LOCAL AGENCY FORMATION COMMISSION
COUNTY OF SAN BERNARDINO

215 North D Street, Suite 204
San Bernardino, CA 92415-0490 • (909) 383-9900 • Fax (909) 383-9901
E-MAIL: lafco@lafco.sbcounty.gov
www.sbclafco.org

DATE: **SEPTEMBER 10, 2007**

FROM: **KATHLEEN ROLLINGS-McDONALD, Executive Officer**

TO: **LOCAL AGENCY FORMATION COMMISSION**

SUBJECT: **AGENDA ITEM #9b – LAFCO 3001 – Municipal Service Review for Board-Governed Fire Districts and Sphere of Influence Expansion for the Yucca Valley Fire Protection District and Reduction of the Spheres of Influence for the Central Valley Fire Protection District, Lake Arrowhead Fire Protection District, Forest Falls Fire Protection District and County Service Area 38**

RECOMMENDATION:

LAFCO staff recommends that the Commission make the following determinations:

1. Receive and file the municipal service review materials submitted by the County for the Board-governed fire entities;

2. Approve the expansion of the sphere of influence for the Yucca Valley Fire Protection District (to be known as the San Bernardino County Fire Protection District) to:

   (a) Include the unincorporated territory of the County of San Bernardino not currently a part of an independent fire provider or city providing fire service;

   (b) Exclude the area of the City of Fontana and its sphere of influence from the sphere expansion; and

   With the determination that the overlay of the Yucca Valley Fire Protection District (to be known as the San Bernardino County Fire Protection District in the future) sphere of influence over the sphere of influence territory of independent Fire Districts or Fire Providers including Cities and other Independent Special Districts providing fire services will not compromise those other sphere of influence determinations and that the San Bernardino County Fire Protection

District will not oppose the future expansion of these entities by means of annexation into their established spheres of influence.

3. Approve the reduction to a zero sphere of influence designation for County Service Area 38, Lake Arrowhead Fire Protection District, and Forest Falls Fire Protection District.

4. Approve the reduction of the Central Valley Fire Protection District sphere of Influence to be coterminous with the City of Fontana sphere of influence.

5. Determine that the services authorized to be provided by the San Bernardino County Fire Protection District shall be listed as follows:

San Bernardino County	Fire	Structural, watershed, prevention, inspection, suppression, weed abatement, hazardous materials services, rescue, first aid, paramedic, ambulance transportation, emergency response, and disaster preparedness planning

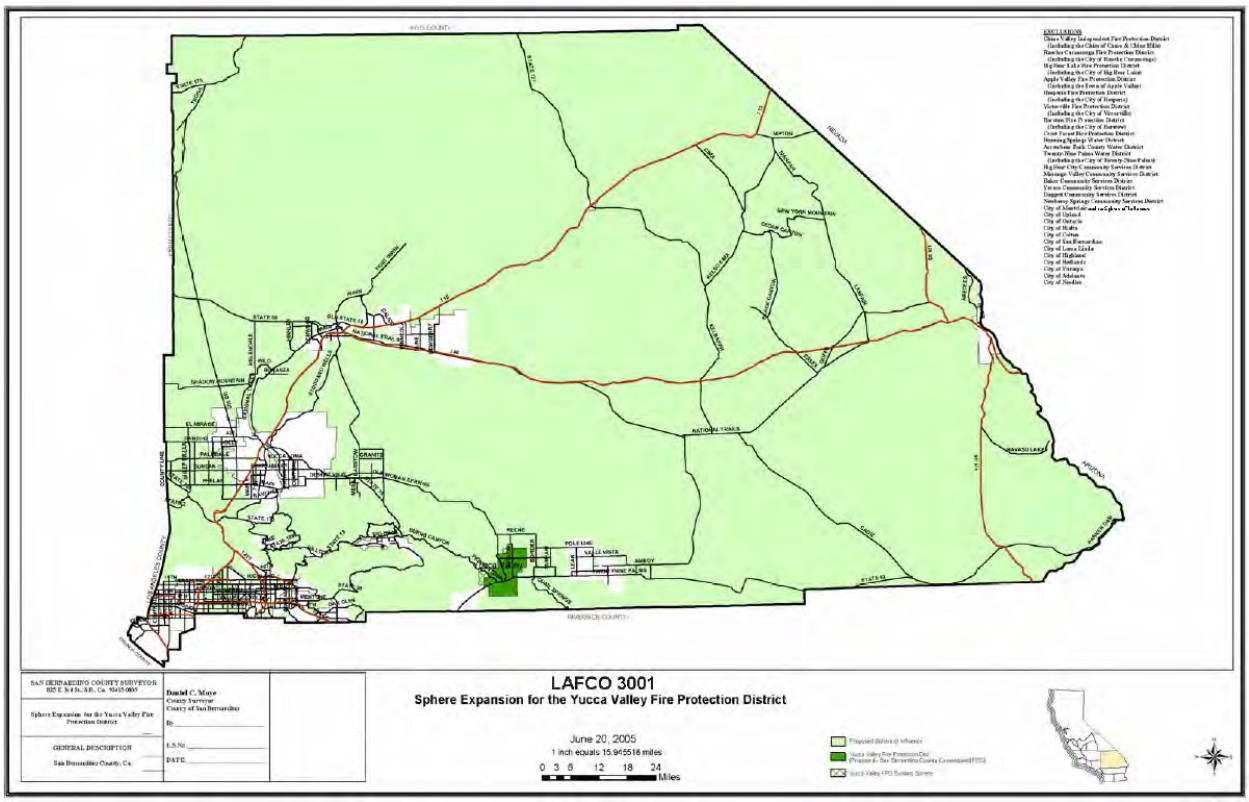
Determine that upon successful completion of LAFCO 3000, as modified to include the dissolution of County Service Area 38, Lake Arrowhead FPD, and Forest Falls FPD, that Exhibit A of the Policy and Procedure Manual, Section 5 – Special Districts be amended to remove them from the listing of agencies.

6. Continue the adoption of the LAFCO Resolution reflecting the Commission's determinations, findings, and conditions for the sphere of influence to the October 17, 2007 hearing, to be placed on the Consent Calendar.

BACKGROUND:

On July 25, 2005, the Board of Supervisors for San Bernardino County initiated a set of applications related to restructuring the Board-governed fire agencies, which included a set of sphere of influence changes and a reorganization of jurisdictional boundaries. LAFCO 3001 embodies the sphere of influence component of the overall County Fire Reorganization. It proposes to expand the sphere of influence of the Yucca Valley Fire Protection District to essentially encompass all territory within San Bernardino County which was provided fire protection by a County fire entity or was not a part of an independent fire provider, either an independent special district or a City. The sphere of influence proposal encompasses unincorporated areas and some cities (two cities - Fontana and Grand Terrace are overlain by Board-governed fire districts) throughout the County. The Town of Yucca Valley is unaffected in this consideration since it is currently a part of the sphere of influence of the Yucca Valley Fire Protection District. A map

illustrating the sphere expansion is included as attachment #1 to this report and shown below:



The magnitude of the territory included in this sphere of influence change is unprecedented in LAFCO considerations. The proposed expansion encompasses an estimated 11,745,691 acres of the County, or about 18,353 square miles. This area is slightly larger than the combined states of New Jersey, Connecticut, and Rhode Island, which comprise a combined total of 15,478 square miles.

