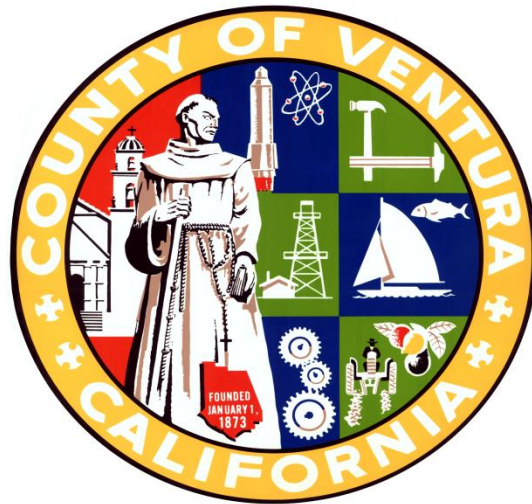


# **Ventura County Grand Jury 2017 - 2018**



## **Final Report**

### **Independent Special Districts**

**April 26, 2018**

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## **Independent Special Districts**

### **Summary**

The 2017-2018 Ventura County Grand Jury (Grand Jury) investigated Ventura County (County) independent special districts as to their transparency and public accountability.

In May 2000, the State of California (State) watchdog group the Little Hoover Commission found that independent special districts often lack the kind of oversight and citizen involvement necessary to promote their efficient operation and evolution.

The Grand Jury found five independent special districts have not held public competitive elections since 1970. One special district has not held a competitive election since 1960. The Grand Jury recommends independent special district boards discontinue the practice of appointing new board members a few months prior to a public election. These newly appointed board members become incumbents in uncontested elections that are never held.

The Grand Jury concluded no independent special district in the County has made its reserve policies and practices available on its website. The absence of publicly available reserve policies and practices does not serve the public interest. The Grand Jury recommends that all independent special districts have a published policy for reserve funds, including the size and purpose of reserves and how they are invested. These policies should be readily available for public review.

The Grand Jury found six independent special districts in the County did not have websites. The Grand Jury recommends all independent special districts have websites informing the public about the policies, practices, and mission of the district.

### **Background**

There are more than 4,000 special districts in California (State), including more than 2,000 independent special districts. They were created to meet unique local needs and conditions that did not neatly fit into the normal boundaries of cities and counties. Many of these, such as water districts, school districts, sanitary districts, and conservation districts, span across county and/or city boundaries.

It was understood that these services should be paid for and administered by the populations they serve. It was intended that these special districts would not compete for revenue collected specifically for city and/or county services, but rather have their own local tax bases. It is believed that direct elections of governing boards by the populations served within these unique boundaries will lead to more accountability and transparency by these special districts.

In 2000 the Little Hoover Commission found that California's special districts often amounted to a poorly overseen and largely invisible governing sector serving residents who know little about the districts or what they pay in taxes to sustain them. (Ref-01)

In 2017 the Little Hoover Commission affirmed that independent special districts are “independent” from other governments. These districts often have no direct oversight other than by the people they serve. Independent special district boards of directors are either elected directly by the people or appointed by other local officials. These districts are not accountable to the appointing board, nor does the appointing board have any oversight responsibility for the operation of the independent special district. (Ref-04)

Special districts generate revenue from several sources including property taxes, special assessments, and fees. Statewide, special districts employ more than 90,000 people. California independent special districts accounted for more than \$52 billion in revenue in 2016. In fiscal year 2015-2016, the 50 independent special districts in the County accounted for \$334 million in revenues and taxes and had \$324 million in expenditures. (Ref-04, Att-01)

Independent special districts come under the auspices of Local Agency Formation Commissions, which have the responsibility for establishing service area boundaries. Under State law, Ventura Local Agency Formation Commission (LAFCO) is responsible for spheres of influence, incorporations, annexations, reorganizations, and other changes of organization. (Ref-06)

Although LAFCO plays an important role in boundary maintenance and adjustment for independent special districts, it generally chooses not to exercise its authority over the operations of the special districts.

## **Methodology**

- The Grand Jury sent out questionnaires to County independent special districts with no websites.
- The Grand Jury examined data from the State Controller on independent special districts in the County.
- The Grand Jury reviewed the websites of all independent special districts in the County under the jurisdiction of LAFCO.
- The Grand Jury investigated financial reserve policies.
- The Grand Jury investigated financial reserve best practices as described by the Little Hoover Commission reports and the California Special District Association recommendations.
- The Grand Jury reviewed all board election results for independent special districts under LAFCO jurisdiction.
- The Grand Jury conducted internet research and reviewed the report by the 1998-1999 Ventura County Grand Jury.
- The Grand Jury reviewed Little Hoover Commission reports of independent special districts.
- The Grand Jury interviewed witnesses about independent special districts in the County.

