

**MINUTES OF THE LOCAL AGENCY FORMATION COMMISSION  
HEARING OF DECEMBER 8, 2010**

**REGULAR MEETING**

**10:00 A.M.**

**DECEMBER 8, 2010**

**PRESENT:**

<b>COMMISSIONERS:</b>	<b>Jim Bagley</b>	<b>Larry McCallon</b>
	<b>Ginger Coleman</b>	<b>Brad Mitzelfelt, Chairman</b>
	<b>Robert Colven, Alternate</b>	<b>Robert Smith, Alternate</b>
	<b>James Curatalo, Vice-Chairman</b>	<b>Diane Williams, Alternate</b>
	<b>Neil Derry, Alternate</b>	

**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:**           **Kimberly Cox**

**CONVENE REGULAR SESSION OF THE LOCAL AGENCY FORMATION COMMISSION – CALL TO ORDER – 10:03 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.

**PRESENTATION OF RESOLUTION OF APPRECIATION TO COMMISSIONER PAUL BIANE**

Chairman Mitzelfelt reads and presents a resolution of appreciation to outgoing Commissioner Paul Biane. Chairman Mitzelfelt states it has been a pleasure serving with Commissioner Biane on this Commission, SANBAG and the Board of Supervisors. Mr. Biane thanks the Commission for the opportunity to serve and states he hopes to continue to stay involved. He also expresses his gratitude to LAFCO staff and legal support.

Commissioner Curatalo thanks Mr. Biane for his friendship and commends him for his service as a member of the Board of Supervisors.

**CONSENT ITEMS – APPROVE STAFF RECOMMENDATIONS**

2. Approval of Minutes for Regular Meeting of September 15, 2010
3. Approval of Executive Officer's Expense Report and Ratification of Chairman's Approval of Executive Officer's October Expense Claim
4. Ratify Payments as Reconciled for Months of September and October 2010 and Note Cash Receipts
5. Review and Adoption of Resolution No. 3113 Reflecting the Commission's Approval and Determinations for LAFCO 3082 – Sphere of Influence Amendments (Expansions and Reductions) for City of Victorville and Victorville Water District and (Reduction) for City of Adelanto
6. First Quarter Financial Report:  
    Financial Report for Period July 1 through September 30, 2010   
    Consideration of Budget Amendments for Fiscal Year 2010-11

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A Visa Justification for the Executive Officer's expense report, as well as a staff report outlining the staff recommendation for the reconciled payments and the staff reports outlining the recommendations on Items 5 and 6 have been provided, and copies of each are on file in the LAFCO office and are made a part of the record by their reference here.

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

**PUBLIC HEARING ITEMS:**

**Consent Items Deferred for Discussion  - None**

**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 AREA 18, AND COUNTY SERVICE AREA 53;  SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE/AMENDMENT FOR THE FOLLOWING:**

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

**CONSIDERATION OF: (A) CEQA STATUTORY EXEMPTION FOR LAFCO 3119; AND (B) LAFCO 3119 - SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR COUNTY SERVICE AREA 59 (LAKE ARROWHEAD)**

**CONSIDERATION OF: (A) CEQA STATUTORY EXEMPTION FOR LAFCO 3121; AND (B) LAFCO 3121 - SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR COUNTY SERVICE AREA 68**

**CONSIDERATION OF (1) CEQA STATUTORY EXEMPTION FOR LAFCO 3162, AND (2) LAFCO 3162 – COUNTY SERVICE AREA 70 AFFIRMATION OF SERVICE UNDER AUTHORIZED ROADS FUNCTION TO INCLUDE SNOW REMOVAL – APPROVE STAFF RECOMMENDATION FOR CONTINUANCE TO THE MARCH 16, 2011 HEARING**

LAFCO considers 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 Area 18 and Service Review and Sphere of Influence Updates/Amendments for LAFCO 3122, LAFCO 3119, LAFCO 3121, and LAFCO 3162. Notice of the hearing was provided through publication in a newspaper of general circulation, *The San Bernardino 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.

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 states that one of the most important issues that came to light during this review was the issue of road maintenance and snow removal in the overall mountain community. She says the report presents four

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different mechanisms for providing road maintenance and snow removal: CalTrans for state highways, County Transportation Department for County-maintained roads, City of Big Bear Lake for roads within that city, and County Special Districts for snow removal in county service areas (hereafter shown as CSAs) and/or zones of CSAs. She says the public can also provide for snow removal and road maintenance through homeowners associations or through cooperative banding together. She indicates on the overhead display the road service providers throughout the mountaintop. She indicates the four mountain communities, Crest Forest, Lake Arrowhead, Hilltop (Running Springs, Arrowbear and Green Valley Lake) and Bear Valley; and the Special Districts Department administers zones or CSAs within each of these communities. She says these agencies experience financial challenges and response to requests for service has been somewhat disjointed. She points out that, until county service area law was rewritten two years ago, snow removal was a separate function under extended miscellaneous services defined for county service areas. She states that none of the county service areas ever applied for that service or were designated that specific service at the time of formation. She says that today's service review will include clarification of that responsibility to correct that deficiency so that snow removal is clearly identified as an authorized service for all agencies.

