

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

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DATE: JUNE 10, 2014

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TO: LOCAL AGENCY FORMATION COMMISSION

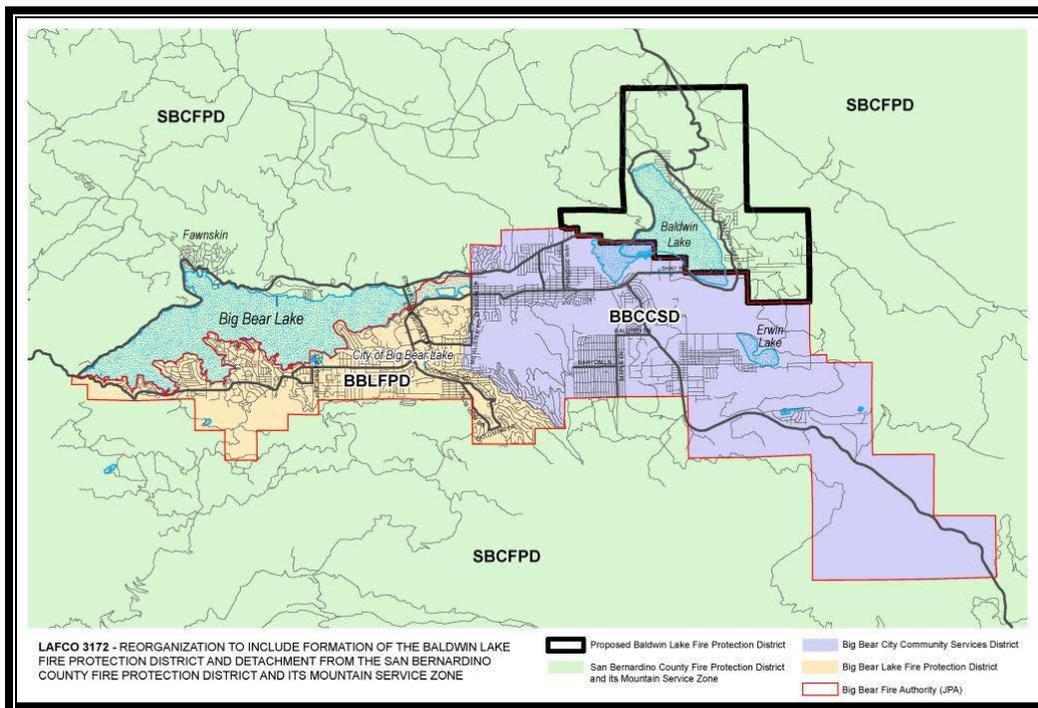
SUBJECT: AGENDA ITEM #5 -- LAFCO 3172 – REORGANIZATION TO INCLUDE
EITHER:
(1) ANNEXATION TO THE BIG BEAR CITY COMMUNITY
SERVICES DISTRICT AND FORMATION OF AN IMPROVEMENT
DISTRICT, OR
(2) FORMATION OF THE BALDWIN LAKE FIRE PROTECTION
DISTRICT
WITH DETACHMENT FROM THE SAN BERNARDINIO COUNTY FIRE
PROTECTION DISTRICT AND ITS MOUNTAIN SERVICE ZONE

INTRODUCTION

In April 2013 members of the Baldwin Lake community submitted an application to the Local Agency Formation Commission (LAFCO) for San Bernardino County to reorganize the delivery of fire protection and emergency medical response within their community by registered voter petition. The petition was certified by the County Registrar of Voters as being sufficient (including more than 25% of the registered voters within the area) in March 2013 and assigned the proposal processing number of LAFCO 3172. At the outset of processing this proposal, it is important to understand that the delivery of fire protection within an urban forest is made up of several levels of response. Wildland fire protection is the responsibility of both the U.S. Forest Service within the National Forest and CALFIRE within the defined State Responsibility Area (defined by Public Resources Code 4102 as “State responsibility areas” means areas of the state in which the financial responsibility of preventing and suppressing fires has been determined by the board pursuant to Section 4125, to be primarily the responsibility of the state.”). This designation directly relates to the implementation of the state fire protection fees imposed on the Bear Valley community, excluding the City of Big Bear Lake. The San Bernardino County Fire Protection District,

the Big Bear Fire Authority (made up of the Big Bear Lake Fire Protection District and Big Bear City Community Services District) and the Baldwin Lake Volunteer Fire Department provide structural fire protection and emergency medical response within the Big Bear Valley. LAFCO 3172 addresses only the question of the provision of structural fire protection and emergency medical response for the Baldwin Lake community.

The proposal as originally submitted envisioned the creation of a new independent fire protection district for the Baldwin Lake community with an independently elected board of directors to take over responsibility for the volunteer fire department operating within the community. The rationale for this change was identified as: the financial subsidies for the volunteer fire department from a small group of residents are ending and a new means to maintain the fire operation is needed. Attachment #1 provides the map of the Baldwin Lake community being considered for change which is also shown below and Attachment #2 provides the application submitted by the proponents including the Plan for Service and its amendments, and comments received related to the processing of the proposal:



While the submission of LAFCO 3172 started the official consideration of the proposal, it was in reality the culmination of approximately 18 months of negotiations and talks with the San Bernardino County Fire Protection District (hereafter identified as County Fire) administration, LAFCO staff, and the representatives of the Big Bear Fire Authority (a Joint Powers Authority composed of the Big Bear Lake Fire Protection District [a subsidiary district of the City of Big Bear Lake and Big Bear City Community Services District]). Throughout these discussions LAFCO staff has emphasized the position of State law and the Commission for more than 20 years that efforts for change should revolve around simplifying the delivery of fire protection and emergency medical response by moving

toward a single fire service provider. Not the opposite, the creation of another fire provider within Bear Valley community.

At the February 19, 2014 Commission hearing, LAFCO staff presented the Commission with the question of whether or not to move forward with LAFCO 3172 as presented for formation based upon the recommendation of its environmental consultant that an Environmental Impact Report was necessary (copy of report included as Attachment #3). As outlined in that report the questions on financial sustainability along with the model of an all-volunteer force pointed toward modifying the proposal to an annexation to an existing fire service provider, the Big Bear City Community Services District (hereafter shown as "Big Bear City CSD"). At the conclusion of that hearing, the Commission approved the staff's recommendation to modify the proposal to provide for annexation to the Big Bear City CSD with the position that if there were obstacles presented to the annexation that the staff moves forward with the evaluation of the formation of the fire protection district. The rationale for the request for concurrent consideration related to the need for timing to transition the fire service and its funding streams.

With that direction, staff has evaluated both proposals for presentation so as to not further delay the consideration. The Commission's environmental consultant was directed to prepare an initial study with a mitigated negative declaration assessing both options. The Baldwin Lake community is being asked to evaluate the different methods for the delivery of service with the statement that the rationale for this proposal is to: (1) maintain a local emergency medical response which can maintain a five minute response time; and (2) provide for the financial sustainability of the option chosen. The alternatives for change are the annexation to the Big Bear City CSD or the formation of a new fire protection district. However, the third alternative is the status quo under the auspices of County Fire with the elimination of the volunteer fire department.

The following discussion will evaluate the proposals against the mandatory criteria the Commission is required to review as set forth in Government Code Section 56000 et al. The narrative which follows provides a more detailed discussion of the various specific actions and consequences of the changes proposed by the reorganization presented to LAFCO and as amended by Commission action.

BACKGROUND:

The background on LAFCO 3172 was outlined in the staff report dated February 11, 2014 (included as Attachment #3) and will not be reiterated here. However, it is important to note specific items related to the approval of staff's recommendation at the February hearing. The proposal was modified to become an annexation to the Big Bear City CSD which by necessity will include the creation of an improvement district of the Big Bear City CSD to isolate the service delivery. This option was available to the Commission since, in 2011, the area of consideration was included in the sphere of influence of the Big Bear City CSD as a function of the service review/sphere of influence update for the Bear Valley community. No other changes in sphere of influence determinations related to fire protection for this community were included in that review but the report reiterated the

Commission's longstanding position that ultimately a single fire provider for the Bear Valley community was appropriate and needed. A copy of the actions and information prepared for the Bear Valley community are available on the Commission's website at: <http://www.sbclafco.org/Proposals/ServiceReviews/MountainRegion/BearValley.aspx>.

The Commission's approval at the February hearing to modify LAFCO 3172 also directed staff to undertake numerous actions within the community. In the interim, LAFCO staff has requested that the Big Bear City CSD staff prepare a Plan for Service and Fiscal Impact Analysis for assuming the role of fire protection and emergency medical response provider for the area (a copy is included as Attachment #4 to this report). In addition, LAFCO staff conducted a community meeting in which all registered voters and landowners (266 registered voters and 1,261 individual landowners) were notified of the meeting held at the Big Bear Area Regional Wastewater Authority hearing room. The meeting was held on May 7 and was attended by approximately 60 people. Presentations were provided by LAFCO staff, County Fire (copy included as a part of Attachment #7), Baldwin Lake Fire and Big Bear Fire Authority (copy included as a part of Attachment #4) and copies of the PowerPoint presentations were made available on the LAFCO website the following day. In addition a simple survey of the Baldwin Lake community was circulated at that meeting asking two questions: (1) Which option would you prefer (a) Annexation to the Big Bear City CSD with a cost of approximately \$120 per developed parcel; (b) Formation of the Baldwin Lake Fire Protection District with an estimated cost of \$180 per developed parcel or (c) Status quo under County Fire; and (2) Would you support the creation of a single fire provider within the Big Bear Valley – yes or no. Comments were also solicited in referenced to the position taken on Question No. 2. Copies of the minutes from the community meeting are included as a part Attachment #5. LAFCO staff received 47 survey responses as of May 28, broken down as follows:

Question #1 – Responses are from registered voters

- 20 support annexation,
- 4 support formation
- 23 support retention of the status quo

Question #2 – Responses are from registered voters

- 30 support creation of a single fire provider for the Big Bear Valley
- 16 do not

The position taken in response to Question #1 does not provide a clear direction on the question of annexation; however, the support for a single fire provider for the Valley is overwhelming.

