

**MINUTES OF THE LOCAL AGENCY FORMATION COMMISSION
COMMUNITY MEETING OF FEBRUARY 5, 2007**

COMMUNITY MEETING

7:00 P.M.

FEBRUARY 5, 2007

PRESENT:

COMMISSIONERS: Paul Biane, Chairman
James V. Curatalo, Alternate
Larry McCallon
Mark Nuaimi
Diane Williams, Alternate

STAFF: Kathleen Rollings-McDonald, Executive Officer
Clark H. Alsop, Legal Counsel
Samuel Martinez, LAFCO Analyst
Michael Tuerpe, LAFCO Analyst
Debby Chamberlin, Clerk to the Commission

ABSENT:

COMMISSIONERS:	Bob Colven	Dennis Hansberger
	Kimberly Cox	Richard P. Pearson
	Josie Gonzales, Alternate	A.R. Tony Sedano, Alternate

7:00 P.M. – CONVENE COMMUNITY MEETING OF THE LOCAL AGENCY FORMATION COMMISSION – FONTANA CITY COUNCIL CHAMBERS, 8353 SIERRA AVENUE, FONTANA

CALL TO ORDER - FLAG SALUTE

Chairman Biane calls the community meeting of the Local Agency Formation Commission to order and leads the flag salute.

DISCUSSION OF COUNTY FIRE REORGANIZATION IN GENERAL, LAFCO 3000, AND THE VALLEY IMPROVEMENT DISTRICT OF THE SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT AS PROPOSED AND CITY OF FONTANA'S ALTERNATIVE, LAFCO 3000A

LAFCO conducts a special community meeting to discuss the County Fire Reorganization proposal in general, the proposed formation of the Valley Improvement District, and the City of Fontana's alternative proposal. Notice of this community meeting was advertised as required by law through publication in The Sun, Chino Champion, Colton Courier, Fontana Herald News, Highland Community News, Inland Valley Daily Bulletin, Loma Linda City News, Redlands Daily Facts, Rialto Record, and Yucaipa/Calimesa News Mirror, newspapers of general circulation in the Valley area. Individual mailed notice was provided to affected and interested agencies, County departments and those individuals and agencies requesting mailed notice.

Executive Officer Kathleen Rollings-McDonald states that the purpose of this community meeting is to provide an outline of the actions currently under consideration related to the proposal known as LAFCO 3000/3001—County Fire Reorganization, and to receive input from the community. Ms. McDonald reports that on July 26, 2005, the Board of Supervisors initiated an action to reorganize the Board-governed fire agencies, with submission of the proposal to LAFCO in August 2005. She says the Board action identified as its rationale that the current structure of 28 separate fire entities was "unwieldy and inefficient" and identified there was a need to find a mechanism to increase revenues based upon service need/support for funding increases for the communities. She explains that the County's application proposes: (1) the expansion of the sphere of influence of the Yucca Valley Fire Protection District (FPD)

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to include the whole of the unincorporated area, excluding territory of existing fire providers (known as LAFCO 3001); and (2) the reorganization of the 28 Board-governed fire agencies, to consolidate these agencies into a single FPD, to be known as the San Bernardino County FPD, with Improvement Districts identified for four regions—Valley, Mountain, North Desert, and South Desert, and the special fire tax entities (known as LAFCO 3000).

Ms. McDonald gives a PowerPoint presentation, a copy of which is on file in the LAFCO Office and is made a part of the record by reference herein. As outlined in the presentation on file, she discusses what the County's application proposes and the required actions to be taken, including the creation of four Improvement Districts under the umbrella of the San Bernardino County FPD, with the Valley Improvement District being discussed tonight. She outlines the various agencies that will be dissolved, which include within the Valley Improvement District the Central Valley Fire Protection District (hereinafter referred to as CVFPD), County Service Area (CSA) 38 and its Improvement Zones H (Colton), L (Highland Paramedic) and M (Yucaipa Paramedic). She discusses the agencies from which fire/ambulance/disaster preparedness powers will be removed, which include in the Valley Improvement District CSA 70 (general) and CSA 63 (Yucaipa/Oak Glen). She outlines the eight improvement districts with current special tax requirements that will be formed, including Improvement Districts PM-2 (Highland Paramedic) and PM-3 (Yucaipa Paramedic) within the Valley area. She explains that as part of this process, the City of Fontana (hereinafter referred to as "the City") has submitted an alternative to LAFCO 3000/3001, known as LAFCO 3000A, which is a reorganization to include detachments from the CVFPD and establishment of the CVFPD as a subsidiary district of the City and renamed the Fontana FPD. She discusses the eleven areas to be detached from CVFPD, with their concurrent annexation to the Yucca Valley FPD, and shows a map that presents the residual area for the renamed Fontana FPD, which will be the existing boundaries of the City and its sphere of influence.

