SACRAMENTO LOCAL AGENCY FORMATION COMMISSION
1112 I Street, Suite 100 •Sacramento, CA 95814• (916) 874-6458• Fax (916) 874-2939

September 18, 2017

Honorable Kevin R. Culhane
Presiding Judge
Superior Court of California, County of Sacramento
720 Ninth Street, Department 47
Sacramento, CA 95814

Via Electronic & U.S. Mail

Sacramento County Grand Jury
720 Ninth Street, Room 611
Attention: Becky Castaneda, Grand Jury Coordinator
Email: castanb@saccourt.com

Sacramento County Clerk/Recorder
P. O. Box 839
Sacramento, CA 95812-0839

Re: Sacramento Local Agency Formation Commission (LAFCo) Response to Findings of the Sacramento County Grand Jury 2016-2017 Final Report, Dated June 20, 2017

Dear Presiding Judge Culhane and Ms. Castaneda:

The Sacramento Local Agency Formation Commission (LAFCo) respectfully responds to the Sacramento County Grand Jury 2016 – 2017 Final Report; Recommendations and Findings from Pages 9 through 18, dated June 20, 2017, as follows:

R1. MSRs should be completed for all special districts every five years. (F1. Sacramento LAFCo does not perform MSRs in a timely manner.)

We do not concur with the Grand Jury initial finding that the Sacramento LAFCo was not completing Municipal Services Reviews (MSRs) in a timely manner. We believe that the Grand Jury reviewed the Sacramento LAFCo website for its data source which either wasn't properly functioning on the day the search was done or the search engine was not engaged as the Grand Jury's factual data is in error. We believe that some MSRs on the website are located under the project title. We will work with Sacramento County IT to remedy any issue by December 2017. Sacramento LAFCo has completed all but two of the MSRs for water service providers. The remaining two are in progress. (See Table A below.)

Table A
Summary of MSR Status
(September 6, 2017)

The attached list summarizes the status of service providers regarding MSRs - both completed and those currently in progress.

Summary of Municipal Service Reviews Completed and In Progress (Municipal Service Providers)		
DISTRICT		**MSR STATUS**
1.	American River Flood Control District	Complete
2	Reclamation District No. 1000	Complete
3	Pacific Fruitridge Fire District	Complete
4	Natomas Fire District	Complete
5	Sacramento Municipal Utility District (SMUD)	Complete
6	SMUD Rancho Seco Water	Complete
7	Sacramento Metro Fire District	Complete
8	Arcade Creek Recreation and Park District	Complete
9	Arden Manor Recreation and Park District	Complete
10	Arden Park Recreation and Park District	Complete
11	Fair Oaks Recreation and Park District	Complete
12	Carmichael Recreation and Park District	Complete
13	Cordova Recreation and Park District	Complete
14	Fulton El Camino Recreation and Park	Complete
15	Mission Oaks Recreation and Park District	Complete
16	North Highlands Recreation and Park	Complete
17	Rio Linda Elverta R&P District	Complete
18	Southgate Recreation and Park District	Complete
19	Orangevale Recreation and Park District	Complete
20	Sunrise Recreation and Park District	Complete
21	Cosumnes Community Services District	Complete
22	Elk Grove Cosumnes Cemetery District	Complete
23	Fair Oaks Cemetery District	Complete
24	Sylvan Cemetery District	Complete
25	Galt-Arno Cemetery District	Complete
26	Sacramento-Yolo Mosquito District	Complete
27	Sacramento Area Sewer District	Complete
28	Sacramento Regional County Sanitary District	Complete
29	Reclamation District No. 1000	Complete
30	Isleton	See Note 1 below

31	City of Rancho Cordova	Complete
32	City of Citrus Heights	See Note 2 below
33	City of Elk Grove	Complete -Update in progress
34	Herald Fire District	Update In Progress
35	Wilton Fire Protection District	Complete
36	Courtland Fire Protection District	Complete
37	River Delta Fire Protection District	Complete
38	Delta Fire Protection District	Complete
39	Walnut Grove Fire Protection District	Complete

TABLE A NOTES:

1. The City of Isleton is presently engaged with Mintier and Assoc. planning consultants in the implementation of a SACOG Community Design Grant. This involves various long range planning services, including completion of the General Plan Housing Element and an Economic Sustainability Plan. The process is anticipated to be completed by Dec. 2018. This may provide an adequate policy foundation for LAFCo to complete the City of Isleton MSR. There are no active proposals affecting Isleton. Water service is provided by Cal Am Water Co., an investor owned utility not subject to LAFCo purview.

2. Citrus Heights is a contract city. LAFCo staff continues to work with City of Citrus Heights staff to complete the Administrative Draft MSR, in order to bring a Draft MSR to the Commission for consideration. There are no active proposals affecting Citrus Heights. Various special districts provide services to the City of Citrus Heights. Municipal Service Reviews have been completed for water service provided by Citrus Heights Water District and Sac Suburban WD, recreation and park services provided by Sunrise R&P District, fire service provided by Sac Metro Fire District, sanitary sewer services provided by SASD and Regional San, electric service provided by SMUD, cemetery services provided by Sylvan Cemetery District and services provided by Sacramento-Yolo Mosquito and Vector Control District. A portion of the City is also served by Cal Am Water Co., an investor owned utility not subject to LAFCo purview.

Water Providers - Cities and Special Districts		
40(1)	Carmichael Water District	Complete
41 (2)	Citrus Heights Water District	Complete
42 (3)	Sacramento Suburban Water District	Complete
43 (4)	Fair Oaks Water District	Complete
44 (5)	San Juan Suburban Water District	Complete
45 (6)	Florin County Water District	In Progress
46 (7)	Del Paso Manor Water District	Complete
47 (8)	Rio Linda Elverta Comm. Water District	Complete
48 (9)	Rancho Murieta CSD (Water Service only)	In Progress
49 (10)	Florin Resource Conservation District (Elk Grove Water Service)	Complete
50 (11)	El Dorado Irrigation District (El Dorado County)	Complete

51 (12)	City of Sacramento	Complete
52 (13)	City of Folsom	Complete
53 (14)	City of Galt	Complete

Water Providers - Not Subject to LAFCo Review		
1 (15)	Cal Am Water Company	CPUC
2 (16)	Sacramento County Water Agency (SCWA)	County BoS
3 (17)	Fruitridge Vista Water Company	CPUC
4 (18)	Natomas Central Mutual Water Company	CA DWR
5 (19)	Orangevale Mutual Water Company	CA DWR
6 (20)	Southern CA Water Company	CPUC
7 (21)	Tokay Park Mutual Water Company	CA DWR
8 (22)	Sac International Airport	SMF

Other Non-Municipal Water Service Providers		
9 (23)	Clay Water District	Ag services
10 (24)	Galt Irrigation District	Ag services
11 (25)	Omochumne-Hartnell Water District	Ag services

Ag Services entail that the district may either directly, or through contract with other agencies, provide drainage, flood control, sewer maintenance, non-potable irrigation and groundwater recharge services.

The Grand Jury was also in error when it stated that "MSRs for other types of districts in the county have not been completed." The above table shows the districts and status of the related MSRs. This information is on the Sacramento LAFCo website (www.saclafco.org). While there are a few MSRs that have not been completed, the number is very small. There are reasons for this situation (See Table A Notes above).

R2. The questionnaire sent to special districts at the start of the MSR process must be updated to address all of the current requirements in the law, as well as specific issues that are important to this region and problems that have been identified in prior reviews. (F2. The questionnaire used by Sacramento LAFCo is out of date and incomplete.)

The Grand Jury doesn't state what elements are out of date and refers to the August 2003, Office of Planning and Research (OPR) Guidelines. The Sacramento LAFCo questionnaire is consistent with these guidelines, and was most recently updated in 2016. However, Sacramento LAFCo will compare its MSR questionnaire with the OPR Guidelines and make changes to better clarify questions and analysis. This will be accomplished by December 2017.

R3. The content of MSRs should be improved to provide for more independent analysis of the issues facing Sacramento County with regard to water quality, infrastructure maintenance, conservation, storage and delivery. (F3. The content of MSRs is inadequate, failing to include analysis and findings to support conclusions and consideration of regional issues.

The Grand Jury found that the content, of the MSRs completed by LAFCo are inadequate. The Grand Jury reviewed water district MSRs to make this conclusion. They found that they are not "comprehensive, contain conclusions and are done in a boilerplate fashion." They found the analysis "limited." Sacramento LAFCo uses a format for MSR review that was developed by the Commission following two major workshops conducted in 2004, after the Office of Planning and Research completed its Guidelines. (See Attachment 1.) During this workshop the Commission determined that the role of Sacramento LAFCo in evaluating public entities through the MSR process should be a collaborative process. (See Attachment 1.) As a consequence the analysis provided in the MSR relies on information provided to LAFCo. In its review LAFCo examines the financial and service needs of the Agency, and if there are deficiencies we work with the Agency to correct them.

The Grand Jury concluded that the MSR process is better served by having professional outside experts particularly water experts prepare the MSRs. (See Sacramento County Grand Jury 2016-2017 Final Report, p. 14.) This is a budget issue for the Commission but it is important to note that Sacramento LAFCo has been very active in terms of consolidation of districts to provide more efficient and effective services. By way of example Sacramento LAFCo was instrumental in the consolidation of Northridge Water District and Arcade Water District into the Sacramento Suburban Water District, in the year 2002. In 2000 Sacramento LAFCo facilitated the merger and consolidation of the Sacramento Metropolitan Fire District and Sacramento County Fire District. It is very difficult and usually takes years to accomplish the merger of special districts. It requires cooperation from the districts as well as financial resources. We continually look for opportunities to provide more efficient services at a reasonable cost. After discussion with the Commission, we do not concur that MSRs are inadequate or need to be improved, but as stated in the response to R2, we will review the questionnaire and OPR Guidelines and make any necessary adjustments by December 2017.

R4. MSRs must analyze required information on environmental justice issues. (F4. MSRs do not contain required analysis of environmental justice issues.)

This particular finding of the Grand Jury is based upon the fact that the questionnaire asks the required information, but the Grand Jury determined that the MSR analysis was not adequate. (See Sacramento County Grand Jury 2016-2017 Final Report, p. 15) We believe the reason is that environmental justice issues were answered adequately. However in the future Sacramento LAFCo will add a clarifying statement with its analysis to be sure that this issue is resolved. This is an issue where while we do not concur we shall take steps to clarify the issue in future MSRs.

R5. Sacramento LAFCo should hire experts to assist in the preparation of MSRs. (F5. Sacramento LAFCo does not retain experts to help perform MSRs, particularly in the water area.)

Sacramento LAFCo does not retain experts to perform MSRs. As noted by the Grand Jury this is a decision for the Sacramento LAFCo Commission. However, Sacramento County sits at the confluence of two of the major rivers providing water to millions of Californians. There are a myriad of agencies in Sacramento which deal with water issues and its accompanying controversies. Sacramento LAFCo regularly provides the Commissions with presentations from the water community including the Sacramento Groundwater Authority, The Water Forum, various water providers, and the CA Department of Water Resources. Also, Sacramento LAFCo posts all Draft MSRs @www.saclafco.org for public and peer agency review prior to Commission consideration of the Final MSR. The Commission has separate policies on water issues that must be examined in all applications (see Section IV – General Standards and Section V – Specific Standards by Type of Action). We do not concur that the staff does not have the expertise to complete MSRs.

R6. Sacramento LAFCo's process for conducting MSRs on water districts should be conducted on a regional or geographic basis, including county service areas and private water companies so that appropriate analysis of consolidation, reorganization possibilities and sensible integration efforts are seriously evaluated. (F6. Sacramento LAFCo fails to use its authority to look at county and private water entities and provide recommendations regarding sensible integration of water supply and water quality solutions on a regional basis.)

We do not concur with this statement. LAFCo's do not have jurisdiction over private water companies. The California Public Utilities Commission has jurisdiction over regulating investor owned, private water companies (Cal. Pub. Util. Code § 2705) and the State Water Resources Control Board (SWRCB) recently was granted authority to review such entities as well. (See CPUC Annual Report 2016.) Further, staff from CALAFCO reiterated this point in its presentation to the Little Hoover Commission in 2013 stating, "…agencies that are not under LAFCo jurisdiction, such as mutual water companies and private providers." (See Page 15 of the State of California Little Hoover Commission Hearing on Special Districts, dated August 25, 2016.; see also Gov't Code §§ 56430 and 56425.)

R7. A performance audit of Sacramento LAFCo's MSR program should be conducted to assist the staff to identify ways to meet statutory requirements and achieve better outcomes within existing resources. (F7. Sacramento LAFCo's budget does not support the best use of resources to accomplish its mandatory requirement to complete quality MSRs in a timely manner.)

We do not concur with this recommendation because the factual data relied upon by the Grand Jury was in error. Sacramento LAFCo has completed its MSRs in a timely manner and does not agree that an MSR must be completed on every agency every five (5) years. The statutory language states that MSRs should be completed every five (5) years "as necessary." However, we will discuss with the Commission whether we should apportion resources to do updates more often. We will decide this action by December 2017.

R8. The Sacramento LAFCo Commission should adopt an annual plan, provide better direction to its staff and require that an annual performance review be conducted for each staff member. (F8. The LAFCo Commission does not adopt an annual plan or provide adequate direction to its staff, nor does it conduct annual reviews of staff performance.)

Sacramento LAFCo concurs with this recommendation in that it will provide an annual work plan in its budget report. As for the annual performance review, we do not concur as the Executive Officer is an at-will employee employed through a contract with the City of Sacramento. A performance audit for all positions was completed in May of 2017. Sacramento LAFCo will perform performance reviews as deemed necessary by the Commission.

R9. Sacramento Ground Jury Final Report 2016-2017 - Herald Fire District Update, Pages 23-27 - Sacramento LAFCo should complete an MSR for the District not later than the end of Fiscal Year 2017 – 2018 either as a separate entity or as part of a general review of fire district services in the southern part of the County. (F4. SAC LAFCo never completed the MSR of the Herald Fire Protection District that it agreed to conduct in response to the 2013 – 2014 grand jury report.)

As stated previously, Sacramento LAFCo views the MSR as a collaborative process. The difficulty with the Herald Fire District is that it is primarily an all-volunteer District and its audits, which were initiated in 2014 are still not completed. The difficulty in receiving information from certain Districts is well understood in the LAFCo process and by the Grand Jury. What the Grand Jury did not do, however, was talk to LAFCo about this apparent problem. If they had, we would have had the opportunity to demonstrate the efforts LAFCo has taken since the Grand Jury Report of 2014.

Sacramento LAFCo has closely monitored the Herald Fire District forensic and performance audits. We work with the District through correspondence and meetings. We provided staff reports to the Commission on eighteen (18) occasions over the last 3 years. (See Attachment 4.) The forensic audit was completed in 2016 and the financial audit is ongoing, with anticipated completion by October, 2017. We concur that the MSR should be completed. We intend to complete it by December 2017.

We respectfully submit these comments.

Sincerely,

Donald J. Lockhart, AICP
Executive Officer

Nancy C. Miller
Counsel for Sacramento LAFCo

Attachment 1: Sacramento LAFCo Municipal Service Review (MSR) Workshop Presentation
Attachment 2: Sacramento LAFCo Municipal Service Review (MSR) Worksheet and Questionnaire
Attachment 3: State of California, Little Hoover Commission, Hearing on Special Districts, dated August 25, 2016, Prepared by Pamela Miller, Executive Director, CALAFCO
Attachment 4: Herald Fire District Agendas & Reports 2014 - 2017

cc: Sacramento LAFCo Commissioners

Attachment 1

Municipal Service Review (MSR)

Sacramento Local Agency Formation Commission

May 8, 2004

MSR Values

- Cooperative and Collaborative
- Outreach to All Affected Agencies
- Encourage Public Participation
- Focus on positive outcomes and benefits for both
  - Districts/Cities
  - Community/Citizens

MSR Goals

- Information tools for decision-making for the public, county, cities, & special districts
- Promote orderly growth and development of appropriate areas
- Encourage infill development and preservation of ag and open space
- Learn about service issues and needs
- Plan for infrastructure to support projected growth

MSR Goals

- Analyze both Regional and Local Service Delivery Issues
- Develop support network for districts/cities
- Develop strategies to avoid unnecessary services, overlap or duplication and identify gaps in service delivery

MSR Goals

- Provide ideas about opportunities to streamline services through sharing facilities, modify government structures, Joint Power/Service Agreements, or integrated land use planning and service delivery programs
- Promote shared resource acquisition, insurance policies, joint funding, purchasing, etc.

MSR Goals

- Use MSR for decision making
  - Sphere of Influence updates
  - Annexations
  - Reorganizations
  - Boundary Adjustments
  - Formation of New Districts
  - Exercise Latent Powers

Process

- Build on existing provider information
  - Budget
  - Master Plans
  - Capital Improvement Plans
  - Policies and Procedures

Process

- Involve affected agencies, stakeholders, and the public
- Analyze how services are provided at:
  - District/City Level
  - Community Level
  - County/Regional Level

MSR Principles

- Achieve analysis with a reasonable outlay of resources and time
- Conduct studies in a fair and objective manner

LAFCO's Role

- Assess the ability and capacity of service providers to provide an adequate level of service based on community standards, local needs, available resources and projected growth
- Are Services Cost Effective and Efficiently provided?
- Evaluate the service provider and the service delivery system
- Balance the needs of the community and region

LAFCo Statutory Requirements

- GC Section 56430- Required to conduct a Municipal Service Review of services provided in the County or other designated area, region, or sub-region as is appropriate for service or services to be reviewed.

LAFCo Statutory Requirements

- 9 - Statement of Determinations (equal value):
  1. Infrastructure needs and deficiencies
  2. Growth and population projections
  3. Financing constraints and opportunities
  4. Cost avoidance opportunities
  5. Opportunities for rate restructuring
  6. Opportunities for shared facilities

LAFCo Statutory Requirements

- Statement of Determinations (cont.):
  7. Government structure options, including advantages and disadvantages of consolidation or reorganization of service providers
  8. Evaluation of management efficiencies
  9. Local accountability and governance

1. Infrastructure Needs and Deficiencies

- Assess condition and quality of infrastructure
- Assess existing and future capacity needs
- Assess maintenance programs for infrastructure
- Assess overlaps and gaps with other providers

2. Growth and Population Projections

- Base line population
- Future Growth Projections of service area/region
- Projected demands for service
- Compatibility with other service providers

3. Financing Constraints and Opportunities

- Review existing funding sources
- Baseline financial status
- Status, amount, and purpose of reserves
- Identify potential funding sources and revenue streams
- Rate and fee analysis of agency
- Comparative rate and fee analysis with similar providers

4. Cost Avoidance Opportunities

- Identify duplication and overlap in services
- Identify opportunities to reduce overhead and operational costs
- Identify opportunities to eliminate redundancy of infrastructure

5. Opportunities for Rate Restructuring

- History of rates
- Rate and fee methodology
- Projected rate increases
- Impact of projected growth on rates and rate payers
- Impact of capital improvements on rates

6. Opportunities for Shared Facilities

- Identify existing shared facilities and resources
- Identify potential to share facilities, resources, etc.
- Identify any excess capacity to serve other areas

7. Government Structure Options

- Examine opportunities to eliminate islands, peninsulas, or other irregular boundaries if service delivery can be improved
- Examine opportunities to improve the quality and level of service through changes in government structure, i.e., dissolve, consolidate, reorganize, etc.
- Examine opportunities to improve service delivery system by standardizing and creating uniform delivery of services

8. Evaluation of Management Efficiencies

- Evaluate quality of service provider
- Evaluate existing service level and determine adequacy to meet existing and future community needs
- Evaluate agency's master plan (O&M)
- Evaluate budgeting and training practices, personnel policies, contingency plans, capital improvement programs

9. Local Accountability and Governance

- Compliance with Brown Act
- Identify level of public participation
- Assess public's availability to meet with agency staff and directors
- Identify public outreach efforts
- Identify election process and representation
- Identify public access to agency data and reports, review audits and annual reports

LAFCO's Challenge

- Evaluation and Analysis may be
  - Multi-faceted
  - Multi-dimensional
  - Iterative Process
  - Complicated and complex
  - Controversial

LAFCo's Challenge

- MSR's is an objective process but there are many subjective and intangible issues
  - Difficult to define cost effective and efficiency
  - Standards may be difficult to define and agree upon
  - Areas and communities are likely to have different service needs and priorities
  - Difficult to compare like service providers because of the above factors

LAFCo's Challenge

- No comprehensive format or process exists to conduct service reviews of providers or the entire system
- OPR has issued guidelines
- Each LAFCo has discretion to develop local MSR policies
- Each LAFCo may establish different standards

LAFCo's Challenge

- Examine existing providers and system and encourage improvement to the service delivery system of the Community and county as a whole
- Assess the economic, social, environmental, and public benefits that may result from this process-focus on the BIG PICTURE
- Build consensus on improving municipal services for residents

Attachment 2

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION
1112 I Street, Suite #100, Sacramento, California 95814
(916) 874-6458

MUNICIPAL SERVICE REVIEW WORKSHEET
AND QUESTIONNAIRE
DISTRICT PROFILE

Date:

Agency Name:

Address:

Website:

Telephone: (FAX)

Administrator Name:

Title:

Name of Contact:

Contact's E-mail Address:

Agency's Principle Act:

Services Provided:

Latent Powers:

Governing Body:

Total Number of Employees:

Represented # Unrepresented

Acreage/ sq. Miles within Agency:

Total Population within Agency:

Total Registered Voters within Agency:

INTRODUCTION

Background Information

The _____District is an Independent/Dependant Special District.

- **Mission:**

- **Setting:**
  (Please attach map of the district boundary)

History

The District was formed in _____. The District was established to provide _____services
(Please feel free to provide historical context.)

Services Provided

Management and Staffing Structure

Management Structure

Employment Structure

The District employs: _____ full time positions.

In addition, the District employs on average ____ part-time, _____ seasonal and _____ positions.

Please attach organization chart.

- The type and purpose of contracts and consultants.

- Please feel free to mention any awards or recognition the agency has received.

- Describe ongoing training and personnel policies.

- Are salaries and pay scales comparable/ competitive with regional and industry standards?

- Is organization structure similar with like service providers?

Municipal Service Review Information and Determinations

1. Growth and Population Projections (This provides the public with a "snapshot" of your community.)

Type of Information to be provided:

- What is the current level of demand for services?
- What is the projected demand for services?
- Please provide growth rate and population projections.
- Please provide any other information relevant to planning for future growth or changing demographics.

LAFCo MSR Determination

LAFCo to Complete

2. The location and characteristics of any Disadvantaged Unincorporated Communities (DUC) within or contiguous to the sphere of influence. (A "Disadvantaged Unincorporated Community" means territory with 12 or more registered voters, that constitutes all or a portion of a "disadvantaged community" with an annual median household income that is less than 80 percent of the statewide annual median household income.) This may not be applicable to all MSR respondents.

Please discuss any identified DUCs within the district service area and any policies, programs or measures adopted to provides public facilities or services related to sanitary sewer service, municipal and industrial water service, or structural fire protection.

3. Facilities and Programs

A. Facilities

Summary of Facilities (Parks, Physical Plant)

NAME	LOCATION	SIZE (Acres)	AMENITIES/SPECIAL FEATURES	DESCRIPTION

(Attach additional pages if necessary)

Please attach Facilities Map.

Present and Planned Capacity of Public Facilities

- What is the current and projected service capacity?
- What is the level of adequacy of services and facilities to serve current and future population?
- What Performance Measures are used by the District to determine service adequacy?

Infrastructure Needs or Deficiencies/Capital Improvement Program

- Describe the District's Capital Improvement Program, as applicable.
- Describe deferred maintenance strategy.

- Describe policies and practices for depreciation and replacement of infrastructure.
- How will new or upgraded infrastructure and deferred maintenance be financed?
- List infrastructure deficiencies, if any; indicate if deficiencies have resulted in permit or other regulatory violations; if necessary, explain how deficiencies will be addressed.
- Provide evidence of compliance with applicable regulatory standards (for example, CA R-39-97 (Certified Playground Safety Standards) for Recreation and Parks Districts)

B. Programs

Summary of Programs (Recreation, Education, Conservation, etc.)

NAME	LOCATION(S)	SIZE (# Participants)	DESCRIPTION

(Attach additional page if necessary)

LAFCo Determination

LAFCo to Complete

4. Financial Information

Budget (Please attach current budget.)

Revenue

- Describe all revenue sources (i.e., property taxes, special taxes, service charges, fees, rentals, assessments, grants, etc.).

Rates, Fees, Charges, and Assessments

- Describe rate setting methodology.
- Explain constraints associated with agency's ability to generate revenue. What options are available – special assessments/ special taxes/ increases in sales tax/impact fees/grants, etc.?
- Please provide a comparison of rates and charges with similar service providers (favorable or less so).
- Describe revenue constraints.

Expenditures

- Describe the agency's Service Levels compared to industry standards and measurements.
- Describe the Cost of Service compared to industry standards and measurements.

Assets, Liabilities, Debt, Equity, and Reserves

- Provide the Book Value of Assets.
- Provide a list of equipment, land, and other fixed assets.
- Provide a summary of long term debt and liabilities.
- Explain the agency's bond rating; discuss reason for rating. Discuss amount and use of existing debt. Describe proposed financing and debt requirements.
- Describe policies and procedures for investment practices
- Describe policies and procedures for establishing and maintaining reserves/retained earnings.

- What is the dollar limit of reserves/retained earnings?
- What is the ratio of undesignated, contingency, and emergency reserves to annual gross revenue?

Summary of Revenue Sources

Fiscal Year	Past Year (2)	Past Year (1)	Current	Projected
Property Taxes				
Interest				
Rental Income				
HPTR				
In-Lieu Fees				
State & Federal Grants				
Recreation Fees & Grants				
Miscellaneous				
Fund Balance Avail.				
Total				

Summary of Expenditures

Fiscal Year	Past Year (2)	Past Year (1)	Current	Projected
Salaries & Wages				
Services & Supplies				
Long-Term Debt				
Capital Improvements[1]				
Equipment				
Contingency[2]				
Total				

1. Identify Sources of Funding:
2. Fixed or Variable?

Summary of Financial and Operational Information

	Current FY
Population	
Area Served	
Developed Real Estate	
Undeveloped Real Estate	
Service Standard Ratios[1]	
Full Time Employees	
Average Part-Time Employees	
Total Annual Budget	
Per Capita Spending	
Total Annual Administrative Costs	
% Annual Administrative Costs to Total	
Estimated Deferred Maintenance	
Average Capital Improvements (5 Years)	
Reserve Amount	
Operational Cost per Employee	
Average Property Tax Rate	

1. For example, Park acres per 1000 residents

LAFCo Determination

LAFCo to Complete

5. Status of and Opportunities for Innovation and Shared Facilities

a) Describe existing and/or potential shared facilities, infrastructure, and staff. Describe any joint power agreements or other agreements for sharing resources with other agencies.

b) Describe existing and/or potential joint use planning.

c) Describe existing and/or potential duplication with existing or planned facilities or services with other agencies.

d) Describe availability of any excess capacity to serve customers or other agencies.

e) Describe any economies of scale in shared purchasing power, and any other cost-sharing opportunities that can be implemented by joint use or sharing resources.

f) Describe any duplication (overlap), or gaps in services or boundaries.

g) Describe ongoing cost avoidance practices. (For example, if you hire contract vs. in-house employees, is the bidding process cost effective and efficient)?

h) Describe any opportunities to reduce overhead and operational costs.

i) Describe any opportunities to reduce duplication of infrastructure.

j) Identify any areas outside agency boundary which could be efficiently served by existing or proposed agency facilities.

k) Identify any areas within agency boundary which could be more efficiently served by another agency.

l) Are your service plans compatible with those of other local agencies?

LAFCo Determination

LAFCo to Complete

6. Accountability for Community Service Needs, including Governmental Structure and Operational Efficiencies

a) Explain the composition of the agency's governing board.

- Number of Directors:
- Nature/ Length of Terms:
- Is governing body landowner or population based?
- Are Directors elected or appointed?
- Are elections or appointments at large or by district?

b) Explain compensation and benefits provided to the governing board, including any benefits that continue after term of service.

c) Where and how frequently does the governing board meet?

d) Describe rules, procedures, and programs for public notification of agency operations, meetings, programs, etc.

- How is public participation encouraged?
- Are meetings accessible to the public, i.e., evening meetings, adequate meeting space, etc.?

e) Describe public education/outreach efforts, (i.e., newsletters, bill inserts, website, etc.)

f) Describe level of public participation, and ways that staff and Directors are accessible to the public.

g) Describe ability of public to access information and agency reports.

h) Describe any opportunities to eliminate service islands, peninsulas and other illogical service areas.

LAFCo Determination

LAFCo to Complete

7. Issues, Concerns and Opportunities

Please provide information regarding any issues or concerns related to operations, and effective or efficient service delivery (financial, managerial, legal, organizational, etc.)

- Compliance with Environmental Justice requirements. [1]
- Compliance with regulatory reporting requirements.
- Compliance with regulatory agencies and public health and safety issues.

1. LAFCo definition of "environmental justice" means the fair treatment of people of all races, cultures, and incomes with respect to the location of public facilities and the provision of public services.

LAFCo Determination

To be completed by LAFCo

Attachments:

District Map
Facilities Map
Capital Program
Organization Chart
Budget
Other

Attachment 3

State of California
Little Hoover Commission

Hearing on Special Districts
August 25, 2016

Written Testimony Prepared by
Pamela Miller, Executive Director

California Association of Local Agency Formation Commissions
(CALAFCO)

CALAFCO
1215 K Street, Suite 1650
Sacramento, CA 95814
916-442-6536
www.calafco.org

August 25, 2016

Chair Nava, Vice Chair Flanigan and Honorable Members of the Commission;

Thank you for the opportunity to address your Commission during your August 25 public hearing on special districts in California as a follow up to the Commission's May 2000 report, *Special Districts, Relics of the Past or Resources for the Future?* We appreciate the opportunity to share our viewpoint on the unique relationship between local agency formation commissions (LAFCOs) and special districts.

In the following testimony you will learn much progress has been made in the past sixteen years in the evolution of LAFCOs and their respective relationships with special districts. LAFCOs have worked diligently to keep pace with the changing California landscape and there are many success stories to tell. Like other local government agencies throughout the state including special districts, LAFCOs also face a number of challenges. This testimony will highlight the progress, challenges and opportunities for the future for LAFCOs and their relations with special districts.

The California Association of Local Agency Formation Commissions

The California Association of Local Agency Formation Commissions (CALAFCO) proudly represents all 58 LAFCOs in the state. While LAFCOs have existed since 1963, the state association more formally organized itself in 1971. We are a non-profit statewide association with a mission to provide educational opportunities and be a conduit for information sharing and technical support for our members. We do this by serving as a resource for, and by collaborating with, the public, the legislative and executive branches of state government, and other organizations for the purpose of discouraging urban sprawl, preserving open-space and prime agricultural lands, and encouraging orderly growth and development of local agencies.

As the Executive Director for the past four years, I lead the organization in these efforts and support our sixteen-member Board of Directors.

A Brief Review of LAFCO History

LAFCOs were created by the state Legislature in 1963 (under the provisions of the Knox-Nisbet Act; AB 1662, Knox combined with SB 861, Nisbet) as a result of recommendations from then Governor Pat Brown's Commission on Metropolitan Area Problems. The Commission was charged with studying urban sprawl and its statewide effects and was formed by the Governor out of growing concern for the post-WWII population and housing boom in California. This boom led to a large number of problems, not the least of which included poorly planned cities due to rapid growth and a scramble to finance and extend government services to meet the increased service demands, the proliferation of freeway suburbs, city annexations wars, and the hasty conversion of agricultural land.

The original charge of LAFCO was very limited in scope: to review and approve or disapprove proposals for incorporations and the creation of special districts.

Today, Government Code section 56001, which serves as a statement of LAFCO's mission, memorializes the Legislature's acknowledgement of the need to balance competing state interests. Government Code Section 56001 states in part, *"The Legislature recognizes that the logical formation and determination of local agency boundaries is an important factor in promoting orderly*

development and in balancing that development with sometimes competing state interests of discouraging urban sprawl, preserving open-space and prime agricultural lands, and efficiently extending government services."

Over the years, a number of major changes have occurred in the statute governing LAFCOs. It is clear the scope of responsibility for LAFCO has grown considerably since 1963. The opportunities and challenges of this evolution are discussed later in this testimony. Below is a snapshot of the major statutory changes.

Year	Action
1971	LAFCOs were required to establish Spheres of Influence for each city and special district within their respective county. This was a huge shift of responsibility beyond merely reacting to individual boundary changes. (A Sphere of Influence, as defined in Government Code Section 56076, is a plan for the probable physical boundaries and service area of a local agency, as determined by the commission.)
1972	Special Districts were added to the composition of the LAFCO Commission.
1985	The Knox-Nisbet Act, along with District Reorganization Act of 1965 and the Municipal Organization Act of 1977, were consolidated into the Cortese-Knox Local Government Reorganization Act of 1985.
1992	Added a revenue neutrality provision providing the amount of revenues a new city takes from a county once incorporated must be substantially equal to the amount of savings the county would realize as a result of no longer providing the service.
1993	LAFCO given the authority to initiate proposals for consolidation of special districts or the dissolution, merger or creation of a subsidiary district.
1997	The ability of a city to veto a simultaneous detachment and incorporation proposal was repealed.
2000	The Cortese-Knox-Hertzberg Reorganization Act of 2000. (See below for details)

The most recent overhaul of LAFCO law occurred in 2000 (AB 2838, Hertzberg). The Legislature took parts of the recommendations from both the Little Hoover Commission's 2000 Special Districts report and the Commission on Local Governance for the 21st Century's report, *Growth Within Bounds*, and incorporated them into AB 2838. These changes are highlighted throughout this testimony. Specific to the Commission's 2000 report recommendations, those are discussed in the Evolution of LAFCO section.

The Role of LAFCO and Services Provided

The role, scope and scale of services provided by LAFCO have evolved over the past 53 years. As noted above, the original mission of LAFCO was narrow in scope to review and approve or disapprove proposals for incorporations and the creation of special districts.

Today, in addition to the original narrow directive, LAFCOs are responsible for:

- Processing city and district annexations and detachments (including annexations of territory being served by a mutual water company), district consolidations, dissolutions and mergers, city consolidations and disincorporations;

- Addressing the activation and/or divestiture of district latent services or powers (latent services or powers are defined in Government Code Section 56050.5 as meaning those services, facilities, functions, or powers authorized by the principal act under which the district is formed, but that are not being exercised, as determined by the commission pursuant of subdivision (i) of Section 56425);
- Conducting sphere of influence (SOI) updates and municipal service reviews (MSRs) of special districts and cities;
- Reviewing and authorizing the extension of services by special districts and cities outside existing jurisdictional boundaries;
- Complying with the California Environmental Quality Act (CEQA), which was enacted after LAFCOs were established;
- Determining property tax revenue exchange amounts for affected agencies in connection with changes of organization or reorganizations such as special district annexations and detachments;
- Mapping and planning for disadvantaged unincorporated communities (DUC); and
- Conducting special studies, among other things.

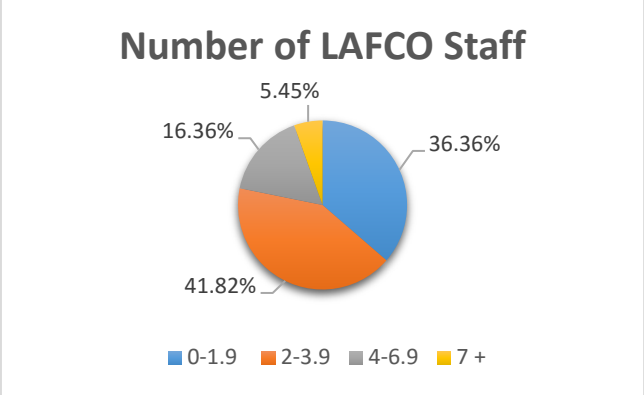
Many local agencies look to their LAFCO to facilitate discussions on things like shared services opportunities, property tax exchange agreements, or, more recently, the formation of Sustainable Groundwater Management Agencies (SGMA). Overall, the complexity of local land use issues and service delivery options have exploded along with the state's rapid population growth.

Staffing Models and Level of Independence of LAFCOs Throughout the State

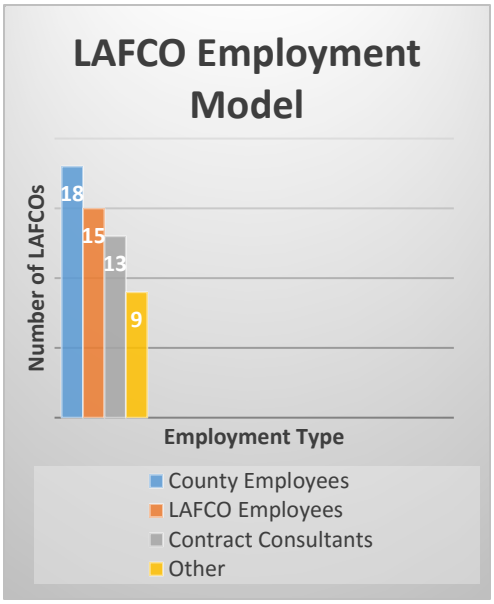
Staffing Models

The size and staffing models of LAFCOs throughout the state greatly vary depending on several factors. First, the activity level of a particular LAFCO is a primary driver of their resource needs. Next, the smaller more rural LAFCOs tend to have fewer financial resources and therefore staff accordingly. It is also apparent to CALAFCO that the level of acceptable government oversight varies greatly between regions of the state.

In a 2015 membership survey in which 55 of the 58 LAFCOs participated, CALAFCO found that 78% (or 43 of the 55) of LAFCOs have less than four staff members. In fact over 36% (20 of the 55) have less than two staff members, if there is even a dedicated LAFCO staff office presence. Over 16% (9 of 55) indicated they have four to six staff members. Only three LAFCOs indicated having seven or more staff members.



The reality of LAFCO staffing is that a large percentage of LAFCOs use either part-time contractual relationships or county personnel to fill the primary staffing roles. Many LAFCOs hire part-time staff, by contract, to perform the responsibilities of the Executive Officer (EO). Three of the more rural LAFCOs in the northern part of the state contract with the same person to fulfill EO responsibilities; another seven rural LAFCOs contract with a different person to fulfill EO responsibilities. So between these ten LAFCOs, there are two part-time contractual EOs to guide a very large geographic region that is experiencing ever increasing development pressures and demands for new services. Other examples of LAFCOs that have low staffing resources include one that has the County Administrator acting as the EO; another uses the County Board of Supervisors' Clerk of the Board as EO; and several use the County's Planning Director or the Community Development Director as the EO.



On the flip side of these models are the larger and higher-resource LAFCOs that employ four or more staff members (only 9 of 55 fall into this category). The largest LAFCO in the state employs nine full-time positions and one-part time position, as well as having nine part-time contractors.

A Matter of Independence

The need for greater LAFCO independence has long been debated. And while many LAFCOs operate independently from the County (with more moving in that direction), the reality is that many of the smaller LAFCOs still operate with some level of dependence on the County.

In the 2015 CALAFCO Survey, we found that over 32% (or 18 LAFCOs) of the 55 respondents have staff that are employees of the County. Over 27% (15 of 55) have staff that are fully independent and employed by the LAFCO. Contract consultants as lead staff make up over 24% (or 13 of the 55), and over 16% (9 of 55) are a hybrid or some other form of staffing.

Revenue Sources

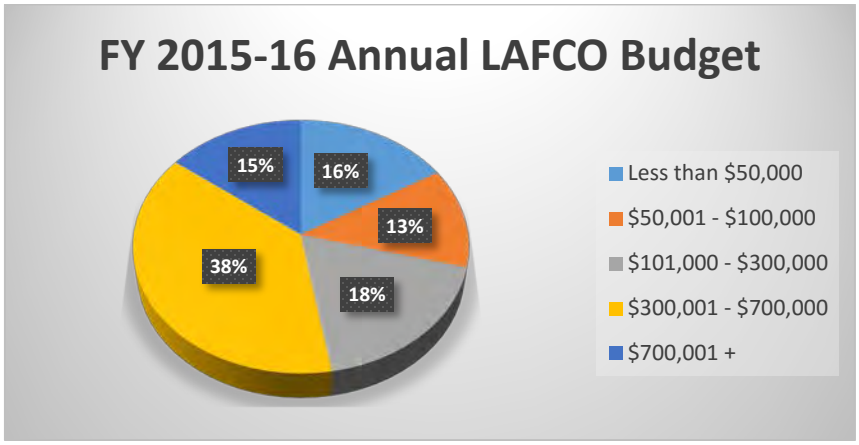
LAFCO funding sources are extremely limited both externally by arbitrary restrictions on state funding sources (Strategic Growth Council grants for example) and internally by political reluctance of a local commission to "grow" government functions. Government Code section 56831 establishes the formula for funding LAFCOs' budgets requiring the categories of local agencies sitting on the particular LAFCO's commission to fund the LAFCO budget. In 30 of the 58 LAFCOs cities, counties, and special districts contribute to the LAFCO budget. The statute (Government Code Section 56381) calls for an equal apportionment of one-third share for those LAFCOs in which there is county, city and special district representation. However, the statute allows for individual LAFCOs to modify this statutory budget funding allocation. (For example, Butte LAFCO has special district representation and all parties involved agreed that special districts shall pay less than the one-third apportionment.) The cities' share is apportioned in proportion to each city's total revenue, and the special districts' share is apportioned in proportion to each district's total revenue as a percentage of the combined total district revenues within the county.

For LAFCOs with no special district representation, the cost is split equally between the cities and county. For LAFCOs in which there are no incorporated cities within the county (Alpine, Mariposa and

Trinity), the cost is to be split equally between the county and the special districts. In two of these instances, however, (Alpine and Mariposa) there is no special district representation, and therefore the county pays 100% of LAFCOs' budget. Ten counties have only one incorporated city. In these instances, the sole city is responsible for the city apportionment of the LAFCO budget allocation.

LAFCOs also adopt fee schedules allowing LAFCOs to recover the cost of certain proceedings including but not limited to processing of applications, amending or updating SOIs and other LAFCO proceedings. By law, fees cannot exceed the estimated cost of providing the service, so, as is the case with other governmental services provided by other types of public agencies, there is no percentage of net profit built into adopted fees. A LAFCO has the authority to reduce or waive fees if it finds the payment would be detrimental to the public interest.

More than half (27 of 55) of the LAFCOs responding to the 2015 Survey indicated to CALAFCO that it was somewhat difficult to maintain annual funding levels and that they are unable to successfully obtain budget increases, while less than half (25 of 55) of LAFCOs reported that they have little difficulty maintaining annual funding levels or seeking budget increases when increases can be justified. The other 3 of the 55 LAFCOs indicated that their budgets are kept flat or have been reduced over time. This is clearly a challenge for the majority of LAFCOs in meeting statutory obligations. This issue is expanded upon in the Lingering Challenges and Opportunities section of this testimony.



Based on the Survey, CALAFCO learned that budgets for LAFCOs around the state vary widely. As you can see, less than 15% of them (8 of 55) have a budget larger than $700,000 annually, and over 16% (9 of 55) have an annual budget of less than $50,000.

To help put this into better perspective, here are some examples of FY 2016-17 adopted budgets from LAFCOs as compared to their adopted FY 2015-16 budget:

LAFCO	FY 2016-17 Adopted Budget	+/- from Adopted FY 2015-16 Budget	% of Change
Mono	$11,582	+$49	+0.5%
Tuolumne	$36,283	-$2,538	-7%
Kings	$57,126	+$5,672	+10%
Los Angeles	$1,405,530	+$34,530	+2.5%
San Diego	$1,984,064	+$163,253	+8.3%

All of Mono LAFCO's staff, for example, are contracted through the County, including the EO who also serves as the County's Planning and Community Development Director. Mono's budget accounts for revenue from the county, only one city and no independent special districts. All of Tuolumne LAFCO's staff are contracted through the County and the EO also serves as the County's Community Resources Agency Director. Their budget also reflects revenue from the county, only one city and no independent special districts. Kings LAFCO staff are also County employees, with the LAFCO EO also serving as the Community Development Director. Their budget reflects revenue from the county, four cities and no independent special districts.

In contrast, both Los Angeles and San Diego LAFCO have full and part-time staff who are employed directly by LAFCO. Los Angeles receives revenue from 88 cities, 53 independent special districts and the county. San Diego LAFCO's revenue is derived from 18 cities, 60 independent special districts and the county.

The Role of LAFCO and Special Districts

The nature of relationships between LAFCOs and special districts vary across the state from one of mutual respect, to a fear and contempt of LAFCO, and many places in between. Many LAFCOs are proactive in their efforts to stay connected with the special districts in their area, while others could improve these efforts. For those LAFCOs with special districts seated on their LAFCO, staying connected with special districts is a much easier task.

It is important to note that LAFCO has no direct regulatory authority over special districts. The MSR conducted by LAFCO is only as good as the information received from the entity being studied or other resources (as needed). In this respect, the LAFCO must rely primarily on the district to provide the necessary information. In many instances this is accomplished with great efficiency. However, in some instances this is not the case.

Following are two extremely different examples. First, one LAFCO in the central valley, while working to complete a series of MSRs, provided a particular district a request for information in January of this year. Despite four months of repeated follow up by the LAFCO, which was then followed up with a more formal request for information, the request and follow up requests went unanswered for several months. Despite the LAFCO's attempt to communicate to the district the purpose, importance and statutory requirement for the MSR, the district remains a strong resistant to providing the necessary information. As a result, this LAFCOs completion of the MSR has been substantially delayed.

On the other extreme, in the southern part of the state, a different LAFCO and the district being reviewed work so cooperatively together that a draft MSR was completed with relative ease and in a much more timely manner than as described above.

As you will see in the section below, MSRs are evolving into documents that are increasingly designed to assist special districts (and other municipal service providing entities) to improve the efficiency and effectiveness with which they provide the service. LAFCOs and special districts would both benefit greatly if a cooperative relationship and a mutual understanding of the benefits of the MSR process existed. CALAFCO has begun conversations with the California Special Districts Association (CSDA) to facilitate local discussions about these benefits.

Municipal Service Reviews

Purpose

In 2000, there was a substantial change in LAFCO responsibility when the requirement of conducting MSRs was added (Government Code Section 56430). The requirement at the time Section 56430 was enacted, was to conduct a MSR in order to establish or update a SOI and the LAFCO was required to comprehensively review all agencies providing municipal services in the prescribed geographic area. The law prescribed that by January 1, 2008, LAFCOs were to have all SOIs updated, and done, as necessary, and every five years thereafter.

Over the years the frequency with which the MSR is to be conducted and the factors to be considered in a MSR have changed. Today, the statute indicates LAFCO shall, as necessary, review and update each SOI every five years. Should there be a change in the SOI, then the appropriate MSRs must be revisited. The "as necessary" clause allows for adopt local policies based on local circumstances and conditions.

