

Justification for Proposal and Preliminary Environmental Description Form

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

GENERAL INFORMATION

1. NAME OF PROPOSAL: Activation of latent flood control and park and recreation powers.

2. NAME OF APPLICANT: Lake Arrowhead Community Services District

MAILING ADDRESS:

P.O. Box 700, Lake Arrowhead CA, 92352

PHONE: (909) 336-7100

FAX: (909) 337-3145

E-MAIL ADDRESS: lhoagland@lakearrowheadcsd.com

3. GENERAL LOCATION OF PROPOSAL: Lake Arrowhead and surrounding communities (see attached Exhibit A).

4. Does the application possess 100% written consent of each landowner in the subject territory?
YES ___ NO X If YES, provide written authorization for change.

5. Indicate the reasons that the proposed action has been requested. To provide local governance of local facilities funded entirely from local revenue sources. Consolidate overlapping duplicative agencies and through local governance maximize the effective use of local facilities and assets.

6. Would the proposal create a totally or substantially surrounded island of unincorporated territory?
YES ___ NO X If YES, please provide a written justification for the proposed boundary configuration.

LAND USE AND DEVELOPMENT POTENTIAL

- 1. Total land area (defined in acres): 9600 acres
- 2. Current dwelling units in area: 9850
- 3. Approximate current population in area: 12,952 Source: As defined by Census 2000 population of Lake Arrowhead Census Data Place plus a 2% projected growth rate.

4. Indicate the General Plan designation(s) of the affected city (if any) and uses permitted by this designation(s):
N/A

San Bernardino County General Plan designation(s) and uses permitted by this designation(s):
Same as existing.

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

6. Indicate the existing land use. Commercial, institutional and residential.

What is the proposed land use? No change from existing.

- 7. For a city annexation, State law requires pre-zoning of the territory proposed for annexation. Provide a response to the following:
 - a. Has pre-zoning been completed? YES NO
 - b. If the response to "a" is NO, is the area in the process of pre-zoning? YES NO

Identify below the pre-zoning classification, title, and densities permitted. If the pre-zoning process is underway, identify the timing for completion of the process.

Same as existing.

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

- Agricultural Land Uses
- Williamson Act Contract
- Agricultural Preserve Designation
- Area where Special Permits are Required
- Any other unusual features of the area or permits required: Forest Service land, Lake Arrowhead, Papoose Lake.

9. If a Williamson Act Contract(s) exists within the area proposed for annexation to a City, please provide a copy of the original contract, the notice of non-renewal (if appropriate) and any protest to the contract filed with the County by the City. Please provide an outline of the City's anticipated actions with regard to this contract.

N/A

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

ENVIRONMENTAL INFORMATION

1. Provide general description of topography. Mountainous with extensive forestation, three lakes (man-made).

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

Residential	<u>80%</u>	Agricultural	<u>0%</u>
Commercial	<u>5%</u>	Vacant	<u>15%</u>
Industrial	<u>0%</u>	Other	<u>-----%</u>

3. Describe the surrounding land uses:

NORTH Forest Service/vacant

EAST Forest Service/vacant

SOUTH Forest Service/vacant

WEST Residential & limited commercial

4. Describe site alterations that will be produced by improvement projects associated with this proposed action (installation of water facilities, sewer facilities, grading, flow channelization, etc.).

N/A

5. Will service extensions accomplished by this proposal induce growth on this site? YES ___ NO Adjacent sites? YES ___ NO Unincorporated Incorporated ___

6. Is this project a part of a larger project or series of projects? YES ___ NO If YES, please explain.

NOTICES

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

NAME John E. Hoagland, General Manager TELEPHONE NO. (909) 336-7102

ADDRESS:
P.O. Box 700, Lake Arrowhead, CA 92352

NAME Jeff Rigney, Director TELEPHONE NO. (909) 387-5941

ADDRESS:
157 West Fifth Street, 2nd floor, San Bernardino, CA 92415

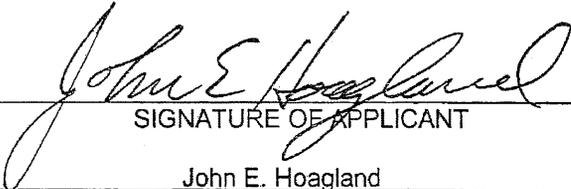
NAME _____ TELEPHONE NO. _____

ADDRESS:

