



COUNTY SERVICES AND SPECIAL DISTRICTS COMMITTEE MISSION STATEMENT

The County Services and Special Districts Committee of the 2014-2015 Grand Jury is responsible for reviewing and overseeing the management, performance, and execution of fiscal responsibilities of all county services departments and special districts within Kern County. It is our desire to offer to entities within our purview acknowledgement and encouragement as they continue to operate an open and transparent governance.

Ray Grissom, Chairman
Andi Derrick
Judi House
Barbara Rycerski

**COUNTY SERVICES AND
SPECIAL DISTRICTS COMMITTEE
SUMMARY OF ACTIVITIES**

The 2014-2015 County Services and Special Districts Committee has written and published the following reports:

- Bear Valley Community Services District
- Desert Lake Community Services District
- Kern Citrus Pest Control District
- Kern County Parks and Recreation Department
- Golden Hills Community Services District
- LAFCO
- Rosamond Community Services District

Committee members began their service by attending a California Grand Jury Association Jury Training in Visalia. The Committee responded to 15 complaints from Kern County citizens. Six public agencies noted above were visited, key personnel interviewed and numerous reports and documents inspected. Several Community Service District board meetings were attended. In addition, Committee members also toured Wasco State Prison, China Lake Naval Weapons Center, Edwards Air Force Base and attended meetings of the Board of Supervisors. Committee members also visited the Kern County Sheriff's Office Air Support Unit, K-9 Training Unit, and Central Receiving Facility.

Members also served on the Public Relations Committee, Edit Committee, Library Committee and Emergency Services Ad Hoc Committee. Members also served as Recording Secretary, Parliamentarian and Sergeant-at-Arms.

New Grand Jury brochures were created and additional information was added to the County of Kern website to enhance visibility. In an effort to recruit jurors for the 2015-2016 Grand Jury, the Committee spoke with interested candidates at the Kern County Retirees Association luncheon, the Retired Federal Employees luncheon, a Chapter of the Kiwanis Club and at the Bakersfield Home and Garden Show. Lastly, members attended several California Grand Jury Association educational luncheons.

Members received recognition from the Board of Supervisors during Jury Awareness Week and were presented Certificates of Recognition from the representatives of US Congressman David Valadao and California State Senator Andy Vidak at a ceremony celebrating 148 years of the Kern County Grand Jury.

Members heard a Kern County Deputy District Attorney and Attorney General's Criminal indictment.

BEAR VALLEY COMMUNITY SERVICES DISTRICT

PREFACE:

Nestled in the Tehachapi Mountains is the community of Bear Valley Springs. Originally conceived as a planned seasonal retirement development by Dart Industries, many of the homes have now become permanent residences. The Bear Valley Community Service District (District) was established by a resolution of the Kern County Board of Supervisors on May 4, 1970, for the purpose of providing the infrastructure for the developing community. The District supplies such services as police protection, potable water, road maintenance, wastewater treatment and solid waste disposal.

PURPOSE OF INQUIRY:

In response to a complaint, the County Services and Special Districts Committee (Committee) of the 2014-2015 Kern County Grand Jury (Grand Jury) reviewed the District pursuant to California Penal Code §933.5.

PROCESS:

The Committee interviewed the District's Board of Directors (Board), past and present General Managers, Bear Valley Springs Association General Manager, District police personnel, and concerned citizens in Bear Valley Springs. The Committee reviewed the District's past audits, current and past budgets. Agendas and minutes for the past year were also reviewed. Grand Jurors attended a Board Meeting and toured District facilities.

FACTS:

- A. The Committee attended the February 26, 2015, Board Meeting.
 1. Speaker cards were available for members of the public wishing to address the Board.
 2. Public attendance exceeded seating capacity.
- B. Plans for installing a solar power system are being considered to offset the District's approximate \$500,000 a year electric bill. Past agendas show that this issue has been before the Board for several years.
- C. Pine bark beetles are present in Bear Valley Springs.
- D. Effluent from the sewer treatment plant is processed and used to water the golf course during the summer. In the winter, treated effluent is released down Sycamore Canyon.

- E. The District is one of only six California community service districts that has its own police department.
 - 1. The District budgeted \$1,385,193 for Law Enforcement in fiscal year 2014-2015.
 - 2. The District receives an additional \$100,000 per year from a Community Oriented Policing Services (COPS) Grant.
 - 3. The police department currently has one unfilled position.

FINDINGS:

- F1. The Board is in compliance with the Ralph M. Brown Act, Form 700 completion and Proposition 218 requirements. The Board has received Ethics Training.
- F2. One or more Board Members have at least one family member employed by the District.
- F3. The Board followed proper procedures for replacing a Board Member who passed away shortly after being elected.
- F4. According to meeting minutes, Board Meetings run between three and five hours.
 - 1. The agenda for February 26, 2015, contained a lengthy number of information and discussion items.
 - 2. The Board Meeting attended by the Committee did not have sufficient seating for attendees. The audio system was inadequate, causing attendees to not hear, and speakers to not be heard. Portions of the video of the meeting were inaudible.
 - 3. Instructions for public comment and the use of speaker cards were unclear and inconsistent.
 - 4. According to the General Manager, funds have been allocated for a remodel of the administrative offices which would provide a larger space for public meetings.
- F5. Due to many factors, the District has yet to apply for a current incentive program in time to be allocated funds for the District's solar energy project; however, they could apply for a wait-list position for funding. The pace of the project has been influenced by financial and design considerations.
- F6. The District has been aware of the pine bark beetle infestation for some time; efforts have been impeded by public resistance to initial abatement efforts. Public opinion appears to be changing. According to the General Manager, efforts to streamline the process have begun, for example, amending an ordinance to reduce the required number of hearings.

- F7. An option to treat effluent for use as lake-fill is being considered. The District may be able to reallocate funds for more Parks and Recreation amenities if treated effluent can be used for cost-efficient lake-fill instead of purchasing water.
- F8. There is a duplication of administrative duties among neighboring community service districts' police departments. Currently, the BVPD provides dispatch services to the City of Tehachapi. Combining police services and eliminating duplicate positions, may save both districts money.
- F9. Ongoing litigation expenses for the Bear Valley Police (BVPD) from July 2014 through February 2015 were in excess of \$200,000.
- F10. The District is not being compensated for flood control services it is providing that may benefit Kern County residents outside the District boundaries.

COMMENTS:

The Committee would like to thank the Board Members and the District staff for their time and information during this investigation.

RECOMMENDATIONS:

- R1. Board Members who have relatives employed by the District should recuse themselves from any financial or personnel discussions or votes on issues relating to such relatives' employment. (Finding 2)
- R2. Board Meetings should be improved by:
- Limiting discussion and public comment to the time allotted
 - Reserving lengthy discussions for town hall meetings or working groups
 - Providing sufficient seating and an audio system that can be heard by all
 - All Board Members having the same access or materials in front of them during the meeting
 - Explaining and enforcing public comment rules
(Finding 4)
- R3. The District should continue to evaluate effectiveness of solar energy as cost savings to the District. (Finding 5)
- R4. The District should continue to expedite the work towards pine bark beetle abatement. (Finding 6)
- R5. The Board should further explore options for treating effluent as a less expensive source of water for lake-fill. (Finding 7)

- R6. The District should consider alternatives to the BVPD, such as:
- Consolidation of police departments in surrounding communities
 - Solicitation of new clients for dispatch services (Finding 8)
- R7. The District should resolve the pending BVPD personnel litigation in a timely manner in order to mitigate legal costs. (Finding 9)
- R8. The District should review the possibility of receiving compensation for flood control from Kern County. (Finding 10)

NOTES:

- The Bear Valley Community Service District should post a copy of this report where it will be available for public review.
- Persons wishing to receive an email notification of newly released reports may sign up at: www.co.kern.kern.ca.us/grandjury.
- Present and past Kern County Grand Jury Final Reports and Responses can be accessed on the Kern County Grand Jury website: www.co.kern.ca.us/grandjury.

RESPONSE REQUIRED WITHIN 90 DAYS TO:

**PRESIDING JUDGE
KERN COUNTY SUPERIOR COURT
1415 TRUXTUN AVENUE, SUITE 212
BAKERSFIELD, CA 93301**

**CC: FOREPERSON
KERN COUNTY GRAND JURY
1415 TRUXTUN AVENUE, SUITE 600
BAKERSFIELD, CA 93301**

DISCLAIMER:

This report was issued by the Grand Jury with the exception of a juror pursuant to PC §916.2(a). The juror recused her/himself from all parts of the inquiry/investigation, including interviews, deliberations, and the writing and approval of this report.



BEAR VALLEY COMMUNITY SERVICES DISTRICT

28999 South Lower Valley Road • Tehachapi, CA 93561-7460
PHONE 661-821-4428 • FAX 661-821-0180

COPY

August 6, 2015

Presiding Judge
Kern County Superior Court
1415 Truxtun Avenue, Suite 212
Bakersfield, CA 93301

RECEIVED

AUG 10 2015

Personally Delivered

By 

Re: **Responses to 2014-2015 Civil Grand Jury Report**

To the Honorable Presiding Judge:

The Bear Valley Community Services District, ("District") has reviewed the 2014-2015 Civil Grand Jury Report regarding the District. A response to the Grand Jury's recommendations was prepared by the General Manager and General Counsel of the District. In preparing these responses, the District considered factors such as the District's small size and budget, current practices, as well as recently approved and pending revisions to certain District ordinances, policies, procedures and practices noted in the Report.

The responses were presented to the Board of Directors at a regularly noticed meeting on July 23, 2015 for final review and edits. The Board of Directors has approved the attached responses and authorized the General Manager to file them with Kern County Superior Court.

Sincerely,



David Edmonds
General Manager

cc: **Foreperson, Kern County Grand Jury**
Board of Directors, Bear Valley Community Services District
Don Davis, General Counsel

RECOMMENDATIONS:

R1. Board members who have relatives employed by the District should recuse themselves from any financial or personnel discussions or votes on issues relating to such relatives' employment. (Finding 2)

The District agrees with this recommendation and implements it by continuously monitoring the activities and actions of its employees and officials for potential conflicts of interest, including those involving family members and relatives. In December 2014, the Board of Directors approved an updated Conflict of Interest Code, which the County Board of Supervisors approved in January, 2015.

R2. Board meetings should be improved by:

- **Limiting discussion and public comment to the time allotted**
- **Reserving lengthy discussions for town hall meeting or working groups**
- **Providing sufficient seating and an audio system that can be heard by all**
- **Board members having the same access or materials in front of them during the meeting**
- **Explaining and enforcing public comment rules (Finding 4)**

The District agrees with these recommendations and has implemented a number of policies and practices in furtherance of these recommendations. The District now projects public comment rules on its monitors before the start of meetings and the chair of a meeting reminds speakers of limitations on the time allotted to speak (generally, 3 minutes). The Secretary of the Board monitors this limit by a digital timer, visible to the speaker. Written notice of these policies is also available in the Board meeting room, including at the speaker podium and is printed on the back of our newly revised speaker cards. For certain topics where public attendance is likely to exceed the capacity of the Board room, the District has moved meetings to alternative locations with larger seating capacities such as the Oak Tree Country Club. The District has installed new, large monitors in the Board room (three total – two for the public, one for the Board), which are observable by both the Board and the public. The District also anticipates proceeding in the near future with long-planned improvements to its offices, which would include an expanded meeting room. The Board approved Fiscal Year 2015/16 Preliminary Budget includes funding for architectural feasibility review. With respect to agenda package materials, meeting information is consistently disseminated to all Board members at the same time, at which time it is also made available to the public. In general, Board packages are delivered three days prior to a meeting.