MSRs today must include LAFCOs' determinations on seven areas, including: growth and population projections for the area being studied; location and characteristics of any DUC within or contiguous to the SOI; present and planned capacity of facilities, adequacy of public services, and infrastructure needs and deficiencies; financial ability of the agency to provide the services; identification of opportunities for shared services; accountability for community service needs (including governance and operational efficiencies); and any other matters the LAFCO deems relevant in the provision of services.

LAFCOs have discretion in how to conduct MSRs. For example, some LAFCOs choose to conduct MSRs on all service providers (regardless of service type) in a particular geographic region or area. Others prefer to study the entire county by category of service (one MSR will study all fire service providers while another MSR will study all water service providers). Still others may choose to conduct MSRs based on the type of special district, or they may be done on an individual agency.

LAFCOs also have the discretion to conduct MSRs with in-house staff or hire consultants. More often than not, the amount of financial and human resources available to the LAFCO dictates how an MSR will be completed and more importantly, affects the depth and quality of the prepared MSRs and any potential resulting determinations for future corrective actions that may be deemed necessary. Given that the MSRs are a critical component of LAFCOs oversight of local agencies, this great disparity in MSR resources directly impacts LAFCOs ability to identify deficiencies and take corrective measures.

The current language of the MSR statute leads many LAFCOs to conclude that the Legislature intended that MSRs be conducted only when it was necessary to establish a new or update an existing SOI (hence the use of the term "as necessary"). However, it is becoming increasingly clear to CALAFCO that somehow the initial intent has been lost and a new paradigm has been created regarding MSRs. There is growing dialogue among some that the expectation is for LAFCOs to conduct MSRs on all municipal service providers every five years, regardless of whether or not the SOI is being updated.

This expectation is a growing concern for LAFCOs and CALAFCO for a number of reasons. First, it is misaligned with the express language of the MSR statute and its original intent. Second, a comprehensive MSR can take many months if not years to complete and requires a great deal of resources (both human and fiscal). This may mean that a LAFCO is unable to apply the proper amount of attention to an agency in need of improvement because there is just not the time. Third, and perhaps the most daunting for many LAFCOs is that the requirement for MSRs was added to the LAFCO plate without the addition of any resources to conduct them. As a result, many of the lower

resource LAFCOs are finding it difficult to complete comprehensive MSRs, so they are completed in a minimal way. LAFCOs that have a large number of agencies providing municipal services in their area clearly have a large number of MSRs to conduct. However, given all of this, a great majority of LAFCOs are completing MSRs regularly or on a schedule that is locally acceptable.

I will use Monterey LAFCO as one example to demonstrate the resources and time required to complete a comprehensive MSR. Monterey has 12 cities and 42 independent special districts. In a snapshot of their MSR schedule in March 2016, they reported having completed 14 MSR/SOI studies in December 2015; another 5 that had the administrative draft under review or hearing set; and another 4 for which information collection was under way. This means that in the latter portion of 2015, Monterey LAFCO was studying no less than 23 municipal service providers simultaneously. This is in addition to all of the other work being completed pursuant to the LAFCO's annual work plan. To accomplish these MSRs, Monterey LAFCO contracts out to a consultant approximately 1,000 hours of work per year at a cost of approximately $50,000. In addition, it supplements the consultant's work as needed with an existing full-time staff person at an average of 500 hours per year. All of this cost is included as part of its annual operating cost and absorbed by those paying into the LAFCO.

Another example is San Diego LAFCO and its review for four healthcare districts. In conducting this particular MSR, due to the complexity of healthcare district functions and financial operations, it took San Diego LAFCO 1 ½ years to complete the final MSR.

MSRs and Independent Special Districts by the Numbers

A recent poll of LAFCOs regarding MSRs found that most LAFCOs have conducted at least one if not two complete rounds of SOI updates and as a result, one or two rounds of MSRs. The sample size for this poll is 26 LAFCOs geographically spanning as far north as Del Norte; as far south as San Diego and Imperial; as far east as Inyo and as far west as Monterey and Santa Cruz. All 26 LAFCOs are diverse in their size, budget, staffing and type (urban, suburban and rural). What we found was that among these 26 LAFCOs, the number of independent special districts subject to review ranged from 9 to 105 (the average being 42.5) for a total of 1,150 independent special districts. Of these, an MSR had been conducted on 1,058 of them, at some point in the last ten years. This is an average completion rate of 92%, and does not account for all of the municipal services provided by cities that must also be reviewed. CALAFCO believes this number could have been greater if more emphasis was placed on agencies or services in need of review rather than a standard and arbitrary deadline to meet. Opportunities for change are discussed later in this testimony.

The Use of MSRs in the Reorganization of Districts

A point of great importance with respect to MSRs and the reorganization of districts is that ultimately LAFCO does not have the authority to mandate a district to take action. Through the MSR a LAFCO can make recommendations for changes of reorganization as described in more detail below. Additionally, a LAFCO can make recommendations that are more operational in nature (addressing governance, managerial or financial concerns). But in the end, for these types of recommendations, LAFCO lacks the authority to ensure implementation.

LAFCO has been described as the Legislature's "watchdog" to guard against wasteful duplication of services. *(City of Ceres v. City of Modesto (1969) 274 Cal. App. 2d 545 [79 Cal.Rptr. 168].)* To emphasize the point made above, the Legislature's "watchdog" is different from the Legislature's "enforcer." A watchdog identifies and alerts others to possible problems, and in rare instances, may actually be able to help solve the problem. But in most cases, the local agencies themselves must solve their own problems. When an agency seeks LAFCO approval (e.g., annexation), LAFCO can

impose terms and conditions on its approval. However, generally speaking, LAFCOs do not have legislative authority to "hold agencies accountable" and directly rectify issues or problems.

That said, LAFCOs do make strong recommendations and take the initiative to consolidate or reorganize districts. However, for as many opportunities as there are, there are a number of challenges. There are barriers to reorganization. In the Commission's 2000 report, it was stated few changes had been made in the structure of special district government. While this may be true statutorily, the report's subsequent statistics told a different story. The report cited in looking at six LAFCOs since 1994 (presumably to 2000), 22 special district reorganizations were submitted, of which 16 were approved, three were denied, and three were withdrawn. We view this is as significant action.

LAFCOs have been criticized for not doing enough when it comes to dissolving or consolidating districts. Simply reorganizing agencies does not necessarily improve services – ultimately LAFCO recommendations are designed to improve the provision of service. Each district has its own funding approach and some have distinctly different levels of service. Consolidation or dissolution for the sake of change is not as simple or logical a path as one presumes and often leads to unintended consequences. LAFCOs must always recognize and respect that a special district board is locally elected and is accountable to its constituents when making local decisions, even if in stark contrast to a LAFCO recommendation.

Many of the determinations and recommendations made in a MSR are operational in nature to address governance, managerial or financial concerns. Further, since MSRs and SOIs are considered long-term planning tools, many recommendations contained within them are not intended to be enacted immediately. Some recommendations have a timeframe exceeding the associated five-year cycle.

So What Has Been Accomplished?

A number of LAFCOs recently reported to CALAFCO taking action to consolidate, dissolve or otherwise reorganize districts, some successfully and others not. For example:

- Amador LAFCO reports in the last ten years it has completed two dissolutions.
- Los Angeles LAFCO reported the recent completion of one LAFCO-initiated dissolution.
- Yolo LAFCO indicated the successful dissolution of three districts with a fourth currently in process. Additionally, it just finalized a recommendation that a local Fire Protection District contract services through one of the local cities.
- Imperial LAFCO indicates it has dissolved two districts, are in the process of dissolving another, and looking at two additional districts for potential action.
- Lassen LAFCO reports it initiated a consolidation of two districts as a result of an MSR/SOI. Although the LAFCO initiated the process, under the guidance and leadership of the LAFCO the two districts ultimately agreed this was the best course of action and now are full partners in the consolidation.
- Orange County LAFCO reported since 2000 (when the mandate of MSRs took effect), it have processed nine complex special district consolidations, dissolutions and reorganizations.
- In a much publicized action, Contra Costa LAFCO undertook a full review of a healthcare district and despite political pressure to dissolve the district, and determined it was better to reorganize the district and create a subsidiary district within the City of Concord. Today this district is healthy and thriving.
- Butte LAFCO has conducted special studies of sewer districts prompting many changes to increase local cooperation and efficiencies related to shared services. Butte has also

reorganized special districts to remove powers no longer needed or add powers to increase constituent services.

- Santa Clara LAFCO reports conducting special studies to consider dissolving or consolidating certain districts and has facilitated several discussions amongst affected agencies. However, in the end, the inability to resolve the inherent complex issues relating to any of those actions, such as the transfer of assets and liabilities to successor agencies, the lack of community support, or the lack of political will to engage in a lengthy, expensive and uncertain process, all led to no action being taken by the entities involved or Santa Clara LAFCO.
- Marin LAFCO initiated the consolidation of six wastewater agencies as a result of a MSR. After several years of study, public hearings, and LAFCO commission approval, in the end the voters within the all four districts denied the consolidation.
- Santa Cruz LAFCO indicates in the last 36 years it has reduced the number of districts by seven, with almost all of them being a significant undertaking. It reported just completing a reorganization that took three years of work and was its main project for that time. This was known as the Lompico Reorganization, which involved the dissolution of one water district and the annexation of that area to another water district. As a result of the length of time and the amount of resources required to complete the reorganization, Santa Cruz LAFCO revised its priorities to allow enough time to facilitate the reorganization, resulting in it getting behind on other MSRs. Currently, it has identified four small districts as candidates for consolidation or dissolution. However Santa Cruz LAFCO notes that they are all functioning at the moment and it would take a crisis for an action to be initiated. This is due to the resources required to conduct a successful reorganization of any sort.

What are the challenges?

The last several examples highlight some of the challenges LAFCOs face in the reorganization of districts. The lack of community support to change which manifests through the protest provision process is a factor. Regardless of how logical the consolidation or dissolution may be, the voters in the district have the final say on the disposition of the district. The LAFCO can expend years of time and resources moving towards such an action, only to have it be turned down by the will of the people being served. This factor is often a consideration when a LAFCO decides whether or not to initiate such action.

Another challenge appears to be an inability of agencies to reach agreement on how to share the tax revenue, an action over which LAFCO has no authority to resolve.

It is important to note yet again that LAFCO can make determinations and recommendations that are operational in nature, addressing governance, managerial or financial concerns, and short of a recommended change of organization, has no authority to enforce them. Should the Legislature desire LAFCO to be more proactive and aggressive in this area, then CALAFCO suggests this be a topic that is moved forward for discussion in a forum of long-term roundtables or workshops with all affected stakeholders at the table.

The Evolution of LAFCO – What's Changed Since the Commission's 2000 Report

Looking Back at the Steps Forward

The governing landscape of LAFCOs has evolved considerably over the past 16 years. As mentioned previously, there were substantial changes in the laws in 2000, many of which were the outcome of recommendations from a report issued by the Commission on Local Governance for the 21st Century as well as the Little Hoover Commission's 2000 Report. Several of the recommendations found in

the Local Governance Commission's report (issued January 2000) parallel the recommendations of the report of this Commission issued in May 2000. Below are the most significant changes that have occurred:

Required LAFCo independence. One of the Commission's recommendations in the 2000 report was to enhance the independence of LAFCOs. The new statute provided that the county was no longer required to supply the LAFCO with all the necessary logistical resources required to do the job. Instead it created the opportunity for LAFCOs to become independent of the county. Many LAFCOs have transitioned to an independent model, although this remains a challenge for many due to a lack of financial resources or political will to expand LAFCO services. Examples of both existing dependent and independent models were provided elsewhere in this testimony and the challenges that remain in this area will be addressed in the next section.

Equal Funding. Both reports suggested equal funding would benefit LAFCOs. The statute changes provided for a formula of equal funding, thereby removing the entire financial responsibility from counties. Today this is the standard financial model with some local exceptions. Please refer to the Revenue Sources section of this testimony for details of how this formula works.

Special District representation. As a result of adding an option for special district representation on LAFCO (previously the requirements were limited, and in 2000 the law changed to allow for an automatic option to seat two special district representatives on LAFCO), 30 of the 58 LAFCOs now have this kind of representation (those counties represented in yellow on the adjacent map have special district representation on LAFCO). While this is substantial progress, CALAFCO and CSDA would like to see special district representation on all 58 LAFCOs. This is addressed further in the next section.

Review of special districts in the provision of services. The Commission's 2000 report recommended that LAFCO be required to conduct periodic and specific reviews of independent special districts. A substantial change in 2000, the law was updated to add MSRs as a required precursor to updating a SOI. MSRs are discussed in much greater detail in the above MSR section above, as requested by your Commission.

Allowance of local policies. While prior to 2000 LAFCOs were encouraged to create local policies to implement the law, the new statute declared the Legislature's intent that all LAFCOs shall adopt written policies and procedures by January 1, 2002 and that the policies include lobbying disclosure and reporting requirements, and all forms to be used by the LAFCO. Today virtually every LAFCO has adopted local policies and procedures based on local circumstances and conditions to guide them in their work.

Use of technology. The new statute required each LAFCO, by January 1, 2002, to establish and maintain a website on which access to notices and other LAFCO information is readily accessible to the public.

In today's world of ever-changing technology that allows for a higher level of information exchange and a statewide call for greater transparency, information is much more easily disseminated by LAFCO to the public and to other agencies. Further, LAFCOs now have greater access to information on special districts and other entities. Not only are those documents available directly through a district's website (if they have one), but also via the State Controller's website, where an annual report of special districts is published. These changes have most certainly increased the level of

transparency in which all public agencies operate, which was a recommendation of the Commission's 2000 report.

Greater collaboration. At the local level, there is more collaboration among local agencies today than ever before, and LAFCOs are increasingly at the hub of these collaborative dialogues. Good examples of this include (but in no way are limited to): Yolo LAFCO who gathers local leaders and facilitates discussions amongst the county and various cities on shared services opportunities; Orange County LAFCO's initiation of the South Orange County Governance Visioning Process, designed to provide a forum for stakeholders to identify viable future governance alternatives for the established and developing communities in the unincorporated territory of South Orange County; and San Diego LAFCO who coordinated and hosted a workshop on the 2016-17 San Diego County wildland fire season readiness, which brought together a number of local fire services providers.

Additionally at the state level, CALAFCO is doing increasingly more collaboration and coordination with other state associations such as CSDA, the League of California Cities, the California State Association of Counties (CSAC) and the Association of California Water Agencies (ACWA) on matters of joint interest.

Lingering Challenges and Opportunities

Independence and Funding

Although progress has been made in the areas of LAFCO independence and revenue sources, some challenges remain. As noted previously, the matter of LAFCO independence is still a struggle. The extreme variation in LAFCO staffing often creates a significant hurdle to managing the many complex governance issues facing the state and allows for many issues to remain unaddressed entirely.

Although revenue sources were expanded in 2000, this remains a challenge for at least half of the LAFCOs in the state. The variable funding schemes reported in the Revenue Sources section of this testimony create differential financial burdens among affected agencies that is not always proportional to the effort required by each LAFCO. It also creates a competitive dynamic that often results in LAFCO budgets being established based on the hardships to the smallest entities which often drive down the overall LAFCO budget and therefore the LAFCO's ability to meet its statutory requirements. Of the 55 LAFCOs who responded to CALAFCO's 2015 survey, only 30 reported their budgets allowed them to meet statutory responsibilities. Nineteen LAFCOs (34%) indicated their budgets were barely sufficient for them to meet the minimum statutory requirements and another 6 (or 11%) stated their budgets were not adequate to meet all of their responsibilities. As the Legislature creates additional responsibilities for LAFCO without providing additional funding resources, the gap will grow as LAFCOs will increasingly find it difficult to keep pace with the very limited budgets.

Political Pressure

There are political pressures and potential conflicts inherent in the very nature of the makeup of a LAFCO commission. The statute requires all LAFCO commission members to exercise their independent judgment as a whole in furthering the purpose of LAFCO rather than the interests of their appointing authority. Through the years CALAFCO has provided LAFCO commissioners throughout the state training on how this may be accomplished. The reality is that it is a difficult mandate. How reasonable is it to expect that a county, city or special district elected official will "check that hat" at the door and think only in terms of LAFCO? It is rare when an official can set all of the political pressures of their primary entity aside and think and act only in terms of LAFCO. And, when that is accomplished, there are often great consequences. For example, at the will of the entire County Board of Supervisors, or the City Selection Committee or the Special District Selection

Committee, an official appointed or elected to serve on LAFCO can easily be replaced by the entity that put them in that seat. A recent example can be found in the central valley when the City Selection Committee removed a commissioner from a LAFCO because the majority of those on the Committee disagreed with the vote of the elected official while acting as LAFCO commissioner. Arguably, this level of political or issue oriented intervention can significantly undermine any LAFCO attempt to remain neutral and independent of local agency influence.

This challenge could potentially be addressed by appointing LAFCO commission members to a fixed term regardless of their actions. This may create a better balance of the democratic appointment process with the empowerment of the official to act more independently.

Special District representation on all LAFCOs

Both CALAFCO and CSDA are working together on generating ideas and solutions to this opportunity. Today the path for special district representation on LAFCO is long, and we are collaborating on ways to make this process easier. The other challenge to having special district representation on all LAFCOs is a matter of cost. Many districts do not want to pay the cost associated with participating on LAFCO and are unable to see the significant benefits of that participation. LAFCOs are stronger when they are more diverse. When considering matters relating to special districts, it is always a broader and better balanced perspective with the views of special districts represented in the discussions. Without a special district voice on the LAFCO, those interests are left to other entities. CALAFCO and CSDA continue outreach and educational efforts with CSDA members on the benefits of being seated on LAFCO.

Emerging Challenges and Opportunities

Albert Einstein said, *"The world that we've made as a result of the level of thinking we have done thus far creates problems we cannot solve at the same level of thinking which created them."* The reality of our world today is the issues we are dealing with are more complicated than ever before.

The evolution of the role of LAFCO without the supporting resources

The evolution of the role and responsibilities of LAFCO through the years have not kept pace with the evolution of the resources available to LAFCO to meet the changing demands. In 1963 LAFCOs were designed to move boundaries. The level of scrutiny they had was light and authority was local. Over time, LAFCOs evolved to add responsibilities, to look at future growth areas and plan for where that future growth may logically occur. Then in 2000, the Legislature added the responsibility of conducting a MSR – evaluating functions, service delivery and governance of a service provider - in order to do a SOI update. A later addition required LAFCO to conduct SOI updates every five years or as necessary, which means conducting MSRs as part of that process. Today these MSRs are required to contain LAFCO commission determinations on seven primary categories. The structure and resources to implement these additional responsibilities has remained for the most part unchanged.

In 2012, as a result of SB 244 (Wolk, 2011), the Legislature added responsibility for LAFCO to identify and plan for the needs of all disadvantaged unincorporated communities (DUCs) that lie within or contiguous to an existing SOI. LAFCOs are experiencing increasing pressure from groups calling for more action to address the real needs of these communities. Not only does LAFCO lack the authority to address service deficiencies, recent legislative efforts lack addressing the root cause of many of these issues – a lack of water, lack of infrastructure, and a lack of financing for agencies to keep pace with the cost of infrastructure, operations and maintenance and regulatory compliance. LAFCOs welcome the partnership of the local communities, local, regional and state agencies to solve these very complicated and complex issues.

Increasing demands from the Legislature for LAFCOs to address local agency deficiencies without the authority and resources to do so, and the reluctance of local agencies to readily accept LAFCO assistance or intervention, combine to create a lose-lose for all. Ultimately, the LAFCO must still rely on the participating local agencies as their primary source of operational revenue (other than fees for services). These are the same agencies who are also critically reviewed by LAFCO and may not view a strong LAFCO as a helpful entity. This has become increasingly challenging as local agencies continue to grapple with their own fiscal shortages and desire to maintain local control in an era of increasing regional planning demands.

Unique new service entity structures

Joint Powers Authority and Joint Powers Agencies are becoming a more common form of local governance and in some cases the delivery of municipal services. Lacking the oversight in the provision of those services similar to those that special districts have is an increasing challenge for LAFCOs.

Recent legislative trend challenging LAFCO authority

During the 2015-16 legislative year, CALAFCO noticed an increase in legislation introduced that either bypassed established local LAFCO processes or divested LAFCO of authority in some way. Your Commission requested CALAFCO provide our thoughts on this trend. We believe there are several reasons for this trend.

First, as many of the legislative authors and sponsors have indicated, the LAFCO process is perceived as long, costly and does not guarantee the outcome they desire. To that, we say the Legislature intentionally created LAFCO processes to be deliberate, transparent and locally reviewed, especially when dealing with the dissolution or reorganization of an entity. Many factors must be considered and deliberated carefully. Several of this year's legislative efforts do not take into account all that must be considered by either dissolving or expanding a district.

We struggle with the notion that using the state legislative process is any less costly for tax payers than the local LAFCO process, and in fact argue that the local LAFCO process is more efficient and effective as local entities are better able to consider local circumstances and conditions. It has been CALAFCO's experience that while special legislation addresses an immediate concern, it often results in collateral long-term impacts to resolving local issues.

Another reason for this trend was present in several examples: the involved district previously worked with the LAFCO and was unhappy with the results of that interaction. Consequently, rather than going back and working through the issues, it sought remedy at the state level. In yet another example the local entities involved – all of which are in some way represented on their LAFCO – never discussed their issue with the LAFCO and instead went straight to their state Legislator to seek remedy. The more this scenario is embraced by individual legislators, the more frequently it is sought by special interests and others, thus moving an issue from a local public forum to Sacramento.

Finally, several of the bills introduced address entities over which LAFCOs have no authority. For example, SB 88 from 2015 gave the State Water Resources Control Board (SWRCB) the authority to mandate consolidation of water entities. It is worth noting the agencies under the SWRCB focus are primarily agencies that are not under LAFCO jurisdiction, such as mutual water companies and private providers. This particular piece of legislation was a last minute budget trailer bill on which LAFCOs were never consulted. The passage of SB 88 left CALAFCO and all LAFCOs holding the bag so to speak in figuring out how to make the new statute actually work. For the past year CALAFCO has been working with the SWRCB in the proper implementation of this bill.

There are long-term effects to the "chipping away" of the foundation of the Act. Not only does this kind of random pick-and-choose create the opportunity for conflicting sections in the statute, it can inadvertently create statutory loopholes with very serious unintended consequences. Furthermore, the continual passage of such legislation will only invite more of the same, and create a more top-down approach to local governance – which is in direct conflict with the reason the state Legislature gave LAFCO the authority it has had since 1963. The Legislature's willingness to pass these "one-off" bills undermines the LAFCO authority rather than empowering the LAFCO.

It was stated earlier that LAFCO processes were created by the Legislature to be local, thorough and deliberate. Allow me to expand on that for a moment and tie that concept to a lack of action (whether perceived or real). The peoples' voice is an important part of the LAFCO process. In most cases, voters decide on whether a district should be formed, and ultimately they can decide the fate of a district. The protest provisions in statute allow for that voice to be considered as part of the process.

Taking action to dissolve or reorganize a district requires thoughtful planning at the local level including the identification of a successor agency, the determination of what to do with the obligations, liabilities and assets of the district, and in many cases the agreement of tax revenue sharing. Many of these actions are reasons a LAFCO may choose not to initiate an action. While the applicant may pay the fees associated with the process of their application, if the LAFCO initiates the action, it is the LAFCO that absorbs all of the costs associated with that action. With already strapped budgets and staffing resources (as discussed above), the majority of LAFCOs today do not have the resources required to undertake such actions which, as noted before, can take several years to complete with no guarantee their recommended action is implemented.

So while it may seem like a simple and straightforward action, the reality is it is not.

Opportunities for the Future

As indicated in this testimony, there has been a substantial evolution of LAFCO over the past 16 years and overall LAFCOs have done a solid job meeting and in many cases exceeding their statutory requirements. Opportunities always emerge in the face of challenges. CALAFCO continues to work with our 58 member LAFCOs in support of strengthening their capacities as we see LAFCO as a vital and valuable part of the local governance landscape. CALAFCO offers the concepts below as potential future opportunities to address LAFCOs' challenges and to increase LAFCOs relevance. We stand ready to engage the Commission and its staff, stakeholders and our members in a meaningful and forward-thinking dialogue to address any viable opportunities as you narrow the scope of your special district review for your next hearing.

Increase Revenue Options for LAFCO.

In light of the increasing call for LAFCOs to conduct more in-depth studies of special districts and to consider options for improved local governance that may include actions such as reorganization, we suggest the state consider providing special funding to LAFCOs for local government reorganization studies. As stated previously, in-depth and value-added MSRs take a great deal of resources – human, fiscal and time. The outcomes can be critical to the overall health and long-term well-being of a community.

In its 2000 Report, as part of Recommendation Two, the Commission stated: "*The State should provide LAFCOs with the direction and resources necessary to make them a catalyst for the effective and efficient evolution of independent special districts.*" While several of the recommended actions outlined have been taken, funding special studies remains one unaddressed recommendation.

Perhaps with the Governor's Office of Planning and Research (OPR) as a partner, a certain dollar amount can be allocated to each LAFCO annually. Or, if the focus is to conduct specific studies, an allocation based on the number identified to be studied can be issued to the LAFCOs involved.

Another suggestion for the state to consider is allowing LAFCO to directly receive a certain percentage of property tax revenue in addition to the funding provided by the local entities participating on LAFCO. Perhaps the state can issue to LAFCO a fraction of the percentage of these agencies' portion of Educational Revenue Augmentation Fund (ERAF) funding that was previously taken away. Since the local agencies have a statutory obligation to financially support LAFCO, this seems like a logical connection.

With increasing unfunded mandates on local government, the State is setting up expectations that are harder and harder to meet. As LAFCOs are funded by local agencies, the more mandates these entities must deliver on the fewer financial resources are available for the LAFCO to call on to deliver their increasing mandates. It is a no-win cycle. CALAFCO urges the Legislature to consider the cumulative impact of all of the mandates being handed down to local entities.

Statutorily authorize LAFCO to dissolve inactive districts.
Although the total number of inactive districts statewide is currently unknown, CALAFCO suspects there are a number of districts that have not met in well over a year, not adopted an annual budget for a number of years, have not held elections in years, or have gone completely dark. We believe these districts are worthy of a closer look and may very well be the most obvious candidates for dissolution. We suggest the state grant LAFCO the statutory authority to dissolve these districts after the appropriate study has been conducted or certain determinations have been made by the LAFCO. Funding to conduct these studies and conduct the dissolution process should be considered along with the statutory authority.

Conduct a statewide study on the effectiveness of MSRs and make legislative recommendations accordingly.
It has now been 16 years since LAFCOs were authorized to conduct regular SOI updates and MSRs. Enough time has passed and enough LAFCOs have completed several "rounds" of these studies for there to be the kind of data needed to study and evaluate the effectiveness of the requirement. There are certainly lessons learned and best practices that exist as a result. It may be the right time to ask questions such as: (1) Are the right factors being reviewed; (2) Is the seemingly arbitrary timeframe of every five years the most appropriate interval; (3) What have been the MSR determinations and the subsequent actions; and (4) What do the entities involved see as the value in these studies? In partnership with CALAFCO, the state may want to consider funding a study of the effectiveness of updates and reviews based on the original intent of the law and local circumstances and conditions. CALAFCO can partner with any number of entities on this study.

Revisit and revise certain principal acts.
Over the past 16 years a number of principal acts have been updated thanks to the efforts of the former Senate Local Government Committee consultant staff. CALAFCO recommends all of the principal acts be reviewed and updated as necessary, perhaps starting with the one pertaining to healthcare districts. As this is a substantial undertaking in both time and resources, this would be a multi-year project requiring a detailed plan and timeline. As prior principal act reviews were led by local government committee staff, CALAFCO recommends either the Assembly Local Government Committee of Senate Governance and Finance Committee take the lead on this endeavor.

Keep LAFCO decisions local.
CALAFCO urges the Legislature to keep local LAFCO decisions local. While we understand there are certain situations in which the state must act (for example, if a unique governance structure is requested outside of that provided in the principal act, or granting powers of the district not provided for in the principal act), there are many instances in which legislation is introduced that is best dealt with locally. The more these kinds of legislation are passed, the more we will see introduced.

As an association, CALAFCO has adopted Legislative Policies that guide both our Board of Directors and our Legislative Committee when considering legislative matters affecting LAFCO. Primary among those policies is the preservation of the authority of LAFCO. CALAFCO supports legislation that maintains LAFCO's authority to condition proposals to address any or all financial, growth, service delivery, and agricultural and open space preservation issues. Further, we support legislation that maintains LAFCO's ability to make decisions regarding boundaries and formations, as well as to enact recommendations related to the delivery of services and the agencies providing them, including consolidations, reorganizations or dissolutions.

As all of these recent legislative efforts fly in the face of LAFCO authority, CALAFCO has opposed them in one form or another, while attempting to work with the authors and sponsors on acceptable middle-ground to create a win-win. From a CALAFCO perspective, some of those efforts have been successful while some have not.

CALAFCO has also increased efforts to educate state legislative staff on who LAFCOs are and what they do. In the fall of 2015 for the first time, we hosted a *Lunch and Learn with LAFCO* series and plan to repeat these sessions annually. In addition, CALAFCO continues to find new ways to educate our member LAFCOs on the importance of building strong relationships at the local level with their state Legislators.

Recommendation Three from the 2000 Little Hoover Commission Report.
The 2000 report was very broad in scope with a host of recommendations. One in particular, Recommendation Three, appeared to get little traction, despite the fact it contains a good foundation for discussion in improving and enhancing local governance.

CALAFCO agrees in concept with several of the specific actions outlined within this recommendation, and feels they are worthy of closer scrutiny. We see the opportunities cited therein have evolved over the past 16 years to:

- *Study the long-term effects of consolidations and reorganizations*. This could be done in partnership with CALAFCO, CSDA and the Institute of Local Government (ILG), or perhaps the Public Policy Institute of California.
- *Develop performance measures for special districts*. Standard industry measures could be created by service type for certain measures, and other measures would be standard across the board for things such as finance and governance. These can be collaboratively developed by CSDA, CALAFCO, the ILG and the Special District Leadership Foundation (SDLF). Once established these performance measures can be effectively used by LAFCO when conducting a MSR and SOI update.
- *Establish a cadre of trainers*. In conjunction with CALAFCO and CSDA, the ILG seems like the logical partner to coordinate and support this effort. Retired LAFCO EOs and special district General Managers from around the state who are willing to train as needed or be called upon to assist and advise in certain situations, might be used at the cost of a small stipend or even on a pro-bono basis.

In closing, I want to again thank you for the opportunity to share our viewpoint on the special relationship between LAFCOs and special districts, to highlight the progress made by LAFCOs over the past 16 years, and to address challenges and opportunities we see for the future. CALAFCO is happy to make itself available as a resource to the Commission and the Legislature to improve the landscape of local governance in California.

Respectfully,

Pamela Miller
Executive Director

Attachment 4

Agenda Item No. 9

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION
1112 I Street, Suite #100
Sacramento, California 95814
(916) 874-6458

August 6, 2014

TO: Sacramento Local Agency Formation Commission

FROM: Peter Brundage, Executive Officer PB

RE: **Fiscal Year 2013-2014 Grand Jury Report Update - Herald Fire Protection District**

RECOMMENDATION

1. Receive and File Status Report on the Sacramento County Grand Jury Findings related to the Herald Fire Protection District.

2. As required, staff will also prepare a Draft Response to the Sacramento Grand Jury for Commission approval at the September 3, 2014 Commission Meeting.

3. Staff will continue to work on the Municipal Service Review, review and evaluate the Herald Fire Protection District response to the Sacramento Grand Jury, and will work with the Herald Fire Protection District to assist the District in resolving issues raised by the Sacramento Grand Jury.

DISCUSSION

On June 28, 2014, the Sacramento Grand Jury issued its FY 2013-14 Grand Jury Report. This report contained an investigation of the Herald Fire Protection District. Summary of Findings and Recommendations:

Finding No.1: The District lacks adequate internal accounting controls sufficient to ensure against misappropriation.

Recommendation No,1: The District should establish adequate internal accounting controls, as identified in this report, to ensure verification of the District's finances agaist waste or misappropriation of District assets.

Finding No. 2: since 2008, the District's finances have not been audited in accordance with generally accepted auditing standards, as required by law.

Recommendation No. 2: The county auditor should conduct an immediate audit of the District's financial statements and conduct all future annual audits of the District's finances, as required by law.

Finding No. 3: The District has not adopted or implemented personnel policies compliant with the Firefighters Procedural Bill of Rights Act with respect to punitive actions against full-time firefighter employees, and District staff lacks knowledge of the Act's requirements.

Recommendation No. 3: The District should adopt policies and practices compliant with the Firefighters Procedural Bill of Rights Act and provide training to all staff regarding the Act's requirements.

Finding No. 4: The District has failed to timely review and update as appropriate District Governance policies.

Recommendation No 4: The District should comprehensively review and update as appropriate all district governance policies, including the District's Master Plan.

Recommendation No. 5: The Sacramento Local Agency Formation Commission should conduct a Municipal Service Review of the District and evaluate the viability of consolidating the District's fire and emergency services with another fire district.

CONCLUSION

Currently, staff is conducting a Municipal Service Review for the Herald Fire Protection District. However, prior to completion of the MSR, LAFCo staff would like to review and evaluate the responses of the Herald Fire Protection District as set forth in the Sacramento Grand Jury Final Report.

Staff will also prepare a draft response to the Sacramento Grand Jury for Commission approval at the September 3rd Commission meeting as to the Grand Jury Recommendation No. 5.

Staff will continue to work on the Municipal Service Review, review and evaluate the Herald Fire Protection District response to the Sacramento Grand Jury, and will work with the Herald Fire Protection District to assist the District in resolving issues raised by the Sacramento Grand Jury.

Sacramento County Grand Jury

Consolidated Final Report 2013-14

www.sacgrandjury.org

SUPERIOR COURT OF CALIFORNIA
COUNTY OF SACRAMENTO
Grand Jury

June 28, 2014

The Honorable Russell L. Hom
Advisor Judge to the Grand Jury
729 Ninth Street, Department 22
Sacramento, CA 95814

Dear Judge Hom:

Pursuant to Penal Code section 933(a), the 2013-2014 Sacramento County Grand Jury is pleased to submit its final report. This report represents the work of the 19 grand jurors, residents of Sacramento County who have dedicated a year of their lives toward making local government more open, efficient and productive.

During the past year, the Grand Jury inspected the three county and two state penal institutions within the county and for each of them wrote detailed reports with observations and suggestions for improvement. The Grand Jury also reviewed over 30 citizens' complaints and conducted several self-generated investigations regarding various governmental entities within the county. This final report is the result of more than 100 hours of interviews and many more hours reviewing source materials, engaging in weekly committee meetings, discussing issues and writing individual reports.

The Grand Jury would like to thank you, Supervising Deputy County Counsel Lisa Travis and Chief Assistant District Attorney Stephen Grippi for your support and much-appreciated advice throughout the past year. We also wish to thank the Superior Court's Internet Technology Department for enabling us to institute a much-needed state-of-the-art computer system for our members, which will greatly assist future grand jurors for years to come. Finally, we would like to extend a special thank you to our Grand Jury coordinator, Becky Castaneda. She is the glue of the body and makes things happen efficiently and gracefully.

I can speak for all the jurors in saying that it has been an honor to serve our community for the past year. We hope that our efforts have helped to improve our local government and make Sacramento County a better place in which to live.

Sincerely,

Michael Arkelian

Michael Arkelian, Foreman
2013-2014 Sacramento County Grand Jury

INVESTIGATION:

A Firestorm Raging in Herald

Herald Fire Protection District

SUMMARY

For decades, the Herald Fire Protection District (District) has provided vital fire, rescue and emergency medical services to the Herald community in southeast Sacramento County. The largely volunteer fire department, governed by an elected Board of Directors and strongly supported by the local volunteer firefighters' association, civic organizations and area residents, and has become an integral part of the fabric of this rural farming community. But for the last two years, the District has been torn apart by the residents' intensely vocal criticism of its management of public funds and firefighter personnel, and its lack of transparency with the public. This dissension threatens the District's capability to provide these vital services and its ability to maintain needed support from this close-knit community.

Responding to the residents' allegations, the Sacramento County Grand Jury investigated whether the District's elected Board of Directors is meeting its fiduciary responsibilities to oversee the District's financial affairs, whether the fire chief is properly managing the firefighter personnel, and whether the District board is effectively and transparently adopting and implementing sound governance policies.

As a result of its investigation, the grand jury finds that the board is not responsibly overseeing the District's financial affairs, the fire chief is not properly managing District personnel, and the board is not transparently implementing sound governance policies, particularly with respect to its financial affairs.

With respect to fiscal oversight and management, the District for many years had a bank account that the board intentionally did not disclose to the Sacramento County Department of Finance, as required by law. The District also failed to disclose the existence of this account to auditors hired by the District to audit its finances. For these and other reasons, audits of the District's finances have not been conducted in accordance with generally accepted auditing standards, as required by law. The District's financial accounting system lacks adequate internal controls to ensure against waste and misappropriation of funds.

With respect to personnel management, the District and the fire chief have failed to adopt and implement policies that by law provide firefighter personnel the due process protections in

disciplinary proceedings. District policies do not provide full-time firefighters the opportunity for an administrative appeal of a punitive action, as required by the Firefighters Procedural Bill of Rights Act. The fire chief and his administrative staff have repeatedly demonstrated their lack of knowledge of the Act's requirements.

Finally, the board has not dealt transparently with the public regarding the District's business. As noted, the District failed to disclose the existence of all district bank accounts, as required by law, and failed to disclose one account even to auditors it had hired to audit the District's financial records. Even when subpoenaed, District staff was unable or unwilling to produce the District's financial records for review. At public meetings and in response to requests for information about District finances, board members had not been forthcoming or candid with District residents.

To address and correct these deficiencies, the grand jury recommends that the county auditor conduct an immediate audit of the District's financial statement, according to generally accepted auditing standards; that the District establish adequate internal accounting controls; that the fire chief adopt and implement personnel policies compliant with the Firefighters Procedural Bill of Rights Act and ensure that staff are knowledgeable of the Act's requirements; and that the District explore the feasibility of consolidating its fire and emergency services with a nearby fire district.

The grand jury recommends that the county auditor conduct an immediate audit of the District's financial statement; that the District establish adequate internal accounting controls; that the fire chief adopt and implement personnel policies compliant with the Firefighters Procedural Bill of Rights Act; and that the District explore the feasibility of consolidating its fire and emergency services with a nearby fire district.

Unfortunately, deliberate actions and inactions by the board and administrative staff are undermining the efforts of the proud and dedicated firefighters who serve this community. The vast majority are volunteers who put in long hours to acquire and hone the needed knowledge, skills and abilities to provide essential fire and emergency services to Herald citizens. They do a remarkable job for little pay.

The grand jury believes the fabric of the Herald community is endangered and in crisis because of the District board and fire chief's mismanagement of District affairs. We urge the board and District management to address these issues immediately and in a transparent manner in order to recapture the trust of the community it serves.

BACKGROUND

The Herald Fire Protection District has been a source of community pride for more than six decades when local citizens came forward and volunteered as firemen. Many locals eagerly stepped up to help the District obtain costly, needed fire equip-

ment. In November 1947, one such organization, the Herald Garden Club, a local women's civic group, purchased a 1929 Chevy Standard Oil delivery truck and had it converted into the first District fire engine. Nearly 40 years later, in 1986, the local "Herald Day" reported that because of the dedicated men and women in the Herald Fire Protection District, "the citizens of Herald were in good hands."

In 2012, many community members were in an uproar about the perceived state of affairs in the District. Once-loyal civic organizations questioned the integrity and management practices of the District, its Board of Directors and its management personnel.

For many years, the District has owned two buildings in the Herald area – the Herald Community Barn and Hendrickson Hall, located adjacent to Station No. 87 – which the District uses for training classes and rents to local civic groups for meetings and to the general public for social gatherings such as weddings and *quinceañeras*. In spring 2012, the District raised the issue of increasing rental fees for the buildings, which caused a well-publicized outcry from Herald citizens and local civic organizations. In October 2012, the District board formally proposed raising the rental fees, which provoked the locals to demand an explanation for the fee increases and a transparent accounting of the District's handling of the building funds. Some citizens and civic organizations demanded answers and an accounting at several District board meetings and through Public Records Act requests. However, the citizenry was dissatisfied with the District's responses to their records requests and demands for justification for the fee increase. The unhappy locals conveyed their concerns to the area media and complained in writing to this grand jury.

Prompted by the community's complaints, the Sacramento County Grand Jury initiated an investigation of the District's fiscal practices with respect to its building funds and accounts. This initial inquiry quickly led the grand jury to identify and investigate a number of related issues, including the District's overall governance and management, its fiscal practices, and its personnel policies and practices. The investigation focused on the following issues:

1) Does the District Board of Directors effectively manage the District's fiscal affairs? And does the District have in place sufficient internal accounting controls and provide for accurate and adequate financial audits?

2) Has the fire chief adopted and implemented sound, legal personnel policies and practices, including those that comply

with the Firefighters Procedural Bill of Rights Act?

3) Is the District's Board of Directors effectively and transparently implementing sound governance policies and practices?

After investigating these issues, the grand jury concludes that the citizens of Herald are rightly concerned that the Herald Fire Protection District is failing to provide effective governance of the District's business, is failing to maintain sound fiscal and accounting practices, and is failing to implement sound, legal personnel practices. The grand jury recommends that the District Board of Directors address these concerns and correct these fundamental problems.

The grand jury concludes that the citizens of Herald are rightly concerned that the Herald Fire Protection District is failing to provide effective governance of the District's business, is failing to maintain sound fiscal and accounting practices, and is failing to implement sound, legal personnel practices.

APPROACH

The grand jury reviewed the following documents, records and material for this investigation:

- California Government Code sections for special districts;
- Sacramento County Financing Guidelines for special districts;
- Herald Fire Protection District Master Plan (2004);
- Sacramento Local Agency Formation Commission (LAFCo) *Municipal Service Review and Sphere of Influence Update Report on Herald Fire Protection District* (2005);
- The Firefighters Procedural Bill of Rights (California Government Code sections §3250-3262);
- District call logs, financial ledgers, credit card and bank records;
- District audited financial statements;
- Board of Directors policies;
- Fire District employee policies; and
- Fire District website.

For a historical and current understanding of the day-to-day operations, the grand jury interviewed former and current firefighters, members of the Board of Directors, District administrative staff, members of the Herald Volunteer Firefighters Association (HVFFA), accounting firms retained by the District to conduct financial audits, and one complainant. Members of the grand jury also visited the two Herald fire stations. To educate ourselves about the laws and guidelines for California special districts, jury members conferred with the county counsel, the District Attorney's Office, the Department of Finance (DOF), the California Attorney General's Office, current and former fire chiefs of surrounding fire districts, and members of the California Special Districts Association (CSDA).

Grand jurors also attended several board meetings to observe the District board and staff and assess how meetings were

conducted, the materials provided to the public, interaction between board members and District staff, and interaction between District personnel and the public in attendance.

During the investigation, District personnel in several instances only partially complied with grand jury requests for documentation. Many incomplete documents were submitted and some did not not match records, witness testimony or documents the grand jury obtained through other sources.

DISCUSSION

Herald Fire Protection District Overview

The Herald Fire Protection District (the District) is a special district established in 1946 to provide local fire, rescue and emergency medical services to the unincorporated Herald community and surrounding rural areas. Encompassing 96 square miles located in rural southeastern Sacramento County, the District is governed by an elected five-member Board of Directors. The board's core functions are to establish and periodically review and update governance policy for the fire district; monitor the performance of the District fire chief; and oversee an annual operating budget of approximately $800,000, which is based on revenues derived from local property taxes and grants.

The District is staffed by approximately 20 to 25 volunteer firefighters and several full-time, part-time and intermittent paid employees, including a fire chief, assistant fire chief, two captains and an administrative assistant. The fire chief is a full-time, salaried employee and reports directly to the Board of Directors. The fire chief oversees all administrative and managerial activities, including personnel actions, development of employee policies, and firefighter training exercises.

The District operates two fire stations. Station No. 87 was built in 1975 with the help of a federal grant. It is located on Ivie Road and houses a fire truck bay, a communications dispatch center, sleeping quarters, and the District's administrative office, and serves the western part of the District. This station is staffed daily from 8 a.m. to 4:30 p.m. by two full-time firefighters, the fire chief, and an administrative assistant. Station No. 88, located on Clay Station Road, was partially built by volunteer firefighters. At the present time, it is an unmanned station except during wildland fire season and serves the eastern part of the District. The firefighting staff responds to an average 400 calls per year.

In addition to these two stations, the District has mutual-aid agreements for emergency services with neighboring Sacra-

mento County fire districts, the State of California Department of Forestry and Fire Protection, Sacramento Fire/EMS Emergency Communications Center for dispatch services, Sacramento Municipal Utilities District for emergency responses to decommissioned Rancho Seco, and Cosumnes Community Services District for ambulance services.

The District also owns and manages two buildings next to Station No. 87, the Herald Community Barn and Hendrickson Hall. The District uses these buildings for training classes and also rents them to local civic groups for meetings and to the general public for social gatherings such as weddings and *quinceañeras*.

For many years, the District has received support from the Herald Volunteer Firefighters Association (HVFFA), which has played an integral role in the District. This volunteer civic organization raises funds to support the District's firefighters, and over the years has sponsored numerous events to raise funds to purchase needed fire and medical equipment for the District.

Herald Fire Protection District Fiscal Management

The District's Buildings Account Controversy

In October 2012, when the Board of Directors formally proposed increasing rental fees for the two District-owned buildings, a handful of citizens and civic organizations protested the increase and demanded justification and an accounting of the building funds. Some citizens filed Public Records Act requests with the District seeking to open the books on the building fund accounts. After the District continued to ignore citizens' repeated requests, a formal complaint was filed with the 2013-14 Sacramento County Grand Jury.

In its investigation into the citizens' complaint, the grand jury uncovered, among other things, an unauthorized bank account the District shared with the HVFFA at the Farmers and Merchants Bank. The grand jury further discovered that the District had for many years improperly used that account to conduct official District business related to the two buildings including rents, cash receipts and building-related services. This practice shielded the existence of these funds and transactions from public knowledge, review and accountability. The board did not disclose this "unauthorized off balance sheet" account to the Department of Finance because it believed, erroneously, that the building rental income would reduce property tax revenues disbursed to the District by the DOF.

This account was a comingled account, used jointly by the Dis-

trict and the HVFFA. The District deposited revenues from building rentals, and the HVFFA deposited funds from its fundraising activities. The District administrative assistant controlled the checkbook and wrote most of the checks while making the majority of deposits into the account. All the while the HVFFA retained sole signature authority. In contracting to use this comingled account, the District had agreed to pay the HVFFA a fee equal to 10 percent of the deposited funds. In July 2012, however, the HVFFA withdrew their funds and opened a separate account at another bank. The District continued to maintain the account until November 2013 when the board voted to close it and deposit the funds with the Sacramento County treasurer.

