

LOCAL AGENCY FORMATION COMMISSION COUNTY OF SAN BERNARDINO

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DATE: SEPTEMBER 11, 2007
FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer
TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: AGENDA ITEM #9c (1) and (2) -- LAFCO 3000 – the County Fire Reorganization and LAFCO 3000A – City of Fontana Alternative (full title included as Attachment #1 to this report)

INTRODUCTION

The San Bernardino County Board of Supervisors submitted an application to the Local Agency Formation Commission (LAFCO) for San Bernardino County to reorganize the existing County-governed fire agencies into a single management entity to be known as the San Bernardino County Fire Protection District (hereinafter shown as “SBCFPD” or “District”). The application was assigned a proposal processing number of LAFCO 3000, and the full title of this proposal is shown on Attachment #1 outlining the 32 jurisdictional changes (annexations, dissolutions, and formations) and the 14 changes to the functions and services performed by multi-function entities. This proposal anticipates the annexation of approximately 11,750,811 acres (18,361 sq miles) of land not currently a part of an independent or dependent fire entity to the Yucca Valley Fire Protection District, renaming that agency the San Bernardino County Fire Protection District. Attachment #2(b) provides the series of maps to illustrate the fire boundary changes proposed by LAFCO 3000.

Following circulation of LAFCO 3000 for review and comment by the affected and interested agencies, the City of Fontana submitted an alternative reorganization proposal (LAFCO 3000A) that proposed to detach portions of the Central Valley Fire Protection District (CVFPD) and transfer them to SBCFPD and establish the residual CVFPD as a Subsidiary District of the City of Fontana and rename it the “Fontana Fire Protection District.”

This set of actions presented to the Commission for its review, evaluation and decision is one of the most complex ever presented to LAFCO from its technical details, through the shifting of the boundaries, and the management of existing fire districts. However, the objectives of the whole effort can be summed up by the paraphrased words of Thoreau:

Simplify, Simplify, Simplify

The overarching emphasis of this proposal is to: (1) simplify the delivery of fire protection services within the County of San Bernardino provided by its Board-governed special districts;

(2) create a more effective and efficient management arrangement for fire protection and emergency medical response services within San Bernardino County, primarily for the unincorporated territory of the County; and (3) maintain the level of fire protection and emergency medical response service at its current level as a result of the reorganization. The following discussion will evaluate these proposals against the mandatory criteria the Commission is required to review as set forth in Government Code Section 56668, et al. The narrative provides a more detailed discussion of the various specific actions and consequences of the changes proposed by the reorganizations presented to LAFCO.

The City of Fontana did not consent to the overlay of the Yucca Valley Fire Protection District when asked by LAFCO staff. Instead, the City’s response was to provide an alternative to the proposed reorganization, identified and processed as LAFCO 3000A, to detach ten (10) separate areas from the CVFPD and annex them to the Yucca Valley FPD. This includes the areas/communities of Muscoy, Bloomington, El Rancho Verde, and the developing community known as either the “Villages at Lytle Creek” or “Rosena Ranch.” The City’s alternative retains the territory of the City of Fontana and its sphere of influence as the Central Valley Fire Protection District, renames that entity the Fontana Fire Protection District, and establishes the district as a subsidiary District of the City of Fontana.

The following table outlines the applications being reviewed:

Applicant	Date Submitted	Proposal Detail
<i>County of San Bernardino</i>	Submitted August 2005 Circulated for review and comment December 2005	The County’s proposal requests that LAFCO reorganize the Yucca Valley Fire Protection District (FPD) by expanding its jurisdictional boundaries through annexation to encompass the Board-governed fire entities and the unserved territory within the unincorporated area. The proposals are: 1. The County has provided a Municipal Service Review/Sphere of Influence Amendment to include an additional 18,353 square miles (11,745,691 acres) within the Yucca Valley FPD sphere and reduce the spheres of influence for County Service Area 38, Central Valley FPD, Lake Arrowhead FPD and Forest Falls FPD to a “zero” sphere. The proposal is known as LAFCO 3001 and, 2. The annexation of 18,361 square miles to the Yucca Valley FPD, the dissolution of three fire protection districts, dissolution of County Service Area 38 and its 12 Improvement Zones; and dissolution of three improvement zones of CSA 70 (FP-1, PM-1 and FP-5), the removal of fire/ambulance/disaster preparedness powers from multi-function agencies, formation of four regional service zones (valley, mountain, north desert and south desert) and eight special tax service zones. The proposal is known as LAFCO 3000 .
<i>City of Fontana</i>	Submitted January 2006 Circulated for review and comment November 2006	The City of Fontana submitted an alternative proposal to the County’s Fire Reorganization, proposing to amend LAFCO 3000 to exclude dissolution of the Central Valley Fire Protection District from consideration, detach ten separate areas from Central Valley FPD and annex them to the Yucca Valley FPD, retain the territory of the City of Fontana and its established sphere of influence within the Central Valley FPD, change the name of Central Valley FPD to the Fontana Fire Protection District, and establish the Fontana FPD as a subsidiary District of the City of Fontana. The proposal is known as LAFCO 3000A .

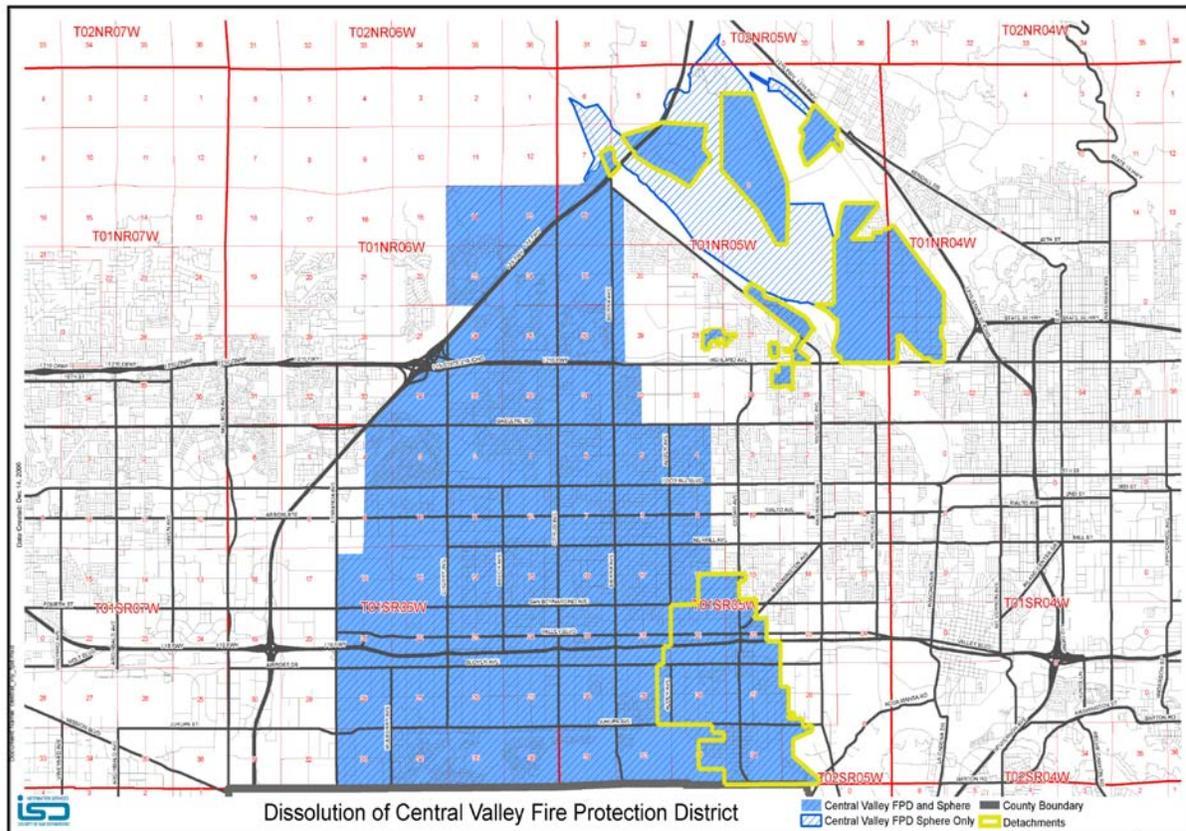
The complexity of LAFCO 3000 is illustrated by the following table which identifies the changes proposed by the County's application:

AGENCY	FORMED	CHANGE PROPOSED	DESCRIPTION
YUCCA VALLEY FIRE PROTECTION DISTRICT	1/24/49	ANNEXATIONS RENAME	Annexation of territory to encompass Board-governed fire entities and unserved territory. Rename the District the San Bernardino County Fire Protection District.
CENTRAL VALLEY FIRE PROTECTION DISTRICT	3/11/74	Dissolution	Dissolve the district and transfer its assets, liabilities, funds, property tax rate, reserve funds, etc. to the Yucca Valley Fire Protection District.
FOREST FALLS FIRE PROTECTION DISTRICT	1/24/55	Dissolution	Dissolve the district and transfer its assets, liabilities, funds, property tax rate, reserve funds, etc. to the Yucca Valley Fire Protection District.
LAKE ARROWHEAD FIRE PROTECTION DISTRICT	1/3/39	Dissolution	Dissolve the district and transfer its assets, liabilities, funds, property tax rate, reserve funds, etc. to the Yucca Valley Fire Protection District.
COUNTY SERVICE AREA 38 and its IMPROVEMENT ZONES: ZONE B ZONE D ZONE E ZONE H ZONE I ZONE J ZONE K ZONE L ZONE M ZONE N ZONE O ZONE Q	10/18/65	Dissolution	Dissolve the district and transfer its assets, liabilities, funds, property tax rate, reserve funds, etc. to the Yucca Valley Fire Protection District. Zones B, E, O, and Q are entities created for special tax purposes which were never applied, as their elections failed. The action to dissolve these agencies is intended to clear up the County Tax Rolls in keeping with the dissolution of the parent district, CSA 38. Zones D, H, I, J, K are proposed to be dissolved and their general ad valorem property tax revenues transferred to the appropriate regional Service Zone for continuing funding of fire services. Zones N, M, and L are special tax entities whose service area will be dissolved and recreated as a Service Zone of the SBCFPD and its special assessment/tax revenues assigned to the respective new Service Zone.
COUNTY SERVICE AREA 70 IMPROVEMENT ZONES: ZONE FP-1 ZONE PM-1 ZONE FP-5		Dissolution Dissolution Dissolution	Dissolve the special tax districts as they are under the parent District, CSA 70, whose fire powers are proposed to be removed. A subsequent formation action will recreate these entities as Service Zones under the SBCFPD and their respective special assessment/tax revenues will be assigned to the respective new Service Zone.

<p>REMOVAL OF FIRE/AMBULANCE/DISASTER PREPAREDNESS POWERS: CSA 20 CSA 29 CSA 30 CSA 53 AND 53B CSA 56 AND 56F-1 CSA 63 CSA 70 CSA 70 HL, 70M, 70W CSA 79 CSA 82 AND 82SV1</p>		Removal of powers	<p>Removal of fire, ambulance and/or disaster preparedness powers from multi-function County Service Areas. This action will have no effect on the boundaries or remaining services of these entities.</p> <p>However, action will be necessary to transfer the property tax share appropriated for fire, ambulance and/or disaster preparedness to the San Bernardino County Fire Protection District as well as establishing an appropriation limit for the District.</p>
<p>FORMATION OF REGIONAL SERVICE ZONES Valley Service Zone Mountain Service Zone North Desert Service zone South Desert Service Zone</p>		Formation	<p>Formation of regional service zones to identify specific geographic areas of service delivery. The processing of the proposal anticipates the transfer of fire suppression revenues, liabilities, operations, etc. to the respective Service Zones. A condition of approval will allocate these revenues.</p> <p>In addition, existing capital reserve revenues assigned to entities proposed for dissolution or assigned under the General Capital Reserve for specific entities will be apportioned to the new Service Zones for their use.</p>
<p>FORMATION OF SERVICE ZONES FOR SPECIAL TAX PURPOSES Service Zone FP-1 Service Zone FP-2 Service Zone FP-3 Service Zone FP-4 Service Zone FP-5 Service zone PM-1 Service zone PM-2 Service Zone PM-3</p>		Formation	<p>Formation of special tax Service Zones to recreate the dissolving improvement zones of county service areas identified above. The special tax/assessment revenues apportioned to these entities must be spent only within their specific area of jurisdiction.</p>

This proposal envisions an umbrella agency, the San Bernardino County Fire Protection District (SBCFPD), the renamed Yucca Valley FPD, into which the general administration, including the Fire Chief and his administrative staff, Human Resources, Finance, Training, Information Technology, as well as emergency management administration, including the Office of Emergency Services and Hazardous Materials, would be transferred. The fire suppression, rescue and emergency medical response activities would be apportioned to the four regional service zones to be created by this reorganization -- Valley, Mountain, North Desert, and South Desert. The application indicates that all existing County Service Area 70 fire employees will be transferred to the parent SBCFPD. A condition of approval will be required to transfer all existing employment contracts, leave balances, retirement credits, etc.

