LOCAL AGENCY FORMATION COMMISSION
COUNTY FOR SAN BERNARDINO

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

PROPOSAL NO.: LAFCO 3150

HEARING DATE: September 28, 2011

RESOLUTION NO. 3143

A RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF THE COUNTY OF SAN BERNARDINO MAKING DETERMINATIONS ON LAFCO 3150 – A SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR THE BIG BEAR CITY COMMUNITY SERVICES DISTRICT (sphere of influence expansion by approximately 4,640 acres, reduction by approximately 3,550 acres, and affirmation of the balance of its existing sphere of influence, as shown on the attached map).

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

WHEREAS, a service review mandated by Government Code 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 the 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, a public hearing by this Commission was called for August 17, 2011 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 plans and proposed changes of organization, objections and evidence which were made, presented, or filed; it received evidence as to whether the territory is inhabited or uninhabited, improved or unimproved; and all persons present were given an opportunity to hear and be heard in respect to any matter relating to the application, in evidence presented at the hearing; and,

WHEREAS, at this hearing, this Commission certified that the sphere of influence update including sphere amendments is statutorily exempt from environmental review pursuant to the provisions of the California Environmental Quality Act (CEQA) and such exemption was adopted by this Commission on August 17, 2011. The Commission directed its Executive Officer to file a Notice of Exemption within five working days of its adoption; 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 Big Bear City Community Services District (hereafter shown as the "CSD" or the "District") shall be amended as shown on the map attached as Exhibit "A" to this resolution, defined as follows:

(1) Reduce the District's existing sphere of influence to exclude Area 1 (approximately 2,880 acres), Area 3 (approximately 30 acres), and Area 5 (approximately 640 acres);

(2) Expand the District's sphere of influence to include Area 2 (approximately 400 acres), Area 4 (approximately 320 acres), and Area 6 (approximately 3,920 acres); and,

(3) Affirm the balance of the District's existing sphere of influence.

WHEREAS, the determinations required by Government Code Section 56430 and local Commission policy are included in the report prepared and submitted to the Commission dated August 9, 2011 and received and filed by the Commission on August 17, 2011, a complete copy of which is on file in the LAFCO office. The determinations of the Commission are:

1. Growth and population projections for the affected area:

Land Use

Development in the San Bernardino Mountains is naturally constrained by public land ownership, rugged terrain, limited access, and lack of support infrastructure, as well as by planning and environmental policies which place much of the area off limits to significant development. Maximum build-out potential is substantially constrained by the slope-density standards and fuel modification requirements of the County General Plan Fire Safety Overlay.

According to the *Bear Valley Community Plan*, several issues set Bear Valley apart from other mountain communities, suggesting that different strategies for future growth may be appropriate. Among these are the preservation of community character and infrastructure. As for preservation of community character, residents feel that the high quality of life experienced in their neighborhoods today should not be degraded by growth and the subsequent impacts of traffic congestion, strains on infrastructure and threats to natural resources. The preservation of the community's natural setting, small town atmosphere and rural mountain character becomes important not only from an environmental perspective but from a cultural and economic point of view. The *Community* Plan further states that the Bear Valley area is faced with the potential for significant growth. Residents are concerned with the impacts that future growth and development will have on an infrastructure system they sense is already strained. The community's primary concerns center around water supply and traffic and circulation.

Within the study area, approximately 81 percent is designated Resource Conservation, nine percent is Single Residential (RS, RS-10M, RS-20M, and RS-1), seven percent Rural Living (RL, RL-5, RL-10, RL-20, and RL-40), two percent is designated Floodway, and the remainder of the land use designations comprises two percent (Special Development, Multiple Residential, Neighborhood Commercial, Service Commercial, General Commercial, Community Industrial, and Institutional). The commercial development within the CSD is generally located along Big Bear Boulevard (which connects between Highway 18 and SR 38).

Within the CSD's entire sphere, roughly 24% of the land is privately owned, 2% comprise of lake properties, and the remainder, 74%, is within the San Bernardino National Forest (owned by the federal government), which are devoted primarily to resource protection and recreational use.

Land Ownership Breakdown (in Acres)				
Big Bear City CSD	**Private**	**Public**	**Lake**	**Total Area**
Boundary	6,755	6,320	490	13,565
Sphere	115	12,800	0	12,915
Study Area Total	**6,870**	**19,120**	**490**	**26,480**

Population Projections

In general, the San Bernardino Mountains is one of the most densely populated mountain areas within the country, and is the most densely populated urban forest west of the Mississippi River. However, there is a large seasonal population component as well as a substantial influx of visitors to the mountain resort areas. In 2000, the estimated population was 11,698. The seasonal population and visitors are not reflected in available demographic statistics, which count only year-round residents. It is estimated that the seasonal factors can substantially increase the peak population. The population projections below encompass the developable territory within the community. Utilizing the 1.8% annual growth from the *Bear Valley Community Plan*, by 2030 the permanent population is estimated to reach over 19,000, a 40% increase from 2010.

2010	2015	2020	2025	2030
13,819	15,019	16,324	17,742	19,283

Sources: Big Bear City CSD 2010 Water Master Plan; County of San Bernardino 2007 *Bear Valley Community Plan* (citing Stanley R. Hoffman Associates, Inc.); LAFCO.
Notes: Does not include seasonal population or visitors.
Annual growth for population is anticipated at 1.8%.

2. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies:

Currently, the CSD is authorized by LAFCO to provide the functions of water, sewer, streetlighting, fire protection, solid waste, and park and recreation.

Water

Watershed

Bear Valley lies 6,750 feet above sea level at the eastern end of the San Bernardino Mountains. The watershed surrounding the valley encompasses roughly 38.5 square miles. The main ridges, to the north and south, are relatively steep and support peaks ranging from 8,000-10,000 feet elevation. The San Bernardino National Forest comprises 62% of the Big Bear Lake watershed. Average annual precipitation ranges from nearly 40 inches at the west end of the valley to 10-15 inches at the east end of the valley. Annual precipitation is highly variable and it is common to have long dry spells (3-8 years) between years with above average precipitation.

Groundwater basin

The Big Bear Valley groundwater basin lies within the San Bernardino Mountains, a transverse mountain range on the southern edge of the Mojave Desert. The basin is roughly 14 miles long from east to west and seven miles wide from north to south. There are two lakes in the middle of the basin: Big Bear Lake and the ephemeral Baldwin Lake. Big Bear Lake empties on the west into Bear Creek, which is a tributary of the Santa Ana River. Baldwin Lake sits in a local depression and does not empty to any other body of water. Big Bear Lake is unique among southern California populated areas in that it normally receives significant winter snowfall, averaging around 60 inches at lake level.

The water supply for the Big Bear area is produced mainly from springs on the periphery of the ground-water basin and wells drilled within the ground-water basin. To help meet water demand, the local water agencies have constructed new wells and are considering artificial recharge with reclaimed wastewater. To better manage the ground-water resources in the Big Bear Valley, there is a need to better understand the geohydrology of the ground-water basin.

Groundwater quality within the Valley groundwater basin is generally very good. As in many areas where granitic bedrock is a source for sediment, a calcium-bicarbonate water character is prevalent. Such character indicates good mixing of waters and rapid natural recharge. Water quality issues tend to be limited to fluoride and localized contaminant.

Big Bear Lake

Big Bear Lake is a man-made reservoir that was formed when a dam was built on Bear Creek in the early 1900s. Before that, the land beneath the reservoir was a marshy meadow that lay atop centuries of silt and sediment that had eroded from the surrounding mountainsides. The surface area of Big Bear Lake is approximately 3,000 acres and the reservoir holds nearly 73,000 acre-feet of water.

Big Bear Lake is listed on the U.S. Environmental Protection Agency's 303(d) list of impaired water bodies. Historical water quality data indicated that the lake and several of its tributaries are impaired for nutrients, sediments, pathogens, and trace metals. Beneficial uses in the lake, particularly recreation and aquatic habitat, were considered compromised by these pollutants as well as the spread of noxious and nuisance aquatic plants (Eurasian Water Milfoil and Coontail). Immediately after Big Bear Lake was added to the 303(d) list, the Santa Ana Regional Water Quality Control Board ("Regional Board") initiated a program

to develop and implement Total Maximum Daily Loads for pollutants of concern. A task force of local stakeholders was formed to support the Regional Board's effort.

According to the Water Quality Control Plan for the Santa Ana River Basin, known as the "Basin Plan," the prescribed beneficial uses for Big Bear Lake are: MUN, AGR, GWR, REC1, REC2, WARM COLD, WILD, and RARE. The first three uses relate to potable and agricultural water supply and groundwater recharge. Recreational uses include direct contact, such as swimming and fishing, and secondary contact, such as boating or water-skiing. The warm and cold designations refer to aquatic habitat for a variety of fish, invertebrates, vegetation, and wildlife. Wild and rare indicate supporting habitat for certain species. The Regional Board identified Big Bear Lake as water quality limited due to excessive nutrients and noxious aquatic plants.

