LOCAL AGENCY FORMATION COMMISSION
COUNTY OF SAN BERNARDINO

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DATE: JULY 8, 2002

FROM: JAMES M. RODDY, Executive Officer

TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: **Agenda Item #8:** Service Review and Sphere of Influence Update for the Monte Vista Water District

INITIATED BY:

San Bernardino Local Agency Formation Commission

RECOMMENDATION:

1. Determine that LAFCO #2895 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, determine that the existing sphere of influence for the Monte Vista Water District should not be changed; and,

3. Adopt LAFCO Resolution #2738 setting forth the Commission's findings and determinations on this issue.

BACKGROUND INFORMATION:

The Monte Vista Water District has submitted information in response to Government Code Section 56430 (service review factors) and has indicated that it does not propose any sphere of influence changes pursuant to Government Code Section 56425. Staff has reviewed these service review factors and sphere of influence issues with the District, and supports the District's position. Staff will provide oral comments at the July hearing to more fully respond to the service review/sphere

review issues, and recommends that the Commission adopt the attached draft resolution setting forth the findings and determinations required by law.

Attachments:

1. Submittal from the Monte Vista Water District
2. Draft Resolution for the MVWD service review/sphere update
3. Response from Tom Dodson and Associates

Submittal from the Monte Vista Water District

Attachment 1

Monte Vista

Water District

Dedicated to Quality, Service, and Innovation

Local Agency Formation Commission
County of San Bernardino

Sphere of Influence/
Service Review Survey Report

June 2002

Monte Vista Water District

June 2002

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Director

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Director

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Manager of Finance & Administration

Robert O. Tock, P.E.
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Preface

On August 13, 2000, Governor Gray Davis signed into law AB 2928, The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000. The purpose of the legislation was to enact reforms to local government reorganization law; address orderly growth and resource protection; enhance local government coordination and efficiency; and increase public interest and involvement in government.

A provision in the statute requires the Local Area Formation Commission (LAFCO) of each county to update spheres of influence and service reviews at least once every five years to determine local government service needs and adequacy (Government Code Sections 56425 and 56430).

On March 20, 2002, the San Bernardino County LAFCO formally initiated the process to conduct service reviews in conjunction with sphere of influence studies for all cities and special districts located in the West Valley area, the first of five identified county regions to be included in the current five-year review program. The LAFCO Commission's policy on service reviews recognizes that, in order for the reviews to be meaningful, they must be accomplished with the participation and cooperation of the affected local agencies. As a result, a "Sphere/Service Review Survey" was prepared by LAFCO and distributed to the local agencies to complete as part of the review process.

The information included in Monte Vista Water District's Sphere/Service Review Report is formatted to correspond with the survey outline. It is the District's intent to work in a cooperative manner with LAFCO in the completion of this review in order to meet the statutory requirements.

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A. General Overview of the Monte Vista Water District

The Monte Vista Water District (District) is a County Water District formed in 1927 under provisions of Division 12 of the State Water Code. The District provides retail water to a constituent population of approximately 47,000 within a service area of 9.6 square miles, lying adjacent to the westerly border of San Bernardino County. The District's retail service area encompasses the city of Montclair, portions of the city of Chino, and the unincorporated county area lying between the cities of Pomona, Chino Hills, Chino, and Ontario.

Additionally, in 1998, the District entered into a wholesale water supply agreement with the city of Chino Hills. Under this agreement the District provides the city with up to 20.2 million gallons of water per day, which is in excess of 50 percent of that city's water demand for a population of approximately 67,000 within a 46 square mile radius.

Figure 1 identifies the District's service area, and that of its wholesale customer, the city of Chino Hills.

B. Sphere of Influence

Monte Vista Water District does not anticipate proposing any sphere of influence amendments over the next five years.