CERTIFICATION

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

DATE September 15, 2009



SIGNATURE OF APPLICANT

John E. Hoagland

PRINTED NAME OF APPLICANT

General Manager

TITLE

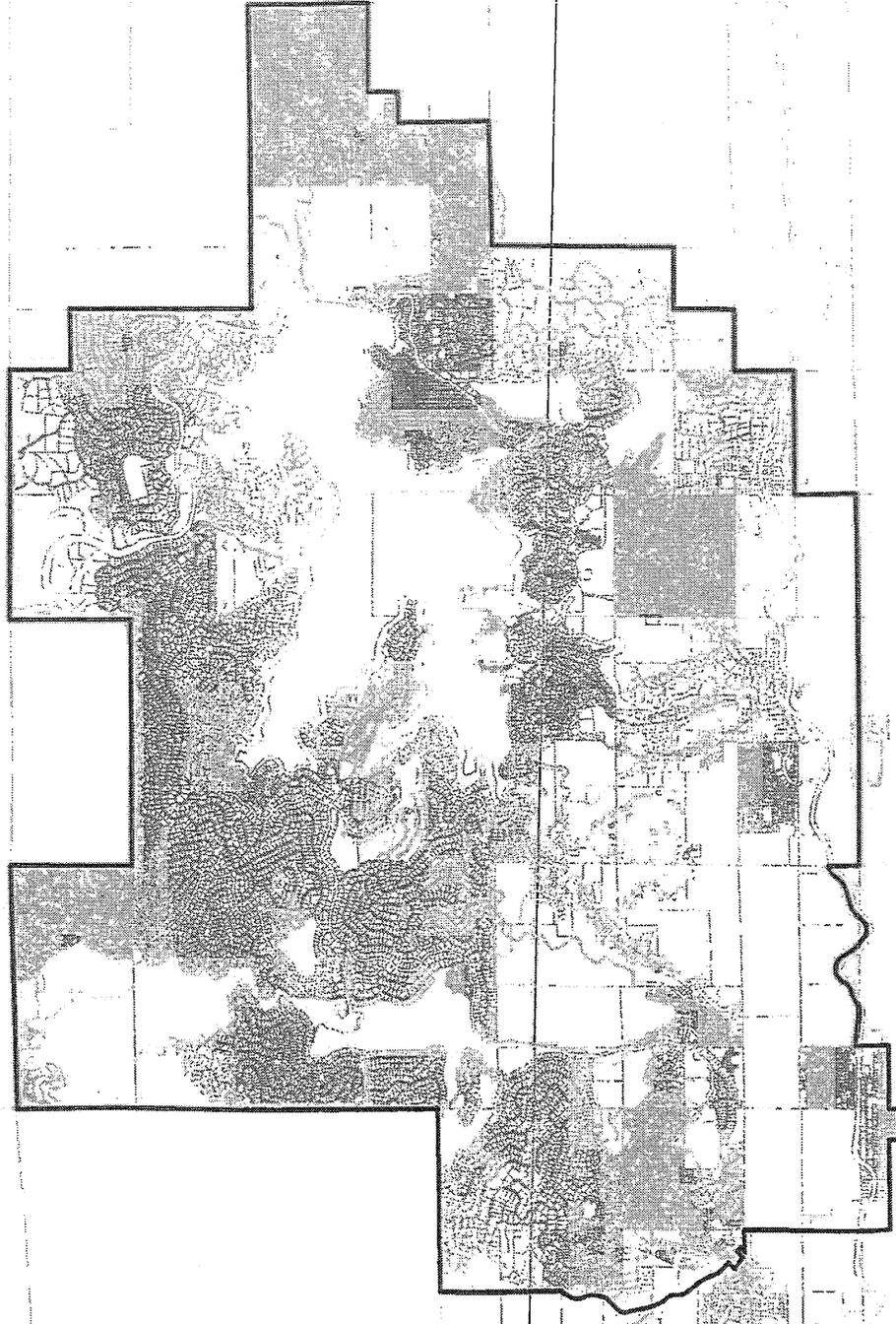
PLEASE CHECK SUPPLEMENTAL FORMS ATTACHED:

