

**LOCAL AGENCY FORMATION COMMISSION
COUNTY OF SAN BERNARDINO**

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DATE: **NOVEMBER 19, 2007**

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

TO: **LOCAL AGENCY FORMATION COMMISSION**

**SUBJECT: AGENDA ITEM #10 – LAFCO 3001 – Sphere of Influence Amendments
for Yucca Valley Fire Protection District, et al., LAFCO 3000 – the
County Fire Reorganization, and LAFCO 3000A – City of Fontana
Alternative**

BACKGROUND:

At the October 24, 2007 hearing, the Commission continued all discussion items to the November 28, 2007 hearing, including LAFCO 3001/3000/3000A, due to the need for County Fire and Administrative personnel to direct their efforts toward dealing with the wildfires raging in San Bernardino County as well as the rest of Southern California. A copy of the staff report for the October hearing is included as Attachment #1 to this report.

LAFCO 3001/3000/3000A was continued from the September 19, 2007 hearing where the Commission opened its discussion of the proposals which encompass what the staff has come to identify as the “County Fire Reorganization”. This sphere amendment/reorganization, originally initiated in July 2005 by the Board of Supervisors for San Bernardino County initiated a set of applications to reorganize its fire operations. An alternative proposal filed by the City of Fontana in January 2006, LAFCO 3000A, was presented as its response to the County’s application addressing the future of the Central Valley Fire Protection District. The following provides an identification of these proposals:

1. LAFCO 3001, which the Commission has already reviewed and indicated its intent to approve, is a proposal to expand the sphere of influence of the Yucca Valley FPD to encompass the unincorporated areas of the County not currently provided fire protection services through an independent fire provider and the City of Grand Terrace (currently overlain by the Board-governed fire district – County Service Area 38). LAFCO staff has recommended that this proposal be modified to exclude the area of the Central Valley Fire Protection District (CVFPD) in recognition of its support for LAFCO 3000A (Fontana Alternative) and the spheres of influence for the fire providers proposed for dissolution be declared to be zero. A determination upon LAFCO 3001 is necessary prior to the consideration of LAFCO 3000/3000A.

2. LAFCO 3000 is a proposal to expand the boundaries of the Yucca Valley Fire Protection District to encompass all territory within San Bernardino County which: (1) are provided fire protection by a County fire entity (fire protection district, county service area or improvement zone) or (2) is not a part of an independent fire provider -- an independent special district or a City. LAFCO 3000 encompasses an estimated 11,750,811 acres of the County, or about 18,361 square miles.
3. LAFCO 3000A is a proposal to detach ten areas from the CVFPD (including the communities of Muscoy and Bloomington and the developing community of the Villages at Lytle Creek), the retention of the CVFPD overlaying the City of Fontana and its sphere of influence, rename this retained district, the Fontana Fire Protection District, and establish the retained District as a subsidiary district of the City of Fontana.

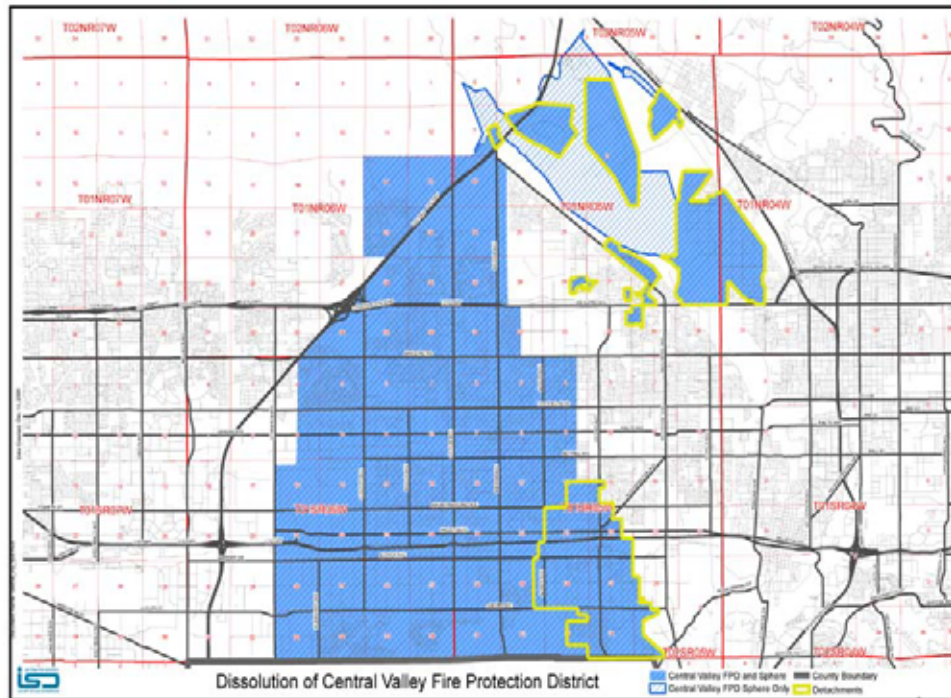
At the September hearing, the Commission continued both actions with direction to LAFCO staff to provide additional information related to options for evaluation, costs for service, etc. The staff reports for the September hearing are included as Attachments #2 and #3 respectively to this report, without inclusion of the attachments. The attachments for the reports provided as Attachments #1, #2, and #3 are available for review on the LAFCO website, www.sbclafo.org under either the Agenda page for the September hearing or the Proposals Available On-Line page.

The motion made at the September hearing on LAFCO 3001, was to indicate support for the proposed expansion of the Yucca Valley Fire Protection District sphere and its related sphere reductions, but to continue the consideration for further discussion with LAFCO 3000/3000A. LAFCO 3000/3000A was continued at the request of the Board of Supervisors members on the Commission to allow for additional time for the County to respond to the staff's recommendation to permanently transfer the \$8.3 million dollars in 2007-08 General Fund support to the reorganized district, as well as to discuss the potential for additional options related to the City of Fontana assumption of the governance of the reorganized Central Valley Fire Protection District. The narrative which follows provides for a review of these additional concerns and questions and is updated for information received following the continuance of the October 24th hearing.

BOUNDARY DISCUSSION

At the September hearing the issue of boundaries was reviewed with the Commission. LAFCO staff identified that the boundaries for the various changes proposed by the County and the City of Fontana in its alternative are definite and certain; they are recognizable to the providers of fire protection services. The Valley and Mountain Service Zones are recognizable to their constituents – the Valley representing the urban valley area with a predominance of incorporated cities, the Mountains representing the eastern portion of the San Bernardino Mountains and the urban forest areas which occupy that land area. However, it is more difficult to recognize the North Desert and South Desert Service Zone division due to their vast size and no clear demarcation between the two areas.

The City of Fontana Alternative proposes the detachment of ten areas from the Central Valley FPD, the retention of the Central Valley FPD overlaying the City of Fontana and its sphere of influence, the renaming of this retained district the Fontana Fire Protection District, and the establishment of the District as a subsidiary district of the City of Fontana. The jurisdictional changes are shown on the map below:



The detachment areas include the communities of Muscoy, Bloomington, El Rancho Verde, and the developing community known as either the “Villages at Lytle Creek” or “Rosena Ranch.”

At the September hearing, the Commission requested staff to discuss with the County Board of Supervisors and County staff additional options for allowing the City of Fontana to assume control of its fire protection services. Following the September hearing, LAFCO staff participated in discussions with County Administrative and Fire staffs in which additional options were identified for review as follows:

1. The potential for seeking a mechanism for representation of the unincorporated territory to be included on the governing body of the Fontana Fire Protection District;
2. Allowing the City of Fontana to detach its corporate boundaries from the San Bernardino County FPD and assume control of the stations, revenues, and equipment from within this modified area; or,
3. Accept the alternative as presented by the City of Fontana with conditions attached to it to require that any future change in service level be made uniformly districtwide and not affect only unincorporated resident services.

Each of these options was discussed by the County Board of Supervisors during its workshop session held on October 16, 2007. Attachment #4 provides a copy of the Board Agenda Item for the October 16, 2007 Workshop with identification of the actions taken. LAFCO staff’s analysis of the Board of Supervisors’ position at that workshop related to these options is outlined below:

In reference to option one, it was reviewed that the governing body of a subsidiary district is the City Council, in this case the City Council of the City of Fontana. The law does not allow for the addition of members; however, the possibility of the creation of an advisory commission on which

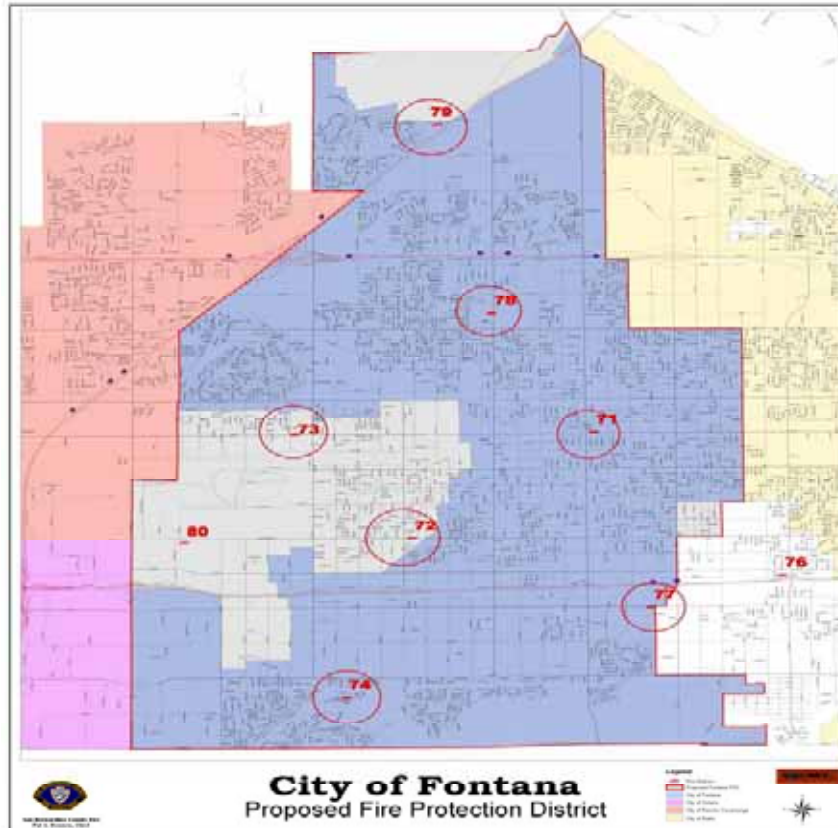
unincorporated residents could serve was identified. The County Board of Supervisors did not propose that such an option be included in the LAFCO conditions of approval.

