



Chairman

Bill Horn
County Board of
Supervisors

March 7, 2016

6A

Vice Chairman

Sam Abed
Mayor
City of Escondido

TO: Local Agency Formation Commission

6B

FROM: Executive Officer
Local Governmental Analyst

6C

Members

Dianne Jacob
County Board of
Supervisors

SUBJECT: Municipal Service Review and Sphere of Influence Review of Fire Protection and Emergency Medical Services within the Rancho Santa Fe Fire Protection and Emergency Medical Services within the Rancho Santa Fe Fire Protection District and County Service Area No. 107 (Elfin Forest / Harmony Grove) (SR14-15; MSR13-61; SR13-61; MSR13-84; SR13-84)

Andrew Vanderlaan
Public Member

Lorie Zapf
Councilmember
City of San Diego

Adoption of an Amendment to the Sphere of Influence for the Rancho Santa Fe Fire Protection District (SA14-15)

Lorraine Wood
Councilmember
City of Carlsbad

Jo MacKenzie
Vista Irrigation District

“Rancho Santa Fe Fire Protection District Reorganization”: Dissolution of County Service Area No. 107 (Elfin Forest / Harmony Grove) and Annexation to the Rancho Santa Fe Fire Protection District (RO14-15)

Vacant
Special District

Alternate Members

Greg Cox
County Board of
Supervisors

EXECUTIVE SUMMARY

Chris Cate
Councilmember
City of San Diego

The proposed reorganization of the Rancho Santa Fe Fire Protection District (FPD) and County Service Area (CSA) No. 107 (Elfin Forest / Harmony Grove) is a component of a long-range plan LAFCO formulated nearly 30 years ago when a sphere of influence was originally adopted for the Rancho Santa Fe FPD. The plan involved placing CSA No. 107 within Rancho Santa Fe FPD’s sphere and the designation of a transitional (zero) sphere for the CSA. These sphere designations were intended to provide the impetus for the two agencies to cooperatively work towards a reorganization that would place all of the CSA No. 107 service area within the boundaries of the Rancho Santa Fe FPD. The LAFCO goal has been to improve fire protection and emergency medical services within the San Dieguito area of San Diego County. Combining the Rancho Santa Fe FPD and CSA No. 107 is

Racquel Vasquez
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accordingly the culmination of substantial effort and planning for the purpose of expanding and strengthening regional response capabilities. This report analyzes the existing and proposed government structure within the reorganization area and discusses the long-term collaboration between the County and LAFCO to ensure the Commission's strategic goal of seeking efficiencies to manage and protect the public's safety against fire threats and other emergencies in San Diego County.

The reorganization proposal covers two jurisdictional changes divided among multiple geographic areas involving: (1) Dissolution of CSA No. 107 (Elfin Forest/Harmony Grove) totaling 6,163.2 acres; (2) Annexation of the dissolved CSA territory to the Rancho Santa Fe FPD; and (3) Modification of the proposal to include the annexation of an additional 341 acres to the Rancho Santa Fe FPD in order to eliminate two unserved islands. LAFCO staff is also recommending that the proposed reorganization be conditioned on the initiation of a second proposal involving annexation of about 3,163 acres of unserved territory to CSA No. 17 (San Dieguito Ambulance) in order to provide first responder Advanced Live Support (ALS) paramedic transport services to territory currently without ALS transport services. This action will ensure that all territory within the Rancho Santa Fe FPD is covered by the same level of ALS paramedic transport services. In order to achieve sphere of influence consistency, it is also recommended that the Rancho Santa Fe FPD sphere be amended to include an additional 1,120 acres to coincide with the boundaries of CSA No. 107. Sphere recommendations also include provisions for the designation of four separate special study areas to facilitate further reorganization discussions among affected jurisdictions with the hopes of eliminating several large service islands. If approved, as modified, the reorganization and sphere amendments will improve the delivery of fire protection, emergency medical services, fire prevention, and public education within North Inland San Diego County. Refer to Maps 1-3 and Maps A-B.

AGENCY PROFILE

Rancho Santa Fe FPD

The Rancho Santa Fe FPD was originally formed in 1946 under provisions of Health and Safety Code § 13800 et seq. In 1987, the FPD consolidated with CSA No. 89 (Del Dios) for service improvement and financial reasons. In particular, the consolidation removed the Rancho Santa Fe FPD from participating in a county fund that was created after the passage of Proposition 13 in 1978, called the Special District Augmentation Fund. In exchange for being removed from the fund and consolidating with CSA No. 89, the Rancho Santa Fe Fire Protection District received an additional permanent property tax allocation from the County. The Special District Augmentation Fund was subsequently eliminated countywide and this type of property tax exchange transaction is no longer permitted. A summary of the formation history of the Rancho Santa Fe FPD is provided in **Table 1**.

Table 1

RANCHO SANTA FE FPD	
Formation Date	Formed: October 1946; 1987: Consolidated with CSA No. 89 (Del Dios)
Principal Act	Health and Safety § 13800 et seq.
Authorized Service(s)	(a) Fire protection; (b) Rescue services; (c) Emergency medical services; (d) Hazardous material emergency response; (e) Ambulance pursuant Division 2.5 (commencing with Section 1797); and (f) Any other services relating to the protection of lives and property as authorized by Health and Safety § 13862.

CSA No. 107 (Elfin Forest / Harmony Grove)

CSA No. 107 was formed in 1982 as a county-dependent special district pursuant to Government Code § 25210.1 et seq. The CSA was established to support the Elfin Forest / Harmony Grove Volunteer Fire Protection Department, which had provided services to the community since 1972. When the District was established, local volunteers organized into a nonprofit 501(c)(3) corporation and contracted with the County of San Diego as the emergency service provider within the CSA. The nonprofit fire company is staffed with community volunteers. Today, CSA No. 107 is responsible for the provision of fire protection; fire suppression; vegetation management; search and rescue; hazardous material emergency response; and BLS ambulance service authorized per Government Code § 25213(b). A summary of the formation history of CSA No. 107 (Elfin Forest / Harmony Grove) is provided in **Table 2**.

Table 2

COUNTY SERVICE AREA NO. 107 (ELFIN FOREST / HARMONY GROVE)	
Formation Date	Formed: April 1982
Principal Act	Government Code § 25210 et seq.
Authorized Service(s)	(a) Fire protection; (b) Fire Suppression; (c) Vegetation management; (d) Search and Rescue; (e) Hazardous material emergency response; and (f) Ambulances as authorized by Government Code § 25213(b).

CSA No. 17 (San Dieguito Ambulance)

CSA No. 17 (San Dieguito Ambulance) was formed in 1969 as a county-dependent special district pursuant to Government Code § 25210.1 et seq. to originally provide public ambulance transport services within an unincorporated north-coastal area and within the City of Del Mar. In 1976, two communities in the northern section of the City of San Diego annexed into the CSA. In 1986, territory was included in the incorporations of the Cities of Encinitas and Solana Beach but remained part of CSA No. 17. In 1993, the unincorporated community of 4-S Ranch annexed to the District. Today, the CSA provides advanced life support (ALS) ambulance transport services within the Cities of Del Mar, Encinitas, and Solana Beach; City of San Diego communities of Del Mar Heights and Del Mar Terrace; and the unincorporated communities of Rancho Santa Fe, 4-S Ranch, and a portion of Elfin Forest. The District includes approximately 73 square miles.

LAFCO approved a sphere-of-influence for CSA No. 17 in 1985 that is larger than the district boundary. The CSA No. 17 sphere boundary includes the Rancho Santa Fe FPD and CSA No. 107; the CSA No. 17 sphere is consistent with the proposed reorganization of CSA No. 107 and the Rancho Santa Fe FPD. Revenue sources include property tax, voter approved assessments, and non-resident fees. About 78 percent (5,002 acres) of CSA No. 107 is currently located within CSA No. 17; the remaining portion of CSA No. 107 does not have access to ALS transport services. According to SANDAG, the population within CSA No. 17 is 117,084 (2012, SANDAG). A summary of the formation history of CSA No. 17 is provided in **Table 3**.

Table 3

COUNTY SERVICE AREA NO. 17 (SAN DIEGUITO)	
Formation Date	Formed: 1969; Large annexations occurred in 1976, 1986, and 1993 with the annexation of two communities to the City of San Diego (1976); annexation the Cities of Encinitas and Solana Beach (1986; and the annexation of the unincorporated community of 4-S Ranch (1993).
Principal Act	Government Code § 25210 et seq.
Authorized Service	Advance Life Support (ALS) public ambulance transport services within an unincorporated north-coastal area and within the City of Del Mar, a portion of San Diego, and Encinitas and Solana Beach.

Governance

The Rancho Santa Fe FPD is an independent special district and is governed by a five-member Board of Directors. Directors are elected at-large to serve staggered four-year terms.

CSA No. 107 is governed by the five-member San Diego County Board of Supervisors. Board members are elected by supervisorial district to four-year terms and must be residents and registered voters within the applicable supervisorial district. CSA No. 107 is within Supervisorial District 5 (Supervisor Bill Horn). Administrative services for CSA No. 107 are provided by the San Diego County Fire Authority, which is a departmental function within the County Public Safety Department. The Fire Authority administers a contract between the County and the Elfin Forest / Harmony Grove Volunteer Fire Protection Department, to provide fire protection and EMS services within the CSA. The contract terminates June 30, 2016 by convenience of either party with 90 days written notice, or upon dissolution of CSA No. 107. An elected seven-member Elfin Forest / Harmony Grove Volunteer Fire Protection Department Advisory Board provides advice to the Fire Authority staff and the Board of Supervisors.

CSA No. 17 (San Dieguito Ambulance) is a county-dependent district governed by the Board of Supervisors. The County Office of Emergency Medical Services (EMS) administers ambulance transport contracts. A seven-member Advisory Committee composed of officials from participating agencies and members of the public provide input

to EMS and the Board of Supervisors. CSA No. 17 is funded through property tax revenue, voter-approved assessments, resident, and non-resident fees.

Population and Land Use

The population within the Rancho Santa FPD is estimated to be 31,419 (SANDAG 2013; 38 square miles; and ISO rating: 4/9 (2010, ISO review underway). Prevalent land uses are characterized as: undeveloped; rural residential; Specific Plan Area; commercial; industrial; village; and semi-rural. County of San Diego (San Dieguito) General Plan designations include: Residential; Commercial; Industrial; and Open Space. There are about 118 proposed projects with development approvals within the Rancho Santa Fe FPD that will result in a potential addition of 428 residential lots; 2 commercial lots; and 54 multi-residential units.

The population within CSA No. 107 is estimated to be 985 (SANDAG 2013); 6,201 acres (9.69 square miles); and ISO rating: 3/3Y (July 2014). Prevalent land uses are characterized as: undeveloped; rural residential; Specific Plan Area; commercial; industrial; village; and semi-rural. County of San Diego (San Dieguito) General Plan designations include: Residential; Commercial; Industrial; and Open Space. There will be about 736 projected residential units within the Harmony Grove Village by 2019.

Table 4

	Rancho Santa FPD	CSA No. 107 (Elfin Forest / Harmony Grove)	CSA No. 17 (San Dieguito Ambulance)
Population 2010	27,751	927	N.A.
Population 2013	31,419	985	117,084
ISO Rating	4 and 9 (2010) ISO review underway	Developer projection: 736 residential units added by 2019 3/3Y (July 2014)	N.A.

The population is CSA No. 17 is 117,084; 46,678.60 acres (72.9 square miles); prevalent and uses vary within the City of Del Mar, City of Encinitas, City of Solana Beach, and City of San Diego, and the unincorporated portion of north coastal/inland San Diego County. **Table 4** above contains a summary of the population characteristics of the affected districts.

Authorized Services

Services Authorized by Enabling Statute: Authorized services that the Rancho Santa Fe FPD provides include: fire protection; rescue services; emergency medical services; hazardous material emergency response; ambulance services; and other services relating to the protection of lives and property as authorized under the Health and Safety Code. Upon reorganization with CSA No. 107, the Rancho Santa Fe FPD will continue to operate as a fire protection district under the Health and Safety Code.

CSA No. 107 is responsible for providing fire protection; fire suppression; vegetation management; search and rescue; hazardous material emergency response; and ambulance service as authorized by Govt. Code § 25213(b). CSA No. 17 provides advanced life support (ALS) ambulance transport services within the cities of Del Mar, Encinitas, and Solana Beach; City of San Diego communities of Del Mar Heights and Del Mar Terrace; and the unincorporated communities of Rancho Santa Fe, 4-S Ranch, and a portion of Elfin Forest. The District includes approximately 73 square miles. **Table 5** below contains a service authorization summary of Rancho Santa Fe FPD, CSA No. 107, and CSA No. 17.

Table 5

	Rancho Santa FPD	CSA No. 107 (Elfin Forest / Harmony Grove)	CSA No. 17 (San Dieguito Ambulance)
Authorized Services	(a) fire protection services; (b) rescue services; (c) emergency medical services; (d) hazardous material emergency response services; (e) ambulance services pursuant to Division 2.5 (commencing with Section 1797); and (f) any other services relating to the protection of lives and property (Health and Safety § 13862)	(a) fire protection; (b) fire suppression (c) vegetation management (d) search and rescue; (e) hazardous material emergency response; and (f) ambulances [Govt. Code § 25213(b)] The County contracts with Elfin Forest / Harmony Grove Volunteer Fire Protection Department, Inc. to provide fire protection and EMS services in CSA 107. The contract's associated <i>Scope of Work</i> outlines activities consistent with the principal act.	Advance Life Support (ALS) ambulance transport services
Additional activities provided as sub-functions of authorized services	(a) fire suppression; (b) fire prevention; (c) paramedic first responder EMS; (d) light and medium rescue; (e) community education and preparedness; (f) fleet maintenance and repair; (g) facility maintenance; (h) personnel development and training and education; (i) human resources (j) recruitment; (k) fire academy; (l) public information; (m) safety and risk mgmt.; (n) Chaplin services; and (o) vegetation management	(a) BLS emergency medical service; (b) recruitment, training programs; (c) human resources; (d) swift-water rescue; (e) community outreach; (f) fleet maintenance; (g) courtesy property inspection	

Automatic and Mutual Aid: The Rancho Santa Fe FPD and CSA No. 107 both operate within Region VI of the State Master Mutual Aid Agreement and according to the County of San Diego Fire and Rescue Mutual Aid Operational Plan. CSA No. 107 does not maintain individual automatic aid agreements. Rancho Santa Fe FPD operates within a boundary drop agreement with all North Zone fire agencies and also maintains automatic agreements with the Cities of Carlsbad, Del Mar, Encinitas, Escondido, San Diego, and Solana Beach. These agreements will need to be reviewed to include the additional service area of Elfin Forest and Harmony Grove.

