

# PRELIMINARY FEASIBILITY STUDY ANALYSIS

## INCORPORATE LAKE GREGORY

In October 2015, the Local Agency Formation Commission for San Bernardino County (LAFCO) presented the report prepared by the Rosenow Spevacek Group (RSG) related to the Preliminary Incorporation Feasibility Analysis for the Rim of the World communities, as requested by the Second District Supervisor Janice Rutherford. The report identified its intended purpose to provide a guidepost for future discussions, not conclusive evidence on feasibility, yet it was considered to be just that – evidence that incorporation would not be feasible without substantial change in the historical sharing of revenues in San Bernardino County.

Two years later, in October 2017, a group of concerned citizens in the Crestline/Lake Gregory area undertook to delve further into the question of incorporation, but for only the areas defined by LAFCO in 2010 as the Crest Forest community – the communities of Cedarpines Park, Crestline, Valley of the Moon, Lake Gregory, San Moritz, etc. In October 2018, these citizens, the Committee to Incorporate Lake Gregory (ILG), hired a consultant to prepare a new preliminary feasibility study for this incorporation effort. The remainder of this report will summarize the proposal defined for incorporation, the financial feasibility assumptions, and timeline of actions.

The significance of these efforts can be seen in many areas that affect the lives of all residents of our community, but particularly those that are full time residents. Everyone involved in this effort to this point, just as those who join, see the many ways that incorporation brings the following and more:

- A stronger bond in who we are as a community;
- Local control of our assets;
- The ability to have our needs be heard immediately and not as part of a greater landscape that does not meet our specific concerns;
- People charged with the duty of addressing our immediate concerns, such as public safety, infrastructure;
- Access to our basic needs;
- Ensuring the longevity of the very things that make this the place we are so proud of.

In essence, the people involved in this effort to this point are working toward the good of us as a whole.

The incorporation policies adopted by LAFCO provide direction in the pursuit of incorporation. The policies applicable to the current application are:

- *The Commission defines "financial feasibility" to mean the ability of a new city to maintain pre-incorporation service levels, with sufficient resources to provide a municipal-level law enforcement service consistent with the recommendations of the County Sheriff.*
- *In determining feasibility, the Commission will consider only those revenues that are currently available to all general law cities. It will not consider revenues derived through special taxes or assessments, nor will it consider hypothetical revenues available through possible actions of a*

*future city council (e.g., utility user's taxes) in the determination of financial feasibility.*

- *In determining feasibility, the Commission requires that proposed staff salary costs shall be based on an average of similar-sized cities or those cities which have the most comparable population within San Bernardino and Riverside Counties.*
- *In determining compliance with Government Code Section 56720, the Commission finds that a "reasonable reserve" is a contingency fund equal to 10% of the projected general and special funds of the new city.*
- *The Commission requires that a new city shall assume jurisdiction over all community-based special districts serving the incorporation area. A clear and compelling rationale must be provided if the continued overlay of a community-based district is proposed.*
- *In order to qualify for incorporation, the community in question must contain a minimum of 10,000 people as determined by available census data or other reliable means (e.g., utility connections), and the sales tax revenues attributable to the study area must at least cover the expected administrative and legislative costs of the new city.*

## **THE APPLICATION**

The Committee to Incorporate Lake Gregory has identified the elements to be included with the application for the new town, which will assume the responsibility for all community-based special districts in compliance with LAFCO policy. In addition, the town would assume all law enforcement and fire protection/emergency medical response operations and contract for the provision of those services. Specifically, the proposal is defined as follows:

*Reorganization to include Incorporation of the Town of Lake Gregory, Establishment of the Crestline Sanitation District and Crestline Village Water District as Subsidiary Districts of the Town, Dissolution of County Service Areas 18 (Cedarpines Park), County Service Area 68, CSA 70 Zone R-2 (Twin Peaks), R-23 (Mile High Park) and R-44 (Sawpit Canyon), Detachment from County Service Areas 54 (street lighting) and 70 (unincorporated countywide), Rim of the World Park and Recreation District and San Bernardino County Fire Protection District, its Mountain Service Zone and Service Zone FP-5*

What do these changes mean?

*Reorganization to include Incorporation of the Town of Lake Gregory,*

Incorporation is the formation of a municipal form of government – either called a City or Town. Whatever the moniker, it is a municipality under the eyes of the State of California subject to the requirements of the California Government Code

*Establishment of the Crestline Sanitation District and Crestline Village Water District as Subsidiary Districts of the Town,*

The Districts will remain independent special districts; however, the respective boards of directors will be replaced with the Town Council, as the ex-officio board for each. The Districts will be required to be financed through its separate revenue sources and operated separately, but its administrative charges can be repaid to the Town for its work for the agencies (general administration, legal counsel, meeting expenses, etc.).

*Dissolution of County Service Area 18 (Cedarpines Park), County Service Area 68 (Valley of the Moon), CSA 70 Zone R-2 (Twin Peaks), R-23 (Mile High Park) and R-44 (Sawpit Canyon)*

These agencies will be extinguished, and their operations assumed by the new municipality. The municipality will assume all rights, obligations, assets and liabilities, and debts. No contractual obligation can be impaired by this action.

*Detachments from the Rim of the World Park and Recreation District, County Service Area 54 (streetlights) and 70, CSA 70 Zones R-2 (Twin Peaks), R-23 (Mile High Park), R-40 (Sawpit Canyon), San Bernardino County Fire Protection District, its Mountain Service Zone and Service Zone FP-5*

The territory of the new municipality will be removed from these larger agencies and the municipality will assume the services they perform. Fire protection will be by contract with the San Bernardino County Fire Protection District (SBCFPD) for the defined level of service to be determined by the Town Council.

The Committee is seeking to hold an election on the question of incorporation at the November 3, 2020 general election. At that time several items will be proposed to be considered on that ballot:

1. The incorporation ballot measure is proposed to include the conditions:
  - a. That the City Manager, City Clerk, City Treasurer, and City Attorney will be appointed rather than elected;
  - b. That all facilities and/or equipment used to deliver services within the community will be transferred to the newly incorporated Town for the future provision of those services; and,
  - c. That the Town Council members, elected at the time of incorporation, shall be elected from Districts rather than at-large.
2. A ballot measure that allows the community to choose the name of the future town as either Town of Lake Gregory or Town of Crestline.
3. The selection of the first Town Council.

Item #2 above defines the Committee's preference for future Town Council elections to be "from districts." The election of future Town Council members from districts is defined by California Government Code Section 34871, which reads in part as:

*"The term "from districts" shall mean the election of members of the legislative body who are residents of the district from which they are elected by the voters of the entire city."*

It is the position of the Committee that the division of the new Town into five districts will provide for the election of representatives with an understanding of the uniqueness of the individual communities

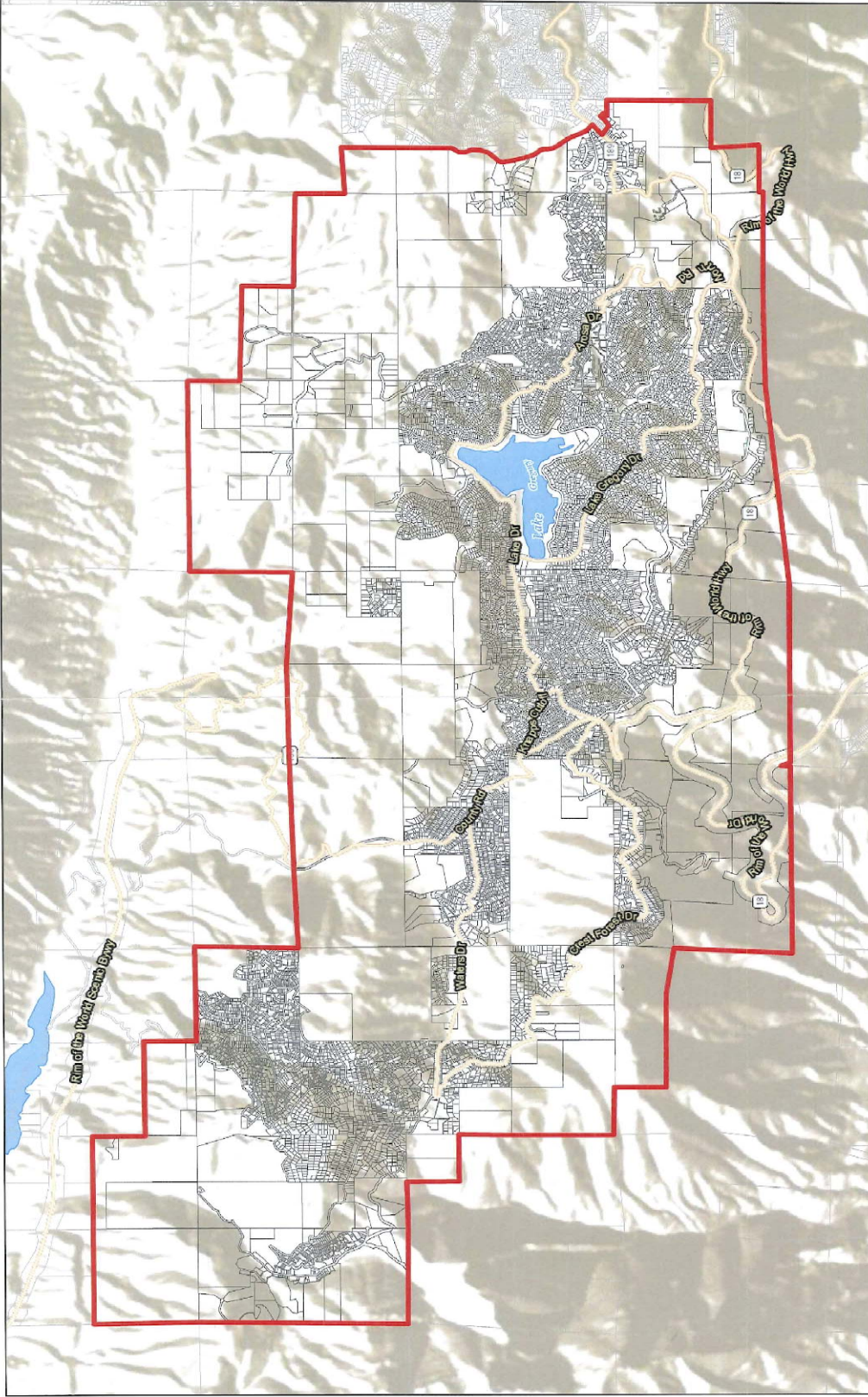
that make up the incorporation effort, will allow for the entire Town to select these representatives, and the boundaries of the district divisions to be adjusted following each decennial federal census. During the first year, the Town Council will establish the boundaries for the districts pursuant to the provision of Government Code Section 34884. The first election in 2022 will select representatives from two of the five Council Districts. Should the electors choose an at-large selection method for members of the Town Council, there will be no districts defined for future elections.

