

**LOCAL AGENCY FORMATION COMMISSION
COUNTY OF SAN BERNARDINO**

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PROPOSAL NO.: LAFCO 3033

HEARING DATE: July 16, 2008

RESOLUTION NO. 3001

A RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF THE COUNTY OF SAN BERNARDINO MAKING DETERMINATIONS ON LAFCO 3033 – A SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR THE MOJAVE WATER AGENCY

On motion of Commissioner Pearson, duly seconded by Commissioner Mitzelfelt, 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 May 21, 2008 and continued to July 16, 2008 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;

WHEREAS, a statutory exemption has been issued pursuant to the provisions of the California Environmental Quality Act (CEQA) indicating that this service review and sphere of influence update are statutorily exempt from CEQA and such exemption was adopted by this Commission on July 16, 2008. The Clerk was directed to file a Notice of Exemption within five working days of its adoption;

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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 is affirmed for Mojave Water Agency, as depicted on the map attached hereto as Exhibit "A"; and,

WHEREAS, the determinations required by Government Code Section 56430 and local Commission policy are:

1. Growth and population projections for the affected area:

The service area of MWA includes the full range of land uses, from urban uses to vacant/open space lands. The Agency's territory includes the full range of potential growth, from areas with little to no growth to areas anticipated to experience significant growth in the future. Years 2005 through 2015 utilize projections from the Southern California Association of Governments, and years 2020 through 2030 utilize the California Department of Finance projections, which assume that the County will grow annually at the rate of 1.8% during those years. The Agency had 358,800 residents in 2005 and is estimated to have 646,900 residents by 2030 (an 80% increase).

For the population centers in the Victor Valley (generally the Alto and Alto Transition Zone sub basin areas), historical trends indicate moderate to high growth. Since 2000, the incorporated cities of the Victor Valley (Adelanto, Apple Valley, Hesperia, and Victorville) increased in population by 44%. The Victor Valley is anticipated to experience 94% growth between 2006 and 2030. North of Victor Valley, the City of Barstow grew 13.1% and is estimated to grow 61.4% from 2005 to 2030 to a population of 38,571. As for the Town of Yucca Valley, from 2000 to 2005 the Town grew 8.9% and is estimated to grow 15.8% from 2005 to 2030 to a population of 21,150.

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

The most significant regional issue is future water supply. The high growth rate in the region, coupled with a continued overdraft of the groundwater basin, which is the primary source of supply, is an infrastructure deficiency. Overdraft conditions have occurred in the basins due to the reliance on groundwater to meet water needs from a variety of uses which include domestic and agriculture. This has caused a decline in the water level, changes in water quality, loss of riparian habitat, and changes in the quantity and spatial distribution of recharge from the river.

The Mojave River Groundwater Basin is adjudicated under a stipulated judgment that specifies the amount of groundwater that can be extracted by groundwater producers using over 10 acre-feet per year, the purpose of which is to balance water supply and demand and address the overdraft. Producers are required to replace any water pumped above their Free Production Allowance by paying the Watermaster to purchase supplemental water or by purchasing unused production rights from another party.

Water Supply

Natural recharge of the Mojave River Basin comes from the Mojave River and mountain runoff. MWA estimates an annual average of 65,500 acre feet of natural recharge each year through 2025 under normal conditions. For the Morongo Basin/Johnson Valley area, there are no rivers that contribute substantial amounts of water. There are only small streams that collect runoff from the mountains during storms that percolate into the stream or dry lake beds. To meet demand, the Agency imports supplemental water.

