LOCAL AGENCY FORMATION COMMISSION
COUNTY OF SAN BERNARDINO

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PROPOSAL NO.: LAFCO 3108

HEARING DATE: APRIL 21, 2011

RESOLUTION NO. 3134

A RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF THE COUNTY OF SAN BERNARDINO MAKING DETERMINATIONS ON LAFCO 3108 – A SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR THE RUNNING SPRINGS WATER DISTRICT (reduction of its existing sphere of influence by approximately 2,280+/- acres; sphere of influence expansion by approximately 9,795+/- acres to encompass the entirety of the Hilltop community, as defined by the Commission creating a single sphere of influence for all agencies (the combined existing spheres of influence of the Arrowbear Park County Water District, Running Springs Water District, and County Service Area 79); and affirmation of the balance of the existing sphre of influence).

On motion of Commissioner Cox, duly seconded by Commissioner McCallon, 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 March 16, 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 March 16, 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 there shall be a single sphere of influence for the service agencies within the Hilltop community. That sphere of influence shall encompass the Hilltop community as defined by the Commission. Therefore, the sphere of influence for the Running Springs Water District (hereafter shown as the "District") shall be defined as follows:

(1) A reduction of approximately 2,280+/- acres along the southern edge of the District's sphere of influence;

(2) ;The balance of the existing sphere of influence for the District ; and,

(3) The expansion of the District sphere of influence by approximately 12,310 +/- acres to include the territory within its existing sphere of influence and that of the existing sphere of influence of the Running Springs Water District and County Service Area 79 and additional territory added to the community definition, as more specifically depicted on the maps attached hereto as Exhibit "A";; and,

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 March 8, 2011 and received and filed by the Commission on March 16, 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:

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 *Hilltop Community Plan*, several issues set Hilltop apart from other mountain communities, suggesting that different strategies for future growth may be appropriate. Among these are the relationship to surrounding communities and community character and commerce. The Hilltop plan area, particularly Running Springs and Arrowbear Lake, is a highly trafficked area leading to the Bear Valley and Lake Arrowhead. Hilltop does not have the same growth pressures facing other mountain communities due to the limited supply of private land available for development. However, residents are concerned with the impacts that future growth and development in surrounding areas will have on an infrastructure system they sense is already strained. As for community character and commerce, residents expressed a strong desire for a park or central gathering place to help promote a sense of community. It is also important that the pursuit for commercial vitality does not disregard the importance of maintaining the community's natural setting, small-town atmosphere, and mountain character.

The land use designation for majority of the study area is Resource Conservation. The three major residential land uses include RS-10M (Single Residential, 10,000 sq. ft. minimum), SD-RES (Special Development – Residential), and RS (Single Residential, 7,500 sq. ft. minimum). Most of the commercial land use designations are concentrated in the central portion of the community where State Highway 18 and 330 meet. This commercial area is commonly known as "downtown Running Springs".

The land ownership distribution and breakdown within each district boundary and respective current sphere are identified below. Within the Hilltop community, roughly 38% of the land is privately owned with the remainder 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)				
Agency		**Private**	**Public**	**Total Area**
Running Springs Water District	Boundary	2,455	250	2,705
	Sphere	1,670	4,180	5,850
Arrowbear Park County Water District	Boundary	825	220	1,045
	Sphere	0	2,715	2,715
County Service Area 79	Boundary	500	1,100	1,600
	Sphere	0	1,240	1,240
Remainder of Hilltop Community		1,420	1,775	3,195
Study Area Total		**6,870**	**11,480**	**18,350**

The population and household projections below encompass the developable territory within the community. By 2030, the permanent population is estimated to reach over 9,600, a 60% increase. Even with the increase in population, the area is not anticipated to reach its build-out population by the 2030 horizon.

Year	2000	2005	2010	2015	2020	2025	2030
Running Springs WD	***4,183***	***4,527***	***4,900***	***5,303***	***5,739***	***6,212***	***6,723***
Arrowbear WD	***554***	**600**	***649***	***703***	***761***	***823***	***891***
Portion within CSA 73	*453*	*490*	*530*	*574*	*621*	*672*	*728*
Remaining portion	*101*	*110*	*119*	*129*	*139*	*151*	*163*
CSA 79	***1,289***	**1,395**	***1,510***	***1,634***	***1,769***	***1,914***	***2,072***
COMMUNITY TOTAL	6,026	*6,522*	*7,059*	*7,640*	*8,268*	*8,949*	*9,683*

Build-out	2030 as % of Build-out
27,376	35%

Sources: County of San Bernardino 2007 *Hilltop Community Plan* (citing Stanley R. Hoffman Associates, Inc.); LAFCO
Notes: Does not include seasonal population or visitors
Italicized figures are calculated by LAFCO staff
Annual growth for population is anticipated at 1.6% and households at 1.4%.

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

Water

Generally, as designated by the California Department of Water Resources, the northwest portion of the study area is located in the Mojave Watershed and South Lahontan Hydrologic Region, which is represented by the Lahontan Regional Water Quality Control Board. The southwest portion is located in the Santa Ana River watershed and the Santa Ana Hydrologic Region, which is represented by the Santa Ana Regional Water Quality Control Board. The regional Crestline-Lake Arrowhead Water Agency ("CLAWA) is a State Water Project contractor and delivers wholesale water within its boundaries to private and public retail water providers. CLAWA provides wholesale water to over twenty public and private water purveyors and camps within its service area.

LAFCO has stated on many occasions, water is the lifeblood for communities located in the desert communities due to its limited nature. This statement is also true for the San Bernardino Mountains because it is one of the most densely populated mountain areas within the country and relies upon groundwater resources and/or imported water from the State Water Project for domestic use. Therefore, the most significant regional issue is present and future water supply. For a discussion of CLAWA, its service delivery and regional water service, a complete service review was conducted in July 2010 (LAFCO 3107), which is available for review in the LAFCO office.

Community Water

In the Hilltop Community, water is produced from local groundwater sources and imported State Water Project water. According to the *Hilltop Community Plan*, the community is located in the San Bernardino Mountains where there are no true aquifers, but there are subsurface water sources such as snow pack and rain, which percolate into the crystalline rocks. Groundwater in the plan area is located primarily in the unconsolidated alluvial deposits found in localized canyons and slopes. Wells are usually placed into the crystalline granitic rock in order to draw on long term water supplies. Depending on the size of the localized water purveyor, wells can provide between 80 and 696 acre-feet of water per year. Water quality within the plan area is generally good.

The Arrowbear Park CWD and the Running Springs WD are the two public retail water providers in the community. The Green Valley Mutual Water Company, a shareholder owned utility, provides water within its respective area. There are other water sources in the plan area; however, these are only for private use. The two largest include Snow Valley Ski area and Smiley Park Country Club. Snow Valley Ski area has several wells on site used for domestic water sources and snowmaking. Smiley Park Country Club currently has a single water source that is used by its members. Not all areas in the community have direct access to a retail water provider; therefore, it is understood that water service to those developed properties is provided through on-site wells. The figure below, taken from the *Hilltop Community Plan*, provides information regarding each of the active water providers. The figure shows CLAWA as a water agency within the community. CLAWA provides wholesale water and its retail connections are not within the Hilltop community.

Water Rates

Retail water purveyors within CLAWA's boundaries are charged the same wholesale water rate no matter the location. The wholesale water rate has not been adjusted for over 15 years and is $1,150 per acre-foot. A sampling of the residential retail water rates of the larger agencies within the CLAWA service area is identified in the chart below.

