CHINO BASIN WATER CONSERVATION DISTRICT

4594 SAN BERNARDINO ST ~ MONTCLAIR, CA 91763
WWW.CBWCD.ORG ~ PHONE 909-626-2711 ~ FAX 909-626-5974

RECEIVED
NOV 10 2016
LAFCO
San Bernardino County

November 7, 2016
Reference No. 2016-1119

To Affected and Interested Parties (see distribution list)

RE: Update on Inland Empire Utilities Agency's (IEUA) Proposal to Consolidate Chino Basin Water Conservation District (CBWCD) – LAFCO 3212

As you are aware, on August 17, 2016 IEUA submitted a proposal to the San Bernardino County Local Agency Formation Commission (LAFCO) to take over CBWCD (see Attachment 1 cover letter that identifies the proposal as LAFCO 3212 and lists the affected and interested parties). Much has happened since that time, including LAFCO staff's potential alternative to IEUA's proposal, and the CBWCD Board wanted to ensure that you are kept abreast of the process and issues as the outcome of IEUA's proposal and subsequent LAFCO decision will impact your agency or city and constituents.

Due to the potential impact of the consolidation effort, numerous agencies, cities, organizations and individuals have written letters in opposition to the consolidation effort and in support of the CBWCD. We've included a list of the letters in Attachment 2. Copies of letters, as well as documents related to LAFCO 3212, can be found at http://keepconservationindependent.com).

CBWCD is undertaking its own analysis of IEUA's proposal to supplement that being undertaken by LAFCO staff. To this end, CBWCD submitted numerous public records requests (dated 9/19, 9/20 and 10/16) to IEUA to obtain information that will allow us to understand the basis of cost savings and service enhancement claims in IEUA's proposal. Except for six documents provided 9/29, the bulk of the requested items were received 10/21, 10/25, 10/31, and 11/1 and are being reviewed by staff. When our analysis is complete, we will share the information with you, LAFCO, and other interested parties.

Below are recent developments on LAFCO 3212 for your information and consideration.

October 13, 2016 - LAFCO Departmental Review Committee (DRC)

Prior to scheduling LAFCO 3212 for consideration by the Commission, LAFCO staff is undertaking an analysis of IEUA's proposal. As part of that process, LAFCO Executive Officer Kathleen Rollings-McDonald convened a Departmental Review Committee meeting on October 13, 2016 with the LAFCO 3212 "affected" and "interested" parties (see Attachment 3).

Transfer of CBWCD Property Tax Revenue to Other Agency(ies). At the DRC meeting, Ms. Rollings-McDonald provided information from the County Property Tax Manager, Linda Santillano, related to property (ad valorem) taxes currently distributed to CBWCD and IEUA. In

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DISTRICT COUNSEL WILLIAM BRUNICK

the event that IEUA's proposal is approved by LAFCO, property tax revenue currently provided to CBWCD would be transferred, as determined by the County, to IEUA.

Per LAFCO's report regarding the ad valorem tax distribution, "All affected agencies have a sixty (60) day period in which to respond with a resolution from the governing body as to the distribution of ad valorem taxes in this change in boundaries." According to the report's distribution, the affected parties are the County of San Bernardino, IEUA, and CBWCD but we have been advised that the County actually negotiates on behalf of the affected parties and creates the resolution. The referenced sixty (60) day period deadline is December 13, 2016. The referenced resolution is a prerequisite to LAFCO 3212 being placed on the Commission's agenda.

At the DRC meeting, Ms. Rollings-McDonald stated staff's intention to recommend to the Commission a proposed modification of IEUA's proposal to include the transfer of CBWCD water education services to the Inland Empire Resource Conservation District (IERCD) and the recharge functions to IEUA. It remains unclear to us, however, how the County is to draft a resolution directing the transfer of ad valorem taxes if the distribution of assets and services to various agencies has yet to be determined by LAFCO staff or approved by the LAFCO Commissioners.

LAFCO Staff Questions and Concerns about IEUA's Plan for Service. During DRC meeting, Ms. Rollings-McDonald posed numerous questions and concerns to IEUA about their proposal as well as questions to CBWCD. Ms. Rollings-McDonald documented her remarks in a letter to IEUA General Manager Mr. P. Joseph Grindstaff dated October 25, 2016, requesting that all information outlined in the letter be provided no later than November 30, 2016 (see Attachment 4).

Creation of a committee to discuss options for the most effective use of resources to deliver Services. Ms. Rollings-McDonald informed those present that she would be seeking Commission approval to establish a committee to evaluate all the options related to the delivery of CBWCD's water conservation and recharge functions to make the most effective of use of resources in the future. DRC attendees from various agencies voiced concerns regarding the IEUA's consolidation proposal and Ms. Rollings-McDonald's desire to propose an alternative consolidation that would split CBWCD services and assets between IEUA and IERCD, and expressed a desire to be involved in the committee since the options presented to the LAFCO Commission in the future would affect them and their constituents.

<u>October 19, 2016 – emergency item added to the LAFCO Commission hearing agenda requesting the formation of a committee to review alternatives for LAFCO 3212.</u>

Ms. Rollings-McDonald requested the LAFCO Commission add an emergency item to their October 19, 2016 hearing agenda to authorize her to form a committee to review alternatives related to the processing of LAFCO 3212 (Attachment 5). The committee is proposed to be composed of LAFCO staff and two representatives from each of the following agencies: IEUA, CBWCD, County Administrative Office/Flood Control District, and IERCD. The Commission approved the request.

October 24, 2016 – Letter from LAFCO to GM Grindstaff (IEUA), ED Ulloa (CBWCD), CEO Devereaux (SBC), K. Blakeslee (County Flood Control District), and GM Parkes (IERCD) regarding first committee meeting.

