

AGENDA

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

**NORTON REGIONAL EVENT CENTER
1601 EAST THIRD STREET #1000, SAN BERNARDINO**

REGULAR MEETING OF MARCH 23, 2017

1:00 P.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.

- 1(a) Selection of Acting Chair of the Commission
- 1(b) Interview and Selection of Alternate Public Member

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

- 2. Approval of Minutes for Regular Meeting of January 18, 2017
- 3. Approval of Executive Officer's Expense Report
- 4. Ratify Payments as Reconciled for Months of January and February 2017 and Note Cash Receipts

PUBLIC HEARING ITEMS:

- 5. Consent Items Deferred for Discussion
- 6. Consideration of: (1) CEQA Statutory Exemption for LAFCO 3215 and (2) LAFCO 3215 – Sphere of influence Amendment for San Bernardino County Fire Protection District (City of Upland area)
- 7. Consideration of: (1) CEQA Statutory Exemption for LAFCO 3216 and (2) LAFCO 3216 – Reorganization to include Annexations to the San Bernardino Fire Protection District, its Valley Service Zone and Service Zone FP-5 and Formation of Service Zone FP-5 West Valley (City of Upland)

DISCUSSION ITEMS:

8. Mid-Year Budget Review for Fiscal Year 2016-17:
 - Financial Report for Period July 1 through December 31, 2016
 - Authorization of Fund Transfer to Address Increased Revenues and Expenditures due to Increased Proposal Activity and Other Factors
9. Status Report on LAFCO 3189 -- Special Study for Morongo Valley Community Services District

INFORMATION ITEMS:

10. Legislative Update Oral Report
11. Executive Officer's Oral Report
 - a. Update on Relocation/Renovation Progress at Santa Fe Depot
 - b. Continuing Education Opportunities – LAFCO 101 and Partnering on Public Engagement
 - c. New Proposals Received
12. 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.)
13. Comments from the Public
(By Commission policy, the public comment period is limited to five minutes per person for comments related to other items under the jurisdiction of LAFCO not on the agenda.)

The Commission may adjourn for lunch from 12:00 to 1:30 p.m. The Commission may take action on any item listed in this Agenda whether or not it is listed For Action. 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) 388-0480 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.

**DRAFT – ACTION MINUTES OF THE – DRAFT
LOCAL AGENCY FORMATION COMMISSION
HEARING OF JANUARY 18, 2017**

REGULAR MEETING

9:00 A.M.

January 18, 2017

PRESENT:

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

STAFF:

Kathleen Rollings-McDonald, Executive Officer
Clark Alsop, LAFCO Legal Counsel
Samuel Martinez, Assistant Executive Officer
Michael Tuerpe, Project Manager
Jeffrey Lum, LAFCO Analyst
Bob Aldrich, LAFCO Consultant

ABSENT:

Janice Rutherford, Alternate
Aquanetta Warren, Alternate

**CONVENE REGULAR SESSION OF THE LOCAL AGENCY FORMATION COMMISSION
– CALL TO ORDER – 9:08 A.M. – SAN BERNARDINO SANTA FE DEPOT**

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

ANNOUNCEMENT OF CONTRIBUTIONS

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 12 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 were none.

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.

ITEM 1. Approval of Minutes for Regular Meeting of December 14, 2016

ITEM 2. Approval of Executive Officer's Expense Report

- ITEM 3.** Ratify Payments as Reconciled for Month of December 2016 and Note Cash Receipts
- ITEM 4.** Consideration of Fee Reduction Request by the City of Upland/San Bernardino County Fire Protection District for its Reorganization Proposal to Annex the City of Upland Territory to the San Bernardino County Fire Protection District
- ITEM 5.** Approval of Hiring Clerk to the Commission/Office Manager at Step 8 of Established Salary Range

Commissioner McCallon moves approval of the Consent Calendar, second by Commissioner Ramos. There being no opposition, the motion passes with the following roll call vote: Ayes: Bagley, Cox, Curatalo, McCallon, Ramos, and Williams. Noes: None. Abstain: None. Absent: Lovingood.

Commissioner Lovingood arrives at 9:12 A.M.

PUBLIC HEARING ITEMS

ITEM 6. CONSENT ITEMS DEFERRED FOR DISCUSSION -- None

ITEM 7. CONSIDERATION OF: (1) REVIEW OF NEGATIVE DECLARATION PREPARED BY THE CITY OF CHINO PRE-ZONE (PL 16-0051) DESIGNATION TO RD8 (RESIDENTIAL 8 UNITS/ACRE) FOR APN 1016-521-03, -04, AND -05 (TRACT 18902) ON APPROXIMATELY EIGHT ACRES AS CEQA RESPONSIBLE AGENCY FOR LAFCO 3213; AND (2) LAFCO 3213 – REORGANIZATION TO INCLUDE ANNEXATION TO THE CITY OF CHINO AND DETACHMENT FROM COUNTY SERVICE AREA 70 (GRIFFIN HOMES)

Assistant Executive Officer Martinez presents the staff report on this item, 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 the *Inland Valley Daily Bulletin*, a newspaper of general circulation within the reorganization area. Individual notice has been provided to affected and interested agencies, County departments, and those individuals and agencies having requested such notification. LAFCO staff has also provided individual notice to the landowners and registered voters surrounding the reorganization area in accordance with State law and adopted Commission policies.

Mr. Martinez states that the reorganization proposal was initiated by the City of Chino and includes both annexation to the City of Chino and detachment from County Service Area 70. He indicates that the proposed reorganization area includes Tract 18902, a 36-lot planned development and a railroad right-of-way of approximately seven acres generally located within the City of Chino's northwestern sphere of influence. He notes the County approved Tract 18902 in November 2014 and included a requirement for connection to the City's water and sewer facilities in order to record the final tract map. Mr. Martinez states that this was accomplished through an out-of-agency agreement, LAFCO SC #400, which was approved by the Commission in November 2015. He further states that the City

conditioned the agreement to require immediate annexation of the tract into the City as permitted under the City's policy for parcels contiguous to the City's boundary.

Assistant Executive Officer Martinez states that on June 21, 2016, the City initiated the reorganization proposal under consideration today, and reviews the reorganization's boundaries, land uses, service issues, and effects on other local governments. He indicates that the reorganization proposal provides for a logical boundary since it contains the entirety of Tract 18902, a wholly contained community of 36 single family homes. He states that the reorganization area is a mix of residential development and vacant lots and includes a section of the Southern Pacific Railroad right-of-way. Mr. Martinez summarizes the County's and City's General Plan designations and the City's pre-zoning designation for the reorganization area which are all residential in nature. Finally, he summarizes the existing and proposed service providers in the area and notes that the proposed extension of City services will maintain, and/or exceed, current service levels provided through the County and is determined to be sustainable for the foreseeable future.

Executive Officer Rollings-McDonald states that implementation of the City's policy which requires annexation of areas contiguous to the City that require water and sewer service, instead of connection through out of agency agreements, may in the future result in zig-zag jurisdictional boundaries lines similar to those that have been created in the City of Redlands over the years. She notes that this has raised major concerns for law enforcement and County Public Works, and states that LAFCO will continue to work with cities on these issues but will not allow for the creation of islands. She states that LAFCO 3213 will not result in the creation of an island.

Assistant Executive Officer Martinez states that an environmental assessment and a Negative Declaration for Pre-zoning, prepared by the City, has been reviewed by the Commission's Environmental Consultant, Tom Dodson of Tom Dodson and Associates, who determined that the documents are adequate to use as a responsible agency under CEQA. He further notes that staff is recommending a waiver of a protest proceeding since the reorganization area is legally uninhabited, the property owner/buyer has required all buyers within the tract to sign Landowner Consent Forms, and LAFCO has received no formal opposition from Southern Pacific Railroad. Mr. Martinez summarizes the determinations listed in the staff report and recommends Commission approval of LAFCO 3213 accordingly.

Mr. Martinez notes that Union Pacific filed a letter late yesterday with LAFCO referencing a March 18, 2016 comment letter provided to the City of Chino. He notes that a copy of that correspondence has been provided to each commissioner. Mr. Martinez states that he made a follow-up phone call to Union Pacific this morning, and Union Pacific stated that they were not opposed to the project but wanted to go on record with their concerns about locating residential uses adjacent to a major railroad corridor.

Executive Officer McDonald states that LAFCO staff will be forwarding this letter to the County's Land Use Department, the original approving authority for Tract 18902.

Chair Cox requests that staff go over the concerns of Union Pacific.

Assistant Executive Officer Martinez states that Union Pacific identified potential incompatibility issues with residential development in close proximity to a major railroad corridor, but is not opposed to the project. Executive Officer McDonald states that these same issues will come again, and that everyone should be informed of potential issues of locating high intensity residential uses near a railroad corridor. She notes that approval of the residential tract was through the County, not the City, and approval of this residential tract was not in the City's purview.

Commissioner McCallon states his concerns regarding residential uses built next to airports and railroads. He notes that at some point in the future there will likely be complaints over noise or vibration. He asks staff if buyers have been informed of these potential issues. Assistant Executive Martinez states that disclosures have been provided to all buyers.

Commissioner Farrell clarifies that even if the annexation is not approved, this will not prohibit the development from being completed since there is an out of agency agreement already in place. He asks for clarification regarding LAFCO's land use authority. Executive Officer McDonald states that LAFCO has no direct authority on issues related to land use. She notes that LAFCO staff participates in the land use process with cities and the County through the pre-zoning process, but that LAFCO has no direct land use responsibility.

Chair Cox opens the public hearing and requests comments. There were none.

Chair Cox closes the public hearing.

Commissioner Bagley states that the best way to address land use incompatibility issues is through participation in the local government planning process and notes that there are nine levels of local government in this area.

Commissioner McCallon moves approval of Item 7, second by Commissioner Ramos. There being no opposition, the motion passes with the following roll call vote: Ayes: Bagley, Cox, Curatalo, Lovingood, McCallon, Ramos, and Williams. Noes: None. Abstain: None. Absent: None.

ITEM 8. CONSIDERATION OF: (1) REVIEW OF MITIGATED NEGATIVE DECLARATION PREPARED BY THE CITY OF LOMA LINDA FOR GENERAL PLAN AMENDMENT (GPA 15-044) FROM BUSINESS PARK TO LOW DENSITY RESIDENTIAL FOR 30-ACRE PROPERTY; PRE-ZONE (ZMA 15-045) FOR SINGLE FAMILY RESIDENCE (R-1) ON 39 ACRES, MULTI FAMILY RESIDENCE (R-3) ON 18 ACRES, INSTITUTIONAL (I) ON 13 ACRES, AND GENERAL BUSINESS (C-2) ON 10 ACRES; ANNEXATION (ANX 15-043) FOR A TOTAL OF APPROXIMATELY 80 ACRES; AND TENTATIVE TRACT MAP 19963 (TTM 15-046) TO SUBDIVIDE A 30-ACRE PROPERTY INTO 95 SINGLE-FAMILY RESIDENCES AND NINE (9) COMMON LETTERED LOTS AS CEQA RESPONSIBLE AGENCY FOR LAFCO 3214 AND (2) LAFCO 3214 – REORGANIZATION TO INCLUDE ANNEXATION TO THE CITY OF LOMA LINDA AND DETACHMENT FROM SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT AND ITS VALLEY SERVICE ZONE, AND COUNTY SERVICE AREA 70 (CALIFORNIA STREET ISLAND)

Assistant Executive Officer Martinez presents the staff report on this item, 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 *The Sun*, a newspaper of general circulation within the reorganization area. Individual notice has been provided to affected and interested agencies, County departments, and those individuals and agencies having requested such notification. LAFCO staff has also provided individual notice to the landowners and registered voters surrounding the reorganization area in accordance with State law and adopted Commission policies.

Mr. Martinez states that LAFCO 3214, initiated by the City of Loma Linda, includes the annexation of an 84-acre unincorporated island to the City of Loma Linda and detachment from the San Bernardino County Fire Protection District, its Valley Service Zone and County Service Area 70. He notes that the purpose of the annexation is to provide services to proposed Tentative Tract Map 19963, a 95-unit single family residential development covering approximately 30 acres of the reorganization area.

Mr. Martinez states that parcels comprising Tentative Tract Map 19963 are contiguous to the City of Loma Linda's boundary and, per the City's Measure V, the proposed 30-acre development is required to annex to the City prior to receiving services. He states that the City expanded the annexation territory to include the entire 84-acre unincorporated island to avoid creating two separate islands and to better define the boundary between the Cities of Loma Linda and Redlands in this area.

Assistant Executive Officer Martinez reviews the reorganization's boundaries, land uses, service issues, and effects on other local governments. He notes that the area proposed for annexation is a totally surrounded island of unincorporated territory and is less than 150 acres in size. He states that the annexation area includes prime agricultural land and, therefore, cannot be processed under the streamlined island annexation provisions of Government Code Sections 56375.3 and 56375(a)(4). He states that the reorganization provides for a logical boundary since it removes a totally surrounded island of territory and clarifies the boundaries between the City of Loma Linda and the City of Redlands. Mr. Martinez states the reorganization area includes six single family residences, two religious facilities, vacant parcels and citrus groves, and summarizes the current and proposed land use designations for the area. He notes that the City of Loma Linda processed a General Plan Amendment from Business Park to Low Density Residential for the 30-acre parcel comprising Tentative Tract 19963. Mr. Martinez summarizes the existing and proposed service providers noting that extension of City services will maintain and/or exceed current service levels provided through the County and can be sustained in the foreseeable future.

Mr. Martinez states that the City of Loma Linda has prepared an environmental assessment and Mitigated Negative Declaration for the proposed Orchard Heights Project (Tentative Tract 19963) which has been reviewed by the Commission's environmental consultant, Tom Dodson of Dodson and Associates. Mr. Martinez notes that Mr. Dodson has determined that the City's environmental documents are adequate for Commission's use as a responsible agency under CEQA for LAFCO 3214.

Executive Officer McDonald states that the conversion of agricultural lands will result from the development of Tentative Tract 19963 and notes that the protection and preservation of

agricultural lands remains one of the major tenants of LAFCO's overall mission. She states that Government Code 56377 requires the Commission to consider this issue in its deliberations. She notes that staff has determined that LAFCO 3214 promotes orderly development by eliminating an unincorporated island and that the conversion of agricultural lands has been in process in this area for over 40 years. She also states that one of the mitigation measures applied to this residential development by the City requires replacement for the loss of agricultural lands at a defined ratio.

Assistant Executive Officer Martinez summarizes the determinations listed in the staff report and recommends Commission approval of LAFCO 3214.

Commissioner McCallon applauds the City of Loma Linda for eliminating an unincorporated island through this reorganization.

Discussion ensues among staff and the Commission regarding the ratio of agricultural land replacement.

Chair Cox opens the public hearing and requests comments.

Paul Hsu, representing the developer of Tentative Tract 19963, provides a history of the project and summarizes the improvements that will result from its development. He recommends that the Commission approve the proposed reorganization.

Chair Cox closes the public hearing.

Commissioner Ramos moves approval of Item 8, second by Commissioner Curatalo. There being no opposition, the motion passes with the following roll call vote: Ayes: Bagley, Cox, Curatalo, Lovingood, McCallon, Ramos, and Williams. Noes: None. Abstain: None. Absent: None.

DISCUSSION ITEM:

ITEM 9 REVIEW AND ACCEPT AUDIT REPORT FOR FISCAL YEAR ENDED JUNE 30, 2016

Project Manager Michael Tuerpe presents the staff report on this item, a complete copy of which is on file in the LAFCO office and is made a part of the record by its reference here. Mr. Tuerpe states that the audit is for Fiscal Year 2015-2016 and that the independent auditor, Davis Farr LLP, verified the financial statements prepared by LAFCO staff. He notes that the auditor did not identify any deficiencies in internal controls.

Mr. Tuerpe states that the auditors, LAFCO management, and the Ad-hoc Audit/Budget Committee, consisting of Chair Cox, Vice-Chair Ramos and Commissioner Curatalo, discussed the draft audit during a phone meeting on December 19, 2016. He states that the financial statements show a positive change in net position of \$147,842 and a fund balance of \$154,256. He introduces LAFCO's independent auditor, Jennifer Farr, of Davis Farr LLP.

Jennifer Farr, Davis Farr LLP, states that the audit, completed for the Fiscal Year ending June 30, 2016, received an unmodified audit opinion – the highest level of audit approval that can be issued. She notes that the audit showed no material weakness in internal controls and no instances of non-compliance with laws and regulations. She states that, overall, the audit was very clean, the County records were in good condition, and staff was very helpful in assisting the audit team in the completion of the audit.

Commissioner Bagley raises concerns about unfunded pension liabilities and the complexity of that discussion within the audit report.

Discussion ensues among the Commission and staff regarding unfunded pension liabilities.

Ms. Farr states that comparing Fiscal Year 2014-2015 to Fiscal Year 2015-2016, the agency's unfunded pension liability has increased by approximately \$1,000.

Commissioner Bagley expresses concern about the anticipated return rates of CalPERS and other public retirement funds and notes that unfunded pension liability among public agencies in California is a real concern.

Executive Officer McDonald states that she is most concerned about LAFCO's total net pension liability which is currently \$681,447. She states that the agency has established a reserve fund, which is increased each year, to pay for unfunded liability. She notes that should the Legislature disband LAFCOs at some point in the future, we need to have the funds to pay that cost.

Commissioner Bagley states that there are cities in danger of going bankrupt because of pension liabilities, and the new reporting requirements for unfunded pension liabilities are too complex and should be simplified to clarify this issue for the decision makers and the public.

Commissioner Ramos states that the overall issue of unfunded pension liability is a bigger issue than what we are looking at today.

Chair Cox asks staff how much LAFCO has in reserve funds to offset the agency's \$681,447 unfunded pension liability to which Executive Officer McDonald responds approximately \$665,000.

Chair Cox asks if there are any other comments. There are none.

Project Manager Tuerpe recommends that the Commission receive and file the audit report and its related materials for Fiscal Year 2015-2016.

Commissioner Curatalo moves approval of Item 9, seconded by Commissioner Ramos. There being no opposition, the motion passes with the following roll call vote: Ayes: Bagley, Cox, Curatalo, Lovingood, McCallon, Ramos, and Williams. Noes: None. Abstain: None. Absent: None.

INFORMATION ITEMS

ITEM 10 LEGISLATIVE UPDATE ORAL REPORT

Executive Officer McDonald states that there is a CALAFCO Legislative Committee Meeting scheduled on January 27th. She states that CALAFCO is sponsoring legislation this year to clarify the components of a plan of service (Government Code Section 55653). She notes that as a result of a lawsuit filed in Butte County, the courts determined that an annexation proposal could not go forward because a plan of service could not address areas that previously received services through an out of agency agreement. Ms. McDonald states that Butte LAFCO has a sponsor for the legislation and that she would be meeting with Assemblyman Mayes to determine if he would co-sponsor.

ITEM 11 EXECUTIVE OFFICER'S ORAL REPORT

Executive Officer McDonald introduces La Trici Jones as the new LAFCO Commission Clerk/Office Manager.

Ms. McDonald states that staff continues to move forward on the office relocation, noting that an issue with the air conditioning/heating system was identified this week which could result in a four to six week delay. She states that she will be meeting with SANBAG staff to address the issue.

Ms. McDonald states that staff should be receiving a fire annexation application from the City of Victorville shortly, noting that the City has requested completion of the annexation prior to August 8th. She notes that a special meeting of the Commission may be necessary to accommodate that deadline.

Executive Officer McDonald states that a CALAFCO Southern Regional Summit will be held on January 23rd at the Metropolitan Water Department near Union Station, and that a LAFCO 101 training session is scheduled for Tuesday, January 24th, at the Norton Regional Event Center. She states that the February Commission meeting is cancelled.

Commissioner Bagley asks if the Santa Fe Depot will be the Commission's permanent hearing location to which Executive Officer McDonald responds affirmatively, at least until July. Ms. McDonald notes that an alternative location in the future may be the Norton Regional Event Center, and staff is looking further into that option.

Chair Cox asks for any Commissioner comments on the Executive Officer's report. There are none.

ITEM 12 COMMISSIONER'S COMMENTS

Chair Cox asks if there are any Commissioner comments. There are none.

ITEM 13 COMMENTS FROM THE PUBLIC

Chair Cox asks if there are any comments from the public. There are none.

THERE BEING NO FURTHER BUSINESS TO COME BEFORE THE COMMISSION, THE HEARING IS ADJOURNED AT 10:34 A.M.

ATTEST:

KATHLEEN ROLLINGS-McDONALD
Executive Officer

LOCAL AGENCY FORMATION COMMISSION

KIMBERLY COX, Chair

DRAFT

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

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DATE : MARCH 8, 2017
FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer
TO: LOCAL AGENCY FORMATION COMMISSION

**SUBJECT: AGENDA ITEM #3 – APPROVAL OF EXECUTIVE OFFICER’S
EXPENSE REPORT**

RECOMMENDATION:

Approve the Executive Officer’s Expense Report for Procurement Card Purchases and expense claim for December 16, 2016 and January through February 2017 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 and Procedure Manual Section II – Accounting and Financial Policy #3(H). Staff has prepared an itemized report of purchases that covers the billing period of December 16, 2016 and January 1, through February 28, 2017.

A copy of the Executive Officer’s Travel Claim is also provided for the Commission’s approval.

Staff recommends that the Commission approve the Executive Officer’s expense report as shown on the attachment.

KRM/LJ

Attachment



COUNTY OF SAN BERNARDINO
PROCUREMENT CARD PROGRAM

Page 1 of 1

MONTHLY PROCUREMENT CARD PURCHASE REPORT

Card Number	Cardholder	Billing Period
	Kathleen Rollings-McDonald	12/23/2016 to 1/23/2017

Date	Vendor Name	Receipt/ Invoice No.	Item Description	Purpose	\$ Amount	Reconciled (R) Disputed (D)	Sales Tax Included on invoice (Yes or No)
01-13	Southwest	1	Credit	Airfare – Sacramento CALFACO Conference	(15.00)	R	N
01-13	Fairmont Hotel	2	Payment	CALAFACO Retreat - Rollings-McDonald	257.36	R	N
01-16	Discount Cab	3	Payment	Taxi service CALAFACO Retreat Rollings-McDonald	26.00	R	N
01-19	Daisy IT	4	Payment	Office Supplies	374.05	R	N
01-19	Daisy IT	5	Payment	Office Supplies	1560.60	R	Y
01-20	Storetrieve	6	Payment	Records Storage & Maintenance	57.89	R	N
01-20	Thomson West	7	Payment	Law Library Updates	190.47	R	Y
01-20	Frontier	8	Payment	Phone line for internet, January	795.00	R	N
01-20	Frontier	9	Payment	Phone line for Alarm & Fax, January	121.96	R	Y
01-21	Century link Speed Pay	10	Payment	Conference Call	9.97	R	Y

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) Kathleen Rollings-McDonald	Date 2/21/2017
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Approving Official (Print & Sign) Kimberly Cox, Chair	Date 3/23/2017
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COUNTY OF SAN BERNARDINO
PROCUREMENT CARD PROGRAM

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MONTHLY PROCUREMENT CARD PURCHASE REPORT

Card Number		Cardholder Kathleen Rollings-McDonald			Billing Period 1/24/2017 to 2/22/2017		
Date	Vendor Name	Receipt/ Invoice No.	Item Description	Purpose	\$ Amount	Reconciled (R) Disputed (D)	Sales Tax Included on invoice (Yes or No)
01-22	Metrolink	1	Payment	Transportation (Rollings-McDonald & Miller) Southern Region Annual Conference	53.00	R	N
1-24	Claim Jumper	2	Payment	Lunch (K. Rollings-McDonald & P. Miller) LAFCO 101 Training Session	40.54	R	Y
1-23	Metrolink	3	Payment	Transportation (Rollings-McDonald & Miller) Southern Region Annual Conference	53.00	R	N
1-31	Amazon.com	4	Payment	Pressboard File Folders	95.00	R	Y
1-31	Round Table Pizza	5	Payment	Lunch- North Desert Water Service Review (K. Rollings-McDonald, M. Tuerpe, R. Aldrich)	37.11	R	Y
2-01	J & M Trophies	6	Payment	Clerk's Name Plate	10.78	R	Y
2-15	Storetrieve	7	Payment	Records Storage & Maintenance	57.89	R	N
2-16	Southwest	8	Payment	Airfare to LEG Committee Meeting (Rollings-McDonald)	360.88	R	Y

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) Kathleen Rollings-McDonald	Date 3/8/2017
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Approving Official (Print & Sign) Kimberly Cox, Chair	Date 3/23/2017
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TO BE COMPLETED BY EMPLOYEE


[illegible]

	MIILEAGE AMOUNT	EXPENSES	
SUB TOTAL	\$	\$ 68.90	
LESS ADVANCE			TOTAL CLAIM
TOTAL	\$	\$ 68.90	\$ 68.90

Signed Kathleen Rollings-McDonald 0490 3, 8, 17 Approved _____
 Claimant Mail Code Date Authorized Signer (Print and Sign)
 Kathleen Rollings-McDonald Kimberly Cox, Chair

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

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www.sbclafco.org

DATE : MARCH 7, 2017 
FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer
TO: LOCAL AGENCY FORMATION COMMISSION

**SUBJECT: AGENDA ITEM #4 - RATIFY PAYMENTS AS RECONCILED FOR
THE MONTHS OF JANUARY AND FEBRUARY 2017 AND NOTE
REVENUE RECEIPTS**

RECOMMENDATION:

Ratify payments as reconciled for the months of January and February 2017 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 period of January 1, 2017 through February 28, 2017.

Staff recommends that the Commission ratify the payments for January and February as outlined on the attached listings and note the revenues received.

KRM/lj

Attachment

MONTHLY RECONCILIATION OF PAYMENTS

MONTH OF JANUARY 2017 PAYMENTS PROCESSED					
VOUCHER ID	ACCOUNT	NAME	WARRANT NO.	WARRANT DATE	AMOUNT
PV8908681	2400	BEST BEST & KRIEGER	3296847	01/09/2017	\$ 1,043.08
PV8908682	2424	TOM DODSON & ASSOCIATES	3297011	01/09/2017	\$ 680.00
PV8908683	2905	215 NORTH D STREET BLDG LLC	8975885	01/09/2017	\$ 4,484.01
PV8908684	2075	CALIFORNIA SPECIAL DISTRICTS ASSOCIATION	8975541	01/09/2017	\$ 1,175.00
PV8908685	2445	ROBERT J ALDRICH	3296986	01/09/2017	\$ 2,925.00
PV8908686	various	INLAND EMPIRE UTILITIES (refund)	8975633	01/09/2017	\$ 6,756.00
PV8908687	2445	ROBERT J ALDRICH	3297380	01/11/2017	\$ 3,675.00
PV8908688	2445	JIM BAGLEY	8977147	01/11/2017	\$ 297.10
PV8908689	2445	KIMBERLY COX	8977153	01/11/2017	\$ 444.08
PV8908690	2445	JAMES V CURATALO	8977145	01/11/2017	\$ 397.32
PV8908691	2445	STEVEN FARRELL	8977249	01/11/2017	\$ 217.82
PV890869201	2445	JANICE RUTHERFORD	8975645	01/09/2017	\$ 200.00
PV890869202	2445	LARRY MCCALLON	8975672	01/09/2017	\$ 200.00
PV8908693	2445	DIANE WILLIAMS	8977091	01/11/2017	\$ 374.96
PV8908694	2445	JAMES C RAMOS	8977146	01/11/2017	\$ 230.65
PV8908695	2405	DAVIS FARR LLP	8977082	01/11/2017	\$ 6,000.00
PV8908696	2424	TOM DODSON & ASSOCIATES	3297413	01/11/2017	\$ 680.00
PV8908697	2085	INLAND VALLEY DEVELOPMENT AGENCY	3297327	01/11/2017	\$ 325.00
PV8908698	2085	DAILY JOURNAL	8977080	01/11/2017	\$ 585.20
JVPR S01XFRN0172	2943	ROLLINGS-McDONALD SPEC. DISTRICTS DINNER NOV. & DEC 2016		1/10/2017	\$ 63.00
TOTAL					\$ 30,753.22
MONTH OF JANUARY 2017 INTERNAL TRANSFERS PROCESSED					
JVIB 06102037D	2037	PHONE CHARGES - COUNTY SYSTEM		1/10/2017	\$ 227.52
JV890RT08581	2308	CALCARD		1/17/2017	\$ 3,459.19
JVPURRT09350	2310	COUNTY MAIL - INTEROFFICE		1/20/2017	\$ 178.60
JVPURRT09342	2310	COUNTY MAIL - 1ST PRESORT		1/23/2017	\$ 1,027.05
JVPURRT09344	2310	COUNTY MAIL - PACKAGING		1/23/2017	\$ 257.74
JVPURRT09346	2310	COUNTY MAIL - PRESORT FLATS		1/23/2017	\$ 1.59
JVIB 06102410AB	2410	DEC 2016 DATA PROCESSING		1/10/2017	\$ 652.25
JVIB 06102420J	2420	DEC 2016 ISD		1/10/2017	\$ 17.47
JVIB 06102421D	2421	DEC 2016 ISD DIRECT		1/10/2017	\$ 743.94
JV890RT08473	2424	NOD FOR LAFCO		1/10/2017	\$ 50.00
JV890RT08484	2424	NOE FOR LAFCO		1/5/2017	\$ 50.00
JV890RT07944	2445	LAFCO 3213 INVOICE 249		1/5/2017	\$ 50.30
JV890RT07944	2445	LAFCO 3213 INVOICE 249		1/5/2017	\$ 100.60

MONTHLY RECONCILIATION OF PAYMENTS

JVATXRT09480	2445	2016 Q4 PAYROLL FEE		1/31/2017	\$ 884.40
JVDPART07543	2941	PERC TRAINING COURSE (JEFFREY LUM)		1/3/2017	\$ 390.00
JVDPART08751	2941	PERC TRAINING COURSE (JEFFREY LUM)		1/12/2017	\$ 390.00
TOTAL					\$ 8,480.65

MONTH OF JANUARY 2017 CASH RECEIPTS

DEPOSIT DOCUMENT ID	ACCOUNT	DESCRIPTION		DEPOSIT DATE	AMOUNT
CR890A09354	9660	ENVIRONMENTAL DEPOSIT		1/30/17	\$ 50.00
	9800	FILING FEE		1/30/17	\$ 450.00
TOTAL					\$ 500.00

MONTH OF JANUARY 2017 INTERNAL TRANSFERS RECEIVED

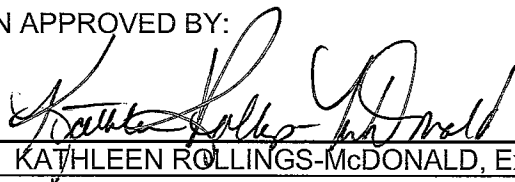
TRANSFER DOCUMENT ID	ACCOUNT	NAME		TRANSFER DATE	AMOUNT
JVTZRT170117048	8500	APPORTIONED INTEREST		1/24/2017	\$ 2,633.42
TOTAL					\$ 2,633.42



LA TRICI JONES, Clerk to the Commission

3/7/2017
DATE

RECONCILIATION APPROVED BY:



KATHLEEN ROLLINGS-McDONALD, Executive Officer

3/7/2017
DATE

MONTHLY RECONCILIATION OF PAYMENTS

MONTH OF FEBRUARY 2017 PAYMENTS PROCESSED					
VOUCHER ID	ACCOUNT	NAME	WARRANT NO.	WARRANT DATE	AMOUNT
PV8908699	2905	215 NORTH D STREET BLDG LLC	8993331	02/09/2017	\$ 4,484.01
PV8908700	2075	CALIFORNIA SPECIAL DISTRICTS ASSOCIATION	8993250	02/09/2017	\$ 1,231.00
PV8908701	2085	DAILY JOURNAL	8993255	02/09/2017	\$ 660.80
PV8908702	2445	ROBERT J ALDRICH	3299636	02/09/2017	\$ 3,412.50
PV8908703	2445	CITY OF SAN BERNARDINO (VIDEO RECORDING)	8001369	02/23/2017	\$ 600.00
PV8908704	2400	BEST BEST & KRIEGER	3300781	02/23/2017	\$ 704.36
PV8908705	2445	ROBERT J ALDRICH	3300850	02/23/2017	\$ 3,600.00
PV8908706	2085	DAILY JOURNAL	8001934	02/23/2017	\$ 554.40
PV8908707	2075	SPECIAL DISTRICTS RISK MGMT	8001464	02/23/2017	\$ 50.00
PV8908708	2445	JIM BAGLEY	8002491	02/27/2017	\$ 296.19
PV8908709	2445	KIMBERLY COX	8002496	02/27/2017	\$ 257.78
PV8908710	2445	JAMES V CURATALO	8002490	02/27/2017	\$ 471.26
PV8908711	2445	STEVEN FARRELL	8002527	02/27/2017	\$ 217.66
PV890871201	2445	ROBERT A LOVINGOOD	8996079	02/15/2017	\$ 200.00
PV890871202	2445	JAMES C RAMOS	8996036	02/15/2017	\$ 200.00
PV8908713	2445	DIANE WILLIAMS	8002465	02/27/2017	\$ 227.82
PV8908714	2445	LARRY MCCALLON	8002508	02/27/2017	\$ 400.00
PV8908715	2305	SAN BERNARDINO SPECIAL DISTRICTS ASSOCIATION	8991530	02/06/2017	\$ 105.00
PV8908716 -8726	NOT YET PROCESSED				
PV8908727	2305	CALAFCO (Rush Payment) STAFF WORKSHOP REGISTRATION	8002454	2/27/2017	\$ 870.00
JVPR SO4XFN0173	2076	TUITION (S. MARTINEZ)		02/15/2017	\$ 1,000.00
JV890RT09919	2942,43,45,46	TRAVEL CLAIM - MARTINEZ: CALAFCO, ESRI		2/13/2017	\$ 2,176.88
TOTAL					\$ 21,719.66
MONTH OF FEBRUARY 2017 INTERNAL TRANSFERS PROCESSED					
JVIB 0707237D	2037	JAN 2017 COUNTY PHONE SYSTEM		2/7/2017	\$ 227.52
JVATXRT10557	2308	CALCARD 01-2017		2/7/2017	\$ 3,378.30
JVPURRT10190	2310	COUNTY MAIL - PACKAGING		2/3/2017	\$ 461.51
JVPURRT10191	2310	COUNTY MAIL - PRESORT FLATS		2/3/2017	\$ 93.90
JVPURRT1096	2310	COUNTY MAIL - 1ST PRESORT		2/3/2017	\$ 32.03
JVPURRT10201	2310	COUNTY MAIL - INTEROFFICE MAIL		2/3/2017	\$ 188.00
JVPURRT10203	2310	COUNTY MAIL - INTEROFFICE MAIL		2/3/2017	\$ 9.40
JVPURRT10128	2323	PRINTING SERVICE		2/13/2017	\$ 38.50
JVPURRT10422	2323	PRINTING SERVICE		2/15/2017	\$ 110.98
JVIB 07072410	2410	JAN 2017 DATA PROCESSING		2/7/2017	\$ 615.45
JVATXRT10552	2415	2016/17 COWCAP-Q3		2/6/2017	\$ 3,309.00

MONTHLY RECONCILIATION OF PAYMENTS

JVIB 07072420J	2420	JAN 2017 ISD OTHER		2/7/2017	\$ 17.47
JVIB 07072421F	2421	JAN 2017 ISD DIRECT		2/7/2017	\$ 743.94
JV890RT10300	2424	NODS FOR LAFCOs 3213 & 3214		2/10/2017	\$ 100.00
JV890RT10433	2424	NOE FOR LAFCO SC 412		2/13/2017	\$ 50.00
JV890RT10301	2445	LAFCO 3215 & 3216		2/10/2017	\$ 50.30
JV890RT10432	2445	LANDOWNER LISTING		2/13/2017	\$ 312.00
JVIB 07072460B	2460	COUNTY GEOGRAPHY INFORMATION SYSTEMS		2/8/2017	\$ 13,500.00
TOTAL					\$ 23,238.30

MONTH OF FEBRUARY 2017 CASH RECEIPTS

DEPOSIT DOCUMENT ID	ACCOUNT	DESCRIPTION		DEPOSIT DATE	AMOUNT
CR890A09929	9595	PROTEST DEPOSIT		2/9/17	\$ 1,500.00
	9655	GIMS FEES			\$ 970.00
CR890A10152	9660	ENVIRONMENTAL		2/15/17	\$ 50.00
	9800	FILING FEE			\$ 450.00
TOTAL					\$ 2,970.00

MONTH OF FEBRUARY 2017 INTERNAL TRANSFERS RECEIVED

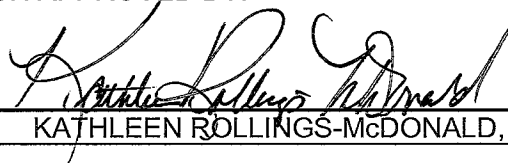
TRANSFER DOCUMENT ID	ACCOUNT	NAME		TRANSFER DATE	AMOUNT
		NONE			
TOTAL					\$ -



LA TRICI JONES, Clerk to the Commission

3/7/2017
DATE

RECONCILIATION APPROVED BY:




KATHLEEN ROLLINGS-McDONALD, Executive Officer

3/7/2017
DATE

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

DATE: MARCH 13, 2017 
FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer
ROBERT ALDRICH, Consultant
TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: AGENDA ITEM #6 - LAFCO 3215 – Sphere of Influence Amendment
(Expansion) for the San Bernardino County Fire Protection District
(City of Upland territory)

INITIATED BY:

Jointly initiated by the City Council of the City of Upland and Board of Directors of the San Bernardino County Fire Protection District

RECOMMENDATION:

Staff recommends that the Commission make the following determinations:

1. Determine that the proposed sphere of influence amendment, submitted under the provisions of Government Code Section 56428, does not require a service review.
2. Certify that LAFCO 3215 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 entirety of the City of Upland.
4. Adopt LAFCO Resolution No. 3241 reflecting the Commission's determinations and findings for the sphere of influence changes identified.

BACKGROUND:

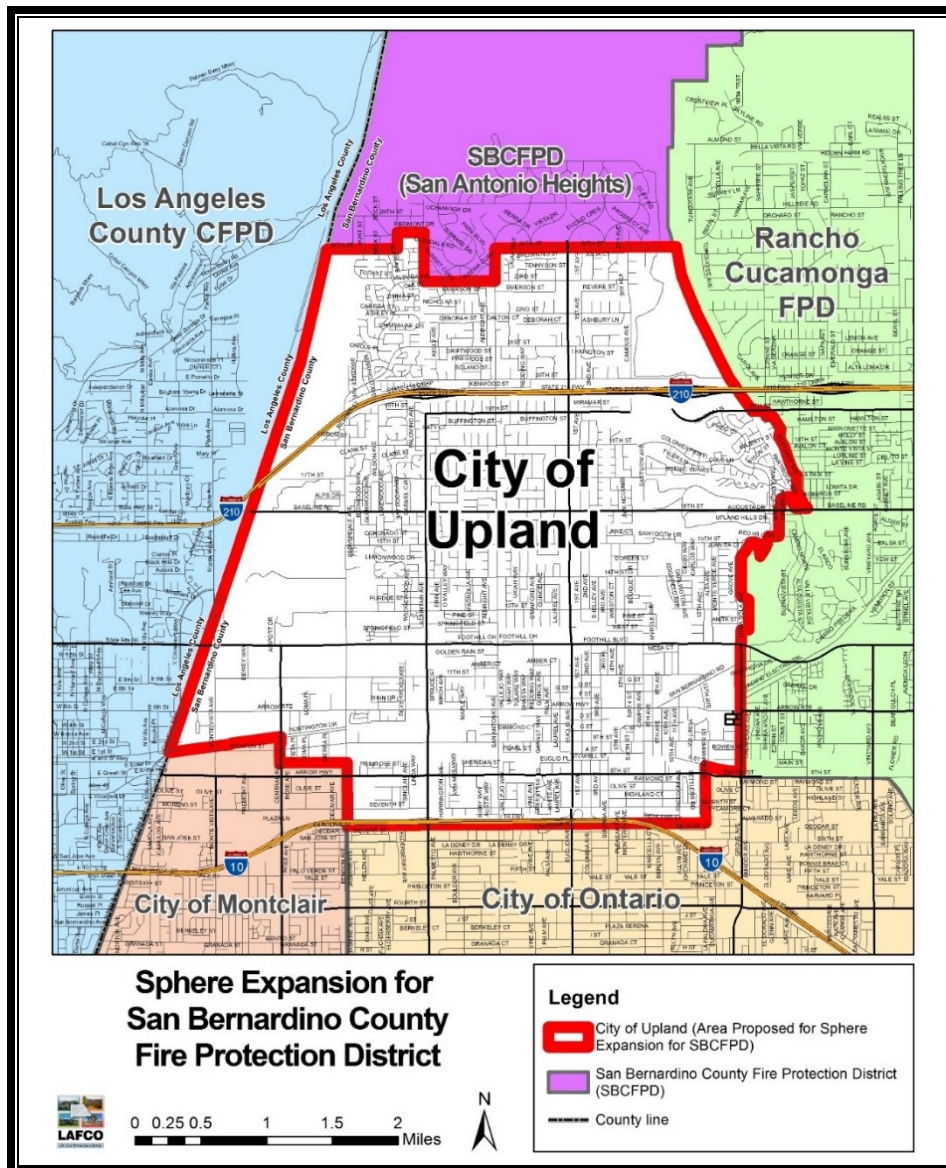
On November 28, 2016, the City of Upland adopted Resolution 6373 initiating an application to expand the sphere of influence for the San Bernardino County Fire

Protection District (hereafter "County Fire") to include the entirety of the City of Upland. At the same meeting, the City initiated an application to annex the City of Upland to County Fire, its Valley Service Zone, and Service Zone FP-5. On December 16, 2016, County Fire adopted Resolution 2016-242 jointly initiating and supporting the City's resolution. If approved, the reorganization including the annexation of the City into County Fire would result in the complete assumption of fire, rescue and emergency services by County Fire for the City of Upland. These actions were initiated in recognition of the City's challenging financial position and its inability to pay for the ongoing costs of providing adequate levels of fire and emergency medical services. A map illustrating the sphere expansion is included as Attachment #1 to this report and is shown on the following page of this report.

At LAFCO's September 2015 hearing, the Commission determined that it will not require a service review for the sphere of influence amendments proposed for County Fire. At that hearing, the Commission supported staff's position that sphere of influence "amendments" submitted under the provisions of Government Code Section 56428 do not require a sphere review.

Expansion of the sphere of influence will allow for annexation of the entirety of the City of Upland by County Fire, its Valley Service Zone and Service Zone FP-5 by separate action (LAFCO 3216). This item will be heard following consideration of the proposed sphere expansion. This set of proposals is intended to maintain adequate fire protection and emergency medical response service within the City of Upland and free up limited resources to address other critical service delivery needs in the City.

The vicinity map shown below illustrates the location of the City of Upland to surrounding fire and emergency medical response providers. As depicted, County Fire currently provides service to the territory north of the City of Upland, commonly known as San Antonio Heights.



The data and analysis, below, address the factors of consideration required for a sphere of influence amendment as outlined in Government Code Section 56425. Each of these requires a determination adopted by the Commission.

SPHERE OF INFLUENCE DETERMINATIONS:

The City of Upland has submitted an application requesting that LAFCO amend the sphere of influence of County Fire to include the entirety of the City of Upland which encompasses approximately 10,016 acres (15.65 square miles). As of January 1, 2016, the City's population is 75,774 according to the State Department of Finance/Demographic Research Unit. The proposal, along with a concurrent

application (LAFCO 3216) to annex the entirety of the City by County Fire, its Valley Service Zone and Service Zone FP-5, will allow for the residents of Upland to continue to receive adequate long-term fire and emergency medical services. The City's immediate and long-term financial constraints preclude the City from continuing to provide this service at acceptable service levels. Therefore, LAFCO staff is recommending that the Commission:

Expand the sphere of influence of the San Bernardino County Fire Protection District to include the entirety of the City of Upland.

The following address the mandatory factors as outlined in Government Code Section 56425:

1. The present and planned land uses in the area including agricultural and open space lands:

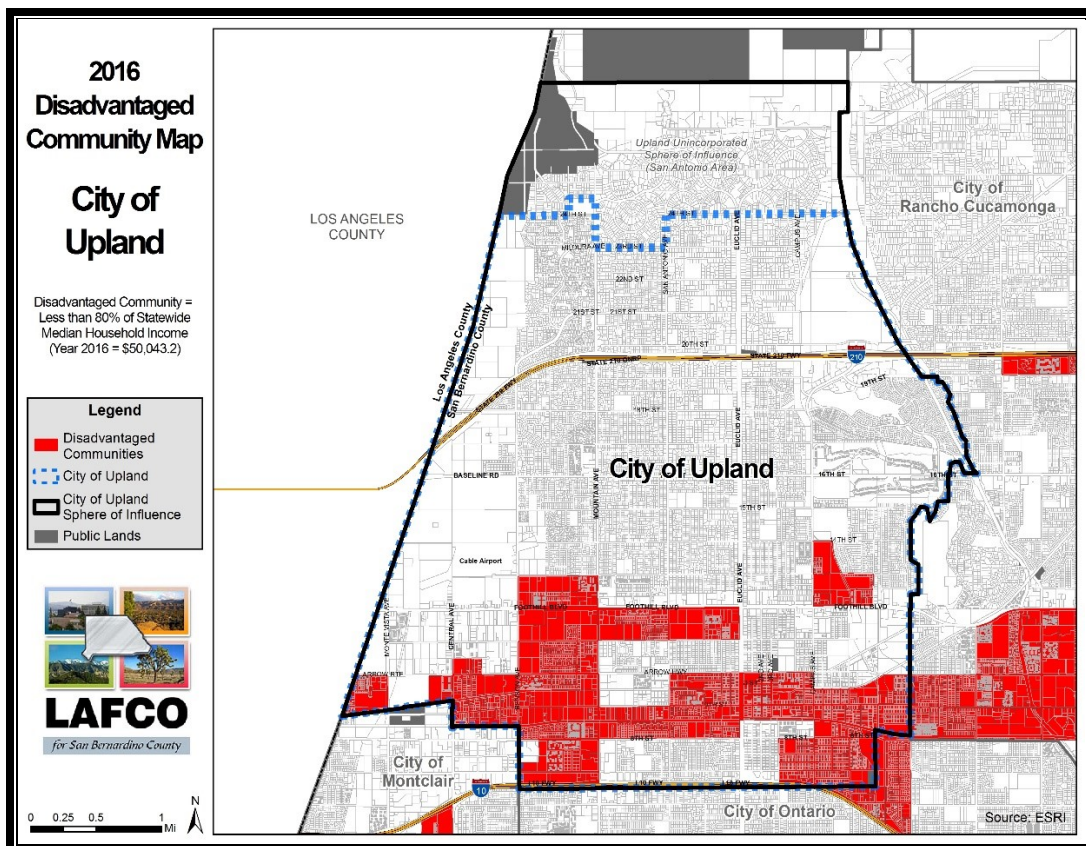
The land area proposed to be included in the sphere of influence of County Fire includes the entirety of the City of Upland. The City, 10,016 acres (15.65 square miles) in size, contains a full range of land uses including residential, commercial, industrial, public facilities, and agriculture. According to the City, residential uses currently comprise approximately 55.4 percent of the City; commercial and industrial uses account for approximately 15 percent; public facilities comprise approximately 30 percent; and 0.2 percent of City's land use is devoted to agriculture uses. Included in the public facilities designation is Cable Airport, a private airfield located within the City and home to the air ambulance operations jointly conducted by the City and Reach Air Medical. The City's General Plan does not have a specific land use designation for open space.

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

In 2011, the combination of a recessionary economy, reduced property tax revenue, increases in pension benefit costs, ongoing litigation and other general liability expenses significantly impacted the City's general fund balance and its ability to maintain adequate levels of services for its residents. Despite the City's actions to significantly reduce staffing levels and negotiate cost saving concessions with the remaining employees, in 2012, the City came very close to declaring a "fiscal emergency" as the general fund balance hit an all-time low. The qualified opinion of the City's auditor in the 2013 Comprehensive Audit and Financial Report (CAFR) questioned the City's "ability to continue as a growing concern." A task force appointed by the City Council to develop structural options for regaining fiscal stability included outsourcing fire protection services as a first step in both short and long-term planning for the City's financial stability.

According to the City of Upland's Plan of Service, annexation to County Fire will allow the City to take advantage of substantial economies of scale available from the District as well as existing District stations and personnel located nearby to the City. It will also allow for the opportunity to annex into one of the County Fire Service Zones which is supported by a parcel special tax. These factors will allow the City to reduce the overall level of City revenue allocated to fire service delivery, freeing up limited City resources to address other critical service delivery needs in the community.

In addition, Government Code Section 56425(e)(5) directs the Commission to evaluate the present and probable need for the delivery of structural fire protection within a disadvantaged unincorporated community. LAFCO 3215 addresses an incorporated city area not required for evaluation by the code section but the questions for assurance of service delivery to a disadvantaged community will also need to be addressed in this situation. The 2016 Disadvantaged Community Maps maintained by LAFCO identify that a portion of the southern area of the City is disadvantaged and the Commission has an inherent responsibility to assure the continuation of this critical public health and safety service. The map below outlines the disadvantaged areas meeting the criteria of State law as earning less than \$50,043 for 2016 (80% of Statewide median income):



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

County Fire operates over 75 fire stations serving approximately 1,000,000 residents in approximately 19,130 square miles of unincorporated territory as well as nine incorporated cities including Adelanto (contract), Fontana (contract), Grand Terrace, Hesperia (contract), Needles, San Bernardino, Twentynine Palms, Victorville (contract), and Yucca Valley. County Fire provides a full range of emergency services, including ladder trucks and elevated stream operations, fire boats for water rescues, snow cats for winter operations, heavy equipment dozers and front-loaders for flooding and earth moving, hand crews, ambulance transportation in seven ambulance operating areas, paramedics on engines and ambulances, and large incident command and control capability. County Fire's chief officers are trained to function in various Incident Command System (ICS) capacities while some participate on Interagency Management Teams. Levels of service vary in each community based on County Fire's available revenue. Staffing in County Fire stations varies from all paid-call firefighters to two, or three, career firefighters on each fire engine.

The package of applications submitted by the City of Upland is intended to ensure adequate, long-term fire protection, and emergency medical response services for the residents of Upland. Without fundamental reorganization, including the transfer of fire and paramedic responsibilities, the City can no longer afford to continue funding these services at appropriate levels.

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

County Fire currently provides fire protection and emergency services to approximately 1,000,000 residents (roughly 37 percent of the County's population) in San Bernardino County. In addition to the 19,130 acres of unincorporated territory served by County Fire, the District serves nine cities - Adelanto, Fontana, Grand Terrace, Hesperia, Needles, San Bernardino, Twentynine Palms, Victorville, and Yucca Valley through either a jurisdictional overlay or by contract. The implementation of a fiscally sustainable agency to provide adequate levels of fire protection, and emergency medical response service to City of Upland over the long-term is critical for the safety and well-being of City residents. This is an issue of both social and economic interest for the future of the City.

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 those services. At present, the Commission's "*Listing of Special Districts within San Bernardino LAFCO Purview – Authorized Functions and Services*" (included in its Policy and Procedure Manual, Section VI) identifies the functions and services for the San Bernardino County Fire Protection District as:

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

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 for review. Mr. Dodson has indicated the proposed sphere amendment is not judged to pose any adverse changes to the physical environment. Therefore, his recommendation is that the sphere of influence amendment is exempt from the requirements of CEQA, as outlined in the State CEQA Guidelines, Section 15061(b).
2. Legal notice of the Commission's consideration of the proposal has been provided through publication of a 1/8th page advertisement in *The Inland Valley Daily Bulletin*, a newspaper of general circulation in the area. In addition, individual notices were provided to all property owners within the annexation area, affected and interested agencies, County departments and those individuals and agencies requesting special 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 3215 is the first step in a two-part process to provide for continuing fire protection, and emergency medical response services to the City of Upland. Under normal circumstances, a sphere of influence determination as a planning tool would allow for the evaluation and preparation of service models and transition planning. However, as is well documented, without fundamental and substantial changes in its service delivery model, the City has conveyed the position that it will be unable to move to a position of long-term fiscal sustainability. A key component of that plan, determined in consultation with a Citizen Task Force, is the transfer of responsibility for fire services

from the City to County Fire. Therefore, the sphere of influence amendment is being considered concurrently with the processing of the reorganization proposal for an expedited review.

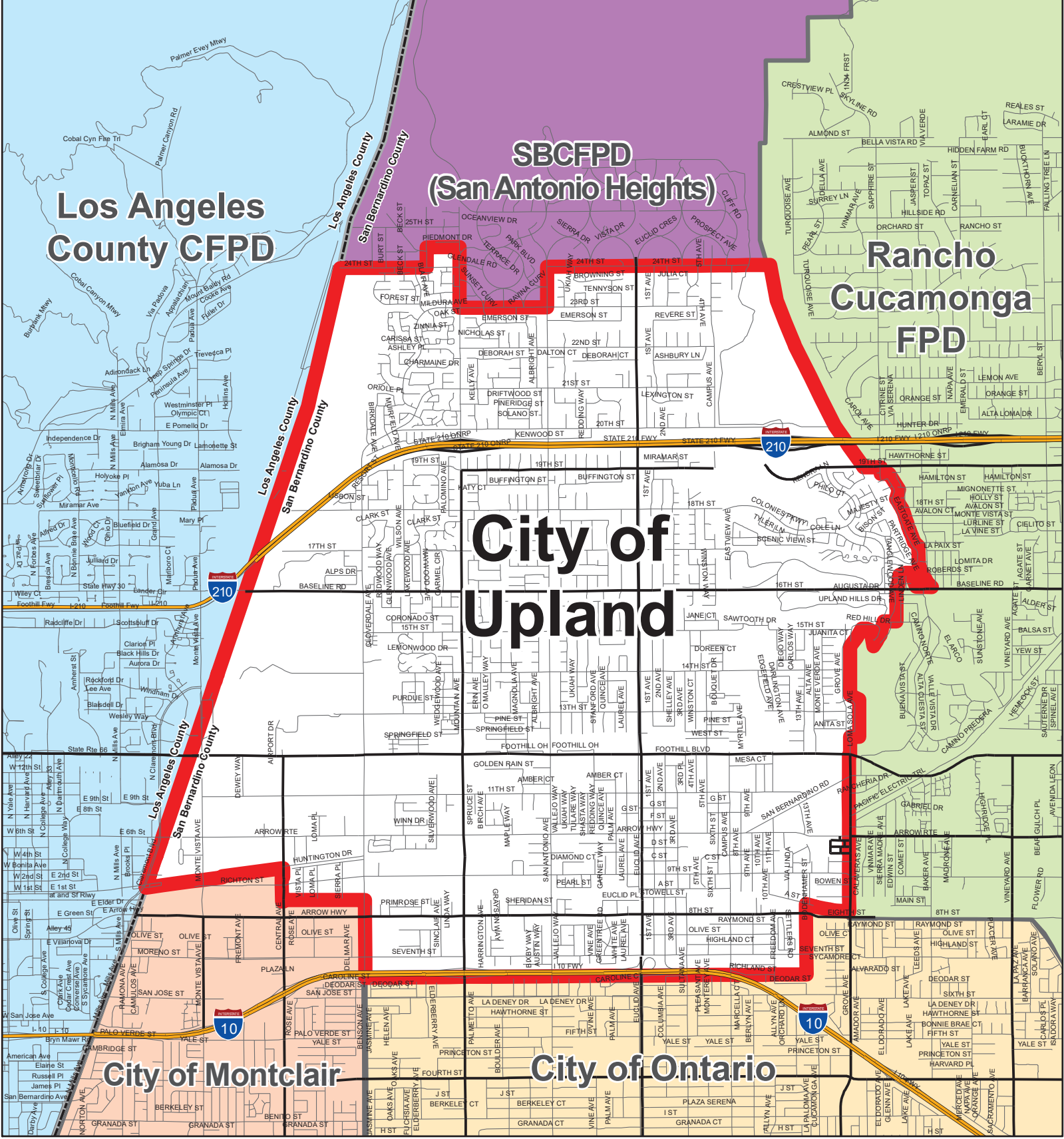
For all the reasons outlined in this report, LAFCO staff supports the change in sphere of influence designation to expand the sphere for County Fire and its related service zones.

Attachments:

1. Vicinity, Proposed Sphere Expansion and Disadvantaged Community Maps
2. City of Upland/County Fire Application for Sphere of Influence Expansion and Supplemental Data
3. Letter from Commission Environmental Consultant Tom Dodson of Tom Dodson and Associates Dated March 8, 2017
4. Draft LAFCO Resolution No. 3241

Vicinity, Proposed Sphere Expansion and Disadvantaged Community Maps

Attachment 1



Sphere Expansion for San Bernardino County Fire Protection District

Legend

- City of Upland (Area Proposed for Sphere Expansion for SBCFPD)
- San Bernardino County Fire Protection District (SBCFPD)
- County line

LAFCO 3215

Sphere of Influence Amendment (Expansion) for the San Bernardino County Fire Protection District

Those portions of the County of San Bernardino, State of California, lying within Sections 29 through 33, Township 1 North, Range 7 West, San Bernardino Meridian, Sections 24 through 26, 35, 36, Township 1 North, Range 8 West, San Bernardino Meridian, Sections 4 through 8, 17, 18, Township 1 South, Range 7 West, San Bernardino Meridian, and Sections 1 through 3, 10 through 13, Township 1 South, Range 8 West, San Bernardino Meridian, described as follows:

Those parcels of land located within the current boundary of the City of Upland, State of California, as of December 5th, 2016, per Records of the City of Upland and the San Bernardino County Local Agency Formation Commission;

Containing 10,016 acres (15.65 sq. miles), more or less.

This legal description was prepared by me or under my direction.

12/05/2016

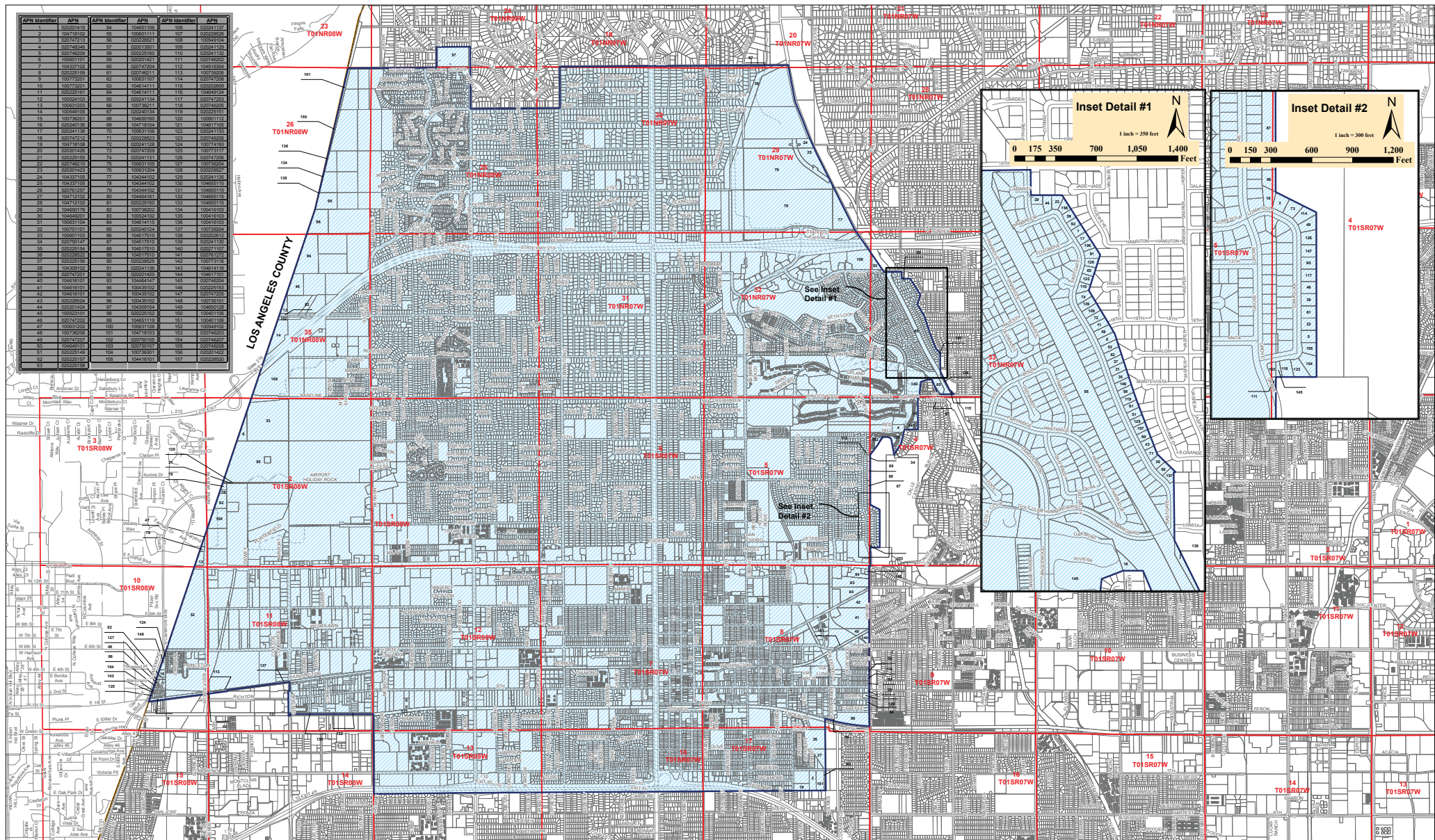
James I. Stone

Date

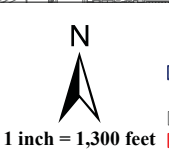
Deputy County Surveyor

PLS 9075, Expiration: March 31, 2018





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2	104719113	55	104819111	107	020241113
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44	020241113	97	020241113	149	020241113
45	020241113	98	020241113	150	020241113
46	020241113	99	020241113	151	020241113
47	020241113	100	020241113	152	020241113
48	020241113	101	020241113	153	020241113
49	020241113	102	020241113	154	020241113
50	020241113	103	020241113	155	020241113
51	020241113	104	020241113	156	020241113
52	020241113	105	020241113	157	020241113
53	020241113	106	020241113	158	020241113



Sphere Expansion Area Containing 10,016 Acres, More or Less
 APN Assessors Parcel Number
 Section Lines
 County Boundary

LAFCO 3215
 Sphere of Influence Amendment (Expansion) for
 the San Bernardino County Fire Protection District
 Those Portions of: Township 1 North, Ranges 7 and 8 West, S.B.M. & Township 1 South, Ranges 7 and 8 West, S.B.M., San Bernardino County, State of California.
 0 1,300 2,600 5,200 7,800 10,400 Feet

THIS MAP WAS PREPARED BY ME OR UNDER MY DIRECTION



James I. Stone
 Deputy County Surveyor
 PLS 9075
 Exp. 3/31/2018
 Job Number 00231LF0 - Revised December 5, 2016
 Date 12/05/2016


2016
Disadvantaged
Community Map

City of
Upland

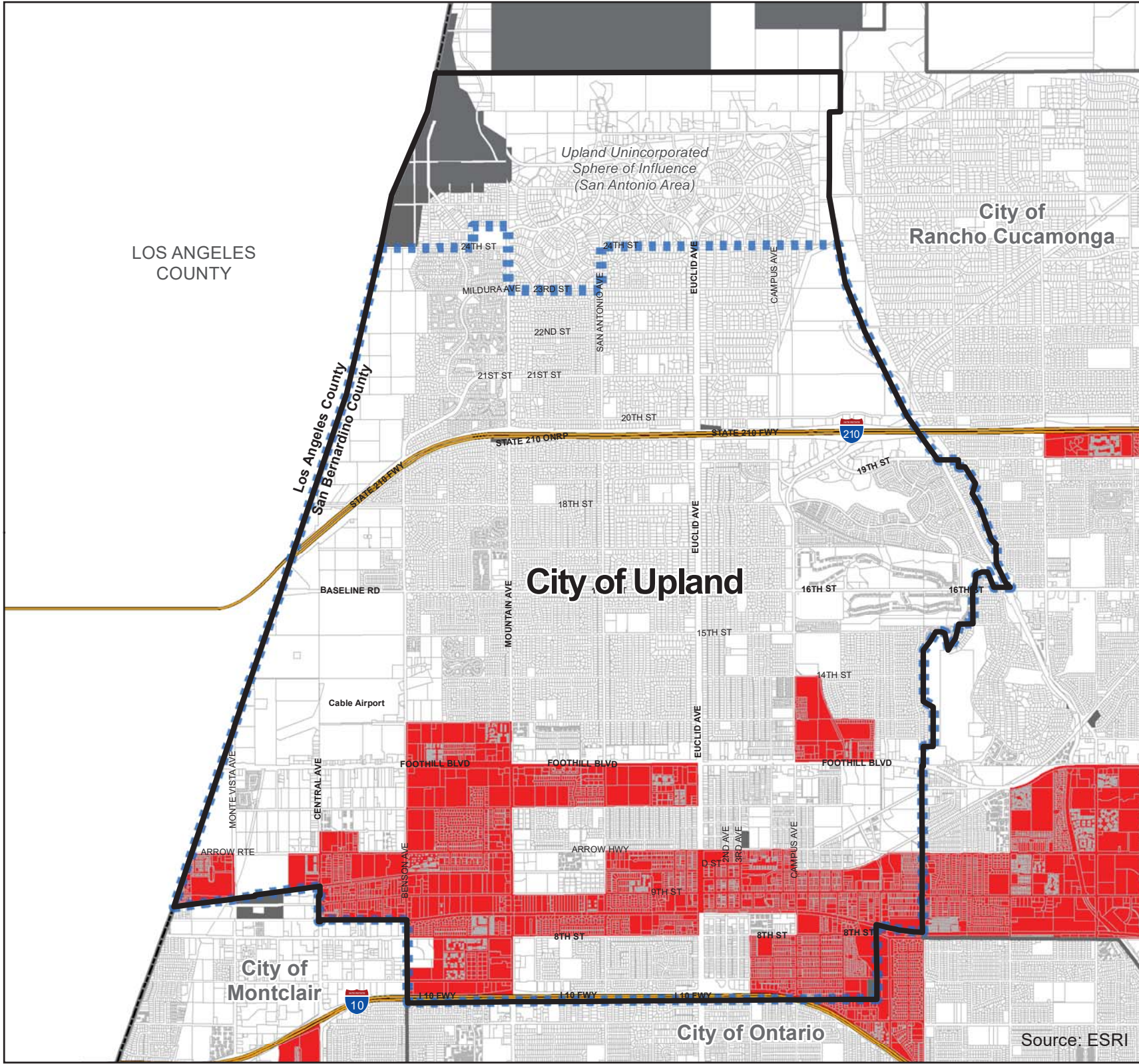
Disadvantaged Community =
Less than 80% of Statewide
Median Household Income
(Year 2016 = \$50,043.2)

Legend

- Disadvantaged Communities
- City of Upland
- City of Upland Sphere of Influence
- Public Lands



LAFCO
for San Bernardino County



**City of Upland/County Fire Application for
Sphere of Influence Expansion and
Supplemental Data**

Attachment 2

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 application to allow the San Bernardino LAFCO, its staff and others to adequately assess the proposal. By taking the time to fully respond to the questions on the forms, you can reduce the processing time for your proposal. 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:

- (1) Sphere of Influence amendment (expansion) for the San Bernardino County Fire Protection District; and,
- (2) Reorganization to include Annexations to the San Bernardino County Fire Protection District, its Valley Service Zone and Service Zone FP-5

2. NAME OF APPLICANT: City of Upland

APPLICANT TYPE:

☐

Landowner

☒

Local Agency

☐

Registered Voter

☐

Other _____

MAILING ADDRESS: 460 N. Euclid Avenue
Upland, CA 91786

PHONE: (909) 931-4106

FAX: (909) 931-4107

E-MAIL ADDRESS: jvagnozzi@ci.upland.ca.us

3. GENERAL LOCATION OF PROPOSAL:

The City of Upland, California.

