

**LAKE ARROWHEAD COMMUNITY SERVICES DISTRICT**

**MEMORANDUM**

**DATE:** February 27, 2018

**TO:** BOARD OF DIRECTORS  
Lake Arrowhead Community Services District

**FROM:**   
CATHERINE CERRI, General Manager

**SUBJECT:** BUDGET WITH ARROWHEAD LAKE ASSOCIATION  
FOR FISCAL YEAR 2018/2019 JOINT LAKE OPERATION  
COSTS

**A. RECOMMENDATION**

Approve the FY 2018/2019 Cost Sharing Budget in the amount of \$52,442 for watershed activities with the Arrowhead Lake Association (ALA) in compliance with the 2007 Agreement Regarding Protection of Beneficial Uses of Lake Arrowhead and the related Memorandum of Understanding (MOU).

**B. REASON FOR RECOMMENDATION**

LACSD and ALA staff have been working together to identify activities that have mutual benefit to both organizations and are in compliance with public contracting laws. Many of the planned costs are capped by the maximums as detailed in the MOU.

For FY 2018/2019, ALA plans to replace a drain pipeline in Orchard Bay to prevent additional erosion. Dredging is also planned for Meadow Bay and additional locations yet to be prioritized and determined. No projects are proposed for Shared Structures in FY 2018/2019.

**ALA LACSD MOU Cost Sharing Budget Proposal**

**FY 18/19**

	FY 18/19 Max Budget	ALA Budget	LACSD Share	LACSD Projected	ALA Share	LACSD Cost	LACSD Cost	
							FY 16/17 Actual	FY 17/18 Budget
1 Monitoring Criteria	1,229/site	-	2,458		-	2,458	1,163	2,375
2 Dam Permit	32,569	45,000	16,285		-	16,285	15,410	15,734
3 Erosion	7,866	25,000	3,933		-	3,933	400	9,737
4 Dredging	27,407	125,000	13,704		-	13,704	2,663	7,480
5 Tower	24,732	24,613	12,307		-	12,307	1,293	9,957
6 Monitoring Surface Water	7,851	-	-	8,000	3,926	(3,926)	(1,361)	(3,793)
7 Boat Inspection	15,363	30,000	7,682		-	7,682	7,269	7,422
8 Shared Structures		-	-		-	-	-	-
	115,788	249,613	56,367	8,000	3,926	52,442	26,836	48,911

**C. BACKGROUND INFORMATION**

In 2007, the Lake Arrowhead Community Services District (LACSD) or (District) entered into an agreement with ALA to establish the protection of beneficial uses of Lake Arrowhead. The accompanying MOU detailed a cost sharing obligation for certain operating expenses and set the maximum budget for each identified watershed activity. The agreement states that on or before February 1<sup>st</sup>, management representatives will jointly develop a budget for the coming year. Staff from both LACSD and ALA have been working toward mutual agreement on the requirements of both parties and have prepared the attached budget.

The budget is not an authorization for expenditure and any payments will be brought to the District Board of Directors for approval. All costs in the budget will be required to comply with prevailing wage and public bidding laws to qualify for public funds. The budget may be amended by the District Board of Directors at any time.

**D. FISCAL INFORMATION**

Approval of this budget is part of LACSD's obligation under the agreement to work with ALA to establish an annual budget. Any payments related to this budget will be brought back to the District Board of Directors for approval and would be funded from the Water Operating Fund (100). This item will be included in the District's FY 2018/2019 Budget.

**E. ATTACHMENTS**

Excerpt from the 2007 Agreement and MOU

Future Proceedings

8. ALA agrees that if the Lake is operated and managed in the manner expressed herein, ALA will not allege injury to recreational or downstream users or environmental interests.
9. ALA agrees to support LACSD in any future proceedings in defense of the operations of Lake Arrowhead for municipal water supply purposes.
10. LACSD agrees to support ALA in any future proceedings in defense of the operations of Lake Arrowhead for recreational purposes.
11. If LACSD is in breach of this Agreement, ALA shall not be bound by any of its covenants herein concerning injury caused by LACSD's operations.

