# LOCAL AGENCY FORMATION COMMISSION
# COUNTY OF SAN BERNARDINO

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**DATE:** **NOVEMBER 30, 2010**

**FROM:** **KATHLEEN ROLLINGS-McDONALD, Executive Officer**
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**TO:** **LOCAL AGENCY FORMATION COMMISSION**

**SUBJECT:** **Agenda Item # 11: Service Reviews for the Crest Forest Community**

**INITIATED BY**: San Bernardino Local Agency Formation Commission

## INTRODUCTION

The Crest Forest community is located in the mountain region of the County and includes most of the Crest Forest Community Plan area (designated by the County General Plan) situated along State Highways 18 and 138. Within the general Crest Forest community are the unincorporated areas known as Arrowhead Highlands, Cedarpines Park, Crestline, Lake Gregory, Skyland, Valley of Enchantment, Valley of the Moon, and Valley View Park. Geographical features include Lake Gregory.

Agenda Item 8 on this month's agenda discusses road maintenance and snow removal throughout the Mountain region and includes service reviews for the road agencies in the Crest Forest community. Reviews for the agencies in the Crest Forest community that provide road and/or snow removal service are included in the report titled *Mountain Region Road and Snow Removal Service Review Report* (Agenda Item 9), which is intended to be read in conjunction with this report. These agencies include:

County Service Area 68
County Service Area 70 Zones R-2, R-9, R-23, R-44

Agenda Item 9 on this month's agenda discusses the interplay of services between the Crest Forest and Lake Arrowhead communities for streetlights and fire protection. Additionally, that report provides staff's recommendation in defining the boundary between the Crest Forest and Lake Arrowhead communities. Reviews for the agencies that considerably cross between these two communities are included in the report titled *Crest Forest and Lake Arrowhead Review Providing for Community Definition and Review of the Regional Services of Streetlighting and Fire Protection* which is intended to be read in

conjunction with this report. These agencies include County Service Area 54 (streetlights) and Crest Forest Fire Protection District.

This report contains service reviews and sphere of influence updates for the remainder of the agencies within the Crest Forest community. These agencies are:

County Service Area 18 (park and recreation, roads)
Crestline Sanitation District
Crestline Village Water District

This report is organized as follows:

- Community Discussion – to include community history and recommendations on modifications to the Crestline Sanitation District and Crestline Village Water District spheres of influence

- Water and Wastewater

    - A discussion on water and wastewater to include State Water Project Water, local conditions, and water rates.

    - LAFCO 3114 - Service Review and Sphere of Influence Update for Crestline Village Water District

    - LAFCO 3133 - Service Review and Sphere of Influence Update for Crestline Sanitation District

    - Service Reviews for the major private retail water entities (Cedarpines Park Mutual Water Company and Valley of Enchantment Mutual Water Company)

- LAFCO 3117 – Service Review and Sphere of Influence Update for County Service Area 18

# COMMUNITY HISTORY

The following provides a historical perspective of the community. The first section is a narrative history is taken from the Crest Forest Community Plan[1].

> In the 1840s, the mountains became popular for their beauty – gaining a reputation as a summer vacation spot – and also for their timber, which turned into a valuable commodity. In 1851, the Mormons built roads to facilitate the efficiency of lumber production. "Rim of the World Drive" (State Highway 18) generally follows the route of this early road.
>
> In 1891, Congress enacted the Forest Reserve Act, and in 1893 the San Bernardino Forest Reserve was established due to general neglect of conservation practices and environmental needs. Local citizens began to recognize the value of the mountains as a watershed to protect and foster growth in the valley. By 1906, Henry Guernsey developed 50 foot by 100 foot lots for a "summer city in the pines," or a second-home area, which is now Crestline.
>
> Completion of the 101 Mile Rim of the World Highway in 1915 improved access to the mountains. In 1923, a summer and winter resort began in Skyland. The grassy knoll near Seeley Creek was subdivided, and became "The Valley of Enchantment." Use of the mountains for recreation by visitors greatly increased with improvement in the road systems and automobiles, and a rapidly expanding population in southern California. By 1928, the Crest Forest area was being advertised as a summer retreat for San Bernardino businessmen. Homes were being built in Crestline, Skyland and the adjoining forest.
>
> From 1936 to 1938, the Works Projects Administration of the federal government constructed the dam that created Lake Gregory, named after Arthur Gregory. The Crest Forest County Water District was instituted to maintain the area, which spanned over 100 surface acres of water and a 3.5 mile shoreline. In 1946 the Crestline Sanitation District was formed, and the original treatment plant at Houston Creek was constructed by 1950. Seeley Creek and Cleghorn treatment plants were constructed in 1974, however, by 1977 the Crest Forest County Water District was dissolved and Lake Gregory was deeded to the County as a regional park.
>
> Over the years, the Crest Forest area has gradually developed into less of a resort or second-home community and more of a bedroom community, composed of predominately low-density, single-family residential areas. The Crest Forest Community Plan area is oriented towards family recreation, with Lake Gregory serving as the main tourist attraction.

A brief history of the major governmental events for this community and its relationship with the Local Agency Formation Commission is described below, listed chronologically by end date:

1929 The County Board of Supervisors and the electorate approved the formation of the Crest Forest Fire Protection District.

[1] County of San Bernardino. 2007 General Plan. Crest Forest Community Plan. Adopted 13 March 2007.

| | |
|---|---|
| 1936 | The County Board of Supervisors and the electorate approved the formation of the Crest Forest County Water District to take over (from private ownership) the management of Lake Gregory and the recreational areas surrounding the lake. |
| 1946 | The County Board of Supervisors and the electorate approved the formation of the Crestline Sanitation District as a board-governed special district to provide sewer service to the Crest Forest Community. |
| 1954 | The County Board of Supervisors and the electorate approved the formation of the Crestline Village County Water District to provide water service to the Crestline Village area. |
| 1955 | The County Board of Supervisors and the electorate approved the formation of the Cedarpines Park and Recreation District. |
| 1966 | The Commission approved applications converting the independent Crest Forest Lighting District and Crestline Lighting District into board-governed agencies - County Service Area 54 (LAFCO 397) and County Service Area 55 (LAFCO 399), respectively. |
| 1967 | The Commission reviewed and the County Board of Supervisors approved the formation of County Service Area 18 to provide financing for road maintenance in the Cedarpines Park area. |
| 1969 | The Commission reviewed and the County Board of Supervisors approved the formation of County Service Area 68 (LAFCO 790) to provide financing for road maintenance in the Valley of the Moon area. |
| 1970 | The Commission established a zone of influence for Crest Forest Fire Protection District. This action was a result of a proposal to annex Summit Valley to the district, which did not move forward. |
| 1973-74 | The Commission established the spheres of influence for the Crest Forest Fire Protection District (LAFCO 1345), the Crestline Sanitation District (LAFCO 1346), Crestline Village County Water District (LAFCO 1347), Cedarpines Park and Recreation District (LAFCO 1349), and County Service Area 18 (LAFCO 1350). The spheres of influence were established as coterminous with the respective boundaries for County Service Area 54 (LAFCO 1351), and County Service Area 55 (LAFCO 1352), and County Service Area 68 (LAFCO 1353). No sphere of influence was given to Crest Forest County Water District (LAFCO 1348) because of the pending dissolution of the district (see LAFCO 1727). |
| 1976 | When special districts were seated on San Bernardino LAFCO, all special districts were limited to the functions/services actively provided at that time. The independent special districts responded to LAFCO's request for statements regarding service provision as: |

- Crest Forest Fire Protection District - fire protection
- Crestline Village County Water District - water
- Crest Forest County Water District - water, park and recreation

The County responded to LAFCO's request for statements regarding service provision by board-governed districts as:

- Crestline Sanitation District - sewer
- Cedarpines Park and Recreation District - park and recreation
- County Service Area 18 – road, water
- County Service Areas 54 and 55 - streetlighting
- County Service Area 68 - road

Pursuant to adoption of the *Rules And Regulations of The Local Agency Formation Commission Of San Bernardino County Affecting Functions And Services Of Special Districts* in 1976 and amendments thereafter, the functions and services active for districts have been specified on the document entitled "Exhibit A" and the procedures required to apply to the Commission for activation of any other latent powers have been defined.

1977 The Commission reviewed and the County Board of Supervisors approved the dissolution of the Crest Forest County Water District (LAFCO 1727) transferring assets, liabilities, functions, responsibilities, and programs of the district to the County (operated by the County Regional Parks). The district experienced financial challenges and provided water only for recreation use.

1978 The Commission reviewed and the County Board of Supervisors approved the reorganization to annex the Silverwood Lake area to County Service Area 38 (and its improvement zone G) and detach the territory from Crest Forest Fire Protection District (LAFCO 1812).

1979 Crestline Village County Water District acquired the facilities of the Lake Gregory Water Company and accepted responsibility for providing retail water service in the Lake Gregory area.

1980 A sphere expansion for Crestline Village County Water District was approved (LAFCO 1990) and the Commission reviewed and the County Board of Supervisors approved the annexations of Cedarpines Crest (LAFCO 1991A) and the Lake Gregory Area (LAFCO 1991B) to the district.

1981 The Board of Supervisors, as the governing body for county service areas, initiated a reorganization application to consolidate the streetlighting services of two county service areas due to reduced property tax revenues following passage of Proposition 13 (LAFCO 2146). The County's rationale for the consolidation was for greater flexibility in allocation of resources, reduced overhead and more consistent administration of streetlighting services. The Commission approved the proposal to dissolve County Service Area 55 and annex that territory into County Service Area 54.

1983 The Board of Supervisors, as the governing body for county service areas, initiated the expansion of powers for County Service Area 18 to include park and recreation services (LAFCO 2196) and the reorganization to include annexation to County Service Area 18 and dissolution of Cedarpines Park and Recreation District (LAFCO 2197)

2008 The reorganization of the San Bernardino County Fire Protection District (LAFCO 3000), effective July 1, 2008, included the dissolution of County Service Area 70 Zone PM-1 (a taxing entity for paramedic services in the Lake Arrowhead area) and the formation of County Fire Service Zone PM-1. During the processing of the County Fire Reorganization, it was identified that the territory of CSA 70 Zone PM-1 overlaid a portion of Crest Forest Fire Protection District. The boundaries of the new Service Zone PM-1 were modified to exclude the territory within the existing boundaries of the Crest Forest Fire and a condition of approval was added to transfer the existing PM-1 special tax ($17.30 per parcel) within that area to Crest Forest Fire for its funding of paramedics.

2008-10 On November 4, 2008, Measure R was passed by the community of Crestline. This measure established a governance committee, whose purpose was to conduct a study and recommend to the County Board of Supervisors whether or not the Crestline Sanitation District should change its governance to an independent district governed by a locally elected board composed of residents of the district.

On August 3, 2010, the electorate voted (90% yes) to change the district's governance from being board-governed to independent (Measure T) and elected its first board of directors.

On September 28, 2010, the County Board of Supervisors transferred the rights, title, and interest of vehicles that belonged to the district as well as the transfer of funds to the district.

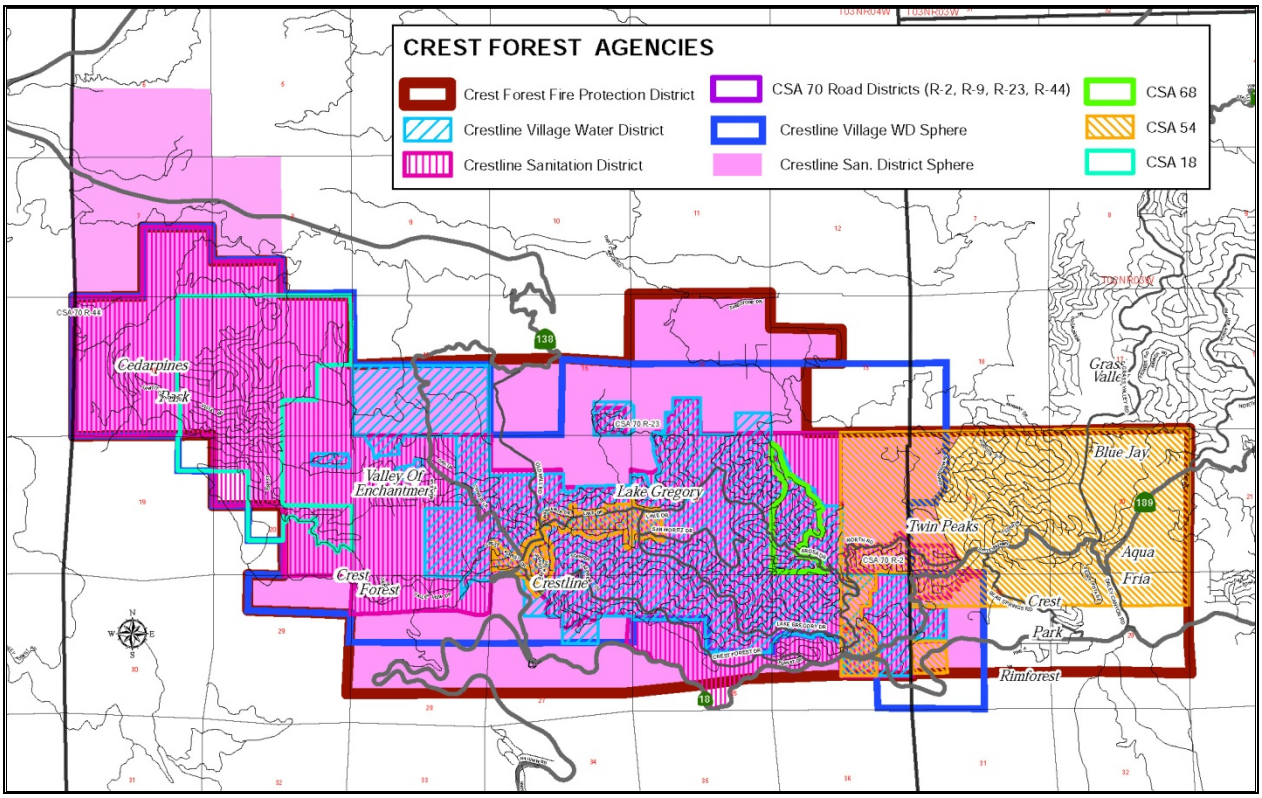
Effective October 1, 2010, the Crestline Sanitation District is an independent special district with a five-member board of directors. Currently, the District is authorized by LAFCO to provide sewer pursuant to the *Rules and Regulations of the Local Agency Formation Commission of San Bernardino County Affecting Functions and Services of Special Districts*.

## CREST FOREST COMMUNITY DISCUSSION

The Commission's policy guidelines for spheres of influence identify that its approach is defined as a "community-by-community" consideration. This practice employs looking at the whole of the community as defined by the existence of inter-related economic, environmental, geographic and social interests. The Commission's concept is to define a community through the spheres of influence for all related service providers.

The Commission has never defined the Crest Forest Community. Agenda Item 9 on this month's agenda titled *Crest Forest and Lake Arrowhead Review Providing for Community Definition and Review of the Regional Services of Streetlighting and Fire Protection* recommends that the Commission define the Crest Forest Community as that of a combination of the spheres of influence of the Crestline Sanitation District and Crestline Village Water District. This report adheres to that definition but recommends that the Commission approve amendments to the Crestline Sanitation District and Crestline Village Water District spheres to include surrounding private parcels and adjust to parcel lines. These sphere recommendations are included in the respective service review/sphere update portions of this report.

Additionally, County Service Area 54 (streetlights) is split between the Crest Forest and Lake Arrowhead communities. A considerable portion of the Crest Forest Fire Protection District extends into the Lake Arrowhead Community. The sphere of influence updates for these agencies are included in Agenda Item 9. Below is a map illustrating the local service providers that serve the general Crest Forest community, a copy of which is included in Attachment #1.

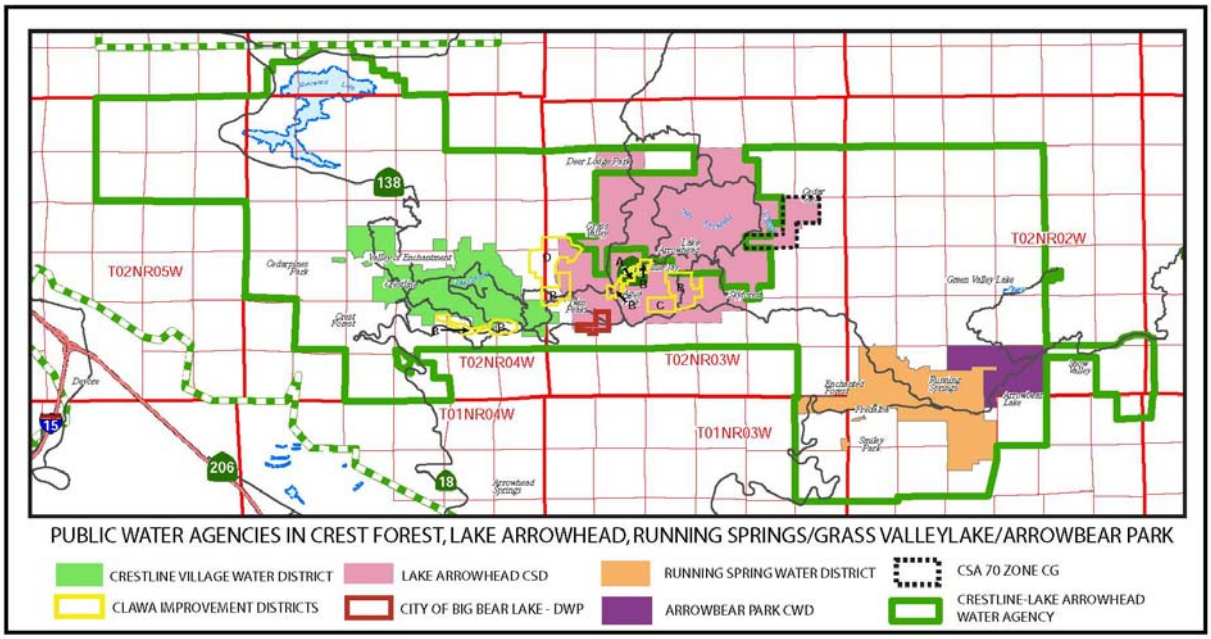


Government Code Section 56076 defines a sphere of influence as a “plan for the probable physical boundaries and service area of a local agency, as determined by the commission”. Any sphere modifications would not affect any agency’s current boundary or the services that they actively provide.

