

Appendix A

*Initial Notice of Preparation, NOP Extension,
Amended Initial Study, NOP Comment Letters*



Initial Notice of Preparation

**NOTICE OF PREPARATION OF AN ENVIRONMENTAL IMPACT REPORT
FOR THE PROPOSED
APPLE VALLEY RANCHOS WATER SYSTEM ACQUISITION PROJECT EIR**

TO:	Public Agencies Interested Parties	FROM:	Town of Apple Valley Community Development Department, Planning Division 14955 Dale Evans Parkway Apple Valley, CA 92307 (760) 240-7000 ext. 7200
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The Town of Apple Valley (Town) will be the Lead Agency and will prepare an environmental impact report (EIR) for the proposed Project identified below. The Town is seeking input from the general public, public agencies, and interested organizations regarding their views on the scope and content of the environmental information that should be analyzed in the EIR, including input regarding any topics or specific issues that are germane to a particular agency's statutory responsibilities in connection with the proposed Project. A description of the proposed Project, as well as the location and potential environmental effects, are discussed below. If a copy of the Initial Study is not attached to this notice, you may request or review a copy at 14975 Dale Evans Parkway, Apple Valley, CA 92307.

Project Title: Apple Valley Ranchos Water System Acquisition Project

Project Location: The Project Area consists of the existing Apple Valley Ranchos Water Company Service Area (see the attached map). The majority of the Project Area is in the Town of Apple Valley (San Bernardino County); with the remainder of the Project Area located in unincorporated San Bernardino County, east of the Town. Thus, the system exists both inside and outside the Town of Apple Valley's corporate boundaries.

Project Sponsor: Town of Apple Valley
14955 Dale Evans Parkway
Apple Valley, CA 92307
Attn: Frank Robinson, Town Manager

Project Description: The Town has decided to explore the potential acquisition of the water supply system that serves the Town and outlying areas running east along Cahuilla Road, within approximately one mile north and south of the road; the acquisition and subsequent operation of this water supply system by the Town represents the proposed Project. The existing system is currently owned and operated by Apple Valley Ranchos Water Company, a wholly-owned subsidiary of Park Water Company, a Class A investor-owned public utility regulated by the California Public Utilities Commission. Apple Valley Ranchos Water Company was first created in 1947, and then purchased by Park Water Company in 1987. The Town's proposed acquisition of the water supply system, referred to as the AVR System in this document, would include all associated assets, (i.e., real, intangible, and personal property), including, but not limited to:

- Water systems and production wells, as defined in Section 240 of the California Public Utilities Code;
- Utility plants;
- Water rights;
- Water supply contracts; and
- Records, books, and accounts.

The proposed Project includes the Town's subsequent operation of AVR System, either internally by the Town or through a qualified private contractor or public agency. The Town is proposing only to acquire and operate the existing system, and is not proposing changes or expansion to the physical AVR System or to the associated water rights nor is the Town proposing any changes to the manner of operation of the AVR System or the exercise of the associated water rights.

The existing AVR System is a stand-alone system that serves a 50 square-mile area that encompasses the majority of the Town of Apple Valley as well as a portion of unincorporated San Bernardino County east of the Town (Figure 1). The AVR System relies entirely on groundwater supplies from the Mojave Groundwater Basin, a fully adjudicated basin, to supply the water system; however, in the event that the Park Water Company's/Apple Valley Ranchos Water Company's ("AVR") withdrawals from the basin exceed its designated allocation for this water supply, it replenishes this water by purchasing water from the State Water Project or other users with excess water rights. The Town's acquisition of AVR's water rights would entitle the Town to the currently established allocations assigned to AVR, and

would require the Town meet the same standards in terms of replenishment if it were to exceed established limits on withdrawals.

In addition to water rights, the AVR System includes infrastructure that allows for the production, distribution, and delivery of water supplies within its service area. As reported, the AVR System provides domestic water from its system of groundwater wells, which has a total pumping capacity of approximately 37 million gallons per day; these wells were drilled throughout the 55-year period from 1953, when the first well was drilled, to 2008 when the newest wells were completed. The AVR System also includes approximately 469 miles of pipeline and 22,431 active service connections, providing service to approximately 62,602 customers; there is also 11.7 million gallons of storage provided in tanks. AVR also owns property that generally supports system infrastructure (e.g., groundwater wells and water storage tanks) and public utility right-of-ways, including 42 assessor parcels with a total area of approximately 34.52 acres.

