

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

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DATE: JANUARY 10, 2018 
FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer
MICHAEL TUERPE, Project Manager
TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: Agenda Item #8: LAFCO 3222 -- Sphere of Influence Establishment for the Metropolitan Water District of Southern California (San Bernardino County portion)

INITIATED BY:

Local Agency Formation Commission for San Bernardino County

RECOMMENDATION:

Staff recommends that the Commission take the following actions related to the sphere of influence establishment for the Metropolitan Water District of Southern California:

1. For environmental review, certify that LAFCO 3222 is statutorily exempt from environmental review, and direct the Executive Officer to file a Notice of Exemption within five (5) days;
2. Approve the sphere of influence establishment for the Metropolitan Water District of Southern California within San Bernardino County as coterminous with that of its member agency, the Inland Empire Utilities Agency, excluding that area defined in this report as being proposed for reorganization between the Inland Empire Utilities Agency and the San Bernardino Valley Municipal Water District; and,
3. Establish the description of the functions and services of the Metropolitan Water District of Southern California (San Bernardino County portion) as

FUNCTION: Water

SERVICE: Those water services or powers identified in the Metropolitan Water District Act (Water Code Appendix Section 109-130 through 109-136)

to be identified in the *LAFCO Policy and Procedure Manual, Section VI, Chapter 3: Listing of Special Districts within San Bernardino LAFCO Purview - Authorized Functions and Services.*

4. Adopt LAFCO Resolution No. 3261 reflecting the Commission's determinations and findings for the sphere of influence establishment identified.

BACKGROUND:

Initiation and Purpose

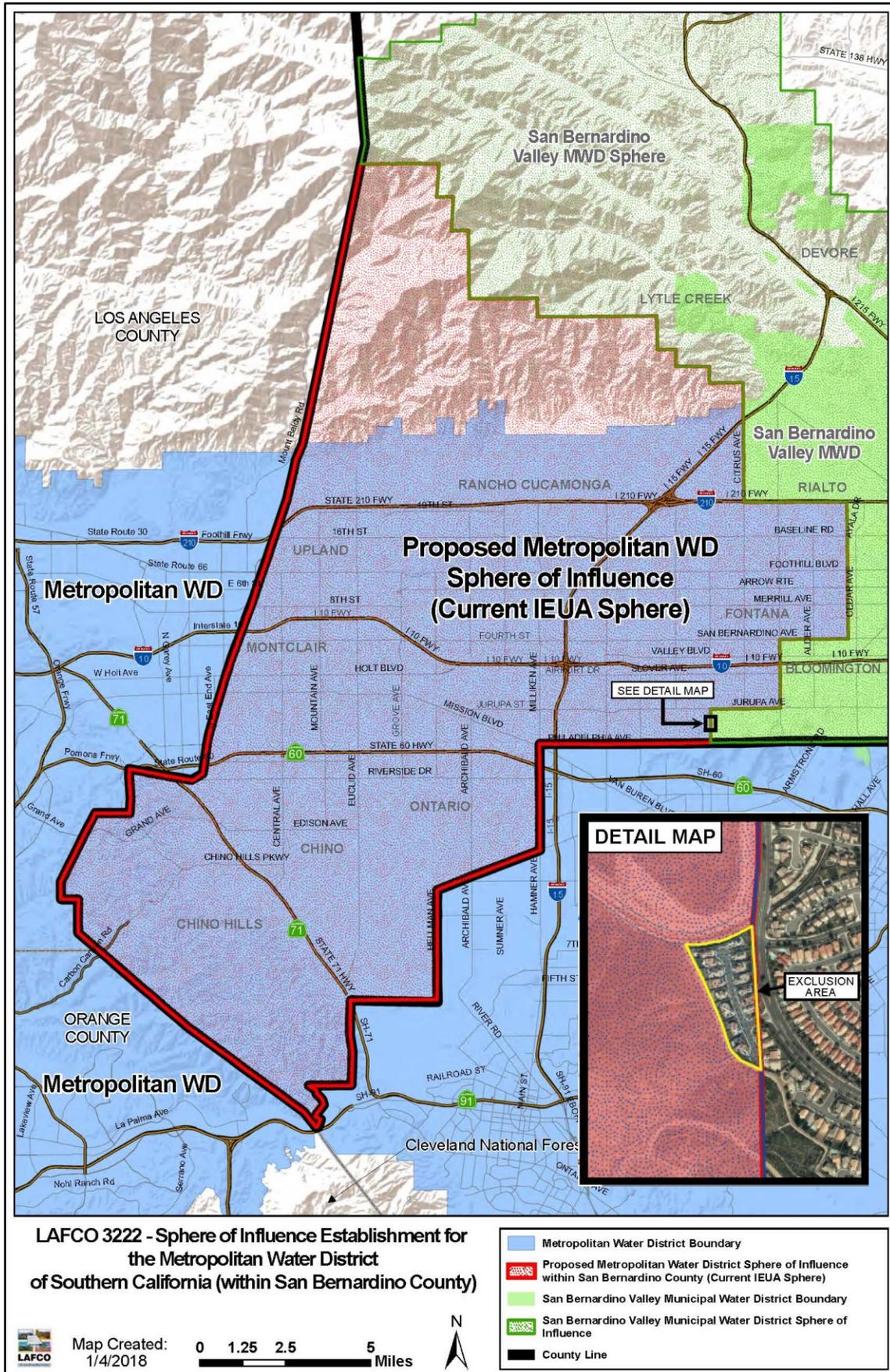
As a part of its Countywide Service Review for Water (LAFCO 3187), the Local Agency Formation Commission for San Bernardino County ("LAFCO") at its July 19, 2017 hearing initiated the establishment of a sphere of influence for the Metropolitan Water District of Southern California (hereafter "Metropolitan" or "District") within San Bernardino County to be coterminous with the sphere of influence of its member agency, Inland Empire Utilities Agency ("IEUA").¹ This area encompasses approximately 292 square miles and includes the watershed of the San Gabriel Mountains, and generally:

- All of the territories and spheres of influence of the cities of Chino, Chino Hills, Montclair, Rancho Cucamonga, Ontario, and Upland;
- The majority of the territory and sphere of the City of Fontana; and
- Portion of the territory and sphere of the City of Rialto.

During the service review process, Metropolitan indicated no objection to the recommended sphere establishment.

However, also outlined in the service review was an area requiring reorganization between IEUA and the San Bernardino Valley Municipal Water District in the southeastern portion of the City of Fontana encompassing approximately 4.81 acres. LAFCO staff has modified LAFCO 3222 to exclude the area of this anticipated exchange proposal, as there is no need to include this area in the District's sphere establishment if only to be reduced in a few months. A map of the sphere establishment, as recommended by staff, with a detail of the exclusion area is shown below, which is also included in Attachment #1 to this report.

¹ Resolution No. 3248 for LAFCO 3187 memorialized the Commission's action.



Metropolitan has never had a sphere of influence within San Bernardino County. As defined by statute, Metropolitan is a special district that is subject to LAFCO purview; therefore, LAFCO is obligated to adopt a sphere of influence for the district. Technically, no changes of organization should be processed for any affected agency overlain by a district lacking a sphere of influence. The sphere establishment would rectify this matter.

Metropolitan has provided a written response of no objection to the sphere of influence establishment within San Bernardino County, which is included as Attachment #3 to this report.

