

**MINUTES OF THE LOCAL AGENCY FORMATION COMMISSION
HEARING OF MARCH 16, 2011**

REGULAR MEETING

9:00 A.M.

MARCH 16, 2011

PRESENT:

COMMISSIONERS:	Jim Bagley	Brad Mitzelfelt, Chairman
	Robert Colven, Alternate	Janice Rutherford
	Kimberly Cox	Robert Smith, Alternate
	Neil Derry, Alternate	Diane Williams, Alternate
	Larry McCallon	

STAFF:

- Kathleen Rollings-McDonald, Executive Officer**
- Clark Alsop, Legal Counsel**
- Samuel Martinez, Senior LAFCO Analyst**
- Michael Tuerpe, LAFCO Analyst**
- Anna Raef, Recording Secretary**
- Rebecca Lowery, Deputy Clerk to the Commission**

ABSENT:

COMMISSIONERS:

- Ginger Coleman**
- James Curatalo, Vice-Chairman**

**CONVENE REGULAR SESSION OF THE LOCAL AGENCY FORMATION COMMISSION
– CALL TO ORDER – 9:07 A.M. – SAN BERNARDINO CITY COUNCIL CHAMBERS**

Chairman Brad Mitzelfelt calls the regular session of the Local Agency Formation Commission to order and leads the flag salute.

SWEAR IN NEW BOARD OF SUPERVISOR COMMISSION MEMBER

Recording Secretary Anna Raef administers the oath of office to Regular Board of Supervisors Member Janice Rutherford.

CONSENT ITEMS – APPROVE STAFF RECOMMENDATIONS

2. Approval of Minutes for Regular Meeting of January 19, 2011
3. Approval of Executive Officer's Expense Report
4. Ratify Payments as Reconciled for Months of January and February 2011 and Note Cash Receipts

A Visa Justification for the Executive Officer's expense report, as well as a staff report outlining the staff recommendation for the reconciled payments has been provided. Copies of each are on file in the LAFCO office and are made a part of the record by their reference here.

Commissioner Cox moves approval of the consent calendar, second by Commissioner Smith. Chairman Mitzelfelt calls for opposition to the motion. There being no opposition, the motion passes with the following vote: Ayes: Bagley, Cox, McCallon, Mitzelfelt, Rutherford, Smith. Noes: None. Abstain: None. Absent: Coleman, Curatalo (Commissioner Smith voting in his stead).

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(Commissioner Williams arrives at 9:09 a.m. and takes her place at the dais.)

PUBLIC HEARING ITEMS:

Consent Items Deferred for Discussion - None

SERVICE REVIEW FOR THE HILLTOP COMMUNITY WHICH INCLUDES THE REVIEW OF GREEN VALLEY MUTUAL WATER COMPANY AND SPHERE OF INFLUENCE UPDATE/AMENDMENT REVIEWS FOR THE FOLLOWING:

- A. CONSIDERATION OF: CEQA STATUTORY EXEMPTION FOR LAFCO 3108; AND LAFCO 3108 – SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR RUNNING SPRINGS WATER DISTRICT**
- B. CONSIDERATION OF: CEQA STATUTORY EXEMPTION FOR LAFCO 3137; AND LAFCO 3137 – SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR ARROWBEAR PARK WATER DISTRICT**
- C. CONSIDERATION OF: CEQA STATUTORY EXEMPTION FOR LAFCO 3123; AND LAFCO 3123 – SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR COUNTY SERVICE AREA 73**
- D. CONSIDERATION OF: CEQA STATUTORY EXEMPTION FOR LAFCO 3131; AND LAFCO 3131 – SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR COUNTY SERVICE AREA 79 –**

APPROVE STAFF RECOMMENDATION FOR ALL ITEMS

LAFCO conducts a public hearing to consider Service Reviews for the Hilltop Community, which includes a review of the Green Valley Mutual Water Company and Sphere of Influence Update/Amendment Reviews for LAFCO 3108, LAFCO 3137, LAFCO 3123, and LAFCO 3131. As required by State Law notice of the hearing was provided through publication in a newspaper of general circulation, *The 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. 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 March 7, 2011 LAFCO staff met with the community based agencies and representatives to review the proposed determinations and recommendations made within this report.