Ms. McDonald states that the report includes available options and staff's evaluation. One option is designation of one single road agency for the mountain region which would include administration of funding with more transparency and potentially allow the communities to have a say in definition of those services. She says the staff report includes an option to expand County Service Area 68's sphere of influence to include the mountaintop to accomplish the option as outlined. The second option would provide for creation of a single road agency for each of the defined communities, i.e. for Crest Forest, Lake Arrowhead CSD, the Hilltop region, and for Bear Valley. She says information has been requested from the communities regarding this option and County Special Districts has provided its response in that it wishes to consider other alternatives. The question was also reviewed with the Lake Arrowhead CSD Board of Directors and the response was that there is not enough revenue to provide the service in the area. LAFCO staff reviewed with the County Public Works Department the potential for the County to create permanent road divisions and assume responsibility for the public roads. She says that the report outlines the County Public Works concerns regarding liability and risk through such a change. The staff report has identified LAFCO staff's concern regarding the issue of liability should road maintenance be eliminated due to funding restrictions. Staff is requesting further time to review the issue with legal counsel. She explains that liability is an issue, whether it is through the Public Works Department or through County Special Districts. The final option is maintenance of the existing structure. She says that staff's recommendation is that the Commission indicates its intent to adopt Option One, which expands the sphere of influence for CSA 68 to encompass the entirety of the mountain region, with the provision that community definitions are to be established for the Hilltop and Big Bear areas, as those communities have not yet been defined. Additionally, the option would identify the areas of Crest Forest and Lake Arrowhead as defined by the sphere of influence for CSA 68.

With regard to CSA 59, Ms. McDonald indicates on the overhead display the financial activity for the last four years, which shows a dwindling fund balance and reduced ability to provide ongoing service. She says County Special Districts has requested consideration of removal of maintaining roads as an active service of its road maintenance function, leaving only snow removal. County Special District has indicated that there is not enough funding to continue to provide that service, as the community has not supported a special tax. However, LAFCO staff has identified that additional information is needed to address the infrastructure that has been maintained by CSA 59 for many years and its implications for liability. She says the audits for the year ending June 30, 2009, identify that the District has capital assets. The only capital assets are the roads, which have depreciated and stand at over \$700,000. She adds that the request to divest road maintenance service will need to address what will happen following removal of road maintenance service and the potential for liability. LAFCO staff is not prepared to discuss that issue at today's hearing, so staff will request that this matter be

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continued to the March hearing.

Ms. McDonald explains that CSA 69 anticipates a major activity for this year in the range of \$567,000 in road maintenance. She says the government structure options evaluated in the review include the expansion of boundaries to serve adjacent territory, consolidation with other road districts within the unincorporated area of the mountain, assumption of road responsibility by Lake Arrowhead which has been declined and maintenance of the status quo.

For the sphere of influence update, it is staff's recommendation that the Commission indicate its intent to expand the sphere of influence for CSA 68 to encompass the mountaintop, and to continue consideration to the March 16, 2011 hearing following the discussion and development of the communities for Hilltop and Big Bear. For CSA 59, staff recommends designation of a zero sphere of influence, and continuation of the matter to the March hearing in order for staff to provide full information on the potential risk and liability for the removal of road maintenance as an active service for this district, and designation a zero sphere of influence for CSA 69. Ms. McDonald states that LAFCO staff requests clarification of all the County Service Areas to retain snow removal as an active function.

With regard to CSA 18, park and recreation and road maintenance services are provided in the Cedarpines Park area. She says this area also has financial challenges and the actual costs for road maintenance were difficult to determine versus the actual park and recreation function. She says the potential exists for structural options for expansion of boundaries and consolidation with other unincorporated areas for road service alone. Potential also exists for Rim of the World Park and Recreation District to assume park and recreation functions for the agency. This is the only part of the Rim of the World School District that is not part of Rim of the World Park and Recreation District.

Staff has initiated a change of organization for CSA 70 to address snow removal. She says that 21 of the 22 service zones that provide snow removal and road maintenance are identified under CSA 70. In order to better clarify that, LAFCO 3162 has been initiated to affirm that the roads function for CSA 70 includes snow removal. She refers to page 44 of the staff report which identifies all road maintenance and snow removal agencies on the mountaintop, date of formation, current funding structure, appropriation limits and varying possible percentages for determination of administrative support.

Ms. McDonald summarizes the staff recommendation to continue consideration of CSA 68 to the March hearing, take action to signal the Commission's intent to find a zero sphere for CSA 59 and continue the finding to limit the road function to snow removal alone; receive and file the service reviews for this region; find a zero sphere for CSA 69; determine that the changes are statutorily exempt from environmental review; confirm snow removal as an active function for CSA 70 and adopt the appropriate resolutions for those services.