The first committee meeting was scheduled from 1:00 to 3:00 p.m. on **November 14, 2016** (see Attachment 6) however, LAFCO's choice of time conflicted with CBWCD's regular Board of Director's meeting so the time has been changed to **3:00 to 5:00 p.m.** per LAFCO email dated October 26, 2016 (cannot include as an attachment due to LAFCO's confidentiality notice at bottom of email). As noted in the October 19, 2016 emergency item, only two (2) representatives from CBWCD, IEUA, San Bernardino County Flood Control District and the Inland Empire Resource Conservation District (IERCD) have been invited. We do not believe the other "interested parties" listed in Ms. Rollings-McDonald's original distribution list, including your agency or city, have been invited to participate in this committee

We find the lack of inclusion of other affected agencies troubling as we believe your input and participation are critical to the discussions. *We respectfully request that your agency or city ask LAFCO that you be allowed to participate in the committee meetings as your agency and constituents may be impacted by the outcome of the discussions.*

October 25, 2016 – LAFCO letter to IEUA GM P. Joseph Grindstaff regarding the determinations from the October 13, 2016 DRC meeting (Attachment 4)

The October 25, 2016 letter to GM Grindstaff (Attachment 4) documents determinations made from the October 13, 2016 DRC meeting regarding (1) property tax transfer information, (2) no comments received from specific County departments, (3) comment letters from multiple agencies (note: no LAFCO written acknowledgement for the City of Montclair's letter or resolution) and CBWCD's letters to IEUA expressing concerns regarding the proposal, and (4) other public and private written comments.

The letter also documented LAFCO staff's questions and concerns with respect to IEUA's Plan for Service and their proposed budget as well as specific items contained within CBWCD's October 7, 2016 letter to LAFCO regarding IEUA's proposal.

Also contained within the October 25, 2016 letter (page 3) is Ms. Rollings-McDonald's thoughts regarding, "...water education services and the compatibility of these services and the decades-long efforts by LAFCO to support some type of consolidation of overlapping responsibilities between IEUA, CBWCD and the Inland Empire Resource Conservation District..."

> *It should be noted that during the 2015 Service Review, there was no recommendation of IERCD taking over CBWCD's services and, to our knowledge, this option has not been proposed or accepted by either IEUA or IERCD and, since the LAFCO staff report has yet to be completed, we do not know how this option will affect CBWCD's personnel, programs, facilities, assets, reserves, or revenue.*

> The letter also states on page 4, "At this time, a firm hearing date cannot be provided until the committee has been formed and they have developed options for most effective use of resources to manage conservation education, reclamation and basin management efforts in this region to be included in the LAFCO staff report."

Our Board remains committed to opposing IEUA's consolidation effort as well as any other proposal that would change CBWCD's status as we believe the CBWCD's high quality water conservation education and recharge services are provided to our member agencies, cities, and residents in an effective and efficient manner that is responsive to the needs of our member agencies, cities and mutual constituents. We thank you and your agency or city for your continued interest in this important issue. Please feel free to call me if you have any questions or would like additional information.

Regards,

Eunice M. Ulloa

Eunice Ulloa,
Executive Director

Attachments:

1. Notice of Filing of Proposed Change of Jurisdictional Boundaries dated August 23, 2016 (cover letter only)
2. List of Letters in Opposition to IEUA Proposal and/or Support of CBWCD
3. October 3, 2016 LAFCO Departmental Review Committee Agenda
4. October 25, 2016 LAFCO letter to IEUA GM P. Joseph Grindstaff.
5. LAFCO Staff Report dated October 17, 2016 which was added to the October 19, 2016 LAFCO Commission hearing
6. October 24, 2016 – LAFCO letter regarding first special committee meeting

Distribution:

City Councils and City Managers of:
City of Chino
City of Chino Hills
City of Fontana
City of Montclair
City of Ontario
City of Rancho Cucamonga
City of Rialto
City of Upland

Elected Officials and General Managers/Chief Executive Officers of:
Cucamonga Valley Water District
Fontana Water Company
Monte Vista Water District
San Antonio Water Company
West Valley Water District
Inland Empire Resource Conservation District
West Valley Mosquito & Vector Control District
Alta Loma School District
Central School District
Chaffey Joint Unified School District
Chino Valley Unified School District
Cucamonga Unified School District
Etiwanda School District
Fontana Unified School District
Mountain View School District
Ontario-Montclair School District
Rialto Unified School District
Upland Unified School District

Cc: Inland Empire Utilities Agency Board of Directors

Attachment 1

Notice of Filing of Proposed Change of Jurisdictional Boundaries
dated August 23, 2016
(cover letter only)

LAFCO

Local Agency
Formation Commission
for San Bernardino County

215 North "D" Street, Suite 204
San Bernardino, CA 92415-0490
909 388 0480 | Fax 909 890 6170
E-mail: lafco@lafco.sbcounty.gov
www.sbclafco.org

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Assistant Executive Officer

MICHAEL TUERPE
Project Manager

REBECCA LOWERY
Clerk to the Commission

LEGAL COUNSEL

CLARK H. ALSOP

August 23, 2016

NOTICE OF FILING OF PROPOSED CHANGE
OF JURISDICTIONAL BOUNDARIES

This Notice is provided pursuant to the provisions outlined in Section 99 of the Revenue and Taxation Code and in Section 56658 of the Government Code, regarding the receipt of an application for jurisdictional change. The proposal received is generally defined as follows:

LAFCO Application Number and Title:

LAFCO 3212 – CONSOLIDATION OF THE CHINO BASIN WATER CONSERVATION DISTRICT AND THE INLAND EMPIRE UTILITIES AGENCY, A MUNICIPAL WATER DISTRICT

The consolidation application proposes the inclusion of the Chino Basin Water Conservation District (CBWCD) with the Inland Empire Utilities Agency (IEUA), a municipal water district. A map showing the boundaries of both CBWCD and IEUA is on the CD identified as Map 1.

