

**LOCAL AGENCY FORMATION COMMISSION
COUNTY OF SAN BERNARDINO**

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PROPOSAL NO.: LAFCO 3109

HEARING DATE: September 28, 2011

RESOLUTION NO. 3146

A RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF THE COUNTY OF SAN BERNARDINO MAKING DETERMINATIONS ON LAFCO 3109 – A SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR THE BIG BEAR VALLEY RECREATION AND PARK DISTRICT (sphere of influence reduction by approximately 11,100 acres and affirmation of the balance of its existing sphere of influence, as shown on the attached map).

On motion of Commissioner Bagley, duly seconded by Commissioner Coleman, and carried, the Local Agency Formation Commission adopts the following resolution:

WHEREAS, a service review mandated by Government Code 56430 and a sphere of influence update mandated by Government Code Section 56425 have been conducted by the Local Agency Formation Commission of the County of San Bernardino (hereinafter referred to as "the Commission") in accordance with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000 et seq.); and,

WHEREAS, at the times and in the form and manner provided by law, the Executive Officer has given notice of the public hearing by the Commission on this matter; and,

WHEREAS, the Executive Officer has reviewed available information and prepared a report including her recommendations thereon, the filings and report and related information having been presented to and considered by this Commission; and,

WHEREAS, a public hearing by this Commission was called for August 17, 2011 at the time and place specified in the notice of public hearing and in an order or orders continuing the hearing; and,

WHEREAS, at the hearing, this Commission heard and received all oral and written protests; the Commission considered all plans and proposed changes of organization, objections and evidence which were made, presented, or filed; it received evidence as to whether the territory is inhabited or uninhabited, improved or unimproved; and all persons present were given an opportunity to hear and be heard in respect to any matter relating to the application, in evidence presented at the hearing; and,

WHEREAS, at this hearing, this Commission certified that the sphere of influence update including sphere amendments is statutorily exempt from environmental review pursuant to the provisions of the California Environmental Quality Act (CEQA) and such exemption was adopted by

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this Commission on August 17, 2011. The Commission directed its Executive Officer to file a Notice of Exemption within five working days of its adoption; and,

WHEREAS, based on presently existing evidence, facts, and circumstances filed with the Local Agency Formation Commission and considered by this Commission, it is determined that the sphere of influence for the Big Bear Valley Recreation and Park District (hereafter shown as the "Park District" or the "District") shall be amended as shown on the map attached as Exhibit "A" to this resolution, defined as follows:

- (1) Reduce the District's existing sphere of influence to exclude Area 1 (approximately 4,480 acres), Area 2 (approximately 640 acres), Area 3 (approximately 640 acres), and Area 4 (approximately 5,340 acres); and,
- (2) Affirm the balance of the District's existing sphere of influence.

WHEREAS, the determinations required by Government Code Section 56430 and local Commission policy are included in the report prepared and submitted to the Commission dated August 9, 2011 and received and filed by the Commission on August 17, 2011, a complete copy of which is on file in the LAFCO office. The determinations of the Commission are:

1. Growth and population projections for the affected area:

Land Use

Development in the San Bernardino Mountains is naturally constrained by public land ownership, rugged terrain, limited access, and lack of support infrastructure, as well as by planning and environmental policies which place much of the area off limits to significant development. Maximum build-out potential is substantially constrained by the slope-density standards and fuel modification requirements of the County of San Bernardino ("County") General Plan Fire Safety Overlay.

Unincorporated Area

According to the *Bear Valley Community Plan*, several issues set Bear Valley apart from other mountain communities, suggesting that different strategies for future growth may be appropriate. Among these are preservation of community character and infrastructure. As for preservation of community character, residents feel that the high quality of life experienced in their neighborhoods today should not be degraded by growth and the subsequent impacts of traffic congestion, strains on infrastructure and threats to natural resources.

The preservation of the community's natural setting, small town atmosphere and rural mountain character becomes important not only from an environmental perspective but from a cultural and economic point of view. The *Community Plan* further states that the Bear Valley area is faced with the potential for significant growth. Residents are concerned with the impacts that future growth and development will have on an infrastructure system they sense is already strained. The community's primary concerns center on water supply and traffic and circulation.

The County's land use designations within the study area are as follows: approximately 79% is designated Resource Conservation, 6% is Single Residential (RS, RS-10M, RS-20M, and RS-1), 4% is Rural Living (RL, RL-5, RL-10, RL-20, and RL-40), 5% is designated Floodway (lake areas), 1% is a mix of generally

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commercial, industrial, and institutional land uses in the County (Neighborhood Commercial, Service Commercial, General Commercial, Community Industrial, and Institutional), and the remainder 5% is within the City of Big Bear Lake ("City") boundaries, whose land uses are the jurisdiction of the City.

Incorporated Area

The preservation of the community's natural setting, small town atmosphere and rural mountain character are all aspects that are considered by the City in the development process. In addition the City imposes a development impact fee that addresses the need to construct infrastructure as development takes place.

Within the City's boundaries, approximately 60% of the lands are designated as Single-Family Residential, 9% Multiple Family Residential, 18% Commercial/Industrial, 4% Public Facilities, and 9% Open Space. The commercial development within the City is generally located along Big Bear Boulevard (which connects between Highway 18 and SR 38) and some areas near the lakefront.