The following map outlines the territory within the incorporation proposal. This map is reflective of the community definition as adopted by LAFCO during its service review in 2010 for both Crest Forest and Lake Arrowhead.<sup>1</sup> It's use of this boundary is reflective of the sphere of influence assigned the Crestline Sanitation District and Crestline Village Water District that was based upon topography, parcel lines, and privately-owned parcels. The accompanying spreadsheet provides an outline of the change in services anticipated through the proposed incorporation.

One of the policy declarations of LAFCO specifies that the area proposed for incorporation must include a minimum of 10,000 residents. The population of the incorporation area was derived from a report developed by the staff of LAFCO from the ESRI Business Analyst software as of September 15, 2018, showing that for 2018 the population of the proposed Town of Lake Gregory was 11,362 full-time residents within 4,589 households. In addition, the County Registrar of Voters has determined that as of February 27, 2019 there are 6,295 voters within the incorporation boundary.

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<sup>1</sup> *Staff Report Dated November 30, 2010 for December 8, 2010 Hearing, Item 9 -- Crest Forest and Lake Arrowhead Review Providing for Community Definition and Review of the Regional Services of Streetlighting and Fire Protection and Sphere of Influence Update/ Amendment*



## Proposed Incorporation for Town of Lake Gregory

Disclaimer: The information shown is intended to be used for general display only and is not to be used as an official map.



 Boundary for Proposed Town of Lake Gregory

Map Created: 10/18/2011

SERVICETYPE	CURRENT PROVIDER	PROPOSED PROVIDER	FUNDING SOURCE
<b>General Government</b>			
<b>Administrative Services</b>			
Finance	County of San Bernarad no	Town of Lake Gregory	General Ad Valorem Tax
Human Resources	County of San Bernarad no	Town of Lake Gregory	General Ad Valorem Tax
Business Registration	County of San Bernarad no for limited types of businesses	Town of Lake Gregory	General Ad Valorem Tax and Business License Fee
<b>Community Development and License Administration</b>			
Planning	County of San Bernarad no	Town of Lake Gregory	General Ad Valorem Tax
Building & Safety	County of San Bernarad no	Town of Lake Gregory	General Ad Valorem Tax
Code Compliance	County of San Bernarad no	Town of Lake Gregory	General Ad Valorem Tax
Fire Hazard Abatement	County of San Bernarad no	Town of Lake Gregory	General Ad Valorem Tax
<b>Fire and Paramedic</b>	San Bernardino County Fire Protection District, its Mountain Service Zone and Zone PP-5	Town of Lake Gregory with contract for service with County Fire	Share of Ad Valorem Taxes and Special Tax with Zone PP-5
<b>Sheriff/Police</b>	County of San Bernarad no (a re-licensing) California Highway Patrol (staff located outside of Lake Gregory)	Town of Lake Gregory through contract with County Sheriff	General Ad Valorem Tax
<b>Parks and Recreation</b>			
Local Park Programs	State of the World Park and Recreation District and CSP-18	Town of Lake Gregory	Transfer of RWPD special tax of \$22 per parcel and ad valorem taxes from CSP-18 and fees for service
Regional Park Utilize	County of San Bernarad no Regional Parks	Town of Lake Gregory or County of San Bernardino	Utilities fees and share of general ad valorem taxes
<b>Street Lighting</b>			
State Highways	CalTRANS	CalTRANS	
Local Streets	CSEA 34	Town of Lake Gregory	General Ad Valorem Tax
<b>Water</b>			
Regional State Water Project	CLWMA	CLWMA	Share of General Ad Valorem and Special Tax
Domestic	One Line Village Water District, CLWMA local service zones and Mutual Water Companies	One Line Village Water District to become a subsidiary district of CLWMA, no charge to CLWMA or Mutual Water Companies	Fees and charges for water used and share of the general ad valorem taxes
Recycled Water			
<b>Wastewater Collection and Treatment</b>			
Sanitary	One Line Sanitation District	One Line Sanitation District to become subsidiary district of CLWMA	Fees and charges for collection and treatment and share of the general ad valorem taxes
On-site septic systems	Private property owner	Private property owner	
<b>Transportation Network</b>			
State Highways	CalTRANS	CalTRANS	
Arterial and Collector	County of San Bernarad no Public Works	Town of Lake Gregory	Transportation funds from the State of California
Local County Maintained Roads	County of San Bernarad no Public Works	Town of Lake Gregory	Transportation funds from the State of California
Local non-County Maintained Roads	CSEA 34, CSEA 46, CSEA 79 DURA R-2, R-23, and R-44	Town of Lake Gregory	Share of general ad valorem taxes and special taxes approved by voters
Transit	Mountain Transit	Mountain Transit	
<b>Road Control and Drainage</b>			
Local Drainage Facilities	San Bernardino County Flood Control District and its Zone 5	Town of Lake Gregory	Share of General Ad Valorem Tax
Regional Facilities	San Bernardino County Flood Control District and its Zone 5	San Bernardino County Flood Control District	Share of General Ad Valorem Tax
<b>Solid Waste Management</b>			
Collection	San Bernardino County Solid Waste Management Franchise with Burretec	Town of Lake Gregory through franchise with Burretec	Fees and Charges
Local Transfer Station	San Bernardino County Solid Waste Management	San Bernardino County Solid Waste Management	Share of General Ad Valorem Tax and Special Tax of \$35.14 per parcel
<b>Utilities</b>			
Cable/Internet/Phone			
Telephone			
Power	SOUTHWEST CALIFORNIA Edison	SOUTHWEST CALIFORNIA Edison	
Natural Gas	SOUTHWEST CALIFORNIA Gas	SOUTHWEST CALIFORNIA Gas	
<b>Schools</b>	State of the World Unified School District	State of the World Unified School District	Share of General Ad Valorem Tax

## **FINANCIAL FEASIBILITY**

The process for incorporation, both State law and local policy, necessitates the development of a preliminary feasibility study to estimate feasibility for a community to begin the arduous process for official incorporation. This preliminary feasibility study is designed to help determine whether to move forward to seek the signatures necessary to request LAFCO to consider the application and prepare the Comprehensive Fiscal Analysis required by state law (Government Code Section 56800). Because of that, certain assumptions and estimates have been used in this study's development. Gathering the necessary information from the various sources has been a challenge due to the sources' unfamiliarity with the process (the last incorporation processed was in 1991). The estimates and assumptions used in this analysis are outlined in the narrative that follows. Several data sources have been used in the preparation of this document, including, but not limited to:

- RSG Study Dated September 23, 2015
- San Bernardino County:
  - County Administrative Office
  - County Public Works Department
  - Sheriff Department
  - Auditor-Controller
  - Assessor
  - Adopted Budget for the Fiscal Year 2018-19
- Local Agency Formation Commission for San Bernardino County
- ESRI Business Analyst
- City of Big Bear Lake Adopted Budget
- San Bernardino County Transportation Authority (SBCTA formerly known as SanBAG)

The full spreadsheets of the Preliminary Financial Feasibility Study are included with this document, provided as Exhibit B –Feasibility Study Forecast Current Sources along with the background documentation and Exhibit C –Feasibility Study Forecast with Passage of Assembly Bill 818.

## **REVENUES**

Should the incorporation be approved by LAFCO and the election be successful, the new Town would have a transitional year (anticipated to be December 2020 to June 30, 2021) in which the County would continue to provide some services and receive some revenues for those services. The cost of this transition year is unknown at this time and is not estimated since few costs of service figures for FY 2017-18 have been provided to the Committee from those service providers.

Following is a description of the revenue sources for the proposed Town of Lake Gregory. These estimates have used Fiscal Year 2017-18 data which has been increased for the Transition Year (initially by 6% and moving forward by 2% for revenues and 3% for expenses) to accommodate a projection for the Transition Year of Fiscal Year 2020-21 and beyond.

## **GENERAL AD VALOREM PROPERTY TAX**

Government Code Section 56810 sets forth the methodology required to determine the property tax share attributable to the proposed new Town from the County General Fund. This calculation is based on the total net cost of providing service to the community during the last fiscal year in which audited costs can be derived. Information has not been provided to the Committee on these costs, so this report has established a per capita methodology to develop the cost allocations for these computations using the RSG study of 2015 as well as the County Adopted Budget for Fiscal Year 2018-19 which shows actual net county cost for the Fiscal Year 2017-18. The following chart identifies the methodology and uses the Auditor's ratio established during the RSG study.



<b>PROPERTY TAX SHARE TRANSFER</b>			
<b>Annual Net costs for 2017-18</b>			
	Net County Cost from 2018-19 Budget (shown as Actual 2017-18)	Per capita Cost (net county cost /unincorporated population 311,659 (Department of Finance))	Town of Lake Gregory allocation (per capita times 11,362)
Land Use Administration	\$ 1,751,867	5.62	\$63,867
Planning	\$ 2,959,518	9.50	\$107,894
Code Enforcement	\$ 3,526,737	11.32	\$128,573
Building and Safety	\$ 341,150	1.09	\$12,437
Land Development	\$ 322,327	1.03	\$11,751
Fire Hazard Abatement	\$ 173,653	0.56	\$6,331
	Net Cost from Rim of the World Study	Per Capita Cost (ROW cost / 23448 ROW population)	Town of Lake Gregory Allocation
Public Works Response Dated January 23, 2019		-	\$1,617,691
Animal Control (taken from ROW Study)	\$ 141,649	6.04	\$68,638
Law Enforcement (taken from ROW Study)	\$ 3,966,189	169.15	\$1,921,863
<b>Total</b>			<b>\$3,999,019</b>
<b>Auditor's Ratio from RSG study</b>			<b>62.31%</b>
<b>Base Year Property Tax Revenue</b>			<b>2,458,428</b>
<b>Property Rate Adjustment</b>			<b>6.00%</b>
<b>Adjusted Base Year</b>			<b>2,605,893</b>
<b>Property Tax Share Computation</b>			
Assessed Value of Incorporation as of 12/31/18			1,218,946,613
General Tax Levy			12,280,467
Property Tax Allocation Adjusted for Growth			2,588,583
<b>Property Tax Share to Town</b>			<b>21.33%</b>

It needs to be noted here that the Auditor's ratio used in the RSG study as published was listed as 11.7488%. However, the documentation in the LAFCO records for the RSG study identifies, by a letter from the County Auditor-Controller dated February 26, 2015, that the ratio actually was 62.31%. A copy of this correspondence is included as Exhibit F. This would have made a substantial difference in the overall revenues included the report issued in September 2015, but no explanation for this discrepancy has been found as of the date of this report. However, this Auditor-Controller determined ratio percentage has been used in the calculation for the Preliminary Feasibility Study since an update has not

been provided by the County Administrative Office or County Auditor-Controller as of the preparation of this report.

