

LAKE ARROWHEAD COMMUNITY SERVICES DISTRICT

MEMORANDUM

DATE: NOVEMBER 8, 2022

TO: BOARD OF DIRECTORS
Lake Arrowhead Community Services District

FROM: CATHERINE CERRI, General Manager

SUBJECT: CONSIDER FILING A LETTER OF INTENT TO
CONSOLIDATE THE SKYFOREST MUTUAL WATER
COMPANY

A. RECOMMENDATION

It is recommended that the Lake Arrowhead Community Services District (LACSD) Board of Directors direct staff to file a Letter of Intent with the State Water Resources Control Board (SWRCB) to consolidate the Skyforest Mutual Water Company (Skyforest MWC).

B. REASON FOR RECOMMENDATION

On October 1, 2022, the owners of Skyforest MWC voted to file a Letter of Intent with the SWRCB to consolidate with LACSD. It is required that both parties file a Letter of Intent before the SWRCB can begin a technical analysis to assess feasibility and funding.

C. BACKGROUND INFORMATION

A workshop was held by the SWRCB in February, 2022 to discuss the benefits of consolidation with all of the local water suppliers in our area. There are 10 different water suppliers from Twin Peaks to Skyforest. Generally, smaller water systems are more likely to experience poor water quality and a lack of financial security. They are often required to charge higher water rates and struggle to fund ongoing capital projects because there are fewer customers to share the costs.

On April 19, 2022, a member of the Skyforest MWC contacted LACSD staff to discuss the idea of consolidation. On July 27, 2022, District staff met with several members of the Skyforest MWC board and owners. On October 1, 2022, District staff attended the Skyforest MWC community meeting where the members voted to move forward with a Letter of Intent. A Letter of Intent does not bind either organization to a consolidation. It

initiates a technical assistance request to the SWRCB to conduct the necessary studies that will determine feasibility, funding and anticipated costs. This program provides grant funding for consolidations such as these and would cover the cost to reconstruct Skyforest MWC's entire system before LACSD assumes the operation. The results of the initial study will be brought before the LACSD Board before making a final decision regarding consolidation.

Skyforest MWC currently supplies 167 water connections with their own groundwater wells, supplemented by the Crestline-Lake Arrowhead Water Agency. If consolidation occurs, this supply mix would continue. There are also opportunities to develop additional groundwater wells in the area.

D. FISCAL IMPACT

There is no cost to file the Letter of Intent. The cost for the initial studies will be covered by the SWRCB since Skyforest MWC is an eligible community.

E. ENVIRONMENTAL IMPACT

The filing of the Letter of Intent will have no environmental impact. If the consolidation is deemed feasible, an analysis will be conducted in accordance with the California Environmental Quality Act.

F. ATTACHMENTS

- Draft Letter of Intent



Catherine Cerri, General Manager

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November 8, 2022

Hector Cazares, Water Resource Control Engineer
Safe and Affordable Drinking Water Section
State Water Resources Control Board, Division of Drinking Water
464 W 4th St. Ste. 437
San Bernardino, CA 92401

Subject: Letter of Intent for Consolidation between Lake Arrowhead Community Services District and Skyforest Mutual Water Company

Dear Mr. Cazares,

On April 19, 2022, the Lake Arrowhead Community Services District (LACSD) was contacted with an inquiry about consolidation. Information shared with LACSD indicates that the Skyforest Mutual Water Company (Skyforest) is comprised of 167 service connections serving approximately 600 individuals. LACSD does have possible connection points to mainlines near Skyforest and has the capacity to serve this water system.

The request for consolidation was brought before LACSD's Board of Directors on November 8, 2022. LACSD's Board of Directors voted to support consolidation with Skyforest.

This letter confirms LACSD's intent to serve drinking water to Skyforest via consolidation. Please keep us informed about the process to determine funding eligibility which would be required for consolidation to move forward.

Sincerely,

Catherine Cerri
General Manager