The boundaries of CBWCD includes the Cities of Chino, Chino Hills (portion), Montclair, Ontario (portion), Rancho Cucamonga (portion) and Upland (portion), including areas within the Cities of Chino and Montclair's unincorporated spheres of influence. The area to be consolidated is the existing boundary of CBWCD that encompasses approximately 108 square miles (69,226+/- acres) generally bordered by a combination of parcel lines and streets between the I-210 Freeway and Foothill Boulevard on the north, Milliken Avenue on the east, a combination of the Riverside/San Bernardino County line, State Route 71 and parcel lines (within the City of Chino Hills) on the south, and the Los Angeles/San Bernardino County line on the west. A map of CBWCD is also on the CD identified as Map 2.

The boundaries of IEUA, a municipal water district, includes the Cities of Chino, Chino Hills, Fontana (portion), Montclair, Ontario, Rancho Cucamonga, Rialto (portion) and Upland, including areas within the Cities of Chino, Fontana, Montclair, Rancho Cucamonga, Rialto, and Upland unincorporated spheres of influence. The District's boundaries, encompasses approximately 239 square miles (153,096+/- acres), which overlays the entirety of the CBWCD boundaries, generally bordered by parcel lines on the north within the foothills of the San Gabriel mountains, a combination of the I-210 Freeway, Citrus, Cedar, San Bernardino, Sierra, and Jurupa Avenues, and parcel lines on the east, the Riverside/San Bernardino County and Orange/San Bernardino County lines on the south and the Los Angeles/San Bernardino County line on the west. A map of IEUA is also on the CD identified as Map 3.

**Inland Empire Resource Conservation District
**Metropolitan Water District of Southern California
**West Valley Mosquito & Vector Control District
**County Committee on School District Organization
**Chaffey Joint Unified School District
**Chino Valley Unified School District
**Cucamonga Unified School District
**Etiwanda School District
**Fontana Unified School District
**Ontario-Montclair Unified School District
**Rialto Unified School District
**Upland Unified School District

cc: Supervisor Janice Rutherford, Second Supervisorial District
Supervisor Curt Hagman, Fourth Supervisorial District
Supervisor Josie Gonzales, Fifth Supervisorial District
Gerry Newcombe, Director of Public Works, San Bernardino County
Kenneth C. Eke, Chief of Flood Control, San Bernardino County
Curtis Paxton, Chino Basin DeSalter Authority
Josh Swift, Fontana Water Company
Jeanne Marie Bruno, Liberty Utilities
Charles Moorrees, San Antonio Water Company
Karen Sked, Manager, San Antonio Canyon Mutual Water Company
Perry Catlin, Water Facilities Authority
Ken Willis, West End Consolidated Water Company
John Rossi, Western Municipal Water District
Justin Brokaw, Marigold Mutual Water Company
Jennifer Cusack, Southern California Edison
Joe Flores, California Highway Patrol
Stanley Hoffman
Ken Petschow, San Antonio Heights Property Owners Association
K.D. Rietkerk, San Antonio Heights Property Owners Association
Jason Zorger
Mark Sanquist
Marilyn Smith
Louise Roccatani
Jeff Simonetti
Maria Elena Kennedy
Celeste Doyle, Center for Biological Diversity

Enclosure: CD format:
Map 1 – Consolidation
Map 2 – Chino Basin Water Conservation District
Map 3 – Inland Empire Utilities Agency
Resolution of Application
Application
Supplement
Plan for Service

Attachment 2

List of Letters in Opposition to IEUA Proposal and/or Support of CBWCD

(NOTE: to access letters, please visit http://keepconservationindependent.com

Letters in Opposition to IEUA Proposal and/or Support of CBWCD

1. Cities
    a. Chino
    b. Montclair
    c. Ontario
2. Water District
    a. Monte Vista Water District
3. Organizations
    a. Building Industry Association of Southern California
    b. Rancho Santa Ana Botanic Garden – Lucinda McDade
    c. Incredible Edible Community Garden
4. Educational Related Organizations/Institutions
    a. Chaffey Joint Union High School District QWEL announcement
    b. Pitzer College – Lance Neckar
    c. Solar Energy Academy (Prior and General Support)
    d. Robert Redford Conservancy – Pitzer College
5. Individuals
    a. General Support
        i. Sonia Carrigan
        ii. Kristen Conway-Gomez, Ph.D.
        iii. Tasha Davis
        iv. Lucie Leung Liu – Claremont Graduate University, DeFeR Field Mgr
        v. Marina Martinez
        vi. Sharron Neyer – Claremont Garden Club
        vii. Neena Shah
        viii. Jim Stillinger
        ix. Mary Jo Werner
        x. Kathy Keene- 5th Grade Teacher at Central Language Academy
    b. LAFCO Support
        i. Carol Constantine
        ii. Monica Smirl – Kingsley Elementary School teacher
        iii. Melissa Scotti – Montera Academy of Academic Exploration
        iv. Gaby Cantu
        v. Loleta Cruse
        vi. Ricardo Vargas – Mission Landscape
        vii. Troy S. Magney, Ph.D. – Jet Propulsion Laboratory
6. Other
    a. Montclair – City Manager's Weekly Report: August 26-September 1, 2016

TO ACCESS LETTERS, PLEASE VISIT: http://keepconservationindependent.com

Attachment 3

October 3, 2016 – LAFCO Department Review Committee Agenda

LAFCO

Local Agency
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for San Bernardino County

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Project Manager

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Clerk to the Commission

LEGAL COUNSEL

CLARK H. ALSOP

RECEIVED
OCT - 5 2016
CHINO BASIN WATER
CONSERVATION DISTRICT

October 3, 2016

AGENDA
Departmental Review Committee
Meeting Location:

LAFCO CONFERENCE ROOM
215 NORTH D STREET, SECOND FLOOR, SUITE 204
SAN BERNARDINO

1:30 P.M. – THURSDAY, OCTOBER 13, 2016

LAFCO 3212 – CONSOLIDATION OF THE CHINO BASIN WATER CONSERVATION DISTRICT AND THE INLAND EMPIRE UTILITIES AGENCY, A MUNICIPAL WATER DISTRICT

GENERAL LOCATION:
The consolidation application proposes the inclusion of the Chino Basin Water Conservation District (CBWCD) with the Inland Empire Utilities Agency (IEUA), a municipal water district. A map showing the boundaries of both CBWCD and IEUA identified as Map 1.