Since conducting the community meeting, a form of survey has been circulated in the community of Fawnskin, by parties unknown to LAFCO staff, requesting the community to send its position to LAFCO. This survey also asked two questions and the response has been verified to include landowners:

Question #1: Do you support the loss of tax revenue to the Fawnskin Fire Department?

1	yes
31	no

Question #2: Do you support the creation of a single fire provider for the entire Big Bear Valley?

4	yes
27	no

The responses to the first question are understandable and not unanticipated but LAFCO staff was surprised by the response to oppose a single fire provider for the Big Bear Valley, a position advocated by LAFCO for more than 20 years, but also by County Fire and County Administration.

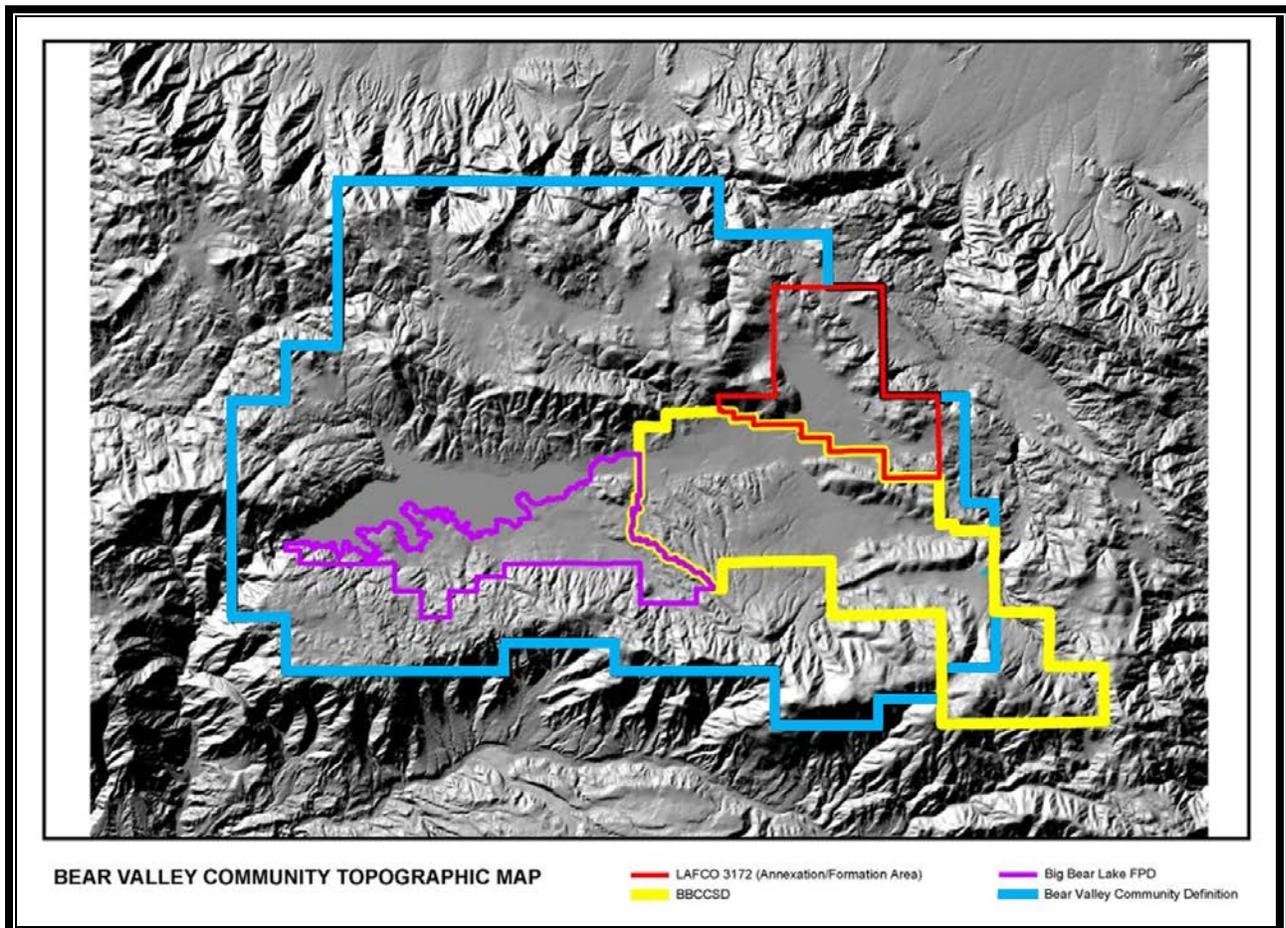
At this hearing the Commission will evaluate and make a determination on LAFCO 3172 addressing its determination of the alternative to be presented to the landowners and voters within the area for a final decision. As with all applications for jurisdictional change, the Commission's review will center on determinations related to the following:

1. BOUNDARIES: Do the boundaries presented for the reorganization alternatives represent a division which makes sense from a service delivery perspective for current and future growth? Are the boundaries definite, certain and easily recognizable? Do the boundaries promote efficient and effective service delivery?
2. LAND USE: Will approval of the proposal affect the land use authority or the decisions upon land use options?
3. FINANCIAL AND SERVICE CONSIDERATIONS: 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? Can the annexing or successor district continue to provide the level of services which existed prior to the change? Would the approval of the reorganization impair the ability of any other agency to continue providing its range and level of services?
4. ENVIRONMENTAL: Will the proposed reorganization have an adverse environmental effect that cannot be mitigated to a level of non-significance? If it does, can those adverse effects be overridden by other benefits?

As with most considerations presented to the Commission, the final determination on success or failure rests with the landowners and voters of the area. LAFCO 3172 is the same.

BOUNDARY DISCUSSION

The boundaries identified for LAFCO 3172 address the area defined for service by the Baldwin Lake Volunteer Fire Department. While no specific area was assigned during the approval process of County Fire Contract 08-880 between County Fire and Baldwin Lake Volunteer Fire Department reference is made to the “community of Baldwin Lake and surrounding area within County Fire”. LAFCO staff, during the assignment of the sphere of influence for the Big Bear City CSD in 2011, revised the sphere boundary to more accurately reflect the Baldwin Lake community. The map which follows provides the topographic relief for the area which represents a clear service delivery boundary.



The map and legal description submitted for this proposal was prepared and signed by the County Surveyor’s office. It provides for a definite and certain boundary for LAFCO 3172 as required by LAFCO law.

LAND USE

The review and approval of LAFCO 3172 for either alternative, annexation or formation, will have no direct effect on the land use designations assigned by the County. It will, however, assist in implementing the goals as established by the County General Plan Update which was to require the preparation of a Fire Master Plan for Service and the determination of appropriate standards of coverage.

However, it should be noted that the land uses within the Baldwin Lake community pose a unique situation in that the lands along Baldwin Lake Road and North Shore Drive were originally subdivided into lots generally identified as “tent lots” with dimensions of 25 ft. x 100 ft. and in some cases 25 ft. x 50 ft. The land use maps supplied by the County show that the smallest lot allowed within the area is one-half acre, but as a legal lot development can occur if the floor area to parcel coverage limitations, mandatory setback and road dedications, and the provision of water and wastewater collection can be met. For most along the lakefront, this means that they must consolidate parcels in order to develop even the smallest structure. During the 1996 review of the Baldwin Lake community within LAFCO 2800, it was identified that three or more parcels would be needed to meet these requirements. However, the current response from County Planning to LAFCO 3172 does not identify a minimum number of parcels, instead providing the language of the San Bernardino Development Code Section 84.22.030 for small lot standards. In addition, since Baldwin Lake is within a Fire Safety Overlay Zone any development would need to meet the more stringent fire requirements regardless of fire jurisdiction.

Since either option for review in the reorganization anticipates a per parcel charge, the need to consolidate parcels for development may have an impact on the long-term financial sustainability question. However, it is the staff’s position that given the increase in valuation through development, any such change would be ameliorated.

