u>	<u>\$37,337</u>	<u>0.75</u>
		Total in City	\$3,326,478	\$10,149	\$3,336,627	363.59
Annexation Area						
107027	270-201-09	\$6,859	\$0	\$6,859	4.81	
107064	270-081-01	\$13,783	\$54,037	\$67,820	80.00	
	270-081-02	316,467	2,103,589	2,420,056	80.00	
	270-081-03	196,580	20,087	216,667	40.00	
	270-081-04	6,859	0	6,859	40.00	
	270-081-10	13,783	0	13,783	80.00	
	270-081-08	6,859	0	6,859	40.00	
	270-081-07	13,783	0	13,783	80.00	
	285-041-01	<u>44,135</u>	<u>0</u>	<u>44,135</u>	<u>642.28</u>	
Sub-Total	\$612,249	\$2,177,713	\$2,789,962	1,082.28		
107145	270-111-02	\$2,633	\$0	\$2,633	2.00	
	270-111-01	17,276	0	17,276	1.42	
	270-071-06	34,483	0	34,483	40.00	
	270-071-07	154,199	79,535	233,734	78.80	
	270-071-02	172,496	190,983	363,479	40.00	
	270-071-04 ¹	0	0	0	1.26	
	270-071-03 ²	<u>123,549</u>	<u>0</u>	<u>123,549</u>	<u>78.74</u>	
Sub-Total	\$504,636	\$270,518	\$775,154	242.22		
107149	270-013-09	\$18,989	\$0	\$18,989	74.84	
	270-013-08	1,224	0	1,224	4.90	
	270-013-07	153	0	153	1.04	
	270-011-02	3,952	0	3,952	22.72	
	270-012-05	7,440	0	7,440	42.25	
	270-021-03	<u>23,887</u>	<u>0</u>	<u>23,887</u>	<u>77.9</u>	
Sub-Total	\$55,645	\$0	\$55,645	223.65		
Total Annexation Area		\$1,179,389	\$2,448,231	\$3,627,620	1,552.96	
TOTAL		\$4,505,867	\$2,458,380	\$6,964,247	1,918.55	

1. This parcel is exempt from property taxes.
 2. The net assessed valuation of this parcel is \$123,549, due to an exemption.
 The parcel is estimated to have a total valuation of \$3,088,733.

Sources: Stanley R. Hoffman Associates, Inc.
 San Bernardino County Auditor Controller, FY 2004-2005.

TABLE A-4
 ARROWHEAD SPRINGS ANNEXATION FISCAL ANALYSIS
 CITY OF SAN BERNARDINO
 SUMMARY OF GENERAL FUND REVENUES, 2004-2005

Revenue Category	Total	Non-recurring	Recurring	Revenue Type ¹
<u>Property Taxes</u>				
Current Secured/Unsecured	\$8,125,000	\$0	\$8,125,000	R
Prior Taxes	395,000	0	395,000	R
Supplemental	450,000	0	450,000	R
Prop Tax In Lieu of VLF	8,369,200	0	8,369,200	R
Other Prop Taxes	<u>125,000</u>	<u>0</u>	<u>125,000</u>	R
<i>Subtotal</i>	<i>\$17,464,200</i>	<i>\$0</i>	<i>\$17,464,200</i>	
<u>Other Taxes</u>				
Sales Tax	\$26,225,000	\$0	\$26,225,000	R
Prop Tax In Lieu of Sales Tax	7,875,000	0	7,875,000	R
Utility User Tax	22,215,900	0	22,215,900	R
Franchise Tax	2,802,400	0	2,802,400	R
Property Transfer Tax	600,000	0	600,000	R
Transient Occupancy	2,800,000	0	2,800,000	R
Sales Tax Public Safety	725,000	0	725,000	R
Tow Franchise	288,000	0	288,000	R
Verdemont Fire Station AD	<u>30,000</u>	<u>0</u>	<u>30,000</u>	R
<i>Subtotal</i>	<i>\$63,561,300</i>	<i>\$0</i>	<i>\$63,561,300</i>	
<u>Intergovernmental</u>				
Booking Fee Subvention	\$689,000	\$0	\$689,000	R
Motor Vehicle in Lieu Taxes	1,478,300	0	1,478,300	R
CDBG Reimbursement	2,778,400	0	2,778,400	R
Tax Increment Reimbursement	83,300	0	83,300	R
Homeowner's Exemption	156,500	0	156,500	R
POST	150,000	0	150,000	R
Water Reimbursement	275,000	0	275,000	R
SBIAA Reimbursement	120,000	0	120,000	R
Disaster Prep. Program	14,800	0	14,800	R
Off-Highway Vehicle Tax	5,000	0	5,000	R
Mutual Aid/Disaster Reimbursement	220,000	0	220,000	R
20% Reimbursement	<u>40,800</u>	<u>0</u>	<u>40,800</u>	R
<i>Subtotal</i>	<i>\$6,011,100</i>	<i>\$0</i>	<i>\$6,011,100</i>	
<u>Fines and Penalties</u>				
Parking Fines	\$970,500	\$0	\$970,500	R
General Fines	150,000	0	150,000	R
Fire Citations & Vehicle Abatement	<u>3,500</u>	<u>0</u>	<u>3,500</u>	R
<i>Subtotal</i>	<i>\$1,124,000</i>	<i>\$0</i>	<i>\$1,124,000</i>	
<u>Licenses and Permits</u>				
Business Registration	\$4,830,000	\$0	\$4,830,000	R
Building Permits	650,600	650,600	0	O
Mechanical Permits	270,000	270,000	0	O
On Site Inspection Fees	315,000	315,000	0	O
On Site Plan Check	150,000	150,000	0	O
Construction Permits	200,000	200,000	0	O
EMS Membership	15,000	0	15,000	R
Street Cut Permits	85,000	85,000	0	O
Fire Plan Checks	135,000	135,000	0	O
Fire Code Permits	235,000	235,000	0	O
Mobile Home Park Permit	33,000	33,000	0	O
Grading Permits	8,000	8,000	0	O
Miscellaneous Permits/Fees	<u>102,000</u>	<u>102,000</u>	<u>0</u>	O
<i>Subtotal</i>	<i>\$7,028,600</i>	<i>\$2,183,600</i>	<i>\$4,845,000</i>	
<u>Use of Money & Property</u>				
Interest Earnings	\$400,000	\$0	\$400,000	R
Land & Building Rental	269,000	0	269,000	R
Parking Rental Fee	50,000	0	50,000	R
Sale of Property	100,000	0	100,000	R

TABLE A-4 (continued)

Revenue Category	Total	Non-recurring	Recurring	Revenue Type ¹
<u>Charges for Services</u>				
Plan Check Fee	\$340,000	\$340,000	\$0	O
Archival Fee	\$10,000	0	\$10,000	R
EMS User Fee	850,000	0	850,000	R
Storm Drain Utility Fee	283,000	0	283,000	R
Weed Abatement	300,000	0	300,000	R
Building Demolition	400,000	0	400,000	R
Planning Development Project	168,300	168,300	0	O
Annual Alarm Permits	225,000	0	225,000	R
Misc Develop Servs Charges	54,600	0	54,600	R
Building Permit Fee	8,000	8,000	0	O
Plan Review Fee	95,000	95,000	0	O
Off Site Inspection Fee	110,000	110,000	0	O
Non Subdivision Str Imp	10,000	0	10,000	R
Subdivision	98,500	98,500	0	O
Environmental	25,000	25,000	0	O
Release Notice of Pendency	20,000	0	20,000	R
Class Registration Fee	30,000	0	30,000	R
Park Energy Fee	10,000	0	10,000	R
Passport Fees	90,000	0	90,000	R
County Contract	250,000	0	250,000	R
Swimming Pool Fee	90,800	0	90,800	R
Program/Facility Use Fee	56,100	0	56,100	R
Non-Resident Fees	2,500	0	2,500	R
Misc Planning/Building	68,000	68,000	0	O
6 Signal Maint/Energy	25,000	0	25,000	R
Str Light Energy Fee	28,000	0	28,000	R
Election Filing Fee	500	0	500	R
False Alarm Fee	55,000	0	55,000	R
Misc Development Services	8,000	0	8,000	R
Utility Collection Fee	50,000	0	50,000	R
Fire Apartment Inspections	50,000	0	50,000	R
Fire Archival Fee	6,200	0	6,200	R
Paramedic Reimb Contract	259,000	0	259,000	R
Fire Business Occup Insp Fee	185,400	0	185,400	R
Fire Rental Inspections	494,300	0	494,300	R
Towing Release Fee	180,400	0	180,400	R
Subtotal	\$4,936,600	\$912,800	\$4,023,800	
<u>Miscellaneous</u>				
Water Fund Contribution	\$1,960,000	\$0	\$1,960,000	R
Sewer Contract- Water	500,000	0	500,000	R
Water Land Sales	475,000	0	475,000	R
Admin Service Charge	345,600	0	345,600	R
Misc. Other Revenue	50,100	0	50,100	R
Off Track Betting	180,000	0	180,000	R
Sale of Photos/Reports	140,000	0	140,000	R
Police Misc Receipts	850,000	0	850,000	R
Property Auction	53,000	0	53,000	R
Restitutions	25,000	0	25,000	R
Drunk Driver Reimburmt.	1,000	0	1,000	R
Booking Fee Reimburmt.	16,000	0	16,000	R
Investigation Fee	13,000	0	13,000	R
Damage Claim Recovery	15,000	0	15,000	R
Subtotal	\$4,623,700	\$0	\$4,623,700	
General Fund Total	\$105,605,500	\$3,096,400	\$102,509,100	

Note: 1. Revenue type = Recurring 'R' or One-time 'O'

Source: Stanley R. Hoffman Associates, Inc.
City of San Bernardino Fiscal Year 2004-2005 Budget.

TABLE A-5
 ARROWHEAD SPRINGS ANNEXATION FISCAL ANALYSIS
 CITY OF SAN BERNARDINO
 SUMMARY OF TRANSFERS TO THE GENERAL FUND, 2004-2005

Transfer In	Total
Special Gas Tax for Street Lighting and Maintenance	\$2,810,000
Traffic Safety for Police Costs	585,000
1/2' Cent Sales & Road Tax for Administration	215,000
Cultural Development Fund	304,000
Traffic Systems for Administration	25,000
Storm Drain Constructions for Administration	100,000
Refuse Fund	2,381,200
Sewer Line Construction for Administration	200,000
Sewer Line Maintenance for Administration	175,000
Telephone Fund	322,200
City Wide AD for Light Costs	20,000
Computer Bond Fund	125,000
Air Quality AB2766	181,500
Total Transfers In	\$7,443,900

Source: Stanley R. Hoffman Associates, Inc.
 City of San Bernardino *Fiscal Year 2004-2005 Budget.*

TABLE A-6
 ARROWHEAD SPRINGS ANNEXATION FISCAL ANALYSIS
 CITY OF SAN BERNARDINO
 SUMMARY OF GENERAL FUND EXPENDITURES, 2004-2005
 (In Constant 2005 Dollars)

General Fund Expenditures	Total	General Government	Non-General Government
<u>General Government</u>			
Mayor	\$993,800	\$993,800	
City Administrator	581,800	581,800	
Common Council	462,400	462,400	
City Clerk	1,162,400	1,162,400	
City Treasurer	146,900	146,900	
City Attorney	2,441,200	2,441,200	
Human Resources	378,500	378,500	
Finance	1,197,200	1,197,200	
Civil Service	230,700	230,700	
General Government	12,224,800	12,224,800	
<u>Non-General Government</u>			
Fire	\$27,373,700		\$27,373,700
Police	48,343,600		48,343,600
Development Services	4,398,700		4,398,700
Code Compliance	3,050,500		3,050,500
Facilities Management	3,980,800		3,980,800
Parks, Recreation, & Comm. Service	5,457,800		5,457,800
Public Services	5,847,400		5,847,400
General Fund Total	\$118,272,200	\$19,819,700	\$98,452,500

CALCULATION OF GENERAL GOVERNMENT COSTS

Total General Fund Expenditures		\$118,272,200
General Government Costs	<i>minus</i>	<u>\$19,819,700</u>
Direct General Fund Costs	<i>equals</i>	\$98,452,500
General Government as a percent of Direct General Fund		20.13%

Source: Stanley R. Hoffman Associates, Inc.
 City of San Bernardino Fiscal Year 2004-2005 Budget.

TABLE A-7
 ARROWHEAD SPRINGS ANNEXATION FISCAL ANALYSIS
 CITY OF SAN BERNARDINO
 ESTIMATED COSTS FOR PROPOSED FIRE STATION
 (In Constant 2005 Dollars)

	Component 2
<u>Capital Costs</u>	
Construction Costs	\$3,100,000
Fire Engine & Ancillary Equipment (1 engine co./paramedic)	400,000
Start-up Costs	<u>127,900</u>
One-time Fire Costs	\$3,627,900
<u>Operations and Maintenance</u>	
Materials and Operations for Station	60,000
Personnel (4 persons @ 24 hours per day/7 days a week)	<u>1,738,202</u>
Annual Recurring Fire Costs	\$1,798,202

Source: Stanley R. Hoffman Associates, Inc.
 City of San Bernardino Fire Department.

TABLE A-8
ARROWHEAD SPRINGS ANNEXATION FISCAL ANALYSIS
CITY OF SAN BERNARDINO
GENERAL FUND NET DEVELOPMENT SERVICES COSTS
(In Constant 2005 Dollars)

Total Development Services Costs		\$4,398,700
	<i>minus</i>	
Development Fees		
On Site Inspection Fees		\$315,000
On Site Plan Check		150,000
Plan Check Fee		340,000
Planning Development Project		168,300
Building Permit Fee		8,000
Plan Review Fee		95,000
Subdivision		98,500
Environmental		<u>25,000</u>
Total One-Time Fees		\$1,199,800
	<i>equals</i>	
Recurring Net Costs		\$3,198,900
Resident Equivalent Population ¹		240,669
Net Cost Factor (per resident equivalent population)		\$13.29

1. The estimated San Bernardino resident equivalent population, which is the City's population and employment weighted at 50%, as shown in Table 4-1.

Source: Stanley R. Hoffman Associates, Inc.

City of San Bernardino, *Fiscal Year 2004-2005 Budget*.

TABLE A-9
ARROWHEAD SPRINGS ANNEXATION FISCAL ANALYSIS
CITY OF SAN BERNARDINO
GENERAL FUND NET FACILITIES MANAGEMENT COSTS
(In Constant 2005 Dollars)

Total Facilities Management Costs		\$3,980,800
	<i>minus</i>	
Permits		
Mechanical Permits		<u>270,000</u>
Total One-Time Fees		\$270,000
	<i>equals</i>	
Recurring Net Costs		\$3,710,800
 Resident Equivalent Population ¹		 240,669
Net Cost Factor (per resident equivalent population)		\$15.42

1. The estimated San Bernardino resident equivalent population, which is the City's population and employment weighted at 50%, as shown in Table 4-1.

Source: Stanley R. Hoffman Associates, Inc.
City of San Bernardino, *Fiscal Year 2004-2005 Budget*.

TABLE A-10
 ARROWHEAD SPRINGS ANNEXATION FISCAL ANALYSIS
 CITY OF SAN BERNARDINO
 SUMMARY OF GENERAL FUND TRANSFERS OUT TO OTHER FUNDS, 2004-2005

Transfer Out	Total
Animal Control Fund	\$371,800
CATV Fund	401,900
Library Fund	2,314,300
Baseball Stadium	191,800
Refuse Fund for Street Sweeping	65,000
Total Transfers Out	\$3,344,800

Source: Stanley R. Hoffman Associates, Inc.
 City of San Bernardino *Fiscal Year 2004-2005 Budget.*

APPENDIX B -
PERSONS and AGENCIES CONTACTED

American Development Group
Thomas Thornburgh
(909) 875-1400

Paul Biermanlytle
(909) 875-1400

City of San Bernardino
Development Services
James Funk, Director of Development Services
(909) 384-5357

Finance
Barbara Pachon, Finance Director
(909) 394-5043

Finance
Rita Shirley-West, Deputy Director of Finance/Budget Manager
(909) 384-5144

Fire Department
Doug Dupree, Fire Chief
(909) 384-5388

San Bernardino Auditor/Controller-Recorder
Bob Wright
(909) 386-8829

Rose Ann Trujillo
(909) 386-8977

San Bernardino Chief Administrative Office
Wayne Thies
(909) 387-5409

The Planning Center
Brian James, Project Manager
(714) 966-9220



OFFICE OF THE CITY MANAGER
FREDERICK A. WILSON - CITY MANAGER

300 North "D" Street • San Bernardino • CA 92418-0001
909.384.5122 • Fax: 909.384.5138
www.sbcity.org

September 8, 2006

RECEIVED
SEP 08 2006

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

LAFCO
San Bernardino County

Re: Response to DRC findings letter relative to the proposed Sphere and Annexation proposals of the Arrowhead Springs area (LAFCOs 3053/3050 Respectively), dated August 17, 2006.

Dear Ms. Rollings-McDonald:

The following are the City of San Bernardino's responses to the questions outlined in your letter dated August 17, 2006, relative to the above referenced proposal:

1. The City concurs with the proposed language, subject to the following minor modification:

"In the event that a court of competent jurisdiction invalidates the annexation of any of the properties for any reason, after all appeals have been exhausted, the City of San Bernardino shall...." (rest of the language to remain as proposed in your letter, added language underlined).

2. Arrowhead Development Group (ADG) proposes to create planning areas to support the land uses outlined in the Arrowhead Springs Specific Plan. Arrowhead Water & Power (AWP) will oversee maintenance responsibilities for the entire Project, and homeowner/property owner associations and/or landscape and lighting maintenance districts will be established concurrently with development of the planning areas.

Generally speaking, the homeowner/property owner associations will be responsible for the maintenance of private facilities within the planning areas such as landscaping, community facilities, open space, and private streets and parking areas. Private facilities held in common ownership such as drainage facilities and project lighting will be included in landscape and lighting maintenance districts, maintained by the City. Any public facilities will be the direct responsibility of the City of San Bernardino.

CITY OF SAN BERNARDINO

ADOPTED SHARED VALUES: Integrity • Accountability • Respect for Human Dignity • Honesty

ADG anticipates that the project will proceed as shown on the Phased Development Plan (Figure 7.1), however, the Specific Plan notes that market factors may affect the actual development phasing. However, the Specific Plan requires that each phase include the entire infrastructure necessary to support the proposed development, consistent with City of San Bernardino development standards. Since no tentative tract map or development permit applications have been submitted at this time, the details of the maintenance programs and responsibilities have not been determined.

3. The historic Arrowhead Springs Hotel and surrounding areas have been self-sufficient for both water and wastewater services throughout the time the current property owner has used the property, over 50 years. The property has its own wells, which supplied the domestic and irrigation water and continues to do so to the present date and its own wastewater system. Both systems were private, and operated independently from City or County services.
 - a. When American Development Group first approached the City with a conceptual proposal for the Arrowhead Springs Specific Plan, there were numerous discussions as to whether to continue with private water and wastewater facilities, or to provide these services and facilities through the City of San Bernardino Municipal Water Department. Please refer to the attached memorandum from Stacey Aldstadt, General Manager of this department. Ultimately, ADG elected to continue with private water and wastewater facilities. A new water facilities plan has been designed for the project, which is designed to meet the California Department of Corporation Commissioners requirements for distribution of water services. A Water Supply Assessment has been prepared in order to meet statutory requirements for the delivery of water services. In addition, the use of a wastewater package plant on the property makes use of state-of-the-art design for the management of wastewater generated by the property.
 - b. The Arrowhead Water and Power Company will not be providing any domestic water, wastewater or irrigation water services. Del Rosa Mutual Water Company will provide domestic water and wastewater serviced and the West Twin Creek Water Company will provide irrigation and fire protection water services. Both entities will contract with the Arrowhead Water and Power Company for staffing and management personnel. Arrowhead Water and Power Company will be under the direction of the respective Mutual Boards of Directors and be responsible only to these Boards. The Boards of Directors will be shareholders of their respective Mutuals and be elected by the total shareholders of the respective Mutuals.
 - c. A copy of the Water Supply Assessment is attached. The "Mutual Water Company Application to Issue Securities" has not been completed at this time.

4. Both parcels in question, the Arrowhead Puritas property (APN 0270-011-01) and the parcel at the southern boundary of the annexation area (APN 0270-111-01) were pre-zoned by the Arrowhead Springs Specific Plan, approved by the Mayor and Common Council on November 1, 2005. The Specific Plan designates the Arrowhead Puritas parcel RL (Residential Low). The southerly parcel is designated RM-AV (Residential Medium – Attached Village) by the Specific Plan, and was previously pre-zoned RL (Residential Low) by the 1989 General Plan Update.
 - a. The requested document is enclosed.
 - b. The requested document is enclosed.
 - c. A potential Development Agreement was included as part of the project description for CEQA purposes. No Development Agreement has been submitted to the City at this time and American Development Group has indicated that they may not wish to proceed with a Development Agreement. A Development Agreement is not required by the City in order for this project to proceed.
5. Your comment is noted.
 - a. Due to pending litigation with the Center for Biological Diversity, the City will defer any comments to their letter at this time.
 - b. Other than the six island annexations pending, the City is committed to the following schedule of the remaining five islands as follows:
 1. Application for Annexation (Reorganization) for 2 of the islands will be filed with LAFCO on or before January 31, 2007.
 2. Application for Annexation (Reorganization) for the remaining 3 islands will be filed with LAFCO on or before January 31, 2008.

If AB 2223 becomes law, the applications will be filed pursuant to the Government Code sections amended by the bill. Otherwise, the applications will be filed under the normal process for inhabited and/or uninhabited annexations and subject to registered voter and/or property owner approval.

Thank you for the opportunity to provide this clarification. The City of San Bernardino looks forward to completing this annexation process and implementation of the Arrowhead Springs Specific Plan. Please contact my office at 909.384.5111, or Laszlo "Les" Fogassy, Real Property Supervisor, at 909.384.5026 if you need additional information.

Sincerely,



Fred Wilson,
City Manager

cc: Thomas Thornburgh, American Development Group
John C. Nolan, Gresham Savage Nolan & Tilden
Stacey Aldstadt, General Manager, City of San Bernardino Municipal Water
Department
Valerie Ross, Development Services Director
Henry Empeño, Senior Deputy City Attorney
Emil Marzullo, Economic and Community Development Advisor to the Mayor
Laszlo 'Les' Fogassy, Real property Supervisor

Fogassy_Le

From: Aldstadt_St
Sent: Thursday, September 07, 2006 5:31 PM
: Ross_Va
Cc: Fogassy_Le
Subject: LAFCO Arrowhead Springs Annexation

Valerie,

In response to the query raised in LAFCO's letter, dated August 17, 2006, the following is the detailed explanation of the infrastructure requirements necessary to serve the Arrowhead Springs development.

First, when this issue was first broached with the Department, Tom Thornburg met with Bernie Kersey, the prior General Manager, and the costs were analyzed by our then-current Water Utility director. That individual has since retired from the Department, as has Mr. Kersey. To some extent, then, the Department has had to recreate the analysis. Second, you should be aware that the Department provided Mr. Thornburg with a letter to the effect that the preliminary analysis indicated that it would be cost prohibitive for the Department to fund and build the infrastructure necessary to serve water to Arrowhead Springs. I believe that is the basis for the assertion by Arrowhead Springs that there would be "significant capital outlay" and that the mutual water company would be more cost effective. The Department has no opinion as to the relative merits of the mutual water company.

In analyzing the issue, my staff reviewed the water demands projected by the Arrowhead Springs Specific Plan. Total domestic demands were projected at 4.1 million gallons per day (mgd). Golf course irrigation demands were projected at 0.7 mgd and other, miscellaneous irrigation demands were projected at 1.1 mgd, for a total project demand of 5.9 mgd, based on a maximum demand day.

This demand would require significant infrastructure improvements, including several pumping stations, a 20" transmission main (12,000 lf), three domestic wells for supply, and a raw water transmission main for moving untreated water to the treatment plant. Additional treatment for volatile organic compounds would be necessary, as supply would need to be drawn from the robust portion of the aquifer, which is located in the southern end of the basin and which is contaminated by VOCs. A 6.3 mg storage reservoir would be required at the 2160 (new) elevation, an 800,000 gallon reservoir would be required at the 2480 (new) elevation and another 290,000 gallon reservoir would be required at the 2840 (new) elevation.

We are estimating these improvements in the range between \$35-\$40 million dollars. The Board of Water Commissioners just completed a ten-year capital improvement plan and a corresponding financial plan (with resulting rate increase) to fund the capital improvements in the 10-year plan. The infrastructure improvements necessary to serve Arrowhead Springs were not included in that plan and no financing exists to fund those improvements.

In addition to the capital requirements, there are several jurisdictional issues involved in drilling new supply wells, which would require significant negotiations with neighboring water agencies, because of the overlying management zone imposed by the consent decree with the United States government.

I hope this is helpful in addressing LAFCO's concerns. If you need any additional information, please do not hesitate to ask.

Stacey R. Aldstadt
General Manager
City of San Bernardino Municipal
Water Department
(909) 384-5091
(909) 384-5215 fax

9/08/2006



**DEL ROSA MUTUAL WATER COMPANY
and
WEST TWIN CREEK WATER COMPANY**

WATER SUPPLY ASSESSMENT

For

ARROWHEAD SPRINGS DEVELOPMENT

**February, 2005
Revised: March, 2005
Revised: 5/13/2005**

Prepared By:

**DEL ROSA MUTUAL WATER COMPANY
AND
WEST TWIN CREEK WATER COMPANY**

24600 Arrowhead Springs Road
San Bernardino, CA 92414
Telephone: (909) 875-1400



SB 610 PUBLIC WATER SUPPLIER CERTIFICATION

The Del Rosa Mutual Water Company (DRMWC) is the agency responsible for retail domestic water supply and the West Twin Creek Water Company (WTCWC) is the agency responsible for the irrigation water supply to the proposed Arrowhead Springs Development (Project). We have prepared the attached Water Supply Assessment for the subject project as required by Sections 10901 through Section 10915 of the State Water Code.

Based on this assessment, we certify that the information and findings including therein fairly represent the DRMWC's and WTCWC's ability to meet the long-term water supply requirements of the DRMWC, including build-out of the Project. There is sufficient water available to meet the demands of the DRMWC at build-out, through normal, dry and multiple dry years through the year 2025. The water supply capabilities and enhancements that would apply to the Project are documented for in the "Domestic Water, Irrigation Water, Wastewater and Recycled Water Facility Plan for Arrowhead Springs Property", dated August 2004, and the attached Water Supply Assessment.

This Certification is based upon data maintained by the Del Rosa Mutual Water Company, West Twin Creek Water Company, San Bernardino Valley Municipal Water District, San Bernardino County Flood Control District and California Department of water Resources.

This certification does not guarantee that water will be available on a constant basis as supply is subject to emergencies, natural disasters and other events not under the control of the DRMWC or the WTCWC. Water service is also subject to payment of applicable fees and completion of certain improvements, which may be determined to apply to the Project.

This certification is non-transferable and expires upon termination of the Specific Plan, Parcel Map or Tentative Map. This Certification is non-binding during a declared water shortage or emergency.

Michael Groves, Vice President
Del Rosa Mutual Water Company

Date of Approval

Michael Groves, Vice President
West Twin Creek Water Company

Date of Approval



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SECTION I

INTRODUCTION

1.01 Introduction

The Arrowhead Springs Development (Project) will be planned through a Specific Plan, which will be processed through the City of San Bernardino. The proposed Project is located partially within the City of San Bernardino, San Bernardino County. The total project encompasses about 1,916 acres, of which 1,400 acres is devoted to Open Space/Watershed Property. The balance of the property, 506 acres will contain the existing Arrowhead Springs Hotel and proposed development area. The development area will contain a Conference Center, Spa-Health Club and Swimming Pool, Residential areas, 18-hole championship sized golf course, International Hotel, Corporate Office Complex, and a Shopping Complex. The Project is located in the foothills of the San Bernardino Mountains at the mouth of Waterman Canyon.

The City of San Bernardino is responsible for the preparation of the Environmental Impact Report (EIR). The EIR includes an assessment of utilities, including water supply. Recent legislation, Senate Bills 221 and 610, effective January 2002, requires that a Water Supply Assessment be prepared to document the sufficiency of an available water supply for the water supplier and the Project. There exist on the property, the Del Rosa Mutual Water Company (Company), which has the powers to serve domestic water and wastewater services and this Company will be the providing agency. The West Twin Creek Water Company is also existing and on the property and will be providing the irrigation water to the Project. The new law requires that a water provider furnish substantial evidence that water supplies are available to meet the demands of new and existing customers, through normal, single dry and multiple dry years for a 20-year period. There will be a holding Company for the DRMWC and the WTCWC called the Arrowhead Springs Water And Power Company. This holding company will supply the water for heating and related purposes. The holding Company is owned wholly by the Project.

The Del Rosa Mutual Water Company has not prepared and adopted an "Urban Water Management Plan" as required by law since the Company is not providing domestic water at this time. When domestic service commences, an Urban Water Management Plan will be prepared and filed with the State of California.

The Del Rosa Mutual Water Company will provide domestic water service to the Project and no one else except for the City of San Bernardino who currently owns 583 shares. The balance of the shares, are currently owned by the Project and they will be issued to the new customers in the Project as they become active. The Project is in control of and owns all of the shares of stock in the West Twin Creek Water Company and shares will be distributed to irrigation customers.

Contained in this report is a discussion on existing Company water demands, projected Company water demands, entitlements, and existing supplies needed to meet future demands. In addition, the report includes a discussion of the reliability of each water supply. Lastly, the report includes a conclusion of the Water Supply Assessment, a list of reference material and an appendix.

SECTION 2

WATER DEMAND, SUPPLIES AND PROJECT INFRASTRUCTURE

2.01 Population and Water Demand

Currently, the Project area has a skeleton crew to maintain the properties along with offices for the firms who are leading the development process for the property owners. Water is being supplied to the Project area through a Water Permit from the County of San Bernardino, Department of Environmental Health. The growth of the Del Rosa Mutual Water Company and West Twin Creek Water Company will be in direct response to the development area of the project.

The water use at the present time is for three purposes: Domestic use, irrigation and heating from the geo-thermal wells on the property. During the calendar years 2001, 2002 and 2003, the average use, for these three purposes are: Domestic-81.27 acre-feet; Irrigation-1,768.33 acre-feet; Heating from geo-thermal wells-28.57 acre-feet. It is planned that the water currently being utilized for irrigation by the Del Rosa Mutual Water Company will be converted to Domestic use. The geo-thermal wells will be continued to be used for on-site heating of structures as it has been for many years and irrigation water will be developed by the West Twin Creek Water Company from West Twin Creek surface water sources, recycled wastewater and wells on and off the property.

The population and water requirements will be in direct response to the development of the Project area. There will be a mixture of land uses where there will be a permanent population and most important, a transient population using the hotels and short term housing. So as to not distort the population demand for water, the projected population will be shown along with equivalent dwelling units (EDU's) will be shown over the 20-year projected water use period. The current projection for build-out of the project is a 10-year period. This is a projection only and is subject to future economic and marketing conditions as the Project goes forward.

Table 2-1 shows the development of the project along with projected population and the EDU's that will be developed over the next 20-year period. The requirements for Domestic and Irrigation water will be shown. The geo-thermal well requirement will remain constant; however, the development of future geo-thermal wells remains a probability to reduce the requirement for other energy requirements for heating and probably for cooling.

**TABLE 2-1
POPULATION AND WATER DEMAND**

Year	Population	EDU's	Domestic	Irrigation	Heating	Total
2005	25	N/A	82	1,750	29	1,861
2010	1,920	1,280	918	1,000	29	1,947
2015	3,450	2,405	1,724	1,521	29	3,274
2020	3,962	2,781	1,993	2,042	29	4,064
2025	3,962	2,781	1,993	2,042	29	4,064

Note: All quantities of water shown in acre-feet

All of the wastewater generated on the Project will be treated on the Project to meet Title 22 standards, recycled and used for irrigation purposes. The estimated quantity of wastewater at the build out of the project is 977 acre-feet per year. Irrigation water will be provided by the West Twin Creek Water Company, a Mutual Water Company. It will be sourced from recycled water from the wastewater treatment plant, from West Twin Creek, and supplemental wells. There is a warm water well known as the "Steam Cave Well" which will be utilized for irrigating a fuel break area separating the mountain brush area from the Project. Del Rosa Mutual Water Company will provide the wastewater services and after treatment, the recycled water will be transferred to the West Twin Creek Water Company.

The Arrowhead Springs Development water demands are shown in Table 2-2. The average annual domestic demand is 1,779,370 gallons per day or 1,993 acre-feet per year. The maximum day demand is 3.56 mgd and the peak hour demand is 7.17 mgd. The irrigation demand is estimated at 3.308 mgd during the peak month of July and the annual requirement is 2,030 acre-feet.

**TABLE 2-2
ARROWHEAD SPRINGS DEVELOPMENT WATER DEMANDS**

Annual Demand	
Domestic (DRMWC)	1,993 Acre-Feet
Irrigation (WTCWC)	2,042 Acre Feet
Heating	29 Acre-Feet
Daily Domestic Demands	
Average Daily Demand	1.78 MGD
Maximum Day Demand	3.56 MGD
Peak Hour Demand	7.17 MGD

2.02 Water Rights

The Arrowhead Springs Development project is located just northerly of the northerly line of the adjudication of the San Bernardino Basin through the "Orange County Water District vs. City of Chino, et al. Case No. 117628 Settlement Documents" and the physical solutions to this case are set forth in the "Western Municipal Water District vs.

East San Bernardino County Water District et al. Case No. 78426 of the County of Riverside.

The present owner, Campus Crusade For Christ has acquired the Carpenter Right in East Twin Creek, the majority of shares in the Del Rosa Mutual Water Company and all shares in the West Twin Creek Water Company (Waterman Canyon Creek). The City of San Bernardino has 581 Shares in Del Rosa Mutual Water Company. The two mutual water companies have been diverting water from these sources long before December 19, 1914, when the State Water Commission Act became effective and the appropriators of surface waters were required to use the application, permit and license process. All prior appropriators were not required to use this new process. These are generally known as the pre-1914 rights.

A Special Use Permit was issued by the United States Department of Agriculture, Forest Service, which covers 0.05 acres of land and 0.13 miles of pipeline issued for the purpose of "maintaining a water transmission conduit, intake dam, service trail and other appurtenances to convey water from Coldwater Creek to Permittee's private land". The Special use permit pertains to a portion of the SW1/4 of the SE1/4 of Section 1. T1N, R4W and is dated June 1976. The permit supersedes a Special Use Permit designated: "Campus Crusade for Christ, Water Transmission."

The waters have been significantly utilized by means of a dam located in the Coldwater Creek (a tributary of East Twin Creek), which diverts water from Coldwater Canyon to the Arrowhead Springs property through a pipeline. This source of water served the historic Arrowhead Springs Hotel, outbuildings and grounds for many years prior to 1914 and stopped using domestic water from that source when the State Health Department required treatment. Irrigation water continued to be supplied and continues to be supplied from that source today. This water source, is planned to be diverted to a new water treatment plant.

The Judgment in Case 31798 states that all lands of Arrowhead Springs Corporation, Ltd., "are contiguous and, except such portions thereof as lie outside of the watershed of East Twin Creek, are bordering on and have access to, and are riparian to said East Twin Creek...". East Twin Creek as defined in the Judgment includes such principal tributaries as Strawberry Creek, Coldwater Creek, Hot Springs Creek and other unnamed tributaries and springs.

In accordance with information furnished by Ham Hall (1888, p 317) and Scott 77-398, Del Rosa Mutual Water Company posses a pre-1914 right. The water, by virtue of Judgment 31798, October 19, 1931, also has adjudicated rights. Del Rosa Mutual, in addition to diverting water, extracted from ground water supplies. When Del Rosa Mutual Water Company was transferred to Mr. Warner Hodgden, East San Bernardino kept and maintained the Del Rosa Mutual well, except the well on the water company's property at its intake.

During the period that East San Bernardino County Water District (District) owned shares in both West Twin Creek Water Company and Del Rosa Mutual Water Company, District allowed the surface water not used for irrigation in the two Mutual Water Companies to flow into the East Twin Creek Spreading grounds below 40th Street to recharge the groundwater basin for later recovery. Water not diverted from West and East Twin Creeks was allowed to flow downstream where it was percolated into the San Bernardino or Bunker Hill Basin for later recovery by District, who claimed that portion of the water right through its proportionate share of stock ownership. Today, District owns no stock in either West Twin Creek Water Company or Del Rosa Mutual Water Company.

There are a four decreed water rights in Waterman Canyon, upstream from the Arrowhead Springs Property in the June 14, 1894 Judgment. These rights are:

M.E. Benson, West Twin Creek, 10 inches, 15 acres
G.P. Thomas, Cold Creek, 8 inches, 12 acres
C.L. Embry, Cold Creek, 8 inches, 12 acres
Milton Vale, West Twin Creek, 8 inches, 5 acres

Use of the, above described, water was confined to certain acreages of apple orchards and incidental domestic use by the above users.

Sather Banking Co., West Twin Creek, 4 inches, not restricted was confined to domestic, sanitarium, stock watering, bathing and ornamental uses on the Waterman Ranch, which was and is a part of the Arrowhead Springs Hotel Property. The Judgment also decreed this company with this use of the stream flow for bottled water.

West Twin Creek Water Company., West Twin Creek-Unlimited. This Company was decreed the right to use all of the water of West Twin Creek after the above-mentioned uses were satisfied.

Arrowhead Reservoir and Power Company, West Twin Creek, 1 inch, Water Trough, probably at the old Lower Toll House where Waterman Canyon Road first crossed Waterman Creek.

The rights shown above substantiate that the Arrowhead Springs Development Project controls the water in West Twin Creek (Waterman Canyon) and East twin Creek through the ownership of the Stock in West Twin Creek Water Company, Del Rosa Mutual Water Company and rights obtained through the ownership of the property.

It will be the duty of West Twin Creek to patrol the upper reaches of Waterman Canyon Creek to see that, except by the aforementioned water right holders, no water is taken from the stream

2.03 Existing Water Supply

Currently, the water supply to the Project area is from a private, single owner water system under permit from the County of San Bernardino, Department of Environmental Health. The Domestic Water supply is from wells constructed on the Project property. Irrigation water is from surface water supplies in Coldwater Canyon and East and West Twin Creeks. Water is produced from geo-thermal wells for use in heating the Hotel, supporting structures and swimming pool. A listing of the Domestic, Heating and Irrigation water supplies are shown separately in Tables 2-3 through Table 2-5 below:

TABLE 2-3

EXISTING DOMESTIC WATER SUPPLY

All quantities shown in acre-feet

Well Name	2001	2002	2003
Rods' Well	6.2	5.8	4.9
Football Field	4.5	4.3	4.1
Rowan Well	58.0	55.0	51.0
Strawberry Creek Well	<u>17.6</u>	<u>17.3</u>	<u>17.1</u>
TOTAL	86.3	82.4	77.1

TABLE 2-4

EXISTING GEO-THERMAL WATER SUPPLY

All quantities shown in acre-feet

Well Name	2001	2002	2003
Hot Well	11.3	11.4	11.5
Geo Mud Bath Well	<u>17.4</u>	<u>17.1</u>	<u>17.0</u>
TOTAL	28.7	28.4	28.5

TABLE 2-5

EXISTING IRRIGATION SUPPLY

All quantities shown in acre-feet

Source Name	2001	2002	2003
Del Rosa Mutual	1,735	1,785	1,785

2.04 Groundwater

The domestic water for the Project area is from wells constructed in the boundaries of the site. These wells are relatively shallow and are constructed into the fractured rock underlying the soil mantle. The wells are low producers but are capable of furnishing the needed supply at this time. Domestic water production from these wells for the Project will not meet State Health Department regulations and the supply must be from other sources.

The Del Rosa Mutual Water Company existing service area encompasses parts of the San Bernardino Basin which overlays significant groundwater basins where the mutual has produced water in the past. The East Twin Creek Spreading Grounds lies over the San Bernardino Basin where the water not diverted for either domestic or irrigation uses will percolate into the basin. New wells constructed by Del Rosa Mutual Water Company will recover these percolated flows to provide water to the Project.

2.05 Imported Water

The Del Rosa Mutual Water Company's existing service area is within the San Bernardino Valley Municipal Water District who was formed to be the distributor of State Project Water in the area. The district has contracted with the State of California for 102,600 acre-feet of State Project Water annually.

The San Bernardino Valley Municipal Water District has constructed the "Foothill Feeder" pipeline to provide water to the easterly part of the San Bernardino Valley. The San Gorgonio Pass Water Agency contracted for capacity in this pipeline for the transport of State Project Water to their agency. This pipeline is located southerly of the Project and discussions may be held between the Project owners and the San Bernardino Valley Municipal Water District regarding any future connections, if needed.

2.06 Recycled Water

The Arrowhead Springs Development Project plans to construct a Wastewater Treatment Plant, which will treat all of the wastewater to meet Title 22, California Administrative Code and utilize all of the effluent for irrigation purposes in accordance with the regulations of the State Department of Public Health, Drinking Water Division. The use of the effluent will be in locations where runoff will not reach waterways of the United States, but remain within the project area. It is presently projected that 977 acre-feet per year of recycled water will be available when the Project is completed and occupied.

2.07 Project Demands and Supplies

The Del Rosa Mutual Water Company and West Twin Creek Water Company have rights to develop additional water and will require the developer to pay impact fees and/or construct infrastructure to develop local water to meet the Project demands. To serve the Arrowhead Springs Development, new facilities are required for water service. To serve

the Project, The "Domestic Water, Irrigation Water, Wastewater and Recycled Water Facility Plan for Arrowhead Springs Property, Dated August, 2004" was prepared to determine the water demands and facilities to serve the Project.

Facility improvements required to serve the Arrowhead Springs Development Project are:

Domestic Water

- Two or more vertical wells constructed in the San Bernardino Basin
- 0.5 MGD surface water treatment plant
- 1.0 MGD surface water treatment plant
- Two-0.75 MG reservoirs
- One 3.20 MG reservoir
- One 0.50 MG reservoir
- One 3,800 GPM booster station
- One 3,500 GPM booster station
- One 500 GPM booster station
- One 200 GPM booster station
- Pipelines ranging in size from 18-inch to 8-inch in diameter
- Appurtenances such as pressure regulators, fire hydrants, blow-offs, air & vacuum assemblies and metered water services and other accessories.

Irrigation Water:

- Construction of a new weir in West Twin Creek (now Waterman Canyon Creek) and contract with the USGS to measure the flows passing the weir.
- Re-construct a water intake above the new measuring weir to divert flows during periods when water is flowing in the stream for irrigation use.
- Install a pump in the Steam Cave Well to discharge water to reservoir(s) providing water to the fuel break area.
- Construct a series of reservoirs to receive irrigation water to provide irrigation service to the area.
- Provide a network of pipeline of various sizes to convey the irrigation water to the reservoirs and point of use for the various irrigation water users.
- Construct booster stations at needed locations to move the irrigation water to the reservoirs for use.
- Construct an interconnection with the Del Rosa Mutual Water Company recycled water pipeline to receive and integrate the recycled water into the West Twin Creek Water Company Irrigation System.

The Del Rosa Mutual Water Company and West Twin Creek Water Company will both need to realign the service areas for each company. The final realignment will include the boundary of the lands within the Arrowhead Springs Development, including the watershed lands and offsite facilities. This will be included with the petition to activate any necessary functions such as domestic water and wastewater services on the project.

SECTION 3

RELIABILITY OF WATER SUPPLIES

3.01 General

The Del Rosa Mutual Water Company, the West Twin Creek Water Company and the region are facing increasing challenges and opportunities in its role as stewards of water resources in the region. Each water basin and drainage area from which water is acquired has unique challenges. Each area is described below:

3.01.A San Bernardino Basin

The Del Rosa Mutual Water Company and the West Twin Creek Water Company plans to extract water from the San Bernardino Basin in a quantity matching the amount percolated from waters discharged from West and East Twin Creeks and percolated into the San Bernardino Basin at the East Twin Creek Settling Basins, owned and operated by the San Bernardino County Flood Control District. The Company will be working in cooperation with the water management agencies within the San Bernardino Basin to achieve water supply reliability, water quality and watershed management goals for the Santa Ana River Watershed.

The Southern California region faces a challenge between satisfying its water requirements and securing its firm water supplies. Increased environmental regulations and collaborative competition for water outside the region have resulted in reduced supplies of imported water. Continued population and economic growth increases the water demand within the region, putting even a larger burden on local supplies.

Within the San Bernardino Basin, there are four areas of pollution of the groundwater: (1) Lockheed Perchlorate/VOC Plume; (2) Norton Air Force VOC Plume; (3) Santa Fe RXR VOC Plume; and, (4) the Camp Ono/Newmark Plume. The Santa Ana Regional Water Quality Control Board is working with the polluters to clean up these plumes. The City of San Bernardino is working on a proposed Consent Decree in *City of San Bernardino vs. United States of America*, C.D. Cal. Case No. CV 96-8867 (MRP); *State of California, on behalf of the Department of Toxic Substances Control vs. United States of America*, C.D. Cal. Case No. CV 96-5205 (MRP) (Consolidated), with the Environmental Protection Agency. A Management Zone is proposed in the San Bernardino Basin, which includes areas of controlled water extraction and water spreading. The spreading of the West and East Twin Creeks water in the East Twin Creek Spreading Ponds is within the management zone for water spreading. The construction of proposed wells will be outside the Management Zone. The wells will be across gradient from the Camp Ono/Newmark Plume, which concerns the Management Zone. The Del Rosa Mutual Water Company and West Twin Creek Water Company

will be working with the Management Zone, Water Purveyors, San Bernardino Valley Municipal Water District, Regional Water Quality Control Board and other interested agencies to insure the Stockholders, who are also water users, of a continued supply of potable water.

The San Bernardino Basin has a safe yield of 232,100 acre-feet of water annually (Western-San Bernardino Watermaster Reports, Western Municipal Water District et al. vs. East San Bernardino County Water District et al. Case No. 78426, County of Riverside). Based on subsequent Watermaster Reports, there has not been an overdraft of the basin. In fact, there has been high groundwater in the basin during the present drought and water has been pumped from the basin to relieve this high groundwater condition. Water will be percolated into the San Bernardino Basin, primarily the Bunker Hill A Groundwater Management Zone. The percolated water will come from the flows in East Twin Creek and West Twin Creek (Waterman Canyon Creek after diversions upstream from the percolation ponds southerly of 40th Street. Water will be measured below any diversions in both West Twin Creek and East Twin Creek and records maintained. The long-term flows will be accumulated and any water pumped will be debited against any water percolated.

3.01.B East Twin Creek Watershed

The East Twin Creek Watershed includes the drainages of Strawberry Creek, Coldwater Creek and unnamed streams making up East Twin Creek. Much of the watershed is within the area as noted on the Project Plan described as "Open Space/Watershed" and is approximately 1,400 acres in size. The balance of the watershed is within U.S. Forest Service Property without human occupancy

Water has been diverted from Coldwater Canyon for many years and provided the domestic water for the hotels and out-buildings until the State adopted the "Surface Water Rule" which requires treatment and disinfection prior to use as drinking water. Prior to the final determination of treatment, a Watershed Sanitary Survey must be completed and approved by the Drinking Water Division of the State Health Department. Because of the pristine condition of this watershed, it is anticipated that treatment will be such that it will be economical to construct such plant(s).

The one problem that may arise is wildfires. After wildfires, deleterious material can enter the water supply making treatment harder. The turbidity of the influent will be monitored and the water returned to the streambed until the turbidity reduces to a level compatible with the treatment process. The intake will be high in the watershed, off the property on Forest Service lands, where turbidity increases will be minimal and historical diversions have shown that the surface water is most reliable.

The Metropolitan Water District of Southern California (MWD) installed a pipeline across East Twin Creek and constructed a tunnel through Harrison Mountain for delivery of State Water. The tunnel has been constructed with concrete plates and the annulus between the concrete liner and the tunnel wall has been grouted solid. During construction of the tunnel, the water is allowed to be discharged outside the tunnel. At this time, we do not know the effects this may have on any wells or springs. The court in the condemnation of the right-of-way has retained jurisdiction in this matter and a monitoring program has been set up and the results given to the judge in this matter. Until a determination on the effects of the tunnel is made, MWD will remain a defendant and will be required to make good any damages.

Water from the East Twin Creek is not a constant flow but will vary during the year and from year to year. By percolating water into the San Bernardino Basin and pumping out a like amount as needed, a reserve amount will be maintained so the highs and lows of the surface water flow will be evened out over time.

The long-term average (78 years) has averaged 4,262 acre-feet per year. The listing of the recorded flows from 1921 through 1998 is attached in the appendix.

3.01.C West Twin Creek (Waterman Canyon) Drainage

Within the West Twin Creek Drainage, There is human habitation along the stream in Waterman Canyon and wastewater disposal is by septic tanks and underground disposal. Most likely, the effluent from the underground disposal systems, are intruding into the stream flow. This will deter the diversion of this water and treatment for domestic purposes. For this reason, the West Twin Creek flows will be used for irrigation water to supplement the recycled water from the wastewater treatment plant. Excess flows will be allowed to percolate into the East Twin Creek Spreading Basin for future extraction.

The long-term average (79 years) has averaged 2,491 acre-feet per year. The listing of the recorded flows from 1920 through 1998 is attached in the Appendix.

3.02 Santa Ana Regional Water Quality Control Board

The Santa Ana Regional Water Quality Control Board (SARWQCB) is responsible for the development and enforcement of water quality objectives to meet the requirements of the Federal Clean Water Act, California Porter-Cologne Act and the National Pollution Discharge Elimination System (NPDES).

In 1975, the SARWQCB completed the Water Quality Control Plan for the Upper portion of the Santa Ana Watershed (above Prado Dam). The plan outlines specific water quality management actions to address water quality. These actions include the construction of a large well field and desalters in the lower part of the basin to extract and treat poor quality, the construction of a pipeline to export brines from the upper basin to the ocean,

and the use of large volumes of low total dissolved solids water for groundwater recharge. The desalter water projects provide (through treatment) unusable water to be usable for potable water purposes.

The SARWQCB has been monitoring the cleanup of the plumes of contaminants in the San Bernardino Basin. Contaminated water is being pumped from the basin and treated so it can be used for potable purposes. The with-drawl of this water is slowing the migration of the water and reducing the total amount of contaminated water in the basin. In some cases, the original polluter of the water is paying for the cleanup.

Since 1975, a brine line (Santa Ana Interceptor or SARI line) has been constructed and has been in operation to receive brine and conduct it to the ocean. In addition, the Arlington Desalter removes the salts by reverse osmosis and the resulting brine that is removed is placed in the SARI line. The finished water is of potable quality.

3.03 Santa Ana Watershed Authority

The Santa Ana Watershed Authority (SAWPA) was formed in 1972 as a joint powers agency for the purpose of coordinating regional planning within the Santa Ana Watershed to address water quality and supply improvements. SAWPA is made up of five major water supply and wastewater agencies within the Santa Ana Watershed: Eastern Municipal Water District, Inland Empire Utilities District, Orange County Water District, San Bernardino Valley Municipal Water District and Western Municipal Water District. Since the early 1970's SAWPA has held a key role in the development and update of the Regional Basin Plan for the Santa Ana Regional Water Quality Control Board. SAWPA conducts water related investigations and planning studies and builds facilities needed for regional water supply, wastewater treatment and water quality remediation. Current studies include the Chino Basin Water Management Study, The Colton-Riverside Conjunctive Use Project and an investigation of water quality in Lake Elsinore and studies on the nitrogen and organic carbon levels in the Prado Basin.

To facilitate development of improvements to the local water system, SAWPA adopted an Integrated Resource Plan in June 1998. SAWPA conducted a stakeholder process, which resulted in identifying individual potential projects with a total estimated cost of one billion dollars. The State Water Bond Act (Proposition 13), was approved by voters in March 2000. This act included 235 million dollars to the Southern California Integrated Watershed Program (SCIWP). On July 17, 2000, the State Water Resources Control Board (SWRCB) entered into a memorandum of understanding to set forth general procedures and criteria for selecting projects to be funded by SCIWP for the Santa Ana Watershed. On August 01, 2000, SAWPA approved an Initial Project Priority List of 44 projects with an estimated cost of 689 million dollars, and adopted a policy to ensure that the list is reviewed periodically to provide for timely and cost effective use of the funds.

3.04 San Bernardino Valley Municipal Water District

The San Bernardino Valley Municipal Water District (SBVMWD) was formed for managing the water resources of the San Bernardino Basin and contracting for State Project Water with the State Water Resources Control Board. SBVMWD has contracted for 102,600 acre-feet of State Project Water annually to supplement the natural water supply of the area. SBVMWD has participated with the San Gorgonio Pass Water Agency for capacity in a portion of the pipeline that delivers water to the pass along with additional pipelines in the area to deliver water to local suppliers and area for groundwater recharge.

The SBVMWD and Western Municipal Water District (WMWD) have submitted an application for storm waters stored behind the new Seven Oaks Dam, located near the mouth of the Santa Ana Canyon, controlling waters in the Santa Ana River during storm flows. If successful, the SBVMWD would use 72 percent of the water with WMWD using the other 28 percent (Percentages derived from the 1969 settlement). WMWD is currently reviewing alternatives for taking delivery of the water from Seven Oaks Dam and State Water stored in the San Bernardino Basin via Metropolitan Water District of Southern California. One alternative involves taking delivery of the water from the Bunker Hill Pressure Zone near I-10/I-215 interchange in exchange for Seven Oaks water, from and/or State Project Water being spread in the San Bernardino Basin Area. This alternative would require construction of a pipeline from WMWD to the pressure zone in the Bunker Hill Basin. WMWD has been reviewing alignment alternatives and has tentatively named the pipeline "The Riverside-Corona Feeder". This pipeline could be used by the City of Riverside to obtain more water from the Pressure Zone. This additional production from the Pressure Zone would help the SBVMWD better manage the San Bernardino Basin area. The SBVMWD may be able to save money by participating in the Riverside-Corona Feeder.

The SBVMWD has facilities in place to transport water to the Mouth of the Santa And Canyon and percolate water into the alluvial area of the streambed and have done so in the past.

SBVMWD has been active in the planning for the future facilities and water supplies in the San Bernardino Basin to ensure that a viable supply of water is available for the local water supply agencies.

3.05 San Bernardino Valley Water Conservation District

The San Bernardino Valley Water Conservation District (SBVWCD) was formed to protect and replenish the San Bernardino Groundwater Basin with rainfall and storm-water from the drainage area to the Santa Ana River and Mill Creek in the areas below the mouth of the Santa Ana Canyon. SBVWCD uses a system of percolation ponds and spreading grounds to augment the natural capacity of the region to capture runoff for the recharge of the groundwater basin. SBVWCD promotes water conservation through public education programs.

3.06 City of San Bernardino

The City of San Bernardino (CSB) with the aid of the United States Environmental Protection Agency (EPA) has taken on the task of removing the polluted water from the Camp Ono/Newmark Plume, treating the water to drinking water standards thus slowing or stopping the migration of the plume. The CSB is in the process of completing the "Agreement to Develop and Adopt an Institutional Controls Groundwater Management program," ("Bunker Hill Purveyors Agreement"). A very general location of the "Management Zone" proposed by the CSB is the City Limits line on the North, Mill Street on the South, San Jacinto Fault on the West and Harrison Avenue on the East.

The "Management Area" encompasses that segment of the Arrowhead Springs Development currently within the City Limits of CSB. The "Bunker Hill Purveyors Agreement" will place controls on the development of wells and extraction of water within the Management Zone along with the spreading of water.

Wells proposed by the Arrowhead Springs Development are planned easterly of Harrison Street and are outside the management zone. The spreading and percolation of waters from East and West Twin Creeks into the East Twin Creek Spreading Basin is within the Management Zone.

SECTION 4

WATER SHORTAGE PLANS

4.01 Del Rosa Mutual Water Company Water Shortage Contingency Plan

The Del Rosa Mutual Water Company has not prepared a "Water Shortage Contingency Plan" since it is not yet providing the service of domestic water. During the planning and implementation of the water system and Water Company, the following items are proposed:

- Create and maintain an "Emergency Fund" within the Water Company so monies are available immediately in times of emergency and respond to the emergency so that a wait for funding is not a deterrent.
- Create and maintain a "Contamination Fund" within the Water Company so monies are available to respond to the possibility of contamination reaching water supply points and maintain a drinking water supply.
- Within the operations of the water system, install a SCADA System that will include notification of water company personnel in case of operations or equipment breakdown 24 hours a day so company response is immediate to maintain a constant supply of water. This will include any unauthorized entry into any pumping plant or storage facility of the Water Company. This is done to prevent many of the water outages. There will be earth movement detectors to shut down water storage facilities in case of major earthquakes, saving water in storage for further use.
- Identify alternate sources of water so if an emergency does arrive, the route to follow for additional supplies is set out. Alternatives sources of water would be from additional wells constructed in the San Bernardino Basin and purchase of State Project Water through the San Bernardino Valley Municipal Water District.

Even though not required, West Twin Creek Water Company will prepare a Water Emergency Plan so the company will have direction where to go to develop additional sources of water. Additional water supply could be from the construction of wells in the San Bernardino Basin and the purchase of State Water from the San Bernardino Valley Municipal Water District.

4.02 Water Conservation as a Reliable Water Source

An active water conservation plan and education must be adopted by the Water Company to reduce the wasting of water. During construction of structures on the Project, water saving devices such as low water use toilets, showerheads and faucets that shut off when no one is using the water are large sources of waste.

On-site landscaping should require draught tolerant plants and drip irrigation should be requested by the water company to create a water-wise irrigation program. The Water Company should prepare a "Water Conservation Hints" booklet that would be given to

developers and new owners of property on the Project. Many of these hints are available through the American Water Works Association and other regional water agencies.

The Water Company needs to initiate a "In-Home-Water-Audit" program to review a customer's in-home and landscape water use and habits. The audit can be performed at either the request of the customer or may be suggested by office personnel if a higher than normal water meter reading has been verified. Once an audit has been performed, the Water Company will follow up and check the results of suggestions and recommendations.

4.03 Unaccounted-For-Water

Upon the start of operations, the Water Company must review unaccounted-for-water in the domestic and irrigation water systems. A continuous accounting of the water source production against the water delivered to customers will indicate many cases of wasted water. A new water system should continuously have an unaccounted-for-water amount less than three percent of the water production. After the system has been in operation, the amount should not be greater than five percent.