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

5. Indicate the reason(s) that the proposed action has been requested.

In 2011, the ongoing recessionary economy, reduced property tax revenue, significant increases in pension benefits costs, ongoing litigation, and general liability and workers comp claims, all came to bear on the City of Upland's finances. The City took steps to significantly reduce staffing levels in order bring ongoing expenses and revenues in line with each other. In addition, other measures were implemented including negotiating employee concessions. The initial costs involved in reducing staff by 25% were higher than anticipated causing further drain on an already cash-strapped budget.

In 2012 the City came very close to declaring a fiscal emergency as the general fund balance reached an all-time low. The qualified opinion of the City's auditor in the 2013 Comprehensive Audit

and Financial Report (CAFR) noted the City's "ability to continue as a growing concern." The City Council appointed a fiscal task force to discuss and suggest options for fiscal stability and a list of recommended actions was developed which included outsourcing fire protection services. The City was able to avoid further drastic cuts due to a flat operating budget, savings from personnel vacancies, positive economic conditions, and a significant legal settlement that provided a one-time infusion of cash.

After enlisting the assistance of financial consultants, a financial model was developed that project the City's financial position over the next seven years. The model depicts deficit spending beginning with the next fiscal year and growing worse each of the next seven years until the City is completely insolvent. These Fiscal projections clearly indicated that without fundamental and substantive changes in its service delivery model, the City would not be able to sustain as a service and budget solvent municipality.

One of the largest areas of concern is the City's inability to meet pension obligations. The City currently lists on its financial statements unfunded liabilities of \$83.5 million with CalPERS and \$4.5 million in other post-employment benefits (OPEB). Further complicating the financial outlook is the lack of maintenance and planning for facilities, vehicles, and infrastructure. This requested annexation and reorganization is the first step in both short and long-term planning for the City's financial stability.

LAND USE AND DEVELOPMENT POTENTIAL

1. Total land area of subject territory (defined in acres):

9,446 acres (City)
1,520 acres (sphere of influence)

2. Current dwelling units within area classified by type (single-family residential, multi-family [duplex, fourplex, 10-unit], apartments)

Total dwelling units = 27,355
Single-family detached = 15,688 dwelling units
Single-family attached = 1,762 dwelling units
Multiple-family (2-4 units) = 2,860 dwelling units
Multiple-family (50 or more units) = 6,180 dwelling units
Mobile homes = 865 dwelling units
Source: City of Upland Housing Element 1/27/14

3. Approximate current population within area:

75,774
Source: DOF 1/1/16

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

5. **RESIDENTIAL LAND USE DESIGNATIONS**

The proposed residential designations include five distinct designations of varying density.

Single-Family Low (0-4 du/ac) (SFR-L)

This is a single-family suburban designation, expected to be detached units. It supports 0 to 4 dwelling units per adjusted gross acre. The purpose of this land use designation is to preserve

existing single-family suburban residential neighborhoods. This designation replaces the following existing land use designations: Single-Family Residential 0-2, 0-3, and 0-4 du/ac.

Single-Family Medium (4-10 du/ac) (SFR-M)

This designation supports 4 to 10 dwelling units per adjusted gross acre. This classification is intended for new and existing single-family neighborhoods with slightly higher densities. This designation is mainly located in the older existing neighborhoods and in transition zones between lower-density residential uses and higher-density commercial, industrial, and multi-family residential land uses. This designation replaces the following existing land use designations: Single-Family Residential 4-6 and 7-10 du/ac.

Mobile Home (8-14 du/ac) (MH)

This designation is for mobile homes. It supports 8 to 14 dwelling units per adjusted gross acre.

Multi-Family Low (10-20 du/ac) (MFR-L)

This land use designation supports vertical attached multi-family development (i.e., townhomes), between 10 to 20 dwelling units per adjusted gross acre. The purpose of this land use designation is to support slightly more dense multi-family development. This designation replaces the following existing land use designations: Multi-Family Condominium 7-12 and 12-20 du/ac, and Multi-Family Residential 7-12 and 12-20 du/ac.

Multi-Family Medium (20-30 du/ac) (MFR-M)

This land use designation supports a variety of residential development types, including vertical and horizontal attached units (i.e., stacked flats, etc.) as well as detached products. This medium density residential development tends to be located on major corridors, near major commercial areas, and near transit stations and opportunities (i.e., bus lines). It supports 20 to 30 dwelling units per adjusted gross acre. The purpose of this land use designation is to provide for a relatively high density residential environment. This is a new higher-density residential designation that does not exist in the current General Plan.

COMMERCIAL LAND USE DESIGNATIONS

The proposed commercial designations are diverse and provide locations for an array of local- and regional-serving commercial establishments in Upland.

Neighborhood Commercial (NC)

This designation is for shopping centers for daily shopping needs with a service radius of approximately one mile. Typical uses include supermarkets, drug stores, and a variety of smaller shops. These neighborhood amenities should be provided throughout the City, generally on lots no greater than 5.0 acres. The FAR is 0.5. This designation replaces the existing Neighborhood Shopping and Neighborhood Conservation designations.

Highway Commercial (HC)

This designation is to provide commercial uses for Upland residents' daily and occasional needs. It is applied only in existing major commercial areas. Highway commercial areas include a wide variety of commercial, office, and restaurant uses oriented to retail trade and services. The FAR is 1.0. This designation replaces the existing Highway Commercial designation.

Regional Commercial (RC)

This designation is intended for the development of regional shopping centers and accompanying uses that are visible from a regional standpoint, such as near freeways and major arterials. Such uses include department stores, home furnishings and appliance stores, apparel stores, specialty retail stores, and restaurants. The FAR is 0.5.

Office/Professional (OP)

While office uses are supported in all commercial designations, this designation provides areas to be used predominantly for professional and administrative offices, supporting retail and related uses. Mixed office and commercial uses are supported as well. The FAR is 0.5. This designation replaces the existing Commercial Professional and Office Only designations.

INDUSTRIAL LAND USE DESIGNATIONS

The proposed industrial land use designations support the industrial economy in the City.

Light Industrial/Business Park (LI-BP)

This designation is intended to accommodate office and industrial uses that produce minimal traffic, noise, odors, or pollutants and generate employment opportunities in the City. Supported land uses include light manufacturing, assembly, processing and office. The FAR is 0.5. This designation replaces the existing Light Industrial, Neighborhood Industrial and Light Industrial/Neighborhood designations.

Industrial (IN)

This designation is for industrial or manufacturing uses located in College Heights, many of which may generate traffic noises or odors but are important employment generators in the City. The FAR is 0.5.

Gravel Mine (GM)

This is a new land use designation for the lands used for gravel mining in the northeastern and western parts of Upland.

MIXED-USE LAND USE DESIGNATIONS

These designations are intended to foster developments that provide a mix of related land uses within close proximity and walking distance, to encourage more walking and reduce traffic and GHG emissions associated with driving.

Commercial/Residential Mixed-Use (C/R-MU)

This designation supports a combination of retail, service commercial and medium- to high-density multi-family residential. The preference for land uses within this designation is to provide integrated (i.e., horizontal) mixed-uses. The Commercial/Residential Mixed-Use designation is intended to support the development of compact, walkable, and pedestrian-oriented districts. Maximum residential density is 20 dwelling units per gross acre and FAR is 1.0. This designation replaces the existing Residential/Commercial Specific Plan designation.

Business/Residential Mixed-Use (B/R-MU)

This designation is intended for areas in which business and/or light industrial uses are compatible with multi-family or single-family residential. Supported uses include light manufacturing, assembly, processing, office, and multi-family and single-family residential. Maximum residential density will be 20 dwelling units per gross acre and FAR is 0.5. This designation replaces the existing Neighborhood Business Specialty and Industrial/Loft Mixed Use designations.

Commercial/Office Mixed-Use (C/O-MU)

This designation would accommodate multi-story office buildings along Foothill Boulevard near San Antonio Hospital, and along Mountain Avenue near the I-10 Freeway, to support regional employment opportunities. Commercial uses are also supported within this designation, and are expected to be integrated into the office complex. The FAR is 1.5.

Commercial/Industrial Mixed-Use (C/I-MU)

This designation would accommodate a variety of industrial and regional retail uses and would support commercial activities to satisfy a range of shopping needs for residents of the community. It is also intended to encourage development of business in the City and to maximize the potential for job generation. Uses supported under this category include commercial and industrial. Industrial uses would include: limited general industrial, manufacturing, assembly, warehousing, multi-tenant industrial, research and development, and airport-related uses. Commercial activities include: retail commercial and durable sales goods, tourist-related commercial, entertainment, recreational uses, administrative and professional offices, commercial activities, business support services, food and institutional uses, as well as residential, subject to a reasonable minimum increment of land area as well as a special use permit process. The FAR is 1.0. This designation replaces the existing Commercial/Industrial Specific Plan designation.

SPECIAL/INSTITUTIONAL LAND USE DESIGNATIONS

Institutional (I)

This designation is for large private institutions, including the hospital and churches.

Civic/Schools (C-S)

This designation is for major public uses or institutions, including the Civic Center, schools, and fire stations. This designation combines the existing Public and School designations into one designation.

Park/Open Space (P-OS)

Parks/Open Space are designated green areas. This designation encompasses active and passive public parks of all sizes and other forms of open space, such as natural hillside areas and retention basins. Residential, commercial, and industrial activities are not supported. This designation combines the existing Park and Open Space designations into one designation.

Public Utilities (PU)

This designation is for landfills, flood control/recharge facilities and public utilities, including gas, electricity, and water. This designation combines the existing Reservoir, Land Fill, Edison Easement and Flood Control/Recharge designations into one designation.

Cable Airport (CA)

This designation is for Cable Airport.

Specific Plan (SP)

This designation is for the multiple special plan areas of the City, which have specific land use designations and development standards. These specific plans include Historic Downtown Upland, the Colonies, College Park, Foothill Walk, Foothill Benson Terrace, Wyeth Cove, Upland Crossing, College Commerce Center, and Park View.

San Bernardino County General Plan designation(s) and uses permitted by this designation(s):

N/A

6. 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:

N/A

7. Indicate the existing use of the subject territory.

Residential, commercial, office, industrial, parks and public facilities.

What is the proposed land use?

There is no change to the proposed land uses that would result following the reorganization and sphere of influence amendment.

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 ☒ If YES, please explain.

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

- | | |
|---|---|
| <input type="checkbox"/> Agricultural Land Uses | <input type="checkbox"/> Agricultural Preserve Designation |
| <input type="checkbox"/> Williamson Act Contract | <input checked="" type="checkbox"/> Area where Special Permits are Required |
| <input checked="" type="checkbox"/> Any other unusual features of the area or permits required: Projects near Cable Airport require permits | |

10. Provide a narrative response to the following factor of consideration as identified in §56668(p): *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:*

Annexation of the City into the District will result in expanded, more reliable, efficient and effective fire protection and emergency medical services to all residents of the community.

ENVIRONMENTAL INFORMATION

1. Provide general description of topography.

The San Gabriel Mountains are to the north of Upland. The city terrain is fairly flat but slopes gradually to the north. From south to north, the city elevation increases by 825 feet over a distance of 4.25 miles, from 1,175 feet at the intersection of 7th Street and Euclid Avenue (southern city boundary) to an elevation of 2,000 ft at the intersection of 24th Street and Euclid Avenue (northern city boundary).[35] The highest peak in the San Gabriels, Mount San Antonio, known locally as Mount Baldy, is approximately 9.5 miles north of the Upland's northern boundary and caps out at 10,064 feet.

Upland is bordered on the east by Rancho Cucamonga, to the south by Ontario and Montclair, to the west by Claremont, and to the north by the unincorporated community of San Antonio Heights.

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

Residential	4,397 acres; 55.4%
Commercial	721 acres; 9.1%
Industrial	458 acres; 5.8%
Agricultural	20 acres; 0.2%
Vacant	213 acres; 2.7%
Other:	
Public/Governmental	514 acres; 6.5%
Special/Institutional	103 acres; 1.3%
Airport	77 acres; 1.0%
Park/Open Space	1,426 acres; 18%
Parking	16 acres; 0.2%

3. Describe the surrounding land uses:

NORTH	San Antonio Heights, Unincorporated San Bernardino County
EAST	City of Rancho Cucamonga
SOUTH	Cities of Ontario and Montclair
WEST	City of Claremont

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

N/A

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

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

There are existing mutual and auto aid agreements in place with the following agencies fire protection, suppression, and emergency medical services:

City of Rancho Cucamonga
City of Ontario
City of Montclair
City of Chino
Los Angeles County Fire
San Bernardino County Fire

7. Is this proposal a part of a larger project or series of projects? YES ☐ NO ☒ If YES, please explain.

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 Martin Thouvenell, Interim City Manager TELEPHONE NO. (909) 931-4106

ADDRESS: City of Upland, 460 N. Euclid Avenue, Upland, CA 91786

NAME Jeannette Vagnozzi, Deputy City Manager TELEPHONE NO. (909) 931-4121

ADDRESS: City of Upland, 460 N. Euclid Avenue, Upland, CA 91786

NAME Keri Johnson, Deputy City Clerk TELEPHONE NO. (909) 931-4124

ADDRESS: City of Upland, 460 N. Euclid Avenue, Upland, CA 91786

CERTIFICATION

As a part of this application, the City of Upland (the applicant) agrees 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 the application subject property) agree to defend, indemnify, hold harmless, promptly reimburse San Bernardino LAFCO for all reasonable expenses and attorney fees, and release 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, penalties, fines and other costs imposed upon or incurred by San Bernardino LAFCO should San Bernardino LAFCO be named as a party in any litigation or administrative proceeding in connection with this application.

As the person signing this application, I will be considered the proponent for the proposed action(s) and will receive all related notices and other communications. I understand that if this application is approved, the Commission will impose a condition requiring the applicant and/or the real party in interest 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 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 12-5-16



MARTIN THOUVENELL
INTERIM CITY MANAGER
CITY OF UPLAND

PLEASE CHECK SUPPLEMENTAL FORMS ATTACHED:

- ☒ ANNEXATION, DETACHMENT, REORGANIZATION SUPPLEMENT
- ☒ 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

SUPPLEMENT SPHERE OF INFLUENCE AMENDMENT

INTRODUCTION: The questions on this form are designed to obtain data about the specific sphere of influence amendment application to allow the Commission, staff and others to adequately assess the application. 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

San Bernardino County Fire Protection District
157 West Fifth Street
San Bernardino, CA 921415-0451

SPHERE REDUCTION

City of Upland
460 N. Euclid Avenue
Upland, CA 91786

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.)

The present and planned land uses in the area, including agricultural and open-space lands.

The present General Plan land use distribution is as follows:

Residential	4,397 ac. or 55.4%
Commercial	721 ac. or 9.1%
Industrial	458 ac. or 5.8%
Agriculture	20 ac. or 0.2%
Other	Public Facilities 2,136 ac. or 29.7%

The 2015 General Plan anticipates a build-out of 76,563 people in the City and 4,898 people in the City's sphere of influence for a total population of 81,462.

The planned land uses will not change as a result of this annexation. This annexation is a change in service providers not an annexation for development purposes.

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

The City of Upland will continue to provide municipal public services and related facilities within the City, except fire protection and emergency medical services.

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

The San Bernardino County Fire Protection District will provide fire protection and emergency medical services to the entire City of Upland community. Please see Attachment A – Fire Plan of Service filed with the Annexation Supplement for a full description of the public facilities and public services.

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

In 2010, the City of Upland's median household income was approximately \$68,000 with 65% of the city's households considered to be in the moderate income and above moderate income categories. However, the remaining 35% are within the low, very low, and extremely low income categories. For those residents in the very low and extremely low income categories, the City has an extensive housing program that assists with rehabilitation, emergency repairs, and even home ownership. The proposed annexation guarantees affordable fire protection and emergency medical service for all residents.

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 San Bernardino County Fire Protection District will provide fire protection, suppression and emergency medical services to any and all disadvantaged communities within the City of Upland's sphere of influence.

3. If the sphere of influence amendment 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 sphere of influence amendment includes a special district sphere of influence change, 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))

The function or classes of service provided by the San Bernardino County Fire Protection District include: Structural fire protection, watershed, prevention inspection, fire suppression, weed abatement, hazardous materials services, rescue, first aid, ambulance transportation, emergency response and disaster preparedness. The nature and location are provided throughout the District's boundaries to varying degrees based upon the financial resources available within the various service zones.

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.
- 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.

Fire protection and emergency medical services should improve for any disadvantaged unincorporated communities within the City of Upland's sphere of influence.

d. Financial ability of agencies to provide services.

Please see Fiscal Impact Analysis –Options 1 and 2 (Attachments B ~~and C~~) filed with the Annexation Supplement.

e. Status of, and opportunities for, shared facilities.

Please see Fire Plan of Service (Attachment A) filed with the Annexation Supplement.

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

Please see Fire Plan of Service (Attachment A) filed with the Annexation Supplement.

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.

CERTIFICATION

As a part of this application, the City of Upland (the applicant) agrees to defend, indemnify, hold harmless, promptly reimburse San Bernardino LAFCO for all reasonable expenses and attorney fees, and release 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, penalties, fines and other costs, imposed upon or incurred by San Bernardino LAFCO should San Bernardino LAFCO be named as a party in any litigation or administrative proceeding in connection with this application.

As the person signing this application, I will be considered the proponent for the proposed action(s) and will receive all related notices and other communications. I understand that if this application is approved, the Commission will impose a condition requiring the applicant and/or the real party in interest 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 12-5-16



MARTIN THOUVENELL
INTERIM CITY MANAGER
CITY OF UPLAND

**Letter from Commission Environmental
Consultant Tom Dodson of Tom Dodson
and Associates Dated March 8, 2017**

Attachment 3

TOM DODSON & ASSOCIATES

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



March 8, 2017

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



Dear Kathy:

LAFCO 3215 consists of a Sphere of Influence (SOI) Amendment for the San Bernardino County Fire Protection District to encompass the City of Upland's fire protection-emergency service area. The study area encompasses the entirety of the District boundaries as shown on the attached map. The SOI Amendment (LAFCO 3215) encompasses the entirety of the City of Upland corporate boundaries which includes approximately 15.65 square miles (10,016 +/- acres). The City is located in the western portion of the Valley region of San Bernardino County, generally bounded by the Los Angeles/San Bernardino County line on the west, the City of Upland boundary generally defined as 24th Street on the north, the City of Rancho Cucamonga boundary on the east, and the boundaries of the Cities of Ontario and Montclair on the south.

As we have learned from previous sphere reviews, the designation of a sphere, which focuses on a planning boundary, does not by itself cause any modifications to the physical environment. Only when the subsequent step is taken to physically revise the jurisdictional boundary or range of services of a service district does a potential for physical change in the environment occur. Even though in this case the District has an accompanying application, LAFCO 3215, for a Reorganization that includes Annexation, this accompanying action has also been determined to be Statutorily Exempt because the Annexation does not pose any physical changes on the environment within the Annexation area. Thus, a finding that LAFCO 3215 is Statutorily exempt appears to be the appropriate CEQA environmental determination for this action before the Commission.

Based on this information, it appears that LAFCO 3215 can be implemented without causing any physical changes to the environment or any adverse environmental impacts. Therefore, I recommend that the Commission find that a Statutory Exemption (as defined in the California Environmental Quality Act, CEQA) under the General Rule exemption applies to LAFCO 3215 under Section 15061 (b) (3) of the State CEQA Guidelines, which 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 this circumstance applies to LAFCO 3215. In this case, expansion of the District Sphere does not alter the existing environmental setting.

Based on this review of LAFCO 3215 and the pertinent sections of CEQA and the State CEQA Guidelines, I conclude that LAFCO 3215 does not constitute a project under CEQA and adoption of the Statutory Exemption and filing of a Notice of Exemption is the most appropriate determination to comply with CEQA for this action. The Commission can approve the review and findings for this action and I recommend that you notice LAFCO 3215 as Statutorily Exempt under the General Rule exemption from CEQA for the reasons outlined in the State CEQA Guideline sections cited above. The Commission needs to file a Notice of Exemption with the County Clerk to the Board for this action once the hearing is completed.

A copy of this exemption 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,

A handwritten signature in blue ink, appearing to read "Tom Dodson".

Tom Dodson

Draft LAFCO Resolution No. 3241

Attachment 4

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

215 North "D" Street, Suite 204, San Bernardino, CA 92415-0490
(909) 388-0480 • Fax (909) 885-8170
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PROPOSAL NO.: LAFCO 3215

HEARING DATE: March 23, 2017

RESOLUTION NO. 3241

A RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY MAKING DETERMINATIONS ON LAFCO 3215 AND APPROVING THE SPHERE OF INFLUENCE EXPANSION FOR THE SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT (sphere amendment to include the entirety of the City of Upland which encompasses approximately 10,016 acres (15.65 square miles)).

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) 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 23, 2017 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 amendment

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(expansion) is statutory exempt from CEQA and such exemption was adopted by this Commission on March 23, 2017. 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 territory of the corporate boundaries of the City of Upland, as more specifically described on the attached Exhibits "A" and "A-1" to this resolution; and,

WHEREAS, the Commission determined on September 16, 2015 that a service review would not be required for any sphere of influence amendment for the transition of fire protection from a financially distressed agency to County Fire as allowed by Government Code Section 56430;

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 County Fire includes the entirety of the City of Upland. The City, 10,016 acres (15.65 square miles) in size, contains a full range of land uses including residential, commercial, industrial, public facilities, and agriculture. According to the City, residential uses currently comprise approximately 55.4 percent of the City; commercial and industrial uses account for approximately 15 percent; public facilities comprise approximately 30 percent; and 0.2 percent of City's land use is devoted to agriculture uses. Included in the public facilities designation is Cable Airport, a private airfield located within the City and home to the air ambulance operations jointly conducted by the City and Reach Air Medical. The City's General Plan does not have a specific land use designation for open space.

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

Fire protection and emergency medical response are one of several primary needs for an urbanized, municipal community. In 2011, the combination of a recessionary economy, reduced property tax revenue, increases in pension benefit costs, ongoing litigation and other general liability expenses significantly impacted the City's general fund balance and its ability to maintain adequate levels of services for its residents. Despite the City's actions to significantly reduce staffing levels and negotiate cost saving concessions with the remaining employees, in 2012, the City came very close to declaring a "fiscal emergency" as the general fund balance hit an all-time low. The qualified opinion of the City's auditor in the 2013 Comprehensive Audit and Financial Report (CAFR) questioned the City's "ability to continue as a growing concern." A task force appointed by the City Council to develop structural options for regaining fiscal stability included outsourcing fire

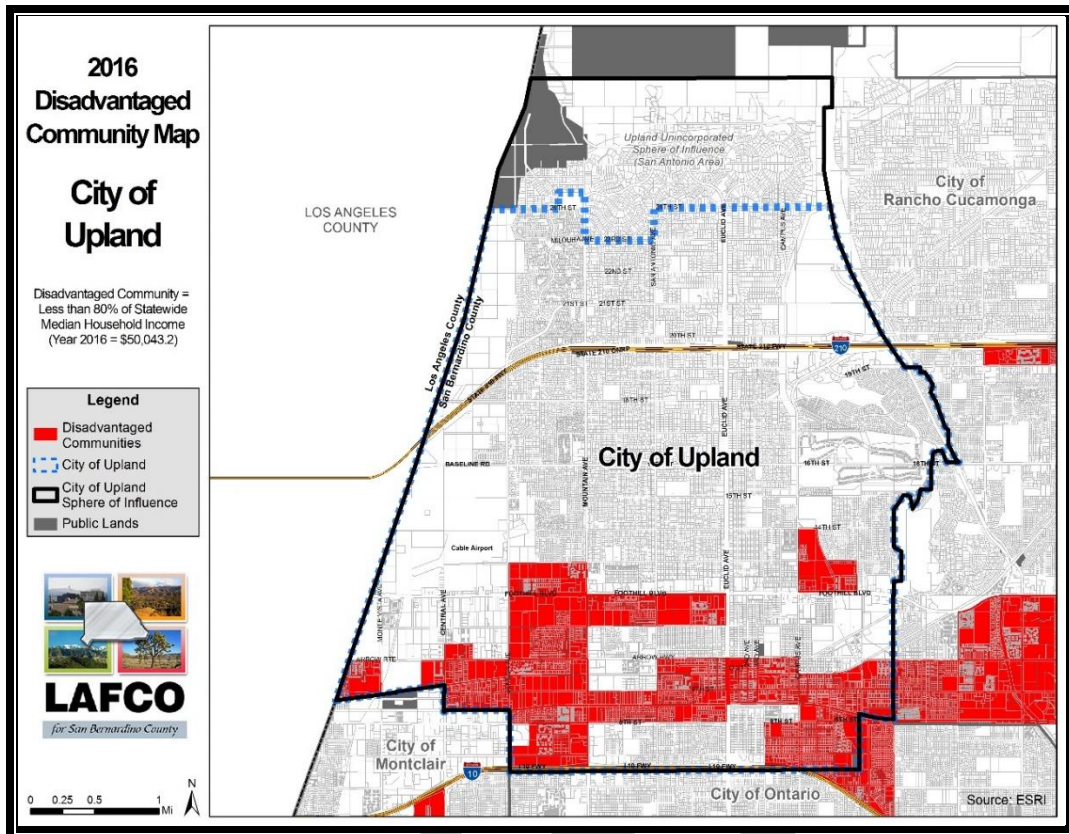
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protection services as a first step in both short and long-term planning for the City's financial stability.

According to the City of Upland's Plan of Service, submitted in conjunction with LAFCO 3215 and 3216, annexation to County Fire will allow the City to take advantage of substantial economies of scale available from the District as well as existing District stations and personnel located nearby to the City. It will also allow for the opportunity to annex into one of the County Fire Service Zones which is supported by a parcel special tax. These factors will allow the City to reduce the overall level of City revenue allocated to fire service delivery, freeing up limited City resources to address other critical service delivery needs in the community. This will allow for meeting the needs for the continuation of fire protection and emergency medical response services for the residents of the City of Upland.

In addition, Government Code Section 56425(e)(5) directs the Commission to evaluate the present and probable need for the delivery of structural fire protection within a disadvantaged unincorporated community. LAFCO 3215 addresses an incorporated city area not required for evaluation by the code section but the questions for assurance of service delivery to a disadvantaged community will also need to be addressed in this situation. The 2016 Disadvantaged Community Maps maintained by LAFCO identify that a portion of the southern area of the City is disadvantaged and the Commission has an inherent responsibility to assure the continuation of this critical public health and safety service. The map below outlines the disadvantaged areas meeting the criteria of State law as earning less than \$50,043 for 2016 (80% of Statewide median income):

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

County Fire operates over 75 fire stations serving approximately 1,000,000 residents in approximately 19,130 square miles of unincorporated territory as well as nine incorporated cities including Adelanto (contract), Fontana (contract), Grand Terrace, Hesperia (contract), Needles, San Bernardino, Twentynine Palms, Victorville (contract), and Yucca Valley. County Fire provides a full range of emergency services, including ladder trucks and elevated stream operations, fire boats for water rescues, snow cats for winter operations, heavy equipment dozers and front-loaders for flooding and earth moving, hand crews, ambulance transportation in seven ambulance operating areas, paramedics on engines and ambulances, and large incident command and control capability. County Fire's chief officers are trained to function in various Incident Command System (ICS) capacities while some participate on Interagency Management Teams. Levels of service vary in each community based on County Fire's available revenue. Staffing in County Fire stations varies from all paid-call firefighters to two, or three, career firefighters on each fire engine.

The package of applications submitted by the City of Upland is intended to ensure adequate, long-term fire protection, and emergency medical response services for the residents of Upland. Without fundamental reorganization, including the transfer of fire and paramedic responsibilities, the City can no longer afford to continue funding these

RESOLUTION NO. 3241

services at appropriate levels. The sphere of influence determination will allow County Fire to formally address this service deficiency through the reorganization process.

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

County Fire currently provides fire protection and emergency services to 750,000 residents (approximately 37 percent of the County's population) in San Bernardino County. In addition to 16,535 square miles of unincorporated territory, County Fire provides service within the corporate boundaries of seven cities – Adelanto (contract), Fontana (contract), Grand Terrace, Hesperia (contract), Needles, San Bernardino, Twentynine Palms, Victorville (contract), and Yucca Valley. The implementation of a fiscally sustainable agency to provide adequate levels of fire protection, and emergency response, supports the economic and social community defined by the corporate boundaries of the City of Upland over the long-term and is critical for the safety and well-being of City residents.

5. Additional Determinations

- Legal notice of the Commission's consideration of the proposal has been provided through publication of a 1/8th page advertisement in *The Inland Valley Daily Bulletin*, a newspaper of general circulation in the area. In addition, individual notices were provided to all affected and interested agencies, County departments and those individuals and agencies requesting special notice.
- The map and legal description for 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

Fire

SERVICES

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 City of Upland community will be considered with the companion proposal, LAFCO 3216.

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 10,016 acres (15.65 square miles) representing the corporate boundaries of the City of Upland.

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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 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 and City of Upland 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 23, 2017.

DATED:

KATHLEEN ROLLINGS-MCDONALD
Executive Officer

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

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DATE: MARCH 14, 2017 
FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer
ROBERT ALDRICH, Consultant
SAMUEL MARTINEZ, Assistant Executive Officer
JEFFREY LUM, LAFCO GIS Analyst
TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: AGENDA ITEM #7 - LAFCO 3216 – REORGANIZATION TO INCLUDE ANNEXATION TO THE SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT, ITS VALLEY SERVICE ZONE AND SERVICE ZONE FP-5 AND FORMATION OF SERVICE ZONE FP-5 WEST VALLEY

INITIATED BY:

Jointly initiated by the City Council of the City of Upland and Board of Directors of the San Bernardino County Fire Protection District.

RECOMMENDATION:

Staff recommends that the Commission make the following determinations:

1. Modify LAFCO 3216 to expand the proposed annexation to San Bernardino County Fire Protection District's Service Zone FP-5 to include the area commonly identified as the community of San Antonio Heights along with the City of Upland, and the formation of a "Zone FP-5 West Valley" to reflect the total annexation area and isolate and restrict revenues to the territory in which it is generated. The reorganization changes are reflected as follows:
 - Annexation to the San Bernardino County Fire Protection District and its Valley Service Zone (City of Upland) – Exhibit A
 - Annexation to Service Zone FP-5 and Formation of Service Zone FP-5 West Valley (City of Upland and community of San Antonio Heights) – Exhibit B

2. Certify that LAFCO 3216, 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 3216 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, 2017, subject to completion of the terms and conditions outlined in this resolution of 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 (hereafter shown as "County Fire") Valley Service Zone, as the Successor District to the fire and emergency medical response obligations of the City of Upland, shall succeed and/or be assigned all rights, duties, responsibilities, properties (both real and personal), contracts, equipment, assets, liabilities, obligations, functions, executory provisions, entitlements, permit and approval of the City of Upland Fire Department (City Fire). All property tax revenues attributable to the City of Upland transferred to County Fire prior to calculations required by Section 96.1 and all other collections or assets of the City of Upland for its Fire Department shall accrue and be transferred to the Successor District pursuant to Government Code Section 56886(l). Said Successor District shall be subject to the terms and conditions contained herein.
 - d. All previously authorized charges, fees, assessments, and/or taxes currently in effect by San Bernardino County Fire Protection District Service Zone FP-5 (annexing agency) shall be extended to the annexing territory in the same manner as provided in the original authorization pursuant to Government Code Section 56886(t). Such revenues shall accrue and be deposited in accounts designated for the use of Service Zone FP-5 West Valley.
 - e. Upon the effective date of the reorganization, pursuant to the terms specified in the updated Plan for Service, attached hereto as Exhibit "C" and the updated Transition Action Plan, attached hereto as Exhibit "D," all current full-time City Fire Department employees, suppression, prevention and administrative shall transfer to the San Bernardino County Fire Protection District Valley Service Zone with comparable position classifications, rates of pay, accrued vacation and sick leave, vacation and sick leave accrual rates, seniority rights, and shall become subject to the terms and conditions set forth in said Plan for Service. All current full-time City Fire Department Flight Nurses and Flight Paramedics shall transfer to

the San Bernardino County Fire Protection District Special Operations Division with comparable position classifications, rates of pay, accrued vacation and sick leave, vacation and sick leave accrual rates, seniority rights, and shall be come subject to the terms and conditions set forth in said Plan for Service. All transferred employees shall be subject to the terms and conditions of the respective San Bernardino County Fire Protection District Memorandum of Understanding in place as of the effective date of the reorganization for their successor classification.

- f. Prior to the issuance of the Certificate of Completion, the City of Upland shall provide to the Executive Officer of LAFCO and the San Bernardino County Fire Protection District documentation that funds meeting the 75% confidence level of the Workers' Compensation Claim Reserve for all City fire suppression personnel and non-fire suppression personnel transitioning to County Fire have been allocated and isolated in a trust account maintained by the City of Upland. The amount of the trust funds must be supported by the City of Upland's current actuarial report. The trust funds will be established by the effective date of LAFCO 3216 and shall be impressed with the public trust, use or purpose for the payment of Workers' Compensation claims for transitioning employees. The City of Upland shall separately maintain such funds in accordance with the provisions of Government Code Section 57462.

No later than July 15 of each year, the City of Upland shall certify to the Successor District the amount in the trust fund, and an actuarial assessment of what is required to maintain funding at the 75% confidence level established above, and that the trust funds remain available for the use or purpose of the payment of Workers' Compensation claims for transferring employees. The City of Upland shall make such certification to the Successor District until all such Workers' Compensation claims have been retired. To the extent that funding falls below the 75% threshold, the City of Upland must make a further payment to the trust fund to meet the threshold. Funding that exceeds the 75% threshold, along with any funds remaining following retirement of all claims, shall be transferred to and become general funds of the City of Upland.

- g. Upon the effective date of the reorganization, the City of Upland shall retain the obligations for unfunded retirement obligations, any contractual benefit following retirement such as health insurance maintenance or payment, or other contractual obligation approved by the City for all suppression, prevention, and other City employees transferring to County Fire.
- h. Upon the effective date of the reorganization, the City of Upland shall adopt the existing County Fire Ordinances and Fee Schedules.

- i. Upon the effective date of the reorganization, the Successor District shall accept all facilities transferred from the City of Upland in “as is” condition (pursuant to Government Code Section 56886(h)). 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 City of Upland for the purpose of providing fire protection and emergency medical response shall be transferred to the Successor District, the Valley Service Zone of County Fire. All quitclaim deeds to effectuate the transfer of land and/or buildings shall be prepared by the City of Upland City Manager’s office and accepted by the San Bernardino County Surveyor to be filed and/or recorded upon the effective date of the reorganization to include annexation with a copy provided to LAFCO. All the documents to effectuate the transfer of leased lands and/or facilities or other entitlements for use of land and/or facilities shall be prepared by the City of Upland City Manager’s office to be filed and/or recorded upon the effective date of the reorganization to include annexation with a copy provided to LAFCO. All the documents to transfer the title for vehicles shall be prepared by the City of Upland City Manager’s office to be filed upon the effective date of the change with a copy provided to LAFCO.
- j. Upon the effective date of the reorganization, San Bernardino County Fire Protection District shall accept all equipment transferred from the City of Upland in “as is” condition that relate to its air ambulance operations (pursuant to Government Code Section 56886(h)). All equipment and fixtures, office furniture, real and personal property and permits and licenses held by the City of Upland for the purpose of providing air ambulance service shall be transferred to the San Bernardino County Fire Protection District. All documents required to effectuate the transfer of lease holdings, title to modular units housing the operation, contract with Reach Air Medical Serviced LLC, and the permit, contract, and license for regional air ambulance issued by the Inland Counties Emergency Medical Agency shall be prepared by the City of Upland City Manager’s office and submitted to the LAFCO Executive Officer prior to the issuance of the Certificate of Completion.
- k. Any remaining payments, all rights and interests held or claimed by the City of Upland Fire Department under all agreements and/or memoranda of understanding with any public agency or private entity, shall transfer to the Successor District, Valley Service Zone of County Fire, excluding those contracts shown on Exhibit “E” for termination and the Reach Air Medical LLC contract (transfer outlined above). The Successor District, Valley Service Zone, shall also assume all joint use, maintenance, automatic aid or mutual aid agreements held by the City of Upland Fire Department [(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) and (v)]. This reorganization shall not impair the rights of any bondholder or creditor of the City of Upland Fire Department.

- I. Upon the effective date of this reorganization, the appropriation limit of San Bernardino County Fire Protection District, Valley Service Zone, Successor District, shall be increased by \$10,000,000 for Fiscal Year 2017-18 to recognize the anticipated first year proceeds of taxes for the provision of fire protection and emergency medical response and shall not be considered to be an amendment of the appropriation limit.
- m. Upon the effective date of this reorganization, the appropriation limit of San Bernardino County Fire Protection District, Service Zone FP-5 West Valley shall be established as \$4,000,000 for Fiscal Year 2017-18 to recognize the anticipated first year proceeds of taxes for the provision of fire protection and emergency medical response.
- n. Upon the effective date of this reorganization, any funds currently deposited for the benefit of the City of Upland Fire Department which have been impressed with a public trust, use or purpose shall be transferred to the Successor District, and said District shall separately maintain such funds in accordance with the provisions of Government Code Section 57462.
- o. 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 City Council of the City of Upland shall be prohibited from taking the following actions unless it first finds an emergency situation exists as defined in Government Code Section 54956.5, and it is supported by the San Bernardino County Fire Protection District:
 - I. **No Increase in Compensation or Benefits:** No increase in calculation for payment of benefits or compensation for employees of the City Fire Department shall be allowed. Exceptions to this prohibition include planned and budgeted increases identified in the adopted budget for Fiscal Year 2015-16.
 - II. **Bound by Current Budget:** Appropriating, encumbering, expending, or otherwise obligating any revenue of the City Fire Department beyond that provided in the current budget at the time of Commission approval.

4. Adopt LAFCO Resolution No.3242 setting forth the Commission's determinations and conditions of approval concerning this proposal and specifying that the protest period for this change of organization shall be 30 days.

However, should the Commission support the position of the residents of the community of San Antonio Heights to oppose inclusion within Service Zone FP-5 to provide equity in funding for the service to be received, the Commission can take the following actions related to the application submitted by joint resolutions of the City Council of the City of Upland and the Board of Directors of the San Bernardino County Fire Protection District:

1. Certify that LAFCO 3216 is statutorily exempt from environmental review, and direct the Executive Officer to file a Notice of Exemption within five (5) days.
2. Approve LAFCO 3216 with the conditions as outlined above excluding any reference to San Antonio Heights.
3. Adopt LAFCO Resolution No.3242 setting forth the Commission's determinations and conditions of approval concerning this proposal and specifying that the protest period for this change of organization shall be 30 days.

BACKGROUND

The Upland Fire Department, created by the citizens of the former community of North Ontario at the turn of the 20th century, has provided fire and life safety protection to the citizens of Upland for over 100 years. In 1913, the first serious fire in the new community destroyed all of the businesses on the east side of Second Avenue, south of Ninth Street, prompting the construction in 1915 of a fire station on D Street and the purchase of the Department's first motorized fire engine. The Upland Fire Department continued to evolve after World War II, and in 1963 hired its first full-time firefighters to supplement its all-volunteer force.

In 1966, Fire Station 2 on San Antonio Avenue located north of 20th Street was constructed and staffed, and in 1969, the original fire station on D Street was replaced with a new Fire Headquarters facility which currently houses Fire Administration, Fire Prevention, Fire Training and Fire Suppression resources. In 1978, a third fire station was built on Benson Avenue, north of 13th Street, to serve the western portion of Upland. In 2002, the Fire Department adopted a Paramedic Program, providing each engine and truck company with a State Certified Paramedic. A fourth fire station was completed on Campus Avenue in March 2010 to serve the growing population in northeast Upland, resulting from the development of the Colonies Community and the extension of the 210 freeway. Additionally, in 2010, the Upland Fire Department entered into a public-private partnership with REACH Air Medical Services to staff one

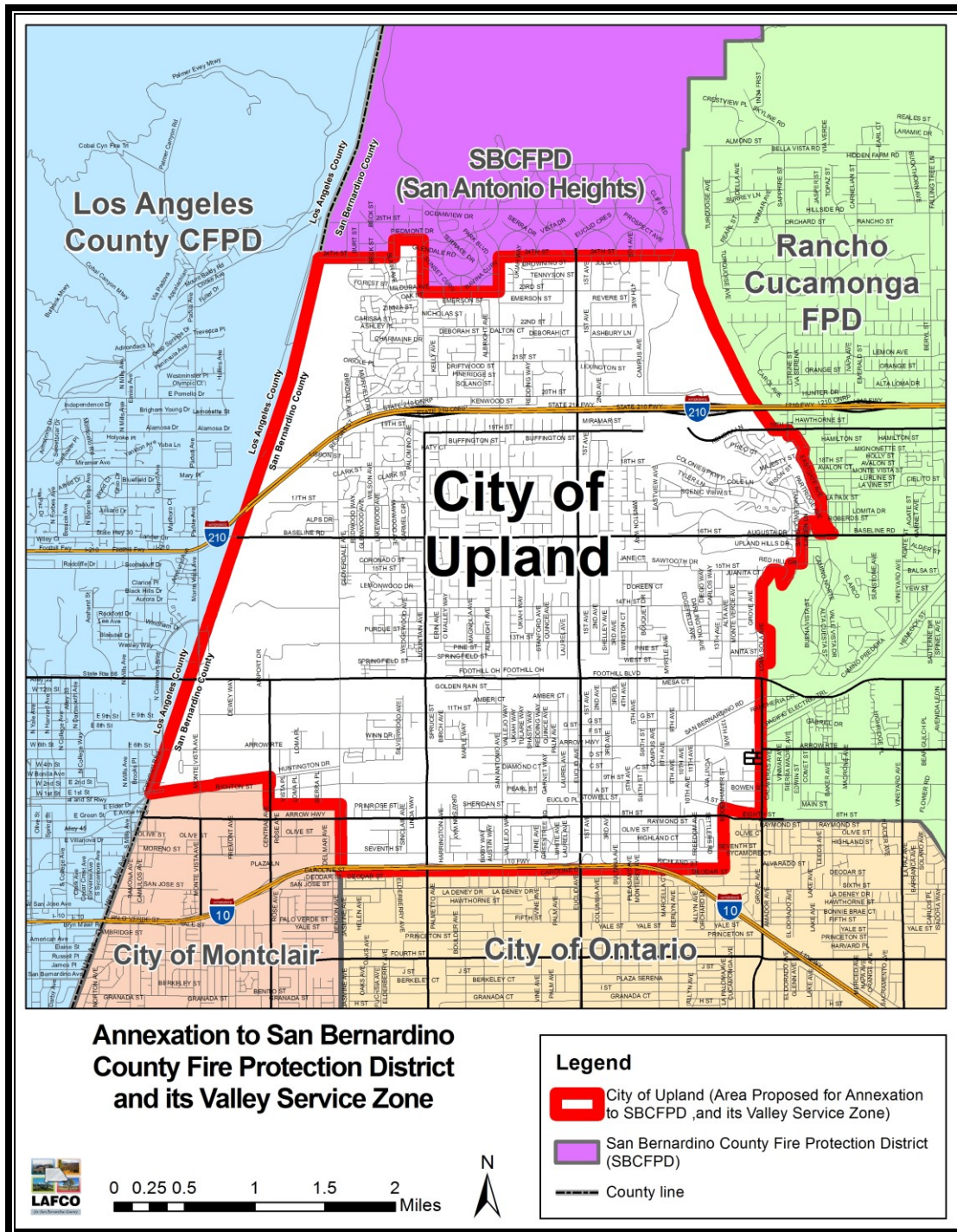
medical helicopter with a pilot, flight nurse and flight paramedic. The helicopter is based at Cable Airport in Upland.

In recent years, the City of Upland has faced severe financial hardships, largely the result of years of declining property tax revenues, the loss of redevelopment funds and increasing pension liabilities. The City took steps to address this situation by significantly reducing staffing by 25 percent and negotiating employee pay and benefit concessions. Despite these efforts, in 2012, the City came very close to declaring a fiscal emergency as the general fund balance reached an all-time low. The qualified opinion of the City's auditor in the 2013 Comprehensive Audit and Financial Report (CAFR) noted that City's "...ability to continue as a growing concern."

To assist the City in addressing this fiscal crisis, the City Council enlisted the help of a team of financial consultants who developed a fiscal model to project the City's financial position over the next seven years. The model showed that without fundamental and substantive changes in the City's service delivery model, increased deficit spending would occur over the next seven years and the City would be both "service insolvent" (unable to pay for all of the costs of providing services at the level and quality that are required for the health, safety and welfare of the community) and "budget insolvent" (unable to create a balanced budget that provides sufficient revenues to pay for its expenses that occur within the budgeted period).

With these findings, City staff began to review alternatives for its service delivery model and evaluated outsourcing its various services. City staff looked to the potential of outsourcing the largest of its employee costs – law enforcement and fire protection. It evaluated the options for outsourcing fire protection through contracts with other agencies (an example was the Joint Power Authority with the City of Montclair) or the transfer of authority permanently through an annexation to County Fire.

Ultimately, it was identified that annexation was the best option for the City of Upland and the San Bernardino County Fire Protection District (hereafter referred to as "County Fire" or "SBCFPD") to pursue, and that action represented the first step in both short and long-term planning for the City's financial stability. On November 28, 2016, the City of Upland initiated an application to annex the corporate boundaries of the City to County Fire, its Valley Service Zone, and Service Zone FP-5. On December 20, 2016, County Fire adopted Resolution 2016-242 recognizing and supporting the City's resolution. If approved, the reorganization including annexation of the City into County Fire, would result in the complete assumption of fire, rescue and emergency medical services by County Fire for the City of Upland. This action was initiated in recognition of the City's challenging financial position and its inability to pay for the ongoing costs of providing adequate levels of fire and emergency medical services. A map illustrating the proposed annexation area is included as Attachment #1 to this report and is shown below:



Annexation of the City to County Fire will allow the City to take advantage of substantial economies of scale available from County Fire as well as existing fire stations and personnel located close to the City. This reorganization also has the component of including the City territory into one of County Fire's service zones ("Service Zone FP-5") with a pre-existing special tax that will be spread to property owners to address service

delivery costs. This approach will allow the City to reduce the level of general fund revenue currently allocated to fire service delivery and enable scarce revenue to be redirected to address other critical service needs in the community. In evaluating the services to be delivered through this change of organization, LAFCO staff determined that the San Antonio Heights community will also benefit from this change because of the increased staffing levels at the existing County Fire station in their community. On this basis, LAFCO staff expanded the territory to be included in the annexation to Service Zone FP-5 to include the entirety of this community.

At the core of this discussion is the need to preserve the adequate delivery of fire protection and emergency medical response to the citizens of the City of Upland, a critical health and safety issue. Annexation to County Fire and the imposition of a special tax on homeowners represents the most efficient and cost-effective means to continue that service. However, like other recent fire reorganizations LAFCO staff has analyzed in Needles, San Bernardino and Twentynine Palms, the “devil is in the details,” and the Upland proposal is no exception.

The narrative that follows provides a discussion of the mandatory factors of consideration as required by Government Code Section 56000 et al. It provides a detailed analysis and discussion of the various aspects of the reorganization and its transition from fire service provided by the City to County Fire as a snapshot in time. The snapshot is represented by the amended Plan of Service and Fiscal Impact Analysis submitted on February 23, 2017. As with all applications for change of organization, the Commission’s review will focus on making the required determinations in four areas:

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. **SERVICE CONSIDERATIONS AND FINANCIAL EFFECTS:** Does the reorganization represent the best available service option for the affected community? Does it provide for a more efficient and effective form of government? Can the annexing or successor district continue to provide the level of service 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?

BOUNDARY DISCUSSION

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?

The proposal, as submitted by the City and County Fire, anticipates the annexation of the entirety of the City of Upland to the San Bernardino County Fire Protection District and its Valley Service Zone for the direct provision of fire protection and emergency medical response. The County Fire Valley Service Zone is the defined successor agency to receive the assets and liabilities, responsibilities and obligations of the City Fire Department, while administrative functions will be provided by the parent district, SBCFPD.

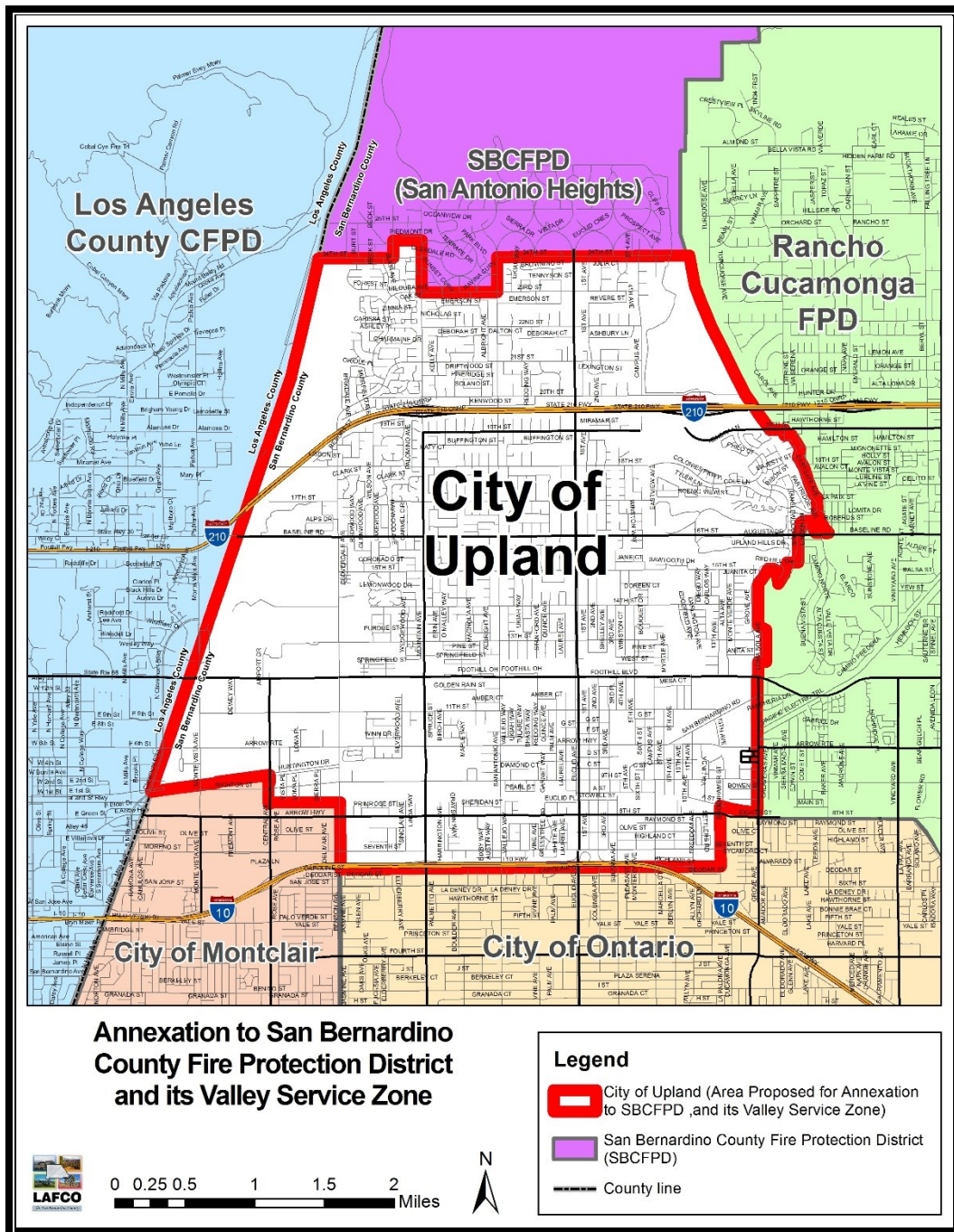
The proposal also provides for annexation of the study area (i.e., the City of Upland corporate boundaries) into County Fire Service Zone FP-5 which collects a special tax from property owners to fund ongoing fire protection and fire paramedic services. The current rate for Service Zone FP-5 is \$148.23 per parcel for Fiscal Year 2016-2017. Annual increases cannot exceed 3% per year. If the maximum increase is approved for Fiscal Year 2017-2018, the first year of County operations, the per parcel fee would be \$152.68 annually, or \$12.72 per month.

SAN ANTONIO HEIGHTS

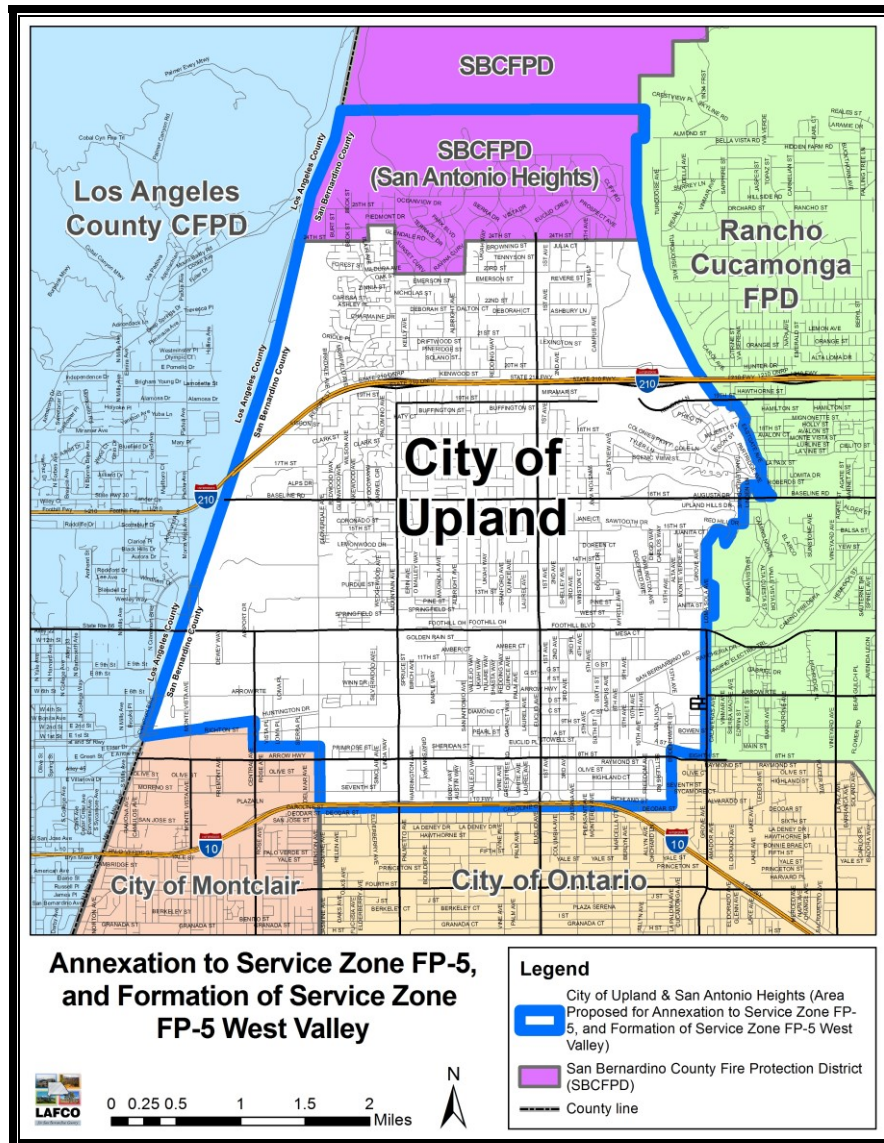
As noted in the introduction, LAFCO staff has expanded the area of consideration for annexation to FP-5 to include the unincorporated community commonly known as San Antonio Heights. This area is currently a part of County Fire and its Valley Service Zone, but its fire service is hampered by its lack of mutual and/or automatic aid agreements. The staff at County Fire Station 12 is currently a two man crew and is unable to provide reciprocal service with the surrounding service providers who all have a three man crew staffing model.

The Plan for Service submitted for LAFCO 3216 will change the service model for San Antonio Heights to a three man crew year round. County Fire Station 12, located at 2413 N. Euclid Avenue at the base of San Antonio Heights, will provide expanded staffing to include a Captain, an Engineer and a Firefighter/Paramedic on a 24/7 basis. The new staffing model will provide Advance Life Support, a significant increase in service level for the San Antonio Heights community. In addition, the station will now be able to participate with surrounding agencies through mutual and/or automatic aid agreements, further enhancing the level of service. From an equity perspective, it is the position of LAFCO staff that the residents and/or property owners within San Antonio Heights should participate in the funding model to support the increase in fire and

emergency service levels for their community. Therefore, the map which follows shows the area proposed for annexation into County Fire and its Valley Service Zone.



The area proposed for annexation in FP-5, as modified by staff, is also proposed to be made a part of a specific zone of FP-5, identified as West Valley, to isolate the revenues generated and to restrict the area in which those funds can be used.



During the staff review process, one of the concerns identified was the need for transparency in the collection and use of the Service Zone FP-5 special tax applied to individual parcels within the City and San Antonio Heights. In order to identify a means to isolate the revenues received, staff has expanded the consideration to include the formation of Service Zone FP-5 West Valley to isolate the special tax revenue contributed by the territory within the City of Upland and the expanded area of San Antonio Heights and restrict their use to providing service only within FP-5 West Valley. LAFCO staff is recommending the following condition of approval to address this circumstance:

- All previously authorized charges, fees, assessments, and/or taxes currently in effect by San Bernardino County Fire Protection District Service Zone FP-5 (annexing agency) shall be extended to the annexing territory in the same manner as provided

in the original authorization pursuant to Government Code Section 56886(t). Such revenues shall accrue and be deposited in accounts designated for the use of only Service Zone FP-5 West Valley.

Based upon the information outlined above, it is staff's position that LAFCO 3216, as modified, provides for a definite and certain boundary as required by LAFCO law for all the affected agencies, both successor and continuing service providers.

LAND USE

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

The City of Upland offers a wide variety of land uses including residential, commercial, mixed-use, industrial, and a special/institutional land use category which includes civic facilities, schools, Cable Airport, open space and public utility uses. The City also contains 11 specific plans which provide specialized zoning for defined geographic regions of the City. According to City Planning staff, Upland is 95 percent developed. Low density residential development is the dominant land use within the City. Commercial and mixed-use uses are concentrated primarily along Foothill Boulevard and along Mountain Avenue (south of Foothill Boulevard and north of the I-10 Freeway). The City's General Plan does not have an "agricultural" land use designation. Unincorporated San Antonio Heights, located directly north of the City, is almost entirely low density residential.

The review and approval of LAFCO 3216 will have no direct effect on the land use designations assigned by the City of Upland through its General Plan. The need for the continuation of fire protection and emergency medical response is a health and safety issue of critical importance to the City, the community, and its surrounding service providers.

According to the State Department of Finance/Demographic Research Unit, the estimated population for the City of Upland is 75,774 (1/1/2016). The Southern California Association of Governments (SCAG), in its most recently adopted regional growth forecast, projects the City's population will increase to 80,200 (a six percent increase) by year 2035.