**Facts**

**FA-01.** Five independent special districts have never held public competitive governing board elections since at least 1970.

Historically, when a vacancy occurs on the district’s board, or when a board member resigns near the end of his or her term, the board appoints a successor to serve out the remainder of the term. The newly appointed board member then becomes the incumbent, with all advantages of incumbency. If no one other than the newly appointed incumbent runs for the vacated office, the incumbent is then appointed and no election is held.

The following independent special districts have held no recorded public competitive board member elections since their formation:

- Ojai Water Conservation District
- Oxnard Drainage District No. 1
- Oxnard Drainage District No. 2
- Pleasant Valley County Water District
- Saticoy Sanitary District

(Ref-07)

**FA-02.** Five independent special district boards are not elected by the public but appointed by local elected officials who have no further authority over them.

- Bardsdale Cemetery District
- Ranch Simi Cemetery District
- Fox Canyon Groundwater Management Agency
- Piru Public Cemetery District
- Ventura Port District

(Ref-07)

**FA-03.** Seventeen independent special districts have not held public competitive board elections since the year indicated:

- Hidden Valley Municipal Water District – 1960
- Montalvo Community Services District – 1994
- Camrosa Water District – 2006
- Meiners Oaks Water District – 2008
- Triunfo County Sanitation District – 2010
- Fillmore-Piru Memorial District – 2010
- Rancho Simi Recreation and Park District – 2012
- Blanchard/Santa Paula Library District – 2012

- Bell Canyon Community Services District – 2014
- Camarillo Health Care District – 2014
- Conejo Recreation & Park District – 2014
- United Water Conservation District – 2014
- Pleasant Valley Recreation and Park District – 2014
- Channel Islands Beach Community Services District – 2016
- Calleguas Municipal Water District – 2016
- Casitas Municipal Water District – 2016
- Ojai Valley Sanitary District – 2016

(Ref-07)

**FA-04.** There are no reserve policies or practices listed on the websites of all County independent special districts under the jurisdiction of LAFCO. Many independent special districts list their reserves in their financial reports. The Little Hoover Commission stated that hundreds of independent special districts have banked multimillion-dollar reserves that are unpublicized and unnoticed in regional or statewide infrastructure planning. (Ref-01)

**FA-05.** State law mandates four requirements for any local agency with a website:

- Agendas must be posted 72 hours before a meeting occurs.
- Annual compensation reports, or a link to the State Controller’s website that contains the report, must be posted.
- Financial transaction reports, or a link to the State Controller’s website that contains the report, must be posted.
- Enterprise system catalogs must be posted.

(Ref-04)

**FA-06.** According to the Little Hoover Commission, it is important for independent special districts to communicate to their public in order to know which districts receive their property tax dollars, how to participate in their district’s public processes, and how to pick the best board members to run their districts from an often-obscure list of potential candidates. Recent technological developments have allowed many independent special districts to use websites to accomplish this. (Ref-04)

**FA-07.** Six independent special districts in the County do not provide public access to a website.

- Fillmore-Piru Memorial District
- Hidden Valley Municipal Water District
- Oxnard Drainage District No. 1
- Oxnard Drainage District No. 2

- Piru Public Cemetery District
- Pleasant Valley County Water District

**FA-08.** The State Controller recommends the following key components for a website:

- Name, location, contact information, services provided
- Governance structure of the district, including election information and the process for constituents to run for board positions
- Compensation details: total staff compensation, including salary, pensions, and benefits, or a link to this information on the State Controller’s website
- Budget, including annual revenues and the sources of such revenues, fees, property taxes and other assessments, bond debt, expenditures, and reserve amounts
- Reserve fund policy
- Geographic area served
- Most recent Municipal Service Review, most recent annual financial report provided to the State Controller’s office, or a link to this information on the State Controller’s website
- Link to the Local Agency Formation Commission and any State agency providing oversight

(Ref-04, Ref-07)

## **Conclusions**

**C-01.** The Grand Jury concluded there is a lack of transparency and accountability when there is:

- An absence of competitive elections
- No general publication of elections other than in County election materials
- An election giving the electoral advantage of incumbency to a person who has been appointed solely to fill out the remaining months of another’s term