## WATER AND WASTEWATER DISCUSSION

Regional Water

Crestline-Lake Arrowhead Water Agency ("CLAWA) is a State Water Project contractor and delivers wholesale water within its boundaries to private and public retail water providers. This area is located in the South Lahontan Hydrologic Region, as designated by the California Department of Water Resources, and is in the Mojave Watershed.[2] The map below shows CLAWA and its four improvement zones, and the other public water retailers within CLAWA's boundaries. Since CLAWA provides wholesale water to over twenty public and private water purveyors and camps, the map below is limited to public water agencies.




As LAFCO staff has stated on many occasions, water is the lifeblood for communities located in the desert communities due to its limited nature. This statement is also true for the San Bernardino Mountains because it is one of the most densely populated mountain areas within the country and relies upon imported water from the State Water Project for domestic use. Therefore, the most significant regional issue is present and future water supply. The *2007 State Water Project Delivery Reliability Report* indicates that SWP deliveries will be impacted by two significant factors. First, it is projected that climate change is altering hydrologic conditions in the State. Second, a ruling by the Federal Court in December 2007 imposed interim rules to protect delta smelt which significantly affects the SWP. Further, the *Report* shows, "…a continued eroding of SWP delivery reliability under the current method of moving water through the Delta" and that "annual SWP deliveries would decrease virtually every year in the future…" The *Report* assumes no changes in conveyance of water through the Delta or in the interim rules to protect delta smelt.

[2] California Water Plan, Update 2009, Integrated Water Management, DWR, Bulletin 160-09, Vol. 3, South Lahontan.

The 2007 Reliability Report concluded that contractors to the SWP could anticipate average reliability of 66-69% through the year 2027. The range was provided to account for variable impact associated with different conclusions about the potential effects of modeled climate change. The average assumes that in some years contractors are likely to be allocated less than the stated average and in some years contractors are likely to be allocated more than the stated average.

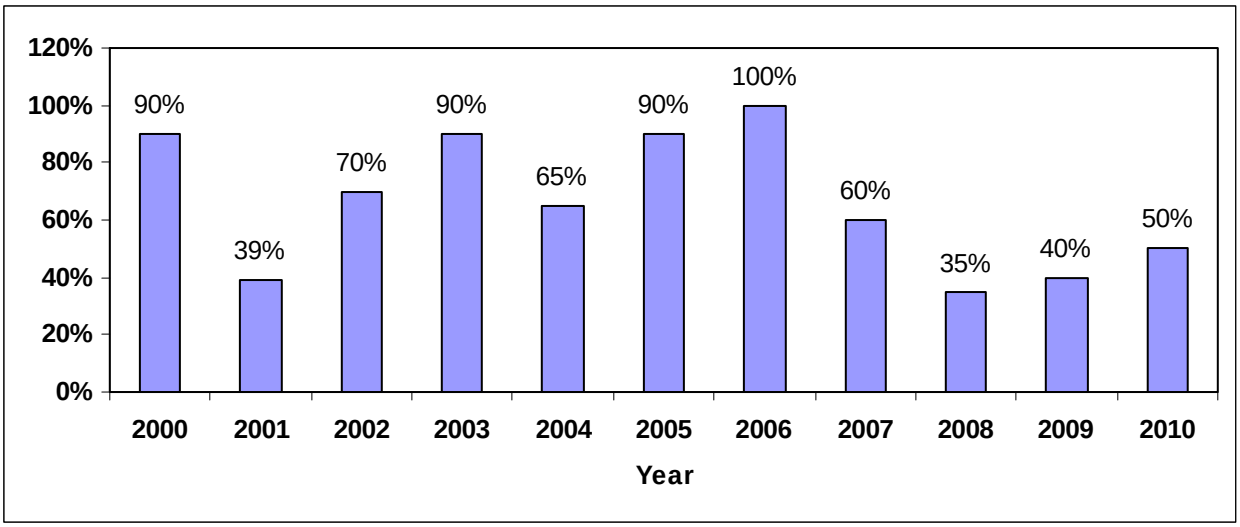
In 2009 the DWR provided an updated reliability report incorporating new biological opinions in place of the referenced interim rules promulgated by the Federal Court. The new biological opinions were significantly more restrictive than the interim rules and consequently the 2009 reliability analysis indicated a reduction in reliability to 61% for long-term (2029) conditions.

Since preparation of the 2009 Reliability Report, the same Federal Court has found the new biological opinions to be unacceptable (and inappropriately restrictive to Delta water exports) and has ordered them to be redone. At this writing yet another set of interim operational guidelines are being developed with the Court and are expected to be less restrictive to water exports than the biological opinions that were included in the DWR modeling for the 2009 Reliability Report. There is also a major effort underway to develop a habitat conservation plan to address the myriad of issues impacting water supply exports from the Delta. That effort, if accomplished in a manner consistent with the “co-equal goals” of ecosystem restoration and water supply reliability envisioned by the State Legislature’s 2009 Comprehensive Water Package, is anticipated to significantly increase reliability of the SWP water supply. The eventual success and/or resulting increase to reliability are unknown at this time; however, the outcome will eventually be reflected in the biennial DWR reliability assessments.

The figure below shows the allocation percentage that State Water Contractors were allowed to purchase since 1998. For example, CLAWA (the State Water Contractor for the area) is entitled to purchase up to 5,800 acre-feet of imported water per year. As of June 23, 2010, for 2010 the allocation percentage is 50%[3]; therefore, CLAWA can purchase up to 2,900 acre-feet in 2010. This sharp reduction in supplemental water supply will reduce the amount of water that CLAWA can deliver to its retail and wholesale customers. This prompts water purveyors to scale back consumption annually, to aggressively promote water conservation measures, and to buy more expensive imported water. Finding efficiencies in managing limited supply sources is critical for the future of the community.

[3] State of California. Department of Water Resources. “Late Spring Weather Allows DWR to Increase Water Allocation”, Press Release. 23 June 2010.

**Department of Water Resources State Water Project Allocation Percentages Statewide (1998-2010)**




source: Department of Water Resources

A complete service review was conducted for CLAWA in July 2010 (LAFCO 3107). The following are key points identified in the CLAWA service review.

- To date, CLAWA has indicated that the SWP allocation reductions have not adversely impacted the agency's ability to serve its retail and wholesale customers. CLAWA's retail deliveries averaged roughly 270 acre-feet/year for the past 10 years, which is a fraction of total water deliveries (16% of total deliveries to CLAWA from Lake Silverwood). Wholesale deliveries comprise the majority of CLAWA's water deliveries and the local retailers use this water to supplement their own local groundwater resources. CLAWA staff indicates that the local groundwater supply has been sufficient to date to satisfy local demand. Given this, retail and wholesale demand has not exceeded CLAWA's SWP allocation to date.

- CLAWA's SWP contract allows it to carry-over the unused portion of its allocation in the San Luis Reservoir in Merced County for use by CLAWA in a later year. The carry-over of water is subject to Department of Water Resources determining that there is adequate storage space in the reservoir. Anticipating that local and imported supply is not static, CLAWA has indicated that as of March 2010, it had 2,398 acre-feet of accumulated carry-over water at San Luis Reservoir for use in subsequent years if needed, dependent upon storage space in the reservoir.

- CLAWA pumps surface water from Silverwood Lake, treats and disinfects the water at a "multi-barrier" treatment plant located near the south shore of the Lake, then pumps the treated water uphill to CLAWA's storage and pipeline distribution system. Once the water is treated and pumped up the mountain, it can then be delivered to its wholesale purveyors and retail customers. However, some retail water purveyors may provide additional treatment for their own local water supplies and blend the supplemental supply with their groundwater resources.

Community Water and Wastewater

In the Crest Forest Community, water is produced from local groundwater sources and imported State Water Project water. Crestline Village Water District is the sole public retail water provider in the community and provides retail water from wells and purchased State Water Project water from CLAWA. The larger private retail water entities include Cedarpines Park Mutual Water Company and Valley of Enchantment Mutual Water Company. Not all areas in the community have direct access to a municipal water provider; therefore, it is understood that water service to those developed properties is provided through on-site wells.

The community's wastewater is treated by the Crestline Sanitation District and disposed through outfall lines to the general Las Flores Ranch area located near Hesperia. The potential for use of recycled water (reclaimed wastewater effluent) by the Crestline Village Water District is limited, due to a lack of uses, lack of customers for such water, and a lack of supply. Crestline Sanitation District, the wastewater agency in the community, disposes of its wastewater effluent outside the Crestline Village Water District's service area, and intends to continue doing so in the future. Additional information on wastewater disposal is detailed in the Crestline Village Water District's service review, included in this report.

Water Rates

Retail water purveyors within CLAWA's boundaries are charged the same wholesale water rate no matter the location. The wholesale water rate has not been adjusted for over 15 years and is $1,150 per acre-foot. A sampling of the residential retail water rates of the larger agencies within the CLAWA service area is identified in the chart below.

## Residential Water Rate Comparison (2010)

(rates measured in units, or one hundred cubic feet)

| Agency | Water Use Rate | | | | Monthly Meter Charge (3/4" Meter) | Monthly Avg. Cost (20 units of water) |
|---|---|---|---|---|---|---|
| | Tier One | Tier Two | Tier Three | Tier Four | | |
| **HILLTOP COMMUNITY** | | | | | | |
| **Arrowbear Park County Water District** | - | 4.90 | - | - | 19.50 | 88.10 |
| **Running Springs Water District** | 3.26 | - | - | - | 18.15 | 83.35 |
| **Green Valley Mutual Water Company** | 2.40 | 7.75 | - | - | 30.50 | 137.35 |
| | | | | | | |
| **CREST FOREST COMMUNITY** | | | | | | |
| **Cedar Pines Park Mutual Water Co.** | 5.50 | 7.00 | 10.00 | - | 30.76 | 179.76 |
| **Crestline Village Water District [1]** | 4.20 | 6.30 | - | - | 19.75 | 118.45 |
| | | | | | | |
| **LAKE ARROWHEAD COMMUNITY** | | | | | | |
| **Alpine Water Users Association** | $3.30 | $6.60 | - | - | $30.00 | $112.50 |
| **County Service Area 70 Zone CG** | 4.69 | 5.21 | 5.73 | 6.30 | 61.80 | 158.72 |
| **Crestline-Lake Arrowhead Water Agency (Improvement Districts A & C) [2]** | - | $7.25 | - | - | 15.00 | 141.88 |
| **Crestline-Lake Arrowhead Water Agency (Improvement District B) [2]** | - | $5.00 | - | - | 10.00 | 97.50 |
| **Crestline-Lake Arrowhead Water Agency (Improvement District D) [2,3]** | - | $7.25 | - | - | 25.00 | 151.88 |
| **Lake Arrowhead Community Services District (Arrowhead Woods)** | 0.68 | 1.74 | 6.21 | 12.93 | 20.60 | 79.27 |
| **Lake Arrowhead Community Services District (Deer Lodge Park)** | 3.27 | 3.90 | - | - | 22.52 | 94.22 |

Rates rounded to the nearest hundredth

[1] Monthly meter charge is the average of the Crestline Division ($17.50) and Lake Gregory Division ($22.00)
[2] CLAWA retail rates are for 5/8" meter
[3] $25 monthly meter charge includes $10 charge for loan repayment

# CRESTLINE VILLAGE WATER DISTRICT
## Service Review and Sphere of Influence Update

**INTRODUCTION**:

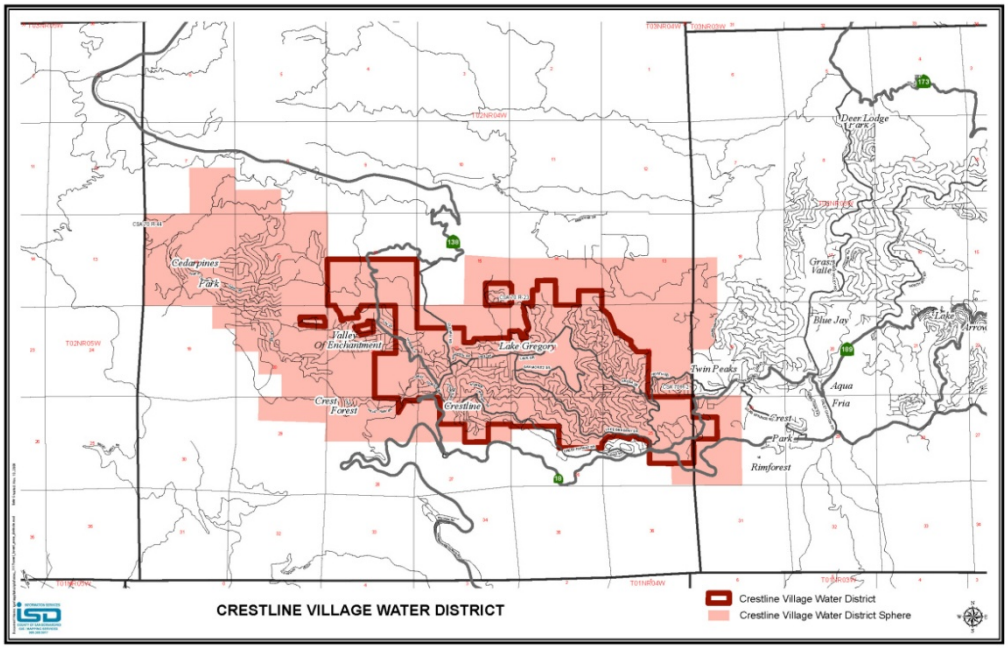
LAFCO 3114 consists of a service review pursuant to Government Code Section 56430 and sphere of influence update pursuant to Government Code 56425 for the Crestline Village Water District ("District").

The District was formed in 1954 to provide retail water to the Crest Forest community. The District is an independent special district with a five-member board of directors and operates under *County Water District Law*, Water Code Section 30000 et seq. Currently, the District is authorized by LAFCO to provide water pursuant to the *Rules and Regulations of the Local Agency Formation Commission of San Bernardino County Affecting Functions and Services of Special Districts*.

As discussed in detail in this report, staff is recommending that the Commission modify the Crestline Village Water District's sphere of influence to encompass the Crest Forest community, as defined by the Commission, which is a combination of the existing spheres of influence for Crestline Village Water District and the Crestline Sanitation District (water and sewer service providers for the area), expanded to include surrounding private lands, and adjusted to match existing parcel delineation.

**LOCATION AND BOUNDARIES:**

The District is located in the Crest Forest community and its boundaries encompass approximately 4.3 square miles and its sphere of influence, including its boundaries, encompasses approximately 11.25 square miles. The study area includes Lake Gregory and the areas commonly known as Skyland, Crest Forest, Valley of Enchantment, Valley View Park, Cedarpines Park, and most of Arrowhead Highlands. A map of the District and its sphere is shown below and is included as a part of Attachment #2.

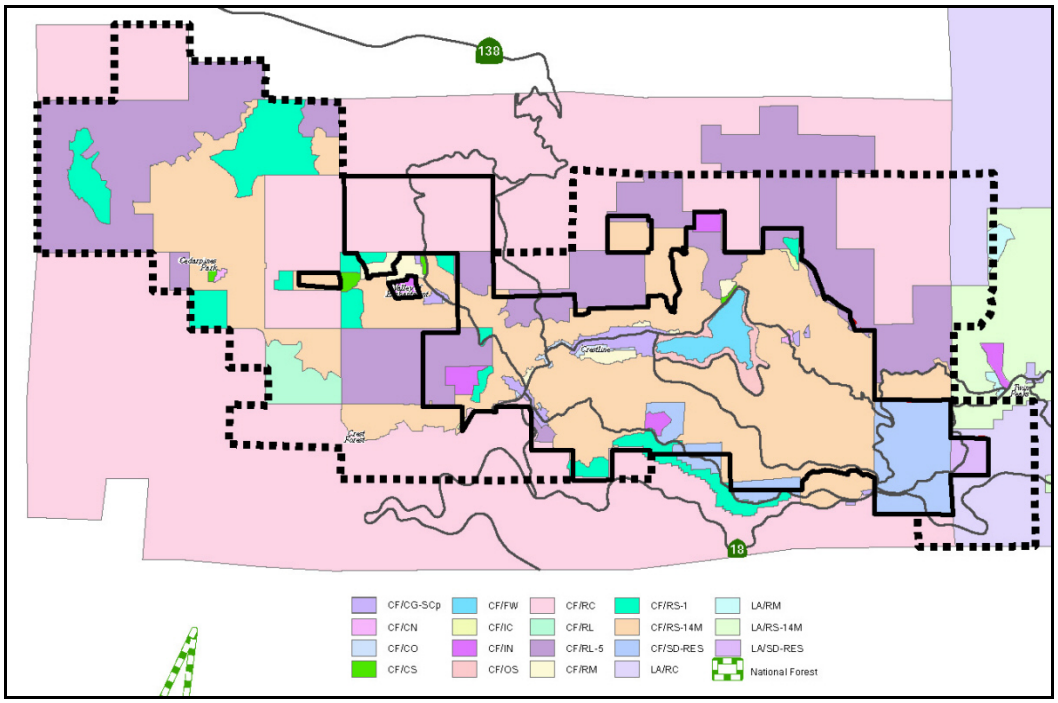


## *CRESTLINE VILLAGE WATER DISTRICT SERVICE REVIEW*

At the request of LAFCO staff, the District prepared a service review pursuant to San Bernardino LAFCO policies and procedures. The response to LAFCO's original and updated requests for materials includes, but is not limited to, the narrative response to the factors for a service review, response to LAFCO staff's request for information, and financial documents (included as Attachment #2). LAFCO staff responses to the mandatory factors for consideration for a service review (as required by Government Code 56430) are identified below and incorporate the District's response and supporting materials.

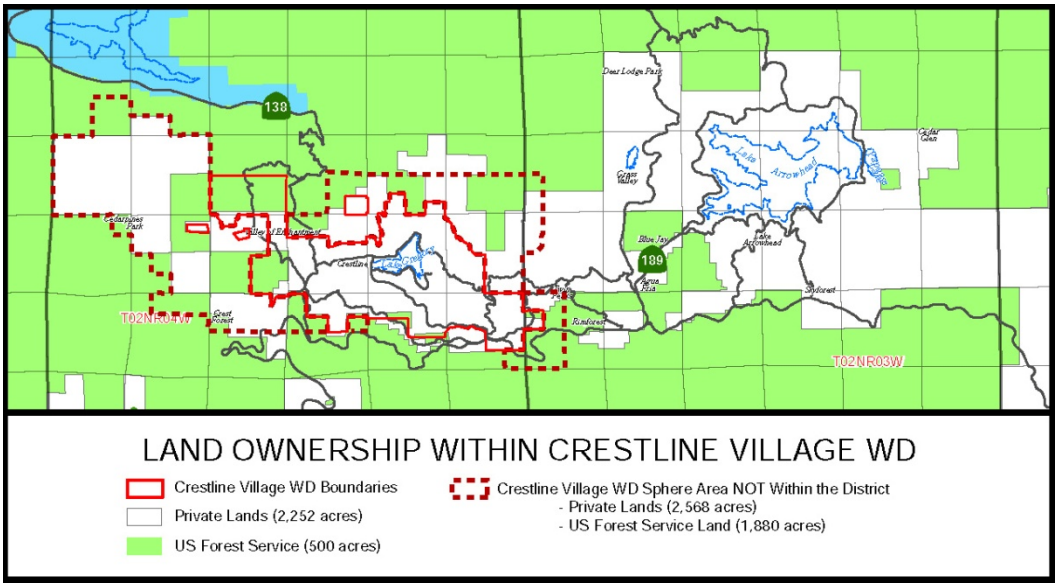
### I. Growth and population projections for the affected area.

