LOCAL AGENCY FORMATION COMMISSION
COUNTY OF SAN BERNARDINO

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PROPOSAL NO.: **LAFCO 3127**

HEARING DATE: **December 8, 2010**

RESOLUTION NO. 3116

A RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION OF THE COUNTY OF SAN BERNARDINO MAKING DETERMINATIONS ON LAFCO 3127 – A SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR THE CREST FOREST FIRE PROTECTION DISTRICT (sphere of influence expansion by approximately 801.35+/- acres, reduction by approximately 882.08+/- acres, and affirmation of the balance, as shown on the attached maps).

On motion of Commissioner Bagley, duly seconded by Commissioner Curatalo, 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 December 8, 2010 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 this Commission on December 8, 2010. 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 Crest Forest Fire Protection District (hereafter shown as the "District") shall be amended as shown on the maps attached as Exhibit "A" to this resolution, defined as follows:

(1) Reduce the District's existing sphere of influence to exclude Area 1 (approximately 880+/- acres), and Area 5 (approximately 0.25+/- acres);

(2) Expand the District's sphere of influence to include Area 2 (approximately 280+/- acres), Area 4 (approximately 320+/- acres), Area 6 (approximately 160+/- acres), and Area 7 (approximately 40+/- acres);

(3) Modify the District's sphere of influence within Area 3, expansions (total of approximately 1.35+/- acres) and reductions (total of approximately 1.83+/- acres), to match parcel lines and/or road centerline between the boundaries of the District and that of the San Bernardino County Fire Protection District; and,

(4) Affirm the balance of the 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 November 30, 2010 and received and filed by the Commission on December 8, 2010, 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:

Crest Forest Fire comprises all the populated areas of the Crest Forest community and extends four square miles into the Lake Arrowhead community. Development in the San Bernardino Mountains is naturally constrained by rugged terrain, limited access, public land ownership, 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 constrained substantially by the slope-density standards and fuel modification requirements of the County General Plan Fire Safety Overlay. Within the County's Crest Forest Community Plan boundaries, the private lands within the district have land use designations of predominantly residential (RS-14M and RL-5), with scattered commercial along State Route 138 and along Lake Drive west of Lake Gregory. Within the Lake Arrowhead Community Plan boundaries, the private lands within the district are generally residential (RS-14M) with scattered commercial along State Route 189 and in Rim Forest. The public lands within district are designated Resource Conservation, including the sphere area outside of the district's boundaries.

Roughly half of the area is privately owned and the other half is within the San Bernardino National Forest (owned by the federal government), which are devoted primarily to resource protection and recreational use.

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, adding to this statement there is a large seasonal population component as well as a substantial influx of visitors to the mountain resort areas. 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 approximately double the peak population. By 2030, the

permanent population is estimated to reach over 20,000 based upon a 6.5% increase every five years, or approximately 1.5% per year growth in permanent population. Even with the large increase in population, the area is not anticipated to reach its build-out population by the 2030 horizon of this report.

Community Plan	2000	*2005*	*2010*	*2015*	*2020*	*2025*	2030	2000 to 2030 growth rate
Crest Forest	10,606	*11,295*	*12,030*	*12,812*	*13,644*	*14,531*	15,592	47.0%
Lake Arrowhead portion	*3,802*	*4,220*	*4,684*	*5,200*	*5,772*	*6,406*	*7,053*	85.5%
TOTAL	**14,408**	***15,515***	***16,714***	***18,011***	***19,416***	***20,938***	**22,645**	**57.2%**

Community Plan	Build-out	2030 as % of Build-out
Crest Forest	25,257	62%
Lake Arrowhead portion	*19,538*	36%
TOTAL	**44,795**	**51%**

Source: County of San Bernardino 2007 Community Plans; County Special Districts Department; LAFCO
Notes: Does not include seasonal population or visitors
Italicized figures are calculated by LAFCO

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

The District did not provide a master plan or other study as part of this review. The District was anticipated to have its Strategic Plan adopted by 2009, but completion of the document has been delayed indefinitely due to severe budget cuts.

The District provides fire protection, ambulance, and paramedic services. On a regional basis, County Fire also provides services such as hazardous materials regulation, dispatch communication, and disaster preparedness to this independent agency. Other service providers are the California Department of Forestry and Fire Protection (Cal Fire) and the U.S. Forest Service, both not subject to LAFCO jurisdiction. Agencies providing fire related information are the Mountain Area Safety Taskforce and Fire Safe Council.

Personnel, Facilities and Equipment

Personnel consists of one fire chief, two division chiefs, six captains, six engineers, nine fire fighters, one fire mechanic, 35 paid call firefighters, 12 support services part-time employees, 30 community emergency response team (CERT) volunteers, one part-time secretary, one part-time fire inspector, and one contract finance officer. Eleven of the career staffs are cross-trained as paramedics. During the preliminary budget process in March and April 2010, Crest Forest Fire held meetings to discuss budget constraints. From those meetings, Crest Forest Fire negotiated pay cuts to all levels and reduced operating and support expenses.

Crest Forest Fire operates with six active stations. Stations 25 and 26 are staffed 24 hours per day with Station 25 operating as the main district station. The four other active stations are paid call stations. Station 27 in Aqua Fria is not active and is used to house reserve apparatus including an ambulance. Additional information about each station is shown on the charts below, taken from the Lake Arrowhead and Crest Forest Community Plans.

Fire Stations	Fire District /Agency	Area Served	Equipment	Personnel (number and title)	EMT Response Capabilities	Availability of ambulance services	Nearest Medical Facilities
Cedar Pines Park Station (#24)	Crest Forest Fire Protection District	Cedarpines Park, All Crest Forest district	Engine 24, Medic Ambulance (MA) 24A	6 Paid Call Firefighters (PCF)	3 staff	Crest Forest District	Mountains Community Hospital (MTCH), St. Bernardine
Valley of Enchantment Station (#28)	Crest Forest Fire Protection District	Valley of Enchantment, all of Crest Forest District	Engine 28	7 Paid Call Firefighters (PCF)	3 staff	Crest Forest District	Mountains Community Hospital (MTCH), St. Bernardine
Lake Gregory Station (#29)	Crest Forest Fire Protection District	Lake Gregory area, all of Crest Forest district	Engine 29	11 Paid Call Firefighters (PCF), 1 mechanic	6 staff	Crest Forest District	Mountains Community Hospital (MTCH), St. Bernardine
Crestline Station (#25)	Crest Forest Fire Protection District	All Crest Forest (1st out), Crestline, Valley of Enchantment, Lake Gregory, Cedarpines Park	Brush Engine (BE) 25, Medic Engine (ME) 25, Utility 25, Medic Ambulance (MA) 25, Medic Ambulance (MA) 25A, Snow Cat (SC) 25	1 chief, 3 div chiefs, 1 fire prevention officer, 7 firefighters, 5 paramedics	12 staff	Crest Forest District, Medic Ambulance (MA) 25, Medic Ambulance (MA) 25A	Mountains Community Hospital (MTCH), St. Bernardine
Blue Jay Station #27	Crest Forest Fire Protection District	Blue Jay	(MA) 24 No equipment currently housed	None	None	none	Mountain Community Hospital (MTCH)
Twin Peaks Station #26	Crest Forest Fire Protection District	Twin Peaks, Blue Jay, Rim Forest, All Crest Forest District	Medic Ambulance (MA) 26, Snow Cat (SC) 26, Loader (LDR) 26, Brush Engine (BE) 26, TLR26, Medic Engine (ME) 26, Rescue (RS) 26, Utility 26	5 Firefighters, 2 PM, 10 Paid Call Firefighters (PCF)	5 staff	Medic Ambulance (MA) 26 Crest Forest	Mountain Community Hospital (MTCH)
Rim Forest Station #30	Crest Forest Fire Protection District	Rim Forest, All Crest Forest District	Engine 30, Water Tender (WT) 30	10 Paid Call Firefighters (PCF)	none	none	Mountain Community Hospital (MTCH)

Capital equipment includes six engines of which one is a brush engine – average model year is 1994, four ambulances – average model year is 2001, two snow cats, one rescue unit, one front loader, one water tender, and other support vehicles.