Residential Water Rate Comparison (June 2010)
(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[4]	Tier Two	Tier Three	Tier Four		
HILLTOP COMMUNITY						
Arrowbear Park County Water District	-	4.90	-	-	19.50	88.10
Running Springs Water District	3.26	-	-	-	18.15	83.35
Green Valley Mutual Water Company	2.40	7.75	-	-	30.50	137.35
CREST FOREST COMMUNITY						
Cedar Pines Park Mutual Water Co.	5.50	7.00	10.00	-	30.76	179.76
Crestline Village Water District[1]	4.20	6.30	-	-	19.75	118.45
LAKE ARROWHEAD COMMUNITY						
Alpine Water Users Association	$3.30	$6.60	-	-	$30.00	$112.50
County Service Area 70 Zone CG	4.69	5.21	5.73	6.30	61.80	158.72
Crestline-Lake Arrowhead Water Agency (Improvement Districts A & C)[2]	-	$7.25	-	-	15.00	141.88
Crestline-Lake Arrowhead Water Agency (Improvement District B)[2]	-	$5.00	-	-	10.00	97.50
Crestline-Lake Arrowhead Water Agency (Improvement District D)[2,3]	-	$7.25	-	-	25.00	151.88
Lake Arrowhead Community Services District (Arrowhead Woods)	0.68	1.74	6.21	12.93	20.60	79.27
Lake Arrowhead Community Services District (Deer Lodge Park)	3.27	3.90	-	-	22.52	94.22

Rates rounded to the nearest hundredth

[1] Monthly meter charge is the average of the Crestline Division ($17.50) and Lake Gregory Division ($22.00)
[2] CLAWA retail rates are for 5/8" meter
[3] $25 monthly meter charge includes $10 charge for loan repayment
[4] A blank Tier One rate indicates that the rate is a part of the Monthly Meter Charge.

Water Supply and Demand

All of the Running Springs WD's wells are located within fractured rocks and the water level for each well depends on rainfall and snow melt. The wells can provide up to 53 percent of total annual water demand. The table below taken from the 2010 Master Plan summarizes the well capacities.

Table 3.1. Running Springs Water Districts Well Capacities.

Location	Flow (gpm)	Pressure Zone
Sidewinder #1	5.5	1
Sidewinder #5	5	5
Sidewinder #3	20.5	1
Luring Canyon	16.5	2
Weiss Canyon	8.5	2
Brookings	Off Line	1
Rimwood #2	26	4
Owl Rock	26.5	3
Luring Pines	20	2
District Complex	9.5	3
Harris	26.5	3
Smiley Park	As Needed	2

The remaining 47 percent of the total annual water demand is supplied by CLAWA and Arrowbear Park CWD. The water purchase agreement between the Running Springs WD and CLAWA was signed in 1972. The Running Springs WD can purchase water from CLAWA at a minimum of 161 acre-feet per year (AF/Year) to a maximum of 1,137 AF/Year. The agreement between the Running Springs WD and Arrowbear Park CWD, for a maximum purchase of 129 AF/year, expired in 2003 and was not renewed. However, the agencies have identified that Running Springs WD can purchase water with no limitation provided water is available. LAFCO understands that a new agreement is being developed at this time.

Since CLAWA can provide the Running Springs WD with up to 1,137 AF/Year, and since there is no maximum limit on the supply from the Arrowbear Park CWD if available, the Running Springs WD will be able to meet the customer's demands for any multiple dry year condition. The Running Springs WD experienced multiple drought years from 1994 to 1996. In recent years the Running Springs WD experienced above average rainfall that has recharged the wells (*i.e.:* Year 1996, 1999 and 2005).

The table below, taken from the 2010 Master Plan, summarizes projected water demands and well water productions from Year 2013 to Year 2028. To further protect the reliability of water supply, the district is currently planning to drill new wells within the next five years; these wells are located in the area below Poplar Drive and Live Oak in the area currently referred to as "Ayers Acres." The exact construction time frame of the new wells is not known at this time.

Table 3.3. Projected Water Production of the District Owned and Operated Wells (gal/yr).

Water Sources \ Year	2013	2018	2023	2028
Sidewinder Canyon	27,697,371	27,697,371	27,697,371	27,697,371
Luring Canyon	4,561,920	4,561,920	4,561,920	4,561,920
Weiss Canyon	3,910,217	3,910,217	3,910,217	3,910,217
Brookings	977,554	977,554	977,554	977,554
Rimwood	10,427,246	10,427,246	10,427,246	10,427,246
Owl Rock	9,775,543	9,775,543	9,775,543	9,775,543
Luring Pines	6,517,029	6,517,029	6,517,029	6,517,029
District Complex	7,820,434	7,820,434	7,820,434	7,820,434
Harris	13,034,057	13,034,057	13,034,057	13,034,057
Additional Wells (New)	70,383,909	70,383,909	70,383,909	70,383,909
Water Demand	213,915,756	226,393,662	238,871,569	248,820,252

The 2010 Master Plan states that the average day water demand of the whole service area is expected to increase from 0.514 mgd (2008) to 0.692 mgd under build out conditions. The projected average day water demands for the Year 2013, 2018, 2023, 2028 are 0.545 mgd, 0.577 mgd, 0.609 mgd and 0.634 mgd, respectively. Pressure Zone 2 will reach build out condition at 2024, while all other pressure zones will not build out before 2028.

The Running Springs WD has a program in place to reuse treated wastewater effluent. This effluent is used to provide water for landscape irrigation. Such use is supported by the State of California Recycled Water (meeting California Title 22 standards), and could be used for existing and future community and landscape irrigation within the Running Springs WD and surrounding areas and agencies

Water Quality

A review of the confidence report does not identify any violations in contaminants for that year.

The United States Environmental Protection Agency (USEPA) and the California Department of Public Health prescribe regulations that establish standards for the drinking water provided by Running Springs WD to its customers. The district continually tests the water it delivers to its customers to insure that the water meets these standards. The USEPA has indicated that it is considering adopting more stringent regulations in several areas that would require the district to increase the level of water treatment to ensure that the water would meet the proposed new standards. The additional water treatment would require additional capital improvement costs and increased operating costs. The extent of these costs are unknown until the regulations are adopted and an implementation schedule is established.

On January 1, 2010, Section 2 of Section 116875 of the Health and Safety Code of California became operative. The section modified the allowed content of lead in pipes and plumbing supplies in order to be considered "lead free." Running Springs WD is in the process of

evaluating the effects that this modified law will have on the district. According to the FY 2009-10 audit, it is likely that some of the inventory will need to be scrapped as obsolete. As of June 30, 2010, the amount of the loss cannot be reasonably estimated.

Water Facilities

The Running Springs WD owns 13 water storage reservoirs which can hold up to 2.73 million gallons of water. It is sufficient to meet the health and safety requirements of 50 gallons per day per capita for 4,475 customers for 12 days (assuming there is no non-residential use). In the event water supplies decrease beyond predicted levels, the Running Springs WD may choose to purchase more water from their suppliers (CLAWA and Arrowbear Park CWD). There are 14 booster pumping stations that lift water to upper zones or to replenish storage and to supply demand. The district has approximately 43 miles of water mains ranging in size from 2 to 16 inches in diameter. The 2-inch lines are back-lot lines and are systematically being replaced as part of an on-going process.

In 1984, as part of the district's water development plan, the Running Springs Water WD and the Arrowbear Park CWD entered into a joint venture to construct facilities that connect the two agencies' water systems. The interconnection between the two systems provides the capability to transfer water as necessary to meet the needs of each community for both domestic water and fire flow demand. Currently, the interconnection is primarily used as a means for the Running Springs WD to purchase surplus groundwater from Arrowbear Park CWD at a cost less than CLAWA imported water.

The overall cost for the proposed water system improvements presented in the Master Plan in the next 20 years is approximately $7,953,581.