The boundaries of CBWCD includes the Cities of Chino, Chino Hills (portion), Montclair, Ontario (portion), Rancho Cucamonga (portion) and Upland (portion), including areas within the Cities of Chino and Montclair's unincorporated spheres of influence. The area to be consolidated is the existing boundary of CBWCD that encompasses approximately 108 square miles (69,226+/- acres) generally bordered by a combination of parcel lines and streets between the I-210 Freeway and Foothill Boulevard on the north, Milliken Avenue on the east, a combination of the Riverside/San Bernardino County line, State Route 71 and parcel lines (within the City of Chino Hills) on the south, and the Los Angeles/San Bernardino County line on the west. A map showing the boundaries of CBWCD identified as Map 2.

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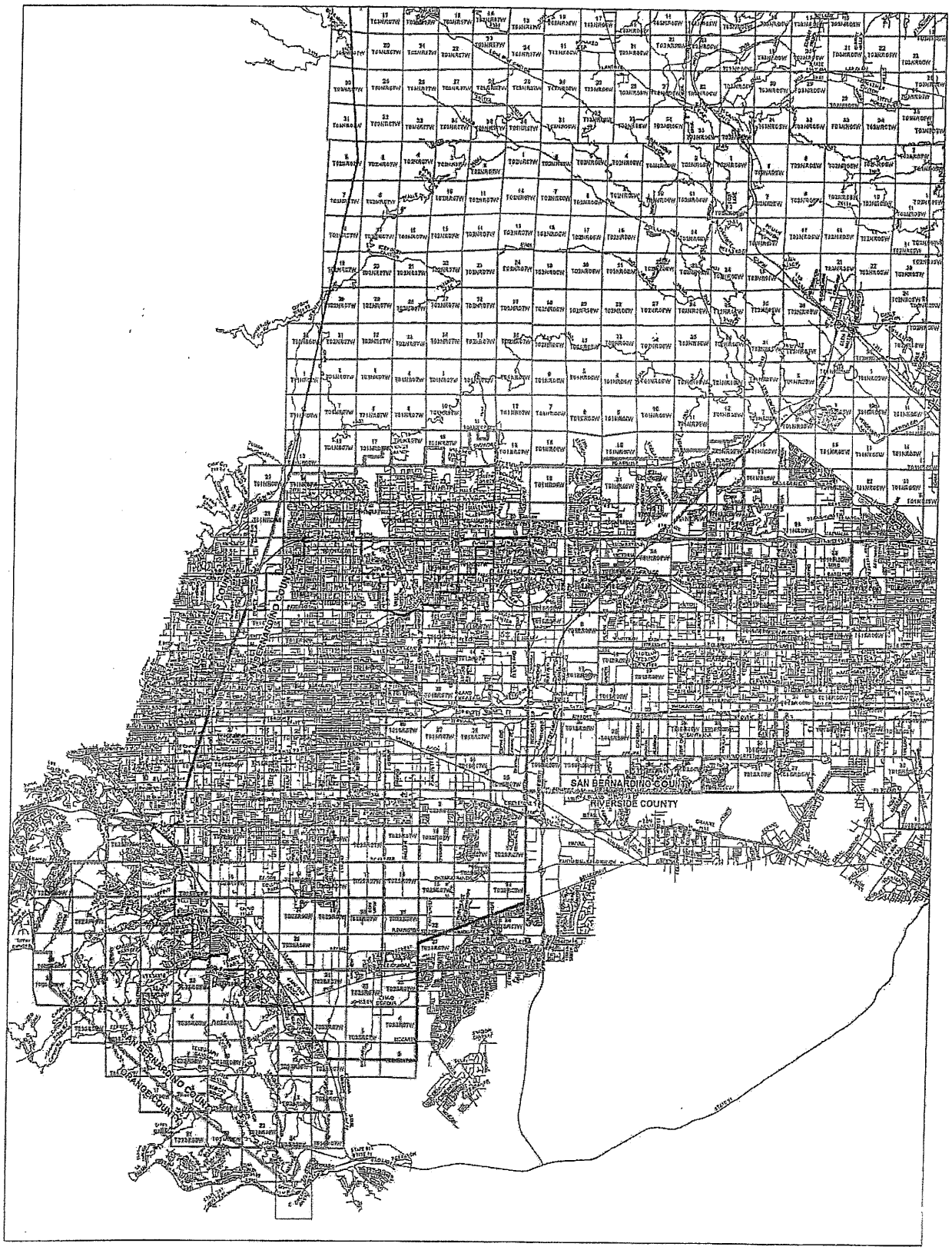
LAFCO 3212

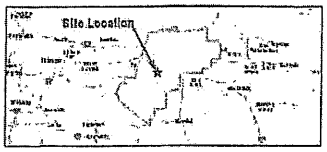
Map 1

(Consolidation)



LAFCO 3212
Consolidation of the Chino Basin Water Conservation District
and the Inland Empire Utilities Agency (a Municipal Water District)

0 6,000 12,000 24,000 36,000 48,000 Feet



Chino Basin Water Conservation District Area
Containing 69,324.78 Acres, More or Less

Consolidated Inland Empire Utilities Agency & Chino Basin Water Conservation District Area
Containing 153,262.39 Acres, More or Less

