

Date: April 14, 2014

To: Jim Bagley
Kimberly Cox
James Curatalo
Robert Lovingood
Larry McCallon
James Ramos
Robert Smith
Diane Williams

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LAFCO
San Bernardino County

Dear Commissioners,

In last weeks update/letter, we explained focused on two major areas impacting the upcoming decision to either move forward with the annexation of Baldwin Lake into the Big Bear City CSD for fire protection or to ask the Commission to approve the formation of a new fire protection district should the Baldwin Lake community reject the proposed annexation plan.

First, we addressed our efforts to obtain credible information that would set aside the communities two major objections in considering the annexation proposal. We are having discussions with the CSD and Big Bear Fire to accomplish this objective, but it remains to be seen if we will be successful.

Second, we said that we would submit a new budget to LAFCO Staff for the formation of a new district with sharply increased revenue figures. We did so last Friday. As we pointed out in last weeks letter, we prepared to new budget in an effort to address LAFCO Staff's objection to the formation of a new district on the basis of financial sustainability. We felt that this was essential given the community's apparent opposition to the annexation plan which would lead to new district formation as being the only means available to see that the community has local fire protection and emergency medical services.

We plan to immediately begin telling the community that this will likely result in their fire protection assessment fees being \$180 and \$90 for dwellings and vacant parcels respectively if they choose to new district formation over annexation into the CSD. This will compare to fees of about \$120 and \$60 should the annexation plan be adopted. The explanation will simply be that we believed this was necessary to address the financial sustainability concerns of LAFCO Staff.

Frankly, we believe that this action will also cause the community to give real consideration to the annexation plan and the explanation by Chief Willis of Big Bear Fire as to why the annexation plan should be given fair consideration.

Once again, what we are trying to do is make sure the people fully understand the pros and cons of annexation versus district formation. When its all said and done, the issue will be decided on the basis of whether the community wants its own fire protection district bad enough to pay the additional budgeted costs required for district formation. If they do, then district formation should proceed, if not annexation should be completed.

In an effort to create a forum so that the community openly discuss the matter and hear from Chief Willis and myself, we are going to hold two community meetings at the fire station, the first being this coming Saturday and the second, two weeks later. We believe that this will be a positive step in making sure the community can make the best decision possible.

Again, thank you for your time and effort. We will as we always do, use our best efforts to keep you abreast of what is taking place.

Also, I have attached a copy of a letter we sent to the community today explaining in greater detail the subject matter above.

Thank you,

Larry Winslow

Cc: Ms. Kathleen McDonald

Chief Jeff Willis, Big Bear Fire

Lawrence J. Winslow
Chief
Baldwin Lake Volunteer Fire Department
951-675-1000

April 14, 2014

Fellow Residents and Property Owners in Baldwin Lake

I recently sent a letter asking all of you for your feedback or opinion as to whether you wanted Baldwin Lake to be annexed into the Big Bear City CSD for fire protection or whether you wanted a fire protection district to be established to serve just the Baldwin Lake community. In addition to sending the letter, I have been actively soliciting a response on this issue from those that I have had the opportunity to talk to. To date, I have received a response from a bit more than half of you, and the response has been very strongly against annexation into the CSD. This doesn't surprise me, as I would suspect that is just about everyone's gut reaction to having more government involvement in one's life. On the other hand, the annexation plan should not be dismissed solely on this premise. Accordingly, we have scheduled the two upcoming meetings at the fire station this coming Saturday, and two weeks following. We want to have an open discussion on the matter and have asked Jeff Willis, Chief of Big Bear Fire, to join the conversation and explain the rationale for the annexation plan.

That aside, you are being asked to soon make a decision on a matter of extreme importance as it will seriously affect the community in both the near and long term. In addition, there are financial issues to be considered, especially by the community's property owners. I wanted to reach out to all of you once again to make sure that you understand what will take place based on the decision that you make.

First, let me talk about the plan to annex Baldwin Lake into the CSD for fire protection only. A major consideration for this plan is that this is the option favored by LAFCO Staff, who for all practical purposes, are strongly opposed to the formation of a fire protection district for Baldwin Lake. This is especially important because it has led us to conclude that the best hope we have to gain their support of a fire protection district should you oppose the annexation plan, is to increase the fire assessment fee that Baldwin Lake property owners would pay if a new fire protection district were formed. We believe that this is necessary to counter LAFCO Staff's primary argument against Baldwin Lake having its own fire protection district and thus its own fire department. Their belief is that a small fire protection district poses financial risks for the community that would not exist if annexation into the CSD were to occur. Notwithstanding LAFCO Staff's opposition, we believe the LAFCO Commission, the decision making body, will rule in favor of the wishes of the people and thus give favorable consideration to fire protection district formation, if the financial sustainability issue is addressed.

To expand on the above, there will be a fire protection fee assessed on Baldwin Lake property

owners should the annexation plan take effect or should the community successfully oppose annexation in favor of forming a fire protection district for Baldwin Lake. The only situation in which property owners would not have to pay a fire protection fee is if both the annexation plan and fire protection district formation were opposed by the community. We believe the ramifications if this were to happen would be tragic for lack of a better word. The outcome would be that Baldwin Lake would not have a local fire station to provide fire protection and emergency medical services as the Baldwin Lake Fire Station will close. Instead, these services would have to come from the County Fire Station in Fawnskin which is some 25 minutes away best case. As more than 80% of our department's calls are for medical emergencies, this response time almost makes responding meaningless.

