

**Minutes of the December 10, 2014
Community Meeting**

Attachment 2

**MINUTES OF THE
DAGGETT, NEWBERRY SPRINGS, YERMO COMMUNITY MEETING
WEDNESDAY, DECEMBER 10, 2014**

**6:00 P.M.
SILVER VALLEY HIGH SCHOOL GYMNASIUM
35484 DAGGETT-YERMO ROAD, YERMO, CA**

STAFF PRESENT: Kathleen Rollings-McDonald, Executive Officer
Samuel Martinez, Assistant Executive Officer
Michael Tuerpe, Project Manager
Joe Serrano, LAFCO Analyst

CALL TO ORDER:

Executive Officer Kathleen Rollings-McDonald calls the meeting to order at 6:00 p.m. Ms. Rollings-McDonald notifies the audience that hard copies of the presentation and additional materials are available at the entrance of the gymnasium. Ms. Rollings-McDonald clarifies that the community meeting is a result of 2012-2013 Grand Jury Report. The report included recommendations for LAFCO to reevaluate the possible reorganization scenarios presented in LAFCO's 2009 report and explore governance and reorganizational options for the Newberry Community Services District (CSD). Ms. Rollings-McDonald indicates the Commission directed its staff to complete a special study and update the service review for Newberry CSD, and its neighboring Daggett and Yermo CSDs, to analyze all potential reorganizational options identified by the Grand Jury and LAFCO's 2009 report.

COMPONENTS OF THE STUDY:

Executive Officer Kathleen Rollings-McDonald explains how LAFCO's draft special study is broken down into two components: Service Review and Plan for Service to include Fiscal Impact Analysis. Ms. Rollings-McDonald discusses how the draft special study should answer questions and provide additional information on all governance options to the residents and the three CSDs.

Service Review

Executive Officer Kathleen Rollings-McDonald reviews the six mandatory determinations for consideration in a service review as requested by Government Code Section 56430.

Determination I - Growth and population projections for the affected area

Executive Officer Kathleen Rollings-McDonald states that the communities are not anticipated to experience significant growth due to the County land use designations, the large number of publicly owned land, and the decline in population since 1990. However, the transient traffic on Interstates 15 and 40 is expected to increase in volume as goods continue to be transported from the Pacific to the rest of the nation.

Determination II - The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence

Executive Officer Kathleen Rollings-McDonald defines a disadvantaged unincorporated community as an area where its resident's income is less than 80% median income of the State of California which is currently \$47,105. Based on the State's mandated criteria, the three communities, in their entirety, are considered disadvantaged unincorporated communities.

Determination III - Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs and deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the sphere of influence

Executive Officer Kathleen Rollings-McDonald indicates that the three CSDs share the service delivery of streetlight, park and recreation, and fire protection. Ms. Rollings-McDonald explains how streetlighting and park and recreation services are adequately provided by the Districts, however, other services such as water and fire protection require further discussion. She described how Daggett CSD (186 active connections) and Yermo Water Company (350 active connections) are the only domestic water service providers within the area. Ms. Rollings-McDonald provides examples on the issues with the water delivery from Daggett CSD and Yermo Water Company.

Executive Officer Kathleen Rollings-McDonald discusses the six active fire stations and four inactive stations. The active stations providing fire protection services to the three districts include three volunteer stations, two military stations by mutual aid agreements, and one San Bernardino County Fire Protection District paid-call station. Ms. Rollings-McDonald reiterates the need to establish sustainable service provision for fire protection and emergency medical response to minimize the reliance on mutual aid agreements through the military which can change based upon command determinations.

Determination IV - Financial ability of agencies to provide services

Executive Officer Kathleen Rollings-McDonald discusses how the three CSDs have experienced financial challenges such as the decline in revenue over total expenditures, not enough revenue to fund capital improvements, annual increases in fire protection costs, and lack of adherence of the constitutional requirements for the establishment of an appropriations limit and other statutes related to finances of a community services district. Ms. Rollings-McDonald explains that water funds cannot be used to subsidize other government activities.