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

APPLICATION TO BE SUBMITTED TO:

LOCAL AGENCY FORMATION COMMISSION
215 NORTH D STREET, SUITE 204
SAN BERNARDINO, CA 92415-0490
PHONE: (909) 383-9900 • FAX: (909) 383-9901
E-MAIL ADDRESS: lafco@lafco.sbcounty.gov

EXHIBIT A



LEGEND

SANITATION SERVICES BOUNDARY



RECEIVED
SEP 10 2009

3144

(FOR LAFCO USE ONLY)

LAFCO
San Bernardino County

**SUPPLEMENT
ACTIVATION OF NEW OR DIFFERENT SERVICES
SPECIAL DISTRICT**

INTRODUCTION: The questions on this form are designed to obtain data about the specific service(s) requested to be authorized for the district. The purpose is to allow the Commission, staff and others to adequately assess the project. You may also include any additional information which you believe is pertinent, using additional sheets, where necessary, and including any relevant documents to support the project.

1. Please identify the function(s)/service(s) proposed for activation:

Example: (function) Water (Service) Retail, wholesale, domestic, industrial, irrigation, fire protection, sanitation

FUNCTION
Flood Control and Park and Recreation

SERVICE
Operation & Maintenance of Flood Control and Park and Recreation (New Lake Arrowhead Dam)

2. Provide a statement of the reason(s) for the proposal which shall include, but not be limited to, a description of any existing service deficiency, general plan determinations (existing or anticipated change necessitating service), anticipated growth rate (please identify source of data), topography, etc.

See attached.

3. What service(s) was the District authorized to provide at the time of its formation? (Would be identified in final resolution approving formation or included in election decision – a copy of this document may be attached to fulfill this requirement.)

LACSD was authorized to provide the full range of water and wastewater services at the time of its formation 1978 (LAFCO 1730, LAFCO Resolution No. 1333 and San Bernardino County Board of Supervisors Resolution Nos. R-77-313 & R-77-314) and was formed under California Government Code Section 61000 Community Services District Law.

4. Provide an identification of any multiple purpose districts within the area authorized to provide the identified function/service activation. Include a description as to why the preferred choice has been made.

See attached.

5. **PLAN FOR SERVICES:**

The requirements for the Plan for Service are outlined in Government Code Section 56824.12 and are summarized below: See attached.

1. The total estimated cost to provide the new or different function or class of service within the District's boundaries.
2. The estimated cost of the new or different function or service to existing customers within the district's jurisdictional boundaries. (The cost can be identified by customer class).
3. An identification of existing providers, if any, of the function(s)/service(s) and the potential fiscal impact of this activation to the customers of those providers.
4. A plan for financing the establishment of the new or different function/service within the district's jurisdictional boundaries. A discussion about the sufficiency of revenues to fund the anticipated ongoing maintenance and operation of the service is also required. This plan should include:
 - a. An indication of whether territory is or will be proposed for inclusion within a proposed improvement zone/district, assessment district, or community facilities district to fund the service.
 - b. If retail water service is proposed to be activated through this action, provide a description of the timely availability of water for projected needs within the area. (The response should be patterned after the factors identified in Government Code Section 65352.5 related to an Urban Water Management Plan.)
5. A discussion of the alternatives to the establishment of the new or different service within the District's boundaries/service area.