R3. The District should continue to evaluate effectiveness of solar energy as a cost savings to the District. (Finding 5)

The District agrees with this recommendation and the Board of Directors has identified and is working with the firm, HelioPower, on the conceptual design and feasibility of a small scale

solar energy facility that could provide approximately 75% of the District's current electrical demand. The District is also currently working with the consulting firm of AECOM to review the design and feasibility of such a project. A detailed proposal is currently scheduled for consideration by the Board at its second meeting in August, 2015. The Board approved Fiscal Year 2015/16 Preliminary Budget includes various consultant costs and a down payment should the District choose to purchase the system.

R4. The District should continue to expedite the work towards pine bark beetle abatement. (Finding 6)

The District agrees with this recommendation. The District has reviewed the status of all existing pine bark beetle abatement notices and plans to implement this year a more systematic approach to future notices in terms of focusing on high impact areas and ensuring the completion of the abatement activities. A more systematic approach may reduce costs to private property owners, which may incentivize timely follow-through on abatement orders. In 2014, the District also amended the pine bark beetle abatement chapter of its Ordinance Code to establish an expedited abatement notice and hearing procedure. In March and April of 2015, the District removed over 300 trees from its High County Park that were dead, dying or diseased, not only from pine bark beetle activity, but also from an insect infestation known as black pine leaf scale.

R5. The Board should further explore options for treating effluent as a less expensive source of water for lake-fill. (Finding 7)

The District agrees with this recommendation and is exploring such options; however, there is no guarantee that there will be a reduced cost as additional and/or different water treatment and permitting requirements are unknown, additionally there will likely be increased monitoring requirements. The Board approved Fiscal Year 2015/16 Preliminary Budget includes various costs to explore feasibility, however this is a complicated and regulated matter that will take time to explore.

R6. The District should consider alternatives to the BVPD, such as:

- **Consolidation of police departments in surrounding communities**
- **Solicitation of new clients for dispatch services (Finding 8)**

The District remains open to the concept of partnerships with other police and/or dispatch agencies, though consolidation is unlikely at this time. Any partnership must ensure the continued delivery of the quality of service the community demands and must provide a financial incentive. Specific to police services, due to the large geographic area and relative isolation of Bear Valley, additional travel and personnel costs would likely negate any administrative savings due to duplicate positions.

The safety and security of District residents is of paramount importance to the Board of Directors and any changes to the structure and delivery of police services must be carefully considered. Nevertheless, in the recent past, the District has (in part in response to prior Grand Jury reports) considered both consolidation with other police departments and contracting for services with the Kern County Sheriff's Department as a potential cost saving measure. As noted below in response to Recommendation No. 7, the District has favorably resolved its prior Police Department personnel and litigation matters. Moreover, with the recent retirement of its former police chief, by design the District has opted to hire an interim police chief prior to recruiting for a permanent replacement. This interim period will allow for an impartial review and analysis of police operations. The interim chief is familiar with other local agency operations and will be cognizant of the opportunity for potential partnerships.

With respect to soliciting new clients for the District's dispatch center; the District currently has a contract with the City of Tehachapi with Bear Valley providing dispatch service to their separate and independent police department. However, the city is contemplating providing their own dispatch services. As such, the District has been in touch with a number of other agencies during the past fiscal year regarding the provision of dispatch services. The current City of Tehachapi contract helps defray about half of the District's operational costs demonstrating the economy of scale via partnership. Therefore, with or without the City of Tehachapi, the District will continue to explore additional partnerships.

R7. The District should resolve the pending BVPD personnel litigation in a timely matter in order to mitigate legal costs. (Finding 9)

The District agrees with this recommendation, and as of the date of this response, the District has favorably resolved all personnel matters that were pending during this past fiscal year. At present, the District has no pending litigation with any District employees, including Police Department personnel.

R8. The District should review the possibility of receiving compensation for flood control from Kern County. (Finding 10)

The District agrees with this recommendation. The District currently provides a number of services, including flood control, for which it does not receive property tax revenue. The General Manager has initiated a review of the Tax Rate Areas that comprise Bear Valley. Generally speaking, the Tax Rate Areas set the allocation of the 1% property tax. While Bear Valley clearly provides drainage and flood control services and maintains related infrastructure, it is unclear which agency is receiving flood control revenue. It is likely included in the Kern County General Fund allocation. This will require coordination with Kern LAFCo to determine the appropriate municipal service provider and funding recipient.

END

DESERT LAKE COMMUNITY SERVICE DISTRICT

SUMMARY:

The statewide drought has forced water issues to the forefront, and water rates continue to rise. Small rural districts are experiencing difficult times. Boron's Desert Lake Community Service District (District) faces challenges not seen in similar districts. During an inquiry into the District, it was noted that the drought exacerbated other problems. Due to decreases in reserves, funding is insufficient for long term sustainability. Much needed well repairs are unfunded and high arsenic content renders a second well unusable.

PURPOSE OF INQUIRY:

The County Services and Special Districts Committee (Committee) of the 2014-2015 Kern County Grand Jury (Grand Jury) reviewed the District pursuant to California Penal Code §933. The District was last reviewed by the Kern County Grand Jury in 2012-2013.

PROCESS:

The Committee interviewed the District's Board of Directors, the Board Recording Secretary and the General Manager. The Committee reviewed the District's past audits, California Form 700s, Ethics Training Certificates and Board meeting agendas and minutes for 2014. In addition, Grand Jurors attended the October 15, 2014 Board meeting. The Committee also consulted with the California Rural Water Association (CRWA), the California Department of Water, the Antelope Valley East Kern Water Agency (AVEK) and the Kern County Auditor Controller. In addition, the Committee reviewed the "Desert Lake CSD Rate Study and Review" (Study) completed by the CRWA for the District in 2014.

BACKGROUND

The District is located in the Boron, California area and was formed on December 10, 1957, to supply water, sewer, streetlights and park maintenance for the community. The District has 220 residential water connections and seven commercial accounts. The Mission Statement of the District is *"to perform any and all acts necessary to furnish water, sewer, street lighting and recreation services in the District."*

FACTS:

- A. The Board of Directors consists of five elected members.
 - The November 4, 2014, election resulted in one new member and one incumbent elected

- The District’s Administrative Code, Title 2, Article 4, Section 08, “Rules of Order” specifies that “Meetings may be conducted in accordance with Robert’s Rules of Order ...”
- B. The Ralph M. Brown Act requires the following:
- Board meetings are to be open to the public
 - Agendas are posted prior to Board meetings
 - Meeting minutes are to be made available to the public
 - Recusal protocol requires person recusing to leave the immediate area before discussion or action begins
- C. California Government Code 53755 (Proposition 218) requires 45 days public notification outlining purpose, proposed rate(s), how to submit comment and date of public hearing prior to rate increases.
- On February 19, 2014, and August 20, 2014, the Board voted to increase rates without providing 45 days public notice or holding a public hearing
 - The February increase was not implemented, and according to the minutes, the August vote was reconsidered on September 17, 2014.
 - On October 14, 2014, the Board voted 5-0 to increase rates
 - The District stated that they were preparing to mail a notice to water customers regarding the rate increase
 - The District is planning a public hearing 45 days after the notice has been sent and before rate increases become effective
- D. The District had been utilizing two ground water wells as its source of water
- One well is inoperable due to casing damage
 - The remaining well has high arsenic content above Environmental Protection Agency arsenic level standards; California reduced allowable arsenic levels effective November 2008
 - Only during emergency drought conditions and with State approval, the water from the operating well may be blended with other water sources
 - The District is currently relying on AVEK as its only water source.
 - The District has relied on AVEK water for the past four years
 - According to AVEK, this water supply is subject to interruption based on availability
 - Current water cost is \$375 per acre foot for winter and \$450.00 per acre-foot for summer
 - AVEK has established the supplied water cost at \$451 acre-foot effective January 1, 2015. This includes a 7.75% increase and a melded rate with no summer/winter adjustments. AVEK has also instituted an approximate rate increase of 7%/year for the following five years.

- E. The infrastructure was installed upon formation of the District in 1957.
 - Current improvements to infrastructure include new valves to isolate portions of the system during repairs
 - Storage tanks were replaced beginning in October 2006 with United States Department of Agriculture grant/loan
 - The loan has an approximate balance of \$323,000 and is amortized to 2046
 - Water stored in tanks is non-potable

- F. All water is currently metered.
 - Current rates include two tiers for residential customers (which may be switched twice a year) and one commercial rate plan. (Appendix A)
 - Metering is used for over-consumption and charged accordingly
 - The security deposit, required for accounts was increased on February 19, 2014, from \$100 to \$200
 - Water rates have not increased since July 1, 2008
 - The District has applied for an Arsenic Removal Project grant from the State of California
 - A rate study was initiated by the State Water Resources Control Board Division of Drinking Water and completed by the California Rural Water Association

FINDINGS:

- F1. During a regular meeting, a recused Director was observed by the Committee not to have left the room before pertinent discussion and/or action began.

- F2. The District has not been in compliance with Proposition 218.

- F3. From Board member statements and Board minutes, the committee determined that some Board members may have personal agendas rather than considering the needs of the entire District.

- F4. Board members were unclear as to what is considered a conflict of interest regarding their ability to vote on water rate issues.

- F5. The District lacks sufficient funds to make repairs on the collapsed well.

- F6. The purchase of two large water storage tanks in 2006 has been a financial burden on the District.

- F7. The Arsenic Removal Project grant application is pending, and approval will be based on the District's ability to become a self-supporting water system with sufficient reserves.

- F8. The study, “Desert Lake CSD Rate Study and Review,” completed by the CRWA, concludes that a water rate increase is needed for the District to achieve a self-supporting water system.
- F9. The sewer reserve account has been depleted to fund the water account.
- F10. The District is currently dependent on AVEK as its only water source.
- F11. If the District is interested in acquiring the Arsenic Removal Project grant, the District must raise water rates based on the recommendations in the Study. (Appendix B)
- F12. The District does not have a Master Plan that encompasses water, street lighting, sewer and park future needs.
- F13. The Committee members attended a monthly District meeting in which the Board failed to follow proper parliamentary procedures.

COMMENTS:

Online search by the Committee has found a number of associations that work directly with special districts, including the California Special Districts Association. This organization includes but is not limited to legislative services, educational training and workshops, advocacy, information resources and legal advice to special districts. Organizations such as these often prove valuable to smaller special districts.

The Grand Jury appreciates the cooperation of the District’s Board Members and staff in providing the requested information in a timely manner. The Committee thanks the California Rural Water Association, the California Department of Water, the Antelope Valley East Kern Water Agency (AVEK) and the Kern County Auditor Controller for their time.

RECOMMENDATIONS:

- R1. A recused Board member must leave the room prior to discussion or action on relevant items. (Finding 1)
- R2. The District should consult legal counsel regarding Proposition 218 compliance. (Finding 2)
- R3. The District should take into consideration the needs of the entire District during the decision process. (Finding 3)
- R4. The District should consult legal counsel on what constitutes “a conflict of interest” when a vote action is required. (Finding 4)

- R5. The District should create a long-term Master Plan encompassing all current services. Reserves for emergencies should be created. (Finding 12)
- R6. The District should establish a projected rate increase, with annual review to assist in keeping the District financially sound. (Findings 5,6,7,8, and 11)
- R7. Board members should familiarize themselves with Robert's Rules of Order in order to conduct public meetings and prepare minutes properly. (Finding 13)

NOTES:

- Desert Lake Community Service District should post a copy of this report where it will be available for public review.
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RESPONSE REQUIRED WITHIN 90 DAYS

**PRESIDING JUDGE
KERN COUNTY SUPERIOR COURT
1415 TRUXTUN AVENUE, SUITE 212
BAKERSFIELD, CA 93301**

**CC: FOREPERSON
KERN COUNTY GRAND JURY
1415 TRUXTUN AVENUE, SUITE 600
BAKERSFIELD, CA 93301**

APPENDICES:

Appendix A:

Description of the District's current water rate plan from page three of the Desert Lake CSD Rate Study and Review.