From the time the District shared the HVFFA account until it was closed, the District neither disclosed its existence to the Sacramento County DOF nor deposited the funds with the county treasurer, as required by state law. Moreover, the District maintained a revolving/petty cash fund with this account without disclosing its existence to the DOF, as required by state law. Along with this nondisclosure, the petty cash fund did not have the checks and balances with a third party, such as the DOF, reviewing and verifying receipts prior to being replenished. Finally, the District omitted the account from financial statements provided to auditors hired by the District to conduct biennial financial audits, as required by state law.

The District shared a bank account with the Firefighters' Association and maintained a revolving/petty cash fund, neither of which was disclosed to the Sacramento County Department of Finance, as required by state law.

Audits of the District's Accounts and Records

State law provides that the county auditor shall make an annual audit of a special district's accounts and records, but further provides that a special district may, by unanimous request of its governing board and unanimous approval of the Board of Supervisors, replace the annual audit with a biennial audit covering a two-year period. Between 2008 and 2011, in lieu of the county auditor's annual audits, the District contracted with a private accounting firm to make biennial audits of the District's accounts and records. The biennial audits of the District's financial statements for 2008 through 2011 were not conducted in accordance with generally accepted auditing standards. Important steps not performed include, among others:

- A proper study and evaluation of the existing internal control environment;
- A determination that expenditures were properly docu-

mented, authorized and incurred, and represent proper charges to the District; and
- A verification of all assets and liabilities of the District.

Review of these biennial audits and the District's accounts and records also revealed a lack of accounting controls and several areas of weakness in the control environment over financial accounting. The most significant weaknesses include the following:

- Receiving unrecorded District cash from citizens of Herald for reservation deposits and associated rental of facilities owned by the District.
- Mixing unrecorded District cash with cash belonging to the HVFFA in the same bank account legally owned and controlled by the HVFFA.
- Receiving unreported cash from citizens of Herald for donations to, or fundraisers for, the HVFFA without accounting for the cash receipts through the District accounting records, systems or reports.
- Lack of asset reconciliations between financial reports and the supporting detail.
- Lack of sufficient accounting detail is maintained to reconcile credit card charges.
- No segregation of duties related to cash receipts, recording and depositing cash, and reconciling the bank accounts. The same person performs all of these functions with no oversight or independent review by District management.
- Payroll input and paycheck distribution are performed by the same person without oversight by District management.
- The administrative assistant physically controlled the HVFFA checkbook. Checks had been written payable to "cash," then personally endorsed and cashed at a bank.
- The administrative assistant has a District credit card, receives the billing statement and submits the statement to the DOF for payment. Oversight includes only a copy of the statement, without supporting evidence, presented to the Board of Directors for a cursory review.

Review of the District's fiscal control environment also revealed other weaknesses in the District's practices, including the following:

- Until December 2013, the District paid a salaried employee unreported cash compensation for non-firefighter services that the employee provided the District. The District intentionally excluded these payments from the employee's earnings so as to understate the income reported on his Form W-2, Wage and Tax Statement.
- The District engaged in material asset purchase transactions

by trading or bartering without any documentation to record the receipt or disposition of assets. In one case, a used school bus was donated to the District and later bartered to a local contractor who fabricated and installed storage shelving on a District vehicle, all without supporting documentation.

- The fire chief authorized District employees and volunteers to fill their personal vehicles with gas from the pumps at the fire station as a form of expense reimbursement. This was done without documentation or proper classification in the District's accounting records.
- The District purchases tools and equipment used in the normal course of conducting its business. The District does not maintain a current listing of District-owned tools and equipment and cannot account for missing, lost or stolen assets.

In September 2013, in response to citizen demand, the District retained a private accounting firm to audit the District's building account. However, in November 2013, the accounting firm terminated its services and declined to perform the audit because the District had failed to provide supporting documentation for the account. The board did not publicly disclose the fact that the accounting firm had declined to perform the audit until April 2014.

Herald Fire Protection Personnel Policies and Practices

State law, codified in the Firefighters Procedural Bill of Rights Act, provides any full-time firefighter and fire chief employed by a public agency certain procedural protections when he or she is subjected to punitive action. Among these procedural protections is an opportunity for an administrative appeal of a disciplinary decision. The District, a public agency, employs several full-time firefighters as well as a fire chief, all of whom are entitled to these procedural protections.

The District has a policy, adopted by the fire chief but not by the board, that sets forth the procedural requirements for punitive action against a firefighter. The policy provides the fire chief with the authority to impose punitive action. Confusingly, the policy melds two separate policies: one that addresses punitive actions taken by the District against a firefighter, and the other that addresses a grievance initiated by the firefighter against the District. The one provides that a firefighter may appeal a punitive action to the fire chief or the District board; the other provides that the firefighter may request review only from the fire chief, and does not expressly provide the opportunity for an administrative appeal. Compounding the confusion and inconsistency, the fire chief has asserted that under the District policy, he has the authority to decide whether or not a firefighter may

appeal, either to him or to the board. In at least one instance, the fire chief denied a terminated firefighter the right to appeal his decision to terminate the firefighter.

District policy for punitive actions not only fails to provide the procedural protections required by the Firefighters Procedural Bill of Rights Act, but District staff responsible for initiating punitive actions are unfamiliar with the state law's requirements. The District administrative assistant, who assists the fire chief in preparing and initiating punitive actions, acknowledged that she is unaware of the Act or its requirements. And the fire chief's interpretation and application of the punitive action policy that he adopted shows that he has limited understanding of the Act's requirements as well.

The fire chief's interpretation and application of the District's punitive action policy raises concerns not only about the fire chief's imposition of punitive action against subordinate firefighters, but also his application of the policy to himself. For example, District policy provides that no individual while on Herald Fire Protection District premises will share any website or material that may be offensive. Over several months, in at least three instances, the fire chief viewed photos of nude and scantily-clad women on his work computer, which were then emailed from his district email account to another firefighter employee, who claimed to be offended. Although the fire chief acknowledged that he had viewed these photos on his work computer and that only he had access to his work computer and email account, he denied sending the photos to his employee. It is readily apparent that the fire chief may have violated the District's policy prohibiting misuse of the work computer. He has interpreted the District disciplinary policy that he is obliged to enforce in a manner that insulates his own conduct and protects him from punitive action.

The Board's Development of Governance Policies

Since its establishment in 1946, the board has adopted numerous District policies. Under its present governance policy, the board is responsible for adopting policies that pertain to the District, but the fire chief is responsible for adopting policies that pertain to firefighting staff and operations. The board does not approve policies adopted by the fire chief.

Many of these policies have not been reviewed and updated in more than 10 years. For example, the board's Master Plan was last updated in 2004. Also, board policy currently provides that the board may remove a director from the board; and the board, in fact, attempted to remove a director from the board in 2013. This policy remains on the books, notwithstanding that the

current board agrees that it lacks authority to remove a director and that the policy is invalid. And, as noted, the District's punitive action policy, adopted by the fire chief, is not compliant with state law.

LAFCo is a countywide commission that is responsible for the consolidation or reorganization of special districts, including fire protection districts. State law requires LAFCo to conduct Municipal Service Reviews of special districts every five years. As part of an MSR, LAFCo evaluates the special district's Master Plan. The Sacramento LAFCo has not conducted an MSR of the District since 2005.

FINDINGS AND RECOMMENDATIONS

Finding 1. The District lacks adequate internal accounting controls sufficient to ensure against misappropriation.

Recommendation 1. The District should establish adequate internal accounting controls, as identified in this report, to ensure verification of the District's finances against waste or misappropriation of District assets.

Finding 2. Since 2008, the District's finances have not been audited in accordance with generally accepted auditing standards, as required by law.

Recommendation 2. The county auditor should conduct an immediate audit of the District's financial statements and conduct all future annual audits of the District's finances, as required by law.

Finding 3. The District has not adopted or implemented personnel policies compliant with the Firefighters Procedural Bill of Rights Act with respect to punitive actions against full-time firefighter employees, and District staff lacks knowledge of the Act's requirements.

Recommendation 3. The District should adopt policies and practices compliant with the Firefighters Procedural Bill of Rights Act and provide training to all staff regarding the Act's requirements.

Finding 4. The District has failed to timely review and update as appropriate District governance policies.

Recommendation 4. The District should comprehensively review and update as appropriate all District governance policies, including the District's Master Plan.

Recommendation 5. The Sacramento Local Agency Formation Commission should conduct a Municipal Services Review of the District and evaluate the viability of consolidating the District's fire and emergency services with another fire district.

REQUEST FOR RESPONSES

Penal Code sections §933 and §933.05 require that specific responses to the findings and recommendations contained in this report be submitted to the Presiding Judge of the Sacramento County Superior Court by Oct. 1, 2014, from:

- The Herald Fire Protection District Board of Directors, response to **Findings 1, 2, 3 and 4** and their related **Recommendations**.
- The Herald Fire Protection District fire chief, response to **Findings 1 and 3** and their related **Recommendations.**
- Sacramento County Department of Finance, response to **Finding 2** and its related **Recommendation.**
- Sacramento Local Agency Formation Commission, response to **Finding 4** and its related **Recommendations.**

Mail or hand-deliver a hard copy of the response to:

Robert C. Hight, Presiding Judge
Sacramento County Superior Court
720 9th Street, Dept. 47
Sacramento, CA 95814

In addition, email the response to:

Becky Castaneda, Grand Jury Coordinator, at
castanb@saccourt.com.

Agenda Item No. 10

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION
1112 I Street, Suite #100
Sacramento, California 95814
(916) 874-6458

September 3, 2014

TO: Sacramento Local Agency Formation Commission

FROM: Peter Brundage, Executive Officer PB

RE: **Fiscal Year 2013-2014 Grand Jury Report Response - Herald Fire Protection District**

RECOMMENDATION

Authorize the Chair to sign the attached letter to the Sacramento Grand Jury regarding the Herald Fire Protection District.

DISCUSSION

On June 28, 2014, the Sacramento Grand Jury issued its FY 2013-14 Grand Jury Report. This report contained an investigation of the Herald Fire Protection District. Sacramento LAFCo is required to respond to Finding No. 4, Recommendation No. 4, and Recommendation No. 5 stated as follows:

Finding No. 4: The District has failed to timely review and update as appropriate District Governance policies.

Recommendation No 4: The District should comprehensively review and update as appropriate all district governance policies, including the District's Master Plan.

Recommendation No. 5: The Sacramento Local Agency Formation Commission should conduct a Municipal Service Review of the District and evaluate the viability of consolidating the District's fire and emergency services with another fire district.

Currently, staff is conducting a Municipal Service Review for the Herald Fire Protection District. However, prior to completion of the MSR, LAFCo staff would like to review and evaluate the responses by the Herald Fire Protection District and the County of Sacramento as set forth in the Sacramento Grand Jury Final Report.

Staff has prepared the attached letter in response to the Sacramento Grand Jury. Commission Counsel has reviewed this letter and concurs with the proposed response.

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION
1112 I Street, Suite 100 • Sacramento, CA 95814 • (916) 874-6458 • Fax (916) 874-2939
www.saclafco.org

September 3, 2014

Robert C. Hight, Presiding Judge
Sacramento County Superior Court
720 9th Street, Dept. 47
Sacramento, CA 95814

RE: **Sacramento Local Agency Formation Commission Response to the Sacramento Grand Jury Regarding the Herald Fire Protection District**

Honorable Robert C. Hight, Presiding Judge:

Pursuant to Penal Code Sections 933 and 933.05, the Sacramento Local Agency Formation Commission (LAFCo) submits the following responses to the 2013-14 Sacramento Grand Jury report related to the Herald Fire Protection District as to Finding No. 4 and its related Recommendations and Recommendation No. 5.

Finding No. 4: The District has failed to timely review and update as appropriate District Governance policies.

Recommendation No 4: The District should comprehensively review and update as appropriate all district governance policies, including the District's Master Plan.

Recommendation No. 5: The Sacramento Local Agency Formation Commission should conduct a Municipal Service Review of the District and evaluate the viability of consolidating the District's fire and emergency services with another fire district.

LAFCo Responses:

Sacramento LAFCo has commenced the Municipal Service Review related the Herald Fire Protection District. The District has provided initial responses to our questionnaire. In addition, Sacramento LAFCo will evaluate the District's and County of Sacramento responses to the Sacramento Grand Jury prior to finalizing the Municipal Service Review.

Response to Finding No. 4: As part of the Municipal Service Review, Sacramento LAFCo will review the District's governance policies and the District's Master Plan, however, it is not LAFCo's responsibility to develop or approve those policies or its Master Plan. LAFCo's do not have regulatory control over its affected agencies. LAFCo's primary purpose for Municipal Service Reviews is to evaluate whether or not service providers are providing adequate levels of service. The District Board of Directors is responsible for District Policies and Master Planning.

LAFCo concurs with the Sacramento Grand Jury that the Herald Fire Protection District should review and update if necessary district governance policies including its Master Plan. LAFCo will consider these issues as part of our Municipal Service Review.

Response to Recommendation No. 5: Sacramento LAFCo has commenced the Municipal Service Review (MSR) for the Herald Fire Protection District. As part of the MSR, Sacramento LAFCo will evaluate the viability of reorganization/consolidating Herald Fire Protection District with another fire protection district and also provide assistance to the District to help correct the deficiencies as outlined by the Sacramento Grand Jury in the event reorganization/consolidation is not feasible.

Respectfully Submitted,

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

By_____,
Sacramento LAFCo

COUNTY OF SACRAMENTO

COUNTY ADMINISTRATION BUILDING
700 H STREET, SUITE 2450, SACRAMENTO, CALIFORNIA 95814

BOARD OF SUPERVISORS
(916) 874-5411

PLANNING COMMISSIONS
(916) 874-7891

FAX No. (916) 874-7593

September 23, 2014

The Honorable Robert C. Hight, Presiding Judge
Sacramento County Superior Court
720 9th Street, Room 611
Sacramento, CA 95814

RE: Sacramento County Grand Jury Consolidated Final Report 2013-14

Dear Judge Hight:

Enclosed is a copy of the Sacramento County response to the 2014 recommendations contained in the 2013-14 Grand Jury Final Report. The Board of Supervisors at their meeting of September 23, 2014 approved this report as submitted with the following recommendations as highlighted on the enclosed Board letter.

If you have any questions, please contact my office at 874-5451.

Respectfully,

Florence Evans

for Cyndi Lee, Clerk
Board of Supervisors

Cc: Becky Castaneda, Grand Jury Coordinator

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COUNTY OF SACRAMENTO
CALIFORNIA

For the Agenda of:
September 23, 2014
Timed: 11:30 a.m.

To: Board of Supervisors

From: County Executive

Subject: Response To The 2013-14 Grand Jury Final Report

Supervisorial District(s): All

Contact: Navdeep S. Gill, Assistant County Executive, 874-5510
Ute Lavorico, Management Analyst II, 874-6112

Overview
This is the response to the investigation findings and recommendations contained in the 2013-14 Grand Jury Report issued June 28, 2014. County responses were requested for two investigative reports pertaining directly to the County and one involving the Herald Fire District. Staff from the Environmental Management Department, Probation, the Department of Finance, the Department of General Services and the County Executive Cabinet contributed to this report.

Recommendation
1. Adopt this report as Sacramento County's response to findings and recommendations contained in the 2013-14 Grand Jury Final Report.
2. Direct the Clerk of the Board to forward a copy of this report to the Presiding Judge of the Superior Court no later than September 26, 2014.

Measures/Evaluation
Not applicable.

Fiscal Impact
Departments contributing to this report absorbed incurred costs within their respective budgets.

BACKGROUND

Each year the Sacramento County Grand Jury concludes its work and releases its Final Report, typically the last week in June. The report, which can address a variety of activities, functions, and responsibilities of government, typically contains findings and recommendations with a response specifically directed to the Presiding Judge of the Superior Court.

The form of the County's responses as required by Penal Code section 933.05 is as follows:

As to each Grand Jury finding, the responding person or entity shall indicate one of the following:

1. The respondent agrees with the finding.
2. The respondent disagrees wholly or partially with the finding in which case the response shall specify the portion of the finding that is disputed and shall include an explanation of the reasons.

As to each Grand Jury recommendation, the responding person or entity shall report one of the following actions:

1. The recommendation has been implemented, with a summary regarding the implemented action.
2. The recommendation has not yet been implemented, but will be implemented in the future, with a timeframe for implementation.
3. The recommendation requires further analysis, with an explanation and the scope and parameters of an analysis or study, and a timeframe for the matter to be prepared for discussion by the officer or head of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. This timeframe shall not exceed six months from the date of the publication of the Grand Jury report.
4. The recommendation will not be implemented because it is not warranted or is not reasonable, with an explanation.

If a finding or recommendation of the grand jury addresses budgetary or personnel matters of a county agency or department headed by an elected officer, both the agency or department head and the board of supervisors shall respond if requested by the grand jury, but the response of the board of supervisors shall address only those budgetary or personnel matters over which it has some decision making authority. The response of the elected agency or department head shall address all aspects of the findings or recommendations affecting his or her agency or department.

County Counsel was consulted regarding the response requirements and confirmed that there are no additional requirements beyond those specified above. The level of detail to include in the responses is at the discretion of the Board.

DISCUSSION

The 2013-14 Grand Jury Final Report contained two investigative reports on issues pertaining directly to the County and one involving the Herald Fire District. The reports, "Abandoned Well ... Abandoned Program", "Millions are wasted on closed juvenile facilities while the county has no long-term residential treatment programs" and "A Firestorm Raging in Herald" required county responses from the Director of the Environmental Management Department, the Chief Probation Officer, the Department of Finance, the Director of the Department of General Services, the Sacramento County Board of Supervisors, and the County Executive. The Grand Jury Report requested a response by October 1, 2014 which is actually past the 90 day deadline

prescribed in the code. Therefore it is recommended that a response be sent by September 26, 2014.

1. Abandoned Well ... Abandoned Program

Finding 1 *The director of the Environmental Management Department suspended the Abandoned Wells Program in response to pressure from recalcitrant landowners, not for valid enforcement, personnel management, or discretionary budgetary reasons.*

Director, Environmental Management Department Response:

We disagree with this finding. The Abandoned Wells Program was not suspended. While the inspection approach was modified, time sheet reporting verifies the Abandoned Wells Program has remained staffed and operating since implementation in 2010.

The Abandoned Wells Program is a discretionary program that allows the Environmental Management Department to adjust its staffing resources as they are available. The full funding of the program from the statewide underground fuel tank lawsuits was received sporadically over a four- year period as cases were settled. Staffing changes – reductions or increases - in this program are affected by higher priority state mandates and budgetary considerations. Changes in the economy resulted in some Abandoned Wells Program staff being returned to their previous assignments in state mandated programs. The combination of higher priority mandated programs and normal personnel attrition due to transfers, retirements and hiring freezes are valid factors considered by the Director when making these staffing changes.

Finding 2 *The voluntary reporting and public awareness campaign which replaced the enforcement program has been ineffective in addressing the environmental threat to the county groundwater from abandoned wells.*

Director, Environmental Management Department Response:

We disagree with this finding. The new approach has been effective and sustainable. The revised approach is more consistent with other successful regulatory programs administered by the Environmental Management Department. To achieve success and positive outcomes, any regulatory program must start with effective public outreach and education, followed by inspection and then enforcement. Initially, the Abandoned Wells Program did not adequately employ an education and outreach component causing a negative reaction from impacted citizens. The approach was then changed to incorporate outreach and education, using media, community meetings, direct mailings, and personal contact, as well as to work with cooperative abandoned well owners first. The plan has always been to close any cases not yet resolved with dedicated staffing. To date, with the implementation of the revised approach, 285 abandoned wells have been closed or decommissioned.

The success of this program has been acknowledged by several outside entities. The Abandoned Wells Program has received state and national award recognition from the National Association of Counties (NACO), Ground Water Resources Association of California, and the California State Assembly.

Recommendation 1 *Given the environmental threat to Sacramento County citizens' water supply resulting from the hundreds of abandoned wells in the county, the Sacramento Grand Jury recommends that the Environmental Management Department revive and fully staff the Abandoned Wells Program and implement the aggressive enforcement program mandated by law, using all available statutory and technical tools to identify and decommission abandoned wells in Sacramento County.*

Director, Environmental Management Department Response:

The recommendation has been implemented. The County recognizes the value and importance of the Abandoned Wells Program and remains committed to its goals. The Department is in the process of filling 5.0 limited term, full-time-equivalent positions to complete the program, with continued emphasis on outreach, education, and compliance, and appropriate enforcement when necessary, which has thus far closed or decommissioned nearly 300 wells.

2. Millions are wasted on closed juvenile facilities while the county has no long-term residential treatment programs

Finding 1 *Millions of dollars are being wasted to maintain unused facilities previously used as long-term residential treatment centers for juveniles.*

Director of General Services Response:

I disagree with this finding.

I concur that further steps are necessary to reduce the financial liability the County incurs due to the vacant property at the Boys Ranch. However, in 2010 we faced exceedingly difficult financial reductions that cost more than 1,500 jobs in the organization, so it was a difficult but prudent decision to close the facility. The cost to mothball the facility since 2010 has been about $2.44 million, while the savings have exceeded $50 million. On its face, these costs seem like a large sum, but there are three very important factors that must be considered:

- $944,000 of the mothball number is to maintain the facilities; that money remains in the County financial structure, funding staff, ensuring sustainability of the property, and contributing to the general fund. This figure also represents a savings of about $700,000 per year in maintenance costs, or some $3.5 million, just for facility upkeep.
- Less than half of the $2.44 million is actual cost-to-maintain; the other $1.5 million is debt service, which is the invested obligation in the property, not 'wasted' dollars.
- Mothball costs over five years, even including the debt service, is a vast savings over the staffing and maintenance necessary to keep the site functioning – operational costs (Probation staffing and operations budgets) were about $10.2 million in Fiscal Year 2008-09 – considering normal inflation, the County saved well over $51 million through last fiscal year by closing the facility.

In 2011, the County attempted to lease the Boys Ranch via a Request For Proposals (RFP) to repurpose the property, but the only feasible response was dependent on a 20+ year lease. The County rejected that concept with the mindset that the property may one day be reopened as a juvenile detention facility.

The Warren E. Thornton Youth Center (WETYC) has been in limited use since its closure in 2009. The Probation Department operated a Day Reporting Center (DRC) for approximately one year and currently uses the site to house its Juvenile Community Supervision division and conduct office visitation for youth under Court jurisdiction. Use of the facility in this manner has saved over $1 million in facility costs, in addition to the $35 million in operational costs, over the last 5 years.

Board of Supervisor's Response:

We concur with the response from the Director of General Services. The 2014-15 budgeted cost for the Boys Ranch and Warren E. Thornton facilities is $1,978,555. The debt obligation portion of this cost is $1,045,793. The County recognizes that it is unlikely the Boys Ranch facility will be reopened in its former capacity and is taking steps to repurpose the property and reduce costs incurred by the County.

County Executive Response:

I agree with the response from the Director of General Services.

Recommendation 1 *The County of Sacramento must take positive steps to stanch the negative cash flow associated with the Boys Ranch, whether by leasing or selling the property, and should do whatever is necessary to maximize the property's value.*

Director of General Services Response:

The recommendation is already being implemented. In 2014, current senior management at the Probation Department and County Executive levels recognized that it is unlikely the Boys Ranch would be reopened in its former capacity; therefore a revised RFP was issued on March 25, 2014 that expanded the options for repurposing the facility. We received two responses, and are currently in negotiations with the company that submitted the most viable proposal. There remains a lot of work to be done, including extensive community outreach, land use permits, facility renovations, contractual discussions, etc., but the County is optimistic that the resulting contract will create a valuable service for the local community, as well as relieve the County of virtually all of its current financial liabilities at the site.

Combined Board of Supervisors and County Executive Response:

The recommendation is already being implemented. Please see the response from the Director of General Services. The County will continue to take steps towards reducing this liability and finding alternative uses for the property, however the property is currently zoned for agriculture and it would likely not be appropriate to rezone the property for commercial activities.

Finding 2 *Facilities and programs for youths in need of long-term treatment in Sacramento County are limited or non-existent*

Chief Probation Officer Response:

I agree with the finding.

Board of Supervisor's Response:

We agree with the finding.

County Executive Response:

I agree with the finding.

Recommendation 2 *The Sacramento County Board of Supervisors should appoint a task force to assess the viability of establishing a commitment program at the Youth Center, such as suggested above, and ensure that action is taken and oversight enforced without further delay.*

Chief Probation Officer Response:

The recommendation will not be implemented. Because we are already well underway in assessing the viability of establishing a residential treatment program at the Youth Center, I do not agree that the formation of a task force is necessary.

The Probation Department has been working with the Sacramento Criminal Justice Cabinet – a group of key stakeholders in criminal justice including the Courts, the Sheriff's Department, the Sacramento Police Department, the District Attorney's Office, the Public Defender's Office, County Health and Human Services, and others – to guide an independent research effort to obtain accurate information about the service and program gaps in the county's juvenile justice system. The resulting report, which we recently received, provides precise information regarding unmet needs and is intended to act as a guide for future planning efforts to serve our at-risk youth population.

The report is titled "Juvenile Case Processing and Program Intervention Gap Analysis," and we are currently reviewing it. It confirms the finding of the grand jury report that Sacramento County needs facilities and programs for youths in need of long-term treatment. We will continue our review of this report, share it with interested parties – including the Criminal Justice Cabinet – and utilize it to develop our ongoing plan to provide long-term treatment to at-risk youths in Sacramento County.

Our department is currently working with the County Executive to schedule a date to present a summary of this report and our responsive plan to the Board of Supervisors in the coming months. This presentation will focus on our plan to re-open the Youth Center.

Board of Supervisor's Response:

We agree with the Chief Probation Officer's response.

County Executive Response:

I agree with the response from the Chief Probation Officer.

3. A Firestorm Raging in Herald
(The County was asked to respond to Finding and Recommendation 2, only.)

Finding 2 *Since 2008 the District's finances have not been audited in accordance with generally accepted auditing standards, as required by law.*

Department of Finance Response:

The Department agrees with Finding 2.

Recommendation 2 *The county auditor should conduct an immediate audit of the District's financial statements and conduct all future annual audits of the District's finances, as required by law.*

Department of Finance Response:

The recommendation for finding 2 cannot be implemented as written.

Government Code 26909 requires Special Districts to have an audit. The Government Code allows a District to procure their own audit services or the County Auditor-Controller shall either make or contract with a certified public accountant (CPA) to make an audit of the accounts and records of a District for which an audit by a CPA is not otherwise provided. Finding 2 states that "since 2008 the District's finances have not been audited in accordance with Generally Accepted Auditing Standards, as required by law." Based on the finding the recommendation was to have the county auditor (Department of Finance) perform the audit rather than having Herald Fire Protection District procure their own audit services.

As required by various statutes within the California Government Code, the County Department of Finance, Auditor-Controller Division (DOF-A/C) is mandated to perform certain accounting functions and maintain accounting records for the Herald Fire Protection Fire District.

These activities, in themselves, necessarily impair the Sacramento County-Auditor's independence to perform an audit for the District because the DOF-A/C should not audit its own work or provide non-audit services in situations where the amounts or services involved are significant/material to the subject matter of the audit.

A recent change in Government Auditing Standards, issued by the Comptroller General of the United States, paragraph 3.25, states *"Certain conditions may lead to threats that are so significant that they cannot be eliminated or reduced to an acceptable level through the*

application of safeguards, resulting in impaired independence. Under such conditions, auditors should decline to perform a prospective audit or terminate an audit in progress."

As a result of the recent change in the Government Auditing Standards, the DOF-A/C, Internal Audit Unit can no longer perform the financial audit of the District. The DOF-A/C intends to procure an outside CPA firm to perform the audit services for the District. DOF-A/C will either contract with its external auditor or will prepare a Request for Proposals for the audit services. Either way, due to timing conflicts the audit will not take place until early 2015. In addition, The DOF-A/C, Internal Audit Unit can assist the District in establishing proper internal controls prior to the start of the audit.

The Board of Supervisors was not asked to respond to this item; however they requested the following comments be included.

Although the financial audit is a good first step, it will not address all the issues identified by the Grand Jury. The financial audit will focus on the District's compliance with acceptable accounting policies and procedures however it will not assess the underlying financial stability or management practices of the District.

The Sacramento County Board of Supervisors, therefore respectfully requests that the Grand Jury perform a management audit of the District to fully address citizen concerns surrounding the Herald Fire District operations and long-term stability.

FINANCIAL ANALYSIS

Staff from the Environmental Management Department, Probation, the Department of Finance, Department of General Services and the County Executive Office contributed to this report. Costs incurred were absorbed within each department's budget.

Respectfully submitted,

APPROVED:
BRADLEY J. HUDSON
County Executive

NAVDEEP S. GILL
Assistant County Executive

The Galt Herald ONLINE

NEWS

Herald fire board hires new training officer

Newhall refutes public accusations

Print Page

By Bonnie Rodriguez - Managing Editor

Published:
Wednesday, October 22, 2014 1:01 PM CDT

Herald Fire Protection District (HFPD) directors voted 4-0 to hire Herald resident Sandra Hendrickson as the new assistant fire chief and training officer at the regular fire district meeting on Wednesday, Oct. 15.

The decision was made with little discussion after newly appointed director Cheryl Sheldon made a motion to hire Hendrickson. Director De Carson seconded the motion. Director Steve Stigelmayer indicated that there were only two candidates to consider.

According to interim fire chief Jim Templeton, the fire district is required to have a full-time training officer on staff. That certificated position was previously held by former fire chief Chris McGranahan who was the presiding training officer for the district for over six years.

Templeton does not have the necessary training certificates to qualify as a training officer, thereby necessitating the district to employ an additional position.

Templeton had brought the matter before the board the previous month, submitting a job description that required the applicant to be a current HFPD employee. At the time, Hendrickson was the only HFPD employee qualified for the position. Board members directed Templeton to change the requirement to a "current fire district employee", thereby opening the position to outside fire personnel.

Templeton ran the employment ad in the paper twice.

Hendrickson has been with the district in several different positions, mostly volunteer, for over 20 years, most of those years under the direction of her father "Skip" Hendrickson.

The new position provides a salary of $3,500 per month ($42,000 annually) with annual incremental step raises of five percent, full medical coverage, California Public Employees' Retirement System (CalPERS) participation, $150 a year clothing allowance, as well as paid sick and vacation leave.

Templeton's interim position has a maximum annual salary of $32,640. The two annual salaries combined total more than the annual salary of the former chief at $61,200 annually.

During board member comment, Chairman Lance Newhall took time to address accusations about his involvement with a former checking account the district shared with the firefighter association, an account that was spotlighted in a recent Grand Jury report.

"I always had an issue with the way that it [the checking account] was used," Newhall said to audience members. "And the comment in the newspaper coming from the concerned citizens that I had no issue with that account until people of the community found out about it – that is so false and so misleading."

Newhall also indicated that he did not know that the account was illegal. Newhall is halfway through his second four-year term on the HFPD board.

The account and other district management decisions drew a lot of attention after directors began considering raising fees for the two buildings owned by the fire district three years ago.

At the Oct. 15 meeting, board members:

- Directed administration to sell an unused boom truck

- Approved a $400 clothing allowance for full-time employees and $100 clothing allowance for volunteers
- Established a speaker sheet system to help organize meetings
- Approved paid claims and payroll

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The Galt Herald ONLINE

NEWS

HFPD directors dotting I's, crossing T's

Print Page

By Bonnie Rodriguez - Managing Editor

Published:
Wednesday, October 29, 2014 12:51 PM CDT

At a special meeting held on Monday, Oct. 27, Herald Fire Protection District (HFPD) directors approved a new job description for a part-time secretary and appointed two board members to form a subcommittee to screen applicants for the position.

Directors intended to complete this process at a special meeting held last Thursday, but audience members pointed out procedural errors, as well as agenda errors, forcing the board to table the decision until Monday.

The district has gone without its office staff after the full-time administrative assistant and two board members resigned in August. Those resignations came at the heels of three board members asking the former fire chief to resign or be terminated.

Interim Fire Chief Jim Templeton tried to hire a part-time office assistant after he took his temporary position, but was shot down by the board and audience members, citing a nepotism policy currently in place for the district. Templeton wanted to hire his niece who had prior experience working for a fire district.

Several meetings have taken place at which residents have questioned procedural efforts made by the four-person board. Making sure that all I's are dotted and all T's crossed, audience members have pointed out improper actions made by the directors, no matter how small.

The stumbling block at last Thursday's meeting involved the secretary position itself. The agenda listed an item to appoint a committee to review applicants for a "part-time secretary", a position that did not exist and had not been publicly posted.

Trying to bring peace and transparency to the board, director De Carson made an effort to answer the public's questions and address issues brought to the board's attention.

Carson spoke to his fellow directors and asked that the board hold back on decisions pertaining to the office position until they have dealt with the matter properly.

"I felt that we've made great strides listening to the community because I feel that our job up here is to do what you want us to do," Carson said at the Thursday evening meeting. "And I feel that you want us to be responsible and open to all of you, and I strive very diligently to do that."

Chairman of the board Lance Newhall agreed with Carson, "This is going to put us out there another three weeks but we need to do it right, and if you think we haven't done it right, then we need to back up and revisit it."

Board members then met Monday night where they, by a unanimous vote, approved the new job description and agreed to advertise the position in the paper, as well as name appointed directors Carson and Cheryl Sheldon to form a subcommittee to screen applicants. Directors then voted to allow Interim Fire Chief Jim Templeton to recommend a candidate for the position.

It will take one more meeting for the position to finally be filled, before the entire board will be able to vote on the recommended job candidate.

The position, labeled "Part Time Clerical", will not exceed 20 hours office work per week; the successful job candidate will also need to attend board meetings, as necessary. The job will pay $15 an hour and

will not provide benefits.

[x] Close Window

Agenda Item No. 4

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

1112 I Street, Suite #100
Sacramento, California 95814
(916) 874-6458

November 5, 2014

TO: Sacramento Local Agency Formation Commission

FROM: Peter Brundage, Executive Officer PB

RE: Herald Fire Protection District Status Update (LAFC 06-14)

RECOMMENDATION:

Receive and File the status report on the Herald Fire Protection District.

DISCUSSION:

The Herald Fire Protection District has prepared the attached response regarding financial and management issues identified by the Sacramento Grand Jury.

In addition, the County of Sacramento has responded to the Sacramento Grand Jury regarding financial auditing procedures. The County of Sacramento has also requested that the Sacramento Grand Jury perform a management audit of the Herald Fire Protection District.

On October 28, 2014, LAFCo staff met with Jim Templeton, Interim Fire Chief for the Herald Fire Protection District. This report briefly summarizes the issues and progress that Herald Fire Protection District is pursuing to resolve the issues identified by the Sacramento Grand Jury.

It appears that efforts are being made to improve the fire district operations. Also, based on articles from the "Galt Herald", the community is engaged and the Board appears to be responsive to issues and concerns raised by the community during public meetings.

Staffing

The Herald Fire Protection District has hired an Interim Fire Chief as a retired annuitant. The Interim Fire Chief was formerly with Galt Fire Protection District and is familiar with the Herald community and fire district operations within this community. This position is part-time and is limited to 960 hours per year.

In addition, the fire chief has hired an assistant fire chief who has 29 years of experience and who is certified to train firefighters as required. They are in the process of establishing a training schedule.

Currently, the management staff of the District appears to be stabilized and they are attempting to correct the financial and operational deficiencies that have been identified.

Public Accountability

District Staff realize that they need to correct the deficiencies identified by the Sacramento Grand Jury and improve communication with the Herald Community. They are improving the District's web site and procedures for the use of its facilities by the community.

District staff has indicated that they will be changing the accounting practices for leasing its facilities so that funds are properly accounted for. In addition, the District is no longer accepting cash or credit card payments for the use of its facilities. The District is developing a tracking mechanism to document usage. Finally, the District is standardizing fees and incorporating an appeals process.

Governance

The Herald Fire Protection District is governed by five (5) Board of Directors. Currently, four (4) seats are filled. Five (5) candidates are running in the November election to fill two (2) seats.

Jim Templeton has indicated that he will be asking all of the Board Members after the election to participate in training for Board Members.

Financial Audit and Accounting Procedures

The District has hired Richardson and Company to conduct a financial audit of the District. The audit is in progress, however, at this time the date of completion has not been determined. District staff recognizes the need to complete the audit and implement appropriate accounting practices, policies, and procedures related to expenditure control and internal control procedures.

Budget

The District has adopted a Final Budget for FY 2014-15 as required by State law.

District Policies and Procedures

The current management staff has indicated that they will be addressing all of the issues identified by the Sacramento Grand Jury in order to reach compliance. They will be examining personnel policies, operational policies, and the Fire Fighter Bill of Rights. The Fire Chief has also indicated that they will be incorporating a citizen's group to review the proposed policies and recommendations to the Board of Directors prior to a Public Hearing.

Training

The Fire Chief has indicated that they will be working on establishing appropriate training for all staff and volunteers.

PERS

The District is working with PERS to resolve contribution issues to the California Public Retirement System. The District has the funds to eliminate all past and current indebtedness to PERS.

Reserves and Cash Flow

The District is using excess fund balance to eliminate past debt and establish a reserve for emergencies.

While the reserves have decreased, District staff has indicated that there should be sufficient cash flow for this year's current operation and maintenance budget.

Conclusion

District staff realizes that it may take a while to make all the necessary changes and improvements. However, it appears that they have been willing to acknowledge and also identify the issues in order to evaluate the appropriate course of action to be taken.

District staff will be working with the Board of Directors to establish the priority actions to address both concerns raised by the community and the Sacramento Grand Jury.

The Board of Directors appear to be listening to the communities concerns.

LAFCo staff will continue to monitor the status of District compliance with these issues and will provide any assistance that we can.

(209) 748-2322
12746 Ivie Road
P.O. Box 52
Herald, CA 95638
FAX: (209) 748-2363

September 29, 2014

Honorable Robert C. Hight
Presiding Judge
Sacramento County Superior Court
720 Ninth Street, Department 47
Sacramento, CA 95814

RE: Response of the Board of Directors of the Herald Fire Protection District to the Final Report of the Sacramento County Grand Jury 2013-2014, pp. 20-31

To Judge Hight:

Pursuant to California Penal Code sections 933 and 933.05, the Governing Board ("Board") of the Herald Fire Protection District ("District") hereby submits its formal Response to the 2013-2014 Sacramento County Grand Jury Final Report ("Grand Jury Report") pertaining to various financial and operation matters of the District.

I. INTRODUCTION

The primary responsibility of the Herald Fire Protection District (including its Board of Directors) is to act in the best interests of the public as it conducts its fire suppression, fire safety, and other emergency response and public safety activities.

The Board acknowledges and appreciates the Grand Jury's in-depth investigation of the history of, and recent challenges facing, the Herald Fire Protection District. The Board is particularly gratified by, and fully agrees with, the Grand Jury's recognition of the critical role that the District serves in the Herald community. The Board, like the Grand Jury, is deeply concerned that recent developments in the District may have eroded public confidence in the ability of the District to meet its obligations. Accordingly, notwithstanding substantial recent administrative challenges, in the form of recent administrative staff turnover and multiple Board member resignations, the Board is taking vigorous action to implement reforms that it fully believes will position the District to renew its capacity to effectively serve the community and promote increased public confidence in the District.

With those principles in mind, the Board sets forth its Response, as requested, to the Findings and Recommendations of the 2013-2014 Sacramento County Grand Jury Final Report, as follows:

II. REQUESTED RESPONSES TO FINDINGS AND RECOMMENDATIONS[1]

A. Finding 1:

The District lacks adequate internal accounting controls sufficient to ensure against misappropriation.

Response to Finding 1:

The Grand Jury has identified a number of areas in which the District's internal accounting controls appear deficient to ensure against misappropriation of funds. Notably, the Grand Jury has not identified any actual misappropriation and, to date, actual instances of misappropriation of funds or resources have not been demonstrated to the Board.

Based on circumstances unforeseen at the time that the Grand Jury Report issued, it has been exceedingly difficult for the Board to conduct an in-depth inquiry and develop a full understanding of the nature of the District's internal accounting controls. In the period following the issuance of the Grand Jury Report, the Board accepted the resignations of its full-time Fire Chief, its full-time administrative assistant, and three sitting Board members.[2] Examination of the records of the District finds them to be in substantial disarray, and in the period since receipt of the Grand Jury Report, the District has lacked qualified staff to take on the laborious task of comprehensively reviewing, sorting, and analyzing the District's records.

Notwithstanding the above, it is clear to the Board, if only based on the deficiencies in recordkeeping, that the Grand Jury has raised appropriate serious concerns regarding the level and nature of the District's internal controls.

---

[1] The Grand Jury has requested that the Board respond to Findings 1, 2, 3, and 4, and to their related recommendations, and that the District's Fire Chief respond to Findings 1 and 3, and their recommendations. Because the Fire Chief has resigned, the Board is not able to compel his response to the Grand Jury Report; therefore this Response contains only the position of the Board.

[2] The Board has since appointed Board members to two vacant positions, and will await the November election to fill the third vacant position. A sitting Director's seat is also before the electorate for the November 4th election.

Accordingly, since the issuance of the Grand Jury Report, the Board has taken the following actions:

1. The Board, dissatisfied with the level of service being received by its long-time auditor, has engaged the services of a nationally-recognized accounting firm, Richardson & Company,[3] to guide the Board in identifying all records that may exist that will allow the District to understand and address its internal control issues. Richardson & Company is in the process of performing a comprehensive audit of all aspects of the District's finances. This audit will include, but will not be limited to, a full audit of, and recommendations pertaining to, the Herald Community Barn and the Hendrickson Hall. Given the acknowledged likely deficiencies in past audits, and the challenges in locating and organizing necessary records, this in-depth audit has proven to be quite challenging and is not complete at this time.

2. Following the Board's acceptance of the resignation of the Fire Chief, the District has labored through a period in which it was required to operate without the leadership of an experienced executive manager. While the Assistant Fire Chief of the District graciously agreed to serve as interim Fire Chief during this challenging period, his background and experience are primarily in fire suppression operations, not administration. Most recently, the Board has entered into an agreement for interim services with a very experienced retired former fire chief, retired annuitant James Templeton, who served for many years as the Fire Chief of the Galt Fire Protection District, prior to that district's merger with the Cosumnes Community Services District. Interim Fire Chief Templeton has taken vigorous action to educate himself on the history and challenges of the District and has taken the lead in developing strategies to bring the District into line with accepted, industry-standard administrative practices. Interim Fire Chief Templeton has signaled his determination, in concert with the Board, to cooperate with the newly engaged accounting firm for the District and the Sacramento County ("County") Finance Department, in both identifying and rectifying all accounting control deficiencies of the District. With the leadership of Interim Fire Chief Templeton and the assistance and advice of Richardson & Company and the County, the Board is confident that past deficiencies can and will be corrected.

[3] Richardson & Company is well-recognized and respected in the Sacramento County region and has performed auditing services for numerous municipalities and special districts, large and small, including, by way of illustration and not limitation: Sacramento Metro Fire Department, Sacramento Regional Fire/EMS Communication Center, American Canyon Fire Protection District, Wilton Fire Protection District, Courtland Fire Protection District, and many others.

B. Recommendation 1:

The District should establish adequate internal accounting controls, as identified in this report, to ensure verification of the District's finances against waste or misappropriation of District assets.

Response to Recommendation 1:

The Board agrees with Recommendation 1 and, as described above, is moving toward implementation. Upon receipt of the audit and recommendations of Richardson & Company, the Board will provide a comprehensive update to the Grand Jury.

C. Finding 2:

Since 2008, the District's finances have not been audited in accordance with generally accepted auditing standards, as required by law.

Response to Finding 2:

The Board shares the Grand Jury's concern relating to the thoroughness and quality of past audits of the District's finances. The Board does not, itself, possess the necessary financial expertise to determine whether the audits that it has received since 2008 have met generally accepted auditing standards, but based on interactions that the Board has had with its prior auditing firm since the issuance of the Grand Jury Report, the Board is deeply concerned that prior audits may not have met the requisite standards.

D. Recommendation 2:

The county auditor should conduct an immediate audit of the District's financial statements and conduct all future annual audits of the District's finances, as required by law.

Response to Recommendation 2:

The District would welcome an immediate audit, and future audits, by the County. However, the District has received conflicting information regarding the prospect that the County will perform a financial audit. Immediately after issuance of the Grand Jury Report, the District contacted the County Finance Department regarding whether it was willing and able to conduct such an audit, and was advised that this is not a service that the County was able to provide at this time. The County advised the District that it would be necessary for the District to continue to procure its audits independently. Most recently, however, at its

meeting on September 23, 2014, the County Board of Supervisors ordered its staff to conduct a limited financial review of the District "as soon as possible." As noted, the District welcomes such a review or audit. Meanwhile, the District has sought out, and contracted for, auditing services from a highly respected accounting firm, Richardson & Company. Given its obligation to obtain independent audits of its finances, and noting that it may take several months for the County to complete any review or audit, the District is continuing to move forward through the independent auditing process with all due haste.

E. Finding 3:

The District has not adopted or implemented personnel policies compliant with the Firefighters Procedural Bill of Rights with respect to punitive actions against full-time firefighter employees, and District staff lacks knowledge of the Act's requirements.

Response to Finding 3:

The Board shares the Grand Jury's concern that its policies and procedures, including personnel policies and procedures, are not fully up-to-date and may be vague or deficient in clearly setting forth how the District will comply with all State and federal personnel laws and regulations. The Board concurs that its prior (now resigned) administrative staff may have lacked knowledge of important personnel laws and regulations. The Board also acknowledges the District's obligation to comply, in appropriate circumstances, with the Firefighter's Bill of Procedural Rights. The Board is determined to develop and implement updated personnel policies that are fully consistent with the rights of the District's staff.

F. Recommendation 3:

The District should adopt policies and practices compliant with the Firefighters Procedural Bill of Rights and provide training to all staff regarding the Act's requirements.

Response to Recommendation 3:

Shortly after the issuance of the Grand Jury Report, the Board formally instructed its administrative staff to form a committee to develop a comprehensive set of updated and legally compliant policies and procedures. Unfortunately, before this important committee was impaneled, the administrative staff resigned. Now that the Board has a qualified interim Fire Chief in place and is in the process of seeking and hiring an administrative assistant, it is a first order of business for the Board that the District proceed with the impaneling of its policy committee. The Board intends to direct staff to support the Committee in its work, in order for a

comprehensive set of proposed updated policies and procedures to be presented to the Board for consideration at the soonest practicable date.

G. **Finding 4:**

The District has failed to timely review and update, as appropriate, District governance policies.

Response to Finding 4:

As set forth in the above Response to Finding 3, the Board shares the Grand Jury's concern that its governance policies are outdated and may be deficient. The Board has a critical interest in assuring that it conducts its affairs, in all respects, in a manner that is consistent with applicable laws and regulations. The Board desires to improve relations with the public and to promote public confidence by enacting and implementing effective and compliant governance policies.

H. **Recommendation 4:**

The District should comprehensively review and update as appropriate all District governance policies, including the District's Master Plan.

