

**DRAFT - ACTION MINUTES OF THE - DRAFT  
LOCAL AGENCY FORMATION COMMISSION  
HEARING OF APRIL 20, 2016**

**REGULAR MEETING**

**9:00 A.M.**

**APRIL 20, 2016**

**PRESENT:**

**COMMISSIONERS:** Jim Bagley Robert Lovingood  
Kimberly Cox, Vice-Chair Larry McCallon  
James Curatalo, Chair Diane Williams  
Steve Farrell, Alternate

**STAFF:** Kathleen Rollings-McDonald, Executive Officer  
Clark Alsop, LAFCO Legal Counsel  
Samuel Martinez, Assistant Executive Officer  
Michael Tuerpe, Project Manager  
Jeffery Lum, LAFCO Analyst  
Rebecca Lowery, Clerk to the Commission  
Bob Aldrich, LAFCO Consultant

**ABSENT:**

**COMMISSIONERS:** James Ramos Sunil Sethi, Alternate  
Janice Rutherford, Alternate Acquanetta Warren, Alternate

**CONVENE REGULAR SESSION OF THE LOCAL AGENCY FORMATION COMMISSION –  
CALL TO ORDER – 9:06 A.M. – SAN BERNARDINO CITY COUNCIL CHAMBERS**

Chairman Curatalo calls the regular session of the Local Agency Formation Commission to order and leads the flag salute.

Chairman Curatalo calls for comments from the public regarding the closed session item. There are none.

**ADJOURN TO CLOSED SESSION OF THE LOCAL AGENCY FORMATION COMMISSION  
AT 9:08 A.M.**

Personnel (Government Code Section 54957) – Employee Evaluation – Executive Officer

**RECONVENE REGULAR SESSION AT 10:15 A.M.**

**ANNOUNCEMENT OF ACTION FROM CLOSED SESSION**

Chairman Curatalo asks LAFCO Legal Counsel Clark Alsop to report on the closed session. Mr. Alsop states that no reportable action was taken in closed session.

(It is noted the Commissioner Lovingood leaves the dais at 10:15 A.M.)

**ANNOUNCEMENT OF CONTRIBUTIONS**

Chairman Curatalo requests those present who are involved with any of the changes of organization to be considered today by the Commission and have made a contribution of more than \$250 within the past twelve months to any member of the Commission to come forward and state for the record their name, the member to whom the contribution has been made, and the matter of consideration with which they are involved. There was none.

**CONSENT ITEMS – APPROVE STAFF RECOMMENDATION:**

The following consent items are expected to be routine and non-controversial and will be acted upon by the Commission at one time without discussion, unless a request has been received prior to the hearing to discuss the matter.

1. Approval of Minutes for Regular Meeting of March 16, 2016
2. Approval of Executive Officer's Expense Report
3. Ratify Payments as Reconciled for Months of March 2016 and Note Cash Receipts

LAFCO considered the items listed under its consent calendar, which includes a Visa Justification, the Executive Officer's amended expense report and ratification of payments as reconciled for the month of March. Copies of each report are on file in the LAFCO office and are made part of the record by their reference herein.

Chairman Curatalo calls for requests for deferral from Commissioners or staff; there are none.

Commissioner Cox moves approval of the consent calendar, second by Commissioner Williams. There being no opposition, the motion passes unanimously with the following roll call vote: Ayes: Bagley, Cox, Curatalo, McCallon, Williams. Noes: None. Abstain: None. Absent: Lovingood, Ramos

**PUBLIC HEARING ITEMS**

**ITEM 4. CONSENT ITEMS DEFERRED FOR DISCUSSION**

No items deferred for discussion.

**ITEM 5. CONSIDERATION OF: (1) REVIEW OF MITIGATED NEGATIVE DECLARATION PREPARED BY THE COUNTY OF SAN BERNARDINO TO CONSTRUCT A 214,300 SQ. FT. INDUSTRIAL BUILDING TO BE USED AS A HIGH-CUBE WAREHOUSE/DISTRIBUTION FACILITY ON APPROXIMATELY 9.89 ACRES, AS CEQA**

**RESPONSIBLE AGENCY FOR LAFCO SC#405; AND (2) LAFCO SC #405 - CITY OF FONTANA PRE-ANNEXATION AGREEMENT NO. 15-003 FOR SEWER SERVICE (APN 0234-101-21)**

Assistant Executive Officer Samuel Martinez presents the staff report for LAFCO SC#405, a complete copy of which is on file in the LAFCO office and is made a part of the record by its reference here. The item has been advertised in *The Sun* newspaper, a newspaper of general circulation in the area and individual notice has been provided to those registered voters and landowners surrounding the site as required by Government Code Section 56157.

Assistant Executive Officer Samuel Martinez states that the City of Fontana has submitted a request for approval of a pre-annexation agreement that outlines the terms by which it will extend sewer service outside its boundaries. He states that the agreement relates to a proposed development that includes a single parcel, Assessor Parcel Number (APN) 0234-101-21, located on the west side of Redwood Avenue generally between San Bernardino Avenue and Valley Boulevard, within the City of Fontana's western sphere of influence. He states that the property owner/developer has processed, through the County's Land Use Services Department, a Conditional Use Permit (CUP) for a proposed 214,300 sq. ft. industrial building to be used as a High-Cube warehouse/distribution facility and that the condition of approval placed on this project include the requirement to connect to the City of Fontana's sewer facilities prior to issuance of building permits.