Executive Officer Kathleen Rollings-McDonald opened the presentation of the staff report, a complete copy of which is on file in the LAFCO office and is made a part of the record by its reference here. She indicates that the overhead display provides an illustration of the regional communities which have been defined by the Commission and points out a gap in between which relates to the Running Springs, Arrowbear Lake and Green Valley Lake communities. She explains that the Commission's policies direct staff to define communities before beginning determinations for spheres of influence and service reviews. She says there are three primary service providers in the Hilltop community area, the Running Springs Water District, Arrowbear Park County Water District and two county-governed agencies, CSA 79 for Green Valley Lake, and CSA 73 for Arrowbear Park and streetlights. She notes that in 2007 the County adopted a community plan for the Hilltop community in consultation with local residents who coined the name "Hilltop." She points out

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the Hilltop community plan on the overhead display. Ms. McDonald notes that the San Bernardino mountain region is the most densely populated urban forest west of the Mississippi with development concentrated on private lands within the national forest.

Ms. McDonald reports that the existing community plan boundary and existing spheres of influence have some conflicts and constraints such as territories outside the community plan boundary but within the sphere of influence of another agency, territories outside Crestline Lake Arrowhead Water Agency's (CLAWA) boundary, territories with split parcels, as well as other conflicts. She notes that staff is recommending that the community definition be a hybrid of Options 2 and 3 as shown in the staff report. She explains that staff proposes a community definition that is a combination of the private lands that need service delivery, exclusion of areas that cannot be served due to topography, and inclusion of other private lands in surrounding territories. She notes that a draft of this report was reviewed with representatives of Running Springs, Arrowbear and Green Valley Lake, as well as the County Special Districts Department, and representatives from the Board of Supervisors office. No objection was expressed to this community definition.

LAFCO Analyst Michael Tuerpe presents the portions of the staff report related to the service review discussion and factors.

With regard to water, Mr. Tuerpe explains that there are three entities that provide water within the community, two are public and one is private. Green Valley Lake Mutual Water Company is the private entity and generally overlays the area of CSA 79 including Green Valley Lake. The public districts include the Running Springs Water District and the Arrowbear Park County Water District. He says a unique circumstance exists in that the Green Valley Lake Mutual Water Company is not a small water company and is actually the second-largest water provider in the area. Additionally, the Arrowbear Park County Water District produces greater supply of water than its demand each year and Running Springs Water District has greater demand than supply. Therefore, Running Springs Water District is able to buy water from Arrowbear Park rather than going through the state water contractor, CLAWA, which has a higher cost.

With regard to sewer, he says that there are also three agencies that provide sewer collection service, Running Springs Water District, Arrowbear Park County Water District, and CSA 79. Each does its own collection and transfer to the regional plant which is operated by Running Springs Water District. He notes that CSA 79 collects and transports wastewater from the Snow Valley Resort; however, the area is within the sphere of influence of the Arrowbear Park County Water District. Staff recommendation for a single sphere of influence would place this service area into the CSA 79 sphere of influence, correcting this issue.

With regard to fire protection and ambulance, five stations exist in the area, two operated by Running Springs Water District, one by Arrowbear Park County Water District, one by County Fire, and one US Forest service station. He notes a correction to the staff report on page 38 which does not list a fire chief for Running Springs Fire Station 51.

Mr. Tuerpe points out on the overhead display the boundaries of the Running Springs Water District and the exclusive operating area (EOA) for ambulance service. The EOAs are set by the Inland Counties Emergency Management Agency (ICEMA). This requires Running Springs Water to provide its ambulance service beyond its boundaries, which presents a

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financial issue in that the agency provides service to areas from which it does not receive a share of the property tax. Instead, costs are recovered directly from the recipient. He says that LAFCO recommends that an automatic aid agreement be made between Arrowbear Park County Water District and Running Springs Water District to allow Running Springs Water District to adequately recoup the operating costs outside of its boundaries. He points out on the overhead display areas not in the spheres of influence. Those discrepancies will be corrected in the future.

With regard to street lighting, Mr. Tuerpe states that the only street lighting in the area is provided by CSA 73. That district is wholly within the boundaries of Arrowbear Park County Water District. Mr. Tuerpe notes that one of the lights funded by CSA 73 exists outside of its boundaries. Expanding CSA 73's sphere of influence would place that light within its sphere of influence; however, no financial support is received for it. He notes that the district is providing a service for which it receives no financial benefit. He says that past reviews have shown that street lighting entities continually operate at an annual deficit in that revenues are stagnant due to declining property taxes while expenditures continue to increase.