C. Service Review Criteria

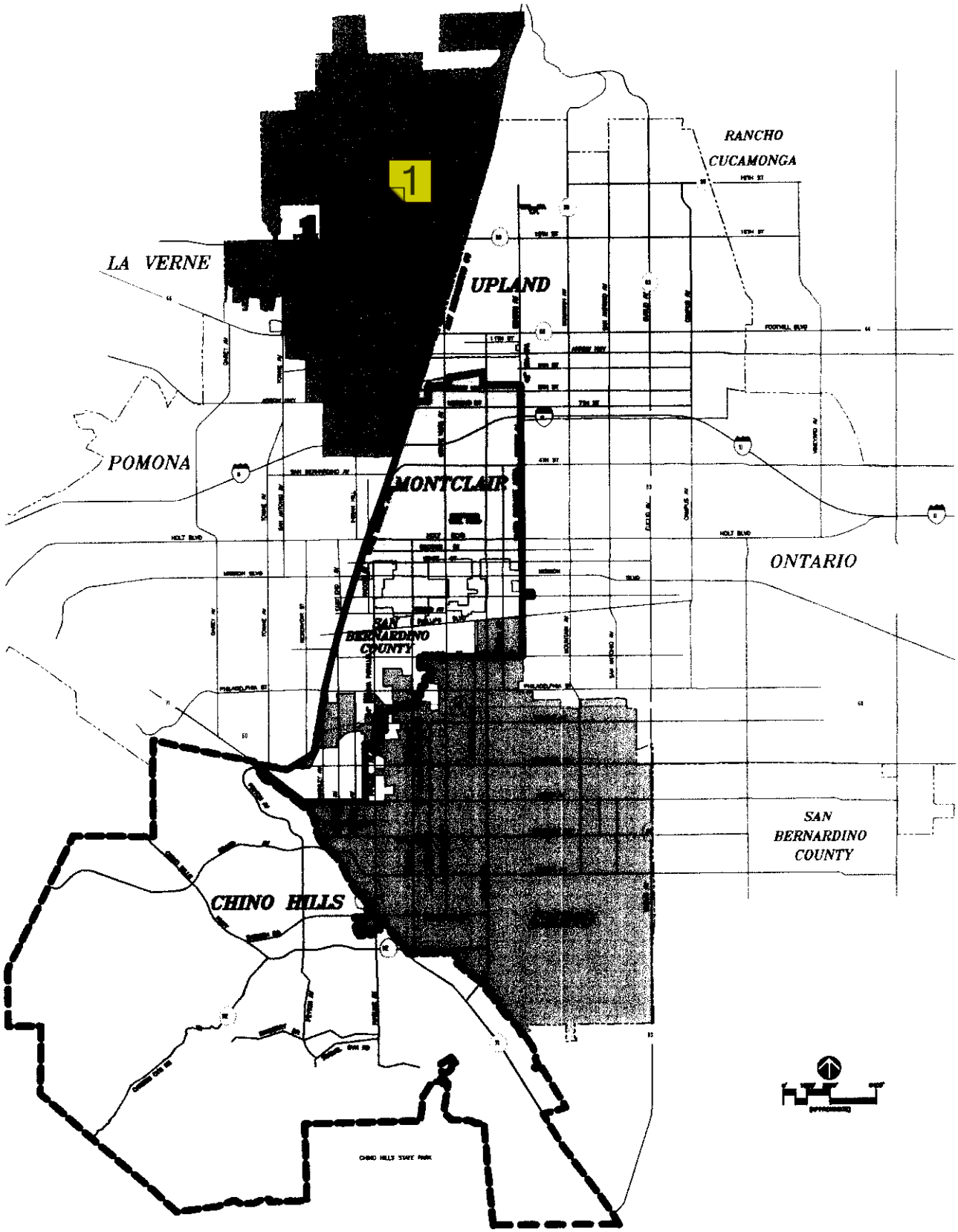
I. Infrastructure Needs and Deficiencies

Purpose: To evaluate the infrastructure needs and deficiencies in terms of capacity, condition of facility, service quality and levels of service and its relationship to existing and planned service users.

Capital Improvement Plans/Studies and Master Service Plans/Studies

Recognizing the need for sustained maintenance and replacement of aging infrastructure, the District hired a consulting firm to produce a comprehensive Water Master Plan. Work began in July 1995, and culminated in the final draft (Boyle Engineering Corporation, June 1998). From the needs and recommendations identified, a listing of individual capital projects was formulated. This list was a complete summary of all capital improvements, including rehabilitation and replacement, which was foreseen in an approximate 28-year time frame (through year 2025).

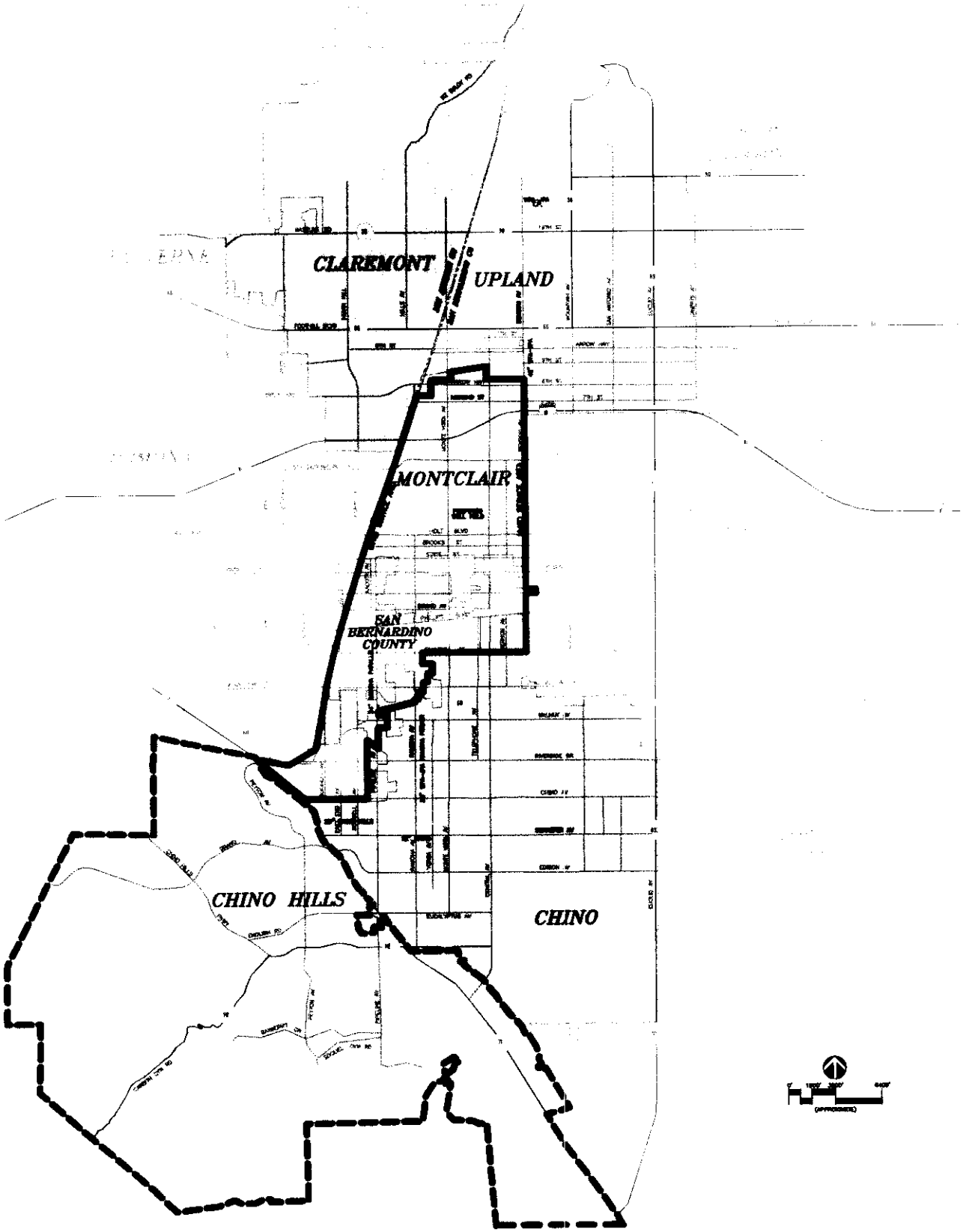
An opinion was rendered of the estimated capital costs for each project or program, which included construction cost estimates plus allocations for engineering, administration, legal, and contingencies. These costs were planning level estimates, with more detailed estimates to be formulated at the design stage of each project.