SCAG has also adopted a Regional Transportation Plan and Sustainable Community Strategy pursuant to the provisions of Government Code Section 65352.5, and approval of LAFCO 3216 will have no direct impact on those determinations. However, the Sustainable Community Strategy is required to assess the ability of an area to receive its required services in order to maintain its viability, and performance measures are anticipated in the 2016 RTP/SCS document (and in follow-up amendments) to attempt

to achieve appropriate funding for this service. Therefore, approval of LAFCO 3216 will assist in the implementation of the 2016 RTP/SCS.

The consideration and approval of LAFCO 3216 will have no direct impact upon land use decisions with the City of Upland.

SERVICE CONSIDERATIONS AND FINANCIAL EFFECTS

SERVICE AND FINANCIAL CONSIDERATIONS: Does the reorganization represent the best available service option for the affected community? 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?

In November 2016, LAFCO staff learned of the City of Upland's desire to pursue the transfer of its fire and emergency medical response services to County Fire. During the initial meeting between LAFCO, the City and County Fire it was made clear that this was in response to ongoing fiscal concerns: the recognition that the City's financial position was challenged; that it was unable to provide the funding for an adequate level of fire and emergency medical response; and the desire to achieve the economies of scale offered by County Fire. However, it was also made clear that the processing of such a change usually takes nine months minimum and the desired effective date of July 1, 2017 to provide for imposition of the FP-5 special tax and transition of operations were theoretically possible but highly challenging.

On November 28, 2016 the City Council of the City of Upland received a report on pursuing the option of annexing its fire protection services to County Fire and by unanimous vote adopted the required resolution. The Board of Directors of County Fire (the San Bernardino County Board of Supervisors adopted a commensurate resolution initiating the change and outlining its support the City of Upland's request.

The proposal is to annex the corporate area of the City to County Fire, its Valley Service Zone, and its Service Zone FP-5. The San Bernardino County Fire Protection District, commonly known as County Fire, is the parent district and the administrative arm of the Board-governed fire protection district. The regional structure underlying County Fire provides for the tailoring of service delivery needs to the unique population, land use and geographic composition of each region:

- The Valley Region includes the County's more densely developed areas;
- The Mountain Region includes urban forested areas with year-round populations; and,

- The two Desert Regions within SBCFPD serve two vastly different population needs: the North Desert region within the I-15/I-40 transportation corridors composed largely of truck and rail traffic, and the South Desert region comprising the Colorado River recreational activities and other isolated desert areas.

Transferring the responsibility of the City's territory to the Valley Service Zone will allow for the allocation of resources within the Valley to accommodate service need rather than by jurisdictional boundary. Conditions have been included in the staff recommendation to designate the successor agency and to address the assignment of these responsibilities.

KEY COMMISSION CONSIDERATIONS:

In evaluating the proposed reorganization, the most important considerations for the Commission are to ensure that: (1) the service levels will, at a minimum, be maintained; (2) staffing from the City fire operations (including its air ambulance operations) to County Fire will transition seamlessly; and, (3) all active station locations will be accurately identified. The Plan for Service and the updated Transition Action Plan outline the process for this transition and acknowledge that all full-time active duty City Fire suppression personnel will transfer (with rank not to exceed Captain) with comparable County base salary and step except when the City salary exceeds the County Fire top step in a comparable position.

All full-time administrative office, air ambulance, and prevention staff will transfer to SBCFPD (parent district) operations. Questions were reviewed by LAFCO, City and County staff related to retirement considerations, leave balances and existing Worker Compensation claims during the transition process. The determinations related to these are outlined below and will be addressed in conditions of approval proposed by staff:

- a. Upon the effective date of the reorganization, the City will pay to County Fire the cash value of up to 288 hours, to be allocated to vacation, holiday and sick leave per employee (with a maximum of 96 hours per category), to the extent owed each individual employee. These funds will be transferred to County Fire with the fiduciary responsibility to hold for payment of the compensated absences.
- b. Retirement obligations for unfunded liabilities will remain with the City as its safety and/or general contracts with the California Public Employees Retirement System (PERS) will continue, and the City will retain liability for any other pension benefit liabilities (OPEBs) such as health insurance maintenance, or other payments currently considered a contractual obligation which have been memorialized in side letters agreements with the individual union representatives. The information received from the City and/or presented to the City Council estimates this ongoing obligation to be \$1,300,000 per year for the City. All employees will be transferred to the San Bernardino County Employees Retirement System (SBCERA), a

separate 1937 Act retirement system, with reciprocity.

- c. The question of the outstanding Workers' Compensation Claims for City Fire employees transitioning to County Fire was reviewed. Just as with the City of San Bernardino transfer of employees there is the requirement to set aside funds in a trust account to address the claims in the future. The language of the condition to accommodate this circumstance has been reviewed with the City, County Risk Management, County Fire, County Counsel and LAFCO staffs. All have agreed that the trust account will be held by the City of Upland with an expressed fiduciary responsibility for the maintenance of trust at an amount equal to 75% of "confidence level of the Workers' Compensation Claim Fund Reserve". The proposed condition also includes an annual "true up" of the amount with information provided to the Valley Service Zone of County Fire and County Risk Management Department.

One element of this process that, in staff's view, needs to be clarified and restated is that the proposal is a change of organization, transferring the jurisdiction of the City of Upland for the provision of fire protection and emergency medical response to County Fire. It is not a contractual relationship but a permanent transfer without the right of termination after completion. LAFCO staff understands that the City and its Union representatives have been meeting to address certain factors of the transfer; however, these discussions do not limit the Commission's authority to address the transfer of employees as set forth in Government Code Section 56886(l) which reads:

(l) The employment, transfer, or discharge of employees, the continuation, modification, or termination of existing employment contracts, civil service rights, seniority rights, retirement rights, and other employee benefits and rights.

LAFCO staff along with representatives from the City, County, and County Fire have reviewed the transition plan to provide for the transfer of existing employees from the City Fire Department for both suppression and air ambulance. The existing employment contracts for City Fire personnel have the current status:

- The Upland Fire Management and Upland Firefighters expired on December 31, 2016;
- The Upland City Employee Association represented employees contract expires June 30, 2017.

Upon the effective date of the reorganization, the transitioning employees will become part of the San Bernardino County Fire Protection District with its current Memorandum of Understanding setting forth the terms, conditions and benefits for employment.

In order to memorialize those actions necessary to move forward with this process, staff is recommending that the Commission include the following conditions in its approval:

- Upon the effective date of the reorganization, pursuant to the terms specified in the updated Plan for Service, attached hereto as Exhibit "C" and the updated Transition Action Plan, attached hereto as Exhibit "D," all current full-time City Fire employees, suppression, prevention and administrative shall transfer to the San Bernardino County Fire Protection District Valley Service Zone with comparable position classifications, rates of pay, accrued vacation and sick leave, vacation and sick leave accrual rates, seniority rights, and shall be come subject to the terms and conditions set forth in said Plan for Service. All current full-time City Fire Department Flight Nurses and Flight Paramedics shall transfer to the San Bernardino County Fire Protection District Special Operations Division with comparable position classifications, rates of pay, accrued vacation and sick leave, vacation and sick leave accrual rates, seniority rights, and shall be come subject to the terms and conditions set forth in said Plan for Service. All transferred employees shall be subject to the terms and conditions of the respective San Bernardino County Fire Protection District Memorandum of Understanding in place as of the effective date of the reorganization including annexation for their successor classification.
- Prior to the issuance of the Certificate of Completion, the City of Upland shall provide to the Executive Officer of LAFCO and the San Bernardino County Fire Protection District documentation that funds meeting the 75% confidence level of the Workers' Compensation Claim Reserve for all City Fire suppression personnel and non-fire suppression personnel transitioning to County Fire have been allocated and isolated in a trust account maintained by the City of Upland. The amount of the trust funds must be supported by the City of Upland's current actuarial report. The trust funds will be established by the effective date of LAFCO 3216 and shall be impressed with the public trust, use or purpose for the payment of Workers' Compensation claims for transitioning employees. The City of Upland shall separately maintain such funds in accordance with the provisions of Government Code Section 57462.

No later than July 15 of each year, the City of Upland shall certify to the Successor District the amount in the trust fund, and an actuarial assessment of what is required to maintain funding at the 75% confidence level established above, and that the trust funds remain available for the use or purpose of the payment of Workers' Compensation claims for transferring employees. The City of Upland shall make such certification to the Successor District until all such Workers' Compensation claims have been retired. To the extent that funding falls below the 75% threshold, the City of Upland must make a further payment to the trust fund to meet the threshold. Funding that exceeds the 75% threshold, along with any funds remaining following retirement of all claims, shall become general funds of the City of Upland.

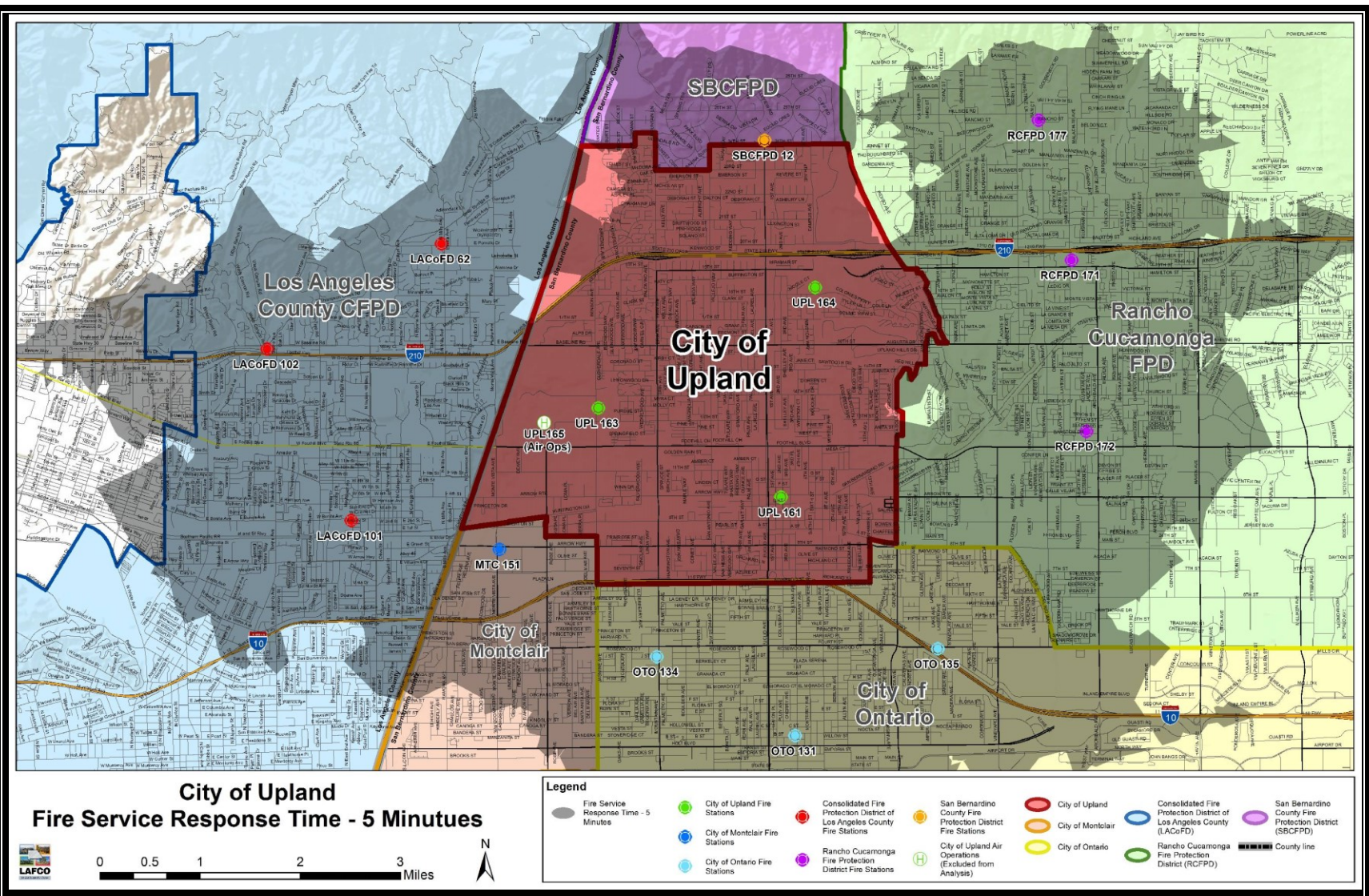
- Upon the effective date of the reorganization including annexation, the City of Upland shall retain the obligations for unfunded retirement obligations, any contractual benefit following retirement such as health insurance maintenance or payment, or other contractual obligation approved by the City for all suppression,

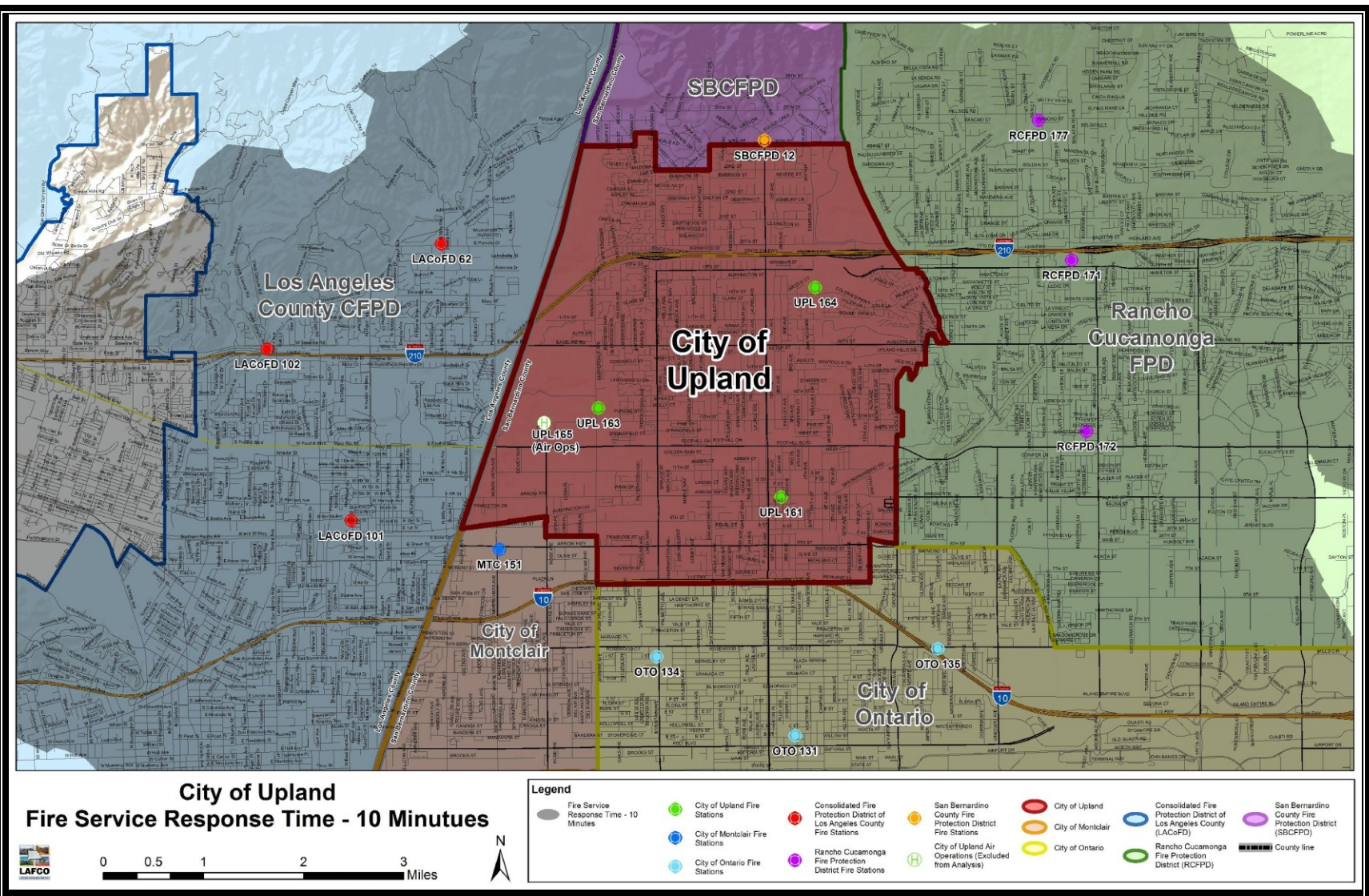
prevention, and other City employees transferring to County Fire.

TRANSITION OF SERVICE AND FACILITIES:

The Plan for Services, as amended on February 23, 2017, identifies the method for delivering service following annexation. One element of that Plan identifies that the City's Station 162 (located at 2046 North San Antonio Avenue adjacent to McCarthy Park) will not transfer to County Fire. It will close and be retained as City property, and its operations will transfer to County Station 12 located in San Antonio Heights. There will be no reduction in trucks/engines available per shift, but the question of maintenance of service levels needs to be addressed.

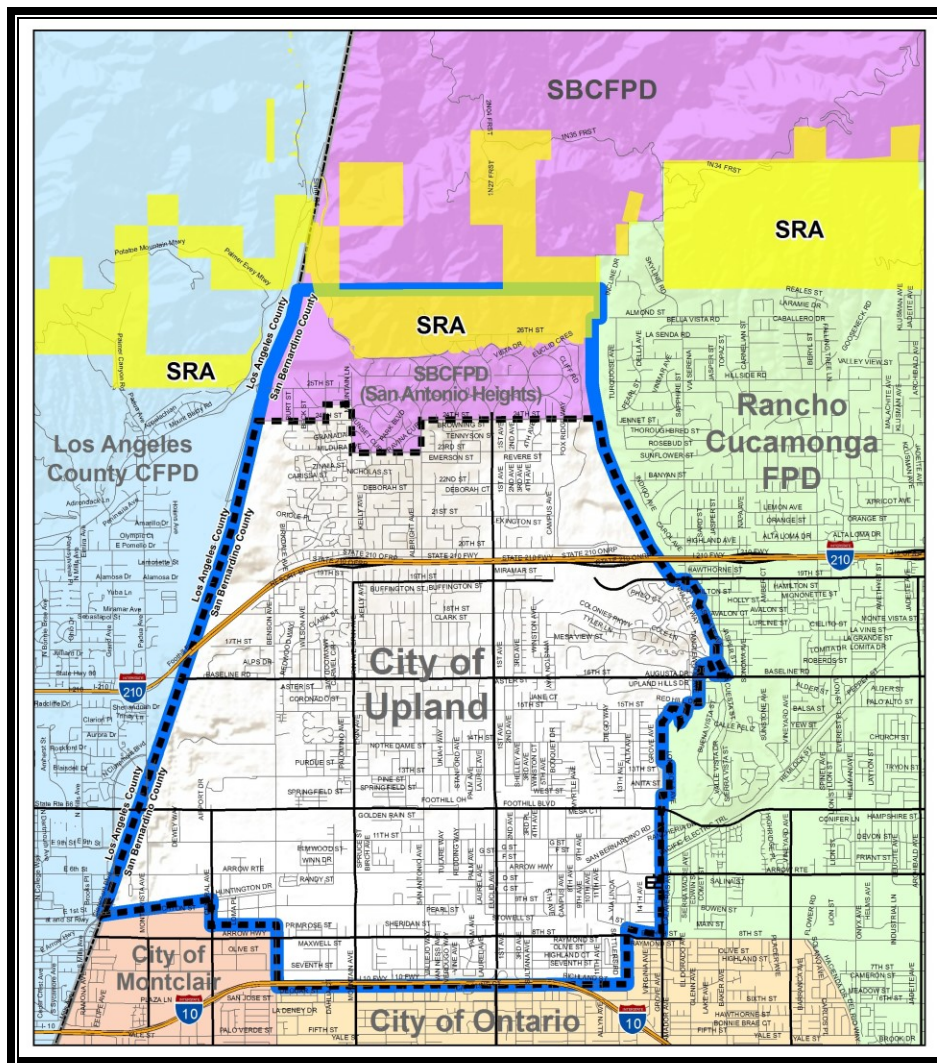
LAFCO staff has reviewed this question by determining the response area with a 5 minute and 10 minute response times for the area to make the determination. The maps below illustrate this analysis.





This mapping analysis shows that coverage will be commensurate with existing response times following successful completion of LAFCO 3216 using the staffing model outlined in the Plan for Service (dated February 23, 2016).

Additionally, questions have been raised by the public contacting LAFCO staff regarding the State Responsibility Area (SRA) lands within the expansion boundary of the proposed Service Zone FP-5 West Valley. The map which follows identifies the portion of the San Antonio Heights community designated by CALFire as SRA. Of importance, is that the primarily developed areas of the San Antonio Heights community are not within the SRA designated areas; therefore, they do not pay the State's fire fees imposed within these areas. These areas are no different than those unincorporated areas within the Rancho Cucamonga Fire Department which also pay Community Facility District fees for service in conjunction with the fees for CALFire.



At the outset of the review it was identified that the Reach Air Medical LLC contract for the provision of air ambulance service through the City of Upland would not transfer as a part of the approval process for LAFCO 3216. LAFCO staff's concern that this was a reduction in service which would require a resolution before moving forward prompted further discussion between the City, County Fire, and Reach Air. Ultimately, the modified Plan for Service submitted identifies that the air ambulance service, personnel and facilities (Station 165) will transition to the SBCFPD (parent district) to be operated out of its Special Operations unit. All other personnel will be transitioned to the Valley Service Zone of County Fire.

The three stations within the City of Upland and County Station 12 will be manned daily with 15 full-time employees as outlined in the Plan for Service and supplemental letter related to Station 12. The staffing is identified as follows:

VALLEY SERVICE ZONE:

Station 161 – 475 North Second Ave (portion of APN 1046-381-10)

Staffing: Engine (Captain, Engineer, Firefighter/Paramedic)
Truck (Captain, Engineer, Firefighter/Paramedic)

Station 163 – 1350 Benson Ave. (portion of APN 1006-401-12)

Staffing: Engine (Captain, Engineer, Firefighter/Paramedic)

Station 164 – 1825 Campus Avenue (APN 1044-641-62)

Staffing: Engine (Captain, Engineer, Firefighter/Paramedic)

Station 12 – 2413 N. Euclid Avenue

Staffing: Engine (Captain, Engineer, Firefighter/Paramedic)

COUNTY FIRE SPECIAL OPERATIONS DIVISION:

Station 165 (Reach Air) – 1257 N. Airport Drive (leased land from Cable Airport)

Staffing: Helicopter (Flight Nurse, Flight Paramedic) Flight crew provided by Reach Air

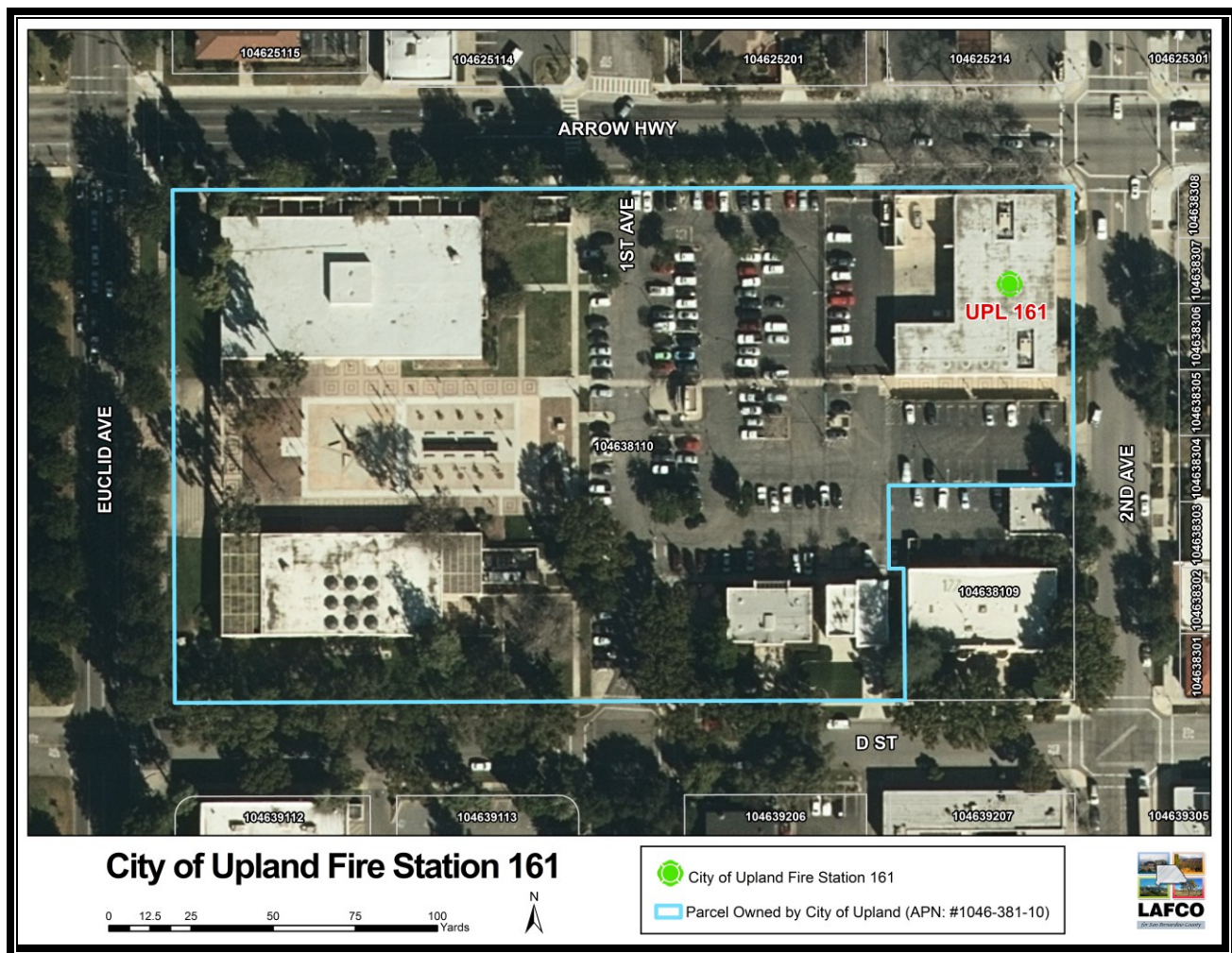
FACILITIES TRANSFER:

Another element of the transition of service relates to the facilities to support the fire operations. The Plan for Service identifies that three stations will transfer to the Valley Service Zone of County Fire (Stations 161, 163, and 164) while Station 165 will transfer to County Fire's Special Operations Division.

The transfer of the City stations has posed unique issues in that Station 161 and 163 are on larger parcels which include other city facilities – such as the Civic Center and

Public Works Department respectively; Station 164 has an easement with the Metropolitan Water District of Southern California which required consent for transfer, and Station 165 had a lease with the Cable Airport LLC which was not transferable. County Fire, County Real Estate Services, and City staff were requested to work out the transfer issues which would be memorialized in conditions of approval within the LAFCO resolution of approval. As of the date of this report, the questions related to the easements necessary to transfer and deed Stations 161 and 163 to the Valley Service Zone of County Fire have been resolved and the necessary documents for transfer prepared and approved by the County Surveyor; verification has been received from the Metropolitan Water District that it will assign the easement for the access and egress from Station 164 to the Valley Service Zone, and an amendment to the lease agreement for Station 165 allowing for transfer to SBCFPD has been approved. The following aerials illustrate the location of the facilities in question.

STATION 161:



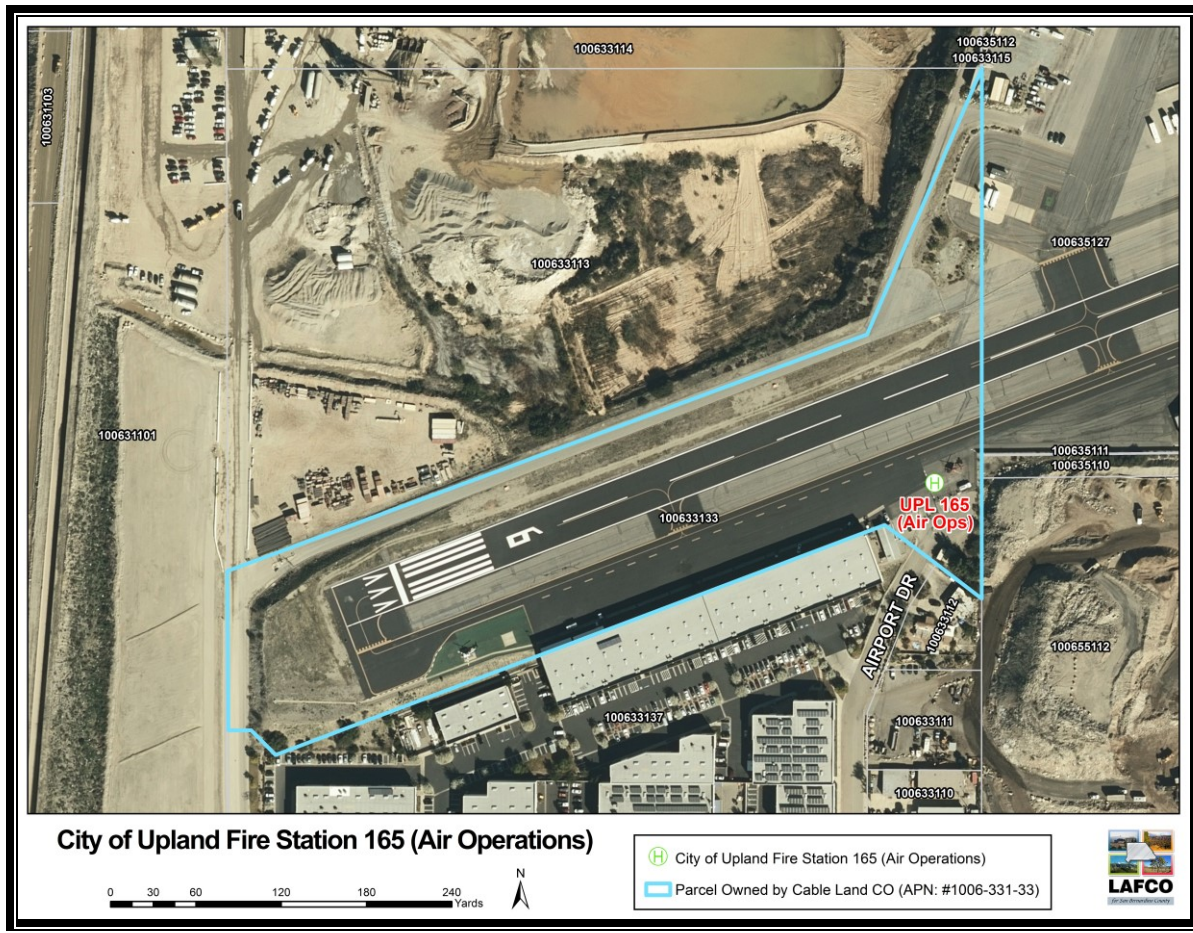
The City has identified the facility and parking areas to be deeded to County Fire along with an easement to allow the City to provide for continued maintenance of the generator that supports the Civic Center – City Hall, Fire Station and other ancillary buildings.

STATION 163



The City of Upland has identified the facility to be deeded to County Fire noting that there is the need to separate the electric utility at the fire station. The installation of the new meter will be undertaken at the request of the City to be completed prior to the effective date of the reorganization.

STATION 165



The transfer of Fire Station 165 entails the assignment of the existing lease agreement with Cable Airport LLC to the parent district, SBCFPD.

In addition, the Plan for Service identifies the transfer of the City's fire equipment, vehicles and appurtenant equipment to the Valley Service Zone and the air ambulance appurtenances will transfer to the County Fire Special Operations Division. The Plan identifies those engines and trucks which will be placed in the equipment replacement plan and those that will be held in reserve.

LAFCO staff questioned the effect of the City's Community Facilities District (CFD) 2003-2 which funded the construction of infrastructure related to the Colonies Development. The CFD bonds were issued for the construction of infrastructure, including a portion of the funding for the development of Station 164. The City's Bond Consultant, Douglas P. Anderson, Managing Principal at Urban Futures Inc., has provided a statement that there are no maintenance and operation activities funded by

the CFD, so there is no transfer of any portion of the payments and that the station and equipment are clear to transition to County Fire.

To provide for the fulfillment of the transfers outlined in this report and the Plan for Service, the following conditions of approval are proposed:

- Upon the effective date of the reorganization including annexation, the Successor District shall accept all facilities transferred from the City of Upland in "as is" condition (pursuant to Government Code Section 56886(h)). 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 City of Upland for the purpose of providing fire protection and emergency medical response shall be transferred to the Successor District, the Valley Service Zone of County Fire. All quitclaim deeds to effectuate the transfer of land and/or buildings shall be prepared by the City of Upland City Manager's office and accepted by the San Bernardino County Surveyor to be filed and/or recorded upon the effective date of the reorganization to include annexation with a copy provided to LAFCO. All the documents to effectuate the transfer of leased lands and/or facilities or other entitlements for use of land and/or facilities shall be prepared by the City of Upland City Manager's office to be filed and/or recorded upon the effective date of the reorganization to include annexation with a copy provided to LAFCO. All the documents to transfer the title for vehicles shall be prepared by the City of Upland City Manager's office to be filed upon the effective date of the change with a copy provided to LAFCO.
- Upon the effective date of the reorganization including annexation, San Bernardino County Fire Protection District shall accept all equipment transferred from the City of Upland in "as is" condition (pursuant to Government Code Section 56886(h)). All equipment and fixtures, office furniture, real and personal property and permits and licenses held by the City of Upland for the purpose of providing air ambulance service shall be transferred to the San Bernardino County Fire Protection District. All documents required to effectuate the transfer of lease holdings, title to modular units housing the operation, contract with Reach Air Medical Serviced LLC, and the permit and license for regional air ambulance issued by the Inland Counties Emergency Medical Agency shall be prepared by the City of Upland City Manager's office and submitted to the LAFCO Executive Officer prior to the issuance of the Certificate of Completion.

Based upon analysis of the materials submitted, it is LAFCO staff's position that the determination can be made that the transition of service from City Fire to County Fire provides for an efficient and effective form of government to continue the range and level

of service currently provided and that it will not impair the ability of any other agency to provide its range and level of service. In fact, it will allow the City to address a number of service deficiencies and will augment the service currently received to the community of San Antonio Heights. With this determination, the Commission must now turn its attention to the financial considerations of the proposal.

FINANCIAL EFFECTS

County Fire, working in conjunction with City of Upland, County Administrative Office, and LAFCO staffs, has submitted a Plan for Service, a Fiscal Impact Analysis, and Transition Plan dated February 23, 2017 (revised from the original submission in December 2016) as required by law and Commission policy.

To begin the review of the Fiscal Impact Analysis, it is important to understand the current financial position of the City overall as well as how it relates to its fire operations. City staff reported to the City Council on November 28, 2016 on the City's "Financial Stability Plan" that documents, beginning in 2011, the effects of the recession, the reduction in property tax revenues, significant increases in pension benefit costs, ongoing litigation and general liability and Workers' compensation claims on the City's finances. The City took steps at that time, including negotiating employee concessions that ultimately required the reduction of city staff by 25%. Even with these changes, in 2012 the City came close to declaring a fiscal emergency, the first step in the bankruptcy process, and in 2013 its Auditor rendered a qualified opinion that included the statement noting the City's "ability to continue as a growing concern".

As a part of the budget process for development of the 2016-17 budget, City staff was tasked with developing fiscal measures that would "avoid further financial devastation". One element of that effort was the consideration of various options to transfer fire and emergency medical response services. The City staff report for initiating the reorganization application identified that, of the options evaluated, the greatest savings to the City was through inclusion within County Fire. So, on November 28, 2016 the resolution initiating the reorganization was adopted by the City Council, and the application was submitted to the Commission on December 7, 2016.

VALLEY SERVICE ZONE – FIRE PROTECTION, SUPPRESSION AND EMERGENCY MEDICAL RESPONSE:

LAFCO staff requested that the City provide historic revenue and expenditure information from its audited financial statements for the preceding five years separately – one set for the Fire Operation and the other for the Air Ambulance contract. This request was made since the operations will be transitioning to different levels of operation at County Fire – Air Ambulance to the Special Operations Division under the parent district and the boots on the ground operations to the Valley Service Zone for fire protection, suppression and emergency medical response. LAFCO staff requested that the Fiscal Impact Analysis be

separated as well. The City's responses include the five preceding audited years as well as the inclusion of the projected year-end for the current Fiscal Year 2016-17.

City of Upland						
Fire Department Historical Data (Excluding Air Ambulance Program)						
FY 2012-FY2017						
	FY2011-2012	FY2012-2013	FY2013-2014	FY2014-2015	FY2015-2016	FY2016-2017
GENERAL FUND						
REVENUES						
Fire - Department Fee	92,600.00	113,241.00	131,758.00	195,976.00	242,220.00	100,000.00
Fire - Emergency Response	54,190.00	53,904.00	31,375.00	13,940.00	9,012.00	11,830.00
Fire - Permit Fees	99,330.00	85,846.00	145,420.00	93,041.00	58,561.00	95,000.00
Fire Merger Reimbursement	-	-	73,877.00	151,697.00	187,113.00	2,947.00
Total Revenue	246,120.00	252,991.00	382,430.00	454,654.00	496,906.00	209,777.00
EXPENSES						
Salaries and Benefits	8,263,420.00	8,039,507.00	8,120,393.00	8,335,769.18	8,658,119.00	8,277,950.00
Services and Supplies	1,716,160.00	1,422,572.00	1,689,293.00	1,932,648.82	1,788,545.00	2,594,599.00
Debt Service	-	-	-	-	-	42,004.00
Capital Outlay	-	-	-	-	214,373.00	34,255.00
Total Expenses	9,979,580.00	9,462,079.00	9,809,686.00	10,268,418.00	10,661,037.00	10,948,808.00
Revenues over(under) Expenses	(9,733,460.00)	(9,209,088.00)	(9,427,256.00)	(9,813,764.00)	(10,164,131.00)	(10,739,031.00)
OTHER/GRANT FUNDS						
REVENUES						
Grant Reimbursements	289,980.00	31,287.00	12,530.00	15,398.00	720.00	-
Total Revenue	289,980.00	31,287.00	12,530.00	15,398.00	720.00	-
EXPENSES						
Services and Supplies	-	21,930.00	-	-	-	-
Capital Outlay	189,440.00	19,166.00	3,488.00	15,398.00	720.00	-
Total Expenses	189,440.00	41,096.00	3,488.00	15,398.00	720.00	-
Revenues over(under) Expenses	100,540.00	(9,809.00)	9,042.00	-	-	-
Grand Totals						
EXPENSE TOTALS	10,169,020.00	9,503,175.00	9,813,174.00	10,283,816.00	10,661,757.00	10,948,808.00
REVENUE TOTALS	536,100.00	284,278.00	394,960.00	470,052.00	497,626.00	209,777.00
CITY OBLIGATION TO FIRE FUNDS	9,632,920.00	9,218,897.00	9,418,214.00	9,813,764.00	10,164,131.00	10,739,031.00

This historic data combined with the Financial Stability Plan outlines the City's efforts to address its funding issues through reductions in staffing but that the increases in costs continued with 85% of the City's general ad valorem tax being used to fund the operations.

The materials submitted by County Fire, the amended Plan for Service, Fiscal Impact Analysis and Transition Plan, identify that the reorganization will provide for the continuation of service at current levels.

County Fire and the County Administrative Office have provided the Fiscal Impact Analysis required by Commission policy and State law for the proposed change. The spreadsheet which follows is that analysis:

AGENDA ITEM #7 - LAFCO 3216 -- CITY OF
UPLAND FIRE/COUNTY FIRE REORGANIZATION
MARCH 14, 2017

Expenditures:	Number of Positions	FY 2016/17 City Budget	2017/18 Forecast Per Position	FY 2017/18 Forecast	FY 2018/19 Forecast	FY 2019/20 Forecast	FY 2020/21 Forecast	FY 2021/22 Forecast
Inflation Rate				2.0%	3.0%	3.0%	3.0%	3.0%
Staffing:								
Suppression								
Assistant Chief	0.19		334,153	63,489	65,394	67,356	69,377	71,458
Battalion Chief	1.4		239,138	334,793	344,837	355,182	365,837	376,812
Captain	12		220,645	2,647,740	2,727,172	2,808,987	2,893,257	2,980,055
Engineer	12		190,225	2,282,700	2,351,181	2,421,716	2,494,367	2,569,198
Firefighter / Paramedic	12		160,341	1,924,092	1,981,815	2,041,269	2,102,507	2,165,582
Fire Prevention								
Fire Prevention Specialist	1		116,493	116,493	119,988	123,588	127,296	131,115
Fire Prevention Officer	2		107,194	214,388	220,820	227,445	234,268	241,296
Non-Suppression								
Emergency Services Officer	1		109,681	109,681	112,971	116,360	119,851	123,447
Staff Analyst I	0.19		99,725	18,948	19,516	20,101	20,704	21,325
Office Assistant III	1		61,012	61,012	62,842	64,727	66,669	68,669
TOTAL SALARIES AND BENEFITS	42.78	9,196,840		7,773,336	8,006,536	8,246,731	8,494,133	8,748,957
Inflation Rate				2.0%	2.0%	3.0%	3.0%	3.0%
Operating Expenses								
Services and Supplies / Dispatch / MIS								
Dispatch (CONFIRE)				314,153	320,436	330,049	339,951	350,149
MIS (CONFIRE)				82,121	83,763	86,276	88,865	91,531
800 Radio / Paging / Maint.				74,864	76,361	78,652	81,012	83,442
County Overhead / HR / Payroll / ATC				194,725	198,620	204,578	210,715	217,037
Equipment				76,960	78,499	80,854	83,280	85,778
Administration Vehicle Maintenance Fuel				51,307	52,333	53,903	55,520	57,186
Other Management				25,653	26,166	26,951	27,760	28,592
Medical Supplies				21,378	21,806	22,460	23,134	23,828
Insurance				17,102	17,444	17,967	18,506	19,062
New MIS Equipment				8,851	9,028	9,299	9,578	9,865
TOTAL				867,114	884,456	910,990	938,320	966,469
Station Expenses								
Vehicle Maintenance Fuel				199,382	203,370	209,471	215,755	222,227
Miscellaneous				78,826	80,403	82,815	85,299	87,858
Utilities				38,000	38,760	39,923	41,120	42,354
General Maintenance				37,000	37,740	38,872	40,038	41,240
Insurance				36,500	37,230	38,347	39,497	40,682
Equipment				32,458	33,107	34,100	35,123	36,177
Medical Supplies				23,184	23,648	24,357	25,088	25,840
MIS Equipment				13,693	13,967	14,386	14,817	15,262
Clothing				4,637	4,730	4,872	5,018	5,168
TOTAL				463,680	472,954	487,142	501,756	516,809
Overhead and Support (1)								
Administration				234,602	239,294	246,473	253,867	261,483
PIO / Public Education				17,000	17,340	17,860	18,396	18,948
Human Resources / Payroll				34,000	34,680	35,720	36,792	37,896
Warehouse / Support Services				54,400	55,488	57,153	58,867	60,633
TOTAL				340,002	346,802	357,206	367,922	378,960
TOTAL OPERATING EXPENSES		2,743,409		1,670,796	1,704,212	1,755,338	1,807,998	1,862,238
CAPITAL IMPROVEMENT FUND (2)		45,855		493,068	502,929	518,017	533,558	549,564
TOTAL EXPENDITURES		11,986,104		9,937,200	10,213,677	10,520,087	10,835,689	11,160,760
Revenues:								
Grants (Valley Service Zone)				0	0	0	0	0
First Response Fees (Valley Service Zone) (3)	11,828			11,828	12,065	12,426	12,799	13,183
Charges for Service - (Valley Service Zone) (4)	100,000			102,000	104,040	107,161	110,376	113,687
Fire Prevention Fees (Fire Prevention) (5)	115,000			230,881	235,499	242,564	249,840	257,336
FP-5 (Valley Service Zone) (6)	0			3,000,843	3,090,868	3,183,594	3,279,102	3,377,475
Revenue Before Property Tax		226,828		3,345,552	3,442,471	3,545,746	3,652,118	3,761,682
Additional Revenue Required		11,759,276		6,591,648	6,771,206	6,974,341	7,183,571	7,399,078
City's Total Secured / Unsecured Ad Valorem Property Tax				12,674,802	13,055,046	13,446,697	13,850,098	14,265,601
Transfer Percentage to County Fire				53%	53%	53%	53%	53%
SBCFPD Total Property Tax Transfer				6,717,645	6,919,174	7,126,750	7,340,552	7,560,769
Valley Service Zone (7)	94%			6,314,586	6,504,024	6,699,145	6,900,119	7,107,123
Administration FPD (8)	6%			403,059	415,150	427,605	440,433	453,646
Yearly Net				125,997	147,969	152,409	156,981	161,690
Fund Balance (9)				125,997	273,966	426,374	583,355	745,046

The footnotes to this spreadsheet are also important to understand the materials presented. They are:

- 1 Fire Administration, warehouse, support services. (FPD)
- 2 Vehicle / Station Replacement and Major CIP Projects (Placed in unrestricted Reserve Fund)
- 3 Fee for Providing Licensed Health Care Services
- 4 Service Fees
- 5 Based on our analyses of current Fire Prevention services and our fees
- 6 Based on 20,909 taxable parcels @152.68 (Proposed Fy 2017/18 rate) with 94% collection
- 7 All Property Tax revenue shall be split 94% to Valley Service Zone and 6% to FPD Administration
- 8 All Property Tax revenue shall be split 94% to Valley Service Zone and 6% to FPD Administration
- 9 Fund Balance in Year 5 is 7%

Following the submission of the amended Fiscal Impact Analysis on February 23, 2017, several items came to light which have a direct, and in some ways significant impact on the data to be analyzed to allow the Commission to determine that the change of organization is financially sustainable. They are:

1. On two separate occasions the staff of the Auditor-Controller's office notified LAFCO that a discrepancy in valuations provided by the Assessor's office had been discovered. There was a meeting with staff from the Assessor's Office, Auditor Controller Property Tax Division and LAFCO on February 27 at which time it was learned that the Assessor's staff had not been providing the full valuation of the territory when processing a change of organization as required by Revenue and Taxation Code Section 99. Clarification of the process, most specifically for LAFCO 3216, was determined and a decrease in total valuation for LAFCO 3216 received. This change affects the property tax transfer process as well as the Financial Impact Analysis submitted.

LAFCO staff has modified the Fiscal Impact Analysis spreadsheet to reflect a correction, noting that the property tax share to be transferred has increased from 53% to 54% to provide for the revenue stream necessary to fund the ongoing fire protection and emergency medical response services.

2. The calculation of property tax revenue for years 2 through 5 identify an ongoing allocation of 53% of the City's share of taxes. However, this process is not an annual allocation of property tax share, it is a permanent transfer upon the effective date of the reorganization. As a part of the negotiation process set forth in R&T Code Section 99, the property tax transfer resolution defines the share to be allocated to County Fire and its Valley Service Zone which will then be subject to the Prop 13 annual increase limit of 2% (and other increases based upon the sale of property or other improvements). This determination is subject to the correction identified in the preceding item changing the percentage allocation to 54%, and staff has amended the spreadsheet to reflect this change.

To more clearly identify how the implementation of this property tax transfer operates, the table below provides examples of existing tax rate areas (TRAs) with the current general ad valorem property tax share of the City of Upland reflected as the “before” annexation allocation and the “after” annexation division – the City retaining 46% of its previous share and the balance being transferred to County Fire (divided 94% to the Valley Service Zone and 6% to the parent district)

SHARE OF THE AD VALOREM PROPERTY TAX DOLLARS					
TRA	BEFORE ANNEXATION		AFTER ANNEXATION		
	CITY OF UPLAND PERCENTAGE		CITY OF UPLAND PERCENTAGE	COUNTY FIRE PROTECTION DISTRICT PERCENTAGE	SAN BDNO VALLEY SERVICE ZONE PERCENTAGE
8001		17.48	8.04	0.56	8.88
8004		17.32	7.96	0.56	8.80
8006		17.54	8.06	0.56	8.92
8010		17.63	8.11	0.57	8.95
8042		17.09	7.86	0.55	8.68
8039		16.82	7.73	0.54	8.55

This division will remain for the future; no further property tax determination is required from the City on an annual basis.

3. Staff has recommended the expansion of the territory to be annexed to Service Zone FP-5 to include the community of San Antonio Heights based upon the increase in its service levels. This expands the number of parcels subject to the special tax by 1,491 parcels. LAFCO staff has modified the revenue projections from this source upward by including these parcels in the calculation under the same formula as used for the original submission (receipt of 94% of collectible revenue).
4. The general reserve (on this spreadsheet shown as fund balance) presented in the Fiscal Impact Analysis for the Valley Service Zone operations does not meet the Commission’s policy standard of 10% until year five of the LAFCO staff’s amendment to the Fiscal Impact Analysis projection. LAFCO staff expressed this concern to County Fire and the County Administrative Office, which has responded by letter, dated February 28, 2017, from Mr. Gary McBride, County Chief Financial Officer, outlining that the County is comfortable with the financial projection based upon its analysis that:

1. The operations are anticipated to reach this 10% milestone by Year 7,
2. That the capital improvement fund identified in the materials is not a restricted fund and its resources are available for use during a downturn, and
3. The depth of reserves within the Valley Service Zone, as a whole, can accommodate this change.

While LAFCO staff accepts this explanation, it is important to note that one of the primary issues cited by the agencies desiring to transition fire and emergency response services to County Fire is their inability to resolve deferred maintenance of facilities and replacement of vehicles and equipment issues. To say that the capital improvement fund is unrestricted and can be used for other types of circumstances causes some concern for staff. This position is tempered with the knowledge that the Valley Service Zone has been able to address facility maintenance issues related to the assumption of service obligations from the City of San Bernardino in the past, so LAFCO staff believes that it will be able to do so in the future.

5. LAFCO staff has also included a section within the Fiscal Impact Analysis which identifies the ongoing costs to be retained by the City, such as unfunded pension liability for transitioning City Fire employees, a Workers' Compensation Trust Fund to be maintained by the City to address outstanding claims at the time of transition as well as startup costs and compensated absence transfers.
6. The Plan for Service identifies that there are 46 employees for City Fire. Salary and benefit expenditures accommodate the transfer of all full-time employees from City Fire to County Fire totaling 43 positions. The three part-time positions will not transfer. Five positions will transition to the Special Operations Division of County for the air ambulance service (Flight Nurses and Flight Paramedics), 35 positions will transfer to the Valley Service Zone, and 3 positions will transfer to vacant County Fire positions possibly outside the Valley Service Zone.

**AGENDA ITEM #7 - LAFCO 3216 -- CITY OF
UPLAND FIRE/COUNTY FIRE REORGANIZATION
MARCH 14, 2017**

	Number of Positions	FY 2016/17 City Budget	2017/18 Forecast Per Position	FY 2017/18 Forecast	FY 2018/19 Forecast	FY 2019/20 Forecast	FY 2020/21 Forecast	FY 2021/22 Forecast
Expenditures:								
<i>Inflation Rate</i>				2.0%	3.0%	3.0%	3.0%	3.0%
Staffing:								
Suppression								
Assistant Chief	0.19		334,153	63,489	65,394	67,356	69,377	71,458
Battalion Chief	1.4		239,138	334,793	344,837	355,182	365,837	376,812
Captain	12		220,645	2,647,740	2,727,172	2,808,987	2,893,257	2,980,055
Engineer	12		190,225	2,282,700	2,351,181	2,421,716	2,494,367	2,569,198
Firefighter / Paramedic	12		160,341	1,924,092	1,981,815	2,041,269	2,102,507	2,165,582
Fire Prevention								
Fire Prevention Specialist	1		116,493	116,493	119,988	123,588	127,296	131,115
Fire Prevention Officer	2		107,194	214,388	220,820	227,445	234,268	241,296
Non-Suppression								
Emergency Services Officer	1		109,681	109,681	112,971	116,360	119,851	123,447
Staff Analyst I	0.19		99,725	18,948	19,516	20,101	20,704	21,325
Office Assistant III	1		61,012	61,012	62,842	64,727	66,669	68,669
TOTAL SALARIES AND BENEFITS	42.78	9,196,840		7,773,336	8,006,536	8,246,731	8,494,133	8,748,957
<i>Inflation Rate</i>				2.0%	2.0%	3.0%	3.0%	3.0%
Operating Expenses								
Services and Supplies / Dispatch / MIS								
Dispatch (CONFIRE)				314,153	320,436	330,049	339,951	350,149
MIS (CONFIRE)				82,121	83,763	86,276	88,865	91,531
800 Radio / Paging / Maint.				74,864	76,361	78,652	81,012	83,442
County Overhead / HR / Payroll / ATC				194,725	198,620	204,578	210,715	217,037
Equipment				76,960	78,499	80,854	83,280	85,778
Administration Vehicle Maintenance Fuel				51,307	52,333	53,903	55,520	57,186
Other Management				25,653	26,166	26,951	27,760	28,592
Medical Supplies				21,378	21,806	22,460	23,134	23,828
Insurance				17,102	17,444	17,967	18,506	19,062
New MIS Equipment				8,851	9,028	9,299	9,578	9,865
TOTAL				867,114	884,456	910,990	938,320	966,469
Station Expenses								
Vehicle Maintenance Fuel				199,382	203,370	209,471	215,755	222,227
Miscellaneous				78,826	80,403	82,815	85,299	87,858
Utilities				38,000	38,760	39,923	41,120	42,354
General Maintenance				37,000	37,740	38,872	40,038	41,240
Insurance				36,500	37,230	38,347	39,497	40,682
Equipment				32,458	33,107	34,100	35,123	36,177
Medical Supplies				23,184	23,648	24,357	25,088	25,840
MIS Equipment				13,693	13,967	14,386	14,817	15,262
Clothing				4,637	4,730	4,872	5,018	5,168
TOTAL				463,680	472,954	487,142	501,756	516,809
Overhead and Support (1)								
Administration				234,602	239,294	246,473	253,867	261,483
PIO / Public Education				17,000	17,340	17,860	18,396	18,948
Human Resources / Payroll				34,000	34,680	35,720	36,792	37,896
Warehouse / Support Services				54,400	55,488	57,153	58,867	60,633
TOTAL				340,002	346,802	357,206	367,922	378,960
TOTAL OPERATING EXPENSES		2,743,409		1,670,796	1,704,212	1,755,338	1,807,998	1,862,238
CAPITAL IMPROVEMENT FUND (2)		45,855		493,068	502,929	518,017	533,558	549,564
TOTAL EXPENDITURES		11,986,104		9,937,200	10,213,677	10,520,087	10,835,689	11,160,760
Revenues:								
Grants (Valley Service Zone)				0	0	0	0	0
First Response Fees (Valley Service Zone) (3)	11,828			11,828	12,065	12,426	12,799	13,183
Charges for Service - (Valley Service Zone) (4)	100,000			102,000	104,040	107,161	110,376	113,687
Fire Prevention Fees (Fire Prevention) (5)	115,000			230,881	235,499	242,564	249,840	257,336
FP-5 (Valley Service Zone) (6)	0			3,145,666	3,240,036	3,337,237	3,437,354	3,540,475
Revenue Before Property Tax		226,828		3,490,375	3,591,639	3,699,388	3,810,370	3,924,681
Additional Revenue Required		11,759,276		6,446,825	6,622,038	6,820,698	7,025,319	7,236,079
City's Total Secured / Unsecured Ad Valorem Property Tax				12,539,974	12,790,773	13,174,497	13,569,732	13,976,824
Transfer Percentage to County Fire				54.0%				
SBCFPD Total Property Tax Transfer				6,771,586	6,907,018	7,045,158	7,186,061	7,329,782
Valley Service Zone (7)	94%			6,365,291	6,492,597	6,622,449	6,754,898	6,889,995
Administration FPD (8)	6%			406,295	414,421	422,709	431,164	439,787
Yearly Net				324,761	284,980	224,460	160,742	93,704
Fund Balance (9)				324,761	609,741	834,200	994,943	1,088,646
COSTS TO BE RETAINED BY CITY:								
Payment to County Fire to Transfer Leave balances				\$ 930,234				
288 hours per position estimated at the average of \$78.78 per hour								
Unfunded Pension Liability				\$ 1,133,000	\$ 1,133,000	\$ 1,133,000	\$ 1,133,000	\$ 1,133,000
One Time Start Up Costs				\$ 175,000				
Worker's Compensation Trust Fund				\$ 635,000	*	*	*	*
TOTAL COST				\$ 2,238,234	\$ 1,133,000	\$ 1,133,000	\$ 1,133,000	\$ 1,133,000
*The Worker's Compensation Trust Fund will be annually assessed to assure that funds retain the 75% of open claims								

The notes related to this spreadsheet are outlined below:

- 1 Fire Administration, warehouse, support services. (FPD)
- 2 Vehicle / Station Replacement and Major CIP Projects (Placed in unrestricted Reserve Fund)
- 3 Fee for Providing Licensed Health Care Services
- 4 Service Fees
- 5 Based on our analyses of current Fire Prevention services and our fees
Based on 21,918 taxable parcels within modified area @152.68 (Proposed FY 2017/18 rate) with 94%
- 6 collection
- 7 All Property Tax revenue shall be split 94% to Valley Service Zone and 6% to FPD Administration
- 8 All Property Tax revenue shall be split 94% to Valley Service Zone and 6% to FPD Administration
- 9 Fund Balance in Year 5 is approximately 10%

AIR AMBULANCE OPERATIONS:

In evaluating the financial operations of the Air Ambulance contract, LAFCO staff requested that the City provide information on the preceding five year audited revenues and expenditures from its Comprehensive Annual Financial Report. The City has also provided the year-end estimate for Fiscal Year 2016-17. The Air Ambulance operations under contract with Reach Air Medical LLC operate in a positive financial manner as shown below:

City of Upland						
Fire Department Historical Data-Air Ambulance Program						
FY 2012-FY2017						
	FY2011-2012	FY2012-2013	FY2013-2014	FY2014-2015	FY2015-2016	FY2016-2017
GENERAL FUND						
REVENUES						
Fire - Air Ambulance	1,031,070.00	1,184,702.00	1,317,809.00	1,437,610.00	1,492,192.00	1,525,210.00
Total Revenue	1,031,070.00	1,184,702.00	1,317,809.00	1,437,610.00	1,492,192.00	1,525,210.00
EXPENSES						
Salaries and Benefits	928,928.00	918,939.00	976,951.00	1,011,416.00	995,773.00	1,142,890.00
Services and Supplies	76,912.00	58,920.00	45,034.00	40,380.00	207,695.00	184,406.00
Debt Service	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Total Expenses	1,005,840.00	977,859.00	1,021,985.00	1,051,796.00	1,203,468.00	1,327,296.00
Revenues over(under) Expenses	25,230.00	206,843.00	295,824.00	385,814.00	288,724.00	197,914.00
OTHER/GRANT FUNDS						
REVENUES						
Grant Reimbursements	-	-	-	-	-	-
Total Revenue	-	-	-	-	-	-
EXPENSES						
Services and Supplies	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Total Expenses	-	-	-	-	-	-
Revenues over(under) Expenses	-	-	-	-	-	-
Grand Totals						
EXPENSE TOTALS	1,005,840.00	977,859.00	1,021,985.00	1,051,796.00	1,203,468.00	1,327,296.00
REVENUE TOTALS	1,031,070.00	1,184,702.00	1,317,809.00	1,437,610.00	1,492,192.00	1,525,210.00
CITY OBLIGATION TO FIRE FUNDS	(25,230.00)	(206,843.00)	(295,824.00)	(385,814.00)	(288,724.00)	(197,914.00)

In addition, since the Reach Contract for the provision of the air ambulance service will be transferring to the Special Operations Division of County Fire (the parent district), LAFCO staff requested that the City and County Fire provide a separate Fiscal Impact Analysis for this service. The expenditure detail for the Special Operations Division identifies 8 positions for a cost only slightly higher than the existing City cost for 5 positions. This is due to the significant use of overtime to accommodate shifts in the City versus County Fire anticipating the hiring of 3 additional employees to reduce the need for overtime. In addition, it is noted that the contract will need to be renegotiated during the first year of operations as its termination date is June 30, 2018.

A review of the material identifies that these operations also do not provide for the 10% reserve that is the standard used by the Commission until about year five. However, the letter from Gary McBride, Chief Financial Officer for the County, states that there are sufficient reserves in County Fire as a whole to address this issue. The Fiscal Impact Analysis presented is shown below and LAFCO staff has made no adjustment to it:

	REACH CONTRACT	Number of Positions	FY 2016/17 City Budget	2017/18 Forecast Per Position	FY 2017/18 Forecast	FY 2018/19 Forecast	FY 2019/20 Forecast	FY 2020/21 Forecast	FY 2021/22 Forecast
	<i>Inflation Rate</i>				2.0%	3.0%	3.0%	3.0%	3.0%
Staffing:									
	Reach Contract								
	Flight Nurse	5		175,555	877,775	904,108	931,231	959,168	987,943
	Flight Paramedic	3		100,269	300,807	309,831	319,126	328,700	338,561
	TOTAL SALARIES AND BENEFITS	8	1,163,890		1,178,582	1,213,939	1,250,357	1,287,868	1,326,504
	<i>Inflation Rate</i>				2.0%	2.0%	3.0%	3.0%	3.0%
	Operating Expenses								
	CONFIRE Charges (Dispatch)				18,360	18,727	19,289	19,868	20,464
	Station Expenses(1)				113,897	116,175	119,660	123,250	126,947
	ICEMA Fees (Varies)				28,000	28,560	29,417	30,299	31,208
	Cable Airport Lease				19,200	19,584	20,172	20,777	21,400
	Overhead and Support (2)								
	Administration				48,946	49,925	51,423	52,965	54,554
	PIO / Public Education				3,547	3,618	3,726	3,838	3,953
	Human Resources / Payroll				7,093	7,235	7,452	7,675	7,906
	Warehouse / Support Services				11,350	11,577	11,924	12,282	12,651
	TOTAL				70,936	72,355	74,525	76,761	79,064
	TOTAL OPERATING EXPENSES		112,093		250,393	255,401	263,063	270,955	279,083
	CAPITAL REPLACEMENT FUND (3)				25,000	25,750	26,523	27,318	28,138
	TOTAL EXPENDITURES		1,275,983		1,453,975	1,495,090	1,539,942	1,586,141	1,633,725
All Revenues to FPD Special Operations Reach:									
	Reach Contract Staffing (4)				1,163,609	1,198,517	1,234,473	1,271,507	1,309,652
	Reach Contract Operating Costs (5)				120,000	122,400	126,072	129,854	133,750
	Reach Contract Program Management (6)				10,000	10,200	10,506	10,821	11,146
	Reach Contract Administrative Costs (7)				144,000	146,880	151,286	155,825	160,500
	Reach Contract ICEMA Fees (8)				28,000	28,560	29,417	30,299	31,208
	Reach Contract Cable Airport Lease (9)				19,200	19,584	20,172	20,777	21,400
	Total Revenue (10)		1,437,609		1,484,809	1,526,141	1,571,926	1,619,083	1,667,656
	Yearly Net	(11)	161,626		30,834	31,051	31,983	32,942	33,931
	Fund Balance (12)				30,834	61,885	93,869	126,811	160,741
	1 Upland 2016/17 Budget plus 2%								
	2 Fire Administration, warehouse, support services.								
	3 Required Vehicle Replacement / Station Replacement (Agreement section 2.6)								
	4 See Reach Agreement Amendment Two Dated May 14, 2013 Section 2.1								
	5 See Reach Agreement Amendment Two Dated May 14, 2013 Section 2.1.1								
	6 See Reach Agreement Amendment Two Dated May 14, 2013 Section 2.3								
	7 See Reach Agreement Amendment Two Dated May 14, 2013 Section 2.1.1								
	8 See Reach Agreement Amendment Two Dated January 13, 2011 Section 1.7.1 and 1.7.2								
	9 See Reach Agreement Amendment Two Dated May 14, 2013 Section 1.7								
	10 All Revenue to FPD, Special Operations, Reach								
	11 City Budget did not break out Dispatch or Overhead Costs								
	12 Fund Balance at 10% in 5 Years								
	2/23/2017 @ 0900								

In addition, the City of Upland has identified that the costs for the lease of the Cable Airport Facility and all expenses related to the Inland Counties Emergency Medical Agency (ICEMA) contract authorizing the air ambulance service and the ICEMA annual permit are paid by Reach Air to the City. The Plan for Service anticipates that this will continue under County Fire.