In reference to option two, it was reviewed that the primary unincorporated area to be retained within the subsidiary district, predominantly the San Sevaine area, does not receive sufficient property tax revenues to provide for the administration, operation and maintenance of the two existing stations, Stations No. 72 and 73, nor the addition of Station 80 proposed for development should it be excluded from the Fontana Alternative. This situation occurs based upon two factors: (1) the area is overlain by the San Sevaine Redevelopment Area which froze the general property tax levies at the base year and transfers the property tax incremental growth to the RDA and not to the Central Valley FPD; and (2) when the former Kaiser Steel area was annexed to the Central Valley FPD in 1982 (LAFCO 2158), the CSA 38 property tax share of \$138,277 was not transferred to Central Valley per the County Board of Supervisors resolution.

In reference to option three, the Board of Supervisors discussed this option at its workshop in detail with participation by Mr. Ken Hunt, the City Manager of the City Fontana. In the October 17th staff report, LAFCO staff attempted to provide an outline of the actions taken by the Board of Supervisors from notes from that hearing. However, Attachment #4 provides the official minute actions of that workshop which includes the motion made by Supervisor Biane, seconded by Supervisor Gonzales, and unanimously carried, to support the LAFCO staff recommendation to approve the Fontana Alternative proposal with the following requirements:

1. That the Fontana FPD (as a subsidiary district of the City of Fontana) provide a level of service at Stations 72 and 73 (currently serving a portion of the unincorporated Fontana FPD) that is not less than the current service level and which will remain consistent with service levels provided through the Fontana FPD so long as they continue to serve unincorporated areas;
2. That the SBCFPD shall provide a level of service at Station 76 (within the Bloomington community) that is not less than the current service level to support the Fontana FPD on a mutual aid basis; and,
3. That the Fontana FPD (as a subsidiary district of the City of Fontana) will staff and man Station 80 when built, and construction of Station 80 should be completed by the Fontana FPD within three years of the completion of the County Fire Reorganization and that the cost of construction is to be funded through the Fontana Fire Protection District.

The map shown below, provided by the County Administrative Office, identifies the locations of the fire stations to be retained as a part of the Fontana Fire Protection District by acceptance of LAFCO 3000A and the location of Station 76 within the Bloomington community to be transferred to the San Bernardino County FPD.



The conditions applied to the Board of Supervisors' support for LAFCO staff's recommendation to adopt the Fontana Alternative were to clarify concern expressed at its Workshop related to the residents within the unincorporated area and the fire stations which serve them. LAFCO staff's response is that the potential for service shifts that would only affect unincorporated territory residents and landowners is, in our opinion, remote based upon the location of the affected stations. As shown on the map above, Stations 72 and 73 at the present time serve incorporated and unincorporated areas, and continuing as an independent special district, the Fontana FPD would retain the obligation to treat the district as a whole. However, LAFCO staff understands the desire of the Board of Supervisors is to provide documentation of the service levels to be provided to the unincorporated area landowners and residents following this action.

LAFCO staff's only concern related to the language of the Board of Supervisors' recommended condition is its statement that the "existing service levels" be maintained. This condition could be interpreted to preclude any change that might augment service delivery to this area as well as address a future reduction in service level. Therefore, LAFCO staff is proposing that the Commission consider modifying Item #1 of the Board of Supervisors' condition to indicate that the service levels of Stations 72 and 73 cannot be reduced unless the service level of all stations within the Fontana FPD are reduced.

The City of Fontana submitted a letter for the October hearing, dated October 22, 2007, which outlines its position related to the actions taken by the Board of Supervisors. A copy of the letter is included as Attachment #5. The letter identified that the County's proposed condition requiring construction of Station #80 within three years did not include sufficient information for the City to determine whether or not it would support such a condition. The basis for the City's position is:

1. There was no cost identified for the construction of Station #80 so there was no way for the City to know if sufficient revenues were available to construct it;
2. Operational costs were not identified and would be contingent upon contract negotiations with County Fire for service delivery; and,
3. There was no assurance that the County would continue to impose conditions for annexation into Community Facilities District (CFD) #2002-2 on new development within the Station #80 service area. CFD 2002-2 was created to fund ongoing fire protection maintenance and operation on new development generally within the Kaiser Commerce Specific Plan area, which does not currently provide property tax revenues to Central Valley FPD.

The City's letter identifies that its main priority was to secure funding for re-construction of Station #71 within the City's downtown area which is the most active of the eight stations under current Central Valley FPD jurisdiction. Following the October hearing continuance, LAFCO staff convened a meeting with representatives of the City of Fontana, County Administrative Office, and County Fire to discuss concerns related to Station #80. Information provided for this meeting (included as Attachment #6) identified the following:

1. The current estimated cost for construction of Station #80 (with a \$500,000 contingency fund) is \$6,000,000 (\$800,000 has already been expended for design costs). This leaves the current estimated cost of \$5,200,000 required from the Fontana FPD.
2. The financing sources available, in the County's opinion, are:
 - a. Central Valley FPD Capital Improvement Program (CIP) Cash Balance is: \$3,000,000
 - b. Central Valley FPD CIP 07-08 Transfer in: \$800,000
 - c. General Reserves \$1,400,000
\$5,200,000

(The figure identified as general reserves is anticipated to be taken from Capital Replacement Reserves apportioned to the retained Central Valley FPD – the estimated total for this apportionment is \$2,467,796)

3. The estimated cost for equipping and furnishing Station #80 to bring it on-line has been identified as \$159,254. A fire engine was purchased with RDA revenues approximately two years ago for use in Station #80 and one Fire Squad with Medic is to be provided through existing CVFPD reserve equipment.

The County has identified that it is ready to proceed with requesting bids for construction of Station #80 by the first part of December and the City of Fontana has indicated that it would support developing a contractual arrangement to allow County Fire to continue construction processing for the facility following successful completion of LAFCO 3000, as modified, to include the Fontana Alternative. Therefore, it appears that with supplemental discussion between the City of Fontana and the County on contractual arrangements, the County's

requested condition can be included within the recommended actions for LAFCO 3000 as modified.

As of the date of this report, LAFCO staff is continuing to work with County Fire and County Administrative staff on the issue of CFD #2002-2 to secure agreement that the County will continue application of the annexation requirement through the County's Land Use Services Department following the completion of the reorganization. At this time LAFCO staff has received mapping of the existing boundaries of CFD #2002-2 which is the area required to pay the special tax of \$565 per acre to support ongoing fire efforts (information included as Attachment #8). It is anticipated that additional information will be provided to the Commission at the November 28th hearing related to the official County position on the continued requirement for annexation to the CFD as development applications are reviewed and approved through the County.

With the information identified above, staff recommends that the Commission modify LAFCO 3000 to include the City of Fontana Alternative and recommends that its approval include the imposition of the conditions reviewed and adopted by the County Board of Supervisors at the October 16th Workshop, as modified above, with the condition that the City of Fontana City Council, which is to become the governing body of the Fontana FPD, and the County Board of Supervisors, on behalf of SBCFPD, contract for the continuing construction of Station #80 and that said contract be signed prior to issuance of the Certificate of Completion; and that the County be required to continue to impose a Land Use Condition of Approval requiring the annexation of territory to CFD #2002-02, transferred to the Fontana FPD for administration, for the ongoing maintenance and operation funding for the Fontana FPD.

FINANCIAL EFFECTS AND SERVICE CONSIDERATIONS

As noted in the September staff report, the questions related to the Financial Effects and Service Considerations for the County Fire Reorganization are the "devil" in the details. These details pose the challenging questions for the Commission and resulted in the controversy at the September hearing presented by the Board of Supervisors Commission members. In the staff view, it is the responsibility of the Commission to determine whether or not the reorganization of County Fire, as modified by the City of Fontana alternative is sustainable. In other words, can it continue to provide for the level of service contemplated as a Board-governed special district or an independent special district for the foreseeable future? The need to view this agency in this manner is based upon its potential to be independent of County operation. Such a change in governance structure does not require a new formation process, does not require further LAFCO review, and can be accomplished through an appointment process initiated and conducted by the County Board of Supervisors.

Therefore, as identified previously, the task for the Commission is to evaluate the information which has been provided for the operations redefined for the SBCFPD, as well as the Fontana FPD and answer these questions:

Would the approval of the reorganization impair the ability of any other agency to continue providing its range and level of services?

Can the successor district continue to provide the level of services which existed prior to the change?

Does the reorganization represent the best available service option for the affected communities?

Does it provide for a more efficient, effective and accountable form of government?

The primary determinations required of the Commission at this hearing are to answer the questions related to the overall funding of the proposed County Fire Reorganization, as modified to include the City of Fontana Alternative application. Once these questions are answered, it is proposed that LAFCO staff return at the January 16, 2008 hearing with the myriad of details required to complete the approval process, such as establishment of appropriation limit determinations, transfers of property, etc. and the presentation of the Resolution of Approval outlining the proposed determinations required of the Commission.

