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Superior Court of California
County of Tuolumne
BY Joyce Barnes
Clerk

The Honorable Eric L. DuTemple
Presiding Judge of the Superior Court
41 W. Yaney Street
Sonora, CA 95370

Re: Response to 2010-11 Grand Jury Findings & Recommendations – Tuolumne County Board of Supervisors and Tuolumne Lighting District

Dear Judge DuTemple:

The following is the Board of Supervisors response related to the Tuolumne Community Services District section of the 2010-11 Grand Jury Report as requested and required pursuant to Penal Code Sections 933 and 933.05. Below you will find listed each Grand Jury finding and recommendation followed by the Board's response to each.

Grand Jury Findings

F1. Recent history of three special districts in Tuolumne City demonstrates problems associated with the lack of board-member training in the legal and procedural aspects of the position. Those special districts are Tuolumne City Sanitation District, Tuolumne Fire Protection District, and Tuolumne City Park and Recreation District. Problems were compounded by little community participation in the decision making process. Professional advice was often unavailable or, if available, poorly implemented. Boards made mistakes in directing district personnel. The fiscal challenges always present, where it is good or bad economic times, require sound decision making and constant attention by qualified persons. These challenges overwhelmed the three boards. Mismanagement by past boards has clearly wasted the community's money and resources. In the past few months all three districts have addressed a number of these issues and made good progress.

Two communities in Tuolumne County, Groveland and Twain Harte, have combined the special districts that served them into Community Service Districts (CSD).

Tuolumne City tax and rate payers would benefit from combining existing special districts into a CSD. A CSD benefits the public by:

- improving community participation in decisions because a single elected board's business is easier to access
- providing a general manager to advise the board and direct personnel on a daily basis
- bringing a qualified professional to guide the CSD in today's demanding regulatory environment
- using the power of improved purchasing and management of supplies and equipment
- consolidating clerical, financial, and maintenance positions
- fewer elected board positions to fill with interested, qualified and experienced persons from the community

Response: *Agree in concept with the benefits of a CSD though the Board of Supervisors does not wish to make any judgment of other boards without firsthand knowledge of their actions and the information surrounding same.*

F2. Some board members of all the Tuolumne City Special Districts have expressed concerns about the formation of a single Community Service District. Those concerns include: loss of control, loss of revenue, increased costs to support a general manager, new fees or other service revenue increases, use of fiscally sound districts' funds to "bail out" districts that are in financial crisis, costs of the required fees, reports, studies and election to process a Project Application, and how to change or integrate districts' boundaries.

Response: *Agree that the process of forming a CSD with so many districts would be complicated and would need to be approached thoughtfully.*

F3. Whenever change is proposed, tax and fee payers are immediately concerned about how that change will affect their costs. The existing districts are funded by taxes and/or fees, creating a CSD does not increase those taxes or fees.

Response: *Agree that formation of a CSD can be done in a way whereby taxes and fees paid now are not increased though fairness and financial necessity may dictate a different approach be considered.*

F4. District boundaries must be reconciled to create a CSD (Appendix B). Existing differences may be addressed by use of benefit zones. Benefit zones

within a CSD provide a mechanism to ensure only those users who benefit from a service pay for it.

Response: *Agree.*

F5. It is difficult to determine how the Tuolumne Lighting District operates. Excess budget funds should be made available to assist with hiring a Community Service District general manager.

Response: *Disagree. The operation of this district is very simple in that it pays the energy bills for street lights within the district and funds installation of new lights deemed needed, usually in response to requests from the community.*

Grand Jury Recommendations

R1. **a)** The Jury recommends forming a study group organized by concerned citizens. This is the most important first step. In Tuolumne City the citizens group will need to do the following to determine viability of a CSD for the area:

- gather all necessary information in its most current form
- analyze options as a package that includes boundaries, funding, services, and operational guidelines. Create the best proposal based on available information in that package.
- review funding and select a "draft funding proposal" (LAFCO defined), to meet application requirements
- draft boundaries and include any "zones of benefit" (LAFCO defined)
- have a firm grasp on the legal procedures so they can address the community's questions and concerns
- know as much as possible about ALL the costs to create a CSD
- determine how best to finance the needs of the first few years. Be as flexible as possible in this plan

Response: *The recommendation requires further analysis. Formation of a CSD involving possibly five districts with different purposes, boundaries and revenue streams will be complicated. The Board's concern is whether or not a well intended citizens group will have the time, information and technical resources needed to do all of the things listed above. This task may better be accomplished by a working group comprised of representatives from each district with contracted assistance funded by contributions from each district. A joint meeting amongst all five district boards may be the best means of determining if each district would willingly participate in such a study effort. This joint meeting, held in Tuolumne and open to the public, could be initiated and coordinated by County staff before the end of November 2011. Given recent discussions between TUD and TCSD, representatives from TUD would also be invited to this meeting.*

R1. **b)** After doing all of the above and other actions they determine useful, the citizens group needs to take their study to the community. The success of a proposed CSD depends on an excellent educational process that can address the fears, reservations and concerns of the community. Benefits such as increase savings, professionalism and better service should be highlighted. Financial questions are often the "make or break" considerations for public decision making. A "resolution of application" from two of the existing special districts may be the result of this process. Such a resolution makes the consolidation process easier.

Response: *The recommendation has not yet been implemented, but will follow whatever direction is taken in response to Recommendation #1 above.*

R2. **a)** A CSD should be considered as soon as possible. The community, a concerned citizens group or the various special district boards need not wait for all the issues of the existing districts to be resolved before initiating a CSD. The study group should begin by including all five existing districts, as well as others as appropriate, in the options studied. The Jury recommends including the Tuolumne City Sanitation District in the CSD.

Response: *The recommendation has not yet been implemented, but will follow whatever direction is taken in response to Recommendation #1 above.*

R2. **b)** The Jury recommends the Tuolumne County District Three Supervisor (representing the area of Tuolumne City) hold a town-hall meeting within 90 days of the release of the Grand Jury Report to begin this process.

Response: *The recommendation has not yet been implemented, but could be if the joint Board meeting suggested in response to Recommendation #1 is not supported by the other districts or results in a stated unwillingness of the districts to participate in studying the CSD option. In this event, the District 3 Supervisors could hold a town-hall meeting to discuss this issue with members of the community and determine their interest in seeing this matter pursued further and how.*

R3. The study group should provide the community with a clear understanding of the costs in relation to benefits for property owners within the CSD. The study group should also consider comparing the CSD costs with the costs of districts' past five years of mismanagement.

Response: *The recommendation has not yet been implemented, but will be considered in conjunction to whatever direction is taken in response to Recommendation #1 above.*

R4. Make use of the study process to provide adequate information for boundary integration.

Response: *The recommendation has not yet been implemented, but will follow whatever direction is taken in response to Recommendation #1 above.*

R5. The appropriate Tuolumne County department should prepare a brief report of the purpose, operations, revenue sources, current expenses, maintenance plan, capital improvement plan and boundaries of the Tuolumne Lighting District (some basic information is contained in the LAFCO Municipal Review). A report specific to this district would be useful to the public and helpful for decision making purposes relative to the formation of a CSD. This report should address the availability of funds to assist hiring of a general manage for the potential CSD.

Response: *The recommendation has not yet been implemented, but will be implemented by October 31, 2011. The County Administrator's Office will be responsible for preparation of this report.*

I trust that the responses provided above are found to be fully responsive to the findings and recommendations contained in the FY 2010-11 Grand Jury Report.

Yours truly,

CRAIG L. PEDRO
County Administrator

Cc: Gregory Oliver, County Counsel