

INTEROFFICE MEMO



DATE: November 22, 2010
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SUBJECT: RESPONSE TO LAFCO STAFF REPORT FOR SERVICE REVIEW AND SPHERE OF INFLUENCE FOR MOUNTAIN AREA – DATED NOVEMBER 3, 2010

The following are comments on the Mountain Region Road and Snow Removal Service Review Report.

In the above-referenced report LAFCO has the following issues:

Lack of Transparency and Tracking

Special Districts' staff disagrees with this finding. The transfer of funds to CSA 70 is for administration charges, charged to all CSAs, zones and districts on a percentage basis. This formula has been audited and approved by the CAO's office and the Board of Supervisors. It is not charged exclusively to the road and snow removal districts.

Numerous Formations

LAFCO staff states that there are a number of scattered agencies with an abundance of them being financially challenged. Special Districts' staff disagrees with this statement. The agencies are funded at the amount approved by the voters and owners within the areas for the type and level of service they want. There have been times when funding is a concern and staff has and will work with those agencies to resolve the problem which could include a tax increase, decrease in level of service, or dissolution of the agency. LAFCO staff also refers to a number of agencies as a "patch work" effect. This is certainly a way to describe them, but this occurs due to the locations of areas throughout the mountain that are in need of road services as they are not contingent to each other.

The Use of Equipment Owned by CSA 70, D-1 for Road Maintenance and Snow Removal

LAFCO staff has expressed concerns with Special Districts using equipment owned by CSA 70, D-1 which does not have road maintenance or snow removal authority. The loader owned by CSA 70, D-1 is used primarily for the upkeep of the desilting basin and clearing of property owned by CSA 70, D-1. It is also used for snow removal for the road across the Dam which must be cleared for access and for the parking lot. When it is not being used for CSA 70, D-1 purposes, and in case of heavy snowfalls, several road districts and one County maintained road will use and reimburse CSA 70, D-1 for use of its equipment. The utilization of resources between districts and other County departments is an accepted practice and reimbursements are always completed in all cases.

No Standards for Road Maintenance and Snow Removal Through the Region

Each of the agencies has their own standards. To some this may seem inefficient, but it does demonstrate how an agency can tailor service for their individual area based on services needed and the ability to pay for those services. Special Districts' staff does not view this as a negative.

There Are No Advisory Boards or Commissions

Advisory boards and commissions are functions of the Board of Supervisors. Currently, when community input is needed, Special Districts' staff will meet a committee of property owners or, if needed, conduct a public meeting.

At the meeting on November 17, 2010, LAFCO indicated the concerns were that CSA 70 had numerous agencies providing snow removal for the mountain area and that each paid administration costs and audit reports. It was recommended that CSA 68 be expanded and have separate zones for each existing agency. LAFCO felt this would save \$48,000 in audit fees. LAFCO used the Fire reorganization as a model for this reorganization. LAFCO also felt this would establish a standard for road maintenance at the current planning level for new development.

The Special Districts Department does not feel that the communities served would benefit from this reorganization. The fire district collects the property taxes into the four regional areas and disseminates them on an as needed basis. CSA 68 and other CSAs and zones receive a portion of ad valorem property tax (which property owners approved prior to Prop. 13) and the property owners would not benefit from sharing these funds with other communities. The Special Districts Department believes this to be contrary to the benefit of individual agencies being able to determine their own level of service and voting on what they are willing to pay.

Further, the Special Districts Department has CSA 70, a Countywide district, which has road services. Even if there was an individual mountain CSA, there would still be individual zones within that CSA. The road districts are formed by request of the individual communities based on the special needs of that community. Some zones or CSAs receive berm removal, while others do not. Some CSAs have an extensive culvert system, requiring additional maintenance and budgeting for culvert replacement. Even if there was one CSA for the mountain area providing road and snow removal service there would still need to be many individual zones with differing levels of service based on the unique needs of that community. CSA 70 currently provides that service.

LAFCO claims there would be significant cost savings by expanding CSA 68 to cover the mountain area. They indicate there could be \$42,000 in audit report savings. We question this, as the road districts in the area being reviewed currently pay a combined audit cost of \$11,396 (see attached). The audit charge for the mountain CSA would still need to be divided over the zones of the CSA so the cost savings for the audit report does not appear to be significant.

The additional expense to the CSAs and zones that the reorganization would require, including the LAFCO costs, annexation costs, registered voter and property owner notification and public hearing time does not seem to warrant the benefits of having a single CSA over the Crest Forest, Lake Arrowhead mountain region, when CSA 70 already provides the service required. Further, a planning requirement for road maintenance for new develop could be implemented under CSA 70, without needing to go to the time and expense of changing a system that is very effective.

LAFCO suggests that the Department of Public Works form a Permanent Road Division (PRD) and maintain the CSA and zone roads as another option. If a PRD was desired, the Special Districts Department has experience and capability to form a Countywide or mountain area PRD. This could be a valid idea due to the PRD's ability to obtain private financing and the cost savings resulting from its exemption from LAFCO and the State Board of Equalization filing fees. However, there would still be upfront cost.

The Special Districts Department would like to request that LAFCO include the removal of road services from CSA 59 and limit their services to snow removal service only.

The Special Districts Department would also like to request, that in lieu of LAFCO's suggested options, that LAFCO recommend that the Special Districts' staff look at the LAFCO options and report back as to their viability or suggest alternative options that could include leaving status quo. Also, Special Districts recommends that the sphere of influence for CSA 68 not be expanded at this time.

Thank you for the opportunity to provide these comments. The Special Districts Department is very appreciative of the study that LAFCO performed and the sharing of their findings and recommendations. We believe that it is the goal of all to operate these agencies in the best way possible while meeting the needs and expectations of the property owners within them.