Response to Recommendation 4:

With competent administrative staff in place to support the Board's development of updated governance policies, the Board fully intends to comply with this Recommendation of the Grand Jury. The Board also agrees that, given the recent history of the District, it is an appropriate juncture at which to revisit the District's Master Plan to ascertain where the Plan requires updating so it can support the Board in setting a course for the long term effectiveness of the District in meeting the needs of the community it serves.

III. CONCLUSION

The past several years have presented profound challenges to the Herald Fire Protection District. Those challenges have strained public confidence in the District and have justifiably opened the District and its Board to criticism based on the poor recordkeeping by District staff, a lack of transparency in accounting practices, and delays in the development and implementation of updated and effective administrative and governance policies and procedures.

To the extent that the challenges for the District, acknowledged in this Response, have sparked a "firestorm" in the District, the Board of Directors submits to the Grand Jury that it has now undertaken appropriate steps to contain, and ultimately put out, that "fire," thereby positioning the District and its Board to promote and retain the full trust and confidence of the public it serves.

Respectfully submitted,

Lance Newhall
Chairman of the Board of Directors

cc: James Templeton, Interim Fire Chief
Michael Arkelian, Foreperson

By email: Becky Castaneda, Grand Jury Coordinator
castan@saccourt.com

Agenda Item No. 4

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

1112 I Street, Suite #100
Sacramento, California 95814
(916) 874-6458

December 10, 2014

TO: Sacramento Local Agency Formation Commission

FROM: Peter Brundage, Executive Officer

RE: Herald Fire Protection District Status Update (LAFC 06-14)

RECOMMENDATION:

Receive and File the status report on the Herald Fire Protection District.

DISCUSSION:

Staffing

The Herald Fire Protection District has hired an Interim Fire Chief as a retired annuitant. The Interim Fire Chief was formerly with Galt Fire Protection District and is familiar with the Herald community and fire district operations within this community. This position is part-time and is limited to 960 hours per year.

In addition, the fire chief has hired an assistant fire chief who has 29 years of experience and who is certified to train firefighters as required. They are in the process of establishing a training schedule.

Public Accountability

District Staff realize that they need to correct the deficiencies identified by the Sacramento Grand Jury and improve communication with the Herald Community. They are improving the District's web site and procedures for the use of its facilities by the community.

District staff has indicated that they will be changing the accounting practices for leasing its facilities so that funds are properly accounted for. In addition, the District is no longer accepting cash or credit card payments for the use of its facilities. The District is

developing a tracking mechanism to document usage. Finally, the District is standardizing fees and incorporating an appeals process.

Governance

The Herald Fire Protection District is governed by five (5) Board of Directors. Currently, all seats are filled based on the November 2014 election.

Financial Audit and Accounting Procedures

The District has hired Richardson and Company to conduct a financial audit of the District. The audit is in progress, however, at this time the date of completion has not been determined. District staff recognizes the need to complete the audit and implement appropriate accounting practices, policies, and procedures related to expenditure control and internal control procedures.

Budget

The District has adopted a Final Budget for FY 2014-15 as required by State law.

District Policies and Procedures

The current management staff has indicated that they will be addressing all of the issues identified by the Sacramento Grand Jury in order to reach compliance. They will be examiming personnel policies, operational policies, and the Fire Fighter Bill of Rights. The Fire Chief has also indicated that they will be incorporating a citizen's group to review the proposed policies and recommendations to the Board of Directors prior to a Public Hearing.

Operations and Maintenance

The District is currently working on upgrading and repairing equipment as needed.

Training

The Fire Chief has indicated that they will be working on establishing appropriate training for all staff and volunteers.

PERS

The District is current with all payments to Cal PERS.

Reserves and Cash Flow

The District is using excess fund balance to eliminate past debt and establish a reserve for emergencies.

While the reserves have decreased, District staff has indicated that there should be sufficient cash flow for this year's current operation and maintenance budget.

Conclusion

District staff realizes that it may take a while to make all the necessary changes and improvements. However, it appears that they have been willing to acknowledge and also identify the issues in order to evaluate the appropriate course of action to be taken.

District staff will be working with the Board of Directors to establish the priority actions to address both concerns raised by the community and the Sacramento Grand Jury.

LAFCo staff will continue to monitor the status of District compliance with these issues and will provide any assistance that we can.

Agenda Item No. 4

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

1112 I Street, Suite #100
Sacramento, California 95814
(916) 874-6458

February 4, 2015

TO: Sacramento Local Agency Formation Commission

FROM: Peter Brundage, Executive Officer PB

RE: Herald Fire Protection District Status Update (LAFC 06-14)

RECOMMENDATION:

Receive and File the status report on the Herald Fire Protection District.

DISCUSSION:

Staffing

The Herald Fire Protection District is currently recruiting for additional volunteer firefighters.

Governance

The Herald Fire Protection District is governed by five (5) Board of Directors. Currently, all seats are filled based on the November 2014 election.

Financial Audit and Accounting Procedures

The District has hired Richardson and Company to conduct a financial audit of the District. The audit is in progress, however, at this time the date of completion has not been determined. District staff recognizes the need to complete the audit and implement appropriate accounting practices, policies, and procedures related to expenditure control and internal control procedures.

In addition, the District will be utilizing an independent Certified Public Accountant to research financial information needed to complete the audit. Similar to Rio Linda Elverta Community Water District, the financial records of the Herald Fire Protection District are

incomplete and lacking. Therefore, the initial audit may not be able to issue a favorable opinion as the current financial condition of the District.

Budget

The District has adopted a Final Budget for FY 2014-15 as required by State law.

Reserves and Cash Flow

The District is using excess fund balance to eliminate past debt and establish a reserve for emergencies.

While the reserves have decreased, District staff has indicated that there should be sufficient cash flow for this year's current operation and maintenance budget.

District Policies and Procedures

The current management staff has indicated that they will be addressing all of the issues identified by the Sacramento Grand Jury in order to reach compliance. They will be examining personnel policies, operational policies, and the Fire Fighter Bill of Rights. The Fire Chief has also indicated that they will be incorporating a citizen's group to review the proposed policies and recommendations to the Board of Directors prior to a Public Hearing.

Operations and Maintenance

The District is currently working on upgrading and repairing equipment as needed.

Training

The Fire Chief has indicated that they will be working on establishing appropriate training for all staff and volunteers.

PERS

The District is current with all payments to Cal PERS.

Conclusion

District staff realizes that it may take a while to make all the necessary changes and improvements. However, it appears that they have been willing to acknowledge and also identify the issues in order to evaluate the appropriate course of action to be taken.

District staff will be working with the Board of Directors to establish the priority actions to address both concerns raised by the community and the Sacramento Grand Jury.

Based on various e-mails and conflicting information, it is difficult to make an accurate assessment of the current situation. For example, a recent e-mail indicated that the HFPD did not adequately respond to a fire, however, an article in the Galt Herald indicated that HFPD was first on the scene and that fire crews from both Cosumnes and Wilton provided assistance (see attachments). Thus, it is difficult to accurately assess the situation or determine the underlying reasons and issues that are the cause of the concerns.

LAFCo staff will continue to monitor the status of District compliance with these issues and will provide any assistance that we can.

The Galt Herald ONLINE

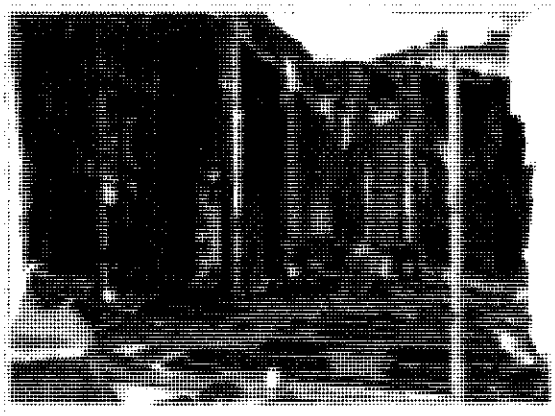
NEWS

Fire ignites Herald home twice

Print Page

By Bonnie Rodriguez - Managing Editor

Published:
Wednesday, January 21, 2015 12:37 PM CST



The back half of a residence on Herald Road sits gutted after a fire ravaged the back of the house.

Crews extinguished a fire at a modular home on Herald Road early Friday morning only to have flames reignite Saturday evening.

Herald Fire Protection District (HFPD) assistant fire chief Joe Grubba said when they arrived at the first fire on Friday morning, there was heavy smoke and flames coming from the back of the home.

Grubba was among the first fire personnel on scene after a Cosumnes Fire Department (CFD) medic unit.

Crews from both Cosumnes Fire and Wilton Fire departments assisted in the initial fire. CFD supplied two engines and Wilton provided a water tender that acted as a water runner, refilling the HFPD water tender that was providing water for the fire engines.

According to Grubba, the homeowner was not home at the time of the fire that gutted the back half of the dwelling. Grubba was unsure of the cause of the initial fire and indicated that a fire wall helped crews to prevent the fire from spreading through the entire house. The main bedroom of the home was spared from fire damage, but sustained significant smoke and water damage.

After hours of dousing the home with hundreds of gallons of water, crews packed up and headed home for a rest, only to be called back Saturday evening when flames ignited once again at the same home.

Once again CFD and Wilton fire came in to assist, Wilton providing water and CFD's medic standing by.

The Saturday night fire gutted the rest of the home. Grubba believes that materials reigniting was the likely cause of the second fire.

[x] Close Window

Brundage. Peter

From: Don Claunch <DClaunch@teichert.com>
Sent: Friday, January 16, 2015 8:54 AM
To: Brundage. Peter
Cc: Jim Aschwanden
Subject: HFPD

Good morning Mr. Brundage.

It was brought to my attention from my colleagues at Wilton Fire last night, as they watched in disbelief as it took 27 minutes for any units from Herald to respond for a structure fire on the morning of the 16th @ approximately 3:30 A.M. CSD units from Galt, (E46 & M46) were on scene for the fire attack and on the channel 13 news with no Herald units to be found. Absolutely incredible, considering the fire was not even ¼ of a mile from the station 87 Herald facility. Wilton was dispatched to supply a water tender in support for Galt also. Is this not enough for someone to take notice or are we waiting for a fatality? Gentlemen if this is not the wakeup call we need nothing will be until it is a tragedy! The information is documented at the Sac. County dispatch center but is not available to the public such as myself. PLEASE LOOK IN TO THIS.

The community of Herald needs your help desperately!!!

Don Claunch

Dear Board members and the community of Herald,

We, the majority of Herald Volunteer Firefighters, have finally reached the conclusion that we are now locked into a hopeless situation with our current Herald Fire Department staff, and in particular, the new assistant chief-training officer.

Although we were commended by the Grand Jury last spring in their report for our professionalism, integrity and outstanding commitment to our community in the face of a public fire storm, the changes in management staff and the ongoing antics of the majority of the Board has led to a diminished and demoralized volunteer force. We, as a group, no longer feel safe to respond to calls due to the unprofessional leadership and lack of judgment displayed by our on-scene untrained, unqualified and totally disrespectful administration – provided they even feel compelled to respond to calls.

The documentation is available to the public - we have few, if any, responders and as a result, the public safety of the Herald Community is in jeopardy!

The Herald Volunteer Firefighters in the past had pride, values, integrity and a true sense of what morality stood for. It was normal operations for any call to see from 2-8 responders on scene with anywhere from 2-6 waiting on standby at the stations in case further assistance was needed or ready to respond to another call if necessary. This is no longer the case. There have been instances of Sacramento County dispatch actually having to tone out our Department multiple times, and to then resort to calling to see if we would have ANY responders available.

Our training sessions at this time are attended by few if any volunteers as they do not pertain to any training we can actually use, (ex. tow truck operations?). The atmosphere at the trainings is reflective of the attitude of our current management – unprofessional, negative, and confrontational. This conduct has now placed the volunteer fire fighters and the public safety in jeopardy.

Our morale is at an all-time low driven by the acts of the administration. For example, work schedules have been developed that now place family members and close personal friends of management on de-facto full-time status, which – if left unchecked – will require the district to pay full benefits and retirement for those select individuals. This "back door" conversion threatens the fiscal integrity of our district, since these positions are not fiscally sustainable.

There are also numerous documented cases of established procedures not being followed or adhered to by department management, and the resultant lack of professionalism by management has left our ranks confused, demoralized, and increasingly resentful. There are no standards of conduct, either personal or professional, being consistently exhibited by the management of this district. Rules and procedures are bent and adjusted to fit the personal pique of newly-hired management, with preferential treatment reserved for a select few family and friends.

If the intent of the majority of the Board and top management has been to reduce the effectiveness and professionalism of this department by hiring a previously terminated employee for the same

position for which she was previously found incompetent, then your strategy and actions have been a resounding success! Your consent and approval of current management placing friends and family in key positions while verbally assaulting, berating, misleading, and making dangerous and unprofessional decisions that affect the safety of our public and volunteers is inconsistent with the oath you took to protect this community. This community deserves better.

We, as a majority group of the remaining volunteer force, have reached the point where we cannot, and will not, tolerate the current situation for much longer. How far does this lunacy have to go? Will it take a major incident and the resultant public display of district management incompetence to effect change? That's an unacceptable price for this community to pay for the personal and political shenanigans of the majority of the Board of Directors and the management staff that have been put in place over the past few months.

We want to make this perfectly clear - if substantive change is not made in the management structure, personnel, and practices of this district in the very near future, we will have no choice but to terminate our involvement with this district. Our personal safety and well-being can no longer be jeopardized by the continued unprofessional conduct and management of this district. The Board needs to take action now to alleviate this untenable situation.

Sincerely,

Herald Volunteer Firefighters

1 [illegible]

2 [illegible]

3 [illegible]

4 Brittany Claunch

5 [illegible]

6 [illegible]

7 [illegible]

8 [illegible]

9 [illegible]

10 [illegible]

11 David Garrett

Agenda Item No. 6

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

1112 I Street, Suite #100
Sacramento, California 95814
(916) 874-6458

April 1, 2015

TO: Sacramento Local Agency Formation Commission

FROM: Peter Brundage, Executive Officer

RE: Herald Fire Protection District Status Update (LAFC 06-14)

RECOMMENDATION:

Receive and File the status report on the Herald Fire Protection District.

DISCUSSION:

Background

On February 18, 2015, I attended a regularly scheduled Board meeting of the Herald Fire Protection District. I discussed the concerns raised by the Commission at LAFCo's February 4, 2015 meeting and explained that aside from proposing a reorganization of consolidation that LAFCo does not have any jurisdiction over District operations. The Board of Directors is responsible for setting the operation policies and procedures of the District.

The Herald Fire Protection District serves the southeast portion of Sacramento County. The District is surrounded by the Cosumnes Community Services District, the Wilton Fire Protection District, and Sacramento Metropolitan Fire Protection District.

The attached map illustrates the boundary relationships and approximate location of fire stations which serve the southern portion of Sacramento County.

The majority of calls for service within Herald Fire Protection District are primarily for emergency medical responses. In these situations, an ambulance is dispatched from Cosumnes Community Services District. Note: none of the rural fire districts transport patients to hospitals. Generally, the rural fire districts provide basic life support (BLS) as first responders.

Summary of the Process for LAFCo Initiated Reorganizations/Consolidations

LAFCO's have been given the statutory authority to initiate reorganizations and/or consolidations of affected local agencies.

The most critical challenge facing LAFCo initiated consolidations is to find an agency willing to assume responsibility.

Summary of LAFCo Initiated Reorganization/Consolidation Process

- LAFCo's may initiate consolidations or reorganizations;
- LAFCo's are required to study the impacts and make determinations;
- LAFCo's may utilize a reorganization committee;
- LAFCo may impose terms and conditions;
- LAFCo must hold a public hearing on the proposal;
- LAFCo must conduct a protest hearing;
- If sufficient protest is made, LAFCo must submit it to the voters as outlined below.

LAFCO-Initiated Consolidation

LAFCO may only initiate a consolidation that is consistent with a recommendation or conclusion of a study prepared pursuant to Sections 56378, 56425, or 56430 and the LAFCO determinations specified in Section 56881(b). (§ 56375(a)(3).) Sections 56378, 56425, and 56430 require LAFCO to study existing agencies and make determinations regarding spheres of influence, and to conduct service reviews of the municipal services provided in the area under review.

Section 56881 (b) requires LAFCO to make both the following determinations with regard to a proposed LAFCO-initiated consolidation:

(1) Public service costs of a proposal LAFCO is authorizing are likely to be less than or substantially similar to the costs of alternate means of providing the service; and

(2) Consolidation promotes public access and accountability for community services needs and financial resources.

Although not required, where LAFCO initiates a consolidation, Section 56827(c) "encourages" LAFCO to utilize a reorganization committee to review the consolidation proposal.

Section 56668 requires LAFCO to consider the factors set forth in Appendix "A" to this Memorandum in evaluating the consolidation proposal. LAFCO may also impose terms and conditions pursuant to Sections 56885.5 and 56886. It is important to keep in mind that if a conflicting proposal is submitted to LAFCO within 60 days of the submission of the original consolidation proposal, LAFCO cannot approve the original consolidation proposal until it considers the second conflicting proposal. (§ 56657.)

a. Protest/Election/Certificate of Completion

LAFCO must provide notice and hold a public protest hearing in the affected territory for a LAFCO-initiated consolidation. (§57008.) The protest hearing must be noticed pursuant to Section 57025 (regarding method and timing of notice) and Section 57026 (regarding content of notice). At any time prior to the conclusion of the protest hearing, any registered voter within inhabited territory that is the subject of a proposed consolidation, or any owner of land within inhabited or uninhabited territory subject to a proposed consolidation, may file a written protest against the consolidation. (§ 57051.)

LAFCO is not required to place the LAFCO-initiated consolidation before the voters unless written protests have been filed in accordance with the requirements of Section 57113. (§57077.2(b)(4).). For changes of organization consisting of consolidation of two or more districts, Section 57113 requires that LAFCO submit a consolidation to the voters if LAFCO receives protests signed by either of the following:

(a) In the case of inhabited territory, protests have been signed by either of the following:

(1) At least 10 percent of the number of landowners within any subject agency within the affected territory who own at least 10 percent of the assessed value of land within the territory. However, if the number of landowners within a subject agency is less than 300, the protests shall be signed by at least 25 percent of the landowners who own at least 25 percent of the assessed value of land within the territory of the subject agency.

(2) At least 10 percent of the voters entitled to vote as a result of residing within, or owning land within, any subject agency within the affected territory. However, if the number of voters entitled to vote within a subject agency is less than 300, the protests shall be signed by at least 25 percent of the voters entitled to vote.

(b) In the case of a landowner-voter district, the territory is uninhabited and protests have been signed by at least 10 percent of the number of landowners

within any subject agency within the affected territory, who own at least 10 percent of the assessed value of land within the territory.

However, if the number of landowners entitled to vote within a subject agency is less than 300, protests shall be signed by at least 25 percent of the landowners entitled to vote.

(§ 57113(a) and (b) (emphasis added).) For LAFCO-initiated proposals, the method of and formula for calculating protests are the same regardless of whether a resolution of objection is filed by a subject agency.(§ 57077.2(b)(4).)

If a sufficient protest is made, LAFCO is required to submit the consolidation to the voters. LAFCO's resolution must designate the territory in which the elections will be held, provide the question to be submitted to the voters, specify any consolidation terms and conditions, and state the vote required to confirm the consolidation. (§§ 57115, 57118.) The election will be held within the territory of each district ordered to be consolidated. (§ 57118(a).) The election procedures and requirements are set forth in Section 57125 et seq.

If an election is held and the majority of voters vote against the consolidation in any of the districts ordered to be consolidated, LAFCO must adopt a certificate of completion terminating proceedings. (§§ 57177.5(b), 57179.) However, if the majority of the voters in both districts ordered to be consolidated vote in favor of consolidation, LAFCO must execute a certificate of completion confirming the order of consolidation. (§ 57177.5(a).) If no election is required to be held, the LAFCO Executive Officer must still execute a certificate of completion and make the requisite filings. (§ 57200.)

Finally, I have attached a paper prepared by Best, Best, and Krieger that sets forth the various procedures and requirments.

Current Operations

Report Back Regarding Dispatch to Fire Call

I received the attached email and dispatch information from Jim Templeton regarding information requested by the Commission related to Herald Fire Protection District response to a mobile home fire. Chief Templeton indicates that resources from Herald Fire were dispatched and in route within 8 minutes after receiving the call related to the fire. In addition, units from Cosumnes Community Services District and Wilton Fire Protection District responded.

Staffing

The Herald Fire Protection District is currently recruiting for additional volunteer firefighters as well as a permanent Fire Chief. The Board of Directors have requested that they approve all new hires.

Governance

The Herald Fire Protection District is governed by five (5) Board of Directors. Currently, all seats are filled based on the November 2014 election.

Financial Audit and Accounting Procedures

The District has hired Richardson and Company to conduct a financial audit of the District. The audit is in progress, however, at this time the date of completion has not been determined. District staff recognizes the need to complete the audit and implement appropriate accounting practices, policies, and procedures related to expenditure control and internal control procedures.

In addition, the District has hired an independent Certified Public Accountant to research financial information from previous years needed to complete the audit. Similar to Rio Linda Elverta Community Water District, the financial records of the Herald Fire Protection District are incomplete and lacking. Therefore, the initial audit may not be able to issue a favorable opinion as the current financial condition of the District unless past information can be found.

Budget

The District has adopted a Final Budget for FY 2014-15 as required by State law.

Reserves and Cash Flow

The District is using excess fund balance to eliminate past debt and establish a reserve for emergencies.

While the reserves have decreased, District staff has indicated that there should be sufficient cash flow for this year's current operation and maintenance budget.

District Policies and Procedures

The current management staff has indicated that they will be addressing all of the issues identified by the Sacramento Grand Jury in order to reach compliance. They will be examining personnel policies, operational policies, and the Fire Fighter Bill of Rights. The Fire Chief has also indicated that they will be incorporating a citizen's group to review the proposed policies and recommendations to the Board of Directors prior to a Public Hearing.

Existing policy and procedures are under review by a sub-committee.

Operations and Maintenance

The District is currently working on upgrading and repairing equipment as needed.

Training

The Fire Chief has indicated that they will be working on establishing appropriate training for all staff and volunteers.

PERS

The District is current with all payments to Cal PERS.

Conclusion

District staff realizes that it may take a while to make all the necessary changes and improvements. However, it appears that they have been willing to acknowledge and also identify the issues in order to evaluate the appropriate course of action to be taken.

District staff will be working with the Board of Directors to establish the priority actions to address both concerns raised by the community and the Sacramento Grand Jury.

Based on various e-mails and conflicting information, it is difficult to make an accurate assessment of the current situation. For example, a recent e-mail indicated that the HFPD did not adequately respond to a fire, however, an article in the Galt Herald indicated that HFPD was first on the scene and that fire crews from both Cosumnes and Wilton provided assistance (see attachments). Thus, it is difficult to accurately assess the situation or determine the underlying reasons and issues that are the cause of the concerns.

LAFCo staff will continue to monitor the status of District compliance with these issues and will provide any assistance that we can.

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

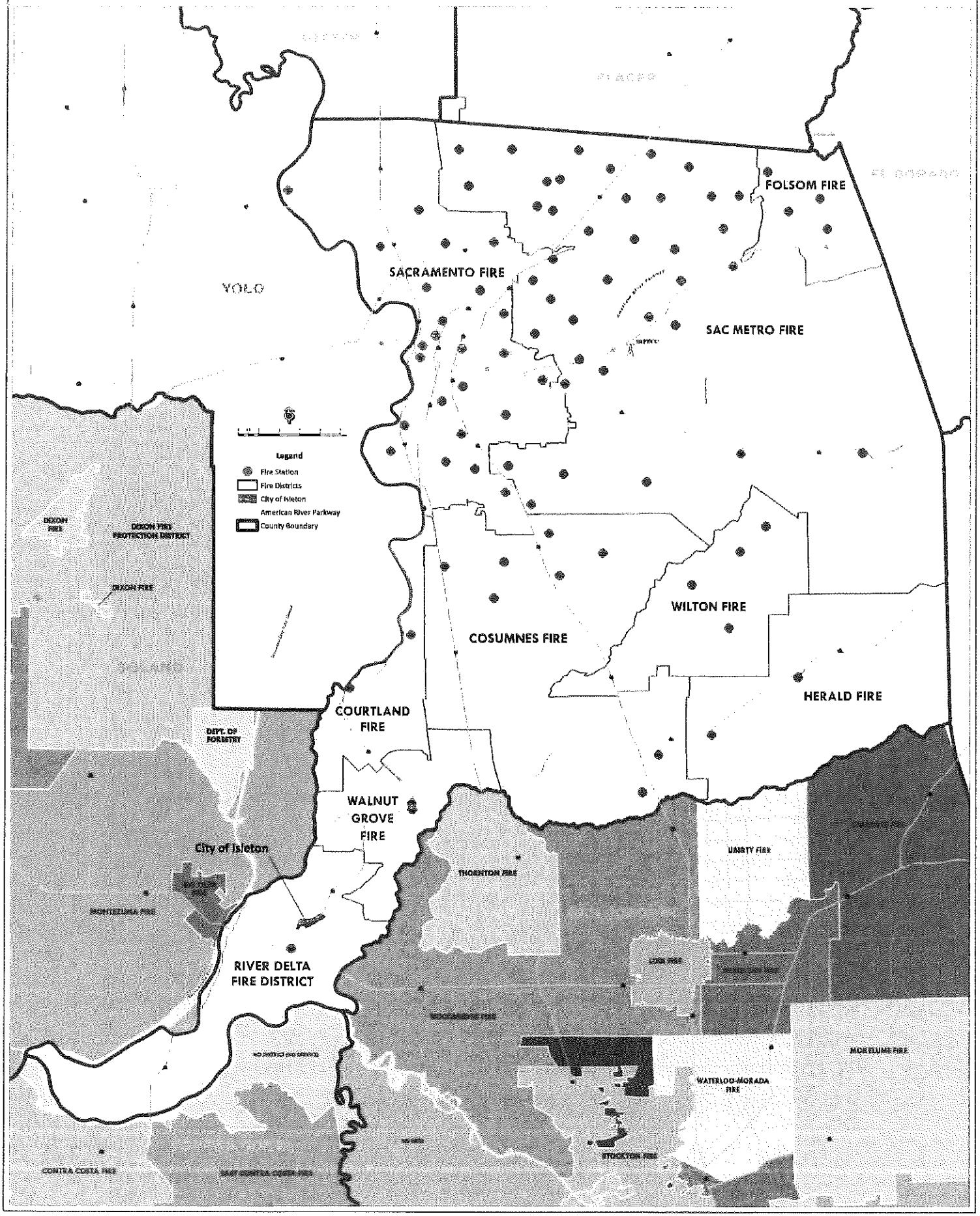
Respectfully,

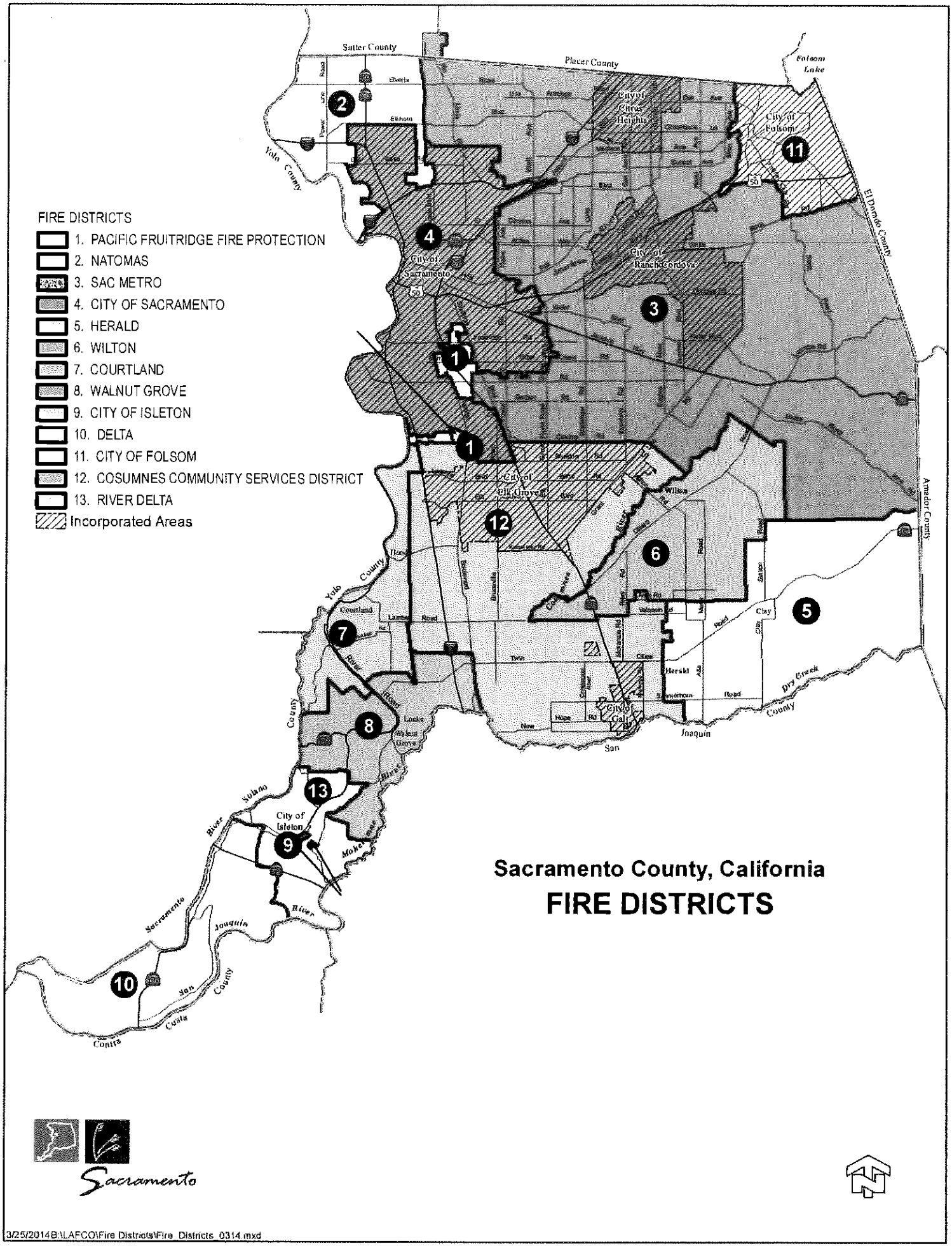
Peter Brundage
Executive Officer

Sacramento Regional Fire/EMS Communications Center

Sacramento Delta Region Fire Districts

DRAFT




FIRE DISTRICTS
1. PACIFIC FRUITRIDGE FIRE PROTECTION
2. NATOMAS
3. SAC METRO
4. CITY OF SACRAMENTO
5. HERALD
6. WILTON
7. COURTLAND
8. WALNUT GROVE
9. CITY OF ISLETON
10. DELTA
11. CITY OF FOLSOM
12. COSUMNES COMMUNITY SERVICES DISTRICT
13. RIVER DELTA
Incorporated Areas
Sutter County
Placer County
Folsom Lake
Yolo County
El Dorado County
Amador County
San Joaquin County
Contra Costa
City of Citrus Heights
City of Folsom
City of Rancho Cordova
City of Sacramento
City of Elk Grove
City of Galt
City of Isleton
Courtland
Walnut Grove
Locke
Elverta
Elkhorn
Willow
Clay
Herald
Dry Creek
Sacramento River
Mokelumne River
San Joaquin River
Cosumnes River
Sacramento County, California
FIRE DISTRICTS
Sacramento
3/25/2014 B:\LAFCO\Fire Districts\Fire_Districts_0314.mxd

BEST BEST & KRIEGER
ATTORNEYS AT LAW

Updated: January 1, 2015

MEMORANDUM

TO: CALAFCO

FROM: Clark A. Alsop
Paula C.P. de Sousa

RE: CALAFCO: The Metamorphosis of Special Districts: Current Methods for Consolidation, Dissolution, Subsidiary District Formation and Merger

This Memorandum is intended to provide an updated overview of the typical methods for the reorganization of special districts. Of course, the procedures and processes for the consolidation, dissolution, merger and establishment of a subsidiary district may take various forms not delineated herein. Each Local Agency Formation Commission ("LAFCO") should work with its legal counsel to follow appropriate procedures.

QUESTIONS PRESENTED

1. What are the various ways a special district may be modified under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Gov. Code § 56000 et seq.)[1] (the "Act")?

2. How does the Act restrict the processes to modify special districts?

SHORT ANSWERS

1. Districts may be modified through the following means or combination thereof:

   A. Consolidation;
   B. Dissolution, including Dissolution with Annexation;
   C. Merger;
   D. Establishment of a Subsidiary District.

2. These specific limitations apply to some of the processes listed above:

   A. Consolidation: Historically, only districts formed under the same principal acts could be consolidated. As of 2005, the consolidation of two or more special districts not formed pursuant to the same principal act is permitted subject to certain procedures.

   B. Merger: A city must consent to a merger affecting its territory whether LAFCO initiates it or the voters approved it.

   C. Establishment of a Subsidiary District: A subsidiary district may be established only if it meets certain statutory requirements regarding the amount of subsidiary district territory and the number of district voters within the governing city's territory. Additionally, a city must consent to establishment of a subsidiary district affecting its territory.

[1] All further citations are to the Government Code unless otherwise specified.

DISCUSSION

A. CONSOLIDATION

1. Brief History

In 1986, the State Legislature amended the Act to include, in part, a definition for the term "consolidation." Under the Act, a "consolidation" is defined as "the uniting or joining of two or more . . . districts into a single new successor district." (§ 56030.) Prior to January 1, 2005,[2] only districts formed pursuant to the same principal act could consolidate. Now, the Act permits consolidation of two or more special districts not formed pursuant to the same principal act if certain procedures are followed. Additionally, as of July 1, 1994, LAFCOs have had the power to initiate proposals to consolidate districts. (§ 56375(a).) Before 1994, only districts or petitioners could initiate a consolidation proceeding.

Sections 56859 and 56860 require that proceedings to form a consolidated district must be conducted as authorized in the principal act of the district to be formed. (§ 56859.) However, Section 56100 specifies that for purposes of reorganization, LAFCO serves as the conducting authority and that the reorganization provisions of the Act prevail over any conflicting laws in the principal act of the district, subject to a commission determination.[3]

2. LAFCO-Initiated Consolidation

LAFCO may only initiate a consolidation that is consistent with a recommendation or conclusion of a study prepared pursuant to Sections 56378, 56425, or 56430 and the LAFCO determinations specified in Section 56881(b). (§ 56375(a)(3).) Sections 56378, 56425, and 56430 require LAFCO to study existing agencies and make determinations regarding spheres of influence, and to conduct service reviews of the municipal services provided in the area under review.

Section 56881(b) requires LAFCO to make both the following determinations with regard to a proposed LAFCO-initiated consolidation:

> (1) Public service costs of a proposal LAFCO is authorizing are likely to be less than or substantially similar to the costs of alternate means of providing the service; and
>
> (2) Consolidation promotes public access and accountability for community services needs and financial resources.

Although not required, where LAFCO initiates a consolidation, Section 56827(c) "encourages" LAFCO to utilize a reorganization committee to review the consolidation proposal.

---

[2] Assembly Bill 2067, passed on September 10, 2004 and effective January 1, 2005, amended Section 56030 to permit consolidation of districts not formed pursuant to the same principal act. The Bill contained a sunset provision reinstating the prior law on July 1, 2008, but Senate Bill 819, passed July 20, 2007, deleted the sunset provision effective January 1, 2008.

[3] The California Legislative enacted a significant overhaul of California's Public Employee retirement system in 2013. The effects of that legislation on special district employees as a result of reorganizations is beyond the scope of this paper.

Section 56668 requires LAFCO to consider the factors set forth in Appendix "A" to this Memorandum in evaluating the consolidation proposal. LAFCO may also impose terms and conditions pursuant to Sections 56885.5 and 56886. It is important to keep in mind that if a conflicting proposal is submitted to LAFCO within 60 days of the submission of the original consolidation proposal, LAFCO cannot approve the original consolidation proposal until it considers the second conflicting proposal. (§ 56657.)

a. Protest/Election/Certificate of Completion

LAFCO must provide notice and hold a public protest hearing in the affected territory for a LAFCO-initiated consolidation. (§ 57008.) The protest hearing must be noticed pursuant to Section 57025 (regarding method and timing of notice) and Section 57026 (regarding content of notice). At any time prior to the conclusion of the protest hearing, any registered voter within inhabited territory that is the subject of a proposed consolidation, or any owner of land within inhabited or uninhabited territory subject to a proposed consolidation, may file a written protest against the consolidation. (§ 57051.)

LAFCO is not required to place the LAFCO-initiated consolidation before the voters unless written protests have been filed in accordance with the requirements of Section 57113. (§57077.2(b)(4).) For changes of organization consisting of consolidation of two or more districts, Section 57113 requires that LAFCO submit a consolidation to the voters if LAFCO receives protests signed by either of the following:

(a) In the case of inhabited territory, protests have been signed by either of the following:

(1) At least 10 percent of the number of landowners within any subject agency within the affected territory who own at least 10 percent of the assessed value of land within the territory. However, if the number of landowners within a subject agency is less than 300, the protests shall be signed by at least 25 percent of the landowners who own at least 25 percent of the assessed value of land within the territory of the subject agency.

(2) At least 10 percent of the voters entitled to vote as a result of residing within, or owning land within, any subject agency within the affected territory. However, if the number of voters entitled to vote within a subject agency is less than 300, the protests shall be signed by at least 25 percent of the voters entitled to vote.

(b) In the case of a landowner-voter district, the territory is uninhabited and protests have been signed by at least 10 percent of the number of landowners within any subject agency within the affected territory, who own at least 10 percent of the assessed value of land within the territory.

> However, if the number of landowners entitled to vote within a subject agency is less than 300, protests shall be signed by at least 25 percent of the landowners entitled to vote.

(§ 57113(a) and (b) (emphasis added).) For LAFCO-initiated proposals, the method of and formula for calculating protests are the same regardless of whether a resolution of objection is filed by a subject agency. (§ 57077.2(b)(4).)

If a sufficient protest is made, LAFCO is required to submit the consolidation to the voters. LAFCO's resolution must designate the territory in which the elections will be held, provide the question to be submitted to the voters, specify any consolidation terms and conditions, and state the vote required to confirm the consolidation. (§§ 57115, 57118.) The election will be held within the territory of each district ordered to be consolidated. (§ 57118(a).) The election procedures and requirements are set forth in Section 57125 et seq.

If an election is held and the majority of voters vote against the consolidation in any of the districts ordered to be consolidated, LAFCO must adopt a certificate of completion terminating proceedings. (§§ 57177.5(b), 57179.) However, if the majority of the voters in both districts ordered to be consolidated vote in favor of consolidation, LAFCO must execute a certificate of completion confirming the order of consolidation. (§ 57177.5(a).) If no election is required to be held, the LAFCO Executive Officer must still execute a certificate of completion and make the requisite filings. (§ 57200.)

b. Effect of Consolidation[4]

After the LAFCO Executive Officer files the requisite certificate of completion, the consolidated district succeeds to all the "powers, rights, duties, obligations, functions, and properties of all predecessor districts" which consolidated to form the consolidated district. (§57500.) Included in these rights and duties is liability of the consolidated district for all debts of the predecessor districts. (§ 57502.) The consolidated district "steps into the shoes" of the predecessor districts because it is as if the "consolidated district had been originally formed under the principal act." (§ 57500.)

c. Effective Date

Finally, the consolidation's effective date is the date set forth in LAFCO's resolution, so long as it is neither earlier than the date the certificate of completion is executed, nor later than nine months after an election in which the majority of voters vote for the consolidation. (§ 57202(a).) If LAFCO's resolution does not establish an effective date, the consolidation is

[4] This section of the Memorandum summarizes the default general conditions applicable to consolidations, as set out in Section 57500 et seq. Pursuant to Section 57302, these general conditions only apply if LAFCO does not impose any of the specific terms and conditions authorized under Section 56886. In the event LAFCO does impose terms and conditions under Section 56886, Section 57302 states that those terms and conditions become the "exclusive terms and conditions of the change of organization or reorganization and shall control over the general provisions of this part." The language in Section 57302 conflicts with newly enacted revisions to Section 56886, which specifies that terms and conditions imposed under Section 56886 "shall prevail in the event of a conflict between a specific term and condition authorized [pursuant to Section 56866] and any of the general provisions [set out at Section 57300 et seq.]." The Legislative Committee of the California Association of Local Agency Formation Commissions ("CALAFCO") will undertake a review of the inconsistencies between Sections 56886 and 57302.

effective on the date the consolidation is recorded by the county recorder, or if there are two counties involved, on the last date of recordation. (§ 57202(c).)

3. District-Initiated Consolidation

a. Initiated by One District

The legislative body of a district wishing to consolidate with another district must submit a Resolution of Application to the LAFCO Executive Officer of the principal county. (§ 56658(a).) The Application must contain the components set forth in Appendix "B" to this Memorandum, which include, in part, a Resolution of Application (see Appendix "C") and a Plan for Providing Services (see Appendix "D").

At least five days before the hearing, the Executive Officer must prepare a report on the Application, including his or her recommendation on the Application, and must give a copy of the report to every affected district, agency, and city. (§ 56665.) At the hearing, LAFCO hears and receives written and oral protests and evidence as well as the Executive Officer's report and the Plan for Providing Services. (§ 56666.) Section 56668 requires LAFCO to consider the factors set forth in Appendix "A" to this Memorandum in evaluating the proposal to consolidate. LAFCO may also impose terms and conditions pursuant to Sections 56885.5 and 56886. It is important to keep in mind that if a conflicting proposal is submitted to LAFCO within 60 days of the submission of the consolidation proposal, LAFCO cannot approve the original consolidation proposal until it considers the conflicting proposal. (§ 56657.)

i. *Protest/Election/Certificate of Completion*

Where a subject agency has not objected by resolution, the voter/landowner petition requirements for written protest are subject to Section 57077.2(b)(2). (§ 57077.2.) Section 57077.2(b)(2) provides that the applicable protest threshold is the threshold set out in Section 57077.2(b)(1)(A) and (B), i.e.:

> (A) In the case of inhabited territory, protests have been signed by either of the following:
>
> (i) At least 25 percent of the number of landowners within the territory subject to the consolidation who own at least 25 percent of the assessed value of land within the territory.
>
> (ii) At least 25 percent of the voters entitled to vote as a result of residing within, or owning land within, the territory.
>
> (B) In the case of a landowner-voter district, the territory is uninhabited and protests have been signed by at least 25 percent of the number of landowners within the territory subject to the consolidation, owning at least 25 percent of the assessed value of land within the territory.

> To summarize, where a subject agency does not object to the consolidation, the protest is measured in the entire affected territory.

(Id.) On the other hand, if a subject agency does file a resolution of objection, then the method of, and formula for, calculating protests are set forth in Section 57077.2(b)(3), which provides:

> (A) In the case of inhabited territory, protests have been signed by either of the following:
>
> (i) At least 25 percent of the number of landowners within any subject agency within the affected territory who own at least 25 percent of the assessed value of land within the territory.
>
> (ii) At least 25 percent of the voters entitled to vote as a result of residing within, or owning land within, any subject agency within the affected territory.
>
> (B) In the case of a landowner-voter district, the territory is uninhabited, and protests have been signed by at least 25 percent of the number of landowners within any subject agency within the affected territory, owning at least 25 percent of the assessed value of land within the subject agency.

(Id. (emphasis added).) Notably, where a subject agency has objected, the protest calculation is measured/calculated within any subject agency within the affected territory, as compared to measuring/calculating protests within the entire territory subject to consolidation, as is the case for consolidations without subject agency objection. Regardless, if LAFCO is required to submit a consolidation to the voters pursuant to either Section 57077.2(b)(2) or Section 57077.2(b)(3) protest thresholds, then the election must be held within the territory of each district ordered to be consolidated. (§57118(a).) LAFCO's resolution must provide the question to be submitted to the voters, specify any consolidation terms and conditions, and state the vote required to confirm the consolidation. (§ 57115.) The election procedures and requirements are set forth in Section 57125 et seq.

If an election is held and the majority of voters vote against the consolidation in any one of the districts ordered to be consolidated, LAFCO must adopt a certificate of completion terminating proceedings. (§§ 57177.5(b), 57179.) However, if the majority of the voters in the districts ordered to be consolidated vote in favor of consolidation, LAFCO must execute a certificate of completion confirming the order of consolidation. (§ 57177.5(a).) If no election is required to be held, the LAFCO Executive Officer must still execute a certificate of completion and make the requisite filings. (§ 57200.)

ii. ***Effect of Consolidation***[5]

After the LAFCO Executive Officer files the certificate of completion, the consolidated district succeeds to all the "powers, rights, duties, obligations, functions, and properties of all predecessor districts" which consolidated to form a consolidated district. (§ 57500.) Included in these rights and duties is liability of the consolidated district for all debts of the predecessor districts. (§ 57502.) The consolidated district "steps into the shoes" of the predecessor districts because it is as if the "consolidated district had been originally formed under the principal act." (§ 57500.)

iii. ***Effective Date***

The consolidation's effective date is the date set forth in LAFCO's resolution, so long as it is neither earlier than the date the certificate of completion is executed, nor later than nine months after an election in which the majority of voters vote for the consolidation. (§ 57202(a).) If LAFCO's resolution does not establish an effective date, the consolidation is effective on the date the consolidation is recorded by the county recorder, or if there are two counties involved, on the last date of recordation. (§ 57202(c).)

b. Initiated by Two or More Districts

Consolidation may also be initiated by the legislative bodies of two or more special districts. In order to start the consolidation process, the districts must adopt "substantially similar" Resolutions of Application to consolidate the districts. (§ 56853(a).) The Application must contain the components set forth in Appendix "B" to this Memorandum, which include, in part, a Resolution of Application (see Appendix "C") and a Plan for Providing Services (see Appendix "D").

LAFCO may change the terms of the consolidation set forth in the districts' proposal. (§ 56853(b).) However, after any material modification to any of the terms of the consolidation proposal, LAFCO must provide mailed written notice of the change to the districts and cannot move forward on the consolidation for 30 days following that mailing without the districts' written consent. (§ 56853(b).) During this 30 day time period, either district may file a written demand with the LAFCO Executive Officer, demanding that LAFCO make determinations only after notice and hearing on the proposals. If no written demand is made by either district, LAFCO may make those determinations without notice or a hearing. However, LAFCO cannot make any changes that would delete or add districts to the proposed consolidation without the written consent of the applicant districts. (§ 56853(c).)[6]

i. ***Protest/Election/Certificate of Completion***

Upon receiving the districts' proposals to consolidate, LAFCO must approve, or conditionally approve, the consolidation unless LAFCO receives a protest petition from the statutorily-mandated number of landowners/voters required to submit the consolidation to an election, as described below. (§ 56853(a).) Moreover, if a conflicting proposal is submitted to

[5] *See*, Footnote 4.

[6] "The application of any provision of this subdivision may be waived by consent of all the subject agencies." (§ 56852(b).)