## **SALES TAX**

The determination of the sales tax revenue was based on the historical quarterly data provided by the County Administrative Office for the community and the assumption that it would receive the full 1% of the general sales tax levy. The assumptions for growth identify an annual increase of 2%, less than the current Consumer Price Index (CPI) of 3.2% for the following fiscal years. The information provided by the County is included as Exhibit G.

## **TRANSIENT OCCUPANCY TAXES**

Transient Occupancy Tax for the County of San Bernardino is currently set at 7%. The new Town of Lake Gregory will succeed to this special tax that will be a condition of approval for its formation. This revenue source has been identified by the data provided by the County Administrative Office using the boundary for the incorporation that includes the revenues of Crestline and a portion of the Twin Peaks area (based on parcel delineation). This revenue source has been identified by the data provided by the County Administrative Office and assumes that existing collections will grow by 2.5% annually, less than the current CPI of 3.2%. In addition, it was identified by the County in its presentation of the data that collections are projected to increase, since entities such as AirBNB are collecting the Transient Occupancy Tax (TOT) for its users rather than relying on property owners to provide payment. The information provided is included as Exhibit H.

## **DISSOLVING DISTRICTS**

The general ad valorem tax share of County Service Area (CSA) 18, CSA 68 and CSA 70 Zone R-2 are identified from the audits for these agencies and are listed for general discretionary use. The special tax revenues designated for road, snow removal or road repairs are listed under the Transportation revenue section outlined below. Fund balance accruing to the new Town is estimated from the FY 2017-18 audits for these districts.

## **DETACHED DISTRICTS**

For the districts identified for detachment, there are two types of revenues identified in the Preliminary Feasibility Study – general ad valorem taxes that are general fund sources and special taxes which are restricted in their use. The Spreadsheet identifies these two types of revenue streams distinctly:

- General Ad Valorem share of detached districts – the revenues from the general ad valorem taxes of the detaching districts were determined using the data from the Property Tax Division provided during the RSG study, evaluated by the Tax Rate Areas included in the incorporation.
- The Special Tax revenues associated with the detaching Rim of the World Park District and SBCFPD Zone FP-5 were determined by the estimated number of private parcels within the

proposed Incorporation and their affected area. These revenues are restricted in their use to only those identified in the original formation documents.

## **FEES AND CHARGES**

The information included in the Preliminary Feasibility Study for items such as Animal Control Fees, Fines, and Forfeitures, Community Development Charges, Public Works Fees, COPS Grant/SLESF (Prop 172 funding) etc. were developed using the information from the RSG study. Those revenues were divided by the population of the RSG study to arrive at a per capita revenue then multiplied by the population of the Town of Lake Gregory.

## **BUSINESS LICENSE**

The Incorporation of the Town of Lake Gregory provides for the inclusion of a business license fee administered by the Town. In reviewing different models from Cities in San Bernardino County, it was determined that using the City of Highland model as a base would be appropriate. The calculation includes the first-year cost of approximately \$500 for the individual license plus the necessary inspections to support its issuance; followed by a maintenance license fee annually. The number of businesses was estimated as 200.

## **SUBSIDIARY DISTRICTS**

The revenues for the Preliminary Feasibility Study identify an operating transfer in of resources from the Crestline Sanitation District and Crestline Village County Water District for the administrative operations assumed by the Town from these agencies. Those operations include, but not limited to, the function of general manager, board of directors' operations, finance, billing, and legal expenses. The balance of the revenues and expenses will remain with the individual districts and are shown at the end of this study.

	FORECAST					
	TRANSITION YEAR 2021 - \$ 2020	YEAR ENDING JUNE 30				
		2022	2023	2024	2025	2026
		2%	2%	2%	2%	2%
<b>REVENUE</b>						
<b>GENERAL FUNDS:</b>						
Property Tax	\$ 1,300,842	\$ 2,653,717	\$ 2,706,791	\$ 2,760,927	\$ 2,816,145	\$ 2,872,468
Property Transfer Tax	\$ 23,759	\$ 48,705	\$ 49,923	\$ 51,171	\$ 52,450	\$ 53,761
General Ad Valorem Tax Share from Dissolved Districts						
CSA 18 general ad valorem share 2017		\$ 117,885	\$ 120,243	\$ 122,648	\$ 125,101	\$ 127,603
CSA 68 general ad valorem share		\$ 47,057	\$ 47,998	\$ 48,958	\$ 49,937	\$ 50,936
R-2 General Ad Valorem		\$ 18,176	\$ 18,540	\$ 18,911	\$ 19,289	\$ 19,675
General Ad Valorem Tax Detached Districts						
CSA 54 general ad valorem share		\$ 34,165	\$ 34,848	\$ 35,545	\$ 36,256	\$ 36,981
SBCFPD and its Mountain Service Zone		\$ 3,761,867	\$ 3,837,104	\$ 3,913,846	\$ 3,992,123	\$ 4,071,966
Sales and Use Tax (50% of ROW study)	\$ 165,833	\$ 331,665	\$ 338,298	\$ 345,064	\$ 351,966	\$ 359,005
Transient Occupancy Tax	\$ 131,651	\$ 263,302	\$ 269,885	\$ 276,632	\$ 282,164	\$ 289,218
Off Highway License Subvention		\$ 700	\$ 700	\$ 700	\$ 700	\$ 700
Animal Control Fees	\$ 24,680	\$ 49,360	\$ 50,347	\$ 51,354	\$ 52,381	\$ 53,429
Fines and Forfeitures		\$ 24,656	\$ 25,149	\$ 25,652	\$ 26,165	\$ 26,688
Community Development Charges	\$ 157,150	\$ 471,449	\$ 480,878	\$ 490,496	\$ 500,306	\$ 510,312
Public Works Fees	\$ 20,569	\$ 61,706	\$ 62,940	\$ 64,199	\$ 65,483	\$ 66,793
Franchise Fees	\$ 155,150	\$ 310,300	\$ 318,058	\$ 326,009	\$ 334,159	\$ 342,513
Business License		\$ 103,800	\$ 45,000	\$ 45,000	\$ 45,000	\$ 45,000
<b>Total Discretionary funds</b>	<b>\$ 1,979,632</b>	<b>\$ 8,298,510</b>	<b>\$ 8,406,702</b>	<b>\$ 8,577,111</b>	<b>\$ 8,749,625</b>	<b>\$ 8,927,048</b>
<b>Special Taxes restricted use:</b>						
FP-5 Special Tax for Fire Protection (13,323 private parcels)		\$ 2,158,030	\$ 2,222,771	\$ 2,289,454	\$ 2,358,138	\$ 2,428,882
Rim of the World Park Special Tax (\$22 times 12323)		\$ 271,106	\$ 271,106	\$ 271,106	\$ 271,106	\$ 271,106
<b>MISCELLANEOUS FUNDS:</b>						
Community Development Block Grant						
COPS Grant/SLESF		\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Operating Transfer In from Subsidiary Districts for costs						
Crestline Village Water District		\$ 641,360	\$ 660,600	\$ 680,418	\$ 700,811	\$ 721,835
Crestline Sanitation District		\$ 770,951	\$ 790,246	\$ 810,226	\$ 834,533	\$ 859,568
Non-Restricted Fund Balance Dissolved Districts						
CSA 18 41% of balance	\$ 166,297					
CSA 68	\$ 133,874					
R-2	\$ 57,807					
<b>TOTAL REVENUE</b>	<b>\$ 2,337,610</b>	<b>\$ 12,239,957</b>	<b>\$ 12,451,425</b>	<b>\$ 12,728,315</b>	<b>\$ 13,014,213</b>	<b>\$ 13,308,439</b>

## **EXPENDITURES**

### Staffing Structure and Personnel Costs:

LAFCO policy requires that staffing costs be the average of cities in San Bernardino and Riverside Counties. In preparing this Preliminary Feasibility Analysis (PFA), this comparison was developed using the following Cities which was expanded to include comparable Alpine-type cities throughout the state due to the unique nature of incorporating the Town of Lake Gregory:

CITY NAME	POPULATION (Department of Finance Estimate for 2017)
<b>San Bernardino County</b>	
Adelanto	35,2936
Big Bear Lake	5,512
Grand Terrace	12,524
<b>Riverside County</b>	
Calimesa	8,876
Canyon Lake	11,018
<b>Alpine Counties/Cities</b>	
Anderson	10,263
Mammoth Lakes	8,316
Placerville	10,642
Shasta Lake	10,143
Tehachapi	12,299

The spreadsheet of these comparisons is included as Exhibit I. The expenditures used in this review were estimated using the Committee's direction that contracts for service will be used where there is

the potential for an ebb and flow to the operations (such as planning and building and safety) which are fee supported and a lean administration during the early years of incorporation as the Town develops its policies, procedures, and philosophy.

## **TOWN COUNCIL**

Pursuant to the provisions of Government Code Section 36516, Town Council members can be paid up to \$300 per meeting of the Council (cities up to a population of 35,000) adopted by ordinance. This calculation allows for 16 meetings per year and minor council-related expenses. This calculation does not include the provision of other benefits to council members that may be authorized by law (those that are paid and available for regular town employees).

## **CITY ADMINISTRATION**

The expenses identified for City Administration include the cost of the salary and benefits for the City Manager (with a higher benefit rate than other employees) and Administrative Assistant, the expenses for conduct of regular Town Council meetings (notice and publication), travel and memberships (such as League of Cities, SBCTA), and the cost of the elections.

## **CITY ATTORNEY**

The Incorporation proposal identifies that this will be a contract position and the expenses in this category are identified for the transition year as 300 hours at \$300 per hour and 600 hours at \$300 per hour for the first full year of operation. This hourly rate is then increased by 3% per year for the forecast retaining the number of hours.

## **ADMINISTRATIVE SERVICES**

The Administrative Services/City Clerk Division will include the following positions: Chief Financial Officer/City Clerk, a Finance Officer/Human Resources Analyst, Information Technology Specialist and three Accounting Clerk/Customer Service Representatives. The transition year does not anticipate the costs associated with the Accounting Clerk/Customer Service Representatives as they will remain a function of the subsidiary districts and transition at the commencement of the first full-year of operations. Expenses also include the costs for professional services to audit the sales tax, transient occupancy tax and property tax receipts, preparation of the annual audit, bank charges, postage charges and office expense.

## **COMMUNITY SERVICES**

The Community Services Division will allow for contract staffing to accommodate the ebbs and flows of the development review process to be fully funded by fees and charges. Full-time staffing positions include Community Services Director, Principal Planner, Code Compliance Officer, Permit/License Specialist, and Administrative Assistant. Only the Community Services Director, Code Compliance Officer, and Administrative Assistant are proposed during the transition year. The costs for this division

include the mandatory requirement for the preparation of the General Plan, Housing Element and Environmental Impact Report within the first four full-years of operation. This full expense is estimated at \$800,000, applied as \$200,000 per year.