She reports that staff conducted a meeting with the agencies affected in the Crest Forest and Lake Arrowhead communities and provided a draft report to those agencies. On November 22, 2010, the Special Districts department provided a written response to the report disagreeing with some of the determinations. A request was made to continue this matter in its entirety to allow time to provide additional information or alternatives to the staff's recommendation. Staff would be directed to work with Special Districts to evaluate the alternatives and present a supplemental report in March.

Chairman Mitzelfelt calls for questions from the Commission.

Commissioner McCallon moves to continue the item in its entirety to the March 16, 2011 hearing, second by Commissioner Derry. Commissioner Colven asks what defines "excessive snow." Ms. McDonald states events can be differing and events would be dependent upon agencies to respond to

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the need. She says the agencies must maintain a reserve so that they can respond when necessary. She notes that recently the County Public Works Department and CSA 79 have proposed to contract and coordinate provision of services on County-maintained roads and roads within CSA 79 R-1, so that a unified response can be achieved. She says that often agencies contract their equipment out to other agencies.

Chairman Mitzelfelt opens the public hearing and asks if there are members of the public who wish to speak on this item. Jeff Rigney, Director of Special Districts, thanks Ms. McDonald for LAFCO staff's work on this review. He appreciates continuation of this item to the March hearing. He points out that Special Districts is not opposed to change and that, unlike fire and police services, road services are not required in these areas. These areas formed specific county service areas or zones for the specific level of service desired. For example, residents of Cedarpines Park are charged for maintenance of dirt roads, paving of one or two roads a year, and 24-hour snow removal. In Big Bear's Sugarloaf area residents pay a large assessment for road paving at once and maintenance, as well as substantial snow removal. He says it is important to not dilute service levels in the individual areas. He thanks the Commission for allowing additional time.

Chairman Mitzelfelt announces that the public hearing will remain open until the March 16, 2011 hearing when the item is resumed.

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

**CREST FOREST AND LAKE ARROWHEAD REVIEW PROVIDING FOR COMMUNITY DEFINITION AND REVIEW OF THE REGIONAL SERVICES OF STREETLIGHTING AND FIRE PROTECTION AND SPHERE OF INFLUENCE UPDATE/ AMENDMENT FOR THE FOLLOWING:**  
**CONSIDERATION OF: (A) CEQA STATUTORY EXEMPTION FOR LAFCO 3118; AND (B) LAFCO 3118 - SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR COUNTY SERVICE AREA 54**  
**CONSIDERATION OF: (A) CEQA STATUTORY EXEMPTION FOR LAFCO 3120; AND (B) LAFCO 3120 - SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR COUNTY SERVICE AREA SL-1**  
**CONSIDERATION OF: (A) CEQA STATUTORY EXEMPTION FOR LAFCO 3127; AND (B) LAFCO 3127 - SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR CREST FOREST FIRE PROTECTION DISTRICT - APPROVE STAFF RECOMMENDATION**

LAFCO considers Crest Forest and Lake Arrowhead Review providing for community definition and review of the regional services of streetlighting and fire protection and sphere of influence update/amendment for LAFCO 3118, LAFCO 3120, and LAFCO 3127. As required by State Law notice of the hearing was provided through publication in a newspaper of general circulation, the *San Bernardino 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 with the Crest Forest and Lake Arrowhead agencies to review the determinations made within the four reports.

Senior LAFCO Analyst Sam Martinez 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. Mr. Martinez states that in 2007 the County adopted its General Plan update, which included adoption of four community plans for the mountains. He points out on the overhead display the Rim of the World Unified School District

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and states that the school district's boundary generally coincides with the Rim of the World Recreation and Park District, except for the Cedarpines Park area.

He says in 1973 the Lake Arrowhead community was defined by the Commission through establishment of spheres for the Lake Arrowhead based agencies or districts, including the former Lake Arrowhead Sanitary District and the former Lake Arrowhead Fire Protection District. In 1983 the Commission dissolved the Sanitary District and expanded the Lake Arrowhead CSD boundary and sphere to include the former Sanitary District's boundary and sphere. Since that time the Lake Arrowhead community has been defined by the sphere for the Lake Arrowhead CSD. He points out on the overhead display the current Lake Arrowhead community which includes the Lake Arrowhead CSD, CSA 70 Zones D1 and CG, and the road districts – CSAs 59, 69, and other zones of CSA 70. He points out the boundaries for CSA 54 which is split between the Lake Arrowhead and Crest Forest communities.

Mr. Martinez points out on the overhead display the agencies within the Crest Forest community which includes the majority of the Crest Forest Fire Protection District, Crestline Sanitation District, Crestline Village Water District, CSAs 54 and 18 and the road districts – CSA 68 and other zones of CSA 70.

He says that the Commission has defined the Lake Arrowhead community as the boundaries and sphere of the Lake Arrowhead CSD; however, the Commission has not defined the Crest Forest community. In staff's opinion, there are three options for defining the Crest Forest community, as well as the division between the Lake Arrowhead and Crest Forest communities.