The underlying purpose of the proposed Project is for the Town of Apple Valley to acquire, operate, and maintain the AVR System; however, as noted above and as is currently done by AVR, operations and maintenance activities for the system may be outsourced to a suitably qualified public agency or private contractor. The following objectives have been defined for the proposed Project:

- Allow the Town to independently own and operate a water production and distribution system;
- Provide for greater transparency and accountability, as well as increased customer service and reliability;
- Enhance customer service and responsiveness to Apple Valley customers;
- Provide greater local control over the rate setting process and rate increases;
- Provide direct access to locally elected policy makers for the water operations;
- Allow the Town to pursue grant funding and other types of financing for any future infrastructure needs, including grants and financing options which the CPUC does not allow private company to include in their rate base (such that private companies do not pursue advanced planning and investment for infrastructure); and
- Enable the Town to use reclaimed water for public facilities without invoking potential duplication of service issues with AVR.

Implementation of the proposed Project would require the following discretionary approval:

- Approval by Town Council for acquisition of the existing AVR System that services the Town and some outlying areas from AVR or other legal owner.
- Reports under Government Code section 65402.
- If the AVR System is acquired through a negotiated purchase, the Town of Apple Valley will need to obtain approval from the CPUC for transfer of ownership and operation of the AVR System from AVR to the Town.
- The San Bernardino Local Agency Formation Commission ("LAFCO") may also review and/or approve the Project insofar as the Project involves the Town's acquisition and potential operational of extra-jurisdictional water systems.

Potential Environmental Effects: The EIR will focus on potential environmental impacts to the following resource areas: Air Quality, Greenhouse Gas Emissions, Hydrology/Water Quality, Noise, Land Use, Transportation/Traffic, and Utilities/Service Systems.

Scoping Meeting: The Town of Apple Valley, in its role as Lead Agency, will hold a public scoping meeting to provide an opportunity for the public and representatives of public agencies and interested organizations to address the scope of the Environmental Impact Report. The Scoping Meeting for the Environmental Impact Report for the project is scheduled for **July 7 at 5:00 PM** at the following location:

**Town of Apple Valley, Council Chambers
14955 Dale Evans Parkway
Apple Valley, CA 92307**

Thirty-Day Comment Period: Due to the time limits mandated by State law, your response must be sent at the earliest possible date but not later than 30 days after receipt of this notice. The Notice of Preparation/Initial Study comment period begins on June 26, 2015 and ends on July 27, 2015. Please send your comments by regular mail, email or fax, no later than July 27, 2015 at 5:00 PM, to:

Lori Lamson, Assistant Town Manager
Town of Apple Valley
14955 Dale Evans Parkway
Apple Valley, CA 92307
Fax: (760) 240-7910
Email: applevalley@applevalley.org