Landownership

Within the Park District's entire boundary/sphere, roughly 20% of the land is privately owned, 5% comprise all the lakes within the community, and the remainder 75% are within the San Bernardino National Forest (owned by the federal government), which are devoted primarily to resource protection and recreational use.

Land Ownership Breakdown (in Acres)				
	Private	Public	Lake	Total Area
Big Bear Valley Recreation and Park District Boundary and Sphere	15,110	59,660	3,960	78,730
Percentage	20%	75%	5%	100%

Population Projections

In general, the San Bernardino Mountains is one of the most densely populated mountain areas within the country, and is the most densely populated urban forest west of the Mississippi River. However, there is a large seasonal population component as well as a substantial influx of visitors to the mountain resort areas.

Unincorporated Area

The estimated unincorporated population was roughly 12,000 in 2000 and 15,000 in 2010. The seasonal population and visitors are not reflected in available demographic statistics, which count only year-round residents. It is estimated that the seasonal factors can substantially increase the peak population. The population projections below encompass the developable territory within the community. Utilizing the 1.8% annual growth from the *Bear Valley Community Plan*, by 2030 the permanent population is estimated to reach approximately 20,000, a 69% increase from 2000.

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Table 3: Population, Households and Employment Projection 2000-2030

	1990	2000	Projection 2030	Average Annual Growth Rate: 1990- 2000	Projected Average Annual Growth Rate: 2000-2030	Maximum Policy Plan Build-Out	Ratio of 2030 Projection to Land Use Policy Map Build-out
Population	9,058	11,771	19,910	2.7%	1.8%	43,414	0.46
Households	3,474	4,712	8,426	3.1%	2.0%	17,364	0.49
	1991	2002		1991-2002	2002-2030		
Employment	1,007	1,684	2,650	4.8%	1.6%	8,332	0.32

Source: Stanley R. Hoffman Associates, Inc.
 Note: The population figures for 1990 and 2000 were based on the U.S. Census. The employment figures for 1991 and 2002 were based on data from the EDD (Employment Development Department).

Sources: County of San Bernardino 2007 *Bear Valley Community Plan* (citing Stanley R. Hoffman Associates, Inc.);
 Notes: Does not include seasonal population or visitors
 Annual growth for population is anticipated at 1.8%.

Incorporated Area

Both the Department of Finance and the U.S. Census list the 2000 population as 5,438. For 2010, the U.S. Census lists 2010 population as 5,019 (decrease of 419), and the Department of Finance estimates the 2011 population as 5,051. The City further states that numerous jobs have been eliminated within the City, there has been sparse development for the past two years, and the tourism industry has been significantly impacted by the road closures due to winter storms of the past two years.

In looking at the City's population projections through 2035, the Southern California Association of Government (SCAG) Growth Forecast from the *2008 Regional Transportation Plan* did not reflect the full extent of the current economic and housing conditions. Although not yet adopted, recent figures available from SCAG's Draft Integrated Growth Forecast (May 2011) point towards a more realistic and steady growth through 2035, as shown in the chart below. Again, these figures are for the permanent population and do not take into account seasonal and tourism activities.

2020	2035
5,619	7,001

The City's 1995 General Plan describes the City as a mountain resort community. Although the General Plan provides for a wide range of housing options, the majority of the development has been single family housing units. The 2010 Census identifies that from 2000 to 2010, total housing units increased by 11.5% while occupied units decreased by 6.7%. The decrease in occupied units correlates with the economic downturn.

For purposes of planning and designing infrastructure and future service delivery, the seasonal population must be considered. As the population increases so does the need for service. Any future projects will increase the need for municipal services within the City's existing boundaries as well as within the surrounding unincorporated territory.

2. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies:

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Recreation and Parks

The natural setting, which includes open space, recreational areas and natural resources, is the contributing factor to the rural mountain character. The area's natural features including lakes, streams, vegetation, wildlife, topography, rock formations, etc. are regional assets that are highly valued by residents of the area and by visitors. Much of the local economy is based on the attraction of these natural resources.

The ski resorts offer opportunities for skiing and snowboarding during the winter and early spring seasons and mountain biking, hiking, and other recreational activities during the rest of the year. Big Bear Lake provides opportunities for fishing and water sports during the spring, summer and fall. The National Forest provides additional opportunities for outdoor recreation, such as hiking and camping. The Bear Valley community is completely surrounded by the San Bernardino National Forest. The community contains the Snow Summit and Bear Mountain ski/resort areas, Big Bear Discovery Center, Big Bear Solar Observatory, Moonridge Zoo, a number of campgrounds, organization camps and hiking trails, Big Bear Lake, Baldwin Lake, Erwin Lake and Lake Williams, all of which draw tourism to the area in the winter and summer months.

Trails

The U.S. Forest Service is currently addressing the potential impacts of the "Rim of the World" trail system, which would potentially link several of the mountain communities through a system of access trails and trailheads. The San Bernardino County Trails and Greenways Committee is a public committee appointed by the County Board of Supervisors that is currently working with the Regional Parks Advisory Commission and Regional Parks Division in an effort to develop and maintain a system of public trails for hiking, bicycling and horseback riding and other public greenways throughout the entire County.

