

# Incorporating Crestline; The Potential to be a City



**COMPLETE VIDEO OF THE MEETING FROM START TO FINISH IS AT THE BOTTOM OF THIS ARTICLE**

*Brianna Rowlen, Staff Writer*

**This article is sponsored by: Mountain Community Hospital**

On the evening of Tuesday, October 9, 2018 an informal informational meeting was held by Incorporate Lake Gregory, a non-profit organization hoping to launch an exploratory study into the financial feasibility of Crestline and the surrounding areas becoming an incorporated city.

Incorporate Lake Gregory is comprised of several local business persons who have found a need to examine the pros and cons of our unincorporated rural area becoming more locally managed. With only 5 supervisors for residents to contact for recourse or remediation of issues, only one of whom has shown any interest in the mountain communities, the organization aims to investigate all avenues toward more immediate and accessible representation.

John Short, a member of the Lake Gregory Improvement Committee, explained the outlook on if this would “just add another layer of government?” Our communities already have 3 layers of government; the Federal level, the State level, and because we’re unincorporated, the County level. “We have local issues; snow, fire, floods. Gosh isn’t it a beautiful place to live?” Mr. Short chuckled, “parking. We need local people running local decisions.” San Bernardino County is over 20,000 square miles, is the largest county in the United States, 9 different states could fit inside it. The needs of such a county are vast and diverse, the organization holds that with more accountable civil servants, the communities amenities would be financed and managed more appropriately for our specific needs.

This, however, is a long process and Incorporate Lake Gregory is only in the beginning stages of exploring the possibilities. The organization is working with LAFCo (Local Agency Formation Committee), to ask the primary question as to whether it is financially feasible for the area to incorporate. LAFCo is an independent agency, whose sole purpose, is to determine through extensive process and research, if an area has the monetary stability to operate as a city. There are 6 services for which any municipality is responsible for providing to its residents, those are; water, law enforcement, fire, parks, roads, and sewer. The city is, however, allowed the opportunity to contract out any of the services which it is required to provide.

LAFCo recently commissioned a report titled “Initial Feasibility Analysis” (IFA) and is “a preliminary investigation that provides general feedback on the viability of a proposed city incorporation.” An IFA holds limited data, and makes a number of suggestions based on the statistics of similarly located and populated cities. Basic revenue and expenditure data was estimated, as well as future costs based, largely upon the models of the City of Big Bear Lake. “All estimates are believed to be sound and defensible, but were not researched to the level of detail as would be expected from a Comprehensive Feasibility

Analysis.” Ultimately, the IFA indicated that at this time incorporation of the proposed area is infeasible.

The inquiry doesn’t end there, however. Also included in the IFA are 3 scenarios, which if enacted, would make the proposal more attainable. It should be noted that the scenarios are cumulative, and would all require action to reach workable margins.

Scenario 1 – Modification to Transient Occupancy Taxes, Fees for Services, Slightly Reduce Staffing Levels, and Savings from the Consolidation of Special Districts/Service Areas. This scenario was made using four modified assumptions. First, the Transient Occupancy Tax adjustment requires enforcement of taxes being paid on hotels and other temporary lodgings for stays less than 30 days. It is assumed that these taxes are being underreported, and therefore under paid. This would require the city to enforce revenue collections and possibly require additional staffing. Next, Fees for Service is explained such that, fees for services of amenities including, not limited to, animal control and community development are already collected. It would be expected that the city would raise fees so that all costs for services are offset. Additionally, Staffing reductions is included here, comparable cities frequently operate with staffing levels above what is considered in the IFA, “based on data available in online city budgets, it may be possible to reduce staffing levels slightly, or contract for some services.” This projection is the elimination of 5 positions based on research in other cities. Lastly, in this scenario, Cost Savings through Consolidation, essentially by consolidating all of the special districts under one umbrella of incorporation, the current estimated percentage of 15 percent administration costs would be centralized into one administration expenditure, namely the city council, city manager, and associated staff, potentially creating a 25 percent net savings.

Scenario 2 – Additional Modifications Assuming Larger Property Tax Share. At present, all property taxes collected for the proposed area are paid to, and the reallocated from, the County. This scenario enables the City to levy against those property taxes paid to the County for services provided considering the net cost. “ the IFA calculates the property tax share to transfer from the County at 2.57%. Ultimately, the transferred share is negotiable.” No new property taxes can be included in the consideration for the incorporation of a city. Taxes would have to be presented by the City Council and approved by the constituents in a general election vote, after incorporation.

Scenario 3 – Additional Modifications Assuming Larger Annual Increases in Assessed Values and Sales Tax. “the City still sees annual net revenues decline each year as the cost of services grows more rapidly than revenues.” There is a commonality among California cities in which the imbalance between revenue and cost growth is apparent. This is an imbalance which is often mitigated through new investments which increase the assessed value.

In summary, based on the preliminary research, “the Rim of the World could face severe financial challenges. While these changes, or others, could improve the fiscal outlook, it will take a substantial increase in the general levy property tax share would be critical to incorporate.”

Incorporate Lake Gregory would like to commission the CFA (Comprehensive Feasibility Analysis) and continue to pursue the option of becoming a city at an estimated cost of \$100,000. It is an extensive, highly detailed process, which began tonight with the gathering of a minimum of 20 signatures to prove community interest. The entirety of the incorporation process could take 2-3 years. A notice of intent must be filed with LAFCo, thereby starting the 6 month clock on gathering at least 25% of registered voters signatures. They will also need to provide a detailed map of the areas deemed within the lines of the City, a justification statement as to why it is pertinent to become a City, and a plan for the transfer of City Services outlining how those services will continue as well. This application will be considered and reviewed by LAFCo for approximately 1 year. The City would be required to provide a comprehensive fiscal analysis, and if approved a public hearing is then scheduled. The public will have an opportunity to show support or dissent for the incorporation at that time. LAFCo could at that time approve, deny, or conditionally approve the incorporation. Within 30 days of an approval any entity adversely effected by its enactment can challenge the ruling. A second public hearing for a protest vote is heard. Finally, a public vote on the next available election day is held, requiring only a simple majority to pass.

For more information, or to read the Initial Feasibility Analysis in its entirety, visit [www.incorporatelakegregory.org](http://www.incorporatelakegregory.org)

***We want to hear the input of the citizens. In the comments below on this article, let us know what you think.***

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Crestline Incorporation Meeting 10/9/18



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