



2004-2005 SANTA CLARA COUNTY CIVIL GRAND JURY

SPECIAL DISTRICTS AND JOINT POWERS AGENCIES

Summary

Special districts are local government agencies that deliver specific public services such as fire protection, sanitation or water supply within defined boundaries. Each special district is governed by a board and has both corporate power and tax power. Special districts are characterized as being single-function or multi-function, enterprise (fee-based business) or non-enterprise, and independent (self-governed) or dependent (governed by existing county board of supervisors or city council).

The Santa Clara County Local Agency Formation Commission (LAFCO) has regulatory powers to control city and special district boundaries and service provisions, and planning powers to influence land use. LAFCO lists 30 special districts within Santa Clara County covering fire, sewer, water, resource conservation, community services, open space, and miscellaneous districts. Only four of these special districts have received Civil Grand Jury attention in the past seven years: Santa Clara Valley Water District (1999-2000 and 2003-2004); Santa Clara Valley Transportation Authority (2001-2002 and 2003-2004); Santa Clara County Vector Control District (2000-2001 and 2003-2004); and Saratoga Fire Protection District (2001-2002).

Joint powers agencies consist of two or more public agencies which have entered into an agreement to jointly exercise common powers, limited by the combined territorial jurisdictions of the individual agencies. Joint powers agencies are beyond the purview of LAFCO, and none of the joint powers agencies in Santa Clara County have received Civil Grand Jury attention in the past seven years.

Since substantial amounts of money are involved in many special districts, approximately two-thirds of them are independent from conventional county or municipal supervision, and only four have received Civil Grand Jury attention in the past seven years, the 2004-2005 Santa Clara County Civil Grand Jury (Grand Jury) undertook a review of seven special districts chosen at random. In addition, since no joint powers agencies have received Civil Grand Jury attention in the past seven years, the Grand Jury also included two joint powers agencies in the review.

The districts/agencies included in the Grand Jury review are: (1) Saratoga Fire Protection District; (2) South Santa Clara County Fire Protection District; (3) Aldercroft Heights County Water District; (4) Purissima Hills Water District; (5) San Martin County Water District; (6) Midpeninsula Regional Open Space District; (7) Santa Clara County Library; (8) Bay Area Community College Districts Joint Powers Agency; and (9) Santa Clara County Schools' Insurance Group. The Grand Jury developed a standardized questionnaire to guide the interview with each organization. During the interview process,

the Grand Jury was able to explore in depth any topic of interest. The Grand Jury then synthesized the information and developed a summary narrative for each special district or joint powers agency, as presented below.

SARATOGA FIRE PROTECTION DISTRICT

The Saratoga Fire Protection District (SFPD), an independent special district, was formed in 1924. SFPD operates under the provisions of the California Health and Safety Code. The district provides fire protection services to approximately 12 square miles encompassing one-half of the City of Saratoga and sections of the unincorporated areas to the south. Approximately 20,000 people reside within the district's service area.

SFPD is governed by a three-member board of fire commissioners elected to a four-year term by voters who reside in the fire district. The board establishes rules and regulations related to the operation of the district. The board is also responsible for annual budgets, expenditures, salaries, wages and benefits.

The staff consists of 24 full-time firefighters, 25 volunteer firefighters, a full-time business manager, an assistant chief, a fire prevention inspector and an administrative assistant. As of February 21, 2005, the fire chief works on a contractual basis as needed in a cost reduction effort. The district is also in the process of completing a "functional merger" with the Santa Clara County Fire Department.

SFPD operates on a restricted budget primarily funded by property taxes. A small amount of revenue is generated by plan checks (inspections and property checks), fees, permit fees and Early Warning Alarm System (EWAS) charges. The EWAS monitors fire and medical emergency alarm systems in homes, schools, churches, business and public buildings. SFPD is audited annually by an outside firm.

SOUTH SANTA CLARA COUNTY FIRE PROTECTION DISTRICT

The South Santa Clara County Fire Protection District (SSCCFPD), a dependent special district, is a community fire response agency that serves a population of 35,000 in the unincorporated areas of southern Santa Clara County. The SSCCFPD boundary runs from south of the San Jose city limits near Morgan Hill to the Santa Clara/San Benito/Merced/Santa Cruz county lines. SSCCFPD was established in 1980 when the Gilroy Rural Fire District merged with the Morgan Hill Rural Fire District. This new district contracted with the California Department of Forestry and Fire Protection (CDF) to provide comprehensive emergency services to the unincorporated areas around Gilroy, San Martin and Morgan Hill.

SSCCFPD is an all-risk emergency response agency, responding to approximately 2500 incidents per year. These incidents include emergency medical service, all types of fires, hazardous materials, water rescues and public service assists.

SSCCFPD is governed by a board of seven commissioners who reside within the district boundaries and are appointed by the Santa Clara County Board of Supervisors. The board of commissioners provides community input, oversight, and budget management. The fiscal tasks are performed by CDF staff, approved by the board and on

some larger purchase decisions, approved by the Santa Clara County Board of Supervisors. SSCCFPD is considered a component unit of Santa Clara County, and its financial activities are included into the County's basic financial statements.