Sewer

There are three agencies that provide wastewater collection service to the Hilltop community: Running Springs Water District, Arrowbear Park County Water District, and County Service Area 79. For all three agencies, wastewater is collected in a network of sewer laterals, and then transported to sewer mains. The waste is then transported through force mains to the Running Springs Wastewater Treatment Plant. The capital investment and maintenance cost for the treatment plant located within the boundaries of and operated by the Running Springs WD is shared by Arrowbear Park CWD, CSA 79, and Running Springs WD based on a proportionate share of the costs as described in its quarterly Upstream Billing Report. The contracts between Running Springs WD and the other agencies were approved in 1977 and expire in 2017 (copies are on file at the LAFCO staff office). LAFCO understands that new contracts will be negotiated by all three agencies prior to their expiration.

Based on information from Running Springs Water District, the plant has a total design capacity of 1.1 million gallons per day and is currently at 45.5 percent of this design capacity. Based on rough information concerning the number of available connections, approximately 71 percent of the available sewer connections have been used, with 29 percent remaining. The figure below, taken from the *Hilltop Community Plan*, provides existing and future flow information for the system by district.

Wastewater Treatment Provider	Population Served in area	Existing Flow (mgd)	Existing Design Flow (mgd)(3)	Future Design Flow (mgd)	Permitted Design Flow (mgd)
Green Valley County Service Area 79 (CSA 79)	Approx. 1,860.(1)Residents 1,284 Connections		.43(2)	.43	.43
Running Springs Water District	5,000 Residents 2,830 Connections	.525	.600	1.0	1.0
Arrowbear Park County Water District(3)	600 Residents 957 Connections	.082	.281	.281	.281

Notes:
(1) According to CSA 79 approximately 75% of the households are occupied year –round.
(2) This is the design maximum flow for Running Springs WWTP
(3) There is an existing design flow capacity of .75 (mgd) to be shared by all three districts.

Sewer Rates

A sampling of the residential sewer rates of the agencies within the CLAWA service area are identified in the chart below.

AGENCY	MONTHLY CHARGE
Hilltop Community	
Arrowbear Park County Water District	$27.00 plus $3.00 debt service repayment
CSA 79	$59.61
Running Springs Water District	$27.02 plus 15% of water usage $3.00 wastewater pollution control plant loan repayment
Crest Forest Community	
Crestline Sanitation District	$39.95
Lake Arrowhead Community	
Lake Arrowhead CSD	$40.16

Running Springs WD's entire service area encompasses approximately seven square miles. Running Springs WD has seven assessment districts for sewer, one interceptor system, and 3.22 miles or 17,000 feet of trunk or transmission lines. The existing collection system consists of pipelines ranging in sizes from 6-inch to 15-inch, spanning 58.3 miles (308,000 feet) in length and includes asbestos cement pipe, PVC pipe, and cement truss pipe.

Running Springs WD owns and operates the wastewater treatment plant which has a current maximum treatment capacity of 1.1 million gallons per day (mgd) with the design capability to increase to 1.6 mgd. The treatment plant was designated as a regional facility by the State Water Resources Control Board and provides wastewater treatment and disposal, under contract, for Arrowbear Park CWD, and CSA 79 which includes Green Valley Lake, US Forest Service Recreation areas-including camp grounds and ski areas within Green Valley Lake, private camps along Green Valley Lake Road, and the Snow Valley Ski area. The facility is located on lands being leased from the United States Forest Service in the south one-half of Section 7 and the north one-half of Section 18, Township 1 North, Range 2 West at an elevation of approximately 2300 feet. The facility includes a solids handling system, effluent disposal site consisting of 13 original percolation and evaporation ponds, and spray irrigation covering seven acres. The collection system consists of 65 miles of pipe ranging in size from 6" to 15" and nine sewage lift stations. The district's water pollution control program and the demand for this service has

increased significantly because of service contracts, increased full-time residential population, and the addition of several new subdivisions.

According to the 2010 Water and Wastewater Master Plan, problems in the sewer system include an undersized collection system, failures from age or corrosion, WWTP capacity and equipment needs, incoming flow metering, effluent flow metering, US Forest Service requirements for maintaining the ponds, and spray irrigation for effluent disposal and fire suppression. The overall cost for the proposed sewer system improvements presented in this Master Plan through the next 20 years is approximately $1,999,913.

Running Springs WD is located in both the Southern Lahontan and the Santa Ana watershed regions, which are governed by the Lahontan and Santa Ana Regional Water Quality Control Boards (RWQCBs), respectively. Running Springs WD is required to comply with Santa Ana Region Order No. 87-8 "Waste Discharge Requirements for Running Springs Water District, San Bernardino County" for its waste discharge requirements. A review of the RWQCBs adopted and enforcement orders since 2000 does not identify any orders regarding Running Springs WD.

Roads

Road service other than through Caltrans or County Transportation is provided to limited areas by zones to county service areas. County Service Area 70 Zone R-16 and CSA 79 Zone R-1 currently exist as mechanisms to provide augmented road and snow removal within a portion of Running Springs and the "Meadow" portion of Green Valley Lake, respectively. CSA 70 Zone R-11, also within a portion of Running Springs, was dissolved November 2, 2010.

Fire Protection and Ambulance

The *Hilltop Community Plan* states that "fire protection and emergency services are among the most crucial of community needs." It indicates that the mountain region as a whole exhibits a combination of several factors that expose development and natural resources to potential disaster from wildland fires and subsequent flooding and erosion. The factors include topography, climate, vegetation, pathogen infestation, and human use occupancy.

Fire Protection

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.

The Running Springs WD, the Arrowbear Park CWD, and the San Bernardino County Fire Protection District (County Fire) and its Mountain Service Zone are the service providers for structural fires and emergency medical response calls. The northwestern portion of the Hilltop community is within the County Fire Zone PM-1 (Lake Arrowhead Paramedics special tax zone) as well. County Fire also provides other services such as hazardous materials regulation, disaster preparedness, weed abatement, inspection, and others.

Prior to the County Fire Reorganization (LAFCO 3000 effective July 1, 2008), CSA 79 was the fire/emergency response provider for the community of Green Valley Lake. Through the reorganization, CSA 79's fire powers were removed and its fire revenues (through its share of the 1% general property tax levy) were transferred to the County Fire Mountain Service Zone, the service response provider that was created for the entire Mountain region. The sphere of

influence proposal for the County Fire Reorganization, LAFCO 3001, included a service review for the former county service areas that provided fire protection on a regional basis.

For Running Springs WD, fire protection services include a variety of public assistance, field emergency medical care, ambulance transportation, and community education and awareness programs.

The district received a Volunteer Fire Assistance (VFA) award from the State of California Department of Forestry and Fire Protection in the amount of $180,000 during the year ended June 30, 2006. The grant was to assist with the purchase of the Type III Wildland Fire Engine, which was purchased in September 2005. Under the grant agreement, the Federal Government has a vested interest in the fire engine until such time as the fair market value is less than $5,000. The VFA percentage used to purchase the equipment will be applied to the sale price and recovered for the Government during the sale. The Federal Government may not have to be reimbursed if the disposal sale amounts to a fair market value of less than $5,000.

Running Springs Fire Department equipment consists of:

- Fire Engines - E50 2003 KME type 1, E51 1999 KME type 1, BE51 2005 BME type 3 brush engine)
- Ambulances - MA50 2006 Chevy K4500 modular, MA51 2007 Chevy van, MA51A 1995 Ford van
- Squad/ Rescue - SQ51 1997 Ford F350
- Snowcat - SC51 1969 Thikol
- Utility/ Plow vehicle - UT51 2005 Chevy HD2500, PT51 1992 Chevy 2500
- Command vehicle - 3600 2003 Dodge Durango, 3603 2000 Dodge Durango
- Personnel - One chief, one battalion chief, six full time firefighter/ paramedics and twenty four paid call firefighters (EMTs or paramedics).

Ambulance and Paramedic Services

In the Hilltop community, ambulance and paramedic services are provided by Running Springs Water District. 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". The map below shows all the EOAs located in and around the study area, which identifies the Running Springs WD EOA (EOA 19) in yellow and the boundaries of the district in orange.