The Grand Jury concluded that these practices, while legal under present election codes, are not conducive to the best interest of the public or the interest of the special districts themselves. (FA-01, FA-03)

**C-02.** The Grand Jury concluded that the absence of publicly available reserve policies and practices does not serve the public interest. (FA-04, FA-08)

**C-03.** The Grand Jury concluded the independent special districts should better articulate the need for and the size of their reserves by adopting explicit

policies for reserve funds. These policies should be readily available for public review. (FA-04, FA-08)

- C-04.** The Grand Jury concluded that the absence of websites or the lack of public information on existing websites defining the policies, practices, and missions of independent special districts is not in the public interest nor does it promote public accountability. (FA-01, FA-02, FA-04, FA-05)

## **Recommendations**

- R-01.** The Grand Jury recommends all independent special districts in the County reach out and communicate with the public on opportunities to serve on boards. Elections should be broadly publicized, along with a description of the nature and mission of the districts. (C-01, C-04)
- R-02.** The Grand Jury recommends independent special district boards discontinue the practice of appointing new board members a few months prior to a public election, giving incumbent status to a virtually new board member. (C-01)
- R-03.** The Grand Jury recommends that all independent special districts have a published policy for reserve funds, including the size and purpose of reserves and how they are invested. These policies should be readily available for public review. (C-02, C-03, C-04)
- R-04.** The Grand Jury recommends every independent special district in the County have a website.

Key components should include:

- Name, location, contact information, and services provided
- Governance structure of the district, including election information and the process for constituents to run for board positions
- Compensation details including staff salaries, pensions, and benefits, or a link to this information on the State Controller’s website
- Annual revenues and the sources of such revenues, including fees, property taxes and other assessments, bond debt, expenditures, and reserve amounts
- Reserve fund policy
- Geographic area served
- Most recent Municipal Service Review, and the most recent annual financial report provided to the State Controller or a link to this information on the State Controller’s website
- Link to LAFCO

(C-02, C-03)



## **Responses**

### **Responses Required From:**

Ojai Water Conservation District (C-01, C-04, R-01, R-02, R-03, R-04)  
Oxnard Drainage District No. 1 (C-01, C-04, R-01, R-02, R-03, R-04)  
Oxnard Drainage District No. 2 (C-01, C-04, R-01, R-02, R-03, R-04)  
Pleasant Valley County Water District (C-01, C-04, R-01, R-02, R-03, R-04)  
Saticoy Sanitary District (C-01, C-04, R-01, R-02, R-03, R-04)  
Bardsdale Cemetery District (C-01, R-04)  
Rancho Simi Cemetery District (C-01, R-04)  
Fox Canyon Groundwater Management Agency (C-01, R-04)  
Piru Public Cemetery District (C-01, R-04)  
Ventura Port District (C-01, R-04)  
Hidden Valley Municipal Water District (C-02, C-03, R-04)  
Montalvo Community Services District (C-02, C-03, R-04)  
Camrosa Water District (C-02, C-03, R-04)  
Meiners Oaks Water District (C-02, C-03, R-04)  
Triunfo County Sanitation District (C-02, C-03, R-04)  
Fillmore-Piru Memorial District (C-02, C-03, R-04)  
Rancho Simi Recreation and Park District (C-02, C-03, R-04)  
Blanchard/Santa Paula Library District (C-02, C-03, R-04)  
Bell Canyon Community Services District (C-02, C-03, R-04)  
Camarillo Health Care District (C-02, C-03, R-04)  
Conejo Recreation & Park District (C-02, C-03, R-04)  
United Water Conservation District (C-02, C-03, R-04)  
Pleasant Valley Recreation and Park District (C-02, C-03, R-04)  
Channel Islands Beach Community Services District (C-02, C-03, R-04)  
Calleguas Municipal Water District (C-02, C-03, R-04)  
Casitas Municipal Water District (C-02, C-03, R-04)  
Ojai Valley Sanitary District (C-02, C-03, R-04)

### **Requested From:**

Ventura Local Agency Formation Commission  
(C-01, C-02, C-03, C-04, R-01, R-02, R-03, R-04)

## **References**

- Ref-01.** Little Hoover Commission, Special Districts: Relics of the Past or Resources for the Future?, May 2000.pg.i.  
<http://www.lhc.ca.gov/report/special-districts-relics-past-or-resources-future>  
Accessed April 12, 2018
- Ref-02.** California State Controller’s Office, Counties Financial Data.,[https://counties.bythenumbers.sco.ca.gov/#!/year/2016/revenue/0/entity\\_name?vis=barChart](https://counties.bythenumbers.sco.ca.gov/#!/year/2016/revenue/0/entity_name?vis=barChart)