The City of San Marcos and the San Marcos Fire Protection District form the northern boundary of CSA No. 107. First responder agencies that are primarily volunteer-staffed cannot offer the reciprocity demanded under auto-aid agreements; however, upon reorganization, the territory formerly within CSA No. 107 will be staffed with paid, professional firefighters from the Rancho Santa Fe FPD and the FPD will be able to provide full reciprocal response. The Rancho Santa Fe FPD and City of San Marcos will need to discuss the formulation of an automatic aid agreement.

Insurance Service Office (ISO) Classification: The Insurance Service Office (ISO) Classification within the Rancho Santa Fe FPD is 4/9 and 3/3Y within CSA No. 107. Because the proposed reorganization will transform fire protection services within the Elfin Forest / Harmony Grove communities from volunteer to professional and will extend the FPD programs into the new service area, it is possible that a future Public Protection Classification Program (PPC) survey may result in improved ISO ratings. Future reevaluation would be determined by the ISO (PPC). A PPC survey for CSA No. 107 was completed in 2013 and a rating was awarded in July 2014 under a revised classification system. A PPC survey for the FPD is currently underway within the Rancho Santa Fe FPD and an updated rating is likely to be in place prior to the effective date of the proposed reorganization.

Emergency Ambulance (Transport) Service: Emergency medical transport services are authorized by the Emergency Medical Services System and Pre-hospital Emergency Medical Care Personnel Act (Health and Safety § 17797 et seq.). The County of San Diego Office of Emergency Medical Services (EMS) is directed under the Act to establish exclusive operating areas (EOA) and award contracts for providing emergency transport services within each EOA through a competitive bidding process. County EMS administers an EOA that contains a majority of the proposed reorganization area. County EMS administers CSA No. 17 (San Dieguito Ambulance) that includes the Rancho Santa Fe FPD and the approximate southern two-thirds of CSA No. 107. The northern one-third of CSA No. 107, which is not included in CSA No. 17, receives ambulance transport services by *mutual aid only*. Other local agencies within the boundaries of CSA No. 17 include all or portion of the City of Del Mar, City of Encinitas, City of Solana Beach, and City of San Diego, and unincorporated territory.

Consequently, if there is an incident within the portion of CSA No. 107 that is not within CSA No. 17 requiring ALS level transport services, the services are provided on an out-of-agency mutual aid basis. Possible mutual aid responders are CSA No. 17, the Cities of San Marcos, Escondido, and San Diego. This arrangement is manageable, but not desirable. The mutual aid arrangement will become increasingly problematic and taxed as the area develops and is inhabited with more than 2,000 new residents by 2019. These future residents will not have access to ALS emergency medical transport services.

Due to the significance of this emergency service (transport) issue and associated health and safety issues, LAFCO staff believes that a modification to the reorganization as submitted is necessary. LAFCO staff has accordingly recommended a modification to the proposed reorganization by adding a condition requiring the initiation of a proposal to annex the unserved territory to CSA No. 17. The Rancho Santa Fe FPD concurs with this modification as long as it would not delay the reorganization with CSA No. 107.

County EMS staff are currently conducting an impact analysis associated with this possible LAFCO modification that would annex 3,163 acres to CSA No. 17. The anticipated analysis will likely establish the basis for realignment of emergency medical transport boundaries to correspond to service demand and availability of resources. Government Code Sections 56888.5 and 56886(o) authorizes LAFCO to condition applications on the initiation of another change of organization in order to bring about comprehensive and phased changes to jurisdictional boundaries and services.

REORGANIZATION BACKGROUND

Since the devastating fires in the 1990s and early 2000s, the Commission has been proactive in identifying and initiating methods to improve the delivery of fire protection, emergency medical, and other fire-related services throughout the County. As a result, the Commission has approved several fire reorganizations and consolidations in recent years. The dissolutions of the Pine Valley and San Diego Rural Fire Protection Districts in August 2015 are examples of the Commission's ongoing efforts synchronized with the County of San Diego's Fire Protection Hybrid Plan—a plan adopted by the Board of Supervisors which incorporates many of the jurisdictional elements of the 2007 LAFCO Reorganization Plan and uses a stepped process to consolidate a number of individual CSAs and independent fire protection districts. The 2015 dissolutions represent the third step of the multi-year strategy. **Table 6** illustrates the approved change of organizations as part of the Hybrid Plan.

Table 6: Recent Dissolutions / Reorganizations under the Hybrid Plan

	Description	Fee Waiver
Step 1	Presented to and approved by the Commission on October 6, 2008 for the activation of latent powers to CSA 135; included approximately 942,818 acres where emergency services were at the time provided by six volunteer companies and Fire Enhancement Program funded contracts with State CAL FIRE stations.	N/A
Step 2	Presented to and approved by the Commission on December 5, 2011 added another 136,818 acres to the latent powers area of CSA No. 135 and increased the SDCFA service area to approximately 69 percent of the SDCFA.	The Commission waived an approximate \$154,000 LAFCO processing fee
Step 3	Presented to and approved by the Commission on August 3, 2015 expanded the latent powers area to include the remaining 490,136 acres of the SDCFA and reorganized the Pine Valley and San Diego Rural FPDs under CSA No. 135.	The Commission waived an approximate \$125,000 LAFCO processing fee

Description of Rancho Santa Fe FPD / CSA No. 107 Reorganization Proposal

Fire agency reorganizations remain a priority for the San Diego LAFCO and the proposed reorganization of the Rancho Santa Fe FPD and CSA No. 107 continues the momentum set by the Hybrid Plan and the Commission’s recent efforts. Several governance options were considered for CSA No. 107 including consolidation with Rancho Santa Fe FPD into a single new successor district, reorganization of both districts into a single local agency, and the dissolution of CSA No. 107 and the concurrent annexation of the dissolved district territory to Rancho Santa Fe FPD. The third option was deemed the most effective method to streamline and improve service responsibility within the Elfin Forest and Harmony Grove communities following numerous discussions between representatives from the County, Rancho Santa Fe FPD, CSA No. 107, and LAFCO. A complete overview of each option is included in this report as Exhibit A.

The proposal covers two jurisdictional changes divided among multiple geographic areas involving: (1) Dissolution of CSA No. 107 (Elfin Forest/Harmony Grove) totaling 6,163.2 acres; (2) Annexation of the territory within the dissolved CSA to the Rancho Santa Fe FPD totaling 6,163.2 acres; (3) Modification of the proposal as requested by LAFCO staff to include the annexation of two unserved islands to Rancho Santa Fe FPD totaling 341 acres. It is also necessary that the Rancho Santa Fe FPD sphere of influence be amended to include an additional 1,120 acres to coincide with the boundaries of CSA No. 107, plus the designation of four separate special study areas. Map 1 provides an overview of the entire proposal area. If approved, the reorganization will improve the delivery of fire protection, emergency medical services, fire prevention, and public education within north inland San Diego County. Similar to the recent fire reorganizations, the Commission has authorized the waiver of LAFCO processing fees totaling approximately \$39,000. The fee waiver is intended to serve as an incentive for local agencies to cooperate with the Commission to establish more logical and efficient levels of service and boundaries.

The dissolution of CSA No. 107 was initiated by a unanimous resolution adopted by the Rancho Santa Fe FPD Board of Directors on August 26, 2014 (Resolution No. 2014-10). A

reorganization agreement has also been reached between the County and Rancho Santa Fe FPD based on a cost analysis for providing services to CSA No. 107. The agreement seeks to maintain an equitable balance between the transfer of costs and revenue in a manner that is consistent with previous property tax exchanges for areas that were beginning to develop, such as the Meadowood Master Planned Community property tax exchange that was approved by the Board of Supervisors on June 19, 2013. The terms of the reorganization agreement (refer to Exhibit B) include the transfer of (1) property tax revenue, (2) one-time funds, (3) property assets, and (4) lease revenue to the Rancho Santa Fe FPD with an estimated value of approximately \$7 million dollars. On December 16, 2015, the Board of Supervisors approved the terms outlined in the reorganization agreement, adopted a resolution to exchange property tax revenue from the County to the Rancho Santa Fe FPD and established appropriations to allow Rancho Santa Fe FPD to begin services in Harmony Grove Village in 2016.

Additionally, the proposed reorganization underwent an extensive public review process resulting in comments from affected local agencies. As a result of the comments, some revisions were made by LAFCO staff to address possible alternatives to be included in the proposal. A total of eight alternatives were originally reviewed by LAFCO staff and affected agencies. Rancho Santa Fe FPD has agreed to move forward with two boundary modifications encompassing 341 acres to eliminate two separate service islands and the jurisdictional modification involving CSA No. 17. A discussion of the three modifications follows.

Modification No. 1: Area 1B

The proposed reorganization boundary borders an existing unserved island located within Rancho Santa Fe FPD's sphere boundary and between the Cities of Encinitas and San Marcos. Fire protection services to the area, totaling 5.7 acres, can be logically provided by the Rancho Santa Fe FPD and would eliminate this island. LAFCO staff requested that the Rancho Santa Fe FPD provide response data from dispatch records for the past five years. According to these records, only one incident has been recorded in Area 1B since 2010 with an average response time of 16.34 minutes. The Elfin Forest / Harmony Grove Volunteer Fire Protection Department has been the responding agency in this area for both emergency and non-emergency calls. In conjunction with the proposed reorganization, the Rancho Santa Fe FPD concurs with this modification of its proposal to include Area 1B. Refer to Maps 2-3 and Map A.

Modification No. 2: Area 2

The proposed reorganization boundary borders another existing unserved island located within Rancho Santa Fe FPD's sphere boundary, north of the City of Encinitas and south of the City of San Marcos. The territory consists of about 40 parcels totaling 335.2 acres and is already within Rancho Santa Fe FPD's sphere of influence. These parcels are sparsely developed and are held under a mixture of private and public ownerships. The public landowners are Olivenhain MWD and the County of San Diego. Similar to the evaluation of Area No. 1B, LAFCO staff requested that the Rancho Santa Fe FPD provide response

data from dispatch records for the past five years. Since 2010, 17 incidents have been recorded in Area 2 with an average response time of 9.34 minutes. The Elfin Forest / Harmony Grove Volunteer Fire Protection Department currently respond to most calls in the area. The Rancho Santa Fe FPD concurs with this boundary modification resulting in the elimination of the island and annexation of Area No. 2 to the FPD. Refer to Maps 2-3 and Map A.

Modification No. 3: Proposed Condition to the Proposal

One of the most important alternatives to the proposed reorganization under evaluation involves the potential annexation of 3,163 acres to CSA No. 17 (San Dieguito Ambulance). This area is located north of Encinitas and east of Carlsbad (Refer to Area 6A/B on Map 2). This modification is needed because over 2,000 future residents are estimated to be included within the Rancho Santa Fe FPD service area (Harmony Grove Village and surrounding territory) will not have adequate access to advance life support (ALS) ambulance transport services after the proposed reorganization. CSA No. 17 currently provides ALS ambulance transport services within a large portion of North County (Cities of Del Mar, Encinitas, and Solana Beach; City of San Diego communities of Del Mar Heights and Del Mar Terrace; and the unincorporated communities of Rancho Santa Fe, 4-S Ranch, and a portion of Elfin Forest). Currently, the CSA No. 17 transport rate for residents is \$400 and \$1,050 for non-residents with an additional \$20 per mile fee. CSA No. 17 staff is developing service and cost impact studies associated with this proposal modification, and it is likely that a separate property tax exchange and/or transfer of supplemental general funds to CSA No. 17 may be needed to cover associated ALS transport costs. The Rancho Santa Fe FPD and the County are also discussing how ALS transport apparatus can be housed in the existing and proposed Elfin Forest / Harmony Grove Volunteer Fire Protection Department fire stations in order to facilitate ALS-level ambulance transport coverage.

While the proposed annexation to CSA No. 17 will not be deliberated on concurrent with the Rancho Santa Fe FPD / CSA No. 107 Reorganization, the respective staffs of the County and FPD concur with the need for this potential annexation as follow-up action. Therefore, a modification to the reorganization proposal is recommended that would require the initiation of a second proposal involving annexation to CSA No. 17. The affected territory is shown as Area 6A and 6B on Map 2. This modification would require initiation and not completion of the CSA No. 17 annexation. Therefore, pursuant to Government Code Section 56885.5(a)(2), the Commission may include a condition allowing an affected agency (County of San Diego or Rancho Santa Fe FPD) to initiate the annexation of 3,163 acres to CSA No. 17. If the condition is approved, either the County or Rancho Santa Fe FPD, as an affected agency, would then adopt a resolution of application to initiate the annexation process prior to recordation of the Rancho Santa Fe FPD and CSA No. 107 Reorganization.

PLAN FOR SERVICE

Extension and Level of Services

The Rancho Santa Fe FPD will extend the same type of services it currently provides to district residents to the reorganization territory, as authorized under the Health and Safety Code Section 13862: fire protection; rescue services; emergency medical services; hazardous material emergency response; ambulance services; and other services relating to the protection of lives and property. The FPD has conditioned its plan for services on the successful negotiation of an exchange of property tax revenue, plus general fund monies from the County. The revenue needs to be sufficient to deliver the minimum level of emergency service to communities within CSA No. 107. Without a sufficient exchange of property taxes and general fund monies between the County of San Diego and Rancho Santa Fe FPD, an estimated deficit (operating shortfall) is projected, ranging from \$2.2 million in FY 2014-15 to \$1.9 million in FY 2018-19.