Upon circulation of the County Fire Reorganization for review and comment, the Cities proposed to be overlain by annexation into the Yucca Valley Fire Protection District were contacted for their consent to the overlay. The City of Fontana responded, through adoption of Resolutions 2006-05 and 2006-06, indicating its opposition to the dissolution of the Central Valley FPD and their submission of an alternative action which proposed the detachment of ten areas from the Central Valley FPD, the retention of the Central Valley FPD overlaying the City of Fontana and its sphere of influence, the renaming of this retained district, the Fontana Fire Protection District, and the establishment of the District as a subsidiary district of the City of Fontana. The jurisdictional changes are shown on the map below:



The provisions of the Fire Protection District Law of 1987 defines the Board of Directors for a Fire Protection District, which includes incorporated and unincorporated territory within Health and Safety Code Section 13837. It states, in Subsection (a) that such a board of directors is either elected or appointed by the County Board of Supervisors and/or affected City Councils and is considered an independent special district. However, Subsection (b) reads as follows:

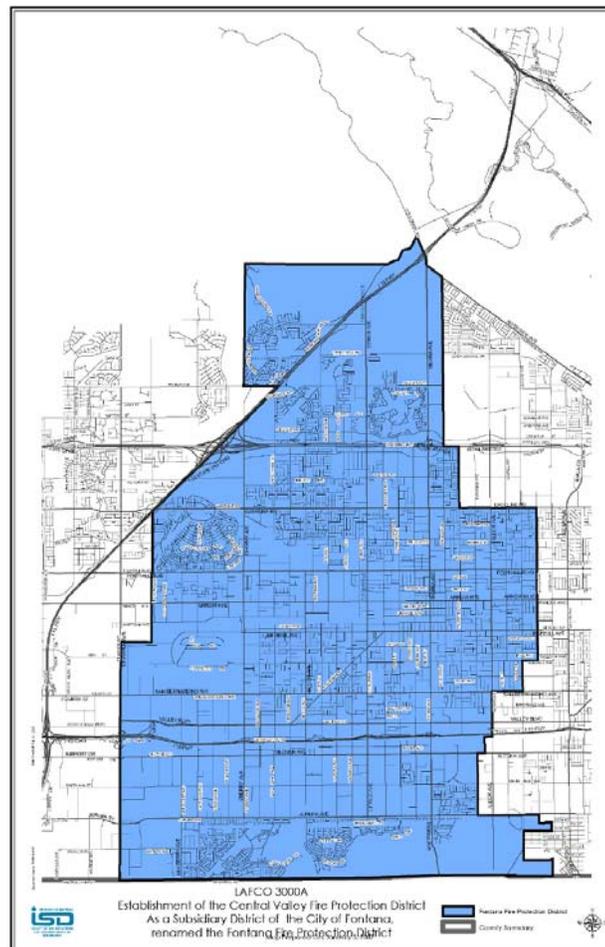
“(b) Notwithstanding subdivision (a), the county board of supervisors may appoint itself as the district board, if the city council of each of the cities consents by resolution.”

The City of Fontana’s opposition required that the LAFCO, County Administrative, County Fire and the City of Fontana staffs evaluate options for the further processing of LAFCO 3000. They are:

1. Continue processing of the County Fire Reorganization with the Board of Directors to be appointed or elected, thus making it an independent special district;
2. Remove the Central Valley FPD from the reorganization and retain it as currently configured as a Board-governed special district; or,
3. Modify LAFCO 3000 to include the City of Fontana alternative and continue the proposal's evaluation process.

Following several meetings with LAFCO staff, County Administrative and Fire staff, and staff of the City of Fontana, with additional meetings between County Administrative and Fire staff and City staff, it was determined that Option 3 would be utilized to move forward with the application.

The map below identifies the jurisdictional configuration anticipated for the residual Central Valley FPD, which is to become known as the Fontana Fire Protection District.



With these determinations made, the application to be evaluated against the criteria contained within the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, proposes the following jurisdictional or service changes:

AGENCY	FORMED	CHANGE PROPOSED	DESCRIPTION
YUCCA VALLEY FIRE PROTECTION DISTRICT	1/24/49	ANNEXATIONS RENAME	Annexation of territory to encompass Board-governed fire entities and unserved territory; Rename the District the San Bernardino County Fire Protection District.
CENTRAL VALLEY FIRE PROTECTION DISTRICT	3/11/74	Detachments Renamed and established as a Subsidiary District	Detach ten separate areas from the District and annex to SBCFPD; Retain the territory of the City of Fontana and its Sphere of Influence within the Central Valley FPD, rename it the Fontana Fire Protection District, divide up assets, liabilities, property tax rates, reserve funds, etc. between the retained district and territories annexing to SBCFPD.
FOREST FALLS FIRE PROTECTION DISTRICT	1/24/55	Dissolution	Dissolve the district and transfer its assets, liabilities, funds, property tax rate, reserve funds, etc. to the Yucca Valley Fire Protection District.
LAKE ARROWHEAD FIRE PROTECTION DISTRICT	1/3/39	Dissolution	Dissolve the district and transfer its assets, liabilities, funds, property tax rate, reserve funds, etc. to the Yucca Valley Fire Protection District.
COUNTY SERVICE AREA 38 <i>ZONE B- Angelus Oaks</i> <i>ZONE D -Victorville</i> <i>ZONE E – Summit Vly</i> <i>ZONE H - Colton</i> <i>ZONE I - Needles</i> <i>ZONE J – Big River</i> <i>ZONE K – Spring Valley Lake</i> <i>ZONE L – Highland Paramedic</i> <i>ZONE M- Yucaipa Paramedic</i> <i>ZONE N – El Mirage</i> <i>ZONE O – Baldwin Lake</i> <i>ZONE Q - Helendale</i>	10/18/65	Dissolution	Dissolve the district and transfer its assets, liabilities, funds, property tax rate, reserve funds, etc. to the Yucca Valley Fire Protection District. Zones B, E, O, and Q are entities created for special tax purposes which were never applied, as their elections failed. The action to dissolve these agencies is intended to clear up the County Tax Rolls in keeping with the dissolution of the parent district, CSA 38. Zones D, H, I, J, K are proposed to be dissolved and their general ad valorem property tax revenues transferred to the appropriate regional service zone for continuing funding of fire services. Zones N, M, and L are special tax entities whose service area will be dissolved and recreated as a Service Zone of the SBCFPD and its special assessment/tax revenues assigned to the respective new Service Zone.
COUNTY SERVICE AREA 70 IMPROVEMENT ZONES: <i>ZONE FP-1 – Windy Acres</i> <i>ZONE PM-1 – Lake Arrowhead Paramedics</i> <i>ZONE FP-5 – Helendale</i>		Dissolution Dissolution Dissolution	Dissolve the special tax districts as they are under the parent District, CSA 70, whose fire powers are proposed to be removed. A subsequent formation action will recreate these entities as Service Zones under the San Bernardino County Fire Protection District.

<p>REMOVAL OF FIRE/AMBULANCE/ DISASTER PREPAREDNESS POWERS: CSA 20 CSA 29 CSA 30 CSA 53 AND 53B CSA 56 AND 56F-1 CSA 63 CSA 70 and its Zones HL (Havasu), M Wonder Valley, and W (Hinkley) CSA 79 CSA 82 AND 82SV1</p>		<p>Removal of powers</p>	<p>Removal of fire, ambulance and/or disaster preparedness powers from multi-function County Service Areas. This action will have no effect on the boundaries or remaining services of these entities.</p> <p>However, action will be necessary to transfer the property tax share appropriated for fire, ambulance and/or disaster preparedness to the San Bernardino County Fire Protection District, as well as establishing an appropriation limit for the District.</p>
<p>FORMATION OF REGIONAL SERVICE ZONES Valley Service Zone Mountain Service Zone North Desert Service zone South Desert Service Zone</p>		<p>Formation</p>	<p>Formation of regional service zones to identify specific geographic areas of service delivery. The processing of the proposal anticipates the transfer of fire suppression revenues, liabilities, operations, etc. to the respective Service Zones. A condition of approval will allocate these revenues.</p> <p>In addition, existing capital reserve revenues assigned to entities proposed for dissolution or assigned under the General Capital Reserve for specific entities will be apportioned to the new Service Zones for their use.</p>
<p>FORMATION OF SERVICES ZONES FOR SPECIAL TAX PURPOSES Service Zone FP-1 Service Zone FP-2 Service Zone FP-3 Service Zone FP-4 Service Zone FP-5 Service Zone PM-1 Service Zone PM-2 Service Zone PM-3</p>		<p>Formation</p>	<p>Formation of special tax Service Zones to recreate the dissolving improvement zones of county service areas identified above. The special tax/assessment revenues apportioned to these entities must be spent only within their specific area of jurisdiction.</p>

PURPOSE OF THIS HEARING

LAFCO staff has long supported, and even advocated for, the reorganization of County Fire jurisdiction to match its administrative consolidation that began in the early 1980's. So, philosophically, this proposal is very simple to match the jurisdictional boundaries for fire services to the administrative consolidation. However, as the old saying goes, *the devil is in the details* and those details are the purpose of this hearing.

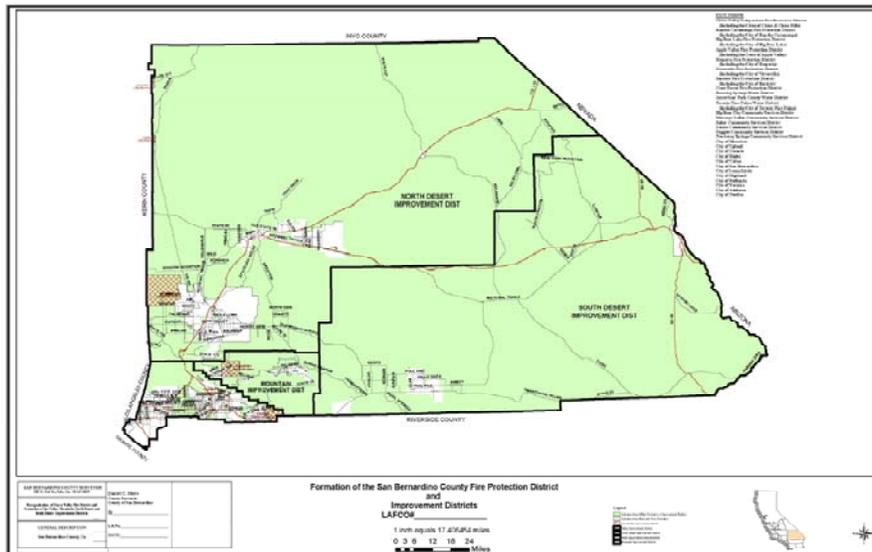
This hearing is to open the consideration of the elements required for a Commission determination on LAFCO 3000/3000A. As with all applications for jurisdictional change, the Commission's review will center on determinations related to the following:

1. **BOUNDARIES:** Do the boundaries presented for the reorganization represent a division which makes sense from a service delivery perspective for current and future growth? Are the boundaries definite, certain and easily recognizable? Do the boundaries promote efficient and effective service delivery?
2. **LAND USE:** Will the approval of the proposal affect the land use authority or the decisions upon land use options?
3. **FINANCIAL AND SERVICE CONSIDERATIONS:** Would the approval of the reorganization impair the ability of any other agency to continue providing its range and level of services? Can the successor district continue to provide the level of services which existed prior to the change? Does the reorganization represent the best available service option for the affected communities? Does it provide for a more efficient, effective and accountable form of government?
4. **ENVIRONMENTAL:** Will the proposed reorganization have an adverse environmental effect that cannot be mitigated to a level of non-significance? If it does, can those adverse effects be overridden by other benefits?