Ms. McDonald explains that the Commission is required to look at a number of factors when considering a proposal and she says that of particular importance to the Valley Improvement District is the effect of the City's alternative proposal on the continued sustainability of the Valley agency. She notes that for the San Bernardino County FPD to be governed by the County Board of Supervisors, LAFCO 3000A or another modification to LAFCO 3000 must be approved since the City adopted Resolution No. 2006-06 registering its objection to LAFCO 3000 and the governance of the new agency by the Board of Supervisors. She says that the Commission is required to evaluate the revenues attributable to the overall area to be sure the Valley Improvement District has sufficient revenues to maintain its service obligations in the balance of the area it will be required to serve. She notes that one element that must be taken into account when reviewing that factor is the anticipated structure based upon existing sphere of influence determinations for fire providers within the Valley. She states that Norm Kanold, Assistant County Administrator, will give a presentation on behalf of the County and the County Fire Agency.

Mr. Kanold states that Ms. McDonald's presentation was an excellent overview of both the County's and City's proposals. He says he would only add that the same factors that launched the County's effort back in 2002 for a reorganization still exist today. Mr. Kanold says the first factor is an eroding tax base due to continuing city annexations in the urban areas, as well as stagnate tax growth in some of the remote areas that continue to affect the districts and present a possible financial jeopardy for those district operations and a possible curtailment of services. He says the second factor is the legal inability to share resources on a more regional basis due to the existing boundaries of the 32 separate dependent districts mentioned by Ms. McDonald. He says the third factor is the enormous duplication of effort in administering 32 separate operation and budgetary budgets. He says the County is not unsupportive of the City's proposed alternative but has expressed concerns on how the service agreement would ultimately be structured, as well as how the County would maintain service levels in the areas left behind after the subsidiary district is formed. He says this has been discussed with the City, which has agreed to work with the County in trying to address those issues as they develop a service agreement. He says he will be available to answer any questions.

Jeff McPherson, representing the City, says that Ms. McDonald did a wonderful job of giving an overview of the City's proposal. He says it is fundamentally about local governance—that the City has about

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180,000 people and it is very important that the City retain local control over the fire services. He says he also will be happy to answer any questions.

Chairman Biane says that now is the time for the Commissioners to ask questions of staff or make any comments, with public comments to follow after that. He says the task of the Commission is to decide what is the best way to deliver services in the area under consideration for the Valley. He notes that he is also a County Supervisor, representing the City of Fontana and unincorporated residents, and says it is a "tightrope" that some of them are asked to walk as far as looking at what is best for the communities they represent. He says that from the documentation he has looked at, there seems to be a lot of negotiation that still needs to take place in order for LAFCO staff to be able to provide to the Commission the numbers and why something will work or will not work. He says they are not there yet.

Ms. McDonald says that is correct and she says staff is still working to be sure they have accurate financial data to present to the Commission. She says staff wanted to provide information to the general public so they could understand that, while this is philosophically a simple concept to consolidate agencies and make services more efficient and effective, the sustainability of service levels must be assured. She says County and City staff have committed to making sure that staff has all the information to present a thorough evaluation of these proposals to the Commission in May.

Chairman Biane says he thinks that there would be different formats to make the district function, with the local communities having a greater say, such as possibly the Board of Supervisors taking an action saying that the new self-governed district could be made up of three members from the City of Fontana and two members from the Board of Supervisors. He says he does not know if the Commission has to act on one of the two proposals or some hybrid.

Ms. McDonald says that as the Commission begins its deliberations, there are alternatives it may want to look at. She says one alternative would be the retention of the CVFPD in its current configuration, but as an independent district versus a Board-governed district. She says the Board of Directors could be either elected or appointed. She says the Commission may wish to direct staff to evaluate that as a part of the Valley service delivery system. Chairman Biane says he personally thinks that would be worth evaluating and he says that having all possible solutions in front of the Commission to consider would be helpful.