Mr. Tuerpe explains that the two water districts are authorized park powers; however, they do not actively provide those services. The overlaying agency providing park service is the Rim of the World Recreation and Park District. Mr. Tuerpe notes that both districts have requested retention of these services due to concerns related to the questions regarding financing and service delivery through the Recreation and Park District.

With regard to sanitation (refuse collection) powers, both districts have that power and LAFCO law does not allow that power to be removed unless the districts adopt a resolution and submit a proposal to LAFCO for removal of that power. Mr. Tuerpe notes that since this requires the payment of filing fees it is not anticipated to occur.

Chairman Mitzelfelt calls for questions from the Commission. There are none.

Ms. McDonald notes that with regard to automatic aid for fire protection, Running Springs Water District is a net provider of fire protection emergency aid throughout the community. There is no automatic aid agreement, but mutual aid prevails. The cost for providing fire protection services to Green Valley Lake are funded through property tax received by the San Bernardino County Fire Protection District, but generally provided by Running Springs Water District. She says that both Arrowbear Park and Running Springs Water Districts have indicated willingness to look at an automatic aid agreement but such an agreement should also be pursued with the San Bernardino County Fire Protection District. She notes that the citizens of the Running Springs Water District pay a \$65 per parcel tax to support that service. Ms. McDonald also notes that the Running Springs Water District has a service contract with Camp Helendale, which was never presented to LAFCO. She requests that the Commission acknowledge that contract as a part of the service review.

Commissioner Mitzelfelt asks if the ambulance provider bills non-residents for transport. Ms. McDonald states that they do for ambulance service, as ICEMA authorizes billing the recipient or the recipient's medical provider; however, payments may not make up the costs.

Ms. McDonald states the staff report provides several government structure options. First is

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to create a single multi-function entity for the Hilltop community, which would include consolidation of the sewer entities, the two County water districts and CSA 79. The law now allows consolidation of entities not formed under the same principal act. She explains that in 1995, when the Commission was granted authority to initiate changes of organization, one of the first items considered was the potential consolidation of Arrowbear Park and Running Springs Water Districts. At the time, it could not include CSA 79 in that consolidation. She says that consolidating those districts now would provide all services except for roads.

A second option would be formation of a community services district. All services provided in the community could be offered through a consolidated community services district. She says the Commission's practice is to designate a CSD in order to protect areas it believes could incorporate at some future date. She notes that growth patterns in this portion of the mountain are not the same as in other areas because of the limited nature of private lands. The potential for a future city, therefore, is not as real as in other areas.

A third option would be to consolidate all the agencies into CSA 79, as county service areas can perform all services that are currently provided within the area. However, doing that would remove local control. CSA 79 could only have an advisory board to the Board of Supervisors which is the governing body.

Ms. McDonald states that staff supports formation of a community services district; however, the districts are interested in looking at the option of consolidation into a County water district. She reiterates that it is staff's position that a multi-function single entity would be the best way to serve the community.

She notes that other options exist, including consolidating all public water agencies into CLAWA, as CLAWA provides retail water service. It is the only state contractor in San Bernardino County that actively provides retail water. All other state contractors are isolated solely to wholesale water and recharge activities. She says potential exists for regional cooperation between entities to use reclaimed water inside the territory.

Ms. McDonald emphasizes that adequate fire protection is critical on the mountaintop. She says that one of the districts has looked into having San Bernardino County Fire Protection District provide that service. County Fire's response was to propose a contract to provide that service. She says staff does not support that proposal. Staff would, however, support expansion of the sphere of influence and then annexation of the territory to County Fire. She notes that at the time of the County Fire Reorganization CSA 70 overlaid the other independent fire providers and generated revenues for County Fire's administration. As a function of that reorganization, those funds were removed and transferred to County Fire's administration for purposes of continuing its operation.

The final option would be maintenance of the status quo. Staff, however, does not believe that this is a viable option for these communities, given their interrelationship and dependence upon one another.

She explains that the Commission's consideration is to either maintain the existing spheres of influence, maintain separate spheres of influence that accommodate the changes proposed in the community definition, or designating a single sphere of influence for all agencies. Staff's recommendation is that the Commission designates a single sphere of

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influence for Running Springs Water, Arrowbear Park Water, CSA 79 and CSA 73.