Monte Vista Water District
Wholesale/Retail Boundaries

wholesale

retail



Monte Vista Water District
Wholesale/Retail Boundaries

wholesale

retail

Water District

The projects/programs were grouped into the following categories:

1. Pipeline Improvement Projects (71)
2. Seismic Improvements (6)
3. Booster Pumps (12)
4. Reservoirs (6)
5. Wells (11)
6. Plants (3)
7. Water Quality Improvements (2)
8. Well Rehabilitation and Replacement (ongoing)

In recognition of fiscal limitations, projects were prioritized according to urgency of need, and a preliminary time phasing of projects was developed in spreadsheet format.

In addition to the capital program establishment, the District hired a financial consultant to independently review the total annual costs for the composite betterment program. A preliminary fiscal impact evaluation by the consultant resulted in a reiteration of the project's phasing to produce an expenditure stream, which could be implemented given projected long-term District revenues from a realistic, achievable rate/fee policy.

In summary, the District developed both a 30-year Water Master Plan coupled with a Financial Master Plan to ensure self-funding. The sum of the proposed Water Master Plan based on 1997 dollars, ranged between $37 million and $46 million.

Projects identified are continually evaluated based upon the changing needs of the District and are recommended for approval and implementation based upon the Financial Master Plan and available resources of the District.

Water Service Plans/Studies

Water requirements in the District's retail area typically range from 11,000 to 12,000 acre-feet per year. Wholesale water requirements from Chino Hills currently mirror retail sales, equaling between 10,000 to 12,000 acre-feet per year. Sources of water include local groundwater extracted from the underlying Chino Groundwater Basin and State Project water treated through the joint-powers Aqua de Lejos Regional Treatment Plant (WFA), located in the city of Upland.

The District internally serves four separate pressure zones and includes over 170 miles of water transmission and distribution mains and nineteen groundwater wells (ten of which are active). The combined groundwater production capacity of the facilities is approximately 23 million gallons per day (mgd).

Age and Condition of Facilities

The District's facilities can best be described as quite varied in age and condition. In general, the challenges faced by the District are common to all agencies of similar age.

The District currently operates 10 active groundwater production wells. The oldest wells were installed in the 1930s, while three larger capacity groundwater wells were built within the last

two years. All groundwater production meets California Department of Health Services (DHS) drinking water standards.

The District's distribution system is comprised of a variety of pipeline materials including:

1. Asbestos Cement Pipe (ACP)
2. Cast Iron Pipe (CIP)
3. Cement Mortar Line and Coated (CML&C)
4. Ductile Iron Pipe (DIP)
5. Steel (STL)
6. Polyvinyl Chloride (PVC)

Pipeline diameters range from 2-inch to 48-inch and range in age from new to 80 years old. The majority of the earliest scheduled capital improvement projects include the replacement and upsizing of the older, smaller diameter pipelines.

Capacity Analysis and Reserve Capacity

The District obtains water from two main sources: local groundwater production wells and the State Water Project through the WFA treatment plant in Upland.

The Chino Groundwater Basin, which is the source of groundwater for the District is an adjudicated Basin. The District has a current right to extract approximately 8,500 acre-feet (AF), annually. Production in excess of this right must be replaced in the Basin. The management of the Basin, including replenishment of over-drafted water, is the responsibility of the Chino Basin Watermaster, which is a court-appointed organization, charged with enforcing the approved adjudication. The District uses more than its safe yield right each year and thus pays for its share of replenishment of the Basin through direct purchases and production assessments levied by the Watermaster.

The District is supplied imported water by the Inland Empire Utilities Agency (IEUA), which is the local Metropolitan Water District member agency. State Water Project water flows through the Foothill Feeder Rialto pipeline to turnout CB-12 at the headworks of the WFA. The WFA is a joint powers treatment plant co-owned by the cities of Upland, Ontario, Chino, Chino Hills, and the Monte Vista Water District. The District has a 24 percent ownership in the WFA treatment plant, which has an existing capacity of approximately 81 mgd.

Source Capacity: With the recent construction of additional wells, the District's groundwater production capacity has been increased to approximately 23 mgd. Coupled with the District's contractual WFA entitlement of 19 mgd, the District's total source capacity is 42 mgd.