Expansion of the sphere of influence of the Yucca Valley Fire Protection District is intended to define the area that is to become the San Bernardino County Fire Protection District through a separate action, LAFCO 3000 to be heard following this consideration. This set of proposals personifies the direction of the State Legislature to LAFCO to provide for *efficient and effective boundaries for the provision of local services,* and embodies the position taken by the Legislature in 1987 when it rewrote Fire Protection District law. The Legislative Findings contained in Health and Safety Code Section 13801 states:

> "*The Legislature finds and declares that the local provision of fire protection services, rescue services, emergency medical services, hazardous material emergency response services, ambulance services, and other services relating to the protection of lives and property is critical to the public peace, health and safety of the state.*

> *Among the ways that local communities have provided for those services has been the creation of fire protection districts. Local control over the types, levels and availability of these services is a long-standing tradition in California which the Legislature intends to retain. Recognizing that the state's communities have diverse needs and resources, it is the intent of the Legislature in enacting this part to provide a broad statutory authority for local officials. The Legislature encourages local communities and their officials to adapt the powers and procedures in this part to meet their circumstances and responsibilities."*

Included in this application for expansion of the Yucca Valley Fire Protection District is the reduction of other Board-governed fire protection providing agencies to a zero sphere of influence. Assignment of a zero sphere by LAFCO indicates the Commission's position that these agencies should be reorganized in the future through either a consolidation or dissolution proceeding. The County proposal is to dissolve these agencies as a function of the next step in their application, LAFCO 3000, commonly known as the "County Fire Reorganization". The sphere of influence change to a zero sphere of influence designation is proposed by the County to be applied to the following agencies:

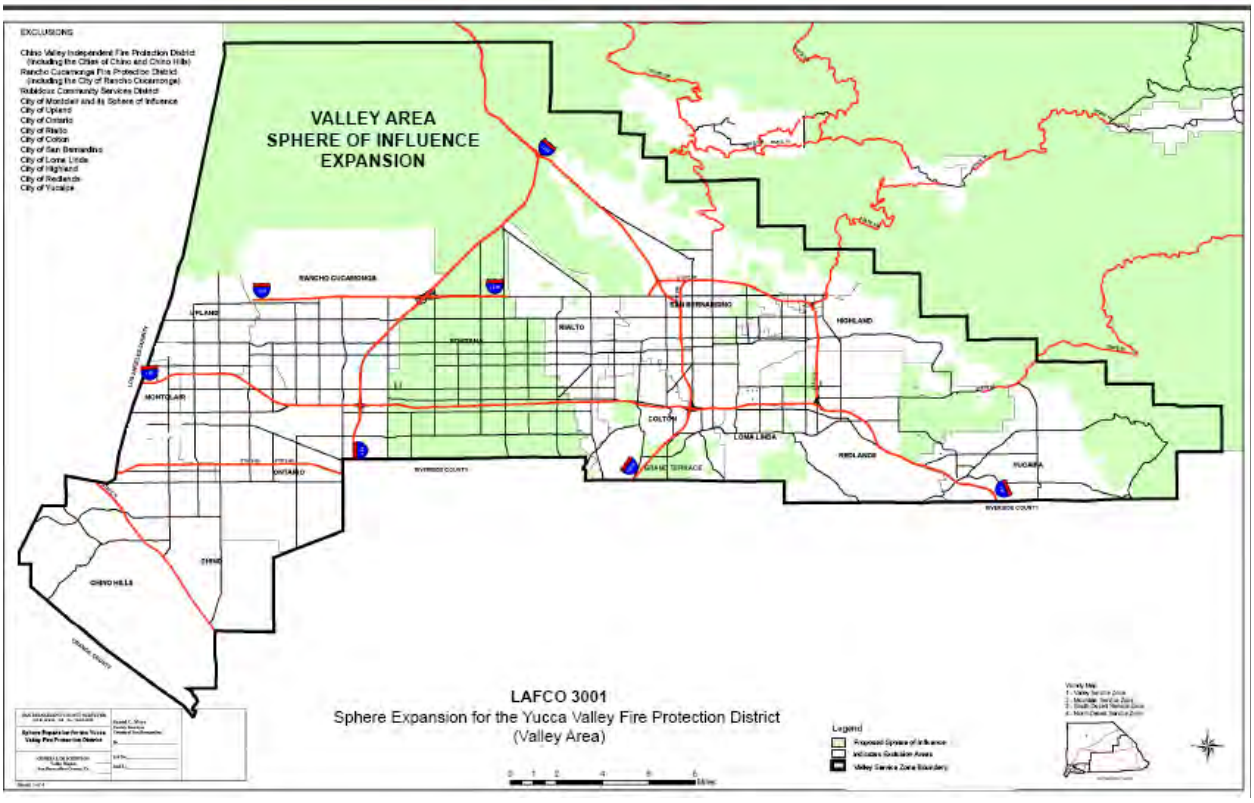
1. County Service Area 38 (current sphere designation includes the entirety of the unincorporated county area),

2. Central Valley Fire Protection District,

3. Lake Arrowhead Fire Protection District, and

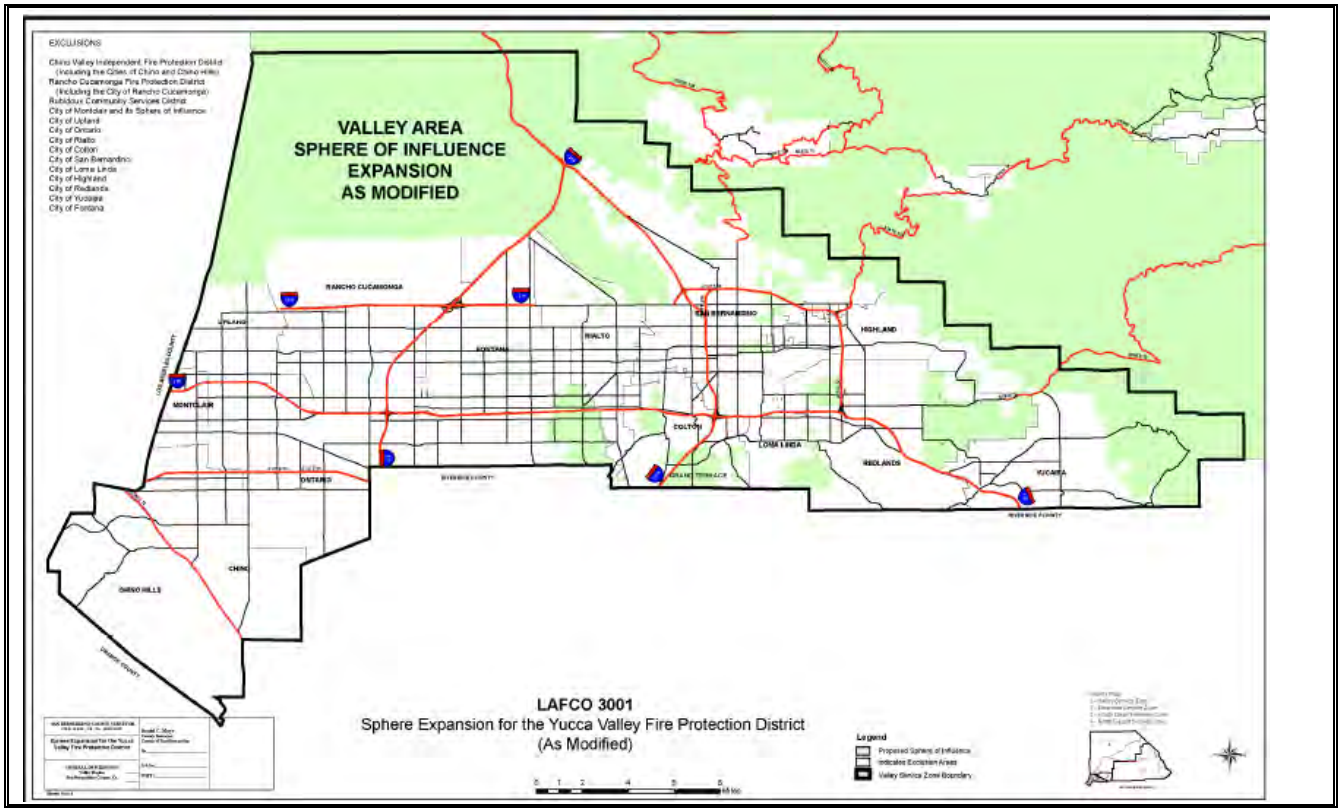
4. Forest Falls Fire Protection District

However, during the processing of the County Fire Reorganization, the City of Fontana did not consent to the overlay of the Yucca Valley Fire Protection District within City territory as required by Health and Safety Code Section 13837; instead it submitted an alternative application (LAFCO 3000A) which proposes to detach the areas not currently a part of the City of Fontana or its sphere of influence from the District and transfer them to the Yucca Valley Fire Protection District. In addition, LAFCO 3000A proposes the retention of the Central Valley FPD within the adjusted boundaries, with a new name of the Fontana Fire Protection District, and established as a subsidiary district of the City. The map below identifies the Valley portion of LAFCO 3001 showing the overlay of the City of Fontana and its sphere of influence:



In order for the County Board of Supervisors to retain its designation as the Board of Directors of the newly defined San Bernardino County Fire Protection District, the consent of the City of Fontana was required. Therefore, in order to move forward with the reorganization, a determination was needed related to the future of the Central Valley FPD. The options were to: (a) accept the alternative proposal, or (b) modify the proposal to exclude the Central Valley FPD in its entirety. LAFCO staff supports the alternative proposed by the City of Fontana to move forward with the balance of the reorganization proposal.