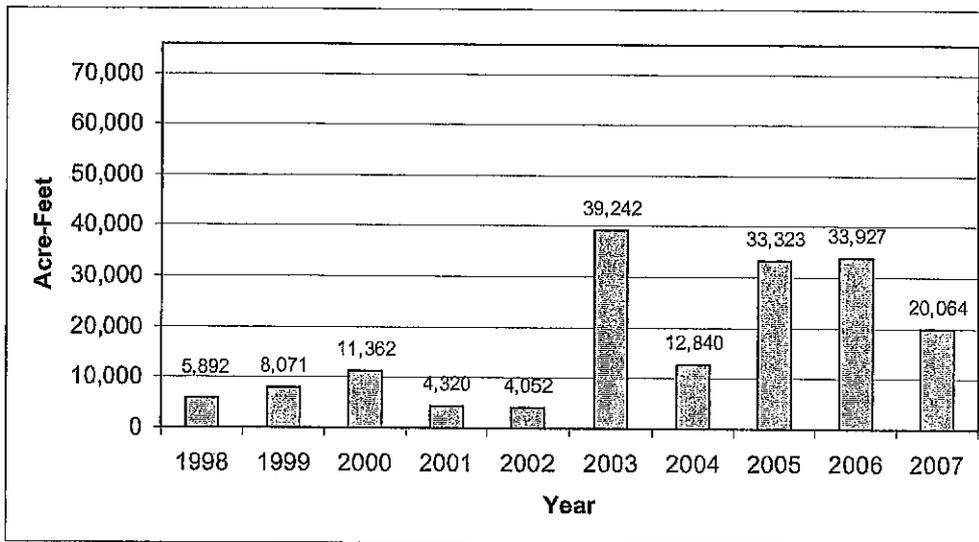
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MWA is one of 29 State Water Project contractors and was originally entitled to import 50,800 acre-feet annually of State Water Project supplemental water. In 1997, MWA purchased 25,000 acre-feet of Berrenda Mesa Water District's (Kern County) entitlement to increase its entitlement to 75,800 acre-feet. However, the actual purchase amount is determined by MWA need and Department of Water Resources availability. The Agency is seeking to purchase \$75 million worth of additional entitlement, of which \$25 million would be a down payment in FY 09-10 and an estimated \$50 million would be funded through debt. The acre-feet amount that would be purchased is unknown at this time.

MWA is entitled to purchase up to 75,800 acre-feet of imported water per year, and for 2008 the allocation percentage is 35%. Therefore, MWA can purchase up to 26,530 acre-feet in 2008.

The Agency did not fully utilize its State Water Project water entitlement until 2003 and is planning to purchase more supplemental water to reduce the over-pumping of the Mojave River Basin. However, this is dependent on the amount of State Water Project water available for purchase. According to the FY 08-09 Budget, the Agency plans to purchase approximately 30,000 acre-feet, roughly the full amount available for purchase.

Actual State Water Project Deliveries to MWA



source: Mojave Water Agency

To determine the effectiveness of artificial recharge, the United States Geological Survey performed two groundwater flow models. The first model assumes no artificial recharge is available and indicates that water levels would decline by as much as 60 feet after 20 years. The second model assumes the availability of 65,000 acre-feet per year of State Project Water and indicates water levels would be 100 feet higher near the artificial recharge sites. The results illustrate the importance of supplemental water to the basin used to mitigate the effects of overdraft.

Improvement District M

In 1990, a portion in the southern part of the MWA's territory voted in favor of forming Improvement District M and to incur bonded indebtedness of \$66.5 million to finance the construction costs of the Morongo Basin Pipeline to deliver water from the California Aqueduct in Hesperia to Yucca Valley. The residents of the improvement district are obligated to pay for 75% of the costs of the Pipeline,

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and the project participants are obligated to pay for the remaining 25%. The project participants each pay a share of the 25% as follows:

Originally, CSA 70 Improvement District W-1 was obligated at 4% and CSA 70 W-4 at 1%. In 1995, MWA acquired 3% of the rights from CSA 70 W-1 and 1% from CSA W-4. MWA was requested by the County to buy CSA 70 W-1 and W-4 shares due to lack of utilization of the water and the Board of Supervisors approved this request. The percentage share that the participating agencies pay is the same percentage of water which they are entitled. By doing so, the County gave up rights to water from the Pipeline when they sold its share.

Water Monitoring

MWA has implemented a project to develop a groundwater analysis system for the entire MWA service area. This system allows the Agency to collect, analyze, and access water quality information to meet its long-term water quality objectives. Approximately 140 groundwater-monitoring wells have been installed since the 1990's. These wells monitor changes in the aquifers and samples are taken to ensure that there are no new contaminants in local aquifers. The Department of Water Resources provided a \$250,000 grant for the Agency to develop a 2,000 foot deep monitoring well (known as the Deep Well Project) upstream of the Mojave River near Hesperia in the Oro Grande wash. This project allows MWA to monitor water levels and anticipate supply and distribution needs before they become urgent.

Water Demand

Even with the decrease in imported water for 2008 (estimated availability 26,530 acre-feet in 2008), MWA has received requests for 58,000 acre-feet from water purveyors, more than two times the estimated allocation for the year. This will be the first year that MWA will be unable to meet all requests. Some water purveyors will receive less than requested and will require implementation of conservation or contingency measures. To help meet demands, MWA will utilize about 5,000 acre-feet of its 100,000 acre-feet of stored water.

