



Municipal Service Reviews and Sphere of Influence Updates

County Wide Library - Mosquito & Vector Control - Fire Protection Districts

LAFCO 2022-02- 3, 4 & 5- Library Districts

LAFCO 2022-03- 1, 2 & 4- Mosquito & Vector Control Districts

LAFCO 2022-04- 3- Fire Protection Districts

Final Report

July 28, 2022

PREPARED FOR:

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Table of Contents

I. EXECUTIVE SUMMARY	1
Special Districts Subject to the MSR/SOI Update Report.....	1
Table I-1- Library, Fire Protection, Mosquito & Vector Control Districts	1
Municipal Service Review Determinations	1
Sphere of Influence Determinations.....	2
Sphere of Influence Update Recommendations.....	3
II. INTRODUCTION	4
Combined Municipal Service Review and Sphere of Influence Update	4
Municipal Service Reviews	4
Spheres of Influence Updates	5
Table II-1- Library, Fire Protection, Mosquito & Vector Control District Services	6
Disadvantaged Unincorporated Communities.....	6
MSR Approach and Review Opportunities.....	7
III. BACKGROUND	8
Riverside County Overview	8
Table III-1 Riverside County Population, Employment and Housing Projections	8
Riverside County Library, Fire Protection and Mosquito & Vector Control Districts.....	8
Covid-19 Pandemic	9
IV. DISTRICT PROFILES & MSR/SOI DETERMINATIONS	11
Chapter 1- Banning Library District	12
Overview/Background	12
Table 1-1- Profile- Banning Library District.....	13
Figure 1-1- Boundary/SOI Map – Banning Library District.....	14
Growth and Population Projections	15
Accountability and Governance.....	15
Services - Facilities - Infrastructure	17
Financial Overview.....	19
Table 1-2- Financial Information – Banning Library District	19
Disadvantaged Unincorporated Communities	23
Status of Issues Identified in Most Recent MSR.....	23
Government Structure Alternatives	23
Recommended Municipal Service Review Determinations.....	23

Recommended Sphere of Influence Determinations	26
Chapter 2- Beaumont Library District	29
Overview/Background	29
Table 2-1- Profile- Beaumont Library District.....	30
Figure 2-1- Boundary/SOI Map – Beaumont Library District.....	31
Growth and Population Projections	32
Accountability and Governance.....	32
Services - Facilities - Infrastructure	34
Financial Overview.....	38
Table 2-2- Financial Information – Beaumont Library District	39
Disadvantaged Unincorporated Communities	44
Status of Issues Identified in Most Recent MSR.....	44
Government Structure Alternatives	44
Recommended Municipal Service Review Determinations.....	44
Recommended Sphere of Influence Determinations	47
Chapter 3- Palo Verde Valley District Library	50
Overview/Background	50
Table 3-1- Profile- Palo Verde Valley District Library	51
Figure 3-1- Boundary/SOI Map – Palo Verde Valley District Library	52
Growth and Population Projections	53
Accountability and Governance.....	53
Services - Facilities - Infrastructure	54
Financial Overview.....	56
Table 3-2- Financial Information – Palo Verde Valley District Library	57
Disadvantaged Unincorporated Communities	61
Status of Issues Identified in Most Recent MSR.....	61
Government Structure Alternatives	61
Recommended Municipal Service Review Determinations.....	61
Recommended Sphere of Influence Determinations	63
Chapter 4- Idyllwilde Fire Protection District.....	66
Overview/Background	66
Table 4-1- Profile- Idyllwild Fire Protection District.....	67
Figure 4-1- Boundary/SOI Map – Idyllwild Fire Protection District	68
Growth and Population Projections	69
Accountability and Governance.....	69

Services - Facilities - Infrastructure	71
Financial Overview.....	74
Table 4-2- Financial Information – Idyllwild Fire Protection District.....	75
Disadvantaged Unincorporated Communities	80
Status of Issues Identified in Most Recent MSR.....	80
Government Structure Alternatives	80
Recommended Municipal Service Review Determinations.....	80
Recommended Sphere of Influence Determinations	83
Chapter 5- Coachella Valley Mosquito and Vector Control District	85
Overview/Background	85
Table 5-1- Profile- Coachella Valley Mosquito and Vector Control District.....	86
Figure 5-1- Boundary/SOI Map – Coachella Valley Mosquito and Vector Control District	87
Growth and Population Projections	88
Accountability and Governance.....	88
Services - Facilities- Infrastructure	92
Financial Overview.....	96
Table 5-2- Financial Information – Coachella Valley Mosquito and Vector Control District	97
Disadvantaged Unincorporated Communities	102
Status of Issues Identified in Most Recent MSR.....	102
Government Structure Alternatives	102
Recommended Municipal Service Review Determinations.....	102
Recommended Sphere of Influence Determinations	105
Chapter 6- Northwest Mosquito and Vector Control District.....	107
Overview/Background	107
Table 6-1- Profile- Northwest Mosquito and Vector Control District	108
Figure 6-1- Boundary/SOI Map – Northwest Mosquito and Vector Control District ..	109
Growth and Population Projections	110
Accountability and Governance.....	110
Services - Facilities - Infrastructure	112
Financial Overview.....	117
Table 6-2- Financial Information – Northwest Mosquito and Vector Control District	119
Disadvantaged Unincorporated Communities	123
Status of Issues Identified in Most Recent.....	123

Government Structure Alternatives	123
Recommended Municipal Service Review Determinations.....	124
Recommended Sphere of Influence Determinations	126
<u>ACRONYMS</u>	129

I. EXECUTIVE SUMMARY

California state law establishes Local Agency Formation Commissions (LAFCOs) within each county for the purpose of establishing boundaries and Spheres of Influence (SOIs) for cities and special districts under their purview, and to authorize the provision of services within the approved service areas. A Municipal Service Review (MSR) is a state required comprehensive study of services within a designated geographic area. The service review requirement is codified in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (CKH), Government Code section 56000 et seq.

Special Districts Subject to the MSR/SOI Update Report

This report prepared by Riverside LAFCO (LAFCO) contains Municipal Service Reviews (MSR) on six special districts within Riverside County (County). The intent of this MSR is to conduct comprehensive Sphere of Influence (SOI) updates for each of the subject special districts. The proposed MSR and SOI Update determinations are located at the end of each special district's Chapter in this report, with recommended SOI updates in this Executive Summary.

The districts being reviewed in this MSR and SOI Update are listed in **Table I-1**, below. The six districts being reviewed in this MSR have not had an MSR review for many years. The most recent MSRs completed were- Mosquito & Vector Control Districts-2012, Banning Library District- 2012, Beaumont Library District- 2006, Palo Verde District Library- 2007 and Idyllwild Fire Protection District- 2007.

Table I-1- Library, Fire Protection, Mosquito & Vector Control Districts

DISTRICT	LOCATION
Banning Library District	San Geronio Pass area inclusive of the City of Banning
Beaumont Library District	City of Beaumont, Cherry Valley area
Palo Verde Valley District Library	City of Blythe and unincorporated areas
Idyllwild Fire Protection District	Idyllwild Community- San Jacinto Mountains- Idyllwild
Coachella Valley Mosquito and Vector Control District	Coachella Valley encompassing nine member cities and unincorporated areas
Northwest Mosquito and Vector Control District	Western Riverside County encompassing seven member cities and unincorporated areas

Municipal Service Review Determinations

CKH requires LAFCOs to review and update SOIs not less than every five years and to conduct municipal services reviews before updating SOIs. The service reviews provide LAFCOs with a tool to study existing and future public service conditions comprehensively

and to evaluate organizational options for accommodating growth, preventing urban sprawl, and ensuring that critical services are provided efficiently.

Government Code section 56430 requires LAFCOs to conduct a review of municipal services provided in the county by region, sub-region or other designated geographic area, as appropriate, for the service or services to be reviewed, and prepare a written statement of determinations with respect to each of the following topics:

1. Growth and population projections for the affected area.
2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the 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 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.

The MSR process does not require LAFCOs to initiate changes of organization based on service review findings. It only requires that LAFCOs make determinations regarding the provision of public services per Government Code section 56430. MSRs are not subject to the provisions of the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15306. CEQA Guidelines Section 15306 consists of “basic data collection, research, experimental management, and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource. These may be strictly for information gathering purposes, or as part of a study leading to an action which a public agency has not yet approved, adopted, or funded.” The ultimate outcome of conducting a service review, however, may result in LAFCOs making recommendations on a change of organization or reorganization.

Sphere of Influence Determinations

In 1972, LAFCOs were given the power to establish SOIs for all local agencies under their jurisdiction. As defined by CKH, “a ‘sphere of influence’ means a plan for the probable physical boundaries and service area of a local agency, as determined by the commission” (Government Code section 56076). SOIs are designed to both proactively guide and respond to the need for the extension of infrastructure and delivery of municipal services to areas of emerging growth and development.

The requirement for conducting MSRs was established as an acknowledgment of the importance of SOIs and recognition that periodic reviews and potential updates of SOIs

should be conducted. LAFCOs are required to make five written determinations in accordance with Government Code section 56425 when establishing, amending, or updating an SOI for any local agency that address the following:

1. The present and planned land uses in the area, including agricultural and open-space lands.
2. The present and probable need for public facilities and services in the area.
3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
4. The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.
5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision(g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

Sphere of Influence Update Recommendations

The proposed MSR and SOI Update determinations are located at the end of each District's Chapter in this report. The recommended SOI Updates for each District are provided below. Each SOI recommendation and additional current or future options are discussed in greater detail in each District's analysis further in the report.

Banning library District- Maintain the current SOI as amended in 2020, and direct staff to further discuss future expansion of the SOI with the District to determine specific areas to be included.

Beaumont Library District- Maintain the current SOI as updated in 2009.

Palo Verde Valley District Library- Maintain the current SOI as updated in 2007.

Idyllwild Fire Protection District- Maintain the current SOI as updated in 2007.

Coachella Valley Mosquito and Vector Control District- Maintain the current SOI as updated in 2007.

Northwest Mosquito and Vector Control District- Maintain the current SOI as updated in 2007.

II. INTRODUCTION

In 1997, the State Legislature convened a special commission to study and make recommendations to address California's rapidly accelerating growth. The Commission on Local Governance for the 21st Century (LG) focused their energies on ways to empower the already existing LAFCOs, originally established in 1963. The LG Commission's final report, *Growth Within Bounds*, recommended various changes to local land use laws and state LAFCOs statutes.

Assembly Speaker Bob Hertzberg, in 2000, incorporated many of the recommendations of the Commission into Assembly Bill 2838, the Cortese-Knox-Herzberg Local Government Reorganization Act of 2000. The law provided LAFCOs with additional powers and responsibilities.

Beginning in 2001, LAFCOs in each county in California were required to review and, as necessary, update the SOI of each city and special district. SOIs are boundaries, determined by LAFCOs, which define the logical, ultimate service area for cities and special districts. No SOI can be updated, however, unless LAFCOs first conduct an MSR.

Historically, MSRs and SOI updates have been sporadic at best and not performed as intended by the statutes. Although LAFCO completed an initial round of MSR/SOI updates after the initial requirements were implemented, updates have occurred somewhat sporadically since, with some agencies not having had an MSR or SOI update in 15 years. As part of the Five-Year Strategic Plan adopted in January of 2020, a schedule was developed to bring these agencies current with respect to the statutes governing these reviews.

Combined Municipal Service Review and Sphere of Influence Update

An MSR is a comprehensive study of services within a designated geographic area prior to completing an SOI update. The SOI update and requisite MSR is required to be performed every five years or as necessary. The intent of this MSR is to conduct SOI updates for each of the subject Districts. As previously noted, the special districts subject to this MSR/SOI Update review have not been subject to an MSR or SOI Update in many years and it is well past time for these reviews.

Municipal Service Reviews

SOIs are boundaries, determined by LAFCOs, which define the logical, ultimate service area for cities and special districts. No SOI can be updated, however, unless LAFCOs first conduct an MSR. MSRs evaluate how agencies currently provide municipal services within their agency service area and evaluate the impacts on those services from future growth and other changes that may occur over the next 10 to 20 years. The MSR report is also required to identify potential opportunities to address any shortfalls, gaps, and/or impacts on services and governmental structure that may currently exist or are anticipated in the future.

The MSR process does not require LAFCOs to initiate changes of organization based on service review findings. California Government Code section 56430 does require, however, that LAFCOs, upon receipt and consideration of an MSR, adopt written determinations addressing each of the following areas:

1. Growth and population projections for the affected area.
2. The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the 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 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 Updates

An SOI is an approved plan by LAFCOs that designates an agency's probable future boundary and service area. SOIs are planning tools used to provide guidance for individual boundary change proposals and are intended to encourage efficient provision of organized community services and prevent duplication of service delivery. Territory cannot be annexed by LAFCOs to a city or a district unless it is within that agency's sphere. The purposes of the SOI include the following: to ensure the efficient provision of services, discourage urban sprawl and premature conversion of agricultural and open space lands, and prevent overlapping jurisdictions and duplication of services.

LAFCOs cannot regulate land use, dictate internal operations or administration of any local agency, or set rates. However, LAFCOs are empowered to enact policies that indirectly affect land use decisions. On a regional level, LAFCOs promote logical and orderly development of communities as it considers and decides individual proposals. LAFCOs have a role in reconciling differences between agency plans so that the most efficient urban service arrangements are created for the benefit of current and future area residents and property owners.

LAFCOs are empowered to adopt, update and amend any agency's SOI. They may do so with or without an application, and any agency or interested person may submit an application proposing an SOI amendment. LAFCOs may recommend government reorganizations to particular agencies in their county, using the SOIs as the basis for those recommendations.

LAFCOs are required to make five written determinations in accordance with Government

Code section 56425 when establishing, amending, or updating an SOI for any local agency that address the following:

1. The present and planned land uses in the area, including agricultural and open-space lands.
2. The present and probable need for public facilities and services in the area.
3. The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
4. The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency.
5. For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision(g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

The proposed MSR and SOI Update determinations are located at the end of each of the special district's Chapter in this report, with recommended SOI updates in the Executive Summary. This report will address the services provided by the six special districts listed in **Table II-1** following:

Table II-1- Library, Fire Protection, Mosquito & Vector Control District Services

DISTRICT	AUTHORIZED SERVICES
Banning Library District	Library Services
Beaumont Library District	Library Services
Palo Verde Valley District Library	Library Services
Idyllwild Fire Protection District	Fire Protection, Fire Prevention, Emergency Medical Services, Public Safety Education
Coachella Valley Mosquito and Vector Control District	Mosquito & Vector Control and Red Imported Fire Ant Services
Northwest Mosquito and Vector Control District	Mosquito & Vector Control and Red Imported Fire Ant Services

Disadvantaged Unincorporated Communities

On October 7, 2011, Governor Brown signed SB 244, which made two principal changes to CKH. SB 244 requires LAFCOs to: (1) deny any application to annex to a city territory that is contiguous to a disadvantaged unincorporated community (DUC) unless a second application is submitted to annex the disadvantaged community as well; and (2) evaluate disadvantaged unincorporated communities in an MSR upon the next update of an SOI

after June 30, 2012. The intent of the statute is to encourage investment in DUCs that often lack basic infrastructure by mandating cities to include them in land use planning, and LAFCOs when considering annexation proposals. SB 244 defines a DUC as any area with 12 or more registered voters, or as determined by commission policy, and where the median household income is less than 80 percent of the statewide annual median household income.

Although DUCs are applicable primarily to cities, it is important to consider them with respect to services provided by special districts, in particular those special districts that provide water, wastewater and fire protection services. Not all cities provide water and wastewater services, therefore consideration of DUCs not included in a specific special district boundary or SOI should be identified and reviewed.

MSR Approach and Review Opportunities

A collaborative process approach has been used throughout the preparation of this MSR/SOI update report. Initially, an introductory letter is sent to each CSD advising them of the upcoming MSR/SOI process. All information readily available in historical files or on each District's website is reviewed for applicability to the MSR/SOI update technical analysis and report. Any information missing or requiring clarification is then sent to each District in the form of a questionnaire, requesting the information/clarification. Follow up on the responses to the questionnaire are performed when necessary.

Once a District's information in hand is considered sufficient to develop the MSR/SOI update report, their specific Chapter of the overall report is generated and then sent to the specific District for their review, comments, and any additional input they desire to be included. Any comments received are considered, incorporated where appropriate, and finalized. After finalization of all of the Districts' Chapters, the Public Review Draft report is made available for publication and comments by the public and any agency/organization.

A Public Hearing MSR/SOI Update report is then generated addressing any comments received during the public review process and scheduled for a noticed public hearing before the LAFCO Commission. Additional comments are taken during the public hearing and addressed. Upon final action by the LAFCO Commission for the MSR and SOI recommendations/determinations, a Final Report incorporating any revisions and/or direction provided by the LAFCO Commission is completed and published. Any SOI recommendations and/or determinations not adopted with the MSR will be brought back to the Commission at a subsequent public hearing for final SOI adoption.

III. BACKGROUND

Riverside County Overview

Riverside County encompasses more than 7,300 square miles, roughly 180 miles across from Los Angeles and Orange Counties in the West to the Arizona border. Riverside County also borders San Bernardino, San Diego and Imperial Counties. Riverside is the fourth largest county in California in both size and population, and the 10th most populous county in the United States.

Riverside County is one of two counties that comprise the “Inland Empire” portion of the Southern California Association of Governments (SCAG) Metropolitan Planning Area. Between 2015 and 2040, as projected in SCAG’s 2016 Regional Transportation Plan, the SCAG region is projected to add approximately 3.8 million people, increasing the total regional population to approximately 22.1 million. This represents an increase of approximately 17%. This growth means that the SCAG region will continue to be California’s second-largest population and economic center. During this same period, the number of households is expected to increase by approximately 1.6 million to 7.6 million in the SCAG region. There are currently 28 cities, 58 independent special districts, and 42 county service areas within the County. County population growth is anticipated to increase by 20% during the 2020 to 2040 forecast period. Refer to **Table III-1** below:

Table III-1 Riverside County Population, Employment and Housing Projections

<u>Category</u>	<u>2020</u>	<u>2040</u>	<u>Growth 2020-2040</u>	<u>Percent Change</u>
Population	2,449,299	2,933,038	483,739	+20%
Employment	1,057,900	1,174,500	116,600	+11%
Households	724,893	1,086,000	361,107	+50%

Source: Calif Dept of Finance, SCAG, Riverside County

For the past 2 years, the COVID-19 pandemic has placed significant economic burdens on all local governments to fund services. As the County eventually emerges from the pandemic, it remains to be seen how adequate of a recovery is realized with respect to growth. Overall the County continues to experience growth and the increasing challenge of meeting state mandated demands for increased housing.

Riverside County Library, Fire Protection and Mosquito & Vector Control Districts

A special district is a separate local government that delivers a limited number of public services to a geographically limited area. Special districts have four distinguishing characteristics. They are a form of government, have governing boards, provide services and facilities, and have defined boundaries. Most special districts such as water and

wastewater districts, cemetery districts, mosquito and vector control districts, fire protections districts, etc., provide just one or two services.

Special Districts generally provide several types of services that are authorized under various Government Code sections. Each type of special district code section specifies the services specifically authorized to be provided for the type of district. There are three Library Districts, two Mosquito & Vector Control Districts and one Fire Protection District subject to LAFCO review.

The Banning Library District is generally located within the San Geronio Pass area serving approximately 157 square miles and includes the entire incorporated territory of the City of Banning and portions of unincorporated Riverside County.

The Beaumont Library District is generally located within the San Geronio Pass area serving an approximate 59 square mile area that now encompasses the City of Beaumont and adjacent unincorporated areas, including the community of Cherry Valley.

The Palo Verde Valley District Library is generally located within the City of Blythe an approximate 27 square mile area. However, the District boundaries and SOI extend to the north, south and east County of Riverside boundaries and west to the western edge of the City of Blythe pocket area encompassing a total of 1,063 square miles.

The Idyllwild Fire Protection District encompasses approximately 5.2 square miles encompassing the community of Idyllwild in the San Jacinto Mountains, with the sphere of influence extending into the Pine Cove community.

The Coachella Valley Mosquito and Vector Control District encompasses approximately 2,095 square miles in the Coachella Valley. These areas include the Cities of Cathedral City, Coachella, Desert Hot Springs, Indian Wells, Indio, La Quinta, Palm Desert, Palm Springs, and Rancho Mirage, and the unincorporated areas of the Coachella Valley.

The Northwest Mosquito and Vector Control District encompasses approximately 303 square miles in Western Riverside County. These areas include the Cities of Cathedral City, Coachella, Desert Hot Springs, Indian Wells, Indio, La Quinta, Palm Desert, Palm Springs, and Rancho Mirage, and the unincorporated areas of the Coachella Valley.

Covid-19 Pandemic

During the initial 6-12 months of the COVID-19 virus pandemic in 2020, the virus had exponentially spread throughout the world and the United States, resulting in the infection of large segments of populations in all states, including California. Additionally, the death rate from the virus was significantly greater than previous Covid type viruses with no immediate treatment remedies nor vaccines available.

The state implemented several measures to attempt to control the spread of the virus including a statewide stay-at-home order, alternating shutdowns and partial re-openings of many parts of the economy. The impact on the economy, in particular small businesses and employment, was massively significant. As a result, with the economic downturn, local governments began seeing significant decreases in various revenues and in many cases, service impacts.

