

**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

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**DATE:** JULY 9, 2008  
**FROM:** KATHLEEN ROLLINGS-McDONALD, Executive Officer  
**TO:** LOCAL AGENCY FORMATION COMMISSION

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**SUBJECT: AGENDA ITEM #10: LAFCO 3071 – Dissolution of the Victorville Fire Protection District**

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**INITIATED BY:**

Council Resolution of the City of Victorville

**RECOMMENDATION:**

Staff recommends that the Commission approve LAFCO 3071 by taking the following actions:

1. Determine that LAFCO 3071 is exempt from environmental review, and direct the Clerk of the Commission to file a Notice of Exemption within five (5) days;
2. Approve LAFCO 3071, Dissolution of the Victorville Fire Protection District, subject to the following terms and conditions:
  - a. The City of Victorville shall be designated as the successor agency to all rights, responsibilities, properties, equipment, contracts, assets and liabilities, obligations, and functions of the Victorville Fire Protection District including the contract with the San Bernardino County Fire Protection District for provisions of fire and paramedic services; and,
  - b. All property tax revenue attributable to the District prior to the calculations required by Section 98.6 of the Revenue and Taxation Code, including delinquent taxes and any and all other collections or assets of the District to be dissolved shall accrue and be transferred to the successor agency; and,
  - c. All previously authorized charges, assessments, and/or taxes of the Victorville Fire Protection District shall be continued by the City of Victorville for areas within the boundaries of the dissolved district; and,

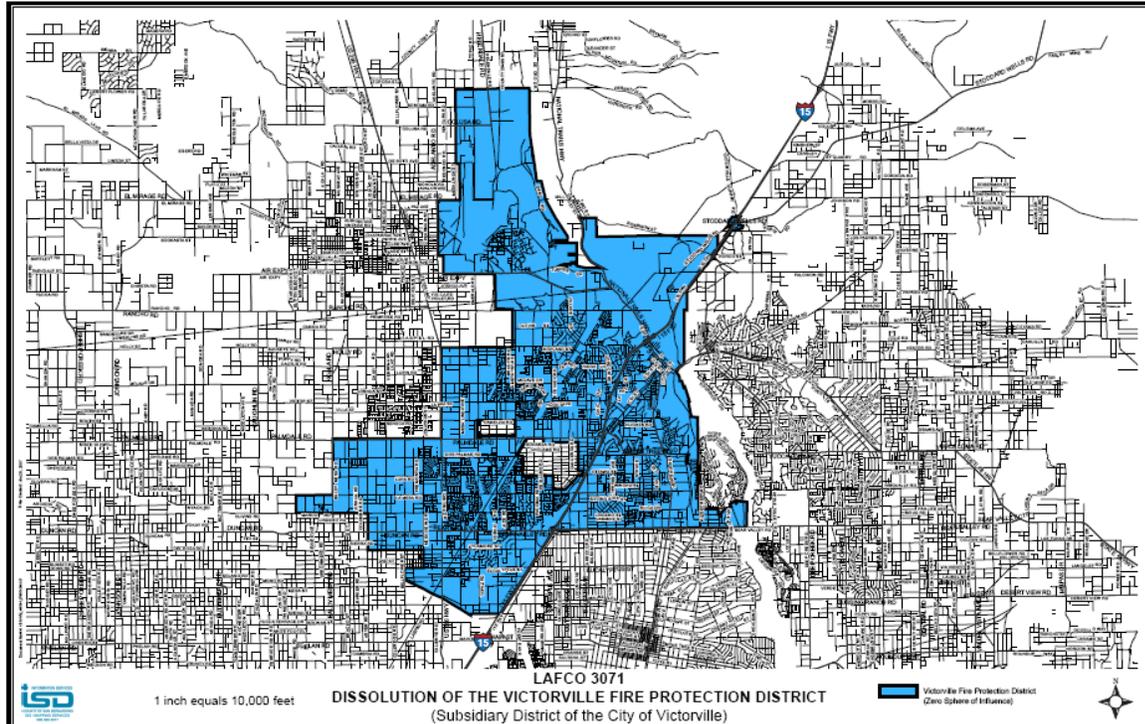
- d. The Appropriation Limit of the City of Victorville shall be adjusted based on the amount of property tax revenues that will be shifted to the City as a result of this dissolution, estimated to be \$3,062,000 in Fiscal Year 07-08; and,
  - e. Prior to issuance of the Certificate of Completion, the City of Victorville shall initiate applications to address the territory outside the corporate limits of the City currently a part of the Victorville Fire Protection District through expansion of the sphere of influence of the San Bernardino County Fire Protection District and the annexation of the territory to the San Bernardino County Fire Protection District and its North Desert Service Zone; and,
  - f. Upon the effective date of this dissolution, any funds currently deposited for the benefit of the Victorville Fire Protection District which has been impressed with a public trust, use of purpose, including but not limited to Development Impact Fees, charges for service, etc. shall be transferred to the City as the successor agency and the successor agency shall separately maintain such funds in accordance with the provision of Government Code Section 57462; and,
  - g. The City of Victorville shall defend, indemnify, and hold harmless the San Bernardino Local Agency Formation Commission in making these determinations; and,
  - h. Authorize the completion of these proceedings pursuant to Government Code Section 56854, without an election, unless at least 25% of the registered voters or 25% of the landowners within the District submit written protest to this proposal at the protest hearing.
3. Adopt LAFCO Resolution #3011 setting forth the Commission findings and determinations for the proposal.