BOUNDARY DISCUSSION

The boundaries for the various changes proposed by the County and the City of Fontana in its alternative are definite and certain; they are recognizable to the providers of fire protection services. The Valley and Mountain Service Zones are recognizable to their constituents – the Valley representing the urban valley area with a predominance of incorporated cities, the Mountains representing the eastern portion of the San Bernardino Mountains and the urban forest areas which occupy that land area. It is more difficult to recognize the North Desert and South Desert Service Zone division due to their vast size. However, the communities within the North Desert – the Victor Valley, the Barstow-Daggett-Newberry-Yermo region and the South Desert – Yucca Valley, Joshua Tree, Twentynine Palms, Wonder Valley, and Homestead Valley are easily distinguished by their residents.

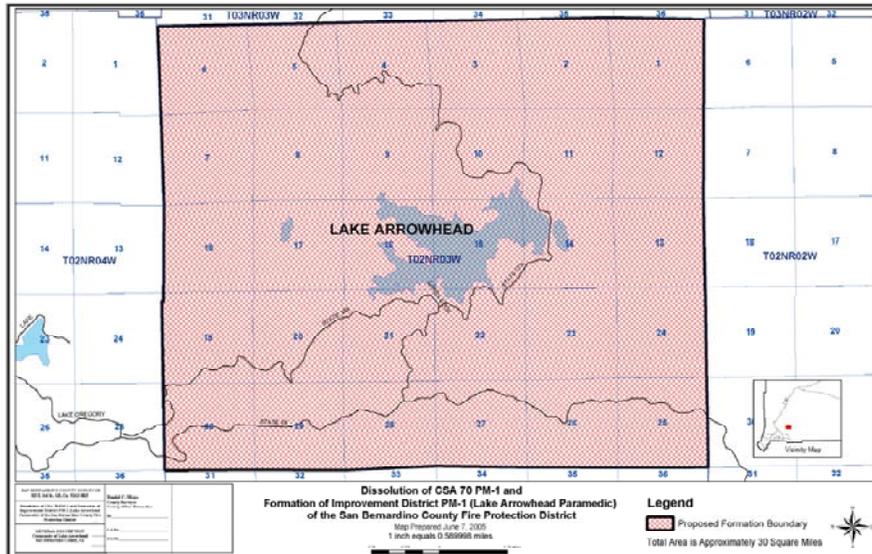
REGIONAL SERVICE ZONES



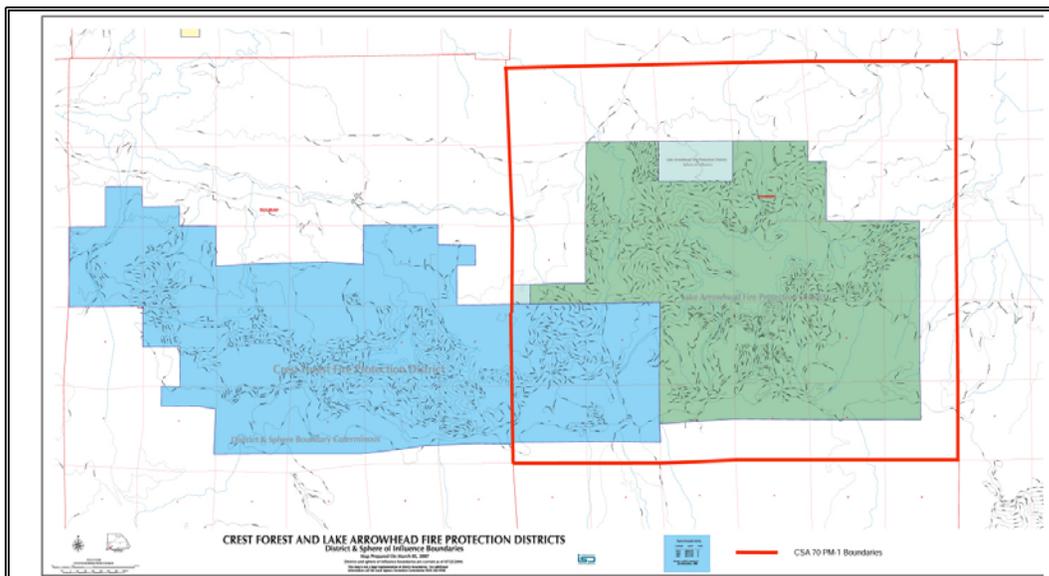
Staff has reviewed these boundaries with the staffs of the County Assessor's Office, Auditor/Controller and County Fire. Following that review, there are two modifications which are required:

1. Corrections were required along the northern boundary of the Valley Service Zone to consolidate the sphere of influence areas of the valley cities within that Service Zone and along the northern boundary of the Mountain Service Zone to exclude the territory of CSA 29 originally included, and transfer it to the North Desert Service Zone so that there was no division of property tax revenues between Service Zones.
2. The application proposes the dissolution of CSA 70 Improvement Zone PM-1 (Lake Arrowhead paramedics) and the formation of a new Service Zone PM-1 under the reorganized SBCFPD. The boundaries of the Service Zone within the original proposal is shown below:

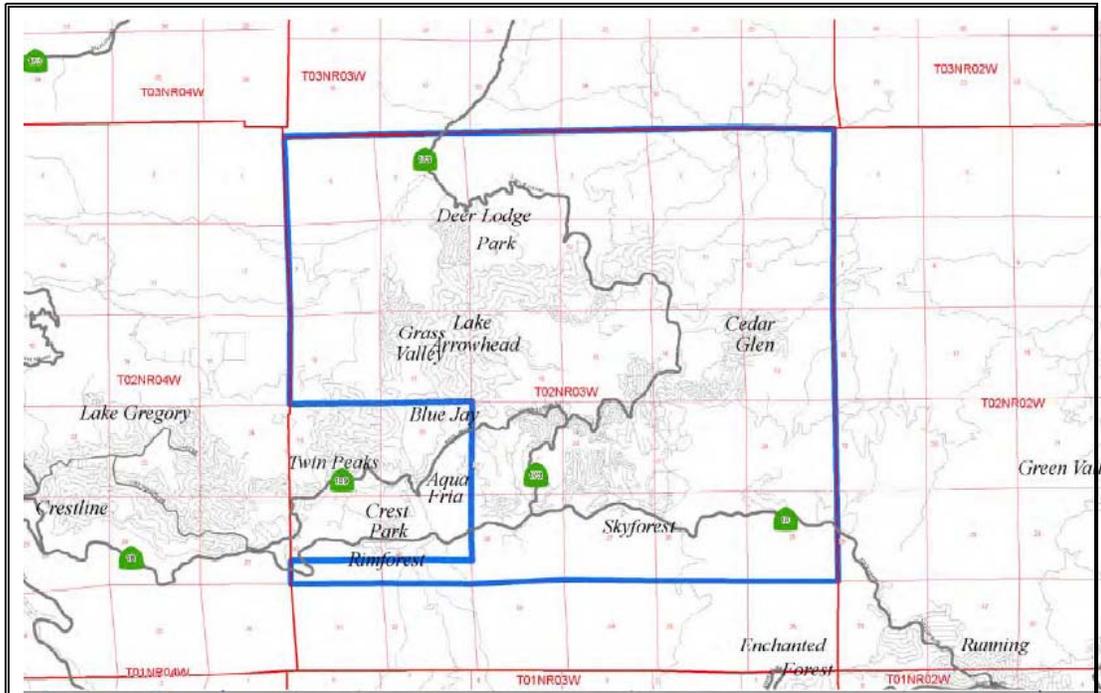
CSA 70 Improvement Zone PM-1



However, the territory of CSA 70 Zone PM-1 overlaid a portion of the independent Crest Forest FPD, as identified on the map below. Fire Protection District and LAFCO laws do not allow for the overlay of two fire protection districts within the same area, which could lead to a duplication of service. The boundaries of the new Service Zone PM-1 have been modified to exclude the territory within the existing boundaries of the Crest Forest FPD and staff will recommend a condition of approval to transfer the existing PM-1 special tax (\$17 per parcel) to the Crest Forest FPD for its funding of paramedics. The Crest Forest FPD has provided a letter outlining its support for the transfer of funding and how it will be utilized in support of that district's paramedic operations within the affected territory (a copy of the letter is included as Attachment #2(h) to this report).



The revised boundary for Service Zone PM-1, as recommended by LAFCO staff, is shown below:



Indian Lands

In order for a LAFCO application to include a determination related to tribal sovereign lands, consent must be received from the Tribal Council and no opposition received from the Bureau of Indian Affairs. Early in the process it was determined that the proposed annexation to the Yucca Valley FPD and the formation of the Valley and South Desert Service Zones affected the tribal lands of the San Manuel Band of Mission Indians (Valley Service Zone), Colorado River Indian Tribes, commonly identified as the “CRIT” (South Desert Service Zone), Chemehuevi Indian Tribe (South Desert Service Zone) and Fort Mojave Indian Tribe (South Desert Service Zone). Maps of these tribal lands are included as a part of Attachment #2(i) to this report.

Letters were forwarded to the affected tribes and the national and regional Bureau of Indian Affairs offices providing copies of the applications, outlining the process for review, and requesting a determination of the individual Tribal Council to the overlay of the Yucca Valley FPD. In the case of the San Manuel and CRIT lands, they were currently a part of County Service Area 38, an agency proposed for dissolution, with Yucca Valley FPD designated the successor agency.

From approximately September 2006 through June 2007, the Tribes considered the options for service and ultimately all four provided resolutions consenting to the overlay. Copies are included as Attachment #2(i) to this report.

ICEMA Defined Ambulance Provider Areas

The reorganization proposes to establish the new Yucca Valley FPD service area boundary with the request for continued ambulance powers in the fire protection district. This action will overlay areas which currently having ambulance "201 status" with the SBCFPD. There are currently four districts with ambulance areas with "201 status," which derives from Section 1797.201 of the California Health and Safety Code and essentially allows cities and fire districts with an established ambulance operation prior to June 1, 1980, to continue providing these services without an agreement from local emergency medical services agencies. The local emergency medical services agency for San Bernardino County is the JPA known as the Inland Counties Emergency Medical Agency, or "ICEMA". These four districts are: Lake Arrowhead Fire Protection District, CSA 56 (Wrightwood), CSA 29 (Lucerne), and the Yucca Valley Fire Protection District. Under the proposed reorganization, these four ambulance area operations would remain intact and continue to provide ambulance service to their communities through the successor agency, the SBCFPD. The actions being taken by this proposal for the agencies with 201 status are: the Lake Arrowhead FPD is proposed to be dissolved with the Yucca Valley FPD named as its successor agency; for CSA 56 and CSA 29 fire protection and ambulance powers are proposed to be removed as active functions of the districts and those services succeeded to by the overlay of the Yucca Valley FPD. No future ambulance operation within the modified district, if approved by LAFCO, would qualify for or be entitled to "201 status." Jurisdiction for determination of ambulance service to define "Exclusive Operating Areas" (EOAs) will remain the responsibility of ICEMA and is unchanged by the actions for reorganization proposed by LAFCO 3000.

The County's resolution of initiation for the reorganization requests that the Commission include a condition of approval setting forth this understanding. The language of the requested condition is as follows:

"The successor agency shall function under Division 2.5 of the Health and Safety Code for the provision of emergency medical services and shall provide ambulance services only as authorized by the local Emergency Medical Services Agency (Inland Counties Emergency Medical Agency) and its governing board.