With the advent of vaccine availability, it was anticipated that within the 3rd quarter of 2021, the virus would be controlled enough to allow for a return to normalcy. However, in the subsequent months following the initial surge, two additional significant surges of variations of the virus, the Delta and Omicron Covid Variants, have continued to hamper economic recovery efforts due to sustained lockdowns and other measures taken by the state and federal governments.

Although federal stimulus funding has been provided to local governments to assist in offsetting some revenue losses, many local governments continue to expect to encounter fiscal challenges in the coming years due to revenue shortfalls, loss of businesses, and high unemployment. Additionally, with the recurrence of the Delta and Omicron Covid Variants, it remains unclear how extensive the overall economic impact will be in the future, and it is unclear to what extent the economic downturn and recovery from the pandemic will directly impact the special districts reviewed in this MSR/SOI Update.

All of the special districts reviewed in this MSR rely on property tax and special assessment revenues for significant majorities of their revenues, which are generally unaffected to a great extent by economic downturns unless property values are significantly impacted. At this time, and based on housing valuation statistics, these revenue sources appear to remain solid.

IV. DISTRICT PROFILES & MSR/SOI DETERMINATIONS

This section provides individual profiles for each of the six Districts reviewed. Each individual District profile provides:

- A brief background/history of the agency
- A general profile of agency services, infrastructure, and financial information
- A boundary map with a sphere of influence boundary overlay
- A detailed discussion of agency operations and finances
- Recommended MSR Determinations
- Recommended SOI Determinations

Chapter 1- Banning Library District

OVERVIEW / BACKGROUND

The Banning Library District (Banning LD or District) is an independent special district formed and operating under the Library Law (Education Code Sections 19400, et. seq. and 19600 et. seq.). The Banning Unified School District Library District was established by public vote in 1916. The governing board for the new district was the Banning Union High School District (later the Banning Unified School District) Board of Trustees. In January 2006, the Banning Library District was formed as an independent special district.

The Banning LD is located in the Rancho San Geronio Pass area and includes the entire incorporated territory of the City of Banning and portions of unincorporated Riverside County. Total area served is approximately 157 square miles. The District serves a population of approximately 34,000.

The Banning LD provides a wide range of library and related services within its jurisdictional boundaries. The District's sphere of influence is coterminous with its current service boundary. The Banning LD does not provide any direct services outside of its service boundary, however does support visitors for library services from adjacent areas nearby.

A segment of the population that is served are economically disadvantaged who rely on the District's free services and programs, with the majority of the population being Hispanic. The District offers many free programs for children and also has a local history department that no other libraries nearby offer. The District invites guest speakers and book authors for talks and discussions. Those guest speakers range from finance to jobs to health and everything in between.

Mission Statement

"The mission of the Banning Library District is to provide library services and materials that are responsive to the informational, recreational, educational, inspirational, technological and cultural needs of the community we serve."

Table 1-1 on Page 13 provides a snapshot profile of the Banning LD. A map of the Banning LD's current boundary and SOI is shown in **Figure 1-1** on Page 14.

Table 1-1- Profile- Banning Library District

General Information			
Agency Type	Municipal – Library District		
Principal Act	California Education Code Sections 19400 et. seq. and 19600 et. seq.		
Date Formed	2006 (Formerly part of the Banning Unified School District)		
Services Provided	Library Services		
Location	Rancho San Gorgonio Pass area and City of Banning. Office location: 21 West Nicolet Street, Banning, CA 92220 (951) 849-3192		
Sq. Miles/Acres	Approximately 157 sq. miles		
Contact	Kevin Lee, District Director, kevin@banninglibrarydistrict.org		
Website	www.banninglibraryca.gov		
Population Served	Approximately 34,000		
Last SOI Update	2020		
Governance/Staffing			
Governing Body	5-member Board of Directors, elected at-large		
Terms	4-year staggered terms		
Meeting Information	1st Wednesday of each month, at 5:00 p.m. at the Banning Library, 21 West Nicolet Street, Banning, CA 92220.		
Total Staff	10 employees		
Staff Categories	District Director, Library Manager, Admin Services Manager, Library Assistant, Clerk, Technician, Aide, Custodian		
Facilities/Other Infrastructure			
Facilities	Library facility which includes the District Office		
Other Infrastructure	None.		
Financial Information- FY 20/21 Actuals (Audited Financial Statements)			
	Revenues	Expenditures	Net Surplus/(Deficit)
General Fund	\$1,213,478	\$1,136,022	\$77,456
Restricted Funds	N/A	N/A	N/A
Combined Funds	\$1,213,478	\$1,136,022	\$77,456
	FY 20/21	Long Term Planned Expenditures	
Capital Expenditures	\$311,661	None.	
General Fund Balance	\$2,317,814	June 30, 2021 Financial Statements	
Restricted Funds Balance	N/A	June 30, 2021 Financial Statements	
Unrestricted Net Assets	\$2,294,244	June 30, 2021 Financial Statements	
Capital Assets	\$714,004	June 30, 2021 Financial Statements	
Net Position (Combined)	\$3,008,248	June 30, 2021 Financial Statements	
Debt & Unfunded Pension/OPEB Liabilities- Year Ending June 30, 2021			
Long Term Debt	Banning LD has no long-term bond or secured debt		
Unfunded Pension Liability	Banning LD has no unfunded pension liability		
Unfunded OPEB Liability	Banning LD has no unfunded OPEB liability		
Notes			
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Banning Library District and Sphere of Influence



GROWTH AND POPULATION PROJECTIONS

The Banning LD currently services a population of approximately 34,000 per the 2022 California State Library, over a geographical area of approximately 157 square miles. The District's service area has potential for growth, primarily within the City of Banning and some areas adjoining the district boundaries. Although the District does not have statistics for projected population growth, the City of Banning's population growth is projected to increase by approximately 1.25 percent annually over the next 10 years.

The District anticipates that future growth will occur near the San Geronio Memorial Hospital due to new home development to the north. Also, the District reports that they serve customers coming in and using the District's services from the City of Beaumont, the Morongo Reservation, Cabazon, the City of Palm Springs, and Cherry Valley.

ACCOUNTABILITY AND GOVERNANCE

Governance

The Banning LD is governed by a five-member Board of Trustees, elected at large to four-year staggered terms. The Board of Trustees meets on the first Wednesday of each month, at 5:00 p.m. at the Banning Library, 21 West Nicolet Street, Banning, CA 92220, in the Conference Room.

The District's Board of Trustees consists of a President, a Vice-President, a Secretary and two Trustees. There are no current vacancies on the Board. Additionally, there are two committees that meet to provide more specified leadership in certain areas. These two committees include the Budget Committee which is a Standing Committee, and the Strategic Planning Committee which is an Ad Hoc Committee.

Banning Lib Dist Board of Trustees	Term Expires
Kathy Little	2022
Alejandro Geronimo	2022
Loretta Cousar	2022
Melanie Lara	2024
Jana Brassfield	2024

Generally, the powers the Board of Trustees may exercise are to establish, equip, and maintain a public library for the dissemination of knowledge of the arts, sciences, and general literature. The District may also do all acts necessary or proper for carrying out the purposes specified under the Education Code (19400). The District reports that all Trustees are current on their required ethics training and the Fair Political Practices Commission Form 700 Conflict of Interest Statements.

Website Transparency

In general, the District website is very well organized and hosts a wide variety of information regarding library services and activities for public access. The website

contains direct email addresses to contact Board members for direct access, and all contact information for District management staff is included. Meeting agendas and staff reports are posted on the District's website along with all Board approved minutes. Library policies and fee schedules along with information announcements are also available. However, no pertinent financial information for the District including budgets and annual audits are available on the website. The District has indicated that these items are available in the meeting minutes, however they can create a separate website link to these items.

Customer/Constituency Communication

Board members attend different community meetings and events to represent the District. The District informs constituents, patrons, and customers of activities, services and voter outreach and participation during elections via social media, in-house, community events, organizations, and other media. Additionally, the District provides for online account access for individual customers for their library accounts.

The District supports the Friends of Banning Library, a non-profit organization that utilizes revenue from book sales to support the library. The Friends of Banning Library is located at the Banning Library and reports that over the years, they have securely stored numerous books and items of value that are intended to be sold both online and in person at Banning Library. Information on this organization is listed on the District website.

Customer/Constituency Accountability

The District is evaluated by California State Library for library operations and services, and independent auditors audit the District for financial and operations. The Board uses the above information to evaluate the productivity of the District. Additionally, the District evaluates its own performance through conducting surveys from patrons. The District also compares two years of data, the previous year's data being the baseline. Along with that, the District compares itself with other similar sized libraries.

The District measures customer service, collections (DVDs, books, music, newspaper, etc.), programs (classes, story time, workshops, etc.), Inter-library loan/Zip book, Internet access, computers, printers, copiers, hours of operation, facilities, cleanliness, and overall rating – along with comments and opinions. Each category is scored between 1 and 5, 1 being “needs improvement” to 5 being “excellent”.

The District reports that most all customer questions, concerns or complaints are handled at the lowest level possible for resolution. First-line staff will work to resolve the complaint. If unresolved, the Library Manager will engage in a resolution of the complaint. If the complaint remains unresolved, the District Director will work to resolve. If unresolved at that level, the customer can address the complaint directly to the Board of Trustees.

The customer may submit a formal written complaint if they so desire. The District also has available an online complaint form for customers who cannot visit the District in

person. The District maintains a complaint log that tracks all formal complaints. The District reports that no formal complaints were filed in 2020 nor 2021.

The District Director is evaluated by the Board of Trustees annually, and staff is evaluated by the District Director annually. The District generally conducts coaching/mentoring sessions throughout the year with one final evaluation at the end of the year. Staff workload is tracked through timesheets and schedules.

SERVICES - FACILITIES - INFRASTRUCTURE

Service Overview

The District provides a wide variety of in-house and online library services, other related community services and educational opportunities, and some limited recreational type activities

In-house services include all in facility library services and including notary, fax, photocopier, scanning service, computers, technology workshops, children's story time, bi-lingual activities, performances, STEM-related projects for children and adults, book club, crafts programs, teen game nights, family game nights, movies, read-to-dog program, community resources packets, tax information, financial information flyers, job connection events, meeting rooms, (study room will be available this year after renovation project is complete), Wi-Fi service, and curbside services. Out-reach/Delivery services include: Zip books, Inter-Loan Library services, story times, Lunch at the Library/pop-up programming, and community events (the District provides information and does library card sign-ups at various of events).

Online services include GED service, tutoring, magazines, audiobooks, eBooks, encyclopedia, math, language learning, science, college-level courses, comic, job assistance, veteran services, technology lessons, DMV materials, streaming movies, and more.

The District does not contract for major services other than accounting, human resources, annual audit services and legal counsel as needed. The District does not provide contract services to other agencies.

Facilities/Infrastructure

The District Library is located at 21 W. Nicolet St, Banning, CA 92220. The maximum capacity in the public area is 167 persons per fire marshal's evaluation. The District has 43 parking spaces and three reserved for handicap spaces. The computer area has 14 stations available to the public. The children's room has 5 stations dedicated to the young patrons. The library has been undergoing an extensive renovation and upgrade which continues in progress.

The District Library has wireless access for laptop users, and a computer lab, with 8 laptops provided by a California State LSTA grant. The District utilizes these laptops to offer computer instruction to library patrons. The District has no other physical infrastructure or facilities outside of the District library at this time.

Service Adequacy

Since its existence, the Banning LD has provided the services it has intended to provide with no significant issues. The District does not have any capacity or service constraints and is capable of providing adequate services to the current District boundaries. The District reports that they have the capacity to provide services to planned development in its future growth area with no constraints, and no difficulty in providing services to support future growth. The District is capable and available to service other service providers' customers, and has been doing so, as the District's records indicate there has been growth in the District's products and services by customers outside the District boundaries.

The District forecasts service needs based on many different methods such as surveys, inputs, feedbacks, what other libraries are offering, library magazines, outside agencies and organizations' suggestions, consortium, state, American Library Association, California Library Association, grants, etc.

Facilities/Infrastructure Needs

The Banning LD does not utilize a 5-year Capital Improvement Program for facilities or infrastructure improvements. The District does not anticipate funding additional facilities in the short term as the District indicates it can support known anticipated growth. Funding will need to be identified for future facilities that may be required based on growth and potential expansion of the District related to that growth.

The District is collaborating with other agencies and organizations to bring its services at their locations and desires to either open up a satellite branch or purchase a van for mobile services throughout the District boundary line, and potentially to assist customers and patrons residing out of District boundary line, but wanting the District's services.

Cooperative Programs

The Banning LD maintains cooperative programs with several organizations as noted:

- Friends of Banning Library raises funds for library programs.
- Carol's Kitchen, First Missionary Baptist Church, Banning Unified School District, Department of Parks and Recreation, and the Chamber of Commerce provide space for library staff to do outreach programs with no cost to the District.

The District attends/reviews meetings/recorded meetings hosted by the California Special District Association, Inland Library System consortium, California State Library, and/or City of Banning. The District is not a member of any Joint Powers Authority.

FINANCIAL OVERVIEW

The Banning LD carries all operational budgeting and accounting in one overall governmental fund (General Fund). Therefore, for Financial Statement reporting, all revenues and expenditures and other reporting requirements are identified to one single fund. Property Taxes comprise the most significant source of revenues for the General Fund, followed by Grants/Contributions, Charges for Services, and Investment Income. Expenditures are primarily for Salaries and Benefits, Services and Supplies, and for FY 20/21, Capital Outlay related to the ongoing facility upgrade project. The Banning LD has no debt, and no other significant long-term liabilities. The District conducts an independent audit annually, the last three years reflecting an “unmodified” opinion, and provides all required reporting to the State Controller’s Office as required by statutes.

Overall, the financial position of the District is considered very stable at this time, with more than sufficient unrestricted fund balance available for moderately long term potential revenue declines. The District has noted that their funding level is adequate, but as the District is currently and continues to plan to service other customers who use the Districts products and service and who are not within the District territory, the District will eventually need to expand its boundaries and the resultant increase in property tax revenue.

Table 1-2 following provides a snapshot of key financial data from the last three fiscal years. An analysis of the data related to several key financial status and financial health indicators follows.

Table 1-2- Financial Information – Banning Library District

Financial Information (Actuals - Audited Financial Statements)			
	FY 20/21	FY 19/20	FY 18/19
General Fund Revenues	\$1,213,478	\$1,088,903	\$1,074,591
General Fund Expenditures	\$1,136,022	\$786,280	\$928,802
General Fund Surplus/(Deficit)	\$77,456	\$302,623	\$145,789
Restricted Funds Revenue	N/A	N/A	N/A
Restricted Funds Expenditures	N/A	N/A	N/A
Restricted Funds Surplus/(Deficit)	N/A	N/A	N/A
Capital Expenditures (Depreciable)	\$311,661	\$0	\$22,876
Debt Service Expenditures	None	None	None
Long Term Liabilities * (Excludes Pension/OPEB)	\$23,570	\$25,334	\$16,472
Unassigned Fund Balance	\$2,295,445	\$2,215,981	\$1,932,276
Non-Spendable Fund Balance	\$22,369	\$24,377	\$5,459
Capital Assets (Net of Depreciation)	\$714,004	\$436,924	\$462,624
Unfunded Pension Liability	None	None	None
Unfunded OPEB Liability	None	None	None
Net Position	\$3,008,248	\$2,651,948	\$2,383,887
* Long Term Liabilities includes Compensated Absences			

There are nine primary areas of criteria that have been utilized for this report to assess the present and future financial condition of the District's ability to provide efficient service operations as discussed below:

1. 3-Year Revenue/Expenditure Budget Trends
2. Ratios of Revenue Sources
3. Ratios of Reserves or Fund Balance to Annual Expenditures
4. Annual Debt Service Expenditures to Total Annual Expenditures
5. Net Position
6. Pension and OPEB Unfunded Liabilities
7. Capital Assets and Capital Improvement Plan
8. Fee Structure for Services Provided
9. Cost Avoidance Programs

3 Year Revenue/Expenditure Budget Trends

A trend analysis of revenues and expenditures provides a relatively quick snapshot of financial stability, and financial management of budgetary ebbs and flows over a short period of time. A review of the most recent 3 years of audited revenues and expenditures is utilized for this MSR.

The Banning LD has been experiencing moderate annual revenue increases over the 3 fiscal years reviewed. Expenditures are fluctuating slightly annually when factoring out the Capital Outlay for the library renovation. Over the 3 fiscal years reviewed, there exhibited positive net surpluses each year. The Banning LD does have a very significant unassigned fund balance available, in proportion to annual expenditures which provides capability to absorb a moderate temporary economic downturn without impacts to services.

Ratios of Revenue Sources

Diversity of revenues is an indicator of any public agency's ability to withstand a major loss in one revenue stream without a significant impact to operations and services. Ideally, an agency should have 3-4 revenue streams that are as equally balanced as possible, however, that isn't always possible in some agencies.

The Banning LD receives approximately 90% of its overall revenues in the form of property taxes, with the balance from charges for services, grants and investment income. Since the District's revenue stream is not diversified to any extent, alternative sources of revenue would be ideal for absorbing a significant decrease in the one revenue source that is heavily reliant on for service provision. However, alternative revenue sources are not readily available to the District to allow for further diversification. Notwithstanding, property taxes are a relatively stable revenue source and generally not subject to significant impacts during an economic downturn. Overall, the revenue status of the District can be considered very sustainable.

Ratio of Reserves or Fund Balance to Annual Expenditures

An indicator of the ability to absorb an unexpected loss of revenue in a given fiscal year is exhibited by the amount of unrestricted cash reserve or fund balance the service fund maintains in relation to the annual fund expenditures. A ratio of 30% or greater of fund balance/reserve to annual expenditures is generally considered an adequate ratio to maintain.

The Banning LD's combined General and Capital Funds unrestricted fund balance of \$2,295,445 for FY 20/21 is approximately 159% of expenditures. The previous two fiscal years exhibited similar ratios demonstrating a very stable trend. The District is in a good position to support a moderate term downturn in revenue, and maintain service levels.

Annual Debt Service Expenditures to Total Annual Expenditures

The ratio of annual debt service to total fund annual expenditures is an indicator of the District's ability to meet debt obligations in relation to service provision expenditures. Ideally, a ratio of 10% or less would reflect a very stable ratio.

The Banning LD has no bond or other secured debt, therefore no ratio to assess, which in turn a positive aspect to overall financial stability. Further, the District does not have any unfunded pension and OPEB liability requirements. Which is discussed further in this report.

Net Position

An agency's "Net Position" as reported in its audited financial statements represents the amount by which assets (e.g., cash, capital assets, other assets) exceed liabilities (e.g., debts, unfunded pension and OPEB liabilities, other liabilities). A positive Net Position generally provides an indicator of financial soundness over the long-term. However, Net Position also includes the value of capital assets that may or may not be easily liquidated. Therefore, Net Position could potentially be skewed when viewing it in the aspect of liquidity.

The FY 20/21 ending net position for the Banning LD was calculated by the auditors at \$3,008,248 with \$2,294,244 identified as unrestricted. As compared to annual revenues and expenditures, this is a significant amount of net position, indicating stability with its ongoing governmental activities for the foreseeable future.

It is noted that the annual net position over the past three fiscal years has been increasing annually. As capital assets are subject to depreciation, reductions of those asset valuations generally reflect negatively on net position. However, increases in other assets such as net cash assets, or reduction in other long-term liabilities will offset some or all of those decreases, which is the case for the District.

Pension and OPEB Unfunded Liabilities

Unfunded pension and OPEB liabilities present one of the most serious fiscal challenges facing many public agencies in California today. When reporting required under Government Accounting Standards Board (GASB) Statement #68 was implemented, many public agencies were awakened by the reality of the long-term unfunded liability aspect of their respective pension and OPEB obligations.

The Banning LD employees' retirement pensions are covered under a 457 Deferred Compensation plan. The District makes annual contributions to the plan to supplement employee contributions. The District contributed \$17,250 to the plan in FY 20/21. As this is a defined contribution plan, there is no accumulated pension liability, therefore the District has no unfunded pension liability. Additionally, the District does not offer an OPEB plan, therefore has no unfunded OPEB liability.

Capital Assets and Capital Improvement Program

Capital assets must be adequately maintained and replaced over time and expanded as needed to accommodate future demand and respond to regulatory and technological changes. Depreciation typically spreads the life of a facility over time to calculate a depreciation amount for accounting purposes. The actual timing and amount of annual capital investments require detailed engineering analysis and will differ from the annual depreciation amount, although depreciation is a useful initial indicator of sustainable capital expenditures.

The Banning LD's capital assets consist of the library facility and certain furniture, equipment and fixtures valued at \$5,000 or more, all of which are subject to depreciation. As of June 30, 2021 the District had \$1,321,151 in capital assets and \$607,147 in accumulated depreciation, resulting in \$714,004 net capital assets. The District does not maintain a long-range Capital Improvement Plan as funding for Capital Improvements are budgeted as necessary and available during the budget adoption cycle.

The District's current level of reserves and capital funding is adequate to maintain and or improve infrastructure and public facilities as needed and planned. The District renovated half of its facility two years ago and is in the process of renovating the remaining half this year.