**BACKGROUND:**

The Victorville Fire Protection District (hereafter Victorville FPD) was originally formed on July 26, 1926, as an independent fire district. At the time, it provided funding for the operation of a volunteer fire department. The Victorville FPD became a subsidiary District of the City of Victorville in 1977 (LAFCO 1664). During the Commission's consideration of that application, the rationale for transferring the governance of the district from an independently elected board to the City Council acting as the ex-officio board of directors was the need for supplemental funding for fire protection services from the City's General Fund. At that time, the District had a budget of \$320,415 of which \$52,601 was supplied by the General Fund. Therefore, the situation regarding the funding for fire operations exceeding the property tax revenues generated for the District has not changed in the intervening 30 years.

On April 19, 2005, the City Council of the City of Victorville initiated the dissolution of its three subsidiary districts – Fire, Park and Recreation and Sanitary – by a single resolution, Resolution No. 05-70 and submitted the proposals for Commission consideration in August 2006. Review of the Plan for Service by LAFCO staff and interested and affected agencies

required the submission of supplemental information and a revised Plan for Service prepared by the City of Victorville’s consultants. This revised Plan was received and recirculated in February 2008. Provided below is an illustrative map of the area of the Victorville Fire Protection District proposed for dissolution and Attachment #2 to this report provides a copy of the City’s initiating resolution, Plan for Service and Application Forms.



At the February 2007 Commission Hearing for the Municipal Service Review/Sphere of Influence Updates for the community of Victorville, the Commission determined to assign a zero sphere of influence to the Victorville Fire Protection District signaling the Commission’s position that the district should be merged with the City at some future time. This determination, set out in LAFCO Resolution No. 2957 for LAFCO 3041, a copy of which is included as Attachment #3 to this report, indicated the Commission’s position that since the District had not been operated as a separate entity by the City for the past thirty years, the simplest mechanism to correct these governance problems would be through dissolution and full assumption of the services and operations of the agency by the City.

In response to this determination of the Commission, the City Council, acting as the governing body of its then existing subsidiary districts, proposed their dissolution to address questions of independent operation and truly fold them into the administration of the City. The effect of this action would be to clarify and memorialize the current operations of the agency as a department of City government, resolving operational conflicts for a self-governed special district.

A new wrinkle in the evaluation of this application occurred following continuance of the Commission’s consideration of this proposal at the May hearing. The City Council of the City of Victorville has determined to contract with County Fire to provide its fire suppression

services and to provide its residents with paramedic service. The services of fire prevention, inspection and Haz-Mat responses have been retained by the City of Victorville. On June 17, the City Council approved the contract for service with the County and the County Board of Supervisors approved it on June 24. The contract for service was implemented effective July 5.