The reorganization shall not decrease or otherwise change the geographic size, scope or boundaries of the territory over which the County and its designated local emergency medical services agency, the Inland Counties Emergency Medical Services Agency (ICEMA), are authorized to grant and enforce exclusive operating areas ("EOAs") pursuant to Section 1797.224 of the Health and Safety Code, nor shall the reorganization reduce the geographic size, scope, or boundaries of any existing EOAs as currently operated. Similarly, the reorganization shall not increase the geographic size, scope, or boundaries of the territory as currently operated, over which the successor agency has authority under Section 1797.201 of the Health and Safety Code to operate ambulance services or the authority of the County or ICEMA to grant and enforce them.

In addition to the foregoing, as a condition of and concurrently with the LAFCO approval, the SBCFPD, as the successor agency, shall enter into an agreement with the County and/or ICEMA, as appropriate, granting such agencies authority

over the creation and enforcement of future EOAs within the boundaries of the successor agency.”

Attachment #2(f) to this staff report provides copies of correspondence received from Ms. Virginia Hastings, Executive Director of ICEMA, and Renee Colarossi, Director of Operations from American Medical Response (AMR). This correspondence outlines the position of ICEMA and AMR that LAFCO does not have the authority to transfer ambulance powers from one organization to another.

LAFCO staff and Legal Counsel have reviewed this correspondence and determined that, while the authority and responsibility of ICEMA to establish the EOAs in which ambulance services are provided and the standards by which they will be provided is not disputed, we disagree with the position taken by Ms. Hastings in her letter that an established ambulance authority within an established EOA cannot be assumed by a successor agency through a LAFCO process. The authority for determination of the powers authorized to be provided by a local jurisdiction are defined as a role of LAFCO in Government Code Sections 56425(i), and 56821 through 56877, adopted during the rewrite of LAFCO law in 2000. LAFCO has the legal authority to designate the active functions of a governmental agency as specifically outlined in these sections.

LAFCO's action is to clarify the active service authorities of the Yucca Valley FPD as reorganized, and does not have any effect on existing EOAs assigned by ICEMA or the authorities of ICEMA in establishing or governing them. While LAFCO staff does not believe that the condition requested by the County is required to clarify this relationship, it will, nonetheless, recommend the inclusion of the condition in the resolution of approval to assuage the concerns of ICEMA and AMR.

LAND USE:

The review and approval of LAFCO 3000, including the Fontana Alternative, will have no direct relationship on the land use designations assigned by the County or the affected City of Grand Terrace and Town of Yucca Valley through their respective General Plans. It will, however, assist in implementing the goals as established by the County in its recent General Plan Update to require the preparation of a Fire Master Plan for Service and the determination of appropriate standards of coverage.

FINANCIAL EFFECTS AND SERVICE CONSIDERATIONS:

The questions related to the Financial Effects and Service Considerations for the County Fire Reorganization are the "*devil in the details*" and pose the real questions for the Commission. In the staff view, and that of LAFCO law, it is the responsibility of the Commission to determine whether or not the reorganization of County Fire is sustainable, meaning can it continue to provide for the level of service contemplated as a Board-governed special district or an independent special district. The need to view this agency in this way is based upon its potential to be independent of County operation. Such a change in governance structure does not require a new formation process, does not require further LAFCO review and can be accomplished through an appointment process initiated and conducted by the County Board of Supervisors. This type of change occurred for the Barstow Park and Recreation District a number of years ago, when it was determined that the appointed Board of Directors would be comprised of citizens chosen by the Board of Supervisors and City Council of the City of Barstow, rather than the Board of Supervisors.

So the task for the Commission is to evaluate the information which has been provided for the operations redefined for the SBCFPD as well as the Fontana FPD and answer these questions:

Would the approval of the reorganization impair the ability of any other agency to continue providing its range and level of services? Can the successor district continue to provide the level of services which existed prior to the change? Does the reorganization represent the best available service option for the affected communities? Does it provide for a more efficient, effective and accountable form of government?

Division of Revenues

As outlined in the materials presented to the Commission, the County proposes that the SBCFPD will be the parent district for operation of administration, training, facilities, etc. and the four regional Service Zones will be the providers of the fire suppression, rescue and emergency medical response activities. The modification included to address the Fontana Alternative will require the apportionment of Central Valley FPD revenues and suppression facilities between the SBCFPD and the residual District territory and this division of responsibility will carry forward into the distribution of revenues which are outlined below.

The materials contained in the Plan for Service and the required supporting documents identify the level of service will not change through approval of LAFCO 3000/3000A, a revenue neutral change of organization. The documents which support this determination are complex and in

sheer size, stand approximately one foot in height. In order to simplify this review, a detailed table expressing the transition of revenues was required from County Fire. The information provided was in two separate tables – first, a table provided a description of the existing division of revenues to service providers; second, and most importantly to this report, a table describing the division of revenues following completion of the changes anticipated by LAFCO 3000/3000A. To present an “apples to apples” comparison, all revenue data in these tables is for Fiscal Year 2006-07. These tables are included as Attachments #2(d) and #3(e) to this report.

The staff’s analysis of this material shows that the County’s proposal achieves a comparable level of service based upon the division of revenues with no impact on other service providers. This analysis took into account the transfer of revenues from entities being dissolved, and entities in which the revenues are to be reapportioned.

There are two areas of concern that staff is proposing the Commission make a specific determination upon: (1) the County’s proposed transfer of County Service Area 70 fire administration funding to the County General Fund rather than apportioning it directly to the San Bernardino County FPD and (2) the ongoing General Fund support that has been provided by the County Board of Supervisors over the past several years to sustain levels of service. A discussion of each of these circumstances is outlined below:

County Service Area 70:

The County Plan for Service, when describing the property tax transfer process for CSA 70, indicates:

“The property tax revenue base of these districts would be transferred to the successor district through a tax transfer agreement required as part of the LAFCO process. An exception to this transfer would be County Service Area 70, which is one of the districts having its fire powers removed. In order to protect the property tax base of this district and ensure it is used to help fund the administrative functions of the Department, the application recommends that this property tax revenue be transferred to the County General Fund where it can be redirected each year to the district’s budget...All staff, equipment, and facilities of the former districts or improvement zones would ultimately be transferred to the new San Bernardino County Fire Protection District when the reorganization is approved and implemented.”

Making the CSA 70 property tax revenues, shown to be \$6,162,582 in the budget for FY 06-07, a part of the General Fund to be reallocated to the District annually does not secure the ongoing funding of the agency, in the staff opinion, and places an increased strain on the delivery of service. The SBCFPD could not sustain its operations in the future should a future Board of Supervisors decision reallocate these revenues to another General Fund supported activity.

Staff understands the County’s position since some of the revenues generated for CSA 70 fire administration are drawn from areas outside those affected by LAFCO 3000/3000A. CSA 70 covers the entirety of the unincorporated area of the County, which includes areas provided fire protection by independent special districts not a part of this reorganization. In order to assure that this funding transfers to the parent district, San Bernardino County FPD, for the funding of fire administration and other regional functions such as the Fire Training Center, Hazardous

Materials, Office of Emergency Services, etc., staff is recommending that as a condition of approval, the revenues from CSA 70 be apportioned to the parent district, SBCFPD, through a Revenue and Taxation Code Section 99.02 property tax exchange process.

Existing County General Fund Support

Since Fiscal Year 1999-00, the County General Fund has provided financial assistance to County Fire to provide for increased fire seasonal staffing, for funding for the Office of Emergency Services, Planning and Engineering, etc. The table below identifies the funding from the County General Fund received by County Fire's operations into CSA 70 for administrative purposes and CSA 38 for suppression activities. It is the staff's position that the maintenance of existing service levels requires the continuation of existing levels of County General Fund support.

LAFCO staff has expressed this concern to County Administrative and Fire staff, noting that the Commission's evaluation of the reorganization require the securing of these funds for the future operation of the District. The County's position is that the General Fund support should remain an annual determination of the County Board of Supervisors based upon available revenues and the balancing of competing needs for on-going funding. In this way, should fire revenues increase, the supplemental General Fund support could be curtailed.

However, given the lack of a capital facilities fee for the development of fire facilities and the need to utilize general property tax revenues to build facilities not associated with major development projects, LAFCO staff remains unconvinced that these General Fund revenues will ever decrease, and in all probability, will continue to escalate as the population of the County continues to grow and its demand for fire services increases. As an example, the additional staffing approved by the Board of Supervisors on December 13, 2005 (Board Agenda Item #33) that provides \$3,573,076 in funding during Fiscal Year 07-08 could not be removed without a substantial effect upon the District's ongoing operation ability.

The table which follows identifies the General Fund support to County Fire during the last two fiscal years and projects the supplemental funding forward for three years.

General Fund Subsidy Purpose	FY 2006-07 (App'd @ 8/22/06)	FY 2007-08 (Projected)	FY 2008-09 (Projected)	FY 2009-10 (Projected)	FY 2010-11 (Projected)
	Ongoing Transfer	Ongoing Transfer	Ongoing Transfer	Ongoing Transfer	Ongoing Transfer
CSA 70:					
Office of Emergency Services (1)	\$ 732,169	\$ 754,134	\$ 776,758	\$ 800,061	\$ 824,063
Replacement of Aging Fire Apparatus (2)	\$ 167,709	\$ 167,709	\$ 167,709	\$ 167,709	\$ 167,709
MOU Subsidy (3)	\$ 1,074,000	\$ 1,074,000	\$ 1,074,000	\$ 1,074,000	\$ 1,074,000
Planning and Engineering Workload Adj. (4)	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000
Public Information Officer -OES (6)	\$ 90,000	\$ 90,000	\$ 90,000	\$ 90,000	\$ 90,000
CSA 38:					
Unfunded Area (1) (2)	\$ 228,567	\$ 228,567	\$ 228,567	\$ 228,567	\$ 228,567
MOU Subsidy Spring Valley Lake - Additional Staffing	\$ 430,832	\$ 430,832	\$ 430,832	\$ 430,832	\$ 430,832
Oak Hills - Additional Staffing Baker - Fire Service Operations	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
Oak Hills - Additional Staffing Baker - Fire Service Operations	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Additional Staffing - Capn's, PM, Conversions of LT's (5)	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000
Additional Staffing - Capn's, PM, Conversions of LT's (5)	\$ 2,719,500	\$ 3,573,076	\$ 3,573,076	\$ 3,573,076	\$ 3,573,076
Phase PCF and LT's into career psns --earmarked (7)	\$ 1,300,000	\$ 1,300,000	\$ 1,300,000	\$ 1,300,000	\$ 1,300,000
TOTALS	\$ 7,442,777	\$ 8,318,318	\$ 8,340,942	\$ 8,364,245	\$ 8,388,247

Footnotes:

- (1) Effective FY 03/04: 4% Spend Down Plan and 30% Cost Reductions. Effective FY 04/05: 3% COLA's.
- (2) Effective FY 04/05: 5-year Lease/Purchase expired and allocation was re-programmed to continue replacement funding and beef up CSA 38 "unfunded" allocation that was previously reduced
- (3) Effective FY 03/04 to date: BOS approved on 8/26/03 CSA 70 MOU increases over a 3-year period. Effective FY 06/07: The base amount continues.
- (4) Effective FY 04/05: BOS approved ongoing allocation on 11/2/04
- (5) Effective FY 05/06: BOS approved on 12/13/05 (BAI # 33) that provided ongoing funding to convert 9 LT's to FF/PM, 14 Captains, 6 ENG/PM, for various fire stations. GF support increases from \$2,719,550 to \$3,573,076 in FY 07/08 and thereafter. See detail spreadsheet attached to Norm's memo.
- (6) Effective FY 06/07: BOS approved on 6/27/06 as a policy item during the Proposed Budget
- (7) Effective FY 06/07: BOS approved earmarking funds on 8/22/06, contingent upon Fire presenting a future BAI with an exp plan. on 9/19/06 (#15) the BOS approved use of the funding for (12) pos

LAFCO staff's position remains unchanged, that the revenues identified above for FY 2007-08, \$8,318,318, should be transferred through a reallocation of property tax revenues from within the boundaries of the SBCFPD and affected service zones severing the District's reliance upon General Fund support. It is the position of LAFCO staff that the transfer of this level of funding should be made a function of a property tax exchange to the SBCFPD and affected Service Zones through the process allowed under Revenue and Taxation Code Section 99.02. If the level of funding were transferred, beginning in Fiscal Year 08-09, the SBCFPD would receive the benefit of property value increases in an increased property tax distribution. Otherwise, as noted above, the County will be faced with the formidable task of reducing funding and decreasing services to the communities in the County or continuing to provide General Fund revenues to support fire protection purposes.