Maximum Day Demand: Maximum retail demand over the past 15 years has been approximately 18 mgd. In addition, the District's current contractual obligation with the city of Chino Hills is 16.2 mgd, for a combined total anticipated maximum daily demand of 34.2 mgd.

While the above calculations highlight excess water source capacity, the District recognizes the need for redundancy in water supply facilities. Given the potential for groundwater well repairs, the District views this excess as a redundancy in operational capacity and for emergency deliveries to the city of Chino and the Southern California Water Company, which serves the city

of Claremont in eastern Los Angeles County. These agencies have existing inter-connections to the District for delivery should unexpected operational problems in their systems occur.

Future Development

The District and its surrounding area are essentially urbanized, being surrounded by the cities of Chino Hills, Pomona, and Claremont to the west; Upland to the north; Ontario to the east; and Chino to the south. The development within the District's service area is predominately residential, but with considerable commercial and light industrial development, with some remaining pockets of agriculture uses.

As such, the District does not anticipate major new infrastructure requirements. Rather, the existing Water Master Plan focuses on improvements and upgrades to the existing infrastructure. For example, several of the planned pipeline projects involve not only the replacement of aging pipes but also upsizing to accommodate increased flows. In addition, several planned projects involve pipeline replacements designed to improve water quality and supply reliability.

II. Growth and Population

Purpose: To evaluate service needs based upon existing and anticipated growth patterns and population projections.

Existing Population of Retail Service Area

Montclair	30,950
County areas	12,657
Chino	2,827
TOTAL	**46,434**

Source: San Bernardino County; 2000 U.S. Census Data

Existing Population of Wholesale Service Area

Chino Hills	66,787

Source: 2000 U.S. Census

Population Projections

The table below depicts the projected population from 2000 to 2020. The data used was obtained from Southern California Association of Government's adopted 1998 projections modified to include data from the 2000 U.S. Census and represent the population residing within the District's retail and wholesale area.

New water demand has kept pace with the growth of the District's retail service area. The commercial/industrial/institutional sectors have experienced modest growth. Retail commercial is expected to increase slightly with modest growth in the industrial/ institutional sectors. The agricultural sector has been decreasing and is expected to continue on that trend or remain about the same.

In addition to its retail customers, the District provides wholesale water supply to the city of Chino Hills under the provisions of a long-term contractual agreement executed in July 1998. At the current time, the city of Chino Hills receives up to 16.22 million gallons of water per day (mgd), which is about 50 percent of that growing city's water supply. Under the agreement, the city can request an additional 4 mgd, which is expected to take place upon the completion of the new 40 million gallon per day jointly owned Monte Vista Intertie Pipeline.

The city of Chino Hills is a rapidly growing municipality with population of 66,787, based on 2000 U.S. Census data. Continued growth is expected to occur over the next decade(s) with the addition of 8,000 to 10,000 new housing units, increasing the population by 20,000.

Monte Vista Water District
Historical and Projected Population
By Service Category

Year	Retail	Wholesale	Total
1990	38,000	- - -	38,000
1995	39,900	- - -	39,900
2000	46,435	66,787	113,222
2005	49,220	68,100	117,320
2010	50,175	72,400	122,575
2015	53,185	75,000	128,185
2020	56,376	80,000	136,376

III. Financing Opportunities and Constraints

Purpose: To evaluate factors that affect the financing of needed improvements.

Finance Plans

Ensuring adequate service availability and capacity are essential to the successful operation of a water service provider. The availability of service must be provided in a manner that does not place an unnecessary or unreasonable burden on the District's customers. The District's Board of Directors recognizes the importance of establishing a reasonable and secure method of financing the District's operating and capital requirements in both the near-and long-term horizons.

Service Upgrades and Capacity Improvements

Two primary guidance documents are utilized in planning for current and future capital needs. These documents are the Water Master Plan and the Financial Master Plan (Reiter•Lowry, 1998). Through the use of these planning documents, the District Board and staff have identified a long-term plan to ensure continuous water availability and affordability for both current and prospective District customers.

Revenue Structure

Consistent with the District's Financial Master Plan, the District committed to a pay as you go approach to funding capital infrastructure needs. Required capital revenue is provided primarily through operational transfers and use of capital reserves. Capital connection fees are used to

fund the construction of those facilities required due to new demand. Additionally, the District receives a portion of the county property tax, however, as a percentage of total revenue, the impact of this revenue source is minor.

Part of the ongoing success of the District's financing model is attributable to its characteristic as an enterprise entity. As such, the District places high importance on ensuring that its operating revenue structure is established to sufficiently cover operating costs through adequate commodity and service charges. Because the District is primarily involved in providing retail and wholesale service, the District revenue structure is easily identifiable, and generally predictable. With the exception of seasonal variation, the District's revenue sources do not vary significantly from year to year.

Bond Rating

As previously stated, the District is currently committed to a pay as you go approach for funding capital infrastructure needs. As a result, the District has a limited amount of outstanding debt, and currently has no immediate need for the issuance of new debt or a related bond rating. While the District's Water Master Plan is a dynamic plan that may identify the need for external debt financing at a later time, the pay as you go approach is sufficient to meet the District's current financing needs.

Joint Financing Projects

Participation and Policies

On occasion the District does participate in joint financing activities. To the extent that a necessary capital project may provide multiple agency benefit, yet is cost prohibitive for a single entity, joint financing arrangements represent an attractive alternative funding tool for the District.

