AGENDA

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

SAN BERNARDINO CITY COUNCIL CHAMBERS
300 NORTH D STREET, FIRST FLOOR, SAN BERNARDINO

REGULAR MEETING OF MARCH 18, 2015

9:00 A.M. – CALL TO ORDER – FLAG SALUTE

ANNOUNCEMENT: Anyone present at the hearing who is involved with any of the changes of organization to be considered and who has made a contribution of more than $250 in the past twelve (12) months to any member of the Commission will be asked to state for the record the Commission member to whom the contribution has been made and the matter of consideration with which they are involved.

CONSENT ITEMS:

The following consent items are expected to be routine and non-controversial and will be acted upon by the Commission at one time without discussion, unless a request has been received prior to the hearing to discuss the matter.

1. Approval of Minutes for Regular Meeting of January 21, 2015

2. Approval of Executive Officer's Expense Report

3. Ratify Payments as Reconciled for Months of January and February 2015 and Note Cash Receipts

PUBLIC HEARING ITEMS:

4. Consent Items Deferred for Discussion

5. Consideration of: (1) CEQA Statutory Exemption for LAFCO 3185 and (2) LAFCO 3185 – Sphere of Influence Expansion for the San Bernardino County Fire Protection District and Reduction for the Crest Forest Fire Protection District

6. Consideration of: (1) CEQA Statutory Exemption for LAFCO 3186 and (2) LAFCO 3186 – Reorganization to include Dissolution of the Crest Forest Fire Protection District and its Service Zone PM-A, Annexation to the San Bernardino County Fire Protection District, its Mountain Service Zone, and Service Zone PM-1 and Formation Of Fire Service Zone PM-4

DISCUSSION ITEMS:

7. Status Report on Rim of the World Recreation and Park District Compliance with Conditions Imposed by LAFCO on its Service Review/Sphere of Influence Update

8. Status Report on Conditions Imposed on LAFCO 3157 -- Sphere of Influence Establishment for County Service Area 120

INFORMATION ITEMS:

9. Legislative Update Report

10. Executive Officer's Report:

11. Commissioner Comments
(This is an opportunity for Commissioners to comment on issues not listed on the agenda, provided that the subject matter is within the jurisdiction of the Commission and that no action may be taken on off-agenda items unless authorized by law.)

12. Comments from the Public
(By Commission policy, the public comment period is limited to five minutes per person for comments related to items under the jurisdiction of LAFCO.)

The Commission may adjourn for lunch from 12:00 to 1:30 p.m.

In its deliberations, the Commission may make appropriate changes incidental to the above-listed proposals.

Materials related to an item on this Agenda submitted to the Commission or prepared after distribution of the agenda packet will be available for public inspection in the LAFCO office at 215 N. D St., Suite 204, San Bernardino, during normal business hours, on the LAFCO website at www.sbclafco.org, and at the hearing.

Current law and Commission policy require the publishing of staff reports prior to the public hearing. These reports contain technical findings, comments, and recommendations of staff. The staff recommendation may be accepted or rejected by the Commission after its own analysis and consideration of public testimony.

IF YOU CHALLENGE ANY DECISION REGARDING ANY OF THE ABOVE PROPOSALS IN COURT, YOU MAY BE LIMITED TO RAISING ONLY THOSE ISSUES YOU OR SOMEONE ELSE RAISED DURING THE PUBLIC TESTIMONY PERIOD REGARDING THAT PROPOSAL OR IN WRITTEN CORRESPONDENCE DELIVERED TO THE LOCAL AGENCY FORMATION COMMISSION AT, OR PRIOR TO, THE PUBLIC HEARING.

The Political Reform Act requires the disclosure of expenditures for political purposes related to a change of organization or reorganization proposal which has been submitted to the Commission, and contributions in support of or in opposition to such measures, shall be disclosed and reported to the same extent and subject to the same requirements as provided for local initiative measures presented to the electorate (Government Code Section 56700.1). Questions regarding this should be directed to the Fair Political Practices Commission at www.fppc.ca.gov or at 1-866-ASK-FPPC (1-866-275-3772).

A person with a disability may contact the LAFCO office at (909) 383-9900 at least 72-hours before the scheduled meeting to request receipt of an agenda in an alternative format or to request disability-related accommodations, including auxiliary aids or services, in order to participate in the public meeting. Later requests will be accommodated to the extent feasible.

ACTION MINUTES OF THE LOCAL AGENCY FORMATION COMMISSION HEARING OF JANUARY 21, 2015

REGULAR MEETING **9:00 A.M.** **JANUARY 21, 2015**

PRESENT:

COMMISSIONERS:
Jim Bagley
Kimberly Cox, Vice-Chair
Steve Farrell, Alternate
Robert Lovingood
Larry McCallon
James Ramos
Acquanetta Warren, Alternate
Diane Williams

STAFF:
Kathleen Rollings-McDonald, Executive Officer
Paula de Sousa, LAFCO Legal Counsel
Samuel Martinez, Assistant Executive Officer
Michael Tuerpe, Project Manager
Rebecca Lowery, Clerk to the Commission
Joe Serrano, LAFCO Analyst

ABSENT:

COMMISSIONERS:
James Curatalo, Chair
Sunil Sethi, Alternate
Janice Rutherford, Alternate

CONVENE REGULAR SESSION OF THE LOCAL AGENCY FORMATION COMMISSION – CALL TO ORDER – 9:02 A.M. – SAN BERNARDINO CITY COUNCIL CHAMBERS

Vice-Chair Cox calls the regular session of the Local Agency Formation Commission to order and leads the flag salute.

Vice-Chair Cox requests those present who are involved with any of the changes of organization to be considered today by the Commission and have made a contribution of more than $250 within the past twelve months to any member of the Commission to come forward and state for the record their name, the member to whom the contribution has been made, and the matter of consideration with which they are involved. There are none.

CONSENT ITEMS – APPROVE STAFF RECOMMENDATION:

The following consent items are expected to be routine and non-controversial and will be acted upon by the Commission at one time without discussion, unless a request has been received prior to the hearing to discuss the matter.

1. Approval of Minutes for Regular Meeting of October 22, 2014

2. Approval of Executive Officer's Expense Report

3. Ratify Payments as Reconciled for Months of October, November and December 2014 and Note Cash Receipts

4. Review and Accept Audit Report for Fiscal Year Ended June 30, 2014

5. Consideration of Fee Reduction Requested by Crest Forest Fire Protection District for its Sphere of Influence Amendment Application (LAFCO 3185) and Reorganization Proposal (LAFCO 3186)

LAFCO considered the items listed under its consent calendar, which includes a Visa Justification, the Executive Officer expense report and staff report outlining the staff recommendations for the reconciled payments. Also included is the Audit Report for Fiscal Year Ended June 30, 2014 and the consideration of fee reduction requested by Crest Forest Fire Protection District for LAFCO 3185 and LAFCO 3186. Copies of each report are on file in the LAFCO office and are made part of the record by their reference herein.

Commissioner McCallon moves approval of the consent calendar, second by Commissioner Lovingood. There being no opposition, the motion passes unanimously with the following vote: Ayes: Bagley, Cox, Farrell, Lovingood, McCallon, Ramos, Williams. Noes: None. Abstain: None. Absent: Curatalo (Mr. Farrell voting in his stead).

It is noted that Paula de Sousa is at the dais as the Commission's legal counsel in Clark Alsop's absence and will be his temporary replacement.

PUBLIC HEARING ITEMS:

ITEM 6. CONSENT ITEMS DEFERRED FOR DISCUSSION

No items deferred for discussion.

ITEM 7. CONSIDERATION OF: (1) CEQA STATUTORY EXEMPTION FOR LAFCO 3181; AND (2) LAFCO 3181 – REORGANIZATION TO INCLUDE ANNEXATIONS TO THE BIGHORN-DESERT VIEW WATER AGENCY; DISSOLUTION OF ZONE W-1 OF COUNTY SERVICE AREA 70 AND FORMATION OF AN IMPROVEMENT DISTRICT OF THE BIGHORN-DESERT VIEW WATER AGENCY

Executive Officer Kathleen Rollings-McDonald presents the staff report for LAFCO 3181, a complete copy of which is on file in the LAFCO office and is made a part of the record by its reference here. The item has been advertised in a newspaper of general circulation as required by law and individual notice has been provided at the request of the Bighorn-Desert View Water Agency.

Ms. McDonald states that in April 2014 the Bighorn-Desert View Water Agency (hereafter shown as "Agency") submitted an application to annex the territory encompassing County Service Area 70 Zone W-1. She says that the proposal contemplates the dissolution of CSA 70 Zone W-1 and the transfer of its assets, liabilities, reserves, and properties to the Agency for operating the domestic water delivery to the community identified as Goat Mountain in the larger Landers community.

She says that Agency, in its application, identified that the approval of the reorganization would provide for local control and governance participation, and the ability to respond to periodic problems or issues in a timelier manner. She says that the Agency identifies that the successful completion of the application would provide for a lower and more stable water rate based on the Agency's history of water service within its community. She says that the proposal provides for the Homestead community to be served by a single retail water entity.

Ms. McDonald says that staff has reviewed the proposal based on the following four factors for an area; boundaries, land use, financial and service considerations and environmental issues as detailed in the staff report.

With regard to boundaries, she says that staff is recommending a modification to the proposal to include a specific condition for the formation of an improvement district of the Agency which will provide for the isolation and segregation of revenue received from and debts incurred by the former CSA 70 Zone W-1. This improvement district will be formed as a successor district and shall be required to maintain separate accounts for the purpose of keeping the existing assets and liabilities separate.

Ms. McDonald says that for land use, approval of LAFCO 3181 will have no direct effect on the land use designations assigned by the County and will assist in implementing the goals established by the County General Plan Update.

Ms. McDonald reviews the service consideration and financial effects of the proposal and says that it is staff's view, and that of Local Government Reorganization law, that the Commission has a responsibility to determine whether or not a proposal will provide for an efficient and effective delivery of retail water service and will that delivery system be sustainable, and can it continue to provide for the level of service contemplated. She says that the Agency has submitted a plan for service along with a fiscal impact analysis identifying the expenditures and revenues for assuming the responsibility for providing service to the CSA 70 Zone W-1 territory. She says that staff has evaluated and identified some issues related to the financial data for CSA 70 Zone W-1. First is that CSA 70 Zone W-1 receives approximately $23,000 in ad valorem property taxes annually; while the amount shown in the Audit for FY 2013-14 is $115,521. This was identified as a transparency issue in the service review conducted by the Commission in 2012 and the response from the Special District Department was that it would look into methods to deposit the revenues in appropriate accounts to provide for a clearer understanding. She says that this has not occurred and at this time it is unclear how much revenue is received form the zone's stand-by charges.

Ms. McDonald says that secondly, the information in the audit identifies payments for employees, but CSA 70 Zone W-1 has no employees. She says that the materials identify that in five out of the last six years expenses for operating the system exceeded revenues from operations, requiring non-operating revenues to balance. In addition, no grant revenues for system improvements are shown for this operation.

Ms. McDonald reviews a display of the area map and reviews the determinations and conditions as noted in the staff report.

(It is noted the Commissioner Warren arrives at 9:20 a.m.)

Ms. McDonald says that the proposal has been reviewed by the Commission's environmental consultant and he recommends a statutory exemption from the California Environmental Quality Act (CEQA). She says that the approval of the proposal will give the people a voice and they will be able to participate in the November election.

Vice-Chair Cox calls for questions from the Commission. Commissioner Bagley asks for clarification of the two accounts referenced in the resolution. Ms. McDonald says that the two accounts will allow for the successor district to segregate the finances to isolate the reserve accounts.

Commissioner Ramos asks when staff will conduct a follow-up review to ensure that the agency is on track. Ms. McDonald says that the Commission can request that a status report be conducted to ensure that the conditions are being followed. Commissioner Ramos asks for clarification on the debt obligation transfer. Ms. McDonald says that the existing debt will be transferred to the Agency once the LAFCO Certificate of Completion is issued.

Commissioner Lovingood asks if the transfer of outstanding liability and litigation will transfer to the Agency and noting that he would like an update of the transition details of the proposal in July. Ms. McDonald says that no existing litigation has been identified and that the district would succeed to any existing or possible liability. In addition, she notes that staff would return in July with an update of the transition of the project and any outstanding issues if the Commission wishes an update.

Commissioner Bagley questions the map areas and asks if the Gubler properties are outside the project area. Ms. McDonald says that the Gubler properties are outside of the project area.

Commissioner Farrell asks for clarification of the dates for the proposal. Ms. McDonald says that the effective date of the transition will be July 1, 2015.

Vice Chair Cox opens the public hearing.

Jeff Rigney, Special Districts Director, San Bernardino County Special Districts, says that he would like to thank staff for their professionalism in this process. He says that the report was very straight forward and that the district is in support of the proposal. He says that with regard to the history of the rate structure, the district in 2012 conducted a study and took an aggressive approach to the structure and implemented it.

Commissioner Bagley asks if the employees currently employed by the district will remain employed. Mr. Rigney says that currently there is only one employee in that zone and that Special Districts Department has no intention of terminating that employee. Mr. Rigney notes that the proposal will not have a huge impact on the Special Districts Department operations and that the employee will be placed in an open position within the department.

Marina West, General Manager, Bighorn Desert View Water Agency, states that the Agency is happy to return with the audits once completed for presentation to the Commission and says that she will be presenting to her board for approval the request

for two positions at the Agency. She introduces members of the Agency's board of directors and says that the board is in support the proposal. She introduces landowners in the community and says that they are also in support of the proposal. She says that the conditions noted in the staff report have been reviewed and that the Agency has no objection to those conditions. She says that the Agency is looking forward to being the water provider for the area and thanks the Commission for the opportunity to speak.

Commissioner Bagley congratulates Ms. West and the Bighorn Desert View Water Agency for their work in this proposal.

Dennis Wilson, member of the public, says that he would like the stand-by-fee to be $10 a parcel per year for landowners not using water. Executive Officer McDonald says that it is up to the Agency to set the rates.

Vice Chair Cox calls for further comment; there being none closes the public hearing.

Commissioner Ramos moves approval of staff recommendations for LAFCO 3181, to include a status report after the audit is completed, second by Commissioner Bagley. There being no opposition, the motion passes unanimously with the following vote: Ayes: Bagley, Cox, Farrell, Lovingood, McCallon, Ramos, Williams. Noes: None. Abstain: None. Absent: Curatalo (Mr. Farrell voting in his stead).

ITEM 8. CONSIDERATION OF: (1) CEQA STATUTORY EXEMPTION FOR LAFCO 3176; AND (2) LAFCO 3176 -- SPECIAL STUDY OF THE DAGGETT, NEWBERRY, AND YERMO COMMUNITY SERVICES DISTRICTS INCLUDING A PLAN FOR SERVICE AND SERVICE REVIEW

Executive Officer Kathleen Rollings-McDonald presents the staff report for LAFCO 3176, a complete copy of which is on file in the LAFCO office and is made a part of the record by its reference here.

She says that the 2012-13 San Bernardino County Grand Jury report investigated the Newberry Community Service District and identified numerous issues and challenges related to governance, accounting and financial management and internal controls. One of the recommendations made by the Grand Jury was for LAFCO to conduct a more robust analysis of the governance and reorganization options during the next cycle of service reviews of the District, scheduled for 2014. She says that at the September 2013 hearing, the Commission initiated a special study for the Newberry CSD and the bordering Daggett and Yermo CSDs based upon the recommendations within the 2012-13 Grand Jury report.

Ms. McDonald says that among the possible reorganization scenarios presented in LAFCO's 2009 report, the Grand Jury identified that the two scenarios merited further review. The first was removing the Newberry CSD fire protection powers with concurrent annexation of the Newberry area by the San Bernardino County Fire Protection District; the second was to consolidate the Newberry CSD with the two adjacent community services districts, to allow for economies of scale and provide the opportunity for streamlined governance and compliance with CSD law.

Ms. McDonald says that staff prepared a plan for service that looked at the structure for the districts should the community choose to consider a consolidation; the plan for service also

included a fiscal impact analysis. She reviews the pros and cons of consolidation and says that the consolidation of the districts will gain no new revenue and will cause some loss of local control for each community, however she says that staff did see a benefit in consolidation such as cost savings, shared resources for emergency response, improvement of management efficiency.

Ms. McDonald says that staff also looked at the possibility of a Joint Powers Authority and that after reviewing this option it was determined that it would not benefit the community and is not supported by LAFCO staff.

Ms. McDonald says that the plan for service also looked at the cost of providing full time fire service and paramedic service to the districts and found that it would be a high cost to the community at $400,000 and $957,000 per year respectively. She says that the plan for service also looked at the possibility of the districts forming a municipal advisory council ("MAC") to help advocate the formation of a community plan for the districts.

Ms. McDonald says that staff conducted a Community meeting to receive input and comment from the community. She says that individual notice of this meeting was provided and she says that staff provided a survey at the meeting and on the website. The results of the survey indicate a majority of the community is in favor of retaining the existing special districts as they currently function.

Ms. McDonald says that staff had identified in the original staff review that there are issues that need to be monitored such as recommending that all districts annually review its reserve policies; forward a copy of the final budget to the County Auditor; and adopt an annual appropriations limit. She says that for the Daggett CSD, staff recommends that the district continue to work with the County to address and formalize the lease arrangements for the Daggett Community Center land and improvements; provide LAFCO with a copy of all future water quality information, including water quality control reports, occurrences of contamination and boil water orders; adopt an annual budget that conforms to generally accepted account and budgeting procedures by September 1 of each year.

Ms. McDonald says that for Newberry CSD, staff recommends that the district update the Grand Jury on their development of a basic accounting manual for the district.

Ms. McDonald says that during this review the Commission directed staff to provide education on the responsibility and requirements for operating an independent special district. As part of the special study, staff contacted the Special Districts Risk Management Authority (SDRMA) to conduct local training on board governance. The training was held in March 2014 and was attended by 50 representatives throughout the region. She says that staff is recommending that the Commission build upon this educational pursuit and continue to provide governance training for the special districts within the County.

Ms. McDonald reviews the Commission's options as noted in the staff report and she asks for approval of staff recommendations including approval of the environmental review and approval of continued monitoring of the districts.

Vice-Chair Cox asks if the issue in Newberry regarding fire engine that was sold has been resolved. Ms. McDonald says that the monies from that sale went to the liquidators and they have since declared bankruptcy.

Commissioner Lovingood asks if the Newberry CSD is on track now that they have a new General Manager. Ms. McDonald says that the new general manager is experienced in special districts and is making great strides to improve conditions in the district.

Robert Smith, Yermo CSD Board Member, says that the Grand Jury Report brought attention to issues that needed to be addressed and that the LAFCO service reviews help to evaluate how the district business is run. Mr. Smith says that the Yermo community wants to continue to be separate and that the district is doing the best they can to make the recommended improvements. He says that he appreciates the work LAFCO staff has done on this project.

Joseph Morris, Daggett CSD Board President, says that the district will comply with the deficiencies pointed out by LAFCO and that the district will continue to cooperate with the LAFCO requests. He says that the community is not interested in consolidation.

Vice-Chair Cox says that LAFCO staff is available as a resource to help the district comply with their requirements.

Vice-Chair Cox closes the public hearing.

Commissioner Lovingood moves approval of staff recommendations for LAFCO 3176, second by Commissioner Ramos. There being no opposition, the motion passes unanimously with the following vote: Ayes: Bagley, Cox, Farrell, Lovingood, McCallon, Ramos, Williams. Noes: None. Abstain: None. Absent: Curatalo (Mr. Farrell voting in his stead).

ITEM 9. MID-YEAR BUDGET REVIEW FOR FISCAL YEAR 2014-15:

- **FINANCIAL REPORT FOR PERIOD JULY 1 THROUGH DECEMBER 31, 2014**
- **RESCIND ACTION TAKEN BY COMMISSION AT OCTOBER 22, 2014 HEARING TO ESTABLISH SEPARATE TRUST ACCOUNTS WITHIN THE COUNTY CHART OF ACCOUNTS**
- **AUTHORIZATION OF FUND TRANSFER OF $20,000: ADD ACCOUNT 2040 (RELOCATION CHARGES) WITH $10,000 APPROPRIATION; INCREASE ACCOUNT 2125 INVENTORIABLE EQUIPMENT BY $5,000 AND ACCOUNT 2041 PHONE SERVICE/OUTSIDE COMPANY BY $5,000 TO ADDRESS IT EQUIPMENT FOLLOWING RELOCATION OF COUNTY DEPARTMENT FROM 215 NORTH "D" STREET**

Executive Officer Kathleen Rollings-McDonald presents the staff report for the Mid-Year Budget Review, a complete copy of which is on file in the LAFCO office and is made a part of the record by its reference here.

Ms. McDonald says that activities have increased and staff has presented a review of the mid-year financial activities including expenditures and revenues through December 31, 2014. The spreadsheet also provides a forecast of anticipated expenditures and revenues through the end of the fiscal year.

Ms. McDonald says that in the salaries and benefits series expenditures are at 49%; Services and Supplies are at 36% noting that some of the budgeted activities have not taken place to

date. She says that it is projected that remaining activity for services and supplies to the end of the fiscal year will be at 91% of budget authority. She says that the activities for the second half include significant expenditures that includes anticipated costs, the payments for the feasibility study for Rim of the World, subscription to the County Street Network and Google Earth, COWCAP, equipment purchase, and publication costs for the Valley service reviews.

She says that staff is asking to rescind the actions taken at the October 2014 hearing to establish a separate reserve fund within the County Treasury. This is in response to a determination by the County to not allow the creation of additional funds for such a purpose.

Ms. McDonald says that the final County department that resides at the LAFCO office building is moving out. She says that this will affect LAFCO because its telephone, internet, email, county internal databases extends from that Department's infrastructure. The infrastructure burden will now be placed wholly on the Commission. She says that LAFCO will have to purchase and lease equipment and pay directly for these services which will cost upwards of $20,000. She says that staff is asking for an increase in funds in order to accommodate these expenditures and reviews staff's recommendations.

Vice-Chair Cox asks for the end date for the current LAFCO office lease and says that she is in support of the LAFCO office being relocated closer to other county offices in order to improve public access. Ms. McDonald says that the current lease is effective until June 30, 2017 and that the lease has no termination clause. She says that staff has researched some possible locations for relocating the LAFCO office, and that the Historic Harvey House which is by the train station and the SANBAG offices is a good place to relocate. Commissioner McCallon says that staff should review the budget and put together the fund for the relocation of the office.

Ms. McDonald says that an initial estimate of $200,000, which would be amortized, would be needed since improvements and conference room space would be required.

Commissioner Williams says that she would recommend that the budget include the finances for the relocation and that staff put in a reservation so that the opportunity for the space is not lost.

Ms. McDonald says that the staff will work with the county real estate office on this relocation process. Commissioner Bagley asks if parking will be a problem if the office is located at the train station area. Ms. McDonald says that parking will not be an issue. Commissioner Bagley says that staff should look into the possibility of moving sooner and possibly buying out the current lease. Commissioner Williams asks if the Commission will be able to use facilities at the new location for the Hearings. Ms. McDonald says that those offices do not have video recording abilities, which are required for the LAFCO Hearings.

Vice-Chair Cox opens the public hearing.

There are no comments from the public.

Vice-Chair Cox closes the public hearing.

Commissioner Bagley moves approval of staff recommendations for the FY 2014-15 Mid-Year Budget Review and to begin the footwork for the relocation of the LAFCO staff offices, second by Commissioner McCallon. There being no opposition, the motion passes unanimously with the following vote: Ayes: Bagley, Cox, Farrell, Lovingood,

McCallon, Ramos, Williams. Noes: None. Abstain: None. Absent: Curatalo (Mr. Farrell voting in his stead).

(It is noted that Commissioner Lovingood leaves the dais.)

DISCUSSION ITEMS:

ITEM 10. REQUEST FOR AUTHORIZATION FOR SPECIAL STUDY OF THE MORONGO COMMUNITY SERVICES DISTRICT

Executive Officer Kathleen Rollings-McDonald presents the staff report for the Special Study of the Morongo Community Service District, a complete copy of which is on file in the LAFCO office and is made a part of the record by its reference here.

Ms. McDonald says that in August, LAFCO staff received a complaint from a director of the Morongo Valley Community Services District that states that since the LAFCO service review in 2012, the district's expenses have increased dramatically. The director requested LAFCO's assistance to review their operations and determine the District's ability to preserve fire protection services and avoid bankruptcy. She says that staff has conducted a site visit and that based on staff's preliminary review of materials and information obtained during the site visit, that a special study of the Morongo CSD is recommended. She says that staff is asking for authorization to conduct a special study of the Morongo Valley CSD.

Commissioner McCallon moves approval of staff recommendations for the Authorization of the Special Study of the Morongo CSD, second by Commissioner Ramos. There being no opposition, the motion passes unanimously with the following vote: Ayes: Bagley, Cox, Farrell, McCallon, Ramos, Williams. Noes: None. Abstain: None. Absent: Curatalo (Mr. Farrell voting in his stead), Lovingood.

INFORMATION ITEMS:

ITEM 11. LEGISLATIVE UPDATE REPORT

Executive Officer Kathleen Rollings-McDonald provides the Commission with the oral Legislative Update.

Ms. McDonald says that the legislative session has started and that at this time there are no items that are of interest to LAFCOs. She says that SB 25, Roth, has been initiated to again attempt to return motor vehicle in-lieu fees to newly incorporated cities. She states that she will keep the Commission as information is available. She says that she has been appointed chair of the CALAFCO subcommittee for disincorporation and that the committee will be looking at rewriting the disincorporation statute. CALAFCO is looking for a sponsor and that Chad Mayes may be interested and they will also look at a co-sponsorship by Mr. Roth. She says that a written report will be provided once disincorporation questions are addressed.

She says that the committee also discussed amendments to 56133 and other items and that they are currently waiting before going forward.

Commissioner Farrell asks about groundwater management issues. Ms. McDonald says that the issue has been addressed.

Commissioner Bagley asks which cities are considering disincorporation in San Bernardino.

Ms. McDonald says that Upland, Montclair, Grand Terrace, and Adelanto are currently in jeopardy.

Commissioner Ramos asks if the county is automatically accountable for the services when a city disincorporates. Ms. McDonald says that the action requires a vote of the people and that the county is not necessarily responsible for all city functions if it disincorporates.

Vice-Chair Cox says that a workshop regarding disincorporation would be timely for the Commission. Commissioner Bagley says that the topic would be a good topic for a CALAFCO Conference.

Ms. McDonald asks that the report be received and filed.

ITEM 12. EXECUTIVE OFFICER'S REPORT:

Executive Officer Kathleen Rollings-McDonald presents the oral executive officers report. She says that the Commission will be dark in February.

ITEM 13. COMMISSIONER COMMENTS

Commissioner McCallon says that the East Valley Water district is pursing the provision of service that they are not authorized to provide. He asks what the Commission can do on this issue. Ms. McDonald says that a letter will be sent addressing the issue as part of the Service Review process.

ITEM 14. COMMENTS FROM THE PUBLIC

No Comments

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE COMMISSION THE HEARING IS ADJOURNED AT 11:20 A.M.

ATTEST:

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REBECCA LOWERY
Clerk to the Commission

LOCAL AGENCY FORMATION COMMISSION

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KIMBERLY COX, Vice- Chair

LOCAL AGENCY FORMATION COMMISSION
FOR SAN BERNARDINO COUNTY

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DATE: **MARCH 9, 2015**

FROM: **KATHLEEN ROLLINGS-McDONALD, Executive Officer**

TO: **LOCAL AGENCY FORMATION COMMISSION**

SUBJECT: **AGENDA ITEM #2 – APPROVAL OF EXECUTIVE OFFICER'S EXPENSE REPORT**

RECOMMENDATION:

Approve the Executive Officer's Expense Report for Procurement Card Purchases for January and February 2015 as presented.

BACKGROUND INFORMATION:

The Commission participates in the County of San Bernardino's Procurement Card Program to supply the Executive Officer a credit card to provide for payment of routine official costs of Commission activities as authorized by LAFCO Policy #4(H). Staff has prepared an itemized report of purchases that covers the billing period of December 23, 2014 through January 22, 2015 and January 23, 2015 through February 22, 2015.

It is recommended that the Commission approve the Executive Officer's expense report as shown on the attachments.

KRM/rcl

Attachments

ATTACHMENT G

COUNTY OF SAN BERNARDINO
PROCUREMENT CARD PROGRAM

MONTHLY PROCUREMENT CARD PURCHASE REPORT

Card Number	Cardholder	Billing Period
[redacted]	Kathleen Rollings-McDonald	12/23/14 to 1/22/15

Date	Vendor Name	Receipt/ Invoice No.	Item Description	Purpose	$ Amount	Reconciled (R) Disputed (D)	Sales Tax Included on invoice (Yes or No)
1/08	Southwest Airlines	1	Airfare – Kathleen Rollings-McDonald	CALAFCO Leg Committee Meeting	311.70	R	N
1/08	TLF City Florist	2	Flower Arrangement	For Hospitalized Staff Member	69.98	R	Y
1/15	Westin San Diego	3	Credit for Disputed Item	Credit for Disputed Item	16.21	R	N
1/19	California Society of Municipal Finance Officers	4	Registration – Tuerpe & Martinez	2015 Inland Empire Outlook Presentation	50.00	R	N

The undersigned, under penalty of perjury, states the above information to be true and correct. If an unauthorized purchase has been made, the undersigned authorizes the County Auditor/Controller-Recorder to withhold the appropriate amount from their payroll check after 15 days from the receipt of the cardholder's Statement of Account.

Cardholder (Print & Sign)	Date
Kathleen Rollings-McDonald Kathleen Rollings-McDonald	2/23/15

Approving Official (Print & Sign)	Date
James Curatalo, Chairman	3/18/15

REV. 09/07

MONTHLY PROCUREMENT CARD PURCHASE REPORT

Card Number	Cardholder	Billing Period
[redacted]	Kathleen Rollings-McDonald	1/23/15 to 2/22/15

Date	Vendor Name	Receipt/ Invoice No.	Item Description	Purpose	$ Amount	Reconciled (R) Disputed (D)	Sales Tax Included on invoice (Yes or No)
1-26	Sitoa Long Island	1	Cab Fare – Rollings-McDonald	CALAFCO Leg Committee	37.50	R	N
1-26	Park N Fly	2	Parking Fee – Rollings-McDonald	CALAFCO Leg Committee	23.50	R	N
1-26	Holiday Inn – Capitol Plaza	3	Hotel – Rollings-McDonald	CALAFCO Leg Committee	150.05	R	Y
1-26	Cypress Grille	4	Meal – Rollings-McDonald	CALAFCO Leg Committee	18.71	R	N
1-28	Metrolink	5	Train Fare – Rollings-McDonald	CCL Annual Summit	26.50	R	N
1-30	EB State of the County	6	Registration – Tuerpe, Martinez, Rollings-McDonald	State of the County 2015	105.00	R	N
2-2	Marriott	7	Hotel – Rollings-McDonald	CALAFCO Board Meeting	177.95	R	Y
2-4	Thompson West	8	Monthly Payment	Law Library Updates	169.92	R	N
2-9	Storetrieve	9	Monthly Payment	Record and Storage Management	49.52	R	N
2-10	Jolly Giant Software	10	Software	Update for FAS System	370.00	R	N
2-13	Southwest	11	Air Fare – Rollings-McDonald	CALAFCO Disincorporation Meeting	395.70	R	N
2-16	Southwest	12	Air Fare – Serrano	CALAFCO Staff Workshop	195.70	R	N
2-19	Sitoa Long Island	13	Cab Fare – Rollings-McDonald	CALAFCO Disincorporation Meeting	39.60	R	N
2-19	SQ Diamond Cab	14	Cab Fare – Rollings-McDonald	CALAFCO Disincorporation Meeting	48.00	R	N
2-20	Park and Fly	15	Parking – Rollings-McDonald	CALAFCO Disincorporation Meeting	10.25	R	N
2-23	Water Education	16	Registration – Tuerpe	American Ground Water Trust Meeting	30.00	R	N

The undersigned, under penalty of perjury, states the above information to be true and correct. If an unauthorized purchase has been made, the undersigned authorizes the County Auditor/Controller-Recorder to withhold the appropriate amount from their payroll check after 15 days from the receipt of the cardholder's Statement of Account.

Cardholder (Print & Sign)	Date
Kathleen Rollings-McDonald	3/9/15

Approving Official (Print & Sign)	Date
James Curatalo, Chairman	3/18/15

REV. 09/07

LOCAL AGENCY FORMATION COMMISSION
FOR SAN BERNARDINO COUNTY

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DATE : **MARCH 9, 2015**

FROM: **KATHLEEN ROLLINGS-McDONALD, Executive Officer**

TO: **LOCAL AGENCY FORMATION COMMISSION**

SUBJECT: **AGENDA ITEM #3 - RATIFY PAYMENTS AS RECONCILED FOR MONTH OF JANUARY AND FEBRUARY 2015 AND NOTE REVENUE RECEIPTS**

RECOMMENDATION:

Ratify payments as reconciled for the months of January and February 2015 and note revenue receipts for the same period.

BACKGROUND INFORMATION:

Staff has prepared a reconciliation of warrants issued for payments to various vendors, internal transfers for payments to County Departments, cash receipts and internal transfers for payments of deposits or other charges that cover the periods of January 1 through January 31, 2015 and February 1 through February 28, 2015.

Staff is recommending that the Commission ratify the payments for January and February 2015 outlined on the attached listings and note the revenues received.

KRM/rcl

Attachment

MONTHLY RECONCILIATION OF PAYMENTS

MONTH OF JANUARY 2015 PAYMENTS PROCESSED					
VOUCHER DOCUMENT ID	ACCOUNT	NAME	WARRANT NUMBER	WARRANT DATE	AMOUNT
PV8908310	2305	DAISY WHEEL RIBBON CO INC	3238951	1/8/2015	$ 133.45
PV8908311	2400	BEST BEST & KRIEGER	3239176	1/12/2015	$ 1,879.53
		ALREADY PROCESSED			
PV8908313	2424	TOM DODSON & ASSOCIATES	3239330	1/12/2015	$ 701.25
PV8908314	2449	COLANTUONO & LEVIN, PC	8583191	1/12/2015	$ 1,404.00
PV8908315	2305	CROWN PRINTERS	8583205	1/12/2015	$ 146.14
PV8908316	2445	ROSENOW SPEVACEK GROUP INC	8582055	1/8/2015	$ 2,515.00
PV8908317	2085	DAILY JOURNAL	8583206	1/12/2015	$ 720.00
PV8908318	1235	SPECIAL DISTRICTS RISK MGMT	8583415	1/12/2015	$ 462.00
PV8908319	2405	WHITE NELSON DIEHL EVANS LLP	8585097	1/14/2015	$ 2,000.00
PV8908320	2424	TOM DODSON & ASSOCIATES	3239664	1/14/2015	$ 425.00
PV8908321	2305	DAISY WHEEL RIBBON CO INC	3239562	1/14/2015	$ 204.59
TOTAL					**$ 10,590.96**
MONTH OF JANUARY 2015 INTERNAL TRANSFERS PROCESSED					
JVIB 06062037D	2037	DECEMBER 2014 PHONE		1/6/2015	$ 203.49
JVIB 06062038D	2038	DECEMBER 2014 LONG DISTANCE		1/6/2015	$ 6.94
JVISDRT09516	2115	COMPUTER SOFTWARE MAINTANCE		1/12/2015	$ 300.00
JVCS 20150120067	2305	STAPLES SERVICE CHARGE		1/20/2015	$ 42.89
JVCS 20150120067	2305	STAPLES SERVICE CHARGE		1/20/2015	$ 48.05
JVCS 20150126062	2305	STAPLES SERVICE CHARGE		1/26/2015	$ 1.04
JVCS 20150120067	5012	STAPLES SUPPLIES		1/20/2015	$ 400.43
JVCS 20150120067	5012	STAPLES SUPPLIES		1/20/2015	$ 357.39
JVCS 20150126062	5012	STAPLES SUPPLIES		1/26/2015	$ 8.65
JVATXRT09622	2308	CAL CARD - DECEMBER		1/9/2015	$ 1,345.93
JVATXRT09965UT	2308	CAL CARD - USE TAX		1/20/2015	$ 5.52
JVATXRT10852	2308	CAL CARD - JANUARY		1/20/2015	$ 415.47
JVPURRT09821	2310	1ST CLASS PRESORT POSTAGE		1/14/2015	$ 144.94
JVPURRT09834	2310	PRESORT FLATS - MAIL		1/15/2015	$ 16.24
JVPURRT09830	2310	INTER-OFFICE MAIL		1/17/2015	$ 164.00
JVPURRT09831	2310	PACKAGING - MAIL		1/17/2015	$ 3.16
JVPURRT08504	2323	PRINTING SERVICES - NOTICE OF COMMUNITY MEETING - LAFCO 3176		1/2/2015	$ 1,367.43
JVIB 06062410AC	2410	DECEMBER 2014 DATA PROCESSING		1/6/2015	$ 1.82
JVIB 06062410AG	2410	DECEMBER 2014 DATA PROCESSING		1/6/2015	$ 173.27
JVIB 06062410AL	2410	DECEMBER 2014 DATA PROCESSING		1/6/2015	$ 0.56
JVIB 06062410E	2410	DECEMBER 2014 DATA PROCESSING		1/6/2015	$ 28.08
JVIB 06062410Q	2410	DECEMBER 2014 DATA PROCESSING		1/6/2015	$ 175.79
JVIB 06062410U	2410	DECEMBER 2014 DATA PROCESSING		1/6/2015	$ 75.06
JVIB 06062410Y	2410	DECEMBER 2014 DATA PROCESSING		1/6/2015	$ 175.85
JVIB 06062420J	2420	DECEMBER 2014 ISD OTHER IT SERVICES		1/6/2015	$ 58.44
JVIB 06062421D	2421	DECEMBER 2014 ISD DIRECT		1/7/2015	$ 6,697.77
JV890RT08934	2445	COUNTY GENERAL ACCOUNTING - LAFCO APPORTIONMENT PROCESSING		1/2/2015	$ 3,654.00
JV890RT08934	2445	COUNTY GENERAL ACCOUNTING - RESPONSE TO AUDIT		1/2/2015	$ 252.00
JV890RT08935	2445	ROV - LAFCO 3176		1/2/2015	$ 540.64
JVIB 06062460B	2460	GEOGRAPHIC SERVICES - STREET NETWORK SUBSCRIPTION		1/7/2015	$ 10,500.00
TOTAL					**$ 27,164.85**

MONTHLY RECONCILIATION OF PAYMENTS

MONTH OF JANUARY 2015 CASH RECEIPTS

DEPOSIT DOCUMENT ID	ACCOUNT	DESCRIPTION		DEPOSIT DATE	AMOUNT
		NONE			
TOTAL					$ -

MONTH OF JANUARY 2015 INTERNAL TRANSFERS RECEIVED

TRANSFER DOCUMENT ID	ACCOUNT	NAME		TRANSFER DATE	AMOUNT
JVTZ RT150114053	8500	APPORTIONMENT INTEREST		1/26/2015	$ 1,027.74
TOTAL					**$ 1,027.74**

REBECCA LOWERY, Clerk to the Commission — 3/9/2015 DATE

RECONCILIATION APPROVED BY:

KATHLEEN ROLLINGS-McDONALD, Executive Officer — 3/9/2015 DATE

MONTHLY RECONCILIATION OF PAYMENTS

MONTH OF FEBRUARY 2015 PAYMENTS PROCESSED

VOUCHER DOCUMENT ID	ACCOUNT	NAME	WARRANT NUMBER	WARRANT DATE	AMOUNT
PV8901410534-1	2895	ADVANCED COPY SYSTEMS	3242126	2/18/2015	$ 2,541.14
PV8908322	2400	BEST BEST & KRIEGER	3242240	2/19/2015	$ 88.80
PV8908323	2085	DAILY JOURNAL	8607761	2/19/2015	$ 2,186.59
PV8908324	2905	INLAND EMPIRE PROPERTIES, LLC	3242565	2/20/2015	$ 4,226.62
PV8908325	2424	TOM DODSON & ASSOCIATES	3242433	2/19/2015	$ 1,700.00
PV8908326	2445	ROSENOW SPEVACEK GROUP INC	8607853	2/19/2015	$ 150.00
PV8908327	2245	SPECIAL DISTRICTS RISK MGMT	8607864	2/19/2015	$ 50.00
PV8908328	2445/2940	JIM BAGLEY	8607802	2/19/2015	$ 303.40
PV8908329	2445/2940	KIMBERLY COX	8607808	2/19/2015	$ 262.10
PV8908330	2445/2940	STEVEN FARRELL	8607899	2/19/2015	$ 218.98
PV890833101	2445	ROBERT LOVINGOOD	8607851	2/19/2015	$ 200.00
PV890833102	2445	JAMES RAMOS	8607800	2/19/2015	$ 200.00
PV890833103	2445	LARRY MCCALLON	8607814	2/19/2015	$ 200.00
PV8908332	2445/2940	ACQUANETTA WARREN	8607714	2/19/2015	$ 218.40
PV8908333	2445/2940	DIANE WILLIAMS	8607765	2/19/2015	$ 229.90
PV8908334	2945/2946	CUCAMONGA VALLEY WATER DIST	8601704	2/6/2015	$ 323.45
TOTAL					**$ 13,099.38**

MONTH OF FEBRUARY 2015 INTERNAL TRANSFERS PROCESSED

JVIB 07062037D	2037	JANUARY 2015 PHONE		2/7/2015	$ 203.49
JVIB 07062038D	2038	JANUARY 2015 LONG DISTANCE		2/7/2015	$ 3.30
JVIB 07062043B	2043	ELECTRONIC EQUIPMENT MAINTANANCE		2/7/2015	$ 126.48
JVCS 20150223060	2305	STAPLES SERVICE CHARGE		2/23/2015	$ 5.06
JVCS 20150223060	2305	STAPLES SERVICE CHARGE		2/23/2015	$ 33.97
JVCS 20150223060	5012	STAPLES SUPPLIES		2/23/2015	$ 283.11
JVCS 20150223060	5012	STAPLES SUPPLIES		2/23/2015	$ 42.19
JVATXRT12482	2308	CALCARD FEBRUARY		2/27/2015	$ 1,847.90
JVPURRT11616	2310	1ST CLASS PRESORT POSTAGE		2/10/2015	$ 835.10
JVPURRT11629	2310	INTER-OFFICE MAIL		2/10/2015	$ 164.00
JVPURRT11632	2310	PACKAGING - MAIL		2/10/2015	$ 490.19
JVPURRT11634	2310	PACKAGING - MAIL		2/10/2015	$ 13.04
JVPURRT11637	2310	PRESORT FLATS - MAIL		2/10/2015	$ 55.70
JVPURRT11669	2323	PRINTING SERVICES - ANNUAL OFFICE CALENDARS		2/13/2015	$ 24.65
JVPURRT11966	2323	PRINTING SERVICES - ENVELOPES		2/18/2015	$ 111.98
JVIB 07062410AC	2410	JANUARY 2015 DATA PROCESSING		2/7/2015	$ 2.94
JVIB 07062410AG	2410	JANUARY 2015 DATA PROCESSING		2/7/2015	$ 173.27
JVIB 07062410E	2410	JANUARY 2015 DATA PROCESSING		2/7/2015	$ 42.12
JVIB 07062410Q	2410	JANUARY 2015 DATA PROCESSING		2/7/2015	$ 175.79
JVIB 07062410U	2410	JANUARY 2015 DATA PROCESSING		2/7/2015	$ 75.06
JVIB 07062410Y	2410	JANUARY 2015 DATA PROCESSING		2/7/2015	$ 175.85
JVATXRT11339	2415	COUNTY COWCAP		2/5/2015	$ 1,577.06
JVIB 07062420J	2420	JANUARY 2015 ISD OTHER IT SERVICES		2/7/2015	$ 58.44
JVIB 07062421D	2421	JANUARY 2015 ISD DIRECT		2/7/2015	$ 733.46
JV890RT10977	2424	COB FEES - NOTICE OF EXEMPTION - LAFCO 3176 & 3181		2/2/2015	$ 100.00
JV890RT11570	2445	FUND CORRECTION		2/9/2015	$ 4,500.00
JV890RT11570	2400	FUND CORRECTION		2/9/2015	$ (4,500.00)
JV890RT11571	2445	ROV LAFCO 3186 INV 2241		2/9/2015	$ 270.32
JV890RT11571	2445	ROV LAFCO 3181 INV 2243		2/9/2015	$ 135.16
TOTAL					**$ 7,759.63**

MONTHLY RECONCILIATION OF PAYMENTS

MONTH OF FEBRUARY 2015 CASH RECEIPTS

DEPOSIT DOCUMENT ID	ACCOUNT	DESCRIPTION		DEPOSIT DATE	AMOUNT
		NONE			
TOTAL					$ -

MONTH OF FEBRUARY 2015 INTERNAL TRANSFERS RECEIVED

TRANSFER DOCUMENT ID	ACCOUNT	NAME		TRANSFER DATE	AMOUNT
		NONE			
TOTAL					$ -

Rebecca Lowery

REBECCA LOWERY, Clerk to the Commission — 3/9/2015 DATE

RECONCILIATION APPROVED BY:

Kathleen Rollings McDonald

KATHLEEN ROLLINGS-McDONALD, Executive Officer — 3/9/2015 DATE

LOCAL AGENCY FORMATION COMMISSION
FOR SAN BERNARDINO COUNTY

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DATE: **MARCH 11, 2015**

FROM: **KATHLEEN ROLLINGS-McDONALD, Executive Officer**

TO: **LOCAL AGENCY FORMATION COMMISSION**

SUBJECT: **AGENDA ITEM #5 – LAFCO 3185 –Sphere of Influence Expansion for the San Bernardino County Fire Protection District and Reduction for the Crest Forest Fire Protection District**

INITIATED BY:

Board of Directors of the Crest Forest Fire Protection District

RECOMMENDATION:

LAFCO staff recommends that the Commission make the following determinations:

1. Determine that the proposal presented for sphere of influence amendment does not require a service review as provided for in Government Code Section 56430 as the review in LAFCO 3127 completed in December 2010 has not substantially changed;

2. Certify that LAFCO 3185 is statutorily exempt from environmental review and direct the Executive Officer to file a Notice of Exemption within five (5) days;

3. Approve the expansion of the sphere of influence for the San Bernardino County Fire Protection District to include the territory of the existing Crest Forest Fire Protection District;

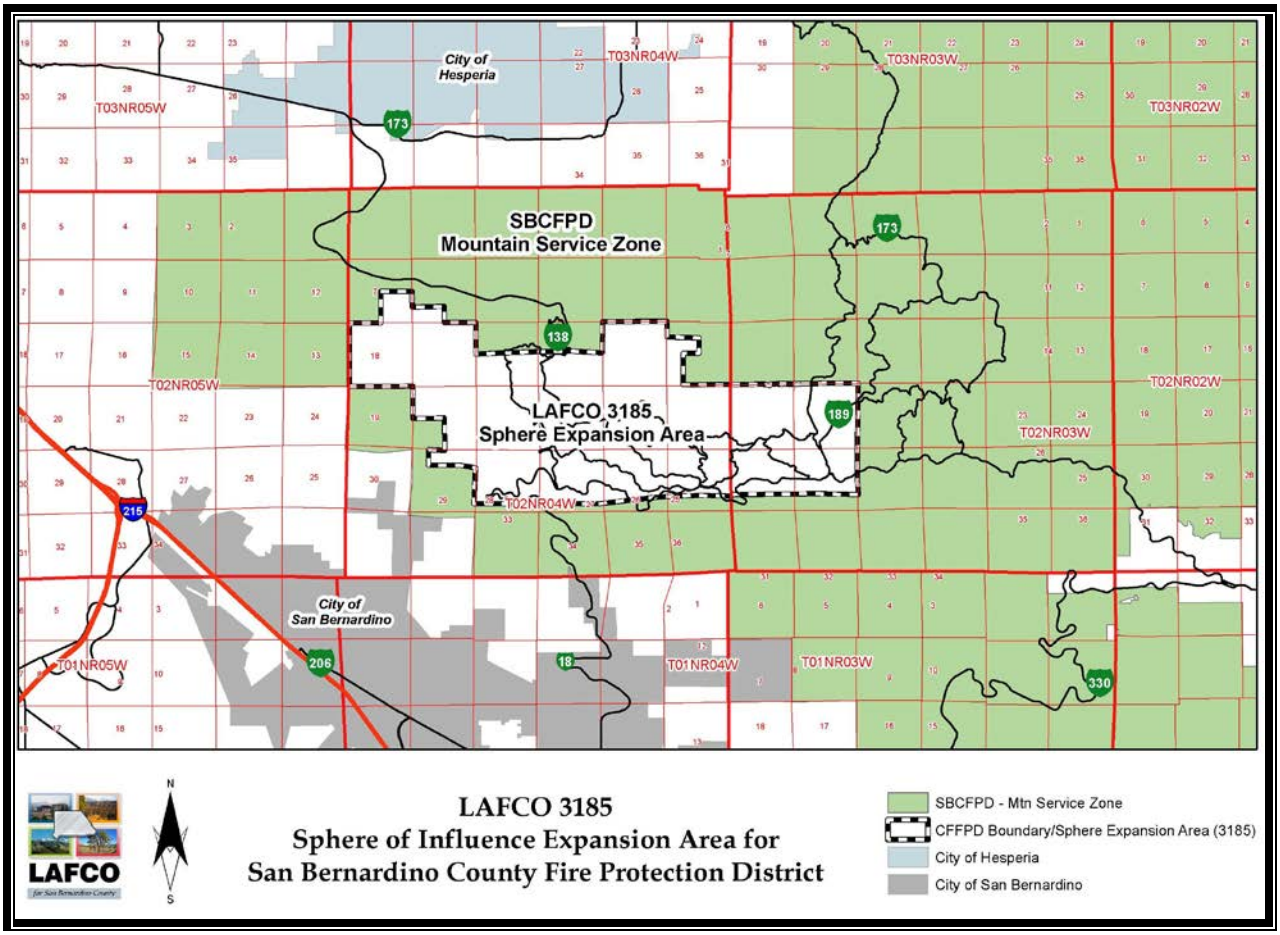
4. Approve the reduction to a zero sphere of influence designation for the Crest Forest Fire Protection District; and,

5. Adopt LAFCO Resolution No. 3195 reflecting the Commission's determinations, and findings for the sphere of influence changes identified.

BACKGROUND:

On November 18, 2014, the Board of Directors of the Crest Forest Fire Protection District (hereafter shown as "Crest Forest FPD" or "District") adopted Resolution No. 14-09 initiating an application to expand the sphere of influence for the San Bernardino County Fire Protection District (hereafter shown as "County Fire") to include the territory of the independent Crest Forest Fire Protection District. At the same meeting, the Board of Directors initiated an application to annex the District to County Fire and dissolve the Crest Forest FPD. This set of actions was taken in recognition of the dire financial position of the District and its desire to seek a means to continue the level of service enjoyed by the residents of the Crest Forest community.

The intent of the proposal is to expand the sphere of influence of County Fire to include the area and to assign the Crest Forest FPD a zero sphere of influence (an indication by the Commission that it should be consolidated with another jurisdiction). A map illustrating the sphere expansion is included as Attachment #1 to this report and shown below:



Expansion of the sphere of influence will allow for the annexation of the District's territory BY COUNTY Fire AND its Mountain Service Zone and the dissolution of the Crest Forest FPD through a separate action, LAFCO 3186, to be heard following this consideration. This set of proposals is intended to maintain fire protection, emergency medical response and ambulance service within the area given the financial issues which have rained down upon the District over the past five years.

Pursuant to the provision of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, in evaluating the District's request for a sphere of influence change the Commission is required to review the factors defined in Government Code Section 56430 (Service Review). However, staff is recommending that the Commission determine that the service review conducted in December 2010 is adequate for this review (a complete copy of which is included as Attachment #3 to this report).

The materials that follow provide the data and analysis for the evaluation of the factors of consideration for a sphere of influence amendment outlined in Government Code Section 56425. Each of these requires a determination to be made by the Commission.

SPHERE OF INFLUENCE DETERMINATIONS:

The Board of Directors of the Crest Forest Fire Protection District has submitted an application requesting that LAFCO amend the sphere of influence of County Fire to include the Crest Forest FPD and to designate a zero sphere of influence for the Crest Forest FPD. This proposal, in essence, addresses the Crest Forest community within the Mountain region encompassing approximately 11,520 acres (18 square miles). The purpose of these changes is to allow the Commission to consider the transfer of fire protection, emergency medical response and ambulance service permanently from the Crest Forest FPD to County Fire. This determination will finalize actions begun in 2013 when the Crest Forest FPD contracted with County Fire to provide its fire protection, emergency response and ambulance responsibilities and transferred all of its employees to County Fire. At this time, Crest Forest FPD is an administrative shell to implement the provisions of the contract. Therefore, LAFCO staff is recommending that the Commission:

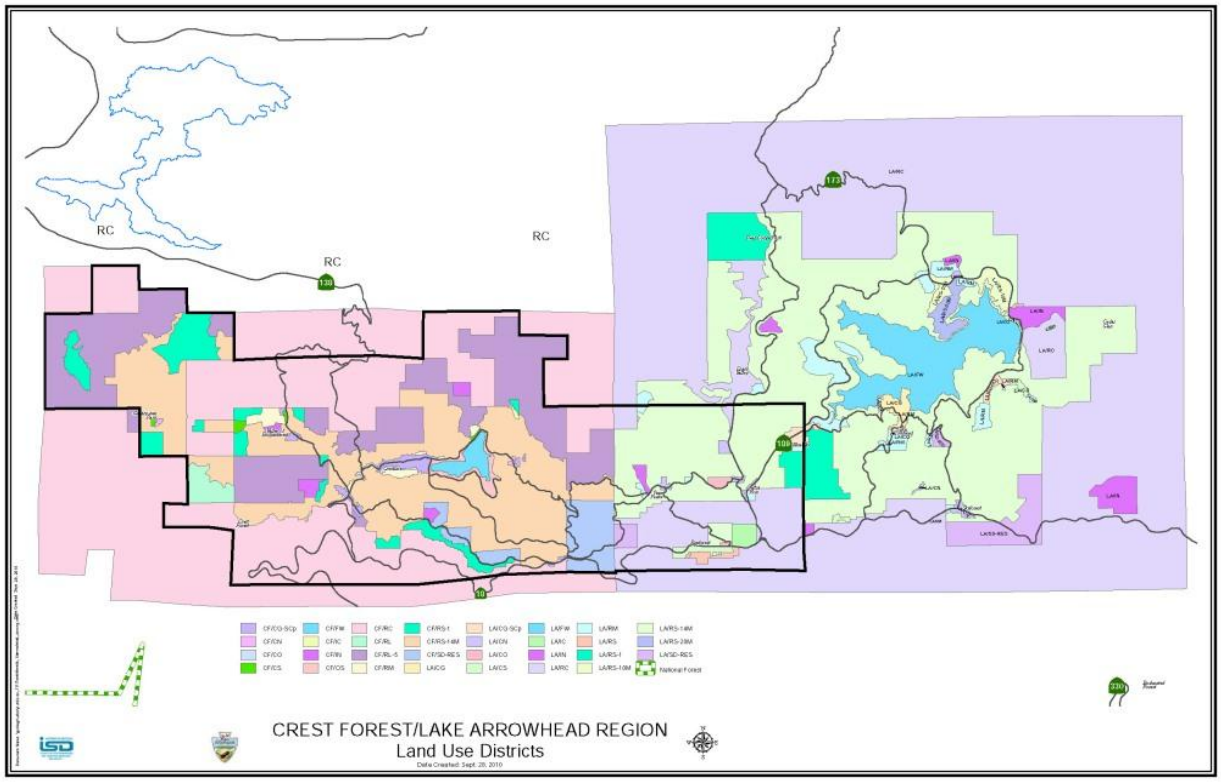
1. Expand the sphere of influence of the San Bernardino County Fire Protection District to include the territory of the Crest Forest FPD; and,

2. Designate a zero sphere of influence for the Crest Forest FPD signaling the determination that the entity should be dissolved and its operations and functions transferred to County Fire.

The following factors addresses the mandatory factors:

1. The Present and Planned Land Uses in the area including agricultural and open-space lands

The land area proposed to be included in the sphere of influence of the San Bernardino FPD includes land use designations from the most urban intensity to territory anticipated for preservation as open space. Development in the San Bernardino Mountains is naturally constrained by 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 General Plan Fire Safety Overlay. 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. The public lands within the community are designated Resource Conservation.



Roughly 81% of the lands within the community is privately owned with the remainder 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, 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. The current estimate of population within the Crest Forest community for 2014 is 18,753 year-round residents.

As an unincorporated area, the County General Plan addresses the land use issues for the community along with the Crest Forest Community Plan. These plans include the following goals related to fire protection and emergency response:

Goal LU8-3 (Subsection 1) "Create a County Fire Master Plan that will identify the various areas of the County and provide standards of coverage commensurate with the various characteristics of the County but whose goal is to achieve the levels of service established by the National Fire Protection Association NFPA) 1710 and 1720.

Goal CI 16.1 "Continue the consolidation efforts of the Fire Department to maintain the continued operation, services, facilities, and current infrastructure but also to ensure the provision of operations, service facilities and internal infrastructure into the future.

Approval of this sphere of influence amendment proposal will move these goals forward for the unincorporated community of Crest Forest.

2. The present and probable need for public facilities and services in the area

The Crest Forest FPD has submitted a response to the Factors of Consideration for the sphere of influence amendment and County Fire has developed a Plan for Service which outlines the continuing delivery of fire protection, emergency medical response and ambulance service to the Crest Forest community. The need for a maintenance of a community emergency response agency in a mountain community cannot be minimized. There are generally two ways off the mountain for the Crest Forest community and the development of a Strategic Plan to address this emergency response is critical to the community. In the past, financial constraints within the Crest Forest FPD prevented this plan from being prepared. However, through the completion of the companion annexation proposal, the community will continue to receive the fire protection, emergency medical response and ambulance services they have enjoyed in the past and may receive the much needed Strategic Plan document through County Fire.

3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide

The package of applications submitted by the Crest Forest FPD is intended to maintain the current level of fire protection, emergency response, and ambulance service provided to the community. In 2013 the District contracted with County Fire to provide its range of services in order to resolve financial concerns related to ongoing operations and the desire to maintain staffing and service levels provided to the community. This sphere of influence amendment application will allow for the delivery of fire protection, emergency response and ambulance service to continue through completion of the reorganization process. No increase in service is anticipated through the completion of this set of proposals.

4. The existence of any social or economic communities of interest determined by the Commission to be relevant to the agency:

The 18 square mile area of the Crest Forest FPD is the heart of the Crest Forest community, which includes areas commonly known as Crestline, Cedarpines Park, Valley of the Moon, Twin Peaks, and Sawpit Canyon. The assurance of continuing fire protection, emergency response and ambulance service is critical to the long term viability of this area as a year-round community with opportunities for commerce, housing, education and recreational pursuits.

Services of the Agency:

Government Code Section 56425(i) requires that during a sphere of influence amendment or update for a Special District the Commission is required to review and identify the range of services to be provided, as well as the nature and location of these services. At present the Commission's "Exhibit A" listing the functions and services of special districts identifies the San Bernardino County Fire Protection District as follows:

Fire	Structural, watershed, prevention, inspection, suppression, weed abatement, hazardous materials services. rescue, first aid, paramedic, ambulance transportation, emergency response, and disaster preparedness planning

The nature and location of the provision of these services to the Crest Forest community will be considered within the companion proposal, LAFCO 3186.

The Crest Forest FPD is currently authorized the following services under its Fire Function all of which are included within the authorized services for the San Bernardino County FPD and delivered through its Mountain Service Zone.

Fire Protection	Structural, watershed, suppression, prevention, communications, ambulance, and paramedic

ADDITIONAL DETERMINATIONS:

1. The Commission is the lead agency for review of the potential environmental consequences of the sphere of influence modifications. LAFCO staff has provided the Commission's Environmental Consultant, Tom Dodson of Tom Dodson and Associates, with the application materials and responses provided by the Crest Forest FPD and County Fire. Mr. Dodson has reviewed this proposal and has indicated that it is his recommendation that the reorganization is statutorily exempt from the California Environmental Quality Act (CEQA) (copy of letter included as Attachment #3). This determination is based on the fact that the transition from the Crest Forest FPD to the San Bernardino County FPD is without change in services provided or area served. Therefore, this action is exempt as defined under Section 15061(b) (3) of the State CEQA Guidelines. It is recommended that the Commission adopt the General Rule Statutory Exemption for this proposal by taking the actions outlined in the recommendation section of this report.

2. Notice of the Commission's consideration of this issue has been advertised as required by State law through publication in *The Sun,* and *Alpenhorn* newspapers of general circulation in the area. As required by State law, individual notification was provided to affected and interested agencies, County departments, and those individuals and agencies wishing mailed notice.

3. The map and legal description of this sphere of influence amendment, was prepared and certified by the County Surveyor's office.

CONCLUSION:

LAFCO 3185 is the first step in a two part process to provide for the continuing fire protection, emergency response and ambulance services to the Crestline community. The independent Crest Forest FPD Board of Directors and staff did all that they could to maintain an independent fire protection district, one which had been in existence for more than 50 years, within the financial constraints of the recession and increasing retirement costs. However, the financial circumstances led the District to contract with County Fire in 2013 for continuation of service and the District shed its employees resulting in significant payments for unfunded pension liability issues. The increases in the County Fire contract costs have resulted in the determination by the District that in order to maintain service to the residents and property owners of Crestline, it must move forward to consolidate with County Fire. LAFCO 3185 allows for those jurisdictional actions to be considered.

For all the reasons outlined in this report, LAFCO staff supports the change in sphere of influence designations as identified in this report to expand the sphere for County Fire and its related service zones and to assign a zero sphere of influence to the Crest Forest FPD

signaling recommendation for its ultimate dissolution. The actions recommended for the Commission are outlined on page one of this report.

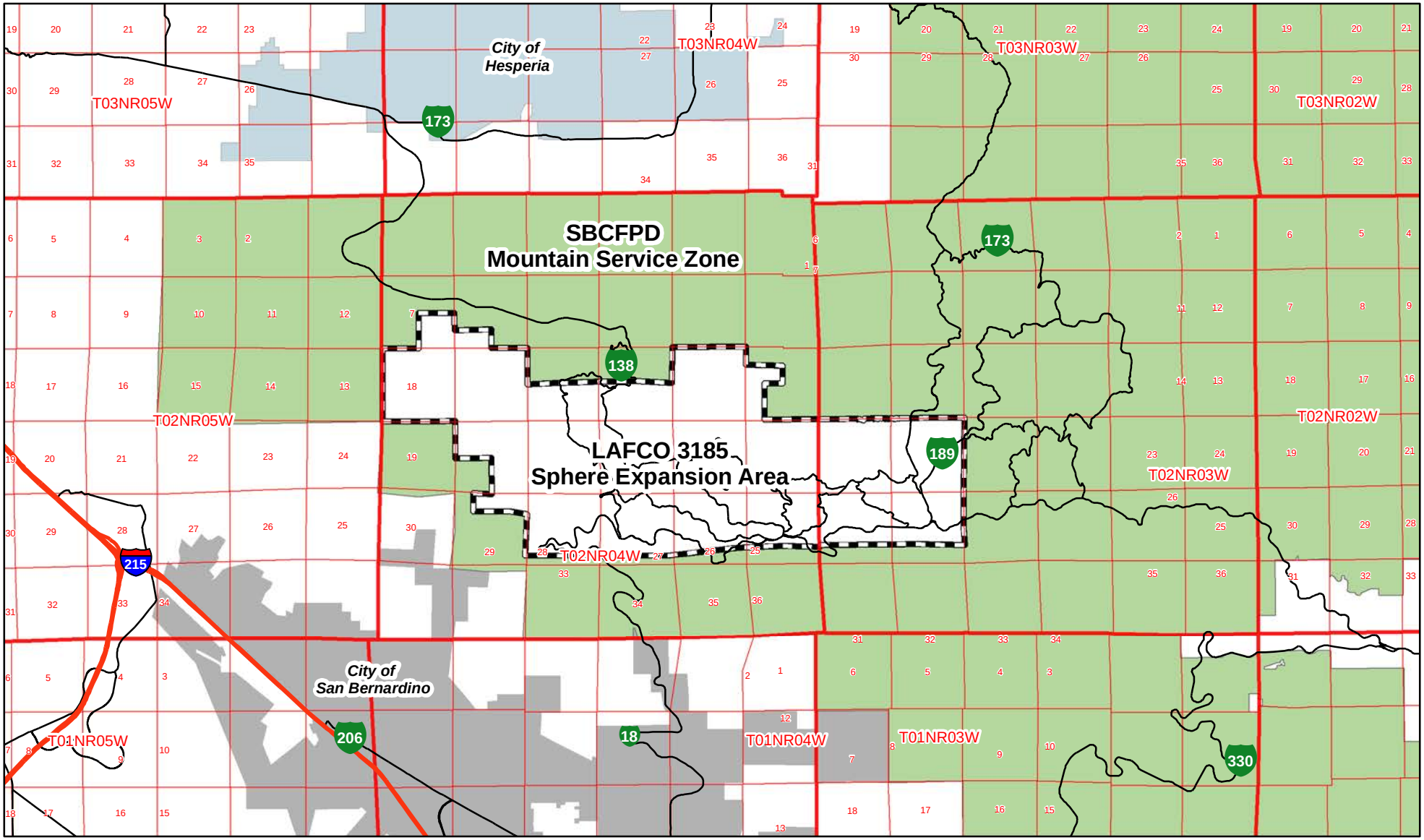
KRM/

Attachments:

1. Vicinity Map and Map of Proposed Sphere expansion
2. Crest Forest Fire Protection District Application for Sphere of Influence Expansion /Reduction Including Supplemental Data
3. Resolution No. 3116 for the Service Review/Sphere Update for LAFCO 3127 Crest Forest FPD, Excerpts Related to Crest Forest FPD from Staff Report for the Crest Forest Community Service Review Dated November 30, 2010
4. Letter from Commission Environmental Consultant Tom Dodson of Tom Dodson and Associates Dated February 19, 2015
5. Draft LAFCO Resolution No. 3195

Vicinity Map and Map of Proposed Sphere Expansion

Attachment 1



LAFCO for San Bernardino County

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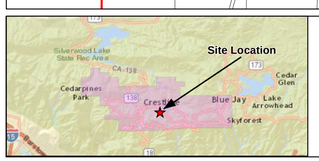
LAFCO 3185
Sphere of Influence Expansion Area for San Bernardino County Fire Protection District

- SBCFPD - Mtn Service Zone
- CFFPD Boundary/Sphere Expansion Area (3185)
- City of Hesperia
- City of San Bernardino

Course	Distance	Direction
1	5280	Northerly
2	2640	Easterly
3	2640	Northerly
4	2640	Easterly
5	1320	Southerly
6	2640	Easterly
7	1320	Southerly
8	2640	Easterly
9	2640	Southerly
10	10560	Easterly
11	2640	Northerly
12	5280	Easterly
13	1320	Southerly
14	2640	Easterly
15	1320	Southerly
16	1320	Westerly
17	2640	Southerly
18	14520	Easterly
19	9240	Southerly
20	31680	Westerly
21	2640	Northerly
22	3960	Westerly
23	1320	Northerly
24	1320	Easterly
25	2640	Northerly
26	2640	Westerly
27	2640	Northerly
28	5280	Westerly

POINT OF BEGINNING



Sphere Expansion Area Containing 10,429 Acres, More or Less

Parcels

Section Lines

Course Number

APN Assessors Parcel Number

Existing San Bernardino County Fire Protection District Mountain Service Zone

LAFCO 3185

Sphere of Influence Expansion for the San Bernardino County Fire Protection District and Reduction for the Crest Forest Fire Protection District

That Portion of Township 2 North, Range 3 and 4 West, S.B.M, San Bernardino County, State of California.

N

0 650 1,300 2,600 Ft

1 inch = 1,300 feet

PROFESSIONAL LAND SURVEYOR RYAN HUNSICKER PLS No. 8302 Exp. 12-31-15 STATE OF CALIFORNIA

THIS MAP WAS PREPARED BY ME OR UNDER MY DIRECTION

12/17/2014

Ryan S. Hunsicker Date
Deputy County Surveyor
PLS 8302 Exp. 12/31/2015

Job Number 00134CPO - Revised December 17, 2014

Crest Forest Fire Protection District Application for Sphere of Influence Expansion/ Reduction Including Supplemental Data

Attachment 2

(FOR LAFCO USE ONLY)

SAN BERNARDINO LAFCO
APPLICATION AND PRELIMINARY
ENVIRONMENTAL DESCRIPTION FORM

INTRODUCTION: The questions on this form and its supplements are designed to obtain enough data about the proposed project site to allow the San Bernardino LAFCO, its staff and others to adequately assess the project. By taking the time to fully respond to the questions on the forms, you can reduce the processing time for your project. You may also include any additional information which you believe is pertinent. Use additional sheets where necessary, or attach any relevant documents.

GENERAL INFORMATION

1. NAME OF PROPOSAL: Crest Forest Fire Protection District (hereafter known as CFFPD) requesting the Local Agency Formation Commission to take proceedings for a sphere of influence amendment and reorganization of Crest Forest Fire Protection District and San Bernardino County Fire Protection District (hereafter known as SBCFPD) specifically described below.

2. NAME OF APPLICANT: Crest Forest Fire Protection District

   MAILING ADDRESS: PO Box 3220
   Crestline, CA 92325-3220

   PHONE: (909) 338-3311, (909) 337-8586 (Division 4 Headquarters)

   FAX: (909) 338-3217

   E-MAIL ADDRESS: pforsythe@sbcfire.org

3. GENERAL LOCATION OF PROPOSAL: The District boundaries as currently defined and in force for the CFFPD. CFFPD is located in the Crest Forest community and southwestern portion of the Lake Arrowhead community. Approximately 22 square miles generally bordered by section lines along Crest Summit and the community of Blue Jay on the east; a combination of parcel lines generally along Rim of the World Highway (Hwy 18) and the community of Rimforest on the south; a combination of section lines and parcel lines generally along Playground Drive, Ridge Drive, and Sawpit Canyon Trail on the west; and a combination of section lines and parcel lines south of Silverwood Lake, Miller Canyon, and Pilot Rock on the north. The area includes Lake Gregory and the unincorporated areas known as Skyland, Crestline, Valley of Enchantment, Valley View Park, Cedarpines Park, Arrowhead Highlands, Twin Peaks, Crest Park, Rimforest, and Blue Jay. A map of Crest Forest Fire Protection District is shown below and is included as a part of Attachment 1.

4. Does the application possess 100% written consent of each landowner in the subject territory?
   YES ___ NO X If YES, provide written authorization for change.

5. Indicate the reasons that the proposed action has been requested. Sphere of influence amendment and proposed reorganization are to (1) provide for a simplification of government structure to eliminate the duplication of administrative services currently provided by the contract for service implemented in July 2013; (2) reduce the cost of providing fire protection, ambulance, and other related services within the territory of the former CFFPD; (3) provide the general public with a clearer understanding of the *All Risk Emergency Responses* in the Crest Forest community Attachment 2.

6. Would the proposal create a totally or substantially surrounded island of unincorporated territory?
   YES ___ NO X If YES, please provide a written justification for the proposed boundary configuration. N/A

(FOR LAFCO USE ONLY)

LAND USE AND DEVELOPMENT POTENTIAL

1. Total land area (defined in acres): Approximately 11215 acres.

2. Current dwelling units in area classified by type: Single and multi-family dwellings. As of January 2014, 258 commercial units, 6974 individual dwellings, 344 multiple individual dwellings, and 6210 undeveloped parcels were reported within the CFFPD boundary. (Attachment 3 - NBS January 2014 Report).

3. Approximate current population in area: Approximately 13,365 (Attachment 4 - 2010 U.S. Census) fulltime residents. Summertime population can nearly double based upon recreational and transient populations.

4. Indicate the General Plan designation(s) of the affected city (if any) and uses permitted by this designation(s): N/A

   (San Bernardino County General Plan) designation(s) and uses permitted by this designation(s): Attachment 5 - Reference CFFPD Contract with SBCFPD, July 13, 2013.)

5. Describe any special land use concerns expressed in the above plans. In addition, for a City Annexation or Reorganization, provide a discussion of the land use plan's consistency with the regional transportation plan as adopted pursuant to Government Code Section 65080 for the subject territory:

   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. The private lands within CSA 54 are generally residential (RS-14M) with scattered commercial along State Route 189 and in the Lake Gregory area of the district. The public lands within CSA 54 are designated Resource Conservation. Attachment 6 - SBCFPD to assume CFFPD facility lease agreement #10-010 (See memo dated July 29, 2014 from Municipal Finance Corporation).

6. Indicate the existing land use. Existing land use is for *All Risk Emergency Service Responses* as provided by SBCFPD in fulfillment of the current contract with CFFPD.

   What is the proposed land use? The proposed land use will not alter the current land use as it exists. The proposal would maintain the current assigned land use with the same mission – the provision of *All Risk Emergency Service Response*. (Reference Attachment 5).

7. For a city annexation, State law requires pre-zoning of the territory proposed for annexation. Provide a response to the following: N/A

   a. Has pre-zoning been completed? YES ___ NO X
   b. If the response to "a" is NO, is the area in the process of pre-zoning? YES ___ NO X

   Identify below the pre-zoning classification, title, and densities permitted. If the pre-zoning process is underway, identify the timing for completion of the process. N/A

8. Will the proposal require public services from any agency or district which is currently operating at or near capacity (including sewer, water, police, fire, or schools)? YES ___ NO X If YES, please explain.

Proposal to provide service and long term sustainability for *All Risk Emergency Services Responses* for the Crest Forest communities.

9. On the following list, indicate if any portion of the territory contains the following by placing a checkmark next to the item:

☐	Agricultural Land Uses	☐	Agricultural Preserve Designation
☐	Williamson Act Contract	☐	Area where Special Permits are required
☐	Any other unusual features of the area or permits required: N/A		

10. If a Williamson Act Contract(s) exists within the area proposed for annexation to a City, please provide a copy of the original contract, the notice of non-renewal (if appropriate) and any protest to the contract filed with the County by the City. Please provide an outline of the City's anticipated actions with regard to this contract. N/A

11. Provide a narrative response to the following factor of consideration as identified in §56668(o): *The extent to which the proposal will promote environmental justice. As used in this subdivision, "environmental justice" means the fair treatment of people of all races, cultures, and incomes with respect to the location of public facilities and the provision of public services:*

The proposed action will not affect the location or provision of *All Risk Emergency Service Response.* The proposed action will align the resources in the current CFFPD into the SBCFPD Mountain Service zone allowing for a more consistent and efficient distribution of services.

ENVIRONMENTAL INFORMATION

1. Provide general description of topography. The proposed action area is predominately a densely populated mountainous area within the county with a diverse mix of commercial and residential parcels. The seasonal population and visitors are not reflected demographic statistics. It is estimated that the seasonal/visitor factors can approximately double the peak population. (Reference Attachment 3 - NBS January 2014 Report).

2. Describe any existing improvements on the site as % of total area.

Residential 7318 units - 53%	Agricultural - 0%
Commercial 258 units - 2%	Vacant 6210 lots - 45%
Industrial 0%	Other 0%

3. Describe the surrounding land uses:

NORTH – National Forest

EAST - Residential communities of Lake Arrowhead.

SOUTH - National Forest

WEST - National Forest

4. Describe site alterations that be produced by improvement projects associated with this proposed action (installation of water facilities, sewer facilities, grading, flow channelization, etc.).

   There are no site alterations produced by or mandated by the proposed action.

5. Will service extensions accomplished by this proposal induce growth on this site? YES ___ NO X Adjacent sites? YES ___ NO ___ Unincorporated X Incorporated ___

6. Are there any existing out-of-agency service contracts/agreements within the area? YES X NO ___ If YES, please identify.

   There are existing mutual and auto aid agreements in place with the following agencies: United States Forest Service, Cal Fire, San Bernardino City Fire, CFAA, ICEMA, and SBCFPD. These agreements will either be updated, or the current agreements with SBCFPD Mountain Service Zone will assume the current agreements in place.

7. Is this project a part of a larger project or series of projects? YES ___ NO X If YES, please explain.

(FOR LAFCO USE ONLY)

NOTICES

Please provide the names and addresses of persons who are to be furnished mailed notice of the hearing(s) and receive copies of the agenda and staff report.

NAME Robert Goss, Director, CFFPD — TELEPHONE NO. 909-855-8167
ADDRESS: PO Box 3220 Crestline, CA 92325

NAME Jerry Ringhofer, Director, CFFPD — TELEPHONE NO. 909-273-9848
ADDRESS: PO Box 3220 Crestline, CA 92325

NAME Kathleen Opliger, Division Chief, SBCFPD — TELEPHONE NO. 909-337-8586
ADDRESS: PO Box 130 Lake Arrowhead, CA 92352

NAME Ronald Walls, Battalion Chief, SBCFPD — TELEPHONE NO. 909-337-8586
ADDRESS: PO Box 130 Lake Arrowhead, CA 92352

NAME Patti Forsythe, Administrative Secretary, SBCFPD — TELEPHONE NO. 909-337-8586
ADDRESS: PO Box 130 Lake Arrowhead, CA 92352

(FOR LAFCO USE ONLY)

CERTIFICATION

As a part of this application, the Crest Forest Fire Protection District (the applicant), agree to defend, indemnify, hold harmless, and release the San Bernardino LAFCO, its agents, officers, attorneys, and employees from any claim, action, proceeding brought against any of them, the purpose of which is to attack, set aside, void, or annul the approval of this application or adoption of the environmental document which accompanies it. This indemnification obligation shall include, but not be limited to, damages, costs, and expenses, including attorney fees. The person signing this application will be considered the proponent for the proposed action(s) and will receive all related notices and other communications. I/We understand that if this application is approved, the Commission will impose a condition requiring the applicant to indemnify, hold harmless and reimburse the Commission for all legal actions that might be initiated as a result of that approval.

As the proponent, I/We acknowledge that annexation of the Crest Forest Fire Protection District may result in the imposition of taxes, fees, and assessments existing within the (city or district) on the effective date of the change of organization. I hereby waive any rights I may have under Articles XIIIC and XIIID of the State Constitution (Proposition 218) to a hearing, assessment ballot processing or an election on those existing taxes, fees and assessments.

I hereby certify that the statements furnished above and in the attached supplements and exhibits present the data and information required for this initial evaluation to the best of my ability, and that the facts, statements, and information presented herein are true and correct to the best of my knowledge and belief.

DATE 11/18/14

SIGNATURE OF APPLICANT

Robert Goss

PRINTED NAME OF APPLICANT

Vice-President,
Crest Forest Fire Protection District Board of Directors

TITLE

PLEASE CHECK SUPPLEMENTAL FORMS ATTACHED:

- [X] ANNEXATION, DETACHMENT, REORGANIZATION SUPPLEMENT
- [X] SPHERE OF INFLUENCE CHANGE SUPPLEMENT
- [ ] CITY INCORPORATION SUPPLEMENT
- [ ] FORMATION OF A SPECIAL DISTRICT SUPPLEMENT
- [ ] ACTIVATION OR DIVESTITURE OF FUNCTIONS AND/OR SERVICES FOR SPECIAL DISTRICTS SUPPLEMENT

KRM-Rev. 8/15/2012

(FOR LAFCO USE ONLY)

SUPPLEMENT
SPHERE OF INFLUENCE CHANGE

INTRODUCTION: The questions on this form are designed to obtain data about the specific sphere of influence change proposal to allow the Commission, staff and others to adequately assess the project. You may also include any additional information that you believe is pertinent. Use additional sheets where necessary, and/or include any relevant documents.

1. Please provide an identification of the agencies involved in the proposed sphere of influence change(s):

SPHERE EXPANSION	SPHERE REDUCTION
San Bernardino County Fire Protection District (Mountain Service Zone) 157 West Fifth Street San Bernardino, CA 92415-0451	Crest Forest Fire Protection District 23407 Crest Forest Drive PO Box 3220 Crestline, CA 92325-3220

2. Provide a narrative description of the following factors of consideration as outlined in Government Code Section 56425. (If additional room for response is necessary, please attach additional sheets to this form.) A reorganization proposal to include, but not be limited to, annexations to the San Bernardino County Fire Protection District - Mountain Service Zone (hereafter known as SBCFPD).

   The present and planned land uses in the area, including agricultural and open-space lands. Existing land use is for *All-Risk Community Emergency Response Service* as provided by SBCFPD in fulfillment of the current contract with Crest Forest Fire Protection District (hereafter known as CFFPD). The proposed action does not mandate or propose any change to the present or planned land use.

   The present and probable need for public facilities and services in the area. The CFFPD provides fire protection, ambulance, and paramedic service. On a regional basis, SBCFPD also provides services such as hazardous materials regulation, dispatch communication, and disaster preparedness to this independent agency. Other regional 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 Task Force (MAST) and the Lake Arrowhead Fire Safe Council.

   The present capacity of public facilities and adequacy of public services that the agency to be expanded provides or is authorized to provide. The CFFPD anticipated adopting its Strategic Plan by 2009, but completion of the document has been delayed indefinitely due to severe budget cuts. July 2013, the CFFPD entered into an *All-Risk Community Emergency Response Service* contract with SBCFPD (Mountain Service Zone). On a regional basis, SBCFPD also provides services such as hazardous materials regulation, dispatch communication, and disaster preparedness to this independent agency. Other service providers are Cal Fire and the U.S. Forest Service. Other agencies providing fire related information are the MAST and the Lake Arrowhead Fire Safe Council.

The CFFPD is authorized by LAFCO to provide ambulance services within its boundaries (Reference Attachment 7 - Crest Forest-Lake Arrowhead Companion Report, November 30, 2010) as an extension of authority under Health and Safety Code 1797.201. The Inland Counties Emergency Medical Agency (ICEMA) authorizes the CFFPD to provide Advanced Life Support (ALS) ambulance service within EOA 10 and Basic Life Support (BLS) ambulance services within EOA 11, supporting American Medical Response. The CFFPD boundary extends into EOA 18, and does not have authority by ICEMA to provide ambulance services to the SBCFPD. SBCFPD is authorized to provide ambulance services for EOA 18 and currently provides an ALS ambulance from the CFFPD Fire Station 26 to respond to EOA 18. Under an annexation proposal, the CFFPD proposes the successor agency SBCFPD (Mountain Service Zone), to assume all rights and responsibilities.

The existence of any social or economic communities of interest in the area. N/A.

The present and probable need for public facilities or services related to sewers, municipal and industrial water, or structural fire protection for any disadvantaged unincorporated community, as defined by Govt. Code Section 56033.5, within the existing sphere of influence.

The present and planned land uses in the area, including agricultural and open-space lands. Existing land use is for *All-Risk Community Emergency Response Service* as provided by SBCFPD in fulfillment of the current contract with CFFPD. The proposed action does not mandate or propose any change to the present or planned land use.

3. If the proposal includes a city sphere of influence change, provide a written statement of whether or not agreement on the sphere change between the city and county was achieved as required by Government Code Section 56425. In addition, provide a written statement of the elements of agreement (such as, development standards, boundaries, zoning agreements, etc.) (See Government Code Section 56425) N/A.

4. If the proposal includes a special district sphere of influence change not considered to be minor, provide a written statement: (a) specifying the function or classes of service provided by the district(s) and (b) specifying the nature, location and extent of the functions or classes of service provided by the district(s). (See Government Code Section 56425(i)) - Reference Crest Forest Fire Protection District contract for provision of *All-Risk Community Emergency Response Service* with SBCFPD – Mountain Service Zone.

5. For any sphere of influence amendment either initiated by an agency or individual, or updated as mandated by Government Code Section 56425, the following service review information is required to be addressed in a narrative discussion, and attached to this supplemental form (See Government Code Section 56430):

   a. Growth and population projections for the affected area. Development in the San Bernardino Mountains is naturally constrained by 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.

   b. Location and characteristics of disadvantaged unincorporated communities within or contiguous to the sphere of influence. N/A

c. Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies, including those associated with a disadvantaged unincorporated community. N/A

d. Financial ability of agencies to provide services. SBCFPD consist of four regional service zones, each responsible for provision of emergency services for a given geographic area. The CFFPD will fall under the influence of SBCFPD Mountain Service Zone. LAFCO indicated it would create a new PM special tax to reorganize CFFPD existing PM-1 and PM-A special tax. Furthermore, LAFCO indicated it will create a new service zone to isolate and retain the San Bernardino County Employees' Retirement Association (SBCERA) pension obligation specific to the currently existing CFFPD boundaries, for which the obligation was incurred (Reference Attachment 8 – Excerpt from CFFPD Basic Financial Statements for Year Ended June 30, 2013 p. 32).

e. Ambulance obligations and revenues that are the current responsibility of CFFPD will be assumed by SBCFPD.

f. Status of, and opportunities for, shared facilities. Not currently anticipated.

g. Accountability for community service needs, including governmental structure and operational efficiencies. Proposal to provide service and long term sustainability for *All-Risk Community Emergency Response Service* for the Crest Forest communities. The proposed action would eliminate existing operational redundancies by consolidating existing operational and administrative emergency response facilities and resources within the SBCFPD Mountain Service Zone administrative oversight.

If additional sheet are submitted or a separate document provided to fulfill Item #5, the narrative description shall be signed and certified by an official of the agency(s) involved with the sphere of influence review as to the accuracy of the information provided. If necessary, attach copies of documents supporting statements.

(FOR LAFCO USE ONLY)

CERTIFICATION

As a part of this application, the Crest Forest Fire Protection District, (the applicant) and/or the San Bernardino County Fire Protection District (real party in interest: subject landowner and/or registered voter) agree to defend, indemnify, hold harmless, and release the San Bernardino LAFCO, its agents, officers, attorneys, and employees from any claim, action, proceeding brought against any of them, the purpose of which is to attack, set aside, void, or annul the approval of this application or adoption of the environmental document which accompanies it. This indemnification obligation shall include, but not be limited to, damages, costs, and expenses, including attorney fees. The person signing this application will be considered the proponent for the proposed action(s) and will receive all related notices and other communications. I/We understand that if this application is approved, the Commission will impose a condition requiring the applicant to indemnify, hold harmless and reimburse the Commission for all legal actions that might be initiated as a result of that approval.

I hereby certify that the statements furnished above present the data and information required to the best of my ability, and that the facts, statements, and information presented herein are true and correct to the best of my knowledge and belief.

DATE 11/18/14

SIGNATURE OF APPLICANT

Robert Goss
PRINTED NAME

Vice-President,
Crest Forest Fire Protection District Board of Directors
TITLE

Rev: krm – 8/15/2012

Resolution No. 3116 for the Service Review/Sphere Update for LAFCO 3127 Crest Forest FPD, Excerpts Related to Crest Forest FPD from Staff Report for the Crest Forest Community Service Review Dated November 30, 2010

Attachment 3

LOCAL AGENCY FORMATION COMMISSION
COUNTY OF SAN BERNARDINO

215 North "D" Street, Suite 204, San Bernardino, CA 92415-0490
(909) 383-9900 • Fax (909) 383-9901
E-mail: lafco@lafco.sbcounty.gov
www.sbclafco.org

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 type)	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
			(MA) 24				
Blue Jay Station #27	Crest Forest Fire Protection District	Blue Jay	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, Loades (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	(339,536)	
Fund balance, beginning	1,276,926	149,347	227,290	1,653,563	
Fund balance, ending	$1,018,753	$ 61,163	$234,112	$1,314,026	

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.

RESOLUTION NO. 3116

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)**

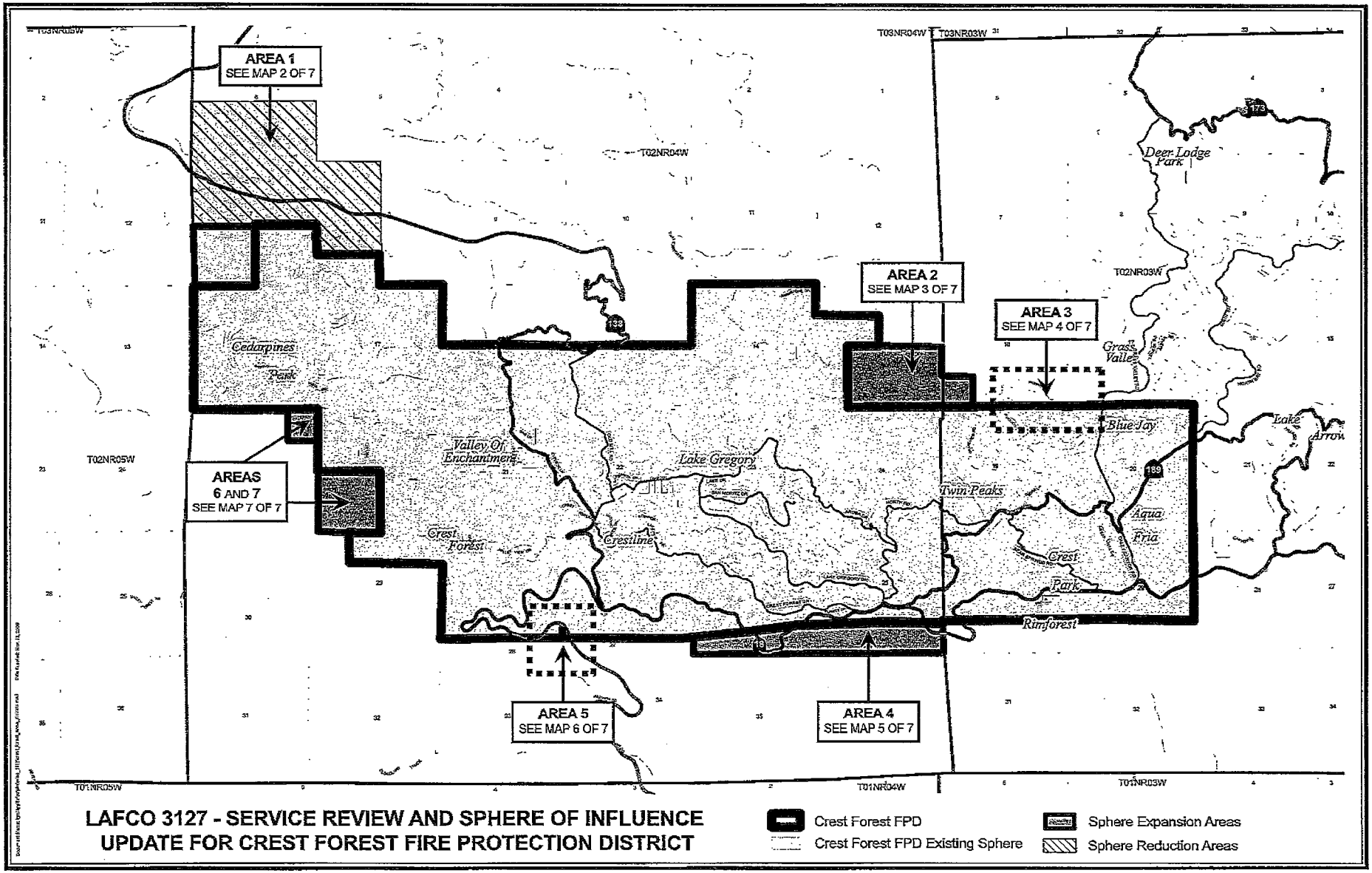
****

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

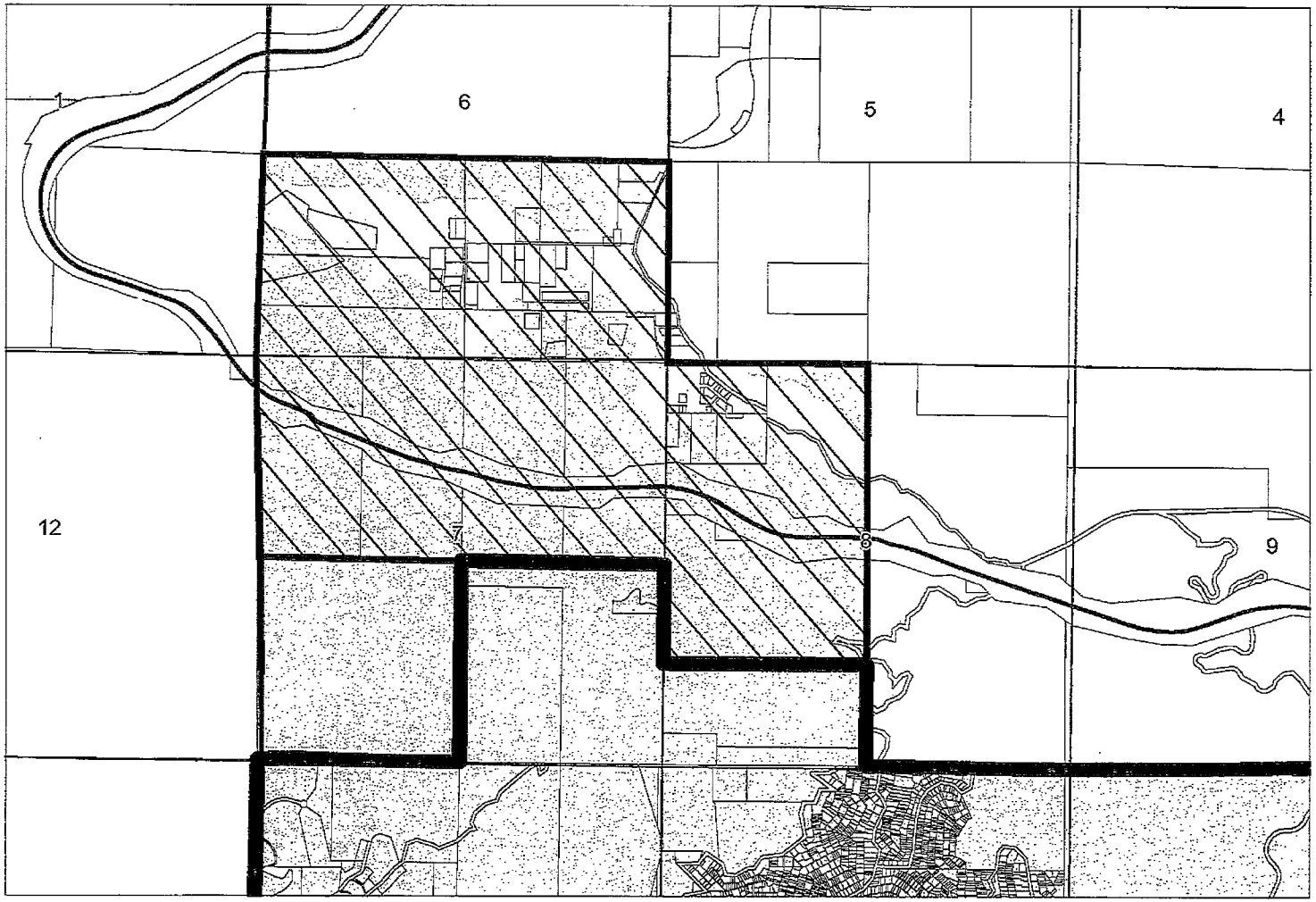


LAFCO 3127 - SERVICE REVIEW AND SPHERE OF INFLUENCE UPDATE FOR CREST FOREST FIRE PROTECTION DISTRICT

- 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

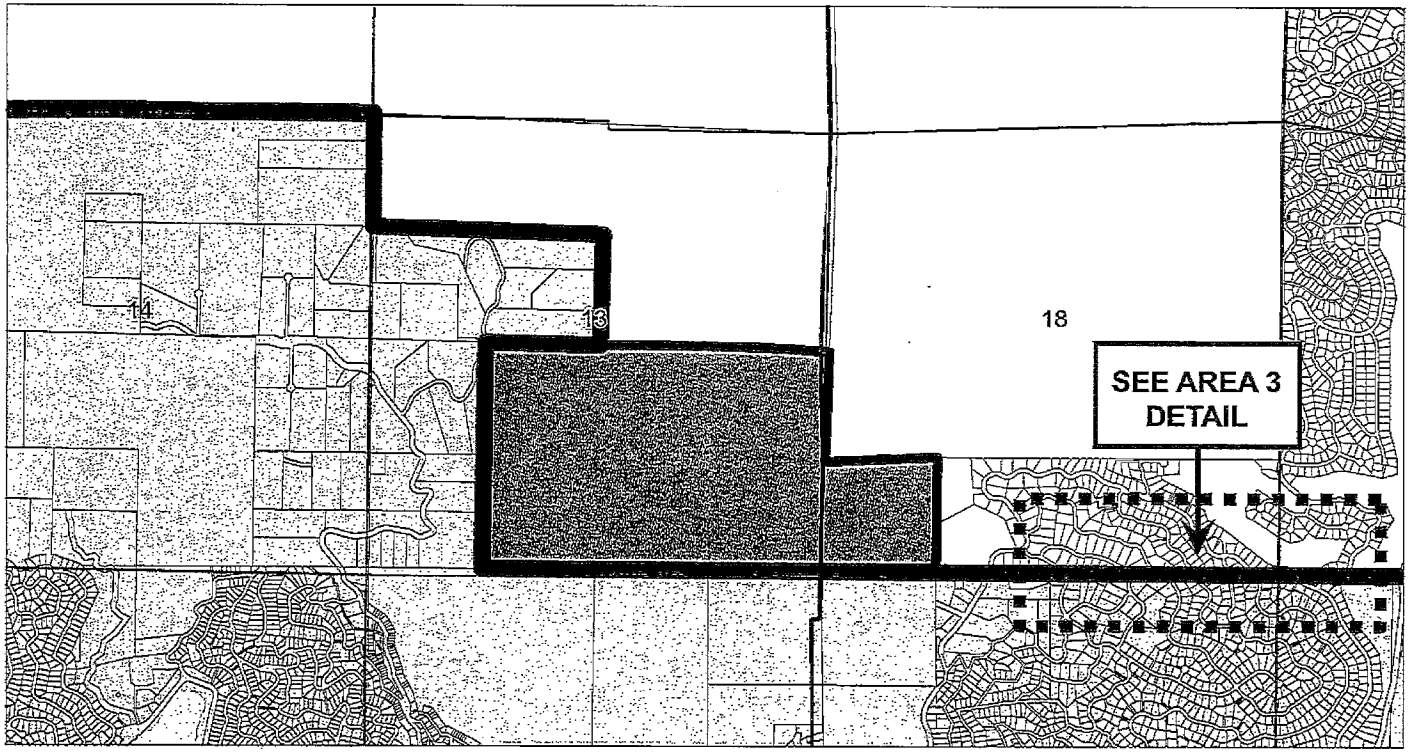
AREA 1 - Sphere Reduction for Crest Forest Fire Protection District

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



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

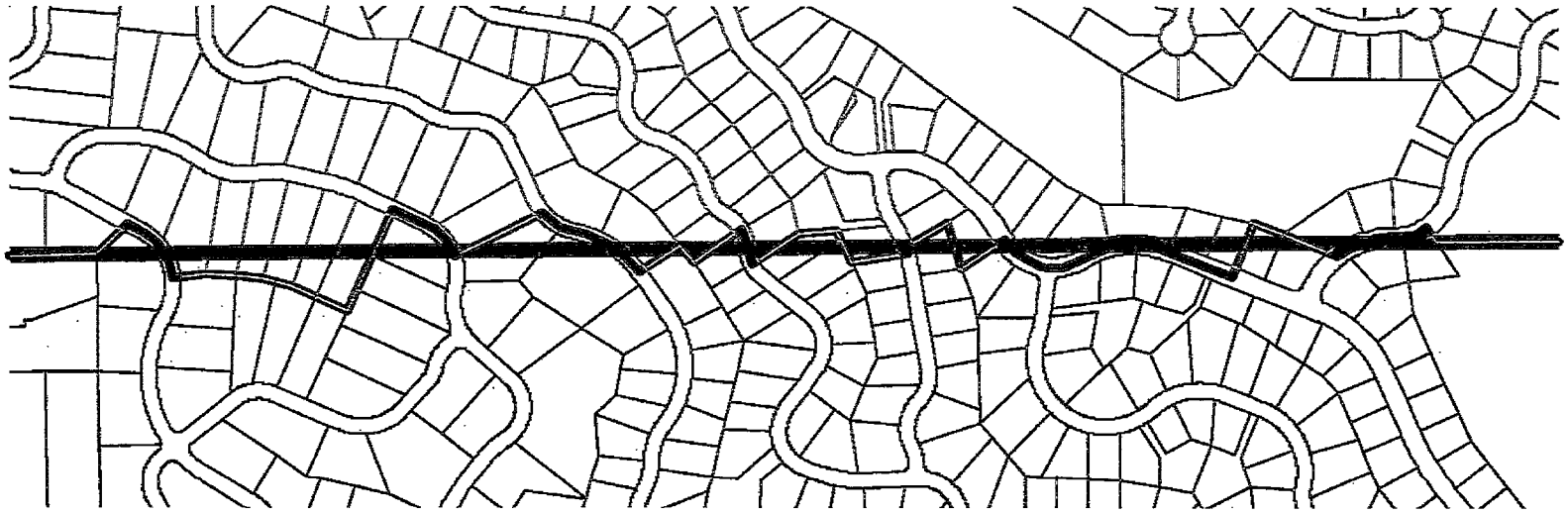
AREA 2 - Sphere Expansion for Crest Forest Fire Protection District

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

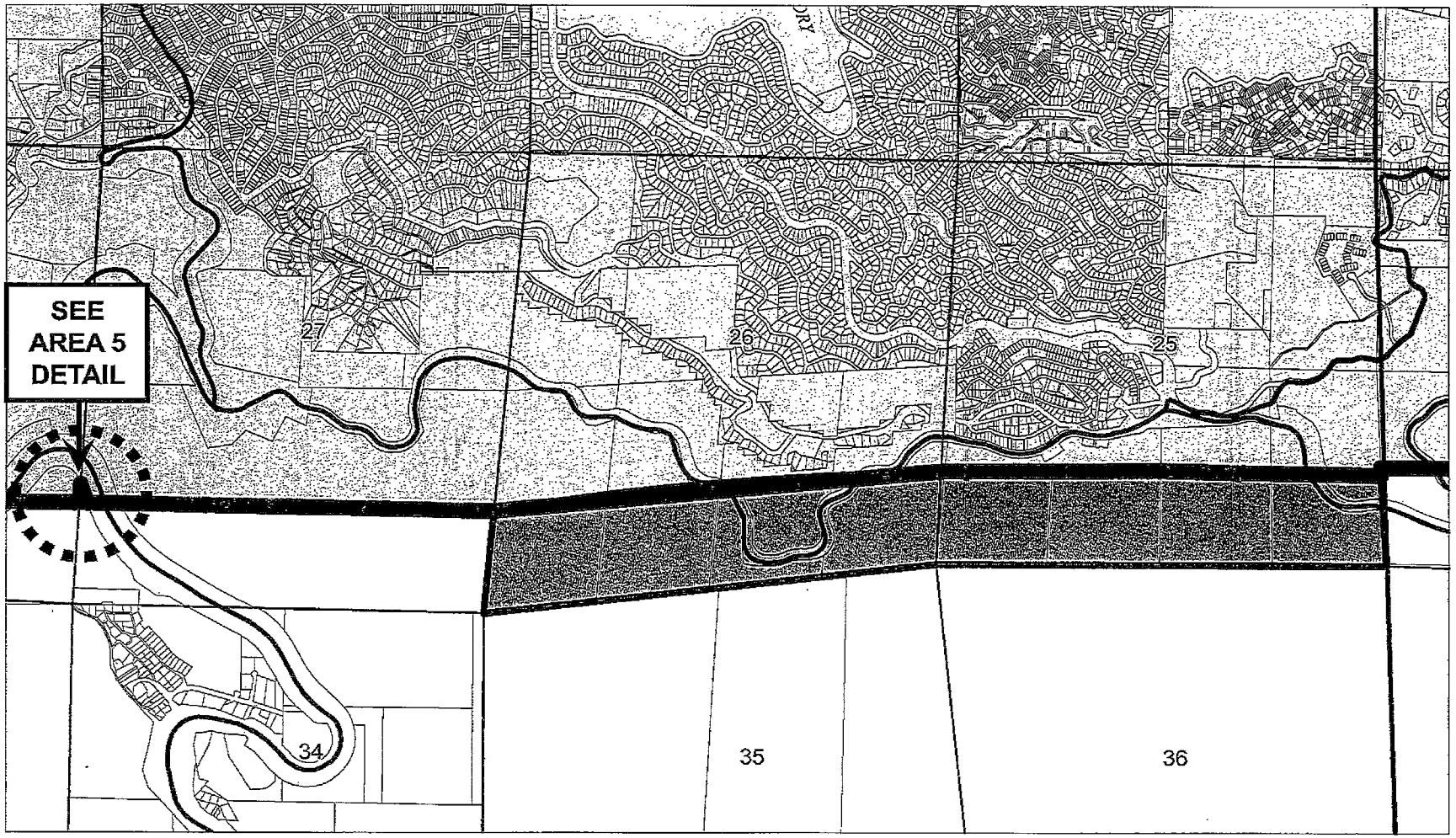
Crest Forest FPD Actual Boundary

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

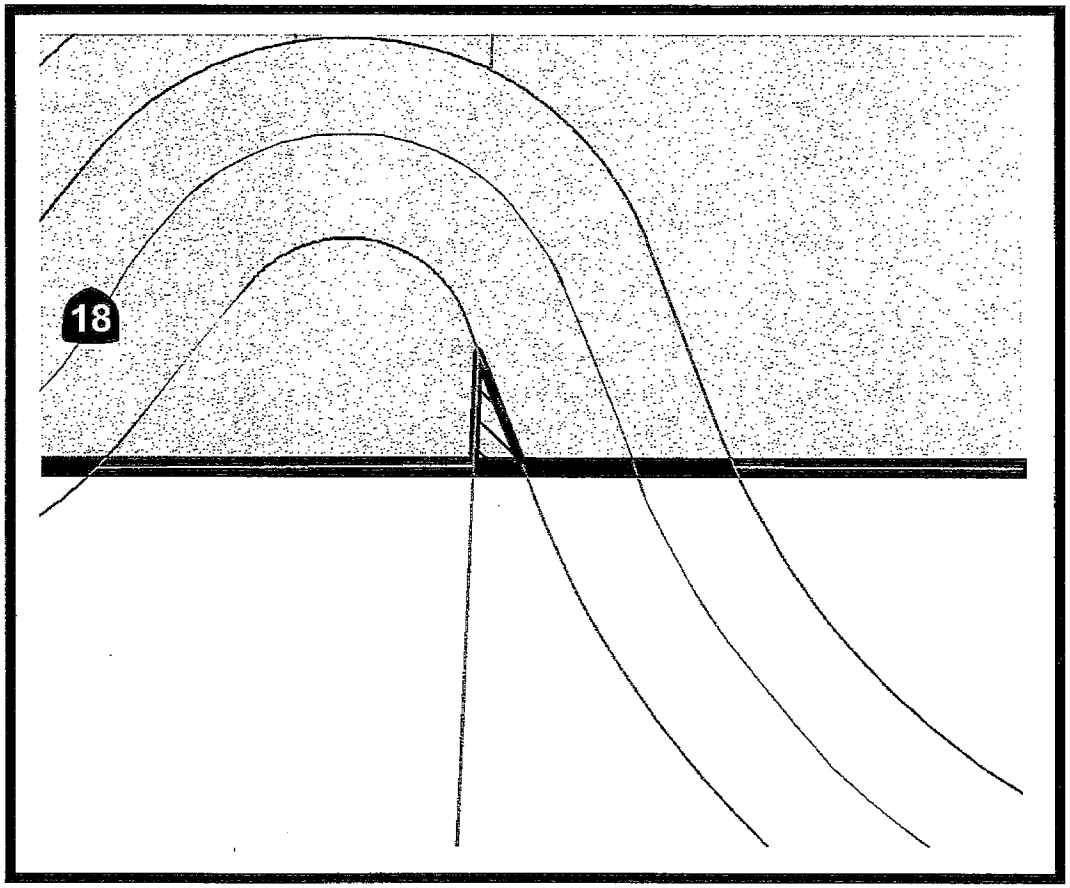
AREA 4 - Sphere Expansion for Crest Forest Fire Protection District

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

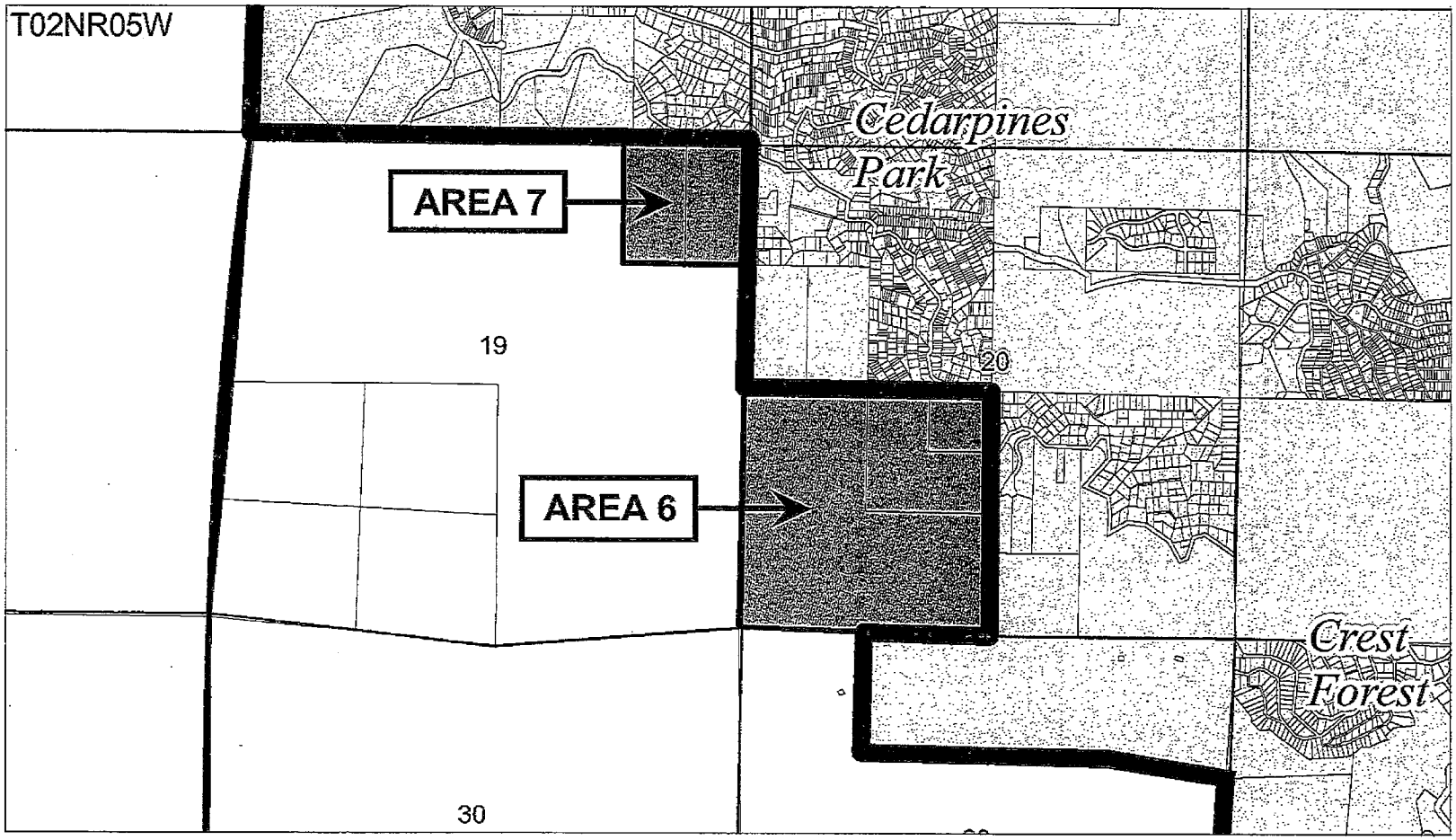
AREA 5 - Sphere Reduction for Crest Forest Fire Protection District

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

LOCAL AGENCY FORMATION COMMISSION
COUNTY OF SAN BERNARDINO

215 North D Street, Suite 204, San Bernardino, CA 92415-0490
(909) 383-9900 • Fax (909) 383-9901
E-MAIL: lafco@lafco.sbcounty.gov
www.sbclafco.org

DATE: **NOVEMBER 30, 2010**

FROM: **KATHLEEN ROLLINGS-McDONALD, Executive Officer**
SAMUEL MARTINEZ, Senior LAFCO Analyst
MICHAEL TUERPE, LAFCO Analyst

TO: **LOCAL AGENCY FORMATION COMMISSION**

SUBJECT: **Agenda Item # 9: Crest Forest and Lake Arrowhead Review Providing for Community Definition and Review of the Regional Services of Streetlighting and Fire Protection**

INITIATED BY: San Bernardino Local Agency Formation Commission

INTRODUCTION

In July, staff presented to the Commission the first service reviews for the Mountain region – the regional agencies of Crestline-Lake Arrowhead Water Agency and Rim of the World Park and Recreation District. These agencies provide service generally to the Crest Forest, Lake Arrowhead, and Running Springs/Arrowbear Park/Green Valley Lake communities. On this month's agenda are the service reviews for the Crest Forest[1] and Lake Arrowhead communities. However, conditions unique between the Crest Forest community and the Lake Arrowhead community do not lend to a clear-cut community division with inclusive service provision. These conditions are:

- County Service Area 54 (streetlights) is split between both communities and is not solely identified with either.