Consumptive Use

In the Mojave Basin Area, all uses except for recreation will experience significant increases in consumptive use. Agricultural and municipal consumptive uses are the main driver in increasing overall water consumption. The projection for agricultural use depends on the extent that agricultural users will transfer their water rights in the future; either way, agricultural use will require additional water. Overall, the total projected consumption of water is anticipated to increase to 122,000 acre feet per year by the 2030.

In the Morongo Basin area, agricultural use has been declining since 1990. Other consumptive uses have remained generally constant since 1995. Municipal consumptive use is the majority use and is projected to increase from 2,500 acre-feet per year in 2000 to 4,300 acre-feet per year by 2030. Overall, the total projected consumptive use in the Morongo Basin area is anticipated to increase 74% from 2000 to 2030.

Regional Recharge and Recovery Project (R-Cubed)

Due to anticipated increases in demand for water through 2025, MWA will need to consider additional projects and water strategies to recharge the water basins to protect the quantity and quality of the water for all types of uses. According to the 2005 Urban Water Management Plan, if

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such measures and projects are not implemented, the presiding judge for the Mojave Basin Judgment could require mandatory reductions in production.

One such effort, the Regional Recharge and Recovery Project, also known as R-Cubed, is planned to store up to 40,000 acre-feet (13 billion gallons) annually for recharging the Mojave Groundwater Basin. All water pumped will be offset by State Water Project water recharged into the River. In years when demand is high, the Agency will extract the water from the replenishing wells and deliver it to water purveyors. Included in the project are pump stations, turnouts, a nine-mile east-west pipeline, and a well in the Upper Mojave Basin along the river.

The project is currently in the design and planning phase, and start of construction is scheduled for June 2009. MWA is aiming for its completion by 2010. The Agency was awarded approximately \$23 million in grant funds from Proposition 50 for the project, which is roughly half the cost of the project. The Agency is seeking project sponsorships from local agencies that would directly benefit from the project. In turn, those local agencies that participate financially would have priority in the capacity of the project. This would provide such local agencies with a more reliable source of water.

Supplemental Monitoring Requirements

The Mojave River County Water District (District) obtained a Judgment in 1966 to limit the amount of water that could be taken from entities upstream of the District. In 1995, LAFCO approved the dissolution of the District (LAFCO 2795), and as a condition of the dissolution MWA succeeded to the responsibilities of the District. Specifically, MWA intervened in the lawsuit *Las Flores Ranch Corporation v. Lake Arrowhead Development Company*. By intervening in the case, MWA "shall monitor compliance with the Judgment". The monitoring effort involves determination of minimum water flows through a metered facility from Grass Valley Lake into Grass Valley Creek, as prescribed by the Judgment.

The actual responsibility to monitor and report the data resides with the Arrowhead Lake Association, and the Arrowhead Lake Association uses data collected from the Lake Arrowhead Community Services District for monitoring and reporting. MWA's role is to maintain water transfer records of discharge into Grass Valley Creek and to maintain water transfer records from Grass Valley Creek and Grass Valley Lake into Lake Arrowhead. The Agency is fulfilling its obligation by maintaining the discharge and transfer records.

According to MWA staff, the reporting from Arrowhead Lake Association to MWA has been irregular. MWA has made numerous requests for the Arrowhead Lake Association to upgrade existing monitoring capability. To ensure consistent and accurate reporting, Arrowhead Lake Association and Lake Arrowhead CSD are entering into a memorandum of understanding to address a comprehensive monitoring program at Lake Arrowhead. MWA staff, in written correspondence to Lake Arrowhead CSD, is requesting that all parties to the Judgment should agree on the monitoring program and stipulate the agreement to the Court.

3. Financial ability of agencies to provide services:

MWA submitted budget and audit information as part of the service review. The audits and budgets for the Agency include, but not separately, the entities for which it is financially accountable: the Mojave Basin Area Watermaster and the Mojave Water Agency Public Facilities Corporation.

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Revenues

Taxes and Assessments

In 1977/78, before Proposition 13, all landowners within MWA paid two taxes, as identified in the County's 1977/78 tax rate book.