In 1980, the District became one of the participating agencies in forming the Water Facilities Authority (WFA). The WFA was formed for the acquisition and construction of facilities to treat and supply water to inhabitants within the boundaries of its members. This joint venture allowed the District to be a beneficiary of a major regional capital project that would not have otherwise been possible.

In addition to the WFA joint venture, the District continually analyzes its operational needs and current financial structure, to identify possible financial arrangements that may be beneficial.

Revenue Sources

Identification and Opportunities for Expansion

When identifying capital improvement plans, the complementary concern is how an agency will adequately fund such improvements in a reasonable and adequate method. Again, the development of a primary guidance document is essential in addressing these concerns. For further details of the District's revenue sources, refer to section above, under Finance Plans, Revenue Source.

IV. Cost Avoidance Opportunities

Purpose: To identify practices or opportunities that may help eliminate unnecessary costs.

Overlapping/Duplicative Services

The District is the sole water supply agency within its retail service area. Coupled with its regional water conveyance and groundwater production capacity to serve the city of Chino Hills and surrounding communities, the District is well positioned to effectively meet these service responsibilities. There are no overlapping or duplication of services within the District's retail and contractual wholesale service areas.

Joint Agency Practices

In providing these services, the District participates in joint agency practices in an effort to minimize operating costs while improving service reliability. Current joint agency operations include:

1. Water Facilities Authority (WFA). The WFA is a joint powers agreement between the cities of Chino, Chino Hills, Ontario, Upland, and the Monte Vista Water District. Collectively these agencies own and operate an 81- million gallons per day (mgd) water treatment facility located in north Upland. District ownership in the facility is 24 percent.

   The facility treats imported water for distribution to assist in meeting individual agency demands and to provide high quality imported water supplies for blending with local groundwater sources. Through its formation, significant cost savings have occurred through the construction and operation of a large regional facility in favor of the construction and operation of smaller individual agency water treatment facilities.

2. Chino Basin Watermaster. In 1978, the District stipulated to the Judication of the Chino Groundwater Basin (Case #RCV 51010). Through this process, a management entity was established for the Chino Groundwater Basin. The District is active in the management of the Chino Basin through voting membership in the Appropriative Pool and the Advisory Committee of the Watermaster.

   In 1998, District Board member Josephine Johnson was appointed to the newly established nine-member Watermaster Board. Director Johnson's term ended in January 2002. The District will be eligible again to appoint a member to the Watermaster Board in 2006.

3. Chino Hills Water Supply Agreement. In 1998, the District and the city of Chino Hills entered into an agreement for the delivery of up to 20.2 mgd of water to Chino Hills. Implementation of capital facilities required to meet agreement provisions created a fully integrated water supply system capability of meeting the needs of both agencies.

   Under this approach several benefits have occurred: 1) water treatment plant capacity, conveyance, and groundwater production facilities are shared by both agencies, eliminating or reducing the need for the construction of costly separate systems; 2) sharing of District general, administrative, and overhead costs; and 3) improved management of local groundwater resources.

Additionally, past District efforts to identify possible joint agency practices included a "Joint Consolidation Study" undertaken in 1996 by five water and wastewater service entities in the region "to develop and implement collaborative strategies maximizing product and service value for customers." Participating agencies included Monte Vista Water District, Southern California Water Company (Claremont area), and the Cities of Chino, Chino Hills and Montclair. The District/Chino Hills wholesale water supply agreement was an outcome of the study. Other key issues included a regional intertie project; beginning discussions on reclaimed water; private/public partnerships and enhanced groundwater management projects.

Another outcome of this effort was the creation of the West Chino Basin Coalition, a group made up of the majority of the study participants, who served as a lobbying entity to secure federal funding for regional seismic reliability studies, design and construction. Although funding was unavailable at the time (1998 – 1999), the group made important contacts with elected officials and their staff members, raising the level of awareness of the water and sewer infrastructure needs in the region at the federal level.

Rely on Other Agencies: Grant Programs

The District is actively involved in the application process for available grant funding both through individual efforts and through coordination with other local agencies, including the Chino Basin Watermaster and Inland Empire Utilities Agency. Recent funding received includes:

1. $100,000 Groundwater Recharge Feasibility Study from the California Department of Water Resources provided through Proposition 13 (Water Bond of 2000) in 2001-2002.

2. $112,000 grant from the California Energy Commission to fund two energy efficient projects to reduce peak electricity demands in 2001-2002.

In addition, the District participates with the Inland Empire Utilities Agency in the development of state and federal grant applications, in an effort to secure funding for implementation of regional recycled water landscape irrigation and groundwater recharge programs.

Growth Management Strategies: Conservation

The District coordinates, in cooperation with Inland Empire Utilities Agency and Metropolitan Water District, a number of activities to encourage water conservation. Over the past six years, 1, 658 low flow toilets have been distributed to residential customers, which has resulted in savings of 65 acre-feet per year or enough water for 130 families. This year a new program to retrofit multi-family units has resulted in over 400 low flow toilets installed in apartment units in the District's service area. In 2002, the District began offering home gardening classes for its customers that focused on water use efficiency for sprinkler systems; watering and fertilizing; landscape design and drought-resistance plant materials. The District participates in community events and distributes conservation materials, including business expos, school events, Earth Day celebrations, poster contests, etc.

Additionally, the District is a participating member of the Water Education Water Awareness Committee (WEWAC), made up of 13 water providers located within western San Bernardino and eastern Los Angeles Counties that offers teacher grants, a high school video contest, a

website, and participates in community events to promote water conservation. The joint efforts of WEWAC provide programs that would not be cost-effective for one individual agency to conduct.

