LOCAL AGENCY FORMATION COMMISSION
COUNTY OF SAN BERNARDINO

175 West Fifth Street, Second Floor
San Bernardino, CA 92415-0490 • (909) 387-5866 • Fax (909) 387-5871
E-mail: lafco@lafco.sbcounty.gov
www.sbclafco.org

DATE: AUGUST 6, 2004

FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer

TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: **Agenda Item #10** – LAFCO 2932: Service Review and Sphere Of Influence Update for the Yucaipa Valley Water District

INITIATED BY:

San Bernardino Local Agency Formation Commission

RECOMMENDATION:

1. Determine that LAFCO 2932 is statutorily exempt from environmental review and direct the Clerk to file a Notice of Exemption within five days;

2. Make findings related to a service review required by Government Code Section 56430 and determine that the sphere of influence for the Yucaipa Valley Water District should be amended as follows:

   a. Expand the District's sphere of influence along its western, northwestern, and northern boundaries to correspond to the sphere of influence assignment for the City of Yucaipa;

   b. Reduce the District's sphere of influence within the Crafton Hills to correspond to the City of Yucaipa sphere of influence, excluding territory currently within the City of Redlands sphere of influence; and,

   c. Confirm the balance of the existing sphere of influence assignment for the District.

3. Adopt LAFCO Resolution #2839 setting forth the Commission's findings and determinations on this issue.

BACKGROUND INFORMATION:

This proposal was initiated by the Local Agency Formation Commission on January 15, 2003, in response to state mandates requiring service reviews and sphere of influence updates for all cities and special districts on a rotating five-year schedule. The service review and sphere update for the Yucaipa Valley Water District addressed in this staff report are related to its service area within San Bernardino County.

LAFCO 2932, in general, is a routine service review and sphere of influence update for the Yucaipa Valley Water District (hereinafter YVWD). Included as Attachment #1 are maps which identify the location, boundaries and the proposed sphere of influence for YVWD within San Bernardino County. Attachment #2 is an outline of the Commission's policies and guidelines for review of spheres of influence. Attachment #3 to this report is a District Summary Profile Sheet and the response provided by the YVWD to the LAFCO survey of the factors required by Government Code Section 56430 for a service review. Attachment #4 is an outline of what a County Water District can perform and its general government structure.

LAFCO staff and the staff of the YVWD have met on two occasions to discuss the implications of the Commission's community-by-community approach to the sphere of influence determination for the District. The Commission's policy directs that it review the family of agencies serving a defined community and during this review the defined communities to be addressed are Yucaipa and Oak Glen. LAFCO staff has reviewed these communities with the following findings:

a. The Yucaipa community is generally accepted to be defined by the corporate limits of the City of Yucaipa.

b. The Oak Glen community is generally identified as the County Service Area 63 boundary, but that definition does not include the whole of the developed area.

The sphere of influence for this agency does not, therefore, easily lend itself to the Commission's philosophy of a community-by-community approach. Staff reviewed these community definitions with District staff who have indicated

that the community of Oak Glen has expressed no interest in the expansion of the District's sphere to serve a larger portion of the community. Therefore, in this case, the staff has addressed the major community for this District, the community of Yucaipa, and the sphere of influence update and service review propose the following changes for the YVWD sphere of influence related to that community:

1. A minor change to its sphere of influence to include the area that is within the City of Yucaipa and/or its sphere of influence along the Crafton Hills ridgelines. This amendment includes the expansion to include the area of the Crafton Hills College. The territory of the Crafton Hills College is not included within the sphere of influence of a water and sewer provider. However, the campus currently receives its water and sewer service from the City of Redlands (who has served this campus since its construction). The campus was included within the City of Yucaipa at the time of its incorporation since its community association was Yucaipa and the family donating the land for the campus was associated with Yucaipa.

2. A minor sphere change to include the City of Yucaipa sphere of influence area to the north, including the area surrounding the intersection of Bryant Street and Highway 138.

3. The YVWD sphere of influence should be amended to exclude the territory within the City of Redlands sphere of influence along the slopes draining toward the Crafton/Mentone communities.

4 Affirmation of the balance of the District's sphere of influence.

The District indicates that it does not anticipate submission of any other sphere of influence amendments within San Bernardino County within the next five years.

SERVICE REVIEW:

The YVWD is an independent special district formed under the provisions of County Water District Law, Water Code Sections 30000 through 33900. YVWD has service territory within both San Bernardino and Riverside Counties, primarily serving the City of Yucaipa within San Bernardino County and the City of Calimesa within Riverside County. San Bernardino LAFCO is the principal county for the YVWD for jurisdictional changes since the majority of the District's assessed value is within San Bernardino County. However, sphere of influence determinations are made by each affected

LAFCO for their county territory. In the present review, the sphere of influence update relates to the area of the District within San Bernardino County. Riverside LAFCO is in the process of addressing a municipal service review for water service within this region of their County.

The report prepared by the YVWD (included as a part of Attachment #3) is comprehensive in its review of the factors required by Government Code Section 56430 and will not be reiterated in this report.

A summary of the major points of consideration within the response provided by YVWD is outlined as follows:

1. Infrastructure Needs and Deficiencies – The District can meet current demand and meet anticipated future demand with the construction of key facilities and the upgrading of existing facilities as identified in its Water Master Plan and Capital Improvement Plan.

2. Financial Constraints and Opportunities – The District is in sound financial condition with relatively limited long-term debt and significant reserves.

3. Cost Avoidance Opportunities and Shared Facilities Opportunities – The District strives to identify ways to share facilities and resources with other local agencies. The District participates in the Yucaipa Valley Joint Issues Committee with the City of Yucaipa, City of Calimesa, and the Yucaipa-Calimesa Joint Unified School District.

4. Government Structure Options – The District was formed in 1971 (LAFCO 970) and has operated successfully for more than 30 years. The District has indicated that even though it is a governmental agency, it uses a business model approach to the day-to-day operations to prioritize financial and personnel resources.

5. Local Accountability and Governance – The District is governed by a five-member Board of Directors, elected from within divisions. The District conducts its business at regularly scheduled meetings at its administrative facilities open to the public.

6. When Special Districts were seated on the San Bernardino LAFCO in 1976, the listing of services and functions was prepared, as required by law, acknowledging the services actively provided by the special districts at that time. Through this process, YVWD is currently authorized the active services and functions as follows:

SERVICE	FUNCTIONS
Water	Retail, agricultural, domestic, replenishment, wholesale, recycled
Sewer	Sewage collection, treatment, wastewater reclamation

Latent powers are those powers authorized to a special district through its principal act, but which are not being actively provided. According to the YVWD's principal act, the County Water District Law (Water Code Sections 30000 to 33900), the latent powers of the District are:

SERVICE	FUNCTIONS
Electrical Power Supply	Generate and sell electric power supplied in connection with a water or water conservation project
Fire Protection	All functions of a Fire Protection District (except it cannot perform the function within an existing agency with fire protection services)
Park and Recreation	Acquire, construct, maintain and operate facilities appropriate or ancillary to the recreational use of water within the District
Sanitation	Acquire, construct and operate facilities for the collection and disposal of garbage, waste or trash, or contract with others for this service
Drainage	Drainage and reclaiming lands within the District

At this time none of the adjacent or overlaying agencies have identified any concerns with the existing sphere of influence, or the proposed expansion areas, for the Yucaipa Valley Water District. However, it should be noted that the City of Redlands currently provides water and sewer service to the Crafton Hills College campus and would continue to do so following this sphere of influence expansion. The expansion of the sphere of influence will allow for future discussion regarding the consolidation of service within the defined Redlands and Yucaipa communities.

In addressing this service review with the District, staff has reviewed the question that the YVWD not only serves within two counties; it serves within two state water contractors – San Bernardino Valley Municipal Water District (SBVMWD) and the San Gorgonio Pass Water Agency (SGPWA). As the Commission will recall, the question of the delivery of water between state contractors has serious consequences. During the review of the West Valley Water District (WVWD), a four-party agreement was required since the WVWD

extracted water within the SBVMWD service area and was to deliver it within the service area of the Metropolitan Water District, a situation prohibited by the terms of their state contracts. A copy of the agreement signed by the WVWD, SBVMWD, Inland Empire Utilities Agency, and Metropolitan Water District of Southern California is included as Attachment #5 to this report. Since it is understood that the same situation exists between the SBVMWD and SGPWA, staff is recommending that the agencies review the possibility of addressing the exchange of water through the same type of agreement format.

CONCLUSION:

Based on the information outlined above and the response from the YVWD, staff recommends that the Commission: (1) expand the sphere of influence as identified to include the areas of the City of Yucaipa boundaries and sphere along the Crafton Hills ridgeline, including the Crafton Hills College campus; (2) expand the sphere of influence to include the area generally at the intersection of Highway 138 and Bryant Street within the City of Yucaipa sphere of influence; (3) reduce the District's sphere of influence to exclude the territory currently a part of the City of Redlands sphere of influence; and (4) uphold and affirm the balance of the sphere of influence for the District within San Bernardino County. Staff recommends that the Commission adopt Resolution #2839 setting forth written responses to the statutory factors related to service reviews and sphere of influence studies.

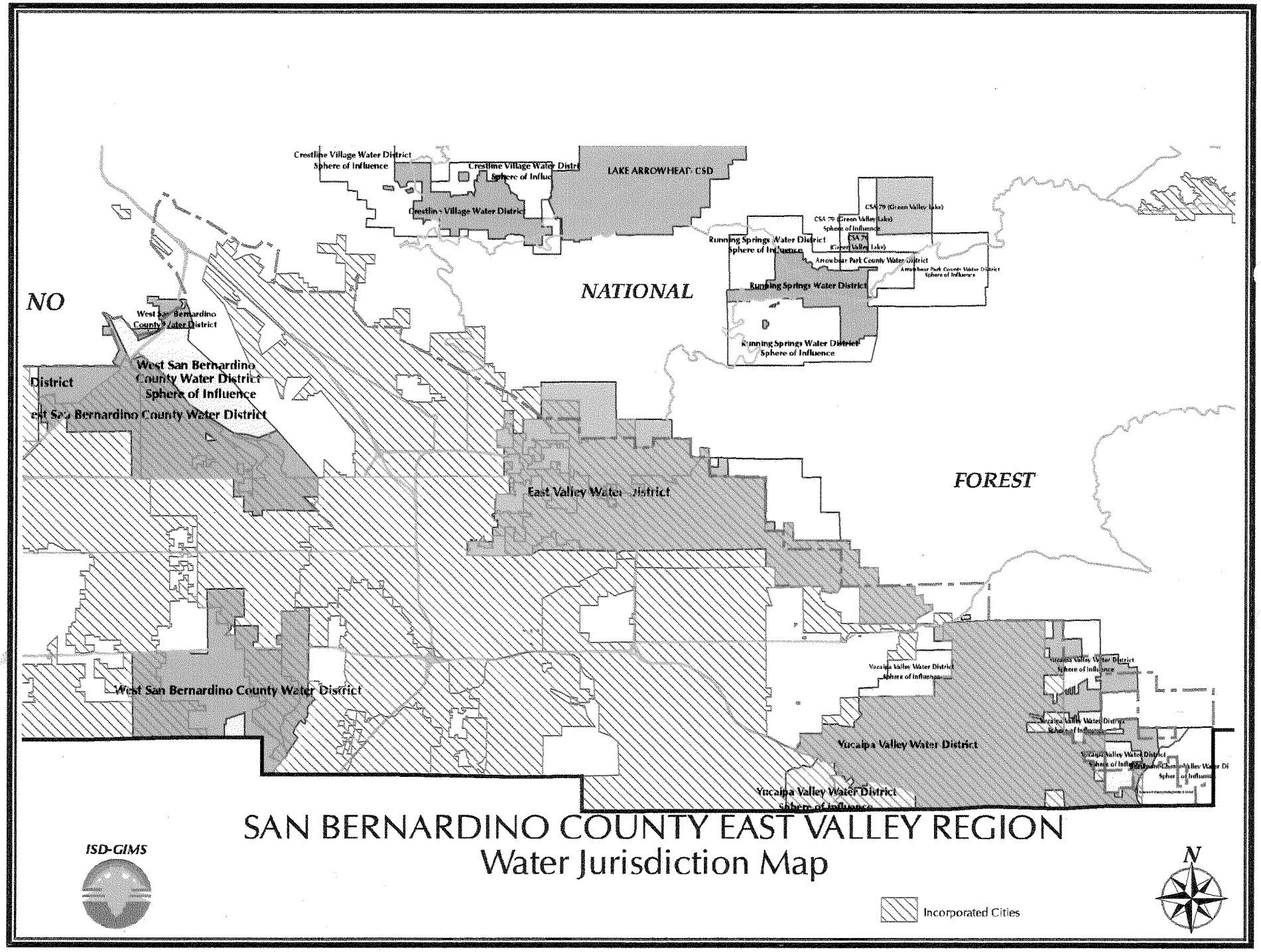
KRM

Attachments:

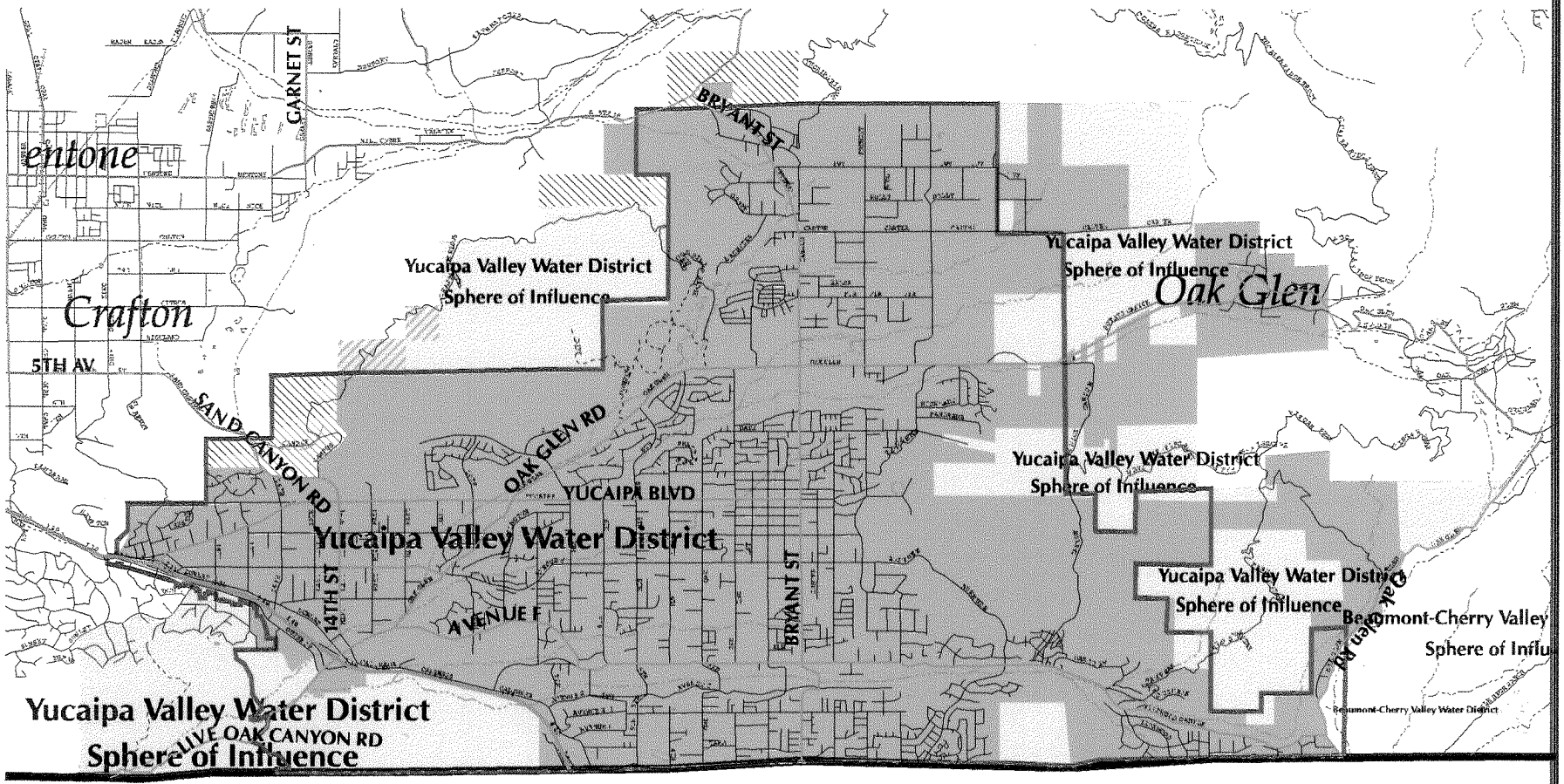
1. Maps of the Existing Sphere of Influence and Proposed Sphere of Influence for the Yucaipa Valley Water District
2. Commission Policy Regarding Sphere of Influence Determinations
3. Summary District Profile Sheet and Survey Response from the Yucaipa Valley Water District
4. Outline of County Water Districts
5. Four-Party Agreement with WVWD, SBVMWD, Inland Empire Utilities Agency and Metropolitan Water District
6. Response from Tom Dodson and Associates
7. Draft Resolution #2839

Maps of the Existing Sphere of Influence and Proposed Sphere of Influence for the Yucaipa Valley Water District

Attachment 1



SAN BERNARDINO COUNTY EAST VALLEY REGION
Water Jurisdiction Map



Yucaipa City Limit

YUCAIPA VALLEY WATER DISTRICT & CITY OF YUCAIPA
Proposed Sphere Expansion & Reduction

Map Prepared On July 14, 2004

YVWD District Boundary
Current YVWD Sphere of Influence
Prop. YVWD Sphere Reduction
Prop. YVWD Sphere Expansion

N

/gis/gm/app/lafco/prop_annex/plot/evwd_hige.plt Wednesday July 14, 2004 12:59 PM MAPSCALE: 1" = 3709.75ft

Commission Policy Regarding Sphere of Influence Determinations

Attachment 2

SPHERE OF INFLUENCE

PURPOSE

(Adopted January 18, 1995, by LAFCO Resolution #2499)

Government Code Section 56076 defines a sphere of influence as "a plan for the probable physical boundaries and service area of a local agency, as determined by the commission." It is an area within which a city or district may expand, over an undefined period of time, through the annexation process. In simple terms, a sphere of influence is a planning boundary within which a city or district is expected to grow into over time.

The purpose of a sphere of influence is to encourage the "logical and orderly development and coordination of local government agencies so as to advantageously provide for the present and future needs of the county and its communities." The following enumerated items comprise the statement of purpose adopted by San Bernardino LAFCO for spheres of influence:

1. To promote orderly growth of communities, whether or not services are provided by a city or district (board governed or independently governed);

2. To promote coordination of cooperative planning efforts among the county, cities, special districts, and identifiable communities by encouraging compatibility in their respective general plans;

3. To guide timely changes in jurisdiction by approving annexations, reorganizations, etc., within a sphere of influence only when reasonable and feasible provision of adequate services is assured;

4. 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;

5. To provide assistance to property owners in relating to the proper agency to comprehensively plan for the use of their property;

6. To review, update, and/or change existing spheres of influence periodically to reflect planned, coordinated changes in factors which impact on spheres of influence; and

7. To encourage the establishment of urban-type services only within an adopted sphere of influence.

The Commission emphasizes that a sphere of influence is a planning tool and the establishment of a sphere of influence, or the inclusion of territory within a sphere of influence of an existing governmental entity, does not automatically mean that the area is being proposed for annexation or development.

Establishment of a Sphere:

As outlined under state law, the Commission is designated as the public body responsible for determining spheres of influence for each city and district within its jurisdiction.

As a function of incorporation and as outlined in Government Code Section 56426.5, the Commission must establish a sphere of influence for a newly-incorporated city within one year of its incorporation effective date. Usually within six months of a city's effective date, the LAFCO staff notifies the city of the requirement pursuant to state law. The sphere proposal may be initiated by the Commission, the city council, or the County Board of Supervisors, through adoption of a resolution of the governing body.

State law also stipulates that a sphere of influence will not be established or changed without specific review and study independent of any action before the Commission at the time. Public hearings are held to review sphere of influence proposals such as establishment, amendment, or in connection with any proposed annexation, which may or may not involve another agency's sphere of influence.

Factors of Consideration:

As part of a sphere of influence review and as outlined in Government Code Section 56425, LAFCO is required to review four "factors of consideration" in connection with any sphere of influence proposal. The factors of consideration are as follows:

1. The present and probable land uses within the area, including agricultural and open space lands;

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

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

4. The existence of any social or economic communities of interest in the study area.

In these categories of review, a city or district must show that its planning activities can be beneficial to the area, and that the initiation of those activities is appropriate. None of the above factors by themselves shall be deemed to be a determining factor in the establishment or revision of a sphere of influence for a city, district, or community area, but shall be reviewed as part of the total project.

The factors of consideration noted above are addressed individually within the staff's report for each sphere of influence proposal.

COMMISSION POLICY GUIDELINES FOR SPHERES OF INFLUENCE

The approaches and/or methods listed below are policies adopted by San Bernardino LAFCO. The policies guide the Commission's review in its determination of spheres of influence, periodic reviews and/or updates, and any amendments of those sphere boundaries.

Concurrent Sphere Reviews:

The Commission may include additional agencies as part of its review of a sphere of influence proposal. In considering the sphere of influence of a community, the Commission will concurrently evaluate all agencies serving that community, and as a policy guideline, it will need to establish a single, coterminous sphere for all such agencies.

Community-by-Community Approach:

As previously mentioned, the community-by-community approach is a guide used to establish spheres of influence. The idea was adopted by San Bernardino LAFCO prior to the mandate for spheres of influence, and includes the practice of looking at a total area, which could be considered a community, and defining its boundaries. This approach also considers the existence of inter-related economic, environmental, geographic, and social interests, and attempts to harmonize the conflicting plans and services of the various service entities. Under this approach, an attempt is made to keep the spheres of influence of the various service districts as nearly the same as possible.

Coterminous Boundaries:

The Commission may establish a sphere of influence which is coterminous with existing city/district boundaries when it is not feasible for the public agency to expand beyond its present boundaries. However, as outlined in state law, a sphere of influence must be established for each city and district, regardless whether the sphere boundary is the same as the city or district boundary.

Environmental Review for a Sphere:

A sphere of influence proposal requires review of the environmental aspects of the proposed sphere. The environmental review process is a requirement outlined in the California Environmental Quality Act (CEQA) that applies to the review of sphere of influence proposals. In compliance with CEQA and the State CEQA Guidelines, San Bernardino LAFCO adopted its own

Guidelines and Policies Implementing CEQA on June 22, 1990 with a subsequent amendment adopted on January 18, 1995. The Commission's Guidelines and Policies tailor the general provisions of CEQA to LAFCO's specific functions as both a "Responsible" and a "Lead" agency. The Guidelines and Policies also provide specific procedures used by San Bernardino LAFCO to implement CEQA.