- 45 cents per \$100 of assessed valuation based on land
- 27.8 cents per \$100 of assessed valuation based on land and improvements

Following implementation of Proposition 13, a portion of the previous tax structure was applied to the 1% general levy and the rates for bond repayment and administrative costs for the State Water Project became separate tax assessment. Currently, all landowners within MWA pay these three taxes, only two of which are specifically identified on the property tax bills issued by the County Treasurer-Tax Collector:

- General Tax Levy (Share of the one percent ad valorem) - The Agency receives a share of the one percent ad valorem property tax, with a year-end projection of \$3.8 million for FY 07-08. The use is unrestricted, but a portion is used as repayment of the Morongo Basin Pipeline (the Agency as a project participant pays 4% of the 25% participating agencies' cost share of the bonds).
- Mojave Water Bond Debt #1 – Pursuant to Water Code Appendix 97-16, the Agency is authorized to levy an assessment not to exceed 45 cents per \$100 of assessed valuation based on land only. The Agency has indicated that Proposition 13 limited the 45 cent rate to 11.25 cents, and MWA levies the full 11.25 cent rate. It is dedicated to repayment for State Water Project contract costs and any variable costs to deliver the water. This tax is identified as "MWA1" in the budgets and audits, with a year-end projection of \$13.3 million for FY 07-08.
- Mojave Water Bond Debt #2 – The property tax bills identify a second special tax titled "Mojave Water Bond Debt #2". The FY 07-08 year-end projection is \$20.0 million for Mojave Water Bond Debt #2, or the MWA2(a) and (b) special taxes. The Agency has identified the following calculation structure for this special tax:
 - MWA2(a) – If the MWA1 special tax does not yield adequate revenue for its purpose, the Agency is authorized to levy a special tax for the additional revenue required for the purpose of paying all other costs, expenses, and obligations of the Agency for the State Water Project contract, pursuant to Water Code Appendix 97-16. The rate for this special tax is 3 cents per \$100 of assessed valuation based on land and improvements. One cent is used to pay for State Water Project contract costs not covered by the MWA1 special tax. It can also be used for purchase of stored water and State Water Project entitlements. Two cents is dedicated for the Berrenda Mesa debt (purchase of additional State Water Project entitlement).
 - MWA2(b) – The Agency is authorized to levy a special tax not to exceed 10 cents per \$100 of assessed valuation based on land and improvements to pay for the administration of the Agency, pursuant to Water Code Appendix 97-16. However, Proposition 13 limited the 10 cent rate to 2.5 cents, and MWA levies the full 2.5 cent rate.

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Following Proposition 13, the Legislature enacted statutes to implement its provisions. Under these statutes, a local government's share of the one percent general levy was based on the share of the property tax going to that local government before Proposition 13 (excluding bond debt). LAFCO and Mojave Water Agency staffs have reviewed the question of how the two special taxes are defined each year for placement on the tax roll. For Mojave Water Bond #2, it is LAFCO staff's understanding that the share identified by the Agency as "MWA2(b)" for general administrative purposes was converted to the MWA's share of the general ad valorem tax. It is also understood that State Water Project contract costs not covered by the MWA1 special tax, Berrenda Mesa debt, etc. identified by the Agency as "MWA2(a)" can be included in the special tax. Mojave Water Agency staff has implemented the structure as defined above and annually adopts a resolution requesting the County to assess and collect the special taxes. There are no documents currently available to rectify the question of the structure of Mojave Water Bond #2 and its special tax status.

The landowners within Improvement District M pay for the bond debt of the Morongo Basin Pipeline. The rate for this assessment is 8.5 cents per \$100 of assessed valuation based on land and improvements (both secured and unsecured). Property owners pay 75% of the cost of pipeline and Improvement District M participating agencies pay 25% of the cost of the pipeline. For FY 07-08, \$2.3 million is projected for this assessment.

MWA receives revenue from the sale of water to purveyors, although the purchase and sale of water should be equal. An assessment of 25% (reliability assessment) on water sales was initiated in 02/03 and is used to pay for water rights, stored water, and infrastructure through the issuance of debt or on a pay-as-you-go basis.

Federal and State Funding

In December 2007, the "Southern California Desert Region Integrated Water and Economic Sustainability Act" was signed by the President of the United States as part of the federal Omnibus spending bill. The bill, HR. 771, authorizes the Secretary of the Interior to participate in the design, planning, and construction of projects to implement MWA's Integrated Regional Water Management Plan. The bill allows the Agency to seek up to \$20 million in appropriations through various spending bills. In the same Omnibus federal spending package, MWA secured appropriations for two key projects. The invasive species removal project in the Mojave River Basin received \$710,000 from the Department of Agriculture. The R-Cubed project received \$123,000 from the 2007 Energy and Water Bill to continue its development.

The Agency also was approved for a \$25 million Proposition 50 grant towards the R-Cubed project, water conservation, and invasive species removal. During FY 08-09, \$15 million is estimated to be received from the grant.