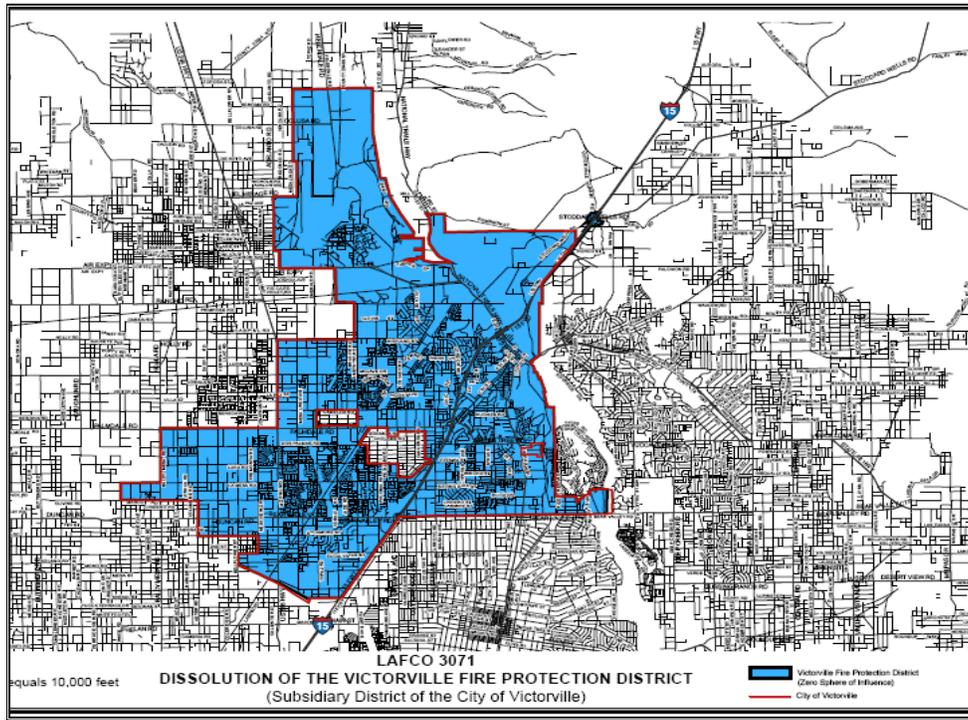
This change in basic structure for the delivery of fire protection and paramedic services, in the staff view, also calls into question whether or not the appropriate mechanism to address future fire services would be to require the expansion of the sphere of influence and annexation of the entirety of the district service area to the San Bernardino County Fire Protection District (SBCFPD) and its North Desert Service Zone. Such an action would transfer the service responsibility and funding permanently to that agency, rather than the annual process of contract administration, negotiation, etc. as well as provide the residents within the existing Victorville FPD the opportunity to apply to participate on the regional service zone advisory commission.

In the staff view, the most efficient and effective method for ongoing fire protection and paramedic services for this area would be the expansion of the sphere of influence of the SBCFPD to overlay the entirety of the District and the reorganization to transfer fire authority and funding (existing fire protection revenues and the general fund supplement) permanently to the SBCFPD. However, such an action would require the support from both the City of Victorville, as the current governing body of the Victorville FPD and the Board of Supervisors as the governing body of the SBCFPD. LAFCO staff has reviewed this option with City and County staff members, with no support for such a change. Therefore, with these positions taken, the ability of the Commission to move forward with such a governance change and bring it to fruition is remote. Therefore, LAFCO staff will evaluate the dissolution proposal on its merits.

As with any review, the following materials will outline the staff's analysis of the four areas of consideration: boundaries, financial implications, service effects and the positions of the community and environmental consequences. These issues, along with other information, are outlined below.