Commissioner Nuaimi discusses his concern that one area in the Valley is funding fire protection services for all of the recreational areas in the County. He asks whether staff, in doing the analysis to see if the district is sustainable, looks at all the funding sources currently available to delivery of those services. He says it might not be monies that are currently allocated to it, but are currently available to it.

Ms. McDonald explains that staff will look at existing funding sources that are paying for delivery of fire protection. She says if Commissioner Nuaimi is talking about the possibility in the future for augmented services, that would depend on other actions that cannot be looked at now. She says they must look at a secured revenue stream that will sustain the service delivery to these residents. Commissioner Nuaimi points out that there are revenue streams that are public service revenue streams that are not necessarily being spent on fire protection services at local or County levels. He says that voters of this State passed the Safety Proposition and when people from the Valley or Riverside County are driving to Las Vegas, they expect that there will be fire protection services up there. He says they should be looking at some Countywide measure that contributes some revenue to fix this and not artificially create districts to prolong and perpetuate something that might still be broken.

Ms. McDonald says that one issue identified in the County's proposal was that this consolidation will allow the County to look at securing additional funding streams where areas in the deserts and developing communities could pass special taxes to augment their service delivery; that they would be perpetual and would be assessments for fire protection for identified areas. But she says there needs to be a cohesive unit in order to do that, and they do not have that now. Commissioner Nuaimi agrees and says that regardless of what happens in the Valley, everyone in the Valley has a stake in what happens in the High Desert and its districts and, just as they cannot expect one district down in the Valley to fund everyone's fire protection, they should not expect the districts in the desert areas to fund everyone's fire protection services. He says he does not doubt that a restructuring is needed, but he thinks that everyone needs to

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be at the table; that this ultimately is a regional solution. Ms. McDonald responds that staff hopes that these community meetings will be the forum for those types of discussions.

Chairman Biane says he has one request to speak and he opens the hearing.

Ken McNeil, a resident of San Antonio Heights, asks how this proposal will affect the fire protection service in San Antonio Heights and how the proposed changes will impact the cost of service. Mr. McNeil says he agrees with Mayor Nuaimi that this is a Countywide issue and maybe there needs to be a County assessment or tax for all the communities in the County. He notes that there was a catastrophic fire in San Antonio Heights that cost a lot of money and he says they cannot expect to burden the people in San Antonio Heights and the people in Devore with the cost of that fire. He says he is very hesitant when they start talking about assessing the residents of a particular area to provide additional funding.

Chairman Biane asks Mr. Kanold to discuss some of the financial issues that may be part of this discussion.

Mr. Kanold says they envision that this restructuring will allow the maximum flexibility to look at potential tax increases, if necessary in the future, either on an individual improvement district basis or, if it became necessary, to go with a Countywide assessment. He says the County's contention all along has been that there will be no change in service levels as a result of this restructuring and says the County thinks that is true; but he says they have to await the findings of the financial analysis currently being done by LAFCO. He notes that if changes were going to be made in the future to increase services levels, they would work with the community; that it might be that each of these improvement districts, through the general inflationary increases in the property tax base, would be able to raise levels of service in various areas. He says if that is not the case, new improvement districts could be created within the regional improvement districts to provide additional levels of service.

A member of the audience asks about assessments for the residents in the County areas. Mr. Kanold responds there will be none, unless approved through a petition process, approved by the Board of Supervisors to go forward, and voted upon by the people. The audience member asks if Mr. Kanold feels there is sufficient funding for all the things that have to take place. Mr. Kanold responds that the County did believe that prior to the alternative proposal being presented by the City. He says that at this point in time, they will have to see what the financial analysis shows in terms of how the remnants of the Valley Improvement District would fair financially.

Regarding future meetings, Ms. McDonald reports that a written report will be presented to the Commission to look at all the issues. She says that LAFCO's analysis of this proposal will be on the basis that there will be no change in the level of service, nor will there be any new assessments through this action. She says the only effect will be on existing assessments, transferring them to secure service delivery in the new district. She points out that under Proposition 218, new taxes would require an election, which is not a part of this proposal.