The Rancho Santa Fe FPD proposes to provide one full time, Type I engine company with minimum staffing of (3) personnel, with a minimum of at least one of the personnel licensed as a paramedic and accredited to work in San Diego County. The engine will be staffed with a qualified supervisor, certified driver, and one firefighter. The engine will be located in the new Harmony Grove fire station located within the Harmony Grove Village. In addition, the Rancho Santa Fe FPD will provide one combination, Type I engine company with minimum staffing of (3) personnel, with a minimum of one licensed paramedic and accredited to work in San Diego County. The engine will be staffed with a qualified supervisor, certified driver, and one volunteer firefighter. This engine will be located in the current Elfin Forest/Harmony Grove Volunteer Fire Protection Department fire station, located at: 20223 Elfin Forest Road.

Fire protection and emergency medical services are proposed to be provided at full capacity throughout the FPD. The full time professional station in Harmony Grove Village will be implemented as soon as permanent adequate funding is secured and the fire station is accepted by the District and permitted to occupy. The existing Elfin Forest / Harmony Grove Volunteer Fire Protection Department fire station will continue to be staffed with volunteer staff until permanent funding has been established to adequately maintain a higher level of service. A Battalion Chief will be assigned to both fire stations (Elfin Forest / Harmony Grove Volunteer Fire Protection Department and Harmony Grove Village). A Duty Battalion Chief will respond to calls for service where there is a higher likelihood that the incident will become complex. A Battalion Chief will be assigned to facilities, and apparatus maintenance. The Battalion Chief will be located in Rancho Santa Fe.

All fire prevention, inspection, fuel management, weed/brush abatement, and code enforcement, education, and outreach services will be provided by the FPD. The FPD will work with the community, county, state, and federal agencies to provide a community protection plan. An Administrative Battalion Chief assigned to training will oversee and develop an annual training plan for the career station and the volunteer station. Training

records and employee tracking will be consolidated. Administrative personnel for the FPD will provide all payroll and benefit administration.

Availability and Timing of Service Extension

Fire protection and emergency medical services will be available throughout the reorganization territory on the effective date of the jurisdictional change. The Rancho Santa Fe FPD is currently working with county staff to secure funding so that when a certain threshold of units is completed (126 residential units) for occupancy by July 1, 2015, funding will be in place to provide services directly or by contract by the FPD.

Facility Improvements

The proposed fire station in Harmony Grove Village will need to be approved and accepted by the Rancho Santa Fe FPD. The County will, therefore, need to closely coordinate with the FPD to ensure that the planning and construction of the facility occurs efficiently and cost-effectively. The building of the facility should also occur in accordance with the FPD's space needs analysis. The current Elfin Forest / Harmony Grove Volunteer Fire Protection Department fire station is on county property and the building plus land are expected to be deeded to the Rancho Santa Fe FPD. An upgrade to facilities to the volunteer station is anticipated, including: renovation of a dormitory to accommodate up to 6 staff; upgrade of kitchen facilities to accommodate daily food preparation; installation/upgrade of office, computer, and data equipment to connect to the network; location of emergency generator; development/upgrade of a fuel station; installation of laundry facilities; installation of classroom space with partitions and updated equipment.

Dispatch

The North County Dispatch JPA (North Comm) provides fire and emergency medical dispatch services to 8 member agencies and 11 contract agencies in the north coastal region of San Diego County. Rancho Santa Fe FPD is a member agency; CSA No. 107 is a contract agency. Dispatch to the North County FPD will continue from North Comm; however, the proposed reorganization will eliminate need for a separate contract for CSA No. 107. The contract for CSA No. 107 will be terminated according to terms of the Agreement between North Comm and the County. The membership characteristics of Rancho Santa Fe FPD will need to be amended to include the additional territory. Terms and conditions of the proposed reorganization require the County to provide written notification to North Comm concerning intent to cancel. There will be no costs associated with the modifications and no break in service.

Finance

Property tax, special benefit tax, and Mello-Roos Community Facilities District Revenue represent the primary funding sources within CSA No. 107. **Table 7** below shows the five-year projected budget associated with dissolution of CSA No. 107 and annexation to Rancho Santa Fe FPD. Of particular note is the projected deficit (operating shortfall), ranging from \$2.2 million in FY 2014-15 to \$1.9 million in FY 2018-19. The deficit is associated with the addition of one new professionally staffed fire station to serve the

Harmony Grove Village project area and the upgrade of the existing station in Elfin Forest and Harmony Grove Volunteer Fire Protection Department. These shortfalls are projected regardless of whether the proposed reorganization occurs because insufficient revenue is available as the result the financing mechanisms approved by the County for the Harmony Grove Village project. The Rancho Santa Fe FPD has proposed that this negative fiscal condition be addressed via an exchange of property tax revenues and supplemental (ongoing) general funds from the County of San Diego to approximate the projected deficit amount. Refer to **Table 7** for budgetary detail associated with the proposed reorganization.

Table 7

Operational Cost	FY14/15	FY15/16	FY16/17	FY17/18	FY18/19
Harmony Grove Village (FS)	380,724	390,875	401,654	412,672	424,262
Elfin Forest (FS)	194,104	198,225	202,591	207,201	212,082
Personnel Harmony Grove Village (FS)					
Career Captains (3)					
Career Engineers (3)					
Career FF/PM	1,456,470	1,489,206	1,525,008	1,555,599	1,587,040
Elfin Forest (FS)					
Career Captains (3)					
Career Driver Operators (3)					
Vol Firefighters (3)	980,865	999,007	1,018,538	1,036,610	1,055,204
Total O & M of Two FS	<u>3,012,163</u>	<u>3,077,313</u>	<u>3,147,789</u>	<u>3,212,082</u>	<u>3,278,588</u>
Revenue Projections					
CSA 107 EFF/HG					
Property Tax	80,603	81,409	82,223	83,045	83,876
Special Benefit Tax	405,756	413,871	422,149	430,592	439,202
Other Revenue	40,401	40,603	40,806	41,010	41,215
Harmony Grove Village					
Property Tax	30,565	55,620	72,146	77,838	80,203
Special Benefit Tax	127,575	235,488	309,548	337,756	351,679
CFD	131,197	242,175	318,337	347,347	361,664
Other Revenue	-	-	-	-	-
	<u>816,097</u>	<u>1,069,166</u>	<u>1,245,209</u>	<u>1,317,588</u>	<u>1,357,839</u>
DIFFERENCE +/-	(2,196,066)	(2,008,147)	(1,902,508)	(1,894,494)	(1,920,749)

TERMS AND CONDITIONS

The Rancho Santa Fe FPD submitted terms and conditions associated with the reorganization covering the effective date (July 1, 2015); cessation of corporate powers; transfer of rights, duties, and obligations of the dissolved district; exchange of property taxes from the County to Rancho Santa Fe FPD; transfer of County General Fund monies, on an annual basis sufficient to cover CSA No. 107 operating shortfalls; approval of an MOU containing a payment schedule and payments amounts associated with transfer of the Harmony Grove Community Facility District special tax to the successor district; approval of an MOU providing the successor district with a fully operational (FPD) approved fire station and FPD-approved fire engine; transfer of property from the County to the FPD; completion of an inventory of County / CSA No. 107 assets; assumption of obligations of the dissolved district in maintaining mutual aid agreements for ambulance transport services in areas of the FPD not included in an ambulance transport service area; authority of the FPD to levy all previously authorized special taxes; maintenance and establishment of divisional accounting by the FPD for each voter-approved special tax fund; prohibition of CSA No. 107 from taking certain extraordinary expenditures at the time the reorganization is approved; payment by the County of all election expenses should the reorganization be subject to an election; termination and payment of any application expenses by the County associated with termination of the North County Dispatch Joint Powers Authority; and completion by the County of an inventory of all contracts and/or leases of CSA No. 107.

The Terms and Conditions are outlined in staff's recommendations and included as Exhibit C to the staff report. The recommended terms and conditions contain a number of technical modifications proposed by LAFCO staff. Strike-out and underlining format is used to identify the modifications. These modifications cover three main subject areas. One modification pertains to identifying the enabling statute that provides the associated statutory authorization for overall implementation of the terms and conditions. Another modification references the monetary, facility, and fiscal agreement that the Rancho Santa Fe FPD reached with the County of San Diego regarding assumptions of service responsibility from CSA No. 107. Lastly, a condition has been added requiring the initiation of a second proposal involving annexation to CSA No. 17 (San Dieguito Ambulance). This condition does not require the completion of the CSA No. 17 annexation; rather, it requires that the annexation be initiated prior to recordation of the reorganization between the Rancho Santa Fe FPD and CSA No. 107.

AGENCY COMMENTS

The Rincon Del Diablo Municipal Water District (MWD) submitted a letter expressing interest in annexing Areas 6A and 6B. These areas are shown on Map 2. Currently, Rincon Del Diablo MWD's provides water service in the unincorporated area and its boundaries overlap portions of the Cities of Escondido and San Marcos and San Diego. Fire protection services are provided by the MWD in the unincorporated portion of the MWD through a contractual agreement with the City of Escondido. Below is LAFCO staff's response to the letter dated December 17, 2014 from the Rincon Del Diablo MWD.

Rincon Del Diablo MWD Comment: The proposed annexation of approximately 902 acres of CSA 107 outside Rancho Santa Fe FPD sphere and within the MWD service area can easily be serviced by the MWD.

- **LAFCO Staff Comment:** The Elfin Forest / Harmony Grove Volunteer Fire Protection Department, which is proposed to be absorbed by the Rancho Santa Fe FPD, serves as the first responder to the communities within Alternative No. 6A/B. A 2014 Impact Analysis developed by the County of San Diego also indicates that the increased volume of ALS transports due to the annexation of CSA No. 107 to CSA No. 17 will be minimal compared to the total CSA No. 17 transport volume. Thus, the findings by both the County and LAFCO identify CSA No. 17 as the most logical service provider.

Rincon Del Diablo MWD Comment: Annexation to Rincon Del Diablo MWD would keep boundaries clean and simple, as this portion of CSA 107 identifies with the Escondido area more than the Elfin Forest and Rancho Santa Fe area of north San Diego County.

- **LAFCO Staff Comment:** In September 2015, the Elfin Forest / Harmony Grove Volunteer Fire Protection Department surveyed the residents within the CSA No. 107 to gauge their support in annexation to Rancho Santa Fe FPD. Over 350 registered voters and/or landowners submitted petitions of support for the proposed reorganization. During the Board of Supervisors' approval of the terms outlined in the reorganization agreement and adoption of the property tax exchange resolution on December 16, 2015, a number of residents also voiced their support of the proposed reorganization.

Rincon Del Diablo MWD Comment: The preliminary staff report prepared by LAFCO staff states that mutual aid agreements would need to be affected with the proposed reorganization. For the Escondido area, these mutual aid agreements already exist and it is projected that the preponderance of support would come from the City of Escondido. Rincon Del Diablo contracts services with the City of Escondido, thus the MWD believes that no significant new agreements would be required.

- **LAFCO Staff Comment:** The County's 2014 Impact Analysis indicates that the Fire Chiefs from neighboring Cities of Escondido and San Marcos have agreed in theory and concept with the proposed annexation to CSA No. 17. If approved, CSA No. 17 and the neighboring communities may consider entering into a mutual aid agreement in order ensure adequate levels of service when needed.

SPHERE OF INFLUENCE AND DESIGNATION OF SPECIAL STUDY AREAS

Approval of the proposed reorganization would require the review, affirmation and amendment of the adopted sphere of influence and municipal service review involving the Rancho Santa Fe FPD. The sphere amendment territory includes 1,120 additional acres and another 1,085 acres are proposed to be designated as special study areas. A discussion of the related sphere changes is located below.

Sphere of Influence Amendment

Three separate areas totaling 1,120 acres that are currently within CSA No. 107, but outside the Rancho Santa Fe FPD's adopted sphere of influence boundary should be included in Rancho Santa Fe FPD's sphere. One area consists of 171.9 acres located between the Cities of Carlsbad, Encinitas, and San Marcos; a second area consists of 46.6 acres south of the City of San Marcos; and the third area consists of 902.6 acres and is the location of the Harmony Grove Village project. As the successor to CSA No. 107, these three areas need to be included in the Rancho Santa Fe FPD sphere of influence in association with the proposed reorganization with CSA No. 107. Refer to Map 3 and Map B for further information.

Sphere of Influence Special Study Area No. 1A

The proposed reorganization boundaries border an existing unserved island located between the Cities of Encinitas and Carlsbad. This area is referred to as Area 1A on Maps 2-3 and Map B. The territory is currently within the Rancho Santa Fe FPD sphere of influence. To eliminate this island area, the affected territory would need to be annexed to the Rancho Santa Fe FPD, or one or more of the surrounding municipalities (Cities of Carlsbad, Encinitas, and/or San Marcos). The territory consists of 11 parcels totaling 342.9 acres and is already within Rancho Santa Fe FPD's sphere of influence; however, the area is not within a local agency responsible for structural fire protection. The parcels are sparsely developed and under both private and public ownership. The public agency that owns three of the parcels is Olivenhain MWD. Fire protection services to Area 1A (337.2 acres) can be more logically provided by the surrounding municipalities, namely Carlsbad; this area will not be considered for annexation to the Rancho Santa Fe FPD as part of the proposed reorganization. However, as a follow-up to the proposed reorganization, the Cities of Carlsbad, San Marcos, Encinitas, plus surrounding fire districts should confer with LAFCO staff to discuss subsequent sphere and jurisdictional boundary changes for Area 1A. Area 1A should; therefore, be designated a Special Study Area.

Special Study Area No. 3

The proposed reorganization borders an existing 90.8 acre unserved island north of Lake Hodges. The area is undeveloped and consists of two parcels (owned by the City of San Diego). The area is within the Escondido and Rincon Del Diablo MWD spheres of influence, but is not within the City of San Diego or Rancho Santa Fe FPD spheres. The affected special districts, and the Cities of Escondido and San Diego should discuss jurisdictional changes that could logically extend local agency fire protection services to this territory. It is recommended that a Special Study Area be designated for Area No. 3 to encourage affected agencies to confer with LAFCO staff and submit a follow-up proposal to eliminate the island. Refer to Area No. 3 on Maps 3 and B.