Bulk Hauled Water

In areas that do not have access to a retail water provider or on-site wells, the hauling of domestic water is the sole means for domestic service. In Bear Valley, the use of hauled water as a means for water service primarily occurs in the Baldwin Lake area. In a joint letter to county planning and building departments in 2003, the California Department of Health Services and the California Conference of Directors of Environmental Health specify that, "bulk hauled water does not provide the equivalent level of public health protection nor reliability as that provided from a permanent water system or from an approved onsite source of water supply." This statement is based on five potential public health risks for hauled water:

1. The potential for contamination exists when water is transferred from tanker trucks to water storage tanks.
2. Storage tanks are often the source of bacterial contamination.
3. There is no assurance that licensed water haulers follow State guidelines at all times.
4. The future reliability of hauled water is susceptible to economic conditions.
5. There is generally a higher risk for contamination.

The letter further states that hauled water for domestic purposes should only be allowed to serve existing facilities due to a loss of quantity or quality and where an approved source cannot be acquired. A copy of this letter is on-file at the LAFCO office.

The County of San Bernardino recognizes the potential health hazards with hauled water. Future development will be restricted unless there is access to an individual well or domestic water system. Therefore, new development could not be approved without verification of access to a domestic water system. However, existing units without connection to a domestic water system or without individual wells on their property must rely on hauled water for domestic and other uses. County Code of San Bernardino Section 33.0623 (last amended in 1996) under Health and Sanitation and Animal Regulations reads:

> Water furnished by a domestic hauler shall not be used as a source of water by any public water supply system unless it has been demonstrated to DEHS [Department of Environmental Health Services] that there are no reasonable means of obtaining an acceptable quality and quantity of groundwater, and that water treatment methods have been approved by DEHS. Exception: During an officially declared state or local emergency, a public water system may utilize hauled water as a temporary source of supply.

Adherence to these parameters will limit new development within the Baldwin Lake area for the future as it has no current mechanism for providing an organized retail water system for water delivery.

Water Agencies

There are two active retail water providers for the valley, both public agencies: the CSD and City of Big Bear Lake ("City") through its Department of Water and Power ("DWP"). Neither of the agencies have access to supplemental water from the State Water Project. Those residents who live outside of a retail water agency have their own on-site methods such as wells or springs that are recharged annually by winter snows and rains. The yield from these sources will vary depending on the amount of snowmelt and rainfall.

There are two other public agencies authorized to provide water service in the Valley – County Service Area ("CSA") 53 and the Big Bear Municipal Water District ("MWD"). CSA 53 provides service only through the creation of zones and has formed Zone C which has been authorized water service (although Zone C to date does not provide retail water service). This Zone addresses the Fawnskin community southerly to the northerly boundary of the City of Big Bear Lake. The other public water agency, the MWD, does not engage in wholesale or retail water service. Rather, it is responsible for the overall management of Big Bear Lake to include recreational activities, lake stabilization, the water quality, and wildlife habitat. The MWD's mission of lake stabilization is accomplished through the implementation of a comprehensive water management plan which includes controlled lake releases combined with a water purchase contract to provide water to the water rights holder while minimizing demand on the reservoir.

The Bear Valley Mutual Water Company ("Mutual"), which owns the water rights to the lake, meets the water needs of its shareholders (Redlands-Highland citrus growers and the City of Redlands) primarily by diverting water from the Santa Ana River. When river flow is inadequate to meet its needs, Mutual can call upon water stored in Big Bear Lake, pump ground water from the San Bernardino ground water basin, buy State Water Project water from San Bernardino Valley Municipal Water District ("MUNI"), or reduce delivery to its shareholders.

LAFCO has reviewed the DWR report to the Legislature for the 2005 urban water management plans (Summary of the Status of 2005 Urban Water Management Plans, 31 December 2006), which identifies that the CSD did not submit a 2005 urban water management plan. For the 2010 update, the CSD has notified LAFCO that the CSD has contracted with Daniel B. Stephens and Associates, Inc. to prepare its 2010 Urban Water Management Plan. The CSD anticipates adoption by fall 2011, after the June 2011 required submission date.

Supply and Demand

The primary source of water supplied to its customers is groundwater derived from the Big Bear Valley groundwater basin. The current well water sources for the CSD include 11 active vertical wells, two inactive vertical wells, and two horizontal wells. The CSD currently maintains four storage tanks with a combined storage capacity of approximately 6.24 million gallons (19.1 acre-feet). This volume is equivalent to 5.6 days of present average daily demand and 2.9 days of present maximum daily demand.

The CSD provides potable drinking water within an eight square mile service area. The service area excludes a portion of Whispering Forest, Erwin Lake, Lake Williams, and all of Sugarloaf. The water system also supports fire suppression activities with water flows that range from 500 to in excess of 1,500 gallons per minute.

In 1995, the CSD entered into an agreement to provide emergency interties with the DWP. The interties consist of adjacent fire hydrants, one maintained by the CSD and the other by City, that are connected hydraulically, thus linking the two agencies. There are no formal agreements regarding water transfer. Each transfer is evaluated individually. According to the CSD, if the interties are sized appropriately and institutional arrangements are made, a more formal transfer program could be implemented.

A portion of the total connections serve institutional, commercial, and industrial customers. According to CSD staff, there were 5,795 (96.3 percent) residential connections and 220 (3.7 percent) non-residential connections as of September 2008. Applying the same breakdown of residential and non-residential connections to the 2030 projection for new connections yields 7,609 residential connections and 292 new non-residential connections.

Additionally, according to U.S. Census 2007 data, the residential vacancy percentage for the CSD was approximately 52.3 percent. In other words, an estimated 52.3 percent of CSD residences are occupied less than five days per month. Therefore, the CSD has the potential to experience a large change in demand if full-time occupancy increases, even if the number of service connections remains constant.

Improvements

The CSD's 2010 Water Master Plan focuses on evaluation of its sources of supply and storage, analysis of the existing water system (evaluating the physical aspects of the transmission and distribution system, including planned improvements), and provides hydraulic computer modeling of the system. Based on the conclusions of the Master Plan, several recommendations are presented. With respect to proposed artificial recharge operations, natural recharge to the east portion of the Big Bear Valley groundwater basin appears to be adequate to meet the demands projected for the CSD service area. Therefore, artificial recharge according to the Master Plan is not recommended at this time.

To address existing deficiencies in the system, a suite of primary capital improvements are recommended. Over the course of the time period through 2030, the estimated costs for these improvements would total $16.2 million (2008 dollars). The primary recommended capital improvements by the Master Plan include the following:

- Replace 10.2 miles of pipeline.
- Install new water meters with an automated meter reading device (fixed network).
- Replace 5 booster pumps to improve pumping capacity.
- Upgrade 11 booster pumps to increase efficiency.
- Equip Well 3B with pump and motor to increase capacity.
- Rehabilitate and maintain wells.
- Enhance fluoride blending pipeline.
- Construct fluoride treatment facility (if necessary).
- Conduct additional studies.

A suite of secondary improvements are also recommended to support development. Secondary recommended capital improvements, which would be required to support new development, in-fill development, or redevelopment, are estimated to cost $9.6 million (2008 dollars); much of this cost could be borne by developers. These secondary recommendations would include:

- Replace 4.1 miles of pipeline.
- Establish new pressure zones.
- New gravity storage
- Tanglewood and Abbott Booster Station reconfiguration
- Zone boundary reconfiguration
- New gravity storage
- New booster station
- Install new fire hydrants

Water Rates

The residential retail water rates of the two retail water providers in the Bear Valley are identified in the chart below.

Residential Water Rate Comparison (July 2011)
(rates measured in units, or one hundred cubic feet)

Agency	Water Use Rate				Monthly Meter Charge (3/4" Meter)	Monthly Avg. Cost (20 units of water)
	Tier One[1]	Tier Two	Tier Three	Tier Four		
City of Big Bear Lake – Department of Water & Power	$2.45	$3.40	$5.07	$8.36	$81.32	$110.72
Big Bear City CSD	$1.48	$1.86	$2.21	--	$40.04	$69.64

Rates rounded to the nearest hundredth
[1] Service Charge base rate includes 8 units

Sewer

The Big Bear Area Regional Wastewater Agency ("BBARWA") is a joint powers authority formed for the purposes of planning and constructing sewer improvements to serve the member entities' service areas, obtaining State and Federal Clean Water grants, financing the local share of project costs, and operating the regional facilities. The member agencies are the CSD, the City, and the County of San Bernardino on behalf of CSA 53 Zone B.

Each member agency maintains and operates its own wastewater collection system and delivers wastewater to BBARWA's interceptor system for transport to the wastewater treatment plant. The purpose of the plant is to treat sewage flows from the member agencies and to accept septic waste from residents and businesses, which are not served by a collection system. The treatment plant currently operates at about 2.5 million gallons per day. The effluent is discharged to farm lands in Lucerne Valley and the sludge is collected, dewatered, and hauled to disposal facilities off the mountain.

The CSD provides wastewater collection service to Big Bear City and in the areas known as Sugarloaf, Erwin Lake, Whispering Forest, and a portion of Moonridge. The existing CSD collector system consists of approximately 132 miles of gravity sewer pipeline, 2,791 manholes, seven sewage lift stations (six of the lift stations are of dry-well design and one of wet well-submerged pump design) and associated force mains.

The CSD collects and transports wastewater to the BBARWA treatment plant for processing and disposal. Average daily influent flow to BBARWA is 832,096 gallons per day. Influent flows from the CSD are treated at BBARWA and the effluent is transferred to an alfalfa farm in Lucerne Valley. The CSD serves as a collection agent in its geographical area for certain revenues of BBARWA, which include connection fees, usage fees and standby fees.