In order to accommodate this direction, LAFCO 3001 also needs to be modified. Therefore, staff recommends that the sphere of influence designation for LAFCO 3001 also be modified to exclude the area of the City of Fontana and its sphere from the expansion proposal and the sphere of influence for the Central Valley FPD is proposed for reduction to be coterminous with the sphere of influence assignment for the City of Fontana. The map below identifies the modified sphere expansion for the Valley area.



The Cortese-Knox-Hertzberg Act defines a sphere of influence as a *planning boundary to define the probable physical boundary of an agency*. As a planning tool, the receiving agency is to prepare the necessary plans and studies to extend its services to the area upon annexation. Approval of LAFCO 3001, as modified, would define the physical boundary for what is proposed to become the San Bernardino County Fire Protection District. The sphere of influence assignment would require that the District plan to assume the responsibility for the extension of fire protection, fire suppression, emergency medical response, disaster preparedness and fire management services. The planning for the receipt of this service by a single entity will achieve efficiencies and economies of scale. Approval of LAFCO 3001 will also modify the Central Valley FPD sphere of influence to represent the territory envisioned to encompass the City of Fontana and its existing sphere designation.

Pursuant to the provision of the Cortese-Knox-Hertzberg Local Government Reorganization Act, in evaluating the County's request the Commission is required to review the factors defined in Government Code Section 56430 (Municipal Service Review) and 56425 (Sphere of Influence Amendment). The materials that follow provide the data for that evaluation.

MUNICIPAL SERVICE REVIEW FACTORS:

The County Administrative Office and County Fire staff have prepared a comprehensive response to address the municipal service review factors (a complete copy of which is provided as Attachment #3). LAFCO staff is providing a synopsis and analysis of the materials provided to the Commission.

(1) Infrastructure Needs or Deficiencies:

The County's response indicates that for much of the rural areas currently served fire protection and emergency response by a County-governed fire entity and those unfunded areas not currently a part of a fire suppression entity, the public infrastructure for fire protection, emergency medical response and rescue are inadequate. This position is taken when evaluating response times to the standards advocated by the American Heart Association, what is defined in the Municipal Service Review response as "Industry standards" and by the deployment goals of the County adopted for delivery of its fire protection and emergency response services. The materials identify that much of this problem is due to inadequate funding, inaccessibility due to a number of factors including a lack of public roads and access, the prevalence of private roads that do not connect or permit through access, and the distance between fire facilities prepared to respond.

The materials presented by the County identify that the County-governed fire entities have "no long-term comprehensive strategy to improve or add infrastructure for fire protection, emergency medical and rescue services". Such a position is in direct contrast to the requirements of the Commission upon assignment of a sphere of influence. The Commission's sphere policy states:

"Responsibility/Obligation for a Sphere Area:

> *When a sphere of influence is assigned, a city or district is required to commence long range land use and service planning activities, thereby enabling it to respond to any annexation requests it might receive from landowners or residents within the sphere. By accepting a sphere of influence, a city or district agrees to plan for the provision of services."*

The sphere of influence for County Service Area 38 has been defined as being County-wide, excluding other fire providers, since 1973. LAFCO 1361 identified the territory as the district's sphere of influence on the basis of planning for supplemental funding for future upgraded fire services. This assignment carried the obligation for long-range planning for the full range of CSA 38 services, which have been confined to fire suppression services, since that time. However, no master plan for fire services has been undertaken to date.

However, the County position appears to be changing due to the population increases and demands for service it has been experiencing. The County General Plan Update, approved by the County Board of Supervisors on March 13, 2007, includes policies related to the obligation to prepare a comprehensive fire plan. A copy of these policies is included as Attachment #6 to this report. These policies address the need for a Fire Master Plan, the funding of fire protection commensurate with service levels for anticipated development, and the provision of financing tools in the land use review process.

(2) Growth and Population Projections for the Affected Areas

The materials provided include tables from the San Bernardino Associated Governments (SANBAG) which outline the anticipated population within San Bernardino County up through 2030 (the transportation planning horizon). While the bulk of the population growth is anticipated to occur within Cities or areas served by independent fire providers, the unincorporated area and the Cities served by contract or overlaid by County Fire are anticipated to have significant growth. The projections are shown below and have been modified to separate out the population projections for the City of Fontana which will retain a separate fire entity:

Area	2000 Population	2005 Population	2010 Population	2015 Population	2020 Population	2025 Population	2030 Population
Adelanto*	18,167	21,888	25,939	30,675	35,351	39,832	44,129
Grand Terrace	11,646	12,409	12,928	13,375	13,817	14,239	14,646
Hesperia*	62,835	78,494	95,800	117,568	139,049	159,638	179,383
Needles*	4,841	5,225	5,225	5,225	5,225	5,225	5,225
Unincorporated	282,120	307,197	329,293	357,214	384,773	411,188	436,515
Yucca Valley	16,839	18,339	18,946	19,523	20,088	20,630	21,150
	396,448	443,552	488,131	543,580	598,303	650,752	701,048
Fontana	130,188	158,590	179,426	195,373	211,105	226,186	240,650

*Contract Cities

(3) Financing Constraints and Opportunities

The County has identified that the existing structure for fire protection services governed by the County contributes to the problems associated with providing for adequate fire resources for the increasing population projections. These include the limitations of the jurisdictional boundaries assigned for the various county-governed fire entities and the financial constraints imposed by Prop. 13 on the property tax levy and Prop. 218 requiring a two-thirds majority vote to implement special taxes

and assessments. Most important in this discussion is the constraint of the limited funding options. The Board-governed fire entity's ad valorem property tax revenue will not be adequate to continue funding the current level of service. This is most apparent in those areas in which residential development is the predominant growth factor. The 2000 ESCI study outlined this ongoing financial problem, as did the County's in-house study in 2004. Both predicted that funding shortfalls would affect all but the Central Valley Fire Protection District by the year 2010.

The current rapid escalation of property values has tempered this projection, but the basic premise remains, that the primary funding resource for these agencies will be inadequate in those areas moving from the rural to suburban type of land use and service expectation. Approval of LAFCO 3001 and its companion reorganization will allow for a single entity, divided into regional service zones to address these needs in a more comprehensive manner.

One additional issue related to this constraint, identified almost parenthetically in the report, is the issue of capital facility construction funding. The materials identify that the lack of a capital development fee, or development impact fee, has constrained the ability of the County's agencies to plan for capital facilities. In addition, the absence of a development impact fee requires that facility development rely upon already strained ad valorem property tax dollars and other financing tools to respond to these needs. LAFCO staff would also indicate that the absence of a capital development fee for the incremental growth of the 30-lot subdivision, or smaller tracts has seriously constrained the ability of County Fire to build the facilities needed to serve these growing communities. The County has been very successful in the short-term dealing with large-scale developments and the needs for capital construction fees and long-term increases in operation and maintenance costs. Case in point, the Villages at Lytle Creek was annexed to the Central Valley Fire Protection District for its services. In addition, the County's Conditions of Approval and Financing required the creation of Community Facilities Districts to fund the development of a fire station, the equipping of that fire station, and it outlined the long-term obligation for funding an augmented level of service. This is in addition to the 12.12% average share of the ad valorem property tax these new residences will pay into the operation of this district.

Of note in this discussion, the Cities which currently are either overlain by County Fire or contract for its services assess development impact fees for fire purposes. Attachment #7 includes materials identifying the current development impact fees for these jurisdictions. This sets in motion another built-in inequity for delivery of service.

As noted above, the same is not true for the dominant development type for the unincorporated County areas, the 30-lot and under subdivisions. LAFCO staff has participated in the County's Development Review process for the last seven years and reviewed hundreds, if not thousands, of parcels created which will have a

cumulative impact on the delivery of fire suppression and medical response through the Board-governed fire entities, as well as the independent fire providers serving unincorporated territory.

It appears to LAFCO staff that this situation may be changing. The County Board of Supervisors, at its August 7, 2007 meeting, directed its staff to return with a Request for Proposal (RFP) to review the potential for implementation of development impact fees within the unincorporated areas (a copy of the Board Agenda Item and PowerPoint Presentation are included as Attachment #7 to this report). This RFP will cover a number of fee categories, but important to this review, is that it will include a discussion of the potential for implementation of a development impact fee for fire capital improvements for the unincorporated area of the County. Approval of such a capital fee would assist the proposed San Bernardino County FPD as well as independent fire providers within the unincorporated area to fund needed capital improvements.

The advantages that will be achieved through the expansion of the Yucca Valley Fire Protection District sphere of influence, and ultimate annexation, is that a single fire entity will be responsible for dealing with the issues of financing for future fire operations. The anticipated creation of the four (4) service zones will allow the County to tailor those future financing mechanisms to the region, such as development impact fees, its unique service expectations, as well as current ad valorem property tax contributions to the services.

