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TO: Local Agency Formation Commission

FROM: Executive Officer
Local Governmental Consultant

SUBJECT: Adoption of an Amendment for a Transitional (zero) Sphere of Influence for the San Diego Rural Fire Protection District and an Amendment to the Service-Specific Sphere of Influence for CSA No. 135 (San Diego Regional Communications / Fire Protection) to Include Territory Formerly within the Rural FPD Ref. Nos.: SA14-10(a); SA14-10(b)

Proposed "Dissolution of San Diego Rural Fire Protection District" Ref. No.:DT14-10

"Expansion of Latent Powers of County Service Area No. 135 (San Diego County Regional Communications System / Fire Protection) to provide structural fire protection and emergency medical services within the service-specific area" Ref. No.: LP(F)14-10

EXECUTIVE SUMMARY

The proposed dissolution of the Rural Fire Protection District (FPD) is linked to a LAFCO reorganization plan for Structural Fire Protection and Emergency Medical Services (EMS) in Unincorporated San Diego County. This plan was approved by the Commission and transmitted to the Board of Supervisors in December 2007. In January 2008, the Board evaluated the LAFCO reorganization plan with respect to a *County Fire Enhancement Program* and services provided by state, local and volunteer fire protection organizations. On June 25, 2008, the Board approved a *Hybrid Plan* to improve emergency services to be administered under the *County Fire Enhancement Program* and San Diego County Fire Authority (SDCRFA). The Hybrid Plan incorporates many of the jurisdictional elements of the LAFCO reorganization plan, and relies on County Service Area (CSA) No. 135 to provide governance for services provided in unincorporated territory.

The Hybrid Plan initially preserved local control by layering a county administrative function over existing organizations. In subsequent years, the Hybrid Plan has evolved using a stepped process consolidating a number of individual dependent County Service Areas and independent fire protection districts.

Service under the Hybrid Plan has and will be provided primarily by State CAL FIRE contractors augmented by volunteer operations—also under contract to the County. The proposed dissolution of the Rural and Pine Valley FPDs represents the third step of a multi-year implementation plan that integrates paid and volunteer providers into a regional plan. Contracts for service under the Hybrid Plan is sole-sourced under a provision in Board Policy that exempts the organization from competitive procurement practices. The Hybrid Plan will be annually funded with discretionary allocations from the County General Fund. With the recent dissolution of multiple CSAs and the proposed dissolution of Rural and Pine Valley FPDs, funding has now been expanded to include a small portion of predecessor district property tax and special tax/assessment revenue.

Table 1

Affected Organizations	
	County Hybrid Plan
Volunteer Companies	
De Luz Heights VFD	Step I
Inter-Mountain Fire-Rescue VFD	Step I
Ocotillo Wells VFD	Step I
Ranchita Fire-Rescue VFD	Step I
Shelter Valley VFD	Step I
Sunshine Summit VFD	Step I
Warner Springs VFD	—
Special Districts	
CSA 109 (Mt. Laguna)	Step II
CSA 110 (Palomar Mtn)	Step II
CSA 111 (Boulevard)	Step II
CSA 112 (Campo)	Step II
CSA 113 (San Pasqual)	Step II
Pine Valley FPD	Step III
San Diego Rural FPD	Step III

In approving the Hybrid Plan in 2008, the Board of Supervisors created the San Diego County Regional Fire Authority (SDCRFA) as a zone of CSA No. 135. The Hybrid Plan has been incrementally introduced and implemented into the SDCRFA in three distinct steps. Refer to Table 1. LAFCO recently approved the dissolution of CSA Nos. 109, 110, 111, 112, and 113 in 2011, and is scheduled to consider the dissolution of the Rural and Pine Valley FPDs in 2015. LAFCO staff will be coordinating with County staff regarding future potential reorganizations that may further expand the Hybrid Plan in the future. Potential reorganizations may involve the Julian-Cuyamaca FPD, and a number of island areas located within the structural fire protection and EMS service area of CSA No. 135. Other potential reorganizations that may or may not involve CSA No. 135 include CSA No. 115 (Pepper Drive) and CSA No. 107 (Harmony Grove).

provided by six volunteer companies and Fire Enhancement Program-funded contracts with State CAL FIRE stations. Following activation of latent powers, the County continued to contract with CAL FIRE and additionally contract with volunteers to provide structural fire and EMS service within the greater part of Step I. In areas, which are outside the range of volunteer and CAL FIRE contract operations, the County has arrangements for services with surrounding agencies to provide coverage.

Step I, included approximately 942,818 acres where emergency services were at the time

Step II—presented to and approved by the for 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 has waived an approximate \$154,000 LAFCO processing fee for Step II.

Step III—presented herein, if implemented, was originally scheduled to be initiated in 2012, but was delayed for various reasons between the County and subject agencies. If approved Step III will expand the latent powers area to include the remaining 490,136 acres of the SDCFA and reorganize the Pine Valley and San Diego Rural FPDs under CSA No. 135. The Hybrid Plan also specifies that the Julian-Cuyamaca FPD, which opted out of the SDCFA, will be able to reconsider district options when Step III is initiated. The intent of the Step III jurisdictional

changes is to strengthen the command structure within the SDCFA and ensure the long-term viability of fire protection services in the unincorporated communities of the Rural and Pine Valley FPDs. The approximate amount of LAFCO processing fees waived for Step III was capped at \$125,000.

Description of Proposal

This proposal covers two jurisdictional changes of organization: (1) Dissolution of San Diego Rural Fire Protection District (referred to as Rural FPD) and (2) Expansion of Latent Powers of County Service Area No. 135 to provide structural fire protection and emergency medical services within the territory of the dissolved FPD. The dissolution of the Rural Fire Protection District was initiated by Resolution No. 2014-2, adopted on a 4 to 1 vote, by the Board of Directors of the FPD on June 3, 2014 to comply with a June 20, 2013 Agreement with the County of San Diego. The Agreement required the Rural FPD to file a dissolution application with LAFCO by June 30, 2014. A dissolution application was accordingly filed with LAFCO on June 26, 2014 to satisfy terms of this agreement.

Terms of the agreement also require the County to contract with the State for CAL FIRE (A-4142) services within the Rural FPD through June 30, 2015 with possible extensions, as long as the FPD initiated necessary steps for dissolution. The Rural FPD has accordingly complied with this initiation requirement.

The Rural FPD has proposed that the effective date of the dissolution be June 30, 2015; however, this effective date could not be achieved, because a negotiated exchange of property tax revenues did not occur until after the LAFCO docketing period for the July 6, 2015 Commission hearing. The terms and conditions of the proposed dissolution have been modified accordingly to reflect a subsequent effective date.

The Resolution of Application incorporates terms and conditions that require County Service Area (CSA) No. 135 to succeed to all rights, duties, and obligations of the dissolved district and, as successor agency, to continue to provide services within the territory of the dissolved district at defined levels. Most of the Rural FPD's original terms and conditions for dissolution were developed in consultation with County staff. However, of the terms and conditions required further development and modification to achieve compliance with provisions in State Law. Rural FPD's legal staff were very responsive to LAFCO staff and there is agreement between the two staffs and County staff regarding the modifications recommended by LAFCO staff. Although not included in Rural FPD's original terms and conditions, LAFCO staff informed the subject agencies that the proposed dissolution would need to be cross conditioned on the County of San Diego initiating, and LAFCO's completion, of a parallel application for the latent powers expansion of CSA No. 135 structural fire protection and emergency medical services. This parallel application is commonly referred to as a latent powers proposal under Government Code Sections 56050.5 and 56425(i). Under requirements of Government Code Section 56824.12, the latent powers expansion proposal can only be initiated by the County of San Diego, as subject agency. The CSA No. 135 latent powers proposal was accordingly initiated by the County Board of Supervisors on October 21, 2014 and submitted to LAFCO on November 7, 2014.

Agency Profile

Rural FPD

The Rural FPD was formed in 1983 following the failure of two ballot measures to create and fund a fire district over the entire unincorporated area. The Rural FPD was formed without an election because sufficient petition signatures to propose the district formation were gathered and an assessment was not proposed. The formation of the Rural FPD consolidated 12 volunteer fire companies. The Jamul fire station emerged as district headquarters and was staffed with career firefighters. As a post-Proposition 13 agency, the Rural FPD was not entitled to impose a property tax rate; however, the Board of Supervisors voluntarily transferred an increment of County property tax to the FPD; district voters subsequently approved special assessments over a period of years within a number of FPD sub-areas. In 2005, a CAL FIRE presence was initiated within the FPD under the County Fire Enhancement Program. The Jamul station was staffed with contract CAL FIRE personnel and staffing at other FPD stations was enhanced. In 2005, a new station at the George Bailey Detention Facility, on the district's western periphery, was staffed with contract CAL FIRE personnel. Today, the FPD is responsible for providing structural fire protection and prevention, and emergency medical services at the advanced life support level (ALS). The County/FPD Agreement provides for additional paramedic service to be implemented in 2015 at Rural FPD stations in Lake Morena and Descanso. Terms and Conditions of the District's proposed dissolution specify that the successor agency must provide services within the territory of the dissolved district per the Plan for Services adopted by the County of San Diego. Per the adopted Plan for Services, staffing will continue at the same or better level. Four stations within the FPD are staffed by two CAL FIRE career firefighters daily. Staffing goals for volunteer stations currently consist of two reserve volunteers and one community volunteer per engine. This goal and funding for career staffing is in the County's contract with CAL FIRE, and will remain in place after the LAFCO process is completed. Currently paramedic service is provided out of two career fire stations (Otay and Jamul). Paramedic service is proposed for the Lake Morena and Descanso Fire Stations. There will be no changes to the level of paramedic service resulting from the proposed jurisdictional changes.

The Rural FPD population is estimated to be 25,768 (SANDAG Population Estimates, 2013); Registered Voters: 11,637 (2014); Acres / Square miles: 445,676 acres; 696.37 sq. mi.; and ISO rating: 5/9. Prevalent land uses are characterized as: undeveloped; Rural; Public Agency; General Plan designations: Semi-Rural; Residential; Rural; Public Agency; Agriculture; Indian Reservation.

County Service Area No. 135

County Service Area (CSA) No. 135 was originally formed in 1994 to provide funding and administration for a district-wide regional communications system. CSA No. 135 supports an 800 MHz communications system for public safety personnel in San Diego County. The CSA boundary includes unincorporated San Diego County and 10 cities; additional cities and organizations contract for regional communications services. Fiscal and operational oversight has been delegated to a member-agency Advisory Board. The communications system is staffed by the Sheriff's Department. CSA No. 135 operates under the principal act contained in Government Code § 25210 et seq.

In October 2008, CSA No. 135 was authorized by LAFCO to provide structural fire protection services as a latent power within a restricted area. The San Diego County Regional Fire

Authority (SDCFA) was also established by county ordinance in 2008 to cover approximately 1.5 million acres in unincorporated San Diego County. The CSA No. 135 fire protection and EMS latent powers area represents approximately 60 percent of the SDCFA land area. Activation of latent powers fulfilled Step I of a three-part county plan to extend fire protection services throughout the SDCFA. Step II of the plan was approved by LAFCO on December 5, 2011 that expanded the latent powers area by about 136,932 acres. This latent powers proposal resulted in the concurrent dissolution of five CSAs (CSA Nos. 109, 110, 111, 112, and 113). Services within the latent powers area are provided through contracts with CAL FIRE and volunteer fire companies; funding is provided by a small share of property taxes/special taxes from predecessor districts and through the County Fire Enhancement Program. LAFCO approved a sphere-of-influence for the latent powers area in 2008 that is coterminous with the restricted fire protection service area. The population within the fire protection and EMS portion of CSA No. 135 is 12,227 (5,702 registered voters) and the acreage within this part of the CSA is 921,514. The most recent ISO rating is 4/10.

Governance

The Rural FPD is governed by a five-member independent Board of Directors. Directors are elected at-large to serve staggered four-year terms. CSA No. 135 is governed by the Board of Supervisors. Terms and Conditions of the proposed dissolution specify that Rural FPD directors in office at the time of dissolution will serve out their remaining terms of office as CSA No. 135 Fire advisory board members. Fire advisory board by-laws were developed in cooperation with county staff and are in apparent compliance with County Policy No. A-74: County Boards, Commissions and Committees.

Dispatch

Dispatch service within the Rural FPD is currently provided by CAL FIRE from the CAL FIRE San Diego Unit Monte Vista station; 2249 Jamacha Road, El Cajon, CA 92109. Upon district dissolution, the County of San Diego, as successor agency, will determine whether changes or amendments to existing CAL FIRE dispatch agreements will be required. The Rural FPD currently provides paramedic service at the Advanced Life Support (ALS) level via its stations in Jamul and Otay. The County/District Agreement provides for additional paramedic service to be implemented at district stations in Lake Morena and Descanso in 2015. The District's proposal for dissolution does not include changes to paramedic services; however, proposed terms and conditions specify that the successor agency needs to provide services within the territory of the dissolved district per the Plan for Services adopted by the County of San Diego.

Employees

The Rural FPD reports that it currently has 8 paid personnel; 0 paid reserves; 0 non-paid reserves; and 2 administrative / support (non-safety) employees. These figures will likely change in the upcoming months and needs to be updated prior to the LAFCO hearing on the proposal(s). The FPD has proposed that the successor agency honor any MOU and Agreement relating to Rural FPD personnel. Terms and conditions adopted by the FPD also propose the transfer of current Rural employees to the successor agency. The County, as successor agency, would determine whether additional personnel would be required to provide services at the same or increased levels within the proposal territory. CSA No. 135 has 0 paid personnel; 25-53 paid (daily) reserves; 0-10 non-paid (daily) reserves; and 13 administrative/support staff.

Dissolution of Rural FPD will create approximately \$2.6 to 3.9 million in new retirement liability, according to the FPD and CalPERS. On June 23, 2015 the County of San Diego allocated \$3.2 million to cover this liability. CalPERS has stated that its final valuation of retirement liability will likely be more than its preliminary valuation because the preliminary valuation was based on a discount rate (3.10%) that is higher than expected to be used for the final valuation. The specific amount will be calculated by CalPERS based on the Rural FPD's selection of a frozen or unfrozen method of determining retirement benefits. Plan liability for termination purposes is calculated differently compared to the plan's ongoing funding liability. Based on the frozen method of determining plan termination liability, the liability for both compensation and service is frozen as of the valuation date and no future pay increases or service accruals are included in the calculations. For an unfrozen liability determination, an estimate is made based upon future pay increases and service accruals for members.

Rural FPD contracts with CalPERS for retirement benefits for qualifying Rural employees. CalPERS utilizes a *pay-go* system that amortizes future costs to current and future payments. Rural has made all payments to CalPERS in accordance with the CalPERS payment schedule and is in good standing in regards to funding current retirement accounts. Under the pay-go system, CalPERS payments continue into the future to fund future benefits. CalPERS requires termination of the contract accompanied by pre-payment to fully fund the future liability to provide continued benefits to current district retirees and to provide future benefits to district employees who are vested in the plan. CalPERS requires Rural to approve a *Resolution of Termination* 12 months prior to the proposed July 1, 2015 effective date for dissolution. If the recording date of a LAFCO is later than July 1, 2015, the effective date of dissolution would be the later date.

It should be noted that CalPERS made an initial estimate of \$400,000 for the cost of fully funding the on-going retirement obligations; however, subsequent estimates have increased considerably and CalPERS indicated that estimates could exceed \$3.9 million before the District is dissolved. As of June 23, 2015, a more precise estimate was obtained from the Rural FPD and CalPERS, and \$3.2 million was accordingly allocated by the County Board of Supervisors to cover this one-time payment. The FPD is working with staff from the County and CalPERS to more fully determine the fiscal impact associated with dissolution. CalPERS has been asked to provide detailed information about current Rural retirees and explain the metrics for forecasting future benefit costs. This information has not been provided to the Rural FPD or County of San Diego as of the date of this preliminary staff report. The Rural FPD believes that the terms and conditions of the dissolution cannot be satisfied until the retirement liability issue has been resolved.