Community Parks

The Park District encompasses the Bear Valley community including the City of Big Bear Lake. The District facilities includes nine parks, including an animal park (commonly known as "Moonridge Zoo"), swim beach, and senior center (as shown on the chart below). The total acreage of the parks totals 98.1 acres, with three of the parks containing ball fields. The Big Bear Valley Senior Center is administered by the District but is a regional senior center facility.

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NAME	ADDRESS	ACREAGE	CENTER	PLAY LOT	RESTROOMS	PICNIC FACILITIES	GROUP PICNIC AREA	BALL FIELD	LAKE ACCESS	PUBLIC SWIMMING	BASKETBALL	TENNIS	VOLLEYBALL	ZOO EXHIBITS/SHOWS	
MEADOW PARK	41220 Park Ave, BBL	16.25	YES	YES	YES	YES	YES	YES L	YES	YES		YES	YES		
MOONRIDGE ANIMAL PARK	43285 Moonridge Rd, BBL	25	YES		YES	YES	YES							YES	
THE RANCH	2050 Erwin Ranch Rd, BBC	13.5	YES		YES P	YES	YES	YES		YES	YES	YES	YES		
PARADISE PARK	1087 Paradise Way, BBC	6	YES	YES	YES	YES	YES				YES	YES	YES		
SUGARLOAF PARK	44828 Baldwin Ln, Suglot	6		YES	YES	YES	YES	YES L				YES	YES		
ERWIN LAKE PARK	1140 Hatchery, Erwn Lke	1.25		YES	YES P	YES	YES						YES		
DANA POINT PARK	38369 N. Shore, Fwnskn	6			YES	YES	YES		YES						
MILLER PARK	1178 Chickasaw, Fwnskn	1.1	YES	YES	YES P	YES					YES	YES	YES		
LAKE WILLIAMS PARK	Unimproved	5							YES						
BALDWIN LAKE PARK	Unimproved	18													
		TOTAL	98.1	P=Portable			L=Lighted								
		Improved Acreage		BALDWIN LAKE											
Big Bear Senior Center	42651 BB Blvd														

Particular to the animal park, the Moonridge Animal Park is 2.5 acres and is open year-round for visitors to see alpine species. Approximately 99,000 visitors visit the park annually. Currently, the Animal Park leases the property on which the zoo operates from a private party for a monthly fee of approximately \$5,878. However, the animal park is in the process of being relocated to a 10.4 acre district-owned site at the opposite end of the Bear Mountain Golf Course. The proposed new location will allow for larger animal enclosures. Funding sources include approximately \$7.1 million in County general funds, grants, corporate fundraising, private donations, fundraising by Friends of the Moonridge Zoo, and anticipated increased ticket sales. According to the District, construction is anticipated to begin in March 2012 with a hopeful opening date of May 2013.

Additionally, the Park District has entered into a joint use agreement with the Bear Valley Unified School District for use of the School District's facility for the Park District's childcare program.

Capital Improvements

The District states that additional park facilities are needed, in particular ball fields. Recently, the District purchased a sports ranch to provide various recreational activities for the residents of Big Bear Lake. The overall purchase included land, a hockey rink, basketball courts, tennis courts, a dining hall, dormitories, and a swimming pool. The District received \$2,500,000 in Proposition 12 grant funding from the State to finance the sports ranch purchase.

The Park District has plans to construct a new park, called "Paradise Park Project". This park would be a 5.48 acre park at the east end of the valley on land that is owned by the Big Bear City Community Services District ("CSD"). Plans include passive park areas, skate park, tennis court, basketball court, volleyball court, and a dog park. The CSD has agreed to lease the property to the Park District for \$1.00 per year for 40 years, with an option for the Park District to extend the lease for an additional ten years. Through the lease, both districts are partnering to develop a new park to replace the loss of recreational acreage at Bear City

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Park due to its location within the Big Bear City Airport runway protection zone. The Park District plans to finance the construction through the sale of the abandoned Bear City Park and from Proposition 84 funds (Statewide Park Development and Community Revitalization Program of 2008).

The \$2.5 million grant, if awarded, will cover all costs associated with the planning and construction of the new park. The ongoing maintenance and operating costs will be provided by the Park District general funds for park maintenance. The Park District was advised by administrators for Proposition 84 that grant recipients may be notified as late as March 30, 2012 about awards of the park funds. If the grant is not awarded to Park District, and Park District has not secured other funding by April 30, 2012, one month following the March 30, 2012 Proposition 84 notification date, the CSD will have the right to terminate the lease. The CSD anticipates that if this occurs it will proceed to build the park on its own to service its constituents.

The FY 2011-12 Recommended Budget includes the following projects:

- Paradise Park Project – Design and construction of a new 5.28 acre park with multiple features including skate park, tennis courts, etc. \$2.5 million from Prop 84 grant.
- Erwin Ranch Pool Renovation – Refurbishing of the existing pool and expansion to double the pool capacity along with a restroom facility. \$380,000 fund balance.
- Bear City Park Non-ARRA – Installation of new walk paths and landscaping at the existing Bear City Park. \$70,000 local funds.
- Erwin Park Building Renovation – Renovation of the existing park building that was heavily damaged due to flooding and upgrade to meet current code requirements. \$250,000 from insurance coverage.
- Bear City Park – AARA – Installation of new paths and landscaping at the existing Bear City Park. \$28,500 fund balance.
- Moonridge Animal Park Relocation – Design, construct new zoo, and relocate existing zoo to new site. \$75,000 local funds; \$6,458,950 fund balance. Total \$6,533,950.