In order for LAFCO staff to return with the required determinations, decisions by the Commission regarding future general fund allocations, division of revenues, transfers from multi-function districts and CSA 70 are required. Each of these determinations is discussed below.

General Fund Allocation:

The area of primary concern expressed by the Board of Supervisors members at the September LAFCO hearing and the determination to continue the consideration of the proposal related to the LAFCO staff recommendation for imposition of a proposed condition that would require that the ongoing General Fund support that had been provided by the County Board of Supervisors for Fiscal Year 2007-08 be allocated permanently, through a property tax exchange process under the provision of Revenue and Taxation Code Section 99.02, to the SBCFPD.

The table below outlines the historic allocation of General Fund revenues to support the County Fire operations through both County Service Area 70 and County Service Area 38:

General Fund Subsidy Purpose	FY 2006-07 (Appv'd @ 8/22/06)	FY 2007-08 (Projected)	FY 2008-09 (Projected)	FY 2009-10 (Projected)	FY 2010-11 (Projected)
	Ongoing Transfer	Ongoing Transfer	Ongoing Transfer	Ongoing Transfer	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
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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 Kanold'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) positions.

At the October 16th Board of Supervisors Workshop on the County Fire Reorganization, the Board of Supervisors, on motion of Supervisor Hansberger, seconded by Supervisor Mitzelfelt and carried unanimously, took the position:

1. That it opposed the LAFCO staff recommendation for a permanent property tax transfer of the \$8.3 million to general fund support for fire service in the SBCFPD.
2. That, should LAFCO consider any restriction of the use of the Board of Supervisors discretionary contribution to County Fire (the \$8,318,318 for Fiscal Year 2007-08), the Board requested an opportunity for further discussion and input prior to a final LAFCO decision on the matter.

While LAFCO staff's basic position remains unchanged, that the \$8,318,318 in general fund revenues identified above for FY 2007-08, are required to maintain the existing levels of service as identified in the materials submitted by the County related to this application, the success of implementing such a funding shift is dubious at best. This determination is based upon the statutory control of the success or failure of the process for transfer of these funds lying with the County Board. The Revenue and Taxation Code Section 99.02 process requires that the Board of Supervisors conduct the necessary hearings and provide for the approval of the transfer.

It was indicated at the Board Workshop on several occasions during the discussion that it is the ongoing commitment of the Board to allocate the funds necessary to maintain the existing level of service at this time. It was also indicated that, should future determinations of the taxpayers within the regional or special service zones provide for an augmented level of funding, the General Fund allocation should be returned to the County for general government purposes. The Board members identified that should a future change in circumstance so warrant, the County should be able to address the resource commitments for all levels of service, including what it is willing to allocate to support fire protection purposes.

This position speaks to the overall process for undertaking this County Fire Reorganization. As identified in the review materials, at the Community meetings held on this proposal, and the Commission and Board hearings conducted, the review and consideration of LAFCO 3000 is the beginning of a larger review for funding of County Fire. Completion of LAFCO 3000 provides for the reorganization of boundaries and allows for the clarification of the revenues received as well as their source. Thereafter, the County Board of Supervisors, as the governing body of the SBCFPD, can work with the residents within the regional service zones to identify the level and range of services desired, identify the cost associated with providing that level of

service and prepare and conduct the elections to secure the funding necessary to provide for those services. It will also carry an obligation that if the revenues are not authorized by the residents of the service zones, the County will need to address and evaluate the continuing costs for providing those services.

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	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		2,060,908		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

LAFCO staff acknowledges the County position that it will neither support nor provide for the process necessary to permanently transfer the General Fund support to County Fire as it wishes to retain its discretionary funding authority. LAFCO staff was encouraged when the Board indicated its commitment to address the fire funding needs annually based upon further actions to shore-up the revenue stream for the reorganized agency. The staff has modified its position, to recommend approval of the reorganization without the transfer in funding, based upon the rationale that achieving the larger goals is more important than this funding issue. Those goals include the reorganization of the fire protection jurisdiction for board-governed agencies within the County to clarify the responsibilities, to provide for a recognizable service provider which can address the regional service needs for the future, and to provide for a clearer revenue stream for the provision of these services. Therefore, the staff is modifying its recommendation to exclude the condition that proposed the permanent transfer of the General Fund support and acknowledge the position of the County through a finding in the final resolution of approval that it will continue to provide the level of General Fund Support necessary to provide for existing levels of fire protection service.

Division of Revenues:

Another important determination required for the four Regional Service Zones is the apportionment process to be undertaken to distribute CSA 38 revenues following approval of

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 (Hinckley), 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
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	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 – FAWN SKIN	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					
	<u>Assessed Value in CSA 70</u>	<u>1% General Tax Levy</u>	<u>CSA 70 Revenue</u>	<u>Independent District Revenue</u>	<u># TRAs</u>
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
	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	
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	SERVICE ZONE	SERVICE ZONE	DESERT SERVICE ZONE	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%	

This information is used in the charts which follow outlining the appropriation and revenues for Fiscal Year 2006-07 for the reorganized SBCFPD.

SAN BERNARDINO COUNTY FPD

SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT (PARENT DISTRICT)	<u>Appropriation</u> 63,020,540	<u>Revenues</u> 63,020,540
<p>This function includes: Executive Management (Fire Chief, Deputy and Assistant Chiefs) Operations Office of Emergency Services Training and Safety Division Support Services (includes vehicle services, Warehouse Services and Facilities Maintenance) Human Resources Fiscal Services Community Safety Division (Fire Planning and Engineering, Community Safety and Haz-Mat) Information Services</p>		

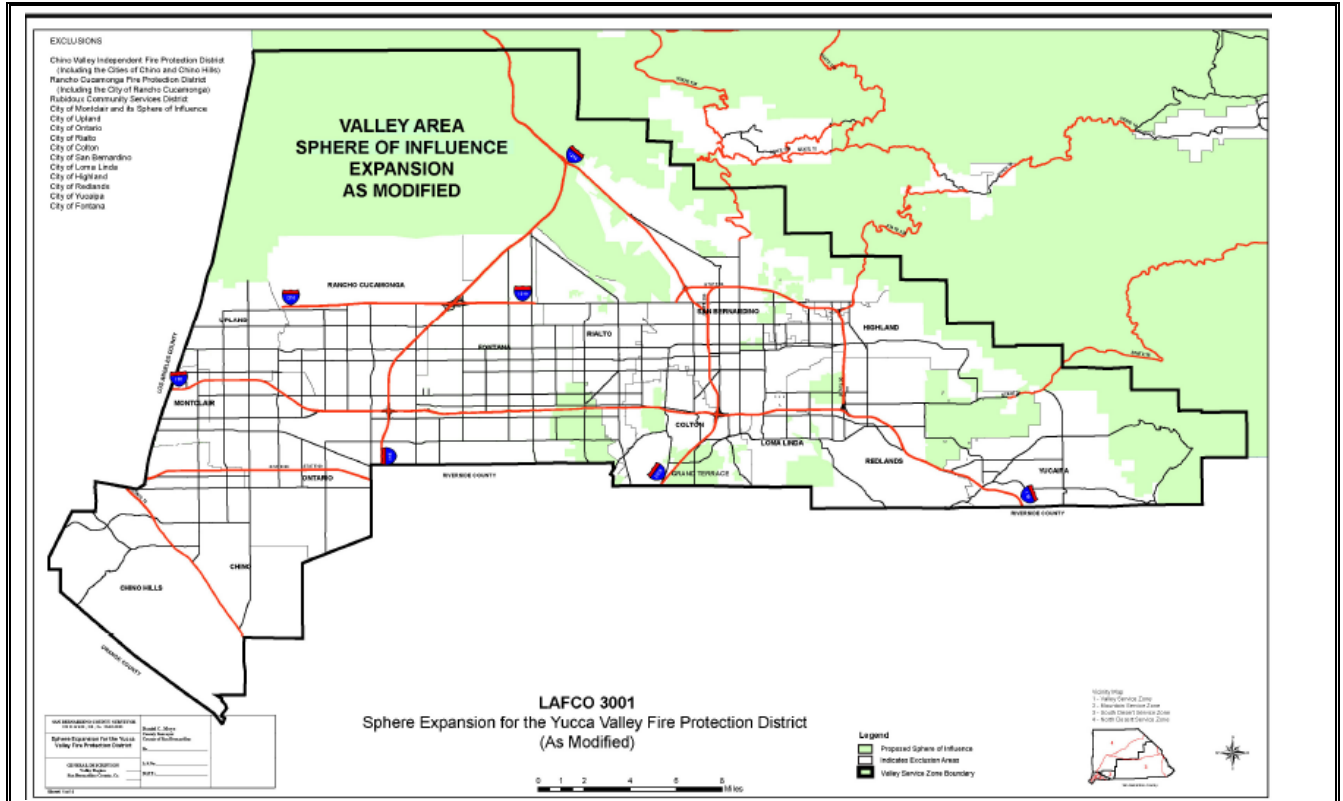
The information included in the discussion above identifies that the SBCFPD parent district received \$1,311,843 in General Fund support during Fiscal Year 2006-07. Those revenues are included in the \$63,020,540 revenues identified above.