Enforcement

12. This Agreement shall be specifically enforceable in Superior Court for the County of Riverside. Specifically, the parties shall consent and submit to the jurisdiction of the Court maintaining continuing jurisdiction over the case City of Barstow, et al. vs. City of Adelanto, et al., Case No. 208568 for the purpose of administration and enforcement of this Agreement. Such submission shall be solely for the purpose of enforcement and administration of this Agreement. LACSD acknowledges that it is already subject to the jurisdiction of the Court in that case. The intent of this paragraph is not to give the Mojave Water Agency authority over this Agreement.

Watershed Management

13. Annual Budget Development

On or before February 1<sup>st</sup> of each year during the term of this Agreement, Management representatives of the LACSD and ALA shall jointly develop a watershed management budget (BUDGET), fully documenting the cost of watershed management water quality and supply activities (WATERSHED MANAGEMENT ACTIVITIES) that are proposed to be performed by the LACSD and the ALA during the upcoming BUDGET year. The BUDGET year is identified in Section (14) below. WATERSHED MANAGEMENT ACTIVITIES are identified in Section (16) below. The BUDGET cost amounts for any given BUDGET year shall not exceed the maximum BUDGET cost amounts which are identified in Section (17) below.

14. Budget Year

The BUDGET year shall be the period July 1<sup>st</sup> of a given year, to June 30<sup>th</sup> of the subsequent year, which is consistent with the LACSD fiscal year.

15. Approval of the Budget by the LACSD Board of Directors and the ALA Board of Directors

Each year during the term of this Agreement, on or before the first day of their respective Fiscal Years, the LACSD Board of Directors and the ALA Board of Directors will each respectively and individually make a determination as to whether they approve the BUDGET for the upcoming year. The BUDGET, so approved, shall be reflected in the LACSD and the ALA'S annual budget pursuant to the normal procedures for adoption of the LACSD'S and the ALA'S annual budget.

16. Watershed Management Activities to be Included in the Budget

The LACSD and the ALA agree that certain WATERSHED MANAGEMENT ACTIVITIES are necessary to maintain the Lake Arrowhead Watershed as both a water supply and recreational water *body*. Such certain WATERSHED MANAGEMENT ACTIVITIES are identified in Exhibit 2 to this Agreement. These certain WATERSHED MANAGEMENT ACTIVITIES are the only activities to be included in the BUDGET. No activities other than those included in Exhibit (2) shall be included in the BUDGET unless such activities are added to Exhibit (2) by an amendment to the AGREEMENT. Exhibit (2) also sets forth the party that shall be responsible for performance of specific WATERSHED MANAGEMENT ACTIVITIES.

17. Maximum Budget Cost Amounts

The LACSD and the ALA agree that the BUDGET for WATERSHED MANAGEMENT ACTIVITIES identified in Exhibit (2) shall not be exceeded, except for a Cost of Living Increase, as identified in Section (18) below. The maximum amount for any WATERSHED MANAGEMENT ACTIVITY shall be referred to as the Maximum Budget Cost Amount for that activity. Maximum Budget Cost Amounts are identified in Exhibit (3) to this Agreement. No Maximum Budget Cost Amounts identified in the annually updated Exhibit (3) shall be exceeded in the BUDGET unless such Maximum Budget Cost Amounts is increased by an amendment to the Agreement.

18. Cost of Living Increase

During February of each year during the term of this Agreement, the Maximum Budget Cost Amounts are identified in Exhibit (3) shall be updated, based on a Cost of Living Increase. The Cost of Living Increase shall be based on the U.S. Department of Labor, Bureau of Labor Statistics, Consumer Price Index, All Urban Consumers, Percent Change for Los Angeles - Anaheim - Riverside, for the Year Ending the preceding January. Exhibit (3) shall be dated according to the month and year that it is updated in accordance with Section (17) and the updated Exhibit (3) shall replace the prior Exhibit (3).

19. Percentage of Cost Sharing by the LACSD and the ALA

The LACSD agrees that certain of the WATERSHED MANAGEMENT ACTIVITIES identified in this Agreement would need to be performed by LACSD were it to maintain the Lake Arrowhead Watershed exclusively as a potable water supply. ALA agrees that certain of the WATERSHED MANAGEMENT ACTIVITIES identified in this Agreement would need to be