Transfer of Contracts:

There are a number of contracts which have been entered into between the City of Upland Fire Department for such matters as mutual aid, joint powers authorities and the provision of a range of out-sourced services. As a part of the consideration, the Commission must make a determination regarding the transfer of the contracts as State law does not allow the Commission to impair the rights of any creditor or bondholder (Govt. Code Section 56121). LAFCO staff put together the following chart which identifies the existing contracts (excluding mutual aid) and defined their disposition following successful completion of the reorganization:

CITY OF UPLAND FIRE CONTRACTS					
CONTRACTS	DESCRIPTION	TERM	COST	ACTION	
Reach Air Medical LLC	Air Ambulance Service	6/30/2018	Revenue	County Fire Special Operations Division to assume	
Cable Commercial Center, LLC	Lease of Station 164 -- Air Ambulance Operations	6/30/2017	Quarterly, \$4,800 Annually \$19,200	County Fire Special Operations Division to Assume	
Pure Water Technology Inc	Water Purification Systems at Stations 161, 162, 163, 165	Month to Month	Quarterly \$667.44 Annually \$2669.76	To be terminated	
South Coast Water company	Water Softening System at Station 164	Month to Month	Monthly \$230	To be terminated	
CONFIRE	Dispatch Service - Contracting Agency	Annual	\$93,831 for FY 2016-17	To be terminated -- County Fire is a member of the JPA will assume service	
City of Ontario	Bomb Squad services	Annual	\$7,085 for FY 2016-17	To be terminated; County Fire utilizes County Sheriff Bomb Squad	
City of Ontario	West End JPA -- training and other regional services	Annual	\$10,000	To be terminated, County Fire provides in-house training	
AQMD	Generator Emissions Fee	Annual	\$1,440	City of Upland to transfer to public works as generator will remain City equipment at Station 161	
Lexipol	Web-based policy manuals	Annual	\$3,063 for FY 2016-17	To be terminated	

To reflect the understandings of the Commission related to the contracts, staff is proposing the following condition of approval:

- Any remaining payments, all rights and interests held or claimed by the City of Upland Fire Department under all agreements and/or memoranda of understanding with any public agency or private entity, shall transfer to the Successor District, Valley Service Zone of County Fire, as outlined Exhibit "E" and the Reach Air Medical LLC contract (transfer outlined above). The Successor District, Valley Service Zone, shall also assume all joint use, maintenance, automatic aid or mutual aid agreements held by the City of Upland Fire Department [(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) and (v)]. This reorganization shall not impair the rights of any bondholder or creditor of the City of Upland Fire Department.

It is the position of LAFCO staff that the approval of this reorganization will provide for the continuing delivery of fire protection and emergency medical response service within the corporate boundaries of the City of Upland at the same level as received in the past and in some aspects service may improve. As required by Commission policy and State law, the revised Plan for Service and Fiscal Impact Analysis submitted by County Fire shows that the delivery of service can be maintained following reorganization and is financially sustainable based upon the information provided.

Given the staff's support for the reorganization, the Commission will now need to address the terms and conditions that are required to effectuate the change not otherwise outlined in the narrative above. 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 July 1, 2017, or as soon as the terms and conditions of the approval can be met with the understanding that the transition will need to correspond to the start of a pay period within County Fire's payroll system. This will allow for a clean break in financial operations, allow for a clean audit trail and not impair any of the employees transitioning on their benefits or leave time transition.

Next, conditions will need to be applied to transfer operations, facilities, and debt to the Valley Service Zone for the continued operation. All in all, a number of specific conditions are needed to accommodate the assumption of service. The full range of conditions is outlined as follows:

- Upon the effective date of this reorganization, the appropriation limit of San Bernardino County Fire Protection District, Valley Service Zone, Successor District, shall be increased by \$10,000,000 for Fiscal Year 2017-18 to recognize the anticipated first year proceeds of taxes for the

provision of fire protection and emergency medical response and shall not be considered to be an amendment of the appropriation limit.

- Upon the effective date of this reorganization, the appropriation limit of San Bernardino County Fire Protection District, Service Zone FP-5 West Valley shall be established as \$4,000,000 for Fiscal Year 2017-18 to recognize the anticipated first year proceeds of taxes for the provision of fire protection and emergency medical response.
- Upon the effective date of this reorganization, any funds currently deposited for the benefit of the City of Upland Fire Department which have been impressed with a public trust, use or purpose shall be transferred to the Successor District, and said District 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 when there is a removal of a service from an existing agency that the agency be limited in its authority for expenditures and encumbering obligations related to that service. Therefore, staff is recommending that the following condition be included to address this issue which will limit the City from the point in time that the Commission approves the reorganization (adoption of its resolution) through the effective date proposed to be July 1, 2017.

- 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 City Council of the City of Upland shall be prohibited from taking the following actions unless it first finds an emergency situation exists as defined in Government Code Section 54956.5, and it is supported by the San Bernardino County Fire Protection District:
 - **No Increase in Compensation or Benefits:** No increase in calculation for payment of benefits or compensation for employees of the City of Upland Fire Department shall be allowed. Exceptions to this prohibition include planned and budgeted increases identified in the adopted budget for Fiscal Year 2016-17.
 - **Bound by Current Budget:** Appropriating, encumbering, extending, or otherwise obligating any revenue of the City Fire Department beyond that provided in the current budget at the time of Commission approval.

Staff would note that the condition includes the proviso to address an issue that may arise which requires expenditure of funds or the obligation for payment. This allows for a mechanism to address unknowns during the transition.

ENVIRONMENTAL CONSIDERATIONS

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

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 and Associates, with the application materials and responses provided by the City of Upland and the San Bernardino County Fire Protection District. Mr. Dodson has reviewed this proposal and has recommended 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: (1) fire protection and emergency medical response will continue to be provided to the City by County Fire at a comparable service level and (2) the transfer of the delivery of fire protection and emergency medical response from one entity to another 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.

PUBLIC COMMENT

In addition to publication of a legal notice for this proposal (advertisement in *The Inland Valley Daily Bulletin*), staff also mailed individual notices to the 21,918 landowners in the affected reorganization territory (staff modified proposal to include the San Antonio Heights community). Over the last three weeks, staff has fielded approximately 50 phone calls from landowners requesting additional information on the proposal. Specific areas of concern generally included:

CITY OF UPLAND RESIDENTS:

- A desire to maintain the City Fire Department through the City reprioritizing other expenditures.
- Objection to the imposition of a special tax due to financial hardships of homeowners.
- A belief that the City's financial hardships are being solved through the taxation of its residents.

- Additional clarification needed as to why residents do not have the opportunity to vote on the imposition of a special tax.

SAN ANTONIO HEIGHTS RESIDENTS:

Following mailing of the notice to landowners of the expansion of the annexation to Service Zone FP-5 and the formation of the subzone of FP-5 identified as “West Valley”, residents contacted the San Antonio Heights Property Owners Association and the 2nd District expressing their concerns. On March 13, 2017 the Executive Officer participated in a meeting with residents of San Antonio Heights at the Life Bible Fellowship Church along with the County Fire representatives, Chief Hartwig and Chief Chamberlin. The purpose was to review LAFCO’s staff’s rationale for expansion of the Service Zone FP-5 portion of the proposal to include San Antonio Heights, the staff’s recommendation, and the annexation process both at the hearing and during the protest proceedings. As part of this presentation, LAFCO staff learned new information when County Fire identified the existing revenue stream from within the Valley Service Zone for operation of Station 12 in San Antonio Heights noting that:

Costs for operation of Station 12 with a 2 man crew are:	\$1,300,000 (approximately)
---	-----------------------------

Ad Valorem Property Tax Revenues received by the Valley Service Zone are:	\$ 935,228
--	------------

Deficit funded by other areas of the Valley Service Zone or County General Fund Support to County Fire	\$ 364,772
--	------------

This funding deficit occurs before the expansion of staffing to a 3 man crew year round at Station 12 as proposed by the Plan of Service submitted. However, the residents believe that this has been the case for many years and do not support the staff’s recommendation for expansion of Service Zone FP-5 and its special tax. A synopsis of the objections are:

- Object to be included in operations with the City of Upland; believe that is it the first step toward annexation which they have historically opposed.
- Believe that adequate service is provided currently through Station 12 with its current structure and, when needed, San Antonio Heights residents have banded together as a community to purchase needed equipment
- Believe that the expansion of the Service Zone through the LAFCO process is contrary to the precepts of Prop 13 even if supported by an Attorney General Opinion and Appellate Court decision.

If the Commission supports the position of those residents of San Antonio Heights expressing their opposition to the modification of the proposal, the Commission can approve the original proposal submitted by joint resolutions of the City Council of the City of Upland and the Board of Directors of the San Bernardino County Fire Protection District.

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, as modified by LAFCO staff to include San Antonio Heights, is legally inhabited with 42,734 registered voters as of January 26, 2017. The City of Upland has 40,513 voters as of January 8, 2017.
2. The study area is proposed to be included within the sphere of influence assigned the San Bernardino County Fire Protection District through approval of LAFCO 3215.
3. The County Assessor's Office has provided an updated determination that identifies that the total assessed valuation of the City of Upland area as shown on the last equalized assessment roll (December 2016) is \$8,432,507,329 broken down as follows:

Land	\$2,681,314,491
Improvements	\$5,933,232,704
Personal Property	\$ 209,797.232
Homeowners Exemption	(\$ 391,837,098)
4. Legal notice of the Commission's consideration of the proposal has been provided through publication of a legal advertisement in *The Inland Valley Daily Bulletin*, a newspaper of general circulation in the area. In addition, individual notices were provided to all affected and interested agencies, County departments and those individuals and agencies requesting special notice.
5. In compliance with the requirements of Government Code Section 56125, individual notice was mailed to landowners within the modified reorganization area (totaling 21,918) including the modified territory for annexation into SBCFPD Service Zone FP-5 (a special tax zone) – City of Upland corporate boundaries and the community of San Antonio Heights. Comments from landowners have been considered by the Commission in making its determination.
6. The Southern California Association of Governments (SCAG) has adopted a Regional Transportation Plan and Sustainable Community Strategy pursuant to

the provisions of Government Code Section 65352.5. Approval of LAFCO 3216 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 3216 will support.

7. The Commission's Environmental Consultant, Tom Dodson of Tom Dodson and Associates, has indicated that based on his review of this reorganization, fire protection and emergency medical response will continue to be provided to the City by County Fire at a comparable service level. Therefore, the proposal will have no physical affect upon the environment, and 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.
8. The study area is presently served by the following public agencies:

County of San Bernardino,
City of Upland,
Metropolitan Water District of Southern California,
Inland Empire Utilities Agency,
Chino Basin Water Conservation District,
Monte Vista Water District,
Inland Empire Resource Conservation District.

The expansion of the area to include the community of San Antonio Heights adds the following public agencies:

San Bernardino County Fire Protection District and its Valley Service Zone
County Service Area 70

The City of Upland is affected through the transfer of its fire protection and emergency medical response obligation to County Fire as a function of the reorganization. In addition, the change anticipates that the San Bernardino County Fire Protection District, and its Valley Service Zone will be expanded to include the territory of the City of Upland as a function of the reorganization. SBCFPD Service Zone FP-5 will be expanded to include the territory of the City of Upland and the community of San Antonio Heights along with the formation of FP-5 West Valley reflecting this annexation area as a function of the reorganization. None of the other agencies are affected by this reorganization proposal as they are regional in nature.

9. The San Bernardino County Fire Protection District has submitted a Plan for Service dated February 23, 2017 as required by Government Code Section 56653, which indicates that County Fire, and its Service Zones, can, at a minimum, maintain the existing level of service delivery and can improve the level and range of selected portion of the fire protection and emergency medical

response currently available in the area. The Plan for Service has 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 conforms to those adopted standards and requirements.

10. The reorganization area and its residents can benefit from the assumption of fire protection and emergency medical response through the Valley Service Zone of the San Bernardino County Fire Protection District as evidenced by the amended Plan for Service and Fiscal Impact Analysis.
11. The proposal complies with Commission policies that indicate the desire to provide for the establishment of appropriate, sustainable and logical municipal government structure for the distribution of an efficient and effective delivery of public services. Inclusion of the City of Upland within the jurisdictional boundary of the San Bernardino County Fire Protection District and its Valley Service Zone will allow the residents and landowners to receive the benefits of the economies of scale from a regional provider of fire protection and emergency medical response services.
12. This proposal will not affect the fair share allocation of the regional housing needs assigned to the City of San Bernardino through the Southern California Association of Government's (SCAG) Regional Housing Needs Allocation (RHNA) process.
13. With respect to environmental justice, the reorganization provides for the continuation of existing fire protection and emergency medical response within the area and will not result in the unfair treatment of any person based upon race, culture or income.
14. The County Board of Supervisors and the City of Upland have successfully completed the process for the determination of the transfer of ad valorem property tax revenues upon successful completion of this reorganization to the successor agencies, SBCFPD and its Valley Service Zone. This fulfills the requirements of Section 99 of the Revenue and Taxation Code.
15. The maps and legal descriptions prepared by the County Surveyor are in substantial compliance with LAFCO and State standards.

CONCLUSION

Adequate fire protection and emergency medical response are key health and safety issues for any community. The City of Upland, under fiscal distress due to the combined impacts of declining property tax revenues, the loss of redevelopment funds and the increasing burden of rising pension liabilities, can no longer afford to provide sustainable funding to support its own Fire Department. Despite the City's concerted efforts to correct this situation by reducing staff by 25 percent and renegotiating

employee pay and benefits, a team of financial consultants hired by the City concluded that without fundamental and substantial changes, the City would be both budget and service insolvent within seven years. In 2012, the City came very close to declaring a “fiscal emergency,” and in 2013, the City’s auditor questioned the City’s “...ability to continue as a growing concern.”

Following an evaluation of service delivery alternatives, the City began exploring outsourcing various services including fire protection and emergency services. City staff concluded that annexation into the San Bernardino County Fire Protection District represented the first step in achieving long-term financial stability for the City. County Fire’s staffing model reorganizes staff and equipment to better meet the needs of the City and takes full advantage of County Fire Station 12, located on the City’s border within San Antonio Heights, in its regional approach to fire, rescue and emergency service.

Based upon analysis of County Fire’s Plan for Service, it is LAFCO staff’s position that the City’s annexation to County Fire, its Valley Service Zone, Service Zone FP-5 and the formation of Service Zone FP-5 West Valley will provide for an efficient and effective form of government to continue the range and level of service currently provided and, in fact, allows the City to address a number of service deficiencies while augmenting the service currently received by the community of San Antonio Heights. The proposal as modified by LAFCO staff does require the landowners within the City and the community of San Antonio Heights to provide financial support through the FP-5 special tax to continue the service, at roughly \$13 per month. The question of whether to support this option remains a determination of the Commission prior to moving forward with the protest process. However, without approval of this transition to County Fire, either as proposed by staff or originally submitted by the City and County Fire, the alternative is a City Fire Department that cannot financially sustain itself, resulting in a viable threat to the health, safety and welfare of residents.

LAFCO 3216, in some sense, represents the best of what LAFCOs can achieve – structurally reorganizing failing agencies that can no longer provide critical services into financially sustainable organizations to effectively serve the public long into the future. Staff recommends approval of LAFCO 3216 as presented.

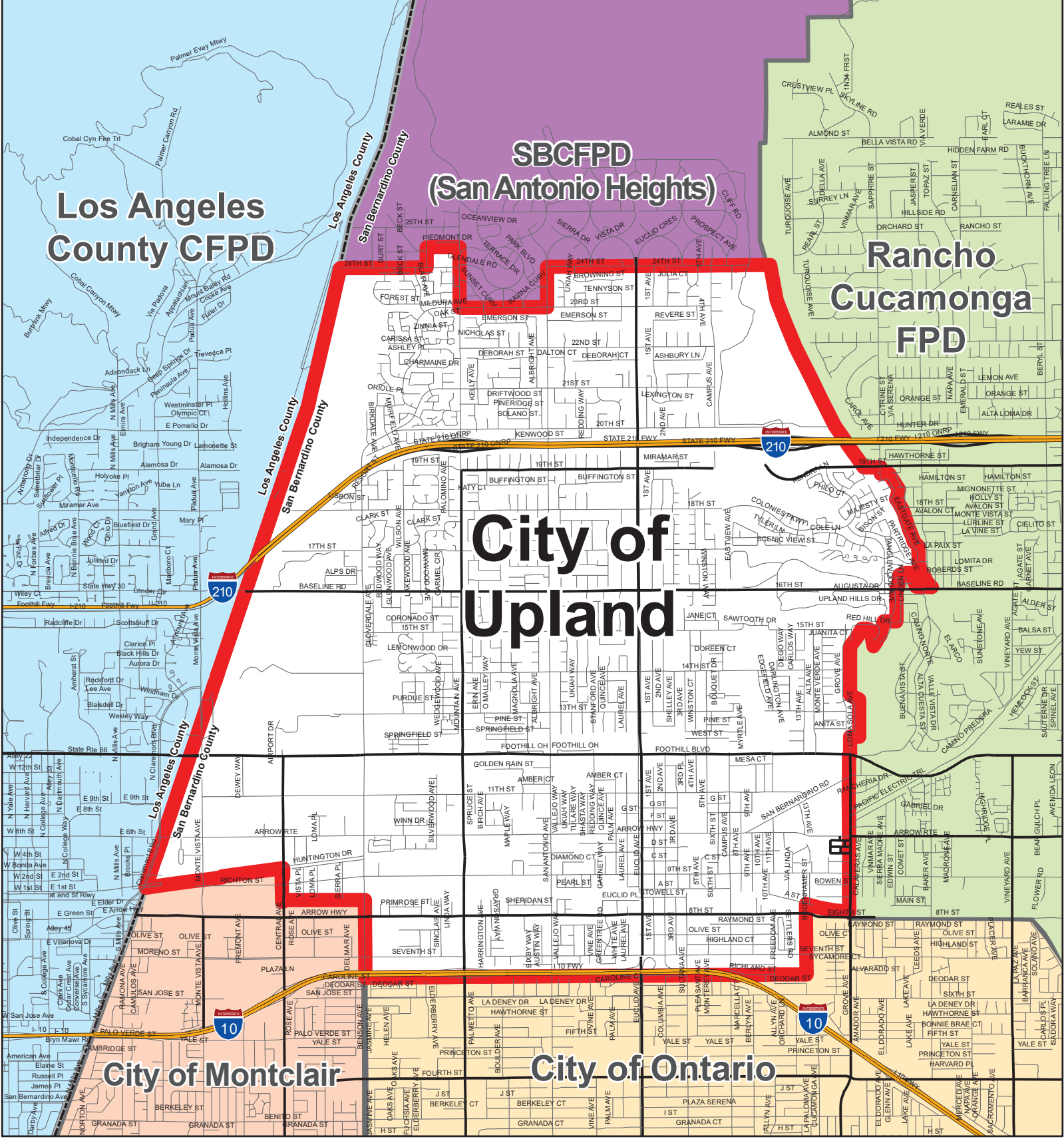
Attachments (with Exhibits to Draft Resolution identified):

1. Vicinity, Reorganization Maps (Exhibit A) and Annexation to Service Zone FP-5 (Exhibit B) and Formation of FP-5 West Valley Maps
2. City of Upland/County Fire Application for Reorganization Including Plan for Service and Fiscal Impact Analysis (Five-Year Projection) (Exhibit C), Transition Plan (Exhibit D), and Supplemental Data
3. Letter from Gregory C. Devereaux, Chief Executive Officer and ICEMA Executive Officer Dated February 28, 2017 Related to Fire Air Ship/Air Ambulance Contract/Permit Transfer and Copy of Contract with Reach Air Medical Services LLC
4. Letter from Gary McBride, County Chief Financial Officer Dated February 28, 2017
5. Contracts To Be Terminated or Transferred by the City of Upland (Exhibit E)

6. Letter from Commission Environmental Consultant Tom Dodson of Tom Dodson and Associates Dated March 8, 2017
7. Draft LAFCO Resolution No. 3242




**Vicinity, Reorganization Maps (Exhibit A)
and Annexation to Service Zone FP-5
(Exhibit B) and Formation of FP-5 West
Valley Maps**

Attachment 1



Annexation to San Bernardino County Fire Protection District and its Valley Service Zone

Legend

-  City of Upland (Area Proposed for Annexation to SBCFPD ,and its Valley Service Zone)
-  San Bernardino County Fire Protection District (SBCFPD)
-  County line

LAFCO 3216
Reorganization to Include Annexations to the San Bernardino County Fire Protection District, its Valley Service Zone, and its Service Zone FP-5, and Formation of Service Zone FP-5 West Valley

Area 1 - Annexation to San Bernardino County Fire Protection District and its Valley Service Zone

Those portions of the County of San Bernardino, State of California, lying within Sections 29 through 33, Township 1 North, Range 7 West, San Bernardino Meridian, Sections 24 through 26, 35, 36, Township 1 North, Range 8 West, San Bernardino Meridian, Sections 4 through 8, 17, 18, Township 1 South, Range 7 West, San Bernardino Meridian, and Sections 1 through 3, 10 through 13, Township 1 South, Range 8 West, San Bernardino Meridian, described as follows:

Those parcels of land located within the current boundary of the City of Upland, State of California, as of December 5th, 2016, per Records of the City of Upland and the San Bernardino County Local Agency Formation Commission;

Area 1 – Containing 10,016 acres (15.65 sq. miles), more or less.

This legal description was prepared by me or under my direction.



12/05/2016

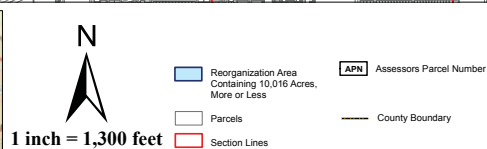
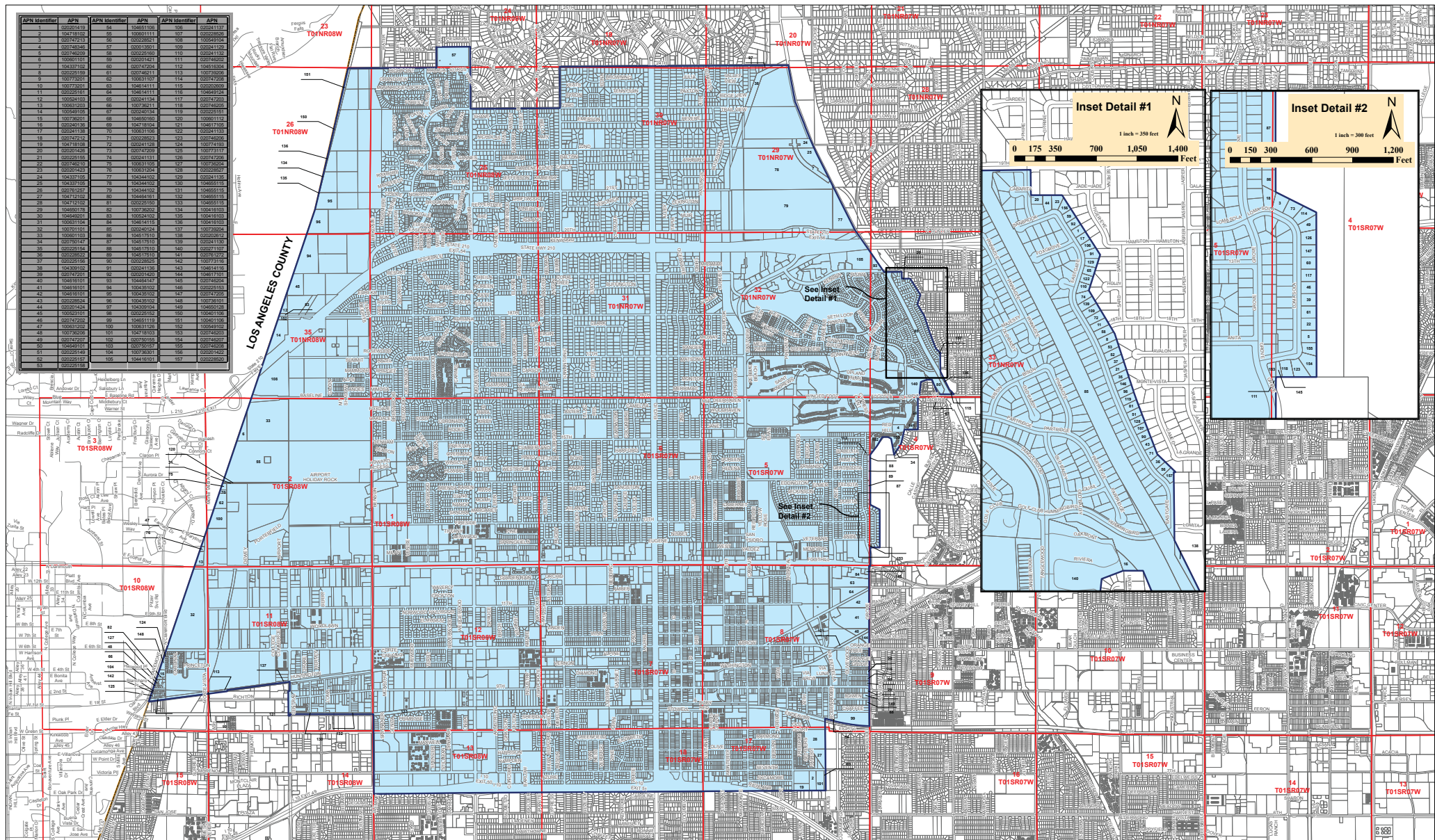
James I. Stone

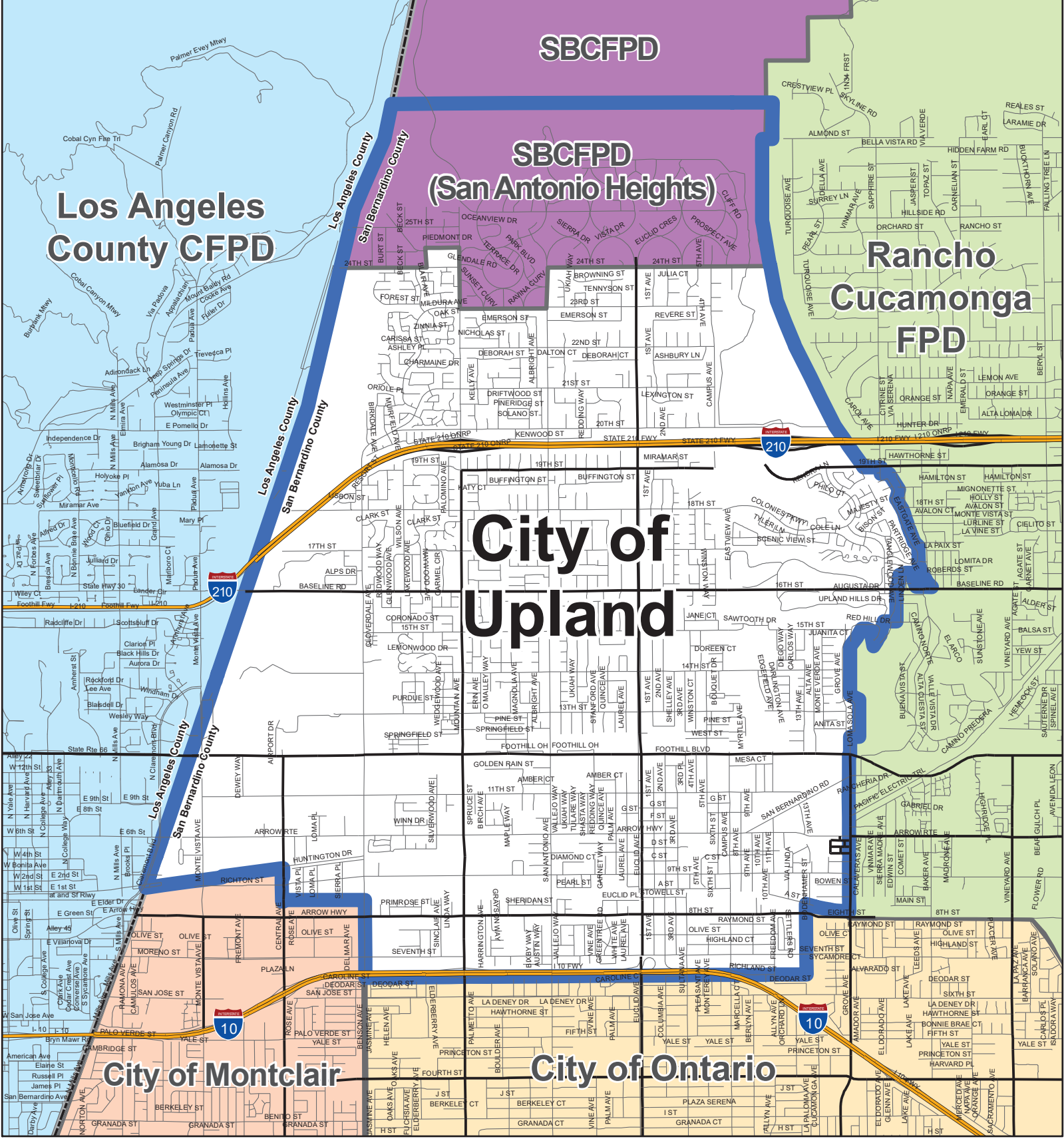
Date

Deputy County Surveyor

PLS 9075, Expiration: March 31, 2018










Annexation to Service Zone FP-5, and Formation of Service Zone FP-5 West Valley

Legend

 City of Upland & San Antonio Heights (Area Proposed for Annexation to Service Zone FP-5, and Formation of Service Zone FP-5 West Valley)

 San Bernardino County Fire Protection District (SBCFPD)

 County line

LAFCO 3216
Reorganization to Include Annexations to the San Bernardino County Fire Protection District, its Valley Service Zone, and its Service Zone FP-5, and Formation of Service Zone FP-5 West Valley

Area 2 - Annexation to San Bernardino County Fire Protection District Service Zone FP-5 and Formation of Service Zone FP-5 West Valley

Those portions of the County of San Bernardino, State of California, lying within Sections 19, 20, 29 through 33, Township 1 North, Range 7 West, San Bernardino Meridian, Sections 23 through 26, 35, 36, Township 1 North, Range 8 West, San Bernardino Meridian, Sections 4 through 8, 17, 18, Township 1 South, Range 7 West, San Bernardino Meridian, and Sections 1 through 3, 10 through 13, Township 1 South, Range 8 West, San Bernardino Meridian, described as follows:

Those parcels of land located within the current boundary of the City of Upland, State of California, as of February 2nd, 2017, per Records of the City of Upland and the San Bernardino County Local Agency Formation Commission;

Together with the following described parcel of land:

Beginning at the intersection of the north line of Section 24, Township 1 North, Range 8 West, San Bernardino Meridian (S.B.M.), with the boundary line between San Bernardino County and Los Angeles County, being in the unincorporated territory of the County of San Bernardino;

1. Thence easterly along the north line of said Section 24 a distance of 4344.77 feet, more or less, to the northwest corner of Section 19, Township 1 North, Range 7 West, S.B.M.;
2. Thence easterly along the north line of said Section 19 a distance of 5453.88 feet, more or less, to the northwest corner of Section 20, Township 1 North, Range 7 West, S.B.M.;
3. Thence easterly along the north line of said Section 20 a distance of 2631.39 feet, more or less, to the north quarter corner of said Section 20;
4. Thence southerly along the east line of the west half of said Section 20, said east line also being the east line of the east half of Government Lot 2 of said Section 20, a distance of 1185.78 feet, more or less, to the southeast corner of said Government Lot 2;
5. Thence westerly along the south line of said Government Lot 2 a distance of 335.75 feet, more or less, to the west line of the Cucamonga Homestead, being the boundary line of the City of Rancho Cucamonga per LAFCO 1608 dated November 30, 1977;
6. Thence southerly along said west line and said LAFCO 1608 a distance of 2656.48 feet, more or less, to an angle point in said west line;
7. Thence southerly along said west line and said LAFCO 1608 a distance of 1472.88 feet, more or less, to the north line of City of Upland Annexation #1, also being the extension of the centerline of 24th Street;

8. Thence leaving said LAFCO 1608, westerly along the centerline of 24th Street and said Annexation #1 a distance of 7274.07 feet, more or less, to the centerline of San Antonio Avenue;
9. Thence southerly along the centerline of San Antonio Ave. and said Annexation #1 a distance of 1320.81 feet, more or less, to the centerline of 23rd Street;
10. Thence westerly along the centerline of 23rd Street and said Annexation #1 a distance of 2848.95 feet, more or less, to the centerline of Mountain Avenue;
11. Thence northerly along the centerline of Mountain Avenue and said Annexation #1 a distance of 1319.86 feet, more or less, to the north line of said Annexation #1, said line also being the south line of the City of Upland Annexation #18;
12. Thence leaving said Annexation #1, northerly along the centerline of Mountain Avenue and said Annexation #18 a distance of 659.87 feet, more or less, to the north line of said Annexation #18;
13. Thence westerly along said Annexation #18 a distance of 1075.24 feet, more or less, to the centerline of Forman Street;
14. Thence southerly along the centerline of Forman Street and said Annexation #18 a distance of 659.45 feet, more or less, to the centerline of 24th Street and to the north line of said Annexation #1;
15. Thence leaving said Annexation #18, westerly along the centerline of 24th Street and said Annexation #1 a distance of 1109.40 feet, more or less, to the west line of the said Annexation #1, said line also being the east line of City of Upland Annexation #46, LAFCO 2086A, dated September 28, 1981;
16. Thence leaving said Annexation #1, westerly along the centerline of 24th Street and said Annexation #46 a distance of 1704.14 feet, more or less, to the west line of the City of Upland, said west line also being the boundary line between the County of San Bernardino and the County of Los Angeles;
17. Thence northerly along said County boundary line a distance of 5630.63 feet, more or less, to the **Point of Beginning**.

Area 2 - Containing 11,695.63 acres (18.27 sq. miles), more or less.

This legal description was prepared by me or under my direction.



02/03/2017

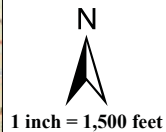
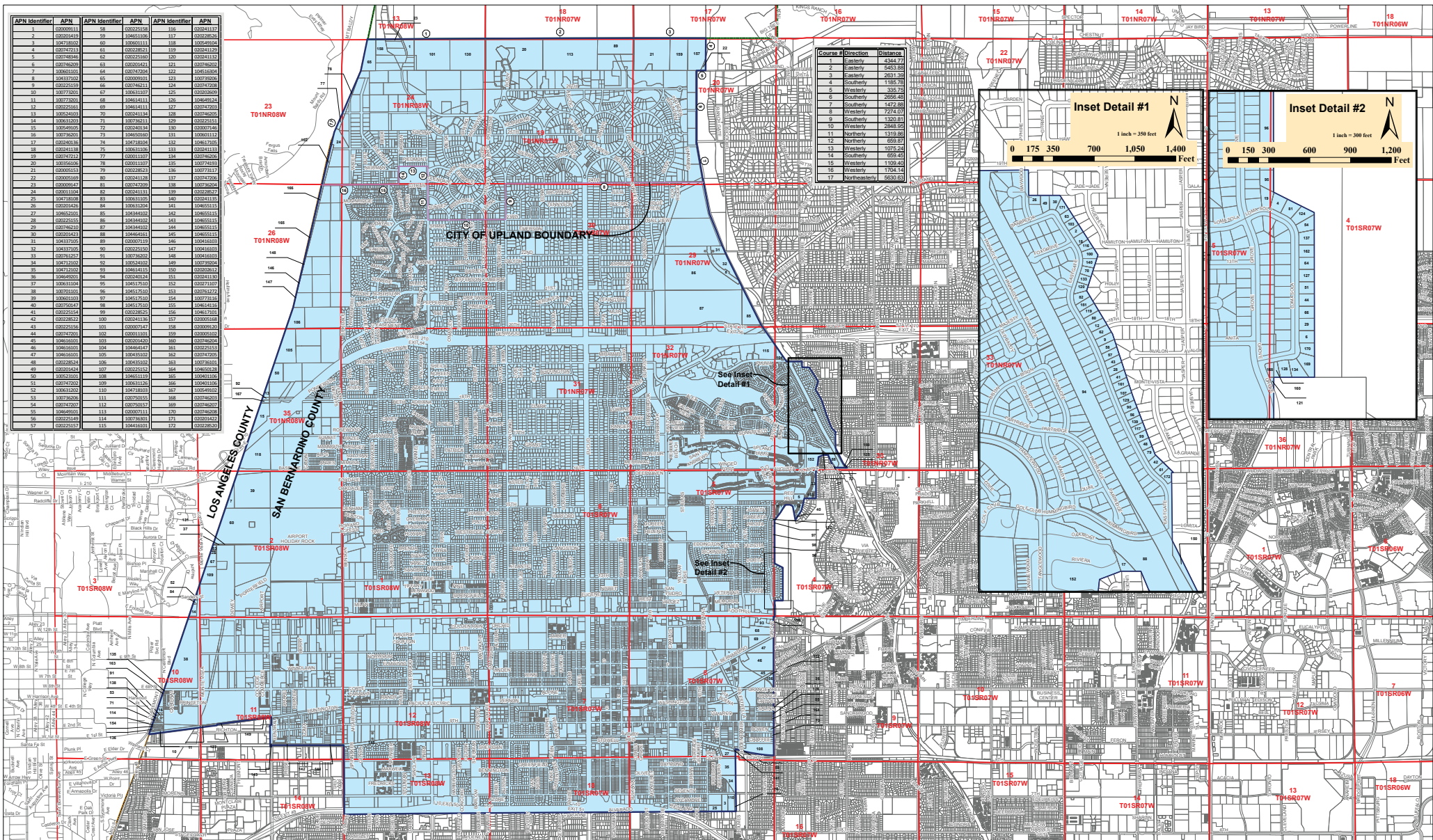
James I. Stone

Date

Deputy County Surveyor

PLS 9075, Expiration: March 31, 2018





- Reorganization Area Containing 11,895.63 Acres, More or Less
- Parcels
- Section Lines
- Course Number
- Assessor's Parcel Number
- County Boundary
- U.S. Forestry Boundary

LAFCO 3216
 Reorganization to Include Annexations to the San Bernardino County Fire Protection District, its Valley Service Zone, and its Service Zone FP-5, and Formation of Service Zone FP-5 West Valley

Area 2 - Annexation to the San Bernardino County Fire Protection District's Service Zone FP-5 and Formation of Service Zone FP-5 West Valley

Those Portions of Township 1 North, Ranges 7 and 8 West, S.B.M. & Township 1 South, Ranges 7 and 8 West, S.B.M., San Bernardino County, State of California.

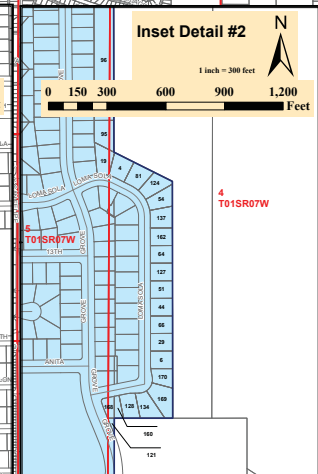
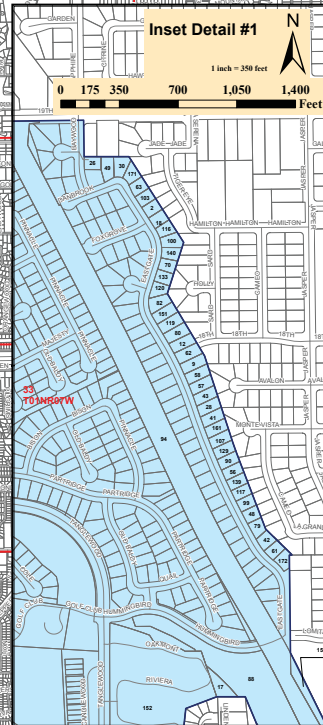
0 1,500 3,000 6,000 9,000 12,000 Feet



THIS MAP WAS PREPARED BY ME OR UNDER MY DIRECTION

02/03/2017
 Date
 James I. Stone
 Deputy County Surveyor
 PLS 9075
 Exp. 3/31/2018
 Job Number 00232LF0 - Revised February 3, 2017

Course #	Direction	Distance
1	Easterly	5453.88
2	Easterly	2601.39
3	Southerly	1185.76
4	Southerly	1185.76
5	Westerly	335.72
6	Southerly	2584.88
7	Southerly	1472.88
8	Westerly	7274.07
9	Southerly	1298.41
10	Westerly	2943.95
11	Northerly	1319.86
12	Northerly	658.87
13	Westerly	1079.24
14	Southerly	658.45
15	Westerly	1108.40
16	Westerly	1704.14
17	Northerly	5630.65



**City of Upland/County Fire Application for
Reorganization Including Plan for Service
and Fiscal Impact Analysis (Five-Year
Projection) (Exhibit C), Transition Plan
(Exhibit D), and Supplemental Data**

Attachment 2

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 application to allow the San Bernardino LAFCO, its staff and others to adequately assess the proposal. By taking the time to fully respond to the questions on the forms, you can reduce the processing time for your proposal. 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:

- (1) Sphere of Influence amendment (expansion) for the San Bernardino County Fire Protection District; and,
- (2) Reorganization to include Annexations to the San Bernardino County Fire Protection District, its Valley Service Zone and Service Zone FP-5

2. NAME OF APPLICANT: City of Upland

APPLICANT TYPE:

☐

Landowner

☒

Local Agency

☐

Registered Voter

☐

Other _____

MAILING ADDRESS: 460 N. Euclid Avenue
Upland, CA 91786

PHONE: (909) 931-4106

FAX: (909) 931-4107

E-MAIL ADDRESS: jvagnozzi@ci.upland.ca.us

3. GENERAL LOCATION OF PROPOSAL:

The City of Upland, California.

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

5. Indicate the reason(s) that the proposed action has been requested.

In 2011, the ongoing recessionary economy, reduced property tax revenue, significant increases in pension benefits costs, ongoing litigation, and general liability and workers comp claims, all came to bear on the City of Upland's finances. The City took steps to significantly reduce staffing levels in order bring ongoing expenses and revenues in line with each other. In addition, other measures were implemented including negotiating employee concessions. The initial costs involved in reducing staff by 25% were higher than anticipated causing further drain on an already cash-strapped budget.

In 2012 the City came very close to declaring a fiscal emergency as the general fund balance reached an all-time low. The qualified opinion of the City's auditor in the 2013 Comprehensive Audit

and Financial Report (CAFR) noted the City's "ability to continue as a growing concern." The City Council appointed a fiscal task force to discuss and suggest options for fiscal stability and a list of recommended actions was developed which included outsourcing fire protection services. The City was able to avoid further drastic cuts due to a flat operating budget, savings from personnel vacancies, positive economic conditions, and a significant legal settlement that provided a one-time infusion of cash.

After enlisting the assistance of financial consultants, a financial model was developed that project the City's financial position over the next seven years. The model depicts deficit spending beginning with the next fiscal year and growing worse each of the next seven years until the City is completely insolvent. These Fiscal projections clearly indicated that without fundamental and substantive changes in its service delivery model, the City would not be able to sustain as a service and budget solvent municipality.

One of the largest areas of concern is the City's inability to meet pension obligations. The City currently lists on its financial statements unfunded liabilities of \$83.5 million with CalPERS and \$4.5 million in other post-employment benefits (OPEB). Further complicating the financial outlook is the lack of maintenance and planning for facilities, vehicles, and infrastructure. This requested annexation and reorganization is the first step in both short and long-term planning for the City's financial stability.

LAND USE AND DEVELOPMENT POTENTIAL

1. Total land area of subject territory (defined in acres):

9,446 acres (City)
1,520 acres (sphere of influence)

2. Current dwelling units within area classified by type (single-family residential, multi-family [duplex, fourplex, 10-unit], apartments)

Total dwelling units = 27,355
Single-family detached = 15,688 dwelling units
Single-family attached = 1,762 dwelling units
Multiple-family (2-4 units) = 2,860 dwelling units
Multiple-family (50 or more units) = 6,180 dwelling units
Mobile homes = 865 dwelling units
Source: City of Upland Housing Element 1/27/14

3. Approximate current population within area:

75,774
Source: DOF 1/1/16

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

5. **RESIDENTIAL LAND USE DESIGNATIONS**

The proposed residential designations include five distinct designations of varying density.

Single-Family Low (0-4 du/ac) (SFR-L)

This is a single-family suburban designation, expected to be detached units. It supports 0 to 4 dwelling units per adjusted gross acre. The purpose of this land use designation is to preserve

existing single-family suburban residential neighborhoods. This designation replaces the following existing land use designations: Single-Family Residential 0-2, 0-3, and 0-4 du/ac.

Single-Family Medium (4-10 du/ac) (SFR-M)

This designation supports 4 to 10 dwelling units per adjusted gross acre. This classification is intended for new and existing single-family neighborhoods with slightly higher densities. This designation is mainly located in the older existing neighborhoods and in transition zones between lower-density residential uses and higher-density commercial, industrial, and multi-family residential land uses. This designation replaces the following existing land use designations: Single-Family Residential 4-6 and 7-10 du/ac.

Mobile Home (8-14 du/ac) (MH)

This designation is for mobile homes. It supports 8 to 14 dwelling units per adjusted gross acre.

Multi-Family Low (10-20 du/ac) (MFR-L)

This land use designation supports vertical attached multi-family development (i.e., townhomes), between 10 to 20 dwelling units per adjusted gross acre. The purpose of this land use designation is to support slightly more dense multi-family development. This designation replaces the following existing land use designations: Multi-Family Condominium 7-12 and 12-20 du/ac, and Multi-Family Residential 7-12 and 12-20 du/ac.

Multi-Family Medium (20-30 du/ac) (MFR-M)

This land use designation supports a variety of residential development types, including vertical and horizontal attached units (i.e., stacked flats, etc.) as well as detached products. This medium density residential development tends to be located on major corridors, near major commercial areas, and near transit stations and opportunities (i.e., bus lines). It supports 20 to 30 dwelling units per adjusted gross acre. The purpose of this land use designation is to provide for a relatively high density residential environment. This is a new higher-density residential designation that does not exist in the current General Plan.

COMMERCIAL LAND USE DESIGNATIONS

The proposed commercial designations are diverse and provide locations for an array of local- and regional-serving commercial establishments in Upland.

Neighborhood Commercial (NC)

This designation is for shopping centers for daily shopping needs with a service radius of approximately one mile. Typical uses include supermarkets, drug stores, and a variety of smaller shops. These neighborhood amenities should be provided throughout the City, generally on lots no greater than 5.0 acres. The FAR is 0.5. This designation replaces the existing Neighborhood Shopping and Neighborhood Conservation designations.

Highway Commercial (HC)

This designation is to provide commercial uses for Upland residents' daily and occasional needs. It is applied only in existing major commercial areas. Highway commercial areas include a wide variety of commercial, office, and restaurant uses oriented to retail trade and services. The FAR is 1.0. This designation replaces the existing Highway Commercial designation.

Regional Commercial (RC)

This designation is intended for the development of regional shopping centers and accompanying uses that are visible from a regional standpoint, such as near freeways and major arterials. Such uses include department stores, home furnishings and appliance stores, apparel stores, specialty retail stores, and restaurants. The FAR is 0.5.

Office/Professional (OP)

While office uses are supported in all commercial designations, this designation provides areas to be used predominantly for professional and administrative offices, supporting retail and related uses. Mixed office and commercial uses are supported as well. The FAR is 0.5. This designation replaces the existing Commercial Professional and Office Only designations.

INDUSTRIAL LAND USE DESIGNATIONS

The proposed industrial land use designations support the industrial economy in the City.

Light Industrial/Business Park (LI-BP)

This designation is intended to accommodate office and industrial uses that produce minimal traffic, noise, odors, or pollutants and generate employment opportunities in the City. Supported land uses include light manufacturing, assembly, processing and office. The FAR is 0.5. This designation replaces the existing Light Industrial, Neighborhood Industrial and Light Industrial/Neighborhood designations.

Industrial (IN)

This designation is for industrial or manufacturing uses located in College Heights, many of which may generate traffic noises or odors but are important employment generators in the City. The FAR is 0.5.

Gravel Mine (GM)

This is a new land use designation for the lands used for gravel mining in the northeastern and western parts of Upland.

MIXED-USE LAND USE DESIGNATIONS

These designations are intended to foster developments that provide a mix of related land uses within close proximity and walking distance, to encourage more walking and reduce traffic and GHG emissions associated with driving.

Commercial/Residential Mixed-Use (C/R-MU)

This designation supports a combination of retail, service commercial and medium- to high-density multi-family residential. The preference for land uses within this designation is to provide integrated (i.e., horizontal) mixed-uses. The Commercial/Residential Mixed-Use designation is intended to support the development of compact, walkable, and pedestrian-oriented districts. Maximum residential density is 20 dwelling units per gross acre and FAR is 1.0. This designation replaces the existing Residential/Commercial Specific Plan designation.

Business/Residential Mixed-Use (B/R-MU)

This designation is intended for areas in which business and/or light industrial uses are compatible with multi-family or single-family residential. Supported uses include light manufacturing, assembly, processing, office, and multi-family and single-family residential. Maximum residential density will be 20 dwelling units per gross acre and FAR is 0.5. This designation replaces the existing Neighborhood Business Specialty and Industrial/Loft Mixed Use designations.

Commercial/Office Mixed-Use (C/O-MU)

This designation would accommodate multi-story office buildings along Foothill Boulevard near San Antonio Hospital, and along Mountain Avenue near the I-10 Freeway, to support regional employment opportunities. Commercial uses are also supported within this designation, and are expected to be integrated into the office complex. The FAR is 1.5.

Commercial/Industrial Mixed-Use (C/I-MU)

This designation would accommodate a variety of industrial and regional retail uses and would support commercial activities to satisfy a range of shopping needs for residents of the community. It is also intended to encourage development of business in the City and to maximize the potential for job generation. Uses supported under this category include commercial and industrial. Industrial uses would include: limited general industrial, manufacturing, assembly, warehousing, multi-tenant industrial, research and development, and airport-related uses. Commercial activities include: retail commercial and durable sales goods, tourist-related commercial, entertainment, recreational uses, administrative and professional offices, commercial activities, business support services, food and institutional uses, as well as residential, subject to a reasonable minimum increment of land area as well as a special use permit process. The FAR is 1.0. This designation replaces the existing Commercial/Industrial Specific Plan designation.

SPECIAL/INSTITUTIONAL LAND USE DESIGNATIONS

Institutional (I)

This designation is for large private institutions, including the hospital and churches.

Civic/Schools (C-S)

This designation is for major public uses or institutions, including the Civic Center, schools, and fire stations. This designation combines the existing Public and School designations into one designation.

Park/Open Space (P-OS)

Parks/Open Space are designated green areas. This designation encompasses active and passive public parks of all sizes and other forms of open space, such as natural hillside areas and retention basins. Residential, commercial, and industrial activities are not supported. This designation combines the existing Park and Open Space designations into one designation.

Public Utilities (PU)

This designation is for landfills, flood control/recharge facilities and public utilities, including gas, electricity, and water. This designation combines the existing Reservoir, Land Fill, Edison Easement and Flood Control/Recharge designations into one designation.

Cable Airport (CA)

This designation is for Cable Airport.

Specific Plan (SP)

This designation is for the multiple special plan areas of the City, which have specific land use designations and development standards. These specific plans include Historic Downtown Upland, the Colonies, College Park, Foothill Walk, Foothill Benson Terrace, Wyeth Cove, Upland Crossing, College Commerce Center, and Park View.

San Bernardino County General Plan designation(s) and uses permitted by this designation(s):

N/A

6. 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:

N/A

7. Indicate the existing use of the subject territory.

Residential, commercial, office, industrial, parks and public facilities.

What is the proposed land use?

There is no change to the proposed land uses that would result following the reorganization and sphere of influence amendment.

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 ☒ If YES, please explain.

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

- | | |
|---|---|
| <input type="checkbox"/> Agricultural Land Uses | <input type="checkbox"/> Agricultural Preserve Designation |
| <input type="checkbox"/> Williamson Act Contract | <input checked="" type="checkbox"/> Area where Special Permits are Required |
| <input checked="" type="checkbox"/> Any other unusual features of the area or permits required: Projects near Cable Airport require permits | |

10. Provide a narrative response to the following factor of consideration as identified in §56668(p): *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:*

Annexation of the City into the District will result in expanded, more reliable, efficient and effective fire protection and emergency medical services to all residents of the community.

ENVIRONMENTAL INFORMATION

1. Provide general description of topography.

The San Gabriel Mountains are to the north of Upland. The city terrain is fairly flat but slopes gradually to the north. From south to north, the city elevation increases by 825 feet over a distance of 4.25 miles, from 1,175 feet at the intersection of 7th Street and Euclid Avenue (southern city boundary) to an elevation of 2,000 ft at the intersection of 24th Street and Euclid Avenue (northern city boundary).[35] The highest peak in the San Gabriels, Mount San Antonio, known locally as Mount Baldy, is approximately 9.5 miles north of the Upland's northern boundary and caps out at 10,064 feet.

Upland is bordered on the east by Rancho Cucamonga, to the south by Ontario and Montclair, to the west by Claremont, and to the north by the unincorporated community of San Antonio Heights.

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

Residential	4,397 acres; 55.4%
Commercial	721 acres; 9.1%
Industrial	458 acres; 5.8%
Agricultural	20 acres; 0.2%
Vacant	213 acres; 2.7%
Other:	
Public/Governmental	514 acres; 6.5%
Special/Institutional	103 acres; 1.3%
Airport	77 acres; 1.0%
Park/Open Space	1,426 acres; 18%
Parking	16 acres; 0.2%

3. Describe the surrounding land uses:

NORTH	San Antonio Heights, Unincorporated San Bernardino County
EAST	City of Rancho Cucamonga
SOUTH	Cities of Ontario and Montclair
WEST	City of Claremont

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

N/A

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

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

There are existing mutual and auto aid agreements in place with the following agencies fire protection, suppression, and emergency medical services:

City of Rancho Cucamonga
City of Ontario
City of Montclair
City of Chino
Los Angeles County Fire
San Bernardino County Fire

7. Is this proposal a part of a larger project or series of projects? YES ☐ NO ☒ If YES, please explain.

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 Martin Thouvenell, Interim City Manager TELEPHONE NO. (909) 931-4106

ADDRESS: City of Upland, 460 N. Euclid Avenue, Upland, CA 91786

NAME Jeannette Vagnozzi, Deputy City Manager TELEPHONE NO. (909) 931-4121

ADDRESS: City of Upland, 460 N. Euclid Avenue, Upland, CA 91786

NAME Keri Johnson, Deputy City Clerk TELEPHONE NO. (909) 931-4124

ADDRESS: City of Upland, 460 N. Euclid Avenue, Upland, CA 91786

CERTIFICATION

As a part of this application, the City of Upland (the applicant) agrees 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 the application subject property) agree to defend, indemnify, hold harmless, promptly reimburse San Bernardino LAFCO for all reasonable expenses and attorney fees, and release 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, penalties, fines and other costs imposed upon or incurred by San Bernardino LAFCO should San Bernardino LAFCO be named as a party in any litigation or administrative proceeding in connection with this application.

As the person signing this application, I will be considered the proponent for the proposed action(s) and will receive all related notices and other communications. I understand that if this application is approved, the Commission will impose a condition requiring the applicant and/or the real party in interest 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 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 12-5-16



MARTIN THOUVENELL
INTERIM CITY MANAGER
CITY OF UPLAND

PLEASE CHECK SUPPLEMENTAL FORMS ATTACHED:

- ☒ ANNEXATION, DETACHMENT, REORGANIZATION SUPPLEMENT
- ☒ 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

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 proposal. You may also include any additional information which you believe is pertinent. Use additional sheets where necessary, and/or include any relevant documents.

1. ANNEXED TO

San Bernardino County Fire
Protection District
157 West Fifth Street
San Bernardino, CA 92415-0451
- DETACHED FROM

City of Upland
460 N. Euclid Avenue
Upland, CA 91786
2. For a city annexation, State law requires pre-zoning of the territory proposed for annexation. Provide a response to the following:
 - a. Has pre-zoning been completed? YES ☐ NO ☐
 - b. If the response to "a" is NO, is the area in the process of pre-zoning? YES ☐ NO ☐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
3. For a city annexation, would the proposal create a totally or substantially surrounded island of unincorporated territory?
YES ☐ NO ☐ If YES, please provide a written justification for the proposed boundary configuration.

N/A
4. Will the territory proposed for change be subject to any new or additional special taxes, any new assessment districts, or fees?

Yes. County Service Zone 5 is proposed to be applied to all improved and unimproved parcels in the City of Upland for fire protection and emergency medical services. See the Fiscal Impact Analysis for projected revenues.
5. Will the territory be relieved of any existing special taxes, assessments, district charges or fees required by the agencies to be detached?

No

6. 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.

No

7. 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

8. **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.

- A. A description of the level and range of each service to be provided to the affected territory.

Please see attached Plan for Service and Fiscal Impact Analysis (Attachments A, B, C)

- B. An indication of when the service can be feasibly extended to the affected territory.

July 1, 2017. Please see attached Plan for Service and Fiscal Impact Analysis (Attachments A, B, C)

- C. 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.

Please see attached Plan for Service and Fiscal Impact Analysis (Attachments A, B, C)

- D. 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.

Please see attached Plan for Service and Fiscal Impact Analysis (Attachments A, B, C)

- E. 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.

N/A

- F. 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

CERTIFICATION

As a part of this application, the City of Upland (the applicant) agrees to defend, indemnify, hold harmless, promptly reimburse San Bernardino LAFCO for all reasonable expenses and attorney fees, and release 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, penalties, fines and other costs imposed upon or incurred by San Bernardino LAFCO should San Bernardino LAFCO be named as a party in any litigation or administrative proceeding in connection with this application.

As the person signing this application, I will be considered the proponent for the proposed action(s) and will receive all related notices and other communications. I understand that if this application is approved, the Commission will impose a condition requiring the applicant and/or the real party in interest 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 acknowledge that annexation to the San Bernardino County 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 XIID 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 the documents attached to this form 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 12-5-16



MARTIN THOUVENELL, INTERIM CITY MANAGER
CITY OF UPLAND

City of Upland
Annexation into the
San Bernardino County Fire Protection District
Plan of Service

February, 2017

1. Annexation

The City of Upland (City) proposes to annex into the San Bernardino County Fire Protection District (County Fire), its Valley Service Zone and Fire Protection Service Zone 5 (FP-5) for the provision of fire suppression and emergency medical services. Annexation to the San Bernardino County Fire Protection District (County Fire) will allow the City to take advantage of the substantial economies of scale available from County Fire, as well as existing County Fire stations and personnel located nearby to the City. These factors will allow the City to reduce the overall level of City revenue allocated to fire service delivery, freeing up scarce City resources to address other critical service delivery needs in the community.

The reorganization of County Fire and annexation of the City into County Fire would result in the complete assumption of fire, rescue, and EMS services by County Fire for the City of Upland. Through the reorganization process an agreement will be developed to transfer a percentage of the City's property tax revenue to County Fire to support the short and long term costs of providing fire protection services. Following completion of the reorganization, and execution of the property tax reallocation agreement, the City will have no further funding obligations for fire suppression or emergency services within the City. The proposed start of service should the reorganization be approved is August 5, 2017. The following describes the plan of service that would be provided by County Fire to the City upon annexation.

2. Incident Response

A. Fire Suppression

County Fire is a full-service organization operating over seventy fire stations serving approximately 1,000,000 citizens throughout the approximately 19,130 square miles of unincorporated territory plus nine incorporated cities including Adelanto, Fontana, Grand Terrace, Hesperia, Needles, San Bernardino, Twentynine Palms, Victorville, and Yucca Valley. County Fire provides a full range of emergency services including ladder trucks and elevated stream operations, fire boats for water rescues, snow cats for winter operations, heavy equipment dozers and front-loaders for flooding and earth moving, hand crews, ambulance transportation in seven ambulance operating areas, paramedics on engines and ambulances, and large incident command and control capability. County

Fire's chief officers are trained to function in various Incident Command System (ICS) capacities while some participate on Interagency Management Teams. Levels of service vary in each community based on County Fire's available revenue. Staffing in County Fire stations varies from all paid-call firefighters to two, or three, career firefighters on each fire engine.

The City of Upland is located within San Bernardino County Fire Protection District's Valley Service Zone. The Valley Service Zone currently staffs and deploys the following:

Table 1. County Fire Valley Service Zone Staffing and Resources

Personnel		Resources
Assistant Chiefs	2	Type I Engines
Battalion Chiefs	9	Type III Engines
Administrative	5	Type VI Engines
Fire Captains	78	Ladder Trucks
Fire Engineers	78	Type I Hazmat Unit
Firefighters (PM)	93	Heavy Rescue
Firefighters	21	Squads
		Water Tenders
		Utilities
		Command Vehicles

B. Emergency Medical Response

County Fire is the largest provider of pre-hospital care in the County and second largest ambulance transport provider. This level of service is provided using Paramedic Engine/Truck/Squad Companies or Paramedic Ambulances depending on the need of the local communities. County Fire also has an extensive Automatic External Defibrillator (AED) program operating in 27 communities with 52 defibrillators.

C. Hazardous Materials Response

County Fire Hazardous Materials Division has maintained and implemented a comprehensive Hazardous Materials Emergency Response Team since 1983, which responds to all incidents associated with the release of hazardous materials or hazardous wastes throughout the County. The team is fully equipped and comprised of ten Registered Environmental Health Specialists who are trained to the State of California Hazardous Materials Specialist level.

For individual emergencies and disasters, hazardous materials responses are coordinated through the Incident Command System, the Standardized Emergency Management System (SEMS) and the automatic aid provisions. In addition to the ten

Registered Environmental Health Specialists, County Fire maintains two Type II Hazardous Materials Response Units. One unit is located in the West Valley and one unit in the North Desert. The units are staffed with 36 Specialist Level members of the hazardous materials team. County Fire also maintains five Decontamination Trailers located in the various divisions for quick regional response. These units provide for the rapid decontamination and clothing of up to 500 victims for release or treatment during an emergency. Hazardous materials equipment, response, and training are coordinated through the Interagency Team concept adopted by the San Bernardino County Fire Chiefs' Association as an efficient delivery of specialized hazardous materials response throughout the County. Depending on the incident and resources available, members of the team may fill any position in the Incident Command System ranging from entry and de-con personnel, team leaders, HAZMAT group supervisor, PIO, safety officer and unified incident commanders.