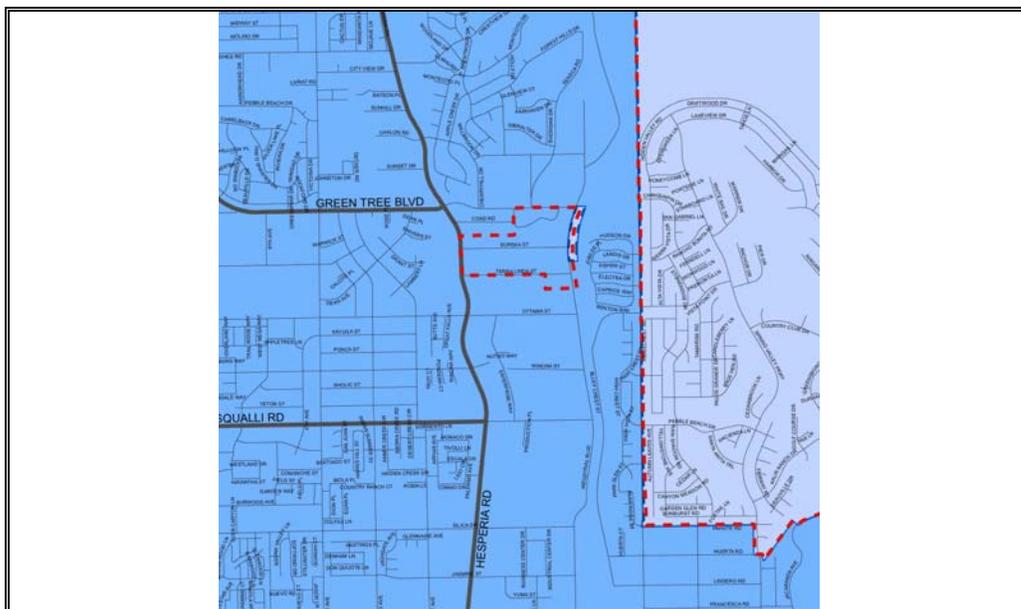
### **BOUNDARIES:**

The Victorville FPD currently consists of 73.9 square miles. Approximately 73.8 square miles of that territory are within the corporate boundaries of the City of Victorville. A map showing the boundaries of the City and District is shown below.

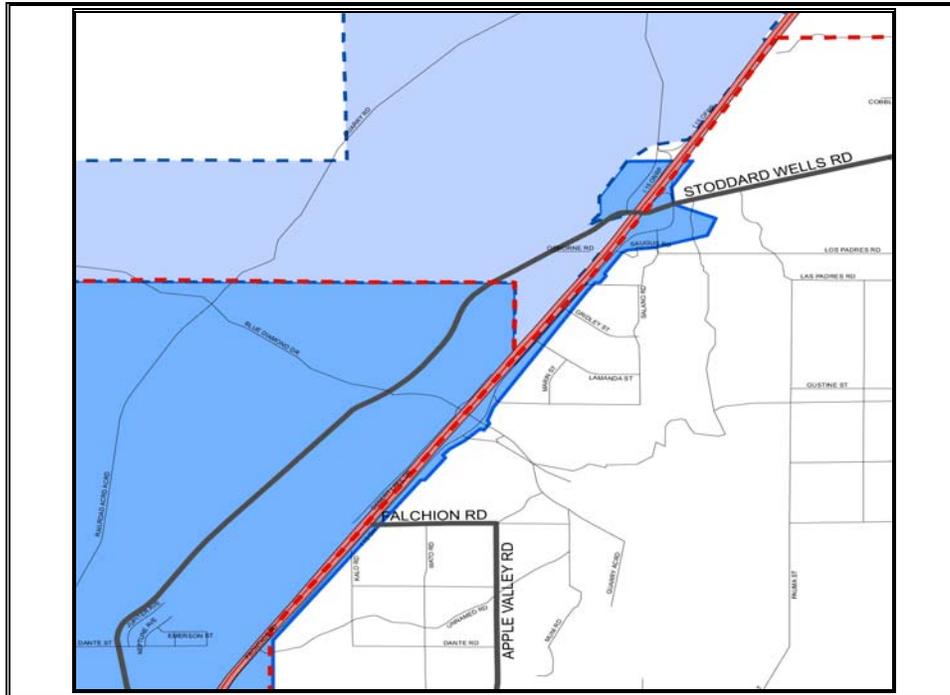


The territory outside the corporate boundaries of the City of Victorville includes: the majority of the Coad Road island area and the area surrounding the Stoddard Wells Road off-ramp that abuts the Apple Valley Fire Protection District, and the I-15 lanes, north and south bound, from the existing City of Victorville boundary to the Stoddard Wells off-ramp. Maps of these areas are provided below.