Board members are selected for four-year terms and receive no stipend for meetings or other SSCCFPD activities. There are currently no vacancies on the board. Agendas are posted at the Fire Stations. Minutes, policies and other information are available through the Chief's Office at Fire Station #1 in Morgan Hill or by telephone contact.

SSCCFPD continues to operate through a contract with CDF, which employs personnel and administration to operate and staff district engines and fire stations. Minor maintenance tasks on fire apparatus and stations are also performed by CDF. Major repairs are contracted out to private vendors.

ALDERCROFT HEIGHTS COUNTY WATER DISTRICT

Aldercroft Heights County Water District (District), an independent special district, provides water service to 120 homes in the Los Gatos hills. The five-person board is elected by district residents and meets on the first Thursday of each month. The board members are not paid, and the District operates on a low-budget, no-frills basis.

The District employs two part-time contractors, plus a consulting attorney and auditor, and owns two tanks, a water treatment plant, pumps and pipes. Regular costs do not exceed revenues, which are derived from monthly payments for the homes served. Replacement issues are handled by reserves and additional assessments.

PURISSIMA HILLS WATER DISTRICT (Revised 7/26/05)

Purissima Hills Water District (Purissima), an independent special district, was formed in 1955 and supplies water to over 2100 properties in the Los Altos Hills area. Purissima is governed by an elected board, consisting of five members, which meets on a monthly basis. There are eight full-time employees. The annual budget is approximately \$3 million, and residents pay on a tiered rate structure. Purissima is audited annually by an outside firm.

Purissima has eleven tanks and five pumping stations, and has almost completed the design of its new operations center, which will serve as the administration building and control center for operating the water distribution and transmission system.

SAN MARTIN COUNTY WATER DISTRICT

The San Martin County Water District (SMCWD), an independent special district, is a community water district that serves fewer than 200 residential and commercial water users in an unincorporated area of southern Santa Clara County. The SMCWD service area is east of Monterey Highway in the neighborhood along San Martin Avenue.

SMCWD is governed by a board of five directors selected by voters residing within the boundaries of the district. Board members are elected for four-year terms and receive no stipend for meetings or other SMCWD activities. There are currently two vacancies on the

board of directors. Agendas are posted at the San Martin post office. Minutes, roster of board members, policies and terms of service are available through the general manager at the district telephone contact.

Revenues to support SMCWD are derived from water user fees. Audits are performed every two years and are retained by the district manager for inspection. The current audit is overdue and is being planned.

SMCWD is operated through a contract with a private operator who acts as the district manager and is on-call "24/7". Minor maintenance, meter reading and clerical tasks are performed by the district manager. Major repairs are contracted out to private vendors. The fiscal tasks (billing, fee collection, general ledger reports, etc.) of the SMCWD are provided by another independent contractor.

MIDPENINSULA REGIONAL OPEN SPACE DISTRICT

Midpeninsula Regional Open Space District (MROSD), an independent, multi-county special district, provides a greenbelt system of approximately 50,000 acres in 25 open space preserves protected for public enjoyment. Approximately one-half of the MROSD is located in Santa Clara County, one-half in San Mateo County, and a small area in Santa Cruz County.

MROSD is governed by a board of directors elected by voters in each of seven wards. Board members are elected for four-year terms and receive a \$100 stipend per meeting. The board is actively involved in setting policy and overseeing the annual budget of approximately \$22 million. Board meetings are open to the public. Minutes, agendas roster of board members, terms of service, and policies are posted on the website, www.openspace.org.

Revenues to support the MROSD are derived from a 1.7 cents per \$100 assessed value property tax, grants, donations, rents and miscellaneous fees. An outside firm audits the MROSD, and recently found the finances to be in compliance with applicable requirements.

There are three regional offices. Visitor centers are located in the South Skyline, Fremont Older, Rancho San Antonio, St. Joseph's Hill, and Sierra Azul Open Space Preserves. MROSD currently employs 76 full-time employees and 21 part-time and seasonal workers.

In addition to the website, MROSD publishes a quarterly newsletter, trail maps, location-specific materials, and a resource book to communicate with the public. There are approximately 1.3 million visitors annually.

SANTA CLARA COUNTY LIBRARY

The Santa Clara County Library (SCCL), a dependent special district, provides public library services to the cities/towns of Campbell, Cupertino, Gilroy, Los Altos, Los Altos Hills, Milpitas, Monte Sereno, Morgan Hill and Saratoga and to unincorporated areas of the county. SCCL serves 3.3 million visitors annually, and is the most heavily used library system of its size in America. SCCL was the only library in California to be ranked as

among the 100 best in the United States for high quality and cost effective services by Hennen's American Public Library Ratings (HAPLR) based on data from the U.S. Federal-State Cooperative Service.

A board of eleven members governs SCCL. Each city selects one elected City Councilmember, and the Santa Clara County Board of Supervisors selects two of its members. The governing board holds at least four regular meetings annually and calls special meetings as required.