The District states that at this time no additional facility replacement is needed. However, with the permanent population anticipated to increase by 57% from 2000 to 2030, increase in capacity of the existing facilities will be needed to meet demand.

Response Times

As shown on the first chart below, roughly three quarters of all calls are classified as "Rescue and Emergency Medical Service Incidents" and fire calls comprise three percent. The response time to the majority of calls is over five minutes. However, the mountainous terrain and road conditions do not lend to the same response as in areas where the terrain and roads are more

favorable. The second chart shows response times for all incident calls. As shown, the mode average response time is six to seven minutes.

Incident Type	0-1 min	1-2 min	2-3 min	3-4 min	4-5 min	Over 5 min	Total	Percent of Total
Fires	2	1	1	2	1	26	33	3%
Overpressure Rupture, Explosion, Overheat- no fire	0	0	0	0	0	1	1	0%
Rescue & Emergency Medical Service Incidents	11	9	18	25	67	581	711	74%
Hazardous Conditions - no fire	0	2	2	4	2	33	43	4%
Service Call	4	2	2	3	3	61	75	8%
Good Intent Call	1	1	0	3	8	46	59	6%
False Alarm & False Call	1	1	0	2	1	27	32	3%
Severe Weather & Natural Disaster	0	0	0	2	1	3	6	1%
Total Number of Responses	**19**	**16**	**23**	**41**	**83**	**778**	**960**	**100%**

Ambulance and Paramedic

Crest Forest Fire has two areas assessment zones for funding paramedic service. The area west of the Crest Forest/Lake Arrowhead County Community Plan boundary is within service zone PM-A, and the area east of said boundary is within service zone PM-1. When combined, these service zones encompass the entire district.

Overlap Area

The Crest Forest Fire Protection District is authorized by LAFCO to provide ambulance services within its boundaries. The Inland Counties Emergency Medical Agency ("ICEMA") authorizes Crest Forest Fire to provide Advanced Life Support ambulance services within EOA 10 and Basic Life Support ambulance services within EOA 11 supporting American Medical Response. Crest Forest Fire's boundary extends into EOA 18, where it does not have authority by ICEMA to provide ambulance services. In this overlap area ICEMA has assigned the responsibility for ambulance services to the San Bernardino County Fire Protection District. Crest Forest Fire does not send a first response ambulance to EOA 18, the ambulance for that area comes from a County Fire's Lake Arrowhead stations.

As a part of the County Fire Reorganization, Crest Forest Fire succeeded to the $17.30 per parcel special tax for funding of paramedic services to this overlap area. At that time, Crest Forest Fire provided a letter to LAFCO that if those funds were transferred to Crest Forest Fire, it would use them to support of the expansion of its paramedic program within that area. The paramedics from Station 26 in Twin Peaks respond as medical first response on an Advanced Life Support fire engine unless requested by County Fire for a mutual aid ambulance in one of County Fire's EOA's (mostly EOA 18). Station 26 paramedics also supplements the Crestline station for coverage at which time they can staff a second ambulance for Crest Forest's EOA or a fire engine, depending on the need.

3. Financial ability of agencies to provide services:

The Commission has reviewed the District's budgets and audits, and State Controller reports for special districts. The Commission, in reviewing the financial documents, determines that the District has been operating with an annual negative change in net assets since at least FY 2005-06, as shown on the chart below. For FY 2007-08 and FY 2008-09, net assets decreased by $455,920 and $315,829, respectively. As of June 30, 2009, Crest Forest Fire had $1.0 million in net assets. Not including capital assets value and debt, the District had roughly $737,000 in restricted and unrestricted net assets. Of this amount $503,000 is unrestricted.

Net Assets	2008-09	2007-08	2006-07	2005-06
Invested in capital assets, net of related debt	275,123	350,834	270,045	455,313
Restricted for capital projects	426	424	410	392
Restricted for debt service	233,686	226,865	237,487	237,396
Unrestricted	503,322	750,263	1,276,364	1,140,647
Total Net Assets	**$1,012,557**	**$1,328,386**	**$1,784,306**	**$1,833,748**

sources: FY 2005-06 through FY 2008-09 financial statements

General Operations and Funds

The accounts of the District are organized into four funds, which are considered separate accounting entities.

- General Fund – The general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.
- Special Revenue Fund – Accounts for the proceeds of special revenue sources that are legally restricted to expenditures for specific purposes. The fund is used to account for ambulance operations.
- Capital Project Fund – Accounts for financial resources to be used for the acquisition or construction of major capital facilities, which are not financed by proprietary and trust funds.
- Debt Service Fund – Accounts for the accumulation for resources for, and the payment of, general long-term debt, interest and related costs.

In addition to the four funds listed above, the District is responsible for its component unit, the Crest Forest Fire Protection District Facilities Corporation ("Corporation"). The Corporation is a nonprofit, public benefit corporation incorporated in 2002 under the law of the State of California. The Corporation was formed to provide financing assistance to the District for construction, financing, and acquisition of major capital outlay through use of Certificates of Participation (COP's). The COP's were used to refinance the construction of the two full time fire stations (Station 25 and 26) as well as some major fire equipment allowed under the law concerning COP's. According to the District, all the corporation did was make sure the COP's were accounted for and paid according to their issuance. In August 2010, the Corporation refinanced the COP's with a Private Placement Bond. All issues with the COP's were handled by a Trustee hired by the Corporation for that purpose (US Bank).

As of August 2, 2010, the COP's have been fully repaid and the trustee eliminated, because neither the Corporation nor the trustee are needed for a Private Placement Bond. The stations and equipment were collateral for the debt issued in the form of the COP's. Currently, only Station 25 is collateral for the Private Placement Bond. The fire equipment and Station 26 are in full ownership of the District and the new debt is 18 months shorter and approximately $300,000 less due to favorable interest rates. It also eliminated the need for the Corporation and the trustee. The District has not taken action to formally dissolve the Corporation as of the date of this report.

Revenues

Revenues are derived primarily from 1) share of the one percent general tax levy, 2) special tax and assessments, and 3) ambulance fees.