The Running Springs WD is required to provide ambulance service within its EOA as defined by the memorandum of agreement with ICEMA. The District's EOA goes beyond its actual

boundaries, extending southerly along SR 330 towards the San Bernardino/Highland area, northerly towards Shay Mountain, and easterly towards the Snow Valley Ski area within the Arrowbear Park CWD sphere of influence. This requires Running Springs WD to provide ambulance services outside of its boundaries to areas that do not contribute property tax revenues to Running Springs WD. Further, there are no automatic aid agreements between Running Springs WD and the surrounding agencies, but Running Springs WD provides the bulk of responses to the Arrowbear and Green Valley Lake areas because these stations are manned with volunteers and do not have ambulance authority from ICEMA.

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 an annual operating loss for the ambulance services. This concerns LAFCO since the shortfall is funded by revenues generated by residents and property owners of Running Springs; however, there is no LAFCO solution to this issue because the formulation of the EOA boundaries is through ICEMA. The Commission suggests that at a minimum, consideration of an automatic aid agreement, which includes the transfer of funds for service, should be considered by the Hilltop community agencies.

Park and Recreation

The Running Springs WD is authorized by LAFCO to provide park and recreation services within its respective boundaries. However, it has neither actively provided park and recreation services nor have formally expressed an interest in the assumption of the service at this time. In addition, Running Springs WD is wholly within the boundaries of the Rim of the World Recreation and Park District (Park District).

While not providing direct park and recreation services, the Running Springs WD has cooperated with the Park District for facility use. The Running Springs WD is leasing property to the Park District, who will also be maintaining a basketball court. The term of the lease agreement is for ten years, expiring in September 2020, with two additional five year terms and either party may terminate the lease upon ninety days written notice. The premises are leased to the Park District for $1 per year. The project has been completed by a local Eagle Scout. The time, materials, and funding have all been donated by local companies, as well as, organizations located down the mountain.

The District has expressed ongoing concerns regarding the financial viability and governance of the Park District.[1] The Commission determines that the District's Park and Recreation powers shall remain at this time given the concerns it has expressed regarding the Park District's sustainability.

Sanitation

Running Springs WD is authorized Sanitation (garbage and/or refuse collection) as an active function, although it has ever actively provided sanitation services nor has it formally expressed an interest in the assumption of the service at this time. This service is provided regionally by Mountain Disposal Service (collection) as a franchise authorized by the County of San Bernardino. In addition, the County provides a "Clean Mountain Disposal" site operated by

[1] See LAFCO service review and sphere of influence update for the Rim of the World Recreation and Park District, LAFCO 3149, Item 11, June 2010 agenda.

Burrtec located within the Running Springs community at the Charles Hoffman Elementary School for the drop off trash and recyclables.

3. Financial ability of agencies to provide services:

Net Assets

In reviewing the district's financial documents, net assets have increased by 14% since FY 2005-06 as shown on the chart below. As of June 30, 2010, the district had $20.2 million in net assets. Not including capital assets value and debt, the district had roughly $3.8 million in restricted and unrestricted net assets. Of this amount $3.0 million is unrestricted.

	2005-06	2006-07	2007-08	2008-09	2009-10
Net Assets					
Invested in capital assets – net of related debt	13,463,256	13,894,660	14,168,860	16,382,276	16,362,374
Restricted for debt service	811,369	874,471	850,682	682,708	763,030
Unrestricted	3,178,588	2,864,704	2,652,234	3,419,653	3,043,937
Total Net Assets	**$17,633,835**	**$17,633,835**	**$17,671,776**	**$20,484,637**	**$20,169,341**

General Operations and Accounting

The accounts of the Running Springs Water District are organized on the basis of funds, each of which is considered a separate accounting entity.

- The General Fund is the general operating fund of the district. It is used to account for all financial resources except those required to be accounted for in another fund. At the present time the General Fund is used to account for all financial resources of its fire protection service.

- The Proprietary Fund is used to account for operations of the Water, Sewer and Ambulance Departments that are financed and operated in a manner similar to private business enterprise - where the intent of the district is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Revenues and Expenditures

The figure below is taken from the FY 2009-10 financial statements and provides a breakdown of the revenues and expenditures for the Governmental Activities (fire protection) and Business-type Activities (water, ambulance, and sewer).

Governmental Activities

	Statement of Revenues and Expenditures Governmental Fund (Fire Protection)	GASB 34 Conversion	Statement of Activities Government-Wide (Fire Protection)
Revenues	$ 1,773,434	$ 8,000	$ 1,781,434
Expenditures	1,417,690	61,441	1,479,131
Excess of Revenues Over (Under) Expenditures	355,744	(53,441)	302,303
Other Financing Sources and (Uses)			
Proceeds From Sale of Capital Assets	15,027	(15,027)	-
Net Change	$ 370,771	$ (68,468)	$ 302,303

Business-type Activities

	Water	Ambulance	Sewer	Totals
Operating Revenues	$ 1,411,000	$ 489,488	$ 1,429,272	$ 3,329,760
Operating Expenses	1,672,371	630,172	1,628,631	3,931,174
Operating Income (Loss)	(261,371)	(140,684)	(199,359)	(601,414)
Non-operating Revenues (Expenses):				
Leasing revenue	9,600	-	-	9,600
Assessments – availability charges	41,398	-	14,875	56,273
Interest	13,858	-	35,338	49,196
Special charges	139,571	-	106,058	245,629
Leachate loads	-	-	151,841	151,841
Miscellaneous	154,939	-	1,178	156,117
Interest on long-term debt	(22,636)	(2,957)	(55,658)	(81,251)
Cost of availability charges	(104)	-	(104)	(208)
Bond issuance costs	(750)	-	-	(750)
Gain (loss) on disposal of assets	(1,032)	-	(3,651)	(4,683)
Income (Loss) Before Property Contributions	73,473	(143,641)	50,518	(19,650)
Property contributions	10,505	-	22,138	32,643
Change in Net Assets	$ 83,978	$ (143,641)	$ 72,656	$ 12,993

After reviewing the Running Springs WD financial documents, it is apparent that the most pressing financial challenge relates to its ambulance service. Running Springs WD is required to provide ambulance service within its Exclusive Operating Area (hereafter as shown EOA) as defined by the memorandum of agreement with the Inland Counties Emergency Management Association. However, the EOA extends beyond the Running Springs WD boundary. This requires Running Springs WD to provide ambulance services to areas that do not contribute property tax revenues to Running Springs WD for the service; the revenue stream is associated with other emergency medical response providers. These costs are then backfilled by property taxes generated from within the district.

In order to recover these costs, the district charges for its services in these areas 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 an annual operating loss for the ambulance services. However, the uncollectible amounts roll forward with each successive year. For FY 2009-10, ambulance uncollectible accounts increased by 29% to $129,697.

Long-Term Debt

Long-term debt consists of a 2002 Water Refunding Loan Agreement, which has an outstanding balance of $398,467 (as identified in the audit); Sewer Treatment, 2001 Installment Payable, which has an outstanding balance of $1,108,165; and 2008 Municipal Finance Corporation installment payable, which has an outstanding balance of $44,331. However, on September 15, 2010, the district decided to pay off the remaining balance of the 2002 Water Refunding loan, with the payment made on January 11, 2011.

Financial Master Plan

Updates from the Water and Wastewater Master Plan provide a prioritized listing of infrastructure improvements needed, along with a schedule and costs for these improvements. The overall cost for the proposed water and sewer system improvements presented in this Master Plan through the next 20 years is approximately $10 million. The district then must consider alternatives for financing this needed work, while still providing funding for all of the costs associated with delivering services. To properly identify and consider financing options, the district is in the process of preparing a Financial Master Plan.