SERVICE CONSIDERATIONS AND FINANCIAL EFFECTS

The questions related to the service considerations and financial effects for LAFCO 3172 represent the crux of the issue for Commission consideration. In the staff view, and that of LAFCO law, in either alternative it is the responsibility of the Commission to determine whether or not the proposal is sustainable, meaning can it continue to provide for the level of service contemplated. So the task for the Commission is to evaluate the information which has been provided for the operations either for formation or annexation and answer the same range of questions that were posed in the County Fire Reorganization back in 2008:

Does the change represent the best available service option for the community?
Does it provide for a more efficient, effective and accountable form of government?
Can the successor entity continue to provide the level of services which were previously provided by the Baldwin Lake Volunteer Fire Department? Would the

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

The two alternatives are vastly different in their perspectives on the delivery of service:

1. The Annexation alternative would include the area of Baldwin Lake within the Big Bear City CSD boundary for the delivery of fire protection and emergency medical response only. The Big Bear City CSD currently provides water, sewer, fire protection and emergency medical response, streetlights, solid waste, and park and recreation services. In order to assure that the service provision is limited to fire protection and emergency response, the annexation alternative provides for a concurrent the formation of an improvement district of the CSD. Ambulance service is currently provided by the Big Bear City CSD to this area, as well as the balance of the Bear Valley community, through assignment of the Exclusive Operating Area by the Inland Counties Emergency Medical Authority (ICEMA). The exclusion of the water, sewer, streetlights, and park and recreation services are not difficult as there is no funding for extension of these facilities and any charges or fees assessed for that will be conditionally excluded. However, the exclusion of the solid waste authority will be through a condition of approval which continues the existing franchise authorized to Big Bear Disposal for the area, but provides for the transfer of the franchise fee to the Big Bear City CSD.

In order to provide for the continuation of the level and range of fire protection service, this option extends the District's existing special tax for fire protection currently assessed at \$123.31 for developed parcels and \$59.86 for undeveloped parcels allowing for up to a 2% annual increase.

2. The formation alternative for the creation of the Baldwin Lake Independent Fire District proposes a new public entity, formed under Fire Protection District Law (Health and Safety Code 13800 et seq.) to provide fire protection and emergency medical response to the Baldwin Lake community. As of April 14, 2014 the Plan for Service has been amended to anticipate an independently elected Board of Directors, the employment of a full-time Fire Chief and General Manager and providing payment for the staffing at the station. It includes the projection of the revenues and expenditures for the five years following formation as required by Commission policy, noting that the per parcel special tax would be for \$180 per developed parcel and \$90 per undeveloped parcel the first year with an annual 3% increase allowed.

As outlined at the February hearing, this alternative does not meet Commission policy and the direction of State law. The direction to the Commission from State law is contained in Government Code Section 56301 which states in part:

“Among the purposes of a commission are discouraging urban sprawl, preserving open-space and prime agricultural lands, efficiently providing government services, and encouraging the orderly formation and development of local agencies based upon local conditions and

circumstances.” ...

“When the formation of a new government entity is proposed, a commission shall make a determination as to whether existing agencies can feasibly provide the needed service or services in a more efficient and accountable manner. If a new single-purpose agency is deemed necessary, the commission shall consider reorganization with other single-purpose agencies that provide related services.”

The consideration at the February hearing identified that an existing agency can provide the service anticipated by the creation of a new fire provider in the Big Bear Valley. This hearing will again evaluate that question.

To address the question of whether or not either of the alternatives presented in LAFCO 3172 represents the best available service option for the community, LAFCO staff requested information on the historic call distribution within the Baldwin Lake area. The chart which follows identifies the last four full fiscal years of incident responses as provided by “CONFIRE” which is the Joint Powers Authority that provides dispatch services in this area in response to a public records request. For clarification, response is defined as anytime a single unit is assigned to a call for service and Big Bear Fire relates to the JPA which includes Big Bear City CSD. A full copy of the CONFIRE response is included in Attachment #6 to this report.

	TOTAL INCIDENTS	WENT ENROUTE	WENT ON SCENE
Fiscal Year 2009-10	72		
Baldwin Lake Fire		76	64
Big Bear Fire		86	54
County Fire		50	18
Forest Service		3	1
Apple Valley		3	0
Fiscal Year 2010-11	51		
Baldwin Lake Fire		55	47
Big Bear Fire		66	41
County Fire		54	20
Forest Service		4	0
Running Springs		1	0
AMR		1	0
Fiscal Year 2011-12	39		
Baldwin Lake Fire		40	33
Big Bear Fire		45	32
County Fire		45	14
Fiscal Year 2012-13	44		
Baldwin Lake		40	40
Big Bear Fire		27	25
County Fire		44	12
Forest Service		0	1

The on-scene call distribution is further broken down by CONFIRE data to show the types of calls. This information is shown on the table that follows.

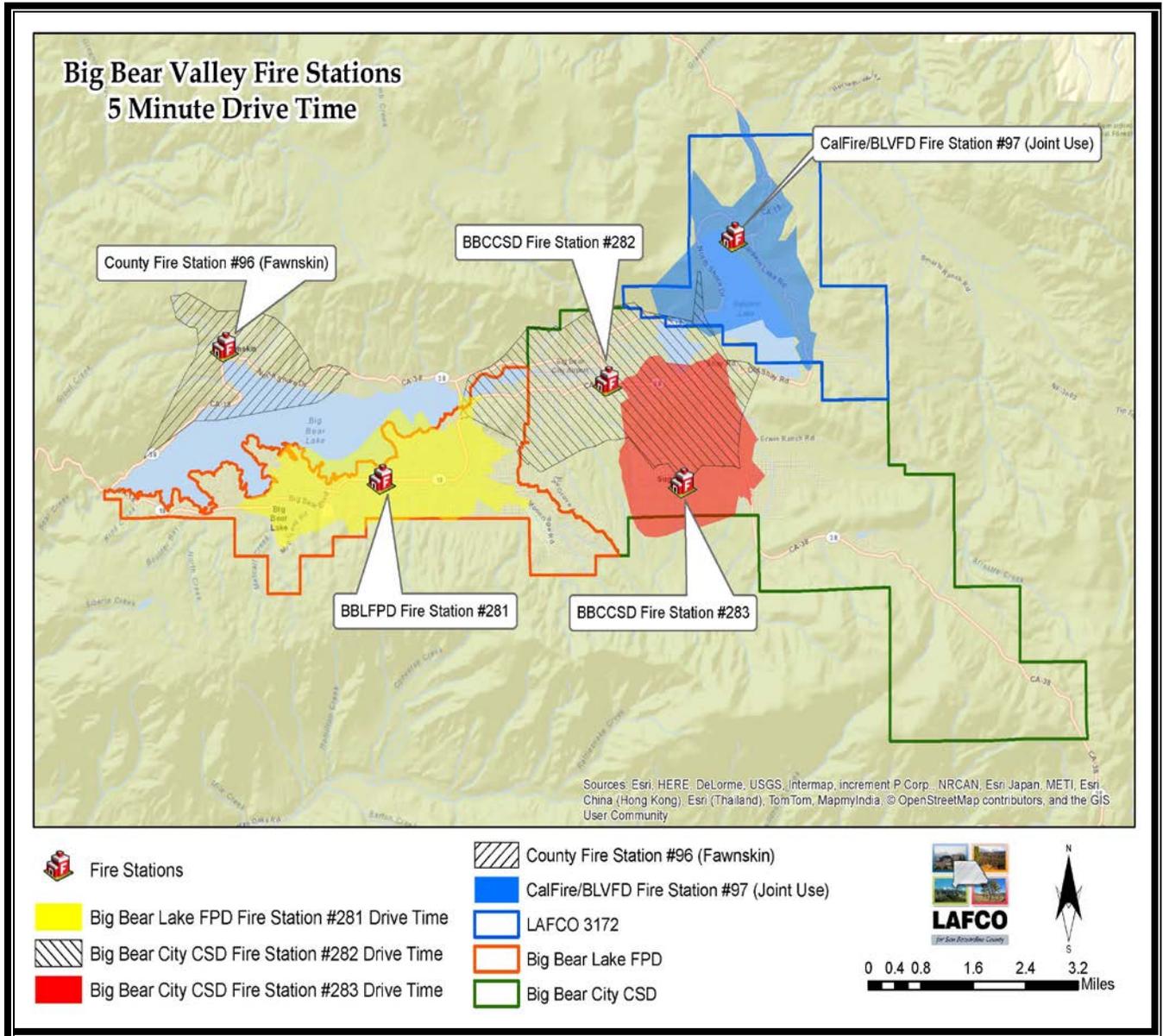
Baldwin Lake Response Data									
Unit Went Onscene									
	Category								Total
	Medical	Other Fire	Other Incidents	Public Service	T/C w/ Extrication	Traffic Collisions	Vegetation Fire	Vehicle Fire	
Fiscal Year 09-10									
Apple Valley									
Baldwin Lake	35		13	2	1	8	4	1	64
Big Bear	33		2		2	12	3	2	54
County Fire	11		2			3	2		18
Forest Service							1		1
Sub-Total	79	0	17	2	3	23	10	3	137
Fiscal Year 10-11									
Baldwin Lake	30	1	7	3		4		2	47
Big Bear	29		1			5		6	41
County Fire	12		2	1		4		1	20
Sub-Total	71	1	10	4	0	13	0	9	108
Fiscal Year 11-12									
Baldwin Lake	15	1	3	2	2	8	1	1	33
Big Bear	16				9	3	2	2	32
County Fire	6		2		3	3			14
Sub-Total	37	1	5	2	14	14	3	3	79
Fiscal Year 12-13									
Baldwin Lake	13		14	3		10			40
Big Bear	14					11			25
County Fire	5		5	1		1			12
Forest Service						1			1
Sub-Total	32	0	19	4	0	23	0	0	78
TOTAL	219	2	51	12	17	73	13	15	402

