Distributed to Commissioners on Sept. 17, 2014

Date: 08/11/2014

To: Kathleen Rollings-McDonald, Executive Officer
LAFCO San Bernardino
215 North D Street, Suite 204,
San Bernardino, CA 92415-0490

RECEIVED
AUG 18 2014
LAFCO
San Bernardino County

From: Chuck Osborne
10888 West Drive #12
Morongo Valley, CA 92256
Ph. (760) 363-6308

Re: July 17, 2014 the MVCSD 2014/15 Budget was passed intentionally spending $105,000.00 plus over income._

Dear Ms. Rollings-Mc Donald,

Since LAFCO's sphere review of November 2012, the Morongo Valley Community Services District's (MVCSD) expenses have increased dramatically. The MVCSD voted to pass a 2014 budget with Fire Service operations 27% over your projections for the FY2014/15. As an 18 yr elected member of the MVCSD, I request your assistance to review our operations and determine our ability to preserve fire protection services and avoid bankruptcy.

Complaint

At the July 17, 2014 regular monthly meeting (Hearing), the MVCSD adopted a budget with deficit over $105,000, balanced with a transfer from current cash on hand, calling it reserves. The current cash on hand/reserves sustain the districts operating costs through December 2014. At that meeting I presented the board with 3 balanced budgets scenarios. The board refused to discuss my balanced options. In fact, the only written response I received was from President Johnny Tolbert. He wrote the word "Joke" on the budgets I distributed.

The following contains the LAFCO financial projections and current financial status.

	2011-12	2012-13	**2012-13**	2013-14	**2013-14 Actual expenditures as of June 27,2014**	2014-15	**2014-15**
	AUDIT	Adopted Budget.	**AUDIT**	LAFCO Projection.		LAFCO Projection.	**Budget July 17,2014**
Revenues:							
Property Tax	366,739	365,516	365,836	365,516	356,136	365,516	360,452
Fire Assessment	286,528	291,915	292,076	297,753	300,193	303,708	300,535
Grant Income	31,971	5,293	13,951	0	11,516	0	3,500
Fire Service	1,542	27,900	9,222	3,638	34,192	3,711	26,300
Park Revenue	3,332	5,200	4,279	5,304	9,268	5,410	5,000
Other	22,289	1,500	8,993	1,500	5,484	1,530	11,833
Total Revenue	$712,401	$697,324	$694,357	$673,711	$716,789	$679,875	$707,620
Expenditures:							
General Government	105,302	179,877	158,718	183,475	161,596	187,144	118,623
Fire Operations	500,731	485,323	517,123	495,029	597,690	504,930	645,656
Park & Recreation	67,078	12,924	60,767	13,182	72,436	13,446	39,350
Streetlights	4,074	4,200	4,237	4,284	3,699	4,370	4,000
Debt Service	12,313	15,000	1,454	0	5,816	0	5,816
Total Expenditures	$689,498	$697,324	$742,299	$695,970	$841,237	$709,890	$813,445
Total Rev	$712,401	$697,324	$694,357	$673,711	$716,789	$679,875	$707,620
Total Exp	$689,498	$697,324	$742,299	$695,970	$841,237	$709,890	$813,445
Balance	$22,903	0	**$-47,942**	$-22,259	**$-124,448**	$-30,015	**$-105,825**
Trans from fund balance			**$47,942**		**$124,448**		**$105,825**

As of June 2014 MVCSD fund balance was less than $360,000.00. After budget approval 7/17/204 cash on hand/reserves is less than $260,000.00. Approximate monthly expenditures are $70,000.00 plus per month.

The MVCSD majority board financial plan to solve budget deficits is to put forth an assessment in 2015, although the cost for review to obtain it has not been voted on by the Board at this time, the plan is being reviewed by Legal Counsel.

Budget deficit can be solved by reducing expenses, specifically the Fire Department staffing from 6 employees daily to 4 employees daily, including the Chief as one of the four, 4 days a week and providing one reserve daily for 3 days a week. I have been told by the Board Directors since 2012 that 4-0 staffing is required because of the 2 in-2out law. I have not found a LAW that requires Fire Departments to have 4-0 staffing to be in lawful compliance.

San Bernardino County Battalion Chief Dave Benfield reported at the Morongo Basin Municipal Advisory Committee meeting (MAC) the County of San Bernardino Fire Departments in his jurisdiction will be raising their staffing levels from 2-0 to 3-0 in some of their stations as of September 2014. The minutes from the M.A.C. in May 2014 meeting do not reflect details of the County Fire staffing. The Chief's report and full meeting can be found on YouTube : https://www.youtube.com/watch?v=FJVOJsbuYr8 . MVCSD Director & Fire Commissioner, Gail Swarat, the appointed Morongo Valley MAC Representative was present for the Chief's report. When I quoted the Chief on July 17,

2014 in MVCSD meeting, Director Gail Swarat told the Board of Directors that this was not true, that the Battalion Chief did not say that, she disputed the fact that our mutual aid is dispatched at the same time we receive the 911 call for fire. I personally called and spoke to BC Benfield to verify this MAC report re: staffing and the 2in-2out rule is covered by mutual aid. He reiterated the same facts relayed in the MAC meeting. Swarat voted for a budget based on 6 staff on duty.

MVCSD Fire Department current staffing levels are determined by the adoption of NFPA Standards: Agenda Item J-4: A recommendation put forth by former MVCSD General Manager Rick Lebel Re: The adoption of NFPA Standards as follows:

> "That the Board of Directors take action for review and approval of Standard Operating Guidelines (SOG) No. 22 and 23 relative to standardized staffing as recommended by the 2013 ISO Review and National Fire Protection Association (NFPA) response standards as adopted by State and Federal agencies."

This proposal was passed with the caveat of "As long as we have the money in the budget".
At the time of this proposal and passing of SOG's, I was all for it as long as our budget could sustain it.

Due Diligence:
July 2014 I contacted the State Fire Marshal's Office and found out:

1. State Of California and San Bernardino County have not adopted NFPA Standard's. When I asked why I was told: Adoption of NFPA Standards would cause a major cost and hardship to the communities.

The MVCSD board majorities of 2012 thru 2014 repeatedly stated fire department expense increases are largely due to LAFCO & ISO requirements that must be met in order to be in compliance. I did not find any requirements imposed by either agency.

During my 18 plus year tenure as an elected official, most boards worked to improve the financial stability and enhance services. In the early 2000's the Fire Department transitioned from all volunteer to 24/7 combination paid/volunteer department. During the period covered by your 5 year service review, with careful budgeting, grant funding and model volunteer training programs, we were able to obtain apparatus, add paramedic services and construct park facilities. In the past two years we have decreased services (State brush clearance inspections) and closed a station. I hope you can evaluate the MVCSD's trend of operating deficits and prevent the current board majority from bankrupting the community.

Substantiation documentation is available upon request, including DVD's of MVCSD meetings.

Thank you for your consideration.

Sincerely,

Chuck Osborne — Date 8/11/14

Distribution List:
- SB County Grand Jury
- SB LAFCO
- James Ramos, Third District Supervisor, SB County Board of Supervisors