Metropolitan Overview

Metropolitan a state water contractor that delivers wholesale water to 26 member public agencies – 14 cities, 11 municipal water districts, one county water authority – which in turn provides water to 19 million people in Los Angeles, Orange, Riverside, San Bernardino, San Diego and Ventura counties. Metropolitan is currently governed by a 38-member board of directors who represent their respective member agencies. Each member agency is represented by one director, and additional directors may be seated based on the assessed property valuation of an agency's jurisdiction. Within San Bernardino County, Metropolitan's sole member agency is IEUA. IEUA provides wholesale imported water to seven retail agencies including: the Cities of Chino, Chino Hills, Ontario, Upland, the Cucamonga Valley Water District (Rancho Cucamonga), the Fontana Water Company (IEUA portion - Fontana), and the Monte Vista Water District (Montclair, portion of City of Chino and its sphere). In total, IEUA serves approximately 856,000 people over 239 square miles in western San Bernardino County.

The following historic summary is taken from the Metropolitan website.

The Metropolitan Water District of Southern California was established by the California Legislature in 1928 through the Metropolitan Water District Act. The primary purpose of the Act was to construct and operate the 242-mile Colorado River Aqueduct.

Concurrent with the enactment of the Metropolitan Act, the U.S. Congress passed the Boulder Canyon Project Act, authorizing construction of Hoover Dam, which provided power to pump water to southern California.

Metropolitan was one of the first wholesale water agencies in the United States, and currently is the largest.

Metropolitan is a special district, governed by a 38-member board of directors representing Metropolitan's 26 member public agencies.

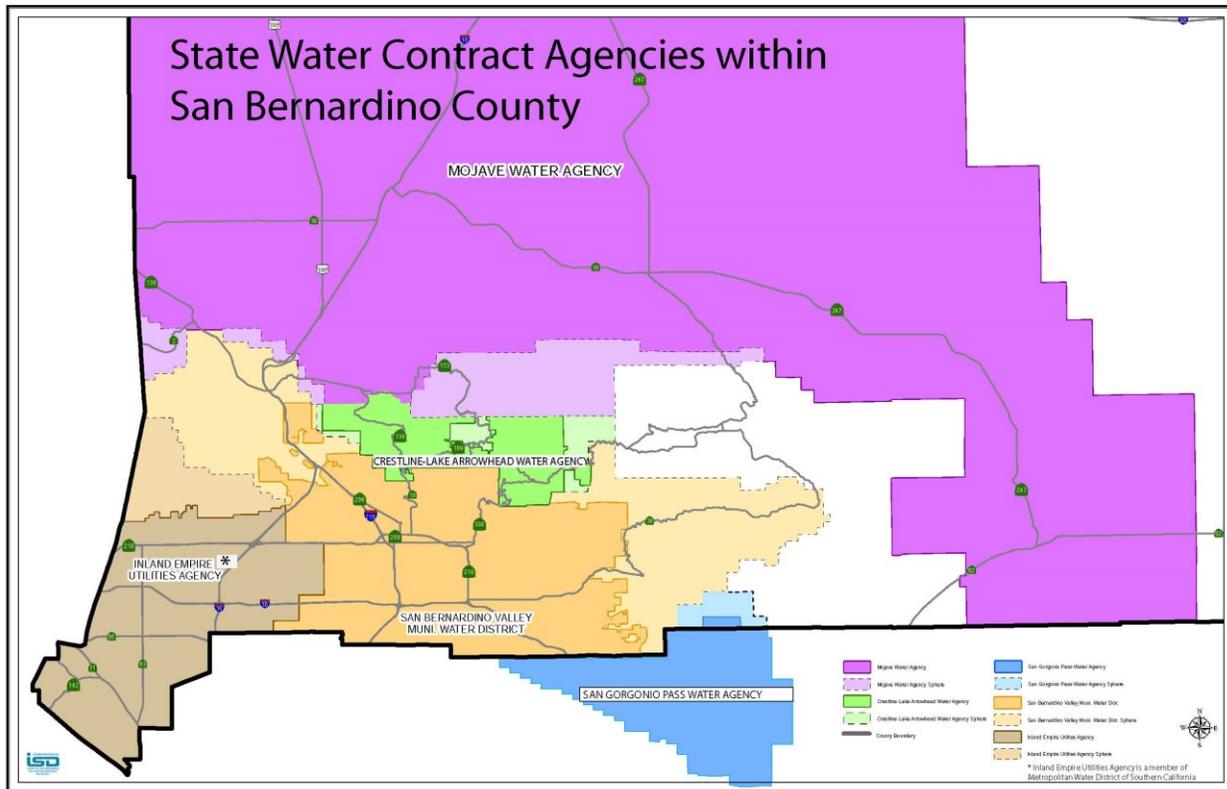
The Metropolitan Water District Act authorizes Metropolitan to: levy property taxes within its service area; establish water rates; impose charges for water standby and service availability; incur general obligation bonded indebtedness and issue revenue bonds, notes and short-term revenue certificates; execute contracts; and exercise the power of eminent domain for the purpose of acquiring property.