1. *Share of the one percent general tax levy*

In 1977-78, before Proposition 13, all landowners within the boundaries of Crest Forest Fire paid a tax rate of $1.18 per $100 of assessed valuation, as identified in the County's 1977-78 tax rate book, for the purpose of paying obligations of the district. Following Proposition 13, the Legislature enacted statutes to implement its provisions. Under these statutes, a local government's share of the one percent general levy was based on the share of the property tax going to that local government before Proposition 13 (excluding bond debt).

Currently, Crest Forest Fire receives a share of the one percent ad valorem property tax, $3,942,472 for FY 2008-09 (the most recent audited year available). In contrast to other areas of the county, assessed valuations within the District have increased each of the past four fiscal years. Seventy-six percent of total revenue ($3.94 million) is attributable to its share of the one percent ad valorem general levy.

2. *Special tax and assessments*

Special taxes and assessments include the District's PM-A service zone and its succession to the PM-1 special tax within its boundaries. Any increase in taxes or assessments would be subject to a two-thirds vote of the registered voters. The service zones are described as follows:

- Property owners within Service Zone PM-A, consisting of roughly 13,600 parcels, are levied a special tax. The formation election of PM-A included an appropriation limit with a base of $750,000, and established the special tax as follows: $39.50 per year per individual dwelling unit, $45.00 per year per commercial unit, and $24.50 per undeveloped parcel of real property. This special tax does not have a corresponding inflation factor.

- Property owners within Service Zone PM-1, consisting of roughly 2,800 parcels, are levied an assessment of $17.30 per parcel.

  During the processing of the County Fire Reorganization (LAFCO 3000), effective July 1, 2008, it was identified that the territory of County Service Area 70 Zone PM-1 overlaid a portion of Crest Forest Fire. The boundaries of the new Service Zone PM-1 were modified to exclude the territory within the existing boundaries of the Crest Forest Fire and a condition of approval was added to transfer the existing PM-1 special tax ($17.30 per parcel) within that area to Crest Forest Fire for its funding of paramedics. Crest Forest Fire calls this the Crest Forest Fire PM-1 special tax. Upon Crest Forest Fire's succession to this special tax it also succeeded to the limitations of the original approval which does not provide for an annual inflation factor.

3. *Ambulance fees*

Fire protection is a service paid for by taxes, but ambulance fees comprise roughly 11% revenues. Anyone transported by a Crest Forest Fire ambulance is billed for services rendered. If the person being billed is a local resident, only their insurance is billed. If there is no insurance or after the insurance payment is received, local residents are given a letter notifying them that the remaining bill is covered by the District's ambulance assessment. Through mutual aid, Crest Forest Fire charges for providing service outside of its boundaries. In this case, the standard ambulance transport fees established by the

County Board of Supervisors are applied, which the maximum allowable rates have been adopted by the Crest Forest Fire Board of Directors.

The EMS/Ambulance assessment on real property and transport fees charged for services rendered does not cover the actual allocated costs for EMS/Ambulance services provided by Crest Forest Fire. In FY 2009-10, the general fund transferred funds into the EMS/Ambulance fund to cover for shortfalls in the difference between revenues and expenditures. The FY 2010-11 Budget identifies that the General Fund will continue to transfer funds into the EMS/Ambulance budget to cover shortfalls between revenues and expenses. The District states that such transfers from the general fund will have a long term effect on overall operations if not corrected. This trend is significant even with the additional funds received from the transfer of the Lake Arrowhead Paramedic Assessment within Crest Forest Fire as a part of the County Fire Reorganization.

At its August 17, 2010 meeting, the District revisited this issue and has indicated that it may need to place a measure before the voters to increase the ambulance assessment.

To illustrate the revenues generated, a chart showing the past three audited fiscal years with a percentage composition for FY 2008-09. As shown on the chart all revenue categories have increased during these years except for Interest; the decrease in interest is due to the increase in total expenditures which has decreased fund balance.

	FY 2006-07				FY 2007-08			
	General	Special Revenue	Other	Total	General	Special Revenue	Other	Total
Revenues								
Property taxes & assessments	$3,522,666	$ 488,968	$ -	$4,011,634	$3,775,011	$ 459,528	$ -	$4,234,539
Ambulance Fees	-	312,050	-	312,050	-	337,568	-	337,568
Interest	64,307	47,154	11,587	123,048	46,920	34,218	7,735	88,873
Other	88,255	91	-	88,346	251,802	-	-	251,802
Total Revenues	3,675,228	848,263	11,587	4,535,078	4,073,733	831,314	7,735	4,912,782
Expenditures								
Salaries & benefits	2,962,431	614,869	-	3,577,300	3,572,167	722,634		4,294,801
Services & supplies	472,773	140,687	-	613,460	458,734	139,706		598,440
Debt service	96,344	72,681	10,905	179,930	94,066	70,962	18,342	183,370
Capital outlay	17,233	-	-	17,233	-	55,722	-	55,722
Total Expenditures	3,548,781	828,237	10,905	4,387,923	4,124,967	989,024	18,342	5,132,333
Revenues over (under) expenditures	126,447	20,026	682	147,155	(51,234)	(157,710)	(10,607)	(219,551)
Other Sources (Uses)								
Operating transfers in	31,279	-	-	31,279	569	-	-	569
Operating transfers out	-	(31,279)	-	(31,279)	-	(569)	-	(569)
Total Other Sources (Uses)	31,279	(31,279)	-	-	569	(569)	-	-
Total over (under)	157,726	(11,253)	682	147,155	(50,665)	(158,279)	(10,607)	(219,551)
Fund balance, beginning	1,169,865	318,879	237,215	1,725,959	1,327,591	307,626	237,897	1,873,114
Fund balance, ending	$1,327,591	$ 307,626	$237,897	$1,873,114	$1,276,926	$ 149,347	$227,290	$1,653,563

	FY 2008-09				
	General	Special Revenue	Other	Total	Percentage
Revenues					
Property taxes & assessments	$3,942,472	$ 495,063	$ -	$4,437,535	86%
Ambulance Fees	-	353,420	-	353,420	7%
Interest	32,734	4,630	1,208	38,572	1%
Other	322,547	7,353	-	329,900	6%
Total Revenues	4,297,753	860,466	1,208	5,159,427	100%
Expenditures					
Salaries & benefits	3,847,729	721,387	-	4,569,116	83%
Services & supplies	499,645	121,695	-	621,340	11%
Debt service	106,684	80,481	(5,614)	181,551	3%
Capital outlay	18,533	108,422	-	126,955	2%
Total Expenditures	4,472,591	1,031,985	(5,614)	5,498,962	100%
Revenues over (under) expenditures	(174,838)	(171,519)	6,822	(339,535)	
Other Sources (Uses)					
Operating transfers in	126,533	83,335	-	209,868	
Operating transfers out	(209,868)	-	-	(209,868)	
Total Other Sources (Uses)	(83,335)	83,335	-	-	
Total over (under)	(258,173)	(88,184)	6,822	(339,535)	
Fund balance, beginning	1,276,926	149,347	227,290	1,653,563	
Fund balance, ending	$1,018,753	$ 61,163	$234,112	$1,314,028	

source: FY 2006-07 through FY 2008-09 Financial Statements; Percentages calculated by LAFCO.

