



Project #: Salton Community Service District

Item: 6

Meeting Date: Thursday, August 25, 2022

Meeting Time: 08:30 a.m.

Location: El Centro City Council Chambers
1275 W. Main Street
El Centro, CA 92243

EXECUTIVE OFFICER'S REPORT

To the

Imperial Local Agency Formation Commission

COMMISSIONERS


David H. West, Chair [Public]
Maria Nava-Froelich, Vice-Chair [City]
Ray Castillo [Supervisor]
Michael W. Kelley [Supervisor]
Javier Moreno [City]

ALTERNATES

Jesus E. Escobar [Supervisor]
Robert Amparano [City]
Jose Landeros [Public]

REPORT DATE: August 1, 2022

FROM: Jurg Heuberger, Executive Officer
Paula Graf, Sr. Analyst



PROJECT: Discussion/Action/Direction on the recommendation to consider the dissolution of the Salton Community Service District

HEARING DATE: August 25, 2022 **TIME:** 08:30 a.m.

AGENDA ITEM NO: 6

HEARING LOCATION: El Centro City Council Chambers, 1275 Main St., El Centro, CA 92243

RECOMMENDATION(S) BY THE EXECUTIVE OFFICER (In Summary & Order)

OPTION #1: Commence the Dissolution of the Salton Community Service District

OPTION #2: Place the Salton Community Service District on Oversight

OPTION #3: Reorganization including the Dissolution of SCSD and concurrent formation of a County Service Area

1. Introduction

Imperial County Local Agency Formation Commission

The Imperial County Local Agency Formation Commission (Imperial LAFCO) is responsible for overseeing the boundaries, establishing and updating SOIs, and preparing MSRs for the 7 cities and 20 independent and dependent special districts within Imperial County.

Commission Composition

Imperial LAFCO is comprised of 5 regular members and 3 alternate members. The members include: three county supervisors, three city council members, and two at-large representatives of the general public. All members serve four-year terms and there are no term limits. In accordance with the statute, while serving on the Commission, all commission members shall exercise their independent judgement on behalf of the interests of residents, property owners, and the public as a whole.

Meeting and Contact Information

The regular meetings of the Commission are held on the fourth Thursday of the month at 8:30 a.m. The meetings are conducted in the El Centro City Council Chambers Hearing Room located at 1275 Main Street, El Centro, CA 92243. The Imperial LAFCO administrative offices are centrally located at 1122 W. State Street, El Centro, CA 92243. Commission staff may be reached by telephone at (760) 353-4115. The agency's agendas, reports and other resources are available online at www.iclafco.com

History and Mission of Local Agency Formation Commissions

Local Agency Formation Commissions (LAFCOS) were created in 1963 by the California Legislature to oversee the logical formation and determination of local agency boundaries that encourage orderly growth and development which are essential to the social, fiscal and economic well-being of the State. LAFCOs' authority to carry out this legislative charge is codified in the Cortese-Knox Hertzberg Reorganization Act of 2000 ("CKH Act"). Over the past 59 years, the CKH Act has been amended to give more direction to LAFCOs and, in some cases, expand the authorities of the Commissions. One of the most important revisions to the CKH Act by the Legislature occurred in 2000. Among those revisions was a requirement that LAFCOs update the spheres of influence for all cities and special districts every five years, and in conjunction with this responsibility, prepare comprehensive studies that are known as "service area plans/municipal service reviews."

Authority and Powers of LAFCOS

Codified within the CKH Act are the procedures and processes for LAFCOs to carry out their purposes that have been established by the Legislature. LAFCOs' purposes are guided and achieved through their regulatory and planning powers. A description and distinctions of those powers are described below.

Regulatory Authorities

LAFCOs' regulatory authorities include the reviewing and approving or denying of proposals to change the jurisdictional boundaries of cities and special districts. Specifically, these types of boundary changes that are commonly referred to as "changes of organization" include:

- City Incorporation and Disincorporation
- District Formation and Dissolution
- City and District Annexations and Detachments
- City and District Consolidations

- Merger of a City and District
- Establishment of a Subsidiary District
- Activation of new or different functions or classes of services, or divestiture of power to provide services for special districts

Additionally, LAFCOs' regulatory authority includes overseeing the process for a city or special district to provide new or extended services by contract or agreement outside its jurisdictional boundaries. In addition to the laws under which they are governed, many LAFCOs have established local policies and procedures to support the efficient and effective processing of these changes of organization.

Planning Authorities

From 1973 to present, LAFCOs' planning authorities are carried out through the establishment and updating of agencies' spheres of influence. A sphere of Influence (SOI) is a tool used by LAFCOs to define a city or special district's future jurisdictional boundary and service areas.