The Metropolitan Act details the formation, internal organization, powers and purposes, taxes, bonds, and changes in organization for The Metropolitan Water District of Southern California.

Metropolitan was born out of the realization that Southern Californians had to unite to solve their water problems. This same ethic that led to the creation of Metropolitan by the California Legislature in 1928 is still alive today. The mission has evolved over time. At first, the goal was to secure a supply from the Colorado River for the fast-growing region, a proposal that was approved by voters in Los Angeles and Orange counties in 1931. Approximately a generation later, with even greater growth on the horizon, Metropolitan was instrumental in securing a supply from Northern California with the statewide voters approving the construction of the State Water Project in 1960. Today, Metropolitan is advancing local supply development and conservation while investing in its traditional imported supplies. Water planning requires adapting to ever-changing circumstances as well as an understanding of history. To capture this history, Metropolitan publishes annual reports that contain the highlights of politics, trends, policy, and resource decisions.

IEUA, originally named the Chino Basin Municipal Water District (“CBMWD”), was formed in 1950 by popular vote of its residents to become a member agency of Metropolitan for the purpose of importing water under the Municipal Water District Law (Water Code Section 71000 et seq). IEUA is a wholesale water agency and does not provide any retail sales to other agencies. IEUA's 239 +/- square mile boundary provides imported water deliveries to seven contracting agencies: Cities of Chino, Chino Hills, Ontario and Upland; as well as the Monte Vista Water District, the Cucamonga Valley Water District, and the Fontana Water Company.

In 1973 the Commission established the sphere of influence for CBMWD (encompassing approximately 292 square miles), and no amendments have been considered since. The sphere was established in conjunction with the establishment of the spheres of influence for the other state water contractors: Crestline-Lake Arrowhead Water Agency, San Bernardino Valley Municipal Water District, and Mojave Water Agency. At that time, LAFCO staff requested that the agencies meet to determine their general areas of service and propose sphere boundaries. These agencies, including CBMWD, agreed to the proposed sphere boundaries based on hydrological divides, and the Commission concurred with the establishments. A map of the boundaries and spheres of the state water contractors is shown in the map below. Of note, the map identifies IEUA with a notation that the state water contractor is Metropolitan.



In 1998, CBMWD changed its name to: Inland Empire Utilities Agency, a municipal water district.

Commission Consideration

A sphere of influence is defined by Government Code Section 56076 as “a plan for the probable physical boundaries and service area of a local agency as determined by the Commission”. This Commission in its policies related to assignment of a sphere of influence has indicated the purpose is “to encourage economical use and extension of facilities by assisting governmental agencies in planning the logical and economical extension of governmental facilities and services, thereby avoiding duplication of services” and “to promote coordination of cooperative planning efforts”.

At this hearing the Commission will:

- Consider a sphere of influence establishment for Metropolitan within San Bernardino County; and,
- Evaluate and make determinations on the factors required by Government Code Section 56425 for LAFCO 3222. These determinations will be guided by the Commission’s mission statement which reads in part, “to ensure the establishment of an appropriate, sustainable and logical municipal level government structure for the distribution of efficient and effective public services”.