Ms. McDonald refers to the review of current Commission-designated services for all agencies in the community. In 1976 the Running Springs Water District affirmed its authorized services as water, sewer, fire protection, park and recreation and sanitation. Staff proposes to correct fire protection services to more accurately reflect what is currently provided. The District has never provided sanitation services; however, the power cannot be removed without a change of organization. The District does not intend at this time to submit a proposal for change of organization due to costs.

Arrowbear Park County Water District provides wholesale and conservation efforts and sanitation is an existing power, but as noted for Running Springs, this will not be resolved at this time due to the cost for application submission.

With regard to park and recreation for both agencies, both districts have indicated that they participate with Rim of the World Park and Recreation District for services by providing land or facilities for joint operations. Both districts wish to wait to see how the Park and Recreation District operates in the future before taking any action to remove this function.

With regard to CSA 79, staff recommends expansion of the sewer service to more accurately reflect services it performs. Staff has requested that the County Special District Department take the actions necessary to remove the water function assigned the district. Ms. McDonald notes that County Service Area Law allows the Board of Supervisors to adopt a resolution removing the function from the agency's list of active functions. In turn, LAFCO staff would then update the inventory of active functions and services on Policy and Procedure Manual, Section Five – Special Districts, Exhibit A once that action is taken.

With regard to CSA 73, the street lighting district is authorized to provide park and recreation services. As Rim of the World Recreation and Park District provides this service and Arrowbear Park Water is authorized park and recreation services, it is not necessary for CSA 73 to have that authority as well. She says that the County can adopt a resolution removing it as an active function. LAFCO staff would then update the inventory once that action is taken.

Ms. McDonald summarizes the staff's recommendations and thanks the Districts and the County Special Districts Department for their assistance with this review.

Chairman Mitzelfelt calls for questions from the Commission. Commissioner Cox asks if Running Springs Water District collects a franchise fee from Burrtec for solid waste services. Ms. McDonald states that solid waste services for the region are provided by the County. None of the water districts receive franchise fees. Commissioner Cox asks if the agencies would have the right and notes that, as a CSD, the agency would have the ability to oversee the sanitation service and collect a franchise fee. Ms. McDonald states County Water Districts are authorized to provide that service but she is unaware of whether they can collect the franchise fee. Commissioner Cox strongly encourages the Hilltop communities to evaluate the merits of forming a community services district, as it is the best representation of services closest to the people.

Chairman Mitzelfelt opens the public hearing and asks if there are members of the public who wish to speak on this item.

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Kenneth Ayers, president of Running Springs Water District, states that it is the option of the District that if it cannot bring all three agencies to form a CSD it will not work. He says a political issue exists and there are two boards as well as an advisory committee which would have to be incorporated into one governing body. He states that he is concerned about the cost of running the Running Springs Water District's Fire Department. He notes that the cost of insurance, programs and training are high and most transports are taken down the mountain. If another incident occurs while the ambulance is transporting, the District must pay for the services provided within another agency. Mr. Ayers states that he pays \$65 on his tax bill for fire/paramedic service, but adjacent communities are not required to pay that tax. He points out that Medicare does not pay the cost of a transport and that many skiers do not pay their bills. He believes now the time is right for formation of a CSD.

Mike Scullin, General Manager of Arrowbear Park County Water District, commends LAFCO staff for the work done on the staff report. He says that for many years Arrowbear, Running Springs and Green Valley Lake have always worked together on its common goals. He says that his Board met to consider the proposed changes to its description and potential changes to the sphere of influence to incorporate neighboring districts. The Board supports the description changes; however, while recognizing the need for a change in the sphere of influence when and if the districts elect to combine in the future, they believe the creation of a new sphere at this time is premature. He says the districts have agreed to meet to review strengths and weaknesses. His board is reluctant to change its boundaries until advantages are recognized by all parties. He looks forward to working with the other agencies and holding community meetings in the mountains.

Chairman Mitzelfelt closes the public hearing and calls for further questions from the Commission. There are none. Chairman Mitzelfelt states that he must step out temporarily and turns the chairmanship of the hearing over to Commissioner McCallon.

(Chairman Mitzelfelt leaves the dais at 10:00 a.m. Commissioner McCallon chairs the Hearing.)

Commissioner Cox asks if there is any negative impact on the districts by designating a common sphere. Ms. McDonald states that staff does not believe there is as the sphere of influence is merely a planning tool which indicates a preference of the Commission for the future. There is no change in revenue source; however, there may be a perceptual change from the communities. She says that if the communities wish to move forward and conduct community meetings, LAFCO staff is happy to help.