Each sphere of influence proposal involving establishment, expansion, reduction, or submitted as part of the annexation proposal, must be reviewed by the Commission's environmental consultant. As a requirement of LAFCO's review, the environmental assessment must be completed prior to the Commission's review of the item.

Exclusion of Territory:

Under certain circumstances, a sphere of influence may exclude portions of the existing boundaries of a city or district. The Commission encourages reorganization and special studies in this situation to make final determination of which city or district should serve.

For example, certain portions of the City of San Bernardino are surrounded on three sides by the City of Highland, as there are certain portions of the City of Highland that are surrounded on three sides by the City of San Bernardino. In these situations, a sphere of influence study may be initiated to determine which public agency could better serve the area of review. The sphere of influence study would include a review of the possibility of excluding territory from one jurisdiction and the placement of the same territory in another jurisdiction's sphere of influence. The purpose of excluding territory would be an attempt to straighten irregular boundaries, and eliminate confusion arising from multiple jurisdictions.

Modification of a Sphere Review Area:

During the review of a sphere of influence proposal, the Commission may modify the area of review by expanding or reducing the area of review. The expansion or reduction of a sphere can be for several reasons, such as to include areas that may be better served by a public agency, or exclude areas that may be better served by another public agency.

Periodic Review/Update of a Sphere:

As a function of its duties and responsibilities, LAFCO is required to periodically review and/or update spheres of influence. Government Code Section 56425 requires the Commission to review and update, if necessary, all spheres of influence for cities and special districts at least once every five years.

The periodic sphere review does not preclude a public agency (city or district), or an individual from initiating a sphere proposal. The purpose of the periodic sphere review plan is to keep abreast of changes occurring within the public agencies under the jurisdiction of LAFCO.

Requirement for a Sphere Review in Relationship to Annexation:

State law precludes the Commission from approving annexation proposals lying outside of current sphere of influence boundaries for the affected city or district. If an annexation proposal lies outside the sphere of influence of a city or district, the annexation proposal must also include a sphere review. The joint sphere and annexation review is to maintain consistency in city or district boundaries and their sphere boundaries, for the extension and provision of services as it relates to proposed annexation sites.

Responsibility/Obligation for a Sphere Area:

When a sphere of influence is assigned, a city or district is required to commence long range land use and service planning activities, thereby enabling it to respond to any annexation requests it might receive from landowners or residents within the sphere. By accepting a sphere of influence, a city or district agrees to plan for the provision of services.

Urban Development within a City Sphere:

LAFCO takes the position that any new urban development which occurs within a city sphere of influence should take place as close to the city's urban area as possible. This position is emphasized for two reasons: First, so that contiguous areas may easily be annexed to the city; and secondly, so that the new urban area can be served by reasonable extension of the city's already developed municipal services.

Summary District Profile Sheet and Survey Response from the Yucaipa Valley Water District

Attachment 3

YUCAIPA VALLEY WATER DISTRICT

CONTACT PERSON:

Joe Zoba, General Manager

ADDRESS: 12770 Second Street, Yucaipa, CA

Mailing address: P O Box 730
Yucaipa, CA 92399-0730
Phone: (909) 797-5119 Fax: (909) 797-6381

E-MAIL ADDRESS: yvwd@yvwd.dst.ca.us
WEBSITE ADDRESS: www.yvwd.dst.ca.us

DATE OF FORMATION:

September 20, 1971 (LAFCO 970) – This reorganization proposal included the formation of the Yucaipa Valley Water District, dissolution of Improvement District A of San Bernardino Valley Municipal Water District and the dissolution of the Calimesa Water District

PRINCIPAL ACT:

Water Code 30000 (County Water District Law)

IMPROVEMENT DISTRICTS: XX YES _____NO

If yes, please indicate name and define area of service.

Assessment District 20 – sewering area required by the Regional Water Quality Control Board

GOVERNING BODY: 5 member board of directors elected within districts.

MEMBERSHIP

Mr. Bruce Granlund	President	Division 2
Mr. David Lesser	Vice-President	Division 3
Mr. Scott Bangle	Director	Division 4
Mr. Tom Shalhoub	Director	Division 1
Mr. Henry Wochholz	Director	Division 5

PUBLIC MEETINGS: 1st and 3rd Wednesday of the month at 6:00 p.m. at the District main office, 12770 Second Street

AREA SERVED:

Within San Bernardino County	28.34 square miles (18,138 acres)
Within Riverside County	11.35 square miles (7,264 acres)

POPULATION	City of Yucaipa	41,207 Defined by 2000 Census
	City of Calimesa	7,139 Defined by 2000 Census

SERVICES PROVIDED:

CURRENTLY AUTHORIZED POWERS (SERVICES):

SERVICE	FUNCTIONS
Water	Retail, agricultural, domestic, replenishment, wholesale, recycled
Sewer	Sewage collection, treatment, wastewater reclamation

LATENT POWERS (SERVICES) those services authorized by the Agency's principal act, but not activated through the LAFCO process:

SERVICE	FUNCTIONS
Electric Supply	Generate and sell electric power supplied in connection with a water or water conservation project
Drainage	Drainage and reclaiming lands within the District
Fire Protection	Provide fire protection services as outlined in Section 13801 of the Health and Safety Code (Fire Protection District law) – but not within the boundaries of an existing fire provider
Recreation	Acquire, construct, maintain and operate facilities appropriate or ancillary to the recreational use of water within the district
Sanitation	Acquire, construct and operate facilities for the collection and disposal of garbage, water or trash; or contract with others for this service

SERVICES PROVIDED OUTSIDE AGENCY BOUNDARIES:

SERVICE	PROVIDED TO WHOM	DATE OF CONTRACT	SUNSET DATE
Recycled Water	Mary Ann Baker	March 20, 2000 Amendment No. 1	January 1, 2003 – provision of recycled water in the Live Oak Canyon area
Recycled Water	Dr. Stewart Shankel	March 30, 2000 Amendment No. 1	January 1, 2001 – provision of recycled water in the Live Oak Canyon area

Special Charges for service outside boundaries: Recycled water provided at a fixed rate of $0.15/HCF as of March 20, 2000.

SERVICES RECEIVED:

Interim Water Supply Agreement with the City of Redlands to provide a temporary water service to the residential subdivision identified as Tract 12222 within the City of Yucaipa and service area of the Yucaipa Valley Water District.

SPHERE OF INFLUENCE:

ESTABLISHED:

LAFCO NUMBER	RESOLUTION NO./ DATE ADOPTED	LOCATION
LAFCO 1157	7/12/72	

CHANGES:

LAFCO NUMBER	RESOLUTION NO. / DATE ADOPTED	TYPE OF CHANGE	LOCATION
LAFCO 2133	10/8/81	Expansion	General Oak Glen area, north of the San Bernardino/ Riverside County line
LAFCO 2803	7/17/96	Expansion	Sand Canyon (tract 12222)
LAFCO 2814	2/19/97	Expansion	Wildwood canyon – area of the Wildwood Canyon Mutual Water Company not a part of the District sphere

ISSUES:

District is dual-county-- providing service within Riverside County, generally within the territory of the City of Calimesa. Sphere of influence and service review for the area within Riverside to be conducted by the Riverside LAFCO.

Issue: San Bernardino County portion of District within the boundaries of the San Bernardino Valley Municipal Water District (state water project contractor), Riverside County portion of the District within the boundaries of the San Gorgonio Pass Water Agency (state water project contractor). Water transferred between state contractors may violate state contracts.

Yucaipa Valley Water District

Local Agency Formation Commission - County of San Bernardino Sphere / Service Review Survey for Yucaipa Valley Water District

Background

The Cortese-Knox Hetzberg Local Government Reorganization Act of 2000 (Assembly Bill 2838) became effective January 1, 2002 and ushered in a variety of changes for how Local Agency Formation Commissions (LAFCOs) operate throughout California. The legislation also enacted reforms to local government reorganization law. Government Code Section 56430 now requires LAFCO to conduct sphere of influence and service review studies at least once every five years to determine local government services needs and adequacy.

Overview of the Yucaipa Valley Water District

The Yucaipa Valley County Water District (the District or YVWD) was formed on September 14, 1971 under California Water Code Section 30000 to provide water and wastewater services to the unincorporated areas commonly known as the Yucaipa Valley. Approximately twenty years after the District was formed, voters in the area approved the creation of two cities, the City of Yucaipa and the City of Calimesa.

While new political entities have been created since the District's formation, the District has been able to focus our efforts and concentrate on providing water related services to the community. Currently, the District acts as an efficient and effective self-governing special district, providing the following services:

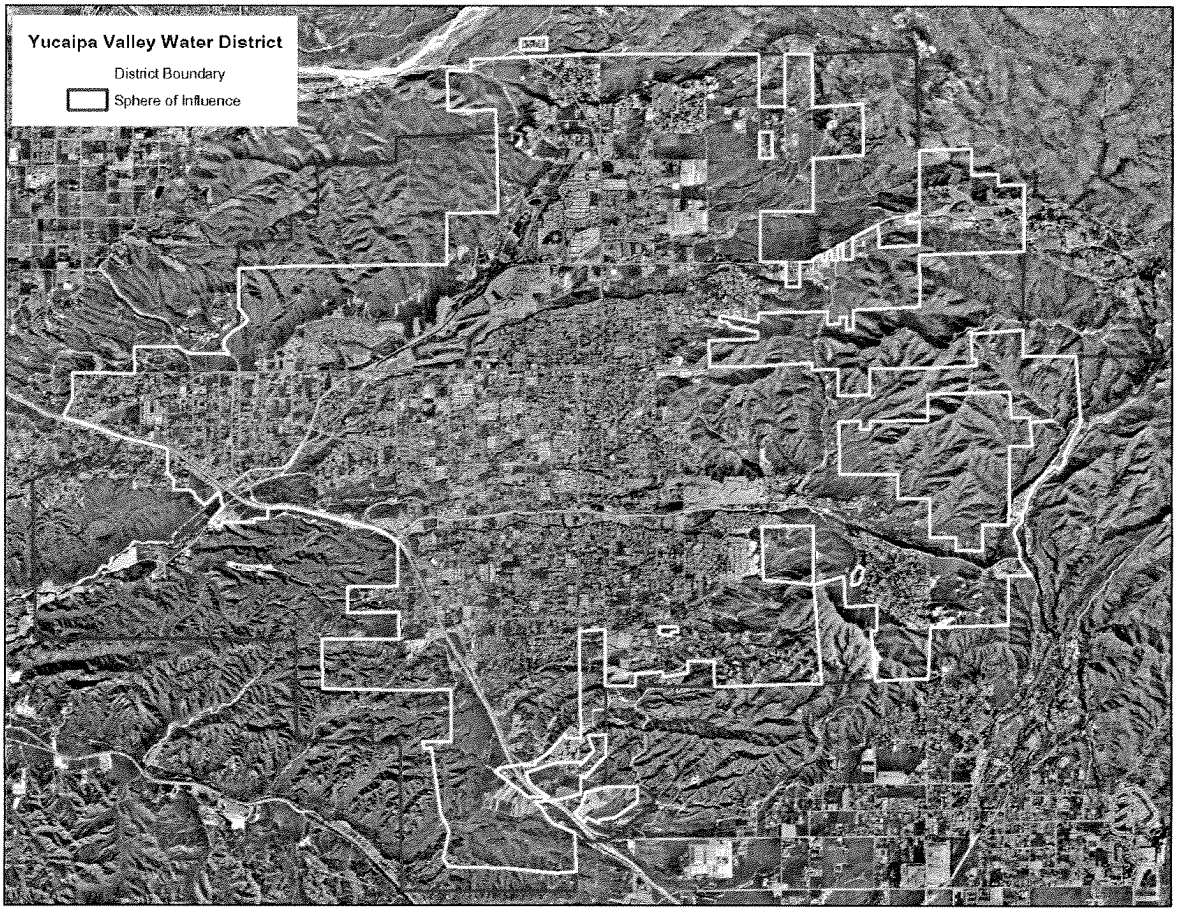
- Water supply, treatment and distribution;
- Recycled water supply and distribution services; and
- Wastewater collection and treatment.