Through the reform of the CKH Act in 2000, the preparation of comprehensive studies (Service Area Plans or SAPs/Municipal Service Reviews or MSRs) that analyze service or services within the county, region, subregion, or other designated geographic area was added to the LAFCO's planning responsibility. The determinations that LAFCOs must review, analyze and adopt for SOIs and SAPs/MSRs are discussed below.

Service Area Plan/Municipal Service Reviews

Service Area Plans (SAP)Municipal Service Reviews (MSRs) are the core of LAFCOs planning responsibility and are generally prepared in conjunction with SOI reviews and updates. MSRs involve comprehensive reviews and regional studies on future growth and how local agencies are planning for their municipal services and infrastructure systems. These studies are prepared before or in conjunction with the establishment, review or update of an SOI and are generally intended to inform in the areas of efficiency and affordability of infrastructure and municipal service delivery and assist LAFCOs in the review and initiation of changes of organization.

In accordance with G.C. Section 56430, with each SAP/MSR that is prepared, LAFCOs are required to prepare written statements of its determinations with respect to each of the following:

- (1) Growth and population projections for the affected area.
- (2) The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the affected sphere of influence.
- (3) Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies including needs or deficiencies related to sewers, municipal and industrial water, and structural fire protection in any disadvantaged, unincorporated communities within or contiguous to the affected sphere of influence.
- (4) Financial ability of agencies to provide services.
- (5) Status of, and opportunities for, shared facilities.
- (6) Accountability for community service needs, including governmental structure and operational efficiencies.
- (7) Any other matter related to effective or efficient service delivery, as required by commission policy.

Spheres of Influence

In order to carry out the purposes and responsibilities for planning and shaping the logical and orderly development and coordination of local governmental agencies, LAFCOs are required to establish and determine the sphere of influence (SOI) of each city and special district in their respective county and enact policies that further support this authority. SOIs are established to identify the probable jurisdictional boundaries and service areas for these affected agencies. State law requires that all changes of organization (i.e. annexation, detachment) be consistent with the SOI independently established by the Commission for each city and special district. The statute further requires SOIs to be reviewed every five years and updated as conditions warrant.

With each SOI that is established, amended or updated, LAFCOs are required to consider and prepare written statements of its determinations with respect to the following factors codified in G.C. Section 56425:

- (1) Present and planned land uses in the area, including agricultural and open-space lands.
- (2) Present and probable need for public facilities and services in the area.
- (3) Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
- (4) Existence of any social or economic communities of interest in the area.
- (5) If a city or special district provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

2. Executive Summary

I. Purpose of Review

Imperial LAFCO is required to conduct a Service Area Plan (SAP)/Municipal Service Review (MSR)/Sphere of Influence update for the seven cities and twenty independent and dependent special districts within Imperial County **at a minimum once every 5 years**. A service review is a comprehensive study about the provision of municipal services provided by a city or district.

The Salton Community Services District last updated SAP/MSR was completed in 2016. **An update to the plan would have been scheduled to be due by 2023, however, a change in services provided by the district triggered an immediate update to the plan.**

II. About the Salton Community Service District

The Salton Community Service District (SCSD) has operated as the successor agency to the previously established Desert Shores Community Services District since 1957. Formed under the Community Service District Act, the district's service area covers approximately 20,480 acres and serves 6,307 residents.

Service Area: Desert Shores, Salton City, Salton Sea Beach
Last MSR: 2016
Local Representation: 5-Member Board of Directors
Meetings: 2nd Wednesday of each month at 7:00 p.m.
Website: www.saltoncsd.ca.gov
Staff: Interim General Manager, Assistant General Manager, Finance Officer, Interim Board Secretary

Authorized Services

The district is enabled to provide Fire Protection, Parks & Recreation, Wastewater Treatment, and Solid Waste services.

The district **currently** operates Parks & Recreation, Wastewater Treatment, and Solid Waste services.

Fire Protection Service:

The district operated Fire Protection services from 1957-2019.

On May 15, 2019: The SCSD Board adopted Resolution #2019-05-01 authorizing an election for a special tax for fire protection services. It stated in part **"The District does not have adequate financial resources to continue providing the staffing, equipment and facilities for Fire Protection Services."**

Election Results: **Failed-** The special tax that would **fund** Fire Protection failed to pass by the voters.

November 4, 2019: Because of the special tax measure that failed, the Fire Department quit, leaving the residents without Fire Protection.

November 5, 2019: The County of Imperial notified LAFCO that the Salton Community Service District ceased providing Fire Protection services on November 4, 2019. **The County immediately began providing Fire Protection services.**

Wastewater:

The district operates three wastewater treatment facilities within their service area.