Funds

MWA has four funds: State Water Project fund, General fund, Debt Service fund, and Improvement District M Debt Service fund. Monies do not transfer between the funds and the general money flow is as follows:

- State Water Project Fund
 - Receives revenues from MWA1 and MWA2(a) assessments

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- Pays for State Water Project fixed costs, storage water, and State Water Project entitlements
- General Fund
 - Receives revenues from MWA2(b) assessment and water charges
 - Pays for administrative costs, State Water Project costs, and capital
- Debt Service Fund
 - Receives revenues from general and special taxes and reliability charges.
 - Pays for Department of Water Resources loan and new State Water Project entitlement debt

Five Year Capital Budget

Over the next five years, MWA's Capital Budget plans for over \$100 million in capital projects (\$46 million to be expended in FY 08-09), of which \$45 million is estimated to be funded through grants or local funds. The activities include recharge projects, invasive species removal, and land acquisition.

- Regional Recharge and Recovery Project (R-Cubed) - The estimated cost of the project is \$62.7 million. Funding from Proposition 50 grants (\$23 million) and local funding (\$12 million) is estimated to reduce the MWA share of the project cost to \$21.7 million.
- South Rock Springs Recharge- The estimated cost of the project is \$6.4 million. At this time there are no grants or sponsorships.
- Oro Grande North Recharge - The estimated cost of the project is \$7.7 million. Funding from Proposition 50 grants (\$2.5 million) and local funding (\$1.25 million) is estimated to reduce the MWA share of the project cost to \$3.25 million.
- Agency Building Expansion - The estimated cost of the project is \$8.5 million. The sale of the existing headquarters building and other facilities is estimated to reduce the project cost to \$7.8 million.

Commitments and Long-Term Debt

Commitments

As a state water contractor, MWA has entered into a contract with the State Department of Water Resources in order to receive an annual entitlement of water from the State Water Project. In turn, the Agency pays a proportionate share of the construction and maintenance costs of the State Water Project in addition to variable and replacement costs for water deliveries received. The Agency's FY 2006-07 audit refers to the Department of Water Resources Bulletin 132-07 and lists the Agency's total State Water Project costs from 2008 to 2035 as \$712,485,000, assuming full delivery of entitlement.

Long-term Debt

According to the FY 07-08 budget, as of June 30, 2008, MWA's long-term debt is comprised of:

- Improvement District M general obligation bond (\$33.3 million), matures 2022;

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- Certificate of participation for supplemental water entitlement project (\$21.3 million), matures 2022; and
- Three loans due to the Department of Water Resources totaling \$5.7 million for groundwater charge, two loans mature in 2014 and one loan matures in 2018.

FY 2007-08 and FY 2008-09 Budgets

The FY 2008-09 Budget was adopted by the MWA board on June 26, 2008. A review of the budget indicates that the most notable increase in revenues (approximately \$27 million from FY 07-08 Projected) is due to grants and sponsorships. Additionally, the increase in water sales projected is an effect of the court-mandated rampdown which requires the purchase of more supplemental water as the basin is ramped down.

Expenses are anticipated to increase by \$56.4 million from FY 07-08 Projected, primarily due to DWR fixed payments, water purchases, and capital projects. Expenditures are budgeted at \$87.4 million dollars and are comprised of capital costs (\$48.5 million – 56%), Department of Water Resources fixed costs (\$12.4 million – 14%), water purchases (\$11.6 million – 13%), departmental expenses (\$8.5 million – 10%, of which \$2.6 is salaries), and debt service (\$5.9 million – 7%). DWR minimum costs are a result of unknowns resulting from the Delta smelt ruling, aging levee infrastructure, and environmental challenges to the water supply. It is anticipated in the next few years that environmental costs may require up-front payment.

MWA cannot control the costs for State Project Water as these costs are charged to MWA by the Department of Water Resources. MWA establishes its wholesale rates annually to compensate for variable costs charged from the Department of Water Resources. These variable rates include charges for operation, maintenance, power, and replacement costs for the State Water Project, as well as capital recovery and administrative burdens. In 2006 the Agency paid \$10.3 million in State Water Project costs, paid \$11.5 million in 2007, and anticipates \$12.4 million for 2008.

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

MWA shares the California Aqueduct with the other state water contractors, and as a participant shares the Morongo Basin Pipeline with the other participating agencies. No significant issues related to shared facilities were identified.