To date, the Financial Plan has not been adopted and due to economic conditions, the Board has decided to place it on hold until the local economy improves. The Plan was originally scheduled for implementation in July 2011. However, based upon the deferral of adoption, the schedule for implementation will be revised. Thereafter, the district will finalize rates and recommendations, mail out Proposition 218 notices and information on a public hearing to property owners, hold a public rate hearing to consider adoption of proposed rates and apply new rates once approved.

Other Information

Budgets

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. LAFCO recommends that for the future the district include at least one year's worth of actual figures.

Regular Audits

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 State Controller and county auditor within 12 months of the end of the fiscal year. According to records from the County Auditor, as of January 21, 2011 the last audit received was for FY 2008-09 on November 17, 2009. LAFCO recommends that the appropriate documents be forwarded to the County.

Pension and Post-Employment Benefits

The district contributes to the California Public Employees Retirement System ("PERS"). Through FY 2009-10 the district has a zero net pension obligation. The audits do not identify any Other Post Employment Benefits.

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

The District indicates that it does not share any facilities with other agencies. However, opportunities exist to share facilities with adjacent fire providers.

The Arrowbear Park CWD, Running Springs WD, and CSA 79 have shared facilities and programs:

- The water districts have connections with Crestline-Lake Arrowhead Water Agency in order to receive State Water Project water.
- In 1984, the Running Springs WD and the Arrowbear Park CWD entered into a joint venture to construct facilities that connect the two agencies' water systems. The interconnection between the two systems provides the capability to transfer water as necessary to meet the needs of each community for both domestic water and fire flow demand. Currently, the interconnection is primarily used as a means for the Running Springs WD to purchase surplus groundwater from Arrowbear Park CWD at a cost less than CLAWA imported water.
- The wastewater collected by each district flows into the treatment plant maintained by Running Springs WD. The capital investment and maintenance costs for the treatment plant located within the Running Springs WD are shared by all three districts according to contracts which assign a proportionate share of costs to each.
- The Arrowbear Park CWD is beginning to plan for an emergency pipeline to attach to the sewer system for emergency purposes, should the Running Springs WD sewer system fail to accept sewage from the district. The plan is only in the conceptual stages.
- Running Springs WD also entered into agreement(s) with CSA 79 and Arrowbear Park CWD to receive and/or provide assistance for emergency situations.
- The opportunity for shared facilities exists because the two water agencies are contiguous to each other and each provides retail water and sewer collection. For fire protection, Running Springs WD and Arrowbear Park CWD each provides fire protection, each with its own facilities and equipment.

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

Local Government Structure and Community Service Needs

The district is an independent special district governed by a five-member board of directors elected at-large. A review of the County Registrar of Voters website identifies that since 1997, there have been six elections for selection of directors. At the last election held for the district in November 2009, 84% of the ballots voted in favor of conducting future elections by mail rather

than traditional precinct voting. For that election, there were 2,558 registered voters within the district with a 20% turnout. Beginning in February 2011, the regular board meetings of the district are conducted on the third Wednesday of each month at 9:00 a.m. at the district office. The district also maintains a website, runningspringswaterdistrict.com. The current board, their positions, and terms of office are shown below:

Board Member	Title	Term
Ken Ayers	President	2013
Kevin Kellems	Vice President	2011
Pam Bennett	Director	2013
Paul Shouse	Director	2013
Mike Terry	Director	2011

Operational Efficiency

Operational efficiencies are realized through several joint agency practices, for example:

- Arrowbear Park CWD and Running Springs WD contribute to the California Public Employees Retirement System ("PERS"), a cost-sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investments and administrative agent for participating public entities with the State of California.

- The wastewater collected by each district flow into the treatment plant maintained by Running Springs WD. The capital investment and maintenance costs for the treatment plant located within the Running Springs WD are apportioned each of the three districts according a formula derived proportionate share of costs.

Government Structure Options

There are two types of government structure options -- service provision through out-of-agency service contracts under Government Code Section 56133 and other potential government structure changes such as consolidations, reorganizations, dissolutions, etc. Each is described below:

Out-of-Agency Service Agreements:

Arrowbear Park CWD has identified that it provides wholesale water service outside of its boundaries to Running Springs WD pursuant to a contract dated November 1983 that expired in 2003 and was not renewed. However, the agencies have identified that the Running Springs WD can purchase water with no limitation provided water is available and a new agreement is being developed at this time. The districts will need to request that the Commission declare this future agreement is exempt from the provision of Government Code Section 56133, limiting the extension of service outside an agency's boundaries.

Running Springs WD has identified that it has provided water and sewer outside of its boundaries to a church (St. Anne's in the Mountains) since 1990, water to a boy scouts camp (Camp Helendale) since 2002, and has sold wholesale water to Smiley Park since 1991. None of these contracts were identified during the original considerations for out-of-agency services contracts by

the Commission in 1994, and the 2002 contract was not submitted to the Commission for consideration under the provisions of Government Code Section 56133. However, based upon historic provision of service, these contracts will be considered to be exempt from further review based upon the historic delivery of service. Therefore, the Commission determines that they are recognized as existing service contracts provided by the District and all future contracts for service outside the District's boundaries will be reviewed as required by Government Code Seciton 56133.

Additionally, Running Springs WD is required to provide ambulance service within its Exclusive Operating Area as defined by the memorandum of agreement with the Inland Counties Emergency Management Association.

Government Structure Change Options:

While the discussion of some government structure options may be theoretical, a service review should address possible options.

- Reorganization of the existing Hilltop agencies into a single-multi function entity.

  - Consolidation of the sewer entities with one of the county water districts as the successor district. The possibility of consolidating the two county water districts in the Hilltop community has been discussed since the early 1970s. The staff report for the sphere establishments stated that the districts should consider consolidation since the districts provided similar services and had coterminous boundaries. In 1995, the Running Springs Water District and the Arrowbear Park County Water District formed a consolidation committee to review the possibility of consolidating the two water districts. During 1995 the districts met voluntarily to review the possibility; however, no outcomes following the meetings were presented to LAFCO. Two years later, at the April 1997 LAFCO hearing LAFCO staff requested that the Commission consider initiating a study for the consolidation of the two districts. According to the hearing minutes, representatives from both districts stated that consolidation should eventually occur but disparity in service costs existed between the districts. The Commission urged the two districts to continue to discuss consolidation and look for ways to work together. CSA 79 was not a part of these discussions since LAFCO law at the time precluded its consolidation.

    Since the change in LAFCO law allowing for the consolidation of agencies not formed under the same principal act, the service area of CSA 79 (sewer service) could be included in such a reorganization. The three agencies already work together and share facilities. The wastewater collected by the agencies flows into the treatment plant maintained by Running Springs WD. The capital investment and maintenance costs for the treatment plant located within the Running Springs WD are shared by Arrowbear Park CWD, CSA 79, and Running Springs WD based on a proportionate share of costs. The roads function of CSA 79 would be removed since the funding mechanism for the service is through its zone R-1 and would be transferred to either a regional road/snow removal entity or through the conversion to a zone of CSA 70.

    The type of change is supported by LAFCO law. The preamble to LAFCO law 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. This scenario would provide for

an efficient service delivery pattern for water, sewer, and fire protection within the community through a single agency. The downside to this type of reorganization of water districts is that it would prohibit the inclusion of CSA 73 as part of the reorganization since streetlighting service, which is what CSA 73 currently provides, is not a function that water districts are authorized to perform.

- Formation of a Community Services District. Similar to the reasons cited in the scenario above, forming a single, multi-purpose special district, through reorganization of the existing service providers, and formation of a Community Services District, is a preferred form of government that is feasible for the Hilltop community. The agencies within the community (Running Springs WD, Arrowbear Park CWD, CSA 79, including CSA 73) could be reorganized into a CSD, which would assume the responsibilities and all functions, obligations, assets, liabilities, and equipment of the agencies that are to be reorganized. This scenario would provide for an efficient service delivery pattern for the full range of services available within the community through a single agency. The creation of a CSD would allow a mechanism to isolate the special funding mechanisms and debt obligations of each respective district, while achieving economies of scale and elimination of duplicative services or requirements, such as legal counsel, auditing, payment of LAFCO apportionment, etc.