### COAD ROAD ISLAND AREA



## NORTHERN I-15 TERRITORY



The options available to the Commission in determining future service for these areas are:

1. As a function of the conditions of approval, require that the City continue the existing level of service to these areas following dissolution. In order to memorialize this determination, require that an out-of-agency service contract be submitted to LAFCO prior to the issuance of the Certificate of Completion; or
2. Require that prior to issuance of the Certificate of Completion an application for expansion of the sphere of influence and annexation to the San Bernardino County Fire Protection District (SBCFPD) and its North Desert Service Zone be initiated for both of the areas.

For the reasons cited in this section, LAFCO staff supports the dissolution of the Victorville FPD in that the action will make more transparent the delivery of this service through the City of Victorville and its contract with SBCFPD. In addition, to clarify the service relationships, the staff is recommending that a condition of approval require that the City of Victorville initiate a sphere of influence expansion and annexation of the territory of the Victorville FPD outside the City limits to the SBCFPD prior to issuance of the Certificate of Completion for the dissolution.

**FINANCIAL CONSIDERATIONS:**

The financial effect of the proposed dissolution would transfer all existing revenue, contracts, assets and liabilities of the Victorville FPD to the City of Victorville. As outlined in the Municipal Service Review for the Victorville FPD, copy included as a part of Attachment #3, the district has been operated as a City Department for more than thirty years without separate accounting, auditing, or actions as required for a self-governed special district. Regardless of other considerations to be identified in this report, the dissolution of this agency is appropriate in order to clarify responsibility, bring into compliance the operation with precepts of law, and to provide transparency of government for its constituents.

The Plan for Service presented by the City outlines the following financial considerations:

1. Property Tax Transfers:

Upon the successful completion of the proposed dissolution, the property tax revenues generated within the boundaries of the existing District are to be transferred to the City. The County of San Bernardino adopted a resolution approving this process as a part of the property tax transfer negotiations required by Section 99 of the Revenue and Taxation Code. The Plan for Service identifies that the property tax revenues generated for the district (approximately \$3,062,000 in Fiscal Year 07-08) funds only about 39% of the District's operations. The City General Fund currently contributes 58% of the revenues needed to operate the District representing \$4,568,291, with the balance provided by current service receipts.

A review of the City's Comprehensive Annual Financial Report (CAFR) for the year ending June 30, 2006 does not identify property tax revenues associated for the Fire Protection District in its Statements, but does identify, on page 147, that the tax levy for the year was \$2,354,914 and collections were \$2,270,771. However, the property tax information from the Auditor/Controller-Recorder's office for the same period identified that the total property tax levy for the District would be \$2,701,981 (\$4,066,023 general levy minus \$1,364,042 in Redevelopment Agencies Increment).

Correspondence provided to LAFCO staff from the firm of Rosenow Spevacek Group, the entity preparing the pass-through calculations for the Victor Valley Economic Development Agency, identified that the pass-through required from VVEDA for the Victorville FPD, as well as the other subsidiary districts, was provided directly to the City of Victorville as a lump sum payment. This furthers the staff position that the subsidiary districts are not operated as special districts as defined in the Municipal Service Review. City staff has provided an outline of the pass-through amounts that should have been credited to the Victorville FPD, as follows:

Fiscal Year 2006-07	\$1,041,285
Fiscal Year 2005-06	\$763,396
Fiscal Year 2004-05	\$465,595

This totals \$2,270,276 over the past three years provided to the City of Victorville, while the Victor Valley Economic Development Agency has been in existence since 1993. No information was received regarding pass-through amounts owed to the District from the City redevelopment agencies.

2. Contract with County Fire:

The contract signed with the County/County Fire identifies that it will provide fire suppression and paramedic services to the existing territory of the Victorville FPD. The services of fire prevention, inspection and Hazardous Materials inspection will be retained by the City of Victorville, presumably through its building department. The financial portion of the contract signed by the City and the County identifies the annual payment of \$10,052,835 for these services with a start up cost of \$483,000 are required for Fiscal Year 08-09. In addition, the City will be required to pay the “minimum sum” of \$1,400,820 each year for fire protection services provided by the contract at SCLA. The total on-going contract for fire suppression and paramedic service through the SBCFPD will be \$11,453,655 (Fiscal Year 2008-09) adjusted annually.