Development in the San Bernardino Mountains is naturally constrained by rugged terrain, limited access, and lack of support infrastructure, as well as by planning and environmental policies which place much of the area off limits to significant development. Maximum build-out potential is substantially constrained by the slope-density standards and fuel modification requirements of the County General Plan Fire Safety Overlay. The private lands within the district have land use designations of predominantly residential (RS-14M and RL-5), with scattered commercial along State Route 138 and along Lake Drive west of Lake Gregory. The public lands within the district are designated Resource Conservation. The sphere area outside of the district is generally residential (for the private lands) and resource conservation and/or open space (for the public lands).




The land ownership distribution and breakdown within the District's boundary and sphere are identified on map below. Roughly 81% is privately owned with the remainder within the San Bernardino National Forest (owned by the federal government), which are devoted

primarily to resource protection and recreational use. The current sphere of influence (including district) contains 66% private lands.




In general, the San Bernardino Mountains is one of the most densely populated mountain areas within the country, and is the most densely populated urban forest west of the Mississippi River. However, there is a large seasonal population component as well as a substantial influx of visitors to the mountain resort areas. The seasonal population and visitors are not reflected in available demographic statistics, which count only year-round residents. The District states that the full time occupancy rate is 60%. It is estimated that the seasonal factors can approximately double the peak population. By 2030, the permanent population is estimated to reach over 10,000. This figure does not take into account seasonal population and tourism. Even with the large increase in population, the area is not anticipated to reach its build-out population by the 2030 horizon of this report.

| **Year** | **2010** | ***2015*** | ***2020*** | ***2025*** | ***2030*** | ***2000 to 2030 growth rate*** |
|---|---|---|---|---|---|---|
| Crestline Village WD | 7,500 | *8,124* | *8,799* | *9,530* | *10,323* | *37.6%* |

Source: County of San Bernardino 2007 Community Plans; County Special Districts Department; LAFCO
Notes: Does not include seasonal population or visitors
Italicized figures are calculated by LAFCO staff
Methodology for LAFCO staff calculations[4]

## II. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.

The District provides retail water service to residential, commercial, and residential customers.

Pursuant to the *Urban Water Management Planning Act*[5], each urban water supplier shall update its plan at least once every five years on or before December 31, in years ending in

[4] Population is expected to grow at the annual rate of 1.61 %, based on projections in 2005 from the Southern California Association of Governments (SCAG).

five and zero, and shall file with the Department of Water Resources (DWR) a copy of the plan. In years ending in six and one, DWR submits a report to the State Legislature summarizing the status of the plans and identifies the outstanding elements of the individual plans. LAFCO staff has reviewed the DWR report to the Legislature for the 2005 urban water management plans, and the report identifies that the District did not submit a 2005 urban water management plan[6]. The District adopted its 2005 Urban Water Management Plan in October and submitted it to the DWR. A copy of the 2005 plan was provided to LAFCO staff for this service review, a copy of which is on-file at the LAFCO staff office. Supply and demand information is analyzed in the plan. The plan indicates that there is an adequate water supply to meet the water demands of the District to 2025 and beyond.

**Supply**

The District has 54 approved groundwater sources located on 22 well sites, which produced 15.5 million cubic feet of water in 2004. Water produced locally from the District's wells meets applicable drinking water standards and does not require treatment, other than chlorination of some wells. Thus, the District operates no centralized, complete water treatment facilities of its own. The District chlorinates water from its Pioneer, Horst, and Wilson wells and monitors water quality at those sources. A review of the 2009 Consumer Confidence Report issued June 2010 does not identify that the water supply has had any violations or exceeded acceptable levels for contaminants and constituents. During FY 2008-09, the local wells produced 479 acre feet of water, or 61% of the total supply. The water supply can be affected in dry years, but is considered to be very reliable due to the diversity of sources.

In addition, the District obtains supplemental water supply from the Crestline-Lake Arrowhead Water Agency (CLAWA). CLAWA is the State Water Project contractor, which acts as a water wholesaler to the San Bernardino Mountains area. The District has six connections to the CLAWA water system. Supplemental water purchased from CLAWA has been treated at CLAWA's water treatment facility at Silverwood Lake. The amount of supplemental water purchased from CLAWA by the District each year can range from 20 percent to 80 percent of total supply, depending upon various factors. During FY 2008-09, purchased water from CLAWA totaled 305 acre-feet, or 39% of the total supply, for $360,720. Future water supply projections are based upon average local well production of 19.0 million cubic feet, increasing slightly over time, plus supplemental water from CLAWA as required. The District has attempted to stabilize the cost impact to its customers by evaluating and adjusting the amount spent on capital improvements each year.

The potential for use of recycled water (reclaimed wastewater effluent) by the Crestline Village Water District is limited, due to a lack of uses, lack of customers for such water, and a lack of supply. Crestline Sanitation District, the wastewater agency in the community, disposes of its wastewater effluent outside the Crestline Village Water District's service area, and intends to continue doing so in the future.

**Demand**

[5] California Water Code, Division 6, Part 2.6, Section 10610, et seq.
[6] California. Department of Water Resources, "Summary of the Status of 2005 Urban Water Management Plans", Report to the Legislature. 31 December 2006.

The District currently has roughly 4,935 active service connections. Connections are mainly comprised of residential, some commercial, and no industrial connections. Water demand was 37 million cubic feet in 2004, of which 86 percent was delivered to residential customers. Future demand will increase as a result of development, conversion of seasonal residences to full-time occupancy, and annexations to the District's service area. Overall, water demand is projected to increase based upon the 1.3 percent population growth rate forecasted in the County General Plan. The District's projected demand is expected to be met by supply on an average year basis. The District adopted a Water Conservation Program in 1991. The minimum level of the program constantly promotes the conservation of the District's water resources.

**Facilities**

The District operates 12 water storage tanks with a total storage capacity of approximately 6.6 million gallons. Pumping and pressure reducing facilities are used where needed. There are approximately 90 miles of water lines of varying ages, types, and conditions.

Water losses within the system have historically averaged 15 percent of the total water supply; however, the District is currently nearing the end of the twenty-year capital investment program and is reporting only a 6.33 percent loss of the total water supply in the year 2005. Major investments have been made in the District's water system, including aggressive pipeline replacement, leak detection programs, and improvements involving existing and new storage facilities. The District has replaced approximately 98 percent of the system pipeline. The District has also been aggressively renovating existing storage tanks that have experienced failure of existing internal protective coatings. The storage tank program is approximately 90 percent completed. Additional improvements to tanks include seismic upgrading, recoating of existing tanks, as well as the construction of the new Zurich reservoirs in the final years of the program. The additional water storage capacity will increase system reliability in emergencies and increase fire flow capacity. The District obtained funding from the federal Farmers Home Administration (currently known as the Rural Economic and Community Development Services) in 1979-1980, and also obtained funding from the California Department of Water Resources under the Safe Drinking Water Act in 1980-1981.

The remaining portion of mainline and storage tank upgrading and replacement to be completed will be paid from water revenues. The planned costs from 2009 through 2014 are as follows:

| | |
|---|---|
| Water main projects, installing 7,450 feet | $ 424,650 |
| Well Exploration and Development | 250,000 |
| Upgrading existing water storage tanks | 290,000 |
| Proposed new water storage tanks | 575,000 |
| Replace Meters with Radio Read Meter System | 1,800,000 |
| Heavy Equipment Replacement | 300,000 |
| | $ 3,639,650 |

source: FY 2008-09 Financial Statements

**III. Financial ability of agencies to provide services.**

For this section of the report, staff has reviewed the District's budgets, audits, and State Controller reports for special districts. Annual financial reporting for the District ends April 30 and not June 30 similar to other local governments.

In reviewing the financial documents, the District's net assets have increased by 14% since FY 2005-06 as shown on the chart below. As of April 30, 2010, the District had $13.54 million in net assets. Not including capital assets value and debt, the District had roughly $4.13 million in restricted and unrestricted net assets. Of this amount $3.92 million is unrestricted.

| | **2005-06** | **2006-07** | **2007-08** | **2008-09** | **2009-10** |
|---|---|---|---|---|---|
| **Net Assets** | | | | | |
| Invested in capital assets – net of related debt | 9,499,646 | 9,974,132 | 9,871,423 | 9,573,862 | 9,406,696 |
| Restricted for debt service | 213,240 | 213,239 | 214,055 | 213,800 | 213,527 |
| Unrestricted | 2,162,938 | 2,780,492 | 2,896,810 | 3,595,808 | 3,916,158 |
| **Total Net Assets** | **$11,875,824** | **$12,967,863** | **$12,982,288** | **$13,383,470** | **13,536,381** |

Crestline Village County Water District Facilities Corporation

The District is responsible for one component unit. The Crestline Village County Water District Facilities Corporation (Corporation) was organized under the General Nonprofit Corporation Law of the State of California on January 8, 1979. The Corporation was organized primarily to render favorable financial assistance to the District by providing financing for reservoirs, pipelines and appurtenant works for the treatment, storage and distribution of water. The Corporation is exempt from federal income tax and the California franchise tax.

The Corporation has sold to Farmers Home Administration (FmHA) $1,250,000 of the District Water Facilities Corporation Leasehold Mortgage Bonds Issue of 1979. The Corporation has spent the $1,250,000 for construction of the FmHA Phase I - Division 10 water system improvements. The project was completed on November 20, 1980.

Upon completion of the project, the Corporation, at no profit, has leased the water system improvements to the District. The District is making semi-annual rental payments to the Corporation in amounts necessary to meet the debt service and reserve fund requirements of the bond agreement. At the end of forty years, the Phase I water system will belong to the District for a token amount to be paid at that time.

The Corporation has set up a general fund, a debt service fund and a construction fund to handle the accounting activity of this entity. These funds are blended in the District's financial statements.

Revenues

Operating revenue includes revenues from water sales and services. Non operating revenues include taxes and assessments, investment income, and gain on sale of assets.

*1. Water Sales*

Rates for water use are comprised of a consumptive component and a monthly charge. The monthly charge is charged to all active water accounts in an attempt to equally spread the fixed costs of the District to all customers.

*2. Water Availability Assessment*

The Water Availability Assessment, also referred to as a standby charge, is an annual assessment by the District on each property within the District's boundaries. All funds derived from the assessment are restricted for improvements to the water system; i.e., new water mains, fire hydrants, service laterals, upgrading of storage tanks, etc.

In September, 1985, the California Legislature amended the State Water Code pertaining to Water Standby or Availability Assessment charges, increasing the maximum permissible charge from $10.00 per acre or per parcel of less than one acre to $30.00. On April 17, 1986, the Board of Directors established an availability assessment on all parcels within the District in the following amounts:

- Improved parcels - $15.00 per parcel for the first acre or portion thereof;
- Unimproved parcels - $30.00 per parcel for the first acre or portion thereof; and
- Additional Acreage - $15.00 per acre for each acre or portion thereof exceeding one acre. All parcels larger than one acre in size will be computed to the nearest one-tenth acre.

*3. Share of the one percent general tax levy*

In 1977-78, before Proposition 13, all landowners within the boundaries of the District paid a tax rate of $0.595 per $100 of assessed valuation, as identified in the County's 1977-78 tax rate book, for the purpose of paying all obligations of the District.

Following Proposition 13, the Legislature enacted statutes to implement its provisions. Under these statutes, a local government's share of the one percent general levy was based on the share of the property tax going to that local government before Proposition 13 (excluding bond debt). The District receives a share of the one percent ad valorem property tax, $240,907. In contrast to other areas of the county, assessed valuations have increased each of the past four fiscal years, although collections may be down.

The figure below is taken from the FY 2009-10 financial statements and provides a breakdown of the revenues and expenditures for FY 2008-09 and FY 2009-10.

| | April 30, 2010 | April 30, 2009 |
|---|---|---|
| REVENUES, EXPENSES, AND CHANGES IN NET ASSETS | | |
| Operating Revenues: | | |
| Water sales | $ 2,576,168 | $ 2,649,380 |
| Water services | 93,304 | 98,654 |
| Total Operating Revenues | 2,669,472 | 2,748,034 |
| Operating Expenses: | | |
| Source of supply - labor and maintenance | 77,675 | 69,200 |
| Source of supply - purchased water | 385,748 | 360,720 |
| Pumping - labor and maintenance | 13,549 | 14,736 |
| Pumping - power purchased | 60,947 | 64,987 |
| Water treatment | 20,465 | 15,696 |
| Transmission and distribution | 181,502 | 170,101 |
| Customer accounts | 61,563 | 60,653 |
| Administrative and general | 1,546,588 | 1,475,137 |
| Depreciation and amortization | 562,884 | 574,005 |
| Total Operating Expenses | 2,910,921 | 2,805,235 |
| Operating Loss | (241,449) | (57,201) |
| Nonoperating Revenues | 402,563 | 472,207 |
| Nonoperating Expenses | (47,736) | (54,047) |
| Income before contributions | 113,378 | 360,959 |
| Property contributions (contributions in aid of construction) | 39,533 | 40,223 |
| Change in Net Assets | $ 152,911 | $ 401,182 |

Long-Term Debt

The long-term outstanding debt of the District is comprised of a 2004 Water Refunding Loan Agreement and a 1979 Leasehold Mortgage Bond. The following figure is taken from the FY 2009-10 financial statements and details the remaining payments through 2020.

NOTE 3: LONG-TERM DEBT (continued)

The annual requirements to amortize all debts as of April 30, 2010, including interest payments of $175,056 are as follows:

| Period Ending April 30, | 2004 Water Refunding Loan Agreement | | CVCWD Water Facilities Corporation Leasehold Mortgage Bonds of 1979 | | Totals | | Combined Total Principal and Interest |
|---|---|---|---|---|---|---|---|
| | Principal | Interest | Principal | Interest | Principal | Interest | |
| 2011 | 117,380 | 14,848 | 45,000 | 25,625 | 162,380 | 40,473 | 202,853 |
| 2012 | 121,764 | 10,464 | 45,000 | 23,375 | 166,764 | 33,839 | 200,603 |
| 2013 | 126,310 | 5,918 | 50,000 | 21,000 | 176,310 | 26,918 | 203,228 |
| 2014 | 64,913 | 1,201 | 50,000 | 18,500 | 114,913 | 19,701 | 134,614 |
| 2015 | - | - | 50,000 | 16,000 | 50,000 | 16,000 | 66,000 |
| 2016 to 2019 | - | - | 230,000 | 36,500 | 230,000 | 36,500 | 266,500 |
| 2020 | - | - | 65,000 | 1,625 | 65,000 | 1,625 | 66,625 |
| Totals | $ 430,367 | $ 32,431 | $ 535,000 | $ 142,625 | $ 965,367 | $ 175,056 | $ 1,140,423 |

Other Information

*Regular Audits*

Government Code Section 26909 requires all districts to provide for regular audits; the Agency conducts annual audits and meets this requirement. Section 26909 also requires districts to file a copy of the audit with the State Controller and county auditor within 12 months of the end of the fiscal year. According to records from the County Auditor, as of September 10, 2010 the last audit received was for FY 2008-09 on September 21, 2009.

*Pension and Post-Employment Benefits*

A review of the most current financial statements available identifies that there is a zero net pension obligation. When the District joined California Public Employees Retirement System ("PERS") in 2007, it contributed $500,000 from its Unrestricted Net Assets to reduce the side fund amount to cover prior service for employees.

In addition to PERS retirement, the District provides post-retirement medical benefits through the Association of California Water Agencies (ACWA) to eligible employees and qualified dependents who retire from the District. The benefits provide retired employees with the same medical insurance coverage available to current employees. Retirees with 10 to 40 years of service will receive 25 to 100 percent paid medical benefits. The District does not have an established funding policy for its retiree healthcare plan. For FY 2009-10, the annual required contribution cost was $178,496. Of the required contribution amount, the District contributed $50,133, or 28%.

## IV. Status of, and opportunities for, shared facilities.

At this time the District has no facilities that are shared with other entities. There are no overlapping services that would make it beneficial to have shared facilities. Although there is no formal inter-tie with another agency for water, the District does have six connections with Crestline-Lake Arrowhead Water Agency in order to receive State Water Project water.

## V. Accountability for community service needs, including governmental structure and operational efficiencies.

Local Government Structure and Community Service Needs

The District is an independent special district governed by a five-member board of elected at-large. Elections are held every two years on odd numbered years. The last election was held in 1997 when five candidates ran for three board positions. Since that time, directors have been appointed by the Board of Supervisors in-lieu of an election due to the number of candidates seeking office. As of June 2008, there were 4,161 registered voters within the District. The current board, their positions, and terms of office are shown below:

| Board Member | Title | Term |
|---|---|---|
| William J. Huckell | President | 2011 |
| Steven C. Farrell | Vice President | 2013 |
| Kenneth L. Stone | Director | 2011 |
| Darel V. Davis | Director | 2013 |
| Rosemarie Wiegand | Director | 2013 |

Regular Board meetings occur on the third Tuesday of each month at 3:00 p.m. at the District headquarters. The District regularly communicates with its customers by including messages on its water bills and including informational inserts with the bills. The District also maintains a website, www.cvwater.com.

Officers of the Crestline Village County Water District Water Facilities Corporation at April 30, 2010 were: Howard Hendricks, President; Frederick O'Connor, Vice-President; and Karl Bauerschmidt, Secretary/Treasurer.

Operational Efficiency

Operational efficiencies are realized through several joint agency practices, for example:

- As a member of the California Urban Water Conservation Council and a signatory to the Memorandum of Understanding Regarding Urban Water Conservation in California, the District has conservation programs in place to make a good faith effort to implement a number of particular Best Management Practices.

- Beginning May 5, 2007, the District contributes to the California Public Employees Retirement System ("PERS"), a cost-sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investments and administrative agent for participating public entities with the State of California. As of that date, the District terminated the Crestline Village Water District Money Public Pension Plan.

- The District participates in a joint powers agreement with the California Water Agencies Joint Powers Insurance Authority (Authority). The Authority is a risk-pooling self-insurance entity. Participating entities are insured up to $70 million per occurrence.