Expenditures

As shown on the chart above, Salaries and Benefits comprised 83% of Total Expenditures in FY 2008-09. Such a higher percentage is typical of fire districts. However, due to staff separations, the District incurred additional costs related to termination benefits which increased these costs during these years, increasing 27% from $3.58 million to $4.57 million. To address the issue of termination benefit payments, the FY 2009-10 Budget eliminated funding for termination benefits. Any termination of a position will cause the District to leave that position open until termination benefit costs can be absorbed within the Salaries and Benefits series of accounts. For the FY 2010-11 Budget, the District has budgeted $505,324 to be carried into FY 2011-12 to be used

when full-time paid staff members separate from service which can be offset by the District leaving the vacancy open until the funds paid are recouped through salary savings.

Long-Term Debt

Crest Forest Fire's long-term debt balance was $2,737,908 as of June 30, 2009, and consists of the following:

- *Certificates of Participation* – In 2002, the District issued certificates of participation for the refinance of a 1999 issuance and for the purchase of new equipment. At June 30, 2009 the outstanding balance was $2,395,000. The bonds are scheduled to mature in 2033.

- *Compensated Absences* - $342,908 in accumulated vacation and sick leave benefits payable in future years ($195,370 vacation and $147,538 sick leave).

Additional Information

Regular Audits

Government Code Section 26909 requires all districts to provide for regular audits; the Agency conducts annual audits and meets this requirement. Section 26909 also requires districts to file a copy of the audit with the State Controller and county auditor within 12 months of the end of the fiscal year. According to records from the County Auditor, the last audit received was for FY 2008-09 on December 19, 2009.

Appropriations (GANN) Limit

Under Article XIIIB of the California Constitution (the Gann Spending Limitation Initiative), CLAWA is subject to the Gann limit. Therefore, an agency is restricted as to the amount of annual expenditures from the proceeds of taxes, and if proceeds of taxes exceed allowed appropriations, the excess must either be refunded to the State Controller or returned to the taxpayers through revised tax rates, revised fee schedules of other refund agreements. The district annually adopts an appropriation limit. A review of the financial statements for the fiscal years ended June 30, 2008 and 2009 show that proceeds of taxes did not exceed appropriations and the agency's expenditures did not exceed its adopted appropriation limit.

FY 2010-11 Budget

For the past two years, the District's budgets have included fewer revenues to fully meet the Crest Forest Fire mission due to a decrease in receipt of its share of the general tax levy. Although ambulance rates have increased 17%, ambulance revenues remain flat due to an increase in uninsured patients and reductions in insurance payments. In turn, cash balances have been significantly reduced.

At the Special Board meeting in March 2010, the District took action to slow the reduction of the cash balances, to include: increased use of part-time help in order to cover for sick and annual leave vacancies, reduced vehicle inventory, and reduced the previous support of enhancements in training and equipment. Due to these measures, the District has been able to limit the reduction of responding personnel to one fire fighter for most of the days covered by the current budget.

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

The District indicates that it does not share any facilities with other agencies. However, opportunities exist to share facilities with adjacent fire providers.

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

Local Government Structure and Community Service Needs

Crest Forest Fire is an independent special district governed by a five-member board of directors elected at-large. At the last election held for the District in August 2009, 87% of the ballots voted in favor of conducting future elections by mail rather than traditional precinct voting. For that election, there were 7,760 registered voters within the District. The current board, their positions, and terms of office are shown below:

Board Member	Title	Term
Shawn Bauer	Director	2013
Mark Machal	President	2013
Chuck Gibbs	Vice President	2011
Jerome Ringhofer	Director	2011
Leslie Dodge-Taylor	Director	2013

Regular Board meetings occur on the third Tuesday of each month at the District headquarters in Crestline. The District does not utilize community or citizen boards.

Operational Efficiency

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

- The District is a member of the Public Agency Self Insurance System of San Bernardino County (PASIS). PASIS provides workers' compensation insurance. PASIS is set up as a banking system where the members share the expenses, and each member is responsible for its own losses up to a $300,000 per occurrence self-insured retention.

- The District has been allowed to participate in the San Bernardino County Employees' Retirement Association. SBCERA is a cost-sharing multiple-employer defined benefit pension plan operating under the California Employees Retirement Act of 1937. A review of the most recently available audit identifies a zero net pension obligation.

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:

Crest Forest Fire provides service outside of its boundaries through mutual aid agreements.

Government Structure Change Options:

While the discussion of some government structure options may be theoretical, a service review should address possible options.

- Crest Forest Fire as the fire provider for the Crest Forest and Lake Arrowhead communities. In this scenario, the District would expand its sphere of influence and annex the remainder of the Lake Arrowhead community. The District would succeed to County Fire's assets to include the ambulance assessment of County Fire Service Zone PM-1 and become responsible for fire protection and ambulance services to all of the Lake Arrowhead community. However, assumption of ambulance transport services would include ICEMA authorization. While benefits from economy of scale could be achieved, this would not achieve the most benefit.

  No interest has been received from any agency in exploring this option; therefore, this scenario is unlikely at this time.

- County Fire as responsible entity for fire protection. In this scenario, the District is either dissolved and annexed to County Fire or consolidates with County Fire. Either way, County Fire and its Mountain Service Zone become the responsible entity for fire protection and ambulance transportation. While there are benefits to regionally providing services such as fire protection through the standing army concept, the transfer of existing revenue streams to the larger fire entity for regional use, and potential economies of scale that could be achieved, the District has not indicated support for this option. Additionally, assumption of ambulance transport services by County Fire would include ICEMA authorization. Without support, or at least interest, from affected agencies this option would not be achievable.

- Maintenance of the status quo. This option retains the existing fire structure for the Crest Forest community with the inherent cooperation amongst fire entities that currently exists

At this time, the Commission is not recommending any structural or organizational changes for the District.

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

1. Present and Planned Uses:

The District boundaries include various land uses. Most of the land within the district consists of residential properties and small pockets of commercial and institutional uses. Some U.S. Forest Service properties exist within the District.

The Community Plans for Crest Forest and Lake Arrowhead both state that the mountain region as a whole exhibits a combination of several factors that expose development and natural resources to potential disaster from wildland fires and subsequent flooding and erosion. The factors include topography, climate, vegetation, pathogen infestation, and

human use occupancy. In both communities, residents' primary concerns regarding safety in the communities revolve around fire protection and the need for improved evacuation routes.

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

Increased population would require increased staffing for fire and ambulance services, but actual district facilities are adequate and in place at seven locations within the District. The ambulance/paramedic overlap area assigned by ICEMA still require resolution.

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

Present facilities are adequate for the present use and can accommodate moderate population growth. However, increased population will further stress staffing levels for fire, ambulance, and paramedic services.

4. **Social and Economic Communities of Interest:**

Social and economic communities of interest include the Rim of World Unified School District, Lake Gregory, and the areas commonly known as Crestline, Valley of Enchantment, Aqua Fria, Blue Jay, Twin Peaks, Cedarpines Park, and Rim Forest.