4.04 Water System Interconnections

The Del Rosa Mutual Water Company and the CSB may wish to implement a connection between the two water systems. The CSB owns shares in the Water Company and their water in accordance with the share ownership could be transferred to them and in case of an emergency in the water company, water from the CSB could be transferred to the domestic water system. Any connection between the two would require an agreement for water rates of flow, quantities and payment of water.

4.05 Reliability Comparison

There has been insufficient water use during the past to compare with the requirements for the Arrowhead Springs Development Project. The project will require 4,064 acre-feet of water per year with a water source operation time not to exceed 18-hours per day. If the water production is needed to operate 24 hours per day, the production would be 4,436 acre-feet per year. This is of course dependent upon the completion of the required capacities for water production.

Table 4-1 shows the water demand in the Del Rosa Mutual Water Company for an average or "normal" water year, a single dry year and multiple dry years. The Metropolitan Water District of Southern California data shows that the San Bernardino area, being a semi-arid region, that during periods of dry weather, will demand approximately eight (8) percent more urban water use than a "normal" weather year.

TABLE 4-1

WATER SUPPLY ASSESSMENT

DEL ROSA MUTAL WATER COMPANY

PROPOSED WATER DEMAND-WATER SUPPLY RELIABILITY

All quantities shown in acre-feet per year

Source Water Supply	Average-Normal Water Year	Single Dry Year	Multiple Dry Years		
			Year 1	Year 2	Year 3
All Sources #	2660	2,660	2,660	2,660	2,660
Total Demand	1,993	2,152	2,152	2,152	2,152
Surplus Supply	667	508	508	508	508

Total demand single and multiple dry years = 1.08

Supply of 3,015 acre-feet of water can be available by pumping wells 24 hours per day

TABLE 4-2

WATER SUPPLY ASSESSMENT

WEST TWIN CREEK WATER COMPANY

PROPOSED WATER DEMAND-WATER SUPPLY RELIABILITY

All Quantities Shown in Acre-Feet per Year

Source Water Supply	Average-Normal Water Year	Single Dry Year	Multiple Dry Years		
			Year 1	Year 2	Year 3
All Sources #	2,240	2,240	2,240	2,240	2,240
Total Demand	2,042	2,205	2,205	2,205	2,025
Surplus Supply	198	35	35	35	35

Total demand single and multiple dry years = 1.08

Supply of 2,257 acre-feet of water can be made available by pumping wells 24 hours per day

TABLE 4-3

WATER SUPPLY SOURCES

WEST TWIN CREEK AND DEL ROSA MUTUAL WATER COMPANY

All quantities shown in acre-feet per year

West Twin Creek Water Company

LOCATION	AMOUNT
Steam Cave Well	13
Recycled Water	977
West Twin Creek	600
San Bernardino Basin Wells	<u>650</u>
TOTAL	2,240

Del Rosa Mutual Water Company

LOCATION	AMOUNT
Coldwater Creek Diversion	536
Strawberry Creek Diversion	1,059
San Bernardino Basin Wells	<u>1,065</u>
TOTAL	2,660

Note: Water source supplies will vary due to actual flows in the respective streams and the changes will be made up from wells in the San Bernardino Basin, pumping water percolated under each company's individual rights.

Hot water will continue to be produced from the Geo Mud Bath and Hot wells as in the past. Water production can be increased in the Hot well and there are other unused geothermal wells in the area, which could be equipped and operated.

SECTION 5

CONCLUSIONS

5.01 General

The Del Rosa Mutual Water Company (DRMWC) and West Twin Creek Water Company (WTCWC) will optimize their water through an integrated resource approach, utilizing available water programs and projects. The DRMWC and WTCWC will receive their water from surface water and groundwater sources; however, wastewater will be recycled to provide a source in-lieu of surface and/or groundwater for irrigation. Complexities and continuing refinement in groundwater management and rights and challenges of imported water reliability make analysis of water demand and supply complicated. This water supply analysis is considered in a point in time when known future projects in concept are yet to be designed. Therefore, water supply assessment should be a part of the on-going planning efforts of the DRMWC and WTCWC to optimize its' water resources program.

4.02 Water Demand

The DRMWC current average water demand over the past three (3) years has averaged about 1,850 acre-feet per year. At build-out of the Arrowhead Springs Development, the project will increase demand on the DRMWC by approximately 144 acre-feet. The WTCWC has been diverting water for the construction of the MWD tunnel and utilizing some supplies for irrigation. There have been no records maintained of the quantities used during this period.

4.03 Water Supply and Demand Projections

Analysis of water demand and supply projections for the DRMWC, and WTCWC, including the Arrowhead Springs Development, demonstrate that projected water supplies could exceed demands through the year 2025. These projections consider land use, water development, conversion projects and water conservation.

The DRMWC has additional opportunities to increase the water supply through the following measures: (1) utilize imported State Project Water from the San Bernardino Valley Municipal Water District; (2) purchase additional water rights if required; and, (3) Continue to percolate the waters from East and West Twin Creeks in East Twin Creek Spreading Basin and maintain accurate records of the quantities percolated for future with-drawl. Collectively, these additional options will enable the DRMWC to increase water supply to exceed now and into the future.

BIBLIOGRAPHY

The following documents were used in conjunction with the San Bernardino Valley Municipal Water District, in preparation of this water supply assessment:

1. Del Rosa Mutual Water Company water production records
2. West Twin Creek Water Company water production records
3. Domestic Water, Irrigation Water, Wastewater and Recycled Water Facility Plan For Arrowhead Property, dated August, 2004
4. USGS stream flow measurements for East Twin Creek and West Twin Creek
5. Water production records at Arrowhead Springs Hotel
6. Settlement Documents, Orange County Water District vs. City of Chino, et al. Case No. 117628, Superior court of the State of California, for the County of Orange
7. Western-San Bernardino Watermaster Western Municipal Water District et al. vs. East San Bernardino County Water District et al., Case No. 78426, County of Riverside, Volume III, Judgment, Related Documents and Annual reports, 2000/01 to present.
8. Santa Ana Watermaster, Orange County Water District vs. City of Chino et al., Case No. 117628, County of Orange, Volume III, Judgment, Related Documents and Annual Reports; 2000/01-present.
9. Water Quality Control Plan, Santa Ana River Basin (8), California Regional Water Quality Control Board, Santa Ana Region.
10. Development and Use of a Mathematical Model of the San Bernardino Valley Groundwater Basin, USGS Open File report 80-576.

**Letter Dated October 5, 2006 from
Mr. Fred Wilson, City Manager,
City of San Bernardino,
Related to Response to Questions of
Staff and Commission and
Submission of Supplemental
Information**

Attachment 4





OFFICE OF THE CITY MANAGER
FREDERICK A. WILSON - CITY MANAGER

300 North "D" Street • San Bernardino • CA 92418-0001
909.384.5122 • Fax: 909.384.5138
www.sbcity.org

October 5, 2006

RECEIVED
OCT 05 2006

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

LAFCO
San Bernardino County

RE: LAFCOs 3053/3050 – Arrowhead Springs Proposal

Dear Ms. Rollings-McDonald:

I would like to thank you and Clark Alsop once again for meeting with us on September 25, 2006, and for your follow-up letter of September 27, 2006. The following are the City of San Bernardino's responses to that letter.

- 1.a. At their meeting of October 2, 2006, the Mayor and Common Council adopted Resolution No. 2006-348, a Resolution of Intention to Make Application to the Local Agency Formation Commission for Annexation of Various County Islands. A copy of the staff report and resolution are attached (Attachment 1).
- 1.b. The City completed a fiscal impact analysis (Attachment 2) that identified the costs to provide services for the island annexations. Based on the financial impacts, the Mayor and Common Council determined that a phased approach would enable the City to provide acceptable levels of service.
2. The transcript of Judge Wade's disposition of the litigation filed by the Center for Biological Diversity is included as Attachment 3. At their meeting of September 25, 2006, the City's Planning Commission reviewed written documentation and oral testimony in support of the golf course, provided by Alfred Gobar Associates. The Planning Commission unanimously recommended adoption of revised Findings of Fact. The Mayor and Common Council reviewed the same written documentation and heard oral testimony in support of the golf course, and considered the Planning Commission recommendation at their meeting of October 2, 2006. The Mayor and Common Council unanimously adopted revised Findings of Fact. Attachment 4 includes the Mayor and Common Council Summary Agenda and staff report for that meeting.

CITY OF SAN BERNARDINO

ADOPTED SHARED VALUES: Integrity • Accountability • Respect for Human Dignity • Honesty

3. A mutual water company is a non-profit corporation owned by its stockholders and has specific powers of service as allowed by the State Corporations Commission.

Mutual water companies are generally formed for securing benefits and diverting and distributing water to their shareholders. The purpose of the mutual water company is to serve and promote the best interests of its shareholders. Mutual water companies typically deliver water to their shareholders under prescribed rules contained in their articles and bylaws.

A mutual water company is organized by compliance with rules and procedures established by the California Corporations Commission. A statutory exemption exists for mutual water companies from regulation by the Public Utilities Commission and is found in Public Utilities Code Section 2705.

Mutual water companies must strictly comply with the requirements of the statutes and therefore may only deliver water to shareholders at cost as provided in Public Utility Code Section 2705 (a). The term cost is defined as "without profit."

Mutual water companies are exempted from regulation by the Public Utilities Commission as noted above. It is the California Corporations Commission that has regulatory authority on the water supply standards necessary to serve the development or subdivision of land that may occur coincident with the approval of the mutual water company. The regulatory authority of any local agency is subordinate to the Corporations Commission as a matter of statewide concern. The design standards for water supply and distribution systems are found in Title 10 section 260.140.71.4 of the California Code of Regulations.

The board of directors for mutual water companies is elected by the shareholders of the mutual water company that are also the customers. The customers are the ratepayers who, in turn, elect the board of directors that establishes the rates to be charged which must be delivered to the customers for cost, meaning without profit as described above.

With respect to the Arrowhead Springs property, in the past the Del Rosa Mutual Water Company has provided irrigation and domestic water supply from the East Twin Creek watershed and from wells that are located in the San Bernardino basin. West Twin Creek Water Company has provided irrigation water for many years from its sources in the West Twin Creek a.k.a. Waterman Canyon Creek. With the increased urbanization of the service areas of the two mutual water companies, shares of both mutual water companies were acquired by various water districts, cities and has now, for the most part, reverted back to the respective mutual water companies as discussed in the reply to 3. b.

- 3.a. Mutual water companies are required to meet minimum standards for domestic water systems as specifically set forth in regulations under Title 22. The design standards for water supply and distribution systems are found in Title 10 section 260.140.71.4 of the

California Code of Regulations. The water services to be provided by both mutual water companies are designed to meet those relevant standards.

By way of clarification the two mutual water companies are 'revising' their respective service area boundaries in order to conform to the boundaries of the Arrowhead Springs Project as described in the Arrowhead Springs Specific Plan. Neither mutual water company will expand their respective service areas.

In addition to the application to the Corporations Commission, American Development Group will prepare and file applications with the State Department of Public Health, Drinking Water Division, for the domestic drinking water permit; the Santa Ana Regional Water Quality Control Board for the wastewater discharge requirements; and the State Department of Public Health, Drinking Water Division, for the recycling of all wastewater effluent. American Development Group is compiling the relevant information for these applications, but they have not been finalized at this time.

3.b. Del Rosa Mutual Water Co.

In December 1901, the individual owners of the water rights of East Twin Creek formed the Del Rosa Water Co., which was incorporated with a capital stock of \$15,000 divided into 150 shares. Each owner conveyed all rights in water, water distribution, and easements to the new company. The company continued to operate the system until January 1922, when it reincorporated under the name of the Del Rosa Mutual Water Co., with a capital stock of \$58,500 divided into 5,850 shares.

The number of shares which are currently outstanding in the Del Rosa Mutual Water Company are 4,310 with 3729 shares held by Campus Crusade For Christ and 581 shares held by the City of San Bernardino Municipal Water Department.

Attachment 5 includes the legal description and map of the Del Rosa Mutual Water Co. proposed service area.

West Twin Creek Water Co.

The owners of the water rights incorporated in August 1891, under the name of the West Twin Creek Water Co. The company then had a capital stock of \$72,000, divided into 720 shares. During recent years all of the stock has gone back to the company.

The number of shares currently held in West Twin Creek Water Company includes the 443 shares held by Campus Crusade for Christ. The company holds the balance of the shares.

American Development Group has indicated that there are no records in the files of the two mutual water companies showing the specific service areas for either Del Rosa or West Twin Creek.

Attachment 6 includes the legal description and map of the West Twin Creek Water Co. proposed service area.

- 3.c. As stated above, the mutual water companies are not requesting an expansion of the service area, rather a 'revision' of the service area. The Corporations Commission is the agency that determines the number of shares which may be authorized for each mutual water company for the water services requested. American Development Group anticipates requesting that the Corporations Commission authorize two shares for each equivalent drinking unit in the event any adjustment is required in the project in the future.
- 3.d. The Corporations Commission requirements include specifically that the water systems facilities for the mutual water companies be adequately sized to provide service to each subdivision lot and/or parcel as may be appropriate. The water facility plan dated May 12, 2005 shows the design for the backbone for that water system has been completed. All water system facilities shall be designed and constructed in accordance with the applicable standards of the American Water Works Association, the State of California and the water system operating entity.

A mutual water company has a number of powers enumerated under statute which can be exercised and these include providing a domestic water, irrigation water, wastewater services and water resource protection and management which would include the spreading the water for later withdrawal, pumping usage.

The wastewater in the Arrowhead Springs Project will be directed to the wastewater treatment facility, which will treat water in compliance with Title 22 requirements for unrestricted irrigation. All of the employees of the domestic water and wastewater system will have certificates as required by state or other applicable law.

As to the ability of the mutual water company to provide wastewater collection and operate a treatment plant Public Utilities Code Section 2705 authorizes the mutual water company to do so:

"2705. Any corporation or association that is organized for the purposes of delivering water to its stockholders and members at cost, including use of works for conserving, treating, and reclaiming water, and that delivers water to no one except its stockholders or members, or to the state or any agency or department thereof, to any city, county, school district, or other public district, or any federal agency that provides fire protection or operates park facilities, or to any other mutual water company, at cost, is not a public utility, and is not subject to the jurisdiction, control or regulation of the commission. However, a mutual water company may perform the following acts without becoming a public utility and becoming subject to the jurisdiction, control or regulation of the commission."

- 3.e. Arrowhead Water & Power will provide heated water sourced from geothermal wells, which are on the Arrowhead Springs property. This water will provide heating and cooling for the commercial buildings as well as the existing hotel, which historically has been heated by a geothermal well.

As stated in a prior reply, the Arrowhead Water and Power Company will not be providing any domestic water, wastewater, or irrigation water services. The plan is for the Del Rosa Mutual Water Company and the West Twin Creek Water Company to contract with Arrowhead Water and Power Company for staffing and management personnel. Arrowhead Water and Power Company will be under the direction of the respective Mutual Boards of Directors and be responsible only to these Boards. The Boards of Directors will be shareholders of their respective Mutual and be elected by the total shareholders of the respective Mutual.

Under this plan, better water and wastewater services can be provided to the project and significant monetary savings can be realized by the assignment of multiple duties to personnel. This will also provide a central point of information which will reduce or eliminate the duplication of services between the multiple services required for a development of this magnitude and maintain continuity within the project.

At our meeting on September 25, 2006 you also had questions about the City of San Bernardino Municipal Water Department's support for a mutual water company. At their meeting of October 3, 2006 the Board of Water Commissioners unanimously supported the City's annexation proposal for the Arrowhead Springs Project, which includes the use of mutual water companies (Attachment 7).

The City of San Bernardino recognizes your responsibilities related to the directives in the Cortese-Knox-Hertzberg Local Government Reorganization Act. We believe that this additional information will address your concerns and we look forward to the Commission meeting of October 18, 2006. Please feel free to contact me if you have any additional questions.

Sincerely,



Fred Wilson
City Manager

cc: Clark Alsop, LAFCO Legal Counsel
Thomas Thornburgh, American Development Group
John C. Nolan, Gresham Savage Nolan & Tilden
Stacey Aldstadt, General Manager, City of San Bernardino Municipal Water Department
Valerie Ross, Development Services Director
Henry Empeño, Senior Deputy City Attorney
Emil Marzullo, Economic and Community Development Advisor to the Mayor

Attachments:

1. Resolution of Intention to Make Application to the Local Agency Formation Commission for Annexation of Various County Islands and Mayor and Common Council Staff Report
2. Fiscal Analysis Report
3. Transcript
4. Mayor and Common Council Summary Agenda and Staff Report
5. Legal description and map of the Del Rosa Mutual Water Co. proposed service area
6. Legal description and map of the West Twin Creek Water Co. proposed service area
7. City of San Bernardino Municipal Water Department, Board of Water Commissioners Staff Report

ATTACHMENT 1

Resolution of Intention to Make Application to the Local Agency Formation
Commission for Annexation of Various County Islands and Mayor and
Common Council Staff Report



CITY OF SAN BERNARDINO - REQUEST FOR COUNCIL ACTION

From: Valerie C. Ross, Director

Subject: Resolution of Intention to Make Application to the Local Agency Formation Commission for Annexation of Various County Islands

Dept: Development Services

Date: September 25, 2006

MCC Date: 10/2/2006

Synopsis of Previous Council Action:

7/10/2006 - Mayor and Council approved Resolution No. 2006-247 authorizing the submittal of an application for the annexation of six areas of unincorporated territories generally lying north of Pacific Street, east of Valencia Avenue, south of Piedmont Drive and west of Victoria Avenue, Annexation No. 361.

1/09/2006 - Mayor and Council approved a Resolution No. 2006-10 authorizing the initiation of Del Rosa area Annexation No. 359

Recommended motion:

Adopt Resolution.



Signature

Contact person: Valerie Ross

Phone: 384-5357

Supporting data attached: Staff Report & Resolution

Ward: 4 & 7

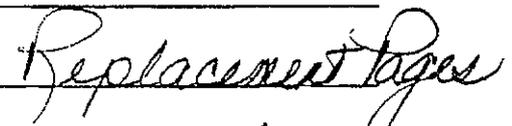
FUNDING REQUIREMENTS: **Amount:** None

Source: (Acct. No.) _____

(Acct. Description) _____

Finance: _____

Council Notes: _____



Agenda Item No. 11

10/2/06

CITY OF SAN BERNARDINO - REQUEST FOR COUNCIL ACTION

STAFF REPORT

SUBJECT:

Resolution of Intention to Make Application to the Local Agency Formation Commission for Annexation of Various County Islands

BACKGROUND:

Late last year, the Local Agency Formation Commission (LAFCO) recommended thirteen unincorporated areas within the City of San Bernardino's sphere of influence for annexation under Assembly Bill 1555. AB 1555 allows for the annexation of unincorporated territory of 150 acres or less without the need to obtain property owner or registered voter approval. AB 1555 was to sunset on January 1, 2007; however, AB 2223 was recently signed into law, which extends that date to 2014.

In January of this year, the Mayor and Council authorized the filing of an application for the annexation of one of the thirteen recommended areas. The Del Rosa area, generally located North of Highland Avenue, between Del Rosa Avenue and Golden Avenue, South of the 30 freeway, has been approved by LAFCO and is now part of the City. That island was absorbed without the addition of additional resources/staffing. That action left twelve areas to be considered under LAFCO's recommendation.

Shortly after filing of the Del Rosa Area application to LAFCO, Mayor and Council authorized the filing of an application to LAFCO for the annexation of the Arrowhead Springs area. LAFCO has indicated that the Arrowhead Springs Project will be heard by the Commission in October. Because of concern that LAFCO is likely to condition the approval of Arrowhead Springs with the annexation of all or portions of the remaining twelve recommended areas, in July of this year, Mayor and Council approved the filing of an application for six of the twelve remaining areas. As part of this action, Mayor and Council authorized the addition of one Administrative Clerk for the Fire Department and two Code Enforcement Officers. The application for those six islands is currently being processed by LAFCO and is expected to be on the LAFCO Board's November agenda.

At the LAFCO Board meeting in September, LAFCO staff presented an update on the Arrowhead Springs project to the Commission. At that meeting, the Commission asked for an update of the remaining twelve areas recommended for annexation. LAFCO staff explained that the City filed an application for six of the areas and there was no formal commitment on the City's part to annex the remaining areas. Subsequent to the LAFCO Commission meeting, City staff met with LAFCO staff to discuss possible solutions to providing the Commission with assurance that the City would initiate the remaining areas.

One of the remaining six areas recommended by LAFCO, which is generally located West of Waterman Avenue, North of 3rd Street, East of Pedley, and South of 6th Street, is not being recommended for annexation by City staff at this time. The City of Riverside owns wells in that area. Because of a Federal Court Consent Decree, which governs the City's obligation in controlling the contaminant plume underlying a large area of San Bernardino, the City adopted an ordinance that prohibits anyone from putting a well that might affect the barrier wells. If this area were to be annexed, it would subject the City of Riverside to the prohibitions of the City of

San Bernardino's Ordinance. Subsequently, staff is not recommending that this area be proposed for annexation at this time.

Staff is recommending that the Mayor and Council consider phasing the initiation of the five remaining areas over a two-year period. It is estimated that additional staffing for Police, Code Enforcement, and Animal Control will be needed to provide proper service to these areas. The cost of these services exceeds the revenue the City will receive from property tax and various other sources. Therefore, areas 1 and 6 consisting of 192 acres and 809 population could be initiated in January 2007 and areas 2, 7, and 8, consisting of 180 acres and 619 population could be initiated in January of 2008 (Exhibit "A" - Map). If approved, the attached resolution would provide LAFCO with assurance that the City is committed to annexing the remaining five areas over a two year period prior the Commission considering the annexation of Arrowhead Springs on October 18th.

FINANCIAL IMPACT:

A preliminary analysis of the costs and revenue associated with these five islands shows that the cost for services exceeds the revenue that will be generated from property tax and various other sources of revenue. It should be noted that Assembly Bill 1602, which is on the Governor's desk, will provide additional Vehicle License Fee revenue. If signed into law, AB 1602 will provide cities that annex between August 2005 and July 2009, an additional \$50 per capita for the population in those newly annexed areas.

RECOMMENDATION:

Adopt Resolution.





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RESOLUTION NO. 2006-348

RESOLUTION OF THE MAYOR AND COMMON COUNCIL OF THE CITY OF SAN BERNARDINO OF INTENTION TO MAKE APPLICATION TO THE LOCAL AGENCY FORMATION COMMISSION FOR ANNEXATION OF VARIOUS COUNTY ISLANDS

WHEREAS, Assembly Bill 1555 allows the annexation of unincorporated territory of 150 acres or less without the need to obtain property owner or registered voter approval; and

WHEREAS, Assembly Bill 2223 was recently signed into law and extends the provisions of AB 1555 to annex such areas to January 1, 2014, and

WHEREAS, in May of 2005, the Local Agency Formation Commission (LAFCO) identified several areas of unincorporated territory within the City of San Bernardino's Sphere of Influence that qualify for annexation under AB 1555; and

WHEREAS, in January, 2006, the Mayor and Council approved the submission of an application to LAFCO for the Del Rosa area annexation (Annexation No. 359); and

WHEREAS, in July of 2006, the Mayor and Council approved the submission an application to LAFCO for six additional areas (Annexation No. 361); and

WHEREAS, the Mayor and Common Council are committed to annexing five additional unincorporated areas within the City's Sphere of Influence.

BE IT RESOLVED BY THE MAYOR AND COMMON COUNCIL OF THE CITY OF SAN BERNARDINO AS FOLLOWS:

SECTION 1. The City of San Bernardino will make an application to LAFCO no later than January 2007 for the annexation of two areas defined as areas one (1) and six (6) on the attached map marked Exhibit "A", and is incorporated herein.

SECTION 2. The City of San Bernardino will make an application to LAFCO no later than January 2008 for the annexation of three areas defined as areas two (2), seven (7), and eight (8) on the attached map marked Exhibit "A", and is incorporated herein.

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RESOLUTION...OF INTENTION TO MAKE APPLICATION TO THE LOCAL AGENCY FORMATION COMMISSION FOR ANNEXATION OF VARIOUS COUNTY ISLANDS

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I HEREBY CERTIFY that the foregoing Resolution was duly adopted by the Mayor and Common Council of the City of San Bernardino at a jt. regular meeting thereof, held on the 2nd day of October, 2006, by the following vote, to wit:

Council Members:	AYES	NAYS	ABSTAIN	ABSENT
ESTRADA	<u>X</u>	<u> </u>	<u> </u>	<u> </u>
BAXTER	<u>X</u>	<u> </u>	<u> </u>	<u> </u>
VACANT	<u> </u>	<u> </u>	<u> </u>	<u> </u>
DERRY	<u> </u>	<u> </u>	<u> </u>	<u>X</u>
KELLEY	<u>X</u>	<u> </u>	<u> </u>	<u> </u>
JOHNSON	<u>X</u>	<u> </u>	<u> </u>	<u> </u>
MCCAMMACK	<u>X</u>	<u> </u>	<u> </u>	<u> </u>

Sandra Medina, Deputy
City Clerk

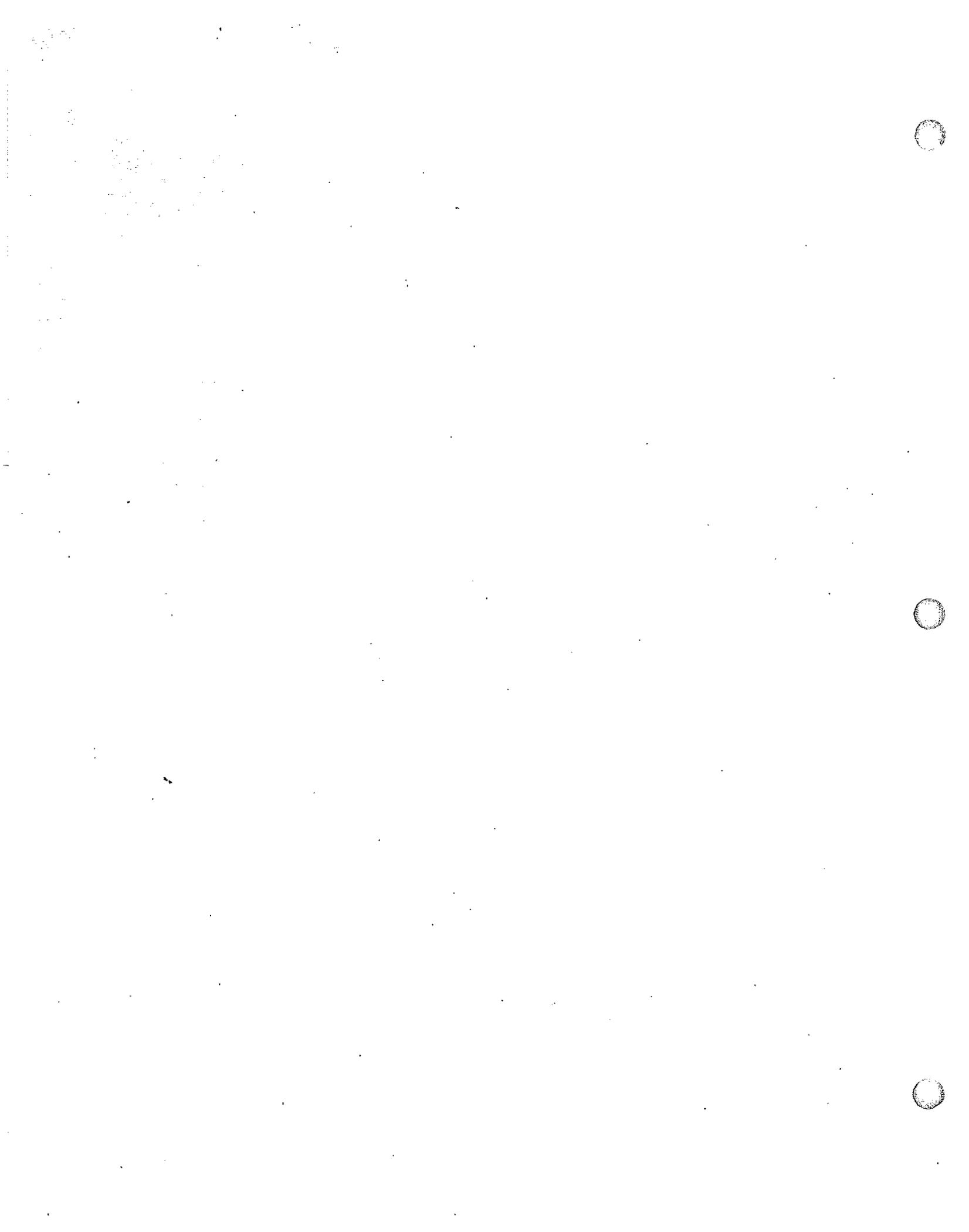
The foregoing resolution is hereby approved this 10/4 day of October, 2006.

Patrick Morris
Patrick Morris, Mayor
City of San Bernardino

Approved as to Form:

JAMES F. PENMAN,
City Attorney

By: *James F. Penman*



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STATE OF CALIFORNIA)
COUNTY OF SAN BERNARDINO) SS
CITY OF SAN BERNARDINO)

I, RACHEL G. CLARK, City Clerk for the City of San Bernardino,
DO HEREBY CERTIFY that the foregoing and attached copy of the City of
San Bernardino **Resolution No. 2006-348** is a full, true and correct copy of
that now on file in the Office of the City Clerk.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed
the official seal of the City of San Bernardino this 4th day of October, 2006.

Rachel G. Clark
Rachel G. Clark, City Clerk

Dodie Otterbein
By: Dodie Otterbein, Deputy City Clerk



Fiscal Analysis Report for 2006/2007/2008 Annexations



Attachment 2 - Fiscal Analysis Report for 2006/07/08

Anticipated Costs							
Fiscal Year	Areas	Safety Costs	Code Enforcement Costs	Public Services	Animal Control	Total costs by FY	TOTAL COSTS VERSES TOTAL REVENUE
2007/2008	Del Rosa, 6 areas in process, 1 & 6	\$ 312,400	\$ -	\$ 50,000	\$ 60,000	\$ 422,400	
2008/2009	Add areas 2, 7 & 8	\$ 572,800	\$ 60,000	\$ 35,000	\$ 60,000	\$ 727,800	\$ 727,800
Anticipated Revenue for proposed areas (1, 2, 6, 7 & 8)							
Fiscal Year	Area	Property Tax Revenue	County Island Contract Revenue Reduction	VLF Revenue (includes additional revenue from AB 1602)	CSA 38 Zone L	Total Revenue	TOTAL REVENUE BY FY
2007/2008							
	1 (proposed)	\$ 47,500	\$ (32,000)	\$ 48,400	\$ 7,300	\$ 71,200	
	6 (proposed)	\$ 66,000	\$ (44,800)	\$ 75,900	\$ 8,100	\$ 105,200	
Total 2007/08							\$ 176,400
2008/2009							
	1 (proposed)	\$ 47,500	\$ (32,000)	\$ 48,400	\$ 7,300	\$ 71,200	
	6 (proposed)	\$ 66,000	\$ (44,800)	\$ 75,900	\$ 8,100	\$ 105,200	
	2 (proposed)	\$ 31,500	\$ (21,300)	\$ 36,300	\$ 4,000	\$ 50,500	
	7 (proposed)	\$ 38,000	\$ (25,800)	\$ 38,500	\$ 4,600	\$ 55,300	
	8 (proposed)	\$ 30,500	\$ (20,508)	\$ 27,500	\$ 3,100	\$ 40,592	
Total 2008/09							\$ 322,792
* Additional revenue for Del Rosa and six areas in process (3, 4, 5, 9, 10 & 11)							
Fiscal Year	Area	County Island Contract Revenue Reduction	Unaccounted for revenue from areas 3, 4, 5, 9, 10 & 11 (property tax, VLF & CSA 38L)	Additional VLF Revenue from AB 1602	Total Revenue	TOTAL REVENUE BY FY	
2007/08	Del Rosa (complete)	\$ (52,300)		\$ 123,800	\$ 71,500		
	3 (in process)	\$ (36,400)		\$ 29,050	\$ (7,350)		
	4 (in process)	\$ (7,100)		\$ 6,550	\$ (550)		
	5 (in process)	\$ (3,600)		\$ 3,950	\$ 350		
	9 (in process)	\$ (2,500)		\$ 1,650	\$ (850)		
	10 (in process)	\$ (4,500)		\$ 12,800	\$ 8,300		
	11 (in process)	\$ (1,300)		\$ 2,650	\$ 1,350		
	Areas 3, 4, 5, 9, 10 & 11		71600		\$ 71,600		
Total 2007/08							\$ 144,350
2008/09	Del Rosa complete)	\$ (52,300)		\$ 123,800	\$ 71,500		
	3 (in process)	\$ (36,400)		\$ 29,050	\$ (7,350)		
	4 (in process)	\$ (7,100)		\$ 6,550	\$ (550)		
	5 (in process)	\$ (3,600)		\$ 3,950	\$ 350		
	9 (in process)	\$ (2,500)		\$ 1,650	\$ (850)		
	10 (in process)	\$ (4,500)		\$ 12,800	\$ 8,300		
	11 (in process)	\$ (1,300)		\$ 2,650	\$ 1,350		
	Areas 3, 4, 5, 9, 10 & 11		71600		\$ 71,600		
Total 2008/09							\$ 144,350
DEFICIENT REVENUE							\$ (260,658)

*Other sources of revenue from these areas has been previously accounted for (\$112,400) 2 code officers and 1 Clerk for Fire

Revised by City - 10/09/06



ATTACHMENT 3

Transcript



1 SAN BERNARDINO, CALIFORNIA, WEDNESDAY, SEPTEMBER 6, 2006

2 A.M. Session

3 DEPARTMENT S-8

HONORABLE JOHN P. WADE, JUDGE

4 (Joann Lopez, Pro Temp Reporter, CSR No. 13062)

5 THE COURT: Number 3, for Biological Diversity
6 versus the San Bernardino et al.

7 MR. KEATS: Good morning Adam Keats for petitioner

8 MR. NOLAN: Good morning, your Honor, John Nolan
9 and Jennifer Guenther for respondent and real party.

10 THE COURT: Okay. As a hearing on a CEQA foreman
11 date -- Mr. Keats, is there anything that you want to add to
12 the augment?

13 MR. KEATS: Nothing to add for the papers,
14 your Honor. We also have a one motion to --

15 THE COURT: Augmentation.

16 MR. ADAM: Yes.

17 THE COURT: Yes. I'll deal with that as well,
18 Mr. Nolan.

19 MR. NOLAN: Yes, your Honor. I don't know if you
20 want to hear any argument on the augmentation at this time
21 or not.

22 THE COURT: If you want to say anything, this is
23 the time.

24 MR. NOLAN: Yes, we would indicate that it's our
25 understanding of the law that CEQA Administrative record
26 includes only those things that were actually before the
27 administrative bodies.

28 We have no objection to the judicial notice, but we do

1 not feel that it should be dealt with as an augmentation to
2 the record. And that's been our position.

3 THE COURT: Okay. Do you want to respond to that
4 Mr. Keats? Is there anything else?

5 MR. KEATS: No, your Honor.

6 THE COURT: All right let's go through the various
7 issues. First, the Petitioner's motion to augment the
8 record --

9 Petitioner wants the record to include Federal Register
10 Publications by the Fish & Wildlife Service dealing with the
11 designation of critical habitat for the Southwestern Willow
12 Flycatcher.

13 The Court declines to take judicial notice of EKA which
14 is the version dated 10-12-05. Since neither of the
15 documents falls within the provisions outlined in
16 Laurel Heights Improvement Association vs. Regents of the
17 University of California -- (1993) 6Cal. 4th 112. For
18 example, they did not exist at the time the subject
19 discussion was made.

20 However, since Respondents have also requested
21 Exhibit B to the request for judicial notice, the Court has
22 taken judicial notice of the 10-19-05 version.

23 The petition alleges that Respondent has improperly
24 deferred mitigation. Also, the Petitioner contends that the
25 EIR did not consider a range of alternatives -- including a
26 wetlands avoidance alternative to the golf course.

27 As to the deferred mitigation, the Court finds this
28 situation is comparable to the case of

1 Dry Creek Citizens Coalition vs. County of Talere.

2 (1999) 70Cal.App.4th 20. In that this is a project to be
3 built subject to a future design assistant with certain
4 requirement -- this is in compliance with Guidelines Section
5 15124(c).

6 See AD 005997 et sec in Petitioner's exhibits for the
7 mitigation plan requirements, the Court finds that the
8 mitigation is not improperly deferred. As for the alleged
9 failure to include the Southwestern Willow Flycatcher in the
10 EIR, the Court finds that such failure to address that
11 creature's habitat needs was not an abuse of discretion.

12 See Guidelines 15207 and Public Resources Code Section
13 21005(b). An analysis of habitat needs can and must occur
14 when the building permits for the construction of the
15 golf course are sought.

16 The Court finds that the Fish and Wildlife comment on
17 the Flycatcher is timely made for purposes of this writ.
18 But even so, the Court declines to grant the writ on the
19 basis that the Flycatcher is omitted from the EIR.

20 It would appear that the Fish and Wildlife publication
21 of October 19 which would justify a supplemental EIR and
22 should be discussed when permits are sought. As for the
23 rejection of the wetlands alternative of the golf course --

24 The city has concluded that the alternative which does
25 not include the golf course is environmentally superior but
26 economically unjustified.

27 The city rejected the alternative on 2 basis:
28 1, the spring has caused flooding which is unsupported; 2,

1 the golf course is a necessity for the preservation of the
2 improvements on the project.

3 The Petitioner argues that such economic argument is
4 unsupported by the facts. Respondent counters that economic
5 analysis is not required -- inter alia.

6 San Franciscans Upholding the Downtown Plan vs. City and
7 County of San Francisco. (2002) 102 Cal.App.4th 656.

8 Altogether economic analysis is not required in the
9 EIR, it must appear that such analysis was done, and that
10 evidence must be in the record. See Sierra club vs. County
11 of Napa. (2004) 121 Cal.App.4th 1490.

12 Since it is evident that Respondent has decided that it
13 has made a final choice as to an alternative, Respondent has
14 abused its discretion. An abuse of discretion results when
15 the agency does not proceed as required by law or when there
16 is no substantial evidence to support its decision.

17 See Public Resources Code Section 21168 and 21168.5 and
18 Federation of Hillside & Canyon Associations vs.
19 City of Los Angeles, (2004) 126 Cal.App.4th 1180.

20 There's no supporting evidence in the record for the
21 decision that the golf course is required for economic
22 viability. It may be intuitive but it is not there.

23 A public agency must base its findings on substantial
24 evidence in the record. According by the choice of an
25 environmentally inferior alternative is an abuse of
26 discretion.

27 The petition for writ is granted. Petitioner must
28 prepare the appropriate orders.

1 MR. NOLAN: May I respond, your Honor?

2 THE COURT: Yes, sir.

3 MR. NOLAN: In so far as the selection of the
4 golf course over the wetlands alternative, I would submit to
5 the Court that it is important to recognize, again, that
6 this is a program EIR. That there has been no fixed
7 absolute approval of the golf course.

8 It is entirely possible that the golf course or golf
9 course application could in the future be submitted and
10 rejected and as such there is nothing that is absolute and
11 final and that there would be an opportunity for review that
12 what we are doing here, if we were to terminate these CEQA
13 proceedings and set them aside, we would be acting
14 prematurely because in the involvement of the golf course --
15 the precise placement and so on would be one which is, at
16 best, something that is subjective and uncertain and we
17 would suggest that it can be resolved downstream. No point
18 intended.

19 THE COURT: All right. So noted. Decision
20 remains.

21 MR. KEATS: Thank you.

22

23 (Wherein the above entitled
24 proceedings concluded.)

25

26

27

28



ATTACHMENT 4

Mayor and Common Council Summary Agenda and Staff Report





CITY OF SAN BERNARDINO
300 N. "D" Street
San Bernardino, CA 92418
Website: www.sbcity.org

Mayor Patrick J. Morris
Council Members:
Esther Estrada
Dennis J. Baxter
Vacant
Neil Derry
Chas Kelley
Rikke Van Johnson
Wendy McCammack

**SUMMARY
JOINT REGULAR MEETING
MAYOR AND COMMON COUNCIL
AND THE
COMMUNITY DEVELOPMENT COMMISSION
OF THE CITY OF SAN BERNARDINO**

**MONDAY, OCTOBER 2, 2006 – 1:30 P.M.
COUNCIL CHAMBERS**

The City Clerk's office provides this summary as a courtesy until the official minutes are approved. In order to provide clarification, the language in the official minutes may differ. (Community Development Commission Items are on pages 13-15.)

CALL TO ORDER: _____
PRESENT: _____
ABSENT: _____

PUBLIC COMMENTS ON CLOSED SESSION ITEMS

A three-minute limitation shall apply to each member of the public who wishes to address the Mayor and Common Council/Community Development Commission. No member of the public shall be permitted to "share" his/her three minutes with any other member of the public.

CLOSED SESSION

1. Pursuant to Government Code Section(s):

Consensus

MOTION: That the Mayor and Common Council and Community Development Commission recess to closed session for the following:

- A. Conference with legal counsel – existing litigation – pursuant to Government Code Section 54956.9(a):

RDA v. Alvarez, et al. – United States District Court Case No. EDCV 02-142 RT (SGLx) and San Bernardino Superior Court Case No. SCVSS 86091;

Santos v. St. Bernardine's – San Bernardino Superior Court Case No. SCVSS 128824;

Center for Biological Diversity (Petitioner) v. City, et al. – San Bernardino Superior Court Case No. SCVSS 132463;

California Bio-Mass, A California Corporation, et al. v. City of San Bernardino – San Bernardino Superior Court Case No. SCVSS 83473;

James Kemp v. City of San Bernardino – San Bernardino Superior Court Case No. SCVSS 130936.

- B. Conference with legal counsel – anticipated litigation – significant exposure to litigation – pursuant to subdivision (b) (1), (2), (3) (A-F) of Government Code Section 54956.9:

Stewart Cumming v. Northwest Project Area Committee and the Redevelopment Agency

Claim filed by City of Riverside/Gage Canal Company

- C. Conference with legal counsel – anticipated litigation – initiation of litigation – pursuant to subdivision (c) of Government Code Section 54956.9:

City of San Bernardino and the Redevelopment Agency of the City of San Bernardino v. Upham Development Company, El Corte Ingles, S.A. Company, The Harris Company, and LNR San Bernardino, LLC

- D. Closed Session – personnel – pursuant to Government Code Section 54957.

(Item Continued on Next Page)

1. Continued.

E. Closed session with Chief of Police on matters posing a threat to the security of public buildings or threat to the public's right of access to public services or public facilities – pursuant to Government Code Section 54957.

F. Conference with labor negotiator – pursuant to Government Code Section 54957.6:

Negotiator:

Linn Livingston, Human Resources Director

Employee Organizations:

Police Management

Fire Management

General Bargaining Unit

Mid-Management Unit

Management Confidential Unit

G. Conference with real property negotiator – pursuant to Government Code Section 54956.8:

Uptown Redevelopment Project Area (La Placita Project)

1. Property: Vacant Land
APN: 0138-301-08

Negotiating Parties:

Maggi e Pacheco, Executive Director, on behalf of the Redevelopment Agency, and Alice E. Spar, et al., property owner(s)

Under Negotiation: Purchase price, terms and conditions

Central City North Redevelopment Project Area (Downtown Acquisition Program)

2. Property Address: 795 West 5th Street, San Bernardino
APN: 0134-093-41

Negotiating Parties:

3. Under Negotiation: Purchase price, terms, and conditions
Property Address: 696 West 5th Street, San Bernardino
APN: 0134-061-21, 22, 25 and 30

Negotiating Parties:

Under Negotiation: Purchase price, terms, and conditions

4. Property Address: 673 West 5th Street, San Bernardino
APN: 0134-101-02 and 03

Negotiating Parties:

Under Negotiation: Purchase price, terms, and conditions

Central City North Redevelopment Project Area (Old Towne)

5. Property Address: 631 North "G" Street, San Bernardino
APN 0134-021-29

Negotiating Parties: Maggie Pacheco, Executive Director, on

behalf of the Redevelopment Agency, as
buyer, and Willie and Jerry Wagoner and
Rose Harris, et al., property owners/sellers

Under Negotiation: Purchase price, terms, and conditions

City Attorney Penman announced that the following additional case would be
discussed in closed session:

Arlene Still v. City of San Bernardino – San Bernardino Superior Court Case
No. SCVSS 132003.

END OF CLOSED SESSION

RECONVENE MEETING – 3:00 P.M.

PRESENT: _____

ABSENT: _____

2. Appointments.

- A. Community Television Commission – Frank Guzman – Council Member McCammack.

Approved

MOTION: That the appointment of Frank Guzman to the Community Television Commission, as requested by Council Member McCammack, be approved.

- B. Council Personnel Committee – Council Member Estrada – Mayor Morris.

Approved

MOTION: That Council Member Estrada be appointed to the Council Personnel Committee.

3. Presentations.

4. Announcements by Mayor and Common Council.

All Consent Calendar items listed are considered to be routine by the City Council and will be enacted by one motion. There will be no separate discussion of these items unless a Council member or other interested persons so request, in which event the item will be removed from the Consent Calendar and considered in its normal sequence on the agenda. Information concerning Consent Calendar items is available for public review.

CONSENT CALENDAR

Approved

MOTION: That the motions indicated by consent calendar items 5 through 24, be adopted except for 12, 19, 20, 21, 23 and 24.

5. Waive full reading of resolutions and ordinances.

(Item Continued on Next Page)

5. Continued.

Approved

MOTION: That full reading of the resolutions and ordinances on the regular, supplemental and addendum to the supplemental agendas of the Mayor and Common Council and Community Development Commission, be waived.

6. Council Minutes.

Approved

MOTION: That the minutes of the following meeting(s) of the Mayor and Common Council/Community Development Commission be approved as submitted in typewritten form:

August 21, 2006

(Distributed on 9/21/06)

7. Claims and Payroll. (See Attached)

Approved

MOTION: That the claims and payroll and the authorization to issue warrants as listed in the memorandum dated September 18, 2006, from Barbara Pachon, Director of Finance, be approved.

8. Personnel Actions. (See Attached)

Approved

MOTION: That the personnel actions, as submitted by the Chief Examiner, dated September 27, 2006 in accordance with Civil Service rules and Personnel policies adopted by the Mayor and Common Council of the City of San Bernardino, be approved and ratified.

LAI D O V E R F R O M S E P T E M B E R 1 8 , 2 0 0 6

City Clerk

9. An Ordinance of the City of San Bernardino amending Section 5.04.525(D) of the San Bernardino Municipal Code and adding Section 5.04.525(H) to the San Bernardino Municipal Code relating to Business Registration fees based on gross receipts. **FINAL READING (Backup material distributed on September 18, 2006, Item No. 24)**

Approved

MOTION: That said ordinance be adopted.

Adopted MC-1231

Development Services

10. Resolution of the Mayor and Common Council of the City of San Bernardino awarding a Contract to Hillcrest Contracting, Inc. for street improvements and beautification project on Victoria Avenue from 28th Street to Lynwood Drive -

Phase I; (SS05-25), per Project Plan No. 11619. (See Attached) (Cost to the City -- \$2,800,000 from the Public Improvement Fund.) (Resolution not available at time of printing.) Ward 4

Approved

MOTION: That said resolution be adopted.

Adopted 2006-347

11. Resolution of the Mayor and Common Council of the City of San Bernardino of intention to make application to the Local Agency Formation Commission for annexation of various county islands. (Document and Resolution not available at time of printing.)

Approved

MOTION: That said resolution be adopted.

Adopted 2006-348

Facilities Management

12. Resolution of the Mayor and Common Council of the City of San Bernardino authorizing the execution of a contract with and issuance of a purchase order to Golden Acquisition Corp. D.B.A. EFS West for the construction, start-up and commissioning of Liquefied Natural Gas/Liquefied to Compressed Natural Gas (LNG/LCNG) fueling station at the City Yard in the City of San Bernardino per Plans and Special Provisions No. 11842. (See Attached) (Cost to the City -- \$2,141,500 from various grants and City funds.) (Resolution not available at time of printing.) Ward 1

Approved

MOTION #1: That the Mayor and Common Council find the Weaver Electric Inc. bid non-responsive;

Approved

MOTION #2: That said resolution be adopted;

Adopted 2006-353

(Item Continued on Next Page)

12. Continued.

Approved

MOTION #3: That the Director of Finance be authorized to amend the FY 2006/2007 adopted budget and appropriate \$400,200 from the Refuse fund balance to Account No. 527-415-5193-7449 and

appropriate \$400,200 from the Sewer fund balance to Account No. 132-431-5193-7449. In addition, the Director of Finance is authorized to increase revenue and expenditures in Account Nos. 242-000-4658 and 242-362-5504-7449 in the amount of \$91,200 for the additional CMAQ funds to be received for the project.

- 13. Reject all bids received for RFQ F-07-08 Air Conditioning Equipment & Boiler Replacement for Norton Gym. (See Attached) **Ward 1**

Approved

MOTION: That the Mayor and Common Council authorize the Purchasing Manager to reject all bids received for RFQ F-07-08 air conditioning equipment and boiler replacement for Norton Gym, and authorize the Purchasing Manager to solicit new bids.

XX

X

Mayor's Office

- 14. Set a workshop with State Senator Bob Dutton for November 20, 2006, at 5:00 p.m. in the MIC Room, 6th Floor of City Hall. (See Attached)

Approved

MOTION: That a workshop be scheduled for Monday, November 20, 2006, at 5:00 p.m. in the MIC Room, 6th Floor, City Hall.

XX

X

- 15. Resolution of the Mayor and Common Council of the City of San Bernardino approving a certain Memorandum of Understanding in connection with an application to the State of California for the designation of an Enterprise Zone within a portion of its territorial jurisdiction. (See Attached) **(Resolution not available at time of printing.)**

Approved

MOTION: That said resolution be adopted.

Adopted 2006-349

Parks, Recreation & Community Services

- 16. Resolution of the Mayor and Common Council of the City of San Bernardino ratifying the execution of Amendment No. 2 of the Title III-B Contract through the County of San Bernardino Department of Aging and Adult Services (DAAS) for assisted transportation for the period July 1, 2006 through June 30, 2007. (See Attached) **(No cost to the City -- \$20,320 from the State and Federal Programs Fund.) (Resolution not available at time of printing.)**

Approved

MOTION: That said resolution be adopted.

Adopted 2006-350

- 17. Resolution of the Mayor and Common Council of the City of San Bernardino ratifying the execution of Amendment No. 2 of the Title III-B Contract through the County of San Bernardino Department of Aging and Adult Services (DAAS) for senior outreach services for the period July 1, 2006 through June 30, 2007. (See Attached) (No cost to the City -- \$5,368 from the State and Federal Programs Fund.) (Resolution not available at time of printing.) All Wards

Approved

MOTION: That said resolution be adopted.

Adopted 2006-351

Police

- 18. Resolution of the Mayor and Common Council of the City of San Bernardino authorizing the execution of the Fifth Amendment to the Memorandum of Understanding (MOU) with the San Bernardino County Auto Theft Task Force (SANCATT). (See Attached) (No additional cost to the City.) (Resolution not available at time of printing.) All Wards

Approved

MOTION: That said resolution be adopted.

Adopted 2006-352

XX

X

Public Services

- 19. Resolution of the Mayor and Common Council of the City of San Bernardino authorizing the execution of a purchase order to Western Pacific Signal, LLC for the purchase of signal controllers to be utilized by the Street Division. (See Attached) (Cost to the City -- \$51,396.75 from the General Fund.) (Resolution not available at time of printing.) All Wards

No Action Taken

MOTION: That said resolution be adopted.

(Item Continued on Next Page)

- 19. Continued.

Approved

MOTION: That the matter be continued to October 16, 2006.

XX

X

XX

X

- 20. Resolution of the Mayor and Common Council of the City of San Bernardino authorizing an increase to a purchase order with Match Corporation for asphalt paving services. (See Attached) **(Cost to the City -- \$1,435 from the General Fund; \$17,250 from FEMA, and \$4,315 from California State Office of Emergency Services.) (Resolution not available at time of printing.)**

All Wards

No Action Taken

MOTION: That said resolution be adopted.

Approved

MOTION: That the matter be continued to October 16, 2006.

XX

X

XX

X

- 21. Resolution of the Mayor and Common Council of the City of San Bernardino authorizing the execution of a purchase order to Zumar Industries, Inc. for the purchase of traffic signs for repair, removal and replacement of damaged signs, faded signs, vandalized signs, and new installation of signs located throughout the City of San Bernardino. (See Attached) **(Cost to the City - \$86,897 from the General Fund.) (Resolution not available at time of printing.) All Wards**

No Action Taken

MOTION: That said resolution be adopted.

Approved

MOTION: That the matter be continued to October 16, 2006.

XX

X

LAID OVER FROM SEPTEMBER 18, 2006

- 22. An Ordinance of the Mayor and Common Council of the City of San Bernardino, California repealing Chapter 8.21; repealing and replacing Chapter 8.24 of the San Bernardino Municipal Code regarding garbage and rubbish and repealing and replacing Chapter 8.25 regarding scavenging of recyclable materials. **FINAL READING (Backup material was distributed on September 18, 2006, Item No. 23.)**

Approved

MOTION: That said ordinance be adopted.

Adopted MC-1232

LAID OVER FROM SEPTEMBER 18, 2006

- 23. An Ordinance of the Mayor and Common Council of the City of San Bernardino amending Chapter 9.90 of the San Bernardino Municipal Code regarding

authority to arrest - citations. **FINAL READING** (Backup material was distributed on September 18, 2006, Item No. 23A.)

Approved

MOTION: That said ordinance be adopted.
Adopted MC-1234

LAI D OVER FROM SEPTEMBER 18, 2006

24. An Ordinance of the Mayor and Common Council of the City of San Bernardino amending Section 8.39.020 of the San Bernardino Municipal Code regarding nuisance vehicles. **FINAL READING** (Backup material was distributed on September 18, 2006, Item No. 23B.)

Approved

MOTION: That said ordinance be adopted.
Adopted MC-1235

END OF CONSENT CALENDAR

COMMITTEE CONSENT

Recommended for approval at the Grants Committee meeting on June 20, 2006 - Committee Members present: McCammack & Baxter

Police

25. Resolution of the City of San Bernardino ratifying the submittal of a grant application and authorizing the Police Department to administer the Alcohol Beverage Control Shoulder Tap Program grant funds in accordance with the Grant Expenditure Plan. (See Attached) (No cost to the City -- \$10,000 from the State and Federal Programs Fund.) (Resolution not available at time of printing.)
All Wards

Approved

MOTION: That said resolution be adopted.
Adopted 2006-354

26. Resolution of the City of San Bernardino ratifying the submittal of a grant application and authorizing the Police Department to administer the Alcohol Beverage Control Minor Decoy Program grant funds in accordance with the Grant Expenditure Plan. (See Attached) (No cost to the City -- \$20,000 from the State and Federal Programs Fund.) (Resolution not available at time of printing.)
All Wards

(Item Continued on Next Page)

26. Continued.

Approved

MOTION: That said resolution be adopted.
Adopted 2006-355

Recommended for approval at the Ways and Means Committee meeting on September 20, 2006 – Committee Members present: Derry, Estrada and Johnson

27. Resolution of the Mayor and Common Council of the City of San Bernardino amending the Expense and Reimbursement Policy for Legislative Bodies and Ethics Training Policy for Elected and Appointed Officials. (See Attached) (No cost to the City.) (Resolution not available at time of printing.)

Approved

MOTION: That said resolution be adopted.
Adopted 2006-356

END OF COMMITTEE CONSENT

PUBLIC HEARINGS

XX
X

Development Services
TO BE HEARD AT 4:00 P.M.

28. Public meeting – formation of a Landscape Maintenance Assessment District in the Ohio Avenue and Pine Avenue Area (Tract No. 16547 – AD 1047). (See Attached) **Ward 5**

Mayor to open the public meeting ...

Approved

MOTION: That the public meeting relative to the formation of the Ohio Avenue and Pine Avenue Area Landscape Maintenance Assessment District No. 1047, be closed; and protests and ballots, if any; be carried over to the public hearing on October 16, 2006, at 4:00 p.m.

XX
X

END OF PUBLIC HEARINGS

CONTINUED ITEMS

CONTINUED FROM SEPTEMBER 18, 2006
Development Services

29. Resolution of the City of San Bernardino approving a Services Agreement with Doulames II Limited, dba Convert-A-Doc for the provision of document imaging services. **(Backup material distributed on September 18, 2006, Item No. 15.)**
(Resolution not available at time of printing.)

Approved

MOTION: That said resolution be adopted.

Adopted 2006-357

END OF CONTINUED ITEMS

COMMUNITY DEVELOPMENT COMMISSION

CONTINUED FROM SEPTEMBER 18, 2006

- R30. Resolution of the Community Development Commission of the City of San Bernardino approving and authorizing the Executive Director of the Redevelopment Agency of the City of San Bernardino ("Agency") to execute the 2006 Property Owner Participation Agreement by and between the Agency and Christopher Cheng-Chyh Ko, Bruce Cheng-Hsieh Ko and Henry Cheng-Ju Ko ("Property Owners") for the development of the property. (696 W. 5th Street)
(Backup material was distributed on September 18, 2006, Item No. R33.)

Ward 1

Approved

MOTION: That the matter be tabled.

XX

X

CONTINUED FROM SEPTEMBER 18, 2006

TO BE HEARD AT 4:30 P.M.

- R31. Public hearing – 2006 HOME Funds Development Agreement for development of four (4) single-family in-fill homes – Arroyo Valley Community Economic Development Corporation (Arroyo), a non-profit corporation. **(Backup material distributed on September 18, 2006, Item No. R34.)** **Ward 6**

(Item Continued on Next Page)

- R31. Continued.

(Mayor and Common Council)

- A. Resolution of the Mayor and Common Council of the City of San Bernardino approving an Amendment to the 2005/2010 Consolidated Plan

and the 2006/2007 Annual Plan and consenting to the disposition of certain property located on 16th and Harris Streets (APN: 0144-131-21) and 17th and "J" Streets (APN: 0144-131-36, 0144-123-03 and 46), City of San Bernardino, by the Redevelopment Agency of the City of San Bernardino ("Agency") pursuant to the terms of the 2006 HOME Funds Development Agreement, by and between the Agency and, Arroyo Valley Community Economic Development Corporation ("Arroyo") and Inland Empire Concerned African American Churches ("Churches") (collectively referred to as "Developer") – Inland Valley Development Agency (IVDA) Redevelopment Project Area.