Level of Service: Customer Needs and Satisfaction

Customer needs and satisfaction are determined by feedback obtained through several sources, but primarily through the customer service and the water quality departments. Water service complaints reported to the Department of Health Service in 2001 totaled 282. The majority of those complaints (157) were leaks caused by breaks or leaks in mainlines or individual service laterals. All reported problems were investigated and remedied by performing repairs using clamps and/or replacement of materials.

There were 48 pressure-related problems that were addressed by conducting flow tests to diagnose the problem and replacing the service laterals if appropriate. Water quality complaints registered were 77 and included categories of taste and odor, color, sand, milky or cloudy water, air and debris. Operators investigate every complaint and action is taken if appropriate, usually flushing of hydrants in the area. If warranted, operators make recommendations to customers for inspections of their internal housing plumbing systems to identify potential repairs or replacement.

V. Rate Restructuring

Purpose: Identify opportunities to positively impact rates without decreasing service levels.

Rates

As part of the budgeting process, the District's Board of Directors annually reviews and approves a five-year rate resolution setting forth commodity and service rates for the upcoming year. This rate resolution is based upon the policy decisions set forth as part of the long-term Financial Master Plan. In using a multi-year approach to setting rates, the District believes several benefits are provided:

1. An annual forecast of near-term rates for the District's customers covering a five-year period.
2. Modest rate adjustments over time thus avoiding the damaging impact of rate spikes.
3. A plan for reasonable service levels that do not vary from year to year, or place sudden and unforeseen demands on District financial and staffing resources.

As part of the establishment of its rate resolutions, the District actively solicits the participation and input from District customers. In this process, the District consistently attempts to explain the long-term financial planning used in the current rate setting process. Additionally, to ensure reasonableness, the District is acutely aware of water rates and charges levied by surrounding providers. The District then shares this rate information with its customers to demonstrate reasonableness of the District's rates with comparable providers. Typically, the District finds that its rates are among the lowest for comparable service in the regional area.

VI. Opportunities for Shared Facilities

Purpose: To evaluate the opportunities for a jurisdiction to share facilities and resources to develop more efficient service delivery systems.

The water supply agreement between the city of Chino Hills and the District presents model for facility sharing between agencies; pipeline conveyance, groundwater production, and treatment capacity is operated in a coordinated manner to meet the needs of both entities. Under this program, both agencies' long-term water supply costs and capital funding requirements will be reduced. In addition, given the District's existing regional water conveyance and groundwater production capacity and strategic location, the District is well positioned to effectively assist the city of Chino Hills and surrounding communities in meeting their long-term water supply needs. Joint-agency practices/operations currently under development include:

1. Construction and operation of a joint District/city of Chino groundwater production facilities at Palo Verde Street and Benson Avenue in the city of Montclair.

2. Groundwater injection feasibility study. In June 2001, the District was awarded a $100,000 grant from the California Department of Water Resources to study the feasibility of reactivating existing production wells for groundwater injection/extraction purposes. If successful, these facilities can operate in a manner to improve water quality and drought year water supply availability for the District and Chino Hills. The District is currently working with the city of Chino to incorporate city-owned facilities into this study.

3. The District, Cucamonga County Water District, Inland Empire Utilities Agency, and the cities of Chino, Upland, Ontario, and Pomona are currently developing a 100,000 Acre-foot groundwater storage program with Metropolitan Water District. Under this program, water stored in the Chino Basin would be produced during drought periods. District participation would include the production and distribution of stored water to help meet demand within several west-end agencies. The program would also provide facilities to address water quality and yield problems present within the western portion of the Chino Basin.

VII. Government Structure Options

Purpose: To consider the advantages and disadvantages of various government structures to provide public services.

The current governmental structure provides for the efficient and cost- effective delivery of retail and wholesale water service to the communities of Montclair, Chino, Chino Hills, and adjacent unincorporated areas. Operationally, the District's distribution system, groundwater production, and surface water treatment facilities are fully integrated to meet the demands throughout several communities.

In carrying out these services, the District participates in joint power authorities, infrastructure sharing or groundwater management entities formed to promote efficient water supply delivery. As evidenced above, the government structures presently in place and the legal authority provided the District under the State Water Code facilitate the efficient and cost-effective delivery water supply to a population of over 100,000.

VIII. Evaluation of Management Efficiencies

Purpose: To evaluate whether organizational changes to governmental structure can be made to improve the quality of public services in comparison to cost.

As a way of controlling operating costs, the District actively seeks opportunities to extend efficiencies in all areas of its operations, from District administration to pumping operations and distribution activities.

Training Opportunities

As an agency providing both retail and wholesale water service, the administration and operations of the District are specialized to some degree. In such an environment, training of staff is essential in providing a qualified and efficient public service. Being a member of various associations, the District is able to take advantage of consolidated training programs that increase the cost effectiveness of the District training program. Additionally, the District consults with other like agencies from time to time in an effort to identify common programs and resources. Such meetings occasionally lead to joint training sessions and sharing of common information.

Staffing Levels

The District has long emphasized the importance of employee productivity as a means of promoting operational efficiency. This emphasis is demonstrated in the fact that the District serves over 11,000 retail customers, and a wholesale customer who in turn serves 20,000 customers, with 33 full-time positions.