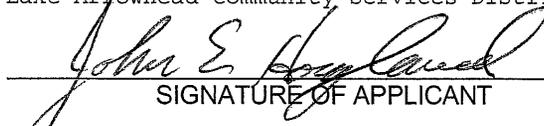
This plan shall, at a minimum, respond to each of the items identified above and shall be signed and certified as to its completeness and accuracy by an official of the requesting agency.

CERTIFICATION

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

Lake Arrowhead Community Services District

DATE Sept. 9, 2009


SIGNATURE OF APPLICANT

John E. Hoagland
PRINTED NAME

General Manager
TITLE

/krm 3/20/2002

Attachment to the Supplement For Activation of New or Different Special District Services

- 2. Provide a statement of the reason(s) for the proposal which shall include, but not be limited to, a description of any existing service deficiency, general plan determinations (existing or anticipated change necessitating service), anticipated growth rate (please identify source of data, topography, etc).**

The New Lake Arrowhead Dam is managed by and under the jurisdiction of Community Service Area 70, D-1 (D-1). All of the Community Service Areas within the County are managed by the San Bernardino County Special District's Department and are governed by the San Bernardino County Board of Supervisors. The boundaries of CSA 70, D-1 are wholly within the boundaries of the Lake Arrowhead Community Services District (LACSD) and the specific boundaries of D-1 are essentially co-terminus with the Arrowhead Woods water service area which is served by LACSD (see attached exhibit). At the time of formation of D-1 (1974), LACSD had not yet been formed (1978).

In 2004, the State Water Resources Control Board reduced LACSD's water supply allocation from Lake Arrowhead. Facilities for the storage and management of water supplies on the mountain are of critical importance for the reliability of water service to the Arrowhead Woods water service area. Papoose Lake (formed between the New and Old Lake Arrowhead dams) offers unique water management opportunities not available elsewhere in the mountain communities. Therefore, the function and operation of the New Lake Arrowhead Dam is directly related to flood control functions, but to the water services currently being provided by LACSD.

The bonds issued pursuant to the resolution and Official Statement excerpted below, were retired in 2000.

The 1974 Resolution R-74-202 of the San Bernardino County Board of Supervisors placing Measure G before the voters of Improvement Area D-1 reads in part:

Shall the County of San Bernardino incur bonded indebtedness in the sum of \$7,000,000 for the benefit of Improvement Area No. D-1 of San Bernardino County Service Area No. 70 for the purpose of the acquisition and construction of flood or inundation protection works and facilities in the vicinity of Lake Arrowhead for the benefit of Improvement Area No. D-1 of San Bernardino County

Service Area No. 70, constituting works and facilities to provide protection of persons or property from flooding or inundation which might occur in the event of the failure of an existing dam, comprising a dam and lands, easements, structures, facilities and equipment necessary or convenient therefore; and other works, property or structures useful or necessary for flood or inundation protection works and facilities in the vicinity of lake Arrowhead for the benefit of Improvement Area D-1 of San Bernardino County Service Area No. 70?

Further evidence of the specific focus of D-1 is the "Purpose of Issue" defined in the Official Statement of the 1975 General Obligation Bonds as:

The bonds are authorized by vote of more than two-thirds of the qualified voters resident within Improvement Area No. D-1 of San Bernardino County Service Area No. 70 voting at a special bond election for the purpose of authorizing bonds for the acquisition and construction of flood or inundation protection works and facilities in the vicinity of lake Arrowhead for the benefit of Improvement Area No. D-1 of San Bernardino County Service Area No. 70.

Since its formation, D-1 has added "Park powers" to its authorized powers. D-1 has planned to lease to the Rim of the World Park and Recreation District (ROWP&RD), at essentially no cost, surplus land it acquired in the mid-1990s to provide public play fields and a memorial lake view park. The proposed park site is an old landfill with few practical on-going productive uses and is located in an area without existing infrastructure for water or wastewater services. More importantly it is the only practical site for construction staging for major dam rehabilitation that will be required in the future.