2. Water Rates -Current Rate Information

The District's current rates are broken into a plan with two options, as follows:

Residential Rate Plan 1. - Customer shall pay a flat rate of \$20.00 per month for water consumption up to 1,500 cubic feet of water. Water consumption in excess of 1,501 cubic feet, but under 3,000 cubic feet of water shall pay \$1.56 per/100 cu/ft of water usage. For water consumed over 3,000 cu/ft the customer will pay \$2.70 per 100 cu/ft.

Residential Rate Plan 2. - Customer shall pay a flat rate of \$40.00 per month for water consumption up to 3000 cu/ft. For water consumption between 3,001 and 10,000 cu/ft the customer shall pay \$1.56 per 100 cu/ft. For water consumption over 10,000 cu/ft the customer shall pay \$2.70 per 100cu/ft.

Non-Residential Service Charges - Non-residential customers shall pay \$40.00 per connection for consumption up to 3,000 cu/ft. For water consumption from 3,001 to 10,000 cu/ft customers will pay \$1.56 per 100 cu/ft. For anything over 10,001 cubic feet customers will pay \$2.70 per 100 cu/ft.

- a. Customers other than single family residences with 2 or more meters will pay, in addition, a fee of \$400.00

The current structure does meet water conservation standards, but is very generous with water consumption. **The 1,500 cu/ft of water equates to a minimum charge for 11,220 gallons.** An average family of 4 will use between 8,000 and 12,000 gallons per month depending on the area and demand of the area.

Appendix B:

Recommended minimum rate increase plan from page six of the Desert Lake CSD Rate Study and Review:

5. Recommended Rates

The rates as calculated are based on the 2013 -2014 budget. The rates as recommended will only fund the budget, they will not fund reserves or depreciation as those amounts are not accounted for now. I will calculate a 5% increase for each of the next 5 years, as that will allow the district to start setting aside reserves as they move forward.

Year	% increase	Base Rate	Usage rate/1000/gal	Average Water bill/assuming 11k usage
1	0	\$47.35	2.22 per/1000 gal	$2.22 \times 11 = 24.42 + 47.35 = \71.77 per month
2	5%	\$49.71	2.32 per/1000 gal	$2.31 \times 11 = 25.64 + 49.71 = \75.35 per month
3	5%	\$52.19	2.44 per/1000 gal	$2.44 \times 11 = 26.84 + 52.19 = \79.03 per month
4	5%	\$54.79	2.56 per/1000 gal	$2.56 \times 11 = 28.16 + 54.79 = \82.95 per month
5	5%	\$57.53	2.67 per/1000 gal	$2.67 \times 11 = 29.37 + 57.53 = \86.90 per month

DESERT LAKE COMMUNITY SERVICES DISTRICT

12200 Del Oro Street, Boron, California 93516
Phone: (760) 762-5349 . Email: desertlakecsd@yahoo.com

February 9, 2015

Presiding Judge
Kern County Superior Court
1415 Truxtun Avenue, Suite 212
Bakersfield, California 93301

Foreman
Kern County Grand Jury
1415 Truxtun Avenue, Suite 600
Bakersfield, California 93301

To Whom It May Concern:

We are writing to you as the Board of Directors of the Desert Lake Community Services District. This letter is in response to a letter dated January 5, 2015, from the Kern County Grand Jury containing the Grand Jury's 2014-2015 Grand Jury Final Report concerning Desert Lake Community Services District. Within the letter was the request that the District respond to the "Findings" and "Recommendations" outlined in the Final Report.

FINDING F1 and RECOMMENDATION R1:

The Board is in agreement with the recommendation stated in R1 in conjunction with the finding stated in F1 – During all board meetings, this recused director has and will continue to leave the room, as has been recommended, prior to discussion or action commencing concerning the issue at hand.

FINDING F2 and RECOMMENDATION R2:

The Board has reviewed the outlined legal obligations required of a special district under Proposition 218 and understands these legal obligations. The District, too, has recently hired a new general manager that it will look to for help throughout the rate increase process who, too, is familiar with the requirements of Proposition 218, as she has successfully implemented rate increases in the past.

FINDING F3 and RECOMMENDATION R3:

The Board is in agreement with the recommendation stated in R3 in conjunction with the finding stated in F3 – Every single board member should take into consideration the needs of the entire District during the decision-making process.

FINDING F4 and RECOMMENDATION R4:

The Board is in agreement with the recommendation stated in R4 in conjunction with the finding stated in F4 – Board members should consult legal counsel on what constitutes a "conflict of interest" when a vote action is required.

FINDING F5:

This finding states that “the District lacks sufficient funds to make repairs on the collapsed well.” The Board sees this finding to be misleading in the way that if the collapsed well was needed to supply water to the District’s customers, the funds would have been spent to repair the collapsed well immediately. But because this is the District’s third source of water behind Antelope Valley East Kern Water Agency surface water and Well No. 2, the District was not compelled, nor has it been focused on, spending District funds to unnecessarily repair the collapsed well.

FINDING F6:

This finding states that “the purchase of two large water storage tanks in 2006 has been a financial burden on the District.” The Board is not at all in agreement with this finding. The District budgeted for the capital improvements of the two large water storage tanks. The detrimental financial burden that has severely impacted the District is the huge amounts of money that have been spent in legal fees to be represented in the Antelope Valley Groundwater Adjudication case. From August 2006 to present, the District has paid \$206,134.07 in legal fees, and the case is still ongoing with more expenses to be incurred.

FINDING F7, F8, F11 and RECOMMENDATION R6:

The Board is in agreement with the recommendation stated in R6 in conjunction with the findings stated in F7, F8, and F11 – The District is in the process of currently establishing a projected rate increase, and it will also review the financial stability of the District annually to help assist in keeping the District financially sound.

FINDING F9:

This finding states that “the sewer account has been depleted to fund the water account.” The Board is not in agreement with this statement in its entirety. Using the word “depleted” indicates that the sewer account has been “exhausted” or “emptied.” The sewer account currently does have enough funds to maintain and cover the necessary operation expenses for the sewer system itself. The new outlined rate increase to be presented to the community for implementation is designed to where each separate entity of the water district – water, sewer, park, and streetlights – will be billed and identified separately and will maintain the funds necessary to cover each entity’s individual expenses.

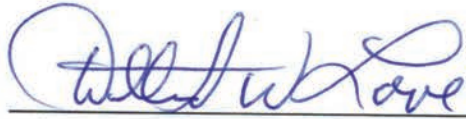
FINDING F12 and RECOMMENDATION R5:

The Board is in agreement with the recommendation stated in R5 in conjunction with the finding stated in F12 – The District will create a long-term Master Plan encompassing all current services where reserves for emergencies shall be created.

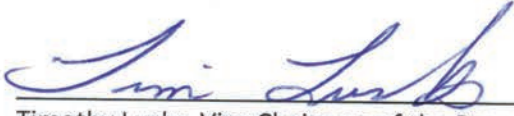
FINDING F13 and RECOMMENDATION R7:

The Board is in agreement with the recommendation stated in R7 in conjunction with the finding stated in F13 – Board members will familiarize themselves with Robert’s Rules of Order in order to conduct public meetings properly and in order to prepare meeting minutes accurately.

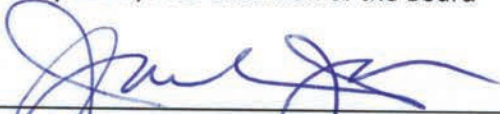
Respectfully,



Dillard Love, Chairman of the Board



Timothy Lucks, Vice Chairman of the Board



Jeremeh Job, Board Director



Nancy Smith, Board Director



Charles Wilson, Board Director

KERN COUNTY CITRUS PEST CONTROL DISTRICT

PREFACE:

The Kern County Citrus Pest Control District (District) was formed in 1960 to help commercial citrus growers combat local citrus pests. Initially the District's focus was on the eradication of the toxic Red Scale insect. More recently their efforts have been to manage the Citrus Tristeza Virus (CTV). The District also stands ready to assist in managing the bacteria which causes Citrus Greening. The District is entirely self-funded by Kern County commercial citrus growers. The District's Board (Board) estimates that up to 40,000 people have employment that relates to the commercial citrus industry in Kern County.

PURPOSE OF INQUIRY:

The County Services and Special Districts Committee (Committee) of the 2014-2015 Kern County Grand Jury (Grand Jury) reviewed the District pursuant to California Penal Code §933.5.

PROCESS:

The Committee interviewed the Board President and reviewed financial statements and audits. The Committee also conducted online research and reviewed news articles. Additionally, the Committee interviewed and toured the Central California Tristeza Eradication Agency (CCTEA) with whom the District has a Joint Powers Agreement (JPA).

FACTS:

- A. The District is comprised of commercial citrus growers in Kern County.
 1. As a grower-funded program, growers are assessed \$10.76 per 100 trees on their commercial acreage. The assessment appears on their annual property tax bill.
 2. The District is managed by a five-member Board of Directors who are commercial citrus growers in Kern County and are appointed by the Kern County Board of Supervisors.
 3. Board members receive no compensation and receive Ethics and Sexual Harassment training.
 4. The Board is bound by the Brown Act and Proposition 218.

5. In a Proposition 218 election, votes would be given to growers on a per acre of production basis.
 6. The District states its mission is to, “*Control or eradicate citrus pests in commercial citrus acreage within Kern County.*”
- B. The District’s current focus is the control of CTV.
1. The CTV is a virus which can cause substantial economic damage to citrus production.
 2. CTV is transmitted between trees by aphids.
 3. The District identifies commercially grown trees infected with the most virulent strains of CTV for removal and disposal.
 4. Pursuant to the State Food & Agriculture Code, Section §8401, et seq., growers are compensated up to \$25 per tree removal.
 5. The majority of the District’s funds go to the CCTEA which is comprised of citrus pest control districts in Kern, Fresno, and Tulare counties through a JPA.
- C. A newer threat, Huánglóngbìng (HLB) or Citrus Greening, is putting the future of California’s citrus industry at risk.
1. HLB is a bacterial disease which causes green, misshapen fruit and kills most infected trees within two years.
 2. HLB is spread by the Asian Citrus Psyllid insect.
 3. The District is prepared to fund CCTEA efforts to manage HLB when needed.
 4. Prior to HLB becoming a wide spread threat, the CCTEA is establishing protocol(s) and acquiring, through grants, proper testing equipment.
- D. The CCTEA is charged with the survey, detection and eradication of citrus pests in approximately 150,000 acres of citrus trees within participating pest control districts. They also provide the same services on a contract basis to non-participating districts.
1. Located in Tulare County, CCTEA is governed by a Board of Commissioners comprised of representatives from each of the JPA districts.
 2. A Technical Advisory Committee, comprised of citrus experts and county and state regulatory personnel, provides scientific and technical expertise.
 3. The CCTEA employs 17 regular and up to 60 seasonal workers.
 4. The CCTEA has established a protocol for sampling citrus acreage on a rotating basis using standard statistical methodology.
 - The agency samples 25% (37,000 – 40,000 acres) of the total acreage annually
 5. If CTV is identified, further sampling is performed on every tree in the identified acreage.
 6. When an infected tree is found, a second sample is retrieved and tested before notification is given.

- When focused CTV testing began in 2009, tree removal dropped from an average of 200 to 12 per year in the areas sampled
7. The District notifies growers with infected trees of the exact locations of the trees to be removed.
 8. The grower removes the tree to ground level and the stump is injected with herbicide.
 - Within a few months the stump and root system is totally destroyed allowing a new tree planting
 9. The CCTEA budget for the fiscal year 2014-2015 is \$2,262,493.00.

