

Mountain Communities and Eastern County

Municipal Service Review

October 17, 2007 Draft

**Prepared for the
Riverside County Local Agency Formation Commission**

Public Financial Management

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I. Introduction

The *Mountain Communities and Eastern County Municipal Service Review* (the "MSR") is an evaluation of the services provided by 9 local government agencies in Riverside County. The MSR has been prepared to assist the Riverside County Local Agency Formation Commission ("LAFCO") satisfy the requirement of a municipal service review as set forth by state law (Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 ("CKH Act"; CA Government Code §56000 et seq.)).

The MSR evaluates the following local agencies and municipal services. Some of the local agencies subject to review also provide water and wastewater services. The MSR does not include an evaluation of water or wastewater services, as this has or will be addressed as part of a separate LAFCO municipal service review.

	Ambulance	Fire	Street Lighting	Library	Parks	Road Maintenance	Multiple Services
<i>Mountain Areas</i>							
Idyllwild Fire Protection District		x					
County Service Area 36			x	x			
County Service Area 38		x					
County Service Area 153		x					
<i>Eastern Riverside County</i>							
City of Blythe						x	
Palo Verde Library District			x				
County Service Area 51						x	
County Service Area 62		x					
County Service Area 122		x			x		

Statutory Requirements

The Government Code requires that LAFCO analyze and make "determinations" in nine areas relating to municipal services. As set forth in Section 56430 of the Code:

"LAFCOs must include in the area designated for municipal service review the county, the region, the sub-region, or other geographic area as is appropriate for an analysis of the service or services to be reviewed and, as noted previously, must prepare a written statement of its determination with respect to each of the following:

1. Infrastructure needs or deficiencies;
2. Growth and population projections for the affected area;
3. Financing constraints and opportunities;
4. Cost avoidance opportunities;
5. Opportunities for rate restructuring;
6. Opportunities for shared facilities;
7. Government structure options, including advantages and disadvantages of consolidation or reorganization of service providers;
8. Evaluation of management efficiencies; and
9. Local accountability and governance.”

A determination is defined, for the purposes of this MSR, as an assessment of the adequacy of the municipal service in each of the nine areas identified in the Code based on common benchmarks, “best practices,” and minimum standards generally used in the management of local government services, including those identified by the Governor’s Office of Planning and Research in its *Local Agency Formation Commission Municipal Service Review Guidelines*.

The MSR is not a management audit of the local agencies. The MSR does not attempt to identify process improvements or changes in policies or procedures that have the potential to improve the delivery of municipal services. The MSR instead attempts to compare existing conditions of a particular local agency to minimum standards for performance and practices generally promoted by government.

Summary of Determinations

The following table summarizes the significant determinations of the MSR. The determinations identify areas that LAFCO may wish to consider in its current and future analysis of service responsibility or spheres of influence for each local government agency.

**Significant Determinations
Mountain Communities and Eastern County MSR**

Agency	Determinations
City of Blythe	<ul style="list-style-type: none"> ▪ Continued uncertainty over adequacy of volunteer fire service; limited general fund revenues available for additional services
County Service Area 36	<ul style="list-style-type: none"> ▪ Limited availability of board agenda and financial information, which restricts public accountability; lack of capital, service, or strategic planning
County Service Area 38	<ul style="list-style-type: none"> ▪ Limited availability of board agenda and financial information, which restricts public accountability; lack of capital, service, or strategic planning

Significant Determinations Mountain Communities and Eastern County MSR

Agency	Determinations
County Service Area 51	<ul style="list-style-type: none"> Limited availability of board agenda and financial information, which restricts public accountability; lack of capital, service, or strategic planning
County Service Area 62	<ul style="list-style-type: none"> Limited availability of board agenda and financial information, which restricts public accountability; lack of capital, service, or strategic planning
County Service Area 122	<ul style="list-style-type: none"> Limited availability of board agenda and financial information, which restricts public accountability; lack of capital, service, or strategic planning
County Service Area 153	<ul style="list-style-type: none"> Does not currently provide municipal services; consider dissolving the CSA
Idyllwild Fire Protection District	<ul style="list-style-type: none"> Growing demands for regional wildfire suppression, emergency evacuation, and brush maintenance; service responsibility unclear among various providers; lack of capital, service, or strategic planning
Palo Verde Library District	<ul style="list-style-type: none"> Declining attendance may suggest need to reassess service delivery; small revenue base yet large fund balances

The MSR has not identified any significant issues that substantially impair the provision of the municipal services subject to this review. However, there are two issues of note.

The City of Blythe utilizes a paid volunteer fire department, and this unique approach to fire service delivery has been the subject of a Riverside County Grand Jury Report and has resulted in a LAFCO requirement that any annexed territory to the City receive contract fire service from the County. The MSR makes the determination that continued focus be paid to this issue as LAFCO considers the City of Blythe sphere of influence and any future boundary changes.

Also, the county service areas, in general, have very limited public information available regarding their governance and finances, which restricts the accountability to constituents. In the event of a future petition for the creation a county service area, LAFCO may wish to further evaluate the potential for improved accountability and the benefits of using alternative service providers.

Approach

The CKH Act requires that LAFCO make determinations with respect to nine areas, but allows for a range of approaches and methodologies in order to make such a determination. This MSR attempts to make the required determinations (on behalf of LAFCO), using information prepared by the local

agencies subject to the review, other government or regulatory agencies, trade groups, and news media. This information is evaluated using independent and credible criteria commonly used to evaluate municipal services, including minimum service standards, best practices, and averages for similar government agencies.

The MSR is not, however, a management audit of the local agencies, as this level of analysis has been deemed by LAFCO to be beyond the scope of the MSR. The MSR attempts to identify only those service concerns or issues that are known to exist, have been identified by the local agency subject to the MSR, or are revealed based on a comparison to minimum service standards, widely-used best practices, and averages for similar government agencies. The limited scope of the MSR restricts much of the analysis that could be undertaken that can increase the efficiency and effectiveness of municipal service delivery.

II. City of Blythe

The City has experience relatively slow population growth compared to other cities in Riverside County, which has mitigated the need for additional municipal services and infrastructure. At the same time, the City has a limited tax base, and minimal resources for general services. A unique aspect of the City is that it maintains a paid volunteer fire department and there may not be sufficient general tax revenues for enhanced City fire services.

The City has benefited from economic development in recent years, including a Blythe Energy plant that opened in 2002, which currently represents 31% of the City's property tax base. However, much of the property tax benefit of new development has accrued to the City's redevelopment agency, which encompasses much of the City's boundaries, and it is uncertain whether currently planned commercial development, including a second Blythe Energy plant, will provide a significant increase in general tax revenue.

Description

The City of Blythe is located 227 miles to the east of Los Angeles along the Colorado River. The City has a population of 14,428 in 2007 (excluding population at two state prisons) and encompasses 26.6 square miles of area. Blythe is a general law city incorporated in 1916. The City provides police, water, sewer, park and recreation, street maintenance, vector control, and fire protection services, and contracts for solid waste services. The City also operates an airport and owns and operates a golf course. The City had 130 full-time budgeted positions in fiscal year 2006-07 and a total budget of \$42.0 million.

The following map shows the City boundaries and sphere of influence.

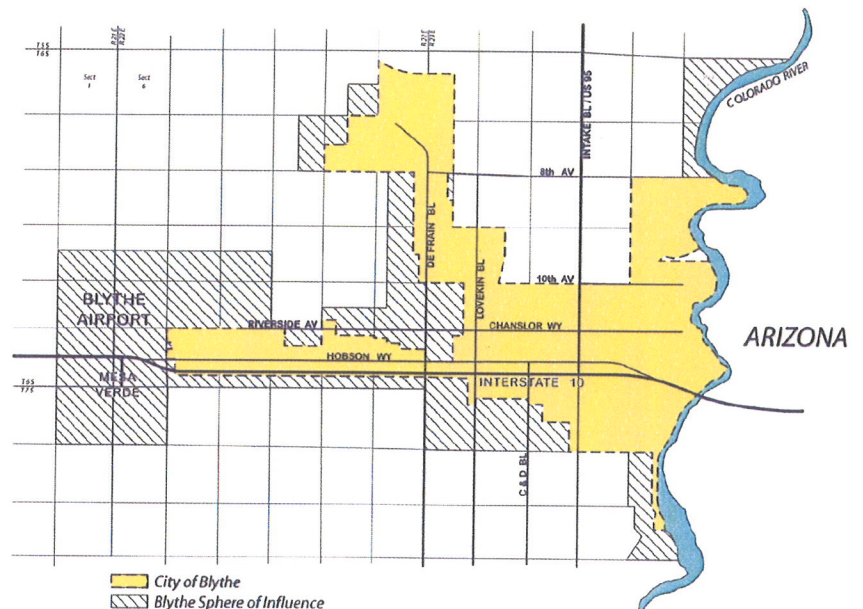


Figure 1: City of Blythe

Economy

The City's major employment sectors are public administration, education and health services, retail trade, and arts, entertainment, recreation, accommodation and food services.¹ The City's largest employers are the Ironwood and Chuckawalla Valley State Prisons, Palo Verde Unified School District, the Morgan Corporation (a manufacturer of truck bodies), Palo Verde Hospital, and the City of Blythe.²

The City of Blythe is home to two medium security prisons operated by the California State Department of Corrections and Rehabilitation. These facilities, the Chuckawalla Valley State Prison (a Level II facility opened in 1988) and the Ironwood State Prison (a Level III facility opened in 1994), are located approximately 16 miles west of the city center, and currently house 3,913 and 4,664 inmates within their respective facilities. In FY 2006-07, Chuckawalla Valley State Prison had an operating budget of \$115 million, and had 972 full-time staff. Ironwood State Prison had a staff of 1,061 and an operating budget of \$113 million in the same year.³

¹ U.S. Census Bureau, "American Fact Finder," Census 2000 Summary File 3 (SF 3) - Sample Data.