5. **Additional Determinations**

- As required by State Law notice of the hearing was provided through publication in a newspaper of general circulation, *The 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 Crest Forest Fire Protection District shall be limited to the following:

FUNCTIONS	SERVICES
Fire Protection	Structural, watershed, suppression, prevention, rescue, communications, ambulance, paramedic

WHEREAS, having reviewed and considered the findings as outlined above, the Commission determines to expand the Crest Forest Fire Protection District's sphere of influence by approximately 801.35+/- acres, reduce its existing sphere of influence by approximately 882.08+/- acres, and affirm the balance of the 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 this to be the sphere of influence for the Crest Forest Fire Protection District; it being fully understood that establishment of such a sphere of influence is a policy declaration of this Commission based on existing facts and circumstances which, although not readily changed, may be subject to review and change in the event a future significant change of circumstances so warrants;

BE IT FURTHER RESOLVED that the Local Agency Formation Commission of the County of San Bernardino, State of California, does hereby determine that the Crest Forest Fire Protection District shall indemnify, defend, and hold harmless the Local Agency Formation Commission of the County of San Bernardino from any legal expense, legal action, or judgment arising out of the Commission's affirmation of the sphere of influence, including any reimbursement of legal fees and costs incurred by the Commission.

THIS ACTION APPROVED AND ADOPTED by the Local Agency Formation Commission of the County of San Bernardino by the following vote:

AYES:	**COMMISSIONERS:**	**Bagley, Coleman, Curatalo, Derry, Mitzelfeft, Smith**
NOES:	**COMMISSIONERS:**	**None**
ABSTAIN:	**COMMISSIONERS:**	**McCallon**
ABSENT:	**COMMISSIONERS:**	**Cox (Smith voting in her stead)**

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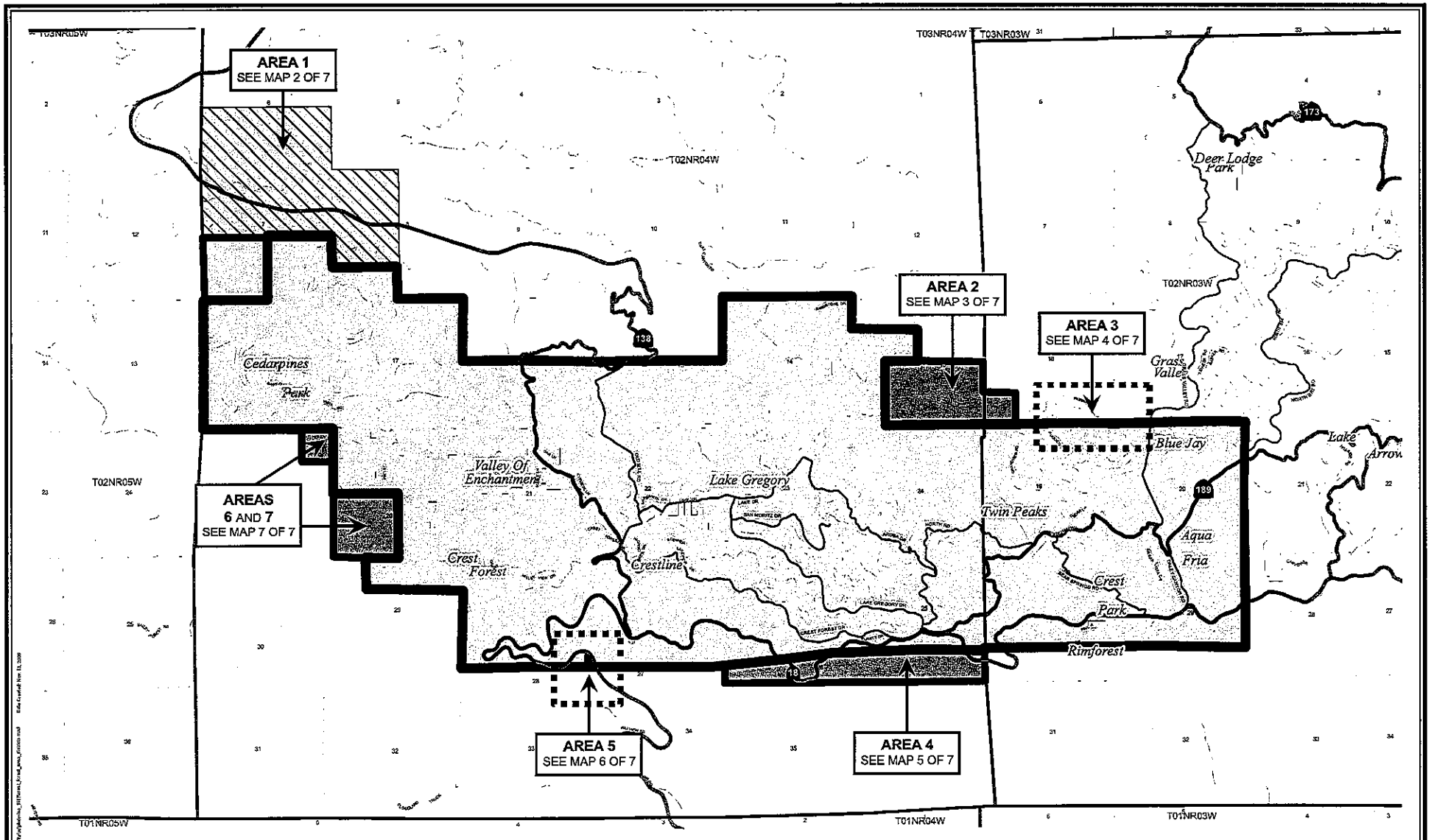
STATE OF CALIFORNIA)
) **ss.**
COUNTY OF SAN BERNARDINO)

I, KATHLEEN ROLLINGS-McDONALD, Executive Officer of the Local Agency Formation Commission of the County of San Bernardino, California, do hereby certify this record to be a full, true, and correct copy of the action taken by said Commission, by vote of the members present, as the same appears in the Official Minutes of said Commission at its meeting of December 8, 2010