Fee Structure for Services Provided

Most public agencies charge fees for various services provided.

Per California State Library policy, library cards are free to all California residents, whether they live inside or outside of the District. The Banning LD collects various fees for services provided including library charges for lost books, lost library cards, copying services, and conference/meeting room hourly and fixed fees. Charges for services totaled \$5,173 in FY 20/21, a very small percentage of the District's overall revenue.

Cost Avoidance Programs

The Banning LD implements cost avoidance measures wherever possible, however does not have any formal programs. The District reports that they routinely obtain quotes from different vendors to ensure the current fees are below or equal to market cost, but never greater.

DISADVANTAGED UNINCORPORATED COMMUNITIES

LAFCO has determined that there is one Disadvantaged Unincorporated Community associated with the City of Banning (South Sunset), and is within the Banning LD boundaries, therefore is served by the District.

STATUS OF ISSUES IDENTIFIED IN MOST RECENT MSR

The last MSR for the Banning LD was conducted in 2012. The MSR identified two items that would be considered noteworthy.

- The District website did not include financial information. This continues to date. For transparency purposes, budget, audit and staff compensation information should be available on the District website.
- Discussions with the Beaumont LD should be conducted for potential consolidation. Some initial discussions took place in the past, but an impasse occurred and no further discussions have taken place since that time.

GOVERNMENT STRUCTURE ALTERNATIVES

There is only one government structure alternative that would be appropriate and applicable to the Banning LD at this time:

Maintain the status quo.

The Banning LD's government structure currently in place is sufficient to provide the appropriate governance structure for the District. The District maintains a small staff, is efficient in delivery of services and appears to be diligent in not overextending. Therefore, the District's current structure should be maintained at this time.

RECOMMENDED MUNICIPAL SERVICE REVIEW DETERMINATIONS

Based on the information, issues, and analysis presented in this report, proposed MSR determinations pursuant to Government Code section 56430 are presented below for the LAFCO Commission's consideration:

1) *Growth and population projections for the affected area.*

- The Banning LD currently services a population of approximately 34,000 over a geographical area of approximately 157 square miles. The District's service area has potential for growth, primarily within the City of Banning and some areas adjoining the district boundaries.
- The District does not have statistics for projected population growth, however the City of Banning's population growth is projected to increase by approximately 1.25 percent annually over the next 10 years.
- The District anticipates that future growth will occur by the San Geronio Memorial Hospital because of new home developments to the north. Also, the District has seen customers coming in and or using the District's services, from Beaumont, Morongo Reservation, Cabazon, Palm Springs, and Cherry Valley.

2) *The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.*

- There is one Disadvantaged Unincorporated Community associated with the City of Banning (South Sunset), located at the southern city limits, and is within the Banning LD jurisdictional boundaries.
- The area is very rural in nature, with large acreage parcels.

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 sphere of influence.*

- The Banning LD's current facilities are adequate to support current services and absorb limited future growth. Additional facilities may be required in the future for anticipated growth outside the District's current boundaries and SOI.
- Present capacity of the District's services is considered adequate at this time, however, anticipated future growth will necessitate additional resources to support maintaining the level of services desired.
- There are no deficiencies related to the DUC within the District jurisdictional boundary as it is already served by the District.

4) *Financial ability of agencies to provide services.*

- Overall, the financial position of the District is considered very stable at this time, with more than sufficient unrestricted fund balance available for moderately long term potential revenue declines.
- The annual net position over the past three fiscal years has been increasing annually, most notably in unrestricted cash fund balance.
- The District has noted that their funding level is adequate, but as the District is currently and continues to plan to service other customers who use the Districts products and service and who are not within the District territory, the District will eventually need to expand its boundaries and the resultant increase in property tax revenue.
- The District's current level of reserves and capital funding is adequate to maintain and or improve infrastructure and public facilities as needed and planned.

5) *Status of, and opportunities for, shared facilities.*

- The District is collaborating with other agencies and organizations to bring its services at their locations and desires to either open up a satellite branch or purchase a van for mobile services throughout the District boundary line, and potentially to assist customers and patrons residing out of District boundary line, but wanting the Districts services.
- The District maintains cooperative programs and shared facilities with several local organizations

6) *Accountability for community service needs, including governmental structure and operational efficiencies.*

- The Banning LD is governed by a five-member Board of Trustees, elected at large to four-year staggered terms, with sufficient staffing to support service delivery.
- In general, the District website is very well organized and hosts a wide variety of information regarding library services and activities for public access.
- The website contains direct email addresses to contact Board members for direct access, and all contact information for District management staff is included. Meeting agendas and staff reports are posted on the District's website along with all Board approved minutes.

- No financial information such as annual budgets and annual audits are accessible on the District website. The District indicates that these items are included in the agendas and minutes and they can create a separate website link for these items.
- No alternative government structure options are considered superior to the current structure at this time.

7) *Any other matter related to effective or efficient service delivery, as required by commission policy.*

- No additional matters have been identified.

RECOMMENDED SPHERE OF INFLUENCE DETERMINATIONS

Existing Sphere of Influence

The Banning LD's existing sphere of influence is coterminous with its boundaries.

Sphere of Influence Analysis

One of LAFCO's objectives is to eliminate illogical boundaries and associated service inefficiencies, where these issues exist. The District anticipates that future growth will occur near the San Geronio Memorial Hospital due to new home developments to the north. Also, the District has seen customers coming in and or using the District's services, from Beaumont, Morongo Reservation, Cabazon, Palm Springs, and Cherry Valley. Based on the current coterminous SOI with the District's jurisdictional boundary, there are opportunities to expand the SOI to take in some of the areas where projection of service needs and development growth may occur, that do not interfere with the adjacent Beaumont Library District boundaries.

Sphere of Influence Options

Two options are identified with respect to the Banning LD's SOI.

Option #1: Maintain the current coterminous SOI.

Should the LAFCO Commission wish to continue to reflect the intention to maintain the District's existing SOI, then reaffirmation of a coterminous SOI would be appropriate.

Option #2: Expanded SOI.

The LAFCO Commission may wish to consider including areas identified by the District for future growth and services into the District's SOI. Further discussions with the District would be appropriate to determine specific areas to include in an expanded SOI would be appropriate.

Sphere of Influence Determinations

Following are the five recommended determinations for the LAFCO Commission's consideration as required by Government Code section 56425(e):

1) *The present and planned land uses in the area, including agricultural and open-space lands.*

- The Banning LD is not an authorized land use planning authority. The City of Banning is responsible for land use planning within the city's boundaries, and the County of Riverside in unincorporated areas within the District's jurisdictional Boundaries.
- Current land use and zoning is a mix of residential, commercial, recreational and open space uses. It is likely future land use decisions will mostly reflect development that will require District services.

2) *The present and probable need for public facilities and services in the area.*

- Current facilities and services are adequate to support the area, including support of moderate future growth in the area.
- Expansion of services due to growth within and adjacent to the District boundaries may require an additional facility which will require sufficient revenues to support the cost of service expansion.

3) *The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.*

- Sufficient capacity of facilities exists to support providing adequate public services authorized and being provided.
- Long term services may require an additional facility due to potential growth within and adjacent to the District boundaries.

4) *The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency.*

- A segment of the population that is served are economically disadvantaged and relies on the District's free services and programs, with the majority of the population being Hispanic. The District offers many free programs for children and that has been the main focus of these Communities of Interest.
- The District also has a local history department that no other libraries nearby offer. The District invites guest speakers and book authors for talks and

discussions, which the District considers a Community of Interest. The District reports that those guest speakers range from finance to jobs to health and everything in between.

5) ***For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision(g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.***

- The Banning LD does not provide the listed services. The District does provide its services into the one disadvantaged unincorporated community within its boundary.

Chapter 2- Beaumont Library District

OVERVIEW / BACKGROUND

The Beaumont Library District (Beaumont LD or District) was established pursuant to Sections 19600-19734 of the California Education Code as a public library district. The Beaumont Library opened its doors to the public in October 1911 in a rented facility. The first permanent building was constructed in 1914 through a grant from Andrew Carnegie. It opened in June 1914 and was not expanded until 1965. The District's Carnegie building is the last one still operating as a public library and the last continuously operating public library facility in Riverside County.

The Beaumont LD is generally located within the San Geronio Pass area serving an approximate 59 square mile area that now encompasses the City of Beaumont and the unincorporated portions surrounding it, including the community of Cherry Valley. The District serves a population estimated at approximately 63,000.

The Beaumont LD provides a wide range of library and related services within its jurisdictional boundaries. The Beaumont LD's existing sphere of influence extends beyond its jurisdictional boundary in the southwestern area adjacent to the boundary. Beaumont LD does not provide any direct services outside of its service boundary, however does issue library cards to all state residents, free of charge, in accordance with California State Library policy. The District reports that 20% of their cardholders reside in the City of Banning and another 5% in the City of Calimesa, as well as other nearby communities.

A segment of the population that is served are economically disadvantaged who rely on the District's free and low cost services and programs. The District offers many programs for children, teens and adults and many activities to support the communities the District serves.

Mission Statement

"The Beaumont Library District gives residents of all ages the means to continue to learn throughout their lives; to meet their recreational reading interests; to find, evaluate and use information in a variety of formats; to get answers to their questions. We are committed to efficient and effective library services. Special emphasis is placed on providing current, popular materials; encouraging the youngest children to develop an interest in reading; providing timely, accurate, and useful information to residents of the District; and providing a community gathering place".

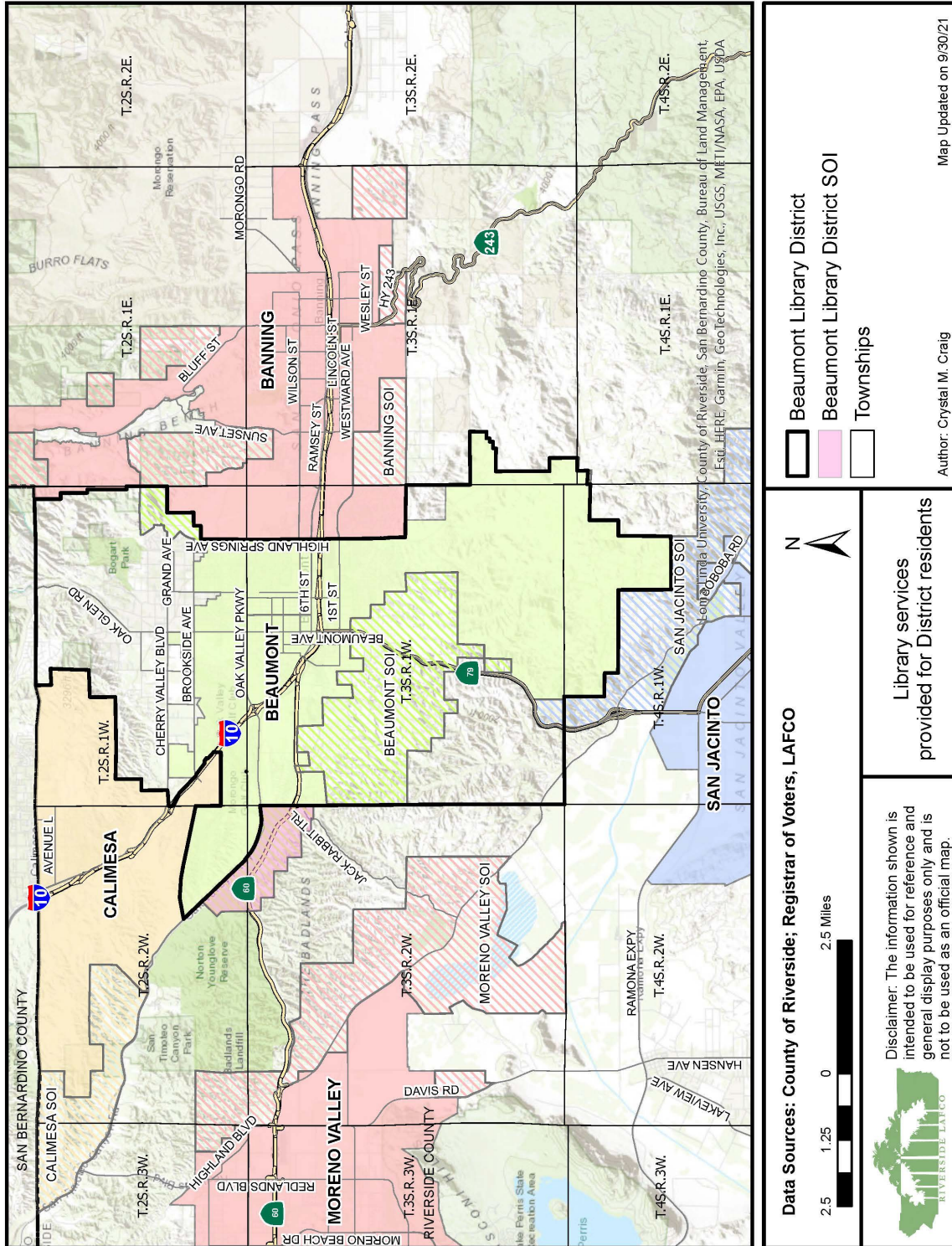
Table 2-1 on Page 30 provides a snapshot profile of the Beaumont Library District. A map of the District's current boundary and SOI is shown in **Figure 2-1** on Page 31.

Table 2-1- Profile- Beaumont Library District

General Information			
Agency Type	Municipal – Library District		
Principal Act	Sections 19600-19734 of the California Education Code (1911)		
Date Formed	1911		
Services Provided	Library and related services		
Location	City of Beaumont, Cherry Valley. Office location: 125 East Eighth Street, Beaumont, CA 92223, (951) 845-1357		
Sq. Miles/Acres	Approximately 59 sq. miles		
Contact	Luren E. Dickinson, District Director, luren.dickinson@bld.lib.ca.us		
Website	www.bld.lib.ca.us		
Population Served	Approximately 63,000		
Last SOI Update	2009		
Governance/Staffing			
Governing Body	5-member Board of Directors, elected at-large		
Terms	4-year staggered terms		
Meeting Information	Last Thursday of each month, at 6:30 p.m. at the Beaumont Library, 125 East Eighth Street, Beaumont, CA 92223.		
Total Staff	18 employees, 8 full time, 10 part time		
Staff Categories	District Director, Principal Librarians, Senior Librarian, Librarians, Associates (Library, IT, Facilities, Administrative)		
Facilities/Other Infrastructure			
Facilities	District Library Facility		
Other Infrastructure	None.		
Financial Information- FY 20/21 Actuals (Audited Financial Statements)			
	Revenues	Expenditures	Net Surplus/(Deficit)
General Fund	\$2,071,108	\$1,659,972	\$411,136
Capital Fund	\$169,690	\$13,962	\$155,728
Combined Funds	\$2,240,798	\$1,673,934	\$566,864
	FY 20/21	Long Term Planned Expenditures	
Capital Expenditures	\$103,897	None. Facility expansion planning in progress	
General Fund Balance	\$1,182,921	June 30, 2021 Financial Statement	
Capital Fund Balance	\$1,728,446	June 30, 2021 Financial Statement	
Unrestricted Net Assets	\$2,782,892	June 30, 2021 Financial Statement	
Capital Assets*	N/A	June 30, 2021 Financial Statement	
Net Position (Combined)	\$2,911,367	June 30, 2021 Financial Statement	
Debt & Unfunded Pension/OPEB Liabilities- Year Ending June 30, 2021			
Long Term Debt	Beaumont LD has no long-term bond or secured debt		
Unfunded Pension Liability*	Beaumont LD does not estimate this liability		
Unfunded OPEB Liability*	Beaumont LD does not estimate this liability		
Notes			
** The District did not report any Capital Assets nor Pension or OPEB unfunded liability actuarial estimates for purposes of financial reporting- See Financial Overview for further discussion			

Figure 2-1- Boundary/SOI Map – Beaumont Library District

Beaumont Library District and Sphere of Influence



GROWTH AND POPULATION PROJECTIONS

The Beaumont LD is generally located within the San Geronio Pass area serving an approximate 59 square mile area that now encompasses the City of Beaumont and the unincorporated portions surrounding it, including the community of Cherry Valley. The District serves a population estimated at approximately 63,000 in 2022 per the California State Library.

The District's service area has potential for growth, primarily within the City of Beaumont and the Cherry Valley area adjoining the District boundaries. The Center for Demographics has projected 14% growth in Riverside County's population during this present decade and an additional 10% growth during the 2030s. This is in line with a projected 2.5% annual growth in the City of Beaumont's population, and thus the Beaumont LD's population, over the next 20 years. The Library District also works closely with the City of Beaumont on growth and planning projections.

ACCOUNTABILITY AND GOVERNANCE

Governance

The Beaumont LD is governed by a five-member Board of Trustees, elected at large to four-year staggered terms. The Board of Trustees meets on the last Thursday of each month, at 6:30p.m. at the Beaumont Library, 125 East Eighth Street, Beaumont, CA 92223 in the Laura May Stewart Multipurpose Room. The District's Board of Trustees consists of a President, a Secretary and three Trustees. There are no current vacancies on the Board although one current Trustee position is temporarily filled for a term expiring in 2024, however, is subject to the 2022 election to complete the actual term.

Beaumont LD Board of Trustees	Term Expires
Margaret Coleman	2022
Bret Mahoney	2024
Cynthia Carr	2022
Michelle Lillard-Geiser	2022
Noaquia "Nikki" Callahan-Banks	2022*

*There are no current vacancies on the Board although one Trustee position, expiring in 2024, is temporarily filled but is subject, by statute, to be open in the 2022 election to fill it for completion of the full term.

Generally, the powers the Board of Trustees may exercise are to establish, equip, and maintain a public library for the dissemination of knowledge of the arts, sciences, and general literature. The District may also do other functions necessary or proper for carrying out the purposes specified under the Education Code (19400). The District reports that all Trustees are current on their required ethics training and the Fair Political Practices Commission Form 700 Conflict of Interest Statements.

Website Transparency

In general, the Beaumont LD website is well organized and hosts a wide variety of information regarding library services and activities for public access. Information provided includes announcements for library events, website pages for various levels of adult, teen and children materials and programs, a history portal, and various links to other information and media portals. Additionally, the District publishes periodic newsletters, also available on-line, and utilizes social media for the public containing relevant current information on events, and other items of interest.

Meeting agendas are posted on the District's website, however staff reports are not included. Board approved minutes are also posted to the website, along with information on the Board of Trustees. The website does not contain direct email addresses to contact Board of Trustee members for direct access. However, a "Contact Us" page gives the public the chance to submit questions and make comments. The website has information available regarding library cards and a Frequently Asked Questions page. However, no pertinent financial information for the District including budgets, annual audits and staff compensation are available on the website. The District should consider adding this information to its website.

Customer/Constituency Communication

The Beaumont LD maintains a website, publishes monthly newsletters that are available in print or online, and utilizes social media to publicize events and other items of interest. It also issues other informational flyers, and periodic press releases. Library cardholders can access their accounts online to check fine status, renew materials, and place holds on desired items. In addition, district residents may apply online for an instant library card which can be used to check out e-books.

The Beaumont LD provides outreach services throughout its jurisdiction. Its Bookmobile provides deposit collections and programs for preschools and day care providers on a regular basis. There are scheduled stops at various locations with the district, making the vehicles collection of children's, teen, and adult materials available to those in more remote areas or those with limited transportation.

In addition to its elected Board of Trustees, the District has a Teen Advisory Board to provide interaction with the teen population as a way of soliciting ideas for new programs or activities and improving services.

The District supports the Friends of the Library, a non-profit organization that supports the library. The Friends group collects donated books, DVDs, and other materials and holds regular sales to raise funds. Along with membership dues, it is then able to make grants for the Beaumont LD's summer reading program and other important activities. The Friends, governed by its own independent Board of Trustees, also established an endowment fund that can be used in the future to assist in financing library projects and purchases. Information about the organization is included on the Beaumont LD's website.

The Friends of the Library is located at the District Library and has established an endowment fund to assist in supporting library materials and programs. Information on the organization is listed on the District website.

Customer/Constituency Accountability

The Beaumont LD Board of Trustees is provided with monthly reports from the Director on library operations, expenses, and statistics on library usage, including physical items checkout, digital material used, library card registrations, items added to and removed from the collection, public computer usage, reference interactions, and website usage. In addition, the Board of Trustees receives quarterly and annual reports that track the District Director's goal accomplishments, general fund expenditures and library revenue.

The State Library also collects statistics from all public libraries in California on an annual basis. Not only are statistics tracked and monitored on a regular basis, but they are compared to the District's past performance levels, as well as with similar sized libraries within the state through State Library reports and with those across the country through data collected by the Public Library Association.

Customers dissatisfied with the Beaumont LD's services, can submit complaints online via the District website, by telephone, or in person at the Library. All complaints are handled in a direct and timely fashion by the Library staff member most directly connected to the issue. If there is no satisfaction, it goes to a Supervisor and/or the Director. Should it be necessary, the Board of Trustees is the final arbiter. The District reports that nothing has come to the Director level in the past few years.

The District reports that very few, if any, significant complaints were filed in 2020 and 2021. Most complaints are people wanting more time on the computer, not wanting to pay overdue fines, or having issues with other library users.