The original plan for the park site was for D-1 to be the owner/developer of the "Park" but have the ROWP&RD operate and maintain the facility. The planning and design have been funded by D-1 via property tax revenue. However, ROWP&RD has seen its financial condition deteriorate to the point that its ability to continue operating as an independent special district is in serious doubt.

The staff of D-1 also provides snow removal, road maintenance, and other services to other near-by non-staffed CSAs that have snow removal and road maintenance responsibilities. The services provided by D-1 on behalf of other CSAs are theoretically reimbursed through a complicated back-charging funding arrangement, so that D-1 recovers those expenditures to

its fund. However, initial review of the Special Districts Department's budget does not clearly define such a financial recovery path. The diversion of attention of D-1 from its initial voter-approved purpose appears to leave D-1 constituents out the decision making process regarding service provision.

In 1974, the voters also approved Measure H for D-1 and authorized the establishment of a dedicated revenue stream for the ongoing maintenance of the flood control structure (New Lake Arrowhead Dam). Resolution R-74-202 of the San Bernardino County Board of Supervisors placing Measure H before the voters of Improvement Area D-1 reads in part:

Shall the county of San Bernardino be authorized to levy a tax rate in Improvement Area No. D-1 of San Bernardino County Service Area No. 70 not in excess of ten (10) cents per one hundred dollars (\$100) of assessed valuation of all taxable property within said Improvement Area, to be used only for the maintenance of flood protection works and facilities of said Improvement Area?

Under the current financial arrangement for D-1, it appears that the County allocates a portion of the 1% discretionary property tax increment toward operation of D-1. It does not appear that the revenue stream authorized by Measure H has ever been levied or collected. As such, there appears to be no current dedicated revenue source for ongoing maintenance or accrual of funds for future major repair or rehabilitation of the New Lake Arrowhead Dam.

LACSD is proposing to activate latent powers related to flood protection facilities and recreation services. Implementation of the proposed activation of latent powers and government structure change would provide locally coordinated water management, flood protection, and dam maintenance services; and continue the provision of recreation facilities as planned by D-1.

This change would provide improved management efficiency, cost efficiency, and improved coordination of water facilities and supply needs. Further, the proposed service change would eliminate a redundant layer of governance in this geographical area and provide a local government entity that is responsive to the needs of the people and provide local control and accountability for the delivery of services and management of related funds.

LACSD is an established service district with local governance and a history of extensive public interaction that allows issues to be thoroughly vetted and resolved in the community. As such, the proposed change

would benefit the taxpayers, water ratepayers, and recreation facility users that make up the service area. The complicated financial arrangements of D-1 subsequent to the retirement of the construction bonds, described previously, would be clarified by the proposed transfer of the D-1 responsibilities to an agency, such as LACSD, with no other focus (other than responsibilities to local water resources needs).

As provided below, this proposed government structure change and activation of latent powers related to flood protection and recreation services is consistent with the California Community Services District law.

Under the Community Services District Law, Government Code Section 61100 provides that "Within its boundaries a District may do any of the following:"

...(e) Acquire, construct, improve, maintain, and operate recreation facilities, ...

...(f) Organize, promote, conduct, and advertise programs of community recreation...

...(r) Plan, design, construct, improve, maintain, and operate flood protection facilities...

4. Provide an identification of any multiple purpose districts within the area authorized to provide the identified function/service activation. Include a description as to why the preferred choice has been made.

Community Service Area 70, D-1 of San Bernardino County is a multiple purpose district which had special state legislation adopted in 1973 to enable it to construct the New Lake Arrowhead Dam and provide flood control services to maintain the dam. At the time of its formation there was no locally controlled independent special district to provide the services. LACSD was formed in 1978 and is now a mature local District with the staff engineering staff and operational expertise to responsibly operate, manage, and maintain the New Lake Arrowhead Dam and surrounding assets for its common ratepayers and beneficiaries of the facilities.