The table below identifies the distribution of the General Fund supplemental revenues to County Fire based upon the proposed umbrella agency and the service zones for delivery of direct fire services for Fiscal Year 06-07 and Fiscal Year 07-08:

Purpose of Funding	SBCFPD (umbrella)	North Desert Service Zone	Valley Service Zone	Mountain Service Zone	South Desert Service Zone	TOTAL FOR FY 2006-07	TOTAL FOR FY 2007-08
OES Funding	732,169					732,169	732,169
Fire Apparatus	167,709					167,709	167,709
MOU Subsidy – CSA 70		269,158	253,660	63,415	487,767	1,074,000	1,074,000
Planning and Engineering Staffing	\$300,000						300,000
Public Info. Officer OES	90,000					90,000	90,000
Unfunded Area Staffing		228,567				228,567	228,567
MOU Subsidy – CSA 38		61,458	246,188	61,548	61,548	430,832	430,832
Spring Valley Lake staffing		150,000				150,000	150,000
Oak Hills staffing		50,000				50,000	50,000
Baker Staffing		200,000				200,000	200,000
Additional staffing general – LT conversion		2.-7-.0-9		212,332	446,260	2,719,500	2,719,500
Additional Staffing #2 – LT conversion		678,498	310,751		310,751	1,300,000	1,300,000
OES Funding Cost of Living	21,965						21,965
Additional Staffing – Devore/Mentone			853,576				853,576
TOTALS	1,311,843	3,698,679	1,664,175	337,295	1,306,326	7,442,777	8,318,318

Multi-Function Districts Transferring Fire/Ambulance/Disaster Preparedness Authority and/or Revenues:

The County’s proposal anticipates the removal of fire/ambulance/disaster preparedness powers from a number of multi-function County Service Areas and their Improvement Zones with transfer of these functions to the new SBCFPD Regional Service Zones. In order to accomplish this transfer, the multi-function Districts’ percentage share of property tax revenues associated with the fire function must also be transferred.

The following table describes the multi-function districts which will experience a reapportionment of their property tax revenues as agreed to by Norm Kanold, Assistant County Administrator, Pat Dennen, County Fire Chief, and Tom Sutton, Special Districts Director, to be included as a LAFCO condition of approval. For the majority of the agencies this action will solidify the historic division of their revenues. However, for CSA 20 (Joshua Tree), and CSA 70 Zone W (Hinckley), this division represents a change in distribution. For CSA 20, the distribution to fire is increased by 4%, to 50% of existing property tax revenues. This shift was included in the budget for Fiscal Year 2007-08 for the Joshua Tree community. For CSA 70 Zone W (Hinckley), it represents an increase in funding toward its park operations through a reduction in the historic fire share. The table which follows identifies the reapportionment of revenues following completion of LAFCO 3000:

NAME OF DISTRICT	CURRENT FIRE SPLIT	CURRENT REMAINING ENTITY SPLIT	RECOMMENDED FIRE SPLIT	RECOMMENDED REMAINING ENTITY SPLIT
CSA 20 – JOSHUA TREE	46%	54%	50%	50%
CSA 29 – LUCERNE VALLEY	65%	35%	65%	35%
CSA 30 – RED MOUNTAIN	100%	0	100%	0
CSA 53 ZONE B – FAWNSKIN	99%	1%	99%	1%
CSA 56 – WRIGHTWOOD/PINON HILLS	90.3%	9.7%	90.3%	9.7%
CSA 56 ZONE F-1 – PINON HILLS	82%	18%	82%	18%
CSA 70 ZONE HL – HAVASU LAKE	100%	0	100%	0
CSA 70 ZONE M – WONDER VALLEY	100%	0	100%	0
CSA 70 ZONE W -- HINKLEY	91%	9%	89%	11%
CSA 79 – GREEN VALLEY LAKE	100%	0	100%	0
CSA 82 SV-1 – SEARLES VALLEY (TRONA)	100%	0	100%	0

LAFCO staff supports the transfer of funding that has been agreed to by the County and it will be implemented through a Condition of Approval for LAFCO 3000.

DISTRIBUTION OF REVENUES

The information identified in the narrative above has been utilized to develop the funding scenarios for the parent district, the SBCFPD, and the regional and special tax service zones. The information which follows identifies the appropriation and revenues for these agencies. Changes or updates to this information from its distribution in the Initial Study have been identified following the table identifications and are shown in red font within the tables provided.

One important piece of information to all four Regional Service Zones is the distribution of CSA 38 revenues. LAFCO staff requested that the County Auditor/Controller-Recorder Office, Property Tax Division, provide information related to the distribution based upon affected Tax Rates Areas. That distribution is shown on the following table:

	MOUNTAIN SERVICE ZONE	NORTH DESERT SERVICE ZONE	SOUTH DESERT SERVICE ZONE	VALLEY SERVICE ZONE	TOTAL
VALUATION	\$3,922,296,704	\$6,307,075,505	\$2,576,510,451	\$19,849,093,165	\$32,654,975,824
TOTAL PROPERTY TAX	\$39,222,967	\$63,070,755	\$25,765,105	\$198,490,932	\$326,549,759
CSA 38 PROPERTY TAX	\$311,078	\$4,566,609	\$523,441	\$4,182,364	\$9,583,492
PERCENTAGE OF CSA 38 TAX REVENUE WITHIN SERVICE ZONE	4%	47%	6%	43%	

SAN BERNARDINO COUNTY FPD

SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT (PARENT DISTRICT)	<u>Appropriation</u>	<u>Revenues</u>
	63,020,540	63,020,540
One-time Expenses from CSA 38 that will not be budgeted to districts		
Increase from CSA 38 one time administrative revenues & expenses	21,619	97,521
Structures & Improvements	600,000	
Vehicles & Equipment (when purchased will be credited to district)	1,175,500	
Lease Purchases (to be paid off 06/07)	1,310,000	
General Fund One-time Support	3,828,000	3,828,000
Vehicle Services Allocation	0	
Warehouse Services Allocation	0	
One time Improvements/Assets for CSA 38	0	
Seasonal Staffing Dozers	0	0
City Contracts Paid out of 38 Admn	0	
Confire	0	
Sub total One-time monies Administration	6,935,139	3,925,521
Total CSA 70 CONSOLIDATED FIRE DEPARTMENT	69,955,659	66,946,061

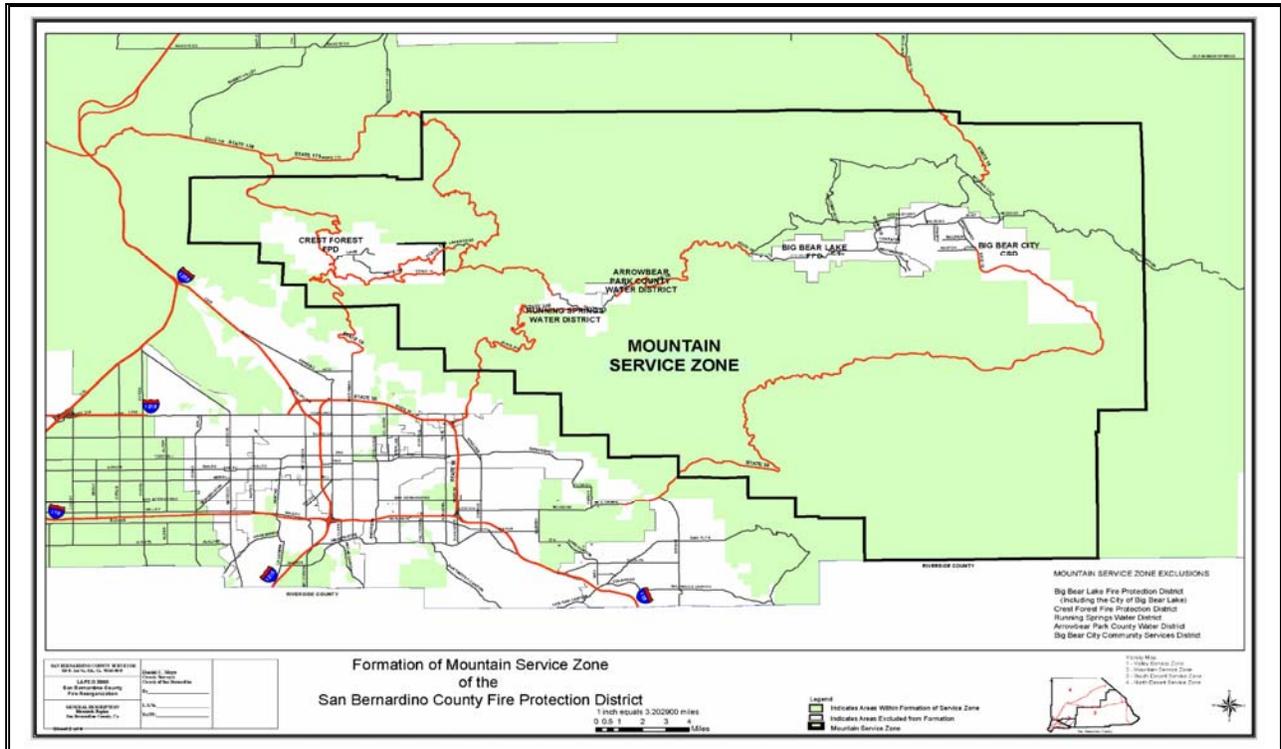
The appropriations listed above have been modified to remove the \$2,563,288 listed in the County spreadsheet for distribution of the remaining fund balance of County Service Area 38. County Service Area 38 had an unaudited balance of \$6,158,382 at the close of Fiscal Year 2006-07 for fire suppression purposes. LAFCO staff has taken this figure and distributed it to the four regional service zones, which are providing the active fire suppression services.

Not identified in this material are the Capital Accumulation and Termination Benefit Reserves. The amounts to be apportioned to the parent district from these reserves are identified as follows:

NAME	AMOUNT
Termination Benefit Reserves	\$4,231,687
Capital Accumulation Reserves:	
CSA 70 Administration (includes GASB Adjustments)	\$58,546
CSA 70 Hazmat/HHW	\$85,274
CSA 70 – Battalion Chiefs	\$100,883
CSA 70 – Ambulance Billing Reserve	\$68,996
CSA 70 – Lease Receipts	\$204,782
TOTAL CAPITAL ACCUMULATION RESERVE	\$518,481

MOUNTAIN SERVICE ZONE (including Service Zone PM-1)

The map below identifies the area of the Mountain Service Zone:



The Table which follows identifies the Board-governed fire provision for this area and its appropriations (expenditure authorities) and revenues for Fiscal Year 2006-07:

MOUNTAIN SERVICE ZONE	Appropriations 2006/07	Revenues 2006/07
Fawnskin #49	894,253	1,117,307
Angelus Oaks #15	61,548	
CSA 53B Fawnskin (Contract with CSA 38)	753,181	753,181
CSA 79 GREEN VALLEY LAKE #129	212,470	212,470
FOREST FALLS FIRE #128	479,386	479,386
LAKE ARROWHEAD FIRE	8,142,626	8,142,626
LAKE ARROWHEAD AMBULANCE (enterprise fund)	915,947	915,947
CSA 70 PM-1 LAKE ARROWHEAD (assessment paramedic) Stations 91, 92, 93, 94	356,344	356,344
Estimated CSA 38 Share of Fund Balance		246,335
Estimated CSA 38 Warehouse Services	54,403	
Estimated CSA 38 Vehicle Services	42,000	
Estimated CSA 38 Confire Charges	61,178	
Estimated CSA 38 General Fund Support Seasonal Staffing		126,000
Estimated CSA 38 Property Tax Apportionment		311,078
TOTAL	11,973,336	12,660,674

As noted above, LAFCO staff has adjusted the CSA 38 Property Tax apportionment listed on the spreadsheet by the County to reflect the actual distribution as verified by the Auditor/Controller's Property Tax Division. The percentage of revenue has been applied to the CSA 39 \$6,158,382 fund balance. The distribution of fund balance for CSA 38 to the Mountain Service Zone is \$246,335, 4% of total fund balance, slightly less than the \$256,329 shown by the County on its original spreadsheet.