(4) Cost Avoidance Opportunities

The expansion of the sphere of influence of the Yucca Valley Fire Protection District, in anticipation of the changes identified in LAFCO 3000 to consolidate the operations of the County Fire entities into a single service provider, will assist in eliminating unnecessary costs, first and foremost being the reduction of the 32 separate budget units for fire protection currently utilized. The materials identify that the economies of scale can more efficiently be achieved through the ultimate elimination of the arbitrary constraints of the boundaries of the existing fire entities and more clearly align the response and management to areas of effort for the provision of service. The Service Zones proposed will allow for the tailoring of needs to economic constraints and development pressures, and will allow economies of scale in purchasing and other areas.

(5) Opportunities for Rate Restructuring

The County has provided a response on this issue, not reiterated here. LAFCO staff has not identified a material effect upon this factor through the implementation of LAFCO 3001.

(6) Opportunities for Shared Facilities

As identified in the County materials, the regional nature of fire services has required the utilization of shared facilities for a number of years. Currently, multi-function County Service Areas allow for use of district owned property for fire stations. In addition, County Fire has contracts for providing fire services with independent entities which utilizes stations and equipment owned by the independent entities. The materials identify joint powers authorities for joint use of facilities, equipment and, most importantly, the training facilities developed by County Fire.

In addition, County Fire contracts with a number of local jurisdictions to provide for service delivery to unincorporated pockets of territory surrounded by or near incorporated cities. Examples of this include: County Fire currently contracts with the City of San Bernardino to provide fire and paramedic services to the unincorporated County islands within that City's sphere of influence; it contracts with the City of Loma Linda to provide service to its unincorporated sphere territory; and it contracts with the City of Yucaipa to provide fire and paramedic services to the Oak Glen community.

The clarification of service responsibilities in a regional manner will only open up other opportunities for other shared facilities to more effectively utilize the public's resources.

(7) Government Structure Options

For the last two decades, the County of San Bernardino has been reviewing options to provide a more efficient and effective mechanism to provide fire protection, rescue and emergency medical response within the financing constraints available to them. Beginning as early as 1982, when a single fire chief position was created to manage the Central Valley FPD and Chino Rural FPD under CSA 70, the County has been attempting to administratively consolidate fire functions. These measures were prompted by the passage of Prop. 13 and the reductions in the ability of ad valorem property taxes to fund an increasing demand for fire services.

In 2002 the County Board of Supervisors directed its staff to evaluate the long-term financial ability of the 26 separate fire entities, which include seven (7) county service areas, fifteen (15) improvement zones of CSAs and four (4) fire protection districts, to sustain the ability to provide their services. A study was conducted by the Emergency Services Consultants, Inc. (ESCi) and its conclusions and recommendations were presented to the Board of Supervisors in May 2003. That study indicated that the consolidated County Fire Entities faced a potential $83 million deficit. Following the ESCi presentation and report, the County Administrative Office and Fire officials put together a working group to refine the

report and make recommendations to the Board. The refined report evaluated three service options for County Fire:

Option 1 -- Regional Fire Protection Districts

This option proposed to retain the County Service Area 70 (CSA 70) administrative oversight for County Fire operations, but would create a set of three regional Fire Protection Districts – Valley, Mountain and Desert. The option would use the expansion of the Central Valley FPD for the Valley regional district, expansion of the Lake Arrowhead FPD for the Mountain regional district, and the Yucca Valley FPD for the Desert regional district. All of the sub regional Board-governed fire entities, such as CSA 38 Improvement Zone D (Victorville) would be transferred to the regional fire protection district. It was identified that the Board of Supervisors could appoint a fire advisory commission for each of the regional districts to advise the Board, as the designated board of directors for the district, on fire budgets, service level issues and/or the need to create additional service zones to address augmented funding.

Option 2 -- Countywide Fire Protection District

This option proposed to completely reorganize both the legal and financial framework of the existing fire entities into a single fire protection district. This option proposed to remove fire authority from CSA 70, which had operated the fire administrative arm of County Fire, and reallocate that authority and financial resources to the new successor fire protection district, to be known as the San Bernardino County Fire Protection District. This successor fire district would be achieved through a series of annexations to the existing Yucca Valley FPD. In addition, the desire to achieve a regional correlation to service levels and separation of funding, this option proposed a system of four regional service zones – Valley, Mountain, North Desert and South Desert – to be the successor agency to dissolving fire entities and/or the transfer of fire dollars from multi-function agencies losing their fire authority. As with the Regional Fire Protection Districts, the Board of Supervisors could appoint a fire advisory commission for either the parent (umbrella) fire protection district and/or the regional service zones.

Option 3 -- Creation of County Fire as a General Fund Department

This option would create a County Fire Department as a General Fund department similar to the County Sheriff's office or Department of Special Districts. It should be clarified that the materials presented by the County identify the administrative agency as the "County Fire Department"; however; this is a name of choice not a legal entity. This option would retain only those agencies which have special tax authority for fire protection purposes and

redirect their management to the proposed department and dissolve all the Board-governed fire protection district and CSAs with fire powers only.

The County Board of Supervisors evaluated these options and determined that in order to maintain the separation of Special District assets, responsibilities, and obligations, Option 2 for creation of the San Bernardino County Fire Protection District should be pursued. On July 26, 2005 that action was officially chosen.

One area of concern expressed by LAFCO staff was that the proposed sphere of influence expansion would include territory within the designated sphere of influence of other independent fire providers – cities and special districts. LAFCO staff reviewed this concern with County staff and was provided with assurance that no objection to the fulfillment of these other entities' probable physical boundaries would occur. This has been reiterated in the memorandum received from Mr. Norm Kanold, Assistant County Administrator for Public and Support Services Group, dated June 12, 2006, which states:

> *"This is a temporary measure to ensure that all unincorporated areas of the County are served by a fire protection agency. Unincorporated areas within another fire agency's sphere of influence, as a general rule, are already served by the County Fire Department so this should not represent a real change. Where such overlapping sphere areas are created as a result of this reorganization (sphere of influence expansion), the County shall be considered the "secondary" fire protection agency and the existing fire protection agency shall be considered the "primary" agency. It is not the intent of the County Fire Department to object to the primary agency annexing areas within its sphere of influence in the future, with the normal property tax transfers taking place."*

LAFCO staff proposes to include this finding as a function of the determinations for the sphere of influence expansion.

(8) Evaluation of Management Efficiencies

The County has provided a response on this issue, not reiterated here, which identifies County Fire's historic commitment to management efficiencies – through the consolidated training center, vehicle services, hazardous materials division, participation in regional JPAs and the creation and operation of the Office of Emergency Services. LAFCO staff has not identified a material effect upon this factor through the implementation of LAFCO 3001.

(9) Local Accountability and Governance

Implementation of LAFCO 3001, amending the sphere of influence of the Yucca Valley FPD, and LAFCO 3000, reorganizing the Board-governed fire providers, will

not change the governing body of the agency. That governing body will continue to be the County Board of Supervisors as the designated Board of Directors of the reorganized San Bernardino FPD.

However, on December 13, 2005, the County Board of Supervisors took an action to authorize the creation of advisory commissions for the four regional service zones to be created through implementation of LAFCO 3000, the companion to LAFCO 3001 sphere expansion. The creation of regional service zone advisory commissions will allow for a more comprehensive approach to the communities' understanding of their fire resources and financial constraints and opportunities and provide a resource to the County administration on the issues affecting the regional service areas.

SPHERE OF INFLUENCE DETERMINATIONS:

The County of San Bernardino has requested that LAFCO amend the sphere of influence of the Yucca Valley FPD to include, in essence, the unincorporated area of the County not currently served by an independent fire provider. This territory encompasses approximately 18,353 square miles (11,745,691 acres), the majority of which are not currently a part of a fire protection entity. The County of San Bernardino recently adopted its Updated General Plan and Development Code which makes specific reference to the need for fire protection services. Excerpts from the General Plan are attached to this report.

Therefore the LAFCO staff recommends that the Commission:

1. Expand the sphere of influence of the Yucca Valley Fire Protection District to include the territory of other Board-governed fire protection entities, but exclude the territory of existing cities providing fire protection services, independent special districts providing fire protection and the area of the City of Fontana sphere of influence;

2. Designate a zero sphere of influence for County Service Area 38, Lake Arrowhead FPD and Forest Falls FPD signaling the determination that the entities should be dissolved and their operations and functions transferred to the Yucca Valley FPD, to be renamed the San Bernardino County FPD; and,

3. Reduce the sphere of influence for the Central Valley FPD to that area within the City of Fontana sphere of influence; the balance of its sphere is to become a part of the Yucca Valley FPD sphere of influence.