The Beaumont LD conducts employee performance reviews regularly. New employees receive 3-month and 6-month reviews, and all employees, whether full-time or part-time, receive annual reviews. Reviews are performed by the employee's direct supervisor as overseen by the District Director who signs each one and determines whether a merit increase will be given and at what level.

The District maintains a very comprehensive and extensive Policies and Procedures Manual and Employee Handbook for staff utilization. The District also maintains an incident file that covers accidents, incidents, and complaints.

SERVICES - FACILITIES - INFRASTRUCTURE

Service Overview

The Beaumont LD provides access to a variety of physical media formats to all residents

of Beaumont, Cherry Valley, and the surrounding areas. These include books, audiobooks, magazines, newspapers, and DVDs. Digital resources available through Beaumont Library's website include e-books, e-audiobooks, educational databases, music, and streaming video. In addition to these resources, the District provides many other programs and services. Educational and recreational programs for all ages include story times, Time with Tots, Lego Club, Book Clubs, DMV Test Prep classes for teens and seniors, author talks, Summer Reading programs, Virtual Reality, 3D Modelling classes, teen volunteer and internship opportunities, art, and yoga classes.

Services provided to library customers include Reference assistance and Readers' Advisory, the Veteran's Resource Center for military families, Family Literacy and Adult Literacy programs, the Diploma-earning program through Career Online High School, computer classes for seniors and Spanish speakers, 3D Printing, free high-speed wireless internet, Chromebook and hotspot checkouts, public access computer workstations and printing.

While most programs are held onsite, larger programs are held offsite to accommodate more people. The District also provides offsite services with the Bookmobile with regular stops for all ages throughout the community, an early learning schedule for schools and daycare facilities, and special deliveries for the homebound.

For more than a decade, the District has used RFID technology, both to safeguard the collection and to provide self-service access for the public. Items can be checked out from the collection and checked back in without the need for staff intervention. This is both a staff efficiency and a public convenience, saving the District thousands of operational dollars and improving the Library's image.

The District does not contract for major services other than a CPA for annual audit services and for legal counsel as needed. The District does not provide contract services to other agencies.

Facilities/Infrastructure

The Beaumont Library facility located at 125 East 8th Street in Beaumont is open six days a week, including Sundays. The facility is approximately 12,000 square feet of space housing the library and District office/meeting room. The District recently submitted an infrastructure grant application with the California State Library requesting \$10,000,000 to fund a renovation/expansion project. Other infrastructure includes not only the Bookmobile for providing offsite services, but also mechanized sorting equipment that not only checks material in but also separates children's materials from adult materials, etc. making it easier for library staff to return the items to the shelf.

Since 2016, the Beaumont LD has been a part of the statewide CENIC broadband initiative which provides high speed Internet service to the UC and Cal State Universities, California community colleges, and numerous public libraries. Through this system, the

Library has a 1-Gigabit Internet connection (that is planned to be increased in capacity) for both staff and public computers, as well as for wireless access.

Service Adequacy

Since its existence, the Beaumont LD has provided the services it has intended to provide with no significant issues. However, with the significant growth that has occurred during the past two decades and more, the Beaumont LD does not currently have a facility of the necessary size to adequately provide the services needed and deserved by district residents.

The District is capable and available to service other service providers' customers, and has been doing so, as the District's records indicate there has been growth in the District's products and services by customers outside the District boundaries.

Beaumont LD's operations and productivity of the various services offered by the District are routinely evaluated on a monthly, quarterly, and annual basis. Service adequacy of the District is quantitatively measured by the number of materials checked out, number of library cards issued, number of website visits, number of reference interactions, program attendance, library visits, and online material and database usage. Service adequacy of the District is qualitatively measured by public surveys of programs and services and public input through comments and emails.

The District's Board of Trustees is provided with monthly reports from the District Director on library operations, expenses, and statistics on library usage, including physical items checkout, digital material used, library card registrations, items added to and removed from the collection, public computer usage, reference interactions, and website usage.

The District forecasts service needs by monitoring residential growth through City and School District data and having an awareness of City and School District plans and goals. The District reviews and analyzes yearly statistical reports to modify services as needed. Additionally, industry standards and trends are closely followed and then tailored for the serviced community.

The District's long-term objectives and goals are established through a strategic Plan of Service that is created periodically using staff and public input, written by the Director, and approved by the Board of Trustees.

The District tracks workload by utilizing a timeclock for part-time employees, assigning job tasks to each position which are reviewed and analyzed during employee performance reviews. The quantitative data previously noted serves as indicators of workload handled by staff. The Beaumont LD staff includes six professionally credentialed MLS librarians with the specialized training and experience to serve in administrative, digital, adult, teen, outreach, and children's capacities.

Facilities/Infrastructure Needs

The Beaumont LD does not utilize a 5-year Capital Improvement Program for its facility as a plan is in place to renovate and expand the library building, which will include new furnishings and equipment. The District reports that there is a replacement schedule for technology equipment and a long-term capital expense plan will be developed to cover projected maintenance and equipment replacement needs in the future.

The District reports that it has planned extensively over the past 15 years to address the need to renovate and expand its facilities to meet the demands of the District population that is ten times what it was in 1965 when the last expansion took place. Based upon years of community input, detailed architectural plans were completed in 2014, but lack of funding for various reasons have delayed moving forward until recently.

The District reports that it is currently working with the nationally known library architectural firm, Engberg Anderson, to update its 2014 design to current standards. Pending the success of its infrastructure grant application with the California State Library, construction bids could be solicited in the latter part of 2022. This project, if funded, would preserve the historic Carnegie building, and expand the facility to approximately 30,000 square feet. That would make the Beaumont LD the largest public library facility between Redlands and Rancho Mirage.

Cooperative Programs

The Beaumont LD has been a member of the Inland Empire's regional library system for over 30 years. The Inland Library System was established in 1966 and is a public library cooperative serving 19 libraries in Riverside, San Bernardino and Inyo Counties. It operates as a Joint Powers Authority and now includes over 100 public library service outlets serving 5 million people over 37,000 square miles of urban, desert, and mountain territory. It receives nominal funding from member dues, but its primary funding comes from the California Library Services Board and the California State Library.

Beaumont LD works closely with the Beaumont Chamber of Commerce, the San Geronimo Pass Historical Society, Lion's Club, Elks Lodge, Rotary, Beaumont-Cherry Valley Recreation and Park District and the City of Beaumont to make larger events available to the public. Some events include the annual Cherry Festival, the annual Celebrate Reading and the Arts event, and various City parades throughout the year. Collaboration with these community groups are also the core support of the District's Bookmobile services with stops provided by the City, the Park District, and other locations.

Larger facilities such as the gymnasium at the City-owned Chatigny Community Center serve as a space for story times, Summer Reading events, tutoring space, and other programs. The community room at Noble Creek Community Center

(owned and operated by the Park District) serves as a space for story times, computer classes, and other events, such as Trunk or Treat.

The Beaumont LD is a member of the Collaborative Agencies Committee and is currently hosting the group's every-other-month meetings. It is composed of all publicly funded agencies including the City of Beaumont, Beaumont Unified School District, Beaumont-Cherry Valley Water District, and Beaumont-Cherry Valley Recreation & Park District.

The District is also an active member in Quality Start of Riverside County, a program funded by First 5 of Riverside, California Library Literacy Services, Veteran's Connect and the Riverside Chapter of the California Special Districts Association.

FINANCIAL OVERVIEW

The Beaumont LD carries all operational budgeting and accounting in two separate fund categories of governmental funds, the General Fund and the Accumulated Capital Outlay Fund (Capital Fund). Therefore, for Financial Statement reporting, all revenues and expenditures and other reporting requirements are identified to each fund and totaled as Governmental Funds. The District also maintains a small Fiduciary Fund from endowments received with a cash Net Position as of June 30, 2021 of \$47,997.

Property Taxes comprise the most significant source of revenues for the General Fund, followed by Grants/Donations and Interest Income. Expenditures are primarily for Salaries and Benefits, Services and Supplies, and transfers to the Capital Fund. The District has no bond or loan debt, although does have some unreported compensated absence liabilities and unfunded pension/OPEB long-term liabilities.

Beaumont LD's accounting is cash based and not accrual based, therefore the District does not forecast annual actuarial generated unfunded pension and OPEB liabilities, nor does the District report unfunded liabilities in the financial statements. As noted in the past several years of auditor opinions, this has resulted in a "qualified opinion" due to not reporting these liabilities under the Governmental Accounting Standards Board requirements, specifically, GASB Statement No. 68 for pension reporting and GASB Statement No. 75 for OPEB reporting. It is noted by the auditor that although these liabilities are not reported, the financial statements for the cash basis of accounting for operations are reflected accurately.

Overall, the financial position of the District is considered very stable at this time, with more than sufficient unrestricted fund balance/net position available for moderately long term potential revenue declines.

Table 2-2 following, provides a snapshot of key financial data from the last three fiscal years. An analysis of the data related to several key financial status and financial health indicators follows.

Table 2-2- Financial Information – Beaumont Library District

Financial Information (Actuals - Audited Financial Statements)			
	FY 20/21	FY 19/20	FY 18/19
General Fund Revenues	\$2,071,108	\$2,010,422	\$1,668,300
General Fund Expenditures	\$1,659,972	\$1,730,200	\$1,790,542
General Fund Surplus/(Deficit)	\$411,136	\$280,222	(\$122,242)
Capital Fund Revenue	\$169,690	\$177,313	\$330,306
Capital Fund Expenditures	\$13,962	\$0	\$16,123
Capital Fund Surplus/(Deficit)	\$155,728	\$177,313	\$314,183
Capital Expenditures	\$103,897	\$74,450	\$29,667
Debt Service Expenditures	None	None	None
Long Term Liabilities *	N/A	N/A	N/A
Unassigned Fund Balance	\$2,782,892	\$2,160,600	\$1,831,968
Non-Spendable Fund Balance	None	None	None
Capital Assets (Net of Depreciation) *	N/A	N/A	N/A
Unfunded Pension Liability *	N/A	N/A	N/A
Unfunded OPEB Liability *	N/A	N/A	N/A
Net Position **	\$2,911,367	\$2,344,503	\$1,886,968
<p>* The District does not report Capital Assets, nor Pension and OPEB unfunded liabilities or Compensated Absences liabilities due to utilizing cash basis of accounting.</p> <p>** Net Position only reflects current cash position with no accounting for Pension and OPEB unfunded liability debt.</p>			

There are nine primary areas of criteria that have been utilized for this report to assess the present and future financial condition of the District's ability to provide efficient service operations as discussed below:

1. 3-Year Revenue/Expenditure Budget Trends
2. Ratios of Revenue Sources
3. Ratios of Reserves or Fund Balance to Annual Expenditures
4. Annual Debt Service Expenditures to Total Annual Expenditures
5. Net Position
6. Pension and OPEB Unfunded Liabilities
7. Capital Assets and Capital Improvement Plan
8. Fee Structure for Services Provided
9. Cost Avoidance Programs

3 Year Revenue/Expenditure Budget Trends

A trend analysis of revenues and expenditures provides a relatively quick snapshot of financial stability, and financial management of budgetary ebbs and flows over a short period of time. A review of the most recent 3 years of audited revenues and expenditures is utilized for this MSR.

For the Beaumont LD the General Fund revenue trend has been generally increasing annually, with the expenditure trend slightly downward. However, the downward spending trend may be difficult to continue into the future as inflationary pressures have set in on costs. The District does have a relatively significant unassigned fund balance available, which will be available to offset any shortfalls that may occur in the foreseeable future.

Ratios of Revenue Sources

Diversity of revenues is an indicator of any public agency's ability to withstand a major loss in one revenue stream without a significant impact to operations and services. Ideally, an agency should have 3-4 revenue streams that are as equally balanced as possible, however, that isn't always possible in some agencies.

The Beaumont LD generally receives approximately 98% of its overall revenues in the form of property taxes with a significant portion of the remaining 2% from grants. Since the District's revenue stream is not diversified to any extent, alternative sources of revenue would be ideal for absorbing a significant decrease in the one revenue source that is heavily reliant on for service provision. However, alternative revenue sources are not readily available to the District to allow for further diversification. Additionally, there is no guarantee that grant revenue will continue to be available in the future at the levels the District has been able to achieve. As cost increases for service provision continue upward, with no corresponding increase in revenue, then long-term financial resiliency is at risk.

The District reports that they have been successful in bringing grant funds to the region with nearly \$600,000 awarded during the past few years. The largest was for more than \$220,000 to purchase a full-sized bookmobile for the District to replace the aging outreach van. The District notes that it has a very good chance of having its \$10 million infrastructure project funded by the California State Library as early as mid-2022.

Overall, given that property tax revenue is a relatively stable revenue source, revenue status of the Beaumont LD can be considered sustainable for the near term, and into the foreseeable future.

Ratio of Reserves or Fund Balance to Annual Expenditures

An indicator of the ability to absorb an unexpected loss of revenue in a given fiscal year is exhibited by the amount of unrestricted cash reserve or fund balance the service fund maintains in relation to the annual fund expenditures. A ratio of 30% or greater of fund balance/reserve to annual expenditures is generally considered an adequate ratio to maintain.

Beaumont LD's combined General and Capital Funds unrestricted fund balance is \$2,782,892 for FY 20/21 is approximately 166% of combined expenditures. This ratio, which has increased annually over the last 3 years, far exceeds the desired ratio threshold reflecting the District being in good position to support a short-term downturn in revenue

and maintain service levels. It should be noted that although this ratio is substantial, the unknown unfunded pension and OPEB liabilities could impact this positive trend.

Annual Debt Service Expenditures to Total Annual Expenditures

The ratio of annual debt service to total fund annual expenditures is an indicator of the District's ability to meet debt obligations in relation to service provision expenditures. Ideally, a ratio of 10% or less would reflect a very stable ratio.

The Beaumont LD has no bond or other secured debt, therefore no ratio to assess, which in turn a positive aspect to overall financial stability. The District has never issued bonds and therefore does not have a bond rating. The District reports that they are currently working with Isom Advisors and their consultant estimates that we would have an A+ rating if the District were to enter through the bonding process in the future.

The District anticipates that it would need to issue construction bonds in order to meet the \$5 million in matching funds required to receive the \$10 million infrastructure grant, for which it has applied, from the California State Library to renovate and expand its facility.

Net Position

An agency's "Net Position" as reported in its audited financial statements represents the amount by which assets (e.g., cash, capital assets, other assets) exceed liabilities (e.g., debts, unfunded pension and OPEB liabilities, other liabilities). A positive Net Position generally provides an indicator of financial soundness over the long-term. However, Net Position also includes the value of capital assets that may or may not be easily liquidated. Therefore, Net Position could potentially be skewed when viewing it in the aspect of liquidity.

The FY 20/21 ending net position for the Beaumont LD was calculated by the auditors at \$2,911,367 with \$2,782,892 identified as unrestricted. As compared to annual revenues and expenditures, this is a significant amount of net position, indicating stability with its ongoing governmental activities for the foreseeable future.

It is noted that the District's annual net position over the past three fiscal years has steadily increased on an annual basis. And the fact that the Net Position reported is essentially all cash, this reflects a positive trend in fiscal stability for the short term, and most likely the long term.

Pension and OPEB Unfunded Liabilities

Unfunded pension and OPEB liabilities present one of the most serious fiscal challenges facing many public agencies in California today. When reporting required under Government Accounting Standards Board (GASB) Statement #68 was implemented,

many public agencies were awakened by the reality of the long-term unfunded liability aspect of their respective pension and OPEB obligations.

The Beaumont LD employees' retirement pensions are covered under the California Public Employees Retirement System (CalPERS) pension system, in the Miscellaneous Plan category. Of the 10 current employees in the CalPERS system as reported by the District, 3 are Classic members and 7 are Public Employees Pension Reform Act (PEPRA) members.

The Beaumont LD's accounting is not accrual based, therefore the District does not forecast annual actuarial generated unfunded pension and OPEB liabilities, nor does the District report unfunded liabilities in the financial statements. The District reports that to reduce pension liabilities, they carefully limit employee hours to maintain a low level of staff members contributing to CalPERS. Currently, the District reports that there are only eight full-time CalPERS staff and six of them fall under PEPRA. Of the two part-time employees who are in CalPERS, one is PEPRA.

The District reports that their annual underfunded retirement billings from CalPERS have only grown slowly, have been easily handled budgetarily, and are expected to stabilize over time. The District also reports that the \$200 monthly health insurance retirement benefit is currently being provided to just three individuals with the possibility of only one or two new retirees within the next decade or more.

The actuarial reports that are required under GASB requirements would reflect retirees drawing pensions and total unfunded liabilities. This would provide a clearer picture of future impacts. As noted in the past several years of auditor opinions, this has resulted in a "qualified opinion" due to not reporting these liabilities under GASB Statement No. 68 for pension reporting and GASB Statement No. 75 for OPEB reporting. The District reports that they will be pursuing such actuarials for FY 21/22 to provide a clearer picture of the future impact of such liabilities because it will be transitioning to a new auditing firm.

Capital Assets and Capital Improvement Program

Capital assets must be adequately maintained and replaced over time and expanded as needed to accommodate future demand and respond to regulatory and technological changes. Depreciation typically spreads the life of a facility over time to calculate a depreciation amount for accounting purposes. The actual timing and amount of annual capital investments require detailed engineering analysis and will differ from the annual depreciation amount, although depreciation is a useful initial indicator of sustainable capital expenditures.

The Beaumont LD's capital assets consist primarily of the District library facility, the bookmobile and some of its equipment. As the District performs its accounting functions

and reporting for financial statements on a cash basis, capital assets are not quantified for cost valuation and depreciation purposes.

The District does not have a formal Capital Improvement Program however, is in process of planning for a major facility upgrade and working on funding opportunities. The District has been transferring \$150,000 annually from the General Fund to the Accumulated Capital Outlay Fund for several years. Capital improvement plans are currently being assembled in anticipation of the \$10 million infrastructure grant application with the California State Library with the intent to renovate and expand the current facility.

Fee Structure for Services Provided

Most public agencies charge fees for various services provided.

The Beaumont LD collects a very small amount of annual revenue through fees. Per California State Library policy, library cards are free to all California residents, whether they live inside or outside of the District. The fee for a non-resident temporary library card is \$25, but very few of these cards are ever issued. The fee to replace a lost library card is just \$1. Fines range from \$0.10-\$0.25 per day for overdue materials. Many public libraries in the region and across the country have already eliminated overdue fines because they are not well liked by the public and they result in relatively little revenue.

The Beaumont LD collects less than 0.25% of its annual revenue through such charges with approximately \$6,000 received in CY 2022. About two-thirds of this amount came from fines on overdue items; nearly 14% from fees for lost or damaged materials; about 9% for copies and printouts; another 7% for replacement cards; and the remainder for miscellaneous categories, such as 3D printing and reimbursement for bank credit card fees. The District indicates that with all things considered, the District may well eliminate overdue fines in FY 22/23.

Cost Avoidance Programs

To assist in avoiding costs, the Beaumont LD has a membership with the California Special District Association (CSDA). The District reports that CSDA provides valuable information for all types of special districts, including district salary and benefits, legislative support, educational events, and regional meetings. As an example, the District reports that CSDA was instrumental in obtaining COVID-19 relief funds for special districts, which resulted in a payment of over \$20,000 to the Beaumont LD.

CSDA membership also give the District access to the services and products of the Special District Risk Management Authority (SDRMA). Through SDRMA, the District indicates that it receives discounted property and liability insurance, as well as life insurance policies for staff. SDRMA regularly offers assessments and trainings in order to lessen our potential liability risks as well as to lower premiums.

The District actively seeks grants, primarily from the California State Library to fund programs and purchase hardware. The District reports that from FY 17/18 to the present,

nearly \$600,000 in grants from a variety of sources have been awarded to the Library District.

The District reports that over the past five years, operational costs per item circulated has averaged about 82 cents. Additionally, using 2020 census figures, the District reports that they have a 5-year average \$24.57 per capita operational cost. The District indicates these factors are less than other library districts in the region.

DISADVANTAGED UNINCORPORATED COMMUNITIES

LAFCO has determined that there are five Disadvantaged Unincorporated Communities associated with the City of Beaumont (all within Cherry Valley), and are within the Beaumont LD boundaries, therefore being served by the District.

STATUS OF ISSUES IDENTIFIED IN MOST RECENT MSR

The last MSR for the Beaumont LD was conducted in 2006. The MSR report identified the need for an expansion of the library facilities to support the rapid growth occurring at the time.

The District reports that although significant improvements were implemented immediately thereafter, including installation of the building's first elevator, roof replacement, and exterior, as well as interior, painting, any full-scale expansion effort has been delayed to the present due to unforeseen factors out of Beaumont LD's control. The District indicates that with the prospect of excellent state infrastructure funding, they are currently in the process finalizing plans and funding sources for the ultimate renovation and expansion its current library facility.

GOVERNMENT STRUCTURE ALTERNATIVES

There is only one government structure alternatives that would is considered practical and applicable at this time:

Maintain the status quo.

The Beaumont LD's government structure currently in place is sufficient to provide the appropriate governance structure for the District for oversight of administration and operations. The District maintains a small staff, is efficient in delivery of services and appears to be diligent in not overextending. Therefore, the District's current structure should be maintained at this time.