The CSD projects that connections will reach roughly 12,500 connections by 2021, which would be 80% of the saturation count for connections, as shown on the chart below taken from the Sewer Master Plan.

TABLE 2-3: BBCCSD - PROJECTED CONNECTIONS AND FLOW FOR NEXT 20 YEARS

Year		2001	2011	2021
Estimated EDU:		10,732	11,686	12,500
Near Saturation EDU Count:		15,544	15,544	15,544
Current EDU/ Sat EDU Ratio:		69%	75%	80%
Dry Weather Flow:				
Average Flow:	(GPD)	939,050	1,022,525	1,093,750
	(MGD)	0.94	1.02	1.09
Peak Flow	(GPD)	2,380,131	2,569,555	2,729,948
	(MGD)	2.38	2.57	2.73
Unit Flow For Model (GPD/EDU)		153.03	164.91	174.72
Wet Weather Flow:				
Average Flow:	(GPD)	1,459,552	1,589,296	1,700,000
	(MGD)	1.46	1.59	1.70
Peak Flow	(GPD)	3,538,551	3,820,169	4,058,624
	(MGD)	3.54	3.82	4.06
Unit Flow For Model (GPD/EDU)		227.51	245.18	259.75

To meet long term water supply requirements, water reuse (wastewater reclamation) will be an important component in addition to the current practice of pumping all of the required water from groundwater wells. Purchasing imported water (such as State Project Water) as exchange for water rights in Big Bear Lake will be substantially more expensive and will require extensive reviews, development of treatment facilities, and establishment of various agreements, as well as inclusion within the boundary of a State Water Project provider. This action would be necessary if State Water Project water was to be delivered to the area as it cannot leave the boundaries of a State Water Project provider.

The potential initial uses for reclaimed water within the CSD service boundary include landscape irrigation (parks and schools etc.) and groundwater recharge. Irrigation practices with reclaimed water are restricted to minimize surface runoff. Effluent water quality

requirements included in the reclamation permits are established based on the water quality objectives established by the regional water quality control board for the groundwater basin.

Sewer Rates for Fiscal Year 2011-12:

AGENCY	SEWER SERVICE FEE
Bear Valley Community	
City of Big Bear Lake	$31.10 monthly service charge; plus $373.14 per served parcel on tax roll for BBARWA charges and other City sewer related charges $62.20 is the monthly charge
Big Bear City CSD	$119.29 annual system maintenance charge* $173.76 annual BBARWA treatment charge* $24.42 is the monthly charge
CSA 53B	$54.19 monthly service charge
Other Mountain Providers	
Lake Arrowhead CSD	$44.16 monthly service charge
CSA 79	$61.40 monthly service charge
Running Springs Water District*	$27.45 plus 15% of water usage $3.00 wastewater pollution control plant loan repayment
*Place on individual property tax bill annually	

Fire Protection

Bear Valley is protected from fire and disaster by four different full-time fire protection agencies, which include:1) the Big Bear Lake FPD, which generally serves the City; 2) the Big Bear City Community Services District ("CSD"), which serves the east end of the valley; 3) the San Bernardino County Fire Protection District ("County Fire") and its Mountain Service Zone, which overlays the entire Valley area excluding the City and the CSD's territory but primarily serves the community of Fawnskin and the rest of the North Shore area; and 4) the U.S. Forest Service protecting the surrounding federal forest land for wildland fire purposes. All four agencies provide mutual aid to each other upon request.

Wildland fires are under the jurisdiction of the California Department of Forestry and Fire Protection (Cal Fire) and the U.S. Forest Service, both not subject to LAFCO jurisdiction. Agencies providing fire related information are the Mountain Area Safety Taskforce (a coalition of local, state and federal government agencies, private companies and volunteer organizations in San Bernardino County working together to help prevent catastrophic wildfires) and Fire Safe Council, which provides resources for establishing and maintaining Fire Safe Councils, such as the FSC Handbook, nonprofit and funding information in California.

The CSD provides fire suppression, medical emergency response, hazard mitigation, fire prevention, investigation, and related special services. These services are provided within a service area of 21.13 square miles, with an additional responsibility of paramedic and ambulance transport services to an operating area of 258 square miles. Single-family residential structures make up approximately 92% of the developed properties in the CSD,

with commercial structures making up the remaining eight percent. Two fire stations and 21 pieces of apparatus, 29 full time fire fighters with 14 paid-call fire fighters, support the fire operations.

Fire Stations	Fire District /Agency	Area Served	Equipment	Personnel (number and title)	EMT Response Capabilities	Availability of ambulance services	Nearest Medical Facilities
Big Bear City Station #291	Big Bear City Community Services District	Big Bear City, approx. 21 square miles	3 type 1 engines, 1 type 3 engine, 1 Water Tender (WT), 1 rescue squad, 5Advanced Life Support (ALS) ambulance, 1 snow cat	1 fire chief, 2 div chiefs, 3 captains, 6 engineers, 12 firefighters, 15 Paid Call Firefighters (PCF) and 1 paramedic.	34 staff	5 available	Bear Valley Community
Big Bear City Station #292	Big Bear City Community Services District	Big Bear City					

A special fire prevention and protection tax was approved by the voters of the CSD on June 8, 1999 which is included on property tax bills in the amount of $113.13 for each improved parcel, $83.96 for each mobile home and $54.78 for each unimproved parcel in the District, resulting in a 3.18% increase for fiscal year 2010/11. In January 2008, the Board approved a Community Facilities District ("CFD") for new development to augment funding for future fire department facilities and personnel. Based upon the effects of the recession, according to the CSD, there have been a couple of annexations for lot splits but the property owners have not applied for building permits, which is the qualifying event for CFD taxation. Consequently the CSD has not seen any tax revenue from the formation of the CFD and it does not have a separate budget.

The CSD has provided fire protection to the Baldwin Lake area by contract since 1998. The contract has no sunset date. The CSD has mutual aid and automatic aid agreements with surrounding emergency response agencies. The CSD and the Big Bear Lake FPD have a cooperative duty officer rotation system that makes a chief officer available 24 hours a day for both agencies. By action taken in July 2011, the CSD and Big Bear Lake FPD share a Fire Chief, with specific financial arrangements for sharing all costs.

Vegetation management continues to consume a great deal of time for department administrative staff. A goal of the CSD is to continue the promotion of property owner responsibility through community out-reach programs designed to engage the property owner to create defensible space around structures. Currently, through the use of grant funding, the CSD is offering curbside chipping to further assist the home owner with vegetation removal. The CSD continues to provide service to the community within the available revenue.

The CSD has identified that the following services are currently provided:

- Fire Suppression: Structural and Wildland
- Emergency Medical Response (Paramedic and Non-Paramedic)
- Victim Rescue
- Ambulance Transport Services
- Fire Investigation
- Fire Prevention
- Plan Review

- Public Safety Education

Services are provided from two 24-hour staffed fire stations. The CSD employs 28 full time personnel in the following positions: Fire Chief, EMS Coordinator, Training Captain, Fire Prevention Officer, 21 Fire Suppression Personnel assigned to three shifts, Safety Compliance Coordinator, two Administrative Assistants, EMS Accounting Clerk, full-time staff is complimented by Twenty Paid-Call Firefighter Positions.

Training for all full-time personnel is scheduled around NFPA guidelines for a minimum of 240 hours per year with most personnel achieving 250 hours or more and is scheduled throughout the year over approximately 270 training days. Training elements consist of but not limited to Emergency EMS Services, Urban/Wildland Firefighting, Technical Rescue, Driver Operator, Fire Fighter Survival and Hazardous Materials Response.

All fire suppression personnel are trained and maintain either an Emergency Medical Technician or Paramedic level certification that requires a minimum of 24 to 48 hours of yearly training per State/ICEMA requirements. Additionally, all fire personnel are required to achieve their State Fire Marshal [CSFM] Fire Fighter II and are encouraged to receive a State Fire Marshal [CSFM] State Fire Officer certification, as well as a State Fire Marshal [CSFM] Chief Officer certification as classes become available.

The paid-call firefighters must maintain a minimum of 70 hours fire training per year along with an Emergency Medical Technician certification similar to any full time firefighter. Paid-call firefighters can receive their State Fire Marshal [CSFM] Firefighter 1 certification and are highly encouraged to complete the State Fire Marshal [CSFM] Firefighter 2 certification program.

The CSD has a dedicated fire training facility comprised of a three story fire simulation building, fire behavior container, natural gas live fire, and rescue and ventilation props along with a 35 seat multi-media classroom. The facility serves as a training center for other fire agencies within the area as well including Big Bear lake Fire Protection District, San Bernardino County Fire and the United States Fire Service.

The CSD supports and provides training for a volunteer organization designed to help themselves and others in a time of crisis called Community Emergency response Team (CERT). CERT is a positive and realistic approach to emergency and disaster situations where citizens may initially be on their own and their actions can make a difference. While people will respond to others in need without the training, one goal of the CERT program is to help them do so effectively and efficiently without placing themselves in unnecessary danger.

The CSD responds to over 3,000 calls per year on average. Approximately 80% of responses are for medical emergencies.