Successor Obligations

Terms and conditions of the proposed dissolution designate the County of San Diego, performing as fire protection and emergency service provider within a restricted latent powers area of CSA No. 135, as successor to Rural FPD for the purpose of succeeding to all rights, duties and obligations of the extinguished District. All Rural FPD assets, including discretionary and restricted revenues and reserve funds would transfer to the County.

Presumably, unrestricted funds could be used by the County to discharge the CalPERS debt discussed above. In FY 2012-13, the Rural FPD received about \$625,120 in property tax revenue and \$245,892 in discretionary funds (e.g., contract, grant, other, and developer agreement revenue). Discretionary funds are deposited in the General Fund and budgeted for district-wide expenses. If CalPERS liability exceeds the amount of district-wide operating funds plus unrestricted reserves, then the County of San Diego, as successor agency, will likely be

responsible for whatever additional funds are necessary to fully fund the future liability for providing continued benefits to current district retirees and future benefits to district employees who are vested in the plan.

The County of San Diego/Rural FPD and CalPERS will need to provide documentation to LAFCO staff that pre-payment has occurred prior to recordation of the proposed dissolution and expansion of latent powers. This matter can be addressed in the terms and conditions for both the dissolution and latent powers application. Documentation that the obligation has been satisfied will be included in exhibits attached to the resolution(s) approving the proposed dissolution and expansion of latent powers.

Finance

Property tax revenue is the primary funding source for district-wide operations within the Rural FPD. According to San Diego County Auditor and Controller records for FY 12-13, revenue owed to Rural FPD from secured, state unitary, and unsecured property taxes amounted to \$630,874. District Financial Statements for the same period document the receipt of \$625,120 in property tax revenue.

Fees and other miscellaneous revenue sources for FY 12-13 amounted to \$245,892 that supported are minor contributors to the General Fund that support district-wide operations. Voter-approved special assessments within three Community Facilities Districts (CFDs) and six Community Service Zones (CSZ) provide revenue for enhanced services and capital acquisitions; however, CFD and CSZ revenue is restricted solely to the support of services within the boundary of each assessment area and cannot be factored into a ratio of revenue sources available for district-wide operation. FY12-13 special tax revenue accounted for \$853,471. Refer to Table 2.

Beginning in 2005, the County of San Diego has funded increased fire protection and emergency medical services within the District -- initially through a County *Enhancement Program*, and since 2008, through the County Department of Public Safety budget. In FY 2013-14, the County allocated \$3.2 million for CAL FIRE Schedule A-4142 contracts at four Rural FPD stations; in FY 2014-15 \$4,380,664 was allocated; and in FY 2015-16 \$5,866,160 has been allocated. Early county funding was in the form of grants that temporarily inflated the District's reportable revenue and created an anomaly in revenue records that overstated Rural's general purpose revenues for subsequent years by more than \$1 million.

The County has revised the manner in which it subsidizes CAL FIRE services in the unincorporated area. Rural FPD and other recipient agencies do not have oversight over County monies that support fire and emergency services. Pursuant to the County/District Agreement, the County ensures the presence of CAL FIRE in Rural FPD by direct contracting with CAL FIRE. County funding is not conveyed to Rural for district administration, but remains under county control. Therefore, the \$3.2 million for the FY 2013-14 CAL FIRE contract did not represent a revenue source for the FPD. Likewise, funding for County volunteer programs that may function within the District and appropriations for county equipment that may be utilized within Rural remain with the County and are not transferred to the District to become part of the Rural budget.

The FPD maintains three CFDs and six CSZs that would transfer to the successor agency. Special taxes would continue to be collected and expended according to State Law and to terms and conditions of the proposed dissolution, which require that special taxes, assessments, or fees, which are intended for the sole support of services within a discrete boundary, shall be

levied and expended only within respective boundaries and only for the intended purpose of the special tax. Table 2 below shows assessment revenue based on FY 2012-13 data.

Table 2

Fund No.	Description	Parcels	Assessment Revenue
3148-15	CFD93-1	10	\$ 128,254.68
2148-19	CFD04-01	29	\$ 10,409.86
3148-22	CFD09-01	9	\$ 252,931.42
3148-03	Descanso Service Zone	1,060	\$ 56,350.00
3148-04	Dulzura Service Zone	206	\$ 12,300.00
3148-05	Tecate Service Zone	611	\$ 2,200.00
3148-07	Potrero Service Zone	279	\$ 15,700.00
3148-11	Jacumba Service Zone	298	\$ 16,975.00
3148-18	Rural West Service Zone 3	185	\$ 358,350.00
TOTAL			\$ 853,470.96

Plan for Services

Whenever a local agency submits a resolution of application for a change of organization, the local agency must prepare and submit a standard Plan for Services within the affected territory per Government Code Section 56653. The plan for services must address whatever is requested by the Executive Officer, plus the following: an enumeration and description of the services to be extended to the affected territory; level and range of those services; an indication of when those services can feasibly be extended to the affected territory; an indication of any improvement or upgrading of structures/facilities; information with respect to how those services will be financed. A Plan for Services was adopted by the Board of Supervisors on October 21, 2014. This plan will be subject to recordation along with other documents associated with the proposal to dissolve the Rural FPD and expansion of CSA No. 135's latent powers to provide structural fire protection and Emergency Medical Services.

In addition, if the change of organization involves the exercise of new or different functions/services per Government Code Section 56824.12, the following supplemental cost and service provider information must also be furnished by the applicant: total estimated cost to provide the new or different function or class of services within the special district's jurisdictional boundaries; estimated cost of the new or different function or class of services to customers within the special district's jurisdictional boundaries. The estimated costs may be identified by customer class; an identification of existing providers, if any, of the new or different function or class of services proposed to be provided and the potential fiscal impact to the customers of those existing providers; a written summary of whether the new or different function or class of services or divestiture of the power to provide particular functions or classes of services, within all or part of the jurisdictional boundaries of a special district, pursuant to subdivision (b) of Section 56654, will involve the activation or divestiture of the power to provide a particular service or services, service function or functions, or class of service or services; a plan for financing the establishment of the new or different function or class of services within the special

district's jurisdictional boundaries; alternatives for the establishment of the new or different functions or class of services within the special districts.

When the County of San Diego initiated the expansion of structural fire protection and emergency medical services within CSA No. 135, it adopted the below standard and supplemental plan for services per Government Code Sections 56653 and 56824.12.

(1) Enumeration and description of the services to be provided: Structural Fire Protection and Emergency Medical Services- Staffing will continue at the same or better level as today.

Staffing goals for each volunteer station currently consists of two reserve volunteers and one community volunteer per engine 365 days per year. A reserve is generally a volunteer who lives outside the area, where a community volunteer lives within the station coverage area. This goal would remain in place for the volunteer stations after the latent powers expansion and district dissolution. Four stations within the Rural FPD are staffed by two CAL FIRE career firefighters daily. The funding for the career staffing is in the County's contract with CAL FIRE. This would remain in place after the LAFCO process.

Currently, Paramedic Service is provided out of two Rural FPD Career Stations (Otay and Jamul). Within the next year, Paramedic Service is proposed for the Rural FPD 's Lake Morena and Descanso fire stations. It is anticipated that this added service will be in place either prior to or shortly after the latent powers expansion and district dissolution. There will be no changes in the level of paramedic service resulting from the LAFCO process.

Fire Prevention Services—County staff propose to provide fire prevention services within the expanded CSA 135 latent powers area. Fire prevention services include: weed abatement and defensible space inspection; discretionary project review; plan check of fire protection systems and building permit applications; inspections of new construction and fire protection systems; Sheriff's licensing inspection; and inspection of state licensed care facilities.

(2) Level and range of services to be provided.

The service delivery model for stations staffed by volunteer firefighters will be Basic Life Support (BLS) for Emergency Medical Service (EMS) needs. Staffing goals are 24 hour coverage, seven days per week, 365 days per year. Volunteers are considered County volunteers with County provided Workers' Compensation and liability insurance.

Career firefighters are provided through a contract with CAL FIRE at six stations. Paramedic Assessment engines will be phased in for a total of five stations providing Advanced Life Support (ALS) EMS needs. Other stations staffed by CAL FIRE will provide BLS first responder service.

(3) Indication of when services can be feasibly extended to the reorganization territory.

Services within the affected territory are currently provided through contracts with CAL FIRE and Volunteer Fire Companies (501c3). The contracts are in place and at the end of the terms, the contracts will be renegotiated/ renewed. No change to the services is anticipated.

(4) Indication of any improvements or upgrades of facilities that the reorganized agency will make or require: No significant improvements will be needed as a result of the LAFCO process.

(5) Information with respect to how services will be financed.

The services will be financed using District and the SDCFA/ CSA No. 135 Latent Powers Area existing funding (Property Tax Revenue, County General Purpose Revenue, Special Benefit

Fees, and Community Facilities District Fees). It is anticipated that the funding will continue to be budgeted within the same categories of services after the reorganization is complete.

(6) Total estimated cost to provide the new or different function or class of services within the special district's jurisdictional boundaries.

The following tables in the Preliminary Staff Report provide the five-year budgets for CSA No. 135 and the County Fire Authority. An analysis of the figures provided by the County will be contained in the Commission's staff report.

(7) Identification of existing providers, if any, of the new or different function or class of services proposed to be provided and the potential fiscal impact to the customers of those existing providers.

The fire and emergency medical services is currently provided within the Rural FPD by CAL FIRE employees under contract with the County of San Diego, and County volunteer firefighters. These service providers will not change with this proposal.

(8) Written summary of whether the expansion of latent powers will involve the activation or divestiture of powers.

The Resolution of Application adopted by the San Diego County Board of Supervisor to expand the latent powers for fire protection and emergency medical services within CSA No. 135 and to expand the latent powers for fire protection and emergency medical services sphere for CSA No. 135 was approved on October 21, 2014. The associated resolution of application was submitted to LAFCO on November 7, 2014. It is proposed that the fire protection and EMS service zone of CSA No. 135 be expanded into the territory of the (former) San Diego Rural FPD.

(9) Plan for financing the establishment of the new or different function or class of services within the special district's jurisdictional boundaries.

Financing will be provided through property tax and special assessment revenue. In FY 2012-13, the Rural FPD had a deficiency of general fund revenues over expenditures in the amount of \$1,946,941 (\$1,214,324 in total governmental funds), according to the Rural FPD's 2013 audit report. Supplemental general funds will therefore need to be allocated by the County through its annual budgeting process to ensure an adequate level of service is provided within the territory of the (former Rural FPD). The below tables provide the proposed (five-year) budgets for CSA No. 135 and the County Fire Authority. The projections are somewhat unusual in that the FY 2015-16 budget figures are carried over without change to the FY 2019-20 budget years. This is evidently the way County staff are instructed to make projections.

(10) Alternatives for the establishment of the new or different functions or class of services within the special district's jurisdictional boundaries.

An alternative to the proposal would be for the Rural FPD to remain and not be dissolved. This could result in a loss of county funding provided to the District. In FY 2013-14, the County allocated \$3.2 million for CAL FIRE Schedule A (4142) contracts for Rural FPD's stations. Because county funding is not conveyed to the Rural FPD, but instead remains under county control, the loss of this funding would not represent a revenue loss for the FPD. However, the elimination of this funding would result in severe service impacts to the FPD and residents within the FPD.

Table 3: CSA 135 FY2015-20 Five Year Budget Forecast Description Updated 07-15-15	Fiscal Year 2015-16 Approved Budget*	Fiscal Year 2016-17 Approved Budget*	Fiscal Year 2017-18 Department Projection	Fiscal Year 2018-19 Department Projection	Fiscal Year 2019-20 Department Projection
Salaries & Benefits	-	-	-	-	-
Utilities	177,761	177,761	177,761	177,761	177,761
Fuel	77,679	77,679	77,679	77,679	77,679
Station Improvements/Maintenance	20,605	20,605	20,605	20,605	20,605
Equipment/Vehicles, Maintenance	147,509	147,509	147,509	147,509	147,509
Communications, radios	35,486	35,486	35,486	35,486	35,486
Insurance	84,874	84,874	84,874	84,874	84,874
Station Supplies	136,086	136,086	136,086	136,086	136,086
Services & Supplies	680,000	680,000	680,000	680,000	680,000
Operating Transfers Out to Fire Authority (Stipends, apparatus maintenance, staff cost, etc.)	1,787,313	1,787,313	1,787,313	1,787,313	1,787,313
Total Expense	2,467,313	2,467,313	2,467,313	2,467,313	2,467,313
CSA 135 current tax revenue	171,000	171,000	171,000	171,000	171,000
San Diego Rural current tax revenue	650,000	650,000	650,000	650,000	650,000
Pine Valley current tax revenue	186,000	186,000	186,000	186,000	186,000
Total Taxes Current Property Revenue	1,007,000	1,007,000	1,007,000	1,007,000	1,007,000
Mount Laguna Fire Protection & EMS	18,835	18,835	18,835	18,835	18,835
Palomar Structure Fire Protection & EMS	53,724	53,724	53,724	53,724	53,724
San Pasqual Fire Protection	46,441	46,441	46,441	46,441	46,441
Descanso Service Zone	53,000	53,000	53,000	53,000	53,000
Dulzura Service Zone	12,300	12,300	12,300	12,300	12,300
Tecate Service Zone	12,200	12,200	12,200	12,200	12,200
Potrero Service Zone	15,700	15,700	15,700	15,700	15,700
Jamul Service Zone	238,000	238,000	238,000	238,000	238,000
Jacumba Service Zone	16,975	16,975	16,975	16,975	16,975
Rural West Com Service Zone	67,350	67,350	67,350	67,350	67,350
San Diego Rural fire, CFD 04-01	10,617	10,617	10,617	10,617	10,617
San Diego Rural fire, CFD 09-01	260,519	260,519	260,519	260,519	260,519
Total Special Assessment Revenue	805,661	805,661	805,661	805,661	805,661
Other Mitigation Revenue	233,847	233,847	233,847	233,847	233,847
Other Ongoing Revenue	30,805	30,805	30,805	30,805	30,805
Operating Transfer from General Fund	390,000	390,000	390,000	390,000	390,000
Total Revenue	2,467,313	2,467,313	2,467,313	2,467,313	2,467,313

*A total of \$1,787,313 is not part of the approved budget, but is the estimate of costs and revenue upon dissolution. The San Diego County Fire Authority will return to the County Board of Supervisors to amend the budget, as necessary. Updated July 15, 2015

Table 4: San Diego County Fire Authority- FY2015-20 Five Year Budget Forecast Description	Fiscal Year 2015-16 Approved Budget*	Fiscal Year 2016-17 Approved Budget*	Fiscal Year 2017-18 Department Projection	Fiscal Year 2018-19 Department Projection	Fiscal Year 2019-20 Department Projection
Salaries & Benefits	2,822,807	2,877,275	2,963,593	3,052,501	3,144,076
Cal fire	12,149,343	12,756,810	13,139,514	13,533,700	13,939,711
Other Contracts	3,432,792	1,753,283	1,805,881	1,860,058	1,915,860
VFF Program (stipend & background checks)	2,174,589	2,174,589	2,174,589	2,174,589	2,174,589
Station Improvements/Maintenance	78,446	78,446	78,446	78,446	78,446
Equipment/Vehicles	2,582,671	2,127,671	2,170,225	2,213,629	2,257,902
Communications, radios	172,171	172,171	172,171	172,171	172,171
Information Technology	592,279	592,279	592,279	592,279	592,279
General Supplies	248,079	341,579	341,579	341,579	341,579
Services & Supplies and Other Costs	21,430,370	19,996,828	20,474,684	20,966,451	21,472,536
Operating Transfers Out	574,964	574,964	574,964	574,964	574,964
Management Reserves (SD Rural FPD CalPERS Payout and Debt Payment)	7,200,000	-	-	-	-
Total Expense	32,028,141	23,449,067	24,013,241	24,593,916	25,191,576
Intergovernmental Revenues	501,527	51,527	51,527	51,527	51,527
Charges for Current Services	1,048,272	1,048,272	1,048,272	1,048,272	1,048,272
Miscellaneous Revenues	181,729	181,729	181,729	181,729	181,729
Other Miscellaneous	7,200,000	-	-	-	-
Operating Transfer In	1,787,313	1,787,313	1,787,313	1,787,313	1,787,313
Use of Fund Balance	2,009,300	1,029,883	-	-	-
General Purpose Revenue	19,300,000	19,350,343	21,004,400	21,585,075	22,182,735
Total Revenue	32,028,141	23,449,067	24,073,241	24,653,916	25,251,576

*A total of \$1,787,313 is not part of the approved budget, but is the estimate of costs and revenue upon dissolution. The San Diego County Fire Authority will return to the County Board of Supervisors to amend the budget, as necessary. Updated July 15, 2015

Protest and Election Provisions

The jurisdictional changes proposed in the Step III part of the Hybrid are somewhat different than the changes approved for Step I and II in that two independent fire protection districts are proposed for dissolution in Step III. LAFCO may order dissolution proposals without an election pursuant to Government Code Sections 57077.1(c) if the dissolution is consistent with a special study, sphere of influence, or service review. Because the dissolution is presently not consistent with a special study, subject agency spheres, or a prior service review action, the dissolution cannot be ordered without holding protest proceedings. In addition, the proposed dissolution was not initiated by unanimous resolution of the Rural FPD pursuant to Government Code Section 57102; therefore, the proposal must proceed according to the usual protest proceedings for jurisdictional changes. This means that if 25 percent or more of the landowners or voters register written protest, an election would be required. LAFCO approval of the expansion of CSA No. 135's latent powers expansion is not subject to subsequent protest or election requirements. Following the protest hearing, a resolution will be adopted ordering the dissolution and latent powers expansion proposals, unless the proposal receives protests that trigger an election or termination of proceedings.

