

**Morongo Valley
Community Services District**

CSD Response to Draft Staff Report

Attachment 2j

Morongo Valley

COMMUNITY SERVICES DISTRICT & FIRE DEPARTMENT

November 1, 2012

Ms. Kathleen Rollings-McDonald

Executive Officer, Local Agency Formation Commission

215 North "D" Street, Suite 204

San Bernardino, CA 92415-0490

RE: LAFCO Draft Staff Report – Service Reviews and Sphere of Influence

Update for the Morongo Valley Community Dated October 11, 2012

RECEIVED

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LAFCO

San Bernardino County

Dear Ms. Rollings-McDonald:

It was a sincere pleasure having you and members of the LAFCO staff, as well as other stakeholders in the service review process, present the draft report, its findings and recommendations at the October 22, 2012 meeting in our community. After the meeting, the Morongo Valley Community Services District staff embarked on an effort to address the concerns expressed by the review team relative to the recommendations made to CSD and Fire Department representatives. Copies of relevant documents have been enclosed with this letter.

We are appreciative of the review staff's recommendations relative to the Sphere of Influence expansion. At this time, the District's preferences would be to have the CSA 70 Water and TV Districts remain under administration and management by others.

I believe that the questions as to the 2009-2010 Audit relative to the sale of the Gun Club and how revenue from sale of the asset was treated have been clarified. I have forward a copy of Mr. Tuerpe's outline in his October 31, 2012 e-mail to the District's auditor for his edification. I have also thanked Mr. David Marion for his extended efforts to produce the District's Appropriations Limit calculations as part of the audit process and have advised him that we will initiate the Management Analysis and Discussion documentation at the June 30, 2012 year-end audit process per LAFCO staff recommendations. A copy of the Resolution of the Board relative to the adoption of the appropriations limit is enclosed herein. Action on this matter will occur at the November 14, 2012 Regular Board meeting.

We have reviewed Mr. Michael Colantuono's June 1, 2006 documentation, and have enclosed the original Engineer's Report on the calculation methodology used for the initial fire suppression assessment performed for FY 2007/2008 on 2596 parcels and the most recent final applied fire suppression assessment for FY 2011/12 on 2613 parcels utilizing the same calculation methodology. This should respond to the question of how the determination of assessments was made. Additionally, I have contacted the District's consultant firm, Willdan Financial Services, to advise that we will be required to perform another complete Engineer's Report prior to our April/May Resolution for the Board relative to our following fiscal year's assessment process.

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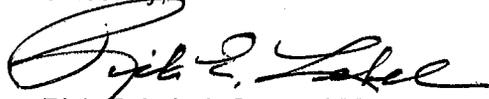
A notation was made during the staff review briefing on October 22, 2012 that Page 55 of the draft report reflected that the general government allocation of property tax over the prior three years were reduced due to reductions in appropriations. While that is true, revenues from the fire assessment fee did increase somewhat as overall expenses also decreased during that period of time. The District has initiated a practice of performing a mid-year budget review and analysis in efforts to provide a greater degree of management and control over expenditures and develop an improved predicative level of revenues. Additionally, the District is in process of revising fee schedules for park facilities use and other activities as means of generating previously un-captured revenues. Such schedules were, in the past, reviewed approximately each five years. District plans are to review such fee schedules every 2-3 years to appropriately adjust for inflationary factors.

In order to provide for administrative and managerial stability, the General Manager's position is now a contracted position. A copy of the Management Contract has been provided to LAFCO staff member Mr. Tuerpe. Additionally, the Fire Chief's position has been filled after performing a national recruitment effort which incorporated assessments of the candidates utilizing both a community panel as well as the Board of Directors in the selection process prior to appointment by the General Manager in July of this year. Fire Chief Johnson formerly worked for other rural fire agencies in Colorado and Idaho over a prior ten year period and his employment with Morongo Valley as a qualified professional fire service leader is expected to provide improved stability for the Fire Department as well. Advancement and adoption of amended versions of the 2010 California Fire Code and California Residential Code is presently being processed after extensive review by legal counsel with a first reading of the Ordinance on November 14, 2012 and a second reading scheduled for December 19, 2012.

On Monday, November 5, 2012 the District held its initial meeting with representatives of the County Regional Parks Department in an effort to renegotiate lease of adjacent County Parks owned properties to the District's Covington Park. We are presently looking at negotiating a ten year term lease with three five year options. As the County-owned property used by the District for a youth-based softball league only operates for 6-8 weeks during the summertime, current maintenance costs do not provide a cost-beneficial ratio as compared to use needs. Thoughts on other potential uses and/or revenue generating uses, though not thought to be feasible, are being explored and a second meeting with the Parks Department is tentatively scheduled for December 3rd or 4th to review potential options for consideration.

Documents relative to these discussions and comments have been included with this response. Again, we thank LAFCO Executive Officer Kathleen Rollings-McDonald and staff for their frank and considerate approach to this review process. It has been a definitive learning process from which the District has expectations for greater accomplishment as it moves forward. We sincerely appreciate the cooperative approach provided by LAFCO staff as well as the direction provided in assisting the completion of the Service Review and Sphere of Influence Update for the Morongo Valley Community.

Sincerely,



Rick E. Lebel, General Manager

Attachments: Documentation as Noted