Not identified in this material are the Capital Accumulation and Termination Benefit Reserves. The amounts to be apportioned to the parent district from these reserves are identified as follows:

NAME	AMOUNT
Termination Benefit Reserves	\$4,231,687
Capital Accumulation Reserves:	
CSA 70 Administration (includes GASB Adjustments)	\$58,546
CSA 70 Hazmat/HHW	\$85,274
CSA 70 – Battalion Chiefs	\$100,883
CSA 70 – Ambulance Billing Reserve	\$68,996
CSA 70 – Lease Receipts	\$204,782
TOTAL CAPITAL ACCUMULATION RESERVE	\$518,481

VALLEY SERVICE ZONE (including Service Zones PM-2 (Highland) and PM-3 (Yucaipa))

The map below identifies the area of the Valley Service Zone, as modified:



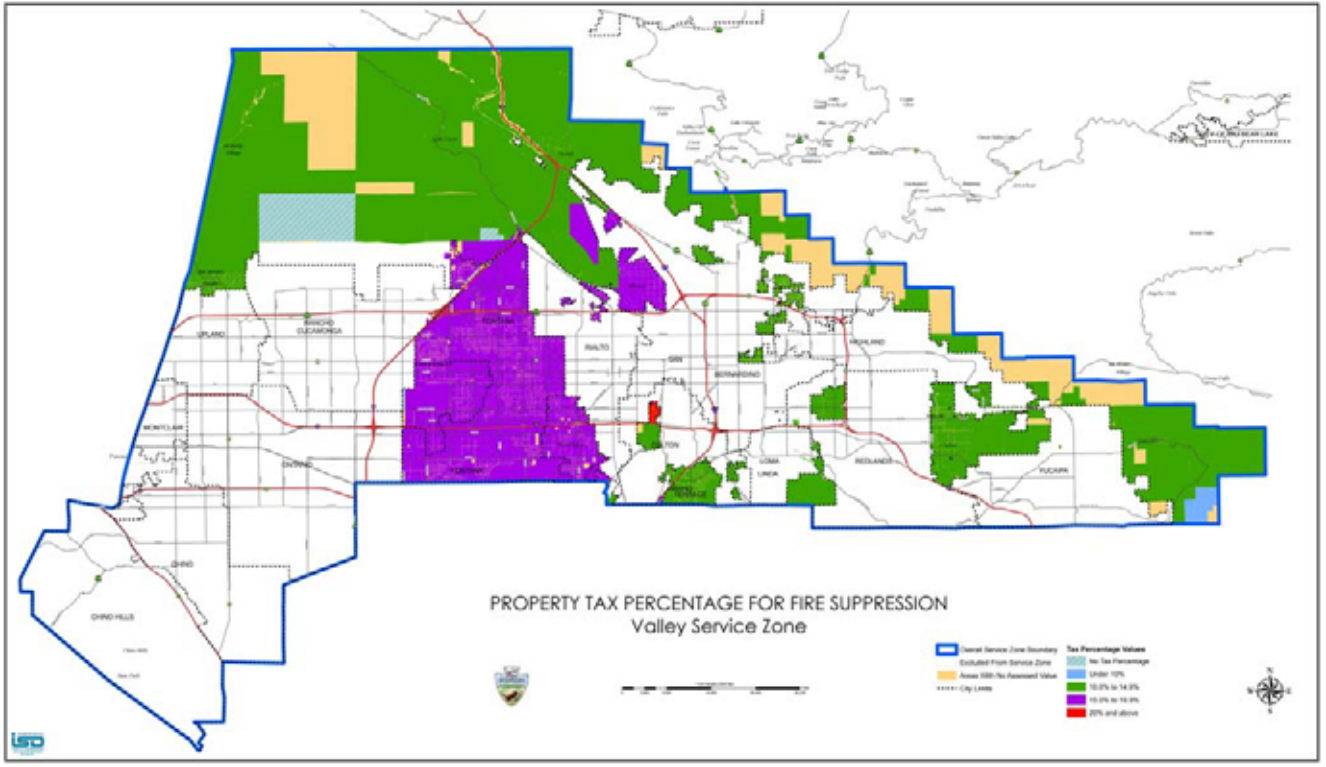
The table which follows identifies the Board-governed fire provision for this area and its appropriations (expenditure authorities) and revenues for Fiscal Year 2006-07:

VALLEY SERVICE ZONE	Appropriations 2006/07	Revenues 2006/07
Mt Baldy #200	4,700	
Devore #2	1,040,719	838,102
San Antonio Hts #12	619,397	214,976
Lytle Creek #20	38,193	
Mentone #9	1,063,984	527,351
San Bernardino #1	26,745	
Grand Terrace #23	709,377	323,786
Muscoy Station #75	1,511,063	960,327
Bloomington Station #76	1,912,111	3,063,795
CSA 38 H COLTON (Improvement Zone)	111,814	111,814
CSA 38 L HIGHLAND PARAMEDIC (Improvement Zone)	132,410	132,410
CSA 38 M YUCAIPA PARAMEDIC (Improvement Zone)	12,695	12,695

Oak Glen #39 (Contract with Yucaipa City)	48,661	
Total FT Reg Non Suppression at Division Headquarters		
Estimated Share of Fund Balance from CSA 38 (1)		2,186,712
City of San Bernardino & Loma Linda Contracts		380,000
Estimated CSA 38 Warehouse Services Charges	97,926	
Estimated CSA 38 Vehicle Services Charges	75,600	
Estimated CSA 38 Confire Charges	97,884	
Estimated CSA 38 General Fund Support Seasonal Staffing		132,000
Estimated CSA 38 Property Tax Apportionment		4,182,364
Sub total Valley Improvement District	<u>7,883,279</u>	<u>13,066,332</u>

The information included in the discussion above identifies that the Valley Service Zone received \$1,664,175 in General Fund support during Fiscal Year 2006-07. Those revenues are included in the \$13,066,332 identified above.

The following map identifies the property tax percentage of the ad valorem property taxes generated for fire suppression within the Valley Service Zone. The areas of white within the boundary are existing independent service providers not affected by this change.



Since the area of the Central Valley FPD becoming a part of the SBCFPD and the Valley Service Zone has been decreased, its revenues have been decreased accordingly. The Unaudited Capital Accumulation Reserve for the Central Valley FPD, \$3,159,790, has been apportioned in the same manner as its other revenues, 78.1% staying with Central Valley and

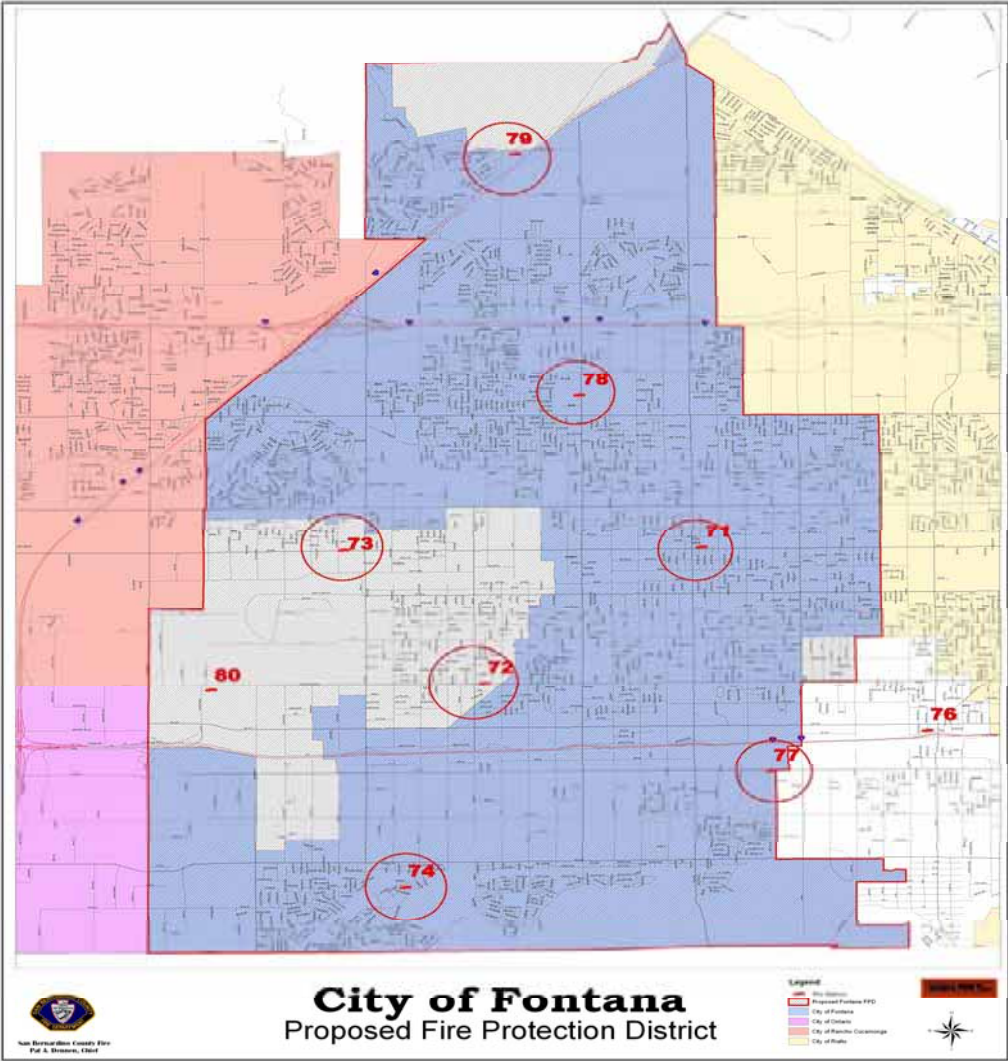
21.9% transferring to the Valley Service Zone. Unaudited Capital Reserve balances as of the end of Fiscal Year 2006-07 to be assigned to the Valley Service Zone are as follows:

DISTRICT	CAPITAL ACCUMULATION RESERVE AMOUNT
VALLEY SERVICE ZONE	
Central Valley FPD (21.9%)	\$691,994
CSA 38 (43% of \$1,326,571)	\$570,426
TOTAL NORTH DESERT SERVICE ZONE	\$1,262,420

In addition to the items listed above for Central Valley FPD, the transfers negotiated between the County Administrative, County Fire, and City of Fontana staffs identify the transfer of Capital Improvement Project funding of \$70,680.

