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LAFCO  
San Bernardino County  
CRESTLINE-LAKE ARROWHEAD WATER AGENCY (CLAWA)  
CLAWA'S PROFILE SUMMARY SHEET

*CLAWA's Contact Person:* Ms. Roxanne M. Holmes, General Manager

*Address:* (Physical) 24116 Crest Forest Drive, Crestline, CA 92325  
(Mailing) P.O. Box 3880, Crestline, CA 92325

*E-mail Address:* [CLAWA1@verizon.net](mailto:CLAWA1@verizon.net)

*Website Address:* CLAWA-SWC.com (or) CLAWA.org

*Principal Act and Date  
of Formation:*

(1) The Agency's governing act is called "The Crestline-Lake Arrowhead Water Agency Act." It is contained in Chapter 104 of the California Water Code Appendix (West's Edition). That law was enacted by the Legislature and signed by the Governor in 1962.

(2) Although the Agency's governing act was signed into law in 1962, the Agency really was not formed until approval by the voters within the boundaries of the Agency at an election conducted on January 1, 1963. It took voter approval to actually form the Agency, and the voters did approve formation of the Agency at that election.

*Improvement District(s):*  YES  NO

*If yes, please indicate name and define area of service (include map).*

Retail Water Improvement District Nos. A, B, C and D. See attached 11" x 17" Map No. 1.

I.D.

- A - Little Bear
- B - Great View/Horseshoe Bend
- B - Arrowhead Highlands
- B - Strawberry Flat
- B - Agua Fria
- B - Blue Jay
- B - Burnt Mill/Lake Arrowhead Crest Estates
- C - Meadowbrook
- D - Grandview

*Governing Body:* 5 member Board of Directors elected within 5 directorial divisions.

## SERVICES

### Currently Authorized Power (Services):

CLAWA's Boundary/Service Area is within a portion of the San Bernardino Mountain area of San Bernardino County, California. CLAWA's boundary contains more than 50,000 acres, including approximately 25,000 acres of United States Forest Service (USFS) lands. CLAWA's initial transmission system construction was completed by 1971, at which time supplemental water deliveries of State Water Project Water commenced upon the Department of Water Resources' (DWR) completion and filling of Silverwood Lake.

### SERVICE

### FUNCTIONS

*Water Service:* As a State Water Contractor, CLAWA supplies supplemental State Water Project water within CLAWA's boundary for domestic use and for fire protection purposes for both privately-owned and public lands within CLAWA's boundary.

### *Retail Water Improvement*

*Districts A, B, C and D:* Provides retail water service within each Improvement District's boundaries.

*Latent Powers (Services) – those services authorized by the Agency's principal act, but not to-date activated through the LAFCO process:*

### SERVICE

### FUNCTIONS

*Recreation:* Operation of Public Recreational Facilities Appurtenant to Reservoirs

*Reclamation:* Treatment and Reclamation of Sewage and Stormwater

*Power Generation:* Hydroelectric Power Generation

*Area Served:* 85.59 Square Miles/54,777 Acres CLAWA's Boundary

*Sphere Area:* 24.90 Square Miles/15,933 Acres Outside CLAWA's Boundary

*Population:* 36,000 (Outline source for Figure) Fig. 2, CLAWA's 2005 UWMP, SCAG Estim. for year 2008.

*Registered Voters:* 11,961 as of 5-5-08, data from SBC Registrar of Voters Office.

*Services Provided Outside Agency Boundaries:* The Agency has executed a contract with the State of California, Department of Water Resources, for an imported water supply of up to 5,800 acre-feet of water per year (the Agency's "Table A Amount") from the State Water Project.

However, in most years the State can deliver only a percentage of the Agency's Table A amount. The percentage differs from year to year in relation to annual precipitation in the State Water Project Watershed, the amount of the snow pack in the Sierra Nevada Mountains, pumping restrictions in the Delta, and other factors. This year's allocation is only 35%, which is barely enough to satisfy current demand within the Agency's existing boundaries. The Agency anticipates that in some years, the allocation may be less than 35% of the Agency's Table A Amount.

Furthermore, the Agency's contract with the State prohibits the Agency from delivering any portion of its imported water supply for use outside the Agency's boundaries.

