

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

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DATE: JULY 12, 2017



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TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: Agenda Item #7: LAFCO 3187 - Countywide Water Service Review
(Retail, Wholesale, Recycled)

RECOMMENDATIONS:

Staff recommends that the Commission take the following actions related to LAFCO 3187:

1. For environmental review, certify that the service review is statutorily exempt from environmental review and direct the Executive Officer to file the Notice of Exemption within five (5) days.
2. Accept and file the Countywide Water Service Review (Retail, Wholesale, Recycled) which sets forth the written statements for the six determinations outlined in Government Code Section 56430 made by the Commission.
3. As outlined in the service review presented to the Commission take the following actions for specific agencies/entities:
 - a) Initiate the establishment of a sphere of influence for Metropolitan Water District of Southern California within San Bernardino County to be coterminous with the sphere of influence of its member agency, Inland Empire Utilities Agency.
 - b) Direct LAFCO staff to continue to monitor County Service Area 70 Zone CG (Cedar Glen) and provide an update to the Commission by February 2018.
 - c) Indicate the Commission's intent to reduce the City of Adelanto's sphere of influence following the completion of the wastewater and fire service reviews.

- d) Indicate the Commission's preference that the Hesperia Water District and County Service Area Zone J implement a mechanism (e.g., joint powers agreement or memorandum of understanding) to provide stability to the water source and boundary challenges in the overall southwestern Hesperia and Oak Hills communities.
 - e) Direct LAFCO staff to continue to monitor County Service Area 70 Zone CG (Cedar Glen) and provide an update to the Commission by February 2018.
 - f) Reaffirm the Commission's position that the Apple Valley Foothill, Apple Valley Heights, and Mariana Ranchos County Water Districts have a combined sphere of influence signaling the Commission's position that a future consolidation of the agencies is appropriate.
 - g) Reaffirm the Commission's position that Daggett CSD and Yermo CSD have a combined sphere of influence signaling the Commission's position that a future consolidation of the agencies is appropriate.
4. Adopt LAFCO Resolution No. 3245 reflecting the Commission's determinations and directions as required by Government Code Section 56430 and Commission policy.

BACKGROUND:

San Bernardino LAFCO conducted its initial round of service reviews on a community-by-community basis, consistent with its sphere of influence policies, addressing the full range of public services within those defined communities. In April 2016, in an effort to more efficiently conduct the mandatory service reviews as well as addressing changes to the statutes affecting them, the Commission modified the scope of the second round service reviews to address individual services on a countywide basis. The Countywide Service Review for Water is organized by San Bernardino County's four regions (Mountain, Valley, North Desert and South Desert). Each region and its respective retail agencies are reviewed and considered in the service review as a distinct geographic area.

LAFCO staff convened a stakeholder group within each region to provide peer review of the service review's purposes, objectives, and methodology. The stakeholder groups were composed of a variety of public agencies and at least one private system. Following the peer review, each water system identified in the service review was provided a draft of the report for review and comment. Comments received from the water purveyors are included in Appendix A of the service review.

The Executive Summary identifies: (1) the approach, (2) what was learned from this process, (3) staff recommendations for Commission action, and (4) systems identified as hot spots that do not carry a staff recommendation. The Introduction (Section I) provides the purpose of the report, report objective, methodology, and report organization.

Each of the four regions is presented separately and includes an overview of the region, a listing of water agencies within the region under review, and an identification of agency/area hot spots. A detailed analysis of each hot spot follows, along with staff recommendations for future agency sphere of influence updates to address the identified service concerns.

Appendices B through E contain service review updates of cities and districts, by region, including an update of staff's recommendations and identified challenges from the prior service review (with additional review where warranted). A detailed listing of community water systems, wholesale entities, and joint powers authorities is included as Appendix F.

ENVIRONMENTAL CONSIDERATION:

The Commission's Environmental Consultant, Tom Dodson of Tom Dodson and Associates, has indicated his recommendation that LAFCO 3187 is statutorily exempt from California Environmental Quality Act (CEQA). This recommendation is based on the finding that the service review is not judged to pose any adverse changes to the physical environment; therefore, the service review is exempt from the requirements of CEQA, as outlined in the State CEQA Guidelines, Section 15061 (b)(3). A copy of Mr. Dodson's analysis is included as Attachment #1 to this report.

ADDITIONAL DETERMINATIONS:

1. A stakeholder group was convened within each region (Valley on May 8, 2017; Mountain on June 15, 2017; North Desert on January 31, 2017; and South Desert on May 15, 2017) to provide a peer review of the service review's purpose, objective, and methodology.
2. As required by State Law, notice of the hearing was provided through publication in newspapers of general circulation within the area, the *Big Bear Grizzly*, *Daily Press*, *Desert Dispatch*, *Hi-Desert Star*, *Inland Valley Daily Bulletin*, *Mountain News*, and *San Bernardino Sun*. Individual notice was not provided as allowed under Government Code Section 56157 as such mailing would include more than 1,000 individual notices. As outlined in Commission Policy, in-lieu of individual notice the notice of hearing publication was provided through an eighth page legal ad.
3. As required by State law, individual notification of the hearing was provided to affected and interested agencies, County departments, and those agencies and individuals requesting mailed notice.
4. Due to the size and scope of the service review, the service review document was provided in advance of the staff report to allow for additional time for review. The service review document was published July 5, 2017 and a copy was provided to affected and interested agencies and County departments, as well as those agencies and individuals requesting mailed notice. The service review was also made accessible on the LAFCO website and at the LAFCO office.
5. The staff report was published July 12, 2017 and a copy was provided to affected and interested agencies and County departments, as well as those agencies and individuals requesting mailed notice. The staff report was also made accessible on the LAFCO website.
6. Comments from landowners/registered voters and any affected agency will be reviewed and considered by the Commission in making its determinations.

CONCLUSION:

Staff recommends that the Commission take the actions outlined on pages 1 and 2 to provide for the completion of the Countywide Service Review for Water and initiate the sphere of influence establishment for the Metropolitan Water District of Southern California within San Bernardino County and other actions for continued monitoring.

KRM/MT

Attachments:

1. Environmental Recommendation from Tom Dodson
2. Countywide Service Review for Water
3. Draft Resolution No. 3245