Ambulance

In the Bear Valley community, ambulance and paramedic services are provided by the CSD. Since 1988, the County of San Bernardino Board of Supervisors has authorized the implementation of ambulance provider Exclusive Operating Areas (EOAs) as authorized by Sections 1797 et seq. of the Health and Safety Code. The local emergency medical services agency for San Bernardino County to define EOAs is the joint powers agency known as the

Inland Counties Emergency Medical Agency, or "ICEMA". EOA 20 encompasses approximately 258 square miles. An estimate of 2005 population for the EOA is roughly 20,000 persons, which can reach up to 50,000 during peak recreational and tourism times.

The CSD is required to provide ambulance service within its EOA as defined by the memorandum of agreement with ICEMA. The District's assigned EOA goes well beyond its actual boundaries. This requires CSD to provide ambulance and paramedic services outside of its boundaries to areas that do not contribute property tax revenues to the CSD. In order to recover these costs, the district charges for its services directly to the recipient. The ambulance transport and emergency management services fees are established annually by the County Board of Supervisors. In the aggregate, this circumstance results in a continual drain on resources dedicated for ambulance services. This concerns LAFCO since the shortfall is funded by revenues generated by residents and property owners of the CSD; however, there is no LAFCO solution to this issue because the formulation of the EOA boundaries is through ICEMA. The CSD states that it has entered into this obligation freely and that the vast majority of the EMS call volume originates within the Bear Valley Community and does not cause significant displacement of ambulance services. A great portion of the ambulance EOA is rural/wilderness areas which represent a small percentage of the overall EOA response volume. The CSD further states that the revenue generated from the ambulance transport service offsets the cost of approximately three personnel on a daily basis, which such staffing is available to the entire Bear Valley community for a large majority of the time. The Commission has suggested that at a minimum, in case ambulance transport service revenues are not adequate, consideration of an automatic aid agreement, which includes the transfer of funds for service, should be considered by the Bear Valley community agencies.

The CSD has experienced a stable number of fire responses and other non-medical responses. Emergency medical responses, however, have increased. Prior to 2006, Big Bear Lake FPD ran one ambulance. A large part of the 40 percent increase in medical calls from 2005 to 2006 is the result of the Big Bear Lake FPD discontinuing this service and the CSD assuming the responsibility.

While the CSD responds to all types of demands for emergency services, requests for emergency medical assistance is the most frequent. The CSD's current response goals call for fire suppression activities to commence within six minutes of dispatch 73 percent of the time and within a nine minute timeframe 90 percent of the time. Response time goals for EMS calls are specified by the San Bernardino County Ambulance Service Area standards.

Streetlighting

Within the Bear Valley, streetlights are provided by the City of Big Bear Lake, the CSD, and CSA 53 Zone A, within their respective service area. Bear Valley Electric owns the streetlights and responds to problems, and the agencies provide for payment of the utility costs associated with the individual lights.

The District has identified and provided verification from Bear Valley Electric that it provides service for 18 streetlights.

The streetlights are classified as all night service (activated from dusk until dawn). Bear Valley Electric owns the streetlights and responds to problems, and the CSD provides for payment of the utility costs associated with the individual lights. There are no plans at this

time to increase the number of the streetlights. The future need for streetlights will increase if the population grows, dependent upon the implementation of the County's Night Sky Ordinance, which is applicable in the Mountain region. The purpose of the Night Sky Ordinance is to encourage outdoor lighting practices and systems that will minimize light pollution, conserve energy, and curtail the degradation of the nighttime visual environment. The implementation of this ordinance points toward a limitation of the number of streetlights for the future and may limit them to commercial areas of the community only.

Solid waste

The CSD services approximately 11,500 customer accounts providing refuse collection, disposal and recycling services during Monday through Saturday. A fleet of seven refuse-hauling trucks and four support vehicles sustain department operations. Also, a curbside recycling program is now available to the CSD customers. The CSD rate for solid waste service is $116.58 per year for residential pickup and $85.00 per month for commercial bins, with an additional tiered usage fee imposed by the County's Solid Waste Management District. The annual costs are placed on the tax roll and paid through the County's Tax Collector to the District.

Park and Recreation

The natural setting, which includes open space, recreational areas and natural resources, is the contributing factor to the rural mountain character. The area's natural features including lakes, streams, vegetation, wildlife, topography, rock formations, etc. are regional assets that are highly valued by residents of the area and by visitors. Much of the local economy is based on the attraction of these natural resources.

The ski resorts offer opportunities for skiing and snowboarding during the winter and early spring seasons and mountain biking, hiking, and other recreational activities during the rest of the year. Big Bear Lake provides opportunities for fishing and water sports during the spring, summer and fall. The National Forest provides additional opportunities for outdoor recreation, such as hiking and camping. The Bear Valley community is completely surrounded by the San Bernardino National Forest. The community contains the Snow Summit and Bear Mountain ski/resort areas, Big Bear Discovery Center, Big Bear Solar Observatory, Moonridge Zoo, a number of campgrounds, organization camps and hiking trails, Big Bear Lake, Baldwin Lake, Erwin Lake and Lake Williams, all of which draw tourism to the area in the winter and summer months.

The CSD neither actively operates any parks nor provides any recreational activities for the residents within its boundaries. The CSD's website provides information on the other services that it provides, but it does not include any information on parks.

The CSD does, however, own three parcels of land that are set aside for what is classified as "passive recreational pursuits". These park activities were the justification for retention of park powers by the CSD in 2007.

- The first parcel of land is a Xeriscape Demonstration Garden. The Garden contains plants that are drought tolerant and recommended for landscaping in the Bear Valley. Included in the Garden are a picnic table and walking path.

- The second is located adjacent to the CSD fire station on a parcel of CSD owned land where the CSD holds holiday events such as Christmas tree lighting.

- The third property is ten acres and is shown on County Surveyor maps as a wildlife habitat reserve. The land was set aside to protect the Checkerbloom; a plant listed on state and federal Endangered Species List. This land is set aside as a result of a mitigation declaration, and will remain as open space forever regardless of ownership. Presently, the CSD owns the land, but according to the CSD, it could transfer to the County in a future land trade. In return, the CSD would acquire the Big Bear City Park. The park has a baseball diamond, playground, picnic area, clubhouse, and a museum. No additional plans or funding mechanisms were provided to LAFCO regarding the potential park.

The Big Bear Valley Recreation and Park District ("Park District") has plans to construct a new park, called Paradise Park. This park would be a 5.48 acre park at the east end of the valley on land that is owned by the CSD. Plans include passive park areas, skate park, tennis court, basketball court, volleyball court, and a dog park. The CSD has agreed to lease the property to the Park District for $1.00 per year for 40 years, with an option for the Park District to extend the lease for an additional ten years. Through the lease, both districts are partnering to develop a new park to replace the loss of recreational acreage at Bear City Park due to its location within the Big Bear City Airport runway protection zone. Should the Park District not receive a Proposition 84 grant to construct the park and cannot secure other funding by April 30, 2012, the CSD will have the right to terminate the lease.

LAFCO staff participated in the District's February 7, 2011 meeting regarding the duplication of park service and the potential for LAFCO recommending removal of the District's park powers. At the time, District representatives identified their desire to maintain the function and service due to questions about the Park District's ability to develop Paradise Park and questions of ongoing finances for operation and maintenance once built. Further, the CSD indicated that if the Park District was unable to develop the park, the CSD was committed to developing the facility for the benefit of its constituents.

3. Financial ability of agencies to provide services:

The Commission has reviewed the District's budgets and audits, State Controller reports for special districts, and County filing records.

General Operations and Accounting

The CSD operates with a general fund and three enterprise funds.

The General Fund is used to account for all of the services of the District other than those specifically relating to the District's enterprise funds. These general services represent primarily fire protection, emergency medical services, and streetlights. The District accounts for all proprietary funds as major funds.

The Enterprise Funds are used to account for the costs (including depreciation) of providing water, sewer and solid waste services to the general public and to account for the user charges by which these costs are recovered.

Net Assets and Fund Balances

In reviewing the financial documents, the District has been operating with an annual positive change from FY 2006-07 through FY 2008-09, as shown on the chart below. For FY 2009-10, net assets of the District's governmental activities decreased by $74,724, representing 1.3% of total net assets. This was primarily due to a year over year drop in total general revenues of $64,924 resulting from the negative effects of recession and housing market to include a reduction in property tax receipts. As of June 30, 2010, the CSD had $33.3 million in net assets. Not including capital assets value and debt, the District had roughly $12.6 million in unrestricted net assets.

	2006-07	2007-08	2008-09	2009-10
Net Assets				
Invested in capital assets – net of related debt	20,194,122	20,243,795	21,184,615	20,707,288
Unrestricted	11,742,577	12,885,644	12,293,036	12,583,036
Total Net Assets	**$31,936,699**	**$33,129,439**	**$33,477,651**	**$33,290,324**

Considering net assets does not indicate if an agency has enough cash and cash equivalents to fund short and long-term operations. In looking at the District's fund balance, the same trend occurs as for net assets – an increase from FY 2005-06 through FY 2008-09 with a decrease in FY 2009-10 (decrease of $105,313). Even with the decrease in fund balance for the last fiscal year, overall the District's fund balance has increased by 23% since FY 2006-07.