Mr. Martinez states that the City's application indicates that the proposed project will be served by extending an 8-inch sewer line approximately 1,189 linear feet along Redwood Avenue from the existing 8-inch sewer terminus in Redwood Avenue that connects to the existing 12-inch sewer main in Valley Boulevard. He states that the City of Fontana has identified an estimated cost of \$121,663.45 in development impact fees and sewer fees for the extension of sewer service to the parcel. He also states that the property owner/developer will bear all costs for the improvements needed to extend the sewer to the proposed development.

Mr. Martinez states that the Environmental Determinations adopted by the County include an Initial Study and Mitigated Negative Declaration for a Conditional Use Permit to construct a 214,300 sq. ft. industrial building to be used as a High-Cube warehouse/distribution facility on approximately 9.89 Acres. He states that the Commission's Environmental Consultant, Tom Dodson and Associates, has reviewed the County's environmental assessment and the Mitigated Negative Declaration issued for the proposed project. He states that Mr. Dodson's analysis indicates that the County's Initial Study and Mitigated Negative Declaration are adequate for the Commission's use as a CEQA responsible agency.

Mr. Martinez states that staff has reviewed this request for the provision of sewer service by the City of Fontana outside its corporate boundaries against the criteria established by Commission policy and Government Code Section 56133. He states that the project to be served, which is comprised of a single parcel, is within the sphere of influence assigned the City of Fontana and is anticipated to become a part of the City sometime in the future. He states that the development of the warehouse/distribution facility requires that it receive sewer service, which is only available from the City of Fontana. He states that staff supports the City's request for authorization to provide sewer service to the proposed project since its

facilities are close to the anticipated development, and there is no other existing entity available to provide this service within the area. He reviews the recommendations as outlined in the staff report.

Chairman Curatalo asks for comments and questions from the Commission for staff.

Vice Chair Cox asks about the area's characteristics. Mr. Martinez states that it is a residential area, an older community. Ms. Cox asks if the entire area is on a septic system. Mr. Martinez states that the area is on a septic system but that it has been sized for future community sewer connections.

Chairman Curatalo ask for comments from the applicant. Catherine Lin, Associate Planner for the City of Fontana, states that the City Council approved the project in January 2016 and asks the Commission for their approval.

Chairman Curatalo asks for comments from the public. There are none.

Commissioner Cox moves approval of the LAFCO SC# 405, second by Commissioner McCallon. There being no opposition, the motion passes unanimously with the following roll call vote: Ayes: Bagley, Cox, Curatalo, McCallon, Williams. Noes: None. Abstain: None. Absent: Lovingood, Ramos

Chairman Curatalo states that items #6 and #7 on the agenda will be considered together. Chairman Curatalo reviews the Commission's meeting procedures, noting that following the staff's presentation each proponent will be provided a five minute allowance for presentation; thereafter, the public will have three minutes each for presentation. Chairman Curatalo opens the public hearings.

**ITEM 6. CONSIDERATION OF: (1) CEQA STATUTORY EXEMPTION FOR LAFCO 3205 AND (2) LAFCO 3205 – SPHERE OF INFLUENCE AMENDMENT FOR SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT (CITY OF NEEDLES AREA)**

Executive Officer Kathleen Rollings-McDonald presents the staff report for LAFCO 3205, a complete copy of which is on file in the LAFCO office and is made apart of the report by its reference here. The item has been advertised in *The Needles Desert Star*, a newspaper of general circulation in the area. In addition, individual notice was provided to affected and interested agencies, County departments and those individuals and agencies requesting special notice.

Executive Officer Kathleen Rollings-McDonald presents the staff report for LAFCO 3205 and states that resolutions were adopted by the City of Needles and the County Fire Department to initiate an application with LAFCO to expand the sphere of influence of the San Bernardino County Fire Protection District to include the entirety of the City of Needles and the annexation of the City of Needles into County Fire and its South Desert Service Zone. She states that the proposed sphere expansion encompasses the entirety of the City of Needles which includes approximately 20,998 acres (32.81 square miles) generally located on the eastern edge of San Bernardino County on the west bank of the Colorado River. Ms. McDonald reviews the map on the overhead display.

Ms. McDonald reviews the sphere of influence determinations and states that for present and planned land uses in the area, including agricultural and open space lands, the land area proposed to be included in the sphere of influence of County Fire includes approximately 20,998 acres of varied land uses within the City of Needles. She states that the City's General Plan designates approximately 42 percent of the total land area for residential uses, 15 percent for commercial, 18 percent for industrial, six percent for Open Space, and three percent for parks/recreation and that approximately 11 percent of the City's land area has no General Plan land use designation. She states that in order to fully understand the future of the City's population, a review of the historic population of the City and the nearby cities is needed. She states that the community has long had an economic disadvantage in relation to the neighboring communities in Nevada and Arizona. She states that the staff report shows the nearby areas in Arizona and Nevada have experienced significant and steady growth and that corresponding with this growth is a greater economic output; for the City of Needles, its population peaked in 1990 at 5,191, decreased in 2000, and increased by 0.03% by 2010 to 4,844. She states that the annual growth since 2010 has been -0.1% through 2015.