- The Crest Forest Fire Protection District is not confined to the Crest Forest community and extends considerably into the Lake Arrowhead community.

Therefore, a separate report related to community definition, streetlighting, and fire protection between the Crest Forest and Lake Arrowhead communities is warranted. This

[1] Many refer to the community as Crestline. Although a central element of the community, Crestline is located in the eastern portion of the Crest Forest community, east of Highway 138 and surrounding Lake Gregory.

report is intended as a companion piece to the community reports titled *Service Reviews for the Lake Arrowhead Community* (Agenda Item 10) and *Service Reviews for the Crest Forest Community* (Agenda Item 11), and is organized as follows:

- Community Discussion - Information regarding the communities, the services that cross between them, and the Commission's prior definition of the Lake Arrowhead community and lack of definition for the Crest Forest community is presented. Based upon this information and staff's analysis, a recommendation for definition of the Crest Forest community, the division between the two communities and modifications for the Lake Arrowhead community are provided.

- Streetlighting – Presentation on the provision of this service to the Crest Forest and Lake Arrowhead communities, which includes discussion of the division of County Service Area 54 between the two communities, the existence of a Valley streetlighting agency in the mountain, questions regarding the existence of two adjacent county service areas providing the same service, and staff's recommendation for sphere updates.

- Fire Protection and Related Services – Presentation on the structure of fire protection, ambulance, and paramedic services to the communities, and the extension of Crest Forest Fire Protection District into the Lake Arrowhead community.

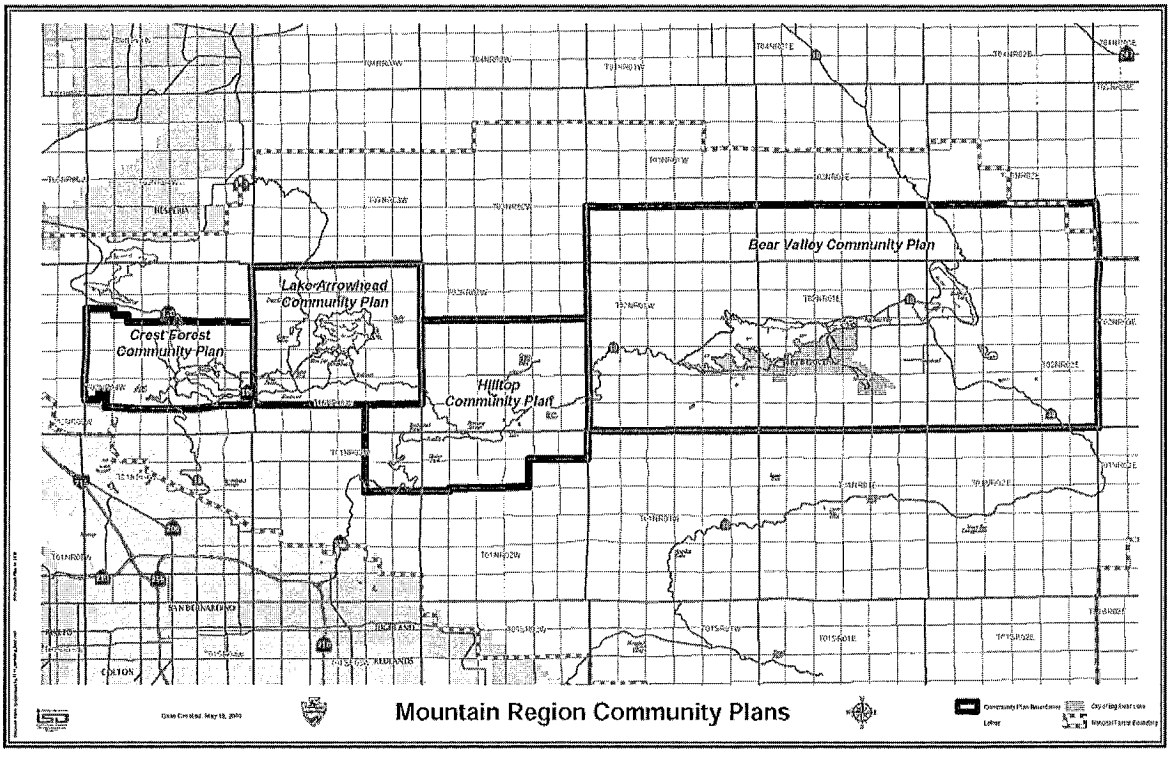
- Service Reviews and Sphere of Influence Updates for the affected agencies – CSA 54, CSA SL-1 (Lake Arrowhead portion) and Crest Forest Fire Protection District

The separate reports titled *Service Reviews for the Crest Forest Community* and *Service Reviews for the Lake Arrowhead Community* are based on the staff recommended community definitions presented in this report.

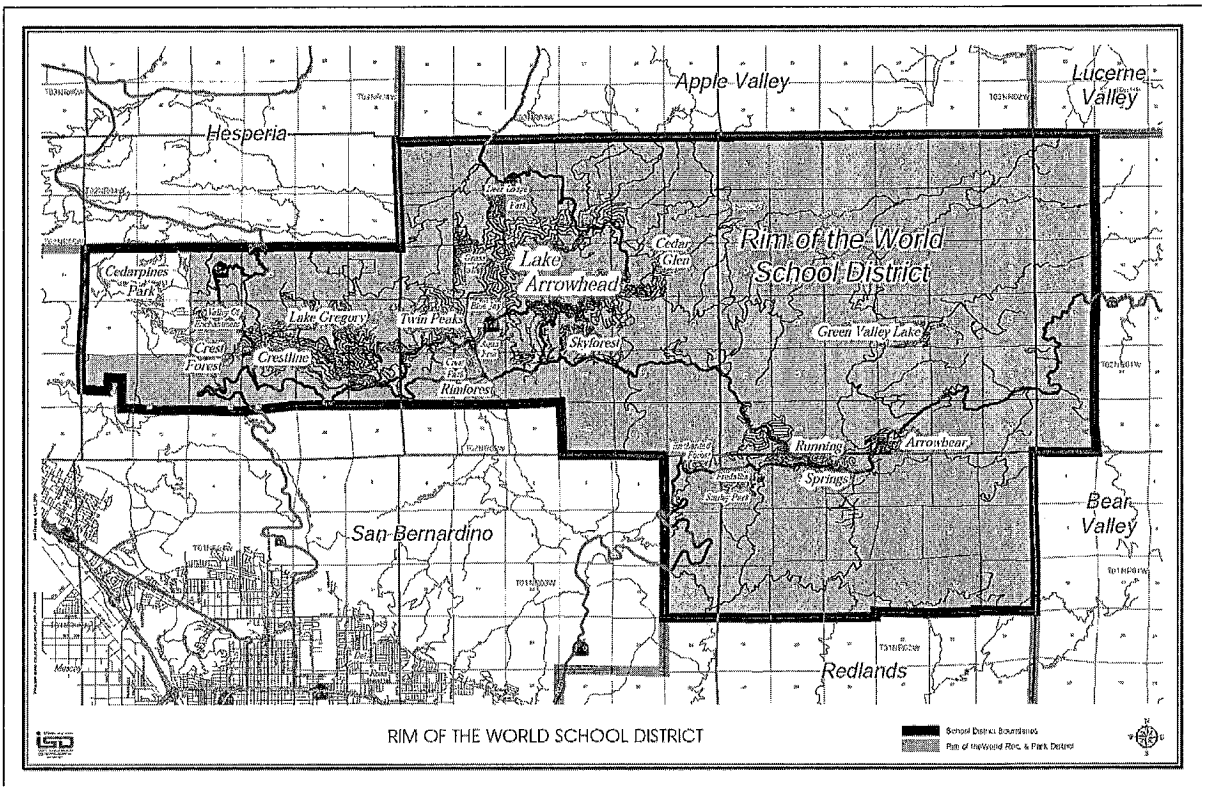
COMMUNITY DISCUSSION

The Commission's policy guidelines for spheres of influence identify that its approach is defined as a "community-by-community" consideration. This practice employs looking at the whole of the community as defined by the existence of inter-related economic, environmental, geographic and social interests. The Commission's concept is to define a community through the spheres of influence for all related service providers.

In 2007 as a part of the County General Plan, the County Board of Supervisors adopted the four separate community plans for the Mountain region as shown on the map below. This community discussion will focus on the two most western community plans.



At the August 2010 LAFCO Workshop, the Commission directed staff to include information on the K-12 school districts as a part of service reviews, to include a discussion of boundaries and shared facilities, in order to gain additional perspective of the community of interest. The Rim of the World Unified School District overlays the Crest Forest and Lake Arrowhead areas and also includes the Hilltop community, as shown on the map below. The School District boundaries generally coincide with the Rim of the World Recreation and Park District (shown for reference in blue on the map below) with the exception of territory in the northwestern portion of the Crest Forest Community (CSA 18). The Park District has entered into a joint use agreement with the School District for use of school owned property and facilities for recreation programs including licensed before and after school child care.

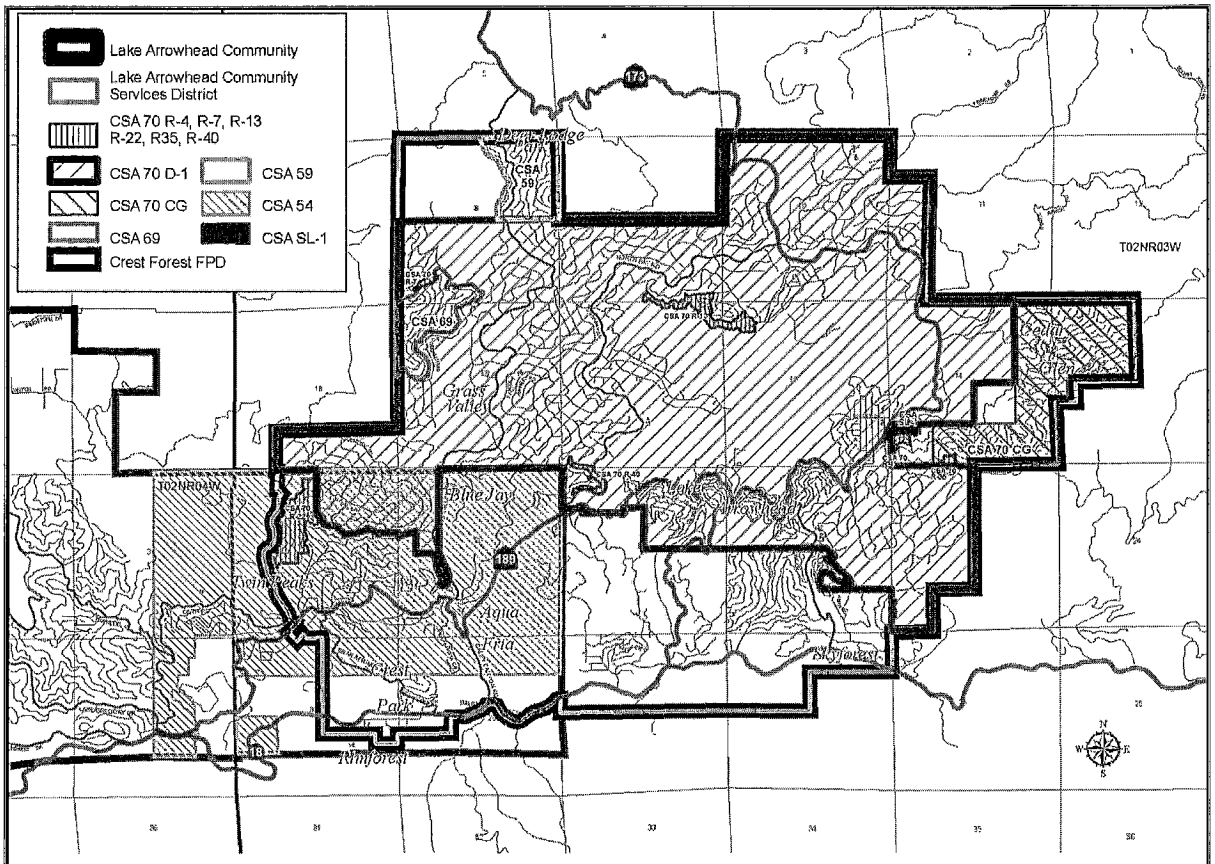


Due to the regional nature of the boundaries for Rim of the World USD, it does not provide additional information related to the definitions of the Crest Forest and Lake Arrowhead communities.

Lake Arrowhead Community Composition

In 1973, the Lake Arrowhead community was defined by the Commission through establishment of the spheres of influence for the Lake Arrowhead community-based districts (Lake Arrowhead Fire Protection District and Lake Arrowhead Sanitation District). In 1983, the Commission dissolved the Lake Arrowhead Sanitation District and expanded the Lake Arrowhead Community Services District boundary and sphere to encompass the former Lake Arrowhead Sanitation District. Since that time, the community has been defined as the sphere of influence of the Lake Arrowhead Community Services District.

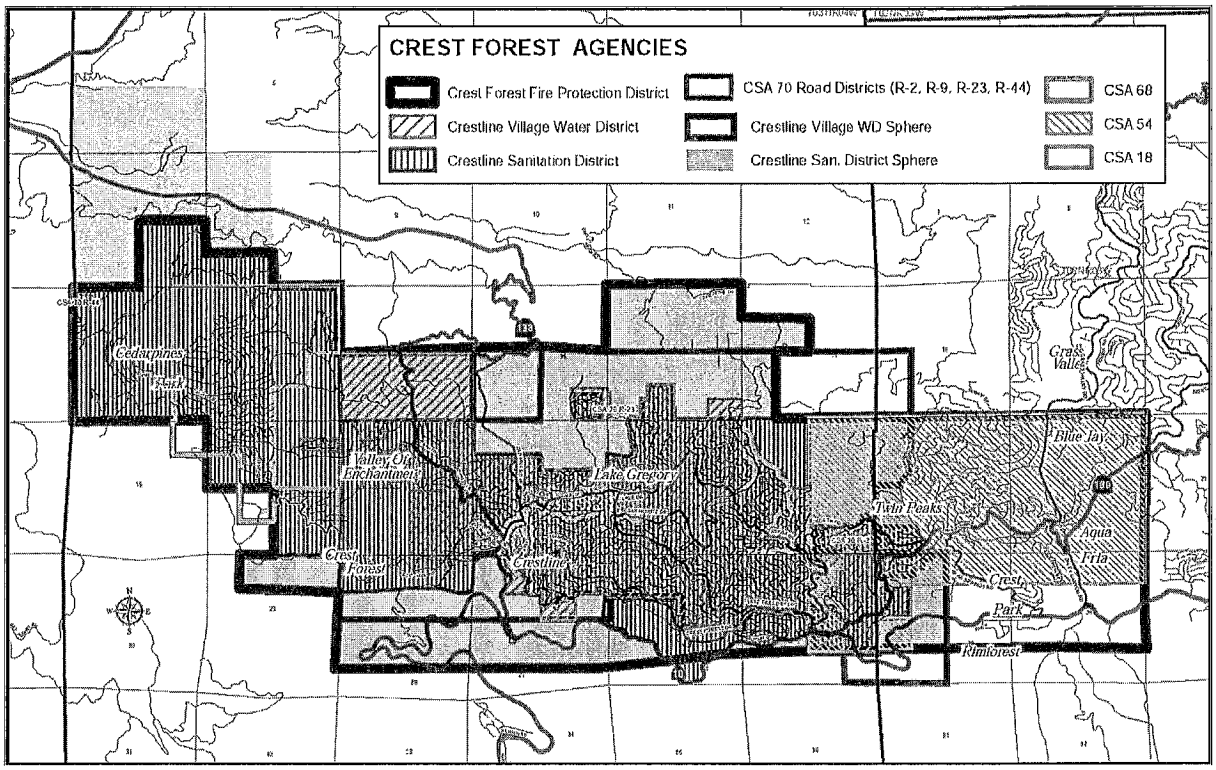
Wholly within the sphere of influence and boundary of the Lake Arrowhead Community Services District are numerous, smaller, single purpose county service areas and zones to county service areas. Additionally, County Service Area 54 (streetlights) is split between the Crest Forest and Lake Arrowhead communities. A considerable portion of the Crest Forest Fire Protection District extends into the Lake Arrowhead Community. The map below is of the current Lake Arrowhead community and its agencies.



LAKE ARROWHEAD COMMUNITY AND ITS AGENCIES

Crest Forest Community Composition

Although the Commission has established the spheres of influence of the Crest Forest service providers, the Commission has never defined the Crest Forest community. Community-based districts include the Crestline Sanitation District, Crestline Village Water District, and Crest Forest Fire Protection District (although it extends considerably into the Lake Arrowhead community). Within Crest Forest are numerous, smaller, single purpose county service areas and zones to county service areas. Additionally, County Service Area 54 (streetlights) is split between the Crest Forest and Lake Arrowhead communities. The map below outlines the Crest Forest agencies.



Community Division

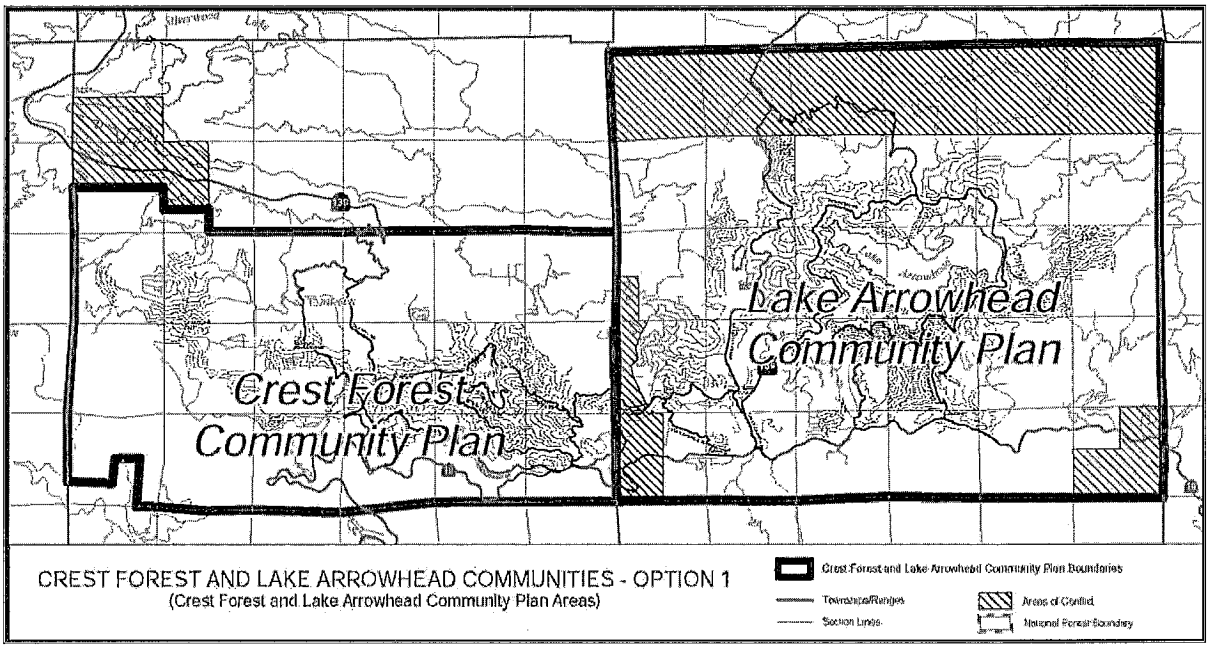
Since 1983, the Commission has defined the Lake Arrowhead community as that of the sphere of influence of LACSD. However, as noted above, a community definition has not been defined for the Crest Forest community. At the outset of this discussion, staff is recommending a community designation for Crest Forest. However, in order to properly consider such a community definition, the area where Crest Forest and Lake Arrowhead meet must be analyzed first to maintain contiguity between communities and second not leave a gap or cause an overlap of community definitions. In the staff opinion, there are three options for consideration by the Commission to define the Crest Forest community and division between the communities.

Option 1 – County Community Plan Areas

The Commission could determine to define the communities to match the County's Crest Forest and Lake Arrowhead Community Plans (which is also the division between the County Board of Supervisors Second and Third Districts). Such a definition would provide for a clear division between the two communities. The map below provides an illustration of the location of the community plan boundaries.

However, the division between the Crest Forest and Lake Arrowhead Community Plans currently conflicts with the existing spheres of influence boundaries for Crestline Village Water District and the Crestline Sanitation District that extend into the community plan area

for Lake Arrowhead. In addition, a portion of their actual boundaries also extend into the community plan area for Lake Arrowhead. The hatched areas along the common boundary between the Crest Forest and Lake Arrowhead Community Plans on the map below shows these conflict areas.

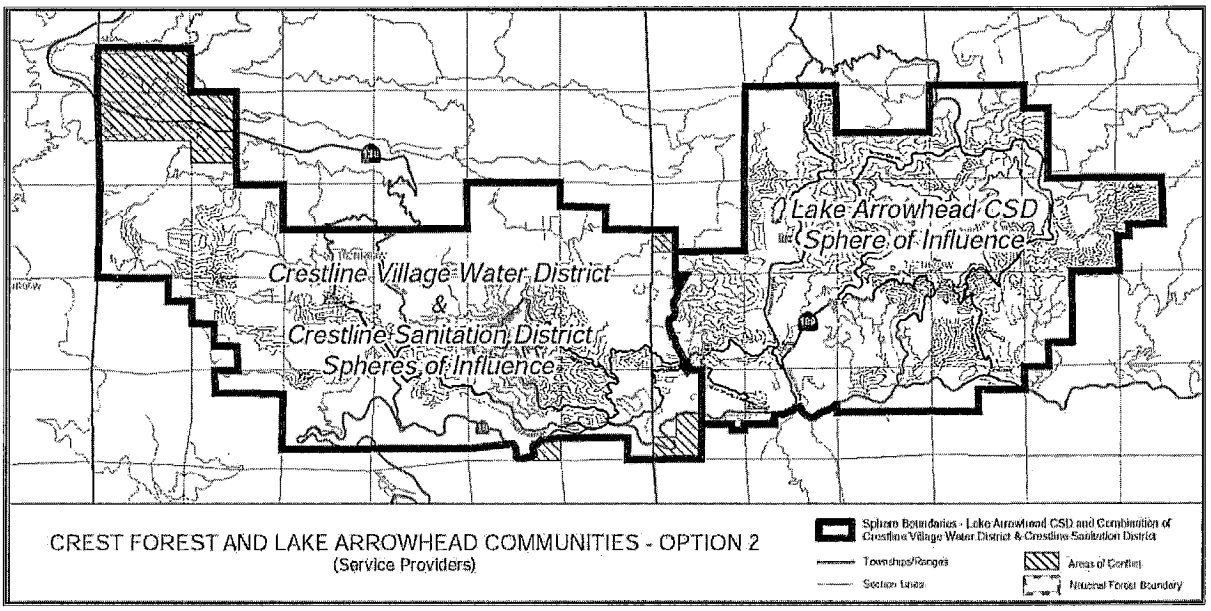


With regard to defining the Crest Forest community by the overall Crest Forest Community Plan boundaries, a portion of the existing sphere of influence boundaries for Crestline Sanitation District and Crest Forest Fire Protection District currently extend outside of the community plan's northwestern boundaries, within the Silverwood Lake area.

Although the Commission has already defined the Lake Arrowhead community, redefining it to encompass the overall Lake Arrowhead Community Plan boundaries also have some issues. A portion of the community plan's northern area is not within the Crestline-Lake Arrowhead Water Agency's boundary and/or sphere of influence, which is the wholesale water provider for the area and a portion of the Running Springs Water District's sphere of influence (Hilltop community-based service provider) extends into the community plan boundaries.

Option 2 – Spheres of Influence of Existing Service Providers

Another option would be to use the sphere of influence boundary between the water and sewer providers of the respective communities. In Crest Forest, Crestline Village Water District provides water service and Crestline Sanitation District provides sewer service. In Lake Arrowhead, the Lake Arrowhead Community Services District provides water and sewer service. This division is situated less than one quarter mile east of the western Lake Arrowhead Community Plan boundary.

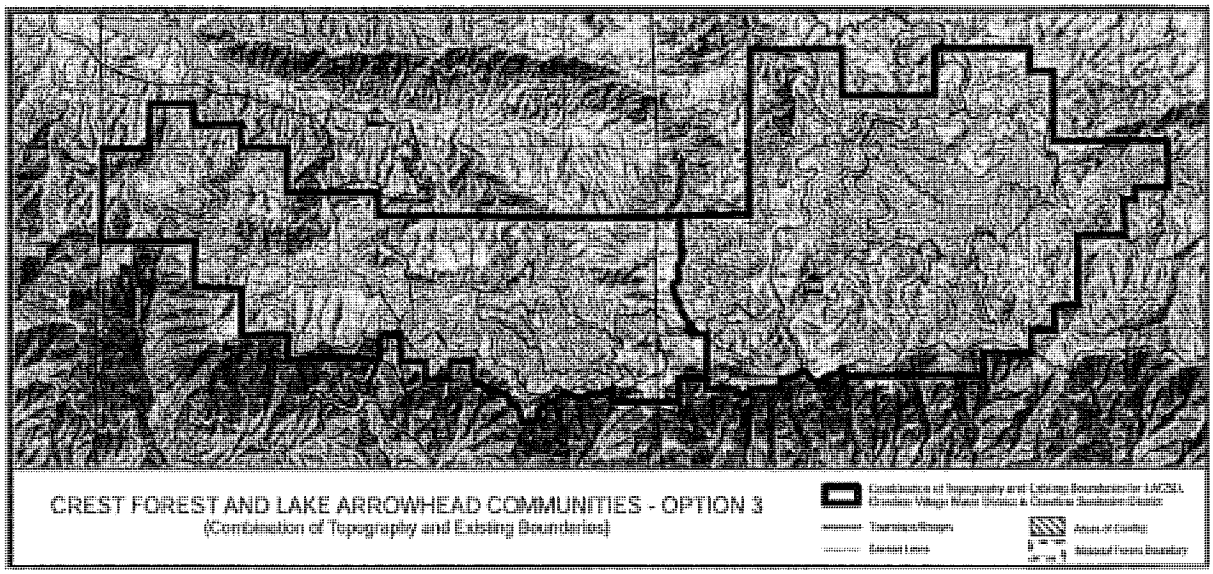


Defining the two communities using the spheres of influence boundaries for the existing water and sewer service providers matches the Commission's existing definition for Lake Arrowhead. The only conflict along the boundary division relates to the Crestline Sanitation District's existing sphere of influence extending into Lake Arrowhead CSD's existing sphere of influence, which should have been removed from Crestline Sanitation District's sphere when the area was annexed into the Lake Arrowhead CSD years ago.

With regard to defining the Crest Forest community using the spheres of influence boundaries for the Crestline Village Water District and the Crestline Sanitation District, three areas of conflict along the combined sphere boundary currently split parcels, and the Crestline Sanitation District's northwestern sphere area around Silverwood Lake is currently outside of the County's Community Plan boundaries.

Option 3 – Topography

A natural topographic divide, a ridge line, exists separating the communities. The ridge line runs north to south and is situated less than one quarter mile east of the western Lake Arrowhead Community Plan boundary, which is also what defines the existing spheres of influence boundaries for the water and sewer service providers for the area (see Option 2 discussion above). The division between the Lake Arrowhead Community Services District and the combination of the Crestline Sanitation District and Crestline Village Water District generally follow the ridge line along Strawberry Peak and Tunnel Ridge, which clearly separate both communities. The overall boundaries for these districts also follow along existing topographic constraints such as Sawpit Canyon and Monument Peak on the west, the ridge line facing the San Bernardino Valley (along the Rim of the World Highway) on the south, and Hook Creek on the east.



Staff's Recommendation

In the formulation of the Community Plan areas in 2007, the County did not take into account service provision (i.e. three Crest Forest community-based service providers extend into the Lake Arrowhead Community Plan area). Therefore, utilizing Community Plan areas does not adhere to Commission policy and practice.

There already are clear divisions between the communities – the ridge line and the boundary and spheres between the water and sewer providers of the respective communities. In the mountains, service area is constrained by topography; therefore, the sphere boundaries of these agencies generally follow the ridge line. In the view of staff, the community division should be a combination of the ridge line and the boundary and spheres of the sewer and water providers, adjusted for parcel lines.

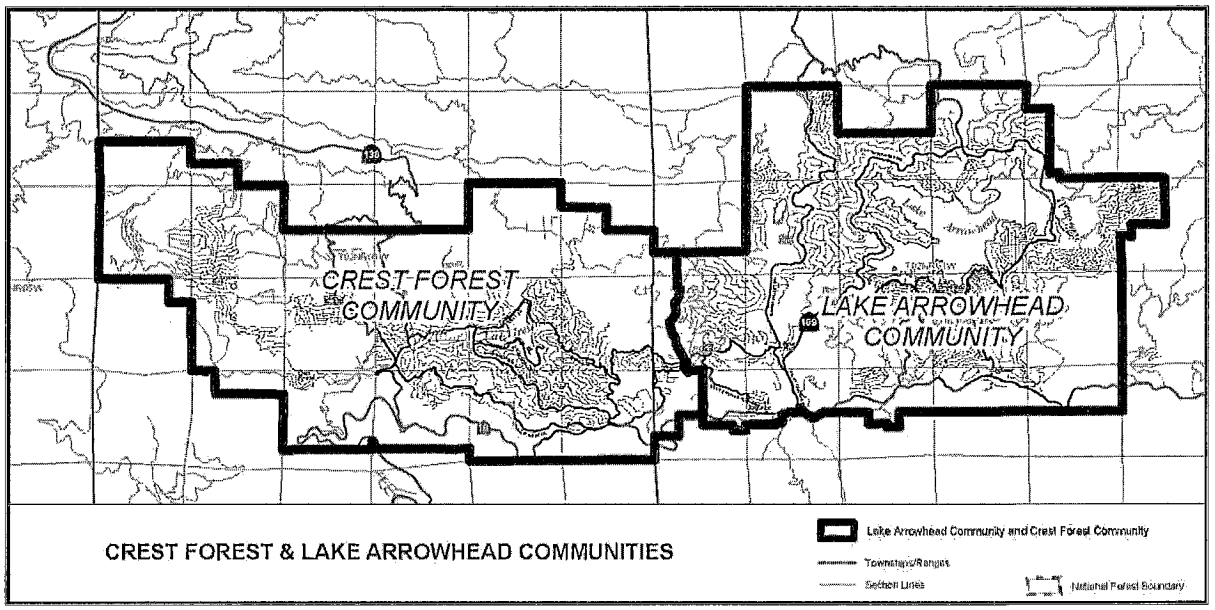
Therefore, LAFCO staff is recommending that the Commission:

- Indicate the ridge line and a combination of the boundaries and spheres of the sewer and water providers in Crest Forest and Lake Arrowhead form the division between the communities, adjusted to conform to parcel lines and/or road centerlines.

- Reaffirm that the Lake Arrowhead Community is defined by the Lake Arrowhead Community Services District sphere, which is to be expanded to include privately-owned parcels along the periphery of its existing sphere and adjusted to square-off its sphere delineations (detailed in the Lake Arrowhead Community Services District sphere of influence update).

- Define the Crest Forest Community to be the combination of spheres for the Crestline Sanitation District and the Crestline Village Water District, expanded to include all privately owned parcels along the periphery of each district's existing spheres, excluding the territory around Silverwood Lake and adjusted to square-off its sphere delineation.

A map showing the LAFCO staff recommended definition of the Lake Arrowhead and Crest Forest Communities is shown below, and included as a part of Attachment #2.



No sphere of influence action related to the community definition is proposed as a part of this report. The sphere of influence updates/amendments for each agency are included in the respective community reports which will recommend specific sphere modifications.

FIRE PROTECTION AND AMBULANCE SERVICES

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.

Fire Protection

Wildland fires are under the jurisdiction of 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[2] and Fire Safe Council[3].

Structure fires and emergency medical response calls are all under the jurisdiction of the San Bernardino County Fire Protection District (County Fire) and its Mountain Service Zone and the Crest Forest Fire Protection District. County Fire also provides other services such as hazardous materials regulation, dispatch communication, and disaster preparedness.

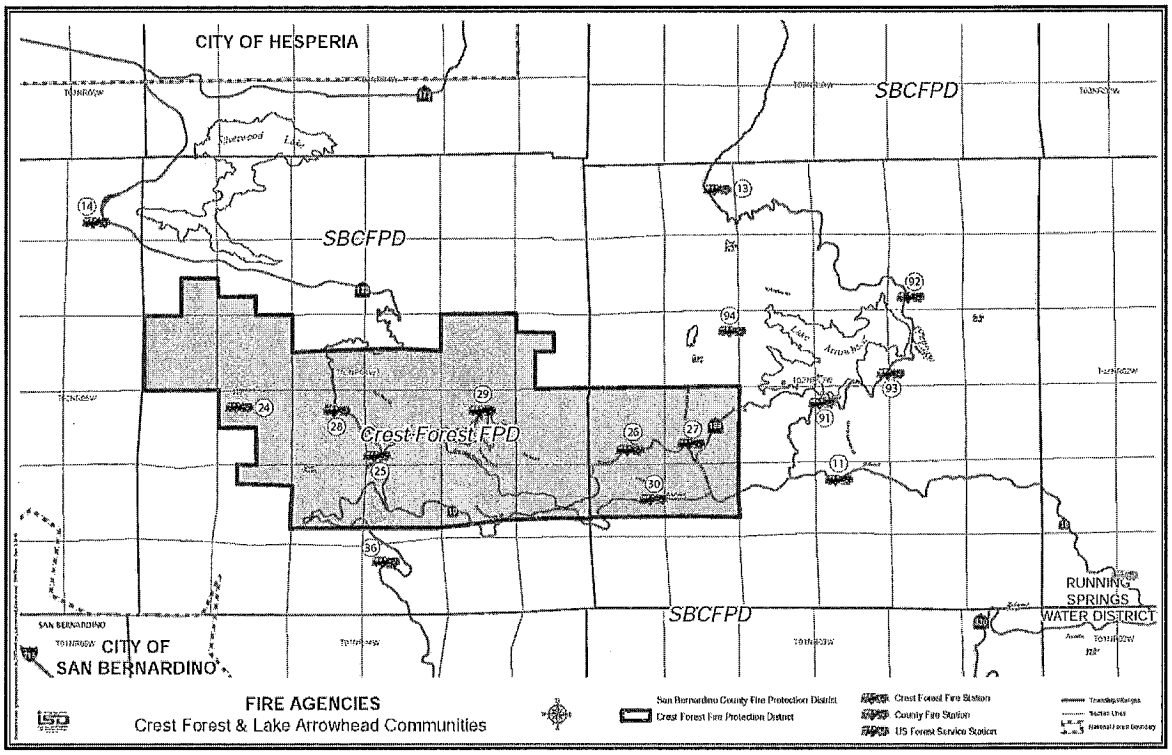
Later in this report, a service review and sphere of influence update is included for the Crest Forest Fire Protection District. The sphere of influence proposal for the reorganization of County Fire, LAFCO 3001, included a service review for the former county service areas and zones that provided fire protection. Therefore, a service review for County Fire Service Zone PM-1 (CSA 70 PM-1 as it predecessor) is not provided in this report.

Fire Stations

In the Crest Forest Community, there are seven fire stations identified as follows: four for the Crest Forest Fire Protection District and three for the U.S. Forest Service. There are no County Fire stations located in the Crest Forest community. In the Lake Arrowhead Community, there are ten stations identified as follows: three for the U.S. Forest Service, four for County Fire (formerly of Lake Arrowhead Fire Protection District), and three for Crest Forest Fire Protection District. Below is a map of the Crest Forest Fire Protection District and the fire stations located in the Crest Forest and Lake Arrowhead communities.

[2] The Mountain Area Safety Taskforce (MAST) in San Bernardino County is a coalition of local, state and federal government agencies, private companies and volunteer organizations working together to help prevent catastrophic wildfires. For more information, visit http://calmast.org.

[3] The Fire Safe Council provides resources for establishing and maintaining Fire Safe Councils, such as the FSC Handbook, nonprofit and funding information in California. For more information, visit www.firesafecouncil.org.



The two figures below are taken from the Crest Forest Community Plan and detail the fire stations in the Crest Forest community.

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

Fire Stations	Fire District /Agency	Area Served	Equipment	Personnel (number and title)	EMT Response Capabilities	Availability of ambulance services	Nearest Medical Facilities
USFS Station 36, Waterman Canyon	U.S. Forest Service	U.S. Forest Service lands	Type III engine and utility vehicles	Engine=5 person, 7 days, summer only			
USFS Station 11, Sky Forest	U.S. Forest Service	U.S. Forest Service lands	Type III engine, Type IV patrol and utility vehicles	Engine=5 person, 7 days, year round. Prevention Unit 11=1 person year round			
USFS Station 14, Cottonwood	U.S. Forest Service	U.S. Forest Service lands	Type III engine, pickup and utility vehicles	Engine=5 person, 7 days, summer only. Prevention Unit 14=1 person, year round			

The two figures below are taken from the Lake Arrowhead Community Plan and detail the fire stations in the Lake Arrowhead community. The stations in the chart below for Lake Arrowhead Fire Protection District are now operated by County Fire and its Mountain service zone. However, Station #93 shown on the map is currently inactive providing storage for County Fire.

Fire Stations	Fire District	Area Served	Equipment	Personnel (Number and Title)	EMT Response Capabilities	Availability of Ambulance Services	Nearest Medical Facilities
USFS Station 13, Rock Camp	U.S. Forest Service	U.S. Forest Service lands	Type III engine and utility vehicles	Engine=5 person, 7 days, summer only	NA	NA	Mountain Community Hospital (MTCH)
USFS Station 11, Sky Forest	U.S. Forest Service	U.S. Forest Service lands	Type III engine, Type IV patrol and utility vehicles	Engine=5 person, 7 days, year round. Prevention Unit 11= 1 person, year round	NA	NA	Mountain Community Hospital (MTCH)
USFS Station 12, Deer Lick	U.S. Forest Service	U.S. Forest Service lands	Type III engine, Type II water tender, Type IV patrol and utility vehicles	Engine=5 person, 7 days, summer only. Water tender=1 person, summer only. Prevention Unit 12= 1 person, year round	NA	NA	Mountain Community Hospital (MTCH)
North Shore Station 92	Lake Arrowhead Fire Protection District	Northeast shore of Lake Arrowhead	Fire boat, Snow Loader, Snow Cat (SC), Medic Ambulance (MA) 92, Water Tender (WT) 92, Medic Engine (ME) 92	3 capt, 3 engineers, 3 firefighters	9 staff	Medic Ambulance (MA) 92 Lake Arrowhead	Mountain Community Hospital (MTCH)
Arrowhead Village Station 91	Lake Arrowhead Fire Protection District	South shore of Lake Arrowhead	Heavy Rescue, Snow Loader, Snow Cat and Paramedic Ambulance, Engine 91, R91, Medic	3 capt, 3 engineers, 3 Firefighters, 3 Limited Term (LT), 3 firefighter/pm	15 staff	Medic Ambulance (MA) 91, Medic Ambulance (MA) 91R Lake Arrowhead	Mountain Community Hospital (MTCH)

Fire Stations	Fire District	Area Served	Equipment	Personnel (Number and Title)	EMT Response Capabilities	Availability of Ambulance Services	Nearest Medical Facilities
			Ambulance (MA) 91, Medic Ambulance (MA) 91R				
North Bay/Peninsula Station #94	Lake Arrowhead Fire Protection District	West Shore of Lake Arrowhead	Paramedic Ambulance, Bob Cat, Snow Loader, Engine 94, Medic Ambulance (MA) 94	3 capt, 3 engineers, 3 Limited Term (LT), 3 firefighter/pm	12 staff	Medic Ambulance (MA) 94 Lake Arrowhead	Mountain Community Hospital (MTCH)
Blue Jay Station #27	Crest Forest Fire Protection District	Blue Jay	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)

NA = information not provided by purveyor/agency

County Fire and its Mountain Service Zone

The board-governed fire agencies within San Bernardino County were reorganized, effective July 1, 2008 (LAFCO 3000). For fire protection, this included the dissolution of the Lake Arrowhead Fire Protection District and transfer of responsibility for fire protection services within its boundaries to County Fire (administration) and its Mountain Service Zone (service response provider).

The Mountain Service Zone provides the full range of first-responder emergency medical services from basic first aid through paramedic. Personnel consists of: one division chief, three battalion chiefs, 14 captains, nine engineers, 21 firefighters, nine limited term firefighters, and 61 paid call firefighters. Equipment consists of: eleven fire engines, three brush engines, three brush patrols, six ambulances, two squads, four water tenders, six snow cats, three boats, and three rescues. The Mountain Service Zone of County Fire has automatic and/or mutual aid agreements with the California Department of Forestry, Fire Protection (Cal Fire), U.S. Forest Service, and Crest Forest Fire Protection District. Emergency call information for 2008 and 2009 is shown on the chart below. [4]

[4] San Bernardino County Fire Protection District. website. Accessed 25 August 2010, last update unknown. www.sbcfire.org.

Emergency Calls 2008 and 2009

	Structure Fires	Brush/Veg Fires	Other Fires	Rescues	Medical Calls	Traffic Accidents	Other Incidents
2008	45	37	49	20	1,866	266	1,357
2009	50	23	34	22	1,330	180	949

2008 Totals = 3,640
2009 Totals = 2,588

*2009 totals reflect Station 9 (Mentone) moved from the Mountain Division into the Valley Division.

There are no County Fire stations located in the Crest Forest community. The details of the four County Fire stations in the Lake Arrowhead community are as follows:

- Station 91 protects the south shore of Lake Arrowhead. Specialized equipment includes: Heavy Rescue, Snow Loader, Snow Cat, and Paramedic Ambulance. Address is 301 State Highway 173

- Station 92 protects the north east shore of Lake Arrowhead. Specialized equipment includes Fire Boat, Snow Loader, and Snow Cat. Address is 981 North Highway 173

- Station 93 is an unstaffed fire station located in the community of Cedar Glen on the east shore of Lake Arrowhead. No equipment is currently house at this facility; it provides for storage only at this time. Address is 200 North Highway 173.

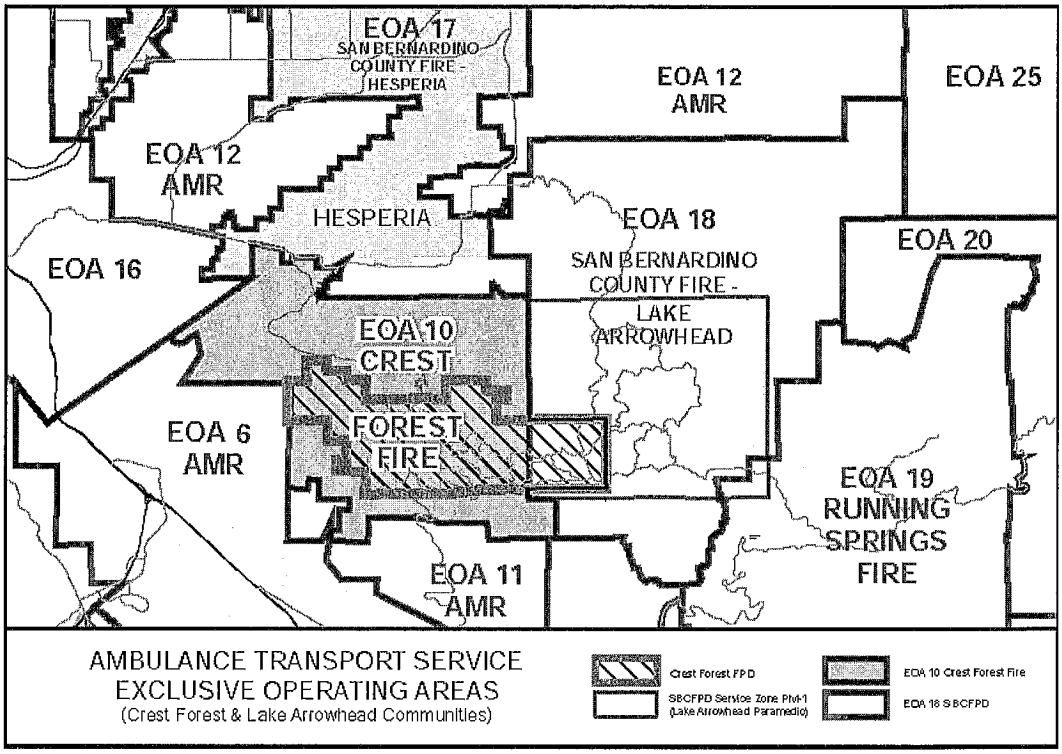
- Station 94 is located on the west boundaries of Lake Arrowhead. Specialized equipment includes: Paramedic Ambulance and Bob Cat Snow Loader. Address is 27470 North Bay Road

Ambulance and Paramedic Services

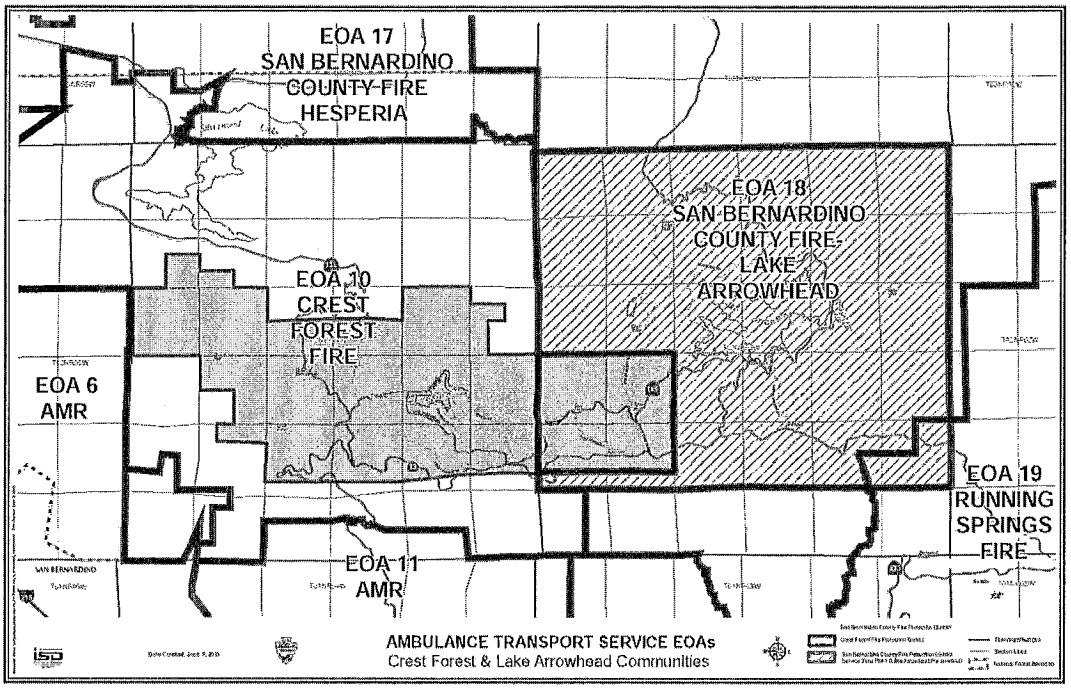
In the Crest Forest community, ambulance and paramedic services are provided by Crest Forest Fire Protection District. Crest Forest Fire receives paramedic funding through its PM-A service zone and its succession to the PM-1 service zone in the eastern Crest Forest community. In the Lake Arrowhead community ambulance and paramedic services are provided by County Fire and Crest Forest Fire. Additionally, in Lake Arrowhead, the San Bernardino County Fire Protection District Service Zone PM-1 exists as a mechanism to generate tax revenue for paramedic services.

Since 1988, the County of San Bernardino Board of Supervisors has authorized the implementation of ambulance provider Exclusive Operation Areas (EOAs) as authorized by Sections 1797 et seq. of the Health and Safety Code. The local emergency medical services agency for San Bernardino County to define EOAs is the joint powers agency

known as the Inland Counties Emergency Medical Agency, or "ICEMA". A map of the EOAs in the study area and surrounding is shown overlaid by Crest Forest Fire.



The following map shows a more regional view of the providers within the Crest Forest and Lake Arrowhead communities:



Of significance for LAFCO staff, is that the Crest Forest FPD provides service beyond its boundaries within EOA 10 extending down the mountain toward San Bernardino and northerly to the north portion of Lake Silverwood territory currently a part of the San Bernardino FPD fire response obligation, but does not encompass its entire jurisdiction. There is no LAFCO solution for this question as it has no jurisdiction for development of the EOAs through ICEMA.

Former Board-Governed Lake Arrowhead Fire Protection District

Before the reorganization of the board-governed fire districts within the county (LAFCO 3000), the Lake Arrowhead Fire Protection District had ambulance "201 status", which derives from Section 1797.201 of the California Health and Safety Code and essentially allows cities and fire districts with an established ambulance operation prior to June 1, 1980, to continue providing these services without an agreement from local emergency medical services agencies.

As a part of LAFCO 3000, the Lake Arrowhead Fire Protection District was dissolved with County Fire named as the successor agency. This ambulance area (EOA 18) remains intact and County Fire continues to provide Advanced Life Support ambulance service as the successor agency. Jurisdiction for determination of ambulance service to define EOAs remains the responsibility of ICEMA and is unchanged by the actions for reorganization by LAFCO 3000.

County Fire Service Zone PM-1

San Bernardino County Fire Protection District Service Zone PM-1 ("Zone PM-1") is a special tax entity to fund paramedic services to a portion of the Lake Arrowhead area. Landowners within Zone PM-1 are charged an annual special tax of $17.30 for this service.

The County Fire Reorganization included the dissolution of County Service Area 70 Zone PM-1 (a taxing entity for paramedic services in the Lake Arrowhead area) and the formation of San Bernardino County Fire Protection District Service Zone PM-1. During the processing of the County Fire Reorganization, it was identified that the territory of CSA 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 Protection District

Crest Forest Fire has two 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. These zones are outlined on the maps shown above.

Overlap Area

The Crest Forest Fire Protection District is authorized by LAFCO to provide ambulance services within its boundaries. 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. As shown on the map above, 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 one of County Fire's Lake Arrowhead stations. This service division, in LAFCO staff's view, needs to be reviewed further by the all the affected agencies – Crest Forest Fire, County Fire, and ICEMA. Therefore, staff recommends that the agencies pursue a resolution regarding this issue.

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 or a fire engine for Crest Forest's EOA, depending on the need.

Based upon these determinations, LAFCO staff will be recommending that the Commission modify the sphere of influence of the District to correspond on the south, west and north to the Crest Forest community definition and modify it description of services to more adequately outline existing service provision. No actions are recommended for County Fire.

CREST FOREST FIRE PROTECTION DISTRICT
Service Review and Sphere of Influence Update

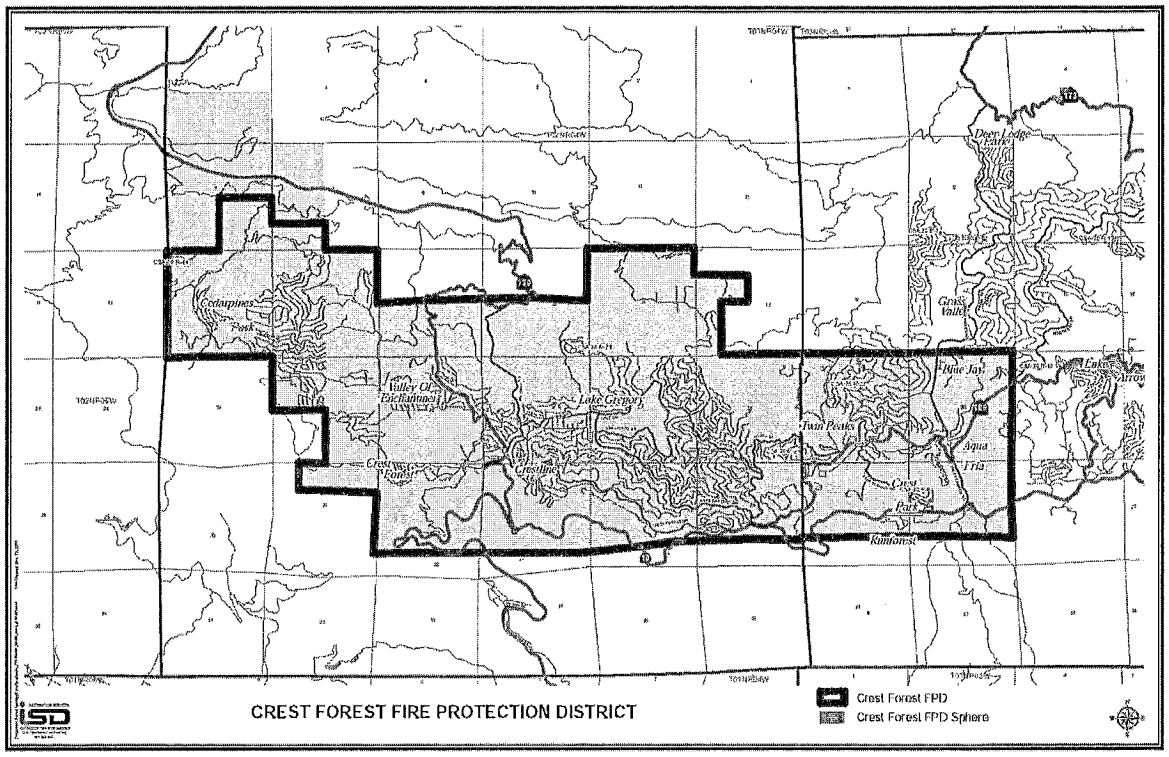
LAFCO 3127 consists of a service review pursuant to Government Code Section 56430 and sphere of influence update pursuant to Government Code 56425 for the Crest Forest Fire Protection District ("Crest Forest Fire").

Crest Forest Fire was formed in 1929 for the primary purpose of providing fire protection services to the Crest Forest community and was reorganized in 1962 under the "Fire Protection District Law of 1961". It currently operates under the *Fire Protection District Law of 1987*, Health and Safety Code Section 13800 et seq. Crest Forest Fire is an independent special district with a five-member board of directors elected at-large. Currently, Crest Forest Fire is authorized by LAFCO to provide the function of fire protection pursuant to the *Rules and Regulations of the Local Agency Formation Commission of San Bernardino County Affecting Functions and Services of Special Districts.*

As discussed in the balance of this report, LAFCO staff is recommending that the Commission modify the Crest Forest Fire's sphere of influence within the Crest Forest area to encompass the Crest Forest community, as defined by the Commission, which is a combination of the existing spheres of influence for Crestline Village Water District and the Crestline Sanitation District (water and sewer service providers for the area), to include surrounding private lands and adjusted to match existing parcel delineation. No change is being proposed for the Lake Arrowhead portion of the District.

LOCATION AND BOUNDARIES:

Crest Forest Fire is located in the Crest Forest Community and southwestern portion of the Lake Arrowhead Community. The study area encompasses approximately 16.5 square miles generally bordered by section lines along Crest Summit and the community of Blue Jay on the east; a combination of parcel lines generally along Rim of the World Highway (Hwy 18) and the community of Rimforest on the south; a combination of section lines and parcel lines generally along Playground Drive, Ridge Drive, and Sawpit Canyon Trail on the west; and a combination of section lines and parcel lines south of Silverwood Lake, Miller Canyon, and Pilot Rock on the north. The area includes Lake Gregory and the unincorporated areas known as Skyland, Crestline, Valley of Enchantment, Valley View Park, Cedarpines Park, Arrowhead Highlands, Twin Peaks, Crest Park, Rimforest, and Blue Jay. A map of Crest Forest Fire is shown below and is included as a part of Attachment #7.



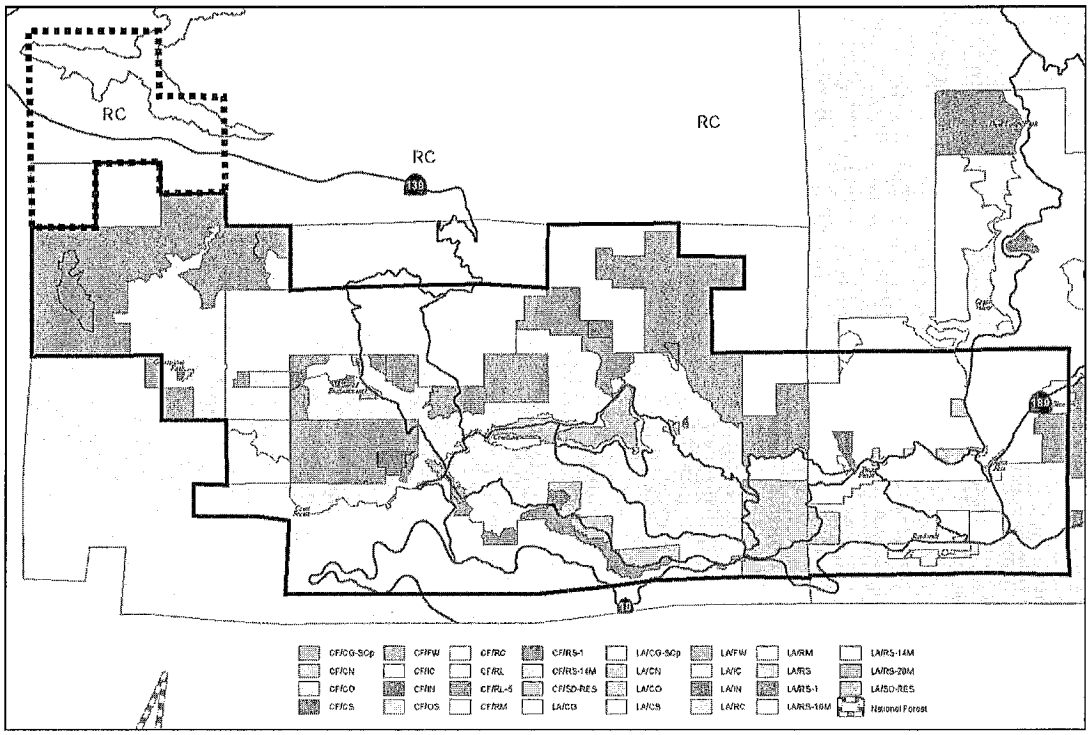
CREST FOREST FIRE SERVICE REVIEW

At the request of LAFCO staff, Crest Forest Fire prepared a service review pursuant to San Bernardino LAFCO policies and procedures. The response to LAFCO's original and updated requests for materials includes, but is not limited to, the narrative response to the factors for a service review, response to LAFCO staff's request for information, and financial documents (included as Attachment #7). LAFCO staff responses to the mandatory factors for consideration for a service review (as required by Government Code 56430) are identified below and incorporate Crest Forest Fire's response and supporting materials.

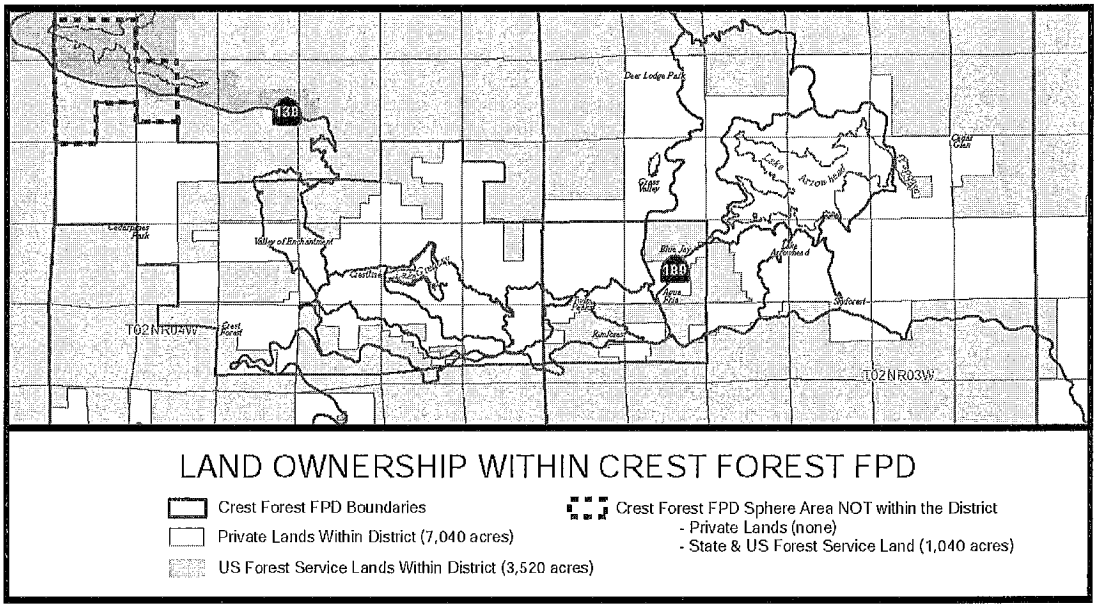
I. Growth and population projections for the affected area.

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.



The land ownership distribution and breakdown within Crest Forest Fire's boundary are identified on map below. 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 staff
Methodology for LAFCO staff calculations[8]

II. 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.

[8] Methodology for LAFCO staff calculations.
Population between 2005 and 2030 represent the average five year growth rate from 2000 to 2030.
Crest Forest Fire comprises all the populated areas of the Crest Forest Community Plan area and roughly 30% of the residential parcels of the Lake Arrowhead Community Plan area.

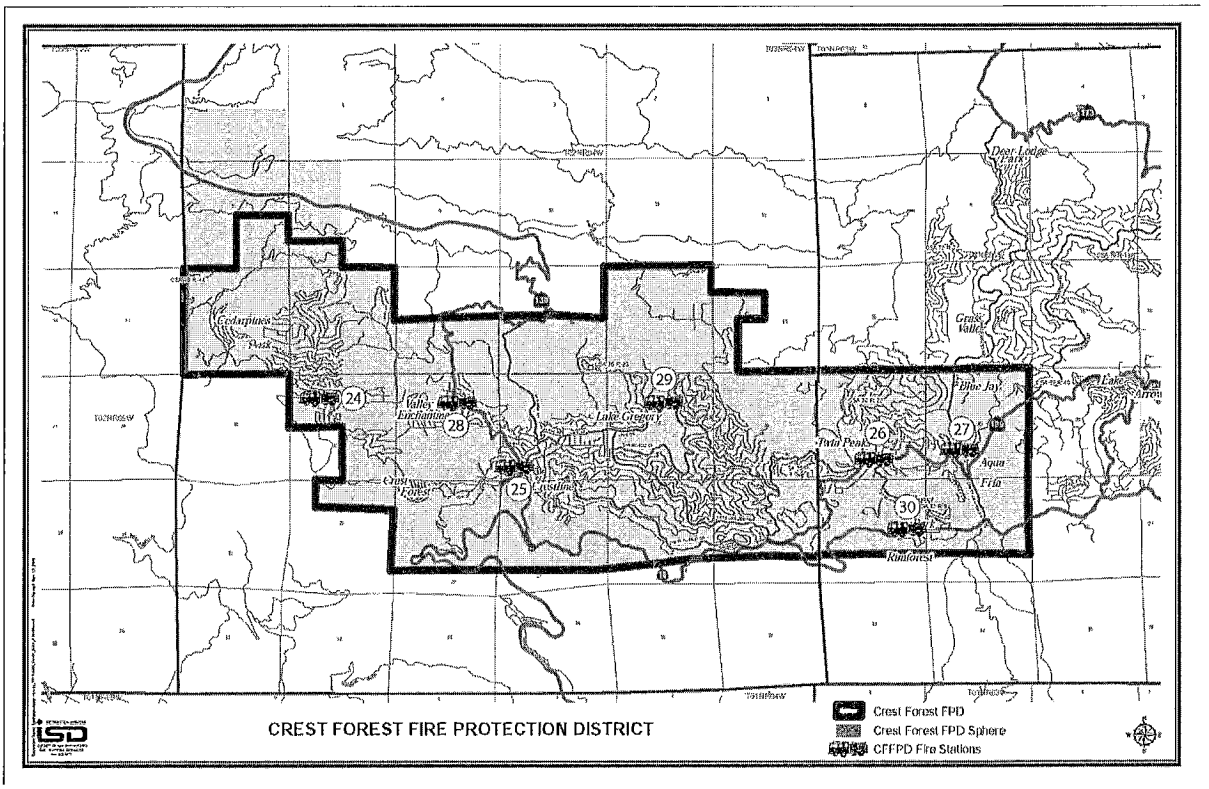
Personnel, Facilities and Equipment

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. Below the charts is a map showing the District's stations.

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

			(MA) 24				
Blue Jay Station #27	Crest Forest Fire Protection District	Blue Jay	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)



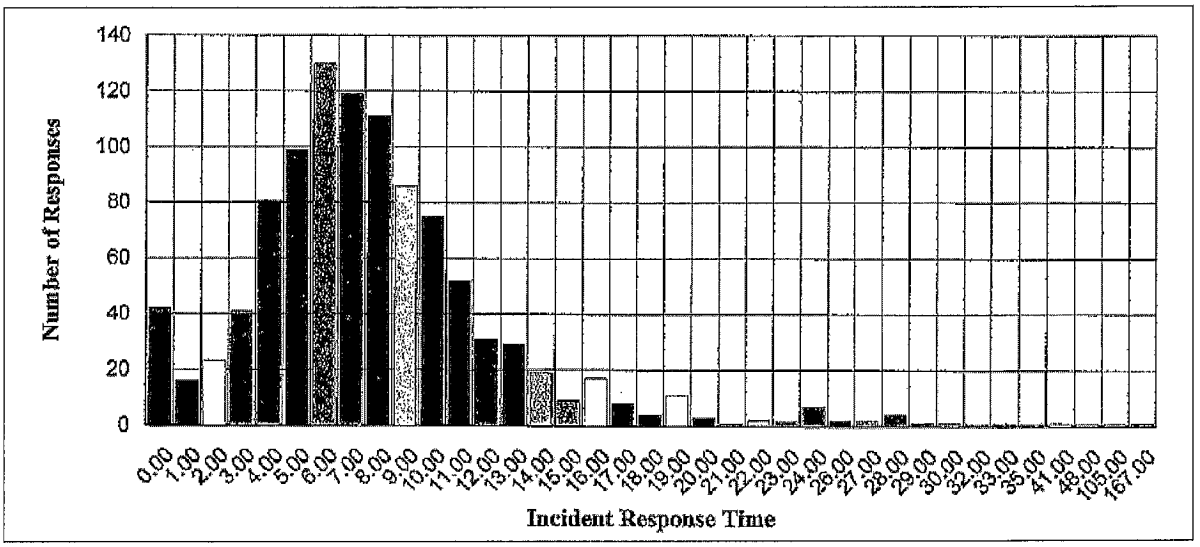
Capital equipment includes six engines of which one is a brush engine – average model year is 1994, four ambulances – average model year is 2001, two snow cats, one rescue unit, one front loader, one water tender, and other support vehicles.

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%**



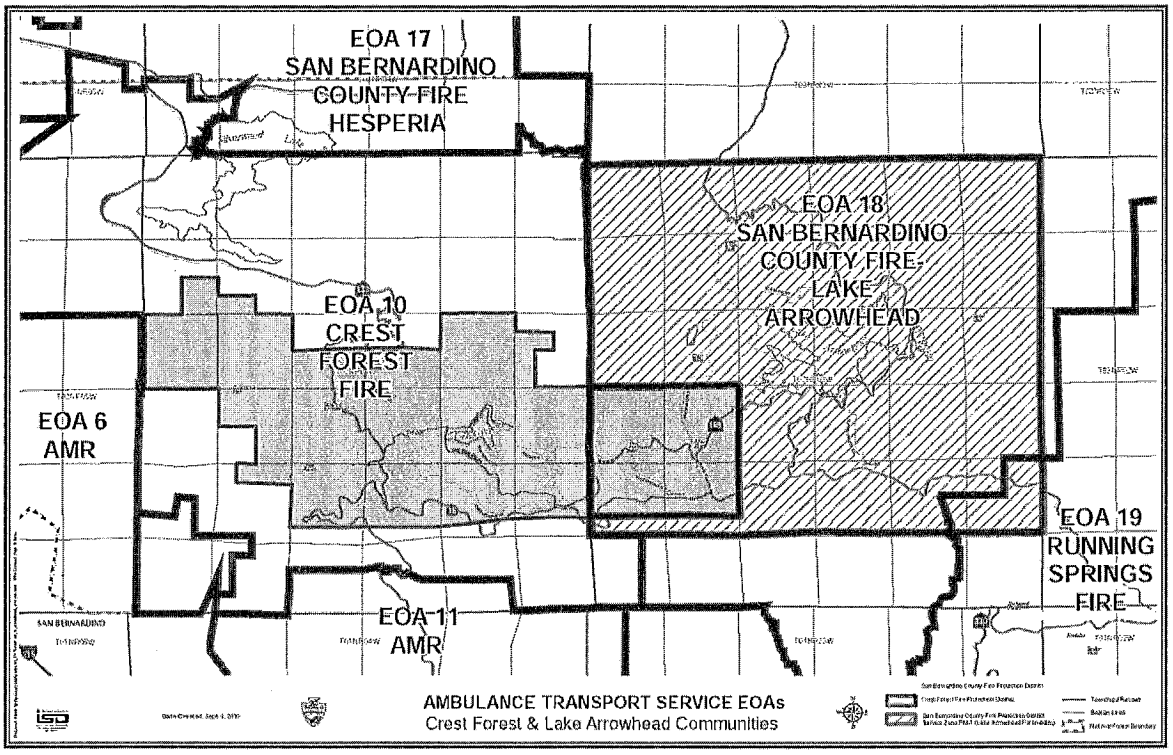
source: Crest Forest Fire, time period 1/1/2010 to 8/25/2010

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. As shown on the map below, 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.

III. Financial ability of agencies to provide services.

For this report, staff has reviewed the District's budgets and audits (excerpts included as Attachment #7), and State Controller reports for special districts. In reviewing the financial documents, 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 Lake Arrowhead. 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, LAFCO staff has provided 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 staff.

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 terminal 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 terminal 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.

IV. 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.

V. 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.

  LAFCO staff has not received interest 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

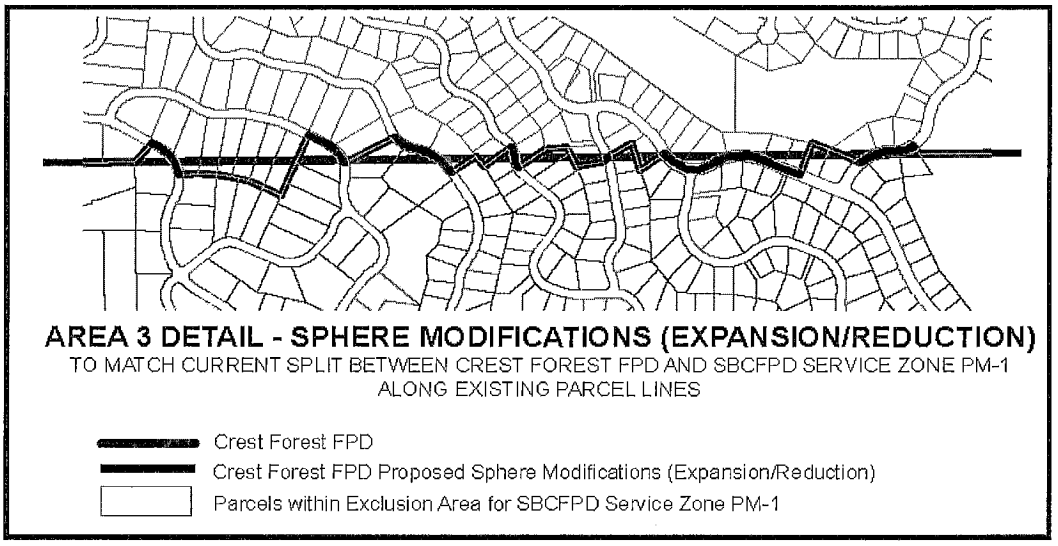
At this time, LAFCO staff is not recommending any structural or organizational changes for the District.

CREST FOREST FIRE SPHERE OF INFLUENCE UPDATE

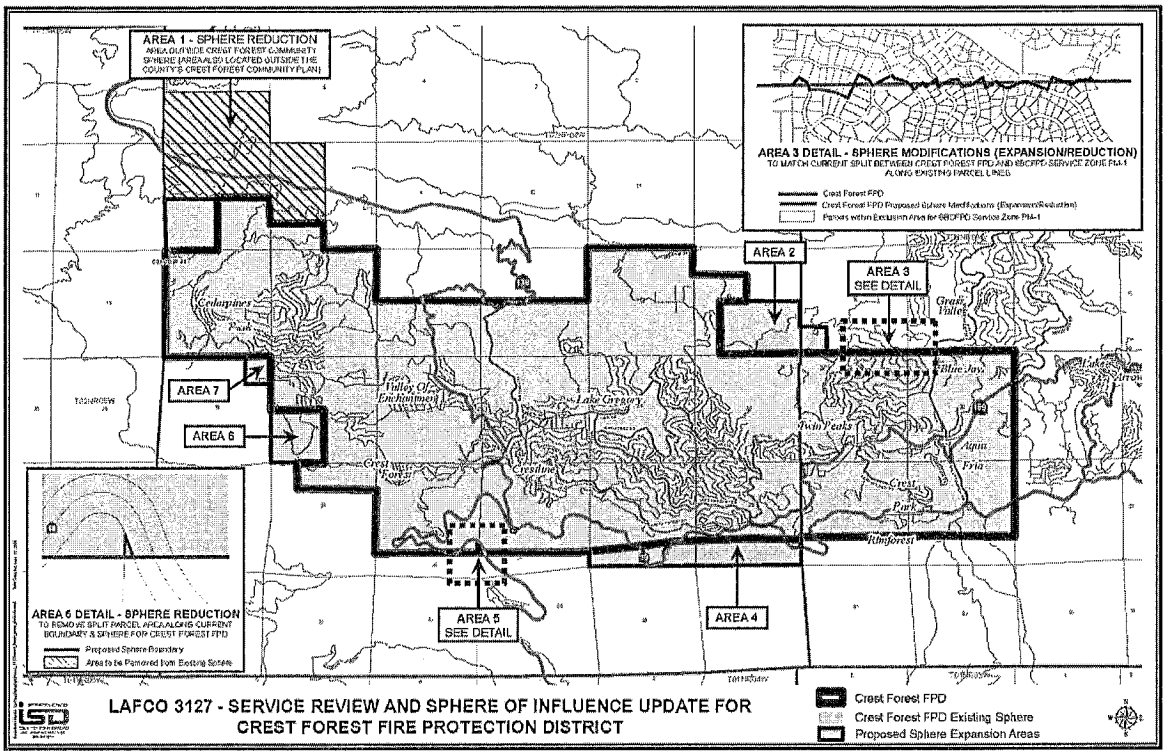
Sphere of Influence

The District's sphere of influence extends beyond its boundaries by roughly 1.5 square miles. The majority of the surrounding lands are public with the area to the northeast within the boundary of County Fire and its Service Zone PM-1. As discussed in the "Community Discussion" section of this report, staff recommends that the Commission expand the sphere of Crest Forest Fire to encompass the Crest Forest community, as defined by the Commission, and remove the territory in and around Silverwood Lake from the District's sphere. Additional sphere modifications include surrounding private lands, to adjust for parcel lines, and to conform to the Crest Forest community definition are shown on the second map below.

Area 3 adjusts for parcel lines but also has boundary implications. A sphere modification is being proposed along the District's existing northeastern sphere to realign the split parcel boundary to match the actual parcel delineation between the District and the San Bernardino County Fire Protection District Service Zone PM-1. A detail map below shows the proposed sphere delineation to match existing parcel lines that separate both districts.



Staff's final recommendation is shown below and is included in Attachment #7.



Authorized Powers

When updating a sphere of influence for a special district, the Commission is required to establish the nature, location, and extent of any functions or classes of services provided by the district (Government Code §56425(i)). The current service description for the Fire Protection function does not adequately reflect the ambulance and paramedic services that the District provides. Staff recommends that the Commission modify the service description for Crest Forest Fire, with changes identified in strikeout and underline below.

FUNCTION	**SERVICE**
Fire Protection	Structural, watershed, suppression, prevention, communications, ~~supplemental ambulance manpower~~, ambulance, paramedic

FACTORS OF CONSIDERATION:

The District was requested to provide information regarding the sphere of influence update as required by State law. Staff responses to the mandatory factors of consideration for a sphere of influence review (as required by Government Code Section 56425) are identified as follows:

The Present and Planned Uses in the Area

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.

The Present and Probable Need for Public Facilities and Services in the Area

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.

The Present Capacity of Public Facilities and Adequacy of Public Services that the Agency Provides

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.

The Existence of any Social or 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.

CONCLUSION FOR CREST FOREST FIRE PROTECTION DISTRICT:

Staff recommends that the Commission:

- Expand the Crest Forest Fire sphere area to encompass the Crest Forest community, as defined by the Commission in the "Community Discussion" section of this report and adjust the sphere along the northeastern portion of the District's sphere area in Lake Arrowhead to match to match the actual parcel delineation between the District and the San Bernardino County Fire Protection District Service Zone PM-1.

- Reduce the sphere of influence for Crest Forest Fire to exclude the 1.5 square miles around Silverwood Lake, not a part of the community definition.

- Modify the service description for Crest Forest Fire, to adequately reflect its ambulance and paramedic services.

ADDITIONAL DETERMINATIONS

1. The Commission's Environmental Consultant, Tom Dodson and Associates, has determined the options outlined in this report for the various agencies are statutorily exempt from environmental review. Mr. Dodson's response for each of the reviews is included in their respective attachments to this report.

2. 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.

3. As required by State law, individual notification was provided to affected and interested agencies, County departments, and those agencies and individuals requesting mailed notice. In addition, on November 17, 2010 LAFCO staff conducted a meeting with the Crest Forest and Lake Arrowhead agencies to review the determinations made within the four reports.

4. Comments from landowners/registered voters and any affected agency will need to be reviewed and considered by the Commission in making its determinations.

RECOMMENDATIONS

Staff recommends that the Commission take the following actions:

1. Receive and file the service reviews for County Service Area 54, County Service Area SL-1 (Lake Arrowhead portion), and Crest Forest Fire Protection District and make the findings related to the service reviews required by Government Code 56430 as outlined in the staff report.

2. For environmental review certify that the sphere of influence expansions for County Service Area 54 (LAFCO 3118) and the sphere of influence amendments (expansions and reductions) for the Crest Forest Fire Protection District and the service description modification for Crest Forest FPD (LAFCO 3127) are statutorily exempt from environmental review and direct the Executive Officer to file the Notices of Exemption within five (5) days.

3. For LAFCO 3118, approve the sphere of influence expansion for County Service Area 54.

4. For LAFCO 3127, approve the sphere of influence amendments which include expansion and reductions for the Crest Forest Fire Protection District and modify the district's service description under its authorized Fire Protection function as identified in this report.

5. Adopt the appropriate resolutions reflecting the Commission's determinations:

a. Resolution No. 3114 for LAFCO 3118 - Service Review and Sphere of Influence Update for County Service Area 54

b. Resolution No. 3116 for LAFCO 3127 - Service Review and Sphere of Influence Update for Crest Forest Fire Protection District

KRM/SM/MT

ATTACHMENTS

1. Maps
   a. Regional
   b. County Community Plan Areas

2. Map – LAFCO Staff Community Recommendations

3. Maps - Streetlight Agencies
   a. Current Boundary and Sphere
   b. LAFCO staff Proposed Sphere Expansion

4. Map – Fire and Ambulance Agencies

5. County Service Area 54
   a. Map – Current Boundary and Sphere
   b. Map – LAFCO Staff Proposed Sphere Expansion
   c. Service Review and Sphere Update Response
   d. Financial Information: Budget and Audit
   e. Response from Commission's Environmental Consultant
   f. Draft Resolution No. 3114 for LAFCO 3118

6. County Service Area SL-1 (Lake Arrowhead portion)
   a. Map – Current Boundary and Sphere
   b. Service Review and Sphere Update Response
   c. Financial Information: Budget and Audit

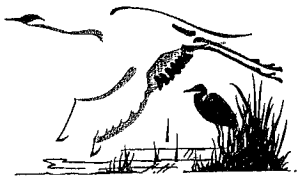
7. Crest Forest Fire Protection District
   a. Map – Current Boundary and Sphere
   b. Map – LAFCO Staff Proposed Sphere Modification
   c. Service Review and Sphere Update Response
   d. Financial Information: Budget and Audit
   e. Response from Commission's Environmental Consultant
   f. Draft Resolution No. 3116 for LAFCO 3127

8. Lake Arrowhead Community Services District's Response Dated 9/28/2010

Letter from Commission Environmental Consultant Tom Dodson of Tom Dodson and Associates Dated February 19, 2015

Attachment 4

TOM DODSON & ASSOCIATES
2150 N. ARROWHEAD AVENUE
SAN BERNARDINO, CA 92405
TEL (909) 882-3612 • FAX (909) 882-7015
E-MAIL tda@tdaenv.com



RECEIVED
FEB 26 2015
LAFCO
San Bernardino County

February 19, 2015

Ms. Kathleen Rollings-McDonald
Local Agency Formation Commission
215 North "D" Street, Suite 204
San Bernardino, CA 92415-0490

Dear Kathy:

LAFCO applications 3185 and 3186 request a Sphere of Influence Expansion and a Reorganization that affect the Crest Forest Fire Protection District (CFFPD) and the San Bernardino County Fire Protection District (SBCFPD). Specifically, LAFCO 3185 consists of an expansion of the SBCFPD Sphere of Influence to encompass the Crest Forest community located in the San Bernardino Mountains. LAFCO 3186 consists of a reorganization to include annexations to the SBCFPD, its Mountain and PM-1 Service Zones, dissolution of the CFFPD and its Service Zone PM-A, Formation of Service Zone FP-7 and PM-4. The sphere expansion encompasses approximately 11,300 which encompasses the entire CFFPD. This area generally includes Lake Gregory and the unincorporated areas known as Skyland, Crestline, Valley of Enchantment, Valley View Park, Cedarpines Park, Arrowhead Highlands. Twin Peaks, Crest Park, Rimforest and Blue Jay.

The objective of this expansion and reorganization is to provide a fire protection entity that will be able to provide sustainable fire protection service into the future. In this case, it is the SBCFPD that will assume the fire protection responsibilities of the CFFPD in order to meet this objective. The two LAFCO actions are designed to provide a seamless transition to continued fire protection service for the residents and businesses located within the CFFPD' s service area. The effects of the sphere expansion and reorganization does not appear to have any potential to alter the existing physical environment in any manner.

Therefore, I recommend that the Commission find that a Statutory Exemption (as defined in the California Environmental Quality Act, CEQA) applies to LAFCOs 3185 and 3186 under Section 15061 (b) (3) of the State CEQA Guideline. This General Rule Statutory Exemption states: "A project is exempt from CEQA if the activity is covered by the general rule that CEQA applies only to projects which have the potential for causing significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA." It is my opinion, and recommendation to the Commission, that the General Rule exemption applies to LAFCOs 3185 and 3186.

Based on this review of LAFCOs 3185 and 3186 and the pertinent sections of CEQA and the State CEQA Guidelines, I conclude that these actions do not constitute a project under CEQA and adoption of the General Rule Statutory Exemption and filing of Notices of Exemption is the most appropriate determination to comply with CEQA for these actions. The Commission can approve this review and findings for these actions and I recommend that you notice LAFCOs 3185 and 3186 as statutorily exempt from CEQA for the reasons outlined in the State CEQA Guideline section cited above. The Commission needs to file the Notices of Exemption (NOE) with the County Clerk to the Board for these actions once the action is completed.

A copy of this memorandum and the NOEs should be retained in LAFCO' s project file to serve as verification of this evaluation and as the CEQA environmental determination record. If you have any questions, please feel free to give me a call.

Sincerely,

Tom Dodson

Tom Dodson

Draft LAFCO Resolution No. 3195

Attachment 5

PROPOSAL NO.: LAFCO 3185

HEARING DATE: March 18, 2015

RESOLUTION NO. 3195

A RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY MAKING DETERMINATIONS ON LAFCO 3185 AND APPROVING THE SPHERE OF INFLUENCE EXPANSION FOR THE SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT AND REDUCTION FOR THE CREST FOREST FIRE PROTECTION DISTRICT (sphere amendments encompassing approximately 10,429 acres expanding the sphere of influence for the San Bernardino County Fire Protection District to include the Crest Forest Fire Protection District and to designate a zero sphere of influence for the Crest Forest Fire Protection District).

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

WHEREAS, an application for the proposed sphere of influence amendment (expansion/reduction to zero) in the County of San Bernardino was filed with the Executive Officer of this Local Agency Formation Commission (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, the public hearing by this Commission was called for March 18, 2015 at the time and place specified in the notice of public hearing; and,

WHEREAS, at the hearing, this Commission heard and received all oral and written support and opposition; the Commission considered all objections and evidence which were made, presented, or filed; 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, a statutory exemption has been issued pursuant to the provisions of the California Environmental Quality Act (CEQA) indicating that the sphere of influence amendments

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(expansion/reduction to zero) is statutory exempt from CEQA and such exemption was adopted by this Commission on March 18, 2015. The Commission directed its Executive Officer to file a Notice of Exemption within five working days with the San Bernardino County Clerk of the Board of Supervisors; 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 San Bernardino County Fire Protection District should be expanded to include the Crest Forest Fire Protection District and to designate a zero sphere of influence for the Crest Forest Fire Protection District, as more specifically described on the attached Exhibits "A" and "A-1" to this resolution; and,

WHEREAS, the Commission determined that the service review conducted for the Crest Forest Fire Protection District adequately fulfills the determinations required by Government Code Section 56430. A complete copy of the report dated November 30, 2010 and received and filed by the Commission on December 8, 2010, is on file in the LAFCO office;

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

1. The Present and Planned Land Uses in the area including agricultural and open-space lands:

The land area proposed to be included in the sphere of influence of the San Bernardino Fire Protection District includes land use designations from the most urban intensity to territory anticipated for preservation as open space. Development in the San Bernardino Mountains is naturally constrained by 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 General Plan Fire Safety Overlay. 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. The public lands within the community are designated Resource Conservation.

Roughly 81% of the lands within the community is privately owned with the remainder 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, 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. The current estimate of population within the Crest Forest community for 2014 is 18,753 year-round residents.

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As an unincorporated area, the County General Plan addresses the land use issues for the community along with the Crest Forest Community Plan. These plans include the following goals related to fire protection and emergency response:

Goal LU8-3 (Subsection 1) "Create a County Fire Master Plan that will identify the various areas of the County and provide standards of coverage commensurate with the various characteristics of the County but whose goal is to achieve the levels of service established by the National Fire Protection Association NFPA) 1710 and 1720.

Goal CI 16.1 "Continue the consolidation efforts of the Fire Department to maintain the continued operation, services, facilities, and current infrastructure but also to ensure the provision of operations, service facilities and internal infrastructure into the future.

Approval of this sphere of influence amendment proposal will move these goals forward for the unincorporated community of Crest Forest.

2. The present and probable need for public facilities and services in the area

The Crest Forest Fire Protection District has submitted a response to the Factors of Consideration for the sphere of influence amendment and the San Bernardino County Fire Protection District has developed a Plan for Service which outlines the continuing delivery of fire protection, emergency medical response and ambulance service to the Crest Forest community. The need for a maintenance of a community emergency response agency in a mountain community cannot be minimized. There are generally two ways off the mountain for the Crest Forest community and the development of a Strategic Plan to address this emergency response is critical to the community. In the past, financial constraints within the Crest Forest Fire Protection District prevented this plan from being prepared. However, through the completion of the companion annexation proposal, the community will continue to receive the fire protection, emergency medical response and ambulance services they have enjoyed in the past and may receive the much needed Strategic Plan document through the San Bernardino County Fire Protection District.

3. The present capacity of public facilities and adequacy of public services that the agency provides

The package of applications submitted by the Crest Forest Fire Protection District is intended to maintain the current level of fire protection, emergency response, and ambulance service provided to the community. In 2013 the District contracted with the San Bernardino County Fire Protection District to provide its range of services in order to resolve financial concerns related to ongoing operations and the desire to maintain staffing and service levels provided to the community. This sphere of influence amendment application will allow for the delivery of fire protection, emergency response and ambulance service to continue through completion of the reorganization process. No increase in service is anticipated through the completion of this set of proposals.

4. The existence of any social or economic communities of interest

The 16+/- square mile area of the Crest Forest Fire Protection District is the heart of the Crest Forest community, which includes areas commonly known as Crestline, Cedarpines

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Park, Valley of the Moon, Twin Peaks, and Sawpit Canyon. The assurance of continuing fire protection, emergency response and ambulance service is critical to the long term viability of this area as a year-round community with opportunities for commerce, housing, education and recreational pursuits.

5. Additional Determinations

- Notice of the Commission's consideration of this issue has been advertised as required by State law through publication in *The Sun* and *Alpenhorn*, newspapers of general circulation in the area. As required by State law, individual notification was provided to affected and interested agencies, County departments, and those individuals and agencies wishing mailed notice.

- The map and legal description of this sphere of influence amendment, was prepared and certified by the County Surveyor's office.

WHEREAS, pursuant to the provisions of Government Code Section 56425(i) the range of services provided by the San Bernardino County Fire Protection District shall be limited to the following:

FUNCTIONS	SERVICES
Fire	Structural, watershed, prevention, inspection, suppression, weed abatement, hazardous materials services. rescue, first aid, paramedic, ambulance transportation, emergency response, and disaster preparedness planning

The nature and location of the provision of these services to the Crest Forest community will be considered within the companion proposal, LAFCO 3186. The Crest Forest Fire Protection District is currently authorized the following services under its Fire Function all of which are included within the authorized services for the San Bernardino County Fire Protection District and delivered through its Mountain Service Zone.

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

WHEREAS, having reviewed and considered the determinations as outlined above, the Commission determines to expand the sphere of influence for the San Bernardino County Fire Protection District, encompassing approximately 10,429 acres and to designate a zero sphere of influence for the Crest Forest Fire Protection District.

NOW, THEREFORE, BE IT RESOLVED by the Local Agency Formation Commission for San Bernardino County, State of California, that this Commission shall consider the territory described in Exhibits "A" and "A-1" as being within the sphere of influence of the San Bernardino County Fire Protection District, it being fully understood that the amendment of such sphere of

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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 for San Bernardino County, State of California, does hereby determine that San Bernardino County Fire Protection District shall indemnify, defend, and hold harmless the Commission from any legal expense, legal action, or judgment arising out of the Commission's approval of this proposal, including any reimbursement of legal fees and costs incurred by the Commission.

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

AYES: COMMISSIONERS:

NOES: COMMISSIONERS:

ABSENT: COMMISSIONERS:

*** * * * * * * * * * * * * * * * ***

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

I, KATHLEEN ROLLINGS-MCDONALD, Executive Officer of the Local Agency Formation Commission for San Bernardino County, 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 regular meeting of March 18, 2015.

DATED:

_____
KATHLEEN ROLLINGS-MCDONALD
Executive Officer

DRAFT

LOCAL AGENCY FORMATION COMMISSION
FOR SAN BERNARDINO COUNTY

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DATE: **MARCH 11, 2015**

FROM: **KATHLEEN ROLLINGS-McDONALD, Executive Officer**

TO: **LOCAL AGENCY FORMATION COMMISSION**

SUBJECT: **AGENDA ITEM #6 -- LAFCO 3186 – REORGANIZATION TO INCLUDE DISSOLUTION OF CREST FOREST FIRE PROTECTION DISTRICT AND ITS SERVICE ZONES PM-A AND PM-1, ANNEXATION TO THE SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT, ITS MOUNTAIN SERVICE ZONE AND SERVICE ZONE PM-1 AND FORMATION OF SERVICE ZONE PM-4 OF SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT**

INITIATED BY:

Resolution of the Board of Directors of the Crest Forest Fire Protection District

RECOMMENDATION:

Staff recommends that the Commission take the following actions:

1. Modify LAFCO 3186 to remove consideration of the formation of Service Zone FP-7 of the San Bernardino County Fire Protection District;

2. Certify that LAFCO 3186, as modified, is statutorily exempt from environmental review and direct the Executive Officer to file a Notice of Exemption within five (5) days;

3. Approve LAFCO 3186, as modified, with the following conditions:

    a. Standard conditions for a change of organization;

    b. The effective date of this reorganization shall be no earlier than July 1, 2015 subject to completion of the terms and conditions outlined in this resolution for approval as authorized by Government Code Sections 56886(p) and 57202;

c. Upon the effective date of the reorganization, the San Bernardino County Fire Protection District (SBCFPD) Mountain Service Zone (Mountain Service Zone), as Successor District to the Crest Forest Fire Protection District (Crest Forest FPD), shall succeed and/or be assigned, all rights, duties, responsibilities, properties (both real and personal), contracts, equipment, assets, liabilities, obligations, functions, executory provisions, entitlements, permits and approvals of the dissolving Crest Forest FPD. All property tax revenues attributable to the dissolving agency, prior to calculations required by Section 96.1 of the Revenue and Taxation Code, including delinquent taxes and any and all other collections or assets of the dissolving Crest Forest FPD shall accrue and be transferred to the Successor District pursuant to the provisions of Government Code Section 56810. Said Successor District shall be subject to the terms and conditions contained herein;

d. Upon the effective date of the reorganization including dissolution, the newly formed Service Zone PM-4 of SBCFPD shall be the Successor District for the dissolving Crest Forest FPD Service Zone PM-A and shall receive all reserve fund balances to be held for the benefit of the ratepayers of the special tax within the dissolving service zone. Transactions utilizing these funds shall be accounted for and described in the annual audit and/or comprehensive financial reports recognizing Service Zone PM-4 of the SBCFPD. All other cash on hand or reserve funds shall transfer to the Successor District, the Mountain Service Zone for SBCFPD, for use in providing the service to the area of the dissolving Service Zone PM-A;

e. Upon the effective date of the reorganization, the Successor District for the ambulance services provided within Exclusive Operating Area (EOA) 10 by the dissolving Crest Forest FPD, the Mountain Service Zone of SBCFPD, shall function under Division 2.5 of the California Health and Safety Code for the provision of ambulance services as authorized by the Local Emergency Medical Services Agency (LEMSA), the Inland Counties Emergency Medical Authority (ICEMA) within the territory subject to this reorganization. ICEMA is authorized to grant and enforce EOAs pursuant to Section 1797.224 and 1797.226 of the California Health and Safety Code. The subject reorganization shall not reduce the geographic size, scope or boundaries of existing EOA 10 defined by ICEMA and granted to the dissolving Crest Forest FPD, through Memorandum of Understanding Agreement No. 06-1049 and all the terms and conditions outlined in said agreement shall be assigned to the Successor District. Prior to the effective date of this reorganization including dissolution, ICEMA and the Mountain Service Zone of SBCFPD shall provide to the Local Agency Formation Commission written authorization for the assignment of the responsibilities associated with EOA 10 from Crest Forest FPD to the Mountain Service Zone of the SBCFPD pursuant to the terms of Memorandum of Understanding Agreement No. 06-1049 Section XXXI;

f. Upon the effective date of this reorganization including annexation, the area to be annexed to Service Zone PM-1 of the SBCFPD shall continue to pay the existing special tax for paramedic service currently in effect for PM-1 of the SBCFPD pursuant to Government Code Section 56886(t). All other cash on hand or reserve funds related to the operation of the Crest Forest FPD Zone PM-1 shall transfer to Service Zone PM-1 of SBCFPD ;

g. Upon the effective date of the reorganization including dissolution, the Successor District shall accept all facilities transferred from the dissolving Crest Forest FPD in "as is" condition (pursuant to Government Code Section 56886(h)). All system facilities and incidental liabilities, such as accounts payables, contract obligations and customer deposits shall be transferred to the Successor District. All assets including, but not limited to, equipment (vehicles, apparatus, supplies, etc.), rolling stock, tools, office furniture, fixtures and equipment, all lands, buildings, real and personal property and appurtenances held by the dissolving Crest Forest FPD shall be transferred to the Successor District, the Mountain Service Zone of SBCFPD;

h. The debt obligations of the dissolving Crest Forest FPD (including but not limited to bond debt and its Certificates of Participation) shall be assigned to the Successor District, the Mountain Service Zone of SBCFPD, as authorized by Government Code Section 56886(c). Prior to the effective date of the reorganization a signed statement of transferability of the financial instruments related to the debts of the dissolving district shall be provided to the Local Agency Formation Commission;

i. The existing fees, taxes, assessments, and charges of the Crest Forest FPD and its Service Zones PM-A and PM-1 shall continue as the obligations of the Mountain Service Zone and Service Zones PM-1 and PM-4 Service Zones of the SBCFPD respectively as authorized by Government Code Section 56886(b);

j. Upon the effective date of the reorganization, the Mountain Service Zone of SBCFPD, as Successor District, shall specifically succeed to the supplemental retirement payments identified as Section 18 of Contract 13-555 between the Crest Forest FPD and SBCFPD. Specifically, the Mountain Service Zone of the SBCFPD shall pay to the San Bernardino County Employees Retirement Association (SBCERA) the remaining 18 years of payments equal to the calculation by SBCERA and its actuary based on the June 30, 2012 actuarial study, including a four percent (4%) annual compounded increase. The amounts defined as the required annual payment and the status of payments are shown on the chart below:

Due December 31 of each Fiscal Year	Payment to be transferred	
2013	$ 410,437	paid
2014	426,854	paid
2015	443,928	
2016	461,685	
2017	480,152	
2018	499,358	
2019	519,332	
2020	540,105	
2021	561,709	
2022	584,177	
2023	607,544	
2024	631,846	
2025	657,120	
2026	683,405	
2027	710,741	
2028	739,171	
2029	768,738	
2030	799,488	
2031	831,468	
2032	864,727	
TOTAL	**$ 12,221,985**	

k. The remaining payments, all rights and interests held or claimed by the dissolving Crest Forest FPD under all agreements and/or memoranda of understanding with any public agency or private entity shall transfer to the Successor District, Mountain Service Zone of the SBCFPD. The Successor District, Mountain Service Zone, shall also assume all joint use, maintenance, automatic aid or mutual aid agreements held by the dissolving Crest Forest FPD [Government Code Section 56886(r)]. Amendments of existing agreements required for successful transfer, if any, shall be completed and submitted to the Local Agency Formation Commission prior to the issuance of the Certificate of Completion to address any changes [Government Code Section 56886(r)(v)];

l. Upon the effective date of this reorganization, the appropriation limit of the dissolving Crest Forest FPD of $7,039,517 shall be added to the appropriation limit of the Successor District, Mountain Service Zone of SBCFPD;

m. Upon the effective date of this reorganization, the newly formed Service Zone PM-4 of SBCFPD shall be assigned an appropriation limit determined to be $1,875,000, as of July 1, 2015, and the governing body of the SBCFPD shall be required to annually update and adopt the appropriation limit pursuant to statute.

n. The defined successor districts, Mountain Service Zone and Service Zone PM-4 of SBCFPD, as the case may be, shall succeed to all rights, duties, and obligations of the dissolving Crest Forest FPD with respect to the enforcement, performance or payment of any outstanding bonds, including revenue bonds, or other contracts and obligations of the dissolving district. This reorganization shall not impair the rights of any bondholder or creditor of the dissolving Crest Forest FPD;

o. Upon the effective date of this reorganization, any funds currently deposited for the benefit of the Crest Forest FPD, its Service Zones PM-A and PM-1 which have been impressed with a public trust, use or purpose shall be transferred to the Successor Districts, Mountain Service Zone and Service Zones PM-4 and PM-1 of SBCFPD respectively, and said districts shall separately maintain such funds in accordance with the provisions of Government Code Section 57462; and,

p. As of the date of approval of the reorganization by LAFCO through the effective date pursuant to the provisions of Government Code 56885.5(a)(4), the Board of Directors of the Crest Forest Fire Protection District shall be prohibited from taking the following actions unless it first finds an emergency situation exists as defined in Government Code Section 54956.5:

   i. **No Increase in Compensation or Benefits:** No increase in calculation for payment of benefits or compensation for employees of the Crest Forest Fire Protection District and its Board of Directors shall be allowed. Exceptions to this prohibition include planned and budgeted increases identified in the adopted budget for Fiscal Year 2014-15.

   ii. **Bound by Current Budget:** Appropriating, encumbering, expending, or otherwise obligating any revenue of the Crest Forest Fire Protection District beyond that provided in the current budget at the time of Commission approval unless agreed to by the Successor District.

4. Adoption of LAFCO Resolution No. 3196 outlining the Commission terms, conditions and determinations.

BACKGROUND

In 2010 the Local Agency Formation Commission (LAFCO) conducted its state-mandated service review for the Crest Forest community of the Mountain region which included a discussion of the Crest Forest Fire Protection District. The report presented identified the services currently provided by the Crest Forest Fire Protection District (hereafter shown as Crest Forest FPD or District). It also included a discussion of the financial constraints being experienced by the District such as revenue reductions and cost increases which were

placing the agency in deficit spending. LAFCO staff at that time questioned the District's long-term ability to fund its services without an increase in revenue.

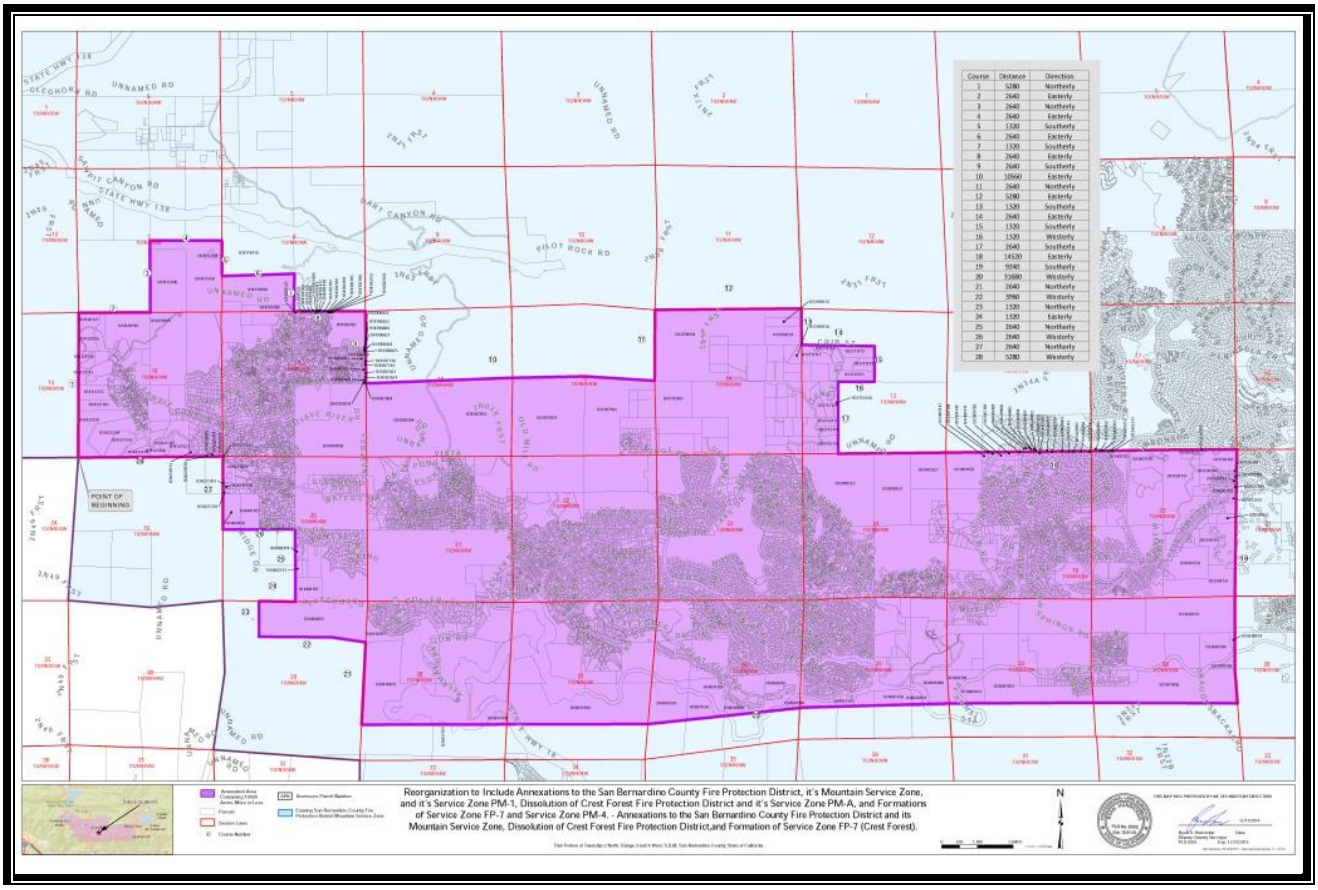
In response to analysis of the District's financial position, in 2012 the Board of Directors determined that the District needed to ask its voters to approve a special parcel tax district-wide to maintain service levels and allow for the hiring of a Fire Chief as required by law. Measures J and K were placed on the May 8, 2012 ballot asking District voters to authorize a $59 per parcel special tax to be annually increased by inflation and establish an appropriation limit, respectively. If approved, Measure J would have added $950,000 per year for district operations. As a special tax, Measure J was required to pass by a 2/3 majority. However, Measure J failed receiving only 57.3% of the vote.

The failure of the special tax election required the District to re-evaluate its options for providing its services. During 2012 and 2013 the Board of Directors solicited proposals from the San Bernardino County Fire Protection District (hereafter shown as SBCFPD or County Fire) and the State's CalFIRE to contract with the District to provide its full range of services. The discussions included the elimination of all district positions which triggered a review of its unfunded pension obligation, estimated to be $32,000,000 in 2012. As a complement to these discussions, LAFCO staff reviewed with the district its jurisdictional options. Ultimately, the District chose to move forward with the contract with County Fire as its proposal reduced the unfunded retirement liability payments required of the District.

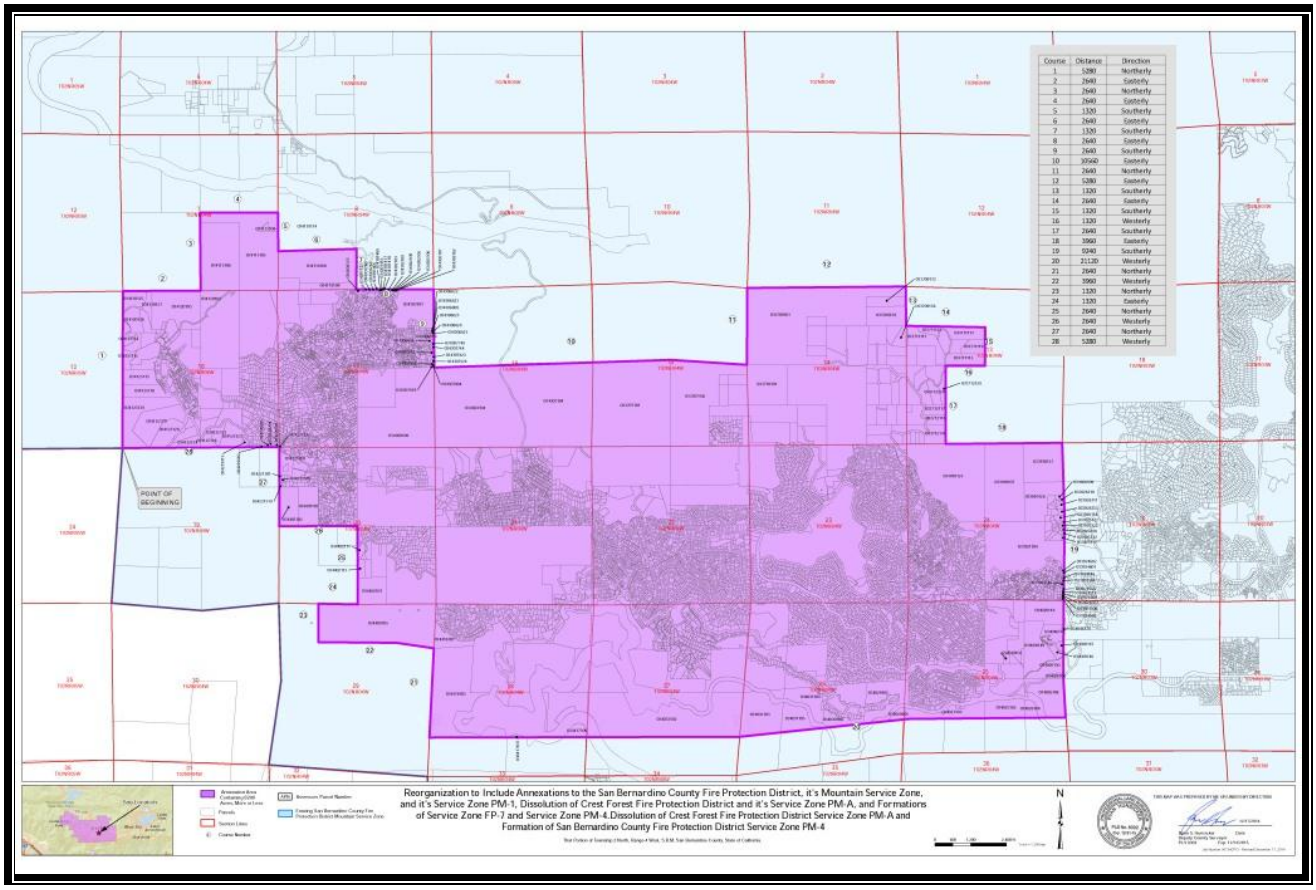
At the May 2013 hearing, the Commission determined that the contract for service between County Fire and the Crest Forest FPD was exempt from the provisions of Government Code Section 56133 (SC#376) since the area was outside the sphere of influence of County Fire. This allowed for the two agencies to finalize the contract agreement which was signed by the District in June 2013 and by County Fire in July 2013.