For the above reasons, the Agency does not serve any Agency water to any customers outside the Agency's boundaries. However, the Agency has entered into short term agreements with San Bernardino Valley Municipal Water District ("SBVMWD") and with the Lake Arrowhead Community Services District ("LACSD") for the purchase of water from SBVMWD, then treatment and transportation of that water through the Agency's transmission system (as capacity may be available in the Agency's system during periods of off-peak demands) for delivery of that treated water into the LACSD's system for its use in lieu of water from Lake Arrowhead. This arrangement does not involve the delivery of any portion of the Agency's Table A Amount of imported water, since the water comes from SBVMWD, but it commits virtually all of the Agency's off-peak treatment and transmission system capacity for the delivery of treated water to LACSD. The charge to the LACSD for the purchase, treatment and transportation of this water is \$2,627.19 per acre-foot (subject to adjustments for actual energy costs incurred) including SBVMWD's variable costs for transportation of the imported water through the State Water Project to Silverwood Lake. The term of the arrangement is for approximately ten to fifteen years, or until a total of 7,600 acre-feet of water purchased from SBVMWD has been delivered to LACSD. The Agency anticipates that the parties may wish to extend the short-term arrangement into a long-term arrangement designed to address the water shortage concerns in the Lake Arrowhead Woods area.

<i>SERVICE PROVIDED OUTSIDE CLAWA'S BOUNDARY</i>	<i>PROVIDED TO WHOM</i>	<i>DATE OF AGREEMENT</i>	<i>SUNSET DATE</i>
Off-peak System Capacity in CLAWA's Transmission System	LACSD	7/7/05	10-15 Years

*Special charges for said service outside boundaries:*

\$2,627.19/A.F. for water purchase, treatment, storage, pumping and delivery (with cost adjustments per agreement); including use of off-peak capacity in CLAWA's water transmission system facilities.

*Special policies for providing said service outside boundaries:*

Water purchase from SBVMWD, date of agreement 7-7-05, sunset date 10-15 years.

## CLAWA'S BOUNDARY AND SPHERE OF INFLUENCE

Established:

<u>LAFCO Number</u>	<u>Date Adopted</u>	<u>Location</u>
1327	03/28/73	Type S (Original Sphere)

CHANGES:

<u>LAFCO Number</u>	<u>Date Adopted</u>	<u>Type of Change</u>	<u>Location</u>
686	03/21/69	A	Lake Silverwood
1463	08/14/74	D	Waterman Canyon
1536	05/28/75	A	Green Valley Park
1595	10/14/76	A	Grandview Road
2988	08/15/06	A	Snow Valley
2987	08/15/06	S	Snow Valley

## RESPONSE TO MUNICIPAL SERVICE REVIEW QUESTIONS

- Refer to CLAWA's 2005 Urban Water Management Plan dated May, 2006 for latest projections of population, households and water supplies, in five-year intervals between 2010 and 2025.
- CLAWA's Water Transmission Pipelines, as originally sized and constructed, will deliver the ultimate design capacity of 5,800 acre feet per year where necessary across CLAWA's service area. However, additions are planned and constructed whenever additional capacity (Phased Program) is required for CLAWA's Water Treatment Plant, Booster Stations, Storage Reservoirs, etc.
- The condition of CLAWA's Water System Facilities (Transmission and Retail Systems) is very good; and the Agency provides both routine and major maintenance to its facilities, as required to extend infrastructure life and to provide reliable level of service.
- CLAWA's Water Transmission System was initially constructed between 1967 and 1972, utilizing the proceeds of a \$7,500,000 bond issue approved by the voters within the Agency's boundary. CLAWA's retail systems (Improvement District's A, B, C & D) were constructed between 1972 and 1988, utilizing grants, loans and bond funds approved by the voters/customers within each Improvement District Area.
- Maintenance, replacements and capital additions to CLAWA's Water Transmission Infrastructure (Phased Program) for their Water Treatment Plant, Booster Stations, Storage Reservoirs, etc. will be funded when required by a combination of grants, debt, reserves, and operating revenues.
- CLAWA has no physical inter-ties with other agencies for "Reserve Capacity."
- Finance Documents: Enclosed are the following:
  - a) Operating budgets for CLAWA for the 2007-2008 and 2008-2009 years.
  - b) Audited financial statements for the years ended June 30, 2007 and 2008.
- Bond Rating: Not applicable.
- Revenue Sources:
  - a) There are four fundamental revenue sources: revenue from water sales; revenue from standby / availability charges; revenue from a share of the 1% general tax levy collected by the County of San Bernardino; and revenue from the tax rates set by the Agency to pay debt service on the annual obligations under the State Water Contract.
  - b) The wholesale water rate charged to purveyors can be adjusted as needed. The revenue from the 1% general tax is contingent upon the provisions of Proposition 13. The tax rate for debt service of the State Water Contract can be adjusted on an annual basis and is contingent on the projected State Water Project costs and assessed property values. The standby / availability charge can be increased subject to the procedures set forth in the Uniform Standby Charge Procedures Act and Proposition 218.