Technology

Billing Systems

One of the factors allowing the District to be efficient is the use of current technology. On a daily basis, technology is utilized in everything from account maintenance to service scheduling and production monitoring. This technology also allows the District to be able to administer certain programs for other agencies, such as utility tax collection, third party billing, and remote monitoring of all the District's production facilities.

Budget

The annual operating and capital budget is developed utilizing the District's Financial Master and Water Master Plans. The Financial Master Plan identifies a general framework for the long-term funding of both the operating and capital needs of the District. Refinement of this long-term plan occurs as part of the District's annual budgeting process.

Throughout the budget process, the District identifies the anticipated operating and capital expenditures, as well as the forecasted revenue structure for the upcoming two-year time frame. District staff works closely with the Board during this process to ensure that the adopted budget accurately reflects the broader policy decisions made by the Board. Particular attention is devoted to the analysis of year over year changes in the operating and capital budget, and the resulting impact on working capital reserves. This review allows the District to identify the impact of projected operating and capital budgets on the District's working capital reserves.

As part of the budget adoption process, the District actively solicits the participation and input from District customers, affected agencies, and other stakeholders. Through this process, the District consistently communicates the rigorous planning process used in drafting the annual budget and related rate resolutions.

Joint Powers Agreements

These have been previously described in Sections III and IV.

IX. Local Accountability and Governance

Purpose: To evaluate the accessibility and levels of public participation associated within the agency's decision-making and management processes.

Governing Body

Selection Process and Representation
A five-member Board of Directors, who is elected to overlapping four-year terms, governs the District. The Board of Directors is elected from the District at large at the State Consolidation Election of the odd numbered years in accordance with State Law.

Frequency of Meetings
The Board of Directors meets on the second and fourth Wednesday of each month. In addition, Board standing committees meet on a regular basis and include the Finance Committee, the Engineering Committee, the Personnel Committee, the Management Assessment Committee, and the Public Information Committee.

Governance

The Board of Directors operates under adopted bylaws that define the election of directors; procedures to address vacancies; election of officers; compensation of directors; duties and powers of the Board; committee structure; conducting of meetings; financial responsibilities; appointment of legal counsel, treasurer and general manager; boundaries and annexation; and ethical philosophy and standards. Directors receive certification in Board Management through the California Special Districts Association.

Brown Act Compliance
The District makes every effort to follow the strictest interpretation of the Brown Act. Board members, legal counsel, and staff take advantage of yearly Brown Act seminars to stay abreast of changes.

Number of Elections Over Last Decade
In the last 10-year period, the District has conducted 6 elections, one every 2 years.

Customer Feedback

Surveys
The most recent survey conducted to determine the effectiveness of the District was conducted in the fall of 2001 by The Dolphin Group, a public affairs firm, who surveyed 50 opinion leaders in the region. Findings reported that the District is "well perceived by local opinion leaders and

stakeholders and is viewed as being well managed, fiscally responsible and service oriented." Specific strengths and weaknesses were outlined with suggested programming to increase visibility in region and state.

Information is also obtained from customers, including communication with the Customer Service Representatives via phone or in person or obtaining feedback at neighborhood pre-construction meetings or at customer events, such as gardening classes or special events or from written communication.

Feedback from customers, written or verbal, is studied and evaluated carefully by appropriate staff members and appropriate action is taken if it is warranted. Appropriate feedback from District staff is provided to the customer who has a question, comment, or request. If an issue cannot be addressed at a given staff level, it is forwarded to the next higher level of management for evaluation and action.

Complaint Tracking
Complaints are forwarded to the appropriate department where they are acknowledged and heard. If appropriate action is required, the department follows through until the problem is resolved to the satisfaction of the customer, unless the situation is beyond the scope of the District's ability and responsibility.

If the problem cannot be resolved at the department level, it is forwarded to the next level of management for further study and resolution.

All water service and water quality complaints, written or verbal, are logged according to requirements of the Department of Health Services (282 complaints in 2001). Operators investigate the complaints and offer solutions to customers, including flushing hydrants and recommending that customers evaluate internal housing plumbing. (See previous Section IV Customer Needs and Satisfaction.)

Access

Hours
The District is open to the public Monday – Friday, from 8:00 a.m. to 5:00 p.m.

Newsletters
The District produces four customer bill insert newsletters annually: Winter, Spring, Summer, and Fall. It also publishes a newsletter targeted to water industry leaders and elected officials.

Website
The District has recently launched its new website: www.mvwd.org.

Media Coverage
The District's public information officer prepares and distributes news releases on a regular basis on various District activities to local newspapers. Over the past year, news articles mentioned Monte Vista Water District in over 40 published articles in three newspapers. Several major articles about District activities were published that came about through news releases or direct contacts with reporters. In addition, local chambers of commerce publish District news releases or articles from the District's newsletter in their monthly newsletters. News releases are also sent to water industry publications that have published articles about District activities.

Two paid advertisements were placed in a local newspaper in 2001-02, one in a special environmental tabloid insert and another in a special informational publication about the Inland Valley for distribution to subscribers and new residents in the region.

Cable/Public Access TV
The District uses cable or public access television services to promote special programs for customers (i.e. ultra-low flush toilet distribution, gardening classes, etc.).