Accessed April 11, 2018

- Ref-03.** California State Controller’s Office, Counties Financial Data,  
[https://counties.bythenumbers.sco.ca.gov/#!/year/2016/operating/0/entity\\_name?vis=barChart](https://counties.bythenumbers.sco.ca.gov/#!/year/2016/operating/0/entity_name?vis=barChart)

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- Ref-04.** Little Hoover Commission, Special Districts: Improving Oversight and Transparency, Report pg.5,#239,August 2017  
[http://www.lhc.ca.gov/sites/lhc.ca.gov/files/Reports/239/Report\\_239.pdf](http://www.lhc.ca.gov/sites/lhc.ca.gov/files/Reports/239/Report_239.pdf)

Accessed April 11, 2018

- Ref-05.** 1998-1999 Ventura County Grand Jury, Special Districts: Final Report:  
<https://www.ventura.org/grand-jury/>

Accessed April 11, 2018

- Ref-06.** Ventura Local Area Formation Commission Website,  
<http://www.ventura.lafco.ca.gov>

Accessed April 11, 2018

- Ref-07.** Jason Quinlin, Ventura County Election Division, October 18, 2017.  
<http://www.lhc.ca.gov/sites/lhc.ca.gov/files/Reports/239/Report>

Accessed April 11, 2018

- Ref-08.** Pedro Nava, Letter from the Chair, Little Hoover Commission,  
<http://www.lhc.ca.gov/sites/lhc.ca.gov/files/Reports/239/Report.pdf>

Accessed April 11, 2018

- Ref-09.** “Guidelines for Reserves for Special Districts”, 2nd. Edition, California Special District Association <https://www.cstda.net/home>

Accessed April 11, 2018

## **Attachments**

- Att-01.** California State Controller’s Chart of Ventura County Special District Revenues by Special District

- Att-02.** State Controller’s Office Data, Special Districts Financial Transactions Report: Fiscal Year 2013-14 Ventura County List of Independent Special Districts