The first option defines the two communities using the County's adopted community plan boundaries. LAFCO staff has noted that there are some conflicts in using the community plans adopted by the County, especially since the community plans were not developed to include the boundary of service providers in the communities. He points out on the overhead display the area, which is outside the Crestline Lake Arrowhead Water Agency, the wholesale provider, and a portion of the Running Springs Water District, which is part of the Lake Arrowhead Community Plan area.

The second option defines the two communities using the existing spheres for the water and sewer providers for the communities. Mr. Martinez identifies that there are some minor conflict related to split parcels and in some cases overlapping another district's boundaries.

The third option defines the two communities using a combination of the existing boundaries of the water and sewer service providers and topography. Mr. Martinez indicates that there is a natural topographic divide which runs along Strawberry Peak and Tunnel Ridge, which separates the communities. The actual boundaries of the agencies also run along the topographic constraints.

LAFCO staff recommends that the Commission define the communities of Lake Arrowhead and Crest Forest by: 1) defining the division of the two community to be the ridge line and a combination of the boundaries and spheres of the sewer and water providers in Crest Forest and Lake Arrowhead, adjusted to conform to parcel lines and/or road centerlines, 2) reaffirm that the Lake Arrowhead Community is defined by the Lake Arrowhead Community Services District sphere, which is to be expanded to include privately-owned parcels along the periphery of its existing sphere, and 3) define the Crest Forest Community to be the combination of spheres for the Crestline Sanitation District and the Crestline Village Water District, expanded to include all privately owned parcels along the periphery of both district's existing spheres, and excluding the territory around Silverwood Lake.

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

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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Chief Michael Sherman, Crest Forest Fire Protection District, points out a typographical error in the report where the word "rescue" was omitted. Mr. Martinez states it will be corrected in the final documents.

Chairman Mitzelfelt closes the public hearing.

Commissioner Derry moves approval of the staff recommendation related to the community definition for Lake Arrowhead and Crest Forest, seconded by Commissioner McCallon. Chairman Mitzelfelt calls for opposition to the motion. There being no opposition, the motion passes with the following vote: Ayes: Bagley, Coleman, Curatalo, Derry, McCallon, Mitzelfelt, Smith. Noes: None. Abstain: None. Absent: Cox (Commissioner Smith voting in her stead).

Mr. Martinez reports that there are two public streetlighting agencies within the communities, CSA 54 and the Lake Arrowhead portion of CSA SL-1. CSA 54's sphere is coterminous with its boundaries and County Special Districts has provided verification that there are currently 183 streetlights funded through CSA 54. LAFCO staff, however, has identified that there are 10 streetlights funded by CSA 54 that are outside its boundaries. CSA SL-1 is a streetlighting entity for the valley region of the County; however, it has two areas that are outside the valley area, one in Barstow and a small area in Lake Arrowhead. The Lake Arrowhead portion has nine streetlights and three of those are currently outside its boundaries. One option discussed is to expand CSA 54's sphere to encompass the Crest Forest and Lake Arrowhead community, reducing administrative expenses by eliminating multiple budgets and audits and signal the future detachment of CSA SL-1 and annexation to CSA 54. Should the need arise for additional streetlighting an agency would exist to provide that service. The second option would be to expand CSA54 to encompass the mountain communities, including the Hilltop and Bear Valley communities. Benefits would be similar to Option One. The third option would be to reduce the sphere of CSA 54 currently within Lake Arrowhead CSD. This action would signal the Commission's position that the Lake Arrowhead CSD as a multifunction agency, would be a better mechanism to provide streetlighting within its boundaries. The final option would be maintenance of the status quo. Staff's recommendation is to expand the sphere of CSA 54 to encompass the Crest Forest and Lake Arrowhead communities.

Mr. Martinez states that staff believes that CSA SL-1 does not belong on the mountain and should remain in the valley. He says that if this section of SL-1 was operated as a stand-alone agency, the revenues would not be able to support its existence. There are streetlights that are outside the boundaries of CSA54 and CSA SL-1 being paid for by these districts. A sphere expansion would allow for a path towards clearing up the issues of providing service outside the boundaries through a future reorganization. The only other option would be to turn off those streetlights.

The staff recommendation is to expand the sphere of CSA 54 to encompass the Crest Forest and Lake Arrowhead communities, as defined by the Commission. For CSA SL-1, staff recommends that the Lake Arrowhead portion of SL-1 remain excluded from CSA SL-1 sphere of influence, signaling the Commission's position that a future reorganization is needed to resolve this issue. For CSA 54 LAFCO staff recommends the Commission affirm the active functions and services for CSA 54. For CSA SL-1 this action was completed in 2006 as part of the service review for CSA SL-1 and no further review is necessary.