## **PUBLIC WORKS/ENGINEERING**

It is anticipated that this division will assimilate the positions from the subsidiary districts' general managers for the administration of the districts, overseeing the roads functions funded by the restricted revenues and handling the operation of park and recreation programs transferring from the Rim of the World Park and Recreation District. No expense is anticipated during the transition year as these services will continue to be provided at the subsidiary districts. Expense will commence with the first full-year of operation.

## **CONTRACTS FOR SERVICE**

### **ANIMAL CONTROL**

The contract cost for this service is estimated using the information contained in the RSG Study, divided by the population of that study and then multiplied by the population of the proposed Town of Lake Gregory. This expense was then increased by 6% to provide for the first full year of operation cost, then maintained across the forecast. This will be a contract negotiated by the new Town Council.

### **LAW ENFORCEMENT**

State law requires that law enforcement services be provided by a municipality. The new Town of Lake Gregory will assume the law enforcement responsibility from the County Sheriff and the traffic control responsibilities (excluding along State Highways) from the California Highway Patrol. LAFCO policies require that financial feasibility include a determination on the provision of a municipal-level law enforcement service. That policy reads:

*The Commission defines "financial feasibility" to mean the ability of a new city to maintain pre-incorporation service levels, with sufficient resources to provide a municipal-level law enforcement service consistent with the recommendations of the County Sheriff.*

A request was submitted to the San Bernardino County Sheriff office to provide for a proposed municipal level of law enforcement for the new Town of Lake Gregory. The response is included as Exhibit J. The estimated County Schedule A contract was presented for Fiscal Year 2019-20 and has been increased by 6% to bring the projection into the first full year of operations following incorporation with a 3% annual increase thereafter. The proposal provides for an increased level of service utilizing two patrol deputies on duty 24/7 with supplemental traffic relief during the day. It is anticipated that the Town will provide for the co-location of a substation at Town Hall to allow for direct access by the community; however, this will be a consideration of the Town Council once incorporated. Fuel and maintenance costs not included in the proposal have been estimated using the costs for the City of Big

Bear Lake. The projection includes the start-up costs included in the contract for the first full year and removed from the following year's forecasts.

Law Enforcement	Number of Personnel	2019-2020 Estimated County Schedule A - Civil Operations Model	TRANSITION YEAR 2020-21 (Interim/Transition Award)	2021-22	2022-23	2023-24	2024-25	2025-26	
				6% increase over estimate	5%	5%	5%	5%	
Recruitment	0.75	\$	294,285	\$	282,616	\$	277,687	\$	272,758
Sworn	2	\$	455,494	\$	418,821	\$	394,305	\$	369,789
Undersworn/Reserve	4	\$	611,944	\$	566,667	\$	533,723	\$	500,779
County Sheriff	80	\$	1,870,000	\$	1,582,948	\$	1,261,780	\$	1,022,991
County Sheriff (Interim/Transition)	2	\$	394,000	\$	369,400	\$	344,800	\$	320,200
Sheriff Services Assistant	2	\$	150,600	\$	140,250	\$	129,900	\$	119,550
Office Specialist	2	\$	225,000	\$	212,250	\$	199,500	\$	186,750
Motor Pool Services/Assistant	0.5	\$	35,250	\$	33,188	\$	31,125	\$	29,063
CDI methods units	7	\$	152,234	\$	142,947	\$	133,660	\$	124,373
Unmarked units	2	\$	14,825	\$	14,176	\$	13,527	\$	12,878
Pick up Truck	2	\$	12,900	\$	12,240	\$	11,580	\$	10,920
Cleaning Patrol Ford Excursion	1	\$	2,700	\$	2,565	\$	2,430	\$	2,295
Offroad Services		\$	204,500	\$	192,275	\$	180,050	\$	167,825
Hard Hat Radios	17	\$	24,900	\$	23,655	\$	22,410	\$	21,165
Tire Replacements	16	\$	2,100	\$	2,000	\$	1,900	\$	1,800
Administrative Support		\$	30,000	\$	28,350	\$	26,700	\$	25,050
Office Automation		\$	75,000	\$	70,500	\$	66,000	\$	61,500
Forms and Supplies		\$	22,200	\$	21,180	\$	20,160	\$	19,140
Vehicle Insurance		\$	50,000	\$	47,500	\$	45,000	\$	42,500
Personnel Liability and Benefits		\$	130,000	\$	123,500	\$	117,000	\$	110,500
Workers Compensation Modifications		\$	14,500	\$	13,875	\$	13,250	\$	12,625
County Administrator Cost		\$	220,000	\$	209,000	\$	198,000	\$	187,000
<b>TOTAL COST Ongoing</b>		\$	<b>4,896,922</b>	\$	<b>4,572,255</b>	\$	<b>4,247,588</b>	\$	<b>3,922,921</b>
Start Up Costs		\$	172,600	\$	172,600				
<b>TOTAL</b>		\$	<b>5,069,522</b>	\$	<b>4,744,855</b>	\$	<b>4,247,588</b>	\$	<b>3,922,921</b>

### FIRE PROTECTION/EMERGENCY MEDICAL RESPONSE

State law requires a municipality to provide for fire protection but does not define the level of this service. The proposal for incorporation of the Town of Lake Gregory anticipates that responsibility for the provision of fire protection/emergency medical response will return to the Town. The contract cost for the provision of this service by contract with the San Bernardino County Fire Protection District (County Fire) has been estimated by use of the Fiscal Impact Analysis presented by County Fire for the annexation of the Hesperia Fire Protection District (LAFCO 3218 completed in November 2018). This detachment does not anticipate the transfer of Exclusive Operating Areas 10 and 11 for ambulance service transferred to County Fire as a part of the approval for LAFCO 3186 (Crest Forest FPD dissolution) back to the Town due to the size of the area of service. It is anticipated that through the detachment from County Fire and its associated Zones there will be a return of the facilities wholly within the Town of Lake Gregory (Active Station 25 and inactive Stations 24 (Cedarpines Park), 28 (Valley of Enchantment) and 29 (Lake Gregory) and a negotiation on equipment. The requirement for contracting for continuing fire protection/emergency medical response service will be a condition of approval should the proposal be approved by LAFCO.

The forecast does not include an expense for the transition year but commences with the first full year of operation. As shown on the chart which follows, this projection provides for three-man crews to be



funded for Station 25 and the payment for one-half the cost of a three-man crew at Station 26, cost for administration, station expense and Household Hazardous Waste Contract.

		Cost per position 2017-18	Estimated cost for 2019-20	TRANSITION YEAR 2020-21 (December to June)	2021-22	2022-23	2023-24	2024-25	2025-26
<b>Fire Protection Contract based upon Hesperia Reorganization LAFCO 3218</b>									
<b>STATION 25</b>									
Captain	3	\$214,295	\$682,037	\$702,498	\$723,573	\$745,280	\$767,638	\$790,668	\$814,388
Engineer	3	\$182,770	\$581,702	\$599,153	\$617,128	\$635,642	\$654,711	\$674,353	\$694,583
Fire fight/Paramedic	3	\$150,789	\$479,916	\$494,324	\$509,143	\$524,417	\$540,150	\$556,354	\$573,045
<b>STATION 26 (1/2 cost shared with Mountain Service Zone beginning with first full year)</b>									
Captain	3	\$214,295	\$682,037	\$702,498	\$361,737	\$374,449	\$385,682	\$397,253	\$409,171
Engineer	3	\$182,770	\$581,702	\$599,153	\$308,554	\$319,364	\$328,545	\$338,813	\$348,977
Fire fight/Paramedic	3	\$150,789	\$479,916	\$494,324	\$254,572	\$253,482	\$271,386	\$279,528	\$287,913
<b>Administration Per LAFCO 3218</b>									
			\$563,926	\$580,040	\$590,259	\$616,217	\$634,703	\$653,744	\$673,357
<b>Station Expense from 3218 for 2 stations</b>									
			\$433,283	\$446,281	\$459,639	\$473,459	\$487,663	\$502,293	\$517,362
<b>Household Hazardous Waste Contract</b>									
			\$171,849	\$177,005	\$182,315	\$187,784	\$193,418	\$199,221	\$205,197
<b>Proposed Contract Cost</b>									
			\$4,656,367	\$4,796,059	\$4,015,019	\$4,140,094	\$4,264,297	\$4,392,226	\$4,523,992

### NON-DEPARTMENTAL EXPENSE

The forecast includes a line item for non-department expense to cover such miscellaneous items as Association Dues, rent, utilities not assigned, LAFCO apportionment charges, cost for the State Board of Equalization filings and streetlights. This expense is increased in the second full-year of operation and thereafter by 3%.

	FORECAST					
	TRANSITION YEAR 2021 - \$ expenses	YEAR ENDING JUNE 30				
		2022	2023	2024	2025	2026
<b>EXPENDITURES</b>						
Year over increase		3%	3%	3%	3%	3%
City Council	\$12,800	\$25,600	\$25,600	\$25,600	\$25,600	\$25,600
City Administration	\$176,072	\$433,234	\$384,062	\$457,453	\$406,837	\$482,764
City Attorney	\$90,000	\$180,000	\$185,400	\$190,962	\$196,691	\$202,592
Administrative Services	\$199,187	\$653,008	\$744,113	\$766,437	\$789,430	\$813,113
Community Services	\$166,497	\$709,829	\$725,049	\$738,225	\$754,372	\$571,003
Public Works		\$492,214	\$497,987	\$512,927	\$528,315	\$544,164
<b>CONTRACTS:</b>						
Animal Control		\$131,549	\$131,549	\$131,549	\$131,549	\$131,549
County Dual Operation Model Contract enforcement		\$5,144,935	\$5,121,465	\$5,275,109	\$5,433,362	\$5,596,363
Fire Protection Contract (Projection from Hesperia FPD proposal)		\$85,000	\$87,550	\$90,177	\$92,882	\$95,668
Non-Departmental (rent, utilities, streetlights, LAFCO charges, association dues)	\$ 28,563	\$57,125	\$58,839	\$60,604	\$62,422	\$64,295
Revenue Neutrality Payment	\$0	\$0	\$0	\$0	\$0	\$0
Transition Period Repayment		?				
<b>General Fund Expenditures</b>	<b>\$673,319</b>	<b>\$11,927,513</b>	<b>\$12,101,707</b>	<b>\$12,513,339</b>	<b>\$12,813,685</b>	<b>\$13,051,102</b>
Contingency/Reserve 10% -- Established in first full year -- augmented annual to maintain 10% of anticipated expenditures		\$500,000	\$500,000	\$251,334	\$30,035	\$23,742
<b>TOTAL EXPENDITURES</b>	<b>\$ 673,319</b>	<b>\$12,427,513</b>	<b>\$12,601,707</b>	<b>\$12,764,673</b>	<b>\$12,843,720</b>	<b>\$13,074,844</b>

## ESTABLISHMENT OF RESERVE/CONTINGENCY ACCOUNTS

State law and LAFCO policies require that an incorporation include a reasonable reserve, defined by San Bernardino LAFCO specifically as follows:

- *In determining compliance with Government Code Section 56720, the Commission finds that a "reasonable reserve" is a contingency fund equal to 10% of the projected general and special funds of the new city.*

The RSG report anticipated a 10% Contingency and a 25% Reserve fund. That estimate has not been carried forward to this forecast. In the General Fund, it is anticipated that the proposed incorporation set up a 10% reserve and use fund balance as it is a contingency. In addition, it is forecast that due to the start-up costs associated with the proposed incorporation, it will meet a 10% reserve through a combination of Fund Balance and the establishment of Reserve, but not the letter of this policy for a 10% reserve for the first three years of operation. As shown below in the first full year a \$500,000 allocation to Reserves is proposed with a fund balance which, when combined, exceeds the 10% requirement. This same practice is continued in the second full year of operation. It is anticipated, based upon this forecast, that the Town will meet the 10% Reserve requirement in fiscal year 2023-24 along with a contingency (fund balance) of 10.3%.