At the close of the first fiscal year of operation, the District began to look at the potential service reductions that would be necessary pursuant to the contract as the cost for contract administration and the payment schedule agreed to in the contract for supplemental retirement payments were affecting the boots on the ground aspect of the contract. In discussion with County Fire Administration, the County Administrative Office, and the District it was determined that the best course of action was to annex the territory to County Fire and dissolve the Crest Forest FPD.

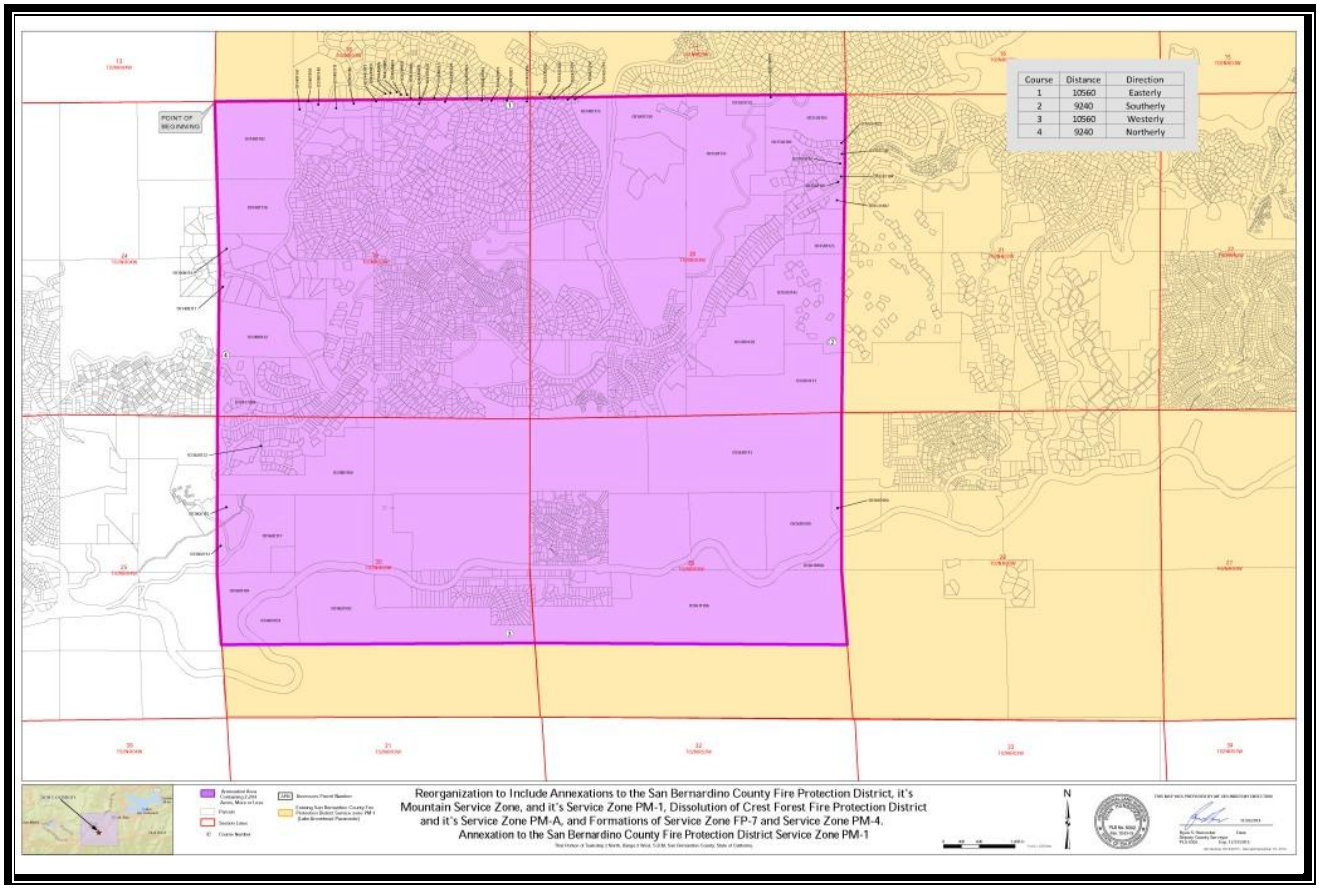
In discussion with LAFCO staff regarding filing the application, it was determined that the reorganization would require several elements in order to complete the changes necessary for transition. First, the District service area would be annexed to the County Fire and it's Mountain Service Zone. The reorganization proposal as submitted is shown on the maps below; first the overall annexation to County Fire and the Dissolution of Crest Forest FPD:



Next is the formation of a new Service Zone to reflect the area of the Crest Forest FPD Service Zone PM-A to allow for transfer of the special tax to supplement paramedic funding. This boundary excludes the eastern 3.4 square miles of the District as they are a part of a separate service zone. The area is shown below:



Finally, the area of the Crest Forest FPD Service Zone PM-1 was to be annexed to the existing County Fire Service Zone PM-1. In 2008 when the County Fire Reorganization was completed, it deleted this area of the existing CSA 70 Zone PM-1 as it was within the boundaries of the independent Crest Forest FPD and could not be made a part of the County Fire except through a detachment process. Detachment was not supported by Crest Forest FPD at that time. The map below shows the area of the proposed annexation:



At the time the application was submitted, LAFCO staff was of the understanding that there was an existing contract between the Crest Forest FPD and the San Bernardino County Employees Retirement Association (SBCERA) to repay the retirement obligations of the transferred Crest Forest FPD employees. Based upon this understanding, the proposal was circulated for review and comment with the formation of a new Service Zone FP-7 as an element of the consideration to isolate this debt. However, during the processing of the application it was learned that the contractual relationship related to the supplemental payments outlined in the service contract for unfunded retirement purposes was between County Fire and the District, not the SBCERA. Therefore, there is no requirement to create the Zone since there is no contractual obligation to be addressed with SBCERA. However, the transfer of the obligations for payment to maintain employer pool percentages are discussed in detail in the finance section in this report as it is proposed that the responsibility will be transferred to the Mountain Service Zone for the balance of the 20-year obligation. LAFCO staff has modified the proposal to eliminate this formation consideration.

The narrative which follows provides a discussion of the mandatory factors the Commission is required to review as set forth in Government Code Section 56000 et al. The narrative provides a more detailed discussion of the various specific aspects of the reorganization and its specific transition elements proposal from this snapshot in time. As with all applications for jurisdictional change, the Commission's review will center on determinations related to the following:

1. BOUNDARIES: Do the boundaries presented for the reorganization represent a division which makes sense from a service delivery perspective for current and future growth? Are the boundaries definite, certain and easily recognizable? Do the boundaries promote efficient and effective service delivery?

2. LAND USE: Will approval of the proposal affect the land use authority or the decisions upon land use options?

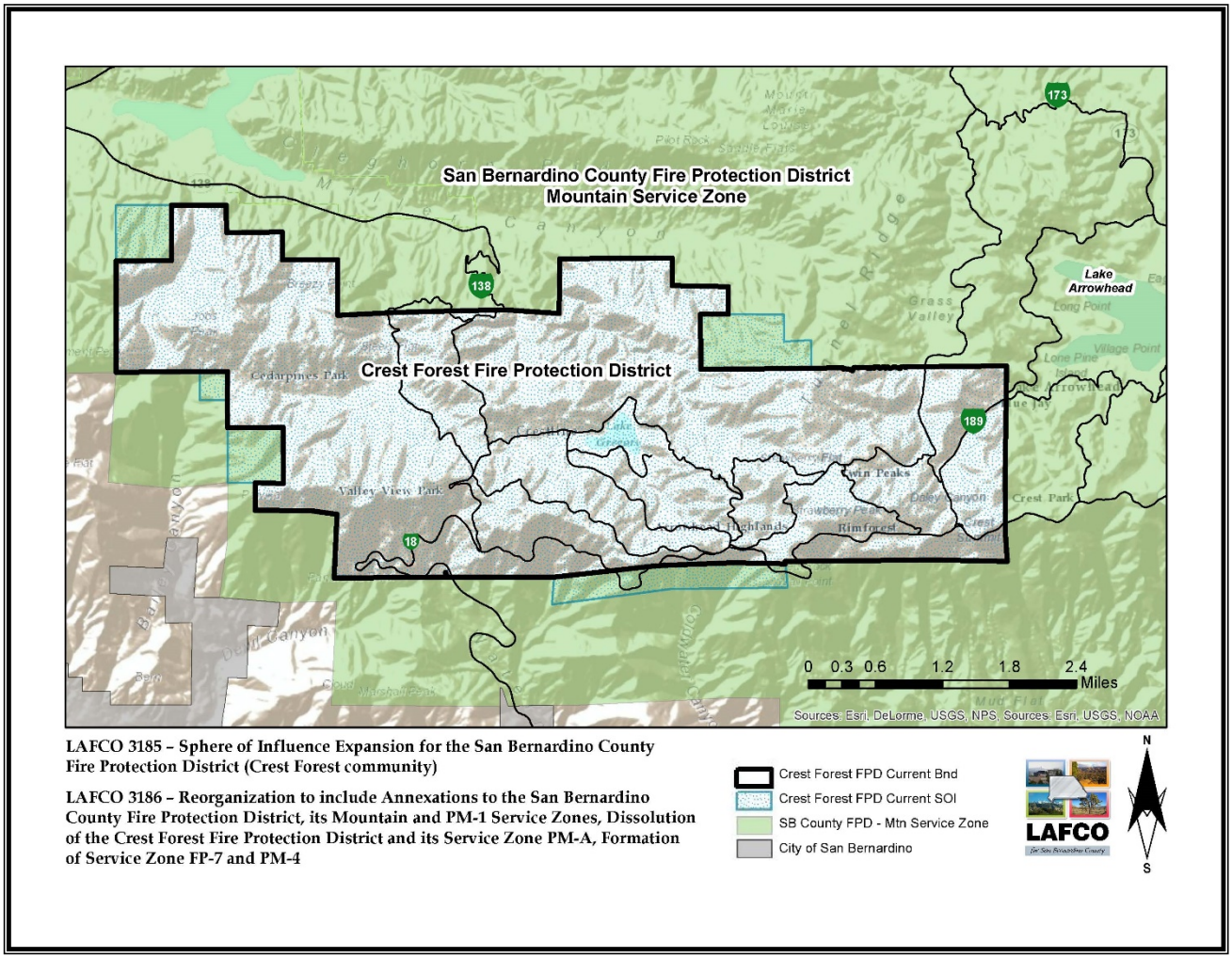
3. FINANCIAL AND SERVICE CONSIDERATIONS: Does the reorganization represent the best available service option for the affected communities? Does it provide for a more efficient and effective form of government? Can the annexing or successor district continue to provide the level of services which existed prior to the change? Would the approval of the reorganization impair the ability of any other agency to continue providing its range and level of services?

4. ENVIRONMENTAL: Will the proposed reorganization have an adverse environmental effect that cannot be mitigated to a level of non-significance? If it does, can those adverse effects be overridden by other benefits?

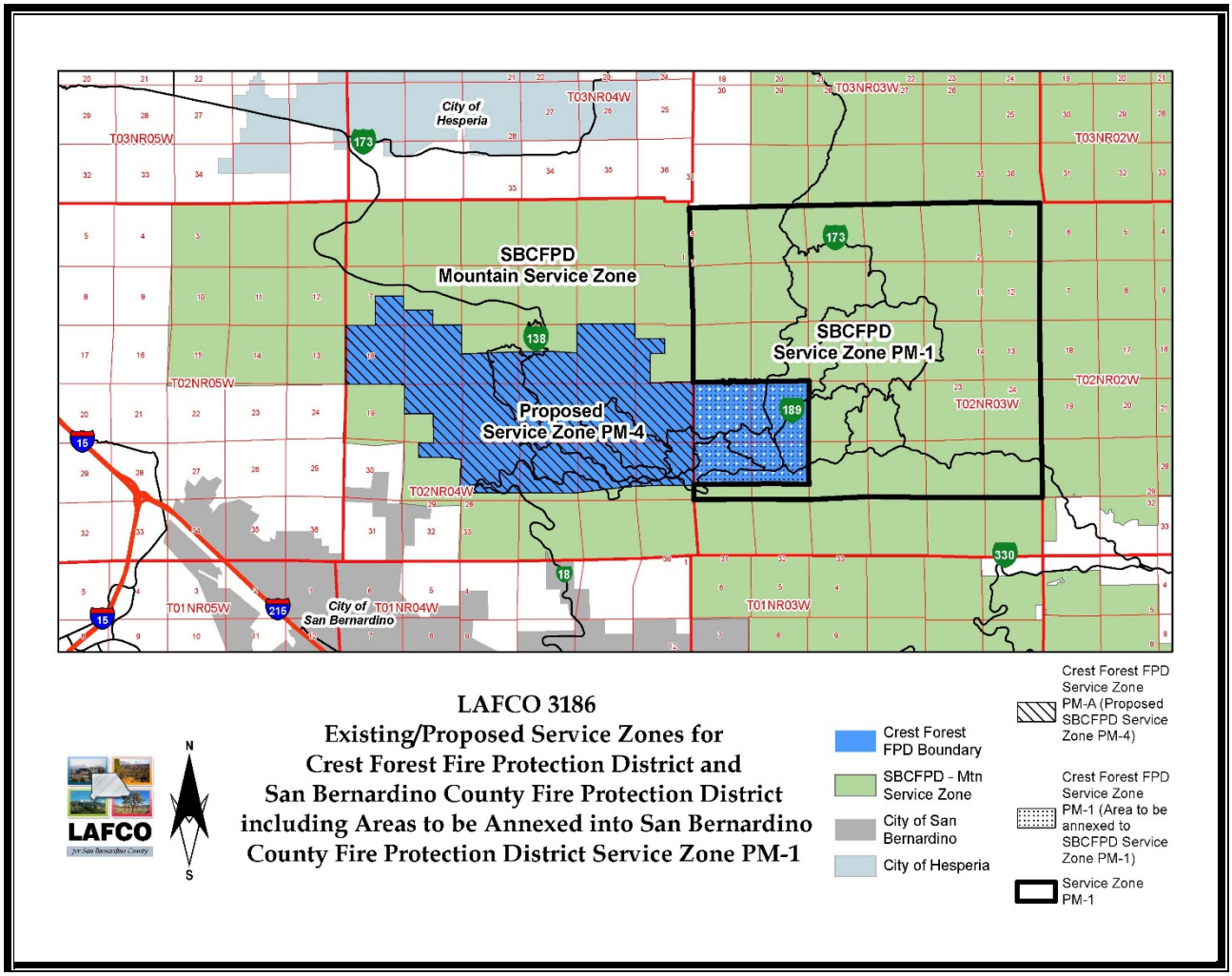
However, as has been noted before, the devil is always in the details and the conditions of approval to allow for a smooth transition and transfer of assets, obligations and responsibilities are numerous. As with most considerations presented to the Commission, the final determination of success or failure ultimately rests with the registered voters of the District. LAFCO 3186 proposes a solution to the financial constraints that have been experienced in the Crest Forest community in regard to its fire protection and emergency response services should the Commission chose to approve the application as modified by the staff.

BOUNDARY DISCUSSION:

The proposal, as submitted by the District, anticipates the annexation of the entirety of the District to County Fire and its Mountain Service Zone. The Mountain Service Zone is the defined successor district to receive the assets and liabilities, responsibilities and obligations of the District as it provides for the “boots on the ground” operations within the Mountain region. The map which follows provides the topographic relief for the area which represents a clear and efficient service delivery boundary.



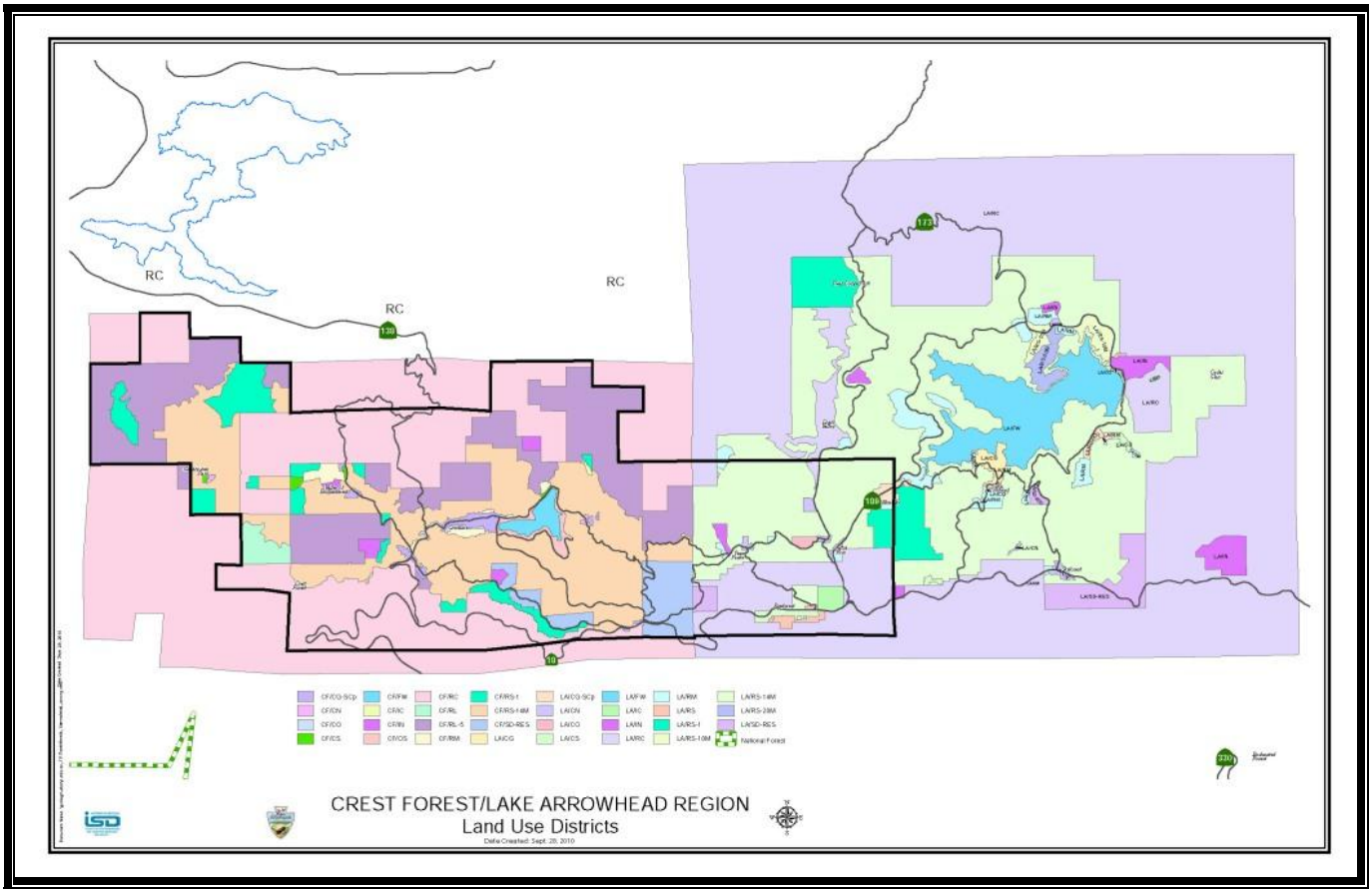
The proposal also provides for the dissolution of the existing Service Zone PM-A of Crest Forest FPD and the concurrent formation of Service Zone PM-4 of the SBCFPD to transfer the special tax for supplemental paramedic funding. The boundaries of the proposed Service Zone PM-4 exclude the eastern 3.5 square miles of the District as they are in a different service zone for a different paramedic special tax. The final element is the dissolution of the Crest Forest FPD Service Zone PM-1 and annexation to the existing SBCFPD Service Zone PM-1. The boundaries for these changes are shown below:



Based upon the review of this proposal, it is staff's position that LAFCO 3186 provides for a definite and certain boundary as required by LAFCO law for all the affected successor agencies and newly formed Service Zone.

LAND USE:

The review and approval of LAFCO 3186 will have no direct effect on the land use designations assigned by the County. It will, however, assist in implementing the goals as established by the County General Plan Update which are to require the delivery of a safe and sustainable emergency response system for the mountain communities. The following figure is an excerpt of the map presented in the service review and identifies the existing land uses within the reorganization area:



The Southern California Associated Governments (SCAG) has adopted a Regional Transportation Plan and Sustainable Community Strategy pursuant to the provisions of Government Code Section 65352.5 and approval of LAFCO 3186 will have no direct impact on those determinations.

SERVICE CONSIDERATIONS AND FINANCIAL EFFECTS:

The questions related to the service considerations and financial effects of LAFCO 3186 are the heart of the issue for Commission consideration. In the staff view, and that of LAFCO law, it is the responsibility of the Commission to determine whether or not the proposal will provide for an efficient and effective delivery of fire protection and emergency response to this mountain community. In addition the Commission will need to determine that delivery system is sustainable given the financial issues the Crest Forest FPD has encountered in the past. What is meant by the term "sustainable"? In the staff view, it means can the Mountain Service Zone continue to provide for the level of service contemplated for the foreseeable future. Commission policies require that the Plan for Service submitted as a part of the application contain a financial impact analysis using a projection of five years.
So the task for the Commission is to evaluate the information which has been provided for the operations and answer the questions of:

Does the change represent the best available service option for the community? Does it provide for a more efficient and effective form of government? Can the successor entity continue to provide the level of services which were previously provided by the Crest Forest FPD during its 86 year existence? Would the approval of the reorganization impair the ability of any other agency to continue providing its range and level of services?

Upon receipt of the application initiated by the District, the materials were circulated for review and comment. Questions were raised regarding the projections for funding the operations, transfer and assignment of responsibilities and facilities among other things. In response, County Fire submitted a revised Plan for Service and Fiscal Impact Analysis, a copy is included as a part of Attachment #3. It is this material that is evaluated in the service and financial considerations discussion which follows.

SERVICE CONSIDERATIONS:

Effective July 1, 2013 County Fire became the service provider within Crest Forest FPD by contract, but the responsibility for management operations remained with the District. LAFCO 3186 proposes to permanently change the jurisdiction for this area, expanding the jurisdictional boundaries of County Fire to encompass the service area of the Crest Forest FPD. While the contract has outlined how County Fire will serve the community, a jurisdictional change must address the transfer of these services and respond to any questions or concerns related to the proposal.

First, the Commission is to designate the successor district for the service delivery to be the Mountain Service Zone of County Fire. The SBCFPD is the parent district, administrative arm, of the Board-governed fire district. The region structure underneath County Fire provides for the tailoring of service delivery to the unique region composition: the Valley Region with a metropolitan urban density fire delivery system, the Mountain Region with an urban forest area with a year-round population and the two Desert Regions with vastly different population needs; one with the I-15/I-40 transportation composed of truck and rail traffic and the other with the Colorado River recreational activities and isolated desert regions. Transferring the responsibility of Crest Forest FPD to the Mountain Service Zone of SBCFPD will allow for the allocation of resources within the western portion of the mountain region based upon need, not limited to jurisdiction. Conditions have been included in the staff recommendation to designate the successor district and to address the assignment of responsibilities.

During the staff review process, one concern was expressed related to the transfer of responsibility for ambulance transport operations within Exclusive Operating Area (EOA) 10 by the Inland Counties Emergency Medical Agency (ICEMA). The Executive Director of ICEMA submitted the request for inclusion of a specific condition of approval related to the transfer and the necessity for a new operating agreement to be signed before it would recognize the authority of the Mountain Service Zone to continue operating EOA 10 (copy included as Attachment #4 to this report). County Fire responded that it did not believe such a condition was appropriate and declined to agree to the inclusion of the condition of

approval submitting its letter of February 13, 2015 stating it agreed to assignment as the successor agency (copy included as a part of Attachment #4). LAFCO staff met on two separate occasions with the entities in an effort to resolve the conflict and conferred with LAFCO Legal Counsel to craft a response to allow for the continuation of the Memorandum of Understanding Agreement No. 06-1049 between the Crest Forest FPD and ICEMA. Subsequently, a letter was received from County Executive Officer Gregory Devereaux identifying that he would be recommending to the Board of Supervisors, governing body of both ICEMA and County Fire, approval of the necessary steps to transfer Agreement NO. 06-1049 under the terms outlined in Section XXXI. With this transfer hurdle crossed, staff is recommending that the Commission include a condition of approval outlining the process and the requirement that the signed statements be provided prior to the issuance of the Certificate of Completion for the reorganization. The language is:

- Upon the effective date of the reorganization, the successor agency for the ambulance services provided within Exclusive Operating Area (EOA) 10 by the dissolving Crest Forest FPD, the Mountain Service Zone of SBCFPD, shall function under Division 2.5 of the California Health and Safety Code for the provision of ambulance services as authorized by the Local Emergency Medical Services Agency (LEMSA), the Inland Counties Emergency Medical Authority (ICEMA) within the territory subject to this reorganization. ICEMA is authorized to grant and enforce EOAs pursuant to Section 1797.224 and 1797.226 of the California Health and Safety Code. The subject reorganization shall not reduce the geographic size, scope or boundaries of existing EOA 10 as defined by ICEMA and granted to the dissolving Crest Forest FPD, through Memorandum of Understanding Agreement No. 06-1049 and all the terms and conditions outlined in said agreement shall be assigned to the Successor District. Prior to the effective date of this reorganization including dissolution, ICEMA and the Mountain Service Zone of SBCFPD shall provide to the Local Agency Formation Commission written authorization for the assignment of the responsibilities associated with EOA 10 from Crest Forest FPD to the Mountain Service Zone of the SBCFPD pursuant to the terms of Memorandum of Understanding Agreement No. 06-1049 Section XXXI;

FINANCIAL EFFECTS:

The Crest Forest FPD submitted a Plan for Service along with a fiscal impact analysis identifying the expenditures and revenues for transferring its service responsibility to the Mountain Service Zone of SBCFPD. Following that County Fire provided a revised Plan for Service and Fiscal Impact Analysis identifying the service delivery patterns upon successful completion of LAFCO 3186. The following narrative will address the revised Plan for Service.

To begin this review, it is important to understand the financial position of the Crest Forest FPD and its desire to move forward with transferring its responsibilities to County Fire. Staff has taken information from the audits prepared for the District to provide an overview of the past seven (7) years of finances. These are shown below:

CREST FOREST FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - GOVERNMENT FUNDS

	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
REVENUES							
Property Taxes and Assessments*	$ 4,234,539	$ 4,437,535	$ 4,261,972	$ 4,113,635	$ 3,931,072	$ 3,929,615	$ 4,027,733
Charges for Services	$ 337,568	$ 353,420	$ 298,804	$ 312,445	$ 353,347	$ 335,366	$ 255,858
Other	$ 251,802	$ 329,900	$ 110,478	$ 146,159	$ 298,341	$ -	$ -
Intergovernmental	$ -	$ -	$ -	$ -	$ -	$ 367,691	$ -
Interest	$ 88,873	$ 38,572	$ 17,738	$ 16,445	$ 6,730	$ 6,632	$ 4,105
Grants	$ -	$ -	$ -	$ -	$ -	$ -	$ 71,624
Contributions	$ -	$ -	$ -	$ -	$ -	$ 997	$ -
Total Revenues	$ 4,912,782	$ 5,159,427	$ 4,688,992	$ 4,588,684	$ 4,589,490	$ 4,640,301	$ 4,359,320
EXPENDITURES							
Salaries and Benefits	$ 4,294,801	$ 4,569,116	$ 4,282,128	$ 3,973,103	$ 4,174,256	$ 4,114,088	$ 871,075
Services and Supplies	$ 598,440	$ 621,340	$ 509,492	$ 450,702	$ 497,843	$ 506,528	$ 3,477,609
Capital Outlay	$ 55,722	$ 126,955	$ 10,442	$ 14,229	$ 25,373	$ 5,667	$ -
Debt Service:							
Principal	$ -	$ -	$ -	$ -	$ -	$ 57,800	$ 63,700
Interest	$ -	$ -	$ -	$ -	$ -	$ 127,924	$ 123,635
Debt Service Total	$ 183,370	$ 181,551	$ 184,731	$ 243,366	$ 190,116	$ 185,724	$ 187,335
Total Expenditures	$ 5,132,333	$ 5,498,962	$ 4,986,793	$ 4,681,400	$ 4,887,588	$ 4,812,007	$ 4,536,019
Excess Revenues over (under) Expenditures	$ (219,551)	$ (339,535)	$ (297,801)	$ (92,716)	$ (298,098)	$ (171,706)	$ (176,699)
Other Sources (Uses)							
Proceeds from Sale of Assets	$ -	$ -	$ -	$ -	$ -	$ -	$ 129,831
Operating Transfers In	$ 569	$ 209,868	$ 372,222	$ 207,483	$ 178,705	$ 240,000	$ 977,682
Operating Transfers Out	$ (569)	$ (209,868)	$ (372,222)	$ (207,483)	$ (178,705)	$ (240,000)	$ (977,682)
Total Other Sources (Uses)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Excess Revenues and Other Source over (under) Expenditures	$ (219,551)	$ (339,535)	$ (297,801)	$ (92,716)	$ (298,098)	$ (171,706)	$ (46,868)
Fund Balance (Beginning)	$ 1,873,114	$ 1,653,563	$ 1,314,028	$ 1,016,227	$ 923,511	$ 625,413	$ 453,707
Fund Balance (Ending)	$ 1,653,563	$ 1,314,028	$ 1,016,227	$ 923,511	$ 625,413	$ 453,707	$ 406,839

*Assessments are the Special Taxes of PM-A and PM-1

The contractual relationship between County Fire and Crest Forest FPD began with the 2013-14 Fiscal Year. As the chart above illustrates for the five years preceding the contract effective date, the District had operated at a deficit tapping into reserves to balance the budget and continue operations. The 2014-15 Fiscal Year required the transfer of the balance of reserve funds to continue the operations of the District ($231,091 for Board of Directors, audits, LAFCO apportionment and other District requirements) and the contract with County Fire ($4,299,040) for a total budget of $4,530,131, approximately $6,000 less than the FY 2013-14 actual expenditures. However, going forward there will be less funding available for direct service as the requirement for the retirement subsidy payment approved in the contract and contract administration costs increase annually. The District's forecast is that it will end FY 2014-15 with approximately $2,000 in reserves, making it unable to continue the level of direct service delivery to the community. This determination was made as the contract specifies that the services will be provided within the financial constraints of the district and the retirement and administrative costs must be paid.

The materials submitted by County Fire as the amended Plan for Service identify that through the elimination of the Crest Forest FPD operational requirements and the County administrative costs, the services within the area can be maintained for the five-year horizon identified. Staff's analysis of this revised material has identified one concern that it did not show the full cost for the 2014-15 Fiscal Year as it excluded the operational requirements for Crest Forest FPD operations as an independent special district. Staff has revised the material to include this with the assumption that there will be no fund balance to carry into the first full year of operations, FY 2015-16. The staff's revised fiscal impact analysis spreadsheet is shown below:

Crest Forest Five-Year Financial Analysis	2014 SBCFPD Position Staffing & 2015 Proposed Staffing	2014 SBCFPD Current contract Costs and Crest Forest Admin	2015 SBCFPD Proposed Staffing	2016 SBCFPD Proposed Staffing	2017 SBCFPD Proposed Staffing	2018 SBCFPD Proposed Staffing	2019 SBCFPD Proposed Staffing	2020 SBCFPD Proposed Staffing
Staffing								
Station 25 - ME/MT & MA								
Captain	3	$ 549,702.00	$ 563,444.55	$ 577,530.66	$ 591,968.93	$ 606,768.15	$ 621,937.36	$ 637,485.79
Engineer	3	$ 486,894.00	$ 499,066.35	$ 511,543.01	$ 524,331.58	$ 537,439.87	$ 550,875.87	$ 564,647.77
Limited Term/EMT (LT)	3	$ 128,130.00	$ 128,130.00	$ 128,130.00	$ 128,130.00	$ 128,130.00	$ 128,130.00	$ 128,130.00
Limited Term/Paramedic's (LT)	3	$ 142,788.00	$ 142,788.00	$ 142,788.00	$ 142,788.00	$ 142,788.00	$ 142,788.00	$ 142,788.00
Chief Officer Differential (2 yr benefit for Crest Forest Fire Chief downgraded to Capt)		$ 23,000.00						
Administrative Secretary	1	$ 63,872.00	$ 65,468.80	$ 67,105.52	$ 68,783.16	$ 70,502.74	$ 72,265.31	$ 74,071.94
PCFs	varies	$ 11,812.00	$ 5,000.00	$ 5,125.00	$ 5,253.13	$ 5,384.45	$ 5,519.06	$ 5,657.04
Station 26 - ME26 & MA26								
Captain	3	$ 549,702.00	$ 563,444.55	$ 577,530.66	$ 591,968.93	$ 606,768.15	$ 621,937.36	$ 637,485.79
Engineer	3	$ 486,894.00	$ 499,066.35	$ 511,543.01	$ 524,331.58	$ 537,439.87	$ 550,875.87	$ 564,647.77
FF/PM	FMZ*							
Limited Term/EMT's (LT)	FMZ*							
Total Count of Employees	19							
Total Salary and Benefits		**$ 2,442,794.00**	**$ 2,466,408.60**	**$ 2,521,295.87**	**$ 2,577,555.32**	**$ 2,635,221.24**	**$ 2,694,328.83**	**$ 2,754,914.10**
Services and Supplies								
Services and Supplies - (2000-2099)		$ 748,697.00	$ 614,915.00	$ 627,213.30	$ 639,757.57	$ 652,552.72	$ 665,603.77	$ 678,915.85
Data Processing and Travel (appr 241 and 294)		$ 2,980.00	$ 3,039.60	$ 3,100.39	$ 3,162.40	$ 3,225.65	$ 3,290.16	$ 3,355.96
SBCERA Obligation - (3015)		$ 426,855.00	$ 443,928.66	$ 461,685.81	$ 480,153.24	$ 499,359.37	$ 519,333.74	$ 540,107.09
Debt Service Interest (3330)		$ 7,500.00	$ 7,500.00	$ 7,500.00	$ 7,500.00	$ 7,500.00	$ 7,500.00	$ 7,500.00
Lease Payment - COPs (4000-4095)		$ 185,590.00	$ 182,717.40	$ 184,437.50	$ 190,885.00	$ 191,624.90	$ 192,165.10	$ 197,338.10
Transfers - (5000-5030)		$ 255,738.00	$ 333,190.00	$ 341,519.75	$ 350,057.74	$ 358,809.19	$ 367,779.42	$ 376,973.90
Admin Overhead Costs from Crest Forest to County Fire		$ 228,886.00						
Total Contract Appropriations		**$ 4,299,040.00**	**$ 4,051,699.26**	**$ 4,146,752.62**	**$ 4,249,071.27**	**$ 4,348,293.07**	**$ 4,450,001.02**	**$ 4,559,105.00**
Crest Forest Independent District Operation Expenditures		**$ 231,091.00**						
TOTAL DISTRICT EXPENDITURES		**$ 4,530,131.00**						
Revenues								
Taxes			**1%**	**1.50%**	**2.00%**	**2.000%**	**2.000%**	**2.00%**
Prop Taxes - Curr Sec Debt Svc - (8015)		$ 3,025,000.00	$ 3,055,250.00	$ 3,101,078.75	$ 3,163,100.33	$ 3,226,362.33	$ 3,290,889.58	$ 3,356,707.37
Prop Taxes Cur Unsec 1% Gen Tax - (8025)		$ 134,000.00	$ 135,340.00	$ 137,370.10	$ 139,430.65	$ 142,254.12	$ 145,134.77	$ 148,763.14
Prop Tax Cur Unitary 1% Levy - (8035)		$ 120,000.00	$ 121,200.00	$ 123,018.00	$ 124,863.27	$ 127,391.75	$ 129,971.43	$ 133,220.72
Prop Tax Pri Sec 1% Gen Tax Lvy - (8115)		$ 50,000.00	$ 50,500.00	$ 51,257.50	$ 52,026.36	$ 53,079.90	$ 54,154.76	$ 55,508.63
Prop Tax Pri Unsec 1% Gen Tax - (8125)		$ 5,000.00	$ 5,050.00	$ 5,125.75	$ 5,202.64	$ 5,307.99	$ 5,415.48	$ 5,550.86
Int & Pen Delinquent Taxes - (8145)		$ 56,000.00	$ 56,560.00	$ 57,408.40	$ 58,269.53	$ 59,449.48	$ 60,653.34	$ 62,169.67
Special Assmt Pr. - (8155)		$ 35,000.00	$ 35,350.00	$ 35,880.25	$ 36,418.45	$ 37,155.93	$ 37,908.33	$ 38,856.04
Special Assmt - (8160)		$ 446,000.00	$ 400,000.00	$ 406,000.00	$ 412,090.00	$ 420,434.82	$ 428,948.63	$ 439,672.34
Supp Roll Current - (8230)		$ 15,000.00	$ 15,150.00	$ 15,377.25	$ 15,607.91	$ 15,923.97	$ 16,246.43	$ 16,652.59
Supp Roll Prior - (8235)		$ 12,000.00	$ 12,120.00	$ 12,301.80	$ 12,486.33	$ 12,739.18	$ 12,997.14	$ 13,322.07
Other Revenue								
Interest Earned - (8500)		$ 3,000.00	$ 2,000.00	$ 2,030.00	$ 2,060.45	$ 2,102.17	$ 2,144.74	$ 2,198.36
Gen Tax Levy Homeowner Exm - (8800)		$ 42,000.00	$ 42,420.00	$ 43,056.30	$ 43,702.14	$ 44,587.11	$ 45,490.00	$ 46,627.25
Ambulance Service Fees - (9470)		$ 250,000.00	$ 252,500.00	$ 256,287.50	$ 260,131.81	$ 265,399.48	$ 270,773.82	$ 277,543.17
Other Revenue - (9970) Verizon Cell Tower Lease		$ 26,160.00	$ 23,400.00	$ 23,400.00	$ 23,400.00	$ 23,400.00	$ 23,400.00	$ 23,400.00
Operating Transfers IN from Crest Forest Fire Reserve Funds - 9975 (one time only)		$ 310,971.00						
Total Revenues		**$ 4,530,131.00**	**$ 4,206,840.00**	**$ 4,269,591.60**	**$ 4,348,789.87**	**$ 4,435,588.24**	**$ 4,524,128.46**	**$ 4,620,192.22**
Total Revenues less Appropriations		**$ -**	**$ 155,140.74**	**$ 122,838.98**	**$ 99,718.60**	**$ 87,295.17**	**$ 74,127.44**	**$ 61,087.22**

The notes attached to the spreadsheet are an important component for understanding. They are:

*FMZ shared resource, stationed at FS26

Note: S&B 14-16 MOU

Note: Step increase is based on 2.5% increase per year and Svc/Supplies are based on 2% increase per year

Note: LAFCO staff has revised the increases to 1%, 1.5%, and 2.0% projected revenue increase based upon the statutory limitation on increases on ad valorem taxes

Note: "Other Revenue" (9970) is income from the Verizon Cell Tower located at FS25

Note: Transfers (5000-5030) represents share of DC, BCs and office staff (these cost shares will remain the same when annexed); as well as share of training expenses, SCBA program and safety gear pool program

Note: Captains and Engineers salaries represent current average of wages earned from actual employees stationed at Crest Forest fire stations at time of budgeting for FY 14/15

Note: PCF added (FY 14/15 budget of $11,812 with estimated $5k spent)

Note: Chief Officer Differential of $23k is a 2 year agreement within the contract to pay the outgoing Fire Chief for Crest Forest going to County Fire Captain a lost wage differential

Note: Admin Overhead costs go away with annexation

Note: Operating Transfers In (9975) represents all Crest Forest Reserve funds being depleted and transferred in to MCG to help pay for the contract and other extraneous costs that the district incurred

Note: Variance from 2014 Contract services/supplies to 2015 is that training costs of $56,330 will not be a cost anymore under annexation and other costs totaling $77,452 are moved to the 5000 series for 2015 and beyond

Note: Special Assessment - (8160) represents PM-A and PM-1 in 2014 contract and only PM-A in 2015 and subsequent years under annexation due to PM-1 funds having to be transferred to existing Zone PM-1

UNFUNDED RETIREMENT OBLIGATIONS:

As a part of the negotiations for the contract with County Fire, the employees of the Crest Forest FPD were to be transferred to the County's Safety retirement pool. Since the District's unfunded pension obligation would transfer based upon the acceptance of the employees, the requirement was that a subsidy be paid by Crest Forest FPD, as a part of the contract for service, to defray the need for the pool's employer contribution rate to increase. The negotiations arrived at an actuarially driven 20-year subsidy payment that includes a compounded 4% annual increase. The contract established a schedule for the payments and as a function of this reorganization, the obligation is to be transferred to a successor agency. Originally, LAFCO staff was of the understanding that this payment was a contractual obligation between SBCERA and Crest Forest FPD. However, further review determined that the obligation was to County Fire upon the acquisition of the employees. In order to maintain the employer rates for others in the Safety Pool (Sheriff Employees, probation officers, etc.) the payments schedule is to be assigned to the Mountain Service Zone for the balance of the twenty year period.

The Commission has expressed its concern in the past related to unfunded retirement obligations. In order to provide the complete picture for employer retirement costs through this reorganization, staff has developed the chart below which provides a snapshot based upon known retirement rates at this time. The information identifies the transfer payments for the 20-year period agreed to in the contract to offset increases to the safety pool contribution rate, what the current employer contribution rates covers (normal retirement cost

and a contribution toward payment of unfunded liability) and then provides a dollar figure for the annual retirement costs. Of note, from 2026 through 2033 the salary rates have been applied at the same amount based upon the salary schedule of 11 steps completed. The highlighted area on the chart below is the funding for unfunded liability required of the employer.

CREST FOREST - EMPLOYER CONTRIBUTION

FISCAL YEAR	TRANSFER PAYMENT	SAFETY SAL & BEN	50% of SAL & BEN	County Safety: Employer Contribution Rate NORMAL COST	UAAL	TOTAL	County Safety: Employer Contribution Cost NORMAL COST	UAAL	TOTAL	Total Paid to SBCERA
2013				19.24%	17.15%	36.39%				
2014	$ 410,437	$ 2,073,192	$ 1,036,596	19.73%	20.26%	39.99%	$ 204,520	$ 210,014	$ 414,535	**$ 824,972**
2015	426,854	2,125,022	1,062,511	19.88%	23.27%	43.15%	211,227	247,246	458,473	**885,327**
2016	443,928	2,178,147	1,089,074	22.06%	27.03%	49.09%	240,250	294,377	534,626	**978,554**
2017	461,685	2,232,601	1,116,301	22.06%	27.03%	49.09%	246,256	301,736	547,992	**1,009,677**
2018	480,152	2,288,416	1,144,208	22.06%	27.03%	49.09%	252,412	309,279	561,692	**1,041,844**
2019	499,358	2,345,626	1,172,813	22.06%	27.03%	49.09%	258,723	317,011	575,734	**1,075,092**
2020	519,332	2,404,267	1,202,134	22.06%	27.03%	49.09%	265,191	324,937	590,127	**1,109,459**
2021	540,105	2,464,374	1,232,187	22.06%	27.03%	49.09%	271,820	333,060	604,881	**1,144,986**
2022	561,709	2,525,983	1,262,992	22.06%	27.03%	49.09%	278,616	341,387	620,003	**1,181,712**
2023	584,177	2,589,133	1,294,566	22.06%	27.03%	49.09%	285,581	349,921	635,503	**1,219,680**
2024	607,544	2,653,861	1,326,931	22.06%	27.03%	49.09%	292,721	358,669	651,390	**1,258,934**
2025	631,846	2,720,208	1,360,104	22.06%	27.03%	49.09%	300,039	367,636	667,675	**1,299,521**
2026	657,120	2,720,208	1,360,104	22.06%	27.03%	49.09%	300,039	367,636	667,675	**1,324,795**
2027	683,405	2,720,208	1,360,104	22.06%	27.03%	49.09%	300,039	367,636	667,675	**1,351,080**
2028	710,741	2,720,208	1,360,104	22.06%	27.03%	49.09%	300,039	367,636	667,675	**1,378,416**
2029	739,171	2,720,208	1,360,104	22.06%	27.03%	49.09%	300,039	367,636	667,675	**1,406,846**
2030	768,738	2,720,208	1,360,104	22.06%	27.03%	49.09%	300,039	367,636	667,675	**1,436,413**
2031	799,488	2,720,208	1,360,104	22.06%	27.03%	49.09%	300,039	367,636	667,675	**1,467,163**
2032	831,468	2,720,208	1,360,104	22.06%	27.03%	49.09%	300,039	367,636	667,675	**1,499,143**
2033	864,727	2,720,208	1,360,104	22.06%	27.03%	49.09%	300,039	367,636	667,675	**1,532,402**
TOTAL	**$ 12,221,985**		**$ 25,181,245**				**$ 5,507,667**	**$ 6,696,363**	**$ 12,204,030**	**$ 24,426,015**

Transfer Payment ($12,221,985) plus UAAL Employer Contribution ($6,696,363) equals $ 18,918,348

2017 retirement rate holds steady due to lack of projection data
2026 salary & benefits holds steady due to 11 steps being obtained

In order to address the continuation of the payments, the following condition of approval is proposed for Commission approval:

> Upon the effective date of the reorganization, the Mountain Service Zone, as Successor District, shall specifically succeed to the supplemental retirement payments identified as Section 18 of Contract 13-555 between the Crest Forest FPD and SBCFPD. Specifically, the Mountain Service Zone of SBCFPD shall pay to the San Bernardino County Employees Retirement Association (SBCERA) the remaining 18 years of payments equal to the calculation by SBCERA and its actuary based on the June 30, 2012 actuarial study, including a four percent (4%) annual compounded increase. The amounts defined as the required annual payment and the status of payments are shown on the chart below:

Due December 31 of each Fiscal Year	Payment to be transferred	
2013	$ 410,437	paid
2014	426,854	paid
2015	443,928	
2016	461,685	
2017	480,152	
2018	499,358	
2019	519,332	
2020	540,105	
2021	561,709	
2022	584,177	
2023	607,544	
2024	631,846	
2025	657,120	
2026	683,405	
2027	710,741	
2028	739,171	
2029	768,738	
2030	799,488	
2031	831,468	
2032	864,727	
TOTAL	**$ 12,221,985**	

It is the position of LAFCO staff that the approval of this reorganization will provide for a continuing delivery of fire protection, emergency medical response and ambulance service to the Crest Forest community at or close to levels received in the past. In an urban forest setting delivery of these services is a health and safety issue to promote the residential, commercial, and recreational attributes of the community. As required by Commission policy and State law, the revised Plan for Service submitted by County Fire shows that the delivery of service can be maintained following reorganization. One cautionary note is that fund balance carried forward in each fiscal year is shown to be dwindling annually and there is less than a 2% fund balance. By FY 2020-21 it is anticipated that the expenditures for operations in this area will require all anticipated revenues and the Mountain Service Zone will need to look to regional economies of scale to continue the range and level of service enjoyed by the western portion of the Service Zone.

The staff supports the reorganization as modified in this report. Now the Commission will need to address the terms and conditions that are required to effectuate the change. Specifically, the terms and conditions will address the transition of service, transfer of obligations, discussion of assignment of special taxes and more. First, staff is recommending that the effective date be set as no earlier than July 1, 2015. This will allow for a clean break in financial and contractual operations and allow for a clean audit trail.

Next, conditions will need to be applied to transfer operations, facilities, and debt to the Mountain Service Zone for continued operation. Approval of the transfer of debt will need to be conditioned in a manner to protect the bond holders as required by State law and to address questions discovered regarding transferability of the Certificate of Participation contract and for the Station 30 special permit with the U.S. Forest Service. Legal Counsel for the Crest Forest FPD has been apprised of these issues and is currently working to address them. A condition of approval is proposed that will defer completion of this change of organization until the signed documents are submitted to LAFCO. Also the assignment of appropriation limit amounts (Gann Limit) have been reviewed and LAFCO staff determined that the separate appropriation limit for the PM-A special tax approved by vote in 1991 has not been separately set each year as required by law. LAFCO staff has developed the calculation necessary to determine the rate to be assigned to the newly formed SBCFPD Service Zone PM-4 of $1,875,000 (included as a part of Attachment #5) and reflected in the condition of approval presented for Commission consideration.

All in all, a number of specific conditions are needed to accommodate the dissolutions, annexations, and assumption of service. The full range of conditions is outlined as follows:

- Upon the effective date of the reorganization, the San Bernardino County Fire Protection District (SBCFPD) Mountain Service Zone (Mountain Service Zone), as Successor District to the Crest Forest Fire Protection District (Crest Forest FPD), shall succeed and/or be assigned, all rights, duties, responsibilities, properties (both real and personal), contracts, equipment, assets, liabilities, obligations, functions, executory provisions, entitlements, permits and approvals of the dissolving Crest Forest FPD. All property tax revenues attributable to the dissolving agency, prior to calculations required by Section 96.1 of the Revenue and Taxation Code, including delinquent taxes and any and all other collections or assets of the dissolving Crest Forest FPD shall accrue and be transferred to the Successor District pursuant to the provisions of Government Code Section 56810. Said Successor District shall be subject to the terms and conditions contained herein;

- Upon the effective date of the reorganization including dissolution, the newly formed Service Zone PM-4 of SBCFPD shall be the successor agency for the dissolving Crest Forest FPD Service Zone PM-A and shall receive all reserve fund balances to be held for the benefit of the ratepayers of the special tax within the dissolving service zone. Transactions utilizing these funds shall be accounted for and described in the annual audit and/or comprehensive financial reports recognizing Service Zone PM-4 of the SBCFPD. All other cash on hand or reserve funds shall transfer to the Successor District, the Mountain Service Zone for SBCFPD, for use in providing the service to the area of the dissolving Service Zone PM-A;

- Upon the effective date of this reorganization including annexation, the area to be annexed to Service Zone PM-1 of the SBCFPD shall continue to pay the existing special tax for paramedic service currently in effect for that agency

pursuant to Government Code Section 56886(t). All other cash on hand or reserve funds related to the operation of the Crest Forest FPD Zone PM-1 shall transfer to Service Zone PM-1 of SBCFPD;

- Upon the effective date of the reorganization including dissolution, the Successor District shall accept all facilities transferred from the dissolving Crest Forest Fire Protection District in "as is" condition (pursuant to Government Code Section 56886(h)). All system facilities and incidental liabilities, such as accounts payables, contract obligations and customer deposits shall be transferred to the Successor District. All assets including, but not limited to, equipment (vehicles, apparatus, supplies, etc.), rolling stock, tools, office furniture, fixtures and equipment, all lands, buildings, real and personal property and appurtenances held by the dissolving Crest Forest FPD shall be transferred to the Successor District, Mountain Service Zone of SBCFPD;

- The debt obligations of the dissolving Crest Forest FPD (including but not limited to bond debt and its Certificates of Participation) shall be assigned to the Successor District, the Mountain Service Zone of SBCFPD as authorized by Government Code Section 56886(c). Prior to the effective date of the reorganization a signed statement of transferability of the financial instruments related to the debts of the dissolving district shall be provided to the Local Agency Formation Commission ;

- The existing fees, taxes, assessments, and charges of the Crest Forest FPD and its Service Zones PM-A and PM-1 shall continue as the obligations of the Mountain Service Zone and Service Zones PM-1 and PM-4 of the San Bernardino County Fire Protection District, respectively, as authorized by Government Code Section 56886(b);

- The remaining payments, all rights and interests held or claimed by the dissolving Crest Forest FPD under all agreements and/or memoranda of understanding with any public agency or private entity shall transfer to the Successor District, Mountain Service Zone of the SBCFPD. The Successor District, Mountain Service Zone, shall also assume all joint use, maintenance, automatic aid or mutual aid agreements held by the dissolving Crest Forest FPD [Government Code Section 56886(r)]. Amendments of existing agreements required for successful transfer shall be completed and submitted to the Local Agency Formation Commission prior to the issuance of the Certificate of Completion to address any changes [Government Code Section 56886(r)(v)];

- Upon the effective date of this reorganization, the appropriation limit of the dissolving Crest Forest FPD of $7,039,517 shall be added to the appropriation limit of the Successor District, Mountain Service Zone of SBCFPD;

- Upon the effective date of this reorganization, the newly formed Service Zone PM-4 shall be assigned an appropriation limit determined to be $1,875,000, as of July 1, 2015, and the SBCFPD shall be required to annually update and adopt the appropriation limit pursuant to statute;

- Successor Districts, Mountain Service Zone and PM-4 of SBCFPD, as the case may be, shall succeed to all rights, duties, and obligations of the dissolving Crest Forest FPD with respect to the enforcement, performance or payment of any outstanding bonds, including revenue bonds, or other contracts and obligations of the dissolving district. This reorganization shall not impair the rights of any bondholder or creditor of the dissolving Crest Forest FPD;

- Upon the effective date of this reorganization, any funds currently deposited for the benefit of the Crest Forest FPD, its Service Zones PM-A and PM-1 which have been impressed with a public trust, use or purpose shall be transferred to the Successor Districts, Mountain Service Zone and Service Zones PM-4 and PM-1 of SBCFPD respectively, and said districts shall separately maintain such funds in accordance with the provisions of Government Code Section 57462;

The final element that will need to be addressed is that during the transition period State law specifies that the dissolving entity be limited in its authority for expenditures and encumbering obligations. Therefore, staff is recommending that the following condition be included to address this issue which will limit the operation from the point in time that the Commission approves the reorganization (adoption of its resolution) through the effective date proposed to be July 1, 2015.

- As of the date of approval of the reorganization by LAFCO through the effective date pursuant to the provisions of Government Code 56885.5(a)(4), the Board of Directors of the Crest Forest Fire Protection District shall be prohibited from taking the following actions unless it first finds an emergency situation exists as defined in Government Code Section 54956.5:

    - **No Increase in Compensation or Benefits:** No increase in calculation for payment of benefits or compensation for employees of the Crest Forest Fire Protection District and its Board of Directors shall be allowed. Exceptions to this prohibition include planned and budgeted increases identified in the adopted budget for Fiscal Year 2014-15.

    - **Bound by Current Budget:** Appropriating, encumbering, expending, or otherwise obligating any revenue of the Crest Forest Fire Protection District beyond that provided in the current budget at the time of Commission approval unless agreed to by the Successor District.

Staff would note that the condition includes the proviso that if an issue arises that requires expenditure of funds or the obligation for payment it can be approved if the Successor District agrees. This allows for a mechanism to address unknowns during the transition.

ENVIRONMENTAL CONSIDERATIONS

The Commission is the lead agency for review of the potential environmental consequences of the reorganization evaluated in this report. LAFCO staff has provided the Commission's Environmental Consultant, Tom Dodson of Tom Dodson and Associates, with the application materials and responses provided by the Crest Forest Fire Protection District and the San Bernardino County Fire Protection District. Mr. Dodson has reviewed this proposal and has indicated that it is his recommendation that the reorganization is statutorily exempt from the California Environmental Quality Act (CEQA) (copy of letter included as Attachment #6). This determination is based on the fact that the reorganization will transfer the delivery of fire protection, emergency medical response and ambulance services from one entity to another which will not result in any physical impacts on the environment. Therefore, this action is exempt as defined under Section 15061(b) (3) of the State CEQA Guidelines. It is recommended that the Commission adopt the General Rule Statutory Exemption for this proposal by taking the actions outlined in the recommendation section of this report.

DETERMINATIONS

The following determinations are required to be provided by Commission policy and Government Code Section 56668 for any proposal considered:

1. The County Registrar of Voters Office has determined that the study area is legally inhabited with 6,986 registered voters as of December 30, 2014.

2. The study area is proposed to be within the sphere of influence assigned the San Bernardino County Fire Protection District through approval of LAFCO 3185.

3. The County Assessor's Office has determined that the total assessed valuation of land and improvements for the area is $1,460,733,112 as of January 13, 2015. This figure is broken down as $333,542,372 for land and $1,127,190,740 for improvements.

4. Legal advertisement of the Commission's consideration of the proposal has been provided through publication in *The Sun* a newspaper of general circulation in the area as well as *The Alpenhorn* a weekly paper within the community of Crestline. As required by State law, individual notification was provided to affected and interested agencies, County departments, and those individuals and agencies having requested such notice.

5. In compliance with Commission policy and Government Code Section 56157, the Notice of Hearing for the hearing on this proposal was provided by publication in *The Sun* as an 1/8th page legal ad. Comments from registered voters and landowners and

any affected local agency in support or opposition will be reviewed and considered by the Commission in making its determination.

6. The proposed reorganization, including annexations and formation of a Service Zone of the San Bernardino County Fire Protection District and the assumption of the functions and services previously provided by the dissolving Crest Forest Fire Protection District does not conflict with the established County General Plan or its adopted Crest Forest Community Plan. The proposed reorganization has no direct impact on such land use designations.

7. The Southern California Associated Governments (SCAG) has adopted a Regional Transportation Plan and Sustainable Community Strategy pursuant to the provisions of Government Code Section 65352.5 and approval of LAFCO 3186 has no direct impact on these determinations. The Sustainable Community Strategy includes as a determination the need to assure the ongoing availability of health and safety services which approval of LAFCO 3186 will support.

8. The Commission's Environmental Consultant, Tom Dodson of Tom Dodson and Associates, has indicated his recommendation that the review of this reorganization proposal is statutorily exempt from the California Environmental Quality Act (CEQA). This recommendation is based on the finding that that the proposal will not change the area in which the service is provided; therefore, no physical affect upon the environment can be seen. With that determination a General Rule Statutory Exemption as authorized under Section 15061(b) (3) of the State CEQA Guidelines is appropriate. A copy of Mr. Dodson's response is included for the Commission's review as Attachment #6 to this report.

9. The study area is presently served by the following public agencies:

County of San Bernardino
Mojave Desert Resource Conservation District
Crest Forest Fire Protection District and its Service Zones PM-A and PM-1
Crestline-Lake Arrowhead Water Agency
Crestline Village Water District
Crestline Sanitation District
Lake Arrowhead Community Services District
San Bernardino Mountains Community Healthcare District (portion)
County Service Areas 18, 54, and 68
County Service Area 70 (unincorporated County-wide multi-function agency) and its Zones D-1 and R-2, R-9, R-23 and R-44

The Crest Forest Fire Protection District and its Service Zone PM-A will be dissolved through successful completion of this reorganization and their services and functions transferred to the Mountain Service Zone of SBCFPD (for the district) and the newly formed Service Zone PM-4 of SBCFPD (for PM-1) respectively. Service Zone PM-1 of the Crest Forest Fire Protection District will be dissolved and its territory annexed to the existing SBCFPD Service Zone PM-1 with retention of the existing special tax.

None of the other agencies will be directly affected by the completion of this proposal through an adjustment in their boundaries as they are regional in nature.

10. The Crest Forest Fire Protection District has submitted a Plan for Service including a Fiscal Impact Analysis for the transfer of its fire protection, emergency medical response and ambulance service through dissolution of the district and its service zones. This Plan is included as a part of Attachment #2 to this report. Subsequently, the San Bernardino County Fire Protection District, on behalf of the Mountain Service Zone, submitted a modified Plan for Service and Fiscal Impact Analysis as the proposed successor agency which addresses the issues required in a plan for the provision of services as required by Government Code Section 56653. This Plan is included as a part of Attachment #3 to this report which indicates that the transfer of service to the Mountain Service Zone and the creation of a new Service Zone for paramedic funding can, at a minimum, maintain the level of service delivery currently received by the area. The Plans for Service and other information submitted by the District and County Fire have been reviewed and compared with the standards established by the Commission and the factors contained within Government Code Section 56668. The LAFCO staff has determined that such Plan for Service and the supplemental data submitted conform to those adopted standards and requirements.

11. The proposal complies with Commission policies and reflects determinations made within the Crest Forest Community service review regarding questions on long-term sustainability of service. The reorganization area can benefit from the assumption of fire protection, emergency medical response and ambulance service through the Mountain Service Zone of the SBCFPD as evidenced by the Plan for Service.

12. The reorganization area can benefit from the provision of fire protection, emergency medical response and ambulance service through a single fire entity without requirement for contractual relationships.

13. This proposal will not affect the fair share allocation of the regional house needs as the entire area is unincorporated with the Regional Housing Needs Allocation (RHNA) numbers assigned to the County of San Bernardino.

14. With respect to environmental justice, the reorganization provides for the continuation of existing fire protection, emergency medical response and ambulance services within the area and will not result in the unfair treatment of any person based upon race, culture or income.

15. The County of San Bernardino has successfully completed the process for the determination of the transfer of ad valorem property tax revenues upon successfully completion of this reorganization to the successor agency, Mountain Service Zone of SBCFPD for general ad valorem taxes. This fulfills the requirements of Section 99 of the Revenue and Taxation Code.

16. The maps and legal descriptions prepared by the County Surveyor are in substantial compliance with LAFCO and State standards.

CONCLUSION

Fire protection, emergency medical response and ambulance service are key health and safety issues for any community, but even more so in an isolated urban density mountain community. For more than 80 years the Crest Forest FPD has provided these services, through good times and bad, and has now determined that in order to continue to serve the community it must propose that it dissolve and transfer its obligations to the larger County Fire organization. This is not an easy step for any local community to take, it was one which was reviewed extensively. It had been hoped by the Board of Directors that the contractual relationship forged in 2013 with County Fire would allow for the district to continue to serve its constituents but the financial realities brought the District to this place in time.

LAFCO staff in years past has discussed the potential for consolidating service in the Crest Forest community to eliminate the duplication of costs for such items administrative, legal, and board governance and increase the level of funding to direct service to no avail. The Crest Forest FPD has now come to this crossroads in terms of its financial capabilities and in a statesmanlike manner has proposed that it be extinguished in order to continue to serve. Staff believes that the best option, at this time, for the service to be continued is for the area to be annexed to County Fire, its Mountain Service Zone for direct delivery of the fire protection, emergency medical response and ambulance service and the creation of Service Zone PM-4 to continue the special tax to support paramedic service in the Crest Forest community; therefore, recommends approval of LAFCO 3186 as modified. Approval of the set of actions outlined beginning on page one of this report by the Commission will place the matter in the hands of the registered voters of the Crest Forest community to determine the success or failure of this proposal.

KRM/

Attachments:

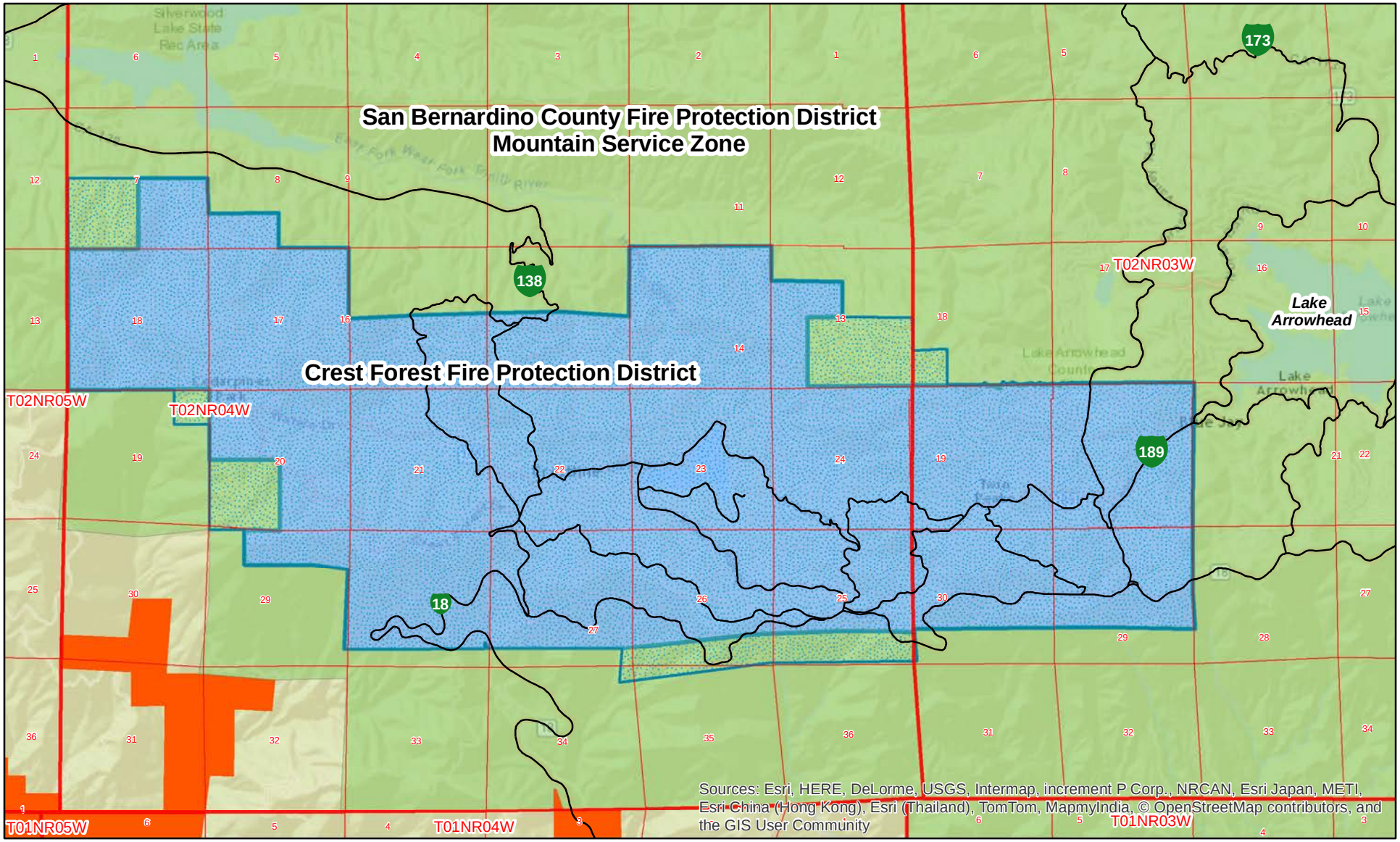
1. Map of LAFCO 3186
2. Crest Forest Fire Protection District Application:
    a. Application and Plan for Providing Services and Fiscal Impact Analysis
    b. Comprehensive Financial Report for June 30, 2014 and 2013 including Audits
3. San Bernardino County Fire Protection District Plan for Service and Fiscal Impact Analysis: Copy of letter of Support
4. Exclusive Operating Area 10 for Ambulance Transport:
    a. Map of EOA 10
    b. Letter Dated February 24, 2015 from Gregory Devereaux, Chief Executive Officer of the County
    c. Letter Dated February 13, 2015 from County Fire Related to Condition of Approval submitted by ICEMA;
    d. Letter Dated January 29, 2015 from ICEMA Providing Existing MOU and Clarifying Request for Condition, and

e. Letter Dated January 15, 2015 Requesting Imposition of Specific Condition on Transfer of EOA 10 Responsibilities from ICEMA

5. Charts Prepared by LAFCO Staff for: Retirement Costs, Revised Financial Impact Analysis and Appropriation Limit Calculation for Service Zone PM-1
6. Letter from Tom Dodson of Tom Dodson and Associates, LAFCO Environmental Consultant, Recommending Adoption of Statutory Exemption for LAFCO 3186
7. Draft LAFCO Resolution No. 3196

Map of LAFCO 3186

Attachment 1



LAFCO 3185 – Sphere of Influence Expansion for the San Bernardino County Fire Protection District (Crest Forest community)

LAFCO 3186 – Reorganization to include Annexations to the San Bernardino County Fire Protection District, its Mountain and PM-1 Service Zones, Dissolution of the Crest Forest Fire Protection District and its Service Zone PM-A, Formation of Service Zone FP-7 and PM-4

Crest Forest FPD Current SOI
Crest Forest FPD Current Bnd
SB County FPD - Mtn Service Zone
City of San Bernardino

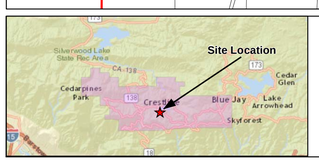
LAFCO
for San Bernardino County

0 0.3 0.6 1.2 1.8 2.4
Miles

N
S

Course	Distance	Direction
1	5280	Northerly
2	2640	Easterly
3	2640	Northerly
4	2640	Easterly
5	1320	Southerly
6	2640	Easterly
7	1320	Southerly
8	2640	Easterly
9	2640	Southerly
10	10560	Easterly
11	2640	Northerly
12	5280	Easterly
13	1320	Southerly
14	2640	Easterly
15	1320	Southerly
16	1320	Westerly
17	2640	Southerly
18	14520	Easterly
19	9240	Southerly
20	31680	Westerly
21	2640	Northerly
22	3960	Westerly
23	1320	Northerly
24	1320	Easterly
25	2640	Northerly
26	2640	Westerly
27	2640	Northerly
28	5280	Westerly

POINT OF BEGINNING



Annexation Area Containing 10429 Acres, More or Less

Parcels

Section Lines

Course Number

APN Assessors Parcel Number

Existing San Bernardino County Fire Protection District Mountain Service Zone

Reorganization to Include Annexations to the San Bernardino County Fire Protection District, it's Mountain Service Zone, and it's Service Zone PM-1, Dissolution of Crest Forest Fire Protection District and it's Service Zone PM-A, and Formations of Service Zone FP-7 and Service Zone PM-4. - Annexations to the San Bernardino County Fire Protection District and its Mountain Service Zone, Dissolution of Crest Forest Fire Protection District,and Formation of Service Zone FP-7 (Crest Forest).

That Portion of Township 2 North, Range 3 and 4 West, S.B.M, San Bernardino County, State of California.

N

0 650 1,300 2,600 Ft

1 inch = 1,300 feet

PROFESSIONAL LAND SURVEYOR RYAN HUNSICKER PLS No. 8302 Exp. 12-31-15 STATE OF CALIFORNIA

THIS MAP WAS PREPARED BY ME OR UNDER MY DIRECTION

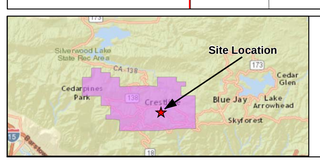
12/17/2014

Ryan S. Hunsicker Date
Deputy County Surveyor
PLS 8302 Exp. 12/31/2015

Job Number 00134CPO - Revised December 17, 2014

Course	Distance	Direction
1	5280	Northerly
2	2640	Easterly
3	2640	Northerly
4	2640	Easterly
5	1320	Southerly
6	2640	Easterly
7	1320	Southerly
8	2640	Easterly
9	2640	Southerly
10	10560	Easterly
11	2640	Northerly
12	5280	Easterly
13	1320	Southerly
14	2640	Easterly
15	1320	Southerly
16	1320	Westerly
17	2640	Southerly
18	3960	Easterly
19	9240	Southerly
20	21120	Westerly
21	2640	Northerly
22	3960	Westerly
23	1320	Northerly
24	1320	Easterly
25	2640	Northerly
26	2640	Westerly
27	2640	Northerly
28	5280	Westerly

POINT OF BEGINNING



Annexation Area Containing 8209 Acres, More or Less

Parcels

Section Lines

Course Number

APN Assessors Parcel Number

Existing San Bernardino County Fire Protection District Mountain Service Zone

Reorganization to Include Annexations to the San Bernardino County Fire Protection District, it's Mountain Service Zone, and it's Service Zone PM-1, Dissolution of Crest Forest Fire Protection District and it's Service Zone PM-A, and Formations of Service Zone FP-7 and Service Zone PM-4. Dissolution of Crest Forest Fire Protection District Service Zone PM-A and Formation of San Bernardino County Fire Protection District Service Zone PM-4

That Portion of Township 2 North, Range 4 West, S.B.M, San Bernardino County, State of California.

N

0 600 1,200 2,400 Ft

1 inch = 1,200 feet

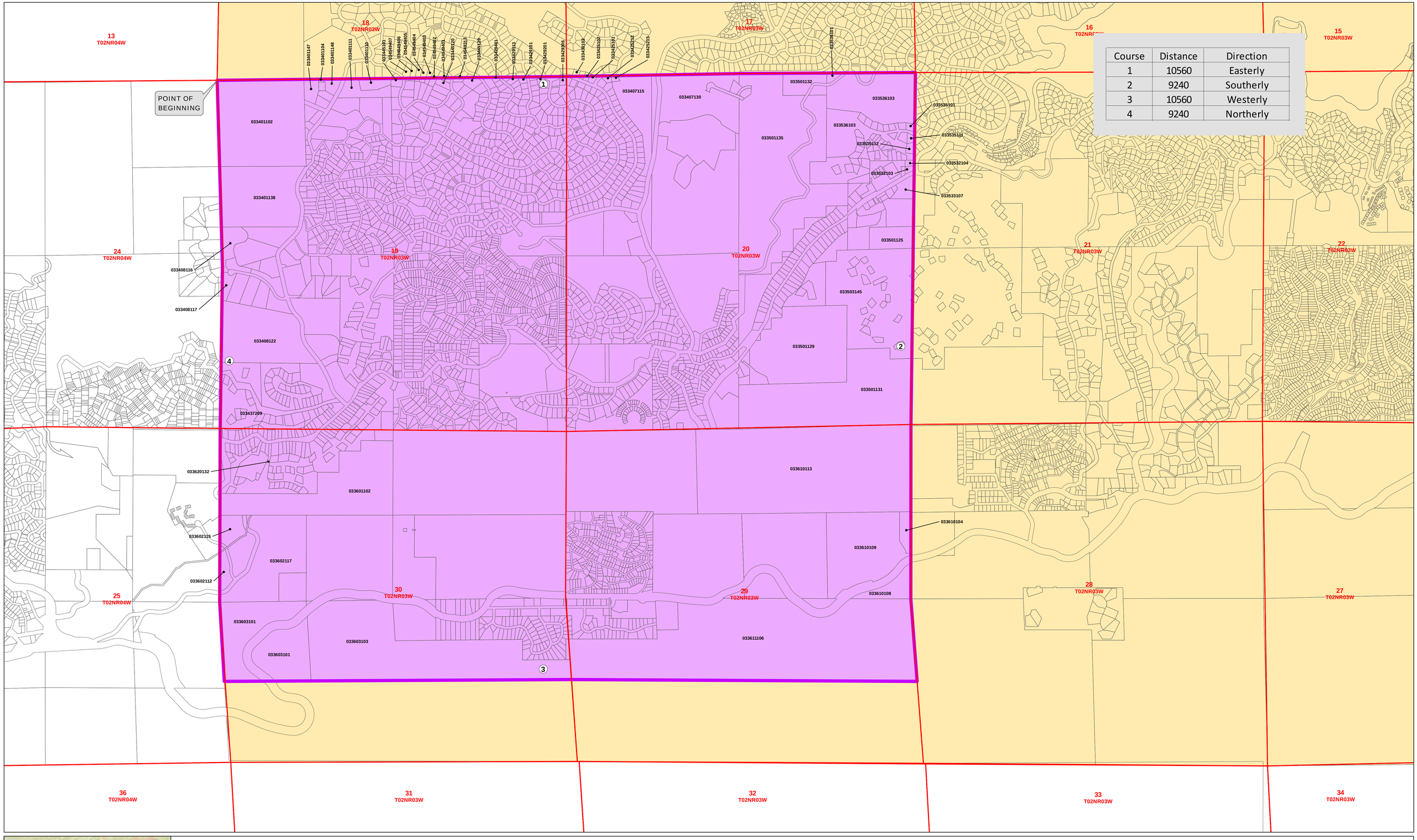
PROFESSIONAL LAND SURVEYOR RYAN HUNSICKER PLS No. 8302 Exp. 12-31-15 STATE OF CALIFORNIA

THIS MAP WAS PREPARED BY ME OR UNDER MY DIRECTION

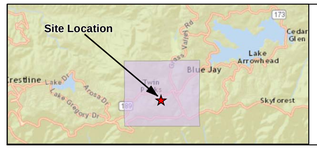
12/17/2014

Ryan S. Hunsicker Date
Deputy County Surveyor
PLS 8302 Exp. 12/31/2015

Job Number 00134CPO - Revised December 17, 2014



Course	Distance	Direction
1	10560	Easterly
2	9240	Southerly
3	10560	Westerly
4	9240	Northerly



Annexation Area Containing 2,204 Acres, More or Less

Parcels

Section Lines

Course Number

APN Assessors Parcel Number

Existing San Bernardino County Fire Protection District Service zone PM-1 (Lake Arrowhead Paramedic)

Reorganization to Include Annexations to the San Bernardino County Fire Protection District, it's Mountain Service Zone, and it's Service Zone PM-1, Dissolution of Crest Forest Fire Protection District and it's Service Zone PM-A, and Formations of Service Zone FP-7 and Service Zone PM-4.

Annexation to the San Bernardino County Fire Protection District Service Zone PM-1

That Portion of Township 2 North, Range 3 West, S.B.M, San Bernardino County, State of California.

N

0 300 600 1,200 Ft

1 inch = 600 feet

PROFESSIONAL LAND SURVEYOR RYAN HUNSICKER PLS No. 8302 Exp. 12-31-15 STATE OF CALIFORNIA

THIS MAP WAS PREPARED BY ME OR UNDER MY DIRECTION

11/20/2014

Ryan S. Hunsicker Date
Deputy County Surveyor
PLS 8302 Exp. 12/31/2015

Job Number 00134CPO - Revised November 19, 2014

CREST FOREST FIRE PROTECTION DISTRICT
APPLICATION

Application and Plan for Providing Services and Fiscal Impact Analysis

Attachment 2a

RESOLUTION NO. 14-09

A RESOLUTION OF APPLICATION BY THE BOARD OF DIRECTORS OF CREST FOREST FIRE PROTECTION DISTRICT, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, AS THE GOVERNING BODY OF THE DISTRICT, REQUESTING THE LOCAL AGENCY FORMATION COMMISSION TO TAKE PROCEEDINGS FOR A SHPERE OF INFLUENCE AMENDMENT AND REORGANIZATION OF CREST FOREST FIRE PROTECTION DISTRICT AND SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT AS MORE SPECIFICALLY DESCRIBED BELOW

BE IT RESOLVED, by the Crest Forest Fire Protection District (hereafter Crest Forest Fire) Board of Directors that:

WHEREAS, the Board of Directors for Crest Forest Fire desires to initiate proceedings pursuant to the Cortese-Knox-Hertzberg Government Reorganization Act of 2000, commencing with Section 56000 of the California Government Code for:

1. A sphere of influence amendment for the Crest Forest Fire Protection District and the San Bernardino County Fire Protection District; and

2. A reorganization proposal to include, but not limited to, annexations to the San Bernardino County Fire Protection District and its Mountain Service Zone, creation of a Service Zone related to services currently provided by Crest Forest Fire, dissolution of the Crest Forest Fire District designating San Bernardino County Fire Protection District Mountain Service Zone as the successor agency, and Annexation to Service Zone PM-1 for the territory previously detached as a part of LAFCO 3000, as more specifically described in the District's application attached hereto; and

WHEREAS, the territory proposed for reorganization is legally inhabited and a description of the boundaries for all actions is set forth in the District's application attached hereto, and by this reference incorporated herein; and

WHEREAS, the proposed reorganization will not conflict with any existing sphere of influence as the proposed change includes an amendment to the Crest Forest Fire Protection District and San Bernardino County Fire Protection District spheres of influence to accommodate the proposed reorganization; and

WHEREAS, it is desired that the proposed reorganization be subject to the following terms and conditions:

1. As a function of the reorganization, to include Dissolution of Crest Forest Fire, a condition of approval shall be included designating San Bernardino County Fire Protection District Mountain Service Zone as the successor agency for all property tax revenues attributable to the dissolving entity, including delinquent taxes, and any and all other collections or assets of the District to be dissolved, shall accrue and be transferred to the Successor District, Mountain Service Zone of SBCFPD, pursuant to the provisions of Government Code Section 56810. The Successor District shall succeed to all rights,

duties, responsibilities, properties (both real and personal), contracts, equipment, assets, liabilities, obligations, functions, executory provisions, entitlements, permits and approvals of the dissolving Crest Forest Fire Protection District, except as otherwise outlined in the Conditions of Approval by LAFCO.

2. As a function of the reorganization, to include Dissolution of Crest Forest Fire, a condition of approval shall be included addressing the repayment of the unfunded retirement liability of the District to the San Bernardino County Employee Retirement Association (SBCERA) from revenues solely within the boundaries of the District through creation of a separate Service Zone.

3. As a function of the reorganization a Service Zone shall be formed to succeed to the current special tax identified as **FP7** for the purpose of funding paramedic/ambulance operations.

4. The territory identified as the dissolving Crest Forest Fire designating the successor agency San Bernardino County Fire Protection District Mountain Service Zone shall function under Division 2.5 of the Health and Safety Code for the provision of emergency medical services. The reorganization shall not reduce the geographic size, scope or boundaries of any existing OA's, as currently operated.

5. The appropriation limit of the San Bernardino County Fire Protection District Mountain Service Zone shall be increased by the appropriation limit of the dissolving district.

6. All previously authorized charges, fees, assessments, and/or taxes currently in effect, now levied or collected by the dissolving District, including improvement or assessment districts thereof, shall continue to be levied and collected by the successor agency.

7. Indebtedness of the District shall remain the legal obligation of only the lands and areas that incurred such indebtedness.

8. The standard terms and conditions imposed by the Local Agency Formation Commission upon all proposals or such additional conditions as may be deemed appropriate or necessary by the Local Agency Formation Commission in its consideration.

WHEREAS, the reasons for the sphere of influence amendment and proposed reorganization are to (1) provide for a simplification of government structure to eliminate the duplication of administrative services currently provided by the contract for service implemented in July of 2013; (2) reduce the cost of providing fire protection, ambulance, and other related services within the territory of the former Crest Forest Fire Protection District; and (3) provide the general public with a clearer understanding of the fire operations in the Crest Forest community.

NOW, THEREFORE, BE IT RESOLVED that this Resolution of Application is hereby approved and adopted by the Crest Forest Fire Protection District; and the Local Agency Formation Commission for San Bernardino County is hereby request to take

proceedings for the sphere of influence review and proposed reorganization as described in the District's application, in the manner provided by the Cortese-Know-Hertzberg Local Government Reorganization Act of 2000.

Resolution 14-07 shall be superseded and replaced, in its entirety, by this Resolution 14-09 and Resolution 14-07 shall be of no further force or effect.

PASSED AND ADOPTED by the Board of Directors of Crest Forest Fire Protection District, County of San Bernardino, State of California, by the following vote:

AYES: ROBERT GOSS, Leslie DODGE-Taylor, JERRY RINGHOFER JR. JEROME RINGHOFER SR.
NOES: JODE
ABSENT: CHUCK Gibbs
ABSTAIN: JODE

Resolution 14-09 Adopted this 18th day of November, 2014.

Robert Goss, Vice President of the Board
Crest Forest Fire Protection District

ATTEST:

Patti Forsythe, Secretary of the Board
Crest Forest Fire Protection District

CERTIFICATION

I, Patti Forsythe, Secretary of the Board of Directors of the Crest Forest Fire Protection District, hereby certify that the foregoing is a full, true and correct copy of the Resolution adopted by the Board of Directors of said District at the regular meeting of said Board held on the 18th day of November, 2014, by the following vote:

AYES: Robert Goss, Jerry Ringhofer Jr., Leslie Dodge-Taylor, Jerome Ringhofer Sr.
NOES: None
ABSENT: Chuck Gibbs
ABSTAIN: None

Patti Forsythe, Administrative Secretary

(FOR LAFCO USE ONLY)

SAN BERNARDINO LAFCO
APPLICATION AND PRELIMINARY
ENVIRONMENTAL DESCRIPTION FORM

INTRODUCTION: The questions on this form and its supplements are designed to obtain enough data about the proposed project site to allow the San Bernardino LAFCO, its staff and others to adequately assess the project. By taking the time to fully respond to the questions on the forms, you can reduce the processing time for your project. You may also include any additional information which you believe is pertinent. Use additional sheets where necessary, or attach any relevant documents.

GENERAL INFORMATION

1. NAME OF PROPOSAL: Crest Forest Fire Protection District (hereafter known as CFFPD) requesting the Local Agency Formation Commission to take proceedings for a sphere of influence amendment and reorganization of Crest Forest Fire Protection District and San Bernardino County Fire Protection District (hereafter known as SBCFPD) specifically described below.

2. NAME OF APPLICANT: Crest Forest Fire Protection District

   MAILING ADDRESS: PO Box 3220
   Crestline, CA 92325-3220

   PHONE: (909) 338-3311, (909) 337-8586 (Division 4 Headquarters)

   FAX: (909) 338-3217

   E-MAIL ADDRESS: pforsythe@sbcfire.org

3. GENERAL LOCATION OF PROPOSAL: The District boundaries as currently defined and in force for the CFFPD. CFFPD is located in the Crest Forest community and southwestern portion of the Lake Arrowhead community. Approximately 22 square miles generally bordered by section lines along Crest Summit and the community of Blue Jay on the east; a combination of parcel lines generally along Rim of the World Highway (Hwy 18) and the community of Rimforest on the south; a combination of section lines and parcel lines generally along Playground Drive, Ridge Drive, and Sawpit Canyon Trail on the west; and a combination of section lines and parcel lines south of Silverwood Lake, Miller Canyon, and Pilot Rock on the north. The area includes Lake Gregory and the unincorporated areas known as Skyland, Crestline, Valley of Enchantment, Valley View Park, Cedarpines Park, Arrowhead Highlands, Twin Peaks, Crest Park, Rimforest, and Blue Jay. A map of Crest Forest Fire Protection District is shown below and is included as a part of Attachment 1.

4. Does the application possess 100% written consent of each landowner in the subject territory?
   YES ___ NO **X** If YES, provide written authorization for change.

5. Indicate the reasons that the proposed action has been requested. Sphere of influence amendment and proposed reorganization are to (1) provide for a simplification of government structure to eliminate the duplication of administrative services currently provided by the contract for service implemented in July 2013; (2) reduce the cost of providing fire protection, ambulance, and other related services within the territory of the former CFFPD; (3) provide the general public with a clearer understanding of the *All Risk Emergency Responses* in the Crest Forest community Attachment 2.

6. Would the proposal create a totally or substantially surrounded island of unincorporated territory?
   YES ___ NO **X** If YES, please provide a written justification for the proposed boundary configuration. N/A

(FOR LAFCO USE ONLY)

LAND USE AND DEVELOPMENT POTENTIAL

1. Total land area (defined in acres): Approximately 11215 acres.

2. Current dwelling units in area classified by type: Single and multi-family dwellings. As of January 2014, 258 commercial units, 6974 individual dwellings, 344 multiple individual dwellings, and 6210 undeveloped parcels were reported within the CFFPD boundary. (Attachment 3 - NBS January 2014 Report).

3. Approximate current population in area: Approximately 13,365 (Attachment 4 - 2010 U.S. Census) fulltime residents. Summertime population can nearly double based upon recreational and transient populations.

4. Indicate the General Plan designation(s) of the affected city (if any) and uses permitted by this designation(s): N/A

   (San Bernardino County General Plan) designation(s) and uses permitted by this designation(s): Attachment 5 - Reference CFFPD Contract with SBCFPD, July 13, 2013.)

5. Describe any special land use concerns expressed in the above plans. In addition, for a City Annexation or Reorganization, provide a discussion of the land use plan's consistency with the regional transportation plan as adopted pursuant to Government Code Section 65080 for the subject territory:

   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. The private lands within CSA 54 are generally residential (RS-14M) with scattered commercial along State Route 189 and in the Lake Gregory area of the district. The public lands within CSA 54 are designated Resource Conservation. Attachment 6 - SBCFPD to assume CFFPD facility lease agreement #10-010 (See memo dated July 29, 2014 from Municipal Finance Corporation).

6. Indicate the existing land use. Existing land use is for *All Risk Emergency Service Responses* as provided by SBCFPD in fulfillment of the current contract with CFFPD.

   What is the proposed land use? The proposed land use will not alter the current land use as it exists. The proposal would maintain the current assigned land use with the same mission – the provision of *All Risk Emergency Service Response*. (Reference Attachment 5).

7. For a city annexation, State law requires pre-zoning of the territory proposed for annexation. Provide a response to the following: N/A

   a. Has pre-zoning been completed? YES ___ NO X
   b. If the response to "a" is NO, is the area in the process of pre-zoning? YES ___ NO X

   Identify below the pre-zoning classification, title, and densities permitted. If the pre-zoning process is underway, identify the timing for completion of the process. N/A

8. Will the proposal require public services from any agency or district which is currently operating at or near capacity (including sewer, water, police, fire, or schools)? YES ___ NO X If YES, please explain.

Proposal to provide service and long term sustainability for *All Risk Emergency Services Responses* for the Crest Forest communities.

9. On the following list, indicate if any portion of the territory contains the following by placing a checkmark next to the item:

☐ Agricultural Land Uses ☐ Agricultural Preserve Designation

☐ Williamson Act Contract ☐ Area where Special Permits are required

☐ Any other unusual features of the area or permits required: N/A

10. If a Williamson Act Contract(s) exists within the area proposed for annexation to a City, please provide a copy of the original contract, the notice of non-renewal (if appropriate) and any protest to the contract filed with the County by the City. Please provide an outline of the City's anticipated actions with regard to this contract. N/A

11. Provide a narrative response to the following factor of consideration as identified in §56668(o): *The extent to which the proposal will promote environmental justice. As used in this subdivision, "environmental justice" means the fair treatment of people of all races, cultures, and incomes with respect to the location of public facilities and the provision of public services:*

The proposed action will not affect the location or provision of *All Risk Emergency Service Response.* The proposed action will align the resources in the current CFFPD into the SBCFPD Mountain Service zone allowing for a more consistent and efficient distribution of services.

ENVIRONMENTAL INFORMATION

1. Provide general description of topography. The proposed action area is predominately a densely populated mountainous area within the county with a diverse mix of commercial and residential parcels. The seasonal population and visitors are not reflected demographic statistics. It is estimated that the seasonal/visitor factors can approximately double the peak population. (Reference Attachment 3 - NBS January 2014 Report).

2. Describe any existing improvements on the site as % of total area.

Residential 7318 units - 53%	Agricultural - 0%
Commercial 258 units - 2%	Vacant 6210 lots - 45%
Industrial 0%	Other 0%

3. Describe the surrounding land uses:

NORTH – National Forest

EAST - Residential communities of Lake Arrowhead.

SOUTH - National Forest

WEST - National Forest

(FOR LAFCO USE ONLY)

4. Describe site alterations that be produced by improvement projects associated with this proposed action (installation of water facilities, sewer facilities, grading, flow channelization, etc.).

   There are no site alterations produced by or mandated by the proposed action.

5. Will service extensions accomplished by this proposal induce growth on this site? YES NO X Adjacent sites? YES ___ NO ___ Unincorporated X Incorporated ___

6. Are there any existing out-of-agency service contracts/agreements within the area? YES X NO ___ If YES, please identify.

   There are existing mutual and auto aid agreements in place with the following agencies: United States Forest Service, Cal Fire, San Bernardino City Fire, CFAA, ICEMA, and SBCFPD. These agreements will either be updated, or the current agreements with SBCFPD Mountain Service Zone will assume the current agreements in place.

7. Is this project a part of a larger project or series of projects? YES ___ NO X If YES, please explain.

(FOR LAFCO USE ONLY)

NOTICES

Please provide the names and addresses of persons who are to be furnished mailed notice of the hearing(s) and receive copies of the agenda and staff report.

NAME Robert Goss, Director, CFFPD — TELEPHONE NO. 909-855-8167
ADDRESS: PO Box 3220 Crestline, CA 92325

NAME Jerry Ringhofer, Director, CFFPD — TELEPHONE NO. 909-273-9848
ADDRESS: PO Box 3220 Crestline, CA 92325

NAME Kathleen Opliger, Division Chief, SBCFPD — TELEPHONE NO. 909-337-8586
ADDRESS: PO Box 130 Lake Arrowhead, CA 92352

NAME Ronald Walls, Battalion Chief, SBCFPD — TELEPHONE NO. 909-337-8586
ADDRESS: PO Box 130 Lake Arrowhead, CA 92352

NAME Patti Forsythe, Administrative Secretary, SBCFPD — TELEPHONE NO. 909-337-8586
ADDRESS: PO Box 130 Lake Arrowhead, CA 92352

(FOR LAFCO USE ONLY)

CERTIFICATION

As a part of this application, the Crest Forest Fire Protection District (the applicant), agree to defend, indemnify, hold harmless, and release the San Bernardino LAFCO, its agents, officers, attorneys, and employees from any claim, action, proceeding brought against any of them, the purpose of which is to attack, set aside, void, or annul the approval of this application or adoption of the environmental document which accompanies it. This indemnification obligation shall include, but not be limited to, damages, costs, and expenses, including attorney fees. The person signing this application will be considered the proponent for the proposed action(s) and will receive all related notices and other communications. I/We understand that if this application is approved, the Commission will impose a condition requiring the applicant to indemnify, hold harmless and reimburse the Commission for all legal actions that might be initiated as a result of that approval.

As the proponent, I/We acknowledge that annexation of the Crest Forest Fire Protection District may result in the imposition of taxes, fees, and assessments existing within the (city or district) on the effective date of the change of organization. I hereby waive any rights I may have under Articles XIIIC and XIIID of the State Constitution (Proposition 218) to a hearing, assessment ballot processing or an election on those existing taxes, fees and assessments.

I hereby certify that the statements furnished above and in the attached supplements and exhibits present the data and information required for this initial evaluation to the best of my ability, and that the facts, statements, and information presented herein are true and correct to the best of my knowledge and belief.

DATE 11/18/14

SIGNATURE OF APPLICANT

Robert Goss

PRINTED NAME OF APPLICANT

Vice-President,
Crest Forest Fire Protection District Board of Directors

TITLE

PLEASE CHECK SUPPLEMENTAL FORMS ATTACHED:

- [X] ANNEXATION, DETACHMENT, REORGANIZATION SUPPLEMENT
- [X] SPHERE OF INFLUENCE CHANGE SUPPLEMENT
- [ ] CITY INCORPORATION SUPPLEMENT
- [ ] FORMATION OF A SPECIAL DISTRICT SUPPLEMENT
- [ ] ACTIVATION OR DIVESTITURE OF FUNCTIONS AND/OR SERVICES FOR SPECIAL DISTRICTS SUPPLEMENT

KRM-Rev. 8/15/2012

(FOR LAFCO USE ONLY)

SUPPLEMENT
ANNEXATION, DETACHMENT, REORGANIZATION PROPOSALS

INTRODUCTION: The questions on this form are designed to obtain data about the specific annexation, detachment and/or reorganization proposal to allow the San Bernardino LAFCO, its staff and others to adequately assess the project. You may also include any additional information which you believe is pertinent. Use additional sheets where necessary, and/or include any relevant documents.

1. Please identify the agencies involved in the proposal by proposed action:

ANNEXED TO	DETACHED FROM
San Bernardino County Fire Protection District (Mountain Service Zone) 157 West Fifth Street San Bernardino, CA 92415-0451	Crest Forest Fire Protection District 23407 Crest Forest Drive PO Box 3220 Crestline, CA 92325-3220

2. Will the territory proposed for change be subject to any new or additional special taxes, any new assessment districts, or fees? Yes. LAFCO indicated it would create a new Paramedic Service Zone(s) special tax to reorganize Crest Forest Fire Protection District (CFFPD) existing PM-1 and PM-A special tax. Furthermore, LAFCO indicated it would create a new service zone to isolate and retain the San Bernardino County Employees' Retirement Association (SBCERA) pension obligation specific to the currently existing CFFPD boundaries, in which the obligation was incurred (Reference Attachment 8 - Excerpt from CFFPD Basic Financial Statements for Year Ended June 30, 2013 p. 32). Ambulance obligations and revenues that are currently the responsibility of CFFPD will be assumed by SBCFPD. All fees collected for services provided will be reassigned to the SBCFPD Mountain Service Zone and continue for the services provided. These fees relate to fire protection planning, ambulance billing, cost recovery, hazardous waste collections and other related services.

3. Will the territory be relieved of any existing special taxes, assessments, district charges or fees required by the agencies to be detached? No.

4. Provide a description of how the proposed change will assist the annexing agency in achieving its fair share of regional housing needs as determined by SCAG. N/A.

5. **PLAN FOR SERVICES**:

For each item identified for a change in service provider, a narrative "Plan for Service" (required by Government Code Section 56653) must be submitted. This plan shall, at a minimum, respond to each of the following questions and be signed and certified by an official of the annexing agency or agencies.

1. A description of the level and range of each service to be provided to the affected territory. (Reference - Attachment 5 - CFFPD Contract with SBCFPD, July 13, 2013).

2. An indication of when the service can be feasibly extended to the affected territory. Services are presently provided under the terms of the CFFPD and SBCFPD contract. (Reference - Attachment 5 - CFFPD Contract with SBCFPD, July 13, 2013).

3. An identification of any improvement or upgrading of structures, roads, water or sewer facilities, other infrastructure, or other conditions the affected agency would impose upon the affected territory. N/A

4. The Plan shall include a Fiscal Impact Analysis which shows the estimated cost of extending the service and a description of how the service or required improvements will be financed. The Fiscal Impact Analysis shall provide, at a minimum, a five (5)-year projection of revenues and expenditures. A narrative discussion of the sufficiency of revenues for anticipated service extensions and operations is required. (Reference Attachment 9 – CFFPD Basic Financial Statements for the year ended June 30, 2013 and Attachment 10 – CFFPD Fiscal Impact Analysis.)

5. An indication of whether the annexing territory is, or will be, proposed for inclusion within an existing or proposed improvement zone/district, redevelopment area, assessment district, or community facilities district. SBCFPD consists of five regional service zones, each responsible for provision of emergency services for a given geographic area. The CFFPD will fall under the influence of the SBCFPD Mountain Service Zone. LAFCO indicated it would create a new PM special tax to reorganize CFFPD existing PM-1 and PM-A special tax. Furthermore, LAFCO indicated it will create a new service zone to isolate and retain the SBCERA pension obligation specific to the currently existing CFFPD boundaries, for which the obligation was incurred (Reference Attachment 8 – Excerpt from CFFPD Basic Financial Statements for Year Ended June 30, 2013 p. 32).

6. If retail water service is to be provided through this change, provide a description of the timely availability of water for projected needs within the area based upon factors identified in Government Code Section 65352.5 (as required by Government Code Section 56668(k)). N/A.

(FOR LAFCO USE ONLY)

CERTIFICATION

As a part of this application, the Crest Forest Fire Protection District (the applicant), agree to defend, indemnify, hold harmless, and release the San Bernardino LAFCO, its agents, officers, attorneys, and employees from any claim, action, proceeding brought against any of them, the purpose of which is to attack, set aside, void, or annul the approval of this application or adoption of the environmental document which accompanies it. This indemnification obligation shall include, but not be limited to, damages, costs, and expenses, including attorney fees. The person signing this application will be considered the proponent for the proposed action(s) and will receive all related notices and other communications. I/We understand that if this application is approved, the Commission will impose a condition requiring the applicant to indemnify, hold harmless and reimburse the Commission for all legal actions that might be initiated as a result of that approval.

As the proponent, I/We acknowledge that annexation of the Crest Forest Fire Protection District may result in the imposition of taxes, fees, and assessments existing within the (city or district) on the effective date of the change of organization. I hereby waive any rights I may have under Articles XIIIC and XIIID of the State Constitution (Proposition 218) to a hearing, assessment ballot processing or an election on those existing taxes, fees and assessments.

I hereby certify that the statements furnished above and in the attached supplements and exhibits present the data and information required for this initial evaluation to the best of my ability, and that the facts, statements, and information presented herein are true and correct to the best of my knowledge and belief.

DATE 11/18/14 _____ Robert Goss VP

SIGNATURE OF APPLICANT

/REVISED: krm – 8/15/2012

CREST FOREST FIRE PROTECTION DISTRICT

Fiscal Impact Analysis

BOARD OF DIRECTORS

- Chuck Gibbs, President
- Robert Goss, Vice-President
- Leslie Dodge-Taylor, Director
- Jerry C. Ringhofer Jr., Director
- Jerome C. Ringhofer Sr., Director

EST. 1929

NOVEMBER 18, 2014

Crest Forest Fire Protection District

Fiscal Impact Analysis

Crest Forest Fire Protection District (CFFPD) formed an ad hoc committee after a board action item on the May 12, 2014 meeting. Members of the committee include, Vice-President Robert Goss, Director Jerry Ringhofer Jr., Division Chief Kathleen Opliger, Battalion Chief Ronald Walls, and Administrative Secretary Patti Forsythe. At the June 15, 2014 Board Meeting, Director Ringhofer Jr. reported the ad hoc committee met and strongly recommended the District to move forward with the annexation process.

HISTORY-GENERAL

December 14, 2010, CFFPD approved a board action item to solicit for *All-Risk Community Emergency Response Services* from an outside agency through the distribution of a Request for Proposal (RFP). A contract was awarded to the San Bernardino County Fire Protection District (SBCFPD), commencing July 13, 2013, and ending on June 30, 2023. The agreement included a three-year firm term, commencing upon execution of the contract, during which time neither party may exercise early termination of the agreement. The remainder of the ten-year term was subject to annual renewal with a one-year advance notice if either party intended to exercise the right to terminate the contract.

HISTORY-PARAMEDIC SERVICE

Paramedic Service Zone PM-A

On May 21, 1991, the CFFPD formed Paramedic Service Zone PM-A within its boundaries. The CFFPD Board of Directors, under the authority of Government Code Section 50075, imposed a special tax on parcels within Zone PM-A on February 18, 1992. Voters within Zone PM-A approved the special tax at the November 5, 1991 special election "PM-A Special Tax". This special tax commenced with the 1992-1993 fiscal year, and ***did not include an inflation factor or cost of living increase and does not include a sunset provision.***

Paramedic Service Zone PM-1

In September 1986, County Service Area 70 Improvement Zone PM-1 and the Lake Arrowhead Fire Protection District entered into an agreement whereby the Lake Arrowhead Fire Protection District would provide paramedic and administrative support services to Improvement Zone PM-1 within County Service Area 70. The provision of service was funded by a special tax PM-1 Special Tax under authority of Government Code Section 50077, which was approved by voters on November 3, 1981. The special tax was not to exceed $10 per parcel.

In February 1991, a special tax election was authorized within County Service Area 70 Improvement Zone PM-1 to increase the authorized special tax to $17 per parcel. The measure was approved by voters on June 4, 1991. As result of the reorganization of SBCFPD in July 2008, County Service Area 70 was restructured. The PM-1 special tax was transferred to CFFPD to fund paramedic service to the new area. This special tax commenced with the 1991-1992 fiscal year and ***did not include an inflation factor or cost of living increase and does not include a sunset provision.***

On January 31, 2012, the CFFPD Board authorized a special election (Measure J and K), held on May 8, 2012, for a special parcel tax for paramedic services. The special parcel tax would establish the District's appropriations limit to the qualified voters of the District. The election proposed a special parcel tax of $59 per parcel to begin July 1, 2012. Both measures failed to receive the two-thirds majority vote needed to pass.

RATES

Paramedic Service Zone PM-1

The PM-1 Special Tax is $17 per parcel. ***No inflation factor or cost of living increase was included for the PM-1 Special Tax; therefore $17 remains the current rate.***

Paramedic Service Zone PM-A

The following table shows the PM-A Special Tax rates established by Resolution 01-03, adopted on June 19, 2001. ***No inflation factor or cost of living was included for the PM-A Special Tax, therefore the table below reflects the current rates.***

Per	Amount	Units*
Individual Dwelling Unit (IDU)	$39.50	7318
Commercial Unit (CU)	$45.00	258
Undeveloped Parcel (UP)	$24.50	6210

*As of January 2014, Attachment 3 – NBS January 2014 report

Individual Dwelling Unit (IDU) is defined as "a single family residence, an individual apartment unit, condominium or mobile home".

Commercial Unit (CU) is defined as "an individual wholesale or retail business at a single location".

Undeveloped Parcel (UP) is defined as "an undeveloped parcel of real property".

Property taxes are levied and payable in two installments on December 10th and April 10th. The San Bernardino County Treasurer/Tax Collector bills and collects the property taxes and distributes them to the District in installments throughout the year.

Dissolution of CFFPD: A condition of approval shall be included designating SBCFPD Mountain Service Zone as the successor agency for all property tax revenues attributable to the dissolving entity, including delinquent taxes, and any and all other collections or assets of the District to be dissolved, shall accrue and be transferred to the successor District, SBCFPD Mountain Service Zone, pursuant to the provisions of government Code Section 56810. The successor District shall succeed to all rights, duties, responsibilities, properties (both real and personal), contracts, equipment, assets, liabilities, obligations, functions, executory provisions,

entitlements, permits, and approvals of the dissolving CFFPD, except as otherwise outlined in the Conditions of Approval by LAFCO.

LONG-TERM DEBT: FACILITIES

The District has an installment loan with City National Bank, paid through the contract with SBCFPD. The loan is secured by structures and improvements, bears interest at 5.4% per annum, and matures in 2030. SBCFPD, successor public agency, will assume all of the obligations of the District as part of the LAFCO process, including financings. A simple notification of the name and billing address of the successor entity and the lease will continue without interruption. *There is no requirement for a mandatory prepayment of the financing* in the event of an annexation (Reference Attachment 6 - SBCFPD to assume CFFPD facility lease agreement #10-010) nor any penalty if an accelerated prepayment schedule is chosen. CFFPD Facilities Corporation submitted a Certificate of Dissolution to the California Secretary of State on March 2013. All known debts and liabilities were paid and the CFFPD Facilities Corporation was dissolved on April 23, 2013.

Remaining maturities are as follows:

Fiscal Year Ending June 30th	Interest	Principal	Total
2015	$115,989	$69,600	$185,589
2016	$112,217	$70,500	$182,717
2017	$108,338	$76,100	$184,438
2018	$104,085	$86,800	$190,885
2019-2023	$441,529	$547,500	$989,028
2024-2028	$265,091	$797,100	$1,062,191
2029-2030	$42,914	$517,500	$560,414
Totals	$1,190,163	$2,165,100	$3,355,263

FACILITIES

Real Property owned by the District is valued at approximately 3.5 million dollars (Attachment 9 – CFFPD Basic Financial Statements for the year ended June 30, 2013). The District's Structures/Land Reserves Fund (MCI) is a budget operating transfer out to the District's General Fire Fund (MCG) and is not expected to fund any future capital improvements.

Station	Address	APN	Approx Sq. Ft. Structure	Approx Sq. Ft. Land
24	21945 Crest Forest Drive, Cedarpines Park, CA 92325	0342-212-11	600	123,710
25	23407 Crest Forest Drive, Crestline, CA 92325	0338-083-16	14,000	40,000
26	737 Grandview Road, Twin Peaks, CA 92391	0334-091-13	6,500	40,000
28	23003 Waters Drive, VOE, CA 92325	0343-186-06	850	4875
29	24538 Lake Drive, Crestline, CA 92325	0337-202-14	1,500	10890
30	26330 State Highway 18, Rimforest, CA92378	0336-021-18	1,000	Easement Deed with USFS

Station 30 is owned by the District and entered a Land Use Agreement with the USFS commencing on September 19, 1951. CFFPD Board of Directors granted an easement for land defined as: A portion of the SW ¼, NE ¼, Sec 30, TWN 2N, RNG 3W, S.B.B. & M. In consideration of such use, the Easement is issued Free of Charge. However, the successor agency, SBCFPD, will have the responsibility to enter into agreement with USFS at time of reconveyance of real property (Station 30).

Crest Forest Fire Protection District

FLEET

The District owns and operates a total fleet of emergency response vehicles valued at approximately 2.3 million dollars (Attachment 9 – CFFPD Basic Financial Statements for the year ended June 30, 2013) with no replacement program in place. The replacement dates and cost below are based on SBCFPD fleet replacement program schedule. District will transfer all vehicles and equipment to successor agency SBCFPD. The District's Vehicle/Equipment Reserves Fund (MCL) is a budget operating transfer out to the District's General Fire Fund (MCG) and is not expected to fund any future fleet replacement.

CO#	Radio ID	Type	Fuel	Vin# Ending	Year	Make/Model	Repl. Date	Repl. Cost
99806	3299	Support	Diesel	39416	1987	Chev/Stp Van	2012	$35,000
99807	MA25A	AMB	Diesel	11211	2003	Ford/Van 4x4	2013	$155,000
99809	UT26	Utility	Gas	30163	2000	Chev/3500 4x4	2010	$50,000
99811	BP25	Brush Patrol	Gas	43061	2005	Chev/3/4 ton 4x4	2015	$180,000
99812	OES309	Engine	Diesel	19607	2002	HME Westates	OES	OES
99813	BP26	Brush Patrol	Gas	10509	2005	Chev/3/4 ton 4x4	2015	$180,000
99814	MA26	AMB	Diesel	74711	1997	Ford/Van 4x4	2007	$155,000
99816	Crest 1	Engine	Gas	84	1929	Studebaker	N/A	N/A
99817	TRL26	Trailer	N/A	29312	1975	Spens Tilt Bed	1994	$15,000
99818	E30	Engine	Diesel	03612	1991	Spartan 4x4	2006	$400,000
99820	E28	Engine	Diesel	03613	1991	Spartan 4x4	2006	$400,000
99821	WT30	Water Tender	Diesel	01252	1980	Mack	1995	$210,000
99822	E29	Engine	Diesel	03614	1991	Spartan 4x4	2006	$400,000
99824	LDR26	Loader	Diesel	0310T	1974	John Deere/Skip Loader	1994	$175,000
99825	MA26R	AMB	Diesel	12054	1998	Ford/Van	2008	$155,000
99826	BBQ25	Trailer	N/A	55751	1995	Homemade BBQ Trailer	N/A	N/A
99890	MA25A	AMB	Diesel	17768	2007	Chev/4500 Box 4x4	2017	$155,000
99891	3230	Support	Gas	92537	2001	Ford F350 4x4	2008	$38,000

99892	SC26	Snow Cat	Gas	05586	1974	Bombardier	1994	$195,000
99893	3200	Staff	Gas	27717	2003	Ford Expedition 4x4	2010	$35,000
99894	BE25	Brush Engine	Diesel	59203	2003	International 5800 4x4	2018	$380,000
99895	ME25	Engine	Diesel	40147	2003	Ferrara 4x4	2017	$520,000
99896	ME26	Engine	Diesel	40146	2003	Ferrara 4x4	2017	$520,000

San Bernardino County Employees' Retirement Association (SBCERA) OBLIGATION

Contact terms between CFFPD and SBCFPD repayment of the District's *County safety cost pool* and obligation to SBCERA as described on page three, TERMS AND CONDITIONS, section 11 (a)(1) and page seven, CURRENT CONTRIBUTION RATES – SUPPLEMENTAL PAYMENT. As described in contract terms, the District shall make a supplemental payment to SBCFPD by December 1st of each year, beginning in 2013 and continuing for a total of twenty (20) years in the amount of $410,437 including a four percent (4%) annual compounded increase to offset the cost of the *County safety cost pool*. SBCFPD will then make an equal payment to SBCERA by December 31st of each year. LAFCO will create a new service zone to isolate and retain the SBCERA pension obligation specific to the currently existing CFFPD boundaries. The retention of this obligation is a necessary process at the time of annexing to successor agency SBCFPD. (Reference Attachment 8 – Excerpt from CFFPD Basic Financial Statements for Year Ended June 30, 2013 p. 32).