In addressing the area's present and probable need for public facilities and services, Ms. McDonald states that the costs for the provision of contract fire protection and emergency medical services provided by County Fire for the City of Needles are expected to increase significantly in the coming years. She states that without a change in governance, reductions in service will be required to be implemented which may jeopardize public safety for residents and businesses within the City of Needles.

Ms. McDonald states that Government Code Section 56425(e)(5) directs the Commission to evaluate the present and probable need for the delivery of structural fire protection within a disadvantaged unincorporated community. She states that LAFCO 3205 addresses the incorporated City of Needles; however, the questions for assurance of service delivery to a disadvantaged community are real in this situation for both unincorporated and incorporated territory. She states that the 2015 Disadvantaged Community Maps maintained by LAFCO identify that the entire City of Needles and the immediate surrounding areas are disadvantaged, and that the Commission has an inherent responsibility to assure the continuation of the critical public health and safety service. She states that the entirety of the area shown on the overhead map meets the criteria for a disadvantaged community which is defined by State law as areas where households earn \$48,305 or less per year (80% of statewide median income).

Ms. McDonald states that for the determination regarding present capacity of public facilities and adequacy of public services that the agency to be expanded provides -- that the current County Fire Station 31, built in 1953 at 633 Front Street in downtown Needles, is no longer adequate nor large enough to serve the fire protection and emergency services needs of the Needles community. She states that County Fire is currently constructing Fire Station 32 located at 1113 East Broadway (State Route 95) within the City of Needles. She states that County Fire operates 75 fire stations serving approximately 750,000 residents in approximately 16,535 acres of incorporation territory plus seven incorporated cities.

Ms. McDonald states that for the existence of any social or economic communities of interest as determined by the Commission to be relevant to the agency that as one of the gateways to California, the Needles community holds a significant place in the fabric of California, however, its economic standing has suffered as the economies of communities in Arizona and Nevada have advanced.

Ms. McDonald states that the Government Code Section 56425(i) requires that during a sphere of influence amendment or update for a special district, the Commission is required to review and identify the range of services to be provided, as well as the nature and location of those services. She states that at present, the Commission's Policy and Procedure Manual (which lists the functions and services of special districts) identifies the services for the San Bernardino County Fire Protection District as fire, which includes the following services: structural, watershed, prevention, inspection, suppression, weed abatement, hazardous materials services, rescue, first aid, paramedic, ambulance transportation, emergency response, and disaster preparedness planning. She states that no change in the range or level of service authorized County Fire is anticipated through the consideration of LAFCO 3205.

Ms. McDonald states that for environmental review that the Commission is the lead agency for review of the potential environmental consequences of the sphere of influence modifications. She states that LAFCO staff has provided the Commission's Environmental Consultant, Tom Dodson of Tom Dodson and Associates, with the application materials for review. She states that Mr. Dodson has indicated the proposed sphere amendment is not judged to pose any adverse changes to the physical environment.

Ms. McDonald states that LAFCO 3205 is the first step in a two-part process to provide for continuing fire protection and emergency medical response services to the City of Needles; continuing with the current contract with County Fire for fire protection and emergency medical services is clearly infeasible due to increased contract costs which the City is unable to fund. She states that without a change in governance, further reductions in service will be required to be implemented by the City. She states that should these additional service cuts be imposed, the level of fire and emergency medical protection services provided by the City may jeopardize public safety for residents and businesses within the City of Needles boundary as well as the many travelers along Highway 40, California Route 95 and the Needles Highway and that to address this situation, annexation into County Fire is warranted.

**ITEM 7. CONSIDERATION OF: (1) CEQA STATUTORY EXEMPTION FOR LAFCO 3206 AND (2) LAFCO 3206 – REORGANIZATION TO INCLUDE ANNEXATIONS TO THE SAN BERNARDINO FIRE PROTECTION DISTRICT, ITS SOUTH DESERT SERVICE ZONE AND SERVICE ZONE FP-5**

Executive Officer Kathleen Rollings-McDonald presents the staff report for LAFCO 3206, a complete copy of which is on file in the LAFCO office and is made apart of the report by its reference here. The item has been advertised in *The Needles Desert Star*, a newspaper of general circulation in the area. In addition, individual notice was provided to affected and interested agencies, County departments and those individuals and agencies requesting special notice. In addition, individual notice was provided to each landowner within the

proposal as required by Government Code Section 56121 related to the imposition of an existing special tax.

Executive Officer Kathleen Rollings-McDonald states that the staff report provides the detailed analysis of the various aspects of the reorganization and its transition of City fire service to County fire service. She states that in 2008, LAFCO 3000 reorganized the Yucca Valley Fire Protection District through annexations which included a name change to the San Bernardino County Fire Protection District. She states that as part of that reorganization, County Service Area 38 and its improvement zones were dissolved and absorbed by County Fire, or if they were special tax zones they were reorganized as new Service Zones of the SBCFPD. She states that CSA 38 provided the funding for the boots on the ground operations for fire protection/emergency medical response in many areas of the County which are outlined on the map shown on the overhead.