Special Study Area No. 4

The proposed reorganization borders an existing 100.3 acre unserved island within Lake Hodges. The area is undeveloped and consists of one parcel (owned by the City of San Diego). The affected territory is not within the City of San Diego's or Rancho Santa Fe FPD's

spheres. Affected agencies should discuss jurisdictional changes that could extend local agency fire protection services to this territory. Jurisdictional changes involving Area No. 4 will not be considered as part of the Rancho Santa Fe FPD/CSA No. 107 Reorganization; however, it is recommended that a Special Study Area be designated for Area No. 4 to encourage affected agencies to confer with LAFCO staff and submit a follow-up proposal to eliminate the island. Refer to Area No. 4 on Maps 2-3 and Map B.

Special Study Area No. 5

The proposed reorganization borders an existing 556.3 acre unserved island located southwest of Lake Hodges. The territory is currently surrounded by the Rancho Santa Fe FPD on three sides and should be considered for a subsequent annexation to the Rancho Santa Fe FPD. The area consists of a mixture of 13 large ownerships under both private and public ownership. Four of the parcels that are held under public ownership are owned by the County of San Diego. This area is not within the sphere of influence of any local agency. Affected agencies should discuss jurisdictional changes that would extend fire protection services to this territory. Jurisdictional changes involving Area No. 5 will not be considered as part of the Rancho Santa Fe FPD/CSA No. 107 Reorganization; however, it is recommended that a Special Study Area be designated for Area No. 5 to encourage affected agencies to confer with LAFCO staff and submit a follow-up proposal to eliminate the island. Refer to Area No. 5 on Maps 2-3 and Map B.

ENVIRONMENTAL REVIEW

The recommended reorganization for Rancho Santa Fe FPD is not subject to the environmental impact evaluation process because proposed sphere of influence amendment and jurisdictional changes consisting of dissolution of CSA No. 107 and annexation to the Rancho Santa Fe FPD do not change the geographical area in which previously existing powers are exercised. In addition, it can be seen with certainty that the annexation of the unserved areas to the Rancho Santa Fe FPD (Areas 1B and 2) and the designation of four special study areas will not have a significant effect on the environment. Therefore, the proposal is subject to categorical exemptions pursuant to the California Environmental Quality Act [Section 15320, Class 20 and 15061(b)(3)]. The reorganization is exempt from CEQA pursuant to State CEQA Guidelines, because: (1) pursuant to Section 15320 the reorganization consists of changes of organization of local agencies where the changes do not change the geographical area in which previously existing powers are exercised; (2) pursuant to Section 15061(b)(3) there is no possibility that the activity may have a significant effect on the environment; and (3) pursuant to Section 15378(b)(5) the reorganization is an organizational or administrative activity.

The Service Review is not subject to the environmental impact evaluation process per Section 15306 of the State CEQA Guidelines because the service review consists of basic data collection and research and is strictly for information.

PROTEST AND ELECTION PROVISIONS

LAFCO may order dissolution proposals without an election pursuant to Government Code Sections 57077.1(c) and 57077.4 if dissolution is consistent with a special study, sphere of influence, or service review. The Commission may also order a dissolution without protest proceedings if the dissolution was initiated by the CSA No. 107 Board of Directors in accordance to Government Code Section 57077.4. However, the dissolution is presently not consistent with a special study, subject agency spheres, or a prior service review action, nor was it initiated by CSA No. 107. Therefore, the dissolution cannot be ordered without holding protest proceedings. This means that if 25 percent or more of the landowners or registered voters submit written protest, an election would be required. Any written protest filed by 50 percent or more of the registered voters or landowners would terminate the proposal. LAFCO staff does not anticipate receiving sufficient opposition to trigger an election regarding the proposed reorganization given the overwhelming support provided throughout the LAFCO process. Following the required protest hearing, a resolution will be adopted ordering the reorganization, unless the proposal receives protests that trigger an election or termination of proceedings.

CONCLUSION

The proposed reorganization of the Rancho Santa Fe Fire FPD and CSA No. 107 is a component of a long-range plan and sphere study LAFCO formulated nearly 30 years ago. That plan involved placing CSA No. 107 within Rancho Santa Fe FPD's sphere and the designation of a transitional (zero) sphere for the CSA. These sphere designations were intended to provide the impetus for the two agencies to cooperatively work towards a reorganization that would place all of the CSA No. 107 service area within the boundaries of the Rancho Santa Fe FPD. We are pleased to report that significant progress has been made regarding a reorganization of these two districts. The end result is that fire protection and emergency medical services in this area of north inland San Diego County will finally be improved – albeit slower than anticipated. LAFCO staff is also recommending several modifications to further improve the delivery of services and the overall reorganization proposal. One modification would add 341 acres to the annexation in order to eliminate two unserved islands. The other modification would be a condition that a second proposal be initiated involving annexation of about 3,163 acres of unserved territory to CSA No. 17. This second annexation, if completed, would provide residents with first responder Advanced Life Support paramedic transport services. Given the agreement between the two primary stakeholders (County of San Diego and Rancho Santa Fe FPD), it is recommended that the Commission approve the proposed reorganization and related sphere of influence and service review actions, as modified. Therefore, it is:

RECOMMENDED: That your Commission,

1. Find in accordance with the Executive Officer's determination, that pursuant to Section 15320 of the State CEQA Guidelines, the proposed sphere of influence and jurisdictional changes consisting of dissolution of CSA No. 107 and the annexation of

the same territory to Rancho Santa Fe FPD are not subject to the environmental impact evaluation process because the proposed jurisdictional changes do not change the geographical area in which previously existing powers are exercised;

2. Find in accordance with the Executive Officer's determination, that pursuant to Section 15061(b)(3) of the State CEQA Guidelines, the proposed jurisdictional changes consisting of annexation of Areas 1A and 2 to Rancho Santa Fe FPD is not subject to the environmental impact evaluation process because it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment and the activity is not subject to CEQA;
3. Find in accordance with the Executive Officer's determination, that pursuant to Section 15378(b)(5) of the State CEQA Guidelines, the reorganization is an organizational or administrative activity;
4. Find in accordance with the Executive Officer's determination, that pursuant to Section 15306 of the State CEQA Guidelines, the Sphere Review is not subject to the environmental impact evaluation process because the service review consists of basic data collection and research and is strictly for information;
5. Approve the review, affirmation/update, and amendment of associated spheres of influence and service review, plus the assignment of and sphere of influence special study area designations for Areas 1A and 3-5 among all affected agencies per Map 3 and Map B, subject to the written Statement of Determinations (Exhibits D and E) for the reasons set forth in the Executive Officer's report;
6. Determine that per Government Code Section 56425(i), the written statements on file with the Commission specifying the nature, location, and extent of any functions or classes of services provided by County Service Area No. 107 and Rancho Santa Fe FPD will be consolidated with the written statements on file and that the Rancho Santa Fe FPD shall have all the powers and authorities of CSA No. 107 with respect to the nature, location, and extent of those functions or classes of services within subject reorganization area;
7. Determine that the proposed reorganization of County Service Area No. 107 and Rancho Santa Fe FPD is consistent with the recommended sphere of influence and service review;
8. Approve the reorganization proposal as modified for the reasons set forth in the Executive Officer's report to include all territory within CSA No. 107 and annexation of Areas 1B and 2, as shown on Map A;

9. Pursuant to Government Code Sections 56885.5 and 56886(o), the approval of the reorganization of the Rancho Santa Fe FPD and CSA No. 107 is conditioned on the initiation of the annexation of territory to CSA No. 17 (San Dieguito Ambulance) shown as Areas 6A and 6B on Map 2;
10. Conclude that Rancho Santa Fe FPD has provided an adequate Plan for Service demonstrating that as a successor to the CSA No. 107, it will be able to deliver all of the services at service levels no less than those provided by CSA No. 107; that Rancho Santa Fe FPD can provide services at the public service costs less than or substantially similar to the costs of CSA No. 107;
11. Find that the proposed reorganization is subject to an exchange of property taxes associated with the subject proposal was approved by the Board of Supervisors on December 16, 2015; and
12. Pursuant to Government Code Sections 57000(c), 57077.1(a), and 57077.4, delegate to the Executive Officer to conduct protest proceedings and to order the dissolution subject to the proposed Terms and Conditions in Exhibit C without confirmation of the voters except that if the dissolution meets the requirements of subdivision (b) of Section 57077.1 or 57077.4 to order the dissolution subject to an election based upon the submittal of written protests meeting specified thresholds.

Respectfully submitted,

MICHAEL D. OTT
Executive Officer

JOE A. SERRANO
Local Governmental Analyst

MDO:JAS:trl

Attachments

Color Maps

Map 1: Proposal Area Overview Map

Map 2: Vicinity Map

Map 3: Sphere of Influence and Special Study Areas

Black and White Recordable Maps

Map A: Reorganization Proposal and Modifications

Map B: Sphere of Influence and Special Study Areas

Exhibit A: Governance Options

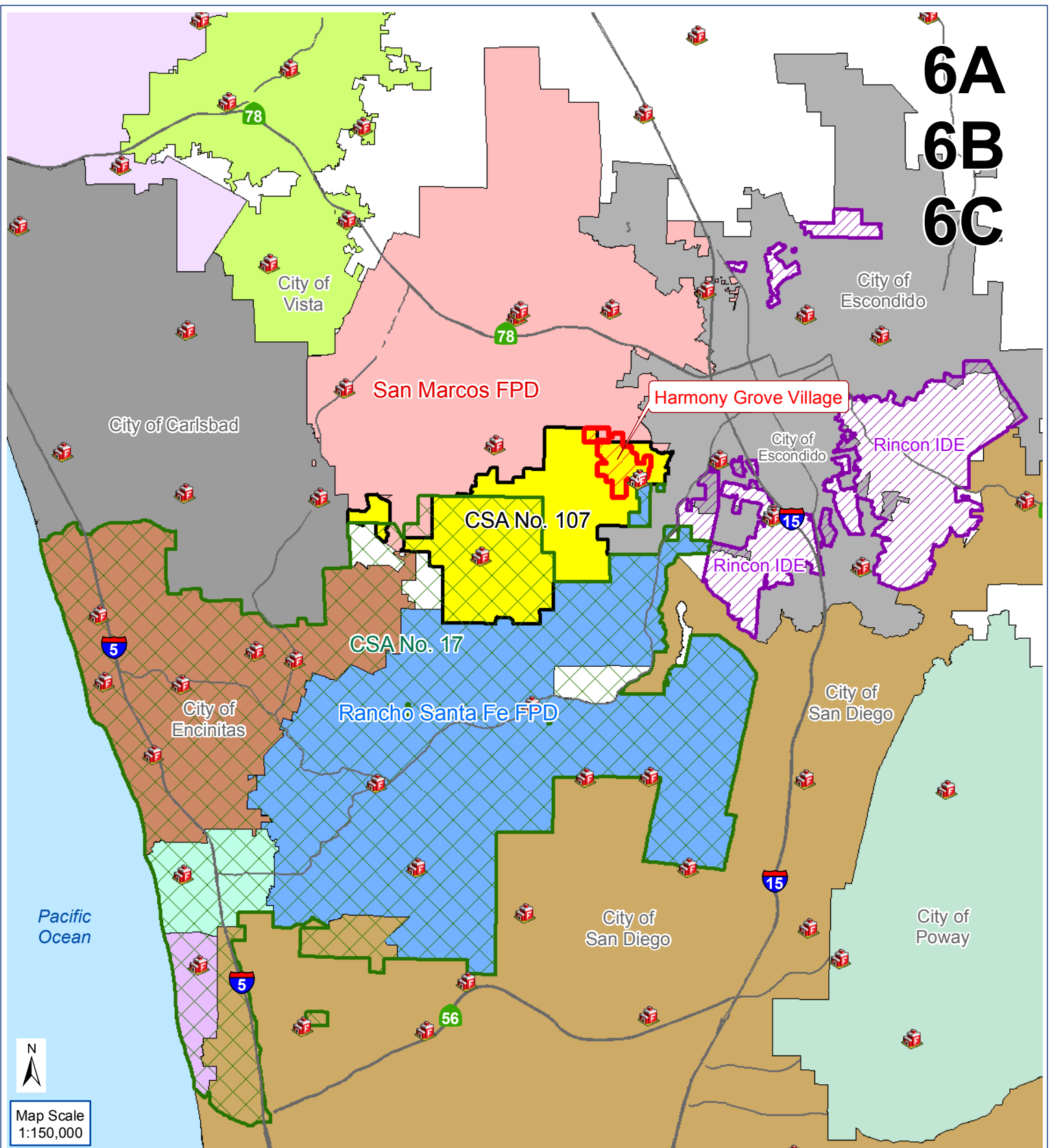
Exhibit B: Reorganization Agreement

Exhibit C: Recommended Terms and Conditions

Exhibit D: Municipal Service Review Statement of Determinations: Rancho Santa Fe FPD

Exhibit E: Sphere Review Statements of Written Determinations: Rancho Santa Fe FPD