(Community Development Commission)

- B. Resolution of the Community Development Commission of the City of San Bernardino approving the Disposition of certain property located on 16th and Harris Streets (APN: 0144-131-21) and 17th and "J" Streets (APN: 0144-131-36, 0144-123-03 and 46), City of San Bernardino ("Agency") and authorizing the executive Director of the Agency to execute the 2006 HOME Funds Development Agreement by and between the Agency and Arroyo Valley Community Economic Development Corporation ("Arroyo") and Inland Empire Concerned African American Churches ("Churches") collectively referred to as "Developer") – Inland Valley Development Agency (IVDA) Redevelopment Project Area.

Mayor to open the hearing . . .

Approved

MOTION: That the matter be continued to October 16, 2006.

XX
X

Recommended for approval at the Redevelopment Committee meeting on August 24, 2006 – Committee Members Present: Estrada, Johnson & Baxter TO BE HEARD AT 4:30 P.M.

- R32. Joint public hearing – Amendment No. 1 to the 2005 40th Street Redevelopment Project Area Single Family Residential Disposition and Development Agreement – TELACU Development, LLC. **(Document not available at time of printing.)**

Ward 4

(Item Continued on Next Page)

- R32. Continued.

(Mayor and Common Council)

- A. Resolution of the Mayor and Common Council of the City of San Bernardino consenting to the disposition of certain property located at 267 East 49th Street (APN: 0154-126-25) by the Redevelopment Agency of the City of San Bernardino ("Agency") pursuant to Amendment No. 1 to the 2005 40th Street Redevelopment Project Area Single Family Residential

Disposition and Development Agreement (TELACU 49th Street New Homes Project) between the Agency and TELACU Development, LLC ("Developer") – 40th Street Redevelopment Project Area. (Resolution not available at time of printing.)

Adopted 2006-359

(Community Development Commission)

- B. Resolution of the Community Development Commission of the City of San Bernardino approving Amendment No. 1 to the 2005 40th Street Redevelopment Project Area Single Family Residential Disposition and Development Agreement (TELACU 49th Street New Homes Project) ("Amendment No. 1") by and between the Redevelopment Agency of the City of San Bernardino ("Agency") and TELACU Development, LLC ("Developer"); making certain findings thereto and authorizing the Executive Director of the Agency to execute Amendment No. 1 – 40th Street Redevelopment Project Area. (Resolution not available at time of printing.)

Adopted CDC/2006-43

Mayor to open the hearing . . .

Approved

MOTION: That the hearing be closed; and that said resolutions A&B, be adopted.

END OF COMMUNITY DEVELOPMENT COMMISSION

PLANNING ITEMS

XX

X

Recommended for approval at the Legislative Review Committee on September 6, 2006 – Committee Members present: Kelley, Baxter & Derry TO BE HEARD AT 5:30 P.M.

- 33. Public hearing – Development Code Amendment No. 06-02 to add Section 19:06.025 to the Development Code to prohibit establishment or relocation of specified businesses in the City of San Bernardino. (See Attached) All Wards

(Item Continued on Next Page)

- 33. Continued.

- A. An Urgency Ordinance of the City of San Bernardino adding San Bernardino Municipal Code Section 19.06.025 (Development Code) and prohibiting the establishment of certain new businesses and the relocation of said businesses in the City, declaring the urgency thereof, and taking effect immediately. URGENCY (Ordinance not available at time of printing.)

Adopted MC-1233

- B. An Ordinance of the City of San Bernardino adding San Bernardino Municipal Code Section 19.06.025 (Development Code) and prohibiting the establishment of certain new businesses and the relocation of said businesses in the City. **FIRST READING (Ordinance not available at time of printing.)**

Mayor to open the hearing . . .

Approved

MOTION: That the hearing be closed; that said urgency ordinance be adopted; and that said regular ordinance be laid over for final adoption.

Vote: Unanimous

XX
X

TO BE HEARD AT 5:30 P.M.

34. Public hearing – resolution to adopt the General Plan Update and the Arrowhead Springs Specific Plan. (See Attached)

Resolution of the Mayor and Common Council setting aside portions of Resolution 2005-362 adopted on November 1, 2005, and adopting the Findings of Fact and Statement of Overriding Considerations, as well as adopting the Updated General Plan and the Arrowhead Springs Specific Plan. **(Resolution not available at time of printing.)**

Mayor to open the hearing . . .

Approved

MOTION: That the hearing be closed; and that said resolution be adopted, **and that the last two bullet points on Pages 25 and 26 of the General Plan Update and associated Specific Plans, EIR, Findings of Fact and Statement of Overriding Considerations be deemed removed from said document and not considered in the decision to adopt said resolution.**

Adopted 2006-360

END OF PLANNING ITEMS

35. **PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA:** A three-minute limitation shall apply to each member of the public who wishes to address the Mayor and Common Council/Community Development Commission on a matter not on the agenda. No member of the public shall be permitted to “share” his/her three minutes with any other member of the public. (Usually any items heard under this heading are referred to staff for further study, research, completion and/or future Council/Commission action.)
36. Adjournment.

Consensus

MOTION: That the meeting be adjourned.

NOTE: The next joint *regular* meeting of the Mayor and Common Council/Community Development Commission is scheduled for *1:30 p.m., Monday, October 16, 2006*, in the Council Chambers of City Hall, 300 North "D" Street, San Bernardino, California.

**SUPPLEMENTAL SUMMARY
MAYOR AND COMMON COUNCIL
AND THE
COMMUNITY DEVELOPMENT COMMISSION
CITY OF SAN BERNARDINO**

OCTOBER 2, 2006

- S1. Resolution of the Mayor and Common Council of the City of San Bernardino authorizing the Mayor to execute an amendment to the Professional Services Agreement with Kurt Wilson. (See Attached)

Approved

MOTION: That said resolution be adopted.

Adopted-2006-358

CITY OF SAN BERNARDINO – REQUEST FOR COUNCIL ACTION

From: Valerie C. Ross, Director

Subject: Resolution to adopt the General Plan Update and the Arrowhead Springs Specific Plan.

Dept: Development Services

Date: September 26, 2006

MCC Date: October 2, 2006

Synopsis of Previous Council Action:

November 1, 2005 – The Mayor and Common Council certified the Environmental Impact Report, adopted the City General Plan update, the University District Specific Plan and the Arrowhead Springs Specific Plan.

Recommended Motion:

That the hearing be closed and the Resolution be adopted.

Valerie C. Ross

Valerie C. Ross

Contact person: Terri Rahhal, City Planner Phone: 5057

Supporting data attached: Staff Report & Resolution Ward: Citywide

FUNDING REQUIREMENTS: Amount: N/A

Source: (Acct. No.) _____

(Acct. Description) _____

Finance: _____

Council Notes: _____

Agenda Item No. 34

10/2/06

CITY OF SAN BERNARDINO - REQUEST FOR COUNCIL ACTION

STAFF REPORT

SUBJECT: Resolution to adopt the General Plan Update and Arrowhead Springs Specific Plan.

BACKGROUND

The Mayor and Common Council adopted the updated General Plan, the University District Specific Plan and the Arrowhead Springs Specific Plan on November 1, 2005. A program Environmental Impact Report was certified prior to adoption of the General Plan update and specific plans.

Subsequent to that adoption, litigation was filed by the Center For Biological Diversity with the San Bernardino County Superior Court as case number SCVSS 132463, contesting the propriety of the adoption insofar as it related to Arrowhead Springs Specific Plan.

On September 6, 2006, trial of the matter was held before the Honorable John Wade, Judge presiding. At the conclusion of the trial, Judge Wade announced the Court's determination that the adoption of the General Plan and the Arrowhead Springs Specific Plan was defective because the Court was unable to find evidentiary support for the finding and conclusion that the project was not economically feasible without the inclusion of a golf course element.

The proposed Resolution (Exhibit 1) presents the General Plan and Arrowhead Springs Specific Plan for re-adoption, based on revised findings of fact concerning the Arrowhead Springs Specific Plan (Exhibit 2). Additional information about the economic viability of the Arrowhead Springs development and the proposed alternatives to the project is attached to the Planning Commission staff report (Exhibit 3) and will be presented for consideration in support of the findings of fact related to adoption of the Specific Plan.

The Planning Commission considered this item on September 25, 2006. In addition to the Planning Commission Staff report, the Planning Commission considered a letter report from Alonzo Pedrin of Alfred Gobar Associates (Exhibit 4) concerning the importance of providing a golf course as an integral component of the Arrowhead Springs Resort. The Planning Commission considered the letter report, heard additional testimony from Mr. Pedrin and voted unanimously to recommend adoption of the General Plan Update and the Arrowhead Springs Specific Plan, subject to the revised findings of fact, as proposed. Commissioners Enciso, Durr, Heasley, Longville, Mulvihill, Muñoz, Rawls and Saurbrun voted in favor of the staff recommendation. Commissioner Rawls was absent.

FINANCIAL IMPACT: N/A

RECOMMENDATION: That the hearing be closed and the Resolution be adopted.

Exhibits: 1 Resolution
 2 Revised Facts, Findings, and Statement of Overriding Considerations
 3 Planning Commission Staff Report
 4 Alfred Gobar Associates Report dated September 25, 2006
 5 Updated General Plan*
 6 Arrowhead Springs Specific Plan*

* Distributed in October 2005

1 RESOLUTION NO. _____

2
3 RESOLUTION OF THE CITY OF SAN BERNARDINO SETTING ASIDE
4 PORTIONS OF RESOLUTION 2005-362 ADOPTED ON NOVEMBER 1, 2005,
5 AND ADOPTING THE FINDINGS OF FACT AND STATEMENT OF
6 OVERRIDING CONSIDERATIONS, AS WELL AS ADOPTING THE UPDATED
7 GENERAL PLAN AND THE ARROWHEAD SPRINGS SPECIFIC PLAN.

8 SECTION I. RECITALS

9 (a) WHEREAS, the Mayor and Common Council of the City of San
10 Bernardino ("City") adopted the General Plan for the City by Resolution No. 89-159 on
11 June 2, 1989; and

12 (b) WHEREAS, the City initiated an update of its existing General Plan in
13 2001; and

14 (c) WHEREAS, the City retained The Planning Center to update the General
15 Plan and complete the environmental analysis; and

16 (d) WHEREAS, an Economic Conditions and Trends report was prepared for
17 the General Plan Update Program; and

18 (e) WHEREAS, the City held a workshop with representatives of business
19 and industry in 2001 to elicit input concerning growth in the City; and

20 (f) WHEREAS, the City held a series of community workshops in 2001 to
21 identify Citywide opportunities and constraints, and visions for the future growth of the
22 City; and

23 (g) WHEREAS, staff and the consultant interviewed the Mayor, the
24 Councilmembers, and the Planning Commission to seek their input and guidance; and

25 (h) WHEREAS, The Planning Center prepared an Issues Report that
26 summarized the input received from the workshops and interviews; and
27

28

1 (i) WHEREAS, the City determined that large scale changes in land use
2 patterns and land-use designations were not necessary to achieve the City's goals; and

3 (j) WHEREAS, the City determined that shifts in policy focus, changes in
4 allowable uses, and emphasis on priorities were necessary to achieve the City's goals;
5 and
6

7 (k) WHEREAS, the City determined that a Specific Plan for the University
8 District was appropriate to integrate California State University San Bernardino with the
9 rest of the City; and

10 (l) WHEREAS, The University District Specific Plan focuses on aesthetic
11 improvements in public rights-of-way and other programs designed to create an
12 identifiable district surrounding the University; and
13

14 (m) WHEREAS, the Arrowhead Springs area is within the City's sphere of
15 influence and the City determined that a Specific Plan for Arrowhead Springs was
16 appropriate; and

17 (n) WHEREAS, the Arrowhead Springs Specific Plan proposes expansion of
18 the historic hotel and spa/resort, an 18-hole public golf course, multi-use recreational
19 amenities, a new hotel and conference center with office space, 1,350 residential units
20 and a "village" commercial center on a total of 1,916 acres, of which 1,400 acres will be
21 preserved as open space; and
22

23 (o) WHEREAS, The Planning Center, on behalf of the City, prepared an
24 Initial Study for the Updated General Plan, University District Specific Plan, and
25 Arrowhead Springs Specific Plan; and

26 (p) WHEREAS, on November 4, 2004, the Environmental Review
27 Committee determined that the Updated General Plan, University District Plan, and
28 Arrowhead Springs Specific Plan could have significant effects on the environment, and

1 thus warranted preparation of a Program Environmental Impact Report (EIR) pursuant to
2 the California Environmental Quality Act (CEQA); and

3 (q) WHEREAS, the Notice of Intent of the City to prepare a Draft Program
4 Environmental Impact Report was made known to the public, responsible agencies and
5 other interested persons for their concerns and comments from November 29, 2004 to
6 December 28, 2004; and

8 (r) WHEREAS, on December 14, 2004, the City held a public scoping
9 meeting to solicit public comments on the preparation of the Draft Program EIR; and

10 (s) WHEREAS, the City considered the concerns and comments received
11 during the Notice of Intent period in the preparation of the Draft Program EIR, pursuant
12 to CEQA; and

14 (t) WHEREAS, a Draft Program EIR was distributed for a 45-day public
15 review period from July 25, 2005 to September 8, 2005; and

16 (u) WHEREAS, the City accepted additional comment letters through
17 September 16, 2005; and

18 (v) WHEREAS, four comment letters were received before the close of the
19 public review period and three comment letters were received before the end of the
20 extended public review period and written responses were provided to the commentors
21 on October 1, 2005; and

23 (w) WHEREAS, on September 29, 2005, the Environmental Review
24 Committee determined that the Final Program EIR adequately addressed all potential
25 impacts of the Updated General Plan, University District Specific Plan, and Arrowhead
26 Springs Specific Plan and recommended certification of the Final Program EIR and
27 adoption of the Mitigation Monitoring and Reporting Plan; and
28

1 (x) WHEREAS, the Updated General Plan, University District Specific Plan,
2 and Arrowhead Springs Specific Plan, the Draft Program Environmental Impact Report,
3 the Comments and Responses, the Mitigation Monitoring and Reporting Plan, and the
4 Draft Facts, Findings and Statement of Overriding Considerations were made available
5 to the public at the Development Services public counter, the Feldheim Library, and on
6 the City's web page; and
7

8 (y) WHEREAS, on November 3, 1993 the San Bernardino Associated
9 Governments adopted the Congestion Management Program (CMP) pursuant to
10 California Government Code Section 65809.3(a) which requires the county and cities to
11 adopt and implement "a program to analyze the impacts of land use decisions, including
12 an estimate of the costs associated with mitigating these impacts" on the CMP network
13 of roadways; and
14

15 (z) WHEREAS, the Mayor and Common Council adopted a Land
16 Use/Transportation Analysis Program for the City pursuant to the CMP for the City of
17 San Bernardino by Resolution No. 93-74 on March 22, 1993; and
18

19 (aa) WHEREAS, the City determined that the Arrowhead Springs Specific
20 Plan met the thresholds in the CMP and thus warranted the preparation of a Traffic
21 Impact Analysis (TIA) pursuant to the Congestion Management Program; and
22

23 (bb) WHEREAS, a Draft TIA was prepared to address the traffic impacts of
24 the Arrowhead Springs Specific Plan on designated CMP roadways and freeways; the
25 appropriate mitigation measures; and fair share contribution toward CMP roadway and
26 freeway improvements; and
27

28 (cc) WHEREAS, the Draft TIA was made available to the various regional
and sub-regional agencies and to the adjacent jurisdictions for their review during a 21-

1 day review period which began on August 3, 2005 and ended on August 24, 2005 as
2 required by the CMP; and

3 (dd) WHEREAS, verbal and written comments were received on the Draft
4 TIA and responded to via changes to the Draft TIA; and

5 (ee) WHEREAS, with over 70,000 parcels of land within the City of San
6 Bernardino, the Draft Updated General Plan, including the University District Specific
7 Plan and Arrowhead Springs Specific Plan, could affect the permitted use or intensity of
8 uses for more than 1,000 property owners; and

9 (ff) WHEREAS, after giving public notice as required by California
10 Government Code Section 65353(c) and 65091(a)(3), the City Planning Commission
11 held a public hearing on October 11, 2005 in order to receive public testimony and
12 written and oral comments on the Updated General Plan, the University District Specific
13 Plan, the Arrowhead Springs Specific Plan, the Final Program Environmental Impact
14 Report, the Mitigation Monitoring and Reporting Plan, the Facts, Findings and
15 Statement of Overriding Considerations and the Draft TIA; and

16 (gg) WHEREAS, the Planning Commission considered the Development
17 Services Department Staff Report on October 11, 2005, which addresses the Final
18 Program EIR, the Updated General Plan, the University District Specific Plan, the
19 Arrowhead Springs Specific Plan, the Mitigation Monitoring and Reporting Plan, the
20 Facts, Findings and Statement of Overriding Considerations and the Draft TIA; and

21 (hh) WHEREAS, the Planning Commission, after receiving public testimony,
22 recommended that the Mayor and Common Council adopt the Facts, Findings and
23 Statement of Overriding Considerations, certify the Final Program Environmental
24 Impact Report, adopt the Mitigation Monitoring and Reporting Plan, adopt the Updated
25
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1 General Plan, the University District Specific Plan, and the Arrowhead Springs Specific
2 Plan, and certify the Draft TIA; and

3 (ii) WHEREAS, the Mayor and Common Council conducted a noticed public
4 hearing on November 1, 2005, pursuant to Government Code Section 65353(c) and
5 65091(a)(3), and fully reviewed and considered the Final Program EIR, the Mitigation
6 Monitoring and Reporting Plan, the Facts, Findings and Statement of Overriding
7 Considerations, the Updated General Plan, the University District Specific Plan, the
8 Arrowhead Springs Specific Plan, the Draft TIA, the Planning Division staff reports, and
9 the recommendation of the Planning Commission; and

10
11 (jj) WHEREAS, the Mayor and Common Council made no substantial
12 modifications to the Updated General Plan, the University District Specific Plan, and the
13 Arrowhead Springs Specific Plan which were not considered by the Planning
14 Commission during its public hearing; and

15
16 (kk) WHEREAS, on November 1, 2005, the Mayor and Common Council
17 adopted Resolution 2005-362, adopting the Facts, Findings and Statement of Overriding
18 Considerations, certifying the Final Program Environmental Impact Report, adopting the
19 Mitigation Monitoring and Reporting Plan, certifying the Traffic Impact Analysis, and
20 adopting the Updated General Plan, the University District Specific Plan, and the
21 Arrowhead Springs Specific Plan; and

22
23 (ll) WHEREAS, on December 1, 2005, the Center for Biological Diversity
24 filed a Petition for Writ of Mandate (San Bernardino County Superior Court Case No.
25 SCVSS 132463, the "Action") against the City of San Bernardino, Common Council of
26 the City of San Bernardino, and Judith Valles, Mayor of the City of San Bernardino (in
27 her prior official capacity), and naming as real party in interest American Development
28 Group, Inc., challenging the approval of Resolution 2005-362 as it relates to the

1 Arrowhead Springs Specific Plan and alleging violations of the California
2 Environmental Quality Act (Public Resources Code sections 21000, et seq.), including
3 failure to adequately analyze and mitigate potential impacts in the Environmental Impact
4 Report ("EIR"), improper use of a program EIR, and improper rejection of feasible
5 alternatives to the proposed project; and
6

7 (mm) WHEREAS, the Action did not challenge that portion of Resolution
8 2005-362 related to the approval of the University Specific Plan, that portion of
9 Resolution 2005-362 and the Program EIR as it relates to the University Specific Plan
10 remains intact; and
11

12 (nn) WHEREAS, on September 6, 2006 the court heard the petition for writ of
13 mandate, the Honorable John P. Wade, judge presiding, and orally ruled that the findings
14 made in support of the City's rejection of the environmentally superior "Wetlands
15 Avoidance" alternative was not adequately supported by the record: specifically, the
16 Court stated that there was no substantial evidence in the record to support the rejection
17 of the alternative, which eliminated the golf course, based upon economic infeasibility;
18 and
19

20 (oo) WHEREAS the Court did not find that the EIR failed to comply with
21 CEQA, but, instead, specifically found said findings made by the City were inadequate,
22 the Court ordered that the approval of the Arrowhead Springs Specific Plan, and by
23 reference also those portions of the General Plan as it relates to the Arrowhead Springs
24 Specific Plan, be set aside; and
25

26 (pp) WHEREAS, after giving public notice as required by California
27 Government Code Section 65353(c) and 65091(a)(3), the City Planning Commission
28 held a public hearing on September 25, 2006 in order to receive public testimony and
written and oral comments and any other additional materials and/or input on the

1 Updated General Plan, the Arrowhead Springs Specific Plan, and the Facts, Findings and
2 Statement of Overriding Considerations; and

3 (qq) WHEREAS, the Planning Commission considered the Development
4 Services Department Staff Report on September 25, 2006, which addresses the Updated
5 General Plan, the Arrowhead Springs Specific Plan, and the Facts, Findings and
6 Statement of Overriding Considerations; and

7
8 (rr) WHEREAS, the Planning Commission, after receiving public testimony,
9 recommended that the Mayor and Common Council adopt the Facts, Findings and
10 Statement of Overriding Considerations, adopt the Updated General Plan, and adopt the
11 Arrowhead Springs Specific Plan; and

12
13 (ss) WHEREAS, the Mayor and Common Council conducted a noticed public
14 hearing on October 3, 2006, pursuant to Government Code Section 65353(c) and
15 65091(a)(3), and fully reviewed and considered the Facts, Findings and Statement of
16 Overriding Considerations, the Updated General Plan, and the Arrowhead Springs
17 Specific Plan, the Planning Division staff reports, and the recommendation of the
18 Planning Commission;

19
20 (tt) WHEREAS, the Mayor and Common Council made no substantial
21 modifications to the Updated General Plan, the University District Specific Plan, and the
22 Arrowhead Springs Specific Plan which were not considered by the Planning
23 Commission during its public hearing;

24 SECTION II. SET ASIDE

25 NOW, THEREFORE, THE MAYOR AND COMMON COUNCIL HEREBY
26 RESOLVE, FIND, AND DETERMINE THE FOLLOWING:
27
28

1 That the approval of Resolution 2005-362 insofar as it relates to the adoption of
2 the General Plan, relating to the Arrowhead Springs Specific Plan, and the Facts,
3 Findings, and Statement of Overriding Consideration related thereto, be set aside.
4

5
6 SECTION III. FACTS, FINDINGS AND STATEMENT OF OVERRIDING

7 CONSIDERATIONS

8 NOW, THEREFORE, THE MAYOR AND COMMON COUNCIL HEREBY
9 RESOLVE, FIND, AND DETERMINE THE FOLLOWING:

10 A. The facts and information contained in the above Recitals section are true
11 and correct, and are incorporated herein by reference. The Final Program Environmental
12 Impact Report for the Updated General Plan and the Arrowhead Springs Specific Plan
13 has been completed in compliance with the California Environmental Quality Act and
14 previously certified on November 1, 2005. Attached to this Resolution as Exhibit A, and
15 incorporated herein by reference, is the certified Final Program EIR which consists of the
16 following elements:
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1. Initial Study;
2. Notice of Preparation;
3. Responses to the Notice of Preparation;
4. Draft Program EIR;
5. Notice of Completion;
6. List of persons, organizations and public agencies commenting on the Draft Program EIR;
7. Comments received on the Draft Program EIR during and after the public review period;
8. Responses to comments on the Draft Program EIR.

B. The Facts and Findings set forth in the Facts, Findings and Statement of Overriding Considerations are true and are supported by substantial evidence in the record, including those documents comprising the certified Final Program EIR. The Facts, Findings and Statement of Overriding Considerations is attached hereto as Exhibit B, and is incorporated herein by reference.

C. The certified Final Program EIR was presented to the Mayor and Common Council, who have reviewed and considered the information in the Final Program EIR prior to adoption of the Updated General Plan and the Arrowhead Springs Specific Plan.

D. The certified Final Program EIR has identified all significant adverse environmental effects of the Updated General Plan and the Arrowhead Springs Specific Plan as set forth in the Facts, Findings and Statement of Overriding Considerations.

E. The certified Final Program EIR has described the alternatives to the Updated General Plan and the Arrowhead Springs Specific Plan, even though these alternatives may impede the attainment of the objectives of the Updated General Plan and the Arrowhead Springs Specific Plan, and may be more costly. The Mayor and Common

1 Council finds that a good faith effort was made to incorporate alternatives in the
2 preparation of the certified Final Program EIR and a range of reasonable alternatives
3 were considered in the review process of the certified Final Program EIR and the ultimate
4 decision on the Updated General Plan and the Arrowhead Springs Specific Plan.
5

6 F. Other project alternatives not incorporated into or adopted as part of the
7 certified Final Program EIR are rejected as infeasible, based on specific economic, social,
8 or other considerations as set forth in the Facts, Findings and Statement of Overriding
9 Considerations. The project alternatives not adopted are rejected as economically
10 infeasible based upon the information considered by the Planning Commission and the
11 Mayor and Common Council after the trial of case number SCVSS 132463 including, but
12 not limited to, the information supplied by Alfred Gobar Associates.
13

14 G. The Mayor and Common Council have given great weight to the
15 significant unavoidable adverse environmental impacts. The Mayor and Common
16 Council find that the significant unavoidable adverse environmental impacts are clearly
17 outweighed by the economic, social, cultural, and other benefits of the Updated General
18 Plan and the Arrowhead Springs Specific Plan, set forth in the Facts, Findings and
19 Statement of Overriding Considerations.
20

21 H. The Facts, Findings and Statement of Overriding Considerations reflect
22 the independent review, analysis and judgment of the Mayor and Common Council of the
23 City of San Bernardino.
24

25 SECTION IV. GENERAL PLAN UPDATE FINDINGS
26

27 Based upon substantial evidence in the record, the Mayor and Common Council
28 hereby find:

1 A. All elements of the General Plan have been updated in a coordinated way,
2 ensuring internal consistency of the General Plan document.

3 B. The Updated General Plan will not be detrimental to the public interest,
4 health, safety, convenience, or welfare of the City. The certified Final Program EIR
5 contains an analysis of potential significant adverse environmental impacts related to the
6 Updated General Plan. Although the certified Final Program EIR identifies unmitigated
7 significant adverse environmental impacts, the Facts, Findings and Statement of
8 Overriding Considerations indicate that the potential benefits of the Updated General
9 Plan and associated specific plans outweigh the unmitigated significant adverse
10 environmental impacts.

11 C. With few exceptions, the Updated General Plan maintains the existing
12 General Plan land use designations. Therefore, the appropriate balance of land uses
13 reflected in the current General Plan is maintained by the proposed Updated General
14 Plan.

15 D. Very few properties are proposed for land use designation changes by the
16 Updated General Plan. The properties are identified specifically in the Final Program
17 Environmental Impact Report, which presents the rationale for each proposed change
18 and discusses the suitability, including physical characteristics of each proposed site for
19 the proposed land use designation.
20
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23 SECTION V. ARROWHEAD SPRINGS SPECIFIC PLAN FINDINGS

24 Based upon substantial evidence in the record, the Mayor and Common Council
25 hereby find:

26 A. The Arrowhead Springs Specific Plan is consistent with goals and policies
27 of the existing General Plan, as well as revised policies of the proposed General Plan
28 Update, as follows:

1 Goal 2.2 – Promote development that integrates with and minimizes impacts on
2 surrounding land uses.

3 Policy 2.2.4 – Hillside development and development adjacent to natural areas
4 shall be designed and landscaped to preserve natural features and habitat and
5 protect structures from threats from natural disasters, such as wildfires and floods.
6

7 Goal 4.4 – Enhance, maintain and develop recreational, cultural, entertainment
8 and educational facilities within the City.

9 B. The Arrowhead Springs Specific Plan would not be detrimental to the
10 public interest, health, safety, convenience, or welfare of the City. The proposed plan
11 would enhance the balance and variety of commercial and residential land uses in the
12 City, in the interest of public welfare and convenience. The land use plan and
13 development standards conform to all applicable and current health and safety standards.
14 Also, in the interest of the public, the Arrowhead Springs Specific Plan respects the
15 natural environment in the layout of the proposed development plan and the extensive
16 dedication of natural open space on the project site.
17

18 C. The site is physically suitable for the land use designations and
19 development plan proposed by the Arrowhead Springs Specific Plan. The land use plan
20 has been designed to conform to the physical features of the site, beginning with a scale
21 model of the existing terrain and the existing historic hotel structure. New development
22 proposed by the specific plan was added to the model to maintain respect for the
23 prominence of the existing hotel, the natural setting of the existing landform and sensitive
24 natural resources on the project site and in the surrounding area. The site is physically
25 suitable for the proposed project because the project was designed specifically to conform
26 to the existing physical conditions of the site.
27
28

1 D. The Arrowhead Springs Specific Plan includes a detailed development
2 plan, development standards and design requirements that will ensure compatibility with
3 the historic Arrowhead Springs Hotel, as well as the surrounding development and
4 undeveloped open space. The land use plan and development standards of the specific
5 plan have been designed to ensure the highest quality of development, in a context that
6 would be compatible with the historic use of the property, while maintaining an
7 appropriate buffer and interface with surrounding open space and wildlands.
8

9 E. The hotels, convention center, office spaces and commercial village
10 proposed within the Arrowhead Springs Specific Plan will provide a broad range of
11 employment opportunities for future residents of the project site, as well as nearby residents
12 in other areas of the City. The specific plan will improve the balance of land use within the
13 City, by providing commercial and office floor space to attract new businesses to the City
14 and additional shopping and recreational opportunities for City residents and visitors to the
15 hotels and convention center.
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1 SECTION VI. ADOPTION OF THE FACTS, FINDINGS AND STATEMENT OF
2 OVERRIDING CONSIDERATIONS

3 NOW, THEREFORE BE IT RESOLVED, FOUND AND DETERMINED by the Mayor
4 and Common Council of the City of San Bernardino that the Facts, Findings and
5 Statement of Overriding Consideration fully complies with the requirements of the
6 California Environmental Quality Act, the CEQA Guidelines and the City's
7 Environmental Review Procedures. The Facts, Findings and Statement of Overriding
8 Considerations are hereby adopted.

10 SECTION VII. ADOPTION OF THE UPDATED GENERAL PLAN AND SPECIFIC
11 PLANS

13 Based upon the above-referenced findings, the Updated General Plan and the
14 Arrowhead Springs Specific Plan (attached and incorporated herein as Exhibits D and E,
15 respectively) are hereby adopted.

16 SECTION VIII. NOTICE OF DETERMINATION

17 In accordance with the provisions of this Resolution, the Planning Division is
18 hereby directed to file a Notice of Determination with the County of San Bernardino
19 Clerk of the Board of Supervisors certifying the City's compliance with the California
20 Environmental Quality Act in preparing and adopting the Facts, Findings and Statement
21 of Overriding Considerations, the Updated General Plan and the Arrowhead Springs
22 Specific Plan. A copy of the Notice of Determination will be forwarded to the State
23 Clearinghouse.
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1 SECTION IX. EFFECTIVE DATE

2 The adoption of the Facts, Findings and Statement of Overriding Considerations,
3 the Updated General Plan and the Arrowhead Springs Specific Plan shall be effective
4 immediately upon adoption of this Resolution.
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1 RESOLUTION OF THE CITY OF SAN BERNARDINO ADOPTING THE
 2 FACTS, FINDINGS AND STATEMENT OF OVERRIDING CONSIDERATIONS,
 3 THE UPDATED GENERAL PLAN AND THE ARROWHEAD SPRINGS
 4 SPECIFIC PLAN.

4 I HEREBY CERTIFY that the foregoing Resolution was duly adopted by the Mayor and
 5 Common Council of the City of San Bernardino at a _____ meeting thereof, held
 6 on the _____ day of _____, 2005, by the following vote to wit:

7 Council Members:	<u>Ayes</u>	<u>Nays</u>	<u>Abstain</u>	<u>Absent</u>
8 ESTRADA	_____	_____	_____	_____
9 LONGVILLE	_____	_____	_____	_____
10 DERRY	_____	_____	_____	_____
11 KELLEY	_____	_____	_____	_____
12 JOHNSON	_____	_____	_____	_____
13 MC CAMMACK	_____	_____	_____	_____

16
 17 Rachel G. Clark, City Clerk

18 The foregoing resolution is hereby approved this _____ day of October, 2006.

19
 20
 21 Patrick J. Morris, Mayor
 City of San Bernardino

22 Approved as to form:

23 By: _____
 24 James F. Penman
 25 City Attorney



EXHIBIT 2

FINDINGS OF FACT
AND STATEMENT OF
OVERRIDING
CONSIDERATIONS
FOR:

GENERAL PLAN

UPDATE AND

ARROWHEAD

SPRINGS SPECIFIC

PLAN, BASED UPON

CERTIFIED FINAL

PROGRAM

ENVIRONMENTAL

IMPACT REPORT

SCH #2004111132



prepared for:

CITY OF SAN
BERNARDINO

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Environmental Services

SBC-15.0

Revised by the City of San Bernardino

SEPTEMBER 22, 2006



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Introduction and Summary

This document presents findings that must be made by the City of San Bernardino prior to approval of the project pursuant to Sections 15091 and 15093 of the California Environmental Quality Act (CEQA) Guidelines and Section 21081 of the Public Resources Code. Under CEQA the Lead Agency (City of San Bernardino) is required to make written findings concerning each alternative and each significant environmental impact identified in the Draft Environmental Impact Report (DEIR) and Final Environmental Impact Report (FEIR). The City of San Bernardino may find that:

- changes or alterations have been required in or incorporated into the project to avoid or substantially lessen the significant environmental effects identified in the DEIR/FEIR;
- such changes or alterations are within the purview and jurisdictions of another agency and have been adopted, or can and should be adopted, by that agency; or
- specific economic, social, or other considerations make infeasible the mitigation measures or project alternatives identified in the DEIR/FEIR

Each of these findings must be supported by substantial evidence in the administrative record. Evidence from the DEIR, FEIR and the mitigation monitoring program (MMP) is used to meet these criteria.

1.1 FINDINGS OF FACT AND STATEMENT OF OVERRIDING CONSIDERATIONS

The California Environmental Quality Act (CEQA) (Pub Resc. Code §§ 21000, et seq.) and the State CEQA Guidelines (Guidelines) (14 Cal. Code Regs §§ 15000, et seq.) promulgated thereunder, require that the environmental impacts of a project be examined before a project is approved. Specifically, regarding findings, Guidelines Section 15091 provides:

- (a) *No public agency shall approve or carry out a project for which an EIR has been completed which identifies one or more significant environmental effects of the project unless the public agency makes one or more written findings for each of those significant effects, accompanied by a brief explanation of the rationale for each finding. The possible findings are:*
- (1) *Changes or alterations have been required in, or incorporated into, the project which mitigate or avoid the significant environmental effects on the environment.*
 - (2) *Those changes or alterations are within the responsibility and jurisdiction of another public agency and have been, or can or should be, adopted by that other agency.*
 - (3) *Specific economic, legal, social, technological, or other considerations, including considerations for the provision of employment opportunities for highly trained workers, make infeasible the mitigation measures or alternatives identified in the EIR.*
- (b) *The findings required by subsection (a) shall be supported by substantial evidence in the record.*
- (c) *The finding in subsection (a)(2) shall not be made if the agency making the finding has concurrent jurisdiction with another agency to deal with identified feasible mitigation measures or alternatives.*
- (d) *When making the findings required in subsection (a)(1), the agency shall also adopt a program for reporting on or monitoring the changes, which it has either required in the project or made a condition of approval to avoid or substantially lessen significant environmental effects. These measures must be fully enforceable through permit conditions, agreements, or other measures.*

Introduction and Summary

- (e) *The public agency shall specify the location and custodian of the documents or other materials, which constitute the record of the proceedings upon which its decision is based.*

The "changes or alterations" referred to in Section 15091(a)(1) above, that are required in, or incorporated into, the project which mitigate or avoid the significant environmental effects of the project, may include a wide variety of measures or actions as set forth in Guidelines Section 15370, including:

- (a) *Avoiding the impact altogether by not taking a certain action or parts of an action.*
- (b) *Minimizing impacts by limiting the degree or magnitude of the action and its implementation.*
- (c) *Rectifying the impact by repairing, rehabilitating, or restoring the impacted environment.*
- (d) *Reducing or eliminating the impact over time by preservation and maintenance operations during the life of the action.*
- (e) *Compensating for the impact by replacing or providing substitute resources or environments.*

Regarding a Statement of Overriding Considerations, Guidelines Section 15093 provides:

- (a) *CEQA requires the decision-maker to balance the benefits of a proposed project against its unavoidable environmental risks in determining whether to approve the project. If the benefits of a proposal project outweigh the unavoidable adverse environmental effects, the adverse environmental effects may be considered "acceptable".*
- (b) *Where the decision of the public agency allows the occurrence of significant effects which are identified in the final EIR but are not at least substantially mitigated, the agency shall state in writing the specific reasons to support its action based on the final EIR and/or other information in the record. This statement may be necessary if the agency also makes a finding under Section 15091(a)(2) or (a)(3).*
- (c) *If an agency makes a statement of overriding considerations, the statement should be included in the record of the project approval and should be mentioned in the notice of determination.*

Having received, reviewed and considered the Final Environmental Impact Report for the San Bernardino General Plan Update and Associated Specific Plans, State Clearinghouse No. 2004111132 (FEIR), as well as all other information in the record of proceedings on this matter, the following Findings and Statement of Overriding Considerations (Findings) are hereby adopted by the City of San Bernardino (City) in its capacity as the CEQA Lead Agency. These Findings set forth the environmental basis for current and subsequent discretionary actions to be undertaken by the City and responsible agencies for the implementation of the General Plan Update and Associated Specific Plans (Project).

1.2 ENVIRONMENTAL REVIEW PROCESS

In conformance with CEQA and the State CEQA Guidelines, the City of San Bernardino conducted an extensive environmental review of the proposed Project. The environmental review process has included the following:

- Completion of an Initial Study by the City of San Bernardino, which concluded that an EIR should be prepared, and the Notice of Preparation (NOP) which was released for a 30-day public review period from November 29, 2004 to December 28, 2004. Section 2.3 of the DEIR describes the issues identified for analysis in the DEIR through the Initial Study, Notice of Preparation and public scoping process.

Introduction and Summary

- Preparation of a Draft EIR by the City of San Bernardino, which was made available for a 45-day public review period (July 25, 2005 – September 8, 2005). The Draft EIR consisted of three volumes. Volume I contains the text of the Draft EIR. Volume II contains the Appendices for the San Bernardino General Plan update analysis, including the NOP, comments on the NOP, service letters and supporting data and/or analysis of the following subjects: air quality, noise and traffic. Volume III contains the Appendices for the Arrowhead Springs Specific Plan analysis including the supporting data and/or analysis for air quality, biological resources, cultural resources, geotechnical, hazards (Phase I Environmental Site Assessment), hydrology/water quality, noise, transportation and circulation, water supply, facility plan and annexation study. The Notice of Availability/Completion of the Draft EIR was sent to interested persons and organizations, was noticed in the San Bernardino County Sun and was posted at the Clerk of the Board of Supervisors of San Bernardino County.
- Preparation of a Final EIR, including the Comments and Responses to Comments on the Draft EIR. The Final EIR/Response to Comments contains the following: comments on the Draft EIR; responses to those comments; revisions to the Draft EIR and appended documents. The Final EIR/Response to Comments was released for a 10-day public review period on September 30, 2005.
- Public hearings on the proposed Project.

1.3 PROJECT SUMMARY

The proposed project consists of three main elements: 1) update of the City's General Plan; which includes 2) the University District Specific Plan; and 3) Arrowhead Springs Specific Plan with associated annexation.

The General Plan update consists of a comprehensive update to the City's General Plan with the exception of the Housing Element, which was adopted July 2003 and included but simply reformatted to fit the new document. The proposed General Plan Update reflects the community's view of its future and can be thought of as the blueprint for the City's growth and development. The general plan projects conditions and needs into the future as a basis for determining long-term objectives and policies for day-to-day decision-making. While the life of the General Plan is generally considered to be 20 years, the General Plan includes policies and programs that are short term, long term, and ongoing. Some portions of the General Plan, such as the land use plan, are not linked to any timeline. The land use plan reflects build-out, which will occur through voluntary methods or redevelopment efforts throughout the life of the City. The general plan is considered "comprehensive" since it covers the territory within the boundaries of the City and any areas outside of its boundaries that relate to its planning activities (sphere of influence). The City of San Bernardino's total planning area is 45,231 acres, or 71 square miles. The General Plan is also comprehensive in that it addresses a wide variety of issues that characterize a city. These issues range from the physical development of the jurisdiction, such as general locations, timing, and extent of land uses and supporting infrastructure, to social concerns such as those identified in the housing element regarding housing affordability. To address this range of issues, the proposed General Plan is divided into 14 topical sections, or Elements the same as the existing General Plan: Introduction, Land Use, Housing, Economic Development, Community Design, Circulation, Public Facilities and Services, Parks, Recreation, and Trails, utilities, Safety, Historical and Archaeological Resources, Natural Resources and Conservation, Energy and Water Conservation and Noise. The General Plan is guided by a Vision Statement and Key Strategies, which describe the basic direction of the policies contained in this Plan and represent the community's view of its future.

The University District is located in the northwestern portion of the City in the foothills of the San Bernardino Mountains overlooking the Cajon Creek Wash and the Glen Helen Regional Park. The University District Specific Plan focuses on the aesthetic treatment of the public rights-of-way and other programs designed to create an identifiable district surrounding the University. The Specific Plan includes design guidelines addressing the treatment of landscaping, signage, banners, gateways, and pedestrian/bicycle connections.

Introduction and Summary

There are no unique land use changes or circulation system changes or developments proposed as a part of the University District Specific Plan, therefore analysis of the impacts of this Specific Plan were enveloped in the discussion of the General Plan update impacts.

The Arrowhead Springs Specific Plan provides standards and guidelines for the use and development of 1,916 acres, including 368 acres that are currently located within the incorporated City boundary and the remaining 1,548 acres that are located in unincorporated County of San Bernardino but within the sphere of influence of the City. Included as part of this project, is the annexation of the 1,548 acres into the City of San Bernardino. The Specific Plan calls for a mixed use resort/residential development centered on the existing Arrowhead Springs Hotel and Resort/Spa and includes: 1,350 units including 36 single-family detached and 1,314 multi-family units; 1,044,646 square feet of existing and new commercial and office uses; a new 199-acre, 18-hole public golf course; the reuse of the historic Arrowhead Springs Hotel; a new 300-room hotel; a new conference center and reuse of the existing conference center and the reuse and expansion of the historic Arrowhead Springs spa/resort. Of the total non-residential area, 235,996 square feet exist and will be preserved and enhanced as a part of this plan. These non-residential uses could result in approximately 2,530 new jobs. The developable area is clustered into 506 acres near existing development and is distributed within 1,400 acres of open space and watershed, which will comprise 73 percent of the site. The Arrowhead Springs Specific Plan also includes a total of 21.0 acres of parks in the developed area.

1.4 DOCUMENT FORMAT

This document summarizes the significant environmental impacts of the project, describes how these impacts are to be mitigated, and discusses various alternatives to the proposed project which were developed in an effort to reduce the remaining significant environmental impacts. All impacts are considered potentially significant prior to mitigation unless otherwise stated in the findings.

Following this Introduction and Summary section, the document is divided into two major sections: Part A – San Bernardino General Plan and Part B – Arrowhead Springs Specific Plan, consistent with the format of the DEIR that separated the impacts into General Plan (including the University District Specific Plan) and Arrowhead Springs Specific Plan. Each of those major sections contains the following three sub-sections:

- Section (A or B) 1 – Findings on the Project Alternatives Considered in the Environmental Impact Report;
- Section (A or B) 2 – Findings on Potentially Significant Impacts of the Proposed Project Identified in the DEIR/FEIR;
- Section (A or B) 3 – Statement of Overriding Considerations;

Section A1 or B1, *Findings on the Project Alternatives Considered in the Environmental Impact Report*, presents alternatives to the project and evaluates them in relation to the findings set forth in Section 15091(a)(3) of the State CEQA Guidelines, which allows a public agency to approve a project that would result in one or more significant environmental effects if the project alternatives are found to be infeasible because of the specific economic, social, or other considerations.

Section A2 or B2, *Findings on Potentially Significant Impacts of the Proposed Project Identified in the DEIR/FEIR*, presents significant impacts of the proposed project that were identified in the FEIR, the mitigation measures identified in the MMP, the findings for the impacts, and the rationales for the findings.

Section A3 or B3, *Statement of Overriding Considerations*, presents the overriding considerations for significant impacts related to the project that cannot be or have not been mitigated or resolved. These considerations are required under Section 15093 of the State CEQA Guidelines, which require decision makers to balance the benefits of a proposed project against its unavoidable environmental risk in determining whether to approve the project.

Part A – San Bernardino General Plan

A1. FINDINGS ON PROJECT ALTERNATIVES CONSIDERED IN THE DRAFT EIR

A1.1 *Alternatives Considered and Rejected During the Scoping/Project Planning Process*

The following describes the alternatives considered throughout this project that were eventually rejected:

A1.1.1 *General Plan*

As the General Plan was being created, it was clear that large scale changes in land use patterns and designations were not necessary to achieve the City's goals, which were centered on a desire to improve the City's image and functionality. Shifts in policy focus, changes in allowable uses, and emphasis on priorities would suffice. Strategic Policy Areas were created to identify key areas within the City and house focused policies intended to help achieve the City's goals. The direction for each Strategic Policy area was developed in consultation with the City. While some of the initial policy recommendations shifted over time, the changes have been subtle and do not qualify as alternatives.

However, land use alternatives were considered for the Verdemon Heights area. In Verdemon Heights, two alternatives were considered that were intended to allow a mixed-use village core to develop within a proposed mixed-use land use designation. The two alternatives both included a mixed-use village but varied in residential intensity. Alternative 1 accommodated 405 residential units, mostly on 3,600-square-foot lots, and 384,000 square feet of retail and office uses. Alternative 2 accommodated 181 residential units on 12,000-square-foot lots and 384,000 square feet of retail and office uses. These alternatives were rejected by the City due to concerns about higher residential density and the prevailing, detached residential character of the area.

A1.1.2 *University District Specific Plan*

The following three land use alternatives to the proposed plan were developed during a design charrette that occurred on December 11, 2001. The alternatives were presented at a joint meeting with University and City staff on August 7, 2002. At this workshop, Alternative 1 was selected as the preferred plan and eventually included in the University District Specific Plan. For a description of Alternative 1, please see Section 3, Project Description.

The following alternatives were rejected due to concerns about changing the Master Plan for the University, concerns about increased residential intensification, and the status of pending projects at the intersection of University Parkway and Northpark Boulevard, which, subsequent to the review of alternatives, were approved by the City.

Alternative 2

The focus of Alternative 2 was on the construction of specialized housing (e.g., Sorority Row or Honors Housing) along the completed Loop Road in the western portion of campus and a new conference center adjacent to the loop road on the east side of campus. The new conference center would provide facilities to host activities that are attended by the community and university students, which would further increase the interaction between the community and the University.

In this alternative, existing traffic levels were maintained on Little Mountain Drive and University Parkway, and the completion of Campus Parkway would allow traffic into the University to be evenly distributed between these three access points. New parking structures were proposed adjacent to Coyote Drive and Sierra Drive to maximize the availability of areas where the University can construct new educational facilities and to minimize the physical distance separating the University from the community.



Part A – San Bernardino General Plan

A1. FINDINGS ON PROJECT ALTERNATIVES CONSIDERED IN THE DRAFT EIR

Alternative 3

Alternative 3 intensified uses and buildings at the intersection of Northpark Boulevard and University Parkway. Intensified uses concentrate activity and facilitate the pedestrian traffic flow that is desired between the University and adjacent businesses and residences, promote more intense and lively urban activity, promote the use of transit, and establish a more efficient use of services and infrastructure than the existing land uses and building configurations. New buildings were proposed at the four corners of the intersection of University Parkway and Northpark Boulevard to visually and physically establish this area as the gateway into the University. The areas within the University's boundaries would serve as the location for the admissions building or administrative offices and could be easily accessible by prospective students or administrative staff.

This alternative included a new conference center at the southwest corner of University Parkway and Northpark Boulevard and specialized student housing (e.g. Sorority Row or Honors Housing) on the northeast portion of campus, south of the Paradise Hills Specific Plan area and just north of the loop road.

To minimize conflicts between increased pedestrian activity and vehicular traffic, University Parkway was proposed to serve as a ceremonial entrance with limited traffic volumes and speeds. Campus Parkway and Little Mountain Drive were envisioned to carry the majority of daily traffic and new parking structures would provide the parking necessary to serve the University's needs while creating space for the new buildings that would be proposed as part of the intersection intensification.

Alternative 4

Alternative 4 emphasized development of dense student housing along the Loop Road of the campus. This intensified hillside development was envisioned to create a compact, village atmosphere that emphasizes a sense of community and provides additional housing to accommodate increases in student population. The north side of Loop Road was envisioned to accommodate a golf course, nursery, botanical gardens, and recreational trails.

In this alternative, the University Stadium was relocated to an area near Northpark Boulevard in order to concentrate major activity centers of the University and surrounding properties in one area, allow for more efficient vehicular access, and minimize traffic congestion on Loop Road.

This alternative also included a mixed-use project at the intersection of University Parkway and Northpark Boulevard. The combination of residential, office and retail uses at the gateway of the University were envisioned to draw pedestrian activity onto the campus, and link the University to the surrounding community and conference center proposed just south of Northpark Boulevard. Retail uses within the mixed-use project would have created a visually interesting entryway and serve as a revenue source for the college.

Since the majority of pedestrian activity would have occurred at the intersection of University Parkway and Northpark Boulevard, University Parkway was envisioned to serve as the ceremonial entrance with reduced volumes and speeds of vehicular traffic. Little Mountain Drive and Campus Parkway were envisioned to handle the majority of the traffic, and new parking structures would allow for the intensification of buildings.

A1.2 Alternatives Selected for Analysis

CEQA states that an EIR must address "a range of reasonable alternatives to the project, or to the location of the project, which could feasibly attain the basic objectives of the project, but would avoid or substantially lessen any of the significant effects of the project and evaluate the comparative merits of the alternatives" [Guidelines Section 15126.6(a)]. As described in Section 7.0 of this DEIR, two project alternatives for the General Plan update were identified and analyzed for relative impacts as compared to the proposed project:

Part A – San Bernardino General Plan

A1. FINDINGS ON PROJECT ALTERNATIVES CONSIDERED IN THE DRAFT EIR

- No Project/Existing General Plan Alternative
- Reduced Intensity Alternative

These alternatives have been determined to represent a reasonable range of alternatives that have the potential to feasibly attain most of the basic objectives of the project but may avoid or substantially lessen any of the significant effects of the project. These alternatives are briefly summarized below.

A1.2.1 No-Project/Existing General Plan Alternative

The No Project/Existing General Plan Alternative, as required by the CEQA Guidelines, analyzes the effects of continued implementation of the City's existing General Plan. This alternative assumes the existing General Plan remains as the adopted long-range planning policy document for the City. Development would continue to occur within the City in accordance with the existing General Plan and Specific Plans. Build-out pursuant to the existing General Plan would allow current development patterns to remain. The existing General Plan would not allow for the development in the SOI as envisioned in the proposed General Plan Update, which primarily involves the Martin Ranch on the northern border of the City and Arrowhead Springs. The No Project/Existing General Plan Alternative would provide 99,233 dwelling units, increase population by 156,263 persons over the 2005 SCAG estimate of population, and provide a total of 369,923 jobs within the City at build-out, as compared to the proposed General Plan Update. The Arrowhead Springs area would not be developed as a specific plan and would not be annexed into the City.

The No Project/Existing General Plan Alternative would be considered the environmentally inferior alternative with regard to all impact categories except Population and Housing where this alternative would be superior due to a jobs-to-household ratio that would be more desirable and Mineral Resources, which would be considered environmentally neutral.



Finding: Alternative Less Than Desirable

The San Bernardino City Council finds that the No-Project/Existing General Plan Alternative, while feasible, is less than desirable than the proposed project and rejected this alternative for the following reasons:

- This Alternative would not attain many of the proposed project objectives for the General Plan update or the University District Specific Plan identified in Section 3.2.1 and 3.2.2, respectively. For the General Plan, the more critical objective to promote an attitude of entrepreneurship and action through a new era of collaboration and to develop a distinct personality both at a community wide and neighborhood level would be difficult to accomplish with the existing General Plan without the vision and key strategies developed through the General Plan update process.
- This alternative would not reduce or avoid the most significant effects of the proposed project.
- Strategies to enhance and capitalize on the City assets, such as downtown and San Bernardino State University, would not be realized.
- Comprehensive programs to address the inefficient strip-commercial land use patterns along City corridors and neighborhood enhancement would not be realized.
- The benefit of having a consistent approach to planning decisions guided by documented Vision and Key Strategies would not be realized.

Part A – San Bernardino General Plan

A1. FINDINGS ON PROJECT ALTERNATIVES CONSIDERED IN THE DRAFT EIR

A1.2.2 *Reduced Intensity Alternative*

The Reduced Intensity Alternative focuses on reducing impacts on traffic and thus the impacts on air quality and noise by changing the allowable floor area ratio (FAR) of the commercial and industrial land uses to a range between 1.50 and 0.35 for commercial and between 0.50 and 0.25 for industrial uses thereby decreasing the number of jobs and the resulting traffic. The proposed General Plan assumes an FAR range between 3.0 and 0.70 for commercial and 1.00 and 0.70 for industrial uses. Estimated population and housing units would stay the same as the proposed project but job creation would be reduced to 178,443 from 355,629 in the proposed project, consequently reducing the jobs to household ratio.

The Reduced Intensity Alternative would be considered the environmentally superior alternative as compared to the proposed General Plan for Aesthetics, Air Quality, Cultural Resources, Hazards and Hazardous Materials, Hydrology and Water Quality, Mineral Resources, Noise, Population and Housing, Public Services, Transportation and Traffic, and Utilities. The Reduced Intensity Alternative would be considered environmentally neutral for Biological Resources, Geology and Soils, Land Use and Planning and Recreation.

Finding: Alternative Less Than Desirable

The San Bernardino City Council finds that the Reduced Intensity Alternative, while feasible, is less than desirable than the proposed project and rejected this alternative for the following reasons:

- While this alternative is feasible, it would not meet the objective to "Tap into the Inland Empire's dynamic economy" or help the City "Deal with new fiscal realities", which are two important objectives in accomplishing remaining objectives such as "Realize quality housing in safe and attractive neighborhoods". The City must work toward attracting better quality jobs by creating a positive development attitude toward new businesses and providing the opportunities for existing businesses to expand where they are located. This alternative would not accomplish those goals.
- The allowable floor area ratios (FAR) are reduced to a point that they would prevent flexibility for developments to differ from typical market products.
- The Reduced Intensity Alternative would reduce but not eliminate traffic impacts and the air quality impacts caused by increased traffic under the proposed project. However the benefit of having a strong local economy, which would be more difficult to accomplish with this alternative, may help to discourage long commute trips that contribute to regional air quality problems.

Part A – San Bernardino General Plan

A2. FINDINGS ON POTENTIALLY SIGNIFICANT IMPACTS OF THE PROPOSED PROJECT IDENTIFIED IN THE DEIR/FEIR

A2 FINDINGS ON POTENTIALLY SIGNIFICANT IMPACTS OF THE PROPOSED PROJECT IDENTIFIED IN THE DEIR/FEIR

A2.1 Air Quality

GP Impact 5.2-2: *Construction activities associated with the proposed project would generate short-term emissions while long-term operation of the project would generate additional vehicle trips and associated emissions in exceedance of SCAQMD's threshold criteria. [Thresholds AQ-2 and AQ-3]*

The proposed project is expected to generate emissions levels that exceed AQMD threshold criteria for CO, ROG, NOx, and PM₁₀ in the SoCAB, which is classified as a non-attainment area. Goals and Policies contained in the General Plan would facilitate continued City cooperation with the SCAQMD and SCAG to achieve regional air quality improvement goals, promotion of energy conservation design and development techniques, encouragement of alternative transportation modes, and implementation of transportation demand management strategies. However, additional mitigation measures would be required.

Mitigation Measures:

GP 5.2-2A Prior to the issuance of grading permits, the property owner/developer shall include a note on all grading plans which requires the construction contractor to implement following measures during grading. These measures shall also be discussed at the pregrade conference.

- Use low emission mobile construction equipment.
- Maintain construction equipment engines by keeping them tuned.
- Utilize existing power sources (i.e., power poles) when feasible.
- Configure construction parking to minimize traffic interference.
- Minimize obstruction of through-traffic lanes. When feasible, construction should be planned so that lane closures on existing streets are kept to a minimum.
- Schedule construction operations affecting traffic for off-peak hours to minimize traffic congestion.
- Develop a traffic plan to minimize traffic flow interference from construction activities (the plan may include advance public notice of routing, use of public transportation and satellite parking areas with a shuttle service).



GP 5.2-2B The City shall promote the use of low or zero VOC content architectural coatings for construction and maintenance activities.

GP 5.2-2C The City shall reduce vehicle emissions caused by traffic congestion by implementing transportation systems management techniques that include synchronized traffic signals and limiting on-street parking.

Part A – San Bernardino General Plan

A2. FINDINGS ON POTENTIALLY SIGNIFICANT IMPACTS OF THE PROPOSED PROJECT IDENTIFIED IN THE DEIR/FEIR

GP 5.2-2D The City shall consider the feasibility of diverting commercial truck traffic to off-peak periods to alleviate non-recurrent congestion as a means to improve roadway efficiency.

GP 5.2-2E The City shall promote the use of fuel efficient vehicles such as fuel hybrids when purchasing vehicles for the City's vehicle fleet.

Finding: The policies contained in the proposed General Plan update are expected to reduce emissions associated with future development. However, even after the application of these policies and the mitigation measures listed above, implementation of the General Plan update when viewed as a whole project is expected to generate emissions levels in that exceed the AQMD threshold criteria for CO, ROG, NOx, and PM₁₀ in the SoCAB, resulting in a significant unavoidable adverse air quality impact. A Statement of Overriding Considerations must be adopted concurrent with project approval.