Government Structure Options

There are two types of government structure options:

1. Areas served by the agency outside its boundaries through "out-of-agency" service contracts;

2. Other potential government structure changes such as consolidations, reorganizations, dissolutions, etc.

*Out-of-Agency Service Agreements:*

The District does not provide services outside of its boundary.

*Government Structure Options:*

While the discussion of some government structure options may be theoretical, a service review should address possible options.

- Formation of a Community Services District. The option of forming a single, multi-purpose special district, through reorganization of the existing service providers, is a preferred form of government that is feasible for the Crest Forest community. The agencies within the community could be reorganized into a community services district (CSD), which would assume the responsibility for providing the services provided by the agencies proposed to be reorganized (i.e. Crestline Village Water District, Crestline Sanitation District, CSA 18, etc.). The new CSD would assume the responsibilities and all functions, obligations, assets, liabilities, and equipment of the agencies that are to be reorganized. This scenario would provide for an efficient service delivery pattern for the full range of services available within the community through a single agency.

  In addition, such a formation would solidify the community as outlined in the preamble to CSD law, which states that a CSD is:

  "*... (1) A permanent form of governance that can provide locally adequate levels of public facilities and services.*
  *(2) An effective form of governance for combining two or more special districts that serve overlapping or adjacent territory into a multifunction special district.*
  *(3) A form of governance that can serve as an alternative to the incorporation of a new city.*
  *(4) A transitional form of governance as the community approaches cityhood.*

  For San Bernardino LAFCO, the establishment of Community Services District has been used to establish independent government structures that allow for the fostering and nurturing of communities for a future incorporation, maintaining their separate identity. With the support of the Crest Forest community such a distinction could be achieved for the area; however, no clear expression of interest has been conveyed to LAFCO staff during this consideration. However, the establishment of the community designation for Crest Forest is a potential first step in this process.

- Consolidation of all public water agencies and/or service areas. One possible scenario would be to consolidate all of the public water agencies providing retail water service within the boundaries of the Crestline-Lake Arrowhead Water Agency (CLAWA). These agencies include Arrowbear Park County Water District, County Service Area 70 Zone CG, CLAWA, Crestline Village Water District, LACSD, Running Springs Water District, and the Rim Forest portion of the City of Big Bear Lake Department of Water and Power. This option could reduce duplication of administrative efforts and provide the opportunity for economies of scale. Further, it would provide a single voice for this part of the mountain region regarding water issues. This option could also alleviate the need for short-term solutions for water delivery. This is a feasible option in an economic sense, and appears more practical for the Crest Forest and Lake Arrowhead communities. However, the details of a possible consolidation would need to consider the other services provided by the agencies and if annexation of additional territory would be included. Further, this option, as outlined to LAFCO staff, is not practicable at this time due to the political divisions within the community.

- Annexation of sphere territory. The District has several areas within its sphere of influence that have private water systems. The District does not actively pursue increasing its water service area to include these areas, but states that it is ready and willing to serve these areas if asked to or if they are required by regulator agencies to seek other service options.

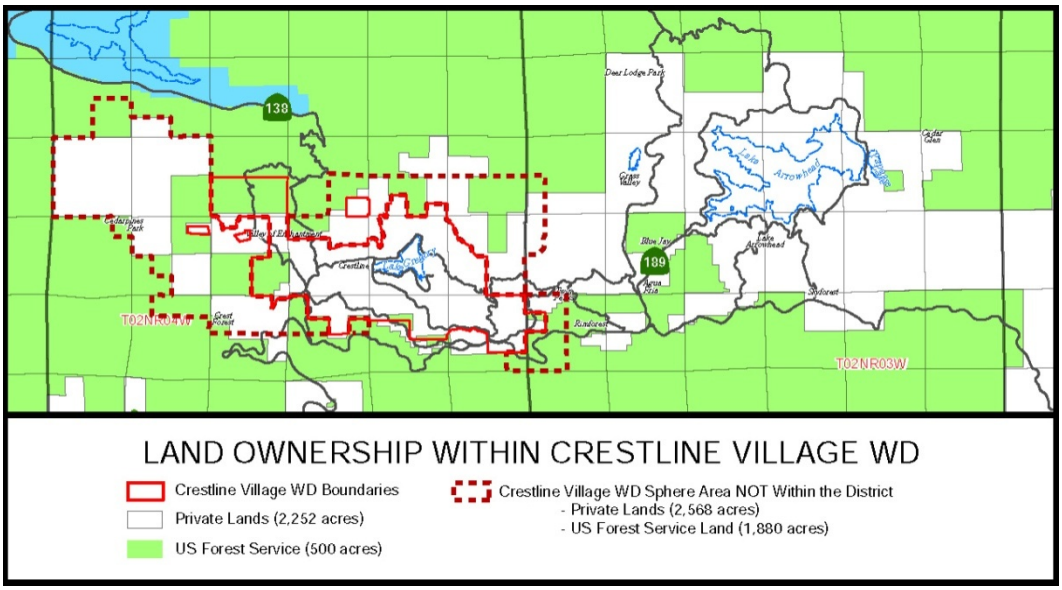
- Consolidation with the Crestline Sanitation District. The District was formed under *County Water District Law* and currently only provides water service to its customers. However, the District and the Crestline Sanitation District could consolidate with the District as the successor agency (since county water districts can provide sewer, not vice versa). If this were to occur, the District's boundaries and sphere of influence would need to be adjusted to match Crestline Sanitation District's boundaries. This scenario could allow for scales of economy and promote a single voice for water and wastewater services in the community.

- Annexation of Dart Canyon. Most of the land surrounding the current sphere of influence is within the San Bernardino National Forest. However, outside of the District’s current boundary and sphere of influence is one area of privately owned land, immediately adjacent to the current sphere. This is the area of Dart Canyon, where future development can be expected to occur (in the north half of Sections 13 and 14, T2N R4W). Since there is no other water purveyor to serve this area, the District states that it may eventually annex this area within its service boundary.

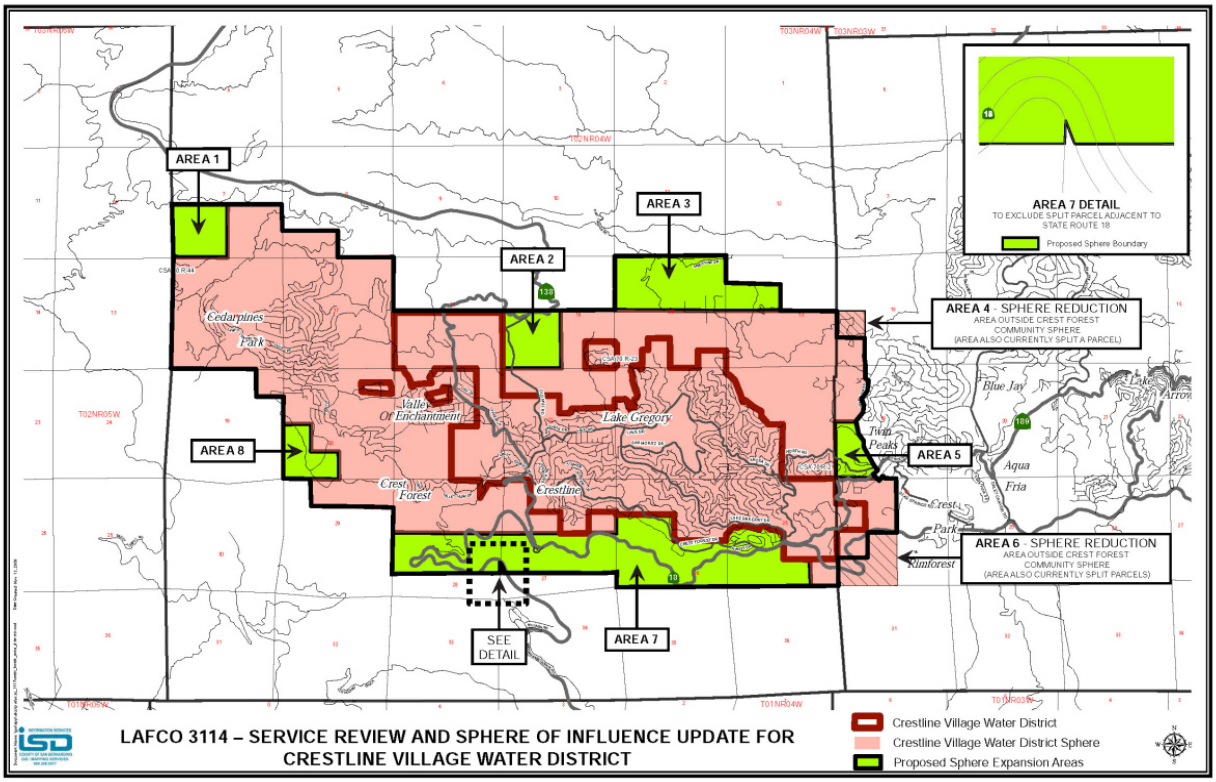
Maintenance of the status quo. At this time, the agencies, landowners, or residents have not formally expressed interest in any of the options outlined above.

Sphere of Influence

The current sphere area covers approximately 11.25 square miles. The sphere of influence outside of the current boundaries is located almost entirely within Township 2 North, Range 4 West (in Sections 7 and 13 through 29); the eastern end of the sphere extends into Township 2 North, Range 3 West (in Sections 18, 19, and 30). This first map shows the private lands in the area with an outline of the District's current sphere.




For this sphere update staff is recommending that the Commission modify the sphere for the Crestline Village Water District to encompass the Crest Forest community, as defined by the Commission, which is a combination of the existing spheres of influence for Crestline Village Water District and the Crestline Sanitation District (water and sewer service providers for the area), expanded to include surrounding private lands, and adjusted to match existing parcel delineation. The proposed sphere modifications are shown on the map below (included in Attachment #2).




Authorized Powers

When updating a sphere of influence for a special district, the Commission is required to establish the nature, location, and extent of any functions or classes of services provided by the district (Government Code §56425(i)).

LAFCO staff recommends the Commission modify the service description of the Water function to accurately reflect the services provided in the *Rules and Regulations of the Local Agency Formation Commission of San Bernardino County Affecting Functions and Services of Special Districts* as follows (changes shown in underline):

| **FUNCTIONS** | **SERVICES** |
|---|---|
| Water | Retail, Domestic, Operation of Water, Conservation, Reclamation |

## FACTORS OF CONSIDERATION:

Present and Planned Uses

The present land uses in the District's service area is residential, business and light commercial. The planned uses are the same. While there is some undeveloped land in the area, it is expected that the land use would fall in the same categories as described above when these properties are developed.

Present and Probable Need for Public Facilities and Services

The District has constructed its water system to meet the current and future needs of the area in its sphere of influence. As surrounding areas are annexed into the District or developed, additional facilities may need to be constructed to service the needs of the annexed areas.

Present Capacity of Public Facilities and Adequacy of Public Services

The District's facilities have been designed to meet the water needs within its service area. There are adequate facilities and water supply to meet the anticipated needs within the District as the area build out.

Social and Economic Communities of Interest

The District comprises the majority of the overall Crest Forest community. The social and economic communities of interest are the Rim of the World Unified School District and Lake Gregory and areas commonly known as Crestline, Valley of Enchantment, Aqua Fria, Blue Jay, Twin Peaks, Cedarpines Park, and Rim Forest.

## CONCLUSION FOR CRESTLINE VILLAGE WATER DISTRICT:

Staff recommends that the Commission:

1. Modify the District's sphere of influence to encompass the Crest Forest community, as defined by the Commission, which is a combination of the existing spheres of influence for Crestline Village Water District and the Crestline Sanitation District (water and sewer service providers for the area), expanded to include surrounding private lands, and adjusted (expanded/reduced) to match existing parcel delineation.

2. Modify the service description of the Water function to reflect services actually provided.

# CRESTLINE SANITATION DISTRICT
## Service Review and Sphere of Influence Update

**INTRODUCTION**:

LAFCO 3133 consists of a service review pursuant to Government Code Section 56430 and sphere of influence update pursuant to Government Code 56425 for the Crestline Sanitation District ("District").

The District was formed in 1946 by the County Board of Supervisors to provide sewer service to the Lake Gregory area. For 64 years the District was a dependent district governed by the County Board of Supervisors. On November 4, 2008, Measure R was passed by the community of Crestline. This measure established a Governance Committee, whose purpose was to conduct a study and recommend to the County Board of Supervisors whether or not the District should change its governance to a district governed by a locally elected board composed of residents of the District.

On August 3, 2010, the electorate voted (90% yes) to change the district's governance from being board-governed to independent. Effective October 1, 2010, the District is an independent special district with a five-member board of directors and operates under the *County Sanitation District Act*, Health and Safety Code 4700 et seq. Currently, the District is authorized by LAFCO the function and service of sewer pursuant to the *Rules and Regulations of the Local Agency Formation Commission of San Bernardino County Affecting Functions and Services of Special Districts*.

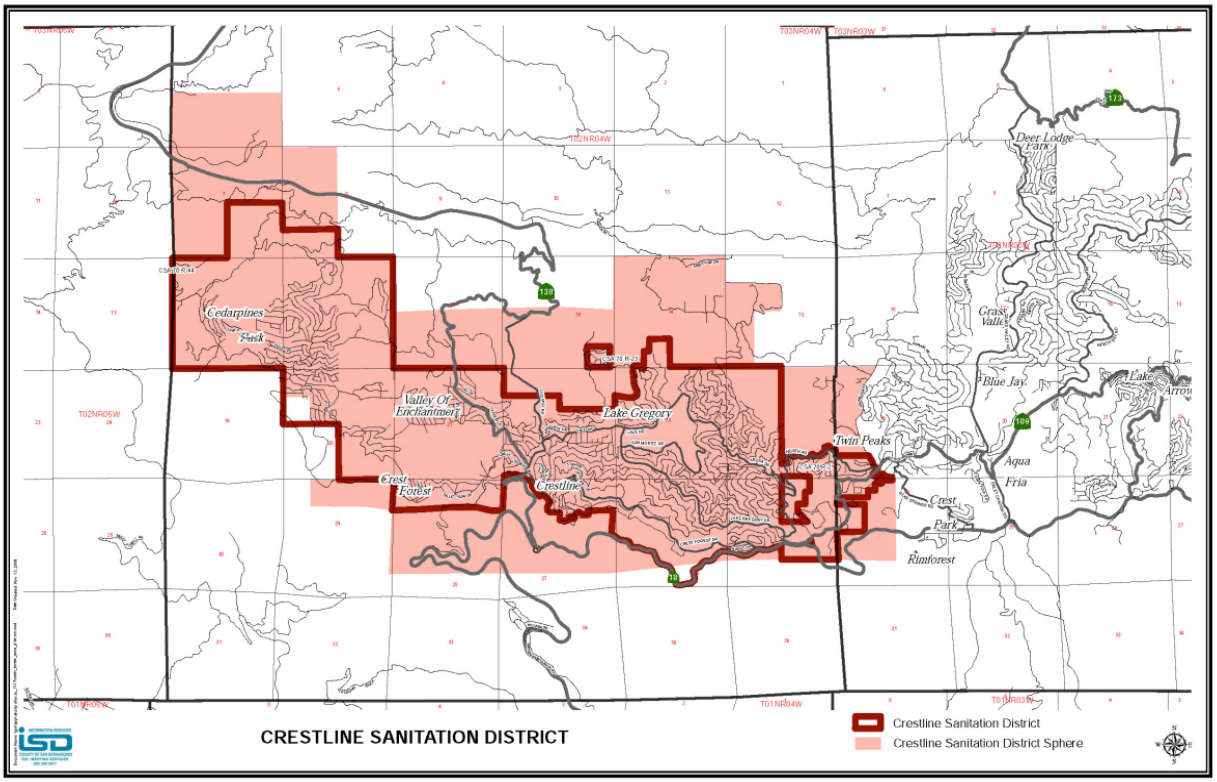
As discussed in detail in this report, staff is recommending that the Commission modify the Crestline Sanitation District's sphere of influence to include the following amendments:

1. Expand the District's sphere to a non-contiguous area of two parcels located adjacent to the City of Hesperia. The properties are owned by district which it uses for effluent disposal.

2. Modify the District's sphere to encompass the Crest Forest community, as defined by the Commission, which is a combination of the existing spheres of influence for Crestline Village Water District and the Crestline Sanitation District (water and sewer service providers for the area), expanded to include surrounding private lands, and adjusted to match existing parcel delineation.

**LOCATION AND BOUNDARIES:**

The District is located in the Crest Forest community and its boundary encompasses approximately 8.6 square miles generally running east from Saw Pit Canyon to Twin Peaks, and north from Highway 18 to Milehigh Park. The District's sphere of influence is roughly 15 square miles and includes Lake Gregory and the areas commonly known as Skyland, Crestline, Crest Forest, Valley of Enchantment, Valley View Park, and Arrowhead Highlands. A map of the District and its sphere is shown below and is included as a part of Attachment #3.




## *CRESTLINE SANITATION DISTRICT SERVICE REVIEW*

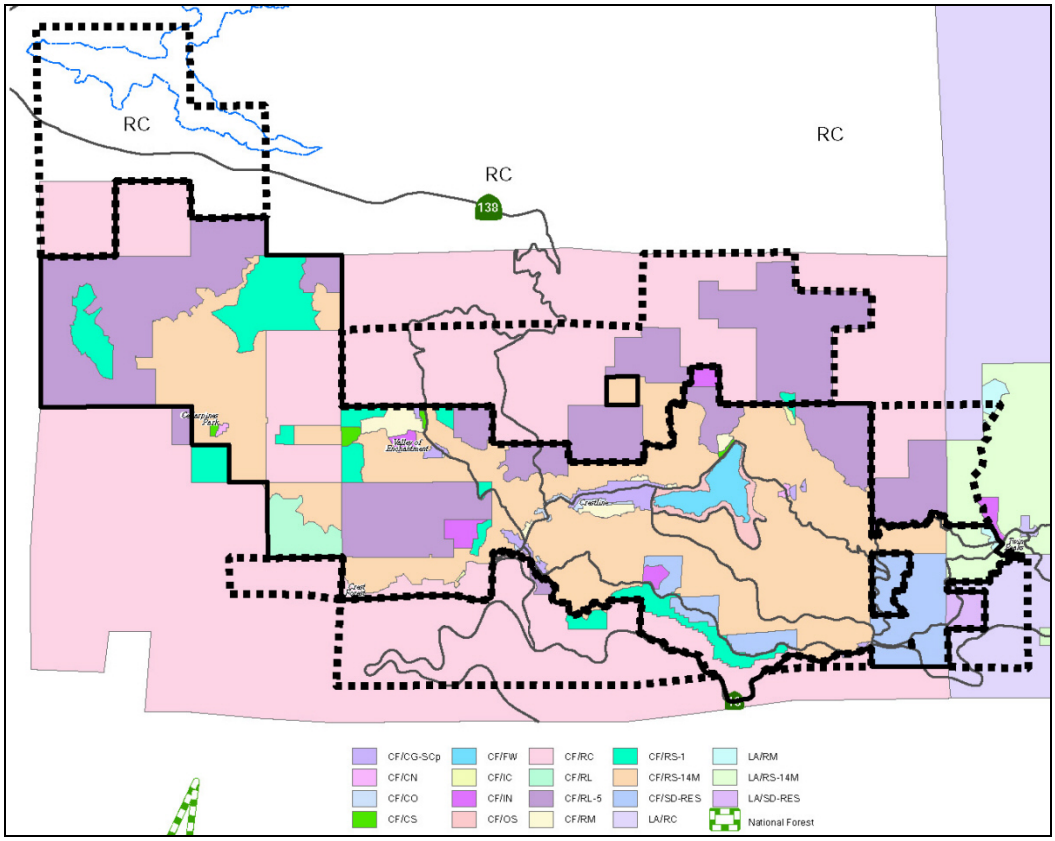
At the request of LAFCO staff, County Special Districts Department, on behalf of the then board-governed district, prepared a service review pursuant to San Bernardino LAFCO policies and procedures. The response to LAFCO's original and updated requests for materials includes, but is not limited to, the narrative response to the factors for a service review, response to LAFCO staff's request for information, and financial documents (included as Attachment #3).