LAFCO within 60 days of the submission of the proposal to consolidate, LAFCO cannot approve the proposal to consolidate until it considers the conflicting proposal. (§ 56657.)

LAFCO will order consolidation subject to confirmation of the voters, if it receives protests meeting the voter/landowner requirements of Section 57077.2(b)(1). (§ 57077.2.) Section 57077.2(b)(1) sets forth the following protest threshold:

> (A) In the case of inhabited territory, protests have been signed by either of the following:
>
> (i) At least 25 percent of the number of landowners within the territory subject to the consolidation who own at least 25 percent of the assessed value of land within the territory.
>
> (ii) At least 25 percent of the voters entitled to vote as a result of residing within, or owning land within, the territory.
>
> (B) In the case of a landowner-voter district, the territory is uninhabited and protests have been signed by at least 25 percent of the number of landowners within the territory subject to the consolidation, owning at least 25 percent of the assessed value of land within the territory.

(§ 57077.2 (b)(1).)

If sufficient protest requires LAFCO to submit a consolidation to the voters as calculated pursuant to Section 57077.2(b)(1), the election will be held within the territory of each district ordered to be consolidated. (§ 57118(a).) LAFCO's resolution must provide the question to be submitted to the voters, specify any consolidation terms and conditions, and state the vote required to confirm the consolidation. (§ 57115.) The election procedures and requirements are set forth in Section 57125 et seq.

If an election is held and the majority of voters within the territory of any district vote against the consolidation, LAFCO must adopt a certificate of completion terminating proceedings. (§§ 57177.5(b), 57179.) However, if the majority of the voters in both districts ordered to be consolidated vote in favor of consolidation, the LAFCO Executive Officer must execute a certificate of completion confirming the order of consolidation. (§ 57177.5(a).) If no election is required to be held, LAFCO must still execute a certificate of completion and make the requisite filings. (§ 57200.)

ii. *Effect of Consolidation*[7]

After the LAFCO Executive Officer files the requisite certificate of completion, the consolidated district succeeds to all the "powers, rights, duties, obligations, functions, and properties of all predecessor districts" which were consolidated to form a consolidated district. (§ 57500.) Included in these rights and duties, a consolidated district becomes liable for all debts

[7] *See*, Footnote 4.

of the predecessor districts. (§ 57502.) The consolidated district "steps into the shoes" of the predecessor districts because it is as if the "consolidated district had been originally formed under the principal act." (§ 57500.)

iii. ***Effective Date***

Finally, the effective date of the consolidation is the date set forth in LAFCO's resolution, so long as it is neither earlier than the date the certificate of completion is executed, nor later than nine months after an election in which the majority of voters approved the consolidation. (§ 57202(a).) If LAFCO's resolution does not establish an effective date, the consolidation is effective on the date the consolidation is recorded by the county recorder, or if there are two counties involved, on the last date of recordation. (§ 57202(c).)

4. Petition-Initiated Consolidation

Special districts may be consolidated by petition signed by the requisite number of registered voters or landowners, depending upon the specifics of the district's statutory authorization. Prior to circulating any petition, however, the proponents for change of organization must file a notice of intention to circulate a petition with LAFCO. (§ 56700.4(a).) After a notice of intention to circulate the petition is filed, the petition may be circulated for the appropriate signatures. (§ 56700.4(b).) For a consolidation, voters or landowners must sign a petition as follows:

(a) For registered voter districts, by not less than 5 percent of the registered voters within each of the several districts.

(b) For landowner-voter districts, by landowner-voters within each of the several districts constituting not less than 5 percent of the number of landowner-voters owning land within each of the several districts and who also own not less than 5 percent of the assessed value of land within each of the several districts.

(§ 56865.)

The petitioners must submit an Application for consolidation to the LAFCO Executive Officer of the principal county. (§ 56658(a).) Like a Resolution of Application filed by districts wishing to consolidate, the Application must contain those elements set forth in Appendix "B" to this Memorandum. Additionally, the petition must contain all of the requirements delineated in Section 56700(a) attached to this Memorandum as Appendix "C." Within 30 days, excluding Saturdays, Sundays, and holidays, after the date of receiving a petition, the Executive Officer must cause the petition to be reviewed by either the Registrar of Voters or County Assessor, and must "prepare a certificate of sufficiency indicating whether the petition is signed by the requisite number of signers." (§ 56706(a).) Once an application is deemed complete by the Executive Officer, the Executive Officer issues a certificate of filing to the applicant. (§ 56658(d)-(h).) Within 90 days of issuing the certificate of filing, the Executive Officer must set a hearing. (§ 56658(h).)

Before LAFCO may take action on a proposal to consolidate, LAFCO must hold a public hearing on the proposal. (§ 56662(b).) Section 56668 requires LAFCO to consider the factors set forth in Appendix "A" to this Memorandum in evaluating the proposal to consolidate. LAFCO may also impose terms and conditions pursuant to Section 56885.5 and 56886.

a. Protest Election/Certificate of Completion

LAFCO is still not required to place the consolidation before the voters unless written protests have been filed meeting 1) the threshold in Section 57077.2(b)(2), if a subject agency has not objected by resolution to the proposal, or 2) the threshold in Section 57077.2(b)(3), if a subject agency has objected by resolution to the proposal. (§ 57077.2(a).) These threshold limits are described in greater detail in Section A(3) of this Memorandum, above.

If LAFCO is required to submit a consolidation to the voters pursuant to Section 57077.2(b)(2), the election will be held within the territory of each district ordered to be consolidated. (§ 57118(a).) LAFCO's resolution must provide the question to be submitted to the voters, specify any consolidation terms and conditions, and state the vote required to confirm the consolidation. (§ 57115.) The election procedures and requirements are set forth in Section 57125 et seq.

If an election is held and the majority of voters within the territory of any subject district vote against the consolidation, LAFCO must adopt a certificate of completion terminating proceedings. (§§ 57177.5(b), 57179.) However, if the majority of the voters in each district vote to consolidate the districts, LAFCO must execute a certificate of completion confirming the order of consolidation. (§ 57177.5(a).) If no election is required to be held, LAFCO must still execute a certificate of completion and make the requisite filings. (§ 57200.)

b. Effect of Consolidation[8]

After the LAFCO Executive Officer files the requisite certificate of completion, the consolidated district succeeds to all the "powers, rights, duties, obligations, functions, and properties of all predecessor districts" which consolidated to form a consolidated district. (§ 57500.) Included in these rights and duties, a consolidated district becomes liable for all debts of the predecessor districts. (§ 57502.) The consolidated district "steps into the shoes" of the predecessor districts because it is as if the "consolidated district had been originally formed under the principal act." (§ 57500.)

c. Effective Date

Finally, the consolidation's effective date is the date set forth in LAFCO's resolution, so long as it is neither earlier than the date the certificate of completion is executed, nor later than nine months after an election in which the majority of voters vote for the consolidation. (§ 57202(a).) If LAFCO's resolution does not establish an effective date, the consolidation is effective on the date the consolidation is recorded by the county recorder, or if there are two counties involved, on the last date of recordation. (§ 57202(c).)

[8] *See*, Footnote 4.

5. Additional Procedures for Consolidation of Districts Not Formed by Same Principal Act

Districts not formed under the same principal act may be consolidated if certain procedures are followed. In the past, only districts formed under the same principal act could be consolidated into a single district. For instance, under the former law, two municipal water districts could consolidate but an irrigation district and a municipal water district could not, even though they may have exercised many of the same powers and duties. After the 2004 and 2007 amendments,[9] the Act now permits the consolidation of two or more special districts not formed pursuant to the same principal act. For example, an irrigation district may consolidate with a municipal water district through LAFCO-initiated, district-initiated, or petition-initiated procedures as outlined above, subject to the following additional requirements and limitations.

a. LAFCO-Initiated Consolidation

As outlined in Section A(2) above, LAFCO may initiate a consolidation of districts. Where LAFCO initiates a consolidation of two or more special districts not formed pursuant to the same principal act, the proposal must be consistent with a recommendation or conclusion of a study prepared pursuant to Section 56378 or the written statement of determinations specified in Section 56430(a). (§ 56826.5(b).) The proposal must also ensure that services currently provided by both districts will not be hampered, that public services costs of the proposal are likely to be less than, or substantially similar to the costs of alternate means of providing the service, and that the consolidation promotes public access and accountability for community service needs and financial resources. (§ 56826.5(b)(1) – (3).)

b. District-Initiated Consolidation

As outlined in Section A(3)(a) and A(3)(b) above, special districts may initiate consolidation by resolution of application—by one district or jointly by two or more districts. In addition to all of the requirements delineated in Section 56700(a) and attached to this Memorandum as Appendix "C," Section 56700(b) requires that an Application for consolidation of districts not formed pursuant to the same principal act must either:

(1) Designate the district that shall be the successor and specify under which principal act the successor shall conduct itself; or

(2) State that the proposal requires the formation of a new district and includes a plan for services prepared pursuant to Section 56653.

c. Petition-Initiated Consolidation

As outlined in Section A(4) above, special districts may be consolidated by petition signed by the requisite number of registered voters or landowners, depending upon the specifics of the district's statutory authorization. Proponents must file a notice of intention with LAFCO,

[9] Assembly Bill 2067, passed on September 10, 2004 and effective January 1, 2005, amended Section 56030 to permit consolidation of districts not formed pursuant to the same principal act. The Bill contained a sunset provision reinstating the prior law on July 1, 2008. Senate Bill 819 deleted the sunset provision effective January 1, 2008.

circulate a petition for signatures, and submit an Application for consolidation. (§ 56700.4(a) and (b); § 56865(a) and (b).) In addition to all of the requirements delineated in Section 56700(a) and attached to this Memorandum as Appendix "C," the Application for consolidation of districts not formed pursuant to the same principal act must do either of the following:

(1) Designate the district that shall be the successor and specify under which principal act the successor shall conduct itself; or

(2) State that the proposal requires the formation of a new district and includes a plan for services prepared pursuant to Section 56653.

(§ 56700(b).)

d. Limitations on Consolidation of Districts Not Formed Under Same Act

LAFCO may approve a proposal for reorganization that includes the consolidation of two or more special districts not formed pursuant to the same principal act only if both the following conditions are met:

(1) The commission is able to designate a successor or successors, or form a new district or districts, authorized by their respective principal acts to deliver all of the services provided by the consolidating districts at the time of consolidation.

(2) The commission determines that public services costs of the proposal are likely to be less than or substantially similar to the costs of alternate means of providing the service, and the consolidation promotes public access and accountability for community service needs and financial resources.

(§ 56826.5(a); § 56881(b).) The Act also requires LAFCO to determine whether any service provided at the time could be discontinued due to a lack of authority under the principal act of the successor. (§ 56886.5(b).) For example, an irrigation district and municipal water district may not be consolidated into a single irrigation district if the laws governing the resulting irrigation district would not allow it to perform all the functions of the extinguished water district. In this case, the commission shall consider the formation of a new district that is authorized to provide the service or services. (Id.)

B. DISSOLUTION

1. Brief History

As a result of the Gotch Amendment (AB 1335) to the Cortese-Knox Local Government Reorganization Act of 1985, proposals to dissolve a special district may be initiated by LAFCO itself. (§ 56000.) The purpose of the Gotch Amendment was to consolidate overlapping districts into a more coherent system of local government or dissolve districts that have outlived their purpose. However, by 2000, five years after the passage of the Gotch Amendment, only one LAFCO-initiated proposal had led to the dissolution of a special district. (Little Hoover Commission, Special Districts: Relics of the Past or Resources for the Future? 9 (2000).)

The Act defines "dissolution" as:

> The disincorporation, extinguishment, or termination of the existence of a district and the cessation of all its corporate powers, except as the commission may otherwise provide pursuant to Section 56886 or for the purpose of winding up the affairs of the district.

(§ 56035.)

At present, the procedures for a dissolution may be commenced by the district, by petition, or by LAFCO itself.

2. LAFCO-Initiated Dissolution

A dissolution may be initiated by LAFCO if it is consistent with a recommendation or conclusion of a study prepared pursuant to Sections 56378, 56425, or 56430, and LAFCO makes the determinations specified in Section 56881(b). (§ 56375(a)(3).) Sections 56378, 56425, and 56430 require LAFCO to study existing agencies and make determinations regarding spheres of influence and conduct service reviews of the municipal services provided in the area for review.

Section 56881(b) requires LAFCO to make both of the following determinations with regard to the proposed dissolution:

> (1) Public service costs of a proposal that LAFCO is authorizing are likely to be less than or substantially similar to the costs of alternate means of providing the service.
>
> (2) The proposed dissolution promotes public access and accountability for community services needs and financial resources.

Before LAFCO may dissolve a district, LAFCO must hold a public hearing on the dissolution proposal. (§ 56662(b).) Section 56668 requires LAFCO to consider the factors set forth in Appendix "A" to this Memorandum in evaluating the proposal to dissolve a district.

a. **Protest/Election/Certificate of Completion**

LAFCO is not required to place the dissolution before the voters, unless the required written protests have been filed as set out in Section 57113. (§ 57077.1(b)(3).) These threshold limits are detailed in Section A(2)(a) of this Memorandum, above. Additionally, if a change of organization only consists of a single dissolution, and the dissolution is "consistent with a prior action of the commission pursuant to Sections 56378, 56425, or 56430,[10] the commission may" order the dissolution without an election after "holding at least one noticed public hearing, and after conducting protest proceedings in accordance with this part." (§ 57077.1(c)(2).) However, LAFCO must terminate proceedings entirely if a majority protest exists pursuant to Section 57078. (Id.)

If the requirements of Section 57077.1(c) are not met, and if a sufficient protest is made, LAFCO is required to submit the dissolution to the voters.[11] LAFCO's resolution must designate the territory in which the elections will be held (which, in the case of a district dissolution, is the territory of the district ordered to be dissolved), provide the question to be submitted to the voters, specify any dissolution terms and conditions, and state the vote required to confirm the dissolution. (§§ 57115 & 57118.) The election procedures and requirements are set forth in Section 57125 et seq.

If an election is held and the majority of voters vote against the dissolution, LAFCO must adopt a certificate of termination proceedings. (§ 57179.) However, if the majority of the voters vote for the dissolution of a district, LAFCO must execute a certificate of completion confirming the order of dissolution. (§ 57176.) If no election is required to be held, the LAFCO Executive Officer must still execute a certificate of completion and make the requisite filings. (§ 57200.)

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[10] Sections 56378, 56425, and 56430 require LAFCO to study existing agencies and make determinations regarding spheres of influence, and to conduct service reviews of the municipal services provided in the area under review.

[11] Section 57102, however, permits the commission to order the dissolution without an election (except in the case of a hospital district dissolution) if it makes any of the following findings specified in Section 57102. Section 57102 provides as follows:

a) In any resolution ordering a dissolution, the commission shall make findings upon one or more of the following matters:
   (1) That the corporate powers have not been used, as specified Section 56871, and that there is a reasonable probability that those powers will not be used in the future.
   (2) That the district is a registered-voter district and is uninhabited.
   (3) That the board of directors of the district has, by unanimous resolution, consented to the dissolution of the district.
   (4) That the commission has authorized, pursuant to subdivision (a) of Section 57077.1, the dissolution of the district without an election.

(b) If the commission makes any of the findings specified in subdivision (a), the commission may, except as otherwise provided in Section 57103, order the dissolution of the district without election.

The requirement provisions of Section 57077.1(c) control over the provisions of Section 57102, as applicable.

b. **Effect of Dissolution**[12]

After the LAFCO Executive Officer files the requisite certificate of completion, the dissolved district is extinguished and all of its corporate powers cease except to wind up the affairs of the district, or as required by a term or condition imposed on the dissolution by LAFCO. (§ 57450.) If the terms and conditions of the dissolution call for annexation of the district into a single existing district, the remaining assets of the dissolved district are distributed to the existing successor district. (§§ 57451(d), 56886.) If the dissolution calls for annexation and distribution of remaining assets of a dissolved district into two or more existing districts, then the existing district containing the greater assessed value of all taxable property within the territory of the dissolved district shall become the successor district. (§ 57451(e).) For dissolution without annexation, a city or county will become the successor agency for the district depending on which one contains the greatest assessed value of all taxable property within the territory of the dissolved district. (§ 57451(c).) A successor agency collects the dissolved district's assets and is empowered to wind up the business of the district - ensuring that all debts are paid, distributing assets and all other lawful purposes for the benefit of the lands, inhabitants and taxpayers within the territory of the dissolved district, as far as practicable. (§ 57452.) In the case of dissolution with annexation, the successor agency "steps into the shoes" of the former district and assumes its corporate powers over the dissolved district's territory. (§ 56886.)

c. **Effective Date**

Finally, the dissolution's effective date is the date set forth in LAFCO's resolution, so long as it is neither earlier than the date the certificate of completion is executed, nor later than nine months after an election in which the majority of voters vote for the dissolution. (§ 57202(a).) If LAFCO's resolution does not establish an effective date, the dissolution is effective on the date the dissolution is recorded by the county recorder, or if there are two counties involved, on the last date of recordation. (§ 57202(c).)

3. **District-Initiated Dissolution (Either by Dissolving District or Affected Local Agency)**

The legislative body of a district may begin the process to dissolve the district by adopting a Resolution of Application, which must be submitted to LAFCO. (§§ 56654(a); 56858(a).) The Application must contain the components set forth in Appendix "B" to this Memorandum, which include, in part, a Resolution of Application (see Appendix "C") and a Plan for Providing Services (see Appendix "D"). At least 21 days before adopting the resolution, however, the district may give mailed notice to LAFCO and any affected districts and counties. (§ 56654(c).)

[12] This section of the Memorandum summarizes the default general conditions applicable to dissolutions, as set out in Section 57450 et seq. Pursuant to Section 57302, these general conditions only apply if LAFCO does not impose any of the specific terms and conditions authorized under Section 56886. In the event LAFCO does impose terms and conditions under Section 56886, Section 57302 states that those terms and conditions become the "exclusive terms and conditions of the change of organization or reorganization and shall control over the general provisions of this part." The language in Section 57302 conflicts with newly enacted revisions to Section 56886, which specifies that terms and conditions imposed under Section 56886 "shall prevail in the event of a conflict between a specific term and condition authorized [pursuant to Section 56866] and any of the general provisions [set out at Section 57300 et seq.]." The Legislative Committee of CALAFCO will undertake a review of the inconsistencies between Sections 56886 and 57302.

Not less than five days prior to the hearing, the Executive Officer must prepare a report on the Application, including his or her recommendation on the Application, and must give a copy of the report to every affected district, agency, and city. (§ 56665.) At the hearing, LAFCO hears and receives written and oral protests and evidence as well as the Executive Officer's report and the Plan for Providing Services. (§ 56666(b).) Section 56668 requires LAFCO to evaluate the dissolution proposal pursuant to the factors set forth in Appendix "A" to this Memorandum. LAFCO may also impose terms and conditions on the dissolution pursuant to Section 56885.5 and 56886.

a. Protest/Election/Certificate of Completion

LAFCO is required to place the dissolution before the voters if written protests have been filed meeting Section 57077.1(b)(1), where a subject agency has not objected by resolution to the proposal, or Section 57077.1(b)(2), if a subject agency has objected by resolution to the proposal. (§ 57077.1(a).). Section 57077.1(b)(1) sets forth the following protest threshold:

> (A) In the case of inhabited territory, protests have been signed by either of the following:
>
> (i) At least 25 percent of the number of landowners within the affected territory who own at least 25 percent of the assessed value of land within the territory.
>
> (ii) At least 25 percent of the voters entitled to vote as a result of residing within, or owning land within, the affected territory.
>
> (B) In the case of a landowner-voter district, that the territory is uninhabited, and that protests have been signed by at least 25 percent of the number of landowners within the affected territory owning at least 25 percent of the assessed value of land within the territory.

Alternatively, Section 57077.1(b)(2) requires that written protests meet the following threshold:

> (A) In the case of inhabited territory, protests have been signed by either of the following:
>
> (i) At least 25 percent of the number of landowners within any subject agency within the affected territory who own at least 25 percent of the assessed value of land within the territory.
>
> (ii) At least 25 percent of the voters entitled to vote as a result of residing within, or owning land within, any subject agency within the affected territory.

(B) In the case of a landowner-voter district, that the territory is uninhabited, and that protests have been signed by at least 25 percent of the number of landowners within any subject agency within the affected territory, owning at least 25 percent of the assessed value of land within the subject agency.

If LAFCO is required to submit a dissolution to the voters pursuant to Section 57077.1(b), the election will be held within the territory of the district ordered to be dissolved.[13] (§ 57118(a).) LAFCO's resolution must provide the question to be submitted to the voters, specify any dissolution terms and conditions, and state the vote required to confirm the dissolution. (§ 57115.) The election procedures and requirements are set forth in Section 57125 et seq.

If an election is held and the majority of voters vote against the dissolution, LAFCO must adopt a certificate of termination proceedings. (§ 57179.) However, if the majority of the voters vote for the dissolution of a district, LAFCO must execute a certificate of completion confirming the order of dissolution. (§ 57176.) If no election is required to be held, the LAFCO Executive Officer must still execute a certificate of completion and make the requisite filings. (§ 57200.)

Notwithstanding the above, if a change of organization only consists of a single dissolution that is "consistent with a prior action of the commission pursuant to Sections 56378, 56425, or 56430,"[14] and the dissolution is "initiated by the district board," then LAFCO may "immediately approve and order the dissolution without an election or protest proceedings pursuant to this part." (§ 57077.I(c)(1).)[15] Alternatively, if a single dissolution is initiated by an affected local agency and if that single dissolution is "consistent with a prior action of the commission pursuant to Sections 56378, 56425, or 56430," then commission may" order the dissolution without an election after "holding at least one noticed public hearing, and after conducting protest proceedings in accordance with this part." (§ 57077.1(c)(2).) However, LAFCO must terminate proceedings entirely if a majority protest exists pursuant to Section 57078. (Id.)

b. Effect of Dissolution[16]

After the LAFCO Executive Officer files the requisite certificate of completion, the dissolved district is extinguished and all of its corporate powers cease, except to wind up the affairs of the district, or as required by a term and condition imposed on the dissolution by LAFCO. (§ 57450.) If the terms and conditions of the dissolution call for annexation of the district into a single existing district, the remaining assets of the dissolved district are distributed to the existing successor district. (§§ 57451(d), 56886.) If the dissolution calls for annexation and distribution of remaining assets of a dissolved district into two or more existing districts, then the existing district containing the greater assessed value of all taxable property within the

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[13] *See,* Footnote 22 regarding where an election is held for a reorganization consisting of dissolution with annexation.

[14] Sections 56378, 56425, and 56430 require LAFCO to study existing agencies and make determinations regarding spheres of influence, and to conduct service reviews of the municipal services provided in the area under review.

[15] *See,* Footnote 11.

[16] *See,* Footnote 12.

territory of the dissolved district shall become the successor district. (§ 57451(e).) For dissolution without annexation, a city or county will become the successor agency for the district depending on which one contains the greatest assessed value of all taxable property within the territory of the dissolved district. (§ 57451(c).) A successor agency collects the dissolved district's assets and is empowered to wind up the business of the district; ensuring that all debts are paid, distributing assets and all other lawful purposes for the benefit of the lands, inhabitants and taxpayers within the territory of the dissolved district, as far as practicable. (§ 57452.) In the case of dissolution with annexation, the successor agency "steps into the shoes" of the former district and assumes its corporate powers over the dissolved district's territory. (§ 56886.)

c. Effective Date

Finally, the dissolution's effective date is the date set forth in LAFCO's resolution, so long as it is neither earlier than the date the certificate of completion is executed, nor later than nine months after an election in which the majority of voters vote for the dissolution. (§ 57202(a).) If LAFCO's resolution does not establish an effective date, the dissolution is effective on the date the dissolution is recorded by the county recorder, or if there are two counties involved, on the last date of recordation. (§ 57202(c).)

4. Petition-Initiated Dissolution

Special districts may be dissolved by petition signed by the requisite number of registered voters or landowners, which are set forth in Section 56870. Prior to circulating any petition, however, the proponent for change of organization must file a notice of intention to circulate a petition with LAFCO. (§ 56700.4(a).) After a notice of intention to circulate the petition is filed, the petition may be circulated for the appropriate signatures. (§ 56700.4(b).) Except as provided in Section 56871,[17] petitions for the dissolution of a district must be signed by:

(a) For registered voter districts, by either of the following:

(1) Not less than 10 percent of the registered voters within the district.

(2) Not less than 10 percent of the number of landowners within the district who also own not less

[17] Section 56871 sets forth alternative petition requirements if the petition for dissolution of a registered voter district is signed by three or more registered voters within the district (or by three or more landowners within a landowner-voter district) provided certain additional requirements are met. Under Section 56871, such a petition is deemed sufficient if the petition recites that the district has been in existence for at least three years , that the district has not used its corporate powers and that one or more of the following conditions have existed or now exist:

(a) That during the three-year period preceding the date of the first signature upon the petition any of the following events have not occurred:
  (1) There has not been a duly selected and acting quorum of the board of directors of the district.
  (2) The board of directors has not furnished or provided services or facilities of substantial benefit to residents, landowners, or property within the district.
  (3) The board of directors has not levied or fixed and collected any taxes, assessments, service charges, rentals, or rates or expended the proceeds of those levies or collections for district purposes.

(b) That during the one-year period preceding the date of the first signature upon the petition a quorum of the duly selected and acting board of directors has not met for the purpose of transacting district business.

(c) That, upon the date of the first signature upon the petition, the district had no assets, other than money in the form of cash, investments, or deposits.

than 10 percent of the assessed value of land within the district.

(b) For landowner-voter districts, by not less than 10 percent of the number of landowner-voters within the district who also own not less than 10 percent of the assessed value of land within the district.

(§ 56870.)

Once a petition is qualified by the Executive Officer, the Executive Officer issues a certificate of filing to the applicant. (56658(d)-(h).) Within 90 days of issuing the certificate of filing, the Executive Officer must set a hearing. (§ 56658(h).) Within 35 days of the hearing, LAFCO must adopt a resolution making determinations approving or disapproving the proposal, with or without terms and conditions. (§ 56880.) If a conflicting proposal is submitted to LAFCO within 60 days of the submission of the proposal to dissolve, then LAFCO cannot approve the proposal to dissolve until it considers the conflicting proposal. (§ 56657.)

a. Protest/Election/Certificate of Completion

Where a subject agency has not objected by resolution, an election must be held if written protests are received meeting the voter/landowner petition requirements of Section 57077.1(b)(1). (§ 57077.1(a).) Where a subject agency files a resolution of objection, an election must be held if written protests have been filed meeting the threshold level set forth in Section 57077.1(b)(2). These thresholds are set forth in Section B(3)(a), above. Additionally, if a change of organization only consists of a single dissolution that is "consistent with a prior action of the commission pursuant to Sections 56378, 56425, or 56430,[18]" and the dissolution is initiated by petition, the commission may order the dissolution without an election after "holding at least one noticed public hearing, and after conducting protest proceedings in accordance with this part." (§ 57077.1(c)(2).) However, LAFCO must terminate proceedings entirely if a majority protest exists pursuant to Section 57078. (Id.)[19]

If LAFCO is required to submit a dissolution to the voters pursuant to Section 57077.1(b), the election will be held and the measure must pass within the territory of each district ordered to be dissolved.[20] (§ 57118(a).) LAFCO's resolution must provide the question to be submitted to the voters, specify any dissolution terms and conditions, and state the vote required to confirm the dissolution. (§ 57115.) The election procedures and requirements are set forth in Section 57125 et seq.

If an election is held and the majority of voters vote against a dissolution, LAFCO must adopt a certificate of termination proceedings. (§ 57179.) However, if the majority of the voters vote for the dissolution, the LAFCO Executive Officer must execute a certificate of completion

[18] Sections 56378, 56425, and 56430 require LAFCO to study existing agencies and make determinations regarding spheres of influence, and to conduct service reviews of the municipal services provided in the area under review.

[19] *See,* Footnote 11.

[20] *See,* Footnote 22 regarding where an election is held for reorganizations consisting of dissolution with annexation.

confirming the order of dissolution. (§ 57176.) If no election is required to be held, LAFCO must still execute a certificate of completion and make the requisite filings. (§ 57200.)

b. **Effect of Dissolution**[21]

After the LAFCO Executive Officer files the requisite certificate of completion, the dissolved district is extinguished and all of its corporate powers cease except to wind up the affairs of the district, or as required by a term or condition imposed on the dissolution by LAFCO. (§ 57450.) If the terms and conditions of the dissolution call for annexation of the district into a single existing district, the remaining assets of the dissolved district are distributed to the existing successor district. (§§ 57451(d), 56886.) If the dissolution calls for annexation and distribution of remaining assets of a dissolved district into two or more existing districts, then the existing district containing the greater assessed value of all taxable property within the territory of the dissolved district shall become the successor district. (§ 57451(e).) For dissolution without annexation, a city or county will become the successor agency for the district depending on which one contains the greatest assessed value of all taxable property within the territory of the dissolved district. (§ 57451(c).) A successor agency collects the dissolved district's assets and is empowered to wind up the business of the district - ensuring that all debts are paid, distributing assets and all other lawful purposes for the benefit of the lands, inhabitants and taxpayers within the territory of the dissolved district, as far as practicable. (§ 57452.) In the case of dissolution with annexation, the successor agency "steps into the shoes" of the former district and assumes its corporate powers over the dissolved district's territory. (§ 56886.)

c. **Effective Date**

Finally, the dissolution's effective date is the date set forth in LAFCO's resolution, so long as it is neither earlier than the date the certificate of completion is executed, nor later than nine months after an election in which the majority of voters vote for the dissolution. (§ 57202(a).) If LAFCO's resolution does not establish an effective date, the dissolution is effective on the date the dissolution is recorded by the county recorder, or if there are two counties involved, on the last date of recordation. (§ 57202(c).)

5. **Dissolution with Annexation**

The Act's provisions expressly allow LAFCO to "select" a successor to "step into the shoes" of the dissolved district. Section 56886 permits LAFCO to impose a condition on a dissolution that will grant one agency all of the remaining assets of the dissolved district. (§ 56886(h) and (i).) When LAFCO imposes such conditions, the agency granted all of the dissolved district's remaining assets becomes the "successor" agency pursuant to Section 57451. Specifically, Section 57451(d) provides that:

> If the terms and conditions provide that all of the remaining assets of a dissolved district shall be distributed to a single existing district, the single existing district is the successor.

[21] *See*, Footnote 12.

In such an instance, for example, if one of the remaining assets of a dissolved district is that district's water distribution facilities, including pipelines and water treatment facilities, these assets will be put to use for the purpose of distributing water by the successor district. The provisions of Section 57463 support this conclusion. Section 57463 provides that after all debts are paid, any assets remaining may be used for any lawful purpose of the public agency to which the assets have been distributed for the benefit of the lands, inhabitants and taxpayers within the territory of the dissolved district, as far as practicable. (§ 57463.) Applying the intent of Section 57463 to the water distribution facilities example would allow the public agency to which the assets have been distributed to continue to use the water distribution facilities. In essence, the agency receiving the dissolved district's remaining assets, which may be the successor agency, steps into the shoes of the dissolved district.

a. Initiation of Reorganization Consisting of Dissolution with Annexation

A reorganization consisting of a dissolution with annexation may be initiated by petition, Resolution of Application by one special district, or if initiated pursuant to Section 56853, the reorganization can be initiated by the legislative bodies of two or more special districts.

i. Protest/Election/Certificate of Completion

When a reorganization application consists of a dissolution of one or more districts and the annexation of all or substantially all the territory into another district and the application is initiated by two or more districts pursuant to Section 56853, the protest thresholds to trigger an election are set out in Section 57077.3(b)(1)(A) and (B). Section 57077.3(b)(1)(A) and (B) provides as follows:

> (A) In the case of inhabited territory, protests have been signed by either of the following:
>
> (i) At least 25 percent of the number of landowners within the affected territory who own at least 25 percent of the assessed value of land within the territory.
>
> (ii) At least 25 percent of the voters entitled to vote as a result of residing within, or owning land within, the affected territory.
>
> (B) In the case of a landowner-voter district, that the territory is uninhabited, and that protests have been signed by at least 25 percent of the number of landowners within the affected territory, owning at least 25 percent of the assessed value of land within the territory.

For proposals initiated by a single special district, or by petition, LAFCO must order the reorganization subject to confirmation by the voters if it receives protests meeting the following thresholds:

> (1) In the case of inhabited territory, protests have been signed by either of the following:
>
> > (A) At least 25 percent of the number of landowners within any subject agency within the affected territory who own at least 25 percent of the assessed value of land within the territory.
> >
> > (B) At least 25 percent of the voters entitled to vote as a result of residing within, or owning land within, any subject agency within the affected territory.
>
> (2) In the case of a landowner-voter district, the territory is uninhabited, and protests have been signed by at least 25 percent of the number of landowners within any subject agency within the affected territory, owning at least 25 percent of the assessed value of land within the subject agency.

(§ 57077.4(b)(1)(A) and (B).)

For dissolution with annexation initiated under Section 56853, if LAFCO is required to submit the reorganization to the voters pursuant to Section 57077.3(b), the election will be held and the measure must pass within the territory of each district ordered to be dissolved. (§ 57118(a).) On the other hand, if the dissolution with annexation is initiated by petition or by Resolution of Application by one district, and if there is sufficient protest under Section 57077.4, the election will be held separately within the territory of each affected district that has filed a petition meeting the requisite protest requirements.[22] LAFCO's resolution must provide the question to be submitted to the voters, specify any reorganization terms and conditions, and state the vote required to confirm the dissolution. (§ 57115.) The election procedures and requirements are set forth in Section 57125 et seq.

If an election is held and the majority of voters vote against the reorganization, LAFCO must adopt a certificate of termination proceedings. (§ 57179.) However, if the majority of the voters vote for the dissolution, the LAFCO Executive Officer must execute a certificate of completion confirming the order of reorganization. (§ 57176.) If no election is required to be held, LAFCO must still execute a certificate of completion and make the requisite filings. (§ 57200.)

[22] Section 57118(f) requires that elections for reorganizations consisting of a dissolution and annexation be held separately within the territory of each affected district that has filed a petition meeting the requirements of Section 57077.4(b).

C. MERGER

1. Brief History

Prior to 1965, the state of the law in California was that the inclusion of the entire territory of a special district within the boundaries of a city resulted in the automatic merger of the special district into the city, thereby eliminating the special district. The rationale behind this doctrine, dubbed the "Doctrine of Automatic Merger," was the avoidance of the "duplication of functions - otherwise two distinct governmental bodies claiming to exercise the same authority, powers and franchises simultaneously over the same territory would 'produce intolerable confusion, if not constant conflict.'" (City of Downey v. Downey Water Dist. (1962) 202 Cal.App.2d 786, 792 (citations omitted).)

In 1965, the Legislature enacted the District Reorganization Act of 1965, effective September 17, 1965 (Stats 1965 ch 2043 §§ 2), adding Government Code section 56400 as follows:

> The Legislature hereby declares that the doctrine of automatic merger of a district with a city or the merger by operation of law of a district with a city shall have and be given no further force or effect. The existence of a district shall not be extinguished or terminated as a result of the entire territory of such district being heretofore or hereafter included within a city unless such district be merged with such city as a result of proceedings taken pursuant to this division.

This very language is now part of the Act and is set forth in Section 56116.

A merger now can only occur as a result of proceedings taken pursuant to the Act. The term "merger" for purposes of the Act is defined as:

> The termination of the existence of a district when the responsibility for the functions, services, assets, and liabilities of that district are assumed by a city as a result of proceedings taken pursuant to this division.

(§ 56056.)

2. LAFCO-Initiated Merger

LAFCO may initiate a merger of a district with a city if it is consistent with a recommendation or conclusion of a study prepared pursuant to Sections 56378, 56425, or 56430 and LAFCO makes the determinations specified in Section 56881(b). (§ 56375(a)(3).) Sections 56378, 56425, and 56430 require LAFCO to study existing agencies and make determinations regarding spheres of influence and conduct service reviews of the municipal services provided in the area for review. Section 56881(b) requires LAFCO to make all of the following determinations with regard to the proposed merger:

(1) Public service costs of a proposal that the LAFCO is authorizing are likely to be less than or substantially similar to the costs of alternate means of providing the service.

(2) Promotes public access and accountability for community services needs and financial resources.

Before LAFCO may take action on a proposal to merger, LAFCO must hold a public hearing on the proposal. (§ 56662(b).) Section 56668 requires LAFCO to consider the factors set forth in Appendix "A" to this Memorandum in evaluating a merger proposal.

All proposals for merger, except for proposals for the merger of an existing subsidiary district, also must consider the establishment of a subsidiary district as well.[23]

a. Protest/Election/Certificate of Completion

LAFCO is required to place a merger before the voters, regardless of whether a subject agency has objected, where written protests have been filed in accordance with Section 57113. (§ 57107(b)(3).) Notwithstanding Section 57107(b), the commission shall not order the merger without the consent of the subject city. (§ 57107(c).) Section 57113 requires LAFCO to submit a merger to the voters if LAFCO receives protests signed by the following:

(a) In the case of inhabited territory, protests have been signed by either of the following:

(1) At least 10 percent of the number of landowners within any subject agency within the affected territory who own at least 10 percent of the assessed value of land within the territory. However, if the number of landowners within a subject agency is less than 300, the protests shall be signed by at least 25 percent of the landowners who own at least 25 percent of the assessed value of land within the territory of the subject agency.

(2) At least 10 percent of the voters entitled to vote as a result of residing within, or owning land within, any subject agency within the affected territory. However, if the number of voters entitled to vote within a subject agency is less than 300, the protests shall be signed by at least 25 percent of the voters entitled to vote.

[23] Section 56118 specifically provides: "Except for a proposal for the merger of a then existing subsidiary district, any proposal for a merger or establishment of a subsidiary district authorized by this division shall contain a request in the alternative, requesting either a merger or the establishment of a subsidiary district, as may be determined during the course of the proceedings. Any proposal requesting only merger shall be deemed to also include a request for the establishment of a subsidiary district and any proposal requesting only the establishment of a subsidiary district shall be deemed to also include a request for merger."

> (b) In the case of a landowner-voter district, the territory is uninhabited and protests have been signed by at least 10 percent of the number of landowners within any subject agency within the affected territory, who own at least 10 percent of the assessed value of land within the territory. However, if the number of landowners entitled to vote within a subject agency is less than 300, protests shall be signed by at least 25 percent of the landowners entitled to vote.

If required to submit a merger to the voters, the election will be held within the "entire territory of each district ordered to be merged with. . . or both within the district and within the entire territory of the city outside the boundaries of the district." (§ 57118(b).)[24] LAFCO's resolution must also provide the question to be submitted to the voters, specify any merger terms and conditions, and state the vote required to confirm the merger. (§ 57115.) The election procedures and requirements are set forth in Section 57125 et seq.

If an election is held and the majority of voters vote against the merger, LAFCO must adopt a certificate of termination proceedings. (§ 57179.) In addition, no new proposal for a merger or establishment of a subsidiary district involving the same district may be filed within two years of the date of the certificate of termination proceedings. (§ 57112 (a).) LAFCO may waive this prohibition if it finds the prohibition is detrimental to the public interest. (§ 57112(b).) However, if the majority of the voters vote for a merger, the LAFCO Executive Officer must execute a certificate of completion confirming the order of merger.[25] (§ 57177.) If no election is required to be held, LAFCO must still execute a certificate of completion and make the requisite filings. (§ 57200.)

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[24] Pursuant to Section 57108, however, if a petition meeting certain requirements is submitted prior to the conclusion of the protest hearing, the election will only be called, held and conducted within the district to be merged with, or established as, a subsidiary district of a city. Section 57108 provides as follows:

> At any time prior to the conclusion of the protest hearing by the commission ordering the district to be merged with or established as a subsidiary district of a city, a petition may be filed with the executive officer referring, by date of adoption, to the commission's resolution making determinations and requesting that any election upon that question be called, held, and conducted only within that district. Any petition so filed shall be immediately examined and certified by the executive officer by the same method and in the same manner as provided in Sections 56707 to 56711, inclusive, for the examination of petitions by the executive officer.
>
> The commission shall forward the proposal to the affected city, and the affected city shall call, hold, and conduct any election upon the question of a merger or the establishment of a subsidiary district only within the district to be merged or established as a subsidiary district, if the executive officer certifies that any petition so filed was signed by either of the following:
>
> (a) In the case of a registered voter district, by not less than 10 percent of the registered voters of the district.
>
> (b) In the case of a landowner-voter district, by not less than 10 percent of the number of landowner-voters within the district who also own not less than 10 percent of the assessed value of land within the district.

[25] Section 57177 establishes additional requirements for certificates of completion confirming a merger and/or establishment of a subsidiary district.

b. Effect of Merger[26]

On the effective date of the merger, the district ceases to exist and all district funds and all district property is vested in the city. (§§ 57525 & 57526.) The city becomes liable on all debts of the merged district. (§ 57531.) The city must use district funds and property to pay outstanding bonds and other obligations of the merged district. (§ 57528.) If any debts are to be paid from taxes levied on property in the district, the city council will collect those taxes as they become due as provided for under the principal act of the merged district. (§ 57529.) All funds that are unencumbered by debt may be used for any lawful purpose by the city, however, the city, "so far as may be practicable," shall use those funds to benefit the land and inhabitants within the former merged district area. (§ 57533.)

c. Effective Date

Finally, the merger's effective date is the date set forth in LAFCO's resolution, so long as it is neither earlier than the date the certificate of completion is executed, nor later than nine months after an election in which the majority of voters vote for the merger. (§ 57202(a).) If LAFCO's resolution does not establish an effective date, the merger is effective on the date the merger is recorded by the county recorder, or if there are two counties involved, on the last date of recordation. (§ 57202(c).)

3. District/City-Initiated Merger

The legislative body of a district or city wishing to merge with a city or district must submit a Resolution of Application to the LAFCO Executive Officer of the principal county. (§ 56658(a).) The Application must contain the components set forth in Appendix "B" to this Memorandum, which include, in part, a Resolution of Application (see Appendix "C") and a Plan for Providing Services (see Appendix "D").

Within 30 days of receiving the Application, the Executive Officer must determine if it is complete and acceptable for filing. (§ 56658(c).) If no determination is made within this time frame and the appropriate fees have been paid, then the Application shall be deemed to have been accepted for filing. (§ 56658(e).) The Executive Officer must accept an Application for filing if it is in the form prescribed by LAFCO and it contains all the information required in Appendix "B." (§ 56658(e).) Within 90 days of accepting a proposal for filing, the Executive Officer must set a hearing date. (§ 56658(h).)

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[26] This section of the Memorandum summarizes the default general conditions applicable to mergers, as set out in Section 57525 et seq. Pursuant to Section 57302, these general conditions only apply if LAFCO does not impose any of the specific terms and conditions authorized under Section 56886. In the event LAFCO does impose terms and conditions under Section 56886, Section 57302 states that those terms and conditions become the "exclusive terms and conditions of the change of organization or reorganization and shall control over the general provisions of this part." The language in Section 57302 conflicts with newly enacted revisions to Section 56886, which specifies that terms and conditions imposed under Section 56886 "shall prevail in the event of a conflict between a specific term and condition authorized [pursuant to Section 56866] and any of the general provisions [set out at Section 57300 et seq.]." The Legislative Committee of CALAFCO will undertake a review of the inconsistencies between Sections 56886 and 57302.

Before the hearing, the Executive Officer must prepare a report on the Application, including his or her recommendation on the Application and give a copy of the report to every affected district, agency, and city. (§ 56665.) At the hearing, LAFCO hears and receives written and oral protests and evidence as well as the Executive Officer's report and the Plan for Providing Services. (§ 56666.) Section 56668 requires LAFCO to consider the factors set forth in Appendix "A" to this Memorandum in evaluating the merger proposal. LAFCO may also impose terms and conditions pursuant to Section 56885.5 and 56886.

a. Protest/Election/Certificate of Completion

LAFCO is required to place a merger before the voters, if written protests have been filed meeting the requirements of Section 57107(b)(1), where a subject agency has not objected by resolution to the proposal, or Section 57107(b)(2), where a subject agency has objected by resolution to the proposal. (§ 57107(a).) Notwithstanding Section 57107(b), the commission shall not order the merger without the consent of the subject city. (§ 57107(c).) Section 57107(b)(1) sets forth the following protest threshold:

(A) In the case of inhabited territory, protests have been signed by either of the following:

(i) At least 25 percent of the number of landowners within the affected territory who own at least 25 percent of the assessed value of land within the territory.

(ii) At least 25 percent of the voters entitled to vote as a result of residing within, or owning land within, the affected territory.

(B) In the case of a landowner-voter district, that the territory is uninhabited, and that protests have been signed by at least 25 percent of the number of landowners within the affected territory owning at least 25 percent of the assessed value of land within the territory.

Section 57107(b)(2) requires the following protest threshold:

(A) In the case of inhabited territory, protests have been signed by either of the following:

(i) At least 25 percent of the number of landowners within any subject agency within the affected territory who own at least 25 percent of the assessed value of land within the territory.

(ii) At least 25 percent of the voters entitled to vote as a result of residing within, or owning land within, any subject agency within the affected territory.

(B) In the case of a landowner-voter district, that the territory is uninhabited and protests have been signed by at least 25 percent of the number of landowners within any subject agency within the affected territory, owning at least 25 percent of the assessed value of land within the subject agency.

If LAFCO is required to submit a merger to the voters pursuant to Section 57107, the election will be held within the "entire territory of each district ordered to be merged with. . . or both within the district and within the entire territory of the city outside the boundaries of the district." (§ 57118(b).)[27] LAFCO's resolution must provide the question to be submitted to the voters, specify any terms and conditions, and state the vote required to confirm the merger. (§ 57115.) The election procedures and requirements are set forth in Section 57125 et seq.

If an election is held and the majority of voters vote against the merger, LAFCO must adopt a certificate of termination of proceedings. (§ 57179.) In addition, no new proposal for a merger or establishment of a subsidiary district involving the same district may be filed within two years of the date of the certificate of termination proceedings. (§ 57112(a).) LAFCO may waive this prohibition if it finds the prohibition is detrimental to the public interest. (§ 57112(b).) However, if the majority of the voters vote for the merger, the LAFCO Executive Officer must execute a certificate of completion confirming the order of merger. (§ 57177.)[28] If no election is required to be held, LAFCO must still execute a certificate of completion and make the requisite filings. (§ 57200.)

b. Effect of Merger[29]

On the effective date of the merger, the district ceases to exist and all district funds and all district property is vested in the city. (§§ 57525 & 57526.) The city becomes liable on all debts of the merged district. (§ 57531.) The city must use district funds and property to pay outstanding bonds and other obligations of the merged district. (§ 57528.) If any debts are to be paid from taxes levied on property in the district, the city council will collect those taxes as they become due as provided for under the principal act of the merged district. (§ 57529.) All funds that are unencumbered by debt may be used for any lawful purpose by the city, however, the city, "so far as may be practicable," shall use those funds to benefit the land and inhabitants within the former merged district area. (§ 57533.)

c. Effective Date

Finally, the merger's effective date is the date set forth in LAFCO's resolution, so long as it is neither earlier than the date the certificate of completion is executed, nor later than nine months after an election in which the majority of voters vote for the merger. (§ 57202(a).) If LAFCO's resolution does not establish an effective date, the merger is effective on the date the merger is recorded by the county recorder, or if there are two counties involved, on the last date of recordation. (§ 57202(c).)