² Blythe Redevelopment Agency, *Redevelopment Project No. 1 Tax Allocation Bonds Official Statement*, November 1, 2006, p. A-4.

³ California State Department of Corrections and Rehabilitation Website, <http://www.cdcr.ca.gov>, Accessed 7/5/07.

The City's largest tax payer is Blythe Energy, which operates a natural gas-fired generation electric power plant capable of producing 520 MW of electricity. The plant has a secured assessed valuation of \$238,700,000, which constitutes 31% of the City total.

Determinations

1. Infrastructure Needs and Deficiencies

The City identifies its immediate infrastructure needs as part of a five-year capital improvement plan ("CIP"), which it updates annually. The specific projects are determined based on needs identified by the community or City staff. The City's capital improvement plan budget for fiscal year 2005-06 was \$3.1 million (excluding water, sewer, and golf course projects), which was funded primarily from Community Development Block Grants, Riverside County Measure A transportation sales tax, and redevelopment agency bond proceeds.⁴

The City is in the process of evaluating its entire stock of infrastructure as part of its "GASB 34" compliance, which is an accounting standard that requires the City report the value and condition of its infrastructure in its financial statements. When completed, the results of the City's infrastructure evaluation may identify its infrastructure needs and deficiencies.

The City has also evaluated its infrastructure needs from a longer-term perspective as part of its 2007 general plan. The general plan includes identified infrastructure needs relating to the City's airport, streets, parks, and the water system.

General Plan

The City updated its general plan in March 2007, and analyzed the impact of increased growth and development upon land use, transportation, parks, open space, water quality, air quality, and public safety concerns.

The general plan identifies the need to expand use of the municipal airport and downtown area. The general plan also identifies future transportation infrastructure needs, including the extension of Neighbours Boulevard from 6th Avenue to Hobsonway and the lengthening of 16th or 18th Avenues to extend eastward. These improvements are necessary for traffic circulation due to expected development and build-out of the Palo Verde Community College campus in the Mesa area. Other planned improvements include the creation of bike paths throughout the City.

The City's projected population increase is expected to require additional park and recreation areas. Currently, the City has eight separate parks

⁴ City of Blythe, "Capital Improvement Plan, 2005/06 – 2009/10."

comprising 74 acres of park space. This corresponds to 5.4 acres per resident. To meet the needs of a growing population and to continue providing ample park space for its residents, the City has identified a need of approximately 36 new acres of parkland. The new parks will be funded from the imposition of a "Park Acquisition and Development Fee" created in accordance with the Quimby Act. Additionally, existing City lands will be considered for use as park land prior to being sold to the general public.

The City plans to expand its commitment to open space. The City defines "open space" as those regions necessary for the conservation of natural and agricultural resources, recreation areas and areas for public wellbeing or security such as flood plains. The City has created, in accordance with state mandates, an Open Space Action Plan (the "Plan"). The Plan calls for the protection of lands within City limits by creating new zoning restrictions and habitat protection standards. To help achieve this goal, the general plan calls for the creation of a fund to be used solely for the purchase of identified land.

The City's population growth will require that the water system is expanded to new areas and to meet the needs of increased population. The City serves as the sole water provider to residents, and would like to encourage water conservation throughout the City going forward. The City has also planned for systematic extension of the public utilities in the region to meet anticipated population increases.

Water quality is a continuing concern for the region. The City plans to meet these concerns by linking new residential developments to the City's existing wastewater treatment network, and by converting older water systems to new low-flow systems.

The City general plan intends to maintain the vital agriculture industry. The City plans to promote agriculture's uses of land outside of urban areas. The City plans to encourage separation between the two environments by use of canals, roads, and fencing so as to avoid land use disputes.

2. Growth and Population Projections for the Affected Area

The City projects that, between 2005 and 2025, its population will increase from 13,600 to 24,563 (a 3% annual increase). At full development, the City anticipates a population of 89,542 and 26,097 dwelling units.

As of 2007, the State estimated the City's population at 22,625.⁵ This figure includes a large number of inmates currently detained at the two medium

⁵ California State Department of Finance.

security prisons within the City. Without these inmates, the City estimates its population in 2007 at 14,428.⁶

The City has experience relatively slow growth since 2000 – much less than the 3% projected annual growth rate in the City's general plan. As shown in the following table, the City's average annual population growth has been 1.45% since 2001, which is much lower than the countywide average of 3.99%, and the statewide average of 1.53%.

Historical Population
City of Blythe, Riverside County, State of California

	2001	2002	2003	2004	2005	2006	2007	Average
Blythe, City of	1.81%	2.22%	0.36%	3.78%	-0.51%	0.91%	1.60%	1.45%
Riverside County	2.89%	3.99%	4.38%	4.61%	4.44%	4.29%	3.31%	3.99%
California State	1.68%	1.88%	1.72%	1.57%	1.35%	1.23%	1.26%	1.53%

Source: California State Department of Finance

3. Financing Constraints and Opportunities

The City has a limited property and sales tax base, as property values are low relative to the rest of the state and there are few major retailers. The limited tax base restricts the amount of revenue available for general City services. A large energy plant (Blythe Energy) was constructed within the City in 2002, which added \$238,700,000 of assessed value to the property tax roll. However, the City's redevelopment agency project area encompasses much of the City's territory, which diverts property tax revenues from new development to the redevelopment agency and away from general City services. In fact, the City's general fund, which provides funding for general municipal services including police, parks and recreation, and economic development, had a negative fund balance at the end of fiscal year 2005-06.

City Fire Services

The City provides most municipal services required to protect public safety or as otherwise required by state law. The City is unique in comparison to other California cities, in that it relies on a paid volunteer fire department for much of the area within the City. The Riverside County Grand Jury in June 2006 reviewed the City's fire services and recommended that the City conduct a study regarding its fire safety needs, allow the County to respond to all medical aid calls within the City, and ultimately contract with the County for all fire services. It is uncertain, given the City's limited general fund resources, how a paid City fire department or additional contract fire service with the County would be funded.

⁶ City of Blythe, *City of Blythe General Plan 2025*, March 2007.

Economic Development

There are three potential commercial developments that may result in a positive economic impact on the City and its tax base. However, the specific amount and timing of any impact is uncertain. A 175,000 square foot Walmart Supercenter is currently planned near the intersection of Interstate 10 and State Route 95. City staff estimates that the facility will open in 2009. The City expects that the Walmart Supercenter will generate sales tax revenue and allow the City to retain taxable sales that would otherwise be lost to neighboring jurisdictions.

A second Blythe Energy plant has been approved by the California Energy Commission and will double the size of the original Blythe Energy Plant that opened in 2002. The plant may have a positive economic impact on the City and its general tax revenues; however, neither the State nor the City is aware of a timetable for the plant's initial operation date.

The Colorado River Indian Tribes have approached the City with a proposed development of a new gaming facility located on Intake Boulevard south of Interstate 10. Any gaming facility could produce a net increase in many City general fund revenues, including the transient occupancy tax and sales tax. However, the City is not aware of an expected opening date for the facility.

4. Cost Avoidance Opportunities

The City has not informed LAFCO of any cost avoidance initiatives that it is currently undertaking. In addition, this MSR has not independently identified cost avoidance opportunities for the City. A finding of this nature would normally require an extensive amount of time and effort from the City and consultants. In the event the City wished to investigate opportunities for cost avoidance, it would need to identify specific target areas and study the potential for savings and the process needed to achieve the savings.

5. Opportunities for Rate Restructuring

The City imposes user fees and charges for its water and wastewater utilities and for some general municipal services, including planning and business license fees. The City also imposes charges for certain activities at its airport and golf course.

Water, Wastewater, and Solid Waste

As is common for most utilities, the City operates its water and wastewater systems and its contracted solid waste service as enterprises, and attempts to recover all operating and capital costs of providing service primarily from user charges.

The City's residential solid waste rates appear reasonable, as they are comparable to those paid elsewhere in Riverside County. In addition, the solid waste enterprise fund cash balance is relatively low (\$130,936 as of June 30, 2006), which is one indication that rates do not greatly exceed the cost of providing the service.

**Monthly Residential Solid Waste Charge
Riverside County Cities**

<u>Name</u>	<u>Monthly Service Charge</u>
City of Banning	\$15.46
City of Beaumont	\$18.50
City of Hemet	\$18.25
City of Blythe	\$13.36

Airport and Golf Course

The City attempts to operate its airport and golf courses as enterprises and recover the cost of providing services, but unlike its utilities, the services are not essential and airport and golf course users have the option of bypassing the service. Thus, it is sometimes not possible to set user fees sufficient to recover the cost of providing the service.