The following factors address these changes:

The Present and Planned Land Uses in the area including agricultural and open-space lands

The land area anticipated to be included in the sphere of influence of the Yucca Valley Fire Protection District includes land use designations from the most urban intensity to territory anticipated for preservation as open space. As a part of the adoption of the Updated County General Plan it included the following goals:

Goal LU8-3 (Subsection 1) "Create a County Fire Master Plan that will identify the various areas of the County and provide standards of coverage commensurate with the various characteristics of the County but whose goal is to achieve the levels of service established by the National Fire Protection Association (NFPA) 1710 and 1720".

Goal CI 16.1 "Continue the consolidation efforts of the Fire Department to maintain the continued operation, services, facilities, and current infrastructure but also to ensure the provision of operations, service facilities and internal infrastructure into the future."

The present and probable need for public facilities and services in the area

The County Fire Agency has developed a Plan for Service which identifies the continuing need for maintenance and upgrade of fire facilities and has developed a "Deployment Goals" document which identifies the desired direction for increasing the levels of service. As identified in the Municipal Service Review factors outlined above, growth projections provided by SANBAG for 2010 have been exceeded by all areas identified to be included within the proposed sphere of influence by the year 2007. The development of the Fire Master Plan will respond to the increasing calls due to population growth and growth along the major transportation corridors within San Bernardino County. The Fire Master Plan is currently a requirement of the County General Plan and Development Code and was anticipated by County Fire in defining the current and recommended staffing based upon the designations of Urban, Suburban, Rural and Wilderness response levels for its Deployment Goals document.

The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide

The reorganization of County Fire as envisioned by the sphere of influence expansion, reduction to Central Valley FPD, and zero sphere of influence designations are designed to incorporate the area of the current Board-governed fire protection providers under one consolidated fire protection district structure. It does not change the level of service currently being provided within these areas. The expansion of the Yucca Valley FPD sphere of influence to include the areas

identified as the "Unfunded Fire Protection Area" is currently overlain by County Service Area 70, the fire administrative entity for County Fire and has been served by County Fire for the past 30 years by policy direction of the County Board of Supervisors.

Those areas in need of augmented service are proposed to be addressed in the future on a community-by-community approach to allow the local citizenry to determine the level of service required and the funding options available to support that level of service.

The existence of any social or economic communities of interest determined by the Commission to be relevant to the agency

Within the 18,353 square miles proposed for inclusion within the sphere of influence of the Yucca Valley Fire Protection District are numerous communities of interest such as Phelan, Piñon Hills, Joshua Tree, Oro Grande, Bloomington, Mentone, Muscoy, as well as the City of Grand Terrace and the Town of Yucca Valley. The reduction in the sphere of influence for the Central Valley FPD is a direct reflection of the community of interest for the City of Fontana. The sphere of influence determinations anticipated by this action will have no direct effect on these communities.

Services of the Agency:

Government Code Section 56425(i) requires that during a sphere of influence amendment or update for a Special District, the Commission is required to review and identify the range of services to be provided, as well as the nature and location of these services. At present the Commission's "Exhibit A" listing the functions and services of special districts identifies the Yucca Valley Fire Protection District as follows:

Yucca Valley	Fire	Structural, watershed, rescue, ambulance, paramedic

The County has requested, as a part of its application, that the Functions and Services authorized the Yucca Valley Fire Protection District be expanded and its name changed. Staff proposes that the Exhibit "A" of the Policy and Procedure Manual, Section 5 – Special Districts, be amended to read as follows:

San Bernardino County	Fire	Structural, watershed, prevention, inspection, suppression, weed abatement, hazardous materials services. rescue, first aid, paramedic, ambulance transportation, emergency response, and disaster preparedness planning

The nature and location of the provision of these services will be considered to be district-wide within the financial abilities and limitations of the agency and its service zones to do so.

In addition, upon completion of the companion proposal, LAFCO 3000, including the dissolution of County Service Area 38, Lake Arrowhead FPD and Forest Falls FPD, will require that Exhibit A of the Policy and Procedure Manual, Section 5 – Special Districts, be amended to remove them from the listing of affected agencies.

ADDITIONAL FINDINGS:

1. The Commission's Environmental Consultant, Tom Dodson of Tom Dodson and Associates, prepared and LAFCO staff circulated and advertised the environmental assessment and Negative Declaration for LAFCO 3000/3000A/3001 pursuant to the provisions of the California Environmental Quality Act (CEQA). This document indicates that approval of the modified sphere of influence proposal embodied in LAFCO 3001 will not have a significant adverse impact on the environment. The Commission took the actions necessary to certify and adopt this environmental determination as a function of Agenda Item 9A at this hearing and is proposed to direct its Clerk to the Commission to file the Notice of Determination within five (5) days along with the certification by the California Department of Fish and Game that the proposal will not have an effect on biological resources.

2. Notice of the Commission's consideration of this issue has been advertised as required by State law through publication in *The Sun,* the *Fontana Herald News*, *The Alpenhorn News*, the *Mountaineer Progress*, the *Mountain News*, the *Crestline Courier-News*, the *Leader* (Lucerne Valley), the *Parker Pioneer*, the *Needles Desert Star*, the *Hi-Desert Star*, the *Big Bear Grizzly*, the *Today's News-Herald*, the *Inland Valley Daily Bulletin*, the *Desert Dispatch,* and the *Daily Press.* As required by State law, individual notification was provided to affected and interested agencies, County departments, and those individuals and agencies wishing mailed notice.

3. The map and legal description of this sphere of influence amendment, as modified by LAFCO staff has been reviewed and certified by the County Surveyor's office.

CONCLUSION:

For all the reasons outlined in this report, LAFCO staff supports the changes in sphere of influence designations as identified to reflect the proposed changes for County Fire operations with the finding language that the overlay of the San Bernardino County FPD sphere over the sphere of influence of independent fire providers will not affect the implementation of that sphere designation..

KRM/

Attachments:

1. Map of Proposed Sphere Expansion with Detail Map of Valley Area
2. Map of Revised Valley Area Reflecting Central Valley FPD Exclusion
3. County Application for Sphere of Influence Expansion Including Response to Municipal Service Review Factors and Materials from County Board Workshop on Fire Reorganization 2004
4. Memorandum from Norm Kanold Dated June 12, 2006
5. County Fire Business Plans for Fiscal Years 2006-07 and 2007-08
6. Excerpts from County General Plan and Development Code Adopted in March and May 2007 Related to Fire Services
7. County Board of Supervisors Agenda Item Related to Development Impacts Fees and Development Impact Fees of Cities Currently Served by County Fire

SUMMARY OF REVENUE ALLOCATED TO CSA 70*
Prepared by Bob Wright 2/27/07

	Assessed Value in CSA 70	1% General Tax Levy	CSA 70 Revenue	Independent District Revenue	# TRAs
Crest Forest Fire Protection District	1,368,861,644	13,688,616.44	323,282.27	3,248,324.64	52
Chino Valley Independent Fire District	438,657,966	4,386,579.66	111,192.51	644,285.16	21
Apple Valley Fire Protection District	919,969,619	9,199,696.19	261,868.80	914,490.28	90
Barstow Fire Protection District	271,329,791	2,713,297.91	59,506.45	663,640.71	25
Rancho Cucamonga Fire Protection District	92,986,681	929,866.81	24,993.45	117,115.79	13
Arrowbear Park County Water District	109,185,352	1,091,853.52	29,580.76	224,409.90	2
Running Springs County Water District	530,926,431	5,309,264.31	134,376.95	1,450,365.16	19
Big Bear Lake Fire Protection District	11,153,693	111,536.93	2,886.69	18,388.82	2
Big Bear City Community Services District	1,886,320,591	18,863,205.91	532,325.71	1,725,718.50	17
Morongo Valley Community Services District	200,630,602	2,006,306.02	52,124.25	363,395.32	21
Twentynine Palms Water District	1,162,534	11,625.34	388.27	0.00	4
Yermo Community Services District	78,014,587	780,145.87	25,277.40	78,008.05	8
Daggett Community Services District	23,336,338	233,363.38	6,439.71	55,730.25	16
Newberry Community Services District	161,113,077	1,611,130.77	52,174.36	162,401.48	14
Baker Community Services District	37,565,171	375,651.71	11,182.79	66,264.78	1
Central Valley Fire Protection District			63,063.00		
	6,131,214,077	61,312,140.77	1,690,663.37	9,732,538.85	305
REMAINING UNINCORPORATED AREA			4,534,982.00		