The Hazardous Materials Emergency Response Team is critical to civil and criminal investigations. The team provides the expert testimony, obtains and prepares and documents evidence, and conducts the sampling maintaining the chain of custody for any evidence collected.

D. Rescue Operations

County Fire is one of California's largest Office of Emergency Services (OES) Urban Search & Rescue (USAR) local government resources. County Fire currently deploys three Heavy Rescues and one Medium Rescues. County Fire has also been certified by the State of California as a Regional Taskforce for USAR providing RTF-6 for response throughout the State of California. County Fire currently has 70 personnel trained to "Heavy" Type I response capability, and these numbers continue to grow. Additionally, nearly all of County Fire's personnel have been trained in swift-water rescue, over-the-side rescue, and other various aspects of technical rescue. County Fire has also taken the lead within the County in the fight against terrorism. County Fire has been the recipient of numerous grants from the Federal Government for terrorism preparation. County Fire is also very active on the Terrorism Early Warning Group, the Terrorism Oversight Committee and Bio-Terrorism Operations Committee.

Urban Search & Rescue is considered a multi-hazard discipline; as it may be needed for a variety of emergencies or disasters, including earthquakes, storms and tornadoes, floods, dam failures, technological accidents, terrorist activities, and hazardous materials releases.

E. Mass-Casualty Incident Response

County Fire deploys trained and experienced personnel and resources to effectively manage mass-casualty incidents (MCI). Fixed resources include 11 self-contained MCI trailers stocked with medical equipment including backboards, blankets, trauma dressings, IV solutions, oxygen, triage tarps, etc., and each are designed to be towed

or lifted by helicopter to the scene of a major medical incident. The MCI trailers are strategically located within each of the divisions near the likely locations of mass-casualty incidents such as transportation corridors and remote mountain communities. County Fire can also mobilize multiple ALS and BLS ambulances through existing Ambulance Mutual Aid Agreements on file with ICEMA. County Fire recognizes, and prepares for mass-casualty incidents in the event of an act of terrorism, natural disaster, or transportation incident.

F. Arson Investigation Services

County Fire provides Arson Investigation services for all areas served by the County Fire. County Fire's Fires Investigation Bureau has seven investigators with at least one supervisor assigned daily. Fire prevention inspectors who are assigned a geographical region may also respond as fire investigator. The assigned investigator along with the back-up investigator covers all investigations after hours. The investigator who performs these duties are armed Peace Officers. Their responsibility is to conduct fire investigations for cause and origin, conduct criminal investigations, assist the local law enforcement agency, and County District Attorney with the prosecution of cases.

County Fire investigators work in conjunction with the San Bernardino County Sheriff Department Arson and Bomb Unit on multi-agency crime scene investigations. The Fire Investigation Unit conducts over 500 investigations annually.

G. Major Disaster Response

County Fire has a proven history of managing major incidents and disasters. Major disaster response usually includes the activation of Incident Management Teams to effectively manage the incident, and to free-up local resources and personnel. Several County Fire personnel on Interagency Management Teams functioning as Incident Commanders, Operation Section Chiefs, Logistics Chiefs, Safety Officers, Division/Group Supervisors, Public Information Officers, GIS Technical Specialists (mapping technicians), and Helicopter Coordinators. County Fire is also a participant in the San Bernardino County Chiefs Incident Management Team. Employees assigned to Incident Command Teams are all NWCG 310-1 Red-Card Certified (National Wildfire Coordinating Group). County Fire also has its own Type III Incident Management Team.

H. Confined-Space Operations

County Fire provides training to all suppression personnel to the Confined Space Awareness level. This level of training allows for basic confined space rescue operations and the establishment of the Incident Command System while awaiting the arrival of technical rescue team members. The majority of County Fire's personnel have obtained a higher level of training comprised of the Confined Space Rescue Operational level. County Fire has the capability of performing complex rescue

operations using state-of-the-art rescue equipment. County Fire maintains and operates supplied-air breathing apparatus (SABA), intrinsically safe communications and lighting equipment, tripods for vertical entry and rescue operations, rope rescue systems, and other specialized equipment for complex confined space rescue operations.

3. Fire Prevention

A. Pre-development Planning

County Fire will assign members of the Fire Prevention Planning and Engineering Section to coordinate and participate in the City's development review process. This allows County Fire personnel to convey Fire Code requirements to contractors and developers interested in developing projects within the City. The Fire Prevention Planning and Engineering personnel will also review proposed developments, inspect proposed development sites, meet with City and County Building Officials, Planners and staff to make appropriate recommendations to developers.

B. Plan Submittal Review

The Fire Prevention Planning and Engineering Section will review all residential, commercial, industrial, and manufacturing plans as well as tract maps for compliance with the appropriate fire and building codes as well as our local ordinances and standards. Prevention personnel will provide written comments to proposed developers and contractors regarding conditions and requirements for their projects and/or proposed developments. Prevention staff will be available for questions pertaining to the proposed projects or developments.

C. Development Inspection

County Fire will provide site inspections of all developments within the City of Upland requiring such inspections. Fire inspection personnel will coordinate and schedule inspection dates and times with the contractors and developers.

D. Post Occupancy Inspections

Pre-Fire Planning - County Fire will perform pre-fire inspection service assessments. An Engine company will perform these inspections through a coordinated effort with the Fire Prevention Division. Each engine company will be given a geographical area and be required to perform these inspections and generate pre-fire planning diagrams.

Permit Inspection and Permit Issuance - County Fire will provide annual inspections and permit issuance for occupancies as outlined in the California Fire Code and any County or City ordinances.

New Business Review - County Fire will perform new business occupancy inspections upon request from Land Use, Planning and Building and Safety. The expectation would be for Building and Safety to notify County Fire when a new business is being considered for a business license.

E. California Fire and Building Code Administration

County Fire administers the San Bernardino County Fire Code as amended from the California Fire Code as well as State Fire Marshal regulated sections of the California Building Code. A committee was established under the direction of the San Bernardino County Fire Chiefs' Association whose sole responsibility is to monitor changes, code adoptions and prepare staff reports with recommendations to the Fire Marshal for ordinance amendments and for proper interpretation of the San Bernardino County Fire Code.

F. Upland City Fire Code Administration

As part of the annexation process, County Fire and LAFCO will require that related County Fire ordinances and fee schedules be adopted by the City.

G. Weed Abatement

County Fire performs vegetation risk assessments within its jurisdiction. Property owners are required to abate their property of weeds and vegetation that could create a fire hazard and pose a potential threat to adjacent properties. County Fire will work with City code enforcement to develop a program to identify properties with high risk and how to gain voluntary compliance. If voluntary compliance is not obtained, there is an administrative citation process and a property lien process available depending on how compliant the property owner wishes to be. Generally, voluntary compliance has a high success rate in reducing neighborhood fire risk associated with vegetation management.

H. Fire Investigations

County Fire will provide fire investigative services and Fire Code law enforcement twenty-four hours per day in the City. Fire Investigators are sworn Peace Officers and Reserve POST certified investigators. County Fire also participates with the San Bernardino County Arson Task Force (SBCATF) under a cooperative agreement. SBCATF provides additional investigations services for large scale and difficult to manage investigations without additional costs to jurisdictions.

I. Public Education and Special Events

Public education and special event management will be provided through County Fire's Community Safety Division with trained Fire Prevention Specialists. County Fire's public education programs include the Juvenile Fire Starter Intervention program for kindergarten through twelfth grade, and customized program delivery for senior citizens.

Special event management incorporates all large venue events such as California Speedway and San Manuel Amphitheater as well as specialized management for individual jurisdictions events. Special Events Unit provides permitting and inspection services for all special events within County Fire's service area.

J. Community Emergency Response Teams (CERT)

The City of Upland will support and manage the CERT program for the City to the level determined by the City. The City's CERT volunteers will be eligible to receive ongoing training organized by County Fire and the Office of Emergency Services. This training will allow the City's CERT Team to integrate with County Fire's CERT Teams including in San Antonio Heights in the event of a large incident in either area.

K. Emergency Management

County Fire shall provide Emergency Management services, training, and support to the City by assigning an Emergency Services Officer (ESO) to support the City. An ESO will be available to the City during any activation or when requested.

4. Dispatch/Communications

Upland Fire is already dispatched by the Confire JPA (CommCenter) Dispatch Center located in Rialto. County Fire will continue the use of the trunked Motorola 800 MHz radio system for all apparatus and staff vehicles and the County 900 MHz paging system. The Confire system also provides Automatic Vehicle Locators (AVL), Mobile Data Computer (MDC), and Wi-Fi hotspots on all units to support the latest generation of Computer Aided Dispatch (CAD) and support. The Confire system dispatches the closest available unit by using the call location and real time AVL information to determine the closest unit. The MDC's provide call details, mapping and pre-plan information. Patient Care Reports are generated on tablet computers that are linked through Wi-Fi hotspot to the call data.

Confire is also a certified provider of Medical Priority Dispatch System (MPDS). The system is a medically approved, unified system used to dispatch appropriate aid to medical emergencies including systematized caller interrogation and pre-arrival instructions. MPDS starts with the dispatcher asking the caller key questions. These questions allow the dispatchers to categorize the call by chief complaint and set a determinant level ranging from A (minor) to E (immediate life threatening) relating to the severity of the patient's condition. The response then may be altered based on the determinant level. This approach accomplishes two goals, ensuring a response and evaluation to all 911 calls for service regardless of the status of the ambulance company and keeps the engine companies available and in their areas for the higher level calls. The Confire JPA provides the network connectivity for all San Bernardino County Fire

Stations to allow for system inter-action of various County Fire programs and management tools. All existing City owned computer equipment currently in City fire stations or on fire equipment will become County Fire owned. Any Computer equipment already owned by Confire JPA will continue to be owned by Confire JPA.

The City of Upland has no dispatch equipment that would transfer to Confire JPA.

5. Administration

A. Liaison to the City

The Fire Chief of the San Bernardino County Fire Protection District will assign an Assistant Chief as the Fire Chief for the City of Upland. The Assistant Chief shall act as liaison to the City regarding fire protection issues.

B. Meeting Attendance

The assigned Assistant Chief will attend all meetings as requested by the City. S/he will also attend City Council meetings as the City Fire Chief or County Fire Assistant Chief and make appropriate reports on the activities of County Fire.

C. Reports and Records

County Fire maintains a variety of records that are typically maintained by fire departments. These records include emergency responses, company inspections, facility and equipment safety inspections, equipment repairs, employee time reports, etc. Quarterly staff reports, review and adoption of related codes, and other related reports requested by the City and/or City Manager will be provided in a reasonable time-frame that is mutually agreed upon by both parties.

D. Fire Complaints and Public Information

County Fire understands the need for positive, engaged community relationships, which is a major value for the County Fire organization. The values cited in County Fire's Mission Statement would be applied equally in the City of Upland. Information requested through the Public Information Act is readily available through our division headquarters or fire department administrative headquarters. County Fire has an established fee schedule and members of the public wishing copies of documents are subject to the appropriate fees.

E. City of Upland Identity

County Fire will work with the City Manager or his/her designee to maintain the history and identity of the Upland City Fire Department as much as possible. This would include equipment identification, fire station signage, reports and records. County Fire's customer service philosophy is focused on meeting the needs of the customer in the

shortest reasonable timeframe, without numerous referrals or transfers to other departmental agencies, and mostly being courteous, polite, and helpful in every manner.

F. Financial Management

County Fire will provide the City of Upland financial reports whenever requested. County Fire will also work with the City to provide these reports in an acceptable format and include any reasonably obtainable information. County Fire shall maintain a separate accounting of all FP-5 funds generated and spent within the City of Upland.

6. Facilities and Equipment

A. Buildings

All listed buildings and property of the Upland City Fire Department will become property of County Fire following completion of the reorganization. This includes all City Fire property and equipment in each facility. The transfer of the buildings, equipment, etc. will be at no cost to County Fire. For those properties transferred, County Fire will then be responsible for all future maintenance, repairs and replacement. All Quit Claim Deeds shall be prepared and approved by the City Manager's Office, County Fire, and LAFCO. All Quit Claim Deeds shall be ready for filing prior to the date of reorganization.

1. Station 161 at 475 North Second Ave is part of the City Civic Center complex. A Grant Deed will be prepared for the building including access and parking easements. The City shall be granted access to the Generator for the complex.
2. Station 163 at 1350 Benson Ave is part of the City Yard complex and will be subdivided with access easement granted as needed.
3. Station 164 at 1825 N. Campus Ave has as part of the lot owned by the Metropolitan Water District with a lease to the City. The City and County Fire shall work together to transfer the lease to County Fire.
4. Station 165 at 1257 N. Airport Drive supports the Reach Air Contract. The City owns a two-piece modular building (listed in exhibit B) on Cable Airport property and the building will transfer to County Fire. Reach Air pays the lease cost for the property through the City for the station. This lease will transfer to County Fire. Reach directly pays all costs to operate the aircraft at the airport. County Fire will have no ownership other than the building.

B. Equipment

Upon the occurrence of the reorganization the real property locations listed on Exhibit “A” (“Transferred Facilities and Vehicles”) attached hereto and incorporated by reference (the “Transferred Facilities”), and the vehicles listed on Exhibit “B” (the “Transferred Vehicles”), together with all the fixtures and furnishings of the Premises, together with all firefighting equipment and apparatus used in connection with the Facilities and Vehicles, and all property, furniture, fixtures, materials, and equipment necessary or convenient to service, maintain, repair, provision or replace the Vehicles and the Premises, and any and all property, furnishings and equipment, real or personal, previously furnished by the City for Office of Emergency Services, fire prevention services, fire protection and ALS/Paramedic services, for the purpose of performing the activities and fulfilling the responsibilities of County Fire shall become property of County Fire. County Fire shall be responsible for all future maintenance, repairs and replacement of vehicles, equipment, and facilities in the City of Upland. The City Manager’s Office shall prepare all Title Transfer Documents for the Vehicles listed in Exhibit “A” and present them to County Fire by the reorganization date.

The City currently is making payments on Cardiac Monitors that are not the County Fire Standard. County Fire and the City shall work together to pay off the current loan and trade the existing monitors for the County Fire standard.

7. Miscellaneous

A. Assumption of Existing Personnel

1. Suppression Personnel. County Fire agrees to offer employment to all City Suppression Personnel to the extent that each of such Suppression Personnel successfully passes, in the sole determination of County Fire, the background check, including review of their City of Upland personnel file, training records and applicable certificates, pre-employment physical, and drug test required by County Fire. Such Suppression Personnel will be hired as new County Fire employees for all purposes except those set forth below. Failure to pass the required background check/pre-employment physical or drug test shall disqualify a person from employment with County Fire.
2. Seniority of Suppression Personnel. County Fire agrees to maintain employee’s City service dates for the following purposes, only: (i) County Fire’s retirement contribution, with the rate to be determined by San Bernardino County Employees Retirement Association (“SBCERA”), recognizing that the reciprocal retirement contribution rate only applies if the employee does not elect retirement from City’s retirement plan and takes all actions necessary to establish reciprocity; (ii) participation in the Retiree

Medical Trust Fund; and (iii) MOU benefits based on service hours such as vacation accrual rate and longevity pay.

3. Hiring of City Non-Suppression Personnel. Offers of employment to City full time non-suppression personnel with County Fire will be based on each person's experience, qualifications and certifications. The number of non-suppression personnel offered employment with County Fire will be determined by the qualifications of the employees and the availability of positions within County Fire as of the date of reorganization. Any Non-Suppression Personnel offered employment by County Fire will be required to successfully pass, in the sole determination of County Fire, a background check including a review of their City of Upland personnel file, training certificates and records, pre-employment physical, and drug test as required by County Fire. Failure to pass the required background check/pre-employment physical or drug test shall disqualify a person from employment with County Fire. All full time City Non-Suppression Personnel will be hired as new County Fire employees for all purposes except the following: (i) The County's miscellaneous employee retirement contribution rate as determined by the San Bernardino County Employees Retirement Association (SBCERA), recognizing that the reciprocal retirement contribution rate only applies if the employee does not elect retirement from City's retirement plan and takes all actions necessary to establish reciprocity; (ii) vacation accrual rate; (iii) participation in the Retirement Medical Trust; (iv) sick leave conversion eligibility; (v) other MOU benefits based on service hours. All Non-Suppression Personnel that are offered employment with County Fire will be required to serve a six (6) to twelve (12) month probationary period with County Fire as defined by the applicable County Fire MOU or Compensation Plan. All City employees hired by County Fire will be eligible to compete for future promotional opportunities with County Fire as soon as they are eligible to do so. Time employed by the City will be counted for promotions within County Fire requiring a minimum amount of time with County Fire or achievement of a certain rank or position.
4. Vacation/Holiday/Sick Leave. On or before the completion of the reorganization, City may remit to County Fire the cash value of up to 96 hours each of vacation, holiday, and sick leave, to the extent owing, of each hired employee's City's leave balances at the rate of pay the employee will be receiving at County Fire for purchase of leave balances for the hired employees (the Vacation/Holiday/Sick Leave Advance). County Fire will have no responsibility for determining the appropriate number of hours to be purchased by City for employees hired by County Fire. Except to the extent covered by the Vacation/Holiday/Sick Leave Advance, City will retain all liability for employee leave balances and related matters. City will similarly

retain all liability for pre-existing medical conditions due to occupational injuries for all City employees hired by County Fire.

5. Unfunded Retirement Plan Liability. City will retain all liability for any unfunded retirement plan liability as of the annexation date for all City employees hired by County Fire. City will retain all liability for any promised retirement benefits, such as health insurance maintenance or payment. County Fire does not accept any liability regarding City employees that arise from City employment up through the reorganization date.
6. Positions with County Fire. Notwithstanding any provision to the contrary in the Personnel Rules for Board Governed Special Districts to which County Fire is subject, all Suppression Personnel and other City employees that are offered employment by County Fire upon or shortly after the annexation date will be offered comparable positions with County Fire at a base salary (without incentive) and step, as effective March 1, 2017, that is closest in pay to the City fire department position salary for that position, except in circumstances where City salary is higher than County Fire's top step for the position offered, in which case County Fire's top step will be applicable. Suppression Personnel hired by County Fire will be offered employment in positions as determined by County Fire. Management Suppression Personnel that are offered employment will be placed at the salary rate of a top step Captain with County Fire. Within thirty (30) days of employment with County Fire, all City Fire Management will be eligible to test for Chief Officer County Fire positions. All City Fire Management personnel successfully passing the testing process shall be placed on a promotional list. No hired Suppression Personnel will be placed at a salary level above a County Fire top step Captain. All Suppression Personnel that are on probation at the time of employment with County Fire shall serve a twelve (12) month probationary period with County Fire. All City employees hired by County Fire will be assigned to the retirement system associated with County Fire's classifications, and will be eligible to compete for future promotional opportunities with County Fire as soon as they are eligible to do so. Time employed by the City fire department and the rank with the City fire department will be counted for promotions within County Fire requiring a minimum amount of time with County Fire or achievement of a certain rank within County Fire.
7. Maintenance of Certifications. City Personnel hired by County Fire will be required to maintain all appropriate licenses, certifications and registrations for the position they are assigned.
8. Part Time Employees. County Fire does not have part-time positions and will not offer positions to current City part-time employees. Any current City

part-time employee interested in a full-time position with County Fire may apply for available positions through the regular recruitment process.

9. Orientation. The City and County Fire will work together to make the transition as smooth as possible. The County will provide an orientation for City employees during the transition to cover options for City employees. County Fire will provide staff from the County's retirement system (SBCERA) to give City employees their options regarding the retirement system. The City has and will continue to meet and confer with the appropriate labor organizations representing both suppression and non-suppression personnel regarding the implementation of the above terms and consistent with applicable time-lines necessary to the annexation proceedings.
10. Employee Transition. The chart below clarifies the transition of the existing employees and also shows the funding source for their new positions.

The existing 3 Chief Officers and 12 Captains will be offered Captain positions with County Fire. City funding to the Valley Service Zone will fund 12 new Captain positions in the City and the remaining 3 people will fill existing funded vacant Captain positions within County Fire.

The City currently has 10 Engineers and City funding to the Valley Service Zone will fund 12 Engineer Positions. The vacancies will be filled with overtime until promotions can be made.

The City currently has 11 Firefighter Paramedics and City funding to the Valley Service Zone will fund 12 Firefighter Paramedics.

The City has one Senior Administrative Assistant that will come over as an Office Assistant III funded by City funding to the Valley Service Zone.

The Cities Fire Prevention Division has a Deputy Fire Marshal, one part-time Fire Prevention Inspector, and a vacant full-time Fire Prevention Inspector position. County Fire will staff the office with one Fire Prevention Specialist, and two Fire Prevention Officers. All existing full-time City staff will be offered positions based on their qualifications with all of the positions funded by Fire Prevention Fees generated within the City.

To find the funding in the Financial Forecast the positions shown as "Valley Service Zone Funded" are listed on the top in "Staffing". Prevention Fee funded positions are listed in the staffing section and the revenue is shown in the revenue section. Reach Contract funded positions are shown in the Reach Contract Financial.

City of Upland Annexation into the San Bernardino County Fire Protection District -
Plan of Service

City Position	# of City EMP	County Position	Valley Service Zone Funded	Prevention Fee Funded	Reach Contract Funded Through FPD	Vacant County Fire Position
Deputy Chief	1	Captain				1
Battalion Chief	2	Captain				2
Captain	12	Captain	12			
Engineer	10	Engineer	10			
Firefighter	11	Firefighter	11			
Sr. Adm. Asst.	1	OA III	1			
Part-time Clerk	1					
Part-time EMS Cord. RN	1					
Deputy Fire Marshal	1	Fire Prevention Specialist or Fire Prevention Officer		1		
Part-time Fire Inspector	1					
Flight Nurse	3	Flight Nurse			3	
Flight Paramedic	2	Flight Paramedic			2	
TOTALS	46		34	1	5	3

B. Workers Compensation Insurance

Workers compensation will be provided by County Fire in accordance with State law and its own policies and requirements. The City will have no responsibility for workers compensation expenses or administration after the date of annexation. Legacy workers' compensation costs will remain with the City. Prior to the issuance of the Certificate of Completion, the City of Upland shall provide the Executive Officer of LAFCO, and County Fire, documentation that funds meeting the 75% confidence level of the Workers' Compensation Claim Reserve for all City fire suppression and non-fire suppression personnel transitioning to County Fire have been allocated and isolated in a trust account for the benefit of County Fire. The amount of the trust funds must be supported by the City of Upland's current actuarial report.

C. Vehicle and Liability Insurance

Vehicle ownership along with vehicle liability insurance would be transferred to County Fire. The City will have no responsibility for vehicles or equipment expenses or administration after the date of annexation.

D. Subcontractors

County Fire does not intend to subcontract any portion of the service described herein.

E. Litigation

The disposition and impact of any litigation filed prior to the completion of the reorganization with City of Upland fire department employees (individual or any collective bargaining group) will be the responsibility of the City of Upland. If the reorganization is not completed because of any litigation the operation of the City Fire Department will continue with the City until the litigation is resolved and the reorganization is completed.

F. Legacy Costs

All existing liabilities and legacy costs including but not limited to Workers Compensation, Retirement System unfunded liability, and existing leave balances shall remain with the City. County Fire shall only be responsible for liabilities incurred after the reorganization date.

G. West End JPA

The City belongs to a JPA established in 1988 with the Chino Valley Fire District, Rancho Cucamonga Fire District, City of Ontario, and City of Monclair for Joint Mutual Aid. County Fire has agreements with agencies for Mutual Aid through the Operating

Area and State Office of Emergency Services. County Fire will cancel membership in the JPA per the requirements of the JPA agreement.

H. Ontario Bomb Squad

The City Fire Department has paid the City of Ontario an annual fee to have Ontario Bomb Squad responses into the City as needed. This is a Law Enforcement function and County Fire works the Sheriff's Bomb Squad when needed. The City may continue this agreement at their discretion and at their cost.

I. Equipment and Station Replacement Fund

County Fire will establish a capital replacement program for the replacement of City equipment and remodeling or replacement of stations as needed. County Fire proposes the vehicle replacement program be based on an age replacement schedule. Some vehicles may need replacement sooner while others may be extended depending on the usage of the vehicle. Any replacement schedule will need to meet County Fire's available funding and replacement policies. County Fire recommends the following vehicle and apparatus replacement schedule:

Table 2. County Fire Standard Vehicle Replacement Schedule

• Engine	20 years (10 to 12 years frontline/8 to 10 years reserve)
• Ladder Truck	20 years (10 to 12 years frontline/8 to 10 years reserve)
• Brush Engine	20 years
• Squad	7 years (5 years frontline/2 years reserve)
• Staff Vehicle	7 years
• Command Vehicle	7 years (5 years frontline/2 years reserve)

County Fire will establish a Capital Replacement Fund starting at \$493,068 with the annexation in fiscal 2017/18 and increasing at 2% per year thereafter. The formula is based on the above replacement schedule and the following vehicles and stations.

Type	Number	Annual Reserve
Engine	3	173,590
Ladder Truck	1	105,278
Station Replacement	3	214,200
Total		493,068

8. Staffing Plan

A. Service Level

The proposed staffing plan does not reduce the number of firefighters on duty per day or reduce the number of staffed units per day. This plan reorganizes the staffing and units to better meet the needs of the City. This model also takes full advantage of the County Fire station on the border of the City. The service model will close fire station 162 located at 2046 San Antonio Ave. and move the fire engine and staffing to fire station 164 located at 1825 N. Campus Ave. The ladder truck and staffing that is at station 164 will move to fire station 161 located at 475 North Second Ave in the Civic Center complex. This movement keeps the only truck company from being alone at a station and having to run engine company calls first out. This also moves the truck company downtown and more central to the entire City. The area served by station 162 will be served by County Fire station 12 located at 2413 N. Euclid Ave. on the border with San Antonio Heights. Station 12 will also be available to assist on any call within the City. The City and County Fire believe this service model best meets the City's need to provide a level of service adequate for cities of comparable size, area, and demographics. County Station 12 (San Antonio Heights) is integral to this service model and takes advantage of a regional approach to fire, rescue, and EMS service. The three (3) identified City fire stations would be staffed daily with 12 full-time employees as shown in the table below. Each unit would provide Advanced Life Support services and the fire stations will be supervised by a Battalion Chief who will be on-duty twenty-four hours per day, seven days per week and respond to all incidents requiring a Chief Officer. County Fire Station 12 will cover the current area served by Station 162. A future goal would be to add an additional squad to run the high volume of low priority medical aids in the core of the City. This plan would use the Priority Dispatch Program to reduce the call volume for the engine companies and keep them available in their areas for major emergencies.

The annual estimated operating cost for fiscal 2017/18 excluding one-time start-up costs is \$9,937,200. Start-up costs will be calculated closer to the transition date and will include items such as computer network setup, any needed updates to MDC's, ePCR's, or other technology, any needed repairs to equipment to be road safe, any needed updates to cardiac monitors, and SCBA's. Also SCBA mask fit testing for each suppression employee. Any needed station repairs for safety. The agreed on start-up cost shall be paid to County Fire prior to the date of reorganization.

Table 3. Service and Staffing Plan

Position	#	Annual Operating Cost
Assistant Chief	0.19	63,489
Battalion Chief	1.40	334,793
Captain	12	2,647,740
Engineer	12	2,282,700
Firefighter/PM	12	1,924,092
Fire Prevention Specialist	1	116,493
Fire Prevention Officer	2	214,388
Emergency Services Officer	1	109,681
Office Assistant III	1	61,012
Staff Analyst I	0.19	18,948
Total Personnel Costs	42.78	7,773,336
Station Expenses		463,680
Service/Supplies/Dispatch/MIS		867,114
Overhead/Support		340,002
Total Operating Expenses		1,670,796
Capital Improvement Fund		493,068
Total Personnel and Operating		\$9,937,200

Daily Staffing configuration:

Station 161 – Engine, Truck (CAP, ENG, FF/PM + CAP, ENG, FF/PM)

Station 162 – **CLOSED (not transferred to County Fire)**

Station 163 - Engine (CAP, ENG, FF/PM)

Station 164 - Engine (CAP, ENG, FF/PM)

9. Financial

A. Property Tax

The majority of the funding for fire, rescue, and EMS services to the City will be provided by a permanent property tax transfer as outlined in the five-year financial report. This transfer shall be set as a percentage of property tax and that percentage shall remain fixed. This gives County Fire a funding mechanism that responds with the changes in property tax and gives County Fire a stake in the success of the City.

B. Tax Zone FP-5

Most of the remaining funding will be provided by the inclusion of the City into the Fire Protection Special Tax Zone FP-5 through the LAFCO process. FP-5 is a voter approved per-parcel assessment for fire, rescue, and EMS services. This assessment shall be placed on the property tax rolls for all taxable parcels within the City. For fiscal year 2016/17 the assessment is \$148.23 per year per parcel. This assessment may be increased at a maximum rate of 3% per year. The City contains 20,909 taxable parcels that shall be included in the zone.

C. Fund Balance

The five-year financial statement shows an ending fund balance of 7%. County Fire is comfortable with this amount for two reasons. The identification and funding of 2.6 million into the Capital Improvement Fund will allow flexibility if revenues fall below predictions. The Valley Service Zone reserve funds would also be available if needed to support operations.

D. Miscellaneous

The remaining funding is provided through fees for service or reimbursements for service. This includes fire prevention fees for plan checking and inspections.

10. REACH Service and Contract

A. REACH Air Medical Services Contract

The current contract between the City of Upland and REACH will be assumed by County Fire. County Fire shall continue the service in the same manner through the contract term. The Upland fire employees associated with the Reach service shall be assumed by County Fire under the same conditions as all other City Fire employees. The Reach contract will be budgeted and managed through County Fire's Administration overlay budget (FPD) and have no impact to the Valley Service Zone budget. The program shall be managed by the Assistant Chief of Special Operations with supervision through the Special Operations Battalion Chief and EMS Nurse Supervisor.

B. Upland EMS Aircraft Permit

The City of Upland has a contract with Inland Counties Emergency Medical Agency (ICEMA) granting a permit to operate an Advanced Life Support Air Ambulance at Station 165 (Cable Airport). This contract permit is valid until January 1, 2019 with the

option for two, two year extensions. This contract is transferable with the written consent of the City, ICEMA, and Reach Air. The written consent from all parties for the transfer shall be attained. The annual fee assessed by ICEMA for this permit is approximately \$28,000 and changes based on the formula in the contract. The City, or County Fire after annexation will be reimbursed by Reach Air for this cost per the Reach contract amendment #3 dated January 13, 2014 sections 1.7.1 and 1.7.2.

C. Service Level

Staffing for the helicopter (H-165) is normally one Flight Nurse and one Flight Paramedic 24 hours a day 7 days a week. The staffing may be two Flight Nurses but not two Flight Paramedics for certification reasons. The pilots are provided by Reach Air at no cost to the City or County Fire. The City is currently understaffed with three Flight Nurses and two Flight Paramedics. County Fire is creating these classifications and will recruit and fill the vacancies as soon as the Certificate of Completion is issued by LAFCO. Vacancies will be filled by overtime until new hires are in place just as the City is staffing currently. Reach Air also has the ability to provide staffing if needed. From opening recruitment until new employees are in place will take approximately three months.

Position	#	Annual Operating Cost
Flight Nurse	5	877,775
Flight Paramedic	3	300,807
Total Personnel Costs	8	1,178,582
Station Expenses		113,897
Dispatch/MIS		18,360
Overhead/Support		70,936
ICEMA Fees		28,000
Cable Airport Lease		19,200
Total Operating Expenses		250,393
Capital Improvement Fund		25,000
Total Personnel and Operating		\$1,453,975
Total Revenue from Reach		\$1,484,809

E. Reach Contract Revenue

The Reach Air Contract operations will be budgeted separately from the City of Upland and the Valley Service Zone. All revenue and costs will be allocated to its own budget within our Special Operations in the Fire Administration (FPD) budget. Total County Fire cost for the program is \$1,453,975 with revenue from the Reach contract of \$1,484,809.

The Reach Contract provides revenue to the City for staffing, operating, management, and administrative costs incurred by the City, or County Fire after annexation. The Reach Contract also includes responsibilities for Reach to reimburse the City or County Fire for the costs of the Station 165 lease at Cable Airport, and ICEMA charges related to the Air Ambulance permit.

F. Cable Airport Lease

The City has a lease with Cable Commercial Center, LLC for the property that Station 165's modular building sits on. The City and County Fire will initiate the process to transfer this lease to County Fire. The Lease amount is currently \$1,600.00 per month billed quarterly. Reach Air reimburses the City or County Fire for this cost per the contract in amendment #2 dated May 14, 2013 section 1.7.

Exhibit A

Transferred Facilities

- Station 161 - 475 North Second Ave (APN: 1046-381-10)
- Station 163 - 1350 Benson Ave (APN: 1006-401-12)
- Station 164 - 1825 N. Campus Ave (APN: 1044-641-63)
- Station 165 - 1257 N. Airport Drive (Portable building only, land owned by Cable Airport)

Station 162 (2046 San Antonio Ave APN: 1043-541-26) will not transfer to County Fire.

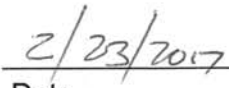
Exhibit B

Transferred Vehicles

ID	YR	MAKE/MODEL	LICENSE	TITLE/CALL SIGN
131	2002	American LaFrance Type I	1094582	Reserve
133	2002	American LaFrance Type I	1094580	Reserve
140	1989	Pierce Type I	338077	Reserve
141	1998	KME Type I	1106843	Reserve
143	2005	Pierce Type I	1192335	ME-162 *
144	2005	Pierce Type I	1181375	ME-161 *
145	2007	Pierce Type I	1258159	ME-163 *
153	2009	Pierce Tiller Truck	1299165	MT-164 (Trailer Lic. 1299164)*
162	2010	Ford – F-550 Type 6	1357012	BP-161
500	2008	Pierce Mobile Command	1370840	Command 164
	2007	Chevy Suburban	1202913	B-1915
	2007	GMC Yukon	1279679	Reserve BC
196	2007	Ford Escape	1241704	Inspector
	2007	Chevy Trailblazer	1272830	DP-1901
	2007	Ford Escape	1257804	Inspector
199	2008	Ford Escape	1258240	EMS
083436	2004	Station 165A		Ser. # 3971263S20244
083437	2004	Station 165B		Ser. # 3971263S20245

* Vehicles in replacement plan


DONALD W. TRAPP
Deputy Fire Chief
San Bernardino County Fire District


Date

RECEIVED
FEB 20 2017

Expenditures:

LAFCO
San Bernardino County Inflation Rate

Staffing:

Suppression

Assistant Chief	0.19	334,153	63,489	65,394	67,356	69,377	71,458
Battalion Chief	1.4	239,138	334,793	344,837	355,182	365,837	376,812
Captain	12	220,645	2,647,740	2,727,172	2,808,987	2,893,257	2,980,055
Engineer	12	190,225	2,282,700	2,351,181	2,421,716	2,494,367	2,569,198
Firefighter / Paramedic	12	160,341	1,924,092	1,981,815	2,041,269	2,102,507	2,165,582

Fire Prevention

Fire Prevention Specialist	1	116,493	116,493	119,988	123,588	127,296	131,115
Fire Prevention Officer	2	107,194	214,388	220,820	227,445	234,268	241,296

Non-Suppression

Emergency Services Officer	1	109,681	109,681	112,971	116,360	119,851	123,447
Staff Analyst I	0.19	99,725	18,948	19,516	20,101	20,704	21,325
Office Assistant III	1	61,012	61,012	62,842	64,727	66,669	68,669

TOTAL SALARIES AND BENEFITS	42.78	9,196,840	7,773,336	8,006,536	8,246,731	8,494,133	8,748,957
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Inflation Rate

2.0% 2.0% 3.0% 3.0% 3.0%

Operating Expenses

Services and Supplies / Dispatch / MIS

Dispatch (CONFIRE)	314,153	320,436	330,049	339,951	350,149
MIS (CONFIRE)	82,121	83,763	86,276	88,865	91,531
800 Radio / Paging / Maint.	74,864	76,361	78,652	81,012	83,442
County Overhead / HR / Payroll / ATC	194,725	198,620	204,578	210,715	217,037
Equipment	76,960	78,499	80,854	83,280	85,778
Administration Vehicle Maintenance Fuel	51,307	52,333	53,903	55,520	57,186
Other Management	25,653	26,166	26,951	27,760	28,592
Medical Supplies	21,378	21,806	22,460	23,134	23,828
Insurance	17,102	17,444	17,967	18,506	19,062
New MIS Equipment	8,851	9,028	9,299	9,578	9,865

TOTAL	867,114	884,456	910,990	938,320	966,469
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Station Expenses

Vehicle Maintenance Fuel	199,382	203,370	209,471	215,755	222,227
Miscellaneous	78,826	80,403	82,815	85,299	87,858

Utilities		38,000	38,760	39,923	41,120	42,354
General Maintenance		37,000	37,740	38,872	40,038	41,240
Insurance		36,500	37,230	38,347	39,497	40,682
Equipment		32,458	33,107	34,100	35,123	36,177
Medical Supplies		23,184	23,648	24,357	25,088	25,840
MIS Equipment		13,693	13,967	14,386	14,817	15,262
Clothing		4,637	4,730	4,872	5,018	5,168
TOTAL		463,680	472,954	487,142	501,756	516,809

Overhead and Support (1)

Administration		234,602	239,294	246,473	253,867	261,483
PIO / Public Education		17,000	17,340	17,860	18,396	18,948
Human Resources / Payroll		34,000	34,680	35,720	36,792	37,896
Warehouse / Support Services		54,400	55,488	57,153	58,867	60,633
TOTAL		340,002	346,802	357,206	367,922	378,960

TOTAL OPERATING EXPENSES	2,743,409	1,670,796	1,704,212	1,755,338	1,807,998	1,862,238
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CAPITAL IMPROVEMENT FUND (2)	45,855	493,068	502,929	518,017	533,558	549,564
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TOTAL EXPENDITURES	11,986,104	9,937,200	10,213,677	10,520,087	10,835,689	11,160,760
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Revenues:

Grants (Valley Service Zone)		0	0	0	0	0
First Response Fees (Valley Service Zone) (3)	11,828	11,828	12,065	12,426	12,799	13,183
Charges for Service - (Valley Service Zone) (4)	100,000	102,000	104,040	107,161	110,376	113,687
Fire Prevention Fees (Fire Prevention) (5)	115,000	230,881	235,499	242,564	249,840	257,336
FP-5 (Valley Service Zone) (6)	0	3,000,843	3,090,868	3,183,594	3,279,102	3,377,475

Revenue Before Property Tax	226,828	3,345,552	3,442,471	3,545,746	3,652,118	3,761,682
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Additional Revenue Required	11,759,276	6,591,648	6,771,206	6,974,341	7,183,571	7,399,078
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City's Total Secured / Unsecured Ad Valorem Property Tax		12,674,802	13,055,046	13,446,697	13,850,098	14,265,601
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Transfer Percentage to County Fire		53%	53%	53%	53%	53%
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SBCFPD Total Property Tax Transfer

Valley Service Zone (7)	94%	6,717,645	6,919,174	7,126,750	7,340,552	7,560,769
Administration FPD (8)	6%	6,314,586	6,504,024	6,699,145	6,900,119	7,107,123
		403,059	415,150	427,605	440,433	453,646
Yearly Net		125,997	147,969	152,409	156,981	161,690
Fund Balance (9)		125,997	273,966	426,374	583,355	745,046

- 1 Fire Administration, warehouse, support services. (FPD)
 - 2 Vehicle / Station Replacement and Major CIP Projects (Placed in unrestricted Reserve Fund)
 - 3 Fee for Providing Licensed Health Care Services
 - 4 Service Fees
 - 5 Based on our analyses of current Fire Prevention services and our fees
 - 6 Based on 20,909 taxable parcels @152.68 (Proposed Fy 2017/18 rate) with 94% collection
 - 7 All Property Tax revenue shall be split 94% to Valley Service Zone and 6% to FPD Administration
 - 8 All Property Tax revenue shall be split 94% to Valley Service Zone and 6% to FPD Administration
 - 9 Fund Balance in Year 5 is 7%
- 2/23/2017 @ 0900


Donald W. Trapp
Deputy Fire Chief
San Bernardino County Fire District

2/23/2017
Date

LAFCO
San Bernardino County

REACH CONTRACT

Number of Positions	FY 2016/17 City Budget	2017/18 Forecast Per Position	FY 2017/18 Forecast	FY 2018/19 Forecast	FY 2019/20 Forecast	FY 2020/21 Forecast	FY 2021/22 Forecast
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Inflation Rate

2.0% 3.0% 3.0% 3.0% 3.0%

Staffing:

Reach Contract

Flight Nurse	5	175,555	877,775	904,108	931,231	959,168	987,943
Flight Paramedic	3	100,269	300,807	309,831	319,126	328,700	338,561
TOTAL SALARIES AND BENEFITS	8	1,163,890	1,178,582	1,213,939	1,250,357	1,287,868	1,326,504

Inflation Rate

2.0% 2.0% 3.0% 3.0% 3.0%

Operating Expenses

CONFIRE Charges (Dispatch)			18,360	18,727	19,289	19,868	20,464
Station Expenses(1)			113,897	116,175	119,660	123,250	126,947
ICEMA Fees (Varies)			28,000	28,560	29,417	30,299	31,208
Cable Airport Lease			19,200	19,584	20,172	20,777	21,400
Overhead and Support (2)							
Administration			48,946	49,925	51,423	52,965	54,554
PIO / Public Education			3,547	3,618	3,726	3,838	3,953
Human Resources / Payroll			7,093	7,235	7,452	7,675	7,906
Warehouse / Support Services			11,350	11,577	11,924	12,282	12,651
TOTAL			70,936	72,355	74,525	76,761	79,064
TOTAL OPERATING EXPENSES		112,093	250,393	255,401	263,063	270,955	279,083

CAPITAL REPLACEMENT FUND (3)			25,000	25,750	26,523	27,318	28,138
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TOTAL EXPENDITURES	1,275,983		1,453,975	1,495,090	1,539,942	1,586,141	1,633,725
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All Revenues to FPD Special Operations Reach:

Reach Contract Staffing (4)			1,163,609	1,198,517	1,234,473	1,271,507	1,309,652
Reach Contract Operating Costs (5)			120,000	122,400	126,072	129,854	133,750
Reach Contract Program Management (6)			10,000	10,200	10,506	10,821	11,146

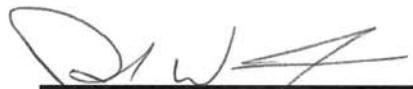
Reach Contract Administrative Costs (7)		144,000	146,880	151,286	155,825	160,500
Reach Contract ICEMA Fees (8)		28,000	28,560	29,417	30,299	31,208
Reach Contract Cable Airport Lease (9)		19,200	19,584	20,172	20,777	21,400

Total Revenue (10)		1,437,609	1,484,809	1,526,141	1,571,926	1,619,083	1,667,656
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Yearly Net	(11)	161,626	30,834	31,051	31,983	32,942	33,931
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Fund Balance (12)			30,834	61,885	93,869	126,811	160,741
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- 1 Upland 2016/17 Budget plus 2%
- 2 Fire Administration, warehouse, support services.
- 3 Required Vehicle Replacement / Station Replacement (Agreement section 2.6)
- 4 See Reach Agreement Amendment Two Dated May 14, 2013 Section 2.1
- 5 See Reach Agreement Amendment Two Dated May 14, 2013 Section 2.1.1
- 6 See Reach Agreement Amendment Two Dated May 14, 2013 Section 2.3
- 7 See Reach Agreement Amendment Two Dated May 14, 2013 Section 2.1.1
- 8 See Reach Agreement Amendment Two Dated January 13, 2011 Section 1.7.1 and 1.7.2
- 9 See Reach Agreement Amendment Two Dated May 14, 2013 Section 1.7
- 10 All Revenue to FPD, Special Operations, Reach
- 11 City Budget did not break out Dispatch or Overhead Costs
- 12 Fund Balance at 10% in 5 Years
2/23/2017 @ 0900


 DONALD W. TRAPP
 Deputy Fire Chief
 San Bernardino County Fire District

2/23/2017
 Date

RECEIVED
FEB 23 2017

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San Bernardino



City of Upland Transition Action Plan

Project Team Leader: Chief Hartwig

Project Team County Fire: Trapp, Horton, Vargas, Bell, Jordan, Pacot, Felgar, Green, Suarez, Robbins, Overton, Grigoli, Segura, Birchfield, Scruggs, Fleckenstein, Antonucci

Project Team City: Thouvenell, Vagnozzi, Corbin, Bragg

INFORMATION ITEM	CATEGORY/SCOPE OF WORK DESCRIPTION	ASSIGNED	COMPLETE BY DATE
I. PERSONNEL	Done		
NOTE: Suppression employees coming over with less than one year will be on probation.	Obtain Current Position and Seniority List of Employees	Vargas / Trapp	March 16, 2017
	Welcome Letter, Application	Trapp / Vagnozzi	March 24, 2017
	Application Deadline	Trapp / Vargas	March 31, 2017
	Application Review	Trapp / Vargas	April 3, 2017
	Conditional Job Offer Letters + Background Packet	Trapp / Vargas	April 7, 2017
	Background Packets Due	Trapp / Scruggs	April 17, 2017
	Physicals To Be Conducted	Vargas / Scruggs	April 24 to May 19, 2017
	Backgrounds	Vargas / Trapp / Fleck	April 24 to May 26, 2017
	List of Salaries	Vargas / Vagnozzi	June 2, 2017
	Interviews for non-suppression	Vargas / Trapp	June 7, 2017
	Review Physicals or Background Issues	Vargas / Trapp	June 7, 2017
	Transfer Meeting	Trapp / Grigoli / Corbin	June 21, 2017
	Final Job Offer Letters	Trapp / Vargas	June 23, 2017
	Workers Comp Trust Fund Established	Trapp / Vagnozzi	July 7, 2017
	Sick, Vacation, and Holiday Banks	Vargas / Vagnozzi	By July 7, 2017
	Orientation -Suppression	Vargas / Trapp / Felgar	July 17 to 21, 2017
II. LAFCO DEADLINES / CONDITIONS	Done		
	X Application Filed	Trapp / Vagnozzi	December 6, 2016
	X County Board of Supervisors Adopts Resolution	Trapp / Segura	December 20, 2016
	X DRC Meeting	LAFCO	January 19, 2017
	LAFCO Commission Meeting for Approval	LAFCO	March 23, 2017
	Reconsideration Period Ends	LAFCO	April 23, 2017
	Protest Hearing	LAFCO	June 19, 2017
	Fire Station Lot Subdivisions Completed	Real Estate Services / Vagnozzi	March 17, 2017
	Certificate of Completion Issued	LAFCO	July 7, 2017
III. AGREEMENTS NEEDED	Done		
	Any Needed Contract Draft Agreements	Trapp / Green / Segura	April 7, 2017
	Send Draft Agreement to County Counsel & Risk Management	Segura	April 7, 2017
	X Property Tax Transfer Agreements	Clay / Green / Vagnozzi	February 15, 2017
	Reach Service / Permit / Facility	Hartwig	February 17, 2017
	Board Item and Agreement Submitted to CAO	Trapp / Segura	April 14, 2017
	Board Item and Agreement to Go Before Board of Supervisors	Segura	May 23, 2017
	Work Comp Trust Fund Agreement	Trapp / Hernandez / Vagnozzi	June 30, 2017
IV. FACILITY/EQUIPMENT EVALUATION	Done		
	Inventory Homeland Security Grant Equipment	Antonucci	June 2, 2017
	Facility Inventory / Safety Inspection	Jordan / Golden / Robbins	April 7, 2017
	Fueling Stations	Jordan / Fleet	April 7, 2017

INFORMATION ITEM		CATEGORY/SCOPE OF WORK DESCRIPTION	ASSIGNED	COMPLETE BY DATE
		Equipment Inventory / Safety Inspection	Jordan / Fleet	April 7, 2017
		Permit on Fueling Stations	Jordan / Fleet	June 9, 2017
		Permit on Air Compressors	Jordan	June 9, 2017
		Turn-Out Inspection / Sizing	Jordan / Corbin / Warehouse	May 19, 2017
		Cell Phones for BCs	Jordan	July 14, 2017
		Set up Uniform Allowance	Pacot	July 14, 2017
		Have Badges, Helmets, Pagers, Voyager Card, Cal Cards, etc.	Jordan / Pacot	July 14, 2017
		Title Transfers prepared for all vehicles	Green / Vagnozzi	July 14, 2017
		Quitclaim Deeds for all property prepared	Green / Vagnozzi	July 14, 2017
		Upgrading radio plates, locking compartments	Jordan	July 14, 2017
V. DISPATCH/COMMUNICATION/IS		Done		
		Radio Plan	Bell / Birchfield	July 14, 2017
		Computer Networking & Setup Email Accounts	Bell / Robbins	July 14, 2017
		Telestaff	Bell / Robbins	July 14, 2017
		Confire Accept Upland Computer Equipment	Bell / Robbins	July 14, 2017
		Image Trend Reports / Merge	Bell / Robbins / Overton	July 14, 2017
		MDC / EPCR Setup Programing	Bell / Robbins	July 14, 2017
VI. ADMINISTRATION		Done		
		Financial Management	Trapp / Pacot	July 14, 2017
		FP-5 Sub-Zone created for accounting	Pacot / Green	July 14, 2017
		Assets Transfer	Pacot	July 14, 2017
		CERT Team Transfer	Corbin / Antonucci	July 14, 2017
		Operations Set Up	Birchfield	July 14, 2017
VII. TRAINING		Done		
		Matrix of Certifications	Felgar	March 31, 2017
		Setup Training Files / Target Solutions	Felgar	April 14, 2017
		EMS Equipment / Setup	Overton	July 14, 2017
		ICEMA Inspection (ALS/BLS)	Overton	July 14, 2017
		City Adopt County Fire Fee Schedule	Horton / Vagnozzi	July 14, 2017
		Curriculum	Felgar	July 14, 2017
VIII. ONE TIME COSTS / TASKS		Done		
		Radios / Pagers	Jordan	July 14, 2017
		Breathing Apparatus	Jordan	July 14, 2017
		Cardiac Monitors	Overton	July 14, 2017
		Mask / Fit Testing	Jordan	July 14, 2017
		Stations	Jordan	July 14, 2017
		Equipment	Jordan	July 14, 2017
		BC Vehicles - Set up & Equipment	Jordan / Sandoval	July 14, 2017

**Letter from Gregory C. Devereaux, Chief
Executive Officer and ICEMA Executive
Officer Dated February 28, 2017 Related to
Fire Air Ship/Air Ambulance
Contract/Permit Transfer and Copy of
Contract with Reach Air Medical Services
LLC**

Attachment 3



County Administrative Office

Gregory C. Devereaux
Chief Executive Officer

RECEIVED
FEB 28 2017

LAFCO
San Bernardino County

February 28, 2017

Kathleen Rollings-McDonald, Executive Officer
Local Agency Formation Commission
215 North "D" Street, Suite 204
San Bernardino, California 92415-0490

RE: LAFCO 3216 - Reorganization to include Annexations to San Bernardino County Fire Protection District and its Valley and FP-5 Services Zones, and Formation of Service Zone FP-5 West Valley

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 the City of Upland Fire Department pursuant to the Advanced Life Support Services Contract No. 03-143, to San Bernardino County Fire Protection District.

Section "DELEGATION AND ASSIGNMENT:" (Page 5) states that "Upland Fire Department shall not delegate its duties and responsibilities or assign its rights hereunder, or both, either in whole or in part, without the prior written 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 a delegation of assignment of the agreement 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

c: File Copy

BOARD OF SUPERVISORS

ROBERT A. LOVINGOOD
Chairman, First District

JANICE RUTHERFORD
Second District

JAMES RAMOS
Third District

CURT HAGMAN
Vice Chairman, Fourth District

JOSIE GONZALES
Fifth District

GREGORY C. DEVEREAUX
Chief Executive Officer

**AMENDMENT NUMBER SIX TO
FIRE AIR SHIP/AIR AMBULANCE AGREEMENT**

This Amendment Number Six ("Amendment") to the Fire Air Ship/Air Ambulance Agreement is entered into as of February 13, 2017, by and between REACH Air Medical Services, LLC, successor- in- interest to and formerly known as Mediplane, Inc. ("REACH"), and City of Upland, a California General Law City and municipal corporation ("Upland") (REACH and Upland shall collectively be referenced as the "Parties" and individually referenced as a "Party").

RECITALS

WHEREAS, REACH and Upland previously entered into the Fire Air Ship/Air Ambulance Agreement effective June 4, 2009, for the provision of air medical transportation services, (the "Agreement"); and

WHEREAS, the Agreement has been previously amended five (5) times; and

WHEREAS, the Parties desire to amend certain terms of the Agreement as set forth in this Amendment number six (6) to the Agreement.

NOW, THEREFORE, in consideration of the mutual covenants contained herein and in the Agreement, the Parties agree to the following:

1. Section 5 of the Agreement, as amended in Section 1 of Amendment Number Four to the Agreement, is hereby amended to extend the term of the Agreement from June 4, 2017 to June 30, 2018.
2. Section 5 of the Agreement is hereby further amended to state that the Agreement may be terminated by either Party at will and without cause upon thirty (30) days prior written notice.
3. The Agreement as amended may be transferrable to San Bernardino County Fire Protection District pending approval of all parties.
4. All other terms of the Agreement and the previous amendments not modified by this Amendment shall remain in full force and effect. If there is a conflict between the Agreement as previously amended and this Amendment Number Six, terms of this Amendment Number Six shall prevail.

IN WITNESS HEREOF, the Parties, through their respective under signed authorized officers, have duly executed this Amendment as of the day and year first above written.

REACHAIR MEDICAL SERVICES, LLC

CITY OF UPLAND

By: _____

Name: Sean Russell

Title: President

By: _____

Name: Martin Thouvenell

Title: Interim City Manager

APPROVED AS TO FORM:

By: _____

Name: Richard L. Adams II

Title: Upland City Attorney

FIRE AIR SHIP/AIR AMBULANCE AGREEMENT

This Agreement for Fire/Air Ambulance Services between Mediplane, Inc. dba REACH Air Medical Services, ("REACH"), and City of Upland, a California General Law City and municipal corporation ("Upland"), (REACH and Upland, shall collectively be referenced as the "Parties" and individually referenced as a "Party").

Scope

- A. REACH provides fully accredited and regulatory compliant with the FAA Regulations for air medical transportation services; and agrees to comply with the State and local EMS Agencies Policy and Procedures enacted through Upland Fire;
- B. Upland has identified an opportunity to improve customer service to its constituents and more effectively deliver emergency services, which are core to its mission and the ability to utilize REACH's helicopter for a command platform pursuant to the terms of this Agreement;
- C. Upland and REACH have agreed to work cooperatively to establish a public-private air medical program (the "Program") to provide air medical transportation and other emergency services to the residents of the City of Upland California and its automatic aid and mutual aid partners.

In consideration of the mutual covenants contained in this Agreement, REACH agrees to the following:

1. Services Provided by REACH to Upland.

- 1.1 Air Medical Transport Services. As authorized in accordance with this Agreement and when requested by Upland, REACH shall air transport patients (each, an "Emergency Flight") in accordance with all the following: (i) local EMS Agency, State and Federal protocols, (ii) Upland protocols in existence on the Effective Date which have been furnished to REACH on or before the Effective Date and (iii) Uplands protocols as they may be amended after the Effective Date which have been furnished in writing to REACH and reasonably approved by REACH (which approval will not be unreasonably withheld).
- 1.2 Types of Services. At the request of Upland or its designated representatives, REACH will provide helicopter ambulance services as specified in this Agreement.

- 1.3 Flight Service Guidelines. REACH shall provide air ambulance flight services (the "Flight Services") in accordance with the standards set forth by the Commission on Accreditation of Medical Transport Services ("CAMTS"). REACH agrees to obtain CAMTS accreditation for the Program as soon as practical. The Medical Director (as defined in Section 1.6 below) for the Program working with the assigned Upland Manager of Clinical Standards shall establish standards for appropriate patient care, including the paramedic scope of practice, during air transport in accordance with local EMS policy.
- 1.4 Program Activities. REACH shall provide one fully certified (1) turbine engine helicopter with flight service to Upland, with the availability being twenty-four (24) hours a day, three hundred sixty-five (365) days per year, except for maintenance and repair activities. The helicopter shall be based in the City of Upland at Cable Airport. In the event that another site is required, a mutually agreed upon location shall be selected by the Parties. REACH shall use its commercially reasonable efforts to promptly respond to all requests for Flight Services to the extent the aircraft is available and not then in use or subject to maintenance or repair activities.
- 1.5 Flight Team. REACH shall provide a total of not less than four (4) pilots and one (1) mechanic (collectively, the "Flight Team"). Each Flight Team member shall be trained to REACH standards. Each Flight Team member shall meet all educational and experience standards recommended by CAMTS. All personnel of REACH providing services pursuant to this agreement are subject to the prior general approval of Upland. The pilot in command of the aircraft at the time shall have complete power and authority to make and shall make all decisions concerning the suitability of weather and landing areas, condition of the aircraft for flight, and all other factors affecting flight safety. In accordance with Federal Aviation Regulations and REACH General Operations Manual, the pilot in command ("PIC") of the aircraft will at all times maintain "Operational Control" of the Aircraft. REACH will furnish all crew members with two standard issues flight suits and one helmet each.
- 1.6 Medical Director and Medical Direction. Upland will provide a physician to provide medical direction for the Program (the "Medical Director"). The Medical Director selected by Upland shall be subject to the approval of REACH, which approval shall not unreasonably be withheld. The Medical Director shall be an employee or an independent contractor of Upland and shall not be deemed an employee, contractor or agent of REACH. The Medical Director must meet all licensure, education, and certification requirements as set forth by any state or federal oversight body, and CAMTS. Upland agrees to participate in all Quality Assurance ("QA") activities developed for the Program, which activities will include a monthly REACH/Upland QA meeting. The Medical Director will work with the local EMS Agency Medical Directors, including scope of practice, of EMS personnel oversight by the Local EMS Medical Director, in accordance with

State of California Law, when applicable. The cost of the Medical director shall not exceed \$4,000.00 per month – reimbursed to Upland by REACH. 42000

- 1.7 General Financial Responsibility. Each Party shall assume full responsibility for and pay directly for its independently incurred costs and fees associated with the Program, unless specifically allocated as the responsibility of a Party under this Agreement. Costs and fees incurred as a result of the Program, but not allocated as the responsibility of either Party under this Agreement, will be negotiated on a case by case basis prior to such being incurred. If the Parties are unable to negotiate an agreeable allocation of any cost or expense, the cost or expense will not be incurred or will be the sole responsibility of the Party incurring such cost or expense.
- 1.8 Billing and Collection Obligations. REACH shall seek payment for all services relating to the Program by directly billing and collecting from the patients and other persons for whose benefit such services are provided. All billing and collection practices by REACH shall be in accordance with California law. Compensation received by REACH relative to this Agreement shall remain the property of REACH. All patient charges by REACH for services to the public under the terms of this Agreement shall be in accordance with applicable governmental regulations. REACH shall notify Upland of any changes in the charges for services provided under this Agreement. Upland is not responsible for non-payment of bills by individuals or other responsible parties to whom patient care and transportation services have been rendered by REACH. REACH represents that its charges to patients and other persons for services rendered shall be fair and competitive in the region in which Upland is located.
- 1.9 HIPAA. To the extent REACH shall be deemed a "Business Associate" as such term is defined in the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 and regulations promulgated there under by the U.S. Department of Health and Human Services ("HIPAA") in connection with REACH's provision of services under this Agreement, REACH shall comply with the terms and conditions of the Business Associate Agreement attached as Schedule A
- 1.10 Hanger Space. REACH will provide hanger space for aircraft storage and maintenance at Cable Airport. REACH is responsible for all fuel, maintenance and associated costs of operating the aircraft REACH provides under this Agreement.
- 1.11 Firefighting Assist Helicopter. If deemed feasible, REACH agrees to provide Upland a helicopter for firefighting support for the 2010 California Fire Season. In the event a helicopter is eventually furnished to Upland for fire fighting support services, it will be handled under a separate contract and not be considered a part of this Agreement. This Agreement shall not be affected by the consummation or

non-consummation of an agreement between the Parties to provide an aircraft to support firefighting operations.

2. Services Provided by Upland.

- 2.1 Clinical Services on Flights. Upland will provide to REACH at least three (3) paramedics and (3) nurses (the "Medical Crew") trained to a standard agreed upon by the Parties for the Program (but in no event less than the standards set forth by CAMTS and/or the State and local EMS Agency) at the contract rate of Seventy-Five Thousand (\$75,000.00) Dollars per month (the "Monthly Fee"), which Monthly Fee includes any overtime wages Upland may be required to pay the Medical Crew. This Monthly Fee may be increased by mutual agreement of the Parties based on any subsequently enacted memorandum of understanding ("MOU") or collective bargaining agreement between the Upland Firefighter Union and Upland which increases the wages and fringe benefits payable to the Medical Crew by Upland. Payments made to Upland shall be due and payable upon receipt of the Upland invoice on the first day of each month, to the order of the City of Upland, Att: Fire Chief, 475 North Second Ave, Upland, California 91785. The Medical Crew provided by Upland shall be and remain the employees of Upland or of Upland's mutual aid partners and under the control of Upland; provided, however, that during the Flight Services, the Medical Crew will abide by all commands and instructions of the PIC of the aircraft and will follow and abide by all mutually agreed upon clinical protocols and medical direction as well as all mutually agreed upon safety and operational guidelines. One (1) paramedic and one (1) nurse shall be on-duty at all times to respond to any request for Flight Services.

75,000
x 12
900,000

REACH and Upland agree to review Upland's administrative costs of managing the Program after the Program has been in place for one year, including costs incurred by Upland with respect to the crew quarters, vehicle use and administrative oversight. Provided the Program is sufficiently profitable for REACH at this point in time to support the payment of an administrative fee to cover the aforesaid costs and overhead at the mutually targeted level of \$10,000 per month, REACH shall begin making such monthly payment commencing June 1, 2010. If the Program is not sufficiently profitable to support a \$10,000 per month administrative fee commencing in June 2010, the Parties will work together to establish a reasonable administrative fee (if any) which will ensure that the Program remains sufficiently profitable for REACH and also, to the extent possible, provides reimbursement to Upland of the foregoing administrative costs.

120,000

- 2.2 Dispatch Services. Upland will provide 9-1-1 dispatch for all incidents outside of San Bernardino County, All 9-1-1 calls within San Bernardino County will come

through the County Communications Center to Upland Dispatch Center in accordance with approved Local EMS Agency air dispatch zone assignments, policies and procedures. REACHS Regional Dispatch Center will coordinate all IFT's or any equivalent resource as determined by Upland. Such personnel provided by Upland shall be either employees or contractors of Upland and under the control of Upland. These services will be conducted in accordance with the standards established by CAMTS.