Sphere of Influence

The District recognizes opportunities to expand its service area that would increase the efficiency and level of service to customers inside and outside of the District's current service area. The District is in the process of completing a sphere of influence change in the Riverside

County area associated with the Oak Valley Development. This application is currently pending with Riverside County LAFCO.

The areas the District considers for potential annexation and sphere changes in the future are located to the northwest, east and southeast of the District's existing service area. Currently, the District does not have an estimated timeframe when these proposed changes would be presented to LAFCO.



Service Review Issues – Infrastructure Needs and Deficiencies

The purpose of this section is to evaluate the infrastructure needs and deficiencies in terms of capacity, condition of facilities, service quality and levels of service and its relationship to existing and planned service users.

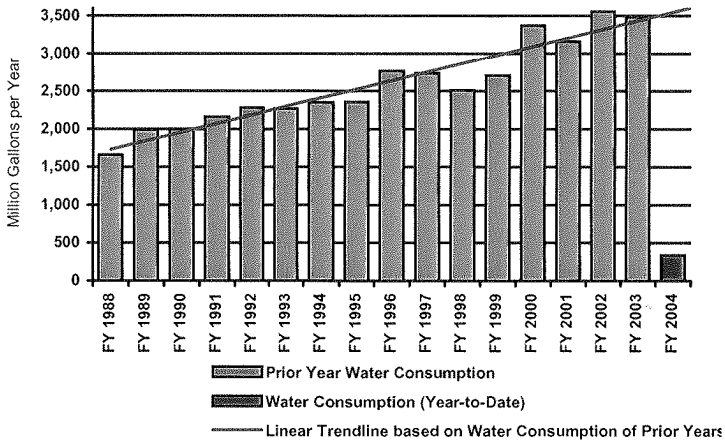
Capital Improvement Plans/Studies & Master Service Plans/Studies

The Yucaipa Valley Water District Board of Directors annually adopt a Capital Improvement Plan for the District. The plan includes a budget for water, wastewater and recycled water capital infrastructure improvements and new projects. The Capital Improvement Plan is based

on information obtained from the recently completed water, wastewater and recycled water master plans.

Summaries of the proposed projects discussed in the District's water and wastewater master plans are provided as Attachment "A".

Potable Water Capacity and Demand Information



Specific details associated with the District's water supply capacity and demand information is provided in the 2003 Water & Recycled Water Master Plan. In summary, the District currently satisfies the majority (approximately 92%) of the service area potable water demands from groundwater supplied through District-owned wells located throughout its Service Area. The balance of the potable water supplied to District customers is provided by surface water sources in the Oak Glen area. An extensive distribution system provides water storage and transmission throughout the District's 18 pressure zones.

The District is currently designing the Yucaipa Valley Regional Water Filtration Facility, a three phased water filtration facility (12 MGD / phase) that will provide potable water beginning in 2007. The District will be purchasing water from the San Bernardino Valley Municipal Water District and the San Gorgonio Pass Water Agency for direct delivery, spreading and non-potable water use to ensure sufficient quantities of water are available to current and future customers.

Wastewater Capacity and Demand Information

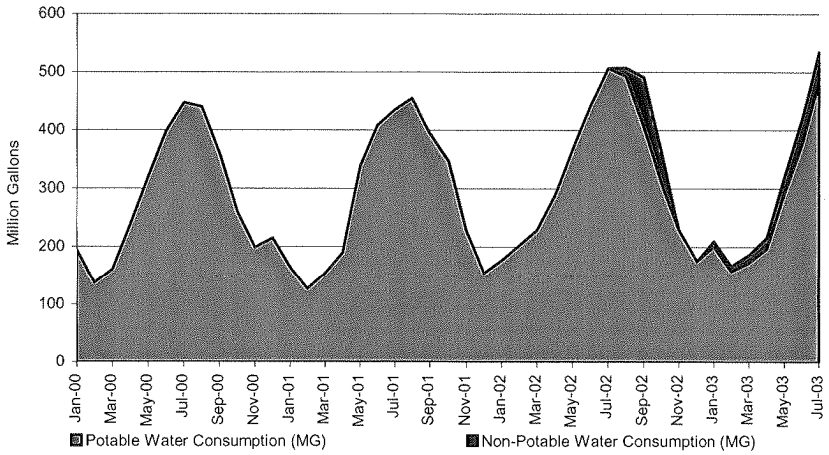
The Yucaipa Valley Water District maintains a 4.5 million gallon per day (MGD) treatment facility that provides wastewater treatment service to the District's service area. The current average annual effluent flow is approximately 3.2 MGD. The existing wastewater treatment plant discharges to the San Timoteo Creek.

Commonly referred to as the Henry N. Wochholz Wastewater Treatment Plant (WWTP), the wastewater treatment plant is in the design phase for expansion to 8 MGD and ultimately to 11 MGD. The District has essentially completed the design drawings for the expansion of the Wastewater Treatment Plant. Construction is expected to begin in 2004 with completion in 2007.

A new wastewater treatment facility is planned to be located in the Oak Valley Development. The funds for the new wastewater treatment facility and collection system located in the Oak Valley Development will be provided by both the District and by developers through connection fees or other financial mechanisms. The District's participation in the wastewater facilities will be directly dependent on the extent that either existing District customers and/or future customers outside of the Oak Valley Project utilize the wastewater facilities.

Recycled Water Capacity and Demand Information

The Yucaipa Valley Water District is developing facilities to use non-potable water or recycled water to meet a substantial portion of the water demands of the region. Development of the District's non-potable water system is consistent with the policy adopted by the District's Board of Directors in 1994, in which the Board promulgated:



> "It shall hereafter be District policy that recycled or other non-potable water be used, for any purpose approved for non-domestic water use, to the maximum extent possible. Use of potable water for non-domestic uses shall be considered contrary to District policy and shall not be considered the most beneficial use of a natural resource and shall be avoided to the maximum extent possible.
>
> It is the policy of the District that recycled or other non-potable water shall be used within the jurisdiction wherever its use is economically, financially and technically feasible, and consistent with legal requirements, preservation of public health, safety and welfare, and the environment. Uses of recycled water may include, but are not limited to, greenbelt irrigation, agricultural irrigation, industrial process and commercial uses, landscape or recreational impoundments, wildlife habitat and groundwater recharge."

The objective of the recycled system is to supplement the local potable supply in the most cost effective and efficient manner possible. The District will realize several benefits by implementing its non-potable water distribution system. These benefits include the following:

- Reduction on the dependency on high quality groundwater.
- Preservation of groundwater supplies for potable use during periods of drought.
- Minimization of the quantity of water imported from Northern California through the State Water Project.
- Reduction in groundwater overdraft conditions that exist in the area.
- Reduction in the capacity and cost of the Yucaipa Regional Water Filtration Facility needed for the imported water.
- Reduction in operating cost of the Yucaipa Regional Water Filtration Facility.
- Reduction in energy consumption by using the elevation available from the State Water Project system to serve upper zones rather than pumping groundwater from lower elevations.
- Provide the District with greater control of major irrigation customers during conditions of extended drought.
- Provide the District with opportunity to use non-potable groundwater without having to rely on wellhead treatment.

Three potential sources of non-potable water have been identified to serve the planned distribution system. These include:

- Raw (untreated) imported SWP Water
- Non-potable Groundwater (high-nitrate)
- Recycled Water from the Wastewater Treatment Plant

Construction of the non-potable water distribution system started in August 2002 and continues at a fast pace today. The District is currently extending non-potable water pipelines from Yucaipa Boulevard to Avenue E on Fifth Street. Before the end of this year, the District anticipates initiating construction of roughly 15,000 feet of pipeline from Avenue E and Fifth Street to County Line Road and the northeastern boundary of this project to serve a proposed school site. This 24" pipeline will provide the development with sufficient non-potable water supplies for the anticipated use throughout the project.

Service Review Issues – Growth and Population

To estimate the future rate and amount of growth in the area, the District relies on the projections developed by the Cities of Yucaipa and Calimesa, along with information obtained from individual developers. The 2000 census identified the City of Calimesa population to be 7,139 and City of Yucaipa population to be 41,207.

The large master planned community of Oak Valley is proposed for development to the south of Calimesa. The total build out population for Oak Valley is estimated at 37,500. Based on land use plans provided by the developer only an estimated 61 percent of the development lies within the YVWD Sphere of Influence. This results in an estimated build out population for the District of about 22,900 residents within Oak Valley.

The Cities of Yucaipa and Calimesa provided population projections for the years 2020, 2030, 2040 and 2050. It is assumed that these projections include the portions of unincorporated County areas that lie in the District's sphere of influence. Projections for the Oak Valley area were provided by the developer and indicated that they anticipate their first occupancies will occur in 2005, with a 20-year build-out schedule to the ultimate population. These population projections are summarized in the following table and form the basis for phased water and wastewater demand projections used in the District's master plans for the planning and construction of new facilities.

Population Projections for the Yucaipa Valley Water District

Year	City of Yucaipa	City of Calimesa	Oak Valley Development (3)	Total
2000	41,207(1)	7,139(1)	0	48,346
2005	44,900(2)	8,100(2)	500(2)	53,500
2010	48,500	9,000	5,600	63,100
2020	57,100	9,000	15,800	81,900
2030	62,900	9,000	22,900	94,800
2040	67,400	9,000	22,900	99,300
2050	69,700	9,000	22,900	101,600

(1) Based on 2000 Census data
(2) Straight-line estimate used since population projection not provided for the listed year.
(3) Includes 61 percent of the Oak Valley Development that is expected to be within the YVWD Service Area.

Service Review Issues – Financing Opportunities and Constraints

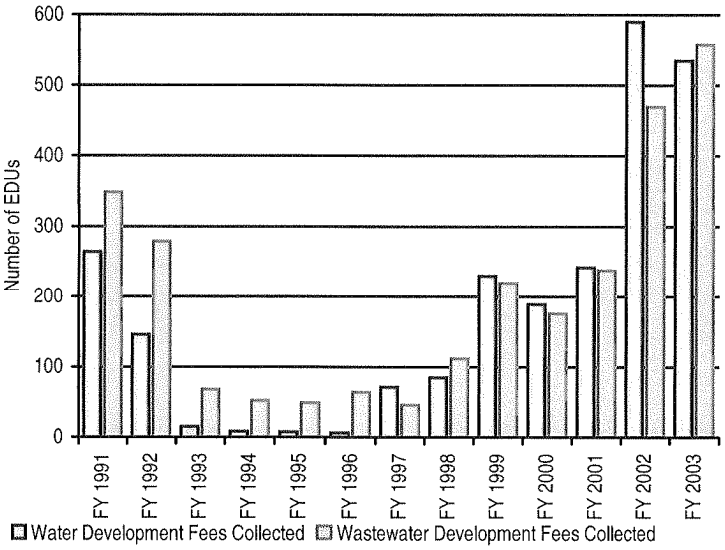
The purpose of this section is to evaluate factors that affect the financing of needed improvements.