	2006-07	2007-08	2008-09	2009-10
Fund Balance	$3,183,271	$3,722,585	$4,037,907	$3,932,594

At the end of the fiscal year, unreserved fund balance for the General Fund was $3,932,594. As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 77 percent of total General Fund expenditures.

In the FY 2011-12 Budget, Reserves are estimated to be the following through the end of the year at June 30, 2012:

Water $2,686,983 ($250,000 as Emergency Operating & Contingency, or 8.8% of appropriations)

Sewer $3,947,321 ($382,000 as Emergency Operating & Contingency, or 9.5% of appropriations)

Solid Waste $1,343,202 ($15,000 as Emergency Operating & Contingency, or 0.7% of appropriations)

Fire $1,421,155 ($15,000 as Emergency Operating & Contingency, or 0.2% of appropriations)

General Fund $ 472,750 ($20,000 as Emergency Operating & Contingency, or 1.3% of appropriations)

Revenues and Expenditures

The CSD receives revenue from the following: water, sewer and solid waste service fees; property tax; emergency medical service fees; water and sewer connection fees; and standby charges. Real property values have declined as a result of foreclosures and short-sale activity coupled with property owner requests for temporary reductions in assessed valuation under Proposition 8. These factors were anticipated by the CSD and resulted in a reduction of $137,360 in property tax receipts. Charges placed on land owners' property tax bills are as follows:

- Sewer
  - Annual CSD (System Maintenance) $119.29
  - Big Bear Area Regional Wastewater Agency - BBARWA (Wastewater Treatment) $173.76

- Trash - Annual Curbside Collection $116.58

- Water Standby (applies only to property within water service area) -- This fee provides for water main line maintenance, capital improvement and debt service funding.
  - Improved property: $30.00 per year
  - Unimproved property: $40.00 per year

- Sewer Standby (applies only to un-served/vacant property within sewer service area) -- This charge is collected by the District, on behalf of BBARWA, and provides for future capacity at the treatment plant. $20.00 - $30.00 per parcel per year depending on parcel size.

- Fire Suppression: This fee provides for fire stations, equipment, and manpower to maintain a full-time fire department.
  - Improved residential property: $113.13 per year
  - Unimproved property: $54.78 per year
  - Mobile home: $83.96 per year

Salaries and benefits (Personnel: Water – 9, Sewer – 8, Solid Waste – 11, Fire – 33) and operations and maintenance comprise the majority of the District's expenses. For the current fiscal year, Fire and Emergency Medical Services expenditures increased by $288,803 primarily due to salary and benefit increases pursuant to the Safety Employee Memorandum of understanding expiring 6/30/11. Additional significant one-time expenses include completing sewer line repairs in the amount of $133,588 and the purchase of two ambulances for a total of $205,235.

The chart below, taken from the FY 2009-10 financial statements, shows the revenue and expenditure categories with respective amounts. In looking at the past five financial statements, the types of revenues and expenditures have generally remained constant in percentage terms.

	Original Budget	Final Budget	Actual
Revenues:			
Property taxes	$ 1,980,500	1,980,500	1,972,556
Fire prevention and protection tax	1,425,000	1,425,000	1,473,996
Ambulance service charges, net	1,350,000	1,350,000	1,489,450
Interest	39,375	39,375	19,167
Life Care	48,000	48,000	53,739
Cost recovery and other income	14,000	14,000	12,647
Total revenues	4,856,875	4,856,875	5,021,555
Expenditures:			
Salaries and benefits	4,187,276	4,187,276	4,145,060
Utilities	43,000	43,000	49,170
Insurance	22,000	22,000	23,103
Training, memberships and dues	29,000	29,000	26,668
Vehicle expenditures	120,000	120,000	136,662
ICEMA agreement	8,000	8,000	6,158
General services	197,724	197,724	194,569
Capital expenditures	323,716	353,793	314,320
Operating expenditures	237,000	237,000	231,158
Total expenditures	5,167,716	5,197,793	5,126,868

The chart above identifies a shortfall of $105,313 for the year. As stated in the review of the District's net assets and fund balance, this is primarily due to a year over year drop in total general revenues of $64,924 resulting from the negative effects of recession and housing market to include a reduction in property tax receipts.

Long-Term Debt

As of June 30, 2010, the CSD's long-term debt totaled $426,380 comprised of a retrofit loan and a bank loan, as shown on the figure below. During the fiscal year, the CSD paid off a 1996 refund bond. The proceeds of the original issue were restricted to the construction cost of a fluoride blending facility. The second figure indentifies that the retrofit loan is scheduled to mature in FY 2011-12 and the bank loan will mature in FY 2014-15.

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year	Due Beyond One Year
Business-type activities:						
Certificates of participation:						
1996 Series Z Refunding	$225,000	-	(225,000)	-	-	-
Less deferred refunding charge	-	-	-	-	-	-
Subtotal - COP	225,000	-	(225,000)	-	-	-
Loans payable:						
Retrofit loan	107,537	-	(34,632)	72,905	35,833	37,072
Citizens Business Bank loan	588,869	-	(97,820)	491,049	101,741	389,308
Subtotal – Loans payable	696,406	-	(132,452)	563,954	137,574	426,380
Total	$921,406	-	(357,452)	563,954	137,574	426,380

	Retrofit Loan		Citizens Business Bank Loan	
Fiscal Year	Principal	Interest	Principal	Interest
2010-2011	35,816	2,204	101,741	18,495
2011-2012	37,089	963	105,821	14,416
2012-2013	-	-	110,063	10,173
2013-2014	-	-	114,476	5,760
2014-2015	-	-	58,948	1,170
Total	72,905	3,167	491,049	50,014

Other Information

In reviewing the District's budgets submitted for this review, the budgets do not include at least one year's worth of actual financial data, as recommended by the *Best Practices* of the Government Finance Officers Association. The Commission recommends that the District include at least one year's worth of actual financial data in its budgets.

Government Code Section 26909 requires all districts to provide for regular audits; the District conducts annual audits and meets this requirement. Section 26909 also requires districts to file a copy of the audit with the county auditor within 12 months of the end of the fiscal year. According to records from the County Auditor, the last audit received was in January 2011 for FY 2009-10.

The District contributes to the California Public Employees Retirement System (PERS), a multiple-employer public employee defined benefit pension plan. PERS provides retirement, disability benefits, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. A review of the financial statements identifies that the CSD has a zero net pension obligation for safety and general employees.

Additionally, the CSD provides an annual Other Post Employment Benefit (OPEB) to eligible retirees and their spouses by providing medical insurance benefits. The CSD's Annual Required Contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2010 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
6/30/10	$457,606	50.8%	$225,042

As of June 30, 2010, the actuarial accrued liability for benefits was $4,928,307 all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was $4,932,258 and the ratio of the unfunded actuarial accrued liability to the covered payroll was 99.9 percent.

4. Status of, and opportunities for, shared facilities:

Fire Station 292 is on land leased from the Park District for $1 annually. The station is located at an intersection which provides ready response in several different directions.

The Big Bear Valley Recreation and Park District has plans to construct a new park, called Paradise Park. This park would be a 5.48 acre park at the east end of the valley on land that is owned by the CSD. The CSD has signed a lease for the property with the Park District for $1.00 per year for 40 years, with an option for the Park District to extend the lease for an additional ten years.

The District's slant wells are located on U.S. Forest Service property approximately 3,000 feet north of the north end of Wendy Avenue.

The City of Big Bear Lake Department of Water and Power ("DWP") and the CSD are mutually working on a project that would interconnect the water systems. The project would allow the CSD to bring a high-volume well online and would return water plus a surplus to the DWP through interconnect. Preliminary engineering costs for that project have been approved by the DWP board in the FY 2011-12 budget. The CSD has included a match in its budget for engineering.

5. Accountability for community service needs, including governmental structure and operational efficiencies:

Local Government Structure and Community Service Needs

The CSD is an independent special district governed by a five-member board of directors. Members are either elected by the electorate at the November consolidated election in even

numbered years or are appointed in-lieu of election by the County Board of Supervisors to four-year staggered terms. The November 2010 election had 6,108 registered voters with a 67% turnout. The current board, positions, and terms of office are shown below:

Board Member	Title	Term
Jeff Newsome	President	2014
John Green	Vice President	2014
Karyn Oxandaboure	Member	2012
Larry Walsh	Member	2012
Paul E. Terry	Member	2012

Regular Board Meetings are scheduled at 5:30 p.m. on the first and third Mondays of each month at the CSD office. The CSD maintains a website (bbccsd.org) and a second website for its fire activities (bigbearcityfire.org).

The personnel structure of the CSD is unique, in that there are three individuals who report directly to the board of directors: interim general manager, fire chief, and chief board advisor.

The individual employed as the interim general manager also acts as the CSD's water superintendent and generally reports on water, sewer, streetlights, solid waste, parks and recreation and general district matters. The fire chief reports on fire protection, related services, and ambulance. The individual formerly employed as the general manager is now employed as the chief board advisor to provide operational and financial advice (in conjunction with the District's Finance Officer) and analysis directly to the board.

Operational Efficiencies

Operational efficiencies are achieved through the following:

- The CSD, the Big Bear Lake Fire Protection District ("FPD"), and the San Bernardino County Fire Protection District ("County Fire") have pooled resources and jointly operate a vegetation chipping program that is free to those who reside in the Bear Valley.