6A
6B
6C

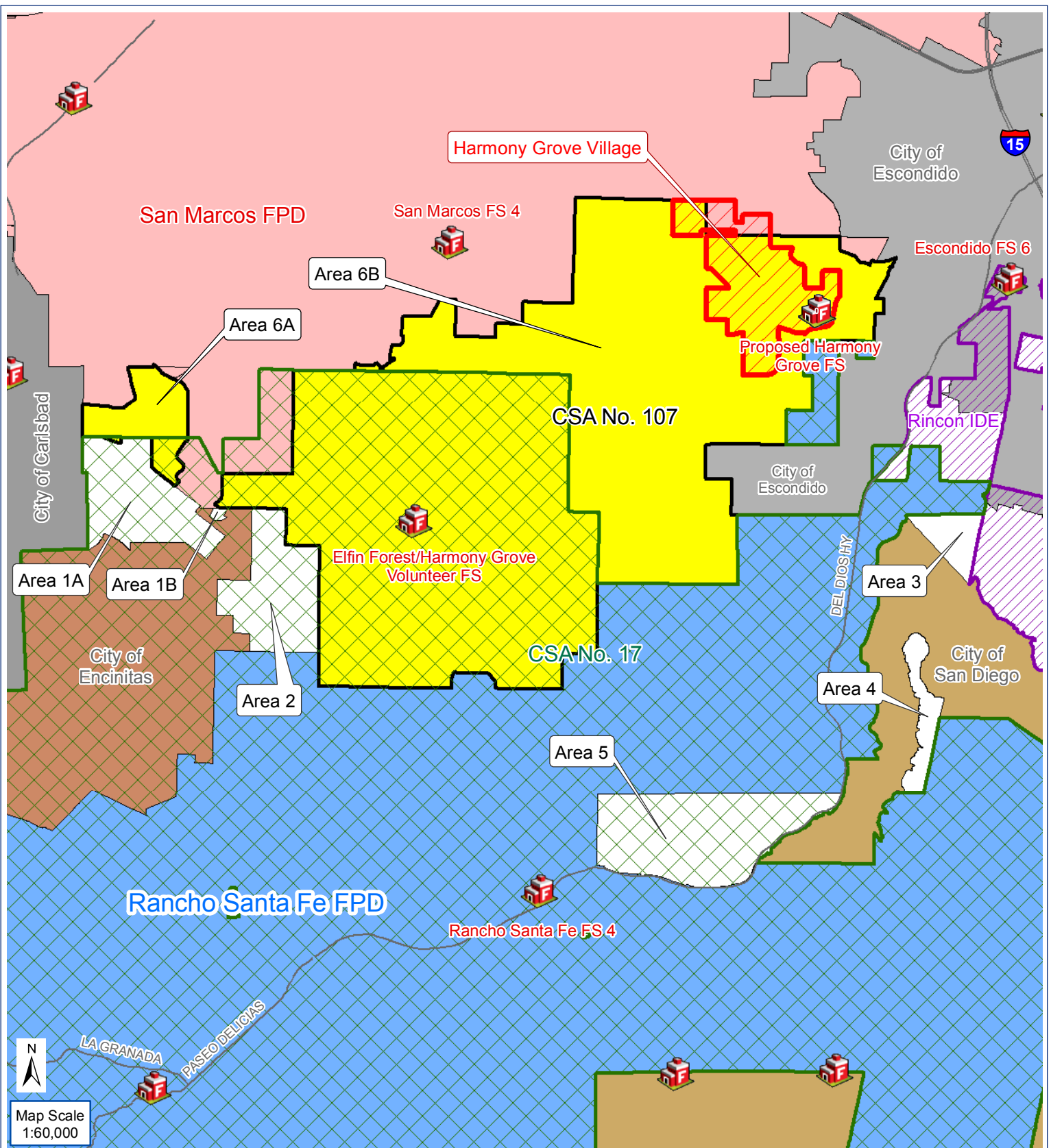


For Illustration Purposes Only

Map 1: Overview

Proposed "Rancho Santa Fe FPD Reorganization"; MSR/SR FP & EMS within the Rancho Santa Fe FPD and CSA No. 107; and Amendment to the Sphere of Influence for Rancho Santa Fe FPD (RO14-15; SA14-15; SR14-15; MSR/SR13-61; MSR/SR13-84)




-  CSA No. 17 (San Dieguito)
-  CSA No. 107 (Elfin Forest)
-  Rancho Santa Fe FPD

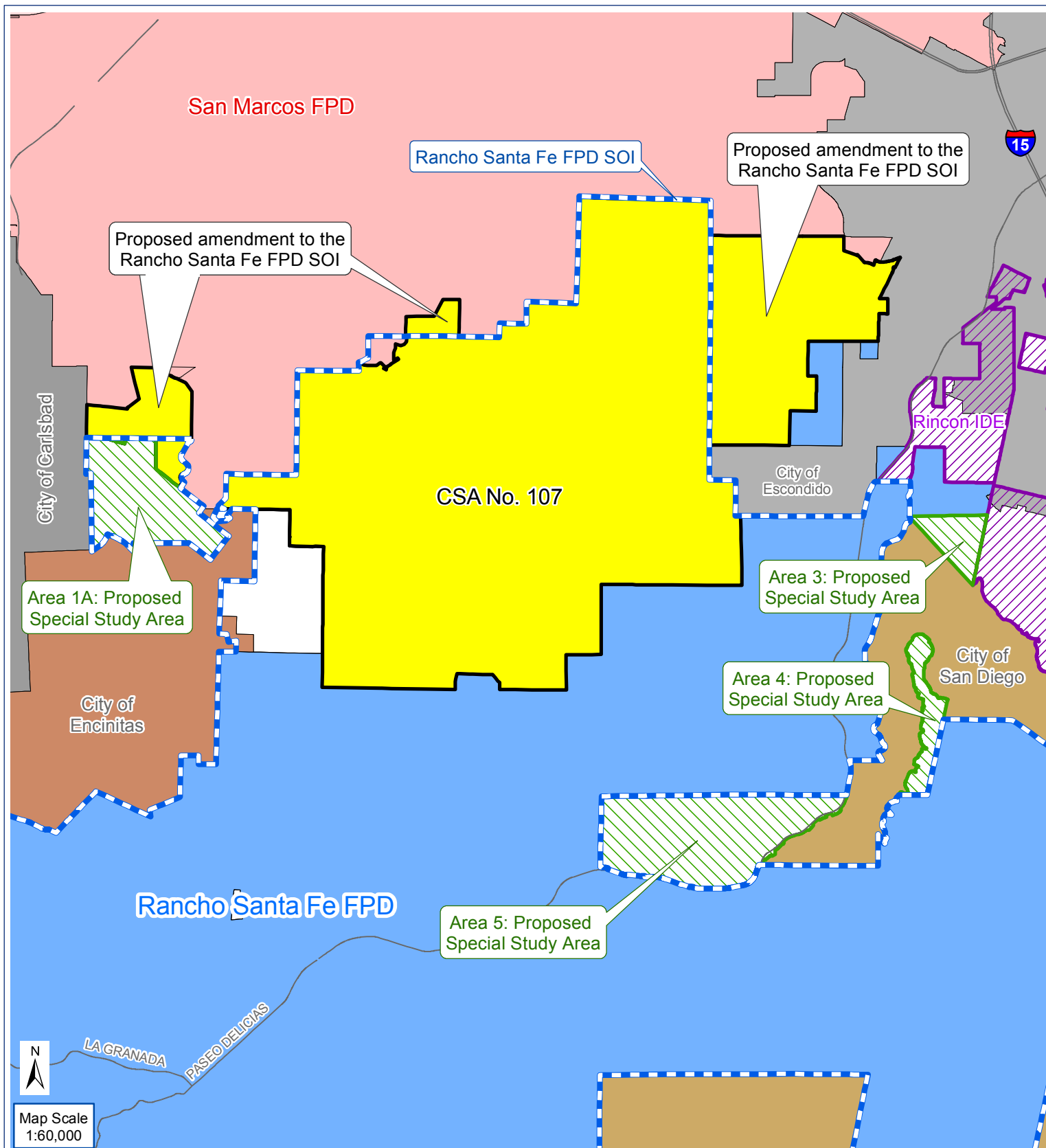


For Illustration Purposes Only

Map 2: Vicinity

Proposed "Rancho Santa Fe FPD Reorganization"; MSR/SR FP & EMS within the Rancho Santa Fe FPD and CSA No. 107; and Amendment to the Sphere of Influence for Rancho Santa Fe FPD (RO14-15; SA14-15; SR14-15; MSR/SR13-61; MSR/SR13-84)

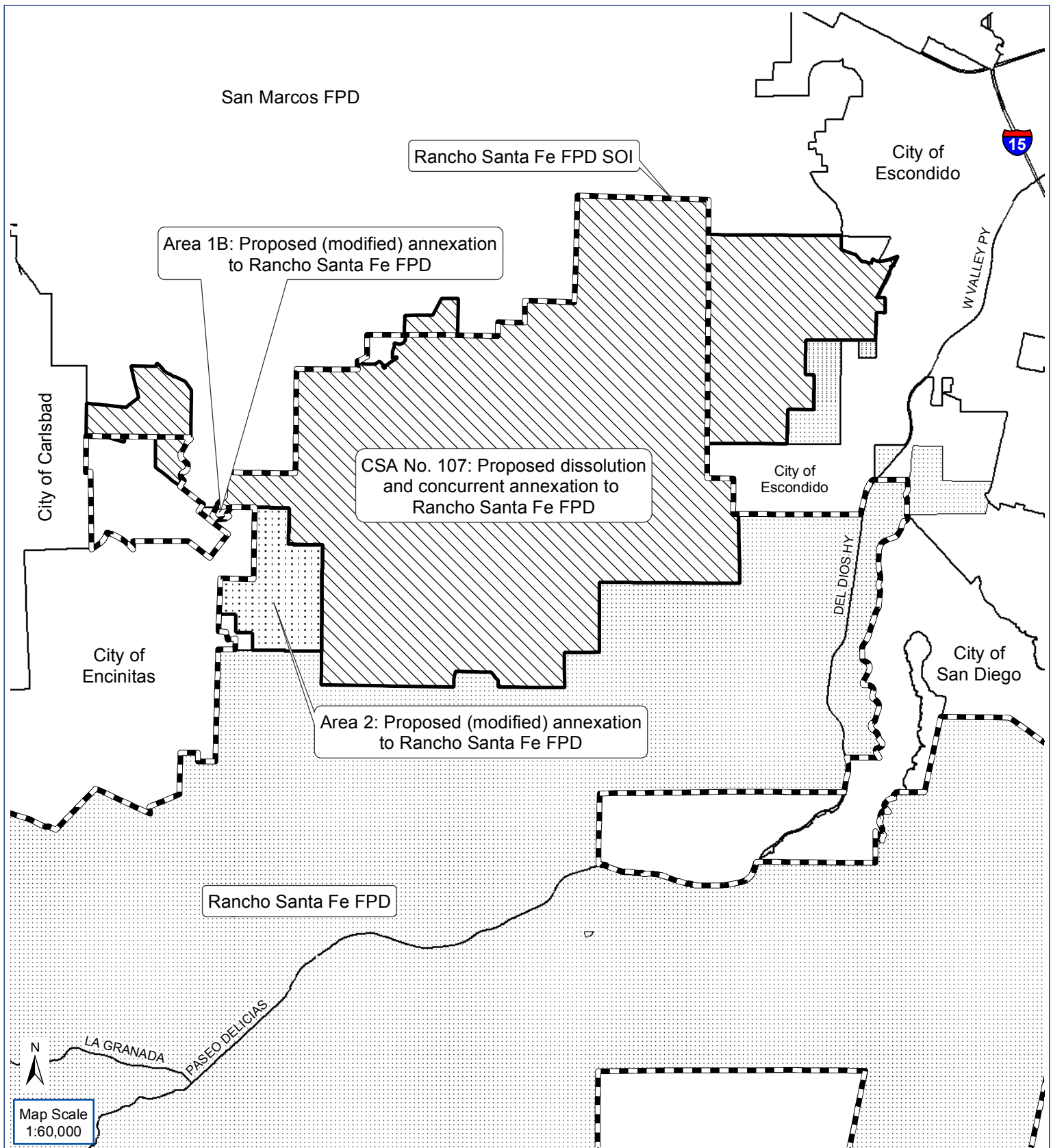
-  CSA No. 17 (San Dieguito)
-  CSA No. 107 (Elfin Forest)
-  Rancho Santa Fe FPD



For Illustration Purposes Only **Map 3: Sphere Amendment / Special Study Area**




Proposed "Rancho Santa Fe FPD Reorganization"; MSR/SR FP & EMS within the Rancho Santa Fe FPD and CSA No. 107; and Amendment to the Sphere of Influence for Rancho Santa Fe FPD (RO14-15; SA14-15; SR14-15; MSR/SR13-61; MSR/SR13-84)

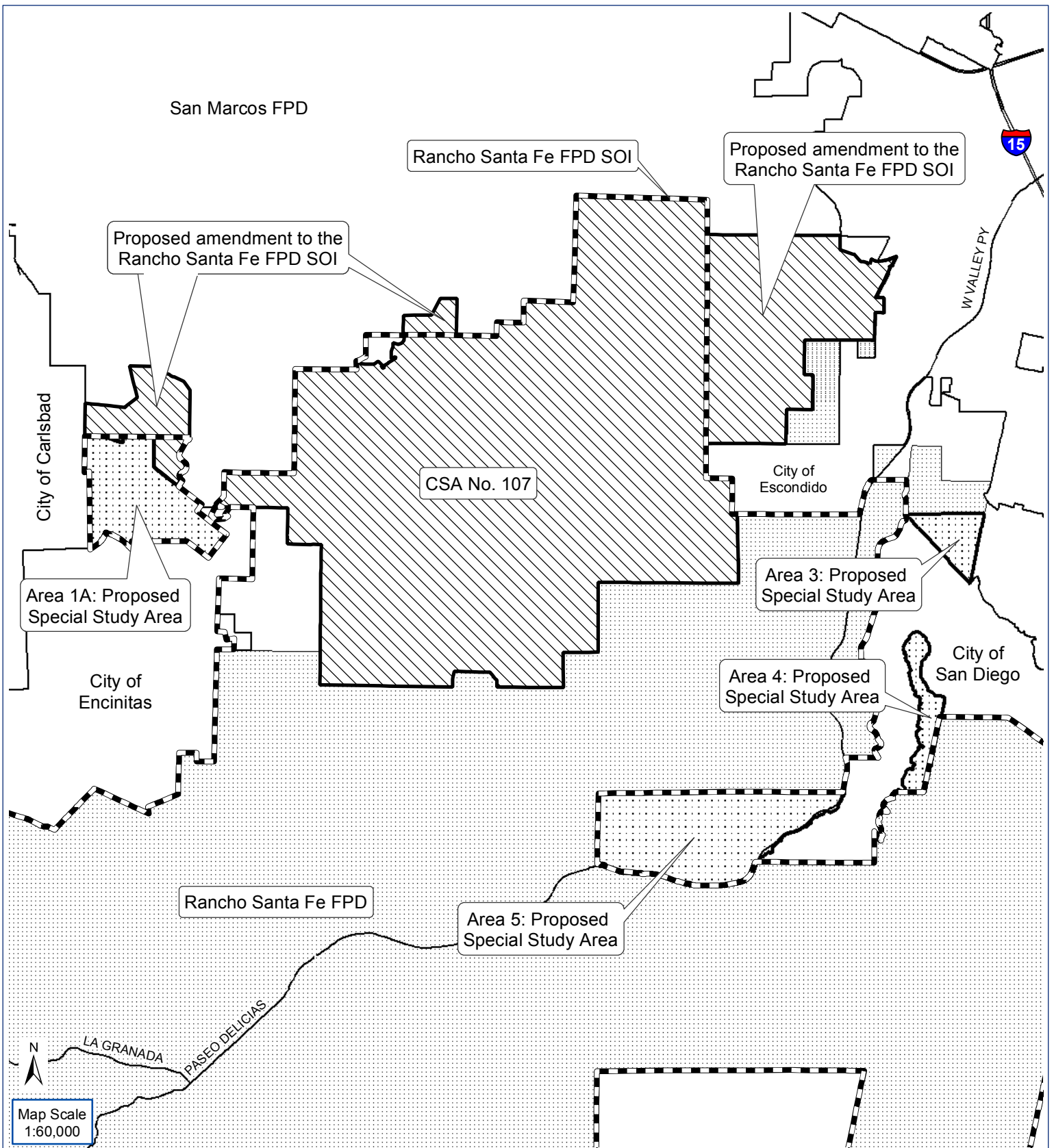
- Proposed Special Study Areas
 - CSA No. 107 (Elfin Forest)
 - Rancho Santa Fe FPD
 - Rancho Santa Fe FPD SOI
- SOI = Sphere of Influence