3. **Financial ability of agencies to provide services:**

The Commission has reviewed the District's budgets and audits, State Controller reports for special districts, and County filing records.

General Operations and Accounting

The District reports the following major funds for its operations:

- The *special revenue fund* labeled "General" is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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- The *special revenue fund* labeled “Zoo” accounts for the Moonridge Animal Park Zoo.
- The *capital projects fund* labeled “Moonridge Animal Park Relocation” is used to account for financial resources to be used for the acquisition or construction of major capital facilities for the zoo.
- The *capital projects fund* labeled “Erwin Park Improvements” is used to account for financial resources to be used for the acquisition or construction of major capital facilities for Erwin Park.

Park District Financial Statements and Management Letters

The management letters from the District’s independent auditors related to the past two audits for the District have identified material weakness, significant deficiencies and control deficiencies. The audits prepared include the operation of the Park District and its special revenue fund for operation of the Moonridge Animal Park inclusive. LAFCO is unaware of whether the following items apply to the District as a whole, or a separate Park and Animal Park operation:

FY 2008-09 Management Letter

Material Weakness #1 - The overall accounting and internal controls related to the Special Activities account are not adequate.

Material Weakness #2 - The Big Bear Sports Ranch purchase was not recorded in the Financial Accounting System (FAS).

Significant Deficiency #1 - Bank reconciliations were not being performed.

Significant Deficiency #2 - The District lacks appropriate segregation of duties for their accounting functions.

FY 2009-10 Management Letter

Material Weakness #1 - The overall accounting and internal controls related to the District’s bank accounts are not adequate.

Material Weakness #2 – Necessary year-end entry was not recorded.

Control Deficiency #1 - Internal controls over fixed assets could be improved.

The District’s responses to each of the items listed above are included in the management letters indicate that corrective measures are being taken to correct the weaknesses and deficiencies and that changes in operating procedures are necessary. According to the management letters, the District’s response addresses planned action to prevent reoccurrence of the findings.

Net Assets and Fund Balances

In reviewing the financial documents, the District has been operating with an annual positive change in net assets from FY 2005-06 through FY 2009-10, as shown on the chart below. A

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sharp increase occurred from FY 2007-08 to FY 2008-09. In August 2008, the County Board of Supervisors approved a transfer of \$5,750,000 from the County General Fund Moonridge Zoo Reserve Fund to the Park District. The reserve fund, which was managed by the County, was established in FY 2006-07 and received general fund contributions for the purpose of setting aside funds to financially assist with the future relocation of the Moonridge Zoo. The above-referenced document does not identify that the funds were a loan or that there was an expectation of repayment for the transfer.

As of June 30, 2010, the District had \$14.4 million in net assets. Not including capital assets, the District had roughly \$7.4 million in unrestricted net assets.

	2006-07	2007-08	2008-09	2009-10
Net Assets				
Invested in capital assets	1,828,491	4,484,324	5,022,414	7,002,338
Unrestricted	2,706,469	2,881,165	8,319,118	7,375,625
Total Net Assets	\$4,534,960	\$7,365,489	\$13,341,532	\$14,377,963

Considering net assets does not indicate if an agency has enough cash and cash equivalents to operate short and long-term operations. In looking at the District's fund balance, the trend mirrors that for net assets – an increase from FY 2005-06 through FY 2008-09 with a decrease in FY 2009-10. Even with the decrease in fund balance for the last fiscal year, overall the District's fund balance has increased by 47% since FY 2005-06. Additionally, it is not clear to LAFCO why all of the District's funds are now classified as Undesignated when the District has received \$5.75 million from the County General Fund -- Moonridge Zoo Reserve Fund for the purpose of setting aside funds to financially assist with the future relocation of the Moonridge Zoo. Further, the Commission questions why the transferred funds are not currently classified as Reserved.

Fund Balance	2006-07	2007-08	2008-09	2009-10
Reserved	53,994	158,433	0	0
Unreserved – Designated	0	0	5,731,557	0
Unreserved – Undesignated	2,752,681	2,859,284	2,712,182	7,512,068
Total Fund Balance	\$2,806,675	\$3,017,717	\$8,443,739	\$7,512,068

Revenues and Expenditures

The County Special District Department, administrators for the Park District, provides a separate budget for the Moonridge Animal Park.