  The preamble to Community Services District law states that the intent of the Legislature is:

  > To encourage local agency formation commissions to use their municipal 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.

  In addition, such a formation would solidify the community as outlined in the preamble to CSD law, which states that a CSD is:

  1. A permanent form of governance that can provide locally adequate levels of public facilities and services.
  2. An effective form of governance for combining two or more special districts that serve overlapping or adjacent territory into a multifunction special district.
  3. A form of governance that can serve as an alternative to the incorporation of a new city.
  4. A transitional form of governance as the community approaches cityhood.

  For San Bernardino LAFCO, the establishment of Community Services District has been used as a tool to establish independent government structures that allow for the fostering and nurturing of communities for a potential future incorporation. With the support of the Hilltop community such a distinction could be achieved for the area; however, no clear expression of interest has been conveyed to LAFCO staff during this consideration. It is the Commission's position that the establishment of the community designation for Hilltop is a potential first step in this process.

- Consolidation with a County Service Area as successor agency. As a county service area, either CSA 73 or CSA 79 could provide the full range of services -- water, sewer, and fire protection -- to the community through assumption of the services provided by

Arrowbear Park CWD and Running Springs WD. However, fire protection within CSA 79 is currently provided by County Fire and its Mountain Service Zone following completion of LAFCO 3000 (Fire Reorganization). The Commission is not aware of any community interest in this option and such an option would remove local control of these services.

- Consolidation of all public water agencies and/or service areas within CLAWA. An additional scenario would be to consolidate all of the public water agencies providing retail water service within the boundaries of the Crestline-Lake Arrowhead Water Agency (CLAWA). These agencies include Arrowbear Park CWD, County Service Area 70 Zone CG, CLAWA, Crestline Village Water District, Lake Arrowhead Community Services District, Running Springs WD, and the Rim Forest portion of the City of Big Bear Lake Department of Water and Power. This option could reduce duplication of administrative efforts and provide the opportunity for economies of scale. Further, it would provide a single voice for this part of the mountain region regarding water issues. This scenario could also alleviate the need for short-term solutions for water delivery. This is a feasible option in an economic sense, and appears more practical for the Crest Forest and Lake Arrowhead communities. However, the details of a possible consolidation would need to consider the other services provided by the agencies and if annexation of additional territory would be included. Further, this scenario, as outlined to LAFCO, is not politically acceptable or practicable at this time.

- Regional cooperation for distributing reclaimed and/or recycled water. CLAWA does not perform reclamation services; although CLAWA Law allows for it to perform reclamation services (treatment and reclamation of sewage and storm water) within its boundaries and the request for authorization to perform the services would be subject to LAFCO approval. However, within its boundaries and sphere of influence there are three agencies that provide this service: Crestline Sanitation District (collection and treatment), Running Springs WD (collection and treatment), and Lake Arrowhead Community Services District (collection and treatment).

  As a regional agency, in cooperation with other water entities CLAWA is responsible for managing the water resources within its boundaries to ensure a sustainable supply of water for the benefit of its constituents. As such, CLAWA could help coordinate a regional plan for distribution of reclaimed water in the mountains. Such a structure could reduce duplication of planning efforts and provide the opportunity for economies of scale while maintaining the independence of each district.

- County Fire as responsible entity for fire protection. In this scenario, the responsibility for fire protection and emergency services currently provided by Arrowbear Park CWD and Running Springs WD could become the responsibility of County Fire and its Mountain Service Zone. There are benefits to regionally providing services such as fire protection through the standing army concept, the transfer of existing revenue streams to the larger fire entity for regional use, and potential economies of scale that could be achieved. The districts have indicated interest in this option in the past and are currently discussing either transferring their fire protection responsibility to County Fire or contracting with County Fire. Additionally, assumption of ambulance transport services by County Fire would include ICEMA authorization. Without support from all affected agencies this option would not be achievable.

  In the discussion of this option, LAFCO would support the annexation of this territory to County Fire and the transfer of the existing property tax support for these operations from each of the districts. However, it has been indicated that such an option would require the pledging of additional district revenues. The Commission questions such an action given that

during the reorganization of County Fire (LAFCO 3000), the property tax revenues generated within each of the unincorporated independent fire providers 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	323,262.27	3,246,324.64	52
Chino Valley Independent Fire District	438,657,966	4,386,579.66	111,192.61	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	1,725,718.50	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	37,566,171	375,661.71	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			4,634,982.00		

Contracting with County Fire for fire protection does not provide access to these administration funds; however, annexation would. Conversely, should the districts annex additional territory, the property tax share for fire administration and fire protection services would transfer to the districts.

- Maintenance of the status quo. At this time, LAFCO has not received any expressed interest from the agencies, landowners, or residents in exploring the options above. Maintenance of the existing organizational structure would maintain the delivery of retail water, sewer, and fire protection within the respective service areas with no additional services provided.

The Commission determines that a single sphere of influence for the Arrowbear Park County Water District, Running Springs Water District (as modified), County Service Area 73, and County Service Area 79 shall be assigned, thereby signaling the Commission's position that a future reorganization consolidating the service providers for the Hilltop Community is appropriate.

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

1. Present and Planned Uses:

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 *Hilltop Community Plan*, several issues set Hilltop apart from other mountain communities, suggesting that different strategies for future growth may be appropriate. Among

these are the relationship to surrounding communities and community character and commerce. The Hilltop plan area, particularly Running Springs and Arrowbear Lake, is a highly trafficked area leading to Bear Valley. Hilltop does not have the same growth pressures facing other mountain communities due to the limited supply of private land available for development. However, residents are concerned with the impacts that future growth and development in surrounding areas will have on an infrastructure system they sense is already strained. As for community character and commerce, residents expressed a strong desire for a park or central gathering place to help promote a sense of community. It is also important that the pursuit for commercial vitality does not disregard the importance of maintaining the community's natural setting, small-town atmosphere, and mountain character.

The majority land use designation is Resource Conservation. The three major residential land uses include RS-10M (Single Residential, 10,000 sq. ft. minimum), SD-RES (Special Development – Residential), and RS (Single Residential, 7,500 sq. ft. minimum). Most of the commercial land use designations are primarily concentrated in the central portion of the community where State Highway 18 and 330 meet. This commercial area is known as downtown Running Springs.

The area being removed from Running Springs WD's existing sphere is all Resource Conservation. The remainder of the Hilltop community that is not within the spheres of influence assigned to Running Springs WD is primarily designated as Resource Conservation.

The population and household projections below encompass the developable territory within the community. By 2030, the permanent population is estimated to reach over 9,600, a 60% increase. Even with the increase in population, the area is not anticipated to reach its build-out population by the 2030 horizon of this report.

Year	2000	2005	2010	2015	2020	2025	2030
Running Springs WD	***4,183***	***4,527***	***4,900***	***5,303***	***5,739***	***6,212***	***6,723***
Arrowbear WD	***554***	**600**	***649***	***703***	***761***	***823***	***891***
Portion within CSA 73	*453*	*490*	*530*	*574*	*621*	*672*	*728*
Remaining portion	*101*	*110*	*119*	*129*	*139*	*151*	*163*
CSA 79	***1,289***	**1,395**	***1,510***	***1,634***	***1,769***	***1,914***	***2,072***
COMMUNITY TOTAL	*6,026*	*6,522*	*7,059*	*7,640*	*8,268*	*8,949*	*9,683*

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

Water

The Running Springs WD owns 13 water storage reservoirs which can hold up to 2.73 million gallons of water. It is sufficient to meet the health and safety requirements of 50 gallons per day per capita for 4,475 customers for 12 days (assuming there is no non-residential use). In the event water supplies decrease beyond predicted levels, the Running Springs WD may choose to purchase more water from their suppliers (CLAWA and Arrowbear Park CWD). There are 14 booster pumping stations that lift water to upper zones or to replenish storage and to supply demand. The district has approximately 43 miles of water mains ranging in size from 2 to 16 inches in diameter. The 2-inch lines are back-lot lines and are systematically being replaced as part of an on-going process.