- Major Expenditure Categories (based on the year ended June 30, 2008, audit report):
  - a) Source of supply
  - b) Pumping
  - c) Water Treatment
  - d) Transmission and Distribution
  - e) General and Administrative
  
- Methods to Control Costs:
  - a) Preparation of annual budgets which are monitored on a daily basis.
  - b) Review of quarterly statements of cash receipts and disbursements.
  - c) Request for proposals are issued for large capital facility and maintenance projects.
  
- Joint Financing Projects: CLAWA is one of 29 State Water Contractors who have entered into a contract with the State Department of Water Resources to receive an annual entitlement for water from the State Water Project. As such the Agency assumed a proportionate share of capital costs and minimum operations, maintenance, power and replacement costs of the State facilities, in addition to paying variable operations, maintenance, power and replacement costs on a per-acre-foot charge for water deliveries received. The Agency's future commitment for State Water Project costs over the years 2008 to 2035, is estimated to be \$54,370,729.
  
- The Agency is a water wholesaler, extracting, treating and transporting water from the State Water Project at Lake Silverwood to a service area that encompasses 54,777 acres. The Agency's fundamental purpose as a state water contractor is separate and distinct from the operations of local water purveyors / retailers. The Agency has agreed not to compete for water sales with other local water wholesalers and retailers.
  
- Reliance on Other Agencies: Other than the contract with the State Department of Water Resources, CLAWA does not rely on other agencies for administrative functions, grant management or shared costs.
  
- Identify current rates and plans:
  - a) Current water rate charged to purveyors is \$1,150 per acre foot
  - b) During the fiscal year 2007-2008 the Agency levied property taxes of \$.05 per \$100 of assessed valuation for the state water contract.
  - c) Both water and tax rates are reviewed on an annual basis and at the present time there are no plans to increase or decrease the current rates. The wholesale water rate has not been adjusted in more than 15 years. The tax rate for the State Water Contract debt service was decreased beginning the 2004-2005 fiscal year and has remained unchanged to date.
  
- Crestline-Lake Arrowhead Water Agency (CLAWA) is an Independent Special District created by Special Act of the State Legislature for the purpose of providing imported supplemental water from the California State Water Project (SWP) to its boundary in the San Bernardino mountain area.

- CLAWA's original boundaries as set forth in their enabling act provides for election of 5 Directors, 1 from each of 5 Divisions within the Agency. Each Director is elected by voters who reside within that Directorial Division. Each Director serves a term of 4 years, with elections occurring in odd numbered years.
- Currently the regular Agency Board meeting occurs on the 1<sup>st</sup> Thursday of each month. Notice of each regular Board meeting is posted for public review at least 72 hours in advance of the meeting and also mailed to anyone who may have requested notice in writing; as required by the Brown Act. Notice of each meeting is also posted in advance on CLAWA's website. The website also includes pertinent facts and information about the Agency, its history and the services it provides.
- Special Board meetings are called as often as needed with at least 24 hrs. advance notice, posted and mailed as required by the Brown Act.
- Once each year the Board also conducts a public hearing on its annual water standby charges, with notice of the public hearing published in the newspaper, as required by law, in addition to appearing on the posted and mailed board agenda.
- The day, time and location of regular Board meetings are also indicated on the Agency's annual Water Quality/Consumer Confidence (WQ/CC) report. This report is mailed to each retail customer.
- Reporters from local newspapers frequently attend CLAWA's Board meetings and often report board actions in their newspaper publications.
- The Agency's office is located in Crestline, CA and is open Monday through Friday 8:00 a.m. to 5:00 p.m. In addition, CLAWA maintains an answering service to respond to reports of emergencies outside of normal business hours.
- The Agency's sole function is to provide imported supplemental water service within its boundaries for domestic consumption and fire protection purposes. The Agency does not provide sewer service, emergency response, park & rec service, road maintenance service, or other types of services provided by other types of public/private entities.
- Most of the water delivered by CLAWA is supplied on a wholesale basis to other separate retail water purveyors to supplement their local water supplies, although a portion of CLAWA's water is delivered to its Retail Water Improvement District's A, B C and D.
- All of the Agency's water supply is obtained from Silverwood Lake, which is a SWP Reservoir on the East Branch of the SWP. In most years the supply of water exceeds CLAWA's customer demands. CLAWA has arrangements in place to obtain additional water supplies when needed. Also, CLAWA's Board has adopted a Water Conservation Ordinance to prohibit certain water wasting uses during shortage conditions, and if necessary to allocate its available supplies among its customers.