Additionally, as described above in Response 2, the proposed governance structure change would provide local control of the New Lake Arrowhead Dam by the same agency providing related water services (LACSD). The proposed change would provide management and cost efficiencies, improved coordination of water service and infrastructure needs, and consolidate local governance and accountability to the area being served.

Finally, activation of LACSD's park and recreation powers would offer continuity to the plans made by D-1 for its surplus property and local control options in the event that ROWP&RD is unsuccessful in resolving its current overwhelming financial issues. There is no contemplation of duplicating ROWP&RD activities or responsibilities.

5. PLAN FOR SERVICES:

The requirements for the Plan for Service are outlined in Government Code Section 56824.12 and are summarized below:

1. The total estimated cost to provide the new or different function class of service within the District's boundaries.

The total estimated costs to provide for the operation, management and maintenance of the New Lake Arrowhead Dam, as well as continuing to develop the proposed park initiated by D-1 are: \$490,000 per year (see attached spreadsheet). The existing fund balance should be transferred with the facilities as the properties within D-1/LACSD have been the sole contributors of those funds, and the funds would be needed to continue the previous D-1 services.

2. The estimated cost of the new or different functions or service to existing customers within the district's jurisdictional boundaries. (the cost can be identified by customer class).

No additional cost to existing customers is anticipated because D-1 is made up of the Arrowhead Woods water service area properties. It is anticipated that revenue currently collected by the County would be transferred to LACSD in a restricted fund for operation, management, maintenance of the Dam and provision of the proposed park.

- i. Alternatively, the authorization to levy a special tax of up to \$0.10/\$100 for on-going maintenance of the dam and facilities (Measure "H" on the 1974 consolidated San Bernardino County ballot) could be transferred to LACSD from the County. A \$0.015/\$100 levy would generate \$300,000 per year (this represents a \$75 per year assessment on \$500,000 of property value). (Assumes a reduced assessed valuation of the Arrowhead Woods parcels of \$2 billion.) There would be no continuation of park activities without the continuing financial commitment from the County.

3. An identification of existing providers, if any of the function(s)/service(s) and the potential fiscal impact of this activation to the customers of those providers.

No fiscal impact to the customers of D-1 is anticipated because all of the properties are already within the Arrowhead Woods water service area within LACSD and there will be no "remainder" properties upon transfer. As for the "Park" powers of D-1, these would be logically exercised by the ROWP&RD within which D-1 is completely encompassed, unless ROWP&RD ceases operations. If ROWP&RD ceases operations, LACSD could assume those responsibilities subject to appropriate funding levels being established.

4. A plan for financing the establishment of the new or different function/service within the district's jurisdictional boundaries. A discussion about the sufficiency of revenues to fund the anticipated ongoing maintenance and operation of the service is also required. This plan should include:

- a) An indication of whether territory is or will be proposed for inclusion within a proposed improvement zone/district, assessment district, or community facilities district to fund the service.**
- b) If retail water service is proposed to be activated through this action, provide a description of the timely availability of water for projected needs within the area. (The response should be patterned after the factors identified in Government Code Section 65352.5 related to an Urban Water Management Plan)**

Pursuant to state law, a property tax exchange agreement is required to be adopted for service boundary changes. Within San Bernardino County, typically the allocation of property tax revenue or other service revenues is based upon the detaching entity share being reapportioned along with the transfer of service responsibility. Consistent with this, the proposal for financing the ongoing operations described in Item 2 above, would require transfer to LACSD of the current fund balance of D-1 (~\$1 million), which would be held by LACSD in a restricted fund for use only for operation, management, and maintenance of the New Lake Arrowhead Dam. In the event that LACSD were to provide park facilities, it would establish a separate enterprise fund for revenues and expenditures related to the operation,

management and maintenance of the park activities. Said funds would be audited annually in conjunction with the other funds of the District. Whether or not an assessment District would be established would depend upon the finance method selected. If the Measure H authorization is activated, an assessment District would exist. If the County agrees to continue funding the Dam and its maintenance, operation, management activities as well as park activities separate, restricted enterprise funds would be established.