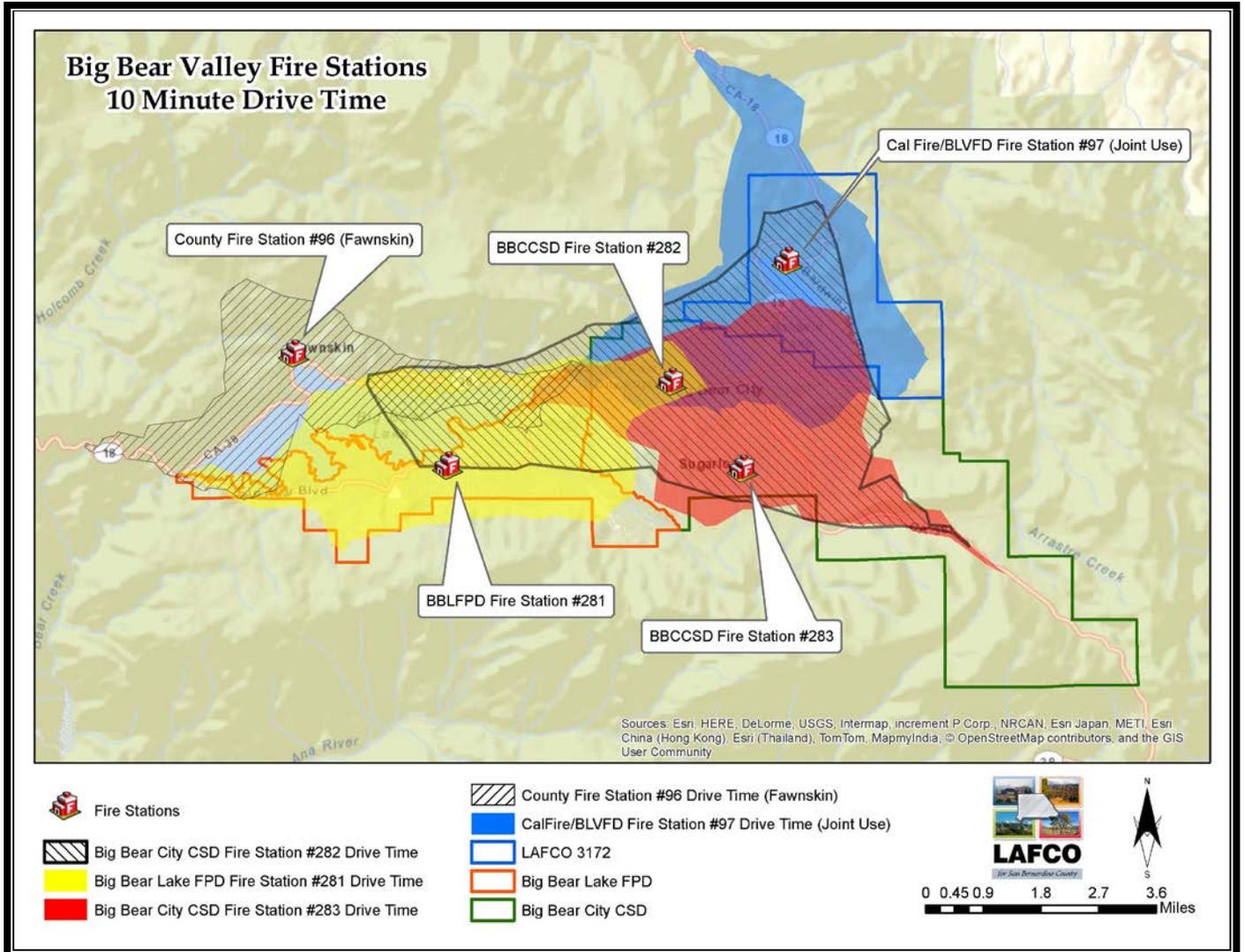
Note - For FY 10-11, AMR, Forest Service and Running Springs were removed from the chart due to lack of on-scene response.

The table above identifies that slightly more than 50% of the on-scene responses were for medical aid. The category of "Other Incidents" includes investigations, outside electrical incident (ZAP) and residential alarm response. Within each Fiscal Year, more than 80% of the on-scene response was provided by Baldwin Lake or Big Bear Fire. This shows that the consolidation of fire service under Big Bear Fire would be an effective mechanism to address fire responsibility.

As a further test of the boundary as proposed for reorganization under LAFCO 3172 to determine whether or not it was the most effective and efficient service delivery model under Big Bear Fire, LAFCO staff utilized ESRI's Community Analyst and ArcGIS to conduct an analysis of a 10-minute and 5-minute drive time from the existing stations within the Bear Valley community. The 5-minute drive time reflects the standard for an emergency medical response; the 10-minute drive time reflects the standard for all other types of fire response in a suburban setting as defined by the National Fire Protection

Association in its Standard identified as NFPA 1720. Of note, drive time reflects data from the station to the location; it is not reflecting incident response times from dispatch data. The maps below reflect these response times:





The map above also provides a graphic depiction of the overlap and relationship between the Baldwin Lake community and the fire and emergency medical response from the Big Bear City CSD stations operated under the Big Bear Fire Joint Powers Authority. However, it also provides a graphic display of the Valley-wide service response relationship which, in the staff view, once again points toward the need to address the question of a single fire provider for the Big Bear Valley.

Based upon the service information developed, it is staff's position that the alternative to provide for annexation of the Baldwin Lake community to the Big Bear City CSD provides the best alternative for the delivery of fire protection and emergency medical response based upon the parameters identified in the plan for service that maintains a station within the Baldwin Lake community.

Financial Effects:

The next test for review relates to the financial abilities of each option to provide for the service to the Baldwin Lake Community. The first part of this consideration relates to a determination as to the share of the general ad valorem property tax that would be transferred to the new Baldwin Lake Fire Protection District or through the annexation to Big Bear City CSD. The original proposal, formation, was required to have a property tax transfer determination pursuant Government Code Section 56810. The process took the costs for providing the service for the last audited fiscal (FY 2011-12 as the analysis was conducted at the end of FY 2012-13) and applied the percentage share property tax as determined by the County Auditor for the San Bernardino County Fire Protection District, its Mountain Service Zone and the County General Fund (as it provides a subsidy for the service delivery). The calculations for this process are included in Attachment #7 and shown below:

LAFCO 3172		Attachment A			
Entity	Baldwin Lake Allocated Expenditures (12.7%)	Revenue	Net Cost	Percentage from Property Tax	Amount to be Transferred
Mountain Regional Service Zone	130,921.30	-	130,921.30	0.9612	125,841.55
San Bernardino County Fire Protection District	14,394.73	-	14,394.73	0.3401	4,895.65
County of San Bernardino (General Fund Share of Impacted TRAs)	9,491.93	-	9,491.93	0.6623	<u>6,286.51</u>
					137,023.71

The annexation alternative modification by the Commission does not involve the formation of a new public agency; therefore, it should only involve a transfer of the property tax revenues associated with the detaching agencies, County Fire and its Mountain Service Zone. LAFCO staff contacted the County Auditor-Controller to identify the property tax revenues within the affected Tax Rate Areas(TRA) which represents a total of \$141,606 to be transferred. The chart below identifies the affected TRAs and the associated revenues:

LAFCO 3172 BALDWIN LAKE
FIRE REORGANIZATION
JUNE 10, 2014

LAFCO - Baldwin Lake Fire																
Rev % in Major TRA:																
FY 2013/14																
TRA	57002		57006		57011		57012		57067		88007		88035		Total	
Assessed Value	\$	6,453,242	\$	13,649,196	\$	51,699,740	\$	19,925,042	\$	1,043,734	\$	7,749	\$	1,108,677	\$	93,887,380
Tax Revenue	\$	64,532	\$	136,402	\$	516,997	\$	199,250	\$	10,437	\$	77	\$	11,087	\$	938,872
		1% of Assessed Value		1% of Assessed Value												
County Agencies	Tax Distribution %	Tax Revenue	Tax Distribution %	Tax Revenue												
COUNTY GENERAL FUND	15.142584%	9,772	15.134960%	20,658	15.144106%	78,295	15.141327%	30,169	15.141327%	1,580	13.997362%	11	12.999157%	1,435		141,920
FLOOD CONTROL ZONE 6	1.197197%	773	1.196639%	1,633	1.197259%	6,190	1.197097%	2,385	1.197097%	125	0.935745%	1	1.023011%	113		11,220
FLOOD CONTROL ADMIN 3-6	9.180300%	59	9.175300%	125	0.091799%	475	0.091790%	183	0.091790%	10	0.062383%	0	0.078493%	9		861
COUNTY FREE LIBRARY	1.470367%	949	1.469900%	2,006	1.470524%	7,603	1.470277%	2,930	1.470277%	153	1.310044%	1	1.255822%	139		13,781
County Agencies		11,553		24,422		92,563		35,667		1,868		13		1,696	County Agencies	167,782
Other Affected Agencies																
CSA 70	0.000000%	-	0.000000%	-	0.000000%	-	0.000000%	-	0.000000%	-	0.000000%	-	0.000000%	-		-
SAN BUNO CNTY FIRE PROT DIST	12.342099%	7,965	12.336709%	16,839	12.342841%	63,812	12.341043%	24,500	12.341043%	1,288	9.981285%	8	10.545526%	1,169		115,671
SAN BUNO CNTY FIRE PROT DIST	2.767452%	1,786	2.766077%	3,776	2.767605%	14,308	2.767159%	5,514	2.767159%	289	2.284609%	2	2.364025%	262		25,937
BIG BEAR VLY PARK & REC DIST	3.785694%	2,443	3.784007%	5,165	3.785907%	19,573	3.785357%	7,542	3.785357%	395	3.056768%	2	3.234697%	399		35,479
BIG BEAR CITY AIRPORT DIST	2.491852%	1,608	2.490731%	3,400	2.492000%	12,884	2.491642%	4,965	2.491642%	260	1.996257%	2	2.129142%	236		23,355
BEAR VLY COMM HOSP DIST	1.916420%	1,237	1.915540%	2,615	1.916533%	9,908	1.916262%	3,818	1.916262%	200	1.559576%	1	1.637454%	182		17,961
MOJAVE DESERT RES CONS DIST	0.000000%	-	0.000000%	-	0.000000%	-	0.000000%	-	0.000000%	-	0.062383%	0	0.068947%	8		8
INLAND EMPIRE JT RES CONS DIST	9.015200%	58	0.137099%	187	0.082901%	429	0.098910%	197	0.098910%	10	0.000000%	-	0.000000%	-		881
BIG BEAR MUNICIPAL WATER DIST	6.484973%	4,191	6.482044%	8,861	6.489353%	33,581	6.484419%	12,940	6.484419%	678	5.364941%	4	5.548464%	615		60,870
Other Agencies		19,288		40,843		154,495		59,566		3,120		19		2,831	Other Agencies	280,162
Total Revenue		30,841		65,265		247,058		95,233		4,988		32		4,527	Total Revenue	447,944

Prepared by: D Caringer - 5/6/2013
Revised 6/5/13
Revised 3/31/14

S:\AFCO\AFCO Series, 3000\AFCO 3172\Baldwin Lake Fire\AFCO 3172 Revised per request
Condensed Version Prepared by LAFCO - 6/10/14

The Big Bear City CSD was requested to provide a Plan for Service along with a fiscal impact analysis identifying the costs and revenues for providing this service for the annexation alternative. On April 14, 2014 the information was provided showing that the area could be included within the larger agency and provide for maintaining the level of service. The chart below was taken from that Plan identifying revenues and expenditures. It is important to note, that the annexation to the District would include the maintenance of the District's fire special tax which for FY 2014-15 is set at \$123.61 per developed parcel, \$59.31 per undeveloped parcel. There are different rates for commercial and industrial properties, but LAFCO staff is unaware of any such land use types within the affected area. The fiscal impact analysis identifies that there will be a shortfall the first year of operation under the Big Bear City CSD based upon the purchase of assets from the former Baldwin Lake Volunteer Fire Department. Under a public agency to public agency transfer process, these assets would be transition as a condition of approval. However, this is a transfer from a private non-profit to the public agency, and therefore will be negotiated outside the LAFCO process. Thereafter the operations are identified as operating with a positive fund balance but one which is decreasing as the years progress.

Baldwin Lake					
5 Year Budget Scenario					
	2014-15	2015-16	2016-17	2017-18	2018-19
Revenue:					
Property Tax	145,352	148,259	151,224	154,249	157,334
Prevention and Protection Tax - residential	49,616	50,857	52,128	53,432	54,767
Prevention and Protection Tax - vacant	104,427	107,038	109,714	112,456	115,268
Total estimated revenue	299,396	306,154	313,066	320,137	327,369
Operations and maintenance (O&M):					
Engineer promotion to Captain (3)	70,000	72,100	74,263	76,491	78,786
Firefighter/Paramedic promotion to Engineer (3)	69,500	71,585	73,733	75,945	78,223
Minimum staffing	35,000	36,050	37,132	38,245	39,393
Taxroll maintenance	12,000	6,000	6,000	6,000	6,000
Facilities lease	24,000	24,000	24,000	24,000	24,000
Liability insurance	6,160	6,345	6,535	6,535	6,535
Property insurance	4,000	4,120	4,244	4,371	4,502
Purchase Assets	25,000	-	-	-	-
Utilities	15,000	15,450	15,914	16,391	16,883
Vehicle expense	11,000	11,330	11,670	12,020	12,381
Fuel	5,000	5,100	5,202	5,306	5,412
Dispatch	1,050	1,071	1,092	1,114	1,137
Radios	3,000	3,000	3,000	3,000	3,000
Equipment replacement	26,500	27,295	28,114	28,957	29,826
Other operating expense	9,000	9,270	9,548	9,835	10,130
Total estimated appropriations	316,210	292,716	300,445	308,210	316,206
Net revenue	(16,814)	13,438	12,621	11,927	11,163

The materials identify a positive cash flow for the operations contributing to the overall positive financial position for the JPA.

The fiscal impact analysis for the formation option, as revised in April 2014, for the Baldwin Lake Fire Protection District identifies revenues and expenditures for the agency noting that it will include the hiring of a Fire Chief and General Manager for the District. Typically under Fire Protection District law, the Fire Chief directly reports to the Fire Board and provides for the management of the District. Therefore, LAFCO staff has identified that the District would have a Fire Chief and an administrative position to prepare budgets, handle purchasing, personnel issues and pay the bills under the direction of the Fire Chief maintaining the combined total for personnel. The revenues, as originally shown by the applicants, identified that property tax revenues would increase by 3% per year, while Prop. 13 limits the natural increase to a maximum of 2% per year. LAFCO staff has modified this line item accordingly. Based upon these changes, it was clear that the \$180/\$90 per parcel special tax is insufficient to fund the level of fire protection/emergency response service proposed for the new agency while providing for a sufficient reserve. Therefore, LAFCO

staff has modified this line item to reflect a \$200 per developed parcel special tax (applied to the existing 404 developed parcels) and a \$100 per undeveloped parcel (applied to 1,742 parcels). This will provide for a 10% cash balance for the first two years of operation at least.

Commission policy related to determinations of sustainability indicates the requirement for a 10% of total expenditure reserve (articulated specifically for incorporation). As noted above, the staff modifications to the fiscal impact analysis for formation would allow for the 10% cash balance for the first two years, but fall short in the last three years of the projection. If the revenues continue on a downward spiral; the District would need to raise revenues in order to continue its operations and unlike the Big Bear City CSD, it would have only the Baldwin Lake community to provide the revenues.

	ACTUAL 2011	ACTUAL 2012	ACTUAL 2013	BUDGET 2014- 15	ESTIMATE 2015-16	ESTIMATE 2016-17	ESTIMATE 2017-18	ESTIMATE 2018-19
Sources of Revenue								
Donations	\$41,291	\$41,053	\$42,853	\$0	\$0	\$0	\$0	\$0
Property tax revenue	\$0	\$0	\$0	\$137,000	\$139,740	\$142,535	\$145,385	\$148,293
Assessment fees houses	\$0	\$0	\$0	\$80,800	\$84,888	\$89,184	\$93,697	\$98,438
Assessment fees vacant lots	\$0	\$0	\$0	\$174,200	\$174,130	\$175,126	\$176,646	\$177,657
Reimbursable call fees	\$0	\$0	\$0	\$15,000	\$15,300	\$15,606	\$15,918	\$16,236
Calfire Rental Payment	\$0	\$0	\$0	\$12,000	\$12,480	\$12,979	\$13,498	\$14,038
Total revenue generated	\$41,291	\$41,053	\$42,853	\$419,000	\$426,539	\$435,430	\$445,144	\$454,662
Expenditures								
Employee Costs	\$0	\$0	\$0	\$241,760	\$249,013	\$256,483	\$264,178	\$272,103
Contract Services	\$0	\$0	\$0	\$14,000	\$14,420	\$14,853	\$15,298	\$15,757
Workers Comp. Insurance	\$0	\$0	\$0	\$14,840	\$15,285	\$15,744	\$16,216	\$16,703
Facility Rent	\$24,000	\$24,000	\$24,000	\$30,000	\$30,900	\$31,827	\$32,782	\$33,765
Utilities	\$1,067	\$1,065	\$1,143	\$2,760	\$2,843	\$2,928	\$3,016	\$3,106
Equipment and Related	\$0	\$0	\$0	\$35,000	\$40,000	\$50,000	\$50,000	\$50,000
Fuel	\$4,801	\$5,128	\$4,399	\$5,641	\$6,205	\$6,825	\$7,508	\$8,259
Equipment Maintenance	\$4,319	\$2,974	\$5,115	\$6,000	\$6,200	\$6,400	\$6,600	\$6,800
Radios/dispatch fees	\$960	\$960	\$960	\$3,600	\$3,672	\$3,745	\$3,820	\$3,897
Facility Consumables	\$477	\$452	\$593	\$500	\$525	\$551	\$579	\$608
Facility Maintenance	\$889	\$1,740	\$645	\$1,000	\$1,050	\$1,103	\$1,158	\$1,216
General Insurance	\$4,295	\$4,586	\$5,306	\$4,815	\$4,959	\$5,108	\$5,261	\$5,419
Community Relations	\$0	\$0	\$0	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
Subscriptions	\$0	\$0	\$0	\$2,000	\$2,100	\$2,200	\$2,300	\$2,400
Election Fees	\$0	\$0	\$0	\$6,000	\$0	\$1,200	\$0	\$1,400
LAFCO Fee	\$0	\$0	\$0	\$100	\$100	\$100	\$100	\$100
Miscellaneous Expenses	\$483	\$148	\$612	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Directors Fees and	\$0	\$0	\$0	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Unanticipated expenses	\$0	\$0	\$0	\$5,000	\$5,000	\$5,000	\$5,000	\$5,000
Total Expenditures	\$41,291	\$41,053	\$42,773	\$379,516	\$388,772	\$410,567	\$420,316	\$433,033
Net Change In Assets	\$0	\$0	\$0	\$39,484	\$37,766	\$24,863	\$24,828	\$21,628
<i>Revised by LAFCO staff</i>								