Thomas R. Cannell WWTF	Design Capacity:	185,000 Gallons Per Day
	Average Daily Flow:	170,000 Gallons Per Day- July 2022
	Adequacy:	90% Capacity

Lansing WWTF	Design Capacity:	120,000 Gallons Per Day
	Average Daily Flow:	120,000 Gallons Per Day- July 2022
	Adequacy:	100% Capacity

Desert Shores WWTF	Design Capacity:	200,000 Gallons Per Day
	Average Daily Flow:	160,000 Gallons Per Day- July 2022
	Adequacy:	80% Capacity

Funding:	Enterprise Funds- Sewer Charges & Sewer Standby Charges
Staff:	10-Full Time Employees

Parks & Recreation:

The district operates two park facilities, the Salton City Community Park (10.5 acres), and the Desert Shores Park (4.59 acres). The district owns 102.37-acres of undeveloped potential park/open space.

Funding:	General Fund
Staff:	1- Full Time Employee

The district was awarded two grants for Parks & Recreation:

Desert Shores Grant Information: A Memorandum of Understanding dated December 21, 2021, between the County of Imperial and the SCSD. This grant would provide Improvements to the park that would include planting of new sod and installation of irrigation equipment. Ongoing costs/maintenance would be the responsibility of the district.

Parks & Recreation Grant Information: A contract between the California Department of Parks and Recreation dated April 16, 2022, between the Salton Community Service District and the State of California Parks and Recreation to be utilized for Parks & Recreation.

Solid Waste:

The district provides solid waste services through a contract with Burrtec.

Funding: Funding for Solid Waste Services are received through a special tax assessment. The district receives 5% of the annual revenue for administration.

3. Conclusion

About the District:

- a. The district ceased providing Fire Protection on November 4, 2019.
- b. The district lacks funding and staffing to provide Fire Protection Services.
- c. The districts Wastewater facilities are at, full, or nearing capacity.
- d. The district has all new staffing.
- e. The district has a relatively new Board of Directors where 3 or possibly 4 have limited background experience with special district operations, rules etc.
- f. The district does not have a full time experienced general manager however they do currently have a part time experienced GM.

LAFCO Staff Concerns:

- a. The district could and may face regulatory problems unless they have, maintain, and support an experienced GM with adequate support staff.
- b. The district will potentially fail unless the Board is in full support of a qualified staff.
- c. The Board lacks experience and needs to become familiar with procedures applicable to a public agency such as a special district and needs to consider attending training with organizations such as the ca. special district association.
- d. If the District cannot or will not meet certain mandates, obligations, regulatory directives or structural management, LAFCO may have no alternative but to consider the dissolution of the district.

4. Public Notice

Public notice for the hearing before the Commission has been given, according to Section § 56427. Notice was issued in the form of a publication in the Imperial Valley Press at least twenty-one (21) days prior to said hearing and posted on our webpage at www.iclafco.com.

5. Report

In accordance with Section § 56665, the Executive Officer has prepared a report, and presented said report to your Commission and to any public member requesting such report. In addition, a copy of said report has been issued to the district and any party requesting a copy. A copy of the report is available at www.iclafco.com.

6. Conflict of Interest Statement

To date (at the writing of this report), no Commissioner has indicated that there is any conflict of interest with regard to this project, nor has any Commissioner reported any communications with the Applicant, Proponent, or Opponent. The Executive Officer does not have any type of known conflict of interest or financial gain as a result of this project and owns no property within the vicinity.

Recommendation by the Executive Officer

It is the recommendation of the Executive Officer that LAFCO consider all information presented in both written and oral form. the Executive Officer then recommends, assuming no significant public input warrants to the contrary, that LAFCO take the following action(s):

- 1) **Select Option #2: Place the Salton Community Service District on Oversight**
 - a. The district providing at a minimum a quarterly update on its functions, status, violations, changes, and financial condition. The EO may request these reports more frequently as necessary or desired.
 - b. The district maintains the current Interim GM or one of equal qualifications and experience in city/district management.
 - c. The district develops and implements the hiring of a full time GM meeting the qualifications equivalent to the qualifications of the current interim manager, within one year. If necessary, the EO is authorized to grant a 6-month extension.
 - d. This interim oversight shall continue for a minimum of two years and may be extended by LAFCO if deemed necessary upon a report from the EO.
- 2) In the event the district fails to meet the obligations under Item #1, the EO is instructed to commence the potential dissolution or other action(s) as appropriate after first giving notice to the District and the Commission.
- 3) The district shall pursue to the maximum extent allowed under the law the investigation of the prior Board's and GM's as well as staff's functions and actions that may have created misuse of funds, loss of funds and/or potential criminal or fraudulent actions to the extent they impacted the operations of the district. To that end the district shall cooperate fully with law enforcement.

Imperial LAFCO Policy

Note: All "cc" submittals are the Executive Officer's Report only. Attachments are generally too voluminous and are only supplied on CD upon request. Information about the project may also be found on the LAFCO web page at www.iclafco.com.

CC:

District Manager