

[Arrowhead Woods Informed](#)
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Arrowhead Woods
Population approximately 10,000
Post Office Box 95
Lake Arrowhead, California 92352-0095

May 26, 2024

Arrowhead Woods Property Owners
The Arrowhead Woods
Lake Arrowhead, California 92352

RE: LACSD May 28th @ 5:30 P.M. Regular Meeting of the Board of Directors – A Meeting Which Should Be Entitled “REVELATIONS.”

Dear Woods Property Owner:

LACSD has scheduled the regular meeting of the board of directors on Tuesday, May 28th @ 5:30 P.M. both in person and via Zoom. The Zoom link and meeting address are at the bottom of this letter.

This meeting has an *enormous agenda* which will be covered by reports from John O’Brien, the Finance Manager, Matt Brooks, the Operations Manager, Catherine Cerri, the General Manager and Scott Schroder, the Engineering Manager. You will note that much of the 308-page packet is a repeat of prior reports given at earlier meetings, detailed budgetary analytics, along with projections regarding the anticipated costs to upgrade the District’s water supply system to deal with PFAS. LACSD posts both the [MEETING PACKET](#) and the [AGENDA DOCUMENT](#) both linked in this letter.

REVELATIONS – LACSD’S RUNAWAY SPENDING SUPPORTS ITS VIEW OF LOCAL DOMINANCE - IT’S ALL ABOUT POWER.

In 2010, with no notice to the Lake Arrowhead Community other than a small advertisement in the San Bernardino Sun, Catherine Cerri, as the LACSD’s general manager, in support of LACSD’s application to annex portions of Hesperia to increase its area domination, misrepresented to LAFCO, that LACSD had been created in 1978 by Ralph Wagner and others to be our local area government. The Local Agency Formation Commission, or LAFCO, is a state mandated independent local agency established to oversee the boundaries of cities and special districts such as LACSD.

LAFCO bought that misrepresentation “hook, line and sinker” and issued a report finding that LACSD in fact is the chosen local government of choice: the “[focal government organization](#)” in Lake Arrowhead. This finding unfortunately was not reported by the Mountain News who many rely on for their local news. However, LACSD has been moving steadily ahead to make that false prophecy a reality. Hesperia has objected, but thus far to no avail since LACSD’s attorneys have continually outgunned Hesperia in their frail efforts to contain LACSD. The essential truth and threat of this aggrandizement by LACSD remains unreported by the Mountain News, the recipient of its advertising dollars.

LACSD’s spending enthusiasm is not merely because of PFAS problems but its part of a larger scheme of aggrandizement, supported by a credit addicted mentality of increasing expenses and revenues, with the assurance that the ratepayer will always be there to take care of things. There is no organized opposition. It helps when locals have vested interests and gain special deals in the process.

BUT THE TRUTH IS REPORTED: ALBEIT BURIED IN A 308-PAGE REPORT.

LACSD has a spending problem which it continually attempts to cure by increasing revenues – the ratepayer will always be there to take care of things is the old adage. The LACSD finance report shows on page 208 that the district expects [revenue \(your bill\) to increase 8.62% for 2026, 2027, 2028 and 2029](#).

The PFAS era has given LACSD a new license to engage in unconsidered and unbridled runaway spending courting influence and dominance. Informed criticism is lacking while “Managers” abound and not one of them is a licensed engineer. LACSD eliminated the sole engineering position at the water district yet has miraculously been able to spend [\\$395,311 on outside contract engineering work](#). Once again, the outsourced engineering cost is \$395,311. Why not hire an engineer? The result is that there is no loyal resident scientific oversight. Therefore, while our sewage pipes leak, our treasury pours out revenue.

This New Age of PFAS has also unlocked for LACSD a gold mine of potential increased expenses; and along with that the excuse for an entirely new round of wage increases. The wages and retirement increases are out of control. While inflation is at 3 to 4%, LACSD is at 14%. At this rate, in 7 years the cost of operations will double. I repeat, at this rate in seven years, the cost of operations will double. Ask the General Manager. We are still waiting to hear back from counsel on the [15% retroactive Manager’s salary increase](#) which occurred last year in March.