AFFECT UPON OTHER AGENCIES PROVIDING SERVICE:

As outlined in the materials presented to the Commission thus far, LAFCO 3172 has two alternatives: (1) the annexation to the Big Bear City CSD for fire and emergency medical response now provided through the Joint Powers Authority and (2) the formation of an independent fire protection district to serve the area. However, there is the option of retention of the status quo which would be remaining within the service boundary of County Fire.

As outlined in the opening to this report and reiterated by Chief Winslow of the Baldwin Lake Volunteer Fire Department, he will no longer provide support for the volunteer fire department activity. The materials contained in the Plan for Service for either alternative identify the level of service will not change through approval of LAFCO 3172. However, the change of organization will have an effect upon the continuing fire service provided through the Fawnskin Fire Station (Station #96) of County Fire as identified by its Chief, Chief Mark Hartwig. The response received from County Fire has been to oppose either alternative presented to the Commission on the basis that it will further deplete the revenue stream for Station #96. The following chart is an excerpt of data provided to LAFCO staff by the County Administrative Office which outlines the current funding issues for this station. It is the position of the County that approval of LAFCO 3172 would only exacerbate the funding issues being experienced and cause County Fire to remove paramedics from service. Copies of these materials are included in Attachment #7.

One item that of note by LAFCO staff, however, is that the reimbursement of costs incurred by County Fire to place paramedics on the ambulance housed and operated out of Station #96 by County Agreement 2000-226 do not appear to be included in this calculation. This agreement was determined to be exempt from the provisions of Government Code Section 56133 (LAFCO SC#249) on March 31, 2005 and in continuous operation since having been succeeded to as a function of LAFCO 3000 (County Fire Reorganization). In addition, the reimbursement provisions of County Contract 98-747 were waived by the Big Bear City CSD in 2009 due to the mutual benefit of the cross staffing of the ambulance at the Fawnskin Station and other regional services, eliminating an agreed upon \$4,000 annual reimbursement. Copies of these materials are also included in Attachment #7.

Fawnskin/Baldwin Lake Area Revenue and Expense Summary			
Revenue			
	11/12 Actual	12/13 Actual	13/14 Budget
1) Fawnskin Property Taxes UF01-GA02	\$ 616,748	\$ 628,742	\$ 628,742
1) SBCFPD Property Tax Fawnskin UF01-GA05	\$ 61,598	\$ 63,599	\$ 63,599
1) Baldwin Lake Property Taxes UF01-GA02	\$ 111,595	\$ 111,366	\$ 111,366
1) SBCFPD Property Tax Baldwin lake UF01-GA05	\$ 24,643	\$ 24,971	\$ 24,971
Total Property Taxes	\$ 814,583	\$ 828,678	\$ 828,678
Total Revenue	\$ 814,583	\$ 828,679	\$ 828,679
Expenses			
	11/12 BUDGET	12/13 BUDGET	13/14 BUDGET
Salaries and Benefits			
(3) Captains	\$ 519,083	\$ 536,333	\$ 583,186
(3) Fire Fighters	\$ 373,115	\$ 397,456	\$ 423,691
PCF's	\$ 37,655	\$ 22,865	\$ 22,599
Total Salaries and Benefits	\$ 929,853	\$ 956,655	\$ 1,029,477
Operating Expenses			
Services & Supplies	\$ 103,292	\$ 107,020	\$ 120,643
Mountain Admin Budget O/H	\$ 102,776	\$ 90,210	\$ 137,210
FPD Fire/Admin Budget O/H	\$ 143,069	\$ 145,883	\$ 88,744
2) Total Operating Expenses	\$ 349,137	\$ 343,113	\$ 346,596
Total Expenses	\$ 1,278,990	\$ 1,299,767	\$ 1,376,073
Net Revenue/(Expense)	\$ (464,407)	\$ (471,088)	\$ (547,394)
Summary by Location			
Fawnskin Revenue	\$ 678,346	\$ 692,341	\$ 692,341
Fawnskin Salaries & Benefits 87.3%	\$ 811,565	\$ 834,957	\$ 898,515
Fawnskin Expenses 87.3%	\$ 304,723	\$ 299,465	\$ 302,505
Fawnskin Net Revenue/(Expense) in Fund Balance	\$ (437,942)	\$ (442,081)	\$ (508,679)
Baldwin Lake Revenue	\$ 136,237	\$ 136,338	\$ 136,338
Baldwin Lake Salaries & Benefits 12.7%	\$ 118,288	\$ 121,697	\$ 130,961
Baldwin Lake Expenses 12.7%	\$ 44,414	\$ 43,648	\$ 44,091
Baldwin Lake Net Revenue/(Expense) in Fund Balance	\$ (26,465)	\$ (29,008)	\$ (38,715)
Calls			
FISCAL YEAR	Fawnskin	Baldwin Lake	Total
FY10/11	365	42	407
FY11/12	308	69	377
FY12/13	363	40	403
TOTAL	1036	151	1187
AVERAGE	345	50	396
PERCENT	87.3%	12.7%	100.0%
Notes			
1) TRA's provided by Chief Johnstone and Property Taxes pulled from Gail Joe Special Districts			
2) Operating Expenses equal budget in stations plus 11% of shared Mountain Division O/H and 11% of shared Fire Admin FPD Shared Services that get allocated to the Mountain Division.			

The documents show a shortfall of \$547,394 for FY 2013-14 which is an increase of about 16% from the prior year. This escalating deficit has been occurring, apparently, since the County Fire Reorganization in 2008 (LAFCO 3000) with the deficit made up from funds generated in the western portions of the Mountain Service Zone primarily from within the Lake Arrowhead community or through the County General Fund provided subsidy. The materials in LAFCO 3000 identified that the Fawnskin station was self-supporting, which appears to have been the case only due to the CSA 70 generated revenues of approximately \$532,326 in FY 2006-07 from within the boundaries of Big Bear City CSD. Thereafter, the CSA 70 funds generated were transferred to the parent district to fund the administrative operations of the District, no longer directly supporting the station operations.

The staff's analysis of the materials presented shows that regardless of the choice by the Commission, the Fawnskin station is underfunded and requires substantial revenues from either the balance of the Mountain Service Zone or the County General Fund subsidy in order to operate at the current time. The real solution would be for the Bear Valley community to address fire protection under a single provider with the necessary special taxes to support the response time and services desired. The Big Bear Fire Authority is a step in that direction; however, as the survey supplied by the Fawnskin community identifies it does not support that effort. If that is the case, then it would appear that the only resolution would be for the area of the Bear Valley community not a part of the Big Bear Fire Authority to create a special tax service zone under County Fire (generally the area of CSA 53 excluding Big Bear City CSD). LAFCO staff has run preliminary calculations based upon the number of parcels and the costs provided for Fiscal Year 2013-14 for County Fire's operation of Station #96 in Fawnskin. These are intended only to illustrate a possible means to address the funding shortfall for service delivery.

