

FILED

MAR 21 2014

**BIG BEAR LAKE
CITY ATTORNEY'S IMPARTIAL ANALYSIS OF MEASURE E
AUTHORIZING THE SALE OF RIMFOREST SYSTEM**

BY  DEPUTY
REGISTRAR OF VOTERS

Measure E is submitted to the voters by the City Council of the City of Big Bear Lake ("City") to authorize the sale of a remote water system known as the Rimforest System. The Rimforest System is part of the City's current water system, which was acquired from a private water company through eminent domain proceedings. The City's water system is operated, maintained, managed and controlled by the City Department of Water and Power ("DWP") pursuant to Section 816 of the City Charter. To finance the acquisition of the City's current water system the City previously issued bonds that were subsequently refunded and refinanced in or around 1996, which currently have a remaining principal balance of \$21,140,000 ("Bonds"). To finance certain improvements to the City's current water systems, the City also secured funding from the California Department of Water Resources in or around 1993 in the amount of \$4,993,857, which currently has a remaining principal balance of \$473,846 ("DWR Loan"). The debt service requirement attributed to the Rimforest System for the Bonds is \$4,815.32 per month through April 2022. The debt service requirement attributed to the Rimforest System for the DWR Loan is \$1,973.38 per month through October 2015.

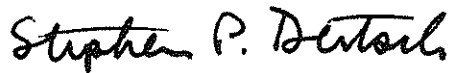
The City's water system covers the region known as Big Bear Valley, in which the City is located. The Rimforest System is non-contiguous to the rest of the City's water system and provides water service to an unincorporated community called Rimforest. Rimforest is located within the jurisdictional boundaries of the Lake Arrowhead Community Services District ("LACSD").

Section 815 of the City Charter authorizes the sale of properties located outside the City that the City deems unnecessary to the operation of the City's water systems, with the authorization of DWP and the City Council. DWP authorized the sale of the Rimforest System to LACSD on January 29, 2014. The City Council authorized the sale of the Rimforest System to LACSD on February 24, 2014.

Section 815 also prohibits the City from selling or disposing of these properties, or any water rights owned or controlled by the City, without the assent of a majority of the qualified voters of the City voting on the proposition at a general or special election. Measure E would authorize DWP to sell the Rimforest System to LACSD for a purchase price equal to the proportionate share of the debt service allocable to the Rimforest System.

Measure E requires majority voter approval. A "yes" vote for Measure E will authorize the sale of the Rimforest System to LACSD. A "no" vote against Measure E will require DWP to retain ownership of the Rimforest System.

The above statement is an impartial analysis of Measure E. If you desire a copy of Measure E (Ordinance No. 2014-427), please call the elections official's office at (909) 866-5831 and a copy will be mailed at no cost to you.


Stephen P. Deitsch
City Attorney, City of Big Bear Lake