- 2.3 Program Management. Upland will designate one or more individuals to act as the supervisor from the Emergency Medical Services Division of the Upland Fire Department ("UFD"), as provided for herein. UFD's on duty Battalion Chief will work with REACH in an advisory capacity to oversee the daily operations of the Program. Such personnel provided by Upland shall be either employees or contractors of Upland and under the control of Upland. REACH will pay Upland \$10,000 per year for these base management, supervision and administrative duties provided by Upland. This rate will be reassessed on June 1, 2010 and adjusted accordingly by agreement of the Parties. 4,10, 500 7/
- 2.4 Medical Crew Review. If, in the reasonable opinion of REACH, any of the Medical Crew provided by Upland pursuant to this Agreement do not demonstrate a high degree of aptitude for the type of operations or customer service required, including good interpersonal relations, REACH may make written request to Upland to conduct a prompt review of the performance of the individual and, assuming Upland concurs that remedial or corrective action is necessary, Upland will take appropriate and prompt action with such individual, including, if necessary, removal as a member of the Flight Crew. All such employment actions will be handled by Upland on a case-by-case basis in accordance with Upland policy and procedure. All Upland employees shall conform to the rules and requirements jointly approved by Upland and REACH concerning dress and conduct and other applicable REACH and Upland policies while providing services pursuant to this Agreement, and in connection with referring/receiving agency personnel interface.
- 2.5 First Call Provider. Unless prohibited by applicable law, Upland agrees that REACH will (a). Be the first provider called for all air medical transports requests received by, through or from Upland, under the County of San Bernardino 9-1-1 dispatch protocols. (b). IFT's will be managed per agreed upon dispatch methods. If at the time of medical air transport request, REACH's aircraft or its Flight Team to staff the aircraft is not immediately available, REACH will provide Upland with its best estimate of alternative aircraft response time. If Upland determines that the response time is inappropriate, based upon the condition and needs of the patient, Upland may utilize any other appropriate resource or transport service to meet the patient's transfer needs. Upland will encourage regional support and utilization of REACH as the regional air medical transport program. If any rotational requirements for medical air transport services are placed upon Upland by any regulatory agency, Upland will be relieved of its

obligations under this provision to the extent, but only to the extent, of such regulatory requirements. Under no circumstances will REACH have any liability to any third party (including any patient requiring air transport) or to Upland for any flight request that is declined by REACH, regardless of the reason(s) therefor.

2.6 Crew Quarters. Upland will provide crew quarters for the Flight Team and Medical Crew at 1350 Benson Ave, or a hanger at Cable Airport, Upland, California. The Flight Team and Medical Crew will transit to the REACH aircraft located adjacent to the airport by means of an Upland supplied vehicle. REACH will be billed for the cost of a hanger when arranged.

2.7 Marketing. REACH and Upland agree to confer and participate in the joint marketing of the Program. REACH agrees to allow the use of its helicopter in marketing and promotional efforts when REACH and Upland jointly agree that there is a cost benefit to the Program from the event.

3. Utilization of Corporate Identity or Likeness.

REACH and Upland will use their commercially reasonable efforts to participate in mutually beneficial public relations and marketing activities. Neither REACH nor Upland will utilize the other Party's markings or identities without express written permission from the other Party. REACH will allow Upland to place Upland's identity on aircraft dedicated to this Agreement, provided that REACH will only use Upland's trade names, trademarks, and logos in accordance with this Agreement. All marketing materials of REACH that names or makes reference to Upland or the Upland trade names, trademarks and logos must be approved in writing by Upland prior to distribution. The aircraft will reflect the Upland Fire Departments colors.

4. Relationship of the Parties.

Upland shall be an independent contractor of REACH in the furnishing of the employees to REACH to serve as the Medical Crew. REACH shall be an independent contractor of Upland for the Flight Services to be provided pursuant to this Agreement. Nothing in this Agreement is intended or shall be construed as creating any kind of partnership, joint venture, or agency relationship between the Parties.

5. Term.

Subject to Section 10.3, this Agreement shall be in effect for a period of five (5) calendar years, commencing on the Effective Date, and terminating on the fifth (5th) anniversary of the Effective Date (the "Term"). This Agreement may be extended for two (2) successive three (3) year periods upon Upland's delivery to REACH of written notice of its intent to exercise this right of extension and the Parties' agreement on mutually satisfactory terms and conditions for any such extension term. Notwithstanding anything herein to the contrary, this Agreement may be terminated by either Party at will and without cause upon 90 days prior written notice. The

terms of this Agreement will apply until the date of termination (not the date of notice of either Party's notice of intent to terminate) to the other Party.

6. Representations, Warranties and Covenants of REACH.

REACH hereby represents warrants and covenants as follows:

- 6.1 Organization. REACH is a corporation duly organized, validly existing, and in good standing under the laws of the State of California, and has the power and authority to execute, deliver and perform its obligations under this Agreement. REACH is qualified and authorized to do business in the State of California and in Upland.
- 6.2 Authorization. The execution, delivery and performance of REACH of this Agreement have been authorized by all necessary corporate action on the part of REACH.
- 6.3 FAA Regulations. REACH shall comply with all regulations of the Federal Aviation Administration ("FAA") pertaining to air medical transport services being furnished by REACH under this Agreement and, in that connection, REACH represents that each member of the Flight Crew is properly licensed and certified and meets the minimum requirements as set forth in the applicable FAA regulations.
- 6.4 Compliance. In addition to the FAA regulations referenced in Section 6.3, REACH shall comply with all federal, state and local laws and regulations applicable to REACH's operation of the Program and the Flight Services provided by REACH under this Agreement.

7. Representations, Warranties and Covenants of Upland.

Upland hereby represents warrants and covenants as follows:

- 7.1 Organization. Upland is a General Law City in good standing under the laws of the State of California, and has the power and authority to execute, deliver and perform its obligations under this Agreement.
- 7.2 Authorization. The execution, delivery and performance of Upland of this Agreement have been authorized by all necessary government action on the part of Upland.
- 7.3 Governmental Approvals. Upland has obtained, and shall maintain and keep in force, all consents, licenses, permits, approvals and authorization of federal, state and local governmental authorities which may be required to execute, deliver and perform its obligations under this Agreement. REACH will assist Upland in

providing the necessary information, agreement, and licenses to execute the governmental approvals.

- 7.4 Compliance. Upland represents that each member of the Medical Crew provided pursuant to this Agreement is or will be properly licensed and certified and will meet the minimum requirements of all applicable regulatory agencies and that all federal, state and local law and regulations with respect to the Medical Crew have and will continue to be adhered by Upland throughout the term of this Agreement.

8. REACH and Upland Insurance Requirements:

- 8.1 REACH's Policies and Amounts. REACH shall, during the Term or any extended term, maintain the following minimum insurance coverages and, to the extent of REACH's Indemnification Obligations, ensure that all such policies of insurance name Upland as an additional assured (with the sole exception of worker's compensation), waive underwriters' right of subrogation, state that such coverages are primary to any coverages maintained by Upland, and provide Upland thirty (30) days notice of cancellation, non-renewal or material change:
- (a) All risk ground and aircraft hull insurance
 - (b) Aircraft liability insurance covering injuries to patients or third parties and damage to property in an amount not less than \$50,000,000 for any one accident or series of accidents arising out of any one event. Such aircraft insurance excludes medical malpractice coverage.
 - (c) Workers' compensation insurance for its employees at California statutory limits.
- 8.2 Upland's Policies and Amounts. Upland shall, during the Term or any extended term, maintain the following minimum insurance coverage and, to the extent of Upland's Indemnification Obligation ensure that all such policies of insurance name REACH as additional insured (with the sole exception of worker's compensation coverage), waive underwriters' right of subrogation, state that such coverages are primary to any coverage's maintained by REACH, and provide REACH 30days written notice of cancellation, non-renewal or material change.
- (a) Professional medical liability insurance for the acts and omissions of Upland's employees (including the Medical Crew in the performance of their duties pursuant to this Agreement) in amounts of not less than \$10,000,000.00 single occurrence.

- (b) Worker's Compensation insurance for its employees at California statutory limits.
 - (c) Automobile liability insurance appropriate to cover the vehicle, whether owned or non-owned, transporting the Flight Team and Medical Crew back and forth from crew quarters to REACH's aircraft.
- 8.3 Certificates of Insurance. Each Party will provide certificate(s) of insurance specifying the coverages, limits and endorsements of insurance required above at or prior to the Effective Date of this Agreement, upon renewal /replacement of the aforesaid policies and whenever requested by the other Party.

9. **Indemnification.**

The Parties agree to indemnify each other (the "Indemnification Obligations") as follows:

- 9.1 REACH's Indemnification Obligations. REACH agrees to defend, protect, indemnify and hold harmless Upland, its mutual aid partners, their respective subsidiaries, affiliates and subcontractors and the directors, officers, agents and employees of all of the foregoing (collectively, the "Upland Group"), from every kind or character of damages, losses, liabilities, expenses, demands or claims (collectively, "Losses") arising out of, connected with, incident to, resulting from or relating to, the performance of Flight Services under this Agreement or the operation of the Program after the Effective Date, to the extent but only to the extent such Losses are caused by the acts or omissions, negligence or other legal fault of any member of the REACH Group (as defined below). The foregoing obligation shall not be diminished in any regard if such Losses were caused in part by the concurrent or joint negligence, either active or passive, of any of the Upland Group; provided, however, that, in the event of joint or concurrent negligence or other legal fault of the Upland Group and REACH Group, REACH's Indemnification Obligations shall be limited to REACH's allocable share of such joint or concurrent negligence or other legal fault.
- 9.2 Upland's Indemnification Obligations. Upland agrees to defend, protect, indemnify and hold harmless REACH, its subsidiaries, affiliates and subcontractors and the directors, officers, agents and employees of all of the foregoing (collectively, the "REACH Group") for Losses arising out of, connected with, incident to, resulting from or relating to, any act or omission of the Medical Crew and the performance of any of the Upland Group under this Agreement or the operation of the Program after the Effective Date, to the extent, but only to the extent, such Losses are caused by the acts or omissions, negligence or other legal fault of any member of the Upland Group. The foregoing obligation shall not be diminished in any regard if such Losses were caused in part by the concurrent or joint negligence, either active or passive, of any of the REACH Group; provided, however, that, in the event of joint or concurrent negligence or other legal fault of the Upland Group and REACH Group, Upland's

indemnification obligation shall be limited to Upland's allocable share of such joint or concurrent negligence or other legal fault.

- 9.3 Procedures. REACH or Upland shall promptly notify the other Party of the existence of any claim, or the threat of any claim, to which the Indemnification Obligations might apply. The indemnitor shall select, manage, and pay the legal defense costs as a part of the indemnity obligation including any settlement and/or judgment amounts awarded. Each indemnitee shall have the right, at its option and sole expense, to participate in the defense or claim without relieving the indemnitor of any obligation hereunder. The indemnitee shall cooperate and comply with all reasonable requests that the indemnitor may make in connection with the defense and any settlement of a claim.
- 9.4 Duration. The Indemnification Obligations shall continue after the termination of this Agreement, and all rights associated with the Indemnification Obligations shall inure to the benefit of the successors or assigns of REACH and Upland.

10. Miscellaneous.

- 10.1 Force Majeure. Neither Party shall be liable to the other Party for failure to perform its respective obligations under this Agreement if and to the extent that such failure results from causes beyond the non-performing Party's reasonable control, including without limitation such causes as (x) the failure of the County of San Bernardino to authorize this service under any activity which it may exercise, the conditional approval by the County of San Bernardino that imposes conditions that Upland, in its sole and unfettered discretion, rejects; (y) any requirement, condition, payment or otherwise required by any third party that Upland, in its sole and unfettered discretion, rejects; or (z) strikes, lockouts, riots, fires, floods or other weather conditions, natural disasters, acts of God, acts of public enemy, or any regulations, orders or requirements of any duly authorized governmental body or agency (collectively, "Force Majeure"). If either Party is unable to perform as a result of Force Majeure, it shall promptly notify the other Party in writing of the beginning and estimated ending of each such period. If any period of Force Majeure continues for thirty (30) days or more, the Party not so failing in performance shall have the right to terminate the Agreement upon written notice to the other Party. Notwithstanding anything contained herein to the contrary, REACH, to the extent it has a suitable aircraft and available for such purpose, shall provide a backup helicopter and the associated Flight Services during the period of Force Majeure.
- 10.2 Default. A material breach by either Party of any representation, warranty or covenant contained in this Agreement or the failure of either Party to comply with any material terms or conditions set forth in this Agreement shall constitute an event of default ("Default").

- 10.3 Termination. This Agreement shall terminate and, except as otherwise set forth herein, shall be of no further force and effect thirty (30) days after the non-defaulting Party provides the defaulting Party with written notice of the Default (the "Cure Period"), unless the non-defaulting Party cures the Default prior to the expiration of the Cure Period. Further, this Agreement may be terminated by reason of Force Majeure, as set forth in Section 10.1 above.
- 10.4 Severability. In the event that any provision of this Agreement is determined to be unlawful or contrary to public policy, such provision shall be severed here from, shall be deemed null and void, but shall in no way affect the remaining provisions set forth herein.
- 10.5 Proprietary Information. REACH shall cause its employees, agents and affiliates to hold as confidential all patient information and all information relating to Upland's business, and the terms and conditions of this Agreement. Upland shall cause its employees, agents and affiliates to hold confidential all information relating to REACH's business and the terms and conditions of this Agreement, except as otherwise reasonably necessary for Upland's routine business functions as a Business Associate.
- 10.6 Assignment. Neither Party shall assign this Agreement, in whole or in part, without the prior written consent of the other.
- 10.7 Waiver. The waiver by one Party of any breach or failure of the other Party to perform any covenant or obligation contained in this Agreement shall not constitute a waiver of any subsequent breach or failure.
- 10.8 Entire Agreement. This Agreement and any exhibits or schedules attached thereto or referred to herein, represent the entire agreement between the Parties, with respect to the subject matter hereof, all other prior agreements being merged herein, and this Agreement shall not be modified except in writing signed by the Party against whom such modification is sought to be enforced.
- 10.9 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California.
- 10.10 Notice. All notices relating to this Agreement shall be deemed given when mailed, by certified or registered mail, or overnight courier, to the other Party at the address set forth below or such other address as may be given in writing from time to time:

11. Recitals.

The recitals contained in the first portion of this Agreement are made an integral part of this Agreement.

IN WITNESS HEREOF, the Parties, through their respective undersigned authorized officers, have duly executed this Agreement as of the day and year first written above.

[Signature page follows]

MEDIPLANE, INC.:

By: [Signature]
Name: Greg Stone
Title: Chief Operating Officer

THE CITY OF UPLAND:

By: [Signature]
Name: Robb Quincey
Title: City Manager

APPROVED AS TO FORM:

By: [Signature]
Name: WILLIAM P CURLEY III
Title: Upland City Attorney

SCHEDULE A

Business Associate Agreement

WHEREAS, Mediplane, Inc. dba REACH Air Medical Services (hereinafter, "Business Associate") and City of Upland (hereinafter, "Covered Entity") entered into an agreement dated 6/4/09 (the "Agreement"); and

WHEREAS, to the extent that Business Associate stands in a "business associate" relationship pursuant to the privacy regulations published at 65 Federal Register 82462 (December 28, 2000), as amended by regulations published at 67 Federal Register 53182 (August 14, 2002, hereinafter collectively referred to as the "Privacy Rule"), as they may hereafter be amended, pursuant to Public Law 104-191 of August 21, 1996, known as the Health Insurance Portability and Accountability Act of 1996, Subtitle F-Administrative Simplification, Sections 261, et seq., as amended ("HIPAA"), the Parties desire to supplement the Agreement to include business associate assurances as set forth herein.

THEREFORE, intending to be legally bound, the Parties hereby supplement the Agreement as follows:

1. **Definitions.** Terms used, but not otherwise defined, in this Business Associate Agreement shall have the same meaning as those terms in 45 CFR Sections 160.103 and 164.501.

2. **Obligations and Activities of Business Associate.** In conformity therewith, the Business Associate agrees that it will:

- (a) Not use or further disclose Protected Health Information ("REACH"), except as permitted under the Agreement or required by law.
- (b) Use appropriate safeguards to prevent use or disclosure of REACH, except as permitted by the agreement.
- (c) To mitigate, to the extent practicable, any harmful effect that is known to Business Associate of a use or disclosure of REACH by Business Associate in violation of this Agreement.
- (d) Report to Covered Entity any use or disclosure of REACH not provided for by this Agreement of which Business Associate becomes aware.
- (e) Ensure that any agents or subcontractors to whom Business Associate provides REACH or who have access to REACH or who the Business Associate receives REACH from, agree to the same restrictions and conditions that apply to Business Associate with respect to such REACH, Inc.;

- (f) Make REACH available to Covered Entity and to the individual who has a right of access as required under HIPAA within thirty (30) days of the request by Covered Entity regarding the individual;
- (g) Incorporate any amendments to REACH when directed by Covered Entity;
- (h) Provide an accounting of all uses or disclosures of REACH made by Business Associate as required under the HIPAA privacy rule within sixty (60) days; and
- (i) Make its internal practices, books and records relating to the use and disclosure of REACH available to the Covered Entity or Secretary of the Department of Health and Human Services for purposes of determining Business Associate's and Covered Entity's compliance with HIPAA.

3. **Permitted Uses and Disclosures by Business Associates.** The specific uses and disclosures of REACH that may be made by Business Associate on behalf of Covered Entity include:

- (a) To perform functions, activities, or services for, or on behalf of, Covered Entity as specified in the Agreement and in compliance with the Privacy Rule;
- (b) For the proper management and administration of the Business Associate or to carry out the legal responsibilities of the Business Associate.
- (c) As required by law;
- (d) Other uses or disclosures of REACH as permitted by the HIPAA privacy rule.

4. **Effective Date and Termination**

- (a) Notwithstanding any other provisions of the Agreement to the contrary, this Business Associate Agreement shall be effective immediately and may be terminated by Covered Entity, in its sole discretion, if Covered Entity determines that Business Associate has violated a term or provision of this Business Associate Agreement, or if Business Associate engages in conduct which would, if committed by Covered Entity, result in a violation of the HIPAA privacy rule.
- (b) At the termination of this Agreement, Business Associate agrees to return or destroy all REACH received from, or created, or received by Business Associate on behalf of Covered Entity, and if return is infeasible, the protections of this agreement will extend to such REACH.

Mediplane, Inc.

By: 

Name:

Greg Stone

Title:

Chief Operating Officer

Date:

6/4/09

City of Upland

By: 

Name:

Rick Guinsey

Title:

City Manager

Date:

06/09/2009

AMENDMENT TO FIRE AIRSHIP/AIR AMBULANCE AGREEMENT

This Amendment is made to the agreement entitled, "RFP for Fire/Air Ambulance Services," between Mediplane, Inc. dba REACH Air Medical Services [now REACH Air Medical Services, LLC] ("REACH") (the "Agreement") and the City of Upland, a California general law city and municipal corporation ("Upland"). (Capitalized terms herein shall have the same meaning as in the Agreement.)

WHEREAS, the Parties entered into the Agreement December 21, 2010;

WHEREAS, the Agreement requires Upland to provide the Medical Crew required to staff REACH's aircraft, and to provide for one paramedic and one nurse to be on duty at all times to respond to any request for Flight Services;

WHEREAS, or the Parties have determined that, in case of serious illness or injury to the Medical Crews, it is not always feasible for Upland to have both members of the Medical Crew on duty at all times;

WHEREAS, during such periods when Upland is unable to provide both Medical Crew members to respond to a request, the Parties have agreed that REACH shall provide a nurse;

NOW, THEREFORE, in consideration of their mutual promises, the parties hereby agree to amend the Agreement as follows:

1. The last sentence of the first paragraph of section 2.1 is deleted and replaced with the following:

Upland shall use commercially reasonable efforts to have one paramedic and one nurse on duty at all times to respond to any requests for Flight Services. During those time periods when Upland is unable to supply both members of the Medical Crew, REACH shall provide its own nurse ("REACH Nurse") in lieu of an Upland Medical Crew member ("Upland Crew Member"). In such event, the Monthly Fee specified above shall be reduced in the amount of \$ 37.50 per [hour worked by the REACH nurse/Flight/other increment]. The REACH Nurse shall be and remain an employee of REACH at all times, but shall comply with the requirements of this section and shall be subject to the clinical control of the Medical Director to the same extent as the Upland Crew Members. REACH shall provide all salary, benefits, and professional liability coverage for the REACH nurse. REACH agrees to defend and indemnify Upland against any and all claims, liabilities or expenses arising from any allegation by the REACH Nurse or by any governmental agency that the REACH Nurse is an employee of Upland or entitled to any compensation or benefits as an employee of Upland. Upland agrees to defend and indemnify REACH against any and all claims, liabilities or expenses arising from any allegation by any Upland Crew Member or by any

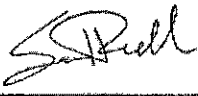
governmental agency that any Upland Crew Member is an employee of REACH or entitled to any compensation or benefits as an employee of REACH.

2. Except as provided above, the Agreement shall remain unchanged.

IN WITNESS WHEREOF, the parties through their respective undersigned officers, have duly executed this Amendment as of the day and year first written above.

REACH AIR MEDICAL SERVICES, LLC

CITY OF UPLAND

By:  Sean Russell
2010.12.22
09:22:22 -08'00'

By: 

Name: Sean Russell

Name: Michael Antonucci

Title: Chief Service Officer

Title: Fire Chief

AMENDMENT NUMBER TWO TO
FIRE AIR SHIP/AIR AMBULANCE AGREEMENT

This Amendment Number Two ("Amendment") to the Fire Air Ship/Air Ambulance Agreement is entered into as of May 8 2013, by and between REACH Air Medical Services, LLC, successor-in-interest to and formerly known as Mediplane, Inc. ("REACH"), and City of Upland, a California General Law City and municipal corporation ("Upland") (REACH and Upland shall collectively be referenced as the "Parties" and individually referenced as a "Party").

WHEREAS, REACH and Upland previously entered into the Fire Air Ship/Air Ambulance Agreement effective June 4, 2009, for the provision of air medical transportation services, as amended by the Amendment to Fire AirShip/Air Ambulance Agreement dated December 21, 2010 (the "Agreement"); and

WHEREAS, the Parties desire to amend certain terms of the Agreement as set forth in this Amendment.

NOW, THEREFORE, in consideration of the mutual covenants contained in the Agreement, the Parties agree to the following:

1. Section 1.1 of the Agreement is hereby deleted in its entirety and replaced by the following:

1.1 Air Medical Transport Services. As authorized in accordance with this Agreement and when requested by Upland, REACH shall air transport patients (each, an "Emergency Flight") in accordance with all of the following: (i) local EMS Agency, State and Federal protocols, (ii) Upland's protocols in existence on the Effective Date which have been furnished to REACH on or before the Effective Date, and (iii) Upland's protocols as they may be amended after the Effective Date which have been furnished in writing to REACH and reasonably approved by REACH (which approval will not be unreasonably withheld). To the extent possible, all applicable state and local licenses for the Program will be held directly by REACH to support REACH's ability to bill for patient transports. Specifically, if possible, REACH will obtain its own San Bernardino County Air Ambulance EMSA permit, independent of Upland Fire Department's EMSA permits.

2. Section 1.6 of the Agreement is hereby deleted in its entirety and replaced by the following:

1.6. Medical Director and Medical Direction. REACH will provide a physician to provide medical direction for the Program (the "Medical Director"). The Medical Director selected by REACH shall be subject to the approval of the Upland Fire

Department, which approval shall not unreasonably be withheld. The Medical Director shall be an employee or an independent contractor of REACH and shall not be deemed an employee, contractor or agent of Upland. The Medical Director must meet all licensure, education, and certification requirements as set forth by any state or federal oversight body, and CAMTS. Upland agrees to participate in all Quality Assurance ("QA") activities developed for the Program, which activities will include a monthly REACH/Upland QA meeting. The Medical Director will work with the local EMS Agency Medical Directors, including scope of practice, of EMS personnel oversight by the Local EMS Medical Director, in accordance with State of California Law, when applicable.

3. Section 1.7 of the agreement is hereby deleted in its entirety and replaced by the following:

1.7 General Financial Responsibility. Except as otherwise provided in this Agreement, all costs for operating the Program will be borne directly by REACH. Costs and fees incurred as a result of the Program, but not allocated as the responsibility of either Party under this Agreement, will be negotiated on a case by case basis prior to such being incurred. If the Parties are unable to negotiate an agreeable allocation of any cost or expense, the cost or expense will not be incurred or will be the sole responsibility of the Party incurring such cost or expense.

4. Section 1.8 of the Agreement is hereby amended to add the following sentence at the end of the existing language:

The Parties agree to explore the feasibility of Upland residents receiving air ambulance transportation free of charge.

5. Section 1.9 of the Agreement is hereby amended to add the following sentence at the end of the existing language:

To the extent Upland is deemed a Business Associate of REACH under HIPAA in connection with Upland's provision of services under this Agreement, Upland shall comply with the terms and conditions of the Business Associate Agreement attached as Schedule A (with REACH being the "Covered Entity" thereunder).

6. Section 2.1 of the Agreement is hereby deleted in its entirety and replaced by the following:

2.1 Clinical Services on Flights. Except as set forth in Section 2.1.2, Upland will provide to REACH at least three (3) paramedics and (3) nurses (the "Medical

Crew") trained to a standard agreed upon by the Parties for the Program (but in no event less than the standards set forth by CAMTS and/or the State and local EMS Agency) at the contract rate of Ninety-Six Thousand Nine Hundred Sixty-Seven Dollars and Forty-Six Cents (\$96,967.46) per month (the "Monthly Fee"), which Monthly Fee includes any overtime wages Upland may be required to pay the Medical Crew. This Monthly Fee may be increased by mutual agreement of the Parties based on any subsequently enacted memorandum of understanding ("MOU") or collective bargaining agreement between the Upland employee groups and Upland which increases the wages and fringe benefits payable to the Medical Crew by Upland. Payments made to Upland shall be due and payable upon receipt of the Upland invoice on the first day of each month, to the order of the City of Upland, Attn: Fire Chief, 475 North Second Ave, Upland, California 91785. The Medical Crew provided by Upland shall be and remain the employees of Upland or of Upland's mutual aid partners and under the control of Upland; provided, however, that during the Flight Services, the Medical Crew will abide by all commands and instructions of the PIC of the aircraft and will follow and abide by all mutually agreed upon clinical protocols and medical direction as well as all mutually agreed upon safety and operational guidelines.

Upland shall use commercially reasonable efforts to have one paramedic and one nurse on duty at all times to respond to any requests for Flight Services. During those time periods when Upland is unable to supply both members of the Medical Crew (Upland Medical Crew Members), (i) REACH may provide its own Nurse or Paramedic (REACH Medical Crew Member) and (ii) the Monthly Fee specified above shall be reduced in the amount of (i) \$134.68 for all or part of each hour after the first two hours during a scheduled shift that a fully staffed Medical Crew is not available. The REACH Medical Crew Member shall be and remain an employee of REACH at all times, but shall comply with the requirements of this section and shall be subject to the clinical control of the Medical Director to the same extent as the Upland Crew Members. REACH shall provide all salary, benefits, and professional liability coverage for the REACH Medical Crew Member. REACH agrees to defend and indemnify Upland against any and all claims, liabilities or expenses arising from allegations by the REACH Medical Crew Member or by any governmental agency that the REACH Medical Crew Member is an employee of Upland or entitled to any compensation or benefits as an employee of Upland. Upland agrees to defend and indemnify REACH against any and all claims, liabilities or expenses arising from any allegations by any Upland Crew Members or by any governmental agency that any Upland Crew Member is an employee of REACH or entitled to any compensation or benefits as an employee of REACH.

2.1.1 REACH agrees to reimburse Upland for its administrative costs of managing the Program, which includes costs incurred by Upland with respect to crew quarters, vehicle use and administrative oversight, in the amount of Twelve Thousand Dollars (\$12,000) per month. REACH shall also reimburse Upland for its operational costs relating to the Program, including dispatch contract, ICEMA permit, supplies and training, in the amount of Ten Thousand Dollars (\$10,000) per month.

2.1.2 The Parties agree to convert flight nurses to REACH employees through attrition, with appropriate reductions in Medical Crew reimbursement. In the event of an Upland permanent vacancy for a nurse position in the Medical Crew, REACH shall fill the vacancy with a REACH-employed nurse and the Monthly Fee will be reduced by an amount equal to \$8,000.00.

7. Section 2.3 of the Agreement is hereby deleted in its entirety and replaced by the following:

2.3 Program Management. Upland will designate one or more individuals to act as the supervisor from the Emergency Medical Services Division of the Upland Fire Department ("UFD"), as provided for herein. UFD's on-duty Chief Officer will work with REACH in an advisory capacity to oversee the daily operations of the Program. Such personnel provided by Upland shall be either employees or contractors of Upland and under the control of Upland. REACH will pay Upland Ten Thousand Dollars (\$10,000) per year for these base management, supervision and administrative duties provided by Upland (over and above the amount provided for in section 2.1.1 above).


7. Except as set forth in this Amendment, all terms and conditions of the Agreement shall remain in full force and effect.

[Signature page follows]

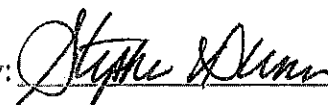
IN WITNESS HEREOF, the Parties, through their respective undersigned authorized officers, have duly executed this Amendment as of the day and year first above written.

REACH AIR MEDICAL SERVICES, LLC

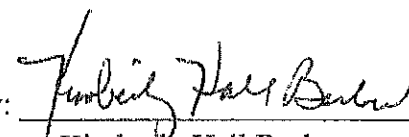
(f/k/a MEDIPLANE, INC.):

By: 
Name: SEAN T. Russell
Title: President

CITY OF UPLAND:

By: 
Name: Stephen Dunn
Title: City Manager

APPROVED AS TO FORM:

By: 
Name: Kimberly Hall Barlow
Title: Upland City Attorney

AMENDMENT NUMBER THREE TO
FIRE AIR SHIP/AIR AMBULANCE AGREEMENT

This Amendment Number Three ("Amendment Number Three") to the Fire Air Ship/Air Ambulance Agreement is entered into this 13th day of January, 2014 (the "Effective Date"), by and between REACH Air Medical Services, LLC, ("REACH"), and City of Upland, a California General Law City and municipal corporation ("Upland") (REACH and Upland shall collectively be referenced as the "Parties" and individually referenced as a "Party").

WHEREAS, REACH and Upland entered into the Fire Air Ship/Air Ambulance Agreement effective June 4, 2009, for the provision of air medical transportation services, as amended on December 21, 2010 and as amended with Amendment Number Two, (hereinafter referred to as the "Agreement") dated May 8, 2013; and

WHEREAS, Upland intends to enter into an agreement titled the Contract Between Inland Counties Emergency Medical Agency and Upland Fire Department to Authorize EMS Aircraft Services (hereinafter referred to as the "ICEMA EMS Aircraft Services Agreement"); and

WHEREAS, the Parties desire to amend certain terms of the Agreement as set forth in this Amendment Number Three.

NOW, THEREFORE, in consideration of the mutual covenants contained herein, the Parties agree to the following:

1. This Amendment Number Three shall be in effect for the remaining term of the Agreement which currently has a termination date of June 4, 2014, with an option of extending the Agreement for two (2) successive three (3) year periods.
2. Upland shall maintain, in good standing, a permit to operate aircraft EMS services with ICEMA during the term of the Agreement.
3. The ICEMA EMS Aircraft Services Agreement is attached hereto and incorporated herein as Exhibit 1 to this Amendment Number Three.
4. Section 1.7 General Financial Responsibility of the Agreement is amended by addition of the following provisions:
 - 1.7.1 REACH hereby agrees to reimburse Upland for the costs of the Annual Permit Fee assessed of Upland by the Inland Counties Emergency Medical Agency (hereinafter "ICEMA") in accordance with ICEMA's fee schedule and as referenced in the ICEMA EMS Aircraft Services Agreement.
 - 1.7.2 REACH hereby agrees to reimburse Upland for the costs of the Annual Contract Management/Monitoring Fee assessed by ICEMA for Upland and as referenced in the ICEMA EMS Aircraft Services Agreement.

5. Section 9.1 REACH's Indemnification Obligations shall be amended by the addition of the following provisions:

9.1.1 REACH shall indemnify and hold harmless ICEMA, the County of San Bernardino, its Agencies, Districts, Special Districts and Departments, their respective directors, officers, Board of Supervisors, elected and appointed officials, employees, agents and representatives (individually and collectively hereinafter referred to as Indemnitees) from any liability whatsoever, based or asserted upon any services of REACH, its officers, employees, subcontractors, agents or representatives arising out of or in any way relating to the Agreement or the ICEMA EMS Aircraft Services Agreement, including but not limited to property damage, bodily injury, or death or any other element of any kind or nature whatsoever arising from the performance of REACH, its officers, employees, subcontractors, agents or representatives. REACH shall defend, at its sole expense, all costs, and fees including, but not limited, to attorney fees, cost of investigation, defense and settlements or awards, the Indemnitees in any claim or action based upon such alleged acts or omissions.

With respect to any action or claim subject to indemnification herein by REACH, REACH shall, at its sole cost, have the right to use counsel of their own choice and shall have the right to adjust, settle, or compromise any such action or claim without the prior consent of ICEMA; provided, however, that any such adjustment, settlement or compromise in no manner whatsoever limits or circumscribes REACH's indemnification to Indemnitees as set forth herein. REACH's obligation hereunder shall be satisfied when REACH has provided to ICEMA the appropriate form of dismissal relieving ICEMA from any liability for the action or claim involved.

The specified insurance limits required in the ICEMA EMS Aircraft Services Agreement shall in no way limit or circumscribe REACH's obligations to indemnify and hold harmless the Indemnitees herein from third party claims.

In the event there is conflict between this clause and California Civil Code Section 2782, this clause shall be interpreted to comply with Civil Code 2782. Such interpretation shall not relieve the REACH from indemnifying the Indemnitees to the fullest extent allowed by law.

6. The Agreement as amended by this Amendment Number Three may be terminated by either party for any reason, with or without cause, by providing ninety (90) days' written notice to the other party.
7. Except as set forth in this Amendment Number Three, all terms and conditions of the Agreement as previously amended shall remain in full force and effect.

[Signature Page Follows]

IN WITNESS HEREOF, the Parties, through their respective undersigned authorized officers, have duly executed this Amendment Number Three as of the Effective Date written above.

REACH Air Medical Services, LLC:

By: 

Name: Sean Russell

Title: President

Date: 1/10/2014

CITY OF UPLAND:

By: 

Name: STEPHEN DUNN

Title: CITY MANAGER

Date: 1/28/14

APPROVED AS TO FORM:

By: 

Name: Kimberly Hall Barlow

Title: Upland City Attorney

Date: 1/27/14

AMENDMENT NUMBER FOUR TO

FIRE AIR SHIP/AIR AMBULANCE AGREEMENT

This Amendment Number FOUR ("Amendment") to the Fire Air Ship/Air Ambulance Agreement is entered into as of July 24 2014, by and between REACH Air Medical Services, LLC, successor-in-interest to and formerly known as Mediplane, Inc. ("REACH"), and City of Upland, a California General Law City and municipal corporation ("Upland") (REACH and Upland shall collectively be referenced as the "Parties" and individually referenced as a "Party").

WHEREAS, REACH and Upland previously entered into the Fire Air Ship/Air Ambulance Agreement effective June 4, 2009, for the provision of air medical transportation services, as amended by the Amendment to Fire Air Ship/Air Ambulance Agreement dated December 21, 2010 (the "Agreement"); and

WHEREAS, the Parties desire to amend certain terms of the Agreement as set forth in this Amendment.

NOW, THEREFORE, in consideration of the mutual covenants contained in the Agreement, the Parties agree to the following:

- I. Section 5 of the Agreement the option of extension is exercised and the terms of this agreement is extended for the first of 2 consecutive three year periods, with this extension ending on June 4th of 2017.

IN WITNESS HEREOF, the Parties, through their respective undersigned authorized officers, have duly executed this Amendment as of the day and year first above written.

REACH AIR MEDICAL SERVICES, LLC
(f/k/a MEDIPLANE, INC.):

By:

Name:

SEAN T. RUSSELL

Title:

President

CITY OF UPLAND:

By:

Name:

Martin Lomeli

Title:

Interim City Manager

**AMENDMENT NUMBER FIVE TO
FIRE AIR SHIP/AIR AMBULANCE AGREEMENT**

This Amendment Number Five ("Amendment") to the Fire Air Ship/Air Ambulance Agreement is entered into as of February 1, 2016, by and between REACH Air Medical Services, LLC, successor-in-interest to and formerly known as Mediplane, Inc. ("REACH"), and City of Upland, a California General Law City and municipal corporation ("Upland") (REACH and Upland shall collectively be referenced as the "Parties" and individually referenced as a "Party").

WHEREAS, REACH and Upland previously entered into the Fire Air Ship/Air Ambulance Agreement effective June 4, 2009, for the provision of air medical transportation services, as previously amended (the "Agreement"); and

WHEREAS, the Parties desire to amend certain terms of the Agreement as set forth in this Amendment.

NOW, THEREFORE, in consideration of the mutual covenants contained in the Agreement, the Parties agree to the following:

1. Section 2.1.2 of the Agreement, as added in Amendment Number Two of the Agreement, is hereby deleted in its entirety.
2. All other terms of the Agreement shall remain in full force and effect. If there is a conflict between the Agreement and this Amendment Number Five, terms of this Amendment Number Five shall prevail.

IN WITNESS HEREOF, the Parties, through their respective undersigned authorized officers, have duly executed this Amendment as of the day and year first above written.

REACH AIR MEDICAL SERVICES, LLC

By: 

Name: Sean Russell
Title: President

1/13/16

CITY OF UPLAND:

By: 

Name: Rod Butler
Title: City Manager

APPROVED AS TO FORM:

By: 

Name: Richard Adams
Title: Upland City Attorney

FOR OFFICIAL USE ONLY

INLAND COUNTIES
EMERGENCY MEDICAL
AGENCY

F A S

STANDARD CONTRACT

ORIGINAL

<input checked="" type="checkbox"/> New <input type="checkbox"/> Change <input type="checkbox"/> Cancel	Vendor Code	SC	Dept. SMI	A	Contract Number 09-1102	
INLAND COUNTIES EMERGENCY MEDICAL AGENCY		Dept. ICM	Orgn. ICM	Contractor's License No.		
Contract Representative Virginia Hastings, Executive Director		Telephone (909) 388-5823		Total Contract Amount \$		
Contract Type <input type="checkbox"/> Revenue <input type="checkbox"/> Encumbered <input type="checkbox"/> Unencumbered <input checked="" type="checkbox"/> Other:						
if not encumbered or revenue contract type, provide reason:						
Commodity Code		Contract Start Date	Contract End Date	Original Amount \$	Amendment Amount \$	
Fund AAA	Dept. HCC	Organization EMS	Appr.	Obj/Rev Source	GRC/PROJ/JOB No.	Amount \$
Fund	Dept.	Organization	Appr.	Obj/Rev Source	GRC/PROJ/JOB No.	Amount \$
Fund	Dept.	Organization	Appr.	Obj/Rev Source	GRC/PROJ/JOB No.	Amount \$
Project Name AGREEMENT BETWEEN UPLAND FD AND INLAND COUNTIES EMERGENCY MEDICAL AGENCY			Estimated Payment Total by Fiscal Year			
			FY	Amount	I/D	

THIS CONTRACT is entered into in the State of California by and between the **INLAND COUNTIES EMERGENCY MEDICAL AGENCY**, hereinafter called **ICEMA**, and

Name

Upland Fire Department

hereinafter called **PROVIDER**

Address

480 N. Euclid Avenue

Upland, CA 91786

Telephone

(XXX) XXX-XXXX

Federal ID No. or Social Security No.

IT IS HEREBY AGREED AS FOLLOWS:

AGREEMENT BETWEEN
INLAND COUNTIES EMERGENCY MEDICAL AGENCY
AND UPLAND FIRE DEPARTMENT
TO AUTHORIZE ADVANCED LIFE SUPPORT ("ALS") AIR AMBULANCE

This Agreement is entered into by and between the Inland Counties Emergency Medical Agency (hereinafter referred to as "ICEMA") and Upland Fire Department (thereinafter referred to as "PROVIDER").

Auditor/Controller-Recorder Use Only

<input type="checkbox"/> Contract Database	<input type="checkbox"/> FAS
Input Date	Keyed By

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ARTICLE I: RECITALS

WHEREAS, ICEMA, through a Joint Powers Agreement, is the local Emergency Medical Services ("EMS") agency for the Counties of Inyo, Mono, and San Bernardino, and,

WHEREAS, Division 2.5 of the Health and Safety Code, section 1797.218, gives the local EMS Agency, ICEMA, the authority to authorize an Advanced Life Support ("ALS") program which provides services utilizing Emergency Medical Technicians – Paramedic ("EMT-P"), for the delivery of emergency medical care to the sick and injured at the scene of an emergency, during transport to a general acute care hospital, during interfacility transfer, while in the emergency department of a general acute care hospital until care responsibility is assumed by the regular staff of that hospital, and during training within the facilities of a participating general acute care hospital, and,

WHEREAS, California Code of Regulations, Title 22, Division 9, Chapter 8, Prehospital EMS Air Regulations, gives ICEMA the authority to classify EMS aircraft and integrate EMS aircraft into its prehospital patient transport system, and,

WHEREAS, ICEMA has classified PROVIDER as an ALS Air Ambulance, and

WHEREAS, the PROVIDER agrees to comply with the terms and conditions as expressed herein:

NOW, THEREFORE, PROVIDER does agree as follows:

ARTICLE II: PERFORMANCE STANDARDS

- 2.1 To respond to all requests for service from ICEMA approved EMS Aircraft Dispatch Center (County Communications Center) on a seven (7) day per week, twenty four (24) hour per day basis within the entire County of San Bernardino.
- 2.2 To adhere to the Fire Demand Zones ("FDZ") assignments and priority dispatch order and notify the approved ICEMA EMS Aircraft Dispatch Center (County Communications Center) why PROVIDER is unable to respond according to the following categories:
 - a. On another 9-1-1 call
 - i. In county
 - ii. Out of county
 - b. Inter-Facility Transport ("IFT") (destination)
 - c. Maintenance (scheduled)
 - d. Maintenance (unscheduled)
 - e. Training
 - f. Contracted to provide event coverage
 - g. Weather
 - h. Other (provide detailed information)
- 2.3 To respond to and complete all requests for emergency (9-1-1) transports regardless of the potential payment source or payment capability of the patient.
- 2.4 To respond to and complete all requests for emergency transports 90% of the time.
- 2.5 Agree to notify the Dispatch Center when unavailable and when back in service.
- 2.6 Agree to provide a written report to ICEMA within 72 hours in each instance of helicopter mechanical failure while on an emergency call resulting in a cancelled or aborted mission and/or the inability to continue the response or patient transport. The report at a minimum shall include how long it took for

another EMS helicopter or ground ambulance to respond to the same call, the identity of the responding unit, and the reason or suspected reason(s) for said failure and/or malfunction.

- 2.7 In each instance where the mode of patient transport changes due to mechanical failure and/or malfunction, the PROVIDER will assure that the EMS personnel on helicopters which fail/malfunction submit electronic patient care reports regarding the medical care the patient received while in their care.
- 2.8 To comply with all Federal, State and local laws, rules, and regulations.
- 2.9 To attempt to complete written mutual aid agreements with other EMS Aircraft providers within San Bernardino County and in contiguous geographic areas and submit those agreements to ICEMA within six (6) months after the effective date of this AGREEMENT. Should PROVIDER be unable to effect a mutual aid agreement after a good faith effort to obtain same, PROVIDER shall notify ICEMA of said effort and the suspected cause(s) for such declination on another provider's part.
- 2.10 To obtain written approval from ICEMA and other applicable governmental jurisdictional agencies in the modification of geographical area(s) of services.
- 2.11 To comply with the ICEMA Prehospital EMS Aircraft Policies and any other relevant ICEMA policies/protocols as determined by ICEMA. PROVIDER understands that selection of an appropriate patient receiving facility for adult trauma patients shall be determined by the ICEMA rotational process. PROVIDER further understands that pediatric patients meeting triage criteria established by ICEMA shall be transported to the Level I Pediatric Trauma Center, Loma Linda University Medical Center.
- 2.12 To utilize primarily the assigned Base Hospitals for coordination, medical direction and training of all prehospital EMS personnel.
- 2.13 To comply with ICEMA Air Ambulance Destination Policies to ensure Medical Director Orientation to ICEMA policies, procedures, and system design.
- 2.14 To provide ICEMA a copy of all protocols approved by the PROVIDER's Medical Director for personnel not licensed, certified and/or ICEMA accredited as prehospital EMS personnel.
- 2.15 To provide visible identification of level of licensure and/or certification of prehospital EMS personnel.
- 2.16 To comply with ICEMA requirements for electronic recordkeeping, data collection and data submission. PROVIDER shall export electronic patient care records (e-PCRs) to ICEMA daily utilizing a format approved by ICEMA. Data received by virtue of this requirement will be made part of the ICEMA Quality Improvement Program and will be treated as confidential information used for the purposes of evaluating and improving the overall EMS system.
- 2.17 To appoint at least one EMT-P or Flight Nurse as ALS Program Coordinator(s) to be the liaison with ICEMA, the assigned Base Hospital and receiving facilities. The ALS Coordinator shall participate in a quality improvement process per ICEMA policies, assist in the investigation of unusual occurrences as identified by the PROVIDER or ICEMA, and attend meetings as requested by ICEMA.
- 2.18 To appoint at least one EMT-P or Flight Nurse as Training Officer who shall perform the necessary orientations for all new EMT-Ps and Flight Nurses employed by the PROVIDER. For the purposes of this AGREEMENT, the position of Training Officer and ALS Program Coordinator may be satisfied by the same individual.
- 2.19 To facilitate the scheduling of periodic visits by the ICEMA staff to insure compliance with local, State and Federal laws, policies and/or procedures.

- 2.20 To notify ICEMA of significant Air Ambulance ALS services problems or changes in a timely manner, including but not limited to:
- a. Changes in number of available aircraft
 - b. Base Hospital complaints
 - c. Changes in base location(s)
 - d. Radio frequency interference which causes operational problems
 - e. Any personnel action taken as a result of direct violation of the ICEMA protocols, policies and procedures.
- 2.21 To maintain and inventory drugs and equipment as outlined by ICEMA policy and/or protocol.
- 2.22 To notify and work with ICEMA when evaluating equipment that can be used in the field for definitive medical care or intervention.
- 2.23 To comply with the ICEMA Prehospital EMS Aircraft Policies and all ICEMA program requirements, including all protocols, policies and procedures as well as applicable State and County regulations.
- 2.24 To provide EMS personnel with educational updates to include written copies of any revisions in ICEMA protocols, policies, and procedures prior to the implementation date as stated by ICEMA.
- 2.25 To comply with training guidelines as approved by ICEMA.
- 2.26 To intern ALS trainees from approved training programs, when feasible.
- 2.27 No person or organization shall provide or hold themselves out as providing prehospital EMS aircraft services unless that person or organization has been classified and authorized by ICEMA, or in the case of state agencies, the EMS Authority.
- 2.28 No ALS provider personnel shall actively function as or provide ALS Services unless all approved equipment and supplies inventory is readily available at the site of a medical emergency.

ARTICLE III: COMMUNICATIONS

The PROVIDER further agrees:

- 3.1 Respond to 9-1-1 dispatch by the ICEMA approved EMS Aircraft Dispatch Center (County Communications Center).
- 3.2 To maintain and operate a dispatch center and flight following service in substantial compliance with the Commission on Accreditation of Medical Transport Service ("CAMTS") standards for such services.
- 3.3 To record and keep for a minimum of ninety (90) days all telephone lines and radio frequencies used for emergency medical business communications, in or out of the center.
- 3.4 To provide emergency back-up power.
- 3.5 To allow ICEMA full and free access to the tapes, logs, data, etc., at reasonable times without prior notice. ICEMA shall have the authority to audit tapes, logs, data, etc.
- 3.6 To provide all required periodic reports pursuant to this AGREEMENT and as required/requested by ICEMA.

- 3.7 To obtain, install, and maintain in PROVIDER's air ambulances all such radio and telecommunications equipment as is necessary for the effective and efficient dispatch of air ambulances and for effective and efficient communication with public safety agencies, the San Bernardino County Communications Center, first responder agencies, ground ambulance units and base and receiving hospitals.

ARTICLE IV: EQUIPMENT AND SUPPLIES

The PROVIDER further agrees:

- 4.1 To comply with the Air Ambulance Drug and Equipment List. (Variances must be approved in writing by the ICEMA Medical Director.)
- 4.2 To carry equipment and supplies as needed to appropriately provide patient care within the authorized scope of practice. PROVIDER shall also carry equipment and supplies as needed to appropriately provide patient care within the PROVIDER approved patient care guidelines/procedures for PROVIDER's nursing staff (PROVIDER to attach to AGREEMENT as Attachment 1).
- 4.3 All air ambulance units shall, at a minimum, meet all of the applicable standards as established by Federal Aviation Administration Regulations to include and be operated in compliance with Federal Aviation Regulations ("FAR") Part 135, and Chapter 8, Division 9 of Title 22, California Code of Regulations.
- 4.4 ICEMA staff may at any time, without prior notice, inspect PROVIDER's air ambulance units in order to verify compliance with this AGREEMENT. An inspection may be postponed if it is shown that the inspection would unduly delay the air ambulance unit from responding to an emergency call. A memorandum of the inspection shall be forwarded by ICEMA within five (5) working days specifying any deficiencies, a reasonable timeframe within which to correct any deficiencies, date of the inspection, the unit number, and the names of participating crew shall be provided to the PROVIDER. PROVIDER must show proof of correction for any deficiencies noted during said inspection and within the time period as specified by ICEMA.
- 4.5 The PROVIDER shall develop and maintain a maintenance plan in compliance with the manufacturers recommended maintenance schedules, maintain a record of the preventative maintenance, repairs and replacement of equipment and helicopters and shall make such plan and records available to ICEMA upon request.
- 4.6 Upon the effective date of this AGREEMENT and annually thereafter, PROVIDER shall submit to ICEMA an inventory of all air ambulances utilized by PROVIDER under this AGREEMENT.

ARTICLE V: PERSONNEL STANDARDS/FIELD ACTIVITIES

The PROVIDER further agrees:

- 5.1 PROVIDER and vendor Medical Director(s) shall be licensed in the State of California.
- 5.2 When responding to an emergency call, the air ambulance unit shall be staffed with a minimum of two (2) medical personnel, in addition to the pilot, whose level of certification/licensure shall, at a minimum, be one State-licensed and ICEMA accredited EMT-P and one Flight Nurse licensed by the State of California and certified by ICEMA as a Mobile Intensive Care Nurse.
- 5.3 That all employees of the PROVIDER engaged in patient care shall meet and comply with the applicable training/continuing education requirements as established by the State of California, ICEMA and

PROVIDER for their level of certification/licensure. PROVIDER further agrees to facilitate and encourage personnel to attend and participate in regularly scheduled in-service training provided by base hospitals.

- 5.4 Not to permit any employees to perform any services when PROVIDER has reasonable cause to believe that they may be under the influence of any alcoholic beverage, medication, narcotic, or other substance that might impair physical or mental performance.
- 5.5 That the crew person attending the patient(s) shall assure that medical reports are completed and given to the receiving hospital according to ICEMA policies and procedures.

ARTICLE VI: RECORDS/REPORTS

The PROVIDER further agrees:

- 6.1 To maintain an active list of employees including their current addresses, phone numbers, qualifications, certificates and licenses with expiration dates. Such list will be available for review by ICEMA.
- 6.2 All records pursuant to this AGREEMENT, except recorded radio and telephone communications, shall be preserved by PROVIDER for at least three (3) years from the termination of this AGREEMENT.
- 6.3 Upon request of ICEMA, to prepare and submit written reports on any incident arising out of services provided under this AGREEMENT.
- 6.4 To submit monthly operations reports to ICEMA by the 15th of the month, for the previous month, in a form to be mutually agreed upon, to include 9-1-1 and interfacility transfers, .
- 6.5 Provide EMS ICEMA approved electronic patient care record (ePCR) on all 9-1-1 responses and interfacility transfers.
- 6.6 To provide additional information and reports as ICEMA may request from time to time to monitor the performance of the PROVIDER under this AGREEMENT.
- 6.7 Provide a copy of and maintain a current air taxi/commercial operator's certificate, and notify ICEMA within twenty four (24) hours of any change in the status of said certificate.

ARTICLE VII: ICEMA'S RESPONSIBILITIES

ICEMA accepts and agrees to perform the following duties, obligations and responsibilities:

- 7.1 Provide all adopted protocols, policies, and procedures relating to emergency medical care no less than 30 (thirty) days prior to the implementation date as stated by ICEMA.
- 7.2 Include PROVIDER in ICEMA's Quality Improvement Program.
- 7.3 Provide quarterly data reports from data submitted by PROVIDER.
- 7.4 Communicate as necessary with PROVIDER's medical director and/or ALS program coordinator.
- 7.5 Assign a base hospital to PROVIDER's ALS program.
- 7.6 Schedule periodic meetings with PROVIDER's Medical Director or designee to assist in assuring in the delivery of a quality EMS program in compliance with applicable laws, regulations and protocols related to emergency medical care.

- 7.7 Impose no duty, obligation or burden upon PROVIDER as an ALS provider which is not uniformly applied to all other providers of ALS services.
- 7.8 Strive to ensure a positive, communicative, and effective working relationship with PROVIDER.

ARTICLE VIII: TRANSITION PLANNING

- 8.1 PROVIDER is aware that, in the future, ICEMA may initiate a competitive procurement process for the award of PROVIDER's service area. Should a competitive procurement process for the award of exclusive air ambulance services within PROVIDER's jurisdiction of origin be initiated, and PROVIDER is not the successful bidder of said services, ICEMA shall retain its right to contract, as required, with an alternate air ambulance provider for emergency air ambulance services to ensure that there is no interruption in the provision of said services within this jurisdiction.
- 8.2 For the purpose of this AGREEMENT, said transition period shall not be less than 90 days.
- 8.3 Should PROVIDER fail to win the bid in a subsequent bid cycle, the PROVIDER shall continue to provide all services at the same level of effort and performance required under this AGREEMENT until the subsequent winning bidder takes over.

ARTICLE IX: COMPENSATION/FEES

- 9.1 PROVIDER shall be assessed an annual permit to operate fee in accordance with the approved fee schedule for ICEMA established pursuant to Section 510 of the California Health and Safety Code. In addition, PROVIDER shall coordinate with ICEMA for the implementation of other applicable fees, as deemed appropriate.
- 9.2 Provider shall pay an annual fee in the amount of \$15,000 per fiscal year to offset ICEMA costs for monitoring, evaluation, and utilization review. Annual fee shall be prorated based upon effective date of this AGREEMENT. The funds generated through these fees shall be utilized by ICEMA to support, in part, the implementation and oversight necessary by this AGREEMENT.
- 9.3 There shall be no general subsidy from ICEMA for services provided pursuant to this contract. PROVIDER may receive funds from San Bernardino County through contractual agreements for specific air ambulance transport services.

ARTICLE X: CONTRACT PERFORMANCE/DEFAULT/BREACH

- 10.1 The timely submission of reports and fees is a necessary and material term and condition of this AGREEMENT and PROVIDER agrees that failure to meet a specified deadline for submission of reports or fees or penalties will be sufficient cause for suspension or termination of this AGREEMENT.
- 10.2 In the event ICEMA determines that a material breach, actual or threatened, has, or will, occur or that a labor dispute has prevented performance and, the nature of the breach is, in ICEMA'S opinion, such that public health and safety are endangered, and after the PROVIDER has been given notice and reasonable opportunity to correct the deficiency, the matter shall be presented to the ICEMA Governing Board. If the Governing Board concurs that a breach has occurred and that the health and safety of the public would be endangered by allowing the PROVIDER to continue its operations, the PROVIDER shall forfeit all rights as provided by this AGREEMENT, ICEMA shall terminate the AGREEMENT.

ARTICLE XI: MISCELLANEOUS

- 11.1 This AGREEMENT is an AGREEMENT by and between two (2) independent parties and is not intended to and shall not be construed to create the relationship of agency, servant, employee, partnership, joint venture or association.
- 11.2 The failure of either party to insist upon strict performance of any of the terms, covenants or conditions of this AGREEMENT in any one or more instances shall not be construed as a waiver or relinquishment for the future of any such terms, covenants or conditions, but all of the same shall be and remain in full force and effect.
- 11.3 PROVIDER agrees to keep ICEMA advised at all times of the name and location of the parent company, if any, of any entity PROVIDER may subcontract with to provide aircraft, flight crews, and/or EMS personnel relating to PROVIDER'S air ambulance operations under this AGREEMENT.
- 11.4 Neither ICEMA nor PROVIDER shall assign this AGREEMENT to a third party without written consent of all other parties to this AGREEMENT.
- 11.5 To the extent possible, PROVIDER shall participate with ICEMA in planned disaster drills and multiple casualty incident drills as requested by ICEMA.
- 11.6 PROVIDER, at least annually, shall conduct a survey of customers and health care facilities regarding their satisfaction of PROVIDERS interfacility and transfer services. Survey results will be forwarded to ICEMA.
- 11.7 PROVIDER shall respond to all emergency calls regardless of the potential payment capability of the patient and shall be prohibited from making any assessment of potential payment capability of the patient at the scene.
- 11.8 PROVIDER shall conduct on an annual basis no less than six (6) public education and/or demonstrations within San Bernardino County. PROVIDER shall report all community activities with the monthly operations report.
- 11.9 It is the intent of ICEMA to ensure open communication, as well as active coordination and cooperation between all EMS System Participants within this EMS area. PROVIDER shall ensure that any unresolved incidents or sensitive issues involving other EMS system participants are brought to the attention of ICEMA.
- 11.10 In all unresolved disputes arising out of the normal day-to-day operational interface between provider and other EMS system participants, ICEMA shall provide mediation/facilitation so as to affect a resolution, equitable to all parties, for said dispute.
- 11.11 PROVIDER shall maintain an accreditation for rotor-wing ambulance service, as established by CAMTS, throughout the term of this AGREEMENT.
- 11.12 PROVIDER shall maintain operational control of the aircraft used in the service of this AGREEMENT, and shall control all aviation and related flight operations of the aircraft at all times. The PROVIDER, and its pilots assigned, shall be in command of the aircraft at all times. No flight will commence until and unless the PROVIDERS pilot and the director of operations are satisfied, at their sole discretion, that the pilot is fit; the aircraft mechanically sound and properly loaded; and the weather, landing zone, airstrip, airport, and any other conditions necessary for a safe flight are deemed acceptable.
- 11.13 The PROVIDER, and its pilots, at their sole discretion, may unilaterally make any changes prior to or while in flight to accommodate changes in weather, air traffic, Federal Aviation Administration ("FAA") directive,

mechanical problems, or other matters affecting safety in flight. Under no circumstances shall any other person or passenger overrule the pilot regarding the aviation operations of any flight. The PROVIDER shall operate all flights under the flight time limitations and rest requirements of FAR Part 135, and the hospital emergency medical evacuation services rules of the FARs shall apply to all pilots.

ARTICLE XII: TERMS OF CONTRACT

- 12.1 This AGREEMENT and the performance compliance thereunder shall be reviewed annually, and both PARTIES shall act in good faith to negotiate amendments or revisions to this AGREEMENT if a need for such amendments or revisions is expressed by either of the PARTIES.
- 12.2 Amendments or modifications to the provisions of this AGREEMENT may be initiated by either party hereto but may only be incorporated into this AGREEMENT by mutual consent and in writing.
- 12.3 This document and the exhibits and references incorporated herein fully express all understandings of the parties concerning this AGREEMENT. No addition to or alteration of the terms and conditions of this AGREEMENT, and no verbal understandings of the parties, or their officers, agents, or employees, shall be valid unless made by formal written amendment to this AGREEMENT.
- 12.4 This AGREEMENT may be terminated without legal cause or excuse by either party if for any reason such party determines that such termination is in its best interest. Written notice of termination shall be given at least ninety (90) days prior to such action.
- 12.5 The term of the AGREEMENT shall commence when executed by the parties and continue in effect until December 31, 2012, but shall automatically be renewed for successive two (2) year periods unless otherwise terminated or amended.
- 12.6 In the event that PROVIDER is temporarily unable to meet the terms of this AGREEMENT, PROVIDER shall promptly notify ICEMA.

ARTICLE XIII: TERMINATION FOR CAUSE

- 13.1 ICEMA may immediately terminate this AGREEMENT if PROVIDER's permit to operate as an EMS ALS Air Ambulance provider is revoked or suspended.
- 13.2 For any other material breach of the AGREEMENT, ICEMA shall have the option to immediately suspend this AGREEMENT without notice, or terminate this AGREEMENT for cause, by giving written notice specifying the effective date and reason which shall be not less than fifteen (15) days after the delivery of the written notice. Such cause shall include, but not be limited to:
 - a. 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.
 - b. Failure to comply with ICEMA's protocols/policies and/or procedures;
 - c. Gross misrepresentation or fraud;
 - d. Failure to cooperate with ICEMA's monitoring of EMS Aircraft Provider performance under this AGREEMENT;
 - e. Failure or refusal to cooperate with quality assurance and audit findings and recommendations within a reasonable time.

- f. Failure to maintain in force throughout the term of this AGREEMENT, including any extensions thereof, the insurance coverage required herein.
 - g. Multiple or unremediated failure to correct any minor breach within a reasonable period time.
- 13.3 If, within the fifteen (15) days after delivery of notice of termination for cause, ICEMA's representative is satisfied that the material breach can be and has been cured, such notice will be voluntarily withdrawn in writing and this AGREEMENT shall remain in effect.
- 13.4 ICEMA's decisions in the matters referred to above may be appealed by PROVIDER to the ICEMA Governing Board, in writing within fifteen (15) calendar days of receipt of notice relative to decision. In no appeal is taken, ICEMA's decision is final. When such matters are appealed to the ICEMA Governing Board, the Chairperson shall conduct a hearing, consider such evidence, testimony, and argument as may be reasonably presented, and shall within thirty (30) calendar days following the hearing, render written findings and decision to uphold, modify, or overturn the initial decision. The ICEMA Governing Board's decision shall be final.

ARTICLE XIV: NOTICE

Any notice or notices required, pursuant to this AGREEMENT, may be personally served on the other party by the party giving such notice, or may be served by certified mail, postage prepaid, return receipt requested, to the representative at the following addresses:

Executive Director
ICEMA
515 North Arrowhead Avenue
San Bernardino, CA 92415-0060

Fire Chief
Upland Fire Department
460 N. Euclid Avenue
Upland, California 91786

ARTICLE XV: TERMINATION FOR CONVENIENCE

Either party may terminate this AGREEMENT upon ninety (90) days written notice to the other party.

ARTICLE XVI: INDEPENDENT CONTRACTOR

- 16.1 PROVIDER shall perform as an independent contractor under this AGREEMENT. PROVIDER is, for all purposes arising out of the AGREEMENT, an independent contractor and shall not be deemed an employee or agent of San Bernardino County. It is expressly understood and agreed that PROVIDER employees shall in no event be entitled to any benefits to which San Bernardino County employees are entitled, including, but not limited to, overtime, retirement, workers' compensation and leave benefits.
- 16.2 PROVIDER shall secure or furnish all services and supplies including, but not limited to, supplies, equipment, furniture, insurance, utilities, telephones and facilities, necessary for the provision of services pursuant to this AGREEMENT.

ARTICLE XVII: HOLD HARMLESS

PROVIDER agrees to indemnify, defend and hold harmless ICEMA and its member counties and their officers, employees, agents and volunteers from any and all claims, actions, losses, damages, and/or liability arising from Contractor's acts, errors, or omissions and for any costs or expenses incurred by ICEMA and its member counties on account of any claim therefore.