Terms and Conditions

The Rural FPD submitted an extensive list of terms and conditions (including some terms and conditions included in Resolution No. 2014-2) associated with dissolution covering successor agency responsibilities; transfer of employees; formation of advisory boards and committees; community meetings and mailers; use of certain protest procedures and findings; transfer of authority over taxes and assessments; maintenance/improvement of services per the Plan for Services adopted by the County of San Diego; automatic aid agreements; completion of a municipal service review; and establishment of an effective date. The County of San Diego also submitted terms and conditions, albeit substantially more brief in comparison to the items submitted by the Rural FPD. The County acknowledged in its resolution of application to LAFCO that while the Rural FPD and County agree on the major points covered in the terms and conditions, some of Rural's conditions require further discussion and were not reconciled before initiation of the County application to LAFCO.

Both sets of terms and conditions (County and Rural FPD) were reviewed by LAFCO staff for conformance with applicable statutes. In general, some of the terms and conditions submitted by the Rural FPD can be approved, while others require substantial re-writing and cannot be imposed because they inappropriately place restrictions on LAFCO's discretionary authority. For example, neither the Commission nor the Board of Supervisors are required to first obtain approval from the proponents on jurisdictional matters. In particular, the proponents cannot limit LAFCO's authority under state statute and case law [208 Cal.App.3d 753(1989) 256 Cal. Rptr. 5900]. After the proposal was submitted, LAFCO staff conferred with Rural FPD's attorneys resulting in modifications to the terms and conditions to achieve conformance with requirements in State Law, notably Government Code Section 56886. We are pleased to report that Rural FPD's attorneys were very cooperative in helping LAFCO staff rectify the terms and conditions that were originally submitted with the dissolution application.

Much of the intent and subject matter covered in Rural FPD's original conditions have been incorporated into the Executive Officer's recommendations and/or Commission determinations. With respect to the terms and conditions submitted by the County, some of the County's conditions are either already incorporated in the conditions proposed by the Rural FPD or can

be approved with minimal editing. Other conditions proposed by both the Rural FPD or County are no longer necessary because the original issues associated with the conditions have been resolved or can be resolved more efficiently through other means. County staff are in agreement with the modifications proposed by LAFCO staff.

A strike-out format is shown below with explanatory notes describing the necessary modifications to the terms and conditions.

Proposed Terms and Conditions

1. Prohibition on Dissolved Agency. Upon the Commission's order giving approval to the dissolution of the San Diego Rural FPD (hereafter referred to as Rural FPD), the Rural FPD is prohibited from taking any of the actions contained in Government Code Section 56885.5, including:

(A) Approving any increase in compensation or benefits for members of the governing board, its officers, or the executive officer of the agency.

(B) 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.

Comment: This condition has been added by LAFCO staff because it was not included in either the Rural FPD's or County's requested terms and condition. It is a standard condition and needs to be imposed by LAFCO. The proposed condition is authorized by Government Code Section 56885.5 and will ensure that actions are not taken that may adversely affect the feasibility of dissolution.

2. Successor Agency. Upon and after the Effective Date, CSA No. 135 shall be the successor to Rural FPD for purpose of providing structural fire protection and emergency medical services, and succeeding to all of the rights, duties, and obligations of the extinguished district with respect to enforcement, performance, or payment of any outstanding bonds, including revenue bonds, or other contracts and obligations the Services within the territory previously included within the extinguished district (Government Code Sections 25210.1 et seq., 56700 and 56886(m)).

Comment: Modification of this term and condition proposed by the Rural FPD is necessary to comport with applicable references in the successor agency statutes (Government Code Section 56886(m)).

3. Employees. As of the effective date, all full-time employees of the Rural shall become full-time employees of the County with no break in service. district employees (full time employees, contract employees, and temporary or limited term employees) shall be offered equivalent employment as determined by the County with the County or CSA No. 135. Contracts for all employees with ongoing contracts shall be transferred from Rural FPD to the County for the duration of the contract. No additional personnel will be hired as a result of the latent powers expansion and district dissolution. Those full-time employees shall include but shall not be limited to Cecily Hansen and Matt DeFillippi who shall be continued in their same functions and respective positions of Fire Inspector and Fire Fleet Mechanic. Government Code Section 56886(l)).

Comment: The recommended modifications to Rural FPD's conditions are consistent with the County of San Diego's LAFCO application for expansion of CSA No. 135's latent fire and EMS powers. Per Government Code Section 56886(l), LAFCO has authorization to specify the transfer of employees of the extinguished district to the successor. The

modifications are necessary to provide assurances to the employees and direction for the successor to integrate the employees of the extinguished district into the County civil service system.

4. Employee benefits. ~~Current rates of pay, accrued vacation and sick leave, vacation and sick leave accrual rates, employee rights, seniority rights, insurance, retirement benefits, and all other benefits and programs now provided employees pursuant to existing contracts shall continue at a level not less than that currently enjoyed for the duration of the contract as set forth in the Memorandum of Understanding entered into by and between Rural and County.~~

Comment: This term and condition proposed by the Rural FPD is redundant and already covered by term and condition no. 3 and can be eliminated with respect to absorbing Rural FPD employees into the County's civil service system.

5. Employee Effective Dates. ~~As of the Effective Date, contracts for all contract employees, temporary or limited term employees with ongoing contracts, shall be transferred from Rural to the County for the duration of the contract.~~

Comment: This term and condition proposed by the Rural FPD is included within term and condition no. 3 and can be eliminated.

6. Employee Obligations. All obligations of the Rural FPD shall continue through the County including but not limited to costs associated with contract benefits, payment of retirement bonds for unfunded retirement liabilities and administrative costs. ~~On or about May 19, 2014, Rural was informed by CalPERS that upon dissolution of Rural, a payment to CalPERS in the approximate sum of \$2,200,000.00 will be due and payable to CalPERS ("CalPERS Payment") if the County as successor agency does not enter into a contract with CalPERS for continued funding of retirement obligations owed by Rural to CalPERS. It is Rural's understanding that the CalPERS Payment is the required contribution for past and present Rural employees' retirement accounts. Rural has requested that CalPERS provide Rural with detailed information and calculations regarding the CalPERS Payment. Prior to the Effective Date issuance of a certificate of completion, the County must either: ~~LAFCO shall have received each the following:~~~~

~~(a) a copy of a document from CalPERS that is a final listing of Rural FPD's present and former employees who are "members" of CalPERS; and~~

~~(b) a copy of the Board of Rural FPD final action on a document titled "Certification of Termination method (Frozen or Nonfrozen)"; and~~

~~(c) a copy of the Board of Rural FPD final action on the documents titled "Resolution to Terminate the Contract" and "Agreement to Terminate the Contract" (the "Termination") expected on or after June 3, 2015; and~~

~~(d) a copy of a Rural FPD letter received from CalPERS containing a "Final Termination Valuation as of June 30, 2015," expected three to six months after the Termination; and~~

~~(e)(1) a Resolution of the County Board of Supervisors accepting responsibility for payment of the "Final Termination Valuation as of June 30, 2015," and a document from CalPERS accepting the County's assumption of liability for payment of Rural FPD's "Final Termination Valuation as of June 30, 2015" in either the Frozen or Unfrozen amount as selected by Rural FPD in the Certification of Termination method, referred to in (b) above, or~~

~~(2) evidence the County has paid to CalPERS, on behalf of Rural FPD, the "Final Termination Valuation as of June 30, 2015" in either the Frozen or Unfrozen amount as selected by Rural in~~

the Certification of Termination Method, referred to in (b) above. (Government Code Section 56886(l)).

~~(a) pay to CalPERS all outstanding payments due CalPERS, estimated to be approximately \$2.2 million and continue paying the required CalPERS contribution to sustain the past and present Rural FPD employees' retirement accounts; or (b) enter into a contract with CalPERS to satisfy Rural FPD's obligations to CalPERS to the satisfaction of Rural and CalPERS.~~

Comment: This term and condition proposed by the Rural FPD has been modified/edited to remove superfluous / non-directory language. The condition has been re-worded to provide clear direction to the County of San Diego regarding its responsibilities as successor agency to assume payment for outstanding CalPERS payments. Following dissolution, the County would be able to transfer unrestricted revenue from the CSA No. 135 back to the County General Fund to repay the amount of funds loaned by the County to pay the estimated outstanding payments. As stated previously, there may be a \$2.6 to \$3.9 million in new retirement liability, according to the FPD and CalPERS. CalPERS has stated that its final valuation of retirement liability will likely be more than its preliminary valuation because the preliminary valuation was based on a discount rate (3.10%) that is higher than expected to be used for the final valuation. The specific amount will be calculated by CalPERS based on the Rural FPD's selection of a frozen or unfrozen method of determining retirement benefits. Plan liability for termination purposes is calculated differently compared to the plan's ongoing funding liability. Based on the frozen method of determining plan termination liability, the liability for both compensation and service is frozen as of the valuation date and no future pay increases or service accruals are included in the calculations. For an unfrozen liability determination, an estimate is made based upon future pay increases and service accruals for members.

~~7. CSA No. 135 Fire Advisory Board. Organization and Governance. Prior to the Effective Date, the County Board of Supervisors must: (a) form a Fire Advisory Board advisory directly to the County Board of Supervisors to represent Rural's constituents' interests in administration of voter-approved funds set forth in Exhibits "D" and "E" and to advise the County Board of Supervisors on service issues within CSA 135; and on issues related to Community Facilities Districts; and on issues related to Community Service Zones; and on issues related to use of special tax and special assessment revenues; (b) must adopt by-laws governing the CSA 135 Fire Advisory Board in the form of the attached Exhibit "F"; non-material changes may be made to the form of Exhibit "F"; and, (c) must appoint the five members of Rural's Board in office upon the date of formation of the CSA 135 Fire Advisory Board as members of the CSA 135 Fire Advisory Board for the duration of their respective, unexpired terms that they would have served had Rural continued in existence beyond the Effective Date; and, upon expiration of Rural's Board members' terms, they will not automatically be reappointed to the Fire Advisory Board as set forth in Exhibit "F". The dissolved fire protection district will become part of the fire protection and emergency medical services subarea of CSA No. 135. CSA No. 135 is governed by the five-member Board of Supervisors and the Deputy County Administrative Officer for the Public Safety Group will serve as the Fire Warden. Operationally, the County of San Diego will continue to contract with existing 501c3's and CAL FIRE to provide services. A seven-member fire advisory board will be created in accordance with County Board Policy A-74.~~

Comment: This term and condition, as originally proposed by the Rural FPD, is unnecessary and has been already been included in the action taken by the County Board of Supervisors on October 21, 2014. The Condition should be modified to cover

the organization and governance of the CSA No. 135 and the creation of an advisory board in accordance with County Board Policy A-74. The underlined language consists of a term and condition proposed by the County.

8. Community Meeting. ~~No later than three months after the Effective Date, CSA No. 135 shall mail notice to all residents and owners of real property within the Territory and hold a meeting within the Territory to discuss the effect of the LAFCO approval and respond to questions and comments from meeting attendees. At the meeting, CSA 135 shall provide written contact information to the public to facilitate communication between CSA 135 and the public with respect to CSA 135's provision of the Services.~~

Comment: This term and condition can be deleted and incorporated as a recommendation to the Board of Supervisors. LAFCO does not have authority to condition the subject proposal on how the County is to conduct public meetings or the content of its outreach mailers. LAFCO would have no enforcement ability over this term and condition as proposed by the Rural FPD. This modification/deletion is in conformance with the County's resolution of application for the latent powers expansion proposal. The subject matter covered in this proposed term and condition can be included, however, in the Executive Officer's recommendations and Commission determinations.

9. Annual Mailer. ~~For the first two years following the Effective Date, CSA 135 shall mail to all mailing addresses within the Territory an annual report of the Services provided within the Territory during the preceding year and a description of planned increases in the Services to be put in place during the coming year. The annual report shall also be posted to the County Fire Authority's website. After mailing the annual report in the first two years after the effective Date, the annual report shall be distributed as determined by the CSA 135 Fire Advisory Board.~~

Comment: This term and condition proposed by the Rural FPD should be deleted and incorporated as a recommendation to the Board of Supervisors. LAFCO does not have authority to condition the subject proposal on communications undertaken by the County. LAFCO would have no enforcement ability over this proposed term and condition. The subject matter covered in this proposed term and condition can be included, however, in the Executive Officer's recommendations and Commission determinations.

10. Dissolution Committee. ~~(a) LAFCO shall consider the report of the Dissolution Committee. The Resolution of the Board of Rural authorizing application to LAFCO for the Matter provides that the dissolution of Rural shall be contingent upon LAFCO using the Reorganization Committee process described in Section 56827(b) et seq. of the Act. The Dissolution Committee shall include but not be limited to two members of the Board of Rural in office on the day the application to LAFCO for the Matter is submitted to LAFCO; and, LAFCO's Public-at-Large Representative. (b) The Dissolution Committee shall coordinate and work with LAFCO staff as soon as practicable. (c) LAFCO shall consider the Dissolution Committee's report or findings prior to taking action on the Matter. (d) The Dissolution Committee shall automatically dissolve and terminate as of the Effective Date.~~

Comment: This term and condition proposed by the Rural FPD specifies that the FPD's application is contingent on LAFCO using a reorganization committee as described in Government Code Section 56827(b). This proposed condition is at odds with LAFCO's discretionary authority and conditions such as this cannot limit LAFCO's responsibilities. LAFCO is not required to first obtain approval from the proponents on

matters such as this and proponents cannot limit LAFCO's authority under state statute and case law [208 Cal.App.3d 753(1989) 256 Cal. Rptr. 5900]. For matters that may necessitate review by a committee, the Commission has formed a Special Districts Advisory Committee in lieu of following the outdated and inapplicable provisions contained in Section 56827(b) regarding reorganization committees. Section 56827 is a permissive section of law that may be used for reorganization or incorporation proposals. The proposal to dissolve the Rural FPD and expand CSA No. 135's fire protection and EMS powers was neither initiated nor processed as an incorporation or a reorganization. Furthermore, since the areas of concern contained in Rural FPD's application will be addressed satisfactorily in conditions 1-9, the establishment of a reorganization committee is unnecessary.