Nearing completion of the final draft of this report, the District became an independent district effective October 1, 2010. The District General Manager has stated that the materials prepared by County Special Districts Department are adequate for this service review. LAFCO staff responses to the mandatory factors for consideration for a service review (as required by Government Code 56430) are identified below and incorporate the District's response and supporting materials.

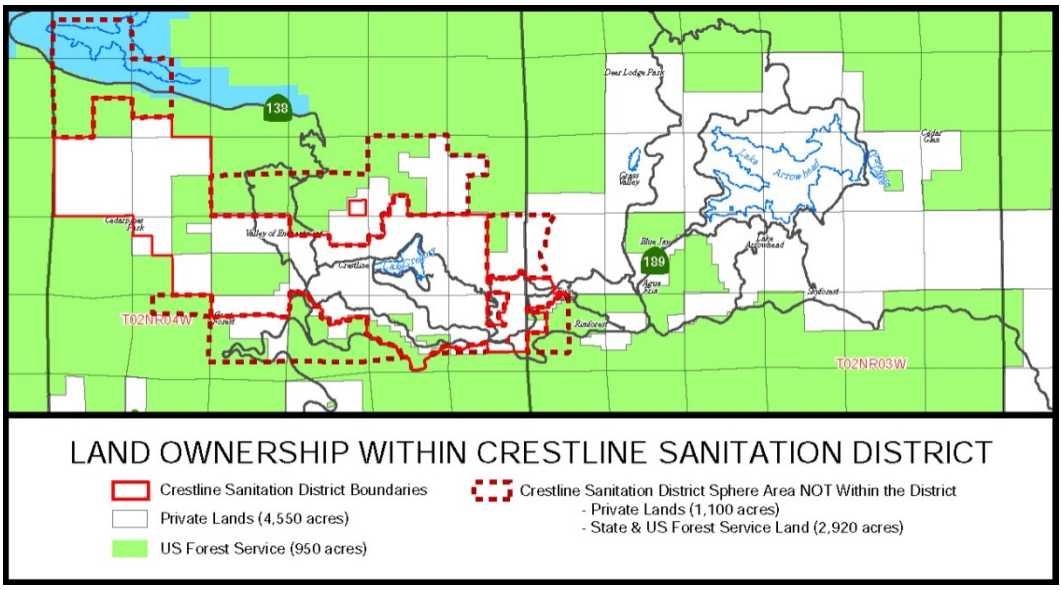
### I. Growth and population projections for the affected area.

Development in the San Bernardino Mountains is naturally constrained by rugged terrain, limited access, and lack of support infrastructure, as well as by planning and environmental policies which place much of the area off limits to significant development. Maximum build-out potential is substantially constrained by the slope-density standards and fuel modification requirements of the County General Plan Fire Safety Overlay. The private lands within the district have land use designations of predominantly residential (RS-14M and RL-5), with scattered commercial along State Route 138 and along Lake Drive west of

Lake Gregory. The public lands within the district are designated Resource Conservation. The existing sphere area outside of the district is generally residential (for the private lands) and resource conservation and/or open space (for the public lands).




The land ownership distribution and breakdown within the District's boundary and sphere are identified on map below. Roughly 80% is privately owned with the remainder within the San Bernardino National Forest (owned by the federal government), which are devoted primarily to resource protection and recreational use. The current sphere of influence (including district) contains 60% private lands.




In general, the San Bernardino Mountains is one of the most densely populated mountain areas within the country, and is the most densely populated urban forest west of the Mississippi River. However, there is a large seasonal population component as well as a substantial influx of visitors to the mountain resort areas. The seasonal population and visitors are not reflected in available demographic statistics, which count only year-round residents. It is estimated that the seasonal factors can approximately double the peak population. By 2030, the permanent population is estimated to reach roughly 15,000. This figure does not take into account seasonal population and tourism. Even with the large increase in population, the area is not anticipated to reach its build-out population by the 2030 horizon of this report.

| Year | 2000 | 2005 | 2010 | 2015 | 2020 | 2025 | 2030 |
|---|---|---|---|---|---|---|---|
| Population | 10,218 | 10,882 | 11,590 | 12,343 | 13,145 | 14,000 | 14,910 |

Source: County of San Bernardino 2007 Community Plans; County Special Districts Department; LAFCO
Notes: Does not include seasonal population or visitors
Italicized figures are calculated by LAFCO staff
Methodology for LAFCO staff calculations[7]

## II. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.

The District provides collection, treatment, and disposal of wastewater to residential and commercial customers in the Lake Gregory area. The District's system has 6,356 connections available, and in 2010 there were 4,854 residential and commercial properties connected to the system.

At present the District has approximately 90 miles of sewer lines ranging from 8 to 15 inches in size. Many of these lines are old and require continuous preventative maintenance. Other areas more recently sewered require increased administrative and field hours for connection permits and sewer inspections. These systems have also increased the time required to perform the necessary operation and maintenance (O&M).

[7] Population is expected to grow at an annual rate of 1.3% as described in the Crest Forest Community Plan.

The District owns and operates three wastewater treatment plants known as the Huston Creek Treatment Plant, the Seeley Creek Treatment Plant, and the Cleghorn Treatment Plant. In addition, the District disposes of treated effluent from the Pilot Rock Treatment Plant (owned by the California Department of Forestry) that is pumped into the District's effluent out fall. The effluent outfall traverses around Silverwood Lake and disposal of effluent from these four facilities occurs at the Las Flores Ranch in Summit Valley north of Lake Silverwood Dam. Waste solids after processing are hauled by the District to a composting facility in Redlands.

System Challenges

In the *Crestline Sanitation District Governance Commission Report* dated February 2010, District staff indicated that the current system's limited capacity at times has difficulty meeting the needs of the community, particularly during the rainy season when a substantial amount of ground water seepage is introduced into the system. This has caused the present sewage system to operate near capacity.

The California Regional Water Quality Control Board, Lahontan Region had informed the County in 2001 that the Crestline Sanitation District needed to expand. Monthly flow rates for Huston Creek have exceeded the State permitted 75% capacity flow rate every winter (525,000 gallons per day) from 2001 through 2008, due to inflow and infiltration from winter rains. Houston Creek Plant expansion will be funded through a loan from the State Water Resources Control Board, Clean Water Revolving Fund as well as District funds.

The *Report* estimates that there are approximately 2,500 equivalent dwelling units on septic systems within the district boundaries. Areas on septic now include: Cedarpines Park, Arrowhead Highland, Dart Canyon, Horseshoe Bend and Strawberry Flats. If these dwelling units with septic tanks were to be required to be added to the District's system by the Lahontan Regional Board, then its capacity would be adversely affected. Further, if either the Strawberry Flats (Twin Peaks area) or Arrowhead Highlands (along Crest Forest Drive) were required to be connected, the District has identified that expansion of Huston Creek Treatment would be immediately necessary.

The Las Flores Ranch located near Hesperia is where the District discharges its effluent via an outfall line since the 1970s. The outflow from all of the treatment plants travels through an outflow line that runs around Silverwood Lake and ends at the District-owned property at Las Flores Ranch. The District outflow water is used on Las Flores Ranch for irrigation purposes. The outflow line failed during the winter rains of 2004-2005 and the District was fined by the California Regional Water Quality Control Board, Lahontan Region. This is ongoing risk for the District, since the contract with Las Flores Ranch can be terminated at any time.

District System

The remainder of this section provides more detailed information on the District's system.

*Pump Stations*

The District has two primary sewage pump stations and one small backyard pump station serving three residences within the collection system. The Lake Gregory Pump Station is

located on the east side of Lake Gregory and receives raw sewage from Assessment Districts 2, 11, 12 and the Pinecrest area. The pump station was built in 1968 and was expanded in 1988 to accommodate flows from Camp Pinecrest. The Forest Shade Pump Station was constructed in 1979 to eliminate possible sewage overflows to Lake Gregory during storm conditions and to serve future unsewered areas. It operates only when sewage backs up in the gravity trunk main along Lake Gregory and overflows into the wet well. The Bernard Drive Pump Station was constructed prior to 2000 and provides sewer service to three homes on Bernard Drive that previously had been served by gravity until the gravity pipeline was washed out and no longer provided service.

*Huston Creek Treatment Plant*

Originally constructed in 1952 to accommodate domestic sewage flow from Assessment District No. 1, the plant has been modified, improved and expanded several times, the latest modification occurring in 2001. The plant is the largest of the District's three treatment facilities with a design capacity of 0.7 mgd. This plant also serves as a central sludge dewatering facility for primary and secondary sludge produced at all three of the District's treatment plants and (by contract) the Pilot Rock Plant. The Huston Creek WWTP is a fixed-film secondary treatment plant. Chlorine is used to disinfect the effluent. Wastewater enters the plant through two parallel gravity sewer mains. Treated effluent is discharged to a gravity effluent outfall system.

The Huston Creek Treatment Plant is the only plant within the District that accepts septic tank wastes from local septic tank pumpers. The District receives approximately 300,000 gallons per year of septage, primarily during the summer months.

*Seeley Creek Treatment Plant*

The Seeley Creek WWTP is the second largest of the District's three treatment facilities with a design capacity of 0.5 mgd. This facility went through a major plant expansion in 1985 and, accordingly, it can be considered to be the newest of the three treatment plants. Seeley Creek was originally constructed in 1974 as a 0.20-mgd package activated sludge facility to treat flows from Assessment District No 5. The treatment system consisted of an in-ground circular tank containing an activated sludge aeration basin, secondary clarifier, chlorine contact chamber and digester.

As flow approached design capacity, the District constructed a 0.1 MG flow equalization basin in 1983. The flow equalization basin captured the peak flow and released it during low flow, thus extending the overall treatment capacity and efficiency of the treatment plant. This system served its purpose for the next two years leading up to the 1985 construction of a new 0.5-mgd facility. The new facility utilized a fixed film process to provide secondary treatment followed by chlorine disinfection. This process allowed gravity flow, increased reliability and reduced operation and maintenance costs. Solids dewatering is accomplished at the Huston Creek WWTP. Effluent is discharged to the Seeley Creek gravity outfall system.

Seeley Creek WWTP is at 30% capacity and no expansion is anticipated.

*Cleghorn Treatment Plant*

The Cleghorn Plant is the smallest of the District's three wastewater treatment plants with a design capacity of 0.2 mgd. The facility was originally constructed in 1974 by the District to serve the needs of the California Department of Parks and Recreation campgrounds at Lake Silverwood and the administrative and housing facilities upstream of the plant. The Cleghorn WWTP is owned and operated by the District, but is located on lands owned by the State. By agreement, the State Parks and Recreation Department reimburses the District for annual operation and maintenance costs. The State Parks and Recreation Department still maintains and operates the collection system that includes five lift stations. Only one of these pump stations has emergency power, which is supplied from the Cleghorn Plant. Periodic dewatering, cleaning and recoating is carried out on a scheduled basis to avoid failures.

The Cleghorn Wastewater Treatment Plant is an extended aeration (i.e., oxidation ditch) activated sludge plant with effluent chlorine disinfection. All wastewater flow from the majority of the park campground enters the plant though a 4-inch force main. An 8-inch gravity main serves the administration center, staff housing and group campgrounds. Final effluent is pumped via force main into the District's effluent outfall system for disposal at the Los Flores site.

Cleghorn WWTP is at 10% capacity and no expansion is anticipated.

*Effluent Outfall System*

Treated effluent from all three District facilities and the effluent pumped from the Pilot Rock Conservation Camp Treatment Facility (0.01-mgd capacity) are conveyed via pipeline to Las Flores Ranch north of Lake Silverwood. There, the effluent is used for pasture irrigation. The pipeline was built in 1970 to transport effluent around Lake Silverwood. The pipeline from the Huston Creek facility is 23,400 feet in length, ranges in size from 12 to 21 inches in diameter and has accommodated up to 6.0 mgd. The Seeley Creek facility outfall line is 6,000 feet in length, ranges in size from 10 to 15 inches in diameter and connects to the pipeline from Huston Creek along Highway 138. An emergency storage pond, about 1500 feet downstream of the Seeley Plant, can store 0.20 MG during an emergency. The combined pipeline also has a capacity of 5.0 mgd, has a total length of 34,200 feet in length and ranges in size from 10 to 21 inches in diameter. The total length of outfall system from the Huston Creek plant to the effluent disposal site is approximately 11 miles.

*Effluent Disposal Site*

The effluent outfall system terminates at a receiving channel and flood-irrigates a pasture area of the Las Flores Ranch in Summit Valley. During emergency, the flow can also be diverted to the adjacent sand beds for percolation. The District has an agreement with the Las Flores Ranch to accept treated effluent. Disposal is upon land owned by the District and Las Flores Ranch. The disposal facilities have one monitoring well upstream and three monitoring wells located downstream from the discharge area. Groundwater from these wells is tested quarterly. All District facilities are operated under discharge monitoring requirements issued by the Lahontan Regional Water Quality Control Board. The District

has delivered reclaimed wastewater to the Mojave Basin Area for disposal in the following amounts[8]:

| **Water Year** | 02-03 | 03-04 | 04-05 | 05-06 | 06-07 | 07-08 | 08-09 |
|---|---|---|---|---|---|---|---|
| **Acre-feet** | 944 | 833 | 1,198 | 819 | 674 | 799 | 714 |

## III. Financial ability of agencies to provide services.

For this section of the report, staff has reviewed the District's budgets, audits, and State Controller reports for special districts. The most recent audit conducted for the District is for FY 2007-08, completed June 30, 2009. LAFCO staff expresses concern that the District has not completed its FY 2008-09 within the 12 months required by Government Code Section 26909. According to the District general manager and County Special Districts Department staff, the conduct of the audit is currently taking place and will be issued by the County Auditor.

In reviewing the financial documents, net assets have increased nominally since FY 2004-05, as shown on the chart below. As of June 30, 2008, the District had $15.11 million in net assets. Not including capital assets value and debt, the District had roughly $5.72 million in restricted and unrestricted net assets. Of this amount $5.67 million is unrestricted. As for restricted assets, the District issued bonds to finance certain sewer improvements. All the District's bonds matured as of July 2, 1996. The portion of the matured bonds held by the County Treasurer amounting to $48,939 is reported as restricted cash.

| **Net Assets** | **2004-05** | **2005-06** | **2006-07** | **2007-08** |
|---|---|---|---|---|
| Invested in capital assets – net of related debt | 7,793,890 | 7,547,220 | 7,440,204 | 9,385,098 |
| Restricted | 232,094 | 239,371 | 48,939 | 48,939 |
| Unrestricted | 6,635,841 | 6,609,369 | 7,425,445 | 5,672,806 |
| **Total Net Assets** | **$14,661,825** | **$14,395,960** | **$14,914,588** | **$15,106,843** |

### Budgets

The County Board of Supervisors has adopted the FY 2010-11 Budget for the District. Effective October 1, the district is now independent. According to the General Manager, the District will operate from the budget that was adopted by the County Board until revised otherwise. To illustrate the revenues and expenditures of the District, LAFCO staff utilizes actuals and estimates from the District's budgets since FY 2008-09 and FY 2010-11 figures are not available from an audit. Important to note, the FY 2010-11 ending fund balance is estimated to be zero. However, Contingencies historically have not been utilized. Therefore, the ending balance is budgeted to be $1,194,084.

Revenue primarily consists of the receipt of a share of the one percent ad valorem general levy, user fees billed to customers. The chart below includes revenue activity since FY 2006-07. Looking at the chart it seems as if property tax receipts were not received prior to FY 2009-10. However, prior to FY 2009-10, property tax receipts were deposited into the District capital fund and then transferred to the operating fund. As for expenditures, Total Expenditures includes annual swings reaching $1 million. The reason for the large swing is due to the extensive capital improvements that have taken place in the past few years.