3. Staffing:

The Victorville FPD does not directly employ its staff; it is managed and staffed by City of Victorville employees. On page 12 of the Plan for Service it identifies the City staffing of the District included 61.45 Full Time Equivalent (FTE) positions under the identification of the “Victorville Fire Department”. No change would have occurred through the successful completion of the dissolution; however through the contract for service all existing fire personnel will either be employed by the SBCFPD or transferred to another City position, if available.

4. Appropriation Limit:

Under normal circumstance, the Commission would condition the approval of the dissolution of the district upon the transfer of the existing appropriation limit to the successor agency. However, in this case, there is no appropriation limit established for the Victorville FPD by its governing body even though it is required by Article XIII B of the State Constitution. The City of Victorville has requested that the estimated property tax revenues for FY 07-08, \$3,062,000, be added to the City’s existing appropriation limit.

5. Budgetary provisions:

There would be no change in the budget procedures through the dissolution since the City has operated this subsidiary district as a City department for 30 years. The following table outlines expenditure information from page 102 of the City’s Comprehensive Annual Financial Report (CAFR) for Fiscal Year 2005-06 and the Plan for Service:

IDENTIFIED AS VICTORVILLE FIRE DEPARTMENT FUND YEAR ENDED JUNE 30, 2006			
	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>EXPENDITURES:</b>			
Public Safety	\$6,545,964	\$7,227,969	(\$682,005)
<b>TOTALS</b>	<b>\$6,545,964</b>	<b>\$7,227,969</b>	<b>(\$682,005)</b>
<b>REVENUES:</b>			
Property Taxes	\$2,793,000	\$2,505,881	(\$287,119)
Licenses and permits	\$30,000	\$30,205	\$205
Charges for Service	\$122,320	\$86,996	(\$35,324)
Fines and Forfeitures	\$1,650	\$75	(\$1,575)
Other	\$1,500	\$1,002	(\$498)
<b>Total</b>	<b>\$2,948,470</b>	<b>\$2,624,159</b>	<b>(\$324,311)</b>
Excess (deficiency) of revenues over (under) expenditures	(\$3,597,494)	(\$4,603,810)	(\$1,006,316)
<b>OTHER FINANCING SOURCES</b>			
Transfers In (General Fund)	\$3,580,400	\$4,549,358	\$968,958
<b>TOTAL FINANCING</b>	<b>\$3,580,400</b>	<b>\$4,549,358</b>	<b>\$968,958</b>
Net Change in Fund Balance	(\$17,094)	(\$54,452)	(\$37,358)
Fund Balance at beginning of Year	\$53,228	\$53,228	
Fund Balance at End of Year	\$36,134	(\$1,224)	(\$37,358)

LAFCO staff concurs with the position of the City of Victorville that a change in government to more accurately reflect the operations of this entity is appropriate. Based upon the information outlined in the financial portion of the report, it is staff position that it is appropriate to move forward with approval of the dissolution of the District, declare the City of Victorville as the successor agency, which will contract with SBCFPD to provide the fire suppression and paramedic services for the community.

**SERVICE CONSIDERATIONS:**

The City of Victorville has submitted a “plan for services” as required by law which demonstrates that the City can continue to provide the current range and level of service within the affected area. As noted earlier, this plan is included as a part of Attachment #2 to this report.

Within this plan, the City has acknowledged that it has operated the Victorville FPD as a City department for more than 30 years. Therefore, following successful completion of the City’s preferred option of dissolution there will be no change in the provision of this service, no augmentation or diminution of the range and level of fire protection service currently provided. The plan for service is not limited to the City’s corporate boundaries, but includes the entirety of the district.

During the processing of this application, LAFCO staff questioned the ongoing discussions by the City to provide a paramedic program within the Victorville FPD. The materials included within Attachment #2 outlines the City Council Task Force to look at the options of providing this service. However, during the continuance from the May Commission Hearing, the City Council took action to contract for fire suppression and paramedic service through the San Bernardino County Fire Protection District. The contract providing for both fire suppression and paramedic service is an expansion of existing service and took effect on July 5.