Map A





Proposed "Rancho Santa Fe FPD Reorganization"; MSR/SR FP & EMS within the Rancho Santa Fe FPD and CSA No. 107; and Amendment to the Sphere of Influence for Rancho Santa Fe FPD (RO14-15; SA14-15; SR14-15; MSR/SR13-61; MSR/SR13-84)

-  CSA No. 107
 -  Rancho Santa Fe FPD
 -  Rancho Santa Fe FPD SOI
- SOI = Sphere of Influence



Map B

Proposed "Rancho Santa Fe FPD Reorganization"; MSR/SR FP & EMS within the Rancho Santa Fe FPD and CSA No. 107; and Amendment to the Sphere of Influence for Rancho Santa Fe FPD (RO14-15; SA14-15; SR14-15; MSR/SR13-61; MSR/SR13-84)

-  Proposed Special Study Areas
-  CSA No. 107
-  Rancho Santa Fe FPD
-  Rancho Santa Fe FPD SOI
- SOI = Sphere of Influence

Strategies for initiating proposal with LAFCO¹

	C O N S O L I D A T I O N (5 6 8 5 3)	R E O R G A N I Z A T I O N (5 6 8 5 3)	R E O R G A N I Z A T I O N (5 6 3 7 5)
Description	Consolidate RSFFPD and CSA No. 107 into... <i>a single new successor district</i> (56030); districts need not be formed under same principal act if successor named (56826.5).	Reorganize RSFFPD and CSA No. 107 into... <i>a single local agency</i> ...by dissolving CSA No. 107 and annexing territory to RSFFPD [56853(a) and 57077.3].	Reorganize CSA No. 107 by dissolving District and annexing affected territory to RSFFPD [56654(a)].
Summary of Features	<ul style="list-style-type: none"> • RSFFPD and County initiate; • LAFCO <i>shall</i> approve if processed under 56853; • No election unless 25% protest within entire consolidation area (57077.2); • An election would require majority approval within both RSFFPD and CSA No. 107 (57177.5). 	<ul style="list-style-type: none"> • RSFFPD and County initiate; • LAFCO <i>shall</i> approve if processed under 56853; • No election unless 25% protest within CSA No. 107 (57077.3); • An election would require majority approval within CSA No 107; or alternatively, election could be ordered within both CSA No. 107 and RSFFPD (56876). 	<ul style="list-style-type: none"> • RSFFPD initiates as <i>affected agency</i> (56014); • LAFCO has discretion over approval if processed under 56375; • No election unless 25% protest within CSA No. 107 [57077.4(a)(1)]; • An election would require majority approval within CSA No. 107; or alternatively, election could be ordered within both CSA No. 107 and RSFFPD if certain assessed value and voter provisions are met (56877).
Pre-application	<p>Coordinate RSFFPD/County work plans to adopt substantially similar <i>Resolutions of Application</i>.</p> <p>RSFFPD and County mutually develop terms and conditions to possibly include: (1) transfer of Fire and EMS funding component from multi-service CFD No. 2008-01 to RSFFPD [56886(u)]; (2) transfer of previously authorized taxes, benefit assessments, fees, or changes to RSFFPD (57330); (3) status of 501(c)(3) assets and leases; and (4) status of volunteer firefighters under FPD structure (Health and Safety 138020).</p>	<p>Same</p> <p>Same</p>	<p>Coordinate RSFFPD/County work plans; however, single <i>Resolution of Application</i> adopted by RSFFPD..</p> <p>Same</p>

¹ All citations are from Government Code unless otherwise indicated

	C O N S O L I D A T I O N (5 6 8 5 3)	R E O R G A N I Z A T I O N (5 6 8 5 3)	R E O R G A N I Z A T I O N (5 6 3 7 5)
Resolution of Application	A majority of RSFFPD Board of Directors and a majority of Board of Supervisors adopt substantially similar <i>Resolutions of Application</i> to consolidate [56853(a)].	A majority of RSFFPD Board of Directors and a majority of Board of Supervisors adopt substantially similar <i>Resolutions of Application</i> to reorganize into single local agency [56853(a)].	A majority of RSFFPD Board of Directors—taking action as an affected local agency (56014)—adopts <i>Resolution of Application</i> to reorganize CSA No. 107 by dissolving District and annexing affected territory to RSFFPD.
Application must include	<ul style="list-style-type: none"> Plan for providing services within the affected territory (56653); Terms and conditions (56886). 	Same	Same
Application fee	Fee waived (\$5,500)	Same	Same
LAFCO approval	<p>LAFCO shall approve or conditionally approve if majority of each of the legislative bodies have adopted substantially similar <i>Resolutions of Application</i> [56853; 56885.5(a)].</p> <ul style="list-style-type: none"> LAFCO approval will also adopt terms and conditions. 	Same	LAFCO has discretion to approve; to modify and approve; or to disapprove (56375).
Protest hearing	<p>LAFCO schedules a noticed Conducting Authority (protest) hearing within 35 days of LAFCO approval.</p> <ul style="list-style-type: none"> LAFCO is Conducting Authority; No modifications to LAFCO approval can be made at Conducting Authority hearing; Qualified landowners or voters may file protests prior to the conclusion of the hearing (57051). 	Same	Same
Election	Conducting Authority orders consolidation without election unless protest threshold reached [57077.2 (a)].	Conducting Authority orders reorganization without election unless protest threshold reached [57077.3(a)].	Conducting Authority orders reorganization without election unless protest threshold reached [57077.4(b)(1)].

C O N S O L I D A T I O N
(5 6 8 5 3)

R E O R G A N I Z A T I O N
(5 6 8 5 3)

R E O R G A N I Z A T I O N
(5 6 3 7 5)

Qualifying protest

- At least 25% of landowners within RSFFPD **and** CSA No. 107 who own at least 25% of the assessed value of land within RSFFPD **and** CSA No. 107 [57077.2(b)(1)(A)(i)];
- At least 25% of voters entitled to vote as a result of residing within, or owning land within RSFFPD **and** CSA No. 107 [57077.2(b)(1)(A)(ii)].

- At least 25% of landowners within CSA No. 107 who own at least 25% of the assessed value of land within CSA No. 107 [57077.3(b)(1)(A)(i)];
- At least 25% of voters entitled to vote as a result of residing within, or owning land within CSA No. 107 [57077.3(b)(1)(A)(ii)].

- At least 25% of landowners within CSA No. 107 who own at least 25% of the assessed value of land within CSA No. 107 [57077.4(b)(1)(A)];
- At least 25% of voters entitled to vote as a result of residing within, or owning land within CSA No. 107 [57077.4(b)(1)(B)].

Election territory

An election would require a majority of votes within RSFFPD **and** CSA No. 107 (57177.5).

An election would require majority approval within CSA No 107; or alternatively, an election could be ordered within both CSA No. 107 **and** RSFFPD (56876).

An election would require majority approval within CSA No 107; or alternatively, an election could be ordered within both CSA No. 107 **and** RSFFPD if the assessed value of land, or the number of voters within the annexation territory equals one half or more of the assessed value/voters within the entire agency annexing the territory (56877).

Termination

Terminated if majority (50%) of voters within RSFFPD **and** CSA No. 107 file protests prior to conclusion of conducting authority hearing [57078(b)].

Terminated if majority (50%) of voters within CSA No. 107 file protest prior to conclusion of conducting authority hearing [57078(b)].

Terminated if majority (50%) of voters within CSA No. 107 file protest prior to conclusion of conducting authority hearing [57078(b)].



COUNTY OF SAN DIEGO

LAND USE AGENDA ITEM

BOARD OF SUPERVISORS

GREG COX
First District

DIANNE JACOB
Second District

DAVE ROBERTS
Third District

RON ROBERTS
Fourth District

BILL HORN
Fifth District

DATE: December 16, 2015

04

TO: Board of Supervisors

SUBJECT: REORGANIZATION AGREEMENT WITH A PROPERTY TAX EXCHANGE FOR PROPOSED JURISDICTIONAL CHANGES FOR RANCHO SANTA FE FIRE PROTECTION DISTRICT AND APPROVAL OF FUNDS (DISTRICT: 5)

Overview

The purpose of this agenda item is to request that the Board of Supervisors (Board) evaluate a potential property tax exchange associated with an application submitted by the Rancho Santa Fe Fire Protection District (FPD) to the Local Agency Formation Commission (LAFCO) for a reorganization that includes the dissolution of County Service Area (CSA) No. 107 (Elfin Forest) and annexation of the territory within the dissolved district, along with two small unserved areas, to the Rancho Santa Fe FPD. For the proposed reorganization and property tax exchange, staff worked closely with Rancho Santa Fe FPD to analyze service costs to determine an equitable transfer of revenue and assets. Section 99 of the Revenue and Taxation Code requires that the Board adopt a property tax exchange resolution before the LAFCO can process the proposal for reorganization.

The initiation of the reorganization is related to the approval of the Harmony Grove Village (HGV) Specific Plan, which was authorized by the Board on February 7, 2007 (5). In conjunction with the construction of homes within HGV, the San Diego County Fire Authority evaluated options for the provision of fire services for HGV, which is located within the boundaries of CSA No. 107. After evaluating various options, the Rancho Santa Fe FPD was identified as a potential service provider for the area because they have the ability to extend service to the area based on their current LAFCO sphere of influence and they have the ability to resolve interoperability issues. Rancho Santa Fe FPD subsequently submitted an application to LAFCO initiating the proposed reorganization and negotiations with the County to become the fire service provider. A reorganization agreement has been reached based on a cost analysis for providing services to CSA No. 107. The reorganization agreement seeks to maintain an equitable balance between the transfer of costs and the transfer of revenue in a manner that is consistent with previous property tax exchanges for areas that were beginning to be developed; such as the Meadowood Master Planned Community property tax exchange that was approved by the Board on June 19, 2013 (2). If the Board authorizes the property tax exchange, a LAFCO hearing will be required to finalize the reorganization process. The reorganization agreement specifies that the Rancho Santa Fe FPD will begin providing service to HGV on December 31, 2015. Staff will

SUBJECT: REORGANIZATION AGREEMENT WITH A PROPERTY TAX EXCHANGE FOR PROPOSED JURISDICTIONAL CHANGES FOR RANCHO SANTA FE FIRE PROTECTION DISTRICT AND APPROVAL OF FUNDS (DISTRICT: 5)

return to the Board to seek approval of further actions required pursuant to the LAFCO terms and conditions of reorganization.

Today's request is for the Board to approve the terms outlined in the reorganization agreement, adopt a Resolution to exchange property tax revenue from the County to the Rancho Santa Fe FPD and establish appropriations to allow Rancho Santa Fe FPD to begin providing services in HGV.

**Recommendation(s)
CHIEF ADMINISTRATIVE OFFICER**

1. Approve the terms of the reorganization agreement with Rancho Santa Fe Fire Protection District.
2. Adopt the Resolution entitled RESOLUTION REGARDING NEGOTIATED PROPERTY TAX EXCHANGE RELATIVE TO JURISDICTIONAL CHANGES
3. Establish appropriations of \$51,866 in the CSA 107 Elfin Forest Fire Protection/EMS, for fire protection, prevention and emergency response services in CSA No. 107, based on CSA 107 Elfin Forest Fire Protection/EMS prior fiscal year fund balance available (**4 VOTES**).

Fiscal Impact

The terms of the reorganization agreement include the transfer of property tax revenue, one-time funds, property assets, and lease revenue to the Rancho Santa Fe FPD with an estimated value of approximately \$7 million dollars. The anticipated cost was developed by an estimate of what it would cost if the County Fire Authority were to provide service to the area over the next 10 years.

The proposed exchange of property tax revenue includes an increase from the current fire services allocation of approximately 1.38% to 6.5% of the annual tax increment and base within CSA No. 107. During Fiscal Year 2014-15, the total property tax revenue generated within CSA No. 107 was \$2,693,824, of which approximately 1.38% or \$43,479 was dedicated to fire services. An increase to 6.5% of the annual tax increment and base would result in a projected transfer of approximately \$150,000 of General Purpose Revenue for Fiscal Year 2015-16. The amount of property tax revenue for fire services is expected to grow as the HGV project is constructed and properties are sold, thereby increasing property tax revenue. The proposed reorganization also includes the annexation of two unserved areas by Rancho Santa Fe FPD, which are identified as Areas 1B and 2 in the attached map, with a transfer of 6.5% of the annual tax increment and base within the areas. During Fiscal Year 2014-15, \$155,593 of property tax revenue was generated in these areas. The proposed exchange of property tax revenue also includes an increase to 6.5% for these areas and would result in a projected transfer of \$10,000 of General Purpose Revenue for Fiscal Year 2015-16.