	TOWN OF LAKE GILBERT					
	FORECAST					
	YEAR ENDING JUNE 30					
	TRANSITION YEAR 2021 - 6 months	2022	2023	2024	2025	2026
<b>TOTAL REVENUE</b>	\$ 2,337,610	\$ 12,239,957	\$ 12,451,425	\$ 12,728,315	\$ 13,014,213	\$ 13,308,439
<b>EXPENDITURES</b>						
General Fund Expenditures	\$673,319	\$11,927,513	\$12,101,707	\$12,513,339	\$12,813,685	\$13,051,102
Contingency/Reserve 10% -- Established in first full year -- augmented annual to maintain 10% of anticipated expenditures		\$500,000	\$500,000	\$251,334	\$30,035	\$23,742
<b>TOTAL EXPENDITURES</b>	\$ 673,319	\$12,427,513	\$12,601,707	\$12,764,673	\$12,843,720	\$13,074,844
<b>Change in Fund Balance</b>	\$ 1,664,291	-\$187,555	-\$150,282	-\$36,358	\$170,493	\$233,595
Beginning Fund Balance	\$ -	\$1,664,291	\$1,476,736	\$1,326,454	\$1,290,096	\$1,460,589
Ending Fund Balance	\$ 1,664,291	\$1,476,736	\$1,326,454	\$1,290,096	\$1,460,589	\$1,694,184
Contingency/Reserve maintained at 10% of proposed expenditures		\$500,000	\$1,000,000	\$1,251,334	\$1,281,369	\$1,305,110

LAFCO policy related to Incorporation states that it will only consider existing revenue sources, as shown below:

*In determining feasibility, the Commission will consider only those revenues that are currently available to all general law cities. It will not consider revenues derived through special taxes or assessments, nor will it consider hypothetical revenues available through possible actions of a future city council (e.g., utility user's taxes) in the determination of financial feasibility.*

However, there is the potential to return to newly incorporating cities the discretionary funding they lost during the recession and the passage of SB 89 by the State to address the financial repercussions of the recession in 2011. Below is an outline of the current legislation:

**AB 818 (Cooley D) Local government finance: vehicle license fee adjustment amounts.**

Current Text: Introduced: 2/20/2019

Summary:

Current property tax law, for the 2006–07 fiscal year, and for each fiscal year thereafter, requires the vehicle license fee adjustment amount to be the sum of the vehicle license fee adjustment amount for the prior fiscal year, if specified provisions did not apply, and the product of the amount as so described and the percentage change from the prior fiscal year in the gross taxable valuation within the jurisdiction of the entity. Current law establishes a separate vehicle license fee adjustment amount for a city that was incorporated after January 1, 2004, and on or before January 1, 2012. This bill would establish a separate vehicle license fee

adjustment amount for a city incorporating after January 1, 2012, including an additional separate vehicle license fee adjustment amount for the first fiscal year of incorporation and for the next 4 fiscal years thereafter.

Sponsored by the League of California Cities, this bill will reinstate ERAF funding for cities incorporating after 2018. This is the same bill as AB 2491 from 2018 vetoed by the Governor.

Should this legislation pass, it would increase the estimated discretionary revenues of the proposed Town annually as shown on Exhibit C. The table that follows presents a condensed version of the effects for the new Town.

	TRANSITION Year 2020-21- 6 months	FISCAL YEAR 2021-22	FISCAL YEAR 2022-23	FISCAL YEAR 2023-24	FISCAL YEAR 2024-25	FISCAL YEAR 2025-26
<b>REVENUE</b>						
General Fund Total Discretionary Revenue	\$1,979,632	\$8,298,510	\$8,406,702	\$8,577,111	\$8,749,625	\$8,927,048
Miscellaneous Funds	\$357,978	\$3,670,341	\$3,773,617	\$3,880,098	\$3,993,482	\$4,110,286
<b>Potential Revenue from AB 818</b>		<b>\$866,236</b>	<b>\$852,124</b>	<b>\$803,156</b>	<b>\$752,669</b>	<b>\$767,722</b>
<b>Calculation is population (11,362) multiplied by 1.5 (reducing each year by 10%) =17,043 multiplied by rate</b>						
<b>TOTAL REVENUES</b>	\$2,263,839	\$12,855,087	\$13,032,443	\$13,260,365	\$13,495,776	\$13,805,055
<b>TOTAL EXPENDITURES</b>	\$673,319	\$13,120,264	\$12,119,126	\$12,554,502	\$12,843,721	\$13,074,845
<b>Change in Fund Balance</b>	\$1,590,521	(\$265,177)	\$913,316	\$705,863	\$852,055	\$730,210
<b>Ending Fund Balance</b>	\$1,590,521	\$1,325,344	\$2,238,661	\$2,944,524	\$3,596,579	\$4,326,789
<b>10% Reserves</b>		\$1,192,751	\$1,210,171	\$1,251,334	\$1,281,369	\$1,305,110
<b>Percentage of Fund Balance Plus Reserves to Expenditures</b>		19.19	28.45	33.42	37.98	43.07

The signing of this legislation would allow the new Town additional discretionary revenues to assign for reserves, increase levels of law enforcement or other services to be chosen by the Town Council during its budgetary considerations.

## **REVENUE NEUTRALITY**

Government Code Section 56815 states:

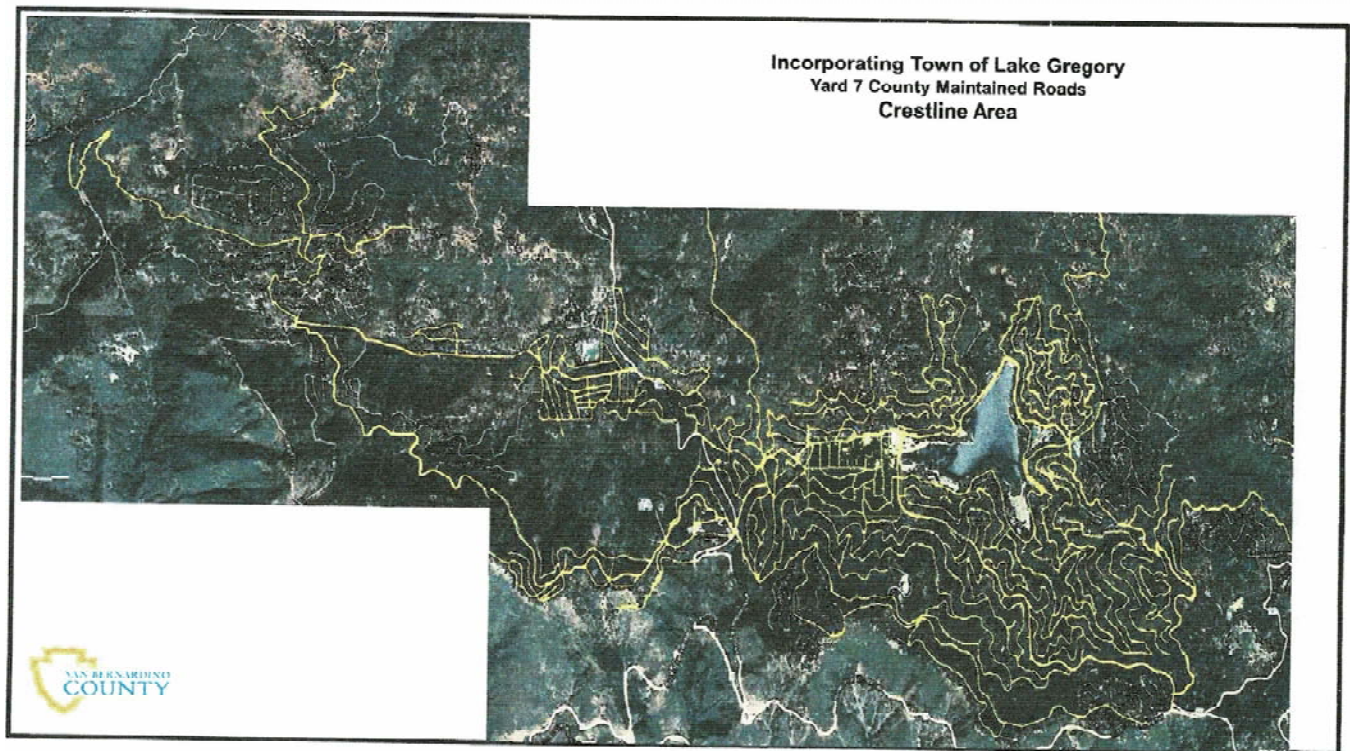
*56815. (a) It is the intent of the Legislature that any proposal that includes an incorporation should result in a similar exchange of both revenue and responsibility for service delivery among the county, the proposed city, and other subject agencies. It is the further intent of the Legislature that an incorporation should not occur primarily for financial reasons.*

This statutory requirement indicates that the revenues lost to the County should match the service obligations transferred. There are no current policies in place by either LAFCO or the County related to this process known to the Incorporation proponents. Therefore, the calculation related to revenue neutrality is estimated as follows in compliance with the statute. The sum of the calculation shows a minor positive impact to the County General Fund. Therefore, no revenue neutrality payment is included in the forecast.