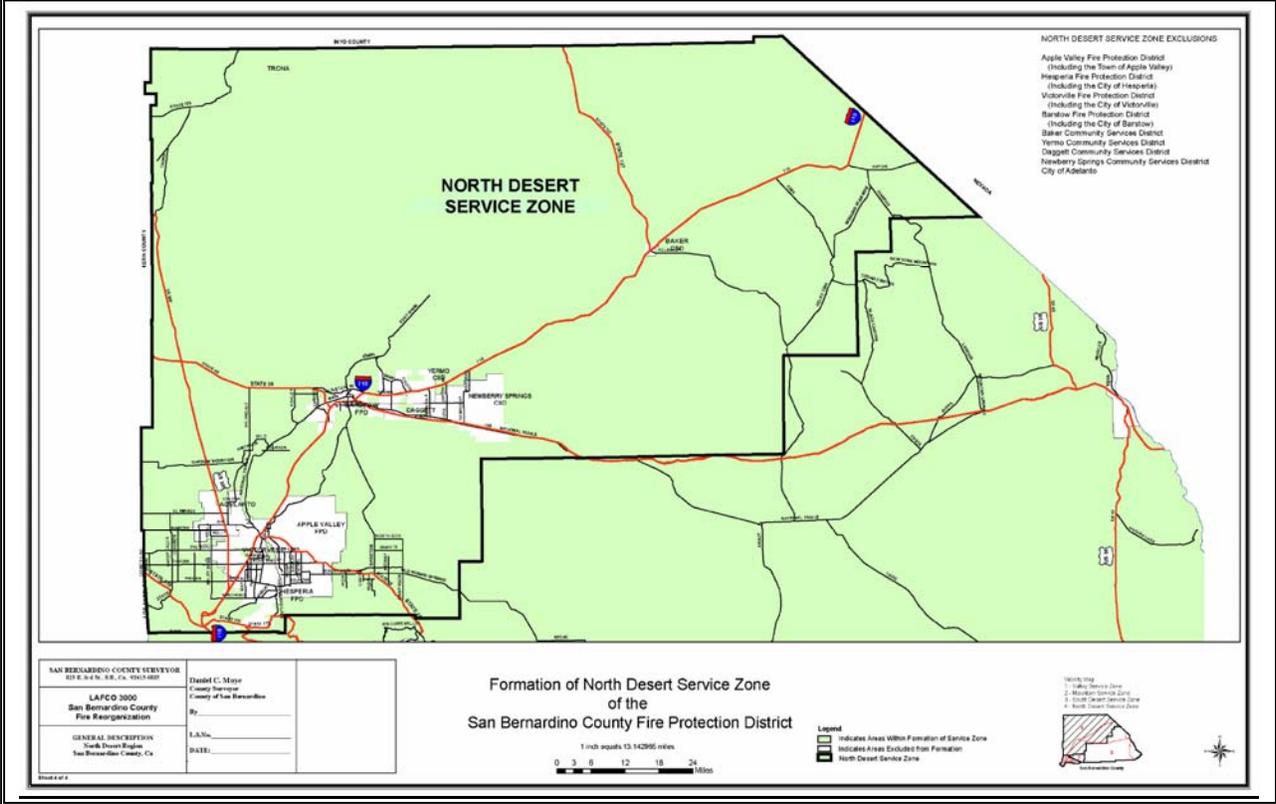
The fund balance for districts whose fire powers are being removed will be apportioned in the same manner as the property tax revenue is proposed for division: CSA 53B 99%, CSA 79 100%. The fund balance for the dissolving entities which have revenues (Lake Arrowhead FPD, Forest Falls FPD) will be transferred to the Mountain Service Zone. The fund balance for CSA 70 PM-1 shall be transferred to the new Service Zone PM-1.

Unaudited Capital Reserve balances as of the end of Fiscal Year 2006-07 to be assigned to the Mountain Service Zone are as follows:

DISTRICT	CAPITAL ACCUMULATION RESERVE AMOUNT
LAKE ARROWHEAD FPD	\$922,415
LAKE ARROWHEAD AMBULANCE	\$205,948
FOREST FALLS FPD	\$50,730
CSA 79 GREEN VALLEY LAKE	\$22,540
CSA 52 B FAWNSKIN	\$47,169
CSA 38 (4% of \$1,326,571)	\$53,063

NORTH DESERT SERVICE ZONE (including Service Zones FP-1 (Red Mountain), FP-2 (Windy Acres), FP-3 (El Mirage), and FP-5 (Helendale))

The map below identifies the area of the North Desert Service Zone:



The table which follows identifies the Board-governed fire provision for this area and its appropriations (expenditure authorities) and revenues for Fiscal Year 2006-07:

NORTH DESERT SERVICE ZONE	Appropriations	Revenues
	2006/07	2006/07
CSA 29 LUCERNE VALLEY FIRE	1,745,065	1,745,065
CSA 29 LUCERNE VALLEY AMBULANCE (enterprise fund)	317,617	317,617
Stations 111, 112		
CSA 30 RED MOUNTAIN #54 (contract with Kern County)	20,010	20,010
Helendale #4	1,358,629	998,496
Harvard #46	733,968	388,564
Baker #53	730,632	588,564
Spring Valley Lk #22	665,646	615,751
Summit Valley #48	74,336	
Phelan #10	823,568	427,307
EL Mirage #11	43,009	40,000
Baldy Mesa #16	55,808	
Mt View Acres #37	208,213	154,101
Oak Hills #40	929,482	574,706
Adelanto #321,322 (City Contract)	2,053,628	1,854,817
CSA 38 D VICTORVILLE	180,711	180,711
CSA 38 K SPRING VALLEY (Improvement Zone)	133,368	133,368
CSA 38 N EL MIRAGE (Improvement Zone)	127,373	127,373
CSA 70 FP-5 HELENDALE/SILVER LAKES	886,744	886,744
CSA 56 WRIGHTWOOD FIRE	2,630,036	2,630,036
CSA 56 WRIGHTWOOD AMBULANCE (enterprise fund)	1,271,012	1,271,012
Station #101, 103		
CSA 56 F-1 PINON HILLS #102	248,222	248,222
Hesperia #301, 302, 303, 304 (fire protection contract)	8,039,400	8,039,400
CSA 70 FP-1 WINDY ACRES (contract with Kern County)	31,178	31,178
CSA 70 W HINKLEY #125	164,094	164,094
CSA 82 SV-1 SEARLES VALLEY	169,548	169,548
CSA 82 SV-1 SEARLES VALLEY AMB. (enterprise fund)	45,299	45,299
Stations 126, 127 (126 in process being donated)		
Estimated CSA 38 Share of Fund Balance		2,894,440
Estimated CSA38 Warehouse Charges	195,852	
Estimated CSA38 Vehicle Charges	151,200	
Estimated CSA 38 Confire Charges	428,245	
Estimated CSA 38 General Fund Support Seasonal Staffing	168,000	
Estimated CSA 38 Property Tax Apportionment		4,566,609
TOTAL FOR NORTH DESERT SERVICE ZONE	\$24,461,893	\$29,281,032

As identified above, the distribution of fund balance for CSA 38 to the North Desert Service Zone is \$2,894,440, 47% of total fund balance, an increase of \$633,344 over the amount shown by the County on its original spreadsheet.

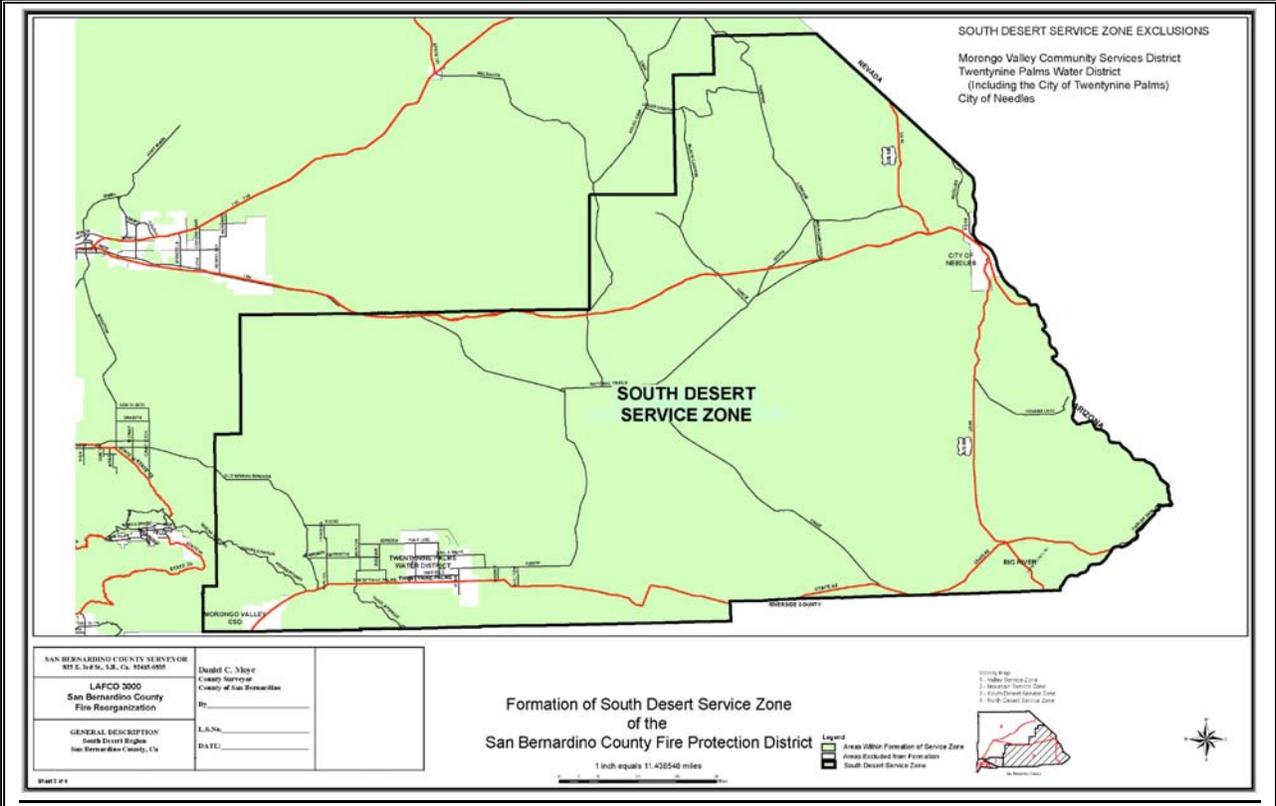
The fund balance for districts whose fire powers are being removed will be apportioned in the same manner as the property tax revenue are proposed for division: CSA 29 65%, CSA 56 90.3%, CSA 56 Zone F-1, 82%, CSA 70W 89%, and CSA 82 SV-1 100%. The fund balance for the dissolving entities which have revenues (CSA 38 Zone D, CSA 38 E, and CSA 38K) will be transferred to the North Desert Service Zone. The fund balance for CSA 30 (Red Mountain), CSA 38 Zone N (El Mirage), CSA 70 Zone FP-1 (Windy Acres), and CSA 70 Zone FP-5 (Helendale) shall be transferred to their respective new Service Zones FP-1 (Red Mountain), FP-2 (Windy Acres), FP-3 (El Mirage), and FP-5 (Helendale).