Ms. McDonald states that for boundaries, the City of Needles includes approximately 20,998 acres (32.81 square miles) and is generally located on the eastern edge of San Bernardino County on the west bank of the Colorado River, approximately 144 miles east of Barstow, 26 miles south of Laughlin, Nevada and Bullhead City, Arizona, and 42 miles north of Lake Havasu, Arizona. She states that the proposal, as jointly submitted by the City and County Fire and amended by LAFCO staff, anticipates the annexation of the entirety of the City of Needles to County Fire and its related Service Zones. She states that during the staff review process for LAFCO 3206, as with the other fire reorganizations recently considered, one of the concerns identified was the need for transparency in the collection and use of the Service Zone FP-5 special tax applied to parcels within individual communities. She states that in order to provide a means to isolate the revenues received from within the City of Needles, staff is proposing a modification of the proposal to form a subzone of FP-5 identified as "FP-5 Needles" to isolate and segregate the funds received and expenses for service provided within the boundaries of the City as a function of the reorganization.

Ms. McDonald states that the City surrounds an 18-acre unincorporated island which is part of the reservation lands for the Fort Mojave Indian Tribe that is currently served by County Fire as shown on the overhead map. She states that LAFCO staff has contacted the Tribal Council to request that it review the proposed annexation and, if it does not object, provide a resolution to allow for the overlay of the County Fire and its South Desert Service Zone over its tribal lands. She states that a letter from the Tribal Council was received in the LAFCO office on April 19, 2016 stating the Tribe's position that the consent given in Resolution No. 2006-52 applies to LAFCO 3206 which is provided to Commissioners at their place.

Ms. McDonald states that for Land Use, the study area is predominantly designated for residential land uses but includes territory with a variety of other land use types. She states that the City of Needles General Plan designates 42 percent of the total land area for residential use, 15 percent for commercial, 18 percent for industrial, six percent for open space and three percent for parks/recreation and that approximately 11 percent of the City's land area has no General Plan land use designation. She states that while the delivery of fire protection and emergency medical response service does not have a direct effect on land use determinations, it does have an indirect impact thorough the Insurance Service Office (ISO) Fire rating in the area and that the failure of LAFCO 3206 may have a detrimental effect on this

rating for the future.

Ms. McDonald states that for service considerations the Valley Region includes the County's more densely developed areas as well as the Mountain Region, which includes urban forested areas with year-round populations; the County's two Desert Regions have two vastly different populations. She shows the County Fire stations along the Colorado River on the overhead.

Ms. McDonald states that the key Commission considerations in evaluating these jurisdictional changes must address the permanent transfer of these services. She states that three of the most important considerations are to ensure that the service levels will, at minimum, be maintained, that the transfer of assets or liabilities to the successor district be resolved; and that the delivery service is sustainable. She states that the report notes that County Fire currently operates out of a fire station located within the City of Needles, Station 31, however the facility is no longer adequate or large enough to serve the fire protection and emergency services needs of the Needles community. She states that County Fire is in the process of constructing Fire Station 32, which is within the City and has an expected completion date of November 1, 2016. Once that station is complete, the old station will close to be retained by the City of Needles. Ms. McDonald states that the Plan for Service identifies that the current lease of the facility will continue so there will be no facility transfer required by the approval of LAFCO 3206 and that to assure the continued use of Fire Station 31 until such time as Station 32 is completed, a condition of approval has been placed in the resolution.

Ms. McDonald states that the Plan for Service identifies the vehicles to be transferred to County Fire with no payment to the City of Needles. She states that a condition of approval shall be included in the resolution of approval that will define this obligation as noted in the staff report.

Ms. McDonald States that for Financial Considerations that the Fiscal Impact Analysis ("FIA") identifies the full cost for the operation of Station #31 at \$2,195,442 with funding estimated from the City of Needles at \$607,199, leaving \$1,588,243 to be provided from other South Desert Service Zone resources. She states that staff has reviewed the direct ad valorem property taxes associated with the former CSA 38 boundaries and determined that the South Desert Service zone has annually received roughly \$24,000 in direct distribution of property taxes and that the County General Fund subsidy to County Fire would be \$1,564,243. She reviews the chart on the overhead and states that there are discrepancies between the amounts the City's auditor identify as having been paid for fire services, the contracted amount and the actual receipts by County Fire from the City. She reviews the financial charts on the overhead and states that the materials provided in the FIA related to Services and Supplies were submitted with limited identification of what the expenditure categories encompassed. She states that as with other fire reorganizations, LAFCO staff has updated the FIA chart to reflect the costs attributable for the City of Needles portion of the costs for Station 31 based upon percentages provided by County Fire. She reviews staff's update on the overhead.