- The Agency's Board currently does not favor annexations which would significantly increase the demand for water service from the Agency. The Agency's contract with DWR prohibits the delivery of Agency water for use outside the Agency's boundary.
- All of the water supplied by CLAWA is treated to the California Department of Public Health (CDPH) standards at the Agency's Silverwood Water Treatment Plant. This eliminates the need for each separate retail water purveyor within the Agency to construct and operate their own treatment plant; however, some retail water purveyors may need some level of water treatment for their own local water supplies.
- All of the separate retail water purveyors within CLAWA's boundaries are charged the same rate for wholesale water service no matter where they are located. The Agency has a state-of-the-art computer billing program which calculates each customer's monthly bill based upon the quantity of water delivered. Customers who question the accuracy of CLAWA's meter may arrange with the Agency to have the meter tested for accuracy. CLAWA maintains a small but efficient workforce to run the office, provide customer services, operate and maintain the water treatment plant, pump stations, transmission and distribution facilities, storage reservoirs and appurtenances, along with meter reading and other miscellaneous tasks.
- The Board adopts a preliminary budget each year, followed by adoption of the final budget after the Agency receives information from the County regarding assessed value within the Agency. The Agency also receives a preliminary statement of charges each year from the DWR, followed by periodic invoices thereafter along with a year-end billing adjustment, for payment of amounts due under its State Water Contract. The Agency's financial obligations are funded primarily from water sales, stand-by charges and tax revenues. The Agency's Board has adopted policies regarding the investment of funds and maintenance of reserves, which are reviewed annually by the Board. The Agency also engages the services of an independent CPA to perform an annual fiscal year audit of the Agency's financial books and records; and receives quarterly statements of cash disbursements and receipts.
- The Agency's Board has also adopted a policy for the payment of stipends to board members for each day of service on behalf of the Agency, as approved by the Board and for reimbursement of approved travel expenses.
- At this time the Agency does not recommend any structural or organizational changes. CLAWA's Board strongly opposes annexation of the LACSD's Water Service Area to CLAWA.
- However, CLAWA is willing to continue cooperation with LACSD to assist in delivering water obtained by LACSD from another source by utilizing off-peak capacity when available in CLAWA's water transmission system facilities.

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San Bernardino County

## MANDATORY FIVE YEAR UPDATE SPHERE OF INFLUENCE REVIEW

**INTRODUCTION:** The questions on this form are designed to obtain data about the entity's existing sphere of influence to allow the Commission and its staff to begin to assess the mandated sphere update process. You are encouraged to include any additional information that you believe is pertinent to the process. Use additional sheets where necessary and/or include any relevant documents.

1. **NAME OF AGENCY:** Crestline-Lake Arrowhead Water Agency (CLAWA)
2. *Provide an identification of the entities that provide service to your agency. Please indicate whether they are public or private entities and include subsidiary districts in this description. Please include a description of City or District-governed agencies (i.e., redevelopment agency, development corporations, joint powers authorities, improvement districts, etc.):*

The State Department of Water Resources (DWR) provides State Water Project water to CLAWA via a metered turnout along the southerly side of Lake Silverwood.

3. *Provide a narrative description of anticipated alterations in the agency's current sphere of influence that should be considered in this review. This identification should include any potential development that would require a sphere of influence amendment for implementation, etc. (If additional room for response is necessary, please attach additional sheets to this form.)*

CLAWA's Original Sphere (LAFCO 1327 adopted 3-28-73) included the Lake Arrowhead exclusion (4,736 ± ac) with retail water served by LACSD, and with CLAWA providing some off-peak system capacity in CLAWA's transmission system currently via a short-term arrangement to address LACSD's water shortage concerns. This water is provided by SBVMWD, since CLAWA's water supply is not sufficient to service LACSD's demands. CLAWA anticipates that the parties will wish to extend the short-term (10-15 yrs) arrangement into a long-term arrangement. Refer to CLAWA's response on LAFCO's form titled "Services" under Section titled "Services Provided Outside Agency Boundaries" on Pages 3 & 4 therein.

CLAWA's Original Sphere also included two (2) undeveloped land areas attached to the westerly end of CLAWA's boundary, along with two (2) land areas attached to the easterly end of CLAWA's boundary. These four (4) land areas currently in CLAWA's sphere total 11,197 ± ac, comprised of 152 ± ac of privately-owned land and 11,045 ± ac of U.S.F.S. land. CLAWA's boundary/sphere is bounded on the northerly side by Mojave Water Agency, and bounded on the southerly/westerly/easterly sides by the San Bernardino Valley Municipal Water

District. CLAWA is not aware at this time of any proposed development requiring water service within this 11,197 ± ac sphere area. CLAWA would expect that a USFS Land Exchange Program would be required prior to any proposed development occurring on the 11,045 ± ac of sphere area of USFS land, CLAWA's contract with DWR for an imported water supply of up to 5,800 AF/year (CLAWA's Table A Amount) from the State Water Project does not include water for proposed development within this 11,197 ± ac sphere areas attached to the westerly and easterly end of CLAWA's boundary.

Refer to the attached 11" x 17" map showing CLAWA's current boundary and sphere.

