

Fillmore-Piru Memorial District Reorganization

Summary

In October 2007, the Ventura County Local Agency Formation Commission's (LAFCo) Municipal Services Review (MSR) determined the Fillmore-Piru Memorial District (District) should be dissolved. As a result, the 2007-2008 Ventura County Grand Jury (Grand Jury) opened an investigation of the District.

The Grand Jury found that the District has no employees; the City of Fillmore (Fillmore) provides all administrative, operational, and maintenance services for the Memorial Hall on the District's 1.12 acre property. The District's Board of Directors (Board) consists of five elected officials (the majority veterans) who receive no compensation but are reimbursed for reasonable expenses. There has not been an election of Directors since prior to 1990 nor has the Board received mandatory ethics training as required by California Assembly Bill 1234 (AB1234). The District has three sources of revenue: approximately 40% from hall rentals, 40% from allocated property taxes, and 20% from a \$5.00 per parcel special assessment.

The Grand Jury concludes that reliance on Fillmore for all services, a lack of local accountability and governance, and no Board elections since before 1990, have created a situation where the public would be best served by the District either being dissolved, or reorganized.

The Grand Jury recommends that instead of dissolution, the District should be reorganized. In conjunction with Fillmore and the County of Ventura (County), the District should propose State of California (State) legislation to become a subsidiary district of Fillmore. The City Council could become the Board of Directors (the present Board could become an honorary or advisory board), and the District's total revenues could transfer to Fillmore. Additionally, the District's boundaries and real property (including the Memorial Hall) could be assumed by Fillmore.

Background

The District is an independent special district formed in 1950 to serve Fillmore, the unincorporated community of Piru, and other unincorporated areas in the east-central portion of Ventura County. The District owns and operates the Memorial Hall at 511 2nd Street in Fillmore on approximately 1.12 acres. These are the sole assets of the District. The extensively used Memorial Hall provides meeting places as well as indoor and outdoor recreational facilities for the public and Veterans. The District has no employees and entered into a Joint Powers Agreement with Fillmore to provide all administrative, operational, and maintenance services.

The District is governed by a five-member Board. The Board is elected at-large by voters within the District's boundaries to four-year alternating terms of office

in odd-numbered calendar years. Board elections have not been held since prior to 1990, and the County Board of Supervisors (BOS) appoints members.

The District's, MSR is a study incorporating nine municipal services provided by the District. After analysis, LAFCo determined the District should be dissolved.

Methodology

The MSR for the District was studied and became a major source of facts and findings. The District's audited financial statements dated June 30, 2006 and June 30, 2007, were examined, and a profile of financial information was developed. Articles from the *Ventura County Star* and *The Fillmore Gazette* were reviewed. Interviews were conducted with LAFCo staff, Fillmore officials and a District board member. The District's County Supervisor and State Assembly representative were also interviewed. Legal opinions of the County Counsel were solicited. [Att-01] [Ref-02]

Findings

- F-01.** Memorial districts are formed under and operate pursuant to the provisions of the Military and Veterans Code of the State of California. [Ref-05]
- F-02.** The District was formed in 1950 as an independent special district that serves Fillmore, the unincorporated community of Piru, and other unincorporated areas in the east-central portion of Ventura County. Civic, religious, and educational organizations are allowed to use various portions of the buildings and facilities for a nominal fee. There is no user fee for Veterans' organizations or other organizations the Board designates. [Ref-02]
- F-03.** The District's sources of revenue are a share of the property tax, hall rental, fee charges, and a special District property assessment of \$5.00 per parcel. [Ref-02]
- F-04.** Approximately two-thirds of the District's property tax and special property assessment revenues are derived from private property within the incorporated boundaries of Fillmore. [Ref-02]
- F-05.** Registered voters usually elect an independent district's board of directors. Dependent districts are governed by existing legislative bodies such as a city council or county board of supervisors. [Ref-01]
- F-06.** The Directors of the District receive no compensation but are entitled to reasonable expenses in the performance of Board duties. [Ref-01]
- F-07.** The Military and Veterans Code §1195 requires that elections for board members of memorial districts be held in odd-numbered years and that at least three seats be designated for Veterans [Ref-05]
- F-08.** Elections held in conjunction with regular elections cost an estimated \$2,500. Memorial district elections held in odd-numbered years are estimated to cost \$25,000. [Ref-02]