SPHERE OF INFLUENCE DETERMINATIONS:

Government Code Section 56425(e) requires that the Commission make a written statement of its determinations on the factors outlined in the statute. The following narrative provides the staff's analysis of these factors which includes information from the service reviews conducted in May 2015 titled "Service Review for Water Conservation in the Valley Region" and in July 2017 titled "Countywide Service Review for Water" which support establishing the Metropolitan sphere coterminous with that of the IEUA sphere.

1. The present and planned land uses in the area, including agricultural and open space lands:

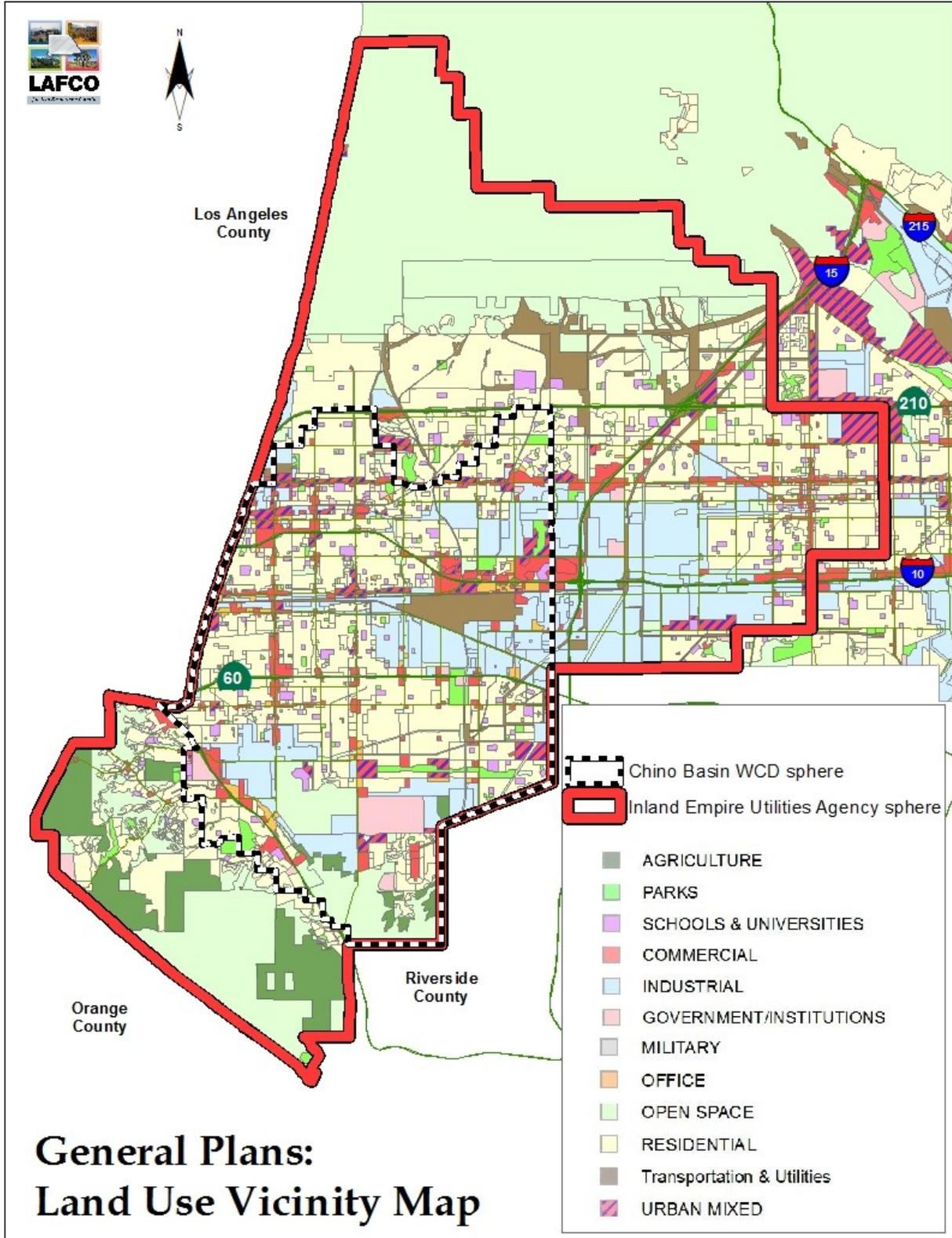
The map below illustrates the land use designations of the city and county jurisdictions within the area proposed to be included within the sphere of influence for Metropolitan (the area of the IEUA sphere of influence) – shown in red outline. As shown, residential, urban mixed, and industrial uses are prevalent in the urbanized areas with commercial interspersed. Parks and Open Space are heavy at the southwestern edge representing Chino Hill State Park and floodways of the Santa Ana Mainstem Project