Section Lines

County Boundary

N

1 inch = 6,000 feet

THIS MAP WAS PREPARED BY ME OR UNDER MY DIRECTION

07/13/2016

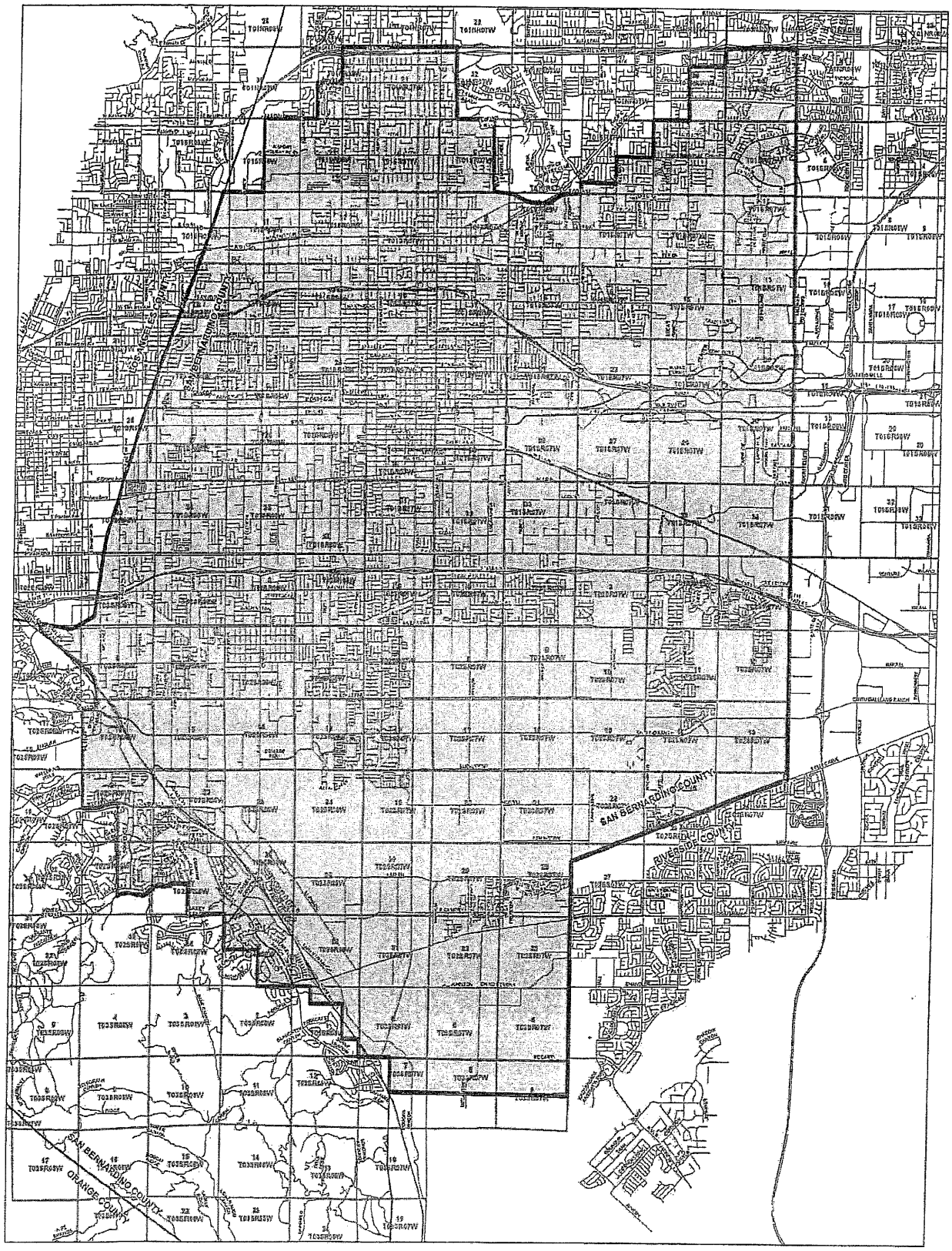
James L. Stone, Date
Deputy County Surveyor
PLS 9076 Exp. 3/31/2018

Job Number 00146CFB - Retrieved July 13, 2016

LAFCO 3212

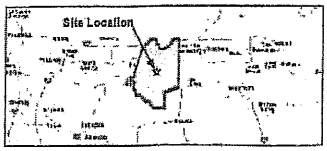
Map 2

(Chino Basin Water Conservation District)



LAFCO 3212
Consolidation of the Chino Basin Water Conservation District
and the Inland Empire Utilities Agency (a Municipal Water District)

0 3,000 6,000 12,000 18,000 24,000 Feet



Chino Basin Water Conservation District Area
Containing 89,324.78 Acres, More or Less