Financial Planning & Bond Ratings

The District maintains a rigorous financial procedure for planning and investment security. Specifically, the District maintains a safe investment portfolio based primarily on the concept of protecting the principal of publicly invested funds. In addition to annual financial audits, compliance with GASB 34 and implementation of advanced asset replacement policies, the District also maintains a Standard & Poor's bond rating of AAA and a Moody's bond rating of Aaa.

Water & Wastewater Development Impact Fees

On an annual basis, the District evaluates the water and wastewater development impact fee structure to ensure sufficient funds are available to construct the necessary water and wastewater related infrastructure for each new home built in the District's service area. The chart to the right illustrates the historical number of Equivalent Dwelling Units constructed in the District's service area.



Water and Wastewater Revenues/Expenditures

Water, wastewater and recycled water rates are reviewed on an annual basis. Any normal adjustment to rates due to changes in operations, personnel, capital or debt service budgets are typically recommend for modification in January of the fiscal year. Any adjustments to rates due to unforeseen circumstances such as significant increase in electricity rates of the cost of imported water are examined and addressed as needed throughout the year.

Copies of the most recently adopted water and wastewater rates are provided as Attachments "B" and "C". A summary of the District's most recent water, wastewater and recycled water budgets is provided as Attachment "D".

Service Review Issues – Cost Avoidance Opportunities

The purpose of this section is to identify practices or opportunities that may help eliminate unnecessary costs.

Overlapping / Duplicative Services

The current water providers in the Yucaipa Valley consist of Yucaipa Valley Water District, South Mesa Mutual Water Company and Western Heights Mutual Water Company. The District and the two mutual water companies work well together to provide service to the community. While some may argue that three water purveyors is a classical definition of duplicative service providers, the District has not identified a consistent trend of dissatisfaction by the customers of the private water companies.

The District is the sole agency that provides wastewater service to customers within the District's boundaries.

Joint Agency Practices – San Timoteo Watershed Management Authority

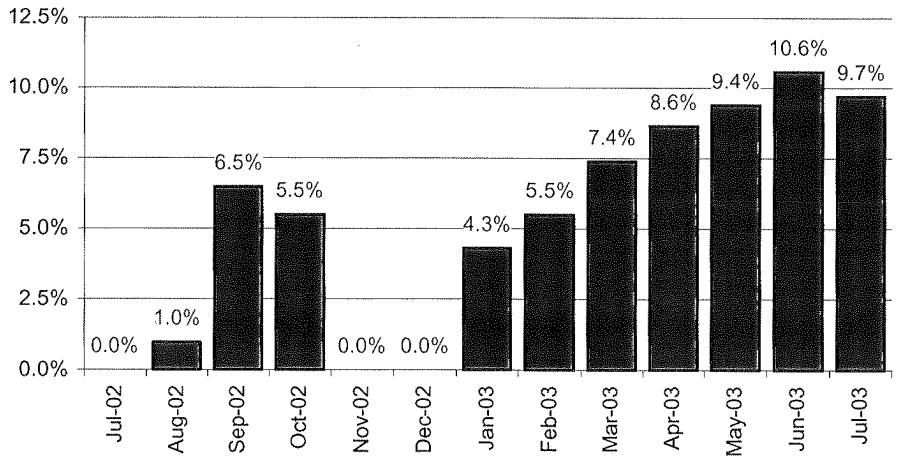
The District has recently formed a Joint Powers Agency with the Beaumont-Cherry Valley Water District, City of Beaumont and South Mesa Mutual Water Company to manage the water resources within the Beaumont Storage Unit. This cooperative arrangement has been very productive and has resulted in an adjudication of the groundwater basin which provides a base level of certainty between the water purveyors in the area.

Reliance on Other Agencies

The District does not rely on any other agency for administrative support or grant management. The District has found that a small, efficient staff is the most effective way to focus on the service issues of our customers.

Growth Management Strategies

The District has been aggressively implementing water conservation management practices and has been the recipient of two grants from the State of California to further develop our program and achieve water conservation practices.



Additionally, the District has implemented an extensive recycled/non-potable water system that uses the only water source that increases with population growth – recycled water. Since the start of the District's non-potable water system in August 2002, the District has been able to reduce potable water production by roughly 10% during peak summer demand months.

Service Review Issues – Rate Restructuring

The purpose of this section is to identify opportunities to positively impact rates without decreasing service levels. The Board of Directors have considered using automatic rate adjustment factors such as consumer price index or rate comparisons, however, the District's 50 square mile service area and severe topographical service area (an elevation differential of roughly 4,000 feet) does not compare to most other water and wastewater district's our size.

Service Review Issues – Opportunities for Shared Facilities

The purpose of this section is to evaluate the opportunities for a jurisdiction to share facilities and resources to develop more efficient service delivery systems.

The District continuously strives to identify ways to share facilities and resources with other local agencies. This is best accomplished by the formation of the Yucaipa Valley Joint Issues Committee which is comprised of the Yucaipa Valley Water District, the City of Yucaipa, the City of Calimesa and the Yucaipa-Calimesa Joint Unified School District. Monthly meetings enable all agencies to review potential issues and resolve problems expeditiously.

Service Review Issues – Government Structure Options

The purpose of this section is to consider the advantages and disadvantages of various government structures to provide public services.

Agency Recommendation

The Yucaipa Valley Water District has operated as an independent special district for over thirty years, and even longer when you consider the District's predecessor was the San Bernardino Valley Municipal Water District. This form of governmental structure is the most efficient and effective method of delivering water and wastewater services to the District's customers in the cities of Yucaipa and Calimesa. At this time the District sees no benefit to the reorganization or change in the governmental structure of the District.

The District has been able to consistently meet the high expectations of our customers to provide safe and reliable services. While the District is a governmental agency, we utilize a business model approach in the day-to-day operations to prioritize our financial and personnel resources to ensure the health and safety of the community is protected.

Service Review Issues – Evaluation of Management Efficiencies

The purpose of this section is to evaluate whether organizational changes to governmental structure can be made to improve the quality of public services in comparison to cost.

Overview of Management & Staff Efficiency

In 2002, the District received a copy of a salary survey that contained information on the number of employees and number of customers for several water agencies in the local area. The information, while not intended to compare service population with the number of employees, was used to quickly establish service level benchmark. The table below provides a snapshot of the ratio of customers to employees as a gauge of service level. It is important to recognize, that this is a very simplistic analysis for comparative purposes only.

Agency	Number of Employees	Number of Water Customers	Number of Wastewater Customers	Number of Recycled Water Customers	Total Number of Customers	Efficiency - Ratio of Customers to Employees
Santa Fe ID	45	6,500	- -	- -	6,500	144
Encina Wastewater Auth	52	- -	- -	- -	- -	- -
Ramona MWD	57	8,500	7,032	2	15,534	273
Yucaipa Valley WD	60	9,270	17,525	2	26,797	447
Olivenhain MWD	61	16,000	400	- -	16,400	269
Valley Center MWD	64	7,988	2,324	- -	10,312	161
Fallbrook PUD	68	7,900	4,000	17	11,917	175
Western MWD	70	14,000	2,000	- -	16,000	229
Vallecitos WD	77	15,500	13,500	1	29,001	377
Vista ID	88	26,000	- -	- -	26,000	295
Padre Dam MWD	117	20,934	14,005	140	35,079	300
Rancho California WD	120	30,532	23,558	65	54,155	451
Elsinore Valley MWD	125	29,000	21,000	1	50,001	400
Helix WD	135	53,511	- -	- -	53,511	396
Sweetwater Authority	137	33,648	- -	- -	33,648	246
Otay WD	166	37,692	5,930	335	43,957	265
S.D. County Water Auth	213	- -	- -	- -	- -	- -
Eastern MWD	475	78,079	129,000	71	207,150	436
Average	118	24,691	10,116	70	39,748	304

Essentially each agency performs similar tasks related to the operation and maintenance of a water and/or wastewater agency. The last column has been added to the table by District staff as a measure of service level[1].

The purpose of calculating the ratio of the number of customers per employee is to develop a quick measure of the service level provided by each agency. For example, one would not compare the 60 employees of the Yucaipa Valley Water District serving about 27,000 customers with the 475 employees of Eastern Municipal Water District service over 207,000 customers. However, by comparing the ratio of customers to employees, the two agencies are very similar.

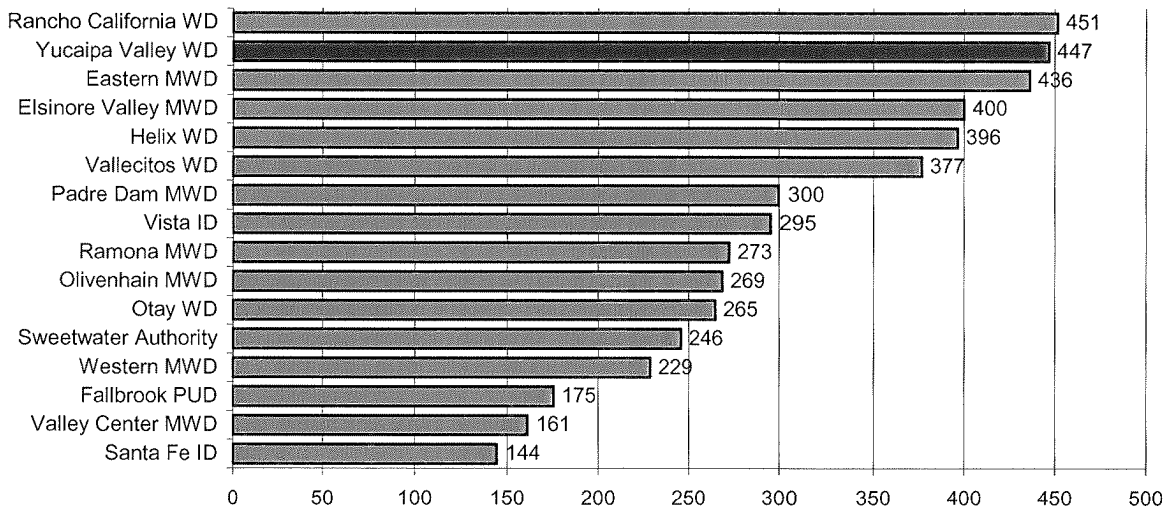
	Yucaipa Valley Water District	Eastern Municipal Water District
Number of Employees	60	475
Total Number of Customers	26,797	207,150
Efficiency – Ratio of Customers to Employees	**447**	**436**

[1] Efficiency is generally defined as the degree to which an organization performs its designated functions with minimum consumption of resources, in this case labor.

Overall, this tool may prove to be a useful metric for LAFCO to provide a quick evaluation of special districts and cities. However, it is important to recognize that each agency is different and provides a different level of service to the community they serve. There is no correct answer, other than the elected officials and communities of each district are able to evaluate their needs and desired level of service.

The chart below compares the ratio of customers to employees for all agencies in the survey.

Number of Customers per Employee



The information above shows that the average agency participating in the survey has 304 customers for each employee. In order for the District to fit this average of 304 customers for each employee, the District would need to maintain a staff of 88 employees to serve our 26,797 customers, resulting in the hiring of an additional 28 individuals. Hiring additional staff members would not necessarily guarantee improved customer service or an increase in effectiveness. The bottom line of this survey information is that the Yucaipa Valley Water District maintains a very lean operation which is made possible with a talented and aggressive staff who are all motivated to provide the best service possible to the community we serve.