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[27] *See*, Footnote 24.

[28] *See*, Footnote 25.

[29] *See*, Footnote 26.

4. **Petition-Initiated Merger**

A district of limited powers which overlaps a city may be merged into a city by petition signed by the requisite number of registered voters or landowners, depending upon the specifics of the district's statutory authorization. Prior to circulating any petition, however, the proponents for change of organization must file a notice of intention to circulate a petition with LAFCO. (§ 56700.4(a).) After a notice of intention to circulate the petition is filed, the petition may be circulated for the appropriate signatures. (§ 56700.4(b).) For a merger, voters or landowners must sign a petition as follows:

(a) For a registered voter district, by either of the following:

(1) Five percent of the registered voters of the district.

(2) Five percent of the registered voters residing within the territory of the city outside the boundaries of the district.

(b) For a landowner-voter district, by either of the following:

(1) Five percent of the number of landowner-voters within the district who also own not less than 5 percent of assessed value of land within the district.

(2) Five percent of the registered voters residing within the territory of the city outside the boundaries of the district.

(§ 56866.)

The petitioners must submit an Application for merger to the LAFCO Executive Officer of the principal county. (§ 56658(a).) The Application must contain those elements set forth in Appendix "B" to this Memorandum. Additionally, the petition must contain all of the requirements delineated in Section 56700 attached to this Memorandum as Appendix "C." Once a petition is qualified by the Executive Officer, the Executive Officer issues a certificate of filing to the applicant. (§ 56658(d)-(h).) Within 90 days of issuing the certificate of filing, the Executive Officer must set a hearing. (§ 56658(h).)

Before LAFCO may take action on a merger proposal, LAFCO must hold a public hearing on the proposal or report and recommendation of a reorganization committee. (§ 56662(b).) Section 56668 requires LAFCO to consider the factors set forth in Appendix "A" to this Memorandum in evaluating the proposal. LAFCO may also impose terms and conditions pursuant to Section 56885.5 and 56886.

a. Protest/Election/Certificate of Completion

LAFCO is required to place a merger before the voters, if written protests have been filed meeting the requirements of Section 57107(b)(1), where a subject agency has not objected by resolution to the proposal, or Section 57107(b)(2), where a subject agency has objected by resolution to the proposal. (§ 57107(a).) These threshold limits are delineated in Section C(3)(a), above. Notwithstanding Section 57107(b), the commission shall not order the merger without the consent of the subject city. (§ 57107(c).)

If LAFCO is required to submit a merger to the voters pursuant to Section 57107, the election will be held within the "entire territory of each district ordered to be merged with. . . or both within the district and within the entire territory of the city outside the boundaries of the district." (§ 57118(b).)[30] LAFCO's resolution must provide the question to be submitted to the voters, specify any merger terms and conditions, and state the vote required to confirm the merger. (§ 57115.) The election procedures and requirements are set forth in Section 57125 et seq.

If an election is held and the majority of voters vote against the merger, LAFCO must adopt a certificate of termination proceedings. (§ 57179.) However, if the majority of the voters vote for the merger, LAFCO Executive Officer must execute a certificate of completion confirming the order of merger. (§ 57177.)[31] If no election is required to be held, LAFCO must still execute a certificate of completion and make the requisite filings. (§ 57200.)

b. Effect of Merger[32]

On the effective date of the merger, the district ceases to exist and all district funds and all district property is vested in the city. (§§ 57525 & 57526.) The city becomes liable on all debts of the merged district. (§ 57531.) The city must use district funds and property to pay outstanding bonds and other obligations of the merged district. (§ 57528.) If any debts are to be paid from taxes levied on property in the district, the city council will collect those taxes as they become due as provided for under the principal act of the merged district. (§ 57529.) All funds that are unencumbered by debt may be used for any lawful purpose by the city, however, the city, "so far as practicable" shall use those funds to benefit the land and inhabitants within the former merged district area. (§ 57533.)

c. Effective Date

Finally, the merger's effective date is the date set forth in LAFCO's resolution, so long as it is neither earlier than the date the certificate of completion is executed, nor later than nine months after an election in which the majority of voters vote for the merger. (§ 57202(a).) If LAFCO's resolution does not establish an effective date, the merger is effective on the date the merger is recorded by the county recorder, or if there are two counties involved, on the last date of recordation. (§ 57202(c).)

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[30] *See*, Footnote 24.

[31] *See*, Footnote 25.

[32] *See*, Footnote 26.

5. Limitations on Merger

As stated above the subject city must consent to the merger. (§ 57107(c).)

D. ESTABLISHMENT OF A SUBSIDIARY DISTRICT

1. A Brief History

The procedures for establishment of a subsidiary district were established by the legislature in 1965 by the adoption of the District Reorganization Act of 1965, effective September 17, 1965 (Stats 1965 ch 2043 §§ 2), which added Government Code sections 56073, 56401, and 56405.

For purposes of the current version of the Act, the term "subsidiary district" is a district in which a city council is designated as, and empowered to act as, the ex officio board of directors of the district. (§ 56078.) A subsidiary district may be established if, upon the date of the commission's order, the commission determines that either of the following situations exist:

> (a) The entire territory of the district is included within the boundaries of a city.
>
> (b) A portion or portions of the territory of the district are included within the boundaries of a city and that portion or portions meet both of the following requirements.
>
> > (1) Represents 70 percent or more of the area of land within the district. . . .
> >
> > (2) Contains 70 percent or more of the number of registered voters who reside within the district as shown on the voters' register in the office of the county clerk or registrar of voters.

(§ 57105.)

2. LAFCO-Initiated Establishment of a Subsidiary District

LAFCO may initiate the establishment of a subsidiary district if it is consistent with a recommendation or conclusion of a study prepared pursuant to Sections 56378, 56425, or 56430, and LAFCO makes the determinations specified in Section 56881(b). (§ 56375(a)(3).) Sections 56378, 56425, and 56430 require LAFCO to study existing agencies, to make determinations regarding spheres of influence, and to conduct service reviews of the municipal services provided in the area for review. Section 56881(b) requires LAFCO to make all of the following determinations with regard to the proposed establishment of a subsidiary district:

> (1) Public service costs of a proposal that the LAFCO is authorizing are likely to be less than or substantially similar to the costs of alternate means of providing the service.

(2) The proposal promotes public access and accountability for community services needs and financial resources.

Before LAFCO may take action on a proposal for the establishment of a subsidiary district, LAFCO must hold a public hearing on the proposal. (§ 56662(b).) Section 56668 requires LAFCO to consider the factors set forth in Appendix "A" to this Memorandum in evaluating the proposal for the establishment of a subsidiary district.

All proposals for establishment of a subsidiary district must also consider merger.[33]

a. Protest/Election/Certificate of Completion

The protest and election procedures and the requirements for a certificate of completion for the establishment of a subsidiary district initiated by LAFCO are the same as the procedures applicable to LAFCO-initiated mergers, as more particularly described in Section C(2)(a), above.

b. Effect of the Establishment of a Subsidiary District[34]

On or after the effective date of the establishment of a subsidiary district, the city council shall be designated, and shall be empowered to act as the ex officio board of directors of the district. The district shall continue to operate as a separate legal entity with all of the powers, rights, duties, obligations, and functions provided for by the principal act, except for any provisions relating to the selection or removal of the members of the board of directors of the district. (§ 57534.) If a court determines that holding office both as a member of city council and as a member of the board of directors is incompatible, the court may order that person to vacate the board of director position but not the position on city council. (§ 57535.) The court must order the position on the board of directors to be filled in accordance with the principal act of the subsidiary district. (§ 57535.)

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[33] Section 56118 specifically provides: "Except for a proposal for the merger of a then existing subsidiary district, any proposal for a merger or establishment of a subsidiary district authorized by this division shall contain a request in the alternative, requesting either a merger or the establishment of a subsidiary district, as may be determined during the course of the proceedings. Any proposal requesting only merger shall be deemed to also include a request for the establishment of a subsidiary district and any proposal requesting only the establishment of a subsidiary district shall be deemed to also include a request for merger."

[34] This section of the Memorandum summarizes the default general conditions applicable to establishment of a subsidiary district, as set out in Section 57525 et seq. Pursuant to Section 57302, these general conditions only apply if LAFCO does not impose any of the specific terms and conditions authorized under Section 56886. In the event LAFCO does impose terms and conditions under Section 56886, Section 57302 states that those terms and conditions become the "exclusive terms and conditions of the change of organization or reorganization and shall control over the general provisions of this part." The language in Section 57302 conflicts with newly enacted revisions to Section 56886, which specifies that terms and conditions imposed under Section 56886 "shall prevail in the event of a conflict between a specific term and condition authorized [pursuant to Section 56866] and any of the general provisions [set out at Section 57300 et seq.]." The Legislative Committee of CALAFCO will undertake a review of the inconsistencies between Sections 56886 and 57302.

c. Effective Date of the Establishment of a Subsidiary District

The effective date for the establishment of a subsidiary district is the same as the effective date for a merger, as more particularly described in Section C(2)(c), above.

3. District-Initiated Establishment of a Subsidiary District

The legislative body of a district wishing to establish itself as a subsidiary district may submit a Resolution of Application to the LAFCO Executive Officer of the principal county. (§ 56658(a).) The Application must contain the components set forth in Appendix "B" to this Memorandum, which include, in part, a Resolution of Application (see Appendix "C") and a Plan for Providing Services (see Appendix "D").

Before the hearing, the Executive Officer must prepare a report on the Application including his or her recommendation on the Application and give a copy of the report to every affected district, agency, and city. (§ 56665.) At the hearing, LAFCO hears and receives written and oral protests and evidence as well as the Executive Officer's report and the Plan for Providing Services. (§ 56666.) Section 56668 requires LAFCO to consider the factors set forth in Appendix "A" to this Memorandum in evaluating the proposal. LAFCO may also impose terms and conditions pursuant to Section 56885.5 and 56886.

a. Protest/Election/Certificate of Completion

The protest and election procedures and the requirements for a certificate of completion for the establishment of a subsidiary district initiated by a district are the same as the procedures applicable to district-initiated mergers, as more particularly described in Section C(3)(a), above.

b. Effect of the Establishment of a Subsidiary District[35]

On or after the effective date of the establishment of a subsidiary district, the city council shall be designated, and shall be empowered to act as the ex officio board of directors of the district. The district shall continue to operate as a separate legal entity with all of the powers, rights, duties, obligations, and functions provided for by the principal act, except for any provisions relating to the selection or removal of the members of the board of directors of the district. (§ 57534.) If a court determines that holding office both as a member of city council and as a member of the board of directors is incompatible, the court may order that person to vacate the board of director position but not the position on city council. (§ 57535.) The court must order the position on the board of directors to be filled in accordance with the principal act of the subsidiary district. (§ 57535.)

c. Effective Date of the Establishment of a Subsidiary District

The effective date for the establishment of a subsidiary district is the same as the effective date for a merger, as more particularly described in Section C(3)(c), above.

[35] *See*, Footnote 34.

4. City-Initiated Establishment of a Subsidiary District

The legislative body of a city wishing to establish a subsidiary district may submit a Resolution of Application to the LAFCO Executive Officer of the principal county. (§ 56658(a).) The Application must contain the components set forth in Appendix "B" to this Memorandum, which include, in part, a Resolution of Application (see Appendix "C") and a Plan for Providing Services (see Appendix "D").

Section 56861 requires LAFCO to provide notice to subject districts within ten days of receiving such a proposal. Subject districts may then either 1) consent to the proposal or 2) adopt a resolution of intent to submit an alternative proposal. If a subject district files a resolution of intention to file an alternative proposal, the Executive Officer may not take further action on the original proposal for 70 days. (§ 56862.) If the subject district fails to submit an alternative proposal during that 70 day period, it is deemed to have consented to the original proposal. (Id.) If the subject district submits a timely alternative proposal, the Executive Officer will analyze and report on both the original proposal and the alternative proposal so that "both proposals may be considered simultaneously at a single hearing." (Id.)

Before LAFCO may take action on a proposal for the establishment of a subsidiary district, LAFCO must hold a public hearing on the proposal. (§ 56662(b).) Section 56668 requires LAFCO to consider the factors set forth in Appendix "A" to this Memorandum in evaluating a proposal for the establishment of a subsidiary district. LAFCO may also impose terms and conditions pursuant to Sections 56885.5 and 56886.

a. Protest/Election/Certificate of Completion

The protest and election procedures and the requirements for a certificate of completion for the establishment of a subsidiary district initiated by a city are the same as the procedures applicable to city initiated mergers, as more particularly described in Section C(3)(a), above.

b. Effect of the Establishment of a Subsidiary District[36]

On or after the effective date of the establishment of a subsidiary district, the city council shall be designated, and shall be empowered to act as the ex officio board of directors of the district. The district shall continue to operate as a separate legal entity with all of the powers, rights, duties, obligations, and functions provided for by the principal act, except for any provisions relating to the selection or removal of the members of the board of directors of the district. (§ 57534.) If a court determines that holding office both as a member of city council and as a member of the board of directors is incompatible, the court may order that person to vacate the board of director position but not the position on city council. (§ 57535.) The court must order the position on the board of directors to be filled in accordance with the principal act of the subsidiary district. (§ 57535.)

c. Effective Date of the Establishment of a Subsidiary District

The effective date for the establishment of a subsidiary district is the same as the effective date for a merger, as more particularly described in Section C(3)(c), above.

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[36] *See*, Footnote 34.

5. Petition-Initiated Establishment of a Subsidiary District

A proposal to establish a district of limited powers as a subsidiary district of a city may be initiated by petition. Section 56866 requires that the petition be signed as follows:

(a) For a registered voter district, by either of the following:

(1) Five percent of the registered voters of the district.

(2) Five percent of the registered voters residing within the territory of the city outside the boundaries of the district.

(b) For a landowner-voter district, by either of the following:

(1) Five percent of the number of landowner-voters within the district who also own not less than 5 percent of assessed value of land within the district.

(2) Five percent of the registered voters residing within the territory of the city outside the boundaries of the district.

Section 56861 requires LAFCO to provide notice to subject districts within ten days of receiving such a proposal. Subject districts may then either 1) consent to the proposal or 2) adopt a resolution of intent to submit an alternative proposal. If a subject district files a resolution of intention to file an alternative proposal, the Executive Officer may not take further action on the original proposal for 70 days. (§ 56862.) If the subject district fails to submit an alternative proposal during that 70 day period, it is deemed to have consented to the original proposal. (Id.) If the subject district submits a timely alternative proposal, the Executive Officer will analyze and report on both the original proposal and the alternative proposal so that "both proposals may be considered simultaneously at a single hearing." (Id.)

Before LAFCO may take action on a proposal for the establishment of a subsidiary district, LAFCO must hold a public hearing on the proposal. (§ 56662(b).) Section 56668 requires LAFCO to consider the factors set forth in Appendix "A" to this Memorandum in evaluating a proposal for the establishment of a subsidiary district. LAFCO may also impose terms and conditions pursuant to Section 56885.5 and 56886.

a. Protest/Election/Certificate of Completion

The procedures for protest, election and the requirements for the certificate of completion are the same as a petition-initiated merger, as more particularly described in Section C(4)(a), above.

b. Effect of the Establishment of a Subsidiary District[37]

On or after the effective date of the establishment of a subsidiary district, the city council shall be designated, and shall be empowered to act as the ex officio board of directors of the district. The district shall continue to operate as a separate legal entity with all of the powers, rights, duties, obligations, and functions provided for by the principal act, except for any provisions relating to the selection or removal of the members of the board of directors of the district. (§ 57534.) If a court determines that holding office both as a member of city council and as a member of the board of directors is incompatible, the court may order that person to vacate the board of director position but not the position on city council. (§ 57535.) The court must order the position on the board of directors to be filled in accordance with the principal act of the subsidiary district. (§ 57535.)

c. Effective Date of the Establishment of a Subsidiary District

The effective date for the establishment of a subsidiary district is the same as the effective date for a merger, as more particularly described in Section C(4)(a), above.

6. Limitations on the Establishment of a Subsidiary District

A proposal for the establishment of a subsidiary district cannot go forward without the consent of the subject city. (§ 57107(c).) Additionally a subsidiary district may only be established if on the date of LAFCO's order the statutory requirements regarding the amount of subsidiary district territory and the number of district voters within the governing city's territory are met.

[37] *See*, Footnote 34.

APPENDIX "A"

FACTORS

Section 56668.

Factors to be considered in the review of a proposal shall include, but not be limited to, all of the following:

(a) Population and population density; land area and land use; per capita assessed valuation; topography, natural boundaries, and drainage basins; proximity to other populated areas; the likelihood of significant growth in the area, and in adjacent incorporated and unincorporated areas, during the next 10 years.

(b) The need for organized community services; the present cost and adequacy of governmental services and controls in the area; probable future needs for those services and controls; probable effect of the proposed incorporation, formation, annexation, or exclusion and of alternative courses of action on the cost and adequacy of services and controls in the area and adjacent areas. "Services," as used in this subdivision, refers to governmental services whether or not the services are services which would be provided by local agencies subject to this division, and includes the public facilities necessary to provide those services.

(c) The effect of the proposed action and of alternative actions, on adjacent areas, on mutual social and economic interests, and on the local governmental structure of the county.

(d) The conformity of both the proposal and its anticipated effects with both the adopted commission policies on providing planned, orderly, efficient patterns of urban development, and the policies and priorities in Section 56377.

(e) The effect of the proposal on maintaining the physical and economic integrity of agricultural lands, as defined by Section 56016.

(f) The definiteness and certainty of the boundaries of the territory, the nonconformance of proposed boundaries with lines of assessment or ownership, the creation of islands or corridors of unincorporated territory, and other similar matters affecting the proposed boundaries.

(g) A regional transportation plan adopted pursuant to Section 65080.

(h) The proposal's consistency with city or county general and specific plans.

(i) The sphere of influence of any local agency which may be applicable to the proposal being reviewed.

(j) The comments of any affected local agency or other public agency.

(k) The ability of the newly formed or receiving entity to provide the services which are the subject of the application to the area, including the sufficiency of revenues for those services following the proposed boundary change.

(l) Timely availability of water supplies adequate for projected needs as specified in Section 65352.5.

(m) The extent to which the proposal will affect a city or cities and the county in achieving their respective fair shares of the regional housing needs as determined by the appropriate council of governments consistent with Article 10.6 (commencing with Section 65580) of Chapter 3 of Division 1 of Title 7.

(n) Any information or comments from the landowner or owners, voters, or residents of the affected territory.

(o) Any information relating to existing land use designations.

(p) The extent to which the proposal will promote environmental justice. As used in this subdivision, "environmental justice" means the fair treatment of people of all races, cultures, and incomes with respect to the location of public facilities and the provision of public services.

Section 56668.3.

(a) If the proposed change of organization or reorganization includes a city detachment or district annexation, except a special reorganization, and the proceeding has not been terminated based upon receipt of a resolution requesting termination pursuant to either Section 56751 or Section 56857, factors to be considered by the commission shall include all of the following:

(1) In the case of district annexation, whether the proposed annexation will be for the interest of landowners or present or future inhabitants within the district and within the territory proposed to be annexed to the district.

(2) In the case of a city detachment, whether the proposed detachment will be for the interest of the landowners or present or future inhabitants within the city and within the territory proposed to be detached from the city

(3) Any factors which may be considered by the commission as provided in Section 56668.

(4) Any resolution raising objections to the action that may be filed by an affected agency.

(5) Any other matters which the commission deems material.

(b) The commission shall give great weight to any resolution raising objections to the action that is filed by a city or a district. The commission's consideration shall be based only on financial or service related concerns expressed in the protest.

Except for findings regarding the value of written protests, the commission is not required to make any express findings concerning any of the factors considered by the commission.

Section 56668.5.

The commission may, but is not required to, consider the regional growth goals and policies established by a collaboration of elected officials only, formally representing their local jurisdictions in an official capacity on a regional or subregional basis. This section does not grant any new powers or authority to the commission or any other body to establish regional growth goals and policies independent of the powers granted by other laws.

APPENDIX "B"

CONTENTS OF A PROPOSAL APPLICATION

Each application must include the following information:

a. A petition or resolution of application initiating the proposal;

b. A statement of the nature of each proposal;

c. A map and description acceptable to the executive officer of the boundaries of the subject territory for each proposed change of organization or reorganization;

d. Any data and information as may be required by any regulation of the commission;

e. Any additional data and information as may be required by the executive officer pertaining to any of the matters or factors which may be considered by the commission;

f. The names of the officers or persons, not to exceed three in number, who are to be furnished with copies of the report by the executive officer and who are to be given mailed notice of the hearing.

(§ 56652.)

APPENDIX "C"

CONTENTS OF A RESOLUTION OR PETITION OF APPLICATION

A resolution of application must include the following:

a. State the proposal is made [pursuant to Part 3 of Division 3 of the Act [(§ 56650 et seq.)];

b. State the nature of the proposal and list all proposed changes of organization;

c. Set forth a description of the boundaries of the affected territory accompanied by a map showing the boundaries;

d. Set forth any proposed terms and conditions;

e. State the reason or reasons for the proposal;

f. State whether the petition is signed by registered voters or owners of land.

g. Designate not to exceed three persons as chief petitioners, setting forth their names and mailing addresses.

h. Request that the proceedings be taken for the proposal [pursuant to Part 3 of Division 3 of the Act (§ 56650 et seq.)]; and

i. State whether the proposal is consistent with the sphere of influence of any affected city or affected district.

(§§ 56654 and 56700.)

APPENDIX "D"

PLAN FOR PROVIDING SERVICES

Local agencies submitting a resolution of application for a change of organization must submit a plan for providing services which must include the following:

b. . . .

1. An enumeration and description of the services to be extended to the affected territory;

2. The level and range of those services;

3. An indication of when those services can feasibly be extended to the affected territory;

4. An indication of any improvement or upgrading of structures, roads, sewer or water facility, or other conditions the local agency would impose or require within the affected territory if the change of organization or reorganization is completed;

5. Information with respect to how those services would be financed.

(§ 56653(b).)

Brundage. Peter

From: Jim Templeton <jtemp84@gmail.com>
Sent: Wednesday, February 04, 2015 7:42 PM
To: Brundage. Peter
Subject: dispatch for herald fire
Attachments: call report pg1.pdf; report page 2.pdf

I have attached the dispatch information from the CAD system. Note several herald units went in foute within eight minutes. the retone was at the demnd of assistant chief grubba who explained to me the pagers failed to alret on the firsttone.
Poor weather conditions adversely affected our radio transmissions, however, it is fairly easy to extrapolate the arrival times.
Medic 46 was first on scene with water tanker 87 and engine 87 close behind. Engine 46 and the Wilton water tanker arrived shortly after.

Jim Templeton

@02/04/15 11:50:31 Message To: F1087 Message Rerouted From terminal: HEC8P1 1 #3283000?

Incident History for:#F15007737 02/04/15 11:48:09

CLOSED INCIDENT Closed PREM:
N3 38S3 S3 STRUCTURE FIRE CODE 3 JUR:38 BATT:B38 0116
15 #007737
LOC 12977 HERALD RD ,HER 180 2
097485000
btwn 11700 BORDEN RD & 11700 QUIGGLE RD (N)
SRC(911) KATHY 12977 HERALD RD CHEEK,
KATHLEEN
2097485000 Map:435D2 TB:420C3
MOBILE HOME FIRE...
RCV:01/16/15 034042 ENT:01/16/15 034134 DSP:01/16/15 034203 RSP:01/16/15 034429
ONS:01/16/15 035452
ENG:01/16/15 040324 AMB:01/16/15 035452 ALS:01/16/15 035452

/034134	ENTRY	(510167)	D11	MOBILE HOME FIRE...
/034140	SUGG	(********)		38RPTR (P-UNIT) M46+ (P-XPT) E87 (P-UNIT) E88 (P-UNIT) E287 (P-UNIT) E388 (P-UNIT) E387 (P-UNIT) WT88 (P-UNIT) WT87 (P-UNIT) WT81 (P-UNIT) 3801 (P-UNIT)
/034203	DISP	(510196)	38RPTR	[00,0] (P-UNIT)
/034203	$ASNCAS	(510196)	38RPTR	$38F15000011
/034203	ASSG	(510196)	M46	[00,0] (P-XPT)
/034203	$ASNCAS	(510196)	M46	$71F15000735
/034203	ASSG	(510196)	E87	[00,0] (P-UNIT)
/034203	ASSG	(510196)	E88	[00,0] (P-UNIT)
/034203	ASSG	(510196)	E287	[00,0] (P-UNIT)
/034203	ASSG	(510196)	E388	[00,0] (P-UNIT)
/034203	ASSG	(510196)	E387	[00,0] (P-UNIT)
/034203	ASSG	(510196)	WT88	[00,0] (P-UNIT)
/034203	ASSG	(510196)	WT87	[00,0] (P-UNIT)
/034203	ASSG	(510196)	WT81	[00,0] (P-UNIT)
/034203	$ASNCAS	(510196)	WT81	$81F15000021
/034203	ASSG	(510196)	3801	[00,0] (P-UNIT)
/034203	AIQ	(510196)	38RPTR	,Auto Alq
/034304	MISC	(510079)	M46	,VM LEFT FOR 3803 ***
/034331	SUPP	(510167)		TXT: UNK IF OCCUPIED...ACCESS THRU GRAVEL ROAD ON SOUTHSIDE OF LOC/RP WILL UNLOCK GATE
[illegible]	MISC	(510196)		[illegible]
[illegible]	[illegible]	(510196)		
[illegible]	ENROUT	[illegible]	M46	[02:26]
[illegible]	ENROUT	[illegible]	WT81	[02:52]
[illegible]	MISC	(510196)	3801	,B/U LL
[illegible]	MISC	(510196)		,V/M LEFT FOR 3803
[illegible]	ENROUT	(510079)	E87	[05:22]
				,AWAITING [illegible]
[illegible]	ENROUT	(510079)	3801	[08:05]
[illegible]	ENROUT	[illegible]	E88	[10:22]
[illegible]	ENROUT	[illegible]	WT87	[10:28]

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/035329   MISC    (510196  ) E46          [00.0] (P-EXIT)
/035329   VOICED  (510196  )
/035332   MISC    (510079  ) WT46         .VIS FLAMES FROM RDWY
/035432   ONSCNE  (510079  ) WT46         [12:49]
                                          .FULLY INV MOBILE HOME, BYSTANDER STATES UN
                                          OCCUPIED
/035532  *ENROUT  (717153  ) E46          [02:23]
/040324  *ONSCNE  (717153  ) E46          [09:55]
/040431   ONSCNE  (510079  ) WT81         [23:28]
/041309   ASSGOS  (510079  ) 3802         [IBO]
                                          .REQ SMUD TO CUT POWER
/041415   MISC    (510079  ) 3802         .ETA FOR SMUD 45 MIN
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/042936   AIQ     (510079  ) E388
/042936   AIQ     (510079  ) E387
/042938   AIQ     (510079  ) WT83
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/055818   AOR     (510079  ) WT81
/063852   MISC    (510079  )              .HERALD UNITS AND E46 STILL COMITTED PER 38
                                          02
/072533   CHGCHN  (510090  )  Channel: A6   --> A3
/072552   MISC    (510090  )              .PER 3801, REL TAC. UNITS REMAINING OS FOR
                                          WOP UP
/072654  *AOR     (717153  ) E46
/075842   AOR     (510090  ) WT87
/075842   AOR     (510090  ) 3802
/080231   AOR     (510090  ) E87
/080814   AOR     (510090  ) E83
/080814   AOR     (510090  ) 3801
/080817   CLOSE   (510090  )


+++3
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Agenda Item No. 6

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

1112 I Street, Suite #100
Sacramento, California 95814
(916) 874-6458

June 3, 2015

TO: Sacramento Local Agency Formation Commission

FROM: Peter Brundage, Executive Officer

RE: Herald Fire Protection District Status Update (LAFC 06-14)

RECOMMENDATION:

Receive and File the status report on the Herald Fire Protection District.

DISCUSSION:

Status of Current Operations

Staffing

The Herald Fire Protection District is currently recruiting for additional volunteer firefighters as well as a permanent Fire Chief. The Board of Directors is still approving all new hires.

Financial Audit and Accounting Procedures

The District has hired Richardson and Company to conduct a financial audit of the District. The audit is in progress, however, at this time the date of completion has not been determined. District staff recognizes the need to complete the audit and implement appropriate accounting practices, policies, and procedures related to expenditure control and internal control procedures.

In addition, the District has hired an independent Certified Public Accountant to research financial information from previous years needed to complete the audit. Similar to Rio Linda Elverta Community Water District, the financial records of the Herald Fire Protection District are incomplete and lacking. Therefore, the initial audit may not be able to issue a favorable opinion as the current financial condition of the District unless past information can be found.

Budget

The District has prepared the Proposed Budget for FY 2015-16 as required by State law. The Fire Chief is proposing that the District budget approximately $160,000 for contingencies. The Proposed Budget is balanced and should be adopted in accordance with State law.

Operations and Maintenance

The District is currently working on upgrading and repairing equipment as needed. At the present time equipment and fire engines are operational and there are not any unmet equipment issues.

Training

The Fire Chief has indicated that they will be working on establishing appropriate training for all staff and volunteers.

Conclusion

District staff realizes that it may take a while to make all the necessary changes and improvements. However, it appears that they have been willing to acknowledge and also identify the issues in order to evaluate the appropriate course of action to be taken.

District staff will be working with the Board of Directors to establish the priority actions to address both concerns raised by the community and the Sacramento Grand Jury.

LAFCo staff will continue to monitor the status of District compliance with these issues and will provide any assistance that we can.

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

Respectfully,

Peter Brundage
Executive Officer

Agenda Item No. 6

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

1112 I Street, Suite #100
Sacramento, California 95814
(916) 874-6458

August 5, 2015

TO: Sacramento Local Agency Formation Commission

FROM: Peter Brundage, Executive Officer

RE: Herald Fire Protection District Status Update (LAFC 06-14)

RECOMMENDATION:

Receive and File the status report on the Herald Fire Protection District.

DISCUSSION:

Status of Current Operations

Staffing

The Herald Fire Protection District is currently recruiting for additional volunteer firefighters as well as a permanent Fire Chief. The Board of Directors is still approving all new hires.

The current Fire Chief, Jim Templeton has recently resigned. The Board of Directors has appointed an Interim Fire Chief and hopes to recruit a permanent chief within 60 to 90 days.

Financial Audit and Accounting Procedures

The District has hired Richardson and Company to conduct a financial audit of the District. The audit is in progress, however, at this time the date of completion has not been determined. District staff recognizes the need to complete the audit and implement

appropriate accounting practices, policies, and procedures related to expenditure control and internal control procedures.

The audit is currently in progress.

Budget

The District has prepared the Proposed Budget for FY 2015-16 as required by State law. The Fire Chief is proposing that the District budget approximately $160,000 for contingencies. The Proposed Budget is balanced and should be adopted in accordance with State law.

Policy and Procedures

The District is in the process of updating their Policies and Procedures as recommended by the Sacramento Grand Jury. The Board adopted several of the Policies on June 17, 2015 and staff is reporting back at future meetings on the outstanding issues related the remaining Policies and Procedures.

Operations and Maintenance

The District is currently working on upgrading and repairing equipment as needed. At the present time equipment and fire engines are operational and there are not any unmet equipment issues.

The District has agreed to purchase four fire engines from the Wilton Fire Protection District subject to confirming if the fire engines are in good repair. Note: the Wilton Fire protection is in the process of replacing these vehicles during the next several months.

Training

The Fire Chief has indicated that they will be working on establishing appropriate training for all staff and volunteers.

Sacramento Grand Jury

I have the attached the Sacramento Grand Jury FY 2014-15 Final Report related to the Herald Fire Protection District.

Conclusion

District staff realizes that it may take a while to make all the necessary changes and improvements. However, it appears that they have been willing to acknowledge and also identify the issues in order to evaluate the appropriate course of action to be taken.

District staff will be working with the Board of Directors to establish the priority actions to address both concerns raised by the community and the Sacramento Grand Jury.

LAFCo staff will continue to monitor the status of District compliance with these issues and will provide any assistance that we can.

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

Respectfully,

Peter Brundage
Executive Officer

Attachments

Sacramento Grand Jury FY 2014-15 Final Report

A FIRESTORM RAGING IN HERALD

REASON FOR INVESTIGATION

The Herald Fire Protection District (HFPD) is an independent special district, charged with providing fire, rescue and medical emergency services to the Herald community in southeast Sacramento County. These services are carried out largely by volunteer firefighters. The District is governed by a five member, elected Board of Directors.

The Grand Jury initiated an investigation centered on three issues: (1) is the Board of Directors effectively managing the District's fiscal affairs; (2) is the Fire Chief employing sound, legal personnel practices; and (3) is the Board effectively and transparently implementing sound governance policies and practices?

Findings: The Grand Jury found many operational deficiencies in the District, including inadequate internal accounting controls and outdated governance policies.

Recommendations: Pertinent to District personnel, the Grand Jury recommended that a better internal accounting control system be established to guard against misappropriation of District assets; the District should review and adopt policies that conform to the Firefighters' procedural Bill of Rights Act; and the Board of Directors should review and update as needed, all governance policies and the District's Master Plan. The Grand Jury also recommended that the County Auditor (Department of Finance) conduct an audit of the District's finances; and the Sacramento Local Agency Formation Commission (LAFCo) conduct a Municipal Services Review.

RESPONSES

District: The Board and interim Fire Chief agree with the Grand Jury's recommendations and are in the process of implementing changes to existing processes and policies.

County: The Department of Finance (DOF) responded that Government Code 26909 requires special districts to have an audit. This code allows a district to procure its own audit services or the County Auditor can make or contract with a certified public accountant to conduct an independent audit. The Department will try to help the District procure a qualified auditor in early
2015.

LAFCo: As of September 3, 2014, LAFCo has begun the Municipal Service Review (MSR) process. The District provided initial responses to a LAFCo questionnaire. Prior to finalizing the MSR, LAFCo will evaluate the viability of reorganization/consolidation of fire and emergency services with another nearby fire district. In the event consolidation is not feasible, LAFCo will assist the District to correct management and governance deficiencies.

2014-2015 GRAND JURY COMMENTS

The Grand Jury notes that all required responses to this investigation were submitted in compliance with Penal Code sections 933 and 933.05. In the period following the issuance of the 2013-2014 Grand Jury Final Report, many changes have occurred at the Herald Fire Protection District including: the Fire Chief, Administrative Assistant and three sitting Board members resigned; Board Director vacancies were filled with the November 2014 elections: a new Chairman of Board of Directors was appointed; and the Board engaged the services of a private auditing firm to perform a comprehensive audit of District finances. It appears that the interim Fire Chief (former Fire Chief of the Galt Fire Protection District) is trying to address operational improvements. However, residents continue to express concerns that emergency response time is compromised because volunteer firefighters are resigning from service with the District.

This Grand Jury has confidence that with new leadership and assistance from both the County and an experienced auditing firm, past deficiencies in the District will be corrected. In time, the greater Herald community will have renewed assurance that the Herald Fire Protection District in meeting its fire, rescue, and medical emergency obligations.

The Galt Herald ONLINE

NEWS

HFPD approves first set of policies after Grand Jury recommendation

Print Page

By Bonnie Rodriguez - Managing Editor

Published:
Wednesday, June 24, 2015 1:00 PM CDT

Directors over the Herald Fire Protection District voted to approve four board policies at the June 17 regular meeting, while two additional policies failed to pass.

The small fire district had received a recommendation from the Sacramento County Grand Jury last June to review and update their policies; this is the first set of policies the board has approved since the recommendation.

In December of last year, the board of directors appointed a policy advisory committee to review existing board policies and report back recommendations.

Among those approved last week are code of ethics for the board of directors, and board member conduct policies, policy numbers 4010 and 4015, respectively. These two policies address a number of expectations for proper behavior of board members and, according to committee members, follow similar guidelines outlined in various other fire district policies. Board Policy 4010 passed with a unanimous vote, while policy 4015 passed with a 4-1 vote with chairperson Cheryl Sheldon voting against the policy.

Sheldon took issue with a sentence in the policy that states that board members would be responsible for attorney fees accrued if that board member did not have direction from the other board members to seek counsel.

"Any action to contact legal counsel or the incurring of any other expense by an individual director shall become the responsibility of that individual director, and will not be reimbursed by the district," the policy reads.

Sheldon's concern was that, as chair, she may need to seek legal counsel for placing sensitive items on an agenda.

Jim Aschwandon, chair of the policy advisory committee, assured directors that this policy did not prevent such actions and that the board can grant authority to an individual board or administrative member.

Board policies 5010 and 5020 were passed unanimously with a few amendments to 5020.

Policy 5010 addresses protocol for calling and posting board meetings, and includes established meeting day, time and location. The policy also addresses when special meetings can be called and when to hold an organizational meeting. Policy 5020 gives the board direction on how to create the meeting agenda.

The board also considered board policies 5030 and 5070; however, Sheldon, along with board members Lance Newhall and De Carson, voted against adopting the two policies that address board meeting conduct and rules of order.

Both policies require board members to use Robert's Rules of Order as a "general guideline" for meeting protocol, rules of order adhered to by most forms of governmental agencies. Sheldon said she felt that Robert's Rules were too rigid and indicated that it was her understanding that other fire districts did not follow Robert's Rules and, instead, led a more casual meeting.

Turning the floor over to Interim Fire Chief Jim Templeton, Sheldon looked to him for confirmation.

"California special district authority does not propose following Robert's Rules of Order in a strict sense," Templeton told the board at the June 17 meeting. "They believe that you can pass appropriate policies and procedures to handle your board agendas and meetings, and I agree. I feel that that's a rigid guideline. Assuming that you have appropriate procedures in place, you can have productive meetings perfectly respectful ... without going through rigid guidelines ... The special district authority is statewide that's not something that they really agree with."

Guidelines made available by the California Special Districts Alliance, a partnership between CSDA, the CSDA Finance Corporation and the Special District Risk Management Authority (SDRMA), can be found on the California Special District Association's website. The website offers a quick glance reference for special districts based on Robert's Rules of Order.

The reference starts by stating:

"Parliamentary procedure is a set of rules for conducting business at meetings in an orderly and productive fashion. Robert's Rules of Order have been adopted by many organizations and assemblies, including the governing boards of special districts, to help them establish their procedural rules of order and manage their meetings effectively. Using parliamentary procedure enables a special district governing board to consider and act upon the greatest number of issues in the shortest amount of time, while promoting a deliberative process of full and free discussion."

The quick reference guide continues with instruction on order of business, different types of motions, the proper way to handle motions, and other parliamentary procedures all based on Robert's Rules of Order.

The CSDA website also referred special districts to the Robert's Rules of Order website for further information.

At the end of the discussion, Sheldon confirmed that the policies did not pass and indicated that they need more clarification about Robert's Rules of Order.

Brundage. Peter

From: Lockhart. Don
Sent: Wednesday, July 29, 2015 3:38 PM
To: Brundage. Peter

Templeton tenders resignation

Fire board to search for short-term interim

Published:
Wednesday, July 29, 2015 12:11 PM CDT

Herald Fire Protection District (HFPD) directors met yesterday, Tuesday, July 28 in closed session during a special meeting to discuss fire district personnel and possible litigation.

Reconvening after closed session, chairperson Cheryl Sheldon reported that the board accepted the resignation of Interim Fire Chief Jim Templeton.

"The board has agreed unanimously to accept the immediate and irrevocable resignation of Chief Templeton," Sheldon said.

The chair went on to explain that the board also agreed that the assistant chief, Sandra Hendrickson, would assume the duties in the absence of a chief and to call a meeting as soon as possible to interview and possibly hire an interim chief as well as review and approve a submitted fire chief job description.

The board hopes to fill the permanent position in the next 60 to 90 days.

Templeton's resignation comes after a 9-1-1 call was placed from Station 87.

According to the Sacramento County Sheriff's office, the call came in at 9:39 a.m. The caller, who identified themselves as an employee, reported that there was a verbal altercation between an employee and employer. A deputy responded to the call and mediated the scene.

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Fire board votes to purchase vehicles, pending quality check

By Bonnie Rodriguez - Managing Editor

Published: Wednesday, July 29, 2015 12:11 PM CDT

Herald fire to possibly add four trucks to fleet

Herald Fire Protection District (HFPD) directors voted 3-2 to purchase four vehicles from Wilton Fire Protection District (WFPD) at last Wednesday's meeting, pending maintenance inspection. Directors Lance Newhall and De Carson were the dissenting votes.

HFPD directors were able to view two of the trucks on July 15, when Wilton personnel brought the two vehicles to what was supposed to be a regular HFPD board meeting. That meeting was postponed until last Wednesday, July 22.

At the July 22 meeting, Wilton Assistant Fire Chief Jim Graham and Captain Alex Carl presented information about the four vehicles. WFPD has two Type 1 engines available, as well as two water tenders. Individually priced, the four vehicles would cost $70,000. Each Type 1 engine is priced at $20,000, and each of the water tenders is priced at $15,000. WFPD is offering to sell all four of the vehicles to their neighboring district HFPD for $56,000.

Graham explained that the water tenders have a remote control on the nozzle. According to Graham, one person can basically take it to the head of a fire, move it, sweep back and forth with the remote control on the nozzle and put out the fire.

"It's very efficient, especially for a department that doesn't have a lot of personnel," said Graham. "One person can put out a lot of fire with this."

The four vehicles are in service now and WFPD is in the process of purchasing replacement emergency apparatuses, however, one Type 1 engine is available now to make the move over to Herald. Graham indicated that the first water tender would be available early September, the second water tender would be ready to transfer early October, and the final Type 1 engine would be available late October.

The four vehicles will come fully equipped with radios, ladders and hoses.

"We're throwing in the radios," said Graham. "You'd have four rigs with radios ready to go, where you don't have to do anything, and they have ladders and hoses. We feel it's a win for both districts. All you have to do is take Wilton off and put Herald on."

Keeping things light, Graham added, "And the chief told me that, if you buy all four, he's going to throw in a free tank of water for each truck."

Director Carson was concerned about the budget.

"I feel we should complete that (the budget) before we purchase vehicles and leave ourselves short funded."

Director Newhall asked Interim Fire Chief Jim Templeton what his thoughts were.

"The two Type 1 engines really don't have a practicable value for us in this area; we need engines that have more flexibility, capability," Templeton said.

Templeton said his recommendation would be to look into purchasing the two water tenders.

Director Brian Hurlbut had looked into the Wilton apparatuses and was reporting back to the rest of the board. Included in his report was a review of current Herald fire equipment given to Hurlbut by a Herald firefighter. According to the list, many of the HFPD vehicles have significant mechanical issues.

"I think one of the best things we can do as a district is to update our equipment," said Director Don Siegalkoff. "We certainly need to upgrade our units. I think we would be much better served to buy all four and trade out the ones we have and sell to pay back the fund. I don't believe some of these units (HFPD vehicles) are in the shape that we would like to think they are. We need to go ahead and buy these units."

Hurlbutt agreed, "I'd like to make the motion that we purchase these four units from Wilton; they'll do a lot of good for our district and improve our capabilities and response."

Originally, the motion to purchase the trucks failed, with Hurlbut and Siegalkoff casting the only two affirmative votes.

Chairperson Cheryl Sheldon made a motion to purchase the two water tenders at $30,000, which was seconded by Siegalkoff.

Upon further discussion, Sheldon voiced her concern about the condition of the four Wilton vehicles.

"My concern would be having them checked out before we even think of purchasing them, not just taking it on their word that there's no leaks or problems with them," said Sheldon.

WFPD contracts out to Cosumnes Fire Department to maintain the district's fleet and, according to Graham and Carl, the four trucks are in good working order.

"We can approve the purchase on the contingency that they pass the inspection," said Hurlbut. "If they don't pass the inspection, then we don't purchase them."

Hurbut said that he believed that the mechanic from CSD could inform the board about the condition of the apparatuses.

"They've got all the records, all the service on that vehicle," said Hurlbut. "We can have them look at them again, tell us if they're functional, if there's any leaks or problems with them and, if it's a problem, then we can negate that part of the sell."

Sheldon amended her motion to include purchasing all four trucks on the condition that a mechanic looks at the vehicles and the board has a chance to review the report prior to the purchase being finalized.

Newhall still was uncomfortable with purchasing the vehicles.

"I feel like we're jumping the gun," said Newhall. "I don't think we have enough information to make a decision about the four. I don't have a problem with the small water trucks; it just seems like we're jumping the gun."

Siegalkoff made mention that the district spent thousands of dollars upgrading office equipment.

"We spend money on whatever hot fancy somebody has at the time, be it a new computer, paving the parking lot, whatever it might be, instead of upgrading our equipment," said Siegalkoff. "We've got trucks we know are not in great shape; get rid of those."

Siegalkoff went on to remind the board that the important issue was the public's safety.

"These are good solid trucks from everything I can see, from everything we've been told," said Siegalkoff. "If we get a mechanic that confirms that, we need to move forward. We keep finding excuses to drag our feet on things, and the public is not being served. We are not fulfilling our fiduciary duty, in my opinion."

Ultimately, the vote was 3-2 in favor of purchasing the Wilton trucks, contingent upon the mechanic's review.

Agenda Item No. 5

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

1112 I Street, Suite #100
Sacramento, California 95814
(916) 874-6458

November 4, 2015

TO: Sacramento Local Agency Formation Commission

FROM: Peter Brundage, Executive Officer

RE: Herald Fire Protection District Status Update (LAFC 06-14)

RECOMMENDATION:

Receive and File the status report on the Herald Fire Protection District.

DISCUSSION:

Status of Current Operations

Staffing

The Herald Fire Protection District is currently recruiting for additional volunteer firefighters as well as a permanent Fire Chief. The Board of Directors is still approving all new hires.

At the present time, the District has approximately 8 active volunteers, however; only one volunteer has completed the necessary certifications as required. The District is in the process of training and conducting classes to meet the required certifications and qualifications for all of the volunteers.

The District is also in the process of hiring a permanent fire chief. The District has approximately 18 applications. The Board will be screening and conducting interviews during the month of November. The objective is to hire a new fire chief by December.

Financial Audit and Accounting Procedures

The District has hired Richardson and Company to conduct financial audits of the District from 2009 to the current year. In order to complete the audit the District has hired a forensic accountant to analyze a separate checking account that was created to account for administration and management of the district's building which is rented out on a regular basis. The checking account has been closed, but the accounting records were poorly maintained. The accountant is attempting to reconstruct the financial records of this account from available data. The transactions for the District fire operations are generally in order which account for a significant portion of the budget.

The audit is in progress, however, at this time the date of completion has not been determined. District staff recognizes the need to complete the audit and implement appropriate accounting practices, policies, and procedures related to expenditure control and internal control procedures.