RECOMMENDED MUNICIPAL SERVICE REVIEW DETERMINATIONS

Based on the information, issues, and analysis presented in this report, proposed MSR determinations pursuant to Government Code section 56430 are presented below for the LAFCO Commission's consideration:

1) *Growth and population projections for the affected area.*

- The Beaumont LD currently services a population of approximately 63,000 over a geographical area of approximately 59 square miles. The District's service area has potential for growth, primarily within the City of Beaumont and the unincorporated Cherry Valley community.
- The City of Beaumont's population growth is projected to increase by approximately 2.5 percent annually over the next 10 years, with a likely resultant increase in District service growth.

2) *The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.*

- There are five Disadvantaged Unincorporated Communities associated with the City of Beaumont (all within Cherry Valley), and are within the Beaumont LD boundaries, therefore being served by the District.
- The DUCs are generally situated in rural areas with some suburban level of development.

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 sphere of influence.*

- The Beaumont LD's current facility is inadequate to support current services and falls far short in what is needed to accommodate projected growth. The District is in the process of planning for a major expansion of the building to better serve both current and future users.
- The Beaumont LD's present capacity for providing services is severely constrained by the lack of a properly sized and updated facility and this problem will continue into the foreseeable future until there is a renovation/expansion.
- The DUCs associated with the City of Beaumont are contained within the District's jurisdictional boundaries and are currently receiving services from the District.

4) *Financial ability of agencies to provide services.*

- The Beaumont LD has the financial ability to provide the current level of services provided into the foreseeable future.

- The District maintains a significant cash fund balance/net position to cover short term revenue shortfalls that may arise.
- The District operates efficiently with adequate staff.
- The District is proactive at soliciting and obtaining alternative revenue sources such as grants and donations to augment the base revenue streams the District receives.

5) *Status of, and opportunities for, shared facilities.*

- There is no foreseeable opportunity for shared facilities as the District only maintains one library building with no other structures.

6) *Accountability for community service needs, including governmental structure and operational efficiencies.*

- The Beaumont LD is governed by a five-member Board of Directors, elected at large. Staffing is currently at 18 personnel.
- Service needs are being met to an adequate level, with some services exceeding what the District is required to provide. Operational efficiencies are optimized.
- The District primarily conducts outreach via its website, newsletters, social media, and through the Bookmobile, all of which make available comprehensive information and documents to the public, and solicits feedback and input from constituents.
- No direct contact information is listed for Board of Trustees, and no staff reports are provided with the agendas that are posted on the District website. Additionally, there is no financial information, specifically, budgets, financial statements or compensation information available on the website. These items should be included for additional transparency to the public.
- No alternative government structure options are considered superior to the current structure at this time.

7) *Any other matter related to effective or efficient service delivery, as required by Commission policy.*

- The Beaumont LD has raised the issue regarding the actions taken by the LAFCO Commission in 2009 to adjust the SOI's of the Beaumont LD and the Banning LD to the individual jurisdictional boundaries of the Cities of Beaumont, Banning and Calimesa. The District contends that this action which resulted in a later annexation of Beaumont LD area within the City of Banning to the

Banning LD, is costing to date, approximately \$400,000 annually in lost property tax revenue which was diverted to the Banning LD.

- The District contends that those boundary adjustments should never have been authorized, that their original SOI boundaries were properly aligned to the services being provided. The District represents that they are in a better position to serve the areas in question than the Banning LD and the Riverside County Library system serving the City of Calimesa in the former Beaumont LD SOI.
- Staff has advised that irrespective of the previous actions, the only avenue available to reverse any boundary and SOI adjustments would be to pursue a reorganization which would include a detachment of the area from the Banning LD and/or the County Library system in the City of Calimesa, and annexation into the Beaumont LD. That action can only be initiated by a registered voter petition process from voters in the areas in question, or a resolution from a public agency servicing the areas. The Commission cannot initiate this action unilaterally.

RECOMMENDED SPHERE OF INFLUENCE DETERMINATIONS

Existing Sphere of Influence

The Beaumont LD's existing sphere of influence extends beyond its jurisdictional boundary in the southwestern area adjacent to the District boundary. The remaining SOI to the north, east, south and west is conterminous with the District's jurisdictional boundaries. The District disputes this legal SOI on the basis that it provides services outside the current SOI.

Sphere of Influence Analysis

One of LAFCO's objectives is to eliminate illogical boundaries and associated service inefficiencies, where these issues exist. Based on the jurisdictional and geographical boundary constraints, expansion of the current SOI is not considered appropriate at this time. The District contends that the SOI and boundaries should be reverted back to the pre-2009 adjustments. The District has been advised of the process for applying for such a reversion for consideration by LAFCO of what would be a major reorganization. LAFCO cannot initiate that action.

Sphere of Influence Options

Only one option is identified with respect to Beaumont LD's SOI.

Option #1: Maintain the current SOI.

Should the LAFCO Commission wish to continue to reflect the intention to maintain the Beaumont LD's existing boundary, then reaffirmation of the current SOI would be appropriate.

It is noted that the District desires the Commission to rescind the 2009 SOI adjustments which would require a reorganization due to annexations into the Banning LD, however, as noted previous the Commission cannot initiate such a reorganization. The District also noted that they were open to discussions with all agencies affected to investigate forming a Joint Powers Authority for library services for the entire region. That scenario would be up to the agencies to coordinate among themselves for those discussions. LAFCO cannot initiate any actions to require those discussions.

Sphere of Influence Determinations

Following are the five recommended determinations for the LAFCO Commission's consideration as required by Government Code section 56425(e):

1) *The present and planned land uses in the area, including agricultural and open-space lands.*

- The Beaumont LD is not an authorized land use planning authority. The City of Beaumont is responsible for land use planning within the city's boundaries, and the County of Riverside in unincorporated areas within the District's jurisdictional Boundaries.
- Current land use and zoning is a mix of residential, commercial, recreational and open space uses. It is likely future land use decisions will mostly reflect development that will require District services.

2) *The present and probable need for public facilities and services in the area.*

- The current Beaumont LD facility and the services it provides are inadequate for both the current district population and for expected future growth in the area.
- There is a severe need for expansion of the Beaumont LD facility and planning for a renovation/expansion has been ongoing by the District.
- Expansion of services will require sufficient revenues to support the cost of any service expansion.

3) *The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.*

- The capacity of the Beaumont LD's facility is insufficient to support providing adequate public services both for the current population and even more so for the projected population.

4) *The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency.*

- A segment of the population that is served is economically disadvantaged and relies on the District's free services and programs. The District offers many free programs for children and that has been the main focus of these Communities of Interest.

5) *For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision(g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.*

- The Beaumont LD does not provide the listed services. The District does provide its services to the residents of the disadvantaged unincorporated communities (DUCs) within the District boundaries.

Chapter 3- Palo Verde Valley District Library

OVERVIEW / BACKGROUND

The Palo Verde Valley District Library (PVVDL or District) was established by the Riverside County Board of Supervisors in December 1958 and officially formed in July 1959. The District currently operates pursuant to Sections 19600-19734 of the California Education Code as a public library district. The PVVDL is generally located within the City of Blythe an approximate 27 square mile area. However, the District boundaries and SOI extend to the north, south and east County of Riverside boundaries and west to the western edge of the City of Blythe pocket area which encompasses a total of 1,063 square miles. The District serves a population estimated at approximately 20,000.

In 1912 the Woman's Improvement Club sponsored the first collection of books that was to become the Blythe Public Library. By 1914 it was housed next to the post office. The library's home changed with alarming frequency after that. In 1928 the library found refuge in the Little Brown Church, but went roaming again until finally settling, in 1936, in the south wing of the city hall building which had recently been vacated by the city fire department. This was the "old" city hall located on S. Spring Street.

On November 2, 1958, the residents of Blythe voted to tax themselves for the formation of a Special District to provide library services and bond repayment for the people of Blythe and the Palo Verde Valley. December 1, 1958 the County of Riverside officially recognized the new library district by recorded resolution. In July 1959 the Palo Verde Valley Library District association was officially formed.

The District provides a wide range of library and related services within its jurisdictional boundaries. The PVVLD's existing sphere of influence is coterminous with its jurisdictional boundary. As the only library within 100 miles of another, the District supports visitors for library services from adjacent areas outside its boundaries. A segment of the population that is served are economically disadvantaged who rely on the District's free and low-cost services and programs. The District offers many programs for children, teens and adults and many activities to support the communities the District serves.

Mission Statement

"The mission of the Library is to provide to all the citizens of the Library service area access to materials and services to meet individual and group needs for information, education, recreation, 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."

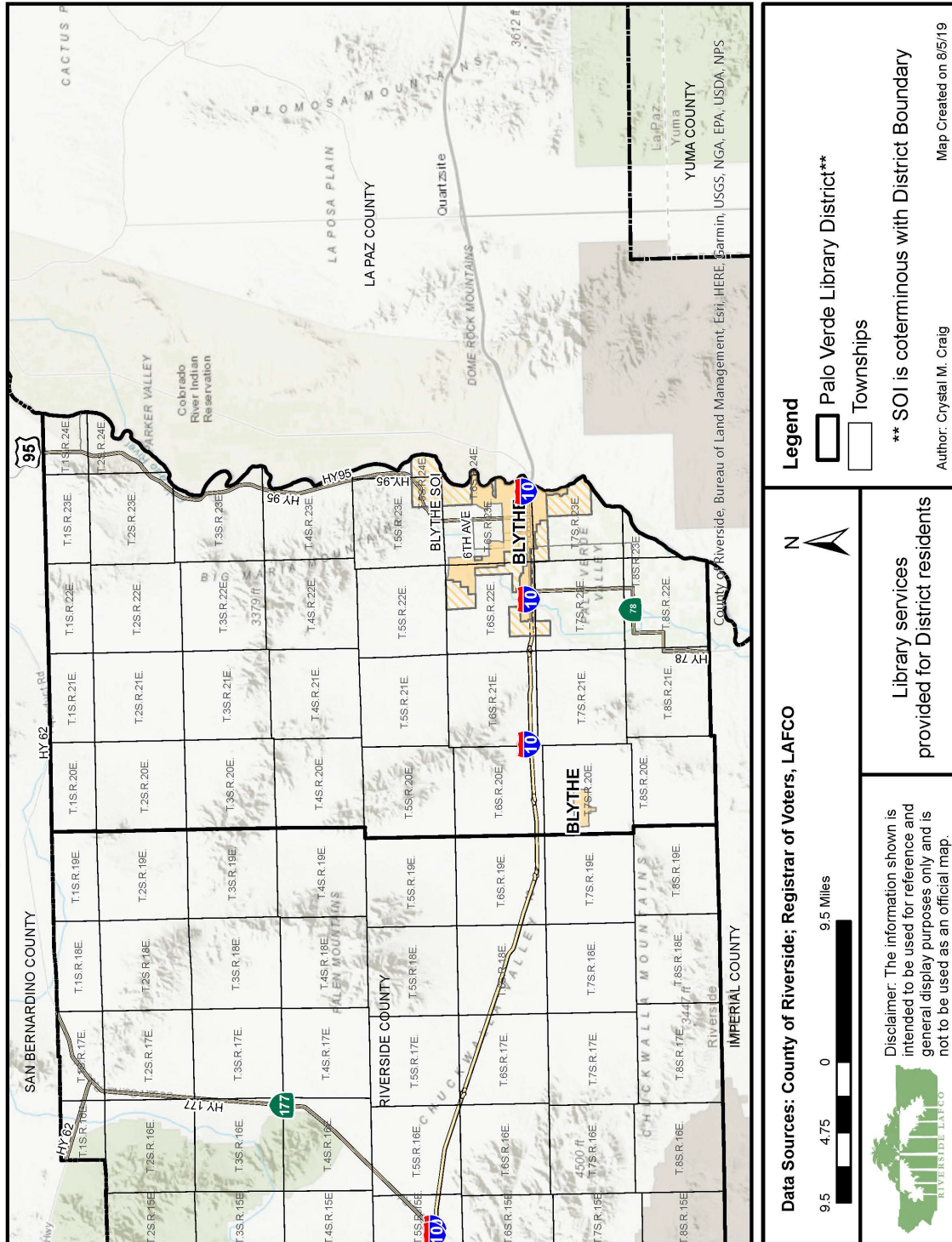
Table 3-1 on Page 51 provides a snapshot profile of the Palo Verde Valley District Library. A map of the District's current boundary and SOI is shown in **Figure 3-1** on Page 52.

Table 3-1- Profile- Palo Verde Valley District Library

General Information			
Agency Type	Municipal - Library District		
Principal Act	Sections 19600-19734 of the California Education Code		
Date Formed	1959		
Services Provided	Library and related services		
Location	City of Blythe. Office location: 125 W. Chanslorway, Blythe, CA 92225 (760) 922-5371		
Sq. Miles/Acres	Approximately 27 sq. miles (City of Blythe) and overall 1,063 sq. mi.		
Contact	Kime Williams, District Director kwilliams@blythelibrary.org		
Website	www.blythelibrary.org		
Population Served	Approximately 20,000		
Last SOI Update	2007		
Governance/Staffing			
Governing Body	5-member Board of Trustees, elected at-large		
Terms	4-year staggered terms		
Meeting Information	Last Wednesday of the Month at 11:30 am at the Library/District Office- 125 W. Chanslorway, Blythe, CA 92225		
Total Staff	6 employees		
Staff Categories	District Director, Asst Director/Controller, Library Technicians		
Facilities/Other Infrastructure			
Facilities	District Library/Office Facility		
Other Infrastructure	Office equipment		
Financial Information- FY 20/21 Actuals (Audited Financial Statements)			
	Revenues	Expenditures	Net Surplus/(Deficit)
General Fund	\$391,996	\$345,667	\$46,329
Restricted Funds	N/A	N/A	N/A
Combined Funds	\$391,996	\$345,667	\$46,329
	FY 20/21	Long Term Planned Expenditures	
Capital Expenditures	\$205	None.	
General Fund Balance	\$110,287	June 30, 2021 Financial Statement	
Restricted Funds Balance	N/A	June 30, 2021 Financial Statement	
Unrestricted Net Assets	(\$41,643)	June 30, 2021 Financial Statement	
Capital Assets	\$209,034	June 30, 2021 Financial Statement	
Net Position	\$167,391	June 30, 2021 Financial Statement	
Debt & Unfunded Pension/OPEB Liabilities- Year Ending June 30, 2021			
Long Term Debt	The PVVDL has no long-term bond or secured debt		
Unfunded Pension Liability	The PVVDL has \$186,415 in unfunded pension liability.		
Unfunded OPEB Liability	The PVVDL has no unfunded OPEB liability		
Notes			

Figure 3-1- Boundary/SOI Map – Palo Verde Valley District Library

Palo Verde Valley Library District and Sphere of Influence



GROWTH AND POPULATION PROJECTIONS

The PVVDL is located on the eastern border of Riverside County within City of Blythe. The District serves an area of approximately 27 square miles encompasses the City of Blythe. However, the District boundaries and SOI extend to the north, south and east County of Riverside boundaries and west to the western edge of the City of Blythe pocket area encompassing a total of 1,063 square miles. The District serves a population estimated at approximately 22,000 in 2022 per the California State Library, with a median household income in 2019 of \$45,385. 25.5% of the population lives in poverty.

The District's service area has potential for growth, primarily within the City of Blythe. However, adjacent areas are primarily agriculture and desert land. Although the District does not have statistics for projected population growth, the City of Blythe's population growth is projected to increase by approximately 2.1 percent annually over the next 10 years, although the previous 10 years showed a .78% decrease in population. The Library District also works closely with the Inland Library System consortium.

ACCOUNTABILITY AND GOVERNANCE

Governance

The PVVLD is governed by a five-member Board of Trustees, elected at large to four-year staggered terms. The Board of Trustees meets on the last Wednesday of each month, at 11:30 am at the Library/District Office, 125 W. Chanslorway, Blythe, CA 92225. The District's Board of Trustees consists of a President, a Vice President, a Secretary and two Trustees. There are no current vacancies on the Board.

PVVDL Board of Trustees	Term Expires
Elaine "Nell" Rowden	2024
Rosemary Marlowe	2022
Joyce Anderson	2022
Noelle McMillin	2024
Nancy Meyer	2024

Generally, the powers the Board of Trustees may exercise are to establish, equip, and maintain a public library for the dissemination of knowledge of the arts, sciences, and general literature. The District may also do other functions necessary or proper for carrying out the purposes specified under the Education Code (19400). The District reports that all Trustees are current on their required Fair Political Practices Commission Form 700 Conflict of Interest Statements, however does not keep track of ethics training.

Website Transparency

In general, the PVVDL website is organized and hosts a wide variety of information regarding library services and activities for public access. Information provided includes announcements for library events, website pages for various levels of adult, teen and

children materials and programs, and various links to other information and media portals. Meeting agendas are posted on the District's website, however staff reports are not included, nor Board of Trustees approved meeting minutes. The website does not contain direct email addresses to contact Board of Trustee members for direct access. The website has information available regarding library cards and a Frequently Asked Questions page. However, no pertinent financial information for the District including budgets, annual audits and current staff compensation are available on the website. The District should consider adding this information to its website.

Customer/Constituency Communication

The District employs avenues such as the website, Facebook, local newspaper, Public Comment opportunities at Board meetings, open door policy with Director, public relations events with other community organizations for providing relevant current information on events, library activities and other items of interest

The District supports the Friends of the Library, a non-profit organization that supports the library in raising funds for supporting library equipment, materials and programs. Information on the organization is listed on the District website.

Customer/Constituency Accountability

The State Library collects statistics from all public libraries in California on an annual basis, via the required Annual Public Library Report submitted by the District. Additionally, the District generates daily, weekly and monthly statistics to measure service performance and receives comments from public interaction. The District strives to maintain awareness of public wants and needs, support and knowledge by library staff, speed and accuracy of library services, access to the physical collection, and availability of public access computers and Wifi.

Customers dissatisfied with District services, can submit complaints directly to the District Director. All complaints are handled in a direct and timely fashion by the District Director, and documented, filed and maintained in the District Director's reports. The District reports that no formal complaints have been filed in 2020 or 2021. Most complaints are people wanting more time on the computer, not wanting to pay overdue fines, or having issues with other library users.

The District conducts employee performance reviews annually, Reviews are performed by the District Director. The District maintains a very comprehensive and extensive Policies and Procedures Manual and Personnel Manual for staff utilization.

SERVICES – FACILITIES - INFRASTRUCTURE

Service Overview

The PVVDL is a very small, single branch rural library (maximum occupancy capacity-125) in a small town. The library facility is the only public library located within an approx.

100 miles radius of the nearest major city (Indio, Palm Desert, Phoenix, Yuma). The library facility is isolated and the issues, needs and services vary from other libraries. The District reports that the community is on the decline which affects what services the District is able to provide, which also affects funding as all revenue is derived from property taxes.

The PVVDL provides access to a variety of physical media formats to all residents of the District. These include book and DVD loans, as well as encyclopedias and other reference books. In addition to these resources, the District provides reference assistance to customers, children programs-Weekly Story Time, public access computers – 8 PCs, public WiFi, and photocopy services.

The District does not contract for major services other than annual audit services and legal counsel as needed. The District does not provide contract services to other agencies.

Facilities/Infrastructure

The PVVDL facility is located at 125 W. Chanslorway, Blythe, CA 92225. And is open five days a week, Monday through Friday. The facility maximum occupancy capacity is approximately 125. The facility houses the library and District office/meeting room. The only other infrastructure the District owns and maintains are office equipment to support library and administrative functions. The District has no other facilities nor infrastructure.

Service Adequacy

Since its existence, the PVVDL has provided the services it has intended to provide with no significant issues, other than funding constraints. The District does not presently have any capacity or service constraints for the current service level, however, has experienced reductions in service over the years due to budget constraints. Some of these reductions include limiting hours of operation, reducing staff and reduction in programs.

The District tracks workload by utilizing time sheets, job descriptions and employee evaluations. Forecasting of service needs are performed through projection of community needs and upcoming events, trends in library programs, and needs and requests expressed by patrons, community members. Objectives and goals are established based on needs and requests from the community and availability of budget allowances. Additionally, services are evaluated and addressed in the District's Annual Public Library Report submitted to the CA State Library

Facilities/Infrastructure Needs

The PVVDL reports that due to the lack of any substantial development growth currently, maintaining the existing facility with limited resources is the priority focus of the District at this time. The District does not maintain a long-range Capital Improvement Plan, and has no plans for any facility upgrades, expansions or other capital type projects. The District

reports that it does not foresee any necessity for these endeavors, in the short or long term, and does not have sufficient funding to establish a Capital Improvement Program.

Cooperative Programs

The PVVDL participates in cooperative programs with the Friends of the Palo Verde Library, a 501(c)3 non-profit that provides additional support to the library through volunteers, book donations/book sales, and community fund raising projects (Craft Sale, Opportunity Drawing, Donations).

The PVVDL is not a member of any Joint Powers Authority, however does participate in regional planning efforts as part of the affiliation with the Inland Library System library consortium.

FINANCIAL OVERVIEW

The PVVDL carries all operational budgeting and accounting in one overall governmental fund (General Fund) Property taxes comprise the most significant source of revenues for the General Fund, by Charges for Services, Interest Earnings and Donations. Salaries and Benefits comprise the most significant expenditures for the District, followed by Services and Supplies and Capital Outlay.