Fiscal Year	December 1st Installment	4% annual compounded increase	Calculated increase for next fiscal year
2013	$410,437.00	$16,417.48	$426,854.48
2014	$426,854.48	$17,074.18	$443,928.66
2015	$443,928.66	$17,757.15	$461,685.81
2016	$461,685.81	$18,467.43	$480,153.24
2017	$480,153.24	$19,206.13	$499,359.37
2018	$499,359.37	$19,974.37	$519,333.74
2019	$519,333.74	$20,773.35	$540,107.09
2020	$540,107.09	$21,604.28	$561,711.38
2021	$561,711.38	$22,468.46	$584,179.83
2022	$584,179.83	$23,367.19	$607,547.02
2023	$607,547.02	$24,301.88	$631,848.90
2024	$631,848.90	$25,273.96	$657,122.86
2025	$657,122.86	$26,284.91	$683,407.78
2026	$683,407.78	$27,336.31	$710,744.09
2027	$710,744.09	$28,429.76	$739,173.85
2028	$739,173.85	$29,566.95	$768,740.80
2029	$768,740.80	$30,749.63	$799,490.44
2030	$799,490.44	$31,979.62	$831,470.05
2031	$831,470.05	$33,258.80	$864,728.86
2032	$864,728.86	$34,589.15	$899,318.01
2033	$899,318.01	$35,972.72	$935,290.73

RISK MANAGEMENT

Public Agencies Self-Insured Systems of San Bernardino (PASIS) began self-insuring its exposure to workers compensation claims on July 1, 1978. The program 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. Losses above the self-insured retention are covered by reinsurance, which is purchased by PASIS. The members of PASIS, A Joint Powers Authority (JPA), are Apple Valley Fire Protection District, City of Beaumont, Rancho Cucamonga Fire Protection District, and Crest Forest Fire Protection District. The District is required to give a one-year notice to PASIS of withdrawal from the JPA.

Crest Forest Fire Protection District

On June 15, 2014, CFFPD Board of Directors approved a board action item to issue a one year withdrawal notice to PASIS effective July 1, 2015.

Under the terms of the District's contract with SBCFPD, the district agreed to assume all liability for, and to defend, indemnify and hold harmless SBCFPD, its officers, agents, employees or volunteers from claims, actions, losses, or damages by any such CFFPD employee that arise from occupational injuries during the course of their employment during the term of the contact agreement that arose out of, or were aggravated by, medical conditions existing prior to the term of the contract agreement as identified during pre-employment physicals and in existing CFFPD employee files. The District continues to manage five (5) open claims (tails). Because CFFPD transferred all employees to SBCFPD at contract commencement, PASIS premiums are shared with the other PASIS member at a 7.39% operating premium total. The successor agency, SBCFPD Risk Management, will assume all the District's claim liabilities as well as fund balances after all PASIS administrative obligations are satisfied.

Statement of Assets and Ending Balances

As of March 31, 2014

	Actuarial Reserve	Operating	Total
CFFPD	$421,721.00	$59,606.99	$481,327.99

Statement of Income, Disbursements and Cash Balances

As of March 31, 2014

	Beginning Balances 6/30/2013	Premium Paid	Interest Allocation	Total Disbursements	Ending Balances 3/31/2014
CFFPD	$557,772.76	$0.00	$928.51	$77,373.28	$481,327.99

Crest Forest Fire Protection District

Recap of Disbursements

As of March 31, 2014

	Medical	Indemnity	Claimant Expense	Fitness	Admin & Insurance	Dividend Credit	Total
CFFPD	$13,503.71	$41,124.37	$5,398.88	$0.00	$17,346.32	$0.00	$77,373.28

Annual Premiums (percentage determined by actuarial calculation)

As of March 31, 2014

	2013-2014 IBNR Premium	2013-2014 Operating Premium	Operating Premium Total
CFFPD	$0.00	$0.00	7.39%

Potential Outstanding Claims Liability – Estimate Future Costs

As of March 31, 2014

	Number of Claims	Total
CFFPD	5	$402,417.80

Estimated Present Value of Outstanding Liabilities and Equity

As of June 30, 2013*
*Note date change

	(1) FY 2013-2014 PASIS Premium	(2) Limited Case Reserves As of 6/30/2013	(3) Total Indicated Liabilities As of 6/30/2013	(4) Ending Balance As of 6/30/2013	(5) Premium due 7/1/2012 - 2013	(6) Redundancy (Deficiency) (4)+(5)-(3)
CFFPD	$207,815	$297,853	$648,199	$557,773	$0.00	($90,426)**

** This was reported to CFFPD Board Meeting on April 15, 2014

Projected Equity

As of June 30, 2014

	(7) FY 2013-2014 PASIS Premium	(8) Limited Case Reserves As of 6/30/2013	(9) Total Projected Incurred 7/1/2013 – 2014	(10) Est. Ending Balance As of 6/30/2014 (4)+(5)+(7)-(9)	(11) Redundancy (Deficiency) (6)+(7)-(9)
CFFPD	$0.00	$297,853	$0.00	$557,773	$(90,426)

FIRE AGENCIES FIRE RISK AUTHORITY (FAIRA)

Fire Agencies Fire Risk Authority (FAIRA) is the District's liability insurance. Founded in 1988, FAIRA is a public agency joint powers authority (JPA) providing insurance risk management services tailored to meet specific needs of fire and emergency service agencies. The District is required to give a one-year notice to FAIRA of withdrawal from the JPA. On June 15, 2014, CFFPD Board of Directors approved a board action item to issue a one year withdrawal notice to FAIRA effective July 1, 2015.

CONTRACTS

Inland Counties Emergency Medical Agency (ICEMA) – MISS (electronic data collection) Memorandum of Understanding Agreement. This agreement does not impact discretionary general funding (net county cost). The Contract is non-financial in nature, and will result in no financial impact. The Contract does not involve any federal program or the use of any federal funds.

ICEMA-Memoranda of Understanding with Public Providers for Ambulance Services. The CFFPD is authorized by LAFCO to provide ambulance services within its boundaries (Reference Attachment 7 - Crest Forest-Lake Arrowhead Companion Report, November 30,

2010) as an extension of authority under Health and Safety Code 1797.201. ICEMA authorizes the CFFPD to provide Advanced Life Support (ALS) ambulance service within EOA 10 and Basic Life Support (BLS) ambulance services within EOA 11, supporting the other EOA awardee - American Medical Response. The CFFPD boundary extends into EOA 18, and does not have authority by ICEMA to provide ambulance services to the SBCFPD. SBCFPD is authorized to provide ambulance services for EOA 18 and currently provides an ALS ambulance from the CFFPD Fire Station 26 to respond to EOA 18. Under an annexation proposal, the CFFPD proposes the successor agency SBCFPD Mountain Service Zone, to assume all rights and responsibilities. Preliminary inquiries from CFFPD to LAFCO support this position.

The District adopted Resolution 14-04, a Resolution imposing and levying Special Taxes on Property with Paramedic Service Zones PM-A and PM-1 to finance paramedic rescue services with said zones for 2014-2015. The CFFPD will fall under the influence of SBCFPD Mountain Service Zone. LAFCO indicated it would create a new PM special tax to reorganize CFFPD existing PM-1 and PM-A special tax.

The District adopted Resolution 14-05, a Resolution amending and restating maximum ambulance rates for ambulance service in conformance with ICEMA 2014-2015 Ambulance Rate Adjustment Effective July 1, 2014 – June 30, 2015.

OES-Cal EMA Agreement. Under an annexation proposal, the CFFPD proposes the successor agency, SBCFPD Mountain Service Zone, with all rights and responsibilities to enter into agreement with CAL EMA to transfer responsibility and manage OES309.

GRANTS

Staffing for Adequate Fire and Emergency Response (SAFER) - The SAFER Grant that was awarded to CFFPD ended July 2013 after 2 (two) years. All documentation has been reported and all reports have been submitted and approved by FEMA except the final closing report.

FEMA reported having trouble with their closing documents for this grant and the District received an email last September (2013) indicating FEMA will advise when the District can close out the grant on their website. Successor agency, SBCFPD will assume the reporting of closing documents in the event annexation occurs before the final closing report.

Homeland Security

Radios & Pagers

The successor District shall succeed to all rights, duties, responsibilities, properties (both real and personal), contracts, equipment, assets, liabilities, obligations, functions, executory provisions, entitlements, permits, and approvals of the dissolving CFFPD, except as otherwise outlined in the Conditions of Approval by LAFCO.

Duo-dotes

The current issue of Duo-dotes has exceeded the posted expiration dates. However, documentation from the distributor indicates that the Duo-dotes should be retained, as the efficacy of the medication is known to exceed the expiration date.

Brush Patrol (AFG)

The successor District shall succeed to all rights, duties, responsibilities, properties (both real and personal), contracts, equipment, assets, liabilities, obligations, functions, executory provisions, entitlements, permits, and approvals of the dissolving CFFPD, except as otherwise outlined in the Conditions of Approval by LAFCO.

Crest Forest Fire Protection District

BUDGETS ACTUALS

General Fund is 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.

General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance

	2010	2011	2012 *	2013 **
Revenues				
Property taxes & assessments	$3,761,954	$3,625,380	$3,452,799	$3,431,759
Grants	0	0	0	0
Ambulance fees	0	0	0	0
Charges for services		12,522	11,891	12,925
Interest	17,184	14,547	5,810	5,449
Other	100,085	145,609	297,550	368,063
Total Revenues	**3,879,223**	**3,798,058**	**3,768,050**	**3,818,196**
Expenditures				
Salaries and benefits	3,482,993	3,196,422	3,397,139	3,327,061
Services and supplies	388,563	331,207	374,062	393,332
Debt service	105,272	7,305	189,067	184,565
Capital outlay	10,442	13,663	24,542	5,667
Total Expenditures	**3,987,270**	**3,548,597**	**3,984,810**	**3,910,625**
Excess Revenues over/under expenditures	**-108,047**	**249,461**	**-216,760***	**-92,429****
Other Sources (Uses)				
Operating transfers in	181,414	121,958	58,701	110,000
Operating transfers out	-357,064	-204,269	-173,367	-240,000
Total Other Sources (Uses)	**-175,650**	**-82,311**	**-114,666**	**-130,000**
Excess revenues and other sources over/under expenditures	-283,697	167,150	-331,426	-222,429
Fund Balance, July 1st Start FY	1,108,753	735,506	902,202	570,776
Fund Balance, June 30th End FY	**$735,056**	**$902,202**	**$570,776**	**$348,347**

Crest Forest Fire Protection District

Special Revenue Fund is used to account 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.

Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance

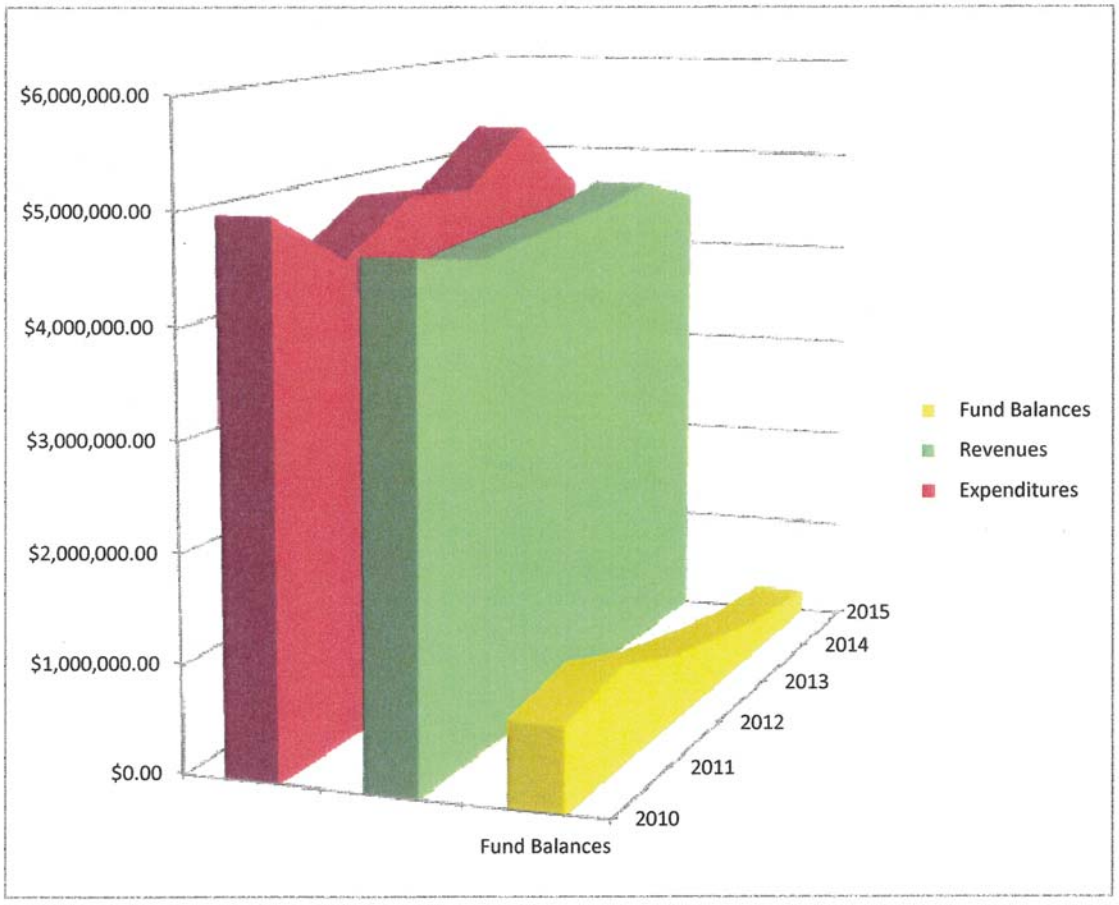
	2010	2011	2012 *	2013 **
Revenues				
Property taxes & assessments	$500,018	$488,255	$478,274	$497,856
Ambulance fees	289,804	299,923	341,456	322,441
Interest	554	1,898	920	1,183
Other	10,393	550	790	625
Total Revenues	**809,769**	**790,626**	**821,440**	**822,105**
Expenditures				
Salaries and benefits	799,135	776,681	777,117	787,027
Services and supplies	120,928	119,495	123,781	113,196
Debt service	79,416	1,992	1,049	1,159
Capital outlay	0	566	830	0
Total Expenditures	**999,479**	**898,734**	**902,777**	**901,382**
Excess Revenues over/under expenditures	**-189,710**	**-108,108**	**-81,337***	**-79,277****
Other Sources (Uses)				
Operating transfers in	190,808	85,525	120,004	130,000
Operating transfers out	-15,158	-3,214	-5,338	0
Total Other Sources (Uses)	**175,650**	**82,311**	**114,666**	**130,000**
Excess revenues and other sources over/under expenditures	-14,060	-25,797	33,329	50,723
Fund Balance, July 1st Start FY	61,163	47,103	21,309	54,637
Fund Balance, June 30th End FY	**$47,103**	**$21,309**	**$54,638**	**$105,360**

* June 30, 2012, the District reported negative assets of $1,609 and a decrease in net assets of $374,259 on its government-wide financial statements. A net excess of expenditures over revenues of $298,098 is a reportable financial note. This factor created a significant unreliability in the CFFPD's ability to provide an acceptable level of *all risk emergency response services.* The CFFPD exhausted all potential ways to remedy the shortfalls – including Measures J and K – without success. The decision to contract services with SBCFPD was reached after a careful evaluation of all other options and found to be the only verifiable way to ensure continuation of service levels.

** June 30, 2013, the District reported a negative net position of $171,568 and a decrease in a net position of $169,959 on its government-wide financial statements. A net excess of expenditures over revenues of $171,706 is a reportable financial note. This factor creates growing concern and uncertainty about the District's ability to continue. The District's Board of Directors contracted services with SBCFPD in an attempt to utilize resources in the most cost-effective manner.

Crest Forest Fire Protection District

General and Special Funds



Crest Forest Fire Protection District

BUDGETS ADOPTED

Contract Annual Budgets	Contracting 2013 - 2014	Contracting 2014 - 2015
Salaries and Benefits		
Suppression		
Captain x 6	1,050,443	1,099,404
Engineer/PM x 6	938,207	973,788
LT Firefighters x 3	111,036	128,130
LT Firefighters/PM x 3	123,725	142,788
Suppression Total	**2,223,411**	**2,344,110**
Non-Suppression		
Administrative Secretary x 1	53,001	63,872
Non-Suppression Total	**53,001**	**63,872**
Term Benefits		
PCF	**25,000**	**11,812**
Workers' Compensation*		
Suppression	82,712	*
Non-suppression	148	*
Workers' Compensation Total	**82,860**	
Chief Officers (21.35%)		
SBCFPD Division Chief x 1	50,609	59,501
Battalion Chief x 3	163,846	196,237
Chief Officers Total	**214,455**	**255,738**
CFFPD Chief Officer Differential**	**23,000**	**23,000**
Total Salaries and Benefits ***	**2,621,727**	**2,698,532**
Operating Expenses		
Services and Supplies	272,475	345,238
Station Expenses		
C025	145,183	256,836
C026	99,603	149,603
Debt Services	7,500	7,500
Lease Purchase Structure	183,207	185,590
Total Operating Expenses	**707,968**	**944,767**
Contract Management Fee	**218,283**	**228,886**
SBCERA	**410,437**	**426,855**
Total Annual Requirements	**3,958,415**	**4,299,040**

* Workers' Compensation is calculated in the employee cost for FY 2014-2015.

** Chief Officer Differential ends FY 2014-2015.

*** Salary and Benefits for FY 2013-2014 was based on 25 pay periods instead of 26 pay periods.

The terms of the contract between CFFPD and SBCFPD shall automatically renew in one (1) year periods. Assumptions include an annual increase to contract terms with projected revenues remaining flat.

PLAN FOR SERVICE

As result of the reorganization of SBCFPD in July 2008, County Service Area 70 was restructured, and the PM-1 special tax was transferred to CFFPD to fund paramedic service to the new area. Within the current boundaries of the CFFPD, isolating the PM-1 special tax and returning it to SBCFPD Mountain Service Zone is a condition upon the effective date of this reorganization through the dissolution of CFFPD. Through the formation of the legal existence of County Service Area 70 Improvement Zone PM-1, a new Service Zone PM-4 shall include the territory of the predecessor agency. The successor agency shall assume all rights, duties, responsibilities, properties (both real and personal), contracts, equipment assets, liabilities, obligations, functions, executor provisions, entitlements, permits, and approvals related to the new territory to be formed into the SBCFPD Mountain Service Zone.

Upon the effective date of this reorganization, the Auditor/Controller-Recorder is directed to re-assign the ad valorem property tax revenues appropriated within CFFPD boundaries to the SBCFPD Mountain Service Zone, based upon the location of the tax rate areas in which said revenues were generated. Any and all reserve funds that exist upon the effective date of this proposed reorganization shall be transferred to the SBCFPD Mountain Service Zone.

LAFCO will create a new service zone (FP7) to isolate and retain the SBCERA pension obligation specific to the currently existing CFFPD boundaries beginning in 2015-2016 fiscal-

years. Service Zone FP7 amortization schedule is reported under the heading: San Bernardino County Employees' Retirement Association (SBCERA) Obligation, reference page 9.

We continue to project revenues flat, using a modest one percent increase as our conservative budgeting tool. The plan for service spans a five-year period, over which service levels are increased to better serve the needs of this complex and growing community. The elimination of management fees and other redundant services will allow for the reallocation of revenues to improve fire station staffing to enhance the delivery of fire, rescue, and EMS services to the community.

Service level increases include the conversion of the ambulance positions at fire station 25 from Limited Term Firefighters to single function Ambulance Operator positions. This change alone will improve EMS delivery in our community. In addition, one Firefighter Paramedic position (3 personnel) will be added to current fire station 25 staffing that will provide for improved firefighter safety in Immediately Dangerous to Life and Health (IDLH) operations. This improvement of service is consistent with SBCFPD regional service zone concept of operations. The regional service zone approach will allow CFFPD to fully benefit from the additional services and resources the county has to offer, not currently being realized under a "Contract for Service" model.

Crest Forest Five-Year Financial Analysis	2014 SBCFPD Position Staffing	2015 SBCFPD Proposed Staffing	2015 Average Cost Per Position	2015 SBCFPD Proposed Staffing	2016 Average Cost Per Position	2016 SBCFPD Proposed Staffing	2017 Average Cost Per Position	2017 SBCFPD Proposed Staffing	2018 Average Cost Per Position	2018 SBCFPD Proposed Staffing	2019 Average Cost Per Position	2019 SBCFPD Proposed Staffing	2020 Average Cost Per Position	2020 SBCFPD Proposed Staffing
Staffing														
Station 25 - ME/MT & MA														
Captain	3	3	$ 174,884.00	$ 524,652.00	$ 179,256.10	$ 537,768.30	$ 183,737.50	$ 551,212.51	$ 188,330.94	$ 564,992.82	$ 193,039.21	$ 579,117.64	$ 197,865.19	$ 593,595.58
Engineer	3	3	$ 162,331.00	$ 486,993.00	$ 166,389.28	$ 499,167.83	$ 170,549.01	$ 511,647.02	$ 174,812.73	$ 524,438.20	$ 179,183.05	$ 537,549.15	$ 183,662.63	$ 550,987.88
FF/PM		3	$ 142,639.00	$ 427,917.00	$ 146,204.98	$ 438,614.93	$ 146,204.98	$ 438,614.93	$ 146,204.98	$ 438,614.93	$ 149,860.10	$ 449,580.30	$ 153,606.60	$ 460,819.81
Limited Term/EMT (LT)	3													
Limited Term/Paramedic's (LT)	3													
AO/PM *80 hr.		3	$ 74,284.00	$ 222,852.00	$ 76,141.10	$ 228,423.30	$ 78,044.63	$ 234,133.88	$ 79,995.74	$ 239,987.23	$ 81,995.64	$ 245,986.91	$ 84,045.53	$ 252,136.58
AO/EMT *80 hr.		3	$ 62,679.00	$ 188,037.00	$ 64,245.98	$ 192,737.93	$ 65,852.12	$ 197,556.37	$ 67,498.43	$ 202,495.28	$ 69,185.89	$ 207,557.66	$ 70,915.54	$ 212,746.61
Station 26 - ME26 & MA26														
Captain	3	3	$ 174,884.00	$ 524,652.00	$ 179,256.10	$ 537,768.30	$ 183,737.50	$ 551,212.51	$ 188,330.94	$ 564,992.82	$ 193,039.21	$ 579,117.64	$ 197,865.19	$ 593,595.58
Engineer	3	3	$ 162,331.00	$ 486,993.00	$ 166,389.28	$ 499,167.83	$ 170,549.01	$ 511,647.02	$ 174,812.73	$ 524,438.20	$ 179,183.05	$ 537,549.15	$ 183,662.63	$ 550,987.88
FF/PM	FMZ*													
Limited Term/EMT's (LT)	FMZ*													
Total Salary and Benefits	**18**	**21**		**$ 2,862,096.00**		**$ 2,933,648.40**		**$ 2,996,024.24**		**$ 3,059,959.47**		**$ 3,136,458.46**		**$ 3,214,869.92**
Services and Supplies														
Services and Supplies - (2000-2099)				$ 575,627.65		$ 581,366.68		$ 587,163.09		$ 593,017.47		$ 598,930.40		$ 604,902.45
SBCERA Obligation - (3015)				$ 443,929.20		$ 461,686.37		$ 480,153.82		$ 499,359.98		$ 519,334.37		$ 540,107.75
Debt Service Interest (3330)				$ 7,500.00		$ 7,500.00		$ 7,500.00		$ 7,500.00		$ 7,500.00		$ 7,500.00
Lease Payment - COPs (4000-4095)				$ 182,717.40		$ 184,437.50		$ 190,885.00		$ 191,624.90		$ 192,165.10		$ 197,338.10
Transfers - (5000-5030)				$ 90,412.00		$ 91,316.12		$ 92,229.28		$ 93,151.57		$ 94,083.09		$ 95,023.92
Total Appropriations				**$ 4,162,282.25**		**$ 4,259,955.07**		**$ 4,353,955.43**		**$ 4,444,613.39**		**$ 4,548,471.42**		**$ 4,659,742.14**
Revenues														
Taxes				**1%**		**1.50%**		**1.50%**		**2.025%**		**2.025%**		**2.50%**
Prop Taxes - Curr Sec Debt Svc - (8015)				$ 3,100,625.00		$ 3,147,134.38		$ 3,194,341.39		$ 3,259,026.80		$ 3,325,022.10		$ 3,408,147.65
Prop Taxes Cur Unsec 1% Gen Tax - (8025)				$ 137,350.00		$ 139,410.25		$ 141,501.40		$ 144,366.81		$ 147,290.24		$ 150,972.49
Prop Tax Cur Unitary 1% Levy - (8035)				$ 123,000.00		$ 124,845.00		$ 126,717.68		$ 129,283.71		$ 131,901.70		$ 135,199.25
Prop Tax Pri Sec 1% Gen Tax Lvy - (8115)				$ 51,250.00		$ 52,018.75		$ 52,799.03		$ 53,868.21		$ 54,959.04		$ 56,333.02
Prop Tax Pri Unsec 1% Gen Tax - (8125)				$ 5,125.00		$ 5,201.88		$ 5,279.90		$ 5,386.82		$ 5,495.90		$ 5,633.30
Int & Pen Delinquent Taxes - (8145)				$ 57,400.00		$ 58,261.00		$ 59,134.92		$ 60,332.40		$ 61,554.13		$ 63,092.98
Special Assmt Pr. - (8155)				$ 35,875.00		$ 36,413.13		$ 36,959.32		$ 37,707.75		$ 38,471.33		$ 39,433.11
Special Assmt - (8160)				$ 400,000.00		$ 406,000.00		$ 412,090.00		$ 420,434.82		$ 428,948.63		$ 439,672.34
Supp Roll Current - (8230)				$ 15,150.00		$ 15,377.25		$ 15,607.91		$ 15,923.97		$ 16,246.43		$ 16,652.59
Supp Roll Prior - (8235)				$ 12,300.00		$ 12,484.50		$ 12,671.77		$ 12,928.37		$ 13,190.17		$ 13,519.92
Other Revenue														
Interest Earned - (8500)				$ 2,000.00		$ 2,030.00		$ 2,050.30		$ 2,070.80		$ 2,091.51		$ 2,112.43
Gen Tax Levy Homeowner Exm - (8800)				$ 42,430.50		$ 43,066.96		$ 43,712.96		$ 44,598.15		$ 45,501.26		$ 46,638.79
Ambulance Service Fees - (9470)				$ 250,000.00		$ 252,500.00		$ 255,025.00		$ 257,575.25		$ 262,726.76		$ 267,981.29
Other Revenue - (9970)				$ 23,400.00		$ 23,400.00		$ 23,400.00		$ 23,400.00		$ 23,400.00		$ 23,400.00
Total Revenues				**$ 4,255,905.50**		**$ 4,318,143.08**		**$ 4,381,291.58**		**$ 4,466,903.86**		**$ 4,556,799.20**		**$ 4,668,789.17**
Total Revenues less Appropriations				**$ 93,623.25**		**$ 58,188.01**		**$ 27,336.15**		**$ 22,290.47**		**$ 8,327.78**		**$ 9,047.03**

*FMZ shared resource, stationed at FS26
Note: S&B 14-16 MOU
Note: Step increase is based on 2.5%/year
Note: Step 6 begins the five year analysis, except the AO positions
Note: FF/PM is step 11 MPS+2
Note: AO is step 6 with MPS+1
Note: 1%, 1.5%, 2.025%, and 2.5% projected revenue increase
11/19/2014

SB cera
San Bernardino
County Employees' Retirement Association

ORIGINAL

August 17, 2012

Mr. Omar Aguilar, Firefighter
Union President IAFF Local #4105
P.O. Box 1553
Crestline, CA 92325

Dear Omar:

In your role as the designated representative of the Crest Forest Fire Protection District (Crest Forest), we are providing you this update on the analysis the San Bernardino County Employees' Retirement Association (SBCERA) has performed for Crest Forest.

On June 14, 2012, representatives of Crest Forest including yourself, management, employees, and the President of the Crest Forest Board of Directors, as well as interested parties from the County of San Bernardino (County), met with counsel and me at SBCERA to discuss the possible withdrawal of Crest Forest from SBCERA and the consequences of Crest Forest no longer having employees, many or all of whom may be picked up by the San Bernardino County Fire Department (County Fire), by another SBCERA employer, or by some other non-SBCERA employer. During this meeting, we discussed several issues including the unfunded actuarial liability (UAL) for which Crest Forest is liable to SBCERA due to retirement benefits for Crest Forest employees and retirees. Since that time, you and I have also discussed the goals of this movement of employees to County Fire or another public entity, which are to cut Crest Forest annual expenditures and to help insure that all Crest Forest employees will have employment either with Crest Forest, County Fire or some other public entity. As a result, we have discussed these issues with SBCERA's actuary, The Segal Company (Actuary), and our counsel. With this as background, we are setting forth the following options for Crest Forest.

Option 1 – If Crest Forest wishes to withdraw all of its employees from membership in SBCERA, either through a layoff or some other personnel action, and if these former employees are no longer active members of SBCERA, that is, they are not picked up by County Fire or another SBCERA employer, then Crest Forest may do so by following the requirements of Government Code section 31564, and by paying for the UAL described in Government Code section

ORIGINAL

31564.2. Without conducting an actuarial study, the Actuary estimates that the Crest Forest UAL could be in excess of $25 million. Government Code section 31564.2 allows the SBCERA Board of Trustees in its sole discretion to set up a payment schedule for the Crest Forest UAL, but such period of payment may not be longer than the period over which the plan's remaining UAL is being amortized, which period is twenty (20) years.

Option 2 – If Crest Forest lays off some or all of its employees, and if these SBCERA members are picked up as County Fire employees, and if they remain active SBCERA members, then the UAL associated with these former Crest Forest employees will be transferred to the County, which is another SBCERA employer. The Actuary estimates that if all Crest Forest employees are transferred, this will increase the County Safety employer contribution rate by an estimated 0.18% of payroll, or approximately $400,000, annually. Under this option, the County would be responsible for any future employer contributions associated with these members, and the County would be taking on the risk associated with any potential future changes in UAL for these members, including active, deferred, and retired former Crest Forest employees. Of course, we do not know whether the County would agree to this option.

Option 3 – This option is similar to Option 2, except Crest Forest would contribute to SBCERA an estimated additional one-time payment amount of approximately $4.9 million to the County Safety cost group, which would be necessary in order to avoid the increase in the County Safety employer contribution rate, estimated at approximately $400,000 annually, as described above in option 2. Here, as is the case in option 2 above, the County would be responsible for any future employer contributions associated with these members, and the County would be taking on the risk associated with any potential future changes in UAL for these members, including active, deferred, and retired former Crest Forest employees. Again, we do not know whether the County would agree to this option.

Option 4 – If Crest Forest remains an SBCERA employer and lays off most, but not all, of its employees, and if these SBCERA members are not picked up as County Fire employees, then Crest Forest would still be liable for the UAL associated with these former Crest Forest employees. Depending on the specific facts in this scenario, the SBCERA Board of Retirement may treat this as an effective withdrawal under Government Code section 31564.2 and require Crest Forest to pay the full UAL associated with these former employees.

As we have discussed, if an actuarial study is needed to determine the UAL under any of these options, the study will be performed by the Actuary at a fee to Crest Forest of $15,000 to $20,000. Also, the estimates given in Options 2 and 3 are based on the June 30, 2011 actuarial valuation of SBCERA, at which time

ORIGINAL

Crest Forest had 24 employees. If either of these options is pursued, the estimates would be adjusted according to the current number of employees.

The SBCERA Board of Trustees has directed that copies of this letter be furnished to the San Bernardino County Fire Department, County Administrative Office and County Special Districts Department.

If you have any further questions, please provide those in correspondence directed to my attention.

Sincerely,

Norman L. Ruggles
Chief Executive Officer

Cc: Mark Hartwig, Fire Chief
County Fire Department

Gary McBride, Deputy Executive Officer
County Administrative Office

Jeff Rigney, Director
County Special Districts Department

SEGAL

THE SEGAL COMPANY
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October 5, 2012

Mr. Norm Ruggles
Chief Executive Officer
San Bernardino County Employees' Retirement Association
348 W Hospitality Lane, Third Floor
San Bernardino, CA 92415-0014

Re: San Bernardino County Employees' Retirement Association
Crest Forest Fire Protection District Termination Study –
Termination as of November 30, 2012

Dear Norm:

As authorized by the Board of Retirement, we have estimated the Crest Forest Fire Protection District ("The District") obligation to SBCERA if the District were to terminate its participation agreement with SBCERA at the proposed termination date of November 30, 2012.

TERMINATION CONDITIONS

The District anticipates that all active members would cease accruing service credit on November 30, 2012 and would become terminated vested or non-vested members (without reciprocal benefits) with SBCERA depending on their total service credit. It is our understanding that the District will not be contracting with CalPERS or other reciprocal agencies to provide benefits for future service. SBCERA would retain the obligation to provide benefits to the District's retirees as of the termination date as well as to any members with deferred benefits.

As noted above, we have used a target date of termination of November 30, 2012.

DATA USED IN THIS CALCULATION

This study is based on the information we collected and calculated in our most recent actuarial valuation for SBCERA as of June 30, 2011. In this study, we have determined a proportional share of the assets for the District as of June 30, 2011 by following the same procedures used in recent termination studies for SBCERA. As detailed below, that methodology is used for determining the assets for all benefits except those provided by the Survivor Benefit Reserve.

In order to determine the District's assets and liabilities as of November 30, 2012, we have also collected the following additional information from SBCERA:

1. Actual net market value rate of return information from July 1, 2011 through June 30, 2012 and estimated net market value rate of return information from July 1, 2012 through August 31, 2012.

2. Actual contributions made by the District and its employees for the period from July 1, 2011 to August 31, 2012.

3. Actual benefit payments made by SBCERA to employees, retirees and beneficiaries of the District from July 1, 2011 to August 31, 2012.

4. Data on all members from the District as of August 31, 2012.

Based on the above information, we have projected the allocated assets of the District from July 1, 2011 to November 30, 2012. In our projection, we assumed that the District's contributions and benefit payments for the month of August 2012 will continue at those same monthly rates through November 2012.

The assets have been projected using a return of 3.75% for the period from July 1, 2011 through November 30, 2012. This is the actual rate of return of 1.84% on the market value of assets from July 1, 2011 through August 31, 2012 as reported to us by SBCERA, plus an estimated 1.88% return for period from September 1, 2012 through November 30, 2012, which is consistent with the assumption used in the June 30, 2011 actuarial valuation (7.75% per year).

For benefits provided by the Survivor Benefit Reserve, a similar methodology was applied except that (1) the assets were allocated in proportion to the relative Actuarial Accrued Liability of the District and the entire plan based on the funded status of the Survivor Benefits as of June 30, 2011 and (2) the assets were projected using a rate of return of 7.75% per annum for the period from July 1, 2011 through November 30, 2012 (consistent with the interest that this reserve is credited with on an annual basis).

FUNDING OBLIGATION SETTLEMENT CONDITIONS

Our recent studies for other SBCERA terminating employers describe the market based approach used in determining the District's funding obligation as of the termination date. Under this approach, there would be no reassessment of the benefit liability after the District's termination date of November 30, 2012.

This approach dictates the use of the market value of assets and requires a valuation of the liabilities on a market-consistent basis. Under this approach, the liabilities for retirees and terminated members will be calculated using all the same actuarial assumptions utilized in the

June 30, 2011 actuarial valuation except that future benefit payments will be discounted to the present date using market based interest rate assumptions. The market based interest assumptions for this purpose are the discount rates used by the Pension Benefit Guaranty Corporation (PBGC) to measure the sufficiency of assets for a corporate employer who is terminating its single-employer defined benefit pension plan. The rates used by the PBGC for discounting expected benefit payments from pension plans terminating in October 2012 are 3.07% per annum for the next 20 years and 3.00% per annum, thereafter. These rates will be based on the actual November 2012 rates if termination does occur on November 30, 2012.

RESULTS AND METHODOLOGY USED IN CALCULATION

The results under the "Market Valuation" approach are shown in Attachment A. We have determined that the District's funding obligation as of the proposed determination date using the "Market Valuation" approach is $33,102,477 in unfunded liability for all benefits except those provided by the Survivor Benefit Reserve.

In addition, we have determined that the District's funding obligation as of the proposed determination date is $3,601 in unfunded liability for benefits provided by the Survivor Benefit Reserve. Thus, the District's total funding obligation is $33,106,078.

Any net unfunded liabilities are generally required to be paid by the District as a lump sum, although the Board of Retirement may have the authority to allow for the obligation to be paid for over a period of installments. We defer to SBCERA's legal counsel on whether an installment period is legal. If it is legal, then we can provide information on the payments that would be required over various possible installment periods.

These calculations were based on the June 30, 2011 actuarial valuation results for SBCERA, rate of return information and assumptions from July 1, 2011 through November 30, 2012 and data noted earlier for contributions, benefit payments, and District membership. The June 30, 2011 actuarial valuation, and these calculations, were completed under the supervision of John Monroe, ASA, MAAA, Enrolled Actuary.

These calculations will need to be updated again once the June 30, 2012 actuarial valuation is completed and actual investment and demographic experience through November 30, 2012 is available. The results will change based on the June 30, 2012 valuation and actual experience from September 2012 through November 2012.

If there is a significant delay in the payment of the funding obligation, then we recommend that the funding obligation be adjusted to reflect interest until the actual payment date.

The undersigned are Members of the American Academy of Actuaries and meet the qualification requirements to render the actuarial opinion contained herein.

Sincerely,

Paul Angelo, FSA, MAAA, FCA, EA
Senior Vice President & Actuary

John Monroe, ASA, MAAA, EA
Vice President & Associate Actuary

AW/bqb
Enclosures

ATTACHMENT A

ATTACHMENT A - "Market Valuation" Method – For All Benefits Except Those Provided by the Survivor Benefit Reserve

Table 1 Determination of Projected Accumulated Assets for Crest Forest Fire Protection District as of 11/30/2012

A Determination of Accumulated Assets

1	Actuarial Accrued Liability of Crest Forest Fire Protection District as of 6/30/2011 (See Table 3)	21,880,119
2	Unfunded Actuarial Accrued Liability (See Table 3)	8,673,968
3	Actuarial Value of Assets of the District as of 6/30/2011 (Item 1 – Item 2)	13,206,151
4	Determination of Projected Change in Assets From 7/1/2011 to 11/30/2012	
	i. Estimated Employer Contributions	1,774,528
	ii. Estimated Member Contributions	262,142
	iii. Estimated Benefits Paid	(1,192,367)
	iv. Total	844,303
5	Determination of Projected Market Value of Assets of the District as of 11/30/2012 Projected Assets = (Item 3) * Ratio A * (1+j) + Item 4 * (1+j/2)	13,826,354
	Where:	
	i. Ratio A = Ratio of Market Value to Actuarial Value of Assets (See Section B for Development of Ratio A)	0.946344
	ii. j = Assumed return on Market Value of Assets (See Section C for Development of j)	3.75%

Table 1 (Cont'd)

B Development of Ratio A

	Ratio A = Total SBCERA Market Value of Assets Net of Current Liabilities / Total SBCERA Actuarial Value of Assets Net of Current Liabilities	
1	Total SBCERA Market Value of Assets Net of Current Liabilities As of 6/30/2011	6,136,573,589
2	Total SBCERA Actuarial Value of Assets Net of Current Liabilities As of 6/30/2011	6,484,506,557
3	Ratio A (Item 1 / Item 2)	0.946344

C Development of Return on Market Value From 7/1/2011 to 6/30/2012

1	Actual Return on Market Value From 7/1/2011 to 6/30/2012[1]	0.52%
2	Actual Return on Market Value From 7/1/2012 to 8/31/2012[2]	1.31%
3	Assumed Return on Market Value From 9/1/2012 to 11/30/2012[3]	1.88%
4	Assumed Return on Market Value "j" From 7/1/2011 to 11/30/2012 ((1 + Item 1) * (1 + Item 2) * (1 + Item 3) - 1)	3.75%

Note:
(1) Based on draft audited financial information provided by the Association.
(2) Based on unaudited financial information provided by the Association.
(3) Based on 7.75% per annum assumed rate of return.

Table 2 Determination of Unfunded Liability using Termination Basis for Crest Forest Fire Protection District as of 11/30/2012

	Determination of Unfunded Liability	
Step 1	11/30/2012 Present Value of Future Benefits	
a	Total Liabilities[1]	46,928,831
Step 2	Unfunded Liability	
a	Projected Assets as of 11/30/2012 (See Table 1A, Item 5)	13,826,354
b	Projected Liabilities (Item 1a)	46,928,831
c	Unfunded Liability or (Net Asset)	33,102,477

Note:
(1) The interest rates used in discounting future payments are based on the PBGC rates for October 2012 (3.07% for 20 years; 3.00% thereafter).

Table 3 Determination of Unfunded Actuarial Accrued Liability for Crest Forest Fire Protection District as of 6/30/2011

1	Actuarial Accrued Liability of Crest Forest Fire Protection District as of 06/30/2011		
	Active Members	9,959,264	
	Retirees, Beneficiaries and Deferred Members	11,920,855	
	Total	21,880,119	
2	Determination of Unfunded Actuarial Accrued Liability (UAAL)		
	Crest Forest Fire Protection Contribution Requirement Towards UAAL	**General Members**	**Safety Members**
i	Annual Payroll for 2011/2012 Plan Year	54,706	2,311,042
ii	UAAL Contribution Rate (% of Pay) – Before Reflecting Phase-in	16.06%	33.15%
iii	Amortization Factor (ratio of UAAL payment to UAAL for cost group)	0.087696	0.089355
iv	i * ii / iii	100,185	8,573,783
	Total		8,673,968

Table 4 Determination of Employer and Member Contributions and Benefit Payments From 7/1/2011 to 11/30/2012

		Employer Contributions	Member Contributions
	Employer and Member Contributions From 7/1/2011 to 11/30/2012[1]		
1	Actual Contributions From 7/1/2011 to 8/31/2012	1,444,715	224,238
2	Projected Contributions From 9/1/2012 to 11/30/2012[2]	329,813	37,905
3	Total Contributions From 7/1/2011 to 11/30/2012	1,774,528	262,142
	Benefit Payments From 7/1/2011 to 11/30/2012[1]	Total Benefits	
1	Actual Payments From 7/1/2011 to 8/31/2012	982,325	
2	Projected Payments From 9/1/2012 to 11/30/2012[2]	210,042	
3	Total Payments From 7/1/2011 to 11/30/2012	1,192,367	

Note:

(1) Excludes Survivor Benefit contributions and benefit payments.

(2) We use actual contributions and benefit payments made through 8/31/2012. Contributions and benefit payments after 8/31/2012 have been projected assuming the same amount paid in August 2012 will continue through 11/30/2012.

Crest Forest Fire Protection District
Final Budget 2014-2015

August 19,2014

Board of Directors

Chuck Gibbs, President
Robert Goss, Vice, President
Leslie Dodge-Taylor, Director
Jerry Ringhofer Jr., Director
Punch Ringhofer Sr., Director

An All – Risk Community
Emergency Response
Partnership

1	Budget Message, Organization Chart, Annual Contract
2	MCC - Paramedic Salary Reserve
3	MCE - Paramedic Program
4	MCF - Equipment/Vehicles
5	MCG - General Fire
6	MCI - Structures/Land
7	MCK - General Salary Reserve
8	MCL - Paramedic Equipment/Vehicle
9	MCW - Fire Prevention
10	MCR - Safer Act Grant
11	Vehicle Replacement Schedule
12	BLANK

BUDGET MESSAGE — August 19, 2014

PURPOSE:

This budget message was prepared for the Crest Forest Fire Protection District (CFFPD) Board of Directors to clearly present the responsibilities, operations, assets, liabilities, revenues, and expenses of the District. It is hoped that the budget message and associated budget pages will explain why we do what we do and the service level implications of the fiscal choices of the Board.

This presentation of the Final Budget for FY 2014-15 CFFPD budget represents a clear fiscal plan to sustain fire, EMS, transport, disaster, and other related District services through a ten year service contract with the San Bernardino County Fire Department. This contract for services went into effect July 13, 2013 and will cost approximately $4.3 million dollars per year. Revenues are expected to remain flat for the current FY 2014/15. Through this contract, the Crest Forest Fire District will regain a full staffing level of a Fire Chief, Division Chief, 3 Battalion Chiefs, 6 Captains, 6 Engineer Paramedics, 3 Limited Term Firefighters and 3 Limited Term Firefighter Paramedics. Examples of other services also provided by County Fire are training, fire prevention, OES, hazardous materials, ambulance transport and fiscal services.
There will be no fund balances or reserve amounts remaining from any operating or reserve funds for Fiscal Year 2014-2015.

MAJOR EXPENDITURES AND REVENUE IN 2013-14 ADOPTED BUDGET:

Requirements of $4.4 million include contract expenses of $4.3 million which makes up the majority of the expenditures in this budget unit and fully funds 18 budgeted positions and 4 partial Chief as well as Paid Call Firefighters. These expenses are necessary to provide fire protections, paramedic, and administrative services to the community of Crestline and outlying areas. Additionally, operating expenses of $100,000 support the operations of 2 full time and 4 paid call fire stations including the costs related to the facilities, equipment, vehicle services, and services and supplies. The most significant sources of revenue for the Crest Forest Fire District are property taxes of $3.4 million, followed by paramedic special assessments of $494,000 and ambulance service fees of $250,000.

THE DISTRICT:

The Crest Forest Fire Protection District (CFFPD) provides a variety of services to the communities of Agua Fria, Cedar Pines Park, Crestline, Lake Gregory, Rim Forest, Twin Peaks, Valley of Enchantment, and parts of Blue Jay. The District resident population served is approximately 20,000, while the summertime population may double with vacationers.

The District operates from the main 24 hour staffed station, with administrative offices, in Crestline (Station 25); a second 24 hour staffed station at Twin Peaks (Station 26); and four other paid call (PCF) fire stations at Cedar Pines Park (Station 24), Lake Gregory (Station 29), Rim Forest (Station 30), and Valley of Enchantment (Station 28), and one additional PCF company runs out of Station 26. Station 24 is being used for storage.

Initial response to areas covered by the District boundaries, approximately 23 square miles, are started from the two 24 hour staffed stations, depending on the type and location of the call and will be backed up by other county fire engines.

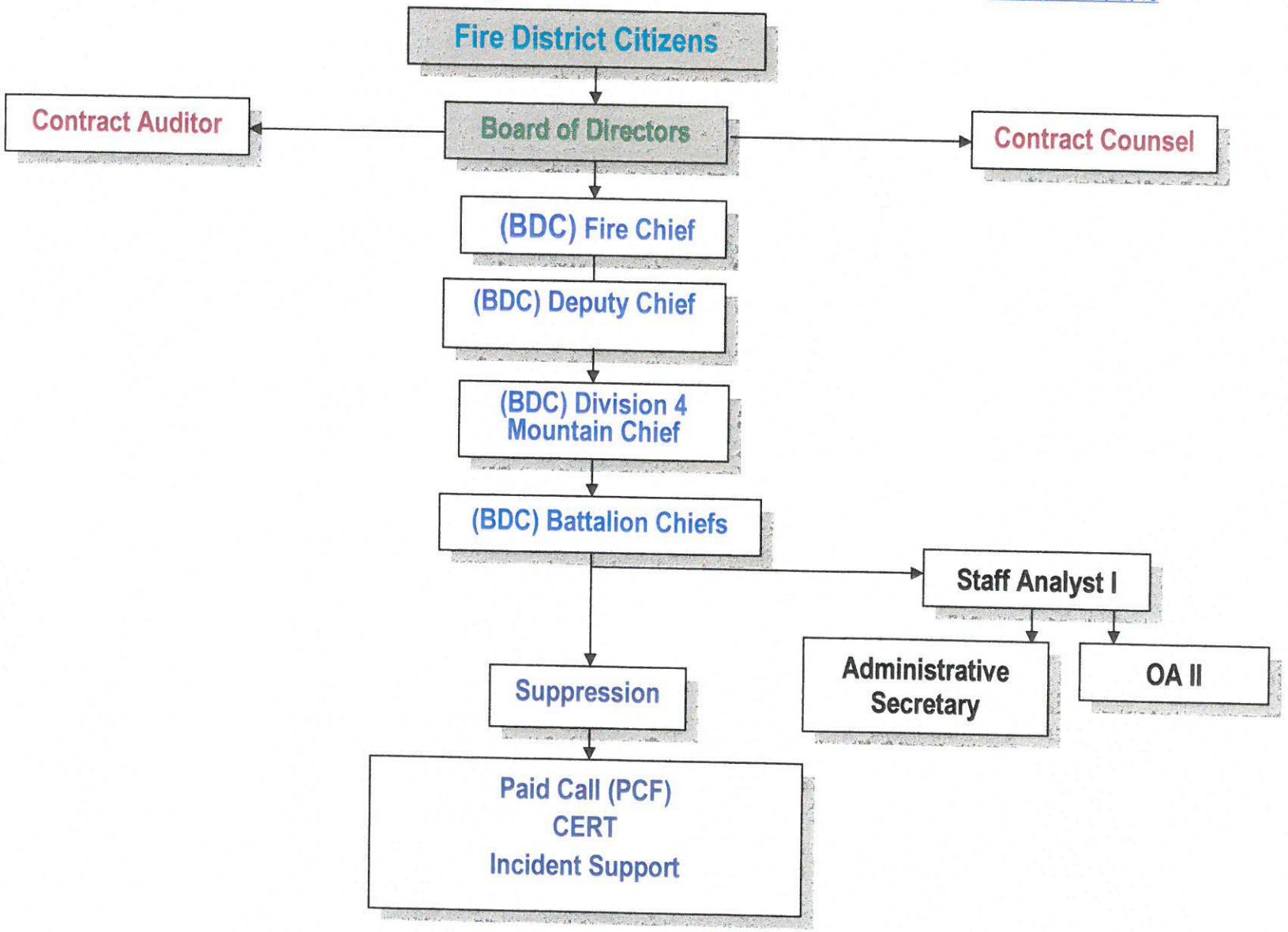
The District operates a total fleet of emergency response vehicles valued at just under three million dollars. The fleet consists of five fire engines, one brush engine, four ambulances, one snow cat, one front loader, one water tender, one staff vehicle, two response brush patrols,

one utility truck, a mechanic's vehicle, and a support services van. Various specialized equipment supports the emergency response system as well. This equipment includes, but is not limited to, firefighting safety clothing, radios, self-contained breathing apparatus, extrication equipment, medical equipment, pumps, hose, ladders, fittings, extinguishers, hand tools, over-the-side rescue rope, and lighting equipment.

Crest Forest Fire Protection District

Organization Chart

Revised: July 2013



Crest Forest Fire Protection District - Final Contract Annual Budget			
4/15/2014			
Salaries and Benefits	**Number of Positions**	**Average Cost Per Position**	**SBCFPD Proposed Existing Staffing**
Suppression			
Captain	6	183,234	1,099,404
Engineer/PM	6	162,298	973,788
LT Fire Fighters	3	42,710	128,130
LT Fire Fighters/PM	3	47,596	142,788
Suppression Total	**18**		**$ 2,344,110**
Non-Suppression			
Administrative Secretary	1	63,872	63,872
Non-Suppression Total	**1**		**$ 63,872**
PCF (position FTEs)	**4**	15,000	**11,812**
PCF Total	**4**		**$ 11,812**
Worker's Comp (now added to employee cost)			**$ -**
Chief Officers (23.96%)			
SBCFPD Division Chief	1	248,334	59,501
Battalion Chief	3	273,007	196,237
Chief Officers Total	**4**		**$ 255,738**
CFFPD Chief Officer Differential			**$ 23,000**
Total Salaries and Benefits	**27**		**$ 2,698,532**
Operating Expenses			
Services and Supplies			345,238
Station Expenses			
C025			256,836
C026			149,603
Debt Service			7,500
Lease Purchase Structure			185,590
Total Operating Expenses			**$ 944,767**
Contract Management Fee			**228,886**
SBCERA			**426,855**
Total Annual Requirements			**$ 4,299,040**

BUDGET RECAP SHEET
FISCAL YEAR 2014-15
PARAMEDIC GENERAL SALARY RESERVE (MCE)

MCC 775

Funding Requirements	2013-14 CURRENT BUDGET	2013-14 ACTUAL EXPENDITURES	2014-15 FINAL BUDGET
Regular Salary	$ -	$ -	$ -
Overtime	$ -	$ -	$ -
Retirement	$ -	$ -	$ -
Sub Total	$ -	$ -	
General Reserve		$ -	
Operating Transfers OUT to MCG	$ 6,894	$ 6,894	$ 12
TOTALS	$ 6,894	$ 6,894	$ 12

Funding Sources			
Use of Money (Interest)	$ -	$ 12	
Fund Balance	$ 6,894	$ 6,894	$ 12
Operating Transfers IN	$ -	$ -	
TOTALS	$ 6,894	$ 6,906	$ 12

8/15/2014

Fiscal Year 2014-15
FINAL BUDGET
MCC - 775 PARAMEDIC GENERAL/SALARY RESERVE (MCE)

EXPENDITURES	2013-14 CURRENT BUDGET	2013-14 ACTUAL EXPENDITURES	2014-15 FINAL BUDGET
5030 Operating Transfers Out	$ 6,894	$ 6,894	$ 12
6005 General Reserve			
TOTAL EXPENDITURES	$ 6,894	$ 6,894	$ 12

REVENUE	2013-14 CURRENT BUDGET	2013-14 ACTUAL REVENUE	2014-15 FINAL BUDGET
8500 Interest	$ -	$ 12	$ -
9975 Operating Transfers IN	$ -	$ -	$ -
9984 Other - From Auditor	$ -	$ -	$ -
FUND BALANCE	$ 6,894	$ 6,894	$ 12
TOTAL REVENUES	$ 6,894	$ 6,906	$ 12

8/13/2014

BUDGET RECAP SHEET
FISCAL YEAR 2014-15
FIRE BUDGET EQUIPMENT/VEHICLES OR GENERAL RESERVE

MCE 775

Funding Requirements	2013-14 CURRENT BUDGET	2013-14 ACTUAL EXPENDITURES	2014-15 FINAL BUDGET
Regular Salary	$ 8,642	$ -	$ -
Group Insuance	$ -	$ 8,642.36	$ -
Other Gen. Liability	$ 3,389	$ 3,389	$ -
Professional Services	$ 3,754	$ 8,376	$ -
Medical Expense	$ 2,349	$ 2,433	$ -
Equipment Maintenance	$ 686	$ 686	$ -
Automotive - Fuel	$ 1,397	$ 1,911	$ -
Training	$ 160	$ 160	$ -
Debt Service	$ -	$ 705	$ -
Operating Transfers OUT to MCG	$ 834,321	$ 600,000	$ 909,012
TOTALS	$ 854,698	$ 626,302	$ - $ 909,012

Funding Sources			
Use of Money (Interest)	$ 1,000	$ 1,051	$ 1,000
Other Revenue	$ 816,557	$ 752,123	$ 744,000
Fund Balance/CASH	$ 37,141	$ 37,141	$ 164,012
TOTALS	$ 854,698	$ 790,314	$ 909,012

8/13/2014

Fiscal Year 2014-15
FINAL BUDGET
MCE - 775 EQUIPMENT/VEHICLES OR GENERAL RESERVE
FIRE BUDGET

4000-6000 SERIES EXPENDITURES	2013-14 CURRENT BUDGET	2013-14 ACTUAL EXPENDITURES	2014-15 FINAL BUDGET
1010 Regular Salary	$ 8,642	$ -	$ -
1200 Group Insuance	$ -	$ 8,642.36	$ -
2220 Other Gen. Liability	$ 3,389	$ 3,389	$ -
2445 Professional Services	$ 3,754	$ 8,376	$ -
2840 Medical Expense	$ 2,349	$ 2,433	$ -
2855 Equipment Maintenance	$ 686	$ 686	$ -
2930 Automotive - Fuel	$ 1,397	$ 1,911	$ -
2941 Training	$ 160	$ 160	$ -
3330 Debt Service	$ -	$ 705	$ -
5030 Operating Transfers Out	$ 834,321	$ 600,000	$ 909,012
TOTAL EXPENDITURES	$ 854,698	$ 626,302	$ 909,012

REVENUE	2013-14 CURRENT BUDGET	2013-14 ACTUAL REVENUE	2014-15 FINAL BUDGET
8145 Int. & Pen. De.	$ 12,102	$ 14,499	$ 13,000
8155 Spec Assmt Pr.	$ 33,766	$ 34,852	$ 35,000
8160 Spec. Assmt	$ 440,689	$ 445,402	$ 446,000
8500 Interest	$ 1,000	$ 1,051	$ 1,000
9470 Ambulance	$ 330,000	$ 257,470	$ 250,000
9970 Other	$ -	$ (100)	$ -
FUND BALANCE/CASH	$ 37,141	$ 37,141	$ 164,012
TOTAL REVENUES	$ 854,698	$ 790,314	$ 909,012

BUDGET RECAP SHEET
FISCAL YEAR 2014-15
FIRE BUDGET EQUIPMENT/VEHICLES OR GENERAL RESERVE

MCF 775

Funding Requirements	2013-14 CURRENT BUDGET	2013-14 ACTUAL EXPENDITURES	2014-15 FINAL BUDGET
Vehicles	$ 55,713	$ -	$ 140
Operating Transfers OUT to MCG	$ 114,715	$ 114,715	$ 55,963
TOTALS	$ 170,428	$ 114,715	$ 56,103
Funding Sources			
Use of Money (Interest)	$ -	$ 390	$ -
Fund Balance/CASH	$ 170,428	$ 170,428	$ 56,103
TOTALS	$ 170,428	$ 170,818	$ 56,103

8/13/2014

Fiscal Year 2014-15
FINAL BUDGET
MCF - 775 EQUIPMENT/VEHICLES OR GENERAL RESERVE
FIRE BUDGET

4000-6000 SERIES EXPENDITURES		2013-14 CURRENT BUDGET	2013-14 ACTUAL EXPENDITURES	2014-15 FINAL BUDGET
4050	Vehicles	$ 55,713	$ -	$ 140
5030	Operating Transfers Out	$ 114,715	$ 114,715	$ 55,963
	TOTAL EXPENDITURES	$ 170,428	$ 114,715	$ 56,103

REVENUE		2013-14 CURRENT BUDGET	2013-14 ACTUAL REVENUE	2014-15 FINAL BUDGET
8500	Interest	$ -	$ 390	$ -
	FUND BALANCE/CASH	$ 170,428	$ 170,428	$ 56,103
	TOTAL REVENUES	$ 170,428	$ 170,818	$ 56,103

BUDGET RECAP SHEET
FISCAL YEAR 2014-15
FIRE BUDGET EQUIPMENT/VEHICLES OR GENERAL RESERVE

MCG 775

Funding Requirements	2013-14 CURRENT BUDGET	2013-14 ACTUAL EXPENDITURES		2014-15 FINAL BUDGET
Regular Salary	$ 599,551	$ 579,673		$ -
Term Benefits	$ 48,744	$ -		$ 48,744.00
Employee group insur.	$ -	$ 21,641		$ -
Unemployment Ins	$ -	$ 12,553		$ 6,000.00
Safety Clothing	$ (1,607)	$ (2,075)		$ -
Communications	$ 11,032	$ -		$ -
Food	$ 140	$ 140		$ -
Publication	$ 268	$ 361		$ -
Computer Software	$ -	$ 1,260		$ -
Small Tools	$ 147	$ 147		$ -
Special Dept Expense	$ 20,000	$ 15,264		$ 38,000
Utilities	$ 8,147	$ 8,147		$ -
Other Gen. Liability	$ 16,548	$ 16,548		$ 17,500
Office Expense/Staples	$ -	$ 71		
General Office Expense	$ 223	$ 223		$ -
Auditing	$ 6,000	$ 5,700		$ 6,000
County Services/CowCap	$ -	$ 4,678		
Professional Services	$ 3,996,653	$ 4,037,555		$ 4,299,040
Equipment Maintenance	$ -	$ 2,382		$ 26,347
Equip Distr	$ -	$ 35		$ -
Structure Maint Expense	$ 219	$ 1,680		
Equipment Rental	$ 343	$ 343		$ -
Automotive - Fuel	$ (1,397)	$ (749)		$ -
Debt Service-TTF Interest	$ -	$ 3,422		$ 3,500
Equipment Fixed Asset - Monitors				$ 85,000
Contingency	$ 87,177	$ -		
TOTALS	$ 4,792,188	$ 4,708,999	$ -	$ 4,530,131

Funding Sources				
Taxes	$ 3,461,997	$ 3,497,579		$ 3,446,000
State Other	$ -	$ 7,628		$ -
Use of Money (Interest)	$ 2,899	$ 2,095		$ 2,000
Other Services	$ (30,000)	$ (30,978)		$ (30,000)
Other Services Sale Surplus Prop	$ -	$ 129,831		$ 1,800
Other Revenue	$ 2,760	$ 8,323		$ 26,160
Operating Transfer In	$ 1,228,081	$ 1,037,021		$ 1,015,220
Fund Balance/CASH	$ 126,450	$ 126,450		$ 68,951
TOTALS	$ 4,792,187	$ 4,777,949	$ -	$ 4,530,131

8/13/2014

Fiscal Year 2014-15
FINAL BUDGET
MCG - 775 EQUIPMENT/VEHICLES OR GENERAL RESERVE
FIRE BUDGET

4000-6000 SERIES EXPENDITURES	2013-14 CURRENT BUDGET	2013-14 ACTUAL EXPENDITURES	2014-15 FINAL BUDGET
1010 Regular Salary	$ 599,551	$ 579,673	$ -
1045 Term Benefits	$ 48,744	$ -	$ 48,744.00
1200 Employee group insur.	$ -	$ 21,641	$ -
1210 Unemployment Ins	$ -	$ 12,553	$ 6,000.00
2025 Safety Clothing	$ (1,607)	$ (2,075)	$ -
2035 Communications	$ 11,032	$ -	$ -
2070 Food	$ 140	$ 140	$ -
2080 Publication	$ 268	$ 361	$ -
2115 Computer Software	$ -	$ 1,260	$ -
2120 Small Tools	$ 147	$ 147	$ -
2135 Special Dept Expense	$ 20,000	$ 15,264	$ 38,000
2180 Utilities	$ 8,147	$ 8,147	$ -
2220 Other Gen. Liability	$ 16,548	$ 16,548	$ 17,500
2304 Office Expense/Staples	$ -	$ 71	
2305 General Office Expense	$ 223	$ 223	$ -
2405 Auditing	$ 6,000	$ 5,700	$ 6,000
2415 County Services/CowCap	$ -	$ 4,678	
2445 Professional Services	$ 3,996,653	$ 4,037,555	$ 4,299,040
2855 Equipment Maintenance	$ -	$ 2,382	$ 26,347
2865 Equip Distr	$ -	$ 35	$ -
2870 Structure Maint Expense	$ 219	$ 1,680	
2895 Equipment Rental	$ 343	$ 343	$ -
2930 Automotive - Fuel	$ (1,397)	$ (749)	$ -
3330 Debt Service-TTF Interest	$ -	$ 3,422	$ 3,500
4040 Equipment Fixed Asset - Monitors			$ 85,000
6000 Contingency	$ 87,177	$ -	
TOTAL EXPENDITURES	$ 4,792,188	$ 4,708,999	$ 4,530,131

REVENUE	2013-14 CURRENT BUDGET	2013-14 ACTUAL REVENUE	2014-15 FINAL BUDGET
8015 Property Tax Current Sec	$ 2,973,903	$ 3,015,333	$ 3,025,000
8025 Property Tax Current Unsec	$ 134,926	$ 133,937	$ 134,000
8800 General Tax Levy	$ 43,391	$ 41,794	$ 42,000
8035 Property Tax Current Utilities	$ 110,249	$ 124,055	$ 120,000
8235 Supplemental Roll Prior	$ 11,454	$ 12,836	$ 12,000
8230 Supplemental Roll Current	$ 3,519	$ 26,521	$ 15,000
8115 Property Tax Prior Secured	$ 140,607	$ 51,127	$ 50,000
8125 Property Tax Prior Unsecured	$ 5,701	$ 4,750	$ 5,000
8145 Int. & Pen. Delinquent	$ 43,452	$ 43,067	$ 43,000
8176 5% Supplemental A	$ (5,205)	$ (2,501)	$ -
8191 Tax Sale EX	$ -	$ 46,776	$ -
8840 State other - Fire Reimb	$ -	$ 7,628	$ -
8500 Interest	$ 2,899	$ 2,095	$ 2,000
9800 Other Services	$ (30,000)	$ (30,978)	$ (30,000)
9255 Assement Tax Collection	$ -	$ (117)	$ -
9930 Other Services-sale surplus property	$ -	$ 129,831	$ 1,800
9970 Other Rev CSA38 Contract + Cell Tower	$ 2,760	$ 8,323	$ 26,160
9975 Operating Transfers IN	$ 1,228,081	$ 1,037,021	$ 1,015,220
FUND BALANCE/CASH	$ 126,450	$ 126,450	$ 68,951
TOTAL REVENUES	$ 4,792,187	$ 4,777,949	$ 4,530,131

BUDGET RECAP SHEET
FISCAL YEAR 2014-15
STRUCTURES/LAND OR GENERAL RESERVE

MCI 775

Funding Requirements	2013-14 CURRENT BUDGET	2013-14 ACTUAL EXPENDITURES	2014-15 FINAL BUDGET
Structures & Improvements	$ 50,000	$ -	$ 132
Operating Transfers OUT to MCG	$ 125,639	$ 125,639	$ 50,245
TOTALS	$ 175,639	$ 125,639	$ 50,377
Funding Sources			
Use of Money (Interest)	$ -	$ 377	$ -
Fund Balance/CASH	$ 175,639	$ 175,639	$ 50,377
Operating Transfers IN	$ -	$ -	$ -
TOTALS	$ 175,639	$ 176,016	$ 50,377

8/13/2014

FY 2014-15
FINAL BUDGET
MCI - 775 STRUCTURES/LAND OR GENERAL RESERVE

	2013-14 CURRENT BUDGET	2013-14 ACTUAL EXPENDITURES	2014-15 FINAL BUDGET
4030 Structures/Improvements	$ 50,000	$ -	$ 132
5030 Operating Tranfers OUT	$ 125,639	$ 125,639	$ 50,245
TOTAL EXPENDITURES:	$ 175,639	$ 125,639	$ 50,377

REVENUE	2013-14 CURRENT BUDGET	2013-14 ACTUAL REVENUE	2014-15 FINAL BUDGET
8500 Interest	$ -	$ 377	$ -
9975 Operating Transfers IN	$ -	$ -	$ -
FUND BALANCE	$ 175,639	$ 175,639	$ 50,377
TOTAL REVENUES	$ 175,639	$ 176,016	$ 50,377

8/13/2014

BUDGET RECAP SHEET
FISCAL YEAR 2014-15
GENERAL SALARY RESERVE (MCG)
FIRE BUDGET

MCK 775

	2013-14 CURRENT BUDGET	2013-14 ACTUAL EXPENDITURES	2014-15 FINAL BUDGET
Funding Requirements			
Operating Transfers OUT to MCG	$ 29,836	$ 29,836	$ 53
General Reserve	$ -	$ -	$ -
TOTALS	$ 29,836	$ 29,836	$ 53
Funding Sources			
Use of Money (Interest)	$ -	$ 53	$ -
Fund Balance	$ 29,836	$ 29,836	$ 53
Operating Transfers IN	$ -	$ -	$ -
TOTALS	$ 29,836	$ 29,889	$ 53

8/19/2014

FY 2014-15
FINAL BUDGET
MCK- 775 GENERAL/SALARY RESERVE (MCG)
FIRE BUDGET

EXPENDITURES	2013-14 CURRENT BUDGET	2013-14 ACTUAL EXPENDITURES	2014-15 FINAL BUDGET
5030 Operating Transfers Out	$ 29,836	$ 29,836	$ 53
6005 General Reserve	$ -	$ -	$ -
TOTAL EXPENDITURES	$ 29,836	$ 29,836	$ 53

REVENUE	2013-14 CURRENT BUDGET	2013-14 ACTUAL REVENUE	2014-15 FINAL BUDGET
8500 Interest	$ -	$ 53	$ -
9975 Operating Transfers IN	$ -	$ -	$ -
9970 Other	$ -	$ -	$ -
FUND BALANCE	$ 29,836	$ 29,836	$ 53
TOTAL REVENUES	$ 29,836	$ 29,889	$ 53

BUDGET RECAP SHEET
FISCAL YEAR 2014-15
PARAMEDIC/EQUIPMENT VEHICLES OR GENERAL RESERVE

MCL 775

Funding Requirements	2013-14 CURRENT BUDGET	2013-14 ACTUAL EXPENDITURES	2014-15 FINAL BUDGET
Vehicles	$ -	$ -	$ -
Operating Transfers OUT to MCG	$ 24,825	$ 24,825	$ 44
TOTALS	$ 24,825	$ 24,825	$ 44
Funding Sources			
Use of Money (Interest)	$ -	$ 44	$ -
Fund Balance/CASH	$ 24,825	$ 24,825	$ 44
TOTALS	$ 24,825	$ 24,869	$ 44

8/13/2014

FY 2014-15
FINAL BUDGET
MCL - 775 EQUIPMENT/VEHICLES OR GENERAL RESERVE
MEDIC BUDGET

6000 SERIES EXPENDITURES	2013-14 CURRENT BUDGET	2013-14 ACTUAL EXPENDITURES	2014-15 FINAL BUDGET
4050 Vehicles	$ -	$ -	$ -
5030 Operating Transfers Out to MCG	$ 24,825	$ 24,825	$ 44
TOTAL EXPENDITURES	$ 24,825	$ 24,825	$ 44

REVENUE	2013-14 CURRENT BUDGET	2013-14 ACTUAL REVENUE	2014-15 FINAL BUDGET
8500 Interest	$ -	$ 44	$ -
9945 Contribution	$ -	$ -	$ -
9975 Operating Transfers IN	$ -	$ -	$ -
9970 Other Revenue	$ -	$ -	$ -
FUND BALANCE	$ 24,825	$ 24,825	$ 44
TOTAL REVENUES	$ 24,825	$ 24,869	$ 44

8/13/2014

BUDGET RECAP SHEET
FISCAL YEAR 2014-15
FIRE PREVENTION

MCW 775

	2013-14 CURRENT BUDGET	2013-14 ACTUAL EXPENDITURES	2014-15 FINAL BUDGET
Funding Requirements			
Services & Supplies	$ 2,603	$ 155	$ -
Operating Transfers OUT	$ -	$ -	$ 2,608
TOTALS	$ 2,603	$ 155	$ 2,608
Funding Sources			
Interest	$ -	$ 7	$ -
Fund Balance	$ 2,603	$ 2,603	$ 2,608
TOTALS	$ 2,603	$ 2,610	$ 2,608

2014-15 Final Budget
MCW-775 Fire Prevention

EXPENDITURES:	2013-14 CURRENT BUDGET	2013-14 ACTUAL EXPENDITURES	2014-15 FINAL BUDGET
2135 Special Dept Expense	$ 2,603	$ -	
2445 Professional Svc	$ -	$ 155	$ -
Total 2000 series expenditures	$ 2,603	$ 155	$ -
5030 Operating Transfers Out	$ -	$ -	$ 2,608
TOTAL EXPENDITURES:	**$ 2,603**	**$ 155**	**$ - $ 2,608**

REVENUE		2013-14 CURRENT BUDGET	2013-14 ACTUAL REVENUE	2014-15 FINAL BUDGET
8500	Interest	$ -	$ 7	$ -
	FUND BALANCE/CASH	$ 2,603	$ 2,603	$ 2,608
TOTAL REVENUES:		**$ 2,603**	**$ 2,610**	**$ 2,608**

BUDGET RECAP SHEET
FISCAL YEAR 2014-15
FIRE BUDGET EQUIPMENT/VEHICLES OR GENERAL RESERVE

MCR 775

Funding Requirements	2013-14 CURRENT BUDGET	2013-14 ACTUAL EXPENDITURES	2014-15 FINAL BUDGET
Group Insurance	$ -	$ 1,933	
Operating Transfers OUT to MCG	$ 91,851	$ 91,851	$ 58
TOTALS	$ 91,851	$ 93,784	$ 58
Funding Sources			
Use of Money (Interest)	$ -	$ 77	$ -
Other Revenue	$ 71,624	$ 71,624	$ -
Fund Balance/CASH	$ 20,227	$ 20,227	$ 58
TOTALS	$ 91,851	$ 91,928	$ 58

8/13/2014

Fiscal Year 2014-15
FINAL BUDGET
MCR - 775 EQUIPMENT/VEHICLES OR GENERAL RESERVE
FIRE BUDGET

4000-6000 SERIES EXPENDITURES	2013-14 CURRENT BUDGET	2013-14 ACTUAL EXPENDITURES	2014-15 FINAL BUDGET
1200 Group Insurance	$ -	$ 1,933	
5030 Operating Transfers Out	$ 91,851	$ 91,851	$ 58
TOTAL EXPENDITURES	$ 91,851	$ 93,784	$ 58

REVENUE	2013-14 CURRENT BUDGET	2013-14 ACTUAL REVENUE	2014-15 FINAL BUDGET
8500 Interest	$ -	$ 77	$ -
9970 Other Rev. - Grant Reimb	$ 71,624	$ 71,624	$ -
FUND BALANCE/CASH	$ 20,227	$ 20,227	$ 58
TOTAL REVENUES	$ 91,851	$ 91,928	$ 58

8/13/2014

CREST FOREST FIRE PROTECTION DISTRICT EQUIPMENT

CO#	RADIO ID	TYPE	FUEL	VIN #	LIC#	STATUS	SERV. LIFE	YEAR	MAKE/MODEL	REPL. DATE
99800	OPEN									
99804	OPEN									
99805	OPEN									
99806	3299	SUPPORT VEH	DIESEL	1GBFP22J6H3339416	E1012570	ACTIVE	30	1987	CHEV/STP VAN	2017
99807	MA25A	AMBULANCE	DIESEL	1FDSS34F53HA11211	E1156256	ACTIVE	15	2003	FORD/VAN 4X4	2018
99808	OPEN									
99809	UT26	UTILITY VEH	GAS	1GBJK34J6YF430163	E1277132	ACTIVE	20	2000	CHEV/3500 4X4 W/UTL BOX	2020
99811	BP25	BRUSH PATROL	GAS	1GCHK33G55F943061	E1212731	ACTIVE	20	2005	CHEV/SILVERADO 3/4 TON 4X4	2025
99812	OES 309	ENGINE	DIESEL	44KFT42811WZ19607	E1163904	ACTIVE	OES	2002	HME WESTATES	OES
99813	BP26	BRUSH PATROL	GAS	1GCEK19T15E310509	E1212684	ACTIVE	20	2005	CHEV/SILVERADO 3/4 TON 4X4	2025
99814	MA26	AMBULANCE	DIESEL	1FDJS34F1VHA74711	E988427	ACTIVE	15	1997	FORD/VAN 4X4	2012
99815	OPEN									
99816	CREST 1	ENGINE	GAS	84	E71501	ANTIQUE	N/A	1929	STUDEBAKER/FIRE ENGINE	N/A
99817	TLR26	TRAILER	N/A	CAL129312	E310265	ACTIVE	50	1975	SPENS TILT BED	2025
99818	E30	ENGINE	DIESEL	4S7CT9D03MC003612	E112134	ACTIVE	30	1991	SPARTAN/4X4 MONARCH	2021
99820	E28	ENGINE	DIESEL	4S7CT9D03MC003613	E112135	ACTIVE	30	1991	SPARTAN/4X4 MONARCH	2021
99821	WT30	WATER TENDER	DIESEL	MR686501252	E762113	ACTIVE	35	1980	MACK	2015
99822	E29	ENGINE	DIESEL	4S7CT9D03MC003614	E112138	ACTIVE	30	1991	SPARTAN/4X4 MONARCH	2021
99823	OPEN									
99824	LDR26	LOADER	DIESEL	20310T	E647294	ACTIVE	50	1974	JOHN DEERE/SKIP LOADER	2024
99825	MA26R	AMBULANCE	DIESEL	1FDSS34F6WHC12054	E1008604	ACTIVE	15	1998	FORD/VAN	2013
99826	BBQ25	TRAILER	N/A	LCAUS0811ST155751	E947042	ACTIVE	25	1995	HOMEMADE BBQ TRAILER	2020
99827	OPEN									
99828	OPEN									
99890	MA25A	AMBULANCE	DIESEL	1GBE4C3967F417768	E1202935	ACTIVE	15	2007	CHEV 4500 4X4 BOX AMB	2022
99891	3230	SUPPORT VEH	GAS	1FDSF35S51EC92537	E1105901	ACTIVE	15	2001	FORD F350 4X4 W/UTL BOX	2016
99892	SC26	SNOW CAT	GAS	SV2505586	E1113886	ACTIVE	40	1974	BOMBARDIER/SNOW CAT	2014
99893	3200	STAFF VEH	GAS	1FMPU16L83B27717	E1156191	ACTIVE	15	2003	FORD/EXPEDITION 4X4	2033
99894	BE25	BRUSH ENGINE	DIESEL	1HTSEADN52H559203	E1119744	ACTIVE	30	2003	INTERNATIONAL/5800 4X4	2033
99895	ME25	ENGINE	DIESEL	1F94544282H140147	E1113940	ACTIVE	30	2003	FERRARA/4X4 INFERNO	2033
99896	ME26	ENGINE	DIESEL	1F94544282H140146	E1113941	ACTIVE	30	2003	FERRARA/4X4 INFERNO	2033

August 19, 2014

Crest Forest Fire Protection District

June 17, 2014

Rich Blacker, General Manager
Fire Agencies Insurance Risk Authority
451 Airport Road, Suite C
Novato, CA 94945

RE: Crest Forest Fire Notice

Dear Mr. Blacker;

Please accept this letter as the District's one year written notice to terminate coverage though FAIRA effective July 1, 2015. At the board meeting on June 17, 2014, the Crest Forest Board of Directors requested Local Agency Formation Commission (LAFCO) to take proceeding for a sphere of influence amendment and reorganization to begin the annexation process to San Bernardino County Fire and to move forward in dissolving the District.

If you have any questions, please contact Patti Forsythe at pforsythe@sbcfire.org.

Sincerely,

Chuck Gibbs
Board President
Crest Forest Fire Protection District

CG/pf

Crest Forest Fire Protection District

November 18, 2014

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

RE: Request a reduction of fees

Dear Kathleen Rollings-McDonald;

The Crest Forest Fire Protect District contracted services with San Bernardino County Fire, July 2013, and continues to struggle in the economic recovery. The Board of Directors, recognizing it was exhausting all reserve funds, unanimously decided to begin the annexation process to San Bernardino County Fire.

The District is hard pressed to find additional revenue sources and respectfully request LAFCO's consideration in a reduction of fees in processing its annexation application.

Sincerely,

Robert Goss, Vice President
Crest Forest Fire Board of Directors

RG:pf

SAN BERNARDINOCOUNTY FIRE PROTECTION DISTRICT

F A S

STANDARD CONTRACT

FOR OFFICIAL USE ONLY

☒ New ☐ Change ☐ Cancel	FAS Vendor Code	SC	Dept. 600	A	Contract Number 13-555
ePro Vendor Number					ePro Contract Number
San Bernardino County Fire Protection District		Dept. 600	Orgn. C020		Contractor's License No.
Contract Representative: Mark A. Hartwig, Fire Chief		Telephone: (909)387-5779			Total Contract Amount: $40,530,020

Contract Type: ☒ Revenue ☐ Encumbered ☐ Unencumbered ☐ Other:

If not encumbered or revenue contract type, provide reason:

Commodity Code	Contract Start Date	Contract End Date	Original Amount	Amendment Amount
	7/12/13	6/30/2023	$40,530,020	$

Fund	Dept.	Organization	Appr.	Obj/Rev Source	GRC/PROJ/JOB No	Amount
FMZ	600	C020		9800		$ 40,530,020
						$
						$

Project Name	Estimated Payment Total by Fiscal Year					
	FY	Amount	I/D	FY	Amount	I/D
Crest Forest FPD Fire Protection Services Agreement						

THIS CONTRACT is entered into in the State of California by and between the **SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT** hereinafter called the **COUNTY FIRE** and

Name: Crest Forest Fire Protection District — hereinafter called DISTRICT

Address: Attn: Board of Directors President

23407 Crest Forest Dr, Crestline, CA 92325

Telephone: (909) 338 - 3311 — Federal ID No. or Social Security No.: 95-6002748

IT IS HEREBY AGREED AS FOLLOWS:

(Use space below and additional bond sheets. Set forth service to be rendered, amount to be paid, manner of payment, time for performance or completion, determination of satisfactory performance and cause for termination, other terms and conditions, and attach plans, specifications, and addenda, if any.)

FIRE PROTECTION SERVICES AGREEMENT BETWEEN SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT AND CREST FOREST FIRE PROTECTION DISTRICT

This Agreement is made and entered into by and between the San Bernardino County Fire Protection District (hereinafter referred to as "COUNTY FIRE") and the Crest Forest Fire Protection District (hereinafter referred to as "DISTRICT").

Auditor-Controller/Treasurer/Tax Collector Use Only

☐ Contract Database	☐ FAS
Input Date	Keyed By

WITNESSETH:

WHEREAS, DISTRICT desires to contract for performance of fire protection, emergency medical services, fire prevention services, hazardous materials services, and fire cause and origin investigations within the territorial boundaries of DISTRICT, and

WHEREAS, COUNTY FIRE is willing and able to perform such fire protection, emergency medical services, fire prevention services, hazardous materials services, and fire cause and origin investigations.

NOW THEREFORE, it is agreed as follows:

SCOPE OF WORK:

1. This Agreement shall be effective when executed by the authorized representatives of all parties.

2. COUNTY FIRE shall provide to DISTRICT fire protection services within the corporate limits of DISTRICT or as such limits may be modified by annexation or exclusion during the term of this Agreement.

3. COUNTY FIRE shall provide to DISTRICT fire prevention services, fire investigation, fire suppression, advanced life support ("ALS") services, ambulance transport, and rescue services, as described on "Exhibit A" ("Service Levels"), and standards shall comply with COUNTY FIRE criteria and State and Federal guidelines. Modifications may be mutually agreed to by COUNTY FIRE and DISTRICT. Additional value added services that will be provided to DISTRICT shall include hazardous materials services, household hazardous waste collection services, all budget and fiscal services (billing and collection) and Office of Emergency Services.

4. COUNTY FIRE will furnish to DISTRICT Office of Emergency Services, fire prevention services, hazardous materials services, and fire cause and origin investigations at the same level which it furnishes within its own boundaries. DISTRICT agrees to adopt COUNTY FIRE's fee ordinance annually as the authority for imposing and collecting DISTRICT's fees and charges. COUNTY FIRE's fee ordinance that is currently in effect and which may be revised from time to time, is Ordinance No. FPD 12-01 A1. DISTRICT's obligation to adopt said ordinance shall be subject to any protest procedure that may be available for members of the public ratepayers to challenge the adoption of said ordinance by DISTRICT.

5. COUNTY FIRE shall provide annual fire inspections for general business occupancies within the DISTRICT such as office complexes and retail outlets.

6. DISTRICT or any authorized representative shall have access to any books, documents, and records of COUNTY FIRE, which are pertinent to this contract for the purposes of making an audit or examination. All books, records and supporting detail shall be retained for a period of five (5) years after the term of this contract. COUNTY FIRE agrees that in the event audit exceptions are determined by appropriate audit agencies, it shall be the responsibility of COUNTY FIRE to comply.

7. DISTRICT's Board of Directors shall remain the governing body for the DISTRICT, and the San Bernardino County Fire Protection Board of Directors shall be the governing body of COUNTY FIRE. Any changes or modifications of this Agreement shall not become effective until approved by the DISTRICT's Board of Directors and COUNTY FIRE's governing board.

8. Fire Chief of COUNTY FIRE shall be designated as the Fire Chief of DISTRICT for Office of Emergency Services, fire prevention services, hazardous materials services, fire suppression, and emergency medical operations at all times during the term of this Agreement. Said Fire Chief shall designate a Division Chief to work directly with the DISTRICT's Board of Directors and provide liaison with other officers of the DISTRICT. The Fire Chief's designated Division Chief will attend DISTRICT Board meetings, meetings requested by the DISTRICT, address regular monthly reports to the attention of the President, and such

other reports as may be appropriate, as determined by the Fire Chief, with respect to the Office of Emergency Services, fire prevention services, hazardous materials services, and fire protection services provided within the corporate limits of DISTRICT.

9. During the term of this Agreement, COUNTY FIRE may find it necessary, in connection with fire and other emergencies, to move certain equipment described in Exhibit "B" ("Leased Premises and Vehicles") from DISTRICT's limits.

TERMS AND CONDITIONS

10. **Term and Termination:**

a. The term of this Agreement shall be ten (10) years, commencing July 13, 2013 and ending June 30, 2023 ("Term") unless terminated earlier as provided herein. However, a three year firm term commencing upon execution of this Agreement ("Firm Term") shall be in place during which time neither party may exercise any early termination provisions of this Agreement. Following the expiration of the Firm Term, either party, by written notice to the other party, may terminate the whole or any part of this Agreement at any time, and without cause by giving written notice to the other party of such termination, and specifying the effective date thereof, at least three-hundred sixty-five (365) days after the notice of such termination. Upon termination, COUNTY FIRE shall be compensated only for those services which have been rendered to DISTRICT, and COUNTY FIRE shall be entitled to no further compensation.

b. Notwithstanding the foregoing, in the event COUNTY FIRE provides any services to DISTRICT on a holdover basis after the date of termination, DISTRICT shall fully reimburse COUNTY FIRE for all costs of providing such services.

c. The Term of this Agreement shall automatically renew for additional one (1) year periods, as determined by COUNTY FIRE, unless the DISTRICT provides notice to the COUNTY FIRE of its desire to terminate the Agreement. Such notice shall be provided no less than three-hundred sixty-five (365) days prior to the expiration date of this agreement. If DISTRICT fails to provide such notice, COUNTY FIRE shall have the option to extend this Agreement for a period of up to one (1) year from the original termination date and to continue providing services at the same or reduced level as COUNTY FIRE determines would be appropriate during the extended period of this Agreement. COUNTY FIRE shall notify the DISTRICT of the extended termination date.

11. **Payment:**

a. DISTRICT shall pay COUNTY FIRE the prorated sum of $3,547,978 for Fiscal Year 2013-2014 and $3,651,028 for each fiscal year thereafter of fire protection services provided by COUNTY FIRE during the term of this Agreement and a one-time start up cost of $18,420 for supplies and equipment. DISTRICT shall pay to COUNTY FIRE monthly installments of $295,664.83 for Fiscal Year 2013-2014 and $304,252.33 each month thereafter at the beginning of each month during the period of this Agreement. Payments will be renegotiated annually based upon the provisions of Paragraph 11 d. Payment shall be due by the fifth (5th) day of each month. Payments received after sixty (60) days of when due shall include 10% simple interest after the sixtieth (60th) day against the amount owing.

(1) DISTRICT shall make a supplemental payment to COUNTY FIRE by December 1st of each year, beginning in 2013 and continuing for a total of twenty (20) years in the amount of $410,437 including a four percent (4%) annual compounded increase to offset the cost of the County Safety cost pool. COUNTY FIRE will then make an equal payment to SBCERA by December 31st of each year.

b. COUNTY FIRE shall have the right to terminate this Agreement sooner than provided for in Section 10(a) if DISTRICT does not make timely payments of its obligations hereunder to COUNTY FIRE.

c. COUNTY FIRE shall have the right to annually renegotiate the rate and service levels for services performed under this Agreement. DISTRICT shall be responsible for any future MOU and/or Compensation Plan for salary/benefit increases that may occur during the term of the Agreement. Annual increases for operating expenses will be based on expected actual costs.

d. COUNTY FIRE may give notice to DISTRICT of increased costs incurred by COUNTY FIRE in providing the services pursuant to this Agreement, and this Agreement may be amended to reflect the increased costs to COUNTY FIRE, with any such amendment to be effective the date the costs for COUNTY FIRE are increased. DISTRICT may have the option to terminate this Agreement if the parties cannot agree on the amount of additional costs proposed by COUNTY FIRE, in accordance with Section 10, "Term and Termination." In the event of such termination, COUNTY FIRE shall be paid for all services rendered until such termination date at the rates set forth in this Agreement. If DISTRICT does not pay the increased costs and does not terminate this agreement, then COUNTY FIRE will reduce services to ensure that DISTRICT is fully funding the services provided pursuant to this agreement.

e. Annually, DISTRICT and COUNTY FIRE shall review staffing levels. DISTRICT and COUNTY FIRE shall have the right at any time during the term of this Agreement to request a change in the level of fire protection services provided for herein. In such event, all provisions of this Agreement with respect to compensation paid by DISTRICT shall remain in full force and effect, but in addition to payment of the sums herein provided, DISTRICT shall pay COUNTY FIRE in monthly installments the cost of such additional fire protection service.

f. DISTRICT shall not hold COUNTY FIRE responsible for a reduction in fire protection services resulting from labor relation actions and DISTRICT's obligation to pay COUNTY FIRE shall not be reduced for services not performed for that reason.

12. <u>Premises Lease</u>:

a. DISTRICT hereby leases to COUNTY FIRE the real property, together with the fixtures and furnishings described in "Exhibit B" ("Leased Premises and Vehicles") for the sum of $1 per year for duration of this Agreement, on the terms and conditions set forth in this Agreement. During the term of this Agreement, COUNTY FIRE shall maintain in good repair the heating and cooling systems, plumbing and electrical systems, exterior and interior walls, windows, roof, sidewalks, and other like portions of the Leased Premises.

b. DISTRICT agrees to be responsible for all major structural repairs and/or replacements which exceed $1,000 per occurrence (including labor costs) to DISTRICT owned facilities. Major structural repairs shall include but not be limited to major electrical or plumbing problems where the slab or a wall must be broken to access, major concrete replacement, major heating or cooling system replacement, major asphalt replacement, roof replacement, apparatus door replacement, and the structural integrity of the building and facility replacement due to fire, flood, earthquake, or any other natural or manmade disaster causing the facility to be uninhabitable. The foregoing shall apply unless the need for such repairs and/or replacements are the result of the negligent or willful misconduct of COUNTY FIRE, in which case COUNTY FIRE shall be responsible for promptly completing and paying for the costs of such repairs and/or replacements. Except as specifically set forth herein, DISTRICT will remain financially responsible for new and replacement DISTRICT facilities. DISTRICT shall be directly billed for repairs exceeding this limit provided that the COUNTY FIRE notify the DISTRICT in advance of the need for any such repairs.

c. COUNTY FIRE agrees to the storage of DISTRICT Emergency Services vehicles and equipment within the leased fire stations and grounds. In addition, current agreements pertaining to the Leased Premises by other entities under contract with DISTRICT will be honored by COUNTY FIRE with the liability remaining with DISTRICT. Future agreements for use of the Leased Premises by other agencies shall be coordinated and mutually agreed to by DISTRICT and COUNTY FIRE.

13. **Utilities:**
COUNTY FIRE shall pay all utility service charges, including charges for electricity, gas, telephone, water, refuse disposal, janitorial, maintenance and any related expenses provided to the Leased Premises. This excludes any premise lease agreement already in effect with another agency prior to the date of this agreement. This cost will be included in annual Agreement and billed monthly.

14. **Inspection of Premises and Vehicles:**
Upon Execution of this Agreement, COUNTY FIRE will inspect premises and vehicles listed in Exhibit "B" to document the current condition of each. County Fire's Maintenance obligations will be limited to maintaining the premises and equipment in the same operating condition that existed as of the date of this agreement subject to the dollar limitations contained herein and limited to the expected useful life of the equipment.

15. **Maintenance Expense:**
COUNTY FIRE shall provide all necessary routine maintenance expense, including janitorial interior maintenance and landscaping maintenance for the Leased Premises.

16. **Fire/ALS/Paramedic Apparatus and Equipment:**
DISTRICT hereby leases to COUNTY FIRE the fire vehicles, apparatus, equipment and property described in Exhibit "B" ("Leased Premises and Vehicles") for the sum of $1 per year for duration of this Agreement, on the terms and conditions set forth in this Agreement. DISTRICT shall be listed as owner and COUNTY FIRE shall be listed as the registered owner of the apparatus. During the term of this Agreement, COUNTY FIRE shall maintain in good repair the fire equipment, and shall be financially responsible for routine maintenance and repairs.

The DISTRICT agrees to be responsible for all major apparatus and equipment repairs and/or replacements unless the need for such repairs and/or replacements are the result of the negligent or willful misconduct of COUNTY FIRE, in which case COUNTY FIRE shall be responsible for promptly completing and paying for the costs of such repairs and/or replacements. Major apparatus and equipment repairs shall include but not be limited to engine, transmission, drive train, pump and tank repairs which exceed $5,000 for fire apparatus and $2,000 for staff vehicles per occurrence (including labor costs). DISTRICT will remain financially responsible for new and replacement apparatus, and staff vehicles. Except as otherwise provided herein, failure to replace equipment on schedule may be cause for the COUNTY FIRE to direct bill the DISTRICT for maintenance related repairs to such identified vehicles. COUNTY FIRE shall include these costs as an element of the compensation paid by DISTRICT.

17. **Cost of Providing and Operating Equipment:**
The cost of providing, maintaining, operating any and all property, furnishings and equipment, real or personal, previously furnished by DISTRICT for Office of Emergency Services, fire prevention services, hazardous materials services, fire protection and ALS/Paramedic services (other than the fire equipment set forth in Exhibit "B" ("Leased Premises and Vehicles") and provided for hereinabove) shall be borne by COUNTY FIRE unless otherwise provided for herein or by separate written agreement. New additional equipment and replacement of equipment over $2,000 will be borne by DISTRICT. COUNTY FIRE will operate the equipment as part of this Agreement and the DISTRICT will be responsible for replacing the equipment as warranted.

18. **Assumption of Personnel:**
COUNTY FIRE agrees to offer employment to DISTRICT personnel, as listed in "Exhibit C" ("Personnel"), provided that each of them successfully passes the required background checks/pre-employment physicals and drug test. Said employees will be hired as new County Fire employees for all purposes except those set forth below. Failure to successfully pass the required background check/pre-employment physicals or drug test shall disqualify a person on said list from employment with COUNTY FIRE. DISTRICT agrees to assume all liability for, and to defend, indemnify and hold harmless COUNTY FIRE, its officers, agents, employees or volunteers from claims, actions, losses, or damages by any such employees that arise from

occupational injuries during the course of their employment during the term of this Agreement that arose out of, or were aggravated by, medical conditions existing prior to the term of this Agreement as identified during pre-employment physicals and in existing DISTRICT employee files. COUNTY FIRE agrees to maintain employee's DISTRICT service dates for the following purposes, only, retirement contribution, Retiree Medical Trust Fund, and vacation accrual rate. DISTRICT shall remit to COUNTY FIRE the cash value of up to 96 hours of vacation leave and 96 hours of sick leave if available, of each hired employee's district leave balances at the rate of pay the employee will be receiving at COUNTY FIRE for purchase of leave balances for the hired employees. COUNTY FIRE will have no responsibility for determining the appropriate number of hours to be purchased by DISTRICT for employees hired by COUNTY FIRE. In the event of contract termination by either DISTRICT or COUNTY FIRE, DISTRICT shall remit to COUNTY FIRE the cash value of all unfunded leave accruals and the employees hired pursuant to this contract will be deemed redundant and they will be laid off from COUNTY FIRE employment, regardless of seniority.

The employees listed in Exhibit "C" ("Personnel") are required to maintain all appropriate license/certifications/registrations for the job to which they are assigned. Notwithstanding any provision to the contrary in the Personnel Rules for Board Governed Special Districts to which COUNTY FIRE is subject, rank and file personnel will be offered employment in positions as determined by COUNTY FIRE in a classification that as closely as possible has job duties resembling the work said employee was performing prior to this Agreement. Notwithstanding any provision to the contrary in the Personnel Rules for Board Governed Special Districts to which COUNTY FIRE is subject, rank and file employees will be placed on the closest salary step of the new classification to current DISTRICT base salary (without incentive), except in circumstances where DISTRICT salary is higher than COUNTY FIRE's top step. In these cases, COUNTY FIRE's top step will be applicable. All employees listed in Exhibit "C" are required to serve a six (6) month probationary period. In the event of contract termination, all DISTRICT employees hired by COUNTY FIRE will be deemed redundant and laid off from COUNTY FIRE employment, regardless of seniority and classification at the time of the contract termination.

DISTRICT agrees to fund the difference in pay between the current top step COUNTY FIRE captain pay rate and the current DISTRICT Division Chief pay rate for the current DISTRICT Division Chief being reassigned to the Captain rank. This extra payment will terminate two (2) years from the final adoption date of this contract. Mandatory Staffing compensation for this reassigned captain will be made based on the top step captain pay rate. The regular rate of pay for this employee for purpose of overtime calculations will be the top step COUNTY FIRE captain pay rate. There will be no entitlement to a continuation of the extra payment at the end of two (2) years and no appeal pursuant to the Firefighters Procedural Bill of Rights will be triggered by any pay reduction at the end of two (2) years.

DISTRICT agrees to indemnify and hold COUNTY FIRE, its employees, officer and agents, harmless for any and all claims that may arise with regard to the assumption of the above mentioned employees and any and all claims, lawsuits or damages arising from, including but not limited to Unfair Labor Practice Claims, claims relating to successor employer status, rights with regard to union representation, unfunded retirement contributions and other claims that may arise related to the appropriateness of the assumption of services and employees by COUNTY FIRE.

a. As a result of this agreement, DISTRICT'S assets and liabilities within SBCERA will transfer from Other Safety to County Safety within the SBCERA actuarial valuation; however, the DISTRICT recognizes that the language of this agreement requires that the DISTRICT is entirely financially liable to COUNTY FIRE for any existing unfunded pension liabilities transferred to the County Safety cost pool or any future unfunded pension liabilities that may be incurred as a result of providing service to DISTRICT under this Agreement. COUNTY FIRE is not accepting any of the obligations or liabilities, known or unknown, of the DISTRICT by this Agreement. Specifically, but not limited to, COUNTY FIRE is not responsible for any retirement benefits, obligations or unfunded liabilities relating to DISTRICT employees that arise with regard to employment predating this Agreement. Further, COUNTY FIRE is not assuming any of the debts, obligations or liabilities of the DISTRICT unless specifically enumerated in this Agreement.

Current Contribution Rates – Supplemental Payment

The DISTRICT currently pays a higher contribution rate as a member of the Other Safety cost pool than does COUNTY FIRE as a member of the County Safety cost pool. The DISTRICT will make an annual supplemental payment to offset the cost increase that would occur within the County Safety cost pool due to the transfer in of DISTRICT assets and liabilities from the Other Safety cost pool.

The actuary calculated the supplemental payment amount to be $410,437, increasing at four percent (4%) compounded annually for twenty (20) years.

DISTRICT shall make payment to COUNTY FIRE by December 1st of each year, beginning in 2013 and continuing for a total of twenty (20) years, an amount equal to the calculation by SBCERA and its actuary based on the June 30, 2012 actuarial study, including a four percent (4%) annual compounded increase. COUNTY FIRE will then make an equal payment to SBCERA by December 31st of each year.

It is agreed by DISTRICT and COUNTY FIRE that if the payment to SBCERA reduces the amount of compensation available to COUNTY FIRE, then COUNTY FIRE will reduce services pursuant to this agreement commensurate with the reduction in compensation.

In the event that the DISTRICT does not make the required annual supplemental payment described above, COUNTY FIRE may reduce services provided to the DISTRICT at COUNTY FIRE'S sole discretion to offset any shortfall in payment.

Upon termination of this agreement, any remaining unpaid liabilities under this section will be included in the termination payment calculation discussed in Treatment of Existing and Future Liability Upon Termination below.

Treatment of Existing and Future Liability Upon Termination

At termination of this agreement for any reason, DISTRICT shall be responsible to pay the DISTRICT's share of liabilities, such amount to be determined by SBCERA's actuary using their standard termination methodology, as if the DISTRICT were a terminating member of SBCERA. Amounts owed under this calculation are owed by the DISTRICT to COUNTY FIRE following a schedule of payments allowed under the standard termination methodology, currently a lump sum payment or an amortization of amounts owed over a period of time not to exceed the amortization period of unfunded liabilities used by SBCERA.

For purposes of this section include any existing liability transferred to the County Safety cost pool at the time of entering into this contract as well as the DISTRICTS share of new liabilities within the County Safety cost pool incurred during the period of this or any successor agreements between the DISTRICT and COUNTY FIRE.

19. **Grants:**
COUNTY FIRE and DISTRICT shall participate and coordinate efforts to obtain all available grants, reimbursements and related programs to enhance funding for the DISTRICT.

20. **Purchasing Program:**
In order to achieve economies of scale, the DISTRICT may authorize the COUNTY FIRE to purchase equipment, apparatus and supplies on behalf of the DISTRICT. Recognizing that fire and emergency medical equipment, apparatus and supplies are specialized for these functions, DISTRICT agrees to coordinate with COUNTY FIRE specifications when the DISTRICT makes these purchases.

21. **Reciprocal/Mutual Indemnity – hold harmless:**

a. COUNTY FIRE, to the extent permitted by law, agrees to indemnify and hold harmless the DISTRICT, its officers, agents, employees and volunteers from any and all claims including employment related claims, except as listed in Paragraph 17, actions or losses, damages, and/or liability resulting from COUNTY FIRE's negligent acts or omissions which arise from COUNTY FIRE's performance of its obligations under this Agreement.

b. The DISTRICT, to the extent permitted by law, agrees to indemnify and hold harmless COUNTY FIRE and its officers, employees, agents and volunteers from any and all claims including employment related claims, actions, losses or damages and/or liability arising out of the DISTRICT's negligent acts or omissions which arise from DISTRICT's performance of its obligations under this Agreement.

c. In the event DISTRICT and/or COUNTY FIRE is found to be comparatively at fault for any claim, action, loss or damage which results from their respective obligations under the Agreement, DISTRICT and/or COUNTY FIRE shall indemnify the other to the extent of its comparative fault.

d. Notwithstanding indemnification for any claim, action losses, or damage involving a third party, the DISTRICT and COUNTY FIRE hereby waive any and all rights of subrogation recovery against each other.

22. **Insurance:**

COUNTY FIRE and DISTRICT are authorized self-insurance public entities for purposes of Professional Liability, General Liability, Automobile Liability, Workers' Compensation and Property Damage and warrant that through their respective programs of self-insurance, they have adequate coverage or resources to protect against liabilities arising out of the performance of the term, conditions or obligations of this agreement.

DISTRICT shall maintain worker's compensation coverage tail insurance that will cover all current DISTRICT employees.

23. **Waiver of Subrogation Rights:**

The DISTRICT shall require the carriers of required coverage's to waive all rights of subrogation against COUNTY FIRE, its officers, employees, agents, volunteers, contractors and subcontractors. All general or auto liability insurance coverage provided shall not prohibit the DISTRICT and DISTRICT's employees or agents from waiving the right of subrogation prior to a loss or claim. The DISTRICT hereby waives all rights of subrogation against COUNTY FIRE.

24. **Proof of Coverage:**

COUNTY FIRE shall, within sixty (60) days of commencement of this Agreement, furnish certificates of insurance or self-insurance to DISTRICT evidencing the insurance coverage including endorsements, above required prior to the commencement of performance of service hereunder, which certificates shall provide that such insurance shall not be terminated or expire without thirty (30) days written notice to DISTRICT, and COUNTY FIRE shall maintain such insurance from the time COUNTY FIRE commences performance of services hereunder until the completion of such services.

25. **Non Assumption:**

COUNTY FIRE is not accepting any of the debts, obligations or liabilities of the DISTRICT by entering into this Agreement. Specifically, but not limited to, COUNTY FIRE is not responsible for any retirement benefits, obligations or unfunded liabilities relating to DISTRICT employees that arose or arise in the future with regard to employment predating the effective date of this Agreement. Further, COUNTY FIRE is not assuming any of the debts, obligations or liabilities of the DISTRICT unless specifically enumerated in this Agreement.

26. **Severability:**

If any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in this Agreement and such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had ever been contained herein.

27. Applicable Laws:
At all times during the term of this Agreement, the DISTRICT and the COUNTY FIRE shall comply with all applicable laws, ordinances, rules and regulations of the United States of America, the State of California including all agencies and subdivisions thereof.

28. Attorney Fees and Cost:
If any legal action is instituted to enforce any party's rights hereunder, each party shall bear its own cost and attorney's fees, regardless of who is the prevailing party. This paragraph shall not apply to those costs and attorney's fees directly arising from a third-party legal action against a party hereto and payable under Section 20.

29. Venue:
The venue of any action or claim brought by any party to this Agreement will be the Central District Court of San Bernardino County. Each party hereby waives any law or rule of the court, which would allow them to request or demand a change of venue. If any action or claim concerning this Agreement is brought by a third party, the parties hereto agree to use their best efforts to obtain a change of venue to the Central District Court of San Bernardino County.

30. Notices:
Any and all notices permitted or required under this Agreement shall be given to the respective parties at the following address, or at such address as the respective parties may provide in writing by registered or certified mail, postage prepaid for this purpose:

COUNTY FIRE:
SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT
Attn: Fire Chief
157 W. 5th Street, 2nd floor
San Bernardino, CA 92415-0451

DISTRICT:
CREST FOREST FIRE PROTECTION DISTRICT
Attn: Board of Directors President
23407 Crest Forest Drive
PO Box 3220
Crestline, CA 92325

31. Successors and Assigns:
This Agreement shall be binding on the successors and assigns of the parties.

IN WITNESS WHEREOF, this Agreement has been executed and approved and is effective and operative as to each of the parties as herein provided.

SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT

► Janice Rutherford
Janice Rutherford, Chair, Board of Directors

Dated: JUL 09 2013

SIGNED AND CERTIFIED THAT A COPY OF THIS DOCUMENT HAS BEEN DELIVERED TO THE CHAIRMAN OF THE BOARD
Laura H. Welch, Secretary

By _____
Deputy

CREST FOREST FIRE PROTECTION DISTRICT
(Print or type name of corporation, company, contractor, etc.)

By ► _____
(Authorized signature - sign in blue ink)

Name LESLIE Dodge Taylor
(Print or type name of person signing contract)

Title Board President
(Print or Type)

Dated: 6/6/13

Address P.O. 3220
Crestline, CA 92325

Approved as to Legal Form	Reviewed by Contract Compliance	Presented to Board for Signature
► Carol Greene	►	► MARK HARTWIG
Counsel CAROL GREENE		
Date June 11, 2013	Date	Date 6-14-2013

"EXHIBIT A"
FIRE PROTECTION SERVICES AGREEMENT
CREST FOREST FIRE PROTECTION DISTRICT

SERVICE LEVELS

a. **Fire Protection Services for the Crest Forest Fire Protection District**

- Maintain six (6) personnel on duty at DISTRICT fire stations for twenty-four (24) hours a day.
- Provide Fire Protection and Rescue Services with staffing of two (2) fire engines and two (2) Medic Ambulances.

  Two (2) personnel - Captain, Engineer/Paramedic (Eng/PM) assigned to ME 25

  Two (2) personnel – Limited Term Firefighter (LTFF/PM) assigned to MA 25

  Two (2) personnel – Captain, Eng/PM assigned to ME 26
- County Fire shall provide a staffed Medic Ambulance at Station 26.

  Two (2) personnel – FF/PM, LTFF
- Provide Advanced Life Support services with a minimum of one (1) paramedic on each unit daily.
- Maintain a Paid Call Firefighter Program as outlined in Operations Directive #2032
- Communication system and Dispatch Services includes an automated incident reporting system with full record management and computer network services utilizing COUNTY FIRE's network system.
- Vehicle repairs will be performed by certified mechanics that travel to on-site stations to reduce "down time," or at our shop that has full capability to provide major equipment overhaul and fabrication.
- Fire inspections in general business occupancies such as office complexes and retail outlets shall be inspected annually. Engine companies will be encouraged to participate in all target hazards inspections.

b. **Fire Prevention, Hazardous Materials Services, and Office of Emergency Services for the Crest Forest Fire Protection District**

- Provide Office of Emergency Services, fire prevention services, and hazardous materials services.
- Provide planning and engineering services and land development services. Fire inspections in general business occupancies such as office complexes and retail outlets shall be inspected annually.
- Fire investigators shall be available to fire scenes for fire cause determination twenty-four (24) hours per day.