Service Review Issues – Local Accountability and Governance

The purpose of this section is to evaluate the accessibility and levels of public participation associated within the agency's decision-making and management processes.

Governing Body

The Yucaipa Valley Water District is governed by a five-member, elected Board of Directors. The Board of Directors develops the policies of the District and hires a General Manager to oversee the day-to-day operations of the District. All board members are elected within five distinct divisions which provide a direct representative for each customer of the District. The board members are as follows:

Tom Shalhoub – Director, Division 1
Bruce Granlund – President, Division 2
David Lesser – Director, Division 3
Conrad Nelson – Vice President, Division 4
Hank Wochholz – Director, Division 5

Board meetings are held at the District's main office located at 12770 Second Street in Yucaipa. Meetings are held on the 1st and 3rd Wednesday of each month at 6:00pm and are open to the public. Regularly scheduled board meetings comply with the provisions of the Ralph M. Brown Act including posting of agendas 72 hours in advance of the meeting.

To encourage participation by the public, the District generally discusses each board agenda item at a committee meeting and/or board workshop prior to the board meetings. This system has proven to allow maximum public participation and more than one chance for the general public to review the issues and provide direction as appropriate. The most recent list of committee appointments is provided as Attachment "E".

Access to Information

The District's offices located at 12770 Second Street, Yucaipa are centrally located in the District's service area. The office is open Monday through Friday between the hours of 8:00am and 4:30pm. Customers may also communicate with staff using the District's website at www.yvwd.dst.ca.us.

Outline of County Water Districts

Attachment 4

LOCAL AGENCY FORMATION COMMISSION
COUNTY OF SAN BERNARDINO

175 West Fifth Street, Second Floor, San Bernardino, CA 92415-0490
• (909) 387-5866 • FAX (909) 387-5871
E-MAIL: lafco@lafco.sbcounty.gov
www.sbclafco.org

COUNTY WATER DISTRICT

(Water Code Sections 30000 through 33900)

WHAT IS A COUNTY WATER DISTRICT?

A County Water District (commonly referred to simply as a "Water District") is a legal subdivision of the State of California formed essentially for the purpose of providing retail water service to the residents within its boundaries. The first introduction of "County Water District Law" was in 1949.

The control and provision of water service within the State of California has a long and colorful legislative history. County Water District law is only one of many different forms of legislation providing for retail water service. Some of these other types are: California Water District, Irrigation District, Municipal Water District, Special Act Water Agency, and County Waterworks District. Other types of districts may also provide water service among their other services authorized by law.

WHO GOVERNS A COUNTY WATER DISTRICT?

The governing body, which is established by law to administer the operation of a water district, is a five member, elected board of directors. Directors of a water district, whether appointed to fill a vacancy or elected, must be a registered voter within District boundaries.

Following formation, the District can be divided into five divisions that will each elect a member of the Board of Directors. Such a change must be decided by election of the District as a whole.

WHAT KINDS OF SERVICES CAN A COUNTY WATER DISTRICT PROVIDE?

A Water District can provide one, or any combination, of the following services:

- Furnish sufficient water in the district for any present or future beneficial use. To accomplish this purpose, the District has the power for storage and conservation of water and water rights, and the operation of water works;

- Acquisition, construction, and operation of facilities for the collection, treatment and disposal of sewage, waste and storm water;
- Generate and sell electric power supplied in connection with a water or water conservation project;
- Draining and reclaiming lands within the District;
- Provide fire protection services as outlined commencing with Section 13801 of the Health and Safety Code;
- Acquire, construct, maintain and operate facilities appropriate or ancillary to the recreational use of water within the District; and,
- Acquire, construct, and operate facilities for the collection and disposal of garbage, waste or trash; or contract with others for this service.

In addition to the above listed powers, an existing District can request that the State authorize (through passage of special legislation) other services to meet a specific community need. For example, one Water District in an isolated area of San Bernardino County has the ability to provide road maintenance and improvement services to meet the specific needs of its community.

HOW CAN YOU BE ANNEXED INTO (INCLUDED IN) AN EXISTING WATER DISTRICT?

A Water District's boundaries can be expanded to include additional territory within its sphere of influence which is:

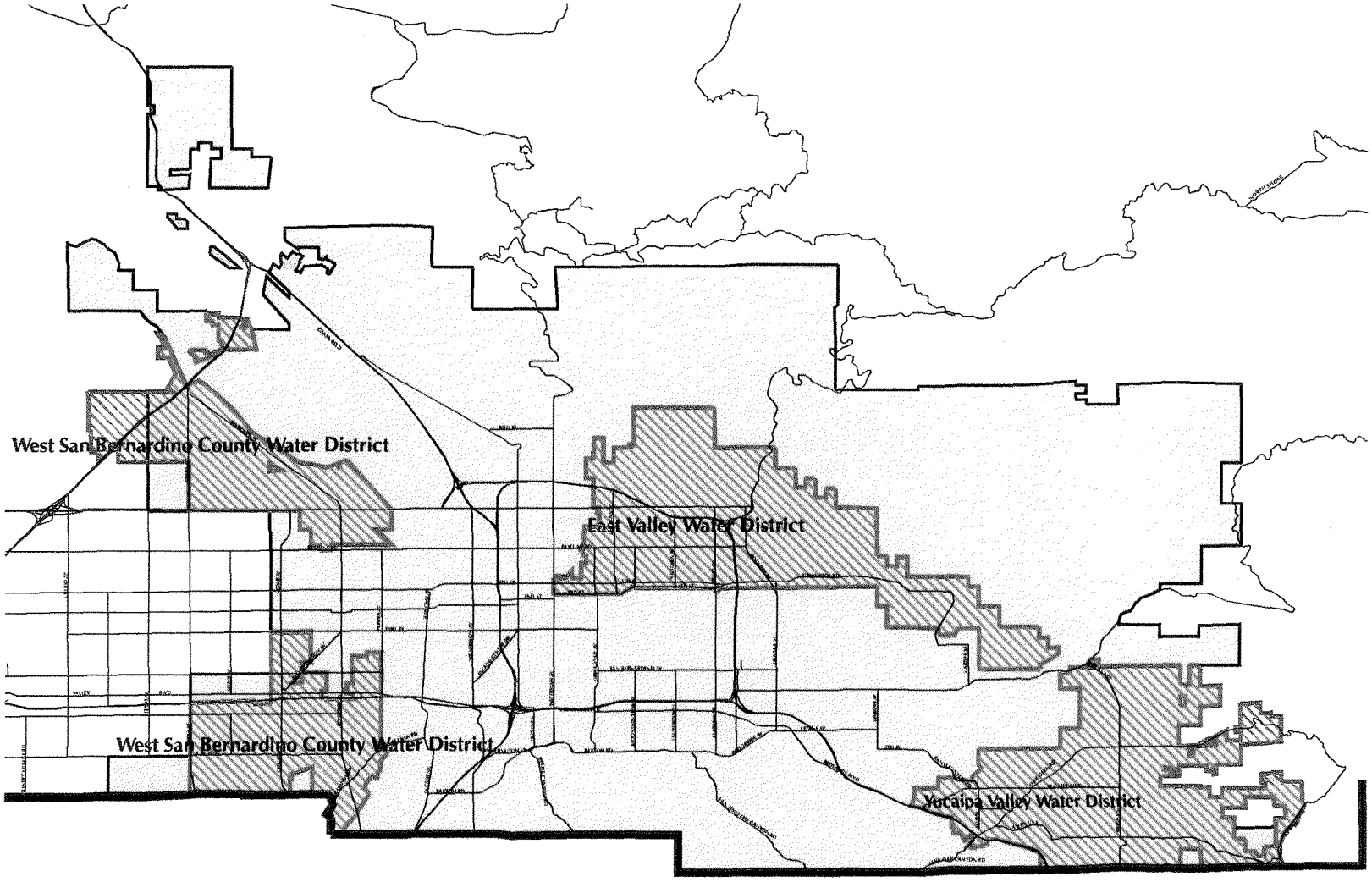
- Incorporated or unincorporated territory;
- Contiguous or non-contiguous territory;
- Land in any county contiguous to the County wherein the district was formed.

Lands within another County Water District can not be included without the support of that District.

Proceedings for the annexation process are handled under the provisions of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Govt. Code Section 56000 et seq.) which is administered by the Local Agency Formation Commission.

Four-Party Agreement with WVWD, SBVMWD, Inland Empire Utilities Agency and Metropolitan Water District

Attachment 5

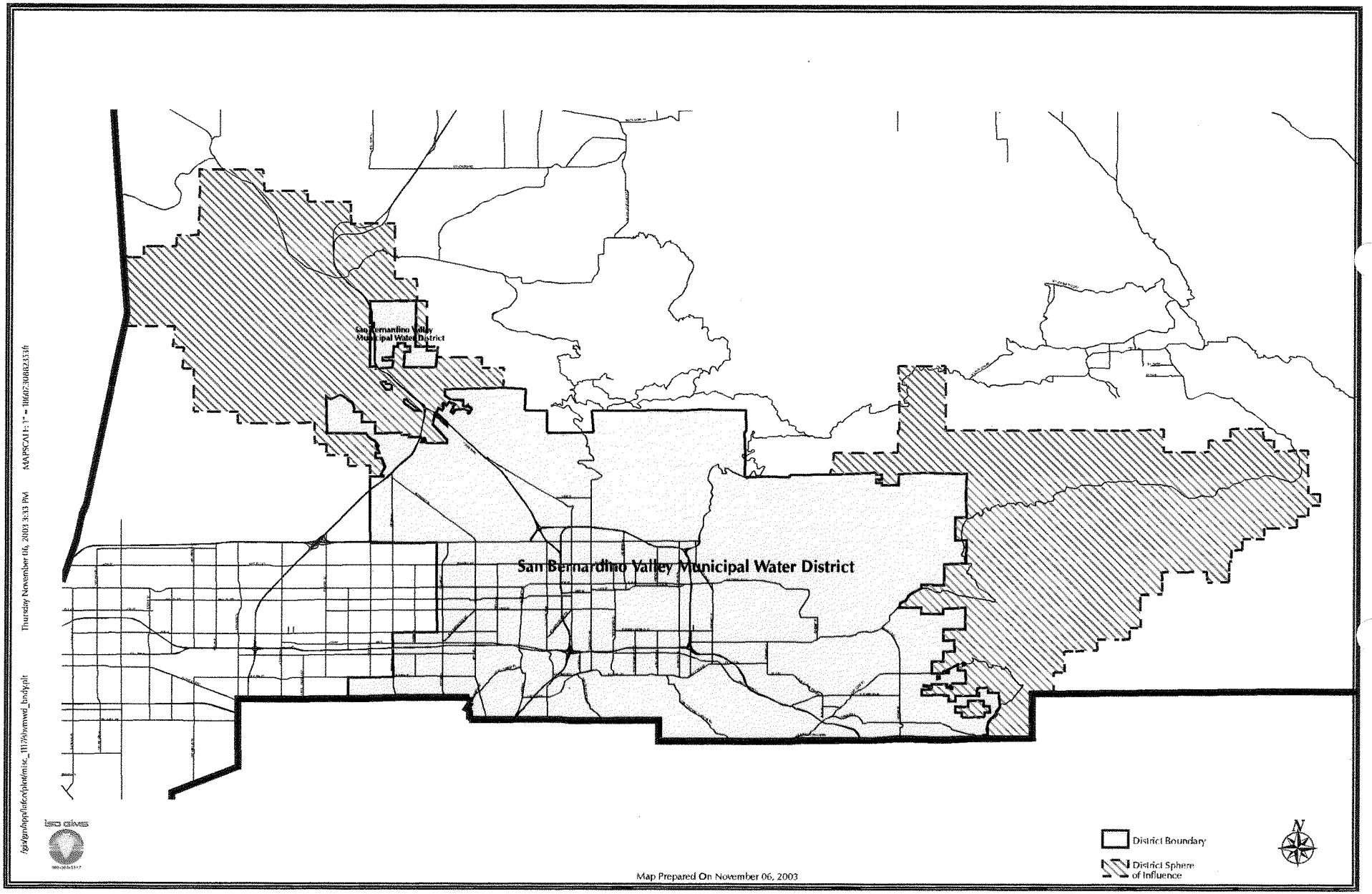


SBVMWD District Boundary

Water District Boundaries

Map Prepared On November 06, 2003

/gis/grn/app/lafco/plot/misc_1117/sbvmwd_water_dists.plt Thursday November 06, 2003 3:39 PM MAPSCALE: 1" = 13367.39444444ft