The District has no bond or secured debt, and no other significant long-term liabilities other than the unfunded pension liability with CalPERS. The District conducts an independent audit annually, the last three years reflecting an “unmodified” opinion, and provides all required reporting to the State Controller’s Office as required by statutes.

Overall, the financial position of the District is considered relatively stable at this time, with reasonable adequacy of unrestricted fund balance available for short term potential revenue/expenditure deficits. However, although increased revenues have been outpacing annual costs this trend may not sustain over the long term. Lacking the ability to raise additional revenue without voter support or by other legislative means, adequate service provision could be in jeopardy in the future. The District reports that this is a large concern given the economic state of the area in general, and lack of sufficient economic growth and development which would enhance District property tax revenues.

Table 3-2 following, provides a snapshot of key financial data from the last three fiscal years. An analysis of the data related to several key financial status and financial health indicators follows.

Table 3-2- Financial Information – Palo Verde Valley District Library

Financial Information (Actuals – Audited Financial Statements)			
	FY 20/21	FY 19/20	FY 18/19
General Fund Revenues	\$391,996	\$369,609	\$375,045
General Fund Expenditures	\$345,667	\$359,800	\$370,401
General Fund Surplus/(Deficit)	\$46,329	\$9,809	\$4,644
Restricted Funds Revenue	N/A	N/A	N/A
Restricted Funds Expenditures	N/A	N/A	N/A
Restricted Funds Surplus/(Deficit)	N/A	N/A	N/A
Capital Expenditures (Depreciable)	\$205	\$497	\$27,107
Debt Service Expenditures	None	None	None
Long Term Liabilities * (Excludes Pension/OPEB)	\$13,300	\$13,189	\$13,249
Unassigned Fund Balance	\$89,077	\$43,066	\$33,369
Non-Spendable Fund Balance	47,910	\$7,703	\$7,531
Capital Assets (Net of Depreciation)	\$209,034	\$228,122	\$248,654
Unfunded Pension Liability	\$186,415	\$174,793	\$160,992
Unfunded OPEB Liability	None	None	None
Net Position	\$167,391	\$156,899	\$189,560
* Long Term Liabilities include Compensated Absences			

There are nine primary areas of criteria that have been utilized for this report to assess the present and future financial condition of the District's ability to provide efficient service operations as discussed below:

1. 3-Year Revenue/Expenditure Budget Trends
2. Ratios of Revenue Sources
3. Ratios of Reserves or Fund Balance to Annual Expenditures
4. Annual Debt Service Expenditures to Total Annual Expenditures
5. Net Position
6. Pension and OPEB Unfunded Liabilities
7. Capital Assets and Capital Improvement Plan
8. Fee Structure for Services Provided
9. Cost Avoidance Programs

3 Year Revenue/Expenditure Budget Trends

A trend analysis of revenues and expenditures provides a relatively quick snapshot of financial stability, and financial management of budgetary ebbs and flows over a short period of time. A review of the most recent 3 years of audited revenues and expenditures is utilized for this MSR.

For the PVVDL, the General Fund revenue trend has generally fluctuated over the last three fiscal years, however, is higher in FY 20/21 than in FY 18/19. The expenditure trend has decreased annually over the same period of time which has allowed significant

surpluses to begin accruing in the unassigned fund balance and available for use if needed. This is certainly a positive trend.

However, the limitations on expanding the District revenues coupled with potential future cost increases could over time create a potential for decreased services. PVVDL has only a fairly adequate unassigned fund balance available, however, when viewed with the District's unfunded pension liabilities and recognizing unanticipated major expenditures could arise, any drawdown of the current fund balance is considered limited.

Ratios of Revenue Sources

Diversity of revenues is an indicator of any public agency's ability to withstand a major loss in one revenue stream without a significant impact to operations and services. Ideally, an agency should have 3-4 revenue streams that are as equally balanced as possible, however, that isn't always possible in some agencies.

The PVVDL receives approximately 98% of its overall revenues in the form of property taxes. The remaining 2% comes from charges for services, fines, interest earnings, and donations. Since the District's revenue stream is not diversified to any extent, alternative sources of revenue would be ideal for absorbing a significant decrease in the one revenue source that is heavily reliant on for service provision.

However, alternative revenue sources are not readily available to the District to allow for further diversification. Property taxes are generally a relatively stable revenue source, however, as cost increases for service provision continue upward, property taxes revenues must keep pace with those increases. Overall, the revenue status of PVVDL can be considered sustainable for the near term

Ratio of Reserves or Fund Balance to Annual Expenditures

An indicator of the ability to absorb an unexpected loss of revenue in a given fiscal year is exhibited by the amount of unrestricted cash reserve or fund balance the service fund maintains in relation to the annual fund expenditures. A ratio of 30% or greater of fund balance/reserve to annual expenditures is generally considered an adequate ratio to maintain.

The PVVDL's combined General Fund unrestricted fund balance of \$89,077 for FY 20/21 is approximately 26% of combined expenditures. The District is below the threshold of a reasonable reserve, however, the trend over the last three fiscal years has been upward, at a fairly significant pace. The District is considered in reasonably good position to support a short-term downturn in revenue and maintain service levels.

It should be noted that although these ratios are fairly adequate, unfunded pension liabilities, could in time require utilization of a potentially significant portion of this fund balance to maintain services.

Annual Debt Service Expenditures to Total Annual Expenditures

The ratio of annual debt service to total fund annual expenditures is an indicator of the District's ability to meet debt obligations in relation to service provision expenditures. Ideally, a ratio of 10% or less would reflect a very stable ratio. The PVVDL has no bond or other secured debt, therefore no ratio to assess, which in turn a positive aspect to overall financial stability.

The PVVDL has no bonded or secured debt, there for has no debt service requirements. This is a positive position, in particular given the overall financial structure and funding constraints under which the District is required to operate. The District has unfunded pension liability requirements. The District does not have unfunded OPEB liabilities. These liabilities are discussed further below.in this report.

Net Position

An agency's "Net Position" as reported in its audited financial statements represents the amount by which assets (e.g., cash, capital assets, other assets) exceed liabilities (e.g., debts, unfunded pension and OPEB liabilities, other liabilities). A positive Net Position generally provides an indicator of financial soundness over the long-term. However, Net Position also includes the value of capital assets that may or may not be easily liquidated. Therefore, Net Position could potentially be skewed when viewing it in the aspect of liquidity.

The FY 20/2 ending net position for the PVVDL was calculated by the auditors at \$167,391 with (\$41,643) identified as unrestricted (includes the net amount of the assets, deferred inflows and outflows of resources, and liabilities that are not included in the determination of restricted or net investment of capital assets, with an unassigned fund balance of \$89,077. As compared to annual revenues and expenditures, this reflects a reasonable amount of net position and cash fund balance, indicating reasonable stability with its ongoing governmental activities for the foreseeable future.

It is noted that the annual net position over the past three fiscal years does fluctuate between increases and decreases. As capital assets are subject to depreciation, reductions of those asset valuations reflect negatively on net position. However, increases in other assets such as net cash assets, or reduction in other long-term liabilities will offset some or all of those decreases.

Pension and OPEB Unfunded Liabilities

Unfunded pension and OPEB liabilities present one of the most serious fiscal challenges facing many public agencies in California today. When reporting required under Government Accounting Standards Board (GASB) Statement #68 was implemented, many public agencies were awakened by the reality of the long-term unfunded liability aspect of their respective pension and OPEB obligations.

PVVDL employees' retirement pensions are covered under the California Public Employees Retirement System (CalPERS) pension system, in the Miscellaneous Plan category. According to the most recent audit report ending June 30, 2021, the CalPERS actuarial report for the measurement period ending June 30, 2020, lists the current Unfunded Pension Liability at \$186,415. This liability comprises approximately 209% of the District's unassigned fund balance, a significant negative ratio. Mitigation of current unfunded liability and potential liability increases should be considered by the District.

The PVVDL does not contribute to other Post-Employment Benefits for retirees. Therefore, the District does not incur any OPEB unfunded liabilities.

Capital Assets and Capital Improvement Program

Capital assets must be adequately maintained and replaced over time and expanded as needed to accommodate future demand and respond to regulatory and technological changes. Depreciation typically spreads the life of a facility over time to calculate a depreciation amount for accounting purposes. The actual timing and amount of annual capital investments require detailed engineering analysis and will differ from the annual depreciation amount, although depreciation is a useful initial indicator of sustainable capital expenditures.

The PVVDL's capital assets include the library/office facility and equipment/furniture, all of which are subject to depreciation. As of June 30, 2021 the District had \$957,781 in capital assets and \$748,747 in accumulated depreciation, resulting in \$209,034 net capital assets. Depreciable assets include the facility and improvements, equipment and furniture, and books.

The District does not maintain a long-range Capital Improvement Plan, and has no plans for any facility upgrades, expansions or other capital type projects. The District reports that it does not foresee any necessity for these endeavors in the short or long term, and does not have sufficient funding to establish a Capital Improvement Program.

Fee Structure for Services Provided

Most public agencies charge fees for various services provided.

The PVVDL collects virtually all of the District revenue from property taxes. Per California State Library policy, library cards are free to all California residents, whether they live inside or outside of the District. Very little revenue is fee based. Fees are through Fines for a lost library card are \$2 and range from \$0.25-\$1.00 per day for late materials. Copy services range from \$0.30 to \$0.70 per page.

Cost Avoidance Programs

The PVVDL reports that there are no formal cost avoidance programs in place. The District manages to budget and does minimize costs wherever possible, operates with limited staff, and still delivers the services the public desires and needs. The District

reports that due to budget constraints since 2016 the District has cut costs, staffing levels, hours of operation and programs to the bare minimum. Each staff member has taken on more responsibility (reduced staffing) without monetary compensation (no raises since 2016). The operations of the District are appropriately managed for the services performed.

DISADVANTAGED UNINCORPORATED COMMUNITIES

LAFCO has determined that there are nine Disadvantaged Unincorporated Communities associated with the City of Blythe, all within the PVVDL's boundaries and SOI. All nine are either in, adjacent to, or in close proximity to the City of Blythe's SOI. As the PVVDL is the only library facility within 100 miles of another facility, these DUCs are being served by the District.

STATUS OF ISSUES IDENTIFIED IN MOST RECENT MSR

The last MSR for the PVVDL was conducted in 2007. The MSR report identified several website transparency issues related to lack of financial audit and budget information available, agenda reports not posted, and limited information on the Board of /trustees. These issues remain today. There is no financial information posted, no direct access to the Board of Trustees, and no staff reports included with the agenda posting on the website.

GOVERNMENT STRUCTURE ALTERNATIVES

There is only one government structure alternatives that would is considered practical and applicable at this time:

Maintain the status quo.

The PVVDL's government structure currently in place is sufficient to provide the appropriate governance structure for the District. The District maintains a small staff, and is generally efficient in delivery of services. Therefore, the District's current structure should be maintained at this time.

RECOMMENDED MUNICIPAL SERVICE REVIEW DETERMINATIONS

Based on the information, issues, and analysis presented in this report, proposed MSR determinations pursuant to Government Code section 56430 are presented below for the LAFCO Commission's consideration:

1) *Growth and population projections for the affected area.*

- The PVVDL currently services a population of approximately 20,000 over a geographical area of approximately 27 square miles encompassing the City of Blythe. However, the District boundaries and SOI extend to the north, south

and east County of Riverside boundaries and west to the western edge of the City of Blythe pocket area encompassing a total of 1,063 square miles.

- The City of Blythe's population growth is projected to increase by approximately 2.1 percent annually over the next 10 years, with a likely resultant increase in District service growth. However, the population actually declined by .78% from the 2010 census to the 2020 census.

2) *The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.*

- There are nine Disadvantaged Unincorporated Communities associated with the City of Blythe, all within the PVVDL's boundaries and SOI. All nine are either in, adjacent to, or in close proximity to the City of Blythe's SOI. As the PVVDL is the only library facility within 100 miles of another facility, these DUCs are being served by the District.
- The area is a mix of residential, commercial rural and desert area with a substantial amount of population in the poverty level category for income.

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 sphere of influence.*

- The PVVDL's current facilities are adequate to support current services and absorb limited future growth. The District does not anticipate any need for expansion for the foreseeable future.
- Present capacity of providing the District's services is considered adequate for the foreseeable future.
- The restrictive nature of revenue sources for the District restricts the ability to provide additional services the District desires to provide.
- The DUCs associated with the City of Blythe are contained within the District's jurisdictional boundaries and are currently receiving services from the District.

4) *Financial ability of agencies to provide services.*

- The PVVDL has the financial ability to provide the current level of services provided into the foreseeable future.
- The District maintains a reasonable cash fund balance to cover short term revenue shortfalls that may arise.

- The District operates efficiently with adequate staff given the budget constraints. .
- The District has no real ability for obtaining alternative revenue sources such and grants due to lack of ability to provide matching funds.

5) *Status of, and opportunities for, shared facilities.*

- There is no foreseeable opportunity for shared facilities as the District only maintains one library building with no other structures.

6) *Accountability for community service needs, including governmental structure and operational efficiencies.*

- The PVVDL is governed by a five-member Board of Directors, elected at large.
- Service needs are being met to an adequate level. Operational efficiencies are optimized.
- The District primarily conducts outreach via its website, social media, and direct interaction with the public
- No direct contact information is listed for Board of Trustees, and no staff reports are provided with the agendas that are posted on the District website. Additionally, there is no financial information, specifically, budgets, financial statements or current compensation information available on the website. These items should be included for additional transparency to the public.
- No alternative government structure options are considered superior to the current structure at this time.

7) *Any other matter related to effective or efficient service delivery, as required by Commission policy.*

- No additional matters have been identified.

RECOMMENDED SPHERE OF INFLUENCE DETERMINATIONS

Existing Sphere of Influence

The PVVDL's existing sphere of influence is coterminous with its jurisdictional boundary.

Sphere of Influence Analysis

One of LAFCO's objectives is to eliminate illogical boundaries and associated service inefficiencies, where these issues exist. Although there is significant room geographical

area available for expanding the District's SOI to the west, the nature of the area, and the prospect of very slow growth in that portion of the County does not require an expansion at this time.

Sphere of Influence Options

Only one option is identified with respect to the PVVDL's SOI.

Option #1: Maintain the current SOI which is coterminous with the District's jurisdictional boundaries.

Should the LAFCO Commission wish to continue to reflect the intention to maintain the PVVDL's existing boundary, then reaffirmation of the current SOI would be appropriate.

Sphere of Influence Determinations

Following are the five recommended determinations for the LAFCO Commission's consideration as required by Government Code section 56425(e):

- 1) ***The present and planned land uses in the area, including agricultural and open-space lands.***
 - The PVVDL is not an authorized land use planning authority. The City of Blythe is responsible for land use planning within the city's boundaries, and the County of Riverside within unincorporated areas.
 - Current land use and zoning is a mix of residential, commercial, residential and open space uses. It is likely future land use decisions will mostly reflect development that will require District services.
- 2) ***The present and probable need for public facilities and services in the area.***
 - Current facilities and services are adequate to support the area, including support of limited future growth in the area.
 - Long term, there may be a need for expansion of library facilities if significant growth were to occur.
 - Expansion of services will require sufficient revenues to support the cost of any service expansion.
- 3) ***The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.***

- Sufficient capacity of facilities exists to support providing adequate public services authorized and being provided.
- Revenue restrictions hinders the ability to expand services to a more desired level.

4) *The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency.*

- A significant segment of the population that is served is economically disadvantaged and relies on the District's low cost and free services and programs.
- Nine disadvantaged unincorporated communities (DUCs) located within the City of Blythe's Sphere of Influence (SOI) receive District services as the only library within 100 miles of the nearest library in either Riverside County or Arizona.

5) *For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision(g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.*

- The PVVDL does not provide the listed services. The District does provide its services to the residents of the DUCs that are within and adjacent to the City of Blythe's SOI.

Chapter 4- Idyllwild Fire Protection District

OVERVIEW / BACKGROUND

The Idyllwild Fire Protection District (IFPD or District) is an independent special district formed in January 1946 by the Riverside County Board of Supervisors, under Health and Safety Code sections 14001-14314 (at time of formation). IFPD is located in the San Jacinto Mountains encompassing the unincorporated community of Idyllwild and surrounding areas. Total area served is approximately 5.2 square miles. The District serves a population of approximately 5,500.

The Idyllwild FPD provides a wide range of fire protection, fire prevention, emergency medical services and related programs within its jurisdictional boundaries. IFPD has consistently provided for the ongoing emergency needs of the community of Idyllwild for over 75 years including full fire suppression service and emergency medical services to include ambulance transportation services since 1947 and adding Advanced life support Paramedic services in 1979.

The District's sphere of influence extends beyond its current jurisdictional boundaries and encompasses the territory within County Service Area 38 (Pine Cove), and the unincorporated of Mountain Center. IFPD provides direct services outside of its service boundary as needed through automatic and mutual aid agreements with various governmental entities.

Mission Statement

"The Mission of the Idyllwild Fire Protection District is to protect lives, property, and environment in the community through the provision of comprehensive integrated, "ALL RISK" , fire protection, emergency medical service, and other emergency services that result in social, economic, and environmental benefits for the people of Idyllwild."

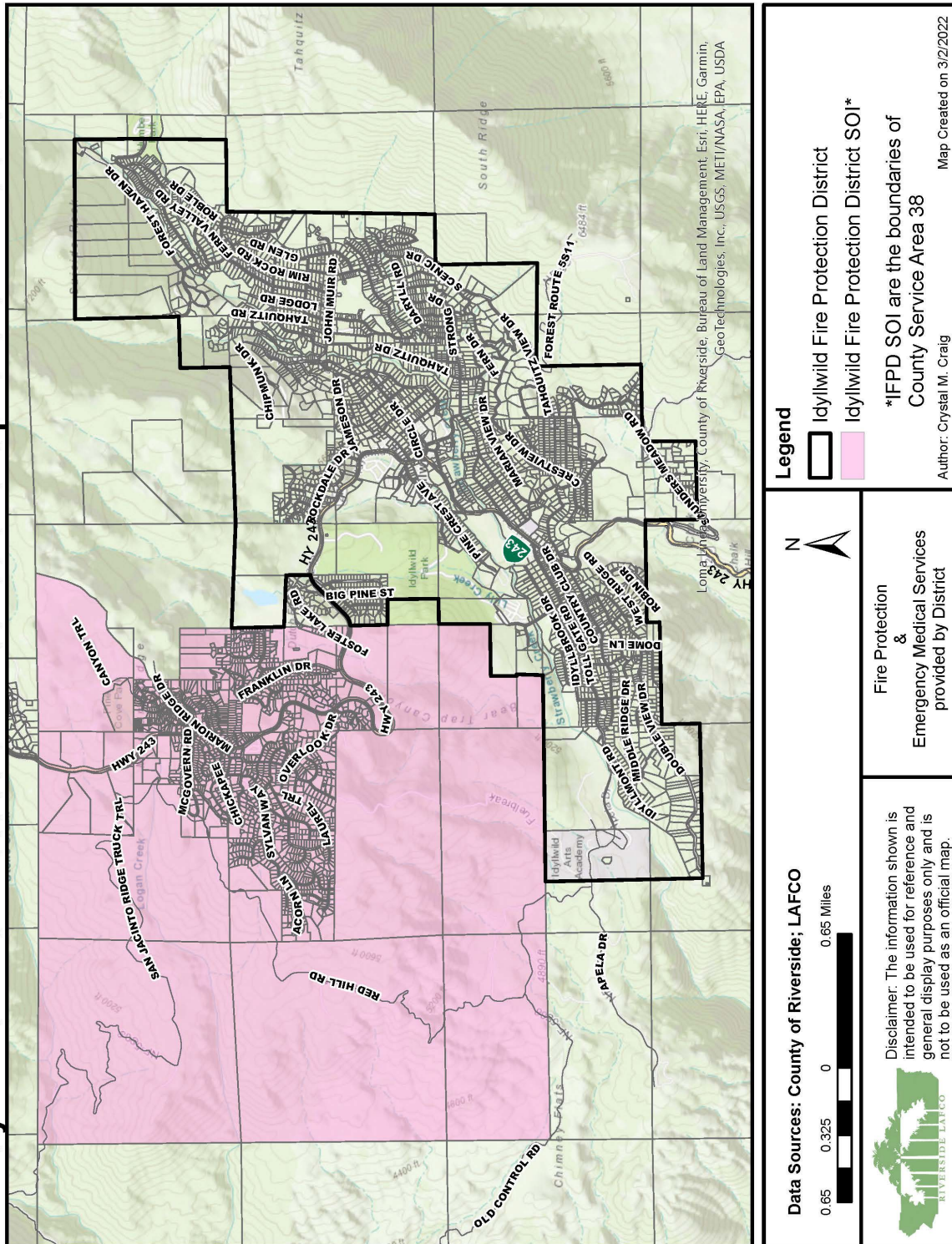
Table 4-1 on Page 67 provides a snapshot profile of the Idyllwild Fire Protection District. A map of the District's current boundary and SOI is shown in **Figure 4-1** on Page 68.