Sewer

Running Springs WD has one wastewater treatment plant currently designed for a maximum treatment capacity of 1.1 million gallons per day (mgd) with the ability to increase to 1.6 mgd. The treatment plant was designated as a regional facility by the State Water Resources Control Board and provides wastewater treatment and disposal, under contract, for Running Springs WD, Arrowbear Park CWD, and CSA 79 which includes Green Valley Lake, US Forest Service Recreation areas-including camp grounds and ski areas within Green Valley Lake, private camps along Green Valley Lake Road, and the Snow Valley Ski area. The facility includes a solids handling system, effluent disposal site consisting of 13 original percolation and evaporation ponds, and spray irrigation covering seven acres. The collection system consists of 65 miles of pipe ranging in size from 6" to 15" and nine sewage lift stations.

Fire Protection and Ambulance

Running Springs WD provides fire protection and emergency medical response services. In the Hilltop community, ambulance and paramedic services are provided by Running Springs Water District within its EOA as defined by the memorandum of agreement with ICEMA. The District's EOA goes beyond its actual boundaries, which extends southerly along SR 330 towards the San Bernardino/Highland area, northerly towards Shay Mountain, and easterly towards the Snow Valley Ski area. This requires Running Springs WD to provide ambulance services (a non-enterprise service) to areas that do not contribute property tax revenues or fire suppression assessment to Running Springs WD.

Park and Recreation

While not providing direct park and recreation services, the Running Springs WD has cooperated with the Rim of the World Recreation and Park District for facility use. The Running Springs WD is leasing property to the Park District, who will also be maintaining a basketball court.

Sanitation

Running Springs WD is authorized the Sanitation function, although it has never actively provided sanitation services nor has it formally expressed an interest in the assumption of the service at this time. These services are currently provided through the Solid Waste Franchise to Mountain Disposal Services and through the Clean Mountain Disposal site managed by Burrtec operated at the Charles Hoffman Elementary School in Running Springs.

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

Water

All of the Running Springs WD's wells are located within fractured rocks and the water level for each well depends on rainfall and snow melt. The wells can provide up to 53 percent of total annual water demand. The remaining 47 percent of the total annual water demand is supplied by CLAWA and Arrowbear Park CWD. The water purchase agreement between the Running Springs WD and CLAWA was signed in 1972. The Running Springs WD can purchase water from CLAWA at a minimum of 161 acre-feet per year (AF/Year) to a maximum of 1,137 AF/Year. The agreement between the Running Springs WD and Arrowbear Park CWD is for a maximum purchase of 129 AF/year.

Since CLAWA can provide the Running Springs WD with up to 1,137 AF/Year, and since there is no maximum limit on the supply from the Arrowbear Park CWD if available, the Running Springs WD will be able to meet the customer's demands for any multiple dry year condition.

Sewer

There are three agencies that provide sewer service to the Hilltop area: Running Springs Water District, Arrowbear Park County Water District, and County Service Area 79. For all three agencies, wastewater is collected in a network of sewer laterals, and then transported to sewer mains.

Based on information from Running Springs Water District, the plant has a total capacity of 1.1 million gallons per day and is currently at 45.5 percent of this design capacity. Based on rough information concerning the number of available connections, approximately 71 percent of the available sewer connections have been used, with 29 percent remaining.

According to the 2010 Water and Wastewater Master Plan, problems in the sewer system include an undersized collection system, failures from age or corrosion, WWTP capacity and equipment needs, inflow and influent flow metering, effluent flow metering, US Forest Service requirements for maintaining the ponds, and spry irrigation for effluent disposal and fire suppression. The overall cost for the proposed sewer system improvements presented in this Master Plan through the next 20 years is approximately $1,999,913.

Fire Protection and Ambulance

In the Hilltop community, ambulance and paramedic services are provided by Running Springs Water District. This requires Running Springs WD to provide ambulance services (a non-enterprise service) to areas that do not contribute property tax revenues to Running Springs WD. In order to recover these costs, the district charges for its services in these areas 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 an annual operating loss for the ambulance services. However, it was noted that the bulk of the response within the community is provided through mutual aid by the Running Springs Water District fire department.

4. Social and Economic Communities of Interest:

The community discussion at the outset of this review identified the inter-relationship between the three communities – Running Springs, Arrowbear Lake, and Green Valley Lake and defined them as a single community. The social and economic communities of interest are represented by the commercial center of the community located at the intersection of Highway 18 and 330. In addition, the Rim of the World Unified School District (which is a regional entity servicing the majority of the mountain region) provides for a larger social unit for the western Mountain region.

LAFCO's practices in the past have been to establish community services districts to nurture a local electorate to provide the management and guidance for service provision as desired by the electorate. The definition of the Hilltop community is the first step in recognizing the social and economic communities for the future in this manner.

5. Additional Determinations

- As required by State Law notice of the hearing was provided through publication in a newspaper of general circulation, *The 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.

WHEREAS, pursuant to the provisions of Government Code Section 56425(i) the range of services provided by the Running Springs Water District shall be limited to the following:

FUNCTIONS	SERVICES
Water	Retail, domestic, wholesale, conservation
Sewer	Collection, transportation, treatment
Fire Protection	Structural, watershed, suppression, prevention, first aid, advanced life support, ambulance, rescue
Park and Recreation	Local park and recreation
Sanitation	Collection, transportation, waste and trash disposal

WHEREAS, having reviewed and considered the factors and findings as outlined above, the Commission determines that a single sphere of influence shall be assigned for the service agencies within the Hilltop community; therefore, the Commission

(1) Reduces the Running Springs Water District's existing sphere of influence on the south by approximately 2,280+/- acres;

(2) Affirms the balance of the District's existing sphere of influence; and,

(3) Expands the sphere of influence by approximately 9,795+/- acres to encompass the entirety of the Hilltop community, as defined by the Commission (generally the combined existing spheres of influence of the Arrowbear Park County Water District, Running Springs Water District, County Service Area 73, and County Service Area 79).

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 this to be the sphere of influence for the Running Springs 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 Running Springs 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 the 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:**	**Curatalo, Cox, Bagley, Rutherford, McCallon, Coleman, Derry**
NOES:	**COMMISSIONERS:**	**None**
ABSENT:	**COMMISSIONERS:**	**Mitzelfelt (Derry voting in his stead)**