The area contains agricultural lands, Williamson Act contracts, agricultural preserve designations, and areas where special permits are required. Pursuant to Government Code Section 56426.6, the Commission shall not approve a change to the sphere of influence of a local government agency of territory that is subject to a contract entered into pursuant to the California Land Conservation Act of 1965 (known as the Williamson Act)² if that local government agency provides, or would provide, facilities or services related to ...nonagricultural water ... to the territory. However, the Commission may nevertheless approve a change for that territory if it finds either of the following:

- That the change would facilitate planned, orderly, and efficient patterns of land use or provision of services, and the public interest in the change substantially outweighs the public interest in the current continuation of the contract beyond its current expiration date.
- That the change is not likely to adversely affect the continuation of the contract beyond its current expiration date.

A sphere of influence is a planning tool, and the sphere establishment supports the planning efforts necessary to assist in the agricultural operations.

² California Government Code, Title 5, Division 1, Part 1, Chapter 7 (commencing with Section 51200)



2. The present and probable need for public facilities and services in the area:

Pursuant to the determinations in the service reviews dated May 2015 and July 2017, the following information is provided for this factor.

Present Need

The population within the study area increased 23% from 1990 to 2000. Interestingly, the population within the study area grew at a lesser rate of 16% from 2000 to 2010 during the construction boom. The 2015 estimated population was 856,168.

Pop Source	Census			Estimate	Projected		
	1990	2000	2010	2015	2020	2030	2040
IEUA sphere	569,490	701,527	814,210	856,168	896,533	1,009,349	1,125,203
Sources: 2015 IEUA Urban Water Management Plan; 2015 San Bernardino Valley Regional Urban Water Management Plan; ESRI estimates for 2015							

There are generally two basins within the study area: Chino and Cucamonga, both of which are adjudicated. The figure below is a summary of the two basins from the Department of Water Resources (“DWR”). As part of the California Statewide Groundwater Elevation Monitoring Program and pursuant to the California Water Code §10933, DWR is required to prioritize California groundwater basins, so as to help identify, evaluate, and determine the need for additional groundwater level monitoring. As identified by the DWR, the Chino Basin has been designated as a High Priority basin (high cumulative ratings as shown in the chart below) and the Cucamonga Basin as a Medium Priority basin for future monitoring. Both share similar population, groundwater reliance factors, and have been impacted from the increasing population.

California Statewide Groundwater Elevation Monitoring Program								
Upper Santa Ana Valley Basin - West Valley								
DWR Rating (1 = low, 5 = high)								
Sub-Basin	Sq. Miles	2010 Pop.	Pop.	Pop. Growth	GW Reliance	Impacts	Basin Priority	Impact Comments
Chino	242	898,653	4	2	4	3	High	High nitrates and dissolved solids.
Cucamonga	15	51,001	4	1	3.5	3	Medium	High nitrates reported in 14 of 24 wells tested.

Probable Need

It is not until 2025 that the growth rate is projected to increase. LAFCO’s analysis in conjunction with Southern California Associated Governments (“SCAG”) projections provides a projected population of 1.13 million in 2040 for the study area. The 2040 figure would be roughly twice that of 1990 with an evident corresponding increase in population density.