Commissioner Derry states that if the communities do wish to move forward this review will simplify that effort.

Commissioner Bagley states that one of the mandates of LAFCO is to look at entities like this and encourage consolidation. He suggests to the community that if LAFCO were designing water and sewer services today those small entities would not exist. He says this is the destiny of the future and he believes the sphere of influence is a wise start.

Commissioner Bagley moves approval of the staff recommendation, second by Commissioner Derry. Acting Chairman McCallon calls for opposition to the motion. There

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being no opposition, the motion passes with the following vote: Ayes: Bagley, Cox, Derry, McCallon, Rutherford, Smith, Williams. Noes: None. Abstain: None. Absent: Coleman (Commissioner Williams voting in her stead), Curatalo (Commissioner Smith voting in his stead), Mitzelfelt (Commissioner Derry voting in his stead).

MOUNTAIN REGION REVIEW OF ROAD AND SNOW REMOVAL SERVICES WHICH INCLUDES THE REVIEW OF COUNTY SERVICE AREA 70 ZONES R-2, R-3, R-4, R-5, R-7, R-9, R-11, R-12, R-13, R-16; R-21, R-22, R-23, R-33, R-34, R-35, R-36, R-40, R-44, R-45, R-46, AND ROAD SERVICES FOR COUNTY SERVICE AREA 79 AND ITS ZONE R-1, COUNTY SERVICE 18, AND COUNTY SERVICE AREA 53

SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE/AMENDMENT FOR THE FOLLOWING:

CONSIDERATION OF CEQA STATUTORY EXEMPTION FOR LAFCO 3122; AND LAFCO 3122 - SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR COUNTY SERVICE AREA 69 (LAKE ARROWHEAD) □

CONSIDERATION OF CEQA STATUTORY EXEMPTION FOR LAFCO 3119; AND LAFCO 3119 - SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR COUNTY SERVICE AREA 59 (LAKE ARROWHEAD) □ CONSIDERATION OF CEQA STATUTORY EXEMPTION FOR LAFCO 3121; AND LAFCO 3121 - SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR COUNTY SERVICE AREA 68

CONSIDERATION OF CEQA STATUTORY EXEMPTION FOR LAFCO 3162, AND LAFCO 3162 – COUNTY SERVICE AREA 70 AFFIRMATION OF SERVICE UNDER AUTHORIZED ROADS FUNCTION TO INCLUDE SNOW REMOVAL (ITEM 7 CONTINUED FROM DECEMBER 8, 2010 HEARING) – APPROVE STAFF RECOMMENDATIONS

LAFCO conducts a continued public hearing to consider Mountain Region Review of Road and Snow Removal Services which includes the review of County Service Area 70 Zones R-2, R-3, R-4, R-5, R-7, R-9, R-11, R-12, R-13, R-16; R-21, R-22, R-23, R-33, R-34, R-35, R-36, R-40, R-44, R-45, R-46, and Road Services for County Service Area 79 and its Zone R-1, County Service 18, and County Service Area 53, LAFCO 3122, LAFCO 3119, LAFCO 3121, and LAFCO 3162. As required by State Law notice of the original hearing was provided through publication in newspapers of general circulation, *The 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. 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 regional meeting to review the draft findings of this review with representatives from Crest Forest and Lake Arrowhead agencies and March 7, 2011 with representatives of the Running Springs, Green Valley Lake and Arrowbear Lake agencies.

Executive Officer Kathleen Rollings-McDonald presents the staff report, a complete copy of which is on file in the LAFCO office and is made a part of the record by its reference here. Ms. McDonald explains that this matter was continued from the December 8, 2010 hearing

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and staff is recommending a continuance to the May hearing for the entire regional road review. She says the Special Districts Department requested at the December hearing that the matter be continued so that it could review the staff's report, provide alternatives, and consider issues raised regarding ongoing liability. The Department also wished to provide a response to the potential expansion of the single County service area that LAFCO staff proposed. Ms. McDonald notes that additional questions have surfaced regarding functional consolidations that took place between the County-governed Special Districts and the Public Works Department. A single sphere of influence was recommended in December with the definition limited to the Crestline and Lake Arrowhead communities. Staff now wishes to consider expansion of that definition to include the Hilltop community.