Mr. Martinez reports on fire protection in the mountain communities and states that wildland fires are under the jurisdiction of the California Department of Forestry and Fire Protection (Cal Fire) and the U.S. Forest Service, both not subject to LAFCO jurisdiction. He says that structure fires and emergency medical response calls are all under the jurisdiction of the San Bernardino County Fire Protection District (County Fire) and its Mountain Service Zone and the Crest Forest Fire Protection District. In the Crest Forest community there are seven fire stations; Crest Forest Fire has four and the

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U.S. Forest Service has three. The Lake Arrowhead community has ten stations; the U.S. Forest Service has three, County Fire has four, and Crest Forest Fire has three. He notes that ambulance and paramedic services are provided by Crest Forest Fire in the Crest Forest community, which receives funding through its PMA Service Zone and its succession to the PM1 service zone that was excluded from County Fire's former CSA 70 PM1. In the Lake Arrowhead community, ambulance and paramedic services are provided by County Fire as well as Crest Forest Fire Protection District. Of significance for LAFCO staff, is that the Crest Forest FPD provides ambulance service beyond its boundaries within EOA 10 extending down the mountain toward San Bernardino and northerly to the north portion of Lake Silverwood territory currently a part of the San Bernardino FPD fire response obligation. There is no LAFCO solution for this question as it has no jurisdiction for development of the EOAs through ICEMA (Inland Counties Emergency Medical Agency). Mr. Martinez points out on the overhead display the area where Crest Forest FPD is authorized by LAFCO to provide ambulance services within its boundaries. However, he points out an overlap area where ICEMA has assigned responsibility for ambulance service to the County. This service division, in LAFCO staff's view, needs to be reviewed further by the all the affected agencies – Crest Forest Fire, County Fire, and ICEMA. Therefore, staff recommends that the agencies pursue a resolution regarding this issue.

Mr. Martinez states that LAFCO staff recommends that the Commission modify the Crest Forest Fire Protection District's sphere of influence within the Crest Forest area to encompass the Crest Forest community as defined by the Commission, which is a combination of existing spheres for Crestline Village Water District and the Crestline Sanitation District, and to include surrounding private lands. No change is being proposed for the Lake Arrowhead portion of the District except for Area 3. A sphere modification is proposed within Area 3 to realign the split parcels between the District and the San Bernardino County Fire Protection District. He indicates on the overhead display the existing boundaries and points out the reduction and expansion of the spheres.

Mr. Martinez says LAFCO staff recommends the Commission modify the service description for the District to adequately reflect the District's ambulance and paramedic services. He summarizes the additional determinations and recommendations.

Chairman Mitzelfelt opens the public hearing and asks if there are members of the public who wish to speak on this item. There is no one.

Chairman Mitzelfelt closes the public hearing and calls for questions from the Commission. Commissioner Bagley asks if Area No. 3 is generic. Mr. Martinez responds that LAFCO staff looked at the actual assessment on those parcels and determined whether it was being assessed with Crest Forest Fire or San Bernardino County Fire Protection District Zone PM1. Ms. McDonald explains that this has been in existence for a number of years and the County Assessor does not provide two tax bills, nor does it apportion the general property tax levy between agencies. The line drawn here reflects how the County has adjusted for the division of parcels in the tax assessment process. Whichever agency has the majority of the parcel is provided the assessment. In this case, LAFCO staff is attempting to clear up the boundary for the sphere according to how it has been historically. She says that the mutual aid process for fire protection agencies provides adequate response for all areas.

Commissioner McCallon asks Chief Sherman if Crest Forest Fire contracts with CalFire for dispatch services. Chief Sherman states that it does. Commissioner McCallon asks legal counsel if, since he received a contribution from CalFire, it would be appropriate for him to participate in the vote on this matter. Legal Counsel Clark Alsop recommends that Commission McCallon abstain.

Commissioner Bagley moves approval of the staff recommendation, second by Commissioner Curatalo. Chairman Mitzelfelt calls for opposition to the motion. There being no opposition, the motion

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passes with the following vote: Ayes: Bagley, Coleman, Curatalo, Derry, Mitzelfelt, Smith. Noes: None. Abstain: McCallon. Absent: Cox (Commissioner Smith voting in her stead).

(Chairman Mitzelfelt leaves at 11:00 a.m. Vice-Chairman Curatalo assumes the Chair.)

**SERVICE REVIEW FOR THE LAKE ARROWHEAD COMMUNITY WHICH INCLUDES THE REVIEW OF COUNTY SERVICE AREA 70 ZONE CG, COUNTY SERVICE AREA 70 ZONE D-1, ALPINE WATER USERS ASSOCIATION, ARROWHEAD VILLAS MUTUAL AND CITY OF BIG BEAR LAKE DEPARTMENT OF WATER AND POWER (RIMFOREST WATER SERVICE); AND, CONSIDERATION OF (1) CEQA STATUTORY EXEMPTION FOR LAFCO 3110, AND (2) LAFCO 3110 - SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR LAKE ARROWHEAD COMMUNITY SERVICES DISTRICT – APPROVE STAFF RECOMMENDATION**

LAFCO considers the Service Review for the Lake Arrowhead Community which includes the review of County Service Area 70 Zone CG, County Service Area 70 Zone D-1, Alpine Water Users Association, Arrowhead Villas Mutual and City of Big Bear Lake Department of Water and Power (Rimforest Water Service); and, consideration of CEQA Statutory Exemption for LAFCO 3110, and LAFCO 3110 - Service Review and Sphere of Influence Update for Lake Arrowhead Community Services District. As required by State Law notice of the hearing was provided through publication in a newspaper of general circulation, the *Alpenhorn News*. 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 17th LAFCO staff held a meeting with affected agencies to review the staff reports and the recommendations to be made to the Commission.