Project Manager Michael Tuerpe outlines the financial health of each CSD based on LAFCO's Fiscal Indicators Program. The fiscal indicators shown to the audience include property tax revenue, service obligation, liquidity, and governmental debt service. Executive Officer Kathleen Rollings-McDonald reiterates how all the financial data utilized for the fiscal indicators were derived directly from each CSD's audited financial statements.

Determination V - Status of, and opportunities for, shared facilities

Executive Officer Kathleen Rollings-McDonald provides examples of current shared services between the Newberry and Yermo CSDs including agreements with the Silver Valley Unified School District for use of its land and the delivery of retail water by the Daggett CSD into the Yermo CSD territory. Ms. Rollings-McDonald explains that additional collaborative opportunities may occur through a consolidation of districts or establishment of a joint powers authority. The benefits from shared services within the communities may continue the levels of service, maximize existing facilities and resources, and increase the economies of scale for the area.

Determination VI - Accountability for community service needs, including governmental structure and operational efficiencies

Executive Officer Kathleen Rollings-McDonald states that there is a high turnover on the CSD boards and lack of interested candidates running for office within the communities. Ms. Rollings-McDonald explains that the lack of interest has resulted in various appointments in lieu of election by the Board of Supervisors.

Plan for Service

Executive Officer Kathleen Rollings-McDonald provides an overview of the Plan for Service and how it discusses several factors including the purpose, objectives, standardized analysis and assumptions, source material, structure options, and additional considerations. Ms. Rollings-McDonald explains that the plan for service includes a fiscal impact analysis and may be used as part of a potential application for a future change of organization by the CSDs or the public should they choose to move forward.

Purpose

Executive Officer Kathleen Rollings-McDonald discusses the intent of the Plan for Service as a resource tool for the CSDs and the residents to evaluate, discuss and understand the governance options available for the Districts.

Objectives

Executive Officer Kathleen Rollings-McDonald describes the establishment of consistent levels of services to the communities as one of the primary objectives of the Plan for Service. Ms. Rollings-McDonald illustrates the other objectives of the Plan for Service such as the improvement of financial mechanisms to provide services by the Districts, standardization of fire apparatus and levels of service and training that meets regulatory standards, and improvement of management efficiency of the CSDs.

Standardized Analysis and Assumptions

Executive Officer Kathleen Rollings-McDonald outlines the assumptions of the Plan for Service. Ms. Rollings-McDonald explains how the report takes into account Daggett CSD water service's fair share of general district overhead and staffing and comparing the governmental services provisions by each CSD. Ms. Rollings-McDonald also explains how cost projections for each governance option do not take into account capital purchases as part of expenditures, historical trends analysis for each district from FY 2008 to 2013 were included, and inflation was taken into consideration and factored at 2.0% for the first year and increased to 3.5% for the fifth year.

Sources

Executive Officer Kathleen Rollings-McDonald explains the various sources used for the Plan for Service including utilization of district audits and Cal Fire response data, review of State Controller reports and interviews with representatives from the CSDs, San Bernardino County Fire Protection District and the military fire departments.

Structure Options

Executive Officer Kathleen Rollings-McDonald explains the different structure options discussed in the Plan for Service. The report provides detailed information on consolidation, with separate analysis of all three CSDs or just two, joint powers authority, dissolution and the status quo options. Ms. Rollings-McDonald differentiates the pros and cons of the two consolidation scenarios: the consolidation of the Daggett and Yermo CSD and the consolidation of all three CSDs. She also points out that a hard copy of the organizational charts for each consolidation scenario is available at the meeting. Ms. Rollings-McDonald discusses the differences between a functional and an administrative joint powers authority. She mentions that while the joint powers authority provides some benefits to the communities, this option does add a new layer of government to the area which already has three CSDs providing similar services.

Executive Officer Kathleen Rollings-McDonald discusses how the dissolution of Newberry CSD and annexation to the San Bernardino County Fire Protection District (FPD) would result in economies of

scale and other factors, however, this option would require support from all affected agencies. Ms. Rollings-McDonald explains that if San Bernardino County FPD costs continue to increase, then LAFCO could not support this option due to the uncertainty regarding maintenance of the current service level to Newberry Springs.