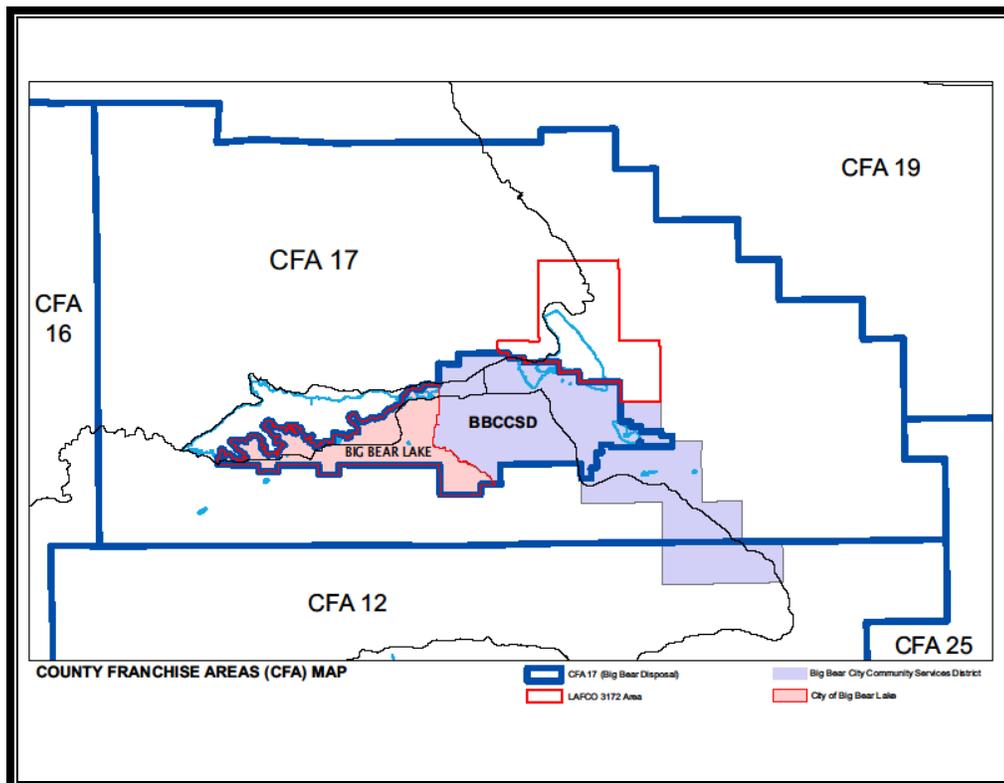
Type of Parcel	Bear Valley Excluding JPA Area	Bear Valley Excluding Baldwin Lake	Baldwin Lake Only
	Number of Parcels	Number of Parcels	Number of Parcels
Developed	1334	930	404
Vacant	2364	622	1742
Exempt	816	704	112
County Fire Deficit			
	\$547,394.00	\$658,760.00	
Per Parcel Charge to Eliminate Deficit			
Developed (70% of cost)	\$287.24	\$495.84	
Vacant (20% of cost)	\$69.47	\$317.73	

The needs to address the efforts to provide for a single fire provider are evident; however, the means to achieve that goal are elusive for the Commission. While the Commission's determinations on the service review/sphere of influence update for the Bear Valley Community conducted in 2011 reiterate that long-held position, it states that there is no

local support for the change and that the JPA effort should be allowed to move forward in the hopes it will build the momentum necessary to address the concerns. There are those that espouse that the Commission should address the problem immediately, but do not initiate the actions necessary to provide for just such a jurisdictional change. The Commission is hampered by its inability to initiate an annexation on its own volition, rather than use the options for modification which by necessity are limited. So the question remains, how best to address the fire protection/emergency medical response for the Baldwin Lake community. In staff's view the annexation to the Big Bear City CSD provides the best alternative at this time. Therefore, we support moving forward with that alternative.

OTHER SERVICES:

The final element of consideration relates to those services currently authorized and provided by the Big Bear City CSD but not anticipated to be extended to the Baldwin Lake community. Those include water, sewer, streetlights, park and recreation and solid waste (trash collection). Water, sewer, streetlights and park and recreation are simple matters to identify as not being extended as the special taxes and/or service charges are not being authorized for extension to the area. Through the annexation to the Big Bear City CSD, the territory and franchise for solid waste collection for County Franchise Area 17 (CFA 17) shall transfer to the District with no change in provider. This is the same agreement that was implemented back in 1996 when the southern area of Erwin Lake et al was annexed to the District through completion of LAFCO 2800. The difference relates to specifically conditioning the exchange of franchise revenue between the County and the Big Bear City CSD and limiting the service delivery. The residents of Baldwin Lake should see no change based upon this determination. A map of CFA 17 is shown below:



ENVIRONMENTAL CONSIDERATIONS

The Commission is the lead agency for review of the potential environmental consequences of the alternatives presented and evaluated in this report. In order to fulfill that requirement, the Commission's Environmental Consultant, Tom Dodson and Associates, prepared, and LAFCO staff reviewed, advertised and circulated an Initial Study and a proposed Mitigated Negative Declaration for this proposal (copy included as a part of Attachment #8). The Notice of Availability was published in *The Sun*, a newspaper of general circulation in the area, and posted on the LAFCO website on April 28, 2014. The Initial Study and proposed Mitigated Negative Declaration, as well as the Notice of Availability/Intent to Adopt a Mitigated Negative Declaration were circulated by certified mail to all interest and affected agencies, to individuals requesting notification on this particular proposal, as well as the State Clearinghouse for review by State agencies. The 30-day public review period was from April 28 through close of business at 5:00 p.m. on May 28, 2014.

The only comment received during the circulation of the materials has been evaluated by the Commission's Environmental Consultant. A response to the comment received from the State Clearinghouse has been included in the attachment to this report. Therefore, the original Initial Study will be utilized as the description of environmental impacts anticipated by this project. This document includes a mitigation measure which reads as follows:

Public Services: Fire Protection

XIV-1 Pursuant to the provisions of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 and Fire Protection District law, the Commission is required to determine that an agency that is formed or annexed to can sustain the service financially. In keeping with this requirement, the Commission will either:

- For the Formation Proposal, impose a condition of approval that will require a special tax on the formation proposal currently anticipated to be \$180 per developed parcel and \$90 per vacant parcels, which will require a 2/3 vote by the registered voters within the proposal; or,
- For the Annexation Proposal, the annexation to the Big Bear City CSD option, the Commission will condition the proposal on the extension of the existing Big Bear City CSD special fire tax estimated at \$120 per development parcel and \$60 per undeveloped parcel.

A copy of the Initial Study, Mitigated Negative Declaration and Response to Comments and Mitigation Monitoring and Reporting Program are included as Attachment #8 to this staff report. Mr. Dodson has indicated that the following actions must be taken by the Commission prior to consideration of the proposal:

- 1) Certify that the Commission and its staff have reviewed and considered the environmental assessment and proposed Mitigated Negative Declaration prepared by the Commission's Environmental Consultant, Tom Dodson and Associates; has been reviewed and considered, any comments received; and provided a response to those comments;
- 2) Adopt the Mitigated Negative Declaration and Mitigation Monitoring and Reporting Program;
- 3) Find and determine that the Commission does not intend to adopt alternatives but does intend to adopt a mitigation measure for the project; and,
- 4) Direct the Executive Officer to file a Notice of Determination together with payment of the required Department of Fish and Game Fees within five (5) days.

DETERMINATIONS:

The following determinations are required to be provided by Commission policy and Government Code Section 56668 for all proposals considered:

1. The Registrar of Voters Office has determined that the study area is legally inhabited. The Registrar of Voters has determined that the number of registered voters within area is 276 as of May 15, 2014.
2. The study area is within the sphere of influence assigned the Big Bear City Community Services District by approval of LAFCO 3150 in 2011 as a part of the Service Review/Sphere of Influence Update process for the Bear Valley community
3. The County Assessor's Office has determined that the assessed valuation of land and improvements for the area as modified is \$86,249,616 (\$34,784,707 land; \$51,464,909 improvements) as of August 19, 2013.
4. Legal advertisement of the Commission's consideration of the original and alternative proposal has been provided through publication in *The Sun* a newspaper 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 and agencies having requested such notice.
5. In compliance with Commission policy and Government Code Section 56157, the Notice of Hearing for the hearing on this proposal was provided by publication in *The Sun*. In addition, as directed by the Commission, individual notice of the hearing was provided to registered voters and landowners within the area of LAFCO 3172. Comments from registered voters and landowners and any affected local agency in support or opposition have been reviewed and considered by the Commission in making its determination.

6. The proposed reorganization including annexation and formation of an improvement district of the Big Bear City Community Services District and the assumption of the functions and services previously provided by the Baldwin Lake Volunteer Fire Department for fire/ambulance/disaster preparedness does not conflict with the established County General Plan and its adopted Bear Valley Community Plan within this territory and has no direct impact on such land use designations.

The Southern California Associated Governments (SCAG) has adopted a Regional Transportation Plan and Sustainable Community Strategy pursuant to the provisions of Government Code Section 65352.5 and approval of LAFCO 3172 has no direct impact on these determinations.

7. The Commission's Environmental Consultant, Tom Dodson of Tom Dodson and Associates, prepared and LAFCO staff circulated and advertised the environmental assessment and Mitigated Negative Declaration for the reorganization pursuant to the provisions of the California Environmental Quality Act (CEQA), which indicates that approval of the reorganization will not have a significant adverse impact on the environment through adoption of the mitigation measure. The Commission took the actions necessary to certify and adopt this environmental determination.

8. The study area is presently served by the following public agencies: County of San Bernardino, Inland Empire Resource Conservation District, Big Bear Municipal Water District, Big Bear Airport District, Bear Valley Healthcare District, Big Bear Valley Park and Recreation District, San Bernardino County Fire Protection District and its Mountain Service Zone, County Service Area 53 (Big Bear) and County Service Area 70 (unincorporated County-wide multi-function agency).

The San Bernardino County Fire Protection District, and its Mountain Service Zone will be detached through successful completion of this reorganization. None of the other agencies will be directly affected by the completion of this proposal through an adjustment in their boundaries as they are regional in nature.