Ms. McDonald points out on the overhead display the county service areas and zones to county service areas that perform snow removal and/or road maintenance on the mountaintop. In the Hilltop community there are three zones only, CSA 79 Zone R-1, CSA 70 Zone R-16, and CSA 70 Zone R-11. She notes that CSA 70 R-11 was dissolved in November by action of the Board of Supervisors because it did not have sufficient revenue to sustain its services. The County is collecting the service charge for CSA 70 R-11 this fiscal year, although no services are provided. The monies are being deposited into the CSA 70 account to pay for election, audit and other costs to wind up its affairs.

Ms. McDonald states that legal counsel has provided an opinion regarding the ongoing liability question for road maintenance indicating that the County is not obligated to continue to provide the service and does not assume a liability for the roads. Legal counsel indicates that the County should make certain determinations when dissolving these entities that (1) reasonable care has been taken to perform road maintenance service in the past and (2) the road is in a reasonable condition and as safe as it was when the service was assumed. She explains that the question still remains for those circumstances when the County installs a road through special assessment, assessment districts are created to fund the paving project with a zone created for ongoing maintenance.

The County Special Districts Department has indicated that LAFCO staff's understanding of a reduction in audit services is inaccurate in that the Auditor/Controller has indicated that, since there are separate budgets, there must be separate audits. She reports that currently a few County Service Areas receive single audits so staff is confused regarding the assertions in the response and staff wishes to have further dialogue on this topic with the Auditor and Special District staff.

Ms. McDonald summarizes the staff recommendations requesting continuance and direction for further discussions on the matter.

Acting Chairman McCallon asks if there are members of the audience who wish to speak. There is no one.

Commissioner Derry moves approval of the staff recommendation, second by Commissioner Cox.

Commissioner Colven asks how the agencies will handle a record snowfall. Ms. McDonald states that snow removal fluctuates from year to year and typically a fund balance exists that carries from year to year to cover these occurrences. If there is no fund balance, the agency must borrow money. It is staff's understanding that there has only been one loan in

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the past to fund snow removal, however all agencies have access to that limited fund that was used for that loan.

Acting Chairman McCallon calls for opposition to the motion. There being no opposition, the motion passes with the following vote: Ayes: Bagley, Cox, Derry, McCallon, Rutherford, Smith, Williams. Noes: None. Abstain: None. Absent: Coleman (Commissioner Williams voting in her stead), Curatalo (Commissioner Smith voting in his stead), Mitzelfelt (Commissioner Derry voting in his stead).

**CONSIDERATION OF CEQA STATUTORY EXEMPTION FOR LAFCO 3133; AND
LAFCO 3133 – SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR
CRESTLINE SANITATION DISTRICT (CONTINUED FROM JANUARY 19, 2011
HEARING, TO BE CONTINUED TO APRIL 21, 2011 HEARING) – APPROVE STAFF
RECOMMENDATION TO CONTINUE TO APRIL 21, 2011**

LAFCO conducts a continued public hearing to consider CEQA Statutory Exemption for LAFCO 3133; and LAFCO 3133 – Service Review and Sphere of Influence Update for Crestline Sanitation District. As required by State Law notice of the original hearing was provided through publication in a newspaper of general circulation, *The 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. 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.

Ms. McDonald presents the staff report, a complete copy of which is on file in the LAFCO office and is made a part of the record by its reference here. She states that the staff recommendation is to continue this matter to the April 21, 2011 hearing. The Crestline Sanitation District is working to secure contracts with the State Department of Recreation and Cal Fire. A contract Las Flores Ranch is now complete for discharge of effluent from the District's wastewater treatment plants. She notes that questions must be resolved because the contract with Las Flores Ranch is for one year at a time.

Commissioner Williams moves approval of the staff recommendation, second by Commissioner Derry. Acting Chairman McCallon calls for opposition to the motion. There being no opposition, the motion passes with the following vote: Ayes: Bagley, Cox, Derry, McCallon, Rutherford, Smith, Williams. Noes: None. Abstain: None. Absent: Coleman (Commissioner Williams voting in her stead), Curatalo (Commissioner Smith voting in his stead), Mitzelfelt (Commissioner Derry voting in his stead).