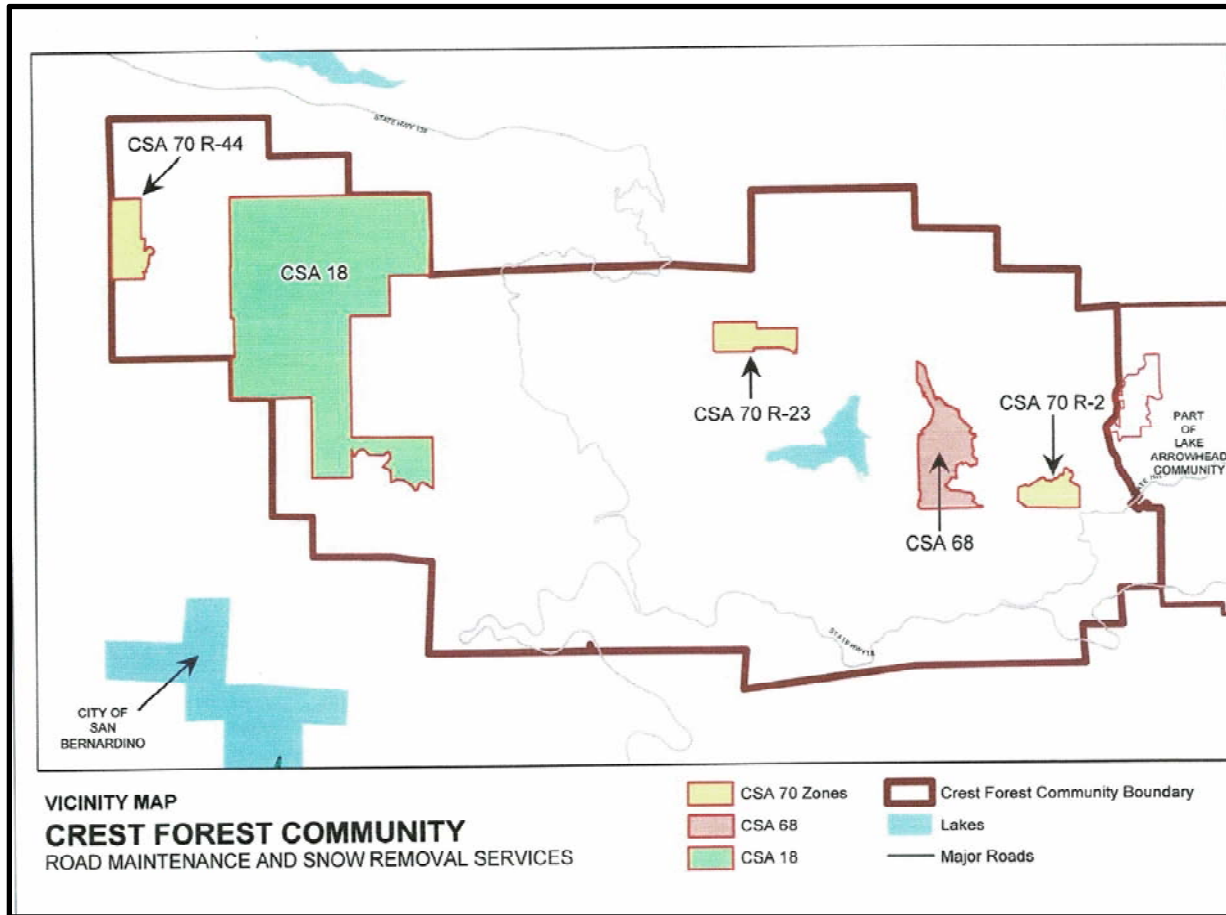
<b>REVENUE NEUTRALITY</b>			
<b>Revenue Transferred</b>			
Property Tax per formula in 6C 2020	\$ 2,504,528		
Salary Tax	\$ 607,500		
Transient Occupancy Tax	\$ 361,932		
Property Transfer Tax	\$ 27,700		
Fines and Penalties	\$ -		
Franchise Fees	\$ 102,000		
<b>Total Revenue Loss to County</b>	<b>\$ 3,595,660</b>	<b>\$</b>	<b>(3,595,660)</b>
<b>Expenses Transferred (not county cost)</b>			
Land Use Services	\$ 60,857		
Planning	\$ 207,694		
Code Enforcement	\$ 128,577		
Land Development	\$ 21,692		
Fire Hazard Abatement	\$ 4,931		
Public Works	\$ 1,517,580		
Animal Control	\$ 68,096		
Law Enforcement	\$ 1,921,692		
<b>Total Expenditure</b>	<b>\$ 3,987,719</b>	<b>\$</b>	<b>3,987,719</b>
<b>County Property Tax Admin Fee 2%</b>		<b>\$</b>	<b>36,577</b>
<b>Net Revenue Impact to County</b>		<b>\$</b>	<b>61,636</b>
<b>Potential Revenue Neutrality Payment</b>		<b>Zero</b>	

## TRANSPORTATION RELATED SUBVENTIONS AND TAX REVENUES

The law requires that all County-maintained roads within the incorporation boundary will transition to the Town's ownership and responsibility. This transfer will also include the local drainage facilities as well. The January 23, 2019 letter from County Public Works Department – Transportation Division identifies that 81.71 miles of county-maintained roads will transition to the new Town of Lake Gregory. Included within the assumption of service will be the transfer of Yard 7 to the new Town for its road operations. A map of the location of these roads was provided by the County Transportation Department (copy included as Exhibit L) and is shown below.



In addition, incorporation will include the transfer of ownership and responsibility for the local drainage system and the maintenance of the National Pollution Discharge Elimination System (NPDES) permit currently managed by the County Public Works for the San Bernardino County Flood Control District. The question of the costs associated with the local drainage operation and maintenance along with the NPDES permit has been posed to the County Administrative Office; to date, no response on the increase in revenue transfer and cost has been provided. It is assumed, at this time, that these costs and revenues to support them will be roughly equal.



In addition, the CSAs that provide for road maintenance, snow removal and repair will be dissolved, and their revenues provided to the new Town. The location of these agencies is shown on the map below provided by LAFCO:

The following financial data identifies the revenues and expenditures for each type of road maintenance effort.

State Subventions are identified as “HUTA” which stands for Highway Users Tax Account and “RMRA” which is Road Maintenance and Rehabilitation Account. The revenue information identifies that it was developed using the data for the City of Big Bear Lake as shown in the materials from the California City Finance division of the California League of Cities entitled “*Shared Revenue Estimates: State Revenue*



*Allocations to Cities and Counties*” Updated January 22, 2019. The information on the development of these numbers is included in the document that is shown as Exhibit M. The rates for the receipt of the restricted transportation related subvention revenues are two times that of the City of Big Bear Lake based upon its current population of 5,512 as defined by the State Department of Finance (roughly ½ of the Town of Lake Gregory). The Bradley Burns Sales Tax and the Measure I allocations were provided by the San Bernardino County Transportation Authority personnel.

In addition, the restricted portions of CSA revenues are shown, as these will be a transition to the Town for its management and operation. This calculation was taken from the Audits for these agencies.

		<b>FORECAST</b>				
		<b>YEAR ENDING JUNE 30</b>				
	<b>TRANSITION YEAR 2021 - 6 months</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026</b>
		<b>2%</b>	<b>2%</b>	<b>2%</b>	<b>2%</b>	<b>2%</b>
<b>TRANSPORTATION FUNDS</b>						
Gas Tax-- HUTA (1.5 times population (11,362) =17,043)						
Estimate City of BBL 2019-20 HUTA multiplied by 2 as these funds are population based)						
		\$ 1,038,264	\$ 1,069,412	\$ 1,101,494	\$ 1,134,539	\$ 1,168,575
Gas Tax-- RMRA (Using BBL Estimate for calculation)						
		\$ 91,233	\$ 93,970	\$ 96,789	\$ 99,693	\$ 102,684
Measure I Local (base is \$154,735 as reported by SBCTA increased by 2% per year from 2018-19)						
	\$ 80,493	\$ 164,206	\$ 167,490	\$ 170,840	\$ 174,257	\$ 177,742
Local Transportation - Bradley Burns transportation sales tax						
		\$ 115,408	\$ 115,408	\$ 115,408	\$ 115,408	\$ 115,408
<b>TOTAL REVENUE</b>		<b>\$ 1,409,111</b>	<b>\$ 1,446,280</b>	<b>\$ 1,484,531</b>	<b>\$ 1,523,897</b>	<b>\$ 1,564,409</b>
Capital Improvement fund Balance from County Transportation (3.2% of 17-18 balance)						
	\$ 1,865,277					
<b>Contract for routine maintenance and snow removal (based on costs provided by County Transportation for Services in 2017-18)</b>						
		\$ 844,943	\$ 870,291	\$ 896,400	\$ 923,292	\$ 950,991
<b>Change in Fund Balance</b>		<b>\$ 1,945,770</b>	<b>\$ 564,168</b>	<b>\$ 575,989</b>	<b>\$ 588,131</b>	<b>\$ 600,606</b>
<b>Prior Year Fund Balance</b>		<b>\$ 1,945,770</b>	<b>\$ 2,509,938</b>	<b>\$ 3,085,927</b>	<b>\$ 3,674,058</b>	<b>\$ 4,274,663</b>
<b>Restricted Fund Balance</b>		<b>\$ 1,945,770</b>	<b>\$ 2,509,938</b>	<b>\$ 3,085,927</b>	<b>\$ 3,674,058</b>	<b>\$ 4,888,080</b>
Dissolved Districts restricted funds:						
CSA 18 (road, snow removal)		\$ 187,800	\$ 187,800	\$ 187,800	\$ 187,800	\$ 187,800
CSA 68 (road maintenance and improvement)		\$ 83,710	\$ 85,803	\$ 87,948	\$ 90,147	\$ 92,400
R-2 (road maintenance and snow removal)		\$ 84,731	\$ 86,850	\$ 89,021	\$ 91,246	\$ 93,527
R-23 (Road maintenance and snow removal)		\$ 17,040	\$ 17,040	\$ 17,040	\$ 17,040	\$ 17,040
R-44 (road maintenance, improvement, snow removal)		\$ 11,000	\$ 11,000	\$ 11,000	\$ 11,000	\$ 11,000
<b>TOTAL RESTRICTED REVENUES</b>		<b>\$ 384,281</b>	<b>\$ 388,493</b>	<b>\$ 392,809</b>	<b>\$ 397,233</b>	<b>\$ 401,768</b>
Fund Balance from dissolved districts						
Spec Tax CSA 18		\$ 239,407				
Spec Tax CSA 68 (implemented 2018-19)		\$ -				
Spec Tax R-2		\$ 115,767				
Spec Tax R-23		\$ 42,177				
<b>Former County Service Areas Snow Removal and Routine Road Maintenance Costs</b>						
		\$ 157,471	\$ 162,195	\$ 167,061	\$ 172,073	\$ 177,235
<b>Change in Fund Balance</b>		<b>\$ 226,810</b>	<b>\$ 226,297</b>	<b>\$ 225,748</b>	<b>\$ 225,160</b>	<b>\$ 224,538</b>
<b>Prior Year Fund Balance</b>		<b>\$ 397,351</b>	<b>\$ 624,161</b>	<b>\$ 850,459</b>	<b>\$ 1,076,207</b>	<b>\$ 1,301,367</b>
<b>Restricted Fund Balance</b>		<b>\$ 397,351</b>	<b>\$ 624,161</b>	<b>\$ 850,459</b>	<b>\$ 1,076,207</b>	<b>\$ 1,525,900</b>

It has been estimated that the Town of Lake Gregory would receive a proportionate share of the Capital Improvement reserves from the County Public Works Department. Using the determination that the roads being transferred are 3.2% of the County Maintained Road system, 3.2% of the Capital Improvement Reserve Balance for FY 2017-18 as shown in the adopted County Budget for Fiscal Year 2018-19, or \$1,865,277 is proposed to be transferred to the new Town.