4. **CITIES:** *Provide an outline of negotiations with the County of San Bernardino related to any sphere change anticipated. Please include an outline of agreements on boundaries, development standards, zoning requirements, if any. This is required pursuant to Government Code Section 56425(b).*

Not applicable.

5. **CITIES:** *Provide an outline of the dates for adoption and plans for update, if any, for:*

General Plan Not Applicable  
 Elements if adopted separately

NAME

DATE OF ADOPTION/UPDATE PLANS

Not Applicable

6. **CITIES/SPECIAL DISTRICTS:** *For the services provided by the agency, identify the appropriate document below and provide an outline of the date of adoption, schedule for update, copy of the document and copy of environmental document, if applicable:*

Master Plan for Water Utility	CLAWA does not have a master plan.
Master Plan for Sewer Utility	Not applicable to CLAWA
Master Plan for Fire Service	Not applicable to CLAWA
Master Plan for Park Service	Not applicable to CLAWA
Urban Water Management Plan	Copy of CLAWA's 2005 UWMP is attached.
(with copy of certification from Department of Water Resources)	– DWR does not certify.

Other (Please name):

Not Applicable

7. **SPECIAL DISTRICTS:** *For an outline of the following items related to the services provided by the District. This response is specifically required by Government Code Section 56425(i) et seq.*

- a) *Provide a written statement specifying the functions and/or classes of service provided by your District.*

Refer to CLAWA's response on LAFCO's form titled "Services" under Sections titled "Currently Authorized Power (Services)", and "Services Provided Outside Agency Boundaries" on Pages 3 & 4 therein.

- b) *Provide a written description of the nature, location and extent of the functions and/or classes of service outlined above. Where the service area is less than the boundaries of the District, provide a map depiction of the location.*

The attached 11" x 17" Map Nos. 1 & 2 indicate the location and extent of CLAWA's water transmission facilities, including water intake, treatment, pumping, pipelines, reservoirs, and appurtenant facilities. CLAWA supplies supplemental water through metered turnouts to separate retail water purveyors and to CLAWA's retail Improvement Districts A, B, C and D. CLAWA owns and operates the retail water systems comprising their Improvement Districts, including pipelines, fire hydrants, metered services, reservoirs and appurtenant facilities.

Also, CLAWA does not provide service outside CLAWA's boundary. However, CLAWA allows the use of off-peak system capacity in CLAWA's transmission system to deliver water from SBVMWD to LACSD. Refer to CLAWA's response on LAFCO's form titled "Services Provided Outside Agency Boundaries" on Pages 3 & 4 therein.

- c) *Provide a brief outline of master plans adopted for each of the services listed above including a summary of their findings and the date of their adoption. If the master plans are required to be filed with a County, State or Federal agency, please note the date of their acceptance. Provide a copy of the master plans with this document if not previously provided to the LAFCO staff office including a copy of the environmental determination associated with the document.*

CLAWA does not have a master plan.

8. *Provide a response to the four factors outlined in Government Code Section 56425 required for a sphere of influence review outlined as follows:*

- a) *The present and planned land uses in the area, including agricultural and open-space lands.*

The present and planned land uses within CLAWA's sphere (15,933± ac) would be in accordance with SBC's General Plan and as approved by the Planning Department.

The portion of this area which is USFS land is expected to remain open-space. The remainder which is privately owned is expected to be used for single-family homes, except that the Lake Arrowhead Community would be a blend of residential and commercial

- b) *The present and probable need for public facilities and services in the area.*

The present and probable need for water service in the Lake Arrowhead exclusion portion (4,736 ± ac) of CLAWA's sphere has been addressed on LAFCO's form titled "Services Provided Outside Agency's Boundaries" on Pages 3 & 4 therein.

For the balance (11,197 ± ac) of CLAWA's sphere, there is no known present need for CLAWA's water service. There is no probable need for water service on the USFS lands, and the probable need for water service on the privately-owned land depends upon future development.

- c) *The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.*

The present capacity of CLAWA's water system facilities is sufficient to reliably meet existing water demands/services, operating with acceptable load factors. Whenever required, CLAWA is prepared for the phased increases in capacity of treatment, pumping and storage facilities of their water transmission system to satisfy anticipated demand within CLAWA's existing boundaries. During off-peak periods that same system capacity could continue to provide water from other sources, through CLAWA's facilities, for delivery to LACSD. The ultimate design capacity of CLAWA's water transmission system is compatible with their contract with DWR for an imported water supply of up to 5,800 AF/YR from the State Water Project.

- d) *The existence of any social or economic communities of interest in the area.*

CLAWA believes that the Lake Arrowhead exclusion portion (4,736 ± ac) of CLAWA's sphere is the only existing social/economic community of interest outside of and adjacent to CLAWA's boundary.