[8] Mojave Basin Watermaster. Watermaster reports for Water Years 2002-03 through 2008-09.

| | 2006-07 Actual | 2007-08 Actual | 2008-09 Actual | 2009-10 Estimate | 2010-11 Recommended |
|---|---|---|---|---|---|
| **Expenditures** | | | | | |
| Services & Supplies | 664,544 | 634,308 | 685,357 | 775,505 | 806,309 |
| Central Services | 110 | 88 | 86 | 75 | 71 |
| Travel | - | - | 3,883 | 1,500 | 3,600 |
| Other Charges | 107,975 | 107,975 | 107,975 | 107,975 | 107,975 |
| Equipment | 52,600 | 24,584 | 8,602 | 74,594 | - |
| Transfers | 2,189,731 | 2,352,025 | 2,285,240 | 2,187,157 | 2,303,968 |
| Contingencies | - | - | - | - | 1,194,084 |
| Operating Transfers Out | 995,064 | 702,648 | 1,915,070 | 1,427,481 | 829,981 |
| **Total Expenditures** | $4,010,024 | $3,821,628 | $5,006,213 | $4,574,287 | $5,245,988 |
| | | | | | |
| **Revenues** | | | | | |
| Taxes | - | - | - | 911,551 | 911,850 |
| Use of Money & Property | 32,203 | 47,195 | 28,796 | 17,605 | 18,500 |
| State, Fed, or Gov't Aid | 115,755 | 103,109 | - | - | - |
| Current Services | 2,215,306 | 2,112,409 | 2,801,109 | 2,589,124 | 2,524,311 |
| Other Revenue | 14,226 | 53,041 | 7,587 | 10,127 | - |
| Operating Transfers In | 2,327,820 | 1,088,000 | 2,705,888 | 605,000 | 407,975 |
| **Total Revenue** | $4,705,310 | $3,403,754 | $5,543,380 | $4,133,407 | $3,862,636 |
| | | | | | |
| **Net Gain (Loss)** | 695,286 | (417,874) | 537,167 | (440,880) | (1,383,352) |
| **Ending Fund Balance** | $1,704,939 | $1,287,065 | $1,824,232 | $1,383,352 | $0 |

source: FY 2010-11 Recommended Budget

Long-term debt

On January 16, 1997, the District received a revolving fund loan from the State Water Resources Control Board in the amount of $2,159,508. The proceeds of the loan were used to fund construction of the Huston Creek treatment plant effluent storage reservoir. Of the $2,159,508 loan amount, $359,925 was funded by local matching funds. The loan will be repaid in March 2018. At June 30, 2008, the outstanding principal balance is $984,324. A summary of loan payments for the remaining fiscal years is as follows:

| Year Ending June 30, | Principal | Interest | Total |
|---|---|---|---|
| 2009 | 91,057 | 16,918 | 107,975 |
| 2010 | 92,622 | 15,353 | 107,975 |
| 2011 | 94,214 | 13,761 | 107,975 |
| 2012 | 95,833 | 12,142 | 107,975 |
| 2013 | 97,480 | 10,495 | 107,975 |
| 2014-2018 | 513,118 | 26,757 | 539,875 |
| **Total** | $ 984,324 | $ 95,426 | $ 1,079,750 |

Other Information

Under Article XIIIB of the California Constitution (the Gann Spending Limitation Initiative), CLAWA is subject to the Gann limit. Therefore, an agency is restricted as to the amount of annual expenditures from the proceeds of taxes, and if proceeds of taxes exceed allowed

appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates, revised fee schedules of other refund agreements. The district annually adopts an appropriation limit. The FY 2007-08 audit reviewed the proceeds of taxes received by the District during the 2007-08 fiscal year and have found the revenue to be within the guidelines established by Article XIIIB.

Action taken on June 23, 2010 by the County Board of Supervisors established the Preliminary FY 2010-11 appropriation limit for Crestline Sanitation District as $4,311,695.

## IV. Status of, and opportunities for, shared facilities.

Under agreement, the District currently operates the Cleghorn Treatment plant at the Silverwood Lake and provides, on request, staff and equipment support on the State Parks and Recreation Department's collection system.

Under agreement, the District accepts the California Division of Forestry, Pilot Rock Conservation Camp's effluent discharge into the District outfall and dewaters, disposes, and hauls the camps waste biological solids. The District receives payment for these services on an annual basis.

## V. Accountability for community service needs, including governmental structure and operational efficiencies.

### Local Government Structure and Community Service Needs

Effective October 1, 2010, the District is an independent special district governed by a five-member board of directors. The first board was elected on August 3, 2010 to staggered terms. Two memberships will expire in 2012 and three will expire in 2014; however, as the writing of this report the District board has not yet chosen which memberships will expire in 2012 or 2014. The current board composition is shown below.

| Board Member | Title |
|---|---|
| Matthew L. Philippe | Chairman |
| Penny J. Shubnell | Vice Chairman |
| Ken Nelsen | Secretary |
| Sherri L. Fairbanks | Director |
| Jack P. Winsten | Director |

The District's office is located in Crestline at 24516 Lake Drive. Regular meetings of the board are scheduled for the second Thursday of the month at 3:00p.m.

### Operational Efficiency

Operational efficiencies are realized through several joint agency practices, for example:

- The District, under agreement, delivers disinfected secondary effluent to the Las Flores Ranch for irrigation on ranch property adjacent to the District-owned 15-acre site.

- The District is also active in the Water Environment Federation, California Water Environment Association, California Association of Sanitation Agencies, Southern California Alliance of Publicly Owned Treatment Works, American Water Works Association, Tri-TAC (a technical advisory committee representing three California associations: League of California Cities, California Association of Sanitation Agencies, California Water Environment Association), as well as other organizations involved in the water and wastewater industries.

Government Structure Options

There are two types of government structure options:

1. Areas served by the agency outside its boundaries through "out-of-agency" service contracts;

2. Other potential government structure changes such as consolidations, reorganizations, dissolutions, etc.

*Out-of-Agency Service Agreements:*

Under agreement, the District currently owns and operates the Cleghorn Treatment plant at Silverwood Lake and provides, on request, staff and equipment support on the State Parks and Recreation Department's collection system.

Under agreement, the District accepts the California Division of Forestry, Pilot Rock Conservation Camp's effluent discharge into the District outfall and hauls, dewaters and disposes of the camps waste biological solids. The District receives payment for these services on an annual basis.

*Government Structure Options:*

While the discussion of some government structure options may be theoretical, a service review should address possible scenarios.

- Formation of a Community Services District. The option of forming a single, multi-purpose special district, through reorganization of the existing service providers, is a preferred form of government that is feasible for the Crest Forest community. The agencies within the community can be reorganized into a community services district (CSD), which would assume the responsibility for providing the services provided by the agencies proposed to be reorganized (i.e. Crestline Sanitation District, Crestline Village Water District, CSA 18, etc.). The new CSD would assume the responsibilities and all functions, obligations, assets, liabilities, and equipment of the agencies that are to be reorganized. This scenario would provide for an efficient service delivery pattern for the full range of services available within the community through a single agency.

  In addition, such a formation would solidify the community as outlined in the preamble to CSD law, which states that a CSD is:

"*... (1) A permanent form of governance that can provide locally adequate levels of public facilities and services.*

*(2) An effective form of governance for combining two or more special districts that serve overlapping or adjacent territory into a multifunction special district.*

*(3) A form of governance that can serve as an alternative to the incorporation of a new city.*

*(4) A transitional form of governance as the community approaches cityhood.*

For San Bernardino LAFCO, the establishment of a Community Services District has been used to establish independent government structures that allow for the fostering and nurturing of communities for a future incorporation, maintaining their separate identity. With the support of the Crest Forest community such a distinction could be achieved for the area; however, no clear expression of interest has been convey*ed to LAFCO* staff during this consideration. However, the establishment of the community designation for Crest Forest is a potential first step in this process.

- Consolidation with the Crestline Village Water District. The Crestline Village Water District was formed under *County Water District Law* and currently only provides water service to its customers. However, the Water District and the Crestline Sanitation District could consolidate with the Water District as the successor agency (since county water districts can provide sewer, not vice versa). If this were to occur, the Water District's boundaries and sphere of influence would need to be adjusted to match Crestline Sanitation District's boundaries. This scenario could allow for scales of economy and promote a single voice for water and wastewater services in the community.

- Regional cooperation for distributing reclaimed and/or recycled water. Crestline-Lake Arrowhead Water Agency (CLAWA) does not perform reclamation services; although CLAWA Law allows for it to perform reclamation services (treatment and reclamation of sewage and storm water) within its boundaries and the request for authorization to perform the services would be subject to LAFCO approval. However, within its boundaries and sphere of influence there are three agencies that provide this service: Crestline Sanitation District (collection and treatment), Running Springs Water District (collection and treatment; also a JPA with Arrowbear Park Water District and CSA 79), and Lake Arrowhead Community Services District (collection and treatment).

  As a regional agency, in cooperation with other water entities CLAWA is responsible for managing the water resources within its boundaries to ensure a sustainable supply of water for the benefit of its constituents. As such, CLAWA could help coordinate a regional plan for distribution of reclaimed water in the mountains. Such a structure could reduce duplication of planning efforts and provide the opportunity for economies of scale while maintaining the independence of each district.

- Annexation of sphere territory. Should any area currently within the District's sphere but outside of its current boundary require sewer service, the residents, landowners, or the District could submit an application for annexation. However, it is estimated that there are approximately 2,500 equivalent dwelling units on septic systems within

the district boundaries. These areas are more likely to connect to the District's system.

- Maintenance of the status quo. The lack of interest in the scenarios listed above makes them unlikely options at this time. Therefore, staff recommends maintenance of the current structure. However, as detailed below, staff is recommending sphere of influence amendments to encompass the Crest Forest community and include non-contiguous property near Hesperia that is used as a disposal site.

## *CRESTLINE SANITATION DISTRICT SPHERE OF INFLUENCE UPDATE*

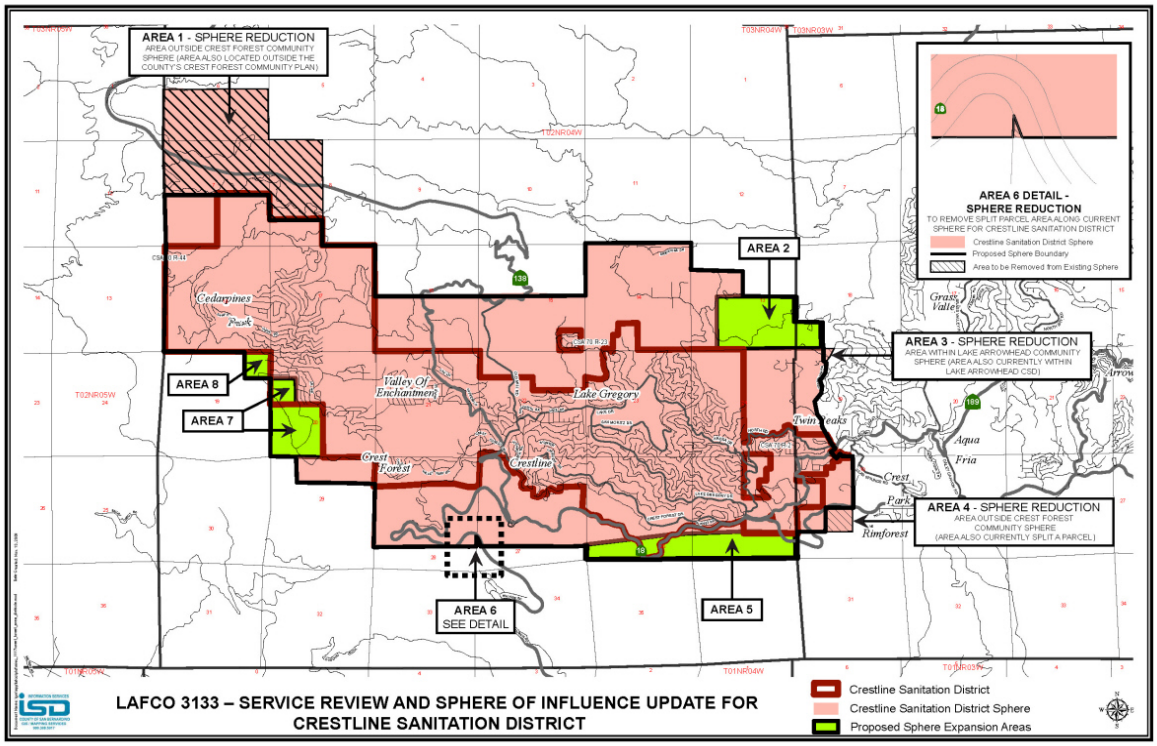
Sphere of Influence

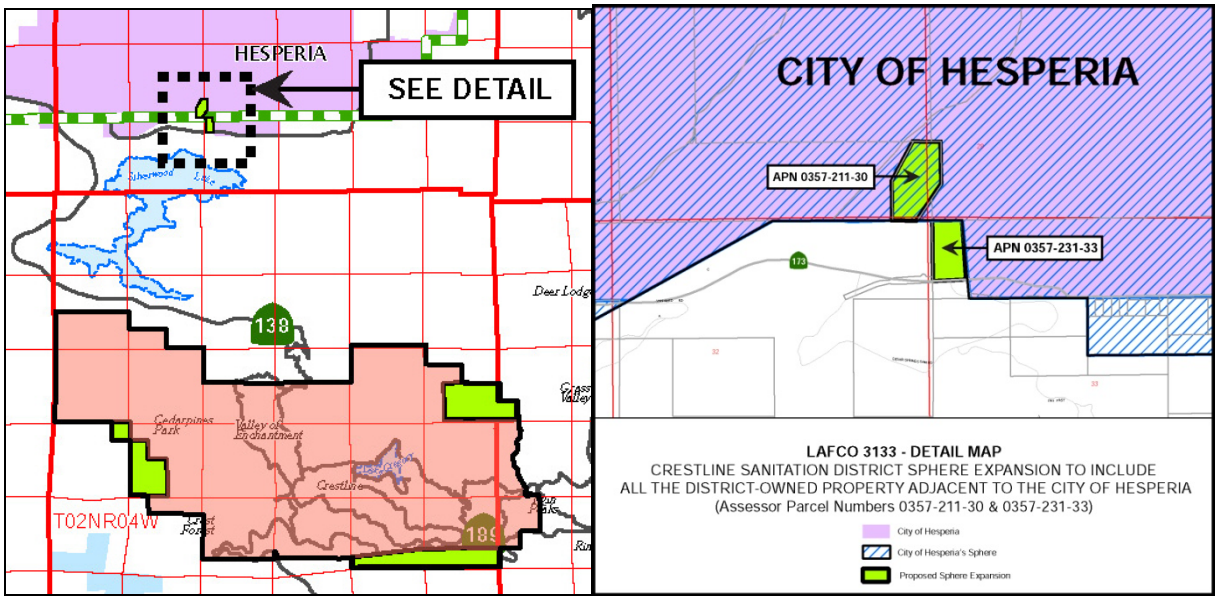
The current sphere area covers approximately 15 square miles. For this sphere update staff is recommending that the Commission modify the Crestline Sanitation District's sphere of influence to include the following amendments:

1. Expand the District's sphere to include two parcels adjacent to the City of Hesperia. The properties are owned by District used for effluent disposal.

2. Modify the District's sphere to encompass the Crest Forest community, as defined by the Commission, which is a combination of the existing spheres of influence for Crestline Village Water District and the Crestline Sanitation District (water and sewer service providers for the area), expanded to include surrounding private lands, and adjusted to match existing parcel delineation.

The proposed sphere modifications are shown on the maps below (included in Attachment #3).




In reviewing these proposed changes with the District, the only concern it had was removing the sphere of influence territory located in Lake Silverwood (Area 1), indicating that this is where the District's Cleghorn Treatment plant is located. However, LAFCO staff believes that removing Area 1 is still appropriate since the area does not include any private lands. The District owns (and operates) the treatment plant - but the land upon which the treatment plant is located remains under State ownership. The District's agreement with the State is for its campgrounds and its administrative and housing facilities. Any expansion would be exclusively for the State's facilities. Therefore, based on the information outlined above,

LAFCO staff continues to recommend removal of Area 1 from the District's existing sphere of influence.

Authorized Powers

When updating a sphere of influence for a special district, the Commission is required to establish the nature, location, and extent of any functions or classes of services provided by the district (Government Code §56425(i)). LAFCO staff recommends the Commission affirm the sewer function and related service description for the District listed in the *Rules and Regulations of the Local Agency Formation Commission of San Bernardino County Affecting Functions and Services of Special Districts* as follows:

| **FUNCTIONS** | **SERVICES** |
|---|---|
| Sewer | Collection, transportation, treatment, disinfection, reclamation, disposal |

**FACTORS OF CONSIDERATION:**

Present and Planned Uses

Development in the San Bernardino Mountains is naturally constrained by rugged terrain, limited access, and lack of support infrastructure, as well as by planning and environmental policies which place much of the area off limits to significant development. Maximum build-out potential is substantially constrained by the slope-density standards and fuel modification requirements of the County General Plan Fire Safety Overlay. The private lands within the district have land use designations of predominantly residential (RS-14M and RL-5), with scattered commercial along State Route 138 and along Lake Drive west of Lake Gregory. The public lands within the district are designated Resource Conservation. The existing sphere area outside of the district is generally residential (for the private lands) and resource conservation and/or open space (for the public lands).

The land ownership distribution and breakdown within the District's boundary and sphere are identified on map below. Roughly 80% is privately owned with the remainder within the San Bernardino National Forest (owned by the federal government), which are devoted primarily to resource protection and recreational use. The current sphere of influence (including district) contains 60% private lands.

Present and Probable Need for Public Facilities and Services

The California Regional Water Quality Control Board, Lahontan Region has ordered areas within the District's boundary to be connected to a sewer system. With growth within its boundaries estimated to increase 37% from 2010 to 2030, it is anticipated that additional areas will be required to connect to the sewer system.

The *Crestline Sanitation District Governance Commission Report* estimates that there are approximately 2,500 equivalent dwelling units on septic systems within the district boundaries. Areas on septic now include: Cedarpines Park, Arrowhead Highland, Dart Canyon, Horseshoe Bend and Strawberry Flats. If these dwelling units with septic tanks were to be required to be added to the District's system by the Lahontan Regional Board,

then its capacity would be adversely affected. Further, if either the Strawberry Flats (Twin Peaks area) or Arrowhead Highlands (along Crest Forest Drive) were required to be connected, the District states that expansion of Huston Creek Treatment would be immediately necessary.

Present Capacity of Public Facilities and Adequacy of Public Services

At present the District has approximately 90 miles of sewer lines ranging from 8 to 15 inches in size. Many of these lines are old and require continuous preventative maintenance. Other areas more recently sewered require increased administrative and field hours for connection permits and sewer inspections. These systems have also increased the time required to perform the necessary operation and maintenance (O&M).

In the *Crestline Sanitation District Governance Commission Report* dated February 2010, District staff indicated that the current system's limited capacity at times has difficulty meeting the needs of the community, particularly during the rainy season when a substantial amount of ground water seepage is induced into the system. This has caused the present sewage system to operate at near capacity.

The California Regional Water Quality Control Board, Lahontan Region had informed the County in 2001 that the Crestline Sanitation District needed to expand. Monthly flow rates for Huston Creek have exceeded the State permitted 75% capacity flow rate every winter (525,000 gallons per day) from 2001 through 2008, due to inflow and infiltration from winter rains.

Social and Economic Communities of Interest

The District comprises the majority of the Crest Forest community. The social and economic communities of interest are the Rim of the World Unified School District, Lake Gregory and areas commonly known as Crestline, Valley of Enchantment, Aqua Fria, Blue Jay, Twin Peaks, Cedarpines Park, and Rim Forest.

**CONCLUSION FOR CRESTLINE SANITATION DISTRICT:**

Staff recommends that the Commission:

1. Amend the sphere of influence to include:

    a. Expansion of the District's sphere to include two parcels adjacent to the City of Hesperia. The properties are owned by the District and used for effluent disposal.

    b. Modification of the District's sphere to encompass the Crest Forest community, as defined by the Commission, which is a combination of the existing spheres of influence for Crestline Village Water District and the Crestline Sanitation District (water and sewer service providers for the area), expanded to include surrounding private lands, and adjusted to match existing parcel delineation.