- In 1998, the CSD and CSA 38 (former county service area that provided fire protection) entered into an automatic aid agreement to furnish fire protection and emergency medical response assistance, upon request, to specific areas within the CSD and CSA 38. The agreement also outlines responsibilities for response to the Baldwin Lake Area. Specifically, the agreement designates the CSD as the first response agency to the area and for CSA 38 to pay the CSD $4,000 annually. Additionally, the agreement has no other reimbursement obligation and remains effective until terminated by either party. The agreement has not been terminated by either party and with the reorganization of County Fire, County Fire's Mountain Service Zone is the successor agency to the agreement.

- The CSD is a member of the California Joint Powers Insurance (Authority). The Authority is composed of 122 California public entities. The purpose of the Authority is to arrange and administer programs for the pooling of self-insured losses, to purchase excess insurance or reinsurance, and to arrange for group purchased insurance for property and other lines of coverage. The CSD also participates in the

workers' compensation pool, pollution legal liability and remediation legal liability insurance, property protection programs of the Authority.

- The CSD and the City's Department of Water and Power have budgeted $15,000 each for fiscal year 2011-12 for the study of Fluoride Blending between the two agencies. The intended result would be improved water production for both agencies at minimal costs. With the possible joint Fluoride Blending Project on the horizon no discussions are currently in place for the CSD to sell water to DWP.

Government Structure Options

There are two types of government structure options:

1. Areas served by the agency outside its boundaries through "out-of-agency" service contracts;

2. Other potential government structure changes such as consolidations, reorganizations, dissolutions, etc.

Out-of-Agency Service Agreements:

The CSD has provided fire protection to the Baldwin Lake area through contract since 1998, with no required review by LAFCO under the provisions of Government Code Section 56133. The contract has no sunset date. The CSD has mutual aid and automatic aid agreements with surrounding emergency response agencies. The CSD and the Big Bear Lake FPD have a cooperative duty officer rotation system that makes a chief officer available 24 hours a day for both agencies. The CSD provides service outside of its boundaries to the surrounding forest territories through an open memorandum of understanding with the U.S. Forest Service.

In 2005, the CSD assumed full operating responsibilities for the ambulance and paramedic services that were provided by the Bear Valley Community Healthcare District (LAFCO SC 249). Through the transfer of service, the CSD assumed full operating responsibility for the ambulance permit (as well as equipment, etc.) that was held in the name of the Bear Valley Community Healthcare District as well. Because the contract to transfer service was between two public agencies, the Commission determined that the contract was exempt from LAFCO review.

Government Structure Options:

The State has published advisory guidelines for LAFCOs to address all of the substantive issues required by law for conducting a service review, which were adopted by San Bernardino LAFCO as its guidelines in May of 2003. The Guidelines address 49 factors in identifying an agency's government structure options. Themes among the factors include but are not limited to: more logical service boundaries, elimination of overlapping boundaries that cause service inefficiencies, economies of scale, opportunities to enhance capital improvement plans, and recommendations by a service provider. The following scenarios are not being presented as options for the Commission to consider for action as a part of this service review. Rather, a service review should address possible options, and the following are theoretical scenarios for the community to consider for the future. Movement towards

these scenarios would include, but not be limited to, a plan for service, fiscal impact analysis, and any other required studies.

- When the City of Big Bear Lake condemned the Southern California Water Company service area, the City became the responsible agency to provide retail water within a portion of the CSD. In order to provide clarity and a clear division of service provision, the CSD could assume retail water service to the area currently serviced by the City (through its Department of Water and Power) within its boundaries. Assumption of retail service by the CSD of the DWP service area does not require a proposal application to LAFCO since there would be no organizational change or change in boundaries for either the City (the DWP is a department of the City) or the CSD (currently authorized the water function). However, based upon the charter amendment creating the DWP and loans for acquisition by the DWP there are restrictions that are to be imposed on such a transition.

- The Park District overlays the entirety of the CSD and the overlap of two agencies providing park and recreation services creates a duplication of service. In order to reduce the duplication of park and recreation providers within the CSD's boundaries, one scenario would be either:

    - A detachment of the CSD area from the Park District's boundaries, making the CSD the sole responsible park and recreation provider within its boundaries, or

    - For the Park District to succeed to any of the CSD's parks and recreation programs

- The CSD could annex the surrounding unincorporated populated areas and become the responsible agency for service provision for either a single service or the full range of services that the CSD is authorized. However, some of the surrounding areas, most notably Baldwin Lake, have historically opposed inclusion within the CSD. This option is not likely at this time.

- <u>A single valley-wide fire agency.</u> There are benefits to regionally providing services, such as fire protection, through a single entity such as the transfer of existing revenue streams to the larger fire entity for regional use and potential economies of scale that could be achieved through joint administration, joint purchasing, etc. However, assumption of ambulance transport services by an agency other than the CSD would necessitate ICEMA authorization. Without support from all affected agencies this option would not be achievable.

    - For example, reorganization could take place which would make the Big Bear Lake FPD an independent district, include annexation of the remaining area of Bear Valley, and with the Big Bear Lake FPD becoming the sole agency responsible for fire protection and ambulance service in the valley.

    - Alternatively, the responsibility of fire protection and emergency services currently provided by Big Bear Lake FPD and the CSD could become the responsibility of County Fire and its Mountain Service Zone.

      In the discussion of this option, the Commission would support the annexation of this territory to County Fire and the transfer of the existing property tax support for these operations from the district. However, it has been indicated to LAFCO that such an

option would require the pledging of additional district revenues should the CSD's share of the one percent general levy not be adequate for the costs of County Fire. The Commission would question such an action given that during the reorganization of County Fire (LAFCO 3000), the property tax revenues generated within each of the unincorporated areas derived by CSA 70 was transferred to County Fire. Below is the chart which was included in the September 2007 staff report for LAFCO 3000 outlining this distribution.

SUMMARY OF REVENUE ALLOCATED TO CSA 70*
Prepared by Bob Wright 2/27/07

	Assessed Value in CSA 70	1% General Tax Levy	CSA 70 Revenue	Independent District Revenue	# TRAs
Crest Forest Fire Protection District	1,368,861,644	13,688,616.44	323,282.27	3,248,324.64	52
Chino Valley Independent Fire District	438,657,966	4,386,579.66	111,192.51	644,285.16	21
Apple Valley Fire Protection District	919,969,619	9,199,696.19	261,868.80	914,490.28	90
Barstow Fire Protection District	271,329,791	2,713,297.91	59,506.45	663,640.71	25
Rancho Cucamonga Fire Protection District	92,986,681	929,866.81	24,993.45	117,115.79	13
Arrowbear Park County Water District	109,185,352	1,091,853.52	29,580.76	224,409.90	2
Running Springs County Water District	530,926,431	5,309,264.31	134,376.95	1,450,365.16	19
Big Bear Lake Fire Protection District	11,153,693	111,536.93	2,886.69	18,388.82	2
Big Bear City Community Services District	1,886,320,591	18,863,205.91	532,325.71	1,726,718.50	17
Morongo Valley Community Services District	200,630,602	2,006,306.02	52,124.25	363,395.32	21
Twentynine Palms Water District	1,162,534	11,625.34	388.27	0.00	4
Yermo Community Services District	78,014,587	780,145.87	25,277.40	78,008.05	8
Daggett Community Services District	23,336,338	233,363.38	6,439.71	55,730.25	16
Newberry Community Services District	161,113,077	1,611,130.77	52,174.36	162,401.48	14
Baker Community Services District	37,565,171	375,651.71	11,182.79	66,264.78	1
	6,131,214,077	61,312,140.77	1,627,600.37	9,732,538.85	305
REMAINING UNINCORPORATED AREA			4,534,982.00		

Contracting with County Fire for fire protection does not provide access to these administration funds; however, annexation would.

- Consolidation of Big Bear Lake FPD and CSD fire and emergency medical services. Efforts toward consolidation of fire related activities have been unsuccessful in the past; however, there is a history of cooperative efforts. Big Bear Lake FPD and the CSD are currently considering functional consolidation, joint operations, or contracting for services due to economic circumstances, most notably a budget deficit in Big Bear Lake FPD. At the outset, joint operations do not mean full unification; possibly just cost sharing to start. Both fire chiefs have collaborated on development of a consolidation plan based on three phases that was first discussed at a joint workshop on February 22, 2011. Phase 1 would integrate the administrations, Phase 2 the operations, and Phase 3 would consolidate the organizations. Should Phase 1 not work, then a return to current operations would occur.

  According to the joint staff report prepared by both fire chiefs for the joint meeting, consolidation of fire protection and emergency medical services between Big Bear Lake FPD and the CSD has been addressed a number of times in the past, most recently about five years ago. Although true consolidation has not occurred, the two fire agencies currently function through joint operations. The two agencies are dependent upon

resources from the other to manage any significant emergency incident or concurrent calls.

Further, recently, the two fire agencies have jointly formalized duty officer responsibilities, mirror each other's emergency response matrixes as much as possible, share public information officer services, and have consolidated wood shake/shingle roof replacement and fire fuels reduction, both operationally and administratively. Due to economic conditions, collaborating is a high priority. An operational advantage of unified services is a single set of policies under one leadership. It may allow for deployment adjustments that could increase staffing at different locations as needed or staff a paramedic ambulance within the boundaries of the City.