Condition No. 21. *Through its consideration of LAFCO 3070, the fire functions, contracts, equipment, assets and liabilities currently a part of County Service Area 56 Improvement Zone F-1 are to be transferred to the Successor District, the San Bernardino County Fire Protection District. If LAFCO 3000 is not completed upon the effective date of LAFCO 3070, the fire functions, including property tax revenues associated with CSA 56 and CSA 56 Improvement Zone F-1 shall be transferred temporarily to County Service Area 70 (fire administration) to allow for continued operation and protection of identified revenues. That transfer shall take place as follows:*

1. *Fire protection revenues currently a part of the property tax allocation for County Service Area 56 Improvement Zone F-1, determined to be $191,749 for Fiscal Year 06-07 shall be transferred to the San Bernardino County Fire Protection District as a function of LAFCO 3000. The effective date for LAFCO 3000 is July 1, 2008; therefore, the fire functions, including property tax revenues, associated with CSA 56 Improvement Zone F-1 shall be transferred temporarily to County Service Area 70 to allow for continued operation and protection of identified revenues until the effective date of this reorganization.*

2. *Fire protection revenues currently a part of the property tax allocation of County Service Area 56, determined to be $626,426 for Fiscal Year 2006-07, shall be distributed to the San Bernardino County Fire Protection District as a function of the review of LAFCO 3000. The effective date for LAFCO 3000 is July 1, 2008; therefore, the fire functions, including property tax revenues, associated with CSA 56 within the reorganization shall be transferred temporarily to County Service Area 70 to allow for continued operation and protection of identified revenues until the effective date of this reorganization.*

LAFCO 3000 as modified. As noted in the previous staff reports, LAFCO staff requested that the County Auditor/Controller-Recorder Office, Property Tax Division, provide information related to the property tax distribution of CSA 38 revenues based upon affected Tax Rates Areas within the Regional Service Zones. That distribution is shown on the following table:

	MOUNTAIN SERVICE ZONE	NORTH DESERT SERVICE ZONE	SOUTH DESERT SERVICE ZONE	VALLEY SERVICE ZONE	TOTAL
VALUATION	$3,922,296,704	$6,307,075,505	$2,576,510,451	$19,849,093,165	$32,654,975,824
TOTAL PROPERTY TAX	$39,222,967	$63,070,755	$25,765,105	$198,490,932	$326,549,759
CSA 38 PROPERTY TAX	$311,078	$4,566,609	$523,441	$4,182,364	$9,583,492
PERCENTAGE OF CSA 38 TAX REVENUE WITHIN SERVICE ZONE	4%	47%	6%	43%	

CSA 38 is the only fire suppression entity which includes territory in each of the regional service zones. At the September hearing, staff requested a position from the Commission on the method to be used to apportion these revenues for the future, either based upon its historic generation location or by undertaking a reapportionment process based upon historic station funding. The County Board of Supervisors, at its October 16th Workshop, indicated its support for distribution of CSA 38 revenues based upon the historic point of generation.

The allocation of CSA 38 property tax dollars to the service zone in which is it generated has caused a shortfall in revenue projections for the South Desert Service Zone while increasing the funding from CSA 38 in other zones. It was discussed at the Board Workshop that completion of the reorganization, which includes the allocation of CSA 38 revenues directly to the Service Zones in which it is generated, will allow for the redistribution of General Fund dollars to address the funding shortfall in the South Desert Service Zone.

Multi-Function Districts Transferring Fire/Ambulance/Disaster Preparedness Authority and/or Revenues:

The County's proposal anticipates the removal of fire/ambulance/disaster preparedness powers from a number of multi-function County Service Areas and their Improvement Zones with transfer of these functions to the new SBCFPD Regional Service Zones. In order to accomplish this transfer, the multi-function districts' percentage share of property tax revenues associated with the fire function must also be transferred.

The following table describes the multi-function districts which will experience a reapportionment of their property tax revenues as agreed to by Norm Kanold, Assistant County Administrator, Pat Dennen, County Fire Chief, and Tom Sutton, Special Districts Director, to be included as a LAFCO condition of approval. For the majority of the agencies, this action will solidify the historic division of their revenues. However, for CSA 20 (Joshua Tree), and CSA 70 Zone W (Hinckley), this division represents a change in distribution. For CSA 20, the distribution to fire is increased by 4%, to one-half of existing property tax revenues. This shift was included in the budget for Fiscal Year 2007-08 for the Joshua Tree community. For CSA 70 Zone W (Hinkley), it represents an increase in funding toward its park operations through a reduction in the historic fire share. The following table identifies the reapportionment of revenues following completion of LAFCO 3000, as it was modified by the transfer for CSA 56F-1 (these changes are shown in bold italics), as outlined in the memo from the County included as Attachment #7 to this report:

NAME OF DISTRICT	CURRENT FIRE	CURRENT	RECOMMENDED	RECOMMENDED

	SPLIT	REMAINING ENTITY SPLIT	FIRE SPLIT	REMAINING ENTITY SPLIT
CSA 20 – JOSHUA TREE	46%	54%	50%	50%
CSA 29 – LUCERNE VALLEY	65%	35%	65%	35%
CSA 30 – RED MOUNTAIN	100%	0	100%	0
CSA 53 ZONE B – FAWNSKIN	99%	1%	99%	1%
CSA 56 – WRIGHTWOOD/PINON HILLS	90.3%	9.7%	90.3%	9.7%
CSA 56 ZONE F-1 – PINON HILLS	82%	18%	***72%***	***28%***
CSA 70 ZONE HL – HAVASU LAKE	100%	0	100%	0
CSA 70 ZONE M – WONDER VALLEY	100%	0	100%	0
CSA 70 ZONE W -- HINKLEY	91%	9%	89%	11%
CSA 79 – GREEN VALLEY LAKE	100%	0	100%	0
CSA 82 SV-1 – SEARLES VALLEY (TRONA)	100%	0	100%	0

LAFCO staff supports the transfer of funding that has been agreed to by the County and it will be implemented through a Condition of Approval for LAFCO 3000.

County Service Area 70:

The County Plan for Service, when describing the property tax transfer process for CSA 70, indicates:

> *"The property tax revenue base of these districts would be transferred to the successor district through a tax transfer agreement required as part of the LAFCO process. An exception to this transfer would be County Service Area 70, which is one of the districts having its fire powers removed. In order to protect the property tax base of this district and ensure it is used to help fund the administrative functions of the Department, the application recommends that this property tax revenue be transferred to the County General Fund where it can be redirected each year to the district's budget...All staff, equipment, and facilities of the former districts or improvement zones would ultimately be transferred to the new San Bernardino County Fire Protection District when the reorganization is approved and implemented."*

Making the CSA 70 property tax revenues, shown to be $6,162,582 in the budget for FY 06-07, a part of the General Fund to be reallocated to the District annually does not secure the ongoing funding of the agency, in the staff opinion, and places an increased strain on the delivery of service. The SBCFPD could not sustain its operations in the future should a future Board of Supervisors decision reallocate these revenues to another General Fund supported activity.

As noted in the September staff report, LAFCO staff understands the County's position since some of the revenues generated for CSA 70 fire administration are drawn from areas outside those affected by LAFCO 3000/3000A. CSA 70 covers the entirety of the unincorporated area of the County, which includes areas provided fire protection by independent special districts not a part of this reorganization. In order to assure that this funding transfers to the parent district, San Bernardino County FPD, for the funding of fire administration and other regional functions such as the Fire Training Center, Hazardous Materials, Office of Emergency Services, etc., staff is recommending that as a condition of approval, the revenues from CSA 70 be apportioned to the parent district, SBCFPD, through a Revenue and Taxation Code Section 99.02 property tax exchange process. The table presented below identifies the transfers from within territory not affected by this change (independent service providers) and the dollar value for affected territory.