GP Impact 5.2-3: *Implementation of the San Bernardino General Plan update would result in a cumulatively considerable net increase of criteria pollutants for which the project region is in a state of non-attainment. [Threshold AQ-3]*

Emissions associated with General Plan buildout would result in emissions which exceed the SCAQMD significance thresholds for construction and operational phases as stated in GP Impact 5.2-2. As such, the SCAQMD considers these emissions to be significant on a cumulative basis. The construction and operation through implementation of the General Plan would result in cumulative air quality impacts.

Mitigation Measures:

GP 5.2-3 Implementation of mitigation measures GP 5.2-2A, B, C, D and E shall be applied to reduce cumulative impacts.

Finding: The policies contained in the proposed General Plan update are expected to reduce cumulative emissions associated with future development. However, even after the application of these policies and the mitigation measures listed above, implementation of the General Plan update when viewed as a whole project is expected to generate cumulative emissions levels that exceed the AQMD threshold criteria for CO, ROG, NOx, and PM₁₀ in the SoCAB, resulting in a significant unavoidable adverse air quality impact. A Statement of Overriding Considerations must be adopted concurrent with project approval.

A2.2 Cultural Resources

GP Impact 5.4-1: *Build-out of the San Bernardino General Plan could result in the loss of potentially historic structures. [Threshold C-1]*

Build-out of the San Bernardino General Plan over the long term would allow development or re-development to occur in historically sensitive areas which could result in the loss of potentially historic structures.

Mitigation Measures:

GP 5.4-1 In areas of documented or inferred historic resource presence, City staff shall require applicants for development permits to provide studies to document the presence/absence of historical resources. On properties where historic structures or resources are identified, such studies shall provide a detailed mitigation plan, including

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a monitoring program and recovery and/or in situ preservation plan, based on the recommendations of a qualified historical preservation expert.

Finding: The mitigation measure identified is feasible and will avoid or substantially lessen the potentially significant impacts associated with historic resources to a level of less than significant and no unavoidable adverse impacts would occur.

GP Impact 5.4-2: *Build-out of the General Plan could impact sensitive archaeological resources, paleontological resources, or a unique geologic feature. [Thresholds C-2 and C-3]*

Adoption of the General Plan in itself would not directly affect any archeological or paleontological resources. However, long-term implementation of the General Plan land use policies could allow development and redevelopment, including grading, of sensitive areas, potentially impacting sensitive archeological, paleontological, and unique geologic resources.

Mitigation Measures:

GP 5.4-2 In areas of documented or inferred archeological and/or paleontological resource presence, City staff shall require applicants for development permits to provide studies to document the presence/absence of such resources. On properties where resources are identified, such studies shall provide a detailed mitigation plan, including a monitoring program and recovery and/or in situ preservation plan, based on the recommendations of a qualified cultural preservation expert.

Finding: The mitigation measure identified is feasible and will avoid or substantially lessen the potentially significant impacts associated with archeological and/or paleontological resources or unique geologic features to a level of less than significant and no unavoidable adverse impacts would occur.

GP Impact 5.4-3: *Grading activities could potentially disturb human remains. [Threshold C-4]*

Adoption of the General Plan in itself does not involve grading activities and would not directly disturb any human remains. However, long-term implementation of the General Plan land use policies could allow development and redevelopment, including grading, of sensitive areas thereby disturbing human remains.

Mitigation Measures:

GP 5.4-3 In the event of the accidental discovery or recognition of any human remains in any location other than a dedicated cemetery, the following steps shall be taken:

There shall be no further excavation or disturbance of the site or any nearby area reasonably suspected to overlie adjacent human remains until the San Bernardino County Coroner is contacted to determine if the remains are prehistoric and that no investigation of the cause of death is required. If the coroner determines the remains to be Native American, then the coroner shall contact the Native American Heritage Commission within 24 hours, and the Native American Heritage Commission shall identify the person or persons it believes to be the most likely descendent from the deceased Native American. The most likely descendant may make recommendations to the landowner or the person responsible for the excavation work, for means of treating



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or disposing of, with appropriate dignity, the human remains and any associated grave goods as provided in Public Resources Code Section 5097.98; or

Where the following conditions occur, the landowner or his authorized representative shall rebury the Native American human remains and associated grave goods with appropriate dignity either in accordance with the recommendation of the most likely descendant or on the property in a location not subject to further subsurface disturbances:

- The Native American Heritage Commission is unable to identify a most likely descendant or the likely descendant failed to make a recommendation within 24 hours after being notified by the commission; or
- The descendant identified fails to make a recommendation; or
- The landowner or his authorized representative rejects the recommendation of the descendant, and the mediation by the Native American Heritage Commission fails to provide measures acceptable to the landowner.

Finding: The mitigation measure identified is feasible and will avoid or substantially lessen the potentially significant impacts associated with disturbance of human remains outside of formal cemeteries to a level of less than significant and no unavoidable adverse impacts would occur.

A2.3 Noise

GP Impact 5.10-1: *Project implementation would result in long-term operation-related noise that would exceed local standards. [Thresholds N-1 and N-3]*

Implementation of the General Plan update would result in long-term operation-related noise caused by stationary (facilities), roadway, railroad and aircraft sources that would exceed local standards.

Mitigation Measures:

GP 5.10-1 Prior to the issuance of building permits for any project that involves a noise sensitive use within the 65 dBA CNEL contour along major roadways or freeway, railroads, or the San Bernardino International Airport, the project property owner/developers shall submit a final acoustical report prepared to the satisfaction of the Planning Director. The report shall show that the development will be sound-attenuated against present and projected noise levels, including roadway, aircraft, helicopter and railroad, to meet City interior and exterior noise standards.

Finding: The mitigation measure identified is feasible and will avoid or substantially lessen the potentially significant impacts associated with noise to a level of less than significant and no unavoidable adverse impacts would occur.

GP Impact 5.10-2: *Bulldozing of the San Bernardino General Plan would create short-term and long-term groundborne vibration and groundborne noise. [Threshold N-2]*

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The implementation of the General Plan update could result in groundborne vibration and groundborne noise from vibration intensive construction activities and increased train travel along railroads that may result in significant vibration impacts.

Mitigation Measures:

GP 5.10-2 Adherence to Mitigation Measure GP 5.10-1 would result in exterior/interior noise levels within the City noise standards, as a result, vibration created from noise levels that exceed the City noise standards would also be mitigated.

Finding: The mitigation measure identified is feasible and will avoid or substantially lessen the potentially significant impacts associated with noise to a level of less than significant and no unavoidable adverse impacts would occur.

GP Impact 5.10-4: *The San Bernardino International Airport is located within the City of San Bernardino, resulting in exposure of future residents to airport-related noise. [Thresholds N-5 and N-6]*

The San Bernardino International Airport is located within the City and the use of the airport is changing from a military operation to commercial aviation. However an Airport Land Use Plan has not been adopted. The City would be required to amend the General Plan once the Airport Land Use Plan has been adopted. Since future aircraft use has not been determined, no noise contours are available for the future use of the airport. In the interim, the City of San Bernardino regulates land uses around the airport through the existing noise ordinance based on noise contours from the former Norton Air Force Base. Although noise contours for future uses are not known, some sensitive lands uses (parkland) by City standards are located underneath the existing flight paths which may not change. This would result in significant noise impacts on these sensitive uses.



Mitigation Measures:

GP 5.10-4 The City of San Bernardino shall incorporate into the General Plan the noise contour map developed for the SBIAA after completion of the Airport Master Plan.

Finding: Until the Airport Master Plan has been adopted by the SBIAA and corresponding noise contours have been established, the extent of impact to parkland near the airport cannot be determined. Parkland is designated as a sensitive use in the General Plan and should the noise contour exceed the limitations established by the General Plan no foreseeable mitigation could be accomplished if the park were to remain in use. Under those circumstances the impact would be considered a significant adverse and unavoidable impact and a Statement of Overriding Considerations must be adopted by the Common Council.

A2.4 Transportation and Traffic

GP Impact 5.14-1: *Trip generation at build-out of the General Plan would impact levels of service for the existing area roadway system. [Threshold T-1]*

Twelve intersections were determined to function at an unacceptable LOS of E or worse and 4 roadway segments were determined to function at an unacceptable LOS of D or worse at build-out of the General Plan.

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Mitigation Measures:

GP 5.14-1 Prior to adoption of the General Plan Update the City of San Bernardino shall add the following recommendations to the Circulation Element of the General Plan update:

- **Signalize the intersection of Meridian Avenue @ Rialto Avenue.** With signalization and permitted phasing the intersection will operate at LOS A during both peak hours.
- **Signalize the intersection of Hunts Lane @ E Street.** With signalization and protected phasing, and the addition of one NB left-turn lane the intersection will operate at LOS B and C during the AM and PM peak hours, respectively.
- **Add an additional westbound right-turn lane at the intersection of Waterman Avenue @ 30th Street.** With one additional WB right-turn lane the intersection will operate at LOS D and C during the AM and PM peak hours, respectively.
- **Add an additional northbound right-turn lane at the intersection of Waterman Avenue @ SR-30 EB Ramps.** With one additional NB right-turn lane and one additional EB left-turn lane the intersection will operate at LOS D during both peak hours.
- **Signalize the intersection of SR-30 WB Off-ramp @ 30th Street.** With signalization and protected phasing, the intersection will operate at LOS C during both peak hours.
- **Signalize the intersection of Harrison Street @ 40th Street.** With signalization and permitted phasing the intersection will operate at LOS A and C during the AM and PM peak hours, respectively.
- **Signalize the intersection of Waterman Avenue @ 36th Street.** With signalization and permitted phasing the intersection will operate at LOS A and B during the AM and PM peak hours, respectively.
- **Signalize the intersection of Waterman Avenue @ 34th Street.** With signalization and permitted phasing the intersection will operate at LOS A during both peak hours.
- **Signalize the intersection of Valencia Avenue @ 40th Street.** With signalization and permitted phasing the intersection will operate at LOS A during both peak periods.
- **Add an additional westbound right-turn lane at the intersection of Del Rosa Avenue @ SR-30 WB Ramps.** With one additional WB right-turn lane the intersection will operate at LOS B and C during AM and PM peak hours, respectively.

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- Signalize the intersection of Tippecanoe Avenue @ Rialto Avenue. With signalization and permitted phasing the intersection will operate at LOS A and B during AM and PM peak hours, respectively.
- Signalize and add one northbound exclusive left-turn lane and one exclusive northbound right-turn lane at the intersection of Rancho Avenue @ 5th Street/Foothill Road. With signalization and E/W protective phasing, N/S split phasing, one NB exclusive left-turn lane and one NB exclusive right-turn lane the intersection will operate at C and D during AM and PM peak hours, respectively.
- Signalize and add one additional through lane in each direction at the intersection of Mount View Avenue @ San Bernardino Road. With signalization, protective phasing and one exclusive left, thru and right-turn lane in each direction and EB right turn overlap phasing the intersection will operate at LOS C and D during AM and PM peak hours, respectively.

Finding: The mitigation measure identified is feasible and will avoid or substantially lessen the potentially significant impacts associated with Congestion Management Agency service standards to a level of less than significant and no unavoidable adverse impacts would occur.

GP Impact 5.14-2: *General Plan related trip generation in combination with existing and proposed cumulative development would result in designated intersections, road and/or highways exceeding county congestion management agency service standards. [Threshold T-2]*



One CMP intersection and one CMP roadway segment were determined to function at an unacceptable LOS of F as well as numerous freeway segments. The CMP intersection impacted would be mitigated by mitigation measure GP 5.14-1 however additional mitigation measures would be needed for roadway segments.

Mitigation Measures:

GP 5.14-2 The City of San Bernardino shall cooperate with regional transportation agencies toward mitigating impacts to regional transportation facilities by measures such as securing fair share contributions from future projects impacting mainline freeway segments. Mitigation of impacts to regional transportation facilities would require the following freeway improvements:

- I-10 EB from Jct. I-21 to Waterman Avenue, add two lanes.
- I-10 WB from Jct. I-21 to Waterman Avenue, add one lane.
- I-10 EB and WB from Waterman Avenue to Tippecanoe Avenue, add two lanes each direction.
- I-10 EB and WB from Tippecanoe to Mountain View, add two lanes each direction.

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- SR-30 EB from Highland Avenue to Jct. I-215, add two lanes.
- SR-30 WB from Highland Avenue to Jct. I-215, add one lane.
- SR-30 EB and WB from Jct. I-215 to H Street, add one lane each direction.
- SR-30 EB and WB from H Street to SR-259 add one lane each direction.
- SR-30 EB from SR-259 to Waterman Avenue, add one lane.
- I-215 NB and SB from Jct. 1-10 to Orange Show Road, add one lane.
- I-215 NB from Jct. SR 66 to Baseline Street, add three lanes.
- I-215 SB from Jct. SR 66 to Baseline Street, add two lanes.
- I-215 NB and SB from Jct. SR 66 to University Parkway, add one lane.

Finding: The mitigation measures identified are feasible and would avoid or substantially lessen the potentially significant impacts associated with traffic and transportation to a level of less than significant, however improvements to the freeway system are the responsibility of the existing regional transportation agencies and not the City of San Bernardino. Without the authority to implement the mitigation measures, the impact to freeway segments would remain a significant adverse and unavoidable impact and a Statement of Overriding Considerations must be adopted by the Common council.

A2.5 Utilities and Service Systems

Water

GP Impact 5.15-1: *Upgrades to the existing water supply and delivery systems would be required to adequately serve future growth in accordance with the proposed General Plan build-out. [Threshold WS-1 and WS-2]*

The General Plan Update contains policies, and programs encouraging water conservation. Although analysis shows supplies may be adequate for the San Bernardino planning area, cumulative use of water in the Bunker Hill sub-basin by all surrounding water providers may cause stress on the basin and necessitate additional importation of water causing a potentially significant impact on water supplies for the region.

Mitigation Measures:

GP 5.15-1 In accordance with the State Water Code (Section 10610-10645), the City shall maintain an updated Urban Water Management Plan (Water System Management Plan) which describes and evaluates sources of supply, reasonable and practical efficient uses, reclamation and demand management activities, necessary to adequately serve future growth pursuant to the City's General Plan.

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Finding: The mitigation measure identified is feasible and will avoid or substantially lessen the potentially significant impacts associated with water supply and distribution systems to a level of less than significant and no unavoidable adverse impacts would occur.

Wastewater

GP Impact 5.15-2: *Project-generated wastewater could not be adequately treated by the wastewater service provider for the project. [Thresholds WW-1, WW-2, and WW-3]*

Existing secondary and tertiary treatment facilities would exceed design capacity with implementation and build-out of the General Plan Update and wastewater collection systems would experience additional flow deficiencies.

Mitigation Measures:

GP 5.15-2 The City of San Bernardino shall update the Wastewater Collection System Master Plan to reflect General Plan Update build-out statistics, review treatment facility capacity periodically and adjust Sewer Capacity Fees when appropriate in consultation with participating communities to accommodate construction of new or expanded wastewater treatment and collection facilities.

Finding: The mitigation measure identified is feasible and will avoid or substantially lessen the potentially significant impacts associated with wastewater treatment and collection systems to a level of less than significant and no unavoidable adverse impacts would occur.



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A3. STATEMENT OF OVERRIDING CONSIDERATIONS

A3 STATEMENT OF OVERRIDING CONSIDERATIONS

CEQA requires the decision-maker to balance the benefits of the proposed project against its unavoidable environmental risks in determining whether to approve the project. If the benefits of the project outweigh the unavoidable adverse effects, those effects may be considered "acceptable" (State CEQA Guidelines Section 15093[a]). However, in this case CEQA requires the agency to support, in writing, the specific reasons for considering a project acceptable when significant impacts are infeasible to mitigate. Such reasons must be based on substantial evidence in the FEIR or elsewhere in the administrative record (State CEQA Guidelines Section 15093 [b]). The agency's statement is referred to as a "Statement of Overriding Considerations."

The City of San Bernardino is proposing to approve the General Plan update and associated specific plans for the University District and Arrowhead Springs and has prepared and certified a FEIR that satisfies the requirements of CEQA. The following adverse impacts of the General Plan update combined with the University District Specific Plan are considered significant and unavoidable based on the DEIR, FEIR, MMP, and the findings discussed previously in Part A, Section A1 and A2 of this document. (Adverse impacts of the Arrowhead Springs Specific Plan are discussed in Part B of this document.)

A3.1 Significant Unavoidable Adverse Impacts

Air Quality

Construction activity associated with buildout of the proposed General Plan update when viewed as a whole project would cause short term emissions of ROG, NO_x, PM₁₀ and CO that would exceed the threshold standards of the SCAQMD in an area classified as a non-attainment area. Additionally, when operational air emissions in 2005 are compared to air emissions created using full buildout statistics, the daily SCAQMD thresholds for ROG, NO_x, PM₁₀ and CO are exceeded. Operational emissions would include vehicle emissions in addition to stationary sources of emissions. Exceeding the SCAQMD emissions thresholds would be expected because these thresholds were designed for individual projects. As such, specific or general plans would substantially exceed the SCAQMD thresholds by orders of magnitude because these plans incorporate the development of multitudes of individual projects. Exceeding the SCAQMD daily emissions thresholds is considered a significant adverse impact. Application of the mitigation measures presented in Section A2.1 would reduce the level of impact, however when implementation of the General Plan update is viewed as a whole project, emission levels would continue to exceed the daily emission thresholds, resulting in an unavoidable adverse air quality impact. Exceeding the daily thresholds is also considered a significant cumulative impact by the SCAQMD. Mitigation measures listed would not reduce cumulative emissions to a level of less than significant resulting in an unavoidable adverse cumulative air quality impact.

Noise

The City of San Bernardino considers residential and park land uses to be sensitive noise uses and some selective residential and park land uses may be affected by noise from the future use of the San Bernardino International Airport. Currently the San Bernardino International Airport Authority is preparing an Airport Master Plan that will determine the noise contours. Once adopted, the Airport Master Plan will be incorporated into the General Plan. Without updated noise contours that reflect the future use of the airport, noise impacts to these selective areas could not be determined and therefore were considered significant impacts. If future noise contours exceed the limitations set by the General Plan for parks in the area, the impact cannot be mitigated resulting in an unavoidable adverse noise impact.

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Transportation and Traffic

Buildout of the General Plan update would result impacts to freeway segments that could be mitigated by the measures indicated in the DEIR that include cooperation with regional transportation agencies to secure fair share funding contributions from future projects. However, without the authority to implement those mitigation measures, impact to freeway segments would remain significant unavoidable and adverse impacts.

A3.2 Considerations in Support of the Statement of Overriding Considerations

The City, after balancing the specific economic, legal, social, technological, and other benefits of the proposed Project (General Plan Update), has determined that the unavoidable adverse environmental impacts identified above may be considered "acceptable" due to the following specific considerations, which outweigh the unavoidable, adverse environmental impacts of the proposed Project. Each of the separate benefits of the proposed Project, as stated herein, is determined to be, unto itself and independent of the other Project benefits, a basis for overriding all unavoidable adverse environmental impacts identified in these Findings.

A significant benefit of the Updated General Plan is that it provides a unifying vision for the next 20 years. The Vision provides unity to the entire General Plan as well as policy guidance for the City officials and staff. In the absence of this vision, the General Plan lacks a clear direction. Subsequently, development and changes would occur on an individual basis and potentially threaten the ability to maximize the potential of the City. In addition to this fundamental improvement, the General Plan includes the following benefits:

Address the Unique Issues of Specific Geographic Locations

San Bernardino has many unique gems that can be enhanced and/or capitalized upon to improve the City. The General Plan includes a set of policies that are intended to help create, preserve, revitalize, and enhance selected areas of the City. The Strategic Policy Areas include two basic distinctions: areas where enhancement is desired but changes in the land use pattern are not anticipated or desired and those areas where change is desired and merits guidance and/or stimulation. The following Strategic Policy Areas are provided in the General Plan:

1. San Bernardino Valley College Strategic Area. The San Bernardino Valley College is a major community feature that can be capitalized upon as a catalyst for growth and improvement in the area, as well as a positive marketing tool for the City as a whole. The intent this Strategic Area is to interconnect and unify the district through the use of cohesive design, landscaping, and signage, enhanced pedestrian connections, and improved parking conditions.
2. Santa Fe Depot Strategic Area. The centerpiece of this Strategic Area is the Historic Santa Fe Depot. The goal of the Strategic Area is to integrate the Depot with the surrounding neighborhood and create an identifiable district, help the surrounding businesses become more economically viable, and improve the aesthetics of the area.
3. Redlands Boulevard Strategic Area. The goal of this Strategic Area is to help businesses remain economically robust, visible, and to attract viable uses that will help strengthen the City's tax base.
4. Tippecanoe Strategic Area. The goal of this Strategic Area is to address the area's infrastructure needs, to help the area capitalize upon adjacent economic opportunities, such as the San Bernardino International Airport, improve the area's aesthetics, improve the circulation system, to redevelop vacant and underutilized lands into their highest potential, and to capitalize upon the presence of the Santa Ana River.



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5. Eastern Recreation Village Strategic Area. The purpose of this Strategic Area is to enhance and capitalize upon recreational opportunities in the area. Given the soccer complex, the elementary and high school, park, and Warm Creek, the goal is develop and market this area as a recreational village. Multi-purpose trails and pedestrian amenities could be provided to link the village and the major features in the Strategic Area.

6. Residential Conversion/Restoration Strategic Area. The purpose of this Strategic Area is to promote the conversion of the remaining four unit apartments to ownership units, as well as reinvestment and stability in the area.

7. Southeast Industrial Strategic Area. The goal of this Strategic Area is to protect the industrial job base, help improve residential conditions, and to help mitigate impacts to adjacent residences. The Santa Ana River, which borders the northern portion of this Strategic Area, is a regional amenity that the City must enhance and protect and which can be utilized as an asset for local industrial users and residents.

8. Southeast Strategic Area. The purpose of this Strategic Area is to improve the conditions and accessibility of residential neighborhoods in the area. Homes in this Strategic Area are in need of rehabilitation, should be separated from the surrounding industrial areas with berming and buffers, and should be connected physically and socially with the rest of the City.

9. San Bernardino International Airport and Trade Center Strategic Area. The San Bernardino International Airport and Trade Center (SBIA) is one of the City's greatest economic growth opportunities in the region. The purpose of this Strategic Area is to allow properties surrounding the SBIA to develop with uses that are related to or can benefit from the proximity of an airport. For instance, business oriented and general aviation related uses, manufacturing, warehousing, offices, and travel related business such as hotels, could be attracted by the presence of the Airport.

10. Downtown Strategic Area. The Downtown Strategic Area is the symbolic center as well as the social and economic heart of San Bernardino. The purpose of this Strategic Area is to facilitate revitalization of Downtown through an infusion of office and mixed uses, connections to surrounding uses, such as the Arrowhead Credit Union Park and the National Orange Show, and a unifying aesthetic theme.

11. Community Hospital Strategic Area. The purpose of this Strategic Area is to provide incentives and programs that capitalize upon the presence of the hospital and surrounding medical offices, which can act as a catalyst for improvements in the area and to facilitate medically related development in the future.

Enhancement of San Bernardino's Commercial Corridors

The Mount Vernon, E-Street, Baseline, and Highland corridors are characterized by an inefficient pattern of strip commercial. Due to a combination of over saturation of commercial floor area and the size and configuration of the properties along these corridors, many of the commercial properties are vacant, underutilized, dilapidated, and are defined by uncoordinated aesthetics and signage. In addition, the majority of lots along the corridors are relatively small with individual ownership. This makes significant redevelopment more complicated and requires participation from a multitude of individuals to realize change. Another significant hurdle is the perception that commercial property is more valuable. While this may be true in certain instances, the existing pattern and quality of strip commercial uses along these corridors is not proving to be viable and many businesses are vacant or marginally successful.

The Corridor Improvement Program is an optional package of policy, regulatory, and incentive programs that, if applied, are intended to stimulate private investment and result in desired development within the Corridor Strategic Areas. This is accomplished by providing optional incentives, in the form of density bonuses and

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varied development standards, to developments that qualify. While the underlying land use designations still apply, the property owner may request, and the City may choose to apply, aspects of this program to stimulate desirable development.

Provide a Method to Enhance and Improve Residential Neighborhoods

San Bernardino has a wide variety of residential neighborhoods of various ages and states of repair/maintenance. The Neighborhood Improvement Program offers a system of incentives that are intended to stimulate redevelopment of local neighborhoods. The Neighborhood Improvement Program provides a strategy to address each neighborhood based upon its need. Through the combined efforts of the police, fire, code enforcement, community development, public works, and other departments will help address each areas unique issues and improve the livability of San Bernardino. The program is based upon the classification of neighborhoods into the following categories:

1. Very sound neighborhood experiencing few, if any, quality of life issues. Infrequent requests for Police or code Enforcement services.
2. Predominantly stable neighborhoods, but beginning to show signs of decline. Most structures are well maintained and structurally sound, but some structures may have minor problems. The City should focus on these minor issues to maintain the neighborhood and prevent further deterioration.
3. Predominantly unstable neighborhood, with many structures in need of rehabilitation, with some well cared for and maintained structures. In single-family areas, many houses have transitioned from owner-occupied to rentals; neighborhoods showing evidence of social, physical and economic problems and increasing number of calls for police services. Focus is on revitalizing the neighborhood, upgrading the structures, increasing aesthetics and reducing crime.
4. Neighborhood is in severe social, economic and physical decline. Housing structures are severely deteriorated and the entire neighborhood lacks conditions that contribute to a safe overall neighborhood living environment.



Provision of Community Facilities

The proposed General Plan Update reflects the City's vision for its development through a 20-year build-out, and provides goals and policies that will guide future development in the City ensuring the long-term sustainability of community facilities. In the absence of these goals and policies that guide future growth, development would occur but would lack vision and could potentially threaten the existing character of the City. Thus, the General Plan Update provides for future growth in the City in a manner which allows for allocation of resources to improve, maintain, or create additional community facilities. The City of San Bernardino General Plan Update provides provisions for community facilities within the City that would meet the needs of the future population, which include the following:

Parks and Recreation. The General Plan identifies the City's parkland goal of five acres per 1,000 residents. Based upon this standard, the General Plan identifies that additional park land is necessary to meet the projected population at buildout. Goals and policies are provided to ensure that the necessary parklands are provided to meet the demands of the future population.

Transportation Improvements. Although traffic increases are associated with the proposed project, traffic improvements have been identified as part of the City's Circulation Element to mitigate the traffic impacts. The Circulation Element proposed as part of the General Plan Update reflects changes needed to

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accommodate the project population growth. Intersection improvements at key arterial intersections would allow all intersections to operate at an acceptable level of service.

Public Services. While the General Plan does not directly result in construction of new facilities or the provision of additional equipment and personnel to the City's fire, police, school and library services, the General Plan Update includes goals and policies aimed to ensure these community service facilities would keep pace with the growth in the City. Institutional land uses would be maintained through implementation of the General Plan Update to ensure high quality of future service.

A3.3 Conclusion

For the foregoing reasons, the City of San Bernardino concludes that the San Bernardino General Plan Update will result in a beneficial mix of strategies for future growth providing community-wide enhancements with significant benefits of local and regional significance, which outweigh the unavoidable environmental impacts. Therefore, the City of San Bernardino has adopted this Statement of Overriding Considerations.

Part B – Arrowhead Springs Specific Plan

B1. FINDINGS ON PROJECT ALTERNATIVES CONSIDERED IN THE DRAFT EIR

B1 FINDINGS ON PROJECT ALTERNATIVES CONSIDERED IN THE DRAFT EIR

B1.1 Alternatives Considered and Rejected During the Scoping/Project Planning Process

The Arrowhead Springs Specific Plan has undergone several iterations; however, no significant alternatives were developed. The iterations included subtle variations in the acreages of land uses, residential density, and commercial intensity. The changes occurred in response to input from the City or as more detailed studies (grading, etc.) were completed and resulted in shifts in land use boundaries or product type. However, throughout the numerous iterations, the basic concept and location of the land uses remained unchanged. The various iterations were refined to reflect new direction and information and did not represent true alternatives for consideration.

B1.2 Alternatives Selected for Analysis

This section contains alternatives that have been determined to represent a reasonable range of alternatives which have the potential to feasibly attain most of the basic objectives of the Arrowhead Springs Specific Plan but which may avoid or substantially lessen any of the significant effects of the project. Only those impacts found significant and unavoidable are used in making the final determination of whether an alternative is environmentally superior or inferior to the proposed project. Environmental impacts of the Specific Plan involving air quality and cultural resources, and noise were found to be significant and unavoidable. The alternatives include the No Project/Use of Existing Facilities Alternative, Reduced Intensity Alternative, and Wetlands Avoidance Alternative.



B1.2.1 No-Project/Existing Zoning Alternative

The No Project alternative for the Arrowhead Springs area assumes that the County portion of the property is not annexed into the City of San Bernardino and the area is allowed to develop with existing zoning which would allow residential development with densities anywhere between 4.5 dwelling units per acre and one (1) dwelling unit per 40 acres. This alternative also assumes that operation of existing facilities for use as a resort could resume with minor and necessary health and safety repairs.

The No Project/Existing Zoning Alternative would be considered the environmentally superior alternative as compared to the proposed Arrowhead Springs Specific Plan for Air Quality, Biological Resources, Cultural Resources, Geology and Soils, Hazards, Hazardous Materials, Hydrology and Water Quality, Noise, Population and Housing, Transportation and Traffic, and Utilities and Service Systems. The No Project/Existing Zoning Alternative would be considered the environmentally inferior for Aesthetics and environmentally neutral for Land Use and Planning, Public Services, and Recreation.

Finding: Alternative Less Than Desirable

The San Bernardino City Council finds that the No-Project/Existing Zoning Alternative, while feasible, is less than desirable than the proposed project and rejected this alternative for the following reasons:

- Although the number of residential units would nearly be the same as the proposed project, existing City/County zoning would result in mostly large lot development that could be scattered over the entire property along with the road infrastructure. Coordinating development between two jurisdictions may be difficult and not result in development of the entire site that is well thought out.

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- There would be no development standards or design guidelines that would ensure preservation of as much open space as the proposed project. There would be no encouragement for compact development that would keep the development of hillsides at a minimum thus preserving the aesthetic mountainous character of the property.
- Providing services such as fire protection would continue to be difficult and expensive without compact development or a reliable self contained water infrastructure considering that water service would have to be extended from the City of San Bernardino.
- The City of San Bernardino would not realize the goal becoming a "gateway" to the San Bernardino Mountains by establishing a world-class resort, providing jobs and recreational opportunities.

B1.2.2 Reduced Intensity Alternative

Since construction activities are the primary source of air quality and noise impacts and commercial uses generate the greatest amount of traffic (also contributing to air quality and noise impacts), the reduced intensity alternative focuses on reducing the amount of commercial and office use, which would reduce the size of the area to be graded and consequently would also reduce traffic and associated impacts. This alternative assumes that the Hilltown shops, new hotel, office building, and restaurant are not built and the Village Walk commercial area is limited to 150,000 square feet for neighborhood commercial. The hotel complex would be restored and the associated conference facilities and annex built and all residential areas would be built with this alternative.

The Reduced intensity Alternative would be considered the environmentally superior alternative as compared to the proposed Arrowhead Springs Specific Plan for Aesthetics, Air Quality, Geology and Soils, Hazards and Hazardous Materials, Noise, Public Services, Transportation and Traffic and Utilities. The Reduced Intensity Alternative would be considered the environmentally neutral alternative for Biological Resources, Cultural Resources, Hydrology and Water Quality, Land Use and Planning, Mineral Resources, Population and Housing, and Recreation.

Finding: Alternative Less Than Desirable

The San Bernardino City Council finds that the Reduced Intensity Alternative, while feasible, is less than desirable than the proposed project and rejected this alternative for the following reasons:

- This alternative would not accomplish many of the project goals, most importantly creating an economically viable mixed-use resort. Historic restoration of the Arrowhead Springs Hotel, because of the expense, may be jeopardized without the revenue stream and increased property value derived from commercial development. Revitalization and reuse of this historic hotel is the cornerstone of the project which is important to the City not only for the tax revenue but also for accomplishing the goals of the General Plan Update to enhance cultural, recreational and entertainment opportunities.
- The desirable goal of having a sustainable development would be difficult to accomplish without the jobs created by the commercial development. The jobs to housing ratio for the proposed project at 1.97, is close to the range preferred by the Southern California Association of Governments. The proposed project provides for a wide range of housing and with an equally wide range of job opportunities in close proximity, employees would be able to live close to work, thus reducing potential traffic.

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B1.2.3 Wetlands Avoidance Alternative

The wetlands avoidance alternative assumes that development would not occur in areas of potential jurisdictional waters and riparian habitat and in particular Waterman Canyon and West Twin Creek. Although a few holes of the golf course might fit in the non-jurisdictional areas, this alternative would essentially eliminate development of an 18-hole golf course and eliminate some of the residential pad sites along Waterman Canyon. With only minor adjustment to the development plan near Lake Vonette that could be arranged without loss of riparian habitat, the remainder of the development would be built.

The Wetlands Avoidance Alternative would be considered the environmentally superior alternative as compared to the proposed Arrowhead Springs Specific Plan for Aesthetics, Air Quality, Biological Resources, Geology and Soils, Population and Housing, and Utilities. The Wetlands Avoidance Alternative would be considered the environmentally neutral alternative when compared to the proposed Arrowhead Springs Specific Plan for Cultural Resources, Hazards and Hazardous Materials, Hydrology and Water Quality, Land Use and Planning, Mineral Resources, Noise, Public Services, Recreation, and Transportation and Traffic.

Finding: Alternative Less Than Desirable

Based upon information supplied to the Planning Commission and the Mayor and Common Council after September 6, 2006, including, but not limited to the information supplied by Alfred Gobar Associates, the San Bernardino City Council finds that the Wetlands Avoidance Alternative, is less than desirable than the proposed project and economically infeasible, and rejected this alternative for the following reasons:

- Eliminating the golf course would not accomplish the goal of creating a “unique” resort community or the goal of providing both passive and active recreational opportunities. Many world class resorts provide a variety of recreational opportunities to attract a broad range of consumers. Resorts in mountain settings usually rely on natural features such as a lake or ski slopes to provide a range of recreational opportunities. Those natural features are not available at Arrowhead Springs but a golf course can be integrated into Waterman Canyon in such a way that the natural beauty of the area is preserved and additional recreation opportunities are available not only for the resort but for community as a whole.
- While eliminating the golf course potentially preserves a portion of West Twin Creek in Waterman Canyon, the elimination of the golf course results in a project that is not economically viable, and therefore infeasible. Research and economic analysis of such resort communities in Southern California show that a natural resort area, by itself, does not attract sufficient patronage to support a substantial development as is contemplated here. Without the inclusion of the golf course, the project is unlikely to move forward and is economically infeasible.

Additional factor considered in rejecting this alternative:

- Waterman Canyon is subject to flash flooding and it is anticipated that the design of the golf course would be engineered to function as overflow basins for flood conditions with potential to reduce peak flow during these times. (DEIR 5.7-27).
- West Twin Creek in Waterman Canyon has been known for dangerous flooding events that have resulted in extensive damage to infrastructure and lost lives. The most recent flooding events scoured the reach through Arrowhead Springs removing riparian vegetation and reducing water quality by greatly increasing sediment carried in the creek. The project proposes to improve the alignment and hydraulics of the stream and create flood overflow basins on fairways as part of the



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development of the golf course. The Wetlands Avoidance Alternative would not provide the valuable flood protection planned as part of the golf course design. Flooding events would continue jeopardizing the residential development and infrastructure planned to the community. Riparian vegetation that may be lost in the process of developing the golf course would be restored in the same approximate location and opportunities exist to enhance the quality of the riparian vegetation with the assurance that it will not be destroyed by future flooding events through improvements to the stream bed.

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B2 FINDINGS ON POTENTIALLY SIGNIFICANT IMPACTS OF THE PROPOSED PROJECT IDENTIFIED IN THE DEIR/FEIR

B2.1 Air Quality

AHS Impact 5.2-2: *Construction activities associated with the proposed project would generate short-term emissions while long-term operation of the project would generate additional vehicle trips and associated emissions in exceedance of SCAQMD's threshold criteria. [Thresholds AQ-2 and AQ-3]*

The magnitude of development and corresponding generation of air pollutant emissions would exceed the SCAQMD's construction and operational phase emissions thresholds for CO, ROG, NO_x and PM₁₀.

Mitigation Measures:

AHS 5.2-2A The developer or project applicant shall use zero Volatile Organic Compounds (VOC) content architectural coatings during the construction of the project to the maximum extent feasible which would reduce VOC (ROG) emissions by 95 percent over convention architectural coatings.

AHS 5.2-2B Prior to and/or during construction operations, the property owner/developer shall implement the following measures to further reduce fugitive dust emission to the extent feasible. To assure compliance, the City shall verify that these measures have been implemented during normal construction site inspections:

- Pave, gravel or apply nontoxic soil stabilizers on-site haul roads with 150 or more daily trips
- Phase grading to prevent the susceptibility of large areas to erosion over extended periods of time
- Schedule activities to minimize the amounts of exposed excavated soil during and after the end of work periods
- Dispose of surplus excavated material in accordance with local ordinances and use sound engineering practices
- Maintain a minimum of one-foot freeboard ratio on haul trucks or cover payloads on trucks hauling soil using tarps or other suitable means
- Install adequate storm water control systems to prevent mud deposition onto paved areas.
- Water active sites at least three times daily.



Finding: The mitigation measures identified above would reduce potential impacts associated with air quality to the extent feasible. Despite the application of mitigation measures, Impact 5.2-2 would result in a significant unavoidable adverse air quality impact due to the magnitude of emissions that would be generated during construction and operation. The proposed project is expected to generate

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emissions levels that exceed the AQMD threshold criteria for CO, ROG, NO_x, and PM₁₀ in the SoCAB. A Statement of Overriding Considerations must be adopted by the Common Council concurrent with project approval.

AHS Impact 5.2-3: *The Arrowhead Springs Specific Plan project would delay attainment of the South Coast AQMP. [Threshold AQ-3]*

Emissions associated with the Arrowhead Springs Specific Plan would exceed the SCAQMD significance thresholds during construction and operational phases. As such, the SCAQMD considers these emissions to be significant on a cumulative basis.

Mitigation Measure:

AHS 5.2-3 Implementation of mitigation measures AHS 5.2-2A and AHS 5.2-2B shall be applied to reduce cumulative impacts.

Finding: The mitigation measures identified above would reduce potential cumulative impacts associated with air quality to the extent feasible. Despite the application of mitigation measures Impact 5.2-3 would result in a significant unavoidable adverse air quality impact due to the magnitude of emissions that would be generated during construction and operation. The proposed project is expected to generate emissions levels that exceed AQMD threshold criteria for CO, ROG, NO_x, and PM₁₀ in the SoCAB. A Statement of Overriding Considerations must be adopted by the Common Council concurrent with project approval.

B2.2 Biological Resources

AHS Impact 5.3-1: *Development of the project would disturb or remove approximately 420 acres of plant communities of which approximately 124 acres contain sensitive vegetation communities, plant and animal species. [Threshold B-1]*

Project implementation, primarily construction in West Twin Creek/Waterman Canyon would result in the direct removal of sensitive vegetation communities. Impacts would be potentially significant.

Direct impacts to one federal and state-listed plant species (thread leaved brodiaea) known to occur on the site; and four federal candidate plant species (smooth tarplant, Plummer's mariposa lily, Parry's spineflower, and many-stemmed dudleya) that were not observed but with a moderate likelihood to occur would result in a potentially significant impact.

Direct impacts to one federal threatened and one federal proposed endangered amphibian species, and one federal candidate wildlife species

Mitigation Measures:

AHS 5.3-1 Prior to the issuance of grading permits, a qualified biologist shall conduct detailed surveys for sensitive vegetation communities, plants, and wildlife that occur within the final grading footprint and associated construction staging areas for the proposed development. If listed species are determined to be present, consultation with the USFWS and CDFG shall be initiated. The applicant shall comply with project-specific permit conditions and requirements developed through consultation with USFWS and CDFG, including:

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- Avoidance and minimization of impacts to listed species through revised project design.
- Provision of in-kind native habitat/vegetation through onsite revegetation and restoration at a minimum 2 to 1 ratio or higher ratio as required by USFWS and CDFG.
- Provision of compensation through acquisition of offsite mitigation areas at a minimum 2 to 1 ratio or higher ratio as required by USFWS and CDFG.

Finding: The mitigation measure identified is feasible and would avoid or substantially lessen the potentially significant impacts associated with biological resources to a level of less than significant and no unavoidable adverse impacts would occur.

AHS Impact 5.3-2: *Development of the project would potentially result in the loss of approximately 51 acres of riparian habitat. [Threshold B-2]*

Approximately 51 acres of riparian habitat would be impacted by construction of the proposed project primarily along West Twin Creek in Waterman Canyon.

Mitigation Measures:

AHS 5.3-2A Prior to the issuance of grading permits for any project potentially affecting riparian habitat, jurisdictional waters, and/or wetland habitat, the property owner/developer shall provide evidence to the that all necessary permits have been obtained from the CDFG (pursuant to Section 1600 of the Fish and Game Code) and the USACE (pursuant to Section 404 of the CWA) or that no such permits are required, in a manner meeting the approval of the Director of Development Services for the City of San Bernardino. Section 404 Permits from the USCOE will also require a Section 401 Water Quality Certification from the California RWQCB Santa Ana. Project applicant shall provide evidence of a Section 401 Water Quality Certification. If federally listed species are present, consultation with USFWS shall also occur in conjunction with the Section 404 permit.

AHS 5.3-2B Prior to issuance of a grading permit for any area containing resources subject to the jurisdiction of USACE and CDFG, USFWS, and RWQCB, a comprehensive Revegetation and Restoration Plan shall be developed by the applicant in consultation with the applicable agencies. The plan shall incorporate the applicable permit conditions and requirements of these agencies including the Section 404 Permit, 401 Water Quality Certification, and CDFG Section 1600 Streambed Alteration Agreement.

Native vegetation shall be installed at a minimum ratio of 2 to 1 and maintained along the developed/wildland interface of the golf course and associated residential units, including local native plant landscaping.

The plan will address the following items:

- *Responsibilities and qualifications of the personnel to implement and supervise the plan:* The responsibilities of the landowner, specialists and maintenance personnel that will supervise and implement the plan will be specified.



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- *Site selection:* The site for mitigation will be determined in coordination with the City, USFWS, CDFG, and USACE. The site will be located within land to be purchased or preserved offsite within the San Gabriel watershed.
- *Restoration and creation of habitat:* The plan shall require the creation of riparian habitat in the amount and of the type required by CDFG and USACE, provided, however, that, in order to assure no net loss of jurisdictional resources on an acre-for-acre basis, all impacted USACE and CDFG jurisdictional habitat shall be compensated by restoration, enhancement or creation at a minimum of 3:1 ratio.
- *Site preparation and planting implementation:* The site preparation will include: 1) protection of existing native species, 2) trash and weed removal, 3) native species salvage and reuse (i.e. duff), 4) soil treatments (i.e. imprinting, decompacting), 5) temporary irrigation installation, 6) erosion control measures (i.e. rice or willow wattles), 7) seed mix application, and 8) container species.
- *Schedule:* A schedule will be developed that includes planting to occur during the appropriate season.
- *Maintenance plan/guidelines:* The maintenance plan will include: 1) weed control, 2) herbivory control, 3) trash removal, 4) irrigation system maintenance, 5) maintenance training, and 6) replacement planting.
- *Monitoring plan:* The monitoring plan will include: 1) qualitative monitoring (i.e., photographs and general observation), 2) quantitative monitoring (i.e., randomly placed transects), 3) performance criteria as approved by the resource agencies, 4) monitoring reports for three to five years, 5) site monitoring as required by the resource agencies to ensure successful establishment of riparian habitat within the restored and created area. Successful establishment is defined per the performance criteria agreed to by the USACE, USFWS, CDFG, and the City or subsequent project applicant.
- *Long-term preservation:* Long-term preservation of the site will also be outlined in the conceptual mitigation plan.

AHS 5.3-2C The applicant shall ensure that polluted runoff from the golf course will not enter riparian habitat and jurisdictional waters, including wetland habitat, through implementation of Mitigation Measures 5.7-1B, 5.7-1C, 5.7-1D, and 5.7-1E (Section 5.7, Hydrology).

Finding: The mitigation measures identified are feasible and would avoid or substantially lessen the potentially significant impacts associated with biological resources to a level of less than significant and no unavoidable adverse impacts would occur.

AHS Impact 5.3-3: *The proposed project would impact approximately 58 acres of potential jurisdictional waters, including wetlands. [Threshold B-3]*

Approximately 58 acres of potential jurisdictional (U.S. Army Corp of Engineers and California Department of Fish and Game) waters, including wetlands, would be impacted by the proposed project.

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Mitigation Measures:

AHS 5.3-3 Project applicant shall implement mitigation measure 5.3-2 to address impacts to jurisdictional waters and wetlands.

Finding: The mitigation measure identified is feasible and would avoid or substantially lessens the potentially significant impacts associated with biological resources to a level of less than significant and no unavoidable adverse impacts would occur.

AHS Impact 5.3-4: *The proposed project would affect wildlife movement in West Twin Creek/Waterman Canyon. [Threshold B-4]*

The proposed project may potentially affect the movement of resident or migratory wildlife species in West Twin Creek/Waterman Canyon.

Mitigation Measures:

AHS 5.3-4A Prior to issuance of a grading permit for the golf course construction and creek realignment, the applicant shall conduct a wildlife corridor/movement analysis of West Twin Creek/Waterman Canyon to identify and define the limits of the existing wildlife corridor. Based on the results of the analysis, and in consultation with a qualified biologist and a qualified native community restorationist, the landscaping plan for manufactured slopes along the drainage shall include:

- Provision of north-south wildlife movement and linkage opportunities for the affected species along and adjacent to the realigned creek.
- Planting of a minimum 25-foot buffer zone, within a 50-foot setback, of native shrubs and trees that provide maximum screening.
- Exterior lighting shall be prohibited within the 50-foot setback zone. Light sources adjacent to the wildlife corridor shall be directed away from the corridor.
- To allow for the mobility of animals, fencing used in the 50-foot setback zone shall be limited to open fencing, such as split rail fencing, which does not exceed 40 inches in height above the finished grade.

AHS 5.3-4B If construction activities, including removal of riparian vegetation or construction adjacent to riparian habitat, is to occur between March 15 and August 30, the project proponent shall have a biologist conduct a pre-construction, migratory bird and raptor nesting site check. The biologist must be qualified to determine the status and stage of nesting effort by all locally breeding raptor species without causing intrusive disturbance. If an active nesting effort is confirmed very likely by the biologist, no construction activities shall occur within at least 300 feet of the nesting site until measures to address the constraint are agreed to by the project proponent and USFWS personnel. This agreement may be made by conference call, an on-site meeting, or other mutually agreeable means.

Measures available as options to address this constraint are dependent on the species and any other protections afforded it, details of the nest site, the nest stage, types and



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levels of ongoing disturbances, the relevant project actions, and distances involved. Specific measures would be determined by the regulating agency (USFWS).

Finding: The mitigation measures identified are feasible and would avoid or substantially lessen the potentially significant impacts associated with biological resources to a level of less than significant and no unavoidable adverse impacts would occur.

B2.3 Cultural Resources

AHS Impact 5.4-1: Build-out of the Arrowhead Springs Specific Plan would impact an identified historic resource. [Threshold C-1]

The proposed land use plan would result in the demolition of several buildings which contribute to the historical significance of the property. The CEQA Guidelines require a project which will have potentially adverse impacts on historic resources to conform to the *Secretary of the Interior's Standards for the Treatment of Historic Properties*, in order for the impacts to be mitigated to below significant and adverse levels. The demolition of an historic property cannot be seen as conforming with the *Secretary of the Interior's Standards*. Build-out of the proposed plan would also result in the introduction of land uses in close proximity to remaining historic features, which would substantially alter the existing historic and natural setting of the Arrowhead Springs property.

Mitigation Measures:

AHS 5.4-1A Prior to issuance of any building, grading or demolition permit for the modification or destruction of any historic structure, the project applicant shall submit to the Director of Development Services written recommendations prepared by a qualified architectural historian of the measures that shall be implemented to protect each historic site eligible for listing on the NRHP and CRHP. The list includes but is not limited to the following as shown in Table 5.4-1 and illustrated in Figure 5.4-3.

Hotel/Steam Caves	Bungalow 10
Pool, Cabanas, Tennis Courts	Mud Baths
Bungalow 1	Smith Memorial
Bungalow 3	Indian Statue
Bungalow 4	Reservoir
Bungalow 5	Springs
Bungalow 6	Fountains
Bungalow 7	Terrace and Tennis Courts
Bungalow 8	Landscape Elements
Bungalow 9	Miscellaneous Features

Modification. Appropriate mitigation measures for "historical resources" could include preservation of the site through avoidance or capping, incorporation of the site in greenspace, parks, or open space, data recovery excavations of the finds, or a rehabilitation plan in compliance with the Secretary of Interior's Standards for the Treatment of Historic Properties with Guidelines for Preserving, Rehabilitating, Restoring, and Reconstructing Historic Buildings (1995) prepared by a qualified historic preservation professional that would be based to the greatest extent feasible on historical data. A particular focus of the rehabilitation plan should be the hotel building, including landscaping, interiors, exteriors and furnishings.

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Demolition. To the extent eligible sites are not preserved in place, prior to the issuance of a demolition permit for the demolition of any Historic Structure eligible for listing on the NRHP and CRHP, including Bungalows 3,7,8,9,10 and 11, the historian shall conduct a data recovery program which includes:

Comprehensive Survey. A comprehensive inventory of historic features on the property, including but not limited to buildings, structures, objects, water features, wall, and landscape materials shall be conducted. To the greatest extent feasible, the preservation and rehabilitation of historic features on the property shall be incorporated into the development plan.

Interpretative Plan. The applicant shall be required to produce an historical interpretation plan for the property. This plan shall include a permanent, on-site display within a public area which will provide historic information about the founding and history of Arrowhead Springs. Historic and/or contemporary photographs and other artifacts and materials should be included within the display. Other indoor or outdoor interpretive displays shall be produced, as appropriate. The precise content, format, and location and design shall be determined by a qualified historic preservation professional, and subject to the approval by the City of San Bernardino.

Documentation. A Historic American Buildings Survey (HABS) outline format narrative description of the property, contemporary and historic photographs, and other relevant documentation shall be prepared by a historic consultant approved by the City. Prior to the issuance of a demolition permit for the subject property, the report shall be submitted for approval to the Director of Community Development and the Director of Community Services, and an approved original shall be deposited in the City of San Bernardino Branches of the San Bernardino County Public Library (or other suitable repository as determined by the Directors of Community Development and Community Services).



AHS 5.4-1B

The EIR concludes that there are or may be significant historical structures/resources not currently ascertainable within areas where ground disturbing activity is proposed by the project. Therefore, prior to issuance of the first preliminary or precise grading permit for development in the Arrowhead Springs Specific Plan area, the landowner or subsequent project applicant shall provide evidence that a qualified historic preservation professional has been retained by the landowner or subsequent project applicant, and has conducted a site survey of the development area at such time as all ground surfaces are visible after current uses are removed. If any sites are discovered, the historian shall conduct surveys and/or test level investigations. Testing and evaluation may consist of surface collection and mapping, limited subsurface excavations, and the appropriate analyses and research necessary to characterize the artifacts and deposit from which they originated. Upon completion of the test level investigations, for sites are determined to be unique a "historical resource" as set forth in CEQA Guidelines Section 15064.5, the following measures shall be undertaken: the historian shall submit its recommendations to the landowner or subsequent project applicant and the Director of Community Development on the measures that shall be implemented to protect the site. Appropriate measures could include preservation in place through planning construction to avoid the historical resource, incorporation into greenspace, parks, or open space, data recovery excavations of the finds or compliance with the Secretary of Interior's Standards for the Treatment of Historic Properties with Guidelines for Preserving, Rehabilitating, Restoring, and Reconstructing Historic buildings (1995).

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- Preparation of a research design for those sites determined to be "historical resources" that cannot be avoided that describes the recommended field investigations, and makes provisions for adequately recovering the scientifically consequential information from and about the "historical resource."
- Conducting site excavations in accordance with the research design with an emphasis on obtaining an adequate sample for analysis within the limits of the research questions being addressed. Special studies such as pollen analyses, soil analyses, radiocarbon dating, and obsidian hydration dating should be conducted as appropriate.
- Monitoring of all field excavations by a Native American representative.
- Preparation of a final report of the Phase 3 data recovery work and submittal of the research design and final report to the South Central Coastal Information Center (SCCIC), and other agencies, as appropriate.
- If any Native American archaeological artifacts are recovered, the project applicant shall contact the City, which shall in turn contact the Morongo Band of Mission Indians and any other designated Tribe(s)' tribal representative, as determined by the Native American Heritage Commission (NAHC) to notify them of the discovery. The applicant shall coordinate with the City of San Bernardino and the designated Tribe(s) to determine, in good faith, the appropriate disposition of Native American artifacts and the designated Tribe(s) shall be given the opportunity to seek the return of any Native American artifacts discovered. Any non-Native American archaeological artifacts recovered as a result of mitigation shall be donated to a qualified scientific institution approved by the Director of Community Development where they would be afforded long-term preservation to allow future scientific study.

Finding: Although the mitigation measures listed above would reduce the impacts to historic resources, demolition of historic structures can not be mitigated in accordance with CEQA Guidelines. Therefore the impacts to historic resources would remain a significant unavoidable adverse impact and a Statement of Overriding Considerations must be adopted.

AHS Impact 5.4-2: *Build-out of the Arrowhead Springs Specific Plan would impact archaeological resources, paleontological resources, or a unique geologic feature. [Thresholds C2 and C-3]*

Development activities pursuant to the Arrowhead Springs Specific Plan, such as grading and establishment of infrastructure would result in significant impacts to known archaeological resources. Portions of the Arrowhead Springs area that are proposed for development may contain additional prehistoric sites which have not been recorded or identified and which may be impacted by site disturbance activities.

Mitigation Measures:

AHS 5.4-2A Prior to issuance of the first preliminary or precise grading permit, and for any subsequent permit involving excavation to increased depth, the landowner or subsequent project applicant shall provide evidence that an archaeologist and/or paleontologist have been retained by the landowner or subsequent project applicant, and that the consultant(s) will be present during all grading and other significant ground

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disturbing activities. These consultants shall be selected from the roll of qualified archaeologist and paleontologists maintained by the County of San Bernardino. Should any archeological/paleontological resources be discovered, the monitor is authorized to stop all grading in the immediate area of the discovery, and shall make recommendations to the Director of Development Services on the measures that shall be implemented to protect the discovered resources, including but not limited to excavation of the finds and evaluation of the finds in accordance with Section 15064.5 of the CEQA Guidelines. If the resources are determined to be "historic resources" at that term is defined under Section 15064.5 of the CEQA Guidelines, mitigation measures shall be identified by the monitor and recommended to the Director of Development Services. Appropriate mitigation measures for significant resources could include avoidance or capping, incorporation of the site in greenspace, parks or open space, or data recovery excavations of the finds. No further grading shall occur in the area of the discovery until the Director approves the measures to protect these resources. If any Native American paleontological or archaeological artifacts are recovered as a result mitigation the City shall contact the Morongo Band of Mission Indians and any other designated Tribe(s) tribal representative, as determined by the Native American Heritage Commission (NAHC) to notify them of the discovery. The applicant shall coordinate with the City of San Bernardino and the designated Tribe(s) to determine, in good faith, the appropriate disposition Native American artifacts and the designated Tribe(s) shall be given the opportunity to seek the return of any Native American artifacts discovered. Any non-Native American paleontological or archaeological artifacts recovered as a result of mitigation shall be donated to a qualified scientific institution approved by the Director of Community Development where they would be afforded long-term preservation to allow future scientific study.



AHS 5.4-2B

Prior to the issuance of any grading permit, the following note shall be placed on the cover sheet, and discussed at the pre-grade meeting:

- a) The paleontologist retained for the project shall immediately evaluate the fossils which have been discovered to determine if they are significant and, if so, to develop a plan to collect and study them for the purpose of mitigation.
- b) The paleontologic monitor must be empowered to temporarily halt or redirect excavation equipment if fossils are found to allow evaluation and removal of them if necessary, the monitor should be equipped to speedily collect specimens if they are encountered.
- c) The monitor, with assistance if necessary, shall collect individual fossils and/or samples of fossil bearing sediments. If specimens of small animal species are encountered, the most time and cost efficient method of recovery is to remove a selected volume of fossil bearing earth from the grading area and screen wash it off-site.
- d) Fossils recovered during the earthmoving or as a result of screen-washing of sediment samples shall be cleaned and prepared sufficiently to allow identification. This allows the fossils to be described in a report of findings and reduces the volume of matrix around specimens prior to storage, thus reducing storage costs.

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- e) A report of findings shall be prepared and submitted to the public agency responsible for overseeing developments and mitigation of environmental impacts upon completion of mitigation. This report would minimally include a statement of the type of paleontological resources found, the methods and procedures used to recover them, an inventory of the specimens recovered, and a statement of their scientific significance.

AHS 5.4-2C

The EIR concludes that there are or may be significant archaeological resources within areas where ground disturbing activity is proposed by the project. Therefore, prior to the first preliminary or precise grading permit for development in the Arrowhead Springs Specific Plan area, each **prehistoric** and **historic archeological site** (listed below and described in Table 5.4-3) located within the project grading footprint must be tested and evaluated, following clearing and scraping activities.

- CA-SBR-2268/H, including the four loci
- CA-SBR-6870H
- CA-SBR-7019H
- CA-SBR-7020H
- CA-SBR-7022H
- CA-SBR-7049H
- P1071-21
- P36-017732

Testing and evaluation may consist of surface collection and mapping, limited subsurface excavations, and the appropriate analyses and research necessary to characterize the artifacts and deposit from which they originated. Upon completion of the test level investigations, for sites are determined to be unique archaeological sites or historical resources as set forth in CEQA Guidelines Section 15064.5, the following measures shall be undertaken: the archaeologist shall submit its recommendations to, the landowner or subsequent project applicant and the Director of Community Development on the measures that shall be implemented to protect the sites. Appropriate measures for unique archaeological resources or historical resources could include preservation in place through planning construction to avoid archaeological sites; incorporation of sites within parks, greenspace, or other open space; covering the archaeological sites with a layer of chemically stable soil before building tennis courts, parking lots, or similar facilities on the site or deeding the site into a permanent conservation easement. When data recovery through excavation is the only feasible mitigation, a data recovery plan, which makes provision for adequately recovering the scientifically consequential information from and about the historical resource, shall be prepared and adopted prior to any excavation being undertaken. Such studies shall be deposited with the California Historical Resources Regional Information Center. Archaeological sites known to contain human remains shall be treated in accordance with the provisions of Section 7050.5 Health and Safety Code.