## **Glossary**

**TERM**

**DEFINITION**

Commission

Little Hoover Commission

County

Ventura County

Grand Jury

2017-2018 Ventura Grand Jury

LAFCO

Local Area Formation Commission

State

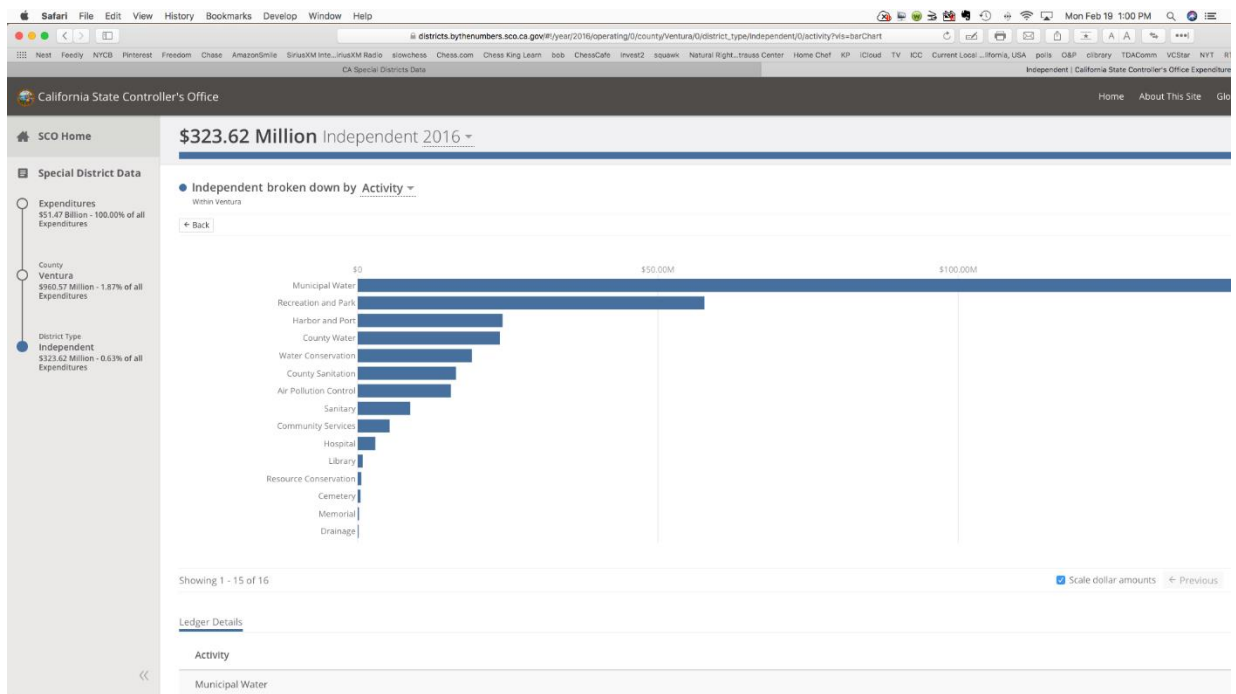
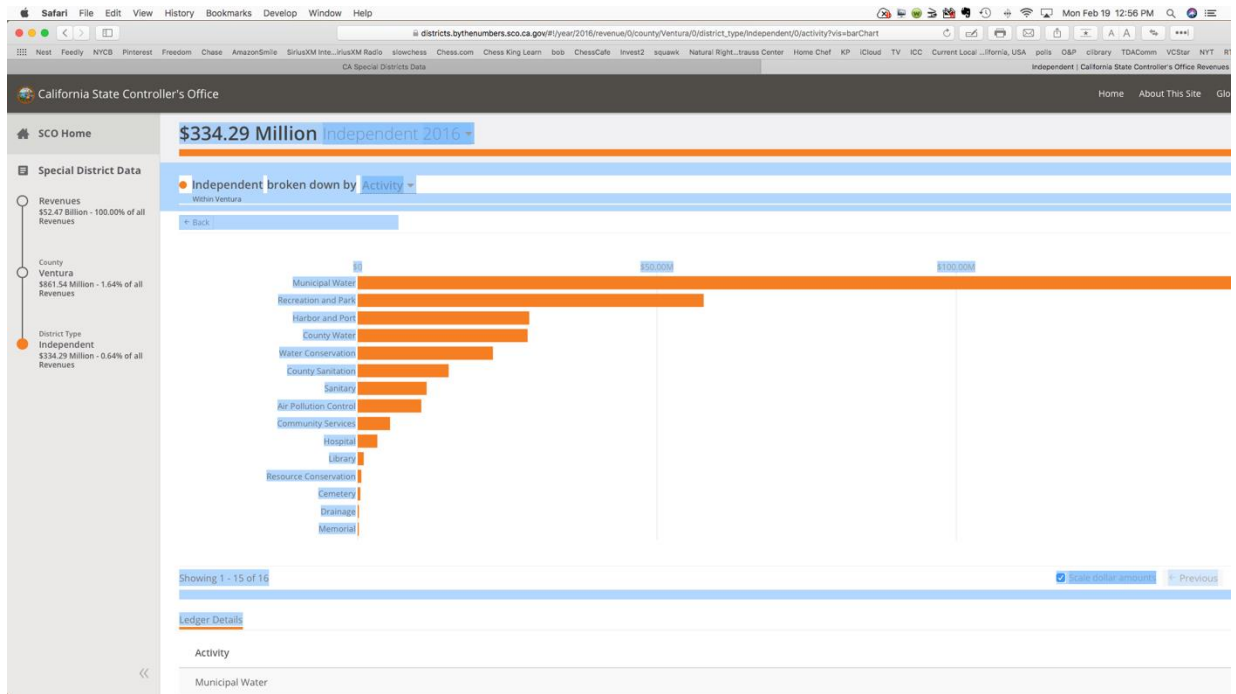
State of California

Ventura

City of San Buenaventura

**Attachment 01**

**California State Controller’s Chart of Ventura  
County Special District Revenues by Special District**



**Attachment 02**

**State Controller's Office Data  
Special Districts Financial Transactions Report  
Fiscal Year 2013-14  
Ventura County List of Independent Special Districts**

SCO\_LAFCO FY 2014 Page 74 of 77 07/29/15 California State Controller's Office List includes only independent special districts