11. Protest Provisions. ~~LAFCO shall treat the Matter as subject to landowner and voter objection. The Resolution of the Board of Rural authorizing application to LAFCO for the Matter provides that the Matter shall be contingent upon LAFCO not using any process to avoid the landowner/voter objections, including but not limited to, Section 57077.1(c)(1) of the Act.~~

Comment: This term and condition proposed by the Rural FPD specifies that the FPD's application is contingent on LAFCO not using a particular protest provision (Section 57077.1(c) (1). As with other proposed terms and condition proposed by the Rural FPD, this proposed condition is at odds with State Law and LAFCO's discretionary authority. It accordingly cannot be imposed. LAFCO is not required to first obtain approval from the proponents, and the proponents cannot limit LAFCO's authority. Government Code Section 57077.1(c)(1), requires that the Commission waive election and protest provisions if an application is submitted by the subject district and is consistent with a special study, sphere of influence or service review. Given that that sphere and service review consistency determinations have not yet been made, Section 57077.1(c) (1) will not be used for the proposal. Rather, Section 57077.1(a) will be used. Section 57077.1(a) requires that a protest hearing be held and an election ordered depending on protest and whether the subject agency (Rural FPD) objects by resolution.

12. LAFCO Findings. ~~To make an affirmative decision on the Matter, LAFCO must be able to make and shall make the following findings:~~

~~(1) The commission must designate CSA 135 as successor which is authorized by its principal act to deliver at least all of the Services at service levels no less than those provided by Rural on the day immediately preceding the Effective Date.~~

~~(2) The commission must find that the public service costs of CSA 135 are likely to be less than or substantially similar to the costs of Rural.~~

~~(3) The commission must find that the consolidation, dissolution, or merger of Rural into CSA 135 Promotes public access and accountability for community services needs and financial resources.~~

Comment: This term and condition proposed by the Rural FPD specifies that LAFCO cannot make an affirmative action on the proposal unless it adopts certain findings. The findings suggested by the Rural FPD apply to LAFCO-initiated proposals per Government Code Section 56881. The proposed dissolution of the Rural FPD was initiated by the Rural FPD and not LAFCO; therefore, the findings suggested by the Rural FPD are inapplicable. Furthermore, LAFCOs are responsible for making quasi-legislative determinations and not findings as requested by the proponent, therefore, this condition

cannot be imposed and needs to be deleted. As with other proposed terms and condition proposed by the Rural FPD, this proposed condition is at odds with LAFCO's discretionary authority. LAFCO is not required to first obtain approval from the proponents on this matter. However, the Executive Officer's recommendations will include language substantially similar to the requested condition, except that the recommended language will be written as "determinations" and not "findings". The Executive Officer's determinations can be incorporated into the Commission's resolution of approval.

13. Transfer by Operation of Law. If the ~~Matter~~ proposed jurisdictional changes are approved by LAFCO, then as of the effective date, CSA No. 135 shall have ownership, possession, and control of all books, records, papers, offices, equipment, supplies, moneys, funds, appropriations, licenses, permits, entitlements, agreements, contracts, claims, judgments, land, and other assets and property, real or personal, owned or leased by, connected with the administration of, or held for the benefit or use of, Rural FPD (Refer to Exhibits A-1 through A-6). The County of San Diego, on behalf of CSA No. 135, shall be the successor to all assets, liabilities, and service responsibilities of the dissolved district, including but not limited to, land, equipment, vehicles, contractual rights and obligations, materials, and supplies. CSA No. 135 shall be the successor to all monies, including cash on hand, monies due but not collected and other obligations. The County of San Diego, on behalf of CSA No. 135, shall be the successor to all liabilities and service responsibilities of the dissolved district, including, but limited to land, equipment, vehicles, contractual rights and obligations, materials, supplies and all accounts payable and other obligations. Exhibit A-1 lists improved and unimproved land owned by Rural prior to the Effective Date and to be owned by CSA No.135 on and after the Effective Date. Exhibit A-2 lists leases pursuant to which Rural is bound as landlord or tenant prior to the Effective Date and which will bind CSA No.135 on and after the Effective Date. Exhibits A-3 lists contracts binding upon Rural FPD prior to the Effective Date and to be binding upon CSA No.135 after the Effective Date.

Comment: This term and condition proposed by the Rural FPD and the County of San Diego addresses the transfer of properties and other obligations of the FPD to CSA No. 135, and is an allowable and appropriate condition per Government Code Section 56886 (a-u). The underlined language consists of terms and conditions proposed by the County.

14. Transfer of Legislative Authority over Special Tax and Assessment Districts. ~~Upon the Effective Date, the special tax and special assessment districts listed on in Exhibits D shall become "zones" of CSA No.135 and the County Board of Supervisors shall be the legislative body of the special tax and assessment districts.~~ As of the effective date of the Reorganization, the special tax and special assessment districts listed in Exhibit A-4 that were formed by the Rural FPD pursuant to Health & Safety Code Sections 13800-13972 shall either become Community Facilities Districts (CFD's) of the County or "zones" of CSA No. 135, and in either case, the County Board of Supervisors shall be the legislative body responsible for the associated special tax and assessment districts as of the effective date of the dissolution of the Rural FPD. The County shall enter into and perform the contract initiating action to transfer authority over CFD Nos. 09-1, 04-1 and 93-1, which was approved by the Rural FPD Board on April 16, 2015. The legislative authority over special tax and assessment districts shall be transferred from the Rural FPD to CSA No. 135 as a continuation of the provision of services and any previously authorized charges, fees, assessments, or taxes by the Rural FPD, and as so transferred shall thereafter be subject to applicable state laws, which control county service areas. Any special taxes or assessments approved by the residents/registered voters of the

dissolved district will continue to be collected within its unique zone and will fund services to those paying the special assessments and taxes. CSA No. 135 and the respective “zones” within CSA No. 135 shall be the successor to all special tax, or assessment revenues received or receivable by the Rural FPD as of the effective date. CSA No. 135 shall use divisional accounting or other accounting methodology to appropriately track revenue and expenditures. [Government Code Section 56886 (b, r-s)]

Comment: This term and condition proposed by the Rural FPD and the County of San Diego addresses the continuation of special taxes and assessments by CSA No. 135, and is an allowable and appropriate condition per Government Code Sections 56886 (r-u). The underlined language consists of terms and conditions proposed by the County.

15. Tax Revenues. Upon the Effective Date, the legal existence of Rural FPD shall cease, except as otherwise required by law and the Resolution of the Board of Rural FPD adopting these terms and conditions to the Matter. All property tax revenues and voter-approved special tax or special assessment revenues received or receivable by Rural FPD as of the Effective Date shall be collected or collectible by CSA 135 for the exclusive use of funding the Services within the Territory. CSA 135 ~~property taxes~~, special taxes, and special assessments shall not be available for other CSA 135 or County purposes and shall be strictly ~~segregated~~ isolated for the purposes stated in imposition of voter-approved funds. CSA 135 shall succeed to all rights, duties, responsibilities, properties (both real and personal), contracts, equipment, assets, liabilities, obligations, functions, executory provisions, entitlements, permits and approvals of the Rural FPD.

CSA No.135 shall continue operation of the special tax and special assessment districts listed in Exhibits A-4 and A-5 in strict compliance with the provisions of their respective formation documents as they may have been amended from time to time. Special tax and special assessment revenues may only be used for services and facilities approved by the voters which services and facilities were not in place or provided by Rural at the time each respective special tax or special assessment district was formed.

The level of service and description of facilities in place and provided Rural FPD at the time each respective special tax district was formed is specified in Notice of Special Tax referenced in Exhibits A-4 and A-5. CSA No.135 shall ~~strictly utilize divisional accounting in order to segregate~~ isolate all special tax and special assessment revenues and use them solely for the respective purposes approved by the voters in approving the special taxes or special assessments. CSA No.135 shall not use any of the special tax or special assessment revenues to provide for levels of service or facilities that were in place and provided by Rural FPD upon the respective formation date of each special tax district.

Comment: This term and condition proposed by the Rural FPD addresses the continuation and accounting of special taxes and assessments by CSA No. 135, and is an allowable and appropriate condition per Government Code Section 56886 (s-u). Various editorial changes have been made to the term and condition.

16. ~~Levels of Service.~~ Plan for Services. CSA No.135 shall continue to provide the services within the territory ~~at the same or increased levels of services provided by Rural FPD within the Territory on the day immediately preceding the Effective Date per the Plan for Services adopted by the County of San Diego on October 21, 2014. Refer to Exhibit B. and with the same or better response times provided by Rural FPD within the Territory on the day immediately preceding the Effective Date.~~ The adopted Plan for Services states that structural fire

protection and emergency medical services will continue at the same or better level as currently provided by the Rural FPD. Levels of Services provided by Rural FPD within the Territory as of the date of the Board of Rural' s approval of these terms and conditions are shown on Exhibit A-6. Levels of Services may improve or increase prior to the day immediately preceding the Effective Date. Pursuant to the Agreement between the County of San Diego and San Diego Rural Fire Protection District FPD for use of fire protection funds dated June 20, 2013, CSA No.135 shall continue to provide staffing levels as previously authorized at or above those as shown on Exhibit A-6 through fiscal year 2017/2018 with fire-fighting staff who possess the same or better individual fire-fighting and emergency services credentials and skills as those held by Rural FPD's staff on the day immediately preceding the Effective Date, including but not limited to basic life support and advanced life support skills and credentials.

CSA No.135 shall continue the provision of provide the services to the territory utilizing the same or better fire-fighting and emergency response equipment utilized by Rural FPD on the day immediately preceding the Effective Date. CSA No.135 shall maintain, repair, and replace equipment in the same or better condition as existed on the day immediately preceding the Effective Date. CSA No.135 shall continue to provide the services within the territory provided by Rural FPD per the Plan for Services adopted by the County of San Diego on October 21, 2014. Refer to Exhibit B.

Comment: This term and condition proposed by the Rural FPD addresses levels of service. While this is an important issue associated with the proposed dissolution, allowable terms and conditions in Government Code Section 56886(r) do not directly permit LAFCO to specify a particular level of service. Rather, LAFCO can only specify the continuation of any service provided at the time it was previously provided by the predecessor district. The manner in which the services will be provided is contained in the Plan for Services adopted by the County of San Diego. The Plan for Services will be recorded along with the district dissolution and latent powers documents. The subject matter covered in this proposed term and condition can be included, however, in the Executive Officer's recommendations and Commission determinations.

17. Transfer in "As-Is" Condition. CSA No.135 shall accept all real and personal property, books, records, papers, offices, equipment, supplies, moneys, funds, appropriations, licenses, permits, entitlements, agreements, contracts, claims, judgments, and all other assets and obligations transferred from Rural FPD in "as-is" condition, without any payment or repair obligation from Rural FPD [Government Code Section 56886(h)]. All incidental liabilities, such as accounts payable, contract obligations and consumer deposits, shall be transferred to CSA No.135's appropriate, respective, segregated isolated accounts. All assets including, but not limited to cash reserves, land, structures, appurtenances, rolling stock, personal property including tools, office furniture, fixtures and equipment, and held by Rural FPD, shall be transferred to the appropriate services zone of CSA No.135 as of the Effective Date.

Comment: This term and condition proposed by the Rural FPD addresses the acquisition, improvement, disposition, sale, transfer, or division of properties and is an allowable term and conditions per Government Code Section 56886(h).

18. Existing Rates, Fees and Taxes. The existing rates, fees, property taxes, special taxes, other taxes, assessments, and charges of Rural FPD in effect upon day immediately preceding the Effective Date shall be continued and assumed by CSA No.135 and/or its services zones in the same manner as provided in the original authorization pursuant to Government Code Section 56886 (t).

Comment: This term and condition proposed by the Rural FPD addresses the extension or continuation of previously authorized charges, fees, assessments, or taxes, and is an allowable term and conditions per Government Code Section 56886(t).

19. Property Tax Transfer. Prior to issuance of the Certificate of Completion Filing for the Matter, the County Board of Supervisors, as the governing body for CSA No. 135, shall commence and complete a property tax transfer process, as outlined in Revenue and Taxation Code Section et seq. Section 99.02 of the Revenue and Taxation Code, to transfer the fire related ad valorem property tax revenues to CSA No. 135.

Comment: This term and condition proposed by the Rural FPD addresses a property tax transfer process that is explicitly addressed in Revenue and Taxation Code Section 99 et seq., and is not necessary; however, there is no harm in including this condition in LAFCO's resolution of approval, despite its redundancy.

20. Auditor/ Controller Action. Upon the Effective Date, the County auditor/ controller-recorder is directed to apportion the ad valorem property tax revenues attributable to Rural FPD to individual services zones based upon the location of the tax rate areas in which said revenues were generated.

Comment: This term and condition proposed by the Rural FPD addresses a property tax transfer process that is explicitly addressed in Revenue and Taxation Code Section 99 et seq., and is not necessary; however, there is no harm in including this condition in LAFCO's resolution of approval.

21. Transfer. Upon the Effective Date, the facilities located at the real properties identified on Exhibits A-1 and A-2 on file with LAFCO shall be transferred to CSA No.135 for use in providing the Services. Prior to issuance of the Certificate of Completion for the Matter-proposed dissolution of the Rural FPD, the County Board of Supervisors, as the governing body of CSA No.135, shall take call actions necessary to provide for lease arrangements for facilities retained in the ownership of multi-function agencies and provide a copy of associated lease documents to LAFCO for recordation.

Comment: This term and condition proposed by the Rural FPD addresses the continuation of lease obligations by CSA No. 135, and is an allowable and appropriate condition per Government Code Section 56886 (c).

22. Enter into Automatic Aid Agreements. Prior to the effective date, CSA No.135 shall enter into written automatic aid agreements with each of the following entities with whom Rural FPD currently has automatic aid agreements: Alpine Fire Department; Barona Fire Department; City of Chula Vista Fire Department; City of San Diego and Cal Fire to provide service to East Otay Mesa (unincorporated area of the County); Sycuan Fire Department; Pine Valley Fire Department; and, East Zone Fire Departments including Borrego Springs Fire Protection District; Campo Reservation Fire Protection District; Julian Cuyamaca Fire Protection District; and, Ramona Fire Department. [Gov. Code §56886(r)].

Comment: This term and condition proposed by the Rural FPD addresses the continuation of automatic aid agreements by CSA No. 135, and is an allowable and appropriate condition per Government Code Section 56886(r).

23. CERT. CSA No. 135 shall assume and continue support for Rural's CERT program in place on the day immediately preceding the Effective Date.

Comment: This term and condition proposed by the Rural FPD addresses the continuation of service programs by CSA No. 135, and is an allowable and appropriate condition per Government Code Section 56886(r).

24. Insurance Service Office (ISO) Ratings. CSA No.135 shall use best efforts to maintain or improve current ISO ratings of 5 (five) for those properties that lie within both the Territory and jurisdiction of the Otay Municipal Water District or the Padre Dam Municipal Water District and ISO ratings of 9 (nine) for all properties within the Territory. Such efforts shall include maintaining equipment in an operational readiness condition located at all 13 (thirteen) stations operated by Rural FPD on the day immediately preceding the Effective Date. Those 13 (thirteen) stations are: Otay Mesa (#22); Harbison Canyon (#24); Dehesa (#25); Lawson Valley (#33); Lee Valley (#34); Dulzura (#35); Jamul (headquarters #36); Deerhorn (337); Tecate (#38); Potrero (#39); Lake Morena (#42); Jacumba (#43); and, Descanso (#45).

Comment: This term and condition proposed by the Rural FPD addresses levels of service. While this is an important issues associated with the proposed dissolution, allowable terms and conditions in Government Code Section 56886(r) do not permit LAFCO to specify a particular level of service. Rather, LAFCO can only specify the continuation of any service provided at the time it was previously provided by the predecessor district. Since this condition is permissive, it may be retained.

