

EL DORADO LAFCO

LOCAL AGENCY FORMATION COMMISSION

550 Main Street Suite E • Placerville, CA 95667
(530) 295-2707 • lafco@edlafco.us • www.edlafco.us

January 30, 2018

Senator Ted Gaines
California State Senate
State Capitol, Room 3076
Sacramento, CA 95814-4900

Subject: Concerns over Senate Bill 561 (Gaines) – Fallen Leaf Lake Community
Services District

Dear Senator Gaines,

On behalf of the El Dorado Local Agency Formation Commission (LAFCO) I am writing to express our deep concerns over Senate Bill 561. This bill authorizes qualified voters of the Fallen Leaf Community Services District (FLL) to be either voters who are residents of the district or voters that either own a real property interest within the district or have been designated by the owner of a real property interest. As you know, FLL is an independent special district authorized to provide fire protection and recreational services.

By way of background into LAFCO's concerns, FLL has historically two main problems:

- Finances: FLL has three primary sources of revenue to finance fire services (recreational services are essentially self-sustaining). First is FLL's share of property taxes. At an average of 5.34%, this is one of the lowest shares in El Dorado County. As a result, FLL must also rely on special taxes, its second main source of funding. Most landowners pay an additional \$612.98 annually under a special tax approved by voters in 2014 (Stanford Sierra Conference Center pays more and about 15 parcels pay less). The third main source of revenue is Strike Team funds, which are compensatory monies paid by CalFIRE to local fire departments that send teams to assist with wildland fires around the state.

FLL used to participate in a local program called Aid to Fire. This program was offered by the County of El Dorado to poor, rural fire districts. The County would transfer monies from its General Fund to participating fire districts to bring the latter's finances up to a certain level. The County discontinued Aid to Fire in 2009, resulting in a \$60,000 funding loss to FLL. A 2011 study estimated that FLL would have to raise its special taxes to \$944 to offset the Aid to Fire funds. Please note that this amount is significantly more than the maximum \$660 special tax amount authorized in 2014. As a result, FLL has to relied more heavily on Strike Team revenues to fund fire services. While FLL has done well with this approach, reportedly

C:\Downloads\Letter to Senator Gaines (1).docx

COMMISSIONERS

Public Member: Dyana Anderly • Alternate Public Member: Michael Powell
City Members: Mark Acuna, Brooke Laine • Alternate City Member: John Clerici
County Members: Shiva Frentzen, Brian Veerkamp • Alternate County Member: Michael Ranalli
Special District Members: Ken Humphreys, Tim Palmer • Alternate Special District Member: Holly Morrison

STAFF

José C. Henríquez, Executive Officer • Erica Sanchez, Policy Analyst
Denise Tebaldi, Interim Commission Clerk • Kara K. Ueda, Commission Counsel

Senate Bill 561 (Gaines)
January 30, 2018
Page 2 of 2

establishing a healthy reserve, Strike Team revenues are an unstable, non-sustainable source of revenues. In our estimation, this is no way to fund a fire department in the long term.

- Governance: Approximately 5 of the 289 properties within FLL are listed in the Assessor's roll as qualifying for homeowner's exemption. Any other residential property would be a "non-primary" residence, either a second home or a rental property. It would be reasonable to assume that if a residential property has not been granted a homeowner's exemption, it is not the owner's principal residence; that would make the occupant ineligible to register to vote at that FLL location. Further, a lot of these property owners only lease the land in which the residence sits upon since the United State Forest Service (USFS) retains ownership of the actual land. In essence, this means that FLL has a very limited pool in which to draw people eligible to serve on its governing board and vote in its elections. El Dorado LAFCO recognizes this is a problem for FLL.

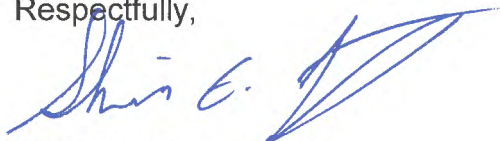
While SB 561 attempts to address the governance problem, it leaves the finances problem unsolved. Over the years, El Dorado LAFCO has offered multiple approaches to Fallen Leaf Lake CSD to address both problems, none of which have been pursued seriously by the District's Board of Directors.

Having said that, it should be clear that SB 561's approach to address the governance problem creates other complications down the road, including setting the precedent of creating a third class of voter (in addition to registered voter and landowner-voter) because of the uniqueness of property ownership on USFS land. We will not address those here because William E. Schultz, the El Dorado County Registrar of Voters, is more knowledgeable and articulate about the concerns relating to the registration of voters and the conduction of elections should this bill become law.

Lastly, it should be emphasized that the governance issue that FLL faces is not just a local oddity. There are multiple counties along the mountains and the coast that have districts with the quandary of serving a substantial number of second and third homeowners (Placer County by itself has 13 districts). This issue needs to have a more comprehensive approach to ensure equity and that the goals of the Legislature are furthered. El Dorado LAFCO is confident that it can get the California Association of LAFCOs to work with you and the Registrars of Voters to create a more holistic, feasible solution that ensures State objectives are met while taking into account local circumstances.

Please contact me or José Henríquez, El Dorado LAFCO's Executive Officer, if you have any questions.

Respectfully,



Shiva Frentzen, Chair
El Dorado LAFCO