5. A discussion of the alternatives to the establishment of the new or different service within the District's boundaries/services.

The alternative to the proposal to provide for local management of the Dam and for local park development, is for D-1 to continue to provide non-coordinated water management, dam maintenance, and park services managed from the county seat, instead of being based on local needs, and distracted from its authorized mission by new and additional services that could be provided by existing government agencies.

**Operational Budget
for
New Lake Arrowhead Dam
FY 2010-11**

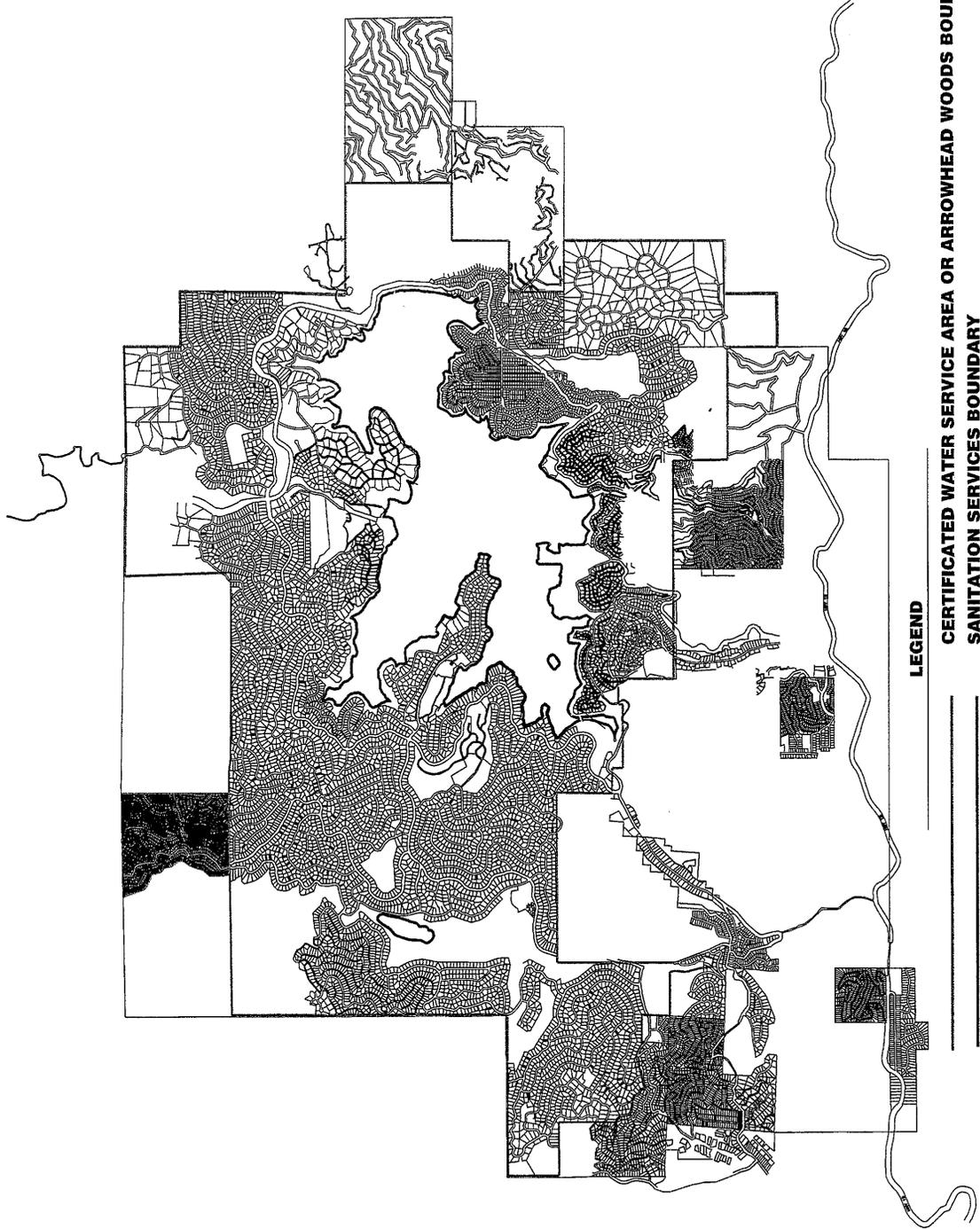
Expenses

Labor Costs	\$	50,000
License Fees (DSOD)	\$	40,000
Professional & Specialty Services(dam)	\$	85,000
Professional & Specialty Services(P&R)	\$	50,000
General Maintenance Services	\$	20,000
G&A	\$	30,000
Insurance(dam)	\$	40,000
Insurance(P&R)	\$	15,000
Park Development Fund	\$	50,000
Replacement Fund	\$	70,000
Operating Reserve	\$	40,000
Estimated Annual Expenses	\$	490,000

Revenue

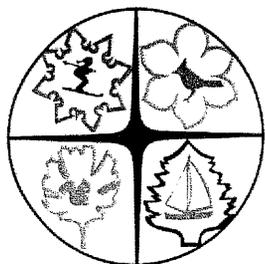
County Allocation	\$	490,000
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EXHIBIT A
LAKE ARROWHEAD COMMUNITY SERVICES DISTRICT BOUNDARY MAP
SEC. 15 & 16 T. 2.N, R. 3 W. S.B.B.M.



LEGEND

- CERTIFICATED WATER SERVICE AREA OR ARROWHEAD WOODS BOUNDARY
- SANITATION SERVICES BOUNDARY
- - - - - DEER LODGE PARK ASSESSMENT DISTRICT 94-1 BOUNDARY



Rim of the World Recreation and Park District

P.O. Box 8 - 26577 State Highway 18

Rimforest, California 92378

(909) 337-PARK

Fax: (909) 336-5239

www.rim-rec.org

July 29, 2010

San Bernardino LAFCO
215 North D Street, Suite 204
San Bernardino, CA 92415-0490

RECEIVED
AUG 03 2010

LAFCO
San Bernardino County

Please accept this letter in opposition to the ongoing efforts by the Lake Arrowhead Community Services District's (LACSD) to enact latent park powers. The Rim of the World Recreation and Park District (ROWRPD) has been in operation for nearly 25 years serving the recreation, parks, and leisure service needs of the Rim communities, and is excited about our opportunities to continue in this capacity for the next 25 years and beyond.

