

NEWS AND NOTES

Crestline-Lake Arrowhead Water Agency (CLAWA) has entered into agreements with San Bernardino Valley Municipal Water District (SBVMWD) and with Lake Arrowhead Community Services District (LACSD) for delivery of imported water to LACSD. The following will explain the project and the significant terms of the arrangement.

1. SBVMWD receives an annual allocation of imported water from the State Water Project. Its allocated water flows into Silverwood Lake, then through the San Bernardino Tunnel for delivery to SBVMWD in the valley below. Unlike CLAWA, SBVMWD has the unique right to sell and deliver its annual allocation of State water to areas beyond its boundaries.
2. CLAWA has facilities in place to take water from Silverwood Lake, treat the water at its treatment plant on the south shore of the lake, pump the water uphill nearly 2,000 feet to Crestline, store the treated water, and then pump it eastward through transmission pipelines to a location near the retail water system of the LACSD.
3. CLAWA has purchased from SBVMWD the right to take 7,600 acre-feet of imported water over a period of 15 years from SBVMWD's future allocations of water from the State Water Project.
4. CLAWA has entered into an agreement with LACSD for the purchase, treatment, pumping, transportation and delivery of that water to LACSD's retail water system through CLAWA facilities as capacity in those facilities may be available in excess of the capacity needed by CLAWA to treat and deliver water to its own customers. None of the water delivered to LACSD pursuant to this arrangement will come from CLAWA's annual allocation of water from the State. All of it will come from SBVMWD's allocation.
5. CLAWA's charge to LACSD for the purchase, treatment, pumping, storage, transportation and delivery of this water consists of several elements as follows:
 - The price which CLAWA must pay to SBVMWD in the year of delivery for water taken from SBVMWD's allocation of imported water that year, which is equal to SBMWD's actual charges paid to the State for the water (not including SBVMWD's capital costs). That charge is estimated to be \$527.19 per acre-foot, but will vary from year to year, to reflect what SBVMWD must pay to the State that year for water delivered to Silverwood Lake.
 - \$100 per acre-foot of water delivered to LACSD, to recover lost earnings on funds advanced by CLAWA to pre-purchase 7,600 acre-feet of water.
 - Approximately \$2,000 per acre-foot for the cost of treating the water, pumping it up the mountain to the LACSD system, and recovery of an

amortized portion of the capital cost of CLAWA's intake facilities, treatment plant, pump stations, reservoirs and pipeline facilities to treat, pump, store, transport and deliver the water to the LACSD's retail water system. This charge is subject to adjustment each year to reflect changes in the actual cost of energy incurred in treating, pumping and transporting the water.

LACSD retained the services of a highly respected, independent, professional engineering firm familiar with the State Water Project, and not associated with CLAWA, to review the charges set forth in the agreement between CLAWA and LACSD, and to insure that the charges fairly reflect actual costs incurred. That engineering firm, Bookman Edmonston, determined that the charges are indeed fair, and so advised the LACSD Board of Directors before the LACSD executed the agreement. The LACSD Board voted unanimously to approve the agreement.

The CLAWA facilities which will be used to take, treat, pump, store, transport and deliver water to LACSD's retail system were constructed at the expense of CLAWA's taxpayers and ratepayers. The residents and owners of property in communities such as Cedarpines Park, Valley of Enchantment, Crestline, Rimforest, Twin Peaks, Running Springs, Arrowbear and Green Valley have paid for those facilities over the years. The residents and property owners in Arrowhead Woods have not. LACSD will not acquire an ownership interest in CLAWA's facilities or in any surplus capacity which may be used to deliver water to LACSD. The use of surplus capacity to deliver water to LACSD will not affect CLAWA's deliveries to its own customers.

CLAWA is aware of reports containing incorrect information regarding the terms of the agreement to purchase, treat, pump, store, transport and deliver imported water to the Lake Arrowhead community. Hopefully the above information will help correct any misunderstandings about the terms of that arrangement.