DATED: December 9, 2010

KATHLEEN ROLLINGS-McDONALD
Executive Officer

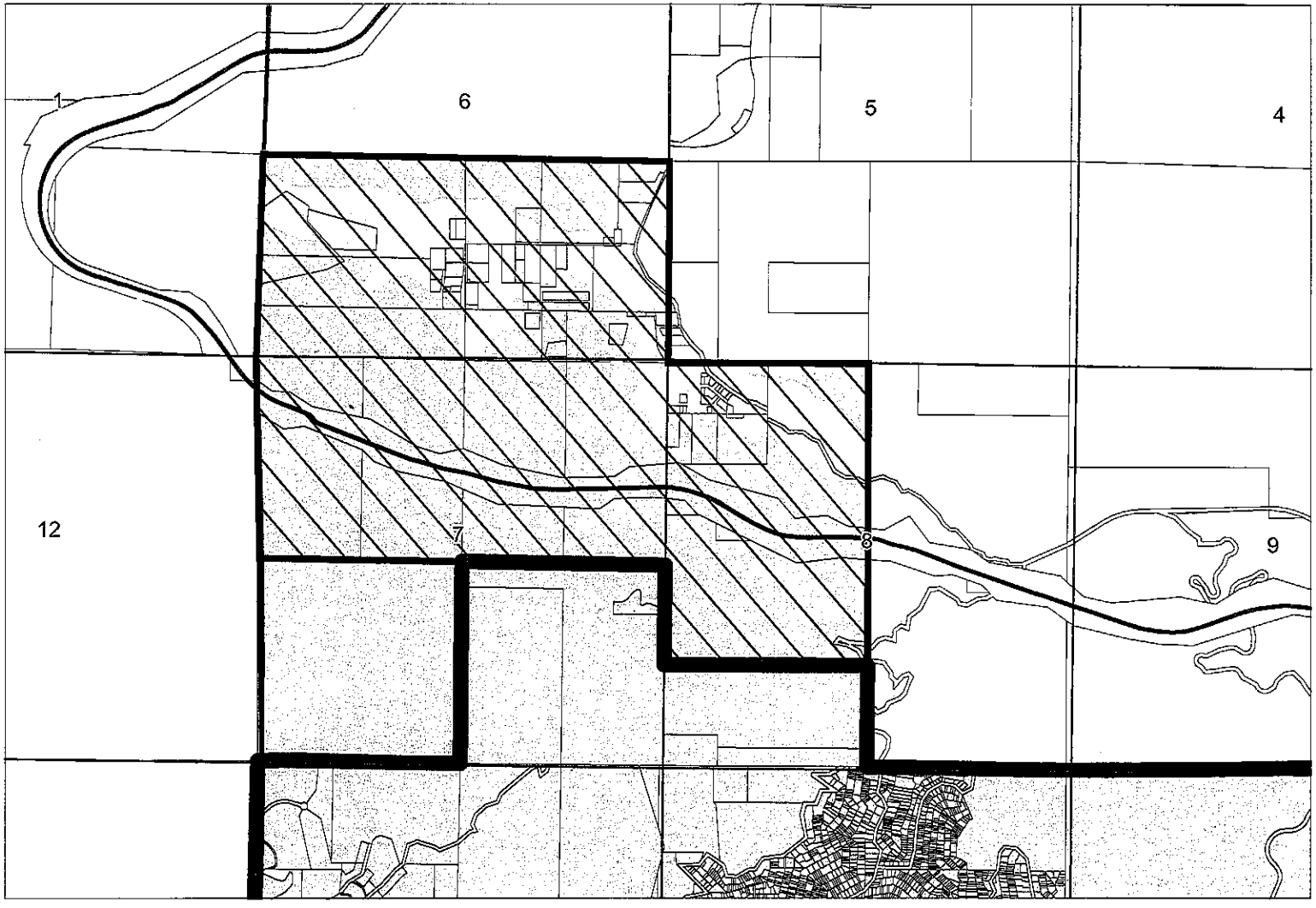


LAFCO 3127 - SERVICE REVIEW AND SPHERE OF influence UPDATE FOR CREST FOREST FIRE PROTECTION DISTRICT

Crest Forest FPD
Crest Forest FPD Existing Sphere
Sphere Expansion Areas
Sphere Reduction Areas

Exhibit A

Exhibit A



LAFCO 3127 - SPHERE OF INFLUENCE MODIFICATIONS (EXPANSIONS/REDUCTIONS) FOR CREST FOREST FIRE PROTECTION DISTRICT

AREA 1 - Sphere Reduction for Crest Forest Fire Protection District

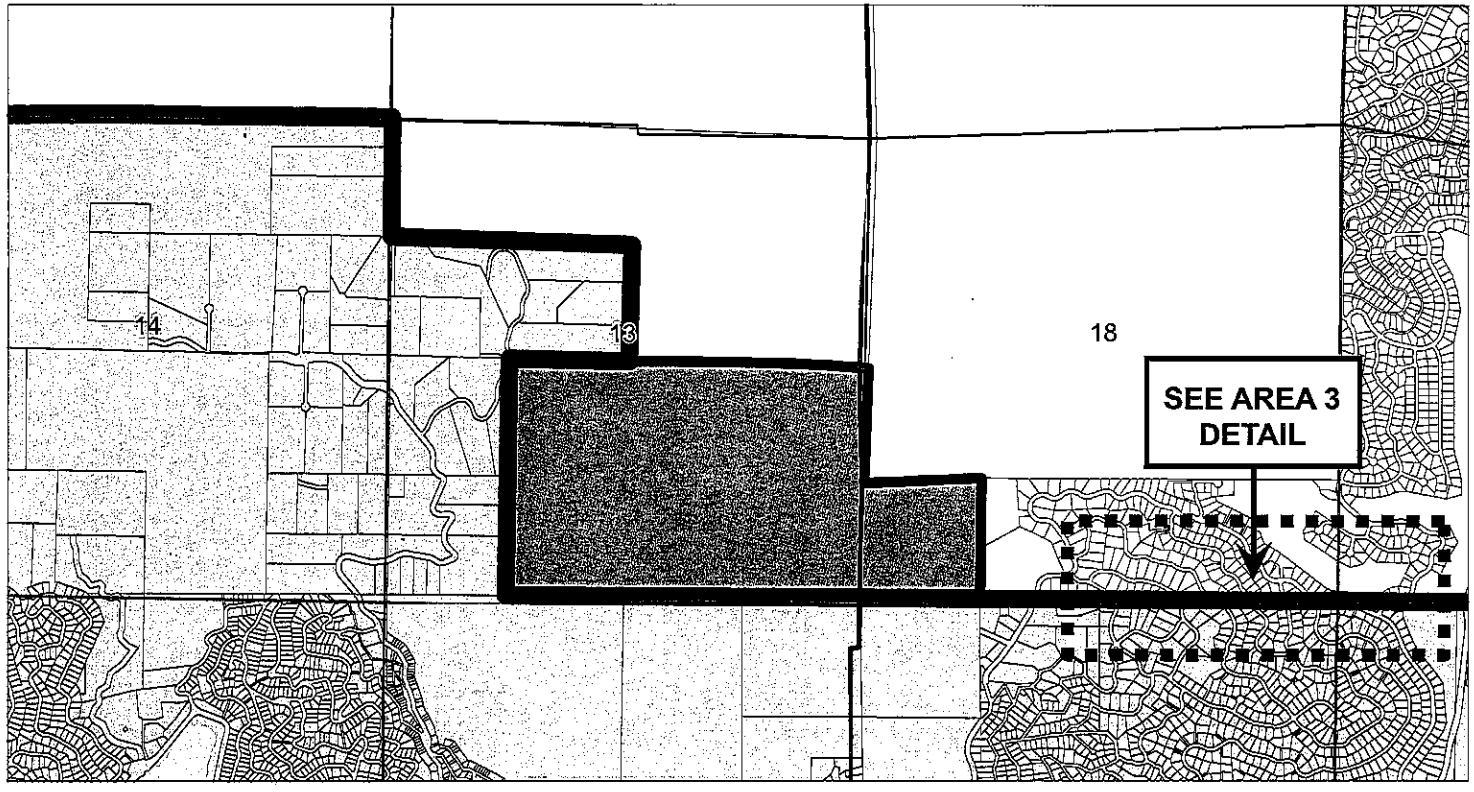
Portions of Section 6, 7, and 8, Township 2 North, Range 4 West, San Bernardino Meridian, containing 880 acres, more or less.