"EXHIBIT B"
FIRE PROTECTION SERVICES AGREEMENT
CREST FOREST FIRE PROTECTION DISTRICT

LEASED PREMISES and VEHICLES

- **Station 25 (Staffed) Headquarters Crestline:**
  99894 2003 International/5800 BE25
  99811 2005 Chevrolet K2500 BP25
  99829 1994 Ford F350 IC3299A
  99890 2007 Chevrolet MA25
  99807 2003 Ford E350/Leader MA25A
  99895 2003 Ferrara Inferno ME25
  99812 2002 HME Westates OES309
  99810 1973 Bombardier SC25
- **Station 26 (Staffed) Twin Peaks:**
  99814 1997 Ford E350/Leader MA26
  99896 2003 Ferrara Inferno ME26
  99802 1975 Int. Loadstar 1750 R26
  99892 1974 Bombardier SC26
  998241974 John Deere SL26
  99809 2000 Chevrolet HD3500 *4x4* UT26A
  99825 1998 Ford E350/Leader AM26R
- **Station 24 (PCF) Cedarpines Park:**
  99803 1973 American LaFrance* E24
  Station closed at the present time.
- **Station 27 (Warehouse) Agua Fria:**
  No Equipment
- **Station 28 (PCF) Valley of Enchantment:**
  99820 1991 Spartan/Quality E28
- **Station 29 (PCF and Shop) Lake Gregory:**
  99822 1991 Spartan/Quality E29
  99817 1975 Spens Tilt Bed SC25/26 Trailer
- **Station 30 (PCF) Rim Forest:**
  99818 1991 Spartan/Quality
  99821 1980 Mack WT 30
- **Administration/Staff Vehicles:**
  99893 2003 Ford Expedition *4x4*
  99801 2000 Ford Expedition *4x4*
  998132005 Chevrolet K1500
- **E1 (parade vehicle)** to remain as property of District but not included in the contract. District will maintain.
- **Additional District Vehicles**
  99806 1987 Chevrolet Step Van IC3299
  99891 2001 Ford F350
  99819 1997 Jeep Cherokee
  99826 1995 BBQ Trailer - to remain property of the District but not included in the contract. District will maintain.

"EXHIBIT C"
FIRE PROTECTION SERVICES AGREEMENT
CREST FOREST FIRE PROTECTION DISTRICT

PERSONNEL

- Currently employed DISTRICT suppression staff to occupy Stations 25, 26, 28, 29, 30.

  Fire Captains
  Fire Engineers (Eng or Eng/PM)
  Limited Term Firefighters (LTFF or LTFF/PM)
  Paid Call Firefighters

- The following suppression personnel will be offered employment at the same position level pending that person successfully meeting all requirements set forth in #18 – Assumption of Personnel.

  *Exception - Jon Garber will transition from Division Chief/Medic to Captain/Medic.

Suppression

Name	Rank
Aguilar, Omar	Firefighter/EMT
Bagnell, Luke	Engineer/Medic
Bryan, Patrick "Rick"	Captain/EMT
Callaway, Michael	Firefighter/Medic
Carpenter, Kenneth	Captain/EMT
Corletto, Carlos	Captain/EMT
Curtis, Tom	Engineer/Medic
Garber, Jon	Division Chief/Medic to Captain/Medic*
Jackson, Sean	Firefighter/Medic
Jones, Michael	Firefighter/EMT
Lerma, Francisco	Firefighter/Medic
McHenry, Troy	Engineer/EMT
Malsed, Michael	Engineer/Medic
Martinez, Eric	Firefighter/Medic
Nafzgar, Dan	Captain/EMT
Perry, Chris	Engineer/EMT
Rojas, Mark	Firefighter/Medic
Wharton, Bryan	Firefighter/EMT
Whitesell, Don	Engineer/Medic

- The following SAFER Grant funded personnel will be offered Limited Term Firefighter Paramedic (LT/PM) positions pending that person successfully meeting all requirements set forth in #18 – Assumption of Personnel:

Name	Rank
Fratus, David	SAFER Firefighter/Medic to LT/PM
Meredith, Earl	SAFER Firefighter/Medic to LT/PM

- The following personnel and contract employees, appointed to their current position prior to July 13, 2013 and employed by DISTRICT as of the pay period this amendment is approved by the Board of Directors will be offered employment equal to their current rank classification with COUNTY FIRE. All employees holding the positions listed below will remain at their current work locations unless COUNTY FIRE determines that a re-assignment is necessary to meet the needs of COUNTY FIRE management.

  The following non-suppression personnel will be offered employment at the same position level pending that person successfully meeting all requirements set forth in #18 – Assumption of Personnel.

Non Suppression

Name	Rank
Forsythe, Patti	Administrative Assistant to Administrative Secretary I
Mackessy, Mary	Fire Inspector
Matejka, Mark	Fire Mechanic

The following Crest Forest contract personnel will be offered employment at the same position level pending that person successfully meeting all requirements set forth in #18 – Assumption of Personnel.

Contract Employee

Name	Rank
Astran, Tara	Finance Officer to Staff Analyst II

Crest Forest Fire Protection District - Annual Budget *5/9/13*				
Salaries and Benefits	**Number of Positions**	**Average Cost Per Position**		**SBCFPD Proposed Existing Staffing**
Suppression				
Captain	6	182,084		1,092,504
Engineer/PM	6	162,629		975,774
LT Fire Fighters	3	38,494		115,482
LT Fire Fighters/PM	3	42,893		128,679
Suppression Total	**18**		**$**	**2,312,439**
Non-Suppression				
Office Assistant	1	55,123		55,123
Non-Suppression Total	**1**		**$**	**55,123**
Term Benefits				-
PCF				**25,000**
Workers' Comp				
Suppression				**86,011**
Non-Suppression				**161**
Supp/Non-Supp Total			**$**	**2,478,734**
Chief Officers (21.35%)				
SBCFPD Division Chief	1	237,250		52,636
Battalion Chief	3	266,053		170,407
Chief Officers Total	**4**		**$**	**223,043**
CFFPD Chief Officer Differential			**$**	**23,000**
Total Salaries and Benefits	**23**		**$**	**2,724,777**
Operating Expenses				
Services and Supplies				272,475
Station Expenses				
C025				145,183
C026				99,603
Debt Service				7,500
Lease Purchase Structure				183,207
Total Operating Expenses			**$**	**707,968**
Contract Management Fee				**218,283**
SBCERA				**410,437**
Total Annual Requirements			**$**	**4,061,465**
One-Time Start Up Costs			**$**	**18,420**

Crest Forest Fire Protection District - Final Contract Annual Budget 4/15/2014			
Salaries and Benefits	**Number of Positions**	**Average Cost Per Position**	**SBCFPD Proposed Existing Staffing**
Suppression			
Captain	6	183,234	1,099,404
Engineer/PM	6	162,298	973,788
LT Fire Fighters	3	42,710	128,130
LT Fire Fighters/PM	3	47,596	142,788
Suppression Total	**18**		**$ 2,344,110**
Non-Suppression			
Administrative Secretary	1	63,872	63,872
Non-Suppression Total	**1**		**$ 63,872**
PCF (position FTEs)	**4**	15,000	**11,812**
PCF Total	**4**		**$ 11,812**
Worker's Comp (now added to employee cost)			**$ -**
Chief Officers (23.96%)			
SBCFPD Division Chief	1	248,334	59,501
Battalion Chief	3	273,007	196,237
Chief Officers Total	**4**		**$ 255,738**
CFFPD Chief Officer Differential			**$ 23,000**
Total Salaries and Benefits	**27**		**$ 2,698,532**
Operating Expenses			
Services and Supplies			345,238
Station Expenses			
C025			256,836
C026			149,603
Debt Service			7,500
Lease Purchase Structure			185,590
Total Operating Expenses			**$ 944,767**
Administrative Overhead Costs			**228,886**
SBCERA			**426,855**
Total Annual Requirements			**$ 4,299,040**

Chuck Gibbs, President Board of Directors — Date: 8/19/14

Mark Hartwig, Fire Chief SBCFPD — Date: 8-27-2014

Provided to LAFCO during 1/15/15 ORC Meeting (LAFCO 3185/3186)

SEGAL

100 Montgomery Street Suite 500 San Francisco, CA 94104-4308
T 415.263.8260 F 415.263.8290 www.segalco.com

John W. Monroe, ASA, MAAA, EA
Vice President & Associate Actuary
jmonroe@segalco.com

May 2, 2013

Mr. Norm Ruggles
San Bernardino County Employees' Retirement Association
348 West Hospitality Lane, 3rd Floor
San Bernardino, CA 92415-0014

Re: San Bernardino County Employees' Retirement Association
Crest Forest Fire District – Annual Payment for Possible Transfer Based on June 30, 2012 Actuarial Valuation

Dear Norm:

We understand that the Crest Forest Fire District (the District) is considering transferring their members to employment with the County. Currently, the District's Safety members are included in the Other Safety cost group in SBCERA's annual actuarial valuation. The District's two General members would also be transferring.

If the District's active Safety and General members were all transferred to County employment then the assets and liabilities associated with the District's members (both active and nonactive/retired) would be transferred to the County Safety and County General cost groups. Based on the June 30, 2012 actuarial valuation, we have determined that this would not change the current County General employer contribution rate but would result in an increase in the County Safety employer contribution rate by an estimated 0.21% of payroll (or $0.4 million annually based on 2012/13 combined payroll of County Safety and the District's Safety members of $195.4 million) due to the lower funded status of the District as compared to the County.

As a result, we have been asked to determine the amount that the District would need to pay the County in order to avoid the increase in the County Safety employer contribution rate described above. This amount is $410,437 annually and would increase by 4% per year. The payment has been calculated using a 20-year amortization period as a level percent of payroll assuming payroll increases by 4% per year and payment at the middle of the fiscal year. The entire schedule of the payment amounts is shown in Exhibit I.

Note that the County would then be responsible for any future employer contributions to SBCERA associated with these members. In addition, the County would be taking on the risk associated with any potential future changes in SBCERA's UAAL for these members (both active and nonactive/retired).

Unless otherwise noted, all of the above calculations are based on the June 30, 2012 actuarial valuation results including the participant data and actuarial assumptions on which that valuation was based. That valuation and these calculations were completed under the supervision of John Monroe, ASA, MAAA, Enrolled Actuary.

I am a member of the American Academy of Actuaries and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Please let us know if you have any questions.

Respectfully submitted,

John Monroe

AW/hy

Enclosure

Exhibit I

San Bernardino County Employees' Retirement Association
Crest Forest Fire District
Annual Payment Schedule for Possible Transfer

Payment Date		Payment
12/31/2013	$	410,437
12/31/2014		426,854
12/31/2015		443,928
12/31/2016		461,685
12/31/2017		480,152
12/31/2018		499,358
12/31/2019		519,332
12/31/2020		540,105
12/31/2021		561,709
12/31/2022		584,177
12/31/2023		607,544
12/31/2024		631,846
12/31/2025		657,120
12/31/2026		683,405
12/31/2027		710,741
12/31/2028		739,171
12/31/2029		768,738
12/31/2030		799,488
12/31/2031		831,468
12/31/2032		864,727

SEGAL

THE SEGAL COMPANY
100 Montgomery Street Suite 500 San Francisco, CA 94104-4308
T 415.263.8200 F 415.263.8290 www.segalco.com

October 5, 2012

Mr. Norm Ruggles
Chief Executive Officer
San Bernardino County Employees' Retirement Association
348 W Hospitality Lane, Third Floor
San Bernardino, CA 92415-0014

Re: San Bernardino County Employees' Retirement Association
Crest Forest Fire Protection District Termination Study –
Termination as of November 30, 2012

Dear Norm:

As authorized by the Board of Retirement, we have estimated the Crest Forest Fire Protection District ("The District") obligation to SBCERA if the District were to terminate its participation agreement with SBCERA at the proposed termination date of November 30, 2012.

TERMINATION CONDITIONS

The District anticipates that all active members would cease accruing service credit on November 30, 2012 and would become terminated vested or non-vested members (without reciprocal benefits) with SBCERA depending on their total service credit. It is our understanding that the District will not be contracting with CalPERS or other reciprocal agencies to provide benefits for future service. SBCERA would retain the obligation to provide benefits to the District's retirees as of the termination date as well as to any members with deferred benefits.

As noted above, we have used a target date of termination of November 30, 2012.

DATA USED IN THIS CALCULATION

This study is based on the information we collected and calculated in our most recent actuarial valuation for SBCERA as of June 30, 2011. In this study, we have determined a proportional share of the assets for the District as of June 30, 2011 by following the same procedures used in recent termination studies for SBCERA. As detailed below, that methodology is used for determining the assets for all benefits except those provided by the Survivor Benefit Reserve.

In order to determine the District's assets and liabilities as of November 30, 2012, we have also collected the following additional information from SBCERA:

1. Actual net market value rate of return information from July 1, 2011 through June 30, 2012 and estimated net market value rate of return information from July 1, 2012 through August 31, 2012.

2. Actual contributions made by the District and its employees for the period from July 1, 2011 to August 31, 2012.

3. Actual benefit payments made by SBCERA to employees, retirees and beneficiaries of the District from July 1, 2011 to August 31, 2012.

4. Data on all members from the District as of August 31, 2012.

Based on the above information, we have projected the allocated assets of the District from July 1, 2011 to November 30, 2012. In our projection, we assumed that the District's contributions and benefit payments for the month of August 2012 will continue at those same monthly rates through November 2012.

The assets have been projected using a return of 3.75% for the period from July 1, 2011 through November 30, 2012. This is the actual rate of return of 1.84% on the market value of assets from July 1, 2011 through August 31, 2012 as reported to us by SBCERA, plus an estimated 1.88% return for period from September 1, 2012 through November 30, 2012, which is consistent with the assumption used in the June 30, 2011 actuarial valuation (7.75% per year).

For benefits provided by the Survivor Benefit Reserve, a similar methodology was applied except that (1) the assets were allocated in proportion to the relative Actuarial Accrued Liability of the District and the entire plan based on the funded status of the Survivor Benefits as of June 30, 2011 and (2) the assets were projected using a rate of return of 7.75% per annum for the period from July 1, 2011 through November 30, 2012 (consistent with the interest that this reserve is credited with on an annual basis).

FUNDING OBLIGATION SETTLEMENT CONDITIONS

Our recent studies for other SBCERA terminating employers describe the market based approach used in determining the District's funding obligation as of the termination date. Under this approach, there would be no reassessment of the benefit liability after the District's termination date of November 30, 2012.

This approach dictates the use of the market value of assets and requires a valuation of the liabilities on a market-consistent basis. Under this approach, the liabilities for retirees and terminated members will be calculated using all the same actuarial assumptions utilized in the

June 30, 2011 actuarial valuation except that future benefit payments will be discounted to the present date using market based interest rate assumptions. The market based interest assumptions for this purpose are the discount rates used by the Pension Benefit Guaranty Corporation (PBGC) to measure the sufficiency of assets for a corporate employer who is terminating its single-employer defined benefit pension plan. The rates used by the PBGC for discounting expected benefit payments from pension plans terminating in October 2012 are 3.07% per annum for the next 20 years and 3.00% per annum, thereafter. These rates will be based on the actual November 2012 rates if termination does occur on November 30, 2012.

RESULTS AND METHODOLOGY USED IN CALCULATION

The results under the "Market Valuation" approach are shown in Attachment A. We have determined that the District's funding obligation as of the proposed determination date using the "Market Valuation" approach is $33,102,477 in unfunded liability for all benefits except those provided by the Survivor Benefit Reserve.

In addition, we have determined that the District's funding obligation as of the proposed determination date is $3,601 in unfunded liability for benefits provided by the Survivor Benefit Reserve. Thus, the District's total funding obligation is $33,106,078.

Any net unfunded liabilities are generally required to be paid by the District as a lump sum, although the Board of Retirement may have the authority to allow for the obligation to be paid for over a period of installments. We defer to SBCERA's legal counsel on whether an installment period is legal. If it is legal, then we can provide information on the payments that would be required over various possible installment periods.

These calculations were based on the June 30, 2011 actuarial valuation results for SBCERA, rate of return information and assumptions from July 1, 2011 through November 30, 2012 and data noted earlier for contributions, benefit payments, and District membership. The June 30, 2011 actuarial valuation, and these calculations, were completed under the supervision of John Monroe, ASA, MAAA, Enrolled Actuary.

These calculations will need to be updated again once the June 30, 2012 actuarial valuation is completed and actual investment and demographic experience through November 30, 2012 is available. The results will change based on the June 30, 2012 valuation and actual experience from September 2012 through November 2012.

If there is a significant delay in the payment of the funding obligation, then we recommend that the funding obligation be adjusted to reflect interest until the actual payment date.

The undersigned are Members of the American Academy of Actuaries and meet the qualification requirements to render the actuarial opinion contained herein.

Sincerely,

Paul Angelo, FSA, MAAA, FCA, EA
Senior Vice President & Actuary

John Monroe, ASA, MAAA, EA
Vice President & Associate Actuary

AW/bqb
Enclosures

ATTACHMENT A

ATTACHMENT A - "Market Valuation" Method – For All Benefits Except Those Provided by the Survivor Benefit Reserve

Table 1 Determination of Projected Accumulated Assets for Crest Forest Fire Protection District as of 11/30/2012

A Determination of Accumulated Assets

1	Actuarial Accrued Liability of Crest Forest Fire Protection District as of 6/30/2011 (See Table 3)	21,880,119
2	Unfunded Actuarial Accrued Liability (See Table 3)	8,673,968
3	Actuarial Value of Assets of the District as of 6/30/2011 (Item 1 – Item 2)	13,206,151
4	Determination of Projected Change in Assets From 7/1/2011 to 11/30/2012	
	i. Estimated Employer Contributions	1,774,528
	ii. Estimated Member Contributions	262,142
	iii. Estimated Benefits Paid	(1,192,367)
	iv. Total	844,303
5	Determination of Projected Market Value of Assets of the District as of 11/30/2012 Projected Assets = (Item 3) * Ratio A * (1+j) + Item 4 * (1+j/2)	13,826,354
	Where:	
	i. Ratio A = Ratio of Market Value to Actuarial Value of Assets (See Section B for Development of Ratio A)	0.946344
	ii. j = Assumed return on Market Value of Assets (See Section C for Development of j)	3.75%

Table 1 (Cont'd)

B Development of Ratio A

	Ratio A = Total SBCERA Market Value of Assets Net of Current Liabilities / Total SBCERA Actuarial Value of Assets Net of Current Liabilities	
1	Total SBCERA Market Value of Assets Net of Current Liabilities As of 6/30/2011	6,136,573,589
2	Total SBCERA Actuarial Value of Assets Net of Current Liabilities As of 6/30/2011	6,484,506,557
3	Ratio A (Item 1 / Item 2)	0.946344

C Development of Return on Market Value From 7/1/2011 to 6/30/2012

1	Actual Return on Market Value From 7/1/2011 to 6/30/2012[(1)]	0.52%
2	Actual Return on Market Value From 7/1/2012 to 8/31/2012[(2)]	1.31%
3	Assumed Return on Market Value From 9/1/2012 to 11/30/2012[(3)]	1.88%
4	Assumed Return on Market Value "j" From 7/1/2011 to 11/30/2012 ((1 + Item 1) * (1 + Item 2) * (1 + Item 3) - 1)	3.75%

Note:
(1) Based on draft audited financial information provided by the Association.
(2) Based on unaudited financial information provided by the Association.
(3) Based on 7.75% per annum assumed rate of return.

Table 2 Determination of Unfunded Liability using Termination Basis for Crest Forest Fire Protection District as of 11/30/2012

	Determination of Unfunded Liability	
Step 1	11/30/2012 Present Value of Future Benefits	
a	Total Liabilities[(1)]	46,928,831
Step 2	Unfunded Liability	
a	Projected Assets as of 11/30/2012 (See Table 1A, Item 5)	13,826,354
b	Projected Liabilities (Item 1a)	46,928,831
c	Unfunded Liability or (Net Asset)	33,102,477

Note:
(1) The interest rates used in discounting future payments are based on the PBGC rates for October 2012 (3.07% for 20 years; 3.00% thereafter).

Table 3 Determination of Unfunded Actuarial Accrued Liability for Crest Forest Fire Protection District as of 6/30/2011

1	Actuarial Accrued Liability of Crest Forest Fire Protection District as of 06/30/2011		
	Active Members	9,959,264	
	Retirees, Beneficiaries and Deferred Members	11,920,855	
	Total	21,880,119	
2	Determination of Unfunded Actuarial Accrued Liability (UAAL)		
	Crest Forest Fire Protection Contribution Requirement Towards UAAL	**General Members**	**Safety Members**
i	Annual Payroll for 2011/2012 Plan Year	54,706	2,311,042
ii	UAAL Contribution Rate (% of Pay) – Before Reflecting Phase-in	16.06%	33.15%
iii	Amortization Factor (ratio of UAAL payment to UAAL for cost group)	0.087696	0.089355
iv	i * ii / iii	100,185	8,573,783
	Total		8,673,968

Table 4 Determination of Employer and Member Contributions and Benefit Payments From 7/1/2011 to 11/30/2012

		Employer Contributions	Member Contributions
	Employer and Member Contributions From 7/1/2011 to 11/30/2012[1]		
1	Actual Contributions From 7/1/2011 to 8/31/2012	1,444,715	224,238
2	Projected Contributions From 9/1/2012 to 11/30/2012[2]	329,813	37,905
3	Total Contributions From 7/1/2011 to 11/30/2012	1,774,528	262,142
	Benefit Payments From 7/1/2011 to 11/30/2012[1]	Total Benefits	
1	Actual Payments From 7/1/2011 to 8/31/2012	982,325	
2	Projected Payments From 9/1/2012 to 11/30/2012[2]	210,042	
3	Total Payments From 7/1/2011 to 11/30/2012	1,192,367	

Note:

(1) Excludes Survivor Benefit contributions and benefit payments.

(2) We use actual contributions and benefit payments made through 8/31/2012. Contributions and benefit payments after 8/31/2012 have been projected assuming the same amount paid in August 2012 will continue through 11/30/2012.

CREST FOREST FIRE PROTECTION DISTRICT of san bernardino county

January 8, 1987

M. Holly Haugh
Assistant General Counsel
The Trust for Public Land
82 Second Street
San Francisco, CA 94105

Dear Ms Haugh

Enclosed please find our proposed easement deed for the existing fire station in Rim Forest, California. Subsequent to an on site evaluation, considering present and future needs, we have determined the existing boundary contained in our Special Use Permit from the Forest Service to be most suitable.

It is our desire that no restrictions be made in the easement that would limit our ability to maintain, construct, and inhabit facilities commensurate with the operations of the Department both present and future.

Questions regarding this matter may be directed to the undersigned.

Sincerely Yours

ERIC R. GRIGGS
Chief Engineer

da/csg

(714) 338-3311 — p.o. box [illegible], crestline, california 92325
p. o. box 3220

CREST FOREST FIRE PROTECTION DISTRICT of san bernardino county

An Easement is hereby granted to the Board of Directors of the Crest Forest Protection District of San Bernardino County, California; As administered through its Chief, on the following described lands and for the purpose defined:

A portion of the SW ¼, NE ¼, Sec 30, TWN 2N, RNG 3W, S.B.B.&M., more particularly described on the accompanying Plat which is hereby made a part of this instrument.

For the purpose of constructing, using, maintaining, operating, altering, adding to, repairing, replacing, reconstructing, and inhabiting facilities and amenities consistant with the present and future execution of the Districts statutory responsibilities.

Permission is granted for the exercising of all Rights, Privileges, and Responsibilities associated with the administration of this Easement under its terms.

In consideration of such use, the Easement is issued Free of Charge.

Owner understands and hereby acknowledges full responsibility and financial obligation in mitigating all effects caused or incurred through any mutual use of the above described land by protecting or replacing any existing facilities in use for the purposes outlined above and to the satisfaction of the Grantee.

(714) 338-3311 — p.o. box 1030-A, crestline, california 92325

CREST FOREST FIRE PROTECTION DISTRICT of san bernardino county

An Easement is hereby granted to the Board of Directors of the Crest Forest Protection District of San Bernardino County, California; As administered through its Chief, on the following described lands and for the purpose defined:

A portion of the SW ¼, NE ¼, Sec 30, TWN 2N, RNG 3W, S.B.B.&M., more particularly described on the accompanying Plat which is hereby made a part of this instrument.

For the purpose of constructing, using, maintaining, operating, altering, adding to, repairing, replacing, reconstructing, and inhabiting facilities and amenities consistant with the present and future execution of the Districts statutory responsibilities.

Permission is granted for the exercising of all Rights, Privileges, and Responsibilities associated with the administration of this Easement under its terms.

In consideration of such use, the Easement is issued Free of Charge.

Owner understands and hereby acknowledges full responsibility and financial obligation in mitigating all effects caused or incurred through any mutual use of the above described land by protecting or replacing any existing facilities in use for the purposes outlined above and to the satisfaction of the Grantee.

(714) 338-3311 — p.o. box 1030-A, crestline, california 92325

THE TRUST FOR PUBLIC LAND

November 12, 1986

Eric Griggs - Fire Chief
Crest Forest Fire District
P.O. Box 3220
Crestline, CA 92325

Dear Chief Griggs:

As you were informed in Mike Miller's letter of September 24, 1986, The Trust for Public Land expects to acquire from the U.S. Forest Service ownership of portions of Sections 29 and 30, T2N, R3W, S.B.M., in San Bernardino County, California. This property includes the land on which you have a Special Use Permit from the Forest Service dated September 19, 1951 for a fire station (station 30).

We expect to complete the transaction by December 31, 1986. In order to protect your use of the property, we must agree upon a satisfactory form of easement deed prior to our closing with the Forest Service. Therefore, I would request that you send me at the address indicated below your proposed easement deed for our review as soon as possible but in any case no later than December 5, 1986.

If you have any questions regarding this matter, please feel free to telephone me at (415) 495-5660. I look forward to hearing from you in the very near future.

Sincerely,

M. Holly Haugh

M. Holly Haugh
Assistant General Counsel

MHH:epr

cc: Ernie Dierking
Mike Miller
Bennett Johnston

RECEIVED
NOV 14 1986
Crest Forest Fire Dist.

82 SECOND STREET
SAN FRANCISCO
CALIF 94105-3489
(415) 495-5660

Case Designation:

U
USES - San Bernardino
Crest Forest Fire Department
Garage, 4-8-51

SPECIAL USE PERMIT

SAN BERNARDINO National Forest.
County

Permission is hereby granted to BOARD OF SUPERVISORS for Crest #1/ Fire Protection Dist.

of Court House, San Bernardino, California,

hereinafter called the permittee, to use, subject to the conditions set out below, the following-described lands or improvements:

a portion of government land in SW SE NE, Section 30, T. 2 N., R. 3 W., SBB&M, Arrowhead Ranger District, and as shown more particularly on Map 2323 entitled Rim Forest Fire Station Site on file in Forest Supervisor's office and which is hereby made a part of this permit.

This permit covers .47 acres and/or _____ miles for the purpose of:

constructing and maintaining thereon a garage (fire station) for housing of fire fighting equipment.

The exercise of any of the privileges granted in this permit constitutes acceptance of all the conditions of this permit.

1. In consideration for this use, the permittee shall deposit with the Regional Fiscal Agent, Forest This permit is issued free of charge under the provisions of Regulation U-11
Service, _____, a check, draft, or money order made payable to the Treasurer of the United States in the sum of _____ dollars ($_____) for the period from _____, 19____, to _____, 19____, and thereafter annually on _____, _____ dollars ($_____). The charges for this use may be readjusted from time to time to place this permit on a basis consistent with the charge to other permittees for like privileges.

Form FS-882
(Revised 12-1-49)

16—88077-3

Copy for District Ranger

2. Construction or occupan.., and use under this permit shall begin w in six months, and construction, if any, shall be completed within eighteen months, from the date of the permit. This use shall be actually exercised at least 365 days each year, unless otherwise authorized in writing.

3. Development plans; lay-out plans; construction, reconstruction, or alteration of improvements; or revision of lay-out or construction plans for this area must be approved in advance and in writing by the forest supervisor. Trees or shrubbery on the permitted area may be removed or destroyed only after the forest officer in charge has approved, and has marked or otherwise designated that which may be removed or destroyed. Merchantable timber cut must be paid for by the permittee. Trees, shrubs, and other plants may be planted in such manner and in such places about the premises as may be approved by the forest officer in charge.

4. The permittee shall maintain the improvements and premises to standards of repair, orderliness, neatness, sanitation, and safety acceptable to the forest officer in charge.

5. This permit is subject to all valid claims.

6. The permittee, in exercising the privileges granted by this permit, shall comply with the regulations of the Department of Agriculture and all Federal, State, county, and municipal laws, ordinances, or regulations which are applicable to the area or operations covered by this permit.

7. The permittee shall take all reasonable precautions to prevent and suppress forest fires. No material shall be disposed of by burning in open fires during the closed season established by law or regulation without a written permit from the forest officer in charge or his authorized agent.

8. The permittee shall exercise diligence in protecting from damage the land and property of the United States covered by and used in connection with this permit, and shall pay the United States for any damage resulting from negligence or from the violation of the terms of this permit or of any law or regulation applicable to the national forests by the permittee, or by any agents or employees of the permittee acting within the scope of their agency or employment.

9. The permittee shall fully repair all damage, other than ordinary wear and tear, to national forest roads and trails caused by the permittee in the exercise of the privilege granted by this permit.

10. No Member of or Delegate to Congress or Resident Commissioner shall be admitted to any share or part of this agreement or to any benefit that may arise herefrom unless it is made with a corporation for its general benefit.

11. Upon abandonment, termination, revocation, or cancellation of this permit, the permittee shall remove within a reasonable time all structures and improvements except those owned by the United States, and shall restore the site, unless otherwise agreed upon in writing or in this permit. If the permittee fails to remove all such structures or improvements within a reasonable period, they shall become the property of the United States, but that will not relieve the permittee of liability for the cost of their removal and restoration of the site.

12. This permit is not transferable. If the permittee through voluntary sale or transfer, or through enforcement of contract, foreclosure, tax sale, or other valid legal proceeding shall cease to be the owner of the physical improvements situated on the land described in this permit and is unable to furnish adequate proof of ability to redeem or otherwise reestablish title to said improvements, this permit shall be subject to cancellation. But if the person to whom title to said improvements shall have been transferred in either manner above provided is qualified as a permittee, and is willing that his future occupancy of the premises shall be subject to such new conditions and stipulations as existing or prospective circumstances may warrant, his continued occupancy of the premises may be authorized by permit to him if, in the opinion of the forest supervisor, issuance of a permit is desirable and in the public interest.

13. In case of change of address, the permittee shall immediately notify the forest supervisor.

14. The temporary use and occupancy of the premises and improvements herein described may not be sublet by the permittee to third parties without the prior written approval of the forest supervisor and the permittee shall continue to be responsible for compliance with all conditions of this permit by persons to whom such premises may be sublet.

15. This permit may be terminated upon breach of any of the conditions herein or at the discretion of the regional forester or the Chief, Forest Service.

16. In the event of any conflict between any of the preceding printed clauses or any provision thereof and any of the following clauses or any provision thereof, the preceding printed clauses will control.

17. This permit is subject to the conditions set forth above and to conditions 18 to 20 attached hereto and made a part of this permit.

Date September 19, 1951

NORMAN J. FARRELL, Forest Supervisor
(Signature of issuing officer)

By
Walter J. Puhn, Acting
(Title)

U. S. GOVERNMENT PRINTING OFFICE 16—38077-3

18. Location of buildings to be staked on the ground and approval secured from the District Ranger in writing before construction begins.

19. Any necessary grading, limbing or removal of trees will be approved by the District Ranger before construction is started. No unnecessary trimming or removal of trees will be permitted in order to effectively screen the buildings from the Highway.

20. Detailed lay-out plan and architectural design of building must be approved by District Ranger before being constructed.

Norman J. Farrell

NORMAN J. FARRELL, Forest Supervisor

/s/ Frank H. Mogle
Chairman, Board of Supervisors,
Governing Body of CREST #1 COUNTY FIRE PROTECTION DISTRICT.

THE TRUST FOR PUBLIC LAND

8 August 1983

SUBJECT: Appraisal of a Government owned parcel of land located within the boundaries of the San Bernardino National Forest, County of San Bernardino, for a proposed trade transaction.

TO: WHOM IT MAY CONCERN

This letter will introduce Bradley T. Gayman, M.A.I., an independent Real Estate Appraiser whose business address is 2124 Garnet Avenue, San Diego, CA 92109, telephone (619) 270.6841.

The TRUST FOR PUBLIC LAND has contracted with Mr. Gayman to appraise the Fair Market Value of a parcel of land containing approximately 242 acres. This parcel is located westerly of Lake Arrowhead in the Twin Peaks area of the San Bernardino Mountains.

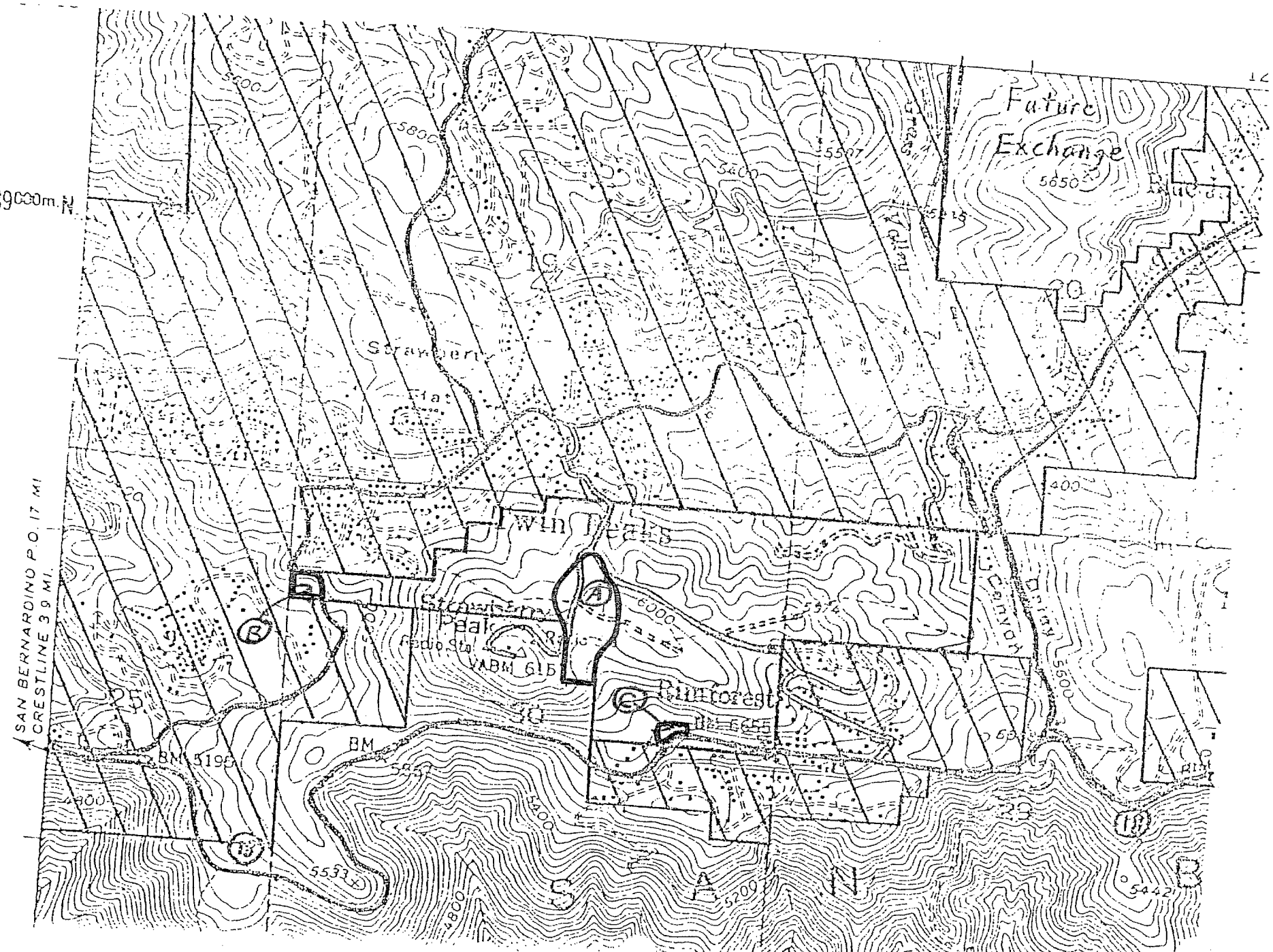
By providing Mr. Gayman with the information he requests, you will be making a direct contribution in the endeavor of this organization and of the U.S. Forest Service to obtain a reasonable and objective guide for determining relative values upon which to base a mutually advantageous exchange of lands.

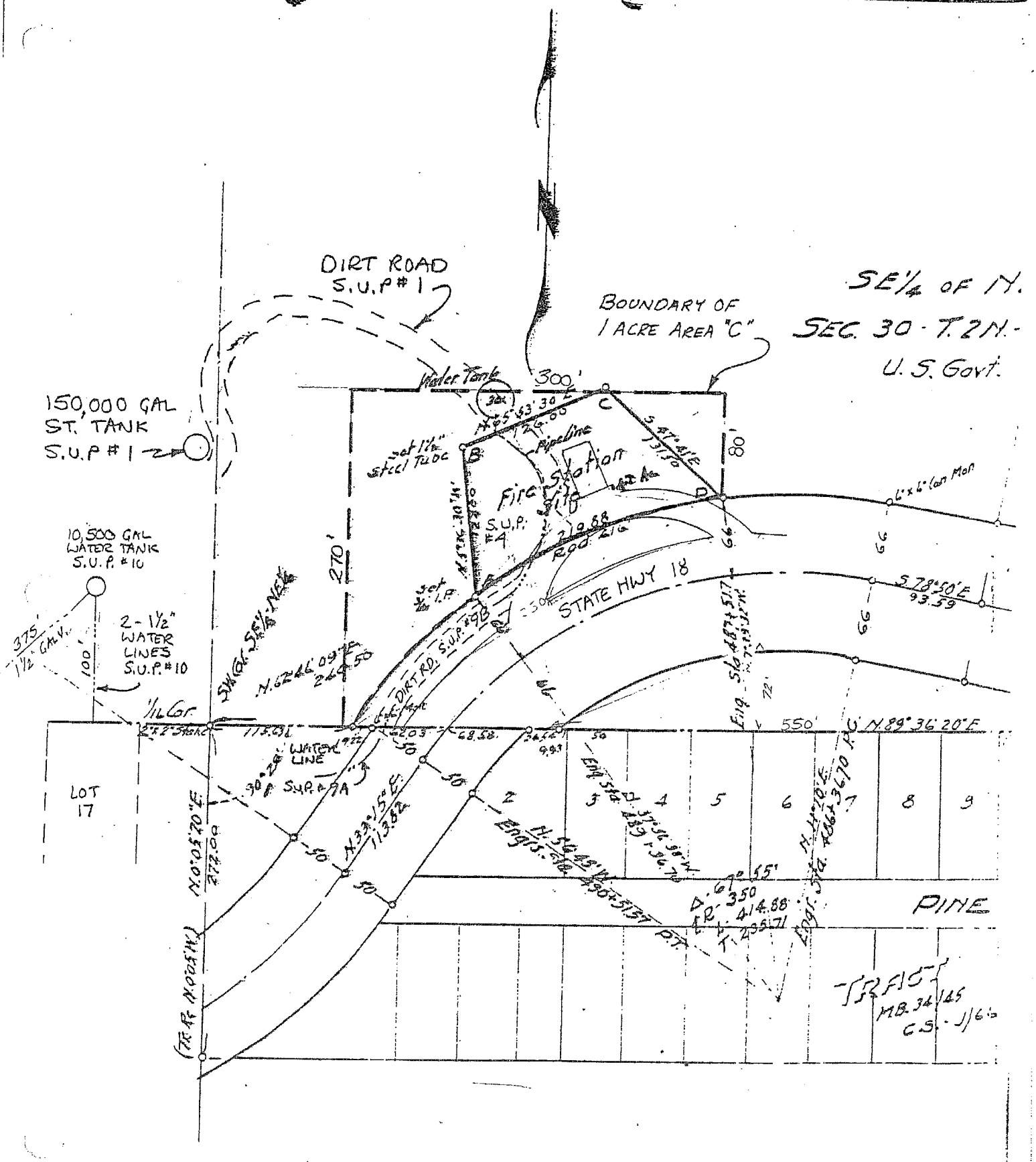
Your cooperation and assistance is respectfully requested and will be greatly appreciated. If you have any questions regarding this matter, you may call me at the telephone number listed below.

Harriet Hunt-Burgess
Vice President

HB/jo

82 SECOND STREET
SAN FRANCISCO
CALIF 94105-3489
(415) 495-4014


Future Exchange
5650
Strawberry Flat
Twin Peaks
Strawberry Peak
Radio Sta
VABM 615
Rimforest
BM 6655
BM 5195
BM
SAN BERNARDINO P.O. 17 MI
CRESTLINE 3.9 MI.
S A N B
5600
5800
5400
5200
5533
5442
6000
4800
Lands designated for development


DIRT ROAD
S.U.P # 1
BOUNDARY OF
1 ACRE AREA "C"
SE¼ OF N.
SEC. 30 - T. 2N. -
U. S. Govt.
150,000 GAL
ST. TANK
S.U.P # 1
Water Tank
300'
Pipeline
Fire Station
S.U.P. #A
STATE HWY 18
DIRT RD. S.U.P. #B
10,500 GAL
WATER TANK
S.U.P. # 10
2 - 1½"
WATER
LINES
S.U.P. # 10
2" WATER LINE
S.U.P. # A
LOT
17
PINE
TRACT
MB. 34/145
C.S. - 1/6

RECEIVED VIA EMAIL
ON 1/29/15

RESOLUTION 14-04

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE CREST FOREST FIRE PROTECTION DISTRICT, COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, IMPOSING AND LEVYING SPECIAL TAXES ON PROPERTY WITHIN PARAMEDIC SERVICE ZONES PM-A AND PM-1 TO FINANCE PARAMEDIC RESCUE SERVICES WITHIN SAID ZONES FOR THE 2014/2015 FISCAL YEAR.

The Board of Directors of the Crest Forest Fire Protection District, acting in its capacity as the governing board of Paramedic Services Zones PM-A and PM-1 of the District, resolves as follows:

SECTION 1. The Board of Directors hereby finds and determines:

(a) That Paramedic Service Zones PM-A and PM-1 were legally formed and established under the authority of Chapter 2.2. Of Division 2, Title 3 of the Government Code (commencing with Section 25210.1) and is authorized to provide paramedic services within the Zones.

(b) That the legal descriptions of the District and the Zones are on file in the offices of the Secretary/Clerk of the Board of the District.

(c) That the voters within the PM-A Zone authorized and approved the special tax levied herein at the November 5, 1991 special election. The PM-1 Zone was transferred to the District in 2008 by action of the County's Local Agency Formation Commission (LAFCO).

(d) A base appropriation limit for PM-A has heretofore been established in 1992 pursuant to the California Constitution by District Resolution 92-3. A base appropriation limit for PM-1 has heretofore been established by the action of LAFCO in 2008.

SECTION 2. The Board of Directors resolves and orders as follows:

(a) There is hereby imposed and levied special taxes to finance paramedic services on each parcel, improvement to property, and the use of property within Paramedic Service Zones PM-A and PM-1 in the following manner:

PM-A: $39.50 per year per individual dwelling unit ("IDU") defined as a single-family residence, and individual apartment unit, condominium or mobile home; $45.00 per year per commercial unit ("CU") defined as an individual wholesale or retail business at a single location and $24.50 per undeveloped parcel of real property ("UP") within the Zone.

PM-1: $17.00 per year per individual dwelling unit ("IDU") defined as a single-family residence, and individual apartment unit, condominium or mobile home; $17.00 per year per commercial unit ("CU") defined as an individual wholesale or retail business at a single location and $17.00 per undeveloped parcel of real property ("UP") within the Zone.

These special taxes shall be for the 2014/2015 fiscal year, and shall be collected at the same time and in the same manner as ordinary County ad valorem taxes are collected and subject to the same penalties and the same procedure and sale in case of delinquency as provided for such taxes. All laws applicable to the levy, collection and enforcement of County ad valorem property taxes shall be applicable to such taxes.

(b) These taxes are imposed under the authority of California Government Code Section 50075, et seq., and with the approval and authorization of the voters within the Zones.

(c) The taxes imposed by this resolution shall not be levied upon the Federal Government, the State Government, any state agency, or any local governmental agency.

(d) The taxes collected pursuant to this resolution shall be used for no purpose other than providing funds and expenditure authorization for paramedic (emergency medical and rescue) services including ambulance transportation and the cost of obtaining, furnishing, operating, and maintaining equipment, paying salaries, benefits and other necessary expenses of providing such services for and within said Zones.

SECTION 3. The Secretary/Clerk of the Board of Directors is hereby ordered to certify to the passage of this Resolution and to file a certified copy thereof with the appropriate San Bernardino County Officials and shall give notice of the passage and contents thereof by causing the same to be published once in the Mountain-News, a newspaper of general circulation in the District and posting a copy of the Resolution at a public place within the boundaries of said PM-A and PM-1 Zones and the District where the notice of meetings of the Board of Directors is regularly posted.

The Boards' secretary/clerk is authorized and directed to prepare and keep in his office a supply of copies of this proposed resolution, and to distribute them to any and all persons requesting one.

Resolution 14-04

PASSED AND ADOPTED this 15th day of April 2014.

Chuck Gibbs, President
Crest Forest Fire Protection District Board of Directors

Attest:

Patti Forsythe, Secretary of the Board
Crest Forest Fire Protection District

RECEIVED VIA EMAIL
ON 1/29/15

RESOLUTION NO. 14-06
RESOLUTION OF THE BOARD OF DIRECTORS OF CREST FOREST FIRE PROTECTION DISTRICT ESTABLISHING AN APPROPRIATIONS LIMIT FOR THE FISCAL YEAR 2014-2015

WHEREAS, Article 13B of the California Constitution places an annual limitation upon appropriations from proceeds of taxes by each local government of the State of California; and

WHEREAS, Section 7910 of the California Government Code implements Article 13B of the California Constitution by requiring each local jurisdiction to establish, by resolution, its appropriations limit for each fiscal year, beginning with 1980-1981, and to make the documentation used in determining each year's appropriations limit available to the public 15 days prior to adoption of the resolution establishing each year's appropriations limit; and

WHEREAS, in accordance with Senate Constitutional Amendment No. 1 approved by the voters of the State effective June 6, 1990, beginning with Fiscal Year 1990-91 and for each fiscal year thereafter, this Board of Directors is required to select either the percentage change in the California per capita personal income or the percentage change in the local assessment roll due to the addition of local non-residential construction, and either the population change within this District or the population change within San Bernardino County, as the two factors to be applied in adjusting the appropriations limit for each fiscal year; and

WHEREAS, this Board of Directors wishes to select, as factors in determining this District's appropriations limit for fiscal year 2014-2015, the percentage change in the California per capita personal income and also the population change within San Bernardino County; and

WHEREAS, this District has documented its calculations of the appropriations limit for this District for Fiscal Year 2014-15, and said calculations have been posted on this District's front door of Station 25 in Crestline, CA and thus have been made available to the public at least 15 days prior to the adoption of this Resolution;

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of the Crest Forest Fire Protection District as follows:

1. For fiscal year 2014-2015, the factors selected for calculating the appropriations limit are (a) the percentage change in California per capita personal income, and (b) the population change within the County of San Bernardino.

2. The appropriations limit applicable to this District pursuant to Article 13B of the California Constitution for Fiscal Year 2014-15 is hereby established and determined to be the sum of $7,039,517.

3. A copy of the documentation used in the determination of the 2014-2015 appropriations limit shall be affixed hereto and shall be available for public inspection.

4. Pursuant to Section 7910 of the California Government Code, any judicial action or proceeding to attack, review, set aside, void, or annul the establishment of the appropriations limit as set forth herein must be commenced within forty-five days of the adoption of this resolution.

ADOPTED this 17th day of June, 2014.

Chuck Gibbs
President, Board of Directors
CREST FOREST FIRE PROTECTION DISTRICT

ATTEST:

Secretary, Board of Directors
CREST FOREST FIRE PROTECTION DISTRICT

CREST FOREST FIRE DISTRICT

2013-14 APPROPRIATIONS LIMIT

2013-2014 Appropriations Limit		$7,001,011
2014-2015 Adjustment		
Change in per capita income		-0.23 percent
Change in population, San Bernardino County		0.78 percent
$\frac{-0.23 + 100}{100}$ =	0.9977	
$\frac{0.78 + 100}{100}$ =	1.0078	
1.9977 x 1.0078 =	1.0055	
$7,001,011 x 1.0055 =	$7,039,517	
2014-2015 Appropriations Limit		**$ 7,039,517**

CERTIFICATION

I, Patti Forsythe, Secretary of the Board of Directors of the Crest Forest Fire Protection District, hereby certify that the foregoing is a full, true and correct copy of the Resolution adopted by the Board of Directors of said District at the regular meeting of said Board held on the 17 day of June, 2014, by the following vote:

AYES: Jerome Ringhofer Sr., Robert Goss, Chuck Gibbs, Leslie Dodge-Taylor, Jerry Ringhofer JR
NOES: NONE
ABSENT: NONE
ABSTAIN: NONE

Acting Secretary

CREST FOREST FIRE PROTECTION DISTRICT
APPLICATION

Comprehensive Financial Report for June 30, 2014 and 2013 Including Audits

Attachment 2b

RECEIVED
JAN 21 2015
LAFCO
San Bernardino County

CREST FOREST FIRE PROTECTION DISTRICT

Basic Financial Statements

For the Year Ended June 30, 2014

CREST FOREST FIRE PROTECTION DISTRICT
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June 30, 2014

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STARBUCK WALSH, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Jennifer L. Starbuck, CPA
Joseph P. Walsh, CPA

Independent Auditors' Report

To the Board of Directors
Crest Forest Fire Protection District

We have audited the accompanying financial statements of the governmental activities and each major fund of Crest Forest Fire Protection District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Crest Forest Fire Protection District as of June 30, 2014, and the respective changes in financial position, and the respective budgetary comparison for the General Fund and the Special Revenue

fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated January 19, 2015, on our consideration of Crest Forest Fire Protection District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Crest Forest Fire Protection District's internal control over financial reporting and compliance.

Starbuck Walsh, LLP

Starbuck Walsh, LLP
Apple Valley, CA
January 19, 2015

CREST FOREST FIRE PROTECTION DISTRICT
Management's Discussion and Analysis
June 30, 2014

The Crest Forest Fire Protection District offers readers of its financial statements this narrative and analysis of the financial activities of the District for the fiscal year ended June 30, 2014.

The District

The Crest Forest Fire Protection District (CFFD) provides a variety of services to the communities of Agua Fria, Cedar Pines Park, Crestline, Lake Gregory, Rim Forest, Twin Peaks, Valley of Enchantment, and parts of Blue Jay and Grass Valley. The approximate District resident population served is 20,000, while the summertime population may double with vacationers.

The District operates from the main 24 hour staffed station, with administrative offices, in Crestline (Station 25); a second 24 hour staffed station at Twin Peaks (Station 26); and four other paid call (PCF) fire stations at Cedar Pines Park (Station 24), Lake Gregory (Station 29), Rim Forest (Station 30), and Valley of Enchantment (Station 28). One additional Paid Call Firefighter (PCF) company responds with a rescue unit out of station 26. One additional fire engine is also housed at station 26 and is owned and maintained by the California Office of Emergency Service (OES), under a contract with CFFD to staff that vehicle when needed for major statewide disasters.

The majority of the calls the District receives are emergency medical calls and traffic collisions. Anyone transported by The CFFD ambulance is billed for service rendered. If local residents receiving ambulance services have no insurance or owe additional fees after the District receives some insurance payment, they are given a letter notifying them that the remaining bill is covered by the District's ambulance assessment.

Initial response to areas covered by the District boundaries, approximately 23 square miles, are started from the two 24 hour staffed stations, depending on the type and location of the call. Additional PCF units are called as necessary to abate the particular emergency. The career staff consists of two division chiefs, a receptionist, six fire captains, six engineers (apparatus operators), twelve firefighters, a part-time fire inspector, and a fire mechanic. Fourteen of the line career staff members are also cross-trained as paramedics. Approximately 35 PCF staff supplement emergency response as needed. Also, twelve Support Services volunteers and a contract finance officer assist in meeting the District's mission.

The District operates a total fleet of emergency response vehicles valued at just over two million dollars. The Fleet consists of eight fire engines, one brush engine, four ambulances, two snow cats, one rescue unit, one front loader, one water tender, three staff vehicles, two response pickups, one utility truck, a mechanic's vehicle, and two support services vans. Various other specialized equipment supports the emergency response system. This equipment includes, but is not limited to, firefighting turnouts (safety clothing), radios, self-contained breathing apparatus, extrication equipment, medical equipment, pumps, hoses, ladders, fittings, extinguishers, hand tools, air compressors, over-the-side rescue rope, snow plows, and lighting equipment.

CREST FOREST FIRE PROTECTION DISTRICT
Management's Discussion and Analysis
June 30, 2014

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Crest Forest Fire Protection District's basic financial statements, which consist of the following components:

- Statement of Net Position
- Statement of Activities
- Balance Sheet – Governmental Funds
- Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position
- Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds
- Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Funds to the Statement of Activities
- Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Funds – Budget and Actual
- Notes to the Financial Statements

These statements help to illustrate the status of the District as a whole. The ***Statement of Net Position*** and ***Statement of Activities*** report information about the District as a whole, and include all assets and liabilities, using the full accrual basis of accounting. Capital assets and long-term liabilities are included in these two statements. These statements report the District's net position and all of the current year's revenues and expenses.

The Fund Statements, which include the ***Balance Sheet*** and the ***Statement of Revenues, Expenditures and Changes in Fund Balance,*** are based on the modified accrual basis of accounting. These statements present only current assets and current liabilities and exclude capital assets and long-term liabilities.

The ***Statement of Net Position*** presents information on all of the District's assets and liabilities, with the difference between the two reported as *net position.* Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. As of June 30, 2014, the District had total assets of $2,227,414 and total liabilities of $2,223,979 resulting in net position of $3,435. This represents an increase of $175,003 from total net position reported at June 30, 2013.

Current Assets include cash and investments, cash held with trustee, and receivables. *Non-current Assets* include capital assets, net of related depreciation. The Crest Forest Fire Protection District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources; the capital assets themselves cannot be used to pay off these liabilities. The District's secured debt currently exceeds the capital assets net of accumulated depreciation by $354,530.

Current Liabilities include accounts payable and accrued expenses, and salaries and benefits payable. *Long-term Liabilities* include non-current liabilities due within one year and non-current liabilities due in more than one year.

The remaining *Net Position* is divided between those that are restricted and those that are unrestricted. Restricted net position is the portion of net position that is restricted to uses specified by third parties. Unrestricted net position can be used to meet the district's ongoing obligations and to provide services to the community.

Statement of Net Position

Assets	2014	2013	Increase (Decrease) 2014/2013
Current Assets			
Cash and investments	$ 327,156	$ 583,378	$ (256,222)
Receivables (net of allowance for uncollectibles)	89,788	40,970	48,818
Total Current Assets	416,944	624,348	(207,404)
Non-Current Assets			
Capital assets, net of accumulated depreciation	1,810,470	1,916,297	(105,827)
Total Non-Current Assets	1,810,470	1,916,297	(105,827)
Total Assets	2,227,414	2,540,645	(313,231)
Liabilities			
Current Liabilities			
Accounts payable and accrued expenses	-	30,043	(30,043)
Salaries and benefits payable	10,105	140,598	(130,493)
Total Current Liabilities	10,105	170,641	(160,536)
Long-Term Liabilities			
Non-Current Liabilities			
Due within one year	118,374	312,772	(194,398)
Due in more than one year	2,095,500	2,228,800	(133,300)
Total Long-Term Liabilities	2,213,874	2,541,572	(327,698)
Total Liabilities	2,223,979	2,712,213	(488,234)
Net Position			
Invested in capital assets, net of related debt	(354,530)	(312,503)	(42,027)
Unrestricted	357,965	140,935	217,030
Total Net Position	$ 3,435	$ (171,568)	$ 175,003

The following ***Statement of Activities*** compares key elements in the change in net assets during the fiscal years 2014 and 2013, as well as the District's revenues and expenses for the same two periods:

	2014	2013	Increase (Decrease) 2014/2013
Net Position at Beginning of Year	$ (171,568)	$ (1,609)	$ (169,959)
General Revenues			
Property taxes	3,540,437	3,447,736	92,701
Special assessments	487,296	481,879	5,417
Investment income	4,105	6,632	(2,527)
Gain on disposition of assets	119,831	-	119,831
Total General Revenues	4,151,669	3,936,247	215,422
Program Revenues			
Charges for services	255,858	335,366	(79,508)
Operating grants and contributions	71,624	354,889	(283,265)
Capital grants and contributions	-	13,799	(13,799)
Total Program Revenues	327,482	704,054	(376,572)
Total Revenues	4,479,151	4,640,301	(161,150)
Less: General Expenses	(4,304,148)	(4,810,260)	506,112
Increase (Decrease) in Net Position	175,003	(169,959)	344,962
Net Position at Year End	$ 3,435	$ (171,568)	$ 175,003

The Governmental Funds ***Balance Sheet*** presents the current assets, liabilities and fund balances of the District as of June 30, 2014. The Balance Sheet assets of $416,944 exclude capital assets, net of accumulated depreciation and include amounts due from other funds. The assets presented on the Balance Sheet are as follows:

Total Assets from Statement of Net Position	$ 2,227,414
Less: Capital Assets, net of Accumulated Depreciation	(1,810,470)
Assets Reported on Balance Sheet	$ 416,944

The Balance Sheet liabilities exclude non-current liabilities due within one year, or $118,374, and non-current liabilities due in more than one year, or $2,095,500. They also include amounts due to other funds. The liabilities presented on the Balance Sheet are as follows:

Total Liabilities from Statement of Net Position	$ 2,223,979
Less: Non-Current Liabilities: Due within One Year	(118,374)
Less: Non-Current Liabilities: Due in More than One Year	(2,095,500)
Liabilities Reported on Balance Sheet	$ 10,105

The assets reported on the Balance Sheet equal liabilities and fund balance:

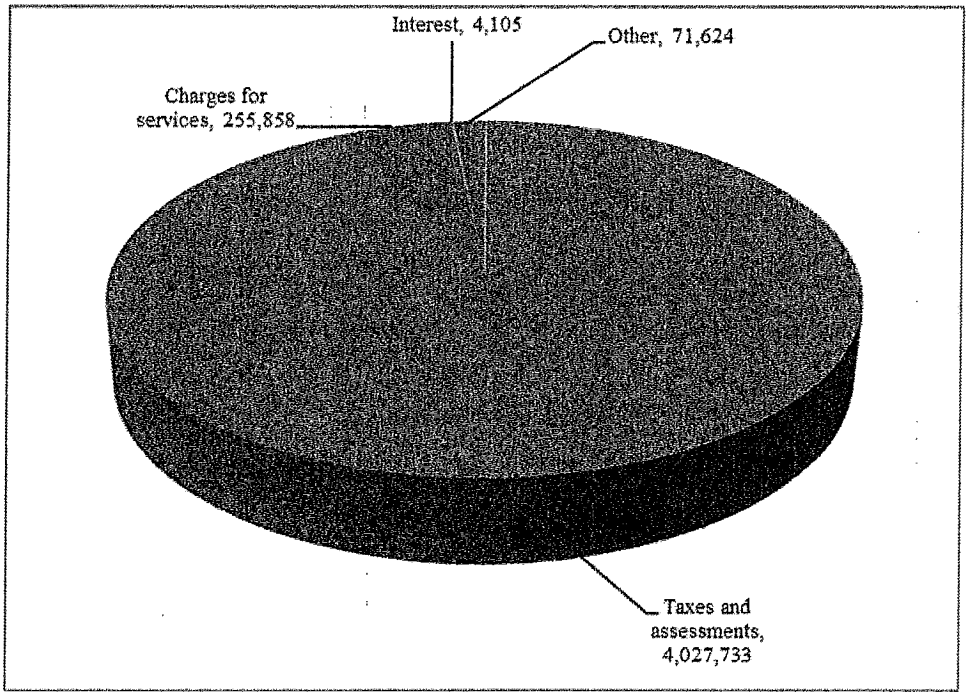
Assets Reported on Balance Sheet	$	416,944
Liabilities Reported on Balance Sheet		10,105
Fund Balance		406,839
Total Liabilities and Fund Balance	$	416,944

The ***Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position*** reconciles the difference between the fund balances of governmental funds of $406,839 and the smaller number representing the District's net position of $3,435.

End of year fund balance – Governmental Funds	$	406,839
Capital Assets, Net of Accumulated Depreciation		1,810,470
Long-Term Liabilities		
Due within one year		(118,374)
Due in more than one year		(2,095,500)
Net Position of Governmental Activities	$	3,435

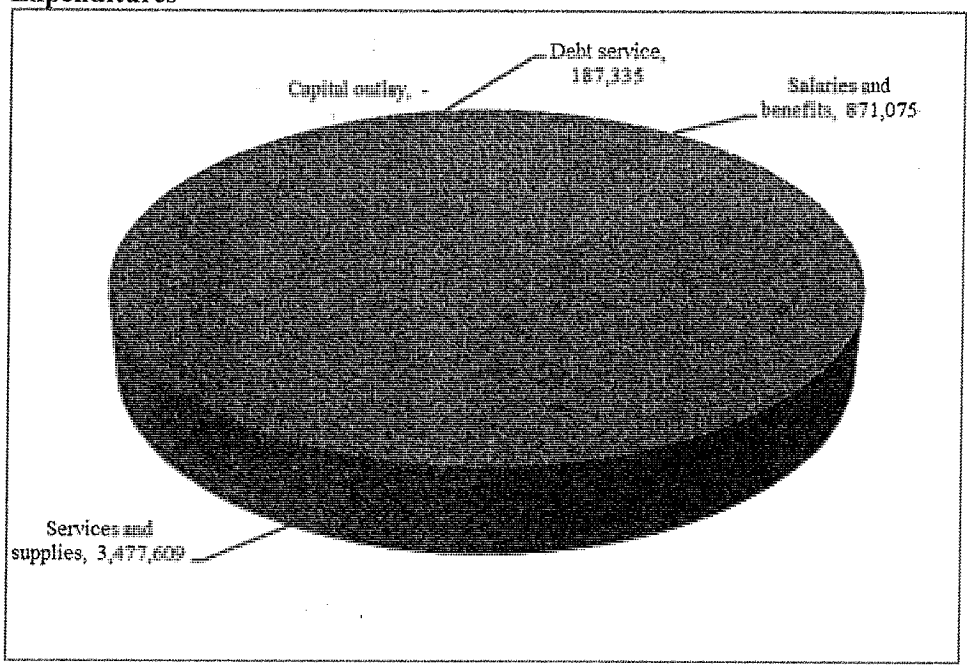
The revenues in the ***Statement of Revenue, Expenditures and Changes in Fund Balance – Governmental Funds*** present the detail of Revenues and Expenditures for the District. Revenues total $4,359,320 and consist of the following:

Revenues



The expenditures in the ***Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds*** total $4,536,019 and consist of the following:

Expenditures



Economic Factors and Next Year's Budget

The District's 2014-2015 budget includes increases in expenditures for services and supplies resulting from increases in costs for its contract with the County of San Bernardino. During the 2013-2014 fiscal year, the District opened discussions with San Bernardino County's *Local Agency Formation Committee* ("LAFCO") regarding the annexation of the District with San Bernardino County Fire. The District hopes to complete the annexation process by the beginning of the 2015-2016 fiscal year.

Contacting the District District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Financial Management at P.O. Box 3220 Crestline, CA 92325.

CREST FOREST FIRE PROTECTION DISTRICT
Statement of Net Position
June 30, 2014

		Governmental Activities
ASSETS		
Cash	$	327,156
Accounts receivable, net		8,000
Taxes and assessments receivable		81,788
Capital assets, net of accumulated depreciation		1,810,470
Total Assets		2,227,414
LIABILITIES		
Salaries and benefits payable		10,105
Noncurrent liabilities		
Due within one year		118,374
Due in more than one year		2,095,500
Total Liabilities		2,223,979
NET POSITION		
Invested in capital assets, net of related debt		(354,530)
Unrestricted		357,965
Total Net Position	$	3,435

The accompanying notes are an integral part of these financial statements.

CREST FOREST FIRE PROTECTION DISTRICT
Statement of Activities
For the Year Ended June 30, 2014

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Total Governmental Activities
Governmental Activities					
Fire prevention and suppression	$ 4,279,365	$ -	$ 71,624	$ -	$ (4,207,741)
Paramedic services	24,783	255,858	-	-	231,075
Total Governmental Activities	$ 4,304,148	$ 255,858	$ 71,624	$ -	(3,976,666)
General Revenues					
Property taxes and special assessments					4,027,733
Investment income					4,105
Gain on disposition of property and equipment					119,831
Total General Revenues					4,151,669
Change in Net Position					175,003
Net Position at Beginning of Year					(171,568)
Net Position at End of Year					$ 3,435

The accompanying notes are an integral part of these financial statements.

CREST FOREST FIRE PROTECTION DISTRICT
Balance Sheet
Governmental Funds
June 30, 2014

	General Fund	Special Revenue Fund: Paramedic	Total Governmental Funds
ASSETS			
Cash and investments	$ 131,237	$ 195,919	$ 327,156
Receivables:			
Accounts	-	8,000	8,000
Taxes and assessments	63,837	17,951	81,788
Total Assets	195,074	221,870	416,944
LIABILITIES AND FUND BALANCES			
Liabilities			
Salaries and benefits payable	10,105	-	10,105
Total Liabilities	10,105	-	10,105
Fund Balances			
Restricted for:			
Debt service	69,600	-	69,600
Committed to:			
Facilities and equipment	106,209	-	106,209
Unassigned	9,160	221,870	231,030
Total Fund Balances	184,969	221,870	406,839
Total Liabilities and Fund Balances	$ 195,074	$ 221,870	$ 416,944

The accompanying notes are an integral part of these financial statements.

CREST FOREST FIRE PROTECTION DISTRICT
Reconciliation of the Balance Sheet of the Governmental Funds
To the Statement of Net Position
June 30, 2014

Fund balance of the governmental funds	$	406,839
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		1,810,470
Some liabilities are not due and payable in the current period and therefore are not reported in funds:		
Installment loan		(2,165,100)
Compensated absences payable		(48,774)
Net position of governmental activities	$	3,435

The accompanying notes are an integral part of these financial statements.

CREST FOREST FIRE PROTECTION DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds
For the Year Ended June 30, 2014

	General Fund	Special Revenue Fund: Paramedic	Total Governmental Funds
Revenues			
Property taxes and assessments	$ 3,540,437	$ 487,296	$ 4,027,733
Charges for services	-	255,858	255,858
Interest	2,998	1,107	4,105
Grants	71,624	-	71,624
Total Revenues	3,615,059	744,261	4,359,320
Expenditures			
Salaries and benefits	871,075	-	871,075
Services and supplies	3,466,204	11,405	3,477,609
Debt service:			
Principal	63,700	-	63,700
Interest	122,930	705	123,635
Total Expenditures	4,523,909	12,110	4,536,019
Excess revenues over (under) expenditures	(908,850)	732,151	(176,699)
Other Sources (Uses)			
Proceeds from sale of assets	129,831	-	129,831
Operating transfers in	977,682	-	977,682
Operating transfers out	(362,041)	(615,641)	(977,682)
Total Other Sources (Uses)	745,472	(615,641)	129,831
Excess revenues and other source over (under) expenditures	(163,378)	116,510	(46,868)
Fund balance, July 1, 2013	348,347	105,360	453,707
Fund balance, June 30, 2014	$ 184,969	$ 221,870	$ 406,839

The accompanying notes are an integral part of these financial statements.

CREST FOREST FIRE PROTECTION DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2014

Net change in fund balance – governmental funds	$	(46,868)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays.		(95,828)
Governmental funds report gross proceeds from the sale of capitalized assets as revenue. However, in the statement of activities, only the gain or loss resulting from the disposition of the assets is reported. This is the amount of the difference between the gross proceeds from the sale of capitalized assets and the gain from the sale.		(10,000)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. This is the amount of the change in compensated absences.		263,999
Repayment of debt principal is an expenditure in the governmental funds, but reduces long-term liabilities in the statement of net position.		63,700
Change in net position of governmental activities	$	175,003

The accompanying notes are an integral part of these financial statements.

CREST FOREST FIRE PROTECTION DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
General Fund and Special Revenue Fund - Budget and Actual
For the Year Ended June 30, 2014

	General Fund			
	Original Budget	Final Budget	Actual	Over (Under) Budget
Revenues				
Property taxes and assessments	$ 3,434,757	$ 3,434,757	$ 3,540,437	$ 105,680
Charges for services	-	-	-	-
Interest	2,899	2,899	2,998	99
Other	71,624	71,624	71,624	-
Total Revenues	3,509,280	3,509,280	3,615,059	105,779
Expenditures				
Salaries and benefits	648,295	648,295	871,075	222,780
Services and supplies	3,876,112	3,876,112	3,466,204	(409,908)
Debt service	183,207	183,207	186,630	3,423
Capital outlay	105,713	105,713	-	(105,713)
Total Expenditures	4,813,327	4,813,327	4,523,909	(289,418)
Excess revenues over (under) expenditures	(1,304,047)	(1,304,047)	(908,850)	395,197
Other Sources (Uses)				
Proceeds from sale of assets	-	-	129,831	129,831
Operating transfers in	1,228,081	1,228,081	977,682	(250,399)
Operating transfers out	(362,041)	(362,041)	(362,041)	-
Total Other Sources (Uses)	866,040	866,040	745,472	(120,568)
Excess revenues and other sources over (under) expenditures	(438,007)	(438,007)	(163,378)	274,629
Fund Balance, July 1, 2013	348,347	348,347	348,347	-
Fund Balance, June 30, 2014	$ (89,660)	$ (89,660)	$ 184,969	$ 274,629

The accompanying notes are an integral part of these financial statements.

CREST FOREST FIRE PROTECTION DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
General Fund and Special Revenue Fund - Budget and Actual
For the Year Ended June 30, 2014

	Special Revenue			
	Original Budget	Final Budget	Actual	Over (Under) Budget
Revenues				
Property taxes and assessments	$ 486,557	$ 486,557	$ 487,296	$ 739
Ambulance fees	330,000	330,000	255,858	(74,142)
Interest	1,000	1,000	1,107	107
Other	-	-	-	-
Total Revenues	817,557	817,557	744,261	(73,296)
Expenditures				
Salaries and benefits	8,642	8,642	-	(8,642)
Services and supplies	11,735	11,735	11,405	(330)
Debt service	-	-	705	705
Capital outlay	-	-	-	-
Total Expenditures	20,377	20,377	12,110	(8,267)
Excess revenues over (under) expenditures	797,180	797,180	732,151	(65,029)
Other Sources (Uses)				
Operating transfers in	-	-	-	-
Operating transfers out	(866,040)	(866,040)	(615,641)	(250,399)
Total Other Sources (Uses)	(866,040)	(866,040)	(615,641)	(250,399)
Excess revenues and other sources over (under) expenditures	(68,860)	(68,860)	116,510	185,370
Fund Balance, July 1, 2013	105,360	105,360	105,360	-
Fund Balance, June 30, 2014	$ 36,500	$ 36,500	$ 221,870	$ 185,370

The accompanying notes are an integral part of these financial statements.

CREST FOREST FIRE PROTECTION DISTRICT
Notes to Financial Statements
June 30, 2014

Note 1: Summary of Activities and Significant Accounting Policies

The accounting policies of Crest Forest Fire Protection District (the District) conform to accounting principles generally accepted in the United States of America as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting and financial reporting principles. The following is a summary of the significant policies.

A. Description of the Reporting Entity

The financial statements include all organizations, activities, and functions that comprise the District. Component units are legally separate entities for which the District (the primary entity) is financially accountable. Financial accountability is defined as (1) the ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the District. Using these criteria, the District has no component units.

B. Description of Funds

The accounts of the District are organized in two funds, which are considered separate accounting entities. The operations of the funds are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures:

General Fund - The General Fund is 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 - The Special Revenue Fund is used to account 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. Revenues in this fund are derived from special assessments paid by property owners within the District boundaries, and from user fees paid by service recipients who do not live within the District boundaries.

Both the General Fund and the Special Revenue Fund are Governmental Fund Types.

C. Financial Presentation

The accounting policies of the Crest Forest Fire Protection District conform to accounting principles generally accepted in the United States as applicable to governmental units.

D. Basis of Accounting/Measurement Focus

Government-wide Financial Statements

The District's Government-wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental Activities for the District.

Note 1: Summary of Activities and Significant Accounting Policies (Continued)

D. Basis of Accounting/Measurement Focus (Continued)

These statements are presented on an *"economic resources"* measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets and liabilities, including capital assets as well as long-term debt, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. Charges for services include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Operating grants and contributions include revenues restricted to meeting the requirements of a particular operating function and may include state shared revenues and grants. Capital grants and contributions include revenues restricted to meeting the requirements of a particular capital function and may include grants or other contributions. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Funds. An accompanying schedule is presented to reconcile and explain the differences in fund balance as presented in these statements to the net position presented in the Government-wide Financial Statements.

All governmental funds are accounted for on a spending or *"current financial resources"* measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balance presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Revenues are recognized in the accounting period in which they become susceptible to accrual; that is, when they become both measurable and available to finance expenditures of the current period. "Measurable" means that the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Accrued revenues include property taxes received within 60 days after year-end and earnings on investments. Grant funds earned but not received are recorded as a receivable, and grant funds received before the revenue recognition criteria have been met are reported as deferred revenues. Expenditures are recorded when the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due.

Note 1: Summary of Activities and Significant Accounting Policies (Continued)

E. Claims and Judgments

In accordance with Governmental Accounting Standards Board (GASB) Code Section C50.110, the District records a liability for claims, judgments, and litigation when it is probable that a liability has been incurred at year-end and the probable amount of loss (net of any insurance coverage) can be reasonably estimated.

F. Capital Assets

Capital assets, which include land, buildings, improvements, and equipment, are reported in the Governmental Activities column of the Government-wide Financial Statements. Capital assets are defined by the District as all land, buildings, vehicles, computers, equipment, and improvements with an initial individual cost of more than $5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated market value at the date of donation or annexation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is recorded in the Government-wide Financial Statements on a straight-line basis over the useful life of the assets as follows:

Buildings	40 years
Improvements other than buildings	5-50 years
Machinery and equipment	3-20 years

G. Budgetary Practice

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The annual budget is adopted by the Board of Directors after the holding of a hearing and provides for the general operation of the District. The operating budget includes proposed expenditures and the means of financing them.

2. The Board of Directors approves total budgeted appropriations and any amendments to appropriations throughout the year. This "appropriated budget" (as defined by GASB Code Sec. 2400.109) covers District expenditures in the Governmental Funds. Budget figures used in the accompanying financial statements are the final adjusted amounts.

3. Formal budgetary integration is employed as a management control device during the year. Commitments for materials and services, such as purchase orders and contracts, are recorded as encumbrances to assist in controlling expenditures. Also, unencumbered appropriations lapse at year-end.

Note 1: Summary of Activities and Significant Accounting Policies (Continued)

H. Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain recorded amounts and disclosures. Accordingly, actual results could differ from those estimates.

I. Use of Restricted Resources

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

J. Compensated Absences

The District's policy for accruals and payout of sick and vacation time varies among the different classes of employees and their longevity with the District. Payout of varying maximum accruals upon retirement, death or resignation varies from 30% to 100%.

K. Accounts Receivable

The District uses its past collection history to determine its allowance for doubtful accounts. As of June 30, 2014, the allowance for doubtful accounts was 20% of billings.

L. Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District had no nonspendable funds as of June 30, 2014.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the governing board, which is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the governing board.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.

Unassigned – all other spendable amounts.

L. Fund Balances – Governmental Funds (Continued)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

M. Net Position

GASB Statement No. 63 requires that the difference between assets added to the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position. Net position is classified as either net investment in capital assets, restricted, or unrestricted.

Net position that is net investment in capital assets consist of capital assets, net of accumulated depreciation, and reduced by the outstanding principal of related debt. Restricted net position is the portion of net position that has external constraints placed on it by creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions or enabling legislation. Unrestricted net position consists of net position that does not meet the definition of net investment in capital assets or restricted net position.

Note 2: Cash and Investments

Authorized Investments

In accordance with Section 53601 of the California Government Code, the District's Board of Directors has directed the District to invest in the following:

- San Bernardino County Treasurer (County Pool)
- Other investments which are expressly permitted by the District's Board of Directors

Pooled Deposits/Credit Risk

The District may waive collateral requirements for deposits which are fully insured by Federal depository insurance.

Category 1:	Insured or collateralized with securities held by the District or by its agent in the District's name.
Category 2:	Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.
Category 3:	Uncollateralized. This includes any bank balance that is collateralized with security held by the pledging financial institution or by its trust department or agent but not in the District's name.

Note 2: Cash and Investments (Continued)

Credit Risk, Carrying Amount, and Market Value of Investments

Category 1: Insured or registered, with securities held by the District or by its agent in the District's name.
Category 2: Uninsured and unregistered, with securities held by the pledging financial institution's or counterparty's trust department or agent in the District's name.
Category 3: Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent, but not in the District's name.

	1	2	3	Total	Carrying Amount
Cash in banks	$ -	$ -	$ -	$ -	$ -
Pooled investments:					
*County Treasurer				327,156	327,156
				$ 327,156	$ 327,156

*Not subject to categorization.
**The San Bernardino County Treasurer has indicated to the District that as of June 30, 2014, the carrying amount of the pool was $4,197,610,000 and the estimated market value of the pool (including accrued interest) was $4,216,691,088. The District's proportionate share of that value is $327,156.

Fair Value of Investments

GASB Statement No. 31 generally applies to investments in external investment pools (State of California LAIF and County Treasury investment pools); investments purchased with maturities greater than one year, mutual funds, and certain investment agreements. Generally, governmental entities need to report the "fair value" changes for these investments at year-end and record these gains or losses on their income statements. The San Bernardino County Treasury Pool is a government investment pool managed and directed by the County Treasurer and is not registered with the Securities and Exchange Commission. An oversight committee, comprised of California State and San Bernardino County officials, provides oversight to the management of the fund. The daily operations and responsibility fall under the auspices of the County Treasurer's office. It is the District's understanding that the values of shares in the County Pool reflect "fair value." The District is a voluntary participant in the pool.

Note 3: Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on July 1 and are payable in two installments on December 10 and April 10. The County of San Bernardino bills and collects the property taxes and distributes them to the District in installments during the year. District property tax revenues are recognized when levied to the extent that they result in current receivables.

Note 4: Capital Assets and Depreciation

In accordance with GASB Statement No. 34, the District has reported all capital assets in the Government-wide Statement of Net Position. The following table presents the capital assets activity for the year ended June 30, 2014.

	Balance at July 1, 2013	Additions	Deletions	Balance at June 30, 2014
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	$ 198,675	$ -	$ 9,999	$ 188,676
Total Capital Assets Not Being Depreciated	198,675	-	9,999	188,676
Capital Assets Being Depreciated				
Improvements to land	16,649	-	-	16,649
Structures and improvements	3,509,408	-	200,000	3,309,408
Vehicles and equipment	2,321,272	-	61,260	2,260,012
Total Capital Assets Being Depreciated	5,847,329	-	261,260	5,586,069
Less Accumulated Depreciation for				
Buildings and other improvements	***3,238,662***	***83,155***	***200,000***	***3,121,817***
Vehicles and equipment	***891,045***	***12,673***	***61,260***	***842,458***
Total Accumulated Depreciation	***4,129,707***	***95,828***	***261,260***	***3,964,275***
Total Capital Assets Being Depreciated, Net	***1,717,622***	***(95,828)***	***-***	***1,621,794***
Governmental Activities Capital Assets, Net	$ ***1,916,297***	$ ***(95,828)***	$ ***9,999***	$ ***1,810,470***

Depreciation expense in the amount of $95,828 was charged to the District's governmental functions as follows for the year ended June 30, 2014:

Fire prevention and suppression	$ 83,155
Paramedic services	12,673
Total depreciation expense	$ 95,828

Note 5: Long-Term Debt

Change in long-term debt activity is as follows:

Description	Balance at July 1, 2013	Additions	Deletions	Balance at June 30, 2014	Amount Due 2014-2015
Long-term debt:					
City National Bank	$ 2,228,800	$ -	$ 63,700	$ 2,165,100	$ 69,600
Compensated absences	312,772	-	263,998	48,774	48,774
Total	$ 2,541,572	$ -	$ 327,698	$ 2,213,874	$ 118,374

Interest expense of $119,507 has been charged to the fire prevention and suppression on the Statement of Activities for the year ended June 30, 2014.

The District's long-term debt consists of the following at June 30, 2014:

Installment Loan

The District has an installment loan with City National Bank. The loan is secured by structures and improvements, bears interest at 5.4% per annum, and matures in 2031. Remaining maturities are as follows:

Fiscal Year Ending June 30,	Interest	Principal	Total
2015	$ 115,989	$ 69,600	$ 185,589
2016	112,217	70,500	182,717
2017	108,338	76,100	184,438
2018	104,085	86,800	190,885
2019	99,325	92,300	191,625
2020-2024	411,394	590,200	1,001,594
2025-2029	221,241	857,800	1,079,041
2030-2031	17,574	321,800	339,374
	$ 1,190,163	$ 2,165,100	$ 3,355,263

Compensated Absences

Because all of the District employees were terminated in July 2013 when the District contracted with the San Bernardino County Fire Protection District for services, all of the vacation and sick leave was paid at the time, either directly to employees, or to County Fire on behalf of the employees, with the exception of $48,774 in annual leave paid subsequent to fiscal year end.

Note 6: Classifications of Net Assets and Fund Balance

In the Government-wide financial statements, net position is classified as follows:

Invested in Capital Assets

This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and further reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted Net Position

This component of net position consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position

This category represents the net position of the District that are not externally restricted for any project or other purpose.

In the fund financial statements, the District's governmental fund balances are classified as follows:

Fund Balances		
Restricted for:		
Debt service	$	69,600
Committed to:		
Facilities and equipment		106,209
Unassigned		231,030
Total Fund Balances	$	406,839

Note 7: Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters.

Workers' Compensation

The District remains a member of the Public Agency Self Insurance System of San Bernardino County (PASIS) which provides workers' compensation insurance services. Effective July 2013, all of the District's employees were terminated pursuant to the commencement of a contract for services with San Bernardino County Fire. At that time, the District retained its balance with PASIS for the purpose of liquidating workers' compensation claims that arose from events occurring prior to the termination of the employees.

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. Losses above the self-insured retention are covered by reinsurance, purchased by PASIS. The District makes an annual contribution based on past and projected future claims. Projections of future ultimate losses are inherently uncertain because of the random nature of claims occurrences. Therefore, future loss rates are projected judgmentally based on the historical rates.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses do not include an estimate of claims that have been incurred but not reported. At June 30, 2014, the amount of potential outstanding claims liability is estimated to be $356,008. The District's balance with PASIS at June 30, 2014 was $475,861.

Three Year Trend Information of Funding for PASIS

Year Ending June 30,	Cash Balance Beginning of Year	Premiums and Interest Earned	Claims and Payments	Cash Balance End of Year	Potential Outstanding Claims Liability at End of Year
2012	$ 646,400	$ 158,468	$ 297,960	$ 506,908	$ 299,393
2013	$ 506,908	$ 209,523	$ 158,661	$ 557,770	$ 310,000
2014	$ 557,770	$ 1,209	$ 83,118	$ 475,861	$ 356,008

Note 8: Operating Transfers

Interfund activities at June 30, 2014 are as follows:

	Interfund Receivable	Interfund Payable	Interfund Transfers In	Interfund Transfers Out
General Fund	$ -	$ -	$ 615,641	$ -
Special Revenue Fund	-	-	-	615,641
	$ -	$ -	$ 615,641	$ 615,641

Operating transfers were made to distribute cash resources between fund types to cover budgeted expenditures.

Note 9: Retirement Plan

Prior to the termination of all employees in July 2013, the District participated in defined benefit pension plans that were included in San Bernardino County Employees' Retirement Association (SBCERA), an agent multiple-employer plan administered by the San Bernardino County Employees' Retirement Association, which acts as a common investment and administrative agent for participating public employers within the County of San Bernardino.

Upon termination of all its employees, the District was required to pay SBCERA its portion of SBCERA's unfunded accrued actuarial liability. Total payments of $476,116 were made during the 2014 fiscal year to satisfy the commitment. The amount is included in the fire prevention and suppression function of the statement of activities.

Note 10: Commitments

The District signed an agreement with San Bernardino County Fire Department ("County Fire") in which County Fire will provide fire prevention services, fire investigation, fire suppression, advanced life support services, ambulance transport, and rescue services. The District's required semi-annual debt service payments (See Note 5) are included in the contract payments. The agreement commenced July 13, 2013, and terminates June 30, 2023, unless terminated earlier by either party. In no case can the agreement be terminated before June 30, 2016.

Terms of the agreement require the District to pay County Fire the cost of providing the services enumerated above, along with an annual contract management fee. Contract costs will be negotiated annually. Future minimum payments are as follows:

Year ending June 30,	
2015	$ 4,061,465
2016	4,061,465
	$ 8,122,930

Note 11: Going Concern

The District has experienced declining revenues and increasing expenditures over the past several years. These factors have created an uncertainty about the District's ability to continue as a going concern.

Management and the District's Board of Directors have contracted with San Bernardino County Fire Department in an attempt to utilize resources in the most cost-effective manner. During the 2014 fiscal year, the District applied with Local Agency Formation Commission for San Bernardino County ("LAFCO") to annex the District to San Bernardino County Fire Department.

STARBUCK WALSH, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Jennifer L. Starbuck, CPA
Joseph P. Walsh, CPA

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
Crest Forest Fire Protection District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Crest Forest Fire Protection District, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Crest Forest Fire Protection District's basic financial statements, and have issued our report thereon dated January 19, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Crest Forest Fire Protection District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Crest Forest Fire Protection District's internal control. Accordingly, we do not express an opinion on the effectiveness of Crest Forest Fire Protection District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Crest Forest Fire Protection District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our

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tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Starbuck Walsh, LLP

Starbuck Walsh, LLP
Apple Valley, CA
January 19, 2015

CREST FOREST FIRE PROTECTION DISTRICT

Basic Financial Statements

For the Year Ended June 30, 2013

CREST FOREST FIRE PROTECTION DISTRICT
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June 30, 2013

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STARBUCK WALSH, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Jennifer L. Starbuck, CPA
Joseph P. Walsh, CPA

Independent Auditors' Report

To the Board of Directors
Crest Forest Fire Protection District

We have audited the accompanying financial statements of the governmental activities and each major fund of Crest Forest Fire Protection District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Crest Forest Fire Protection District as of June 30, 2013, and the respective changes in financial position, and the respective budgetary comparison for the General Fund and the Special Revenue

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fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the District adopted new accounting guidance, GASB Statements No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, No. 61, *The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements No. 14 and 34*, No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, and No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules of funding progress for the agent retirement plan on pages 3-8 and 32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2013, on our consideration of Crest Forest Fire Protection District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Crest Forest Fire Protection District's internal control over financial reporting and compliance.

Starbuck Walsh, LLP

Starbuck Walsh, LLP
Apple Valley, CA
December 16, 2013

CREST FOREST FIRE PROTECTION DISTRICT
Management's Discussion and Analysis
June 30, 2013

The Crest Forest Fire Protection District offers readers of its financial statements this narrative and analysis of the financial activities of the District for the fiscal year ended June 30, 2013.

The District

The Crest Forest Fire Protection District (CFFD) provides a variety of services to the communities of Agua Fria, Cedar Pines Park, Crestline, Lake Gregory, Rim Forest, Twin Peaks, Valley of Enchantment, and parts of Blue Jay and Grass Valley. The approximate District resident population served is 20,000, while the summertime population may double with vacationers.

The District operates from the main 24 hour staffed station, with administrative offices, in Crestline (Station 25); a second 24 hour staffed station at Twin Peaks (Station 26); and four other paid call (PCF) fire stations at Cedar Pines Park (Station 24), Lake Gregory (Station 29), Rim Forest (Station 30), and Valley of Enchantment (Station 28). One additional station site is owned by the District and is located in Agua Fria (Station 27). Station 27 houses one reserve ambulance and is being used for storage. One additional Paid Call Firefighter (PCF) company responds with a rescue unit out of station 26. One additional fire engine is also housed at station 26 and is owned and maintained by the California Office of Emergency Service (OES), under a contract with CFFD to staff that vehicle when needed for major statewide disasters.

The majority of the calls the District receives are emergency medical calls and traffic collisions. Anyone transported by The CFFD ambulance is billed for service rendered. If local residents receiving ambulance services have no insurance or owe additional fees after the District receives some insurance payment, they are given a letter notifying them that the remaining bill is covered by the District's ambulance assessment.

Initial response to areas covered by the District boundaries, approximately 23 square miles, are started from the two 24 hour staffed stations, depending on the type and location of the call. Additional PCF units are called as necessary to abate the particular emergency. The career staff consists of two division chiefs, a receptionist, six fire captains, six engineers (apparatus operators), twelve firefighters, a part-time fire inspector, and a fire mechanic. Fourteen of the line career staff members are also cross-trained as paramedics. Approximately 35 PCF staff supplement emergency response as needed. Also, twelve Support Services volunteers and a contract finance officer assist in meeting the District's mission.

The District operates a total fleet of emergency response vehicles valued at just over two million dollars. The Fleet consists of eight fire engines, one brush engine, four ambulances, two snow cats, one rescue unit, one front loader, one water tender, three staff vehicles, two response pickups, one utility truck, a mechanic's vehicle, and two support services vans. Various other specialized equipment supports the emergency response system. This equipment includes, but is not limited to, firefighting turnouts (safety clothing), radios, self-contained breathing apparatus, extrication equipment, medical equipment, pumps, hoses, ladders, fittings, extinguishers, hand tools, air compressors, over-the-side rescue rope, snow plows, and lighting equipment.

CREST FOREST FIRE PROTECTION DISTRICT
Management's Discussion and Analysis
June 30, 2013

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Crest Forest Fire Protection District's basic financial statements, which consist of the following components:

- Statement of Net Position
- Statement of Activities
- Balance Sheet – Governmental Funds
- Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position
- Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds
- Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Funds to the Statement of Activities
- Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Funds – Budget and Actual
- Notes to the Financial Statements

These statements help to illustrate the status of the District as a whole. The ***Statement of Net Position*** and ***Statement of Activities*** report information about the District as a whole, and include all assets and liabilities, using the full accrual basis of accounting. Capital assets and long-term liabilities are included in these two statements. These statements report the District's net position and all of the current year's revenues and expenses.

The Fund Statements, which include the ***Balance Sheet*** and the ***Statement of Revenues, Expenditures and Changes in Fund Balance,*** are based on the modified accrual basis of accounting. These statements present only current assets and current liabilities and exclude capital assets and long-term liabilities.

The ***Statement of Net Position*** presents information on all of the District's assets and liabilities, with the difference between the two reported as *net position.* Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. As of June 30, 2013, the District had total assets of $2,540,645 and total liabilities of $2,712,213, resulting in negative net position of $ (171,568). This represents a decrease of $169,959 from total net position reported at June 30, 2012.

Current Assets include cash and investments, cash held with trustee, and receivables. *Non-current Assets* include capital assets, net of related depreciation. The Crest Forest Fire Protection District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources; the capital assets themselves cannot be used to pay off these liabilities. The District's secured debt currently exceeds the capital assets net of accumulated depreciation by $312,503.

Current Liabilities include accounts payable and accrued expenses, and salaries and benefits payable. *Long-term Liabilities* include non-current liabilities due within one year and non-current liabilities due in more than one year.

The remaining *Net Position* is divided between those that are restricted and those that are unrestricted. Restricted net position is the portion of net position that is restricted to uses specified by third parties. Unrestricted net position can be used to meet the district's ongoing obligations and to provide services to the community.

Statement of Net Position

Assets	2013	2012	Increase (Decrease) 2013/2012
Current Assets			
Cash and investments	$ 583,378	$ 747,870	$ (164,492)
Receivables (net of allowance for uncollectibles)	40,970	68,041	(27,071)
Total Current Assets	624,348	815,911	(191,563)
Non-Current Assets			
Capital assets, net of accumulated depreciation	1,916,297	2,017,125	(100,828)
Total Non-Current Assets	1,916,297	2,017,125	(100,828)
Total Assets	2,540,645	2,833,036	(292,391)
Liabilities			
Current Liabilities			
Accounts payable and accrued expenses	30,043	27,569	2,474
Salaries and benefits payable	140,598	162,929	(22,331)
Total Current Liabilities	170,641	190,498	(19,857)
Long-Term Liabilities			
Non-Current Liabilities			
Due within one year	312,772	53,632	259,140
Due in more than one year	2,228,800	2,590,515	(361,715)
Total Long-Term Liabilities	2,541,572	2,644,147	(102,575)
Total Liabilities	2,712,213	2,834,645	(122,432)
Net Position			
Invested in capital assets, net of related debt	(312,503)	(269,475)	(43,028)
Unrestricted	140,935	267,866	(126,931)
Total Net Position	$ (171,568)	$ (1,609)	$ (169,959)

The following ***Statement of Activities*** compares key elements in the change in net assets during the fiscal years 2013 and 2012, as well as the District's revenues and expenses for the same two periods:

	2013	2012	Increase (Decrease) 2013/2012
Net Assets at Beginning of Year	$ (1,609)	$ 372,650	$ (374,259)
General Revenues			
Property taxes	3,447,736	3,463,776	(16,040)
Special assessments	481,879	467,296	14,583
Use of property and money	6,632	6,730	(98)
Total General Revenues	3,936,247	3,937,802	(1,555)
Program Revenues			
Charges for services	335,366	353,347	(17,981)
Operating grants and contributions	354,889	298,341	56,548
Capital grants and contributions	13,799	-	13,799
Total Program Revenues	704,054	651,688	52,366
Total Revenues	4,640,301	4,589,490	50,811
Less: General Expenses	(4,810,260)	(4,963,749)	(153,489)
Decrease in Net Position	(169,959)	(374,259)	(204,300)
Net Position at Year End	$ (171,568)	$ (1,609)	$ (169,959)

The Governmental Funds ***Balance Sheet*** presents the current assets, liabilities and fund balances of the District as of June 30, 2013. The Balance Sheet assets of $624,348 exclude capital assets, net of accumulated depreciation and include amounts due from other funds. The assets presented on the Balance Sheet are as follows:

Total Assets from Statement of Net Position	$ 2,540,645
Less: Capital Assets, net of Accumulated Depreciation	(1,916,297)
Assets Reported on Balance Sheet	$ 624,348

The Balance Sheet liabilities exclude non-current liabilities due within one year, or $312,772, and non-current liabilities due in more than one year, or $2,228,800. They also include amounts due to other funds. The liabilities presented on the Balance Sheet are as follows:

Total Liabilities from Statement of Net Position	$ 2,712,213
Less: Non-Current Liabilities: Due within One Year	(312,772)
Less: Non-Current Liabilities: Due in More than One Year	(2,228,800)
Liabilities Reported on Balance Sheet	$ 170,641

The assets reported on the Balance Sheet equal liabilities and fund balance:

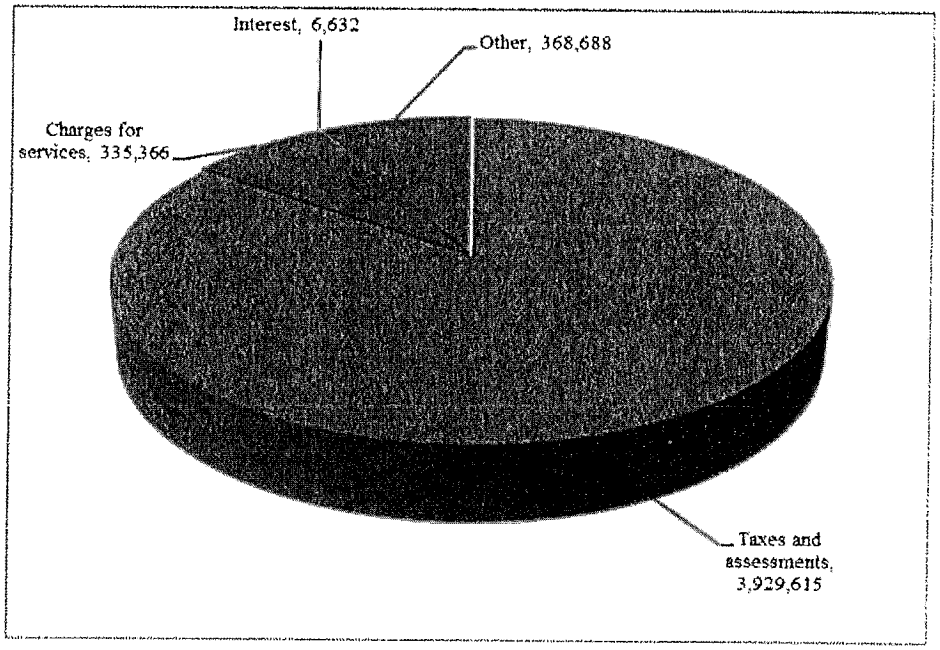
Assets Reported on Balance Sheet	$	624,348
Liabilities Reported on Balance Sheet		170,641
Fund Balance		453,707
Total Liabilities and Fund Balance	$	624,348

The ***Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position*** reconciles the difference between the fund balances of governmental funds of $453,707 and the smaller number representing the District's net position of $(171,568).

End of year fund balance – Governmental Funds	$	453,707
Capital Assets, Net of Accumulated Depreciation		1,916,297
Long-Term Liabilities		
Due within one year		(312,772)
Due in more than one year		(2,228,800)
Net Position of Governmental Activities	$	(171,568)

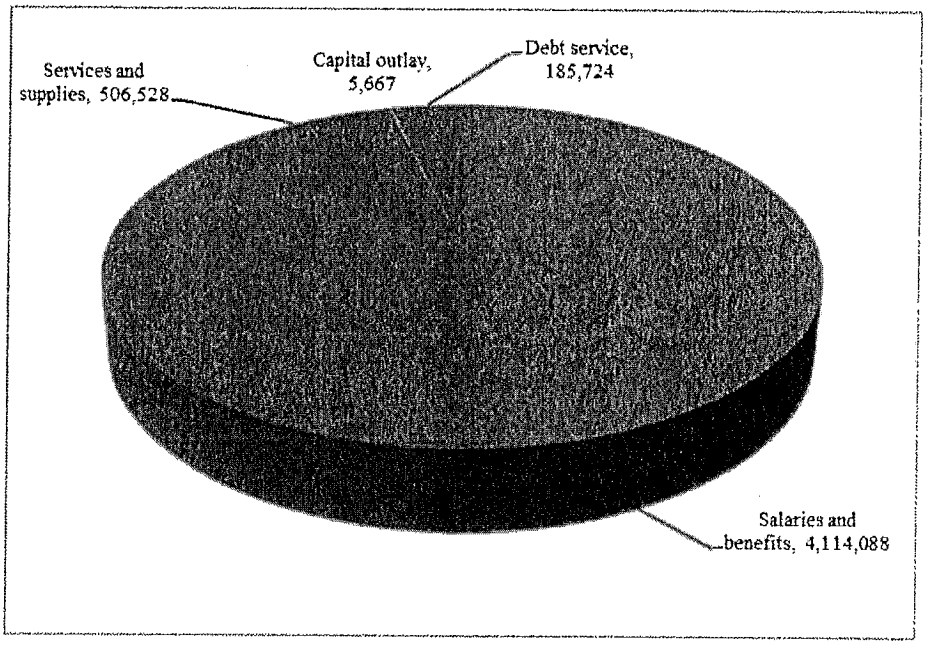
The revenues in the ***Statement of Revenue, Expenditures and Changes in Fund Balance – Governmental Funds*** present the detail of Revenues and Expenditures for the District. Revenues total $4,640,301 and consist of the following:

Revenues



The expenditures in the ***Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds*** total $4,812,007 and consist of the following:

Expenditures



Economic Factors and Next Year's Budget

The District expects its 2013-2014 governmental revenues to be within 1% to 2% of its current revenues. In July 2013, the District signed a contract with San Bernardino County Fire Department ("County Fire"). The District's budgeted expenditures from July 13, 2013 through June 30, 2014 consist of the contract expenses of $3,976,835.

Contacting the District District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Financial Management at P.O. Box 3220 Crestline, CA 92325.

CREST FOREST FIRE PROTECTION DISTRICT
Statement of Net Position
June 30, 2013

		Governmental Activities
ASSETS		
Cash	$	583,378
Accounts receivable, net		9,612
Taxes and assessments receivable		31,358
Capital assets, net of accumulated depreciation		1,916,297
Total Assets		2,540,645
LIABILITIES		
Accounts payable and accrued expenses		30,043
Salaries and benefits payable		140,598
Noncurrent liabilities		
Due within one year:		
Compensated absences		312,772
Due in more than one year:		
Installment note		2,228,800
Total Liabilities		2,712,213
NET POSITION		
Invested in capital assets, net of related debt		(312,503)
Unrestricted		140,935
Total Net Position	$	(171,568)

The accompanying notes are an integral part of these financial statements.

CREST FOREST FIRE PROTECTION DISTRICT
Statement of Activities
For the Year Ended June 30, 2013

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Total Governmental Activities
Governmental Activities					
Fire prevention and suppression	$ 3,892,738	$ 12,925	$ 354,264	$ 13,799	$ (3,511,750)
Paramedic services	917,522	322,441	625	-	(594,456)
Total Governmental Activities	$ 4,810,260	$ 335,366	$ 354,889	$ 13,799	(4,106,206)
General Revenues					
Property taxes and special assessments					3,929,615
Investment income					6,632
Total General Revenues					3,936,247
Change in Net Position					(169,959)
Net Position at Beginning of Year					(1,609)
Net Position at End of Year					$ (171,568)

The accompanying notes are an integral part of these financial statements.

CREST FOREST FIRE PROTECTION DISTRICT
Balance Sheet
Governmental Funds
June 30, 2013

	General Fund	Special Revenue Fund: Paramedic	Total Governmental Funds
ASSETS			
Cash and investments	$ 482,666	$ 100,712	$ 583,378
Receivables:			
Accounts	-	9,612	9,612
Taxes and assessments	5,951	25,407	31,358
Total Assets	488,617	135,731	624,348
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accrued expenses	24,393	5,650	30,043
Salaries and benefits payable	115,877	24,721	140,598
Total Liabilities	140,270	30,371	170,641
Fund Balances			
Restricted for:			
Debt service	63,700	-	63,700
Committed to:			
Facilities and equipment	345,797	24,807	370,604
Extra pay period	29,814	6,889	36,703
Unassigned	(90,964)	73,664	(17,300)
Total Fund Balances	348,347	105,360	453,707
Total Liabilities and Fund Balances	$ 488,617	$ 135,731	$ 624,348

The accompanying notes are an integral part of these financial statements.

CREST FOREST FIRE PROTECTION DISTRICT
Reconciliation of the Balance Sheet of the Governmental Funds
To the Statement of Net Position
June 30, 2013

Fund balance of the governmental funds	$	453,707
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		1,916,297
Some liabilities are not due and payable in the current period and therefore are not reported in funds:		
Installment loan		(2,228,800)
Compensated absences payable		(312,772)
Net position of governmental activities	$	(171,568)

The accompanying notes are an integral part of these financial statements.

CREST FOREST FIRE PROTECTION DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds
For the Year Ended June 30, 2013

	General Fund	Special Revenue Fund: Paramedic	Total Governmental Funds
Revenues			
Property taxes and assessments	$ 3,431,759	$ 497,856	$ 3,929,615
Charges for services	12,925	322,441	335,366
Intergovernmental	367,691	-	367,691
Interest	5,449	1,183	6,632
Contributions	372	625	997
Total Revenues	3,818,196	822,105	4,640,301
Expenditures			
Salaries and benefits	3,327,061	787,027	4,114,088
Services and supplies	393,332	113,196	506,528
Capital outlay	5,667	-	5,667
Debt service:			
Principal	57,800	-	57,800
Interest	126,765	1,159	127,924
Total Expenditures	3,910,625	901,382	4,812,007
Excess revenues over (under) expenditures	(92,429)	(79,277)	(171,706)
Other Sources (Uses)			
Operating transfers in	110,000	130,000	240,000
Operating transfers out	(240,000)	-	(240,000)
Total Other Sources (Uses)	(130,000)	130,000	-
Excess revenues and other source over (under) expenditures	(222,429)	50,723	(171,706)
Fund balance, July 1, 2012	570,776	54,637	625,413
Fund balance, June 30, 2013	$ 348,347	$ 105,360	$ 453,707

The accompanying notes are an integral part of these financial statements.

CREST FOREST FIRE PROTECTION DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Funds with the Statement of Activities
For the Year Ended June 30, 2013

Net change in fund balance – governmental funds	$	(171,706)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays.		(100,828)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. This is the amount of the change in compensated absences.		44,775
Repayment of debt principal is an expenditure in the governmental funds, but reduces long-term liabilities in the statement of net position.		57,800
Change in net position of governmental activities	$	(169,959)

The accompanying notes are an integral part of these financial statements.

CREST FOREST FIRE PROTECTION DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
General Fund and Special Revenue Fund - Budget and Actual
For the Year Ended June 30, 2013

	General Fund			
	Original Budget	Final Budget	Actual	Over (Under) Budget
Revenues				
Property taxes and assessments	$ 3,443,419	$ 3,443,419	$ 3,431,759	$ (11,660)
Charges for services	11,000	11,000	12,925	1,925
Interest	6,517	6,517	5,449	(1,068)
Other	318,063	318,063	368,063	50,000
Total Revenues	3,778,999	3,778,999	3,818,196	39,197
Expenditures				
Salaries and benefits	3,436,487	3,436,487	3,327,061	(109,426)
Services and supplies	345,862	345,862	393,332	47,470
Debt service	213,709	213,709	184,565	(29,144)
Capital outlay	350,338	350,338	5,667	(344,671)
Total Expenditures	4,346,396	4,346,396	3,910,625	(435,771)
Excess revenues over (under) expenditures	(567,397)	(567,397)	(92,429)	(474,968)
Other Sources (Uses)				
Operating transfers in	148,845	148,845	110,000	(38,845)
Operating transfers out	(305,763)	(305,763)	(240,000)	65,763
Total Other Sources (Uses)	(156,918)	(156,918)	(130,000)	26,918
Excess revenues and other sources over (under) expenditures	(724,315)	(724,315)	(222,429)	501,886
Fund Balance, July 1, 2012	570,776	570,776	570,776	-
Fund Balance, June 30, 2013	$ (153,539)	$ (153,539)	$ 348,347	$ 501,886

The accompanying notes are an integral part of these financial statements.

CREST FOREST FIRE PROTECTION DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
General Fund and Special Revenue Fund - Budget and Actual
For the Year Ended June 30, 2013

	Special Revenue			
	Original Budget	Final Budget	Actual	Over (Under) Budget
Revenues				
Property taxes and assessments	$ 474,119	$ 474,119	$ 497,856	$ 23,737
Ambulance fees	365,000	365,000	322,441	(42,559)
Interest	906	906	1,183	277
Other	-	-	625	625
Total Revenues	840,025	840,025	822,105	(17,920)
Expenditures				
Salaries and benefits	881,994	881,994	787,027	(94,967)
Services and supplies	119,877	119,877	113,196	(6,681)
Debt service	2,000	2,000	1,159	(841)
Capital outlay	15,502	15,502	-	(15,502)
Total Expenditures	1,019,373	1,019,373	901,382	(117,991)
Excess revenues over (under) expenditures	(179,348)	(179,348)	(79,277)	(100,071)
Other Sources (Uses)				
Operating transfers in	159,340	159,340	130,000	(29,340)
Operating transfers out	(2,422)	(2,422)	-	2,422
Total Other Sources (Uses)	156,918	156,918	130,000	(26,918)
Excess revenues and other sources over (under) expenditures	(22,430)	(22,430)	50,723	73,153
Fund Balance, July 1, 2012	54,637	54,637	54,637	-
Fund Balance, June 30, 2013	$ 32,207	$ 32,207	$ 105,360	$ 73,153

The accompanying notes are an integral part of these financial statements.

Note 1: Summary of Activities and Significant Accounting Policies

The accounting policies of Crest Forest Fire Protection District (the District) conform to accounting principles generally accepted in the United States of America as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting and financial reporting principles. The following is a summary of the significant policies.

A. Description of the Reporting Entity

The financial statements include all organizations, activities, and functions that comprise the District. Component units are legally separate entities for which the District (the primary entity) is financially accountable. Financial accountability is defined as (1) the ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the District. Using these criteria, the District has no component units.

B. Description of Funds

The accounts of the District are organized in two funds, which are considered separate accounting entities. The operations of the funds are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures:

General Fund - The General Fund is 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 - The Special Revenue Fund is used to account 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. Revenues in this fund are derived from special assessments paid by property owners within the District boundaries, and from user fees paid by service recipients who do not live within the District boundaries.

Both the General Fund and the Special Revenue Fund are Governmental Fund Types.

C. Financial Presentation

The accounting policies of the Crest Forest Fire Protection District conform to accounting principles generally accepted in the United States as applicable to governmental units.

D. Basis of Accounting/Measurement Focus

Government-wide Financial Statements

The District's Government-wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental Activities for the District.

Note 1: Summary of Activities and Significant Accounting Policies (Continued)

D. Basis of Accounting/Measurement Focus (Continued)

These statements are presented on an *"economic resources"* measurement focus and the accrual basis of accounting. Accordingly, all of the District's assets and liabilities, including capital assets as well as long-term debt, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. The types of transactions reported as program revenues for the District are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions. Charges for services include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function. Operating grants and contributions include revenues restricted to meeting the requirements of a particular operating function and may include state shared revenues and grants. Capital grants and contributions include revenues restricted to meeting the requirements of a particular capital function and may include grants or other contributions. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Funds. An accompanying schedule is presented to reconcile and explain the differences in fund balance as presented in these statements to the net position presented in the Government-wide Financial Statements.

All governmental funds are accounted for on a spending or *"current financial resources"* measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheet. The Statement of Revenues, Expenditures, and Changes in Fund Balance presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in fund balance. Revenues are recognized in the accounting period in which they become susceptible to accrual; that is, when they become both measurable and available to finance expenditures of the current period. "Measurable" means that the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Accrued revenues include property taxes received within 60 days after year-end and earnings on investments. Grant funds earned but not received are recorded as a receivable, and grant funds received before the revenue recognition criteria have been met are reported as deferred revenues. Expenditures are recorded when the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due.

Note 1: Summary of Activities and Significant Accounting Policies (Continued)

E. Claims and Judgments

In accordance with Governmental Accounting Standards Board (GASB) Code Section C50.110, the District records a liability for claims, judgments, and litigation when it is probable that a liability has been incurred at year-end and the probable amount of loss (net of any insurance coverage) can be reasonably estimated.

F. Capital Assets

Capital assets, which include land, buildings, improvements, and equipment, are reported in the Governmental Activities column of the Government-wide Financial Statements. Capital assets are defined by the District as all land, buildings, vehicles, computers, equipment, and improvements with an initial individual cost of more than $5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated market value at the date of donation or annexation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Depreciation is recorded in the Government-wide Financial Statements on a straight-line basis over the useful life of the assets as follows:

Buildings	40 years
Improvements other than buildings	5-50 years
Machinery and equipment	3-20 years

G. Budgetary Practice

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The annual budget is adopted by the Board of Directors after the holding of a hearing and provides for the general operation of the District. The operating budget includes proposed expenditures and the means of financing them.