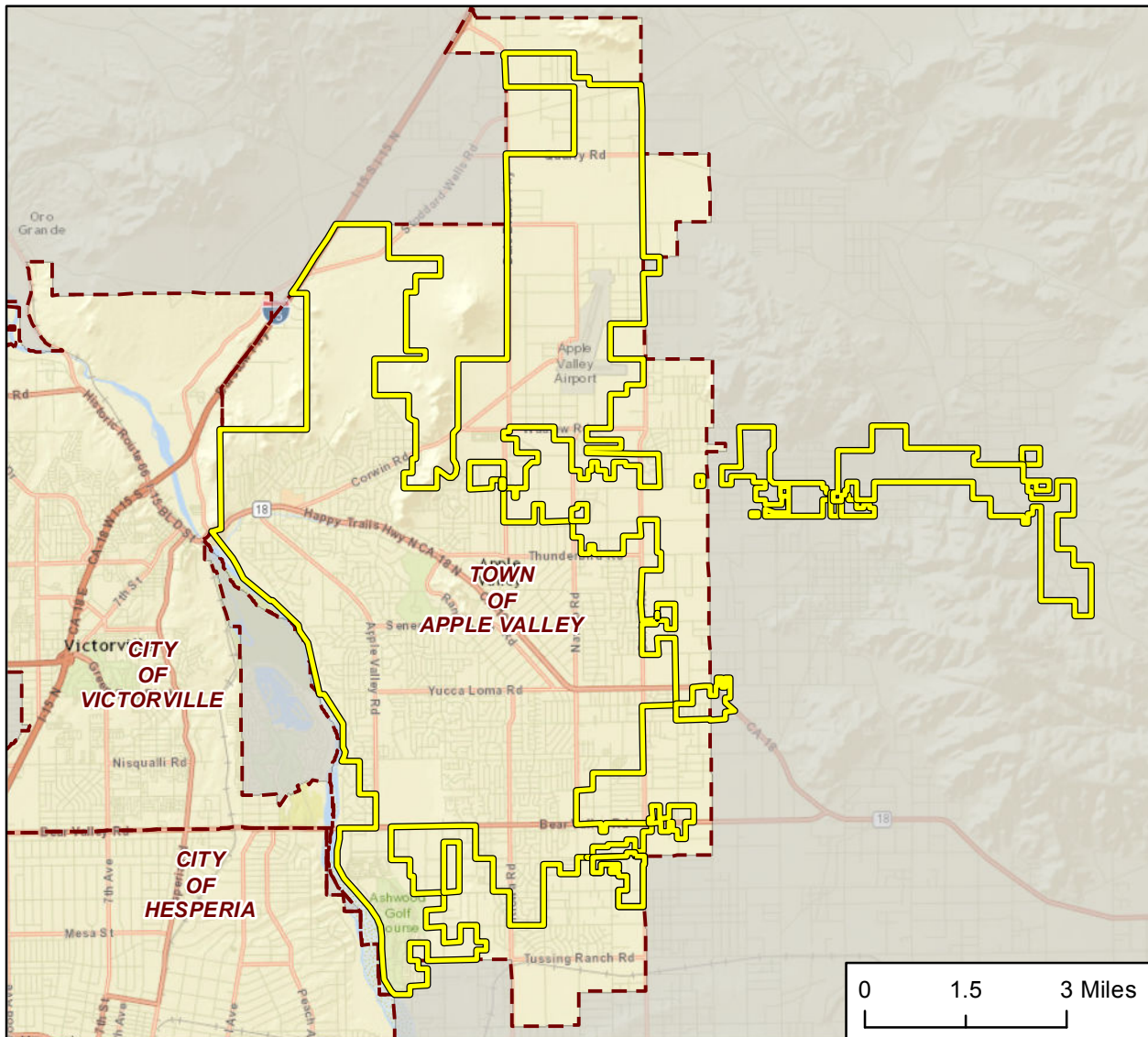


Signature

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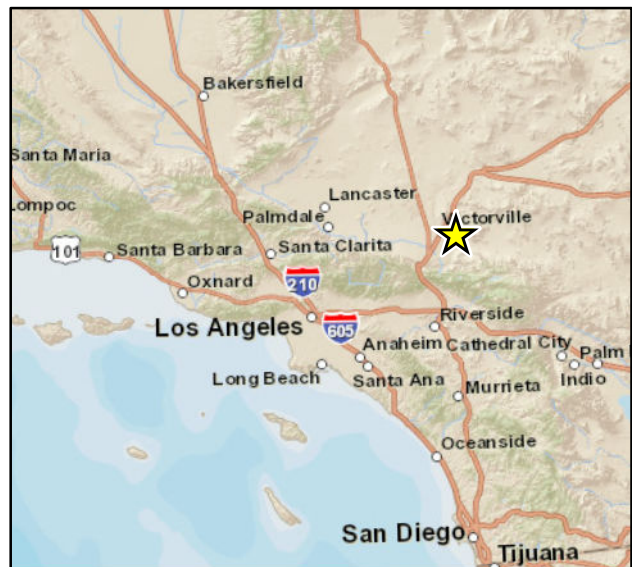
Date

Lori Lamson, Assistant Town Manager



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- Apple Valley Ranchos Water Company Service Area
- Unincorporated Areas
- City/Town Corporate Boundary



Apple Valley Ranchos Water Company Service Area

Figure 1

**AMENDED NOTICE OF PREPARATION OF AN ENVIRONMENTAL IMPACT REPORT
FOR THE PROPOSED
APPLE VALLEY RANCHOS WATER SYSTEM ACQUISITION PROJECT EIR
COMMENT PERIOD TIME EXTENSION AND ADDITIONAL SCOPING MEETING DATE**

TO: Public Agencies
Interested Parties

FROM: Town of Apple Valley
Community Development Department, Planning Division
14955 Dale Evans Parkway
Apple Valley, CA 92307
(760) 240-7000 ext. 7200

The Town of Apple Valley (Town) will be the Lead Agency and will prepare an environmental impact report (EIR) for the proposed Project identified below. The Town is seeking input from the general public, public agencies, and interested organizations regarding their views on the scope and content of the environmental information that should be analyzed in the EIR, including input regarding any topics or specific issues that are germane to a particular agency's statutory responsibilities in connection with the proposed Project.