Ventura Bardsdale Cemetery District Cemetery - 178,310 2,829  
Ventura Beach Erosion Authority For Clean Oceans and Nourishment Resource Conservation - 103,516 103,208  
Ventura Bell Canyon Community Services District Waste Disposal Enterprise - 464,992 - 4,043  
Ventura Black Gold Cooperative Library System Library Services - 1,356,114 -  
Ventura Blanchard/Santa Paula Public Library District Library Services - 929,989 119,150  
Ventura Calleguas Municipal Water District Water Enterprise 147,829,496 7,895,811 - 288,173  
Ventura Camrosa Water District Waste Disposal Enterprise 3,140,580 47,319 -  
Ventura Camrosa Water District Water Enterprise 15,709,479 1,492,882 - 4,405  
Ventura Casitas Municipal Water Enterprise 14,923,271 3,100,620 - 76,841  
Ventura Channel Islands Beach Community Services District Waste Disposal Enterprise 2,361,577 9,223 -  
Ventura Channel Islands Beach Community Services District Water Enterprise 1,689,332 61,632 -  
Ventura Coastal Schools Employee Benefits Organization Self Insurance - - 44,458,554 -  
Ventura Conejo Recreation and Park District Recreation and Park - - 22,706,394 3,049,907  
Ventura Conejo Valley Open Space Conservation Agency Resource Conservation - - 1,268,900 1,188,474  
Ventura El Rancho Simi Cemetery District Cemetery - 145,921 544  
Ventura Fillmore-Piru Memorial District Memorial - - 201,247 178  
Ventura Fox Canyon Groundwater Management Agency Water Enterprise - 1,304,731 -  
Ventura Gold Coast Transit Enterprise 18,531,482 - 14,557,083  
Ventura Hidden Valley Municipal Water District Water Enterprise - 8,115 -  
Ventura Meiners Oaks County Water District Water Enterprise 1,294,909 130,556 - 1,074  
Ventura Montalvo Community Services District Waste Disposal Enterprise 397,066 276,058 - 2,376  
Ventura Ojai Basin Groundwater Management Agency Water Enterprise 86,045 567 -  
Ventura Ojai Valley Sanitary District (Ventura) Waste Disposal Enterprise 8,261,529 935,280 - 5,170  
Ventura Ojai Water Conservation District Flood Control and Water Conservation - 8,013 70  
Ventura Oxnard Drainage District No. 1 (Ventura) Drainage and Drainage Maintenance - 48,241 -  
Ventura Oxnard Drainage District No. 2 (Ventura) Drainage and Drainage Maintenance - 163,234 -  
Ventura Oxnard Harbor District Harbor and Port Enterprise 14,045,832 248,034 -  
Ventura Piru Cemetery District Cemetery - 44,491 423  
Ventura Pleasant Valley County Water District Water Enterprise 3,610,070 409,349 - 24,875  
Ventura Pleasant Valley Recreation and Park District Recreation and Park - 7,921,243 153,761  
Ventura Port Hueneme Water Agency Water Enterprise 4,480,306 48,197 -  
Ventura Rancho Simi Recreation and Park District Recreation and Park - 21,109,995 1,332,246  
Ventura Saticoy Sanitary District (Ventura) Waste Disposal Enterprise 403,743 42,638 - 320  
Ventura Teen Center Services Authority Recreation and Park - 204,298 -  
Ventura Triunfo County Sanitation District (Ventura) Waste Disposal Enterprise 9,669,902 26,272 -  
Ventura Triunfo County Sanitation District (Ventura) Water Enterprise 6,592,267 153,881 -  
Ventura United Water Conservation District Flood Control and Water Conservation - 14,691,843 197,963  
Ventura United Water Conservation District Recreation and Park -- 109,068 -  
Ventura United Water Conservation District Water Enterprise 8,105,955 1,502,683 -  
Ventura Ventura County Air Pollution Control Air Pollution Control - 11,336,081 8,033,315  
Ventura Ventura County Fast Action School Transit (VCFASST) Governmental Services - 114,876 114,724  
Ventura Ventura County Regional Energy Alliance (VCREA) Governmental Services - 221,994 -  
Ventura Ventura County Resource Conservation Resource Conservation - 654,147 636,162  
Ventura Ventura County Schools Business Services Governmental Services - 1,021,705 -  
Ventura Ventura County Schools Self-Funding Authority Self Insurance - 24,367,649 -  
Ventura Ventura County Transportation Commission Transit Enterprise 9,117,919 - 6,843,264  
Ventura Ventura Port District Harbor and Port Enterprise 7,144,257 3,021,873 - 1,949,287  
Ventura Ventura Region Sanitation District Waste Disposal Enterprise 20,033,901 473,154 -  
Ventura Ventura River County Water District Water Enterprise 2,088,552 35,136 - 272