- Preparation of a research design for those sites determined to the "historical resources" that cannot be avoided that describes the recommended field investigations, and makes provisions for adequately recovering the scientifically consequential information from and about the "historical resource."

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- Conducting site excavations in accordance with the research design with an emphasis on obtaining an adequate sample for analysis within the limits of the research questions being addressed. Special studies such as pollen analyses, soil analyses, radiocarbon dating, and obsidian hydration dating should be conducted as appropriate.
- Monitoring of all field excavations by a Native American representative.
- Preparation of a final report of the Phase 3 data recovery work and submittal of the research design and final report to the South Central Coastal Information Center (SCCIC), and other agencies, as appropriate.
- If any Native American archaeological artifacts are recovered, the project applicant shall contact the City, which shall in turn contact the Morongo Band of Mission Indians and any other designated Tribe(s)' tribal representative, as determined by the Native American Heritage Commission (NAHC) to notify them of the discovery. The applicant shall coordinate with the City of San Bernardino and the designated Tribe(s) to determine, in good faith, the appropriate disposition of Native American artifacts and the designated Tribe(s) shall be given the opportunity to seek the return of any Native American artifacts discovered. Any non-Native American archaeological artifacts recovered as a result of mitigation shall be donated to a qualified scientific institution approved by the Director of Community Development where they would be afforded long-term preservation to allow future scientific study.



Finding: The mitigation measures identified are feasible and would avoid or substantially lessen the potentially significant impacts associated with archeological and/or paleontological resources or unique geologic features to a level of less than significant and no unavoidable adverse impacts would occur.

AHS Impact 5.4-3: *Grading activities could potentially disturb human remains in the Arrowhead Springs Specific Plan area. [Threshold C-4]*

The site does contain the remains of Dayid Nobel Smith at a marked memorial and the area was also known to be used by Native American tribes, increasing the likelihood that undiscovered human remains may exist. Site grading and construction activities may result in the discovery of human remains, which would result in a significant impact.

Mitigation Measures:

AHS 5.4-3A In the event of the accidental discovery or recognition of any human remains in any location other than a dedicated cemetery, the following steps shall be taken:

There shall be no further excavation or disturbance of the site or any nearby area reasonably suspected to overlie adjacent human remains until the San Bernardino County Coroner is contacted to determine if the remains are prehistoric and that no investigation of the cause of death is required. If the coroner determines the remains to be Native American, then the coroner shall contact the Native American Heritage Commission within 24 hours, and the Native American Heritage Commission shall identify the person or persons it believes to be the most likely descendent from the deceased Native American. The most likely descendant may make recommendations

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B2. FINDINGS ON POTENTIALLY SIGNIFICANT IMPACTS OF THE PROPOSED PROJECT IDENTIFIED IN THE DEIR/FEIR

to the landowner or the person responsible for the excavation work, for means of treating or disposing of, with appropriate dignity, the human remains and any associated grave goods as provided in Public Resources Code Section 5097.98; or

Where the following conditions occur, the landowner or his authorized representative shall rebury the Native American human remains and associated grave goods with appropriate dignity either in accordance with the recommendation of the most likely descendant or on the property in a location not subject to further subsurface disturbances:

- The Native American Heritage Commission is unable to identify a most likely descendant or the likely descendant failed to make a recommendation within 24 hours after being notified by the commission; or
- The descendant identified fails to make a recommendation; or
- The landowner or his authorized representative rejects the recommendation of the descendant, and the mediation by the Native American Heritage Commission fails to provide measures acceptable to the landowner.

AHS 5.4-3B

Upon receipt of an application for a project subject to CEQA and within the City's jurisdiction, the City of San Bernardino's representative shall consult with the relevant Tribe(s)' tribal representative(s), as determined by the Native American Heritage Commission, to determine if the proposed project is within a culturally sensitive area to the tribe. If sufficient evidence is provided to reasonably ascertain that the site is within a [tribal] culturally sensitive area, then a cultural resources assessment prepared by a City-certified archaeologist shall be required. The findings of the cultural resources assessment shall be incorporated into the CEQA documentation. A copy of the report shall be forwarded to the Tribe(s). If mitigation is recommended in the CEQA document, the procedure described in MM 5.4-3C shall be followed.

AHS 5.4-3C

Prior to the issuance of grading permits for which the CEQA document defines cultural resource mitigation for potential tribal cultural resources, the project applicant shall contact the designated Tribe(s)' tribal representative to notify them of the grading, excavation, and monitoring program. The applicant shall coordinate with the City of San Bernardino and the tribal representative(s) to negotiate an Agreement that addresses the designation, responsibilities, and participation of tribal monitors during grading, excavation, and ground-disturbing activities; scheduling; terms of compensation; and treatment and final disposition of any cultural resources, sacred sites, and human remains discovered on the site. The City of San Bernardino shall be the final arbiter of the conditions included in the Agreement.

Finding: The mitigation measures identified are feasible and would avoid or substantially lessen the potentially significant impacts associated with disturbance of human remains outside of formal cemeteries to a level of less than significant and no unavoidable adverse impacts would occur.

B2.4 Geology and Soils

AHS Impact 5.5-2: *Unstable geologic unit or soils conditions, including soil erosion, could result due to build-out of the Arrowhead Springs Specific Plan. [Thresholds G-2 and G-3]*

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B2. FINDINGS ON POTENTIALLY SIGNIFICANT IMPACTS OF THE PROPOSED PROJECT IDENTIFIED IN THE DEIR/FEIR

Portions of the Arrowhead Springs Specific Plan area are located on unstable geological units or have unstable soil conditions that may result in loss of topsoil or be susceptible to landslides, lateral spreading, liquefaction, subsidence, and collapse.

Mitigation Measures:

- AHS 5.5-2a All projects within the Arrowhead Springs Specific Plan area shall follow all geotechnical recommendations provided within the Report of Preliminary Geotechnical Evaluations produced by Soils Southwest Inc.
- AHS 5.5-2b Site specific geotechnical analysis shall be required for all new developments within the Arrowhead Springs Specific Plan area to determine existing soils conditions, soil recommendations for fill material prior to grading, and slope stability. Detailed geologic and geotechnical evaluations shall be made for construction of structural footings and slab-on-grade for placement on compacted fill soils.
- AHS 5.5-2c No fill shall be placed, spread or rolled during unfavorable weather conditions. Where work is interrupted by heavy rains, fill operations shall not be resumed until moisture conditions are considered favorable by the soils engineer.
- AHS 5.5-2d Proposed level structural pad areas shall be carefully evaluated by project geologist to determine whether these locations can be rendered safe and stable without potentially affecting offsite improvements. Excavated footings shall be inspected, verified, and certified by soils engineer prior to steel and concrete placement to ensure their sufficient embedment and proper bearing. Structural backfill shall be placed under direct observation and testing.



Finding: The mitigation measures identified are feasible and would avoid or substantially lessen the potentially significant impacts associated with geology and soils to a level of less than significant and no unavoidable adverse impacts would occur.

B2.5 Hazards and Hazardous Materials

AHS Impact 5.6-1: *Arrowhead Springs Specific Plan operations would involve the transport, use and/or disposal of hazardous materials or release of hazardous materials. [Thresholds H-1, H-2, and H-3]*

The Arrowhead Springs Specific Plan area would result in the expansion of the existing development to include new commercial and residential uses. The Phase I Site Assessment identified recognized environmental conditions and historical recognized environmental conditions that may pose a hazard to people or the environment. Furthermore, naturally occurring emissions from the geothermal activity may also pose a hazard to people if development were to be concentrated in these areas.

Mitigation Measures:

- AHS 5.6-1a Oil impacted materials identified onsite shall be properly cleaned and disposed of in accordance state and local laws.
- AHS 5.6-1b Soil samples shall be collected in the area surrounding the drying beds at the small sanitary sewer treatment facility and shall be tested for elevated metal concentrations.

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AHS 5.6-1c Prior to approval of Tentative Tract Maps in the Arrowhead Springs Specific Plan area in the vicinity of the identified geothermal areas, the developer shall initiate a risk assessment to identify possible risks associated with the development adjacent to the geothermal activity of Arrowhead Springs. The risk analysis shall include a risk assessment of radon, methane, propane, and mercury associated with the geothermal vents, hot springs, and mercury accumulation in the soils where development is to occur. Ventilation systems shall be designed in accordance with the National Fire Protection Association guide to ensure that indoor air concentrations of these hazards associated with the geothermal activity would not result in a hazard for building occupants. If an active (i.e. mechanically operated) ventilation system is used, the developer would be required to obtain relevant permits from the AQMD.

Finding: The mitigation measure identified is feasible and would avoid or substantially lessen the potentially significant impacts associated with hazards and hazardous material to a level of less than significant and no unavoidable adverse impacts would occur

B2.6 Hydrology and Water Quality

AHS Impact 5.7-1: *During the construction phase of the proposed project, there is the potential for short-term unquantifiable increases in pollutant concentrations from the site. After project development, the quality of storm water runoff (sediment, nutrients, metals, pesticides, pathogens, and hydrocarbons) may be altered. [Thresholds HD-1 and HD-6]*

Construction activities could lead to temporary impacts on surface water water quality through an increase in sediment deposited in local streams due to soil erosion and/or the release of other pollutants associated with construction. Development of the site would urbanize a total of approximately 506 acres, including 199 acres for a golf course, which would result in substantial alteration in the existing site conditions and the introduction of urban pollutant sources that could impact water quality for surface and ground water resources.

Mitigation Measures:

AHS 5.7-1A Prior to the issuance of land disturbing permits, the applicant shall provide the City Engineer with evidence that a Notice of Intent (NOI) has been filed with the State Water Resources Control Board. Such evidence shall consist of a copy of the NOI stamped by the State Water Resources Control Board or the Regional Water Quality Control Board, or a letter from either agency stating that the NOI has been filed a minimum of thirty days prior to commencing grading operations.

AHS 5.7-1B Prior to issuance of land disturbing permits and in compliance with the requirements of the State General Construction Activity Storm Water Permit, the project applicant shall prepare a Storm Water Pollution Prevention Plan (SWPPP) that incorporates measures or comparable Best Management Practices which describe the site, erosion and sediment controls, means of waste disposal, implementation of approved local plans, control of post-construction sediment and erosion control measures and maintenance responsibilities, and non-storm water management controls. The SWPPP shall also be submitted to the City of San Bernardino Public Works Department. The applicant shall require all construction contractors to retain a copy of the approved SWPPP on each construction site. Additionally, the SWPPP shall ensure that all water discharges are in

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compliances with the current requirements of the California Regional Water Quality Control Board, Santa Ana Region.

AHS 5.7-1C

Prior to issuance of land disturbing permits and in compliance with City of San Bernardino Municipal Code Chapter 8.80, the applicant shall prepare a Storm Water Quality Management Plan (SWQMP). The SWQMP shall implement all applicable BMPs, as listed in the California Storm Water Best Management Practices Handbooks or the current, San Bernardino County Storm Water Program's Report of Waste Discharge, to reduce pollutants in storm water and runoff and reduce non-storm water discharges to the City's storm water drainage system to the maximum extent practicable. The SWQMP shall demonstrate compliance with California Department of Health Services Section 60310 Use Area Requirements, which state that "no impoundment of disinfected tertiary recycled water shall occur within 100 feet of any domestic water supply well," and "no irrigation with, or impoundment of, disinfected secondary or disinfected secondary recycled water shall take place within 100 feet of any domestic water supply well."

AHS 5.7-1D

Prior to the issuance of land disturbing permits for the golf course, a Chemical Application Management Plan (CHAMP) shall be submitted to and approved by the City of San Bernardino. The CHAMP or similar management plan shall incorporate but not be limited to the following:

- A description of chemicals authorized for use and approved by the State of California, along with guidelines for their application. Guidelines shall include restrictions on their application and their use near drainage systems. Chemicals include fertilizers, herbicides, fungicides, insecticides and rodenticides. Guidelines on the application of fertilizers and soil amendments shall take into account consideration the physical characteristics and nutrient content of the soil on the golf course site.
- Guidelines for the irrigation of the golf course that take into consideration the field capacity of soil types and the timing with chemical applications; and
- Chemical storage requirements and chemical spill response and chemical inventory response plans shall be prepared and implemented.



AHS 5.7-1E

A water quality monitoring system and program shall be developed and implemented in conjunction with the CHAMP that provides for sampling of all permanent surface water features on a quarterly basis and includes an analysis for non-volatile synthetic organic chemicals, total dissolved solids, chloride, sulfate, total phosphorus, boron, nitrogen as nitrate, total nitrogen, and iron. This monitoring program shall be implemented with consideration of the RWQCB water quality objectives.

Finding: The mitigation measures identified are feasible and would avoid or substantially lessen the potentially significant impacts associated with hydrology and water quality to a level of less than significant and no unavoidable adverse impacts would occur.

AHS Impact 5.7-2:

Development pursuant to the proposed project would increase the amount of impervious surfaces on the site and utilize surface waters otherwise

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destined for groundwater recharge reducing opportunities for groundwater recharge. [Threshold HD-2]

Project implementation would increase the amount of impervious surfaces in the area, thus impacting the opportunity for groundwater recharge in those areas. Additionally, the proposed project would withdraw water from the surface water streams for drinking water and irrigation purposes and/or retrieve through wells in the Basin excess water that would normally reach the percolation ponds, which would reduce the amount of water available for groundwater recharge in the Basin.

Mitigation Measures:

AHS 5.7-2A Prior to approval of the first Tentative Tract Map, evidence shall be provided to the Development Services Department that appropriate water rights have been granted including a determination of maximum and minimum withdrawal of water from East and West Twin Creek watersheds (in conjunction with mitigation measure 5.15-1).

AHS 5.7-2B Prior to approval of the first Tentative Tract Map, the applicant shall secure a site for the supplemental water wells in the San Bernardino Basin and obtain a drilling and operation permit in accordance with Chapter 13.24 (Water Supply System) of the Municipal Code.

Finding: The mitigation measures identified are feasible and will avoid or substantially lessen the potentially significant impacts associated with hydrology and water quality to a level of less than significant and no unavoidable adverse impacts would occur.

AHS Impact 5.7-3: *Development pursuant to the proposed project would increase the amount of impervious surfaces on the site and would therefore increase surface water flows into drainage systems within the watershed. [Threshold HD-3, HD-4, and HD-5]*

The existing drainage pattern of the site would be substantially altered and development would create an increase in impervious surfaces causing an increase in the amount and rate of storm water discharge to local streams.

Mitigation Measures:

AHS 5.7-3A Prior to issuance of land disturbing permits, the applicant shall submit a Final Drainage Plan Report to the City of San Bernardino for review and approval in conformance with the City of San Bernardino requirements that are in effect at the time of submittal. The report shall be prepared by a qualified registered professional civil engineer and shall, at a minimum, include the following:

- A written text addressing existing conditions, the effects of projects improvements, all appropriate calculations, a watershed and hydrology map, changes in downstream flows and elevations, proposed on and off-site improvements (catch basins, inlets, vaults, swales, filters, etc. for entrapment of sediment debris and contaminants), and features to protect downstream uses and property. The project drainage features shall be designed to ensure no change in downstream flow conditions that would result in new or increased severity of flooding.

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- The report shall provide evidence of compliance with all required approvals from the Regional Water Quality Control Board (401 Water Quality Waiver) and with USCOE 404 permitting for changes to "waters of the U.S."

AHS 5.7-3B Maintenance of the storm drainage facilities shall be the responsibility of the project applicant until such time as the facilities are turned over to the City as a public improvement, or included within a Landscape Maintenance District or project homeowners or maintenance association. Easements shall be created and offered for dedication to the City for maintenance and access to these facilities as necessary in anticipation of possible City maintenance.

Finding: The mitigation measures identified are feasible and would avoid or substantially lessen the potentially significant impacts associated with hydrology and water quality to a level of less than significant and no unavoidable adverse impacts would occur

AHS Impact 5.7-4: *Portions of the project site proposed for development are located within a 100-year flood hazard area. [Thresholds HD-7 and HD-8]*

Portions of the specific plan area selected for residential development that are adjacent to West Twin Creek are subject to 100-year flood plain inundation.

Mitigation Measures:

AHS 5.7-4 Prior to issuance of building permits the project applicant shall prepare and file an application with Federal Emergency Management Agency (FEMA), a Letter of Map Revision (LOMR) for Flood Insurance Rate Maps as necessary to reflect changes to the floodway or flood plain resulting from the development to demonstrate that all habitable structures are not subject to flooding in a 100-year storm. The Department of Public Works shall be provided a copy of the LOMR.

Finding: The mitigation measure identified is feasible and will avoid or substantially lessen the potentially significant impacts associated with hydrology and water quality to a level of less than significant and no unavoidable adverse impacts would occur

B2.7 Noise

AHS Impact 5.10-1: *Implementation of the Arrowhead Springs Specific Plan would result in long-term operation-related noise that would exceed local standards. [Thresholds N-1 and N-3]*

Project implementation would result in long-term operation-related noise that would exceed local noise standards primarily derived from operation of the proposed wastewater treatment plant and traffic on the new Harrison Parkway and other local roadways studied due to the proximity of residential uses. Cumulative noise impacts would occur due project and background traffic in the year 2030 at Sterling Avenue south of Foothill Drive.

Mitigation Measures:

AHS 5.10-1A A site specific acoustic study shall be conducted to analyze and mitigate noise levels along the existing Harrison Street from 40th to 30th Street and submitted to the



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Development Services Department with plans for road widening of Harrison Street. This acoustic study shall specify the necessary mitigation to achieve exterior noise level limits at residential uses proximate to the new Harrison Parkway. Mitigation measures may include the use of berms or sound walls to attenuate exterior noise levels.

AHS 5.10-1B A site specific acoustic study shall be conducted to evaluate and, if necessary, mitigate potential noise impacts from the proposed wastewater treatment plan on the golf course and residences located proximate to the project site. The study shall be submitted to the Development Services Department with building plans for approval. Mitigation, if necessary, shall be in compliance with the City's exterior and interior noise limits.

Finding: The mitigation measures identified are feasible and will avoid or substantially lessen the potentially significant impacts associated with most noise derived from traffic and noise due to operation of the wastewater treatment plant to a level of less than significant. However cumulative noise levels from traffic along Sterling Avenue south of Foothill Drive can not be sufficiently mitigated resulting in a significant unavoidable adverse noise impact and a statement of overriding consideration must be adopted by the Common Council.

AHS Impact 5.10-2: *Implementation of the Arrowhead Springs Specific Plan project would create short-term and long-term groundborne vibration and groundborne noise. [Threshold N-2]*

The project would create groundborne vibration and groundborne noise that may result in significant vibration impacts from vibration intensive construction activities. Vibration intensive construction activities may temporarily lead to significant vibration impacts if vibration sensitive receivers are located proximate to the construction activities.

Mitigation Measures:

AHS 5.10-2A Prior to issuance of land disturbing permits for projects that would occur within 25 feet of sensitive uses, the project applicant shall submit a list of equipment to the Development Services Department demonstrating compliance with USDOT significance threshold for vibration annoyance of 72 VdB.

AHS 5.10-2B Prior to issuance of land disturbing permits for projects that would occur within 25 feet of sensitive uses, the project applicant shall submit a list of equipment to the Development Services Department demonstrating compliance with USDOT significance threshold for vibration induced structural damage of 0.20 in/sec.

Finding: The mitigation measures identified are feasible and will avoid or substantially lessen most of the potentially significant impacts associated with groundborne vibration and groundborne noise. However, the phasing of development may place sensitive users adjacent to sources of groundborne vibration and groundborne noise during construction activities such that mitigation measures would not be effective in reducing impacts, resulting in a significant unavoidable adverse impact and a statement of overriding considerations must be adopted by the Common Council.

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B2. FINDINGS ON POTENTIALLY SIGNIFICANT IMPACTS OF THE PROPOSED PROJECT IDENTIFIED IN THE DEIR/FEIR

B2.8 Public Services

B2.8.1 Fire Protection

AHS Impact 5.12-1: *Incorporation of the Arrowhead Springs Specific Plan area and subsequent development would introduce new structures, residents, and workers within the City of San Bernardino Fire Department service boundaries, thereby increasing the requirement for fire protection facilities and personnel. [Threshold FP-1]*

Incorporation and build-out of the Arrowhead Springs Specific Plan area would expand the service boundary for the San Bernardino City Fire Department in an area that has a high number of emergency response calls and high fire danger thereby reducing the level of service for the remainder of the City, and resulting in an increased need for addition fire protection facilities and personnel.

Mitigation Measures:

AHS 5.12-1 Prior to approval of any tract map or development application, the project applicant shall enter into a secured fire protection agreement with the City of San Bernardino to provide necessary fire fighting facilities, personnel, equipment for fire, and emergency services delivery, either through construction of fire facilities, funding or a combination of both. The Agreement shall also address the phasing of required fire facilities.

Finding: The mitigation measure identified is feasible and will avoid or substantially lessen the potentially significant impacts associated with fire protection and emergency services to a level of less than significant and no unavoidable adverse impacts would occur.



B2.9 Recreation

AHS Impact 5.13-2: *Buildout of the Arrowhead Springs Specific Plan area would result in environmental impacts to provide new and/or expanded recreational facilities. [Threshold R-2]*

Implementation of the Arrowhead Springs Specific Plan would result in new recreation facilities including the development of a 199-acre public golf course in an area of natural environmental. Development of the golf course would result in direct environmental impacts to West Twin Creek and its natural biotic community.

Mitigation Measures:

AHS 5.13-2 Project applicant shall adhere to mitigation measures (AHS 5.3-1, AHS 5.3-2A, AHS 5.3-2B, AHS 5.3-2C, AHS 5.3-4A, AHS 5.3-4B) as detailed in Section 5.3 which are established to reduce the impact to the biological resources of West Twin Creek.

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Finding: The mitigation measure identified is feasible and will avoid or substantially lessen the potentially significant impacts associated with recreation to a level of less than significant and no unavoidable adverse impacts would occur.

B2.10 Transportation and Traffic

AHS Impact 5.14-1: *Project-related trip generation would impact levels of service for the existing area roadway system. [Threshold T-1]*

Two intersections were determined to be impacted by Phase I traffic and 7 intersections would be impacted by full build-out of the project or by the year 2030. No roadway segments would be impacted after Phase I or full build-out of the project.

Mitigation Measures:

AHS 5.14-1A Prior to issuance of occupancy permits the project applicant shall be required to complete or bond for the costs of engineering and construction of the following project related traffic improvements or equivalent for Phase I (as detailed in the traffic study) impacts of 2007:

- Waterman Avenue @ 36th Street. Install signalization with permitted phasing.
- Waterman Avenue @ 34th Street. Install signalization with permitted phasing.

AHS 5.14-1B Prior to issuance of occupancy permits for Phase II (as detailed in the traffic study) and all phases thereafter the project applicant shall be required to complete or bond for the costs of engineering and construction of the following project related traffic improvements or equivalent for impacts due to full build-out of the project:

- Waterman Avenue @ 30th Street. Install protected phasing and one additional WB right-turn lane, and one additional SB right-turn lane, both with overlap right-turn phasing.
- Harrison Parkway (new) @ 40th Street. Install signalization, permitted phasing and two NB left-turn lanes, one NB right-turn lane, an exclusive EB right-turn lane and an exclusive WB left-turn lane
- Waterman Avenue @ 36th Street. Install signalization and permitted phasing.
- 30th Street @ Lynwood Drive. Reconfigure intersection to align with new Harrison Parkway and install signal.
- Waterman Avenue @ 40th Street. Add an exclusive right-turn lane in each direction and westbound right-turn overlap phasing.
- Waterman Avenue @ 34th Street. Install signal and permitted phasing.

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- Village Parkway @ 40th Street. Install signal with protected EW phasing and the intersection configuration of; two SB left-turn lanes, one SB right-turn lane, two EB thru-lanes, one EB left-turn lane, two WB thru-lanes and one WB right-turn lane.

Finding: The mitigation measures identified are feasible and will avoid or substantially lessen the potentially significant impacts associated with traffic and transportation to a level of less than significant and no unavoidable adverse impacts would occur.

B2.11 Utilities and Services Systems

Water

AHS Impact 5.15-1: *Implementation of the Arrowhead Springs Specific Plan would require construction of a new water system and increase on-site water demand by approximately 4,035 acre-feet at build-out. [Thresholds WS-1 and WS-2]*

The environmental impact of constructing of the water distribution system for the Arrowhead Springs Specific Plan project has been analyzed throughout DEIR as part of the development as a whole and calculation of "average" water supply indicates that a sufficient supply is potentially available. However, the water supply and distribution system has not been permitted by the appropriate agencies and amount of water granted through existing water rights has not been verified.

Mitigation Measures:

AHS 5.15-1 Prior to approval of the first Tentative Tract Map, evidence shall be provided to Public Works/Engineering to confirm the availability and quantity of existing water rights through the State and that the drinking water system has obtained all appropriate operating and design permits through the California State Department of Health Services.

Finding: The mitigation measure identified is feasible and will avoid or substantially lessen the potentially significant impacts associated with water supply and distribution systems to a level of less than significant and no unavoidable adverse impacts would occur.

Wastewater

AHS Impact 5.15-2: *Project-generated wastewater could be adequately collected and treated by the wastewater service provider for the project however some related facility operations may affect the environment. [Thresholds WW-1, WW-2, and WW-3]*

Impacts of the construction of the wastewater collection and treatment facilities for the Arrowhead Springs Specific Plan project has been analyzed throughout the DEIR where included as part of the grading footprint; however, operational impacts including use of recycled water may affect local water quality.

Mitigation Measures:

AHS 5.15-2 Prior to approval of the first Tentative Tract Map, evidence shall be provided to the Public Works/Engineering Division that appropriate permits have been obtained from the State Water Resources Board, the State Department of Health Services, California



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Department of Corporations and the SCAQMD for the operation of the wastewater treatment plant including disposal of bio-solids and use of recycled water.

Finding: The mitigation measure identified is feasible and will avoid or substantially lessen the potentially significant impacts associated with wastewater treatment and collection systems to a level of less than significant and no unavoidable adverse impacts would occur.

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B3. STATEMENT OF OVERRIDING CONSIDERATIONS

B3 STATEMENT OF OVERRIDING CONSIDERATIONS

CEQA requires the decision-maker to balance the benefits of the proposed project against its unavoidable environmental risks in determining whether to approve the project. If the benefits of the project outweigh the unavoidable adverse effects, those effects may be considered "acceptable" (State CEQA Guidelines Section 15093[a]). However, in this case CEQA requires the agency to support, in writing, the specific reasons for considering a project acceptable when significant impacts are infeasible to mitigate. Such reasons must be based on substantial evidence in the FEIR or elsewhere in the administrative record (State CEQA Guidelines Section 15093 [b]). The agency's statement is referred to as a "Statement of Overriding Considerations."

The City of San Bernardino is proposing to approve the General Plan update and associated specific plans for the University District and Arrowhead Springs and has prepared and certified a FEIR that satisfies the requirements of CEQA. The following adverse impacts of the Arrowhead Springs Specific Plan project are considered significant and unavoidable based on the DEIR, FEIR, MMP, and the findings discussed previously in Part B, Section B1 and B2 of this document.

B3.1 Significant Unavoidable Adverse Impacts

Air Quality

Construction activities of the first phase of development that largely involve grading would cause temporary pollutant emissions that would exceed the daily emission thresholds for NO_x and PM₁₀ for the SCAQMD. Over the course of Phase 2 construction of facilities the daily emission thresholds for ROG, and NO_x would be exceeded. Operational emissions largely attributed to mobile (vehicle) sources would also exceed the daily thresholds for CO, ROG, NO_x and PM₁₀. Emissions that exceed the daily threshold are considered to be significant on a cumulative basis by the SCAQMD.



Cultural Resources

While the Arrowhead Springs Specific Plan calls for the restoration and revitalization of the historic hotel and many of the historic structures surrounding the hotel that contribute to the historical significance of the area, several structures considered to have historic significance would also be demolished. In accordance to CEQA guidelines, destruction of an historic resource can not be mitigated and must be considered a significant unavoidable adverse impact.

Noise

The traffic from the Arrowhead Springs project would contribute to a small increase in noise from traffic along a portion of Sterling Avenue that in and of itself would not be considered significant however the increase causes a cumulative increase in noise that exceeds the threshold for impact. The cumulatively significant noise impact cannot be mitigated resulting in an unavoidable adverse noise impact.

B3.2 Considerations in Support of the Statement of Overriding Considerations

The City, after balancing the specific economic, legal, social, technological, and other benefits of the proposed Project (Arrowhead Springs Specific Plan), has determined that the unavoidable adverse environmental impacts identified above may be considered "acceptable" due to the following specific considerations, which outweigh the unavoidable, adverse environmental impacts of the proposed Project. Each of the separate benefits of the proposed Project, as stated herein, is determined to be, unto itself and independent of the other Project benefits, a basis for overriding all unavoidable adverse environmental impacts identified in these Findings.

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B3. STATEMENT OF OVERRIDING CONSIDERATIONS

The benefits of the Arrowhead Springs Specific Plan can best be understood in light of the manner the project assists the City in attaining its long term goals. To that end, the Arrowhead Springs Specific Plan is consistent with the Updated General Plan and addresses several key City goals, including:

Preserve and enhance San Bernardino's unique neighborhoods and create and enhance dynamic, recognizable places.

The Arrowhead Springs Specific Plan provides for the preservation and enhancement of a local icon. The Arrowhead Springs Hotel and Resort/Spa will be improved and surrounded by complementary uses, such as conference facilities, offices, hotels, a golf course, a village shopping environment, and residential uses. The mixture of uses, resort nature of the site, and enhancement of historic structures provide an identity to Arrowhead Springs that is unique to the area.

Promote development that integrates with and minimizes impacts on surrounding land uses.

The Arrowhead Springs Specific Plan concentrates development on 506 acres near existing, on and off site development and leaves the remaining 1,400 acres in permanent open space. This allows the majority of Arrowhead Springs to blend with the adjacent National Forest Development while focusing development near existing roadways and infrastructure. In addition, the Arrowhead Springs Specific Plan includes development standards, design guidelines, grading standards, hillside development standards, fire protection standards, and resource protection measures that will ensure that new development be of a high quality and blends with surrounding uses.

Enhance the quality of life and economic vitality in San Bernardino by strategic infill of new development and revitalization of existing development.

The Arrowhead Springs Specific Plan is the revitalization of an existing hotel and resort that has not been in operation in years. Development of Arrowhead Springs will result in 1,350 single-family detached and multi-family units and approximately 2,530 new jobs. Arrowhead Springs will also be a unique resort and historic icon and attract visitors and tourists to the City.

Enhance the aesthetic quality of land uses and structures in San Bernardino.

The existing historic buildings on site create a benchmark for future development to complement and enhance. The Arrowhead Springs Specific Plan includes detailed development standards and design guidelines and clear maintenance requirements to ensure a quality, long-term project.

Provide for the development and maintenance of public infrastructure and services to support existing and future residents, businesses, recreation and other uses.

The Arrowhead Springs Specific Plan provides for the necessary infrastructure, including domestic and recycled water, sewer, drainage, utilities, and roadways, to accommodate the buildout of the property. Arrowhead Springs will provide on-site domestic water treatment, supply, distribution, and storage systems; stormwater and flood management systems, including untouched natural channels; wastewater treatment; and solid waste collection and recycling in sufficient size and capacity to support buildout of the plan. Arrowhead Water & Power, the on-site utility company, will provide these services within Arrowhead Springs.

Ensure that the costs of infrastructure improvements are borne by those who benefit.

Part B – Arrowhead Springs Specific Plan

B3. STATEMENT OF OVERRIDING CONSIDERATIONS

The necessary infrastructure to support the buildout of Arrowhead Springs will be installed and financed by Arrowhead Water & Power or by individual developers. User fees will accommodate the long-term use and on-going maintenance of the utilities.

Facilitate the development of a variety of types of housing to meet the needs of all income levels in the City of San Bernardino.

Arrowhead Springs accommodates 1,350 new residential units that provide housing opportunities for multiple segments of the housing market, from first time buyers, to executive homes, to condominiums and multi-family units. Arrowhead Springs accommodates 36 custom estates, 34 'urban' flats in Village Walk, 266 condominiums and townhomes adjacent to Village Walk, 150 upscale senior units, 150 non-age restricted attached units, 429 golf course condominiums, and 285 townhomes and condominiums in the unique Hilltown.

Expand on historic and the natural assets to attract recreational visitors.

Arrowhead Springs represents a significant gateway into the City from the mountain resorts. The development creates a powerful transitional edge from the City to the US National Forest of the San Bernardino Mountains. Arrowhead Springs is located immediately below the famous geologic 'arrowhead' that is imprinted on the mountainside, providing a natural landmark to the property. Arrowhead Springs, with its unique history and natural resources, will become a regional tourist destination. The creation of up-scale residential neighborhoods, a unique "village" commercial center, corporate office center, high-end hotels, convention center, world-class spa/health resort, public golf course, and equestrian trails will create a mountain resort at a gateway to the City from SR-18.



Improve the quality of life in San Bernardino by providing adequate parks and recreation facilities and services to meet the needs of our residents.

Arrowhead Springs includes 21 acres of Neighborhood/Mini-Parks and 1,400 acres of open space. Above this, a 199-acre public golf course is also provided in Arrowhead Springs. In the developed area, there is one 14-acre public Botanical Garden and seven Mini-Parks ranging in size from 0.2 acres to 3.0 acres. The Park Plan for Arrowhead Springs also includes approximately 1,400 acres of Open Space/Watershed uses. This designation is intended to establish open space areas serving multiple purposes including active and passive recreation, such as hiking, as well as watershed control.

Protect people and property from brush urban and wildland fire hazards.

Arrowhead Springs concentrates development on 27% of the site. Surrounding the developed areas of the site are fuel modification zones that will be planted with vineyards and orchards. These natural buffers will help protect the people and property from brush fire hazards and enhance the character of the area. Development in Arrowhead Springs will be required to comply with the requirements of the City's Foothill Fire Zone and Arrowhead Springs Hillside Development provisions, which address building, grading, and landscaping standards in high-fire areas.

B3.3 Conclusion

For the foregoing reasons, the City of San Bernardino concludes that the Arrowhead Springs Specific Plan project will result in a beneficial mix of retail, residential, and recreational uses while restoring and reusing important historical structures providing significant benefits of local and regional significance, which outweigh the unavoidable environmental impacts. Therefore, the City of San Bernardino has adopted this Statement of Overriding Considerations.



SUMMARY

CITY OF SAN BERNARDINO PLANNING DIVISION

CASE: General Plan Update and Arrowhead Springs Specific Plan.
AGENDA ITEM: 1
HEARING DATE: September 25, 2006
WARD: Citywide

APPLICANT:
Development Services Department
300 North "D" Street
San Bernardino, CA 92418
909.384.5057

REQUEST/LOCATION:

General Plan Update – an update of the General Plan, a policy and planning document which applies throughout the City of San Bernardino and the unincorporated sphere of influence.

Arrowhead Springs Specific Plan – a planned development including the historic Arrowhead Springs Hotel, a new hotel and convention center, offices, 1,350 residences, a commercial center, golf course, parks and 1,400 acres of open space.

CONSTRAINTS/OVERLAYS:

All Overlay Districts Included in the General Plan

ENVIRONMENTAL FINDINGS:

- Not Applicable
- Exempt
- No Significant Effects
- Mitigated Negative Declaration and Mitigation Monitoring Plan
- Environmental Impact Report (SCH# 2004111132) Certified 11-1-05

STAFF RECOMMENDATION:

- Approval
 - Conditions
 - Denial
 - Continuance to:
-
-

BACKGROUND

On November 1, 2005, with the unanimous recommendation of the Planning Commission, the Mayor and Common Council adopted the General Plan Update, University District Specific Plan and the Arrowhead Springs Specific Plan. A program Environmental Impact Report (SCH# 2004111132) was certified prior to adoption of the General Plan and specific plans.

Subsequent to that adoption, litigation was filed by the Center For Biological Diversity with the San Bernardino County Superior Court as case number SCVSS 132463 contesting the propriety of the adoption insofar as it related to Arrowhead Springs Specific Plan.

On September 6, 2006, trial of the matter was held before the Honorable John Wade, Judge presiding. At the conclusion of the trial, Judge Wade announced the Court's determination that the adoption of the General Plan and the Arrowhead Springs Specific Plan was defective because the Court was unable to find evidentiary support for the finding and conclusion that the project was not economically feasible without the inclusion of a golf course element.

CURRENT REQUEST

Additional information about the economic viability of the Arrowhead Springs development and the proposed alternatives to the project is available (Attachment A) and will be presented for consideration in support of the findings for adoption of the Specific Plan. A Draft Resolution (Attachment B) is proposed to re-adopt the General Plan Update and Arrowhead Springs Specific Plan, based on a revised Statement of Facts, Findings and Overriding Considerations (Attachment C). Alfred Gobar and Associates, a firm that specializes in land use and market feasibility analysis, has compiled the additional data concerning the economic viability of the Arrowhead Springs Specific Plan and the importance of the proposed golf course to the objectives and feasibility of the project. The additional economic information is summarized in Attachment A, and has been incorporated in the revised Findings of Fact in Attachment C. Staff anticipates that Alonzo Pedren of Alfred Gobar and Associates will attend the Planning Commission meeting to present his analysis in more detail.

PLANS SUBMITTED FOR ADOPTION

GENERAL PLAN UPDATE:

The General Plan is a policy document required by state law that guides land use and development within the City over a planning horizon of approximately 20 years. The City General Plan covers a planning area of approximately 45,231 acres (71 sq. mi.). Policies in the General Plan Update are organized by topic, in the following chapters, called elements: Land Use, Housing, Economic Development, Community Design, Circulation, Public Facilities and Services, Parks, Recreation and Trails, Utilities, Safety, Historical and Archaeological Resources, Natural Resources and Conservation, Energy and Water Conservation and Noise.

ARROWHEAD SPRINGS SPECIFIC PLAN:

The Arrowhead Springs Specific Plan is a planned development proposal for the area surrounding the historic Arrowhead Springs Hotel. This specific plan proposes expansion of the historic hotel and spa/resort, an 18-hole public golf course, multi-use recreational amenities, a new hotel and conference center with office space, 1,350 residential units and a "village" commercial center. The specific plan encompasses a total of 1,916 acres, of which 1,400 acres will be preserved as open space.

FACTS FINDINGS AND OVERRIDING CONSIDERATIONS

The Program Environmental Impact Report concludes that implementation of the General Plan Update will result in significant and unavoidable adverse impacts with regard to air quality, noise and cumulative impacts on the State highway system. Implementation of the Arrowhead Springs Specific Plan will result in significant unavoidable adverse impacts on air quality, cultural resources and noise levels.

Specific findings regarding the level of significance of all impacts and benefits of the program that warrant approval despite the significant impacts were adopted on November 1, 2005 in a Statement of Facts, Findings and Overriding Considerations. The following are brief summaries of the benefits/overriding considerations cited in the original Findings of Fact:

Benefits of the General Plan Update:

- Provides a unifying 20-year vision for the future of the City of San Bernardino
- Provides new strategies for revitalization of commercial corridors and other key locations
- Plans for provision of transportation improvements additional facilities and services

Benefits of the Arrowhead Springs Specific Plan:

- Provides for a variety of housing choices in a unique location
- Expands on historic and natural assets to attract visitors from throughout the region
- Provides resort amenities, including a golf course, commercial village and 2,530 jobs
- Provides a net recurring fiscal surplus to the City of over \$5 million annually
- Provides infrastructure improvements required to serve the project site that will serve and enhance the surrounding area as well

Additional facts concerning consideration of project alternatives and supporting the selection of the preferred alternative are also addressed in the analysis by Alfred Gobar Associates (Attachment A), noted in the Resolution (Attachment B) and discussed in the revised CEQA Findings of Fact (Attachment C).

FINDINGS – GENERAL PLAN UPDATE (AMENDMENT)

1. *Is the proposed amendment internally consistent with the General Plan?*

Yes, all elements of the General Plan have been updated in a coordinated way, ensuring internal consistency of the General Plan document.

2. *Would the proposed amendment be detrimental to the public interest, health, safety, convenience, or welfare of the City?*

No, the proposed amendment will not be detrimental to the public interest, health, safety, convenience, or welfare of the City. The Program EIR contains an analysis of potential impacts related to the proposed amendment. Although the Program EIR identifies significant adverse environmental impacts, the CEQA Findings of Fact demonstrate that the potential benefits of the General Plan and associated specific plans outweigh the potential environmental impacts.

3. *Would the proposed amendment maintain the appropriate balance of land uses within the City?*

With few exceptions, the General Plan Update maintains pre-existing General Plan land use designations. Therefore, the appropriate balance of land uses reflected in the 1989 General Plan is maintained by the General Plan Update.

4. *With regard to proposed amendments to the General Plan Land Use Map, are the subject parcels physically suitable (including but not limited to, access, provision of utilities, compatibility with adjoining land uses, and absence of physical constraints) for the requested land use designations and the anticipated land use development?*

The General Plan Update contains land use designation changes for only a few properties. The properties are identified specifically in the Program Environmental Impact Report, which presents the rationale for each proposed change and discusses the suitability, including physical characteristics of each proposed site for the proposed land use designation.

FINDINGS – ARROWHEAD SPRINGS SPECIFIC PLAN

1. *Is the proposed specific plan consistent with the General Plan?*

Yes, the Arrowhead Springs Specific Plan is consistent with goals and policies of the 1989 General Plan, as well as revised policies of the General Plan Update, as follows:

Goal 2.2 – Promote development that integrates with and minimizes impacts on surrounding land uses.

Policy 2.2.4 – Hillside development and development adjacent to natural areas shall be designed and landscaped to preserve natural features and habitat and protect structures from threats from natural disasters, such as wildfires and floods.

Goal 4.4 – Enhance, maintain and develop recreational, cultural, entertainment and educational facilities within the City.

Goal 11.4 – Protect and enhance our historic and cultural resources.

- 2 *Would the proposed specific plan be detrimental to the public interest, health, safety, convenience, or welfare of the City?*

No, the Arrowhead Springs Specific Plan would not be detrimental to the public interest, health, safety, convenience, or welfare of the City. The proposed plan would enhance the balance and variety of commercial and residential land uses in the City, in the interest of public welfare and convenience. The land use plan and development standards conform to all applicable and current health and safety standards. Also, in the interest of the public, the Arrowhead Springs Specific Plan respects the natural environment in the layout of the proposed development plan and the extensive dedication of natural open space on the project site.

- 3 *Is the subject site physically suitable for the requested land use designations and the anticipated land use development?*

Yes, the site is physically suitable for the land use designations and development plan proposed by the Arrowhead Springs Specific Plan. The land use plan has been designed to conform to the physical features of the site, beginning with a scale model of the existing terrain and the existing historic hotel structure. New development proposed by the specific plan was added to the model to maintain respect for the prominence of the existing hotel, the natural setting of the existing landform and sensitive natural resources on the project site and in the surrounding area. The site is physically suitable for the proposed project because the project was designed specifically to conform to the existing physical conditions of the site.

- 4 *Would the proposed specific plan ensure development of desirable character which would be compatible with existing and proposed development in the surrounding neighborhood?*

Yes, the Arrowhead Springs Specific Plan includes a detailed development plan, development standards and design requirements that will ensure compatibility with the historic Arrowhead Springs Hotel, as well as the surrounding development and undeveloped open space. The land use plan and development standards of the specific plan have been designed to ensure the highest quality of development, in a context that

would be compatible with the historic use of the property, while maintaining an appropriate buffer and interface with surrounding open space and wildlands.

- 5 *Would the proposed specific plan contribute to a balance of land uses so that local residents may work and shop in the community in which they live?*

Yes, the hotels, convention center, office spaces and commercial village proposed within the Arrowhead Springs Specific Plan will provide a broad range of employment opportunities for future residents of the project site, as well as nearby residents in other areas of the City. The specific plan will improve the balance of land use within the City,

by providing commercial and office floor space to attract new businesses to the City and additional shopping and recreational opportunities for City residents and visitors to the hotels and convention center.

CONCLUSION

All Findings required for approval of the General Plan Update and Arrowhead Springs Specific Plan can be made.

RECOMMENDATION

Staff recommends that the Planning Commission recommend that the Mayor and Common Council adopt the draft Resolution (Attachment B) to adopt the General Plan Update and the Arrowhead Springs Specific Plan, based on the revised Findings of Fact (Attachment C) and the additional findings for approval contained in this staff report.

Respectfully Submitted,



Terri Rahhal
Deputy Director/City Planner

- | | | |
|-------------|---|---|
| Attachments | A | Supplemental Arrowhead Springs Project Information |
| | B | Draft Resolution for adoption of the General Plan and Arrowhead Springs Specific Plan |
| | C | Facts, Findings, and Statement of Overriding Considerations |
| | D | General Plan* |
| | E | Arrowhead Springs Specific Plan* |

*Distributed in October 2005



September 22, 2006

ATTACHMENT A

Ms. Terri Rahhal, City Planner
CITY OF SAN BERNARDINO
DEVELOPMENT SERVICES DEPARTMENT
300 North "D" Street
San Bernardino, CA 92418
Sent Via Mail & Email: rahhal_te@sbcity.org

Subject: Arrowhead Springs Resort Conference and Meeting Center

Dear Ms. Rahhal:

Alfred Gobar Associates has been asked to evaluate the role of an on-site golf course in creating a viable meeting and conference experience within a resort-based conference center. A memo-style report is currently being prepared and will be hand-delivered to the Planning Commission at the September 25, 2006 scheduled hearing. Following is a brief outline of the research approach used to evaluate the importance of an on-site golf course to the competitive attraction of a resort and resort-style meeting and conference center.

The principal objective of our research is to address the importance of having an on-site recreation amenity, such as a regulation golf course, in attracting business from meeting planners (industry professionals that coordinate meeting events) and fulfilling demands of meeting attendees and their sponsor companies or trade associations.

Our assessment is based on shared experience and knowledge gathered from the following three areas:

- Industry/Trade Association Groups – Meeting industry organization responsible for communicating industry trends and knowledge for the purpose of aiding industry professionals (meeting planners, conference center venues, hotel/resort operators, etc.) to better serve the meeting and convention needs of diverse industry groups and companies.
- Southern California Resort-Based Meeting Facility and Golf Operators – Meeting facility sales managers, golf reservation specialists, and other professionals at inland Southern California venues responsible for marketing 10,000 to 50,000 square of meeting space to meeting planners and industry groups.
- Alfred Gobar Associates – In-house experience evaluating market potential for resorts and meeting facilities throughout the United States and Mexico.

Results of this latest assessment confirm the intuitive notion that access to an on-site golf experience is integral to a high-quality resort meeting experience. The final write-up will qualify the extent meeting industry planners and meeting facility operators rely on the availability of an on-site golf course to schedule and attract meetings and conferences.

Ms. Terri Rahhal
September 22, 2006
Page 2

We look forward to sharing our findings with the Planning Commission this coming Monday.

ALFRED GOBAR ASSOCIATES



Alonzo Pedri
Principal
(714) 772-8900 x310

AP

cc: John.Nolan@greshamsavage.com

RESOLUTION NO. _____

RESOLUTION OF THE CITY OF SAN BERNARDINO SETTING ASIDE PORTIONS OF RESOLUTION _____ ADOPTED ON NOVEMBER 1, 2005, AND ADOPTING THE FINDINGS OF FACT AND STATEMENT OF OVERRIDING CONSIDERATIONS, AS WELL AS ADOPTING THE UPDATED GENERAL PLAN AND THE ARROWHEAD SPRINGS SPECIFIC PLAN.

SECTION I. RECITALS

(a) WHEREAS, the Mayor and Common Council of the City of San Bernardino ("City") adopted the General Plan for the City by Resolution No. 89-159 on June 2, 1989; and

(b) WHEREAS, the City initiated an update of its existing General Plan in 2001; and

(c) WHEREAS, the City retained The Planning Center to update the General Plan and complete the environmental analysis; and

(d) WHEREAS, an Economic Conditions and Trends report was prepared for the General Plan Update Program; and

(e) WHEREAS, the City held a workshop with representatives of business and industry in 2001 to elicit input concerning growth in the City; and

(f) WHEREAS, the City held a series of community workshops in 2001 to identify Citywide opportunities and constraints, and visions for the future growth of the City; and

(g) WHEREAS, staff and the consultant interviewed the Mayor, the Councilmembers, and the Planning Commission to seek their input and guidance; and

(h) WHEREAS, The Planning Center prepared an Issues Report that summarized the input received from the workshops and interviews; and

(i) WHEREAS, the City determined that large scale changes in land use patterns and land use designations were not necessary to achieve the City's goals; and

(j) WHEREAS, the City determined that shifts in policy focus, changes in allowable uses, and emphasis on priorities were necessary to achieve the City's goals; and

(k) WHEREAS, the City determined that a Specific Plan for the University District was appropriate to integrate California State University San Bernardino with the rest of the City; and

(l) WHEREAS, The University District Specific Plan focuses on aesthetic improvements in public rights-of-way and other programs designed to create an identifiable district surrounding the University; and

(m) WHEREAS, the Arrowhead Springs area is within the City's sphere of influence and the City determined that a Specific Plan for Arrowhead Springs was appropriate; and

(n) WHEREAS, the Arrowhead Springs Specific Plan proposes expansion of the historic hotel and spa/resort, an 18-hole public golf course, multi-use recreational amenities, a new hotel and conference center with office space, 1,350 residential units and a "village" commercial center on a total of 1,916 acres, of which 1,400 acres will be preserved as open space; and

(o) WHEREAS, The Planning Center, on behalf of the City, prepared an Initial Study for the Updated General Plan, University District Specific Plan, and Arrowhead Springs Specific Plan; and

(p) WHEREAS, on November 4, 2004, the Environmental Review Committee determined that the Updated General Plan, University District Plan, and Arrowhead Springs Specific Plan could have significant effects on the environment, and

thus warranted preparation of a Program Environmental Impact Report (EIR) pursuant to the California Environmental Quality Act (CEQA); and

(q) WHEREAS, the Notice of Intent of the City to prepare a Draft Program Environmental Impact Report was made known to the public, responsible agencies and other interested persons for their concerns and comments from November 29, 2004 to December 28, 2004; and

(r) WHEREAS, on December 14, 2004, the City held a public scoping meeting to solicit public comments on the preparation of the Draft Program EIR; and

(s) WHEREAS, the City considered the concerns and comments received during the Notice of Intent period in the preparation of the Draft Program EIR, pursuant to CEQA; and

(t) WHEREAS, a Draft Program EIR was distributed for a 45-day public review period from July 25, 2005 to September 8, 2005; and

(u) WHEREAS, the City accepted additional comment letters through September 16, 2005; and

(v) WHEREAS, four comment letters were received before the close of the public review period and three comment letters were received before the end of the extended public review period and written responses were provided to the commentors on October 1, 2005; and

(w) WHEREAS, on September 29, 2005, the Environmental Review Committee determined that the Final Program EIR adequately addressed all potential impacts of the Updated General Plan, University District Specific Plan, and Arrowhead Springs Specific Plan and recommended certification of the Final Program EIR and adoption of the Mitigation Monitoring and Reporting Plan; and

(x) WHEREAS, the Updated General Plan, University District Specific Plan, and Arrowhead Springs Specific Plan, the Draft Program Environmental Impact Report, the Comments and Responses, the Mitigation Monitoring and Reporting Plan, and the Draft Facts, Findings and Statement of Overriding Considerations were made available to the public at the Development Services public counter, the Feldheym Library, and on the City's web page; and

(y) WHEREAS, on November 3, 1993 the San Bernardino Associated Governments adopted the Congestion Management Program (CMP) pursuant to California Government Code Section 65809.3(a) which requires the county and cities to adopt and implement "a program to analyze the impacts of land use decisions, including an estimate of the costs associated with mitigating these impacts" on the CMP network of roadways; and

(z) WHEREAS, the Mayor and Common Council adopted a Land Use/Transportation Analysis Program for the City pursuant to the CMP for the City of San Bernardino by Resolution No. 93-74 on March 22, 1993; and

(aa) WHEREAS, the City determined that the Arrowhead Springs Specific Plan met the thresholds in the CMP and thus warranted the preparation of a Traffic Impact Analysis (TIA) pursuant to the Congestion Management Program; and

(bb) WHEREAS, a Draft TIA was prepared to address the traffic impacts of the Arrowhead Springs Specific Plan on designated CMP roadways and freeways, the appropriate mitigation measures, and fair share contribution toward CMP roadway and freeway improvements; and

(cc) WHEREAS, the Draft TIA was made available to the various regional and sub-regional agencies and to the adjacent jurisdictions for their review during a 21-

day review period which began on August 3, 2005 and ended on August 24, 2005 as required by the CMP; and

(dd) WHEREAS, verbal and written comments were received on the Draft TIA and responded to via changes to the Draft TIA; and

(ee) WHEREAS, with over 70,000 parcels of land within the City of San Bernardino, the Draft Updated General Plan, including the University District Specific Plan and Arrowhead Springs Specific Plan, could affect the permitted use or intensity of uses for more than 1,000 property owners; and

(ff) WHEREAS, after giving public notice as required by California Government Code Section 65353(c) and 65091(a)(3), the City Planning Commission held a public hearing on October 11, 2005 in order to receive public testimony and written and oral comments on the Updated General Plan, the University District Specific Plan, the Arrowhead Springs Specific Plan, the Final Program Environmental Impact Report, the Mitigation Monitoring and Reporting Plan, the Facts, Findings and Statement of Overriding Considerations and the Draft TIA; and

(gg) WHEREAS, the Planning Commission considered the Development Services Department Staff Report on October 11, 2005, which addresses the Final Program EIR, the Updated General Plan, the University District Specific Plan, the Arrowhead Springs Specific Plan, the Mitigation Monitoring and Reporting Plan, the Facts, Findings and Statement of Overriding Considerations and the Draft TIA; and

(hh) WHEREAS, the Planning Commission, after receiving public testimony, recommended that the Mayor and Common Council adopt the Facts, Findings and Statement of Overriding Considerations, certify the Final Program Environmental Impact Report, adopt the Mitigation Monitoring and Reporting Plan, adopt the Updated

General Plan, the University District Specific Plan, and the Arrowhead Springs Specific Plan, and certify the Draft TIA; and

(ii) WHEREAS, the Mayor and Common Council conducted a noticed public hearing on November 1, 2005, pursuant to Government Code Section 65353(c) and 65091(a)(3), and fully reviewed and considered the Final Program EIR, the Mitigation Monitoring and Reporting Plan, the Facts, Findings and Statement of Overriding Considerations, the Updated General Plan, the University District Specific Plan, the Arrowhead Springs Specific Plan, the Draft TIA, the Planning Division staff reports, and the recommendation of the Planning Commission; and

(jj) WHEREAS, the Mayor and Common Council made no substantial modifications to the Updated General Plan, the University District Specific Plan, and the Arrowhead Springs Specific Plan which were not considered by the Planning Commission during its public hearing; and

(kk) WHEREAS, on November 1, 2005, the Mayor and Common Council adopted Resolution 2005-362, adopting the Facts, Findings and Statement of Overriding Considerations, certifying the Final Program Environmental Impact Report, adopting the Mitigation Monitoring and Reporting Plan, certifying the Traffic Impact Analysis, and adopting the Updated General Plan, the University District Specific Plan, and the Arrowhead Springs Specific Plan; and

(ll) WHEREAS, on December 1, 2005, the Center for Biological Diversity filed a Petition for Writ of Mandate (San Bernardino County Superior Court Case No. SCVSS 132463, the "Action") against the City of San Bernardino, Common Council of the City of San Bernardino, and Judith Valles, Mayor of the City of San Bernardino (in her prior official capacity), and naming as real party in interest American Development Group, Inc., challenging the approval of Resolution 2005-362 as it relates to the

Arrowhead Springs Specific Plan and alleging violations of the California Environmental Quality Act (Public Resources Code sections 21000, et seq.), including failure to adequately analyze and mitigate potential impacts in the Environmental Impact Report ("EIR"), improper use of a program EIR, and improper rejection of feasible alternatives to the proposed project; and

(mm) WHEREAS, the Action did not challenge that portion of Resolution 2005-362 related to the approval of the University Specific Plan, that portion of Resolution 2005-362 and the Program EIR as it relates to the University Specific Plan remains intact; and

(nn) WHEREAS, on September 6, 2006 the court heard the petition for writ of mandate, the Honorable John P. Wade, judge presiding, and orally ruled that the findings made in support of the City's rejection of the environmentally superior "Wetlands Avoidance" alternative was not adequately supported by the record: specifically, the Court stated that there was no substantial evidence in the record to support the rejection of the alternative, which eliminated the golf course, based upon economic infeasibility; and

(oo) WHEREAS the Court did not find that the EIR failed to comply with CEQA, but, instead, specifically found said findings made by the City were inadequate, the Court ordered that the approval of the Arrowhead Springs Specific Plan, and by reference also those portions of the General Plan as it relates to the Arrowhead Springs Specific Plan, be set aside; and

(pp) WHEREAS, after giving public notice as required by California Government Code Section 65353(c) and 65091(a)(3), the City Planning Commission held a public hearing on September 25, 2006 in order to receive public testimony and written and oral comments and any other additional materials and/or input on the

Updated General Plan, the Arrowhead Springs Specific Plan, and the Facts, Findings and Statement of Overriding Considerations; and

(qq) WHEREAS, the Planning Commission considered the Development Services Department Staff Report on September 25, 2006, which addresses the Updated General Plan, the Arrowhead Springs Specific Plan, and the Facts, Findings and Statement of Overriding Considerations; and

(rr) WHEREAS, the Planning Commission, after receiving public testimony, recommended that the Mayor and Common Council adopt the Facts, Findings and Statement of Overriding Considerations, adopt the Updated General Plan, and adopt the Arrowhead Springs Specific Plan; and

(ss) WHEREAS, the Mayor and Common Council conducted a noticed public hearing on October 3, 2006, pursuant to Government Code Section 65353(c) and 65091(a)(3), and fully reviewed and considered the Facts, Findings and Statement of Overriding Considerations, the Updated General Plan, and the Arrowhead Springs Specific Plan, the Planning Division staff reports, and the recommendation of the Planning Commission;

(tt) WHEREAS, the Mayor and Common Council made no substantial modifications to the Updated General Plan, the University District Specific Plan, and the Arrowhead Springs Specific Plan which were not considered by the Planning Commission during its public hearing;

SECTION II. SET ASIDE

NOW, THEREFORE, THE MAYOR AND COMMON COUNCIL HEREBY RESOLVE, FIND, AND DETERMINE THE FOLLOWING:

That the approval of Resolution 2005-362 insofar as it relates to the adoption of the General Plan, relating to the Arrowhead Springs Specific Plan, and the Facts, Findings, and Statement of Overriding Consideration related thereto, be set aside.