Ms. McDonald reviews the revenues on the overhead and states that the FIA identifies the revenue streams to be provided from within the City of Needles boundaries to support the operations of Station #31. She states that County Fire and the City of Needles have negotiated a one-year contract extension to allow for the transition anticipated through this



jurisdictional change and that there will be no fund balance nor question on the transition of funding for the operations based upon this contract extension. She states that based upon the information received, it is staff's position that the approval of LAFCO 3206 will provide for the continuing delivery of fire protection and emergency medical response within the City of Needles at the same level currently provided and that as required by Commission policy and State law, the revised Plan for Service and the Financial Impact Analysis show that the delivery of service can be maintained and that such delivery is projected to be sustainable.

Ms. McDonald states that for environmental considerations that the Commission is the lead agency for review of potential environmental consequences of the reorganization. She states that LAFCO staff has provided the Commission's Environmental Consultant, Tom Dodson and Associates, with the application materials and responses provided by the City of Needles and the San Bernardino County Fire Protection District and that Mr. Dodson reviewed the proposal and has recommended that the reorganization is statutorily exempt from the California Environmental Quality Act (CEQA).

Ms. McDonald states that In addition to publication of a legal notice of this proposal, staff also mailed individual notices to the 2,425 landowners in the affected reorganization territory and that staff has fielded approximately 25 phone calls from landowners requesting additional information on the proposal. She states that specific areas of concern generally included objection to the imposition of a special tax due to financial hardships of homeowners and landowners and requests for additional clarification as to why residents do not have the opportunity to vote on the imposition of a special tax. She states that as of the date of the staff report, one letter of opposition has been received.

Ms. McDonald states that the determinations required by Commission policy and Government Code Section 56668 are detailed in the staff report. She states that the County Registrar of Voters has determined that the study area is legally inhabited with 1,520 registered voters as of January 21, 2016 and that a 21-day protest period is proposed in order to meet the August 8, 2016 filing deadline for the special tax to be placed on the upcoming tax roll.

Ms. McDonald states that adequate emergency medical response and fire protection are key health and safety issues for any community and that the City's support for this proposal to include its corporate boundaries within County Fire provides for its statutory obligation to provide fire protection service to its residents. She states that the proposal requires landowners within the community to provide the financial support necessary to continue the service and that to increase transparency, it also includes the formation of a special zone to provide for separate accounting of revenues and expenditures within the Needles service zone. She states that the alternative to this proposal is to remain under contract to County Fire and be subject to significantly escalating contract costs that the City will be unable to afford over the long-term. She states that this may place the provision of continuing fire protection and emergency response services to the residents and businesses of the City of Needles in jeopardy. She reviews the staff recommendations and conditions as noted in the staff report.

Chairman Curatalo asks for comments and questions from the Commission for staff.

Commissioner Bagley asks if the tribal lands are currently paying any fire protection fees to the City of Needles. Ms. McDonald states that they do not. Mr. Bagley states that it is of concern to him that there is no system to compensate fees used for police, fire and safety on tribal lands overall and that it is a discussion that should happen in some forum. He requests clarification with respect to the property tax transfer. Ms. McDonald states that 6% of the property tax share shall be allocated to County Fire from the City which is the administration fee, and 94% will be allocated to the South Desert Service Zone for the boots on the ground operations.

Commissioner Bagley states that he is concerned over the small revenues of the fire department and how it has been subsidized by the County. He states that fire service is more regional than local and that this area is unique in its fire needs since it is desert and also has a well-traveled highway which requires additional fire and safety services. He states that the audit trail of revenues shows a lack of accountability as well and hopes that the City will endeavor to improve on its auditing of finances in the future.

Commissioner Cox states that the staff report notes the dissolution of CSA 38, Zone I and asks what services were provided by that zone and what will happen to it now. Ms. McDonald states that CSA 38 I was the area identified for fire protection and that it was dissolved during the County fire reorganization - LAFCO 3000. She states that its inclusion in the staff report was to give a historic look at fire service in the project area and to show the limited financial funding for fire service. Ms. McDonald reviews the funding areas on the overhead. Ms. Cox states that the financial documents show an inability of the City to pay for its fundamental services and that the City finances should be readdressed in the future.

Ms. McDonald states that during the processing of LAFCO 3000 - County Fire Reorganization, the statement was made that the revenues were insufficient to provide for the ongoing service. She states that as part of the approval of LAFCO 3000, the Commission directed that regional advisory bodies look into the question of local service charges or special taxes in each region to provide for the level of service desired within each individual region. She states that this has not occurred. She states that the patterns of service delivery must be reviewed in each region along with the level and range of service for emergency medical response and fire protection, given the revenues within the region. Ms. Cox states that there is going to be an inequity for some of the residents in the project area and asks for the total parcel number for the area. Ms. McDonald states that the parcel count is more than 2,425 for the area.

Commissioner Farrell states that he is confused about the FP-5 tax amount. Ms. McDonald states that as clarified in the report, the amount is standardized at \$143.92 with a 3% cap on annual increases. Mr. Farrell states that the response received from the tribal council was not specific to the FP-5 overlay and asks for clarification. Ms. McDonald states that the letter that accompanies the resolution states that it is the tribe's position that Resolution 2006-52 applies to LAFCO 3206.

Chairman Curatalo asks for comments from the proponent.