The City's airport and golf course operated at a loss in fiscal year 2005-06 and the City's general fund has been used to fund the shortfall. The golf course has operated at a loss for many consecutive years. The City has recognized the insufficiency of the golf fees to recover ongoing costs and has recently implemented a 5-year plan involving several measures, including raising fees, which have the potential to mitigate the operating loss.

Any continued losses at the Blythe airport and golf course will likely need to be supported from the City's general fund, which will divert resources from other city services.

General Government Services

The City charges fees for certain planning services and business licenses. A summary of City planning fees is set forth below.

**Selected Planning Fees
City of Blythe**

<u>Service</u>	<u>Fee</u>
Final parcel map	\$400
General Plan amendment, filling fee	\$1,500
Conditional use permit, filling fee	\$1,000

The associated services are not operated as an enterprise, and the City does not necessarily set the fees to recover the costs of providing the service. The City does not have a formal policy regarding user fees for general governmental services, and does not regularly reset the amount of its planning services and business license fees.

6. Opportunities for Shared Facilities

The City is geographically isolated and there are few neighboring providers of similar municipal services. This makes it difficult to share facilities among neighboring service providers.

The City owns many facilities, and there may be a potential for sharing the facilities among City functions. However, neither the MSR nor City have undertaken a facilities plan that would likely be needed to determine the current and future facilities needs for City services and the potential for existing needs to be satisfied with shared facilities.

7. Government Structure Options

The City's paid volunteer fire department provides fire suppression service in the City's "historical core" area. The City contracts with Riverside County for fire and emergency medical service in areas that have been annexed to the City. The Blythe Ambulance Service and Blythe Police Department respond to medical calls within the City's historical core.

The City's fire department was recently subject to a Grand Jury Report from the Riverside Superior Court.⁷ The Grand Jury Report recommended, among other things, that the City:

- Grant Riverside County Fire Department permission to respond to all medical aid calls
- Contract with the Riverside County Fire Department for complete fire services

The MSR has not evaluated the merits of the Grand Jury Report, adequacy of the City's fire service, or relative benefits of a reorganization of City fire

⁷ Riverside Superior Court, "2005-2006 Grand Jury Report, City of Blythe Volunteer Fire Department," June 28, 2006.

services. Nevertheless, both the City and County Superior Court have raised the issue of fire service adequacy, and LAFCO has required that any annexed territory to the City receive fire service from the County. In addition, this MSR has determined that the City has limited resources for funding additional or enhanced fire services (see "Financing Constraints and Opportunities").

LAFCO should consider the adequacy of the City's fire service and ability to fund general services when making any future finding on sphere of influence or boundary changes involving the City.

8. Evaluation of Management Efficiencies

There are a wide-range of strategies that a city can pursue in an attempt to perform its services more efficiently. Examples include the development of a strategic plan, which identifies the community's goals and an implementation plan to achieve the stated goals, and the use of performance measures, which identify outcome measures for municipal services and monitors the performance of the outcomes.

Because of the limited scope of the MSR, it has not independently identified any management initiatives that the City could pursue. In addition, the City is not currently undertaking any formal management efficiency initiatives.

9. Local Accountability and Governance

The City maintains an extensive internet website that includes information on:

- Local events
- Staff directory
- Local resources
- City-related documents
- Archived City Council, Planning Commission, and Redevelopment Agency agenda and minutes
- City departments
- Frequently asked questions

The inclusion of a staff directory and City Council and other agenda provides access to City staff and informs the general public of the key issues and decisions being considered by elected and appointed officials. The website also gives access to certain City-related documents, including the general plan update, certain City codes and regulations, and labor agreements.

However, the City does not post either its budget or financial statements on its websites. This is a recommended practice of the Government Finance Officers Association, as this increases awareness of the City's financial

position and the usage of the documents by the general public.⁸ The posting of the City's financial documents has the effect of increasing accountability for the use of public funds.

City Governance

The City of Blythe, as a general law city, is governed by a council consisting of five members, each elected by the City at-large and serve four year staggered terms. The members of the Council can be contacted through the City Clerk.

The City has experienced healthy local participation in its council elections, as 10 candidates vied in the most recent November 2005 election for three open seats. In the November 2003 election, there were four candidates for two open seats.

The Council appoints the City Manager, who is the administrative head of the City. The City Manager serves at the pleasure of the City Council.

⁸ Government Finance Officers Association, "Using Websites to Improve Access to Budget Documents and Financial Reports (2003)."

III. County Service Area 36

The CSA serves a remote, modest-sized community of about 3,000, providing mostly recreation service through contract with a local, non-profit organization. The CSA has a relatively small budget, but appears to have sufficient resources to meet the needs of the community. However, there is little detailed public information regarding the CSA advisory council meetings or its use of funds, and the CSA or County may wish to consider whether increased public accountability is warranted.

Description

County Service Area 36 provides lighting and park services to the unincorporated Idyllwild area. The CSA was formed in 1965.

The CSA is governed by the Board of Supervisors, with the assistance of a Board-appointed advisory council. Recreation services are provided through contract with the non-profit Idyllwild Community Recreation Council. Street lighting is provided through contract with Southern California Edison. The Riverside County Economic Development Agency manages the finances and administration of the CSA.

The following map identifies the boundaries of CSA 36.

CSA 36

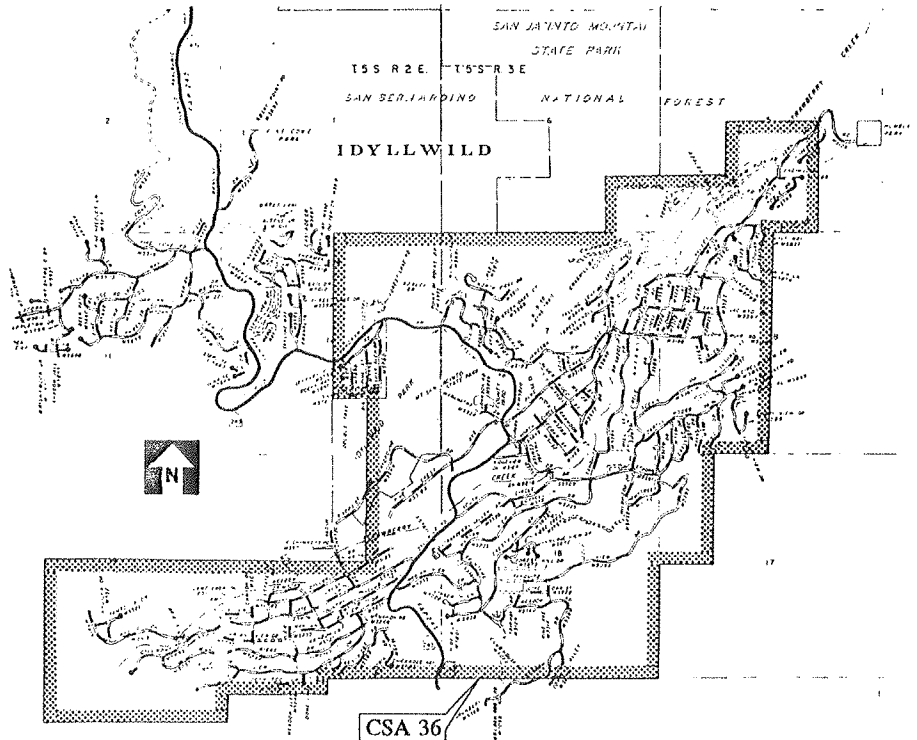


Figure 2: County Service Area 36

Determinations

1. Infrastructure Needs and Deficiencies

The County does not list any assets owned by the CSA.

2. Growth and Population Projections for the Affected Area

The County estimates that CSA 36 has a current population of 3,000 persons. The CSA and County do not prepare population projections for the service area.

The population in the Idyllwild-Pine Cove "Census-Designated Place," which encompasses the CSA increased by 651 from the 1990 to 2000 Census – a modest 2% annual growth rate.

3. Financing Constraints and Opportunities

The CSA receives its funding primarily from a property assessment and a portion of the general property tax. Each revenue source has been relatively stable over the last three years (fiscal year 2004-05 through 2006-07). The CSA has expended funds almost entirely on recreation programs.

The CSA has not identified any unmet needs or fixed costs and has a large cash balance of \$362,628 as of June 30, 2007, which is 198% of annual expenditures (almost double). The stable revenue source and large cash balance indicates sufficient financial resources for current CSA programs.

**Historical Revenues, Expenditures, and Cash Balance
County Service Area 36**

	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
Revenues			
Special assessments	\$125,019	\$124,750	\$125,165
Property taxes	47,494	53,012	65,798
Other	13,881	27,856	28,932
Total Revenues	\$186,394	\$205,618	\$219,895
Total Expenditures	\$165,343	\$164,969	\$183,163
Excess (deficiency) of revenues over expenditures	21,051	40,649	36,732
Fund balance, beginning of year	\$285,053	\$304,611	\$329,851
Fund balance, end of year	\$304,611	\$329,851	\$362,628

Source: County of Riverside

4. Cost Avoidance Opportunities

The County has not or is not currently undertaking any cost saving studies or initiatives specifically relating to the CSA.

5. Opportunities for Rate Restructuring

The CSA does not impose any user fees for its activities.