Park District Budget for FY 2011-12

Excluding the Animal Park, the District's primary source of continuous revenue is its share of the one percent ad valorem general tax levy. As a part of the dissolution of the Big Bear Lake Pest Abatement District in 1994, the LAFCO Commission approved the transfer of the ad valorem property tax share received by the Pest Abatement District and its then fund balance to the Park District. As shown on the chart below, since at least FY 2007-08 the District has experienced expenditures greater than revenues. The Park District utilizes the County Special Districts Department for management of its operations. The FY 2011-12 budget identifies the following activities which have had significant changes from the prior year:

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- Staffing expenses of \$928,656 fund 7 regular budgeted positions and 44 public service employee (PSE) positions. The decrease of \$169,320 is due to a reduction in hours for budgeted staff.
- Operating expenses of \$1,579,409 include costs for utilities, maintenance, professional services for recreational classes, vehicle charges, equipment leases, insurance, administrative support, and COWCAP charges. The increase of \$103,558 is primarily due to repayment of short-term loan from CSA 70 Countywide.
- Capital expenditures of \$5,000 is for purchase of a new water slide at Swim Beach. The decrease of \$41,000 is due to reduced equipment purchases for 2011-12.
- Contingencies of \$63,306 are decreasing by \$51,220 to fund current year operations and due to reduced departmental revenue and available fund balance.
- Reimbursements received of \$41,003 are for costs of shared Park General Manager position with CSA 29 Lucerne Valley Park.
- Operating transfers out of \$170,000 includes a \$100,000 transfer of shared property taxes to Moonridge Zoo and a transfer to fund Bear City Park capital improvement project. The decrease of \$2,720,000 is due primarily to a reduction in Proposition 84 grant funding for Paradise Park.
- Total revenue of \$2,411,654 primarily represents property taxes, park program fees, grant funds, concessions and rent, interest earnings, and other miscellaneous revenue and are decreasing by \$2,856,339 due to no Proposition 84 grant funding expected in 2011-12.
- Operating transfers in of \$230,000 represents a short term loan from CSA 70 Countywide for cash flow purposes and a contribution for Big Bear City Park through the Third Supervisorial District.

	2007-08 Actual	2008-09 Actual	2009-10 Actual	2010-11 Estimate	2010-11 Modified Budget	2011-12 Recommended Budget
Appropriation						
Staffing Expenses	1,196,364	1,304,404	1,173,224	1,085,151	1,097,976	928,656
Operating Expenses	924,951	1,397,248	1,329,543	1,337,299	1,475,851	1,579,409
Capital Expenditures	0	21,375	12,140	9,393	46,000	5,000
Contingencies	0	0	0	0	114,526	63,306
Total Exp Authority	2,121,315	2,723,027	2,514,908	2,431,843	2,734,353	2,576,371
Reimbursements	0	(54,267)	(65,698)	(54,002)	(41,003)	(41,003)
Total Appropriation	2,121,315	2,668,760	2,449,210	2,377,841	2,693,350	2,535,368
Operating Transfers Out	394,000	564,197	589,076	241,968	2,890,000	170,000
Total Requirements	2,515,315	3,232,957	3,038,286	2,619,809	5,583,350	2,705,368
Departmental Revenue						
Taxes	1,746,285	1,922,412	1,778,388	1,770,112	1,802,861	1,772,654
Realignment	0	0	0	0	0	0
State, Fed or Gov't Aid	105,427	23,202	263,512	36,434	2,524,821	97,500
Fee/Rate	448,523	515,157	450,623	423,338	536,811	493,000
Other Revenue	138,055	81,145	168,450	138,282	403,500	48,500
Total Revenue	2,438,290	2,541,916	2,600,973	2,368,166	5,267,993	2,411,654
Operating Transfers In	49,593	289,821	285,000	0	0	230,000
Total Financing Sources	2,487,883	2,811,737	2,925,973	2,368,166	5,267,993	2,641,654
				Fund Balance	315,357	63,714
				Budgeted Staffing	51	51

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Moonridge Animal Park Budget

The County has determined to provide for the budget of the Moonridge Animal Park separate from the Park District, though it is owned by that entity. The primary source of revenue for the Moonridge Animal Park is user fees. The Animal Park fund receives an allocated share of property taxes that is received by the Park District's operating fund. As shown on the chart below, the Animal Park generally experiences revenues greater than expenditures, except for FY 2009-10. The Park District utilizes the County Special Districts Department for management of its operations. The budget identifies the following activities which have had significant changes from the prior year:

- Staffing expenses of \$459,316 funds two regular budgeted positions and 13 public service employee (PSE) positions and are decreasing by \$2,919 and one PSE position.
- Operating expenses of \$331,060 include costs for animal feed, veterinary services, utilities, maintenance, and administrative support. The net increase of \$2,456 is primarily due to an increase in on-site animal food services.
- Capital expenditures are decreasing by \$18,700 due to no improvement projects being programmed in this budget unit in 2011-12.
- Contingencies of \$34,924 are to support future year operations.
- Reimbursements are decreasing by \$11,000 due to no Community Development and Housing grant funding in 2011-12.
- Total revenue of \$591,146 includes gate fees, park program fees, concessions, interest earnings, and miscellaneous revenue and are increasing by \$5,307 primarily due to park and recreation fee revenue based on projected trends.
- Operating transfers in of \$175,000 includes \$100,000 of shared tax revenue with Big Bear Recreation and Park and \$75,000 from interest earned on the relocation fund (CRR-620) to help defray lease payments until zoo relocation takes place.