**CERTIFICATION**

*I hereby certify that the statements furnished above and in the attached supplements, exhibits, and documents present the date and information required for this mandatory review 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.*

CRESTLINE-LAKE ARROWHEAD WATER AGENCY

DATE: 5/23/08

*Roxanne M. Holmes*  
Signature of Official

Roxanne M. Holmes

Printed Name

General Manager

Title

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April 27, 2010

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

Re: LAFCO 3107 - Sphere of Influence Review for Crestline-Lake  
Arrowhead Water Agency

Dear Ms. McDonald:

The Crestline-Lake Arrowhead Water Agency has requested our assistance in responding to your April 7, 2010 letter, following up on the March 17, 2010 Departmental Review Committee meeting with the Agency. This letter responds to the several requests set forth in your letter, in the same order that they appear in the letter, as follows:

1. According to the Agency's records, the island area within Section 14 was not a part of the LAFCO 1463 detachment, but rather was excluded from the Agency by election of the voters in 1963 before LAFCO even existed. Enclosed are documents pertinent to that exclusion from the Agency. The Agency can confirm that the Pohl Ranch area, detached from the Agency pursuant to LAFCO 1463, has continued to be assessed for its share of State Water Project payments as set forth in the LAFCO conditions imposed for that detachment.

2. Enclosed are copies of the Agency's agreement with San Bernardino Valley Municipal Water District for the pre-purchase of 7,600 acre-feet of water from that District; the Agency's agreement with Lake Arrowhead Community Services District, as amended, for the treatment and delivery of that water to that District; and a copy of the agreement between the Agency, SBVMWD and the State of California Department of Water Resources approving the arrangement and providing for the change in the point of delivery for that water from the State Water Project. DWR's approval of the

**BEST BEST & KRIEGER**  
ATTORNEYS AT LAW

Kathleen Rollings-McDonald

April 27, 2010

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arrangement and the change in point of delivery was the only determination necessary to allow the SBVMWD water to be taken by the Agency and ultimately delivered to the LACSD for its use. Of the 7,600 acre-feet of SBVMWD water that was pre-purchased, 1,293.8 acre-feet have been delivered to SBVMWD, leaving a balance of 6,306.2 acre-feet remaining to be delivered in the future. LACSD

3. We thought that a conflict waiver letter for BB&K had already been executed by the Agency. Apparently that was not the case, however. We have prepared a conflict waiver for the Agency to sign and will provide it to you by separate transmittal within the next day or two.

We hope the above information and the enclosed documents are fully responsive. If not, please let us know. Thank you.

Sincerely,



Michael T. Riddell  
of BEST BEST & KRIEGER LLP

MTR:mb

cc: Roxanne M. Holmes, General Manager

# BEST BEST & KRIEGER

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LAFCO  
San Bernardino County

May 10, 2010

### VIA OVERNIGHT COURIER

Michael Tuerpe  
LAFCO Analyst  
Local Agency Formation Commission  
215 North "D" Street, Suite 204  
San Bernardino, CA 92415-0490

Re: LAFCO 3107 - Service Review and Sphere of Influence Update for  
the Crestline-Lake Arrowhead Water Agency

Dear Mr. Tuerpe:

The Crestline-Lake Arrowhead Water Agency has requested assistance from its consulting engineers, Albert A. Webb Associates, and from our firm, in responding to the additional questions contained in your April 29, 2010 letter regarding the above-referenced service review and sphere of influence update for the Agency.

Enclosed with this letter are five sheets of information prepared by the Agency's engineers in response to the questions related to the Agency's retail water system and service, and the Agency's wholesale water system and service. The information also indicates total deliveries from the State Water Project for each of the last ten years, in response to the first question expressed in your letter related to the State Water Project. This letter will now address the second question posed in your letter related to the State Water Project, requesting an explanation of how the Agency is responding to the reduction in SWP deliveries, and how that reduction is affecting the Agency's ability to deliver retail and/or wholesale water.