Rick Daniels, City Manager, City of Needles thanks staff for their professionalism in the processing of the proposal, gives a brief history of the City and fire service in the area and

states that up until 1997 fire service was provided by volunteers. He states that City has contracted with the County for the provision of fire services and that the cost of the contract has increased substantially as has the need for public safety. He states that these increases are beyond the control of the City. He states that the cost of contracting with County Fire is again slated to increase and that these costs are above the City's ability to pay. He states that although property tax receipts have improved in the county, it continues to decrease in the Needles area and that the economic recovery is slow. He states that the City looked at alternatives for providing fire service, including starting a fire department in the City, but found that the costs for the alternatives were too high. He states that the City solicited interest in creating their own fire department and sent out requests for notices of interest from fire fighters for a paid call status and no statements or letters of interest were received by the City. He states that a Citizen's Committee was appointed by the City Council and that after several months of research and exploration, the Committee recommended inclusion in the County Fire District via annexation.

Mr. Daniels states that with regard to the mention of the hospital in the staff report, that the City has sold the hospital to a private entity and that the hospital no longer shows characteristics of financial distress and continues to be a large employer in the community. He states that with regard to accountability, that the City has paid every bill from County Fire and that the City understands how critical the need for fire services is and that to continue to pay for fire service by contract would cause the elimination of other important City services. He states that the City is in support of the annexation and asks the Commission to approve LAFCO 3206

Commissioner Cox states that she applauds the City for using a Citizen's Committee to help to decide the needs of the City.

Chairman Curatalo states that he recently visited the City of Needles and that it has some challenges due to its proximity to the Arizona border and the flow of commerce.

Mark Hartwig, Fire Chief, San Bernardino County Fire District, states that his department has been partners with the City of Needles for fire protection and that they have all worked closely together with his staff to organize the annexation. He states that the District has a responsibility to provide fire service in the Needles area and that they have worked to come to a logical and financially feasible way to fulfill that responsibility. He states that the interest of paid call applicants to participate in providing fire service in the river corridor is minimal at best, and it poses a problem in building a pool of fire fighters from which to hire, and as a result has caused for the end of that limited term firefighter program. Chief Hartwig states that the advantage that County Fire brings is their large pool of resources, including specialty services and that the county also helps to fund County Fire, which is a benefit to those who fall under the County Fire service areas.

Chairman Curatalo ask about the specialized rescue requirement services needed at the river during peak seasons. Chief Hartwig states that County Fire works with the sheriff who patrols the water for law enforcement purposes, and County Fire helps to augment their staff for paramedic purposes. He states that they have a great partnership.

Chairman Curatalo opens the public hearing.

Ruth Musser-Lopez, resident of Needles, speaks in opposition of the annexation and states that the proposal is not exempt from CEQA, and that the flat tax is an economic injustice. She states that the community group was handpicked and that the City charter states that the City must have a fire department and a fire chief. She states that she objects to the hearing location.

Tom Dodson, Environmental Consultant for LAFCO, states that for clarification, the CEQA general rule exemption, which says that if it can be said with certainty that there is not going to be any physical change to the environment it is statutorily exempt from CEQA, has been used for LAFCO 3206. He states that most LAFCO actions do not cause a physical change in the environment. He states that for this proposal, services are already being provided, which is the physical component of the project and at the end of the approval, the service will be maintained, so no physical change will come of the approval of the action. He states that the next element to review is that of economic impact, and that CEQA 15064 states that economic and social changes resulting from a project shall not be treated as significant effects on the environment; the same services will be provided so there is no impact to the environment subject to CEQA based on the general rule.

Chief John Chamberlin, San Bernardino County Fire District, South Desert Division, states that there are provisions for mutual aid and automatic aid within the area, and there is also a provision for joint training and that the entire area is addressed as a regionalized basin. He states that the need for mutual aid and fire coverage is reviewed on an annual basis and that there is a mutual benefit to all the communities in the area by supporting each other. He states that a staff analysis has been provided to the City.

Ms. McDonald states that the notices that were sent out to the community of Needles were to inform them of the Commission's scheduled hearing and not to solicit protest since the official protest period cannot start until after the reconsideration period. She states that the protest notices will be mailed at the appropriate time to the landowners within the City of Needles outlining their ability to protest LAFCO 3206.

Chairman Curatalo calls for further testimony; there being none, closes the public hearing.

Chairman Curatalo call for further comments. There being none, he closes the discussion and calls for a motion for LAFCO 3205. He reviews the recommendations for LAFCO 3205 as noted in the staff report.

Commissioner Bagley moves approval of the LAFCO 3205, second by Commissioner Williams. There being no opposition, the motion passes unanimously with the following roll call vote: Ayes: Bagley, Cox, Curatalo, McCallon, Williams. Noes: None. Abstain: None. Absent: Lovingood, Ramos

Chairman Curatalo reviews the recommendations for LAFCO 3206 as noted in the staff report and calls for a motion.

Commissioner Bagley states that although it is preferred that decisions that will have financial

ramifications be handled at the local level, at times those decision are brought before LAFCO and the Commission must make the hard decisions. He states that there are some challenges in Needles and that the community needs to get more involved.

Commissioner McCallon states that he prefers that these types of decisions be made at the local level.