Budget

The District has prepared the Proposed Budget for FY 2015-16 as required by State law. The Fire Chief is proposing that the District budget approximately $160,000 for contingencies. The Proposed Budget is balanced and adopted in accordance with State law.

Policy and Procedures

The District is in the process of updating their Policies and Procedures as recommended by the Sacramento Grand Jury. The Board adopted revisions or confirmed existing policies and staff is reporting back at future meetings on the outstanding issues related the remaining Policies and Procedures.

Operations and Maintenance

The District is currently working on upgrading and repairing equipment as needed. At the present time equipment and fire engines are operational and there are not any unmet equipment issues.

The District has agreed to purchase four fire engines from the Wilton Fire Protection District subject to confirming if the fire engines are in good repair. Note: the Wilton Fire protection is in the process of replacing these vehicles during the next several months.

The District has entered into a contract with Cosumnes Community Services District to repair and maintain equipment as needed. In addition, the District is selling surplus equipment.

Training

The Fire Chief has indicated that they will be working on establishing appropriate training for all staff and volunteers.

Rental Building

The District rents out a building for private and public use. The Fire Chief has reported to the Board that this facility is one of the core issues facing the District. He believes that the building has become the primary focus of District operations and interferes with the primary mission of fire suppression and emergency response.

This facility consumes a great deal of management and administrative time during the week because it is used frequently. It is also one of the main factors negatively impacting the financial audit.

The Fire Chief proposed that the Board solicit an RFP for a third party to operate and manage this facility to free up time for the District staff to pursue fire protection activities. While the Board agreed to review this issue, it appears that the Board is split on how and who should manage this facility. The fire chief will report back on various options to operate this facility.

Contract for Services

In the event that the District does not hire a permanent fire chief and in order to keep all options open, the fire chief requested approval to send out letters to surrounding fire districts to determine if any of them would be interested in entering into a contract for services. Basically, Herald Fire Protection District could contract with an adjacent fire district to manage and operate HFPD similar to Natomas Fire Protection District.

This model is currently being used in Placer County with several independent fire districts and has been efficient and cost effective solution. The Districts are able to maintain their identity and local control.

Conclusion

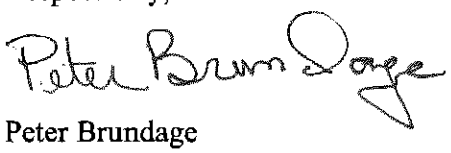
District staff realizes that it may take a while to make all the necessary changes and improvements. However, it appears that they have been willing to acknowledge and also identify the issues in order to evaluate the appropriate course of action to be taken.

District staff will be working with the Board of Directors to establish the priority actions to address both concerns raised by the community and the Sacramento Grand Jury.

LAFCo staff will continue to monitor the status of District compliance with these issues and will provide any assistance that we can.

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

Respectfully,



Peter Brundage
Executive Officer

Attachments

The Galt Herald ONLINE

NEWS

New chief delivers state of district to HFPD directors

Anatomy of an emergency also point of discussion

Print Page

By Bonnie Rodriguez - Managing Editor

Published:
Wednesday, September 23, 2015 12:37 PM CDT

Members of the Herald Fire Protection District board sat quietly as new interim Fire Chief Tony Corado reviewed the state of the small fire district last Wednesday night, Sept. 16.

Using terms like "we're hanging by a thread" and "high anxiety", Corado explained to directors that the small fire district is a bit smaller than previously thought.

Corado's evaluation started with staffing.

He explained that he was given a roster of 18 people when he arrived. Corado soon found, through researching participation over the previous 60 days, that five volunteers and two part-time people had no participation and/or training. That took the roster down to 12 people, two full-time, three part-time and seven volunteers. Of those seven, four responded to less than 10 calls in that 60 day period, and two responded to less than five calls.

"The point is, the workload of this fire department right now is pretty much on seven people's shoulders," said Corado. "Everyone needs to understand that. We're going to fires 24 hours a day and relying on only seven people; that is a lot of work."

Wanting to be careful in how he expressed his thoughts, Corado said that this situation gives him "high anxiety."

With this revelation, Corado went on to explain the anatomy of an emergency, including what is "reasonable" to expect from emergencies and what a "reasonable" level of service would look like.

Corado advised the board to discuss future policies regarding the service the district will provide the community. Telling the directors that they can qualify the district's service with a percentage, Corado used South Placer Fire District's service policy as an example. For a structure fire, South Placer committed to 13 people within seven minutes of the call at least 80 percent of the time, stating that no district can be there 100 percent of the time.

"What is our policy? 'We hope we get there'? If this continues to deteriorate, this could be a consideration," Corado said. "We can only build the service here on what is reasonable. It's tough to do with seven people."

Corado went on to explain the importance of staffing.

"I'm a believer in people first, equipment second and facilities third," said Corado. "People put out fires, but they can't put them out unless they have good equipment, and I could park them in your barn if I wanted. When it comes down to the nitty gritty, people are the issue."

When asked by an audience member whether or not the district was adequately staffed to respond to

most calls, Corado said, "We get to medical calls pretty well with 2-3 people each call. If we have a structure fire/grass fire, we have to have help from CSD or Wilton or somebody else to make up those 7-13 or what ever that bottom number is going to be."

Corado went on to discuss facilities, stating that the district has very poor radio reception and "incredibly poor communications with dispatch". And, although the portable radios get decent reception, the pagers are hit and miss.

One of Corado's big concerns was that the daily staff did not have a chief officer. Assistant Chief Sandra Hendrickson has been filling in as the chief officer and assistant chief, a problem according to Corado.

"There is no way to have an assistant chief act as a chief and act in the capacity as a company officer," said Corado. "She needs to be on that fire truck ... she needs to assist to put the fire out; there's no way she can act as a command officer."

This situation is escalated by not having a full-time permanent fire chief.

"Hopefully, I can fill in on those kind of things, but Sandra is on a fire truck trying to perform as the chief officer. At the same time you want her to fight, you don't want her to have to worry about these chief officer issues."

Corado asked what the district was going to do if things get worse.

His counsel was to look ahead.

"We need to start looking forward," said Corado. "I get a sense that we are spending a lot of time looking behind us. It's falling apart in your hands, folks, it's falling behind; there's only seven people."

Again Corado asked, "What if it gets worse?"

"I suggest we have a conversation on what we would do if it does get worse, I'm not saying that it's gunna happen but we're hanging by a thread. What happens if something happens to one of the employees that you're counting on?"

Corado told directors that they would start a new recruiting campaign later this month; however, the last recruiting period was unsuccessful. In light of the previous hiring efforts, Corado suggested that the district talk about reorganization, whether it be inside the district or beyond. Corado gave examples, such as utilizing five important positions within the district to build around and have complete and unified job descriptions, or possibly exploring the option of sharing a fire chief with another district like the six fire districts do in Placer County – six districts with only three fire chiefs.

Corado also told directors that they need to have discussion about consolidation or dissolution, if things do get worse.

"I think this community is ready to move forward," said Director Don Siegelkoff after the chief's presentation. "I don't think we can adequately move forward until we understand and recognize some of the issues that we did in the past. If you don't learn from history, then we'll commit ourselves to making the same mistakes. That being said, I would be shocked if there's anyone in this room that didn't see that what we got tonight and what's going on here isn't a vast improvement over what we had. That, in itself, should make an atmosphere more conducive to recruit."

The other directors agreed and expressed great gratitude for the employees that stayed through the changes.

"I'd like to thank the people who have been keeping this place running for these few months," said Director Lance Newhall. "Not much back up, thank you."

In an email after the meeting, HFPD Chairperson Cheryl Sheldon responded to Corado's first month assessments.

"The issues he addressed should not be a surprise to anyone," wrote Sheldon. "However I truly believe we are moving forward. The district has come a long way from a year ago, but we still have issues that

need to be fixed and corrected. In the last month or two, I feel the board of directors are all working and moving in that direction."

Sheldon pointed out that minutes are getting updated and ready to be placed on the agenda to be approved, policies are in motion to be reviewed, approved and adopted; the board approved a final budget for the next fiscal year, and the district approved the job description and posted an intent to hire for the position of Fire Chief.

For day to day operations Sheldon commended firefighter training.

"Our training for firefighters is going well," wrote Sheldon. "This training is essential for the safety of our firefighters and the community."

Overall, Sheldon feels that the safety of the community is most important, and a way to fulfill that responsibility is reliable staffing.

"The next big issue we have is increasing our volunteer staffing," wrote Sheldon. "We have had a core group of seven firefighters doing an amazing job of protecting our community for months. They need help. I'm hoping we can see this volunteer workforce increase as the district moves forward. I believe the safety of our community is the most important thing we need to keep talking about. I know we still have other issues to take care of, but I feel we are definitely moving in the right direction as a district."

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The Galt Herald ONLINE

NEWS

New interim fire chief to take charge Aug. 24

HFPD hires Corado

Print Page

By Bonnie Rodriguez - Managing Editor

Published:
Wednesday, August 12, 2015 11:59 AM CDT

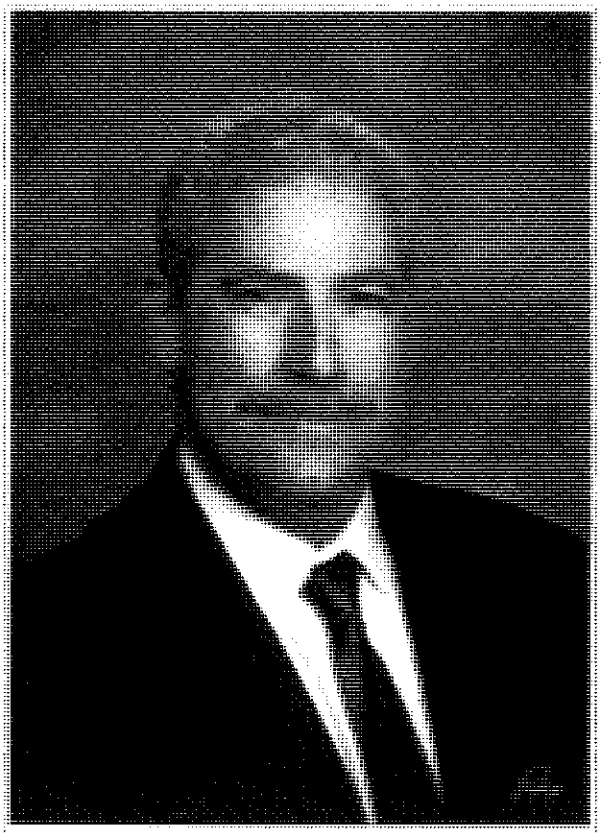
With a unanimous 4-0 vote on Monday, Aug. 10, directors for the Herald Fire Protection District (HFPD) agreed to hire Tony Corado as an interim fire chief with a start date of Aug. 24. Chairperson Cheryl Sheldon was absent.

Directors met in closed session before the open meeting to discuss the terms of the agreement with Corado. After returning to open session, acting chair De Carson explained to those in attendance that, before making a decision on whether or not to hire Corado, directors wished to receive public input.

Director Don Siegelkoff made a motion to hire Corado as interim for 90 days with the option to extend that time period if the need arose while searching for a permanent chief. Director Lance Newhall seconded the motion, allowing for further discussion on the matter.

Two residents asked questions about Corado and the board's expectations for the interim.

Carson explained that Corado would be expected to continue the work the previous interim was doing, including a working budget and overseeing current and future audits.



Courtesy photo - Tony Corado will take the lead for at least the next 90 days at Herald Fire Protection District.

Although currently retired from the firefighting industry, Corado currently consults for public and private entities on matters relating to fire and emergency protection issues.

Corado began and ended his career at South Placer Fire District. At the young age of 18, Corado volunteered at the small fire department while attending college.

Over the course of more than 30 years, Corado held the ranks of firefighter, crew chief, lieutenant, captain, battalion chief and finally began serving as fire chief in May 1998. Corado saw the small district grow to five fire stations that provide emergency response in Granite Bay, Loomis, Penryn and Newcastle.

Corado has served in many state and local organizations, including president of the Fire Agencies Insurance Risk Authority, committee chair for the Northern California Fire Prevention Officers Association, president of the Sacramento Valley Fire Prevention Officers Association, co-founder and president of the Placer/Nevada County Arson Taskforce, president of the Placer County Fire Chiefs Association, Placer County Operational Area Coordinator, chief of staff of the Western Placer Joint Powers Authority, president of the Granite Bay Kiwanis Club and currently serves as a trustee for the Eureka Union School District.

Corado has an associate's degree from Sierra College and is a graduate of the National Fire Academy's

four year Executive Fire Officer Program in Emmetsburg, Md.

Although not local to south Sacramento County, Corado is expected to serve full time hours for HFPD where he will be making $62.50 an hour.

Hoping to bank off of Corado's vast experience, HFPD directors hope to have Corado review a job description for a full-time fire chief and help the district to find a perfect match between the district and a new leader.

Directors hope they can get a permanent fire chief in place within 90 days.

HFPD's next regular meeting will be next week on Wednesday, Aug. 19 at 7 p.m., in Hendrickson Hall. It is hoped that Corado will be able to attend, despite his start date of Aug. 24.

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Agenda Item No. 5

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

1112 I Street, Suite #100
Sacramento, California 95814
(916) 874-6458

February 3, 2016

TO: Sacramento Local Agency Formation Commission

FROM: Peter Brundage, Executive Officer

RE: Herald Fire Protection District Status Update (LAFC 06-14)

RECOMMENDATION:

Receive and File the status report on the Herald Fire Protection District.

DISCUSSION:

Status of Current Operations

Staffing

The Herald Fire Protection District is recently hired a new Fire Chief. Chief Brown was formally a Deputy Fire Chief with the Wilton Fire Protection District. The District is still recruiting for additional volunteer firefighters.

At the present time, the District has approximately 8 active volunteers, however; only one volunteer has completed the necessary certifications as required. The District is in the process of training and conducting classes to meet the required certifications and qualifications for all of the volunteers.

Board of Directors

The Board has set up several sub-committees to address issues, develop recommendations and establish policies to improve management and district performance in order to improve communication and Board meetings.

Financial Audit and Accounting Procedures

The District has hired Richardson and Company to conduct financial audits of the District from 2009 to the current year. In order to complete the audit the District has hired a forensic accountant to analyze a separate checking account that was created to account for administration and management of the district's building which is rented out on a regular basis. The checking account has been closed, but the accounting records were poorly maintained. The accountant is attempting to reconstruct the financial records of this account from available data. The transactions for the District fire operations are generally in order which account for a significant portion of the budget.

The audit is in progress, however, at this time the date of completion has not been determined. District staff recognizes the need to complete the audit and implement appropriate accounting practices, policies, and procedures related to expenditure control and internal control procedures.

Organization Structure/Contract for Services

The District is analyzing the organizational structure of the District. Currently, the District has three full time employees and is required to contribute into Cal PERS for retirement. The District has an unfunded liability of approximately $450,000 which over time must be funded.

The Wilton Fire Protection District had a similar situation a number of years ago. Wilton FPD changed its organizational structure to eliminate retirement benefits for all employees. WFD contracts for staffing i.e., the District does not pay or contribute for retirement benefits.

Note: the new Fire Chief for Herald FPD was hired from Wilton FPD and is familiar with this organizational model. It appears that this model has been successful for the Wilton FPD.

This is a fundamental change that will be required to be implemented because of limited financial resources based on long term revenue projections.

Budget

The District has prepared the Proposed Budget for FY 2015-16 as required by State law. The Fire Chief is proposing that the District budget approximately $160,000 for contingencies. The Proposed Budget is balanced and adopted in accordance with State law.

Policy and Procedures

The District is in the process of updating their Policies and Procedures as recommended by the Sacramento Grand Jury. The Board adopted revisions or confirmed existing

policies and staff is reporting back at future meetings on the outstanding issues related the remaining Policies and Procedures.

Operations and Maintenance

The District is currently working on upgrading and repairing equipment as needed. At the present time equipment and fire engines are operational and there are not any unmet equipment issues.

The District has agreed to purchase four fire engines from the Wilton Fire Protection District subject to confirming if the fire engines are in good repair. Note: the Wilton Fire protection is in the process of replacing these vehicles during the next several months.

The District has entered into a contract with Cosumnes Community Services District to repair and maintain equipment as needed. In addition, the District is selling surplus equipment.

Training

The Fire Chief has indicated that they will be working on establishing appropriate training for all staff and volunteers.

Rental Building

The District rents out a building for private and public use. The Fire Chief has reported to the Board that this facility is one of the core issues facing the District. He believes that the building has become the primary focus of District operations and interferes with the primary mission of fire suppression and emergency response.

This facility consumes a great deal of management and administrative time during the week because it is used frequently. It is also one of the main factors negatively impacting the financial audit.

The District has not yet resolved the management of the District's rental facilities. The separate checking account for these facilities has been closed and all revenue is deposited into the District's General Fund.

At the present time the District is limiting the use of these facilities to residents living within the District boundaries. A long term solution still needs to be agreed upon by the Board of Directors and the community.

Conclusion

District staff realizes that it may take a while to make all the necessary changes and improvements. However, it appears that they have been willing to acknowledge and also identify the issues in order to evaluate the appropriate course of action to be taken.

District staff will be working with the Board of Directors to establish the priority actions to address both concerns raised by the community and the Sacramento Grand Jury. It appears progress in the right direction is being made.

LAFCo staff will continue to monitor the status of District compliance with these issues and will provide any assistance that we can.

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

Respectfully,

Peter Brundage
Executive Officer

Agenda Item No. 5

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

1112 I Street, Suite #100
Sacramento, California 95814
(916) 874-6458

April 6
~~February 3~~, 2016

TO: Sacramento Local Agency Formation Commission

FROM: Peter Brundage, Executive Officer

RE: Herald Fire Protection District Status Update (LAFC 06-14)

RECOMMENDATION:

1. Receive and File the status report on the Herald Fire Protection District.
2. Also see attached Fire Chief Report dated March 16, 2016

DISCUSSION:

Status of Current Operations

Staffing

The Herald Fire Protection District's recently hired Fire Chief Brown has resigned and has been replaced by James Hendricks, Volunteer Fire Chief.

The District has recently laid off all paid employees except for administrative support and only pays a stipend to all volunteers during training and while on duty. In addition, the Volunteer Fire Chief does not receive any salary or benefits or any other compensation.

At the present time, the District has approximately 20 active volunteers. The District is in the process of training and conducting classes to meet the required certifications and qualifications for all of the volunteers.

The proposed staffing model envisions that the District will have 24-hour staffing with 3 person crews. Also, this model intends to use local community residents. There appears to be a renewed interest in community residents participating as volunteer firefighters.

Other rural volunteer districts rely on a "residency" program. The "residency" program uses firefighters and paramedics who are attempting to gain experience and on the job training in order to qualify for permanent salaried positions in other fire agencies. The resident volunteers are paid a stipend while on duty and during required training.

Board of Directors

The Board has set up several sub-committees to address issues, develop recommendations and establish policies to improve management and district performance in order to improve communication and Board meetings.

Financial Audit and Accounting Procedures

The District has hired Richardson and Company to conduct financial audits of the District from 2009 to the current year. In order to complete the audit the District has hired a forensic accountant to analyze a separate checking account that was created to account for administration and management of the district's building which is rented out on a regular basis. The checking account has been closed, but the accounting records were poorly maintained. The accountant is attempting to reconstruct the financial records of this account from available data. The transactions for the District fire operations are generally in order which account for a significant portion of the budget.

The audit is in progress, however, at this time the date of completion has not been determined. District staff recognizes the need to complete the audit and implement appropriate accounting practices, policies, and procedures related to expenditure control and internal control procedures.

Organization Structure/Contract for Services

The District is analyzing the organizational structure of the District. At the present time, the Herald Fire Protection District is completely a volunteer fire district. The Volunteer Fire Chief is not compensated and volunteers are paid an hourly stipend when they are in training or responding to a call.

This is a fundamental change that has been implemented because of limited financial resources based on long term revenue projections. The District has a liability of approximately $450,000 for unfunded retirements with Cal PERS.

Budget and Expenditures

The District has prepared the Proposed Budget for FY 2015-16 as required by State law. The District is still attempting to determine outstanding debts from miscellaneous vendors and hopes to bring all accounts payable current in the near future.

Policy and Procedures

The District is in the process of updating their Policies and Procedures as recommended by the Sacramento Grand Jury. The Board adopted revisions or confirmed existing policies and staff is reporting back at future meetings on the outstanding issues related the remaining Policies and Procedures.

Operations and Maintenance

The District is currently working on upgrading and repairing equipment as needed. At the present time equipment and fire engines are operational and there are not any unmet equipment issues.

The District has purchased surplus equipment from the Wilton Fire Protection District. The District has also entered into a contract with Cosumnes Community Services District to repair and maintain equipment as needed. In addition, the District is selling surplus equipment.

Training

The Fire Chief has indicated that they will be working on establishing appropriate training for all staff and volunteers in ensure compliance with Cal OSHA and other required mandates.

Rental Building

The District rents out a building for private and public use. The Fire Chief has reported to the Board that this facility is one of the core issues facing the District. He believes that the building has become the primary focus of District operations and interferes with the primary mission of fire suppression and emergency response.

This facility consumes a great deal of management and administrative time during the week because it is used frequently. It is also one of the main factors negatively impacting the financial audit.

The District has not yet resolved the management of the District's rental facilities. The separate checking account for these facilities has been closed and all revenue is deposited into the District's General Fund.

At the present time the District is limiting the use of these facilities to residents living within the District boundaries. A long term solution still needs to be agreed upon by the Board of Directors and the community.

Conclusion

District staff realizes that it may take a while to make all the necessary changes and improvements. However, it appears that they have been willing to acknowledge and also identify the issues in order to evaluate the appropriate course of action to be taken.

District staff will be working with the Board of Directors to establish the priority actions to address both concerns raised by the community and the Sacramento Grand Jury. It appears progress in the right direction is being made.

LAFCo staff will continue to monitor the status of District compliance with these issues and will provide any assistance that we can.

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

Respectfully,

Peter Brundage
Executive Officer

Attachments

Herald Fire Protection District

Chief's Report

To: All Board Members

From: James Hendricks, Volunteer Fire Chief

Date: March 16, 2016

Calls:

- February call report will be deferred until the April Board Meeting.
- Training report will also be deferred until the April Board Meeting.
- We are currently updating the office computer system.

Vehicle Maintenance:

- The final vehicle purchased from Wilton has arrived and is awaiting some minor repairs/upgrades before going online.
- Serviced/purchased vehicle fire extinguishers for all District vehicles.
- Currently looking into the purchasing new Motorola 800 MHz portable and mobile radios.
- Recertified all ladders on the engines.

Building Maintenance:

- **Station 88**: Had propane tank filled and checked for leakes, HVAC has been tested and is in good working condition. Due to the storm conditions last week the light standard near the water tank collapsed

crashing into the SMUD emergency siren poll (to be repaired at a later date.)

- ***Station 87***: Reconfigured office computers and are in the process of installing new software. Purchased new OSHA regulation posters.

- Station 87, 88, and Hendrickson Hall had all fire extinguishers serviced.

EMS:

- In the process of completing an EMS inventory list for both stations.
- Purchased new EMS gear bags, p100 filter masks, and infectious control kits.
- Reestablished the EMT CE program through Sacramento County EMS.
- Finalizing a date for a Blood Borne Pathogen, First Aid, and CPR for Professional Rescuers class.

Prevention:

- Redesigned new burn permits.
- Signed off two homes for occupancy.
- Received new plan check for a single family dwelling.
- Started the Rancho Seco Park inspection for the new water supply system.

Personnel:

- Reestablished the employee annual health care checkup/fit test.
- Purchased new uniform t-shits for all staff hats to follow.
- See insert for recommended rehire/new hire list.

Herald Fire Protection District

People for Rehire & New Hire List

To: All Board Members

From: James Hendricks, Volunteer Fire Chief

Date: March 16, 2016

Rehire:

- Jillson, Tom
- Kitchener, Mark
- MacDonald, Don
- MacDonald, Forrest
- Duecker, John

New Hire:

- MacDonald, Patrick
- Hunt, Matthew

The Galt Herald ONLINE

NEWS

Herald Fire loses another leader as chief resigns

Special meeting tonight

Print Page

By Bonnie Rodriguez - Managing Editor

Published:
Wednesday, March 2, 2016 12:20 PM CST

Herald Fire Protection District (HFPD) finds itself searching for a leader once again as interim fire chief Brian Brown submitted his resignation last week.

The resignation comes on the heels of the interim's evaluation where the board unanimously gave Brown a superior review, giving Brown an "upstanding" in all categories during a special closed session on Tuesday, Feb. 23. It was at the end of this meeting that Brown verbally resigned from his position.

"I came to Herald to help and was perfectly willing to accept the liability that naturally comes with the job," Brown wrote in a resignation letter given to the board later in the week. "While cutting my hours to help reduce costs, demands were made of my reduced time, distracting my staff from accomplishing the goals that reduce my risks of personal liability. With that said, I must resign from the position."

Brown later told The Galt Herald that he was referring to demands for public records, many of which had already been distributed in board packets. These requests were made by a board member. Brown said that he offered to put the requests on the next meeting's agendas so the entire community could view them, but they were demanded for in a more timely manner.

"I couldn't keep providing records like that after each meeting with the limited staff and hours available and still make any kind of forward progress," said Brown.

Toward the end of the regular meeting on Feb. 17 during the chief's report, Brown asked the board as a whole what he should do about requests from board member Lance Newhall. Board chair Don Siegalkoff and members Lindsey Liebig and Brian Hurlbut, the only board members in attendance, unanimously agreed that Newhall's and other requests by board members should be brought to the chair of the board and placed on the next regular board meeting agenda.

However, after Brown notified Newhall of this decision, Newhall questioned the chain of command over public records and in an email asked the chief to inform him when he could pick up the items he requested.

Siegalkoff later notified Newhall about the decision made by the majority of the board during the previous session; however, Newhall once again emailed Brown indicating he expected to pick up the information he requested "on or before Feb. 29."

Brown contacted Chairman Siegalkoff regarding the request.

"Don, I received this request from Lance this morning; even after your instructions, he will not stop harassing the staff," Brown wrote in an email dated Feb. 19. "I am done with this harassment from director Newhall. This is only one of several requests or visits he has made that have created an uncomfortable work environment for me.

"I have no problem issuing public records as we all agreed to have this request in [an] open public meeting so there is nothing to hide; he just wants to harass. I am requesting an immediate leave of absence."

Brown had been working diligently to move Herald Fire to a 24-hour coverage fire district and recently implemented an all-volunteer workforce to help balance the budget.

"I would like to add that one of the goals was to increase the volunteer staff and their morale," Brown wrote in his letter. "Many of your seasoned/experienced volunteers have returned to their positions once provided with quality training and emergency scene safety, which was lacking prior to my arrival. These volunteers have humbled me in the high degree of services that they are providing your community. I implore you to support those volunteers. They are and have been your fire department!"

The three-person 24-hour staffing model was scheduled to begin in the middle of this month after Brown organized personnel.

"Brian Brown did more in less time to move our district forward than anyone could imagine," said Siegalkoff. "His talent and ability will be sorely missed."

After Brown's departure, the board chair looked to the next in command, James Hendricks, who had just been approved by the board the week prior to serve as the volunteer fire marshall.

"As a district, we are committed to continue on with our goals and are very fortunate to have someone like James Hendricks that is willing to step up to the challenges ahead," said Siegalkoff.

HFPD will hold a special meeting tonight, Wednesday, March 2 at Station 87 at 5 p.m. Directors are expected to discuss future staffing, including appointing Hendricks as the volunteer fire chief.

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The Galt Herald ONLINE

NEWS

New Herald Fire Protection chief ready to continue district's progress

Print Page

Hendricks receives support from volunteers, board

By Bonnie Rodriguez - Managing Editor

Published:
Wednesday, March 16, 2016 12:39 PM CDT

James Hendricks is the new Volunteer Fire Chief for Herald Fire Protection District.

When James Hendricks retired from Cosumnes Fire Department (CFD) just over two years ago, little did he know that his career in the fire industry was far from over.

After fellow CFD retiree Brian Brown stepped up to help Herald Fire Protection District (HFPD) start down the path of recovery, Hendricks volunteered to fill the vacant Fire Marshall position. Fast forward a few weeks and Hendricks now finds himself as the volunteer fire chief when Brown unexpectedly stepped down.

Now the newest leader, fifth in just under two years, is ready to help HFPD fulfill goals recently set by board members.

"I'm here to help and support decisions that have already been made," Hendricks said. "The district board members have already done the heavy lifting."

However, Hendricks has already done some heavy lifting of his own. According to Chairperson Don Siegalkoff, Hendricks has picked up from where Brown left off and has hit the ground running. The new chief has spent 10-12 hours a day since being installed at a special meeting on Wednesday, March 2, organizing both stations, reviewing and completing the district budget with the Budget Committee, checking apparatus, purchasing needed equipment, updating personnel files, conferring countless hours with the county and much, much more, all while still serving as a duty officer as emergency calls come in.

With all of this preparation, Hendricks hopes to be able to implement the 3-person 24-hour staffing model that was organized by Brown within the next 90 days.

Hendricks said he is humbled by the support he has been given, not just by the board, but also by the volunteer firefighters, a volunteer force that continues to grow.

Reestablishing the infrastructure for the district is not an easy task, and Hendricks acknowledges the plans set in motion by predecessor Brown and board members. Given the go-ahead, Hendricks has replaced dilapidated portable radios, updated the district's computer system, placed defibrillators on apparatus and is in the process of certifying personnel to run the lifesaving equipment. A pretty hefty resume, considering board members just approved Hendricks for the position just three weeks ago.

"James has really stepped up," said Siegalkoff. "He has done so much for this community in the little time that he has been in this position."

With nearly 20 volunteers currently "online" and several others waiting for their health care physicals, the growing volunteer department has had several emergency calls where many volunteers have responded, despite not having any permanent employees.

Hendricks said that these volunteers quite often appear at one of the fire stations asking what they can help with, even going as far as tidying up the grounds for a pending board meeting.

"Participation has been amazing," said Hendricks. "And no one is being paid. They are walking through the door asking, 'What can I do for you right now?' They're here for the love of the community, not a paycheck."

A volunteer himself, Hendricks currently is in the middle of a four-year term as an Arcohe School Board member. After retiring from CFD, Hendricks found himself being pulled back into emergency service when he began teaching driver's training for California Fire and Rescue.

Hendricks began his career in southern California, working as a paramedic/EMT. After a few years, Hendricks moved to the Galt area where he started working for Galt Fire Department. He stayed with the organization as it merged with Elk Grove to form the CFD. He retired after 25 years. During his time as an emergency responder, he served as an apparatus engineer, Rescue Tech for Sacramento County, Fire Prevention Officer, Arson Investigator and Fire Marshall.

Hendricks and his wife Stephanie have lived in Herald for over seven years and have two children, one attending Arcohe and one attending Liberty Ranch High School. The Hendricks family is active in 4-H, Boy and Girl Scouts and actively participate in school functions.

Hendricks said he encourages the Herald community to attend the monthly meetings to see what is happening with their fire district. The next monthly meeting for HFPD is tonight, Wednesday, March 16 at 7 p.m. at Hendrickson Hall.

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Agenda Item No. 8

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

1112 I Street, Suite #100
Sacramento, California 95814
(916) 874-6458

June 1, 2016

TO: Sacramento Local Agency Formation Commission

FROM: Peter Brundage, Executive Officer

RE: Herald Fire Protection District Status Update (LAFC 06-14)

RECOMMENDATION:

1. Receive and File the status report on the Herald Fire Protection District.

DISCUSSION:

Status of Current Operations

Staffing

The District has recently laid off all paid employees except for administrative support and only pays a stipend to all volunteers during training and while on duty. In addition, the Volunteer Fire Chief does not receive any salary or benefits or any other compensation.

At the present time, the District has approximately 20 active volunteers. The District is in the process of training and conducting classes to meet the required certifications and qualifications for all of the volunteers. The District continues to recruit new volunteers.

The proposed staffing model envisions that the District will have 24-hour staffing with 3 person crews. Also, this model intends to use local community residents. There appears to be a renewed interest in community residents participating as volunteer firefighters.

Other rural volunteer districts rely on a "residency" program. The "residency" program uses firefighters and paramedics who are attempting to gain experience and on the job training in order to qualify for permanent salaried positions in other fire agencies. The resident volunteers are paid a stipend while on duty and during required training.

Board of Directors

The Board has set up several sub-committees to address issues, develop recommendations and establish policies to improve management and district performance in order to improve communication and Board meetings.

The District has had two Board members resign over the last several months. The vacancies have been filled and three (3) members will be up for election this fall.

Financial Audit and Accounting Procedures

The District has hired Richardson and Company to conduct financial audits of the District from 2009 to the current year. In order to complete the audit the District has hired a forensic accountant to analyze a separate checking account that was created to account for administration and management of the district's building which is rented out on a regular basis. The checking account has been closed, but the accounting records were poorly maintained. The accountant is attempting to reconstruct the financial records of this account from available data. The transactions for the District fire operations are generally in order which account for a significant portion of the budget.

The FY 2009-10 audit is almost complete and should be done in the next couple of months District staff recognizes the need to complete the audit and implement appropriate accounting practices, policies, and procedures related to expenditure control and internal control procedures.

Organization Structure/Contract for Services

The District is analyzing the organizational structure of the District. At the present time, the Herald Fire Protection District is completely a volunteer fire district. The Volunteer Fire Chief is not compensated and volunteers are paid an hourly stipend when they are in training or responding to a call.

This is a fundamental change that has been implemented because of limited financial resources based on long term revenue projections. The District has a liability of approximately $450,000 for unfunded retirements with Cal PERS.

Budget and Expenditures

The District has prepared the Proposed Budget for FY 2016-17 as required by State law. The District has presented a balanced budget for next fiscal year.

The District is currently under budget for the current fiscal year that ends on June 30, 2016.

Policy and Procedures

The District is in the process of updating their Policies and Procedures as recommended by the Sacramento Grand Jury. The Board adopted revisions or confirmed existing policies and staff is reporting back at future meetings on the outstanding issues related the remaining Policies and Procedures.

Operations and Maintenance

The District is currently working on upgrading and repairing equipment as needed. At the present time equipment and fire engines are operational and there are not any unmet equipment issues.

The District has purchased surplus equipment from the Wilton Fire Protection District. The District has also entered into a contract with Cosumnes Community Services District to repair and maintain equipment as needed. In addition, the District is selling surplus equipment.

The District has revamped its Web site and adopted a new logo.

Training

The Fire Chief has indicated that they will be working on establishing appropriate training for all staff and volunteers in ensure compliance with Cal OSHA and other required mandates.

The District has completed the purchase of equipment and supplies for all of the volunteers.

Rental Building

The District rents out a building for private and public use. The Fire Chief has reported to the Board that this facility is one of the core issues facing the District. He believes that the building has become the primary focus of District operations and interferes with the primary mission of fire suppression and emergency response.

This facility consumes a great deal of management and administrative time during the week because it is used frequently. It is also one of the main factors negatively impacting the financial audit.

The District has not yet resolved the management of the District's rental facilities. The separate checking account for these facilities has been closed and all revenue is deposited into the District's General Fund.

At the present time the District is limiting the use of these facilities to residents living within the District boundaries. A long term solution still needs to be agreed upon by the Board of Directors and the community.

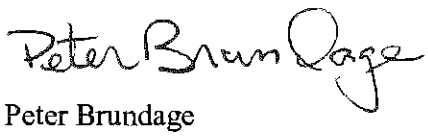
Conclusion

The District appears to be moving forward in a positive direction.

LAFCo staff will continue to monitor the status of District compliance with these issues and will provide any assistance that we can.

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

Respectfully,



Peter Brundage
Executive Officer

Attachments

Herald Fire Protection District
2015-2016 Budget

Services and Supplies cont.		Budget	Year to Date	Remaining Balance
20213100	Electrical Services	$500.00	$0.00	$500.00
20213200	Electrical Supplies	$500.00	$0.00	$500.00
20214100	Land Improvement Services	$8,000.00	$676.00	$7,324.00
20214200	Land Improvement Supplies	$2,000.00	$0.00	$2,000.00
20215100	Mechanical System Maintenance	$3,000.00	$0.00	$3,000.00
20215200	Mechanical Systems Supplies	$500.00	$0.00	$500.00
20216200	Painting Supplies	$500.00	$0.00	$500.00
20216800	Plumbing Supplies	$500.00	$0.00	$500.00
20219100	Electricity/Gas	$7,900.00	$9,522.10	($1,622.10)
20219300	Refuse Collection	$1,000.00	$1,420.34	($420.34)
20219700	Telephone Service	$5,000.00	$2,757.98	$2,242.02
20220500	Vehicle Maintenance Service	$20,000.00	$8,420.18	$11,579.82
20220600	Vehicle Maintenance Supply	$5,000.00	$1,934.84	$3,065.16
20222600	Expendable Tools	$1,000.00	$1,667.70	($667.70)
20223100	Fire Crash Rescue Services	$3,400.00	$3,614.50	($214.50)
20223200	Fire Crash Rescue Equipment Supplies	$23,100.00	$8,085.34	$15,014.66
20223600	Fuel Lubricants	$15,000.00	$5,977.92	$9,022.08
20226100	Office Equipment Maintenance Service	$2,500.00	$6,079.38	($3,579.38)
20226102	Equipment Repair	$2,500.00	$267.00	$2,233.00
20226200	Office Maintenance Supplies	$2,000.00	$2,373.31	($373.31)
20227100	Communications (SRFECC Dispatch)	$24,500.00	$15,750.04	$8,749.96
20227200	Radio Equipment/Supplies/Service	$0.00	$0.00	$0.00
20228300	Shop Supplies	$250.00	$0.00	$250.00
20231400	Clothing Personnel Protective Clothing Supply	$22,000.00	$4,093.66	$17,906.34
20232200	Custodial Supplies	$2,000.00	$203.22	$1,796.78
20233200	Emergency Food/Drink Supplies	$1,500.00	$85.95	$1,414.05
20244300	Medical Services	$11,000.00	$2,501.09	$8,498.91
20244400	Medical Supply	$4,000.00	$216.88	$3,783.12
20250500	Accounting Services	$10,000.00	$5,497.50	$4,502.50
20250700	Assessment Collection/LAFCO Fees	$9,000.00	$16,472.94	($7,472.94)
20253100	Legal Services	$20,000.00	$9,942.23	$10,057.77
20281700	Election Services	$0.00	$0.00	$0.00
20288000	Payroll Expenditures	$0.00	$282.56	($282.56)
Total 2000 Accounts		**$276,009.00**	**$150,215.39**	**$125,793.61**

Other Charges		Budget	Year to Date	Remaining Balance
30321000	Interest Expense	$0.00	$0.00	$0.00
30323000	Lease/ Loan Retirement (Truck Lease-Purchase)	$32,500.00	$14,000.00	$18,500.00
30345000	Vehicle Tax License	$0.00	$18,454.50	($18,454.50)
Total 3000 Accounts		**$32,500.00**	**$32,454.50**	**$45.50**

Buildings and Equipment		Budget	Year to Date	Remaining Balance
40430300	Wilton Truck Purchase	$56,000.00	$42,000.00	$14,000.00
Total 4000 Accounts		**$56,000.00**	**$42,000.00**	**$14,000.00**

Contingency Reserves		Budget	Year to Date	Remaining Balance
79790100		$327,598.00	*$0.00*	*$327,598.00*

TOTAL EXPENDITURES	**$1,147,624.00**	**$454,171.73**	**$693,452.27**
TOTAL	**$462,074.00**	**$89,158.24**	**$372,915.76**

Updated as of 3/31/16

Herald Fire Protection District
2015-2016 Budget

REVENUES

Tax Revenue		Budget	Year to Date	Remaining Balance
91910100	Secured Property Tax	$588,000.00	$305,185.27	$282,814.73
91910200	Unsecured Property Tax	$23,000.00	$22,050.24	$949.76
91910300	Property Tax Current Sup	$9,000.00	$3,430.01	$5,569.99
91910400	Delinquent Secured Property Tax	$5,500.00	$5,308.06	$191.94
91910500	Supplemental Delinquent Prop. Tax	$300.00	$459.88	($159.88)
91910600	Unitary Property Tax	$6,300.00	$3,413.74	$2,886.26
91912000	Property Tax Redemption	$0.00	$14.34	($14.34)
91913000	Property Tax PR Unsecured	$500.00	$288.59	$211.41
91914000	Property Tax Penalties	$100.00	$57.15	$42.85
	Subtotal	**$632,700.00**	**$340,207.28**	**$292,492.72**

Other Revenue				
94941000	Interest Income	$350.00	$0.00	$350.00
95952200	Homeowner Property Tax Relief	$7,500.00	$3,537.17	$3,962.83
97974000	Insurance Proceeds	$0.00	$322.38	($322.38)
97979000	Miscellaneous Revenues and Reimbursements	$45,000.00	$20,946.66	$24,053.34
	Subtotal	**$52,850.00**	**$24,806.21**	**$28,043.79**

TOTAL REVENUE	***$685,550.00***	***$365,013.49***	***$320,536.51***

EXPENDITURES

Personnel Salaries and Benefits		Budget	Year to Date	Remaining Balance
10111000	Base Salaries	$256,852.00	$169,431.57	$87,420.43
10121000	Retirement	$100,000.00	$14,467.41	$85,532.59
10122000	OASDHI (Social Security)	$18,000.00	$12,961.54	$5,038.46
10123000	Insurance	$19,665.00	$6,750.32	$12,914.68
10124000	Worker's Compensation Insurance	$31,000.00	$24,063.00	$6,937.00
10125000	SUI (Unemployment)	$30,000.00	$1,828.00	$28,172.00
Total 1000 Accounts		**$455,517.00**	**$229,501.84**	**$226,015.16**

Services and Supplies		Budget	Year to Date	Remaining Balance
20200500	Advertising/Notices	$1,050.00	$4,573.35	($3,523.35)
20201500	Copy Services	$350.00	$132.80	$217.20
20202200	Books/ Periodical Supply	$2,580.00	$2,308.95	$271.05
20202900	Business Conference Expense	$7,000.00	$639.97	$6,360.03
20203500	Education Training Services	$7,500.00	$1,745.19	$5,754.81
20203600	Education Training Supplies	$11,500.00	$4,737.39	$6,762.61
20204100	Expendable Office Equipment	$2,500.00	$2,303.50	$196.50
20205100	Insurance Liability	$18,729.00	$18,729.00	$0.00
20206100	Memberships Dues	$4,450.00	$1,961.57	$2,488.43
20207600	Office Supplies & Forms	$750.00	$829.18	($79.18)
20208100	Postal Service	$200.00	$41.53	$158.47
20208500	Printing Service	$500.00	$0.00	$500.00
20211100	Building Maintenance Repairs	$5,000.00	$3,750.22	$1,249.78
20211200	Building Supplies	$5,000.00	$620.08	$4,379.92
20212200	Chemical Supplies	$750.00	$0.00	$750.00

Herald Fire Protection District
2016-2017 Budget - *Draft as of 5/11/16*

REVENUES

Tax Revenue		Budget	Year to Date	Remaining Balance
91910100	Secured Property Tax	$588,000.00		
91910200	Unsecured Property Tax	$23,000.00		
91910300	Property Tax Current Sup	$9,000.00		
91910400	Delinquent Secured Property Tax	$5,500.00		
91910500	Supplemental Delinquent Prop. Tax	$300.00		
91910600	Unitary Property Tax	$6,300.00		
91912000	Property Tax Redemption	$0.00		
91913000	Property Tax PR Unsecured	$500.00		
91914000	Property Tax Penalties	$100.00		
	Subtotal	**$632,700.00**	**$0.00**	**$0.00**

Other Revenue				
94941000	Interest Income	$350.00		
95952200	Homeowner Property Tax Relief	$7,500.00		
97974000	Insurance Proceeds	$0.00		
97979000	Miscellaneous Revenues and Reimbursements	$20,000.00		
	Subtotal	**$27,850.00**	**$0.00**	**$0.00**

TOTAL REVENUE	***$660,550.00***	***$0.00***	***$0.00***

EXPENDITURES

Personnel Salaries and Benefits		Budget	Year to Date	Remaining Balance
10111000	Base Salaries	$266,000.00		
10121000	Retirement	$0.00		
10122000	OASDHI (Social Security)	$5,000.00		
10123000	Insurance	$10,000.00		
10124000	Worker's Compensation Insurance	$30,000.00		
10125000	SUI (Unemployment)	$10,000.00		
Total 1000 Accounts		**$321,000.00**	**$0.00**	**$0.00**

Services and Supplies		Budget	Year to Date	Remaining Balance
20200500	Advertising/Notices	$1,000.00		
20201500	Copy Services	$500.00		
20202200	Books/ Periodical Supply	$4,000.00		
20202900	Business Conference Expense	$2,000.00		
20203500	Education Training Services	$8,000.00		
20203600	Education Training Supplies	$15,000.00		
20204100	Expendable Office Equipment	$2,500.00		
20205100	Insurance Liability	$20,000.00		
20206100	Memberships Dues	$3,000.00		
20207600	Office Supplies & Forms	$1,000.00		
20208100	Postal Service	$200.00		
20208500	Printing Service	$500.00		
20211100	Building Maintenance Repairs	$15,000.00		
20211200	Building Supplies	$2,000.00		
20212200	Chemical Supplies	$500.00		

Herald Fire Protection District
2016-2017 Budget - *Draft as of 5/11/16*

Services and Supplies cont.		Budget	Year to Date	Remaining Balance
20213100	Electrical Services	$1,000.00		
20213200	Electrical Supplies	$1,000.00		
20214100	Land Improvement Services	$4,000.00		
20214200	Land Improvement Supplies	$1,500.00		
20215100	Mechanical System Maintenance	$10,000.00		
20215200	Mechanical Systems Supplies	$500.00		
20216200	Painting Supplies	$2,000.00		
20216800	Plumbing Supplies	$500.00		
20219100	Electricity/Gas	$11,000.00		
20219300	Refuse Collection	$2,000.00		
20219700	Telephone Service	$4,000.00		
20220500	Vehicle Maintenance Service	$15,000.00		
20220600	Vehicle Maintenance Supply	$3,000.00		
20222600	Expendable Tools	$1,000.00		
20223100	Fire Crash Rescue Services	$4,000.00		
20223200	Fire Crash Rescue Equipment Supplies	$25,000.00		
20223600	Fuel Lubricants	$10,000.00		
20226100	Office Equipment Maintenance Service	$5,000.00		
20226102	Equipment Repair	$2,500.00		
20226200	Office Maintenance Supplies	$2,500.00		
20227100	Communications (SRFECC Dispatch)	$20,000.00		
20227200	Radio Equipment/Supplies/Service	$20,000.00		
20228300	Shop Supplies	$250.00		
20231400	Clothing Personnel Protective Clothing Supply	$30,000.00		
20232200	Custodial Supplies	$2,000.00		
20233200	Emergency Food/Drink Supplies	$1,000.00		
20244300	Medical Services	$10,000.00		
20244400	Medical Supply	$2,500.00		
20250500	Accounting Services	$10,000.00		
20250700	Assessment Collection/LAFCO Fees	$18,000.00		
20253100	Legal Services	$10,000.00		
20281700	Election Services	$10,000.00		
20288000	Payroll Expenditures	$500.00		
Total 2000 Accounts		**$314,950.00**	**$0.00**	**$0.00**

Other Charges		Budget	Year to Date	Remaining Balance
30321000	Interest Expense	$0.00		
30323000	Lease/ Loan Retirement (Truck Lease-Purchase)	$0.00		
30345000	Vehicle Tax License	$20,000.00		
Total 3000 Accounts		**$20,000.00**	**$0.00**	**$0.00**

TOTAL EXPENDITURES	**$655,950.00**	**$0.00**	**$0.00**

Contingency Reserves		Budget	Year to Date	Remaining Balance
79790100		**$310,000.00**		

Designated Reserves		Budget	Year to Date	Remaining Balance
	Facilities	**$20,000.00**		
	Apparatus	**$20,000.00**		
	PERS	**$150,000.00**		
Total Reserve Accounts		**$500,000.00**	**$0.00**	**$0.00**

The Galt Herald ONLINE

NEWS

Herald fire presents new district logo

Print Page

By Bonnie Rodriguez - Managing Editor

Published:
Wednesday, April 27, 2016 12:24 PM CDT

Herald Fire Protection District (HFPD) directors unanimously approved a new logo at last Wednesday night's meeting, April 20.