~~25. CSA No.135 Plan of Services. CSA No. 135 shall obtain Rural's approval of CSA No. 135's plan for fire protection and emergency response services within the Territory prior to submitting the plan to LAFCO for consideration.~~

Comment: This term and condition proposed by the Rural FPD addresses a matter that is to be resolved prior to LAFCO consideration of the proposed dissolution and is not allowable under any of the terms and conditions in Government Code Section 56886 et seq. However, prior to the issuance of the Certificate of Filing, the Rural FPD will have an opportunity to comment on CSA No. 135's plan for service.

~~26. Municipal Service Review. LAFCO shall complete a Municipal Service Review of CSA No.135's provision of Services pursuant to the process described in Section 54630 of the Act within 18 months of the Effective Date.~~

Comment: This term and condition proposed by the Rural FPD addresses the completion of a Municipal Service Review and is not an allowable term and condition per Government Code Section 56885.5 or 56886 et seq. LAFCO may only condition its approval on the initiation, conduct, or completion of proceedings for a change of organization or reorganization. Municipal Service Reviews are service studies and not changes of organization. In lieu of including this requirement in the terms and conditions, it will be addressed in the Executive Officer's recommendations and Commission resolution of approval.

27. Effective Date. Dissolution of Rural FPD shall become effective ~~upon the later of~~ on (1) July 1, 2015 or the next available fiscal year, or (2) date of recordation. ~~recording of the LAFCO Approval in the San Diego County Recorder's Office. The effective date for the dissolution of the Rural FPD shall be the same date as the effective date for the latent powers expansion of CSA No. 135's authorization to provide fire protection and emergency medical services within the former boundaries of the Rural FPD.~~

Comment: This term and condition proposed by the Rural FPD addresses the effective date for the proposed dissolution. The County of San Diego has also proposed an effective date which comports with the modifications recommended by LAFCO staff. The

condition proposed by the Rural FPD needs to be modified to include a cross condition on the expansion of CSA No. 135's latent powers authorization to provide services within the former boundaries of the Rural FPD per Government Code Section 56885.5. The cross condition language is shown above.

Spheres of Influence and Municipal Service Review

LAFCO approved a sphere-of-influence for the latent powers area of CSA No. 135 in 2008 that is coterminous with the restricted fire protection service area. The Rural FPD is not presently within the CSA No. 135 service specific sphere, although when the CSA sphere was adopted seven years ago, it was anticipated that a subsequent sphere amendment would be considered in conjunction with the possible dissolution of the Rural FPD and expansion of CSA No. 135's fire protection service area. Besides this sphere amendment for CSA No. 135, it will also be necessary to amend the Rural FPD sphere from a largely coterminous designation to a transitional (Zero) designation. A transitional sphere designation indicates that the service responsibility should be reassigned from one agency to another (successor local agency). LAFCO staff received a comment from the Alpine FPD regarding the sphere of influence and the ability for LAFCO to modify the proposal to include detachment of territory from the Rural FPD and annexation of territory to the Alpine FPD. This territory is shown on the attached vicinity map. However, such a modification cannot be made by LAFCO, but could be initiated by the Alpine FPD. The affected Rural FPD territory is within the Alpine FPD's sphere and Alpine should consider initiating an annexation of this territory after the dissolution occurs. The Executive Officer's recommendations at the end of this report contain provisions to allow for this potential future jurisdictional change.

In terms of a Municipal Service Review (MSR), the proposed dissolution and expansion of CSA No. 135's latent powers is in conformance with the 2007 MSR adopted for fire protection and emergency medical services. Since completion of Step III of the County's Hybrid Plan will occur if the Rural FPD dissolution and latent powers expansion proposals are approved, it would be appropriate to commence an update to the MSR within three years. This amount of time should provide a sufficient amount of time for organizational, service, and other transitional issues to be identified and dealt with regarding the County's assumption of service responsibilities from both the Rural and Pine Valley FPDs. The Executive Officer's recommendations at the end of the report contain further direction regarding this matter.

Environmental Review

The recommended sphere amendments for Rural FPD and the service-specific sphere of influence for the latent powers subarea within CSA No. 135 are not subject to the environmental impact evaluation process because it can be seen with certainty that there is no possibility that the sphere actions would have a significant effect on the environment. Therefore, the sphere actions are subject to a categorical exemption pursuant to the California Environmental Quality Act (Section 15061(b)(3)). The proposed jurisdictional changes are also subject to a categorical exemption, pursuant to Section 15320 of the State CEQA Guidelines, because the proposed jurisdictional changes consisting of dissolution of Rural FPD and the expansion of the latent powers subarea for fire protection services within CSA No. 135 do not change the geographical area in which previously existing powers are exercised;

Executive Officer Recommendation: That your Commission

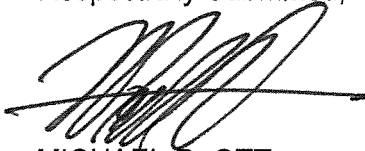
1. Find in accordance with the Executive Officer's determinations that pursuant to Section 15061(b)(3) of the State CEQA Guidelines, sphere amendments for Rural FPD and for the service-specific sphere of influence for the latent powers subarea within CSA No. 135 are not subject to the environmental impact evaluation process because it can be seen with certainty that there is no possibility that the sphere actions would have a significant effect on the environment and is not subject to CEQA;
2. Amend the spheres of Influence for Rural FPD and CSA No. 135 to include the unincorporated territory of dissolved Rural FPD per Map 1;
3. Find in accordance with the Executive Officers determination, that pursuant to Section 15320 of the State CEQA Guidelines, the proposed jurisdictional changes consisting of dissolution of Rural FPD and the expansion of the latent powers subarea for fire protection services within CSA No. 135 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;
4. Direct the Executive Officer to commence a Municipal Service Review of County Fire Protection and Structural Fire Protection Services within three years after the effective date of the proposed dissolution of the Rural FPD;
5. Conclude that CSA No. 135 has provided an adequate Plan for Services demonstrating that as successor to the Rural FPD, it will be able to deliver all of the services at service levels no less than those provided by Rural FPD; that CSA No. 135 can provide services at the public service costs less than or substantially similar to the costs of Rural FPD, but may also improve services at costs relative to the improve service level; and that the County Board of Supervisors will endeavor to promote public access and accountability for community services needs and financial resources;
6. Encourage the County Board of Supervisors and/or County Fire Advisory Board to hold educational meetings regarding the proposed dissolution of the Rural FPD and prepare regular communications as necessary following the effective date of dissolution regarding changes and improvement to services or service levels in affected communities;
7. Find that an exchange of property taxes associated with the subject proposal was approved by the Board of Supervisors on June 24, 2015;
8. For the reason set forth in the Executive Officers Report, approve the associated sphere amendments, and proposed jurisdictional changes consisting of dissolution of Rural FPD and expansion of the latent powers subarea for fire protection services within CSA No. 135;
9. Determine that If the proposed dissolution and latent powers proposals are approved, the portion of CSA No. 135's fire protection and emergency medical service area that is currently located within the sphere of influence of the Alpine FPD, may be removed from the latent powers area if the Alpine FPD initiates an annexation application with LAFCO including the affected territory;

10. Direct and delegate to the Executive Officer the responsibility for conducting the protest proceedings per Government Code Section 57000 et. seq., subject to the proposed Terms and Conditions in Exhibit A;
11. 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 the Rural FPD will be consolidated with the written statements on file with County Service Area No. 135 and CSA No. 135 shall have all the powers and authorities of the Rural FPD with respect to the nature, location, and extent of those functions or classes of services within subject area;
12. Determine that if the Rural FPD dissolution is disapproved by the Commission or if the voters reject the dissolution that the Rural FPD sphere of influence will remain as currently designated on August 3, 2015, and its written statements on file with LAFCO per Government 56425(i) shall not be consolidated with CSA No. 135. Further determine that if the Rural FPD is not dissolved, the expansion of CSA No. 135's structural fire protection and emergency medical services latent powers shall not be approved;
13. Determine that the proposal, as approved, consists of dissolution of the Rural FPD and expansion of CSA No. 135's latent fire protection and emergency medical services authorizing CSA No. 135 to provide service within the former boundaries of the Rural FPD for the reasons set forth in the Executive Officer's report;
14. Pursuant to Government Code Section 57077.1(a), and 57000(c), delegate to the Executive Officer to conduct protest proceedings and to order the dissolution without confirmation of the voters except that if the dissolution meets the requirements of subdivision (b) of Section 57077.1, to order the dissolution subject to an election based upon the submittal of written protests meeting specified thresholds;
15. Determine that CSA No. 135 has provided evidence demonstrating that sufficient revenue to provide fire protection and emergency medical services within the boundaries of the Rural FPD per the reasons contained in the Executive Officer's report pursuant to Government Code Section 56824.14.
16. Determine that the Commission has considered the factors enumerated in Government Code Sections 56425 and 56668 as discussed in the Executive Officer's report;
17. Determine that the proposed dissolution and latent powers proposals are in compliance with applicable LAFCO Policies L-102 (Spheres of Influence of Cities and Special Districts), L-106 and L-107 (Jurisdictional Conflicts) in that the proposals will simplify governmental services, stabilize financial resources for the provision of fire protection and emergency medical services and result in planned, orderly, and efficient development patterns; and conform to LAFCO's related sphere and service review, and conflict resolution policies;
18. Pursuant to Government Code Sections 56881 and 57102, determine that none of the findings per Government Code Section 57102 are applicable because the corporate powers of the Rural FPD have been used per Government Code Section 56871; the Rural FPD has not by unanimous resolution consented to the dissolution; and the proposed dissolution is not consistent with a prior action of the Commission pursuant to

the adoption of special studies (Section 56378), spheres of influence (Section 56425), or service review (Section 56430);

19. Approve the subject proposals subject to the terms and conditions attached hereto in Exhibit A for the reasons set forth in the Executive Officer's report, and delegate to the Executive Officer pursuant to Government Code Section 57000(c) to commence Conducting Authority proceedings;
20. Acknowledge that notice of the public hearing has been given pursuant to Government Code Sections 56661, 56155, and 56157; and
21. Direct the Executive Officer to include the aforementioned actions in a resolution approving the subject proposals and to mail copies of the resolution as may be required by State Law and make any and all required filings with the County Assessor, County Auditor, and the State Board of Equalization as required by Section 57200, et seq., of the Government Code.

Respectfully Submitted,



MICHAEL D. OTT
Executive Officer



E. John Traylor
Local Governmental Consultant

MDO:ra

Attachments

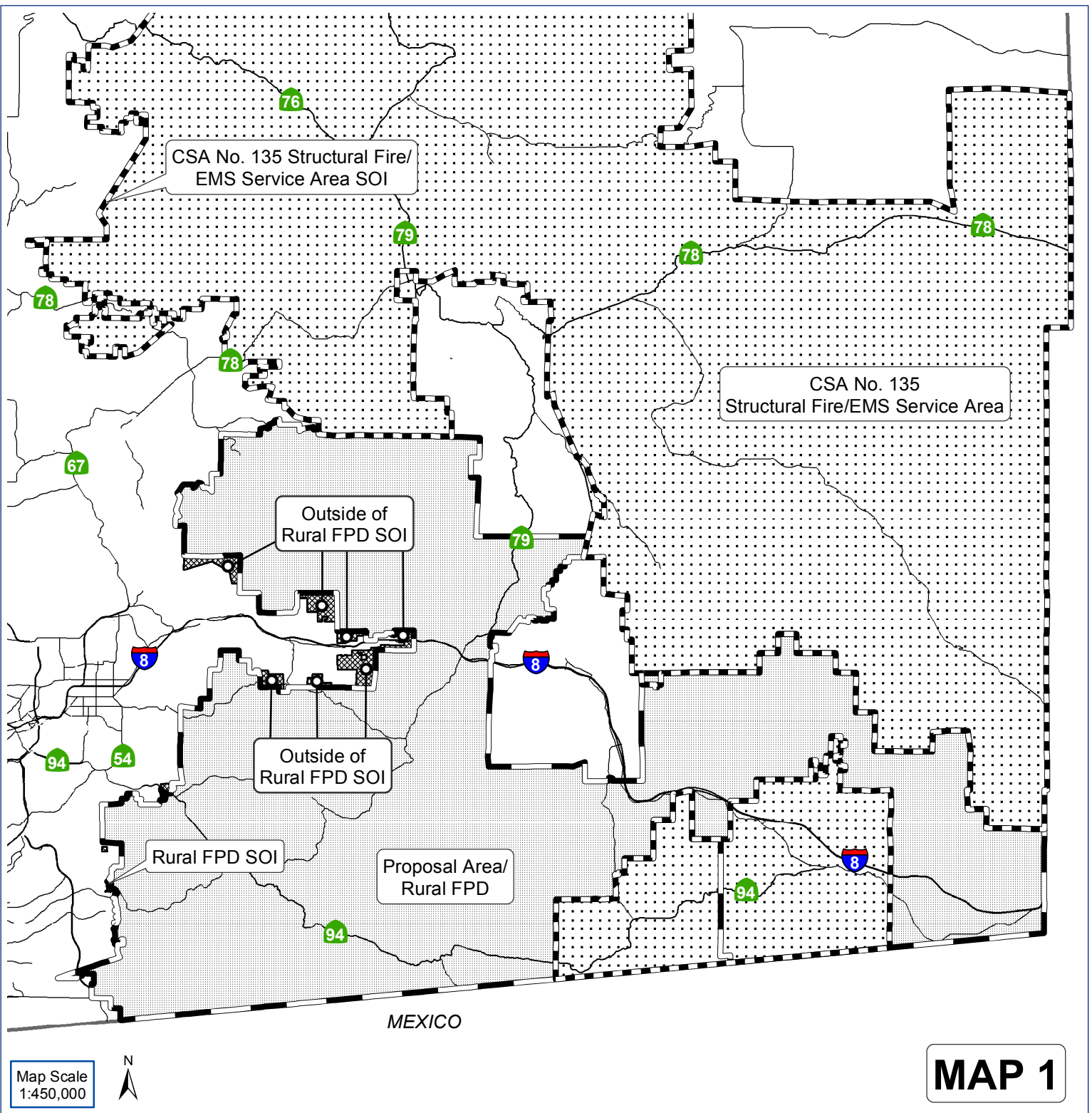
Map 1: Rural FPD and CSA No. 135

Exhibit A: Recommended Terms and Conditions

Exhibits B-1 to B-7: List of Properties, Leases, Obligations, and Service Levels

Exhibit C: Plan for Services

Exhibits D-1 and D-2 Statements of Determinations



MAP 1

SA14-10(a); SA14-10(b) **ADOPTION OF AN AMENDMENT TO A TRANSITIONAL (ZERO) SPHERE OF INFLUENCE FOR THE SAN DIEGO RURAL FPD AND AN AMENDMENT TO THE SERVICE-SPECIFIC SPHERE OF INFLUENCE FOR CSA 135 (FIRE/EMS) TO INCLUDE THE TERRITORY FORMERLY WITHIN RURAL FPD**

DT14-10 **PROPOSED "DISSOLUTION OF SAN DIEGO RURAL FPD"**

LP(F)14-10 **"EXPANSION OF LATENT POWERS OF CSA 135 TO PROVIDE STRUCTURAL FIRE PROTECTION AND EMS WITHIN THE SERVICE-SPECIFIC AREA"**

	Proposal Area/Rural FPD
	Rural FPD SOI
	CSA 135 Fire/EMS Service Area
	CSA 135 Fire/EMS Service Area SOI
SOI = Sphere of Influence	

Exhibit A
RECOMMENDED TERMS AND CONDITIONS
Dissolution of San Diego Rural Fire Protection District and
Expansion of Latent Powers of County Service Area No. 135 (San Diego County
Regional Communications System / Fire Protection) to Provide Structural Fire
Protection and Emergency Medical Services within the Service-Specific Area
Ref. Nos.:DT14-10 and LP(F)14-10

1. Prohibition on Dissolved Agency. Upon the Commission’s order giving approval to the dissolution of the San Diego Rural FPD (hereafter referred to as Rural FPD), the Rural FPD is prohibited from taking any of the actions contained in Government Code Section 56885.5, including:

(A) Approving any increase in compensation or benefits for members of the governing board, its officers, or the executive officer of the agency.