Both agencies returned on June 7 to a joint meeting to consider a report on consolidation (copy included as a part of Attachment #4). As an outgrowth of the June 7 meeting, on July 13 the Big Bear Lake FPD appointed the CSD fire chief as the Big Bear Lake FPD interim fire chief, in addition to his full-time assignment with CSD. This has been memorialized through a contract between the agencies allowing for a shared fire chief. The fire chief will remain employed with the CSD and is Big Bear Lake FPD's interim fire chief until a decision is made to contract, consolidate, or remain a separate fire district.

In essence, the agencies have entered Phase I. Phase I consolidates and restructures administrative services currently provided separately by both departments. A single fire chief will guide administration, fire prevention, operations, and support services for both Big Bear City and Big Bear Lake. It is anticipated that this phase will encompass approximately 12 months; however the time frame could be extended. During Phase I, the focus will be on refining management and administrative personnel responsibilities; standardizing policies and procedures; implementing training procedures; and improving fire prevention operations.

- Assumption of road maintenance and snow removal responsibility as well as other municipal level services for the community. Within the CSD, County Service Area 70 has isolated zones for road maintenance and snow removal. As a multi-function, independent special district, the CSD has the statutory authority to provide road maintenance services (including snow removal), although activation of such service is subject to LAFCO review and authorization. In this scenario, the CSD could assume responsibility for the service entities within its boundaries.

  Such a change is in concert with the Commission's community service ideology, there would be a single agency providing the full range of municipal services within a community (along with a transfer of the property tax share of each respective agency) and reduction of multiple agencies providing the same service. LAFCO bases this possibility upon the following:

  - Legislature's intent in *Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000* and *Community Services District Law*.

    - The preamble to *Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000* reads that while the Legislature recognizes the critical role of many limited purpose agencies, especially in rural areas, it finds and declares that a single multipurpose governmental agency accountable for community

service needs and financial resources may be the best mechanism for establishing community service priorities.

San Bernardino LAFCO has utilized community services districts as a service mechanism to nurture communities and protect them from intrusion by other service providers so that the potential for a future incorporated city is retained.

- Further, the preamble to *Community Services District Law* states that the intent of the Legislature for CSD Law is to encourage LAFCOs to use their service reviews, spheres of influence, and boundary powers, where feasible and appropriate, to combine special districts that serve overlapping or adjacent territory into multifunction community services districts.

The CSD was requested to provide its response to this option. This option was discussed by the CSD board at it February 7 meeting with LAFCO staff present to answer questions. The District's written response to LAFCO states that the CSD is not interested at this time in assuming the responsibility for the provision of road maintenance and snow removal within its boundaries to the areas currently served by the County Special Districts Department based upon questions of future liability and potential reduced funding. The question on a potential liability relates to the roads installed through CSA 70 Zone R-5 within the Sugarloaf.

However, LAFCO returns to the Legislature's intent in LAFCO Law and *Community Services District Law* and the Commission's policy on spheres of influence in that a single multi-function agency may be the best mechanism to coordinate and provide service within a defined community. It is evident that the current situation results in multiple governing bodies, administration, overhead, and financial reporting.

- Maintenance of the status quo. This option retains the existing fire structure for the Bear Valley community with the inherent cooperation amongst fire entities that currently exists and maintenance of separate entities for water and road maintenance and snow removal within the territorial limits of the CSD.

In reviewing these options, consolidation of the Big Bear Lake FPD and the CSD is presently viable. Due to the current economic circumstances, the ongoing and increased fire funtion sharing of responsibilities and information, as noted above, a reorganization of fire protection and emergency medical response in the Bear Valley is warranted in the future. The timing of such a change is being worked out through a contract between entities and the Commission commends the agencies for working toward a more cost efficient and effective provision of this crucial service to the mountain community.

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

1. Present and Planned Uses:

Big Bear City is an unincorporated community immediately east of the City of Big Bear Lake. The County of San Bernardino land use designations within the study area include approximately 81 percent designated as Resource Conservation, nine percent is Single Residential (RS, RS-10M, RS-20M, and RS-1), seven percent Rural Living (RL, RL-5, RL-10,

RL-20, and RL-40), two percent is designated Floodway, and the remainder of the land use designations comprises two percent (Special Development, Multiple Residential, Neighborhood Commercial, Service Commercial, General Commercial, Community Industrial, and Institutional). The commercial development within the CSD is generally located along Big Bear Boulevard (which connects between Highway 18 and SR 38).

The CSD's sphere modifications (expansions/reductions) for Areas 1 to 5 currently have limited development potential since these are all forest lands owned by the Federal government. Area 6, which is the sphere expansion to include the Baldwin Lake area, is primarily designated RS (Single-Residential) and RL (Rural Living).

2. **Present and Probable Need for Public Facilities and Services:**

Currently, the CSD is authorized by LAFCO to provide the functions of water, sewer, streetlighting, fire protection, solid waste, and park and recreation.

Water

The CSD provides potable drinking water within an eight square mile service area. The service area excludes a portion of Whispering Forest area, Erwin Lake, Lake Williams, and all of Sugarloaf. The water system also supports fire suppression activities with water flows that range from 500 to in excess of 1,500 gallons per minute.

The primary recommended capital improvements by the Master Plan include the following:

- Replace 10.2 miles of pipeline.
- Install new water meters with an automated meter reading device (fixed network).
- Replace 5 booster pumps to improve pumping capacity.
- Upgrade 11 booster pumps to increase efficiency.
- Equip Well 3B with pump and motor to increase capacity.
- Rehabilitate and maintain wells.
- Enhance fluoride blending pipeline.
- Construct fluoride treatment facility (if necessary).
- Conduct additional studies.

A suite of secondary improvements are also recommended to support development. Secondary recommended capital improvements, which would be required to support new development, in-fill development, or redevelopment, are estimated to cost $9.6 million (2008 dollars); much of this cost could be borne by developers.

Based on the conclusions of the Master Plan, several recommendations are presented. With respect to proposed artificial recharge operations, natural recharge to the east portion of the Big Bear Valley groundwater basin appears to be adequate to meet the demands projected for the CSD service area.

Sewer

The CSD provides wastewater collection service to Big Bear City and in the areas known as Sugarloaf, Erwin Lake, Whispering Forest, and a portion of Moonridge. The existing CSD

collector system consists of approximately 132 miles of gravity sewer pipeline, 2,791 manholes, seven sewage lift stations (six of the lift stations are of dry-well design and one of wet well-submerged pump design) and associated force mains.

Fire Protection

The CSD provides fire suppression, medical emergency response, hazard mitigation, fire prevention, investigation, and related special services. These services are provided within a service area of 21.13 square miles, with an additional responsibility of paramedic and ambulance transport services to an operating area of 258 square miles.

In the entire Bear Valley community, ambulance and paramedic services are provided by the CSD. Since 1988, the County of San Bernardino Board of Supervisors has authorized the implementation of ambulance provider Exclusive Operating Areas (EOAs) as authorized by Sections 1797 et seq. of the Health and Safety Code. EOA 20 is served by the Big Bear City CSD.

Streetlighting

The District has identified and provided verification from Bear Valley Electric that it provides service for 18 streetlights.

Solid Waste

The CSD services approximately 11,500 customer accounts providing refuse collection, disposal and recycling services during Monday through Saturday.

Park and Recreation

The District neither actively operates any parks nor provides any recreational activities for the residents within its boundaries. However, the District does own three parcels of land that are set aside for what is classified as "passive recreational pursuits".

- The first parcel of land is a Xeriscape Demonstration Garden. The Garden contains plants that are drought tolerant and recommended for landscaping in the Bear Valley. Included in the Garden are a picnic table and walking path.

- The second is located adjacent to the CSD fire station on a parcel of CSD-owned land where the CSD holds holiday events such as Christmas tree lighting.

- The third property is ten acres and is shown on County Surveyor maps as a wildlife habitat reserve. The land was set aside to protect the Checkerbloom; a plant listed on state and federal Endangered Species List. This land is set aside as a result of a mitigation declaration, and will remain as open space forever regardless of ownership.

The Big Bear Valley Recreation and Park District ("Park District") has plans to construct a new park, called Paradise Park. This park would be a 5.48 acre park at the east end of the valley on land that is owned by the CSD. Plans include passive park areas, skate park, tennis court, basketball court, volleyball court, and a dog park. The CSD has agreed to lease the property to the Park District for $1.00 per year for 40 years, with an option for the Park

District to extend the lease for an additional ten years. Through the lease, both districts are partnering to develop a new park to replace the loss of recreational acreage at Bear City Park due to its location within the Big Bear Airport runway protection zone.

3. Present Capacity of Public Facilities and Adequacy of Public Services

The CSD continues to provide service to the community within the available revenue it generates. The following services are currently provided by the CSD:

Water

The primary source of water supplied to its customers is groundwater derived from the Big Bear Valley groundwater basin. The current well water sources for the CSD include 11 active vertical wells, two inactive vertical wells, and two horizontal wells. The CSD currently maintains four storage tanks with a combined storage capacity of approximately 6.24 million gallons (19.1 acre-feet). This volume is equivalent to 5.6 days of present average daily demand and 2.9 days of present maximum daily demand.