I also believe there would also be serious financial consequences should we not have a local fire station. This would likely result in the few major insurance companies that currently provide coverage in Baldwin Lake, cancelling their fire insurance coverage, or at a minimum, sharply raising their rates. Seemingly, the only way policies are now issued by the carriers is when they contact me and I verify that we have a local fire department capable of responding anywhere in the community within some five minutes. If fire insurance coverage is not available through the major insurance companies, about the only option left would be to buy fire insurance through the State's Fair Plan where the cost is typically double and coverage is limited to fire only excluding liability coverage, etc. I do not believe that not having local fire and emergency medical services is something the community as a whole wants, nor can afford today or in the future.

Assuming that the community wants to have local fire protection and emergency medical services, let me address the cost factor. Under the annexation plan property owners would pay the same fire assessment fee as do all property owners in the CSD, that being about \$120 for dwellings and about \$60 for vacant parcels. On the other hand, if a new fire protection district were formed, the fire assessment fee would be higher, \$180 for dwellings and \$90 for vacant lots. The simple reason for the higher cost is that the general consensus is that the cost of operating a stand-alone fire protection district and fire department is greater than the cost a community would incur by participating in a larger fire services organization.

All of this having been said, your decision will come down to weighing the pros and cons of the two options.

Pros of Baldwin Lake being annexed into the CSD for fire protection services:

1. The fire protection assessment fee property owner's will have to pay will be less.
2. The potential risks typically associated with the operation of a small fire protection district and a small fire department will not be an issue.
3. The resources of Big Bear Fire are much greater than those of Baldwin Lake Fire.

4. From a fire insurance perspective, Baldwin Lake residents and property owners will be at less risk of losing their fire insurance coverage and may benefit as Big Bear Lake and the CSD areas have a better insurance rating.

Cons of Baldwin Lake being annexed into the CSD for fire protection services:

1. Despite their expressed intent to do so, there is no guarantee or binding agreement that Big Bear Fire will staff and equip the Baldwin Lake Fire Station in the future.
2. The community will not have autonomy on the operation of its fire department and the control of its fire protection tax dollars as it would have if the proposed fire protection district were formed. The CSD and Big Bear Fire will receive the fire protection portion of our property tax dollars and the supplemental fire protection fee we will have to pay.
3. Despite the fact that Big Bear Fire has much greater resources than a fire protection district serving just the Baldwin Lake Community, the resources of Big Bear Fire are used to serve multiple communities and may therefore be called away from Baldwin Lake from time to time.
5. We have yet to see a legal reason that will prevent the CSD from adding services in Baldwin Lake without voter approval in Baldwin Lake. We have been told that this cannot happen, but we have yet seen hard evidence to support that statement.

Pros of forming a new fire protection district for Baldwin Lake:

1. The community will have full autonomy over the operation of its fire department and the department's focus will be on serving the Baldwin Lake community.
2. The property tax dollars and supplemental fire protection fee property owners' will pay for fire protection will be used to support Baldwin Lake Fire.

Cons of forming a new fire protection district for Baldwin Lake:

1. The fire protection assessment fee will be higher.
2. The fire protection and emergency medical services resources available in Baldwin Lake may be less if the proposed fire protection district is formed than would otherwise be available should Baldwin Lake join the CSD and Big Bear Fire.
3. There is always a possibility that the LAFCO Commission will not approve the formation of the new fire protection district, although we believe that LAFCO is of the firm opinion that either annexation or fire protection district formation is necessary for the well being of the

Baldwin Lake community. Nevertheless, should Baldwin Lake not join the CSD and LAFCO not approve the formation of a fire protection district, the property tax and assessment dollars needed to support Baldwin Lake Fire would not materialize. This would likely mean that the Baldwin Lake Volunteer Fire Department would not continue to operate, thus the community would no longer have locally provided fire protection and emergency medical services.

After one weighs all of the information presented above, the decision to be made has to come down to you weighing the benefits of both options and making a decision as to whether the additional cost justifies one's desire to have a fire protection district for Baldwin Lake should that be the desired option. Another important point is the following: the annexation plan as proposed by LAFCO and approved by the CSD will automatically go into effect probably in July unless 50.1% of the registered voters in Baldwin Lake sign a petition opposing the annexation within 21 days after the May 7th LAFCO sponsored community meeting referenced below. Alternatively, if more than 25% of the registered voters, but less than 50.1%, sign a petition opposing the annexation, then the matter will have to be put to a vote by the registered voters of Baldwin Lake. I know this may be a bit confusing, but I will gladly explain further if you want to contact me; I am sure this aspect of the matter will also be addressed at the upcoming meetings.

Once again, I strongly encourage all of you to attend one or both of our planned community meetings at the fire station as well as the May 7th LAFCO sponsored meeting at BARWA. Your ideas and input will be of value all around.

I much appreciate your taking the time to read this letter. My direct phone number is 951-675-1000. I will be happy to discuss the matter with you individually or you and your neighbors as a group and I will ask Chief Wills to join the conversation if you wish. Also, please share this letter with all of your neighbors just in case we were not able to reach them with the letter.

Thank you,

Larry Winslow