(B) 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. (Government Code Section 56885.5)

2. Successor Agency. Upon and after the Effective Date, CSA No. 135 shall be the successor to Rural FPD for purpose of providing structural fire protection and emergency medical services, and succeeding to all of the rights, duties, and obligations of the extinguished district with respect to enforcement, performance, or payment of any outstanding bonds, including revenue bonds, or other contracts and obligations within the territory previously included within the extinguished district. [Government Code Sections 25210.1 et seq., 56700 and 56886(m)]

3. Employees. As of the effective date, district employees (full time employees, contract employees, and temporary or limited term employees) shall be offered equivalent employment as determined by the County with the County or CSA No. 135. Contracts for all employees with ongoing contracts shall be transferred from Rural FPD to the County for the duration of the contract. No additional personnel will be hired as a result of the latent powers expansion and district dissolution. [Government Code Section 56886(l)]

4. Employee Obligations. All obligations of the Rural FPD shall continue through the County including but not limited to costs associated with contract benefits, payment of retirement bonds for unfunded retirement liabilities and administrative costs. Prior to the issuance of a certificate of completion, LAFCO shall have received each the following: Government Code Section 56885.5 [Government Code Section 56886(l)]

(a) Copy of a document from CalPERS that is a final listing of Rural FPD’s present and former employees who are “members” of CalPERS; and

(b) Copy of the Board of Rural FPD final action on a document titled “Certification of Termination Method (Frozen or Nonfrozen)”; and

(c) Copy of the Board of Rural FPD final action on the documents titled “Resolution to Terminate the Contract” and “Agreement to Terminate the Contract” (the “Termination”) expected on or after June 3, 2015; and

(d) Copy of a Rural FPD letter received from CalPERS containing a “Final Termination Valuation as of June 30, 2015,” expected three to six months after the Termination; and

(e)(1) Resolution of the County Board of Supervisors accepting responsibility for payment of the “Final Termination Valuation as of June 30, 2015,” and a document from CalPERS accepting the County’s assumption of liability for payment of Rural FPD’s “Final Termination Valuation as of June 30, 2015” in either the Frozen or Unfrozen amount as selected by Rural in the Certification of Termination Method, referred to in (b) above, or

(2) Evidence the County has paid to CalPERS, on behalf of Rural FPD, the “Final Termination Valuation as of June 30, 2015” in either the Frozen or Unfrozen amount as selected by Rural in the Certification of Termination Method, referred to in (b) above. [Government Code Section 56886(l)]

5. Organization and Governance. The dissolved fire protection district will become part of the fire protection and emergency medical services subarea of CSA No. 135. CSA No. 135 is governed by the five-member Board of Supervisors and the Deputy County Administrative Officer for the Public Safety Group will serve as the Fire Warden. Operationally, the County of San Diego will continue to contract with existing 501c3’s and CAL FIRE to provide services. A seven-member fire advisory board will be created in accordance with County Board Policy A-74. [Government Code Section 56886(k)]

6. Transfer by Operation of Law. If the proposed jurisdictional changes are approved by LAFCO, then as of the effective date, CSA No. 135 shall have ownership, possession, and control of all books, records, papers, offices, equipment, supplies, moneys, funds, appropriations, licenses, permits, entitlements, agreements, contracts, claims, judgments, land, and other assets and property, real or personal, owned or leased by, connected with the administration of, or held for the benefit or use of, Rural FPD (Refer to Exhibits A-1 through A-6. The County of San Diego, on behalf of CSA No. 135, shall be the successor to all assets, liabilities, and service responsibilities of the dissolved district, including but not limited to, land, equipment, vehicles, contractual rights and obligations, materials, and supplies. CSA No. 135 shall be the successor to all monies, including cash on hand, monies due but not collected and other obligations. The County of San Diego, on behalf of CSA No. 135, shall be the successor to all liabilities and service responsibilities of the dissolved district, including, but limited to land, equipment, vehicles, contractual rights and obligations, materials, supplies and all accounts payable and other obligations. Exhibit A-1 lists improved and unimproved land owned by Rural prior to the Effective Date and to be owned by CSA No.135 on and after the Effective Date. Exhibit A-2 lists leases to which Rural is bound as landlord or tenant prior to the Effective Date and which will bind CSA No.135 on and after the Effective Date. Exhibit A-3 lists contracts binding upon Rural FPD prior to the Effective

Date and to be binding upon CSA No.135 after the Effective Date. [Government Code Section 56886 (a-u)]

7. Transfer of Legislative Authority over Special Tax and Assessment Districts. As of the effective date of the Reorganization, the special tax and special assessment districts listed in Exhibit A-4 that were formed by the Rural FPD pursuant to Health & Safety Code Sections 13800-13972 shall either become Community Facilities Districts (CFD's) of the County or "zones" of CSA No. 135, and in either case, the County Board of Supervisors shall be the legislative body responsible for the associated special tax and assessment districts as of the effective date of the dissolution of the Rural FPD. The County shall enter into and perform the contract initiating action to transfer authority over CFD Nos. 09-1, 04-1 and 93-1, which was approved by the Rural FPD Board on April 16, 2015. The legislative authority over special tax and assessment districts shall be transferred from the Rural FPD to CSA No. 135 as a continuation of the provision of services and any previously authorized charges, fees, assessments, or taxes by the Rural FPD, and as so transferred shall thereafter be subject to applicable state laws, which control county service areas. Any special taxes or assessments approved by the residents/registered voters of the dissolved district will continue to be collected within its unique zone and will fund services to those paying the special assessments and taxes. CSA No. 135 and the respective "zones" within CSA No. 135 shall be the successor to all special tax, or assessment revenues received or receivable by the Rural FPD as of the effective date. CSA No. 135 shall use divisional accounting or other accounting methodology to appropriately track revenue and expenditures. [Government Code Section 56886 (b, r-s)]

8. Tax Revenues. Upon the Effective Date, the legal existence of Rural FPD shall cease, except as otherwise required by law and the Resolution of the Board of Rural FPD adopting these terms and conditions to the Matter. All property tax revenues and voter-approved special tax or special assessment revenues received or receivable by Rural FPD as of the effective date shall be collected or collectible by CSA 135 for the exclusive use of funding the Services within the Territory. CSA 135 special taxes, and special assessments shall not be available for other CSA 135 or County purposes and shall be strictly isolated for the purposes stated in imposition of voter-approved funds. CSA 135 shall succeed to all rights, duties, responsibilities, properties (both real and personal), contracts, equipment, assets, liabilities, obligations, functions, executory provisions, entitlements, permits and approvals of the Rural FPD.

CSA No.135 shall continue operation of the special tax and special assessment districts listed in Exhibits A-4 and A-5 in strict compliance with the provisions of their respective formation documents as they may have been amended from time to time. Special tax and special assessment revenues may only be used for services and facilities approved by the voters which services and facilities were not in place or provided by Rural at the time each respective special tax or special assessment district was formed.

The level of service and description of facilities in place and provided Rural FPD at the time each respective special tax district was formed is specified in Notice of Special Tax referenced in Exhibits D and E. CSA No.135 shall utilize divisional accounting in order to isolate all special tax and special assessment revenues and use them solely for the respective purposes approved by the voters in approving the special taxes or special assessments. CSA No.135 shall not use any of the special tax or special assessment revenues to provide for levels of service or facilities that were in place and provided by Rural FPD upon the respective formation date of each special tax district. [Government Code Section 56886 (b, r-s)]

9. Plan for Services. CSA No.135 shall continue to provide the services within the territory provided by Rural FPD per the Plan for Services adopted by the County of San Diego on October 21, 2014. Refer to Exhibit B. The adopted Plan for Services states that structural fire protection and emergency medical services will continue at the same or better level as currently provided by the Rural FPD. Levels of Services provided by Rural FPD within the Territory as of the date of the Board of Rural's approval of these terms and conditions are shown on Exhibit A-6. Levels of Services may improve or increase prior to the day immediately preceding the Effective Date. Pursuant to the Agreement between the County of San Diego and San Diego Rural Fire Protection District FPD for use of fire protection funds dated June 20, 2013, CSA No.135 shall continue to provide staffing levels as previously authorized as shown on Exhibit A-6 through fiscal year 2017/2018 with fire-fighting staff who possess the same or better individual fire-fighting and emergency services credentials and skills as those held by Rural FPD's staff on the day immediately preceding the Effective Date, including but not limited to basic life support and advanced life support skills and credentials.

CSA No.135 shall continue the provision of services to the territory utilizing the same or better fire-fighting and emergency response equipment utilized by Rural FPD on the day immediately preceding the Effective Date. CSA No.135 shall continue to provide the services within the territory provided by Rural FPD per the Plan for Services adopted by the County of San Diego on October 21, 2014. Refer to Exhibit B. [Government Code Section 56886 (t)]

10. Transfer in "As-Is" Condition. CSA No.135 shall accept all real and personal property, books, records, papers, offices, equipment, supplies, moneys, funds, appropriations, licenses, permits, entitlements, agreements, contracts, claims, judgments, and all other assets and obligations transferred from Rural FPD in "as-is" condition, without any payment or repair obligation from Rural FPD [Government Code Section 56886(h)]. All incidental liabilities, such as accounts payable, contract obligations and consumer deposits, shall be transferred to CSA No.135's appropriate, respective, isolated accounts. All assets including, but not limited to cash reserves, land, structures, appurtenances, rolling stock, personal property including tools, office furniture, fixtures and equipment, and held by Rural FPD, shall be transferred to the

appropriate services zone of CSA No.135 as of the Effective Date. [Government Code Section 56886(h)]

11. Existing Rates, Fees and Taxes. The existing rates, fees, property taxes, special taxes, other taxes, assessments, and charges of Rural FPD in effect upon day immediately preceding the Effective Date shall be continued and assumed by CSA No.135 and/or its services zones in the same manner as provided in the original authorization pursuant to Government Code Section 56886 (t). [Government Code Section 56886 (t)]

12. Property Tax Transfer. Prior to issuance of the Certificate of Filing for the Matter, the County Board of Supervisors, as the governing body for CSA No. 135, shall commence and complete a property tax transfer process, as outlined in Revenue and Taxation Code Section et seq.99.02 of the Revenue and Taxation Code, to transfer the fire related ad valorem property tax revenues to CSA No. 135. [Government Code Section 56886(s)]

13. Auditor/ Controller Action. Upon the Effective Date, the County auditor/ controller-recorder is directed to apportion the ad valorem property tax revenues attributable to Rural FPD to individual services zones based upon the location of the tax rate areas in which said revenues were generated. [Government Code Section 56886(s)]

14. Transfer. Upon the Effective Date, the facilities located at the real properties identified on Exhibits on file with LAFCO shall be transferred to CSA No.135 for use in providing the Services. Prior to issuance of the Certificate of Completion for the Matter proposed dissolution of the Rural FPD, the County Board of Supervisors, as the governing body of CSA No.135, shall take call actions necessary to provide for lease arrangements for facilities retained in the ownership of multi-function agencies and provide a copy of associated lease documents to LAFCO for recordation. [Government Code Section 56886 (c)]

15. Enter into Automatic Aid Agreements. Prior to the effective date, CSA No.135 shall enter into written automatic aid agreements with each of the following entities with whom Rural FPD currently has automatic aid agreements: Alpine Fire Department; Barona Fire Department; City of Chula Vista Fire Department; City of San Diego and Cal Fire to provide service to East Otay Mesa (unincorporated area of the County); Sycuan Fire Department; Pine Valley Fire Department; and, East Zone Fire Departments including Borrego Springs Fire Protection District; Campo Reservation Fire Protection District; Julian Cuyamaca Fire Protection District; and, Ramona Fire Department. [Gov. Code Section 56886(r)]

16. CERT. CSA No. 135 shall assume and continue support for Rural's CERT program in place on the day immediately preceding the Effective Date. [Government Code Section 56886(r)]

17. Insurance Service Office (ISO) Ratings. CSA No.135 shall use best efforts to maintain or improve current ISO ratings of 5 (five) for those properties that lie within

both the Territory and jurisdiction of the Otay Municipal Water District or the Padre Dam Municipal Water District and ISO ratings of 9 (nine) for all properties within the Territory. Such efforts shall include maintaining equipment in an operational readiness condition located at all 13 (thirteen) stations operated by Rural FPD on the day immediately preceding the Effective Date. Those 13 (thirteen) stations are: Otay Mesa (#22); Harbison Canyon (#24); Dehesa (#25); Lawson Valley (#33); Lee Valley (#34); Dulzura (#35); Jamul (headquarters #36); Deerhorn (337); Tecate (#38); Potrero (#39); Lake Morena (#42); Jacumba (#43); and, Descanso (#45). [Government Code Section 56886(r)]

18. Effective Date. Dissolution of Rural FPD shall become effective on the date of recordation. The effective date for the dissolution of the Rural FPD shall be the same date as the effective date for the latent powers expansion of CSA No. 135's authorization to provide fire protection and emergency medical services within the former boundaries of the Rural FPD. [Government Code Section 56886(p)]

7A
7B
7C

EXHIBIT B-1
Real Property Ownership

Station/Site	Location	APN	Grant Deed
Station 24	Harbison Canyon – 551 Harbison Canyon Road, El Cajon, 92019	399-240-40-00 399-240-41-00	Recorded: 8/20/2007 Doc No. 2007-0553490
Station 25	Dehesa – 5425 Dehesa Road, El Cajon, 92019	513-072-20-00	Recorded: 10/12/1999 Doc No. 1999-0687322
Station 37	Deerhorn Valley – 2383 Honey Springs Road, Jamul 91935	600-050-80-00	Recorded: 12/27/1991 Doc No. 1991-0674105
Station 39	Potrero – 24550 Highway 94, Potrero 91963	654-011-09-00	Recorded: 2/12/1985 Doc No. 85-047678
Station 42	Lake Morena – 29690 Oak Drive, Campo, 91906	606-041-34-00	Recorded: 4/23/1996 Doc No. 1996-0200427
Lake Morena area	Vacant lots totaling 0.56001 acres; Notice of Intent to Sell posted 11-13	606-098-06; 606-074-01; 606-074-28	Recorded: 10/8/2010 Doc No. 2010-0542114; Recorded: 11/3/2010 Doc No. 2010-0595253
Harbison Canyon area	Vacant lot at 113 Francis Drive, El Cajon, 92019	399-170-16-00	Recorded: 3/9/2012 Doc No. 2012-0139787

EXHIBIT B-2

Real Property Leases

Station	Location	Terms of Lease	Expiration	Assignability	APN
Station 22 (no copy)	Otay Mesa	Lessor: County; 5 years, \$1 per year, option to extend (2) 5 year terms	8/31/2017	County is lessor.	
Station 33	Lawson Valley	Ground Lease w/Baker (083112) for access driveway and Quonset hut; five year term w/option to renew; no cash rent.	8/31/2017	Binding on assigns and successors §20(f)	522-102-01-00
Station 34 (no copy)	Lee Valley	Lease with Indian Hills Bible Camp.	tbd	tbd	
Station 35	Dulzura	Ground lease: Dulzura Comm. Devel. (4/01/88); 30 years, option to extend (1) 5 year term; rent paid in full.	4/1/2018	Binding on successors; Dulzura signed transfer agreement.	
Station 36 (no copy)	Jamul	1.) 35 year ground lease; 2.)Memorandum of Lease and 35 year Reimbursement Agreement (100105); 3.) Public Property Financing site lease (030108); 4.) Public Property Financing Sublease and Option Agt. assigned to Muni Finance Corp.	10/1/2040	1.)Ground lease can be assigned to County; 2.) Reimbursement Agt. requires prior written consent of lender prior to any assignment; 3.) Financing lease-no term allows District to assign it. 4.) Sublease: requires prior written consent of Muni prior to any assignment	
Station 36	Jamul	District lease to U.S. Fish and Wildlife Service (12/27/04): office space; parking spaces, and apparatus building; rent paid in full; both can terminate lease only for good cause and with 60 days notice.	12/27/34; w/4 5-year extensions	Lessee can assign only with District's prior written consent; the lease is binding on successors in interest (County).	
Station 38	Tecate	15 year term, \$1 per year rent, option to extend (2) 5 year terms	5/1/2026	Can be assigned with prior written consent	652-170-53
Station 43	Jacumba	25 year term, option to extend (1) 25 year term	10/23/2025	Can be assigned with prior written consent	660-053-01-00
Station 45	Descanso	River Drive (October 3, 1997)	10/31/2021	Successor is lessor	

EXHIBIT B-3

Contractual Obligations

Document Name	Comments
Fire Services Agt. (030311) w/Energia Sierra Juarez U.S. Transmission, LLC; Fire Services Agt Amendment (012714)	Fire Services Agt. transfer requires prior written consent. ESJ signed transfer agreement.
Fire Service Agt. w/ Peaceful Valley Ranch (100105)	Fire Service Agt. can be assigned to County
Fire Services Agt. w/Tule Wind LLC (110210); Fire Protection Plan (110310)	Fire Services Agt. can be assigned; binding on successors.
Equipment Lease/Purchase Agt. w/Zions Bank (091010)	Expires: 091520; 10 year extension allowed; Quint ladder truck; Bank executed transfer agreement.
Equipment Lease/Purchase Agt. w/Zions Bank (020113)	Expires: 060119; 10 year extension allowed; Ferrara Igniter Customer Pumper (2 pieces of equipment); Bank executed transfer agreement.
MOU w/SDG&E (112612) re: pay annual fire mitigation fee to District to buy equipment and pay volunteer stipend for two personnel.	No provisions re: assignment; can modified upon mutual agt.; any modification to MOU must in writing and approved by CPUC.
MOU w/SDG&E (080612)(not a contract)	5 year term; renewable; Specialty firefighting trailer w/300 gallons of Class B Firefighting foam and 500# of Purple K Dry Chemical
Consulting Services Agt. (043014) w/ David Taussig & Associates, Inc.	