Table 4-1- Profile- Idyllwild Fire Protection District

General Information			
Agency Type	Municipal – Fire Protection District		
Principal Act	Health and Safety Code sections 14001, et seq.at time of		
Date Formed	1946		
Services Provided	Fire Protection, Fire Prevention, Emergency Medical Services, Public Safety Education		
Location	Idyllwild Community- San Jacinto Mountains. Office location: 54160 Maranatha Drive, Idyllwild, CA, 92549, (951) 659-2153		
Sq. Miles/Acres	Approximately 5.2 sq. miles		
Contact	Mark LaMont, Fire Chief marklamont@idyllwildfire.com		
Website	www.idyllwildfire.com		
Population Served	Approximately 5,500		
Last SOI Update	2007		
Governance/Staffing			
Governing Body	Board of Commissioners, elected at large		
Terms	4-year staggered terms		
Meeting Information	4th Tuesday of every other Month at 3:00 pm at the District Office/Fire Station- 54160 Maranatha Drive, Idyllwild, CA, 92549		
Total Staff	15 employees plus interns/reserve Firefighters and volunteers		
Staff Categories	Fire Chief, Battalion Chiefs, Captains, Engineers, Firefighters, Paramedics, EMTs and Administrative Assistant		
Facilities/Other Infrastructure			
Facilities	District Office/Fire Station Facility		
Other Infrastructure	Various Fire and EMS vehicles and equipment		
Financial Information- FY 19/20 Actuals (Audited Financial Statements)			
	Revenues	Expenditures	Net Surplus/(Deficit)
Governmental (General) Fund	\$2,634,590	\$2,531,760	\$102,830
Restricted Funds	N/A	N/A	N/A
Combined Funds	\$2,634,590	\$2,531,760	\$102,830
	FY 19/20	Long Term Planned Expenditures	
Capital Expenditures	\$208,646	CIP- FY 19/20-FY 24/25- \$1,306,200.	
General Fund Balance	\$1,124,547	June 30, 2020 Financial Statement	
Restricted Funds Balance	N/A	June 30, 2020 Financial Statement	
Unrestricted Net Assets	(\$2,035,330)	June 30, 2020 Financial Statement	
Capital Assets	\$475,170	June 30, 2020 Financial Statement	
Net Position (Combined)	(\$1,750,341)	June 30, 2020 Financial Statement	
Debt & Unfunded Pension/OPEB Liabilities- Year Ending June 30, 2020			
Long Term Debt	Long Term Debt includes Note & Lease Payables		
Unfunded Pension Liability	IFPD has \$3,081,000 in unfunded pension liability		
Unfunded OPEB Liability	IFPD has \$461,000 in unfunded OPEB liability		

Figure 4-1- Boundary/SOI Map – Idyllwild Fire Protection District

Idyllwild Fire Protection District and Sphere of Influence



GROWTH AND POPULATION PROJECTIONS

IFPD currently services a population of approximately 5,500 over a geographical area of approximately 5.2 square miles within the District's boundaries and sphere of adjacent areas. The District's service and surrounding areas has some potential for growth, primarily within the Idyllwild community and some areas adjoining the district boundaries, including Pine Cove and Mountain Center. The District anticipates that future growth will most likely occur in the Mountain Center area.

Although the District does not have statistics for projected population growth, the most recent census information for the Idyllwild Census Data Place (CDP) reflects 7.5% growth occurred from 2010 to 2020. Population growth into the future most likely will be similar.

ACCOUNTABILITY AND GOVERNANCE

Governance

IFPD is governed by a five-member Board of Commissioners, elected at large to four-year staggered terms. The Board of Commissioners meets on the fourth Tuesday of every other month at 3:00 p.m. at the District Office/Fire Station, 54160 Maranatha Drive, Idyllwild, CA, 92549, in the Conference/Training Room, and in addition by video-electronic means via Zoom Meetings.

The District's Board of Commissioners consists of a President, a Vice-President, a Secretary and two Commissioners. There are no current vacancies on the Board. Additionally, there is one committee, the Sustainability Committee, that meets to provide more specified leadership in certain areas.

Idyllwild Board of Commissioners	Term Expires
Henry Sawicki	2022
Daniel Messina	2022
Rhonda Andrewson	2022
Dennis Fogle	2024
Christina Reitz	2024

Generally, the powers the Board of Trustees may exercise are to establish, equip, and maintain fire protection, fire prevention and emergency services facilities, equipment and other related activities to provide direct responder public safety emergency fire and medical services. The District may also do all acts necessary or proper for carrying out the purposes specified under the Health and Safety Code, including Fire Prevention educational and enforcement activities.

IFPD has been granted a current Insurance Service Office (ISO) rating of 2. The ISO is a for profit organization that provides statistical information on risk. For the fire department, the ISO performs a Public Protection Classification. From this, the department is ranked on a 1 to 10 scale with 1 being the highest ranking. This rating is a reflection of how well

the District is able to serve the community. This high ranking is a very positive reflection of the District's high capability to provide their services to the communities served.

The District reports that all Commissioners are current on their required ethics training and the Fair Political Practices Commission Form 700 Conflict of Interest Statements.

Website Transparency

In general, the District website is very well organized and hosts a wide variety of information regarding fire protection, prevention and emergency medical services and other informational items for public access. The website contains email addresses to contact Board members for direct access, and all contact information for District management staff is included.

Meeting agendas and staff reports are posted on the District's website. Board approved minutes are posted within each months Board Packet, and draft minutes of the previous meeting are available at each Board meeting. Policies, all financial information (budgets, audits) along with information announcements are also available. Specific information pertaining to direct services available on the website include the District's Abatement Ordinance, and information on Defensible Space, Fire Restrictions, Forest Information, Readiness, Evacuation, Fireplace Safety and NFPA Education, events and emergency information.

Customer/Constituency Communication

The most direct communication and outreach efforts by the District are provided when responding to emergencies. This immediate access to residents and businesses affected by an emergency is the fastest means of providing immediate feedback and ability to provide information directly to the constituency. The District supports and hosts various community events, in particular, regularly scheduled blood drives, and provides information on the District website, through newsletters, postcards (provided when responding to an incident) and other informational updates.

The District supports and maintains an active volunteer fire company which encourages citizen participation in District activities. Volunteer Fire Company 621 joined IFPD on July 1, 2011, and is a non-profit 501(c)(4) organization dedicated to protecting the mountain community of Idyllwild California.

Customer/Constituency Accountability

The District maintains an extensive catalog of Board policies regarding all facets of operations and fiduciary responsibilities. This set of policies includes customer relations and complaint procedure policies, as well as staff evaluation policies and fiscal policies. The entire Board policy document is available on the District's website. Board policies are reviewed/updated and approved within a (2) year review cycle.

The District routinely evaluates operations, productivity and customer service on a

monthly basis. Response Times and costs associated with service delivery along with community input are utilized for these evaluations. Budget reviews, monthly financial reports, and the monthly Chief's Report are utilized along with timecard logs as resources for the reviews.

The customer may submit a formal complaint via email, fax, postcard (provided at the time of service), telephone or in person. Concerns or complaints are handled at the lowest level possible for resolution. First-line staff will work to resolve the complaint. If unresolved, the Fire Chief will engage in a resolution of the complaint. If the complaint remains unresolved, the customer may request that the Board of Commissioners address the complaint directly. The District maintains a complaint log that tracks the number and type of all formal complaints. The District reports that no formal complaints were filed in 2020 nor 2021.

Employee evaluations are performed on an annual basis by the individual's direct supervisor. The Fire Chief is evaluated by the Board of Commissioners annually. The District generally conducts training sessions throughout the year to ensure the highest levels of expertise required for the type of functions performed is maintained. District personnel meet and exceed all NFPA standards and guidelines.

SERVICES - FACILITIES - INFRASTRUCTURE

Service Overview

The District provides a wide variety of public safety fire and emergency medical services, other related fire services. Below lists the services provided by IFPD:

- Fire / EMS Protection & Suppression Including:
 - ✓ Basic & Advanced Life Support Medical Services & Transport
 - ✓ Search & Rescue
 - ✓ Public Assistance
 - ✓ Public Safety Education
- Fire Prevention Services Including:
 - ✓ Property abatement inspections
 - ✓ Escrow inspections
 - ✓ Commercial fire inspections
 - ✓ Plan / permit inspections

First and additional Responder services are provided to areas outside of the District's jurisdictional boundaries through automatic and mutual aid agreements with other local, state and federal agencies. In many incidents, IFPD is the First Responder to emergencies outside its jurisdiction as being the closest available resource to the emergency.

The District contracts for some administrative services such as accounting, payroll, annual audit and legal counsel as needed. The District does not provide contract services to other agencies, however is engaged in several mutual aid agreements with other agencies discussed further on in this MSR.

Facilities/Infrastructure

The District Office/Fire Station is located at 54160 Maranatha Drive, Idyllwild, CA, 92549. The Fire Station is a fully operational, fully equipped station with a variety of fire suppression and emergency response apparatus and equipment as noted below:

Fire Suppression Vehicles:

<u>Vehicle</u>	<u>Mileage</u>	<u>Condition</u>	<u>CIP Replacement</u>
Truck 621	28,141	Good	2026 - 1,200,000
Engine 621	33,893	Excellent	2028 - 850,000
Engine 622	59,165	Good	2026 - 850,000
Brush 621	49,395	Good	2025 - 425,000
Brush 622	121,580	Good	2026 - 425,000

Admin Vehicles:

<u>Vehicle</u>	<u>Mileage</u>	<u>Condition</u>	<u>CIP Replacement</u>
Battalion 6201	510	Excellent	2032 - 76,000.00
Chief 6200	19,203	Excellent	2032 - 72,000.00
2010 Chev 4X4 U621 85,852 (NEW FEEP Utility Vehicle was received and put into service)			

Ambulances:

<u>Vehicle</u>	<u>Mileage</u>	<u>Condition</u>	<u>CIP Replacement</u>
Medic Unit 1	30,743	Excellent	2032 - 220,000
Medic Unit 2	12,685	Excellent	2034 - 225,000
Medic 625	174,989	Fair	2025 - 165,000
Medic 626	53,780	Good	2026 - 210,000

All apparatus are fully equipped and outfitted to support their designed functions. The District does not have any other facilities, buildings or other infrastructure.

Service Adequacy

Since its existence, IFPD has provided the services it has intended to provide with no significant issues. The District does not have any capacity or service constraints at this time, and is fully capable of providing robust services to the current District boundaries, its SOI, and surrounding areas. The District reports that they have the capacity to provide

services to development in its projected future growth areas with no significant constraints. The District also is fully capable and available to service other service providers' areas through their mutual aid agreements.

IFPD, over the years, has adjusted to the ever-changing needs of the community by continuing to update and upgrade services as future needs are forecasted and ultimately arise. Early annual incidents volumes of 38 - 50 incidents are no longer the reality with incident volumes of over 1,200 incidents annually and daily incidents averaging 3.5. Currently the annual ambulance transport average is nearing 500.

However, as inflation ultimately raises the costs of providing these critical services the District acknowledges that financial constraints will provide the greatest challenges in the future. In general, the District does have the financial capacity to provide services at its current levels. Seeing upticks in incident volume and costs for providing these services the District anticipate that financial impacts will affect service capability in the future. The District reports that it is currently providing service at a cost well below the average for like service throughout the County.

The District reports that they are currently working closely with the IJS Forest Service on fire prevention projects and activities and anticipate that this will continue into the future. Collaboration with other cooperators is taking place as the District is currently providing ALS/BLS ambulance and emergency services to the unincorporated area(s) of Mountain Center which is not within the District boundaries.

Facilities/Infrastructure Needs

IFPD maintains a robust 5-Year Capital Improvement Plan (CIP) and coupled with the District's Strategic Plan, provides a road map for addressing current and future needs. The goals, strategies and objectives identified in the Strategic plan key on the following parameters: Fiscal Sustainability, Workforce Development and Succession Planning, Delivery of Excellence in Service, Operational Effectiveness and Emergency Preparedness.

The 5-Year CIP provides a very comprehensive planning tool for meeting the facility, apparatus and equipment needs to support the Strategic Plan goals. The District does not anticipate funding additional facilities in the short term as the District indicates it can support known anticipated growth. Funding will need to be identified for future facilities that may be required based on potential unknown future growth and potential expansion of the District related to that growth.

Cooperative Programs

IFPD is an active contributor to the overall Master Mutual Aid system and provides significant and critical equipment and labor resources for that shared mission. IFPD Overhead are qualified and certified to work in supervisory positions on interagency Incident Management teams. IFPD also provides services under automatic aid

agreements with Riverside County Fire, Calimesa Fire, Hemet City Fire, and others.

Wildland Fire Protection in and around Idyllwild is covered by Cal Fire, however IFPD quickens emergency response times and protects the high-risk region from potential wildfires more than nearby stations. The District also supports the US Forestry Service and US Agriculture Department as needed. Formal agreements with the US Forest Service for operational planning, Riverside County Fire for dispatch services and Complete Billing and Data Management for billing and collection of service fees.

IFPD is not a member of any Joint Powers Authority, except the Special Districts Risk Management Authority (Insurance), however the District does participate in regional planning programs with the Mountain Area Safety Taskforce, Cal Chiefs Association the Riverside County Fire Chiefs Association and the Riverside County Operations Group. IFPD is a member of the California Special Districts Association.

The District supports and maintains an active volunteer fire company (621) whose mission statement is “To provide highly trained, proficient and professional Fire and EMS assistance to the People of the Mountain Communities through dedicated and willing Idyllwild Volunteer Fire Company 621 Participants”. The volunteer fire company is a non-profit 501(c)(4) organization dedicated to protecting the mountain community of Idyllwild California. Volunteer Fire Company 621 joined IFPD on July 1, 2011.

FINANCIAL OVERVIEW

IFPD carries all operational budgeting and accounting in one overall governmental fund (General Fund), however, does reflect certain adjustments for different types of revenue and expenditures in the financial statements to the General Fund. For Financial Statement reporting, all revenues and expenditures and other reporting requirements are identified after adjustment, to one single fund for computing overall net position. The District conducts an independent audit annually, the last three years reflecting an “unmodified” opinion, and provides all required reporting to the State Controller’s Office as required by statutes.

Property Taxes comprise the most significant source of revenues for the General Fund, followed by Charges for Services, Grants/Contributions, and other minor various revenues. Expenditures are primarily for Salaries and Benefits, followed by Services and Supplies. Capital Outlay costs fluctuate each year and other expenditures include debt service obligations. The District does have significant long-term liabilities, the large majority related to pension and OPEB unfunded liabilities.

The District reports that they have the financial capacity to provide services at its current levels. However, seeing upticks in incident volume and costs for providing these services the District does anticipate that financial impacts will affect service capability in the future. The District reports that it is currently providing service at a cost well below the average for like service throughout the County. The District does report that reliance

on grants and donations is critical to adequately meet current District needs. In order to try and raise additional tax revenue, the District has placed tax measure initiatives on the ballot in the past and has not been successful reaching a two-thirds plus one vote. The most recent voter initiative reached a 63% yes vote short of success by an extremely small margin. Future initiatives are expected to be placed before voters in an effort to fund the agency adequately in the future.

Overall, the financial position of the District is considered relatively stable at this time, with sufficient unassigned (unrestricted) fund balance in the General Fund available for short term potential revenue/expenditure deficits. However, as noted previous, the annual escalating costs of providing services outdistancing the annual increase in revenues is noteworthy. Lacking the ability to raise additional revenue without voter support or by other legislative means, adequate service provision could be impacted.

Table 4-2 following, provides a snapshot of key financial data from the last three fiscal years. An analysis of the data related to several key financial status and financial health indicators follows.

Table 4-2- Financial Information – Idyllwild Fire Protection District

Financial Information (Actuals – Audited Financial Statements)			
	FY 19/20	FY 18/19	FY 17/18
General Fund Revenues	\$2,634,590	\$2,675,399	\$2,207,066
General Fund Expenditures	\$2,531,760	\$2,452,853	\$2,239,571
General Fund Surplus/(Deficit)	\$102,830	\$222,546	(\$32,505)
Governmental Fund Adjusted Revenue	\$2,640,553	\$2,641,224	\$2,250,538
Governmental Fund Adjusted Expenditures	\$2,697,880	\$2,549,303	\$2,153,183
Governmental Fund Adjusted Surplus/(Deficit)	(\$57,327)	\$91,921	\$97,355
Capital Expenditures (Depreciable)	\$208,646	\$58,834	\$89,088
Debt Service Expenditures	\$10,764	\$18,168	\$34,501
Long Term Liabilities * (Excludes Pension/OPEB)	\$326,671	\$158,002	\$161,535
Unassigned General Fund Balance	\$924,077	\$653,086	\$513,313
Non-Spendable General Fund Balance	\$200	\$200	\$200
Capital Assets (Net of Depreciation)	\$475,170	\$323,368	\$314,600
Unfunded Pension Liability	\$3,081,000	\$2,893,000	\$2,892,000
Unfunded OPEB Liability	\$461,000	\$374,000	\$455,000
Net Position	(\$1,750,341)	(\$1,693,014)	\$1,782,521
* Long Term Liabilities includes Compensated Absences, Note & Lease Payables			

There are nine primary areas of criteria that have been utilized for this report to assess the present and future financial condition of the District's ability to provide efficient service operations as discussed below:

1. 3-Year Revenue/Expenditure Budget Trends
2. Ratios of Revenue Sources

3. Ratios of Reserves or Fund Balance to Annual Expenditures
4. Annual Debt Service Expenditures to Total Annual Expenditures
5. Net Position
6. Pension and OPEB Unfunded Liabilities
7. Capital Assets and Capital Improvement Plan
8. Fee Structure for Services Provided
9. Cost Avoidance Programs

3 Year Revenue/Expenditure Budget Trends

A trend analysis of revenues and expenditures provides a relatively quick snapshot of financial stability, and financial management of budgetary ebbs and flows over a short period of time. A review of the most recent 3 years of audited revenues and expenditures is utilized for this MSR.

For IFPD, the General Fund revenue trend shows a fairly significant increase in FY 17/18, and then generally static since that time. However, the expenditure trend has increased at a rate that has generated minimal operating surpluses and some deficits.

The limitations on expanding the District revenues coupled with a general cost growth trend out pacing revenue growth, will over time create a potential for decreased services. IFPD does have a relatively reasonable unassigned fund balance available, however, when viewed with the District's unfunded pension and Other Post-Employment Benefits (OPEB) liabilities and recognizing that a reasonable reserve for unanticipated major expenditures could arise, any sustained drawdown of that fund balance if needed is considered limited.

Ratios of Revenue Sources

Diversity of revenues is an indicator of any public agency's ability to withstand a major loss in one revenue stream without a significant impact to operations and services. Ideally, an agency should have 3-4 revenue streams that are as equally balanced as possible, however, that isn't always possible in some agencies.

IFPD generally receives approximately 52% of its overall revenues in the form of property taxes. IFPD receives all Structural Fire Property Tax as a main source of revenue. Additionally, property owners within IFPD pay an additional annual \$65 parcel tax to supplement the fire and emergency services the District provides. Approximately 41% comes from charges for services with the remaining approximately 7% from grants, fines, permits and licenses, and interest income.

The District also solicits donations to support activities such as production the District Newsletter, the Annual Community Open House, CERT Training (in partnership with Mountain Disaster Preparedness (MDP), Wildland Protective Gear, and other Community Safety and Emergency Preparedness classes and meetings. The District also

raises funds for the Wildland Firefighter Foundation to support the immediate financial and long-term needs of the families of fallen Wildland Firefighters.

Since the District's revenue stream is not as diversified As ideally desired, alternative revenue sources are not readily available to the District to allow for further diversification. Additionally, increases in property or parcel taxes require authorization through a vote of the District constituency for any increases. As cost increases for service provision continue upward, with no corresponding increase in revenue, then long-term impact to services can be at risk.

Ratio of Reserves or Fund Balance to Annual Expenditures

An indicator of the ability to absorb an unexpected loss of revenue in a given fiscal year is exhibited by the amount of unrestricted cash reserve or fund balance the service fund maintains in relation to the annual fund expenditures. A ratio of 30% or greater of fund balance/reserve to annual expenditures is generally considered an adequate ratio to maintain.

IFPD's General Fund unassigned fund balance of \$924,077 for FY 19/20 is approximately 36% of combined expenditures. This percentage exceeds the 30% threshold of a reasonable reserve, and a significant increase over the previous two fiscal years. It should be noted that although this ratio is considered reasonable for operational purposes, unfunded pension and OPEB liabilities, and the negative trend of revenue growth to expenditure growth may in time require utilization of a potentially significant portion of this fund balance to maintain services.

Annual Debt Service Expenditures to Total Annual Expenditures

The ratio of annual debt service to total fund annual expenditures is an indicator of the District's ability to meet debt obligations in relation to service provision expenditures. Ideally, a ratio of 10% or less would reflect a very stable ratio. The IFPD has no bond or other secured debt, therefore no ratio to assess, which in turn a positive aspect to overall financial stability.

IFPD had a very small annual debt service obligation as of June 30, 2020 with a ratio of debt service to annual expenditures of approximately 0.4%, well below the ideal limit of 10%. It is noted that the Note Payables are scheduled to increase in FY 20/21 due to the acquisition of a new ambulance in FY 19/20. The District has no bond debt and the current debt is mostly related to Note Payables for equipment purchases and Compensated Absences. The District does have significant unfunded pension and OPEB liability requirements which are discussed further on in this report.