Sphere Expansion | Sphere Reduction | Existing Sphere | District Boundary

Exhibit A

Exhibit A

MAP 3 OF 7



LAFCO 3127 - SPHERE OF INFLUENCE MODIFICATIONS (EXPANSIONS/REDUCTIONS) FOR CREST FOREST FIRE PROTECTION DISTRICT

AREA 2 - Sphere Expansion for Crest Forest Fire Protection District

Portion of Section 13, Township 2 North, Range 4 West, and portion of Section 18, Township 2 North, Range 3 West, San Bernardino Meridian, containing 280 acres, more or less.

Sphere Expansion | Sphere Reduction | Existing Sphere | District Boundary

Exhibit A

Exhibit A

LAFCO 3127 - SPHERE OF INFLUENCE MODIFICATIONS (EXPANSIONS/REDUCTIONS) FOR CREST FOREST FIRE PROTECTION DISTRICT

AREA 3 - Sphere Modification (Expansion/Reduction) for Crest Forest Fire Protection District

TO MATCH CURRENT SPLIT BETWEEN CREST FOREST FIRE PROTECTION DISTRICT AND SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT SERVICE ZONE PM-1 ALONG EXISTING PARCEL LINES AND/OR ROAD CENTERLINES

SPHERE MODIFICATION AREA:

TOTAL EXPANSION AREA - 1.35+/- ACRES

TOTAL REDUCTION AREA - 1.83+/- ACRES

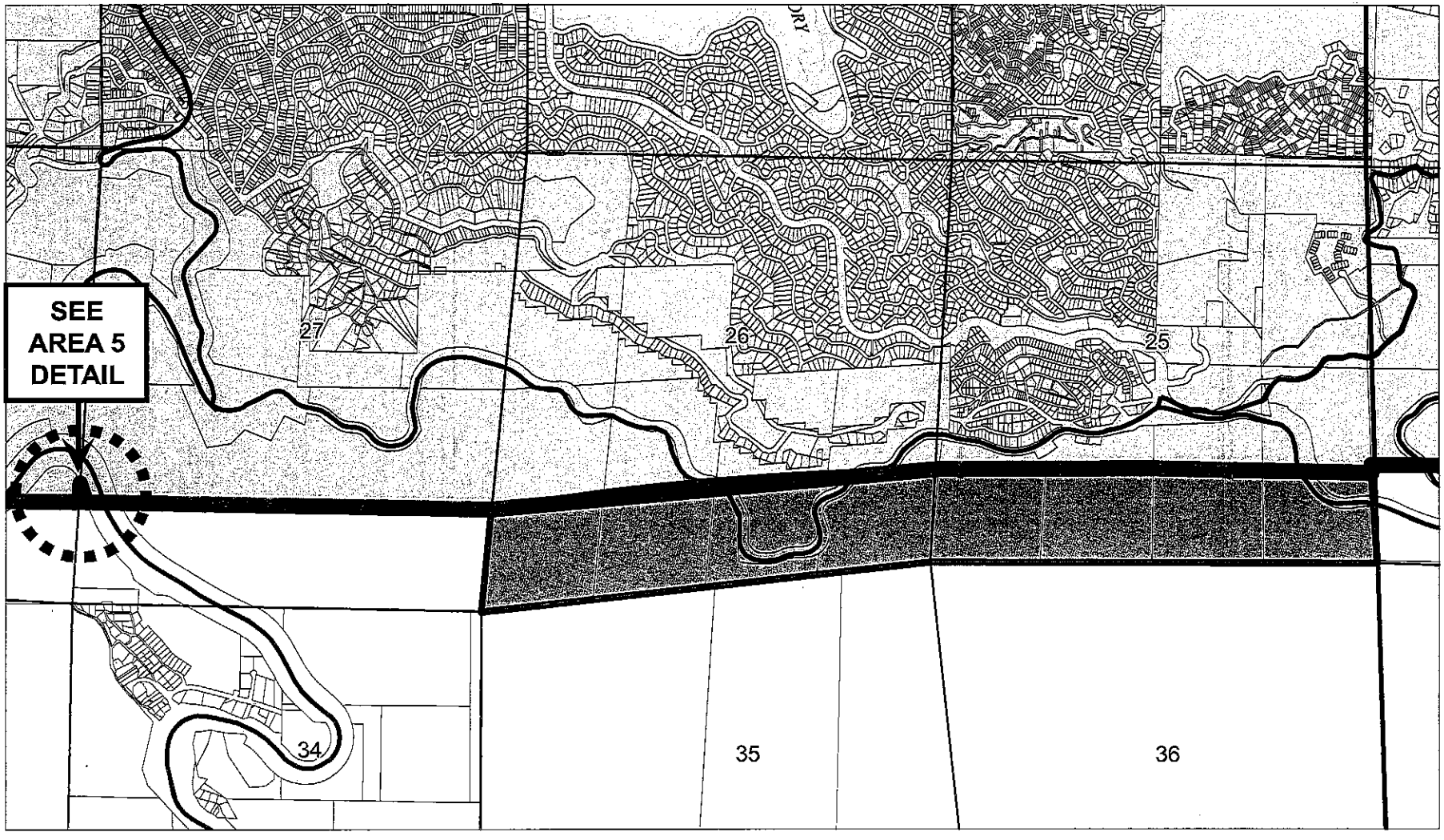
Crest Forest FPD Actual Boundary

Crest Forest FPD Proposed Sphere Modifications (Expansion/Reduction)