Property taxes and the County Service Area (CSA) benefit assessment tax primarily support the SCCL system. The remaining sources of funds are from state grants, contributions from cities, fines, fees, and miscellaneous sources, including private contributions.

Since the passage of Proposition 13 in 1978, the SCCL has had to manage with several funding crises that led the County Board of Supervisors to create a Joint Powers Agency (JPA) board to share governance of the library with city members. In 1994, the County Board of Supervisors, with the support of the new JPA governing board, placed an advisory measure on a ballot. The measure covered establishment of a CSA and collection of a benefit assessment tax for SCCL, and was overwhelmingly approved by voters. The CSA benefit assessment began in 1995 and will expire in June 2005. The JPA board won approval from its resident users in May 2005 to renew the expiring benefit assessment. This source of revenue has been supporting 21% of SCCL operating costs.

SCCL's website (www.santaclaracountylib.org) contains a "Contact Us" feature that is used by the public to ask questions, make suggestions and pass along complaints or praise. The library also publishes a newsletter.

BAY AREA COMMUNITY COLLEGE DISTRICTS JOINT POWERS AGENCY

The Bay Area Community College Districts Joint Powers Agency, formed in 1992, is a consortium of ten Community College districts in Northern and Central California. These districts have formed a joint powers agency to cooperate in the management and self-insurance of their risks of loss on property and liability. Of the ten districts, four are in Santa Clara County: Gavilan Community College District; Ohlone Community College District; San Jose/Evergreen Community College District; and West Valley-Mission Community College District. The other six are located in Santa Maria, Martinez, Salinas, Monterey, San Mateo, and San Luis Obispo.

Each member district is represented on the board of directors, which makes policy decisions. Three of the board members serve as an investment committee, and they utilize a conservative approach as mandated by the California Government Code. Claims management and settlement is contracted out to professional insurance specialists.

This joint powers agency has \$5.92 million in assets. The principal liabilities are outstanding claims against the member districts. Due to decreased claims payments, member dues decreased in the last fiscal year. This agency's loss experience over the last several years has been generally good as reported by their president. The agency is audited annually by an outside firm.

SANTA CLARA COUNTY SCHOOLS' INSURANCE GROUP

The Santa Clara County Schools' Insurance Group (SCCSIG) is a joint powers agency established in 1978. The sole purpose of this agency is to provide coverage for property, workers' compensation and liability losses for 18 school districts in Santa Clara County.

SCCSIG is governed by a seven-member executive committee that is elected for a two-year term by the board of directors. The full board of directors is composed of a representative from each member district, as designated by each district's superintendent. The staff of eight full-time employees has considerable experience in insurance-related matters. An outside firm is used for claims' adjustment.

SCCSIG's primary source of revenue is the premium it collects from each member district. The premiums are actuarially based, projected on historical trends. If one district has experienced more claims than the other districts, a surcharge is assessed against that district. SCCSIG has almost \$6.5 million in reserves. SCCSIG's balance in net assets has declined over the past five years. Workers' compensation and property claims have increased. The agency is audited annually by an outside firm.

References

Documents

1. "What's So Special About Special Districts? - A Citizen's Guide to Special Districts in California", 3rd Edition, 2/2002, <<http://www.sen.ca.gov/locgov/wssasdreport.htm>>
2. California Water Code, Division 12, Sections 30000-33901 (Stats 1949, Chapter 274).
3. Action Plan for the Implementation of the Basic Policy of the Midpeninsula Regional Open Space Districts for the 2004-2005 Fiscal Year.
4. Midpeninsula Regional Open Space District Independent Auditor's Reports, Management's Discussions and Analysis, Basic Financial Statements and Required Supplementary Information, Year Ended March 31, 2004.
5. Midpeninsula Regional Open Space District website, <<http://www.openspace.org>>
6. Santa Clara County Library website, <<http://www.santaclaracountylib.org>>

Interviews

1. Saratoga Fire Protection District, Fire Chief, 9 Feb. 2005.
2. South Santa Clara County Fire District, Battalion Chief, 7 Feb. 2005.
3. Aldercroft Heights County Water District, Counsel, 23 Feb. 2005.
4. Purissima Hills Water District, District Secretary, 24 Jan. 2005.
5. San Martin County Water District, General Manager, 7 Feb. 2005.
6. Midpeninsula Regional Open Space District, Board Member and Director, 21 Jan. 2005.
7. Santa Clara County Library, Administrative Services Manager, 26 Jan. 2005.
8. Bay Area Community College Districts Joint Powers Agency, President, 25 Feb. 2005.
9. Santa Clara County Schools' Insurance Group, Executive Director, Controller, 25 Feb. 2005.

Meetings Attended

1. Saratoga Fire Protection District Board Meeting, 17 Feb. 2005.
2. South Santa Clara County Fire Protection District Board Meeting, 7 Feb. 2005.
3. Aldercroft Heights County Water District Board Meeting, Nov. 2004.
4. Purissima Hills Water District Monthly Board Meeting, 12 Jan. 2005.
5. San Martin County Water District Board Meeting, Dec. 2004.