9. The Commission-modified proposal to include annexation to the Big Bear City Community Services District and the formation of an Improvement District thereof has received a Plan for Service from the Big Bear City CSD which addresses the issues required in a plan for the provision of services as required by Government Code Section 56653. This Plan for Service identifies the manning of a station within Baldwin Lake, anticipated to be housed at the current Baldwin Lake station along with the necessary staffing for a 24/7 coverage. A determination that the revenues available through a property tax transfer and imposition of the existing special fire tax of the District are sufficient to provide the service as identified was included in the Report. The Plan for Service and its supplemental information have been reviewed and compared with the standards established by the Commission and the factors contained within Government Code Section 56668. The Commission finds that such Plan for Service and its supplemental data conform to those adopted standards and requirements.

The original proponents for the Formation of the Baldwin Lake Fire Protection District submitted a Plan for Service, a Fiscal Impact Analysis along with amendments and supplements, which identifies that the creation of the District would provide a model for 24/7 volunteer coverage of the community along with the necessary administrative support. LAFCO staff identified questions regarding the financial model and its reserves which are less than the minimum 10% required by LAFCO policies in years three and after.

10. The reorganization area can benefit from the assumption of continuing fire service through the Big Bear City CSD from the Baldwin Lake Volunteer Fire Department, as evidenced by the Plan for Service.
11. The Commission's modification to the proposal to include an annexation to the Big Bear City CSD and the related changes complies with Commission and State policies that indicate the preference for the utilization of an existing multi-function entity rather than the creation of a new single purpose agency to serve growing communities. This position is taken on the basis that areas proposed for development can be planned, funded, services extended and maintenance funding put in place for the full range of service needs as identified by the adopted community and general plans.
12. With respect to environmental justice, the reorganization area will benefit from the continuation of fire protection and emergency medical response under the auspices of the Big Bear City Community Services District; and, at the same time, will not result in unfair treatment of any person based upon race, culture or income.
13. The County of San Bernardino provided the determinations required by Government Code Section 56810 for the original proposal for transfer of the general ad valorem property tax revenues, determining a transfer of \$137,024 from the County General Fund, San Bernardino County Fire Protection District and its Mountain Service Zone based upon audited full year expenditures for FY 2011/12 and revenues generated in the affected Tax Rate Areas (TRAs). Through the modification by the Commission for an annexation to the Big Bear City Community Service District and detachment from San Bernardino County Fire Protection District and its Mountain Service Zone, the amount to be transferred is limited to the existing revenues of the San Bernardino County Fire Protection District and its Mountain Service Zone, estimated at \$141,606 for Fiscal Year 2013-14.
14. The maps and legal descriptions, as revised, are in substantial compliance with LAFCO and State standards through certification by the County Surveyor's office.

CONCLUSION

Fire protection and emergency medical response for the Mountain Communities of San Bernardino County are a critical quality of life issue as it is one of the most densely populated urban forests in the nation, a point hammered home throughout the service reviews in the mountains. There are those that have indicated that the residents of Baldwin

Lake knew what they were getting when they moved to the community – a rural lifestyle with limited services and the imposition of restrictions on water and wastewater systems. However, the 276 registered voters in this area did not determine the method for fire service directly; it was an overlay of different types of providers spanning many years and many different agencies. Today, the Commission will give the community of Baldwin Lake an official voice in deciding the mechanism for providing this service.

Staff believes that the materials provided in this report and other presentations shows that approval of Alternative #1, for annexation to the Big Bear City Community Services District, will be cost effective and sustainable, that it represents a comprehensive service boundary which makes sense both for current residents and for the future, and that the level and range of services for the community will be maintained.

These determinations also come with the acknowledgement and desire to continue to work toward development of a single fire service provider for the Big Bear Valley. Consideration of LAFCO 3172 has once again brought to light the financial imperatives and service delivery models which point toward a single fire provider as well as the ongoing discussions as to who will operate such an agency – will it be local control through a fire protection district directly associated with the community or the larger regional County Fire with a single voice from the community on the Board of Directors. As was identified in the Service Review conducted for the Big Bear Valley in 2011, we have been at this discussion for more than 20 years and we are taking one step at a time to achieve the ultimate goal.

Therefore, staff recommends approval of Alternative #1 for LAFCO 3172 which is to annex the community to the Big Bear City CSD for fire protection/emergency medical response service only.

RECOMMENDATION

LAFCO staff recommends that the Commission take the following actions:

1. With respect to environmental review:
 - a) Certify that the Commission and its staff have reviewed and considered the environmental assessment and Negative Declaration prepared by the Commission's Environmental Consultant, Tom Dodson and Associates; it has reviewed, considered, and responded to any comments received;
 - b) Adopt the Negative Declaration prepared for the project;
 - c) Determine that the Commission does not intend to adopt alternatives and it does intend to adopt mitigation measures for the project; and,
 - d) Direct the Executive Officer to file the Notice of Determination within five (5) days.

2. Approve the Commission modification alternative for annexation to the Big Bear City Community Services District, Formation of an Improvement District and Detachment from the San Bernardino County Fire Protection District and its Mountain Service Zone with the following terms and conditions:
 - a) The revenues attributable to the San Bernardino County Fire Protection District and its Mountain Service Zone from within the affected Tax Rate Areas shall be transferred to the Big Bear City Community Services District rather than the transfer determined by the County of San Bernardino under Government Code Section 56810 for the formation of a new fire protection district for the territory as authorized by Government Code Section 56886(v);
 - b) The current special fire tax currently imposed by the Big Bear City Community Services District shall be extended to the annexing area pursuant to the terms of Government Code Section 56886(t). In addition, the service charges, standby fees, and other taxes and charges for the services provided by the Big Bear City Community Services District are not authorized for extension. Any future extension of these fees, taxes and/or charges for services will require the consent of the landowner/registered voters of the area to be served;
 - c) The services to be provided by the Big Bear City Community Services District shall be limited to those authorized under its fire function as outlined in the Local Agency Formation Commission Exhibit A of the Special District Section of the Policy and Procedure Manual; specifically excluding the delivery of water, sewer, streetlights, park and recreation and solid waste. The solid waste franchise currently authorized Big Bear Disposal through the County of San Bernardino for County Franchise Area 17 shall be retained but the franchise revenues shall be transferred to the Big Bear City Community Services District;
 - d) The Plan for Service identifies the assumption of the facility and contracts currently a function of the Baldwin Lake Volunteer Fire Department. The negotiation of the transfer of these assets and obligations shall be conducted between the Big Bear City Community Services District, the Fire Chief/Landowner of the facilities utilized by the Baldwin Lake Fire Protection District and CALFire upon issuance of the Certificate of Completion and a copy of the signed transfer document(s) shall be provided to the Local Agency Formation Commission; and,
 - e) All other standard conditions, including those for indemnification.
3. Adopt LAFCO Resolution No. 3182 reflecting the Commission determinations for LAFCO 3172 as modified.

However, should the Commission, after consideration of the staff report and presentations by affected and interested agencies and residents and landowners that it wishes to move

forward with the original proposal for formation of the Baldwin Lake Fire Protection District, staff recommends the following actions:

1. With respect to environmental review:
 - a) Certify that the Commission and its staff have reviewed and considered the environmental assessment and Negative Declaration prepared by the Commission's Environmental Consultant, Tom Dodson and Associates; it has reviewed, considered, and responded to any comments received;
 - b) Adopt the Negative Declaration prepared for the project;
 - c) Determine that the Commission does not intend to adopt alternatives and it does intend to adopt mitigation measures for the project; and,
 - d) Direct the Executive Officer to file the Notice of Determination within five (5) days.
2. Indicate the Commission's intent to approve LAFCO 3172 for the formation, continue the public hearing to the August 20, 2014 hearing for completion of the set of terms and conditions for consideration by the Commission.

KRM/

Attachments:

1. [Map of LAFCO 3172](#)
2. [Formation of the Baldwin Lake Fire Protection District](#)
 - a. [Application and Plan for Service along with amendments](#)
 - b. [Comments of Concern Received](#)
3. [Staff Report Dated February 11, 2014 Related to Commission Modification for Annexation to the Big Bear City Community Services District](#)
4. [Big Bear City Community Services District:](#)
 - a. [Plan for Providing Services Submitted by Big Bear City Community Services District](#)
 - b. [District Board Item on Commission Modification](#)
 - c. [PowerPoint Presentation for May 7 Community Meeting on Plan for Service](#)
5. [May 7, 2014 Community Meeting Announcement, Agenda, and Minutes](#)
6. [Response to Public Records Request from CONFIRE Dated March 5, 2014 and CALFIRE Dated May 6, 2014](#)
7. [San Bernardino County Fire Protection District:](#)
 - a. [PowerPoint Presentation from May 7, 2014 Community Meeting](#)
 - b. [County of San Bernardino Response on Distribution of Fire Revenues and Cost of Service Information](#)
 - c. [Copy of Contract Materials for LAFCO SC#249 on Paramedic Ambulance Service](#)

- d. Letter Dated August 9, 2009 on Waiver of Payment for Contract #98-747 and Contract #98-747
- 8. Environmental Consultant Response, Mitigated Negative Declaration and Initial Study for the Reorganization to Include either: (1) Formation of the Baldwin Lake Fire Protection District at al or (2) Annexation to the Big Bear City Community Services District et al
- 9. Draft LAFCO Resolution No. 3182