SECTION III. FACTS, FINDINGS AND STATEMENT OF OVERRIDING
CONSIDERATIONS

NOW, THEREFORE, THE MAYOR AND COMMON COUNCIL HEREBY RESOLVE, FIND, AND DETERMINE THE FOLLOWING:

A. The facts and information contained in the above Recitals section are true and correct, and are incorporated herein by reference. The Final Program Environmental Impact Report for the Updated General Plan and the Arrowhead Springs Specific Plan has been completed in compliance with the California Environmental Quality Act and previously certified on November 1, 2005. Attached to this Resolution as Exhibit A, and incorporated herein by reference, is the certified Final Program EIR which consists of the following elements:

1. Initial Study;
2. Notice of Preparation;
3. Responses to the Notice of Preparation;
4. Draft Program EIR;
5. Notice of Completion;
6. List of persons, organizations and public agencies commenting on the Draft Program EIR;
7. Comments received on the Draft Program EIR during and after the public review period;
8. Responses to comments on the Draft Program EIR.

B. The Facts and Findings set forth in the Facts, Findings and Statement of Overriding Considerations are true and are supported by substantial evidence in the record, including those documents comprising the certified Final Program EIR. The Facts, Findings and Statement of Overriding Considerations is attached hereto as Exhibit B. and is incorporated herein by reference.

C. The certified Final Program EIR was presented to the Mayor and Common Council, who have reviewed and considered the information in the Final Program EIR prior to adoption of the Updated General Plan and the Arrowhead Springs Specific Plan.

D. The certified Final Program EIR has identified all significant adverse environmental effects of the Updated General Plan and the Arrowhead Springs Specific Plan as set forth in the Facts, Findings and Statement of Overriding Considerations.

E. The certified Final Program EIR has described the alternatives to the Updated General Plan and the Arrowhead Springs Specific Plan, even though these alternatives may impede the attainment of the objectives of the Updated General Plan and the Arrowhead Springs Specific Plan, and may be more costly. The Mayor and Common

Council finds that a good faith effort was made to incorporate alternatives in the preparation of the certified Final Program EIR and a range of reasonable alternatives were considered in the review process of the certified Final Program EIR and the ultimate decision on the Updated General Plan and the Arrowhead Springs Specific Plan.

F. Other project alternatives not incorporated into or adopted as part of the certified Final Program EIR are rejected as infeasible, based on specific economic, social, or other considerations as set forth in the Facts, Findings and Statement of Overriding Considerations. The project alternatives not adopted are rejected as economically infeasible based upon the information considered by the Planning Commission and the Mayor and Common Council after the trial of case number SCVSS 132463 including, but not limited to, the information supplied by Alfred Gobar Associates.

G. The Mayor and Common Council have given great weight to the significant unavoidable adverse environmental impacts. The Mayor and Common Council find that the significant unavoidable adverse environmental impacts are clearly outweighed by the economic, social, cultural, and other benefits of the Updated General Plan and the Arrowhead Springs Specific Plan, set forth in the Facts, Findings and Statement of Overriding Considerations.

H. The Facts, Findings and Statement of Overriding Considerations reflect the independent review, analysis and judgment of the Mayor and Common Council of the City of San Bernardino.

SECTION IV. GENERAL PLAN UPDATE FINDINGS

Based upon substantial evidence in the record, the Mayor and Common Council hereby find:

A. All elements of the General Plan have been updated in a coordinated way, ensuring internal consistency of the General Plan document.

B. The Updated General Plan will not be detrimental to the public interest, health, safety, convenience, or welfare of the City. The certified Final Program EIR contains an analysis of potential significant adverse environmental impacts related to the Updated General Plan. Although the certified Final Program EIR identifies unmitigated significant adverse environmental impacts, the Facts, Findings and Statement of Overriding Considerations indicate that the potential benefits of the Updated General Plan and associated specific plans outweigh the unmitigated significant adverse environmental impacts.

C. With few exceptions, the Updated General Plan maintains the existing General Plan land use designations. Therefore, the appropriate balance of land uses reflected in the current General Plan is maintained by the proposed Updated General Plan.

D. Very few properties are proposed for land use designation changes by the Updated General Plan. The properties are identified specifically in the Final Program Environmental Impact Report, which presents the rationale for each proposed change and discusses the suitability, including physical characteristics of each proposed site for the proposed land use designation.

SECTION V. ARROWHEAD SPRINGS SPECIFIC PLAN FINDINGS

Based upon substantial evidence in the record, the Mayor and Common Council hereby find:

A. The Arrowhead Springs Specific Plan is consistent with goals and policies of the existing General Plan, as well as revised policies of the proposed General Plan Update, as follows:

Goal 2.2 - Promote development that integrates with and minimizes impacts on surrounding land uses.

Policy 2.2.4 - Hillside development and development adjacent to natural areas shall be designed and landscaped to preserve natural features and habitat and protect structures from threats from natural disasters, such as wildfires and floods.

Goal 4.4 - Enhance, maintain and develop recreational, cultural, entertainment and educational facilities within the City.

B. The Arrowhead Springs Specific Plan would not be detrimental to the public interest, health, safety, convenience, or welfare of the City. The proposed plan would enhance the balance and variety of commercial and residential land uses in the City, in the interest of public welfare and convenience. The land use plan and development standards conform to all applicable and current health and safety standards. Also, in the interest of the public, the Arrowhead Springs Specific Plan respects the natural environment in the layout of the proposed development plan and the extensive dedication of natural open space on the project site.

C. The site is physically suitable for the land use designations and development plan proposed by the Arrowhead Springs Specific Plan. The land use plan has been designed to conform to the physical features of the site, beginning with a scale model of the existing terrain and the existing historic hotel structure. New development proposed by the specific plan was added to the model to maintain respect for the prominence of the existing hotel, the natural setting of the existing landform and sensitive natural resources on the project site and in the surrounding area. The site is physically suitable for the proposed project because the project was designed specifically to conform to the existing physical conditions of the site.

D. The Arrowhead Springs Specific Plan includes a detailed development plan, development standards and design requirements that will ensure compatibility with the historic Arrowhead Springs Hotel, as well as the surrounding development and undeveloped open space. The land use plan and development standards of the specific plan have been designed to ensure the highest quality of development, in a context that would be compatible with the historic use of the property, while maintaining an appropriate buffer and interface with surrounding open space and wildlands.

E. The hotels, convention center, office spaces and commercial village proposed within the Arrowhead Springs Specific Plan will provide a broad range of employment opportunities for future residents of the project site, as well as nearby residents in other areas of the City. The specific plan will improve the balance of land use within the City, by providing commercial and office floor space to attract new businesses to the City and additional shopping and recreational opportunities for City residents and visitors to the hotels and convention center.

SECTION VI. ADOPTION OF THE FACTS, FINDINGS AND STATEMENT OF
OVERRIDING CONSIDERATIONS

NOW, THEREFORE BE IT RESOLVED, FOUND AND DETERMINED by the Mayor and Common Council of the City of San Bernardino that the Facts, Findings and Statement of Overriding Consideration fully complies with the requirements of the California Environmental Quality Act, the CEQA Guidelines and the City's Environmental Review Procedures. The Facts, Findings and Statement of Overriding Considerations are hereby adopted.

SECTION VII. ADOPTION OF THE UPDATED GENERAL PLAN AND SPECIFIC
PLANS

Based upon the above-referenced findings, the Updated General Plan and the Arrowhead Springs Specific Plan (attached and incorporated herein as Exhibits D and E, respectively) are hereby adopted.

SECTION VIII. NOTICE OF DETERMINATION

In accordance with the provisions of this Resolution, the Planning Division is hereby directed to file a Notice of Determination with the County of San Bernardino Clerk of the Board of Supervisors certifying the City's compliance with the California Environmental Quality Act in preparing and adopting the Facts, Findings and Statement of Overriding Considerations, the Updated General Plan and the Arrowhead Springs Specific Plan. A copy of the Notice of Determination will be forwarded to the State Clearinghouse.

SECTION IX. EFFECTIVE DATE

The adoption of the Facts, Findings and Statement of Overriding Considerations, the Updated General Plan and the Arrowhead Springs Specific Plan shall be effective immediately upon adoption of this Resolution.

RESOLUTION OF THE CITY OF SAN BERNARDINO ADOPTING THE FACTS, FINDINGS AND STATEMENT OF OVERRIDING CONSIDERATIONS, THE UPDATED GENERAL PLAN AND THE ARROWHEAD SPRINGS SPECIFIC PLAN.

I HEREBY CERTIFY that the foregoing Resolution was duly adopted by the Mayor and Common Council of the City of San Bernardino at a _____ meeting thereof, held on the _____ day of _____, 2005, by the following vote to wit:

<u>Council Members:</u>	<u>Ayes</u>	<u>Nays</u>	<u>Abstain</u>	<u>Absent</u>
ESTRADA	_____	_____	_____	_____
LONGVILLE	_____	_____	_____	_____
MCGINNIS	_____	_____	_____	_____
DERRY	_____	_____	_____	_____
KELLEY	_____	_____	_____	_____
JOHNSON	_____	_____	_____	_____
MC CAMMACK	_____	_____	_____	_____

Rachel G. Clark, City Clerk

The foregoing resolution is hereby approved this _____ day of November, 2005.

Judith Valles, Mayor
City of San Bernardino

Approved as to form and Legal Content:

By: _____

James F. Penman
City Attorney

1. The first part of the document discusses the importance of maintaining accurate records of all transactions and activities. It emphasizes the need for transparency and accountability in financial reporting.

2. The second part of the document outlines the various methods and techniques used to collect and analyze data. It highlights the importance of using reliable sources and ensuring the accuracy of the information gathered.





September 25, 2006

Ms. Terri Rahhal, City Planner
CITY OF SAN BERNARDINO
DEVELOPMENT SERVICES DEPARTMENT
300 North "D" Street
San Bernardino, CA 92418
Sent Via Mail & Email: rahhal_te@sbcity.org

Subject: Arrowhead Springs Resort Conference and Meeting Center

Dear Ms. Rahhal:

Alfred Gobar Associates conducted an assessment of resort-based conference and meeting facilities to determine the relative importance of providing an on-site golf-course as an integral component of the Arrowhead Springs Resort. This assessment and related findings reflect professional experience and knowledge gathered from the following three areas:

- Alfred Gobar Associates—In-house experience evaluating market potential for resorts and meeting facilities throughout the United States and Mexico.
- Industry/Trade Associations—Meeting industry organizations responsible for tracking industry trends and aiding industry professionals (meeting planners, conference center venues, hotel/resort operators, etc.) to better serve the meeting and convention needs of association and business groups.
- Southern California Resort-Based Meeting Facility and Golf Operators—Meeting facility sales managers, golf reservation specialists, and other professionals at inland Southern California venues responsible for marketing meeting facilities ranging in size from 10,000 to 50,000 square feet.

Distinct knowledge sources are considered in order to provide the City of San Bernardino with a full-range perspective about the relative importance of providing an on-site golf recreation amenity in conjunction with meeting functions aimed at furthering business objectives.

Executive Summary

- The meeting industry contributes more than \$122 billion to the U.S. Economy and resort hotel/conference centers account for roughly 40% of scheduled meeting budgets controlled by professional meeting planners. Arrowhead Springs and other resort conference centers are expected to compete most directly for management, sales, incentive, and education/training meeting activity, which accounts for 86% of meeting activity reported by meeting planners [*Successful Meetings Magazine*—2005 State of the Industry (SM)]. These type meeting events last an average of 2.3 to 2.6 days compared to conventions meetings,

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which last an average of 3.7 days but require substantially larger meeting venues in general.

- Meeting planners have increased their focus on the overall meeting experience offered and the marketability of the event when selecting a meeting venue to schedule events (SM). The availability of on-site amenities that provide for a broad-based meeting experience is very important to meeting planners. In terms of an overall scheduling experience, 43% of meeting planners report scheduling a golf function as an integral part of their annually scheduled meeting events [*Convene Magazine*—2005 Meetings Market Survey (PCMA)].
- The proposed renovation will include 25,000 square feet of new meeting space in addition to 11,000 square feet preserved in the historic hotel structure. This size meeting facility will be one of the larger meeting venues in San Bernardino County and cannot rely strictly on meeting activity demanded by County-based organizations. A competitive meeting program will need to draw year-round support from organizations throughout California and seasonal support from cold-weather States and Canada. This level of market orientation dictates a high proportion of multi-day meeting events and focus on providing a broad-based meeting experience to organizations and attendees.
- The Arrowhead Springs Resort is expected to compete with other inland Southern California conference resorts offering a broad-based meeting experience. As the summary in Exhibit A shows, organized play on an on-site golf course is an integral part of the business experience for 40% to 70% of meeting attendees at a resort conference center. Meeting facility sales managers identify availability and access to an on-site golf course as a very important element in attracting scheduled meeting activity.

At a minimum, an on-site golf course is pivotal in attracting 33% to 40% of scheduled meeting events held at resort conference venues. Without a quality on-site golf course, the Arrowhead Springs Resort conference center will be at a significant competitive disadvantage to comparable resort conference centers in the inland areas of Southern California.

Professional Observations of Alfred Gobar Associates

The Arrowhead Springs Specific Plan is very similar to a master plan resort because it includes a broad mix of residential, commercial, leisure, and recreation activities that largely exist in a self-contained environment, yet remain accessible to the public. In the course of our research, we have evaluated similar programs along the Kona Coast in Hawaii; Coachella Valley in California, Lake Conroe in Texas, Los Cabos Peninsula in Mexico, and other locations. A fundamental strategy to market and develop such a large-scale development program is to create a strong site identity. Consequently, it is necessary to provide a diverse mix of land use that offers the vast majority of activities that visitors and guests will demand while staying at the property.

The historic hotel renovation and expansion is the core identity of the project—hence the name Arrowhead Springs Resort. It must be noted, the site is not within a busy downtown business district, not adjacent to an existing convention center, not adjacent

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to an international airport, and is not within a visitor destination complex (San Diego Gas Lamp Quarter, Pier 39, Disney Resort, etc.). The hotel was originally built as a remote getaway retreat and remains relatively isolated. The remoteness of the site dictates a visitor experience that entails substantially more than just quality sleeping accommodations in a historic structure. An abundant supply of convenient lodging options exists throughout the Inland Empire. The market attraction of lodging at the Arrowhead Springs site is tied to a broader vacation and business experience.

A competitive renovation program cannot be limited to the existing 135-room capacity of the historic structure. Renovation is costly and drives the need to increase overall lodging capacity (175+ additional rooms plus new 300-room hotel). To attract sufficient lodging support for 300 to 600 rooms at the Arrowhead Springs site, it is necessary to provide a complement of activities to satisfy diverse user requirements. The envisioned scale of on-site lodging dictates a robust complement of on-site dining, meeting, leisure, and recreation facilities readily available and integral to the vacation and business experience offered prospective visitors.

The renovation program will include 25,000 square feet of new meeting and conference space plus 11,000 square feet of meeting space in the historical hotel. The conference center will be among the largest in San Bernardino County, outside the Ontario Convention Center, Orange Show Facility, and a select number of airport hotels. The Arrowhead Springs Resort Conference Center can be expected to compete most directly for meeting and conference events versus trade and exhibition events. The geographic market focus, however, cannot be limited to County-based organizations but must also include year-round support from organizations throughout California and seasonal support from cold-weather States and Canada. A competitive meeting program will involve a high proportion of multi-day events, which increases the need for on-site leisure and recreation activities, including golf play, as part of an overall business experience that is comparable to other Southern California conference resort facilities.

Meeting Event Industry Trends

The meeting industry contributes more than \$122 billion to the U.S. economy [Meeting Planners International (MPI)—Future Watch 2006]. Meeting planners provide a key resource to evaluate industry trends since they are the lead professionals involved in selecting meeting and exhibit venues on behalf of associations, trade groups, corporations, and other organizations. According to MPI, resort hotel/conference centers are a venue of choice among meeting planners and account for nearly 40% of reported planning budget activity. Other types of venues commonly selected to host meeting events include convention centers, standalone hotels, and restaurant/banquet/country club facilities. The Arrowhead Springs site is expected to compete with other venues for meeting activity as a resort hotel/conference center.

The scale of the Arrowhead Springs Conference Center is expected to compete most directly for management, sales, incentive, and training/education meetings, which account for 86% of all scheduled meeting activity reported by meeting planners [Successful Meetings (SM)—2005 State of the Industry Report]. Conventions account for 14% of scheduled meeting activity. Based on multi-year reporting data from SM,

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average attendance at non-convention meetings ranged from 67 to 165 attendees compared to 1,422 attendees at convention meetings. Also, non-convention meetings last an average of 2.3 to 2.6 days, compared to 3.7 days on average for conventions. The Arrowhead Springs Resort is expected to compete most directly for modest to mid-size meeting events lasting 2 to 3 days. Targeting multi-day meeting activity dictates the availability of multiple on-site leisure and recreation options for sponsor organizations and attendees. According to the Professional Convention Managers Association (PCMA), individual meeting planners schedule an average of 12 meetings per year and 43% of meeting planners report that 1 or more meetings per year involves a golf function directly tied to the meeting event. Meeting planners generally represent a single or select number of meeting groups, while meeting venue operators must interact with hundreds of meeting planners in a given year.

According to SM [2005 State of the Industry Report], meeting planners are increasingly focused on the overall meeting experience and marketability of the event. The availability of on-site amenities is very important to many independent meeting planners, whether or not attendee use of such amenities is integral to the meeting event. From a competitive standpoint, the business experience offered at the Arrowhead Springs Conference Center must be comparable to the experience available at other comparable Southern California Resort Conference Centers. The Arrowhead Springs site is a historic location but is not part of a readily recognized destination area, such as the Coachella Valley or San Diego.

Southern California Resort Conference Center Trends

Meeting space and golf course sales managers at a number of Southern California Resort Conference Centers were contacted to determine the role of an on-site golf course in attracting and selling meeting activity at each respective venue. The information describing those conference resorts contacted is summarized in Exhibit A. The listed resorts were selected because they are comparable to the planned Arrowhead Springs Resort Conference Center in terms of their inland Southern California location, number of hotel rooms available to host meeting attendees, type of business meeting experience offered to meeting planners, and amount of meeting space offered. Identified conference centers also describe alternative venues that will compete with the Arrowhead Springs Resort for scheduled meeting activity.

Exhibit A also identifies the importance of an on-site golf course as indicated by sales managers responsible for booking meeting events and golf play. Sales managers estimate that 50% to 90% of resort conference meeting activity involves multi-day events. The Pacific Palms Resort at Industry Hills indicated the lowest share of multi-day meeting events due to its proximity to a large industrial complex generating demand for 1-day training events. Between 40% and 80% of scheduled meetings include organized golf play as part of the meeting program—either as a group event or tournament event but excluding individual play not part of the formal meeting function. Due to the large proportion of 1-day meeting events, the Industry Hills conference resort reported the lowest incidence of scheduled golf play as part of the meeting event (40%). Methods used to identify meeting attendee participation in organized golf play vary. The Industry Hills resort indicates that 45% to 60% of attendees participate when a meeting-

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related golf event is organized. The Rancho Bernardo Inn golf manager schedules over 300 meeting-related golf tournaments per year (as distinct from group play) with 24 to 60 meeting attendees participating in each event. Overall, facility managers estimate that 40% to 70% of meeting attendees play at the resort golf course during their stay.

Industry trends indicate that at least 43% of meeting events scheduled in all types of meeting venues includes organized golf play, while Southern California conference resort managers suggest meeting-related golf play is integral to a significantly larger share of scheduled meeting activity. These observations underscore strong preference by meeting planners for meeting venues that offer an overall meeting experience. Without a quality on-site golf course, the Arrowhead Springs Resort Conference Center will be at a significant competitive disadvantage to comparable resort conference centers in the inland areas of Southern California.

Exhibit A also qualifies the importance of a resort conference center in generating rounds of play on the resort course. Meeting-related play is estimated to account for 15% to 35% of total rounds of play at conference resort courses. The actual level of play appears related to the overall size of the resort conference meeting venue and related schedule activity. Meeting-related play only accounts for 15% or less than 7,000 rounds of play at the Ojai Inn and Spa, which offers a relatively limited quantity and mix of meeting space. Southern California conference resorts with at least 20,000 square feet of indoor meeting space tend to generate a greater share of overall golf play activity ranging from 30% to 35%, or in excess of 20,000 rounds per year. The Arrowhead Springs Resort is planned include a new 25,000-square-foot conference center with another 11,000 square feet of meeting space available in the historic hotel.

We appreciate the opportunity to provide you knowledge and insights gathered from recognized industry resources and professionals competing in the Southern California meeting market place. For your benefit, we have attached a brief summary of our qualifications, including a personal resume.

Sincerely,

ALFRED GOBAR ASSOCIATES



Alonzo Pedrin
Principal
(714) 772-8900 x310

AP

Encl.

cc: John.Nolan@greshamsavage.com

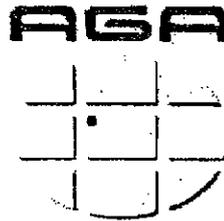
EXHIBIT A

**COMPETING INLAND SOUTHERN CALIFORNIA RESORT-CONFERENCE CENTERS
ARROWHEAD SPRINGS RESORT, SAN BERNARDINO**

Facility Description	Pacific Palms Conference Resort	Rancho Bernardo Inn	Hyatt Grand Champions Resort	Ojai Valley Spa and Inn	The Grand Del Mar (U.C.)	Arrowhead Springs Resort (Project)
Resort Location	Industry	Rancho Bernardo	Indian Wells	Ojai	Del Mar	San Bernardino
Resort Property						
Size of Property (Ac)	650	265	235	220	226	263
Miles From Major Airport	33	20	15	60	15	15
Airport Facility	LA-Int'l	San Diego-Int'l	Palm Spgs-Int'l	LA-Int'l	San Diego-Int'l	Ontario-Int'l
Hotel Lodging						
No. of Rooms	292	287	480	308	261	300 - 600
Listed Rates	\$110-\$1,200	\$170-\$1,400	\$110-\$4,000	\$400-\$5,400	n.a.	n.a.
Architectural Style	Contemp.	Spanish-Med	Contemp.	Historical	Spanish-Med	Historical
Meeting Facilities						
Indoor Space (Sq Ft)	45,000	24,265	40,000	11,000	15,200	25,000
Largest (Sq Ft)	12,700	10,160	20,000	6,000	9,830	n.a.
Function/Meeting Areas	25	10	26	5	6	n.a.
Full-Svc Business Center	Yes	Yes	Yes	Yes	Yes	n.a.
On-Site Recreation Amenities						
Golf Course	36-H	18-H	36-H	18-H	18-H	18-H
Tennis Courts	17-Lighted	12-Lighted	3-Lighted	4-Lighted	2-Lighted	n.a.
Spa Facility	U.C.-2007	Full-Service	Full-Service	Full-Service	Full-Service	Full-Service
Fitness Center	Yes	Yes	Yes	Yes	Yes	Yes
Specialized	Equest/Heliport	--	--	--	--	--
Resort Meeting Activity and Golf Play						
Share of Meeting Activity:						
Multi-Day Events	33%	90%	n.a.	80%	n.a.	n.a.
Events w/Sched. Golf	40%	80%	50%	60%	n.a.	n.a.
Attendees Playing Golf	50%	60%	40%	70%	n.a.	n.a.
Meeting-Driven Golf Play						
Share of Annual Rounds	35%	30%	30%	15%	n.a.	n.a.
Total Course Rounds	122,000	58,000	60,000	45,000	n.a.	n.a.

Source: Alfred Gobar Associates

**STATEMENT OF QUALIFICATIONS
FOR
ALFRED GOBAR ASSOCIATES**



ALFRED GOBAR ASSOCIATES

300 S. Harbor Boulevard, Suite 900, Anaheim, CA 92805-3721 (714) 772-8900 FAX (714) 772-8911



Alfred Gobar Associates

Company Background and Qualifications

Alfred Gobar Associates has provided economic, market, and development analysis in Southern California and throughout the United States for nearly 30 years. We have extensive experience evaluating development potential for retail, office, industrial, hotel, residential, and specialized recreation projects. Our clients include private developers, investors, and businesses generally concerned with project feasibility at a site-specific location; lending institutions concerned with areawide market conditions and trends; and public agencies concerned with the influence of market opportunities and constraints on desired implementation programs and policies. The firm's methodology and analytical approach focuses on project and land use potential in terms of trade area market conditions and trends, absorption potential at the site location, supportable land value, development strategies for exploiting market opportunities and the investment outlook from the perspective of the client's required rate of return. Our methodology and approach is often applied to highest and best use studies by evaluating the study location against alternative markets separately and in combination.

Our work approach is efficient, cost-effective, and entails the use of a small, highly skilled research staff of less than 10 employees. Our consulting strategy is to maintain a staff of senior-level analysts with the knowledge and ability to achieve a high level of work efficiency and respond directly to client needs. The company operating approach reflects a basic philosophy of the firm: providing accurate and defensible real estate economic, urban economic, statistical and financial analysis is best achieved with a cohesive core of experienced analysts.

Alfred Gobar Associates has achieved and continues to maintain the company philosophy by providing accurate, cost-effective analysis for numerous kinds of study and client needs. Noted below is the average number of studies we have provided annually for the past five years requiring different levels of data base, statistical, field research, and empirical analysis throughout the United States:

General Category of Analysis	Average Annual Studies Completed
Housing	61
Office	7
Industrial	7
Hotel/Motel	1
Retail	14
Recreation	5
Fiscal	9
Financial/Economic/Special Purpose	<u>15</u>
Average Annual Number of Studies	119

Housing Qualifications

Alfred Gobar Associates has been involved in housing market analyses since 1968 and has pioneered development of econometric techniques applicable to housing market analysis. For a number of years, Dr. Gobar was a contributing editor to Housing Magazine and has since contributed to Builder. Staff members are regular speakers at local, regional, and national housing industry meetings and conventions. A partial list of the firm's builder clients include:

Akins	Lincoln Properties
Beazer Homes	Manning Homes
Brookfield Homes	Mercedes Homes
Catellus Residential	Mission Viejo Company/Shea Homes
Centex Homes	Pacific Scene
Christopher Homes	Polygon Development
Citicorp	Ponderosa
Communities Southwest	Pulte Homes
CPH (Capital Pacific Homes)	Rancho Mission Viejo Company
Del Webb	Santa Clara Development
Diversified Pacific Development Corp.	Santa Margarita Company
E.A. Platt & Company, Inc.	Shapell
Engle Homes	Signal Landmark
Fieldstone	Signature Quality Built Homes
Friendwood Development	Standard Pacific Corporation
Greystone Homes	Taylor Woodrow Homes
Hans Hagen Homes	The Eastlake Company
Hansen & Horn Group, Inc.	The Irvine Company/Community Dev.
John Kavanagh Company	The Koll Company
John Laing Homes/WL Homes	The Lusk Companies
K. Hovnanian Companies	The Presley Company
Kaufman and Broad	The Valencia Corporation
Larwin	Trimark Pacific Homes
Lennar Homes	Unocal
Lewis Homes	William Lyon Development Company

Financial institutions for which Alfred Gobar Associates has conducted housing-related studies include:

Bank of America
 First Western Savings and Loan of Las Vegas
 Glendale Federal Savings and Loan
 Home Savings
 Pacific Western National Bank
 Wells Fargo Bank

Retail Qualifications

Alfred Gobar Associates (originally Darley-Gobar Associates, Inc.) pioneered the development of mathematically-based models for retail site selection, preparing nationwide site selection strategies for a number of chains including A & W International,

Betty Crocker Pie Shops, Burger Chef, Carl Karcher Enterprises, Collins Foods International, Denny's restaurants, Dunkin' Donuts, Farrell's Ice Cream Parlors, Jack in the Box, Jolly Roger restaurants, Orange Julius, Pizza Hut, Sir George's Smorgasbord, etc. Supermarket chains for which Alfred Gobar Associates has prepared development strategies and individual project feasibility analyses include Albertson's, Arden Mayfair, Big Bear Markets, Bradshaws, El Rancho markets, Food Giant, Vons, Stater Bros., Hughes, Gelsons, Mothers and others.

The company has also been retained to prepare retail site feasibility analyses for Atlantic Richfield Company, Exxon, Fotomat, Gulf Oil, Sav-On, Walker Scott department stores, West Brothers department stores, 7-11, Tic Toc Convenience Markets, and such shopping center developers as Newman Properties, E.W. Hahn Corporation, Beneficial Standard Properties, the Janss Corporation, Pacific Mutual Life Insurance Company, Chevron Land and Development Company, Getty Oil, Huntington Beach Company, Donahue Schriber Company, SDC, Western Commercial Development Company, Diversified Shopping Centers, Crossroads Development Company, Trammel Crow, Homart, and a large number of smaller shopping center development entities.

The company also prepares retail market studies on behalf of Cities and Redevelopment Agencies seeking to negotiate development agreements, formulate land use policies to stimulate private investment, or formulate programs that focus on target locations where strong potential is indicated but existing conditions restrict private-market investment. A number of local agencies for which we have recently identified site development potential include City of La Habra, City of Fountain Valley, City of Costa Mesa, City of Cathedral City, City of Hanford, and City of Lake Forest.

Hotel/Motel Qualifications

Alfred Gobar Associates is not as well known for hotel market feasibility studies as for retail, office, industrial, and housing studies. We have, however, conducted these types of studies for over 30 years and have prepared hotel feasibility studies for The Wrathier Corporation, Travelodge, Royal Inns, DoubleTree Inns, Christopher D. Sickels Associates, Inc., The Lusk Companies, Vacation Village Hotel, All Seasons Inns, and many individual investors and operators.

Office and Industrial Qualifications

Our experience in terms of office and industrial market analysis includes application of statistical and conventional research techniques to separate and mixed-use projects for such clients as The Irvine Company, Mission Viejo Company, Union Bank, Chevron Land and Development Company, Huntington Beach Company, Lincoln Properties, Beneficial Standard Properties, Pacific Mutual Life Insurance Company, Christeson Development Company, Larwin, SDC, Shapell, Transwestern Commercial Services, Linpro, Catellus, Watson Land Company, The Carson Companies, Overton-Moore Associates, Edward Properties, CT Capital, Shea Properties, Turner Development, etc.

Financial Qualifications

Staff members at Alfred Gobar Associates have substantial experience and training in quantitative methods of financial analysis. For nearly 20 years, Dr. Gobar was a professor of finance in the graduate schools of business at the University of Southern

California and at the California State University campuses in Los Angeles and Fullerton. A significant part of his teaching load related to courses in quantitative financial analysis techniques.

Fiscal Qualifications

Alfred Gobar Associates has prepared fiscal impact analyses for numerous site-specific development projects and for government planning programs evaluating land use development policy alternatives. In addition, Alfred Gobar Associates has been retained by County-level governments to evaluate fiscal effects resulting from operation of government-owned facilities such as golf courses, marinas, museums, etc. A list of recent clients for which fiscal impact studies have been prepared includes the County of Riverside, County of Kern, County of Ventura, California State Department of Transportation (CALTRANS), County of Orange Environmental Management Agency, Orange County Flood Control District, Fountain Valley Redevelopment Agency, City of Escondido, City of Yorba Linda, City of Brea, City of Chula Vista, City of National City, City of Rialto, City of Placentia, City of West Covina, City of Indio, City of La Habra, Diversified Shopping Centers, ICI Development, Santa Margarita Company, Irvine Company, Tejon Ranch, Ranpac Engineering, Standard Pacific, Greystone Homes, Makar Properties, Charles W. Poss, Sunland Housing Group, Capital Pacific Holdings, and others.

Recreational Qualifications

Alfred Gobar Associates has conducted many recreational use and facility feasibility studies in California and the United States on an ongoing basis for over 30 years. Completed recreational studies cover a wide spectrum of uses including economic feasibility studies for Jack Murphy Stadium in San Diego; proposed expansion of Shea Stadium in New York; Vacation Village Resort Hotel in Mission Bay; Channel Islands National Monument Visitor Center in Ventura; public softball complex in Santa Maria; several off-highway vehicle parks throughout the State of California; thoroughbred race track facility in Coeur D'Alene, Idaho; equestrian center with televised betting and quarter horse racing in Riverside County; Civic and Cultural Center in Escondido; expansion of the Mason Regional Park Public Golf Course in Irvine; expansion of the Orange County Marine Institute in Dana Point; renovation and upgrades to Mayflower Park in Blythe, California; public zoo and aquarium projects in Edmonton Alberta, Canada; Fleet Planetarium and IMAX projection system for Balboa Park in San Diego; and numerous other projects. In addition, Alfred Gobar Associates has done extensive work in the area of recreational use and facility planning including participation in the Dana Point Harbor Master Plan Assessment, Ten-Year Master Plan for Riverside Regional Parks, Casino and recreational use facility studies for the Morongo Indians, Recreation and Parks Master Plans for the Cities of Corona, Laguna Hills, Diamond Bar, Murrieta, Rancho Mirage, Temecula, Upland, Mission Viejo, Upland, and others.

Recent Related Projects

Pageant of the Masters/Festival of Arts—Two independent investigations were conducted during 2000 and 2001 to assess the economic impact of an ongoing, seasonal arts festival in Laguna Beach, California. Each investigation attempted to identify total direct and indirect spending and total indirect audience spending generated

during the 50+ day event. Adjoining beach communities were used as a benchmark to evaluate "normal" increases/decreases in various revenue categories—transient occupancy tax, retail sales tax (particularly for eating and drinking establishments)—over the same operating period to identify revenue increases directly/indirectly tied to Pageant/Festival attendees.

Fullerton Plaza Railway Museum—A market and development feasibility study for a 40,000-square-foot museum adjacent to the historic Santa Fe Depot in Downtown Fullerton. The study identified the space requirements, visitor attendance, and operating performance of a contemporary museum operation. The study approach focused on precedent operating performance and market penetration describing a number of analogous museums in Colorado, Washington, and California. Selected factors evaluated included floor space requirements, functional space allocation, rolling stock exhibits, admission pricing, geographic distribution of visitor origin, attendance composition, staffing ratios, volunteer support, and fixed and variable expense requirements. Alternative operating scenarios were formulated based on conservative and optimistic interpretations about the level of effective market penetration and key revenue and operating components. In addition, market support and performance potential for a meeting facility and specialty retail venue constructed as an integral component of the museum was also evaluated to determine if synergistic opportunities to increase the attraction of Fullerton Railway Plaza as a regional destination. Finally, a series of five-year development and operating pro forma were formulated to determine the level of operating and construction cost subsidy that may be required to sustain the overall development program.

Leo Fender Music Museum—A 2001 market feasibility study to determine probable market support, space requirements, and operating performance of a dedicated music museum to be operated as an expansion facility of Fullerton Museum Center. The museum expansion is contemplated to showcase diverse sound innovation by Leo Fender and the corresponding influence on popular musicians, music culture, and concurrent events taking place the United States. Study evaluated the operating performance of several music museum venues throughout the United States in order to determine precedent limits of market support, operating performance, scope of facilities, exhibition and education programming, and related operating requirements that should be realistically anticipated. Special attention directed to range of operating objectives (exhibition, education, research) that should be emphasized and corresponding staffing, volunteer, and revenue support. A series of operating pro forma were prepared based on a recommended operating objective, corresponding facility and operating requirements, probable limits of operating support, and projected capital and recurring funding support required from external sources.

Orange County Fair and Exposition Center—A 2002 economic analysis of the Fair and Exposition Center. The study involved a detailed budget level of analysis with respect to a full spectrum of existing fair and non-fair programming activity at the 148-acre facility. Analysis of the existing operation served to identify precedent revenue performance, expense requirements, and corresponding net benefit to the 32nd Agricultural District. Net benefit was evaluated with respect to the supply of land dedicated to interim and year-round activities as well as amount of year-round scheduling capacity utilized and corresponding event-day benefit generated. In support of a long-range master plan development effort, a diverse range of alternative programming activities (concert venue, grandstand arena and speedway, meeting and exhibition facilities, equestrian activity,

interpretive center, etc.) and space utilization scenarios were evaluated in the context of probable market support, revenue performance limits, and corresponding expense requirements in order to identify a plan alternative that will increase the level of public benefit and net operating performance of the Fairground facility.

Las Vegas Performing Arts Center—A 1997 feasibility study on behalf of the Las Vegas Performing Arts Center Foundation. The foundation, primarily composed of hotel and casino owners, sought to determine probable attendance support from Las Vegas visitors and metro area residents for a state of the art performance venue scheduling Broadway caliber shows. The determination of support potential involved the design, execution, and analysis of random sample telephone interviews with metro area residents and face-to-face intercept surveys of visitors at Downtown and Strip location attractions. Empirical survey studies were supplemented by a secondary analysis of survey studies prepared by the National Endowment of the Arts, Las Vegas Visitors and Convention Bureau, and other sources evaluating leisure behavior, leisure participation, and leisure expenditure. Concurrent with the survey study, cultural performance groups throughout the Las Vegas metropolitan area were also interviewed with respect to current programming objectives, facility requirements, scale and nature of scheduled events, and local base of support. The analysis identified respective levels of probable support from Las Vegas visitors and residents and the corresponding event-day schedule warranted for distinct types cultural performance events. The analysis also identified the increment increase in room-night demand driven by projected event scheduling and the corresponding implication for a hotel tax financing vehicle to support identified capital and operating requirements of the performance venue.

Orange County Natural History Museum—A 1993 feasibility study on behalf of the County of Orange to determine probable limits of market support, facility space requirements, mission objective, staffing, volunteer support, and other operating parameters for a prospective natural history museum within Orange County. Over twelve alternative site locations throughout the County were also evaluated with respect to complementary activities and land use that would improve the relative attraction and marketability of this cultural venue. Study involved an extensive investigation of natural history museum with programming budgets from less than \$500,000 per year to more than \$20.0 million per year. Operating component of analysis focused on breadth of disciplinary sciences represented or emphasized, scale of facilities utilized with respect to size of collection and visitor activity, functional design of facilities, disciplinary staffing requirements, location attributes, exhibition programming and scheduling, revenue and expense budgets, etc. Market component of analysis focused on incidence of support based on scale of primary trade area served and related operating scope of museum facility. Study was utilized by Orange County Harbors, Beaches, and Parks to determine scale of operation warranted based on probable incidence of support by County residents and probable level of capital facility and ongoing operating support that would likely be required if the County were to sponsor the development and operation of a natural history museum.

MCAS Tustin Blimp Hangar Alternative Use Analysis—A 1997 analysis of cash flow requirements associated with ongoing maintenance and repair of one of the Blimp Hangars (Building 29) according to three re-use alternatives (movie studio, recreation warehouse, demolition/site conversion). Cost analysis based on extensive architectural and engineering assessment of hangar facility. Analysis identified annual funding requirements for unique architectural and engineering components of the hangar based

on alternative program cycles for repair and maintenance (extent and frequency of repair/maintenance). Repair and maintenance cost structure also evaluated in terms of the annualized equivalent funding requirement including and excluding a interest-bearing sinking fund designed to accrue sufficient funding when scheduled repair and maintenance is due. Directed cost analysis served to synthesize and present disparate components of a \$900,000 hangar re-use study prepared for COMBCAB WEST, Department of Defense agency involved in evaluating re-use of MCAS Tustin.

Escondido Civic and Cultural Center Complex—A market and financial feasibility analysis used to support design competition, sale of public financing instruments and construction of a civic center and cultural arts complex serving the Northern San Diego County inland area (approximately 600,000 population). Market analysis evaluated trade area support for a wide range of cultural activities including a large performing arts theatre (2,500+ seats), small performing arts theatre (300 seats max.), museum facility and assorted community/cultural venues. Analysis included survey of competitive facilities and event schedules, market performance pricing potential and overview of macro-economic trends in the museum and performing arts industries. Market analysis identified facility requirements (scope of improvements and capacity) needed to satisfy projected market demand. Financial analysis evaluated revenue-generating potential, operating cost requirements, and residual capacity to finance desired improvements.

Hourly Rate Schedule

Individual/Title	Description of Responsibilities	Hourly Rate
Dr. Alfred Gobar Principal	Primary Analysis and Presentation	\$250
Alonzo Pedrin Principal	Project Coordination, Primary Analysis, Presentations, Research and Product Synthesis	120
Jim Wolf Principal	Project Coordination, Primary Analysis, Presentations, Research and Product Synthesis	120
Christine Coman Independent Consultant	Project Coordination, Primary Analysis, Presentations, Research and Product Synthesis	120
Coreen Suzukida Senior Research Associate	Data Research, Analysis and Data Synthesis	80
Stacy Ramsey Independent Consultant	Data Research, Systems Analysis and Information Technology	80
Michael Saeedi Senior Research Associate	Data Research, Analysis and Synthesis, Systems Operations	80
David Wood Research Associate	Data Research, Analysis and Synthesis, Systems Operations	65
Ryan Early Research Associate	Data Research, Analysis and Synthesis, Systems Operations	65
Other Field Staff	Field Data Collection	50
Administrative Staff	Word Processing, Report Preparation	55

Alonzo Pedrin

POSITION: Principal

EDUCATION: California State Polytechnic University, Pomona, 1980
B.S.—Urban and Regional Planning
Minor—Economics

University of California, Irvine, 1995
Master of Business Administration
(Emphasis in Real Estate Finance and Marketing)

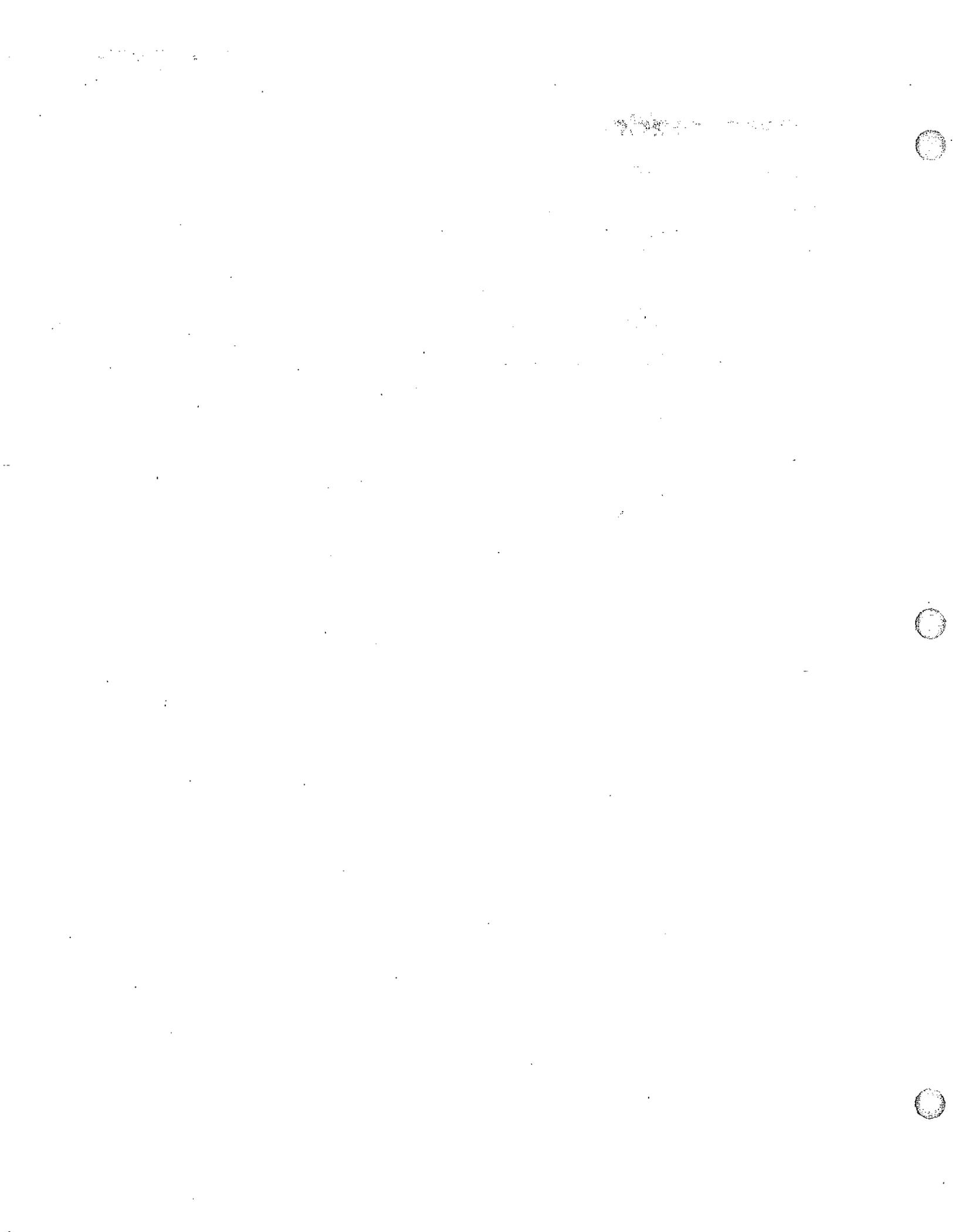
AREAS OF EXPERTISE AND EXPERIENCE:

Mr. Pedrin is a managing principal of the firm. He has served as project manager and senior research analyst for numerous private and public sector studies completed by Alfred Gobar Associates since 1986. Project management capabilities include research design, project scheduling and coordination, client interface, staff-level meetings, and public presentations. Mr. Pedrin's technical capabilities have been applied extensively to fiscal impact studies and market feasibility studies directed to retail, housing, office, recreational, and specialized land use development. The diversity of specialized studies in which Mr. Pedrin has served as lead analyst includes highest and best use studies, financial optimization studies, resort housing studies in the US and Mexico, loft housing, performing arts theaters, museums, convention and exhibition centers, sports parks, R.V. campgrounds, equestrian centers, off-highway vehicle parks, auto centers, day care centers, private high schools, outlet centers, power retail centers, and marina facilities. Finally, Mr. Pedrin serves as the principal in-charge for most public sector studies requiring economic scrutiny of development and redevelopment strategies, general plan policies, recreation ventures, and the fiscal impact of real estate development.

Prior to joining Alfred Gobar Associates, Mr. Pedrin worked extensively in the field of redevelopment, environmental impact analysis and general plan adoption as a project manager for a private consulting group. Mr. Pedrin also served in the public sector, working four years in the Community Development Department of the City of Pomona and City of West Covina. While in public service, Mr. Pedrin coordinated the City's development review processes; analyzed development applications, and presented recommendations to the Planning Commission. Mr. Pedrin was also involved in the formulation of policies related to development standards and land use regulation.

MEMBERSHIPS AND QUALIFICATIONS:

Urban Land Institute-Orange County Chapter
Cal Poly, Pomona-Urban and Regional Planning Alumni Association
University of California, Irvine-Graduate School of Management Alumni Association



Legal description of the Del Rosa Mutual Water Co. proposed service area



DESCRIPTION

Del Rosa Mutual Water Company (Service Area)

Those parcels of land located in Section 7, Township 1 North, Range 3 West, San Bernardino Base and Meridian, and Sections 2, 3, 11, 12 and 14, all in Township 1 North, Range 4 West, San Bernardino Base and Meridian, and Section 34, Township 2 North, Range 4 West, San Bernardino Base and Meridian, in the County of San Bernardino, State of California, described as follows:

Section 7, Township 1 North, Range 3 West, San Bernardino Base and Meridian, in the County of San Bernardino, State of California, according to the Official Plat thereof, and

the northwest quarter of Section 12, the west half of the northeast quarter of Section 12, the southeast quarter of the northeast quarter of Section 12, the north half of the southwest quarter of Section 12, the north half of the southeast quarter of Section 12, all in Township 1 North, Range 4 West, San Bernardino Base and Meridian, in the County of San Bernardino, State of California, according to the Official Plat thereof, and

the northwest quarter of Section 11, the south half of the northeast quarter of Section 11, the south half of Section 11, all in Township 1 North, Range 4 West, San Bernardino Base and Meridian, in the County of San Bernardino, State of California, according to the Official Plat thereof, and

The west half of the southwest quarter of Section 2, Township 1 North, Range 4 West San Bernardino Base and Meridian, in the County of San Bernardino, State of California. according to the Official Plat thereof, and

Government Lot 1 and Government Lot 6, in the northeast quarter of Section 3, Township 1 North, Range 4 West, San Bernardino Base and Meridian, in the County of San Bernardino, State of California, according to the Official Plat thereof, and

the east half of the northeast quarter of Section 3, Township 1 North, Range 4 West, San Bernardino Base and Meridian, in the County of San Bernardino, State of California, according to the Official Plat thereof, and

the northeast quarter of the southeast quarter of Section 3, Township 1 North, Range 4 West, San Bernardino Base and Meridian, in the County of San Bernardino, State of California, according to the Official Plat thereof.

TOGETHER WITH, that portion of the southwest quarter of the southeast quarter of Section 34, Township 2 North, Range 4 West, San Bernardino Base and Meridian, in the County of San Bernardino, State of California, according to the Official Plat thereof, described as follows:

Beginning at the southeast corner of the southwest quarter of the southeast quarter of said Section 34;

1. thence North 03°04'43" West, 820.00 feet;
2. thence South 86°55'17" West, 531.00 feet;
3. thence North 60°04'43" West, 102.80 feet;
4. thence North 43°08'43" West, 39.82 feet;
5. thence South 86°55'17" West, 3.13 feet;
6. thence North 00°03'28" East, 308.84 feet;
7. thence South 89°22'05" West, 677.18 feet to the center-south one-sixteenth corner of Section 34;
8. thence South 00°05'17" East, along the west line of the southwest quarter of the southeast quarter of Section 34, a distance of 1220.24 feet to the south one-quarter corner of Section 34;
9. thence North 87°58'43" East, along the south line of Section 34, a distance of 1372.24 feet to the Point of Beginning.

TOGETHER WITH, that portion of southeast quarter of the northeast quarter of Section 14, Township 1 North, Range 4 West, San Bernardino Base and Meridian, described as follows:
Beginning at the northwest corner of the southeast quarter of the northeast quarter of said Section 14;

1. thence North 89°56'56" East, along the north line of the southeast quarter of the northeast quarter, 432.18 feet;
2. thence South 52°06'05" West, 545.22 feet;
3. thence North 00°20'09" West, 334.53 feet to the Point of Beginning.

TOGETHER WITH, that portion of Section 14, Township 1 North, Range 4 West, San Bernardino Base and Meridian, described as follows;

Beginning at the north one-quarter corner of said Section 14;

1. thence South 89°34'27" West, along the north line of said Section 14, a distance of 37.71 feet to a point on a non-tangent curve, concave northwesterly;
2. thence from a tangent bearing South 08°00'15" West, along a curve to the right, having a radius of 800.00 feet, through an angle of 40°11'32", a distance of 561.19 feet;
3. thence along a compound tangent curve to the right, having a radius of 1600.00 feet, through an angle of 27°49'09", a distance of 776.86 feet;
4. thence South 40°42'02" West, 85.34 feet;
5. thence South 71°45'27" East, 147.00 feet;
6. thence North 76°54'33" East, 29.30 feet;
7. thence South 00°18'27" East, 81.73 feet;
8. thence North 79°34'06" East, 184.61 feet;
9. thence South 68°41'47" East, 165.01 feet;
10. thence South 00°18'27" East, 37.09 feet;

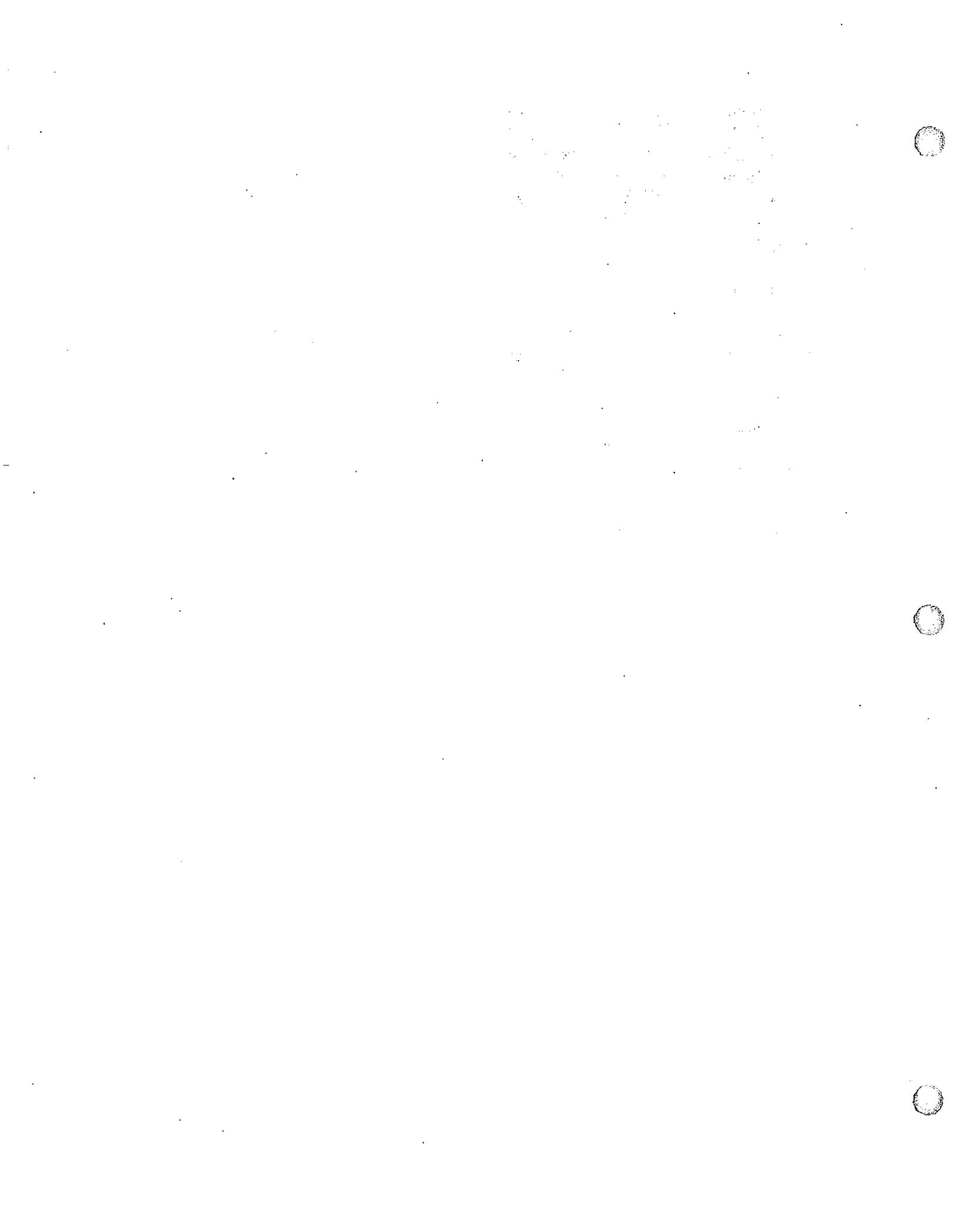
11. thence South 34°41'28" West, 191.31 feet;
12. thence South 23°09'32" West, 97.43 feet;
13. thence South 08°22'59" West, 248.05 feet;
14. thence South 07°36'43" East, 54.20 feet;
15. thence South 55°35'27" East, 54.43 feet;
16. thence South 14°16'17" East, 122.27 feet;
17. thence South 15°02'56" West, 131.31 feet;
18. thence South 32°28'47" East, 205.36 feet;
19. thence South 00°10'37" West, 177.27 feet;
20. thence South 43°57'57" East, 57.11 feet;
21. thence South 65°19'05" East, 385.63 feet;
22. thence North 29°47'55" East, 251.32 feet;
23. thence North 83°48'45" East, 146.64 feet;
24. thence South 81°55'35" East, 112.24 feet;
25. thence South 54°10'05" East, 99.70 feet;
26. thence South 43°30'25" East, 53.22 feet;
27. thence South 05°35'51" East, 187.50 feet;
28. thence North 89°32'34" East, 642.31 feet;
29. thence North 13°50'47" East, 105.56 feet;
30. thence North 03°24'48" West, 297.29 feet;
31. thence North 10°27'47" East, 191.06 feet;
32. thence North 12°16'47" East, 130.40 feet;
33. thence North 20°25'47" East, 67.74 feet;
34. thence North 33°08'47" East, 241.80 feet;
35. thence North 05°29'13" West, 264.12 feet;
36. thence North 89°57'17" East, 139.81 feet;
37. thence North 00°20'09" West, 1299.35 feet;
38. thence South 89°26'17" West, 1329.28 feet to the Point of Beginning.

This description was prepared by me or under my direction in accordance with Section 8761 of the Professional Land Surveyor's Act.

TRANSTECH ENGINEERS, INC.