Commissioner Bagley moves approval of the LAFCO 3206, second by Commissioner Williams. There being no opposition, the motion passes unanimously with the following roll call vote: Ayes: Bagley, Cox, Curatalo, McCallon, Williams. Noes: None. Abstain: None. Absent: Lovingood, Ramos

**DISCUSSION ITEMS:**

**ITEM 8. REVIEW AND CONSIDERATION OF POLICY UPDATES RELATED TO APPROVAL OF SB 239 – CONTRACTS FOR THE PROVISIONS OF FIRE PROTECTION BY CONTRACT (TO BE CONTINUED TO JUNE 15, 2016 HEARING)**

Commissioner McCallon moves approval of continuance of the policy updates to SB239 to the June 15, 2016 hearing, second by Commissioner Cox. There being no opposition, the motion passes unanimously with the following roll call vote: Ayes: Bagley, Cox, Curatalo, McCallon, Williams. Noes: None. Abstain: None. Absent: Lovingood, Ramos

(It is noted that Mr. McCallon leaves the dais at 11:55 a.m.)

**ITEM 9. PRELIMINARY BUDGET REVIEW FOR FISCAL YEAR 2016-17:  
A. PROPOSED SCHEDULE OF FEES, CHARGES AND DEPOSITS**

Kathleen Rollings-McDonald presents the report for the Proposed Schedule of Fees, Charges and Deposits, a complete copy of which is on file in the LAFCO office and is made a part of the record by its reference here.

Ms. McDonald states that staff is proposing changes to the fee schedule, as noted in the staff report, to take effect June 1, 2016. She states that the increases relate to Processing Fees and Deposits for Legal and Protests and that there is also the addition of the category for Out-of-Agency Service Ccontracts. She states that in addition, the proposed schedule amends language for consistency and updates to citations with the current Policy and Procedure Manual. She reviews staff recommendations as noted in the staff report.

Commissioner Bagley states that the biggest increase is related to the fees for special districts and for the incorporation of special districts. He states that this is a large amount of fees for a group that is trying to form a district or incorporate a city and could be burdensome. Ms. McDonald states that due to the new requirements for an incorporation, the management of the proposal and other elements in the processing of these types of proposals support the fee increase. She states that the requirements of a disincorporation necessitate more administration due to all the nuances that a disincorporation may possess, which also supports the fee increase. She states that if the Commission wishes to review this request at a later

date, they can request that increase to be removed from the recommendation.

Commissioner Bagley states that he is not opposed to the increase, he just wanted to express his concerns.

Commissioner Cox moves approval of the Proposed Schedule of Fees, Charges and Deposits, second by Commissioner Williams. There being no opposition, the motion passes unanimously with the following roll call vote: Ayes: Bagley, Cox, Curatalo, Williams. Noes: None. Abstain: None. Absent: Lovingood, McCallon, Ramos.

(It is noted that Ms. Cox leaves the dais at 12:03 p.m.)

**B. PROPOSED BUDGET FOR FISCAL YEAR 2016-17: 1) THIRD QUARTER REVIEW FY 2015-16, 2) PROPOSED BUDGET FOR FY 2016-17, 3) CONSIDERATION OF LEASE FOR OFFICE SPACE WITH SAN BERNARDINO ASSOCIATION OF GOVERNMENTS (SANBAG) AND SOUTHERN CALIFORNIA ASSOCIATION OF GOVERNMENTS (SCAG), 4) EXECUTIVE OFFICER CONTRACT**

Kathleen Rollings-McDonald presents the report for the Proposed Budget for Fiscal Year 2016-17, a complete copy of which is on file in the LAFCO office and is made a part of the record by its reference here.

Ms. McDonald reviews the chart on the overhead that shows the positive increase in applications received that has taken place to date. She states that the largest expenditure category for the Commission is its personnel costs and that for the past several years the staff has identified the continuing escalation of retirement rates as an area of concern; however, those rates have now stabilized and for the upcoming fiscal year and the forecast years SBCERA has indicated a rate of between 33.05 and 32.61 percent.

Ms. McDonald states that in response to the Commission's direction to change the office location, staff has been working with the staff of SANBAG and the Santa Fe Depot management firm to review leasing the historic Harvey House portion of the Depot. She states that this area needs renovation, and LAFCO would participate in the funding of that effort should the site be chosen. She states that the estimate received by SANBAG was \$230,000. She states that the budget, as presented, anticipates funding \$100,000 upfront in renovation costs with the balance amortized over 5 years, however that construction budget has not been finalized and LAFCO staff has not outlined its desires for the space specifically. She states that if LAFCO 3198 fails, there will be significant reductions in law enforcement and fire protection service and a different location may need to be explored.

Ms. McDonald states that staff is continuing its ongoing processing of the state mandated service reviews of municipal services providers within the County and that staff has undertaken the second round of its mandatory service reviews. She states that it has become clear that a better approach would be to focus on service type throughout the County broken down into sub-regions rather than focus on the four individual regions and the services provided within. She states that since the same approach and format can generally be used for each service type, a countywide approach can decrease the redundancies in the overall presentation and

will increase the efficiencies in report preparation and improve the use of staff resources. She reviews the four year plan as noted in the staff report and states that law enforcement has been excluded, however, if the Commission believes a review of this service is warranted, it can be placed on the schedule.