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

Governmental Structure

Representation is divided among seven divisions, and each division elects one director to represent that division. Elections are consolidated with County elections every even-numbered year in November. The odd numbered divisions (1,3,5, and 7) and the even numbered divisions (2,4, and 6) are held every four years on an alternating basis. Of the seven current board members, six have been elected and one has been appointed. The board members also sit as members of MWA's four committees, which are:

- Planning, Resources, and Technology
- Engineering and Operations

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- Personnel, Finance, and Security
- Legal/Legislative and Public Information

The MWA staff and the seven members of the board of directors function as the staff and board of directors of the Watermaster. As indicated in the financial section of this report, the Watermaster is considered and presented as a component unit of MWA. The Mojave Basin Area Judgment stipulates that each sub-area has an advisory committee that reviews and makes recommendations on all discretionary determinations by the Watermaster that may affect that sub-area. Each sub-area advisory committee consists of five members (which can be persons or water purveyors) elected by the water producers in the sub-area.

Agency Practices

Providing the framework and focus for the Agency to fulfill its legislative mandate is its Strategic Plan. The Strategic Plan contains its vision and mission statements and defines its goals. The Agency uses fiscal and policy directives to revise the goals and elements of the Strategic Plan annually. The annual revisions of the Plan in conjunction with the Regional Water Management Plan are then used to formulate the budget, financial plan, and capital improvement program.

The annual budget is presented to a standing committee in April and May and then to the board of directors in a public hearing in June where the public can provide comments. Staff also presents to the board a mid-year budget review.

There are other activities that the Agency does to increase public awareness and participation. The Agency publishes a quarterly newsletter, *The Panorama*. The newsletter contains a calendar of events, community information, articles on water issues, and methods to reduce water use. The Agency provides speakers to local and community groups to speak about water issues and MWA's projects and plans. Recently, MWA released its new website, titled "State of the Basin". This site contains Mojave River Basin information regarding water level, water quality, weather, watershed discharges, and deliveries. It can be accessed from the main MWA website.

Operational Efficiency and Partnerships

MWA is the lead agency in a water conservation coalition, the Alliance for Water Awareness and Conservation (AWAC). As the lead agency, MWA has hired a full-time water conservation coordinator who serves as executive director to AWAC. This alliance promotes water conservation throughout the High Desert and operates on an adopted memorandum of understanding.

MWA is actively involved in water conservation efforts through its Water Conservation Incentives Program. The Water Conservation Incentives Program provides rebates to homeowners to make their homes more water friendly. Rebates are given for installation of high efficiency toilets and water efficient clothes washers and conversion of grass lawns to a more desert friendly landscape. The program is sponsored by MWA, AWAC, and the Department of Water Resources. According to the FY 08-09 Budget, MWA will invest \$500,000 toward this program for the year.

MWA participates in a joint powers authority, State Water Contractors, which consists of agencies that have state water contracts. The purpose of the entity is to provide for the development and delivery of water from the State Water Project to contractors.

The Agency participates with numerous entities, identified in the staff report, through either monetary contribution or through services or resources, on various projects.

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Governmental Structure Options

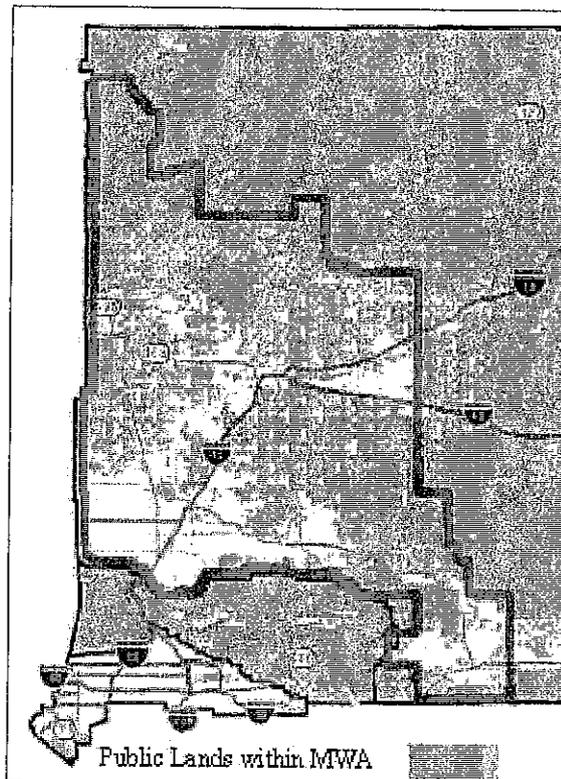
While the discussion of some government structure options may be theoretical, a service review should address all possible options and the Commission has evaluated those outlined in the staff review. The staff report evaluated the options of: expansion of territory to include areas not currently a part of a State Water Contractor, the consolidation of the Agency with another State Water Contractor, and the dissolution of the Agency. None of these government structure options were identified for support. No other significant issues related to local government structure options were identified.