Parcels Within Crest Forest FPD Excluded from SBCFPD Service Zone PM-1

Exhibit A

Exhibit A



LAFCO 3127 - SPHERE OF INFLUENCE MODIFICATIONS (EXPANSIONS/REDUCTIONS) FOR CREST FOREST FIRE PROTECTION DISTRICT

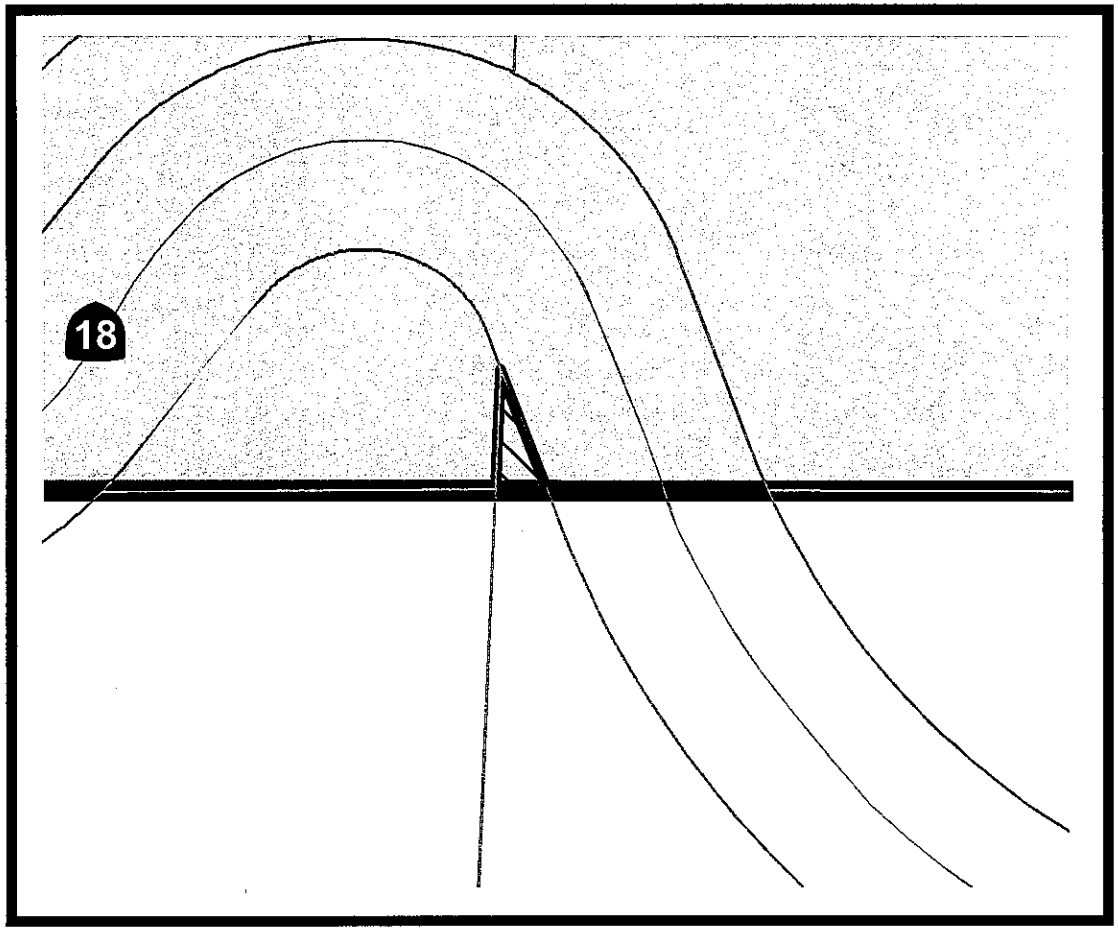
AREA 4 - Sphere Expansion for Crest Forest Fire Protection District

Portions of Section 25 and 26, Township 2 North, Range 4 West, San Bernardino Meridian, containing 320 acres, more or less.

Sphere Expansion | Sphere Reduction | Existing Sphere | District Boundary

Exhibit A

Exhibit A



LAFCO 3127 - SPHERE OF INFLUENCE MODIFICATIONS (EXPANSIONS/REDUCTIONS) FOR CREST FOREST FIRE PROTECTION DISTRICT

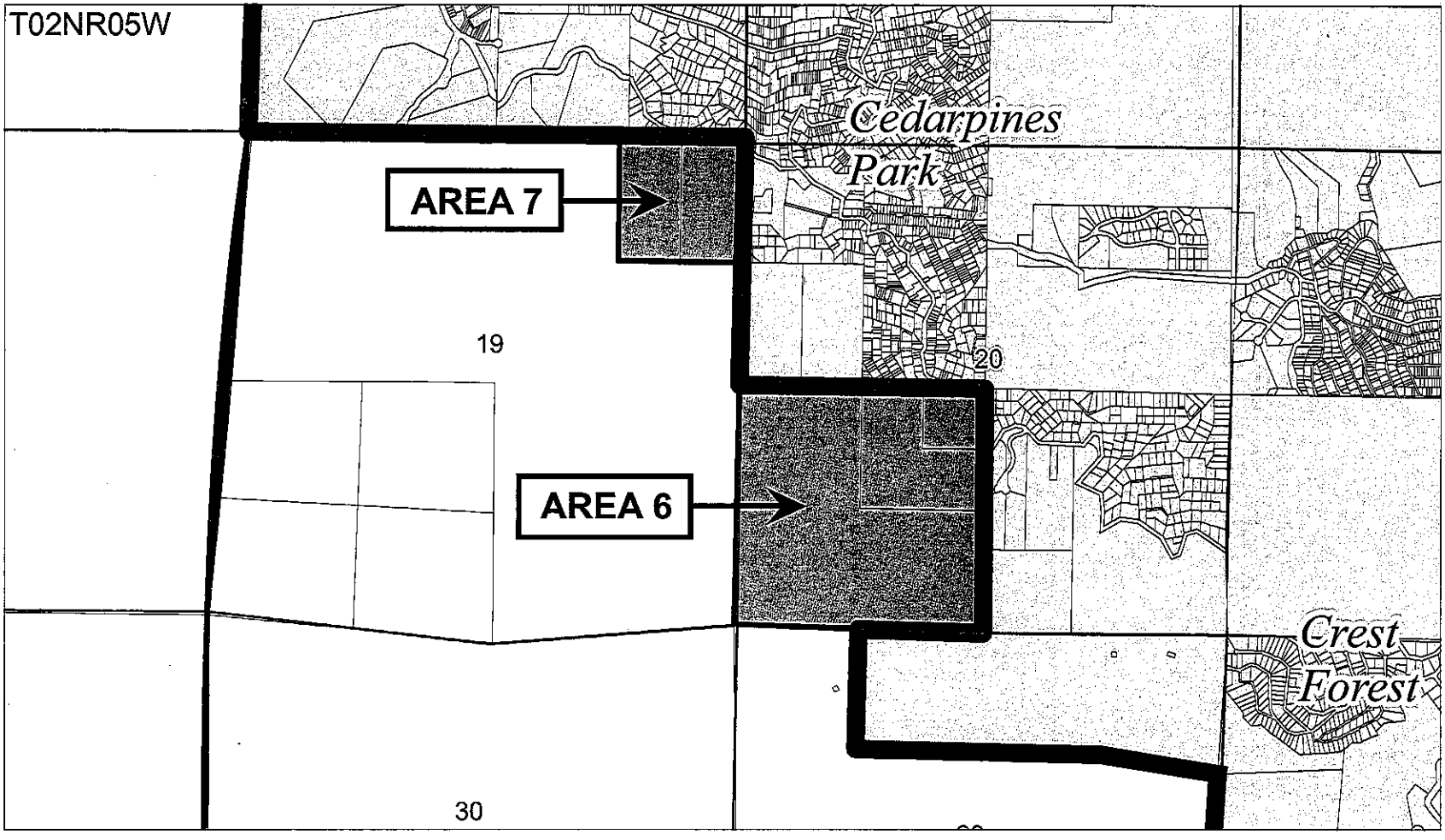
AREA 5 - Sphere Reduction for Crest Forest Fire Protection District

Portion of Section 27, Township 2 North, Range 4 West, San Bernardino Meridian, containing 0.25 acres, more or less.

Exhibit A

Sphere Expansion | Sphere Reduction | Existing Sphere | District Boundary

Exhibit A



LAFCO 3127 - SPHERE OF INFLUENCE MODIFICATIONS (EXPANSIONS/REDUCTIONS) FOR CREST FOREST FIRE PROTECTION DISTRICT

AREA 6 - Sphere Expansion for Crest Forest Fire Protection District

Portion of Section 20, Township 2 North, Range 4 West, San Bernardino Meridian, containing 160 acres, more or less

AREA 7 - Sphere Expansion for Crest Forest Fire Protection District

Portion of Section 19, Township 2 North, Range 4 West, San Bernardino Meridian, containing 40 acres, more or less.

Sphere Expansion | Sphere Reduction | Existing Sphere | District Boundary

Exhibit A

Exhibit A