Ms. McDonald states that as is the Commission's practice, a forecast for Fiscal Year 2017-18 has been provided, however, staff has provided two additional years of forecasting due to impending changes in the salary and benefits categories – the hiring of a permanent Executive Officer – and other significant changes in budget categories. She states that these forecasts include the maintenance of the contract Executive Officer (contract terminates in September 2018), five full-time staff positions with salary increases anticipated in the current compensation plan, including retirement costs. She states that four of the full-time employees are in the Tier 1 rate for retirement benefits for forecasting and the new GIS/Database Analyst position is a Tier 2 employee; the forecasts for these Fiscal Years carry forward current staffing levels for FY 2017-18, and the new staffing structure for FY 2018-19 (with a three month overlap with the contract Executive Officer) and FY 2019-20 without any contract employees, implementation of a 2% and 3% across the board salary increase for regular staff and all other existing practices and anticipated workloads. She states that the Educational Training Program sponsored by LAFCO was a success and will be continued to the next year.

Ms. McDonald states that staff is recommending a total Services and Supplies budget of \$650,105 that will accommodate the anticipated relocation of the LAFCO office, the continuation of the education program for the special districts in the County, and the management of website activities in-house.

Ms. McDonald states that for revenues, staff estimates that year-end total for all proposed activities will be 142% of budgeted appropriation and that for FY 16-17, staff anticipates the submission of 10 proposals. She states that all reserve accounts will be carried forward from prior year and an estimated \$224,611 is anticipated to be carried forward as well.

Ms. McDonald states that the revenues forecasts for FY 2017-18 builds upon the continuing health of the local economy anticipating an increase in proposal activity for an increase in Fees and Deposits of \$28,975 and that the forecast for FY 2017-18 maintains that increased level of activity with an estimate of a 205% increase in fees for a revenue increase \$30,450 over FY 2016-17. She states that the anticipated apportionment increases should total \$944,747 in FY 2017-18 and \$963,642 in FY 2018-19, a 2.0% increase in each year.

She states that for reserves and contingencies, staff is proposing the maintenance of reserves and contingency amounts as outlined by Commission policy and projections exceed this amount. She reviews the proposed increases and staff recommendations as noted in the staff report.

Commissioner Bagley asks for clarification regarding the special districts apportionment. Ms. McDonald states that the formula was adopted by the special districts in 2000 and amended in 2010 which applies the alternate funding formula allocation.

Commissioner Farrell asks for clarification regarding the service review schedule for

conservation and habitat. Ms. McDonald states that staff's review will come after the County and SANBAG completes its Countywide Habitat Preservation/Conservation Framework Study.

Commissioner Williams moves approval of the Proposed Budget, second by Commissioner Bagley. There being no opposition, the motion passes unanimously with the following roll call vote: Ayes: Bagley, Curatalo, Farrell, Williams. Noes: None. Abstain: None. Absent: Cox (Commissioner Farrell voting in her stead), Lovingood, McCallon, Ramos.

**INFORMATION ITEMS:**

**ITEM 10. LEGISLATIVE UPDATE REPORT**

Kathleen Rollings-McDonald presents the legislative update report for, a complete copy of which is on file in the LAFCO office and is made a part of the record by its reference here.

Ms. McDonald states that staff is asking that the Commission ratify its position on two items. She states that the first is to oppose the amended SB 1318 and ratify the letter signed by the Chairman dated March 18, 2016, stating a position of opposition to SB 1318, as noted in the staff report. She states that for AB 2032 that the Commission remove its position of opposition following the April 5, 2016 amendments as noted in the staff report.

Ms. McDonald states that staff is asking that the Commission support AB 2910, the CALAFCO sponsored Assembly Local Government Committee Omnibus Bill.

Commissioner Williams moves approval of staff's recommendation as outlined in the Legislative Report, second by Commissioner Farrell. There being no opposition, the motion passes unanimously with the following roll call vote: Ayes: Bagley, Curatalo, Farrell, Williams. Noes: None. Abstain: None. Absent: Cox (Commissioner Farrell voting in her stead), Lovingood, McCallon, Ramos.

**ITEM 11. EXECUTIVE OFFICER'S ORAL REPORT**

Kathleen Rollings-McDonald presents that Executive Officer's oral report and states that the nomination process for the regular Special District member will be extended to May 26, 2016 and that the City Selection Committee has continued the election for the regular City Member to May as well. She states that the application deadline for the Alternate Public Member is April 25, 2016 and that the Commission will hold their interviews for the alternate Public Member at the May Hearing.

**ITEM 12. COMMISSIONER COMMENTS**

There are none.

**ITEM 13. COMMENTS FROM THE PUBLIC**

Mark Gibboney, member of the public, states that he is opposed to the change in the election cycle of the Cucamonga Valley Water District and states his concerns.



**THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE COMMISSION THE HEARING IS ADJOURNED AT 12:30 P.M.**

**ATTEST:**

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**REBECCA LOWERY**  
Clerk to the Commission

**LOCAL AGENCY FORMATION COMMISSION**

\_\_\_\_\_  
**JAMES CURATALO, Chairman**

DRAFT