2. Affirm the sewer function and related service descriptions.

# PRIVATE RETAIL WATER PURVEYORS
## Service Reviews

## INTRODUCTION:

Within the Crest Forest community are numerous private water companies and water camps. The larger of the private agencies are the Cedarpines Park Mutual Water Company and Valley of Enchantment Mutual Water Company. Information regarding these companies was obtained from the Crestline-Lake Arrowhead Water Agency and the California Department of Public Health to allow staff to comply with the directives of Government Code Section 56430 to provide information on all municipal services providers within the communities which LAFCO reviews as a part of its service review responsibilities.

These companies are regulated by the California Department of Corporations (share distribution) and Department of Public Health and primarily serve residential customers and can be classified as community water systems. As mutual water companies, they provide water to shareholders and are required to file with the California Department of Corporations. These agencies are not under LAFCO purview, therefore only information related to a service review is provided for this report.

## SERVICE INFORMATION:

CEDARPINES PARK MUTUAL WATER COMPANY – 781 Services
P.O. Box 9259, Cedarpines Park, CA 92322
21853 Crest Forest Drive, Cedarpines Park, CA
Website Address: www.CPPMWC.com
E-mail Address: CPPMWC@CPPMWC.com
Business Phone: (909) 338-1821 Emergency Phone: (866) 212-7903 FAX: (909) 338-7311
Manager: Sonny Gowan
Secretary: Rhiannon Gowan
Servicemen: Casey Herzig & Daniel Wright
President of the Board: Perry Dahlstrom
Board Members: Ronald Albright, Howard McLeod, Wilfred Steiner & Donald Pederson
Board Meeting Date: Third Tuesday of each month
Board Meeting Location: Crestline Village Water District, 777 Cottonwood Drive, Crestline, CA 92325
Retail Water Charge: $0.06 per cubic foot
Commercial Water Charge: $0.06 per cubic foot
Construction Water Charge: $0.12 per cubic foot
Special Assessments: Membership Fees
Connection Fees & Meter Charges: $5,000.00
Delinquent Payments & Lock off Charge Amounts: 10% Delinquent Fee & $25.00 Lock off Charge

Population: 2,418
Connections: 733 residential, 7 commercial, zero industrial and agricultural
19 groundwater wells, no standby wells, no emergency interconnections other than the line used to received supplemental water from CLAWA
23.8 million gallons produced in 2009, 8.5 million gallons purchased
Emergency response plan is current as of 2009
Secretary of State Business Portal: license filed in 1923, currently active

VALLEY OF ENCHANTMENT MUTUAL WATER COMPANY – 766 Services
P.O. Box 6510 Crestline, CA 92325
22999 Waters Drive Valley of Enchantment, CA 92325
Email Address: voewater@msn.com
Business Phone & Emergency Phone: (909) 338-2310 FAX: (909) 338-6714
Field Manager: Brian Smith
Office Manager: Rose Assad
Servicemen: Jeremy York
President of the Board: Gordon De Jager
Board Members: Harold Marshall, Troy McHenry, JoAnn Farley & George Roddick
Board Meeting Date: Third Thursday of each month
Board Meeting Location: 22999 Waters Drive Valley of Enchantment, CA 92325
Retail Water Charge: $5.75 per 100 cubic feet
Commercial Water Charge: $7.00 per 100 cubic feet
Construction Water: $10.00 per 100 cubic feet
Connection Fees & Meter Charges: $2,700 for a 5/8"; $2,900 for a 1"; $3,100 for a 2"
Delinquent Payments & Lock off Charge Amounts: $20.00 posting fee, $75.00 Lock off fee

Population: 1280, can increase to 1900 during high season
Connections: 760 residential, 5 commercial, zero industry and agricultural
20 wells, zero standby wells, no emergency interconnections other than the line used to received supplemental water from CLAWA
19.5 million gallons produced in 2009, 28 million gallons purchased
Emergency response plan current as of June 1988
Secretary of State Business Portal: license filed in 1927, currently active

# COUNTY SERVICE AREA 18
## Service Review and Sphere of Influence Update

**INTRODUCTION**:

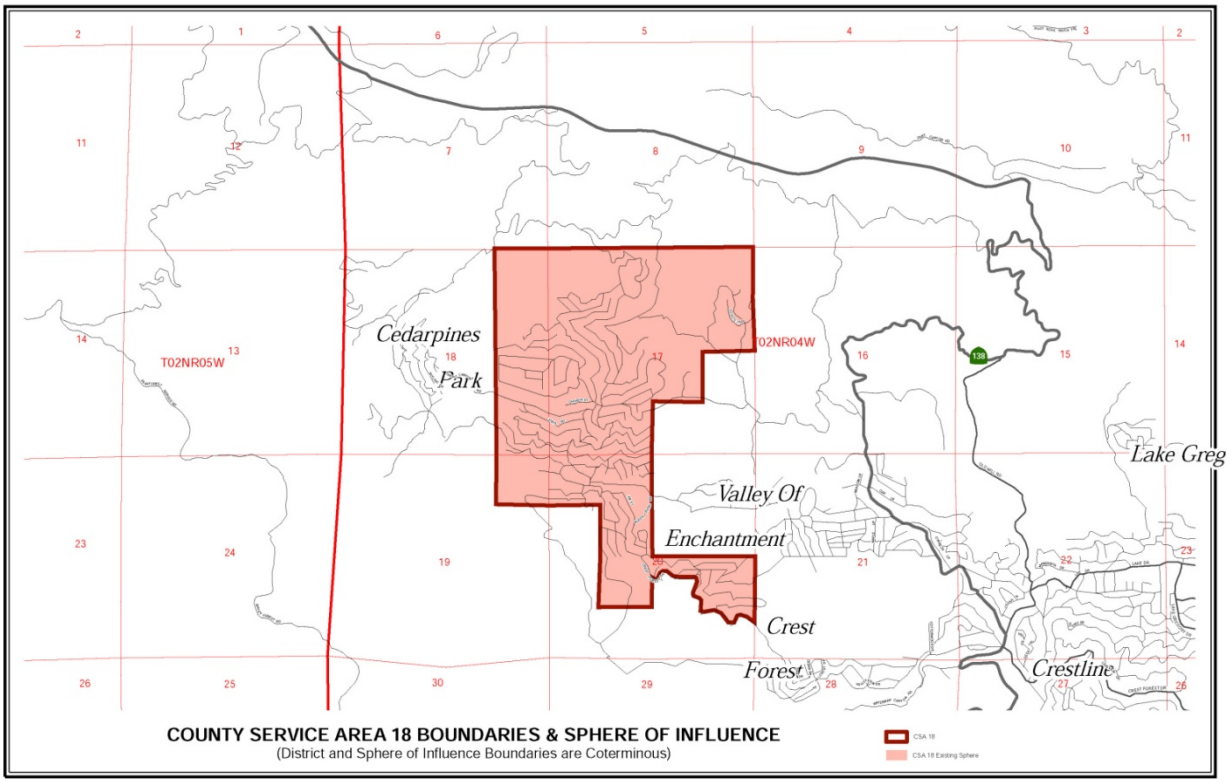
LAFCO 3117 consists of a service review pursuant to Government Code Section 56430 and sphere of influence update pursuant to Government Code 56425 for County Service Area 18 ("CSA 18").

CSA 18 was formed in 1967 by action of the County of San Bernardino Board of Supervisors for the primary purpose of providing road services to the northwestern Crest Forest Community. In 1983, the Cedarpines Park and Recreation District dissolved and CSA 18 was determined to the responsible agency for park and recreation services in the area. CSA 18 is a dependent, or "board-governed" special district whose governing body is the County of San Bernardino Board of Supervisors. It operates under *County Service Area Law* (Government Code Section 25210 et seq.). Currently, CSA 18 is authorized by LAFCO to provide road, water, and park and recreation services pursuant to the *Rules and Regulations of the Local Agency Formation Commission of San Bernardino County Affecting Functions and Services of Special Districts*. To date, CSA 18 has never provided water service.

As discussed in the balance of this report, LAFCO staff recommends that the Commission expand the sphere of influence for CSA 18 by approximately 1,600 acres to encompass all of Cedarpines Park and conform to the Rim of World Unified School District boundary. This area is currently not within the Rim of the World Recreation and Park District.

**LOCATION AND BOUNDARIES:**

CSA 18 is located in the Crest Forest community, in the areas known as Cedarpines Park and Valley View Park. The boundaries and sphere of influence are coterminous and encompass approximately 960 acres generally bordered by a combination of section lines and parcel lines along Mojave River Road and Pine Drive on the east; parcel lines along Crest Forest Drive on the south; parcel lines along Park Circle, Ridge Drive, and Lovers Lane on the west; and section lines along Buck Drive on the north. A map of CSA 18 and its sphere of influence is shown below and included as a part of Attachment #4.

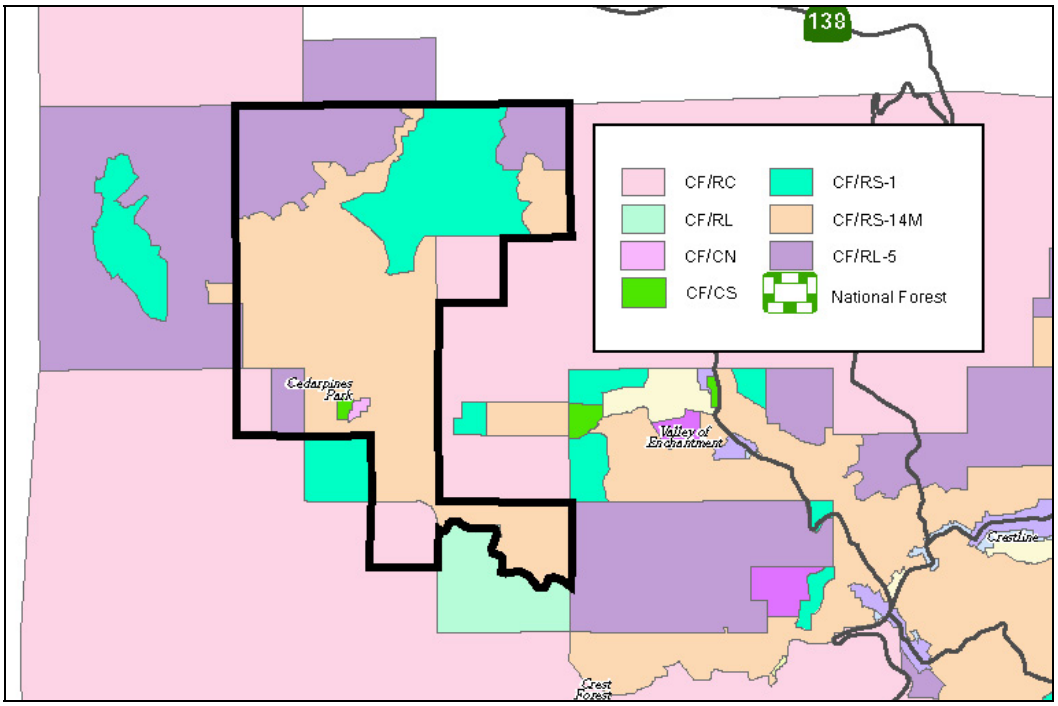


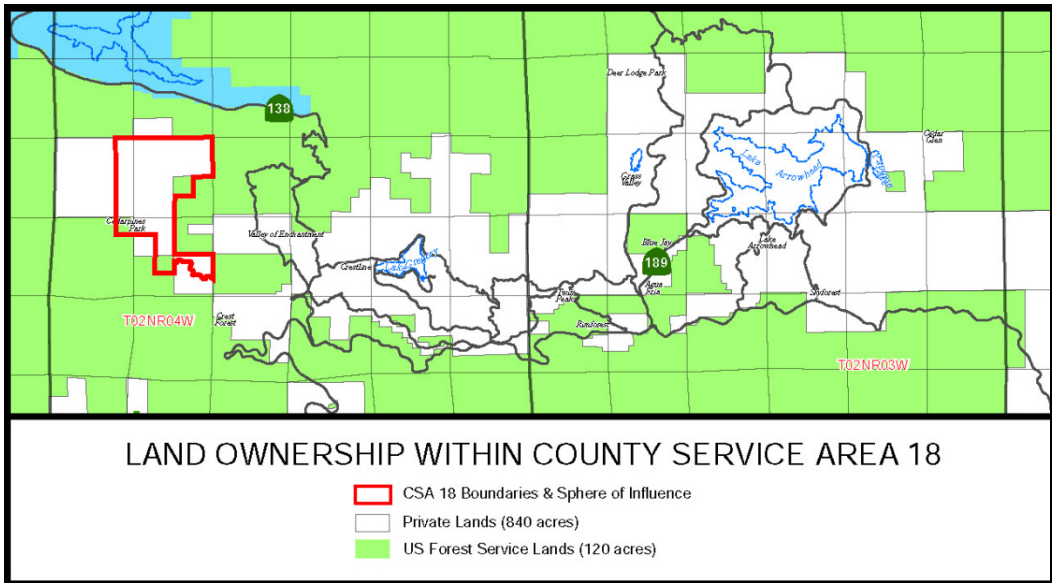

## *CSA 18 SERVICE REVIEW*

At the request of LAFCO staff, the County Special Districts Department, administrators for board-governed special districts, prepared a service review pursuant to San Bernardino LAFCO policies and procedures. The response on behalf of CSA 18 to LAFCO's original and updated requests for materials includes, but is not limited to, the narrative response to the factors for a service review, response to LAFCO staff's request for information, and financial documents (included as Attachment #4). LAFCO staff responses to the mandatory factors for consideration for a service review (as required by Government Code 56430) are identified below and incorporate County Special Districts Department's response and supporting materials.

### I. Growth and population projections for the affected area.

Development in the San Bernardino Mountains is naturally constrained by rugged terrain, limited access, and lack of support infrastructure, as well as by planning and environmental policies which place much of the area off limits to significant development. Maximum build-out potential is substantially constrained by the slope-density standards and fuel modification requirements of the County General Plan Fire Safety Overlay. As shown on the first figure below, the majority of the land has County General Plan residential land use designations. As shown on the second map, 88% of the land is privately owned.




In general, the San Bernardino Mountains is one of the most densely populated mountain areas within the country, and is the most densely populated urban forest west of the Mississippi River. However, there is a large seasonal population component as well as a substantial influx of visitors to the mountain resort areas. The seasonal population and visitors are not reflected in available demographic statistics, which count only year-round residents. It is estimated that the seasonal factors can approximately double the peak population. By 2030, the permanent population is estimated to reach around 1,200. Even with the large increase in population, the area is not anticipated to reach its build-out population by the 2030 horizon of this report.

| Year | 2005 | *2010* | *2015* | *2020* | *2025* | *2030* | *2005 to 2030 growth rate* |
|---|---|---|---|---|---|---|---|
| **CSA 18** | 868 | *924* | *985* | *1,049* | *1,117* | *1,189* | 37% |

Source: County of San Bernardino 2007 Community Plans; County Special Districts Department
Notes: Does not include seasonal population or visitors
Italicized figures are calculated by LAFCO staff
Methodology for LAFCO staff calculations[9]

## II. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.

CSA 18 is authorized by LAFCO to provide road, park and recreation, and water services within its boundaries. To date, it has never provided water service.

### Roads

CSA 18 provides road maintenance and snow removal services to 17.5 miles of road. For CSA 18, road maintenance consists of road grading and asphalt maintenance. Public Works maintains certain roads within CSA 18 such as Saw Pit Canyon Road, Crest Forest Drive and Waters Drive. These roads are not maintained by CSA 18. The equipment used to provide these services is owned in the name of CSA 18.

### Park and Recreation

County Special Districts Department did not provide a park master plan or studies for this review. CSA 18 maintains one five-acre park and a community center in Cedarpines Park. The facilities include a bathroom, playground equipment, and barbeque area.

### Water

CSA 18 has never provided water service.

## III. Financial ability of agencies to provide services.

The primary sources of revenue for CSA 18 are the $50 per parcel annual service charge and share of the one percent ad-valorem property tax. Up until FY 2010-11, there was one employee in the name of CSA 18. However, this fiscal year the County transferred the employee to CSA 70 (countywide); costs will be reimbursed through salaries and benefits transfers out to CSA 70. To pay for these functions, the FY 2010-11 Budget indicates a transfer to CSA 70 Countywide of $198,189 for salaries and benefits and services and supplies support.

As shown on the chart, CSA 18 enjoyed excess revenue, which increased fund balance, for the past few years. However, the annual excess revenue has declined due to fewer property tax receipts and increasing costs. For FY 2010-11, removing Contingencies from the calculation, which has historically never been utilized, CSA 18 is budgeted to lose $201,233 this year. Should this trend continue, CSA 18 will need to consider mechanisms to reduce expenses which may include a reduction of service. Special Districts Department

[9] Population is expected to grow 1.3% every year, as identified in the Crest Forest Community Plan.

staff indicates that additional service charges would need to be charged in order to generate adequate revenues to provide for any additional road service.

**CSA 18 Financial Activity – Operational Fund**

| | FY 2006-07 Actual | FY 2007-08 Actual | FY 2008-09 Actual | FY 2009-10 Estimate | FY 2010-11 Budget |
|---|---|---|---|---|---|
| REVENUES | | | | | |
| Property taxes | $138,685 | $126,613 | $126,256 | $117,753 | $117,753 |
| Interest | 16,275 | 23,252 | 16,573 | 9,000 | 10,000 |
| Current Services | 249,370 | 206,180 | 180,535 | 163,214 | 163,214 |
| Other | 13,906 | 11,129 | 4,333 | 320 | - |
| Operating Transfers In | 6,470 | 2,040 | 126,858 | - | |
| Total Revenues | 424,706 | 369,214 | 454,555 | 290,287 | 290,967 |
| EXPENDITURES | | | | | |
| Salaries & Benefits | 72,624 | 84,586 | 93,723 | 103,372 | - |
| Services & Supplies | 48,901 | 54,011 | 111,527 | 68,493 | 90,979 |
| Central Services | 102 | 649 | (25) | 31 | 32 |
| Travel | - | - | - | - | 3,000 |
| Equipment | - | - | - | 134,200 | |
| Transfers | 53,466 | 73,546 | 93,591 | 104,915 | 198,189 |
| Contingencies | - | - | - | - | 169,724 |
| Reimbursements | (6,235) | (2,917) | (6,621) | (14,400) | - |
| Operating Transfers Out | 87,000 | 118,566 | 125,000 | 125,000 | 200,000 |
| Total Expenditures | 255,858 | 328,441 | 417,195 | 521,611 | 661,924 |
| Net Change in Fund Balance | 168,848 | 40,773 | 37,360 | (231,324) | (370,957) |
| Fund Balance Ending | $524,148 | $564,921 | $602,281 | $370,957 | $0 |

note: Fund Balance Ending calculated by LAFCO staff

Fund balance is maintained for emergencies such as road failures, culvert failures, flash flooding, and excessive snow storms. According to the FY 2010-11 Budget, the $200,000 for Operating Transfers Out is identified for road repair and maintenance. The FY 2010-11 Budget identifies a beginning capital improvement program reserve fund balance of $46,939.