ARTICLE XVIII: INSURANCE AND INDEMNIFICATION REQUIREMENTS

18.1 Basic Requirements

- a. Additional Insured – All policies, except for the Workers' Compensation, Errors and Omissions and Professional Liability policies, shall contain endorsements naming the County and its officers, employees, agents, and volunteers as additional insureds with respect to liabilities arising out of the performance of services hereunder. The additional insured endorsements shall not limit the scope of coverage for the County to vicarious liability but shall allow coverage for the County to the full extent provided by the policy. Such additional insured coverage shall be at least as broad as Additional Insured (Form B) endorsement form Insurance Services Office ("ISO"), CG 2010.11 85.
- b. Waiver of Subrogation Rights – The Contractor shall require the carriers of required coverages to waive all rights of subrogation against the County, its officers, employees, agents, volunteers, contractors and subcontractors. All general or auto liability insurance coverage provided shall not prohibit the Contractor and Contractor's employees or agents from waiving the right of subrogation prior to a loss or claim. The Contractor hereby waives all rights of subrogation against the County.
- c. Policies Primary and Non-Contributory – All policies required herein are to be primary and non-contributory with any insurance or self-insurance programs carried or administered by the County.
- d. Severability of Interests – The Contractor agrees to ensure that coverage provided to meet these requirements is applicable separately to each insured and there will be no cross liability exclusions that preclude coverage for suits between the Contractor and the County or between the County and any other insured or additional insured under the policy.
- e. Proof of Coverage – The Contractor shall furnish Certificates of Insurance to the County Department administering the contract evidencing the insurance coverage, including endorsements, as required, prior to the commencement of performance of services hereunder, which certificates shall provide that such insurance shall not be terminated or expire without thirty (30) days written notice to the Department, and Contractor shall maintain such insurance from the time Contractor commences performance of services hereunder until the completion of such services. Within fifteen (15) days of the commencement of this contract, the Contractor shall furnish a copy of the Declaration page for all applicable policies and will provide complete certified copies of the policies and endorsements immediately upon request.
- f. Acceptability of Insurance Carrier – Unless otherwise approved by Risk Management, insurance shall be written by insurers authorized to do business in the State of California and with a minimum "Best" Insurance Guide rating of "A-VII".
- g. Deductibles and Self-Insured Retention - Any and all deductibles or self-insured retentions in excess of \$10,000 shall be declared to and approved by Risk Management.
- h. Failure to Procure Coverage – In the event that any policy of insurance required under this contract does not comply with the requirements, is not procured, or is canceled and not replaced, the County has the right but not the obligation or duty to cancel the contract or obtain insurance if it

deems necessary and any premiums paid by the County will be promptly reimbursed by the Contractor or County payments to the Contractor will be reduced to pay for County purchased insurance.

- i. Insurance Review – Insurance requirements are subject to periodic review by the County. The Director of Risk Management or designee is authorized, but not required, to reduce, waive or suspend any insurance requirements whenever Risk Management determines that any of the required insurance is not available, is unreasonably priced, or is not needed to protect the interests of the County. In addition, if the Department of Risk Management determines that heretofore unreasonably priced or unavailable types of insurance coverage or coverage limits become reasonably priced or available, the Director of Risk Management or designee is authorized, but not required, to change the above insurance requirements to require additional types of insurance coverage or higher coverage limits, provided that any such change is reasonable in light of past claims against the County, inflation, or any other item reasonably related to the County's risk.
- j. Any change requiring additional types of insurance coverage or higher coverage limits must be made by amendment to this contract. Contractor agrees to execute any such amendment within thirty (30) days of receipt.
- k. Any failure, actual or alleged, on the part of the County to monitor or enforce compliance with any of the insurance and indemnification requirements will not be deemed as a waiver of any rights on the part of the County.

18.2 Insurance Specifications

- a. The Contractor agrees to provide insurance set forth in accordance with the requirements herein. If the Contractor uses existing coverage to comply with these requirements and that coverage does not meet the specified requirements, the Contractor agrees to amend, supplement or endorse the existing coverage to do so. The type(s) of insurance required is determined by the scope of the contract services.
- b. Without in anyway affecting the indemnity herein provided and in addition thereto, the Contractor shall secure and maintain throughout the contract term the following types of insurance with limits as shown:
- c. Workers' Compensation/Employers Liability – A program of Workers' Compensation insurance or a state-approved, self-insurance program in an amount and form to meet all applicable requirements of the Labor Code of the State of California, including Employer's Liability with \$250,000 limits covering all persons including volunteers providing services on behalf of the Contractor and all risks to such persons under this contract. If Contractor has no employees, it may certify or warrant to the County that it does not currently have any employees or individuals who are defined as "employees" under the Labor Code and the requirement for Workers' Compensation coverage will be waived by the County's Director of Risk Management.
- d. With respect to Contractors that are non-profit corporations organized under California or Federal law, volunteers for such entities are required to be covered by Workers' Compensation insurance.
- e. Commercial/General Liability Insurance – The Contractor shall carry General Liability Insurance covering all operations performed by or on behalf of the Contractor providing coverage for bodily injury and property damage with a combined single limit of not less than one million dollars (\$1,000,000), per occurrence. The policy coverage shall include:
 - (a) Premises operations and mobile equipment.
 - (b) Products and completed operations.

- (c) Broad form property damage (including completed operations).
- (d) Explosion, collapse and underground hazards.
- (e) Personal injury.
- (f) Contractual liability.
- (g) \$2,000,000 general aggregate limit.

- f. Automobile Liability Insurance – Primary insurance coverage shall be written on ISO Business Auto coverage form for all owned, hired and non-owned automobiles or symbol 1 (any auto). The policy shall have a combined single limit of not less than one million dollars (\$1,000,000) for bodily injury and property damage, per occurrence.
- g. If the Contractor is transporting one or more non-employee passengers in performance of contract services, the automobile liability policy shall have a combined single limit of two million dollars (\$2,000,000) for bodily injury and property damage per occurrence.
- h. If the Contractor owns no autos, a non-owned auto endorsement to the General Liability policy described above is acceptable.
- i. Umbrella Liability Insurance – An umbrella (over primary) or excess policy may be used to comply with limits or other primary coverage requirements. When used, the umbrella policy shall apply to bodily injury/property damage, personal injury/advertising injury and shall include a “dropdown” provision providing primary coverage for any liability not covered by the primary policy. The coverage shall also apply to automobile liability.

18.3. Professional Services Contracts

- a. Professional Liability – Professional Liability Insurance with limits of not less than one million (\$1,000,000) per claim or occurrence and two million (\$2,000,000) aggregate limits; or Errors and Omissions Liability Insurance with limits of not less than one million (\$1,000,000) and two million (\$2,000,000) aggregate limits.
- b. If insurance coverage is provided on a “claims made” policy, the “retroactive date” shall be shown and must be before the date of the start of the contract work. The claims made insurance shall be maintained or “tail” coverage provided for a minimum of five (5) years after contract completion.

ARTICLE XIX: DELEGATION AND ASSIGNMENT

PROVIDER shall not delegate its duties and responsibilities or assign its rights hereunder, or both, either in whole or in part, without the prior written consent of ICEMA. This provision shall not be applicable to service agreements or contract of similar arrangements usually and customarily entered into by PROVIDER to obtain or arrange for supplies or technical support.

ARTICLE XX: RESPONSIBILITY FOR COSTS

ICEMA shall not be liable for any costs or expenses incurred by PROVIDER by reason of this AGREEMENT, including costs or expenses related to the provision of all types and descriptions of services under this AGREEMENT.

ARTICLE XXI: CALIFORNIA LAW

This AGREEMENT shall be construed and interpreted according to the laws of the State of California.

ARTICLE XXII: VENUE

The parties acknowledge and agree that this AGREEMENT was entered into and intended to be performed in San Bernardino County, California. The parties agree that the venue for any action or claim brought by any party to this AGREEMENT will be the Superior Court of California, County of San Bernardino, San Bernardino District. Each party hereby waives any law, statute (including but not limited to Code of Civil Procedure section 394), or rule of court that would allow them to request or demand a change of venue. If any third party brings an action or claim concerning this AGREEMENT, the parties hereto agree to use their best efforts to obtain a change of venue to the Superior Court of California, County of San Bernardino, San Bernardino District.

ARTICLE XXIII: ATTORNEYS' FEES AND COSTS

If any legal action is instituted to enforce or declare any party's rights hereunder, each party, including the prevailing party, must bear its own costs and attorneys' fees. This paragraph shall not apply to those costs and attorneys' fees directly arising from any third party legal action against ICEMA, including such costs and attorneys' fees payable under ARTICLE XVII, HOLD HARMLESS.

ARTICLE XXIV: VALIDITY AND ENFORCEABILITY

If any provision of this AGREEMENT is applied to any party or to any circumstance, shall be adjudged by a court to be void and unenforceable, the same shall in no way affect:

- a. Any other provision of this AGREEMENT;
- b. The application of such provision in any other circumstances; or
- c. The validity or enforceability of the agreement as a whole.

ARTICLE XXV: CONSTRUCTION AND INTERPRETATION

This AGREEMENT shall not be construed against the party preparing it, but shall be construed as if all parties prepared this AGREEMENT. This AGREEMENT is entered into and is to be performed in the County of San Bernardino, California, in accordance with the laws of the State of California.

ARTICLE XXVI: SUCCESSORS AND ASSIGNS

To the extent that this AGREEMENT inures to benefit of persons or entities not signatories hereto, this AGREEMENT is hereby declared to be made in and for their respective benefits and uses.

ARTICLE XXVII: ENTIRE AGREEMENT

This AGREEMENT contains the entire AGREEMENT between the parties hereto with respect to the matters referred to herein. No other prior contemporaneous agreements, oral or written, respecting such matters, which are not specifically incorporated herein, shall be deemed in any way to exist or bind any of the parties hereto.

ARTICLE XXVIII: USE OF ARRA FUNDS AND REQUIREMENTS

This Contract may be funded in whole or in part with funds provided by the American Recovery and Reinvestment Act of 2009 ("ARRA"), signed into law on February 17, 2009. Section 1605 of ARRA prohibits the use of recovery funds for a project for the construction, alteration, maintenance or repair of a public building or public work (both as defined in 2 Code of Federal Regulations ("CFR") 176.140) unless all of the iron, steel and manufactured goods

(as defined in 2 CFR 176.140) used in the project are produced in the United States. A waiver is available under three limited circumstances: (i) Iron, steel or relevant manufactured goods are not produced in the United States in sufficient and reasonable quantities and of a satisfactory quality; (ii) Inclusion of iron, steel or manufactured goods produced in the United States will increase the cost of the overall project by more than 25 percent; or (iii) Applying the domestic preference would be inconsistent with the public interest. This is referred to as the "Buy American" requirement. Request for a waiver must be made to the County for an appropriate determination.

Section 1606 of ARRA requires that laborers and mechanics employed by contractors and subcontractors on projects funded directly by or assisted in whole or in part by and through the Federal Government pursuant to ARRA shall be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act (40 U.S.C. 31). This is referred to as the "wage rate" requirement.

The above described provisions constitute notice under ARRA of the Buy American and wage rate requirements. Contractor must contact the County contact if it has any questions regarding the applicability or implementation of the ARRA Buy American and wage rate requirements. Contractor will also be required to provide detailed information regarding compliance with the Buy American requirements, expenditure of funds and wages paid to employees so that the County may fulfill any reporting requirements it has under ARRA. The information may be required as frequently as monthly or quarterly. Contractor agrees to fully cooperate in providing information or documents as requested by the County pursuant to this provision. Failure to do so will be deemed a default and may result in the withholding of payments and termination of this Contract. Contractor may also be required to register in the Central Contractor Registration ("CCR") database at <http://www.ccr.gov> and may be required to have its subcontractors also register in the same database. Contractor must contact the County with any questions regarding registration requirements.

ARTICLE XXIX: SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS

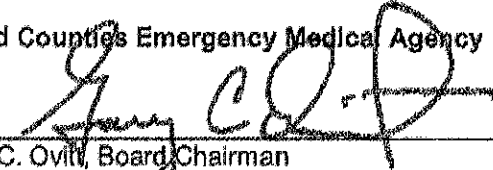
In addition to the requirements described in "Use of ARRA Funds and Requirements", proper accounting and reporting of ARRA expenditures in single audits is required. Contractor agrees to separately identify the expenditures for each grant award funded under ARRA on the Schedule of Expenditures of Federal Awards Schedule of Expenditures of Federal Awards ("SEFA") and the Data Collection Form (SF-SAC) required by the Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Nonprofit Organizations." This identification on the SEFA and SF-SAC shall include the Federal award number, the Catalog of Federal Domestic Assistance ("CFDA") number, and amount such that separate accountability and disclosure is provided for ARRA funds by Federal award number consistent with the recipient reports required by ARRA Section 1512 (c).

In addition, Contractor agrees to separately identify to each subcontractor and document at the time of sub-contract and at the time of disbursement of funds, the Federal award number, any special CFDA number assigned for ARRA purposes, and amount of ARRA funds.

Contractor may be required to provide detailed information regarding expenditures so that the County may fulfill any reporting requirements under ARRA described in this section. The information may be required as frequently as monthly or quarterly. Contractor agrees to fully cooperate in providing information or documents as requested by the County pursuant to this provision. Failure to do so will be deemed a default and may result in the withholding of payments and termination of this Contract.

IN WITNESS WHEREOF, the parties have caused this AGREEMENT to be executed by their duly authorized representatives.

Inland Counties Emergency Medical Agency

By 
Gary C. Oviatt, Board Chairman

Dated: NOV 17 2009

SIGNED AND CERTIFIED THAT A COPY OF THIS DOCUMENT HAS BEEN DELIVERED TO THE CHAIRMAN OF THE BOARD

Laura H. Welch, Secretary

By 

Approved as to Legal Form

Counsel

Date

11/3/09

Reviewed by Contract Compliance

Date

Presented to Board for Signature

Date

11/5/09

CITY OF UPLAND FIRE DEPT.
(Print or type name of corporation, company, contractor, etc.)

By 

(Authorized signature - sign in blue ink)

Name Michael Antonucci

(Print or type name of person signing contract)

Title Fire chief

(Print or Type)

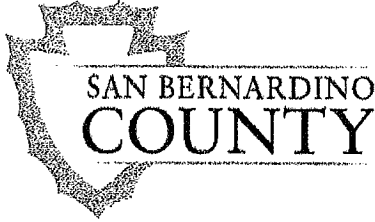
Dated: 10/26/2009

Address 475 N. Second Ave.

Upland, CA 91765

**Letter from Gary McBride, County Chief
Financial Officer Dated February 28, 2017**

Attachment 4



County Administrative Office
Finance and Administration

February 28, 2017

RECEIVED
FEB 28 2017
LAFCO
San Bernardino County

Kathy Rollings-McDonald
Executive Officer
San Bernardino LAFCO
215 N. D Street, Suite 204
San Bernardino, CA 92415

Subject: Upland Fire Annexation Fund Balance

Dear Ms. Rollings-McDonald,

This is to confirm that County Fire and the County Administrative Office are aware of the cumulative fund balance for the City of Upland annexation being at 7% in five years. Even though this is below the customary 10% fund balance that LAFCO likes to see we feel comfortable with this for three reasons. First is the fact that the fund balance is growing each year and would reach the 10% mark in year 7 at the projected growth rate. Second is that the capital improvement fund is not restricted funds and should a downturn in revenue occur part of the \$550,000 per year being placed into that fund could be used to support operations. Third is the depth of reserves and fund balance in the County Fire District Valley Service Zone with FVZ having a fund balance of 3.7 million dollars at this time.

Sincerely,

Gary McBride
County Chief Financial Officer

BOARD OF SUPERVISORS

ROBERT A. LOVINGOOD
Chairman, First District

JANICE RUTHERFORD
Second District

JAMES RAMOS
Third District

CURT HAGMAN
Vice Chairman, Fourth District

JOSIE GONZALES
Fifth District

GREGORY C. DEVEREAUX
Chief Executive Officer

**Contracts To Be Terminated or Transferred
by the City of Upland (Exhibit E)**

Attachment 5

CITY OF UPLAND FIRE CONTRACTS

CONTRACTS	DESCRIPTION	TERM	COST	ACTION
Reach Air Medical LLC	Air Ambulance Service	6/30/2018	Revenue	County Fire Special Operations Division to assume
Cable Commercial Center, LLC	Lease of Station 164 -- Air Ambulance Operations	6/30/2017	Quarterly, \$4,800 Annual cost \$19,200	County Fire Special Operations Division to Assume
Pure Water Technology Inc	Water Purification Systems at Stations 161, 162, 163, 165	Month to Month	Quarterly \$667.44 Annual cost \$2670	To be terminated
South Coast Water company	Water Softening System at Station 164	Month to Month	Monthly -- \$230	To be terminated
CONFIRE	Dispatch Service - Contracting Agency	Annual	\$93,831 for FY 2016-17	To be terminated -- County Fire is a member of the JPA will assume service
U.S. Bank	Equipment Lease -- Cardiac Monitors, etc	2/1/2020	\$4,365 per month	To be transferred to County Fire with the intent to pay off lease and use as collateral to purchase County Fire chosen equipment
City of Ontario	Bomb Squad services	Annual	\$7,085 for FY 2016-17	To be terminated; County Fire utilizes County Sheriff Bomb Squad
City of Ontario	West End JPA -- training and other regional services	Annual	\$10,000	To be terminated, County Fire provides in-house training
AQMD	Generator Emissions Fee	Annual	\$1,440	City of Upland to transfer to public works as generator will remain City equipment at Staton 161
Lexipol	Web-based policy manuals	Annual	\$3,063 for FY 2016-17	To be terminated

**Letter from Commission Environmental
Consultant Tom Dodson of Tom Dodson
and Associates Dated March 8, 2017**

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



March 9, 2017

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



Dear Kathy:

LAFCO 3216 consists of a proposal initiated jointly by the City of Upland (City) and San Bernardino County Fire Protection District to reorganize and annex into the San Bernardino County Fire Protection District (County Fire), its Valley Service Zone and its Service Zone FP-5 (FP-5), and Formation of Service Zone FP-5 West Valley for the provision of fire suppression and emergency medical services. The study area encompasses the entirety of the District boundaries as shown on the attached map. The general location of the proposed Reorganization (LAFCO 3216) encompasses two areas. Area 1 of the Reorganization includes the entirety of the corporate boundaries of the City of Upland, encompassing approximately 10,016 acres (15.65 square miles) annexing into County Fire and its Valley Service Zone. Area 2 is the proposed annexation into County Fire's Service Zone FP-5 and formation of Service Zone FP-5 West Valley which includes the corporate boundaries of the City of Upland and LAFCO Staff's recommended expansion to include the area commonly known as the community of San Antonio Heights, generally identified as being north of the existing City of Upland boundary, east of Los Angeles County line, southerly of parcel boundaries, and west of the Rancho Cucamonga Fire Protection District boundary, for a total of approximately 11, 696 acres (18.3 square miles).

The purpose of the proposal is to annex the entirety of the City's corporate boundary into County Fire and its Valley Service Zone. This change of organization will include the transfer of all the City's fire responsibilities including the transfer of its Fire Department employees, assets, obligations, and liabilities to County Fire and its related service zone. LAFCO Staff has expanded the proposed annexation into County Fire's Service Zone FP-5 and the formation of Service Zone FP-5 West Valley to address the service area of County Fire in this portion of the West Valley defined as the entirety of the City of Upland and community of San Antonio Heights. The rationale for this expansion is that County Fire Station #12 staffing will be expanded to a Captain, an Engineer, and a Firefighter/Paramedic providing Advanced Life Support (ALS), an increase in service for the San Antonio Heights community. The annexation to Service Zone FP-5 includes a special tax for funding fire protection and emergency medical response services which will be applied to the City and San Antonio Heights community. This special tax includes an annual inflationary rate of up to a maximum 3% increase. The anticipated maximum rate for the FP-5 special tax would be \$152.68 per parcel for Fiscal Year 2017-18 (current rate is \$148.53).

The resolutions initiating these actions cited the following rationale: (1) provide effective, safe and financially sustainable fire protection and emergency medical services to the City of Upland; (2)

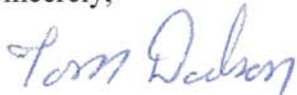
permit the subject agencies to streamline fire protection services to the subject territory so as to provide orderly growth and development within the subject territory; and (3) permit all agencies authorized to provide the scope of municipal services to extend their boundaries to cover the subject territory in one action. At a minimum the goal is to maintain the existing levels of services while providing for a sustainable revenue source to provide for such services within the community. If LAFCO 3216 is approved, County Fire will assume responsibility for providing fire suppression and emergency medical response services for the City and to provide a higher level of service to San Antonio Heights.

The Reorganization allowed by LAFCO 3216 represents the best possible replacement of the City's existing Fire Department by County Fire. In essence, these services will continue to be provided to the City, but County Fire assumes the responsibility for these services in the future. Accordingly, approval of LAFCO 3216 has no identified potential to cause any modifications to the physical environment. Comparable fire and emergency services will be maintained through this proposed action. Given this circumstance, I recommend that the Commission find that a Statutory Exemption (as defined in the California Environmental Quality Act, CEQA) applies to LAFCO 3216 under Section 15061 (b) (3) of the State CEQA Guidelines (General Rule), which 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 this circumstance applies to LAFCO 3216 which will facilitate comparable future fire and emergency response service to the residents of the area to be annexed.

Based on this review of LAFCO 3216 and the pertinent sections of CEQA and the State CEQA Guidelines, I conclude that LAFCO 3216 does not constitute a project under CEQA and adoption of the General Rule Statutory Exemption and filing of a Notice of Exemption is the most appropriate determination to comply with CEQA for these actions. The Commission can approve the review and findings for these actions and I recommend that you notice LAFCO 3216 as statutorily exempt from CEQA for the reasons outlined in the State CEQA Guideline sections cited above. The Commission needs to file a Notice of Exemption with the County Clerk to the Board for this action once it is completed.

A copy of this exemption should be retained in the LAFCO project file to serve as verification of this evaluation and as the CEQA environmental determination record for LAFCO 3216. If you have any questions, please feel free to contact me.

Sincerely,



Tom Dodson

**Draft Resolution
No. 3242**

Attachment 7

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

215 North "D" Street, Suite 204, San Bernardino, CA 92415-0490
(909) 388-0480 • Fax (909) 885-8170
E-mail: lafoo@lafoo.sbcounty.gov
www.sbciafoo.org

PROPOSAL NO.: LAFCO 3216

HEARING DATE: March 23, 2017

RESOLUTION NO. 3242

RESOLUTION OF THE LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY MAKING DETERMINATIONS ON LAFCO 3216; APPROVING THE REORGANIZATION TO INCLUDE ANNEXATIONS TO THE SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT, ITS VALLEY SERVICE ZONE AND SERVICE ZONE FP-5 OF SAN BERNARDINO COUNTY FIRE PROTECTION DISTRICT AND FORMATION OF SERVICE ZONE FP-5 WEST VALLEY (Area 1 includes the entirety of the corporate boundaries of the City of Upland, encompassing approximately 10,016 acres (15.65 square miles and Area 2 is the proposed annexation into County Fire's Service Zone FP-5 and the formation of Service Zone FP-5 West Valley which includes the corporate boundaries of the City of Upland and the area commonly known as the community of San Antonio Heights for a total of approximately 11,696 acres (18.3 square miles)).

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,

RESOLUTION NO. 3242

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 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;

WHEREAS, the Commission determines to modify the proposal to include (a) the expansion of the annexation to County Fire Service Zone FP-5 to include the community commonly known as San Antonio Heights, and (b) to include the formation of Service FP-5 West Valley to isolate the revenues from the special tax impose for use only within its boundaries; and,

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 are approved as set forth in Exhibits "A", "A-1", "B", and "B-1" attached this resolution;

Condition No. 2. The following distinctive short form designation shall be used through this proceeding: LAFCO 3216.

Condition No. 3. The effective date of this reorganization shall be no earlier than July 1, 2017 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 to include annexation, the San Bernardino County Fire Protection District (hereafter shown as "County Fire") Valley Service Zone, as the Successor District to the fire and emergency medical response obligations of the City of Upland, shall succeed and/or be assigned all rights, duties, responsibilities, properties (both real and personal), contracts, equipment, assets, liabilities, obligations, functions, executory provisions, entitlements, permit and approval of the City of Upland Fire Department (City Fire). All property tax revenues attributable to the City of Upland transferred to County Fire prior to calculations required by Section 96.1 and all other collections or assets of the City of Upland for its Fire Department shall accrue and be transferred to the Successor District(s) pursuant to

RESOLUTION NO. 3242

Government Code Section 56886(i). Said Successor District(s) shall be subject to the terms and conditions contained herein.

Condition No. 5. All previously authorized charges, fees, assessments, and/or taxes currently in effect by San Bernardino County Fire Protection District Service Zone FP-5 (annexing agency) shall be extended to the annexing territory in the same manner as provided in the original authorization pursuant to Government Code Section 56886(t). Such revenues shall accrue and be deposited in accounts designated for the use of Service Zone FP-5 West Valley.

Condition No. 6. Upon the effective date of the reorganization including annexation, pursuant to the terms specified in the updated Plan for Service, attached hereto as Exhibit "C" and the updated Action Plan, attached hereto as Exhibit "D", all current full-time City Fire employees, suppression, prevention and administrative shall transfer to the San Bernardino County Fire Protection District Valley Service Zone with comparable position classifications, rates of pay, accrued vacation and sick leave, vacation and sick leave accrual rates, seniority rights, and shall be come subject to the terms and conditions set forth in said Plan for Service. All current full-time City Fire Department Flight Nurses and Flight Paramedics shall transfer to the San Bernardino County Fire Protection District Special Operations Division with comparable position classifications, rates of pay, accrued vacation and sick leave, vacation and sick leave accrual rates, seniority rights, and shall be come subject to the terms and conditions set forth in said Plan for Service. All transferred employees shall be subject to the terms and conditions of the respective San Bernardino County Fire Protection District Memorandum of Understanding in place as of the effective date of the reorganization including annexation for their successor classification.

Condition No 7. Prior to the issuance of the Certificate of Completion, the City of Upland shall provide to the Executive Officer of LAFCO and the San Bernardino County Fire Protection District documentation that funds meeting the 75% confidence level of the Workers' Compensation Claim Reserve for all City fire suppression personnel and non-fire suppression personnel transferring to County Fire have been allocated and isolated in a trust account maintained by the City of Upland. The amount of the trust funds must be supported by the City of Upland's current actuarial report. The trust funds will be established by the effective date of LAFCO 3216 and shall be impressed with the public trust, use or purpose for the payment of Workers' Compensation claims for transferring employees. The City of Upland shall separately maintain such funds in accordance with the provisions of Government Code Section 57462.

No later than July 15 of each year, the City of Upland shall certify to the Successor District the amount in the trust fund, and an actuarial assessment of what is required to maintain funding at the 75% confidence level established above, and that the trust funds remain available for the use or purpose of the payment of Workers' Compensation claims for transferring employees. The City of Upland shall make such certification to the Successor District until all such Workers' Compensation claims have been retired. To the extent that funding falls below the 75% threshold, the City of Upland must make a further payment to the trust fund to meet the threshold. Funding that exceeds the 75% threshold, along with any funds remaining following retirement of all claims, shall be

RESOLUTION NO. 3242

transferred to and become general funds of the City of Upland.

Condition No. 8. Upon the effective date of the reorganization including annexation, the City of Upland shall retain the obligations for unfunded retirement obligations, any contractual benefit following retirement such as health insurance maintenance or payment, or other contractual obligation approved by the City for all suppression, prevention, and other City employees transferring to County Fire.

Condition No. 9. Upon the effective date of the reorganization including annexation, the City of Upland shall adopt the existing County Fire Ordinances and Fee Schedules.

Condition No. 10. Upon the effective date of the reorganization including annexation, the Successor District shall accept all facilities transferred from the City of Upland in "as is" condition (pursuant to Government Code Section 56886(h)). 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 City of Upland for the purpose of providing fire protection and emergency medical response shall be transferred to the Successor District, the Valley Service Zone of SBCFPD. All quitclaim deeds to effectuate the transfer of land and/or buildings shall be prepared by the City of Upland City Manager's office and accepted by the San Bernardino County Surveyor to be filed and/or recorded upon the effective date of the reorganization to include annexation with a copy provided to LAFCO. All the documents to effectuate the transfer of leased lands and/or facilities or other entitlements for use of land and/or facilities shall be prepared by the City of Upland City Manager's office to be filed and/or recorded upon the effective date of the reorganization to include annexation with a copy provided to LAFCO. All the documents to transfer the title for vehicles shall be prepared by the City of Upland City Manager's office to be filed upon the effective date of the change with a copy provided to LAFCO.

Condition No. 11. Upon the effective date of the reorganization including annexation, San Bernardino County Fire Protection District shall accept all equipment transferred from the City of Upland in "as is" condition that relate to its air ambulance operations (pursuant to Government Code Section 56886(h)). All equipment and fixtures, office furniture, real and personal property and permits and licenses held by the City of Upland for the purpose of providing air ambulance service shall be transferred to the San Bernardino County Fire Protection District. All documents required to effectuate the transfer of lease holdings, title to modular units housing the operation, contract with Reach Air Medical Serviced LLC, and the permit, contract, and license for regional air ambulance issued by the Inland Counties Emergency Medical Agency shall be prepared by the City of Upland City Manager's office and submitted to the LAFCO Executive Officer prior to the issuance of the Certificate of Completion.

Condition No. 12. Any remaining payments, all rights and interests held or claimed by the City of Upland Fire Department under all agreements and/or memoranda of understanding with any public agency or private entity, shall transfer to the Successor District, Valley Service Zone of the SBCFPD, excluding those contracts shown on

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Exhibit “E” for termination and the Reach Air Medical LLC contract (transfer outlined above). The Successor District, Valley Service Zone, shall also assume all joint use, maintenance, automatic aid or mutual aid agreements held by the City of Upland Fire Department [(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 San Bernardino County Fire Protection District, Valley Service Zone, Successor District, shall be increased by \$10,000,000 for Fiscal Year 2017-18 to recognize the anticipated first year proceeds of taxes for the provision of fire protection and emergency medical response and shall not be considered to be an amendment of the appropriation limit.

Condition No. 14. Upon the effective date of this reorganization, the appropriation limit of San Bernardino County Fire Protection District, Service Zone FP-5 West Valley shall be established as \$4,000,000 for Fiscal Year 2017-18 to recognize the anticipated first year proceeds of taxes for the provision of fire protection and emergency medical response.

Condition No. 15. Upon the effective date of this reorganization, any funds currently deposited for the benefit of the City of Upland Fire Department which have been impressed with a public trust, use or purpose shall be transferred to the Successor District, and said District shall separately maintain such funds in accordance with the provisions of Government Code Section 57462.

Condition No. 16. 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 City Council of the City of Upland shall be prohibited from taking the following actions unless it first finds an emergency situation exists as defined in Government Code Section 54956.5, and it is supported by the San Bernardino County Fire Protection District:

- a. **No Increase in Compensation or Benefits:** No increase in calculation for payment of benefits or compensation for employees of the City Fire Department shall be allowed. Exceptions to this prohibition include planned and budgeted increases identified in the adopted budget for Fiscal Year 2015-16.
- b. **Bound by Current Budget:** Appropriating, encumbering, expending, or otherwise obligating any revenue of the City Fire Department beyond that provided in the current budget at the time of Commission approval.

Condition No. 17. The City of Upland and the San Bernardino County Fire Protection District, applicants 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.

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SECTION 2. DETERMINATIONS. The following determinations are noted in conformance with Commission policy and Government Code Section 56668:

1. The County Registrar of Voters Office has determined that the study area, as modified to include San Antonio Heights, is legally inhabited with 42,734 registered voters as of January 26, 2017. The City of Upland has 40,513 voters as of January 8, 2017.
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 3215.
3. The County Assessor's Office has provided a determination that the total assessed valuation of the area as shown on the last equalized assessment roll (December 2016) is \$8,432,507,329 broken down as follows:

Land	\$2,681,314,491
Improvements	\$5,933,232,704
Personal Property	\$ 209,797.232
Homeowners Exemption	(\$ 391,837,098)

4. Legal notice of the Commission's consideration of the proposal has been provided through publication of a legal advertisement in *The Inland Valley Daily Bulletin*, a newspaper of general circulation in the area. In addition, individual notices were provided to all affected and interested agencies, County departments and those individuals and agencies requesting special notice.
5. In compliance with the requirements of Government Code Section 56125, individual notice was mailed to landowners within the modified reorganization area (totaling 21,918) which includes the modified territory for annexation into SBCFPD Service Zone FP-5 (a special tax zone) – City of Upland corporate boundaries and the community of San Antonio Heights. Comments from landowners have been considered by the Commission in making its determination.
6. The Southern California Association of Governments (SCAG) has adopted a Regional Transportation Plan and Sustainable Community Strategy pursuant to the provisions of Government Code Section 65352.5. Approval of LAFCO 3216 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 3216 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 fire protection and emergency medical response will continue to be provided to the City of Upland by County Fire at a comparable service level; therefore, no physical affect upon the environment can be seen. The Commission certifies it

RESOLUTION NO. 3242

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 study area is presently served by the following public agencies: County of San Bernardino, City of Upland, Metropolitan Water District of Southern California, Inland Empire Utilities Agency, Chino Basin Water Conservation District, Monte Vista Water District, and the Inland Empire Resource Conservation District. The expansion of the area to include the community of San Antonio Heights adds the following public agencies: San Bernardino County Fire Protection District and its Valley Service Zone and County Service Area 70

The City of Upland is affected through the transfer of its fire protection and emergency medical response obligation to County Fire as a function of the reorganization. In addition, the change anticipates that the San Bernardino County Fire Protection District, and its Valley Service Zone will be expanded to include the territory of the City of Upland as a function of the reorganization. SBCFPD Service Zone FP-5 will be expanded to include the territory of the City of Upland and the community of San Antonio Heights along with the formation of FP-5 West Valley reflecting this annexation area as a function of the reorganization. None of the other agencies are affected by this reorganization proposal as they are regional in nature.

9. Upon reorganization, the primary successor district, the Valley Service Zone of the SBCFPD, will extend the define range of services to residents, landown4rs, and governments within the corporate limits of the City of Upland. The Plan for Service, jointly submitted by the City of Upland and SBCFPD, provide a general outline of the delivery of services mandated by Government Code Section 56653. This Plan and Fiscal Impact Analysis indicates that the transfer of service to the Valley Service Zone and SBCFPD can, at a minimum, maintain the level of service delivery currently received by the area. The Plan for Service and Fiscal Impact Analysis has 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.
10. The reorganization area and its residents can benefit from the assumption of fire protection and emergency medical response through the Valley Service Zone of the San Bernardino County Fire Protection District as evidenced by the amended Plan for Service and Fiscal Impact Analysis.
11. The proposal complies with Commission policies that indicate the desire to provide for the establishment of appropriate, sustainable and logical municipal government structure for the distribution of an efficient and effective delivery of public services. Inclusion of the City of Upland within the jurisdictional boundary of the San Bernardino County Fire Protection District and its Valley Service Zone will allow the residents and landowners to receive the benefits of the economies

RESOLUTION NO. 3242

of scale from a regional provider of fire protection and emergency medical response services.

12. This proposal will not affect the fair share allocation of the regional housing needs assigned to the City of San Bernardino through the Southern California Association of Government's (SCAG) Regional Housing Needs Allocation (RHNA) process.
13. With respect to environmental justice, the reorganization provides for the continuation of existing fire protection and emergency medical response within the area and will not result in the unfair treatment of any person based upon race, culture or income.
14. The County Board of Supervisors and the City of Upland have successfully completed the process for the determination of the transfer of ad valorem property tax revenues upon successful completion of this reorganization to the successor agencies, SBCFPD and its Valley Service Zone. This fulfills the requirements of Section 99 of the Revenue and Taxation Code.
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), provide for a 30-day protest proceeding, set the matter for consideration of the protest proceedings, and provide notice of the hearing pursuant to Government Code Section 57025 and 57026.

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.

RESOLUTION NO. 3242

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 23, 2017.

DATED:

KATHLEEN ROLLINGS-McDONALD
Executive Officer

LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

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DATE: MARCH 7, 2017
FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer
MICHAEL TUERPE, Project Manager
TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: Agenda Item #8: Mid-Year Financial Review for Period July 1 through December 31, 2016

RECOMMENDATION:

Staff recommends that the Commission:

1. Note receipt of this report and file.
2. Provide direction to staff on items of concern for the balance of the fiscal year.

BACKGROUND:

Staff is presenting the Commission with the FY 2016-17 mid-year financial report, which includes a discussion of:

1. A review of the mid-year financial activities and the presentation of a spreadsheet (Attachment #1) on expenditures and reserves, revenues received, an update on special project activities, and a breakdown of the fund balance through the mid-year. The spreadsheet also provides a forecast of anticipated expenditures and revenues through the end of the fiscal year. Due to this report being presented in March due to the cancelation of the February hearing, data through February is presented in lieu of mid-year for: listing of proposal activity and cash balance discussion. This information is shown in the following narrative as "remaining activity".
2. Scheduled for discussion were recommendations for fund transfers to address increased revenues and expenditures due to factors related to the relocation of the staff office. However, as discussed in more detail below, staff will present the

Commission with the necessary budget adjustments in the coming months when a more accurate schedule of costs (amounts and timing) are known to staff.

MID-YEAR REVIEW

The following information includes a description of expenditures and reserves, revenue and proposal activity, an update on special project activities, and a breakdown of the fund balance.

Expenditures and Reserves

Expenditures are comprised of two categories of accounts: 1) Salaries and Benefits, and 2) Services and Supplies. Through the mid-year, total expenditures are at 47% of Approved Budget authority.

1. Salaries and Benefits (1000 series)

A. Mid-Year Activity

The Salaries and Benefits series of accounts (1000 series) had expenditures of \$373,150 through the mid-year, representing 47% of Approved Budget authority.

The variance of three percent from the benchmark of 50% is primarily explained by the medical leave and separation of the Clerk to the Commission. In August the Clerk was placed on medical leave under the Commission's short-term disability program which paid 45% of her base salary during that period. The Clerk separated in October, and the position remained unfilled through the mid-year, resulting in salary and benefits savings.

The Commission authorized changes to the compensation for the contract Executive Officer as follows: (1) a contract increase for the Executive Officer retroactive to January 2016 for salary and benefits; and (2) a merit acknowledgement payment of \$15,000 to the Executive Officer for extraordinary service in completing the three fire reorganizations – LAFCO 3198, 3200 and 3206. These payments were included in the Accounts 1010 (Salary) and 1310 (ID Allowance Cafeteria).

B. Remaining Activity

The Clerk position was filled in February, resulting in savings of salary and benefits expenses for roughly four months. Termination payments for the previous Clerk were nominal due to the leave balances being utilized for compensation during her medical leave.

2. Services and Supplies (2000 and 5000 series)

A. *Mid-Year Activity*

For the mid-year, the Services and Supplies accounts (2000 and 5000 series) had expenditures of \$319,594 or 48% of Approved Budget authority. There have been no major unanticipated expenditures during this time period.

Unique events that are either Commission-approved or budgeted accounted for during the first two quarters of the Fiscal Year are as follows:

- Payment of \$100,000 deposit for tenant improvements for the renovation of the Santa Fe Train Depot for use as the new LAFCO Office was made in August 2016.
- Costs related to processing the West Valley Mosquito and Vector Control District reorganization requiring individual notice to landowners due to the extension of an existing special tax totaled roughly \$25,000.
- Processing for the Formation of the Wrightwood CSD, totaling roughly \$11,000 to date.

B. *Projected Remaining Activity*

Budgeted and anticipated activities for the second half of the Fiscal year include significant expenditures, identified as:

- \$122,350 estimated for the relocation of staff office (various accounts). This includes estimates of office furnishing costs, move costs, and relocation of utilities for internet and phone services.
- \$15,000 budgeted for a new server, timing contingent upon office move.
- Significant individual notice costs of roughly \$26,000 for the reorganization to include annexation of the City of Upland to County Fire that includes the extension of a special tax. The applicant was required to provide a deposit to cover these costs. A breakdown is shown below:
 - Account 2310 (Postage) - \$10,662 each for the Commission and protest hearings totaling \$21,324.
 - Account 2323 (Reproduction/Printing) - \$2,482 each for the Commission and protest hearings totaling \$4,964.
- Remaining payments of roughly \$37,200 for the consulting contract with Bob Aldrich – the Commission approved the contract extension for Fiscal Year 2016-17. Staff anticipates utilizing the full authority of this contract.

As the budget currently stands, assuming all the expenditures related to the move are processed in this fiscal year, the Services and Supplies series of accounts would end the year at 102% of budget authority. The increase is due in part to the moving costs and the individual noticing costs for the three proposals identified above: West Valley Mosquito and Vector Control District reorganization, Wrightwood CSD formation, and County Fire reorganization (City of Upland).

However, not all the costs related to the office relocation may process this year due to timing issues for the completion of renovations. Therefore, staff anticipates returning to the Commission at the April hearing during the Third Quarter review to request the appropriate budget adjustments, at which time the timing and costs for the items outlined above should be better known.

C. Status of Ongoing Commission-approved Projects

The following provides an update on expenditures and progress on projects or studies previously approved by the Commission.

OFFICE MOVE AND RENOVATION OF SANTA FE TRAIN DEPOT:

In July, the Commission approved the lease for the Harvey House space at the Santa Fe Depot. This approval included the authorization for payment of an amount not to exceed \$230,000, to fund the necessary renovations and improvements to allow for staff's use of the space as the LAFCO office. Terms of the lease required an initial payment of \$100,000 to the San Bernardino Associated Governments (now called the San Bernardino County Transportation Authority "SBCTA") prior to the commencement of construction and the balance of \$130,000 to be amortized over the initial five year lease term. The initial payment for the renovations of \$100,000 was processed during the first quarter. Staff continues to coordinate with SBCTA on the improvements required to occupy the space as well as construction scheduling.

EDUCATIONAL TRAINING PROGRAM FOR SPECIAL DISTRICTS:

The Commission is continuing its efforts to provide governance training for the special districts within the County. As a part of this year's budget, staff developed an education program in coordination with the California Special Districts Association (CSDA) and the Institute for Local Government (ILG) – see chart below. The budget allocates \$5,000 total for payments to CSDA and ILG, per quotes from the entities. Additionally, a course to educate local agencies and the public on LAFCO, titled *LAFCO 101*, occurred in partnership with CALAFCO and Riverside LAFCO.

The first two sessions were well attended and the surveys indicate that they were well received. The third event is scheduled for March 22. Staff will update the Commission at the hearing on the attendance and survey results of this session.

Educational Training Program Timeline		
Training Session	Collaboration	Date
<i>Overview of Special District Laws</i>	California Special Districts Association	December 8, 2016 Mojave Water Agency
<i>LAFCO 101</i>	CALAFCO, Riverside LAFCO, San Bernardino LAFCO	January 24, 2017 Norton Regional Event Center
<i>Partnering with Community Based Organizations for More Inclusive Public Engagement</i>	Institute for Local Government	March 22, 2017 Cucamonga Valley WD Frontier Project

3. Contingency and Reserves (6000 series)

No activity has been requested by staff or authorized by the Commission to take place in the Contingency or Reserve accounts during the first half of the fiscal year.

Per Commission policy, the newly hired Clerk is eligible for LAFCO to recognize her previous vacation time from the County. To do so, a transfer payment from the County to LAFCO for the in-kind amount was received in March. The necessary budget adjustment to recognize the increase to the Compensated Absences Reserve will be presented to the Commission for action at the April hearing during the Third Quarter review.

Revenues and Proposal Activity

1. Revenues

A. *Mid-Year Activity*

The Commission has received 94% of Approved Budget revenues through the mid-year. The items below outline the revenue activity:

- Interest (Account 8500) – 79% of the budgeted interest has been received from the Commission's cash in the County Treasury. However, the bulk of LAFCO's revenues are received during the first quarter of the fiscal year through receipt of the annual apportionment. Interest rates have increased, albeit by a minimal amount.

- Apportionment (Account 8842) - 100% of the mandatory apportionment payments from the County, cities, and independent special districts billed by the County Auditor have been received.
- Fees and Deposits (Accounts 9545 – 9800) – Through mid-year, the Fees and Deposits series of accounts received 55% of its budgeted revenue (\$113,750). Of this amount, 91% is related to proposals and 9% to service contracts.

B. *Projected Remaining Activity*

This LAFCO has historically taken a conservative approach to projecting revenues. Keeping with this practice, staff is projecting \$69,130 in revenue for the second half, to include:

- Receipt of limited interest payments for the remaining two quarters (\$4,600).
- Re-filing of a proposal by the Hesperia Fire Protection District to annex to County Fire (\$37,950).
- Receipt of two proposals (\$19,000).
- Receipt of three service contracts (\$5,550).

Based upon the recommended Amended Budget, Total Revenues are projected to end the year at 97% of budget authority.

2. Proposal Activity

The figure below identifies the number of proposals and service contracts received through the end of February 2017. The figure identifies that four proposals and seven service contracts were received through February. This does not count the withdrawn proposals of the Hesperia Fire Protection District annexation into County Fire (refund of \$15,736) and Consolidation of the Inland Empire Utilities Agency and Chino Basin Water Conservation District (refund of \$6,756). For the former, Hesperia FPD is anticipated to resubmit a proposal in the coming months.

Attachment #2 to this report includes a chart showing the yearly comparison of proposals, service contracts, and completed service review activity. Staff is anticipating the receipt of three additional proposals, to bring the anticipated year-end total to seven proposals.

Activity	Budget	Through Feb	
		No.	% of Budget
Proposals	10	4	40%
Service Contracts - Commission approval	4	3	75%
Service Contracts - Commission approval for exemption	0	1	--
Service Contracts - Admin (E.O.) approval	4	3	75%
Protest Hearing Deposits	5	3	60%

The remainder of the year anticipates the processing of the second cycle service reviews for:

- Water (wholesale, retail, and recycled) – estimated to be presented to the Commission at its June 21, 2017 hearing
- Sewer (collection, treatment, and reclamation) – staff work to resume in May

It has been the Commission's direction to staff to prioritize its activities to address the fire proposals submitted as the top priority, other jurisdictional changes next, and service reviews to follow. This has impacted the processing of the service reviews outlined above and delayed their presentation and/or processing.

Cash in Treasury

As of February 28, 2017, the Commission's cash in the County Treasury was \$1,103,912. A breakdown of this amount is shown below: Taking into account expenditure and revenue projections, staff is projecting that all of the Reserves and Contingencies will carry forward into FY 2017-18.

February 28, 2017 Balance		\$1,103,912
Balance is composed of the following:		
<i>Committed (constrained to specific purposes)</i>		
	Net Pension Liability Reserve (Account 6010)	117,097
	Compensated Absences Reserve (Account 6030)	87,222
<i>Assigned (intended for specific purposes)</i>		
	Contingency (Account 6000)	155,501
	General Reserve (Account 6025)	284,917
	Remaining Revenues, Estimate (shown as negative)	(69,430)
	Remaining Expenditures, Estimate	528,605

CONCLUSION

While revenues and expenditures are generally on-target as of the date of this report, uncertainty remains regarding the timing and final costs of the office relocation. These have a direct impact on the projections for the year-end activities. Therefore, staff is holding off on presenting the Commission with any recommendations for budget adjustments until the timing and costs as presented by SBCTA staff related to the office relocation are known. It is anticipated that more detail will be available at the time the Third Quarter Review/Proposed Budget Review for FY 2017-18 takes place at the April 19, 2017 hearing.

No action is required of the Commission other than to note receipt of the report and to provide any comments on other areas of concern as outlined on page 1 of this report. Staff will be happy to answer any questions from the Commission prior to or at the hearing.

KRM/MT

Attachments:

1. Spreadsheet of Mid-Year Expenditures, Reserves, and Revenues
2. Chart Illustrating Yearly Proposal, Service Contract, and Service Review Activity

Spreadsheet of Mid-Year Expenditures, Reserves and Revenues

Attachment 1

FISCAL YEAR 2016-17

ACCT.	ACCOUNT NAME	ACTUAL	AMENDED	THRU	PERCENT OF	ESTIMATED	PERCENT OF
#		YEAR-END	BUDGET	MIDYEAR	AMENDED	YEAR END	AMENDED
		FY 15-16	OCT 2016		BUDGET		BUDGET
	SALARIES AND BENEFITS						
1010	Regular Salary and Bilingual	\$ 432,740	\$ 473,877	\$ 239,629	51%	\$ 461,824	97%
1030	Auto and Cell Phone Allowances	17,000	17,327	8,500	49%	17,000	98%
1035	Overtime	395		-		-	
1045	Termination Payment	2,506		632		632	
1110	General Member Retirement	109,012	119,726	56,326	47%	110,936	93%
1130	Survivors Benefits	210	228	105	46%	209	92%
1135	Indemnification - General	16,739	16,130	8,571	53%	16,516	102%
1200	Employee Group Insurance (Health Subsidy)	41,121	46,498	21,372	46%	43,344	93%
1205	Long-Term Disability	882	962	439	46%	883	92%
1207	Vision Care Insurance	771	837	386	46%	771	92%
1215	Dental Insurance & Health Subsidy	1,363	1,253	642	51%	1,229	98%
1222	Short-Term Disability	3,404	3,784	1,730	46%	3,477	92%
1225	Social Security Medicare	5,492	6,072	3,228	53%	6,125	101%
1235	Workers' Compensation	2,305	5,113	2,097	41%	3,844	75%
1240	Life Insurance & Medical Trust Fund	5,522	6,429	2,633	41%	5,556	86%
1305	Medical Reimbursement Plan	2,770	6,920	1,690	24%	4,658	67%
1310	ID Allowance Café			11,321		17,453	
1314	457/401a Defined (LAFCO Contribution)	1,571	1,781	815	46%	1,637	92%
1315	401k Contribution	25,136	28,500	13,035	46%	26,185	92%
1000	Salary Reserve		64,587	-	0%	-	0%
	TOTAL SALARIES & BENEFITS	\$ 668,940	\$ 800,024	\$ 373,150	47%	\$ 722,280	90%
	Staffing (Full time equivalent units)	5.5	5.5				
	SERVICES AND SUPPLIES						
	Services:						
2035	Communications	\$ -		\$ 660		\$ 660	
2037	COMNET Charge (ISF)	\$ 3,003	\$ 2,556	1,280	50%	2,418	95%
2038	Long Distance Charges	15	-	-		-	
2040	Relocation Charges - Phone Service	12,944	-	5,853		9,057	
2041	Phone Service/Outside Company	670	12,543	468	4%	3,226	26%
2043	Electronic Equipment Maintenance	926	-	-		-	
2075	Membership Dues	8,733	9,264	8,107	88%	9,338	101%
2076	Tuition Reimbursement	100	2,000	-	0%	2,000	100%
2080	Publications	2,383	3,125	1,471	47%	3,460	111%
2085	Legal Notices	18,860	19,500	7,441	38%	14,475	74%
2090	Miscellaneous Expense (Costs related to move)		179,260	100,000	56%	222,350	124%
2110	Fleet Management Requisition Charges			-		-	
2115	Computer Software	5,777	6,652	2,552	38%	3,352	50%

FISCAL YEAR 2016-17

ACCT. #	ACCOUNT NAME	ACTUAL YEAR-END FY 15-16	AMENDED BUDGET OCT 2016	THRU MIDYEAR	PERCENT OF AMENDED BUDGET	ESTIMATED YEAR END	PERCENT OF AMENDED BUDGET
2125	Inventoriable Equipment	-	15,000	2,685	18%	17,685	118%
2195	Reimbursement Services and Supplies	-		-		-	
2245	Other Insurance	7,085	7,085	9,050	128%	9,150	129%
	Supplies:			-			
2305	General Office Expense	6,364	7,183	3,753	52%	6,956	97%
2308	Credit Card Clearing Account	467	-	8,407		2,912	
2309	Visa Temp Card	267		-		-	
2310	Postage - Direct Charge	56,031	48,388	30,669	63%	45,383	94%
2315	Records Storage	596	588	294	50%	807	137%
2323	Reproduction Services	13,046	16,000	5,428	34%	9,477	59%
2335	Temporary Services	-		1,119		2,751	
	Consultant & Special Services:						
2400	Prof & Special Service (Legal Counsel)	40,346	34,300	21,825	64%	32,572	95%
2405	Auditing	14,258	15,090	3,892	26%	11,492	76%
2410	Data Processing	8,244	8,215	3,261	40%	6,523	79%
2415	COWCAP	-	13,236	6,618	50%	13,236	100%
2420	ISD Other IT Services	4,614	175	87	50%	174	100%
2421	ISD Direct	10,073	9,816	3,965	40%	7,684	78%
2424	Mgmt & Tech (Environmental Consultant)	11,329	10,250	3,852	38%	8,562	84%
2444	Security Services	444	408	186	46%	390	96%
2445	Other Prof (Commission, Surveyor, ROV)	123,413	135,761	54,383	40%	134,324	99%
2449	Outside Legal (Litigation & Special Counsel)	4,319	-	-		-	
2450	Application Development Support	345	600	-	0%	-	0%
2460	GIMS Charges	13,656	17,370	-	0%	16,770	97%
	Lease/Purchases:						
2895	Rent/Lease Equipment (copier)	4,743	5,904	3,033	51%	5,434	92%
2905	Office/Hearing Chamber Rental	57,125	54,308	18,486	34%	45,390	84%
	Travel Related Expenses:						
2940	Private Mileage	3,868	5,403	2,473	46%	5,461	101%
2941	Conference/Training	3,974	3,500	4,490	128%	6,140	175%
2942	Hotel	5,053	8,800	2,190	25%	9,167	104%
2943	Meals	1,098	2,575	814	32%	1,697	66%
2944	Car Rental	107	150	73	48%	223	148%
2945	Air Travel	2,629	2,000	459	23%	2,287	114%
2946	Other Travel	887	500	256	51%	694	139%
						-	

FISCAL YEAR 2016-17

ACCT. #	ACCOUNT NAME	ACTUAL YEAR-END FY 15-16	AMENDED BUDGET OCT 2016	THRU MIDYEAR	PERCENT OF AMENDED BUDGET	ESTIMATED YEAR END	PERCENT OF AMENDED BUDGET
	Other Charges:					-	
5012	Services Out (Staples)	1,449	3,600	14	0%	89	2%
	TOTAL SERVICES & SUPPLIES	\$ 449,237	\$ 661,105	\$ 319,594	48%	\$ 673,768	102%
	TOTAL EXPENDITURES	\$ 1,118,178	\$ 1,461,129	\$ 692,744	47%	\$ 1,396,049	96%
	RESERVES						
6000	Contingency		\$ 155,501		0%	\$ -	0%
6010	Net Pension Liability Reserve		117,097		0%	-	0%
6025	General Reserve - Litigation		284,917		0%	-	0%
6030	Compensated Absences Reserve		87,222		0%	-	0%
	TOTAL CONTINGENCIES & RESERVES	\$ -	\$ 644,737	\$ -	0%	\$ -	0%
	TOTAL APPROPRIATION	\$ 1,118,178	\$ 2,105,866	\$ 692,744	33%	\$ 1,396,049	66%

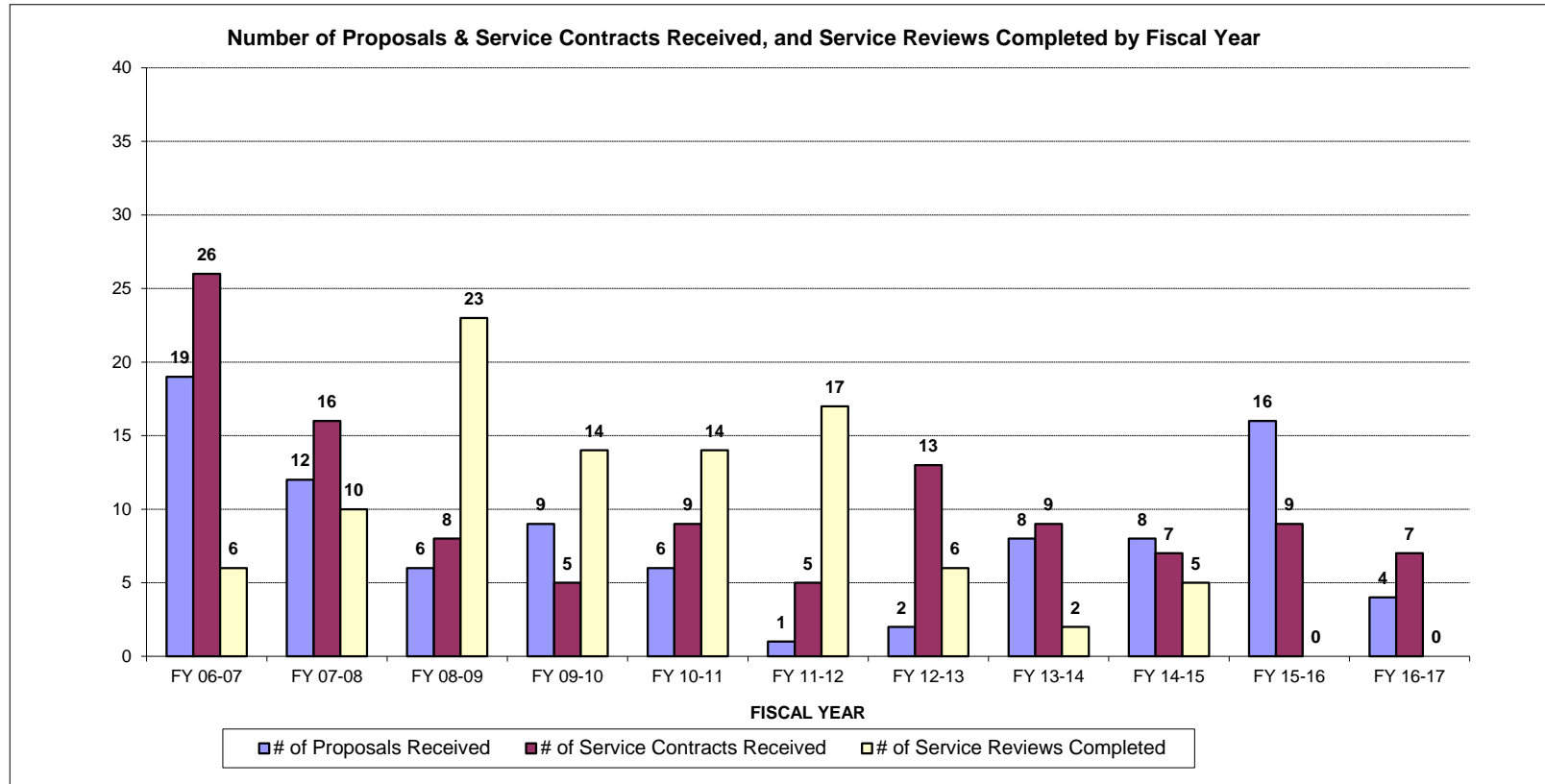
FISCAL YEAR 2016-17

ACCT #	ACCOUNT NAME	ACTUAL YEAR-END FY 15-16	AMENDED BUDGET OCT 2016	THRU MID-YEAR	PERCENT AMENDED BUDGET	ESTIMATED YEAR END	PERCENT AMENDED BUDGET
	CONTRIBUTION REVENUES						
	Use of Money:						
8500	Interest	\$ 5,917	\$ 5,250	\$ 4,128	79%	\$ 8,762	167%
	Mandatory Contribution from Governments:						
8842	Local Government -- For FY 2016-17 apportionment to County, Cities, and Independent Special Districts of approximately \$308,741 each	882,117	926,223	926,223	100%	926,223	100%
	Fees and Deposits (Current Services):						
9545	Individual Notice	56,670	37,366	17,800	48%	20,200	54%
9555	Legal Services	26,361	15,150	6,100	40%	9,624	64%
9595	Protest Hearing	33,297	34,166	31,000	91%	35,500	104%
9655	GIMS Fees	12,505	7,995	2,200	28%	7,300	91%
9660	Environmental	12,940	9,600	3,950	41%	6,370	66%
9800	LAFCO Fees	260,206	103,800	52,700	51%	96,000	92%
	Total Fees and Deposits	401,978	208,077	113,750	55%	174,994	84%
	TOTAL CONTRIBUTION REVENUES	1,290,012	1,139,550	1,044,101	92%	1,109,979	97%
	OTHER REVENUES						
9910	Refunds from Prior Year Revenue	\$ (30.00)	\$ (1,250)	\$ (15,729)	1258%	\$ (15,729)	1258%
9930	Miscellaneous Revenues	12,040	2,000	20	1%	20	1%
9970	Carryover of Open Proposals/Projects	55,114	64,806	41,819	65%	41,819	65%
9970	Carryover from Prior Year, Unassigned	186,960	294,895	294,895	100%	296,065	100%
	TOTAL OTHER REVENUES	254,084	360,451	321,005	89%	322,175	89%
TOTAL REVENUES		\$ 1,544,096	\$ 1,500,001	\$ 1,365,106	91%	\$ 1,432,154	95%
	RESERVES FROM PRIOR YEAR, as of July 1						
9970	Contingency	\$ 87,356	\$ 155,501	\$ 155,501	100%	\$ 155,501	100%
9970	Net Pension Liability Reserve	56,432	82,750	82,750	100%	82,750	100%
9970	General Reserve - Litigation	300,000	291,007	291,007	100%	291,007	100%
9970	Compensated Absences Reserve	72,897	76,607	76,607	100%	76,607	100%
TOTAL RESERVES FROM PRIOR YEAR		\$ 516,685	\$ 605,865	\$ 605,865	100%	\$ 605,865	100%
TOTAL REVENUE AND RESERVES		\$ 2,060,781	\$ 2,105,866	\$ 1,970,971	94%	\$ 2,038,019	97%
Note: Spreadsheet utilizes the cash basis of accounting and does not include accrual/reversal data which do not affect fund balance							

Chart Illustrating Yearly Proposal, Service Contract, and Service Review Activity

Attachment 2

Activity Chart



LOCAL AGENCY FORMATION COMMISSION FOR SAN BERNARDINO COUNTY

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DATE: MARCH 14, 2017
FROM: KATHLEEN ROLLINGS-McDONALD, Executive Officer
MICHAEL TUERPE, Project Manager
TO: LOCAL AGENCY FORMATION COMMISSION

SUBJECT: Agenda Item #9: Status Report on LAFCO 3189 - Special Study of the Morongo Valley Community Services District

RECOMMENDATION:

Staff recommends that the Commission:

1. Note receipt of the status report and file.
2. Set the next status report for the August 2017 hearing.

BACKGROUND:

At the July 2015 hearing, the Commission completed the special study of the Morongo Valley Community Services District ("District") LAFCO 3189. The direction of the Commission to staff was narrow in focus – determining the financial sustainability of the district to perform its authorized range of services, most specifically fire protection and emergency medical response.

At the conclusion of the special study, the District took painful measures (reduction of the general manager's salary, and others) and received additional State reimbursement revenue to barely break-even for FY 2014-15. As a part of the special study LAFCO staff provided a forecast for the next five fiscal years (through 2020-21). The forecast did not show even nominal annual revenue gains – basically a break-even scenario. Any deviation would force the razor-thin surplus to evaporate.

As a result of the special study, the Commission directed the staff to monitor and update the Commission biannually for the next three years regarding the district's financial position. The following provides a narrative discussion of LAFCO staff's monitoring of the District. This staff report is the third status update.