FINDINGS:

- F1. The Board complies with the Brown Act and Proposition 218.
- F2. The Board is trained in Ethics and Sexual Harassment.
- F3. The Board works closely with the Kern County Agricultural Commissioner in eradication and control of CTV and other citrus pests.
- F4. The District compensates the grower the legislated amount for tree removal which may not represent the actual cost to the grower.
- F5. The CCTEA is very proactive in protecting the citrus growing industry in the Central Valley.

COMMENTS:

The Committee would like to thank the Kern County Citrus Pest Control District and the Central California Tristeza Eradication Agency for their time, information and cooperation during this inquiry. The Committee noted that the CCTEA has a well maintained, utilitarian facility, which is not lacking any necessary equipment; and both the District and CCTEA exhibit fiduciary responsibility.

RECOMMENDATIONS:

- R1. The District should continue their effective management and efforts towards citrus pest eradication. (Findings 1, 2, and 3)
- R2. Vigorous preparation for the newest threat of the HLB should continue. (Finding 5)

NOTES:

- The Kern Citrus Pest Control District should post a copy of this report where it will be available for public review.
- Persons wishing to receive an email notification of newly released reports may sign up at: www.co.kern.kern.ca.us/grandjury.
- Present and past Kern County Grand Jury Final Reports and Responses can be accessed on the Kern County Grand Jury website: www.co.kern.ca.us/grandjury.

RESPONSE REQUIRED WITHIN 90 DAYS

**PRESIDING JUDGE
KERN COUNTY SUPERIOR COURT
1415 TRUXTUN AVENUE, SUITE 212
BAKERSFIELD, CA 93301**

**CC: FOREPERSON
KERN COUNTY GRAND JURY
1415 TRUXTUN AVENUE, SUITE 600
BAKERSFIELD, CA 93301**

Kern County Citrus Pest Control District

**2010 Truxtun Avenue
Bakersfield, California 93301-5006
Telephone (661) 631-1040 ext. 1
Facsimile (661) 631-1720**

Board of Directors

**Dennis Johnston, Chairman
John Corkins, Vice Chairman
John Fisher, Secretary-Treasurer
Jonathan Moody
Etienne Rabe**

July 23, 2015

Presiding Judge
Kern County Superior Court
1415 Truxtun Avenue, Suite 212
Bakersfield, CA 93301

Re: Response to Grand Jury Final Report for Kern County Citrus Pest Control District

Response to Findings:

The District notes that the Grand Jury's findings 1 through 5 are substantially correct.

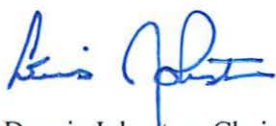
Response to Recommendations:

R1 - The District concurs with the Grand Jury and intends to continue their effective management and efforts towards citrus pest eradication

R2 - The District concurs with the Grand Jury and intends to continue their vigorous preparation for the HLB threat..

The Kern County Citrus Pest Control District appreciates time taken to review the District's operations and to prepare final report by the 2014-2015 Kern County Grand Jury. The Kern County Citrus Pest Control District would like to thank the Grand Jury for their insight. We will continue to pursue our goal of controlling and eradicating citrus pests in Kern County.

Sincerely,



Dennis Johnston, Chairman
Kern County Citrus Pest Control District

cc: Foreperson, Kern County Grand Jury

KERN COUNTY PARKS AND RECREATION DEPARTMENT

PREFACE:

Established in July 1952, the Kern County Parks and Recreation Department (Department) oversees approximately 4,000 acres of parks, lakes, and golf courses in Kern County. The Department maintains facilities for camping, boating, fishing, water skiing, picnicking, ball playing, golfing, and buildings for special events including Veterans' and Senior Centers. The Department is also responsible for administering numerous lease agreements for use of County property.

The Department's current Mission Statement reads: *"The Kern County Parks and Recreation Department develops and maintains a safe, accessible, high quality regional system of parks, open spaces, landscapes, and recreational facilities to support and enhance the quality of life for our residents and visitors."*

PURPOSE OF INQUIRY:

The County Services and Special Districts Committee (Committee) of the 2014-2015 Kern County Grand Jury (Grand Jury) reviewed the Kern County Parks and Recreation Department operation and management pursuant to California Penal Code §925.

PROCESS:

Committee members obtained background information about the Department by:

- Reviewing past Grand Jury reports
- Interviewing the Director of the Department
- Reviewing financial reports, the 2011-2012 audits, and the Department's website
- Reviewing the Department's Policies and Procedures Manual
- Reviewing the Department's 20-year Master Plan
- Reviewing newspaper articles
- Interviewing key personnel
- Touring park facilities

FACTS:

- A. The Department is managed by a Director appointed by the Board of Supervisors. The Department consists of three Divisions: Administration, Park and Building Maintenance, and Park Rangers.

1. The Director oversees the administration of 46 parks, five campgrounds, 40 picnic areas, 39 buildings, 21 ball fields, and four fishing and boating areas. These numbers are subject to change as facilities are added or eliminated.
 2. Total Department staffing currently includes 87 funded positions of which 72 are filled.
 3. The Director and Park Managers are required to take Ethics and Sexual Harassment Training and comply with the Ralph M. Brown Act (Brown Act).
 4. The Department has experienced a significant reduction in staff.
 5. No recreation programs have been provided since 1979 after the passage of Proposition 13.
 6. Kern County General Services provides some equipment and labor exchange as well as fleet maintenance.
 7. Overtime is compensated strictly through compensatory time off.
 8. In addition to the General Fund, income is obtained through grants from Federal, State and private sources.
 - Two planners are dedicated to writing grants
 - Low income and high pollution areas receive the highest priority for grants
- B. The Maintenance Department oversees facilities, grounds, Veterans' and Senior Center buildings, and equipment.
1. The Maintenance division includes one Superintendent, four area Park Supervisors and one Senior Building Service Worker.
 - The entire division has a total of 64 funded positions
 2. Training for the staff is largely on the job.
 - Certain job titles require possession of specialized licenses
 3. On-call employees are paid only when responding to a call.
 4. Parks that charge entrance or usage fees are Lake Woollomes (summer only), Buena Vista Recreational Area, Lake Ming and various campgrounds.
 5. Non-profit organizations do not pay building rental fees.
 6. The Department has reduced water usage in the parks by twenty percent in response to the current California water drought.
- C. Park Rangers report to the Department Director and are tasked with safety and law enforcement at all park facilities.
1. Current staff includes four Park Rangers and two Extra Help Park Rangers.
 2. Five Park Ranger positions are vacant and the Department is active in the process of filling these positions.
 3. All Park Rangers are required to have Peace Officer Standards and Training (P.O.S.T.) Certification.
 4. Park Rangers have full Peace Officer Powers and carry firearms; current Extra Help Rangers (Rangers with nine-month term contracts) also have

full Peace Officer Powers due to the fact they are retired sworn law enforcement employees.

5. In addition to the Rangers, three individuals are employed as Security Patrol. They do not carry firearms or Tasers but carry batons and pepper spray; typical responsibilities would be to collect fees in campgrounds and staff the booth at Lake Woollomes.
6. Park Rangers conduct investigations of incidents within their jurisdiction.
7. Park Rangers and other law enforcement agencies assist each other as needed.

FINDINGS:

- F1. The Department is in compliance with the Brown Act, Ethics, and Sexual Harassment training requirements.
- F2. Budget cuts and unfilled positions have left the Department with a shortage of staff which has limited park maintenance and Park Ranger coverage.
- F3. Due to the fact that a public highway passes through Hart Park, the Department cannot require an entrance fee, but is considering an "annual pass" to use the park facilities.
- F4. The Department utilizes voluntary staff such as Community Service, Assembly Bill 109, CalWorks, and Work Release programs when available. Work Release programs are coordinated with the Kern County Sheriff's Office which provides training.
- F5. The Department has made progress in resolving the issues identified in the 2004-2005 Kern County Grand Jury report and previous fiscal audits.
- F6. Of the buildings maintained by the Department, eighty-five percent are utilized by non-profit organizations who are not required to pay any rental fees.
- F7. The Department is trying to privatize employment positions especially in remote areas of Kern County.
- F8. Upkeep of the buildings' floor surfaces is one of the highest maintenance expenses.
- F9. Improved sprinkler repair has mitigated impact of the twenty percent water reduction for landscaping.
- F10. The Department actively seeks alternative funding by applying for grants.

COMMENTS:

The Committee would like to thank the Kern County Parks and Recreation Department for their time, information and cooperation. During this inquiry the Committee was impressed that the Department, although underfunded and short-staffed, is making great efforts to accomplish their mission.

RECOMMENDATIONS:

- R1. The Department should maximize use of volunteer staff to offset staff shortage. (Findings 2 and 4)
- R2. To staff the unfilled positions, the Department should expeditiously complete the hiring process. (Finding 2)
- R3. The Department should continue to look at outsourcing park maintenance throughout the County. (Finding 7)
- R4. The Department should continue to move forward with privatization of remote areas of services. (Finding 7)
- R5. The Department should increase efforts to seek outside funding through use of grant writers. (Finding 10)
- R6. A nominal fee should be required for rental of any building for all groups including non-profit organizations. (Findings 6)
- R7. Events resulting in higher maintenance costs (known from previous experience) should be charged accordingly. (Finding 8)

NOTES:

- The Kern County Parks and Recreation Department should post a copy of this report where it will be available for public review.
- Persons wishing to receive an email notification of newly released reports may sign up at: www.co.kern.kern.ca.us/grandjury.
- Present and past Kern County Grand Jury Final Reports and Responses can be accessed on the Kern County Grand Jury website: www.co.kern.ca.us/grandjury.

RESPONSE REQUIRED WITHIN 90 DAYS

**PRESIDING JUDGE
KERN COUNTY SUPERIOR COURT
1415 TRUXTUN AVENUE, SUITE 212
BAKERSFIELD, CA 93301**

**CC: FOREPERSON
KERN COUNTY GRAND JURY
1415 TRUXTUN AVENUE, SUITE 600
BAKERSFIELD, CA 93301**

Kern County Board of Supervisors
Response to Grand Jury Final Report
Kern County Parks and Recreation Department

Response to Findings:

The Board of Supervisors notes that the Grand Jury's findings are substantially correct.

Response to Recommendations:

R1: *The Department should maximize use of volunteer staff to offset staff shortage.*

The department will continue to use Work Release, Community Service, Mexican American Opportunity Foundation (MAOF), Senior Employment Resources (SER), Assembly Bill (AB) 109 and other volunteers to offset staff shortages.

R2: *To staff the unfilled positions, the Department should expeditiously complete the hiring process.*

The department will continue working with the Personnel Department in order to fill all justified and funded positions.

R3: *The Department should continue to look at outsourcing park maintenance throughout the County.*

The department will continue evaluating outsourcing park maintenance and custodial services in remote areas of the County as allowed by Government Code Section 31000. The department will only move forward after a complete thorough investigation, after working with all impacted and responsible parties, and only if determined allowed and appropriate.

R4: *The Department should continue to move forward with privatization of remote areas of services.*

The department will continue evaluating outsourcing park maintenance and custodial services in remote areas of the County as allowed by Government Code Section 31000. The department will only move forward after a complete thorough investigation, after working with all impacted and responsible parties, and only if determined allowed and appropriate.

R5: *The Department should increase efforts to seek outside funding through use of grant writers.*

The department will continue actively seeking alternative outside funding by applying for grants.

R6: *A nominal fee should be required for rental of any building for all groups including non-profit organizations.*

The department will evaluate the impacts of charging a nominal fee for the rental of any building including all non-profit organizations. However, the implementation of this recommendation will also be dependent on the evaluation and consideration of the need and desire of the public, impacted and responsible parties.

R7: *Events resulting in higher maintenance costs should be charged accordingly.*

The department will evaluate the impacts of charging higher rates to events resulting in higher costs. However, the implementation of this recommendation will also be dependent on the evaluation and consideration of the need and desire of the public, impacted and responsible parties.