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	2007-08 Actual	2008-09 Actual	2009-10 Actual	2010-11 Estimate	2010-11 Modified Budget	2011-12 Recommended Budget
Appropriation						
Staffing Expenses	359,588	458,124	499,204	436,198	462,235	459,316
Operating Expenses	214,596	278,302	338,105	296,067	328,604	331,060
Capital Expenditures	0	0	0	0	18,700	0
Contingencies	0	0	0	0	0	34,924
Total Exp Authority	574,184	736,426	837,309	732,265	809,539	825,300
Reimbursements	0	0	0	0	(11,000)	0
Total Appropriation	574,184	736,426	837,309	732,265	798,539	825,300
Operating Transfers Out	0	0	0	0	0	0
Total Requirements	574,184	736,426	837,309	732,265	798,539	825,300
Departmental Revenue						
Taxes	111,700	118,890	0	0	0	0
Realignment	0	0	0	0	0	0
State, Fed or Gov't Aid	0	0	0	0	0	0
Fee/Rate	499,338	578,974	487,671	574,350	588,219	585,000
Other Revenue	22,106	(5,762)	33,381	6,337	17,620	6,146
Total Revenue	633,144	692,102	521,052	580,687	585,839	591,146
Operating Transfers In	0	115,386	59,076	173,309	175,277	175,000
Total Financing Sources	633,144	807,488	580,128	753,996	761,116	766,146
				Fund Balance	37,423	59,154
				Budgeted Staffing	16	15

The chart above identifies that for FY 2009-10 and FY 2010-11 the Animal Park stopped receiving taxes for its operations. Prior to FY 2009-10, the Animal Park's property taxes were recorded as property tax receipts (identified as Taxes on the chart above). Per direction of the County Auditor/Controller, for FY 2009-10 and thereafter the County Special Districts Department produces an internal transfer of general property taxes annually to the Animal Park's budget from the District's share of the property tax (recorded as Operating Transfers In on the chart above). According to the FY 2011-12 Recommended Budget, and as shown on the last bullet item above the chart, operating transfers in of \$175,000 includes \$100,000 of shared tax revenue with the Park District and \$75,000 from interest earned on the relocation fund to help defray lease payments until zoo relocation takes place. Without the \$75,000 in interest, property taxes remain less than previous years. This reduction in tax receipts corresponds with the reduction in assessed values for the Bear Valley.

Transfer of Funding

During the processing of the formation of the Phelan/Pinon Hills Community Services District ("PPHCSD") in 2007 (LAFCO 3070), it was identified that Proposition 40 State Grant Funds allocation of \$500,000 was designated for the Phelan/Pinon Hills community to assist in developing a community park. According to documents related to LAFCO 3070, County Service Area 70 (unincorporated countywide) was allocated \$500,000 of Proposition 40 grant funds for park improvements for the Phelan/Pinon Hills community. Per communication with the State, these funds were to be administered by County Special Districts Department ("SDD") on behalf of PPHCSD. Both parties entered into an agreement for the funds to be used for their intended purpose. The agreement reads that the administration of these grant funds cannot be transferred to PPHCSD. In turn, PPHCSD requested CSA 70 provide project and grant administration of the Proposition 40 grant funds for park improvements.

However, according to SDD staff the grant received was for \$600,000 and there were challenges in utilizing the grant funding by the contracted deadline, so SDD (as administrators for CSA 70) used the grant on a Big Bear project (land for zoo) and transferred the corresponding amount of cash from Big Bear Recreation and Park District to the PPHCSD. In essence, SDD traded a grant for cash between the two agencies. SDD staff identify that these actions were approved by the State and County Board of Supervisors.

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Additional Information

Under Article XIIB of the California Constitution (the Gann Spending Limitation Initiative), the District is restricted as to the amount of annual appropriations from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller, returned to the taxpayers through revised tax rates or revised fee schedules, or an excess in one year may be offset against a deficit in the following year. The independent auditor reviewed the proceeds of taxes received by the District during the 2009-10 fiscal year, and have found the revenue to be within the guidelines established by Proposition 111. Furthermore, Section 5 of Article XIIB allows the District to designate a portion of fund balance of general contingencies to be used in future years without limitation.

For the year ended June 30, 2010, expenditures exceeded appropriations in the *special revenue fund* labeled "General" by \$265,945. No documentation has been provided to LAFCO to indicate a Board of Supervisors' action to increase appropriation authority for this fund. The District states that program revenue has decreased from the prior years substantially in FY 2009-10, and the District in turn was forced to backfill with reserves to keep program levels and services at current levels. The District has since reduced staff, both full and part time, to compensate for the loss in revenue, as well as diminished programming to cut costs.

By action taken June 28, 2011, the County Board of Supervisors established the FY 2011-12 preliminary appropriation limit for the District as \$8,562,823.

The District has a zero pension obligation and has no long-term indebtedness.

4. Status of, and opportunities for, shared facilities:

The Special Districts Department consolidates the administrative operations and facilities for county service areas (and zones of CSAs) under the auspices of CSA 70.

The City has two small passive parks located within the city. The opportunity exists for the City and the Park District to coordinate activities and/or share facilities.

Additionally, the Park District has entered into a joint use agreement with the Bear Valley Unified School District for use of the School District's facility (Baldwin and Big Bear Elementary) for the Park District's childcare program.

The CSD's Fire Station 292 is on land leased from the Park District for \$1 annually.

