

PROPOSAL NO.: LAFCO 3076

HEARING DATE: SEPTEMBER 16, 2009

RESOLUTION NO. 3067

A RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF THE COUNTY OF SAN BERNARDINO MAKING DETERMINATIONS ON LAFCO 3076 AND DENYING THE CONSOLIDATION OF THE SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT AND THE SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT AND TERMINATING ITS PROCEEDINGS (LAFCO 3076 proposed to consolidate the San Bernardino Valley Water Conservation District (Conservation District) and the San Bernardino Valley Municipal Water District (Valley District) into a single district. Both Districts are presently located within the "Upper Santa Ana River" basin, in the eastern portion of the San Bernardino Valley, which is located in the southwestern portion of San Bernardino County.

The Conservation District is approximately 77.9 square miles in size and is generally bordered on the east by a combination of parcel boundaries and full and partial section lines within portions of the Cities of Redlands, Highland, San Bernardino, Loma Linda and Colton, excluding the area of the Santa Ana River, from a point near the Guthrie Interchange easterly to a boundary east of the State Highway 30/210 bridge. The Conservation District boundaries are entirely within the existing boundaries of the Valley District.

The Valley District includes approximately 352.2 square miles, which includes the 77.9 square miles of the Conservation District. The Valley District area is generally bounded by the Sphere of Influence boundary of the Inland Empire Utilities Agency (formally known as the Chino Basin Municipal Water District) on the west, the Crestline-Lake Arrowhead Water Agency and the Big Bear Municipal Water District boundaries on the north; section, quarter section and half sections lines on the east; and parcel boundaries along the south which include a portion of the Riverside/San Bernardino County line. Included within the Valley District are all or portions of the Cities of Rialto, Fontana, Colton, San Bernardino, Grand Terrace, Loma Linda, Highland, Redlands, and Yucaipa. This boundary also encompasses all or portions of the communities of Bloomington, Mentone, Oak Glen, Lytle Creek, Muscoy, Barton Flats and Reche Canyon, which are all within unincorporated areas of San Bernardino and Riverside Counties.)

On motion of Commissioner _____, duly seconded by Commissioner _____, and carried, the Local Agency Formation Commission adopts the following resolution:

WHEREAS, an application for the proposed consolidation in the County of San Bernardino was filed with the Executive Officer of this Local Agency Formation Commission (hereinafter referred to as the "Commission") in accordance with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000 et seq.), and the Executive Officer has examined the application and executed her certificate in accordance with law, determining and certifying that the filings are sufficient; and,

WHEREAS, at the times and in the form and manner provided by law, the Executive Officer has given notice of the public hearing by this Commission on this matter; and,

WHEREAS, the Executive Officer has reviewed available information and prepared a report including her recommendations thereon, the filings and report and related information having been presented to and considered by this Commission; and,

WHEREAS, the public hearing by this Commission was held upon the date and at the time and place specified in the notice of public hearing and in order or orders continuing the hearing; and,

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WHEREAS, at such hearing, this Commission heard and received all oral and written protests; the Commission considered all plans and proposed changes of organization, objections and evidence which were made, presented, or filed; it received evidence as to whether the territory is inhabited or uninhabited, improved or unimproved; and all persons present were given an opportunity to hear and be heard in respect to any matter relating to the application, in evidence presented at the hearing;

NOW, THEREFORE, BE IT RESOLVED, that the Commission does hereby determine, resolve, order, and find as follows:

DETERMINATIONS:

SECTION 1. The Executive Officer is hereby authorized and directed to mail certified copies of this resolution in the manner provided by Section 56882 of the Government Code terminating the proceedings for LAFCO 3076.

SECTION 2. This proposal is denied based upon the following determinations:

1. The Commission concludes that it cannot make the determination required by Government Code Section 56826.5 that *the public service costs of the proposal that the commission is authorizing are likely to be less than or substantially similar to the costs of alternative means of providing the service*. The basis for the determination is that the Independent Financial Report prepared by Rosenow Spevacek Group identifies a trended revenue stream for mining revenues that are not supportable by the economic realities experienced in the region. Without the receipt of the revenues identified in the report, the provision of the same or substantially similar level of service is in question.
2. The Commission determines that mining royalties and contractual lease payments which would be transferred to the successor agency are a volatile source of revenue subject to the fluctuations of the economy. In comparison, the Groundwater Charge currently imposed by the Conservation District is a stable source of revenue which is determined by the level of extraction of water from the basin and would be eliminated through approval of the consolidation. With the loss of the Groundwater Charge through the consolidation, the Riverside County based entities which utilize water resources within the Bunker Hill Basin would have no obligations for payment to support the recharge of the basin. The costs for such recharge efforts, above the resources transferred to the San Bernardino Valley Municipal Water District, would be borne by the taxpayers of San Bernardino County only and could be charged through an increase in property tax rates not subject to an election.
3. The Commission determines that the consolidation would put together incompatible groundwater functions, i.e. conservation and groundwater recharge with the sale of state project water, and would have the potential for loss of local control of water resources within the basin.