The costs for maintenance shown below will be managed by the Town’s Public Works Department and provides for the estimated expenses for annual maintenance and/or snow removal as follows:

FISCAL YEAR	GENERAL TOWN MAINTAINED ROADS	RESTRICTED CSA – NON-TOWN MAINTAINED ROADS
2021-22	\$844,943	\$157,471
2022-23	\$870,291	\$162,195
2023-24	\$896,400	\$167,061
2024-25	\$923,292	\$172,073
2025-26	\$950,991	\$177,235
TOTAL	\$4,485,950	\$836,035

## SUBSIDIARY DISTRICTS

As outlined at the outset of this report, the Crestline Sanitation District and the Crestline Village Water District are proposed to become subsidiary districts of the Town of Lake Gregory. This will mean that they will continue to operate as special districts with the need for an annual budget, annual audit, separate actions for service charges, etc. The Board of Directors of each district and the administration of each agency will fall under the umbrella of the Town, such as customer service, legal counsel, finance, etc. To show the financial impact of this change the following spreadsheets have been prepared. The information has been taken from the Audits for each district for the preceding six years, the adopted budget for Fiscal Year 2018-19, and a forecast through to the end of the Incorporation Preliminary Feasibility study.

**CRESTLINE SANITATION DISTRICT**

	AUDITS						ADDED	FORECAST						
	For the Year Ended June 30,							BUDGET	Provided in Adopted 2019 Crestline Budget				Committee Estimate	
	2013	2014	2015	2016	2017	2018			YEAR ENDING JUNE 30					
		Restated	Restated	Restated					2020	2021	2022	2023	2024	2025
<b>OPERATING REVENUE</b>														
Charges for Services	\$ 239,412.26	\$ 2,379,304	\$ 2,367,153	\$ 2,554,930	\$ 2,785,098	\$ 2,961,067	\$ 3,174,773	\$ 3,416,569	\$ 3,499,211	\$ 3,499,211	\$ 3,499,211	\$ 3,604,187	\$ 3,712,313	
Rents and Licenses	\$ 21,226	\$ 26,989	\$ 24,404	\$ 29,671	\$ 30,000	\$ 30,867	\$ 29,125	\$ 29,125	\$ 29,125	\$ 29,125	\$ 29,125	\$ 29,125	\$ 29,125	
Connection Fees	\$ 7,507	\$ -	\$ 9,082	\$ 14,964	\$ 3,741	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Other Services	\$ 133,286	\$ 158,468	\$ 121,697	\$ 114,680	\$ 401,226	\$ 208,301	\$ 128,300	\$ 159,800	\$ 150,800	\$ 150,800	\$ 150,800	\$ 150,800	\$ 150,800	
<b>NON-OPERATING REVENUE</b>														
Property Tax	\$ 95,212.26	\$ 970,686	\$ 989,877	\$ 1,025,347	\$ 1,076,976	\$ 1,114,730	\$ 1,070,800	\$ 1,066,800	\$ 1,108,536	\$ 1,130,707	\$ 1,153,321	\$ 1,176,397	\$ 1,199,915	
Special Assessments	\$ 26,416	\$ 25,989	\$ 50,662	\$ 9,810	\$ 11,460	\$ 11,410	\$ 27,287	\$ 27,287	\$ 27,287	\$ 27,287	\$ 27,287	\$ 27,287	\$ 27,287	
State Assistance	\$ 12,252	\$ 11,620	\$ 10,894	\$ 10,582	\$ 11,289	\$ 10,662	\$ 11,869	\$ 12,047	\$ 12,228	\$ 12,411	\$ 12,587	\$ 12,783	\$ 12,968	
Investment Income	\$ 47,497	\$ 124,482	\$ 97,148	\$ 141,787	\$ (15,574)	\$ 24,971	\$ 94,814	\$ 94,814	\$ 94,814	\$ 94,814	\$ 94,814	\$ 94,814	\$ 94,814	
Gifts and Sales of Assets	\$ -	\$ -	\$ 12,000	\$ -	\$ 6,372	\$ 12,750	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Other Income	\$ 16,346	\$ (10,156)	\$ (29,200)	\$ 20,612	\$ 16,800	\$ 20,102	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	
<b>TOTAL REVENUE</b>	<b>\$ 3,602,392</b>	<b>\$ 3,686,912</b>	<b>\$ 3,680,497</b>	<b>\$ 3,922,383</b>	<b>\$ 4,007,448</b>	<b>\$ 4,394,860</b>	<b>\$ 4,537,978</b>	<b>\$ 4,824,452</b>	<b>\$ 4,923,911</b>	<b>\$ 4,945,365</b>	<b>\$ 4,968,165</b>	<b>\$ 5,096,594</b>	<b>\$ 5,226,233</b>	
<b>EXPENDITURES</b>														
Salaries and Benefits	\$ 1,569,442	\$ 1,706,162	\$ 1,848,908	\$ 2,143,173	\$ 2,220,048	\$ 2,160,732	\$ 2,472,048	\$ 2,639,774	\$ 2,777,590	\$ 2,912,769	\$ 3,048,813	\$ 3,212,127	\$ 3,404,294	
Maintenance								\$ 1,256,888	\$ 1,327,321	\$ 1,387,018	\$ 1,442,889	\$ 1,468,666	\$ 1,512,735	
Operations								\$ 206,084						
Professional Services	\$ 438,976	\$ 332,237	\$ 256,267	\$ 283,652	\$ 354,657	\$ 228,374	\$ 401,916					\$ 0	\$ 0	
Maintenance								\$ 3,898	\$ 4,028	\$ 4,120	\$ 4,204	\$ 4,330	\$ 4,460	
Operations								\$ 19,203	\$ 19,575	\$ 19,879	\$ 20,161	\$ 20,443	\$ 20,725	
Professional and Administrative								\$ 29,983						
Services and Supplies	\$ 487,106	\$ 458,814	\$ 469,335	\$ 500,644	\$ 482,722	\$ 604,624	\$ 680,761	\$ 73,598	\$ 75,082	\$ 76,558	\$ 78,072	\$ 80,414	\$ 82,827	
Maintenance								\$ 486,334	\$ 488,080	\$ 490,023	\$ 491,153	\$ 492,638	\$ 494,587	
Operations								\$ 126,222						
Professional and Administrative								\$ 18,042	\$ 18,902	\$ 19,533	\$ 20,186	\$ 20,773	\$ 21,340	
Utilities	\$ 134,203	\$ 145,410	\$ 157,980	\$ 161,692	\$ 158,065	\$ 168,892	\$ 180,448	\$ 184,099	\$ 187,744	\$ 191,502	\$ 195,334	\$ 201,194	\$ 207,290	
Travel Expenses	\$ 10,076	\$ 9,282	\$ 8,934	\$ 8,396	\$ 7,528	\$ 6,780	\$ 6,780	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
Other Expenses	\$ 0	\$ 0	\$ 0	\$ 2,787	\$ 2,688	\$ 2,854	\$ 27,186	\$ 2,186	\$ 2,186	\$ 2,186	\$ 2,186	\$ 2,186	\$ 2,186	
In Debt Expenses								\$ 3,700	\$ 3,700	\$ 3,700	\$ 3,700	\$ 3,700	\$ 3,700	
Transfers to Other Governmental Entities									\$ 770,951	\$ 780,246	\$ 790,226	\$ 803,453	\$ 819,568	
<b>TOTAL EXPENDITURES</b>	<b>\$ 2,635,803</b>	<b>\$ 2,723,725</b>	<b>\$ 2,819,029</b>	<b>\$ 3,174,604</b>	<b>\$ 3,311,689</b>	<b>\$ 3,224,256</b>	<b>\$ 3,706,069</b>	<b>\$ 3,883,281</b>	<b>\$ 3,997,355</b>	<b>\$ 4,027,609</b>	<b>\$ 4,111,590</b>	<b>\$ 4,282,787</b>	<b>\$ 4,390,959</b>	
Change in Fund Balance	\$ 966,589	\$ 963,187	\$ 861,468	\$ 747,779	\$ 695,759	\$ 1,170,604	\$ 771,910	\$ 941,171	\$ 926,556	\$ 917,756	\$ 856,575	\$ 813,807	\$ 835,274	
Other project adjustments		\$ (1,166,228)	\$ (79,387)		\$ (1,100)									
Beginning Fund Balance	\$ 1,617,970	\$ 2,577,735	\$ 3,439,203	\$ 4,187,024	\$ 4,882,803	\$ 5,794,964	\$ 6,566,874	\$ 7,508,045	\$ 8,434,501	\$ 9,352,257	\$ 10,268,832	\$ 11,185,639	\$ 12,102,913	
Ending Fund Balance	\$ 2,584,559	\$ 3,464,532	\$ 4,310,616	\$ 4,934,803	\$ 5,578,562	\$ 6,465,568	\$ 7,338,784	\$ 8,249,216	\$ 9,161,057	\$ 10,078,813	\$ 10,995,407	\$ 11,912,446	\$ 12,828,187	
Depreciation Expense Not Included in the last included in Audit	\$ 286,623	\$ 286,111	\$ 272,223	\$ 261,207	\$ 252,807	\$ 247,423	\$ 244,673	\$ 244,673	\$ 244,673	\$ 244,673	\$ 244,673	\$ 244,673	\$ 244,673	
	\$ 2,771,182	\$ 3,750,643	\$ 4,582,839	\$ 5,196,011	\$ 5,831,369	\$ 6,712,991	\$ 7,583,457	\$ 8,493,919	\$ 9,405,730	\$ 10,323,526	\$ 11,243,500	\$ 12,160,119	\$ 13,072,886	