SUMMARY OF REVENUE ALLOCATED TO CSA 70*
Prepared by Bob Wright 2/27/07

	Assessed Value in CSA 70	1% General Tax Levy	CSA 70 Revenue	Independent District Revenue	# TRAs
Crest Forest Fire Protection District	1,368,861,644	13,688,616.44	323,282.27	3,248,324.64	52
Chino Valley Independent Fire District	438,657,966	4,386,579.66	111,192.51	644,285.16	21
Apple Valley Fire Protection District	919,969,619	9,199,696.19	261,868.80	914,490.28	90
Barstow Fire Protection District	271,329,791	2,713,297.91	59,506.45	663,640.71	25
Rancho Cucamonga Fire Protection District	92,986,681	929,866.81	24,993.45	117,115.79	13
Arrowbear Park County Water District	109,185,352	1,091,853.52	29,580.76	224,409.90	2
Running Springs County Water District	530,926,431	5,309,264.31	134,376.95	1,450,365.16	19
Big Bear Lake Fire Protection District	11,153,693	111,536.93	2,886.69	18,388.82	2
Big Bear City Community Services District	1,886,320,591	18,863,205.91	532,325.71	1,725,718.50	17
Morongo Valley Community Services District	200,630,602	2,006,306.02	52,124.25	363,395.32	21
Twentynine Palms Water District	1,162,534	11,625.34	388.27	0.00	4
Yermo Community Services District	78,014,587	780,145.87	25,277.40	78,008.05	8
Daggett Community Services District	23,336,338	233,363.38	6,439.71	55,730.25	16
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Baker Community Services District	37,565,171	375,651.71	11,182.79	66,264.78	1
	6,131,214,077	61,312,140.77	1,627,600.37	9,732,538.85	305
REMAINING UNINCORPORATED AREA			4,534,982.00		

Adoption of the Fontana Alternative as a part of this reorganization will also require the transfer of CSA 70 revenues from within the unincorporated areas retained within the Fontana FPD. LAFCO staff has estimated that this transfer to the SBCFPD will be an additional $63,063.

It remains LAFCO staff's recommendation, without expressed opposition by the County Board of Supervisors, that a condition of approval be included within the LAFCO resolution that requires that the County undertake and complete a property tax transfer process prior to the issuance of the Certificate of Completion that transfers these funds directly to the SBCFPD.

DISTRIBUTION OF REVENUES

The information identified in the narrative above has been utilized to develop the funding scenarios for the parent district, the SBCFPD, and the regional and special tax service zones. The following information identifies the appropriation and revenues for these agencies. Changes or updates to this information from its distribution in the Initial Study have been included within the tables in this section of the report.

As noted above, all four Regional Service Zones shall receive a share of the ad valorem property tax revenues attributable to CSA 38. In order to provide for a clear delineation of the historic generation location of these revenues, LAFCO staff requested that the County Auditor/Controller-Recorder Office, Property Tax Division, provide information related to the distribution based upon affected Tax Rates Areas. That distribution is shown on the following table:

	MOUNTAIN	NORTH DESERT	SOUTH	VALLEY	

sheer size, stand approximately one foot in height. In order to simplify this review, a detailed table expressing the transition of revenues was required from County Fire. The information provided was in two separate tables – first, a table provided a description of the existing division of revenues to service providers; second, and most importantly to this report, a table describing the division of revenues following completion of the changes anticipated by LAFCO 3000/3000A. To present an *"apples to apples"* comparison, all revenue data in these tables is for Fiscal Year 2006-07. These tables are included as Attachments #2(d) and #3(e) to this report.

The staff's analysis of this material shows that the County's proposal achieves a comparable level of service based upon the division of revenues with no impact on other service providers. This analysis took into account the transfer of revenues from entities being dissolved, and entities in which the revenues are to be reapportioned.

There are two areas of concern that staff is proposing the Commission make a specific determination upon: (1) the County's proposed transfer of County Service Area 70 fire administration funding to the County General Fund rather than apportioning it directly to the San Bernardino County FPD and (2) the ongoing General Fund support that has been provided by the County Board of Supervisors over the past several years to sustain levels of service. A discussion of each of these circumstances is outlined below:

County Service Area 70:

The County Plan for Service, when describing the property tax transfer process for CSA 70, indicates:

> *"The property tax revenue base of these districts would be transferred to the successor district through a tax transfer agreement required as part of the LAFCO process. An exception to this transfer would be County Service Area 70, which is one of the districts having its fire powers removed. In order to protect the property tax base of this district and ensure it is used to help fund the administrative functions of the Department, the application recommends that this property tax revenue be transferred to the County General Fund where it can be redirected each year to the district's budget...All staff, equipment, and facilities of the former districts or improvement zones would ultimately be transferred to the new San Bernardino County Fire Protection District when the reorganization is approved and implemented."*

Making the CSA 70 property tax revenues, shown to be $6,162,582 in the budget for FY 06-07, a part of the General Fund to be reallocated to the District annually does not secure the ongoing funding of the agency, in the staff opinion, and places an increased strain on the delivery of service. The SBCFPD could not sustain its operations in the future should a future Board of Supervisors decision reallocate these revenues to another General Fund supported activity.

Staff understands the County's position since some of the revenues generated for CSA 70 fire administration are drawn from areas outside those affected by LAFCO 3000/3000A. CSA 70 covers the entirety of the unincorporated area of the County, which includes areas provided fire protection by independent special districts not a part of this reorganization. In order to assure that this funding transfers to the parent district, San Bernardino County FPD, for the funding of fire administration and other regional functions such as the Fire Training Center, Hazardous

Materials, Office of Emergency Services, etc., staff is recommending that as a condition of approval, the revenues from CSA 70 be apportioned to the parent district, SBCFPD, through a Revenue and Taxation Code Section 99.02 property tax exchange process.

Existing County General Fund Support

Since Fiscal Year 1999-00, the County General Fund has provided financial assistance to County Fire to provide for increased fire seasonal staffing, for funding for the Office of Emergency Services, Planning and Engineering, etc. The table below identifies the funding from the County General Fund received by County Fire's operations into CSA 70 for administrative purposes and CSA 38 for suppression activities. It is the staff's position that the maintenance of existing service levels requires the continuation of existing levels of County General Fund support.

LAFCO staff has expressed this concern to County Administrative and Fire staff, noting that the Commission's evaluation of the reorganization require the securing of these funds for the future operation of the District. The County's position is that the General Fund support should remain an annual determination of the County Board of Supervisors based upon available revenues and the balancing of competing needs for on-going funding. In this way, should fire revenues increase, the supplemental General Fund support could be curtailed.

However, given the lack of a capital facilities fee for the development of fire facilities and the need to utilize general property tax revenues to build facilities not associated with major development projects, LAFCO staff remains unconvinced that these General Fund revenues will ever decrease, and in all probability, will continue to escalate as the population of the County continues to grow and its demand for fire services increases. As an example, the additional staffing approved by the Board of Supervisors on December 13, 2005 (Board Agenda Item #33) that provides $3,573,076 in funding during Fiscal Year 07-08 could not be removed without a substantial effect upon the District's ongoing operation ability.

The table which follows identifies the General Fund support to County Fire during the last two fiscal years and projects the supplemental funding forward for three years.

General Fund Subsidy Purpose	FY 2006-07 (Appv'd @ 8/22/06) Ongoing Transfer	FY 2007-08 (Projected) Ongoing Transfer	FY 2008-09 (Projected) Ongoing Transfer	FY 2009-10 (Projected) Ongoing Transfer	FY 2010-11 (Projected) Ongoing Transfer
CSA 70:					
Office of Emergency Services (1)	$ 732,169	$ 754,134	$ 776,758	$ 800,061	$ 824,063
Replacement of Aging Fire Apparatus (2)	$ 167,709	$ 167,709	$ 167,709	$ 167,709	$ 167,709
MOU Subsidy (3)	$ 1,074,000	$ 1,074,000	$ 1,074,000	$ 1,074,000	$ 1,074,000
Planning and Engineering Workload Adj. (4)	$ 300,000	$ 300,000	$ 300,000	$ 300,000	$ 300,000
Public Information Officer -OES (6)	$ 90,000	$ 90,000	$ 90,000	$ 90,000	$ 90,000
CSA 38:					
Unfunded Area (1) (2)	$ 228,567	$ 228,567	$ 228,567	$ 228,567	$ 228,567
MOU Subsidy	$ 430,832	$ 430,832	$ 430,832	$ 430,832	$ 430,832
Spring Valley Lake - Additional Staffing	$ 150,000	$ 150,000	$ 150,000	$ 150,000	$ 150,000
Oak Hills - Additional Staffing	$ 50,000	$ 50,000	$ 50,000	$ 50,000	$ 50,000
Baker - Fire Service Operations	$ 200,000	$ 200,000	$ 200,000	$ 200,000	$ 200,000
Additional Staffing - Capn's, PM, Conversions of LT's. (5)	$ 2,719,500	$ 3,573,076	$ 3,573,076	$ 3,573,076	$ 3,573,076
Phase PCF and LT's into career psns --**earmarked** (7)	$ 1,300,000	$ 1,300,000	$ 1,300,000	$ 1,300,000	$ 1,300,000
TOTALS	**$ 7,442,777**	**$ 8,318,318**	**$ 8,340,942**	**$ 8,364,245**	**$ 8,388,247**

Footnotes:

(1) Effective FY 03/04: 4% Spend Down Plan and 30% Cost Reductions. Effective FY 04/05: 3% COLA's.