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

1. Present and Planned Uses:

Present land uses within the MWA sphere of influence include the full range of densities from high density to non-developable land. Land uses also include the full range including open space, agricultural, residential, recreational, and industrial. There are Williamson Act Agricultural contract lands within the Agency, with many in the Lucerne Valley, Hinkley, and Helendale areas. As shown in the figure and chart below, the majority of the jurisdictional/land ownership within the Agency is public lands.

Public Lands with MWA



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Jurisdictional/Landownership Breakdown

Agency	Square Miles	Percentage
Bureau of Land Management	2,372	48.7%
Local Government	1	0.0%
Military	250	5.1%
National Park Service	57	1.2%
State	60	1.2%
US Forest Service	4	0.1%
Private	2,128	43.7%
TOTAL AREA	4,872	100.0%

source: County of San Bernardino Information Services Department

As development continues, lands with the potential for agricultural use near population centers and freeway and transit corridors will continue to decrease and municipal land use will increase. Planned uses of the communities along the Mojave River and other areas include tract and other developments. Some of these projects include general plan amendments that will increase the densities of the land.

In addition to the projected population increases, new industrial, commercial, and recreational activities will require water. Referenced in the FY 07-08 budget for the Agency, the Southern California Association of Governments estimates by 2022 there will be more than 1,800 new jobs generated by over 100 companies coming to the Southern California Logistics Airport.

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

The enabling act of the Agency states that its purpose is to ensure that sufficient water may be available for any present or future beneficial use within its territory. The Mojave River and Warren Basin adjudications require supplemental water to be delivered to the region to balance the waterbasins due to the overdraft. As a State Water Project contractor and Watermaster of the Mojave River basin, MWA imports water to replenish the waterbasins and carries out the obligations of the adjudications.

Even with the decrease in imported water for 2008 (estimated availability 26,530 acre-feet in 2008), MWA has received requests for 58,000 acre-feet from water purveyors, more than two times the estimated allocation for the year. According to MWA, this will be the first year that it will be unable to meet all requests, and some water purveyors will receive less than requested. The reductions in the supply of water are due to lower than normal snowpack and environmental litigation and judgments on the State Water Project conveyance system, primarily the Delta. These reductions are not directly a local facility problem, but are a long-term supply issue for the region. To help meet the existing demands, MWA will utilize about 5,000 feet of its 100,000 acre-feet of stored water.

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

Being a water wholesaler, not a retail agency, MWA does not have traditional facilities. It has two pipelines that deliver water to communities removed from the California Aqueduct. The 71 mile Morongo Basin Pipeline serves the communities of Johnson Valley, Joshua Tree, Landers,

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and the Town of Yucca Valley. The pipeline delivers water from a five million gallon reservoir in Landers to percolation ponds in the Yucca Valley area that act as natural filtration systems where the water seeps back into the ground to recharge the aquifer. The 72 mile Mojave River Pipeline can supply up to 45,000 acre-feet of water each year to the Mojave River Basin where it percolates into groundwater recharge basins at Hodge, Lenwood, Daggett, and Newberry Springs. It serves the communities of Barstow, Daggett, Hinkley, Hodge, Lenwood, Minneola, Newberry Springs, and Yermo.

The Agency does not own the waterbasins within its boundaries, but it has the authority to store water in basins. The storage capacity of the waterbasins is more than adequate to bank water for future use. The Mojave River basin alone has an estimated storage capacity of 2 million acre-feet. The intent of the Agency is to store up to three years demand for use during periods of drought or an interruption in deliveries through the State Water Project.

There are water supply challenges in the region. Due to the overdraft, two basins are adjudicated and this requires the purchase of imported State Water Project water. MWA is entitled to 75,800 acre-feet of State Water Project Water each year, but the amount eligible for purchase is dependent on the annual allocated percentage as determined by the Department of Water Resources. For 2008, water contractors can purchase up to 35% of their allotment. For MWA, this equates to 26,530 acre-feet for the year, which falls short of demand.

4. Social and Economic Communities of Interest

The purpose as identified in the enabling legislation is that MWA is to ensure that sufficient water will be available for any present or future beneficial use within its territory. Therefore, as a regional agency it is difficult to identify a social or economic community of interest. Since the efforts of this agency are to provide for the adjudicated basin, the Mojave River and the Warren Basin adjudications point to a regional economic community of interest.