Section Lines

County Boundary

N

1 inch = 3,000 feet

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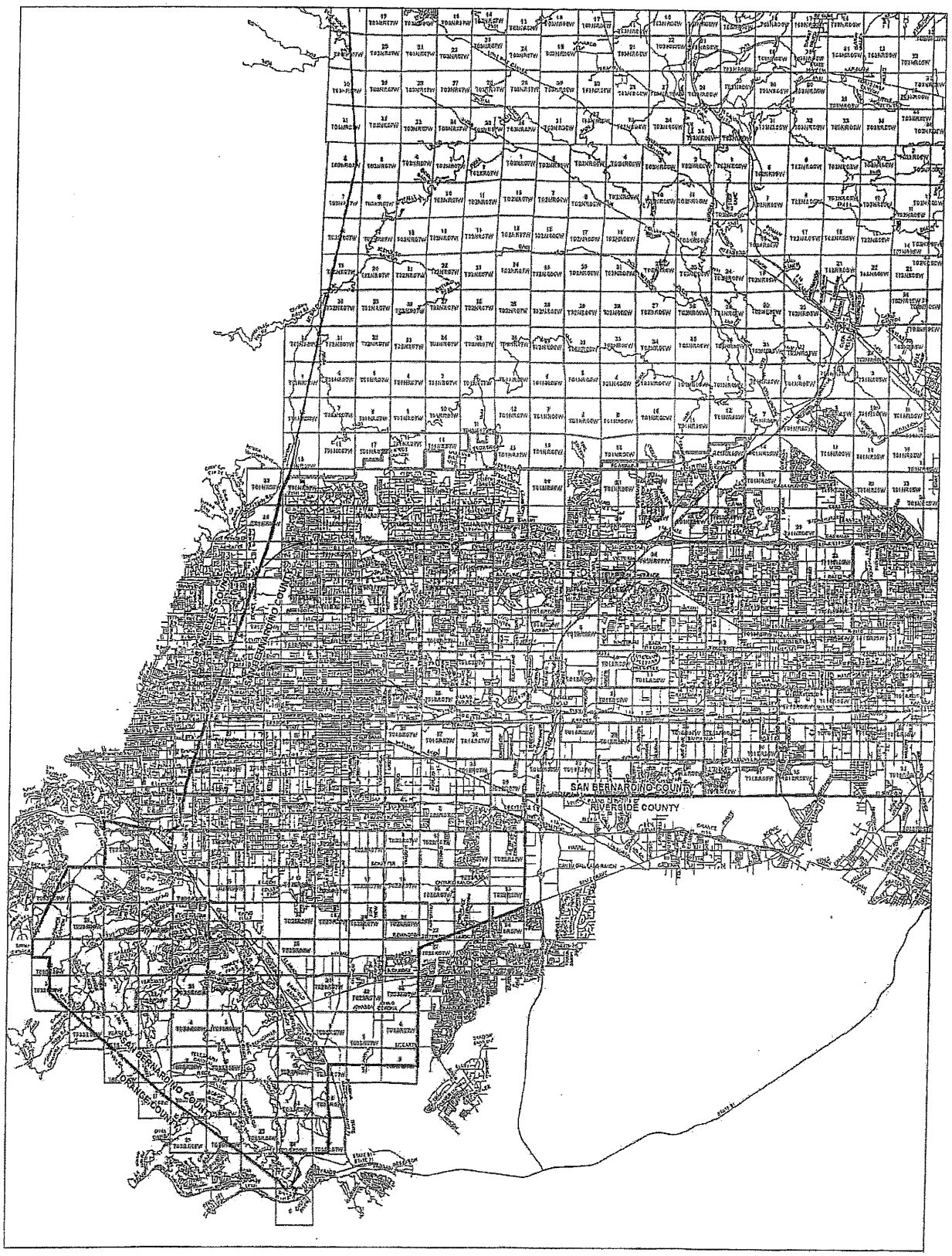
07/13/2016

James I. Stone — Date
Deputy County Surveyor
PLS 9075 Exp. 3/31/2018
Job Number 00146CP0 - Revised July 13, 2016

LAFCO 3212

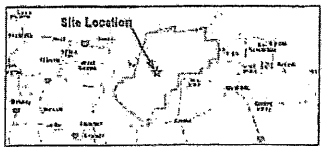
Map 3

(Inland Empire Utilities Agency)



LAFCO 3212
Consolidation of the Chino Basin Water Conservation District
and the Inland Empire Utilities Agency (a Municipal Water District)

0 6,000 12,000 24,000 36,000 48,000 Feet



Inland Empire Utilities Agency Area
Containing 157,262.39 Acres, More or Less

Section Lines

County Boundary

N

1 inch = 6,000 feet

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07/13/2016

Julius I. Stone — Date
Deputy County Surveyor
PLS 9075 — Exp. 3/31/2018

Job Number 08146CFO - Revised July 13, 2016

Attachment 4

October 25, 2016 – LAFCO Letter to IEUA
GM P. Joseph Grindstaff

LAFCO

Local Agency Formation Commission for San Bernardino County

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Vacant
Clerk to the Commission

LEGAL COUNSEL

CLARK H. ALSOP

October 25, 2016
Provided via e-mail and regular mail

RECEIVED
OCT 28 2016
CHINO BASIN WATER CONSERVATION DISTRICT

P. Joseph Grindstaff
Inland Empire Utilities Agency,
a municipal water district
6075 Kimball Avenue
Chino, CA 91708

Dear Mr. Grindstaff:

On October 13, 2016, the Departmental Review Committee for the Local Agency Formation Commission reviewed the proposal entitled:

> LAFCO 3212 - Consolidation of the Chino Basin Water Conservation District and the Inland Empire Utilities Agency, a Municipal Water District

The following determinations were made:

1. The County Assessor, Auditor/Controller, and Registrar of Voters provided comments on the consolidation affecting the Chino Basin Water Conservation District (CBWCD) and the Inland Empire Utilities Agency (IEUA).

   a. The Assessor has provided a list of tax rate areas and values for the consolidation area and a list of overlaying agencies. This has been forwarded to the Property Tax Division of the Auditor Controller's office who also provided information related to property tax distribution. The property tax transfer process under Revenue and Taxation Code 99 has begun and the final date for receipt of the required resolution from the County (on behalf of all special districts) is December 13, 2016. The required resolution is a prerequisite in order to place the item on the Commission's hearing agenda.

   b. The Registrar of Voters certified that as of October 2, 2016 there are 329,950 registered voters within the IEUA and 167,203 registered voters within the CBWCD, all of whom are a part of IEUA.

   c. The Auditor/Controller identified the issue that CBWCD is under the Teeter program (a program on how property tax revenues is disbursed) while IEUA opted out of the program. LAFCO requested the Auditor/Controller's office to provide additional information regarding the implications of being tethered or not.

2. It was noted that no comments were received from the following County departments: Public Works, Environmental Health Services, Land Use Services, and Sheriff.