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ATTORNEYS AT LAW

Michael Tuerpe

May 10, 2010

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Thus far the annual reductions in water available from the State Water Project have not posed a problem for the Agency, other than to create worry about what could occur in the future. Most of the water supplied by the Agency is delivered on a wholesale basis to other water purveyors that rely first on local groundwater supplies. Their demand for imported water from the Agency increases when their own well water production decreases. Thus far their local well water production has been high enough that their demand for supplemental water from the Agency has not exceeded the Agency's allocation of water from the State Water Project in any year, notwithstanding the recent reductions in the annual allocations of water to the Agency from the State Water Project. In fact, in some years the allocation of water available to the Agency has exceeded the demands of the Agency's customers for supplemental water. In those years, the Agency has been allowed to "carry over" the unused portion of its allocation in the San Luis Reservoir for use by the Agency in a subsequent year of need. This "carry over" of water is allowed to continue so long as the Department of Water Resources has storage space available in the San Luis Reservoir. Ironically, the restrictions on pumping from the Delta have prevented the Department of Water Resources from filling the San Luis Reservoir in recent years, which has allowed the Agency to continue to carry over unused portions of its allocation in those years. Thus, the Agency has developed a small bank account of carry over water from previous years which will be available to augment a future allocation which might be insufficient to cover the needs of the Agency's customers for supplemental water in a particular year. The most recent information from the Department of Water Resources indicates that as of the end of March, 2010, the Agency had 2,398 acre-feet of accumulated carry over water from previous years which would be available to augment an allocation that is insufficient to satisfy the needs of the Agency's customers in a future year. Thus far, however, each year's allocation of water from the State Water Project has been sufficient to satisfy the needs of Agency customers for supplemental water from the Agency because local well water production has been sufficient to reduce the demand for supplemental water to a quantity which is less than that year's allocation available to the Agency. That picture could change if a series of dry years reduces local well water production in the San Bernardino Mountains, however.

Your letter also requested updated information regarding the population within the Agency's existing boundaries. The Agency's best information, based on U.S. census data, is that the Agency served a permanent population of 34,500 people in 2008, and a seasonal daily maximum population of somewhere between 45,000 and 60,000 people in 2008. The seasonal population would reflect visitors to the mountain area who also require water service while visiting.

**BEST BEST & KRIEGER**  
ATTORNEYS AT LAW

Michael Tuerpe

May 10, 2010  
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We believe that all of the information requested in your letter of April 29, 2010, is contained in this letter and the enclosures prepared by the Agency's engineers. However, if additional information is required or would be helpful, please let us know.

Sincerely,



Michael T. Riddell  
of BEST BEST & KRIEGER LLP

MTR:mb

Enclosures

Cc: Roxanne Holmes, General Manager  
Fred Hanson, Albert A. Webb Associates

CLAWA'S WATER DELIVERIES

DURING THE PAST TEN YEARS

<u>YEAR</u>	<u>AF/YR<sup>(1)</sup></u>	<u>AF/YR<sup>(2)</sup></u>	<u>AF/YR<sup>(3)</sup></u>
2009	1,629	262	1,367 <sup>(4)</sup>
2008	1,886	250	1,616 <sup>(4)</sup>
2007	2,702	277	2,425 <sup>(4)</sup>
2006	1,245	279	966
2005	1,061	265	796
2004	2,572	260	2,312
2003	2,231	346	1,885
2002	2,266	274	1,992
2001	1,735	250	1,485
2000	1,532	253	1,279

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<sup>(1)</sup> Total deliveries to CLAWA from Lake Silverwood.

<sup>(2)</sup> Total deliveries to CLAWA's retail water systems.

<sup>(3)</sup> Total deliveries to CLAWA's wholesale customers.

<sup>(4)</sup> Includes deliveries of supplemental water, through CLAWA's system to LACSD, via agreements with SBVMWD and LACSD: 2009-149AF, 2008-411AF, and 2007-710AF.

## CLAWA'S WHOLESALE WATER SYSTEM

CLAWA's Wholesale Water System, extending across the Agency's service area, was initially constructed from about 1966 – 1971, including intake, conventional multi-barrier water treatment plant, W.S. CML/OW Class 100-800 PSI transmission pipelines, electric motor and natural gas engine driven booster stations, welded steel reservoirs, natural gas standby electric generators, metered turnouts, pressure stations, fire hydrants (for protection against wild land fires), and appurtenances. The Agency performs routine and major maintenance, as and when required, to keep all of their Wholesale Water System facilities in good and reliable operating condition. The Agency's Wholesale Water System is kept in compliance with all requirements of the California Department of Public Health (CDPH). The transmission pipelines constructed have design capacities compatible with CLAWA's 5,800 AF/yr contract entitlement from the California State Water Project. Additional treatment, pumping and reservoir facilities/capacities are added to the Wholesale Water System whenever required to meet all requirements of the CDPH. The Wholesale Water System also delivers source of supply water to CLAWA's Retail Water Systems through master meter turnouts.