As noted under the boundary discussion above, with this change to the proposal, there are two options to address the ongoing service to the areas outside the City's boundaries currently served by the Victorville FPD:

- a. A condition could be applied to the approval of the dissolution for the continuation of service to the unincorporated areas currently a part of the Victorville FPD with the requirement that an out-of-agency service contract be submitted to LAFCO to memorialized these services. Such a contract would preclude any service confusion in the future until such time as these areas are annexed to the City; or
- b. A condition of approval could be applied that requires the City of Victorville to submit a sphere of influence expansion and annexation proposal to include these two areas within the SBCFPD and its North Desert Service Zone prior to the issuance of the Certificate of Completion for LAFCO 3071. This annexation would have the effect of reducing the property tax revenues to be transferred to the City of Victorville with those revenues transferred directly to the North Desert Service Zone for suppression purposes.

LAFCO staff supports the dissolution of the Victorville FPD in that the action will make more transparent the delivery of this service through the City of Victorville, provide for clarification of accountability for decisions on its operation, since it has been operated as a city department for more than 30 years. In addition, in order to provide for a simplified provision of government services, staff supports Option b identified above which would apply a condition of approval that requires the ultimate annexation of those areas outside the City boundaries to the SBCFPD and its North Desert Service Zone.

**RESPONSE TO THIS PROPOSAL:**

LAFCO staff has circulated this proposal for review and comment by the affected and interested agencies and has advertised the consideration in newspapers of general circulation in the area. To date, no response has been received either in support or opposition to the application. Staff's reaction to this lack of response is that most people currently served by the Victorville FPD assume it to be a City Fire Department – its trucks and facilities show identification as the City of Victorville Fire Department – and it does not appear on any tax bill as a separate legal entity.

**ENVIRONMENTAL CONSIDERATIONS:**

The Commission's Environmental Consultant, Tom Dodson of Tom Dodson and Associates, has reviewed this proposal and has indicated that it is his determination that this dissolution is statutorily exempt from the California Environmental Quality Act (CEQA). This determination is based on the finding that the Commission's approval of the action would not result in an alteration of the physical environment and would not change the area in which the service is provided; therefore, the proposal is exempt from the requirements of CEQA, as outlined in the State CEQA Guidelines, Section 15061 (b) (3). A copy of Mr. Dodson's report is included for the Commission's review as Attachment #6.

**FINDINGS:**

1. The area in question is legally inhabited, containing 32,046 registered voters, as of November 16, 2007. The City of Victorville has 34,400 registered voters as of June 25, 2008.
2. The County Assessor has determined that the value of land and improvements within the boundaries of the Victorville FPD was \$8,727,526,838 of November 15, 2007 (\$2,758,620,228 – land; \$5,968,906,610 – improvements).
3. The proposal is consistent with the zero sphere of influence determination made by the Commission on April 18, 2007 through action taken in regard to LAFCO 3038.
4. Notice of the original May hearing was provided through publication of a legal ad in The Sun, and the Victor Valley Daily Press, newspapers of general circulation in the area. As required by State law, individual notification was provided to affected and interested agencies, County departments and those individuals requesting mailed notice.
5. In compliance with Commission policy and Government Code Section 56157, the notice of this hearing has been provided by publication of an 1/8<sup>th</sup> page legal ad in The Sun, a newspaper of general circulation, and the Daily Press, a local newspaper. To date, no opposition to this proposal has been received.
6. This proposal does not conflict with the City of Victorville's General Plan for areas within its boundaries and sphere of influence.
7. As the CEQA lead agency, the Commission's Environmental Consultant, Tom Dodson and Associates, has reviewed LAFCO 3071. Mr. Dodson has indicated that his review recommends that the dissolution is statutorily exempt from the California Environmental Quality Act (CEQA). This recommendation is based on the finding that the Commission's approval of the action would not result in an alteration of the physical environment and would not change the area in which the service is provided; therefore, the proposal is exempt from the requirements of CEQA, as outlined in the State CEQA Guidelines, Section 15061 (b) (3). A copy of Mr. Dodson's report is included for the Commission's review as Attachment #6.