THIS NOTICE IS HEREBY GIVEN that the Notice of Preparation and Initial Study issued on June 26, 2015 have been amended to more precisely define the proposed Project and extend the deadline to submit comments to Wednesday, August 19, 2015. A scoping meeting was held Tuesday, July 7, 2015, and an additional scoping meeting has been scheduled for Tuesday, August 4, 2015 (see meeting information below).

A description of the proposed Project, as well as the location and potential environmental effects, are discussed below. If a copy of the Amended Initial Study is not attached to this notice, you may download a copy from the Town's website at <http://avh2ours.com> or request or review a copy at 14975 Dale Evans Parkway, Apple Valley, CA 92307.

Project Title: Apple Valley Ranchos Water System Acquisition Project

Project Location: The Project Area consists of the existing Apple Valley Ranchos Water Company Service Area (see the attached map). The majority of the Project Area is in the Town of Apple Valley (San Bernardino County); with the remainder of the Project Area located in unincorporated San Bernardino County, east of the Town. Thus, the system exists both inside and outside the Town of Apple Valley's corporate boundaries.

Project Sponsor: Town of Apple Valley
14955 Dale Evans Parkway
Apple Valley, CA 92307
Attn: Frank Robinson, Town Manager

Project Description: The Town has decided to explore the potential acquisition of the water supply system that serves the Town and outlying areas running east along Cahuilla Road, within approximately one mile north and south of the road; the acquisition and subsequent operation of this water supply system by the Town represents the proposed Project.

The existing water supply system, referred to as the AVR System in this document, is currently owned and operated by Apple Valley Ranchos Water Company, a wholly-owned subsidiary of Park Water Company, a Class A investor-owned public utility regulated by the California Public Utilities Commission. Apple Valley Ranchos Water Company was first created in 1947, and then purchased by Park Water Company in 1987. As part of the proposed Project, the Town would purchase all AVR System physical facilities, as well as all associated rights and interests, from Park Water Company/Apple Valley Ranchos Water Company (collectively referred to as AVR in this document) or other legal owner. The Yermo Water System, which is located west of the City of Barstow and is currently undergoing a transfer from its current owner to AVR, would not be included in the acquisition. The Town's proposed acquisition of the AVR System would include all associated assets, (i.e., real, intangible, and personal property), including, but not limited to:

- Water systems and production wells, as defined in Section 240 of the California Public Utilities Code;
- Utility plants;
- Water rights;
- Water supply contracts; and

- Records, books, and accounts.

The proposed Project includes the Town's subsequent operation of AVR System, although alternatives to the Town's direct operation of the system would be evaluated in the EIR. The Town is proposing only to acquire and operate the existing system, and is not proposing changes or expansion to the physical AVR System or to the associated water rights nor is the Town proposing any changes to the manner of operation of the AVR System or the exercise of the associated water rights. The Town would operate and maintain the system out of AVR's existing operations and maintenance facility.

The existing AVR System is a stand-alone system that serves a 50 square-mile area that encompasses the majority of the Town of Apple Valley as well as a portion of unincorporated San Bernardino County east of the Town (Figure 1). The AVR System relies entirely on groundwater supplies from the Mojave Groundwater Basin, a fully adjudicated basin, to supply the water system; however, in the event that AVR's withdrawals from the basin exceed its designated allocation for this water supply, it replenishes this water by purchasing water from the State Water Project or other users with excess water rights. The Town's acquisition of AVR's water rights would entitle the Town to the currently established allocations assigned to AVR, and would require the Town meet the same standards in terms of replenishment if it were to exceed established limits on withdrawals.