5. Accountability for community service needs, including governmental structure and operational efficiencies:

Local Government Structure and Community Service Needs

The Park District is governed by the County Board of Supervisors and administered by the County Special Districts Department; it is within the political boundaries of the Third Supervisorial District. The budgets are prepared as a part of the County Special Districts Department's annual budgeting process and presented to the County Executive Office and Board of Supervisors for review and approval. The District has a board-appointed advisory commission that meets at the Big Bear Senior Center on the third Tuesday of each month. According to the County Clerk of the Board website, as of December 20, 2010 the Park

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District Advisory Commission is a five-member board composed of the following members: Don Pletcher, Gloria Tscharanyan, Bob Ybarra, Katheryn Poole, and Helen Stearns.

The District office is open Monday through Friday from 8 am until 5 pm (except holidays). The District has 13 full time employees and 40 full time public service employees ("PSE" – positions that do not have regular benefits) and 40 seasonal/part time PSE employees for various programs and activities. The District staff consists of a General Manager, Assistant Regional Manager, Office Assistant, two Recreation Superintendents, a Maintenance Superintendent and a seasonal office PSE. In May, September and December newsletters are distributed through the local newspaper, businesses, school district, and are also available at the park office. They outline the different programs, services and park facilities available for all ages. The District's website is www.bigbearparks.com.

Operational Efficiencies

Operational efficiencies are realized through several joint agency practices, for example:

- The Park District has entered into a joint use agreement with the Bear Valley Unified School District for use of the School District's facility for the Park District's childcare program.
- The Park District has plans to construct a new park, called the Paradise Park Project. This park would be a 5.48 acre park at the east end of the valley on land that is owned by the CSD. Plans include passive park areas, skate park, tennis court, basketball court, volleyball court, and a dog park. The CSD has agreed to lease the property to the Park District for \$1.00 per year for 40 years, with an option for the Park District to extend the lease for an additional ten years. Through the lease, both districts are partnering to develop a new park to replace the loss of recreational acreage at Bear City Park due to its location within the Big Bear City Airport runway protection zone. The Park District plans to finance the construction through the sale of the abandoned Bear City Park and from Proposition 84 funds (Statewide Park Development and Community Revitalization Program of 2008).
- The Park District general manager also manages the park and recreation activities of CSA 29 in Lucerne Valley. For FY 2010-11, reimbursements of \$41,003 are budgeted from CSA 29 to the Park District.

Government Structure Options

There are two types of government structure options:

1. Areas served by the agency outside its boundaries through "out-of-agency" service contracts;
2. Other potential government structure changes such as consolidations, reorganizations, dissolutions, etc.

Out-of-Agency Service Agreements:

The District has indicated that it does not provide any services outside its boundaries.

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Government Structure Options:

The State has published advisory guidelines for LAFCOs to address all of the substantive issues required by law for conducting a service review, which were adopted by San Bernardino LAFCO as its guidelines in May of 2003. The Guidelines address 49 factors in identifying an agency's government structure options. Themes among the factors include but are not limited to: more logical service boundaries, elimination of overlapping boundaries that cause service inefficiencies, economies of scale, opportunities to enhance capital improvement plans, and recommendations by a service provider. The following scenarios are not being presented as options for the Commission to consider for action as a part of this service review. Rather, a service review should address possible options, and the following are theoretical scenarios for the community to consider for the future. Movement towards these scenarios would include, but not be limited to, a plan for service, fiscal impact analysis, and any other required studies:

- Detachment of the Park District. The Park District overlays the City and the CSD, both of which actively provide park and recreation services. This situation creates a duplication of service and adds an additional layer of government. However, the Park District serves and has facilities outside of the two previously mentioned agencies. Such an action would include the transfer of park and recreation responsibility and assets to the two agencies. However, detachment would significantly reduce the Park District's ability to continue operations to the remainder of its territory and would significantly hinder continuation of service to the remainder territory. Therefore, at this time, this option is not desirable.
- One Valley-wide service provider. Alternatively, the City and the CSD could transfer its respective service responsibility and assets to the Park District. In this scenario, there would be one park and recreation provider for the entire Bear Valley. While the same number of agencies would remain, the duplication of service would be removed. Such a change is in keeping with directives of LAFCO law.
- The District as an independent district. Currently, the District is a board-governed district, meaning that the County Board of Supervisors acts as the board of directors for the District. Following incorporation of the City of Big Bear Lake no request for change in the governance of the agency was requested to change it to an appointed board of directors. An independent district would place governance of the district in local control with an elected board of directors. Becoming an independent district would require approval by the registered voters within the district as set forth in Section 5785.3 of the California Public Resources Code.
- Maintenance of the status quo. This option retains the current structure for the Park District with the cooperation of the CSD for future facilities.

In reviewing these options, maintenance of the status quo is the viable option based upon the positions of the Bear Valley entities but the other options remain topics which could be discussed by the Bear Valley community for the future. No sentiment has been publicly expressed on any of the options above. Therefore, at this time, a duplication of service exists. However, efficiencies are realized through the sharing of facilities.

WHEREAS, the following determinations are made in conformance with Government Code Section 56425 and local Commission policy:

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1. Present and Planned Uses:

The Park District's boundary and/or current sphere of influence correspond to the current LAFCO defined Bear Valley community, which includes the City of Big Bear Lake and the unincorporated communities of Big Bear City, Fawnskin, Baldwin Lake, Erwin Lake and Lake Williams. Within the unincorporated County area, the County's General Plan designates approximately 79% as Resource Conservation, 6% as Single Residential (RS, RS-10M, RS-20M, and RS-1), 4% as Rural Living (RL, RL-5, RL-10, RL-20, and RL-40), 5% as Floodway (lake areas), 1% is a mix of generally commercial, industrial, and institutional land uses, and the remainder 5% is entirely within the City.