San Bernardino Valley Municipal Water District
San Bernardino Valley Municipal Water District
District Boundary
District Sphere of Influence
N
Map Prepared On November 06, 2003
Thursday November 06, 2003 3:33 PM
MAPSCALE: 1" = 10607.308823533ft
/gis/gm/app/infco/plot/misc_1117/sbvmwd_bndy.plt

WATER SUPPLY AGREEMENT

FOR

REPLENISHMENT REQUIRED UNDER THE WESTERN JUDGMENT

AMONG

INLAND EMPIRE UTILITIES AGENCY,

THE METROPOLITAN WATER DISTRICT OF SOUTHERN CALIFORNIA,

SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT,

AND

WEST SAN BERNARDINO COUNTY WATER DISTRICT

O B J E C T I V E

The objective of the Water Supply Agreement for Replenishment Required Under The Western Judgment among Inland Empire Utilities Agency (Inland Empire), The Metropolitan Water District of Southern California (Metropolitan), San Bernardino Valley Municipal Water District (Valley District), and West San Bernardino County Water District (West County) is to provide for purchase of replenishment water by West County when the Western - San Bernardino Watermaster determines that replenishment is required for water produced within Valley District by West County and delivered to West County's service area outside Valley District's service area but within Inland Empire's and Metropolitan's service areas.

RECITALS

A. A portion of West County's service area lies within Inland Empire's and Metropolitan's service areas, as depicted on Exhibit A.

B. West County may deliver all, or a portion, of the retail water in this area from sources of water supply within Valley District which are available to West County.

B. When such water is an extraction under the judgment in Western Municipal Water District of Riverside County v. East San Bernardino County Water District, et al., Riverside Superior Court Action No. 78426 ("Western Judgment"), Valley District is required to provide replenishment water.

D. Metropolitan is a regional supplemental water supplier. Metropolitan imports a portion of its water from the California State Water Project pursuant to contract with the California Department of Water Resources.

E. Inland Empire is the Metropolitan member agency with the exclusive authority to wholesale supplemental water for the portion of West County's service area which lies within Inland Empire and Metropolitan as depicted on Exhibit A.

F. The Western - San Bernardino Watermaster makes an annual determination of the quantity of replenishment required by Valley District pursuant to the terms of the Western Judgment.

G. Valley District provides such replenishment by importing water from the California State Water Project (SWP) pursuant to its contract with the California Department of Water Resources (CDWR).

H. Said contracts of both Valley District and Metropolitan with the CDWR prohibit one from serving SWP water into the service area of the other without the consent of the CDWR. Additionally, Metropolitan's contract with CDWR requires the consent of Metropolitan. To the extent that SWP water is delivered, directly or indirectly, in the area depicted on Exhibit A, this agreement is intended to evidence Metropolitan's and Valley District's agreement regarding that process.

COVENANTS

1. As determined by the Western - San Bernardino Watermaster, to the extent that water delivered by West County to its service area within Inland Empire, and Metropolitan, as depicted on Exhibit A, requires replenishment, West County shall purchase a like quantity of water from Inland Empire.

2. Inland Empire shall purchase such water from Metropolitan in accordance with Metropolitan's Administrative Code as amended from time to time.

3. Metropolitan shall deliver such water to Valley District at Devil Canyon Power Plant Afterbay on a mutually agreeable schedule.

4. Purchases by West County shall be made promptly after a determination by the Western - San Bernardino Watermaster that replenishment is required.

5. It is the intent of the parties that purchases by West County be made from Inland Empire at times when

Metropolitan has untreated water available for long-term seasonal storage.

6. If long-term seasonal storage water is not available from Metropolitan following the determination of the Western - San Bernardino Watermaster, West County may defer purchase of replenishment water until such water is available. Such deferral period shall not exceed two years.

7. After a maximum two year deferral, as provided in Paragraph 6, West County shall purchase untreated water at the earliest date when it is available.

8. This agreement shall continue so long as West County continues to produce water within Valley District for delivery to said West County service areas within Inland Empire and such water requires replenishment under the Western Judgment.

9. West County shall provide the Western - San Bernardino Watermaster with records regarding deliveries made to its service within Inland Empire which provide sufficient information for the Watermaster to make a determination of the quantity of SWP water which must be purchased from Metropolitan. In coordination with Valley District, Metropolitan shall place an order with CDWR for delivery of said quantity of Metropolitan SWP water to Valley District in accordance with standard CDWR ordering, delivery, and billing procedures.

10. This Agreement shall bind and inure to the benefit of the successors and assigns of the Parties; provided, however, no Party shall assign any of their rights or obligations under this Agreement without the prior written consent of the other

Parties. Nothing in this Agreement is intended to confer any right or remedy under this Agreement on any person other than the parties to this Agreement and their respective successors and permitted assigns, or to relieve or discharge any obligation or liability of any person to any party to this Agreement, or to give any person any right of subrogation or action over or against any party to this Agreement.

Dated: _____, 2002

INLAND EMPIRE UTILITIES AGENCY

By: John L. Anderson
President

By: Ana Domine
Secretary

THE METROPOLITAN WATER DISTRICT
OF SOUTHERN CALIFORNIA

By: _____
Chief Executive Officer

SAN BERNARDINO VALLEY
MUNICIPAL WATER DISTRICT

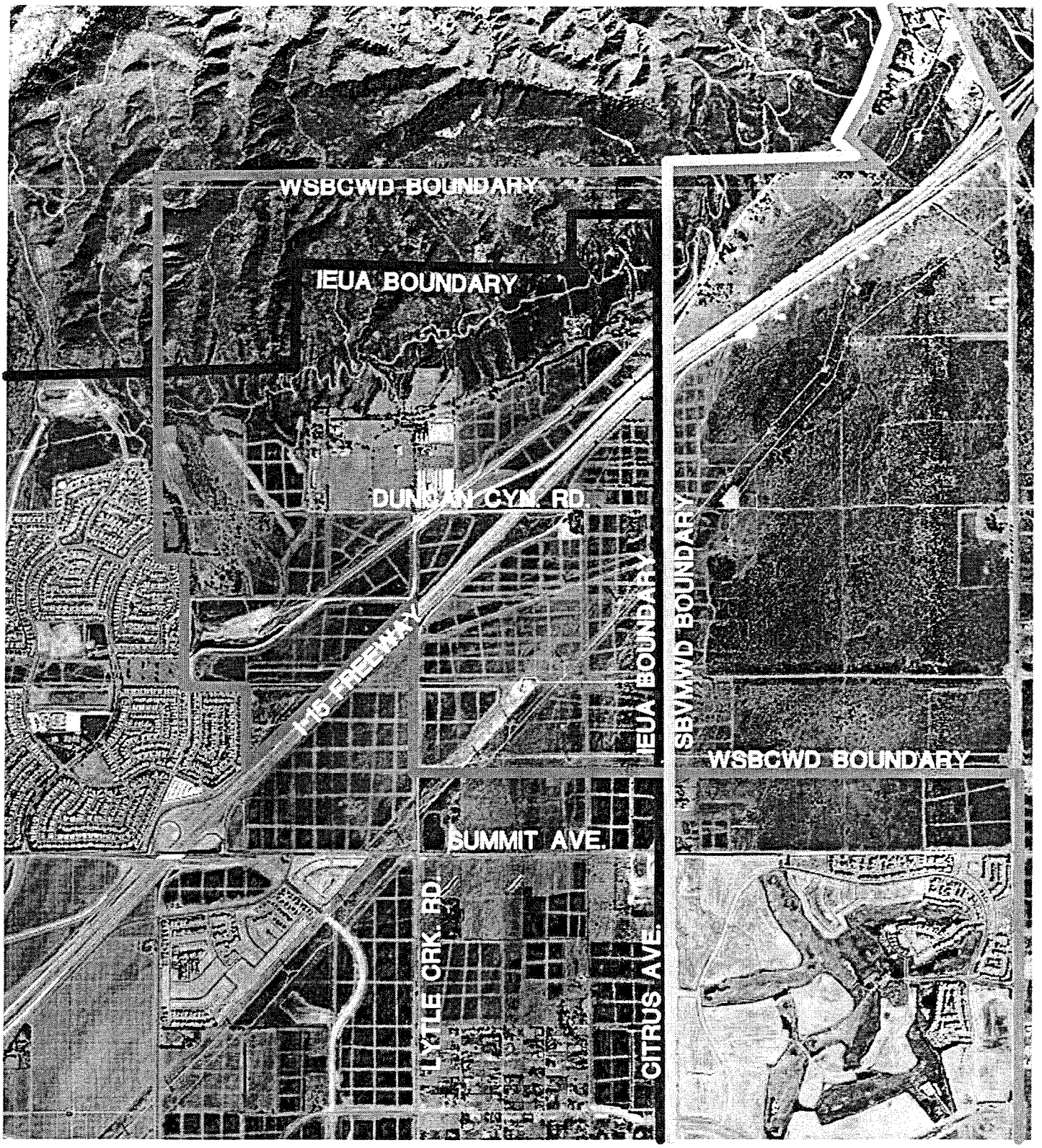
By: _____
President

By: Edward B Kelley
Secretary

WEST SAN BERNARDINO
COUNTY WATER DISTRICT

By: Beverly Smith
President

By: _____
Secretary



SAN BERNARDINO VALLEY MUNICIPAL WATER DISTRICT • 1954 •

EXHIBIT 'A'

DATE: 8/27/01

2000 1000 0 2000

SCALE IN FEET

Response from Tom Dodson and Associates

Attachment 6

TOM DODSON & ASSOCIATES
2150 N. ARROWHEAD AVENUE
SAN BERNARDINO, CA 92405
TEL (909) 882-3612 • FAX (909) 882-7015
E-MAIL tda@tstonramp.com

August 5, 2004

RECEIVED
AUG 06 2004
LAFCO
San Bernardino County

Ms. Kathleen Rollings-McDonald
Local Agency Formation Commission
175 West Fifth Street, Second Floor
San Bernardino, CA 92415-0490

Dear Kathy:

LAFCO 2932 consists of a service review for the Yucaipa Valley Water District (District) pursuant to Government Code Section 56430 and Sphere of Influence Study pursuant to Government Code 56425. If approved by the Commission, the service and Sphere review would not result in any change to the services by the District but it would modify the District's existing Sphere of Influence. The District's Sphere boundary would be modified as follows: a reduction in the Crafton Hills area to correspond to the City of Yucaipa's local boundary and an expansion in three areas along the western edge of the existing sphere to coincide with the City's western boundary. Based on the above proposal, it appears that LAFCO 2932 can be implemented without causing any physical changes to the environment or any adverse environmental impacts.