Executive Officer Kathleen Rollings-McDonald describes the Status Quo as the final governance option available for the Districts and the communities. Ms. Rollings-McDonald explains that under this option, the organization of service provisions would not change, however, due to the current financial positions and forecasted expenditures, it is expected that service levels will decrease in the future. She demonstrates the current and forecasted financial trends for each CSD and illustrates the inadequate funds projected to be received to maintain current levels of service.

Additional Consideration

Executive Officer Kathleen Rollings-McDonald states the addition of paramedic services and formation of a municipal advisory council were also considered as potential service options. Ms. Rollings-McDonald indicates that a full-time medic unit would cost residents approximately \$107-\$258 per vacant parcels and \$216-\$516 per developed parcels. Additionally, a full-time fire unit would cost residents approximately \$45-\$108 per vacant parcel and \$90-\$216 developed parcel. She explains that the cost would be determined on whether the consolidated fire delivery includes only Daggett and Yermo CSDs or all three CSDs (Daggett, Newberry, and Yermo).

Executive Officer Kathleen Rollings-McDonald discusses the structure of a municipal advisory council which may not provide additional benefits to the residents.

NEXT STEPS:

Executive Officer Kathleen Rollings-McDonald requests all residents to participate in LAFCO's survey which is available online and due on Wednesday, January 7 at 5:00pm. Ms. Rollings-McDonald states that the draft special study will be considered by the Commission on Wednesday, January 21 at 9am at the San Bernardino City Hill. She also describes how LAFCO may continue offering future training sessions to all San Bernardino special districts.

CLOSING REMARKS:

Executive Officer Kathleen Rollings-McDonald reiterates the intent of the draft special study and explains that there is no application to initiate any of the discussed governance options. Ms. Rollings-McDonald states that if an application is submitted and approved by the Commission, ultimately the residents have the power to approve or deny any proposed change of organization.

QUESTIONS/COMMENTS:

Executive Officer Kathleen Rollings-McDonald opens the floor for questions and comments from the audience.

The following are questions inquired by the audience members:

- **Question:** Does the property tax revenue include sales tax?
Response: Executive Officer Kathleen Rollings-McDonald explains that the property tax revenue does not include sales tax as only a city or the county receives these revenues. Ms. Rollings-McDonald elaborates on the assessment value and its losses during the recession and restrictions on property tax revenue following the enactment of Proposition 13.
- **Question:** Why does the draft report include 2012 but not 2014 data?

Response: Executive Officer Kathleen Rollings-McDonald explains how the latest audited financial data was used for the draft report so that the comparisons were apples to apples. All three districts had 2012 audits available but not the later documents.

- **Question:** Have there been any recent consolidations? Were any successful?

Response: Executive Officer Kathleen Rollings-McDonald describes several successful consolidations including the consolidation of the Victor Valley and Baldy Mesa Water Districts, Resource Conservation Districts.

- **Question:** Does Daggett CSD own the community center?

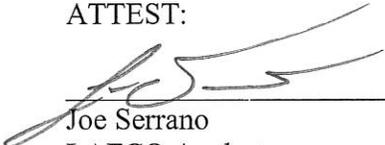
Response: Kathleen Rollings-McDonald indicates that there is no record of Daggett CSD owning the community center building.

Several audience members, including Daggett, Newberry and Yermo Board Members, expressed support of the Status Quo option. Some members of the audience expressed support for the consolidation option but were in the minority.

Executive Officer Kathleen Rollings-McDonald reminds the audience to review the report and provide their feedback by completing the LAFCO survey. Ms. Rollings-McDonald thanks everyone for attending the meeting.

The meeting is adjourned at 7:51 p.m.

ATTEST:



Joe Serrano
LAFCO Analyst

LOCAL AGENCY FORMATION COMMISSION


KATHLEEN ROLLINGS-McDONALD, Executive Officer