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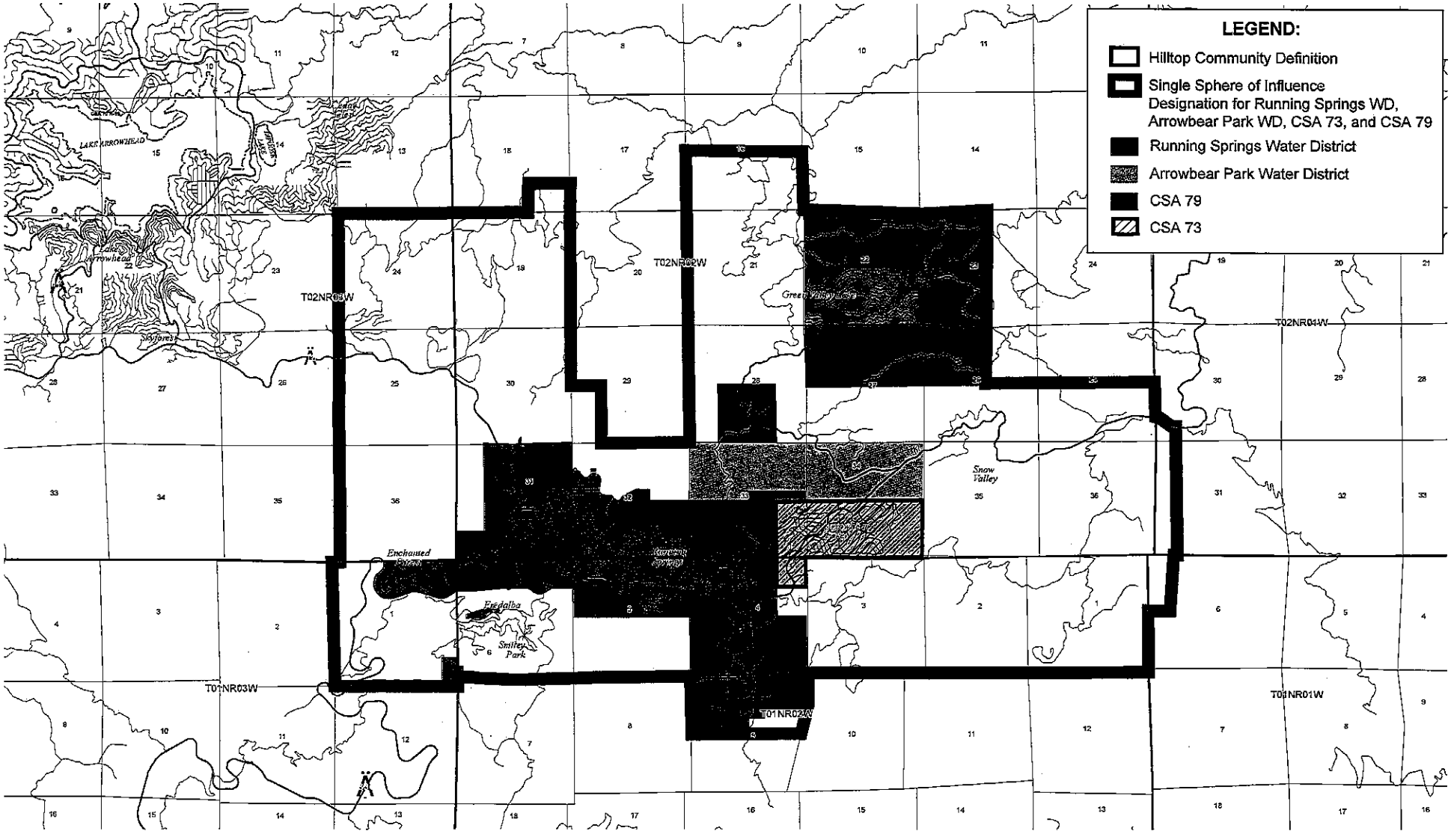
STATE OF CALIFORNIA)
) ss.
COUNTY OF SAN BERNARDINO)

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 April 21, 2011.

DATED: April 22, 2011

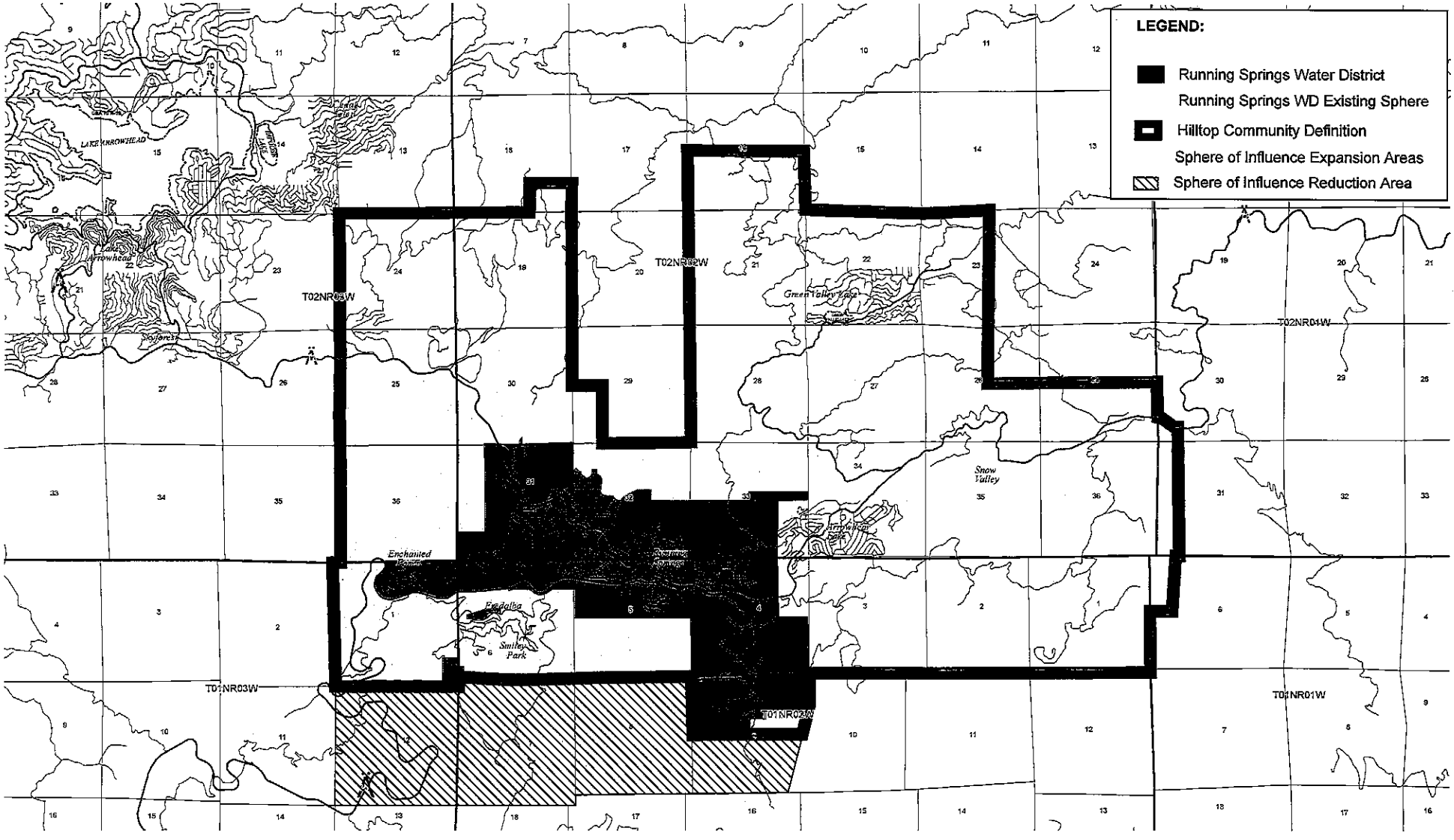
KATHLEEN ROLLINGS-McDONALD
Executive Officer



SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR RUNNING SPRINGS WATER DISTRICT (LAFCO 3108), ARROWBEAR PARK WATER DISTRICT (LAFCO 3137), COUNTY SERVICE AREA 73 (LAFCO 3123), & COUNTY SERVICE AREA 79 (LAFCO 3131)

Single Sphere of Influence Designation for Running Springs Water District, Arrowbear Park Water District, CSA 73, and CSA 79

EXHIBIT A (map 1 of 2)



LAFCO 3108 - SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR RUNNING SPRINGS WATER DISTRICT

Single Sphere of Influence Designation for Running Springs Water District, Arrowbear Park Water District, CSA 73 and CSA 79

The sphere for Running Springs WD is being expanded by approximately 9,795+/- acres and its existing sphere is being reduced by approximately 2,280+/- acres to encompass the Hilltop community, as defined by the Commission.

EXHIBIT A (map 2 of 2)