Unaudited Capital Reserve balances as of the end of Fiscal Year 2006-07 to be assigned to the North Desert Service Zone, Service Zone FP-2 (Windy Acres) and Service Zone FP-3 (El Mirage) are as follows:

DISTRICT	CAPITAL ACCUMULATION RESERVE AMOUNT
NORTH DESERT SERVICE ZONE	
CSA 29 LUCERNE AMBULANCE	0
CSA 29 LUCERNE FIRE	\$30,034
CSA 56 WRIGHTWOOD AMBULANCE	\$146,891
CSA 56 WRIGHTWOOD/PINON HILLS FIRE	\$610,171
CSA 82 SV-1 SEARLES VALLEY AMBULANCE	\$16,679
CSA 82 SV-1 SEARLES VALLEY	\$46,629
CSA 56 ZONE F-1 PINON HILLS FIRE	\$154,445
CSA 38 (47% of \$1,326,571)	\$623,488
TOTAL NORTH DESERT SERVICE ZONE	\$1,628,337
SERVICE ZONE FP-1 (WINDY ACRES)	\$125,058
SERVICE ZONE FP-3 (EL MIRAGE)	\$209,605

SOUTH DESERT SERVICE ZONE (including Service Zone FP-4 Wonder Valley)

The map below identifies the area of the South Desert Service Zone:



The Table which follows identifies the Board-governed fire provision for this area and its appropriations (expenditure authorities) and revenues for Fiscal Year 2006-07:

SOUTH DESERT SERVICE ZONE	Appropriations	Revenues
	2006/07	2006/07
Joshua Tree #35, 36 (contract with SDD CSA 20)	1,150,501	868,727
Big River #17	650,049	210,000
Parker Strip #21	21,336	
Parker Dam #42	23,664	
Black Meadow Landing #55	6,100	
Homestead Valley #19	38,836	
Pioneertown #38	28,295	
Johnson Valley #43	11,319	
Copper Mtn Mesa #44	17,023	
Park Moabi #34	9,835	
Needles #31 (City Contract)	1,038,994	757,820
CSA 20 Joshua Tree (SDD Contract with CSA 38)	343,000	343,000
CSA 38 J BIG RIVER	224,994	224,994
CSA 70 HL HAVASU LANDING #118	412,947	412,947
CSA 70 M WONDER VALLEY #119, 120 (Incl Assessment Dist)	355,941	355,941
YUCCA VALLEY FIRE	5,098,921	5,098,921
YUCCA VALLEY AMBULANCE (enterprise fund)	992,455	992,455
Stations 121, 122		
Estimated Share of Fund Balance from CSA 38		369,503
Estimated CSA 38 Warehouse Services	195,852	
Estimated CSA 38 Vehicle Services	151,200	
Estimated CSA 38 Confire Charges	24,471	
Estimated CSA 38 General Fund Seasonal Staffing		56,000
Estimated CSA 38 Property Tax Apportionment		523,441
SOUTH DESERT SERVICE ZONE	10,795,733	10,391,5990

The distribution of fund balance for CSA 38 to the South Desert Service Zone is \$369,503, 6% of total fund balance, a decrease of \$553,281 from the \$922,784 shown by the County on its original spreadsheet. This decrease puts the estimated revenues below needs for funding appropriations. The shortfall is \$404,134 and will need to be addressed through a transfer of funding from the parent district to the Service Zone until another more permanent mechanism to address augmenting revenues can be achieved.

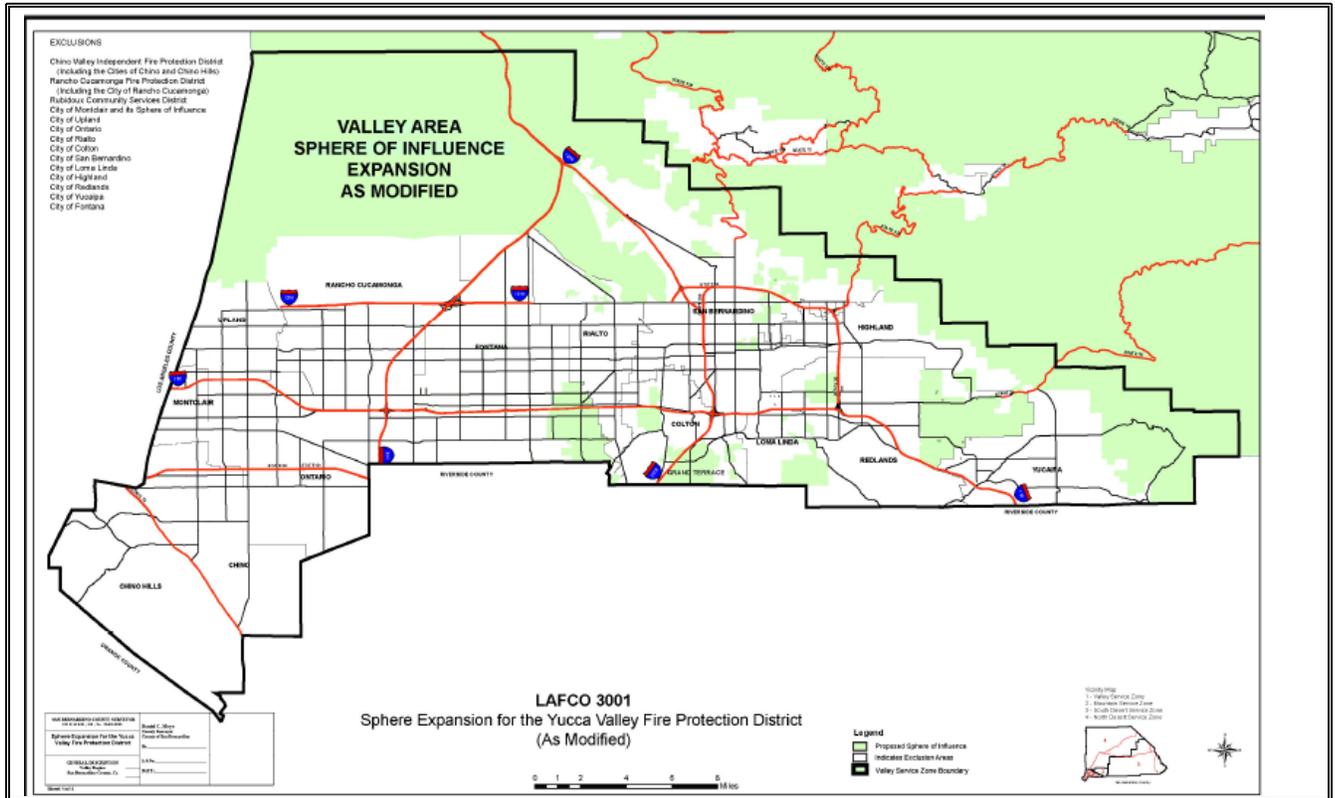
The fund balance for districts whose fire powers are being removed will be apportioned in the same manner as the property tax revenue are proposed for division: CSA 20 50%, CSA 70 Zone HL 100%, CSA 70 Zone M 100%. The fund balance for the dissolving entities which have revenues CSA 38 Zone I (Needles) and CSA 38 Zone J (Big River) will be transferred to the South Desert Service Zone. The fund balance for CSA 70 Zone M (Wonder Valley) will be transferred to Service Zone FP-4

Unaudited Capital Reserve balances as of the end of Fiscal Year 2006-07 to be assigned to the South Desert Service Zone and the Service Zone FP-4 (Wonder Valley) are as follows:

DISTRICT	CAPITAL ACCUMULATION RESERVE AMOUNT
SOUTH DESERT SERVICE ZONE	
Yucca Valley Ambulance	\$115,552
Yucca Valley Fire	0
CSA 38 Zone J Big River	\$37,354
CSA 38 (6% OF \$1,326,571)	\$79,594
TOTAL SOUTH DESERT SERVICE ZONE	\$232,500
SERVICE ZONE FP-4 (WONDER VALLEY)	\$11,183

VALLEY SERVICE ZONE (including Service Zones PM-2 (Highland) and PM-3 (Yucaipa))

The map below identifies the area of the Valley Service Zone, as modified:



The table which follows identifies the Board-governed fire provision for this area and its appropriations (expenditure authorities) and revenues for Fiscal Year 2006-07:

VALLEY SERVICE ZONE	Appropriations 2006/07	Revenues 2006/07
Mt Baldy #200	4,700	
Devore #2	1,040,719	838,102
San Antonio Hts #12	619,397	214,976
Lytle Creek #20	38,193	
Mentone #9	1,063,984	527,351
San Bernardino #1	26,745	
Grand Terrace #23	709,377	323,786
Muscoy Station #75	1,511,063	960,327
Bloomington Station #76	1,912,111	3,063,795
CSA 38 H COLTON (Improvement Zone)	111,814	111,814
CSA 38 L HIGHLAND PARAMEDIC (Improvement Zone)	132,410	132,410
CSA 38 M YUCAIPA PARAMEDIC (Improvement Zone)	12,695	12,695
Oak Glen #39 (Contract with Yucaipa City)	48,661	
Total FT Reg Non Suppression at Division Headquarters		
Estimated Share of Fund Balance from CSA 38 (1)		461,392
City of San Bernardino & Loma Linda Contracts		380,000
Estimated CSA 38 Warehouse Services Charges	97,926	
Estimated CSA 38 Vehicle Services Charges	75,600	
Estimated CSA 38 Confire Charges	97,884	
Estimated CSA 38 General Fund Support Seasonal Staffing		132,000
Estimated CSA 38 Property Tax Apportionment from		4,182,364
Sub total Valley Improvement District	<u>7,883,279</u>	<u>10,961,012</u>
SBCoFD Reserves & Fixed Assets for Muscoy/Bloomington	<u>737,570</u>	
TOTAL	8,620,849	

The distribution of fund balance for CSA 38 to the Valley Service Zone is \$2,648,104, 43% of total fund balance, an increase of \$2,186,712 from the \$461,392 shown by the County on its original spreadsheet. Any fund balance associated with CSA 38 Zone L will transfer to Service Zone PM-2 and any fund balance associated with CSA 38 Zone M will transfer to Service Zone PM-3.

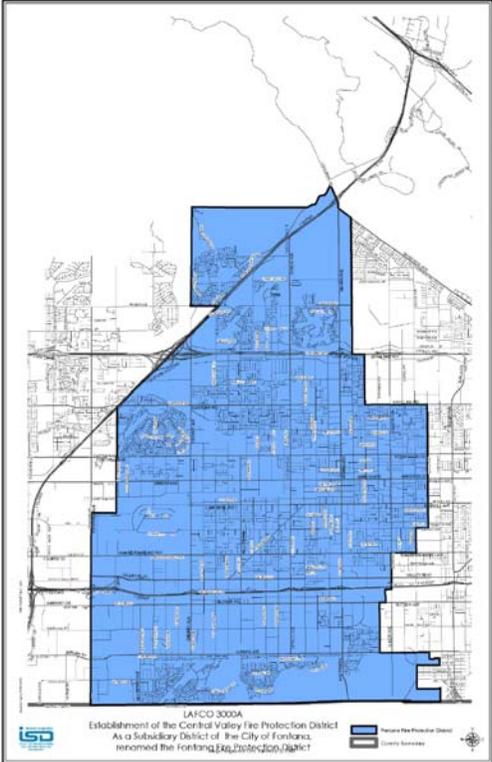
Since the area of the Central Valley FPD becoming a part of the SBCFPD and the Valley Service Zone has been decreased, its revenues have been decreased accordingly. The Unaudited Capital Accumulation Reserve for the Central Valley FPD, \$3,159,790, has been apportioned in the same manner as its other revenues, 78.1% staying with Central Valley and 21.9% transferring to the Valley Service Zone. Unaudited Capital Reserve balances as of the end of Fiscal Year 2006-07 to be assigned to the Valley Service Zone are as follows:

DISTRICT	CAPITAL ACCUMULATION RESERVE AMOUNT
VALLEY SERVICE ZONE	
Central Valley FPD (21.9%)	\$691,994
CSA 38 (43% of \$1,326,571)	\$570,426
TOTAL NORTH DESERT SERVICE ZONE	\$1,262,420

In addition to the items listed above for Central Valley FPD, the transfers negotiated between the County Administrative, County Fire, and City of Fontana staffs identify the transfer of Capital Improvement Project funding of \$70,680 .