EXHIBIT B-4

Communities Facilities Districts and Community Service Zones

Communities Facilities Districts

CFD 09-1

CFD 04-1

CFD 93-1

Community Service Zones

Rural West Communities (includes: Jamul/Deerhorn, Dehesa, and Harbison Canyon)

Descanso

Dulzura

Tecate

Potrero

Jacumba

EXHIBIT B-5

Communities Facilities Districts and Community Service Zones

Communities Facilities Districts

CFD 09-1

Formed: September 22, 2009 County Fund Number: 3148-22

Special Tax A: Facilities

Special Tax B: Services

Facilities in place within CFD boundaries upon formation of CFD
Leased premises at George F. Bailey Detention Facility
Type I Engine

Levels of service provided by Rural at formation of CFD
2 BLS staff/day

CFD 04-1

Formed: January 6, 2004 County Fund Number: 3148-19

Special Tax A: Fire protection operations, equipment, facilities, and staffing

Special Tax B: One-Time Special Tax; mitigation for direct development impacts

Facilities in place within CFD boundaries upon formation of CFD
1 career station (Jamul)
13 volunteer stations
14 Type I engines

Levels of service provided by Rural at formation of CFD
Jamul: 3 BSL/day
13 volunteer stations: volunteers

CFD 93-1

Formed: April 7, 1993

Special Tax A: Public Facilities Improvements

Special Tax B: Fire Protection Services

Facilities in place within CFD boundaries upon formation of CFD:

Levels of service provided by Rural at formation of CFD:

Owned by the United States of America

Community Service Zones

Rural West Communities (Jamul/ Deerhorn; Harbison Canyon), Fund No. 3148-18

Formed: 2004

Special Assessment: \$10/unit of tax:

Residential/apartment: 10 units/sf dwelling

Mobilehomes: 8 units/dwelling

Commercial: 20 units/enterprise

Industrial: 40 units/enterprise

Use of funds: Facilities and apparatus; enhanced fire and emergency services limited to Rural West service zone.

Descanso, Fund No. 3148-03

Formed: 1988

Special Assessment: \$5/unit of tax.

Residential: \$50/sf dwelling

Apartment and duplex: \$75-\$100 maximum/parcel

Commercial: \$100/enterprise

Industrial: \$100/enterprise

Use of funds: Enhanced fire and emergency services limited to Descanso service zone.

Dulzura, Fund No. 3148-04

Formed: 1992

Special Assessment: \$5/unit of tax:

Residential: \$50/sf dwelling

Apartment and duplex: \$75-\$100 maximum/parcel

Commercial: \$100/enterprise

Industrial: \$100/enterprise

Use of funds: Dulzura station construction, fire equipment, and, enhanced fire services limited to Dulzura service zone.

Tecate, Fund No. 3148-05

Formed: 1990

Special Assessment: \$5/unit of tax:

Residential/apartment: 10 units/sf dwelling
Mobile homes: 8 units/dwelling
Commercial: 20 units/enterprise
Industrial: 40 units/enterprise

Use of funds: Enhanced emergency medical response and fire suppression services limited to Tecate service zone.

Potrero, Fund No. 3148-07

Formed: 1990

Special Assessment: \$5/unit of tax:

Residential: \$50/sf dwelling
Apartment and duplex: \$75-\$100 maximum/parcel
Commercial: \$100/enterprise
Industrial: \$100/enterprise

Use of funds: Dulzura station construction, fire apparatus and equipment, and, enhanced fire service limited to Potrero service zone.

Jacumba, Fund No. 3148-11

Formed: 1991

Special Assessment: \$5/ unit of tax:

Residential: \$50/sf dwelling
Apartment and duplex: \$75-\$100 maximum/parcel
Commercial: \$100/enterprise
Industrial: \$100/enterprise

Use of funds: Jacumba station construction, fire apparatus and equipment, and, enhanced fire service limited to Jacumba service zone.

EXHIBIT B-6

Levels of Service

STAFFING LEVELS FOR SAN DIEGO RURAL (7/24/365)

Fiscal Year	Fire Capt.	FAE	FFII	FFII (Para)	Total Staff
2013/2014	8	8	8	0	24
2014/2015	8	8	8	2	26
2015/2016	8	8	8	4	28
2016/2017	8	8	8	4	28
2017/2018	8	8	8	4	28

Station staffing levels as follows:

- a. CAL FIRE Schedule A 4142 staffing for one piece of apparatus will consist of not less than two career persons for each of four stations per shift.
- b. Priority volunteer stipend staffing based on incident activity, apparatus locations and availability, and response time:
 - i. Jacumba Station- 2 stipends, D/O and FF
 - ii. Deerhorn Valley Station- 2 stipends, D/O and FF
 - iii. Harbison Canyon Station- 2 stipends, D/O and FF
 - iv. Potrero Station- 2 stipends, D/O and FF
 - v. Dulzura Station- 2 stipends, D/O and FF
 - vi. Lake Morena Station- 1 stipend, FF first, then D/O
 - vii. Jamul Station- 1 stipend, FF first, then D/O
 - viii. Descanso Station- 1 stipend, FF first, then D/O
 - ix. Otay Station- 1 stipend, FF first, then D/O

**Exhibit C
Plan for Services**

Proposed “Dissolution of San Diego Rural Fire Protection District”
“Expansion of Latent Powers of County Service Area No. 135 (San Diego County Regional Communications System / Fire Protection) to provide structural fire protection and emergency medical services within the service-specific area”
Ref. Nos.: DT14-10 LP(F)14-10

This Plan for Services meets the requirements of Government Code Section 56653, and is considered an attachment to the following resolutions: RESOLUTION OF APPLICATION BY BOARD OF SUPERVISORS OF THE COUNTY OF SAN DIEGO TO AMEND THE SPHERE OF INFLUENCE OF THE LATENT POWERS FOR FIRE PROTECTION AND EMERGENCY MEDICAL SERVICES FOR COUNTY SERVICE AREA NO. 135 AND TO EXPAND THE AREA WITHIN CSA 135 WHERE THE LATENT POWERS OF FIRE PROTECTION AND EMERGENCY MEDICAL SERVICES ARE EXERCISED AS AUTHORIZED BY LAFCO, INTO THE TERRITORY WITHIN THE BOUNDARIES OF FORMER SAN DIEGO RURAL FIRE PROTECTION DISTRICTS RESOLUTION OF APPLICATION BY BOARD OF SUPERVISORS OF THE COUNTY OF SAN DIEGO TO AMEND THE SPHERE OF INFLUENCE OF THE LATENT POWERS FOR FIRE PROTECTION AND EMERGENCY MEDICAL SERVICES FOR COUNTY SERVICE AREA NO. 135 AND TO EXPAND THE AREA WITHIN CSA 135 WHERE THE LATENT POWERS OF FIRE PROTECTION AND EMERGENCY MEDICAL SERVICES ARE EXERCISED AS AUTHORIZED BY LAFCO, INTO THE TERRITORY WITHIN THE BOUNDARIES OF FORMER PINE VALLEY FIRE PROTECTION DISTRICTS.

(1) An enumeration and description of the services to be provided: STRUCTURAL FIRE PROTECTION AND EMERGENCY MEDICAL SERVICES- STAFFING WILL CONTINUE AT THE SAME OR BETTER LEVEL AS TODAY: STAFFING GOALS FOR EACH VOLUNTEER STATION CURRENTLY CONSISTS OF TWO RESERVE VOLUNTEERS AND ONE COMMUNITY VOLUNTEER PER ENGINE 365 DAYS PER YEAR. A RESERVE IS GENERALLY A VOLUNTEER WHO LIVES OUTSIDE THE AREA, WHERE A COMMUNITY VOLUNTEER LIVES WITHIN THE STATION COVERAGE AREA. THIS GOAL WOULD REMAIN IN PLACE FOR THE VOLUNTEER STATIONS AFTER THE LATENT POWERS EXPANSION AND DISTRICT DISSOLUTION. FOUR STATIONS WITHIN SDR FPD AND ONE STATION WITHIN PVFPD ARE STAFFED BY TWO CAL FIRE CAREER FIREFIGHTERS DAILY. THE FUNDING FOR THE CAREER STAFFING IS IN THE COUNTY’S CONTRACT WITH CAL FIRE. THIS WOULD REMAIN IN PLACE AFTER THE LAFCO PROCESS. CURRENTLY PARAMEDIC SERVICE IS PROVIDED OUT OF TWO SDR FPD CAREER STATIONS (OTAY AND JAMUL). WITHIN THE NEXT YEAR, PARAMEDIC SERVICE IS PROPOSED FOR THE PVFPD AND THE SDR FPD LAKE MORENA AND DESCANSO FIRE STATIONS. IT IS ANTICIPATED THAT THIS ADDED SERVICE WILL BE IN PLACE EITHER PRIOR TO OR SHORTLY AFTER THE LATENT POWERS EXPANSION AND DISTRICT DISSOLUTION. THERE WILL BE NO CHANGES IN THE LEVEL OF PARAMEDIC SERVICE RESULTING FROM THE LAFCO PROCESS. FIRE PREVENTION SERVICES- COUNTY STAFF WILL PROVIDE FIRE PREVENTION SERVICES WITHIN THE EXPANDED CSA 135 LATENT POWERS AREA.

(2) The level and range of services to be provided: THE SERVICE DELIVERY MODEL FOR STATIONS STAFF BY VOLUNTEER FIREFIGHTERS WILL BE BASIC LIFE SUPPORT (BLS) FOR EMERGENCY MEDICAL SERVICE (EMS) NEEDS. STAFFING GOALS ARE 24 HOUR COVERAGE, SEVEN DAYS PER WEEK, 365 DAYS PER YEAR. VOLUNTEERS ARE CONSIDERED COUNTY VOLUNTEERS WITH COUNTY PROVIDED WORKERS’ COMPENSATION AND LIABILITY INSURANCE. CAREER FIREFIGHTERS ARE PROVIDED THROUGH A CONTRACT WITH CAL FIRE AT SIX STATIONS. PARAMEDIC ASSESSMENT ENGINES WILL BE PHASED IN FOR A TOTAL OF FIVE STATIONS PROVIDING ADVANCED LIFE SUPPORT (ALS) EMS NEEDS. OTHER STATIONS STAFFED BY CAL FIRE WILL PROVIDE BLS.

(3) An indication of when services can be feasibly extended to the reorganization territory: SERVICES WITHIN THE AFFECTED TERRITORY ARE PROVIDED TODAY THROUGH CONTRACTS WITH CAL FIRE AND VOLUNTEER FIRE COMPANIES (501C3). THE CONTRACTS ARE IN PLACE. AT THE END OF THE TERMS, THE CONTRACTS WILL BE RENEGOTIATED / RENEWED. NO CHANGE TO THE SERVICES IS ANTICIPATED.

(4) An indication of any improvements or upgrades of facilities that the reorganized agency will make or
Require: THE PINE VALLEY FIRE STATION IS CURRENTLY UNDERGOING AN EXTENSIVE RE-MODEL. THIS RE-MODEL IS NOT DEPENDENT UPON THE LAFCO PROCESS. NO SIGNIFICANT IMPROVEMENTS WILL BE NEEDED AS A RESULT OF THE LAFCO PROCESS.

(5) Information with respect to how services will be financed: THE SERVICES WILL BE FINANCED USING DISTRICT AND THE COUNTY/ CSA135 LATENT POWERS AREA EXISTING FUNDING (PROPERTY TAX REVENUE, COUNTY GENERAL PURPOSE REVENUE, SPECIAL BENEFIT FEES, AND COMMUNITY FACILITIES DISTRICT FEES). IT IS ANTICIPATED THAT THE FUNDING WILL CONTINUE TO BE BUDGETED WITHIN THE SAME CATEGORIES OF SERVICES AFTER THE REORGANIZATION/ CONSOLIDATION IS COMPLETE.

(6) The total estimated cost to provide the new or different function or class of services within the special district's jurisdictional boundaries: TABLES 1 and 2 below provide the five-year budgets of CSA 135 and the County Fire Authority.

(7) An identification of existing providers, if any, of the new or different function or class of services proposed to be provided and the potential fiscal impact to the customers of those existing providers: THE FIRE AND EMERGENCY MEDICAL SERVICES IS CURRENTLY PROVIDED WITHIN THE PINE VALLEY AND SAN DIEGO RURAL FIRE PROTECTION DISTRICT BY CAL FIRE EMPLOYEES UNDER CONTRACT WITH THE COUNTY OF SAN DIEGO, AND COUNTY VOLUNTEER FIREFIGHTERS. THE SERVICE PROVIDERS WILL NOT CHANGE WITH THIS PROPOSAL.

(8) The plan for service involves the activation of latent powers as exercised in the following resolutions: RESOLUTION OF APPLICATION BY BOARD OF SUPERVISORS OF THE COUNTY OF SAN DIEGO TO AMEND THE SPHERE OF INFLUENCE OF THE LATENT POWERS FOR FIRE PROTECTION AND EMERGENCY MEDICAL SERVICES FOR COUNTY SERVICE AREA NO. 135 AND TO EXPAND THE AREA WITHIN CSA 135 WHERE THE LATENT POWERS OF FIRE PROTECTION AND EMERGENCY MEDICAL SERVICES ARE EXERCISED AS AUTHORIZED BY LAFCO, INTO THE TERRITORY WITHIN THE BOUNDARIES OF FORMER SAN DIEGO RURAL FIRE PROTECTION DISTRICT RESOLUTION OF APPLICATION BY BOARD OF SUPERVISORS OF THE COUNTY OF SAN DIEGO TO AMEND THE SPHERE OF INFLUENCE OF THE LATENT POWERS FOR FIRE PROTECTION AND EMERGENCY MEDICAL SERVICES FOR COUNTY SERVICE AREA NO. 135 AND TO EXPAND THE AREA WITHIN CSA 135 WHERE THE LATENT POWERS OF FIRE PROTECTION AND EMERGENCY MEDICAL SERVICES ARE EXERCISED AS AUTHORIZED BY LAFCO, INTO THE TERRITORY WITHIN THE BOUNDARIES OF FORMER PINE VALLEY FIRE PROTECTION DISTRICT

(9) A plan for financing the establishment of the new or different function or class of services within the special district's jurisdictional boundaries: SEE QUESTION (6) ABOVE. FINANCING WILL BE PROVIDED THROUGH PROPERTY TAX AND ASSESSMENT REVENUE ALLOCATED THROUGH THE COUNTY'S ANNUAL BUDGETING PROCESS.

