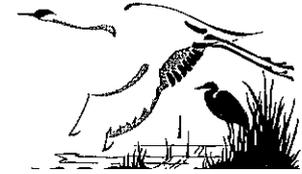


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December 4, 2011

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



Dear Kathy:

LAFCO 3106 consists of a municipal service review for the San Bernardino Mountains Community Healthcare District (District) pursuant to Government Code Section 56430 and Sphere of Influence Study pursuant to Government Code 56425. The current study area encompasses approximately 55 square miles extending from the Snow Valley Ski Resort area on the east to Twin Peaks on the west. At the present time there appear to be three options for the sphere boundary of the District. These are: affirm the existing sphere; modification of the sphere, to include expansion and reductions, to encompass the Crest Forest, Lake Arrowhead, and Hilltop communities, as defined by the Commission; and create a single sphere designation for both San Bernardino Mountains Community Healthcare District and Bear Valley Community Healthcare District through modification of the sphere (to include expansion and reductions) to encompass all four mountain communities - Crest Forest, Lake Arrowhead, Hilltop, and Bear Valley, as defined by the Commission. The LAFCO Staff is also proposing to modify the service description for the District's hospital (healthcare) function by adding the following "Establish, acquire, maintain and/or operate one or more healthcare facilities; operation of acute care and continual care hospital facility" and deleting "37 bed acute care general hospital."

As we have learned from previous sphere modifications, the designation of a sphere, which is a planning boundary, does not by itself cause any modifications to the physical environment. Only when the subsequent step is taken to physically revise the boundary of a service district does a potential for physical changes in the environment occur. I believe this conclusion is appropriate, regardless of where the sphere boundary is located or how the service description is defined. This conclusion is based on the fact that even though one sphere boundary may overlap more than one historic service area, establishing a sphere encompassing both areas allows only planning activities to be conducted, not actual healthcare service changes. There is a backup mechanism to ensure that healthcare services continue to be provided because both existing sphere areas

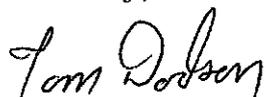
already provide healthcare services and combining them will not alter the existing environment which consists of available health care services within each sphere. Given this condition, I support a conclusion that the sphere can be modified under any of the above alternatives without causing physical changes in the environment.

Based on this information, it appears that LAFCO 3106 can be implemented with any of the three sphere boundary options and the service definition change without causing any physical changes to the environment or any adverse environmental impacts. Therefore, I recommend that the Commission find that a Statutory Exemption (as defined in the California Environmental Quality Act, CEQA) applies to LAFCO 3106 regardless of sphere boundary configuration under Section 15061 (b) (3) of the State CEQA Guidelines, which states: "A project is exempt from CEQA if the activity is covered by the general rule that CEQA applies only to projects which have the potential for causing significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA." It is my opinion, and recommendation to the Commission, that this circumstance applies to LAFCO 3106. In this case, assigning the same or a modified Sphere to the District, does not alter their existing operations or obligations, it only indicates that the Commission has the opinion that in the future the District should, not must, consider reassessing its boundaries (not if the existing sphere is retained).

Based on this review of LAFCO 3106 and the pertinent sections of CEQA and the State CEQA Guidelines, I conclude that LAFCO 3106 does not constitute a project under CEQA and adoption of the Statutory Exemption and filing of a Notice of Exemption is the most appropriate determination to comply with CEQA for this action. The Commission can approve the review and findings for this action and I recommend that you notice LAFCO 3106 as statutorily exempt from CEQA for the reasons outlined in the State CEQA Guideline sections cited above. The Commission needs to file a Notice of Exemption with the County Clerk to the Board for this action once the hearing is completed.

A copy of this exemption should be retained in LAFCO's project file to serve as verification of this evaluation and as the CEQA environmental determination record. If you have any questions, please feel free to give me a call.

Sincerely,

A handwritten signature in cursive script that reads "Tom Dodson".

Tom Dodson