2. The Board of Directors approves total budgeted appropriations and any amendments to appropriations throughout the year. This "appropriated budget" (as defined by GASB Code Sec. 2400.109) covers District expenditures in the Governmental Funds. Budget figures used in the accompanying financial statements are the final adjusted amounts.

3. Formal budgetary integration is employed as a management control device during the year. Commitments for materials and services, such as purchase orders and contracts, are recorded as encumbrances to assist in controlling expenditures. Also, unencumbered appropriations lapse at year-end.

Note 1: Summary of Activities and Significant Accounting Policies (Continued)

H. Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain recorded amounts and disclosures. Accordingly, actual results could differ from those estimates.

I. Use of Restricted Resources

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

J. Compensated Absences

The District's policy for accruals and payout of sick and vacation time varies among the different classes of employees and their longevity with the District. Payout of varying maximum accruals upon retirement, death or resignation varies from 30% to 100%.

K. Accounts Receivable

The District uses its past collection history to determine its allowance for doubtful accounts. As of June 30, 2013, the allowance for doubtful accounts was 20% of billings.

L. Fund Balances – Governmental Funds

Fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District had no nonspendable funds as of June 30, 2013.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the governing board, which is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the governing board.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.

Unassigned – all other spendable amounts.

L. Fund Balances – Governmental Funds (Continued)

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditures is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

M. Net Position

GASB Statement No. 63 requires that the difference between assets added to the deferred outflows of resources and liabilities added to the deferred inflows of resources be reported as net position. Net position is classified as either net investment in capital assets, restricted, or unrestricted.

Net position that is net investment in capital assets consist of capital assets, net of accumulated depreciation, and reduced by the outstanding principal of related debt. Restricted net position is the portion of net position that has external constraints placed on it by creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions or enabling legislation. Unrestricted net position consists of net position that does not meet the definition of net investment in capital assets or restricted net position.

N. New Accounting Pronouncements

GASB Statement No. 60 - *Accounting and Financial Reporting for Service Concession Arrangements*

For the fiscal year ended June 30, 2013, the District implemented GASB Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements." The objective of the Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. As used in the Statement, an SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The implementation of this Statement did not have an effect on these financial statements.

GASB Statement No. 61 – *The Financial Reporting Entity: Omnibus - An Amendment of GASB Statements No. 14 and No. 34.*

For the fiscal year ended June 30, 2013, the District implemented GASB Statement No. 61, "The Financial Reporting Entity: Omnibus - An Amendment of GASB Statements No. 14 and No. 34." The objective of this Statement is to improve financial reporting for a governmental financial reporting entity. The requirements of Statement No. 14, The Financial Reporting Entity, and the related financial reporting requirements of Statement No. 34 – Basic Financial Statements

N. New Accounting Pronouncements (Continued)

– and Management's Discussion and Analysis – for State and Local Governments, were amended to better meet user needs and to address reporting entity issues that have arisen since the issuance of those Statements. The implementation of the Statement did not have an effect on these financial statements.

GASB Statement No. 62 – *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*

For the fiscal year ended June 30, 2013, the District implemented GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 1989 FASB and AICPA Pronouncements." The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: (1) Financial Accounting Standards Board (FASB) Statements and Interpretations, (2) Accounting Principles Board Opinions, and (3) Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. The implementation of the Statement did not have an effect on these financial statements.

GASB Statement No. 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*

For the fiscal year ended June 30, 2013, the District implemented GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." This Statement is to establish guidance for reporting deferred outflows or resources, deferred inflows of resources, and net position in a statement of financial position. This Statement sets forth framework that specifies where deferred outflows of resources and deferred inflows of resources, as well as assets and liabilities should be displayed. The Statement also specifies how net position, no longer referred to as net assets, should be displayed. Implementation of the Statement and the impact of the District's financial statements are explained in Note 1-M. Net Position.

Note 2: Cash and Investments

Authorized Investments

In accordance with Section 53601 of the California Government Code, the District's Board of Directors has directed the District to invest in the following:

- San Bernardino County Treasurer (County Pool)
- Other investments which are expressly permitted by the District's Board of Directors

Pooled Deposits/Credit Risk

The District may waive collateral requirements for deposits which are fully insured by Federal depository insurance.

Category 1:	Insured or collateralized with securities held by the District or by its agent in the District's name.
Category 2:	Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name.
Category 3:	Uncollateralized. This includes any bank balance that is collateralized with security held by the pledging financial institution or by its trust department or agent but not in the District's name.

Credit Risk, Carrying Amount, and Market Value of Investments

Category 1:	Insured or registered, with securities held by the District or by its agent in the District's name.
Category 2:	Uninsured and unregistered, with securities held by the pledging financial institution's or counterparty's trust department or agent in the District's name.
Category 3:	Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent, but not in the District's name.

	1	2	3	Total	Carrying Amount
Cash in banks	$ -	$ -	$ -	$ -	$ -
Pooled investments:					
*County Treasurer				583,378	583,378
				$ 583,378	$ 583,378

*Not subject to categorization.

**The San Bernardino County Treasurer has indicated to the District that as of June 30, 2013, the carrying amount of the pool was $4,192,875,000 and the estimated market value of the pool (including accrued interest) was $4,209,600,004. The District's proportionate share of that value is $583,378.

Note 2: Cash and Investments (Continued)

Fair Value of Investments

GASB Statement No. 31 generally applies to investments in external investment pools (State of California LAIF and County Treasury investment pools); investments purchased with maturities greater than one year, mutual funds, and certain investment agreements. Generally, governmental entities need to report the "fair value" changes for these investments at year-end and record these gains or losses on their income statements.

The San Bernardino County Treasury Pool is a government investment pool managed and directed by the County Treasurer and is not registered with the Securities and Exchange Commission. An oversight committee, comprised of California State and San Bernardino County officials, provides oversight to the management of the fund. The daily operations and responsibility fall under the auspices of the County Treasurer's office. It is the District's understanding that the values of shares in the County Pool reflect "fair value." The District is a voluntary participant in the pool.

Note 3: Property Taxes

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on July 1 and are payable in two installments on December 10 and April 10. The County of San Bernardino bills and collects the property taxes and distributes them to the District in installments during the year. District property tax revenues are recognized when levied to the extent that they result in current receivables.

Note 4: Capital Assets and Depreciation

In accordance with GASB Statement No. 34, the District has reported all capital assets in the Government-wide Statement of Net Position. The following table presents the capital assets activity for the year ended June 30, 2013.

	Balance at July 1, 2012	Additions	Deletions	Balance at June 30, 2013
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	$ 198,675	$ -	$ -	$ 198,675
Total Capital Assets Not Being Depreciated	198,675	-	-	198,675
Capital Assets Being Depreciated				
Improvements to land	16,649	-	-	16,649
Structures and improvements	3,509,408	-	-	3,509,408
Vehicles and equipment	2,321,272	-	-	2,321,272
Total Capital Assets Being Depreciated	5,847,329	-	-	5,847,329
Less Accumulated Depreciation for				
Buildings and other improvements	***3,150,507***	***88,155***	-	***3,238,662***
Equipment and vehicles	***878,372***	***12,673***	-	***891,045***
Total Accumulated Depreciation	***4,028,879***	***100,828***	-	***4,129,707***
Total Capital Assets Being Depreciated, Net	***1,818,450***	***(100,828)***	-	***1,717,622***
Governmental Activities Capital Assets, Net	$ ***2,017,125***	$ ***(100,828)***	$ -	$ ***1,916,297***

Depreciation expense in the amount of $100,828 was charged to the District's governmental functions as follows for the year ended June 30, 2013:

Fire prevention and suppression	$ 79,654
Paramedic services	21,174
Total depreciation expense	$ 100,828

Note 5: Long-Term Debt

Change in long-term debt activity is as follows:

Description	Balance at July 1, 2012	Additions	Deletions	Balance at June 30, 2013	Amount Due 2013-2014
Long-term debt:					
City National Bank	$ 2,286,600	$ -	$ 57,800	$ 2,228,800	$ 63,700
Compensated absences	357,747	264,920	309,895	312,772	312,772
Total	$ 2,644,347	$ 264,920	$ 367,695	$ 2,541,572	$ 376,472

Interest expense of $184,872 has been charged to the fire prevention and suppression on the Statement of Activities for the year ended June 30, 2013.

The District's long-term debt consists of the following at June 30, 2013:

Installment Loan

The District has an installment loan with City National Bank. The loan is secured by structures and improvements, bears interest at 5.4% per annum, and matures in 2030. Remaining maturities are as follows:

Fiscal Year Ending June 30,	Interest	Principal	Total
2014	$ 119,507	$ 63,700	$ 183,207
2015	115,989	69,600	185,589
2016	112,217	70,500	182,717
2017	108,338	76,100	184,438
2018	104,085	86,800	190,885
2019-2023	441,529	547,500	989,028
2024-2028	265,091	797,100	1,062,191
2029-2030	42,914	517,500	560,414
	$ 1,309,670	$ 2,228,800	$ 3,538,470

Compensated Absences

For governmental funds, accumulated vacation and sick leave benefits payable in future years when used by the District employees amounted to $312,772 ($181,309 vacation and $131,463 sick leave) at June 30, 2013. Vacation benefits will be recorded as an expenditure in the governmental funds when the related current liability is incurred. The long-term portion of the vacation liability, along with all of the sick leave, will be recorded as an expenditure at the time of employees' termination, death, or retirement. Because all of the District employees were terminated in July 2013 when the District contracted with the San Bernardino County Fire Protection District for services, all of the vacation and sick leave was paid at the time, either directly to employees, or to County Fire on behalf of the employees.

Note 6: Classifications of Net Assets and Fund Balance

In the Government-wide financial statements, net position is classified as follows:

Invested in Capital Assets

This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and further reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Restricted Net Position

This component of net position consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position

This category represents the net position of the District that are not externally restricted for any project or other purpose.

In the fund financial statements, the District's governmental fund balances are classified as follows:

Fund Balances		
Restricted for:		
Debt service	$	63,700
Committed to:		
Facilities and equipment		352,686
Extra pay period		54,621
Total committed		407,307
Unassigned		(17,300)
Total Fund Balances	$	453,707

Note 7: Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters.

Workers' Compensation

The District is a member of the Public Agency Self Insurance System of San Bernardino County (PASIS). PASIS provides workers' compensation insurance services. 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. Losses above the self-insured retention are covered by reinsurance, purchased by PASIS. The District makes an annual contribution based on past and projected future claims. Projections of future ultimate losses are inherently uncertain because of the random nature of claims occurrences. Therefore, future loss rates are projected judgmentally based on the historical rates.

Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. These losses do not include an estimate of claims that have been incurred but not reported. At June 30, 2013, the amount of potential outstanding claims liability is estimated to be $310,000. The District is able to access its accumulated balance with PASIS. During the year ended June 30, 2013, the District charged a premium of $158,661 to governmental activities. Funds available as of June 30, 2013 in excess of the $75,000 minimum required deposit were $482,770.

Three Year Trend Information of Funding for PASIS

Year Ending June 30,	Cash Balance Beginning of Year	Premiums and Interest Earned	Claims and Payments	Cash Balance End of Year	Potential Outstanding Claims Liability at End of Year
2011	$ 696,874	$ 187,121	$ 237,595	$ 646,400	$ 185,629
2012	$ 646,400	$ 158,468	$ 297,960	$ 506,908	$ 299,393
2013	$ 506,908	$ 209,523	$ 158,661	$ 557,770	$ 310,000

Note 8: Operating Transfers

Interfund activities at June 30, 2013 are as follows:

	Interfund Receivable	Interfund Payable	Interfund Transfers In	Interfund Transfers Out
General Fund	$ -	$ -	$ 110,000	$ 240,000
Special Revenue Fund	-	-	130,000	-
	$ -	$ -	$ 240,000	$ 240,000

Operating transfers were made to distribute cash resources between fund types to cover budgeted expenditures.

Note 9: Retirement Plan

Plan Description

The District's defined benefit pension plans, The Safety and General Plans of the Crest Forest Fire Protection District (the "Plans") provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Plans are part of the General and Safety portion of the San Bernardino County Employees' Retirement Association (SBCERA), an agent multiple-employer plan administered by the San Bernardino County Employees' Retirement Association, which acts as a common investment and administrative agent for participating public employers within the County of San Bernardino. A menu of benefit provisions, as well as other requirements, is established in accordance with state and local statute. The District selects benefit provisions from the benefit menu by contract with SBCERA and adopts those benefits through local ordinance. SBCERA issues a separate comprehensive annual financial report (CAFR). Copies of the SBCERA annual financial report may be obtained from the SBCERA office at 348 West Hospitality Lane, Third Floor, San Bernardino, CA 92415.

Funding Policy

Active plan members in the Safety and General Plans are required to contribute 10% to 16% of their annual salaries. The contribution rates vary with employees' ages. The District is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. For the year ending June 30, 2013, the amounts required were 46.91% and 22.38%, respectively, of annual covered salaries. The actuarial methods and assumptions used are those adopted by the SBCERA Board of Retirement. The contribution requirements of the plan members are established by state statute, and the employer contribution rate is established and may be amended by SBCERA. In addition to contributing the actuarially required employer amounts, the District also pays 6% of the employees' required contributions.

Annual Pension Cost

For fiscal year 2012-2013, the District's annual pension cost was $1,022,692. The District paid $985,292 of this by June 30, 2013, and recognized a liability for the remaining $37,400 at year end. The required contribution for fiscal year 2012-2013 was determined as part of the June 30, 2010 actuarial valuation.

The actuarial assumptions included (a) 7.75 percent rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 4.75% to 14.00%; and (c) a cost of living adjustment contingent upon CPI but not to exceed 2.0%. Both (a) and (b) include an inflation component of 3.50%. The actuarial value of the Plans' assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments. Additionally, at its October 2002 meeting, the Board of Retirement elected to amortize the Association's unfunded actuarial accrued liability as of June 30, 2002 over a declining 20-year period.

Note 9: Retirement Plan (Continued)

Three-Year Trend Information for the SBCERA

Year Ending June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2011	$ 258,128,000	100%	-
2012	$ 278,091,000	100%	-
2013	$ 303,080,000	100%	-

Funded Status of SBCERA

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded/ (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Payroll
6/30/11	$ 8,189,645,890	$ 6,484,506,557	$ 1,705,139,333	79.18%	$ 1,244,554,740	137.01%
6/30/12	$ 8,606,576,657	$ 6,789,492,338	$ 1,817,084,319	78.89%	$ 1,260,309,037	144.18%
6/30/13	$ 9,088,635,907	$ 7,204,918,478	$ 1,833,717,429	79.27%	$ 1,262,751,964	149.18%

Note 10: Going Concern

At June 30, 2013, the District reported a negative net position of $171,568 and a decrease in net position of $169,959 on its government-wide financial statements, as well as a net excess of expenditures over revenues of $171,706 on its fund financial statements. These factors have created an uncertainty about the District's ability to continue as a going concern.

Management and the District's Board of Directors have contracted with San Bernardino County Fire Department (see Note 11) in an attempt to utilize resources in the most cost-effective manner.

Note 11: Subsequent Event

Commitment

Subsequent to fiscal year end, the District signed an agreement with San Bernardino County Fire Department ("County Fire") in which County Fire will provide fire prevention services, fire investigation, fire suppression, advanced life support services, ambulance transport, and rescue services. The agreement commenced July 13, 2013, and terminates June 30, 2023, unless terminated earlier by either party. In no case can the agreement be terminated before June 30, 2016.

Note 11: Subsequent Event (Continued)

Terms of the agreement require the District to pay County Fire the cost of providing the services enumerated above, along with an annual contract management fee. Contract costs will be negotiated annually. Future minimum payments are as follows:

Year ending June 30,		
2014	$	3,976,835
2015		4,061,465
2016		4,061,465
	$	12,099,765

CREST FOREST FIRE PROTECTION DISTRICT
Required Supplementary Information
Schedule of Funding Progress – Agent Retirement Plans (SBCERA)
June 30, 2013

Retirement Plan

The funded status of the plan as of the most recent valuation date, June 30, 2011, along with the actuarial assumptions and methods used in those valuations follow:

Funded Status of SBCERA

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded/ (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Payroll
6/30/11	$ 8,189,645,890	$ 6,484,506,557	$ 1,705,139,333	79.18%	$ 1,244,554,740	137.01%
6/30/12	$ 8,606,576,657	$ 6,789,492,338	$ 1,817,084,319	78.89%	$ 1,260,309,037	144.18%
6/30/13	$ 9,088,635,907	$ 7,204,918,478	$ 1,833,717,429	79.27%	$ 1,262,751,964	149.18%

Actuarial Assumptions

The actuarial assumptions included (a) 7.75 percent rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 4.75% to 14.00%; and (c) a cost of living adjustment contingent upon CPI but not to exceed 2.0%. Both (a) and (b) include an inflation component of 3.50%. The actuarial value of the Plans' assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments. Additionally, at its October 2002 meeting, the Board of Retirement elected to amortize the Association's unfunded actuarial accrued liability as of June 30, 2002 over a declining 20-year period.

STARBUCK WALSH, LLP
CERTIFIED PUBLIC ACCOUNTANTS

Jennifer L. Starbuck, CPA
Joseph P. Walsh, CPA

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors
Crest Forest Fire Protection District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Crest Forest Fire Protection District, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Crest Forest Fire Protection District's basic financial statements, and have issued our report thereon dated December 16, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Crest Forest Fire Protection District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Crest Forest Fire Protection District's internal control. Accordingly, we do not express an opinion on the effectiveness of Crest Forest Fire Protection District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Crest Forest Fire Protection District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our

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tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Starbuck Walsh, LLP

Starbuck Walsh, LLP
Apple Valley, CA
December 16, 2013

San Bernardino County Fire Protection District
Plan for Service and Fiscal Impact Analysis: Copy of letter of Support

Attachment 3

SAN BERNARDINO COUNTY FIRE DISTRICT

PO Box 130, 301 S. State Hwy 173 • Lake Arrowhead, CA 92352 • (909) 337-8586 • Fax (909) 336-3182

Mountain Division
Headquarters
sbcfire.org

Mark A. Hartwig
Fire Chief/Fire Warden

Kathleen Opliger
Division Chief

Fiscal Impact Analysis

Crest Forest Fire Protection District (CFFPD) formed an ad hoc committee after a board action item on the May 12, 2014 meeting. Members of the committee include, Vice-President Robert Goss, Director Jerry Ringhofer Jr., Division Chief Kathleen Opliger, Battalion Chief Ronald Walls, and Administrative Secretary Patti Forsythe. At the June 15, 2014 Board Meeting, Director Ringhofer Jr. reported the ad hoc committee met and strongly recommended the District to move forward with the annexation process.

HISTORY-GENERAL

December 14, 2010, CFFPD approved a board action item to solicit for *All-Risk Community Emergency Response Services* from an outside agency through the distribution of a Request for Proposal (RFP). A contract was awarded to the San Bernardino County Fire Protection District (SBCFPD), commencing July 13, 2013, and ending on June 30, 2023. The agreement included a three-year firm term, commencing upon execution of the contract, during which time neither party may exercise early termination of the agreement. The remainder of the ten-year term was subject to annual renewal with a one-year advance notice if either party intended to exercise the right to terminate the contract.

HISTORY-PARAMEDIC SERVICE

Paramedic Service Zone PM-A

On May 21, 1991, the CFFPD formed Paramedic Service Zone PM-A within its boundaries. The CFFPD Board of Directors, under the authority of Government Code Section 50075, imposed a special tax on parcels within Zone PM-A on February 18, 1992. Voters within Zone PM-A approved the special tax at the November 5, 1991 special election "PM-A Special Tax". This special tax commenced with the 1992-1993 fiscal year, and ***did not include an inflation factor or cost of living increase and does not include a sunset provision.***

Paramedic Service Zone PM-1

In September 1986, County Service Area 70 Improvement Zone PM-1 and the Lake Arrowhead Fire Protection District entered into an agreement whereby the Lake Arrowhead Fire Protection District would provide paramedic and administrative support services to Improvement Zone PM-1 within County Service Area 70. The provision of service was funded by a special tax PM-1 Special Tax under authority of Government Code Section 50077, which was approved by voters on November 3, 1981. The special tax was not to exceed $10 per parcel.

In February 1991, a special tax election was authorized within County Service Area 70 Improvement Zone PM-1 to increase the authorized special tax to $17 per parcel. The measure was approved by voters on June 4, 1991. As result of the reorganization of SBCFPD in July 2008, County Service Area 70 was restructured. The PM-1 special tax was transferred to CFFPD to fund paramedic service to the new area. This special tax commenced with the 1991-1992 fiscal year and ***did not include an inflation factor or cost of living increase and does not include a sunset provision.***

On January 31, 2012, the CFFPD Board authorized a special election (Measure J and K), held on May 8, 2012, for a special parcel tax for paramedic services. The special parcel tax would establish the District's appropriations limit to the qualified voters of the District. The election proposed a special parcel tax of $59 per parcel to begin July 1, 2012. Both measures failed to receive the two-thirds majority vote needed to pass.

RATES

Paramedic Service Zone PM-1

The PM-1 Special Tax is $17 per parcel. ***No inflation factor or cost of living increase was included for the PM-1 Special Tax; therefore $17 remains the current rate.***

Paramedic Service Zone PM-A

The following table shows the PM-A Special Tax rates established by Resolution 01-03, adopted on June 19, 2001. ***No inflation factor or cost of living was included for the PM-A Special Tax, therefore the table below reflects the current rates.***

Per	Amount	Units*
Individual Dwelling Unit (IDU)	$39.50	7318
Commercial Unit (CU)	$45.00	258
Undeveloped Parcel (UP)	$24.50	6210

*As of January 2014, Attachment 3 – NBS January 2014 report

Individual Dwelling Unit (IDU) is defined as "a single family residence, an individual apartment unit, condominium or mobile home".

Commercial Unit (CU) is defined as "an individual wholesale or retail business at a single location".

Undeveloped Parcel (UP) is defined as "an undeveloped parcel of real property".

Property taxes are levied and payable in two installments on December 10th and April 10th. The San Bernardino County Treasurer/Tax Collector bills and collects the property taxes and distributes them to the District in installments throughout the year.

Dissolution of CFFPD: A condition of approval shall be included designating SBCFPD Mountain Service Zone as the successor agency for all property tax revenues attributable to the dissolving entity, including delinquent taxes, and any and all other collections or assets of the District to be dissolved, shall accrue and be transferred to the successor District, SBCFPD Mountain Service Zone, pursuant to the provisions of government Code Section 56810. The successor District shall succeed to all rights, duties, responsibilities, properties (both real and personal), contracts, equipment, assets, liabilities, obligations, functions, executory provisions,

entitlements, permits, and approvals of the dissolving CFFPD, except as otherwise outlined in the Conditions of Approval by LAFCO.

LONG-TERM DEBT: FACILITIES

The District has an installment loan with City National Bank, paid through the contract with SBCFPD. The loan is secured by structures and improvements, bears interest at 5.4% per annum, and matures in 2030. SBCFPD, successor public agency, will assume all of the obligations of the District as part of the LAFCO process, including financings. A simple notification of the name and billing address of the successor entity and the lease will continue without interruption. *There is no requirement for a mandatory prepayment of the financing* in the event of an annexation (Reference Attachment 6 - SBCFPD to assume CFFPD facility lease agreement #10-010) nor any penalty if an accelerated prepayment schedule is chosen. CFFPD Facilities Corporation submitted a Certificate of Dissolution to the California Secretary of State on March 2013. All known debts and liabilities were paid and the CFFPD Facilities Corporation was dissolved on April 23, 2013.

Remaining maturities are as follows:

Fiscal Year Ending June 30th	Interest	Principal	Total
2015	$115,989	$69,600	$185,589
2016	$112,217	$70,500	$182,717
2017	$108,338	$76,100	$184,438
2018	$104,085	$86,800	$190,885
2019-2023	$441,529	$547,500	$989,028
2024-2028	$265,091	$797,100	$1,062,191
2029-2030	$42,914	$517,500	$560,414
Totals	$1,190,163	$2,165,100	$3,355,263

FACILITIES

Real Property owned by the District is valued at approximately 3.5 million dollars (Attachment 9 – CFFPD Basic Financial Statements for the year ended June 30, 2013). The District's Structures/Land Reserves Fund (MCI) is a budget operating transfer out to the District's General Fire Fund (MCG) and is not expected to fund any future capital improvements.

Station	Address	APN	Approx Sq. Ft. Structure	Approx Sq. Ft. Land
24	21945 Crest Forest Drive, Cedarpines Park, CA 92325	0342-212-11	600	123,710
25	23407 Crest Forest Drive, Crestline, CA 92325	0338-083-16	14,000	40,000
26	737 Grandview Road, Twin Peaks, CA 92391	0334-091-13	6,500	40,000
28	23003 Waters Drive, VOE, CA 92325	0343-186-06	850	4875
29	24538 Lake Drive, Crestline, CA 92325	0337-202-14	1,500	10890
30	26330 State Highway 18, Rimforest, CA92378	0336-021-18	1,000	Easement Deed with USFS

Station 30 is owned by the District and entered a Land Use Agreement with the USFS commencing on September 19, 1951. CFFPD Board of Directors granted an easement for land defined as: A portion of the SW ¼, NE ¼, Sec 30, TWN 2N, RNG 3W, S.B.B. & M. In consideration of such use, the Easement is issued Free of Charge. However, the successor agency, SBCFPD, will have the responsibility to enter into agreement with USFS at time of re-conveyance of real property (Station 30).

Fiscal Impact Analysis - Revised Page Received on 2/25/15

28	23003 Waters Drive, VOE, CA 92325	0343-186-06	850	4875
29	24538 Lake Drive, Crestline, CA 92325	0337-202-14	1,500	10890
30	26330 State Highway 18, Rimforest, CA92378	0336-021-18	1,000	Easement Deed with USFS

Station 30 is owned by the District and entered a Land Use Agreement with the USFS commencing on September 19, 1951. CFFPD Board of Directors granted an easement for land defined as: A portion of the SW ¼, NE ¼, Sec 30, TWN 2N, RNG 3W, S.B.B. & M. In consideration of such use, the Easement is issued Free of Charge. However, the successor agency, SBCFPD, will have the responsibility to enter into agreement with USFS at time of reconveyance of real property (Station 30).

FLEET

The District owns and operates a total fleet of emergency response vehicles valued at approximately 2.3 million dollars (Attachment 9 – CFFPD Basic Financial Statements for the year ended June 30, 2013) with no replacement program in place. The replacement dates and cost below are based on SBCFPD fleet replacement program schedule. District will transfer all vehicles and equipment to successor agency SBCFPD. The District's Vehicle/Equipment Reserves Fund (MCL) is a budget operating transfer out to the District's General Fire Fund (MCG) and is not expected to fund any future fleet replacement.

**	CO#	Radio ID	Type	Fuel	Vin# Ending	Year	Make/Model	Repl. Date	Repl. Cost
P/T	99806	3299	Support	Diesel	39416	1987	Chev/Stp Van	2012	$35,000
P/T	99807	MA25A	AMB	Diesel	11211	2003	Ford/Van 4x4	2013	$155,000
P/T	99809	UT26	Utility	Gas	30163	2000	Chev/3500 4x4	2010	$50,000
P/T	99811	BP25	Brush Patrol	Gas	43061	2005	Chev/3/4 ton 4x4	2015	$180,000
P/T	99812	OES309	Engine	Diesel	19607	2002	HME Westates	OES	OES
P/T	99813	BP26	Brush Patrol	Gas	10509	2005	Chev/3/4 ton 4x4	2015	$180,000

Fiscal Impact Analysis - Revised Page Received on 2/25/15

Revised 2/20/15

P/T	99814	MA26	AMB	Diesel	74711	1997	Ford/Van 4x4	2007	$155,000
P/T	99816	Crest 1	Engine	Gas	84	1929	Studebaker	N/A	N/A
P/T	99817	TRL26	Trailer	N/A	29312	1975	Spens Tilt Bed	1994	$15,000
P/T	99818	E30	Engine	Diesel	03612	1991	Spartan 4x4	2006	$400,000
P/T	99820	E28	Engine	Diesel	03613	1991	Spartan 4x4	2006	$400,000
P/T	99821	WT30	Water Tender	Diesel	01252	1980	Mack	1995	$210,000
P/T	99822	E29	Engine	Diesel	03614	1991	Spartan 4x4	2006	$400,000
P/T	99824	LDR26	Loader	Diesel	0310T	1974	John Deere/Skip Loader	1994	$175,000
P/T	99825	MA26R	AMB	Diesel	12054	1998	Ford/Van	2008	$155,000
P/T	99826	BBQ25	Trailer	N/A	55751	1995	Homemade BBQ Trailer	N/A	N/A
F/T	99890	MA25	AMB	Diesel	17768	2007	Chev/4500 Box 4x4	2017	$155,000
F/T	99891	3230	Support	Gas	92537	2001	Ford F350 4x4	2008	$38,000
P/T	99892	SC26	Snow Cat	Gas	05586	1974	Bombardier	1994	$195,000
F/T	99893	3200	Staff	Gas	27717	2003	Ford Expedition 4x4	2010	$35,000
F/T	99894	BE25	Brush Engine	Diesel	59203	2003	International 5800 4x4	2018	$380,000
F/T	99895	ME25	Engine	Diesel	40147	2003	Ferrara 4x4	2017	$520,000
F/T	99896	ME26	Engine	Diesel	40146	2003	Ferrara 4x4	2017	$520,000

** F/T = full-time and P/T = part-time

San Bernardino County Employees' Retirement Association (SBCERA) OBLIGATION

Contact terms between CFFPD and SBCFPD repayment of the District's *County safety cost pool* and obligation to SBCERA as described on page three, TERMS AND CONDITIONS, section 11 (a)(1) and page seven, CURRENT CONTRIBUTION RATES – SUPPLEMENTAL PAYMENT. As described in contract terms, the District shall make a supplemental payment to SBCFPD by December 1st of each year, beginning in 2013 and continuing for a total of twenty (20) years in the amount of $410,437 including a four percent (4%) annual compounded increase to offset the cost of the *County safety cost pool*. SBCFPD will then make an equal payment to SBCERA by December 31st of each year. LAFCO will create a new service zone to isolate and retain the SBCERA pension obligation specific to the currently existing CFFPD boundaries. The

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RISK MANAGEMENT

Public Agencies Self-Insured Systems of San Bernardino (PASIS) began self-insuring its exposure to workers compensation claims on July 1, 1978. The program 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. Losses above the self-insured retention are covered by reinsurance, which is purchased by PASIS. The members of PASIS, A Joint Powers Authority (JPA), are Apple Valley Fire Protection District, City of Beaumont, Rancho Cucamonga Fire Protection District, and Crest Forest Fire Protection District. The District is required to give a one-year notice to PASIS of withdrawal from the JPA.

On June 15, 2014, CFFPD Board of Directors approved a board action item to issue a one year withdrawal notice to PASIS effective July 1, 2015.

Under the terms of the District's contract with SBCFPD, the district agreed to assume all liability for, and to defend, indemnify and hold harmless SBCFPD, its officers, agents, employees or volunteers from claims, actions, losses, or damages by any such CFFPD employee that arise from occupational injuries during the course of their employment during the term of the contact agreement that arose out of, or were aggravated by, medical conditions existing prior to the term of the contract agreement as identified during pre-employment physicals and in existing CFFPD employee files. The District continues to manage five (5) open claims (tails). Because CFFPD

transferred all employees to SBCFPD at contract commencement, PASIS premiums are shared with the other PASIS member at a 7.39% operating premium total. The successor agency, SBCFPD Risk Management, will assume all the District's claim liabilities as well as fund balances after all PASIS administrative obligations are satisfied.

Statement of Assets and Ending Balances

As of March 31, 2014

	Actuarial Reserve	Operating	Total
CFFPD	$421,721.00	$59,606.99	$481,327.99

Statement of Income, Disbursements and Cash Balances

As of March 31, 2014

	Beginning Balances 6/30/2013	Premium Paid	Interest Allocation	Total Disbursements	Ending Balances 3/31/2014
CFFPD	$557,772.76	$0.00	$928.51	$77,373.28	$481,327.99

Recap of Disbursements

As of March 31, 2014

	Medical	Indemnity	Claimant Expense	Fitness	Admin & Insurance	Dividend Credit	Total
CFFPD	$13,503.71	$41,124.37	$5,398.88	$0.00	$17,346.32	$0.00	$77,373.28

Annual Premiums (percentage determined by actuarial calculation)

As of March 31, 2014

	2013-2014 IBNR Premium	2013-2014 Operating Premium	Operating Premium Total
CFFPD	$0.00	$0.00	7.39%

Potential Outstanding Claims Liability – Estimate Future Costs

As of March 31, 2014

	Number of Claims	Total
CFFPD	5	$402,417.80

Estimated Present Value of Outstanding Liabilities and Equity

As of June 30, 2013*
*Note date change

	(1) FY 2013-2014 PASIS Premium	(2) Limited Case Reserves As of 6/30/2013	(3) Total Indicated Liabilities As of 6/30/2013	(4) Ending Balance As of 6/30/2013	(5) Premium due 7/1/2012 - 2013	(6) Redundancy (Deficiency) (4)+(5)-(3)
CFFPD	$207,815	$297,853	$648,199	$557,773	$0.00	($90,426)**

** This was reported to CFFPD Board Meeting on April 15, 2014

Projected Equity

As of June 30, 2014

	(7) FY 2013-2014 PASIS Premium	(8) Limited Case Reserves As of 6/30/2013	(9) Total Projected Incurred 7/1/2013 – 2014	(10) Est. Ending Balance As of 6/30/2014 (4)+(5)+(7)-(9)	(11) Redundancy (Deficiency) (6)+(7)-(9)
CFFPD	$0.00	$297,853	$0.00	$557,773	$(90,426)

FIRE AGENCIES FIRE RISK AUTHORITY (FAIRA)

Fire Agencies Fire Risk Authority (FAIRA) is the District's liability insurance. Founded in 1988, FAIRA is a public agency joint powers authority (JPA) providing insurance risk management services tailored to meet specific needs of fire and emergency service agencies. The District is required to give a one-year notice to FAIRA of withdrawal from the JPA. On June 15, 2014, CFFPD Board of Directors approved a board action item to issue a one year withdrawal notice to FAIRA effective July 1, 2015.

CONTRACTS

Inland Counties Emergency Medical Agency (ICEMA) – MISS (electronic data collection) Memorandum of Understanding Agreement. This agreement does not impact discretionary general funding (net county cost). The Contract is non-financial in nature, and will result in no financial impact. The Contract does not involve any federal program or the use of any federal funds.

ICEMA-Memoranda of Understanding with Public Providers for Ambulance Services. The CFFPD is authorized by LAFCO to provide ambulance services within its boundaries (Reference Attachment 7 - Crest Forest-Lake Arrowhead Companion Report, November 30, 2010) as an extension of authority under Health and Safety Code 1797.201. ICEMA authorizes the CFFPD to provide Advanced Life Support (ALS) ambulance service within EOA 10 and Basic Life Support (BLS) ambulance services within EOA 11, supporting the other EOA awardee - American Medical Response. The CFFPD boundary extends into EOA 18, and does not have authority by ICEMA to provide ambulance services to the SBCFPD. SBCFPD is authorized to provide ambulance services for EOA 18 and currently provides an ALS ambulance from the CFFPD Fire Station 26 to respond to EOA 18. Under an annexation proposal, the CFFPD proposes the successor agency SBCFPD Mountain Service Zone, to assume all rights and responsibilities. Preliminary inquiries from CFFPD to LAFCO support this position.

The District adopted Resolution 14-04, a Resolution imposing and levying Special Taxes on Property with Paramedic Service Zones PM-A and PM-1 to finance paramedic rescue services with said zones for 2014-2015. The CFFPD will fall under the influence of SBCFPD Mountain Service Zone. LAFCO indicated it would create a new PM special tax to reorganize CFFPD existing PM-1 and PM-A special tax.

The District adopted Resolution 14-05, a Resolution amending and restating maximum ambulance rates for ambulance service in conformance with ICEMA 2014-2015 Ambulance Rate Adjustment Effective July 1, 2014 – June 30, 2015.

OES-Cal EMA Agreement. Under an annexation proposal, the CFFPD proposes the successor agency, SBCFPD Mountain Service Zone, with all rights and responsibilities to enter into agreement with CAL EMA to transfer responsibility and manage OES309.

GRANTS

Staffing for Adequate Fire and Emergency Response (SAFER) - The SAFER Grant that was awarded to CFFPD ended July 2013 after 2 (two) years. All documentation has been reported and all reports have been submitted and approved by FEMA except the final closing report. FEMA reported having trouble with their closing documents for this grant and the District received an email last September (2013) indicating FEMA will advise when the District can close out the grant on their website. Successor agency, SBCFPD will assume the reporting of closing documents in the event annexation occurs before the final closing report.

Homeland Security

Radios & Pagers

The successor District shall succeed to all rights, duties, responsibilities, properties (both real and personal), contracts, equipment, assets, liabilities, obligations, functions, executory provisions, entitlements, permits, and approvals of the dissolving CFFPD, except as otherwise outlined in the Conditions of Approval by LAFCO.

Duo-dotes

The current issue of Duo-dotes has exceeded the posted expiration dates. However, documentation from the distributor indicates that the Duo-dotes should be retained, as the efficacy of the medication is known to exceed the expiration date.

Brush Patrol (AFG)

The successor District shall succeed to all rights, duties, responsibilities, properties (both real and personal), contracts, equipment, assets, liabilities, obligations, functions, executory provisions, entitlements, permits, and approvals of the dissolving CFFPD, except as otherwise outlined in the Conditions of Approval by LAFCO.

BUDGETS ACTUALS

General Fund is 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.

General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance

	2010	2011	2012 *	2013 **
Revenues				
Property taxes & assessments	$3,761,954	$3,625,380	$3,452,799	$3,431,759
Grants	0	0	0	0
Ambulance fees	0	0	0	0
Charges for services		12,522	11,891	12,925
Interest	17,184	14,547	5,810	5,449
Other	100,085	145,609	297,550	368,063
Total Revenues	**3,879,223**	**3,798,058**	**3,768,050**	**3,818,196**
Expenditures				
Salaries and benefits	3,482,993	3,196,422	3,397,139	3,327,061
Services and supplies	388,563	331,207	374,062	393,332
Debt service	105,272	7,305	189,067	184,565
Capital outlay	10,442	13,663	24,542	5,667
Total Expenditures	**3,987,270**	**3,548,597**	**3,984,810**	**3,910,625**
Excess Revenues over/under expenditures	**-108,047**	**249,461**	**-216,760***	**-92,429****
Other Sources (Uses)				
Operating transfers in	181,414	121,958	58,701	110,000
Operating transfers out	-357,064	-204,269	-173,367	-240,000
Total Other Sources (Uses)	**-175,650**	**-82,311**	**-114,666**	**-130,000**
Excess revenues and other sources over/under expenditures	-283,697	167,150	-331,426	-222,429
Fund Balance, July 1st Start FY	1,108,753	735,506	902,202	570,776
Fund Balance, June 30th End FY	**$735,056**	**$902,202**	**$570,776**	**$348,347**

Special Revenue Fund is used to account 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.

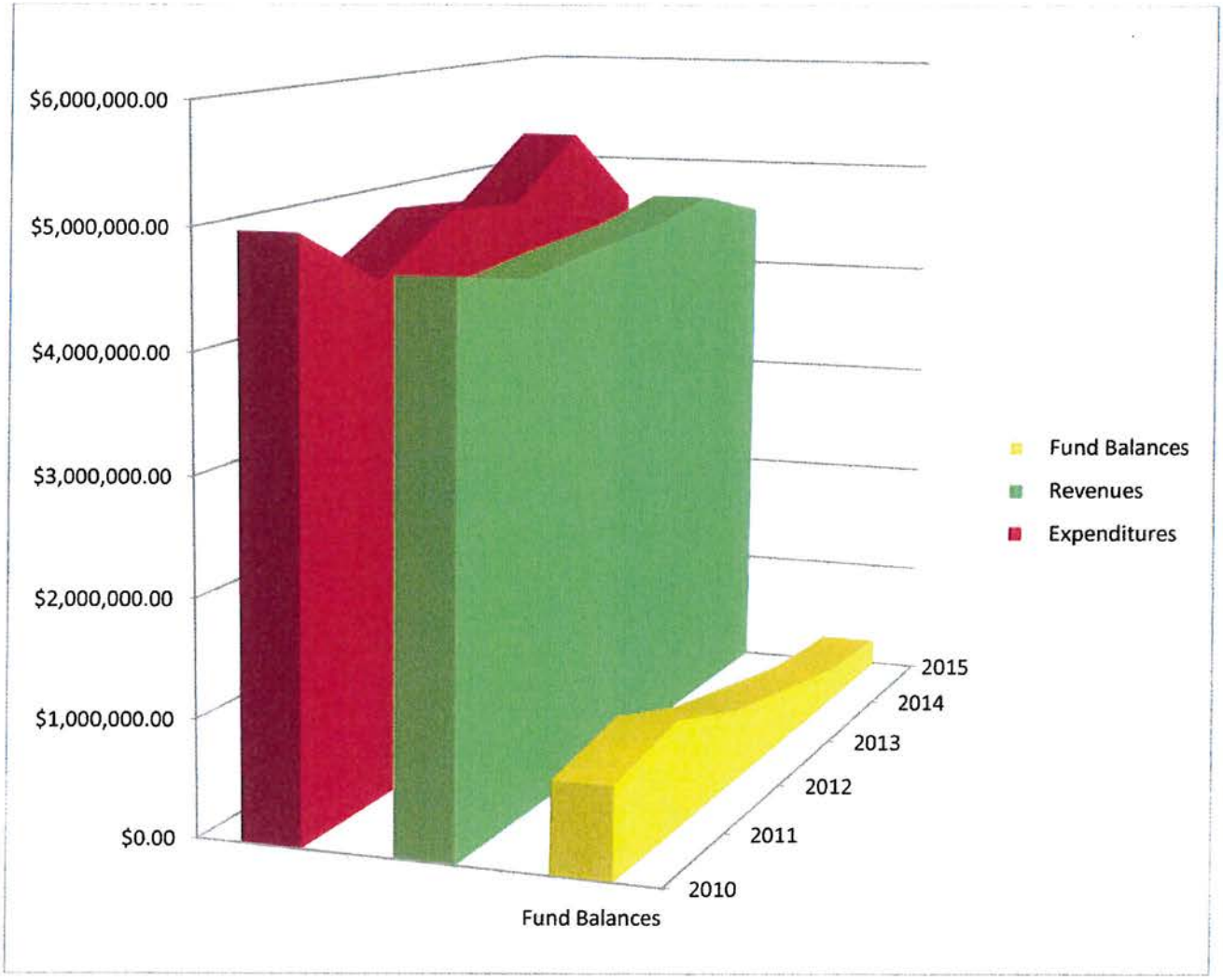
Special Revenue Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance

	2010	2011	2012 *	2013 **
Revenues				
Property taxes & assessments	$500,018	$488,255	$478,274	$497,856
Ambulance fees	289,804	299,923	341,456	322,441
Interest	554	1,898	920	1,183
Other	10,393	550	790	625
Total Revenues	**809,769**	**790,626**	**821,440**	**822,105**
Expenditures				
Salaries and benefits	799,135	776,681	777,117	787,027
Services and supplies	120,928	119,495	123,781	113,196
Debt service	79,416	1,992	1,049	1,159
Capital outlay	0	566	830	0
Total Expenditures	**999,479**	**898,734**	**902,777**	**901,382**
Excess Revenues over/under expenditures	**-189,710**	**-108,108**	**-81,337***	**-79,277****
Other Sources (Uses)				
Operating transfers in	190,808	85,525	120,004	130,000
Operating transfers out	-15,158	-3,214	-5,338	0
Total Other Sources (Uses)	**175,650**	**82,311**	**114,666**	**130,000**
Excess revenues and other sources over/under expenditures	-14,060	-25,797	33,329	50,723
Fund Balance, July 1st Start FY	61,163	47,103	21,309	54,637
Fund Balance, June 30th End FY	**$47,103**	**$21,309**	**$54,638**	**$105,360**

* June 30, 2012, the District reported negative assets of $1,609 and a decrease in net assets of $374,259 on its government-wide financial statements. A net excess of expenditures over revenues of $298,098 is a reportable financial note. This factor created a significant unreliability in the CFFPD's ability to provide an acceptable level of *all risk emergency response services.* The CFFPD exhausted all potential ways to remedy the shortfalls – including Measures J and K – without success. The decision to contract services with SBCFPD was reached after a careful evaluation of all other options and found to be the only verifiable way to ensure continuation of service levels.

** June 30, 2013, the District reported a negative net position of $171,568 and a decrease in a net position of $169,959 on its government-wide financial statements. A net excess of expenditures over revenues of $171,706 is a reportable financial note. This factor creates growing concern and uncertainty about the District's ability to continue. The District's Board of Directors contracted services with SBCFPD in an attempt to utilize resources in the most cost-effective manner.

General and Special Funds



BUDGETS ADOPTED

Contract Annual Budgets	Contracting 2013 - 2014	Contracting 2014 - 2015
Salaries and Benefits		
Suppression		
Captain x 6	1,050,443	1,099,404
Engineer/PM x 6	938,207	973,788
LT Firefighters x 3	111,036	128,130
LT Firefighters/PM x 3	123,725	142,788
Suppression Total	**2,223,411**	**2,344,110**
Non-Suppression		
Administrative Secretary x 1	53,001	63,872
Non-Suppression Total	**53,001**	**63,872**
Term Benefits		
PCF	**25,000**	**11,812**
Workers' Compensation*		
Suppression	82,712	*
Non-suppression	148	*
Workers' Compensation Total	**82,860**	
Chief Officers (21.35%)		
SBCFPD Division Chief x 1	50,609	59,501
Battalion Chief x 3	163,846	196,237
Chief Officers Total	**214,455**	**255,738**
CFFPD Chief Officer Differential**	**23,000**	**23,000**
Total Salaries and Benefits ***	**2,621,727**	**2,698,532**
Operating Expenses		
Services and Supplies	272,475	345,238
Station Expenses		
C025	145,183	256,836
C026	99,603	149,603
Debt Services	7,500	7,500
Lease Purchase Structure	183,207	185,590
Total Operating Expenses	**707,968**	**944,767**
Contract Management Fee	**218,283**	**228,886**
SBCERA	**410,437**	**426,855**
Total Annual Requirements	**3,958,415**	**4,299,040**

* Workers' Compensation is calculated in the employee cost for FY 2014-2015.

** Chief Officer Differential ends FY 2014-2015.

*** Salary and Benefits for FY 2013-2014 was based on 25 pay periods instead of 26 pay periods.

The terms of the contract between CFFPD and SBCFPD shall automatically renew in one (1) year periods. Assumptions include an annual increase to contract terms with projected revenues remaining flat.

PLAN FOR SERVICE

As result of the reorganization of SBCFPD in July 2008, County Service Area 70 was restructured, and the PM-1 special tax was transferred to CFFPD to fund paramedic service to the new area. Within the current boundaries of the CFFPD, isolating the PM-1 special tax and returning it to SBCFPD Mountain Service Zone is a condition upon the effective date of this reorganization through the dissolution of CFFPD. Through the formation of the legal existence of County Service Area 70 Improvement Zone PM-1, a new Service Zone PM-4 shall include the territory of the predecessor agency. The successor agency shall assume all rights, duties, responsibilities, properties (both real and personal), contracts, equipment assets, liabilities, obligations, functions, executor provisions, entitlements, permits, and approvals related to the new territory to be formed into the SBCFPD Mountain Service Zone.

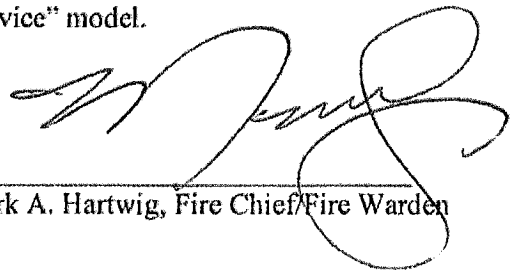
Upon the effective date of this reorganization, the Auditor/Controller-Recorder is directed to re-assign the ad valorem property tax revenues appropriated within CFFPD boundaries to the SBCFPD Mountain Service Zone, based upon the location of the tax rate areas in which said revenues were generated. Any and all reserve funds that exist upon the effective date of this proposed reorganization shall be transferred to the SBCFPD Mountain Service Zone.

LAFCO will create a new service zone (FP7) to isolate and retain the SBCERA pension obligation specific to the currently existing CFFPD boundaries beginning in 2015-2016 fiscal-years. Service Zone FP7 amortization schedule is reported under the heading: San Bernardino County Employees' Retirement Association (SBCERA) Obligation, reference page 9.

We continue to project revenues flat, using a modest one percent increase as our conservative budgeting tool. The plan for service spans a five-year period, over which service levels are increased to better serve the needs of this complex and growing community. The elimination of

management fees and other redundant services will allow for the reallocation of revenues to improve fire station staffing to enhance the delivery of fire, rescue, and EMS services to the community.

Service level increases include the conversion of the ambulance positions at fire station 25 from Limited Term Firefighters to single function Ambulance Operator positions. This change alone will improve EMS delivery in our community. In addition, one Firefighter Paramedic position (3 personnel) will be added to current fire station 25 staffing that will provide for improved firefighter safety in Immediately Dangerous to Life and Health (IDLH) operations. This improvement of service is consistent with SBCFPD regional service zone concept of operations. The regional service zone approach will allow CFFPD to fully benefit from the additional services and resources the county has to offer, not currently being realized under a "Contract for Service" model.



Mark A. Hartwig, Fire Chief/Fire Warden

Attachment 18

Provided to LAFCO during 1/15/15 ORC Meeting (LAFCO 3185/3186)

SEGAL

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John W. Monroe, ASA, MAAA, EA
Vice President & Associate Actuary
jmonroe@segalco.com

May 2, 2013

Mr. Norm Ruggles
San Bernardino County Employees' Retirement Association
348 West Hospitality Lane, 3rd Floor
San Bernardino, CA 92415-0014

Re: San Bernardino County Employees' Retirement Association
Crest Forest Fire District – Annual Payment for Possible Transfer Based on June 30, 2012 Actuarial Valuation

Dear Norm:

We understand that the Crest Forest Fire District (the District) is considering transferring their members to employment with the County. Currently, the District's Safety members are included in the Other Safety cost group in SBCERA's annual actuarial valuation. The District's two General members would also be transferring.

If the District's active Safety and General members were all transferred to County employment then the assets and liabilities associated with the District's members (both active and nonactive/retired) would be transferred to the County Safety and County General cost groups. Based on the June 30, 2012 actuarial valuation, we have determined that this would not change the current County General employer contribution rate but would result in an increase in the County Safety employer contribution rate by an estimated 0.21% of payroll (or $0.4 million annually based on 2012/13 combined payroll of County Safety and the District's Safety members of $195.4 million) due to the lower funded status of the District as compared to the County.

As a result, we have been asked to determine the amount that the District would need to pay the County in order to avoid the increase in the County Safety employer contribution rate described above. This amount is $410,437 annually and would increase by 4% per year. The payment has been calculated using a 20-year amortization period as a level percent of payroll assuming payroll increases by 4% per year and payment at the middle of the fiscal year. The entire schedule of the payment amounts is shown in Exhibit I.

Note that the County would then be responsible for any future employer contributions to SBCERA associated with these members. In addition, the County would be taking on the risk associated with any potential future changes in SBCERA's UAAL for these members (both active and nonactive/retired).

Unless otherwise noted, all of the above calculations are based on the June 30, 2012 actuarial valuation results including the participant data and actuarial assumptions on which that valuation was based. That valuation and these calculations were completed under the supervision of John Monroe, ASA, MAAA, Enrolled Actuary.

I am a member of the American Academy of Actuaries and I meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Please let us know if you have any questions.

Respectfully submitted,

John Monroe

AW/hy

Enclosure

Exhibit I

San Bernardino County Employees' Retirement Association
Crest Forest Fire District
Annual Payment Schedule for Possible Transfer

Payment Date		Payment
12/31/2013	$	410,437
12/31/2014		426,854
12/31/2015		443,928
12/31/2016		461,685
12/31/2017		480,152
12/31/2018		499,358
12/31/2019		519,332
12/31/2020		540,105
12/31/2021		561,709
12/31/2022		584,177
12/31/2023		607,544
12/31/2024		631,846
12/31/2025		657,120
12/31/2026		683,405
12/31/2027		710,741
12/31/2028		739,171
12/31/2029		768,738
12/31/2030		799,488
12/31/2031		831,468
12/31/2032		864,727

Crest Forest Five-Year Financial Analysis	2014 SBCFPD Position Staffing & 2015 Proposed Staffing	2014 SBCFPD Current contract Costs for Personnel	2015 Average Cost Per Position	2015 SBCFPD Proposed Staffing	2016 Average Cost Per Position	2016 SBCFPD Proposed Staffing	2017 Average Cost Per Position	2017 SBCFPD Proposed Staffing	2018 Average Cost Per Position	2018 SBCFPD Proposed Staffing	2019 Average Cost Per Position	2019 SBCFPD Proposed Staffing	2020 Average Cost Per Position	2020 SBCFPD Proposed Staffing
Staffing														
Station 25 - ME/MT & MA														
Captain	3	$ 549,702.00	$ 187,814.85	$ 563,444.55	$ 192,510.22	$ 577,530.66	$ 197,322.98	$ 591,968.93	$ 202,256.05	$ 606,768.15	$ 207,312.45	$ 621,937.36	$ 212,495.26	$ 637,485.79
Engineer	3	$ 486,894.00	$ 166,355.45	$ 499,066.35	$ 170,514.34	$ 511,543.01	$ 174,777.19	$ 524,331.58	$ 179,146.62	$ 537,439.87	$ 183,625.29	$ 550,875.87	$ 188,215.92	$ 564,647.77
Limited Term/EMT (LT)	3	$ 128,130.00	$ 42,710.00	$ 128,130.00	$ 42,710.00	$ 128,130.00	$ 42,710.00	$ 128,130.00	$ 42,710.00	$ 128,130.00	$ 42,710.00	$ 128,130.00	$ 42,710.00	$ 128,130.00
Limited Term/Paramedic's (LT)	3	$ 142,788.00	$ 47,596.00	$ 142,788.00	$ 47,596.00	$ 142,788.00	$ 47,596.00	$ 142,788.00	$ 47,596.00	$ 142,788.00	$ 47,596.00	$ 142,788.00	$ 47,596.00	$ 142,788.00
Chief Officer Differential (2 yr benefit for Crest Forest Fire Chief downgraded to Capt)		$ 23,000.00												
Administrative Secretary	1	$ 63,872.00	$ 65,468.80	$ 65,468.80	$ 67,105.52	$ 67,105.52	$ 68,783.16	$ 68,783.16	$ 70,502.74	$ 70,502.74	$ 72,265.31	$ 72,265.31	$ 74,071.94	$ 74,071.94
PCFs	varies	$ 11,812.00	$ 5,000.00	$ 5,000.00	$ 5,125.00	$ 5,125.00	$ 5,253.13	$ 5,253.13	$ 5,384.45	$ 5,384.45	$ 5,519.06	$ 5,519.06	$ 5,657.04	$ 5,657.04
Station 26 - ME26 & MA26														
Captain	3	$ 549,702.00	$ 187,814.85	$ 563,444.55	$ 192,510.22	$ 577,530.66	$ 197,322.98	$ 591,968.93	$ 202,256.05	$ 606,768.15	$ 207,312.45	$ 621,937.36	$ 212,495.26	$ 637,485.79
Engineer	3	$ 486,894.00	$ 166,355.45	$ 499,066.35	$ 170,514.34	$ 511,543.01	$ 174,777.19	$ 524,331.58	$ 179,146.62	$ 537,439.87	$ 183,625.29	$ 550,875.87	$ 188,215.92	$ 564,647.77
FF/PM	FMZ*													
Limited Term/EMT's (LT)	FMZ*													
Total Count of Employees	19													
Total Salary and Benefits		**$ 2,442,794.00**		**$ 2,466,408.60**		**$ 2,521,295.87**		**$ 2,577,555.32**		**$ 2,635,221.24**		**$ 2,694,328.83**		**$ 2,754,914.10**
Services and Supplies														
Services and Supplies - (2000-2099)		$ 748,697.00		$ 614,915.00		$ 627,213.30		$ 639,757.57		$ 652,552.72		$ 665,603.77		$ 678,915.85
Data Processing and Travel (appr 241 and 294)		$ 2,980.00		$ 3,039.60		$ 3,100.39		$ 3,162.40		$ 3,225.65		$ 3,290.16		$ 3,355.96
SBCERA Obligation - (3015)		$ 426,855.00		$ 443,928.66		$ 461,685.81		$ 480,153.24		$ 499,359.37		$ 519,333.74		$ 540,107.09
Debt Service Interest (3330)		$ 7,500.00		$ 7,500.00		$ 7,500.00		$ 7,500.00		$ 7,500.00		$ 7,500.00		$ 7,500.00
Lease Payment - COPs (4000-4095)		$ 185,590.00		$ 182,717.40		$ 184,437.50		$ 190,885.00		$ 191,624.90		$ 192,165.10		$ 197,338.10
Transfers - (5000-5030)		$ 255,738.00		$ 333,190.00		$ 341,519.75		$ 350,057.74		$ 358,809.19		$ 367,779.42		$ 376,973.90
Admin Overhead Costs from Crest Forest to County Fire		$ 228,886.00												
Total Appropriations		**$ 4,299,040.00**		**$ 4,051,699.26**		**$ 4,146,752.62**		**$ 4,249,071.27**		**$ 4,348,293.07**		**$ 4,450,001.02**		**$ 4,559,105.00**
Revenues														
Taxes				**1%**		**1.50%**		**1.50%**		**2.025%**		**2.025%**		**2.50%**
Prop Taxes - Curr Sec Debt Svc - (8015)		$ 3,025,000.00		$ 3,055,250.00		$ 3,101,078.75		$ 3,147,594.93		$ 3,211,333.73		$ 3,276,363.24		$ 3,358,272.32
Prop Taxes Cur Unsec 1% Gen Tax - (8025)		$ 134,000.00		$ 135,340.00		$ 137,370.10		$ 139,430.65		$ 142,254.12		$ 145,134.77		$ 148,763.14
Prop Tax Cur Unitary 1% Levy - (8035)		$ 120,000.00		$ 121,200.00		$ 123,018.00		$ 124,863.27		$ 127,391.75		$ 129,971.43		$ 133,220.72
Prop Tax Pri Sec 1% Gen Tax Lvy - (8115)		$ 50,000.00		$ 50,500.00		$ 51,257.50		$ 52,026.36		$ 53,079.90		$ 54,154.76		$ 55,508.63
Prop Tax Pri Unsec 1% Gen Tax - (8125)		$ 5,000.00		$ 5,050.00		$ 5,125.75		$ 5,202.64		$ 5,307.99		$ 5,415.48		$ 5,550.86
Int & Pen Delinquent Taxes - (8145)		$ 56,000.00		$ 56,560.00		$ 57,408.40		$ 58,269.53		$ 59,449.48		$ 60,653.34		$ 62,169.67
Special Assmt Pr. - (8155)		$ 35,000.00		$ 35,350.00		$ 35,880.25		$ 36,418.45		$ 37,155.93		$ 37,908.33		$ 38,856.04
Special Assmt - (8160)		$ 446,000.00		$ 400,000.00		$ 406,000.00		$ 412,090.00		$ 420,434.82		$ 428,948.63		$ 439,672.34
Supp Roll Current - (8230)		$ 15,000.00		$ 15,150.00		$ 15,377.25		$ 15,607.91		$ 15,923.97		$ 16,246.43		$ 16,652.59
Supp Roll Prior - (8235)		$ 12,000.00		$ 12,120.00		$ 12,301.80		$ 12,486.33		$ 12,739.18		$ 12,997.14		$ 13,322.07
Other Revenue														
Interest Earned - (8500)		$ 3,000.00		$ 2,000.00		$ 2,030.00		$ 2,060.45		$ 2,102.17		$ 2,144.74		$ 2,198.36
Gen Tax Levy Homeowner Exm - (8800)		$ 42,000.00		$ 42,420.00		$ 43,056.30		$ 43,702.14		$ 44,587.11		$ 45,490.00		$ 46,627.25
Ambulance Service Fees - (9470)		$ 250,000.00		$ 252,500.00		$ 256,287.50		$ 260,131.81		$ 265,399.48		$ 270,773.82		$ 277,543.17
Other Revenue - (9970) Verizon Cell Tower Lease		$ 26,160.00		$ 23,400.00		$ 23,400.00		$ 23,400.00		$ 23,400.00		$ 23,400.00		$ 23,400.00
Operating Transfers IN from Crest Forest Fire Reserve Funds - 9975 (one time only)		$ 108,925.00												
Total Revenues		**$ 4,328,085.00**		**$ 4,206,840.00**		**$ 4,269,591.60**		**$ 4,333,284.47**		**$ 4,420,559.63**		**$ 4,509,602.12**		**$ 4,621,757.17**
Total Revenues less Appropriations		**$ 29,045.00**		**$ 155,140.74**		**$ 122,838.98**		**$ 84,213.21**		**$ 72,266.57**		**$ 59,601.10**		**$ 62,652.17**

*FMZ shared resource, stationed at FS26

Note: S&B 14-16 MOU

Note: Step increase is based on 2.5% increase per year and Svc/Supplies are based on 2% increase per year

Note: 1%, 1.5%, 2.025%, and 2.5% projected revenue increase

Note: "Other Revenue" (9970) is income from the Verizon Cell Tower located at FS25

Note: Transfers (5000-5030) represents share of DC, BCs and office staff (these cost shares will remain the same when annexed); as well as share of training expenses, SCBA program and safety gear pool program

Note: Captains and Engineers salaries represent current average of wages earned from actual employees stationed at Crest Forest fire stations at time of budgeting for FY 14/15

Note: PCF added (FY 14/15 budget of $11,812 with estimated $5k spent)

Note: Chief Officer Differential of $23k is a 2 year agreement within the contract to pay the outgoing Fire Chief for Crest Forest going to County Fire Capt a lost wage differential

Note: Admin Overhead costs go away with annexation

Note: Operating Transfers In (9975) represents all Crest Forest Reserve funds being depleted and transferred in to MCG to help pay for the contract and other extraneous costs that the district incurred

Note: Variance from 2014 Contract svcs/supplies to 2015 is that training costs of $56,330 will not be a cost anymore under annexation and other costs totaling $77,452 are moved to the 5000 series for 2015

Note: Special Assmt - (8160) represents PM-A and PM-1 in 2014 contract and only PM-A in 2015 and subsequent years under annexation due to PM-1 funds having to be returned to Mountain Regional Service Zone per LAFCO

Budget page 16 (Revised 2/20/2015)	Contracting
	2014-2015
Contract Annual Budgets	
Salaries and Benefits	
Suppression	
Captain x 6	$ 1,099,404.00
Engineer/PM x 6	$ 973,788.00
Limited Term/EMT (LT) x 3	$ 128,130.00
Limited Term/Paramedic's (LT) x 3	$ 142,788.00
Suppression Total	**$ 2,344,110.00**
Non-suppression	
Administrative Secretary	$ 63,872.00
Non-Suppression Total	**$ 63,872.00**
Term Benefits	
PCF	$ 11,812.00
Workers' Compensation*	
Suppression	$ -
Non-Suppression	$ -
Workers' Compensation Total	**$ -**
Chief Officers (21.35%)	
SBCFPD Division Chief x 1	$ 59,501.00
Battalion Chief x 3	$ 196,237.00
Chief Officers Total	**$ 255,738.00**
CFFPD Chief Officer Differential **	**$ 23,000.00**
Total Salaries and Benefits ***	**$ 2,698,532.00**
Operating Expenses	
Services and Supplies	$ 345,238.00
Station Expenses	
C025	$ 256,836.00
C026	$ 149,603.00
Debt Services	$ 7,500.00
Lease Purchase Structure	$ 185,590.00
Total Operating Expenses	**$ 944,767.00**
Contract Management Fee	$ 228,886.00
SBCERA	$ 426,855.00
Total Annual Requirements	**$ 4,299,040.00**
Crest Forest Budget 2014-2015	
Salaries & Benefits	
MCE (1010-1235)	$ -
MCG (1010-1235)	$ -
Total Salary and Benefits	**$ -**
Services and Supplies	
MCE (2000-2099)	
MCG (2000-2099)	$ 4,530,131.00
MCW (2000-2099)	
Total	**$ 231,091.00**

pforsythe:
$48,744 96 AL cashout accural from FY13/14, $6,000 EDD, $38,000 (LAFCO, Attorney, NBS, and W/C cash out), $17,500 Gen. Liability, $6,000 audit, $4,299,040 (SBCF contract), $26,347 equip. maint., $3,500 debt services, $85,000 Zoll Monitors = $4,530,131. Difference between CRF Budget and Contract is $231,091 to account for CRF Admin costs not included in contract price.

pforsythe:
Difference between CRF Budget and Contract is $231,091 to account for CRF Admin costs not included in contract price.

* Workers' Compensation is calculated in the employee cost for FY 2014-2015.

** Chief Officer Differential ends FY 2014-2015.

*** Salary and Benefits for FY 2013-2014 was based on 25 pay periods instead of 26 pay periods.

EXCLUSIVE OPERATING AREA 10 FOR AMBULANCE TRANSPORT

Map of EOA 10

Attachment 4a

EOA 17
SAN BERNARDINO
COUNTY FIRE
HESPERIA

EOA 18
SAN BERNARDINO
COUNTY FIRE-
LAKE
ARROWHEAD

EOA 10
CREST
FOREST
FIRE

EOA 6
AMR

EOA 11
AMR

EOA 19
RUNNING
SPRINGS
FIRE

T03NR05W
T03NR04W
T03NR03W
T03NR02W
T02NR05W
T02NR04W
T02NR03W
T02NR02W
T01NR05W
T01NR04W
T01NR03W
T01NR02W

Silverwood Lake
Lake Gregory
Lake Arrowhead
Crest Forest
Cedarpines Park
Valley of Enchantment
Crestline
Twin Peaks
Agua Fria
Rimforest
Skyforest
Cedar Glen
Deep Creek Park
Grimy Valley
Enchanted Forest
Eyedalba
Smiley Park
North Bay Rd
Lake Gregory Dr
San Moritz Dr
Arosa Dr
Crest Forest Dr
Grass Valley Rd
Bear Springs N
Daley Canyon Rd
Kuffel Canyon Rd
138
18
189
330
215
SAN BERNARDINO

Document Name: \gis\maps\st\forpie\misc_11\7forestline_la_arrowhead_districts.mxd Date Created: Sept. 9, 2010

Date Created: Sept. 9, 2010

AMBULANCE TRANSPORT SERVICE EOAs
Crest Forest & Lake Arrowhead Communities

N
W E
S

San Bernardino County Fire Protection District
Crest Forest Fire Protection District
San Bernardino County Fire Protection District Service Zone PM-1 (Lake Arrowhead Paramedics)
Townships/Ranges
Section Lines
National Forest Boundary

EXCLUSIVE OPERATING AREA 10 FOR AMBULANCE TRANSPORT

Letter Dated February 24, 2015
From Gregory Devereaux,
Chief Executive Officer of the County

Attachment 4b

385 N. Arrowhead Avenue, 5th Floor, San Bernardino, CA 92415-0120 | Phone: 909.387-5418 Fax: 909.387-5430
www.SBCounty.gov

SAN BERNARDINO COUNTY

County Administrative Office

Gregory C. Devereaux
Chief Executive Officer

RECEIVED
FEB 24 2015
LAFCO
San Bernardino County

February 24, 2015

Kathleen Rollings-McDonald
Executive Officer
Local Agency Formation Commission
215 North "D" Street, Suite 204
San Bernardino, California 92415-0490

Re: LAFCO 3185 – Sphere of Influence Expansion for the San Bernardino County Fire Protection District (Crest Forest Community)

LAFCO 3186 – Reorganization to include Annexations to the San Bernardino County Fire Protection District, its Mountain and PM-1 Service Zones, Dissolution of the Crest Forest Fire Protection District and its Service Zone PM-A, Formation of Service Zone FP-7 and PM-4

Please be advised that as the Executive Officer of ICEMA, I will be recommending that the Board of Supervisors approve the assignment of all rights, interests, and obligations held by Crest Forest Fire Protection Districts pursuant to the Memorandum of Understanding between Crest Forest Fire Protection District and ICEMA, Agreement No. 06-1049, to San Bernardino County Fire Protection District. Pursuant to the MOU contained in Agreement No. 06-1049,

Paragraph XXX1 of the MOU states that the agreement may be assigned with the consent of ICEMA.

Further, as the Chief Executive Officer over San Bernardino County Fire Protection District, I am hereby advising that I will be recommending that the Board of Supervisors approve the acceptance of an assignment of the MOU on behalf of San Bernardino County Fire Protection District.

If you have any questions, please feel free to contact the undersigned.

Sincerely,

Gregory C. Devereaux
Chief Executive Officer

BOARD OF SUPERVISORS
Robert A. Lovingood, Vice Chairman, First District
Janice Rutherford, Second District
James Ramos, Chairman, Third District
Curt Hagman, Fourth District
Josie Gonzales, Fifth District
Gregory C. Devereaux, Chief Executive Officer

EXCLUSIVE OPERATING AREA 10 FOR AMBULANCE TRANSPORT

Letter Dated February 13, 2015 from County Fire Related to Condition of Approval submitted by ICEMA

Attachment 4c

SAN BERNARDINO COUNTY FIRE DISTRICT

PO Box 130, 301 S. State Hwy 173 • Lake Arrowhead, CA 92352 • (909) 337-8586 • Fax (909) 336-3182

Mountain Division Headquarters
sbcfire.org

Mark A. Hartwig
Fire Chief/Fire Warden

Kathleen Opliger
Division Chief

February 13, 2015

Kathleen Rollings-McDonald, Executive Officer

Local Agency Formation Commission

215 North "D" Street, Suite 204

San Bernardino, CA 92415-9901

RECEIVED
FEB 17 2015
LAFCO
San Bernardino County

Dear Ms. Rollings-McDonald:

In response to the LAFCO Findings Letter of January 26, 2015, I recently submitted several documents accompanied by a cover letter that listed each attachment, numbered consistent with the itemized list in the "Findings Letter."

My response to the information specifically requested in sentence 6(a) was an explanation that Chief Hartwig would provide County Fire's response to this question, and would submit this response separately.

The italicized sentence below is Chief Hartwig response to sentence 6(a) of the "Findings Letter:"

Successor agrees to assume all of the rights and obligations of CFFPD with respect to the Memorandum of Understanding between CFFPD and ICEMA dated _____.

If you have questions, or if additional information is required, please do not hesitate to contact me at 951-288-8952, or by email at kopliger@sbcfire.org. Thank you for your assistance.

Sincerely,

Kathleen Opliger, Division Chief

Cc: Mark A. Hartwig, Fire Chief/Fire Warden

BOARD OF SUPERVISORS

Robert A. Lovingood, Vice Chair, First District
Janice Rutherford, Second District
James Ramos, Chair, Third District
Curt Hagman, Fourth District
Josie Gonzales, Fifth District
Gregory Devereaux, Chief Executive Officer

EXCLUSIVE OPERATING AREA 10 FOR AMBULANCE TRANSPORT

Letter Dated January 29, 2015 from ICEMA Providing Existing MOU and Clarifying Request for Condition

Attachment 4d

Inland Counties Emergency Medical Agency

Serving San Bernardino, Inyo, and Mono Counties

Tom Lynch, EMS Administrator
Reza Vaezazizi, MD, Medical Director

January 29, 2015

RECEIVED
FEB 02 2015
LAFCO
San Bernardino County

Kathleen Rollings-McDonald, Executive Officer
Local Agency Formation Commission
215 North "D" Street, Suite 204
San Bernardino, CA 92415-0490

RE: REQUESTED DOCUMENTS FOR LAFCO 3185 SPHERE OF INFLUENCE EXPANSION AND LAFCO 3186 REORGANIZATION - DISSOLUTION OF THE CREST FOREST FIRE PROTECTION DISTRICT

Dear Ms. Rollings-McDonald:

Enclosed is a copy of the existing Memorandum of Understanding (MOU) between ICEMA and Crest Forest Fire Protection District (CFFPD) for Exclusive Operating Area (EOA) 10 for ambulance services. This MOU is also representative of, and may be used as a "sample" of an MOU that would be required between ICEMA and San Bernardino County Fire District to ensure exclusivity is retained.

There is currently no CFFPD MOU in place for EOA 11. At the time, MOUs were not customary for Basic Life Support (BLS) services. Based on recent guidance from the California Emergency Medical Services Authority, BLS exclusivity should be memorialized through a MOU or contract.

In addition to the above enclosed document, it is important to provide clarity regarding specific topics discussed during the January 15, 2015, LAFCO meeting held in the Joshua Room of the San Bernardino Government Center.

1. California Health and Safety Code, Section 1797.201 (also known as "201"), does not pertain in this instance. CFFPD is not recognized as a "201 provider" by ICEMA or, within San Bernardino County's Emergency Medical Services (EMS) Plan.

2. According to the EMS Plan, CFFPD has exclusive rights to Exclusive Operating Areas (EOAs) 10 and 11 under California Health and Safety Code, Sections 1797.224 and 1797.226.

3. The CFFPD MOU contains:

    a. Section IV - Scope of Service, subsection (F) Indigent Transport Services: "...In the event PROVIDER shall terminate its contract with the County, such termination shall be considered a major breach of this MOU...."

b. Section XX - Major Breach and Emergency Takeover Provisions, subsection (A)(8): "PROVIDER terminates its contract with the county for provision of indigent transport services".

c. Section XVIII - General Provisions, subsection (B)(1) - Transition Provisions: ..."In the event this MOU is terminated, PROVIDER may be required to continue to provide services during the transition period, and shall assist both ICEMA and the successor service provider in effecting a safe and orderly transition".

d. Section XXXI - Non-transferable MOU, subsection (A) and (B):

(A) Consent of ICEMA - "This MOU shall not be assigned or transferred, nor shall the duties hereunder be delegated without the express written permission of ICEMA. Any change of more than 50% of the ownership of PROVIDER shall be deemed to be an assignment of the MOU, provided however, that ICEMA shall not unreasonably withhold its approval of such change of ownership."

(B) Application of Health & Safety Code - "The consent of ICEMA to any assignment of this MOU is independent of and will have no effect on the rights of PROVIDER and/or its assignee under sections 1797.224 and 1797.226 of the California Health and Safety Code".

It remains ICEMA's goal to conserve CFFPD's 1797.224 and 1797.226 EOA rights under a new agreement with San Bernardino County Fire District; however, the County Fire District's lack of cooperation has placed this "exclusiveness" in jeopardy. At issue, is the California Emergency Medical Services Authority's anticipated response to dissolution of an existing EOA provider disfavoring a successor entity self-appointing "rights" to exclusivity. San Bernardino County Fire District's stated its unwillingness to enter into a MOU potentially derails the ultimate goal, which is to maintain the existing exclusivity, by breaking continuity of service of an ICEMA-recognized provider.

If you have any questions, please contact George Stone, Program Coordinator, at (909) 388-5807 or via e-mail at George.Stone@cao.sbcounty.gov.

Sincerely,

Tom Lynch
EMS Administrator

TL/GS/jlm

Enclosure

c: File Copy

REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS OF SAN BERNARDINO COUNTY, CALIFORNIA AND RECORD OF ACTION

October 17, 2006

FROM: **VIRGINIA HASTINGS**, Executive Director
Department of Public Health-Inland Counties Emergency Medical Agency

SUBJECT: **MEMORANDA OF UNDERSTANDING WITH PUBLIC PROVIDERS FOR AMBULANCE SERVICES**

RECOMMENDATION:

1. Acting as the Governing Board for the Inland Counties Emergency Medical Agency, approve a Memorandum of Understanding **(Agreement No. 06-1049)** with Crest Forest Fire Protection District.
2. Acting as the Governing Board for the Inland Counties Emergency Medical Agency, approve a Memorandum of Understanding **(Agreement No. 06-1050)** with Running Springs Fire Department.
3. Acting as the Governing Board for the Inland Counties Emergency Medical Agency, approve a Memorandum of Understanding **(Agreement No. 06-1051)** with Big Bear City Community Services District (DBA Bear Valley Fire and Paramedic Services).

BACKGROUND INFORMATION: Approval of this item will allow the Inland Counties Emergency Medical Agency (ICEMA) to enter into Memoranda of Understanding (MOU) under its Performance Based Ambulance Program with three public ambulance providers.

On April 29, 2003 (Item No. 63), the ICEMA Governing Board (Board) approved the following stipulations:

1. All existing public ambulance providers except those exempted by Health and Safety Code 1797.20 will be required to enter into MOU with no termination date.
2. Areas determined to be Wilderness/Rural and Underserved Areas will be given special consideration regarding term of contract, penalty provisions (if applicable), breach language, bond requirements and other areas discovered in negotiations that would seriously affect the providers ability to continue to provide Advanced Life Support ambulance services.
3. Financial penalties will be part of the performance based contract or the MOU (private or public providers), modeled after the Riverside County fee structure, which will include language regarding breach and the distribution of compliance reports to the public, city councils and governing boards.

For the purposes of the recommendations above, the following definitions will apply:

cc: DPH-Epperson w/agreement
Contractor w/agree. c/o DPH
Auditor-Mejico w/agreement
IDS w/agreement
Risk Management
ICEMA-Hastings
Co. Counsel-Larkin
CAO-Hanson
File w/agreement;
Filed @ Public Health-Ambulance

mll 10/23/06

Record of Action of the Board of Supervisors
AGREEMENTS AS LISTED ABOVE
APPROVED (CONSENT CALENDAR)
BOARD OF SUPERVISORS
COUNTY OF SAN BERNARDINO

MOTION	AYE	MOVE	SECOND	AYE	AYE
	1	2	3	4	5

DENA M. SMITH, CLERK OF THE BOARD

BY _____

DATED: October 17, 2006

ITEM 101

- Public ambulance providers include fire departments, hospital based services, and 501(c) (3) agencies.

- Wilderness/rural areas are areas that have the majority of the geographic operating area determined rural or wilderness according to 2000 census.

- Underserved areas are operating areas that generate less than 500 9-1-1 emergency medical service responses per year, based on previous fiscal year data.

If approved by the Board, the three MOUs contain language that will amend the Board action taken on April 29, 2003, relating to financial penalties. Extended negotiations between the three providers and ICEMA have resulted in an MOU that includes pro rata share of Performance Based Ambulance Contract program annual maintenance fees but does not impose financial penalties. The small number of 9-1-1 responses, coupled with the automatic exemptions allowed in these difficult areas, led ICEMA to conclude that imposing financial penalties is unnecessary at this time.

Negotiations have resulted in the attached MOUs with Crest Forest Fire Protection District, Running Springs Fire Department, and Big Bear City Community Services District (DBA Bear Valley Fire and Paramedic Services).

These three operating areas (10, 19 and 20) have been designated by ICEMA as Wilderness/Rural areas based upon the above definition, and special consideration has been given in the following areas consistent with the directive given by the Board on April 29, 2003:

- Automatic exemptions are given for inclimate conditions, reported delayed response times from the CAD system which do not correlate with provider data due to radio communication system failure, the need to initiate mutual aid within the operating area, having to respond from outside of the operating area due to patient transport, and other 9-1-1 emergency commitments.

- Evergreen clause inserted to provide for continuation of agreement provided that an unresolved major breach has not been committed.

Negotiations continue with Morongo Basin Ambulance, a 501 (c) (3) agency (Exclusive Operating Areas 14 and 15). ICEMA will return to the Board at a later date seeking approval of an MOU with Morongo Basin Ambulance.

REVIEW BY OTHERS: This item has been reviewed by County Counsel (Charles Larkin, Deputy County Counsel, 387-5431) on August 30, 2006. This item has also been reviewed by the County Administrative Office (Antoinette Hanson, Administrative Analyst, 387-4777) on September 18, 2006.

FINANCIAL IMPACT: Approval of the MOUs will result in no local cost to the County. A pro rata management/monitoring fee will be collected annually to cover a portion of ICEMA's costs related to monitoring and enforcing the provisions of these agreements. Appropriation and revenue in the amount of $11,208 are included in the Department of Public Health's Fiscal Year 2006-07 budget.

SUPERVISORIAL DISTRICT(S): All

PRESENTER: Virginia Hastings, Executive Director, ICEMA, 388-5230

County of San Bernardino

F A S

CONTRACT TRANSMITTAL

FOR COUNTY USE ONLY

[X] New [ ] Change [ ] Cancel	Vendor Code	SC	Dept.	A	Contract Number 06-1049
County Department: ICEMA/Public Health		Dept.: PHL	Orgn.: PHL		Contractor's License No.
County Department Contract Representative: Virginia Hastings		Telephone: 388-5823			Total Contract Amount

Contract Type: [ ] Revenue [ ] Encumbered [ ] Unencumbered [X] Other: MOU

If not encumbered or revenue contract type, provide reason:

Commodity Code	Contract Start Date	Contract End Date	Original Amount	Amendment Amount
	8/22/06	12/31/13		

Fund	Dept.	Organization	Appr.	Obj/Rev Source	GRC/PROJ/JOB No.	Amount
AAA	PHL	2800				

Project Name: MOU for ambulance services

Estimated Payment Total by Fiscal Year

FY	Amount	I/D	FY	Amount	I/D

CONTRACTOR Crest Forest Fire Protection District

Federal ID No. or Social Security No.

Contractor's Representative Mike Sherman, Chief

Address P.O. Box 3220, Crestline, CA 92325 Phone 338-3311

Nature of Contract: *(Briefly describe the general terms of the contract)*

This is a MOU for ambulance services with Crest Forest Fire Protection District.

State Contract Number EMS-4041

(Attach this transmittal to all contracts not prepared on the "Standard Contract" form.)

Approved as to Legal Form (sign in blue ink)	Reviewed as to Contract Compliance	Presented to BOS for Signature
Charles Larkin, County Counsel	Janice Lindsay, PH Contracts	Eric Frykman, Interim PH Director
Date 8/30/06	Date 8/03/2006	Date 10-6-06

THIS IS A CONTRACT
THIS IS A CONTRACT TRANSMITTAL

Auditor/Controller-Recorder Use Only

[ ] Contract Database	[ ] FAS
Input Date	Keyed By

INLAND COUNTIES EMERGENCY MEDICAL AGENCY

MEMORANDUM OF UNDERSTANDING

FOR AMBULANCE SERVICES

IN SAN BERNARDINO COUNTY

EXCLUSIVE OPERATING AREA (EOA) 10
CREST FOREST FIRE PROTECTION DISTRICT

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JUN 2 3 2006

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INLAND COUNTIES EMERGENCY MEDICAL AGENCY
MEMORANDUM OF UNDERSTANDING
FOR AMBULANCE SERVICES
IN SAN BERNARDINO COUNTY

EXCLUSIVE OPERATING AREA (EOA) 10
CREST FOREST FIRE PROTECTION DISTRICT

THIS Memorandum of Understanding herein referred to as "MOU", is made and entered into by and between the INLAND COUNTIES EMERGENCY MEDICAL AGENCY, (hereinafter referred to as "ICEMA"), as the local Emergency Medical Services Agency for the County of San Bernardino and Crest Forest Fire Protection District, (hereinafter referred to as "PROVIDER"); **WITNESSETH:**

WHEREAS, ICEMA is authorized by law to develop an emergency medical services system pursuant to the Emergency Medical Services and Pre-hospital Care Personnel Act (Health and Safety Code sections 1797 et seq.), hereinafter, "the EMS Act"; and

WHEREAS, PROVIDER provides said Basic and Advanced Life Support emergency ambulance services pursuant to the EMS Act in the area referred to herein as Exclusive Operating Area (EOA) 10 as presented in Attachment 1 (Exclusive Operating Area Map) and which is incorporated herein as if fully set forth; and

WHEREAS, PROVIDER is willing to provide said services according to the terms and conditions herein stated; and

WHEREAS, the parties hereto recognize and agree that the creation and assignment of the EOA, as presented, in Attachment 1 (Exclusive Operating Area Map) under this MOU shall not exclude providers of special events or industrial ambulance permits from operating within the boundaries of said EOA.

WHEREAS, the parties hereto will utilize their best efforts to promote a good working relationship with first responder agencies and law enforcement agencies; and

WHEREAS, the parties hereto agree that nothing in this MOU shall in any way restrict PROVIDER from maintaining or entering into partnerships or other cooperative agreements, approved by ICEMA, with public safety agencies for the purposes of augmenting or improving services contemplated by this MOU.

WHEREAS, the parties hereto acknowledge and agree that agreement to this MOU constitutes notice, in accordance with Section V (G) of the San Bernardino County EOA Plan,

that the EOA being served under this MOU shall lose its non-competitive status, if applicable, at expiration or termination of this MOU, unless otherwise provided by law.

NOW, THEREFORE, the parties hereto agree as follows:

I. DEFINITIONS

For the purpose of this MOU, the following terms, phrases, words and the derivation shall have the meaning given herein. When not inconsistent with the context, words used in the present tense include the future, words used in the plural include the singular and words used in the singular include the plural. The words "include", "including", or other similar words of inclusion shall mean without limitation or restriction.

A. **"Advanced Life Support"** or **"ALS"** means special services designed to provide definitive pre-hospital emergency medical care as defined in California Health and Safety Code section 1797.52.

B. **"ALS Ambulance"** means an emergency ambulance, as that term is defined herein, staffed and equipped to provide advanced life support and transport capabilities in compliance with ICEMA protocols/policies, authorized by ICEMA, and permitted by the County of San Bernardino.

C. **"Ambulance"** or **"Ambulance Unit"** means any vehicle specially constructed, modified and/or equipped, and licensed by the California Highway Patrol, if required, pursuant to Title 13 CCR 1100 2(a), and used for the sole purpose of response readiness and transporting sick, injured, convalescent, infirmed or otherwise incapacitated person(s).

D. **"Basic Life Support"** or **"BLS"** means special services designed to provide definitive pre-hospital emergency medical care as defined in Health and Safety Code section 1797.60.

E. **"BLS Ambulance"** means an emergency ambulance, as that term is defined herein, staffed and equipped, at a minimum, to provide basic life support and transport capabilities in compliance with ICEMA protocols/policies and permitted by the County of San Bernardino.

F. **"Cancelled call"** means a 9-1-1 call, which has been canceled prior to arrival of an emergency ambulance at the scene.

G. **"Critical Care Transport"** or **"CCT"** means the provision of specialized ambulance services in accordance with current ICEMA policy relating to critical care transport requirements.

H. **"Emergency Ambulance"** means an ambulance, which is staffed and equipped to provide EMS levels at BLS or higher at the scene of an emergency or during inter-facility transfers.

I. **"Exclusive Operating Area"** or **"EOA"** means a specific geographic area of the County of San Bernardino designated as authorized by the Health and Safety Code, sections 1797.6, 1797.85, 1797.185, 1797.224 and 1797.226.

J. **"First Responder Agency"** means a public safety agency that provides, at a minimum, basic life support at the scene of an emergency.

K. **"Fiscal Year"** means the annual time period beginning on July 1 and ending on June 30.

L. **"Force Majeure"** means flood, earthquake, storm, fire, lightning, explosion, epidemic, war, national emergency, civil disturbance, sabotage, restraint by any governmental authority not due to violation by the party claiming force majeure of a statute, ordinance or regulation, or other similar circumstances beyond the control of such party, the consequences of which in each case, by exercise of the due foresight such party could not reasonably have been expected to avoid, and which by exercise of due diligence it would not have been able to overcome.

M. **"Fractile Response Time"** means a method of measuring response times in which all applicable response times are stacked in ascending length. The total number of calls generating response within a given response time standard (for example, 9 minutes, 59 seconds) is calculated as a percent of the total number of calls.

N. **"ICEMA Administration Cost"** means the annual expenses incurred by ICEMA to monitor and enforce the provisions of this MOU within the County of San Bernardino during the Fiscal Year, including, without limitation, all identifiable direct charges, an allocated share of common charges (e.g., office supplies) and indirect overhead. The budgeted ICEMA Administration Cost for Fiscal Year 2006-2007 amounts to $437,920 as shown by Attachment 10 attached hereto and incorporated herein by this reference.

O. **"Management Fee"** means PROVIDER's Pro Rata Share of the ICEMA Administration Cost calculated in the proportion that PROVIDER's number of 9-1-1 transports bears to the total of all 9-1-1 transports within the County of San Bernardino (including County Fire) during the previous Fiscal Year, as illustrated in Attachment 11.

P. **"Minor Breach"** means failure to fulfill any of the terms and conditions of this MOU that do not amount to a MAJOR BREACH of the MOU, as delineated in Section XX (A).

Q. **"Mutual Aid"** means a request, originating outside of PROVIDER's EOA to provide services outside of the EOA, or a request initiated by the PROVIDER for emergency ambulance at the scene within the EOA. The request could be initiated through dispatch centers, public safety enforcement agencies, ICEMA or the San Bernardino County Health Officer.

R. **"Provide, Operate, or Furnish"** means with regard to PROVIDER's responsibilities set forth in this MOU, the terms **"provide", "operate" or "furnish"** means to perform, make available or utilize either directly through PROVIDER's personnel and resources or through sub-contracts or other agreements, which have been approved by ICEMA, the services, personnel, materials or supplies required herein.

S. **"Preventable Mechanical Failure"** means failure of equipment and/or vehicles to operate properly due to lack of proper maintenance.

T. **"PSAP"** is defined as Public Service Answering Point. The primary PSAP is the designated agency at which the 9-1-1 call is first received. The secondary PSAP is the designated agency to which the 9-1-1 call is directed for dispatching of appropriate resources.

U. **"Special Event Services"** is defined as any situation where a previously announced event places a group or gathering of people in a general locale sufficient in number, or subject to activity that creates the need to have one or more ambulances at the site.

V. **"Supervisor Support Vehicle"** means a response vehicle for the purpose of providing support services in the field.

W. **"Units"** are defined as ambulances and/or response vehicles.

X. **"Cycle"** is defined as the time period sufficient to enable ICEMA to calculate a statistically valid estimate of response time compliance pursuant to the method set forth in Section X(B).

II. GENERAL RESPONSIBILITIES AND DUTIES OF PROVIDER

A. **Personnel, Equipment and Materials Required** - PROVIDER shall provide the personnel, equipment and materials necessary to provide advanced life support

and other services as described herein to persons in need thereof within their designated EOA. PROVIDER's obligations are set forth in detail in the provisions of this MOU.

B. **In-Service Training Required** - PROVIDER shall provide or contract for employee in-service training. Such in-service program shall include training on ICEMA policies and procedures, location of all hospital facilities, level of service of first responder agencies within the EOA, field care audits, grief support training, peer support, critical incident stress management, driver training, multi-casualty/disaster training, and Incident Command System training.

C. **EMS System Interaction** - PROVIDER, when requested, shall participate regularly in all aspects of development of the local EMS system including, but not limited to:

1. "Treat and release" and "alternate destination" programs as established by ICEMA.
2. Expanded scope of practice treatment and equipment programs.
3. First Responder, EMT-I, Paramedic, MICN, Base Hospital physician and provider dispatcher education and training, and ride-along programs.
4. Disaster exercises and drills.
5. Continuing education programs.

D. **Equipment Maintenance** - PROVIDER shall provide or contract for equipment maintenance.

E. **Response Standards** - PROVIDER shall be subject to any and all response time standards, which may be adopted by ICEMA with input from transporting agencies.

F. **Mutual Aid Agreements** - PROVIDER shall develop, implement and maintain mutually beneficial support agreements with ICEMA approved emergency ambulance providers within one (1) year of the effective date of this MOU. These agreements are subject to approval by ICEMA. If PROVIDER is unable to develop and implement mutual aid agreements, PROVIDER shall notify ICEMA in writing outlining reason(s) for inability to comply with this requirement. ICEMA shall assist in development and implementation of mutual aid agreements if requested.

G. **Quality Improvement** or **"QI"** - PROVIDER shall participate actively in and comply with the ICEMA QI audit process, provide special training and support to

PROVIDER's personnel found in need of special assistance in specific skill or knowledge areas, and provide additional clinical leadership by maintaining a current and extensive knowledge of developments in equipment and procedures throughout the industry and by regularly reporting such developments to ICEMA. PROVIDER shall submit a QI Plan and subsequent revisions and update for approval to ICEMA.

H. **Permits and Certifications** - PROVIDER shall maintain all appropriate and required state and county permits.

I. **Implementation of ICEMA Policies** - PROVIDER shall cause ICEMA policies to be properly implemented in the field. Where questions related to clinical performance are concerned, PROVIDER shall satisfy ICEMA's requirements, PROVIDER shall ensure that knowledge gained during the medical audit process is routinely translated into improved field performance by way of in-service training, amendments to the employee handbook, newsletters, new employee orientation, etc. PROVIDER shall also respond to all quality improvement and incident reports in accordance with established ICEMA policies.

J. **Expanded Scope Programs** - PROVIDER may assist ICEMA in evaluating and implementing expanded scope programs for Paramedics, EMT-Is and first responder personnel.

K. **Paramedic Preceptors** - In coordination with the approved training institutions, providers are encouraged to provide paramedic preceptors for prehospital training programs.

L. **Financial Implications of Operations** - PROVIDER shall advise ICEMA concerning financial implications of operational changes under consideration affecting level of EMS services.

M. **Reports to ICEMA** - PROVIDER shall provide data, reports and records to ICEMA as set forth herein.

III. MEDICAL CONTROL

A. **Medical Control Authority** - PROVIDER acknowledges that the ICEMA Medical Director has the authority to develop overall plans, policies, and medical standards to assure that effective levels of emergency ambulance services are maintained within the ICEMA region; and that the Medical Director has the authority for establishing the required drug inventories and medical protocols and

that PROVIDER, its employees, and all personnel providing services under sub-contract(s) or agreements are subject to said plan, policies, standards and protocols and applicable county ordinances and state laws.

B. **Adherence to Medical Control Standards** - ICEMA has an established system of medical control through the ICEMA Medical Director. The PROVIDER shall adhere to the standards of medical control established by ICEMA.

C. **Compliance with Laws and Policies** - PROVIDER shall comply with the all ICEMA policies and protocols and applicable local County ordinances.

IV. SCOPE OF SERVICE

A. **Emergency Ambulance Services** - PROVIDER shall provide sufficient resources, which may include mutual aid resources from outside of the EOA, to ensure adequate availability and response to all requests originating within their service area for emergency ambulance response on a continuous twenty-four (24) hour per day basis.

B. **Critical Care Transport Services** - PROVIDER may provide CCT service within the EOA for those calls requiring such services upon approval by ICEMA. Specialized CCT services, such as high-risk pregnancy, neonate, etc, may be authorized to operate in expanded geographic areas based on need and necessity.

C. **EMS Aircraft** - PROVIDER does not have the right to provide air ambulance or air rescue services by virtue of this MOU.

D. **Standby Special Event Services** - PROVIDER agrees to comply with all ICEMA policies/protocols regarding the provision of EMS service during special events. ICEMA expressly states that special events services are not subject to the EOA.

E. **Specialized Emergency Medical Care Services** - PROVIDER may provide specialized emergency medical care services upon approval of ICEMA.

F. **Indigent Transport Services** - PROVIDER shall provide emergency ambulance services to indigent patients pursuant to its contract with the County of San Bernardino for such services. In the event PROVIDER shall terminate its contract with the County, such termination shall be considered a MAJOR BREACH of this MOU. However, if the County shall terminate the contract, PROVIDER shall not be required to continue to provide such services under this MOU.

V. FIRST RESPONDER COORDINATION

A. **Re-supply** - PROVIDER shall re-supply first responder units at no cost to the first responder agencies with disposable medical supplies utilized in direct patient care where patient is transported by PROVIDER, if applicable.

B. **Stand-by Requests** - PROVIDER shall provide, if it does not jeopardize emergency ambulance service to the operating area, a non-dedicated unit to hazardous material incidents, fire, and law enforcement standbys upon request by any public safety agency or dispatch center within their EOA, excluding special event services. A non-dedicated unit may respond to a 9-1-1 call when on stand-by.

C. **Contact Number** - PROVIDER shall provide a contact and a telephone number to be made available to all public safety EMS agencies within PROVIDER's EOA. This number will be used for inquiries regarding lost equipment used in connection with a patient transported by PROVIDER.

D. **Continuing Education Programs** - PROVIDER's internal continuing education programs authorized by the State in which PROVIDER issues a continuing education course number shall be made reasonably available to interested first responder personnel.

VI. PROVIDER DISPATCH SERVICES

A. **Compliance with ICEMA Policies** - PROVIDER shall provide all dispatching of ambulance units in accordance with ICEMA policies and procedures.

B. **CAD Requirements** - PROVIDER shall maintain a computer aided dispatch (CAD) system that includes the necessary hardware and software to provide EMS provider dispatch services.

VII. SERVICE AREA AND RESPONSE ZONES

A. **Service Area Defined** - A map of the EOA is set forth in Attachment 1 (Exclusive Operating Area Map).

B. **Resource Requirements** - PROVIDER shall locate an appropriate number and type of resources throughout the EOA in order to meet the performance standards as set forth herein.

C. **Response Zones** - Population density based "response zones" (urban, suburban, rural and wilderness) and sub-response zones as established within

each EOA or service area are depicted in Attachment 2 (Response and Sub-response zones).

VIII. PERSONNEL

A. **Personnel Required** - PROVIDER shall provide the personnel necessary to provide emergency ambulance services and other support services as described herein within the PROVIDER's EOA in compliance with ICEMA protocols, policies and applicable county ordinances and state laws.

B. **Certification and Licensure of Personnel** - PROVIDER shall ensure that all PROVIDER's employees functioning as emergency medical technicians and paramedics are appropriately certified, accredited and licensed by both the State EMS Authority and ICEMA.

C. **Records** - PROVIDER shall maintain, and make available to ICEMA upon request, records and data pertaining to the certifications, licenses, and other applicable credentials of its employees and subcontracted personnel used to provide services under this MOU.

D. **EMS Incidents Forms** - PROVIDER shall furnish to all employees approved ICEMA Incident Report Forms (either hard copy or electronically) and shall require employees to utilize such forms, and shall furnish a copy of such completed form to ICEMA in accordance with ICEMA policies.

IX. RIGHTS AND RESPONSIBILITIES OF FIELD PERSONNEL

A. **Certification, Licensure, Accreditation** - Field personnel are certified, licensed and accredited pursuant to the Health and Safety Code, section 1797 et seq. A linkage exists between field personnel and the system's physician leadership and medical control. Where issues involving questions of patient care are concerned, each of the certified personnel working in the system has not only a right, but also a legal obligation, to work under the direction of the EMS system's physician leadership on issues related to patient care.

X. RESPONSE TIME STANDARDS

A. **Performance Requirements** - The overall response time performance requirement for services under this MOU is intended to ensure that PROVIDER responds to and arrives at each incident with an appropriate resource in accordance with ICEMA policies and procedures. The standards set forth herein

establish the level of response time performance required by PROVIDER for calls within the designated EOA as depicted in Attachment 2 (Response Zones and Sub-response Zones).

B. **Response Time Performance Calculation** - Response times are measured and calculated on a fractile basis using CAD data, where available, in conformity with Attachment 3 (Response Time Measurement and Methods), Attachment 4 (Response Time Terminology) and Attachment 5 (Measuring Response Time Standard Compliance) and Attachment 6 (Measuring EOA Compliance) on a monthly basis for each overall EOA incorporating all response zones. Canceled calls will be included in determining compliance. For an EOA in which, after excluding runs with approved exemptions, multi-patient runs, and multi-unit runs, less than 1,600 annual runs occur, the calculation of EOA response time compliance for the purpose of determining major breach of contract (Section XX A(2)(3)) will be deferred until the combined number of runs for a given month and subsequent months is greater than or equal to the number of runs necessary for a statistically valid estimate of the percentage of compliant runs. The number of runs necessary for a statistically valid estimate (cycle) will be based on the number of annual runs in the previous calendar year (Attachment 8).

C. **Exemptions** - If PROVIDER thinks that any run or group of runs should be exempt from response time standards due to unusual circumstances beyond PROVIDER's reasonable control, PROVIDER may request, in writing, that these runs be exempted from response time performance calculations and late run assessments. If ICEMA concurs that the circumstances are reasonable to allow such exemption, ICEMA may allow such exemptions in calculating overall response time performance. Preventable equipment failure, and/or provider dispatcher error, shall not furnish grounds for release from response time standards. Additional information regarding exemptions and automatic exemptions may be found in Section XIV (H).

D. **Reporting Requirements** - PROVIDER shall provide to ICEMA, on a monthly basis, each instance wherein a call resulted in a response time in excess of the maximum response time as depicted in Attachment 3. This report shall include, at a minimum, the location, date, and time of said occurrence(s). PROVIDER will participate in quality improvement efforts relating to these instances.

E. **Performance Committee** - PROVIDER shall establish and maintain a Performance Committee comprised of representatives of PROVIDER's management and field personnel and ICEMA staff, governing boards and/or City Managers or their designated representative (within the EOA covered by this MOU) and representative of the County supervisoral district(s) (within the EOA covered by this MOU) which shall meet on a regular basis to review response compliance performance.

XI. DISASTER, MULTI-CASUALTY AND INSTANT AID RESPONSE

A. **Mutual Aid Response** - To the extent that PROVIDER may have resources available, PROVIDER shall respond to requests from neighboring jurisdictions and ambulance providers for mutual aid that require a Code 3 (lights and siren) response.

B. **Declared State-of-Emergency** - During a declared state-of-emergency, locally or in a neighboring jurisdiction, the normal course of business may be interrupted from the moment the state-of-emergency is made known to PROVIDER by ICEMA. PROVIDER shall then, as provided for in approved disaster plans and protocols, commit such resources as are reasonably necessary and appropriate, given the nature of the disaster. During such periods, PROVIDER shall be exempted from response time performance requirements, including late run deductions, until notified by ICEMA that disaster assistance may be terminated. At the scene of such disasters, PROVIDER's personnel shall perform in accordance with ICEMA medical protocols and policies. When state-of-emergency has been terminated, PROVIDER shall resume normal operations as rapidly as is practical considering exhaustion levels of personnel, need for restocking, etc.

C. **Multi-casualty Incidents** - Normal (i.e., not disaster related) multi-casualty incident calls rendered by PROVIDER shall be performed in accordance with approved ICEMA policies in support of the Incident Command System. In the course of rendering services, PROVIDER shall not be automatically exempt from late-run assessments, but may appeal assessments for individual calls, otherwise imposed by this MOU.

XII. SPECIFIC PROVISIONS

A. **User Fees Rate Adjustment** – PROVIDER acknowledges that ICEMA has the authority to determine rates for services provided under this MOU and has exercised that authority by establishing the rates. The rates shall remain in force and effect throughout the term of this MOU unless modified or adjusted pursuant to process as defined in Attachment 7 (San Bernardino County Ambulance Ordinance).

B. **On-Scene Collections** - PROVIDER's personnel shall not request payment for services rendered under this MOU in response to any 9-1-1 call either at the scene of the call, en route, or upon delivery of the patient.

C. **Billing and Collections** - PROVIDER's billing and collection program shall be managed in compliance with all applicable local, state and federal laws and regulations.

XIII. ICEMA MANAGEMENT FEE

PROVIDER shall pay ICEMA PROVIDER's pro rata share of the total 9-1-1 county wide ambulance transports of an annual fee in an amount estimated to be sufficient to cover ICEMA's costs related to monitoring and enforcing the provisions of this MOU for the subsequent fiscal period. PROVIDER's pro rata share of cost will be determined based solely on total number of 9-1-1 transports within its EOA during the most recent 12-month period for which data is available at the time of cost estimate. Except for the initial partial fiscal year of this MOU, ICEMA will provide an estimate of PROVIDER's share of cost for the coming fiscal period not later than 30 days prior to the start of such period. By March 31st of each year, ICEMA shall provide a budget outlining expenditures related to management/monitoring of contracts. Within 90 days after the end of a fiscal year (July 1 - June 30), ICEMA will determine actual cost for that period and determine whether revenues collected based on estimates resulted in over or underpayment by PROVIDER. Any over or under payments for the prior period will be credited or added to the provider payments in the current period. When determining actual cost, ICEMA will include all identifiable direct charges, an allocated share of common charges, (e.g. office supplies, etc.) and indirect overhead. Additional adjustments to the fee can be made for other changes, such as, a change in monitored components (Le. Inter-facility transports code 2 calls). Fees for the partial first fiscal year are prorated based on the number of months remaining in the fiscal year as of the date

of ICEMA Board approval and shall be paid to ICEMA within thirty (30) days of the effective date of this MOU. Fees thereafter shall be paid to ICEMA within thirty (30) days of the beginning of the quarter. Any increases in the Management/Monitoring Fee imposed by ICEMA shall be considered an "Extraordinary Cost Increase" that shall be considered in any application for rate increase by PROVIDER under Section XII A above.

XIV. DATA COLLECTION AND REPORTING REQUIREMENTS

A. **PROVIDER** shall maintain data collection and reporting systems that meet the following minimum standards:

1. For each patient contacted, PROVIDER's personnel shall complete an ICEMA approved patient report form, and PROVIDER shall routinely furnish a copy of such completed form monthly to the ICEMA according to ICEMA policy.
2. Provide for submission of monthly data, including CAD data, where a CAD system is in use for dispatching of the PROVIDER, for each response, and patient care data as specified in Attachment 13 (ICEMA Scantron Form). PROVIDER is required to fulfill this requirement using an ICEMA approved electronic data collection and submission format upon implementation by ICEMA as funding becomes available
3. Accuracy and completeness patient data - PROVIDER will assure that Scantron forms, or other acceptable means of transmitting data to ICEMA, are complete and accurate prior to submission to ICEMA. All patient data will be provided to ICEMA monthly according to policy. For on-going problems with data submission, PROVIDER will submit a plan of correction.
4. Data Audits - ICEMA or the County Health Officer may require an audit of patient care records and response time data.

B. **Financial Audits** - ICEMA or the County Health Officer may require an audit of books and records of the PROVIDER as relates to ambulance billing issues.

C. **On-site Disclosure** - In addition to the aforementioned reports and data, Provider shall maintain up-to-date records and data pertaining to its services specific to San Bernardino County, as listed below. PROVIDER shall make such

reports and data available for on-site review and inspection, upon request of ICEMA.

1. Services by payor source.
2. Services provided by category (e.g., ALS, BLS and mileage) and by financial classification.
3. Services by date of service.
4. Collections by payor source.
5. Annual fixed asset schedule.

D. **Changes in Practices and Procedures** - PROVIDER shall adhere to said practices, procedures, schedules, and policies except as provided herein. The parties acknowledge and agree that certain of the items contained therein are dependent upon rules, regulations, policies, and procedures adopted by the Federal and State Governments, private insurance companies, and other thirdparty payors. Such rules, regulations, policies, and procedures may change from time to time and PROVIDER's practices and procedures must change in response to such changes. The parties agree that it would be impractical to amend this MOU to reflect such changes each time they occur and therefore agree that PROVIDER may change the practices, procedures, schedules, and policies referred to above without a formal amendment to this MOU, subject, however, to the review and approval of the ICEMA Administrator. Nothing in this section, however, shall be construed as authorizing any increase in the user fees or rates without complying with such rate adjustment provisions as contained herein.

E. **Ownership of Data**

1. PROVIDER AND ICEMA agree that all data and records submitted to ICEMA under the terms of this MOU, including but not limited to dispatch data and records, shall remain the property of ICEMA subject to disclosure by ICEMA pursuant to the California Public Records Act.
2. PROVIDER may assert that any portion of such data or records provided pursuant to this section should be treated as confidential, and is exempt from disclosure under the California Public Records Act. With each item claimed to be confidential, PROVIDER shall provide a statement as to the basis for the claim of confidentiality specifying any exemption in law (e.g. Uniform Trade Secrets Act, Civil Code section 3426 et seq.)

3. ICEMA shall notify PROVIDER of any request for information. PROVIDER may pursue its legal remedies to prevent disclosure of such information.

F. **Vehicle Breakdown Reporting Requirements** - PROVIDER shall submit to ICEMA, within seven (7) calendar days, a report for every incident where PROVIDER's emergency ambulance breaks down while assigned to a 9-1-1 emergency medical response or during an inter-facility transport. The report shall document whether the break down occurred while en-route, while on-scene, or during transport of a patient.

G. **Data Reporting Assessment** - In the event PROVIDER fails to furnish information required by this subsection concerning a call, transport or account, ICEMA staff shall notify PROVIDER of such failure and PROVIDER shall have a period of time, which shall be reasonable under the circumstances, to furnish the required information.

H. **Exemptions** - ICEMA may grant exemptions to the response time requirements stated herein. Exemptions may be granted for calls where, road conditions, or multicasualty or other situations beyond PROVIDER's control cause unavoidable delays. All such calls shall be individually examined and if the circumstances warrant, ICEMA will exclude them from the database utilized for calculating monthly compliance. In order to be eligible for an exception, the PROVIDER must include a full explanation of its reasons for requesting such exception as part of the PROVIDER's monthly report. Equipment failure, and/or provider dispatcher error, shall not furnish grounds for release from late-run determination or response time standards.

Automatic exemptions (subject to audit) will be granted for the following:

1. inclement conditions
2. reported delayed response times from the CAD system which do not correlate
   with provider data due to radio communication system failure
3. the need to initiate mutual aid within the operating area
4. having to respond from outside of the operating area due to patient transport
5. other 9-1-1 emergency commitments

XV. COMPLIANCE

PROVIDER shall comply with all ICEMA policies, procedures, protocols and directives issued in accordance with law, including the EOA Plan for the County of San Bernardino. PROVIDER shall comply with all applicable federal, state and local laws and regulations, including but not limited to the requirements of the United States Department of Health and Human Services, Health Care Financing Administration, California Highway Patrol, California Department of Health Services, California Emergency Medical Services Authority, and County of San Bernardino.

XVI. AUDITS AND INSPECTIONS

A. **Reasonable Inspection Notice** - Representatives of ICEMA may at any time during normal business hours, and as often as may reasonably be deemed necessary, observe PROVIDER's operations. PROVIDER shall make available to ICEMA for its examination, its records with respect to all matters covered by this MOU, and make excerpts or transcripts from such records, and may make audits of all Agreements, invoices, materials, inventory records, roster of all EMS licensed/certified and/or accredited personnel, daily logs, and other data related to all matters covered by this MOU. ICEMA representatives may, at any time, and without notification, directly observe PROVIDER's operation at the PROVIDER's dispatching center, maintenance facility, and any ambulance post location. ICEMA representatives may ride as "third person" on any of the PROVIDER's units at any time, provided, however, that in exercising this right to inspection and observation, ICEMA representatives provide appropriate identification, conduct themselves in a professional manner, be courteous, not interfere in any way with PROVIDER's personnel in the performance of their duties, and complies PROVIDER'S liability requirements.