FONTANA FIRE PROTECTION DISTRICT (Subsidiary District of the City of Fontana)

The map below identifies what is proposed to become the Fontana Fire Protection District, a subsidiary district of the City of Fontana:



The Table which follows identifies the Fontana Fire Protection District appropriations (expenditure authorities) and revenues for Fiscal Year 2006-07:

FONTANA FIRE PROTECTION DISTRICT	Appropriations	Revenues
	2006/07	2006/07
Station #71	2,796,339	
Station #72	2,411,002	
Station #73	2,411,002	21,480,664
Station #74	2,411,002	
Station #77	2,411,002	
Station #78	2,411,002	
Station #79	2,411,002	
SUBTOTAL FONTANA FIRE PROTECTION DISTRICT	17,262,351	21,480,664
Reserves & Fixed Assets	3,181,721	
<i>(as modified on 11/8/07 by LAFCO Staff to exclude revenues associated with Station #80)</i>	20,444,072	

The Revenues and Reserves & Fixed Assets amounts listed above have been modified by LAFCO staff to exclude the \$2,800,000 San Sevaire Redevelopment Agency (RDA) contribution. The Board of Supervisors indicated at its October 16th Workshop that the RDA would be reallocated to support other activities.

The County Administrative Office, County Fire and City of Fontana staffs have met to negotiate the exchange of funds related to the detachments from Central Valley FPD becoming a part of the SBCFPD and those to be retained by the Central Valley FPD as a subsidiary district of the City of Fontana. The transfer of properties, assets, equipment, etc. will be identified as a condition of approval within the Commission's final resolution of approval. In addition to the revenues identified above, the following will be transferred to the subsidiary district:

REVENUE SOURCE	AMOUNT
2007-08 CAPITAL IMPROVEMENT PROJECTS	\$3,036,070
2007-08 CAPITAL REPLACEMENT RESERVE (78.1% OF \$3,159,790)	\$2,467,796

The City of Fontana application proposes to contract with the SBCFPD for the continuing provision of fire services. This draft contract was included in materials provided at the September hearing. The final contract will be required to be finalized prior to the issuance of the Certificate of Completion for LAFCO 3000 in order to assure continuity of service for fire protection and paramedic services.

The City of Fontana application requests that the residual Central Valley FPD, renamed the Fontana FPD, be established as a subsidiary district of the City of Fontana. Government Code Section 57105 requires that the Commission make two determinations regarding the agency at the time of the Commission's order of approval:

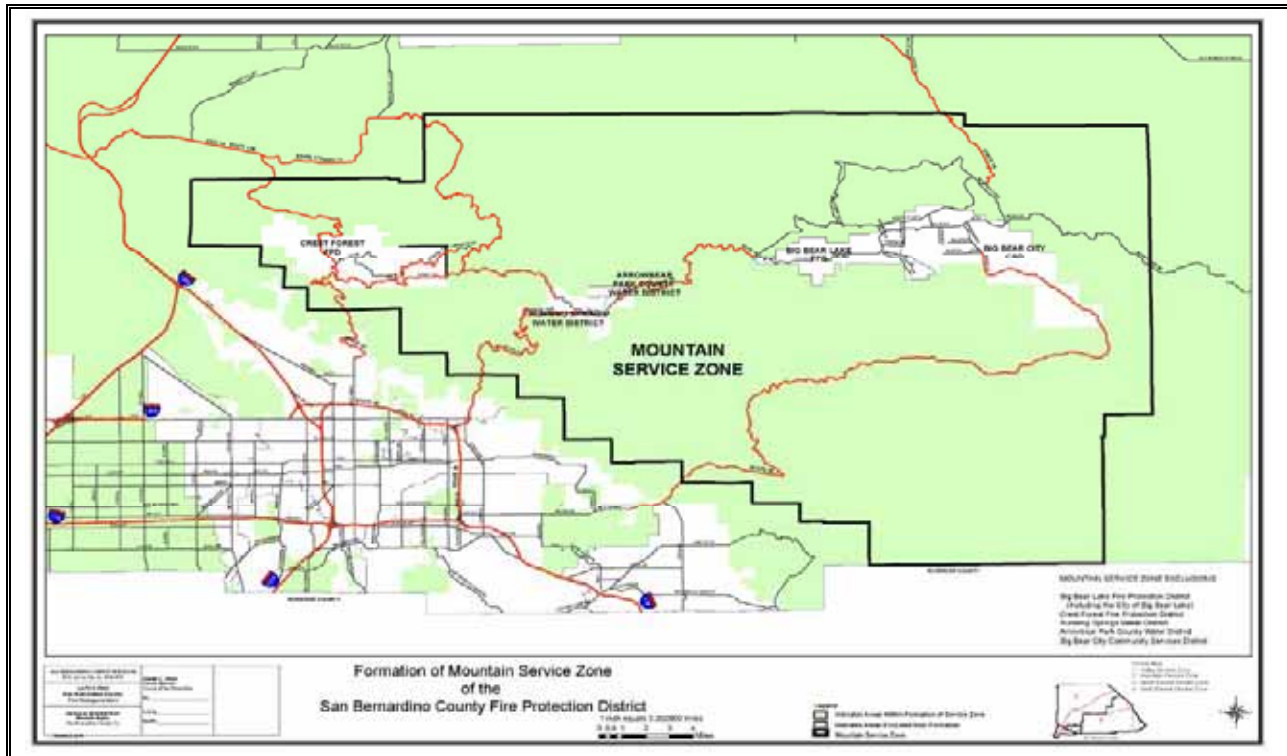
1. That 70% or more of the area of land of the District is included within the boundaries of the City; and,

2. That 70% or more of the registered voters of the District are included within the boundaries of the City.

Materials provided at the September hearing include a determination by the County Surveyor that as of February 14, 2007, 78.3% of the land area of the District is within City boundaries and a determination by the County Registrar of Voters office that, as of February 6, 2007, 88.38% of the voters of the District are within the City boundaries. The territory meets the criteria set forth by statute to allow for establishment as a subsidiary district.

MOUNTAIN SERVICE ZONE (including Service Zone PM-1)

The map below identifies the area of the Mountain Service Zone:

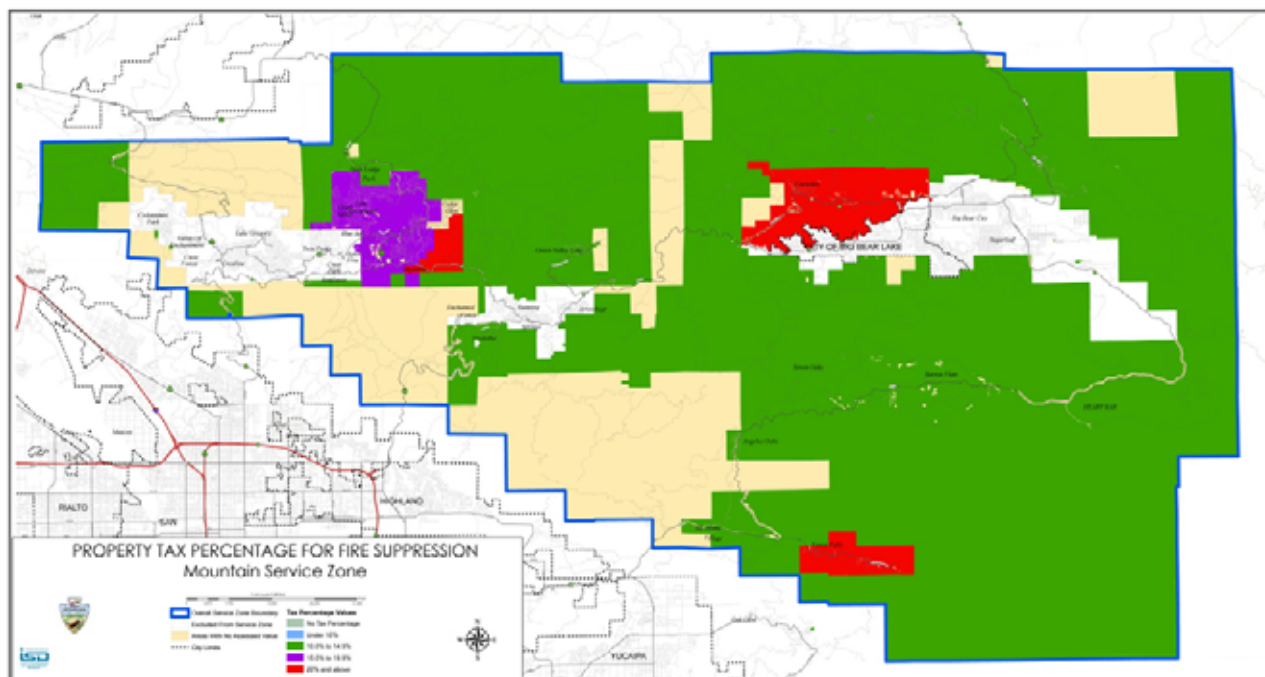


The Table which follows identifies the Board-governed fire provision for this area and its appropriations (expenditure authorities) and revenues for Fiscal Year 2006-07:

MOUNTAIN SERVICE ZONE	Appropriations	Revenues
	2006/07	2006/07
Fawnskin #49	894,253	1,117,307
Angelus Oaks #15	61,548	
CSA 53B Fawnskin (Contract with CSA 38)	753,181	753,181
CSA 79 GREEN VALLEY LAKE #129	212,470	212,470
FOREST FALLS FIRE #128	479,386	479,386
LAKE ARROWHEAD FIRE	8,142,626	8,142,626
LAKE ARROWHEAD AMBULANCE (enterprise fund)	915,947	915,947
CSA 70 PM-1 LAKE ARROWHEAD (assessment paramedic) Stations 91, 92, 93, 94	356,344	356,344
Estimated CSA 38 Share of Fund Balance		246,335
Estimated CSA 38 Warehouse Services	54,403	
Estimated CSA 38 Vehicle Services	42,000	
Estimated CSA 38 Confire Charges	61,178	
Estimated CSA 38 General Fund Support Seasonal Staffing		126,000
Estimated CSA 38 Property Tax Apportionment		311,078
TOTAL	11,973,336	12,660,674

The information included in the discussion above identifies that the Mountain Service zone received \$337,295 in General Fund support during Fiscal Year 2006-07. Those revenues are included in the \$12,660,674 identified above.