One cause of the cost increases has been innocuously revealed in a series of standard blueprints from Dudek, our outside independent expert. Responsibly, each blueprint contained in “the packet” requires the signature of “The District Engineer”. The signature is missing! Why? Because there are no engineers on the LACSD staff, much less a District Engineer. We have many, many, many “Managers”.

We have an “Engineering Manager” who, the personnel department, informs us “manages engineers”, however, he is not a licensed engineer. How does a non-engineer manage engineers? Show them the way to the canteen, restroom, and boardroom?

At one time, in the good old days, LACSD had loyal engineers on staff that could oversee pricing and critique solutions from outside engineers. Today our engineers have been replaced by a myriad of “managers”. Today, no one on LACSD’s staff is a licensed engineer. Engineers are hired on an ad hoc basis. And with no loyal full time educated insider engineering advice, it appears that LACSD has become a well-paid sitting duck, relying on the advice of “managers” speaking with ad hoc engineering strangers judging other ad hoc engineering strangers.

Without any scientific education on board other than managers with Bachelor’s Degrees (“in Photography”?) and plumbing licenses, money quickly runs out - leaking from our LACSD treasury like water through a deferred maintenance cracked sewage pipe.

The Water supply side of the District in the 2024-25 draft budget includes a total operating personnel expense of \$9.2 million which reflects a 14% increase as compared to the 2023-24 budget. The 2025-26 draft budget includes a total operating personnel expense of \$9.7 million which reflects an increase of 5% as compared to the 2024-25 budget. [On the Water Side for 2024 - Wages are up 14% and Retirement is up 19%](#). Page 216.

It is even worse on our *leaking* sewer side of the budget. LACSD which allegedly has limited repair money for its aging leaking sewer system (that reserve fund was depleted years ago for other things) has instituted a whole new round of personnel raises for the Wastewater personnel. [On the Wastewater Side for 2024 - Wages are up 16% and Retirement is up 23%](#). Page 217.

Finally, we must not forget about legal expenses. [LACSD's legal expenses](#) usually hover around \$80,000 per year but for inexplicable reasons shot up to \$220,000 for the 2023-2024 period. It may just be that possibly [writing immunity letters](#) to Congress asking for PFAS liability protections can get expensive.

OUTDATED SPECIAL DISCOUNTS – THE AMOUNT LACSD CHARGES FOR WATER VARIES GREATLY FROM ONE RATEPAYER TO ANOTHER. THE AVERAGE RESIDENTIAL RATEPAYER IS LEFT HOLDING THE BAG.

During the early days of the 20th century the developers facing a failed reservoir project began to encourage people to move to a mountain resort community where a golf course, clubhouse, a conference center and a village were built - Anything to attract settlers. However, it has gotten out of hand and now ratepayers are being taken advantage of. This report actually reveals the extent to which special interests are now receiving special discounts, discounts which have far outlived their purpose to attract homeownership. These subsidies are now nothing more than perks for well-heeled friends (often nonresident multi million dollar companies) riding on the coattails of the average rate payer.

There is no current justification, other than political favoritism, in giving discounts to LACC, UCLA, the Resort, the Village and many others - Each has enormous treasuries. These special discounts are arguably nothing more than misappropriations/gifts not within the enumerated powers of LACSD; and nor are these gifts in any way especially beneficial to the Lake Arrowhead Community.

Best, Best & Krieger, counsel for the District, evidently sees no problem in these special discounts to special ratepayers; it is the official position of the District's counsel, that the Board of LACSD has a right to give these entities special extremely low rates.

IN 2024 - ANTIQUATED AND UNNECESSARY PRICE DIFFERENCES PAID PER GALLON OF WATER HAS HURT THE LAKE ARROWHEAD COMMUNITY BY CREATING INEQUITY, DISPROPORTIONATELY IMPACTING FIXED INCOME RATEPAYERS AND PLACING AN UNDUE BURDEN ON THE RESIDENTIAL RATEPAYER.

The [attached chart](#) is from the upcoming LACSD Board Meeting Packet on Page 270, 271 and 276:

- (i) LACSD's Top Water Users.
- (ii) LACSD's Top Revenue Generators.
- (iii) Operational Cost per Acre Foot of Water.