FONTANA FIRE PROTECTION DISTRICT (Subsidiary District of the City of Fontana)

The map below identifies what is proposed to become the Fontana Fire Protection District, a subsidiary district of the City of Fontana:



The Table which follows identifies the Fontana Fire Protection District appropriations (expenditure authorities) and revenues for Fiscal Year 2006-07:

FONTANA FIRE PROTECTION DISTRICT	Appropriations	Revenues
	2006/07	2006/07
Station #71	2,796,339	
Station #72	2,411,002	
Station #73	2,411,002	24,280,664
Station #74	2,411,002	
Station #77	2,411,002	
Station #78	2,411,002	
Station #79	2,411,002	
SUBTOTAL FONTANA FIRE PROTECTION DISTRICT	17,262,351	24,280,664
Reserves & Fixed Assets	6,881,721	
	24,144,072	

The County Administrative Office, County Fire and City of Fontana staff have meet to negotiate the exchange of funds related to the detachments from Central Valley FPD becoming a part of the SBCFPD and those to be retained by the Central Valley FPD as a subsidiary district of the City of Fontana. The transfer of properties, assets, equipment, etc. will be identified as a condition of approval within the Commission’s final resolution of approval. In addition to the revenues identified above, the following will be transferred to the subsidiary district:

REVENUE SOURCE	AMOUNT
2007-08 CAPITAL IMPROVEMENT PROJECTS	\$5,620,935
2007-08 CAPITAL REPLACEMENT RESERVE (78.1% OF \$3,159,790)	\$2,467,796

The City of Fontana application proposes to contract with the SBCFPD for the continuing provision of fire services. Included in Attachment #3(g) is the draft contract for services negotiated between County Fire and the City of Fontana as well as four cost options for service. The final contract is anticipated to be signed by all parties immediately following the completion of LAFCO 3000.

The City of Fontana application requests that the residual Central Valley FPD renamed the Fontana FPD be established as a subsidiary district of the City of Fontana. Government Code Section 57105 requires that the Commission make two determinations regarding the agency at the time of the Commission’s order of approval:

1. That 70% or more of the area of land of the District are included within the boundaries of the City; and,
2. That 70% or more of the registered voters of the District are included within the boundaries of the City.

Materials provided as Attachment #3(h) include a determination by the County Surveyor that as of February 14, 2007, 78.3% of the land area of the District is within City boundaries and a determination by the County Registrar of Voters office that, as of February 6, 2007, 88.38% of the voters of the District are within the City boundaries. The territory meets the criteria set forth by statute to allow for establishment as a subsidiary district.

The following items are required to be resolved related to the transfer of fire authority and/or the dissolution of special districts:

Transfer of Facility Assets

LAFCO, County Administrative, and County Fire staff have been working to resolve issues related to the Schedule of Facility Assets to be transferred through this reorganization process. As of the date of this report, outstanding issues remain for resolution. Staff is recommending that the matter be continued to the October 17, 2007 hearing and this process will be resolved by the final hearing on this proposal.

Transfer of Employees

The Plan for Service identifies that all existing County Fire employees of CSA 70 and the Districts proposed for dissolution will be transferred to the SBCFPD parent district or respective Service Zone with no break in service, transfer of accumulated leave balances, retirement rights and benefits. In addition, all existing employment contracts for represented and non-represented employees will transfer to the SBCFPD for implementation without any change for the duration of the contract period. A condition of approval will be provided in the final resolution setting forth these requirements.

Appropriation Limits

Based upon determinations made by the Commission related to the questions for multi-function districts, the transfer of CSA 70 funding, and the ongoing General Fund support, appropriation limit determinations for the successor agency, SBCFPD, and the Service Zones will need to be made. Staff is recommending that the matter be continued to the October 17, 2007 hearing to allow for completion of this process.

FINDINGS:

The following findings are required to be provided by Commission policy and Government Code Section 56668 for all proposals considered:

1. The Registrar of Voters Office has determined that the study area is legally inhabited. The Registrar of Voters has determined that the number of registered voters within each of the proposed Service Zones as of September 6, 2007 is as follows:

Valley Service Zone	32,449 (excluding the 56,603 within the City of Fontana and its Sphere of Influence)
Mountain Service Zone	7,709
North Desert Service Zone	31,126
South Desert Service Zone	17,344
Service Zone FP-1	52
Service Zone FP-2	93
Service Zone FP-3	248
Service Zone FP-4	458
Service Zone FP-5	3,030
Service Zone PM-1	5,663

Service Zone PM-2	5,939
Service Zone PM-3	379
Fontana Fire Protection District	56,603

2. The study area is within the sphere of influence assigned by approval of LAFCO 3001 for the Yucca Valley Fire Protection District and the Central Valley Fire Protection District.
3. Notice of the hearing has been advertised as required by State law through publication in *The Sun*, the *Fontana Herald News*, *The Alpenhorn News*, the *Mountaineer Progress*, the *Mountain News*, the *Crestline Courier-News*, the *Leader* (Lucerne Valley), the *Parker Pioneer*, the *Needles Desert Star*, the *Hi-Desert Star*, the *Big Bear Grizzly*, the *Today's News-Herald*, the *Inland Valley Daily Bulletin*, the *Desert Dispatch*, and the *Daily Press*. As required by State law, individual notification was provided to affected and interested agencies, County departments, and those individuals and agencies wishing mailed notice.
4. In compliance with Commission policy and Government Code Section 56157, the Notice of Hearing for the original hearing on this proposal was provided by publication of an eighth-page (1/8 page) legal ad in *The Sun*, the *Fontana Herald News*, *The Alpenhorn News*, the *Mountaineer Progress*, the *Mountain News*, the *Crestline Courier-News*, the *Leader* (Lucerne Valley), the *Parker Pioneer*, the *Needles Desert Star*, the *Hi-Desert Star*, the *Big Bear Grizzly*, the *Today's News-Herald*, the *Inland Valley Daily Bulletin*, the *Desert Dispatch*, and the *Daily Press*, newspapers of general circulation. Comments from landowners and any affected local agency have been reviewed and considered by the Commission in making its determination. Opposition has been received and considered by the Commission in making its determination.
5. The proposed reorganization including dissolutions and transfers of functions and services for fire/ambulance/disaster preparedness does not conflict with the established County General Plan and its adopted Community Plans within its territory and has no direct impact on such land use designations.
6. The Commission's Environmental Consultant, Tom Dodson of Tom Dodson and Associates, prepared, and LAFCO staff circulated and advertised, the environmental assessment and Negative Declaration for the reorganization pursuant to the provisions of the California Environmental Quality Act (CEQA). The environmental assessment and Negative Declaration indicates that approval of the reorganization will not have a significant adverse impact on the environment. The Commission took the actions necessary to certify and adopt this environmental determination as Item #9(a) at this hearing.
7. The local agencies currently serving the area are on file in the LAFCO office. Affected agencies are identified in the title of the proposal and in the file and are limited to Board-governed fire protection providers within the County of San Bernardino.

8. The County of San Bernardino, as the proponent for LAFCO 3000, has submitted a Plan for Service which addresses the issues required in a plan for the provision of services as required by Government Code Section 56653. This document, including its amendments and supplements, shows that the reorganization of County governed fire protection providers into a single consolidated Fire Protection District has sufficient revenues to provide its active range of services with the inclusion of conditions recommended by LAFCO staff. The Plan for Service and its supplemental information have been reviewed and compared with the standards established by the Commission and the factors contained within Government Code Section 56668. The Commission finds that such Plan for Service and its supplemental data conform to those adopted standards and requirements.
9. The reorganization area can benefit from the availability and extension of services, as evidenced by the Plan for Service and its supplemental data.
10. This proposal complies with Commission and State policies that indicate the preference for the creation of multi-purpose agencies to serve growing communities. This position is taken on the basis that areas proposed for development can be planned, funded, services extended and maintenance funding put in place for the full range of service needs as identified by adopted community and general plans.
11. The maps and legal descriptions, as revised, are in substantial compliance with LAFCO and State standards through certification by the County Surveyor's office.

RECOMMENDATION:

LAFCO staff recommends that the Commission take the following actions:

1. Indicate its intent to approve LAFCO 3000, as modified to include the City of Fontana Alternative,
2. Indicate its intent to condition that approval on the following terms and conditions:
 - CSA 70 ad valorem property tax revenues shall be transferred to the SBCFPD through a property tax exchange process pursuant to Revenue and Taxation Code Section 99.02 to secure the funding stream for the provision of fire services;
 - County General Fund support, in the amount of \$8,318,318 in Fiscal Year 2007-08 dollars, shall be transferred to the SBCFPD or its Regional Service Zone through a property tax exchange process under the provisions of Revenue and Taxation Code Section 99.02 to secure the funding stream for the fire services supported historically and to provide for an increase in that funding stream through property value increases.
 - The apportionment of the CSA 38 fund balance to the Regional Service Zones based upon their share of the overall CSA 38 funding base.

- Direct LAFCO staff to prepare the appropriation limit determinations for the parent district, SBCFPD, and the appropriate Service Zones to be included in the final resolution.
 - That the residual Central Valley FPD, to be renamed the Fontana Fire Protection District, shall be established as a subsidiary district of the City of Fontana upon completion of LAFCO 3000 and make the appropriate determinations.
 - That all employees and employment contracts shall transfer to the SBCFPD.
3. Continue the consideration of this proposal to the October 17, 2007 hearing and direct staff to prepare the Draft Resolution of Approval addressing the items listed in #2 above for consideration by the Commission. This will allow for completion of the required reconsideration period on November 16, with the close of the protest period on December 1st.

KRM/

Attachments:

1. [Official Title of LAFCO 3000/3000A](#)
2. COUNTY FIRE REORGANIZATION (LAFCO 3000):
 - a. Maps of Proposed County Fire Reorganization
 - b. [County Resolution of Initiation](#)
 - c. [County Application and Plan for Service \(22 MB\)](#)
 - d. [San Bernardino County Fire Department Spreadsheet for Existing Districts](#)
 - e. [Comments of Concern Received](#)
 - f. [Comments Related to Ambulance Service Areas \(EOAs\) from ICEMA and American Medical Response, Maps of Affected EOAs](#)
 - g. [County Board of Supervisors Agenda Item for Property Tax Transfer](#)
 - h. [Letter from Chief Michael Sherman Dated August 7, 2007 on Assumption of CSA 70 PM-1 Funding and Paramedic Service Obligations](#)
 - i. [Consent Resolutions from Indian Tribes for Overlay of Sovereign Tribal Lands](#)
 - j. [Memo from Norm Kanold Dated July 23, 2007 Related to On-going General Fund Support to County Fire, and Spreadsheet Outlining Historic General Fund Support](#)
 - k. [Memo from Norm Kanold Dated September 7, 2007 Related to Property Tax Distributions For Multi-Function Districts](#)
 - l. [County Board of Supervisors Agenda Item Dated December 13, 2005 for Establishing Fire Advisory Commissions](#)
3. CITY OF FONTANA ALTERNATIVE PROPOSAL (LAFCO 3000A)
 - a. [Maps of City of Fontana Alternative Changes](#)
 - b. [City Resolution Nos. 2006-05 and 2006-06](#)
 - c. [Plan for Providing Services for the Proposed Fontana Fire Protection District](#)
 - d. [Initial Study Attachment Forecasting Revenues and Expenditures for Fontana Fire Protection District 2006-07 through 2010-11](#)
 - e. [San Bernardino County Fire Department Spreadsheet for Reorganization Including Fontana Fire Protection District](#)
 - f. [County of San Bernardino Response to LAFCO 3000A](#)

- g. [Draft Contract Between San Bernardino County Fire Protection District and Fontana Fire Protection District for the Provision of Fire Protection and Emergency Medical Services](#)
- h. [Certification of Land Area and Registered Voters for Subsidiary District Status](#)
- i. [County Board of Supervisors Agenda Item for Transfer of Property Tax Revenues](#)