Conclusion from Previous Status Report

The following is a portion of the conclusion section from the previous status update:

Generally, in tough financial situations a business, household, or government agency must increase revenues, cut expenses, or both. In this case the District attempted to increase revenues to accommodate its service levels; however, its measure for a special tax failed. The only option moving forward is to cut the expenses, thus the service level, for the delivery of fire protection and emergency medical response, is impacted. The District has worked hard to keep itself afloat and should be recognized for these efforts. However, that position is tempered by staff's ongoing concern for its future.

As a result of the failure of the special tax election by such a large margin, it appears to staff that the District realizes a need to move towards realistic expenditures and staffing. This is evidenced by its adopted FY 2016-17 budget and the formation of an ad hoc committee to formulate a five-year plan for fire protection and emergency medical response. Therefore, the District is stabilizing – but with a reduction in budgeted staffing and a further reduction of the general manager's salary.

As LAFCO staff has stated before, but must reiterate here, the margin for error in budgeting for the Morongo Valley CSD remains thin. Should any of the following occur then the district's short-term viability would be in jeopardy: (1) immediate replacement of the current fire truck, (2) OES cancels the contract or recalls the wild land fire truck, (3) replacement of the current general manager, or (4) any other major expense.

FY 2015-16 Audit and Fiscal Indicators

District staff provided LAFCO with its FY 2015-16 year-end estimates for the previous status update. The Commission is aware of the financial status of the District up to that point. The following provides a review of the District's financial position from its audited financial statements moving forward.

As shown below, the District enjoyed a healthy increase in park revenues, resulting in revenues exceeding expenditures by roughly \$72,000. Other factors contributing to the increase in fund balance include: the former General Manager again took a decrease in pay going from \$36,000 per year to \$30,000 per year and the District was once again able to send out strike teams resulting in \$129,000 of gross revenue for the District (with an increase in expenditures for the strike team labor and supplies). This combined income covered many unanticipated expenses with repairs to aging buildings (electrical work, roof) and fire equipment (\$30,000 engine overhaul).

MORONGO VALLEY CSD							
			2011-12	2012-13	2013-14	2014-15	2015-16
			Actual	Audit	Audit	Audit	Audit
Revenues:							
	Property tax		366,739	365,836	363,061	373,931	398,627
	Fire assessment		286,528	292,076	313,913	300,825	316,702
	Grant income		31,971	10,425	11,517	18,184	2,044
	Park revenue		3,332	4,280	9,398	5,703	71,872
	Other		22,290	6,799	5,500	1,410	7,361
	Fire service		1,542	14,941	35,274	124,103	144,670
	Total Revenues		\$ 712,402	\$ 694,357	\$ 738,663	\$ 824,156	\$ 941,276
Expenditures:							
	General government		169,161	181,719	189,608	148,133	91,928
	Park & recreation		22,315	33,523	46,520	36,205	58,782
	Streetlights		4,030	4,237	4,039	4,166	6,393
	Debt service		12,313	1,456	5,818	5,816	5,816
	Fire service		481,681	521,364	605,068	635,508	706,586
	Total Expenditures		\$ 689,500	\$ 742,299	\$ 851,053	\$ 829,828	\$ 869,505
Revenues less Expenditures:			\$ 22,902	\$ (47,942)	\$ (112,390)	\$ (5,672)	\$ 71,771

Focusing on the past three audited years, the breakdown of Revenues and Expenditures by activity (fire protection and emergency response, park and recreation, and streetlights) clearly identifies that the district's fire protection and emergency response function operates in the red. This activity is shown in the chart below. While this was known during the special study, the subsequent audits solidifies this circumstance, as shown below. For the past three years, the fire function experienced losses of roughly \$112,000, \$17,000, and \$1,300. On a positive note, the rate of loss is lessening to the point of \$1,300 in FY 2015-16.

It should be noted that the District took great measures to improve the park and recreation facilities as well as market its potential. As a result, the District brought in \$72,552 in park receipts. This is a positive sign for the District which shows a positive trend for its governmental functions (parks/recreation and streetlights). However, if it were not for the uptick in park and recreation revenue, then the district's overall situation would have been negative.

FY 2013-14		Fire	Park & Rec	Streetlights	Total
Revenues:					
	Property tax	266,673	91,602	4,786	363,061
	Fire assessment	313,913	-	-	313,913
	Other	47,207	14,482	-	61,689
	Total Revenues	\$ 627,793	\$ 106,084	\$ 4,786	\$ 738,663
Expenditures:					
	Salaries & wages	441,253	35,268	364	476,885
	Benefits	73,745	10,325	64	84,134
	Operations expense	219,369	60,491	4,358	284,218
	Debt service	5,816	-	-	5,816
	Total Expenditures	\$ 740,183	\$ 106,084	\$ 4,786	\$ 851,053
Revenues less Expenditures		\$ (112,390)	\$ -	\$ -	\$ (112,390)
FY 2014-15		Fire	Park & Rec	Streetlights	Total
Revenues:					
	Property tax	291,801	77,286	4,844	373,931
	Fire assessment	300,825	-	-	300,825
	Other	138,273	11,127	-	149,400
	Total Revenues	\$ 730,899	\$ 88,413	\$ 4,844	\$ 824,156
Expenditures:					
	Salaries & wages	472,925	35,549	272	508,746
	Benefits	74,047	6,060	33	80,140
	Operations expense	195,471	35,172	4,483	235,126
	Debt service	5,816	-	-	5,816
	Total Expenditures	\$ 748,259	\$ 76,781	\$ 4,788	\$ 829,828
Revenues less Expenditures		\$ (17,360)	\$ 11,632	\$ 56	\$ (5,672)
FY 2015-16		Fire	Park & Rec	Streetlights	Total
Revenues:					
	Property tax	332,904	59,277	6,446	398,627
	Fire assessment	316,702			316,702
	Other	153,395	72,552		225,947
	Total Revenues	\$ 803,001	\$ 131,829	\$ 6,446	\$ 941,276
Expenditures:					
	Salaries & wages	721,743	33,592		755,335
	Benefits	17,683	4,471		22,154
	Operations expense	59,088	20,719	6,393	86,200
	Debt service	5,816			5,816
	Total Expenditures	\$ 804,330	\$ 58,782	\$ 6,393	\$ 869,505
Revenues less Expenditures		\$ (1,329)	\$ 73,047	\$ 53	\$ 71,771

Assessed Value, Property Tax, and Assessments

The special study identified how assessed value of the District had declined for five consecutive years which led to a corresponding decline in property tax revenues received. Importantly, assessed value has increased for three consecutive years. However, the fire assessment is not tied to assessed value; yet conversely enjoyed annual gains until 2014-15, which interestingly experienced a decrease.

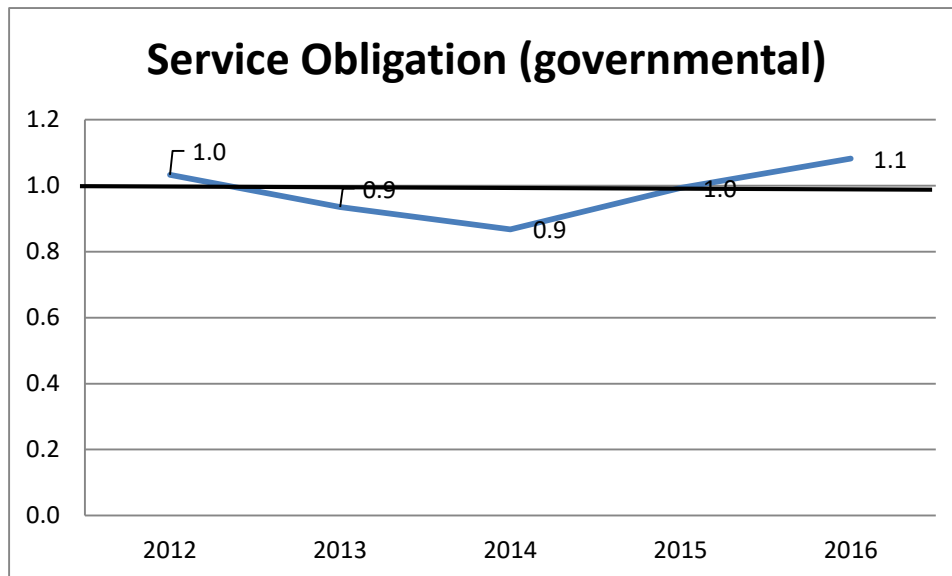
Year	Assessed Value		Tax Received		Assessment Received	
	Valuation	% change	Total Tax	% change	Total	% change
2007-08	\$ 219,980,152	16.8%	\$ 438,520	15.2%	\$ 214,573	7.4%
2008-09	\$ 226,288,922	2.9%	\$ 439,874	0.3%	\$ 263,798	22.9%
2009-10	\$ 211,888,756	-6.4%	\$ 420,263	-4.5%	\$ 269,762	2.3%
2010-11	\$ 194,095,885	-8.4%	\$ 383,400	-8.8%	\$ 280,605	4.0%
2011-12	\$ 186,380,022	-4.0%	\$ 366,739	-4.3%	\$ 286,528	2.1%
2012-13	\$ 184,029,593	-1.3%	\$ 365,836	-0.2%	\$ 292,076	1.9%
2013-14	\$ 179,691,565	-2.4%	\$ 363,061	-0.8%	\$ 313,913	7.5%
2014-15	\$ 188,970,893	5.2%	\$ 373,931	3.0%	\$ 300,825	-4.2%
2015-16	\$ 201,126,374	6.4%	\$ 398,627	6.6%	\$ 316,702	5.3%
2016-17	\$ 204,281,299	1.6%				
sources:						
County of San Bernardino, Agency Net Valuations						
Morongo Valley CSD audits						

Fiscal Indicators

Currently, LAFCO's Fiscal Indicators program includes audited data through FY 2014-15. LAFCO staff has added FY 2015-16 to the District's Service Obligation and Liquidity indicators.

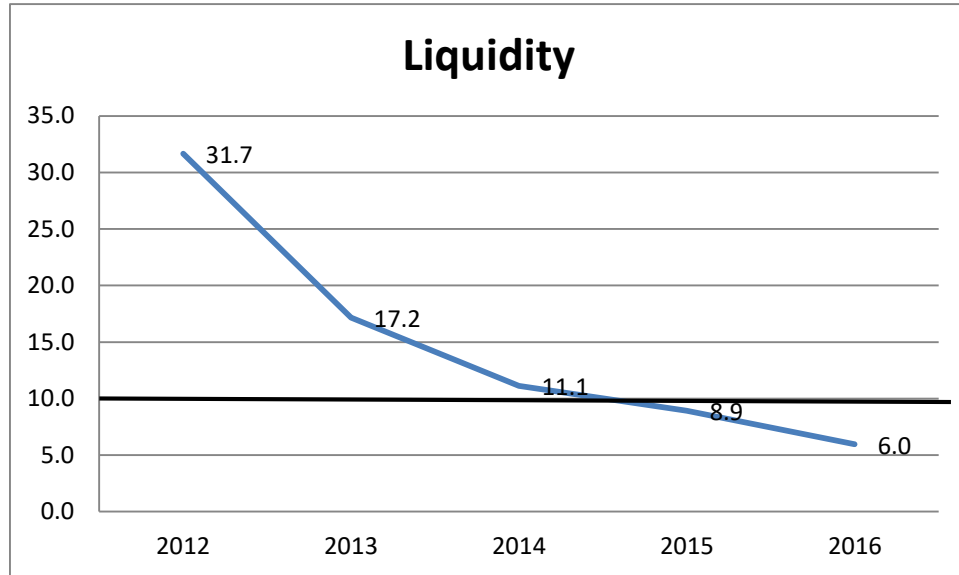
Service Obligation

Service Obligation measures whether or not a government's annual revenues were sufficient to pay for annual operations. In most cases, as the percentage of general revenues decreases, an agency loses its ability to respond to changing conditions and to citizens' needs and demands. It is calculated by dividing operating expenditures by operating revenues. A ratio of one or higher indicates that a government lived within its annual revenues. On the whole, the District is at or just below the break-even level.



Liquidity

Liquidity measures a government's ability to meet its short-term obligations. In other words, if a short-term obligation became due would the agency be able to satisfy that obligation with cash. It is calculated by dividing current liabilities by cash and investments. The higher the ratio suggests a government is better able to meet its short-term obligations. For agencies not meeting its service obligations (see previous indicator), the literature suggests a ratio of ten or above. As shown, Liquidity is slipping into territory where satisfying short-term obligations becomes a challenge.



FY 2016-17 Mid-Year Update

Through the Mid-Year

The District provided its income and expense reports through the mid-year as well as through January. The data presented below shows a balanced budget. However, through the mid-year, even though revenues are tracking slightly ahead of the 50% mark, expenditures are at 60%. It is expected that full-year and one-time costs occur in the first half. Yet expenditures exceeded revenues by roughly \$45,298. Given its financial history, failed tax election, and low undesignated reserves, the viability of the District is yet again thrust to the forefront.

MORONGO VALLEY CSD							
		2014-15	2015-16	2016-17	2016-17	2016-17	2016-17
		Audit	Audit	Budget	thru Mid-Year	% thru Mid-Year	thru Jan
Revenues:							
Property tax		373,931	398,627	412,415	190,289	46%	220,677
Fire assessment		300,825	316,702	308,233	151,574	49%	176,625
Grant income		18,184	2,044	10,000	1,000	10%	1,000
Park revenue		5,703	71,872	5,820	2,240	38%	3,065
Other		1,410	7,361	5,346	7,691	144%	7,694
Fire service		124,103	144,670	40,671	429,691	1057%	65,666
Total Revenues		\$ 824,156	\$ 941,276	\$ 782,485	\$ 417,060	53%	\$ 474,727
Expenditures:							
General government		148,133	91,928	126,603	72,977	58%	87,020
Park & recreation		36,205	58,782	34,700	34,168	98%	36,732
Streetlights		4,166	6,393	4,110	1,952	47%	2,277
Debt service		5,816	5,816	5,816	2,937	50%	3,422
Fire service		635,508	706,586	600,028	350,324	58%	388,145
Total Expenditures		\$ 829,828	\$ 869,505	\$ 771,257	\$ 462,358	60%	\$ 517,596
Revenues less Expenditures:		\$ (5,672)	\$ 71,771	\$ 11,228	\$ (45,298)		\$ (42,869)

source: Morongo Valley CSD, reformatted by LAFCO staff

Second Half

The District has provided additional information for activities in the second half of the year. They indicate that the District will receive a total of \$115,593 in OES reimbursement for the fiscal year. After compensation and other expenses, there will be a remaining amount of \$75,107. These funds will be used to offset the outstanding balance of approximately \$34,998. This will leave a surplus of approximately \$40,109 for this fiscal year.

The General Manager's anticipated retirement occurred, and the District filled the position from within. The former general manager is consulting with the District at a nominal cost during this transition, and it is to be hoped that this structure will provide continuity in the District's operations.

As for fire staffing, two full-time employees have left the district. In mid-January the Fire Chief resigned, and the district promoted from within (from a captain) and provided a salary increase as that person performs chief and some captain duties. Overall, the personnel shift is a net reduction in expenses because the captain position will remain unfilled. Additionally, one firefighter engineer resigned in February, and the position is not anticipated to be filled.

Even with the decrease in fire personnel, according to the District, a three man crew still responds to a call. Although the District has eliminated the Captain positions, there is one company officer/engineer or the working Fire Chief and one paramedic per shift, along with

a reserve. The District anticipates adding an intern to each shift once an agreement is reached with Copper Mountain College, anticipated by FY 2017-18. The addition of an intern will increase shift personnel from three to four (two district personnel, reserve, and intern). LAFCO staff understands that the duties of an intern are limited for liability reasons. Below is a chart identifying fire staffing since 2013-14 through the mid-year.

	2013-14	2014-15	2015-16	2016-17 Budget	2016-17 Reorg.
Chief	1	1	1	1	1
Deputy Chief	0	0	0	0	0
Division Chief	0	0	0	0	0
Captain	2	3	3	2	1
Company officer/engineer	0	0	0	0	1
Full-time fire fighters/paramedics	3	3	3	3	3
Part-time fire fighters/paramedics	0	0	0	0	0
Full-time engineers	3	3	3	3	2
Part-time engineers	0	0	0	0	0
Emergency Medical Coordinator	1	1	1	1	1
Reserves	2	2	2	1	1

Lastly, the district states that it is working on a staffing plan for the 2017-18 Fiscal Year to further reduce staff in order to remain solvent. LAFCO staff points out that should response crews reduce from three to two, then receipt of mutual aid for emergency medical calls could reduce because: (1) state mutual aid laws pertain to fire response, and (2) a two man crew would not equate to the County's three man crew.

Fire Discussion

We now return to the same topic in each of LAFCO's reports regarding the CSD. The District continues its never ending discussion about what level of fire service is desired in the community - how to pay for it, how to reduce costs, and at what level. In an attempt to get community input the District formed an ad hoc citizen committee to provide options to the District Board on the alternatives for fire service. According to the general manager, although formed, the committee never materialized due to lack of participation. Moving forward, the general manager will be presenting options for consideration to the community. As LAFCO staff understands the situation, the District is mulling three options:

1. Annex to County Fire and its FP-5 service zone. This option would:
 - a. Divest the CSD of its fire protection function (and related services)
 - b. Annex the CSD area to County Fire and its South Desert and FP-5 service zones
 - c. Remove the CSD Fire and Paramedic Assessment, annual average of \$150 per parcel
 - d. Extend the FP-5 special tax over the area, currently \$148.23 per parcel annually
 - e. Park and recreation would remain with the CSD
2. LAFCO staff understands that the District is also considering issuing a Request for Proposals for another entity to contract with, such as CalFire. However, any such

contract would be subject to LAFCO review and approval under the provisions of Government Code Section 56134.¹

3. Lastly, the District can continue to reduce the level of its fire protection service until it reaches a sustainable level.

The next status report should include more definite information on the district's direction on this matter.

CONCLUSION:

The District attempted to increase its revenues to accommodate its existing service levels; however, its measure for a special tax failed. The only option moving forward is to cut the expenses, thus the service level, for the delivery of fire protection and emergency medical response, is impacted. The District has worked hard to keep itself afloat and should be recognized for these efforts. However, that position is tempered by staff's ongoing concern for its future.

As a result of the failure of the special tax election by such a large margin, it appears to staff that the District realizes a need to move towards realistic expenditures and staffing. The current year budget appeared to be stable, but the mid-year data is indicating a return to expenditures exceeding revenues.

As LAFCO staff has stated before, but must reiterate here, the margin for error in budgeting for the Morongo Valley CSD remains thin. Should any of the following occur then the district's short-term viability would be in jeopardy: (1) immediate replacement of the current fire truck, (2) OES cancels the contract or recalls the wild land fire truck, or (3) any other major expense.

Staff is recommending that the Commission receive this report and set the next status report for the August 2017 hearing. That update will include the unaudited FY 2016-17 year-end and FY 2017-18 budget. Additionally, an update on the information presented by the ad hoc committee should reveal the direction the CSD will be taking for its fire protection service.

KRM/MT

Attachments:

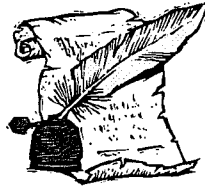
1. 2015-16 Financial Statements
2. 2016-17 Mid-Year Financials

¹ Beginning January 1, 2016, LAFCOs have been charged with the responsibility for reviewing and taking action on fire protection contracts that either: transfers more than 25 percent of the service area of an affected public agency or changes the employment status of more than 25 percent of the employees of an affected public agency pursuant to Government Code Section 56134.

2015-16 Financial Statements

Attachment 1

MORONGO VALLEY COMMUNITY SERVICES DISTRICT



**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED JUNE 30, 2016**

MORONGO VALLEY COMMUNITY SERVICES DISTRICT
FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED JUNE 30, 2016

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Board of Directors
Morongo Valley Community Services District
Morongo Valley, CA

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities of Morongo Valley Community Services District, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Morongo Valley Community Services District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Morongo Valley Community Services District's 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, generally accepted government auditing standards when applicable and the State Controller's Minimum Audit Requirements for California Special Districts. 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 of Morongo Valley Community Services District, as of June 30, 2016, and the respective changes in financial position and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America as well as accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

INDEPENDENT AUDITORS REPORT (continued)

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages i - viii and the Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Morongo Valley Community Services District's basic financial statements. The Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds and Calculation of Appropriation Spending Limit (Prop. 4 "Gann Limit") are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds and Calculation of Appropriation Spending Limit (Prop. 4 "Gann Limit") are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Statement of Revenues, Expenditures, and Changes In Fund Balance – Governmental Funds and Calculation of Appropriation Spending Limit (Prop. 4 "Gann Limit") are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Smith-Maple & Co.

October 18, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Morongo Valley Community Services District is a non-enterprise independent special district encompassing a twenty-four square mile rugged natural desert landscape providing a rural lifestyle highly valued by residents. In 1958 concerned local citizens petitioned the San Bernardino County Board of Supervisors and formed a Community Services District specifically to control fire and emergency medical services for the community.

Formation resulted in acquiring control of streetlights, parks and libraries as well as fire services, and though fire services have transitioned from volunteer to a combined agency utilizing career paid staff and reserve firefighters; the community as a whole still is largely dependent on a core group of active volunteers serving to assist in maintenance, administrative and event-driven needs for its residents and visitors.

As management of the Morongo Valley Community Services District and Fire Department (the District), we offer readers of the District's financial statement this narrative overview and analysis of the financial activities of the District for the fiscal year which ended on June 30, 2016.

Financial Highlights:

- As can be viewed from the Government-Wide Financial Reports, assets of the Morongo Valley Community Services District exceeded its liabilities at the close of the 2015-2016 fiscal year by \$844,365 (Total Net Position/Net Position of Governmental Activities). Because of unearned revenues and short term debt, the District's liabilities were \$61,789, and when added to the net assets, resulted in Total Assets of \$906,154. Unearned revenues are future payments due from the County of San Bernardino or the State Office of Emergency Services for assistance provided by the District for regional emergency response services.
- The District's governmental funds total revenues over the fiscal year were \$941,276 of which tax and property assessments provided a combined \$708,872 and other sources of income provided the balance. Total Expenditures over the same period were \$869,505 or \$71,771 less than total revenues.
- While the District's beginning Fund Balance at the start of the fiscal year was \$351,507 the Fund Balance at close of the fiscal year was \$423,278 reflecting the \$71,771 excess revenue noted in the above statement.
- There were many factors contributing to the increase in fund balance this year. The many factors that contributed to the increase in the fund balance in the prior fiscal year also contributed to the increase in the fund balance for the current fiscal year. The General Manager again took a decrease in pay going from \$36,000 per year to \$30,000 per year (and changed to an hourly pay with a MOU in place instead of a contract) with no added benefits. The District was once again able to send out strike teams resulting in \$129,000 of revenue for the District. This income covered many unanticipated expenses with repairs to aging buildings and fire equipment.

Overview of the Financial Statements

A discussion and analysis is intended to serve as an introduction to the District's basic financial statements and to explain what the statements reflect. These financial statements are comprised of three major components: **Government-wide financial statements**, various **Fund financial statements** and **Notes to the financial statements** themselves. This report provides required supplementary information intended to clarify these statements as well.

Government-wide financial statements. The statements are designed to provide readers with a broad overview of the District's finances in a manner similar to both private-sector businesses and other public governmental accounting agencies. As such, the "Business Model" statement and the "Governmental Model" statement will both reflect balanced statements; though each model will reflect District finances in a different manner. An "audit document" will reflect a Statement of Net Position which may show the net value of Capital Assets; whereas in the Governmental Funds Model Balance Sheet, Capital assets used in governmental activities are not considered as financial resources, and therefore are not reported in the funds on that particular statement.

A *statement of net position*, presents information on all of the District's assets and liabilities, with the difference between the assets and liabilities reported as **net position**. Over time, increases or decreases in the net assets serves as a useful indicator of whether the financial position of the District is either improving or deteriorating. Though it does not necessarily indicate why the financial position is moving in one direction or another.

A *statement of activities* on the other hand presents information showing how the District's net position changed during the most recent fiscal year and also reflects primary governmental activities such as Fire Operations, Parks and Recreation and Street Lights. In this report, revenues and expenses are provided for some items which shall only result in cash flows in future fiscal periods; such as uncollected taxes or grants, contributions and other income which may be due at the close of the fiscal period.

The governmental activities of the District include the administration and management of all District activities for the Morongo Valley Community Services District, Morongo Valley, California. However, as required by the California State Controller's Office, the expenses of Administration and Management are not broken out separately, but rather incorporated, or wrapped into the costs to provide the services which are afforded to the community.

The *government-wide financial statements* can be found on pages 3-4 of the annual fiscal year- end audit report.

Fund financial statements. A "fund" is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities of objectives. The Morongo Valley CSD, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are considered to be governmental funds.

Governmental funds. Government 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 the *near-term inflows and outflows of spendable resources, as well as on balances of spendable resources* available at the end of the fiscal year. This information is frequently useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than the government-wide financial statements, they can be used to compare the information presented for *governmental funds* with similar information presented for 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 balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains four individual governmental funds reflected as Fire Operations, Parks and Recreation, Street Lights and Debt Service. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for these which are considered to be major funds. These statements can be found on pages 5-7 of the annual fiscal year-end audit report.

Notes to the Financial Statements. The notes provide additional information considered essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes can be found on pages 8-14 of the annual fiscal year-end audit report.

Other information. In addition to the basic financial statements and accompanying notes, the audit report also presents certain *required supplementary information*. The District adopts an annual appropriated budget for its general operations and any special revenue funds. A budgetary comparison statement is provided for these operations and special revenue funds to demonstrate compliance with this budgeting process. The *required supplementary information* can be found on pages 15 of the annual fiscal year-end audit report.

Additionally, State government code requirements provide that all local governmental agencies are required to perform a calculation of their ***Appropriation Spending Limits*** each year utilizing a formula which takes into account any population changes over the prior year along with changes in the cost of living for the region in which the local agency exists. This limit places a cap on the amount that a local agency may spend as financed from the proceeds of taxes. The calculation of the ***appropriation spending limit*** is reflected on page 17 of the annual fiscal year-end audit report.

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MORONGO VALLEY COMMUNITY SERVICES DISTRICT 2016

Table 1
STATEMENT OF NET POSITION

	2016	2015
Current and other assets	\$ 454,795	\$ 379,575
Long term assets	53,409	52,853
Capital assets	397,950	440,178
Total Assets	<u>906,154</u>	<u>872,606</u>
Deferred Outflows of Resources	-	-
Current liabilities	57,488	40,971
Long-term liabilities	4,301	9,894
Total Liabilities	<u>61,789</u>	<u>50,865</u>
Deferred Inflows of Resources	-	-
Net Position:		
Net investment in capital assets	388,053	440,178
Restricted	32,052	26,930
Unrestricted	424,260	354,633
Total Net Position	<u>\$ 844,365</u>	<u>\$ 821,741</u>

As noted earlier, net position may serve over time as a useful indicator of a District's financial position. For the Morongo Valley CSD, total assets were reflected at \$906,154 and total liabilities at \$61,789 at the close of the fiscal year.

The largest portion of the District's net position reflects capital assets such as land, buildings, apparatus, machinery or equipment. This was valued net of depreciation at \$388,053 less any related debt used to acquire those assets still outstanding. These debts included notes payable such as the outstanding balance due on the purchase of a Fire Command Vehicle which was financed at favorable rates through the Los Angeles Firefighter's Credit Union (\$20,607).

As the District uses these capital assets to provide services to residents; consequently these assets are not available for future spending. Though the District's investment in its capital assets is reported net of related debt, the resources (funds), needed to repay the debts must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

The District's net position also included cash in a money market account and cash which is considered "restricted" in that it is earmarked for specific projects. Total cash held by financial institutions for the District amounted to \$342,089 at the close of the fiscal year. This cash is generally utilized to assist in meeting the District's ongoing obligations to residents and creditors which may occur within any fiscal cycle; the balance of these funds adds to the District's fiscal position. Some of this cash is related to unspent fees or assessments collected in current or prior years. A portion of which was collected for park improvements and additions which do not include expenses for the maintenance and operation of the District's parks.

MORONGO VALLEY COMMUNITY SERVICES DISTRICT 2016

Table 2
STATEMENT OF ACTIVITIES

	2016	2015
Revenues:		
Program Revenues:		
Charges for services	\$ 208,180	\$ 120,397
Operating grants and contributions	8,362	4,841
Capital grants and contributions	2,044	18,184
General Revenues:		
Property taxes	398,627	373,931
Assessments	316,702	300,825
Other	5,387	5,140
Total Revenues	<u>939,302</u>	<u>823,318</u>
Expenses:		
Fire operations	851,118	768,585
Parks and recreation	58,782	76,782
Street lights	6,393	4,788
Other	385	537
Total Expenses	<u>916,678</u>	<u>850,692</u>
Change in net position	22,624	(27,374)
Net Position - Beginning	821,741	849,115
Net Position - Ending	<u>\$ 844,365</u>	<u>\$ 821,741</u>

Capital Asset and Debt Administration:

Capital assets.

There were no significant changes in capital assets and debt administration over the fiscal year.

Debt administration.

Purchase of the Fire Command Vehicle resulted in an increase in the long-term debt of the District as a loan was obtained in the amount of \$27,000 at 2.99% over a 60 month period starting in March of 2013. The added debt requires a monthly payment of \$484 over this period of time.

MORONGO VALLEY COMMUNITY SERVICES DISTRICT | 2016

General Fund Budgetary Highlights.

Table 3
BUDGET

	Original	Final	Variance
Revenues:			
Program Revenues:			
Charges for services	\$ 33,400	\$ 33,400	\$ -
Operating grants and contributions	10,000	10,000	-
Capital grants and contributions	-	-	-
General Revenues:			
Property taxes	369,483	369,483	-
Assessments	302,932	302,932	-
Other	3,334	3,334	-
Total Revenues	719,149	719,149	-
Expenses:			
General government	123,191	123,191	-
Fire operations	561,108	561,108	-
Parks and recreation	30,850	30,850	-
Street lights	4,000	4,000	-
Other	-	-	-
Total Expenses	719,149	719,149	-
Change in net position	-	-	-
Transfers to/from other funds	-	-	-
Net Position - Ending	\$ -	\$ -	\$ -

As indicated in table 3 the net position did not change there was only a shift of amounts between various line items.

Financial Analysis of the Government's Funds:

As noted previously, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements which include Generally Accepted Accounting Principles (GAAP), and those of the Governmental Accounting Standards Board (GASB). These are the accepted standard setting bodies for establishment of governmental accounting and financial reporting principles.

Governmental funds. The focus of District *governmental funds* is to provide information on near-term inflows, outflows and balances of spendable resources. This information is useful in assessing the District's financing requirements. In particular, **unreserved fund balance** may serve as a useful measure of a District's net resources *available for spending at the end of the fiscal year*. As noted on the previous page, such cash on hand can assist in meeting the District's ongoing obligations to residents and creditors by offsetting losses of revenues or meeting unplanned needs within a fiscal cycle. Where not used, this cash on hand serves as an *unreserved fund balance* adding to the District's net fiscal position.

Unreserved fund balances can also be used by a governmental agency to designate portions of such a net balance as future **designated reserves** within following fiscal cycles. Sort of like a designated savings account set aside for a specific purpose. Some governmental agencies utilize *designated reserves* and identify their use to offset unplanned for emergency needs which may occur due to a localized or regional disaster such as fires, floods or other such needs. Additionally, governmental agencies may designate reserves to be used for

MORONGO VALLEY COMMUNITY SERVICES DISTRICT | 2016

contingencies which may occur within a current fiscal cycle, or to set aside funds to meet future *capital expenses* such as for replacement of structures, facilities or major fire apparatus and equipment. Quite commonly, agencies faced with significant cash on hand balances; designate a portion of such cash for investments in bonds or other assets which may provide available funding sources to meet future long-term needs of their agencies.

Ideally, an increase in either a *net fiscal position* or in *unreserved fund balance* from year-to-year would be a positive reflection of an agencies growth potential; or in the ability to sustain, improve or even expand services to the community as such increases occur. On the other hand, reductions in a *net fiscal position* or in *unreserved fund balance* from year-to-year could indicate a negative reflection in an agency's ability to sustain existing service needs of a community in future years unless additional sources of revenue could be generated.

At the end of the 2015-2016 fiscal year, the District's governmental funds reported combined ending fund balances of \$423,278, an increase of \$71,771 in comparison with the prior fiscal year end. Of that balance \$383,923 constitutes an *unassigned fund balance* and potentially available for new spending in subsequent fiscal periods.

Economic Factors, Trends and Following Fiscal Year Needs

Governance for the District has recognized community priorities; and with strategic staff planning and community input has defined elements of fiscal planning to assist in preparation for the future fiscal needs to meet community service level desires. These elements include:

Emphasis on fiscal responsibility and accountability, establishment of taking a conservative approach, emphasis on establishment of stable reserves, and the need to invest in infrastructure maintenance.

Emphasis on fiscal responsibility and accountability.

Development of annual budgets reflecting anticipated expenditures within anticipated revenues and existing fund balances; while providing for contingencies, and establishment of specific funding of designated reserve accounts. Staff is committed to taking a long-term view for stabilization of fiscal resources and a need to augment such resources wherever possible.

Establishment of taking a conservative approach.

There is an acknowledgement that current economic conditions present a slow advance from a housing and economic correction which has existed for six years within the San Bernardino/Riverside County area which was hard hit due to the economic downturn.

Degradation of property values significantly impacted the District's property tax apportionment which forced a "hold-the-line" approach on services, as a slow advance in the Consumer Price Index (CPI) started to take hold. Advances in the CPI enabled a slow progression and slight gains in revenue derived from the resident approved fire suppression assessment fee over the prior year. While slow and steady, such gains will eventually enable the District to offset loss of property tax apportionment revenue until such time as the economy rebounds and property values increase.

Additional revenues acquired from service fees or property rentals added over time should also serve to offset prior loss of some of the property tax apportionment revenues.

Emphasis on establishment of stable reserves.

Future use of end-of-year *unreserved fund balances* can assist in development of *Designated Reserves* as recommended by the California Special Districts Association. This past fiscal year the Board of Directors adopted Financial Practices Guidelines providing for the intent to establish *Designated Reserve Accounts* in the upcoming fiscal year to assist in providing future stability for the District and specifically designated reserves for unanticipated emergencies, contingencies and for future capital outlay needs.

Investment in infrastructure maintenance.

When the Board of Directors adopted their Financial Practices Guidelines, they committed to having a "Reserve Study" performed in the following fiscal year which would outline the various assets owned by the District, establish their relative life cycle to determine useful lives of the components, and establish a five to thirty year funding plan to support the life cycle of the asset to include future replacement needs. Having such a fiscal plan for investment in infrastructure maintenance thus should reduce significant expenses which are commonly experienced with "deferred maintenance" and provide the ability to plan for and extend the life of any designated assets.

Economic Factors and Next Year's Budget

The District expects revenues in the 2015-2016 fiscal year to increase less than 1% over the prior year. The majority of this increase is expected to be from the resident voter approved fire assessment fee adopted in fiscal year 2007-08 providing for a modest increase tied to the experienced cost-of-living increase over the prior year. Recreation and park facilities use fees are expected to remain level or slightly increased and property tax revenues are projected to remain relatively flat as the economy slowly shifts forward.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for those who may have an interest in the governmental finances such as revenues, debt, assets and liabilities. Questions concerning any of the information provided in this report, or requests for additional financial information should be directed to the General Manager's Office of the Morongo Valley Community Services District at 11207 Ocotillo Street, P. O. Box 46, Morongo Valley, CA 92256.

For those who desire, contact may be made by telephone at 760-363-6454 to schedule an appointment with the General Manager to review any aspect of the District's financial position or the reports which have been provided.

BASIC FINANCIAL STATEMENTS

MORONGO VALLEY COMMUNITY SERVICES DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash	\$ 310,037	\$ -	\$ 310,037
Cash - restricted	32,052	-	32,052
Total cash	342,089	-	342,089
Accounts receivable	23,256	-	23,256
Prepaid insurance	7,303	-	7,303
Notes receivable	82,147	-	82,147
Certificates of deposit	53,409	-	53,409
Capital assets (Net)	397,950	-	397,950
TOTAL ASSETS	906,154	-	906,154
DEFERRED OUTFLOWS OF RESOURCES	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	906,154	-	906,154
LIABILITIES			
Accounts payable	19,840	-	19,840
Unearned revenue	32,052	-	32,052
Notes payable - Current	5,596	-	5,596
Notes payable - Noncurrent	4,301	-	4,301
TOTAL LIABILITIES	61,789	-	61,789
DEFERRED INFLOWS OF RESOURCES	-	-	-
NET POSITION			
Net investment in capital assets	388,053	-	388,053
Restricted net position	32,052	-	32,052
Unrestricted net position	424,260	-	424,260
TOTAL NET POSITION	\$ 844,365	\$ -	\$ 844,365

MORONGO VALLEY COMMUNITY SERVICES DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government					
Governmental Activities:					
Fire operations	\$ 851,118	\$ 136,308	\$ 6,276	\$ 2,044	\$ (706,490)
Parks and recreation	58,782	71,872	2,086	-	15,176
Street lights	6,393	-	-	-	(6,393)
Interest on long-term debt	385	-	-	-	(385)
Total Governmental Activities	916,678	208,180	8,362	2,044	(698,092)
Business-type activities:	-	-	-	-	-
Total Business-Type Activities	-	-	-	-	-
Total Primary Government	\$ 916,678	\$ 208,180	\$ 8,362	\$ 2,044	(698,092)
General revenues:					
Property taxes					398,627
Assessment					316,702
Grants, contributions and other income not restricted to specific programs					4,804
Unrestricted interest income					583
Total General Revenues					720,716
Change in net position					22,624
Net position - beginning					821,741
Net position -					\$ 844,365

The accompanying notes are an integral part of this statement

MORONGO VALLEY COMMUNITY SERVICES DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2016

	General Fund	Total Governmental Funds
ASSETS		
Cash	\$ 310,037	\$ 310,037
Cash - restricted	32,052	32,052
Accounts receivable	23,256	23,256
Prepaid insurance	7,303	7,303
Notes receivable	38,737	38,737
Certificates of deposit	53,409	53,409
TOTAL ASSETS	464,794	464,794
DEFERRED OUTFLOWS OF RESOURCES	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 464,794	\$ 464,794
LIABILITIES		
Accounts payable	\$ 9,464	\$ 9,464
Other liabilities	32,052	32,052
TOTAL LIABILITIES	41,516	41,516
DEFERRED INFLOWS OF RESOURCES	-	-
FUND BALANCE		
Nonspendable:		
Prepaid expenses	7,303	7,303
Restricted for:		
General Government	32,052	32,052
Unassigned	383,923	383,923
TOTAL FUND BALANCE	423,278	423,278
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	\$ 464,794	

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	397,950
Governmental funds focus on current financial resources. Accordingly, they report only those receivables that are considered potentially relevant to near-term liquidity	43,410
Governmental funds focus on current financial resources. Accordingly, they report only those liabilities that are considered potentially relevant to near-term liquidity	(20,273)
Net Position of governmental activities	<u>\$ 844,365</u>

MORONGO VALLEY COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund
REVENUES	
Tax assessments	\$ 392,170
Fire assesment	316,702
Tax revenue - homeowners' property tax relief	6,457
Grant income	2,044
Interest	583
Fire service	136,308
Park concessions	71,872
Donations	8,362
Other revenue	6,778
TOTAL REVENUES	<u>941,276</u>
EXPENDITURES	
Fire operations	798,514
Parks and recreation	58,782
Street lights	6,393
Debt service	5,816
TOTAL EXPENDITURES	<u>869,505</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>71,771</u>
OTHER FINANCING SOURCES AND (USES)	
Transfers in from other funds	-
Transfers out to other funds	-
Net Other Financing Sources and (Uses)	<u>-</u>
Net change in fund balances	<u>71,771</u>
FUND BALANCE - BEGINNING OF YEAR	<u>351,507</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 423,278</u></u>

MORONGO VALLEY COMMUNITY SERVICES DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances-total governmental funds	\$ 71,771
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. This amount represents the amount by which depreciation exceeded capital outlays.	(42,228)
Governmental funds report loan receivable payments as income. However, in the statement of activities the payment is applied to reduce the loan receivable principal.	(1,974)
Governmental funds report loan payments as expenditures. However, in the statement of activities the payment is applied to reduce the loan principal.	5,431
Governmental funds do not report changes in long-term compensated absences. However, in the statement of activities the expense is applied to wages.	(10,376)
Change in net position of governmental activities	<u>\$ 22,624</u>

MORONGO VALLEY COMMUNITY SERVICES DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

1. NATURE OF ORGANIZATION

Morongo Valley Community Services District, Morongo Valley, CA was incorporated August 4, 1958 under statutory authority as set forth in California Government Code Sec. 61000 et seq. The District is responsible for fire protection, parks and recreation, and street lighting.

BOARD OF DIRECTORS

President.....	Gayl Swarat
Vice-President.....	Kristina Brook
Director of Finance.....	Johnny Tolbert
Director of Legislative/Projects & Fire Commissioner.....	Matthew M Campos
Director of Parks.....	Darin Sanden

ADMINISTRATION

General Manager.....	Donna Munoz
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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Morongo Valley Community Services District (the District) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The District has no component units and is not a component unit of another primary government.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligible requirements imposed by the provider have been met.

NOTES TO FINANCIAL STATEMENTS (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental fund:

The general fund is the government's primary operation fund. It accounts for all financial resources of the general government, except those required to be accounted in another fund.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, service, or privileges provided, 2) operation grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Revenue

Revenue consists primarily of property tax assessments.

Accounts Receivable

Accounts receivable at year end consist primarily of property tax assessments from the County of San Bernardino. Management has determined the entire amount of the receivables is fully collectible, therefore, no allowance for doubtful accounts has been established. All amounts are due to be collected within one year.

Federal and State Grant Revenue

Grant revenue is recognized when the program expenditures are incurred in accordance with program guidelines. Such revenue is subject to review by the funding agency and may result in disallowance in subsequent periods.

Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general fund.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the District considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS (Continued)

Investments

Under provision of the District's Investment Policy, and in accordance with Section 53601 of the California Government Code, the District may invest in the following types of investments:

- Securities of the U.S. Government, or its agencies
- Small Business Administration Loans
- Negotiable Certificates of Deposits
- Bankers Acceptances
- Commercial Paper
- Local Agency Investment Fund (State Pool Deposits)
- Passbook Savings Account Demand Deposits
- Repurchase Agreements
- Reverse Repurchase Agreements

Capital Assets

Capital assets includes property, equipment, and infrastructure assets (e.g. vehicles, equipment, office equipment and furniture), which are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Vehicles	10
Office equipment	5
Computer equipment	5

Long-Term Obligations

In the government-wide financial statements long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities statement of net position. There are no bond premiums or discounts associated with these obligations.

3. CASH AND INVESTMENTS

Cash and cash equivalents consist of the following:

Cash in bank	<u>Fair Value</u>
Cash - restricted	\$ 310,037
Total Cash and Cash Equivalents on deposit with Financial Institutions	<u>32,052</u>
	<u>\$ 342,089</u>

Investments Authorized by the California Government Code and the District's Investment Policy
The succeeding table identifies the investment types that are authorized for the District by the California Government Code. The table also identifies certain provisions of the California Government Code that address **interest rate risk, credit risk, and concentration credit risk**. This table does not address investment of debt proceeds held by a bond trustee 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 investment policy.

NOTES TO FINANCIAL STATEMENTS (Continued)

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base value	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
JPA Pools (other investment pools)	N/A	None	None

* Excluding amounts held by a bond trustee that are not subject to California Government Code restrictions

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.

Disclosure 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.

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 are no investments in any one issuer that represents 5% or more of total District investments.

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 California Government Code and the District's investment policy do not contain legal or policy requirement that would limit the exposure to custodial credit risk for deposits, other than the following provision 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. 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 deposit. Therefore, all cash funds of the District deposited with financial institutions are fully insured by such collateral pools.

NOTES TO FINANCIAL STATEMENTS (Continued)

The custodial credit risk for investments is the risk that, in the event of the 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 investments. With respect to investment, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of a mutual fund or government investment pool.

4. CERTIFICATE OF DEPOSIT

The certificate of deposit is carried at fair value. The District intends to hold the certificate until maturity. Interest is accrued and recognized in income when earned.

5. CAPITAL ASSETS

The following is a summary of changes in the capital assets during the fiscal year:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Assets:				
<i>Capital assets not being depreciated:</i>				
Land	\$ 203,330	\$ -	\$ -	\$ 203,330
<i>Capital assets being depreciated:</i>				
Buildings and improvements	588,312	-	-	588,312
Furniture and equipment	437,564	-	-	437,564
Fire equipment	612,872	-	-	612,872
Total Capital Assets being depreciated	1,638,748	-	-	1,638,748
Accumulated Depreciation:				
Buildings and improvements	(428,615)	(11,631)	-	(440,246)
Furniture and equipment	(412,554)	(12,598)	-	(425,152)
Fire equipment	(560,731)	(17,999)	-	(578,730)
Total Accumulated Depreciation	(1,401,900)	(42,228)	-	(1,444,128)
<i>Net capital assets being depreciated</i>	236,848	(42,228)	-	194,620
Net Governmental Activities				
Capital Assets	\$ 440,178	\$ (42,228)	\$ -	\$ 397,950

Depreciation expense for the period amounted to:

\$ 42,228

6. PROPERTY TAX CALENDAR

The District's assessments are included on county property tax bills. Property taxes are assessed and collected each fiscal year according to the following property tax calendar:

Lien date	March 1	
Levy date	July 1 to June 30	
Due date	November 1	- First installment
	February 1	- Second installment
Delinquent date	December 10	- First installment
	April 10	- Second installment

NOTES TO FINANCIAL STATEMENTS (Continued)

7. CREDIT LINE PAYABLE

The District has entered into a line of credit agreement with a bank. Under this agreement the District can borrow working capital advances up to \$200,000. The agreement requires interest only payments. As of yearend the interest rate was 5.00%. The balance as of yearend on the credit line was \$-0-.

8. LONG-TERM DEBT

The following represents the long-term debt of the District:

A summary of changes in long-term debt is as follows:

	Beginning Balance	Additions	Reduction	Ending Balance	Due Within One Year
Chevy Tahoe	\$ 15,328	\$ -	\$ (5,431)	\$ 9,897	\$ 5,596
Total	\$ 15,328	\$ -	\$ (5,431)	\$ 9,897	\$ 5,596

Annual debt service requirements to maturity are as follows:

	Principal	Interest	Total
For the year ending June 30:			
2017	\$ 5,596	\$ 220	\$ 5,816
2018	4,301	54	4,355
Total	\$ 9,897	\$ 274	\$ 10,171

9. LEASE

The District leases 33.5 acres located on the Big Morongo Canyon Preserve Area from San Bernardino County. The lease calls for monthly payments of \$50 through September 30, 2025. Minimum lease payments are as follows:

For the year ending June 30:

2017	\$ 600
2018	600
2019	600
2020	600
2021	600
Thereafter	2,550
Total	\$ 5,550

10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors & omissions on natural disasters for which the District carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

NOTES TO FINANCIAL STATEMENTS (Continued)

11. RESTRICTED CASH

The District held restricted cash on hand at year end. The restricted cash includes amounts received for various programs the District has, including: the tennis program, library improvements, MAPS program, and the senior nutrition program. There is also an amount included for future improvements to be made to the Mojave property owned by the District.

12. NOTES RECEIVABLE

The District sold property on September 29, 2009 for cash and an installment note in the amount of \$50,000. The note requires an annual payment of \$3,333 on July 1 each year, continuing until July 1, 2040 at which time any remaining balance is due and payable. Interest rate is 5.305%.

Annual notes receivable maturities are as follows:

For the year ending June 30:

	Principal	Interest	Total
2017	\$ 1,031	\$ 2,303	\$ 3,334
2018	1,085	2,249	3,334
2019	1,143	2,191	3,334
2020	1,204	2,130	3,334
2021	1,268	2,066	3,334
Thereafter	37,679	29,001	66,680
Total	\$ 43,410	\$ 39,940	\$ 83,350

The District sold property on September 30, 2015 for cash and an installment note in the amount of \$40,000. The note requires monthly payments of \$337.54 beginning on October 29, 2015, continuing until June 29, 2016 with a lump sum payment of \$39,585 due on July 29, 2016. Future maturities are as follows:

For the year ending June 30:
2017

Principal	Interest	Total
\$ 38,737	\$ 194	\$ 38,931
\$ 38,737	\$ 194	\$ 38,931

13. SUBSEQUENT EVENTS

Accounting standards require that the District assess and disclose the date and the basis for that date through which potential subsequent events have been evaluated. The date represents the date the financial statements were issued or were available to be issued. The District evaluated all potential subsequent events as of October 18, 2016, when the financial statements were authorized and available to be issued. No subsequent events or transactions were identified after the balance sheet date or as of October 18, 2016 that require disclosure in the financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION

MORONGO VALLEY COMMUNITY SERVICES DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	General Fund			Variance with Final Budget Positive (Negative)
	Budgeted amounts		Actual Amounts	
	Original	Final		
REVENUES				
Tax revenue	\$ 369,483	\$ 369,483	\$ 392,170	\$ (22,687)
Fire assesment	302,932	302,932	316,702	13,770
Tax revenue - homeowners' property tax relief	-	-	6,457	6,457
Grant income	10,000	10,000	2,044	(7,956)
Interest	-	-	583	583
Fire services	28,400	28,400	136,308	107,908
Park concessions	5,000	5,000	71,872	66,872
Donations	-	-	8,362	8,362
Other revenue	3,334	3,334	6,778	3,444
TOTAL REVENUES	719,149	719,149	941,276	176,753
EXPENDITURES				
General Government				
Wages and benefits	61,125	61,125	50,623	10,502
Operations expense	62,066	62,066	41,305	20,761
Total General Government	123,191	123,191	91,928	31,263
Fire Operations				
Wages and benefits	446,458	446,458	688,803	(242,345)
Operations expense	114,650	114,650	17,783	96,867
Total Fire Operations	561,108	561,108	706,586	(145,478)
Parks and Recreation				
Wages and benefits	23,400	23,400	38,063	(14,663)
Operations expense	7,450	7,450	20,719	(13,269)
Total Parks and Recreation	30,850	30,850	58,782	(27,932)
Street Lights				
Repairs and maintenance	4,000	4,000	6,393	(2,393)
Total Street Lights	4,000	4,000	6,393	(2,393)
Debt Service				
Principal expense	-	-	5,431	(5,431)
Interest expense	-	-	385	(385)
Total Debt Service	-	-	5,816	(5,816)
TOTAL EXPENDITURES	719,149	719,149	869,505	(150,356)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	-	71,771	71,771
OTHER FINANCING SOURCES AND (USES)				
Transfers to/from other funds	-	-	-	-
Net Other Financing Sources and (Uses)	-	-	-	-
Net Change in Fund Balances	-	-	71,771	71,771
FUND BALANCE - BEGINNING	351,507	351,507	351,507	-
FUND BALANCE - END OF YEAR	\$ 351,507	\$ 351,507	\$ 423,278	\$ 71,771

SUPPLEMENTARY INFORMATION

MORONGO VALLEY COMMUNITY SERVICES DISTRICT**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS****FOR THE YEAR ENDED JUNE 30, 2016**

	General Fund			Total
	Fire	Park and	Street	Governmental
	Operations	Recreation	Lights	Funds
REVENUES				
Tax revenue	\$ 326,992	\$ 58,785	\$ 6,393	\$ 392,170
Fire assesment	316,702	-	-	316,702
Tax revenue - homeowners' property tax relief	5,912	492	53	6,457
Grant income	2,044	-	-	2,044
Interest	583	-	-	583
Fire service	136,308	-	-	136,308
Rents and concessions	-	71,872	-	71,872
Donations	7,682	680	-	8,362
Other revenue	6,778	-	-	6,778
TOTAL REVENUES	803,001	131,829	6,446	941,276
EXPENDITURES				
Salaries and wages	721,743	33,592	-	755,335
Employee benefits	17,683	4,471	-	22,154
Operations expense	59,088	20,719	6,393	86,200
Debt service	5,816	-	-	5,816
TOTAL EXPENDITURES	804,330	58,782	6,393	869,505
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,329)	73,047	53	71,771
OTHER FINANCING SOURCES AND (USES)				
Transfers in from other funds	-	-	-	-
Transfers out to other funds	-	-	-	-
Net Other Financing Sources and (Uses)	-	-	-	-
Net change in fund balances	(1,329)	73,047	53	71,771
FUND BALANCE - BEGINNING OF YEAR	250,146	99,967	1,394	351,507
FUND BALANCE - END OF YEAR	\$ 248,817	\$ 173,014	\$ 1,447	\$ 423,278

MORONGO VALLEY COMMUNITY SERVICES DISTRICT
CALCULATION OF APPROPRIATION SPENDING LIMIT (Prop. 4 "Gann Limit")
FOR THE YEAR ENDED JUNE 30, 2016

Calculation of Spending Limit:

Last Year's Limit		\$ 568,540
Adjustment Factors:		
Change in Population/City	1.0155	
Growth Factor	x 1.0382	
	1.0543	
Total Adjustment (Dollars)		<u>30,867</u>
New Appropriation Limit for Fiscal Year 2015-2016		<u>\$ 599,407</u>

Appropriations in Fiscal Year 2014-2015 Compared to Limit:

Proceed from Taxes	\$ 707,621
Less Exclusions	<u>(338,489)</u>
Appropriations Subject to Limitation	369,132
Appropriations Limit for FY 2014-2015	<u>568,540</u>
Amount Under Limit	<u>\$ 199,408</u>

<p>Explanation of Gann Spending Limit:</p> <p>The Gann spending limit places a cap on the amount of local government spending that may be financed from proceeds of taxes. The limit is adjusted annually by a combined growth factor, which takes into account both inflation and population growth.</p>
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MORONGO VALLEY COMMUNITY SERVICES DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY AND SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2016

A. REQUIRED SUPPLEMENTARY INFORMATION

Budgets are developed consistent with generally accepted accounting principles. All annual appropriations lapse at yearend.

Budget information is presented by key government operations of the District. Encumbrances exceeded appropriations in various line items of the budget but in total did not exceed the budget.

B. SUPPLEMENTARY INFORMATION

The combining statement of revenues and expenditures reflects the revenues and expenditures of the District by key government activity in accordance with the governmental fund presentation.

2016-17 Mid-Year Financials

Attachment 2

Morongo Valley C.S.D.

2015/2016 Income & Expense Budget Performance

	Dec 16	Budget	Jul - Dec 16	YTD Budget	Annual Budget
Ordinary Income/Expense					
Income					
4000 · County Taxes					
4001 · Countywide & Unitary Accruec	30,388	34,368	190,289	206,207	412,415
4006 · Fire Suppression Assessment	25,051	25,686	151,574	154,117	308,233
Total 4000 · County Taxes	55,439	60,054	341,863	360,324	720,648
4100 · CSD					
4101 · Community Donations	0	168	4,066	1,006	2,012
4105 · Interest	6		17		
4107 · Note Payments	0	278	3,384	1,667	3,334
4190 · Income - Other	0		225		
Total 4100 · CSD	6	446	7,691	2,673	5,346
4200 · FIRE SERVICES					
4290 · Income - Other	30		427		
4291 · Donations	284	814	4,942	4,886	9,771
4293 · OES Reimbursement	0	2,083	58,049	12,500	25,000
4294 · Cost Recovery - Reimbursement	200	292	639	1,750	3,500
4296 · Fire Inspections	199	200	209	1,200	2,400
Total 4200 · FIRE SERVICES	713	3,389	64,266	20,336	40,671
4300 · COVINGTON PARK					
4310 · Rents & Concessions	120	485	2,240	2,910	5,820
Total 4300 · COVINGTON PARK	120	485	2,240	2,910	5,820
4700 · Grant Income					
4701 · Reimbursable Expenditures	0	833	1,000	5,000	10,000
Total 4700 · Grant Income	0	833	1,000	5,000	10,000
Total Income	56,278	65,207	417,060	391,243	782,485
Gross Profit	56,278	65,207	417,060	391,243	782,485
Expense					
5006 · Fire Operations					
Operating Supplies					
5252 · Fire Prevention Services	0	125	84	750	1,500
5265 · Paramedic Supply & Equipment	143	500	3,273	3,000	6,000
5275 · OES & Mutual Aid Expense	0	0	334	0	0
5285 · Disaster Preparedness	0	0	0	0	0
Total Operating Supplies	143	625	3,691	3,750	7,500
Training & Safety					
5247 · Physicals & Vaccinations	0	250	1,623	1,500	3,000
5249 · Firefighter Personal Equipment	53	458	2,453	2,750	5,500
5250 · Firefighter Training Expense	284	42	1,207	250	500
5256 · Uniforms	132	250	3,414	1,500	3,000
Total Training & Safety	470	1,000	8,697	6,000	12,000
Administration					
5225 · County Dispatch	897	608	4,716	3,650	7,300
5227 · Communications	405	346	1,294	2,075	4,150
5237 · Inspections ICEMA/Zoll	0	200	2,400	1,200	2,400
5245 · Other Expense	0	0	0	0	0
5260 · Building Maintenance	603	167	1,521	1,000	2,000
5280 · Medical Director	417	417	2,500	2,500	5,000
5290 · Special Assessment	1,408	204	2,838	1,222	2,444
5295 · Office Equipment	0	21	858	125	250
5296 · Office Expenses & Supplies	27	88	879	525	1,050
5297 · Supplies	84	146	841	875	1,750
5298 · Memberships & Associations	0	60	470	362	725
Total Administration	3,840	2,256	18,317	13,535	27,069
Apparatus					
5234 · Apparatus\Equipment Purchased	0	479	3,994	2,875	5,750
5235 · Apparatus Gasoline	434	833	3,405	5,000	10,000
5240 · Apparatus Maint. & Repair	0	0	20	0	0
5241 · Fire Engine Maint. & Repair					
BE461 · Brush Engine 461	0	0	1,246	0	0
BP461 · Brush Patrol 461	0	0	1,259	0	0
E462 · Fire Engine 462	0	0	2,753	0	0
ME461 · Medic Engine 461	0	0	7,182	0	0
UT461 · Utility Truck 461	0	0	0	0	0
WT461 · Water Tender 461	0	0	407	0	0
WT462 · Water Tender 462	0	0	502	0	0
5241 · Fire Engine Maint. & Repair - Other	0	1,500	0	9,000	18,000
Total 5241 · Fire Engine Maint. & Repair	0	1,500	13,349	9,000	18,000
5243 · Yearly Equipment Testing	0	517	2,139	3,100	6,200
5244 · Radio Equipment	0	104	0	625	1,250

Morongo Valley C.S.D.

2015/2016 Income & Expense Budget Performance

	Dec 16	Budget	Jul - Dec 16	YTD Budget	Annual Budget
5293 · Command Vehicle					
C5202 · 1992 Chevy	0	0	5,906	0	0
C5200 · 2013 Tahoe	0	0	217	0	0
5293 · Command Vehicle - Other	0	167	0	1,000	2,000
Total 5293 · Command Vehicle	0	167	6,123	1,000	2,000
Total Apparatus	434	3,600	29,031	21,600	43,200
Compensation					
5203 · Compensation - Paramedics	7,791	8,788	56,706	52,728	105,456
5204 · Compensation - Engineers	9,647	9,105	61,102	54,627	109,254
5205 · OES & Mutual Aid	0	1,042	33,781	6,250	12,500
5206 · Compensation - Captains	7,405	6,872	47,991	41,232	82,464
5207 · Compensation - Chief	7,682	4,418	32,998	26,506	53,011
5209 · Payroll Taxes	2,667	2,660	17,557	15,962	31,925
5215 · Worker's Comp. Ins.	3,638	3,755	23,525	22,528	45,056
5219 · Employee Benefits	685	2,000	7,709	12,000	24,000
5230 · Subsistence Pay Reserves	1,200	1,517	5,975	9,100	18,200
5232 · EMS Coordinator	581	867	3,246	5,200	10,400
Compensation - Other	0	1,499	0	8,996	17,993
Total Compensation	41,297	42,522	290,589	255,129	510,259
Total 5006 · Fire Operations	46,183	50,002	350,324	300,014	600,028
5005 · Wages & Benefits					
5002 · Wages - Administrative	2,300	2,600	15,250	15,600	31,200
5003 · Wages - Support Staff	1,213	800	7,759	4,800	9,600
5004 · Wages - Parks	2,024	2,167	13,839	13,000	26,000
5015 · Payroll Taxes - Employee	491	534	3,217	3,205	6,410
5018 · CSD Workers Comp.	510	524	3,223	3,142	6,283
5019 · Employee Benefits	427	408	2,530	2,448	4,896
Total 5005 · Wages & Benefits	6,966	7,032	45,818	42,194	84,389
5000 · Administration					
5071 · Repair and Maintenance					
5320 · CP Equipment	0	83	1,921	500	1,000
5365 · CP Buildings	8,798	333	15,349	2,000	4,000
5370 · CP Grounds	164	208	2,379	1,250	2,500
5371 · Ball Park	0	0	5	0	0
5375 · Gasoline	79	100	675	600	1,200
Total 5071 · Repair and Maintenance	9,040	725	20,329	4,350	8,700
5070 · Insurance-General	1,379	1,330	8,272	7,982	15,964
5080 · Office Expense					
5065 · Postage	80	38	451	225	450
5068 · Printing/Copies	0	100	659	600	1,200
5073 · Legal & Professional Expense	1,500	500	4,469	3,000	6,000
5074 · Internet Service	64	54	487	325	650
5075 · Publications & Education	0	4	50	25	50
5076 · Memberships	2,496	146	2,571	875	1,750
5077 · Registrar of Voters Expense	0	750	0	4,500	9,000
5078 · Meeting Expense	162	17	194	100	200
5081 · Office Equip & Maintenance	0	0	1,429	0	0
5082 · Bank Charges	0	21	396	125	250
5083 · Expenses & Supplies	44	133	1,486	800	1,600
5099 · Other Expenses	0		374		
Total 5080 · Office Expense	4,345	1,763	12,566	10,575	21,150
5085 · Auditing/Accounting	1,100	1,242	10,275	7,450	14,900
5090 · Children's Library	0	0	0	0	0
5096 · Street Lights	326	343	1,952	2,055	4,110
5100 · Utilities					
5052 · 5252 Water	160	200	1,161	1,200	2,400
5053 · 5053 Electricity	694	833	5,445	5,000	10,000
5054 · 5054 Gas	429	150	951	900	1,800
5060 · 5060 Telephone	360	167	2,328	1,000	2,000
5354 · 5354 Ball Park Electricity	0	0	0	0	0
Total 5100 · Utilities	1,643	1,350	9,885	8,100	16,200
5200 · Debt Service					
5220 · Lease/Purchase Equip. Reserve	485	485	2,937	2,908	5,816
Total 5200 · Debt Service	485	485	2,937	2,908	5,816
Total 5000 · Administration	18,317	7,237	66,216	43,420	86,840
Total Expense	71,466	64,271	462,358	385,628	771,257
Ordinary Income	-15,188	936	-45,298	5,614	11,228

Morongo Valley C.S.D. 2015/2016 Income & Expense Budget Performance

	Dec 16	Budget	Jul - Dec 16	YTD Budget	Annual Budget
Other Income/Expense					
Other Income					
4800 - Transfer to/from Reserves	7,894	-936	-30,988	-5,614	-11,228
4998 - Sale of Fixed Assets	0		38,871		
Total Other Income	7,894	-936	7,883	-5,614	-11,228
Net Other Income	7,894	-936	7,883	-5,614	-11,228
Net Income	-7,294	-0	-37,414	0	0