



**Chairman**

Bill Horn  
County Board of  
Supervisors

November 7, 2016

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**Vice Chairman**

Sam Abed  
Mayor  
City of Escondido

TO: Local Agency Formation Commission

FROM: Executive Officer  
Local Governmental Analyst

**Members**

Dianne Jacob  
County Board of  
Supervisors

SUBJECT: San Diego LAFCO East County Fire Protection Committee and Stakeholder Committee Status Report

Andrew Vanderlaan  
Public Member

Lorie Zapf  
Councilmember  
City of San Diego

There has been significant progress to report regarding the two conflicting proposals submitted by the San Miguel Consolidated Fire Protection District (FPD) and Lakeside FPD to reorganize CSA No. 115 (Pepper Drive). In the last two months, several milestones were completed; moving both proposals forward using a joint application processing approach. This report will summarize those milestones as well as outline future activities that will be completed by the applicants, the newly-created ad hoc committees, and LAFCO staff.

Lorraine Wood  
Councilmember  
City of Carlsbad

Jo MacKenzie  
Vista Irrigation District

Ed Sprague  
Olivenhain Municipal  
Water District

**Alternate Members**

**SEPTEMBER HIGHLIGHTS**

Greg Cox  
County Board of  
Supervisors

Following the two initial meetings conducted by LAFCO staff in July and August, which led to the formation of a stakeholder committee consisting of representatives from both fire districts and San Diego LAFCO, two additional committee meetings took place in the month of September. A complete roster of the stakeholder committee is included as Attachment A. Below is a summary of key accomplishments that occurred during the September 26 meeting:

Chris Cate  
Councilmember  
City of San Diego

Racquel Vasquez  
Councilmember  
City of Lemon Grove

Harry Mathis  
Public Member

Judy Hanson  
Leucadia Wastewater  
District

- Appointment of Supervisor Dianne Jacob as the ad hoc committee's Chairperson and Commissioner Jo MacKenzie as the Vice Chair;
- Review and acceptance of the draft resolution and budget impact report establishing the ad hoc committee; and
- Tour of Lakeside FPD's and San Miguel Consolidated FPD's former and new fire station sites.

**Executive Officer**

Michael D. Ott

**Legal Counsel**

Michael G. Colantuono

## **OCTOBER HIGHLIGHTS**

At the October 3<sup>rd</sup> hearing, the Commission ratified the resolution establishing the San Diego LAFCO East County Fire Protection Committee: a temporary ad hoc committee consisting of Commissioners Vanderlaan, MacKenzie, Sprague, and Supervisor Jacob. Its purpose is to examine the two competing applications and identify the LAFCO budgetary impacts associated with conducting associated service and financial analysis. As part of the committee establishment, an estimated \$100,000 mid-year budget adjustment was also considered and approved by the Commission. These earmarked funds may be necessary in order to complete a thorough financial and service review of the two reorganization proposals. Any further adjustments to the budget allocation will be brought back to the Commission for consideration.

LAFCO staff also hosted a joint meeting with the stakeholder and ad hoc committees after the regularly scheduled Commission hearing to discuss key elements of the proposed reorganizations including:

- Evaluating the proposed CSA No. 115 split annexation alternative option;
- Reviewing the boundaries of the new proposed reorganization to identify the respective portions of CSA No. 115 will be annexed to each district;
- Identifying issues that need to be addressed through terms and conditions;
- Evaluating the adopted four-way contract with the County of San Diego and East County fire agencies; and
- Recognizing other budgetary items (e.g. public notifications) that may affect the recently approved mid-year budget adjustment.

The roundtable meeting approach allowed LAFCO staff to address the various factors and issues associated with the complexity of the proposed reorganizations while fully utilizing the expertise and knowledge from the stakeholder and committee members. County Program Manager Herman Reddick and Fire Chief Tony Mecham are scheduled to be added to the stakeholder committee on December 5, 2016.

## **UPCOMING ACTIVITIES**

The next primary task for LAFCO staff, as an independent agency and neutral participant in this matter, is to conduct a thorough financial review of the San Miguel Consolidated FPD and Lakeside FPD. The comprehensive independent financial report will be completed in a two-part process. The first report will analyze the fiscal health and overall financial performance of each district during the last five years. Adopted budgets and audited financial statements have already been submitted by both fire districts. LAFCO staff expects the report will be ready for committee consideration during its December 5<sup>th</sup> meeting. A more technical, forecasted financial evaluation will occur in 2017 and will focus

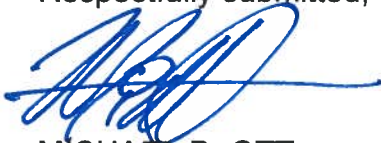
on the in-depth factors currently affecting the short and long-term operations of the fire districts. Specifically, this secondary report will address such factors as the (1) contract termination between Cal Fire and San Miguel Consolidated FPD; (2) cost avoidance opportunities; (3) revenues and expenses associated within CSA No. 115; and (4) long-term liabilities including but not limited to retirement and pension costs. The second financial report is scheduled to be completed by early Spring of 2017.

Other areas that will be evaluated by LAFCO staff in the next couple of months include the terms and conditions listed in the joint letter signed by both district board presidents; other governmental options discussed by committee during its October meeting; addition of new stakeholder members including representatives from the Cities of El Cajon and Santee; and other relevant issues such as the Heartland Joint Powers Agreement and applicability of Senate Bill 239 in relation to the proposed CSA No. 115 reorganization.

## **CONCLUSION**

Due to the complexity of the proposed reorganization, LAFCO staff anticipates a 9-12 month timeframe before the applications are ready for Commission consideration. During this time, the ad hoc committee has agreed to participate in approximately 4 to 6 more meetings to provide valuable feedback. Agendas, supporting documents, or other additional information on past and future meetings will be available electronically on LAFCO's designated CSA No. 115 webpage – [http://sdlafco.org/Webpages/csa\\_115\\_reorg.htm](http://sdlafco.org/Webpages/csa_115_reorg.htm). Hard copies of all documents are available upon request. Further updates will be provided to the Commission, as necessary.

Respectfully submitted,



MICHAEL D. OTT  
Executive Officer



JOE A. SERRANO  
Local Governmental Analyst

MDO:JS:eb

## **Attachment A**

Stakeholder and Ad hoc Committee Roster

**SAN DIEGO LAFCO EAST COUNTY FIRE PROTECTION COMMITTEE  
AND STAKEHOLDER COMMITTEE ROSTER  
AS OF NOVEMBER 7, 2016**

**EAST COUNTY FIRE PROTECTION COMMITTEE:**

Dianne Jacob (Chair/County Supervisor)

Jo MacKenzie (Vice-Chair/Special District Member)

Ed Sprague (Special District Member)

Andy Vanderlaan (Public Member)

**STAKEHOLDER COMMITTEE:**

Darrin Howell (San Miguel Fire Chief)

Theresa McKenna (San Miguel Board President)

Jim Ek (San Miguel Board Member)

Scott Walker (Lakeside Interim Fire Chief)

Don Butz (Lakeside Proposed Fire Chief)

Bob Robeson (Lakeside Board Member)

Jim Bingham (Lakeside Board Member)

Herman Reddick (San Diego County Fire Authority)

Tony Mecham (CALFIRE)

**LAFCO STAFF:**

Executive Officer Mike Ott

Local Governmental Analyst Joe Serrano

Local Government Consultant John Traylor

LAFCO Consultant Rich Miller

Administrative Assistant Erica Blom