LOCAL AGENCY FORMATION COMMISSION

PREFACE:

The County Services and Special Districts Committee (Committee) of the 2014-2015 Kern County Grand Jury visited the office of the Local Agency Formation Commission (LAFCO) on August 4, 2014.

PURPOSE OF INQUIRY:

California Penal Code §933.5 authorizes the Grand Jury to investigate and report on various departments throughout Kern County. The Committee visited LAFCO to garner information on their role in Kern County pertaining to County Services and Special Districts.

PROCESS:

The members of the Committee met with the Executive Officer and asked questions pertaining to LAFCO. Information was also gathered from various websites covering the subject of LAFCO, County Services and Special Districts.

BACKGROUND:

Local Agency Formation Commissions were established in each county by the California Legislature in April 1963 (except San Francisco which would obtain one in 2001). LAFCOs' current legal authority and mandate are defined by the Cortese-Knox-Hertzberg Local Government Act of 2000 (Government Code §56000 *et seq.*).

FACTS:

LAFCOs have both regulatory and planning authority:

- A. As regulatory agencies, LAFCOs are charged with “discouraging urban sprawl and encouraging the orderly formation and development of local agencies” based on “local circumstances and conditions.” LAFCOs’ regulatory responsibilities include reviewing, approving or denying proposals to annex land to cities or special districts.
- B. As planning agencies, LAFCOs are charged with reviewing and updating as necessary the “Sphere of Influence” (SOI) of each city and special district once every five years. In updating SOIs, LAFCOs must prepare Municipal Service Reviews (MSR) of relevant local agencies and services.

- LAFCOs may initiate proposals to consolidate special districts, merge a special district with a city, dissolve a special district, establish a subsidiary district, or any combination of these changes
 - Government Code §56000 makes it difficult for communities to break away from their original cities by forcing the community to gain approval from the city it is detaching from by a 2/3 vote from the entire community and affected city
 - According to the Committee on Local Government of the California Senate, LAFCOs regulate all city and most district boundaries, such as water districts, airport districts and county service districts
- C. The Executive Officer has held the current position for five years.
- Employed at LAFCO for 20 years, beginning as a part time Receptionist and working her way up to Executive Officer
 - Oversees the budget, SOI Surveys, MSR proposals for reorganizations
 - Supervises LAFCO staff
- D. The Board is governed by State Law which consists of:
- Two County Supervisors
 - Two City representatives in an alphabetical rotation by a City Selection Committee - Kern Council of Governments
 - Two district representatives
 - One public representative chosen by LAFCO
 - One restricted public representative
 - One representative of the largest city (Bakersfield)
 - Each have four year terms (with terms staggered in 2 year increments)
- E. The local LAFCO office employs one Executive Officer, one full time Administrative Assistant, one part time Receptionist and one part time Geographical Information Systems mapper.
- F. LAFCO receives funding from the County, Cities and Special Districts – one third from each.
- G. The Budget is \$496,800 for 2014-2015 and is established by LAFCO, the County Administrative Office and the Board of Supervisors.
- H. Some Special Districts are independent entities, with their own boards and budgets. Board members are elected by voters of that district per Proposition 218.
- Dependent entities fall under the purview of the Board of Supervisors.
 - Directors are appointed by the Board of Supervisors and/or other elected entities.

- I. County Service Areas are managed by the Board of Supervisors, not by a district board. A fee may be assessed for services provided.
- J. The Kern County Auditor Controller's Office processes all expenses for LAFCO, including payroll. There is a fee paid to the County for these services and the charge is determined on a warrant by warrant basis.
- K. The last MSR was completed in 2009. The SOI Surveys are sent out every five years to the cities and special districts to address whether there are possible cost reductions and shared facilities. Most responses note that districts are either already sharing facilities or cannot do so.

FINDINGS:

- F1. The website for LAFCO inaccurately lists the current Executive Officer as "Interim" although the position has been filled for five years.
- F2. While LAFCO has no authority to force issues, the public may reject proposals recommended by LAFCO.
- F3. When creating a Special District, the district must show a preference as to their status whether it be independent or dependent. An application is completed citing the status for which they are applying.
 - Only one special district in 20 years has changed their status after applying
 - Upon creation, Supervisors maintain oversight for six months before the district can go independent with their own board

COMMENTS:

The County Services and Special Districts Committee thanks the Executive Officer for the time spent during our visit, answering our many questions regarding LAFCO, its function and the information forwarded to the Committee.

RECOMMENDATIONS:

- R1. The LAFCO website needs to be updated. (Finding 1)

NOTES:

The Local Agency Formation Commission should post a copy of this report where it will be available for public review.

Persons wishing to receive an email notification of newly released reports may sign up at: www.co.kern.ca.us/grandjury, click on: Sign up for early releases.

Present and past Kern County Grand Jury Final Reports and Responses can be accessed through the Kern County Library system and the Kern County Grand Jury website: www.co.kern.ca.us/grandjury.

RESPONSE REQUIRED WITHIN 90 DAYS TO:

**PRESIDING JUDGE
KERN COUNTY SUPERIOR COURT
1415 TRUXTUN AVENUE, SUITE 212
BAKERSFIELD, CA 93301**

**cc: FOREPERSON
KERN COUNTY GRAND JURY
1415 TRUXTUN AVENUE, SUITE 600
BAKERSFIELD, CA 93301**

Kern County Local Agency Formation Commission

December 9, 2014

Presiding Judge
Kern County Superior Court
1415 Truxtun Ave, 2nd Floor
Bakersfield CA 93301

Thank you for the opportunity to meet with your Special District Division of the Grand Jury. It's always a pleasure to discuss LAFCo with those interested. Thank you, as well, for the opportunity to respond to your Report, Findings and Recommendation concerning LAFCo

In response to your Findings:

F1 I agree that the website for LAFCo inaccurately lists the current Executive Officer as "Interim" although the position has been filled for five years. This has been corrected.

F2 Although for the most part, I agree that LAFCo has no authority to force issues, and that the public may reject proposal recommended by LAFCo. There is a process for rejecting proposals, which involves a protest hearing in which registered voters and landowners, in the affected area, may protest. (Government Code Section 57075). If the thresholds are not met in the protest hearing or election, LAFCo's decision must be confirmed.

F3 This finding that Special Districts must show a preference as to their status when applying is correct. **Correction: *The information I provided to the Grand Jury regarding a district changing from independent to dependent was incorrect. No formal action has been taken to create a subsidiary district in the last 20 years.*** I apologize for the incorrect information. The last part of this finding states that "Upon creation, Supervisors maintain oversight for six months before the district can go independent with their own board" may be correct for some types of districts but not others. The formation process for a special district not only requires a LAFCo process but is also governed by a Principal Act. Each type of special district has its own Principal Act and must be formed according to that Act.

In response to your Recommendation:

R1 — "The LAFCO website needs to be updated (Finding 1)

The website for LAFCo has been updated. In fact, since we met, LAFCo has taken responsibility for maintaining our own website which is still part of the County of Kern website.

Thank you again for taking the time to meet with me and for your interest in LAFCo. It's been a pleasure working with each of you.

Sincerely,



Rebecca Moore
LAFCo Executive Officer

cc: Foreperson
Kern County Grand Jury
1415 Truxtun Avenue Suite 600
Bakersfield CA 93301

GOLDEN HILLS COMMUNITY SERVICES DISTRICT

PREFACE:

The 2014-2015 Kern County Grand Jury (Grand Jury) received multiple complaints about the Golden Hills Community Services District (District) located near Tehachapi, California. Due to time constraints, a complete investigation could not be done. This Grand Jury's initial inquiries identified several concerns which merit further independent investigation by the 2015-2016 Grand Jury, District personnel, and citizens of Golden Hills. Key issues needing a closer look include, but are not limited to, conduct of the District's Board of Directors and the proposed acquisition of the Golden Hills Sanitation Company (GHSC) by the District.

PURPOSE OF INQUIRY:

The County Services and Special Districts Committee (Committee) of the Grand Jury reviewed the District pursuant to California Penal Code §933.5.

PROCESS:

The Committee reviewed past Grand Jury Reports, District agendas and minutes. The Committee interviewed staff members, some of the Board of Directors, and concerned citizens in Golden Hills. On May 21, 2015, the Committee attended a regular Board meeting and toured District facilities. The Committee reviewed the District's past audits plus current and past budgets. Engineering reports and other documents relevant to GHSC were also reviewed.

BACKGROUND:

The District was formed by Kern County Resolution 66-206 on May 3, 1966, and established on May 5, 1966. Current services under the purview of the District include water, solid waste, liquid waste, parks and recreation, roads, community facilities, and cemeteries.

The Mission of the District is, *“To provide the Golden Hills Community with a healthful, reliable water system; to support the inviting characteristics of our neighborhoods and natural beauty of our surroundings; and to strengthen our collaborative relationships with local and state governmental agencies.”*

FACTS:

- A. The District is governed by a five-member Board of Directors.
1. According to agendas and minutes, Directors have met 16 times in four months between January 1, 2015, and April 30, 2015.
 - Directors are compensated \$100 per meeting
 - Directors receive a maximum of \$600 per month
 2. Evidence shows that Directors discussed unagendized items during closed session.
 3. Approval of Board meeting minutes is being delayed and approved in batches; the Board recently voted to reduce minutes to minimum required by law.
 4. Live streaming capabilities have been acquired by the District but have not been implemented by the Board.
 5. Cost of Living Adjustments have been granted for all employees except for staff with contracts.
- B. Directors are pursuing the acquisition of the Golden Hills Sanitation Company.
1. Two engineering reports have been commissioned to review the feasibility and cost effectiveness of the acquisition.
 2. These reports have not been completed for the District's review.
 3. AECOM, an engineering firm contracted by the County of Kern, considered multiple options. The preliminary recommendation was to close the existing plant and pump the community's sewage to the City of Tehachapi for treatment and disposal.
 4. Provost & Prichard, a second engineering firm, was contracted by the District to verify the findings of the AECOM report.

FINDINGS:

- F1. Directors are not following the Brown Act in failing to agendize items discussed in closed session.
- F2. Directors are failing to make use of existing live streaming capabilities.
- F3. Directors are failing to utilize staff to their full capacity.
 - Directors appear to be creating agendas and packets without any assistance or input from contracted staff
 - Directors are disregarding financial and logistical input from contracted staff
- F4. Although there may be employees with experience, the District has no prior experience with operating/managing a wastewater treatment facility.
- F5. Directors are pursuing the acquisition of GHSC despite the recommendation in the final Golden Hills Preliminary Feasibility Study in the AECOM Report.

- F6. The GHSC is currently in receivership having historically operated at a deficit.
- F7. Out of 2,804 residences with water connections in the District, only 180 have active connections to the GHSC, with an additional 20 proposed connections.
- F8. District staff has recommended against the acquisition of the GHSC without complete understanding by the Directors of the financial impact on the District.

COMMENTS:

The Committee would like to thank the Directors and District staff for their time and information during this inquiry. A more thorough investigation into the District is being recommended. This Grand Jury strongly encourages the 2015-2016 Grand Jury to conduct an in-depth investigation.