In addition to water rights, the AVR System includes infrastructure that allows for the production, distribution, and delivery of water supplies within its service area. As reported, the AVR System provides domestic water from its system of groundwater wells, which has a total pumping capacity of approximately 37 million gallons per day; these wells were drilled throughout the 55-year period from 1953, when the first well was drilled, to 2008 when the newest wells were completed. The AVR System also includes approximately 469 miles of pipeline and 22,431 active service connections, providing service to approximately 62,602 customers; there is also 11.7 million gallons of storage provided in tanks. AVR also owns property that generally supports system infrastructure (e.g., groundwater wells and water storage tanks) and public utility right-of-ways, including 42 assessor parcels with a total area of approximately 34.52 acres.

The underlying purpose of the proposed Project is for the Town of Apple Valley to acquire, operate, and maintain the AVR System. The following objectives have been defined for the proposed Project:

- Allow the Town to independently own and operate a water production and distribution system;
- Provide for greater transparency and accountability, as well as increased customer service and reliability;
- Enhance customer service and responsiveness to Apple Valley customers;
- Provide greater local control over the rate setting process and rate increases;
- Provide direct access to locally elected policy makers for the water operations;
- Allow the Town to pursue grant funding and other types of financing for any future infrastructure needs, including grants and financing options which the CPUC does not allow private company to include in their rate base (such that private companies do not pursue advanced planning and investment for infrastructure); and
- Enable the Town to use reclaimed water for public facilities without invoking potential duplication of service issues with AVR.

Implementation of the proposed Project would require the following discretionary approval:

- Approval by Town Council for acquisition of the existing AVR System that services the Town and some outlying areas from AVR or other legal owner.
- Reports under Government Code section 65402.
- If the AVR System is acquired through a negotiated purchase, the Town of Apple Valley will need to obtain approval from the CPUC for transfer of ownership and operation of the AVR System from AVR to the Town.
- The San Bernardino Local Agency Formation Commission ("LAFCO") may also review and/or approve the Project insofar as the Project involves the Town's acquisition and operational of extra-jurisdictional water systems.

Potential Environmental Effects: The EIR will focus on potential environmental impacts to the following resource areas: Air Quality, Greenhouse Gas Emissions, Hydrology/Water Quality, Noise, Land Use, Transportation/Traffic, and Utilities/Service Systems.

Scoping Meeting: The Town of Apple Valley, in its role as Lead Agency, held a public scoping meeting on Tuesday, July 7, 2015, and will hold an additional public scoping meeting to provide further opportunity for the public and representatives of public agencies and interested organizations to address the scope of the Environmental Impact

Report. The additional Scoping Meeting for the Environmental Impact Report for the project is scheduled for **Tuesday, August 4, 2015 from 5:00-7:00 PM** at the following location:

**Apple Valley Conference Center
14975 Dale Evans Parkway
Apple Valley, CA 92307**

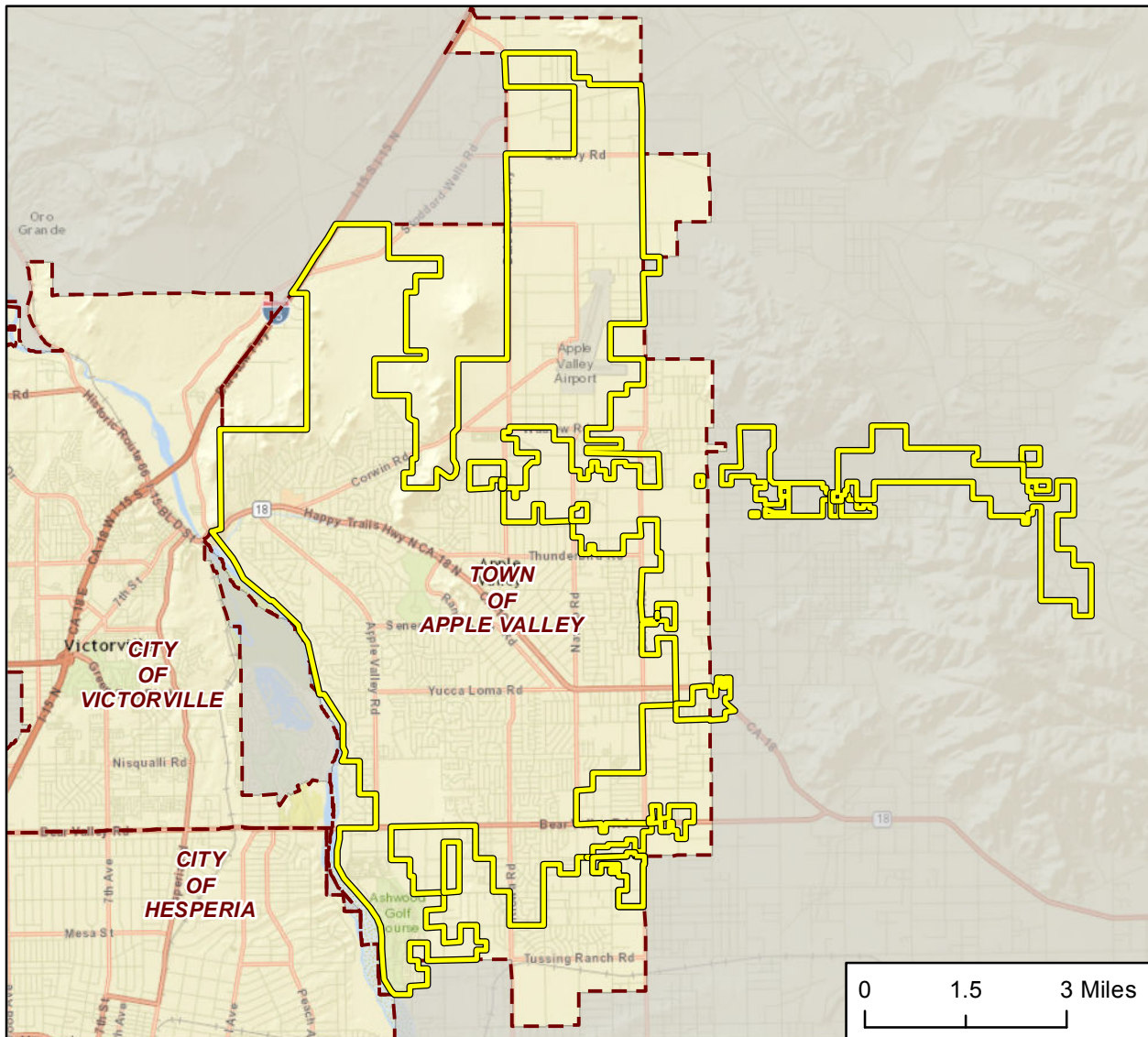
Thirty-Day Comment Period: Due to the time limits mandated by State law, your response must be sent at the earliest possible date but not later than 30 days after receipt of this notice. The Amended Notice of Preparation/Amended Initial Study comment period begins on Friday, July 17, 2015 and ends on Wednesday, August 19, 2015. Please send your comments by regular mail, email or fax, no later than Wednesday, August 19, 2015 at 5:00 PM, to:

**Lori Lamson, Assistant Town Manager
Town of Apple Valley
14955 Dale Evans Parkway
Apple Valley, CA 92307
Fax: (760) 240-7910
Email: applevalley@applevalley.org**


Signature

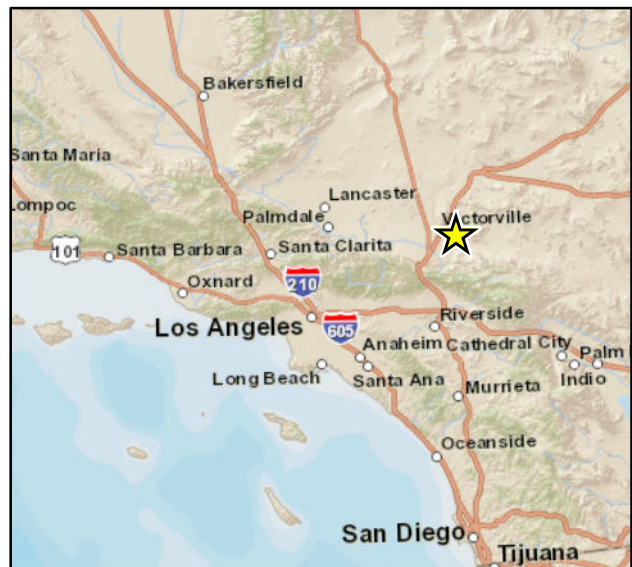

Date

Lori Lamson, Assistant Town Manager



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Apple Valley Ranchos Water Company Service Area

Figure 1