The new logo features a helmet, ladder and firefighting tools in the center of the emblem in white on a red background. The center display is surrounded by the words "Herald", "Fire District" on the top and bottom, and "EMS" and "Rescue" on the right and left sides. Each element is outlined in blue.

Director Lindsey Liebig presented several options for logos at a special meeting on Thursday, April 7. After discussion about the presented artwork, directors took the options to HFPD firefighters and the volunteer firefighter association, ultimately settling on the approved logo.

An original logo had become elusive to current administration; no digital copy of the logo could be found. Upon further research, officials ran across several versions of a logo scattered throughout the district.

Directors pointed to the recently updated policy manual, which contains policies dated from 2002 to present. According to officials, at least five logos are found in the manual.

"Main thing that instigated having an official district logo is we're running with about six or seven different logos, depending upon which shirt, which truck, what paperwork you look at," said board chair Don Siegalkoff. "We want to get something uniform so it's all the same."

In an effort to change culture, directors wanted to establish a fresh logo to help the district's image.

"We don't have a viable electronic file of any of these logos, and so a lot of the letterhead has a grainy appearance to it," said Liebig. "This will actually give us a workable file to be used when we go through print shops or load a website or put in print; we'll actually have a clear viable logo to use instead of trying to use something that doesn't look professional."

Volunteer Fire Chief James Hendricks also wants to license the logo to help prevent someone duplicating the artwork.

"What we're looking for is, on our official documents that have a symbol on them, that we get that licensed so that it is now ours," said Hendricks.

Hendricks said that other departments have had issues with people replicating logos, making t-shirts or other products with fire district emblems, and then selling them. But, of greater concern, Hendricks wants to be sure that, when the district holds certification classes, fire officials will know to look for one logo that represents HFPD.

"I want to make sure that, when you put something in writing, you put a stamp on it, put it on a shirt, on

the Internet, it will be with our express written consent, or we'll see you in court," said Hendricks.

Also covered at the April 20 meeting:

• Directors voted unanimously to change May's regular meeting to May 11 due to a scheduling conflict.

• Directors voted unanimously to meet this Wednesday, April 27 at 7 p.m., at which they will appoint a director to fill the seat that was recently vacated by Lance Newhall.

• Directors approved two board policies, one which was new regarding public records; the second addressed board member conduct, specifically regarding interaction between board members and legal counsel.

• Directors received an update on the day-to-day operations of the district from Hendricks.

The Galt Herald ONLINE

NEWS

HFPD swears in new board member

District launches new website

Print Page

By Bonnie Rodriguez - Managing Editor

Published:
Wednesday, April 13, 2016 3:18 PM CDT

Heidi Braziel is the newest board member for the Herald Fire Protection District.

At a special board meeting on April 7, Herald Fire Protection District (HFPD) directors unanimously voted to seat Herald resident Heidi Braziel to the vacant board position left open when Director Cheryl Sheldon resigned.

Braziel and her husband, Adam, have two sons, one who is attending Liberty Ranch High School and one who attends Arcohe Elementary.

Transplants from the Elk Grove area, the Braziel family has lived in Herald for five years. The family is active in both 4-H and FFA, as well as various local and school functions.

Committed to "community", Braziel hopes that her 12 years as a Deputy Sheriff for Sacramento County will help her to offer her support in the continuing progress the district is making.

"I have always had a strong desire to serve my community, and see a need to help our fire district continue to move forward in a positive way," said Braziel. "My goals are to see the Herald Fire Protection District implement a 24-hour staffing model with an increase in volunteer firefighters, and a continuation of community support and interaction with our firefighters, staff and board."

Braziel is grateful for the men and women who have stepped up to volunteer to protect the people of Herald.

"We are so fortunate to have men and women in our community who volunteer to respond in emergencies," said Braziel. "We owe it to them to provide a strong administration and board who can give them proper equipment and training so they cannot only continue to provide help to our families and neighbors in need, but also be able to do it in the safest way possible where they are able to go home to their families at the end of their call or shift."

With little time for Braziel to ease her way into her newly appointed position, the board quickly went to work with a full agenda for the evening.

After Braziel was sworn in, the four attending board members (Director Lance Newhall was absent) unanimously voted to have Director Lindsey Liebig step into the vice chair position, a title held by Sheldon before her departure.

Board and audience members were introduced to the district's new website. Director Liebig spent time last week designing and adding content for the district's new web presence.

The website will provide information on becoming a volunteer and other community resources, along with a calendar of events including Hendrickson Hall and Herald Barn assignments.

District agendas, as well as board minutes, will be available online, and directors are planning on uploading the district's annual budget for public access. In an effort for full transparency, officials hope to keep the budget up-to-date as monies are spent on a monthly basis so the community can keep a close eye on the district. The district website can be accessed at www.heraldfire.com.

At the April 7 meeting, directors also:

• Assigned board members to empty seats on the district's advisory committees, unanimously placing Liebig on the Staffing Committee and Braziel on the Policy Committee.

• Gave Hendricks authorization to start phasing in the 24-hour staffing model, which will be introduced one shift at a time.

• Approved the volunteer stipend schedule, which calls for $200 per shift for captain, $150 per shift for engineer, $25 per shift and $15 per call for firefighter, $15 per call for non-shift personnel, and a $25 per month stipend for safety personnel with class B or higher driver's license.

• Authorized the sale of surplus equipment.

• Authorized the purchase of full sets of turn-out gear, including appropriate helmets to be purchased as volunteers are approved.

• Authorized the purchase of six mobile radios and a special washer for turn-outs.

• Authorized Hendricks to establish a district checking/debit account with three signatories. One county official, the chair of the board and the fire chief will all be authorized agents on the account.

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The Galt Herald ONLINE

NEWS

Director Newhall resigns

Print Page

Published:
Wednesday, April 13, 2016 3:18 PM CDT

Herald Fire Protection District director Lance Newhall resigned from his post Tuesday afternoon in an email to board chair Don Siegalkoff. Newhall is the second director in just over a month to leave his position on the five-member board.

Newhall has been absent for several consecutive meetings over the course of several months; there were no reasons mentioned for his departure.

Siegalkoff said that the board has posted the open seat and will be accepting letters of interest over the next week.

The board is scheduled to meet for a regular meeting next Wednesday, April 20 at Station 87 at 7 p.m.

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The Galt Herald ONLINE

NEWS

Johnson back on Herald fire board

Former director sworn in last Wednesday

Print Page

By Bonnie Rodriguez - Managing Editor

Published:
Wednesday, May 4, 2016 1:17 PM CDT

The Herald Fire Protection District board of directors are (left to right) Dennis Johnson, Heidi Braziel, Don Siegalkoff (chair), Lindsey Liebig (vice chair) and Brian Hurlbut (clerk).

Herald Fire Protection District (HFPD) directors met last Wednesday night, April 27 to choose and appoint a new director, the second in less than a month. Former HFPD director Dennis Johnson received a unanimous vote before being administered the oath of office.

Before any discussion began regarding the two applicants, vice chair Lindsey Liebig recused herself and sat with the audience, stating that a family member was one of those interested to fill the position.

Director Brian Hurlbut made a motion to appoint Johnson, which was seconded and, with little discussion, Chairman Don Siegalkoff and members Heidi Braziel and Hurlbut unanimously voted to appoint Johnson to the seat.

"I appreciate the opportunity to come back," Johnson said after being sworn in. "I think things are going in the right direction. I'd like to be part of that again. I was part of stuff that was not so good, so hopefully it's going to get better."

Johnson will be filling the position that Lance Newhall vacated earlier in the month, serving the remaining seven months of that term.

Johnson was re-elected to the fire board of directors in 2012, running in the same election as Newhall; however, Johnson resigned from the board in August 2014 after frustration over the perceived mistreatment of administration and staff.

"My conscience and peace of mind will not allow me to be a part of the chaotic 'lynch mob' mentality that permeates the current board," Johnson wrote in his resignation letter in 2014. "The course that the board has chosen is so distasteful to me that I cannot be associated with its actions ... My strong sense of right and wrong will not allow me to be a part of the decisions that are being made."

No one that sits on the current board was seated on the 2014 board; all had either completed their term or resigned.

Johnson's resignation came after the fire chief, administrative assistant and another board member all walked out the door.

Herald community member Cheryl Sheldon was appointed to Johnson's position soon after, only to resign herself this last March, her seat now occupied by Braziel.

Johnson's original seat is not the only one that saw several directors during the four-year term. Also elected during the 2012 election, Kevin Austin resigned his position in July 2014. De Carson was chosen to fill his seat, only to resign in October 2015. Liebig now holds that position.

Johnson, Liebig and Braziel will all need to run for re-election this November if they choose to continue to serve on the HFPD board of directors. Those seats will all be for a four-year term.

Although HFPD directors regularly meet on the third Wednesday of each month at 7 p.m. at Hendrickson Hall, this month's meeting will be held on May 11 at the same location. District officials will be hosting an Open House Saturday, May 21 where the community is invited to dine with local firefighters, tour the facilities, see fire equipment and help celebrate former Assistant Fire Chief Joe Grubba's retirement. The community event will run from 11 a.m. to 2 p.m. at Station 87 on Ivie Road.

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HERALD FIRE PROTECTION DISTRICT

Board Meeting Minutes
Regular Meeting of the Board
Wednesday, April 20, 2016 at 7:00 p.m.
12746 Ivie Road, Herald, CA 95638

ATTENDANCE:

Directors Present: Brian Hurlbut, Lindsey Liebig, Don Siegalkoff, Heidi Braziel
Staff Present: Volunteer Fire Chief James Hendricks, Janine Belluomini

A. CALL TO ORDER /ROLL CALL/ PLEDGE OF ALLEGIANCE:

1. Director Siegalkoff called the meeting to order at 7:00 p.m.
2. Pledge of Allegiance led by Director Siegakloff

B. ANNOUNCEMENTS/PRESENTATIONS:

1. No announcements

C. HEARING OF THE PUBLIC

1. None

D. CONSENT CALENDAR ITEMS:

a. Claims, Warrants, Payroll
b. Call Logs
c. Training Log
d. New Hires
e. Significant Purchases and Donations

M/S Hurlbut/Braziel - To approve the consent agenda as posted.
Approved 4/0

E. MINUTES

a. March 16 – Regular Board Meeting

M/S Liebig/Hurlbut - To amend the minutes by striking out Marshall and inserting Chief in Attendance section.
Approved 4/0

b. March 23 – Special Meeting

M/S Liebig/Braziel - To amend the minutes by striking out Marshall and inserting Chief in Attendance section.
Approved 4/0

c. April 7 – Special Board Meeting

M/S Liebig/Hurlbut - To amend the minutes by striking out Marshall and inserting Chief in Attendance section and striking out the motion on action item number 8 and inserting " To authorize Chief Hendricks to establish a district checking/debit account."
Approved 4/0

F. OLD BUSINESS:

1. None

G. NEW BUSINESS:

1. Consider request by Herald Community Club to use district facilities for Mud volleyball.

   Directors considered written proposal from HCC regarding the proposed event layout. Several questions and concerns were raised including potential liability issues, use of district water, parking, potential property damage, alcohol consumption and general nature of the event. The Board took no action on this item.

   No action taken.

2. Change date for Regular May Board Meeting

   Director Liebig requested the regular meeting date to be changed in lieu of her inability to schedule the regular meeting due to an out of town work conflict.

   M/S Liebig/Braziel – To hold the regular May meeting on May 11th.
   Approved 4/0

3. Consider request to place a flag pole on District property by Boy Scouts.

   Constuction proposal was presented and diagrams were reviewed.

   M/S Hurlbut/Siegalkoff – To approve the flag pole construction, provided an Engineer's approval stamp is included on the building plans.
   Approved 4/0

4. Direct Chief to solicit RFPs for legal services.

   Director Siegalkoff would like to seek RFP's for consideration of changing our legal counsel. This is due to recent inabilities to communicate with our current counsel in a timely fashion and to further change the culture of the district.

   M/S Siegalkoff/Liebig – To direct the Chief to solicit RFP's for legal services.
   Approved 4/0

5. Approve HFPD logo

   Seven logo variations were submitted for Board and volunteer firefighter review. The Volunteer association, HVFA, chose the logo with a red background, complete fire scramble center icon and the words Herald Fire District on the top and bottom of the emblem and EMS, Rescue on the left and right sides of the emblem.

M/S Hurlbut/Braziel – To approve the logo chosen by the Volunteer Firefighters Association.
Approved 4/0

6. Discussion and action on filling Board position vacated by Lance Newhall.

M/S Hurlbut/Braziel – To host a special meeting on Wednesday, April 27 at 7 pm to appoint a new Board member to fill the vacancy.
Approved 4/0

7. Approve District policies 1050 and 4015 revisions.

District policy 1050 – Access to Public Records is a new policy that was not previously approved with the other 1000 policies, also includes new record request form.
District policy 4015 – revision includes removal of sentence regarding Director's contacting legal counsel

M/S Liebig/Braziel – To approve District policy 1050, and the revision to policy 4015.
Approved 4/0

H. INFORMATIONAL AND DISCUSSION ITEMS:

None.

I. ADMINISTRATIVE REPORTS:

Volunteer Chief Hendricks provided a detailed written report which included the following:

a. Calls – Call logs for February and March included in new format from Firehouse program. February average response time was 6:23 and March was 7:17. Call reports and call times will be added to the website for public viewing.
b. Vehicle Maintenance- currently finishing vehicle maintenance numbers and creating files/books for each vehicle.
c. Building Maintenance – Above ground storage tank has been serviced and upgraded, SCBA tanks were serviced and relief valves on the water at Station 88 was replaced.
d. EMS – Inventory lists are being completed for both stations. Blood Borne Pathogen, First Aid and CPR for Professional Rescuers class was completed. On the volunteer staff we have 7 EMTs, 1 paramedic and 11 First Responder/CPR/AED trained.
e. Prevention –Two new homes have been signed off and staff has begun the Rancho Seco inspection for the new water supply system. Met with Chief Seifert to expand mutual aid with Liberty Fire.
f. Personnel – Hats have been purchased. Completed assessment of volunteer staff's drivers licenses. Wild fire prevention information has been distributed to the grove area and met with Scotts PPE Repair Company for future PPE repair.
g. Equipment: New radios were purchased, PPE inventory completed and new turnouts purchased for FF Braziel.

J. BOARD REPORTS:

Director Hurlbut discussed the new vehicle numbering system he has been assisting with Volunteer Chief Hendricks. This will coincide with the new vehicle maintenance log that is being reestablished.

Director Liebig addressed Google Analytics report of the website with 112 users and 656 page views. Additionally, with the new Facebook page there are 48 likes and the post regarding the April 20th meeting had a reach of over 400.

Director Siegalkoff announced that the Budget Committee would be meeting to discuss the latest Compass report from the County and has a goal of a preliminary budget to be approved in June.

K. PENDING AGENDA REQUESTS:

1. None

L. ADJOURNMENT:

Board adjourned at 8:07 p.m.

M/S Hurbut/Braziel – To adjourn the meeting.
Approved 4/0

Respectfully submitted,

_____
Janine Belluomini
Board Secretary

Approved:

_____
Brian Hurlbut
Board Clerk

Agenda Item No. 5

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

1112 I Street, Suite #100
Sacramento, California 95814
(916) 874-6458

September 7, 2016

TO: Sacramento Local Agency Formation Commission

FROM: Peter Brundage, Executive Officer PB

RE: Herald Fire Protection District Status Update (LAFC 06-14)

RECOMMENDATION:

1. Receive and File the status report on the Herald Fire Protection District.

DISCUSSION:

Status of Current Operations

Staffing

The District has recently laid off all paid employees except for administrative support and only pays a stipend to all volunteers during training and while on duty. In addition, the Volunteer Fire Chief does not receive any salary or benefits or any other compensation.

At the present time, the District has approximately 30 active volunteers. The District is in the process of training and conducting classes to meet the required certifications and qualifications for all of the volunteers. The District continues to recruit new volunteers.

The proposed staffing model envisions that the District will have 24-hour staffing with 3 person crews. Also, this model intends to use local community residents. There appears to be a renewed interest in community residents participating as volunteer firefighters.

Response Times and Calls for Service

For the month of July the District responded to 51 calls; 21 were for emergency medical service and 30 were for fire. The average response times were 7 minutes and 2 seconds.

Board of Directors

The Board has set up several sub-committees to address issues, develop recommendations and establish policies to improve management and district performance in order to improve communication and Board meetings.

The Board of Directors has established three main objectives:

1. Improve the level of service to the community;
2. Streamline business operations and improve efficiency of administration; and
3. Enhance training and development programs for the volunteers.

Financial Audit and Accounting Procedures

The District has hired Richardson and Company to conduct financial audits of the District from 2009 to the current year. In order to complete the audit the District has hired a forensic accountant to analyze a separate checking account that was created to account for administration and management of the district's building which is rented out on a regular basis. The checking account has been closed, but the accounting records were poorly maintained. The accountant is attempting to reconstruct the financial records of this account from available data. The transactions for the District fire operations are generally in order which account for a significant portion of the budget.

The FY 2009-10 audit is almost complete and should be done in the next couple of months District staff recognizes the need to complete the audit and implement appropriate accounting practices, policies, and procedures related to expenditure control and internal control procedures.

Organization Structure/Contract for Services

The District is analyzing the organizational structure of the District. At the present time, the Herald Fire Protection District is completely a volunteer fire district except for administrative staff. The Volunteer Fire Chief is not compensated and volunteers are paid an hourly stipend when they are in training or responding to a call.

This is a fundamental change that has been implemented because of limited financial resources based on long term revenue projections. The District has a liability of approximately $450,000 for unfunded retirements with Cal PERS.

Budget and Expenditures

The District has adopted the FY 2016-17 Budget as required by State law. The District has presented a balanced budget for next fiscal year.

See attached budget.

Policy and Procedures

The District is in the process of updating their Policies and Procedures as recommended by the Sacramento Grand Jury. The Board adopted revisions or confirmed existing policies and staff is reporting back at future meetings on the outstanding issues related the remaining Policies and Procedures.

The Board of Directors have updated and adopted approximately 80 percent of the Policies and Procedures.

Operations and Maintenance

The District is currently working on upgrading and repairing equipment as needed. At the present time equipment and fire engines are operational and there are not any unmet equipment issues.

The District has purchased surplus equipment from the Wilton Fire Protection District. The District has also entered into a contract with Cosumnes Community Services District to repair and maintain equipment as needed. In addition, the District is selling surplus equipment.

The District has revamped its Web site and adopted a new logo.

Training

The Fire Chief has indicated that they will be working on establishing appropriate training for all staff and volunteers in ensure compliance with Cal OSHA and other required mandates.

The District has completed the purchase of equipment and supplies for all of the volunteers.

Rental Building

The District rents out a building for private and public use. The Fire Chief has reported to the Board that this facility is one of the core issues facing the District. He believes that the building has become the primary focus of District operations and interferes with the primary mission of fire suppression and emergency response.

This facility consumes a great deal of management and administrative time during the week because it is used frequently. It is also one of the main factors negatively impacting the financial audit.

The District has not yet resolved the management of the District's rental facilities. The separate checking account for these facilities has been closed and all revenue is deposited into the District's General Fund.

At the present time the District is limiting the use of these facilities to residents living within the District boundaries. A long term solution still needs to be agreed upon by the Board of Directors and the community.

Conclusion

The District appears to be moving forward in a positive direction.

LAFCo staff will continue to monitor the status of District compliance with these issues and will provide any assistance that we can.

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

Respectfully,

Peter Brundage
Executive Officer

The Galt Herald ONLINE

NEWS

Herald fire approves new goals

Regular meetings changed to Tuesday

Print Page

By Bonnie Rodriguez - Managing Editor

Published:
Wednesday, August 24, 2016 3:55 PM CDT

With a unanimous vote, Herald Fire Protection District (HFPD) directors approved a new set of objectives and goals for the new fiscal year, approved a final budget and officially changed the regular meeting day at last Tuesday's meeting.

According to Director Lindsey Liebig, the board accomplished 80 percent of the goals set in 2015, leaving ongoing goals that will continue into following years.

"We've got the baseline foundation established these last six months, and now we're going to go into these action items, continuing these overall agendas," Liebig said while presenting the new goals.

The directors established three objectives, which include continuing to improve the level of service to the community, continuing to streamline business operations and improving efficiency in administrative functions, and continuing to enhance training and development programs for the volunteer personnel.

These three objectives have been divided into four categories of goals: Administrative, Personnel, Facility and Apparatus. Each area of goals addresses the overall function and public perception of the district.

Administrative goals include: establish and utilize an annual policy review schedule; maintain a monthly, real-time budget reporting to the Board of Directors; maintain quarterly budget updates to the community through the district website; continue offering training opportunities for administrative staff; implement a record retention program and complete a record archival process; streamline and document administrative procedures and processes; and enhance HFPD brand awareness within the community.

Personnel goals include: establish and implement a volunteer personnel retention plan, including recognition programs such as 457 or similar program and volunteer appreciation events; enhance training and education programs, including securing funding for training, developing a written training program for marketing purposes and hosting training events; maintain ongoing recruitment efforts with the community; and continue to offer and fulfill a shift schedule to strive toward 24-hour coverage.

Facility goals include: identify critical needs for immediate repair and maintenance; develop a timeline for long-term repairs; secure funding for facility improvements; evaluate and improve facility usage; enhance living quarters at Station 88; improve training facilities at Station 87; and explore a name change of Hendrickson Hall to Hendrickson Training Center.

Apparatus goals include: upgrade vehicle inventory; upgrade safety equipment on apparatus; establish a secondary maintenance contract; identify long-term equipment maintenance and acquisition a plan and reorganize; and streamline equipment usage.

Directors discussed possible evaluation time frames. The board may choose to follow up with some goals on a quarterly or biannual basis with a possible annual evaluation overall.

At the end of the meeting, Fire Chief James Hendricks reported that, for the month of July, the district responded to 51 calls; 21 were EMS calls and 30 were fire incidents. Hendricks also reported that the average response time was seven minutes two seconds – a great accomplishment considering the size of the district, according to Hendricks.

"We've more than doubled our staffing in the short period of time," Hendricks said. "Since the beginning of this year, we've actually doubled coverage for the district. At this time, we can provide two strike

teams worth of engines to the most dangerous part of the district within 15 minutes."

HFPD now has more than 30 active volunteers.

At the Aug. 16 meeting, directors also:

- Approved moving their regular board meetings to the third Tuesday evening every month,
- approved the 2016-17 budget,
- approved a letter to be sent to LAFCO highlighting district accomplishments, and
- re-approved the district Nepotism Policy.

[x] Close Window

Herald Fire Protection District

Objectives

1. To continue to improve the level of service to our community.
2. To continue to streamline business operations and improve efficiency in our administrative functions.
3. To continue to enhance our training and development programs for our volunteer personnel.

Administrative Goals

- Establish and utilize annual policy review schedule
- Maintain monthly, real-time budget reporting to Board of Directors
- Maintain quarterly budget updates to Community via website
- Continue offering training opportunities for administrative staff
- Implement a record retention program and complete record archival process
- Streamline and document administrative procedures and processes
- Enhance HFPD brand awareness within community

Personnel Goals

- Establish and implement volunteer personnel retention plan
- Plan components include incentive program, recognition programs, 457 or similar program and volunteer appreciation events
- Enhance training and education programs
- Program components to include securing funding for training, developing written training program for marketing purposes and hosting training events
- Maintain on going recruitment efforts within our community
- Continue to offer and fulfill shift schedule to strive toward 24-hour coverage

Facility Goals

- Identify critical needs for immediate repair and maintenance
- Develop timeline for long-term repairs
- Secure funding for facility improvements
- Evaluate and improve facility usage
- Enhance living quarters at Station 88
- Improve training facilities at Station 87
- Explore a name change of Hendrickson Hall to Hendrickson Training Center

Apparatus Goals

- Upgrade vehicle inventory
- Upgrade safety equipment on apparatus
- Establish a secondary maintenance contract
- Identify long-term equipment maintenance and acquisition plan
- Re-organize and streamline equipment usage

POLICY #		STATUS	DATE REVISED
501	Fire Chief Job Description	Adopted	9/16/2015
502	Assistant Fire Chief Job Description		
503	Assistant Chief Training / Operations Job Description		
504	Fire Captain Job Description		
505	Training Officer Job Description		
506	Firefighter EMT Job Description		
507	Firefighter Part Time Job Description		
508	Volunteer Firefighter Job Description		
509	Volunteer Pay Per Call Job Description		
510	Seasonal Firefighter Job Description		
511	Administrative Assistant Job Description	Adopted	1/7/2016
512	Interim Office Assistant Job Description		
513	Driver Job Description		
1000	Personnel Evaluations	Adopted	12/16/2015
1030	Public Complaints	Adopted	12/16/2015
1050	Access to Public Records	Adopted	4/20/2016
2000	Equal Employment Opportunity	Adopted	12/16/2015
2003	Sick Leave	Adopted	12/16/2015
2004	Vacation	Removed	12/16/2015
2005	Holidays	Adopted	12/16/2015
2006	Drug Free Workplace	Adopted	12/16/2015
2007	Family Medical Leave	Adopted	12/16/2015
2010	Unlawful Harassment	Adopted	12/16/2015
2011	Discipline Policy	Adopted	12/16/2015
2012	Grievance Procedure	Adopted	12/16/2015
2020	Dress Grooming	Adopted	5/11/2016
2080	Alcoholic Beverage Standard Operating Guide	Adopted	12/16/2015
2090	Personal Vehicle Standard Operating Guide	Adopted	12/16/2015
2100	Emergency Vehicle Driver/Operator Responsibility	Adopted	12/16/2015
2110	Emergency Vehicle Driver/Operator Selection	Adopted	12/16/2015
2120	Department Of Motor Vehicles Transcript Evaluation Requirements	Adopted	12/16/2015
2130	Emergency Vehicle Driver Training and Education	Adopted	12/16/2015
2131	Ride Along Policy	Adopted	12/16/2015
2135	Firefighter Cell Phone Use	Adopted	12/16/2015

2141	Use of Tobacco Products	**Adopted**	**12/16/2015**
2150	Outside Employment	**Adopted**	**12/16/2015**
2160	Training Reimbursement	**Adopted**	**12/16/2015**
2170	Rehabilitation Policy	**Adopted**	**12/16/2015**
2180	Chain of Command	**Adopted**	**12/16/2015**
2190	Firefighter Conduct Expectations	**Adopted**	**12/16/2015**
2200	Heat Illness Prevention Program	**Adopted**	**12/16/2015**
2210	Blood Borne Pathogens and Infection Control Policy	**Adopted**	**12/16/2015**
2220	Respiratory Protection Program	**Adopted**	**12/16/2015**
2230	Attendance Policy	**Adopted**	**12/16/2015**
2240	Spinal Immobilization	**Adopted**	**12/16/2015**
2250	Target Solutions Online Training Policy	**Adopted**	**12/16/2015**
2260	Illness and Injurie Prevention Program	**Adopted**	**12/16/2015**
2270	Social Media Policy	**Adopted**	**12/16/2015**
2280	Computer and Internet Usage	**Adopted**	**12/16/2015**
2290	Weed Abatement Requirements and Inspections	**Adopted**	**12/16/2015**
3000	Business Operations - Fixed Assets	**Adopted**	**11/18/2015**
3001	Use Permit Applications - Rezone Request - General Plan Amendments	**Adopted**	**11/18/2015**
3020	Use of Public Buildings	**Adopted**	**12/16/2015**
3031	Infrastructure Rehabilitation / Replacement Policy	**Adopted**	**11/18/2015**
3035	Depreciation of Fixed Assets	**Adopted**	**11/18/2015**
3040	Expense Authorization	**Adopted**	**11/18/2015**
3090	Record Retention and Disposition Schedule	**Adopted**	**11/18/2015**
4000	Adoption Amendment of Policies	**Adopted**	**11/18/2015**
4010	Code of Ethics - Board of Directors	**Adopted**	**11/18/2015**
4015	Board Member Conduct	**Adopted**	**4/20/2016**
5010	Board Meetings	**Adopted**	**11/18/2015**
5020	Construction / Posting of Agenda	**Adopted**	**11/18/2015**
5030	Board Meeting Conduct	**Adopted**	**11/18/2015**
5070	Rules of Order - Board Meetings	**Adopted**	**11/18/2015**
Appendix	**History of Barn**		
Appendix	**Barn Agreement**		
Appendix	**Handling a Main Motion**		
Appendix	**Infrastructure Rehabilitation / Replacement Policy**		
Appendix	**BYLAWS**		
	Report Print Date:	3/25/2016	

Herald Fire Protection District

REGULAR BOARD MEETING AGENDA

Pursuant to AB 3035, effective January 1, 2003, any person who requires a disability related modification or accommodation in order to participate in a public meeting shall make such a request in writing 48 hours prior to this meeting for immediate consideration.

TIME: **7:00 PM**
DATE **August 16, 2016**
PLACE: **Hendrickson Hall, 12746 Ivie Road, Herald, CA**

CLOSED SESSION: **Staff recommends no closed session.**

OPENING: **7:00 p.m.**

1. Call meeting to order.
2. Roll Call.
3. Pledge of allegiance
4. Announcements
5. **Hearing of the Public:** Gov. Code section 54954.3 (a) Every agenda for regular meetings shall provide an opportunity for members of the public to directly address the legislative body on any item of interest to the public, before or during the legislative body's consideration of the item, that is within the subject matter jurisdiction of the legislative body, provided that no action shall be taken on any item not appearing on the agenda unless the action is otherwise authorized by subdivision (b) of Section 54954.2. Oral communication from the public on non-agenda items will **only be heard** at this time. Presentations are limited to two (2) minutes per person, per topic. A maximum of thirty (30) minutes will be allocated for public hearing.

ACTION ITEMS

6. **Consent Items**: Any Board member may request and remove any item from the consent agenda and place that item on the regular portion of the agenda as specified.

    a. Bills, Warrants, Payroll
    b. Call logs
    c. Training log
    d. Significant purchases and donations
    e. New Hire List

Herald Fire Protection District

7. Approve Minutes: July 20, Regular Board Meeting
   August 9, Special Board Meeting

8. Approve Nepotism Policy

9. Approve 2016 District Goals & Objectives

10. Approve 2016-2017 Final Budget

11. Approve Letter to LAFCo

DISCUSSION ITEMS

11. CHIEFS REPORT

12. COMMITTEE REPORTS

13. BOARD MEMBERS REPORTS

14. PENDING AGENDA

ADJOURNMENT

Members of the public may address the Board on non-agenda items that are within the jurisdiction of the Board. However, no action or discussion may take place on non-agenda items pursuant to Government Code section 54954.3. Members of the public may request that an item within jurisdiction of the Board be placed on the agenda by submitting a written request at least five (5) days prior to the legally required public posting of the agenda.

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HERALD FIRE PROTECTION DISTRICT

Board Meeting Minutes
Special Meeting of the Board
Wednesday, August 9, 2016 at 6:00 p.m.
12746 Ivie Road, Herald, CA 95638

ATTENDANCE:

Directors Present: Brian Hurlbut, Don Siegalkoff, Lindsey Liebig, Dennis Johnson
Directors Absent: Heidi Braziel
Staff Present: Volunteer Fire Chief James Hendricks, Janine Belluomini, Andrea Adams

A. CALL TO ORDER /ROLL CALL/ PLEDGE OF ALLEGIANCE:

1. Director Siegalkoff called the meeting to order at 6:00 pm
2. Flag Salute led by Director Siegalkoff

B. ANNOUNCEMENTS/PRESENTATIONS:

1. None

C. HEARING OF THE PUBLIC

1. None

D. OLD BUSINESS:

1. None

E. NEW BUSINESS:

1. Finalize Mutual Aid Agreements with Ione and Liberty
   M/S Siegalkoff/Hurlbut – To authorize the Chief to finalize Mutual Aid agreements with Ione and Liberty
   Approved 4/0

2. Goals and Objective Workshop
   Director Liebig led the leadership team through establishing their goals and objectives that will be presented at the August Regular Meeting.

F. INFORMATIONAL AND DISCUSSION ITEMS:
None

G. ADMINISTRATIVE REPORTS:
None

H. BOARD REPORTS:

None

I. PENDING AGENDA REQUESTS:

1. None

J. ADJOURNMENT:

Board adjourned at 7:30 p.m.

M/S Liebig/Hurlbut – To adjourn the meeting.
Approved 4/0

Respectfully submitted,

_____
Janine Belluomini
Board Secretary

Approved:

_____
Brian Hurlbut
Board Clerk

Herald Fire Protection District
2016-2017 Budget

REVENUES

Tax Revenue		Budget	Year to Date	Remaining Balance
9101	Secured Property Tax	$588,000		
9102	Unsecured Property Tax	$23,000		
9103	Property Tax Current Sup	$9,000		
9104	Delinquent Secured Property Tax	$5,500		
9105	Supplemental Delinquent Prop. Tax	$300		
9106	Unitary Property Tax	$6,300		
9120	Property Tax Redemption	$0		
9130	Property Tax PR Unsecured	$500		
9140	Property Tax Penalties	$100		
9410	Interest Income	$350		
9522	Homeowner Property Tax Relief	$7,500		
9740	Insurance Proceeds	$0		
9790	Miscellaneous Revenues and Reimbursements	$20,000		
	Prior Year Fund Balance	$428,549		
TOTAL REVENUE		***$1,089,099***	***$0.00***	***$0.00***

EXPENDITURES

Personnel Salaries and Benefits		Budget	Year to Date	Remaining Balance
1110	Base Salaries	$308,000		
1220	OASDHI (Social Security)	$5,000		
1240	Worker's Compensation Insurance	$30,000		
1250	SUI (Unemployment)	$10,000		
Total 1000 Accounts		**$353,000**	**$0.00**	**$0.00**

Services and Supplies		Budget	Year to Date	Remaining Balance
2005	Advertising/Notices	$1,000		
2015	Copy Services	$500		
2022	Books/ Periodical	$4,000		
2035	Training	$14,600		
2036	Education Training Supplies	$15,000		
2051	Insurance Liability	$20,000		
2061	Memberships	$3,000		
2076	Office Supplies	$3,500		
2081	Postal Service	$200		
2085	Printing Service	$1,000		
2111	Building Maintenance & Supply	$20,000		
2141	Land Improvement	$5,500		
2151	Mechanical System	$10,500		
2191	Utilities	$12,000		
2193	Refuse Collection	$2,000		
2197	Telephone Service	$4,000		
2205	Automotive Maintenance Service	$28,000		
2226	Expendable Tools	$1,000		
2231	Fire Equipment Maintenance	$4,000		
2232	Fire Equipment Supplies	$25,000		
2236	Fuel/Lubricant Supply	$10,000		
2261	Office Equipment Maintenance	$10,000		
2271	Communications	$60,000		
2314	Protective Equipment/Clothing	$30,000		
2322	Custodial Supplies	$2,250		
2332	Food Supplies	$2,300		
2443	Medical Services	$12,500		
2505	Audit/Financial Services	$15,000		
2507	Assessment Collection Services	$18,000		
2531	Legal Services	$10,000		
2817	Election Services	$10,000		
2880	Leased Property Use Charge SGS	$500		
Total 2000 Accounts		**$355,350**	**$0.00**	**$0.00**

		Budget	Year to Date	Remaining Balance
3450	Taxes/Licenses/Assessments	$20,000		
Total 3000 Accounts		**$20,000**	**$0.00**	**$0.00**

		Budget	Year to Date	Remaining Balance
4202	Structures and Improvements	$20,000		
4303	Equipment - SD - Non - Recon	$150,000		
Total 4000 Accounts		**$170,000**	**$0.00**	**$0.00**

		Budget	Year to Date	Remaining Balance
7901	Contingency Appropriations	**$190,749**		
Total 7000 Accounts		**$190,749**	**$0.00**	**$0.00**

TOTAL EXPENDITURES	**$1,089,099**	**$0.00**	**$0.00**
Net Over/Under	**$0.00**	**$0.00**	**$0.00**

HERALD FIRE PROTECTION DISTRICT

Board Meeting Minutes
Regular Meeting of the Board
Wednesday, July 20, 2016 at 7:00 p.m.
12746 Ivie Road, Herald, CA 95638

ATTENDANCE:

Directors Present: Brian Hurlbut, Lindsey Liebig, Don Siegalkoff, Dennis Johnson
Directors Absent: Heidi Braziel
Staff Present: Volunteer Fire Chief James Hendricks, Janine Belluomini

A. CALL TO ORDER /ROLL CALL/ PLEDGE OF ALLEGIANCE:

1. Director Siegalkoff called the meeting to order at 7:02 p.m.
2. Pledge of Allegiance led by Director Siegalkoff

B. ANNOUNCEMENTS/PRESENTATIONS:

1. None

C. HEARING OF THE PUBLIC

1. None

D. CONSENT CALENDAR ITEMS:

a. Claims, Warrants, Payroll
b. Call Logs
c. Training Log
d. Significant Purchases and Donations
e. Re-Hires

M/S Hurlbut/Johnson - To approve the consent agenda as posted
Approved 4/0

E. MINUTES:

a. June 15, 2016 – Regular Board Meeting
M/S Johnson/Hurlbut - To approve the minutes as posted
Approved 4/0

b. June 29, 2016 – Special Board Meeting
M/S Johnson/Hurlbut - To approve the minutes as posted
Approved 4/0

c. July 1, 2016 – Special Board Meeting
M/S Johnson/Hurlbut - To approve the minutes as posted
Approved 4/0

HERALD FIRE PROTECTION DISTRICT

F. OLD BUSINESS:

1. None

G. NEW BUSINESS:

1. Approve District policies 4015 Revisions

   Policy 4015 Addition – addition of clause to allow Board Members to serve as volunteers either in safety or administrative roles and clarified chain of command for such situations.
   M/S Liebig/Johnson – To approve policy revisions as posted
   Approved 4/0

2. Approve Elections Services Memorandum
   M/S Hurlbut/Liebig
   Approved 4/0

3. Approve Progress Reports to Community
   M/S Liebig/Hurlbut
   Approved 4/0

4. Approve Non Safety Staff Uniform - Navy Blue Polo Shirts
   M/S Hurlbut/Johnson – To approve the polo shirt requested by Business Manager.
   Approved 4/0

5. Set Date for Goals and Objective Workshop
   M/S Siegalkoff/Hurlbut – To approve meeting Tuesday, August 9, 2016 at 6:00 p.m.
   Approved 4/0

H. INFORMATIONAL AND DISCUSSION ITEMS:

None.

I. ADMINISTRATIVE REPORTS:

Volunteer Chief Hendricks provided a detailed written report which included the following:

a. Calls – Call logs for June were provided. Average call time was 8:35
b. Hired James (Jim) Miller, Battalion Chief Training Officer;
c. Station 87 Maintenance Electrical – some water damage

J. COMMITTEE REPORTS:

- Facilities Committee: Station 87 Electrical, having water damage causing corrosion on the pipes all needs to be taken care of. No, quote yet. Also need to replace the panel in the garage maintenance area. Been broken needs to be up to standards
- Apparatus Committee: One piece of equipment out of service, water tender out for 6 months. Have to order a whole new tank. Minor damage. Got 3 engines that will be selling off. Someone from the community was interested in one of the grass units. He knows it has a broken pump.

Old engine 87, and 2 grass rigs will be taken down to Huisman Auction and try to sell them down there.

- Budget Committee: We just received our compass report for June, we will be having our meeting to finalize budget, by our regular meeting in August.
- Staffing Committee: New Hires puts us at 26 volunteers. With Jim Miller's qualifications we can host certified training here.

K. BOARD REPORTS:

Director Johnson discussed the Board's plans in having a Thank You dinner for all the Volunteers, August 13 at 6pm.

Director Hurlbut wished Don and Chief a Happy Birthday

Director Liebig attended drill and took pictures and posted on social media, FaceBook still getting attraction and website as well.

L. PENDING AGENDA REQUESTS:

1. Moving meetings to Tuesday's so that Andrea can attend
2. Final Budget approval
3. Agreements with Ione and Liberty Mutual Aid

M. ADJOURNMENT:

Board adjourned at 7:43 p.m.

M/S Hurlbut/Siegalkoff – To adjourn the meeting
Approved 4/0

Respectfully submitted,

_____
Janine Belluomini
Board Secretary

Approved:

_____
Brian Hurlbut
Board Clerk

Agenda Item No. 4

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

1112 I Street, Suite #100
Sacramento, California 95814
(916) 874-6458

December 7, 2016

TO: Sacramento Local Agency Formation Commission

FROM: Peter Brundage, Executive Officer

RE: Herald Fire Protection District Status Update (LAFC 06-14)

RECOMMENDATION:

1. Receive and File the status report on the Herald Fire Protection District.

2. Direct staff to continue to monitor the Herald Fire Protection District and report back to the Commission only in the event the current status regresses.

DISCUSSION:

The Herald Fire Protection District Board of Directors has submitted the attached letter summarizing the status of District operations as of August 17, 2016.

Status of Current Operations

Overall, the District has made many positive improvements and changes to District operations during the past several months. The following report will highlight those changes.

Staffing

Currently, the District is primarily a volunteer fire department with limited paid administrative staff. The District has a part-time business manager to oversee the audit, financial accounting, and implement staffing schedules of the volunteer firefighters.

The District recruited two Volunteer Captains to establish a new volunteer rank structure and the District has a Volunteer Battalion Chief to oversee all training of the volunteer safety personnel.

The District has increased the number of volunteer firefighters from 7 to 30 volunteers and would like to increase the number of volunteer firefighters to 35.

The District is implementing a stipend volunteer fire shift staffing model. The ultimate goal is to provide around the clock staffing for at least one station.

Board of Directors

The Board of Directors has conducted a district workshop to review goals and objectives and set priorities for FY 2016-17. The Board of Directors has approved and adopted the FY 2016-17 Budget.

The Board has established several advisory work groups and committees to improve community involvement and trust.

Financial Audit and Accounting Procedures

The District is making progress on the Financial Audits for FY 2009-10 through FY 2015-16. The baseline Financial Audit for FY 2009-10 has been completed. This Audit required the District to hire a forensic accountant to recreate the financial transaction for this period. This will allow the auditor to move forward on the remaining audits.

Policy and Procedures

The District continues to update its policies and procedures with community participation. The District is improving its website to improve communication and transparency with the residents of the District.

Operations and Maintenance

The District has completed modernization of its communication system including new computers and firehouse software.

The District is continuing joint training with neighboring fire districts and working on a more intense training program with those Districts as well as Cal-Fire.

The has adopted mutual aid agreements with Ione, Liberty, Cosumnes and Wilton Fire Districts.

Conclusion

The District appears to be moving forward in a positive direction.

LAFCo staff will continue to monitor the status of District compliance with these issues and will provide any assistance that we can.

SACRAMENTO LOCAL AGENCY FORMATION COMMISSION

Respectfully,

Peter Brundage
Executive Officer

Attachments

Herald Fire Protection District

August 17, 2016

Peter Brundage, Executive Officer
Sacramento Local Agency Formation Commission
1112 I Street, Suite 100
Sacramento, CA 95814

Dear Mr. Brundage,

The Herald Fire Protection District Board of Directors (HFPD) would like to take this opportunity to thank you and the Commission for your support and understanding while we have worked to overcome numerous challenges this past year. The Board of Directors met in December 2015 to develop both short and long term goals and objectives for the District. We would like to outline our progress in completing some of these major goals within the past eight months.

January 2016

- The District completed a complete rewrite, update and reorganization of district policies. These policies are now available in our District office and online for any community member to obtain.
- The District established several advisory work groups and committees to speed district progress and establish community involvement and trust. These committees have been instrumental in the rapid progress of the District.

February 2016

- The District secured the services of a forensic auditor to organize business in order for the audit process to begin.
- The District began implementing a more efficient, sustainable staffing model by going to an all-volunteer force. Since that time, we have moved from a staff of 7 volunteers to 30 volunteers with the current goal of 35 by fall.
- To support those volunteers, we have secured mutual aid agreements with the neighboring districts of Ione, and Liberty as well as continuing the long standing agreements with Cosumnes and Wilton districts.
- The District committed substantial resources to both equipment and training to support those volunteers. The District is also continuing joint training with neighboring districts and finalizing a more intense training program with those districts and departments as well as CalFire.

March 2016

- The District initiated a comprehensive web site to greatly improve communication and transparency with the community we serve.
- The District has completed a complete modernization of our communication system and infrastructure, including new computers and Firehouse software.

May 2016

- The District began partial implementation of our stipend volunteer shift staffing model. The long term goal is to provide around the clock staffing for at least one station.

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Herald Fire Protection District

July 2016

- The District hired a part time Business Manager to oversee the audit, financial accounting and implementation of volunteer staffing schedules.
- The District hired two Volunteer Captains, who have begun establishing the new volunteer rank structure for our safety personnel.
- The District hired a Volunteer Battalion Chief, who will oversee all training of volunteer safety personnel.

August 2016

- The complete audit is scheduled to begin this month, since the forensic audit has been completed.
- The Board of Directors conducted a district workshop to review our goals and objectives from December and established new goals, priorities and objectives for the 2016-17 fiscal year.
- The Board also approved the annual district budget on time for the first time in several years.

At this time both the District Board of Directors and staff are seeking input from LAFCO staff as to any additional concerns or issues they feel may need to be addressed. The leadership team is fiercely committed to our District being a well-managed, professional, well trained and highly competent force dedicated solely to the safety and wellbeing of our community. We look forward to your input and support. We appreciate your continued support and look forward to your input.

Sincerely,

Volunteer Chief James Hendricks

Chairman, Don Siegalkoff

Vice Chairman, Lindsey Liebig

Clerk, Brian Hurlbut

Board Member, Heidi Braziel

Board Member, Dennis Johnson

Business Manager, Andrea Adams

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