Within the City's territory, the City's General Plan assigns the following land uses – 60% as Single-Family Residential, 9% as Multiple Family Residential, 18% as Commercial and/or Industrial, 4% Public Facilities, and 9% Open Space.

The Park District's proposed sphere reductions, Areas 1 to 4, currently have limited development potential since these are all forest lands owned by the Federal government and are proposed to correspond to the Commission's revised Bear Valley definition.

2. Present and Probable Need for Public Facilities and Services:

The District's facilities include nine parks, including an animal park, swim beach, and a senior center. The total acreage of the parks is 98.1 acres, with three of the parks containing ball fields. The Big Bear Valley Senior Center is administered by the District but is a regional senior center facility.

The Moonridge Animal Park is open year-round for visitors to see alpine species. Approximately 99,000 visitors visit the park annually. Future relocation and expansion of this facility will allow for larger animal enclosures.

The Park District has plans to construct a new park, called the Paradise Park Project. This park would be a 5.48 acre park at the east end of the valley on land that is owned by the CSD. Plans include passive park areas, skate park, tennis court, basketball court, volleyball court, and a dog park.

3. Present Capacity of Public Facilities and Adequacy of Public Services

The District's current Master Plan was adopted in 1988. The District is contracting with an outside firm to complete a new master plan, with work estimated to begin in July 2011.

The animal park is in the process of being relocated to a 10.4 acre site at the opposite end of the Bear Mountain Golf Course. According to the District, construction is anticipated to begin in March 2012 with a hopeful opening date of May 2013.

In addition, the CSD has agreed to lease the property for the Paradise Park to the Park District for \$1.00 per year for 40 years, with an option for the Park District to extend the lease for an additional ten years. Through the lease, both districts are partnering to develop a new park to replace the loss of recreational acreage at Bear City Park due to its location within the Big Bear City Airport runway protection zone. The Park District plans to finance the construction through the sale of the abandoned Bear City Park and from Proposition 84 funds (Statewide Park Development and Community Revitalization Program of 2008). The \$2.5 million grant, if awarded, will cover all costs associated with the planning and

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construction of the new park. The ongoing maintenance and operating costs will be provided by the Park District general funds for park maintenance.

It should also be noted that the Park District has entered into a joint use agreement with the Bear Valley Unified School District for use of the School District's facility for the Park District's childcare program.

4. Social and Economic Communities of Interest:

The social communities of interest include the City of Big Bear Lake and the unincorporated communities of Big Bear City, Fawnskin, and the communities around Baldwin Lake, Erwin Lake, and Lake Williams. In addition, the Park District is within the Bear Valley Unified School District, a regional entity servicing the Bear Valley community, which it partners with on its childcare program.

Economic communities of interest include the two ski resorts (Bear Mountain and Snow Summit), the Big Bear Lake itself and the recreational activities supported by the lake, as well as the commercial activities around the lake area, the Village area, and along Big Bear Boulevard (State Highway 18 and 38).

5. Additional Determinations

- As required by State Law notice of the hearing was provided through publication in a newspaper of general circulation, *The San Bernardino Sun*. Individual notice was not provided as allowed under Government Code Section 56157 as such mailing would include more than 1,000 individual notices. As outlined in Commission Policy #27, in-lieu of individual notice the notice of hearing publication was provided through an eighth page legal ad.
- As required by State law, individual notification was provided to affected and interested agencies, County departments, and those agencies and individuals requesting mailed notice.
- Comments from landowners/registered voters and any affected agency have been reviewed and considered by the Commission in making its determinations.

WHEREAS, pursuant to the provisions of Government Code Section 56425(i) the range of services provided by the Big Bear Valley Recreation and Park District shall be limited to the following:

FUNCTIONS

SERVICES

Park and Recreation

Local park development, operation, maintenance, recreation, child care, including the operation and maintenance of the Moonridge Animal Park

WHEREAS, having reviewed and considered the findings as outlined above, the Commission determines to reduce the Big Bear Valley Recreation and Park District's sphere of influence by approximately 11,100 acres and affirms the balance of its existing sphere of influence.

NOW, THEREFORE, BE IT RESOLVED by the Local Agency Formation Commission of the County of San Bernardino, State of California, that this Commission shall consider the territory

**LAFCO 3109 – Service Review and Sphere of Influence
Update for Big Bear Valley Recreation and Park District**

DISTRICT BOUNDARIES

EXISTING SPHERE OF INFLUENCE

PROPOSED COMMUNITY DEFINITION

EXISTING COMMUNITY DEFINITION

PROPOSED SPHERE OF INFLUENCE EXPANSION

PROPOSED SPHERE OF INFLUENCE REDUCTION

LAKES

CITY OF BIG BEAR LAKE

AREA 1
SPHERE
REDUCTION

AREA 4
SPHERE
REDUCTION

AREA 2
SPHERE
REDUCTION

AREA 3
SPHERE
REDUCTION