RECOMMENDATIONS:

- R1. Directors should follow the Brown Act at all times. (Finding 1)
- R2. Directors should utilize their live streaming equipment to maximize use of District assets to increase public accessibility and transparency. (Finding 2)
- R3. Directors should work to improve working relations with District staff. (Finding 3)
- R4. Directors should consider the needs of the District as a whole prior to purchasing GHSC. (Findings 4, 5, 6, 7, and 8)
- R5. Directors should be cautious with regard to making a decision to acquire the Golden Hills Sewer Company. The Directors would make a more financially sound decision by carefully evaluating all forthcoming information and receiving significant public input on this issue. (Findings 4, 5, 6, 7, and 8)

NOTES:

- The Golden Hills Community Services District should post a copy of this report where it will be available for public review.
- Persons wishing to receive an email notification of newly released reports may sign up at: www.co.kern.kern.ca.us/grandjury.
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RESPONSE REQUIRED WITHIN 90 DAYS

**PRESIDING JUDGE
KERN COUNTY SUPERIOR COURT
1415 TRUXTUN AVENUE, SUITE 212
BAKERSFIELD, CA 93301**

**CC: FOREPERSON
KERN COUNTY GRAND JURY
1415 TRUXTUN AVENUE, SUITE 600
BAKERSFIELD, CA 93301**



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AUG 14 2015

By 

COPY

21415 Reeves Street
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September 3, 2015

Honorable John S. Somers, Presiding Judge
Kern County Superior Court
1415 Truxtun Avenue
Bakersfield, CA 93301

Re: 2014-2015 Grand Jury Final Report

Dear Judge Somers:

Golden Hills Community Services District submits the following responses to the subject report of the Kern County Grand Jury pursuant to Penal Code section 933.05.

I. FINDINGS

FINDING NO. 1:

Directors are not following the Brown Act in failing to agendize items discussed in closed session.

RESPONSE TO FINDING NO. 1:

The District does not have sufficient information to respond to this finding because the finding does not describe any items discussed by Directors in closed session that were not properly described on an agenda. The District agrees that items discussed by Directors in open or closed session must be properly placed and described on meeting agendas in accordance with the Brown Act.

FINDING NO. 2:

Directors are failing to make use of existing live streaming capabilities.

RESPONSE TO FINDING NO. 2:

The District agrees with this finding that the District is not currently using existing facilities to stream meetings of its Board of Directors over the internet. This finding requires further analysis from the Board as described in the response to Recommendation No. 2 below.

FINDING NO. 3:

Directors are failing to utilize staff to their full capacity.

- Directors appear to be creating agendas and packets without any assistance or input from contracted staff.
- Directors are disregarding financial and logistical input from contracted staff.

RESPONSE TO FINDING NO. 3:

The District disagrees partially with this finding because Board of Directors meeting agendas and packets are created with assistance and input from District staff. The amount of that assistance and input can vary depending on timing, staff availability and subject matter.

The District disagrees partially with this finding because Directors actively seek financial and logistical input from all District staff. The District does not have sufficient information to fully respond to this portion of the finding because any financial and logistical input from contracted staff that Directors have disregarded is not described.

FINDING NO. 4:

Although there may have been employees with experience, the District has no prior experience with operating/managing a wastewater treatment facility.

RESPONSE TO FINDING NO. 4:

The District agrees with this finding.

FINDING NO. 5:

Directors are pursuing the acquisition of GHSC despite the recommendation in the final Golden Hills Preliminary Feasibility Study in the AECOM Report.

RESPONSE TO FINDING NO. 5:

The District agrees that Directors are exploring the possibility of acquiring the Golden Hills Sanitation Company facilities.

FINDING NO. 6:

The GHSC is currently in receivership having historically operated at a deficit.

RESPONSE TO FINDING NO. 6:

The District agrees with this finding.

FINDING NO. 7:

Out of 2,804 residences with water connections in the District, only 180 have active connections to the GHSC, with an additional 20 proposed connections.

RESPONSE TO FINDING NO. 7:

The District disagrees partially with this finding because there are 182 active connections and there are 133 standby prepaid connections.

FINDING NO. 8:

District staff has recommended against the acquisition of the GHSC without complete understanding by the Directors of the financial impact on the District.

RESPONSE TO FINDING NO. 8:

The District agrees with this finding.

II. RECOMMENDATIONS

RECOMMENDATION NO. 1:

Directors should follow the Brown Act at all times. (Finding 1)

RESPONSE TO RECOMMENDATION NO. 1:

This recommendation has been implemented in that Directors seek guidance as necessary from the District's legal counsel and attend training regarding the Brown Act.

RECOMMENDATION NO. 2:

Directors should utilize their live streaming equipment to maximize use of District assets to increase public accessibility and transparency. (Finding 2)

RESPONSE TO RECOMMENDATION NO. 2:

This recommendation requires further study. The District supports public accessibility and transparency. The Board of Directors must study how the internet streaming facilities will be operated during meetings to avoid disruption of meetings and address security issues. This study will be prepared for discussion by the Board of Directors by the end of 2015.

RECOMMENDATION NO. 3:

Directors should work to improve working relations with District staff. (Finding 3)

RESPONSE TO RECOMMENDATION NO. 3:

This recommendation requires further study by first determining the existence of any deficiencies in the working relationship between the Board of Directors and District staff, and then developing a plan to address any deficiencies. The Board of Directors will appoint an ad hoc committee to address this recommendation and make a report to the Board regarding the committee's findings and recommendations. The District will complete this process within 60 days.

RECOMMENDATION NO. 4:

Directors should consider the needs of the District as a whole prior to purchasing GHSC.
(Findings 4, 5, 6, 7, and 8)

RESPONSE TO RECOMMENDATION NO. 4:

This recommendation has been implemented and is ongoing. The Board of Directors has received and continues to seek significant input from members of the public as well as from the District's engineer and legal counsel. The District is also the lead agency for purposes of the Environmental Impact Report that will be prepared to analyze the options being considered.

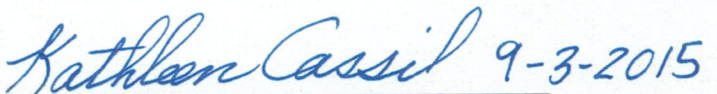
RECOMMENDATION NO. 5:

Directors should be cautious with regard to making a decision to acquire the Golden Hills Sewer Company. The Directors would make a more financially sound decision by carefully evaluating all forthcoming information and receiving significant public input on this issue. (Findings 4, 5, 6, 7, and 8)

RESPONSE TO RECOMMENDATION NO. 5:

This recommendation has been implemented and is ongoing. The Board of Directors has received and continues to seek significant input from members of the public as well as from the District's engineer and legal counsel. The District is also the lead agency for purposes of the Environmental Impact Report that will be prepared to analyze the options being considered. The public will have an opportunity to comment on the Environmental Impact Report as that document is considered by the Board of Directors. The Board of Directors intends to evaluate all options carefully and actively seek input from the public.

Respectfully,


Kathy Cassil, President

cc: Foreperson
Kern County Grand Jury
1415 Truxtun Avenue, Ste. 600
Bakersfield, CA 93301

MOUNTAIN MEADOWS COMMUNITY SERVICE DISTRICT

PREFACE:

Special districts may be formed for limited purposes and with barely sufficient finances by well-meaning citizens who are not aware of all the aspects of law regarding public agencies. A special district can fall into legal errors, perform improperly, enter into questionable contracts, hire a salaried fulltime general manager, and make expenditures unrelated to the mission of the district.

PURPOSE OF INQUIRY:

Penal Code §933.5 authorizes a grand jury to investigate and report on special districts.

PROCESS:

The 2014-2015 Kern County Grand Jury (Grand Jury) received a series of complaints regarding actions taken by Kern County Officials and Staff involving the Mountain Meadows Community Service District (District). These complaints were assigned to the Administration and Audit Committee (Committee). The Committee researched applicable California Government Code and Election Code Sections; interviewed past and current District Board Members; and past District staff. The Committee reviewed various District documents and bank statements; consulted the Offices of Kern County Counsel, District Attorney, Sheriff, Auditor-Controller-County Clerk, and the Elections Division; and observed a special session of the District Board.

BACKGROUND:

On November 9, 1970, Resolution 70-804 of the Kern County Board of Supervisors formed the District. At the time of formation, a community service district board could have as few as three members, and the District was organized with a three member board. When a board has three members, any meeting requires the presence of at least two members (a quorum) and any action taken requires the concurrence of two members. This was changed by California Statutes 2005, Chapter 249, Section 3, amending Government Code §61040 to require a district board of directors to have five members effective January 1, 2006, or in the case of the District, January 1, 2007.

On February 23, 2006, the Kern County Auditor-Controller-County Clerk sent the District a letter informing them of the need to comply with the law. The District failed to do so.

After December 1, 2006, this failure to act did not prevent the District Board from meeting or legislating, but now all three members would have to appear to establish a quorum and agree unanimously for any action to be legal. Should any board member resign or be disqualified, the District Board no longer would have a quorum and could not conduct any legal legislative action including appointing new Board Members, enacting resolutions, paying bills, or entering into contracts.

FACTS:

- A. The District was formed to maintain roads and culverts/drainage in the District.
- B. A \$200 per parcel property-tax levy funds the District.

FINDINGS:

- F1. District records are fragmentary and incomplete.
 - Minutes consistently do not record Board Members present
 - Resolutions frequently do not record the vote, date, or certification; many lack all three
 - There are many gaps in all records
- F2. Since December 1, 2006, the District Board has not met the requirements of Government Code §61040 mandating a five-member board and has not had the power to legislate for the District.
- F3. District Board appointments to vacancies have not met the requirements of Government Code §1780 et. seq., and Elections Code §§10554 and 10507. As a result, the appointments may be invalid.
- F4. A District Policy Manual dated February 20, 2008, recognizes a simple majority as three of five Board Members.
- F5. As a result of the problems in Findings 2 and 3, the Kern County Auditor-Controller-County Clerk has ceased distributing funding to the District.
- F6. On January 23, 2008, the District adopted by two affirmative votes (one Board Member was absent; therefore, no quorum existed) Resolution Number 2008-1 authorizing the execution of an installment sale agreement up to a maximum of \$100,000 for the purchase of road supplies and equipment. As a result, the District executed an agreement in the amount of \$100,000 on that date with a company specializing in this type of unsecured loan.
- F7. Prior to 2013, the District functioned without a salaried General Manager. A District employee supervised and performed much of the road work at an hourly wage.

- F8. In 2013, a District Board Member resigned and was appointed by the two remaining Board Members as the salaried General Manager.
- F9. After the employment of the salaried General Manager, the District purchased office furniture totaling \$11,308. This amount approximates 10% of the District's annual tax revenue.
- F10. As no quorum of the District Board existed at the time mentioned in Finding 8, the appointment appears to be invalid.
- F11. Prior to the appointment of the General Manager, all checks drawn on the District bank account were required by District policy to have two signatures.
- F12. On May 27, 2014, the General Manager gained sole control of and access to the District bank account. The General Manager was the sole signer on all checks.
- F13. While serving as a District Board member, an individual appears to have received District checks exceeding a total of \$25,000 for services rendered and materials. This presents conflict of interest issues.
- F14. Following the November 2014 General Election, the Kern County Elections Division certified a five member board for the District.
- F15. On May 20, 2015, the Committee was present at a properly agendized and posted Emergency Board Meeting. The meeting was convened by three newly seated District Board Members (a quorum) for the purpose of electing officers and dealing in closed session with a personnel issue. Two District Board Members and the General Manager did not attend.
- F16. Also on May 20, 2015, the District's motor-grader, an essential piece of equipment, was inoperable due to flat tires and other maintenance issues.
- F17. District records show a purchase of five gift cards totaling \$125 at Albertsons in November 2011, which appears to be a gift of public funds.
- F18. Records show purchases unrelated to the mission of the District.

COMMENTS:

The Committee has not had sufficient time to fully investigate all issues that have appeared and strongly encourages that the 2015-2016 Grand Jury conduct an in-depth investigation.