B. **Normal Business Hours Restriction** - ICEMA's right to inspect records in PROVIDER's business office shall, however, be restricted to normal business hours, and reasonable notification (24 hours) shall be given the PROVIDER in advance of any such visit. ICEMA's right to observe and inspect operations shall not be restricted by normal business hours and shall not require advance notification. ICEMA will not disrupt normal operations.

C. **Authorized Observers** - This right to directly observe PROVIDER's field operations, provider dispatch operations, and maintenance shop operations shall

also extend to authorized representatives of ICEMA or other persons authorized by ICEMA. Such persons shall conduct themselves in a professional manner, be courteous and shall not interfere in any way with PROVIDER's personnel in the performance of their duties.

D. **Exception to Section** - The terms of this section shall not apply where ICEMA has a reasonable cause to believe that a significant and substantial violation of this MOU has occurred, or is imminent to occur, that may endanger the general pubic health or is necessary to preserve records that relate to the enforcement provisions of this MOU.

XVII. GENERAL RESPONSIBILITIES AND DUTIES OF ICEMA

ICEMA shall:

A. **Monitoring and Enforcement** - ICEMA shall monitor and enforce performance under this MOU to ensure service areas covered under this MOU receive adequate emergency medical services including emergency ambulance service.

B. **Rate Approval** - Review, reserving the right to approve, reasonable rates and charges by the PROVIDER.

C. **Competitive Bid Process** - Except as may be required under Health and Safety Code sections 1797.224 and 1797.226, ICEMA shall develop, implement, and conduct a competitive bid process for the selection of emergency ambulance providers to serve EOAs for emergency takeovers or irresolvable MAJOR BREACH.

D. **Medical Control** - Provide for system medical control/Medical Director.

E. **Default Provisions** - In the event of default, initiate a takeover and manage all operations until a new PROVIDER can be secured. ICEMA shall conduct a competitive bid process for the selection of a PROVIDER to provide emergency ambulance services within the affected contracted EOA.

F. **Compliance Reports** - ICEMA shall provide monthly compliance reports for review by the Performance Committee. This report shall contain a summary of compliance to performance standards and a summary of exemptions requested and granted.

G. **Annual Audit** - In addition to ICEMA's audit authority under section XVI, ICEMA shall conduct an annual audit to verify accuracy of performance data to include, but not limited to, response time compliance data.

H. **Annual Report** - ICEMA shall provide an annual compliance report for review to the San Bernardino County Emergency Medical Care Committee (EMCC) and the ICEMA Governing Board.

XVIII. GENERAL PROVISIONS

A. TERM OF MOU AND RENEWAL PROVISIONS

1. **Initial Term** - The term of the Agreement shall commence when executed by the parties and continue in effect until December 31, 2013, but shall automatically be renewed for successive three (3) year periods unless otherwise terminated or amended and provided that PROVIDER has not committed an unresolved MAJOR BREACH of the MOU. Notwithstanding the foregoing, PROVIDER may terminate this contract, at any time, upon ninety (90) days written notice to ICEMA.
2. In the event that PROVIDER is temporarily unable to meet the terms of this Agreement, PROVIDER shall promptly notify ICEMA. In the event the PROVIDER elects to not automatically extend the contract term, PROVIDER shall give ICEMA no less than ninety (90) days written notice prior to the expiration date of the current term.
3. **Continuity of Service** - ICEMA hereby declares and makes a finding that it is in the public's best interest to assure that persons needing emergency medical services will not be negatively impacted by changing providers of emergency ambulance services and that the public continues to receive high quality ambulance services. It is also in the best interest that PROVIDER provide an experienced and stable work force of supervisors, paramedics, EMT's, dispatchers and other support personnel; and that it is in the public best interest that PROVIDER establishes a systematic capital replacement policy that focuses on long term investment in the EOA and ensures their ability to comply with the terms of this MOU.

B. TRANSITION PROVISIONS:

1. **Transition Period** - In the event this MOU is terminated, PROVIDER may be required to continue to provide services during the transition period, and shall assist both ICEMA and the successor service provider in effecting a safe and orderly transition. The following provisions are

designed to protect the interests of both PROVIDER and ICEMA during the period of transition from PROVIDER to the successor service provider. In the event that a successor service provider has not been established prior to the termination date of this MOU, the PROVIDER shall continue to provide services for a period not to exceed six (6) months after said termination date, in the discretion of ICEMA.

2. **Right to Required Replacement** - Throughout the term of this MOU and any extension period, ICEMA may, after an inspection and for cause, require PROVIDER to replace any mandatory equipment items listed on the ICEMA Standard Drug and Equipment list at any time after that item's scheduled replacement date. However, if through superior maintenance or by other means, PROVIDER is able to extend the safe useful life of an equipment item beyond its time of scheduled replacement, ICEMA shall not, except for cause, require replacement of that item.

3. **Transfer of Goodwill** - Upon termination of this MOU, PROVIDER shall convey to ICEMA or the successor service provider, all rights to business for ambulance service pursuant to the EOA provisions of this MOU that have been developed by PROVIDER during the term of this MOU. PROVIDER shall assert no claim of rights to conduct business within the contracted EOA after the termination of this MOU, nor shall PROVIDER assert any claim of compensation owed relative to the loss of such business.

XIX. DISPUTE AND GRIEVANCE PROCEDURE

A. **Dispute Resolution** - ICEMA's duties shall include monitoring the operation of this MOU and insuring that PROVIDER fulfills its obligations hereunder. In fulfilling this responsibility, ICEMA shall employ a staff member knowledgeable in issues concerning emergency medical services, emergency ambulance services and the terms of this MOU.

B. **Monthly Performance Reports** - ICEMA shall review monthly reports regarding PROVIDER's performance under the terms and conditions of this MOU. Such reports shall include, but are not limited to, a summary report of all response time exemptions requested by PROVIDER. The reports shall provide a detailed explanation of all response time exemption requests with the exception of the

automatic exemptions, which PROVIDER chooses to submit for consideration. PROVIDER shall have a full opportunity to present any exculpatory or mitigating evidence prior to ICEMA's public release of the monthly reports.

C. **Disputes and Grievances** - ICEMA shall attempt to resolve disputes or grievances concerning MOU performance matters between PROVIDER and any public agency, consumer of service, and any other interested person or party. ICEMA shall not consider a dispute and grievance unless it concludes that the person or party filing said dispute and grievance has exhausted all other remedies, which are reasonably available.

D. **Work Action** - PROVIDER shall notify ICEMA, local hospitals and area EMS providers upon reasonable knowledge of any potential service interruption as the result of personnel action. This notification shall occur as soon as the information becomes verifiable. An action plan will be provided to ICEMA as soon as possible, but not more than 24 hours following ICEMA notification. The action plan must be acceptable to ICEMA.

XX. MAJOR BREACH AND EMERGENCY TAKEOVER PROVISIONS

A. **Major Breach Definitions** - Conditions and circumstances which, shall constitute a MAJOR BEACH of MOU by the PROVIDER shall include the following:

1. Failure of the PROVIDER to operate its services in a manner which enables ICEMA and the PROVIDER to remain in compliance with the requirements of the applicable federal, state and local laws, rules and regulations. Minor infractions of such requirements shall not constitute a MAJOR BREACH of this MOU. Once a takeover has been completed, ICEMA shall, as soon as reasonably possible, select a new ambulance provider, utilizing a competitive bid process.
2. Failure to comply with response time requirements within the EOA during three (3) consecutive cycles or four (4) cycles within any twelve consecutive cycles shall be considered a MAJOR BREACH of contract.
3. Response time compliance falls below 80 percent (80%) for any cycle within the term of this Agreement.

4. Intentional falsification or omission of data or information supplied to ICEMA, which affects or has the effect of enhancing PROVIDER's performance under this MOU.

5. Failure to maintain in force throughout the term of this MOU, including any extensions thereof, the insurance coverage required herein.

6. Multiple or unremediated failures to correct any MINOR BREACH within a reasonable period of time.

7. Any act or omission of PROVIDER, which, in the reasonable opinion of the ICEMA Medical Director, poses a serious risk to public health and safety.

8. PROVIDER terminates its contract with the County for provision of indigent transport services.

B. **Notice to PROVIDER**

If it appears that any of the conditions or circumstances set forth above exists or has occurred, then the ICEMA Administrator, in consultation with the ICEMA Medical Director, shall notify PROVIDER of such existence or occurrence. PROVIDER shall have a period of time, which shall be reasonable under the circumstances, to take appropriate remedial action to correct the deficiencies. PROVIDER and ICEMA staff shall attempt in good faith and with all reasonable effort to resolve the allegations between and among themselves without recourse to the other remedies available herein.

C. **Unresolved Allegation** - If an allegation of MAJOR BREACH has not been resolved under the above provisions, the ICEMA Administrator, in consultation with the ICEMA Medical Director, shall notify PROVIDER in writing and ICEMA shall proceed to arrange a hearing or expedited hearing with the ICEMA Governing Board pursuant to the provisions herein.

D. **ICEMA Discretion** - If ICEMA finds that only a MINOR BREACH has occurred, or that a MAJOR BREACH has occurred but the public health and safety would not be endangered by allowing PROVIDER to continue its operations, then ICEMA may require remedial actions, as it deems appropriate under the circumstances.

E. **Governing Board Hearing**

1. After PROVIDER is given reasonable notice, the ICEMA Governing Board shall hold a hearing upon the ICEMA Administrator's

recommendations. The ICEMA Governing Board shall receive and consider any additional information and evidence on the matter which PROVIDER or others may wish to present, and determine whether a MAJOR BREACH of this MOU has occurred and whether said breach is such that the public health and safety would be endangered by allowing PROVIDER to continue its operations under this MOU. If the ICEMA Governing Board finds that a MAJOR BREACH has occurred, it shall declare this MOU terminated and commence action to effect an immediate takeover by ICEMA of PROVIDER'S operations.

2. If the ICEMA Governing Board finds that only a MINOR BREACH has occurred, or that a MAJOR BREACH has occurred but that allowing PROVIDER to continue its operations would not endanger the public health and safety, the ICEMA Governing Board may take such other actions, short of termination and takeover, as it deems appropriate under the circumstances.

F. **Expedited Hearing Process** - If, in the judgment of the ICEMA Administrator, it appears a condition or circumstance of MAJOR BREACH exists or has occurred and that such condition or circumstance presents and immediate danger to the public health and safety, the ICEMA Administrator, after giving notice to PROVIDER, may take the matter directly and immediately to the ICEMA Governing Board for its determination under the above provisions.

G. **Notice of Default** - Pursuant to the above provisions, the ICEMA Governing Board shall have the right to terminate, cancel, or takeover services provided under this MOU or to pursue any appropriate legal remedy in the event of a MAJOR BREACH. In such instance, the ICEMA Governing Board shall provide written notice to PROVIDER specifying the date and time of intended termination or takeover.

H. **Declaration of Public Health Officer** - The parties understand and agree that the San Bernardino County Public Health Officer may determine that the facts constituting a default under this MOU may also constitute a public health emergency. In the event that the Public Health Officer declares a public health emergency arising out of a default by PROVIDER, PROVIDER agrees that the Public Health Officer may exercise any power of the ICEMA Governing Board under this MOU in addition to any power authorized by law.

I. **Emergency Takeover** - Without limiting ICEMA's rights as set forth herein, in the event ICEMA determines that a MAJOR BREACH, actual or threatened, has or will occur, or that another event has or will occur that prevents performance, and if the nature of the breach or inability to perform is, in the reasonable opinion of the ICEMA Administrator, such that public health and safety are endangered, and after PROVIDER has been given notice and an opportunity deemed reasonable by the ICEMA Administrator to correct the deficiency (which notice may be less than 30 days, depending on the circumstances and gravity of the breach), the matter may be presented to the ICEMA Governing Board. If the ICEMA Governing Board concurs that a MAJOR BREACH has occurred or is imminent and that the health and safety would be endangered by allowing PROVIDER to continue its operations, PROVIDER shall cooperate fully with ICEMA to effect an immediate takeover by ICEMA of PROVIDER's EOA. Such takeover may be effected at any time after action by the ICEMA Governing Board or within such time period as the ICEMA Governing Board deems to be appropriate.

J. **Takeover Cooperation**

1. PROVIDER shall not be prohibited from disputing any such finding of MAJOR BREACH through litigation, provided, however, that such litigation shall not have the effect of delaying, in any way, the immediate takeover of operations by the ICEMA.
2. These provisions are specifically stipulated and agreed to by both parties as being reasonable and necessary to the protection of public health and safety, and any legal dispute concerning the finding that a MAJOR BREACH has occurred shall be initiated and shall take place only after the emergency takeover has been completed, and shall not under any circumstances, delay the process of the emergency takeover by ICEMA.
3. PROVIDER's cooperation with and full support of such emergency takeover shall not be construed as acceptance by the PROVIDER of the finding of MAJOR BREACH, and shall not in any way jeopardize PROVIDER'S right to recovery should a court later find that declaration of MAJOR BREACH was made in error. However, failure on the part of the PROVIDER to cooperate fully with ICEMA to effect a safe and smooth takeover of operations shall itself constitute a MAJOR BREACH of this

MOU, even if it was later determined that the original declaration of MAJOR BREACH was made in error.

4. The ICEMA Governing Board shall be the final authority for ICEMA.

XXI. INSURANCE REQUIRED

A. **At all times** during the terms of the MOU, and throughout any extension periods, the PROVIDER shall maintain current insurance coverage in accordance with the criteria set forth below. PROVIDER may provide a policy of self-insurance equivalent to the requirements set forth below, and specifically acknowledging and designating ICEMA, its officers and employees, as named additional insureds for all liability arising out of the PROVIDER'S operations in the performance of this MOU. In the event self-insurance is not satisfactory for any reason, ICEMA reserves the right to require additional insurance.

1. With respect to performance of work under this MOU, PROVIDER shall maintain insurance as described below:

   a) Worker's compensation insurance with statutory limits as required by the labor Code of the State of California. Said policy shall be endorsed with the following specific language:

      (1) "This policy shall not be canceled, transferred, assigned, reduced or changed without first giving thirty (30) days prior written notice to ICEMA"

   b) Commercial or comprehensive general liability insurance covering bodily injury and property damage utilizing an occurrence policy form in an amount as required by San Bernardino County Risk Management.

      (1) **Additional Insured** - "ICEMA, its officers and employees, is named as additional insured for all liability arising out of the operations by or on behalf of the named insured in the performance of this MOU."

      (2) The inclusion of more than one insured shall not operate to impair the rights of one insured against another insured, and the coverage afforded shall apply as though separate policies had been issued to each insured, but the inclusion

of more than one insured shall not operate to increase the limits of the company's liability.

c) Automobile liability insurance covering bodily injury and property damage in an amount as required by San Bernardino County Risk Management. Said insurance shall include coverage for owned, hired, and non-owned vehicles. Said policy shall be endorsed with the following language:

(1) Additional Insured - "ICEMA, its officers and employees, is named as additional insured for all liability arising out of the operations by or on behalf of the named insured in the performance of this MOU."

(2) The inclusion of more than one insured shall not operate to impair the rights of one insured against another insured, and the coverage afforded shall apply as though separate policies had been issued to each insured, but the inclusion of more than one insured shall not operate to increase the limits of the company's liability.

(3) The insurance provided herein is primary coverage to ICEMA with respect to any insurance or self-insurance programs maintained by ICEMA.

(4) This policy shall not be canceled, transferred, assigned, reduced or changed without first giving thirty (30) days prior written notice to ICEMA.

d) PROVIDER may provide a policy of self-insurance for vehicle damages. In the event self-insurance is not satisfactory for any reason, ICEMA reserves the right to require additional insurance.

e) Professional Liability

(1) Professional liability insurance for all activities of the PROVIDER arising out of or in connection with this MOU in an amount as required by San Bernardino County Risk Management.

Said policy shall be endorsed with the following specific language:

(a) **Additional Insured** - "ICEMA, its officers and employees, is named as additional insured for all

liability arising out of the operations by or on behalf of the named insured in the performance of this MOU."

(b) "This policy shall not be canceled, transferred, assigned, reduced or changed without first giving thirty (30) days prior written notice to ICEMA."

(2) In the event PROVIDER cannot provide an occurrence policy, PROVIDER shall provide insurance covering claims made as a result of performance of this MOU and shall maintain such insurance in effect for not less than two (2) years following completion of performance of this MOU.

B. **Documentation**

1. The following documentation shall be submitted to ICEMA:

a) Properly executed Certificates of Insurance clearly evidencing all coverage, limits, and endorsements required above. Said Certificates shall be submitted prior to the execution of this MOU.

b) Signed copies of the specified endorsements for each policy. Said endorsement copies shall be submitted within thirty (30) days of execution of MOU.

c) Upon ICEMA's written request, certified copies of insurance policies. Said policy copies shall be submitted within thirty (30) days of execution of MOU.

C. **Obligations Not Limited by Insurance** - PROVIDER's indemnity and other obligations, owed to ICEMA shall not be limited by the foregoing insurance requirements.

D. **Breach** - If PROVIDER, for any reason, fails to maintain insurance coverage which is required pursuant to this MOU, the same shall be deemed a breach of the MOU. ICEMA, at its sole option, may terminate this MOU and obtain damages from the PROVIDER resulting from said breach.

XXII. COMPENSATION TO PROVIDER

A. **Compensation** - As compensation for the services, equipment, and materials furnished under this MOU, PROVIDER shall receive the following as full compensation:

1. Market rights as specified herein
2. Income from fee for service billing and other reimbursement mechanisms as specified.

B. **Exclusivity** - In consideration for the all of the services, equipment, materials and supplies to be furnished by PROVIDER, the ICEMA Governing Board has designated PROVIDER as an exclusive provider of emergency ambulance services, including inter-facility transfers, within the geographical areas defined by this MOU. PROVIDER and ICEMA agree that said designation shall begin on September 1, 2006 and shall continue throughout the term of this MOU, unless otherwise mutually agreed upon. The parties further agree that by such designation and through the other provisions for PROVIDER compensation incorporated herein, ICEMA has fulfilled any and all obligations it may have presently or at any time during the term of this MOU to compensate, reimburse, or otherwise pay PROVIDER for services provided to medically-indigent patients. Nothing in this section shall effect County's obligation to pay for services to medically indigent patients. Nothing in this MOU is intended to create any duty on the part of ICEMA to pay for ambulance or emergency medical services rendered to any individual.

XXIII. RIGHTS AND REMEDIES NOT WAIVED

The PROVIDER agrees and guarantees that the work herein specified shall be completed without further or additional compensation than that provided for in this MOU; and that the acceptance of work herein and the payment thereof shall not be deemed to be a waiver by ICEMA of any breach of covenants or conditions, or any default which may then exist on the part of the PROVIDER, and the making of such payment while any such breach or default exists, shall in no way impair or prejudice any right or remedy available to ICEMA with respect to such breach or default.

XXIV. ENTIRE MOU, AMENDMENTS, INTERPRETATION, VENUE, NOTICES

A. **Entire MOU/Amendments** - This MOU constitutes the entire MOU between ICEMA and PROVIDER with respect to the subject matter hereof and supersedes any and all previous negotiations, proposals, commitments, writings, advertisements, publications, and understandings of any nature whatsoever unless specifically included or incorporated herein. No modification of this MOU

shall be effective unless it is in writing and executed by the duly authorized representatives of the parties hereto.

B. **Rights and obligations** - The rights and obligations of the parties and all interpretations and performance of this MOU shall be governed in all respects by the laws of the State of California. The parties further acknowledge and agree that the rights and obligations established under this MOU are subject to, and shall not supersede, the rights under Health and Safety Code section 1797.201 provided to any city or fire protection district within the PROVIDER's assigned EOA under this MOU.

C. **Venue** - The parties agree that this MOU shall be construed under the laws of the State of California and that any action relating to this MOU shall be instituted in the San Bernardino County Superior Court.

D. **Notices/Communications** - Notices and other communications required hereunder shall be transmitted in writing by certified U.S. mail, postage prepaid, return receipt requested, addressed to the parties as follows:

To PROVIDER:

Crest Forest Fire Protection District
Fire Chief
P.O. Box 3220
Crestline, CA 92325

To ICEMA:

Executive Director
ICEMA
515 North Arrowhead Avenue
San Bernardino, CA 92415-0060

With courtesy copies to:

San Bernardino County Public Health Officer

Except as otherwise provided, any notice given pursuant to this MOU shall be effective seven (7) days after the postmark or upon receipt as evidenced by the U.S. Postal Service return receipt card, whichever is later.

XXV. FORCE MAJEURE

A. **Effect** - Except as otherwise expressly provided in this MOU, no default in the performance of any obligations hereunder will be deemed to exist if such default is solely the result of a Force Majeure. In the event either party hereto is unable, by reason of Force Majeure, to carry out its obligations under this MOU, it is agreed that on such party's giving prompt notice of the full particulars of such event of Force Majeure, to be confirmed in writing, to the other party as soon as possible after the occurrence of the event of Force Majeure relied upon, the obligations of the party giving such notice so far as they are affected by such event of Force Majeure, shall be excused during the continuance of such event of Force Majeure. A breach of this MOU caused by an event of Force Majeure shall as far as practical be remedied with all reasonable dispatch.

B. **Diligent efforts** - During any period in which any party hereto is excused from performance by reason of the occurrence of an event of Force Majeure, the party so excused shall promptly, diligently, and in good faith take all reasonable action required in order for it to be able to commence or resume performance of its obligations under this MOU. Without limiting the generality of the foregoing, the party so excused from performance shall, during any such period of Force Majeure, take all actions reasonably necessary to terminate any temporary restraining orders, preliminary or permanent injunctions to enable it to so commence or resume performance of its obligations under this MOU.

XXVI. INDEPENDENT PROVIDER

A. **Status of PROVIDER** - The parties intend that PROVIDER, in performing the services specified herein, shall act as an independent PROVIDER and shall control the work and the manner in which it is performed. PROVIDER is not to be considered an agent or employee of ICEMA and is not entitled to participate in any pension plan, insurance, bonus, or similar benefits ICEMA provides its employees.

B. **Taxes** - PROVIDER agrees to file federal and state tax returns and pay all applicable taxes on amounts paid pursuant to this MOU and shall be solely liable and responsible to pay such taxes and other obligations, including, but not limited to, state and federal income and FICA taxes. PROVIDER agrees to indemnify and hold ICEMA harmless from any liability which it may incur to the United

States or to the State of California as a consequence of PROVIDER's failure to pay, when due, all such taxes and obligations. In case ICEMA is audited for compliance regarding any withholding or other applicable taxes, PROVIDER agrees to furnish ICEMA with proof of payment of taxes.

XXVII. PARTIAL INVALIDITY

In the event any provision of this MOU shall be held invalid or unenforceable by a court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

XXVIII. HOLD HARMLESS

A. PROVIDER agrees to defend, indemnify, hold harmless and release ICEMA, their officers, agents and employees, from and against any and all actions claims, damages, disabilities or expenses that may be asserted by any person or entity, to the extent arising out of the negligent acts or omissions or willful misconduct in the performance by PROVIDER hereunder, whether or not there is concurrent negligence on the part of ICEMA, but excluding liability due to the active negligence or willful misconduct of ICEMA. This indemnification obligation is not limited in any way by any limitation on the amount or type of damages or compensation payable to or for PROVIDER or its agents under workers' compensation acts, disability benefit acts, or other employee benefit acts. The duty of PROVIDER to indemnify and save harmless as set forth herein, shall include the duty to defend as set forth in Section 2778 of the California Civil Code.

B. ICEMA agrees to indemnify, hold harmless and release PROVIDER, its officers, agents and employees, from and against any and all actions claims, damages, disabilities or expenses that may be asserted by any person or entity, to the extent arising out of the negligent acts or omissions in the performance by ICEMA hereunder, whether or not there is concurrent negligence on the part of the PROVIDER, but excluding liability due to the active negligence or willful misconduct of the PROVIDER. This indemnification obligation is not limited in any way by any limitation on the amount or type of damages or compensation payable to or for ICEMA or its agents under workers' compensation acts, disability benefit acts, or other employee benefit acts. ICEMA shall be liable to PROVIDER for any loss of or damage to PROVIDER's property arising from

ICEMA's negligence. The duty of ICEMA to indemnify and save harmless as set forth herein, shall include the duty to defend as set forth in Section 2778 of the California Civil Code.

XXIX. PREVENTION OF IMPLEMENTATION

The parties agree that in the event ICEMA, or PROVIDER, or both, are delayed or prevented due to legal action from implementing the provisions of the ICEMA Governing Board's action, relating to the establishment of an EOA for service, the terms and conditions of this MOU may be modified as mutually agreed upon by the parties.

XXX. NON-DISCRIMINATION

PROVIDER shall comply with all applicable federal, state and local laws, rules and regulations relating to non-discrimination in employment and services because of race, color, ancestry, national origin, religion, sex, marital status, age, medical condition and handicap.

XXXI. NON-TRANSFERABLE MOU

A. **Consent of ICEMA** - This MOU shall not be assigned or transferred, nor shall the duties hereunder be delegated without the express written permission of ICEMA. Any change of more than 50% of the ownership of PROVIDER shall be deemed to be an assignment of this MOU, provided, however, that ICEMA shall not unreasonably withhold its approval of such change of ownership.

B. **Application of Health & Safety Code** - The consent of ICEMA to any assignment of this MOU is independent of and will have no affect on the rights of PROVIDER and/or its assignee under sections 1797.224 and 1797.226 of the California Health and Safety Code.

XXXII. SECTION HEADINGS AND TABLE OF CONTENTS

Section headings and Table of Contents are inserted for convenience only and shall not be used in any way to construe the terms of this MOU.

XXXIII. COOPERATION

PROVIDER's obligations of cooperation with the ICEMA hereunder shall survive termination of this MOU and shall remain in force and effect until fulfilled.

XXXIV. CONFLICT OF LAWS

This MOU shall not be construed to confer any further or additional rights on PROVIDER than may otherwise exist under the provisions of EMS Act (Health & Safety Code § 1797, et seq.) and remains subject to the provisions of Health and Safety Code sections 1797.201, 1797.224, and 1797.226, where applicable.

XXXV. FORMER COUNTY AND ICEMA OFFICIALS

PROVIDER agrees to provide or has already provided information on former County of San Bernardino administrative and ICEMA officials (as defined below) who are employed by or represent PROVIDER. The information provided includes a list of former County or ICEMA administrative officials who terminated County or ICEMA employment within the last five years and who are now officers, principals, partners, associates or members of the business. The information also includes the employment with or representation of PROVIDER. For purposes of this provision, "County or ICEMA administrative official" is defined as a member of the Board of Supervisors, or such officer's staff, County Administrative Officer or member of such officer's staff, County department or group head, assistant department or group head, any employee in the Exempt Group, Management Unit or Safety Management Unit or any employee of the County Emergency Medical Services Program. If during the course of the administration of the MOU, ICEMA determines that the PROVIDER has made a material misstatement or misrepresentation or the materially inaccurate information has been provided to ICEMA, this MOU may be immediately terminated. If the MOU is terminated according to this provision, ICEMA I entitled to pursue any available legal remedies.

IN WITNESS WHEREOF, the parties hereto have caused this MOU to be executed as of the day and year first above written.

ICEMA 06-1049 PROVIDER

By _____

Chairman, ICEMA Governing Board

BILL POSTMUS OCT 17 2006

SIGNED AND CERTIFIED THAT A COPY OF THIS DOCUMENT HAS BEEN DELIVERED TO THE CHAIRMAN OF THE BOARD
DENA M. SMITH
Clerk of the Board of Supervisors
of the County of San Bernardino

By _____

ATTEST:

Clerk to the Board

By _____

By _____

Name

Title 6/21/06

APPROVED AS TO FORM:

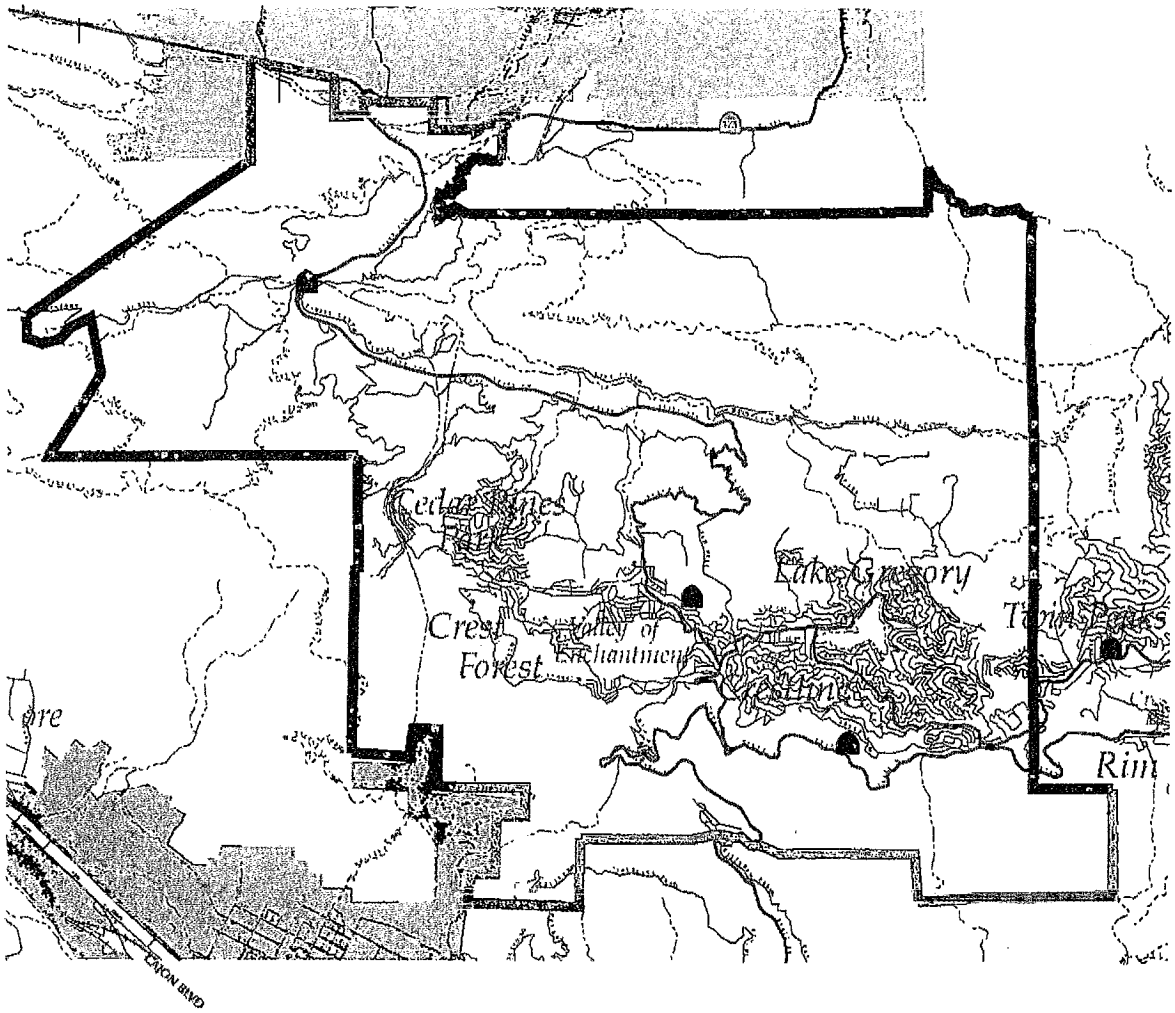
ICEMA/County Counsel

ATTACHMENTS

CREST FOREST FIRE PROTECTION DISTRICT

1. EOA MAP
2. RESPONSE AND SUB-RESPONSE ZONES
3. RESPONSE TIME MEASUREMENT AND METHODS
4. RESPONSE TIME TERMINOLOGY
5. MEASURING RESPONSE TIME STANDARD COMPLIANCE
6. MEASURING EOA COMPLIANCE
7. SAN BERNARDINO COUNTY AMBULANCE ORDINANCE
8. NUMBER OF RUNS FOR STATISTICAL VALIDITY
9. EXAMPLE OF RESPONSE TIME AND LIQUIDATED DAMAGES CALCULATION
10. ICEMA ADMINISTRATIVE COST EXAMPLE
11. MANAGEMENT FEE CALCULATION EXAMPLE
12. AMBULANCE RATES FY 2006 - 2007
13. ICEMA SCANTRON FORM

Attachment 1



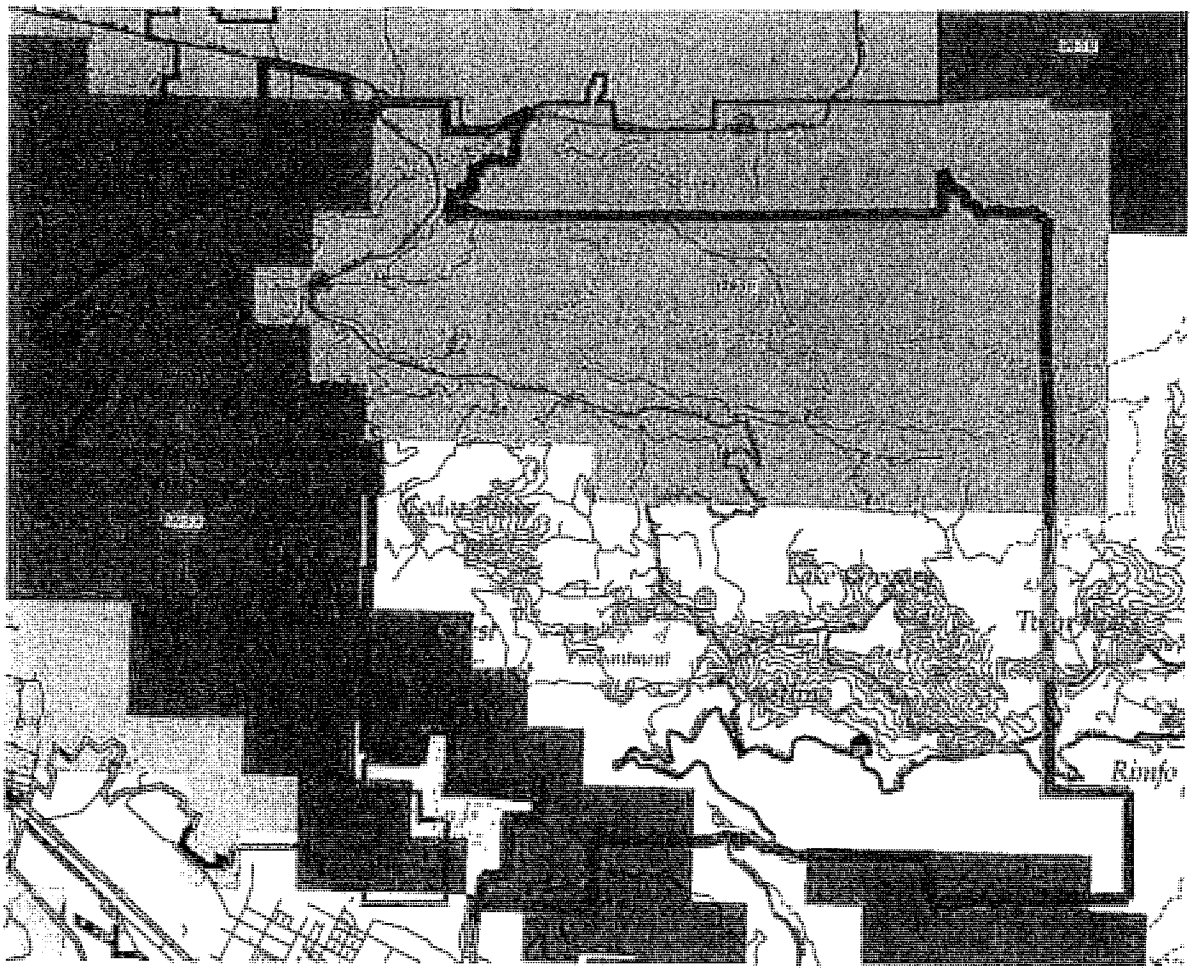
SAN BERNARDINO COUNTY
AMBULANCE EXCLUSIVE OPERATING AREA

Area 10 - Crest Forest Fire Department

Map Prepared On January 03, 2006

N

Attachment 2



SAN BERNARDINO COUNTY
AMBULANCE OPERATING AREA
Area 10 - Crest Forest Fire Department
Map Prepared On May 11, 2006

City Limits
EOA Boundary

Response Time Measurements and Methods

Inland Counties Emergency Medical Agency
Effective July 1, 2001

Preface

The Response Time Measurements and Methods are divided into the following areas:

- Reference Maps Designations;
- Response Zone Categories;
- Response Times Standards (Goals);
- Measurement Methods and Manners.

For public agencies the standards as specified below are recognized as goals.

Code 2 Response Times are not measured or recorded by all organizations at this time. ICEMA will monitor and evaluate available Code 2 response times for six months following the adoption of the Response Time Measurements and Methods. This analysis will be brought back to the Response Time Subcommittee. At that time the "Response Time Standards for Code 2 Response" and other definitions, which include Code 2 response may be changed to reflect conditions. The Response Time Subcommittee recognizes that Code 2 response times may be more available from Metropolitan/Urban/Suburban areas.

Reference Map Designation

Term	Definition/Justification	NHTSA Element
Response Zone Reference Designation	The latest available U.S. census population maps, by census tract, shall be used as the point of reference baseline to categorize standard response times for the response zones. When necessary, the maps may be broken down to the block groups to determine the dividing line for response zones. These maps shall be updated every 3 years using California Department of Finance data and other reliable data sources.	Not included.
Sub-Response Zone Reference Designation	The latest available U.S. Census population maps, by census tract and block, shall be used as the point of reference baseline to categorize response times that may vary from the standard response time. These maps may also include specific geographical or population notations.	Not included.

Reference Map Designation con't.

Term	Definition/Justification	NHTSA Element
Sub-Response Zone Reference con't.	The notations may include: a. Road conditions b. Seasonal weather conditions c. Unusual population distribution within the census tract d. City, County, State or Federal boundaries e. Other significant geographical features.	

Response Zone Population Categories

Term	Definition/Justification	NHTSA Element
Metropolitan/Urban/ Suburban	A single classification for a response zone which includes the following populated areas: Metropolitan =>500 people per square mile Urban = 101 to 500 people per square mile Suburban = 51 to 100 people per square mile	Not included.
Rural	Classification for a response zone which contains a population of 7 to 50 people per square mile.	Not included.
Wilderness	Classification of a response zone which contains a population of less than 7 people per square mile.	Not included.

Response Time Standards (Goals)

Term	Definition/Justification	NHTSA Element
Response Time Standards for Code 3 Response	The Response Zone response time standard for Code 3 response corresponds to its population category. The Standard Response Time is the measured Call Response Interval. These response time standards are: Metropolitan/Urban/Suburban < or = 9:59minutes Rural <or =29:59 minutes Wilderness < or =99:59 minutes	Not included.

Response Time Standards (Goals) con't.

Term	Definition/Justification	NHTSA Element
Response Time Standard for Code 2 Response	The Response Zone response time per call for a Code 2 response corresponds to its population category. The Response Time is the measured Call Response Interval. These response time standards are: Metro/Urban/Suburban < or = 22:59 minutes Rural < or =44:59 minutes Wilderness < or = 99:59 minutes	Not included.
Response Time Standard for Code 3 Response Downgraded to Code 2	The Response Zone response time per call for a Code 3 response downgraded to a Code 2 response corresponds to its population category. The response time standard equals the Code 3 response time interval and the Code 2 response time interval. The response time standards are: Metro//Urban/Suburban < or = 22:59 minutes (total time) Rural < or = 44:59 minutes (total time) Wilderness < or = 99:59 minutes (total time)	Not included.
Response Time Standard for Code 2 Response Upgraded to Code 3 Response	The Response Zone response time per call for a Code 2 response upgraded to a Code 3 response corresponds to its population category and the following time parameters. The total of these two intervals shall not exceed the response time standards for a Code 2 response. The response time standard equals the Code 3 response time interval at the time the response is upgraded from Code 2 to Code 3. These intervals are: Metropolitan/Urban/Suburban < or = 9:59 minutes Rural < or = 29:59 minutes Wilderness < or = 99:59 minutes	Not included.
Sub-Response Zone Time Standard	Sub-Response Zone Time Standard corresponds to a defined Sub-Response Zone Reference with documented characteristics that may allow deviation from the Response Time Standard.	Not included.

Measurement Methods and Manners

Term	Definition/Justification	NHTSA Element
Call Response Interval Calculation	The elapsed time measured in minutes:seconds from the "Time Dispatch Notified-Provider" to "Time Arrival at Scene/Staging".	Not included.
Response Time Analysis for Code 3 Responses	The fractile of the standard response times and subzone response times within 90% will be used for analyzing response time. Calls which fall outside the following times will be reviewed: Metropolitan/Urban/Suburban > 22:59 minutes Rural > 44:59 minutes Wilderness > 99:59 minutes	Not included.
Response Time Analysis for Code 2 Responses	The fractile of the standard response times and subzone response times within 90% will be used for analyzing response time.	Not included.
Time Recordation	Time recordation shall include date, hour, minutes and seconds in military time.	Not included.
Recordkeeping	Each reporting entity shall give a statement with reference to their record keeping method. These methods in order of preference are: *CAD* – The preferred recording method is through Computer Aided Dispatching (CAD). Time Data is automatically entered into a computer database with a telephone ringing at the dispatching entity. Measurement may vary from system to system; that is, one system may note the time at the first ring while another system may note the time at a second ring. Measurement systems also vary in time notation in that one system may note the time on the operator's first keystroke while another system may record time at the completion of certain data fields.	Not included.

Measurement Methods and Manners con't.

Term	Definition/Justification	NHTSA Element
Recordkeeping con't.	*Manual Electronic Recordation* - The second preferred recording method is manual recordation by the dispatching entity into a computer database through a keystroke or "clock stamp" mechanism during the time of the dispatch event. Measurement systems also vary in time notation in that one system may note the time on the operator's first keystroke while another system may record time at the completion of certain data fields. *Manual Recordation* – The third method is manual recordation onto paper during the dispatch event. These times are then input into a computer database during the call or at a later date.	
Failure to report "Time Arrival at Scene/Staging"	The time of first communication from the on-scene unit to dispatching entity shall be used as the "Time Arrival at Scene/Staging" or time of communication failure, whichever is less.	Not included.
Lights and Sirens to Scene	The use of lights and sirens enroute to scene. 01 Emergent, with lights and sirens (Code 3) 02 Initial emergent, downgraded to no lights and sirens 03 Initial non-emergent, upgraded to lights and sirens 04 Non-emergent, no lights and sirens 88 Not applicable	Data element 19.

Measurement Methods and Manners con't.

Term	Definition/Justification	NHTSA Element
Type of Service Requested	Type of service requested. 01 Scene 02 Unscheduled Interfacility Transfer 03 Scheduled Interfacility Transfer 04 Urgent Interfacility Transfer 05 Standby 06 Rendezvous 07 On Scene/Staging 08 Ground Rescue/Technical Assistance 10 Mutual Aid 88 Not Applicable 99 Unknown	Data element 20.
Communications Failure-Time Notation Procedure	In the event of communications failure time will be noted manually by onscene personnel.	Not included.

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Measurement Methods and Manners con't.

The following "Type of Service" terms require further definition.

01 Scene – Refers to direct response to scene of incident or injury, such as roadway, etc. (NHTSA standard)

02 Unscheduled Interfacility Transfer – Refers to transfer of patients from one facility to another facility. (NHTSA standard) Requested when a patient has a non-life threatening conditions.

03 Scheduled Interfacility Transfer – Refers to transfers of patients from one facility to another facility when the transfer is scheduled in advance. Requested when a patient requires service(s) that are not available at the emergency room facility.

04 Urgent Interfacility Transfer – Requested when a patient has a life threatening condition at the emergency room/clinic, requires a higher level of care, and the required service(s) is/are not available at the emergency room facility. This term includes pediatric transfers.

08 Ground Rescue/Technical Assistance – Requested when special equipment and/or preparation time is needed to retrieve and assist the patient.

10 Mutual Aid – Requested when additional resources are needed. The responding out-of-area resources may require more that the defined "Standard Response Time" to arrive at the call.

Response Time Terminology
Inland Counties Emergency Agency

Preface

The Response Time Subcommittee developed the definitions below which were subsequently recommended for approval by the ICEMA Response Time Task Force. The original subcommittee is comprised of San Bernardino County Fire Chiefs' Association and AMR/San Bernardino County Ambulance Association; the Task Force is comprised of representatives from the San Bernardino County Ambulance Association and the San Bernardino County Fire Chiefs' Association. Source materials included the original subcommittee's draft, October 20, 2000, for response time terminology and the National Highway Traffic Safety Administration's (NHTSA) 80 EMS data points and definitions.. The Subcommittee recognizes that, although NHTSA terminology is preferred, additional and more specific definitions are needed.

This document was distributed to all stakeholders for a 30-day comment period. The Emergency Medical Care Committees in Inyo, Mono, and San Bernardino County have recommended approval of this document. Minor changes were reviewed and recommended for approval by the San Bernardino County EMCC at their 9/20/01 meeting; those changes are incoporated in this document.

The terms are in a chronological order as they occur in an emergency medical incident.

Point- in-Time Terms:

ICEMA DATA ELEMENT	TERM	DEFINITION	NHTSA DATA ELEMENT
1	*Onset Date	Date of onset of symptoms or injury date.	6
2	*Onset Time	Time of onset of symptoms or injury time.	7
3	*Recognition Time	Time that an incident is recognized as a reportable emergency.	Not included
4	Date Incident Report	The date the call is received by the Public Service Answering Point or other designated entity.	8
5	*Time Incident Reported- Primary PSAP	Time call is first received by the Public Service Answering Point or other designated entity. (NHTSA recognizes one PSAP designation in their data set. The ICEMA Region uses primary and secondary PSAPs.)	9
6	*Time Dispatch Notified – Secondary PSAP	Time call is first received by the Secondary Public Service Answering Point or other designated entity. (The subcommittee agreed to use NHTSA definition and refine the definition for Secondary and Provider).	Not included
7	Time Dispatch Notified-Provider Dispatch	Time call is first received by the EMS provider agency dispatch.	10
8	Date Unit Notified	Date response unit is notified by EMS dispatch.	11
9	Time Unit Notified	Time response unit is notified by the EMS dispatch.	12

*Data element not currently reported on ICEMA Scantron Form

ICEMA DATA ELEMENT	TERM	DEFINITION	NHTSA DATA ELEMENT
10	Time Unit Responding	Time that the response unit begins physical motion, i.e. wheels begin to turn.	13
11	Time Arrival at Scene/Staging	Time EMS unit stops physical motion at scene or staging area, i.e. wheels stop turning.	14
12	*Time of Arrival at Patient	Time response personnel establish direct contact with patient.	15
13	Time Unit Left Scene	Time when the response unit begins physical motion from scene, i.e. when the wheels begin to turn.	16
14	Time Arrival at Destination	Time when patient arrives at destination or transfer point, i.e. wheels stop turning.	17
15	*Time of Receipt of Patient at Receiving Facility	Time when receiving facility or transfer agency accepts transfer and care of the patient.	Not included
16	Time Back in Service – not available	Time response unit back in service and not available for response.	Not included
17	Time Back in Service - available	Time response unit back in service and available for response.	18
*18**	Time Unit Canceled Enroute	Time provider agency dispatch is notified that call is canceled.	Not included
*19**	Time Unit Upgraded Code 3	Time when provider agency dispatch is notified that response is upgraded to Code 3 from Code 2.	Not included
*20**	Time Unit Downgraded Code 2	Time when provider agency dispatch is notified that response is downgraded to Code 2 from Code 3.	Not included

*Data element not currently reported on ICEMA Scantron Form

Time Interval Terms:

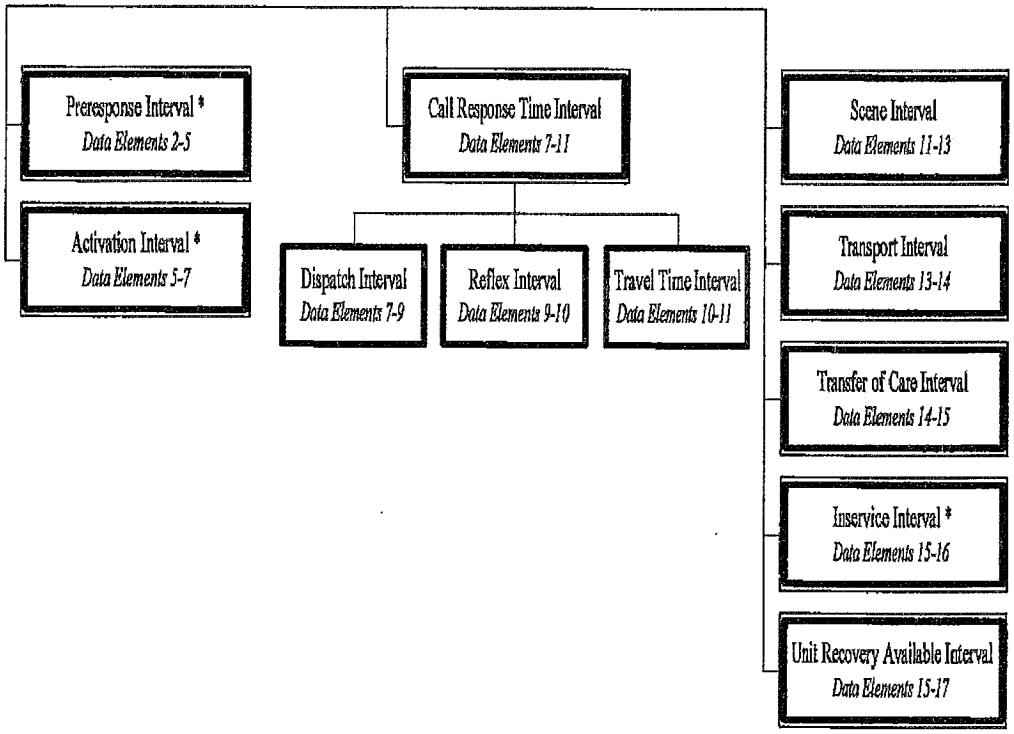
Time intervals are recognized as cognitive measuring points; therefore while a true measuring point in some cases is the millisecond after the named data point, it is practical to use the recorded time (data point) as the measurement indicator for time interval terms.

TERM	ICEMA DATA ELEMENT	DEFINITION	NHTSA DATA ELEMENTS
Call Response Interval	7-11	The elapsed time, measured in minutes:seconds format, from the "Time Dispatch Notified-Provider Dispatch" to "Time Arrival at Scene/Staging".	10-14
*Preresponse Interval	2-5	The elapsed time, measured in minutes:seconds format, from "Onset Time" to "Time Incident Reported". This time measurement cannot be measured precisely.	7-9
*Activation Interval	5-7	The elapsed time, measured in minutes: seconds format, from the "Time Incident Reported" to "Time Dispatch Notified-Provider".	9-10
Dispatch Interval	7-9	The elapsed time, measured in minutes: seconds format, from the "Time Dispatched Notified-Provider" to "Time Unit Notified".	10-12
Reflex Interval	9-10	The elapsed time, measured in minutes: seconds format, from the "Time Unit Notified" to "Time Unit Responding".	12-13
Travel Time Interval	10-11	The elapsed time, measured in minutes:seconds format, from the "Time Unit Responding" to the "Time Arrival On Scene/Staging".	13-14
Scene Interval	11-13	The elapsed time, measured in minutes:seconds format, from the "Time Arrival at Scene" to the "Time Unit Left Scene".	14-16
Transport Interval	13-14	The elapsed time, measured in minutes:seconds format, from the "Time Unit Left Scene" to the "Time Arrival at Destination".	16-17
*Transfer of Care Interval	14-15	The elapsed time, measured in minutes:seconds format, from the "Time Arrival at Destination" to "Receipt of Patient at Receiving Facility".	17-Not included
*Inservice Interval	15-16	The elapsed time, measured in minutes:seconds format, from the "Receipt of Patient at Receiving Facility" to the "Time Back in Service – not available"	Not included
Unit Recovery Available Interval	15-17	The elapsed time, measured in minutes:seconds format, from the "Receipt of Patient at Receiving Facility" to the "Time Back in Service and available".	Not included - 18

*Data element not currently reported on ICEMA Scantron Form

ICEMA Response Time Intervals

*Data element not currently reported and/or evaluated on ICEMA Scantron Form.



Attachment 5

Measuring Response Time Standard Compliance

Measurement of response time standards compliance by providers is accomplished for each Exclusive Operating Area (EOA) using the fractile method. Utilizing the fractile method, the response time standards are defined such that the amount of time from receipt of code 3 call to arrival on scene must be less than a specified number of minutes for 90% of provider runs within a particular EOA. Using fictitious run data for a ten minute response time zone, comparison of a simple average response time calculation with a fractile response time calculation is shown below.

Fictitious Run Data for 10 Minute Response Time Zone

Run #	Response Time (min:sec)	Response Time (seconds)	Run #	Response Time (min:sec)	Response Time (seconds)
Run 1	8:56	536	Run 21	11:32	692
Run 2	12:13	733	Run 22	7:34	454
Run 3	4:49	289	Run 23	9:23	563
Run 4	11:10	670	Run 24	13:42	822
Run 5	13:55	835	Run 25	10:50	650
Run 6	4:25	265	Run 26	12:53	773
Run 7	13:09	789	Run 27	6:08	368
Run 8	14:39	879	Run 28	11:43	703
Run 9	0:57	57	Run 29	14:07	847
Run 10	10:54	654	Run 30	5:15	315
Run 11	12:51	771	Run 31	12:37	757
Run 12	3:12	192	Run 32	10:44	644
Run 13	14:29	869	Run 33	6:59	419
Run 14	2:42	162	Run 34	13:22	802
Run 15	6:24	384	Run 35	1:31	91
Run 16	11:59	719	Run 36	9:05	545
Run 17	12:20	740	Run 37	10:18	618
Run 18	3:35	215	Run 38	13:21	801
Run 19	9:51	591	Run 39	8:16	496
Run 20	10:33	633	Run 40	4:01	241
			Total		22,584
			Average	9:25	565

Calculation of Average Response Time

Using data shown in table at left:

(1) Convert response times from minutes/seconds to seconds for each run.
In example, using Run #1,

8:56 = (8 minutes x 60 seconds/minute) + 56 seconds
= 480 + 56 = 536 seconds

(2) Calculate total number of seconds for all runs.
In example, total for 40 runs = 22,584 seconds

(3) Calculate average number of seconds per run by dividing total number of seconds for all runs by the number of runs. In example,

22,584 seconds / 40 runs = 565 seconds per run

(4) Convert average number of seconds per run from seconds to minutes:seconds. In example,

565 seconds / 60 seconds per minute
= 9 minutes and 25 seconds.

Result: *In example, average response time is under 10 minutes.*
MEETS 10 MINUTE RESPONSE TIME STANDARD.

Fictitious Data Grouped into Fractiles

Response Time (Minutes)	Number of Runs	Percent of Total	Cumulative Percentage
<1	1	2.5%	2.5%
1 - <2	1	2.5%	5.0%
2 - <3	1	2.5%	7.5%
3 - <4	2	5.0%	12.5%
4 - <5	3	7.5%	20.0%
5 - <6	1	2.5%	22.5%
6 - <7	3	7.5%	30.0%
7 - <8	1	2.5%	32.5%
8 - <9	2	5.0%	37.5%
9 - <10	3	7.5%	45.0%
10 - <11	5	12.5%	57.5%
11 - <12	4	10.0%	67.5%
12 - <13	5	12.5%	80.0%
13 - <14	5	12.5%	92.5%
14 - <15	3	7.5%	100.0%
Total	**40**		
Fractile	**13 - <14**		

Calculation of Fractile Response Time

Using data shown in table above and demonstrated in table at left:

(1) Create whole-minute groupings or "fractiles" beginning with <1 minute.
For example, <1 minute, 1-<2 minutes, 2-<3 minutes, etc.

(2) Count number of runs with response times within range of each fractile response time.
In example, 3 runs had response times between 6 and 7 minutes.

(3) For each fractile, calculate the percentage of all runs having response times within that fractile response time.
In example, using the fractile response time 6 - <7 minutes,

(3 runs in fractile 6-<7) / (40 total runs) x 100 = 7.5%.

(4) Beginning with the lowest fractile, calculate the cumulative percentage of runs having response times equal to or less than each fractile,
In example, using the fractile response time 6 - <7 minutes, sum percent of total for each fractile equal to or less than 6 - <7 minutes:

2.5% + 2.5% + 2.5% + 5.0% + 7.5% + 2.5% + 7.5% = 30%

(5) Determine the fractile where the cumulative % is greater than or equal to 90%. **This is the fractile response time.** In example, cumulative percentage exceeds 90% in fractile 13 - <14 minutes, where it equals 92.5%.

Result: *In example, fractile response time is 13 - <14 minutes.*
DOES NOT MEET 10 MINUTE RESPONSE TIME STANDARD.

Summary: In the above example, the provider meets the ten minute response time standard when using the average response time calculation, but fails to meet the standard when the fractile response time calculation is used. **Use of the fractile calculation creates a more stringent response time standard.** In the above example using the fractile method, the cumulative percentage for the 9-<10 minute fractile would have to be greater than or equal to 90% in order to satisfy the response time standard.

Attachment 6

Measuring EOA Compliance

The response time standard for a particular run is determined by the location of the event or scene where provider service is required. Census tract population densities are used to determine the response time standard for Primary Response Time Zones. Primary Response Time Zones act as the default standard for all locations and are classified as either urban (9:59 response time), rural (29:59 response time), or wilderness (99:59 response time). Recognizing that census tract population densities alone do not always accurately reflect reasonable response time standards, Subresponse Time Zone standards have been created which supercede the Primary Response Time Zones. Subresponse Time Zone standards were developed in 2002 by the Response-Time Subcommittee of the ICEMA Response Time Task Force and subsequently accepted by the Emergency Medical Care Committee. Detailed maps displaying response time standards for San Bernardino County were also created and are available through ICEMA.

The fractile method for measuring response time standard compliance can be utilized for each response time zone within a particular EOA; however, providers are ultimately responsible for meeting the response time standard for 90% of all runs within their EOA as a whole. Thus, the possibility exists that a provider may fail to meet the standard for a particular response time within the EOA, while satisfying the standard for the entire EOA. Using fictitious run data for an EOA with multiple response time zones, calculation of overall EOA response time compliance is shown below.

Fictitious Run Data for EOA With Multiple Response Time Standards

Response Time (Minutes)	9:59 Zone # of Runs	9:59 Zone Cumulative # of Runs	9:59 Zone Cumulative Percentage	19:59 Zone # of Runs	19:59 Zone Cumulative # of Runs	19:59 Zone Cumulative Percentage	29:59 Zone # of Runs	29:59 Zone Cumulative # of Runs	29:59 Zone Cumulative Percentage
<1	23	23	1.5%	0	0	0.0%	0	0	0.0%
1 - <2	133	156	10.4%	3	3	1.2%	0	0	0.0%
2 - <3	119	275	18.2%	2	5	1.9%	0	0	0.0%
3 - <4	285	560	37.2%	2	7	2.7%	2	2	0.4%
4 - <5	210	770	51.1%	0	7	2.7%	0	2	0.4%
5 - <6	178	948	62.9%	1	8	3.1%	1	3	0.7%
6 - <7	203	1,151	76.4%	5	13	5.0%	1	4	0.9%
7 - <8	121	1,272	84.4%	3	16	6.2%	2	6	1.3%
8 - <9	63	1,335	88.6%	6	22	8.5%	5	11	2.4%
9 - <10	46	1,381	91.6%	13	35	13.6%	2	13	2.8%
10 - <11	30	1,411	93.6%	8	43	16.7%	4	17	3.7%
11 - <12	25	1,436	95.3%	7	50	19.4%	11	28	6.1%
12 - <13	31	1,467	97.3%	12	62	24.0%	17	45	9.8%
13 - <14	18	1,485	98.5%	16	78	30.2%	12	57	12.4%
14 - <15	11	1,496	99.3%	16	94	36.4%	16	73	15.9%
15 - <16	7	1,503	99.7%	21	115	44.6%	25	98	21.4%
16 - <17	3	1,506	99.9%	31	146	56.6%	26	124	27.0%
17 - <18	1	1,507	100.0%	28	174	67.4%	18	142	30.9%
18 - <19				24	198	76.7%	14	156	34.0%
19 - <20				15	213	82.6%	19	175	38.1%
20 - <21				10	223	86.4%	28	203	44.2%
21 - <22				7	230	89.1%	37	240	52.3%
22 - <23				9	239	92.6%	33	273	59.5%
23 - <24				6	245	95.0%	48	321	69.9%
24 - <25				5	250	96.9%	22	343	74.7%
25 - <26				2	252	97.7%	27	370	80.6%
26 - <27				4	256	99.2%	15	385	83.9%
27 - <28				1	257	99.6%	12	397	86.5%
28 - <29				0	257	99.6%	18	415	90.4%
29 - <30				1	258	100.0%	12	427	93.0%
30 - <31							6	433	94.3%
31 - <32							7	440	95.9%
32 - <33							4	444	96.7%
33 - <34							5	449	97.8%
>=34							10	459	100.0%

Fractile Response Time Calculations

Fictitious EOA run data shown in table at left includes response times for three response time zones – 9:59, 19:59, and 29:59.

Calculating the fractile response time for each response time zone as described in the previous example yields the following results:

(1) Fractile response time for 9:59 zone is 9 - <10 minutes (shaded row)
– meets response time standard.

(2) Fractile response time for 19:59 zone is 22 - <23 minutes (shaded)
- does not meet response time standard.

(3) Fractile response time for 29:59 zone is 28 - <29 minutes (shaded)
– meets response time standard.

Calculation of EOA Compliance

Using summary data from table below & left:

(1) Compute total number of runs in all response time zones:
1,507 + 258 + 459 = 2,224

(2) Compute total number of runs at or below response time (fractile) standard from each response time zone:
1,381 + 213 + 427 = 2,021

(3) Compute total percentage of runs in entire EOA that were at or below standard response time:
2,021 / 2,224 x 100 = 90.9%

Result: Over 90% of runs meet response time standard.
PROVIDER IS COMPLIANT AT EOA LEVEL.

Summary: In the above example, fractile response time standards are met for the 9:59 and 29:59 response time zones, but not for the 19:59 zone. The provider is compliant at the EOA level since over 90% of EOA runs were at or below the designated response time standard.

Measurement of Overall EOA Compliance

Response Time Zone	Total Number of Runs	# of Runs at or Below Fractile Standard	% of Runs at or Below Fractile Standard	Compliance with Standard?
9:59	1,507	1,381	91.6%	*Pass*
19:59	258	213	82.6%	*Fail*
29:59	459	427	93.0%	*Pass*
EOA Total	2,224	2,021	90.9%	*Pass*

Attachment 7

ORDINANCE NO. 3718

AN ORDINANCE OF THE COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA, ADDING SUBSECTON 31.0820(j) TO CHAPTER 8 OF DIVISION 1 OF TITLE 3 OF THE SAN BERNARDINO CODE, PERTAINING TO AMBULANCE RATES

THE Board of Supervisors of the County of San Bernardino, State of California, ordains as follows:

SECTION 1. The Board of Supervisors finds and determines that:

The Inland Counties Emergency Medical Agency ("ICEMA"), the local emergency medical services agency for the County of San Bernardino, is proposing to amend the Emergency medical services Plan for the County of San Bernardino (the "EMS Plan") to establish a uniform rate structure for the delivery of ambulance services within san Bernardino county. ICEMA intends to incorporate portions of the County Ambulance Ordinance into its EMS Plan, which pertain to ambulance rates.

This proposed amendment to the County Ambulance Ordinance provides ICEMA with an established procedure to regulate ambulance rates within San Bernardino County.

SECTION 2. Subsection 31.0820(j) is added to Chapter 8 of Division 1 of Title 3 of the San Bernardino County code, to read:

31.820.1 Ambulance Rates

(j) At the Direction of the local Emergency Medical Services ("EMS") Agency, and when authorized pursuant to the local EMS Plan, the ambulance rates established under this section shall apply to all providers of ambulance services which are subject to the regulatory authority of the EMS Plan.

SECTION 3. This ordinance shall take effect thirty (30) days from the date of adoption.

Jerry Eaves, Chairman
Board of Supervisors

SIGNED AND CERTIFIED THAT A COPY OF THIS DOCUMENT HAS BEEN DELIVERED TO THE CHAIRMAN OF THE BOARD OF SUPERVISORS

EARLENE SPROAT
Clerk of the board of Supervisors

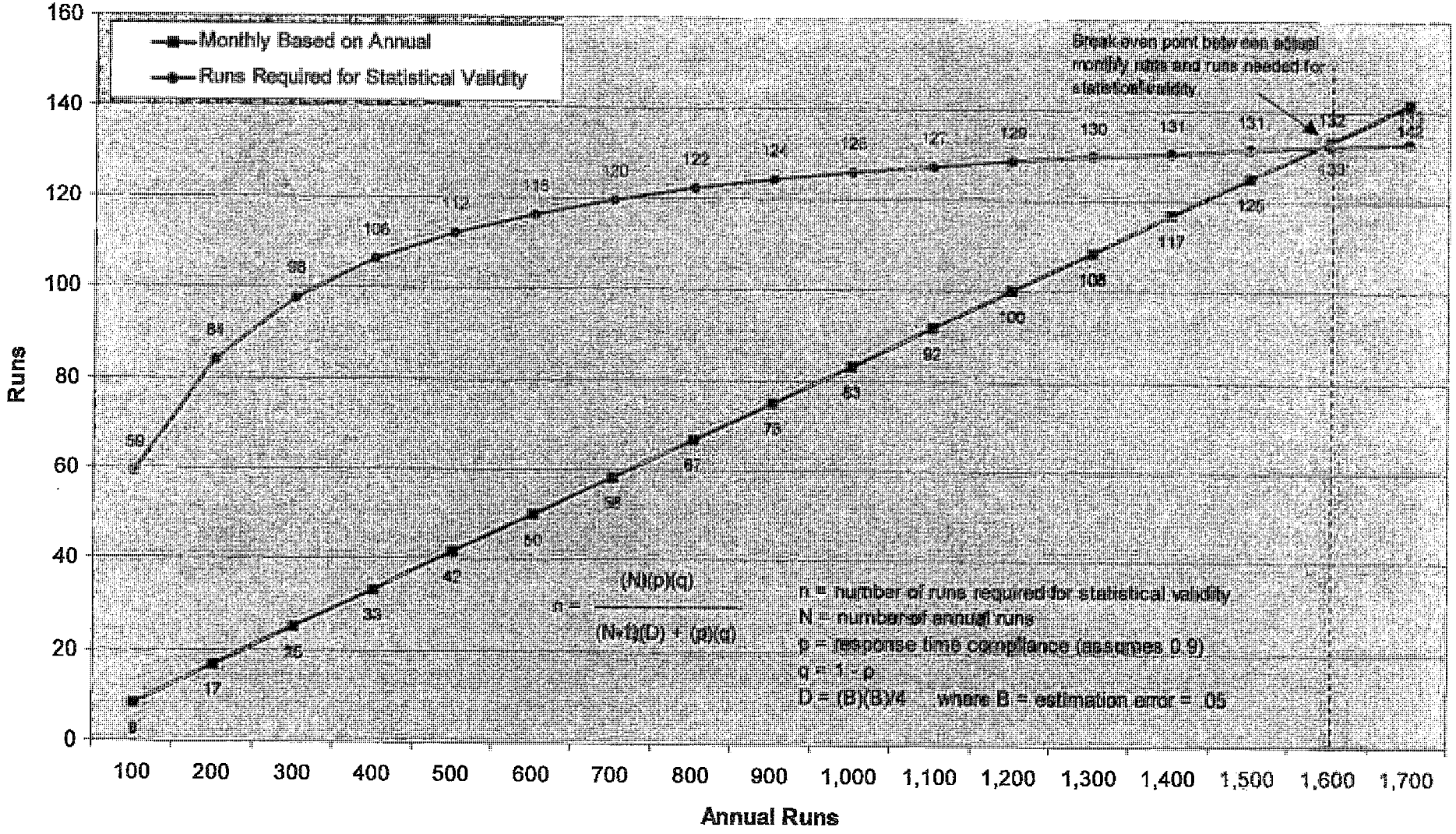
State of California)
) ss
County of San Bernardino)

I, EARLENE SPROAT, Clerk of the Board of Supervisors of the County of San Bernardino, State of California, hereby certify that at a regular meeting of the Board of Supervisors of said county and State, held on the 7th day of April, 1998, at which meeting were present Supervisors: Kathy A. Davis, Jon D. Mikels, Dennis Hansberger, Jerry Eaves and the Clerk, the foregoing ordinance was passed and adopted by the following vote, to wit:
AYES: SUPERVISORS: Davis, Mikels, Hansberger, Eaves
NOES: SUPERVISORS: None
ABSENT: SUPERVISORS: None
ABSTAIN: SUPERVISORS: None

IN WITNESS WHEREOF, I have hereunto set my hand, affixed the official seal of the Board of Supervisors this 7th day of April 1988.

ATTACHMENT 8

Number of Runs for Statistical Validity at 95% Confidence
EOA Response Time Compliance Calculations
Based on Number of Annual Runs



ATTACHMENT 9

Example of Response Time and Liquidated Damages Calculation Using Statistical Validity for EOAs With Less Than 1,600 Annual Runs

Example 1: **213 runs during previous calendar year.**
Requires 86 cumulative runs for statistical validity (see Attachment 8)

Monthly Compliance				Cumulative				Late Run	RT <90%
Total	On-Time	Late	Percent	Total	On-Time	Late	Percent	Penalties	Penalties
16	14	2	87.50%	16	14	2	87.50%	$60	
30	28	2	93.33%	46	42	4	91.30%	$165	
27	20	7	74.07%	73	62	11	84.93%	$295	
38	36	2	94.74%	111	98	13	88.29%	$70	$1,470
28	27	1	96.43%	28	27	1	96.43%	$70	
42	35	7	83.33%	70	62	8	88.57%	$585	
19	16	3	84.21%	89	78	11	87.64%	$20	$2,640
17	17	0	100.00%	17	17	0	100.00%	$0	
20	18	2	90.00%	37	35	2	94.59%	$25	
20	17	3	85.00%	57	52	5	91.23%	$160	
35	29	6	82.86%	92	81	11	88.04%	$55	$1,980
27	26	1	96.30%	27	26	1	96.30%	$2	
								$1,517	$6,030

EOA response time calculation made since cumulative runs reached 86.
Run count starts from zero

EOA response time calculation made since cumulative runs reached 86.
Run count starts from zero

Breach of contract occurs due to 3rd consecutive cycle under 90% compliance.
Run count starts from zero and is part of cycle continuing into next calendar year.

Note that late run penalties and performance credits are still evaluated monthly based on that month's performance.

Example 2: **109 runs during previous calendar year.**
Requires 62 cumulative runs for statistical validity (see Attachment 8)

Monthly Compliance				Cumulative				Late Run	RT <90%
Total	On-Time	Late	Percent	Total	On-Time	Late	Percent	Penalties	Penalties
14	13	1	92.86%	14	13	1	92.86%	$13	
7	7	0	100.00%	21	20	1	95.24%	$0	
8	5	3	62.50%	29	25	4	86.21%	$80	
6	6	0	100.00%	35	31	4	88.57%	$0	
9	8	1	88.89%	44	39	5	88.64%	$10	
12	10	2	83.33%	56	49	7	87.50%	$55	
8	8	0	100.00%	64	57	7	89.06%	$0	$940
11	10	1	90.91%	11	10	1	90.91%	$20	
9	9	0	100.00%	20	19	1	95.00%	$0	
15	13	2	86.67%	35	32	3	91.43%	$54	
9	8	1	88.89%	44	40	4	90.91%	$10	
13	12	1	92.31%	57	52	5	91.23%	$63	
								$305	$940

EOA response time calculation made since cumulative runs reached 62.
Run count starts from zero

Part of cycle continuing into next calendar year.

Attachment 10

ICEMA ADMINISTRATIVE COST EXAMPLE

ADMIN/OFFICE

Employees	4.3		
Rent		$22,185	
S&S		$19,699	
Subtotal		$41,884	$41,884

EMPLOYEE DETAIL

Classification	Salary	% Use	Total
Program Manager	$101,000	100.00%	$101,000
Automated Systems Analyst	$76,600	80.00%	$61,280
Admin Clerk	$59,900	50.00%	$29,950
Staff Analyst II	$86,700	100.00%	$86,700
OA III	$51,100	100.00%	$51,100
Subtotal			$330,030

OVERHEAD	% use	Total	
Local Admin	1.00%	$3,300	
Indirect Admin	19.00%	$62,706	
Subtotal		$66,006	$66,006

TOTALS	FY 06/07	$437,920

Administration Fee by EOA -- FY 2006/2007

Based on 12 Month Period Calendar Year 2005

Operating Area	Provider	Annual Transports	Percent Transports	Admin Fee*	Quarterly Fee
1	AMR - Rancho Cucamonga	9,619	9.51%	$41,657	$10,414.14
2	AMR - Rancho Cucamonga	4,116	4.07%	$17,825	$4,456.24
3	AMR - Rancho Cucamonga	8,556	8.46%	$37,053	$9,263.27
4	AMR - Rancho Cucamonga	8,401	8.31%	$36,382	$9,095.45
5	AMR - San Bernardino	154	0.15%	$667	$166.73
6	AMR - San Bernardino	20,422	20.20%	$88,441	$22,110.15
7	AMR - Redlands	2,302	2.28%	$9,969	$2,492.29
8	AMR - Redlands	7,129	7.05%	$30,873	$7,718.31
9	AMR - Redlands	1,431	1.42%	$6,197	$1,549.29
10	Crest Forest FD	596	0.59%	$2,581	$645.27
11	AMR - Redlands	76	0.08%	$329	$82.28
12	AMR - Victorville	13,427	13.28%	$58,148	$14,536.92
13	Desert Ambulance Service	3,365	3.33%	$14,573	$3,643.16
14	Morongo Basin Ambulance **	3,362	3.32%	$14,560	$3,639.91
15	Morongo Basin Ambulance	0	0.00%	$0	$0.00
16	Wrightwood FD	1,417	1.40%	$6,137	$1,534.13
17	Hesperia FD	5010	4.95%	$21,697	$5,424.14
18	Lake Arrowhead FD	886	0.88%	$3,837	$959.24
19	Running Springs FD	353	0.35%	$1,529	$382.18
20	Bear Valley Paramedics	1,639	1.62%	$7,098	$1,774.49
21	Yucca Valley FD	1,801	1.78%	$7,800	$1,949.88
22	Needles Ambulance Service	660	0.65%	$2,858	$714.56
23	Baker Emergency Services	592	0.59%	$2,564	$640.94
24	Searles Valley FD	113	0.11%	$489	$122.34
25	Lucerne Valley FD	554	0.55%	$2,399	$599.80
26	Elbert Ambulance	432	0.43%	$572	$142.91
27	Havasu FD	76	0.08%	$329	$82.28
5	Rialto FD	4,932	4.88%	$21,359	$5,339.70
		101,121	100.00%	$437,920	$109,480.00

* Admin fee is based on amount entered as total at bottom of column and multiplied by the provider percentage. Changing the total will change the EOA fees.

** Separate numbers not available for EOAs 14 and 15. Numbers for EOA 14 above reflect both EOA 14 and EOA 15.

White	Contracts currently in effect
Yellow	MOU providers -- contracts not signed
Grey	201 Agencies -- no contracts
Purple	Area to be put out for bid

Attachment 12

INLAND COUNTIES EMERGENCY MEDICAL AGENCY

515 N Arrowhead Avenue
San Bernardino CA 92415-0060
(909) 388-5823 Fax (909) 388-5825

April 4, 2006

TO: Ambulance Providers
San Bernardino County

FROM: Eric Frykman, M.D.
San Bernardino County Health Officer

SUBJECT: FY 2006/2007 Ambulance Rate Adjustment

In conformance with Section 31.0820 (f), Chapter 8, Division 1 of Title 3 of the San Bernardino County code pertaining to ambulance services, the following represents ambulance rate adjustments effective July 1, 2006.

Ambulance Rate Adjustment Calculation FY 2006-2007

Ambulance Rate Components	Base Rate FY 2005 Rate		Increase 5% x Base Rate		Final Rate FY 2006 Rate	
	Urban Operating Areas	Rural/ Wilderness Operating Areas	Urban Operating Areas	Rural/ Wilderness Operating Areas	Urban Operating Areas	Rural/ Wilderness Operating Areas
Advanced Life Support (ALS) Base Rate (All Inclusive)	$854.03	$939.44	$42.70	$46.97	$896.73	$986.41
Basic Life Support (BLS) Rate	$392.09	$431.30	$19.60	$21.57	$411.70	$452.87
Emergency Fee	$154.17	$169.58	$7.71	$8.48	$161.87	$178.06
Oxygen	$95.60	$105.16	$4.78	$5.26	$100.38	$110.42
Night Charge	$110.38	$121.42	$5.52	$6.07	$115.90	$127.49
Critical Care Transport	$1,035.66	$1,139.21	$51.78	$56.96	$1,087.44	$1,196.18
Mileage (per mile or fraction thereof)	$16.21	$16.21	$0.81	$0.81	$17.02	$17.02
Wait Time	$28.95	$28.95	$1.45	$1.45	$30.40	$30.40
EKG	$65.82	$65.82	$3.29	$3.29	$69.12	$69.12

Base Rate + (5% x Base Rate) = Final Rate

Note: Maximum increase of 5% applied based on ordinance language.
Actual CPI Average equaled 6.22%

Please note that the FY 2006 rate is based on a 5% increase. The actual CPR average equaled 6.22%. The County code states "Yearly CPR adjustments shall not exceed five percent (5%) for any single year.

The attached "Ambulance Service Rate Definitions" will be utilized in the application of the rates.

These rates shall be in effect within ten (10) days after having been published in a newspaper of general circulation within the effective service areas(s), once a week for two (2) weeks. Please forward copies of the newspaper publications to ICEMA.

DF/wp
Enc. (1)

Ambulance Service Rate Definitions

NOTE: Rates are allowable only upon transport of a patient

BLS Base Rate:

1. When an EMT-I staffed ambulance responds to a call; or
2. When a paramedic staffed ambulance responds to a scheduled call when not requested and/or paramedic intervention is not provided..

ALS All Inclusive Rate:

Any response of an approved advanced life support (paramedic) transport provider to a request for service. This charge will include, but not necessarily be limited to, the provision of the following:

1. An authorized paramedic staffed and equipped ambulance response.
2. Care modalities including cardiac monitoring, telemetry, IV administration, drug administration, defibrillation, blood draw, wound dressing, splinting and disposable first aid and medical supplies related to such care and treatment.

Emergency:

Applies when a BLS scheduled response is upgraded to emergency status either in response or during transport. **This charge is included in the ALS All Inclusive Rate and cannot be charged in addition to the ALS All Inclusive Rate.**

EKG Monitoring:

Applies when EKG Monitoring is performed as per protocol or base hospital order. **This charge is included in the ALS All Inclusive Rate and cannot be charged in addition to the ALS All Inclusive Rate.** In most cases, this change is broken out as a line item for Medi-Cal which does not recognize the change in the ALS Base Rate.

Mileage:

Applies for each patient mile or fraction thereof from point of pick-up to destination.

Night:

Applies for services provided between the hours 1900 and 0659, military time.

Oxygen:

Applies for services provided whenever oxygen is administered. This charge is inclusive of material such as tubing, masks, etc., which may be used for the administration of oxygen.

Wait Time:

Applies to scheduled calls and is charged per fifteen minutes of waiting time or portion thereof, after the first fifteen minute period lapse occurs when an ambulance must wait for a patient at the request of the person/organization hiring the service. This rate is not contractual "stand-by" charge rate for special events.

Critical Care Transport:

Applies to an authorized ALS ambulance company approved to utilize medical personnel needed to provide care/monitoring at level above paramedic scope of practice to provide ALS interfacility transports according the ICEMA policy.

Attachment 13 181009

SEX	AGE	ZIP	#PTS	INCIDENT #	RUN DATE	CITY	RUN CODE	OTHER TRANSPORT PROVIDER	UNIT	OTHER ICEMA #
							TO	MA		
								MS		
								ME		
								AM		
							FROM	SQ		
								E		

PRIOR CARE: N none, M medical, B FD/BLS, C citizen, O other, L law enf., A FD/ALS

MECH. OF INJURY (TRAUMA ONLY): M auto/truck-MVA; SEATBELT Y N U; C motorcycle; HELMET Y N U; G gunshot; S stabbing; A assault; D near-drowning; F fall>20'; B bite/sting; L blunt injury; T multiple mech.; P oth penetrating; O other; U unknown

CATEGORY: T trauma; C cardiac; R respiratory; A amputation; B behavior/OD; 5 5150; U burn; D domest viol; E environment; O obstetric; P poisoning; S spinal inj; M oth medical; N transfer

BASE HOSP: NO CONTACT

TIMES: RECV HOSP; CALL RCD; EN ROUTE; ARRIVE; DEPART; ARV DEST

Y PT REFUSES CARE; Y RELEASE SIGNED

SYS BP: >90 4; 70-90 3; 50-69 2; <50 1; 0 0

RESP RATE: 10-24 4; 25-35 3; >35 2; <10 1; 0 0

EFFORT: normal 1; shallow or retract. or none 0

CAP REFILL: normal 2; delayed 1; none 0

BEST MOTOR: obedient 6; purposeful 5; withdrawal 4; flexion 3; extension 2; none 1

BEST VERBAL: oriented 5; confused 4; inappropriate 3; incomprehens 2; none 1

EYE OPEN: spontan 4; to voice 3; to pain 2; none 1

GCS/TRS 14-15=5 11-13=4 8-10=3 5-7=2 3-4=1

1ST EKG: R cardiovert; D dfib; N SR; B SB; T ST; V Vfib; C VT; D SVT; A Afib; L AFL; E AT; A AVB; Y ASY; O Oth

ATTEMPTS PLACED: IV 1 2 3 Y; IO 1 2 3 Y; ET 1 2 3 Y; ET N nasal; O oral

PT CONDITION: C change; M no change

OUTCOME: C cancelled en route; D dry run-no pt; R transport refused; G transport-ground; A transport-air; O obviously dead

WHY SELECTED: T major trauma; P patient request; D diversion; C closest; E peds trauma; R reroute; O other

CARE RENDERED: E AED; A Bag-valve mask; M burn care; B axial-spinal stabilization; P CPR/resuscitation; D decontamination; E extrication; C hard collar; H hot/cold packs; K KED; N NP/OP airway; O OB assist; X oxygen; G sand bags; L snake bite care; S splint, simple; T splint, traction; U suction; W wound dressing; U BLS other; B blood drawn; D dexstick; E EKG monitor; T EKG strip; E 12 lead EKG; G McGill forceps; 1 Meds given IV; 2 Meds given IO; 3 Meds given ET; 4 Meds given PO; O monitor chest tube; P needle thoracostomy; N NG insertion; C Percutaneous Needle Cric; Y Approved Device; H TCP; V Valsalva maneuver; U ALS other

MEDICATIONS: A act. charcoal; B adenosine; B albuterol; 1 aspirin; P atropine; K bretylium; D dextrose; 1 diphenhydramine; 2 dopamine; E epineph-IV; O epineph-SQ; F furosemide; G glucagon; L lidocaine; R magnesium; S midazolam; M morphine; N naloxone; 3 nitroglycerine; W phenylephrine; C procainade; 4 sodium bicarb; V verapamil; U other med

IV/IO: S saline; L SL

SPECIAL STUDY: M medications; S skills; O other

ICEMA NO.	ATTENDANT #1 CERT NO	ATTENDANT #2 CERT NO	THIS FORM BY PROVIDER	UNIT
	E	E	MA	
	L	L	MS	
	P	P	ME	
	M	M	AM	
			SQ	
			E	

MAKE NO MARKS IN THIS AREA

FORM NO. F-1612-ICEMA

SCANTRON CORPORATION 2006 P3 1706 -350- 10987654321

EXCLUSIVE OPERATING AREA 10 FOR AMBULANCE TRANSPORT

Letter Dated January 14, 2015 Requesting Imposition of Specific Condition on Transfer of EOA 10 Responsibilities from ICEMA

Attachment 4e

Inland Counties Emergency Medical Agency

Serving San Bernardino, Inyo, and Mono Counties

Tom Lynch, EMS Administrator
Reza Vaezazizi, MD, Medical Director

January 14, 2015

RECEIVED
JAN 15 2015
LAFCO
San Bernardino County

Kathleen Rollings-McDonald, Executive Officer
Local Agency Formation Commission
215 North "D" Street, Suite 204
San Bernardino, CA 92415-0490

RE: COMMENT ON LAFCO 3185 SPHERE OF INFLUENCE EXPANSION AND LAFCO 3186 REORGANIZATION - DISSOLUTION OF THE CREST FOREST FIRE PROTECTION DISTRICT

Dear Ms. Rollings-McDonald:

Inland Counties Emergency Medical Agency (ICEMA) is the Local Emergency Medical Services Agency for the Counties of San Bernardino, Inyo, and Mono. ICEMA is tasked with ensuring an effective system of quality patient care and coordinated emergency medical response by planning, implementing and evaluating an effective emergency medical services system including prehospital providers.

ICEMA has established exclusive operating areas (EOAs) in San Bernardino County that define the geographical limits within which contracted ambulance providers are authorized to operate. California Emergency Medical Services (EMS) regulations require counties with EOAs to contract with ambulance providers for service either through a competitive procurement process or by determination that the ambulance service has provided uninterrupted service since 1981.

ICEMA has not engaged in a competitive procurement process but has entered into a Memorandum of Understanding (MOU) with Crest Forest Fire Protection District (CFFPD) which predates the subcontract relationship between CFFPD and San Bernardino County Fire Protection District (SBCFPD). The MOU designates CFFPD as the exclusive Advanced Life Support ambulance service provider for EOA 10 and Basic Life Support ambulance service provider for EOA 11. LAFCO 3185 and 3186 would ultimately dissolve CFFPD which will require a contract designating the successor agency (SBCFPD) as the exclusive provider.

As a requirement for any LAFCO approval related to ambulance services, ICEMA respectfully requests, that the following language be included:

> "The successor agency shall function under Division 2.5 of the California Health and Safety Code for the provision of emergency medical services and shall provide ambulance services only as authorized by the Local Emergency Medical Services Agency (LEMSA), ICEMA is authorized to grant and enforce

EOAs pursuant to Section 1797.224 and 1797.226 of the California Health and Safety Code, nor shall the reorganization reduce the geographic size, scope or boundaries of any existing EOAs as currently operated. Similarly, the organization shall not increase the geographic size, scope or boundaries of the territory as currently operated, over which the successor agency has authority under Section 1797.201 of the California Health and Safety Code to operate ambulance services, or the authority of the County or ICEMA to grant and enforce them.

In addition to the foregoing, as a condition of and concurrently with the LAFCO approval, the SBCFPD, as the successor agency, shall enter into an agreement with ICEMA granting such agency authority over the creation and enforcement of future EOAs within the boundaries of the successor agency within one-hundred eighty (180) days."

If you have any questions, please contact George Stone, Program Coordinator, at (909) 388-5808 or via e-mail at George.Stone@cao.sbcounty.gov.

Sincerely,

Tom Lynch
EMS Administrator

TL/GS/jlm

c: Greg Devereaux, CEO, San Bernardino County
File Copy

Charts Prepared by LAFCO Staff for: Retirement Costs, Revised Financial Impact Analysis and Appropriation Limit Calculation for Service Zone PM-1

Attachment 5

CREST FOREST - EMPLOYER CONTRIBUTION

FISCAL YEAR	TRANSFER PAYMENT	SAFETY SAL & BEN	50% of SAL & BEN	County Safety: Employer Contribution Rate NORMAL COST	UAAL	TOTAL	County Safety: Employer Contribution Cost NORMAL COST	UAAL	TOTAL	Total Paid to SBCERA
2013				19.24%	17.15%	36.39%				
2014	$ 410,437	$ 2,073,192	$ 1,036,596	19.73%	20.26%	39.99%	$ 204,520	$ 210,014	$ 414,535	**$ 824,972**
2015	426,854	2,125,022	1,062,511	19.88%	23.27%	43.15%	211,227	247,246	458,473	**885,327**
2016	443,928	2,178,147	1,089,074	22.06%	27.03%	49.09%	240,250	294,377	534,626	**978,554**
2017	461,685	2,232,601	1,116,301	22.06%	27.03%	49.09%	246,256	301,736	547,992	**1,009,677**
2018	480,152	2,288,416	1,144,208	22.06%	27.03%	49.09%	252,412	309,279	561,692	**1,041,844**
2019	499,358	2,345,626	1,172,813	22.06%	27.03%	49.09%	258,723	317,011	575,734	**1,075,092**
2020	519,332	2,404,267	1,202,134	22.06%	27.03%	49.09%	265,191	324,937	590,127	**1,109,459**
2021	540,105	2,464,374	1,232,187	22.06%	27.03%	49.09%	271,820	333,060	604,881	**1,144,986**
2022	561,709	2,525,983	1,262,992	22.06%	27.03%	49.09%	278,616	341,387	620,003	**1,181,712**
2023	584,177	2,589,133	1,294,566	22.06%	27.03%	49.09%	285,581	349,921	635,503	**1,219,680**
2024	607,544	2,653,861	1,326,931	22.06%	27.03%	49.09%	292,721	358,669	651,390	**1,258,934**
2025	631,846	2,720,208	1,360,104	22.06%	27.03%	49.09%	300,039	367,636	667,675	**1,299,521**
2026	657,120	2,720,208	1,360,104	22.06%	27.03%	49.09%	300,039	367,636	667,675	**1,324,795**
2027	683,405	2,720,208	1,360,104	22.06%	27.03%	49.09%	300,039	367,636	667,675	**1,351,080**
2028	710,741	2,720,208	1,360,104	22.06%	27.03%	49.09%	300,039	367,636	667,675	**1,378,416**
2029	739,171	2,720,208	1,360,104	22.06%	27.03%	49.09%	300,039	367,636	667,675	**1,406,846**
2030	768,738	2,720,208	1,360,104	22.06%	27.03%	49.09%	300,039	367,636	667,675	**1,436,413**
2031	799,488	2,720,208	1,360,104	22.06%	27.03%	49.09%	300,039	367,636	667,675	**1,467,163**
2032	831,468	2,720,208	1,360,104	22.06%	27.03%	49.09%	300,039	367,636	667,675	**1,499,143**
2033	864,727	2,720,208	1,360,104	22.06%	27.03%	49.09%	300,039	367,636	667,675	**1,532,402**
TOTAL	**$ 12,221,985**		**$ 25,181,245**				**$ 5,507,667**	**$ 6,696,363**	**$ 12,204,030**	**$ 24,426,015**

Transfer Payment ($12,221,985) plus UAAL Employer Contribution ($6,696,363) equals $ 18,918,348

2017 retirement rate holds steady due to lack of projection data

2026 salary & benefits holds steady due to 11 steps being obtained

Crest Forest Five-Year Financial Analysis	2014 SBCFPD Position Staffing & 2015 Proposed Staffing	2014 SBCFPD Current contract Costs and Crest Forest Admin	2015 SBCFPD Proposed Staffing	2016 SBCFPD Proposed Staffing	2017 SBCFPD Proposed Staffing	2018 SBCFPD Proposed Staffing	2019 SBCFPD Proposed Staffing	2020 SBCFPD Proposed Staffing
Staffing								
Station 25 - ME/MT & MA								
Captain	3	$ 549,702.00	$ 563,444.55	$ 577,530.66	$ 591,968.93	$ 606,768.15	$ 621,937.36	$ 637,485.79
Engineer	3	$ 486,894.00	$ 499,066.35	$ 511,543.01	$ 524,331.58	$ 537,439.87	$ 550,875.87	$ 564,647.77
Limited Term/EMT (LT)	3	$ 128,130.00	$ 128,130.00	$ 128,130.00	$ 128,130.00	$ 128,130.00	$ 128,130.00	$ 128,130.00
Limited Term/Paramedic's (LT)	3	$ 142,788.00	$ 142,788.00	$ 142,788.00	$ 142,788.00	$ 142,788.00	$ 142,788.00	$ 142,788.00
Chief Officer Differential (2 yr benefit for Crest Forest Fire Chief downgraded to Capt)		$ 23,000.00						
Administrative Secretary	1	$ 63,872.00	$ 65,468.80	$ 67,105.52	$ 68,783.16	$ 70,502.74	$ 72,265.31	$ 74,071.94
PCFs	varies	$ 11,812.00	$ 5,000.00	$ 5,125.00	$ 5,253.13	$ 5,384.45	$ 5,519.06	$ 5,657.04
Station 26 - ME26 & MA26								
Captain	3	$ 549,702.00	$ 563,444.55	$ 577,530.66	$ 591,968.93	$ 606,768.15	$ 621,937.36	$ 637,485.79
Engineer	3	$ 486,894.00	$ 499,066.35	$ 511,543.01	$ 524,331.58	$ 537,439.87	$ 550,875.87	$ 564,647.77
FF/PM	FMZ*							
Limited Term/EMT's (LT)	FMZ*							
Total Count of Employees	19							
Total Salary and Benefits		**$ 2,442,794.00**	**$ 2,466,408.60**	**$ 2,521,295.87**	**$ 2,577,555.32**	**$ 2,635,221.24**	**$ 2,694,328.83**	**$ 2,754,914.10**
Services and Supplies								
Services and Supplies - (2000-2099)		$ 748,697.00	$ 614,915.00	$ 627,213.30	$ 639,757.57	$ 652,552.72	$ 665,603.77	$ 678,915.85
Data Processing and Travel (appr 241 and 294)		$ 2,980.00	$ 3,039.60	$ 3,100.39	$ 3,162.40	$ 3,225.65	$ 3,290.16	$ 3,355.96
SBCERA Obligation - (3015)		$ 426,855.00	$ 443,928.66	$ 461,685.81	$ 480,153.24	$ 499,359.37	$ 519,333.74	$ 540,107.09
Debt Service Interest (3330)		$ 7,500.00	$ 7,500.00	$ 7,500.00	$ 7,500.00	$ 7,500.00	$ 7,500.00	$ 7,500.00
Lease Payment - COPs (4000-4095)		$ 185,590.00	$ 182,717.40	$ 184,437.50	$ 190,885.00	$ 191,624.90	$ 192,165.10	$ 197,338.10
Transfers - (5000-5030)		$ 255,738.00	$ 333,190.00	$ 341,519.75	$ 350,057.74	$ 358,809.19	$ 367,779.42	$ 376,973.90
Admin Overhead Costs from Crest Forest to County Fire		$ 228,886.00						
Total Contract Appropriations		**$ 4,299,040.00**	**$ 4,051,699.26**	**$ 4,146,752.62**	**$ 4,249,071.27**	**$ 4,348,293.07**	**$ 4,450,001.02**	**$ 4,559,105.00**
Crest Forest Independent District Operation Expenditures		**$ 231,091.00**						
TOTAL DISTRICT EXPENDITURES		**$ 4,530,131.00**						
Revenues								
Taxes			**1%**	**1.50%**	**2.00%**	**2.000%**	**2.000%**	**2.00%**
Prop Taxes - Curr Sec Debt Svc - (8015)		$ 3,025,000.00	$ 3,055,250.00	$ 3,101,078.75	$ 3,163,100.33	$ 3,226,362.33	$ 3,290,889.58	$ 3,356,707.37
Prop Taxes Cur Unsec 1% Gen Tax - (8025)		$ 134,000.00	$ 135,340.00	$ 137,370.10	$ 139,430.65	$ 142,254.12	$ 145,134.77	$ 148,763.14
Prop Tax Cur Unitary 1% Levy - (8035)		$ 120,000.00	$ 121,200.00	$ 123,018.00	$ 124,863.27	$ 127,391.75	$ 129,971.43	$ 133,220.72
Prop Tax Pri Sec 1% Gen Tax Lvy - (8115)		$ 50,000.00	$ 50,500.00	$ 51,257.50	$ 52,026.36	$ 53,079.90	$ 54,154.76	$ 55,508.63
Prop Tax Pri Unsec 1% Gen Tax - (8125)		$ 5,000.00	$ 5,050.00	$ 5,125.75	$ 5,202.64	$ 5,307.99	$ 5,415.48	$ 5,550.86
Int & Pen Delinquent Taxes - (8145)		$ 56,000.00	$ 56,560.00	$ 57,408.40	$ 58,269.53	$ 59,449.48	$ 60,653.34	$ 62,169.67
Special Assmt Pr. - (8155)		$ 35,000.00	$ 35,350.00	$ 35,880.25	$ 36,418.45	$ 37,155.93	$ 37,908.33	$ 38,856.04
Special Assmt - (8160)		$ 446,000.00	$ 400,000.00	$ 406,000.00	$ 412,090.00	$ 420,434.82	$ 428,948.63	$ 439,672.34
Supp Roll Current - (8230)		$ 15,000.00	$ 15,150.00	$ 15,377.25	$ 15,607.91	$ 15,923.97	$ 16,246.43	$ 16,652.59
Supp Roll Prior - (8235)		$ 12,000.00	$ 12,120.00	$ 12,301.80	$ 12,486.33	$ 12,739.18	$ 12,997.14	$ 13,322.07
Other Revenue								
Interest Earned - (8500)		$ 3,000.00	$ 2,000.00	$ 2,030.00	$ 2,060.45	$ 2,102.17	$ 2,144.74	$ 2,198.36
Gen Tax Levy Homeowner Exm - (8800)		$ 42,000.00	$ 42,420.00	$ 43,056.30	$ 43,702.14	$ 44,587.11	$ 45,490.00	$ 46,627.25
Ambulance Service Fees - (9470)		$ 250,000.00	$ 252,500.00	$ 256,287.50	$ 260,131.81	$ 265,399.48	$ 270,773.82	$ 277,543.17
Other Revenue - (9970) Verizon Cell Tower Lease		$ 26,160.00	$ 23,400.00	$ 23,400.00	$ 23,400.00	$ 23,400.00	$ 23,400.00	$ 23,400.00
Operating Transfers IN from Crest Forest Fire Reserve Funds - 9975 (one time only)		$ 310,971.00						
Total Revenues		**$ 4,530,131.00**	**$ 4,206,840.00**	**$ 4,269,591.60**	**$ 4,348,789.87**	**$ 4,435,588.24**	**$ 4,524,128.46**	**$ 4,620,192.22**
Total Revenues less Appropriations		**$ -**	**$ 155,140.74**	**$ 122,838.98**	**$ 99,718.60**	**$ 87,295.17**	**$ 74,127.44**	**$ 61,087.22**

*FMZ shared resource, stationed at FS26

Note: S&B 14-16 MOU

Note: Step increase is based on 2.5% increase per year and Svc/Supplies are based on 2% increase per year

Note: 1%, 1.5%, 2.025%, and 2.5% projected revenue increase

Note: "Other Revenue" (9970) is income from the Verizon Cell Tower located at FS25

Note: Transfers (5000-5030) represents share of DC, BCs and office staff (these cost shares will remain the same when annexed); as well as share of training expenses, SCBA program and safety gear pool program

Note: Captains and Engineers salaries represent current average of wages earned from actual employees stationed at Crest Forest fire stations at time of budgeting for FY 14/15

Note: PCF added (FY 14/15 budget of $11,812 with estimated $5k spent)

Note: Chief Officer Differential of $23k is a 2 year agreement within the contract to pay the outgoing Fire Chief for Crest Forest going to County Fire Capt a lost wage differential

Note: Admin Overhead costs go away with annexation

Note: Operating Transfers In (9975) represents all Crest Forest Reserve funds being depleted and transferred in to MCG to help pay for the contract and other extraneous costs that the district incurred

Note: Variance from 2014 Contract svcs/supplies to 2015 is that training costs of $56,330 will not be a cost anymore under annexation and other costs totaling $77,452 are moved to the 5000 series for 2015

Note: Special Assmt - (8160) represents PM-A and PM-1 in 2014 contract and only PM-A in 2015 and subsequent years under annexation due to PM-1 funds having to be transferred to existing Zone PM-1

LAFCO 3185 & 3186
Crest Forest Fire Protection District
Appropriations Limits

Year	Prior Year Appropriations Limit	CA per Capita Personal Income		Change in Population		Calculation Factor	Appropriations Subject to Limit
6/30/1992							$ 750,000
6/30/1993	$ 750,000	-0.64%	0.9936	1.26%	1.0126	1.0061	$ 754,590
6/30/1994	$ 754,590	2.72%	1.0272	1.68%	1.0168	1.0445	$ 788,137
6/30/1995	$ 788,137	0.71%	1.0071	1.22%	1.0122	1.0194	$ 803,416
6/30/1996	$ 803,416	4.72%	1.0472	0.56%	1.0056	1.0531	$ 846,049
6/30/1997	$ 846,049	4.67%	1.0467	1.81%	1.0181	1.0656	$ 901,588
6/30/1998	$ 901,588	4.67%	1.0467	2.40%	1.0240	1.0718	$ 966,341
6/30/1999	$ 966,341	4.15%	1.0415	1.49%	1.0149	1.0570	$ 1,021,440
6/30/2000	$ 1,021,440	4.53%	1.0453	0.48%	1.0048	1.0503	$ 1,072,836
6/30/2001	$ 1,072,836	4.91%	1.0491	1.65%	1.0165	1.0664	$ 1,144,083
6/30/2002	$ 1,144,083	7.82%	1.0782	1.39%	1.0139	1.0932	$ 1,250,697
6/30/2003	$ 1,250,697	-1.27%	0.9873	1.65%	1.0165	1.0036	$ 1,255,188
6/30/2004	$ 1,255,188	2.31%	1.0231	1.69%	1.0169	1.0404	$ 1,305,886
6/30/2005	$ 1,305,886	3.28%	1.0328	1.30%	1.0130	1.0462	$ 1,366,252
6/30/2006	$ 1,366,252	5.26%	1.0526	0.97%	1.0097	1.0628	$ 1,452,067
6/30/2007	$ 1,452,067	3.96%	1.0396	-4.27%	0.9573	0.9952	$ 1,445,110
6/30/2008	$ 1,445,110	4.42%	1.0442	0.68%	1.0068	1.0513	$ 1,519,245
6/30/2009	$ 1,519,245	4.29%	1.0429	0.70%	1.0070	1.0502	$ 1,595,512
6/30/2010	$ 1,595,512	0.62%	1.0062	0.65%	1.0065	1.0127	$ 1,615,839
6/30/2011	$ 1,615,839	-2.54%	0.9746	0.87%	1.0087	0.9831	$ 1,588,497
6/30/2012	$ 1,588,497	2.51%	1.0251	0.79%	1.0079	1.0332	$ 1,641,232
6/30/2013	$ 1,641,232	3.77%	1.0377	0.65%	1.0065	1.0444	$ 1,714,177
6/30/2014	$ 1,714,177	5.12%	1.0512	0.69%	1.0069	1.0585	$ 1,814,376

Footnotes:

1) The formation election of PM-A included an apporiation limit with a base of $750,000

2) Annual Percent Change in Population and Price Factor data retrieved from the Department of Finance

Letter from Tom Dodson of Tom Dodson and Associates, LAFCO Environmental Consultant, Recommending Adoption of Statutory Exemption for LAFCO 3186

Attachment 6

TOM DODSON & ASSOCIATES
2150 N. ARROWHEAD AVENUE
SAN BERNARDINO, CA 92405
TEL (909) 882-3612 • FAX (909) 882-7015
E-MAIL tda@tdaenv.com



RECEIVED
FEB 26 2015
LAFCO
San Bernardino County

February 19, 2015

Ms. Kathleen Rollings-McDonald
Local Agency Formation Commission
215 North "D" Street, Suite 204
San Bernardino, CA 92415-0490

Dear Kathy:

LAFCO applications 3185 and 3186 request a Sphere of Influence Expansion and a Reorganization that affect the Crest Forest Fire Protection District (CFFPD) and the San Bernardino County Fire Protection District (SBCFPD). Specifically, LAFCO 3185 consists of an expansion of the SBCFPD Sphere of Influence to encompass the Crest Forest community located in the San Bernardino Mountains. LAFCO 3186 consists of a reorganization to include annexations to the SBCFPD, its Mountain and PM-1 Service Zones, dissolution of the CFFPD and its Service Zone PM-A, Formation of Service Zone FP-7 and PM-4. The sphere expansion encompasses approximately 11,300 which encompasses the entire CFFPD. This area generally includes Lake Gregory and the unincorporated areas known as Skyland, Crestline, Valley of Enchantment, Valley View Park, Cedarpines Park, Arrowhead Highlands. Twin Peaks, Crest Park, Rimforest and Blue Jay.

The objective of this expansion and reorganization is to provide a fire protection entity that will be able to provide sustainable fire protection service into the future. In this case, it is the SBCFPD that will assume the fire protection responsibilities of the CFFPD in order to meet this objective. The two LAFCO actions are designed to provide a seamless transition to continued fire protection service for the residents and businesses located within the CFFPD' s service area. The effects of the sphere expansion and reorganization does not appear to have any potential to alter the existing physical environment in any manner.

Therefore, I recommend that the Commission find that a Statutory Exemption (as defined in the California Environmental Quality Act, CEQA) applies to LAFCOs 3185 and 3186 under Section 15061 (b) (3) of the State CEQA Guideline. This General Rule Statutory Exemption states: "A project is exempt from CEQA if the activity is covered by the general rule that CEQA applies only to projects which have the potential for causing significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA." It is my opinion, and recommendation to the Commission, that the General Rule exemption applies to LAFCOs 3185 and 3186.

Based on this review of LAFCOs 3185 and 3186 and the pertinent sections of CEQA and the State CEQA Guidelines, I conclude that these actions do not constitute a project under CEQA and adoption of the General Rule Statutory Exemption and filing of Notices of Exemption is the most appropriate determination to comply with CEQA for these actions. The Commission can approve this review and findings for these actions and I recommend that you notice LAFCOs 3185 and 3186 as statutorily exempt from CEQA for the reasons outlined in the State CEQA Guideline section cited above. The Commission needs to file the Notices of Exemption (NOE) with the County Clerk to the Board for these actions once the action is completed.

A copy of this memorandum and the NOEs should be retained in LAFCO' s project file to serve as verification of this evaluation and as the CEQA environmental determination record. If you have any questions, please feel free to give me a call.

Sincerely,

Tom Dodson

Tom Dodson

Draft LAFCO Resolution No. 3196

Attachment 7

LOCAL AGENCY FORMATION COMMISSION
FOR SAN BERNARDINO COUNTY

215 North D Street, Suite 204, San Bernardino, CA 92415-0490
(909) 383-9900 • Fax (909) 383-9901
E-MAIL: lafco@lafco.sbcounty.gov
www.sbclafco.org

PROPOSAL NO.: **LAFCO 3186**

HEARING DATE: **March 18, 2015**

RESOLUTION NO. 3196

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY MAKING DETERMINATIONS ON LAFCO 3186; APPROVING THE REORGANIZATION TO INCLUDE DISSOLUTION OF CREST FOREST FIRE PROTECTION DISTRICT AND ITS SERVICE ZONES PM-A AND PM-1, ANNEXATION TO THE SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT, ITS MOUNTAIN SERVICE ZONE AND SERVICE ZONE PM-1 AND FORMATION OF SERVICE ZONE PM-4 OF SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT (generally representing the community of Crest Forest in the western portion of the San Bernardino Mountains).

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

WHEREAS, an application for the proposed reorganization in the County of San Bernardino was filed with the Executive Officer of this Local Agency Formation Commission (hereinafter referred as the "Commission") in accordance with the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Section 56000 et seq.), and the Executive Officer has examined the application and executed her certificate in accordance with law, determining and certifying that the filings are sufficient; 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 this 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, the public hearing by this Commission was held upon the date and at the time and place specified in the notice of public hearing and in order or orders continuing the hearing; and,

WHEREAS, at this 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

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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, the Commission determines to modify this proposal to exclude the formation of Service Zone FP-7 submitted as a part of the application on the basis that the outstanding supplemental payments to the San Bernardino County Employees Retirement Association (SBCERA) is not a contract;

NOW, THEREFORE, BE IT RESOLVED, that the Commission does hereby determine, resolve, order and find as follows:

DETERMINATIONS:

SECTION 1. The proposal is approved subject to the terms and conditions hereinafter specified:

CONDITIONS:

Condition No. 1. The boundaries of this change of organization, as modified, are approved as set forth in Exhibits attached this resolution identified as follows:

Annexation to San Bernardino County Fire Protection District and its Mountain Service Zone And Dissolution of the Crest Forest Fire Protection District	"A" and "A-1"
Formation of Service Zone PM-4 of the San Bernardino County Fire Protection District and Dissolution of Zone PM-A of Crest Forest FPD	"B" and "B-1"
Annexation to Zone PM-1 of SBCFPD and Dissolution of Zone PM-1 of Crest Forest FPD	"C" and "C-1"

Condition No. 2. The following distinctive short form designation shall be used through this proceeding: LAFCO 3186.