The population projections identified above do not include the heavy daily business, commercial, education and industrial activities. Further, the transient traffic on Interstates 10 and 15 (two of four interstates that exit Southern California to the east) has significantly increased in volume each decade and is anticipated to continue to do so. All of this signals that the west Valley Region is one of the most densely populated

and traveled parts of the state and that the need for additional water resources will only intensify for the already impacted groundwater basins.

Through 2040 the subject area population is expected to significantly increase. It is paramount that the agencies recognize the need to develop and promote programs that protect existing water resources for the region's sustainability and future growth, as well as the importation of additional water supply.

3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide:

There will be no service change as a result of the sphere establishment. The area within the boundaries of Metropolitan and IEUA currently receives services from those agencies. The Metropolitan sphere establishment, being a planning tool, would work in concert with the Metropolitan mission³, IEUA mission⁴, and Metropolitan and IEUA planning documents:

- IEUA's planning reports to include but limited to: 2015 Regional Urban Water Management Plan, Operating and Capital Program Budget, Groundwater Recharge Report, and Recycled Water Quality Report.
- Metropolitan's planning reports to include but not limited to: Integrated Water Resources Plan, Urban Water Management Plan, Water Surplus and Drought Management Plan, Long-Term Conservation Plan, and Capital Project Reports.

The area outside the boundaries of these agencies (but within the area proposed for inclusion within the Metropolitan sphere) extends north to the hydrological divide that separates the spheres of the neighboring state water contractors (current northerly extent of IEUA sphere); the inclusion within the Metropolitan sphere will allow for Metropolitan to plan for the provision of its water service in the future.

4. The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency:

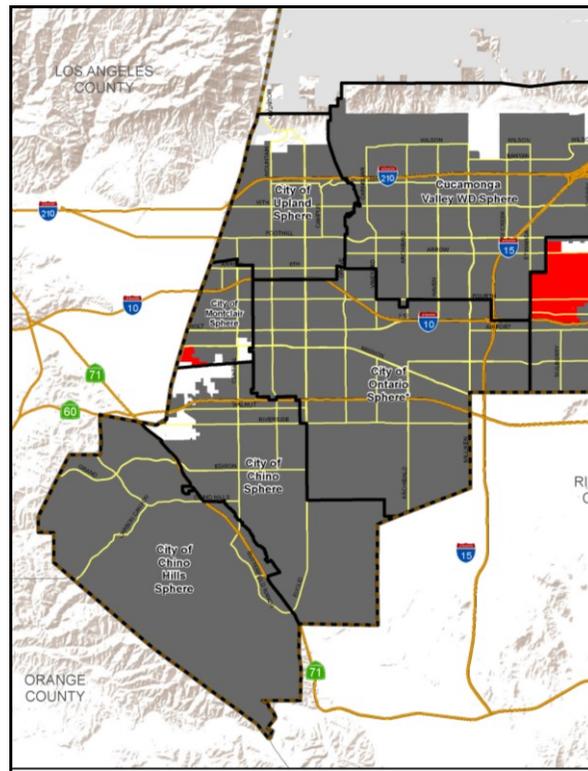
Metropolitan is the state water contractor that delivers imported water to its member agency within San Bernardino County, IEUA. The delivery of this water is for use as recharge or for use from the IEUA member agencies is a vital resource which supports the social and economic interests of the Cities of Chino, Chino Hills, Fontana (western portion), Montclair, Ontario, Rancho Cucamonga, and Upland; and unincorporated territory.

³ "The mission of the Metropolitan is to provide its service area with adequate and reliable supplies of high-quality water to meet present and future needs in an environmentally and economically responsible way."

⁴ The IEUA mission is, "Inland Empire Utilities Agency is committed to meeting the needs of the region by providing essential services in a regionally planned and cost effective manner while safeguarding public health, promoting economic development and protecting the environment. Key areas of service: Securing and supplying imported water. Collecting and treating wastewater. Producing high-quality renewable products such as recycled water, compost and energy. Promoting sustainable use of groundwater and development of local water supplies."