RECOMMENDATIONS:

- R1. The five Board members should encourage a working relationship amongst themselves. (Findings 14 and 15)

- R2. The District should maintain complete records of all business. (Finding 1)
- R3. The District should take all necessary steps to fulfill its mission and legal obligations. (Finding 5)
- R4. The District should closely examine whether a fulltime General Manager is needed. (Findings 7 and 8)
- R5. The District should examine its finances and financial policies for potential irregularities. (Findings 5, 7, 11, 12, 13, 17, and 18)

NOTES:

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BAKERSFIELD, CA 93301**

**CC: FOREPERSON
KERN COUNTY GRAND JURY
1415 TRUXTUN AVENUE, SUITE 600
BAKERSFIELD, CA 93301**

57
Mountain Meadows Community Services District
17980 Highline Road
Tehachapi, CA 93561

RECEIVED

AUG 17 2015

By 

Presiding Judge
Kern County Superior Court
1415 Truxtun Avenue, Suite 212
Bakersfield, CA 93301

Your Honor:

The Mountain Meadows Community Services District Board of Directors welcomes the opportunity to respond to the 2014-2015 Grand Jury Report. As a newly elected Board it is our goal to serve our community to the best of our ability. We are endeavoring to be responsive to our constituents while being wise stewards of our resources.

The present Board (respondent) agrees with all findings (1-18). However, with regard to finding F8, there is some question as to whether the board member referred to stepped down and was then replaced with another member, making it a three member board. It was that board that in turn appointed him as General Manager. In any event the two remaining members would not have had the authority to appoint the third as a quorum did not exist. Respondent agrees as the end result is the same.

Responses to Recommendations

R1: The recommendation has been implemented. A full five member board is now in place and working together for the good of Mountain Meadows.

R2: The recommendation has been implemented. Given the circumstances encountered when the new board took office, we are making every effort to keep complete records and will continue to improve as we gain experience.

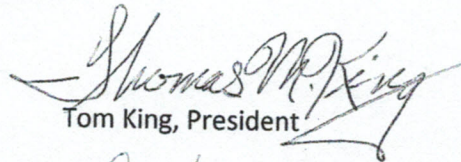
R3: The recommendation has been implemented. A legitimate five member board is in place and funds have been released by the Auditor- Controller- County Clerk for the benefit of Mountain Meadows.

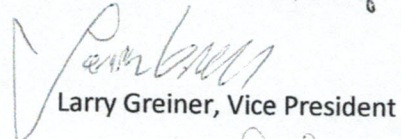
R4: The recommendation has been implemented. We are currently seeking a part- time General Manager. We have determined that a part-time position should be sufficient to fulfill our mission statement.

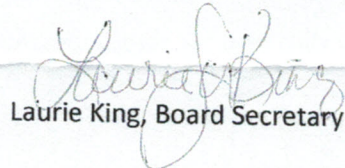
R5: The recommendation has been implemented. We have examined, and continue to examine past financial records. We agree there seem to be some potential irregularities. The District is in the process of implementing sound financial practices and policies, with emphasis on complete accountability and oversight by the Board of Directors.

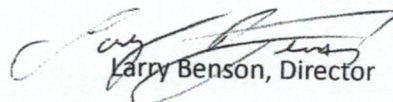
The Board of Directors remains in full cooperation with the Grand Jury and other agencies and looks forward to our continued relationship.

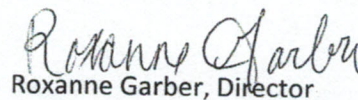
Respectfully,


Tom King, President


Larry Greiner, Vice President


Laurie King, Board Secretary


Larry Benson, Director


Roxanne Garber, Director

ROSAMOND COMMUNITY SERVICES DISTRICT

PREFACE:

In 1966, the citizens of the Rosamond community voted to create the Rosamond Community Services District (District) for the purpose of providing water and street lighting. The District also provides for the collection and treatment of waste and storm waters. In 1998, the voters added two additional services to those originally approved in 1966: graffiti abatement, parks and recreation. The District currently maintains nine wells, a waste water treatment facility, two parks, graffiti removal, 16 evaporation ponds, water banking, and over 550 street lights. A waste water project underway includes a “purple pipeline”, a secondary water delivery system for non-potable water to be used in irrigation. Many districts are implementing these systems to better utilize dwindling water supplies. This project is scheduled to be completed later in 2015. Despite this progress, several issues have arisen which call into question District directives. Lighting and sewer in particular pose problems for the District and have resulted in consternation amongst the constituents.

The mission statement of the District is, *“To enhance the quality of life in the community by providing the essential services of safe drinking water, treatment and disposal of sewage and other funded services in an environmentally effective and fiscally responsible manner.”*

PURPOSE OF INQUIRY:

In response to several complaints, the County Services and Special Districts Committee (Committee) of the 2014-2015 Kern County Grand Jury (Grand Jury) reviewed the District pursuant to California Penal Code §933.5.

PROCESS:

The Committee interviewed some of the District’s current Board members (Directors), previous Directors, the General Manager, staff and concerned citizens of Rosamond. The Committee reviewed the District’s past audits along with current and past budgets. Agendas and minutes for the past year were also reviewed. The Committee also attended a regular District Board meeting.

FACTS:

- A. The November 2014 election resulted in three new Directors being seated.
1. California Government Code §54950 (Brown Act) prohibits a quorum (three or more Directors) from meeting to conduct District business without a properly posted agenda.
 - Directors are permitted to meet individually with District staff to discuss District business
 - District staff is available to educate Directors and provide information about District business
 2. Agendas and approved meeting minutes are traditionally posted on the District's website.
 - The amount of time for approval and posting of minutes has exceeded typical District timelines
 - The Board voted to have audio recordings of five Board meeting minutes transcribed, including two meetings prior to seating of new Directors
 - Bills cannot be paid or actions begun without approved minutes
 3. On April 21, 2015, the Committee attended a regular District Board meeting.
 - Attendees exceeded available seats
 - Closed session action was not presented during the open session
 - Public comment was permitted at the podium
 - Comments made by Directors could not always be heard
 - Roll call votes were not taken on action items
- B. The District serves as a collector of the \$1 monthly street lighting fee.
1. The District pays Southern California Edison for electricity and maintenance.
 2. Initially, the fee was sufficient to cover costs and build a reserve.
 3. The lighting fund reserve has been depleted.
 4. The cost of street lighting currently exceeds revenues generated.
 5. In order to increase fees, an election was held on May 14, 2014, establishing 40 new street lighting zones of benefit.
 - These new zones brought the total to 51 zones of benefit
 - Proposition 218 standards were followed
 - The results of the election were mixed; some zones voted to pay increased fees and others voted not to
 - In the areas that voted not to pay fee increases, some lighting was turned off
 6. Disagreement exists between Directors and staff as to how to proceed with the street lighting issues.
 7. Directors and staff have stated that plans are in place to re-evaluate lighting fees.

- C. The District provides sewer collection services for a flat rate established via a 2009 rate study which included incremental rate increases.
1. In the past, the sewer fee was placed on the water bill.
 2. When residences were vacant and water service shut off, a water bill was not issued; therefore sewer fees were not collected.
 3. The sewer fee was removed from the water bill and placed on the tax bill by resolution on March 26, 2014, at a cost of about \$50,000.
 - This is common practice in the majority of districts that provide sewer services
 - California Health and Safety Code §5473.1 authorizes this practice
 - This resulted in a 96% collection rate for the 2014-2015 tax year, an increase of approximately \$145,000
 4. The newly elected board voted four to one to place the sewer fee back on the water bill at an additional cost to the District of approximately \$25,000, plus lost revenue.
 - The District's Administrative Handbook section 3034.5.6 states, "*A comprehensive rate study will be conducted at least every five years...*"
 5. Disagreement exists between Directors and District staff as to how to proceed with the sewer fee issue.
- D. The District provides water and wastewater treatment services.
1. The District has been involved with the Antelope Valley East Kern Water adjudication.
 - Litigation is scheduled to conclude in the summer of 2015, and the District will lose future water rights
 - Increases in water costs are projected
 2. The District is using water banking to save water for the future.
 3. A required water rate study has not been conducted since 2008.
 4. The District's Administrative Handbook section 3034.5.6 states, "*A comprehensive rate study will be conducted at least every five years...*"
- E. Parks and Recreation was added as a function of the district in 1998.
1. When instituted, an additional ballot measure providing operational funds for the parks and recreation was defeated by the voters.
 2. The District acquired Jim Williford Community Park from Kern County (County) in 2007.
 - The District receives approximately \$230,000 in ad valorem tax revenue which is discretionary revenue, and \$82,000 from the County Service Area to pay for park and pool maintenance
 - Previous Boards have used the discretionary revenue to pay for park and pool costs
 - Park and pool maintenance costs exceed funds available
 - The District has voted to close the pool due to lack of funding

- The Board directed staff to return ownership of the park to the County
 - The County has indicated that contract clauses exist making this transfer more complicated
3. In 2007, the Board founded the Rosamond Foundation, a non-profit organization to support the Parks and Recreation Department.

FINDINGS:

- F1. Evidence shows three or more Directors met privately on at least one occasion to conduct District business without a posted agenda.
- F2. Some Directors did not follow District tradition for the formal swearing in and seating of newly elected directors.
- F3. During the Committee's investigation, a review of meeting minutes showed that the newly elected Board often failed to act on agenda items. Many were tabled with little or no discussion.
- F4. Directors appear ill-prepared to take action on agenda items.
- F5. Evidence shows that attempts have been made to alter the minutes outside of board meetings with facts not presented in open session.
- F6. Transcription of meeting minutes created unnecessary costs and delays for the District.
- F7. Since the seating of the new Board, approval of minutes has been delayed beyond reasonable time limits.
- F8. Delays in approving minutes held up bill payment and other District business.
- F9. At the April 21, 2015 meeting, public comment proceeded in an orderly and timely fashion.
- F10. Directors were difficult to see and comments were difficult to hear due to members being seated behind a dais which had an unusually high front. Whispered conversations between Directors were inappropriate.
- F11. Action item votes did not follow proper parliamentary procedure.
- F12. During public comment, Directors extended meeting length by responding to several comments.
- F13. The 45 year-old rate of \$1 per month is insufficient to cover lighting costs and maintain a reserve.

- F14. The original sewer rate study did not take into account unoccupied residences.
- F15. A previous Board, upon legal advice, chose to place sewer fees on the tax roll to capture direct and indirect operating costs.
- F16. Placing sewer fees on the property tax bill increased the sewer fee collection rate and may allow parcel owners to claim a deduction on their federal income tax.
- F17. The current Board voted to rescind the previous Board's action and combine the sewer bill with the water bill.
- F18. Moving the sewer bill back to the water bill will decrease sewer fund revenues.
- F19. The District is overdue for water and sewer rate studies.
- F20. Most Directors appear to lack sufficient understanding of water rates including tiered rate structures.
- F21. The District has approached the Kern County Board of Supervisors to terminate the agreement for the operation of the Rosamond Community Pool and Recreation Center; no money has been allocated to the 2015-2016 District Budget for recreational activities.
- F22. The staff provides background information on District business to Directors for agenda items.
- F23. Interaction between Directors and District staff appeared to be strained, and this prolonged District business during the April 21, 2015 Meeting.

COMMENTS:

The Committee would like to thank the Directors and the District staff for their time and information during this inquiry. During the investigation the Committee was impressed with the District Secretary's and Auditor's professionalism and preparedness.