(10) Alternatives for the establishment of the new or different functions or class of services within the special district's jurisdictional boundaries: AN ALTERNATIVE TO THE PROPOSAL COULD BE FOR THE TWO FIRE PROTECTION DISTRICTS TO REMAIN. THIS COULD RESULT IN A LOSS OF THE COUNTY FUNDING PROVIDED TO THE DISTRICTS, WITH A RESULTING REDUCTION IN FIRE AND EMERGENCY MEDICAL SERVICES TO THE AREA.

Table 1: CSA 135 FY2015-20 Five Year Budget Forecast Description Updated 07-15-15Description	Fiscal Year 2015-16 Approved Budget*	Fiscal Year 2016-17 Approved Budget*	Fiscal Year 2017-18 Department Projection	Fiscal Year 2018-19 Department Projection	Fiscal Year 2019-20 Department Projection
Salaries & Benefits	-	-	-	-	-
Utilities	177,761	177,761	177,761	177,761	177,761
Fuel	77,679	77,679	77,679	77,679	77,679
Station Improvements/Maintenance	20,605	20,605	20,605	20,605	20,605
Equipment/Vehicles, Maintenance	147,509	147,509	147,509	147,509	147,509
Communications, radios	35,486	35,486	35,486	35,486	35,486
Insurance	84,874	84,874	84,874	84,874	84,874
Station Supplies	136,086	136,086	136,086	136,086	136,086
Services & Supplies	680,000	680,000	680,000	680,000	680,000
Operating Transfers Out to Fire Authority (Stipends, apparatus maintenance, staff cost, etc.)	1,787,313	1,787,313	1,787,313	1,787,313	1,787,313
Total Expense	2,467,313	2,467,313	2,467,313	2,467,313	2,467,313
CSA 135 current tax revenue	171,000	171,000	171,000	171,000	171,000
San Diego Rural current tax revenue	650,000	650,000	650,000	650,000	650,000
Pine Valley current tax revenue	186,000	186,000	186,000	186,000	186,000
Total Taxes Current Property Revenue	1,007,000	1,007,000	1,007,000	1,007,000	1,007,000
Mount Laguna Fire Protection & EMS	18,835	18,835	18,835	18,835	18,835
Palomar Structure Fire Protection & EMS	53,724	53,724	53,724	53,724	53,724
San Pasqual Fire Protection	46,441	46,441	46,441	46,441	46,441
Descanso Service Zone	53,000	53,000	53,000	53,000	53,000
Dulzura Service Zone	12,300	12,300	12,300	12,300	12,300
Tecate Service Zone	12,200	12,200	12,200	12,200	12,200
Potrero Service Zone	15,700	15,700	15,700	15,700	15,700
Jamul Service Zone	238,000	238,000	238,000	238,000	238,000
Jacumba Service Zone	16,975	16,975	16,975	16,975	16,975
Rural West Com Service Zone	67,350	67,350	67,350	67,350	67,350
San Diego Rural fire, CFD 04-01	10,617	10,617	10,617	10,617	10,617
San Diego Rural fire, CFD 09-01	260,519	260,519	260,519	260,519	260,519
Total Special Assessment Revenue	805,661	805,661	805,661	805,661	805,661
Other Mitigation Revenue	233,847	233,847	233,847	233,847	233,847
Other Ongoing Revenue	30,805	30,805	30,805	30,805	30,805
Operating Transfer from General Fund	390,000	390,000	390,000	390,000	390,000
Total Revenue	2,467,313	2,467,313	2,467,313	2,467,313	2,467,313

*A total of \$1,787,313 is not part of the approved budget, but is the estimate of costs and revenue upon dissolution. The San Diego County Fire Authority will return to the County Board of Supervisors to amend the budget, as necessary. Updated July 15, 2015

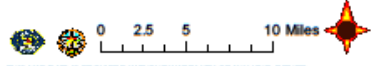
Table 2: San Diego County Fire Authority- FY2015-20 Five Year Budget Forecast Description	Fiscal Year 2015-16 Approved Budget*	Fiscal Year 2016-17 Approved Budget*	Fiscal Year 2017-18 Department Projection	Fiscal Year 2018-19 Department Projection	Fiscal Year 2019-20 Department Projection
Salaries & Benefits	2,822,807	2,877,275	2,963,593	3,052,501	3,144,076
Cal fire	12,149,343	12,756,810	13,139,514	13,533,700	13,939,711
Other Contracts	3,432,792	1,753,283	1,805,881	1,860,058	1,915,860
VFF Program (stipend & background checks)	2,174,589	2,174,589	2,174,589	2,174,589	2,174,589
Station Improvements/Maintenance	78,446	78,446	78,446	78,446	78,446
Equipment/Vehicles	2,582,671	2,127,671	2,170,225	2,213,629	2,257,902
Communications, radios	172,171	172,171	172,171	172,171	172,171
Information Technology	592,279	592,279	592,279	592,279	592,279
General Supplies	248,079	341,579	341,579	341,579	341,579
Services & Supplies and Other Costs	21,430,370	19,996,828	20,474,684	20,966,451	21,472,536
Operating Transfers Out	574,964	574,964	574,964	574,964	574,964
Management Reserves (SD Rural FPD CalPERS Payout and Debt Payment)	7,200,000	-	-	-	-
Total Expense	32,028,141	23,449,067	24,013,241	24,593,916	25,191,576
Intergovernmental Revenues	501,527	51,527	51,527	51,527	51,527
Charges for Current Services	1,048,272	1,048,272	1,048,272	1,048,272	1,048,272
Miscellaneous Revenues	181,729	181,729	181,729	181,729	181,729
Other Miscellaneous	7,200,000	-	-	-	-
Operating Transfer In	1,787,313	1,787,313	1,787,313	1,787,313	1,787,313
Use of Fund Balance	2,009,300	1,029,883	-	-	-
General Purpose Revenue	19,300,000	19,350,343	21,004,400	21,585,075	22,182,735
Total Revenue	32,028,141	23,449,067	24,073,241	24,653,916	25,251,576

*A total of \$1,787,313 is not part of the approved budget, but is the estimate of costs and revenue upon dissolution. The San Diego County Fire Authority will return to the County Board of Supervisors to amend the budget, as necessary. Updated July 15, 2015

Revised
May 7, 2014

Consolidation Phasing Proposal - SD County Fire Protection

- CSA135 Phasing**
- Steps 1 & 2: COMPLETED March 2012
 - Step 3: Territory Slated for Consolidation
 - Other Jurisdictions



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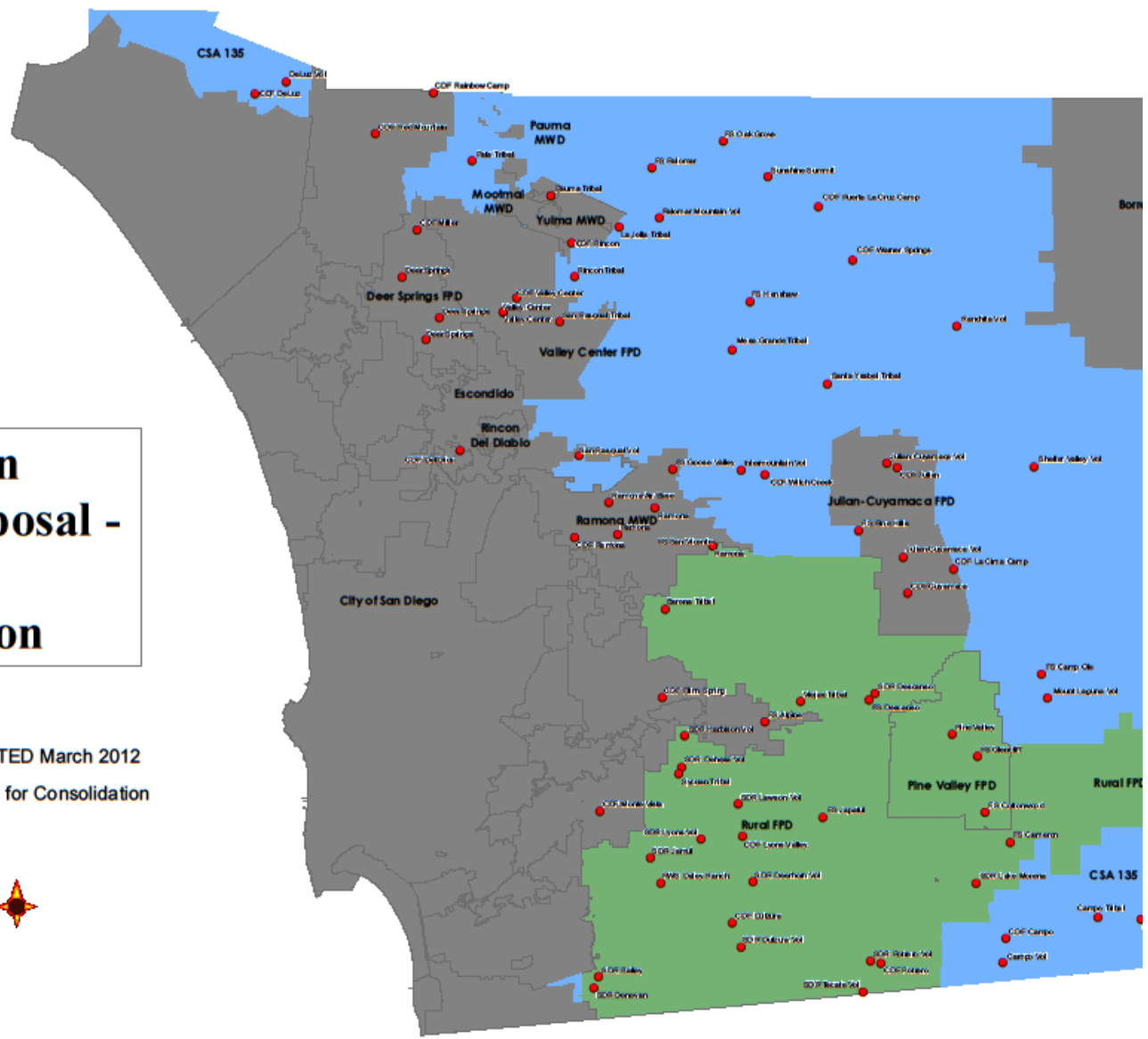


Exhibit D-1
RECOMMENDED STATEMENT OF DETERMINATIONS
FOR APPROVAL OF A TRANSITIONAL (ZERO) SPHERE OF INFLUENCE;
FOR THE SAN DIEGO RURAL FIRE PROTECTION DISTRICT
SA14-10(a)

The following statement of determinations is prepared pursuant to section 56425 of the Government Code for the adoption of a transitional (zero) sphere of influence shown on the attached map for the San Diego Rural Fire Protection District (FPD). 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. This written statement will be transferred to County Service Area No. 135 as successor agency to San Diego Rural FPD.

Determination (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 San Diego Rural FPD and surrounding unincorporated areas; all land use decisions concerning sphere territory would be guided by the County General Plan. Adoption of Transitional sphere of influence would not affect agricultural and open space land uses.

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

The San Diego Rural FPD covers approximately 696.37 square miles; structural fire protection and emergency medical services are provided district-wide. The District has experienced very modest population change in the past 6 years, which minimizes pressure to expand district services. The population estimate of 25,768 (2013 SANDAG) is a slight decrease from 2012 estimates of 25,986. The probable need for increased public facilities and services are determined by existing development and the land use designations adopted by the County of San Diego. A contract between the County of San Diego and the District provides for additional paramedic service to be implemented in 2015 at San Diego Rural FPD stations in Lake Morena and Descanso to accommodate demands for expanded service delivery. Upon dissolution the Rural FPD, CSA No. 135 will assume responsibility for the continuation of these services and facilities.

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

The San Diego Rural FPD responds to emergency incidents within the district and in areas outside the district boundary where the only access is through the FPD. Agreements for reciprocal automatic and mutual aid are in place with neighboring jurisdictions. Beginning in 2005, the County of San Diego has funded increased fire protection and emergency medical services within the District -- initially through a County *Enhancement Program*, and since 2008, through the County Department of Public Safety budget. In FY 2013-14, the County allocated \$3.2 million for CAL FIRE Schedule A-4142 contracts at four San Diego Rural FPD stations; in FY 2014-15 \$4,380,664 was allocated; and in FY 2015-16 \$5,866,160 has been approved for allocation. Early county funding was in the form of grants that temporarily inflated the District's reportable

revenue and created an anomaly in revenue records that overstated Rural FPD's general purpose revenues for subsequent years by more than \$1 million.

The County has revised the manner in which it subsidizes CAL FIRE services in the unincorporated area. San Diego Rural FPD does not have oversight over County monies that support fire and emergency services. Pursuant to a County/District Agreement, the County ensures the presence of CAL FIRE in San Diego Rural FPD by direct contracting with CAL FIRE. County funding is not conveyed to San Diego Rural for district administration, but remains under county control. Therefore, the \$4.3 million for FY 2014-15 and \$5,866,160 in FY 2015-16 that has been approved for allocation does not represent a revenue source for the FPD. Likewise, funding for County volunteer programs that may function within the District and appropriations for county equipment that may be utilized within San Diego Rural remain with the County.

The area is already within the boundary of the San Diego County Fire Authority and is also adjacent to the fire protection latent powers area of County Service Area 135. On June 27, 2014, a San Diego Rural Board adopted a Resolution of Application and submitted it to San Diego LAFCO involving dissolution with subsequent inclusion in the fire protection latent powers area of CSA No.135.

Determination (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 affirmation of this sphere of influence for San Diego Rural FPD.

Determination (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.

Refer to the *SB244 Staff Report* approved by the San Diego Local Agency Formation Commission on March 4, 2013 for the status of disadvantaged unincorporated communities and the San Diego Rural Fire Protection District.

Exhibit D-2
RECOMMENDED STATEMENT OF DETERMINATION
FOR A COTERMINOUS SERVICE-SPECIFIC SPHERE OF INFLUENCE
WITH SPECIAL STUDY AREAS
FOR A LATENT POWERS AREA WITHIN CSA 135
SA14-10(b)

The following statement of determination is prepared pursuant to Section 56425 of the Government Code for a coterminous service-specific sphere of influence for a latent powers area for fire protection and emergency medical services within County Service Area (CSA) No. 135. The service-specific sphere of influence includes special study areas to acknowledge territory where spheres of influence of adjacent fire protection districts overlay the CSA No. 135 latent powers area. Surrounding spheres were reaffirmed in 2013-14.

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

The Latent powers area for fire protection and emergency medical services within CSA No. 135, which contains approximately 1,079,636 acres, will be expanded to include an additional 696.37 square miles (445,676 acres) upon dissolution of the Rural FPD and 69.47 square miles (44,460 acres) with the dissolution of the Pine Valley FPD. Current land uses consist of a mixture of recreation, ranching, business, rural-residential and farming.

- (2) Present and probable need for public facilities and services in the area.

Amending the service-specific sphere of influence in CSA No. 135 will allow expansion of the latent powers area and facilitate implementation of Step III of the County Hybrid Plan for improving fire protection services in the unincorporated San Diego County.

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

The latent powers area for fire protection and emergency medical services within CSA No. 135 is currently restricted to 1,079,636 acres. Before fire protection and emergency medical services can be extended to additional unincorporated territory, the service-specific sphere of influence must be amended and the latent powers area expanded.

- (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 amendment to a service-specific sphere of influence.