6. Opportunities for Shared Facilities

The County does not list any assets or facilities owned by the CSA. Neither the County nor CSA have formally identified any facilities needs for future activities.

7. Government Structure Options

The CSA was created pursuant to the California Government Code, which requires that this dependent special district is governed by the Board of Supervisors. The Board created the existing advisory council at its discretion. The Board requires that the five-member advisory council, or Advisory Committee, is comprised of one member nominated by the Idyllwild Chamber of Commerce, one member nominated by the Idyllwild Property Owner's Association, and three members at large.

The operation of the CSA is performed through contract with the Idyllwild Community Recreation Council. The contract, which is approved by the County, gives the Council authority for the expenditure of funds.

There are no current proposals to LAFCO for a change in government structure, such as a change in service responsibility to a different agency or change in sphere of influence.

8. Evaluation of Management Efficiencies

The County has not or is not currently undertaking any management studies or initiatives specifically relating to the CSA, which would have the effect of increasing operational efficiencies.

9. Local Accountability and Governance

The CSA does not have its own web site and there is not a readily available source of information to the general public regarding the advisory council meetings, such as the meeting agenda or budget. A summary budget for the CSA is included as part of the County budget, but there is no detail on the specific uses of funds, or any statement of goals or plans. Thus, it is difficult for the general public to know the specific issues that the CSA is considering or how it is expending property assessments and property taxes.

IV. County Service Area 38

The CSA was created over 40 years ago to provide enhanced fire service to the Pine Cove community. CSA funds are currently used to reimburse the County for its presence at the Pine Cove fire station and for equipment. The CSA, which receives funding from local property owners within its boundaries, appears to have sufficient resources for its limited mandate.

Description

County Service Area 38 provides enhanced fire protection services to the unincorporated Pine Cove area, which is just north of Idyllwild. CSA 38 was formed in 1965 and has an advisory council.

The CSA is not primarily responsible for regional fire service issues such as wildfire suppression, emergency evacuation, or brush clearance, and the MSR does not specifically address the CSA's performance of these services.

The following map identifies the boundaries of CSA 38.

FILE PROJECTION

CSA 38

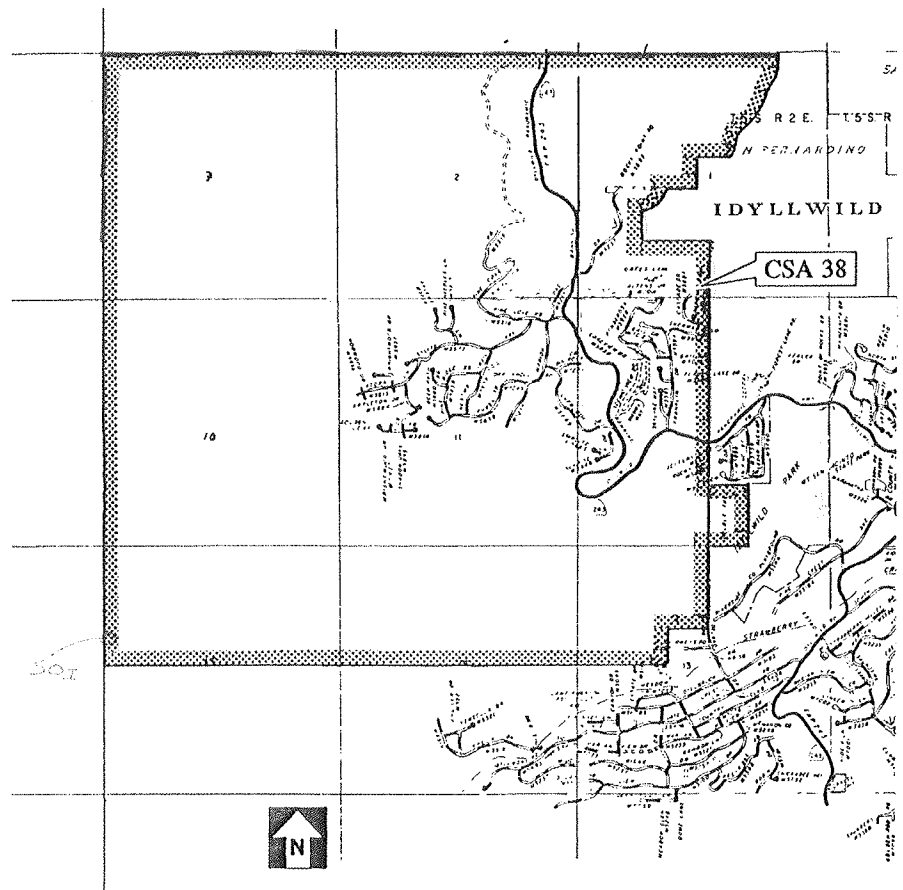


Figure 3: County Service Area 38

Determinations

1. Infrastructure Needs and Deficiencies

The CSA owns a limited amount of equipment, including two emergency vehicles. The County, which manages the finances for the CSA, does not list any infrastructure owned or maintained by CSA 38.

2. Growth and Population Projections for the Affected Area

The County estimates the population in the CSA at 1,500. The County does not prepare population projections of the service area. The population in the general Idyllwild-Pine Cove area increase modestly by about 2% annually between the 1990 to 2000 Census.

3. Financing Constraints and Opportunities

The CSA receives funding from property assessments and an allocation of the general property tax. The revenue from both the property assessment and property tax has been relatively stable over the last three fiscal years (2004-05 through 2006-07). The major expenditure item for the CSA is a reimbursement to the County for CDF/County fire services.

The CSA had a cash balance of \$350,400 at the end of fiscal year 2006-07, representing 315% of annual expenditures (over three times). Neither the CSA nor the County has identified any unmet or planned funding needs. The stable revenue source and large cash balance indicate sufficient financial resources for the CSA's ongoing needs.

Historical Revenues, Expenditures, and Cash Balance County Service Area 38

	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
Revenues			
Special assessments	\$ 71,200	\$ 79,157	\$ 81,147
Property taxes	53,131	55,822	57,536
Other	13,099	28,382	27,343
Total Revenues	<u>\$137,430</u>	<u>\$163,361</u>	<u>\$166,026</u>
Total Expenditures	\$ 84,687	\$115,238	\$111,238
Excess (deficiency) of revenues over expenditures	52,743	48,123	54,788
Fund balance, beginning of year	\$204,770	\$252,520	\$307,783
Fund balance, end of year	\$252,520	\$307,783	\$350,401

Source: County of Riverside

4. Cost Avoidance Opportunities

The County has not or is not currently undertaking any cost saving studies or initiatives specifically relating to the CSA.

5. Opportunities for Rate Restructuring

The CSA does not impose any user fees for its activities.

6. Opportunities for Shared Facilities

The CSA does not own any facilities and it is unclear whether the CSA will require facilities for future activities.

7. Government Structure Options

The governance structure for the CSA is set forth in the California Government Code, which identifies the Board of Supervisors as the governing body. The Board created and appoints members to the advisory council. There are no current proposals to LAFCO for a change in

government structure, such as change in service responsibility to a different agency or dissolution of the CSA.

8. Evaluation of Management Efficiencies

The County has not or is not currently undertaking any management studies or initiatives specifically relating to the CSA.

9. Local Accountability and Governance

The CSA does not have its own web site and there is not readily available information regarding the advisory committee meetings, including the meeting agenda, or budget. A summary budget is included as part of the County budget, but there is not a significant amount of detail. The County budget or financial statements do not describe how funds are expended or the mission or goals of the CSA. Thus, it is difficult for the general public to know specifically what issues the CSA is considering or how it is expending the property assessments or property taxes.

V. County Service Area 51

The major expenditures for the CSA are water and sewer utilities, and golf course maintenance. The CSA has a wide range of revenues, including a property assessment and utility user charge, which provide a reliable ongoing funding source. The CSA does not, however, publish a detailed budget, capital plan, or long-range plan, and its future funding requirements are not known. The CSA also does not post an agenda on any internet website for its advisory council meetings. The CSA and County may wish to consider whether increased financial and governance disclosure is warranted for the area's residents.

Description

County Service Area 51 provides park, recreation, lighting, water, and sewer service to the unincorporated Desert Center and Eagle Mountain areas, which are located midway between the cities of Palm Springs and Blythe. CSA 51 was formed in 1967 and has an advisory council appointed by the Board of Supervisors. The roads within the CSA 51 are county-owned and maintained.

The MSR excludes the analysis of water and sewer service, which is part of a separate LAFCO analysis.

The following map shows the boundaries of CSA 51.