(Commissioner Williams leaves at 11:05 a.m.)

LAFCO Analyst Michael Tuerpe 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. Mr. Tuerpe points out the overall Lake Arrowhead community on the overhead map. He states the Lake Arrowhead Community Services District (LACSD) is the primary service provider in the Lake Arrowhead community. He points out on the overhead display County Service Area D-1, which provides dam maintenance and park and recreation services, and Improvement Zone CG (Cedar Glen). He notes that on page 12 the streetlighting and fire districts are illustrated. Mr. Tuerpe points out that LACSD does not serve the entirety of the community for water service. The district was formed to serve the Arrowhead Woods area, which is a property association for use of the private lake. Water is provided only to that area. Other areas do not receive water from LACSD; however, LACSD does provide sewer service to those areas. He notes that the District has never had a representative on its board from outside the Arrowhead Woods area. Unique to this area is that Crestline Lake Arrowhead Water Agency (CLAWA) does not serve the Arrowhead Woods area.

(Commissioner Smith leaves at 11:10 a.m.)

Mr. Tuerpe explains that the Department of Water Resources restricted the Lake Arrowhead water extractions for water consumption. One option considered by LACSD was to import State Water Project Water directly from CLAWA. However, Arrowhead Woods is not within the boundaries of CLAWA, and pursuant to CLAWA Law and its contract with the State, CLAWA could not provide supplemental water outside of its boundaries. CLAWA entered into short-term agreements with San Bernardino Valley Municipal Water District and with LACSD for the purchase of water from the District. He says that around 2025 the contract will expire and a long-term solution has not yet been

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determined.

Mr. Tuerpe states that any proposed annexation by LACSD would be minor. A possible recommendation would be to expand the sphere of influence to include the outfall disposal area in Hesperia. As a cost savings measure, if LACSD were to annex these parcels and continue its municipal use, then it would benefit from tax exempt status for the parcels and would not be subject to paying the ad valorem property tax.

He explains that a CSD can provide a variety of services and is a precursor to cityhood. He says that LAFCO and CSD law state that the legislature recognizes the critical role of many limited purpose agencies, especially in rural areas, and declares that a single multipurpose governmental agency accountable for community service needs and financial resources may be the best mechanism for establishing community service priorities. Mr. Tuerpe points out that CLAWA's annexation of the Arrowhead Woods area would provide economies of scale.

(Recess taken from 11:15 a.m. to 11:25 a.m.)

Mr. Tuerpe states that LAFCO staff recommends that the Commission modify LACSD's sphere of influence to encompass the Lake Arrowhead Community, as defined by the Commission. He points out on the overhead display the area in conflict, which includes surrounding private lands. He says the City of Hesperia was provided a copy of this report and no response was received.

Recommendations include affirmation of the water function and its service description and the addition of reclaimed water for irrigation purposes as a service under the sewer function. LACSD has expressed no opposition to this addition for the sphere expansion and to the squaring off of the boundaries and it supports the staff's recommendations.

With regard to County Service Area D-1, Mr. Tuerpe reports that Zone D-1 was formed for the purpose of dam maintenance in the 1970s. He points out that the lake itself is private but it utilized public means to obtain financing, which was then repaid by the property owners. He says the dam created a body of water that acts as an equalizing force for both sides of the old dam. Of concern to LAFCO staff is that this was a publicly-funded operation which created Papoose Lake; however, Papoose Lake is restricted from public access. Commissioner Curatalo asks who has authority over that lake. Mr. Tuerpe states that it would be the Board of Supervisors, operated under the auspices of County Special Districts Department.

He adds that a few years ago CSA D-1 added park powers because the bonds used for formation of the District existed before Proposition 13 went into effect. The end result has been a growing fund balance; therefore, park powers were added and design and construction of a park is in process. He notes that the fund balance is now \$1.4 million. This will cause an overlap of service providers as Rim of the World Park and Recreation District is the park provider for the area. Discussion has been held regarding CSA D-1 constructing the park, and contracting with Rim of the World Park and Recreation District for operation and maintenance of the park. Concern remains that there is a potential for overlapping service providers.

Mr. Tuerpe states there are other retail water providers in the area. He notes a unique situation where the City of Big Bear Lake Department of Water and Power serves a small area of Lake Arrowhead. LAFCO staff recommends that Lake Arrowhead CSD assume responsibility for this area and Lake Arrowhead CSD has indicated that it would not be opposed to assuming that responsibility.