RECOMMENDATIONS:

- R1. The Board should comply with the Brown Act at all times. (Finding 1)
- R2. Individual Directors should meet with staff prior to Board meetings to be better informed regarding District business. (Finding 4)
- R3. The Board should approve meeting minutes in a timely manner. (Findings 3, 5, 6, and 7)

- R4. Directors should be educated on agenda items in order to have focused discussion and prevent excessive tabling. (Findings 3 and 4)
- R5. Director votes should be by roll call and audible to all in attendance. (Findings 10 and 11)
- R6. The street lighting fund should generate funding sufficient to cover costs and build a reserve. (Finding 13)
- R7. Before taking any action on sewer rates, the Board should approve a new sewer rate study which takes into account unoccupied residences rates. (Findings 14, 15, 16, 17, 18, and 20)
- R8. The sewer fund should generate funding sufficient to cover costs and maintain the proper reserve. (Findings 14, 15, 16, 17, 18, and 20)
- R9. The District should conduct a water rate study before proposing new water rates. (Finding 21)
- R10. The Directors should educate themselves on the differences and consequences between flat and tiered water rates. (Finding 19)
- R11. The Directors should do research prior to further action regarding parks and recreation. (Findings 19 and 20)
- R12. The Board of Directors and District staff should work to improve their interactions. (Finding 22)

NOTES:

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RESPONSE REQUIRED WITHIN 90 DAYS

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1415 TRUXTUN AVENUE, SUITE 212
BAKERSFIELD, CA 93301**

**CC: FOREPERSON
KERN COUNTY GRAND JURY
1415 TRUXTUN AVENUE, SUITE 600
BAKERSFIELD, CA 93301**

RESOLUTION NO. 2015-18

RESOLUTION OF THE BOARD OF DIRECTORS OF THE ROSAMOND COMMUNITY SERVICES DISTRICT RESPONDING TO THE GRAND JURY FINAL REPORT PREPARED BY THE COUNTY SERVICES AND SPECIAL DISTRICTS COMMITTEE OF THE 2014-2015 KERN COUNTY GRAND JURY

WHEREAS, the Board of Directors (“the Board”) of the Rosamond Community Services District (the “District”) are in receipt of the Grand Jury Final Report (“the Report”) prepared by the County Services and Special Districts Committee of the 2014-2015 Kern County Grand Jury (“Grand Jury”);

WHEREAS, the Grand Jury reviewed the District and prepared the Report pursuant to California Penal Code Section 933.5; and

WHEREAS, the Board now wishes to respond to the findings and recommendations listed in the Report pursuant to California Penal Code Sections 933 and 933.05;

NOW, THEREFORE, the Board of Directors of the Rosamond Community Services District does hereby resolve, determine and order as follows:

RESPONSE TO GRAND JURY FINDINGS

Section 1. The Board makes the following responses to findings “F1” through “F23” of the Report.

F1: *“Evidence shows three or more Directors met privately on at least one occasion to conduct District business without a posted agenda.”*

F1 Response: The Board is without sufficient knowledge or information to form a belief as to the truth of this finding and on that basis disagrees with this finding. The Board notes that the Report is unclear as to the date, time and participants relating to the alleged improper conduct.

F2: *“Some Directors did not follow District tradition for the formal swearing in and seating of newly elected directors.”*

F2 Response: The Board agrees with this finding. However, the Board notes that the newly elected directors in November 2014 created a new tradition for swearing in and seating which fully adheres to the law.

F3: *“During the Committee’s investigation, a review of meeting minutes showed that the newly elected Board often failed to act on agenda items. Many were tabled with little or no discussion.”*

F3 Response: The Board is without sufficient information by which to ascertain the meetings and minutes to which the Report refers and, on that basis, disagrees with this finding. The Board asserts that agenda items were, after discussion, reasonably and purposefully tabled in order for the Board to obtain additional information.

F4: *"Directors appear ill-prepared to take action on agenda items."*

F4 Response: The Board disagrees with this finding. The Board asserts that this finding is mere opinion and speculation.

F5: *"Evidence shows that attempts have been made to alter the minutes outside of board meetings with facts not presented in open session."*

F5 Response: The Board is without sufficient information by which to ascertain the evidence to which the Report refers and, on that basis, disagrees with this finding. The Board notes that the Report is unclear as to the date, time and participants relating to the alleged attempts to alter minutes outside Board meetings.

F6: *"Transcription of meeting minutes created unnecessary costs and delays for the District."*

F6 Response: The Board partially disagrees with this finding. The Board agrees that the costs for the transcription of meeting minutes was rather high but disagrees that the delays associated therewith were unnecessary.

F7: *"Since the seating of the new Board, approval of minutes has been delayed beyond reasonable time limits."*

F7 Response: The Board disagrees with this finding. The Board responds that there is no time limit on obtaining accurate minutes.

F8: *"Delays in approving minutes held up bill payment and other District business."*

F8 Response: The Board disagrees with this finding. The Board responds that delays in approving minutes do not affect the payment of bills because bills are paid before the meeting.

F9: *"At the April 21, 2015 meeting, public comment proceeded in an orderly and timely fashion."*

F9 Response: The Board agrees with this finding.

F10: *"Directors were difficult to see and comments were difficult to hear due to members being seated behind a dais which had an unusually high front. Whispered conversations between Directors were inappropriate."*

F10 Response: The Board partially disagrees with this finding. The Board agrees that upgrades to the dais and sound system would be beneficial, however the Board disagrees that directors were difficult to see and comments were difficult to hear. The Board agrees that whispered conversations, if any, between directors are inappropriate.

F11: *"Action item votes did not follow proper parliamentary procedure."*

F11 Response: The Board is without sufficient information by which to ascertain the action items to which the Report refers and, on that basis, disagrees with this finding. The Board notes that the Report is unclear as to the date, time and participants relating to the alleged improper parliamentary procedure. The Board notes that on June 4, 2015 all directors participated in a parliamentary procedure course.

F12: *"During public comment, Directors extended meeting length by responding to several comments."*

F12 Response: The Board is without sufficient information by which to ascertain the particular public comment period to which the Report refers and, on that basis, disagrees with this finding. The Board notes that on June 4, 2015 all directors participated in a parliamentary procedure course.

F13: *"The 45 year-old rate of \$1 per month is insufficient to cover lighting costs and maintain a reserve."*

F13 Response: The Board partially disagrees with this finding. The Board disagrees that the \$1 per month rate is 45 - years old and instead asserts that the rate is 30 years old.

F14: *"The original sewer rate study did not take into account unoccupied residence."*

F14 Response: The Board agrees with this finding.

F15: *"A previous Board, upon legal advice, chose to place sewer fees on the tax roll to capture direct and indirect operating costs."*

F15 Response: The Board agrees with this finding.

F16: *“Placing sewer fees on the property tax bill increased the sewer fee collection rate and may allow parcel owners to claim a deduction on their federal income tax.”*

F16 Response: The Board is without sufficient knowledge or information to form a belief as to the truth of this finding, and on that basis disagrees wholly with this finding. Answering this finding would require the Board to improperly provide tax and/or legal advice to the District’s consumers. The Board notes that the Kern County Tax Assessor has opined that sewer fees on the tax bill may be claimed as a deduction on customers’ Federal income tax returns.

F17: *“The current Board voted to rescind the previous Board’s action and combine the sewer bill with the water bill.”*

F17 Response: The Board partially disagrees with this finding. The Board does not agree with the characterization that the Board “rescinded” the previous Board’s action. Instead, the Board ordered the District to reassume responsibility for the collection of the sewer service fee.

F18: *“Moving the sewer bill back to the water bill will decrease sewer fund revenues.”*

F18 Response: The Board is without sufficient information by which to ascertain whether moving the sewer bill back to the water bill will decrease sewer fund revenues, on that basis, disagrees with this finding. The Board asserts that this finding is speculation.

F19: *“The District is overdue for water and sewer rate studies.”*

F19 Response: The Board agrees with this finding. The Board notes that the rate studies should have been conducted prior to the November 2014 election.

F20: *“Most Directors appear to lack sufficient understanding of water rates including tiered rate structures.”*

F20 Response: The Board disagrees. The Board asserts that it understands the District’s structure, rates, and new case law associated therewith.

F21: *“The District has approached the Kern County Board of Supervisors to terminate the agreement for the operation of the Rosamond Community Pool and Recreation Center; no money has been allocated to the 2015-2016 District Budget for recreational activities.”*

F21 Response: The Board agrees with this finding. The Board notes that it receives

inadequate revenues to provide recreational activities and services.

F22: *"The staff provides background information on District business to Directors for agendized items."*

F22 Response: The Board agrees with this finding.

F23: *"Interaction between Directors and District staff appeared to be strained, and this prolonged District business during the April 21, 2015 Meeting."*

F23 Response: The Board agrees with this finding. The Board notes that the allegedly prolonged April 21, 2015 board meeting was partially extended due to the Board taking sufficient time to listen to all constituents' comments.

RESPONSE TO GRAND JURY RECOMMENDATIONS

Section 2. The Board makes the following responses to recommendations "R1" through "R12" of the Report.

R1: *"The Board should comply with the Brown Act at all times."*

R1 Response: This recommendation has already been implemented and will continue to be improved. The Board participated in parliamentary procedure training on June 4, 2015.

R2: *"Individual Directors should meet with staff prior to Board meetings to be better informed regarding District business."*

R2 Response: This recommendation has already been implemented and will continue to be improved upon to the extent possible in compliance with the Brown Act. The General Manager will, within one month of the adoption of this Resolution, establish set office hours the week preceding the regular Board meetings during which he will be available to meet with Board members on an individualized basis.

R3: *"The Board should approve meeting minutes in a timely manner."*

R3 Response: This recommendation has already been implemented and will continue to be improved upon. Since March of 2015, all meeting minutes are approved in a timely manner.

R4: *"Directors should be educated on agendized items in order to have focused discussion and prevent excessive tabling."*

R4 Response: This recommendation has already been implemented and will continue to be improved upon. The General Manager will, within one month of the adoption of this Resolution, establish set office hours the week preceding the regular Board meetings during which he will be available to meet with Board members on an individualized basis.

R5: *"Director votes should be by roll call and audible to all in attendance."*

R5 Response: This recommendation will not be implemented because it was not warranted. The Board notes that the Clerk of the Board announces the votes, and if not unanimous, the particular directors who vote nay.

R6: *"The street lighting fund should generate funding sufficient to cover costs and build a reserve."*

R6 Response: This recommendation has not yet been implemented, but will be implemented in the future. The District is undertaking the process required pursuant to Proposition 218 to seek additional funding for lighting.

R7: *"Before taking any action on sewer rates, the Board should approve a new sewer rate study which takes into account unoccupied residence rates."*

R7 Response: This recommendation has not yet been implemented, but will be implemented in the future. The District has engaged a consultant to prepare a sewer rate study.

R8: *"The sewer fund should generate funding sufficient to cover costs and maintain the proper reserve."*

R8 Response: This recommendation has not yet been implemented, but will be implemented in the future. The District has engaged a consultant to prepare a sewer rate study.

R9: *"The District should conduct a water rate study before proposed new water rates."*

R9 Response: This recommendation has not yet been implemented, but will be implemented in the future. The District has engaged a consultant to prepare a water rate study.

R10: *"The Directors should educate themselves on the differences and consequences between flat and tiered water rates."*

R10 Response: This recommendation has not yet been implemented, but will be implemented in the future. A study of flat and tiered water rates is part of the water rate study to be prepared by the District's consultant.

R11: "The Directors should do research prior to further action regarding parks and recreation."

R11 Response: This recommendation has been implemented. Each Director has reviewed the 2006 Master Plan for Parks.

R12: "The Board of Directors and District staff should work to improve their interactions."

R12 Response: This recommendation has not yet been implemented, but will be implemented in the immediate future. The General Manager will, within one month of the adoption of this Resolution, establish set office hours the week preceding the regular Board meetings during which he will be available to meet with Board members on an individualized basis.

Section 3. The Board notes that the foregoing responses to the Report may not be representative of the entire Board but rather a majority of the quorum of the Board present at the meeting at which this resolution was adopted.

Section 4. The Board hereby authorizes and directs the General Manager of the District to provide a copy of this resolution to the Presiding Judge of the Kern County Superior Court and post it on the website of the Rosamond Community Service District.


PASSED, APPROVED AND ADOPTED this 12th day of August 2015 by the following vote:

AYES:
NOES:
ABSTAIN:



Morrison E. MacKay, President
Board of Directors
Rosamond Community Services District

Attest:



Secretary of the Board of Directors,
Rosamond Community Services District