David B. Ragland, L.S. 5173

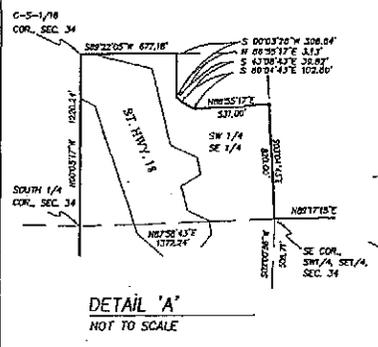
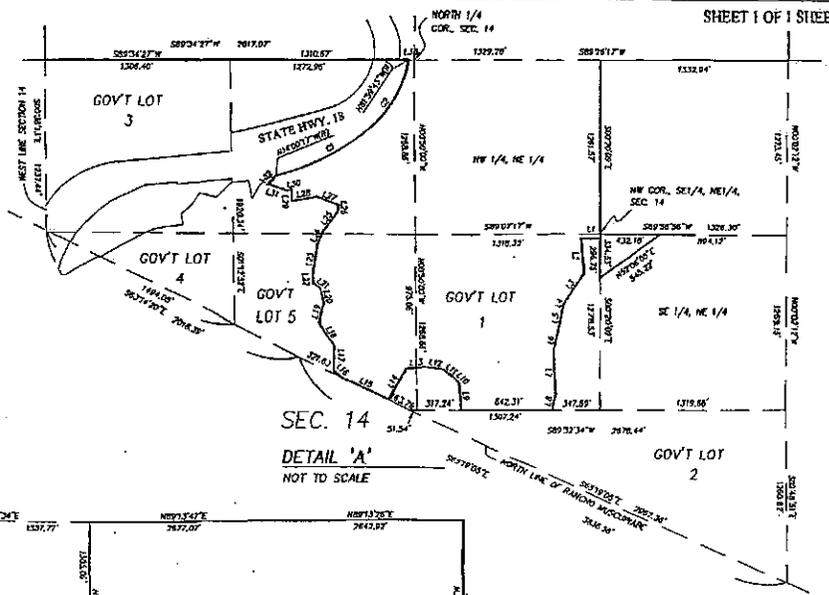
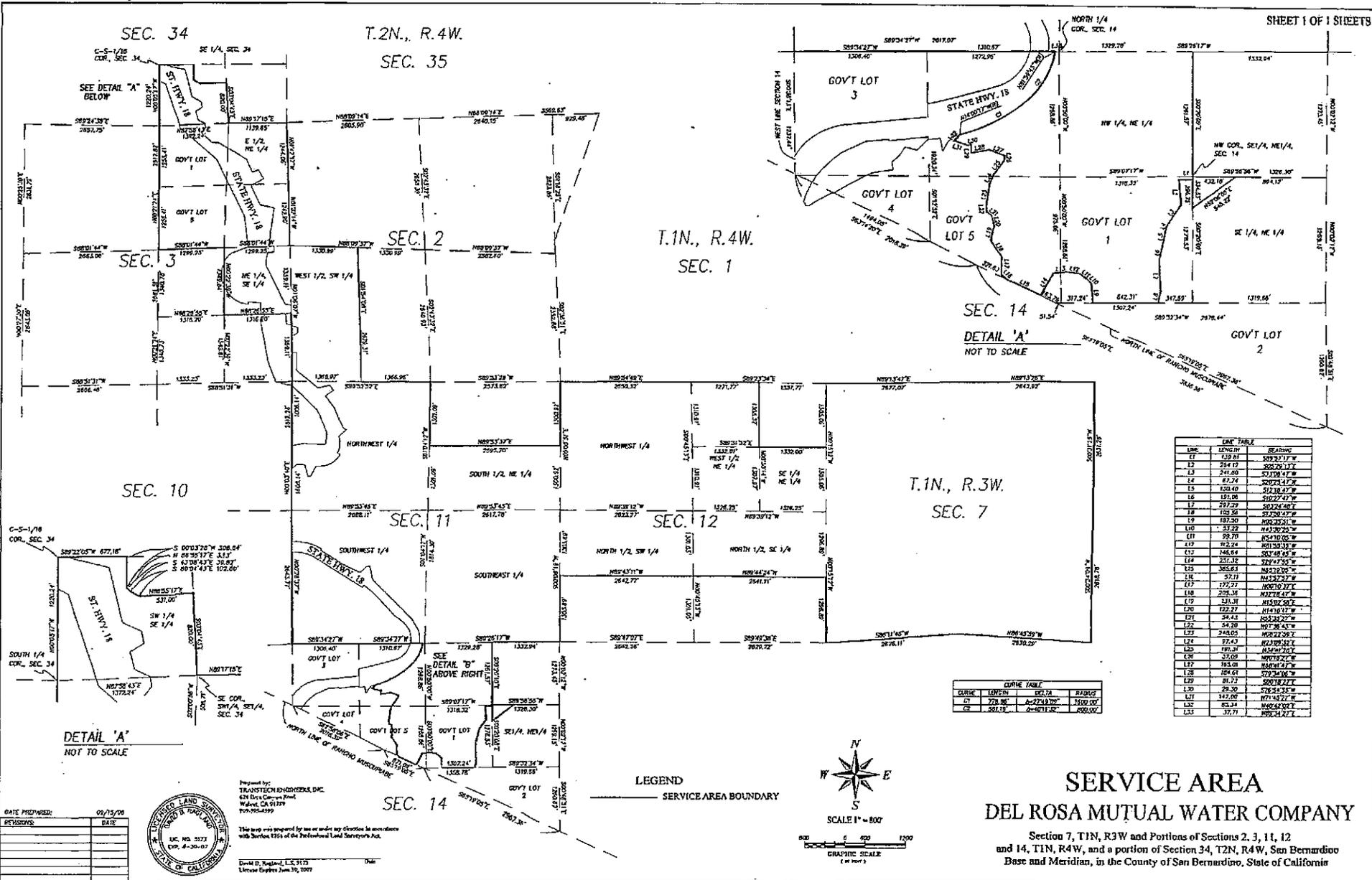
License Expires: June 30, 2007



ATTACHMENT 5B

Map of the Del Rosa Mutual Water Co. proposed service area





DATE PREPARED:	09/15/00
REVISED:	DATE

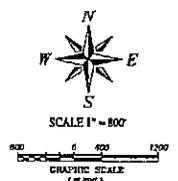


Prepared by:
TRANSSTEC ENGINEERS, INC.
 424 Brea Canyon Road
 Walnut, CA 91779
 714-960-0797

This map was prepared by me or under my direction in accordance with Section 11515 of the Professional Land Surveyors Act.

Dwain D. England, L.S. 5173 Date
 License Expires June 30, 2007

LEGEND
 SERVICE AREA BOUNDARY



CURVE	LENGTH	DELTA	RAADIUS
C1	278.96	42.21470°	1600.00'
C2	281.12	42.46110°	1600.00'

LINE	LENGTH	BEARING
L1	131.81	S83°32'17"W
L2	294.12	S20°20'17"E
L3	241.00	S31°58'47"W
L4	81.74	S20°24'47"W
L5	128.00	S72°18'47"W
L6	181.08	S10°27'47"W
L7	297.27	S82°24'47"E
L8	125.50	S15°28'47"E
L9	187.30	S68°35'17"E
L10	33.22	N43°30'24"W
L11	98.70	N42°10'00"W
L12	92.74	N01°58'18"W
L13	146.64	S85°48'54"W
L14	237.32	S29°47'54"W
L15	366.63	N42°12'00"W
L16	57.11	N43°12'27"W
L17	192.27	N00°10'27"E
L18	205.36	N32°18'47"W
L19	131.36	N18°20'28"E
L20	122.27	N14°18'12"W
L21	24.44	S82°12'22"W
L22	24.30	N07°18'43"W
L23	244.05	N08°22'58"E
L24	97.43	N23°09'32"E
L25	191.37	N52°50'20"E
L26	33.09	N00°19'22"E
L27	183.01	N48°14'27"E
L28	104.61	S72°24'06"W
L29	81.72	S20°18'27"E
L30	29.30	S78°24'38"W
L31	143.02	N71°48'22"E
L32	82.44	N48°42'02"E
L33	37.71	N82°14'22"E

SERVICE AREA
DEL ROSA MUTUAL WATER COMPANY
 Section 7, T1N, R3W and Portions of Sections 2, 3, 11, 12 and 14, T1N, R4W, and a portion of Section 34, T2N, R4W, San Bernardino Base and Meridian, in the County of San Bernardino, State of California



Legal description of the West Twin Creek Water Co. proposed service area



DESCRIPTION

West Twin Creek Water Company (Service Area)

Those parcels of land located in Section 7, Township 1 North, Range 3 West, San Bernardino Base and Meridian, and Sections 2, 3, 11, 12 and 14, all in Township 1 North, Range 4 West, San Bernardino Base and Meridian, and Section 34, Township 2 North, Range 4 West, San Bernardino Base and Meridian, in the County of San Bernardino, State of California, described as follows:

Section 7, Township 1 North, Range 3 West, San Bernardino Base and Meridian, in the County of San Bernardino, State of California, according to the Official Plat thereof, and

the northwest quarter of Section 12, the west half of the northeast quarter of Section 12, the southeast quarter of the northeast quarter of Section 12, the north half of the southwest quarter of Section 12, the north half of the southeast quarter of Section 12, all in Township 1 North, Range 4 West, San Bernardino Base and Meridian, in the County of San Bernardino, State of California, according to the Official Plat thereof, and

the northwest quarter of Section 11, the south half of the northeast quarter of Section 11, the south half of Section 11, all in Township 1 North, Range 4 West, San Bernardino Base and Meridian, in the County of San Bernardino, State of California, according to the Official Plat thereof, and

The west half of the southwest quarter of Section 2, Township 1 North, Range 4 West San Bernardino Base and Meridian, in the County of San Bernardino, State of California, according to the Official Plat thereof, and

Government Lot 1 and Government Lot 6, in the northeast quarter of Section 3, Township 1 North, Range 4 West, San Bernardino Base and Meridian, in the County of San Bernardino, State of California, according to the Official Plat thereof, and

the east half of the northeast quarter of Section 3, Township 1 North, Range 4 West, San Bernardino Base and Meridian, in the County of San Bernardino, State of California, according to the Official Plat thereof, and

the northeast quarter of the southeast quarter of Section 3, Township 1 North, Range 4 West, San Bernardino Base and Meridian, in the County of San Bernardino, State of California, according to the Official Plat thereof.

TOGETHER WITH, that portion of the southwest quarter of the southeast quarter of Section 34, Township 2 North, Range 4 West, San Bernardino Base and Meridian, in the County of San Bernardino, State of California, according to the Official Plat thereof, described as follows:

Beginning at the southeast corner of the southwest quarter of the southeast quarter of said Section 34;

1. thence North $03^{\circ}04'43''$ West, 820.00 feet;
2. thence South $86^{\circ}55'17''$ West, 531.00 feet;
3. thence North $60^{\circ}04'43''$ West, 102.80 feet;
4. thence North $43^{\circ}08'43''$ West, 39.82 feet;
5. thence South $86^{\circ}55'17''$ West, 3.13 feet;
6. thence North $00^{\circ}03'28''$ East, 308.84 feet;
7. thence South $89^{\circ}22'05''$ West, 677.18 feet to the center-south one-sixteenth corner of Section 34;
8. thence South $00^{\circ}05'17''$ East, along the west line of the southwest quarter of the southeast quarter of Section 34, a distance of 1220.24 feet to the south one-quarter corner of Section 34;
9. thence North $87^{\circ}58'43''$ East, along the south line of Section 34, a distance of 1372.24 feet to the Point of Beginning.

TOGETHER WITH, that portion of southeast quarter of the northeast quarter of Section 14, Township 1 North, Range 4 West, San Bernardino Base and Meridian, described as follows: Beginning at the northwest corner of the southeast quarter of the northeast quarter of said Section 14;

1. thence North $89^{\circ}56'56''$ East, along the north line of the southeast quarter of the northeast quarter, 432.18 feet;
2. thence South $52^{\circ}06'05''$ West, 545.22 feet;
3. thence North $00^{\circ}20'09''$ West, 334.53 feet to the Point of Beginning.

TOGETHER WITH, that portion of Section 14, Township 1 North, Range 4 West, San Bernardino Base and Meridian, described as follows;

Beginning at the north one-quarter corner of said Section 14;

1. thence South $89^{\circ}34'27''$ West, along the north line of said Section 14, a distance of 37.71 feet to a point on a non-tangent curve, concave northwesterly;
2. thence from a tangent bearing South $08^{\circ}00'15''$ West, along a curve to the right, having a radius of 800.00 feet, through an angle of $40^{\circ}11'32''$, a distance of 561.19 feet;
3. thence along a compound tangent curve to the right, having a radius of 1600.00 feet, through an angle of $27^{\circ}49'09''$, a distance of 776.86 feet;
4. thence South $40^{\circ}42'02''$ West, 85.34 feet;
5. thence South $71^{\circ}45'27''$ East, 147.00 feet;
6. thence North $76^{\circ}54'33''$ East, 29.30 feet;
7. thence South $00^{\circ}18'27''$ East, 81.73 feet;
8. thence North $79^{\circ}34'06''$ East, 184.61 feet;
9. thence South $68^{\circ}41'47''$ East, 165.01 feet;
10. thence South $00^{\circ}18'27''$ East, 37.09 feet;

11. thence South 34°41'28" West, 191.31 feet;
12. thence South 23°09'32" West, 97.43 feet;
13. thence South 08°22'59" West, 248.05 feet;
14. thence South 07°36'43" East, 54.20 feet;
15. thence South 55°35'27" East, 54.43 feet;
16. thence South 14°16'17" East, 122.27 feet;
17. thence South 15°02'56" West, 131.31 feet;
18. thence South 32°28'47" East, 205.36 feet;
19. thence South 00°10'37" West, 177.27 feet;
20. thence South 43°57'57" East, 57.11 feet;
21. thence South 65°19'05" East, 385.63 feet;
22. thence North 29°47'55" East, 251.32 feet;
23. thence North 83°48'45" East, 146.64 feet;
24. thence South 81°55'35" East, 112.24 feet;
25. thence South 54°10'05" East, 99.70 feet;
26. thence South 43°30'25" East, 53.22 feet;
27. thence South 05°35'51" East, 187.50 feet;
28. thence North 89°32'34" East, 642.31 feet;
29. thence North 13°50'47" East, 105.56 feet;
30. thence North 03°24'48" West, 297.29 feet;
31. thence North 10°27'47" East, 191.06 feet;
32. thence North 12°16'47" East, 130.40 feet;
33. thence North 20°25'47" East, 67.74 feet;
34. thence North 33°08'47" East, 241.80 feet;
35. thence North 05°29'13" West, 264.12 feet;
36. thence North 89°57'17" East, 139.81 feet;
37. thence North 00°20'09" West, 1299.35 feet;
38. thence South 89°26'17" West, 1329.28 feet to the Point of Beginning.

This description was prepared by me or under my direction in accordance with Section 8761 of the Professional Land Surveyor's Act.

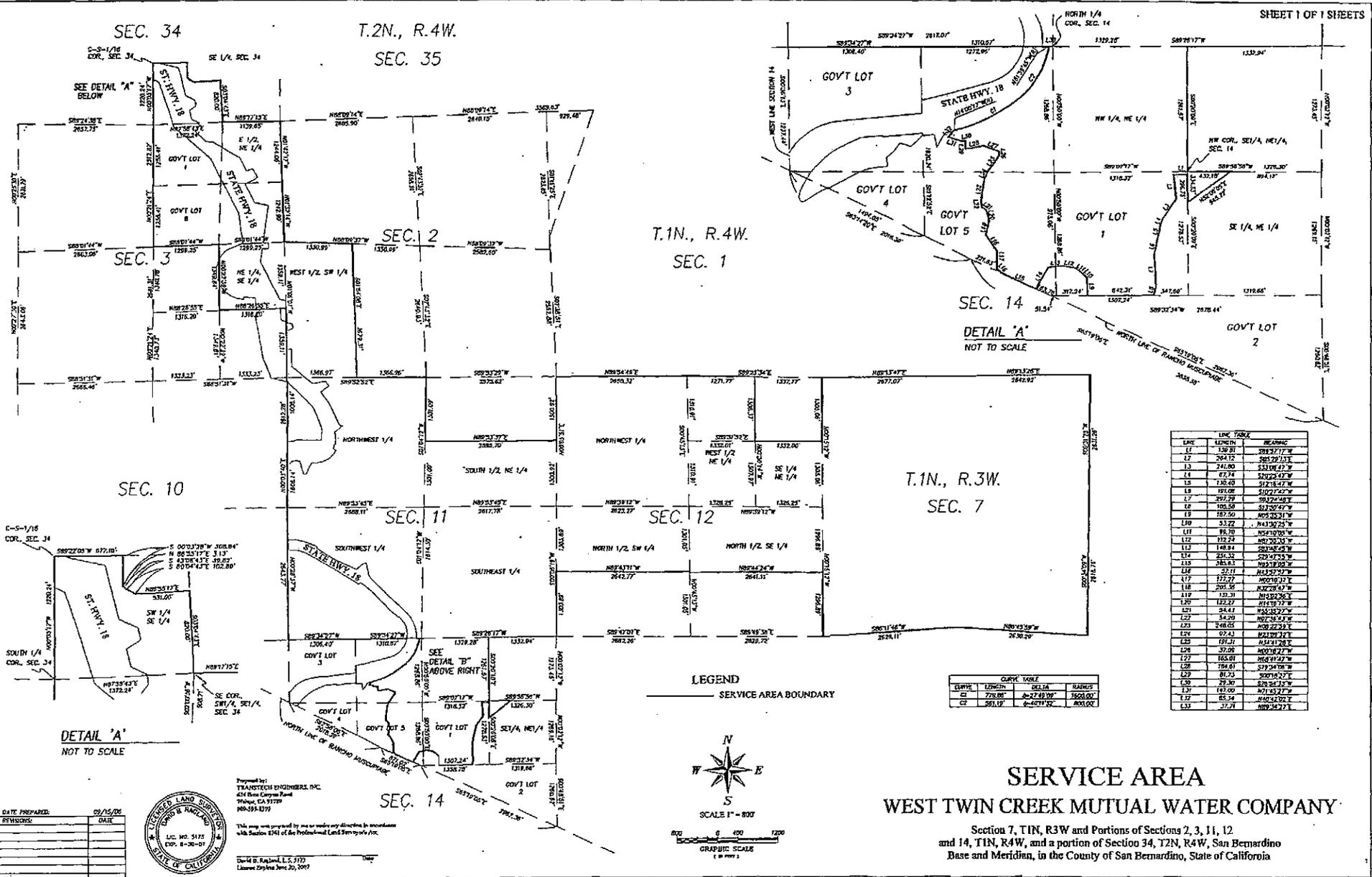
TRANSTECH ENGINEERS, INC.
David B. Ragland, L.S. 5173
License Expires: June 30, 2007



ATTACHMENT 6B

Map of the West Twin Creek Water Co. proposed service area





SEC. 34

T.2N., R.4W.

SEC. 35

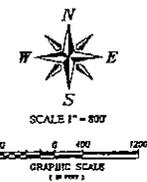
T.1N., R.4W.

SEC. 1

T.1N., R.3W.

SEC. 7

LEGEND
SERVICE AREA BOUNDARY



SERVICE AREA

WEST TWIN CREEK MUTUAL WATER COMPANY

Section 7, T1N, R3W and Portions of Sections 2, 3, 11, 12 and 14, T1N, R4W, and a portion of Section 34, T2N, R4W, San Bernardino Base and Meridian, in the County of San Bernardino, State of California

LINE	LENGTH	BEARING
L1	330.81	S89°32'17\"
L2	264.15	S89°20'23\"
L3	241.80	S51°19'49\"
L4	67.74	S20°22'47\"
L5	730.40	S12°18'47\"
L6	89.00	S12°20'47\"
L7	292.29	S92°24'48\"
L8	105.58	S12°20'47\"
L9	157.50	N65°35'31\"
L10	53.22	N43°30'25\"
L11	86.70	N54°10'00\"
L12	172.24	N92°20'31\"
L13	148.84	S89°34'49\"
L14	221.32	S74°55'55\"
L15	265.83	N22°18'00\"
L16	22.11	N42°20'27\"
L17	172.27	N00°18'33\"
L18	205.35	N32°28'49\"
L19	133.31	N43°30'25\"
L20	122.27	N44°19'27\"
L21	24.41	N54°32'27\"
L22	34.29	N65°35'31\"
L23	248.05	N30°22'25\"
L24	97.43	N41°09'32\"
L25	124.31	N41°14'28\"
L26	57.09	N00°18'33\"
L27	165.81	N64°14'27\"
L28	786.81	S79°24'08\"
L29	85.53	N00°18'33\"
L30	29.30	S25°24'25\"
L31	142.00	N71°53'27\"
L32	85.34	N42°42'02\"
L33	37.71	S89°20'23\"

CURVE	LENGTH	DELTA	RADIUS
C1	778.85	A=27°49'09\"	5603.00'
C2	591.12	B=40°11'52\"	4003.00'

DATE PREPARED	02/15/06
REVISIONS	DATE



Prepared by:
TRAVIS E. RALSTON, P.E.
424 Blue Canyon Road
Petaluma, CA 94957
408-251-8799

This map was prepared by me or under my direct supervision and I am a duly Licensed Land Surveyor by law.

Dr. M. B. Ralston, L.S. 5170
License Expired June 30, 2007

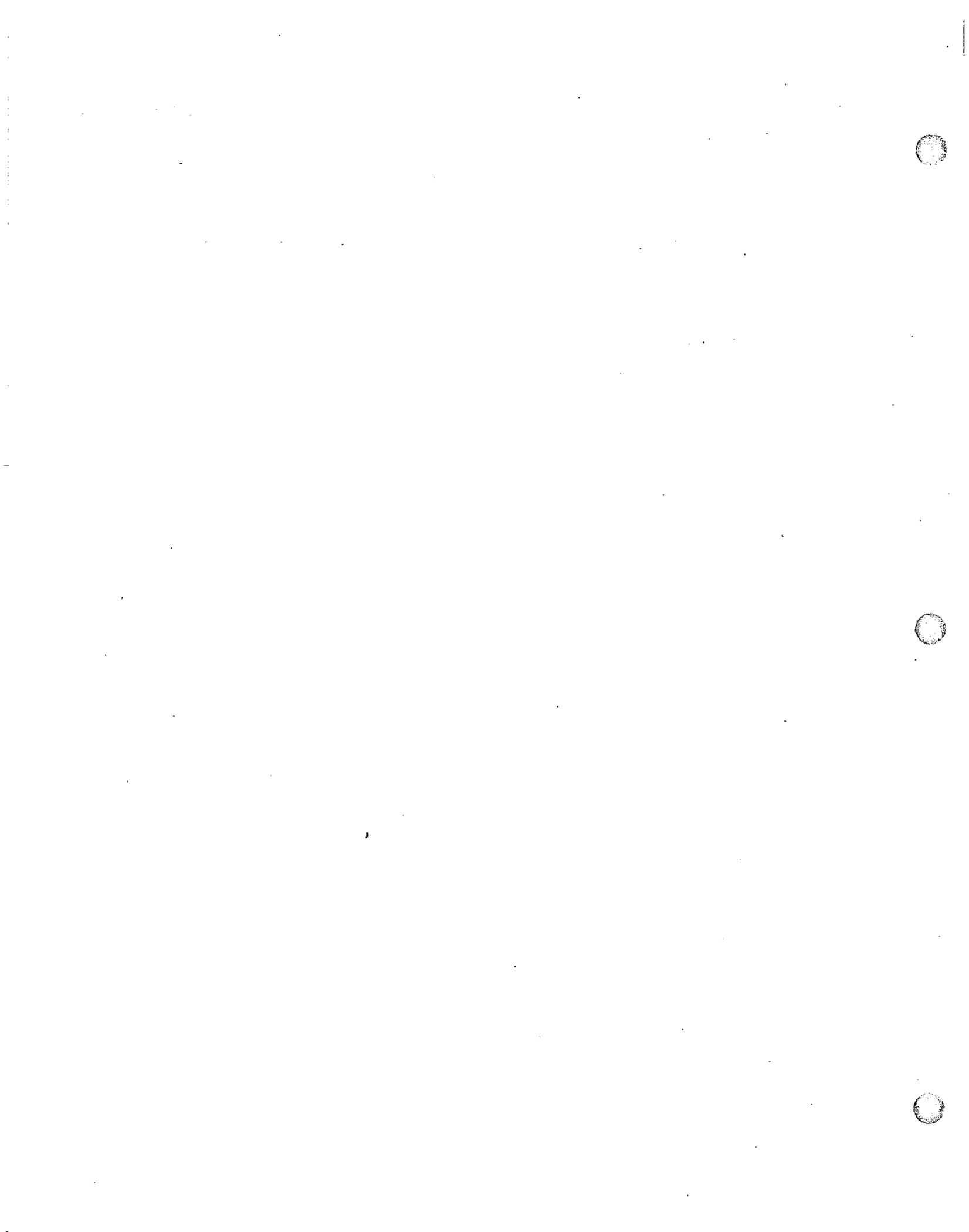


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ATTACHMENT 7

City of San Bernardino Municipal Water Department, Board of Water
Commissioners Staff Report



CITY OF SAN BERNARDINO MUNICIPAL WATER DEPARTMENT

BOARD OF WATER COMMISSIONERS

B. WARREN COCKE
President

Commissioners
JUDITH W. BATTEY
TONI CALLICOTT
NORINE I. MILLER
LOUIS A. FERNANDEZ



STACEY R. ALDSTADT
General Manager
ROBIN L. OHAMA
Deputy General Manager
JOHN A. PERRY, P.E.
Interim Director of Water Utility
JOHN A. PERRY, P.E.
Director of Water Reclamation
DON R. SHACKLEFORD
Director of Administration & Finance
VALERIE HOUSEL
Director of Environmental and
Regulatory Compliance

October 4, 2006

Fred Wilson
City Manager
City of San Bernardino
300 North D Street
San Bernardino, CA 92402

RECEIVED
OCT 4 2006
City of San Bernardino
City Manager's Office

Re: Board of Water Commissioners' Support for City's Annexation Proposal Relating to
Arrowhead Springs Development Project

Dear Fred:

As I advised in my memorandum to you on September 28, 2006, staff presented an item to the Board of Water Commissioners at their meeting held October 3, 2006, requesting the Board's support for the City's annexation proposal related to the Arrowhead Springs Development Project.

The staff report that was provided to the Board was attached to my September 28th memorandum, but for convenience, I am attaching a copy to this letter as well. As you can see, staff briefed the Board on the City's specific plan for the Arrowhead Springs Project and outlined the reasons supporting staff's determination that the plans for providing water and sewer service through a mutual water company were acceptable. By unanimous vote, the Board approved supporting the City's annexation proposal.

If you have any questions regarding the Board's action or staff's recommendation, please do not hesitate to call me.

Very truly yours,

A handwritten signature in cursive script that reads "Stacey R. Aldstadt".

Stacey R. Aldstadt
General Manager

Cc: Kathleen Rollings-McDonald, LAFCO
James Penman, City Attorney
BOWC

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

1947



**CITY OF SAN BERNARDINO
MUNICIPAL WATER DEPARTMENT**

**BOARD OF WATER COMMISSIONERS
STAFF REPORT**

TO: Board of Water Commissioners

FROM: Stacey R. Aldstadt, General Manager

SUBJECT: **SUPPORT FOR CITY OF SAN BERNARDINO'S ANNEXATION
PROPOSAL RELATING TO THE ARROWHEAD SPRINGS
DEVELOPMENT PROJECT**

DATE: September 27, 2006

CC: Robin Ohama, John Perry, Henry Empeño

BACKGROUND:

Currently, the City of San Bernardino is pursuing annexation of property subject to the Arrowhead Springs Specific Plan. The City is processing the annexation through the Local Agency Formation Commission (LAFCO) and is responding to LAFCO's questions regarding the project. Critical to LAFCO's decision-making process is this Department's response to the question: Is the Water Department comfortable with the water and sewer proposals made by the developer, Arrowhead Springs Development?

In summary, Arrowhead Springs Development proposes to provide water service to the annexed area through a mutual water company that is presently in existence (Del Rosa Mutual Water Company). In responses provided to LAFCO at a staff level, the Water Department has outlined the capital costs that would be required to provide the infrastructure for this annexed parcel (estimated at approximately \$35-40 million). In addition to these capital costs, the Water Department would have to secure additional water supply, through wells that would likely need to be located in the Management Zone, requiring significant and prolonged discussions with the water agencies who are signatory to the Institutional Controls Settlement Agreement. As staff has pointed out to LAFCO, in addition to the capital costs involved, the Water Department has already embarked on significant capital improvements that must be completed in the next 18 months to 2 years and adding an additional \$35-40 million in improvements would pose an insupportable strain to Departmental resources. Finally, the operation and maintenance associated with this expanded system would significantly strain the Water Fund's long-term financial plan, which was adopted without any consideration of the capital and operations and maintenance obligations.

Arrowhead Springs Development also intends to provide sewer service through the mutual water company, a somewhat unusual arrangement but one which is contemplated in the Public Utilities

Code, Section 2725, which defines a mutual water company as one which can conserve, treat and reclaim water. In reviewing the project in its nascent stages, Mr. Kersey carefully outlined applicable concerns that the Department might have regarding water quality impacts from the development. The developer has addressed all Department concerns and, moreover, would need to meet all applicable requirements imposed by the Regional Water Quality Control Board.

LAFCO staff seems to have concerns regarding the long-term viability of the mutual water company. At this time, Water Department staff does not share those concerns. The structure of a mutual water company is such that financial viability is assured through the assessments against mutual water company stocks. Based on discussions with the developer, it appears that they are giving thoughtful consideration to the construction and financing of adequate facilities to serve the annexed area.

The City has requested that the Board of Water Commissioners support its proposal to annex the property subject to the Arrowhead Springs Specific Plan and direct Water Department staff to prepare a letter reflecting that support to LAFCO.

RECOMMENDATION:

Staff recommends that the Board of Water Commissioners make the following motion:

Support the City of San Bernardino's proposal to annex the property subject to the Arrowhead Springs Specific Plan and direct staff to prepare a letter reflecting that support to LAFCO.

Respectfully submitted,

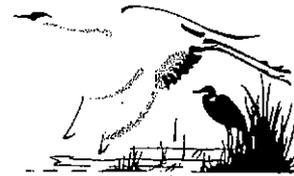


Stacey R. Aldstadt
General Manager

**Letter from Tom Dodson and
Associates and Candidate Findings of
Fact and Statement of Overriding
Considerations**

Attachment 5

TOM DODSON & ASSOCIATES
2150 N. ARROWHEAD AVENUE
SAN BERNARDINO, CA 92405
TEL (909) 882-3612 • FAX (909) 882-7015
E-MAIL tda@tdaenv.com



September 29, 2006

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

Dear Kathy:

LAFCOs 3053 and 3050 consist of two actions, a proposed expansion of the City of San Bernardino Sphere of Influence (LA 3053) and a reorganization proposal by the City of San Bernardino (LA 3050) including annexation No. 360 to the City. The sphere expansion will occur at the northern-most extent of the City's current sphere boundary and it encompasses approximately 3.9 acres. The annexation encompasses about 1,572 acres of land centered on the Arrowhead Springs Hotel within the City's existing northern sphere. If the Commission approves LAFCOs 3053 and 3050 for the City of San Bernardino, the 1,572-acre area would be transferred to the City's jurisdiction as a specific planned area, Arrowhead Spring Specific Plan (Specific Plan), which would allow a mix of land uses, including residential, open space, recreation, commercial and office uses.

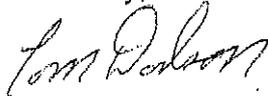
The City prepared and certified an Environmental Impact Report (EIR) for this project which concluded that implementation of the proposed Specific Plan would result in three significant adverse environmental impacts, air quality, cultural resources and noise. The Notice of Determination was filed by the City on November 2, 2005. There is active litigation on this project, but the Commission recently waived its policy and agreed to consider the proposed sphere expansion and reorganization prior to resolution of the litigation. Because of the significant impacts identified for the underlying project in the Specific Plan EIR, the Commission must also adopt a set of findings of fact and a statement of overriding considerations for the Commission's actions. These findings and the statement are provided under separate cover for the Commission's consideration.

Based on a review of LAFCOs 3053 and 3050 and the pertinent sections of CEQA and the State CEQA Guidelines, I believe it is appropriate for the Commission's CEQA environmental determination to cite the City's EIR as adequate documentation in accordance with the Commission's CEQA Responsible Agency status. Under this circumstance, I recommend that the Commission take the following steps if it chooses to approve LAFCOs 3053 and 3050, acting as a CEQA Responsible Agency:

1. Indicate that the Commission staff and environmental consultant have independently reviewed the City's EIR and found it adequate for the sphere expansion and reorganization decisions, including the annexation.
2. The Commission needs to indicate that it has considered the EIR and environmental effects, as outlined in the EIR, prior to reaching a decision on the project and finds the information substantiating the EIR adequate for its sphere expansion and reorganization decisions.
3. The Commission must adopt the Findings of Fact and Statement of Overriding Considerations prior to its decisions on LAFCOs 3053 and 3050, and it should also indicate that it does not intend to adopt alternatives or mitigation measures for this project. Extensive mitigation measures were presented in the EIR to reduce potential significant impacts to a less than significant impact level and to reduce unavoidable significant impacts to the lowest level feasible. However, because the Commission does not have responsibility for these measures, the Commission will not adopt any alternatives or mitigation measures for this action.
4. File a Notice of Determination as a Responsible Agency with the County Clerk of the Board as a CEQA Responsible Agency.

If you have any questions regarding these recommendations, please feel free to give me a call.

Sincerely,



Tom Dodson

**CANDIDATE FINDINGS OF FACT AND
STATEMENT OF OVERRIDING CONSIDERATIONS
REGARDING ENVIRONMENTAL EFFECTS FROM APPROVAL
OF SPHERE OF INFLUENCE REVIEW (EXPANSION) FOR
THE CITY OF SAN BERNARDINO
(ARROWHEAD SPRINGS SPECIFIC PLAN AREA)
AND REORGANIZATION TO INCLUDE
CITY OF SAN BERNARDINO ANNEXATION NO. 360
(ARROWHEAD SPRINGS SPECIFIC PLAN AREA),
LAFCOS 3053 AND 3050, RESPECTIVELY**

A. INTRODUCTION

The San Bernardino County Local Agency Formation Commission (LAFCO or Commission), in approving LAFCO 3053, Sphere of Influence review (expansion) for the City of San Bernardino (City) and LAFCO 3050 Reorganization to include Annexation No. 360 to the City, makes the findings described below and adopts the statement of overriding considerations presented at the end of these findings. The total project being considered includes: the expansion of the City sphere by approximately 3.9 acres located to the north of the existing sphere of influence boundary; and Reorganization to include annexation of 1,572 acres of land into the City.

If the Reorganization is approved, it will allow the development of the Arrowhead Springs Specific Plan (Specific Plan), which includes a 1,916-acre planning area. The Specific Plan would allow the following development: up to 1,350 single-family detached and multifamily residential units; up to 1,044,646 square feet of commercial and office uses; a 199-acre, 18-hole public golf course; reuse of the historic Arrowhead Springs Hotel with a 115-room annex; a new 300-room hotel; a conference center; a 14-acre corporate office area; and reuse and expansion of the historic Arrowhead Springs spa and resort. Because the sphere expansion and annexation are steps required to allow the implementation of the Specific Plan through the City, it is appropriate to rely upon the detailed Environmental Impact Report (EIR) prepared for this project, "San Bernardino General Plan Update and Associated Specific Plans Environmental Impact Report" SCH No: 2004111132.

Hereafter, the following document (Final Environmental Impact Report for the San Bernardino General Plan Update and Associated Specific Plans Environmental Impact Report" SCH No: 2004111132) will be referred to as the "FEIR". The total action that may be implemented by approval of the Commission (approval of LAFCOs 3053 and 3050) consists of the modification of the City's sphere expansion and annexation of approximately 1,572 acres to the City. As noted above, because the sphere modification and annexation are essential steps to the ultimate implementation of the whole project, the Commission must utilize the FEIR for compliance as a Responsible Agency with the California Environmental Quality Act (CEQA). The evaluation that follows will summarize the project specific and cumulative effects of the approval of LAFCOs 3053 and 3050, which would support implementation of the Specific Plan in the future and the actions evaluated in the FEIR. However, it is solely the sphere modification and annexation being considered by the Commission that is the specific decision requiring action as a CEQA Responsible Agency.

These Findings and this Statement are based upon the entire record before LAFCO, including the above environmental documents, staff reports, and other information presented to the Commission and prepared for the proposed project, including other environmental documentation. These environmental documents were prepared by the City of San Bernardino. The City served as the CEQA lead agency for preparation of the FEIR and will carry out the necessary actions to oversee implementation of the Specific Plan once it is annexed to the City. As noted above, LAFCO is identified as a CEQA responsible agency for its action of approving the proposed sphere modification and reorganization with annexation that would be authorized by the approval of LAFCOs 3053 and 3050.

B. PROJECT SUMMARY

B.1 Project Description and Location

Project Location

The sphere study area encompasses approximately ±3.9 acres generally located northeast of Highway 18 and West of Old Waterman Canyon Road in the northern City of San Bernardino sphere of influence area. The study area is generally bordered by Highway 18 on the south and west, parcel lines on the north, and Old Waterman Canyon Road on the east.

The reorganization area encompasses two separate annexation areas totaling approximately 1,572 acres located within the City of San Bernardino's northern sphere of influence. Area 1 encompasses approximately 1,296 acres general located north of the City of San Bernardino boundaries, east of Highway 18. The annexation area includes the historic Arrowhead Springs Hotel and grounds. The area is generally bordered by the City of San Bernardino limits on the west and parcel lines on the north, east and south.

Area 2 encompasses approximately 276 acres generally located east and west of Highway 18 in the Old Waterman Canyon area. The annexation is generally bordered by the City of San Bernardino limits on the south and parcel lines on the west, north and east.

Project Description

The Arrowhead Springs Specific Plan encompasses approximately 1,940 acres, including 368 acres that are currently located within the incorporated City boundary and the remaining 1,572 acres that are located in unincorporated County of San Bernardino but within the sphere of influence of the City. Included as part of this project, is the annexation of the 1,572 acres into the City of San Bernardino. The Specific Plan calls for a mixed use resort/residential development centered on the existing Arrowhead Springs Hotel and Resort/Spa and includes: 1,350 units including 36 single-family detached and 1,314 multifamily units; 1,044,646 square feet of existing and new commercial and office uses; a new 199-acre, 18-hole public golf course; the reuse of the historic Arrowhead Springs Hotel; a new 300-room hotel; a new conference center and reuse of the existing conference center and the reuse and expansion of the historic Arrowhead Springs spa/resort. Of the total non-residential area, 235,996 square feet exist and will be preserved and enhanced as a part of this plan. These non-residential uses could result in approximately 2,530 new jobs. The developable area is clustered into 506 acres near existing development and is distributed within 1,400 acres of open space and watershed, which will comprise 73 percent of the site. The Arrowhead Springs Specific Plan also includes a total of 21.0 acres of parks in the developed area.

Discretionary Actions

The proposed project required certain discretionary approvals by the City, approval of a General Plan Amendment and the Arrowhead Springs Specific Plan. Additional entitlements will be required by future developers, such as subdivision maps, before actual development can occur. The Project also requires discretionary approvals from a number of responsible agencies, including but not limited to, the California Department of Fish and Game, California Department of Transportation (District 8); California Regional Water Quality Control Board, Santa Ana Region; the Corps of Engineers; and, of course, LAFCO.

B.2 Project Objectives

A series of project objectives were identified in the FEIR for the Arrowhead Springs Specific Plan. These include:

1. Create a unique and economically viable mixed-use resort and residential living environment that utilizes the existing natural and historic resources to the greatest extent possible.
2. Preserve and enhance the historic Arrowhead Springs Hotel and Spa and make these the centerpiece of Arrowhead Springs.
3. Develop a unique shopping and entertainment environment.
4. Concentrate development in a limited area and maintain the existing environmental conditions to the greatest extent possible.
5. Create a development that is based on sustainable development principles as outlined in the U. S. Green Building Council's L.E.E.D. rating program.
6. Maximize open space and recreational opportunities.
7. Create both passive and active recreational opportunities.
8. Create a mixture of housing types and products to appeal to many segments of the housing market.
9. Integrate commercial, service, employment, entertainment, and recreational opportunities near housing and connect with a range of mobility options.
10. Develop a comprehensive system of mobility options for vehicular, bicycle, pedestrian, and equestrian travel.
11. Incorporate the existing water and thermal water resources into Arrowhead Springs.
12. Create strong development standards and design guidelines to ensure quality development within Arrowhead Springs that complements the existing historical buildings.

C. ENVIRONMENTAL REVIEW & PUBLIC PARTICIPATION

The City conducted an extensive environmental review for this Project which included an Initial Study, Draft EIR, Final EIR, appendices and attachments, along with public review and comment periods, and public information meetings. In conformance with CEQA and the State CEQA Guidelines, the City of San Bernardino conducted an extensive environmental review of the proposed Project. The environmental review process has included the following:

1. Completion of an Initial Study by the City of San Bernardino, which concluded that an EIR should be prepared, and the Notice of Preparation (NOP) which was released for a 30-day public review period from November 29, 2004 to December 28, 2004. Section 2.3 of the DEIR describes the issues identified for analysis in the DEIR through the Initial Study, Notice of Preparation and public scoping process.

2. Preparation of a Draft EIR by the City of San Bernardino, which was made available for a 45-day public review period (July 25, 2005 – September 8, 2005). The Draft EIR consisted of three volumes. Volume I contains the text of the Draft EIR. Volume II contains the Appendices for the San Bernardino General Plan update analysis, including the NOP, comments on the NOP, service letters and supporting data and/or analysis of the following subjects: air quality, noise and traffic. Volume III contains the Appendices for the Arrowhead Springs Specific Plan analysis including the supporting data and/or analysis for air quality, biological resources, cultural resources, geotechnical, hazards (Phase I Environmental Site Assessment), hydrology/water quality, noise, transportation and circulation, water supply, facility plan and annexation study. The Notice of Availability/Completion of the Draft EIR was sent to interested persons and organizations, was noticed in the San Bernardino County Sun and was posted at the Clerk of the Board of Supervisors of San Bernardino County.
3. Preparation of a Final EIR, including the Comments and Responses to Comments on the Draft EIR. The Final EIR/Response to Comments contains the following: comments on the Draft EIR; responses; the Final EIR/Response to Comments was released for a 10-day public review period on September 30, 2005.
4. Public hearings on the proposed Project, including a recent Council hearing to reconsider new information regarding economic feasibility of the project without the golf course component

C.1 Custodian and Location of the Record

The documents and other materials which constitute the record of proceedings for LAFCO's approval of LAFCOs 3053 and 3050 are located at the Local Agency Formation Commission's office at 215 North D Street, Suite 204, San Bernardino, CA.

C.2 Independent Judgment

The FEIR and these findings and statement have been provided to the Commission to facilitate an independent decision by the Commission for the action before it, LAFCOs 3053 and 3050. The FEIR was prepared under the supervision and direction of City by The Planning Center. This document was prepared by the Commission's environmental consultant, Tom Dodson & Associates, and extensively relies upon the City's previously adopted findings of fact and statement of overriding consideration. However, the LAFCO staff and consultant have performed a fully independent review of the previous environmental documents and has independently prepared this compilation of facts, findings and statement of overriding considerations.

Findings: The reliance on all of the referenced environmental documents reflects the Commission's independent judgment exercised in accordance with CEQA Section 21082.1(a)(c) by reviewing and considering the FEIR. This consideration in relation to the proposed action, LAFCOs 3053 and 3050, reflects the independent judgment of the Commission as a CEQA Responsible Agency as it considers the sphere expansion and reorganization, including annexation.

D. ENVIRONMENTAL IMPACTS

The City's staff reports, the EIR, written and oral testimony at public hearings, and these facts, findings of facts and statements of overriding consideration and other information in the administrative record serve as the basis for the Commission's environmental determination. The environmental documents considered by the Commission include the Draft EIR and technical appendices, the Mitigation Monitoring and Reporting Program, comments on the Draft EIR, and responses and minor revisions to the Draft EIR. The detailed analyses of potential environmental impacts and proposed mitigation measures for the Arrowhead Springs Specific Plan are presented in Chapter 5 of the Draft EIR. The Mitigation Monitoring and Reporting Program (MMRP) is provided in the FEIR. Public comments on the Draft EIR and the City's responses are provided in the FEIR.

Presented below are the environmental findings made by the Commission after its review of the documents referenced above, as well as the written and oral comments received at public hearing before the Commission for LAFCOs 3053 and 3050. Factual discussion in this document summarizes the information contained in the FEIR and the administrative record upon which this Commission bases its decision to consider the FEIR as the CEQA document for LAFCOs 3053 and 3050. These findings provide a summary of the information contained in the environmental documents, related technical documents, and the public hearing record that have been referenced by the Commission in making its decision to approve LAFCOs 3053 and 3050 and the subsequent sphere modifications and reorganization, including annexation, to the identified agencies.

The Commission has determined that, based on all of the evidence presented, including but not limited to the Initial Study, the Final EIR, written and oral testimony given at meetings and hearings, and submission of testimony from the public, organizations and regulatory agencies, the following environmental impacts associated with the project are: (1) less than significant and do not require mitigation; or (2) potentially significant and each of these impacts will be avoided or reduced to a level of insignificance through the identified mitigation measures and/or implementation of an environmentally superior alternative to the Project; or (3) significant and cannot be fully mitigated to a level of less than significant but will be substantially lessened to the extent feasible by the identified mitigation measures.

D.1 Environmental Effects Which Were Determined Not to Have Any Potential to Experience Significant Adverse Effects from the Proposed Project

The Commission hereby finds that the following potential environmental impacts of the project are less than significant with the implementation of the project and therefore do not require the imposition of mitigation measures.

The Initial Study and FEIR prepared for the Arrowhead Springs Specific Plan concluded that the project would not result in any potential significant impacts to the following issues or resources: Aesthetics, Agricultural Resources, Land Use/Planning, Mineral Resources, and Population/Housing (Final EIR, Chapter 1, Executive Summary, Table 1.8-1). The NOP indicated the EIR would address impacts to all environmental resource issues listed in a standard Initial Study Environmental Checklist Form, except agricultural resources which do not occur within the project area. The following findings were made in the FEIR for those issues experiencing less than significant impacts without any mitigation.

1. Aesthetics

The potential impacts to aesthetic/visual issues were determined to be less than significant with application of the existing conditions and regulations in addition to adherence to the goals and policies contained within the General Plan and Arrowhead Springs Specific Plan. Therefore, no potential for significant unavoidable adverse aesthetic or visual impact was identified from implementing the Specific Plan.

2. Agriculture

There is no designated Prime or Unique Farmland, or Farmland of Statewide Importance within the project area. (Final EIR, Appendix 1, p. 15.) The project is not located on land subject to Williamson Act contract, nor will implementation of the project conflict with agricultural zoning. (Ibid.) In addition, the County of San Bernardino discourages agricultural land uses from locating in the San Bernardino Mountains area due to a lack of water and appropriate soils, and to prevent damage to desirable mountain resources. (Ibid.) Therefore, implementation of the project will not result in the conversion of any farmland to non-agricultural uses. (Ibid.) Impacts to agriculture are less than significant and no mitigation is required.

3. Land Use and Planning

Aside from compliance with General Plan and Specific Plan policies, including Plan modifications addressed as part of the FEIR, no potential significant land use impacts were identified for the Arrowhead Springs Specific Plan and no mitigation was required.

4. Mineral Resources

The southernmost portion of the site is within an area designated as MRZ-3. Upon implementation of project design features, regulatory requirements, and standard conditions of approval, all potentially significant impacts to mineral resources from project implementation were determined to be less than significant. No mitigation was required.

5. Population and Housing

The implementation of the Arrowhead Spring Specific Plan would enhance the City's jobs/housing balance and the range of housing products available to the community. The loss of 11 existing residential units is not considered to be a significant impact and overall, the effect on implementing the proposed project would be found to cause no potential significant population or housing impacts. No mitigation was required.

D.2 Environmental Effects Which Were Determined Not to Experience Significant Adverse Effects from the Proposed Project after Application of Mitigation Measures

This section includes findings for project impacts identified in the EIR which are potentially significant but are capable of being reduced to a less than significant impact level with the implementation of recommended mitigation measures. The Commission finds that the impacts of approving LAFCOs 3053 and 3050 listed below, including build-out of the Arrowhead Springs Specific Plan, can be reduced or avoided by the imposition of mitigation measures. Specific findings of this Commission for each category of impacts are set forth below in this section.

Public Resources Code (PRC) Section 21081(a) states that no public agency shall approve or carry out a project for which an environmental impact report has been completed which identifies one or more significant impacts on the environment unless the public agency makes one or more of the following findings with respect to each significant impact:

1. Changes or alterations have been required in, or incorporated into the project, which mitigate or avoid the significant effects on the environment.
2. Those changes or alterations are within the responsibility and jurisdiction of another public agency and have been, or can and should be adopted by such other agency.
3. Specific economic, legal, social, technological or other considerations make infeasible the mitigation measures or project alternatives identified in the environmental impact report.

The Commission hereby finds, pursuant to PRC Section 21081(a), that the following potential environmental impacts can and will be mitigated to below a level of significance, based upon a finding that the implementation of the mitigation measures recommended in the FEIR were adopted by the City and were included in the MMRP for implementation by the City. None of the mitigation measures referenced below fall within the authority or responsibility of the Commission. The City's monitoring program ensures that the measures identified in the environmental documents are implemented in accordance with discussions in these documents for future developments, including buildout of the Specific Plan.

■ Biological Resources

AHS Impact 5.3-1: *Development of the project would disturb or remove approximately 420 acres of plant communities of which approximately 124 acres contain sensitive vegetation communities, plant and animal species. [Threshold B-1]*

Project implementation, primarily construction in West Twin Creek/Waterman Canyon would result in the direct removal of sensitive vegetation communities. Impacts would be potentially significant.

Direct impacts to one federal and state-listed plant species (thread leaved brodiaea) known to occur on the site; and four federal candidate plant species (smooth tarplant, Plummer's mariposa lily, Parry's spineflower, and many-stemmed dudleya) that were not observed but with a moderate likelihood to occur would result in a potentially significant impact.

Direct impacts to one federal threatened and one federal proposed endangered amphibian species, and one federal candidate wildlife species

Mitigation Measures:

AHS 5.3-1 Prior to the issuance of grading permits, a qualified biologist shall conduct detailed surveys for sensitive vegetation communities, plants, and wildlife that occur within the final grading footprint and associated construction staging areas for the proposed development. If listed species are determined to be present, consultation with the USFWS and CDFG shall be initiated. The applicant shall comply with project-specific permit conditions and requirements developed through consultation with USFWS and CDFG. Including:

- Avoidance and minimization of impacts to listed species through revised project design.
- Provision of in-kind native habitat/vegetation through onsite revegetation and restoration at a minimum 2 to 1 ratio or higher ratio as required by USFWS and CDFG.
- Provision of compensation through acquisition of offsite mitigation areas at a minimum 2 to 1 ratio or higher ratio as required by USFWS and CDFG.

Finding: The mitigation measure identified is feasible and would avoid or substantially lessen the potentially significant impacts associated with biological resources to a level of less than significant and no unavoidable adverse impacts would occur.

AHS Impact 5.3-2: *Development of the project would potentially result in the loss of approximately 51 acres of riparian habitat. [Threshold B-2]*

Approximately 51 acres of riparian habitat would be impacted by construction of the proposed project primarily along West Twin Creek in Waterman Canyon.

Mitigation Measures:

AHS 5.3-2A Prior to the issuance of grading permits for any project potentially affecting riparian habitat, jurisdictional waters, and/or wetland habitat, the property owner/developer shall provide evidence to the that all necessary permits have been obtained from the CDFG (pursuant to Section 1600 of the Fish and Game Code) and the USACE (pursuant to Section 404 of the CWA) or that no such permits are required, in a manner meeting the approval of the Director of Development Services for the City of San Bernardino. Section 404 Permits from the USCOE will also require a Section 401 Water Quality Certification from the California RWQCB Santa Ana. Project applicant shall provide evidence of a Section 401 Water Quality Certification. If federally listed species are present, consultation with USFWS shall also occur in conjunction with the Section 404 permit.

AHS 5.3-2B Prior to issuance of a grading permit for any area containing resources subject to the jurisdiction of USACE and CDFG, USFWS, and RWQCB, a comprehensive Revegetation and Restoration Plan shall be developed by the applicant in consultation with the applicable agencies. The plan shall incorporate the applicable permit conditions and requirements of these agencies including the Section 404 Permit, 401 Water Quality Certification, and CDFG Section 1600 Streambed Alteration Agreement.

Native vegetation shall be installed at a minimum ratio of 2 to 1 and maintained along the developed/wildland interface of the golf course and associated residential units, including local native plant landscaping.

The plan will address the following items:

- *Responsibilities and qualifications of the personnel to implement and supervise the plan:* The responsibilities of the landowner, specialists and maintenance personnel that will supervise and implement the plan will be specified.
- *Site selection:* The site for mitigation will be determined in coordination with the City, USFWS, CDFG, and USFWS. The site will be located within land to be purchased or preserved offsite within the San Gabriel watershed.
- *Restoration and creation of habitat:* The plan shall require the creation of riparian habitat in the amount and of the type required by CDFG and USACE, provided, however, that, in order to assure no net loss of jurisdictional resources on an acre-for-acre basis, all impacted USACE and CDFG jurisdictional habitat shall be compensated by restoration, enhancement or creation at a minimum of 3:1 ratio.
- *Site preparation and planting implementation:* The site preparation will include: (1) protection of existing native species, (2) trash and weed removal, (3) native species salvage and reuse (i.e. duff), (4) soil treatments (i.e. imprinting, decompacting), (5) temporary irrigation installation, (6) erosion control measures (i.e. rice or willow wattles), (7) seed mix application, and (8) container species.

- *Schedule:* A schedule will be developed that includes planting to occur during the appropriate season.
- *Maintenance plan/guidelines:* The maintenance plan will include: (1) weed control, (2) herbivory control, (3) trash removal, (4) irrigation system maintenance, (5) maintenance training, and (6) replacement planting.
- *Monitoring plan:* The monitoring plan will include: (1) qualitative monitoring (i.e., photographs and general observation), (2) quantitative monitoring (i.e., randomly placed transects), (3) performance criteria as approved by the resource agencies, (4) monitoring reports for three to five years, and (5) site monitoring as required by the resource agencies to ensure successful establishment of riparian habitat within the restored and created area. Successful establishment is defined per the performance criteria agreed to by the USACE, USFWS, CDFG, and the City or subsequent project applicant.
- *Long-term preservation:* Long-term preservation of the site will also be outlined in the conceptual mitigation plan.

AHS 5.3-2C The applicant shall ensure that polluted runoff from the golf course will not enter riparian habitat and jurisdictional waters, including wetland habitat, through implementation of Mitigation Measures 5.7-1B, 5.7-1C, 5.7-1D, and 5.7-1E (Section 5.7; Hydrology).

Finding: The mitigation measures identified are feasible and would avoid or substantially lessen the potentially significant impacts associated with biological resources to a level of less than significant and no unavoidable adverse impacts would occur.

AHS Impact 5.3-3: *The proposed project would impact approximately 58 acres of potential jurisdictional waters, including wetlands. [Threshold B-3]*

Approximately 58 acres of potential jurisdictional (U.S. Army Corp of Engineers and California Department of Fish and Game) waters, including wetlands, would be impacted by the proposed project.

Mitigation Measures:

AHS 5.3-3 Project applicant shall implement mitigation measure 5.3-2 to address impacts to jurisdictional waters and wetlands.

Finding: The mitigation measure identified is feasible and would avoid or substantially lessens the potentially significant impacts associated with biological resources to a level of less than significant and no unavoidable adverse impacts would occur.

AHS Impact 5.3-4: *The proposed project would affect wildlife movement in West Twin Creek/Waterman Canyon. [Threshold B-4]*

The proposed project may potentially affect the movement of resident or migratory wildlife species in West Twin Creek/Waterman Canyon.

Mitigation Measures:

AHS 5.3-4A Prior to issuance of a grading permit for the golf course construction and creek realignment, the applicant shall conduct a wildlife corridor/movement analysis of West Twin Creek/Waterman Canyon to identify and define the limits of the existing wildlife corridor. Based on the results of the analysis, and in consultation with a qualified biologist and a qualified native community restorationist, the landscaping plan for manufactured slopes along the drainage shall include:

- Provision of north-south wildlife movement and linkage opportunities for the affected species along and adjacent to the realigned creek.
- Planting of a minimum 25-foot buffer zone, within a 50-foot setback, of native shrubs and trees that provide maximum screening.
- Exterior lighting shall be prohibited within the 50-foot setback zone. Light sources adjacent to the wildlife corridor shall be directed away from the corridor.
- To allow for the mobility of animals, fencing used in the 50-foot setback zone shall be limited to open fencing, such as split rail fencing, which does not exceed 40 inches in height above the finished grade.

AHS 5.3-4B If construction activities, including removal of riparian vegetation or construction adjacent to riparian habitat, is to occur between March 15 and August 30, the project proponent shall have a biologist conduct a pre-construction, migratory bird and raptor nesting site check. The biologist must be qualified to determine the status and stage of nesting effort by all locally breeding raptor species without causing intrusive disturbance. If an active nesting effort is confirmed very likely by the biologist, no construction activities shall occur within at least 300 feet of the nesting site until measures to address the constraint are agreed to by the project proponent and USFWS personnel. This agreement may be made by conference call, an on-site meeting, or other mutually agreeable means.

Measures available as options to address this constraint are dependent on the species and any other protections afforded it, details of the nest site, the nest stage, types and levels of ongoing disturbances, the relevant project actions, and distances involved. Specific measures would be determined by the regulating agency (USFWS).

Finding: The mitigation measures identified are feasible and would avoid or substantially lessen the potentially significant impacts associated with biological resources to a level of less than significant and no unavoidable adverse impacts would occur.

■ **Cultural Resources**

AHS Impact 5.4-2: *Build-out of the Arrowhead Springs Specific Plan would impact archaeological resources, paleontological resources, or a unique geologic feature. [Thresholds C2 and C-3]*

Development activities pursuant to the Arrowhead Springs Specific Plan, such as grading and establishment of infrastructure would result in significant impacts to known archaeological resources. Portions of the Arrowhead Springs area that are proposed for development may contain additional prehistoric sites which have not been recorded or identified and which may be impacted by site disturbance activities.

Mitigation Measures:

AHS 5.4-2A Prior to issuance of the first preliminary or precise grading permit, and for any subsequent permit involving excavation to increased depth, the landowner or subsequent project applicant shall provide evidence that an archaeologist and/or paleontologist have been retained by the landowner or subsequent project applicant, and that the consultant(s) will be present during all grading and other significant ground disturbing activities. These consultants shall be selected from the roll of qualified archaeologist and paleontologists maintained by the County of San Bernardino. Should any archeological/paleontological resources be discovered, the monitor is authorized to stop all grading in the immediate area of the discovery, and shall make recommendations to the Director of Development Services on the measures that shall be implemented to protect the discovered resources, including but not limited to excavation of the

finds and evaluation of the finds in accordance with Section 15064.5 of the CEQA Guidelines. If the resources are determined to be "historic resources" at that term is defined under Section 15064.5 of the CEQA Guidelines, mitigation measures shall be identified by the monitor and recommended to the Director of Development Services. Appropriate mitigation measures for significant resources could include avoidance or capping, incorporation of the site in greenspace, parks or open space, or data recovery excavations of the finds. No further grading shall occur in the area of the discovery until the Director approves the measures to protect these resources. If any Native American paleontological or archaeological artifacts are recovered as a result mitigation the City shall contact the Morongo Band of Mission Indians and any other designated Tribe(s)' tribal representative, as determined by the Native American Heritage Commission(NAHC) to notify them of the discovery. The applicant shall coordinate with the City of San Bernardino and the designated Tribe(s) to determine, in good faith, the appropriate disposition Native American artifacts and the designated Tribe(s) shall be given the opportunity to seek the return of any Native American artifacts discovered. Any non-Native American paleontological or archaeological artifacts recovered as a result of mitigation shall be donated to a qualified scientific institution approved by the Director of Community Development where they would be afforded long-term preservation to allow future scientific study.