Board members have reviewed LACSD's application which appears to seek to enact parks and recreation authority for the proposed construction, maintenance, and operation of a new park in the Lake Arrowhead community near the Dam. As stated in the application, preliminary plans are underway for the ROWRPD to operate and maintain the proposed facility under our auspices, and no dialogue has occurred to the contrary. Additionally, the delay in the development of the proposed park is in no way attributable to any action or lack thereof on the part of the ROWRPD.

While LACSD asserts in the application that the "ROWRPD has seen its financial condition deteriorate to the point that its ability to continue operating as an independent special district is in serious doubt" as justification for the proposed action, ROWRPD has recently passed an assessment increase to our existing parcel tax which will provide funding toward bolstering our District's ability to improve existing parks, programming and leisure services in addition to being able to take on additional parks and programming at additional facilities such as the one detailed in LACSD's application. Further, the formation of an additional "parks service agency" could create unhealthy future competition for grant funding that would otherwise be prioritized by the ROWRPD board which is sanctioned for this purpose.

Due to the above circumstances, the ROWRPD Board of Directors can foresee no increased benefit to the Rim communities by establishing the LACSD as a park/services provider. The ROWRPD remains confident in our ability as the established provider of these services in the Rim communities, and is excited about our opportunity, with the proper funding, to professionally manage the important responsibilities expected by our constituents.

Respectfully Submitted,

Hugh Bialecki D.M.D, Chair
Davis Hopper, Vice Chair
Laura Dyberg, Secretary
Pete Hall, Director
Rick Craig, Director

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