For instance, the board meeting packet this week reveals that last year (2023- 2024) while we, the average water users, that is you and me, **paid on average .022 cents per gallon**, the top users of water from LACSD skated on our coattails with massive discounts.

We paid on average \$.022 cents per gallon.

While:

LACC paid \$24,637 for 157-acre feet of water: **\$.00048 cents per gallon of water.**

UCLA paid \$125,557 for 25-acre feet of water: **\$.015 cents per gallon of water.**

The poor and lowly residential ratepayer pays: **\$.022 cents per gallon of water.**

One can't help but wonder about LACSD's value system when although UCLA, a renowned educational institution, uses 1/6th of the amount of water that the Lake Arrowhead Country Club does, *yet UCLA is charged 32x times more per gallon than the Lake Arrowhead Country Club.* The poor and lowly residential ratepayer pays \$7,313.71 per acre-foot of water which is *46x times more than LACC* which pays \$156.92 per acre-foot of water.

If the Lake Arrowhead Country Club were to pay what we pay, LACC would have paid \$1,140,828 for the 156 acres of water they used last year, instead of the \$24,637 which they actually paid. And LACSD even lost money on that deal since it costs LACSD [\\$2,084 to produce 1 acre-foot of recycled water](#) for the golf course and therefore it cost LACSD \$316,736 to produce the recycled water which it then sold to LACC \$24,637. It is one big giveaway.

LACSD has represented to attendees at Board meetings that under the [1964 agreement](#) LACSD must give LACC 250 acre-feet of water from the lake. While it is true that the agreement does say that; however, that agreement, per se, is not binding on LACSD. LACSD which was formed in 1978 was not a party to the 1964 Agreement. Even if LACSD assumed any obligation that its predecessor, the Arrowhead Utility Company, had to honor in the 1964 agreement, LACSD agreeing to honor the Arrowhead Utility Company's prior agreement would have been an illegal rate preference being granted by LACSD, a public entity, to LACC a private club.

SO, TODAY IN 2024, WHAT MAKES LACC SO SPECIAL TO LACSD? – ANSWER: TWO LACSD BOARD MEMBERS.

We have a suggestion:

Everyone, having supported the Lake Arrowhead Country Club last year by reducing their membership expenses by over \$1,100,000.00, try driving up to the club and asking the administration to allow you to use their golf course, their swimming pool, their restaurant and attend any one of their social events - They may let you use the bathroom. *They may.*

If they do, when you get in and if you happen to see one or both of your LACSD Board members, Steve Keefe and Bruce Reynolds, be sure to introduce yourself as being a contributor to the annual LACC million-dollar “give away” and ask them if they might “give away” to you free passes to *their club*.

Don't count on it.

Yours,



Garin Vartanian



Ted Heyck



LACSD will be holding its monthly board meeting on December 12th at 5:30 PM. We urge property owners to attend either in person or via Zoom for this very important meeting.

MEETING DATE: May 28th, 2023, at 5:30 p.m.

MEETING LOCATION: LACSD Blue Jay Board Room 27307 State Hwy. 189, Suite 104 Blue Jay, CA 92317

To join the meeting using a computer, tablet, or smartphone, use the link listed below (**Zoom**):

<https://us02web.zoom.us/j/9093367117?pwd=eDh5Rng4aXc4MEp2V0NPcm5udlhMQT09>

To join the meeting using a **telephone**, call the phone number listed below +1 (669) 900-6833 enter the Meeting ID: 909 336 7117 and Passcode: 7117

WARNING TO ALL EMAIL RECIPIENTS:

We will be forever grateful to ALA for having given Ted Heyck and Garin Vartanian the opportunity to send email messages to ALA's membership. However, currently there is enormous pressure being placed on ALA to discontinue this opportunity at a moment's notice. In anticipation of our emails being immediately discontinued, and if you wish to continue to receive these emails, please click on the link below to submit your email address to us. We will email you only if ALA discontinues email services. <https://www.arrowheadwoodsformed.com/signup>