The following map identifies the property tax percentage of the ad valorem property taxes generated for fire suppression within the Mountain Service Zone. The areas of white within the boundary are existing independent service providers not affected by this change.



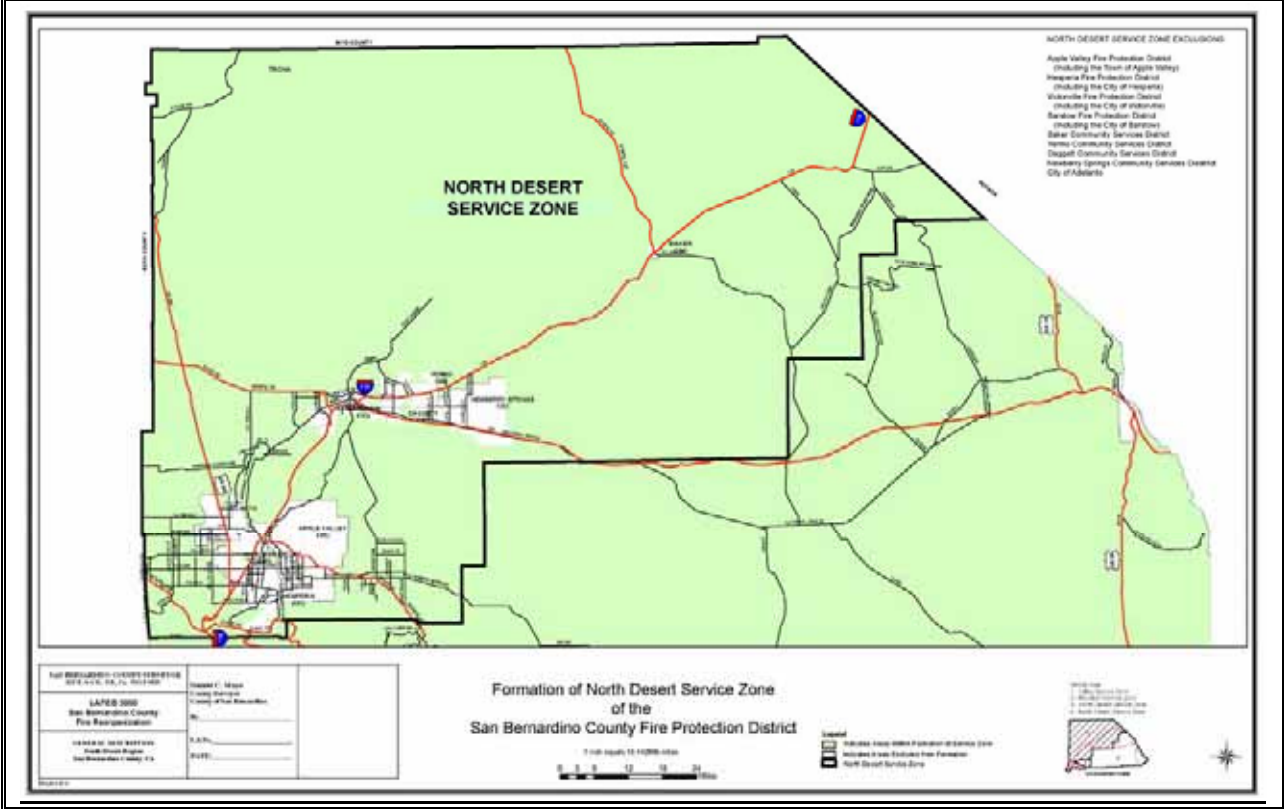
The fund balance for districts whose fire powers are being removed will be apportioned in the same manner as the property tax revenue is proposed for division: CSA 53B 99%, CSA 79 100%. The fund balance for the dissolving entities which have revenues (Lake Arrowhead FPD, Forest Falls FPD) will be transferred to the Mountain Service Zone. The fund balance for CSA 70 PM-1 shall be transferred to the new Service Zone PM-1.

Unaudited Capital Reserve balances as of the end of Fiscal Year 2006-07 to be assigned to the Mountain Service Zone are as follows:

DISTRICT	CAPITAL ACCUMULATION RESERVE AMOUNT
LAKE ARROWHEAD FPD	\$922,415
LAKE ARROWHEAD AMBULANCE	\$205,948
FOREST FALLS FPD	\$50,730
CSA 79 GREEN VALLEY LAKE	\$22,540
CSA 52 B FAWNSKIN	\$47,169
CSA 38 (4% of \$1,326,571)	\$53,063

NORTH DESERT SERVICE ZONE (including Service Zones FP-1 (Red Mountain), FP-2 (Windy Acres), FP-3 (El Mirage), and FP-5 (Helendale))

The map below identifies the area of the North Desert Service Zone:

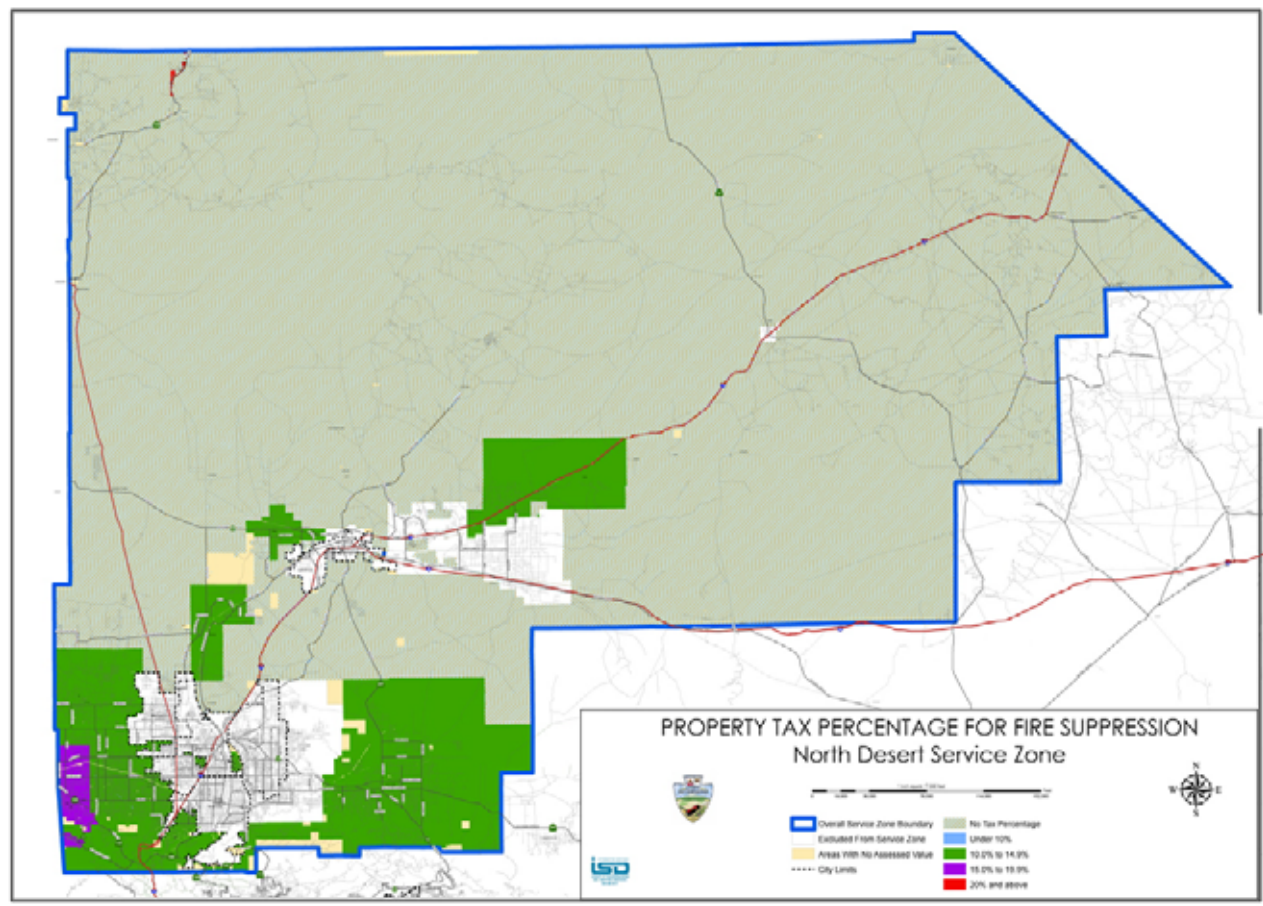


The table which follows identifies the Board-governed fire provision for this area and its appropriations (expenditure authorities) and revenues for Fiscal Year 2006-07:

NORTH DESERT SERVICE ZONE	Appropriations 2006/07	Revenues 2006/07
CSA 29 LUCERNE VALLEY FIRE	1,745,065	1,745,065
CSA 29 LUCERNE VALLEY AMBULANCE (enterprise fund)	317,617	317,617
Stations 111, 112		
CSA 30 RED MOUNTAIN #54 (contract with Kern County)	20,010	20,010
Helendale #4	1,358,629	998,496
Harvard #46	733,968	388,564
Baker #53	730,632	588,564
Spring Valley Lk #22	665,646	615,751
Summit Valley #48	74,336	
Phelan #10	823,568	427,307
El Mirage #11	43,009	40,000
Baldy Mesa #16	55,808	
Mt View Acres #37	208,213	154,101
Oak Hills #40	929,482	574,706
Adelanto #321,322 (City Contract)	2,053,628	1,854,817
CSA 38 D VICTORVILLE	180,711	180,711
CSA 38 K SPRING VALLEY (Improvement Zone)	133,368	133,368
CSA 38 N EL MIRAGE (Improvement Zone)	127,373	127,373
CSA 70 FP-5 HELENDALE/SILVER LAKES	886,744	886,744
CSA 56 WRIGHTWOOD FIRE	2,630,036	2,630,036
CSA 56 WRIGHTWOOD AMBULANCE (enterprise fund)	1,271,012	1,271,012
Station #101, 103		
CSA 56 F-1 PINON HILLS #102	248,222	248,222
Hesperia #301, 302, 303, 304 (fire protection contract)	8,039,400	8,039,400
CSA 70 FP-1 WINDY ACRES (contract with Kern County)	31,178	31,178
CSA 70 W HINKLEY #125	164,094	164,094
CSA 82 SV-1 SEARLES VALLEY	169,548	169,548
CSA 82 SV-1 SEARLES VALLEY AMB. (enterprise fund)	45,299	45,299
Stations 126, 127 (126 in process being donated)		
Estimated CSA 38 Share of Fund Balance		2,894,440
Estimated CSA 38 Warehouse Charges	195,852	
Estimated CSA 38 Vehicle Charges	151,200	
Estimated CSA 38 Confire Charges	428,245	
Estimated CSA 38 General Fund Support Seasonal Staffing		168,000
Estimated CSA 38 Property Tax Apportionment		4,566,609
TOTAL FOR NORTH DESERT SERVICE ZONE	\$24,461,893	\$29,281,032

The information included in the discussion above identifies that the North Desert Service Zone received \$3,698,679 in General Fund support during Fiscal Year 2006-07. Those revenues are included in the \$29,281,032 identified above.

The following map identifies the property tax percentage of the ad valorem property taxes generated for fire suppression within the North Desert Service Zone. The areas of white within the boundary are existing independent service providers not affected by this change.



As identified above, the distribution of fund balance for CSA 38 to the North Desert Service Zone is \$2,894,440, 47% of total fund balance, an increase of \$633,344 over the amount shown by the County on its original spreadsheet.

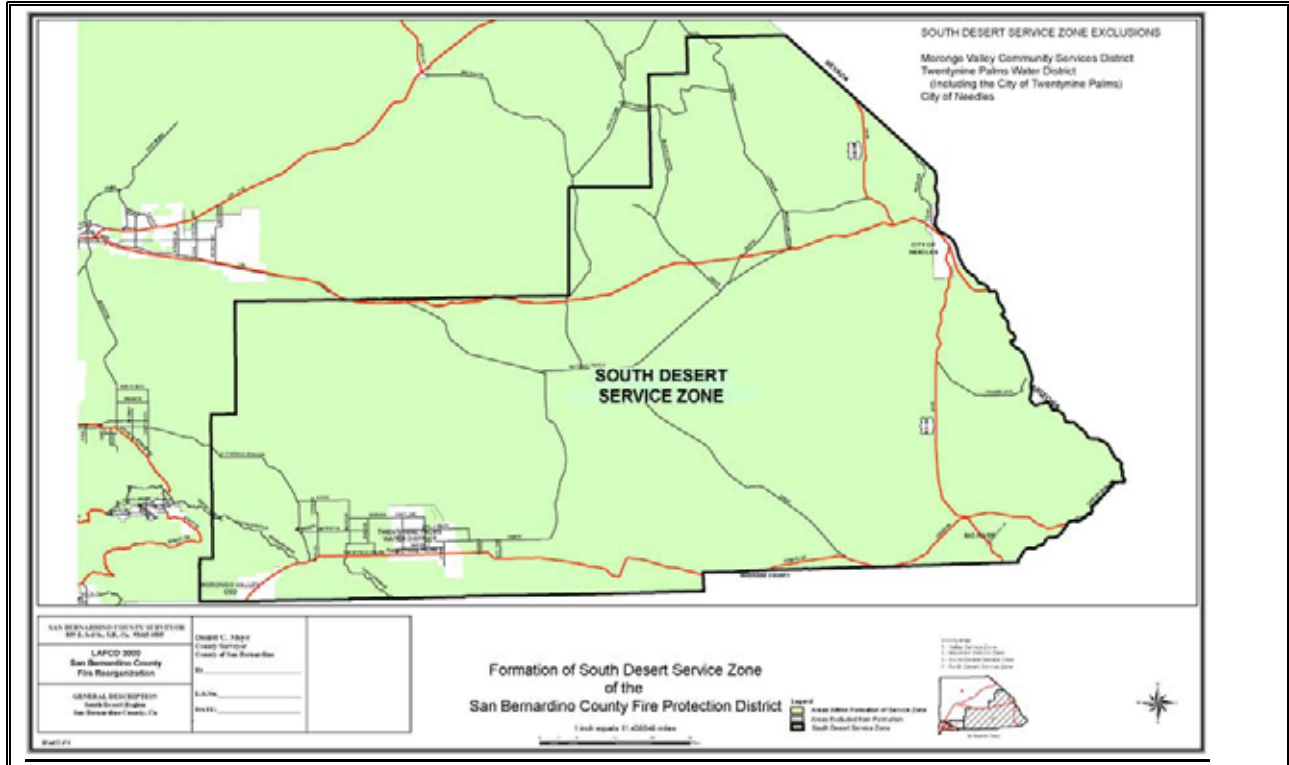
The fund balance for districts whose fire powers are being removed will be apportioned in the same manner as the property tax revenue are proposed for division: CSA 29 65%, CSA 56 90.3%, CSA 56 Zone F-1 82%, CSA 70W 89%, and CSA 82 SV-1 100%. The fund balance for the dissolving entities which have revenues (CSA 38 Zone D, CSA 38 E, and CSA 38K) will be transferred to the North Desert Service Zone. The fund balance for CSA 30 (Red Mountain), CSA 38 Zone N (El Mirage), CSA 70 Zone FP-1 (Windy Acres), and CSA 70 Zone FP-5 (Helendale) shall be transferred to their respective new Service Zones FP-1 (Red Mountain), FP-2 (Windy Acres), FP-3 (El Mirage), and FP-5 (Helendale).

Unaudited Capital Reserve balances as of the end of Fiscal Year 2006-07 to be assigned to the North Desert Service Zone, Service Zone FP-2 (Windy Acres) and Service Zone FP-3 (El Mirage) are as follows:

DISTRICT	CAPITAL ACCUMULATION RESERVE AMOUNT
NORTH DESERT SERVICE ZONE	
CSA 29 LUCERNE AMBULANCE	0
CSA 29 LUCERNE FIRE	\$30,034
CSA 56 WRIGHTWOOD AMBULANCE	\$146,891
CSA 56 WRIGHTWOOD/PINON HILLS FIRE	\$610,171
CSA 82 SV-1 SEARLES VALLEY AMBULANCE	\$16,679
CSA 82 SV-1 SEARLES VALLEY	\$46,629
CSA 56 ZONE F-1 PINON HILLS FIRE	\$154,445
CSA 38 (47% of \$1,326,571)	\$623,488
TOTAL NORTH DESERT SERVICE ZONE	\$1,628,337
SERVICE ZONE FP-1 (WINDY ACRES)	\$125,058
SERVICE ZONE FP-3 (EL MIRAGE)	\$209,605

SOUTH DESERT SERVICE ZONE (including Service Zone FP-4 Wonder Valley)

The map below identifies the area of the South Desert Service Zone:



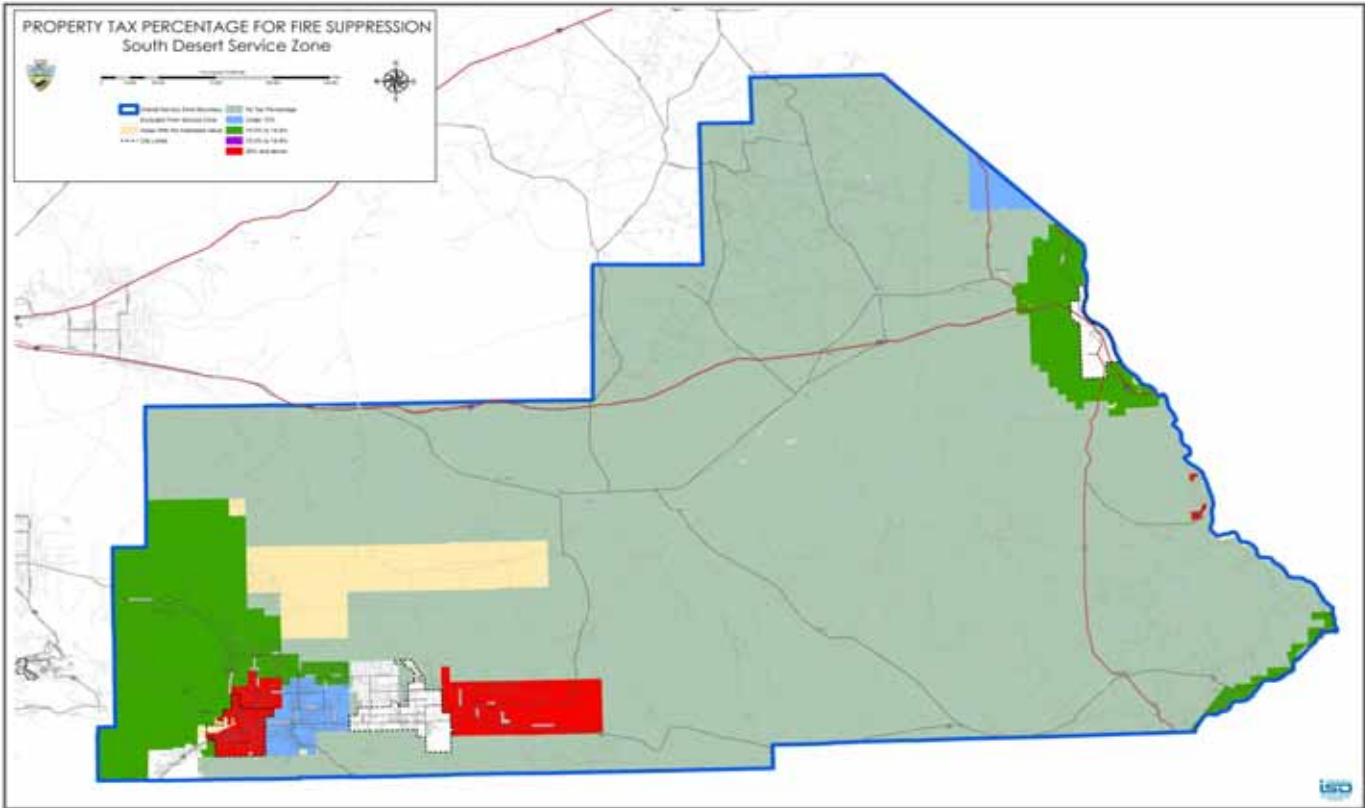
The Table which follows identifies the Board-governed fire provision for this area and its appropriations (expenditure authorities) and revenues for Fiscal Year 2006-07:

SOUTH DESERT SERVICE ZONE	Appropriations		Revenues	
		2006/07		2006/07
Joshua Tree #35, 36 (contract with SDD CSA 20)		1,150,501		868,727
Big River #17		650,049		210,000
Parker Strip #21		21,336		
Parker Dam #42		23,664		
Black Meadow Landing #55		6,100		
Homestead Valley #19		38,836		
Pioneertown #38		28,295		
Johnson Valley #43		11,319		
Copper Mtn Mesa #44		17,023		
Park Moabi #34		9,835		
Needles #31 (City Contract)		1,038,994		757,820
CSA 20 Joshua Tree (SDD Contract with CSA 38)		343,000		343,000
CSA 38 J BIG RIVER		224,994		224,994

CSA 70 HL HAVASU LANDING #118	412,947	412,947
CSA 70 M WONDER VALLEY #119, 120 (Incl Assessment Dist)	355,941	355,941
YUCCA VALLEY FIRE	5,098,921	5,098,921
YUCCA VALLEY AMBULANCE (enterprise fund)	992,455	992,455
Stations 121, 122		
Estimated Share of Fund Balance from CSA 38		369,503
Estimated CSA 38 Warehouse Services	195,852	
Estimated CSA 38 Vehicle Services	151,200	
Estimated CSA 38 Confire Charges	24,471	
Estimated CSA 38 General Fund Seasonal Staffing		56,000
Estimated CSA 38 Property Tax Apportionment		523,441
SOUTH DESERT SERVICE ZONE	10,795,733	10,213,749

The information included in the discussion above identifies that the South Desert Service Zone received \$1,306,326 in General Fund support during Fiscal Year 2006-07. Those revenues are included in the \$10,231,749 identified above.

The following map identifies the property tax percentage of the ad valorem property taxes generated for fire suppression within the South Desert Service Zone. The areas of white within the boundary are existing independent service providers not affected by this change.



The fund balance for districts whose fire powers are being removed will be apportioned in the same manner as the property tax revenues are proposed for division: CSA 20 50%,

CSA 70 Zone HL 100%, CSA 70 Zone M 100%. The fund balance for the dissolving entities which have revenues, CSA 38 Zone I (Needles) and CSA 38 Zone J (Big River), will be transferred to the South Desert Service Zone. The fund balance for CSA 70 Zone M (Wonder Valley) will be transferred to Service Zone FP-4.

Unaudited Capital Reserve balances as of the end of Fiscal Year 2006-07 to be assigned to the South Desert Service Zone and the Service Zone FP-4 (Wonder Valley) are as follows:

DISTRICT	CAPITAL ACCUMULATION RESERVE AMOUNT
SOUTH DESERT SERVICE ZONE	
Yucca Valley Ambulance	\$115,552
Yucca Valley Fire	0
CSA 38 Zone J Big River	\$37,354
CSA 38 (6% OF \$1,326,571)	\$79,594
TOTAL SOUTH DESERT SERVICE ZONE	\$232,500
SERVICE ZONE FP-4 (WONDER VALLEY)	\$11,183

EFFECTIVE DATE:

LAFCO staff has reviewed with representatives of County Fire, the County Administrative Office, and City of Fontana that the Commission is required to make the determination of the effective date for this reorganization. Existing Commission policy states that “*Unless otherwise specified by the Commission, the effective date of a change of organization shall be the date of issuance of the Certificate of Completion.*” Based upon the anticipated completion of Commission hearings in January, followed by the mandatory 30-day reconsideration period, the protest period of 30-days, it is not anticipated that this reorganization will be completed before the end of March 2008. That would leave a three-month period for transition during which time the new agencies would be obligated to prepare and adopt budgets, etc. LAFCO staff is recommending, with the concurrence of County Fire, County Administrative Staff and City of Fontana that the effective date of this reorganization be established as July 1, 2008. LAFCO staff believes that this will provide for a smoother transition of operation.

ITEMS REQUIRING ADDITIONAL DETERMINATIONS:

Based upon the Commission’s determinations at this hearing, the following items are required to be resolved related to the transfer of fire authority and/or the dissolution of special districts:

Transfer of Facility Assets

LAFCO, County Administrative, and County Fire staffs have been working to resolve issues related to the Schedule of Facility Assets to be transferred through this reorganization process. As of the date of this report, outstanding issues remain for resolution.

Transfer of Employees

The Plan for Service identifies that all existing County Fire employees of CSA 70 and the Districts proposed for dissolution will be transferred to the SBCFPD parent district or respective Service Zone with no break in service, transfer of accumulated leave balances, retirement rights and benefits. In addition, all existing employment contracts for represented and non-represented employees will transfer to the SBCFPD for implementation without any change for the duration of the contract period. A condition of approval will be provided in the final resolution setting forth these requirements.

Appropriation Limits

Based upon determinations made by the Commission related to the questions for multi-function districts, the transfer of CSA 70 funding, and the ongoing General Fund support, appropriation limit determinations for the successor agency, SBCFPD, and the Service Zones will need to be made.

RECOMMENDATION:

LAFCO staff recommends that the Commission take the following actions at this hearing:

For LAFCO 3001 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
3. Determine 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.
4. 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.
5. Approve the reduction of the Central Valley Fire Protection District sphere of influence to be coterminous with the City of Fontana sphere of influence.
6. Determine that the services authorized to be provided by the San Bernardino County Fire Protection District shall be listed as follows:

	FUNCTIONS	SERVICES
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, which is proposed to be 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.

7. Continue the adoption of the LAFCO Resolution reflecting the Commission's determinations, findings, and conditions for the sphere of influence to the January 16, 2008 hearing, to be placed on the Consent Calendar.

For LAFCO 3000/3000A LAFCO staff recommends that the Commission take the following actions:

1. Indicate its intent to approve LAFCO 3000, as modified, to include the City of Fontana Alternative;
2. Indicate its intent to condition its approval of the modified LAFCO 3000 on the following terms and conditions:
 - The effective date of the modified LAFCO 3000 shall be July 1, 2008;
 - Transfer CSA 70 ad valorem property tax revenues to the SBCFPD through a property tax exchange process pursuant to provisions of Revenue and Taxation Code Section 99.02 to secure the funding stream for the provision of fire services;
 - Apportion CSA 38 ad valorem property tax revenues and fund balance based upon the location of historic collection;
 - Direct LAFCO staff to prepare the appropriation limit determinations for the parent district, SBCFPD, and the appropriate Service Zones to be included in the final resolution;
 - That the residual Central Valley FPD, to be renamed the Fontana Fire Protection District, shall be established as a subsidiary district of the City of Fontana upon completion of LAFCO 3000 subject to the following conditions that:
 - Service levels for Station Nos. 72 and 73 cannot be reduced by the governing body of the Fontana FPD unless the service levels of all stations within the Fontana FPD are reduced;
 - The Fontana FPD will be required to staff and man Station No. 80 within the San Sevaine RDA area, that the construction of Station No. 80 should take place within three years of the completion of the County Fire Reorganization and that the cost of construction is to be funded through the Fontana Fire Protection District; and,
 - The service level for Station No. 76 within the Bloomington community, governed by the SBCFPD, shall be maintained at existing service levels.

- That all existing employees and employment contracts currently in effect held in the name of CSA 70 County Fire shall transfer to the SBCFPD.
3. Continue the consideration of this proposal to the January 16, 2008 hearing and direct staff to prepare the final determinations related to the proposed reorganization and to provide a Draft Resolution of Approval to include, but not be limited to, the items listed in #2 above for consideration by the Commission.

KRM/

Attachments:

- 1- LAFCO Staff Report for LAFCO 3000/3000A/3001 Dated October 17, 2007
- 2- LAFCO Staff Report for LAFCO 3001 Dated September 10, 2007
- 3- LAFCO Staff Report for LAFCO 3000/3000A Dated September 11, 2007
- 4- Board Agenda Item Dated October 16, 2007 with Board Motions/Direction
- 5- Letter from Ken Hunt, City Manager, City of Fontana Dated October 22, 2007
- 6- Memorandum from Norm Kanold Dated November 7, 2007 Related to Status of Fire Stations #80 and #71 including Estimate of Furnishing Costs
- 7- Memorandum from Norm Kanold Dated October 18, 2007 Related to Property Tax Distributions
- 8- Community Facilities District No. 2002-2 (Central Valley FPD – Fire Protection Services) Maps and Board Agenda Items for Creation and Annexations