SUBJECT: REORGANIZATION AGREEMENT WITH A PROPERTY TAX EXCHANGE FOR PROPOSED JURISDICTIONAL CHANGES FOR RANCHO SANTA FE FIRE PROTECTION DISTRICT AND APPROVAL OF FUNDS (DISTRICT: 5)

The reorganization agreement includes a provision for the Rancho Santa Fe FPD to begin providing service to HGV on December 31, 2015. Funds in the amount of \$673,134 for this request are included in the Fiscal Year 2015-16 Operational Plan in the CSA 107 Elfin Forest Fire Protection/EMS. If approved, this request will result in current year costs of \$725,000. The funding sources are an operating transfer in from the CSA 107 Elfin Forest Fire Protection/EMS - Fund 14345 (\$673,134) and available prior year CSA 107 Elfin Forest Fire Protection/EMS - Fund 14351 fund balance (\$51,866). There will be no change in net General Fund cost and no additional staff years.

Business Impact Statement

N/A

Advisory Board Statement

N/A

Background

The Rancho Santa Fe FPD has proposed a reorganization involving the dissolution of CSA No. 107 (Elfin Forest) and annexation of the territory within the dissolved district to the Rancho Santa Fe FPD. It is requested that the Board evaluate the proposed transfer of tax revenue and assets associated with the reorganization proposal.

The proposed reorganization is a component of a long range plan formulated by LAFCO nearly 30 years ago when a sphere of influence was originally adopted for the Rancho Santa Fe FPD. That plan involved placing CSA No. 107 within Rancho Santa Fe FPD's sphere of influence and the designation of a transitional (zero) sphere of influence for the CSA. These sphere designations were intended to provide the impetus for the County and the Rancho Santa Fe FPD to cooperatively work towards a reorganization that would place all of CSA No. 107 within the boundaries of the Rancho Santa Fe FPD. It is also important to note that numerous residents of the Elfin Forest community and members of the Elfin Forest Fire Department support the reorganization proposal.

The initiation of the reorganization is also related to the approval of the HGV Specific Plan, which was authorized by the Board on February 7, 2007 (5). The approved project authorized the construction of a mixed-use rural village that includes over 700 residential units and a small commercial core along Harmony Grove Road, near the intersection with County Club Drive. The conditions of approval for the project required the developer to provide a two acre site for a new fire station and a fair share contribution toward the construction of the new fire station. The fire station would meet the required General Plan travel time requirement for this type of development. Land was dedicated to the public by the developer for the construction of a future fire station when the Phase 1 Final Map was approved by the Board on January 9, 2013 (2). The developer has also agreed to provide a pro-rata contribution of \$2,700,000 for the construction of the fire station. Funds are proposed to be allocated at a future date for County's contribution for the construction of the HGV fire station.

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After the developer moved forward with construction of HGV, the County Fire Authority evaluated options for providing fire services to the new community. During the evaluation, it became apparent that the fire service delivery model within CSA No. 107 was different than the models in the surrounding areas. Specifically, the agencies surrounding CSA No. 107 provide career firefighters with Advanced Life Support (ALS) capabilities, while CSA No. 107 is a service island served by volunteer firefighters with no ALS component. Since the current service model disparity reduces the level of interoperability in the region, it was determined that a different model would be preferred in order to maximize the use of firefighting resources. After evaluating various options, the Rancho Santa Fe FPD was identified as a potential service provider that could improve interoperability because they operate the desired service delivery model for this area and LAFCO's long range plan identifies them as the service provider for the area. The reorganization application also indicates that the Elfin Forest fire station will continue to be served by volunteers. Level of service and permanent funding for fire services at the Elfin Forest fire station would be determined by the eventual service provider following LAFCO approval of the proposed reorganization.

In addition to improving interoperability, the proposed reorganization would address some of the unique characteristics associated with the area. CSA No. 107 and CSA No. 115 (Pepper Drive) are the only CSAs remaining since the hybrid plan for fire and life safety services was approved by the Board on June 25, 2008 (1). The dissolution of CSA No. 107 would also eliminate the administrative costs associated with contract and fund management within the service area.

For the proposed reorganization and property tax exchange, staff worked closely with Rancho Santa Fe FPD to analyze service costs to determine an equitable transfer of revenue and assets. The proposed transfer is consistent with the conditions of approval required in conjunction with the HGV project and equates to the County's existing commitment to provide fire services in the area. If the Board authorizes the property tax exchange, a LAFCO hearing will be required to finalize the reorganization process. Future actions by the Board will be required pursuant to the final action by LAFCO. The terms of the reorganization agreement stipulate that Rancho Santa Fe FPD will begin providing service in HGV on December 31, 2015 and include:

- An increase of property tax revenue dedicated to fire services from 1.38% to 6.5% within the area of annexation (for Fiscal Year 2015-16 this equates to approximately \$160,000, which will increase to approximately \$400,000 after completion of HGV).
- Real property assets within CSA No. 107, which include the HGV fire station site and the Elfin Forest fire station site, along with associated improvements and leases.
- The County's contribution towards the construction of the HGV fire station (approximately \$1,900,000).
- The portion of the HGV Community Facilities District revenue dedicated to fire services (after completion of HGV this will be approximately \$400,000 per year).
- Special benefit taxes collected within CSA No. 107 for fire services (after completion of HGV this will be approximately \$750,000 per year).
- Existing CSA No. 107 trust funds (approximately \$725,000).

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- Additional one-time funds in the amount of \$2,500,000.

The use of one-time funds is necessary because existing tax revenue is not sufficient to adequately maintain a higher level of service over the next few years within CSA No. 107. In the long term, it is anticipated that property values will increase and the sale of properties within HGV would provide additional tax revenue. Staff has determined that the use of one-time funds will mitigate concerns that additional long term increases in tax revenue from the property tax exchange could result in a disproportionate share of tax revenue being transferred to Rancho Santa Fe FPD.

The proposed resolution and map of the affected areas reflect the information that has been provided by LAFCO in conjunction with the reorganization application. The LAFCO application includes two modifications to the proposed service territory for Rancho Santa Fe FPD, which are identified as Areas 1B and 2 for consistency with the preliminary LAFCO staff report. These areas are included in the proposed resolution in order to eliminate service islands. The parcels are sparsely developed and under both private and public ownership.

At this time, the County Fire Authority has constructed a temporary fire station at the HGV site and is currently providing fire services to the community. The reorganization agreement stipulates that Rancho Santa Fe FPD will begin providing fire protection, prevention and emergency response services out of the temporary fire station on December 31, 2015, and continue until the LAFCO reorganization is complete. The funding for the services will be financed from the existing fund balance within CSA 107, and is not in addition to the negotiated funding.

Today's request is for the Board to approve the terms outlined in the agreement, adopt a Resolution to exchange property tax revenue from the County to the Rancho Santa Fe FPD and establish appropriations of \$725,000 in the CSA 107 Elfin Forest Fire Protection/EMS to allow Rancho Santa Fe FPD to begin providing services in HGV.

Environmental Statement

The proposed property tax exchange does not qualify as a project pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15378(b)(4). The proposed property tax exchange involves government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment. The fire station funding allocation complies with the CEQA and State and County CEQA Guidelines because the project has completed an Environmental Impact Report which was certified by the Board on February 7, 2007 (5), and on file with Planning & Development Services as Environmental Review No. 04-08-011.

Linkage to the County of San Diego Strategic Plan

Today's proposed action to approve the reorganization agreement, adopt a Resolution to transfer future tax revenue and establish appropriations for fire services supports the Safe Communities Strategic Initiative in the County of San Diego's 2015-2020 Strategic Plan by creating logical

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and orderly jurisdictional boundaries that will allow the annexing agency to provide services that support the local economy and are fundamental to a strong vibrant region.

Respectfully submitted,

A handwritten signature in black ink that reads "Sarah Aghassi". The signature is written in a cursive, flowing style.

SARAH E. AGHASSI
Deputy Chief Administrative Officer

ATTACHMENT(S)

Attachment A – Map of Affected Areas

Attachment B – Resolution Regarding Negotiated Property Tax Exchange Relative to Jurisdictional Changes

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AGENDA ITEM INFORMATION SHEET

REQUIRES FOUR VOTES: Yes No

WRITTEN DISCLOSURE PER COUNTY CHARTER SECTION 1000.1 REQUIRED
 Yes No

PREVIOUS RELEVANT BOARD ACTIONS:

February 7, 2007 (5) Harmony Grove Village; June 25, 2008 (1), Improving Fire and Life Safety Services in Unincorporated San Diego County; January 9, 2013 (2), Harmony Grove Village County of San Diego Tract Nos. 5365- 1 through 5365-7: Approval of Final Maps and Secured Agreements for Public and Private Improvements; Meadowood Master Planned Community property tax exchange that was approved by the Board on June 19, 2013 (2)

BOARD POLICIES APPLICABLE:

B-45: Property Tax Exchanges Resulting From Jurisdictional Changes

BOARD POLICY STATEMENTS:

N/A

MANDATORY COMPLIANCE:

N/A

ORACLE AWARD NUMBER(S) AND CONTRACT AND/OR REQUISITION NUMBER(S):

N/A

ORIGINATING DEPARTMENT: Planning & Development Services

OTHER CONCURRENCES(S): Property Tax Services, County Fire Authority, Public Safety Group

CONTACT PERSON(S):

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Exhibit C

TERMS and CONDITIONS

Reorganization of Rancho Santa Fe Fire Protection District
and
CSA No. 107 (Elfin Forest/Harmony Grove)

1. The effective date for Reorganization of the Rancho Santa Fe Fire Protection District and CSA No. 107 (Elfin Forest/Harmony Grove) shall be July 1, 2045 16 or the date of recordation, ~~whichever is later~~ [Government Code Section 56886(p)]
2. Upon the effective date, CSA No. 107 (Elfin Forest/Harmony Grove) shall be dissolved, dis-incorporated, and extinguished; its existence shall be terminated, and all of its corporate powers shall cease. [Government Code Section 56886(k)]
3. Upon the effective date, the Rancho Santa Fe Fire Protection District shall be the successor to CSA No. 107 (Elfin Forest/Harmony Grove) for the purpose of succeeding to all rights, duties, and obligations of providing structural fire protection and emergency medical services within the former service area of the dissolved CSA No. 107 (Elfin Forest/Harmony Grove). It is the intent of the parties that Rancho Santa Fe Fire Protection District will continue the use of volunteers from the Elfin Forest Fire Station. [Government Code Section 56886(r)]
4. ~~Prior to the effective date of Reorganization, the Rancho Santa Fe Fire Protection District shall approve and adopt a Resolution of the San Diego County Board of Supervisors that transfers the negotiated annual exchange of property tax revenue from the County of San Diego to the Rancho Santa Fe Fire Protection District. Prior to issuance of the Certificate of Filing, the County Board of Supervisors shall commence and complete a property tax transfer process, as outlined in Revenue and Taxation Code Section 99 that transfers the negotiated annual exchange of property tax revenue from the County of San Diego to the Rancho Santa Fe Fire Protection District. (Revenue and Taxation Code Section 99)~~
5. ~~Prior to the effective date of Reorganization, the Rancho Santa Fe Fire Protection District shall approve and adopt a Resolution of the County of San Diego Board of Supervisors and shall approve a Memorandum of Understanding (MOU) or reach an agreement that transfers an amount of County General Fund monies, on an annual basis that is sufficient to covering the shortfalls in operating revenue within the to be extinguished CSA No. 107 (Elfin Forest/Harmony Grove), pursuant to the negotiations completed by the County of San Diego and the Rancho Santa Fe Fire Protection District, addressing the following: [Government Code Section 56886(v)]~~

Rancho Santa Fe Fire Protection District Agrees to (RSFFPD):

- Provide all legally required fire protection services for CSA 107 beginning on 1/1/2016.
 - Staff Temp Fire Station beginning 1/1/2016.
 - Meet the provisions for fire services required in accordance with the Harmony Grove Village.
- (HGV) development agreement.
- Pay the County the actual costs for the temporary fire station (estimated \$350,000).

The County of San Diego Agrees to:

- Depending on the time of a potential annexation: Assign to RSFFPD the contract in place with Standard Pacific for construction of the fire station, and provide \$1,831,495 cash contribution toward construction of the fire station.
- Provide a property tax exchange for CSA 107 that would increase from 1.38% to 6.5% of the 1% AB8 revenue for all current and future TRAs within the boundaries of CSA 107 after final annexation approval by LAFCO.
- Provide all special benefit taxes for HGV and EF to RSFFPD.
- Provide the fire portion of the CFD for HGV to RSFFPD.
- Provide all fire related properties and contracts within CSA 107 to RSFFPD, to include: 2 acres of HGV land for fire station (Market Value \$350,000); Elin Forest F Fire Station (Market Value \$724,000); Cell tower at EF (Market Value \$1,150,000); temporary Fire Station at HGV (Market Value \$350,000).
- County will transfer title to the HGV temporary fire station facilities and, depending on the timing of a potential annexation, assign to RSFFPD any existing lease or license of property on which the facilities are located.
- Provide financial consideration to include \$2,500,000 one-time funds; \$762,402 current balance of the CSA 107 trust funds; all future fire mitigation fees within CSA 107, estimated at \$1,079,780 over the next five years; all future cell tower lease revenue.