3. It was also identified that LAFCO received a number of comment letters from the Cities of Ontario, Chino, and the Monte Vista Water District related to the proposal and expressing concerns about the application regarding the continuation of the water conservation education activities of the CBWCD. In addition, correspondence from the CBWCD includes copies of letters to IEUA expressing concerns regarding the proposal. The questions that have been identified to LAFCO will be reviewed and considered in the staff report to be prepared.

4. Other comments were also received by other public and private entities, which will also be provided to the Commission once the staff report has been prepared for this proposal.

With respect to the Plan for Service and the proposed budget submitted by IEUA including the supplemental Fiscal Impact Analysis, the following are LAFCO staff's questions and concerns:

1. It was discussed that while the Plan for Service references the continuation of the educational services currently performed by CBWCD, it appears that there is no specific division within IEUA specifically assigned to this responsibility. LAFCO staff has concerns regarding the dispersal of those activities within multiple divisions of IEUA. A clear understanding on how this service responsibility will continue should be clearly identified in the Plan for Service. LAFCO staff is requesting that an update to the Plan be provided to outline more definitively the performance of this critical function.

2. The Plan for Service needs to be revised to clearly include language honoring all existing contacts, including the ability to provide access and staff space.

3. The Plan for Service is unclear regarding the long-term future of the CBCWD's conservation campus. This needs to be clarified in the Plan for Service and Fiscal Impact Analysis. LAFCO staff is requesting that an update to the Plan be provided clarifying the future of the campus.

4. The Materials and Supplies portion of the consolidated budget needs to be reconciled, and an explanation of how the reserve fund monies will be segregated (e.g., creation of a sub-fund, an improvement district or other mechanism) for exclusive use within the boundaries of CBWCD.

5. The CBWCD budget lists $400,000 in depreciation costs as an actual expense. However, it was discussed that depreciation is usually an audit category. But since the analysis will be comparing actual expense and revenues, LAFCO staff indicated this will be excluded for the analysis. However, the costs for continuing existing contracts of the CBWCD will need to be clarified in the financial analysis.

6. Clarification needs to be provided as to how employee leave balances will transfer when the two agencies consolidate (i.e. all leave balances will be brought over?). In addition a letter from CALPERS will be needed to assure that no issue will arise from consolidating the employees under IEUA's existing CALPERS contract along with a statement regarding the disposition of the existing unfunded retirement liability for CBWCD.

7. An organizational chart must be provided detailing placement of all employees following consolidation.

There was a discussion regarding the letter from CBWCD dated October 7, 2016, and the following determinations were made:

1. On page 2 of the letter, the District indicates that the Plan for Service was created in a vacuum. LAFCO staff requested that the District provide more information on why it believes said document was created in a vacuum since the information was taken from publicly available Audits and Budgets of CBWCD.
2. Also on page 2 of the letter, the District indicates there needs to be "enhanced" conservation services. It was discussed that LAFCO does not require an enhanced level of services through consolidation but rather that existing service levels be maintained.
3. LAFCO will address the comments received in the LAFCO staff report.
4. It was identified that a number of the issues outlined in the letter will be a part of the committee effort LAFCO staff has been authorized to form as outlined below.

There was also a discussion regarding the water education services and the compatibility of these services and the decades-long efforts by LAFCO to support some type of consolidation of overlapping responsibilities between IEUA, CBCWD and the Inland Empire Resource Conservation District involving conservation education, reclamation, and basin management. It was determined that LAFCO staff will recommend that a committee be formed with representatives from the County and all three agencies to discuss and evaluate the most effective use of resources to deliver these services. This matter will be taken to the Commission as soon as possible due to the timeframes associated with the Property Tax Transfer process under Revenue and Taxation Code 99. It was noted that a number of representatives attending the meeting from overlying agencies indicated their support for the creation of the committee and the evaluation of other options for retention of the water education component of the CBWCD's current operations.

At the Commission hearing on October 19, 2016 an emergency item was included requesting that the Commission authorize the formation of the committee outlined at the DRC meeting. A copy of the staff report is included as an attachment to this letter. Follow-up on the authorization includes a letter dated October 24 sent to IEUA, CBWCD, the County Administrative Office, the County Flood Control District and Inland Empire Resource Conservation District requesting the selection of two representatives from each agency be appointed. Monthly updates will be provided to the Commission, as a part of the approval, on the workings of the Committee.

With reference to environmental processing for this proposal: Tom Dodson of Tom Dodson & Associates indicated that, assuming all issues get resolved, the proposal is not judged to pose any adverse changes to the physical environment. Therefore, his recommendation is that the proposal is statutorily exempt from the requirements of CEQA, as outline in the State CEQA Guidelines.

All the information outlined in this letter must be provided no later than November 30, 2016. At this time, a firm hearing date cannot be provided until the committee has been formed and they have developed options for most effective use of resources to manage conservation education, reclamation and basin management efforts in this region to be included in the LAFCO staff report. If you have any questions on this correspondence, please do not hesitate to contact me at (909) 388-0480 or by email at kmcdonald@lafco.sbcounty.gov.

