

2023-2024 KERN COUNTY GRAND JURY



INYOKERN COMMUNITY SERVICES DISTRICT *A Plethora of Inaction*

**Release Date
June 25, 2024**

INYOKERN COMMUNITY SERVICES DISTRICT

A Plethora of Inaction

You have been elected or appointed to a special district board by your community. This is a tremendous honor that comes with much responsibility.

California Special Districts Alliance

SUMMARY:

How long can the Inyokern Community Services District (District) tread water?

This is a rhetorical question because the community could be just one breakdown away from **NOT** having water.

The District is broke and broken. Not only is it insolvent, but it is unable to function effectively to serve the community. The District Board has failed to address critical issues from the collection of revenues, to paying the District's bills, to maintaining the infrastructure.

The District does not have available assets to pay for daily operations.

District Board meetings are chaotic and have been known to resort to shouting matches. The District Board Members do not demonstrate the ability to run a public meeting, with some having their backs to the concerned citizens and disengaged from the proceedings.

The District states that approximately half of the water meters are not readable (covered in sand) or broken. There is only one part-time employee that handles all District infrastructure issues.

Many parcels have been dropped from the sewer and streetlighting tax rolls (including some board members). Many engaged citizens have been passionately working to help the previous and current General Manager, to bring the tax rolls current.

The District has failed to determine the cause of the back-up well failure or to find a solution. Both the pressure tank and the back-up generator on the working well are not functioning properly.

PURPOSE OF INQUIRY:

The 2023-2024 Kern County Grand Jury (Grand Jury) is authorized by Penal Code §933.5 to investigate special districts within Kern County. Upon receiving citizen complaints, the Grand Jury initiated an investigation into the operations and financial condition of the Inyokern Community Services District.

METHODOLOGY:

The Grand Jury conducted interviews, either in person or by telephone, with District personnel, Board Members, Officials from: Kern County Board of Supervisors, Kern County Local Agency Formation Commission (LAFCo), Kern County Auditor-Controller's Office, Kern County Elections Division, California State Water Resources Control Board, Indian Wells Valley Groundwater Authority, Self- Help Enterprises, citizens, and complainants. The Grand Jury attended two Special Board Meetings and toured the District's facilities. Also researched were the 2002-2003 past Grand Jury Report, various internet sites, District Board Meeting Agendas, and Meeting Minutes.

DISCUSSION OF FACTS:

The Inyokern Community Services District is located in Northeast Kern County in the community of Inyokern, with a population of 1,052. Its name derives from its location near the border between Inyo and Kern Counties. Inyokern is located 8 miles west of Ridgecrest, at an elevation of 2,434 feet. It is on the western side of the Indian Wells Valley.

The District was formed in 1985 to provide sewer, streetlighting, and water services. The District currently serves approximately 285 connections. The sewer and streetlighting are funded through parcel taxes. The water revenue is generated by usage.

A. **The District has stated that it is insolvent.** Even though the District has an annual budget of \$392,995 (2022 State of California Controllers Office), it currently has unpaid bills of over \$60,000, and is delinquent with water replenishment fees since June 2021. The District currently owes an excess of \$76,000 to the Indian Wells Valley Groundwater Authority. *The Sustainable Groundwater Management Act (SGMA) was passed into California law in fall of 2014 and took effect in January 2015. SGMA requires that state-designated medium and high-priority basins and sub-basins must form a groundwater sustainability agency and develop a long-term GSP. In Kern County, the designated basins/sub-basins are **Indian Wells Valley** Sub-basin, Kern County Sub-basin, and Cuyama Valley Basin. These basins must comply with SGMA.*

B. The Board is failing to effectively address the following **crucial issues**:

1. Inoperable/inaccessible water meters are resulting in some customers only paying the flat connection charge and some are paying additional metered usage.