Sewer

The CSD collects and transports wastewater to the Big Bear Area Regional Wastewater Agency (BBARWA) treatment plant for processing and disposal. Average daily influent flow to BBARWA is 832,096 gallons per day. Influent flows from the CSD are treated at BBARWA and the effluent is transferred to an alfalfa farm in Lucerne Valley. The District serves as a collection agent in its geographical area for certain revenues of BBARWA, which include connection fees, usage fees and standby fees.

The CSD projects that connections will reach roughly 12,500 connections by 2021, which would be 80% of the saturation count for connections. To meet long term water supply requirements, water reuse (wastewater reclamation) will be an important component in addition to the current practice of pumping all of the required water from groundwater wells.

Fire Protection

The CSD has two fire stations and 21 pieces of apparatus, 29 full time fire fighters and staff with 14 paid-call fire fighters support the fire operations of the CSD.

The CSD has provided fire protection to the Baldwin Lake area through contract since 1998. The contract has no sunset date. The CSD has mutual aid and automatic aid agreements with surrounding emergency response agencies. The CSD and the Big Bear Lake FPD have a cooperative duty officer rotation system that makes a chief officer available 24 hours a day for both agencies.

The CSD also provides ambulance service within its EOA as defined by the memorandum of agreement with Inland Counties Emergency Medical Agency (ICEMA). The District's EOA goes beyond its actual boundaries.

The CSD has experienced a stable number of fire responses and other non-medical responses. Emergency medical responses, however, have increased. Prior to 2006, Big Bear Lake FPD ran one ambulance. A large part of the 40 percent increase in medical calls

from 2005 to 2006 is the result of the Big Bear Lake FPD discontinuing this service and the CSD assuming the responsibility.

While the CSD responds to all types of demands for emergency services, requests for emergency medical assistance is the most frequent. The CSD's current response goals call for fire suppression activities to commence within six minutes of dispatch 73 percent of the time and within a nine minute timeframe 90 percent of the time.

Streetlighting

The streetlights are classified as all night service (activated from dusk until dawn). Bear Valley Electric owns the streetlights and responds to problems, and the CSD provides for payment of the utility costs associated with the individual lights. There are no plans at this time to increase the number of the streetlights.

Solid Waste

A fleet of seven refuse-hauling trucks and four support vehicles sustain department operations. Also, a curbside recycling program is now available to the CSD customers.

Park and Recreation

The District neither actively operates any parks nor provides any recreational activities for the residents within its boundaries.

4. Social and Economic Communities of Interest:

The CSD is considered a part of the overall Big Bear Valley community. More specifically, the CSD and its sphere of influence include the unincorporated communities of Big Bear City, Moonridge (portion), Sugarloaf, and Erwin Lake, and Lake Williams, generally defined as the East Valley area. In addition, the CSD is within the Bear Valley Unified School District, which is a regional entity servicing the Bear Valley community providing for a larger social unit for the eastern Mountain region.

5. Additional Determinations

- As required by State Law notice of the hearing was provided through publication in a newspaper of general circulation, *The San Bernardino Sun*. Individual notice was not provided as allowed under Government Code Section 56157 as such mailing would include more than 1,000 individual notices. As outlined in Commission Policy #27, in-lieu of individual notice the notice of hearing publication was provided through an eighth page legal ad.

- As required by State law, individual notification was provided to affected and interested agencies, County departments, and those agencies and individuals requesting mailed notice.

- Comments from landowners/registered voters and any affected agency have been reviewed and considered by the Commission in making its determinations.

RESOLUTION NO. 3143

WHEREAS, pursuant to the provisions of Government Code Section 56425(i) the range of services provided by the Big Bear Lake CSD shall be limited to the following:

FUNCTIONS	SERVICES
Water	Retail, domestic, agriculture, replenishment
Sewer	Collection, transportation
Streetlighting	Streetlighting
Fire Protection	Structural, watershed, suppression, prevention, paramedic, ambulance, rescue, first aid
Solid Waste	Collection and disposal
Park and Recreation	Local park development

WHEREAS, having reviewed and considered the findings as outlined above, the Commission determines to expand the Big Bear City CSD's sphere of influence by approximately 4,640 acres, reduce its existing sphere of influence by approximately 3,550 acres, and affirms the balance of its existing sphere of influence.

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 shown on the map attached as Exhibit "A" as being within the sphere of influence of the Big Bear City CSD; 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 Big Bear City CSD 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 designation of the modified 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:**	**Bagley, Coleman, Cox, Curatalo, Mitzelfelt, Rutherford, Williams**
NOES:	**COMMISSIONERS:**	**None**
ABSENT:	**COMMISSIONERS:**	**McCallon (Williams voting in his stead)**

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RESOLUTION NO. 3143

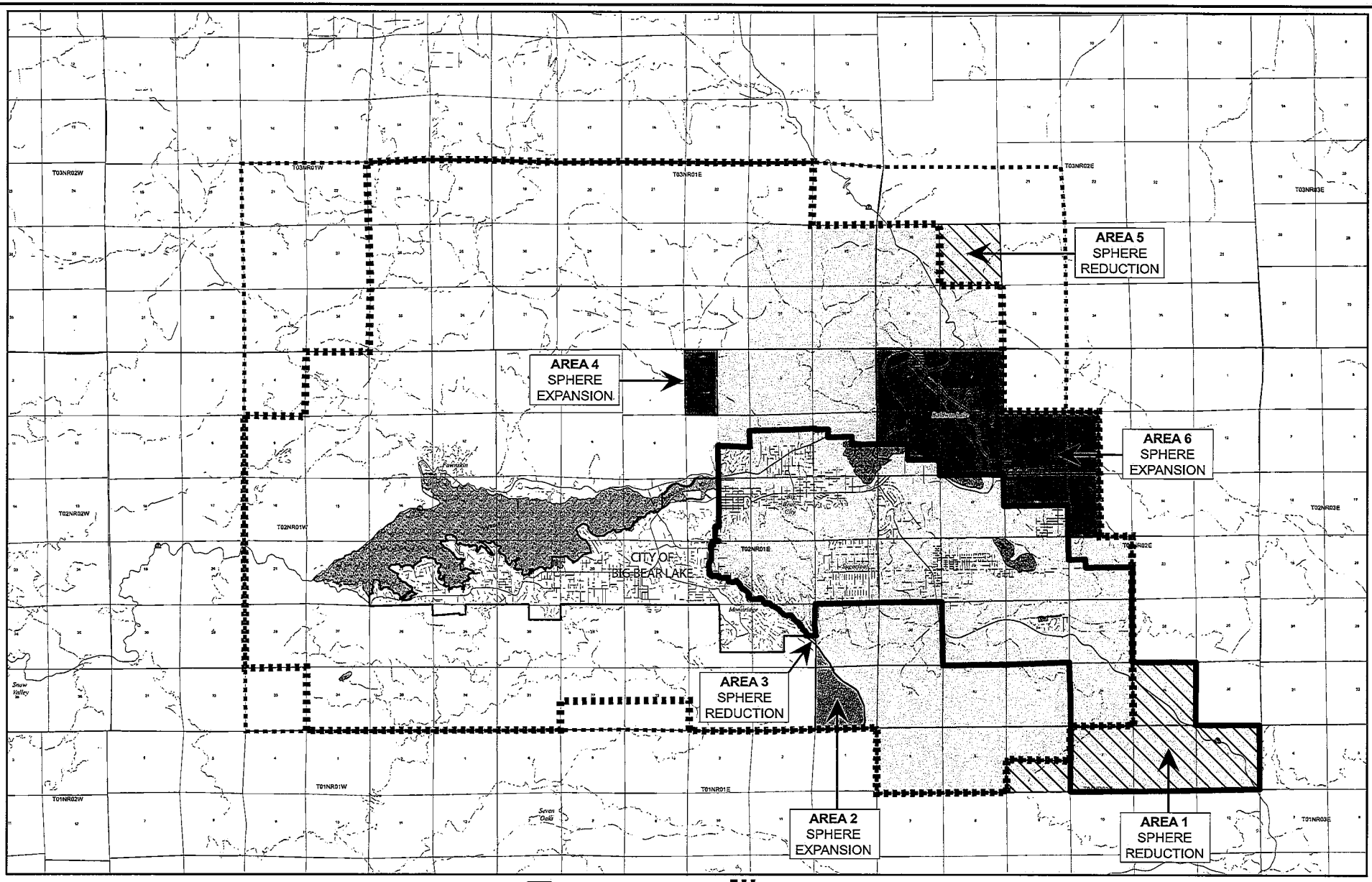
STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN BERNARDINO)

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 September 28, 2011.

DATED: September 29, 2011

KATHLEEN ROLLINGS-McDONALD
Executive Officer

EXHIBIT A



LAFCO 3150 – Service Review and Sphere of Influence Update for Big Bear City Community Services District

DISTRICT BOUNDARIES
EXISTING SPHERE OF INFLUENCE
PROPOSED COMMUNITY DEFINITION
EXISTING COMMUNITY DEFINITION
PROPOSED SPHERE OF INFLUENCE EXPANSION
PROPOSED SPHERE OF INFLUENCE REDUCTION
LAKES
CITY OF BIG BEAR LAKE

EXHIBIT A