Regular Progress Reports

Budget – Major Projects
Budget Workshop prior to Budget Approval
Mid-Year Budget Review
Internal Reviews

Operations
Water Master Plan
Financial Master Plan

Voter Participation
All workshops and meetings are noticed in compliance with The Brown Act. In addition, meetings of special interest (i.e. rate adjustments) are noticed in the legal section of the Inland Valley Daily Bulletin. The District also utilizes its newsletters as well as news releases to inform the public of items of special interest. When it became apparent that water rates would have to be adjusted in 2001 to cover the costs of electricity rate increases, the District sent a letter to all customers informing them about the impending increase and inviting them to attend the upcoming public hearings. A news release was sent to the local newspapers about the rate increase and public hearings that generated a headline story on the effects of the California energy crisis on water agencies. After the rate increase was approved, effective June 1, 2001, a notice was inserted in customer billing statements outlining the amount of the rate increase and information on the revision of the qualifications for the District's low income senior discount program.

Draft Resolution for the Monte Vista Water District Service Review/Sphere Update

Attachment 2

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

PROPOSAL NO.: LAFCO 2895

HEARING DATE: JULY 17, 2002

RESOLUTION NO. 2738

A RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF THE COUNTY OF SAN BERNARDINO MAKING DETERMINATIONS ON LAFCO 2895, A SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR THE MONTE VISTA WATER DISTRICT

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 his 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

Monte Vista Water District should be affirmed as it currently exists, as more specifically described in maps and legal descriptions on file in the LAFCO staff office; and,

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

1. **Infrastructure Needs and Deficiencies.** A comprehensive master plan was adopted by the District in June, 1998, setting forth recommendations for projects foreseen through 2025. A copy of this plan is maintained in District offices.

2. **Growth and Population.** The District provides wholesale and retail water service to a population of approximately 113,200 in the communities of Montclair, Chino, Chino Hills, and unincorporated areas in the vicinity of those cities.

3. **Financing Opportunities and Constraints.** The District receives a minor share of the general levy of property tax revenue, but the bulk of its revenue is derived from fees for service, as determined by the District Board of Directors.

4. **Cost Avoidance Opportunities.** The District is already participating in cost avoidance programs through joint agency practices, grant programs, water conservation programs, and other programs. These programs are more fully set forth within the District's documentation submitted for this review.

5. **Rate Restructuring.** The District annually approves a five-year rate resolution setting forth commodity and service rates for the upcoming year. The District actively solicits participation and comments from those affected by such rates.

6. **Opportunities for Shared Facilities.** The District has provided documentation related to this issue in response to this review, including information concerning its water supply agreement with the City of Chino Hills, its participation in various joint powers authorities, groundwater injection studies with other agencies, and groundwater storage programs.

7. **Government Structure Options.** Because the District overlays three cities, it is a regional agency and is deemed to be more efficient than three single-service agencies and therefore the regional service government structure is appropriate.

8. **Management Efficiencies.** The District has provided documentation on file in the LAFCO office and attached to the staff report which responds to this factor, and includes responses to such issues as training, staffing levels, applications of technology, and joint powers opportunities.

9. **Local Accountability and Governance.** The District has provided documentation on file in the LAFCO office and attached to the staff report which responds to this factor, and includes responses to such issues as the selection and meetings of the Board of Directors, Brown Act compliance, elections over the last decade, and customer feedback programs.

WHEREAS, pursuant to the provisions of Government Code Section 56425(h) the range of services provided by the Monte Vista Water District shall be limited to wholesale and retail water service, and such range of services shall not be changed unless approved by this Commission; 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 Monte Vista Water District. This sphere of influence update and service review have no potential whatsoever to change present or planned land uses within the District sphere, since no changes to the sphere of influence are contemplated.

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

No changes to the District sphere of influence are proposed or contemplated through this review. The District has adopted a master plan for service which addresses this issue, and is on file in the District office.

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

No changes to the District sphere of influence are proposed or contemplated through this review. The District has adopted a master plan for service which addresses this issue, and is on file in the District office.

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

No changes to the District sphere of influence are proposed or contemplated through this review. The Commission therefore determines that this factor of determination is not relevant to this review, as permitted by Government Code Section 56425.

5. **OTHER FINDINGS**

A. Notice of this hearing has been published as required by law in The Sun and the Inland Valley Daily Bulletin, 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.

WHEREAS, having reviewed and considered the findings as outlined above, the Commission affirms and upholds the sphere of influence for the Monte Vista Water District as it currently exists, and is depicted on maps and legal descriptions on file in the office of the San Bernardino Local Agency Formation Commission.

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 maps and legal descriptions on file in the LAFCO office, as being within the sphere of influence of the Monte Vista 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 Monte Vista 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, JAMES M. RODDY, 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 July 17, 2002.

DATED:

JAMES M. RODDY, Executive Officer

Response from Tom Dodson And Associates

Attachment 3

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

July 5, 2002

Mr. James M. Roddy, Executive Officer
Local Agency Formation Commission
175 West Fifth Street, Second Floor
San Bernardino, CA 92415-0490

Dear Jim:

LAFCO 2895 consists of a service review for the Monte Vista Water District(MVWD or 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 or the Sphere of Influence for the District. Based on the above proposal, it appears that LAFCO 2895 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. Since no projects are pending or will occur as a result of approving this review, no physical changes in the environment are forecast to result from approving the action before the Commission.

Without a potential for causing physical changes in the environment, I recommend that the Commission find that a Statutory Exemption applies to LAFCO 2895 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 2895.

Based on a review of LAFCO 2895 and the pertinent sections of CEQA and the State CEQA Guidelines, I conclude that LAFCO 2895 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 the CEQA process for this action. The Commission can approve the review and findings for this action and I recommend that you notice LAFCO 2895 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

1. THIS AND THE FOLLOWING DOCUMENT ARE THE SAME BUT DIFFERENT BRIGHTNESS