Chairman Biane points out that the County's General Fund supports County Fire to the tune of almost seven million dollars. He says a portion of that is what funds Fire Station 12 in San Antonio Heights, helps fund service levels in Grand Terrace and some of the unfunded areas on the I-15 Corridor through the desert, to name a few. He says the Board of Supervisors would have to maintain that funding level on an annual basis through the budget process, which he says puts that funding in jeopardy on a year-to-year basis. He says the challenges as far as guaranteeing a steady flow of revenues are still a question that has not been completely answered yet.

Commissioner Nuaimi asks if the desire is to share the burden throughout the entire County, whether the sphere of influence for this district would have to encompass the entire County. Ms. McDonald responds no, not to share the burden. But she says if a Countywide tax is proposed, it would have to be through the County, to then be distributed some other way. Commissioner Nuaimi asks if they determined that the communities to the west toward Los Angeles County and Riverside County are willing to participate at some level in the future, would they need to define the sphere to include those communities as well.

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Ms. McDonald responds they would, because an area must be part of the sphere to be annexed. She says that would involve cities that provide fire protection services through city governments and two independent fire protection districts to the west of Fontana and she explains that if they were going to be included in the fire protection district for assessments or other funding, those other districts would have to be done away with, in a similar dissolution process. Commissioner Nuaimi asks if those districts would be done away with, if the new district is not providing the services that those districts currently provide. Ms. McDonald explains the new district would have to overlay, for example, the Rancho Cucamonga Fire Protection District. Commissioner Nuaimi points out that the overlay of the new district would provide services to the residents of Rancho Cucamonga as they drive through Devore, on I-15 toward Nevada, and out on I-40 to Arizona, which would be an overlay that benefits those residents but does not provide the same services that the Rancho Cucamonga Fire Protection District does. Ms. McDonald discusses that it would be easier to have a joint powers authority that looked at fire protection for all of those areas, since this proposal does not bring into play any of the other independent fire providers. She says they are not going to get cohesive service delivery unless this proposal is expanded to look at fire protection in the entirety of the County, which she says is more than the current project.

Chairman Biane comments that there are some areas in the Valley that have 19 cents of the property tax dollar going to fund services, while in some areas it is only 9 cents per property tax dollar. Ms. McDonald explains that the share of property tax revenues each of the different types of districts receives varies greatly, with CVFPD receiving about 15 to 17% of the one percent general tax levy and CSA 38 only receiving about 9%. She notes that in certain areas, the residents have agreed to tax themselves additionally, such as in CSA 38 Improvement Zones L and M, to supplement for paramedic services. She says this fire reorganization will not change the existing tax structure. Chairman Biane asks that staff provide a map that shows the property tax percentages in each area because he says he believes the Board of Supervisors has the authority to change the allocations so that a larger portion of the property tax dollars would go to fire protection services. Ms. McDonald responds that there can be no new tax, but there can be a shift, as long as everyone agrees to it. She says staff will provide the map requested.

Chairman Biane calls for further questions or comments. Ms. McDonald says that the entire Fire Reorganization application is on LAFCO's website, as well as the City of Fontana's alternative proposal. She says that questions can also be e-mailed to staff. She announces that the Mountain Improvement District meeting will be February 13 at 7:00 p.m. in the Hootman Center at the Rim of the World Recreation and Park District in Running Springs; that the North Desert Improvement District meeting will be February 20 at 7:00 p.m. in the Town of Apple Valley Council Chambers; and that the South Desert Improvement District meeting will be February 27 at 7:00 p.m. in Yucca Valley at the Senior Center. She says she believes the official discussion of this proposal will begin at the May hearing of the Commission.

Chairman Biane calls for further public comments or comments from Commissioners. There are none.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE COMMISSION, THE COMMUNITY MEETING IS ADJOURNED AT 7:58 P.M. TO THE SPECIAL COMMUNITY MEETING OF THE COMMISSION TO BE HELD AT 7 P.M. ON TUESDAY, FEBRUARY 20, 2007, AT THE TOWN OF APPLE VALLEY COUNCIL CHAMBERS, 14955 DALE EVANS PARKWAY, APPLE VALLEY, RELATED TO THE COUNTY FIRE REORGANIZATION AND THE FORMATION OF THE NORTH DESERT IMPROVEMENT DISTRICT

ATTEST:

LOCAL AGENCY FORMATION COMMISSION

DEBBY CHAMBERLIN
Clerk to the Commission

PAUL BIANE, Chairman