Sincerely,

KATHLEEN ROLLINGS-McDONALD
Executive Officer

cc: Kathryn Besser, Manager of External Affairs, IEUA
Eunice Ulloa, Executive Director, Chino Basin Water Conservation District
Vivian Castro, Assistant Executive Director, Chino Basin Water Conservation District
Gregory Devereaux, County Executive Officer, San Bernardino County
Kevin Blakeslee, Director, San Bernardino County Flood Control District
Mandy Parkes, General Manager, Inland Empire Resource Conservation District

Attachment 5

LAFCO Staff Report dated October 17, 2016
which was added to the
October 19, 2016
LAFCO Commission hearing

LOCAL AGENCY FORMATION COMMISSION
FOR SAN BERNARDINO COUNTY

215 North D Street, Suite 204, San Bernardino, CA 92415-0490
(909) 383-9900 • Fax (909) 383-9901
E-MAIL: lafco@lafco.sbcounty.gov
www.sbclafco.org

DATE: **OCTOBER 17, 2016**

FROM: **KATHLEEN ROLLINGS-McDONALD, Executive Officer**

TO: **LOCAL AGENCY FORMATION COMMISSION**

SUBJECT: REQUEST FOR AUTHORIZATION TO FORM COMMITTEE TO REVIEW ALTERNATIVES FOR LAFCO 3212 – CONSOLIDATION OF INLAND EMPIRE UTILITIES AGENCY AND CHINO BASIN WATER CONSERVATION DISTRICT

RECOMMENDATION:

Authorize Executive Officer to form committee to review alternatives related to the processing of LAFCO 3212 – Consolidation of Inland Empire Utilities Agency and Chino Basin Water Conservation District composed of:

LAFCO Staff
Two representatives from each of the following agencies:
- Inland Empire Utilities Agency
- Chino Basin Water Conservation District
- County Administrative Office/Flood Control District
- Inland Empire Resource Conservation District

BACKGROUND INFORMATION:

The Commission has received a proposal for the consolidation of the Inland Empire Utilities Agency (IEUA) and the Chino Basin Water Conservation District (CBWCD) (LAFCO 3212), initiated by IEUA, which was circulated for review and comment beginning on August 23, 2016. On October 13th a LAFCO Departmental Review Committee meeting was held and questions outlined related to the proposal were reviewed. As a part of the DRC review process, LAFCO staff outlined the concerns received from various agencies and persons along with staff's concern regarding the future educational operations contemplated by the consolidation Plan for Service. At that time, it was identified that LAFCO staff would be requesting authorization from the Commission to form a committee made up of potentially directly affected agencies to review options for the proposal.

LAFCO 3212 is a proposal to consolidate two agencies formed under different principal acts. Statute requires that the Commission make determinations regarding accountability and costs for such a consolidation as well as requiring that a determination be made for a successor for all services provided by the consolidating agencies. Staff is requesting authorization to form the committee for LAFCO 3212 which is proposed to include representatives from the County Administrative Office and its Flood Control District, Inland Empire Utilities Agency, Chino Basin Water Conservation District, and the Inland Empire Resource Conservation District (IERCD). Staff has included the County and IERCD as participants as they may be directly affected by options for service transition to be evaluated during the processing of this proposal.

The addition of this item as an emergency matter on the October agenda is related to the determination that the matter came up after the publication of the agenda (clear as the agenda was posted the day prior to the DRC meeting) and that there is the need to act immediately. The need to act immediately is determined based upon the requirement to address alternatives during the property tax transfer process outlined for the proposal under Revenue and Taxation Code Section 99. This process was initiated on October 13th with the requirement for submission of the required resolution from the County by December 13th (mandatory 60-day period).

Staff is recommending that the Commission authorize the formation of the committee to review options for LAFCO 3212 at this time.

KRM/

Attachment 6

October 24, 2016 - LAFCO letter regarding first special committee meeting

LAFCO

Local Agency
Formation Commission
for San Bernardino County

215 North "D" Street, Suite 204
San Bernardino, CA 92415-0490
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STEVEN FARRELL
Special District

JANICE RUTHERFORD
Board of Supervisors

THURSTON "SMITTY" SMITH
Public Member

ACQUANETTA WARREN
City Member

STAFF

KATHLEEN ROLLINGS-McDONALD
Executive Officer

SAMUEL MARTINEZ
Assistant Executive Officer

MICHAEL TUERPE
Project Manager

REBECCA LOWERY
Clerk to the Commission

LEGAL COUNSEL

CLARK H. ALSOP

October 24, 2016

RECEIVED
OCT 26 2016
CHINO BASIN WATER
CONSERVATION DISTRICT

P. Joseph Grindstaff, General Manager, Inland Empire Utilities Agency
Eunice Ulloa, Executive Director, Chino Basin Water Conservation District
Gregory Devereaux, County Executive Officer
Kevin Blakeslee, County Flood Control District
Mandy Parkes, General Manager, Inland Empire Resource Conservation District

RE: LAFCO 3212 – Consolidation of the Inland Empire Utilities Agency and Chino Basin Water Conservation District

The Local Agency Formation Commission for San Bernardino County (LAFCO) is currently processing the above described proposal. Following the initial circulation of the proposal for review and comment, a Departmental Review Committee meeting was held on October 13 at which time a number of issues were outlined and the LAFCO staff position that a committee to review options was needed. At the October 19, 2016 LAFCO Hearing, LAFCO staff requested authorization to form a committee to review questions, concerns, and alternatives/options for the proposal (copy of emergency item included as attachment).

Staff's request was unanimously approved, and this letter is requesting that each agency listed above provide the names of two representatives to be a part of the committee. LAFCO staff will be chairing and coordinating the committee. Due to the concerns expressed by LAFCO staff and others, it will be necessary that one representative have a strong working knowledge of the financial operations of their respective agency. The first meeting of the committee is scheduled as follows:

NOVEMBER 14, 2016
1:00 TO 3:00
LAFCO CONFERENCE ROOM
215 NORTH D STREET, SECOND FLOOR
SUITE 204
SAN BERNARDINO

No hearing date for this application has been determined. Please provide the names of your agency's representatives to the LAFCO Office by November 7 so that the committee information can be provided. If you have any questions regarding this request, please do not hesitate to contact me directly at (909) 388-0480 or by email at: kmcdonald@lafco.sbcounty.gov.

Sincerely,

KATHLEEN ROLLINGS-McDONALD
Executive Officer

Attachment

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FOR SAN BERNARDINO COUNTY

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Staff is recommending that the Commission authorize the formation of the committee to review options for LAFCO 3212 at this time.

KRM/