CRESTLINE VILLAGE WATER DISTRICT													
	AUDITS						ADOPTED BUDGET	COMMITTEE FORECAST					
	For the Year Ended June 30,							2021 -					
	2013	2014	2015	2016	2017	2018		2019	Transition Year				
		Restated						2020	2021	2022	2023	2024	
<b>OPERATING REVENUE</b>													
<b>Water Sales</b>													
Residential	\$ 2,27,897.2	\$ 2,07,955.5	\$ 1,99,087.2	\$ 1,90,100.0	\$ 2,068,007	\$ 2,445,833	\$ 2,478,573	\$ 2,528,144	\$ 2,903,939	\$ 2,682,108	\$ 2,762,572	\$ 2,846,449	\$ 2,690,812
Business	\$ 276,990	\$ 255,962	\$ 283,485	\$ 191,593	\$ 213,198	\$ 226,905	\$ 246,280	\$ 251,206	\$ 256,230	\$ 281,354	\$ 266,581	\$ 271,913	\$ 277,351
Other	\$ 2,152	\$ 2,656	\$ 4,215	\$ 1,624	\$ 12,419	\$ 72	\$ 8,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000
<b>Water Services</b>							\$ 5,000						
In and Out Connections Charge							\$ 5,000						
Tank Out/Change Charge	\$ 84,738	\$ 80,866	\$ 75,323	\$ 72,800	\$ 76,238	\$ 81,395	\$ 85,126	\$ 78,548	\$ 78,548	\$ 78,548	\$ 78,548	\$ 78,548	\$ 78,548
<b>TOTAL OPERATING REVENUE</b>	<b>\$ 2,581,852</b>	<b>\$ 2,418,989</b>	<b>\$ 2,315,895</b>	<b>\$ 2,167,027</b>	<b>\$ 2,398,462</b>	<b>\$ 2,754,231</b>	<b>\$ 2,822,979</b>	<b>\$ 2,859,298</b>	<b>\$ 2,939,767</b>	<b>\$ 3,029,011</b>	<b>\$ 3,108,701</b>	<b>\$ 3,196,610</b>	<b>\$ 3,287,712</b>
<b>NON-OPERATING REVENUE</b>													
Penalties and Assessments	\$ 25,340	\$ 26,087	\$ 21,898	\$ 28,781	\$ 22,721	\$ 21,083	\$ 23,014	\$ 24,614	\$ 29,307	\$ 24,033	\$ 24,975	\$ 23,954	\$ 23,083
Donations	\$ 147,480	\$ 147,595	\$ 148,655	\$ 152,778	\$ 141,197	\$ 140,456	\$ 142,000	\$ 148,357	\$ 148,354	\$ 152,270	\$ 155,515	\$ 158,421	\$ 161,590
Revolutions of Income	\$ 6,893	\$ 7,393	\$ 5,971	\$ 6,780	\$ 10,278	\$ 15,085	\$ 21,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
Gain on Sale of Assets	\$ (12,358)	\$ 38,901	\$ 4,000	\$ -	\$ -	\$ (7,039)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Income	\$ 8,298	\$ 20,960	\$ 10,058	\$ 7,825	\$ 17,783	\$ 13,878	\$ 3,000	\$ 15,302	\$ 12,036	\$ 10,808	\$ 11,139	\$ 11,620	\$ 10,511
Capital Contributions	\$ 5,090	\$ 14,090	\$ 22,050	\$ 13,255	\$ 7,674	\$ 9,755	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000
Miscellaneous Revenue							\$ 8,000						
<b>TOTAL NON-OPERATING REVENUE</b>	<b>\$ 205,853</b>	<b>\$ 243,126</b>	<b>\$ 202,672</b>	<b>\$ 209,099</b>	<b>\$ 208,002</b>	<b>\$ 209,001</b>	<b>\$ 403,014</b>	<b>\$ 412,073</b>	<b>\$ 418,626</b>	<b>\$ 425,172</b>	<b>\$ 433,429</b>	<b>\$ 441,985</b>	<b>\$ 448,194</b>
<b>TOTAL REVENUE</b>	<b>\$ 2,787,705</b>	<b>\$ 2,662,115</b>	<b>\$ 2,518,567</b>	<b>\$ 2,376,126</b>	<b>\$ 2,606,464</b>	<b>\$ 2,963,232</b>	<b>\$ 3,225,993</b>	<b>\$ 3,271,371</b>	<b>\$ 3,358,393</b>	<b>\$ 3,454,183</b>	<b>\$ 3,542,130</b>	<b>\$ 3,638,595</b>	<b>\$ 3,735,906</b>
<b>EXPENDITURES</b>													
<b>Personnel (includes union contribution cost)</b>													
Operating Expenses								45	45	45	45	45	45
<b>Sources of Supply</b>													
Electricity - In and Out	\$68,692	\$96,845	\$62,802	\$66,776	\$72,190	\$61,204	\$68,375	\$67,252	\$70,278	\$72,369	\$74,558	\$76,784	\$79,028
Maintenance - In and Out	\$3,429	\$3,751	\$6,218	\$5,078	\$9,772	\$6,118	\$11,545	\$15,735	\$16,443	\$16,936	\$17,444	\$17,967	\$18,506
Purchased Water	\$289,692	\$490,221	\$453,320	\$418,872	\$467,638	\$364,059	\$375,000	\$368,885	\$416,818	\$456,680	\$455,285	\$475,773	\$497,183
<b>Repairs</b>													
Maintenance - In and Out							\$7,672						
Maintenance - In and Out	\$25,721	\$6,967	\$14,420	\$9,828	\$2,236	\$27,622	\$7,296	\$18,034	\$19,903	\$9,759	\$16,468	\$1,577	\$22,548
Power	\$67,048	\$8,287	\$5,079	\$4,889	\$0,834	\$8,175	\$6,000	\$82,578	\$49,444	\$7,417	\$60,000	\$12,700	\$6,522
<b>Water Treatment</b>													
Electricity - In and Out	\$18,908	\$14,320	\$14,325	\$15,148	\$6,388	\$8,085	\$8,900	\$12,859	\$13,437	\$14,042	\$14,674	\$15,334	\$16,024
Maintenance - In and Out	\$3,611	\$1,820	\$2,840	\$5,112	\$5,152	\$3,520	\$3,000	\$5,176	\$4,438	\$5,652	\$5,906	\$6,172	\$6,850
Maintenance - In and Out							\$5,000						
<b>Taxation and Distribution</b>													
Maintenance - In and Out	\$169,876	\$166,580	\$165,069	\$211,936	\$173,264	\$189,055	\$208,677	\$192,313	\$200,957	\$200,011	\$219,461	\$229,337	\$239,657
<b>Customer Accounts</b>													
Electricity - In and Out	\$41,191	\$33,052	\$33,344	\$32,172	\$44,372	\$9,476	\$40,900	\$36,483	\$38,124	\$39,840	\$41,633	\$43,506	\$45,464
<b>Administrative Costs</b>													
Utilities	\$274,048	\$272,177	\$285,155	\$400,589	\$528,236	\$508,284	\$562,076	\$576,938	\$596,206	\$124,488			
Office Supplies and Materials	\$245,483	\$313,484	\$283,241	\$317,192	\$335,746	\$339,494	\$367,348	\$376,338	\$389,719	\$23,644	\$230,350	\$27,261	\$244,579
Property Tax	\$83,128	\$96,387	\$90,548	\$72,316	\$35,812	\$7,280	\$71,290	\$76,531	\$78,827	\$1,192	\$3,627	\$6,136	\$8,720
Business Entertainment and Travel	\$8,221,351	\$819,536	\$1,008,878	\$908,570	\$642,080	\$1,112,946	\$938,342	\$996,462	\$995,457	\$28,150	\$12,394	\$33,006	\$48,896
Miscellaneous Operating Costs	\$82,376	\$2,443	\$29,042	\$79,220	\$37,238	\$140,083	\$81,144	\$80,032	\$12,403	\$4,959	\$7,508	\$9,133	\$12,637
Director Fees	\$7,600	\$7,100	\$6,600	\$7,100	\$8,900	\$6,500	\$8,000	\$8,000	\$8,000	\$ -	\$ -	\$ -	\$ -
Contractor In and Out							\$1,000						
<b>Contractor In and Out</b>										\$ 641,260	\$ 680,600	\$ 680,418	\$ 700,831
<b>TOTAL EXPENDITURES</b>	<b>\$2,285,288</b>	<b>\$2,189,949</b>	<b>\$2,175,887</b>	<b>\$2,184,668</b>	<b>\$2,451,335</b>	<b>\$2,981,433</b>	<b>\$2,822,145</b>	<b>\$2,888,885</b>	<b>\$2,987,238</b>	<b>\$2,435,516</b>	<b>\$2,382,065</b>	<b>\$2,476,121</b>	<b>\$2,563,221</b>
<b>Transfer In/Out/Retain</b>													
Change in Fund Balance	\$950,107	\$368,476	\$40,620	\$874,678	\$347,310	\$175,676	\$406,828	\$382,106	\$371,185	\$1,012,666	\$1,150,035	\$1,162,784	\$1,173,624
<b>Other</b>													
Change in Fund Balance		\$14,338,885	\$13,286,028	\$15,438,648	\$13,183,538	\$14,460,836	\$14,336,712	\$14,748,570	\$15,125,876	\$15,486,811	\$16,659,477	\$17,659,513	\$18,822,286
Change in Fund Balance	\$14,388,895	\$14,754,371	\$13,488,648	\$15,813,328	\$14,163,636	\$14,296,712	\$14,748,570	\$15,125,876	\$15,486,811	\$16,529,477	\$17,659,513	\$18,822,286	\$19,995,920
<b>** The above figures are not included in the audit</b>													
Change in Fund Balance	\$96,176	\$90,728	\$62,755	\$614,510	\$624,549	\$616,478							

In each case, the fund balance and any reserves for maintenance of facilities and equipment and/or expansion will remain with the respective districts.

## **CONCLUSION**

The completion of the Preliminary Feasibility Study for the incorporation of the Town of Lake Gregory is intended to be used to start the review process: to enable the circulation of the petition to gather the signatures necessary to submit the proposal to LAFCO. Once it receives the submission, LAFCO will initiate its comprehensive review process, anticipated to take about one-year, culminating with a determination by the Commission on whether to send the matter to be decided by a vote of the community. It is the position of the Committee that the study outlines compliance with the intent and policies of the Local Agency Formation Commission for San Bernardino County and shows that incorporation is feasible given the service parameters established.

It is the position of the Committee that incorporating the Town, as outlined in the study, is feasible, it will provide local control of the community by residents who reside within it, it will allow for local control of the community's financial resources to provide the range and level of service desired by the community, such as an increase in local law enforcement, and it will provide a voice for the community within the larger arenas of San Bernardino County on regional issues such as the operation of Lake Gregory Regional Park, general road systems through SBCTA etc.

## **LISTING OF EXHIBITS:**

- A.** Map of Proposed Incorporation of Town of Lake Gregory
- B.** Town of Lake Gregory Forecast – Current Sources
- C.** Town of Lake Gregory Forecast – Potential Passage of AB 818
- D.** Listing of Service Providers – Current and Proposed
- E.** Property Tax Share Transfer
- F.** San Bernardino County Auditor-Controller Letter Dated February 26, 2015
- G.** County Administrative Office Response on Sales Tax Receipts
- H.** County Administrative Office Response on Transient Occupancy Tax Receipts
- I.** Salary Comparisons as Required by LAFCO Policy
- J.** San Bernardino County Sheriff Response for Law Enforcement Contract
- K.** Fire Protection Contract Estimate Use of Fiscal Impact Analysis for LAFCO 3218  
Annexation of Hesperia Fire Protection District by San Bernardino County Fire Protection District et al
- L.** San Bernardino County Transportation Department Response on Costs
- M.** California League of Cities report entitled *“Shared Revenue Estimates: State Revenue Allocations to Cities and Counties”* Updated January 22, 2019
- N.** Crestline Sanitation District Forecast
- O.** Crestline Village Water District Forecast