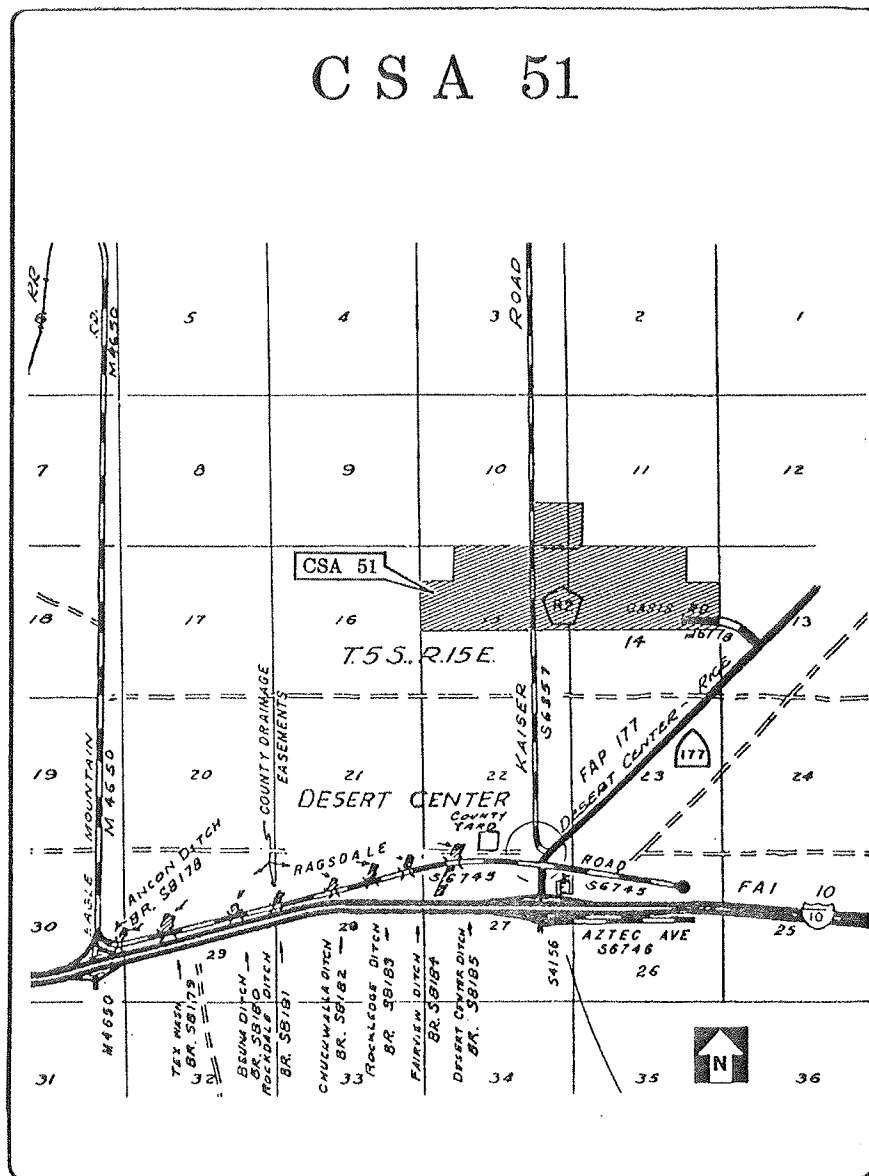


Figure 4: County Service Area 51

Determinations

1. Infrastructure Needs and Deficiencies

The CSA owns the water and sewer systems, a 9-hole Lake Tamarisk golf course, a 4,800 square foot clubhouse at the golf course, and vehicles and equipment that are primarily required for the maintenance of the golf course.

The clubhouse building provides office space for County staff that serve the CSA, and space for the advisory council meetings. County staff reports that 2 operators and 1 manager are located at the clubhouse building.

The County does not identify the useful life or book or market value of the clubhouse building, which makes it difficult to assess the infrastructure need (for CSA park and recreation services). Neither the County nor CSA prepare a formal capital plan that identifies future infrastructure requirements.

2. Growth and Population Projections for the Affected Area

The County estimates the population in the CSA at 550. The County does not prepare population projections of the service area.

3. Financing Constraints and Opportunities

The CSA receives the majority of its funding from property assessments. Other major revenues are the green fees for the Lake Tamarisk golf course and water service charges. The CSA expends most of its funds on County staff that provide the services.

The CSA does not prepare a capital plan or multi-year budget, and future capital and operating needs are not known. However, the CSA or County has not identified any unmet or planned funding needs. The CSA had a moderate fund balance of \$130,188 as of June 30, 2007, representing 24% of expenditures. Its main revenues source, the property assessment, has not depreciably changed over the last three years.

4. Cost Avoidance Opportunities

The County has not or is not currently undertaking any cost saving studies or initiatives specifically relating to the CSA.

5. Opportunities for Rate Restructuring

The CSA imposes a sewer connection, water, and irrigation charge, and fees for use of the golf course.⁹ The current golf fee is \$12 for 9 holes and \$16 for 18 holes.

Neither the County nor the CSA has a formal policy for setting the fees, and it is uncertain whether the golf and other use fees recover the cost of providing the service.

The County or CSA should consider developing a formal policy for setting the day use fee so that the fee revenue achieves identified goals (i.e. the recovery of all or a portion of the cost of the service).

6. Opportunities for Shared Facilities

The CSA is geographically isolated and has limited facility needs due to its small amount of staffing and equipment. There may be relatively little benefit from the sharing of facilities.

⁹ Riverside County Code, Ordinance 741

7. Government Structure Options

The CSA was created pursuant to the California Government Code, which requires that the dependent special district is governed by the Board of Supervisors. The Board created the advisory council at its discretion. There are no current proposals to LAFCO for any change in the CSA government structure, such as a change of the service responsibilities to a different agency, or sphere of influence.

8. Evaluation of Management Efficiencies

The County has not and is not currently undertaking any management studies or initiatives specifically relating to the CSA.

9. Local Accountability and Governance

The CSA does not have its own internet website and there is not readily available public information regarding the advisory committee meetings, including the meeting agenda, or budget. A summary budget is included as part of the County budget, but there is not a significant amount of detail. The County budget or financial statements do not describe how funds are expended or the mission or goals of the CSA. Thus, it is difficult for the general public to know specifically what issues the CSA is considering or how it is expending the property assessments or determines the golf and other recreation fees.

VII. County Service Area 62

The CSA provides street lighting maintenance to a small area that has a modest service requirement. The funding source is a property assessment, which is relatively robust and stable, and appears sufficient to meet the limited ongoing service needs. However, the CSA provides little ongoing financial and governance information to the general public regarding the use of its funds.

Description

County Service Area 62 provides lighting, water, and sewer services to the unincorporated Ripley area, which is just south of the City of Blythe. CSA 62 was formed in 1968 and has an advisory council. The lighting services are provided by Southern California Edison through contract.

This MSR does not address water and sewer services provided by the CSA.

The following map identifies the boundaries of CSA 62.

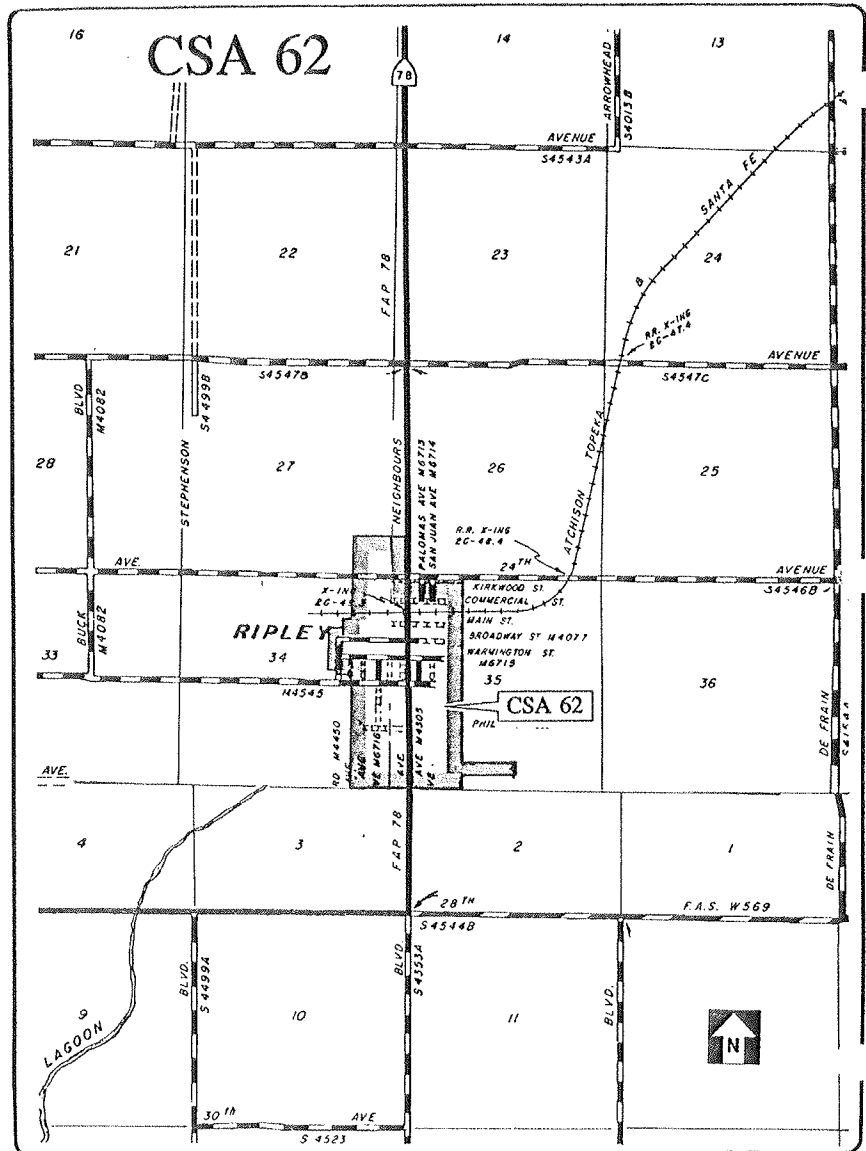


Figure 5: County Service Area 62

Determinations

1. Infrastructure Needs and Deficiencies

The CSA does not have any assets or maintain any infrastructure relating to lighting services.