- F-09.** The District has not held an election since before 1990. In lieu of an election the BOS reappoints incumbents and/or appoints new members. [Ref-02]
- F-10.** LAFCos have no investigative authority. LAFCo MSRs are studies not investigations. [Ref-02]
- F-11.** The MSR's major determinations are its dependence on Fillmore, the majority of its revenue coming from property taxes and special parcel assessment, and no contested elections since before 1990. LAFCo determined that the District should be dissolved. [Ref-02]
- F-12.** LAFCo would likely support the distribution of the District's assets to Fillmore as the logical successor agency if the District were to dissolve.
- F-13.** The Board has not completed the mandatory ethics training required by AB1234 passed in 2005. [Ref-02, Ref-04]
- F-14.** The District currently includes 151,305 acres within its boundaries. [Att-02] [Ref-02]
- F-15.** Fillmore provides all administrative, operational, and maintenance services for the District through a Joint Powers Agreement. The District has no employees. [Ref-02]
- F-16.** The District received \$208,932 during FY2005-2006 and FY2006-2007 from the Federal Housing and Urban Development Department (HUD) as a County of Ventura Community Development Block Grant. The funds were used for maintenance, new fixtures, and to improve the facilities in the memorial buildings. [Att-01]
- F-17.** According to the District's audited financial statements, revenues exceeded expenditures by \$120,657 for FY2003-2004 through FY2006-2007. [Att-01]
- F-18.** The County Supervisor for District 3, in which the Fillmore-Piru Memorial District is located, supports any reorganization that simplifies government.
- F-19.** There are four options that could be considered by the District:
- special legislation by the State to reorganize the District into a subsidiary district of Fillmore
 - reorganization of the District into a subsidiary district of Fillmore using the "70% requirement method"
 - compliance by the Board regarding ethics training and elections
 - dissolution
- F-20.** The District could reorganize through special State legislation whereby the District becomes a subsidiary district of Fillmore; the new district could maintain the same boundaries, real property, and revenues.
- F-21.** Special State legislation requires approval by both houses of the Legislature.

- F-22.** An alternate method to reorganize the District into a subsidiary district and not require State legislation is the “70% requirement method”. Sufficient territory would have to be detached from the District so that Fillmore comprises at least 70% of the new district. As an example, adding part of the unincorporated area of Bardsdale (881 acres) to Fillmore’s 2,069 acres would bring the total area to 2,950 acres, thus meeting the “70% method”. The loss of revenue to the new District from the property tax allotment would be approximately \$22,000. [Ref-02]
- F-23.** There are 5,980 parcels in the District, with approximately 3,944 parcels in Fillmore. If the unincorporated area of Bardsdale was included, approximately 110 parcels would be added for an approximate total of 4,054 parcels. The loss of revenue to the new district from the \$5.00 per parcel special assessment in this example is estimated at \$10,000.
- F-24.** Dissolution of the District could cause a loss of revenue from the District’s portion of the property tax and the \$5.00 parcel special assessment. These two sources of revenue totaled \$99,772 in FY2006-2007. [Att-01]

Conclusions

- C-01.** If the District is dissolved, Fillmore with the support of LAFCo would likely assume the assets of the District. (F-12)
- C-02.** Dissolution of the District will result in no revenues to Fillmore from the \$5.00 per parcel special assessment and possibly from property taxes. (F-24)
- C-03.** The District is currently not in compliance with California State Law in regard to elections and ethics training. (F-09, F-13)
- C-04.** Under the “70% requirement method,” the Grand Jury estimates that the City of Fillmore could lose approximately \$10,000 in revenue from the \$5.00 per parcel special assessment, and \$22,000 from the loss of property tax revenues for an estimated total revenue loss of \$32,000 per year. This could impact the District’s administrative, maintenance, and operating budget. (F-22, F-23)
- C-05.** If the existing District became a subsidiary district of Fillmore, through special State legislation, it could maintain the same boundaries, real property (including the Memorial Hall), and revenues. The Fillmore City Council could become the Board of Directors for the new district and the current Board could become an advisory or honorary board of directors. (F-05, F-20, F-21)