Condition No. 3. The effective date of this reorganization shall be no earlier than July 1, 2015 subject to completion of the terms and conditions outlined in this resolution for approval as authorized by Government Code Sections 56886(p) and 57202;

Condition No. 4. Upon the effective date of the reorganization, the San Bernardino County Fire Protection District (SBCFPD), Mountain Service Zone (Mountain Service Zone), as Successor District to the Crest Forest Fire Protection District (Crest Forest FPD), shall succeed and/or be assigned, all rights, duties, responsibilities, properties (both real and personal), contracts, equipment, assets, liabilities, obligations, functions, executory provisions, entitlements, permits and approvals of the dissolved Crest Forest FPD. All property tax revenues attributable to the dissolving agency, prior to calculations required by Section 96.1 of the Revenue and Taxation Code, including

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delinquent taxes and any and all other collections or assets of the dissolving Crest Forest FPD shall accrue and be transferred to the Successor District pursuant to the provisions of Government Code Section 56810. Said Successor District shall be subject to the terms and conditions contained herein;

Condition No. 5. Upon the effective date of the reorganization including dissolution, the newly formed Service Zone PM-4 of SBCFPD shall be the Successor District for the dissolving Crest Forest FPD Service Zone PM-A and shall receive all reserve fund balances to be held for the benefit of the ratepayers of the special tax within the dissolving service zone. Transactions utilizing these funds shall be accounted for and described in the annual audit and/or comprehensive financial reports recognizing Service Zone PM-4 of the SBCFPD. All other cash on hand or reserve funds shall transfer to the Successor District, the Mountain Service Zone for SBCFPD, for use in providing the service to the area of the dissolving Service Zone PM-A;

Condition No. 6. Upon the effective date of the reorganization, the Successor District for the ambulance services provided within Exclusive Operating Area (EOA) 10 by the dissolving Crest Forest FPD, the Mountain Service Zone of SBCFPD, shall function under Division 2.5 of the California Health and Safety Code for the provision of ambulance services as authorized by the Local Emergency Medical Services Agency (LEMSA), the Inland Counties Emergency Medical Authority (ICEMA) within the territory subject to this reorganization. ICEMA is authorized to grant and enforce EOAs pursuant to Section 1797.224 and 1797.226 of the California Health and Safety Code. The subject reorganization shall not reduce the geographic size, scope or boundaries of existing EOA 10 defined by ICEMA and granted to the dissolving Crest Forest FPD, through Memorandum of Understanding Agreement No. 06-1049 and all the terms and conditions outlined in said agreement shall be assigned to the Successor District. Prior to the effective date of this reorganization including dissolution, ICEMA and the Mountain Service Zone of SBCFPD shall provide to the Local Agency Formation Commission written authorization for the assignment of the responsibilities associated with EOA 10 from Crest Forest FPD to the Mountain Service Zone of the SBCFPD pursuant to the terms of Memorandum of Understanding Agreement No. 06-1049 Section XXXI

Condition No. 7. Upon the effective date of this reorganization including annexation, the area to be annexed to Service Zone PM-1 of the SBCFPD shall continue to pay the existing special tax for paramedic service currently in effect for that agency pursuant to Government Code Section 56886(t). All other cash on hand or reserve funds related to the operation of the Crest Forest FPD Zone PM-1 shall transfer to Service Zone PM-1 of SBCFPD;

Condition No. 8, Upon the effective date of the reorganization including dissolution, the Successor District shall accept all facilities transferred from the dissolved Crest Forest FPD in “as is” condition (pursuant to Government Code Section 56886(h)). All system facilities and incidental liabilities, such as accounts payables, contract obligations and customer deposits shall be transferred to the Successor District. All assets including, but not limited to, equipment (vehicles, apparatus, supplies, etc.), rolling stock, tools, office furniture, fixtures and equipment, all lands, buildings, real and personal property and appurtenances held by the dissolving Crest Forest FPD shall be transferred

to the Successor District, Mountain Service Zone of SBCFPD;

Condition No. 9. The debt obligations of the dissolving Crest Forest FPD (including but not limited to bond debt and its Certificates of Participation) shall be assigned to the Successor District, the Mountain Service Zone of SBCFPD as authorized by Government Code Section 56886(c). Prior to the effective date of the reorganization a signed statement of transferability of the financial instruments related to the debts of the dissolving district shall be provided to the Local Agency Formation Commission;

Condition No. 10. The existing fees, taxes, assessments, and charges of the Crest Forest FPD and its Service Zones PM-A and PM-1 shall continue as the obligations of the Mountain Service Zone and Service Zones PM-1 and PM-4 of the SBCFPD respectively as authorized by Government Code Section 56886(b);

Condition No. 11. Upon the effective date of the reorganization, the Mountain Service Zone of SBCFPD, as Successor District, shall specifically succeed to the supplemental retirement payments identified as Section 18 of Contract 13-555 between the Crest Forest FPD and San Bernardino County FPD. Specifically, the Mountain Service Zone of SBCFPD shall pay to the San Bernardino County Employees Retirement Association (SBCERA) the remaining 18 years of payments equal to the calculation by SBCERA and its actuary based on the June 30, 2012 actuarial study, including a four percent (4%) annual compounded increase. The amounts defined as the required annual payment and the status of payments are shown on the chart below:

Due December 31 of each Calendar Year	Payment to be transferred	
2013	$ 410,437	paid
2014	426,854	paid
2015	443,928	
2016	461,685	
2017	480,152	
2018	499,358	
2019	519,332	
2020	540,105	
2021	561,709	
2022	584,177	
2023	607,544	
2024	631,846	
2025	657,120	
2026	683,405	
2027	710,741	
2028	739,171	
2029	768,738	
2030	799,488	
2031	831,468	
2032	864,727	
TOTAL	**$ 12,221,985**	

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Condition No. 12. The remaining payments, all rights and interests held or claimed by the dissolving Crest Forest FPD under all agreements and/or memoranda of understanding with any public agency or private entity shall transfer to the Successor District, Mountain Service Zone of SBCFPD. The Successor District, Mountain Service Zone, shall also assume all joint use, maintenance, automatic aid or mutual aid agreements held by the dissolving Crest Forest FPD [(Government Code Section 56886(r)]. Amendments of existing agreements required for successful transfer shall be completed and submitted to the Local Agency Formation Commission prior to the issuance of the Certificate of Completion to address any changes [Government Code Section 56886(r)(v)];

Condition No. 13. Upon the effective date of this reorganization, the appropriation limit of the dissolving Crest Forest FPD of $7,039,517 shall be added to the appropriation limit of the Successor District, Mountain Service Zone of SBCFPD;

Condition No. 14. Upon the effective date of this reorganization, the newly formed Service Zone PM-4 of SBCFPD shall be assigned an appropriation limit determined to be $1,875,000, as of July 1, 2015, and the governing body of the SBCFPD shall be required to annually update and adopt the appropriation limit pursuant to statute.

Condition No. 15. The defined successor districts, Mountain Service Zone and PM-4 of SBCFPD, as the case may be, shall succeed to all rights, duties, and obligations of the dissolving Crest Forest FPD with respect to the enforcement, performance or payment of any outstanding bonds, including revenue bonds, or other contracts and obligations of the dissolved district. This reorganization shall not impair the rights of any bondholder or creditor of the dissolving Crest Forest FPD;

Condition No. 16. Upon the effective date of this reorganization, any funds currently deposited for the benefit of the Crest Forest FPD, its Service Zones PM-A and PM-1 which have been impressed with a public trust, use or purpose shall be transferred to the Successor Districts, Mountain Service Zone and Service zones PM-4 and PM-1 of SBCFPD respectively, and said districts shall separately maintain such funds in accordance with the provisions of Government Code Section 57462;

Condition No. 17. As of the date of approval of the reorganization by LAFCO through the effective date pursuant to the provisions of Government Code 56885.5(a)(4), the Board of Directors of the Crest Forest FPD shall be prohibited from taking the following actions unless it first finds an emergency situation exists as defined in Government Code Section 54956.5:

a. **No Increase in Compensation or Benefits:** No increase in calculation for payment of benefits or compensation for employees of the Crest Forest Fire Protection District and its Board of Directors shall be allowed. Exceptions to this prohibition include planned and budgeted increases identified in the adopted budget for Fiscal Year 2014-15.

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b. **Bound by Current Budget:** Appropriating, encumbering, expending, or otherwise obligating any revenue of the Crest Forest Fire Protection District beyond that provided in the current budget at the time of Commission approval unless agreed to by the Successor District; and,

Condition No. 18. The Crest Forest Fire Protection District, applicant for this change of organization, shall indemnify, defend and hold harmless the Commission from any legal expense, legal action, or judgment arising out of the Commission's approval of this proposal, including any reimbursement of legal fees and costs incurred by the Commission.

SECTION 2. DETERMINATIONS. The following determinations are noted in conformance with Commission policy and Government Code Section 56668:

1. The reorganization area has been certified by the County Registrar of Voters Office as being legally inhabited with 6,986 registered voters as of December 30, 2014.

2. The reorganization area is within the sphere of influence assigned the San Bernardino County Fire Protection District through approval of the companion proposal identified as LAFCO 3185.

3. The County Assessor's Office has determined that the total assessed valuation of land and improvements for the reorganization area is $1,460,733,112 as of January 13, 2015. This figure is broken down as $333,542,372 for land and $1,127,190,740 for improvements.

4. Notice of this hearing was published as required by law in *The Sun* a newspaper of general circulation in the area. As required by State law and Commission policy a 1/8th page legal ad was provided for this consideration in-lieu of individual notice pursuant to the provisions of Government Code Section 56157. In addition, a legal ad was placed in *The Alpenhorn* a weekly paper within the community of Crestline to allow for broader notice. Individual notification has been provided to affected and interested agencies, County departments, and those individuals and agencies having requested such notice. Comments from landowners, registered voters, and any affected local agency have been reviewed and considered by the Commission in making its determination.

5. The proposed reorganization, including annexations to the San Bernardino County Fire Protection District and its Service Zone PM-1, the formation of a Service Zone of the San Bernardino County Fire Protection District and the assumption of the functions and services previously provided by the dissolving Crest Forest Fire Protection District, does not conflict with the established County General Plan or its adopted Crest Forest Community Plan. The proposed reorganization has no direct impact on such land use designations.

6. The Southern California Associated Governments (SCAG) has adopted a Regional Transportation Plan and Sustainable Community Strategy pursuant to the provisions of Government Code Section 65352.5 and approval of LAFCO 3186 has

no direct impact on these determinations. The Sustainable Community Strategy includes as a determination of the need to assure the ongoing availability of health and safety services which approval of LAFCO 3186 will support.

7. The Commission's Environmental Consultant, Tom Dodson of Tom Dodson and Associates, has indicated his recommendation that the review of this reorganization proposal is statutorily exempt from the California Environmental Quality Act (CEQA). This recommendation is based on the finding that that the proposal will not change the area in which the service is provided; therefore, no physical affect upon the environment can be seen. The Commission certifies it has reviewed and considered the environmental recommendation and finds that a General Rule Statutory Exemption as authorized under Section 15061(b) (3) of the State CEQA Guidelines is appropriate. The Commission directs the Executive Officer to file a Notice of Exemption within five (5) working days.

8. The reorganization area is presently served by the following public agencies: County of San Bernardino, Mojave Desert Resource Conservation District, Crest Forest Fire Protection District and its Service Zones PM-A and PM-1, Crestline-Lake Arrowhead Water Agency, Crestline Village Water District, Crestline Sanitation District, Lake Arrowhead Community Services District, San Bernardino Mountains Community Healthcare District (portion), County Service Areas 18, 54, and 68, and County Service Area 70 (unincorporated County-wide multi-function agency) and its Zones D-1, R-2, R-9, R-23 and R-44.

   The Crest Forest Fire Protection District and its Service Zone PM-A will be dissolved through successful completion of this reorganization and their services and functions transferred to the Mountain Service Zone of SBCFPD (for the district) and the newly formed Service Zone PM-4 of SBCFPD (for PM-A) respectively. Service Zone PM-1 of the Crest Forest Fire Protection District will be dissolved and its territory annexed to the existing SBCFPD Service Zone PM-1 with retention of the existing special tax. None of the other agencies will be directly affected by the completion of this proposal through an adjustment in their boundaries as they are regional in nature.

9. Upon reorganization, the primary successor district, the Mountain Service Zone of the SBCPD, will extend its services to residents, landowners and governments within the service area. The Plans for Providing Service, submitted by the Crest Forest FPD and SBCFPD, provide a general outline of the delivery of service as mandated by Government Code Section 56653. These Plans indicates that the transfer of service to the Mountain Service Zone and the creation of a new Service Zone for paramedic funding can, at a minimum, maintain the level of service delivery currently received by the area. The Plan for Service and other information submitted by the District have been reviewed and compared with the standards established by the Commission and the factors contained within Government Code Section 56668. The Commission finds that such Plan for Service and the supplemental data submitted conform to those adopted standards and requirements.

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10. The proposal complies with Commission policies and reflects determinations made within the Crest Forest Community service review regarding questions on long-term sustainability of service. The reorganization area can benefit from the assumption of fire protection, emergency medical response and ambulance service through the Mountain Service Zone and Service Zones PM-4 and PM-1 of the SBCFPD as evidenced by the Plans for Service.

11. The reorganization area can benefit from the provision of fire protection, emergency medical response and ambulance service through a single fire entity without requirement for contractual relationships.

12. This proposal will not affect the fair share allocation of the regional house needs as the entire area is unincorporated with the Regional Housing Needs Allocation (RHNA) numbers assigned to the County of San Bernardino.

13. With respect to environmental justice, the reorganization provides for the continuation of existing fire protection, emergency medical response and ambulance services within the area and will not result in the unfair treatment of any person based upon race, culture or income.

14. The County of San Bernardino has determined the exchange of property tax revenues for this reorganization. This negotiated agreement fulfills the requirements of Section 99 of the Revenue and Taxation Code specifying that upon successfully completion of this reorganization the successor agency, Mountain Service Zone of SBCFPD, shall receive the general ad valorem taxes previously received by the Crest Forest FPD.

15. The maps and legal descriptions prepared by the County Surveyor are in substantial compliance with LAFCO and State standards.

SECTION 3. Approval by the Local Agency Formation Commission indicates that completion of this proposal would accomplish the proposed change or organization in a reasonable manner with a maximum chance of success and a minimum disruption of service to the functions of other local agencies in the area.

SECTION 4. The Executive Officer is hereby authorized and directed to mail certified copies of this resolution in the manner provided by Section 56882 of the Government Code.

SECTION 5. The Commission hereby directs that following completion of the reconsideration period specified by Government Code Section 56895(b), the Executive Officer is hereby directed to initiate protest proceedings in compliance with this resolution and State law (Part 4, commencing with Government Code Section 57000), set the matter for consideration of the protest proceedings, and provide notice of the hearing pursuant to Government Code Section 57025 and 57026.

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SECTION 6. Upon conclusion of the protest proceedings, the Executive Officer shall adopt a resolution setting forth her determination on the levels of protest filed and not withdrawn and setting forth the action on the proposal considered.

SECTION 7. Upon adoption of the final resolution by the Executive Officer, either a Certificate of Completion or a Certificate of Termination, as required by Government Code Sections 57176 through 57203, and a Statement of Boundary Change, as required by Government Code Section 57204, shall be prepared and filed for the proposal.

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

AYES: COMMISSIONERS:

NOES: COMMISSIONERS:

ABSENT: COMMISSIONERS:

STATE OF CALIFORNIA)
) SS.
COUNTY OF SAN BERNARIDNO)

I, KATHLEEN ROLLINGS-McDONALD, Executive Officer of the Local Agency Formation Commission for San Bernardino County, 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 regular meeting of March 18, 2015.

DATED:

_____
KATHLEEN ROLLINGS-McDONALD
Executive Officer

DRAFT

LOCAL AGENCY FORMATION COMMISSION
FOR SAN BERNARDINO COUNTY

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DATE: **MARCH 11, 2014**

FROM: **KATHLEEN ROLLINGS-McDONALD, Executive Officer**
MICHAEL TUERPE, Project Manager

TO: **LOCAL AGENCY FORMATION COMMISSION**

SUBJECT: Agenda Item #7 – Status Report on Rim of the World Recreation and Park District Compliance with LAFCO Conditions on Service Review

RECOMMENDATION:

Staff recommends that the Commission:

1. Continue monitoring the District for one additional year, until July 2016;

2. Set another status report for presentation at the September 2015 hearing following adoption of the District's Final Budget; and,

3. Note receipt of the Status Report and file.

BACKGROUND:

At the July 2010 hearing the Commission completed its service review for the Rim of the World Recreation and Park District ("District") through adoption of Resolution No. 3095. The Commission identified a number of financial issues which prompted it to question the District's financial solvency at that time. The Commission, in adopting its resolution making determinations on the service review, included four conditions that required ongoing monitoring of the District. Three of the four conditions have been met previously leaving a single item for ongoing monitoring:

> *For the next five years the District is required to provide the Commission annually with a copy of its adopted proposed and final budget, its mid-year budget review and financial reports and copies of the audits presented to the District.*

District staff has provided the documents upon request of LAFCO staff.

The following outlines the status of issues identified by LAFCO staff in previous update reports and a review of the FY 2013-14 audit and FY 2014-15 mid-year report:

1. In the 2012 and 2013 audits reports, the independent auditors identified both significant and material weaknesses in the District's internal controls, notably reconciliation of accounts which has contributed in the past to the questions on development of budgets and outstanding payments. District staff has addressed these weaknesses, and the 2014 audit does not identify any significant or material weaknesses.

2. In the past three reviews of the audits for the District, LAFCO staff has questioned the terminology that identifies the District's revenue as "special assessment" revenue rather than its true nature being a special tax which is subject to an appropriation limit as required by the State Constitution. It is possible that this distinction is not material to the audit team, but to the general public and the District the restrictions and uses are significantly different and should be addressed accurately.

3. The figure which follows identifies the revenues, expenditures, and fund balance for the past four audits. As shown for these audit years, generally revenues have remained steady with a decrease in expenditures. This appears to be a product of the District's efforts to properly account for its activities through a chart of accounts and methods for reconciliation. The District now employs a staff accountant and reconciles its activities.

   Comparison of FY 2013-14 Audit and Budget

   The FY 2013-14 audit restates the FY 2012-13 equity by a $62,549 reduction to account for a San Bernardino County negative interest loan. This was an unrecorded liability stemming from the withdrawal from the County Treasury from a prior year, which is recognized in the FY 2013-14 audit. In comparing the FY 2013-14 audit to the budget, actual revenues were near the budgeted amount. However, significant savings in Services and Supplies expenditures occurred due to fewer repairs needed and a decrease in debt service due to the County loan being paid off in FY 2012-13.

   Comparison of FY 2014-15 Budget to LAFCO Forecast from March 2014

   At the March 2014 review of the district, LAFCO provided a forecast for FY 2014-15 based upon information at that time. As compared to the LAFCO forecast, the budget revenues are approximately $37,000 less with expenditures $25,000 less. This leaves a net variance of $12,000, a figure that is not statistically significant. However, as discussed in the next section, the Mid-Year report identifies significant cost savings through the mid-year which anticipates a significant gain in fund balance for the year.

   Comparison of FY 2014-15 Budget to Mid-Year Report

   For FY 2014-15, the mid-year report identifies revenues exceeding expenditures. As shown in the figure below, the expenditure categories of the budget and mid-year (categorized by activity, e.g. all salaries) are represented differently than the audit

(categorized by service, e.g. salaries for Admin). Therefore, only Total Expenditures is shown in the figure below.

- Through the mid-year, 57% of revenues have been received and 45% of expenditures have occurred.

- Declines in use of the Recreation contract classes and special events resulted in revenue shortages of $21,653 compared to the mid-year target. The information shows that the Recreation activities continue to lack self-sufficiency requiring subsidies from the District's primary source of revenue, its special tax.

- Revenue for Childcare exceeded budget by 30%. This was not offset by any increase in expenses, so the gain is based on higher patronage of this service. This is reversing a steady decline in use of this service. Historically, the Child Care activities also require an annual subsidy but its annual requirement has been substantially reduced.

- The charges for completion of the annual audit was $24,300 under the budgeted amount. This is due to the District having an adopted chart of accounts and a staff position for finance. As a result, the audit was completed earlier than in the previous fiscal year.

- The absence of major repairs and maintenance resulted in savings of $14,738. The question remains as to whether ongoing maintenance activities are being deferred or conducted routinely to prevent large expenses in the future.

	AUDITS For the Year Ended June 30				LAFCO FORECAST from March 2014 for	BUDGET 2014-15		
	2010-11	2011-12 Restated	2012-13 Restated	2013-14	2014-15	ADOPTED	MID-YEAR Thru Mid-Year	% of Budget
REVENUE								
Special Tax Proceeds	$731,394	$736,369	$757,828	$769,139	*$757,828*	$760,000	$453,432	60%
Delinquent Tax and Interest	8,058	9,762	9,370	0	*9,500*			
Rents and Concessions	86,945	74,695	80,932	96,627	*65,000*	88,164	47,808	54%
Intergovernmental	0	39,950	0					
Charges for Service:								
Recreation	86,477	144,800	158,881	151,436	*158,881*	155,600	73,077	47%
Childcare	148,491	179,111	141,512	108,025	*140,000*	95,000	54,010	57%
Contributions and Donations	16,871	470	0	3,280	*0*		2,552	
Other	28,022	8,254	2,495	9,964	*5,000*		711	
TOTAL REVENUES	**$1,106,258**	**$1,193,411**	**$1,151,018**	**$1,138,471**	***$1,136,209***	**$1,098,764**	**$631,590**	**57%**
EXPENDITURES								
Administration:								
Salaries and Benefits	183,231	264,961	310,312	322,206	*338,322*	338,932		
Services and Supplies	233,957	266,803	167,010	130,325	*221,225*	345,675		
Utilities	81,204	74,540	83,960		*88,210*	65,500		
Total Administration	498,392	606,304	561,282	452,531	647,757	750,107		
Recreation								
Salaries and Benefits	55,730	51,734	48,832	25,436	*51,549*	37,958		
Services and Supplies	39,338	98,394	230,062	270,435	*161,759*	119,693		
Total Recreation	95,068	150,128	278,894	295,871	*213,308*	157,651		
Child Care:								
Salaries and Benefits	153,806	149,828	129,979	133,152	*136,559*	138,597		
Services and Supplies	66,062	31,426	16,564	10,259	*33,017*	9,890		
Utilities	2,339	1,826	2,064		*2,168*			
Total Child Care	222,207	183,080	148,607	143,411	*171,744*	148,487		
Debt Service								
Principal	213,779	214,679	115,639	33,392	*17,658*			
Interest	79,351	34,894	33,100	31,778	*30,782*			
Total Debt Service	293,130	249,573	148,739	65,170	*48,440*	0		
TOTAL EXPENDITURES	**1,108,797**	**1,189,085**	**1,137,522**	**956,983**	***1,081,249***	**1,056,245**	**470,786**	**45%**
OTHER FINANCING								
Insurance Recovery			89,066					
Withdraw from retirement								
Liability to withdraw				(669,204)				
240 monthly payments for liability				669,204				
Beginning Fund Balance	(322,461)	175,000	179,326	219,339	*384,612*	400,827	400,827	
Ending Fund Balance	**$ 175,000**	**$179,326 ***	**$219,339 ***	**$ 400,827**	***$ 439,571***	**$ 443,346**	**$500,683****	
* Ending Fund Balance restated								
** Ending Fund Balance estimated by LAFCO staff								
RESERVES								
Operating Reserve				$ 39,410			$ 74,425	
Capital Replacement Reserve				7,200			7,200	
Capital Acqusition Reserve				24,000			24,000	
Unassigned				330,217	*$ 439,571*		395,059	
Total Fund Balance				**$ 400,827**	***$ 439,571***		**$500,683****	

4. As of June 30, 2014, the District reported a fund balance of $400,827 in its Audit. Of this amount, $330,217 is unassigned and $70,610 has been assigned for various

reserve accounts by policy of the District adopted in September 2014. However, no official action has been provided allocating these funds. The following is a breakdown of the reserve accounts as of June 30, 2014 as shown in the Audit for the District.

- Operating Reserve $39,410
- Capital Replacement Reserve 7,200
- Capital Acquisition Reserve 24,000

Neither the FY 2014-15 Budget nor the mid-year report identify these reserves. For transparency and planning, LAFCO staff recommends that this information be included in these documents.

The guideline for special districts is to have a reserve of at least 10% of expenditures. The reserve total of $70,610 is 7.4% of the FY 2013-14 budget with a large amount of fund balance classified as unassigned. The District has stated to LAFCO staff that at its March 23, 2015 hearing it will increase the reserve levels to be at least 10% of operating expenditures.

As the Commission may recall, the District has finalized its termination of participation in the San Bernardino County Employee Retirement Association (SBCERA) effective December 2, 2013. The actuarially determined unfunded liability for the District as of May 31, 2013 (the last date employees participated in SBCERA) is $669,204. The District requested and has been authorized to pay this amount over a 20 year period at a rate of $2,788.35 per month, or $33,460 annually. The mid-year report identifies six payments through the mid-year.

CONCLUSION:

In concluding this status report on compliance, the District continues to work toward resolution of its financial reporting and management issues as identified by LAFCO staff and its Audit team. LAFCO staff believes that many of the questions and concerns identified by the Commission are being addressed.

The remaining condition from the 2010 service review requires monitoring of the District's finances and governance for five years. This will end July 2015. While the FY 2013-14 audit and FY 2014-15 mid-year report appear positive, LAFCO staff expresses caution given this small sample. As stated by LAFCO staff before, the District and its staff need to continue to provide attention to its governance and financial issues to preclude the problems of the past from resurfacing as its special tax is a flat rate without benefit of inflationary increases.

LAFCO staff recommends that it would be prudent to continue monitoring the District for one additional year. As indicated in this report, the District has made great strides in management and its finances and this recommendation is not punitive. Rather, staff feels that it would be prudent to review another year's worth of data since it takes a few years for changes to come to fruition such as management changes at the District, recent hiring of a financial position, and budget cuts.

Additionally, LAFCO staff recommends that the next status report on compliance be scheduled for the September 2015 hearing in order to review the year-end report for FY 2014-15 and the final budget for FY 2015-16. Should the Commission have any questions, staff will be happy to answer them prior to or at the hearing.

KRM/MT

Attachments:

1. Audit for Fiscal Year 2013-14
2. Mid-Year Budget Review for Fiscal Year 2014-15

Audit for Fiscal Year 2013-14

Attachment 1



Report on Audit and Financial Statements

For the year ended June 30, 2014



ROGERS, ANDERSON, MALODY & SCOTT, LLP
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

Rim of the World Recreation and Park District
Basic Financial Statements
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Rim of the World Recreation and Park District

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities and the major fund of the Rim of the World Recreation and Park District (District), California as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Rim of the World Recreation and Park District as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other matters

Required supplementary information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Rogers Anderson Malody & Scott, LLP

San Bernardino, CA
October 22, 2014

Rim of the World Recreation and Park District
Management's Discussion and Analysis
For the Year Ended June 30, 2014

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Rim of the World Recreation & Park District (District) provides an introduction to the financial statements of the District for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with the basic financial statements and related notes, which follow this section.

Financial Highlights

- The District's net position decreased 24.38% or $526,344 to $1,631,954 in 2014 as a result of current year operations. The withdrawal from the San Bernardino County Employee Retirement Association (SBCERA) resulted in a $669,204 reduction to net position offset by current year activity. In addition, prior year equity was restated by $62,549 to account for a County of San Bernardino negative interest loan.
- During the year, the District's assessment revenues increased slightly by .25% or $1,941 in 2014.
- Overall, charges for services decreased by 2.23% or $25,640 to $1,125,227 in 2014. This overall decrease was a combination of a positive increase in revenues from rents and concessions. Offsetting this was a decrease of $33,487 in child care stemming from a steady decline in enrollment, which coincides with the decline in enrollment of students in the local school district. Additionally, some participants dropped out because one or more of the parents became unemployed and could not afford the enrollment fees.
- Total expenses decreased by 2.75% or $28,154 to $995,611 in 2014. Administrative expenses decreased primarily due to the reallocation of utilities to recreation. Recreation increased for the same reason. Child care expenses were relatively stable.

Using This Financial Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies. The Statement of Net Position includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenue and expenses are accounted for in the Statement of Activities. This statement measures the success of the District's operations over the past year and can be used to determine the District's profitability and credit worthiness.

Government-wide Financial Statements

Statement of Net Position and Statement of Activities

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Statement of Net Position and the Statement of Activities report information about the District in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting,* which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the District's *net position* and changes in them. Think of the District's net position - the difference between assets and liabilities - as one way to measure the District's financial health, or *financial position.* Over time, *increases or decreases* in the District's net position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors; however, such as changes in the District's property tax base to assess the *overall health* of the District.

Governmental Funds Financial Statements

Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources,* as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets of the District exceeded liabilities by $1,631,954 as of June 30, 2014.

	2014	2013	% change	$ change
Assets:				
Current and other	$ 579,501	$ 408,038	42.02%	$ 171,463
Capital, net	2,398,927	2,467,232	-2.77%	(68,305)
Total assets	2,978,428	2,875,270	3.59%	
Liabilities:				
Current and other	178,674	148,901	20.00%	29,773
Due in more than one year	1,167,800	505,522	131.01%	662,278
Total liabilities	1,346,474	654,423	105.75%	
Net position:				
Net investment in capital assets	1,907,616	1,959,259	-2.64%	(51,643)
Unrestricted (deficit)	(275,662)	261,588	-205.38%	(537,250)
Total net position	$ 1,631,954	$ 2,220,847	-26.52%	

$1,907,616 of the District's net position as of June 30, 2014, reflects its investment in capital assets (net of accumulated depreciation), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to operate the District; consequently, these assets are *not* available for future spending. At the end of fiscal year 2014, the District showed a deficit balance in its unrestricted net position of $275,662. This deficit was brought on by the expense of withdrawing from the SBCERA pension plan during the current year.

The statement of activities shows how the government's net position changed during the fiscal year. In the case of the District, net position decreased by $526,344 for the fiscal year ended June 30, 2014.

Revenues:	2014	2013	% change	$ change
Program revenues				
Charges for services	$ 1,125,227	$ 1,150,867	-2.23%	$ (25,640)
Operating grants and contributions	2,280	-	100.00%	2,280
Capital grants and contributions	1,000	78,731	-98.73%	(77,731)
General revenues				
Investment earnings	14	-	100.00%	14
Other	9,950	149	6577.85%	9,801
Total revenues	1,138,471	1,229,747	-7.42%	(91,276)
Expenses				
Administration	466,210	570,440	-18.27%	(104,230)
Recreation	348,971	266,618	30.89%	82,353
Child care	148,652	153,607	-3.23%	(4,955)
Interest expense	31,778	33,100	-3.99%	(1,322)
Total expenses	995,611	1,023,765	-2.75%	(28,154)
Special item - withdrawal from pension plan	(669,204)	-	100.00%	(669,204)
Increase (decrease) in net position	(526,344)	205,982	-355.53%	(732,326)
Net position, beginning, restated	2,158,298	2,014,865		
Net position, ending	$ 1,631,954	$ 2,220,847		

Governmental Funds Financial Analysis

The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District's financing requirements. In particular, the *unreserved fund balance* may serve as a useful measure of the government's net resources for spending at the end of the fiscal year.

As of June 30, 2014, the District's Governmental Fund reported a fund balance of $400,827, of which $330,217 is unassigned and available for future District expenditures. $70,610 of fund balance has been assigned for various reserve accounts.

	2014	2013	% change	$ change
REVENUES				
Special assessments, current and prior	$ 769,139	$ 767,198	0.25%	$ 1,941
Rents and concessions	96,627	80,932	19.39%	15,695
Investment earnings	14	-	100.00%	14
Charges for services:				
Recreation	151,436	158,881	-4.69%	(7,445)
Childcare	108,025	141,512	-23.66%	(33,487)
Contributions and donations	3,280	-	100.00%	3,280
Other	9,950	2,495	298.80%	7,455
Total revenues	1,138,471	1,151,018	-1.09%	(12,547)
EXPENDITURES				
Administration:				
Salaries and benefits	322,206	310,312	3.83%	11,894
Services and supplies	130,325	250,970	-48.07%	(120,645)
Recreation:				
Salaries and benefits	25,436	48,832	-47.91%	(23,396)
Services and supplies	270,435	230,062	17.55%	40,373
Childcare:				
Salaries and benefits	133,152	129,979	2.44%	3,173
Services and supplies	10,259	18,628	-44.93%	(8,369)
Debt service:				
Principal	33,392	115,639	-71.12%	(82,247)
Interest	31,778	33,100	-3.99%	(1,322)
Total expenditures	956,983	1,137,522	-15.87%	(180,539)
Excess of revenues over expenditures	181,488	13,496		
OTHER FINANCING SOURCES (USES)				
Insurance recovery	-	89,066		
Issuance of debt - withdrawal from pension plan	669,204	-		
Total other financing sources (uses)	669,204	89,066		
SPECIAL ITEM				
Withdrawal from retirement plan	(669,204)	-		
Net change in fund balance	181,488	102,562		
Fund balance, beginning of year, restated	219,339	179,326		
Fund balance, end of year	$ 400,827	$ 281,888		

Overall fund financial statement revenues decreased by 1.09%. The decrease was mainly due to the decrease in childcare revenues. Expenditures decreased by 15.87%. This overall decrease was due to fewer repairs needed (the prior year had flood damage repairs) and a decrease in debt service due to the County loan being paid off in fiscal year 2013.

Capital Asset Administration

Changes in capital assets for fiscal year 2014 were as follows:

	2014	2013	% change	$ change
Capital assets not being depreciated	$ 1,312,849	$ 1,312,849	0.00%	$ -
Capital asset being depreciated	2,060,882	2,060,882	0.00%	-
Less accumulated depreciations	(974,804)	(906,499)	7.54%	(68,305)
Total capital assets, net	$ 2,398,927	$ 2,467,232	-2.77%	(68,305)

At the end of fiscal year 2014, the District's investment in capital assets amounted to $2,398,927 (net of accumulated depreciation). This investment in capital assets is primarily comprised of basic infrastructure assets and equipment. For more information regarding capital assets, please see Note 3 to the basic financial statements.

Long-term Liabilities Administration

Long-term liabilities for fiscal year 2014 were as follows:

	2014	2013	% change	$ change
Note payable - Union Bank	$ 491,311	$ 507,973	-3.28%	$ (16,662)
SBCERA loan	652,474	-	100.00%	652,474
Compensated absences	24,015	20,300	18.30%	3,715
Total capital assets, net	$ 1,167,800	$ 528,273	121.06%	639,527

At the end of fiscal year 2014, the District had secured debt of $491,311, of which $473,653 is designated as long-term. Similarly, the District had $24,015 in compensated absences, of which $16,810 is designated as long-term. The District also entered into a loan agreement with the San Bernardino County Employees' Association to pay for the unfunded portion of the District's pension liability due to the District's termination from the plan. Of the SBCERA debt, $619,014 is considered long-term. For additional information regarding long-term liabilities, please see Note 4 to the basic financial statements.

Conditions Affecting Current Financial Position

Management is unaware of any conditions, which could have a significant impact on the District's current financial position, net position or operating results in terms of past, present and future.

Requests for Information

This financial report is designed to provide the District's funding sources, customers, stakeholders and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District's General Manager at P.O. Box 8 – 26577 State Highway 18, Rimforest, CA 92378.

Rim of the World Recreation and Park District
Statement of Net Position
June 30, 2014

	Governmental Activities
ASSETS	
Cash	$ 544,572
Accounts receivable, net	6,860
Intergovernmental receivables	28,069
Capital assets not being depreciated	1,312,849
Capital assets being depreciated, net	1,086,078
Total assets	2,978,428
LIABILITIES	
Accounts payable	35,670
Accrued wages and benefits	17,022
Other current liabilities	63,433
Due to other governments	62,549
Noncurrent liabilities:	
Due within one year	58,323
Due in more than one year	1,109,477
Total liabilities	1,346,474
NET POSITION	
Net investment in capital assets	1,907,616
Unrestricted (deficit)	(275,662)
Total net position	$ 1,631,954

The accompanying notes are an integral part of these financial statements.

Rim of the World Recreation and Park District
Statement of Activities
For the year ended June 30, 2014

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Governmental Activities
Governmental activities:					
Administration	$ 466,210	$ 865,766	$ -	$ 1,000	$ 400,556
Recreation	348,971	151,436	2,280	-	(195,255)
Childcare	148,652	108,025	-	-	(40,627)
Interest expense	31,778	-	-	-	(31,778)
Total governmental activities	$ 995,611	$ 1,125,227	$ 2,280	$ 1,000	132,896
General revenues:					
Investment earnings					14
Other					9,950
Total general revenues					9,964
Special item - withdrawal from pension plan					(669,204)
Change in net position					(526,344)
Net position, beginning of year, restated					2,158,298
Net position, end of year					$ 1,631,954

The accompanying notes are an integral part of these financial statements.

Rim of the World Recreation and Park District
Balance Sheet
Governmental Fund
June 30, 2014

ASSETS		
Cash	$	544,572
Accounts receivable, net		6,860
Intergovernmental receivable		28,069
Total assets	$	579,501
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	$	35,670
Accrued wages and benefits		17,022
Due to other governments		62,549
Other current liabilities		63,433
Total liabilities		178,674
Fund balance:		
Assigned:		
Operating reserve		39,410
Capital replacement reserve		7,200
Capital acquisition reserve		24,000
Unassigned		330,217
Total fund balance		400,827
Total liabilities and fund balance	$	579,501

The accompanying notes are an integral part of these financial statements.

Rim of the World Recreation and Park District
Reconciliation of the Balance Sheet of the Governmental Fund
to the Statement of Net Position
Governmental Fund
June 30, 2014

Fund balance of governmental fund	$	400,827
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.		2,398,927
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in funds.		
Notes payable - Union Bank		(491,311)
Loan payable - SBCERA		(652,474)
Compensated absences payable		(24,015)
Net position of governmental activities	$	1,631,954

The accompanying notes are an integral part of these financial statements.

Rim of the World Recreation and Park District
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Fund
For the year ended June 30, 2014

REVENUES	
Special assessments, current and prior	$ 769,139
Rents and concessions	96,627
Investment earnings	14
Charges for services:	
Recreation	151,436
Childcare	108,025
Contributions and donations	3,280
Other	9,950
Total revenues	1,138,471
EXPENDITURES	
Administration:	
Salaries and benefits	322,206
Services and supplies	130,325
Recreation:	
Salaries and benefits	25,436
Services and supplies	270,435
Childcare:	
Salaries and benefits	133,152
Services and supplies	10,259
Debt service:	
Principal	33,392
Interest	31,778
Total expenditures	956,983
Excess of revenues over expenditures	181,488
OTHER FINANCING SOURCES (USES)	
Issuance of debt - withdrawal from pension plan	669,204
Total other financing sources (uses)	669,204
SPECIAL ITEM	
Withdrawal from retirement plan	(669,204)
Net change in fund balance	181,488
Fund balance, beginning of year, restated	219,339
Fund balance, end of year	$ 400,827

The accompanying notes are an integral part of these financial statements.

Rim of the World Recreation and Park District
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Fund to the Statement of Activities
For the year ended June 30, 2014

Net change in fund balance - total governmental fund	$	181,488
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense, or are allocated to the appropriate functional expense when the cost is below the capitalization threshold. This activity is reconciled as follows:		
Depreciation expense		(68,305)
Issuance of debt provides current financial resources to governmental funds, while the repayment of principal consumes financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Principal payment on loans		33,392
Issuance of debt		(669,204)
Compensated absences expenses reported in the statements of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in compensated absences		(3,715)
Change in net position of governmental activities	$	(526,344)

The accompanying notes are an integral part of these financial statements.

Note 1: Summary of Significant Accounting Policies

The accounting policies of the Rim of the World Recreation and Park District (the District) conform to generally accepted accounting principles.

Organization

The District was established on December 5, 1985 by the issuance of the Certificate of Completion by the Local Agency Formation Commission (LAFCO). The District is governed by an elected Board of Directors, elected by District voters.

The District acquires and manages parks for public use, organizes and manages recreational activities, as well as assisting other groups and organizations with recreational endeavors. Childcare is also provided at various locations within the District to provide recreational activities for children as well as providing needed daytime child supervision for the individuals within the District.

The District's primary source of revenue comes from a $22 per parcel special parcel tax for each non-exempt parcel (parcels located within Cedar Pines Park as well as government owned parcels are considered exempt) within the District boundaries. In addition, the District charges childcare fees, recreational fees for various programs as well as facilities use fees, including reimbursements for various costs such as ball field lighting. The District has no power to levy and collect taxes.

Basis of accounting and measurement focus

The *basic financial statements* of the District are composed of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

Government-wide financial statements

Government-wide financial statements display information about the reporting government as a whole; except for any fiduciary activities (the District has no fiduciary activities). Those statements include separate columns for the governmental and business-type activities of the entity (including any blended component units), as well as its discretely presented component units. The District has no business-type activities or component units.

Government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting.* Under the economic resources measurement focus, all (both current and long-term) economic resources and obligations of the reporting government are reported in the government-wide financial statements. *Basis of accounting* refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Note 1: Summary of Significant Accounting Policies (continued)

Program revenues include charges for services and payments made by parties outside of the reporting government's citizenry if that money is restricted to a particular program. Program revenues are netted with program expenses in the statement of activities to present the net cost of each program.

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds from debt issued are recorded as a liability in the government-wide financial statements, rather than as *other financing source*. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability, rather than as an expenditure.

Net position flow assumption

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

Fund financial statements

The underlying account system of the District is organized and operated on the basis of separate funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements for the District's governmental fund are presented after the government-wide financial statements. These statements display information about major funds individually and non-major funds in the aggregate for governmental funds. Currently, the District has only one fund.

Governmental funds

In the fund financial statements, the governmental fund is presented using the *modified-accrual basis of accounting*. Revenues are recognized when they become *measurable* and *available*. *Measurable* means that the amounts can be estimated, or otherwise determined. *Available* means that the amounts were collected during the reporting period or soon enough thereafter to be available to finance the expenditures accrued for the reporting period. The District uses a sixty day availability period.

Revenue recognition is subject to the *measurable* and *availability* criteria for the governmental fund in the fund financial statements. *Exchange transactions* are recognized as revenues in the period in which they are earned (i.e., the related goods or services provided.) *Locally imposed derived tax revenues* are recognized as revenues in the period in which the underlying exchange transaction upon which they are based takes place. *Imposed non-exchange transactions* are recognized as revenues in the period for which they were imposed. If the period of use is not specified, they are recognized as revenues when an enforceable legal claim to the revenues arises or when they are received, whichever occurs first. *Government-mandated and voluntary non-exchange transactions* are recognized as revenues when all applicable eligibility requirements have been met.

Note 1: Summary of Significant Accounting Policies (continued)

In the fund financial statements, governmental funds are presented using the *current financial resources measurement focus*. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance is considered to be a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities.

Amounts expended to acquire capital assets are recorded as *expenditures* in the year that resources were expended, rather than as fund assets. The proceeds of debt issued are recorded as *other financing sources* rather than as a fund liability. Amounts paid to reduce long-term indebtedness are reported as fund expenditures.

When both restricted and unrestricted resources are combined in a fund, expenses are considered to be paid first from restricted resources, and then from unrestricted resources.

Fund balance flow assumptions

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Accounts receivable

Accounts receivable are reported at their estimated net realizable value. The allowance for doubtful accounts is estimated based on the District's historical losses and existing economic conditions. Because of the inherent uncertainty in estimating bad debts, it is reasonably possible that the estimates used to calculate the allowance will change in the near term. Currently, accounts receivable are reported in the financial statements as follows:

Accounts receivable	$	6,624
Allowance for uncollectible accounts		(5,740)
Net realizable value	$	884

Fund classifications

The following fund is presented as a major fund in the accompanying basic financial statements:

The *General Fund* is used to account for all activity not required to be accounted for in another fund.

Note 1: Summary of Significant Accounting Policies (continued)

Fair value investments

GASB Statement No. 31 establishes fair value standards for investments in participating interest earning investment contracts, external investment pools, equity securities, option contracts, stock warrants and stock rights that have readily determinable fair values. Accordingly, the District reports its investments at fair value in the balance sheet. All investment income, including changes in the fair value of investments, is recognized as revenue in the operating statement.

Cash and investments

Cash and investments are reported in the accompanying balance sheet at fair value. Changes in fair value that occur during a fiscal year are recognized as *investment earnings* reported for that fiscal year. *Investment earnings* include interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

Capital assets

Capital assets of $5,000 or more are capitalized. Capital assets are recorded at cost for asset purchases where historical records are available and at an estimated historical cost where no historical records exist. Contributed capital assets are valued at their estimated fair market value at the date of the contribution.

The estimated useful lives of capital assets using the straight-line method of depreciation are as follows:

Category	Useful life
Buildings and improvements	10 – 50 years
Machinery and equipment	2 – 20 years

Compensated absences

Salaried full-time employees earn vacation and sick leave benefits, and can accumulate a balance from year to year. The amount payable in future years when used by the District's employees amounted to $24,015 at June 30, 2014.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the reporting period.

Property taxes/assessments

The County of San Bernardino (County) bills and collects property taxes/assessments on behalf of numerous special districts and incorporated cities, including the District. The District's collections of current year taxes/assessments are received through periodic apportionments from the County.

The County's tax calendar is from July 1 to June 30. Property taxes/assessments attach a lien on the property on March 1. Taxes/assessments are levied on July 1 and are payable in two equal installments on November 1 and February 1, and become delinquent after December 10 and April 10, respectively.

Note 1: Summary of Significant Accounting Policies (continued)

Fund equity

The District has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions.* This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- Restricted – amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions or by enabling legislation.
- Committed – amounts constrained to specific purposes by a government itself, using the highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.
- Assigned – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- Unassigned – amounts that are for any purpose; positive amounts are reported only in a general fund.

The District Board (the highest level of authority), establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. The Board has not formally authorized any individual or body to assign fund balance.

Implementation of new pronouncements

Beginning with the current fiscal year, the District implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement is designed to improve financial reporting by clarifying the appropriate use of the financial statement elements deferred outflows of resources and deferred inflows of resources to ensure consistency in financial reporting.

Deferred outflows of resources are transactions that result in the consumption of net assets in one period that are applicable to future periods and are not considered assets as described by the statement. Deferred outflows of resources are required to be presented separately after assets on the statement of net position.

Deferred inflows of resources are transactions that result in the acquisition of net assets in one period that are applicable to future periods and are not considered to be liabilities as described by the statement. Deferred outflows of resources are required to be presented separately after liabilities on the statement of net position.

The statement defines net position as the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

Note 2: Cash and Investments

Cash and investments as of June 30, 2014 are classified in the accompanying financial statements as follows:

Statement of net position:		
Cash	$	544,572
Total cash and investments	$	544,572

Cash and investments as of June 30, 2014 consist of the following:

Cash in County pool	$	429,784
Bank deposits		114,488
Petty cash and undeposited funds		300
Total cash and investments	$	544,572

Equity in the cash and investment pool of the County of San Bernardino

Cash and investments includes the cash balance of monies deposited with the County of San Bernardino Treasurer which are pooled and invested for the purpose of increasing earnings through investment activities. Interest earned on pooled investments is deposited to the District's account based upon the District's average daily deposit balance during the allocation period. Cash and cash equivalents are shown at the fair value as of June 30, 2014. The District's balance at the County's cash and investment pool was $429,784 at year end. Fair value is based on data provided by the County. The County pool is rated AAA by Fitch.

See the County of San Bernardino's Comprehensive Annual Financial Report (CAFR) for details of their investment policy and disclosures related to investment credit risk, concentration of credit risk, interest rate risk and custodial credit risk, as required by GASB Statement No. 40.

Investments authorized by the California Government Code and the District's investment policy

The table below identifies the *investment types* that are authorized for the District by the California Government Code and the District's investment policy. The table also identifies certain provisions of the California Code (or the District's investment policy, if more restrictive) that address *interest rate risk* and *concentration of credit risk*. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

Note 2: Cash and Investments (continued)

Investment types authorized by investment policy	Maximium maturity*	Maximum percentage of portfolio*	Maximum investment in one issuer*
Bonds issued by the District	5 years	None	None
US Treasury bills, notes and bonds	5 years	None	None
Registered State warrants, notes or bonds	5 years	None	None
Local Agency debt	5 years	None	None
US Agency obligations	5 years	None	None
Bankers acceptances	180 days	40%	30%
Commercial paper	180 days	15%	10%
Negotiable certificates of deposit	5 years	30%	None
Repurchase agreements	1 year	None	None
Reverse repurchase agreements	92 days	20%	None
Corporate medium term notes	5 years	30%	None
Money market mutual funds	N/A	20%	10%
Collateralized bank depostis	5 years	None	None
Mortgage pass through securities	5 years	20%	None

* = Based on state law requirements or investment policy requirements, whichever is more restrictive.

Disclosure relating to interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by diversifying its investment maturities evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investment by maturity:

		Remaining maturity
Investment type	Total	12 months or less
County pool	$429,784	$429,784

Disclosures relating to interest rate risk, credit risk and custodial credit risk

At June 30, 2014, the District had aggregate deposits of $27,945 with Bank of America and $96,965 with Union Bank of California.

Note 2: Cash and Investments (continued)

Disclosures relating to credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Currently the County pool is unrated.

Custodial credit risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provisions for deposits.

The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Concentration of credit risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. There were no investments in any one issuer (other than U.S. Treasury securities, mutual funds and external investment pools) that represent 5% or more of *total District investments* for the year ended June 30, 2014.

Note 3: Capital Assets

Changes in capital assets for the fiscal year ended June 30, 2014, were as follows:

	Beginning balance	Additions	Deletions	Ending balance
Governmental activities				
Capital assets not being depreciated:				
Land	$ 574,257	$ -	$ -	$ 574,257
Improvements to land	738,592	-	-	738,592
Total capital assets not being depreciated	1,312,849	-	-	1,312,849
Capital assets being depreciated:				
Structures and improvements	1,845,883	-	-	1,845,883
Equipment	150,415	-	-	150,415
Depreciable improvements to land	64,584	-	-	64,584
Total capital assets being depreciated	2,060,882	-	-	2,060,882
Less accumulated depreciation	(906,499)	(68,305)	-	(974,804)
Total capital assets being depreciated, net	1,154,383	(68,305)	-	1,086,078
Total capital assets, net	$ 2,467,232	$ (68,305)	$ -	$ 2,398,927

Depreciation expense has been charged to the following functions as follows:

Administration	$ 10,414
Recreation	52,891
Childcare	5,000
Total depreciation expense	$ 68,305

Note 4: Long-Term Liabilities

Changes in long-term debt for the fiscal year ended June 30, 2014, were as follows:

	Beginning balance	Additions	Deletions	Ending balance	Current portion
Note payable - Union Bank	$ 507,973	$ -	$ (16,662)	$ 491,311	$ 17,658
SBCERA loan	-	669,204	(16,730)	652,474	33,460
Compensated absences	20,300	16,022	(12,307)	24,015	7,205
Total long-term liabilities	$ 528,273	$ 685,226	$ (45,699)	$ 1,167,800	$ 58,323

Note payable - Union Bank

In November 2005, the District refinanced its $600,000 note payable, which was due on March 3, 2006, for $606,000. The note requires monthly payments of $4,037 based on a 25 year amortization schedule at an interest rate of 6.35%. At the end of the tenth year, a balloon payment of approximately $473,658 is due and payable. Real property and improvements at 26577 State Highway 18, RimForest, CA are collateral for the note.

Loan payable - San Bernardino County Employees' Retirement Association

On December 2, 2013, the District elected to terminate its participation in the San Bernardino County Employees' Retirement Association (SBCERA). As a result, SBCERA calculated an unfunded termination liability as of May 31, 2013 which amounted to $669,204. On January 27, 2014, the District entered into a loan agreement with SBCERA to pay off the unfunded balance. The agreement requires monthly payments of $2,788 over a twenty year period, beginning January 2014. The loan does not carry an interest rate.

	Outstanding at June 30, 2014
	$ 491,311
	652,474
Total notes and loans payable	$ 1,143,785

Note 4: Long-Term Liabilities (continued)

The annual requirements to amortize the Union Bank note payable outstanding as of June 30, 2014, including interest payments to maturity, are as follows:

Fiscal year ending June 30,	Principal	Interest
2015	$ 17,658	$ 30,782
2016	473,653	8,693
Totals	$ 491,311	$ 39,475

The annual requirements to amortize the SBCERA loan payable outstanding as of June 30, 2014, including interest payments to maturity, are as follows:

Fiscal year ending June 30,	Principal	Interest
2015	$ 33,460	$ -
2016	33,460	-
2017	33,460	-
2018	33,460	-
2019	33,460	-
2020-2024	167,300	-
2025-2029	167,300	-
2030-2034	150,574	-
Totals	$ 652,474	$ -

Note 5: Employees' Retirement Plans

Currently, the District participates in the following retirement plans:

Accumulation Program for Part-time and Limited Service Employees (APPLE) – defined contribution

The District currently offers a defined contribution plan for employees classified as part-time, seasonal or temporary and who are not eligible to participate in the PERS 457 plan. The plan is administered by Keenan & Associates and MidAmerica Administrative Services. The District contributes 3.75% percent of the employee's compensation. In addition, each participant is required to contribute 3.75% of their salary. During the current fiscal year, the District contributed $13,148 to the plan.

PERS 457 Plan – defined contribution

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. Currently, the District contributes 10% of the employee salary. Pursuant to the IRC 457 subsection (g): all amounts of compensation deferred under the plan, all property, or rights are solely the property and rights of the employee and beneficiaries of the plan. Deferred compensation funds are not subject to claims of the District's general creditor; consequently the assets and related liabilities of the plan are not included within the District's financial statements. The District contributed $47,213 to the plan in the current fiscal year.

Note 6: Commitments and Contingencies

The District, from time to time, receives federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursements to the grantor agency for expenditures disallowed under the terms of the grant. District management believes such disallowances, if any, would not have a material effect on the District's financial position.

Note 7: Risk Management

The District is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; natural disasters for which the District carries commercial insurance.

Insurance pooling - The District participates in the California Association for Park and Recreation Indemnity (CAPRI) insurance program. CAPRI is a joint powers agency comprised of California special districts.

- *General liability (including public officials errors and omissions, auto and employment practices)* – Coverage with a $1,000,000 limit per occurrence. CAPRI also purchases an excess policy with limits of $24 million excess of $1,000,000. There is a deductible for general liability claims of up to $100,000 per occurrence, per member.
- *Crime* – Coverage with of $1,000,000 per member district because of employee theft. For each covered claim, there is a deductible of $1,000 per occurrence, per member.
- *All risk property loss* – Coverage with an annual aggregate limit of $1,000,000,000, subject to a deductible up to $25,000 per member. Earthquake coverage has an annual aggregate limit shared by all members of $5,000,000 per occurrence and flood with an annual limit of $10,000,000. The deductible for all loss or damage arising from the risks of earthquake is $50,000 per occurrence or 5% of the value of the building, contents and/or structure damage, whichever is greater. The deductible for all loss or damage arising from the risk of flood is $20,000.

Major loss risks are covered by umbrella policies, but several losses and multiple deductable losses to the group could result in additional assessments to the District. The pool has substantial reserves and has not requested additional assessments of members since the District began participation. Management considers the likelihood of such an assessment to be remote.

Workers compensation coverage is provided by the Special District Risk Management Authority (SDRMA). SDRMA is an intergovernmental risk sharing joint powers authority, created pursuant to California Government Code Sections 6500 et. seq. SDRMA provides statutory limits per occurrence for workers compensation and $5,000,000 for employer's liability coverage with no member deductible.

There have been no significant reductions in insurance coverage from the prior year.

Note 8: Equity Restatement

Beginning equity on the government-wide financial statements has been restated by $62,549 due to an understatement of long-term debt. After researching withdrawing its County cash monies, the County informed the District it had an outstanding negative interest amount due from previous years.

Note 9: Rental Agreements

The District is currently the lessor of unused office space in its Rimforest office building and various cell phone tower sites. The anticipated future revenues for the various leases are as follows:

Fiscal year ending June 30,	Amount
2015	$ 76,082
2016	47,720
2017	48,378
2018	49,055
2019	49,753
Total	$ 270,988

The cell tower leases operate under five year renewable contracts. As of June 30, 2014, each lease has been renewed at least once. However, there is no guarantee the leases will be renewed in the future.

Note 10: Subsequent event

Subsequent to the end of the fiscal year, the District refinanced its note payable of $652,474 held by Union Bank with California Bank and Trust. The new loan is for $500,000 with an interest rate of 5.379%.

Required Supplementary Information

Required Supplementary Information
Rim of the World Recreation and Park District
Budgetary Comparison Schedule
General Fund
For the year ended June 30, 2014

	Budgeted amounts		Actual	Variance with
	Original	Final	amounts	final budget
REVENUES				
Special assessments, current and prior	$ 750,000	$ 750,000	$ 769,139	$ 19,139
Rents and concessions	73,476	73,476	96,627	23,151
Investment earnings	-	-	14	14
Charges for services:				
Recreation	170,000	170,000	151,436	(18,564)
Childcare	145,000	145,000	108,025	(36,975)
Contributions and donations	1,000	1,000	3,280	2,280
Other	3,500	3,500	9,950	6,450
Total revenues	1,142,976	1,142,976	1,138,471	(4,505)
EXPENDITURES				
Administration:				
Salaries and benefits	344,325	344,325	322,206	22,119
Services and supplies	191,984	228,307	130,325	97,982
Recreation:				
Salaries and benefits	27,182	27,182	25,436	1,746
Services and supplies	267,178	317,727	270,435	47,292
Child care:				
Salaries and benefits	142,293	142,293	133,152	9,141
Services and supplies	15,113	17,972	10,259	7,713
Debt service:				
Principal	24,820	33,392	33,392	-
Interest	23,620	31,778	31,778	-
Total expenditures	1,036,515	1,142,976	956,983	185,993
Excess of revenues over (under) expenditures	106,461	-	181,488	181,488
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	-	669,204	669,204
Total other financing sources (uses)	-	-	669,204	669,204
SPECIAL ITEM				
Withdrawal from retirement plan	-	-	(669,204)	(669,204)
Net change in fund balance	106,461	-	181,488	181,488
Fund balance, beginning of year, restated	219,339	219,339	219,339	-
Fund balance, end of year	$ 325,800	$ 219,339	$ 400,827	$ 181,488

Note 1: Budgetary Control and Accounting

The District adopts an annual budget prepared on the modified accrual basis of accounting for its governmental fund types.

Mid-Year Budget Review for Fiscal Year 2014-15

Attachment 2

Rim of the World Recreation and Park District
Profit & Loss Budget vs. Actual
July through December 2014

	Jul - Dec 14	Budget	$ Over Budget	% of Budget
Ordinary Income/Expense				
Income				
500-100 · Special Parcel Tax	453,432.28	413,000.00	40,432.28	109.8%
500-200 · Childcare Income	54,009.86	41,490.00	12,519.86	130.2%
500-300 · Interest	368.93	0.00	368.93	100.0%
500-400 · Rental Income	47,808.21	44,070.00	3,738.21	108.5%
500-500 · Recreation Programs Income	73,076.50	94,730.00	-21,653.50	77.1%
500-600 · Other Income	266.85	0.00	266.85	100.0%
500-701 · Convenience/Other Fee Income	75.00	0.00	75.00	100.0%
500-900 · Donations	2,552.00	0.00	2,552.00	100.0%
Total Income	631,589.63	593,290.00	38,299.63	106.5%
Gross Profit	631,589.63	593,290.00	38,299.63	106.5%
Expense				
600-100 · Compensation & Benefits	240,804.14	257,748.00	-16,943.86	93.4%
600-500 · Advertising	3,403.62	7,740.00	-4,336.38	44.0%
600-600 · Bad Debt	857.75	0.00	857.75	100.0%
600-700 · Bank Charges	13,395.39	3,420.00	9,975.39	391.7%
600-800 · Board Member Expense	0.00	150.00	-150.00	0.0%
600-900 · Communications	6,795.60	5,310.00	1,485.60	128.0%
700-300 · Equipment and Supplies	4,867.67	12,090.00	-7,222.33	40.3%
700-400 · Auto Expense	4,840.75	7,050.00	-2,209.25	68.7%
700-500 · Professional Services	23,542.39	56,080.00	-32,537.61	42.0%
700-600 · Program Instructors (1099)	28,048.11	44,310.00	-16,261.89	63.3%
700-620 · Special Programs	1,790.60	5,640.00	-3,849.40	31.7%
700-630 · Special Event Programs	12,718.99	19,000.00	-6,281.01	66.9%
700-700 · Interest Expense	1,966.51	0.00	1,966.51	100.0%
700-800 · License Fees	0.00	390.00	-390.00	0.0%
700-900 · Insurance	27,043.45	16,565.00	10,478.45	163.3%
800-100 · Childcare Expense	4,771.61	4,810.00	-38.39	99.2%
800-300 · Building Loan Pymt - DO	20,347.40	24,210.00	-3,862.60	84.0%
800-310 · SB CERA Retirement Association	16,730.10	16,740.00	-9.90	99.9%
800-400 · Meals & Entertainment	346.59	240.00	106.59	144.4%
800-450 · Staff Uniforms	868.09	0.00	868.09	100.0%
800-500 · Memberships	4,880.00	2,490.00	2,390.00	196.0%
800-600 · Mileage	627.49	2,490.00	-1,862.51	25.2%
800-700 · Miscellaneous Expense	0.00	90.00	-90.00	0.0%
800-800 · Rent/Lease of Equipment	3,854.10	2,850.00	1,004.10	135.2%
800-900 · Postage	220.75	840.00	-619.25	26.3%
900-200 · Facilities Rental Charge	935.00	2,010.00	-1,075.00	46.5%
900-300 · Facility Repairs & Maintenance	8,781.85	23,520.00	-14,738.15	37.3%
900-600 · Travel	362.84	2,730.00	-2,367.16	13.3%
900-700 · Utilities	32,550.47	32,760.00	-209.53	99.4%
900-725 · Trash - SB County Waste Mgmt	2,211.83	2,290.00	-78.17	96.6%
900-800 · Equipment Repairs & Maintenance	3,227.25	3,260.00	-32.75	99.0%
900-900 · Petty Cash - Over (Short)	-4.43	0.00	-4.43	100.0%

Rim of the World Recreation and Park District
Profit & Loss Budget vs. Actual
July through December 2014

	Jul - Dec 14	Budget	$ Over Budget	% of Budget
Total Expense	470,785.91	556,823.00	-86,037.09	84.5%
Net Ordinary Income	160,803.72	36,467.00	124,336.72	441.0%
Net Income	**160,803.72**	**36,467.00**	**124,336.72**	**441.0%**

Rim of the World Recreation and Park District

Management's Discussion and Analysis
For the 2014/2015 Mid-Year Review
Ending December 31, 2014

Revenue Summary:

The District has budgeted $1,098,764 of revenue for the 2014/15 fiscal year. The District has recognized $631,590 through December 31, 2014, or 57.5% through midyear. This compares with a budget of 54% by midyear (based on expectation that heavier tax apportionment funds are received in the first half of the fiscal year's property tax revenue flow).

Expense Summary:

The District has budgeted $1,056,245 in expense for the 2014/15 fiscal year. At the midyear point, $470,786 has been spent, or 44.6% of the anticipated total. This compares with a budgeted percentage of 52.7% (based on anticipated expenditures of $556,823).

Revenue Detail:

Special Parcel Tax

Although Special Parcel Tax receipts are about 10% ahead of budget, this figure of $40,432 is mostly comprised of $35,446 collected from December 13 through January 2, and this lump sum remitted to the District could have been booked as a January entry but was posted in December as the majority of the funds were in County hands then and posted as a receivable.

Childcare Income

Revenue for Childcare exceeded budget by a little over 30%, or $12,520. This was not offset by any increase in expenses, so the anomaly represents a true financial gain for the District based on higher patronage of this service by the community.

Rental Income

Increases in monthly payments for rent (two cell towers and a physical therapy facility) primarily drove revenue amounts up $3,738 over budgeted amounts, or 8.5%.

Recreational Programs Income

Declines in use of the District's contract classes and special events resulted in revenue shortages of $21,653 compared with the budget ($73,076 vs. $94,730 for the first six months), or nearly -23%. However, commission payments fell $16,262 to buffer the bottom-line effect to only -$5,391, net (more info below).

Donations

No donations were budgeted, as they are not predictable, but a total of $2,552 in receipts was recorded as follows: Tour de Lake Arrowhead – $2,000; Youth Basketball – $300; and Run through the Pines – $252.

Expense Detail:

Compensation & Benefits

Payroll and benefit expenses totaled $240,804, 6.6% below the projected six-month budget of $257,748 (a difference of -$16,944), primarily due to a variance in Administration Other of -$24,416, offset by $15,979 in Childcare payroll (due to participation rate increases as noted above), amid numerous other smaller negative amounts.

Bank Charges

Fees assessed by banks exceeded budget by $9,975 (291.7%), but this was more than accounted for by a one-time refinance expense in July of $11,784 for the mortgage on the District office complex, which itself reduced monthly principal and interest payments by about $1,000, thus scheduled to pay for itself in cash flow in as little as one year.

Equipment and Supplies

The lack of major maintenance needs (see below) helped Equipment and Supplies expense to fall $7,222 below budget (almost 60%).

Professional Services

Fees for professional services overall came in $32,538 below budget, but by far the greatest variance was for auditing fees in the amount of -$24,300 ($13,000 actual vs. $37,300 budget) as the audit was completed nearly four months earlier than in the previous fiscal year. Other major contributors to this variance were Professional Services (general) – -$3,240; Legal Counsel – -$2,887; and Computers and Website – -$1,410.

Program Instructors

Amounts paid to program instructors (70% of applicable revenues) were $16,262 below budget ($28,048 actual vs. $44,310 budget). This corresponded to the shortfall in revenue of $16,167 ($33,833 actual vs. $50,000 budget) that was part of the Recreational Programs Income described overall above.

Special Events Program

Expenses in this line item of $12,719 were $6,281 below the budgeted amount of $19,000. Of this variance, $4,911 is attributable to Tour de Lake Arrowhead expenses ($4,089 actual vs. $9,000 budget) and $1,977 is attributable to Run through the Pines ($8,023 actual vs. $10,000 budget). Although revenues for these two August events were also short of budgeted amounts (Tour: -$1,705; Pines: -$2,184), each of the two were profitable in the FY13-14 fiscal year portion (Tour: $3,206; Pines: $793).

Insurance

The January-March workers compensation expense was budgeted for that time period, but the premium was paid in advance (December), causing an extra expense relative to the last quarter of 2014 of $4,089. In addition, FY13-14 fiscal year-end adjustments were billed in FY14-15, adding $5,523 in expense that was not anticipated in budget preparations. These two anomalies amounted to $9,612 of the budget overage of $10,478 in this line item ($27,042 actual vs. $16,565 budget).

Facility Repairs & Maintenance

The absence of major repairs and maintenance outlays resulted in a large actual-to-budget variance of -$14,738 ($8,782 actual vs. $23,520 budget).

Overall Summary:

Rim of the World Recreation and Park District has maintained an overall revenue stream (outside of the Special Parcel Tax) that is closely following budgeted amounts ($178,157 actual vs. $180,290), only $2,133 below projections, or -1.2%. Meanwhile, expenses have been held 15.5% below budget ($470,786 actual vs. $556,823), which has increased reserves by $160,804 (whereas only an increase of $36,467 had been forecast) to $561,631.

Recreational programs, particularly contract classes, are being added and/or removed according to the evolving demand of the mountain communities. In addition, this winter's Youth Basketball program has already drawn about 245 participants, virtually the maximum number who can be accommodated.

Other items:

Additional projects are being considered at both ends of the District – in Crestline and in Green Valley Lake. Also, two grants are currently pending: a $285,000 Active Transportation Program grant (mountain-wide) and a potential $400,000 Land Trust grant (Lake Arrowhead). Both will be examined for feasibility and likelihood of benefit to communities the District covers.

LOCAL AGENCY FORMATION COMMISSION
COUNTY OF SAN BERNARDINO

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www.sbclafco.org

DATE : **MARCH 9, 2015**

FROM: **KATHLEEN ROLLINGS-McDONALD, Executive Officer**

TO: **LOCAL AGENCY FORMATION COMMISSION**

SUBJECT: **AGENDA ITEM #8 – Status Report on Conditions Imposed on LAFCO 3157 - Sphere of Influence Establishment for County Service Area 120**

RECOMMENDATION:

Staff recommends that the Commission continue the status report regarding the conditions imposed on LAFCO 3157—Sphere of Influence Establishment for County Service Area 120—to the April 15, 2015 hearing.

BACKGROUND:

At the October 22, 2014 LAFCO hearing, the Commission adopted its resolution, Resolution No 3190, related to the sphere of influence establishment for County Service Area (CSA) 120. Included within that resolution (copy included as Attachment #1) were conditions imposed on its sphere establishment, which are outlined below:

1. Within six months of the approval of the sphere of influence establishment, County Service Area 120 shall have completed the due diligence process with the California Department of Fish and Wildlife to be declared an available recipient of mitigation properties in the future. Failure to do so will require a further analysis of the sphere of influence assignment;

2. Within six months of the approval of the sphere of influence establishment for CSA 120, management of the County Special Districts Department shall develop a mechanism to provide for the maintenance and operation of the improvements constructed through the 2008-09 State Park grant without use of the endowment funds established for mitigation purposes only;

3. Within six months of the approval of the sphere establishment, County Service Area 120 shall have completed all reporting required by State law for the management of mitigation properties;

4. Within six months of the approval of the sphere of influence establishment, County Service Area 120 will have developed funding plans to restore endowment balances for those mitigation properties where mitigation work has not been performed but interest earnings used; and,

5. Direct LAFCO staff to provide ongoing monitoring of the completion of these activities with periodic updates provided to the Commission.

The first four are conditions that directly relate to CSA 120, which addresses questions on solvency, operational issues, and management of endowment funds. The fifth condition is the reason this status report is being provided to the Commission as part of its on-going monitoring of CSA 120.

In anticipation of the Commission's consideration of this status report, the County Special Districts Department submitted a letter dated March 6, 2015 (copy included as Attachment #2) in response to the conditions identified above. This letter was provided to LAFCO staff just days before the staff report needed to be published and distributed to the public. Therefore, in order to provide LAFCO staff and its Special Legal Counsel the ability to fully evaluate the positions now taken by the County and its Special Districts Department as outlined in its letter, staff is recommending that the status report be continued to the April 15, 2015 hearing.

KRM/sm

Attachment:
1. LAFCO Resolution No. 3190
2. Response from County Special Districts Department Dated March 6, 2015

LAFCO Resolution No. 3190

Attachment 1

LOCAL AGENCY FORMATION COMMISSION
FOR SAN BERNARDINO COUNTY

215 North D Street, Suite 204, San Bernardino, CA 92415-0490
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PROPOSAL NO.: LAFCO 3157

HEARING DATE: SEPTEMBER 17, 2014

RESOLUTION NO. 3190

A RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY MAKING DETERMINATIONS ON LAFCO 3157 – SPHERE OF INFLUENCE ESTABLISHMENT FOR COUNTY SERVICE AREA 120 (Habitat Conservation and Historical Resources – North Etiwanda) (sphere of influence establishment coterminous with existing District boundary excluding the territory currently within the City of Fontana's Interim Multi-Species Habitat Conservation Plan)

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

WHEREAS, an application for the proposed sphere of influence establishment (expansion beyond existing District boundaries) in the County of San Bernardino was filed with the Executive Officer of the Local Agency Formation Commission (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 this 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, the public hearing by this Commission was held upon the date and at the time and place specified in the notice of public hearing and in any 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 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,

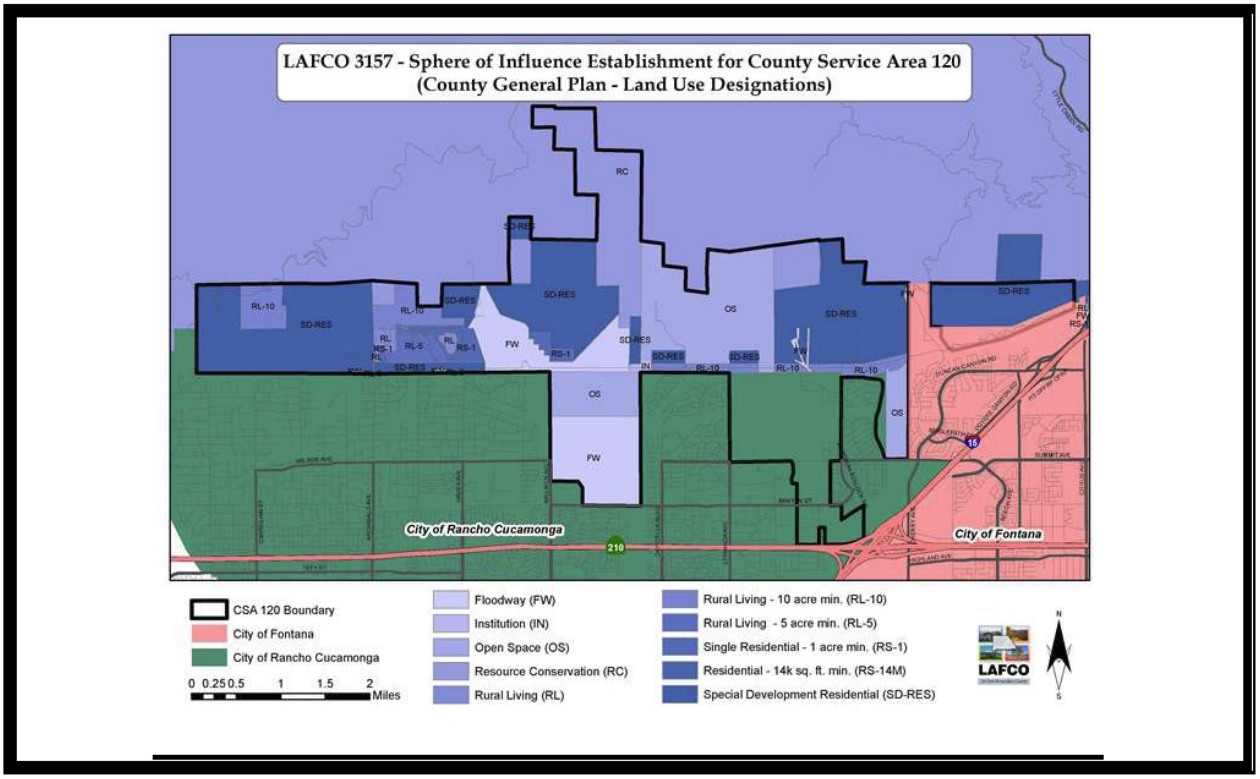
WHEREAS, a Mitigated Negative Declaration has been prepared pursuant to the provisions of the California Environmental Quality Act (CEQA) indicating that the sphere of influence establishment will not have a significant effect on the environment through implementation of the mitigation measures assigned; that the Commission has chosen Alternative #2 as the project for approval, and the Commission adopted the Mitigated Negative Declaration and instructed its Executive Officer to file a Notice of Determination within five days with the San Bernardino County Clerk to the Board of Supervisors if filing fees required by the California Department of Fish and Wildlife are received from the County Special Districts Department within that timeframe; 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 County Service Area 120 should be coterminous with its existing boundaries excluding the territory within the City of Fontana's Multi-Species Habitat Conservation Plan, as more specifically described on the attached Exhibits "A" and "A-1"; and,

WHEREAS, the following determinations are made:

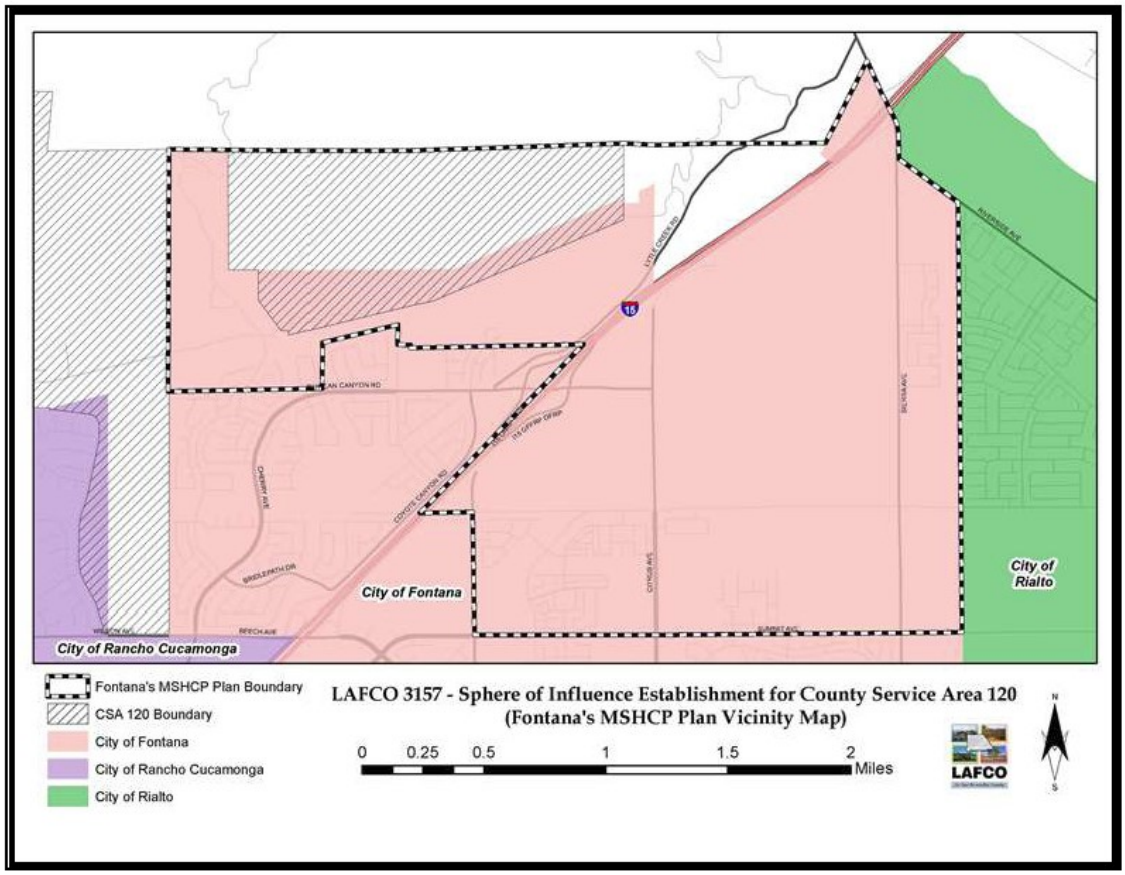
1. **The present and planned land uses in the area, including agricultural and open space lands;**

The present and planned land uses within the boundaries of CSA 120 include identification of open space uses and some rural level of residential development under the County General Plan. These uses are shown on the map below. Open space and Floodway designations within the area include those lands associated with flood control uses within Day Creek and the mitigation properties associated with the North Etiwanda Preserve as defined in 1998. However, the properties within the City of Fontana sphere of influence and within the boundaries of CSA 120, including mitigation lands deeded to CSA 120, along with most of the additional lands acquired for mitigation purposes in the Rancho Cucamonga sphere of influence have a SD-Res (Special Development -Residential) land use assignment by the County General Plan, contrary to the perpetual nature of the mitigation/conservation easement.



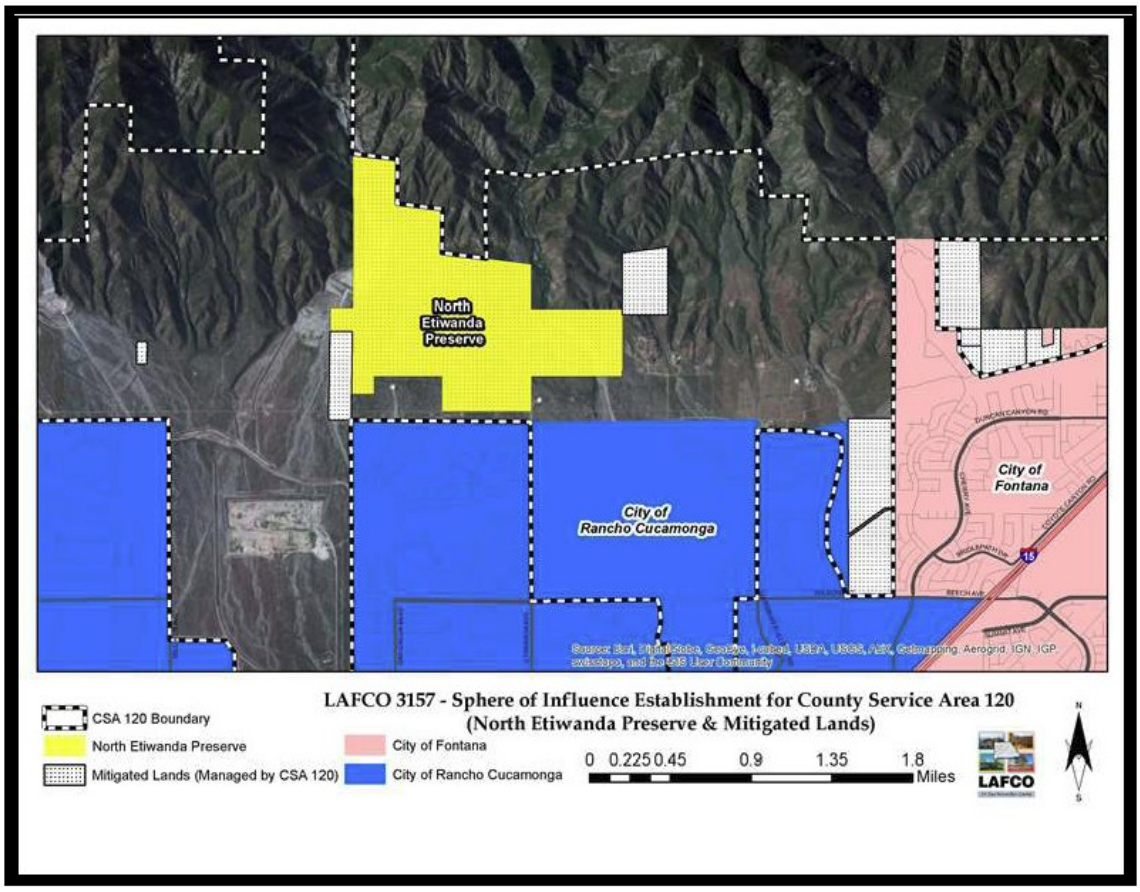
The City of Fontana General Plan assigns an open space designation to the territory within CSA 120 recognizing the future potential for habitat preservation. In addition, the City of Fontana has adopted a Multi-Species Habitat Conservation Plan (hereafter shown as MSHCP) and have indicated that the Interim MSHCP establishes a fee in-lieu of dedication to address mitigation. During the environmental assessment of the proposal, LAFCO's environmental consultant, Tom Dodson of Tom Dodson and Associates, reviewed an alternative that excluded the territory within

the City's MSHCP. The map below shows the relationship of the MSHCP territory to the existing boundaries of CSA 120.



2. <u>The present and probable need for public facilities and services in the area;</u>

Since 1998, mitigation lands have been managed by the County through its system of board-governed special districts. From 1998 through 2009, it was through CSA 70 Zones OS-1 and OS-3 and CSA 70 itself. From July 1, 2009 through the present day, it has been through CSA 120 in the area along the San Gabriel Mountains. These activities are managed under the auspices of the North Etiwanda Preserve Management Plan adopted in 2010 building upon its predecessor Cooperative Management Agreement of 1998. The lands now include approximately 1,207 acres and the management plan has divided the acreage into Unit 1 (original 762 acres of North Etiwanda Preserved) and Unit 2 (445 acres outside that boundary). The management of these lands is through deeded transfers of land ownership to CSA 70 OS-1 and CSA 70 (no quit claim transfer to the successor agency CSA 120 has taken place) and conservation easements transferred to the County of San Bernardino. A map of the lands under habitat management are shown below:



The acquisition of additional lands for mitigation management are regulated by the California Department of Fish and Wildlife through its state mandated due diligence process to review the qualifications of entities to manage endowments and to perform the mitigation management activities designed in a mitigation agreement. This process is undertaken through the completion of an "Application for governmental entity, special district or nonprofit organization requesting to hold and manage mitigation lands". To date, CSA 120 has not submitted this report; therefore, it is not able to acquire additional mitigation properties for which an endowment is proposed. The only approved entities to manage mitigation lands within San Bernardino County are: Inland Empire Resource Conservation District, Center for Natural Lands Management, Southwest Resource Management Associates and Transition Habitat Conservancy.

Without this authorization, the need for a sphere of influence, even a coterminous one, is questionable as no new service can be provided. Therefore, to address this issue, the Commission adopts the following condition:

- **Within six months of the approval of the sphere of influence establishment County Service Area 120 shall have completed the due diligence process with the California Department of Fish and Wildlife to be declared an available recipient of mitigation properties in the future. Failure to do so will require a further analysis of the sphere of influence assignment.**

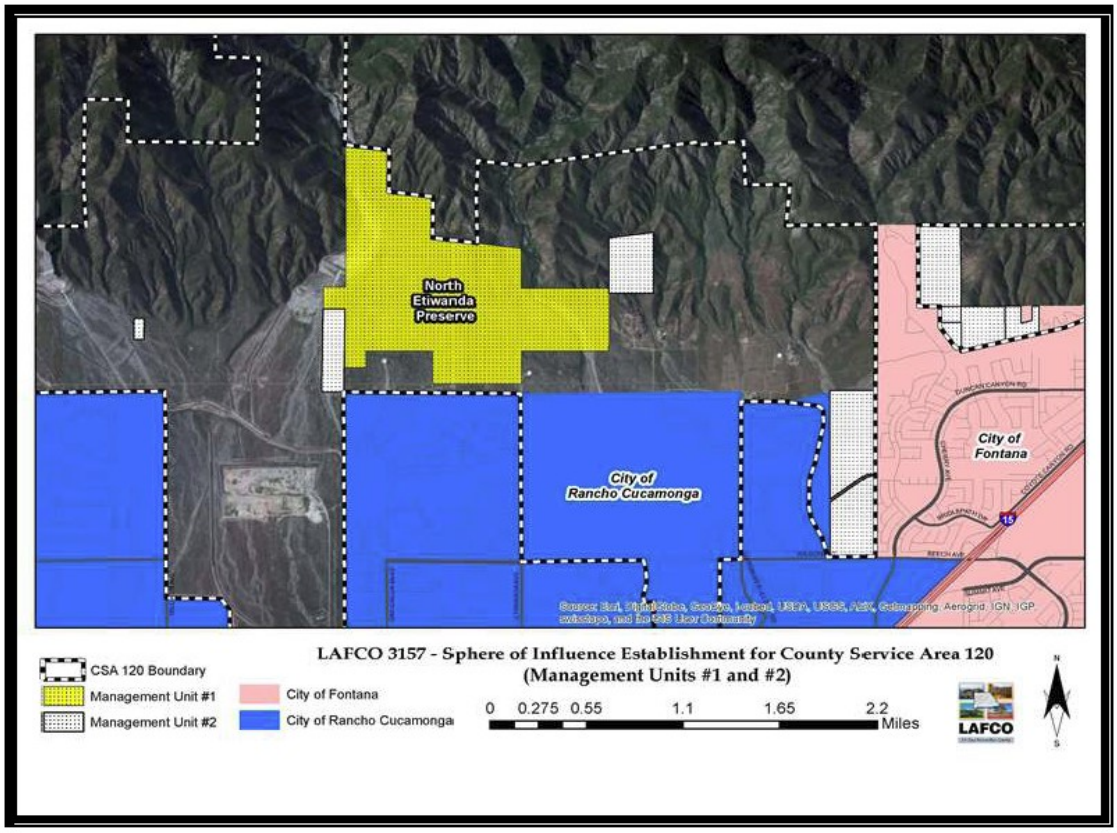
3. **The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide;**

The discussion of the determination identified above for a single purpose County Service Area authorized to provide habitat management and historic preservation must revolve around the

question of funding for the provision of mitigation management services envisioned in the mitigation management agreement or other contractual arrangement. In evaluating this determination, the Commission has looked at the funding mechanism for CSA 120 and the annual expenditure/revenue picture for the agency. While this information identifies significant concerns, it should be noted that the management of the district has attempted to continue its operations under the significant duress of the recession. As the information which follows identify, the interest earnings for this agency have plummeted making its ability to perform its mandated role difficult if not insurmountable. It is within this context that the Commission identifies its concerns.

The funding for the operations of CSA 120 is limited to the interest earned on the endowment funds received at the time that the properties are transferred to its ownership for management. The statutes require that the funds be used for the purposes identified in managing the mitigation properties from which the endowment is derived. In addition, CSA 120 has an adopted fee schedule that proposes a two-tier approach to funding, the endowment for long term management and a payment for management activities necessary to bring the property into compliance for perpetual management. The County fee schedule for CSA 120 is to identify the formula for determining the endowment amount; however, this element of the fee schedule is currently being reviewed by the California Department of Fish and Wildlife so it is not available for review at this time.

Since the inception of CSA 120 (through its predecessor agencies CSA 70 OS-1 and OS-3) it has acquired the primary properties identified as the "North Etiwanda Preserve" the 762 acres set aside for habitat mitigation by SanBAG and Caltrans for the development of the I-210 Freeway (acquired in 1998) and five other properties transferred for management between 2003 and 2010 related to housing development habitat mitigation requirements imposed by the State and other agencies as a part of the development process. As was outlined in the determination above, these properties are deeded to CSA 70 OS-1 and CSA 70 with the conservation easement required held in the name of the County of San Bernardino. Included as a condition of the approval in the formation of CSA 120 in 2009 was the requirement that the agency update the Management Plan for the North Etiwanda Preserve to address the management requirements for the additional 440 acres. In October 2010 the County Board of Supervisors, as the governing body of CSA 120, approved the revised Management Plan. This plan identified that the original 762 acre North Etiwanda Preserve would be identified as "Unit 1" and all other properties would be "Unit 2". Page 4 of the plan states "Regardless of future designations, all lands within the original 762 acre Preserve boundary is subject to any terms of this management plan specified for Unit 1, and all lands outside the original 762 acre Preserve are subject to any terms specified for Unit 2." The map below identifies the location of the mitigation lands held by CSA 120.



The chart which follows outlines the individual mitigation properties, the endowment for their perpetual management, and the interest earned by each property for the period of Fiscal Year 2007-08 through Fiscal Year 2012-13. This information is taken from the audits received as a part of the application process which are on file in the LAFCO office. Of concern to the Commission is that on several occasions during the processing of this proposal, information was requested on the work performed on those properties identified as Unit 2 and the response has always been that no mitigation work has been performed. Government Code Section 65968(c) specifies the disbursement of the interest earnings be limited to the property which funded the endowment; the section reads as follows:

> *"(c) The special district or nonprofit organization shall hold, manage, invest and disburse the funds in furtherance of the long-term stewardship of the property for which the funds were set aside."*

Therefore, the interest earned on each of the properties can only be used for activities related to the specific property. However, the interest earnings related to CSA 120 have been consolidated and used for the purpose of maintaining the original 762 acres of the North Etiwanda Preserve for years. The original determination was to require the repayment of $112,884 which was disputed by County Special Districts staff. The following chart has been modified to show the interest earnings attributable to each of the endowments received by CSA 120 using the percentage that the endowment bears to the whole, but has been modified during consultation with the County Special Districts Department, to require the repayment only from those years 2010-11 through current. (It is noted that the 2013-14 amount is not known at this time but will be included upon issuance of the audit.) This modification identifies the interest which would need to be returned to the five endowments that comprise Unit 2 to make them whole, as approximately $14,752.

Name of Owner	Date Acquired	Total Acreage	Endowment Funds Received	Interest Earned by Endowment Funds for Specific Properties						Total Interest by Conservation Property	% of Total Interest from 2008-13
				2008	2009	2010	2011	2012	2013		
UNIT #1 - CSA 120 MANAGEMENT PLAN											
SANBAG	2/27/1998	762	$700,000	$33,073	$23,262	$16,037	$6,015	$2,793	$2,983	$84,163	43.94%
UNIT #2 - CSA 120 MANAGEMENT PLAN											
Lennar Communities	10/21/2003	33	$85,600	$3,759	$2,643	$1,822	$731	$339	$363	$9,657	5.04%
A&J Resources and Rancho Etiwanda 685 LLC	3/1/2004	172	$220,000	$10,523	$7,402	$5,103	$1,890	$877	$938	$26,733	13.96%
Granite Homes/ Rancho 2004 LLC	9/13/2005	86	$215,400	$10,523	$7,402	$5,103	$1,849	$858	$917	$26,652	13.92%
CENTEX Homes	10/2/2005	149	$373,250	$17,288	$12,160	$8,383	$3,201	$1,486	$1,588	$44,106	23.03%
Western Slope & Mineral Company	12/14/2010	5	$12,500	$0.00	$0.00	$0.00	$110	$51	$55	$216	0.11%
Total Interest Earned				**$75,166**	**$52,869**	**$36,448**	**$13,796**	**$6,404**	**$6,844**	**$191,526**	**100.00%**
Total Non-Wasting Endowment			**$1,606,750**								
Interest for Unit #2				**$42,093**	**$29,606**	**$20,411**					
Interest to be returned to Endowment for Unit #2 due to lack of work performed on specific properties							**$7,281**	**$3,611**	**$ 3,860**	**$14,752**	

The following chart outlines, there is no funding available to repay this amount due to the limitations of the revenue stream directly available to CSA 120. Outstanding questions remain: How will this situation be rectified? How will the SanBAG dedicated properties repay the other endowments or will reports for management and operation of the other properties be provided that show some of the funds used for the appropriate purpose? The Commission determines to impose the following conditions on this sphere of influence establishment to clarify this situation:

- **Within six months of the approval of this sphere establishment County Service Area 120 shall have completed all reporting required by State law for the management of mitigation properties.**

- **Within six months of the approval of this sphere of influence establishment County Service Area 120 will have developed funding plans to restore endowment balances for those mitigation properties where mitigation work has not been performed but interest earnings used.**

The question that needs to be answered in this consideration is whether or not the agency is financially sustainable. If an entity is consistently expending more than it receives, its long term viability is suspect. The chart which follows identifies the expenditures and revenues for the three accounts associated with CSA 120 – general, endowment, and capital projects. The data is taken from audits for the years 2006 through 2013 and budget data for years 2014 and 2015. The one major project within this time period was the development of the North Etiwanda Preserve trail system – design/environmental work in 2007 and 2008 and construction in 2009. This project entailed the construction of a trail system, kiosks, benches, and historic preservation. The maintenance of this system has become one of the primary operations of CSA 120 but comes without any source of funding for maintenance and operation. The following table includes the costs for the development of this facility:

County Service Area 120										
	Audit Data								Budget Data	
	2006	2007	2008	2009	2010	2011	2012	2013*	2014	2015
GENERAL										
EXPENDITURES										
Salaries & Benefits	$ 4,824	$ 5,788	$ 4,826	$ 12,752	$ 13,277	$ 7,733	$ 7,037	$ 1,734		
Services & Supplies	$ 63,172	$ 58,106	$ 70,810	$ 35,052	$ 22,520	$ 14,095	$ 10,547	$ 13,066	$ 18,310	$ 47,429
Contingencies									$ -	$ 23,376
Transfer Out	$ 3,942	$ 814,996		$ 1,361,553					$ 3,515	$ 13,699
Total Expenditures	**$ 71,938**	**$ 878,890**	**$ 75,636**	**$ 1,409,357**	**$ 35,797**	**$ 21,828**	**$ 17,584**	**$ 14,800**	**$ 21,825**	**$ 84,504**
REVENUES										
State Assistance				$ 659,309			$ 1,082		$ 10,032	$ 25,000
Federal Assistance							$ 4,330			
Investment Earnings	$ 17,954	$ 42,323	$ 3,111	$ 4,828			$ 81	$ 399	$ 126	$ 138
Intergovernmental				$ 700,000						
Other	$ 839,342		$ 59,597	$ 23,060		$ 16,325		$ 3,339		
Operating Transfer In					$ 26,059	$ 19,664	$ 9,965	$ 5,635	$ 6,032	$ 8,000
County Transfer In								$ 30,000		
Total Revenues	**$ 857,296**	**$ 42,323**	**$ 62,708**	**$ 1,387,197**	**$ 26,059**	**$ 35,989**	**$ 15,458**	**$ 39,373**	**$ 16,190**	**$ 33,138**
Excess Revenues Over (Under) Expenditures	**$ 785,358**	**$ (836,567)**	**$ (12,928)**	**$ (22,160)**	**$ (9,738)**	**$ 14,161**	**$ (2,126)**	**$ 24,573**	**$ (5,635)**	**$ (51,366)**
Fund Balance										
Beginning	$ 98,210	$ 883,568	$ 47,001	$ 34,073	$ 11,913	$ 2,175	$ 16,336	$ 14,210	$ 38,783	$ 32,866
Ending	$ 883,568	$ 47,001	$ 34,073	$ 11,913	$ 2,175	$ 16,336	$ 14,210	$ 38,783	$ 33,148	
ENDOWMENT FUND										
EXPENDITURES										
Operating Transfer Out					$ 26,059	$ 17,914	$ 7,234	$ 5,635	$ 6,032	$ 8,000
Other			$ 159,598	$ 20,715						
Total Expenditures	**$ -**	**$ -**	**$ 159,598**	**$ 20,715**	**$ 26,059**	**$ 17,914**	**$ 7,234**	**$ 5,635**	**$ 6,032**	**$ 8,000**
REVENUES										
State Assistance				$ 40,691						
Investment Earnings	$ 25,262	$ 37,230	$ 75,166	$ 52,868	$ 36,448	$ 13,797	$ 6,405	$ 6,844	$ 5,184	$ 10,000
Net Increase in Fair Value of Investments								$ 10,673		
Special Assessment							$ 12,500			
Other										
Operating Transfer In		$ 737,550								
Total Revenues	**$ 25,262**	**$ 774,780**	**$ 75,166**	**$ 93,559**	**$ 36,448**	**$ 13,797**	**$ 18,905**	**$ 17,517**	**$ 5,184**	**$ 10,000**
Excess Revenues Over (Under) Expenditures	**$ 25,262**	**$ 774,780**	**$ (84,432)**	**$ 72,844**	**$ 10,389**	**$ (4,117)**	**$ 11,671**	**$ 11,882**	**$ (848)**	**$ 2,000**
Fund Balance										
Beginning	$ 805,797	$ 831,059	$ 1,605,839	$ 1,521,407	$ 1,594,251	$ 1,604,640	$ 1,600,523	$ 1,612,194	$ 1,612,194	$ 1,612,065
Ending	$ 831,059	$ 1,605,839	$ 1,521,407	$ 1,594,251	$ 1,604,640	$ 1,600,523	$ 1,612,194	$ 1,624,076	$ 1,610,065	
CAPITAL PROJECTS										
EXPENDITURES										
Construction in Progress				$ 1,391,548	$ 199,693					
Services & Supplies					$ 389	$ 204				
Improvement to Land		$ 39,579	$ 183,868			$ 297	$ 18,900			
Transfer Out						$ 1,750	$ 2,731			
Total Expenditures		**$ 39,579**	**$ 183,868**	**$ 1,391,548**	**$ 200,082**	**$ 2,251**	**$ 21,631**			
REVENUES										
Investment Earnings		$ 294	$ 4,251	$ 12,836			$ 36			
State Assistance					$ 200,000					
Transfer in		$ 60,000		$ 1,361,553						
Other			$ 200,000							
Total Revenues		**$ 60,294**	**$ 204,251**	**$ 1,374,389**	**$ 200,000**	**$ -**	**$ 36**			
Excess Revenues Over (Under) Expenditures		**$ 20,715**	**$ 20,383**	**$ (17,159)**	**$ (82)**	**$ (2,251)**	**$ (21,595)**			
Fund Balance										
Beginning		$ -	$ 20,715	$ 41,098	$ 23,939	$ 23,857	$ 21,606			
Ending		$ 20,715	$ 41,098	$ 23,939	$ 23,857	$ 21,606	$ 11			

*Audit was revised; received by LAFCO staff on October 8, 2014

The use of endowment funds for the purpose of maintenance and operation of these facilities is of concern to the Commission. The responsibility for the operation should come from some other general sources of funding, such as a share of the general property tax levy, not the restricted revenues associated with the endowment properties. Therefore, Commission adopts the following condition in the approval of the sphere of influence establishment:

- **Within six months of the approval of the sphere of influence establishment for CSA 120, management of the County Special Districts Department shall develop a mechanism to provide for the maintenance and operation of the improvements constructed through the 2008-09 State Park grant without use of the endowment funds established for mitigation purposes only.**

An additional ongoing concern for the Commission is that the County Auditor-Controller has not updated the chart of accounts to acknowledge the existence of CSA 120. Case in point, up until 2013 the audits were issued for CSA 70 OS-1 and the "Budget Prep" documents provided by the County Special Districts Department with information necessary for the review of the 2014 and 2015 budget detail are titled "CSA 70 OS-1". While this may appear on the surface as a trivial matter, this directly impacts the County's reporting to the State Controller on the operations of special districts since CSA 70 and its various zones are reported as a single unit. One of the questions asked in the application to the California Department of Fish and Wildlife is whether or not the special district is current in its reporting requirements to the State Controller. To answer this question is now problematic for CSA 120 and the County.

As to the question of sustainability under the audit information outlined above, out of the eight years shown, six have operated at a deficit between revenues and expenditures within the fiscal year. In addition, the budget detail also shows that the district operates in the red without the infusion of funds from other sources. While the Commission has imposed a condition of approval related to the repayment of the endowment funds, as the chart above outlines, there are no current revenues available to provide for this. The question then to be answered at the end of the six month period is whether or not CSA 120 is sustainable for the long term? And if not what then? It is the position of the Commission that the service review to be presented in the future needs to answer these questions.

The final point in this discussion is that the County amendment for exclusion of the City of Fontana MSHCP from the sphere of influence establishment is an indication of the Commission's direction that the area should ultimately be removed from the boundaries of CSA 120. Such a future detachment would take with it the $330,000 in endowment funds on deposit with CSA 120, representing approximately 20% of the endowment. The ramification of this change will need to be carefully addressed.

4. <u>The existence of any social or economic communities of interest in the area;</u>

In a typical sphere of influence review the question of social or economic communities of interest relates to the future development of the area and its associated identification with a specific community. However, for an entity that provides for the management of mitigation lands its economic community of interest would be the area from which mitigation properties could be assembled. That community would be the territory running along the foothills of the San Gabriel Mountains which support the endangered species identified by the local, state and federal wildlife agencies. This sphere of influence determination addresses a portion of this area.

5. **OTHER FINDINGS**

A. As required by State Law notice of the hearing was provided through publication in a newspaper of general circulation, *The Inland Valley Bulletin*. 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, an eighth page legal ad was provided.

B. As required by State Law, individual notification was provided to affected and interested agencies, County departments, and those agencies and individual requesting mailed notice.

C. Comments from landowners and any affected local agency have been reviewed and considered by the Commission in making its determination.

WHEREAS, pursuant to the provisions of Government Code Section 56425(i) the range of services provided by County Service Area 120 shall be limited to the following:

CSA 120	Open space and habitat conservation	Open space and habitat conservation including, but not limited to, the acquisition, preservation, maintenance, and operation of land to protect unique, sensitive, threatened, or endangered species, or historical or culturally significant properties. Any setback or buffer requirements to protect open-space or habitat lands shall be owned by a public agency and maintained by the county service area so as not to infringe on the customary husbandry practices of any neighboring commercially productive agricultural, timber or livestock operations.

WHEREAS, having reviewed and considered the findings as outlined above, the Commission establishes the sphere of influence for County Service Area 120 as outlined on the Exhibits attached to this resolution subject to the following conditions:

1. Within six months of the approval of the sphere of influence establishment County Service Area 120 shall have completed the due diligence process with the California Department of Fish and Wildlife to be declared an available recipient of mitigation properties in the future. Failure to do so will require a further analysis of the sphere of influence assignment.

2. Within six months of the approval of the sphere establishment County Service Area 120 shall have completed all reporting required by State law for the management of mitigation properties.

3. Within six months of the approval of the sphere of influence establishment County Service Area 120 will have developed funding plans to restore endowment balances for those mitigation properties where mitigation work has not been performed but interest earnings used.

4. Within six months of the approval of the sphere of influence establishment for CSA 120, management of the County Special Districts Department shall develop a mechanism to provide

for the maintenance and operation of the improvements constructed through the 2008-09 State Park grant without use of the endowment funds established for mitigation purposes only.

5. LAFCO staff is to provide ongoing monitoring of the completion of the activities outlined in the preceding conditions with periodic updates provided to the Commission.

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 described in Exhibits "A" and "A-1" as being within the sphere of influence of County Service Area 120, 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 County of San Bernardino 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 approval of this sphere establishment, 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, Cox, Farrell, Lovingood, McCallon, Ramos, Williams

NOES: COMMISSIONERS: None

ABSENT: COMMISSIONERS: Curatalo (Mr. Farrell voting in his stead)

****

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 October 22, 2014.

DATED: October 22, 2014

LOCAL AGENCY FORMATION COMMISSION CO. OF SAN BERNARDINO

KATHLEEN ROLLINGS-McDONALD
Executive Officer

Response from County Special Districts Department Dated March 6, 2015

Attachment 2

SAN BERNARDINO COUNTY

Interoffice Memo

DATE: March 6, 2015 **PHONE:** 387-5967

FROM: TIMOTHY L. MILLINGTON
Interim Division Manager
Special Districts Department

TO: KATHLEEN ROLLINGS-MCDONALD
Executive Director
Local Agency Formation Commission

RECEIVED
MAR 06 2015
LAFCO
San Bernardino County

SUBJECT | **LAFCO CONDITIONS OF APPROVAL FOR CSA 120 SPHERE OF INFLUENCE ESTABLISHMENT**

SPECIAL DISTRICTS ACTION SUMMARY

February 19, 2015

- **Within six months of the approval of the sphere of influence establishment County Service Area 120 shall have completed the due diligence process with the California Department of Fish and Wildlife to be declared an available recipient of mitigation properties in the future. Failure to do so will require a further analysis of the sphere of influence assignment.**

The Special Districts Department (Department) is still in the process of preparing the application to the California Department of Fish and Wildlife (CDFW) and gathering items needed for inclusion in CSA 120's submission to the State as part of the due diligence process. Submission of the completed application is projected to occur in April of 2015. The Department is not aware of the length of the State's review process and decision timeline. The requirement of an application to hold and manage mitigation land with the CDFW is only required if CSA 120 chooses to expand its mitigation property portfolio

- **Within six months of the approval of the sphere of influence establishment County Service Area 120 shall have completed all reporting required by State law for the management of mitigation properties.**

LAFCO has indicated that reporting is required by Government Code section 65968 amended and effective as of September 28, 2012 [1]. All properties were brought into CSA 120 prior to the effective date established under the law. After speaking with County Counsel, it is our opinion that the current laws cannot be applied retroactively and, therefore, are inapplicable to properties acquired prior to the passage of the

[1] Government Code section 65965 et seq was added in 2011 through Senate Bill (SB) 436 and subsequently amended by SB 1024 and effective September 28, 2012.

current law. Therefore, there is no reporting required by State law for the management of mitigation properties now held by CSA 120. Since the current laws were passed, CDFW representatives attending quarterly CSA 120 Board Meetings haven't voiced their concerns relative to this statutory law. Additionally, no agency has ever indicated that CSA 120 is in violation of Government Code section 65968. It appears that LAFCO has interpreted the law to be retroactive. However, the law as enacted does not contain a provision for retroactive application of its requirements. CSA 120 will provide required reports pertaining to any new property, it may acquire if approved under the CDFW due diligence process enacted under the new law.

Within six months of the approval of the sphere of influence establishment County Service Area 120 will have developed funding plans to restore endowment balances for those mitigation properties where mitigation work has not been performed but interest earnings used.

When the Legislature enacted SB 1094 (Gov. Code §65965 et seq), it intended for eligible entities "to hold, manage, invest and disburse endowments in furtherance of the long-term stewardship of the property set aside for mitigation purposes." CSA 120 properties have all been accepted in the same vicinity of like-habitat under the North Etiwanda Preserve Management Plan (NEPMP). The NEP's Endowment and Management Plan has always been constructed so that additional properties could be accepted and added under a similar management plan. CSA 120 currently manages properties that were accepted prior to enactment of the current laws. All CSA 120 properties are interrelated within the same geographic area and represent a similar habitat type with similar degree of management under the NEPMP approved and signed by the CADFW and United States Fish and Wildlife Service (USFWS) in 2010.

The Wildlife Agencies collectively agreed under the NEPMP that the combining of funds and properties is the best way to manage properties of similar habitat type in the same geographic area. SB 1094 was seemingly created to restrict organizations from using monies designated for one mitigation property in an entirely different area with no geographic or management connectivity. CSA 120 properties are both connected managerially by the NEPMP and geographically connected as neighboring properties of the same ecological community. The addition of properties and funding under the NEPMP was intended to improve the financial position of the Endowment through an economies of scale. **Economies of scale** is a term that refers to the reduction of per-unit costs through an increase in production volume. Economies of scale leverage both the operational and financial aspects of CSA 120 by working in concert. The NEPMP stipulates that additional properties would be added over time and that the area would benefit from combined management of additional resources, as it provides a more comprehensive management approach for the region. None of the regulatory agencies have expressed concerns relating to the violation of Government Code section 65968, or asked that CSA 120 divide properties and funds in this fashion. To comply with SB 1094, CSA 120 will segregate all future properties that it accepts as an approved mitigation property holder according to Government Code section 65968. CSA 120 will however continue to manage current properties under the NEPMP as intended, with all new properties being segregated as desired by the Wildlife Agencies.[2] There is still value to combined management and CSA 120 will seek

[2] In the execution of its duties, CSA 120, when it makes sense, will recommend (?) joint (?) management of all the properties and would seek CADFW permission to do so(??)

CDFW approval on consolidation of these efforts when it makes sense. To segregate funds of previously accepted properties would have detrimental impacts to CSA 120's land holdings.

- **Within six months of the approval of the sphere of influence establishment County Service Area 120, management of the County Special Districts Department shall develop a mechanism to provide for the maintenance and operation of the improvements constructed through the 2008-09 State Park grant without use of the endowment funds established for mitigation purposes only.**

The improvements constructed through the 2008-2009 State Park grant were constructed in accordance with the Cooperative Use Agreement (CMA) and CSA 120 NEPMP. The CMA is a Ownership and Management Agreement develop at inception of the NEP in 1998 that was signed by San Bernardino Associated Governments, CADFG now CADFW, USFWS, California Department of Transportation, County of San Bernardino, and County Special Districts as County Service Area 70 OS-1. Both Wildlife Agencies (USFWS and CDFW) were involved in the process of preparation of the Cooperative Use Agreement, NEPMP, Initial Study and the Mitigated Negative Declaration filed for the NEP Enhancement project. The Enhancement project was designed to eliminate harmful activities occurring within the North Etiwanda Preserve (Preserve) as a measure of protection through responsible use. Regulated public access is a component of the NEPMP used to aid and protect the environmental assets of the area. It has been commonly understood and noted in the CMA and NEPMP that endowment funds would be used to support the overall health and needs of the Preserve which also includes responses to public activity and impacts. The trails support education and define use of the area which keep people on designated routes and out of habitat areas of greater sensitivity. The project allowed the installation of gates to address OHV incursion, designated trail paths to define permissible areas of pedestrian travel, and installed signs for both regulation and education purposes. The enhancement has allowed recover of previously disturbed habitat, eliminated environmental degradation from trial blazing and OHV, and increased environmental awareness through education. The lack of such designed use would prove to be more detrimental to the area if additional funding hadn't been secured for these efforts of management.

The Wildlife Agencies have never notified CSA 120 that it has misused the properties or funds it is managing, nor have they indicated that the use of funds to provide signs for interpretation and education, removal of graffiti, or holding Preserve clean-ups was not allowed. Rather, the Wildlife Agencies has indicated that there has been the lack of funding available and asked that the fee methodology be changed to provide funding for future management. The management activities for which endowment funds have been used coincide with provisions under the NEPMP and CMA.

Structures built through the Enhancement Project within the Preserve were built with State grant funds and didn't require use of Endowment Funds. Nevertheless, the structures were designed to provide public education relative to the environment within the Preserve. The areas were designed as stops for education purposes and have interpretive panels at each to explain the area's significance to visitors and to encourage them to take a more active role in helping preserve the site.

Cc: Jeffrey O. Rigney, Director
Dawn Messer, Deputy County Counsel
CSA 120 Board Members