2. Growth and Population Projections for the Affected Area

The County estimates the population in the CSA at 400. The County does not prepare population projections of the service area.

3. Financing Constraints and Opportunities

The CSA receives funding from user fees and charges for water and sewer services, and a property assessment. The property assessment is the primary funding source for lighting services. The CSA expends its revenue on water and sewer services, and contract services for street lighting.

The revenue from the property assessment has been relatively stable over the last three fiscal years, and the CSA has accumulated a cash balance of \$70,866 at the end of fiscal year 2006-07, representing 32% of expenditures. It is uncertain whether an increase in future street lighting expenditures will occur, as neither the County nor CSA prepare a formal capital plan or multi-year budget for the CSA. Nevertheless, given the CSA's robust property assessment and moderate cash balance, its resources appear sufficient to meet the current needs of street light maintenance.

4. Cost Avoidance Opportunities

The County has not or is not currently undertaking any cost saving studies or initiatives specifically relating to the CSA.

5. Opportunities for Rate Restructuring

The CSA does not impose any user fees for its street lighting services.

6. Opportunities for Shared Facilities

The CSA does not own any facilities for street light maintenance and it is unclear whether the CSA will require facilities for future street light maintenance activities.

7. Government Structure Options

The CSA was created pursuant to the California Government Code, which requires that the dependent special district is governed by the Board of Supervisors. The Board created the advisory council at its discretion.

There is currently a proposal to LAFCO which would result in the creation of a new independent special district called the "Desert River Community Services District." The proposal was submitted by area residents in early 2006. The new district would assume the service responsibilities of both CSA 62 and CSA 122. The LAFCO Commission is expected to make a decision regarding the proposal in early 2008.

8. Evaluation of Management Efficiencies

The County has not or is not currently undertaking any management studies or initiatives specifically relating to the CSA.

9. Local Accountability and Governance

The CSA does not have its own internet website and there is not readily available public information regarding the advisory committee meetings, including the meeting agenda, or budget. A summary budget is included as part of the County budget, but there is not a significant amount of detail. The County budget or financial statements do not describe how funds are expended or the mission or goals of the CSA. Thus, it is difficult for the general public to know specifically what issues the CSA is considering or how it is expending the property assessments.

VIII. County Service Area 122

Excluding water service, the CSA provides a relatively stable municipal service, with predictable needs – lighting and road maintenance to a small rural area. The CSA appears to have sufficient resources to meet these needs. However, as with other county service areas, there is limited financial and governance information available to the general public, which restricts public accountability.

Description

County Service Area 122 provides lighting, and water services to the Mesa Verde area, which is located just south of the Blythe Airport. CSA 122 was formed in 1978 and has an advisory council appointed by the County Board of Supervisors. CSA 122 is authorized to perform road maintenance, but has never provided this service.

This MSR only addresses lighting and road maintenance services.

The following map shows the boundaries of CSA 122.

CSA 122

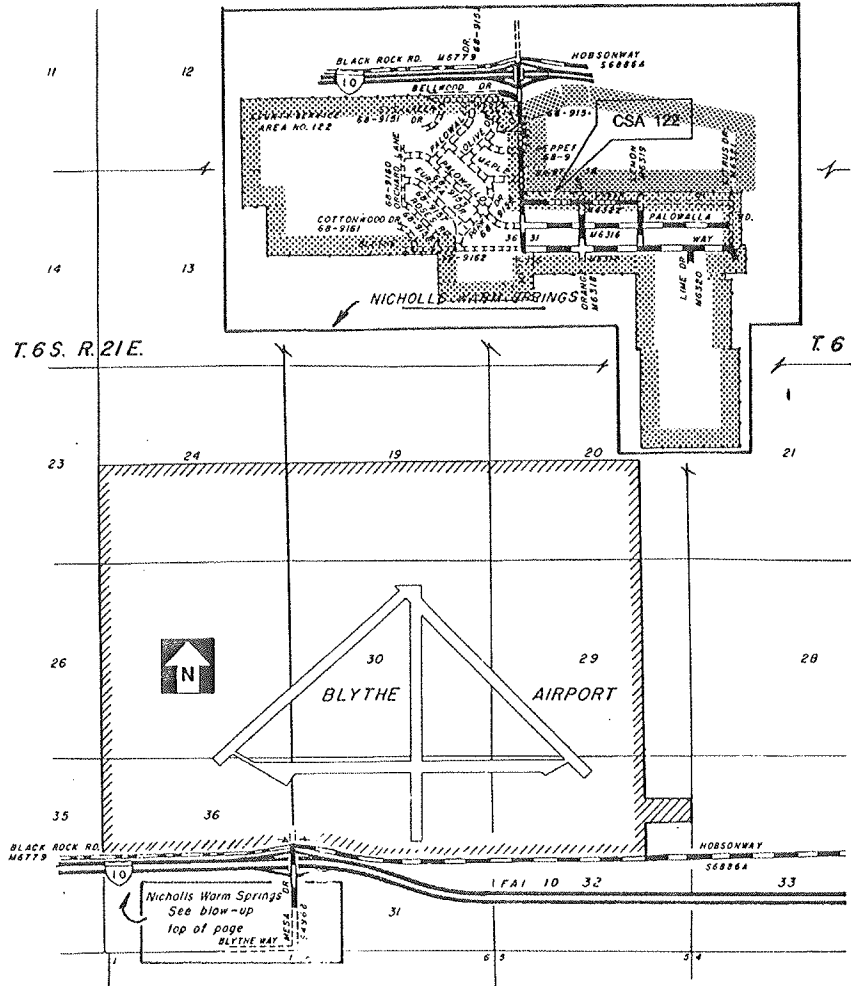


Figure 6: County Service Area 122

Determinations

1. Infrastructure Needs and Deficiencies

The CSA has a limited amount of equipment and vehicles. The CSA does not own any facilities or maintain any infrastructure. The CSA uses a County building to house its staff and hold advisory council meetings. The CSA reports that 2 County staff member serve the CSA and work from the County building.

Given the CSA does not own the street lighting system and contracts for service, there are little, if any, street lighting infrastructure needs. The infrastructure needs for CSA road maintenance are not determinable at this time, as the County does not list the age, useful life, condition, or value of any road assets in the CSA. Neither the County nor CSA have prepared a formal capital plan that identifies future street lighting or road maintenance infrastructure requirements for the CSA.

2. Growth and Population Projections for the Affected Area

The County estimates the population in the CSA at 950. The County does not prepare population projections of the service area.

3. Financing Constraints and Opportunities

The CSA receives funding from a water services fee and a property assessment. The major expenditure item for the CSA is County staff costs for water and road maintenance services. The lighting services are provided through contract with Southern California Edison.

The lighting and road maintenance costs are funded primarily with the property assessment. The revenue from the assessment has remained stable at \$44,000 over the last three fiscal years (2004-05 through 2006-07). The CSA had a cash balance of \$260,696 as of June 30, 2007, which is 279% of expenditures. The stability of revenue and relatively large cash balance indicate sufficient resources to meet CSA lighting and road maintenance needs.

However, the CSA does not prepare a multiyear capital plan or operating budget, and it is difficult to determine future funding needs.

4. Cost Avoidance Opportunities

The County has not or is not currently undertaking any cost saving studies or initiatives specifically relating to the CSA.

5. Opportunities for Rate Restructuring

The CSA does not impose any user fees for lighting or road maintenance services.

6. Opportunities for Shared Facilities

The CSA does not own any facilities and it is unclear whether the CSA will require facilities for future activities, as neither the County nor CSA have adopted a long-term facility or capital plan.

7. Government Structure Options

The CSA was created pursuant to the California Government Code, which requires that the dependent special district is governed by the Board of

Supervisors. The Board created the advisory council at its discretion and appoints its members.

As discussed in section "VII. County Service Area 62," there is a current proposal from residents for the creation of a new independent special district that would dissolve and assume the service responsibilities of CSA 62 and CSA 122. The LAFCO Commission is expected to make a decision on this proposal in early 2008.

8. Evaluation of Management Efficiencies

The CSA has not or is not currently undertaking any management studies or initiatives specifically relating to the management and operation of the area.

9. Local Accountability and Governance

The CSA does not have its own internet website and there is not readily available information regarding the advisory committee meetings, including the meeting agenda, or budget. A summary budget is included as part of the County budget, but there is not a significant amount of detail. The County budget or financial statements do not describe how funds are expended or the mission or goals of the CSA. Thus, it is difficult for the general public to know specifically what issues the CSA is considering or how it is expending the property assessments.

IX. County Service Area 153

County Service Area 153 was formed in 1995 with a mandate to provide ambulance and paramedic services to the mountain areas that include Anza, Aguanga, Pine Cove, and Pinyon Pines. The residents within the CSA have not approved the imposition of property assessments to fund the CSA. With no funding source, CSA 153 has yet to provide any services.

Given the CSA does not provide any municipal services, LAFCO should consider dissolving the CSA.