5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to ...municipal and industrial water..., the present and probable need for those public facilities and services of any disadvantaged unincorporated communities

There are two areas that are identified as disadvantaged unincorporated communities (“DUC”) within the study area: South Montclair and a portion of West Fontana. These areas presently receive wholesale water service from IEUA, as a member of Metropolitan - the state water contractor. Wholesale water provides a supplemental source to the impacted water basins. The probable need for wholesale water to these two DUC areas is anticipated to remain as population projections show steady growth through 2040. These areas are identified in red in the map below.



Services of the Agency:

When adopting or amending a sphere of influence for a special district, the Commission is required to establish the nature, location, and extent of any functions or classes of services provided by the district (Government Code §56425(i)). LAFCO staff recommends that the Commission establish the description of the functions and services of the Metropolitan Water District of Southern California (San Bernardino County portion) as:

- | | |
|-----------|--|
| FUNCTION: | Water |
| SERVICE: | Any services or powers identified in the Metropolitan Water District Act (Water Code Appendix Section 109-130 through 109-136) |

to be identified in the *LAFCO Policy and Procedure Manual, Section VI, Chapter 3: Listing of Special Districts within San Bernardino LAFCO Purview - Authorized Functions and Services*.

ADDITIONAL DETERMINATIONS:

1. The Commission is the lead agency for review of the potential environmental consequences of sphere of influence establishments. LAFCO staff has provided the Commission's Environmental Consultant, Tom Dodson of Tom Dodson and Associates, with the application materials for review. Mr. Dodson has indicated the proposed sphere adoption is not judged to pose any adverse changes to the physical environment. Therefore, his recommendation is that the sphere of influence adoption is exempt from the requirements of CEQA, as outlined in the State CEQA Guidelines, Section 15061(b). A copy of Mr. Dodson's analysis is included as Attachment #4 to this report.
2. Legal notice of the Commission's consideration of the sphere adoption has been provided through publication of a 1/8th page legal advertisement in *The Inland Valley Daily Bulletin*, a newspaper of general circulation in the area.
3. Individual notices were provided to all affected and interested agencies, County departments and those individuals and agencies requesting special notice.
4. In November 2011 San Bernardino LAFCO and Los Angeles LAFCO entered into a Memorandum of Understanding for exchange of principal county status for sphere of influence changes that cross county boundaries to the county where the sphere of influence territory is located. In a letter to Los Angeles LAFCO dated October 25, 2017, San Bernardino LAFCO expressed its intention to utilize the provisions of this MOU to address the proposed establishment of the Metropolitan sphere in San Bernardino County.

CONCLUSION:

As defined by statute, Metropolitan is a special district that is subject to LAFCO purview, therefore LAFCO is obligated to establish a sphere of influence for the District. Technically, no changes of organization should be processed for any affected agency overlain by a district lacking a sphere of influence. Approval of LAFCO 3222 will rectify this matter.

Metropolitan has provided a written response of no objection to the sphere of influence establishment within San Bernardino County, which is included as Attachment #3 to this report.

For all the reasons outlined in this report, LAFCO staff supports the adoption of a sphere of influence designation for Metropolitan (San Bernardino portion) coterminous with that of its member agency, IEUA, excluding the area proposed for reorganization in the southeastern portion of the sphere within the City of Fontana.

Attachments:

1. Map of Proposed Sphere Adoption
2. Application Materials: LAFCO Application and Sphere Supplement Forms, LAFCO Resolution 3248, and Excerpts from Countywide Service Review for Water
3. Letter from Metropolitan Water District of Southern California dated January 8, 2018
4. Letter from Commission Environmental Consultant Tom Dodson of Tom Dodson and Associates Dated December 20, 2017
5. Draft LAFCO Resolution No. 3261