

INTEROFFICE MEMO

DATE January 17, 2007

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FROM **NORMAN A. KANOLD**, Assistant County Administrator for PSSG
PATRICK DENNEN, County Fire Chief and Fire Warden

TO **KATHLEEN ROLLINGS-McDONALD**, Executive Officer
Local Agency Formation Commission

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LAFCO

San Bernardino County

SUBJECT: **RESPONSE TO LAFCO APPLICATION #3000A—PROPOSED FONTANA FIRE PROTECTION DISTRICT**

The County Administrative Office and County Fire Department have evaluated LAFCO Application #3000A (Proposed Fontana Fire Protection District) and provide the following comments in advance of the scheduled Departmental Review Committee meeting scheduled for January 23, 2007:

1. Overall, the proposal appears workable and the projected revenue base would support a contractual relationship with the County Fire Department to provide the full range of fire protection, fire prevention, and emergency medical services as called for in the application.
2. The proposal calls for a **Joint Powers Authority** being created with respect to the service contract between the City of Fontana's subsidiary fire protection district and the County Fire Department. If contractual services are to be provided, the County Fire Department would prefer a simple fire service contract to a Joint Powers Authority arrangement, similar to its existing contractual arrangements with the cities of Hesperia, Adelanto, and Needles. In fact, the draft "Joint Exercise of Powers Agreement" included as Appendix L to the City's application is not drafted as a Joint Powers Agreement as authorized by the California Government Code (commencing with Section 6500) at all, but rather as a type of service agreement the County could support. The service agreement format and content would ultimately be subject to negotiations between the City and County Fire Department as well as legal review by both parties.
3. The projected expenditure plan shown under the "Anticipated Costs and Revenues" section of the application, as summarized in Figure 7 of that section, appears to be understated. This is probably due to new positions being added to certain stations since the projections were formulated. Also, the City proposes a 9% annual administrative allocation to County Fire to reimburse it for indirect overhead, and this figure was not coordinated with the County Fire Department prior to submission of the City's application to LAFCO. The actual amount of indirect overhead to be charged by County Fire to the City under a contractual relationship would be a subject of negotiation and would probably be based on actual cost consequences to the Department for providing the service. Assumptions were not provided in the City's application for the annual increases in the

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Salaries and Benefits and **Services and Supplies** series, although the draft JPA agreement implies that a standard cost-of-living adjustment would be applied each year to the previous year's series contract numbers. This arrangement would be unacceptable to the County Fire Department with respect to Salary and Benefit increases, as contract cities are required to pay the actual direct costs of the positions as determined by various collective bargaining agreements. Again, specific compensation provisions of the fire service contract would be a matter of negotiation between the parties.

Notwithstanding these issues, the revenue assumptions used by the City indicate a revenue surplus will be available over the expenditure projections to fund any discrepancies in the expenditure plan (see Figure 12 under "Conclusions of Fiscal Analysis" section), and that is based on a conservative annual property tax growth rate of only 4%. Under these circumstances, it would appear that the City will have the needed revenue base to meet any added expenditure levels of a service contract as described in the preceding paragraph.

4. An issue with the proposed boundaries of the Fontana Fire Protection District concerns Station 76 (Bloomington), which lies outside of the proposed boundaries. The City's application proposes that this station would continue to provide coverage to the unincorporated community of Bloomington and also provide mutual response to the new Fontana Fire Protection District. In addition, Station 77 (Southeastern Fontana Fire Station) would provide reciprocal response into the Bloomington area with the expectation of payment for a disproportional response. Funding for Station 76, which has in the past been funded by the entire tax base of the Central Valley Fire Protection District, would now need to come from those remaining fire tax areas in the County's proposed "Valley Improvement District," as the leftover unincorporated island that would be created would not be able to generate sufficient tax dollars to fund station operations at current service levels. Further, this island's tax area is continually being eroded due to annexations of territory to the cities of Fontana and Rialto. It is requested that LAFCO review the negative impact of the district's proposed formation with respect to this station's operations, and that funding solutions be explored in this regard including the possibility of this island being included in the City's proposed fire district boundaries.

Please contact either of us if you have any questions regarding these comments prior to the DRC meeting on January 23rd.

NAK:smj

cc: Dan Wurl, Deputy Chief
Wayne Thies, Administrative Analyst III