CLAWA'S

WHOLESALE SYSTEM RESERVOIRS (10)

<u>Ident.</u>	<u>Year Built</u>
CW1	1970
CW2	1998
JP	1969
PA	1969
CR1	1968
CR2	1974
SP	1970
PL	1969
NH	1969
GV	1968

### CLAWA'S RETAIL WATER SYSTEMS

CLAWA's Retail Water Systems, located near the middle-portion of the Agency's service area, were initially constructed from about 1977-1987, including A.C. Class 150-200 PSI distribution pipelines, steel reservoirs, source of supply master meter turnouts (from CLAWA's Wholesale Water System), pressure stations, fire hydrants, retail water services and meters, and appurtenances. The Agency performs routine and major maintenance, as and when required, to keep all of their retail water system facilities in good and reliable operating condition. The Agency's retail water systems are kept in compliance with all requirements of the CDPH. The retail water system facilities constructed have design capacities for domestic water demands per CDPH requirements, and design capacities for residential/commercial fire flows per the various governing Fire Protection Organization (District or Department).

CLAWA'S RETAIL SYSTEM RESERVOIRS (10)

<u>Zone</u>	<u>Year Built</u>	<u>No. of Retail Services<sup>(1)</sup></u>
HB/GV	1978	66
AH1	(2)	
AH2	(2)	147
SF	(2)	186
GR1	1984	
GR2	1986	154
AF	1978	147
BJ	(2)	47
LA/BM	(2)	213
MB	1984	192
LB	(3)	55 <sup>(3)</sup>

<sup>(1)</sup> Current Services (small increase in number during last 10 years)

<sup>(2)</sup> Prior to 1978.

<sup>(3)</sup> No retail reservoir- Zone served pressure-reduced from Wholesale System pipeline and reservoirs.

# CRESTLINE-LAKE ARROWHEAD WATER AGENCY

A Public Agency  
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24116 CREST FOREST DRIVE  
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KENNETH A. EATON

## Secretary

JENNIFER A. SPINDLER

## General Manager

ROXANNE M. HOLMES

May 11, 2010

RECEIVED  
MAY 12 2010

LAFCO  
San Bernardino County

Michael Tuerpe  
LAFCO Analyst  
Local Agency Formation Commission  
215 North "D" Street, Suite 204  
San Bernardino, CA 92415-0490

Re: LAFCO 3107 – Service Review and Sphere of Influence Update for the  
Crestline-Lake Arrowhead Water Agency

Dear Mr. Tuerpe:

Your letter of May 11, 2010 asks us to explain why the Agency has indicated on its Municipal Service Review form that the Agency's Board opposes annexation of the Lake Arrowhead Community Services District water service area to the Agency. There are two primary reasons.

First, the Agency's imported water supply is not sufficient to satisfy existing and anticipated demand for supplemental water within the Agency's existing service area every year, let alone the additional demand that would result from the annexation of the Lake Arrowhead community as well. This year the initial allocation from the State Water Project was only 10%, which for the Agency would have meant an imported water supply of only 580 acre-feet for the entire year. That quantity of water would not have been sufficient to satisfy this year's demand for supplemental water within the Agency's existing boundaries. Fortunately, precipitation improved within the watershed of the State Water Project, allowing this year's allocation to be increased to 40% of the Agency's contract amount. But the resulting allocation of 2,320 acre-feet would have been barely enough to satisfy the demand for supplemental water within the Agency's existing boundaries in some previous years when dry conditions resulted in low well water production in the mountains. And this does not even take into account the additional demand that will result from additional development within the Agency's existing boundaries. In other words, the Agency's Board is concerned that the Agency's imported water supply may not be sufficient to satisfy existing and anticipated demand for supplemental water within the Agency's existing boundaries, and would not feel comfortable taking on the significant additional demand represented by the Lake

Arrowhead community, especially if that community's local water production also diminishes during locally dry conditions. The Agency's available supply from the State Water Project is likely to be less when the demand for supplemental water from the Agency is likely to be greatest.

Second, the additional population in the Lake Arrowhead area would greatly alter the Agency's demographics if that population base were added to the Agency. Rough calculations suggest that if the Lake Arrowhead area were added to the Agency, that area would probably command at least two positions on the Agency's five person Board of Directors. Thus, the community of Lake Arrowhead could effectively control the Agency's policy decisions which in the past have been directed by representatives from all of the other areas currently located within the Agency's boundaries. Needless to say, the Lake Arrowhead community is quite different culturally and economically than the other smaller communities and rural areas located within the Agency's current boundaries. Those areas have paid the price over the last four decades to construct the Agency's treatment plant, reservoirs, pumping and transmission facilities, and to secure an imported water supply which is barely sufficient for their own needs in many years. We believe that any proposal to allow the Lake Arrowhead community to move into the Agency and reap the benefits of those past sacrifices would generate significant opposition and resentment.

These are the two main reasons why the Agency's Board would be opposed to an annexation of the Lake Arrowhead community into the Agency's existing boundaries. If additional response or clarification would be helpful, please let us know.

Very truly yours,

A handwritten signature in cursive script that reads "Roxanne M. Holmes". The signature is written in black ink and is positioned above the typed name.

Roxanne M. Holmes  
General Manager