Mr. Tuerpe summarizes staff recommendations for the Lake Arrowhead community. He notes that at each Commissioner's place are copies of the proposed resolutions for this item.

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Vice-Chairman Curatalo calls for questions from the Commission. Commissioner Bagley asks if there would be a precedent for extension of the sphere of influence. Ms. McDonald states that there is, as the Commission has done it for a number of cities in order for those cities to remove their non-contiguous pieces from the tax rolls when used for provision of service. She explains that cities can annex non-contiguous municipally-owned properties not exceeding 300 acres so that they can remove them from the tax rolls. She mentions well sites that are owned by Loma Linda and Redlands within the City of San Bernardino. She says it is most important for financial stability to remove them from the tax roll.

Commissioner Bagley questions the area served by the Big Bear Lake Department of Water and Power. Ms. McDonald states that the Department of Water and Power was created at the conclusion of the condemnation action for the City of Big Bear Lake to take over the SoCal Water system. In doing so, the City wished to take over only the City's section of that water system; however, during the condemnation proceedings the City was required to take over all facilities of the So Cal Water system, including the City of Big Bear Lake, portions of Sugarloaf outside the City, Fawnskin outside the City, Irwin Lake outside the City, and this area in Rimforest. She says most materials indicate that the Rimforest section is about 15 miles from Big Bear Lake. She explains that would be as the crow flies and in reality it is about 30 miles by highway. She says most of the water is received from CLAWA. Commissioner Colven questions if the new management of Big Bear Lake Department of Water and Power has been approached. Mr. Tuerpe replies that they were notified and were sent a copy of the draft staff report.

Vice-Chairman Curatalo opens the public hearing and asks if there are members of the public who wish to speak on this item. There is no one.

Vice-Chairman Curatalo closes the public hearing and calls for further questions or comment from the Commission. There is none.

Commissioner Bagley moves approval of the staff recommendation, second by Commissioner Derry. Vice-Chairman Curatalo calls for opposition to the motion. There being no opposition, the motion passes with the following vote: Ayes: Bagley, Coleman, Curatalo, Derry, McCallon. Noes: None. Abstain: None. Absent: Cox, Mitzelfelt.

**SERVICE REVIEW FOR THE CREST FOREST COMMUNITY WHICH INCLUDES THE REVIEW OF CEDARPINES PARK MUTUAL WATER COMPANY, VALLEY OF ENCHANTMENT MUTUAL WATER COMPANY AND SPHERE OF INFLUENCE UPDATE/AMENDMENT REVIEWS FOR THE FOLLOWING:**

**CONSIDERATION OF: (1) CEQA STATUTORY EXEMPTION FOR LAFCO 3114; AND (2) LAFCO 3114 – SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR CRESTLINE VILLAGE WATER DISTRICT**

**CONSIDERATION OF: (1) CEQA STATUTORY EXEMPTION FOR LAFCO 3117; AND (2) LAFCO 3117 – SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR COUNTY SERVICE AREA 18**

**CONSIDERATION OF: (1) CEQA STATUTORY EXEMPTION FOR LAFCO 3133; AND (2) LAFCO 3133 – SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR CRESTLINE SANITATION DISTRICT – APPROVE STAFF RECOMMENDATION**

LAFCO considers the Service Review for the Crest Forest Community, which includes the review of Cedarpines Park Mutual Water Company, Valley of Enchantment Mutual Water Company and Sphere of Influence Update/Amendment Reviews for LAFCO 3114, LAFCO 3117, and LAFCO 3133. As required by State Law notice of the hearing was provided through publication in a newspaper of general circulation, the *San Bernardino Sun*. Individual notice was not provided as allowed under Government Code Section 56157 as such mailing would include more than 1,000 individual notices.

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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.

LAFCO Analyst Michael Tuerpe 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. Mr. Tuerpe states that at each Commissioner's place today is a request from Crestline Sanitation District to continue the matter to the January hearing. He says that a sphere reduction for Crestline Sanitation District is recommended because one of the treatment plants is in public areas near Lake Silverwood. He says a reduction of the sphere would be appropriate because surrounding lands are all public and not owned by the District.

Mr. Tuerpe points out on the overhead display the sphere and boundary of the Crestline Village Water District. Mr. Tuerpe notes that this district has experienced some financial challenges such as a decrease in water sales and increases in operating expenditures, while still achieving an increase in net assets for the past five years. He says if a CSD is formed in the area a variety of services could be provided, including fire, water, sewer, roads and streetlights. A second option would be to consolidate all the public water agencies in the area under Crestline Village Water District and to consolidate Crestline Village Water District with Crestline Sanitation District to provide water and sewer service, similar to Lake Arrowhead CSD. He says the boundaries of the Water District should be squared up.