6. *Prior to* the effective date of Reorganization, the Rancho Santa Fe Fire Protection District and the County of San Diego shall approve a Memorandum of Understanding or other agreement containing a payment schedule and projected payment amounts associated with transferring the fire protection component of funds from the Harmony Grove Community Facility District special tax (CFD 2008-01) to the successor district. [Government Code Section 56886(s-u)]
7. *Prior to* the effective date of Reorganization, the Rancho Santa Fe Fire Protection District and the County of San Diego shall approve a Memorandum of Understanding or other agreement instructing the County to provide the successor district with a fully operational district-approved fire station and district-approved Type I ALS fire engine. The District may, at its discretion, enter into an agreement with the County to accept in-Lieu funds that are sufficient to purchase the district-approved fire apparatus. [Government Code Section 56886(h)]
8. Upon the effective date, all County property of the extinguished CSA No. 107 (Elfin Forest/Harmony Grove), whether real or personal, including lands, facilities, equipment, apparatus, tools, materials and supplies, cash-an-hand, and monies due, fees collected or accrued but uncollected from first responder fees, mitigation fees, or other fees or charges earned as an incidence of providing structural fire protection and emergency medical services shall be transferred to and vested with the Rancho Santa Fe Fire Protection District. [Government Code Section 56886(h)]
9. *Prior to* the effective date of Reorganization, the Rancho Santa Fe Fire Protection District shall approve an inventory of County/CSA No. 107 assets, including real property, which will be transferred to the successor district from the County of San Diego. [Government Code Section 56886(h)]
10. There will be no payment by Rancho Santa Fe Fire Protection District for the acquisition, transfer, use, or right-of-use of any property real or personal, which is transferred from the extinguished District or the County of San Diego to the Rancho Santa Fe Fire Protection District. [Government Code Section 56886(h)]
11. The County of San Diego shall assume obligations of the extinguished district in maintaining ~~mutual aid agreements~~ for ambulance transport services within areas of the successor district that are not included in an ambulance transport service area. [Government Code Section 56886(r)]
12. As successor for providing fire protection and emergency medical services, the County of San Diego has determined that the Rancho Santa Fe Fire Protection District shall be authorized to levy all previously authorize special taxes in Tax Rate Areas (TRAs) of the extinguished CSA No. 107 (Elfin Forest/Harmony Grove) including but not limited to, Fund No. 2901-10 Special Tax for structural Fire in

TRAs: 71001, 71056, 71057, 73224, 74023, 74046, 74118, 74130, 74173, 74228, 76031, 76032, 76033, 76168, 76209, 74008, 74226. [Government Code Section 56886s-u]

13. The ability to levy and collect the special taxes in the aforementioned TRAs is a condition precedent to the annexation of the former territory of CSA No. 107 by Rancho Santa Fe Fire Protection District. [Government Code Section 56886s-u]
14. The Successor Rancho Santa Fe Fire Protection District shall maintain separate accounts for each voter-approved special tax fund. Funds in each account may not be used for any purpose not directly related to activities sanctioned by voters when approving each assessment. [Government Code Section 56886(m)]
15. As of the date of adoption of the Commission's Resolution approving the Reorganization, CSA No. 107 (Elfin Forest/Harmony Grove) is prohibited from taking any of the following actions, unless a finding is made that an emergency situation exists as defined in Section 54956.5 of the Government Code: (Government Code Section 56885.5)
 - (a) Appropriating, encumbering, expending, or otherwise obligating, any revenue of the agency beyond that provided in the current budget at the time the dissolution is approved by the commission.
 - (b) Appropriating, encumbering, expending, transferring, selling, or otherwise obligating, any assets of the agency beyond that provided in the current budget at the time the dissolution is approved by the commission.
16. Notwithstanding Government Code § 57159 (c) and (e), all proper expenses, for an election on the question of the Reorganization of the Rancho Santa Fe Fire Protection District and CSA No. 107 (Elfin Forest/Harmony Grove), which is called because protests sufficient to require an election have been verified, will be paid by the County of San Diego, whether the reorganization is ordered or is terminated. [Government Code Section 56886(v)]
17. *Prior to* the effective date of Reorganization, the County of San Diego will give written notice to North County Dispatch Joint Powers Authority (North Comm) of the intention to terminate the contract for dispatch services to CSA No. 107 (Elfin Forest/Harmony Grove) according to the terms of the Agreement between the County and North County Dispatch Joint Powers Authority. The County of San Diego shall pay all costs related to the termination of the contract with North County Dispatch Joint Powers Authority. [Government Code Section 56886(r)]

18. *Prior to the* effective date of Reorganization, the County of San Diego shall provide an inventory of all contracts and/or leases to the benefit of CSA No. 107 (Elfin Forest/Harmony Grove). The inventory shall provide details concerning terms of each contract/lease and required notices for terminations or extensions. Rancho Santa Fe Fire Protection District shall have the right to accept or reject any or all of the contracts and/or leases. The County of San Diego shall pay any and all costs related to termination of any contracts and/or leases rejected by Rancho Santa Fe Fire Protection District. [Government Code Section 56886(h)]

19. The recordation of the reorganization of the Rancho Santa Fe Fire Protection District and CSA No. 107 (Elfin Forest/Harmony Grove) is conditioned on the initiation of the annexation of all territory within the proposed reorganized boundaries of the Rancho Santa Fe Fire Protection District to CSA No. 17 (San Dieguito Ambulance). [Government Code Sections 56885.5 and 56886(o)]

**RECOMMENDED STATEMENT OF DETERMINATIONS
MUNICIPAL SERVICE REVIEW
RANCHO SANTA FE FIRE PROTECTION DISTRICT**

“Rancho Santa Fe Fire Protection District Reorganization”: Dissolution of County Service Area No. 107 (Elfin Forest / Harmony Grove) and Annexation to the Rancho Santa Fe Fire Protection District (Ref Nos.: RO14-15; SA14-15; SR14-15; MSR13-61; SR13-61; MSR13-84; SR13-84)

The following statement of determinations is prepared pursuant to section 56430 of the Government Code and fulfills LAFCO requirements regarding the affirmation of the service review for the Rancho Santa Fe Fire Protection District. A written statement specifying the functions or classes of services provided by the District and establishing the nature, location, and extent of the functions or classes of District services is on file with the San Diego Local Agency Formation Commission.

(1) Growth and population projections for the affected area.

Efficient provision of public services is linked to an agency’s ability to plan for future needs. MSRs will give LAFCO, affected agencies, and the public the means to examine both the existing and future need for public services and will evaluate whether projections for future growth and population patterns are integrated into an agency’s planning function.

The population within the Rancho Santa FPD is estimated to be 31,419 (SANDAG 2013; 38 square miles; and ISO rating: 4/9 (2010, ISO review underway). Land uses in the Rancho Santa Fe FPD consist of undeveloped and rural residential. The land uses within the Specific Plan Area are characterized as commercial, industrial, village, and semi-rural. County of San Diego (San Dieguito) General Plan land use designations include Residential, Commercial, Industrial and Open Space. There are about 118 proposed projects with development approvals within the Rancho Santa Fe FPD that will result in a potential addition of 428 residential lots; 2 commercial lots; and 54 multi-residential units.

(2) The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.

On March 4, 2013, the San Diego LAFCO approved the SB244 Local Agency Matrix, which references the status of disadvantaged unincorporated communities for each city and affected special district. A disadvantaged unincorporated community is defined as an unincorporated area, containing at least 12 registered voters, where the annual median household income is 80 percent or less of the statewide annual median household income. As of July 1, 2012, a qualifying disadvantaged unincorporated community had an annual median household income of \$46,166 or less. These determinations have not changed.

(3) Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewer, municipal and industrial water, and structural fire protection in any disadvantaged unincorporated communities within or contiguous to the sphere of influence.

On March 4, 2013 the San Diego LAFCO adopted Statements of Determinations for disadvantaged unincorporated communities associated with Rancho Santa Fe FPD.

(4) Financial ability of agencies to provides services

Property tax, special benefit tax, and Mello-Roos Community Facilities District Revenue represent the primary funding sources within CSA No. 107 which will be transferred to Rancho Santa Fe FPD as part of the Rancho Santa Fe FPD / CSA No. 107 reorganization proposal. LAFCO staff determined that there will be a projected deficit (operating shortfall), ranging from \$2.2 million in FY 2014-15 to \$1.9 million in FY 2018-19. The deficit is associated with the addition of one new professionally staffed fire station to serve the Harmony Grove Village project area and the upgrade of the existing station in Elfin Forest and Harmony Grove. These shortfalls are projected regardless of whether the proposed reorganization occurs because insufficient revenue is available as the result the financing mechanisms approved by the County for the Harmony Grove Village project. A reorganization agreement was reached between the County and Rancho Santa Fe FPD which addresses the deficit and consists of the following transfers: property tax revenue, one-time funds, property assets, and lease revenue to the Rancho Santa Fe FPD with an estimated value of approximately \$7 million dollars.

(5) Status of, and opportunities for, shared facilities.

The Rancho Santa Fe FPD operates within Region VI of the State Master Mutual Aid Agreement. The FPD also operates within a boundary drop agreement with all North Zone fire agencies and maintains automatic agreements with the Cities of Carlsbad, Del Mar, Encinitas, Escondido, San Diego, and Solana Beach.

The existing Elfin Forest / Harmony Grove fire station will continue to be staffed with volunteer staff until permanent funding has been established to adequately maintain a higher level of service through the collaborative efforts between Rancho Santa Fe FPD and CSA No. 107. A Battalion Chief will be assigned to both fire stations (Elfin Forest / Harmony Grove and Harmony Grove Village).

(6) Accountability for community service needs, including governmental structure and operational efficiencies.

The proposed reorganization of the Rancho Santa Fe Fire FPD and CSA No. 107 is a component of a long-range plan and sphere study LAFCO formulated nearly 30 years ago. That plan involved placing CSA No. 107 within Rancho Santa Fe FPD's sphere and the designation of a transitional (zero) sphere for the CSA. These sphere designations were intended to provide the impetus for the two agencies to cooperatively work towards a reorganization that would place all of the CSA No. 107 service area within the boundaries of the Rancho Santa Fe FPD. The Rancho Santa Fe FPD will

extend the same type of services it currently provides to district residents to the reorganization territory, as authorized under the Health and Safety Code Section 13862: fire protection; rescue services; emergency medical services; hazardous material emergency response; ambulance services; and other services relating to the protection of lives and property. All fire prevention, inspection, fuel management, weed/brush abatement, and code enforcement, education, and outreach services will be provided by the FPD. The Rancho Santa Fe FPD will work with the community, county, state, and federal agencies to provide a community protection plan.

(7) Any other matter related to effective or efficient service delivery, as required by commission policy.

Additional matters related to effective or efficient service delivery as required by commission policy are not necessary in considering this MSR.

**RECOMMENDED STATEMENT OF DETERMINATIONS
PROPOSED AMENDMENT TO THE SPHERE OF INFLUENCE OF THE
RANCHO SANTA FE FIRE PROTECTION DISTRICT**

“Rancho Santa Fe Fire Protection District Reorganization”: Dissolution of County Service Area No. 107 (Elfin Forest / Harmony Grove) and Annexation to the Rancho Santa Fe Fire Protection District (Ref Nos. RO14-15; SA14-15; SR14-15; MSR13-61; SR13-61; MSR13-84; SR13-84)

The following statement of determinations is prepared pursuant to Section 56425 of the Government Code for the review, update, and adoption of a sphere of influence amendment for the Rancho Santa Fe Fire Protection District (FPD). Refer to Map A for the sphere amendment territory. A written statement specifying the functions or classes of services provided by CSA No. 107 establishing the nature, location, and extent of the functions or classes of District services is on file with the San Diego Local Agency Formation Commission. This written statement will be transferred from County Service Area No. 107 to Rancho Santa Fe FPD as the successor agency.

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

The County of San Diego has jurisdiction over land use and planning matters within the unincorporated San Dieguito Community Planning Area. All land use decisions concerning sphere territory would be guided by the County General Plan. Prevalent land uses in Rancho Santa Fe FPD’s service area encompass 38 square miles and are characterized as: undeveloped; rural residential; Specific Plan Area; commercial; industrial; village; and semi-rural. County of San Diego (San Dieguito) General Plan designations include: Residential; Commercial; Industrial; and Open Space. There are about 118 proposed projects with development approvals within the Rancho Santa Fe FPD that will result in a potential addition of 428 residential lots; 2 commercial lots; and 54 multi-residential units. The proposed sphere update and amendment would not affect agricultural and open space land uses.

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

The proposal area receives fire protection; fire suppression; vegetation management; search and rescue; hazardous material emergency response; and ambulance service by CSA No. 107 as authorized by Govt. Code § 25213(b). CSA No. 17 provides advanced life support (ALS) ambulance transport services within the cities of Del Mar, Encinitas, and Solana Beach; City of San Diego communities of Del Mar Heights and Del Mar Terrace; and the unincorporated communities of Rancho Santa Fe, 4-S Ranch, and a portion of Elfin Forest. The proposed sphere amendment and annexation to the Rancho Santa Fe FPD will extend the same type of services it currently provides to district residents to the reorganization territory, as authorized under the Health and Safety Code Section 13862: fire protection; rescue services; emergency medical services; hazardous material emergency response; ambulance services; and other services relating to the protection of lives and property.

The Rancho Santa Fe FPD proposes to provide one full time, Type I engine company with minimum staffing of (3) personnel, with a minimum of at least one of the personnel licensed as a paramedic and accredited to work in San Diego County. The engine will be staffed with a qualified supervisor, certified driver, and one firefighter and will be located in the new Harmony Grove fire station located within the Harmony Grove Village. The Rancho Santa Fe FPD will provide one combination, Type I engine company with minimum staffing of (3) personnel, with a minimum of one licensed paramedic and accredited to work in San Diego County. The engine will be staffed with a qualified supervisor, certified driver, and one volunteer firefighter. This engine will be located in the current Elfin Forest/Harmony Grove fire station, located at: 20223 Elfin Forest Road.

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

Rancho Santa Fe FPD is authorized to provide the following services: fire protection; rescue services; emergency medical services; hazardous material emergency response; ambulance services; and other services relating to the protection of lives and property as authorized under the Health and Safety Code. Upon reorganization with CSA No. 107, the Rancho Santa Fe FPD will continue to operate as a fire protection district under the Health and Safety Code. CSA No. 107 is responsible for providing fire protection; fire suppression; vegetation management; search and rescue; hazardous material emergency response; and ambulance service as authorized by Govt. Code § 25213(b). CSA No. 17 provides advanced life support (ALS) ambulance transport services within the cities of Del Mar, Encinitas, and Solana Beach; City of San Diego communities of Del Mar Heights and Del Mar Terrace; and the unincorporated communities of Rancho Santa Fe, 4-S Ranch, and a portion of Elfin Forest.

(4) The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.

Social and economic communities of interest are not relevant in considering this sphere amendment.

(5) For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision (g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

Based on the 2010 median household income data from the U.S. Census Bureau, the proposal area includes a disadvantaged unincorporated community (DUC). More than half of the territory within CSA No. 107's service boundary is considered a DUC. The proposed sphere amendment and annexation will include the DUC territory in the reorganization proposal. Additionally, this issue has been addressed by the Commission in the SB 244 Local Agency Matrix and implementation plan approved by the Commission on March 4, 2013.