PENDING LEGISLATION REPORT

Ms. McDonald states that the Commission members have been provided with copies of the Legislative Report at their place, a complete copy of which is on file in the LAFCO office. The report indicates that AB54 (Solario) relates to mutual water companies and issues regarding obtaining loans for water quality improvement. The bill proposes that LAFCO can recommend consolidation of mutual water companies with a City or Special Districts. She says that LAFCOs have had difficulty obtaining information for service reviews from mutual

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water companies. Some years back the PUC's administrative law judge directed that private water companies would be required to comply with all information requests from LAFCOs for service reviews. The suggestion is that the Department of Corporations issue the same edict, that mutual water companies must provide information on services to LAFCOs for service reviews.

She reports that there are a number of bills related to the issues which have come to light relating to the City of Bell's financial irregularities. CALAFCO has not taken a position but the Coalition of California LAFCOs has taken a "watch" position.

Ms. McDonald states that SB244 (Wolk) is a reintroduction of the disadvantaged communities bill. Ms. McDonald received an email today that Senator Wolk has amended the bill to include all the language of the Arambula bill (AB 853) of last year with additional language. She notes that LAFCOs were opposed to the bill last year and she is certain the Coalition of California LAFCOs will take an oppose position to this bill as amended.

SB235 (Negrete-McLeod) has been introduced at the request of John Longville, a member of the Board of Directors of the San Bernardino Valley Water Conservation District, to reduce the membership of those boards from seven to five as a cost-savings measure.

AB307 (Nestande) proposes to allow federally-recognized Indian tribes to participate as public agencies on joint powers authorities and agreements. CALAFCO has not taken a position and further review is scheduled for the CCL meeting scheduled for March 21, 2011. Ms. McDonald believes this is an introductory bill that will be amended in the future, but it is of interest given the number of tribes in California.

Ms. McDonald reports that the CALAFCO Legislative Committee will discuss the potential to amend Government Code 56133, the out-of-agency service section of the statute. She explains that in 2000 there was an amendment to this section that limited the ability to serve outside a sphere of influence to only public health and safety issues for developed lands. She notes that this Commission adopted a policy that related to the acquisition of a private or mutual water company with a defined service area outside the entity's sphere of influence, specifically relating to the City of Big Bear Lake's Department of Water and Power's acquisition of the SoCal Water system. The determination was that the condemnation must be for the entirety of the system on the mountaintop. The Department of Water and Power serves Fawnskin, Sugarloaf, Irwin Lake, Lake Matthews and Rimforest and none of those areas are within the sphere of influence of the City, and at present 40 percent of the City's customer are not within the corporate limits of the City. She explains that, by statutory definition, LAFCO cannot authorize extension of service, meaning that if two developed parcels exist with a vacant parcel between them, the vacant parcel cannot be served. She says a compromise is being worked out, including who determines service contracts for multi-county districts. Ms. McDonald states she will update the Commission on this matter in April.

Acting Chairman McCallon notes that SCAG recognized the importance of the Indian tribes in the region having them participate at SCAG; however, the tribes must select representatives on the regional council and various policy committees.

(Commissioner Derry leaves the dais at 10:22 a.m.)

**MINUTES OF THE LOCAL AGENCY FORMATION COMMISSION
HEARING OF MARCH 16, 2011**

EXECUTIVE OFFICER'S ORAL REPORT

Ms. McDonald reports that she has been asked to go to Sacramento to participate in an Assembly Local Government Committee meeting. As LAFCO staff does not typically attend these types of meetings, she wishes to make the Commission aware of the expense.

The April hearing will include the opening of the budget review and the May hearing will include the Bear Valley community service reviews.

Ms. McDonald requests that the Commission adjourn in memory of two individuals. Roger Kehew was Assistant County Counsel and the County's lobbyist during the adoption of the original Knox-Nesbit Act. Assembly Gene Nesbit from San Bernardino County was the co-author of the legislation that formed LAFCOs and Mr. Kehew was a participant in the implementation of the Act. Secondly, Bill Betterly, former County Supervisor and active participant in the desert affairs, provided a wealth of knowledge to LAFCO over the years and served on the Commission during the incorporation proceedings for the City of Adelanto.

COMMISSIONER COMMENTS

Acting Chairman McCallon calls for comments from the Commission. There are none.

PUBLIC COMMENTS

Acting Chairman McCallon calls for comments from the public. There are none.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE COMMISSION, THE HEARING IS ADJOURNED IN MEMORY OF ROGER KEHEW AND BILL BETTERLY AT 10:30 A.M.

ATTEST:

ANNA RAEF, Recording Secretary

LOCAL AGENCY FORMATION COMMISSION

BRAD MITZELFELT, Chairman