AHS 5.4-2B Prior to the issuance of any grading permit, the following note shall be placed on the cover sheet, and discussed at the pre-grade meeting:

- a) The paleontologist retained for the project shall immediately evaluate the fossils which have been discovered to determine if they are significant and, if so, to develop a plan to collect and study them for the purpose of mitigation.
- b) The paleontologic monitor must be empowered to temporarily halt or redirect excavation equipment if fossils are found to allow evaluation and removal of them if necessary, the monitor should be equipped to speedily collect specimens if they are encountered.
- c) The monitor, with assistance if necessary, shall collect individual fossils and/or samples of fossil bearing sediments. If specimens of small animal species are encountered, the most time and cost efficient method of recovery is to remove a selected volume of fossil bearing earth from the grading area and screen wash it off-site.
- d) Fossils recovered during the earthmoving or as a result of screen-washing of sediment samples shall be cleaned and prepared sufficiently to allow identification. This allows the fossils to be described in a report of findings and reduces the volume of matrix around specimens prior to storage, thus reducing storage costs.
- e) A report of findings shall be prepared and submitted to the public agency responsible for overseeing developments and mitigation of environmental impacts upon completion of mitigation. This report would minimally include a statement of the type of paleontological resources found, the methods and procedures used to recover them, an inventory of the specimens recovered, and a statement of their scientific significance.

AHS 5.4-2C The EIR concludes that there are or may be significant archaeological resources within areas where ground disturbing activity is proposed by the project. Therefore, prior to the first preliminary or precise grading permit for development in the Arrowhead Springs Specific Plan area, each prehistoric and historic archeological site (listed below and described in Table 5.4-3) located within the project grading footprint must be tested and evaluated, following clearing and scraping activities.

- CA-SBR-2268/H, including the four loci
- CA-SBR-6870H
- CA-SBR-7019H

- CA-SBR-7020H
- CA-SBR-7022H
- CA-SBR-7049H
- P1071-21
- P36-017732

Testing and evaluation may consist of surface collection and mapping, limited subsurface excavations, and the appropriate analyses and research necessary to characterize the artifacts and deposit from which they originated. Upon completion of the test level investigations, for sites are determined to be unique archaeological sites or historical resources as set forth in CEQA Guidelines Section 15064.5, the following measures shall be undertaken: the archaeologist shall submit its recommendations to, the landowner or subsequent project applicant and the Director of Community Development on the measures that shall be implemented to protect the sites. Appropriate measures for unique archaeological resources or historical resources could include preservation in place through planning construction to avoid archaeological sites; incorporation of sites within parks, greenspace, or other open space; covering the archaeological sites with a layer of chemically stable soil before building tennis courts, parking lots, or similar facilities on the site or deeding the site into a permanent conservation easement. When data recovery through excavation is the only feasible mitigation, a data recovery plan, which makes provision for adequately recovering the scientifically consequential information from and about the historical resource, shall be prepared and adopted prior to any excavation being undertaken. Such studies shall be deposited with the California Historical Resources Regional Information Center. Archaeological sites known to contain human remains shall be treated in accordance with the provisions of Section 7050.5 Health and Safety Code.

- Preparation of a research design for those sites determined to be "historical resources" that cannot be avoided that describes the recommended field investigations, and makes provisions for adequately recovering the scientifically consequential information from and about the "historical resource."
- Conducting site excavations in accordance with the research design with an emphasis on obtaining an adequate sample for analysis within the limits of the research questions being addressed. Special studies such as pollen analyses, soil analyses, radiocarbon dating, and obsidian hydration dating should be conducted as appropriate.
- Monitoring of all field excavations by a Native American representative.
- Preparation of a final report of the Phase 3 data recovery work and submittal of the research design and final report to the South Central Coastal Information Center (SCCIC), and other agencies, as appropriate.
- If any Native American archaeological artifacts are recovered, the project applicant shall contact the City, which shall in turn contact the Morongo Band of Mission Indians and any other designated Tribe(s)' tribal representative, as determined by the Native American Heritage Commission (NAHC) to notify them of the discovery. The applicant shall coordinate with the City of San Bernardino and the designated Tribe(s) to determine, in good faith, the appropriate disposition of Native American artifacts and the designated Tribe(s) shall be given the opportunity to seek the return of any Native American artifacts discovered. Any non-Native American archaeological artifacts recovered as a result of mitigation shall be donated to a qualified scientific institution approved by the Director of Community Development where they would be afforded long-term preservation to allow future scientific study.

Finding:

The mitigation measures identified are feasible and would avoid or substantially lessen the potentially significant impacts associated with archeological and/or paleontological resources

or unique geologic features to a level of less than significant and no unavoidable adverse impacts would occur.

AHS Impact 5.4-3: Grading activities could potentially disturb human remains in the Arrowhead Springs Specific Plan area. [Threshold C-4]

The site does contain the remains of David Nobel Smith at a marked memorial and the area was also known to be used by Native American tribes, increasing the likelihood that undiscovered human remains may exist. Site grading and construction activities may result in the discovery of human remains, which would result in a significant impact.

Mitigation Measures:

AHS 5.4-3A In the event of the accidental discovery or recognition of any human remains in any location other than a dedicated cemetery, the following steps shall be taken:

- There shall be no further excavation or disturbance of the site or any nearby area reasonably suspected to overlie adjacent human remains until the San Bernardino County Coroner is contacted to determine if the remains are prehistoric and that no investigation of the cause of death is required. If the coroner determines the remains to be Native American; then the coroner shall contact the Native American Heritage Commission within 24 hours, and the Native American Heritage Commission shall identify the person or persons it believes to be the most likely descendant from the deceased Native American. The most likely descendant may make recommendations to the landowner or the person responsible for the excavation work, for means of treating or disposing of, with appropriate dignity, the human remains and any associated grave goods as provided in Public Resources Code Section 5097.98; or
- Where the following conditions occur, the landowner or his authorized representative shall rebury the Native American human remains and associated grave goods with appropriate dignity either in accordance with the recommendation of the most likely descendant or on the property in a location not subject to further subsurface disturbances:
 - » The Native American Heritage Commission is unable to identify a most likely descendant or the likely descendant failed to make a recommendation within 24 hours after being notified by the commission; or
 - » The descendant identified fails to make a recommendation; or
 - » The landowner or his authorized representative rejects the recommendation of the descendant, and the mediation by the Native American Heritage Commission fails to provide measures acceptable to the landowner.

AHS 5.4-3B Upon receipt of an application for a project subject to CEQA and within the City's jurisdiction, the City of San Bernardino's representative shall consult with the relevant Tribe(s)' tribal representative(s), as determined by the Native American Heritage Commission, to determine if the proposed project is within a culturally sensitive area to the tribe. If sufficient evidence is provided to reasonably ascertain that the site is within a [tribal] culturally sensitive area, then a cultural resources assessment prepared by a City-certified archaeologist shall be required. The findings of the cultural resources assessment shall be incorporated into the CEQA documentation. A copy of the report shall be forwarded to the Tribe(s). If mitigation is recommended in the CEQA document, the procedure described in MM 5.4-3C shall be followed.

AHS 5.4-3C Prior to the issuance of grading permits for which the CEQA document defines cultural resource mitigation for potential tribal cultural resources, the project applicant shall contact the designated Tribe(s)' tribal representative to notify them of the grading, excavation, and monitoring program. The applicant shall coordinate with the City of San Bernardino and the tribal representative(s) to negotiate an Agreement that addresses the designation, responsibilities, and participation of tribal monitors during grading, excavation, and ground-disturbing activities; scheduling; terms of compensation; and treatment and final disposition of any cultural resources, sacred sites, and human remains discovered on the site. The City of San Bernardino shall be the final arbiter of the conditions included in the Agreement.

Finding: The mitigation measures identified are feasible and would avoid or substantially lessen the potentially significant impacts associated with disturbance of human remains outside of formal cemeteries to a level of less than significant and no unavoidable adverse impacts would occur.

■ **Geology and Soils**

AHS Impact 5.5-2: *Unstable geologic unit or soils conditions, including soil erosion, could result due to build-out of the Arrowhead Springs Specific Plan. [Thresholds G-2 and G-3]*

Portions of the Arrowhead Springs Specific Plan area are located on unstable geological units or have unstable soil conditions that may result in loss of topsoil or be susceptible to landslides, lateral spreading, liquefaction, subsidence, and collapse.

Mitigation Measures:

AHS 5.5-2a All projects within the Arrowhead Springs Specific Plan area shall follow all geotechnical recommendations provided within the Report of Preliminary Geotechnical Evaluations produced by Soils Southwest Inc.

AHS 5.5-2b Site specific geotechnical analysis shall be required for all new developments within the Arrowhead Springs Specific Plan area to determine existing soils conditions, soil recommendations for fill material prior to grading, and slope stability. Detailed geologic and geotechnical evaluations shall be made for construction of structural footings and slab-on-grade for placement on compacted fill soils.

AHS 5.5-2c No fill shall be placed, spread or rolled during unfavorable weather conditions. Where work is interrupted by heavy rains, fill operations shall not be resumed until moisture conditions are considered favorable by the soils engineer.

AHS 5.5-2d Proposed level structural pad areas shall be carefully evaluated by project geologist to determine whether these locations can be rendered safe and stable without potentially affecting offsite improvements. Excavated footings shall be inspected, verified, and certified by soils engineer prior to steel and concrete placement to ensure their sufficient embedment and proper bearing. Structural backfill shall be placed under direct observation and testing.

Finding: The mitigation measures identified are feasible and would avoid or substantially lessen the potentially significant impacts associated with geology and soils to a level of less than significant and no unavoidable adverse impacts would occur.

■ **Hazards and Hazardous Materials**

AHS Impact 5.6-1: *Arrowhead Springs Specific Plan operations would involve the transport, use and/or disposal of hazardous materials or release of hazardous materials. [Thresholds H-1, H-2, and H-3]*

The Arrowhead Springs Specific Plan area would result in the expansion of the existing development to include new commercial and residential uses. The Phase I Site Assessment identified recognized environmental conditions and historical recognized environmental conditions that may pose a hazard to people or the environment. Furthermore, naturally occurring emissions from the geothermal activity may also pose a hazard to people if development were to be concentrated in these areas.

Mitigation Measures:

AHS 5.6-1a Oil impacted materials identified onsite shall be properly cleaned and disposed of in accordance state and local laws.

AHS 5.6-1b Soil samples shall be collected in the area surrounding the drying beds at the small sanitary sewer treatment facility and shall be tested for elevated metal concentrations.

AHS 5.6-1c Prior to approval of Tentative Tract Maps in the Arrowhead Springs Specific Plan area in the vicinity of the identified geothermal areas, the developer shall initiate a risk assessment to identify possible risks associated with the development adjacent to the geothermal activity of Arrowhead Springs. The risk analysis shall include a risk assessment of radon, methane, propane, and mercury associated with the geothermal vents, hot springs, and mercury accumulation in the soils where development is to occur. Ventilation systems shall be designed in accordance with the National Fire Protection Association guide to ensure that indoor air concentrations of these hazards associated with the geothermal activity would not result in a hazard for building occupants. If an active (i.e. mechanically operated) ventilation system is used, the developer would be required to obtain relevant permits from the AQMD.

Finding: The mitigation measure identified is feasible and would avoid or substantially lessen the potentially significant impacts associated with hazards and hazardous material to a level of less than significant and no unavoidable adverse impacts would occur.

■ **Hydrology and Water Quality**

AHS Impact 5.7-1: *During the construction phase of the proposed project, there is the potential for short-term unquantifiable increases in pollutant concentrations from the site. After project development, the quality of storm water runoff (sediment, nutrients, metals, pesticides, pathogens, and hydrocarbons) may be altered. [Thresholds HD-1 and HD-6]*

Construction activities could lead to temporary impacts on surface water quality through an increase in sediment deposited in local streams due to soil erosion and/or the release of other pollutants associated with construction. Development of the site would urbanize a total of approximately 506 acres, including 199 acres for a golf course, which would result in substantial alteration in the existing site conditions and the introduction of urban pollutant sources that could impact water quality for surface and ground water resources.

Mitigation Measures:

AHS 5.7-1A Prior to the issuance of land disturbing permits, the applicant shall provide the City Engineer with evidence that a Notice of Intent (NOI) has been filed with the State Water Resources Control Board. Such evidence shall consist of a copy of the NOI stamped by the State Water Resources Control Board or the Regional Water Quality Control Board, or a letter from either

agency stating that the NOI has been filed a minimum of thirty days prior to commencing grading operations.

AHS 5.7-1B Prior to issuance of land disturbing permits and in compliance with the requirements of the State General Construction Activity Storm Water Permit, the project applicant shall prepare a Storm Water Pollution Prevention Plan (SWPPP) that incorporates measures or comparable Best Management Practices which describe the site, erosion and sediment controls, means of waste disposal, implementation of approved local plans, control of post-construction sediment and erosion control measures and maintenance responsibilities, and non-storm water management controls. The SWPPP shall also be submitted to the City of San Bernardino Public Works Department. The applicant shall require all construction contractors to retain a copy of the approved SWPPP on each construction site. Additionally, the SWPPP shall ensure that all water discharges are in compliance with the current requirements of the California Regional Water Quality Control Board, Santa Ana Region.

AHS 5.7-1C Prior to issuance of land disturbing permits and in compliance with City of San Bernardino Municipal Code Chapter 8.80, the applicant shall prepare a Storm Water Quality Management Plan (SWQMP). The SWQMP shall implement all applicable BMPs, as listed in the California Storm Water Best Management Practices Handbooks or the current, San Bernardino County Storm Water Program's Report of Waste Discharge, to reduce pollutants in storm water and runoff and reduce non-storm water discharges to the City's storm water drainage system to the maximum extent practicable. The SWQMP shall demonstrate compliance with California Department of Health Services Section 60310 Use Area Requirements, which state that "no impoundment of disinfected tertiary recycled water shall occur within 100 feet of any domestic water supply well," and "no irrigation with, or impoundment of, disinfected secondary or disinfected secondary recycled water shall take place within 100 feet of any domestic water supply well."

AHS 5.7-1D Prior to the issuance of land disturbing permits for the golf course, a Chemical Application Management Plan (CHAMP) shall be submitted to and approved by the City of San Bernardino. The CHAMP or similar management plan shall incorporate but not be limited to the following:

- A description of chemicals authorized for use and approved by the State of California, along with guidelines for their application. Guidelines shall include restrictions on their application and their use near drainage systems. Chemicals include fertilizers, herbicides, fungicides, insecticides and rodenticides. Guidelines on the application of fertilizers and soil amendments shall take into account consideration the physical characteristics and nutrient content of the soil on the golf course site;
- Guidelines for the irrigation of the golf course that take into consideration the field capacity of soil types and the timing with chemical applications; and
- Chemical storage requirements and chemical spill response and chemical inventory response plans shall be prepared and implemented.

AHS 5.7-1E A water quality monitoring system and program shall be developed and implemented in conjunction with the CHAMP that provides for sampling of all permanent surface water features on a quarterly basis and includes an analysis for non-volatile synthetic organic chemicals, total dissolved solids, chloride, sulfate, total phosphorus, boron, nitrogen as nitrate, total nitrogen, and iron. This monitoring program shall be implemented with consideration of the RWQCB water quality objectives.

Finding: The mitigation measures identified are feasible and would avoid or substantially lessen the potentially significant impacts associated with hydrology and water quality to a level of less than significant and no unavoidable adverse impacts would occur.

AHS Impact 5.7-2: *Development pursuant to the proposed project would increase the amount of impervious surfaces on the site and utilize surface waters otherwise destined for groundwater recharge reducing opportunities for groundwater recharge. [Threshold HD-2]*

Project implementation would increase the amount of impervious surfaces in the area, thus impacting the opportunity for groundwater recharge in those areas. Additionally, the proposed project would withdraw water from the surface water streams for drinking water and irrigation purposes and/or retrieve through wells in the Basin excess water that would normally reach the percolation ponds, which would reduce the amount of water available for groundwater recharge in the Basin.

Mitigation Measures:

AHS 5.7-2A Prior to approval of the first Tentative Tract Map, evidence shall be provided to the Development Services Department that appropriate water rights have been granted including a determination of maximum and minimum withdrawal of water from East and West Twin Creek watersheds (in conjunction with mitigation measure 5.15-1).

AHS 5.7-2B Prior to approval of the first Tentative Tract Map, the applicant shall secure a site for the supplemental water wells in the San Bernardino Basin and obtain a drilling and operation permit in accordance with Chapter 13.24 (Water Supply System) of the Municipal Code.

Finding: The mitigation measures identified are feasible and will avoid or substantially lessen the potentially significant impacts associated with hydrology and water quality to a level of less than significant and no unavoidable adverse impacts would occur.

AHS Impact 5.7-3: *Development pursuant to the proposed project would increase the amount of impervious surfaces on the site and would therefore increase surface water flows into drainage systems within the watershed. [Threshold HD-3, HD-4, and HD-5]*

The existing drainage pattern of the site would be substantially altered and development would create an increase in impervious surfaces causing an increase in the amount and rate of storm water discharge to local streams.

Mitigation Measures:

AHS 5.7-3A Prior to issuance of land disturbing permits, the applicant shall submit a Final Drainage Plan Report to the City of San Bernardino for review and approval in conformance with the City of San Bernardino requirements that are in effect at the time of submittal. The report shall be prepared by a qualified registered professional civil engineer and shall, at a minimum, include the following:

- A written text addressing existing conditions, the effects of projects improvements, all appropriate calculations, a watershed and hydrology map, changes in downstream flows and elevations, proposed on and off-site improvements (catch basins, inlets, vaults, swales, filters, etc. for entrapment of sediment debris and contaminants), and features to protect downstream uses and property. The project drainage features shall be designed to ensure no change in downstream flow conditions that would result in new or increased severity of flooding.
- The report shall provide evidence of compliance with all required approvals from the Regional Water Quality Control Board (401 Water Quality Waiver) and with USCOE 404 permitting for changes to "waters of the United States."

AHS 5.7-3B Maintenance of the storm drainage facilities shall be the responsibility of the project applicant until such time as the facilities are turned over to the City as a public improvement, or included within a Landscape Maintenance District or project homeowners or maintenance association. Easements shall be created and offered for dedication to the City for maintenance and access to these facilities as necessary in anticipation of possible City maintenance.

Finding: The mitigation measures identified are feasible and would avoid or substantially lessen the potentially significant impacts associated with hydrology and water quality to a level of less than significant and no unavoidable adverse impacts would occur.

AHS Impact 5.7-4: *Portions of the project site proposed for development are located within a 100-year flood hazard area. [Thresholds HD-7 and HD-8]*

Portions of the specific plan area selected for residential development that are adjacent to West Twin Creek are subject to 100-year flood plain inundation.

Mitigation Measures:

AHS 5.7-4 Prior to issuance of building permits the project applicant shall prepare and file an application with Federal Emergency Management Agency (FEMA), a Letter of Map Revision (LOMR) for Flood Insurance Rate Maps as necessary to reflect changes to the floodway or flood plain resulting from the development to demonstrate that all habitable structures are not subject to flooding in a 100-year storm. The Department of Public Works shall be provided a copy of the LOMR.

Finding: The mitigation measure identified is feasible and will avoid or substantially lessen the potentially significant impacts associated with hydrology and water quality to a level of less than significant and no unavoidable adverse impacts would occur

■ **Public Services: Fire Protection**

AHS Impact 5.12-1: *Incorporation of the Arrowhead Springs Specific Plan area and subsequent development would introduce new structures, residents, and workers within the City of San Bernardino Fire Department service boundaries, thereby increasing the requirement for fire protection facilities and personnel. [Threshold FP-1]*

Incorporation and build-out of the Arrowhead Springs Specific Plan area would expand the service boundary for the San Bernardino City Fire Department in an area that has a high number of emergency response calls and high fire danger thereby reducing the level of service for the remainder of the City and resulting in an increased need for addition fire protection facilities and personnel.

Mitigation Measures:

AHS 5.12-1 Prior to approval of any tract map or development application, the project applicant shall enter into a secured fire protection agreement with the City of San Bernardino to provide necessary fire fighting facilities, personnel, equipment for fire, and emergency services delivery, either through construction of fire facilities, funding or a combination of both. The Agreement shall also address the phasing of required fire facilities.

Finding: The mitigation measure identified is feasible and will avoid or substantially lessen the potentially significant impacts associated with fire protection and emergency services to a level of less than significant and no unavoidable adverse impacts would occur.

■ **Recreation**

AHS Impact 5.13-2: *Buildout of the Arrowhead Springs Specific Plan area would result in environmental impacts to provide new and/or expanded recreational facilities. [Threshold R-2]*

Implementation of the Arrowhead Springs Specific Plan would result in new recreation facilities including the development of a 199-acre public golf course in an area of natural environmental. Development of the golf course would result in direct environmental impacts to West Twin Creek and its natural biotic community.

Mitigation Measures:

AHS 5.13-2 Project applicant shall adhere to mitigation measures (AHS 5.3-1, AHS 5.3-2A, AHS 5.3-2B, AHS 5.3-2C, AHS 5.3-4A, AHS 5.3-4B) as detailed in Section 5.3 which are established to reduce the impact to the biological resources of West Twin Creek.

Finding: The mitigation measure identified is feasible and will avoid or substantially lessen the potentially significant impacts associated with recreation to a level of less than significant and no unavoidable adverse impacts would occur.

■ **Transportation and Traffic**

AHS Impact 5.14-1: *Project-related trip generation would impact levels of service for the existing area roadway system. [Threshold T-1]*

Two intersections were determined to be impacted by Phase I traffic and 7 intersections would be impacted by full build-out of the project or by the year 2030. No roadway segments would be impacted after Phase I or full build-out of the project.

Mitigation Measures:

AHS 5.14-1A Prior to issuance of occupancy permits the project applicant shall be required to complete or bond for the costs of engineering and construction of the following project related traffic improvements or equivalent for Phase I (as detailed in the traffic study) impacts of 2007:

- Waterman Avenue @ 36th Street. Install signalization with permitted phasing.
- Waterman Avenue @ 34th Street. Install signalization with permitted phasing.

AHS 5.14-1B Prior to issuance of occupancy permits for Phase II (as detailed in the traffic study) and all phases thereafter the project applicant shall be required to complete or bond for the costs of engineering and construction of the following project related traffic improvements or equivalent for impacts due to full build-out of the project:

- Waterman Avenue @ 30th Street. Install protected phasing and one additional WB right-turn lane, and one additional SB right-turn lane, both with overlap right-turn phasing.
- Harrison Parkway (new) @ 40th Street. Install signalization, permitted phasing and two NB left-turn lanes, one NB right-turn lane, an exclusive EB right-turn lane and an exclusive WB left-turn lane
- Waterman Avenue @ 36th Street. Install signalization and permitted phasing.
- 30th Street @ Lynwood Drive. Reconfigure intersection to align with new Harrison Parkway and install signal.
- Waterman Avenue @ 40th Street. Add an exclusive right-turn lane in each direction and westbound right-turn overlap phasing.
- Waterman Avenue @ 34th Street. Install signal and permitted phasing.

- Village Parkway @ 40th Street. Install signal with protected EW phasing and the intersection configuration of; two SB left-turn lanes, one SB right-turn lane, two EB thru-lanes, one EB left-turn lane, two WB thru-lanes and one WB right-turn lane.

Finding: The mitigation measures identified are feasible and will avoid or substantially lessen the potentially significant impacts associated with traffic and transportation to a level of less than significant and no unavoidable adverse impacts would occur.

■ **Utilities and Services Systems: Water**

AHS Impact 5.15-1: *Implementation of the Arrowhead Springs Specific Plan would require construction of a new water system and increase on-site water demand by approximately 4,035 acre-feet at build-out. [Thresholds WS-1 and WS-2]*

The environmental impact of constructing of the water distribution system for the Arrowhead Springs Specific Plan project has been analyzed throughout DEIR as part of the development as a whole and calculation of "average" water supply indicates that a sufficient supply is potentially available. However, the water supply and distribution system has not been permitted by the appropriate agencies and amount of water granted through existing water rights has not been verified.

Mitigation Measures:

AHS 5.15-1 Prior to approval of the first Tentative Tract Map, evidence shall be provided to Public Works/Engineering to confirm the availability and quantity of existing water rights through the State and that the drinking water system has obtained all appropriate operating and design permits through the California State Department of Health Services.

Finding: The mitigation measure identified is feasible and will avoid or substantially lessen the potentially significant impacts associated with water supply and distribution systems to a level of less than significant and no unavoidable adverse impacts would occur.

■ **Wastewater**

AHS Impact 5.15-2: *Project-generated wastewater could be adequately collected and treated by the wastewater service provider for the project however some related facility operations may affect the environment. [Thresholds WW-1, WW-2, and WW-3]*

Impacts of the construction of the wastewater collection and treatment facilities for the Arrowhead Springs Specific Plan project has been analyzed throughout the DEIR where included as part of the grading footprint; however, operational impacts including use of recycled water may affect local water quality.

Mitigation Measures:

AHS 5.15-2 Prior to approval of the first Tentative Tract Map, evidence shall be provided to the Public Works/Engineering Division that appropriate permits have been obtained from the State Water Resources Board, the State Department of Health Services, California Department of Corporations and the SCAQMD for the operation of the wastewater treatment plant including disposal of bio-solids and use of recycled water.

Finding: The mitigation measure identified is feasible and will avoid or substantially lessen the potentially significant impacts associated with wastewater treatment and collection systems to a level of less than significant and no unavoidable adverse impacts would occur.

This concludes the discussion of all potentially significant adverse impacts that can be mitigated to a less than significant level from implementation of the proposed project, including approval of LAFCOs 3053 and 3050.

D.3 Summary of Impacts Analyzed in the FEIR and Determined to Be Significant and Unavoidable

This section includes a summary of project impacts identified in the FEIR which are significant and unavoidable even with the implementation of mitigation measures. The Commission finds that despite the incorporation of extensive changes and alterations into the proposed project, approving LAFCOs 3053 and 3050 will allow several environmental impacts to remain unavoidably significant and adverse because these impacts cannot be mitigated to a less than significant level. Specific findings of this Commission for each category of impacts were set forth below.

Thus, despite the incorporation of changes to the proposed project outlined in the environmental documents, and summarized below, the following impacts attributable to the proposed project cannot be fully mitigated to a level of insignificance and a statement of overriding consideration is thereby included herein. Although most potential project impacts have been substantially avoided or mitigated, as described in the Findings and Facts in Support of Findings, there remain some project impacts for which complete mitigation is not feasible. For some impacts, mitigation measures were identified and adopted by the Lead Agency, however, even with implementation of the measures, the Commission finds that the impact cannot be reduced to a level of less than significant. For other impacts, no feasible mitigation measures were identified and no feasible alternatives were identified that would avoid or minimize these impacts.

The Commission hereby finds that the following impacts cannot be fully mitigated to a less than significant level and that no feasible mitigation measures are available and a Statement of Overriding Considerations is therefore included herein:

■ Air Quality

AHS Impact 5.2-2: *Construction activities associated with the proposed project would generate short-term emissions while long-term operation of the project would generate additional vehicle trips and associated emissions in exceedance of SCAQMD's threshold criteria. [Thresholds AQ-2 and AQ-3]*

The magnitude of development and corresponding generation of air pollutant emissions would exceed the SCAQMD's construction and operational phase emissions thresholds for CO, ROG, NO_x and PM₁₀.

Mitigation Measures:

AHS 5.2-2A The developer or project applicant shall use zero Volatile Organic Compounds (VOC) content architectural coatings during the construction of the project to the maximum extent feasible which would reduce VOC (ROG) emissions by 95 percent over convention architectural coatings.

AHS 5.2-2B Prior to and/or during construction operations, the property owner/developer shall implement the following measures to further reduce fugitive dust emission to the extent feasible. To assure compliance, the City shall verify that these measures have been implemented during normal construction site inspections:

- Pave, gravel or apply nontoxic soil stabilizers on-site haul roads with 150 or more daily trips.
- Phase grading to prevent the susceptibility of large areas to erosion over extended periods of time.

- Schedule activities to minimize the amounts of exposed excavated soil during and after the end of work periods.
- Dispose of surplus excavated material in accordance with local ordinances and use sound engineering practices.
- Maintain a minimum of one-foot freeboard ratio on haul trucks or cover payloads on trucks hauling soil using tarps or other suitable means.
- Install adequate storm water control systems to prevent mud deposition onto paved areas.
- Water active sites at least three times daily.

Finding: The mitigation measures identified above would reduce potential impacts associated with air quality to the extent feasible. Despite the application of mitigation measures, Impact 5.2-2 would result in a significant unavoidable adverse air quality impact due to the magnitude of emissions that would be generated during construction and operation. The proposed project is expected to generate emissions levels that exceed the AQMD threshold criteria for CO, ROG, NOx, and PM₁₀ in the SoCAB. A Statement of Overriding Considerations must be adopted by the Commission concurrent with project approval.

AHS Impact 5.2-3: *The Arrowhead Springs Specific Plan project would delay attainment of the South Coast AQMP. [Threshold AQ-3]*

Emissions associated with the Arrowhead Springs Specific Plan would exceed the SCAQMD significance thresholds during construction and operational phases. As such, the SCAQMD considers these emissions to be significant on a cumulative basis.

Mitigation Measure:

AHS 5.2-3 Implementation of mitigation measures AHS 5.2-2A and AHS 5.2-2B shall be applied to reduce cumulative impacts.

Finding: The mitigation measures identified above would reduce potential cumulative impacts associated with air quality to the extent feasible. Despite the application of mitigation measures Impact 5.2-3 would result in a significant unavoidable adverse air quality impact due to the magnitude of emissions that would be generated during construction and operation. The proposed project is expected to generate emissions levels that exceed AQMD threshold criteria for CO, ROG, NOx, and PM₁₀ in the SoCAB. A Statement of Overriding Considerations must be adopted by the Commission concurrent with project approval.

■ **Cultural Resources**

AHS Impact 5.4-1: *Build-out of the Arrowhead Springs Specific Plan would impact an identified historic resource. [Threshold C-1]*

The proposed land use plan would result in the demolition of several buildings which contribute to the historical significance of the property. The CEQA Guidelines require a project which will have potentially adverse impacts on historic resources to conform to the *Secretary of the Interior's Standards for the Treatment of Historic Properties*, in order for the impacts to be mitigated to below significant and adverse levels. The demolition of an historic property cannot be seen as conforming with the *Secretary of the Interior's Standards*. Build-out of the proposed plan would also result in the introduction of land uses in close proximity to remaining historic features, which would substantially alter the existing historic and natural setting of the Arrowhead Springs property.

Mitigation Measures:

AHS 5.4-1A Prior to issuance of any building, grading or demolition permit for the modification or destruction of any historic structure, the project applicant shall submit to the Director of Development Services written recommendations prepared by a qualified architectural historian of the measures that shall be implemented to protect each **historic site** eligible for listing on the NRHP and CRHP. The list includes but is not limited to the following as shown in Table 5.4-1 and illustrated in Figure 5.4-3.

Hotel/Steam Caves	Bungalow 10
Pool, Cabanas, Tennis Courts	Mud Baths
Bungalow 1	Smith Memorial
Bungalow 3	Indian Statue
Bungalow 4	Reservoir
Bungalow 5	Springs
Bungalow 6	Fountains
Bungalow 7	Terrace and Tennis Courts
Bungalow 8	Landscape Elements
Bungalow 9	Miscellaneous Features

- **Modification.** Appropriate mitigation measures for "historical resources" could include preservation of the site through avoidance or capping, incorporation of the site in greenspace, parks, or open space, data recovery excavations of the finds, or a rehabilitation plan in compliance with the Secretary of Interior's Standards for the Treatment of Historic Properties with Guidelines for Preserving, Rehabilitating, Restoring, and Reconstructing Historic Buildings (1995) prepared by a qualified historic preservation professional that would be based to the greatest extent feasible on historical data. A particular focus of the rehabilitation plan should be the hotel building, including landscaping, interiors, exteriors and furnishings.
- **Demolition.** To the extent eligible sites are not preserved in place, prior to the issuance of a demolition permit for the demolition of any Historic Structure eligible for listing on the NRHP and CRHP, including Bungalows 3,7,8,9,10 and 11, the historian shall conduct a data recovery program which includes:
 - » **Comprehensive Survey.** A comprehensive inventory of historic features on the property, including but not limited to buildings, structures, objects, water features, wall, and landscape materials shall be conducted. To the greatest extent feasible, the preservation and rehabilitation of historic features on the property shall be incorporated into the development plan.
 - » **Interpretative Plan.** The applicant shall be required to produce an historical interpretation plan for the property. This plan shall include a permanent, on-site display within a public area which will provide historic information about the founding and history of Arrowhead Springs. Historic and/or contemporary photographs and other artifacts and materials should be included within the display. Other indoor or outdoor interpretive displays shall be produced, as appropriate. The precise content,

format, and location and design shall be determined by a qualified historic preservation professional, and subject to the approval by the City of San Bernardino.

- » Documentation. A Historic American Buildings Survey (HABS) outline format narrative description of the property, contemporary and historic photographs, and other relevant documentation shall be prepared by a historic consultant approved by the City. Prior to the issuance of a demolition permit for the subject property, the report shall be submitted for approval to the Director of Community Development and the Director of Community Services, and an approved original shall be deposited in the City of San Bernardino Branches of the San Bernardino County Public Library (or other suitable repository as determined by the Directors of Community Development and Community Services).

AHS 5.4-1B The EIR concludes that there are or may be significant historical structures/resources not currently ascertainable within areas where ground disturbing activity is proposed by the project. Therefore, prior to issuance of the first preliminary or precise grading permit for development in the Arrowhead Springs Specific Plan area, the landowner or subsequent project applicant shall provide evidence that a qualified historic preservation professional has been retained by the landowner or subsequent project applicant, and has conducted a site survey of the development area at such time as all ground surfaces are visible after current uses are removed. If any sites are discovered, the historian shall conduct surveys and/or test level investigations. Testing and evaluation may consist of surface collection and mapping, limited subsurface excavations, and the appropriate analyses and research necessary to characterize the artifacts and deposit from which they originated. Upon completion of the test level investigations, for sites are determined to be unique a "historical resource" as set forth in CEQA Guidelines Section 15064.5, the following measures shall be undertaken: the historian shall submit its recommendations to the landowner or subsequent project applicant and the Director of Community Development on the measures that shall be implemented to protect the site. Appropriate measures could include preservation in place through planning construction to avoid the historical resource, incorporation into greenspace, parks, or open space, data recovery excavations of the finds or compliance with the Secretary of Interior's Standards for the Treatment of Historic Properties with Guidelines for Preserving, Rehabilitating, Restoring, and Reconstructing Historic buildings (1995).

- Preparation of a research design for those sites determined to be "historical resources" that cannot be avoided that describes the recommended field investigations, and makes provisions for adequately recovering the scientifically consequential information from and about the "historical resource."
- Conducting site excavations in accordance with the research design with an emphasis on obtaining an adequate sample for analysis within the limits of the research questions being addressed. Special studies such as pollen analyses, soil analyses, radiocarbon dating, and obsidian hydration dating should be conducted as appropriate.
- Monitoring of all field excavations by a Native American representative.
- Preparation of a final report of the Phase 3 data recovery work and submittal of the research design and final report to the South Central Coastal Information Center (SCCIC), and other agencies, as appropriate.
- If any Native American archaeological artifacts are recovered, the project applicant shall contact the City, which shall in turn contact the Morongo Band of Mission Indians and any other designated Tribe(s)' tribal representative, as determined by the Native American Heritage Commission (NAHC) to notify them of the discovery. The applicant shall coordinate with the City of San Bernardino and the designated Tribe(s) to determine, in good faith, the appropriate disposition of Native American artifacts and the designated

Tribe(s) shall be given the opportunity to seek the return of any Native American artifacts discovered. Any non-Native American archaeological artifacts recovered as a result of mitigation shall be donated to a qualified scientific institution approved by the Director of Community Development where they would be afforded long-term preservation to allow future scientific study.

Finding: Although the mitigation measures listed above would reduce the impacts to historic resources, demolition of historic structures can not be mitigated in accordance with CEQA Guidelines. Therefore the impacts to historic resources would remain a significant unavoidable adverse impact and a Statement of Overriding Considerations must be adopted by the Commission.

■ **Noise**

AHS Impact 5.10-1: *Implementation of the Arrowhead Springs Specific Plan would result in long-term operation-related noise that would exceed local standards. [Thresholds N-1 and N-3]*

Project implementation would result in long-term operation-related noise that would exceed local noise standards primarily derived from operation of the proposed wastewater treatment plant and traffic on the new Harrison Parkway and other local roadways studied due to the proximity of residential uses. Cumulative noise impacts would occur due project and background traffic in the year 2030 at Sterling Avenue south of Foothill Drive.

Mitigation Measures:

AHS 5.10-1A A site specific acoustic study shall be conducted to analyze and mitigate noise levels along the existing Harrison Street from 40th to 30th Street and submitted to the Development Services Department with plans for road widening of Harrison Street. This acoustic study shall specify the necessary mitigation to achieve exterior noise level limits at residential uses proximate to the new Harrison Parkway. Mitigation measures may include the use of berms or sound walls to attenuate exterior noise levels.

AHS 5.10-1B A site specific acoustic study shall be conducted to evaluate and, if necessary, mitigate potential noise impacts from the proposed wastewater treatment plan on the golf course and residences located proximate to the project site. The study shall be submitted to the Development Services Department with building plans for approval. Mitigation, if necessary, shall be in compliance with the City's exterior and interior noise limits.

Finding: The mitigation measures identified are feasible and will avoid or substantially lessen the potentially significant impacts associated with most noise derived from traffic and noise due to operation of the wastewater treatment plant to a level of less than significant. However cumulative noise levels from traffic along Sterling Avenue south of Foothill Drive can not be sufficiently mitigated resulting in a significant unavoidable adverse noise impact and a statement of overriding consideration must be adopted by the Commission.

AHS Impact 5.10-2: *Implementation of the Arrowhead Springs Specific Plan project would create short-term and long-term groundborne vibration and groundborne noise. [Threshold N-2]*

The project would create groundborne vibration and groundborne noise that may result in significant vibration impacts from vibration intensive construction activities. Vibration intensive construction activities may temporarily lead to significant vibration impacts if vibration sensitive receivers are located proximate to the construction activities.

Mitigation Measures:

- AHS 5.10-2A Prior to issuance of land disturbing permits for projects that would occur within 25 feet of sensitive uses, the project applicant shall submit a list of equipment to the Development Services Department demonstrating compliance with USDOT significance threshold for vibration annoyance of 72 VdB.
- AHS 5.10-2B Prior to issuance of land disturbing permits for projects that would occur within 25 feet of sensitive uses, the project applicant shall submit a list of equipment to the Development Services Department demonstrating compliance with USDOT significance threshold for vibration induced structural damage of 0.20 in/sec.

Finding: The mitigation measures identified are feasible and will avoid or substantially lessen most of the potentially significant impacts associated with groundborne vibration and groundborne noise. However, the phasing of development may place sensitive users adjacent to sources of groundborne vibration and groundborne noise during construction activities such that mitigation measures would not be effective in reducing impacts, resulting in a significant unavoidable adverse impact and a statement of overriding considerations must be adopted by the Commission.

This concludes the discussion of all potential significant unavoidable adverse impacts attributable to the implementation of the proposed project, including approval of LAFCO 3053 and 3050.

E. FINDINGS REGARDING ALTERNATIVES TO THE PROJECT

CEOA requires that a lead agency identify and evaluate a range of reasonable alternatives to the project in the FEIR to foster informed decisionmaking and public participation. The alternatives identified should achieve most of the basic objectives of the proposed project while substantially lessening or avoiding significant environmental damage of the proposed Project [CEOA Guidelines Section 15126.6(a)]. This discussion must focus on feasible alternatives capable of either eliminating any significant adverse effects, or reducing them to a less than significant level. A total of three alternatives were considered in the FEIR.

The Commission hereby declares that it has considered and rejected as either infeasible, or environmentally inferior, the alternatives identified in the Final EIR and described below. CEQA requires that an EIR evaluate a reasonable range of alternatives to a project, or to the location of the project, which: (1) offer substantial environmental advantages over the project proposal, and (2) may be feasibly accomplished in a successful manner within a reasonable period of time considering the economic, environmental, social and technological factors involved. An EIR must only evaluate reasonable alternatives to a project which could feasibly attain most of the project objectives, and evaluate the comparative merits of the alternatives. In all cases the consideration of alternatives is to be judged against a rule of reason. The lead agency is not required to choose the environmentally superior alternative identified in the EIR if the alternative does not provide substantial advantages over the project and: (1) through the imposition of mitigation measures the environmental effects of a project can be reduced to an acceptable level, or (2) there are social economic, technological or other considerations which make the alternative infeasible.

Alternatives Considered and Rejected During the Scoping/Project Planning Process

The Arrowhead Springs Specific Plan has undergone several iterations; however, no significant alternatives were developed. The iterations included subtle variations in the acreages of land uses, residential density, and commercial intensity. The changes occurred in response to input from the

City or as more detailed studies (grading, etc.) were completed and resulted in shifts in land use boundaries or product type. However, throughout the numerous iterations, the basic concept and location of the land uses remained unchanged. The various iterations were refined to reflect new direction and information and did not represent true alternatives for consideration.

Alternatives Selected for Analysis

This section contains alternatives that have been determined to represent a reasonable range of alternatives which have the potential to feasibly attain most of the basic objectives of the Arrowhead Springs Specific Plan but which may avoid or substantially lessen any of the significant effects of the project. Only those impacts found significant and unavoidable are used in making the final determination of whether an alternative is environmentally superior or inferior to the proposed project. Environmental impacts of the Specific Plan involving air quality and cultural resources, and noise were found to be significant and unavoidable. The alternatives include the No Project/Use of Existing Facilities Alternative, Reduced Intensity Alternative, and Wetlands Avoidance Alternative.

No-Project/Existing Zoning Alternative

The No Project alternative for the Arrowhead Springs area assumes that the County portion of the property is not annexed into the City of San Bernardino and the area is allowed to develop with existing zoning which would allow residential development with densities anywhere between 4.5 dwelling units per acre and one (1) dwelling unit per 40 acres. This alternative also assumes that operation of existing facilities for use as a resort could resume with minor and necessary health and safety repairs.

The No Project/Existing Zoning Alternative would be considered the environmentally superior alternative as compared to the proposed Arrowhead Springs Specific Plan for Air Quality, Biological Resources, Cultural Resources, Geology and Soils, Hazards, Hazardous Materials, Hydrology and Water Quality, Noise, Population and Housing, Transportation and Traffic, and Utilities and Service Systems. The No Project/Zoning Alternative would be considered the environmentally inferior for Aesthetics and environmentally neutral for Land Use and Planning, Public Services, and Recreation.

Finding: Alternative Less Than Desirable

The Local Agency Formation Commission finds that the No-Project/Existing Zoning Alternative, while feasible, is less than desirable than the proposed project and rejected this alternative for the following reasons:

- Although the number of residential units would nearly be the same as the proposed project, existing City/County zoning would result in mostly large lot development that could be scattered over the entire property along with the road infrastructure. Coordinating development between two jurisdictions may be difficult and not result in development of the entire site that is well thought out.
- There would be no development standards or design guidelines that would ensure preservation of as much open space as the proposed project. There would be no encouragement for compact development that would keep the development of hillsides at a minimum thus preserving the aesthetic mountainous character of the property.

- Providing services such as fire protection would continue to be difficult and expensive without compact development or a reliable self contained water infrastructure considering that water service would have to be extended from the City of San Bernardino.
- The City of San Bernardino would not realize the goal becoming a "gateway" to the San Bernardino Mountains by establishing a world-class resort, providing jobs and recreational opportunities.

Reduced Intensity Alternative

Since construction activities are the primary source of air quality and noise impacts and commercial uses generate the greatest amount of traffic (also contributing to air quality and noise impacts), the reduced intensity alternative focuses on reducing the amount of commercial and office use, which would reduce the size of the area to be graded and consequently would also reduce traffic and associated impacts. This alternative assumes that the Hilltown shops, new hotel, office building, and restaurant are not built and the Village Walk commercial area is limited to 150,000 square feet for neighborhood commercial. The hotel complex would be restored and the associated conference facilities and annex built and all residential areas would be built with this alternative.

The Reduced intensity Alternative would be considered the environmentally superior alternative as compared to the proposed Arrowhead Springs Specific Plan for Aesthetics, Air Quality, Geology and Soils, Hazards and Hazardous Materials, Noise, Public Services, Transportation and Traffic and Utilities. The Reduced Intensity Alternative would be considered the environmentally neutral alternative for Biological Resources, Cultural Resources, Hydrology and Water Quality, Land Use and Planning, Mineral Resources, Population and Housing, and Recreation.

Finding: Alternative Less Than Desirable

The Local Agency Formation Commission finds that the Reduced Intensity Alternative, while feasible, is less than desirable than the proposed project and rejected this alternative for the following reasons:

- This alternative would not accomplish many of the project goals, most importantly creating an economically viable mixed-use resort. Historic restoration of the Arrowhead Springs Hotel, because of the expense, may be jeopardized without the revenue stream and increased property value derived from commercial development. Revitalization and reuse of this historic hotel is the cornerstone of the project which is important to the City not only for the tax revenue but also for accomplishing the goals of the General Plan Update to enhance cultural, recreational and entertainment opportunities.
- The desirable goal of having a sustainable development would be difficult to accomplish without the jobs created by the commercial development. The jobs to housing ratio for the proposed project at 1.97, is close to the range preferred by the Southern California Association of Governments. The proposed project provides for a wide range of housing and with an equally wide range of job opportunities in close proximity, employees would be able to live close to work, thus reducing potential traffic.

Wetlands Avoidance Alternative

The wetlands avoidance alternative assumes that development would not occur in areas of potential jurisdictional waters and riparian habitat and in particular Waterman Canyon and West Twin Creek. Although a few holes of the golf course might fit in the non-jurisdictional areas, this alternative would essentially eliminate development of an 18-hole golf course and eliminate some of the residential pad sites along Waterman Canyon. With only minor adjustment to the development plan near Lake Vonette that could be arranged without loss of riparian habitat, the remainder of the development would be built.

The Wetlands Avoidance Alternative would be considered the environmentally superior alternative as compared to the proposed Arrowhead Springs Specific Plan for Aesthetics, Air Quality, Biological Resources, Geology and Soils, Population and Housing, and Utilities. The Wetlands Avoidance Alternative would be considered the environmentally neutral alternative when compared to the proposed Arrowhead Springs Specific Plan for Cultural Resources, Hazards and Hazardous Materials, Hydrology and Water Quality, Land Use and Planning, Mineral Resources, Noise, Public Services, Recreation, and Transportation and Traffic.

Finding: Alternative Less Than Desirable

The Local Agency Formation Commission finds that the Wetlands Avoidance Alternative, while feasible, is less than desirable than the proposed project and rejected this alternative for the following reasons:

- West Twin Creek in Waterman Canyon has been known for dangerous flooding events that have resulted in extensive damage to infrastructure and lost lives. The most recent flooding events scoured the reach through Arrowhead Springs removing riparian vegetation and reducing water quality by greatly increasing sediment carried in the creek. The project proposes to improve the alignment and hydraulics of the stream and create flood overflow basins on fairways as part of the development of the golf course. The Wetlands Avoidance Alternative would not provide the valuable flood protection planned as part of the golf course design. Flooding events would continue jeopardizing the residential development and infrastructure planned to the community. Riparian vegetation that may be lost in the process of developing the golf course would be restored in the same approximate location and opportunities exist to enhance the quality of the riparian vegetation with the assurance that it will not be destroyed by future flooding events through improvements to the stream bed.
- Eliminating the golf course would not accomplish the goal of creating a "unique" resort community or the goal of providing both passive and active recreational opportunities. Many world class resorts provide a variety of recreational opportunities to attract a broad range of consumers. Resorts in mountain settings usually rely on natural features such as a lake or ski slopes to provide a range of recreational opportunities. Those natural features are not available at Arrowhead Springs but a golf course can be integrated into Waterman Canyon in such a way that the natural beauty of the area is preserved and additional recreation opportunities are available not only for the resort but for community as a whole.

E. STATEMENT OF OVERRIDING CONSIDERATIONS

CEQA requires the decision-maker to balance the benefits of the proposed project against its unavoidable environmental risks in determining whether to approve the project. If the benefits of the project outweigh the unavoidable adverse effects, those effects may be considered "acceptable" (State CEQA Guidelines Section 15093[a]). However, in this case CEQA requires the agency to support, in writing, the specific reasons for considering a project acceptable when significant impacts are infeasible to mitigate. Such reasons must be based on substantial evidence in the FEIR or elsewhere in the administrative record (State CEQA Guidelines Section 15093 [b]). The agency's statement is referred to as a "Statement of Overriding Considerations."

The Local Agency Formation Commission (LAFCO) is proposing to approve LAFCOs 3053 and 3050 (sphere expansion and reorganization, including annexation) and is utilizing the City of San Bernardino certified FEIR as a CEQA Responsible Agency that satisfies the requirements of CEQA. The following adverse impacts of the Arrowhead Springs Specific Plan project are considered significant and unavoidable based on the DEIR, FEIR, MMP, and the findings discussed previously in Part B, Section B1 and B2 of this document.

Significant Unavoidable Adverse Impacts

Air Quality

Construction activities of the first phase of development that largely involve grading would cause temporary pollutant emissions that would exceed the daily emission thresholds for NO_x and PM₁₀ for the SCAQMD. Over the course of Phase 2 construction of facilities the daily emission thresholds for ROG, and NO_x would be exceeded. Operational emissions largely attributed to mobile (vehicle) sources would also exceed the daily thresholds for CO, ROG, NO_x and PM₁₀. Emissions that exceed the daily threshold are considered to be significant on a cumulative basis by the SCAQMD.

Cultural Resources

While the Arrowhead Springs Specific Plan calls for the restoration and revitalization of the historic hotel and many of the historic structures surrounding the hotel that contribute to the historical significance of the area, several structures considered to have historic significance would also be demolished. In accordance to CEQA guidelines, destruction of an historic resource can not be mitigated and must be considered a significant unavoidable adverse impact.

Noise

The traffic from the Arrowhead Springs project would contribute to a small increase in noise from traffic along a portion of Sterling Avenue that in and of itself would not be considered significant however the increase causes a cumulative increase in noise that exceeds the threshold for impact. The cumulatively significant noise impact cannot be mitigated resulting in an unavoidable adverse noise impact.

Considerations in Support of the Statement of Overriding Considerations

The Commission, after balancing the specific economic, legal, social, technological, and other benefits of the proposed Project (Arrowhead Springs Specific Plan), has determined that the unavoidable adverse environmental impacts identified above may be considered "acceptable" due

to the following specific considerations, which outweigh the unavoidable, adverse environmental impacts of the proposed Project. Each of the separate benefits of the proposed Project, as stated herein, is determined to be, unto itself and independent of the other Project benefits, a basis for overriding all unavoidable adverse environmental impacts identified in these Findings.

The benefits of the Arrowhead Springs Specific Plan can best be understood in light of the manner the project assists the City in attaining its long-term goals. To that end, the Arrowhead Springs Specific Plan is consistent with the Updated General Plan and addresses several key City goals, including:

- **Preserve and enhance San Bernardino's unique neighborhoods and create and enhance dynamic, recognizable places.**

The Arrowhead Springs Specific Plan provides for the preservation and enhancement of a local icon. The Arrowhead Springs Hotel and Resort/Spa will be improved and surrounded by complementary uses, such as conference facilities, offices, hotels, a golf course, a village shopping environment, and residential uses. The mixture of uses, resort nature of the site, and enhancement of historic structures provide an identity to Arrowhead Springs that is unique to the area.

- **Promote development that integrates with and minimizes impacts on surrounding land uses.**

The Arrowhead Springs Specific Plan concentrates development on 506 acres near existing, on and off site development and leaves the remaining 1,400 acres in permanent open space. This allows the majority of Arrowhead Springs to blend with the adjacent National Forest Development while focusing development near existing roadways and infrastructure. In addition, the Arrowhead Springs Specific Plan includes development standards, design guidelines, grading standards, hillside development standards, fire protection standards, and resource protection measures that will ensure that new development be of a high quality and blends with surrounding uses.

- **Enhance the quality of life and economic vitality in San Bernardino by strategic infill of new development and revitalization of existing development.**

The Arrowhead Springs Specific Plan is the revitalization of an existing hotel and resort that has not been in operation in years. Development of Arrowhead Springs will result in 1,350 single-family detached and multifamily units and approximately 2,530 new jobs. Arrowhead Springs will also be a unique resort and historic icon and attract visitors and tourists to the City.

- **Enhance the aesthetic quality of land uses and structures in San Bernardino.**

The existing historic buildings on site create a benchmark for future development to complement and enhance. The Arrowhead Springs Specific Plan includes detailed development standards and design guidelines and clear maintenance requirements to ensure a quality, long-term project.

- **Provide for the development and maintenance of public infrastructure and services to support existing and future residents, businesses, recreation and other uses.**

The Arrowhead Springs Specific Plan provides for the necessary infrastructure, including domestic and recycled water, sewer, drainage, utilities, and roadways, to accommodate the buildout of the property. Arrowhead Springs will provide on-site: domestic water treatment, supply, distribution, and storage systems; stormwater and flood management systems, including untouched natural channels; wastewater treatment; and solid waste collection and recycling in sufficient size and capacity to support buildout of the plan. Arrowhead Water & Power, the on-site utility company, will provide these services within Arrowhead Springs.

- **Ensure that the costs of infrastructure improvements are borne by those who benefit.**

The necessary infrastructure to support the buildout of Arrowhead Springs will be installed and financed by Arrowhead Water & Power or by individual developers. User fees will accommodate the long-term use and on-going maintenance of the utilities.

- **Facilitate the development of a variety of types of housing to meet the needs of all income levels in the City of San Bernardino.**

Arrowhead Springs accommodates 1,350 new residential units that provide housing opportunities for multiple segments of the housing market, from first time buyers, to executive homes, to condominiums and multifamily units. Arrowhead Springs accommodates 36 custom estates, 34 'urban' flats in Village Walk, 266 condominiums and townhomes adjacent to Village Walk, 150 upscale senior units, 150 non-age restricted attached units, 429 golf course condominiums, and 285 townhomes and condominiums in the unique Hilltown.

- **Expand on historic and the natural assets to attract recreational visitors.**

Arrowhead Springs represents a significant gateway into the City from the mountain resorts. The development creates a powerful transitional edge from the City to the U.S. National Forest of the San Bernardino Mountains. Arrowhead Springs is located immediately below the famous geologic 'arrowhead' that is imprinted on the mountainside, providing a natural landmark to the property. Arrowhead Springs, with its unique history and natural resources, will become a regional tourist destination. The creation of up-scale residential neighborhoods, a unique "village" commercial center, corporate office center, high-end hotels, convention center, world-class spa/health resort, public golf course, and equestrian trails will create a mountain resort at a gateway to the City from SR-18.

- **Improve the quality of life in San Bernardino by providing adequate parks and recreation facilities and services to meet the needs of our residents.**

Arrowhead Springs includes 21 acres of Neighborhood/Mini-Parks and 1,400 acres of open space. Above this, a 199-acre public golf course is also provided in Arrowhead Springs. In the developed area, there is one 14-acre public Botanical Garden and seven Mini-Parks ranging in size from 0.2 acres to 3.0 acres. The Park Plan for Arrowhead Springs also includes approximately 1,400 acres of Open Space/Watershed uses. This designation is intended to establish open space areas serving multiple purposes including active and passive recreation, such as hiking, as well as watershed control.

- **Protect people and property from brush urban and wildland fire hazards.**

Arrowhead Springs concentrates development on 27% of the site. Surrounding the developed areas of the site are fuel modification zones that will be planted with vineyards and orchards. These natural buffers will help protect the people and property from brush fire hazards and enhance the character of the area. Development in Arrowhead Springs will be required to comply with the requirements of the City's Foothill Fire Zone and Arrowhead Springs Hillside Development provisions, which address building, grading, and landscaping standards in high-fire areas.

Conclusion

The Commission finds that the previously stated benefits of the Project outweigh the significant adverse environmental impacts noted above. The Commission's findings set forth in the preceding sections have identified all of the significant adverse environmental impacts and the feasible mitigation measures which can reduce impacts to insignificant levels where feasible, or to the lowest feasible achievable levels where significant impacts remain. The findings have also analyzed a number of alternatives (Section E) to determine whether they are reasonable or feasible alternatives to, the proposed action or whether they might reduce or eliminate the significant impacts of the proposed action. The FEIR presents evidence that implementing the Project will cause significant adverse environmental impacts which cannot be substantially mitigated to a less than significant level. This finding includes the proposed Project area. These impacts have been outlined above and the Commission finds that all feasible mitigation measures have been adopted or identified for implementation by the County or other regulatory agencies.

The Commission finds that the Project's benefits are substantial and override the unavoidable adverse impacts of the Project. The Commission has identified benefits which will result from implementing the proposed Project, which includes the expansion of the City of San Bernardino's Sphere of Influence (LAFCO 3053) and Reorganization to include the City of San Bernardino Annexation No. 360 (LAFCO 3050) and which will allow development of the Arrowhead Springs Specific Plan as outlined in the FEIR. The Commission has balanced these benefits against the unavoidable significant adverse effects of the proposed Project and finds that the benefits identified herein override the unavoidable significant environmental effects. Approval of LAFCOs 3053 and 3050 is acceptable based on the benefits that will accrue to the City of San Bernardino and the surrounding area if and when the Arrowhead Springs Specific Plan proceeds to be developed and occupied.