(2) Effective FY 04/05: 5-year Lease/Purchase expired and allocation was re-programmed to continue replacement funding and beef up CSA 38 "unfunded" allocation that was previously reduced

(3) Effective FY 03/04 to date: BOS approved on 8/26/03 CSA 70 MOU increases over a 3-year period. Effective FY 06/07: The base amount continues.

(4) Effective FY 04/05: BOS approved ongoing allocation on 11/2/04

(5) Effective FY 05/06: BOS approved on 12/13/05 (BAI # 33) that provided ongoing funding to convert 9 LT's to FF/PM, 14 Captains, 6 ENG/PM, for various fire stations. GF support increases from $2,719,550 to $3,573,076 in FY 07/08 and thereafter. See detail spreadsheet attached to Norm's memo.

(6) Effective FY 06/07: BOS approved on 6/27/06 as a policy item during the Proposed Budget

(7) Effective FY 06/07: BOS approved earmarking funds on 8/22/06, contingent upon Fire presenting a future BAI with an exp plan. on 9/19/06 (#15) the BOS approved use of the funding for (12) pos

LAFCO staff's position remains unchanged, that the revenues identified above for FY 2007-08, $8,318,318, should be transferred through a reallocation of property tax revenues from within the boundaries of the SBCFPD and affected service zones severing the District's reliance upon General Fund support. It is the position of LAFCO staff that the transfer of this level of funding should be made a function of a property tax exchange to the SBCFPD and affected Service Zones through the process allowed under Revenue and Taxation Code Section 99.02. If the level of funding were transferred, beginning in Fiscal Year 08-09, the SBCFPD would receive the benefit of property value increases in an increased property tax distribution. Otherwise, as noted above, the County will be faced with the formidable task of reducing funding and decreasing services to the communities in the County or continuing to provide General Fund revenues to support fire protection purposes.

The table below identifies the distribution of the General Fund supplemental revenues to County Fire based upon the proposed umbrella agency and the service zones for delivery of direct fire services for Fiscal Year 06-07 and Fiscal Year 07-08:

Purpose of Funding	SBCFPD (umbrella)	North Desert Service Zone	Valley Service Zone	Mountain Service Zone	South Desert Service Zone	TOTAL FOR FY 2006-07	TOTAL FOR FY 2007-08
OES Funding	732,169					732,169	732,169
Fire Apparatus	167,709					167,709	167,709
MOU Subsidy – CSA 70		269,158	253,660	63,415	487,767	1,074,000	1,074,000
Planning and Engineering Staffing	$300,000						300,000
Public Info. Officer OES	90,000					90,000	90,000
Unfunded Area Staffing		228,567				228,567	228,567
MOU Subsidy – CSA 38		61,458	246,188	61,548	61,548	430,832	430,832
Spring Valley Lake staffing		150,000				150,000	150,000
Oak Hills staffing		50,000				50,000	50,000
Baker Staffing		200,000				200,000	200,000
Additional staffing general – LT conversion		2.-7-.0-9		212,332	446,260	2,719,500	2,719,500
Additional Staffing #2 – LT conversion		678,498	310,751		310,751	1,300,000	1,300,000
OES Funding Cost of Living	21,965						21,965
Additional Staffing – Devore/Mentone			853,576				853,576
TOTALS	**1,311,843**	**3,698,679**	**1,664,175**	**337,295**	**1,306,326**	**7,442,777**	**8,318,318**

Multi-Function Districts Transferring Fire/Ambulance/Disaster Preparedness Authority and/or Revenues:

The County's proposal anticipates the removal of fire/ambulance/disaster preparedness powers from a number of multi-function County Service Areas and their Improvement Zones with transfer of these functions to the new SBCFPD Regional Service Zones. In order to accomplish this transfer, the multi-function Districts' percentage share of property tax revenues associated with the fire function must also be transferred.

The following table describes the multi-function districts which will experience a reapportionment of their property tax revenues as agreed to by Norm Kanold, Assistant County Administrator, Pat Dennen, County Fire Chief, and Tom Sutton, Special Districts Director, to be included as a LAFCO condition of approval. For the majority of the agencies this action will solidify the historic division of their revenues. However, for CSA 20 (Joshua Tree), and CSA 70 Zone W (Hinckley), this division represents a change in distribution. For CSA 20, the distribution to fire is increased by 4%, to 50% of existing property tax revenues. This shift was included in the budget for Fiscal Year 2007-08 for the Joshua Tree community. For CSA 70 Zone W (Hinkley), it represents an increase in funding toward its park operations through a reduction in the historic fire share. The table which follows identifies the reapportionment of revenues following completion of LAFCO 3000:

NAME OF DISTRICT	CURRENT FIRE SPLIT	CURRENT REMAINING ENTITY SPLIT	RECOMMENDED FIRE SPLIT	RECOMMENDED REMAINING ENTITY SPLIT
CSA 20 – JOSHUA TREE	46%	54%	50%	50%
CSA 29 – LUCERNE VALLEY	65%	35%	65%	35%
CSA 30 – RED MOUNTAIN	100%	0	100%	0
CSA 53 ZONE B – FAWNSKIN	99%	1%	99%	1%
CSA 56 – WRIGHTWOOD/PINON HILLS	90.3%	9.7%	90.3%	9.7%
CSA 56 ZONE F-1 – PINON HILLS	82%	18%	82%	18%
CSA 70 ZONE HL – HAVASU LAKE	100%	0	100%	0
CSA 70 ZONE M – WONDER VALLEY	100%	0	100%	0
CSA 70 ZONE W -- HINKLEY	91%	9%	89%	11%
CSA 79 – GREEN VALLEY LAKE	100%	0	100%	0
CSA 82 SV-1 – SEARLES VALLEY (TRONA)	100%	0	100%	0

LAFCO staff supports the transfer of funding that has been agreed to by the County and it will be implemented through a Condition of Approval for LAFCO 3000.

Condition No. 18. *Prior to issuance of the Certificate of Completion for this reorganization, the County Board of Supervisors, as the governing body for County Service Area 20, County Service Area 29, County Service Area 30, County Service Area 53 Improvement Zone B, County Service Area 56, County Service Area 56 Improvement Zone F-1, County Service Area 70 and its Improvement Zone W, County Service Area 79 and County Service Area 82 and any affected improvement zones thereof, shall commence and complete a property tax transfer process, as outlined in Section 99.02 of the Revenue and Taxation Code, to transfer the fire related ad valorem property tax revenues.*

For County Service Area 70 the revenues are to be transferred to the parent district, the San Bernardino County Fire Protection District, and for the other agencies the revenues shall be transferred to the appropriate fire suppression service zone as shown on Exhibit LL attached.

This condition requires the County to take the steps necessary to implement the transfer of the fire share of the ad-valorem property tax from multi-function County Service Areas and to take the actions necessary to transfer the County Service Area 70 revenues to the parent district for administrative purposes. For multi-purpose districts the transfers are listed as follows:

NAME OF DISTRICT	RECOMMENDED FIRE SPLIT	RECOMMENDED REMAINING ENTITY SPLIT
CSA 20 – JOSHUA TREE	50%	50%
CSA 29 – LUCERNE VALLEY	65%	35%
CSA 30 – RED MOUNTAIN	100%	0
CSA 53 ZONE B – FAWNSKIN	99%	1%
CSA 56 – WRIGHTWOOD/PINON HILLS	90.3%	9.7%
CSA 56 ZONE F-1 – PINON HILLS	72%	28%
CSA 70 ZONE HL – HAVASU LAKE	100%	0
CSA 70 ZONE M – WONDER VALLEY	100%	0
CSA 70 ZONE W – HINKLEY	89%	11%
CSA 79 – GREEN VALLEY LAKE	100%	0
CSA 82 SV-1 – SEARLES VALLEY (TRONA)	100%	0

As discussed at the prior hearings, this condition requires that the County undertake the procedures outlined in Revenue and Taxation Code Section 99.02 which will allow for the transfer of CSA 70 revenues from within the areas of independent fire protection districts to the San Bernardino County Fire Protection District for administrative purposes (for such items as Hazmat, Training, maintenance facilities, etc.). The following Table identifies the estimated amounts to be transferred from County Service Area 70 to the parent district, San Bernardino County Fire Protection District.