

EL DORADO LAFCO

LOCAL AGENCY FORMATION COMMISSION

AGENDA OF JANUARY 24, 2018
REGULAR MEETING

TO: Shiva Frentzen, Chair, and
Members of the El Dorado County Local Agency Formation
Commission

FROM: José C. Henríquez, Executive Officer

AGENDA ITEM #12A: OTHER BUSINESS – LEGISLATION

RECOMMENDATION

Staff recommends that the Commission provide direction to staff regarding Senate Bill 561 (Gaines).

REASON FOR RECOMMENDED ACTION AND BACKGROUND

FLL is a community services district within the Tahoe Basin that currently provides fire services and recreation services. The District only has one employee, a fire chief, who also acts as a general manager. The rest of the fire department is rounded out by the utilization of volunteers during tourist high season. Recreation services are provided via a gift shop and a marina, which is contracted out to a vendor.

As the Commission has been aware, FLL has been known for a while as a district in financial straits. While the recreational side of FLL has been sufficiently funded over many years (to the point of self-sufficiency), the fire side has not. FLL receives one of the smallest shares of property taxes in the county. The District used to be a recipient of Aid to Fire until the County of El Dorado ended that program in 2013. Since then, it has participated in "The Patch," another financial assistance program the County has offered to rural fire districts. As noted by Citygate in their report back in 2010, FLL relies heavily on non-recurring revenues to sustain service. This type of reliance on non-recurring revenues makes the District's finances to be very unstable. In the past five years FLL has been very active with sending "strike teams" statewide to assist with major fires in other areas outside the District. While LAFCO has no definitive numbers,

according to the FLL fire chief the strike team revenue has given FLL some financial “wobble room” in the last few years, giving them the ability to purchase equipment and build up a small reserve.

Over the years, LAFCO has provided FLL with various options on how to make the fire side more sustainable, including looking into another special tax, a contract for services arrangement with Lake Valley FPD (LAV), all the way to reorganizing itself so that LAV can take over fire services while leaving the recreation side intact. To date, the District only actively pursued the feasibility of having LAV resources cover FLL’s service area. In early 2016, FLL Fire Chief Gerren and then-LAV Fire Chief Gareth Harris had a feasible deployment plan but was not subsequently pursued.

Governance

Beyond finances, the District has a very real governance problem. Within its service area, FLL has substantial number of second and third homes. As you are aware, State Law indicates that one can only register to vote at the primary home address. This leaves the District with a limited pool of people who live within FLL’s service area year-round. Estimates on the total number of registered voters vary, but LAFCO estimates that based on information from the Assessor’s Office, only about a third of landowners declare their FLL property as their primary residence. In 2017, the El Dorado County District Attorney notified several FLL landowners that they were improperly registered to vote at their FLL address. As a result, the District has had a difficult time recruiting people to serve on the Board of Directors.

As summarized in the staff report for this item on the Agenda, Senate Bill 561 affects Fallen Leaf Lake CSD (FLL) only. It does three things:

1. Convert FLL from a registered voter district (only people who are registered to vote within FLL’s service area may vote on district matters) to a landowner voter district (anyone owning property within FLL’s service area can vote on district matters);
2. Anyone owning property within FLL’s service area may run and serve on FLL’s Board of Directors; and
3. Specifies that FLL may only provide fire and recreation services.

Senator Gaines has recruited support from another senator (who himself represents a good number of FLL landowners) and Supervisor Novasel. Should SB 561 pass and be signed by Governor Brown, the number of people who can vote and serve on FLL’s Board would be greatly expanded.

Statewide Problem

The issue of “zombie districts” – districts with a high percentage of second homeowners – is not limited to El Dorado County. A number of LAFCOs, mostly in the Bay Area and mountain counties, reported the following numbers:

Fresno – 1 SD

Marin – 6 SDs

Placer – 13 SDs

San Diego – at least 1 SD

Santa Cruz – 1 SD

With these data, your Executive Officer approached the author's office and the Senate Local Governance and Finance Committee with the following proposal:

1. Don't limit the impact to just Fallen Leaf Lake CSD but open it statewide. Fallen Leaf Lake CSD's predicament is obviously repeated in the mountain and coastal areas of California
2. Require that the SD apply to their LAFCO to convert them to landowner-voter and give LAFCOs the exclusive authority to convert
3. Specify a threshold in LAFCO law that, when exceeded, would allow LAFCOs to authorize such a conversion
4. Look at the possibility of maybe an expedited process for conversion a-la 2010's SB 1023 (Wiggins) that authorized LAFCOs to convert resort/municipal improvement districts into other, more modern version of districts

Neither office was interested in expanding SB 561 to encompass the statewide issues.

Analysis

The issue SB 561 is trying to address is real has merit. The problem with it lies not with its intent but in its scope (limiting it to Fallen Leaf Lake CSD alone and leaving other districts to fend for themselves) and approach (bypassing LAFCO). As a result, staff is conflicted on its recommendation to the Commission and the position it should take with this bill. As a general rule, this LAFCO should not be dormant when the affected district ignores its advice and runs to the Legislature seeking relief; and certainly not when the Legislature bypasses this Commission's authority. However, there is no doubt that the voter problem for FLL is real. Your options are:

- Send a letter to Senator Gaines opposing this bill;
- Send a letter to Senator Gaines with an oppose unless amended to grant LAFCO the authority to convert FLL (or make it a broader bill along the lines specified above); or
- Direct staff can make another attempt at trying to work with the Senator's staff about this bill