8. The area within the Victorville Fire Protection District is also served by the following local agencies:

County of San Bernardino  
City of Victorville  
Victorville Sanitary District  
Victorville Recreation and Park District  
Victorville Water District  
Mojave Water Agency  
Mojave Desert Resource Conservation District  
County Service Area 70  
County Service Area 64 (Spring Valley Lake – multiple services)  
County Service Area 60 (Apple Valley Airport)  
County Service Area 42 (Oro Grande – multiple services)

The only agencies directly affected by this proposal are the City of Victorville and the Victorville Fire Protection District. None of the other agencies will be affected by this proposal as most are regional in nature.

9. The City of Victorville has submitted a plan for services addressing the potential for providing fire protection services through the City as a department rather than through a separate special district. This plan is attached for Commission review, and it indicates that the range and level of such services can be maintained through dissolution. During the processing of the application, the range and level of service has been altered to include the provision of paramedic services through the contract for service with the San Bernardino County Fire Protection District as well as providing for suppression services. This contract has been provided for Commission review.
10. The area in question can benefit from the provision of fire protection services through the City of Victorville, as it has in the past and will benefit from the expansion of service to include paramedic response through the City contract with the San Bernardino County Fire Protection District.
11. This proposal and its anticipated effects conform with adopted Commission policies and directives of state law to streamline and simplify the delivery of governmental services.
12. Pursuant to the provision of Government Code Section 56668(o), the dissolution of the district to reflect its current operation as a City Department will not result in the unfair treatment of any person, based upon race, culture or income.
13. The County Board of Supervisors has successfully concluded the property tax negotiations required by Section 99 of the Revenue and Taxation Code.
14. The map of the proposed dissolution is not required to meet state standards.

**CONCLUSION:**

One of the primary goals of the Local Agency Formation Commission as set forth by the legislature is to promote the simplification of government to the extent possible. This includes the consolidation of services under one government, as outlined in the opening section of the Cortese-Knox-Hertzberg Act, “a single governmental agency, rather than several limited purpose agencies, is in many cases better able to assess and be accountable for community service needs and financial resources, and, therefore, is the best mechanism for establishing community service priorities.”

For the past 30 years the City of Victorville has operated its subsidiary Victorville Fire Protection District as a City Department, without separate appropriation limit, without separate budget, and without separate actions on Council agendas. Therefore, the action to dissolve the district reflects its actual operation and allows for a more transparent operation as a city department without the pretext of identification as a self-governed special district.

These operational deficiencies have been troubling to LAFCO staff since they are not reflective of its status as a self-governed special district, one whose ex-officio Board of Directors has been designated to be the City Council of the City of Victorville. These concerns, as outlined in the Municipal Service Review, are that this district has operated without a separate budget and without an appropriation limit for longer than anyone on the current staff can remember. These aspects of a lack of a separate government are troubling on the larger scale of accountability to the constituents of the agency. As noted in the background discussion, LAFCO staff believes that the best option to provide for accountability and transparency in service would be through annexation to the SBCFPD and its North Desert Service Zone. However, the City of Victorville believes that the dissolution and transfer of operation to the City itself is the best option so that it can determine the level of service to be provided. County Administrative and Fire staffs support the continuance of the service contract and do not support the governance change requirement identified by staff. Either action will resolve the staff concerns about the historic operation of this agency and in the end, either the dissolution of this agency or reorganization through annexation to SBCFPD is a good government remedy to the current situation.

Without the support of the affected agencies, the Commission cannot require the annexation of the territory to the SBCFPD; therefore, the change would not come to fruition and would continue the governance issues identified in this report. Therefore, in order to resolve governance concerns for the operation of the Victorville FPD, the staff supports the dissolution of the Victorville FPD with the City named the successor to clarify the responsibilities for fire protection and promote transparency in government.

KRM/

Attachments:

1. Map of the District and City Boundaries

2. City Resolution No.05-70, Plan for Service and Application Forms from the City of Victorville, Supplemental Information Letter Dated March 17, 2008 Related to Fire Proposal, Letter Dated May 15, 2008 Related to VVEDA Pass Through
3. LAFCO Resolution No. 2957 for the Municipal Service Review/Sphere of Influence Update for the Victorville Fire Protection District
4. Excerpts from Staff Report on LAFCO 1664
5. City of Victorville/County Fire Contract,
6. Environmental Review from Tom Dodson and Associates
7. Draft LAFCO Resolution #3011