Recommendations

- R-01.** The Grand Jury recommends that the District be reorganized as a subsidiary district of Fillmore through the State legislative process. (C-01, C-05)

- R-02.** The Grand Jury recommends that the Fillmore City Council become the Board of Directors for the new subsidiary district. (C-03, C-05)
- R-03.** The Grand Jury recommends that the Board complete AB1234, mandatory ethics training, regardless of a decision to reorganize the District. (C-03) [Ref-04]
- R-04.** The Grand Jury recommends that the District comply with the Military and Veterans Code §1195 regarding elections for board members, unless there is a decision to reorganize the District. (C-03) [Ref-05]

Responses

Response Required:

Board of Directors, Fillmore–Piru Memorial District (R-01 through R-04)

Responses Requested:

City Council, City of Fillmore (R-01 through R-04)

Board of Supervisors, County of Ventura (R-01, R-02)

Ventura County LAFCo (R-01)

References

- Ref-01 "What's So Special About Special Districts?" *A Citizen's Guide to Special Districts in California*, Third Edition, by Kimia Mizany & April Manatt, February 2002.
- Ref-02 LAFCo Municipal Service Review of the Fillmore-Piru Memorial District, October 17, 2007.
- Ref-03 County of Ventura Fillmore-Piru Memorial District Financial Statements, June 30, 2006 & 2007, compiled by Moss, Levy & Hartzheim, LLP, Certified Public Accountants.
- Ref-04 California Fair Political Practices Commission, AB1234 Ethics Training for Local Officials.
- Ref-05 California Military and Veterans Code §1195.

Attachments

- Att-01 Fillmore-Piru Memorial District Profile Financial Information
- Att-02 Fillmore-Piru Memorial District Area Map

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Attachment-01

Fillmore-Piru Memorial District Profile Financial Information

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**Fillmore-Piru Memorial District Profile
Financial Information**

	FY 2003-2004	FY 2004-2005	FY 2005-2006 *	FY 2006-2007 *
<u>Revenue</u>				
Property Taxes (all)	\$58,387	\$60,219	\$66,156	\$69,785
Special Property Assessments	\$25,994	\$26,247	\$26,071	\$29,987
Licenses/Permits	\$2,700	\$2,700	\$0	\$0
Interest	\$78	\$488	\$879	\$1,553
Rents/Concessions	\$58,474	\$55,763	\$53,153	\$55,022
Intergovernmental	\$91	\$3,930	\$13,769	\$13,579
* Grant - RDA/CDBG	\$0	\$0	\$108,932	\$100,000
Total Revenue	\$145,724	\$149,347	\$268,960	\$269,926
<u>Expenditures</u>				
Salaries & Benefits	\$72,174	\$67,126	\$74,707	\$72,456
Services & Supplies	\$59,809	\$54,497	\$49,011	\$45,955
Long Term Debt Payment	\$11,538		\$0	\$0
Fixed Assets		\$7,828	\$0	\$0
* Grant-Capital Outlay	\$0	\$0	\$0	\$0
* Grant - Repairs & Maintenance	\$0	\$0	\$112,945	\$67,254
Total Expenditures	\$143,521	\$129,451	\$236,663	\$180,000
Revenue Over Expenditures	\$2,203	\$19,896	\$32,297	\$66,261

* \$208,932 Federal Government grant over 2 years - Redevelopment Agency/Community Block Grant