2. District Approved Rate Increase April 30,2024:

Table B: Minimum and Unit Charges; No Usage Allowance and No System Development Fee, Calculated by the Inyokern Community Services District, Inyokern, California, Water Meter-based Rates Model 2023-3		
Water Meter Size in Inches	Monthly Minimum Charge, Including Peak Capacity	Unit Charge per 100 Cubic Feet
0.625	\$40.77	\$4.93
0.750	\$40.77	\$4.93
1.000	\$50.19	\$4.93
1.500	\$65.89	\$4.93
2.000	\$84.73	\$4.93
2.500	\$112.98	\$4.93
3.000	\$134.96	\$4.93
4.000	\$191.48	\$4.93
6.000	\$348.46	\$4.93
Bulk Water	\$0.00	\$21.02

Table by: Getting Great Rates.com

3. The District has not paid water replenishment fees to the IWVGA since 2021, even though they have been collecting a \$9 monthly (approximately \$20,000 annually) water replenishment fee from customers since August 2022.
4. There is an absence of monthly General Ledger financial statements.
5. Budgets and financial audits as required by California Government Code §61110 have not been submitted for at least the last seven years, per the Kern County Auditor-Controller Office.
6. The District does not adhere to Board approved procurement procedures.
7. The District's Policies and Procedures have not been updated in 30 years.
8. The District does not have a website as required by California Government Code §53087.8.
9. A Board member has failed to attend three or more consecutive scheduled meetings and therefore may be subject to removal per California Government Code §1770(g), *...ceasing to discharge the duties of his or her office for a period of three consecutive months, except when prevented by sickness, or when absent from the State with the permission required by law.*
10. The back-up well installed by Kern County in 2019 has failed, and there is no plan in place for an alternate source of water in the event the primary well fails.

- C. The Kern County Auditor-Controller-County Clerk is currently assessing the District's auditability in order to determine a course of action for bringing audits current.
- D. In accordance with California Government Code §56375, a Local Agency Formation Commission (LAFCo) has the power and duty to review and approve special districts consolidations, dissolutions, mergers, establishment of subsidiary districts, or reorganizations.

FINDING:

- F1. The Grand Jury finds that the District is financially insolvent and is facing multiple critical issues. The District has shown that it does not have the means or ability to rectify these issues. This has caused the citizens of the District to face water insecurity.

COMMENTS:

The District was unable to provide monthly General Ledger financial statements to the Grand Jury. The District has also failed to provide the Indian Wells Valley Groundwater Authority with water production figures since 2018. Many residents are outraged and engaged about the unfair billing practices with unserviceable water meters and missing tax assessments on some parcels. The District has been offered many types of support from various agencies from free water meters, to grant writing assistance, to Board Member training. The District has been unwilling or unable to accept this assistance.

RECOMMENDATIONS:

The 2023-2024 Kern County Grand Jury recommends that:

- R1. The District contact the Kern County Local Agency Formation Commission, and the Kern County Board of Supervisors to initiate reorganization by October 1, 2024.
(Finding 1)
- R2. The Kern County Board of Supervisors work in cooperation with Kern County Local Agency Formation Commission to develop a plan by December 31, 2024, to reorganize the District in accordance with California Government Code §56375.
(Finding 1)

NOTES:

- The Inyokern Community Services District, the Kern County Board of Supervisors, and the Kern County 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: <https://www.kerncounty.com/government/other-agencies/grand-jury>
- Present and past Kern County Grand Jury Final Reports and Responses can be accessed on the Kern County Grand Jury website at: <https://www.kerncounty.com/government/other-agencies/grand-jury>

RESPONSE DEADLINE:

REQUIRED WITHIN 90 DAYS FROM:

- The Inyokern Community Services District
 - Finding 1 and Recommendation 1
- The Kern County Board of Supervisors:
 - Finding 1 and Recommendation 2
- The Kern County Local Agency Formation Commission (LAFCo):
 - Finding 1 and Recommendation 2

RESPONSES ARE REQUIRED PURSUANT TO CAL. PENAL CODE §§933 (c) AND 933.05 WITHIN 90 DAYS TO:

- **PRESIDING JUDGE**
SUPERIOR COURT OF CALIFORNIA
COUNTY OF KERN
1415 TRUXTUN AVENUE, SUITE 212
BAKERSFIELD, CA 93301
- **FOREPERSON**
KERN COUNTY GRAND JURY
1415 TRUXTUN AVENUE, SUITE 600
BAKERSFIELD, CA 93301

Reports issued by the Grand Jury do not identify individuals interviewed. Cal. Penal Code §929 requires that reports of the Grand Jury not contain the name of any person or facts leading to the identity of any person who provides information to the Grand Jury.
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