Appropriation Limit

An appropriation limit is required by Article XIIIB of the State Constitution and limits the expenditure of the proceeds of taxes. By action taken on June 28, 2010 the Board of Supervisors of the County of San Bernardino established the preliminary appropriation limit for CSA 18 at $1,474,873.

## IV. Status of, and opportunities for, shared facilities.

The Special Districts Department consolidates the administrative operations and facilities for county service areas and improvement zones under the auspices of CSA 70. In the past, CSA 18 equipment and personnel have been contracted out to other Board-governed districts to provide snow removal and/or road maintenance service with reimbursement provided to CSA 18.

## V. Accountability for community service needs, including governmental structure and operational efficiencies.

*Local Government Structure and Community Service Needs*

CSA 18 is governed by the County Board of Supervisors and administered by the County Special Districts Department; it is within the political boundaries of the Second Supervisorial District. CSA 18's budget is prepared as a part of the County Special Districts Department's annual budgeting process. CSA 18's annual budget is presented to the County Administrative Office and Board of Supervisors for review and approval.

*Operational Efficiency*

As a mechanism to control costs, the County of San Bernardino Special Districts Department has consolidated many of the administrative and technical functions necessary to manage the various services provided under County Service Area 70. Therefore, CSA 18 has no direct employees; it pays for a proportional share of salaries and benefits costs necessary to serve it and pays a proportional cost of the administrative functions of the County Special Districts Department**.** One regional manager oversees all the road districts and another oversees all of the park districts.

*Government Structure Options*

There are two types of government structure options:

1. Areas served by the agency outside its boundaries through "out-of-agency" service contracts;

2. Other potential government structure changes such as consolidations, reorganizations, dissolutions, etc.

Out-of-Agency Service Agreements:

The provision of service outside the boundaries of CSA 18 is not applicable.

Government Structure Options:

While the discussion of some government structure options may be theoretical, a service review should address possible options. Special Districts Department staff in preparing the service review indicated that there were no consolidations or other structure options available for the operation of CSA 18.

- Expansion of boundaries to serve adjacent territory. Should an area adjacent to CSA 18 require road or park service, one option would be to expand the boundaries. Theoretically, CSA 18 could receive a share of the general levy from a potential annexed area; however, existing County policy related to annexations does not provide for a transfer of a share of the general levy to annexing county service areas. Outside of a general levy transfer, any additional special tax or charge would be subject to a Prop 218 election.

- Consolidation with the other road districts within the unincorporated area of the Mountain region. Special Districts Department has indicated in the past a desire to consolidate the road districts in the South Desert region of the County. According to Special Districts Department management, they discussed this possibility with management at the County Administrative Office and County Auditor. The indication received from the other County departments was a regional road entity in the South Desert was not feasible and that maintenance of separate zones was appropriate.

  County Special Districts Department was requested to provide its response to this option for the mountains. In their response, they state that Special Districts' staff has looked at this option in the past. They further state that each county service area or zone provides a different level of service based on the desire of the property owners and how much they are willing to pay as well as the condition of the roads. As a result, each zone and county service area has a different per parcel charge or tax and a different level of service. In order to comply with this request, Special Districts would need to conduct elections of all the county service areas and zones so there was a consistent per parcel tax or charge. The elections and cost to form the new county service area would be cost prohibitive to the county service areas and zones as well.

  In the South Desert, there are varying levels of road service. However, LAFCO staff believes that this is a viable option in the Mountain region. In the Mountains, the levels of service are generally the same – road maintenance and snow removal as well as establishing standards and procedures. The mechanism would be a single county service area with multiple zones – each with its own revenue structure. Therefore, economies of scale can be achieved by having a regional agency coordinate road maintenance and snow removal. For example, if the various zones maintain the same department code with the County Auditor, a single audit could be performed instead of 23 separate audits, which could result in a savings of over $40,000 annually.

- Assumption of service by Rim of the World Recreation and Park District (District) Currently, CSA 18 provides park and recreation to the majority of the Cedarpines Park area; the remainder is not within the boundary or sphere of influence of a park and recreation provider. The registered voters, landowners, the County on behalf of CSA 18, or the District could submit an application to LAFCO for the District to assume responsibility for park and recreation services to the area. In this scenario, the District would annex four square miles, be responsible for providing park and recreation services to the area, and would succeed to CSA 18's park and recreation assets, liabilities, and share of the general property tax levy. LAFCO staff is not aware of any interest in this area being annexed to the District. Given the past and current nature of the District's finances and operational challenges, support for this option is unlikely at this time.

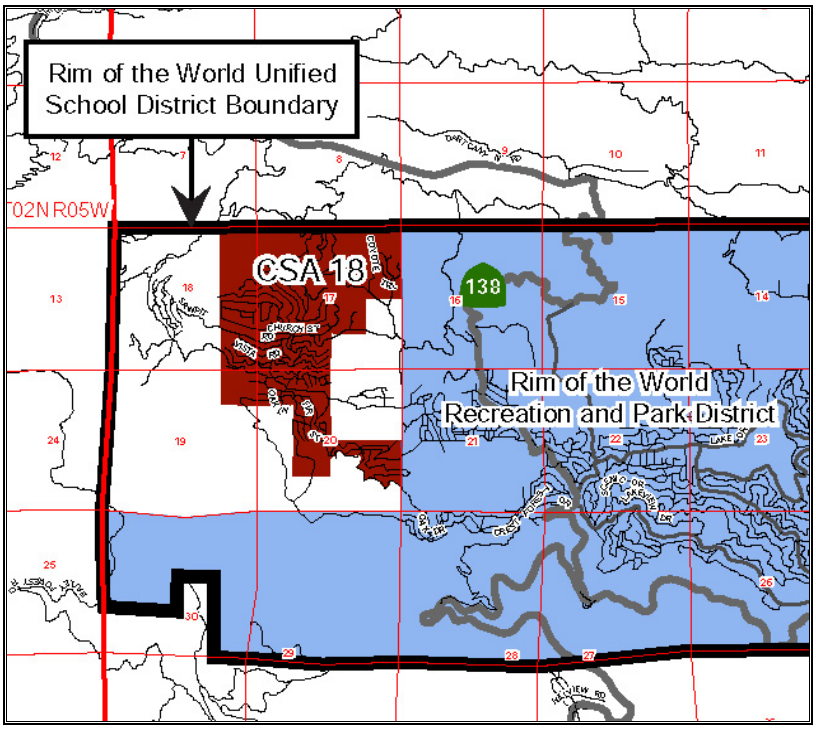
- Maintenance of the status quo. At the present time, no other public agencies have expressed interest in providing road or park and recreation service. For road service, as in past discussions of the single purpose streetlighting agencies administered by the County, LAFCO staff supports the consolidation of these entities into a single road county service area to provide for a more efficient and

effective operation. However, as noted above Special Districts Department staff has not identified support for moving forward with this type of reorganization.

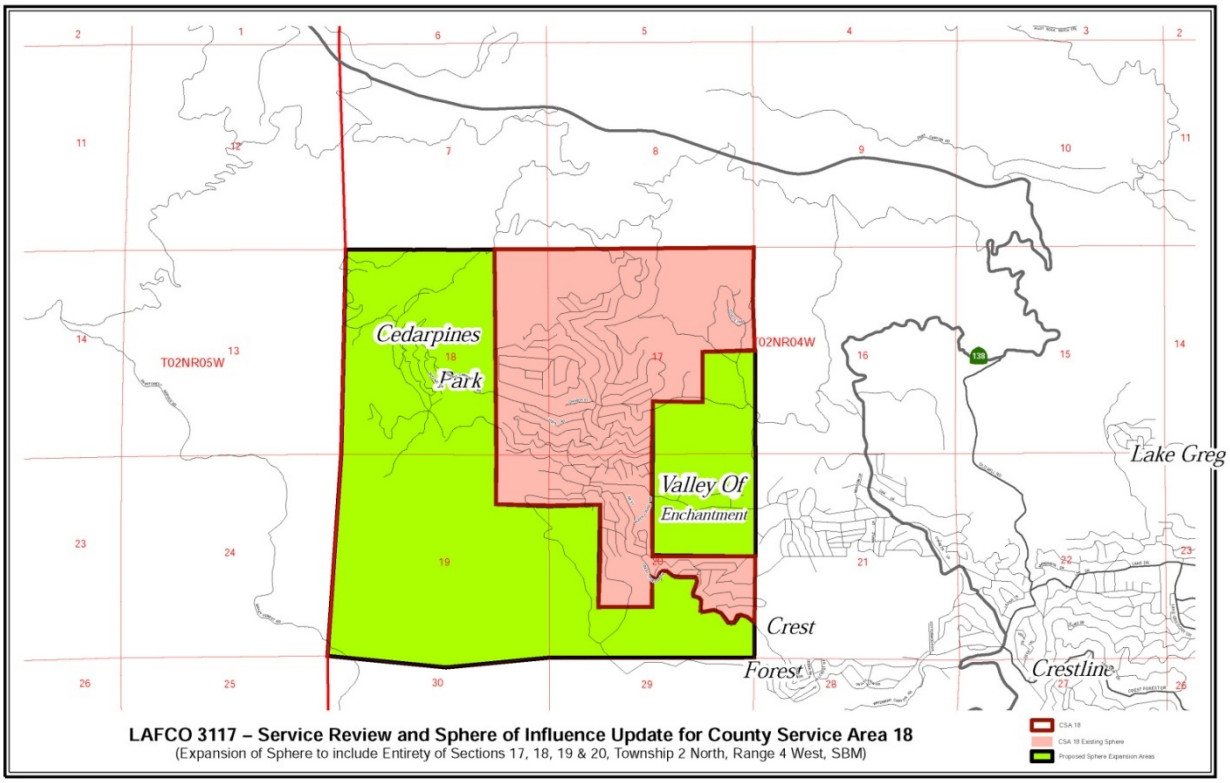
## *CSA 18 SPHERE OF INFLUENCE UPDATE*

Sphere of Influence

CSA 18's sphere of influence has been coterminous with its boundaries since 1983. In looking at CSA 18 and the surrounding area, there is a four mile area of private land that is not within the Rim of World Recreation and Park District. Within this area is CSA 18.




Staff recommends that the Commission expand the sphere of influence for CSA 18 by approximately 1,600 acres to encompass all of the Cedarpines Park community. The proposed sphere expansion area conforms to the Rim of World Unified School District boundary in this area and the Crest Forest community definition advocated by LAFCO staff. Inclusion in CSA 18's sphere would place all areas within the Rim of World Unified School District within the boundary or sphere of a park and recreation provider. A map showing staff's recommendation is shown below and is included in Attachment #4.




Authorized Powers

When updating a sphere of influence for a special district, the Commission shall (1) require existing districts to file written statements with the Commission specifying the functions or classes of services provided by those districts and (2) establish the nature, location, and extent of any functions or classes of services provided by existing districts (Government Code §56425(i)). Special Districts Department has identified that CSA 18 actively provides Roads and Park and Recreation services. CSA 18 however does not utilize its authorized Water function. Both LAFCO and Special District Department staffs agree that the Water function should be removed since CSA 18 has never provided this service (letter from Special Districts Department included in Attachment #2).

In previous sphere of influence updates for independent and dependent special districts, the Commission has established the functions and services that districts actively provided by initiating and updating its *Rules and Regulations of the Local Agency Formation Commission of San Bernardino County Affecting Functions and Services of Special Districts*. Unfortunately, legislative changes effective January 1, 2009 no longer allow the Commission to initiate the activation or divesture of a function from a special district. However, Government Code Section 25213.6 (County Service Area Law) permits the Board of Supervisors through adoption of a resolution to divest a county service area of the authority to provide a service if the proposed divesture would not require another public agency other than the county to provide a new or higher level of service or facilities.

## FACTORS OF CONSIDERATION:

The Special Districts Department was requested to provide information regarding the sphere of influence update as required by State law. Staff responses to the mandatory factors of consideration for a sphere of influence review (as required by Government Code Section 56425) are identified as follows:

### Present and Planned Uses

In general, the San Bernardino Mountains is one of the most densely populated mountain areas within the country, and is the most densely populated urban forest west of the Mississippi River. However, there is a large seasonal population component as well as a substantial influx of visitors to the mountain resort areas. The seasonal population and visitors are not reflected in available demographic statistics, which count only year-round residents. It is estimated that the seasonal factors can approximately double the peak population. By 2030, the permanent population is estimated to reach around 1,200. This figure does not take into account seasonal population and tourism. Even with the large increase in population, the area is not anticipated to reach its build-out population by the 2030 horizon of this report.

### Present and Probable Need for Public Facilities and Services

CSA 18 provides road maintenance and snow removal services to 17.5 miles of road. For CSA 18, road maintenance consists of road grading and asphalt maintenance. Public Works maintains certain roads within CSA 18 such as Saw Pit Canyon Road, Crest Forest Drive and Waters Drive. These roads are not maintained by CSA 18. The equipment used to provide these services is owned in the name of CSA 18.

CSA 18 maintains one five-acre park and a community center in Cedarpines Park. The facilities include a bathroom, playground equipment, and barbeque area.

CSA 18 has never provided water service.

### Present Capacity of Public Facilities and Adequacy of Public Services

The 17.5 miles of maintained road, five acre park, and one community center are adequate for the estimated 924 persons situated in 946 acres of CSA 18.

### Social and Economic Communities of Interest

CSA 18 is a part of the larger Crest Forest community. The social and economic communities of interest are the Rim of the World Unified School District and the properties and residents within the boundaries of CSA 18 located in the Cedarpines Park area in the Crest Forest community.

## CONCLUSION FOR CSA 18:

Staff recommends that the Commission:

- Expand the sphere of influence for CSA 18 by approximately 1,600 acres to encompass all of Cedarpines Park and conform to the Rim of World Unified School District boundary. This area is currently not within the Rim of the World Recreation and Park District.

- Acknowledge that CSA 18 actively provides road and park and recreation services, and modify the service description for the Road function to include snow removal.

- Request the County to take action to divest CSA 18 of its Water function and file the appropriate resolution with the Commission, and

- Direct staff to update the *Rules and Regulations of the Local Agency Formation Commission of San Bernardino County Affecting Functions and Services of Special Districts* upon receipt of the County's resolution divesting CSA 18 of the Water function.

## ADDITIONAL DETERMINATIONS

1. The Commission's Environmental Consultant, Tom Dodson and Associates, has indicated his position that the options outlined in this report for the various agencies are statutorily exempt from environmental review. Mr. Dodson's response for each of the reviews is included in their respective attachments to this report.

2. As required by State Law notice of the hearing was provided through publication in a newspaper of general circulation, the *San Bernardino Sun*. Individual notice was not provided as allowed under Government Code Section 56157 as such mailing would include more than 1,000 individual notices. As outlined in Commission Policy #27, in-lieu of individual notice the notice of hearing publication was provided through an eighth page legal ad.

3. As required by State law, individual notification was provided to affected and interested agencies, County departments, and those agencies and individuals requesting mailed notice. In addition, on November 17, 2010 LAFCO staff conducted a meeting to review the draft findings of this review with representatives of the Crest Forest agencies.

4. Comments from landowners/registered voters and any affected agency will need to be reviewed and considered by the Commission in making its determinations.

## RECOMMENDATIONS

Staff recommends that the Commission take the following actions:

1. Receive and file the service reviews for the Crest Forest Community; make findings related to the service review for County Service Area 18, Crestline Village Water District, and Crestline Sanitation District required by Government Code 56430 as outlined in the staff report.

2. For environmental review certify that the sphere of influence expansion and the service description modification for County Service Area 18 (LAFCO 3117), the sphere of influence amendments (expansions and reductions) and the service description modification for Crestline Village Water District (LAFCO 3114), and the sphere of influence amendments (expansions and reductions) for Crestline Sanitation District (LAFCO 3133) are statutorily exempt from environmental review and direct the Executive Officer to file the Notices of Exemption within five (5) days.

3. For LAFCO 3117, approve the sphere of influence expansion for CSA 18 and modify CSA 18's service description under its authorized Road function to include snow removal.

4. For LAFCO 3114, approve the sphere of influence amendments which include expansions and reductions for Crestline Village Water District and modify the district's service description under its authorized Water function as identified in the report.

5. For LAFCO 3133, approve the sphere of influence amendments which include expansions and reductions for Crestline Sanitation District

6. Adopt the appropriate resolutions reflecting the Commission's determinations:

   a. Resolution No. 3121 for LAFCO 3117 - Service Review and Sphere of Influence Update for County Service Area 18
   b. Resolution No. 3122 for LAFCO 3114 - Service Review and Sphere of Influence Update for Crestline Village Water District
   c. Resolution No. 3123 for LAFCO 3133 - Service Review and Sphere of Influence Update for Crestline Sanitation District

KRM/SM/MT

# ATTACHMENTS

1. Map – Crest Forest Community and its Agencies

2. **Crestline Village Water District**
   - **a.** Map – Current Boundary and Sphere
   - **b.** Map – Proposed Sphere Expansion
   - **c.** Service Review and Sphere Update Response
   - **d.** Financial Information: Budget and Audit
   - **e.** District Response to LAFCO Draft Staff Report Dated 11/18/2010
   - **f.** Response from Commission's Environmental Consultant
   - **g.** Draft Resolution No. 3122 for LAFCO 3114

3. **Crestline Sanitation District**
   - **a.** Map – Current Boundary and Sphere
   - **b.** Map – Proposed Sphere Expansion
   - **c.** Service Review and Sphere Update Response
   - **d.** Financial Information: Budget and Audit
   - **e.** Response from Commission's Environmental Consultant
   - **f.** Draft Resolution No. 3123 for LAFCO 3133

4. **County Service Area 18**
   - **a.** Map – Current Boundary and Sphere
   - **b.** Map – Proposed Sphere Expansion
   - **c.** Service Review and Sphere Update Response
   - **d.** Letter from Special Districts Department Consenting to Removal of Water Function
   - **e.** Financial Information: Budget and Audit
   - **f.** Response from Commission's Environmental Consultant
   - **g.** Draft Resolution No. 3121 for LAFCO 3117