X. Idyllwild Fire Protection District

The Fire District was initially created to provide structural fire and emergency medical services to the incorporated area of Idyllwild. The Fire District has a reliable source of funding and appears to have sufficient resources to meet this limited service responsibility. However, with the ongoing risk of wildfires and need for regional brush maintenance, the Fire District has broadened its mission to address this concern. Wildfire suppression and brush clearance is a regional concern that is the responsibility of a number of different agencies, including the County, California Department of Forestry and Fire Protection ("CDF"), and U.S. Forest Service. The Fire District may need to develop a formal operational and financial plan to determine the extent of its role in regional wildfire suppression, emergency evacuation, and brush management.

Description

The Idyllwild Fire Protection District provides fire protection, advanced life support medical services, basic life support medical services, rescue, public assistance, fire prevention, and public safety education to the areas within its boundaries. The Fire District's service territory includes the Idyllwild community in the San Jacinto Mountains.

The Fire District currently employs a Chief Fire Officer, a Deputy Fire Officer, a Fire Prevention Inspector, 6 career firefighters, 12 paid call (volunteer) firefighters, 16 reserve paramedics, 8 reserve EMTs, and support personnel.

The following map shows the boundaries of the Fire District.

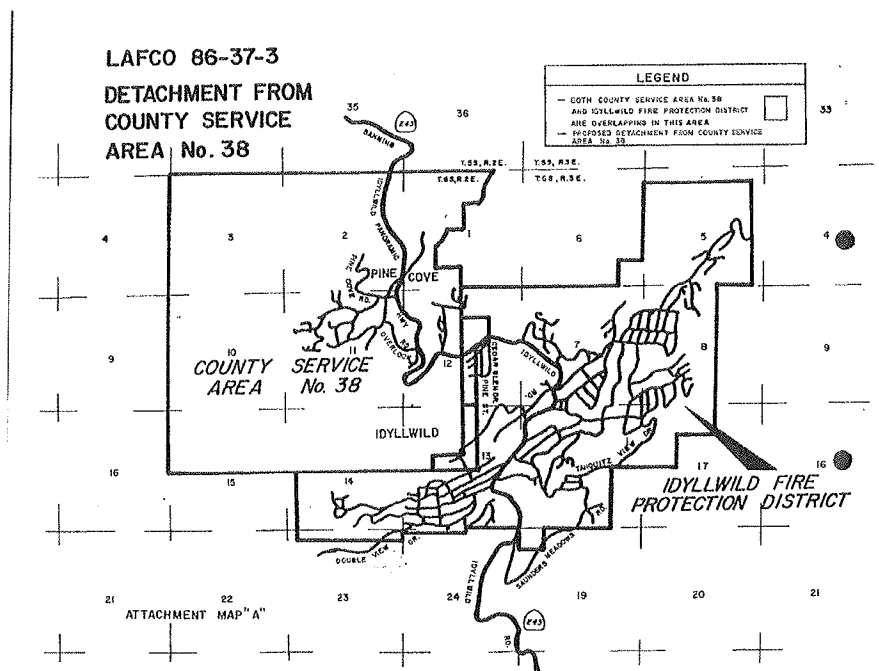


Figure 7: Idyllwild Fire Protection District

Determinations

1. Infrastructure Needs and Deficiencies

The Fire District owns a limited amount of equipment and a fire station in Idyllwild; both of which appear sufficient to meet the immediate service needs for local fire service. In the event of a large brushfire, the Fire District would work with the County/CDF, which owns its own equipment and facilities. The Fire District does not prepare a long-term capital plan or facility needs assessment, and its future infrastructure needs are uncertain.

2. Growth and Population Projections for the Affected Area

The Fire District does not prepare growth and population projection for its service territory. However, there does not appear to be substantial ongoing growth in the area that would significantly impact most Fire District services. The population in the Idyllwild-Pine Cove area increased moderately from 2,853 in 1990 to 3,504 in 2000, and there are no indications of increased population growth since 2000. The Idyllwild Water District, which serves much of the same territory as the Fire District, projects its population will increase from 2,640 in 2010 to 2,940 in 2025 – an average annual rate of growth of 0.72%.¹⁰

¹⁰ Dudek and Associates, Inc., *Water and Wastewater Municipal Service Review Report, Pass/Mountain Area*, February 2005.

3. Financing Constraints and Opportunities

The Fire District is an independent special district that receives most of its funding from property taxes. The Fire District also receives revenue from a separate property assessment, ambulance charges (which are regulated by Riverside County Emergency Medical Services), and permits and fees.

The amount of property taxes that the Fire District receives is dependent on the property values in the Fire District's boundaries. Property tax revenues have been relatively robust over the last three fiscal years (2004-05 through 2006-07), increasing by 27% since 2004-05. The Fire District cash balance has also steadily increased, reaching \$1,043,918 at the end of fiscal year 2006-07.

Historical Total Revenues Idyllwild Fire Protection District

<u>Revenue</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
Property Taxes	\$ 804,753	\$ 889,937	\$1,018,574
Special Assessment	198,185	204,234	180,048
Ambulance Charge	114,504	130,418	112,047
Other	134,030	173,922	173,043
Total Revenues	\$1,251,472	\$1,398,511	\$1,483,712
Cash Balance	\$ 798,115	\$ 854,432	\$1,043,918

Source: Idyllwild Fire Protection District, "Budget Report."

In the absence of any identified fixed or planned costs, the Fire District financial resources appear sufficient to meet its ongoing needs.

4. Cost Avoidance Opportunities

The Fire District is not currently undertaking any analysis or evaluation of cost avoidance opportunities. This MSR does not include an independent evaluation of strategies of initiatives that would allow the Fire District to perform services at a lower cost.

5. Opportunities for Rate Restructuring

The Fire District sets charges for its ambulance service and permit and inspection fees. The Fire District does not have a formal policy for setting its fees and the extent of cost recovery is uncertain. The Fire District does not regularly reset its fees. The Fire District ambulance service charges must be approved by the Riverside County Emergency Medical Services Agency.

6. Opportunities for Shared Facilities

The Fire District has just one fire station and no other facilities. Because of the limited facilities needs, there are no apparent opportunities for shared facilities.

7. Government Structure Options

There are several alternative government structures used for fire service in the County: the County/CDF, county service areas, and independent special districts (such as the Fire District). There are no recent or ongoing proposals or petitions to reorganize the Fire District or change its boundaries or sphere of influence.

An issue to consider, however, is the ongoing coordination of regional service relating to wildfire suppression, emergency evacuations, and brush management. These services are a regional concern and involve many service providers. The County/CDF and U.S. Forest Service may assist in the event of a major wildfire. The Riverside County Sheriff and Mountain Emergency Preparedness coordinate evacuations in the event of a wildfire. The Mountain Area Safety Taskforce attempts to coordinate brush maintenance. The role of the Fire District in each of these services is unclear. The Fire District may wish to evaluate the need to better coordinate regional services and develop a strategic plan that better defines its role and operational and financial plan to achieve its goals.

Contracting for Service

The Fire District currently contracts with the County for dispatch services, utilizing the County's existing telecommunications infrastructure. The Fire District also provides emergency medical services beyond its territory on behalf of the County. The Fire District is not presently evaluating other options for contract service.

8. Evaluation of Management Efficiencies

The Fire District is not currently preparing any analysis or studies of its operations. In addition, the MSR has not independently undertaken a study of the Fire District operations or management in order to identify ways to provide service more efficiently.

9. Local Accountability and Governance

The Fire District maintains a website that includes a description of its services, hours, and contact information. However, the Fire District does not post its board agenda or meeting dates on the website, or key financial information including its annual budget and financial statements. Posting such information on the Fire District website would allow the Fire District to be more accountable to the general public regarding the policy issues being considered and the use of public funds. The posting of the budget and

audited financial statements is a recommended best practice of the Government Finance Officers Association.

XI. Palo Verde Valley Library District

The Palo Verde Valley Library District (the "Library District") has experienced a significant decrease in attendance over the last five years, and faces an ongoing challenge to remain useful to the community. The Library District must also work with limited resources, as it has the lowest per capita spending of any library in the state. Community involvement may be one factor in declining Library District attendance, as its Board meetings are seldom attended and there is little interest to run for Board seats.

Description

The Library District is located in the City of Blythe and serves the City and surrounding areas. The Library District is an independent special district created in 1959, and is a part of the Library of California's fifth region. The Library District has a circulation of about 32,000 publications and offers access to reference materials including local periodicals, genealogy materials, a microfilm series, audio and video materials, and other services including internet access, children's services and test proctoring.

Facilities

The Library District has just one branch in the downtown section of the City. The library is a one-story building acquired in 1990. In addition to books, the library contains 5 computers for internet access, and furniture and fixtures.

The following map shows the boundaries of the Library District.