Mr. Tuerpe indicates on the overhead display the boundaries and sphere of the Crestline Sanitation District. He notes that the District recently went from a Board-governed agency to an independent agency by vote of the people. The District is still utilizing the budget that was originally adopted by the County at this time. He says the agency's assets are stable. He reiterates the option to consolidate the District with the Crestline Village Water District. He points out an area on the overhead display where the treatment plant is located near Lake Silverwood. He says the Crestline Village Water District has the same sphere of influence recommended by staff for Crestline Sanitation District, so continuation of consideration of Crestline Sanitation District would also require continuation of consideration of Crestline Village Water District. He indicates the outfall area at Las Flores Ranch near Hesperia.

Mr. Tuerpe points out on the overhead display County Service Area 18 and says the CSA provides roads and park and recreation services and is operated by the County Board of Supervisors. He notes that there has been a decline in fund balances, as is typical of many road agencies. He says it is not feasible at this time to expand the boundaries of this CSA. He points out the Rim of the World Unified School District and Rim of the World Park and Recreation boundaries on the overhead display and says that inclusion within the Park and Recreation District would be beneficial to the residents of this area. The recommendation is to expand the sphere to square off the area. He states that in reference to the functions and service authorized for CSA 18, snow removal should be added as a service description under the Roads function. He says this District is currently authorized water as a function, but CSA 18 does not provide water service. If the Commission wishes to remove this function, it would require the initiation of a proposal including a public hearing and protest proceeding. However, Mr. Tuerpe notes that the rewrite of CSA law allows the Board of Supervisors to divest itself of the power if certain findings are made. LAFCO staff believes those findings can be made; therefore, staff recommends that the Commission request that the Board of Supervisors take the actions outlined in CSA Law to remove the water function for this agency.

Mr. Tuerpe summarizes the recommendations for these agencies.

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Vice-Chairman Curatalo calls for questions from the Commission. There are none.

Vice-Chairman Curatalo opens the public hearing and asks if there are members of the public who wish to speak on this item. There is no one.

Vice-Chairman Curatalo closes the public hearing.

Commissioner Derry moves to continue the item to the January hearing, second by Commissioner Coleman. Vice-Chairman Curatalo calls for opposition to the motion. There being no opposition, the motion passes with the following vote: Ayes: Bagley, Coleman, Curatalo, Derry, McCallon. Noes: None. Abstain: None. Absent: Cox, Mitzelfelt.

**CONSIDERATION OF: (A) CEQA STATUTORY EXEMPTION FOR LAFCO 3144; AND (B) LAFCO 3144 – ACTIVATION OF FLOOD CONTROL AND PARK AND RECREATION POWERS FOR LAKE ARROWHEAD COMMUNITY SERVICES DISTRICT (REQUEST FOR WITHDRAWAL RECEIVED) – APPROVE STAFF RECOMMENDATION**

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. She says the District has requested withdrawal of this proposal and the Commission is obligated to consider that request. She explains that the intent of the proposal was for Lake Arrowhead CSD to assume the role of CSA 70 D-1; however the District no longer wishes to assume the additional functions and services. The remaining funds from deposits will be refunded pursuant to Commission policy.

Commissioner McCallon moves approval of the staff recommendation, second by Commissioner Derry. Vice-Chairman Curatalo calls for opposition to the motion. There being no opposition, the motion passes with the following vote: Ayes: Bagley, Coleman, Curatalo, Derry, McCallon. Noes: None. Abstain: None. Absent: Cox, Mitzelfelt.

**INFORMATION ITEMS:**

**PENDING LEGISLATION REPORT**

Ms. McDonald states there is no pending legislation report. She will report in January when the legislative platform for CALAFCO is finalized. She notes that discussion is being held regarding revamping Revenue and Taxation Code Section 99, the property tax transfer and negotiation section.

**EXECUTIVE OFFICER'S ORAL REPORT**

Ms. McDonald reports that Item 6 on today's agenda transferred funds into the Travel and Conference budget in order to allow for participation at the CCL Strategic Planning meeting scheduled for January 20 and 21. She asks for authorization for four Commissioners and one staff member to attend.

Commissioner Derry moves approval of the staff recommendation, second by Commissioner Coleman. Vice-Chairman Curatalo calls for opposition to the motion. There being no opposition, the motion passes with the following vote: Ayes: Bagley, Coleman, Curatalo, Derry, McCallon. Noes: None. Abstain: None. Absent: Cox, Mitzelfelt.

Ms. McDonald wishes the Commission Happy Holidays and asks that the Commission adjourn in memory of Bob Holcomb, former Mayor of the City of San Bernardino.

**COMMISSIONER COMMENTS**

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None provided.

**PUBLIC COMMENTS**

Vice-Chairman Curatalo calls for comments from the public. There are none.

**THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE COMMISSION, THE HEARING IS ADJOURNED AT 12:00 P.M. IN MEMORY OF ROBERT "BOB" HOLCOMB.**

**ATTEST:**

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**ANNA RAEF, Recording Secretary**

**LOCAL AGENCY FORMATION COMMISSION**

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**BRAD MITZELFELT, Chairman**