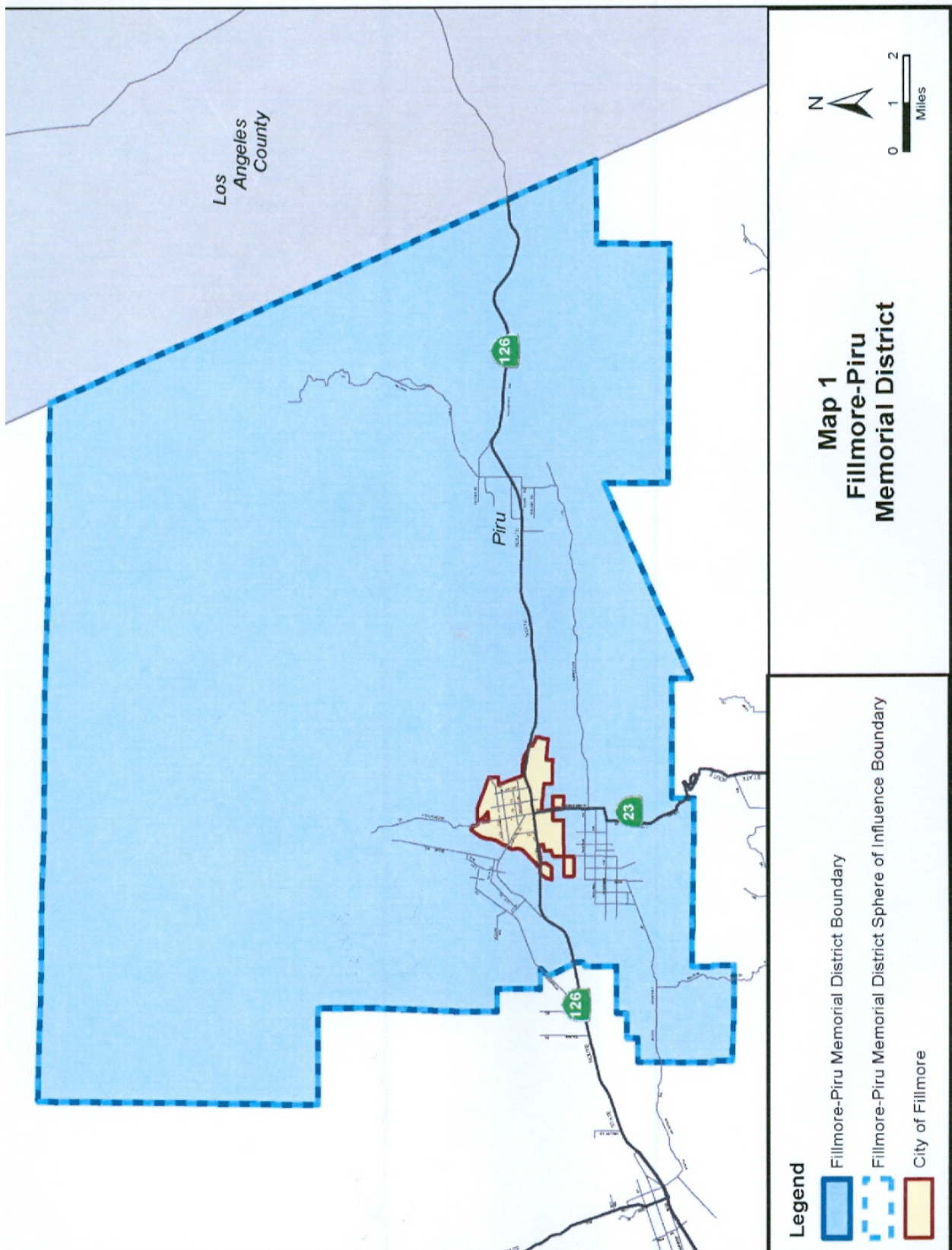
Sources: LAFCo "Fillmore-Piru Memorial District Municipal Service Review October 17, 2007"
Fillmore-Piru Memorial District Audited Financial Statements June 30, 2006 & 2007

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Attachment-02

Fillmore-Piru Memorial District Area Map

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