PALO VERDE VALLEY LIBRARY DISTRICT

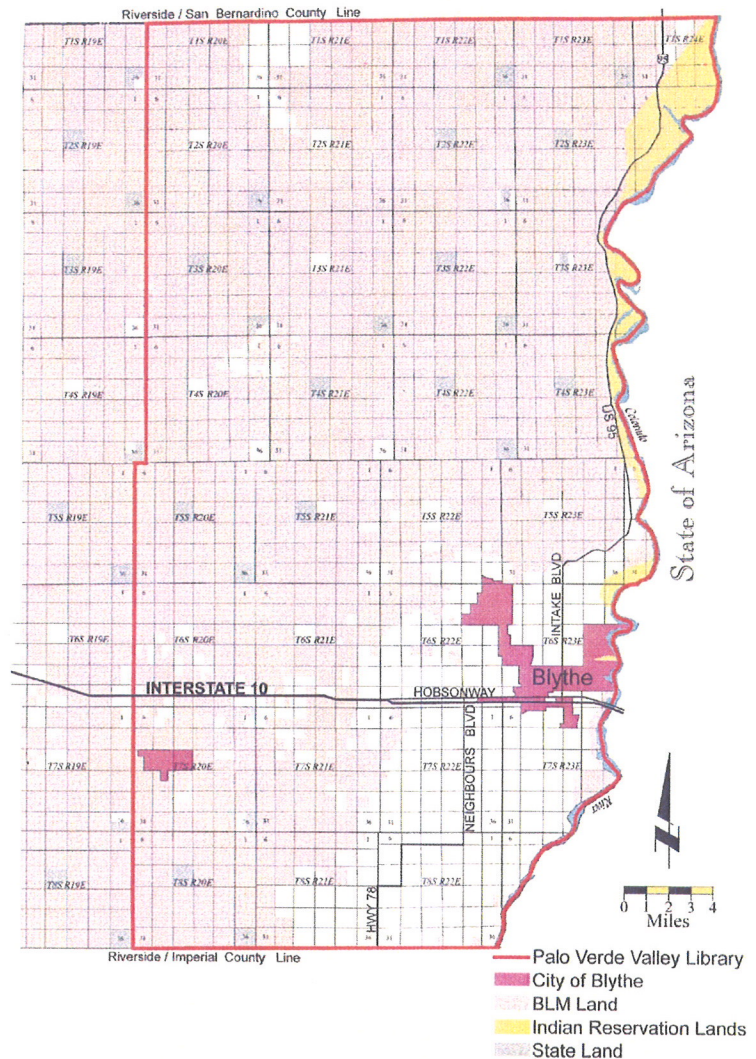


Figure 8: Palo Verde Valley Library District

Determinations

1. Infrastructure Needs and Deficiencies

The Library District infrastructure, defined as long-lived capital assets needed for the provision of service, is comprised essentially of the library building. The Library District has not prepared a formal capital plan and has not identified a need to expand or replace the library building.

The MSR has not identified any indications of a facility need or deficiency. The library building was acquired in 1990 and has a 40-year useful life. The

Library District staff has not determined that the building must be repaired or replaced. There is also no clear indication that the library building must be expanded or that additional facilities are needed.

2. Growth and Population Projections for the Affected Area

The Library District does not prepare population or library attendance projections. However, the Library District reports annual attendance to the state as part of the *California Library Statistics* report. As further discussed in section “Evaluation of Management Efficiencies” below, the Library District has experienced a decline in attendance and there are no indications that attendance or other library service requirements will rebound in the near future, which would require an expansion of services or additional infrastructure investments.

Population in the City of Blythe, as projected by the City, is expected to increase 3% per year through 2025.

3. Financing Constraints and Opportunities

The primary funding source for the Library District is property tax. The Library District receives an allocation of the 1% general property tax that is levied in the County. The amount of property tax received by the Library District is a function of the assessed value within the District, which is dependent on the value and number of parcels.

Since fiscal year 2003-04, the Library District has experienced significant growth in revenue, as its property tax has grown by 24%. Total revenues have exceeded total expenditures, and the Library District has accumulated a \$509,541 fund balance that is 178% of its revenues in fiscal year 2005-06. Given the amount of the fund balance and the lack of an identified future funding need, there does not appear to be a funding constraint that prohibits the Library District from adequately providing its identified services.

**Historical Revenues and Expenditures
Palo Verde Valley Library District**

	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>
Revenues			
Property taxes	\$187,929	\$209,178	\$233,654
Interest	3,572	7,624	15,524
Public Library Foundation	18,596	17,259	16,876
Other	14,720	11,492	19,861
Total revenues	<u>\$224,817</u>	<u>\$245,553</u>	<u>\$285,915</u>
Expenditures			
Salaries and benefits	\$100,011	\$107,612	\$122,117
Services and supplies	77,790	69,226	79,360
Fixed assets	4,050	-	9,003
Total expenditures	<u>\$181,851</u>	<u>\$176,838</u>	<u>\$210,480</u>
Excess of revenues over Expenditures	42,966	68,715	75,435
Fund balance, beginning	\$322,425	\$365,391	\$434,106
Fund balance, ending	\$365,391	\$434,106	\$509,541

Source: Palo Verde Valley Library District

4. Cost Avoidance Opportunities

The Library District is not currently pursuing any formal cost savings initiatives. The MSR has not attempted to identify any cost avoidance opportunities that could be undertaken at the library, as this type of analysis has been deemed to be beyond the scope of the MSR. However, it should be noted that per capita spending by the Library District (\$4.85 in fiscal year 2005-06) has been the lowest in the state. If the prison population is excluded from the calculation, Library District per capita spending is still in the lowest quartile among all libraries.

5. Opportunities for Rate Restructuring

The Library District charges fines and penalties for overdue books and videos, and a service charge for photocopying. The fee schedule (below) is posted on the Library District web site.

**Schedule of Fees
Palo Verde Valley Library District**

<u>Description</u>	<u>Charge</u>
Overdue books, periodicals, Puzzles, Encyclopedias, and Audio Tapes.	10 Cents/day
Overdue Videos	2 Dollars/day
Puzzles, audiotapes, and videos returned in book drop.	1 Dollar
Replace Lost or stolen library card	1 Dollar
Photocopy service	20-25 Cents /page
Visitor Deposit	25 Dollars
Arizona Resident Fee (Good for one year)	5 Dollars

The Library District does not have a policy for the setting of its fines, penalties, and charges, and has not recently adjusted the schedule. The Library District may wish to consider the development of such a policy and determine whether the current fee schedule should be adjusted in order to meet an identified fee setting policy.

6. Opportunities for Shared Facilities

The Library District owns a single facility and does not require additional space. Because of the limited facility needs for the Library District, and the limited potential to share the library, there do not appear to be opportunities for shared facilities.

7. Government Structure Options

As an independent special district, the Library District is somewhat unique among libraries in the state, given most libraries and library systems are run by cities and counties. The Library District receives its own tax revenue and does not need to compete with other municipal services and has its own elected governing board that can dedicate its energies to the Library District.

There are no current or recent proposals or petitions for a change in Library District governance, service territory, or sphere of influence.

8. Evaluation of Management Efficiencies

An indication of an effective and well-managed government is one that has a clearly defined mission and goals, attempts to accomplish its goals in the most efficient manner, and monitors its progress in achieving its goals. Common tools and processes used include the preparation of a mission statement, and the development of strategic plan, performance measurement, and results budgeting.

The Library District has created the following mission statement as a guide to its ongoing operations, planning, and allocation of resources.

“The Mission of the Palo Verde Valley District Library is to provide to all of the citizens of the District service area access to materials and services to meet individual and group needs for information, education, relaxation, personal enrichment, and cultural growth.

Its economic commitment is to make the best possible use of allocated and donated funds for appropriate materials, programs, equipment, services, and a well-trained staff.”

The Library District does not compile indicators to help measure success. It is difficult to determine whether the Library District is meeting “individual and group needs” as measurements of these needs do not exist. The Library District may wish to consider developing such a measure so that it can evaluate its progress in meeting its stated mission.

Declining Attendance

An indication of a library's benefit to the community is its attendance. The more citizens that visit the library demonstrate its usefulness and its success in meeting the community's needs.

As shown in the following table, the Library District has experienced a significant decline in attendance over the last five years. Attendance in fiscal year 2005-06 (ending June 30, 2006) was 25% lower than fiscal year 2001-02.

**Palo Verde Valley Library District
Annual Attendance**

<u>Fiscal Year</u>	<u>Attendance</u>	<u>% Change</u>
2001-02	93,466	-
2002-03	88,374	-5.4%
2003-04	82,281	-6.9%
2004-05	69,561	-15.5%
2005-06	70,153	0.9%

Source: California State Library, “California Library Statistics”

9. Local Accountability and Governance

The Library District maintains a website that includes a description of its services, hours, contact information, and a schedule of fees and charges. However, information regarding the Library District governing board, including board agenda and meeting dates is not provided. This makes it difficult for the general public to be informed regarding issues under discussion and decisions regarding the use of the public funds.

The Library District also does not post either its budget or audited financial statements on its website. The posting of this type of financial information

allows the general public to review the Library District financial condition and use of funds, and increases local accountability and awareness.

The Library District does not currently have any public relations or community outreach programs or initiatives.

District Governance

The Library District is governed by a three-member Board of Trustees. Library District staff report that there has not been an election for Trustees since 1999, due to an insufficient number of nominees, and that Board meeting are rarely attended by the public. The lack of Board nominees and public attendance at Board meetings indicates a significant disconnect with the public. The Library District may wish to consider initiatives that would increase public awareness and interest in its governance, including the development of a strategic that attempts to meet a wider range of community needs and demands, creation of public relations or community outreach initiatives, and the payment of a Board stipend that can offset the opportunity cost of servings as a Trustee.