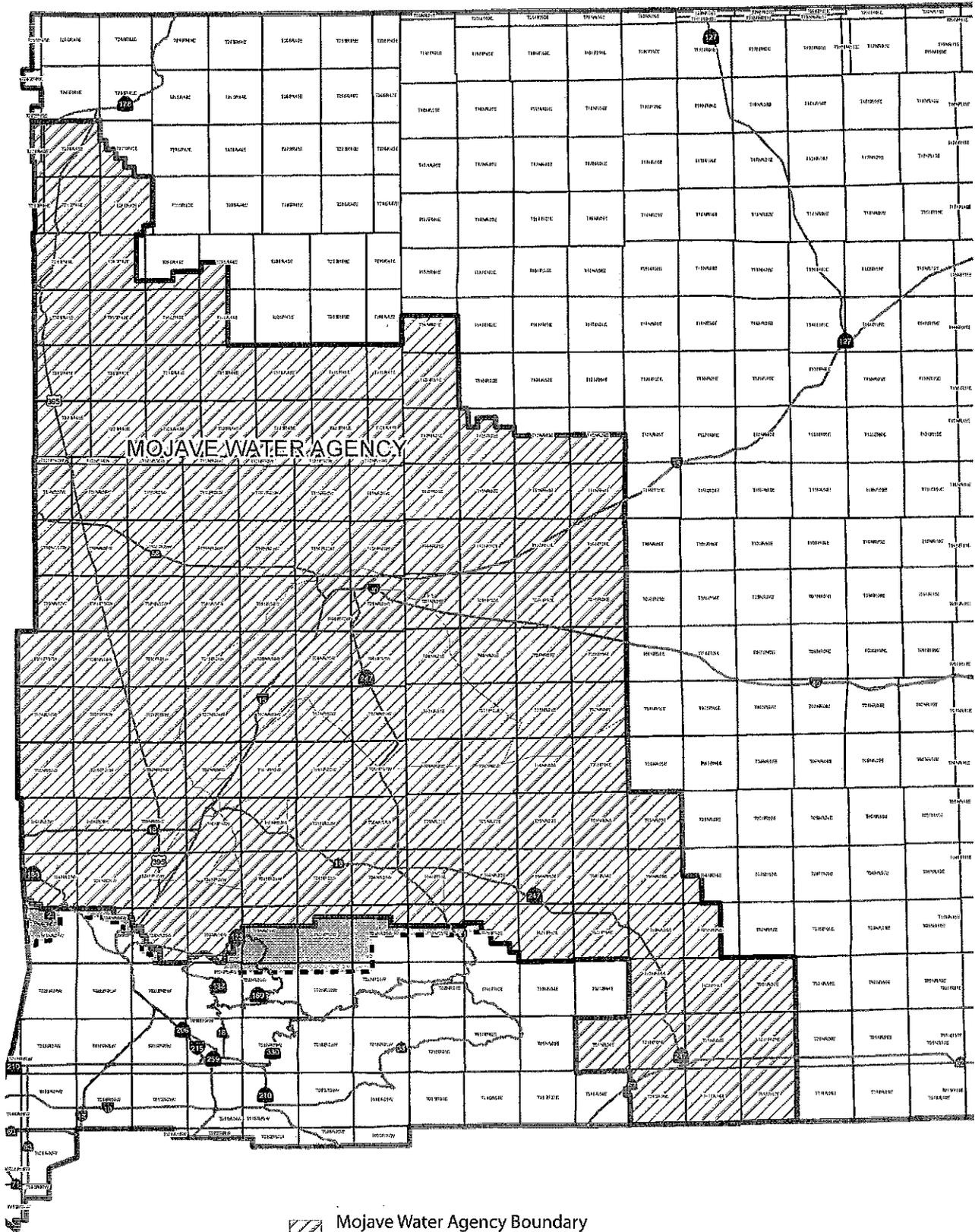
5. Other Findings:

- A. Legal advertisement of the Commission’s consideration has been provided through publication in the *Sun, Desert Dispatch, Daily Press, and Hi Desert Star*. As required by state law, and Commission policy an 1/8th page legal ad was provided for this consideration.
- B. As required by State law, individual notification was provided to affected and interested agencies, County departments, and those agencies and individuals requesting mailed notice.
- C. Comments from landowners/registered voters and any affected agency will need to be 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 Mojave Water Agency shall be limited to the following:

DISTRICT	FUNCTIONS	SERVICES
Mojave Water Agency	Water	Acquisition, Wholesale, Retail, Replenishment, Conservation, Basin Management

LAFCO 3033 – Municipal Service Review and Sphere of Influence Update for the Mojave Water Agency



-  Mojave Water Agency Boundary
-  Mojave Water Agency Sphere of Influence
-  County Boundary



Date Created: Apr 17, 2008
(Map Printed Date)