The service and Sphere review does not appear to have any potential to alter the existing physical environment in any manner. Without a potential for causing physical changes in the environment, I recommend that the Commission find that a Statutory Exemption (as defined in the California Environmental Quality Act, CEQA) applies to LAFCO 2932 under the Section 15061 (b) (3) which states: "A project is exempt from CEQA if the activity is covered by the general rule that CEQA applies only to projects which have the potential for causing significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA." It is my opinion, and recommendation to the Commission, that this circumstance applies to LAFCO 2932.

Based on a review of LAFCO 2932 and the pertinent sections of CEQA and the State CEQA Guidelines, I conclude that LAFCO 2932 does not constitute a project under CEQA and adoption of the Statutory Exemption and filing of a Notice of Exemption is the most appropriate determination to comply with CEQA for this action. The Commission can approve the review and findings for this action and I recommend that you notice LAFCO 2932 as statutorily exempt from CEQA for the reasons outlined in the State CEQA

Guideline sections cited above. The Commission needs to file a Notice of Exemption with the County Clerk to the Board for this action once the hearing is completed.

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

Sincerely,

Tom Dodson

Tom Dodson

Draft Resolution No. 2839

Attachment 7

PROPOSAL NO.: LAFCO 2932

HEARING DATE: AUGUST 18, 2004

RESOLUTION NO. 2839

A RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF THE COUNTY OF SAN BERNARDINO MAKING DETERMINATIONS ON LAFCO 2932, A SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR THE YUCAIPA VALLEY WATER DISTRICT WITHIN SAN BERNARDINO COUNTY.

On motion of Commissioner _____, duly seconded by Commissioner _____, and carried, the Local Agency Formation Commission adopts the following resolution:

WHEREAS, a service review mandated by Government Code Section 56430 and a sphere of influence update mandated by Government Code Section 56425 have been conducted by the Local Agency Formation Commission of the County of San Bernardino (hereinafter referred to as "the Commission") in accordance with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000 et seq.); and,

WHEREAS, at the times and in the form and manner provided by law, the Executive Officer has given notice of the public hearing by this Commission on this matter; and,

WHEREAS, the Executive Officer has reviewed available information and prepared a report including her recommendations thereon, the filings and report and related information having been presented to and considered by this Commission; and,

WHEREAS, the public hearing by this Commission was held upon the date and at the time and place specified in the notice of public hearing and in an order or orders continuing the hearing; and,

WHEREAS, at the hearing, this Commission heard and received all oral and written protests; the Commission considered all objections and evidence which were made, presented, or filed; and all persons present were given an opportunity to hear and be heard in respect to any matter relating to the review, in evidence presented at the hearing; and,

WHEREAS, a statutory exemption has been issued pursuant to the provisions of the California Environmental Quality Act (CEQA) indicating that this service review and sphere of influence update are statutorily exempt from CEQA and such exemption is hereby

adopted by this Commission. The Clerk has been directed to file a Notice of Exemption within five working days of adoption of this resolution; and,

WHEREAS, based on presently existing evidence, facts, and circumstances filed with the Local Agency Formation Commission and considered by this Commission, it is determined that the sphere of influence for the Yucaipa Valley Water District should be amended as follows: (a) expanded to include the area currently within the City of Yucaipa boundaries, generally east and west of Sand Canyon Road which includes, among other areas, the Crafton Hills College site; (b) reduced to exclude the area currently within the City of Redlands sphere of influence along the Crafton Hills ridgeline and (c) affirm the balance of the sphere of influence area as it currently exists, as more specifically described on the map attached to this resolution; and,

WHEREAS, the following findings are made in conformance with Government Code Section 56430 and local Commission policy:

1. **Infrastructure Needs and Deficiencies.** The District annually adopts a Capital Improvement Plan for the District. The plan includes a budget for water, wastewater and recycled water capital infrastructure improvements and new projects. The Plan is based upon information obtained from the recently completed water, wastewater and recycled water master plans. Copies of this information is available for review at the District's office and summaries are available in the LAFCO office for review.

2. **Growth and Population.** The District anticipates the population within its San Bernardino County service area will be 44,900 in 2005, while the estimated population of the District as a whole is estimated to be 53,500. The Cities of Yucaipa and Calimesa have provided the population projections to the District noting that the 2040 population is anticipated as 67,400 within the City of Yucaipa, 9,000 within the City of Calimesa, and 22,900 within the Oak Valley Development (the majority of which is proposed to be within the Yucaipa Valley Water District).

3. **Financing Opportunities and Constraints.** The District maintains sound financial procedures for planning and investment security. It maintains a safe investment portfolio based on the protection of the publicly invested funds. The District maintains a Standard & Poor's bond rating of AAA and a Moody's bond rating of Aaa.

4. **Cost Avoidance Opportunities.** The current domestic water providers within the Yucaipa Valley consist of the Yucaipa Valley Water District, South Mesa Mutual Water Company, and Western Heights Mutual Water Company. The District and the Water Companies work together to provide service to the community. The District is the sole agency that provides wastewater service within its boundaries. The District has recently formed a Joint Powers Agency with the Beaumont-Cherry Valley Water District, City of Beaumont and South Mesa Mutual Water Company to manage the water resources within the Beaumont Storage Unit. This arrangement has resulted in an adjudication of the groundwater basin which provides a base level of certainty between the water purveyors in the area.

5. **Rate Restructuring.** The District Board of Directors has considered using automatic rate adjustment factors, such as consumer price index or rate comparisons; however, the District's 50 square mile service area and severe topographical features (an

elevation differential of roughly 4,000 feet) do not allow for such comparison with other water and wastewater districts of comparable size.

6. **Opportunities for Shared Facilities.** The District continuously strives to identify ways to share facilities and resources with other local agencies to insure the most cost-effective, efficient service delivery to its customers.

7. **Government Structure Options.** The District has operated successfully as a single-purpose special district for more than 30 years during which time the District's customer base and service area have expanded significantly. No other relevant issues concerning this factor have been identified.

8. **Management Efficiencies.** The District maintains a very lean operation which is made possible with a talented and aggressive staff who are all motivated to provide the best service possible to the community served. The District has maintained a consistent customer to staff ratio and now provides service to more than 26,797 customers with a workforce of 60 employees.

9. **Local Accountability and Governance.** The District is governed by a five-member Board elected by divisions. The District does a good job communicating with its customers through newsletters, bill inserts, and public meetings. The District has an operating website, and conforms to provisions of the Brown Act requiring open meetings. No other relevant issues concerning this factor have been identified; and,

WHEREAS, the following findings are made in conformance with Government Code Section 56425 and local Commission policy:

1. **PRESENT AND PLANNED LAND USES**

The full range of urban, suburban, and rural land uses are included within the boundaries and current sphere of influence of the Yucaipa Valley Water District within San Bernardino County. The sphere of influence update and service review have no potential to change present or planned land uses within the sphere, since the only changes proposed would be to provide for contiguity with the City of Yucaipa sphere of influence. The Yucaipa Valley Water District endorses this approach by indicating that no other sphere of influence changes are contemplated within the next five years.

2. **PRESENT AND PROBABLE NEED FOR PUBLIC FACILITIES AND SERVICES IN THE AREA**

The District has adopted Master Plans for its services of water, wastewater, and recycled water, which address this issue. Copies of these documents are on file in the District office.

3. **PRESENT CAPACITY OF PUBLIC FACILITIES AND ADEQUACY OF PUBLIC SERVICES PROVIDED**

The change to the District sphere of influence proposed through this review relates to three minor areas of consideration to allow for contiguity with the City of Yucaipa

sphere of influence in compliance with the Commission's community-by-community approach to spheres of influence. The District has adopted a Master Plan for service which addresses the service issues for water, wastewater, and recycled water. These documents are on file in the District office.

4. **COMMUNITIES OF INTEREST IN THE AREA**

The change proposed to the District's sphere of influence is in response to the community of interest for Yucaipa and addresses a consolidation of the sphere of influence within this community of interest.

5. **OTHER FINDINGS**

A. Notice of the hearing was published as required by law in The Sun, and Yucaipa-News Mirror, newspapers of general circulation in the area. As required by state law, individual notification was provided to affected and interested local agencies, County departments, and those individuals wishing mailed notice.

B. Comments from landowners and any affected local agency have been reviewed and considered by the Commission in making its determination; and,

WHEREAS, the following functions and services are provided by the District, as outlined in the Rules and Regulations affecting the functions and services of Special Districts (originally adopted on November 10, 1976, as amended); and Exhibit "A" of the Rules and Regulations lists each special district and its services and functions pursuant to the requirements of Section 6 of the Rules and Regulations; and,

WHEREAS, the Local Agency Formation Commission of the County of San Bernardino is required to review and update the Exhibit "A" of the Rules and Regulations of Special Districts to outline the services provided. The Exhibit "A" of the Rules and Regulations is amended to read as follows:

SERVICE	FUNCTIONS
Water	Retail, agricultural, domestic, replenishment, wholesale, recycled
Sewer	Sewage collection, treatment, wastewater reclamation

WHEREAS, pursuant to the provisions of Government Code Section 56425(h), the range of services provided by the Yucaipa Valley Water District is limited to those identified above, and such range of services shall not be changed unless approved by this Commission; and,

WHEREAS, having reviewed and considered the findings as outlined above, the Commission modifies the sphere of influence to include: (a) expansion of the District's sphere of influence along its western, northwestern, and northern boundaries to correspond to the sphere of influence assignment for the City of Yucaipa; (b) reduction of the District's sphere of influence within the Crafton Hills to correspond to the City of Yucaipa sphere of influence, excluding the area currently a part of the City of Redlands

sphere of influence; and (c) uphold the balance of the sphere of influence for the Yucaipa Valley Water District as it currently exists within San Bernardino County, and is depicted on the map attached to this resolution.

NOW, THEREFORE, BE IT RESOLVED by the Local Agency Formation Commission of the County of San Bernardino, State of California, that this Commission shall consider the territory described on the attached maps as being within the sphere of influence of the Yucaipa Valley Water District, it being fully understood that establishment of such a sphere of influence is a policy declaration of this Commission based on existing facts and circumstances which, although not readily changed, may be subject to review and change in the event a future significant change of circumstances so warrants.

BE IT FURTHER RESOLVED that the Local Agency Formation Commission of the County of San Bernardino, State of California, does hereby determine that the Yucaipa Valley Water District shall indemnify, defend, and hold harmless the Local Agency Formation Commission of the County of San Bernardino from any legal expense, legal action, or judgment arising out of the Commission's affirmation of this sphere of influence, including any reimbursement of legal fees and costs incurred by the Commission.

THIS ACTION APPROVED AND ADOPTED by the Local Agency Formation Commission of the County of San Bernardino by the following vote:

AYES: COMMISSIONERS:

NOES: COMMISSIONERS:

ABSENT: COMMISSIONERS:

****

STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN BERNARDINO)

I, KATHLEEN ROLLINGS-McDONALD, Executive Officer of the Local Agency Formation Commission of the County of San Bernardino, California, do hereby certify this record to be a full, true, and correct copy of the action taken by said Commission, by vote of the members present, as the same appears in the Official Minutes of said Commission at its meeting of August 18, 2004.

DATED:

KATHLEEN ROLLINGS-McDONALD
Executive Officer

DRAFT