SECTION 3. FINDINGS. The following findings are noted in conformance with Commission policy:

1. The Registrar of Voters Office has certified that the study area as a whole is legally inhabited, containing a total of 259,631 registered voters as of June 22, 2009. This number represents the registered voters within the boundaries of San Bernardino Valley Municipal Water District. The boundaries of the San Bernardino Valley Water Conservation District contain 98,017 registered voters as of June 22, 2009, which represents 37.76 percent of the voters of Valley District.
2. The study area, comprised of 225,430 acres (352 +/- square miles) representing the Valley District, which includes the 49,960 acres (78 +/- square miles) representing the Water Conservation District. The study area is within the sphere of influence assigned the San Bernardino Valley Municipal Water District.
3. The County Assessor has determined that the assessed value of land and improvements within the entirety of the consolidation area is \$36,368,123,802 as of January 1, 2007. The break down of values is as follows:

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AGENCY	LAND VALUE	IMPROVEMENT VALUE	TOTAL LAND & IMPROVEMENT VALUE
SAN BERNARDINO VALLEY WATER CONSERVATION DISTRICT	\$3,932,923,487	\$10,791,434,930	\$14,724,358,417
SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT	\$10,255,672,703	\$26,112,454,009	\$36,368,126,802

The value of land and improvements within the San Bernardino Valley Water Conservation District is 41% of the total value of Valley District.

4. Commission review of this proposal has been advertised 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 individuals and agencies having requested such notification.
5. Pursuant to Commission policy, individual notice was not provided for the proposal as allowed under Government Code Section 56157. In keeping with the Commission's policy, notice was provided by placing a display advertisement of one-eighth page in *The Sun*, a newspaper of general circulation within the consolidation area. Comments in opposition to and in support of the proposal have been received from landowners, registered voters, and affected local agencies. These comments have been reviewed and considered by the Commission in making its determination.
6. The consolidation area is presently served by the following local agencies within the Local Agency Formation Commission's purview:

County of San Bernardino
 All or portions of the Cities of Yucaipa, Highland, Redlands, Loma Linda,
 Grand Terrace, San Bernardino, Colton, Rialto, and Fontana
 San Bernardino Valley Municipal Water District
 San Bernardino Valley Water Conservation District
 Yucaipa Valley Water District
 East Valley Water District
 West Valley Water District
 Inland Empire Resource Conservation District
 Riverside Corona Resource Conservation District
 San Bernardino County Fire Protection District and its Valley Service Zone
 Fontana Fire Protection District
 Bloomington Park and Recreation District
 Rubidoux Community Services District
 County Service Area SL-1 (Streetlighting)
 County Service Area 63 (Oak Glen)
 County Service Area 70 (multi-function unincorporated area Countywide) and its Improvement
 Zones P-10, P-11, P-2, P-7, R-30, EV-1, and CR

A listing of all the public agencies within the study area is on file in the LAFCO office. The San Bernardino Valley Municipal Water District and San Bernardino Valley Water Conservation District are the only affected agencies

7. The Commission's Environmental Consultant, Tom Dodson and Associates, provided an outline of the environmental actions taken noting that the Commission certified the Final Environmental Impact Report for LAFCO 3076 at its hearing on January 21, 2009, through adoption of LAFCO Resolution No. 3046.

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However, due to the denial of the proposal no further environmental action is required.

- 8. On February 18, 2009, the Commission contracted for the provision of an Independent Financial Analysis of the Plan for Service by the Rosenow Spevacek Group Inc. This report provided a response on factors required by Government Code Section 56881 and was provided to the Commission for its use in deliberations, a complete copy of which is on file in the LAFCO Office.

THIS ACTION APPROVED AND ADOPTED by the Local Agency Formation Commission of the County of San Bernardino by the following vote:

AYES: COMMISSIONERS:

NOES: COMMISSIONERS:

ABSENT: COMMISSIONERS:

STATE OF CALIFORNIA)
) ss.
 COUNTY OF SAN BERNARDINO)

I, KATHLEEN ROLLINGS-McDONALD, Executive Officer of the Local Agency Formation Commission of the County of San Bernardino, California, do hereby certify this record to be a full, true, and correct copy of the action taken by said Commission, by vote of the members present, as the same appears in the Official Minutes of said Commission at its meeting of September 16, 2009.

DATED:

 KATHLEEN ROLLINGS-McDONALD
 Executive Officer