Net Position

An agency's "Net Position" as reported in its audited financial statements represents the amount by which assets (e.g., cash, capital assets, other assets) exceed liabilities (e.g.,

debts, unfunded pension and OPEB liabilities, other liabilities). A positive Net Position generally provides an indicator of financial soundness over the long-term. However, Net Position also includes the value of capital assets that may or may not be easily liquidated. Therefore, Net Position could potentially be skewed when viewing it in the aspect of liquidity.

The FY 2019/20 ending net position for the IFPD was calculated by the auditors at a deficit (\$1,750,341), with an unrestricted net assets deficit (\$2,035,330). This is a significant negative net position, however, the most significant portion of the net position is the included unfunded pension and OPEB liabilities.

This is not uncommon for many cities and special districts, and does not necessarily reflect a negative operational position for the agency. It is noted that the annual net position over the past three fiscal years does fluctuate, however, between increases and decreases. As capital assets are subject to depreciation, reductions of those asset valuations reflect negatively on net position. However, increases in other assets such as net cash assets, or reduction in other long-term liabilities will offset some or all of those decreases.

Pension and OPEB Unfunded Liabilities

Unfunded pension and OPEB liabilities present one of the most serious fiscal challenges facing many public agencies in California today. When reporting required under Government Accounting Standards Board (GASB) Statement #68 was implemented, many public agencies were awakened by the reality of the long-term unfunded liability aspect of their respective pension and OPEB obligations.

IFPD employees' retirement pensions are covered under the California Public Employees Retirement System (CalPERS) pension system, primarily in the Safety Plan, either as a Classic Employee or a PEPRA employee. The Miscellaneous Plan category contains non-safety personnel. According to the most recent audit report ending June 30, 2020, the CalPERS actuarial report for the measurement period ending June 30, 2019, lists the current Unfunded Pension Liability at \$3,081,000. This liability is significant as compared to the District's unassigned fund balance.

IFPD provides Post-Employment Benefits for retirees pursuant to the Public Employees' Medical and Hospital Care Act. As of June 30, 2020, 13 former employees were receiving \$300 per month in contributions toward their medical insurance premiums. As of June 30, 2020, and based on the measurement period ending June 30, 2019 the District's OPEB Unfunded Liability was calculated at \$461,000.

Capital Assets and Capital Improvement Program

Capital assets must be adequately maintained and replaced over time and expanded as needed to accommodate future demand and respond to regulatory and technological changes. Depreciation typically spreads the life of a facility over time to calculate a

depreciation amount for accounting purposes. The actual timing and amount of annual capital investments require detailed engineering analysis and will differ from the annual depreciation amount, although depreciation is a useful initial indicator of sustainable capital expenditures.

IFD's capital assets include the fire station/office facility and all fire suppression, emergency medical response vehicles and support vehicles, along with furniture, and equipment., all of which are subject to depreciation. As of June 30, 2020 the District had \$3,779,170 in capital assets and \$3,304,000 in accumulated depreciation, resulting in \$475,170 net capital assets, with approximately 67% percent being vehicles and the remainder being building, equipment and furniture.

IFPD maintains a robust 5-Year Capital Improvement Plan for facility, apparatus and equipment improvements, upgrades and replacement. The FY 21/22 budgeted capital expenditures is \$33,250. The total 5- Year planned expenditures for the period FY 20/21 through FY 24/25 is listed as \$1,306,200.

Fee Structure for Services Provided

Most public agencies charge fees for various services provided.

IFPD charges fees for various services related to permit issuance for new development and remodels and inspections, fire code enforcement and inspections, mitigation fees, and standby charges for community events when required. These fees are either hourly or fixed rate and range from \$40 to \$565 for fixed fee items and \$120-\$160 per hour for hourly charge items. A comprehensive fee schedule is available on the District website.

Additionally, the District charges fees for ALS/BLS paramedic/ambulance services. These rates are established by the IFPD Board of Commissioners as a component of the countywide rate system for these services.

Cost Avoidance Programs

IFPD implements cost avoidance measures wherever possible as a necessary action due to the revenue limitations to maintain services at current levels. The District reports that as they look to ensure the ongoing provision of District services to the constituency, IFPD Management and the Board of Commissioners is continually working through best practices, cost review, extensive procurement procedures, statistical review and efficiency reviews to ensure that these critical service needs will continue to be met.

The District manages its budget through ongoing study of statistical data and utilizes best practices for cost development and procurement. The IFPD consistently reviews the District's internal strategic plan and capital improvement plan along with in depth efficiency studies on an annual basis.

DISADVANTAGED UNINCORPORATED COMMUNITIES

LAFCO has determined that there are no Disadvantaged Unincorporate Communities contiguous to IFPD, so no additional analysis is required for IFPD in this report.

STATUS OF ISSUES IDENTIFIED IN MOST RECENT MSR

The last MSR for IFPD was in 2007. The 2007 MSR identified several items that the District could improve upon:

- Lack of a long term Capital Improvement Plan
- No analysis of Cost Avoidance opportunities
- Lack of formal regional coordination plans/agreements with other agencies
- Website transparency items related to related to agendas, financial statements and budgets

As noted throughout the MSR discussions, these items have all been rectified and are not considered a concern.

GOVERNMENT STRUCTURE ALTERNATIVES

There is only one government structure alternative that would be appropriate and applicable to IFPD at this time:

Maintain the status quo.

IFPD's government structure currently in place is sufficient to provide the appropriate governance structure for the District. The District maintains appropriate level staffing for the services provided, is efficient in delivery of services and appears to be diligent in not overextending. Therefore, the District's current structure should be maintained at this time.

RECOMMENDED MUNICIPAL SERVICE REVIEW DETERMINATIONS

Based on the information, issues, and analysis presented in this report, proposed MSR determinations pursuant to Government Code section 56430 are presented below for the LAFCO Commission's consideration:

1) *Growth and population projections for the affected area.*

- IFPD currently services a population of approximately 5,500 over a geographical area of approximately 5.2 square miles within the District's boundaries and sphere of adjacent areas.
- The District's service and surrounding areas has some potential for growth, primarily within the Idyllwild community and some areas adjoining the district

boundaries, including Pine Cove. The District anticipates that future growth will most likely occur in the Mountain Center area.

- Although the District does not have statistics for projected population growth, the most recent census information for the Idyllwild Census Data Place (CDP) reflects 7.5% growth occurred from 2010 to 2020. Population growth into the future most likely will be similar.

2) *The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.*

- There are no Disadvantaged Unincorporated Communities within or contiguous to IFPD's SOI.

3) *Present 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 sphere of influence.*

- IFPD's current facilities, apparatus, equipment and other infrastructure are adequate to support current services and absorb limited future growth.
- Present capacity of the District's services is constrained by funding constraints as revenues are not keeping pace with the rising costs of the services performed. Additional revenue sources, or a successful ballot measure to raise additional revenues may be necessary at some future point in time.
- There are no deficiencies related to DUCs as there are no contiguous DUCs.

4) *Financial ability of agencies to provide services*

- Currently, IFPD has the financial ability to provide the current level of services being provided. However, revenues not keeping pace with annual increases in costs for providing services, service impacts may occur in the future.
- The District operates in an efficient manner and has a Strategic Plan in place that guides financial and operational decisions as resource availability is determined. Overhead and administrative costs are minimized to the best extent practicable.
- Lacking the ability to obtain alternative revenue sources, and with the restrictions on raising additional tax revenues unless a two-thirds approval of registered voters is obtained, long term financial stability is a concern.

5) Status of, and opportunities for, shared facilities.

- IFPD currently work closely with the USFS on fire prevention projects and activities and anticipate that this will continue into the future. Collaboration with other cooperators is taking place as the District is currently providing ALS/BLS ambulance and emergency services to the unincorporated area(s) of Mountain Center which is not currently within district boundaries nor the SOI.
- There is no foreseeable opportunity for shared facilities as the District only maintains one fire station/office building with no other structures. The District does not anticipate the need for an additional fire station in the current planning horizon.

6) Accountability for community service needs, including governmental structure and operational efficiencies.

- IFPD is governed by a five-member Board of Commissioners, elected at large. Overall staffing is approximately 15 personnel plus interns and volunteers.
- Service needs are being met. Operational efficiencies are optimized well given the annual funding limitations.
- The District primarily conducts outreach via its website, newsletters and direct interaction with the public when attending community events and when providing direct services.
- Direct email contact information is listed on the District website for Board members and senior staff. The website also contains agendas, staff reports, financial statements and budgets, the District Strategic Plan and Capital Improvement Plan.
- No alternative government structure options are considered superior to the current structure at this time.

7) Any other matter related to effective or efficient service delivery, as required by Commission policy.

- No additional matters have been identified

RECOMMENDED SPHERE OF INFLUENCE DETERMINATIONS

Existing Sphere of Influence

IFPD's existing sphere of influence extends beyond its jurisdictional boundaries encompassing the area covered by County Service Area 38 and Pine Cove.

Sphere of Influence Analysis

One of LAFCO's objectives is to eliminate illogical boundaries and associated service inefficiencies, where these issues exist. Currently, expansion of the District's SOI would not result in any change of service delivery to the areas available as no significant future growth is anticipated. The District does anticipate potential growth in the Mountain Center area south of Idyllwild.

Sphere of Influence Options

Only one option is identified with respect to IFPD's SOI.

Option #1: Maintain the current SOI.

Should the LAFCO Commission wish to continue to reflect the intention to maintain IFPD's existing SOI, then a re-confirmation of the current SOI would be appropriate.

Sphere of Influence Determinations

Following are the five recommended determinations for the LAFCO Commission's consideration as required by Government Code section 56425(e):

- 1) *The present and planned land uses in the area, including agricultural and open-space lands.***
 - IFPD is not an authorized land use planning authority. The County of Riverside is responsible for land use planning.
 - Current land use and zoning is substantially rural. With significant open space and protected forest area.
 - It is likely future land use decisions will mostly reflect maintaining the rural and open space nature of the area.
- 2) *The present and probable need for public facilities and services in the area.***
 - Current facilities and services are adequate to support the area, including support of limited future growth in the area.

- Long term, there may be a need for an additional fire station if any significant growth occurs within the District boundaries or the SOI.
- Expansion of services will require sufficient revenues to support the cost of any service expansion.

3) *The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.*

- Sufficient capacity of facilities exists to support providing adequate public services authorized and being provided.
- Long term services could eventually be impacted due to revenue growth not keeping pace with continued cost increases for the services provided.

4) *The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency.*

- There are no specific communities of interest within IFPD jurisdictional boundaries that require special attention nor have any service issues that the District would have responsibility over been identified.

5) *For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision(g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.*

- There are no disadvantaged unincorporated communities within or adjacent to the District's existing SOI nor nearby.

Chapter 5- Coachella Valley Mosquito and Vector Control District

OVERVIEW / BACKGROUND

The Coachella Valley Mosquito and Vector Control District (CVMVCD or District) is an independent special district formed in March 1928 by the Riverside County Board of Supervisors originally as the Coachella Valley Mosquito Abatement District. The District currently operates under Health and Safety Code sections 2000-2910 and serves a population estimated to be nearly 500,000 in the summer months and up to 1.5 million in the winter. The District boundary encompasses 2,095 square miles in the Coachella Valley. These areas include Cathedral City, Coachella, Desert Hot Springs, Indian Wells, Indio, La Quinta, Palm Desert, Palm Springs, Rancho Mirage, and unincorporated areas of the Coachella Valley. The District's sphere of influence extends beyond its current boundaries encompassing territory to the east extending to the California/Arizona border.

The CVMVCD's primary charge is protecting public health within its boundaries through the control of vectors (such as mosquitoes) and vector-borne diseases. Through an Integrated Vector Management program including Surveillance, Control, and Public Outreach and Education, the District's goal is to keep Coachella Valley residents and visitors safe from vector-borne diseases.

The Coachella Valley Mosquito Abatement District was formed to combat eye gnats in 1928. In October 1948, the first District entomologist, Dr. Ernest R. Tinkham, began his intensive research into eye gnat control. Dr. Tinkham confirmed that eye gnats could be controlled by the application of insecticide to the soil where eye gnat larvae breed. The District employed this practice for many years until insect resistance, environmental concerns, and budgetary constraints made it no longer feasible. In 1949, the Coachella Valley Canal was completed bringing an abundance of water to the Valley, which resulted in the formation of mosquito breeding sites from irrigation runoff. The abundance of mosquitoes created a nuisance as well as a health threat in the form of mosquito-borne virus transmission. In 1951, the District Board of Trustees formed a mosquito control department in addition to eye gnat control. In 1995, the District expanded to a full vector control agency and changed the name to the Coachella Valley Mosquito and Vector Control District. In 2005, the District added the Red Imported Fire Ant (RIFA) Program. Valley residents suffering from RIFA infestations could now call the District for property inspections and treatment of this pest.

Mission Statement

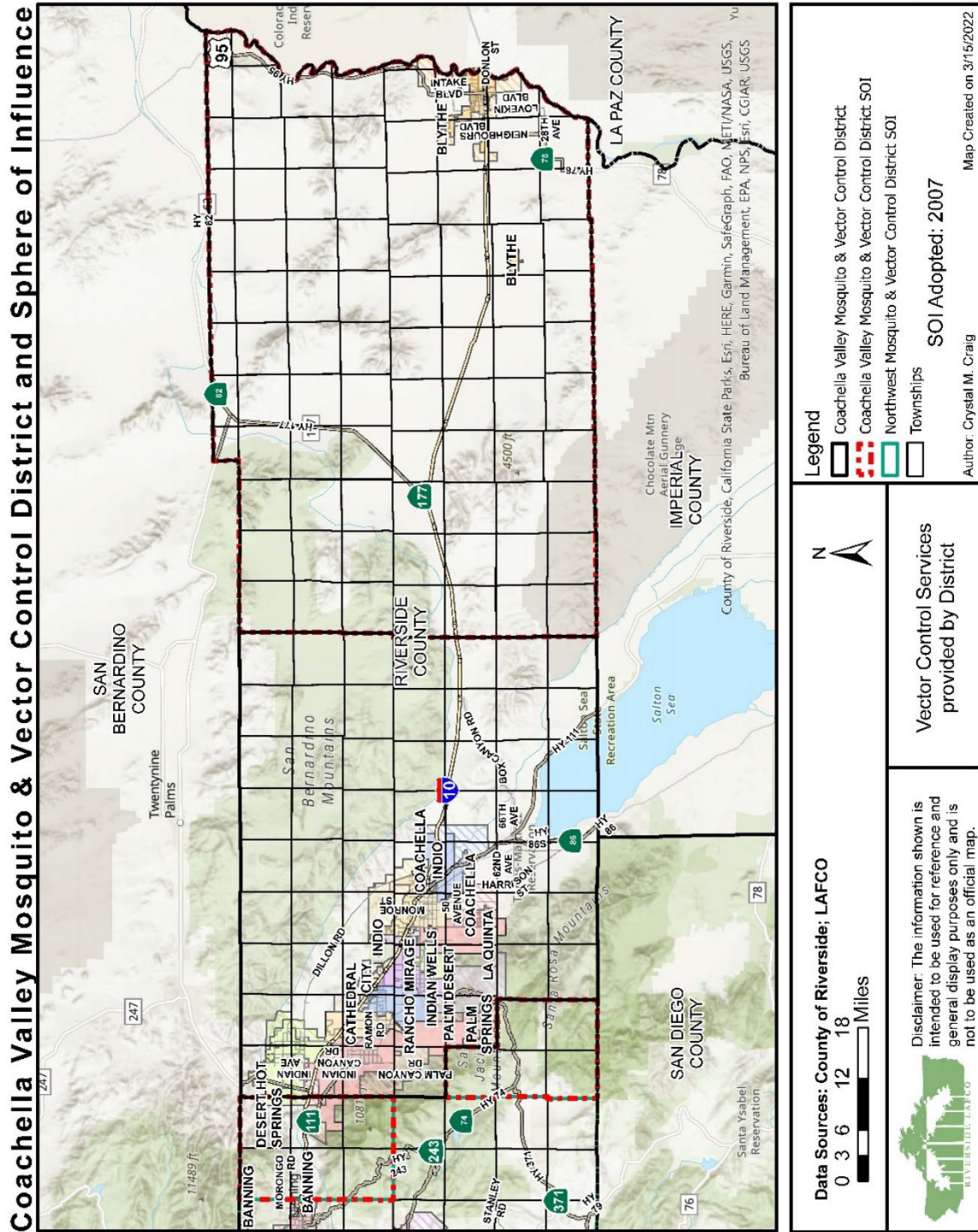
"We are dedicated to enhancing the quality of life for our community by providing effective and environmentally sound vector control and vector-borne disease prevention programs."

Table 5-1 on Page 86 provides a snapshot profile of the Coachella Valley Mosquito and Vector Control District. A map of the District's current boundary and SOI is shown in **Figure 5-1** on Page 87.

Table 5-1- Profile- Coachella Valley Mosquito and Vector Control District

General Information			
Agency Type	Municipal – Mosquito Abatement and Vector Control Districts		
Principal Act	Sections 2000-2910 of the California Health and Safety Code		
Date Formed	1928		
Services Provided	Mosquito and Vector Control services, Red Imported Fire Ant services		
Location	Coachella Valley area cities and unincorporated areas. Office location: 43-420 Trader Place, Indio, CA 92201 (760) 342-8287		
Sq. Miles/Acres	Approximately 2,095 sq. miles		
Contact	Jeremy Wittie, General Manager Jwittie@cvmosquito.org		
Website	www.cvmosquito.org		
Population Served	Approximately 500,000 in summer, 1.5 million in winter		
Last SOI Update	2007		
Governance/Staffing			
Governing Body	11-member Board of Trustees- 9 City and two County		
Terms	2 or 4 year appointed terms		
Meeting Information	2 nd Tuesday of the Month at 6:00 pm at the District office- 43-420 Trader Place, Indio, CA 92201		
Total Staff	68 employees plus seasonal staff		
Staff Categories	General Manager, Department Managers, Supervisors, IT, Accounting, Public outreach, Biologists, Laboratory Assistants and Technicians, Field Technicians, Administrative support		
Facilities/Other Infrastructure			
Facilities	District Office/Laboratory/Equipment Facility (Indio), Former District Office (Thermal)		
Other Infrastructure	Service vehicles and equipment		
Financial Information- FY 20/21 Actuals (Audited Financial Statements)			
	Revenues	Expenditures	Net Surplus/(Deficit)
General Fund	\$12,567,095	\$10,393,800	\$2,173,295
Restricted Funds	N/A	N/A	N/A
Combined Funds	\$12,567,095	\$10,393,800	\$2,173,295
	FY 20/21	Long Term Planned Expenditures	
Capital Expenditures	\$169,308	None.	
General Fund Balance	\$16,619,147	June 30, 2021 Financial Statement	
Restricted Funds Balance	N/A	June 30, 2021 Financial Statement	
Unrestricted Net Assets	\$13,038,016	June 30, 2021 Financial Statement	
Capital Assets	\$9,632,595	June 30, 2021 Financial Statement	
Net Position	\$22,670,611	June 30, 2021 Financial Statement	
Debt & Unfunded Pension/OPEB Liabilities- Year Ending June 30, 2021			
Long Term Debt	CVMVCD has no long-term bond or secured debt		
Unfunded Pension Liability	CVMVCD has \$1,612,919 in unfunded pension liability.		
Unfunded OPEB Liability	CVMVCD has \$ 453,746 in unfunded OPEB liability		

Figure 5-1- Boundary/SOI Map – Coachella Valley Mosquito and Vector Control District



GROWTH AND POPULATION PROJECTIONS

The CVMVCD currently services a population of approximately 500,000 in the summer months and up to 1.5 million in the winter over a geographical area of approximately 2,095 square miles. The demographics range throughout the valley. The demographics in the western portion of the District's range generally tend to show a larger population that is affluent, educated, white, and over the age of 65. The eastern areas of the District tend to have a higher population of residents of Hispanic descent, who speak Spanish in the home, have a median age in the early 30s, and where more than 30% of the population lives in poverty.

The District's service area has significant potential for growth, with steady annual increases in population growth rates attributable to the agency member cities and the county. The District envisions an increase in urbanization of either open desert or the conversion of agricultural land to urban/suburban use within the District boundaries in the future. This will take either nonproducing vector habitats (open dry desert) and easier to access agricultural land mosquito sources and convert them to more labor-intensive and time-consuming urban areas ripe for the infiltration of both native and invasive mosquitoes.

ACCOUNTABILITY AND GOVERNANCE

Governance

The CVMVCD is governed by an eleven-member Board of Trustees. The Board of Trustees are officials appointed by their respective member City Councils, one each for the nine-member cities, and two by the County Board of Supervisors, to govern the CVMVCD, and are highly dedicated to this community service. The Trustees are appointed for a fixed term of either two or four years, depending on what their appointing governing body establishes as appointment policy for the position.

The CVMVCD Board of Trustees meets every 2nd Tuesday of the month at 6:00 p.m. at the District Office, located at 43-420 Trader Place, Indio, CA 92201. The District's Board of Trustees consists of a President, a Vice-President, a Secretary, a Treasurer and seven other Trustees. There are no current vacancies on the Board of Trustees. Additionally, there are two standing committees, the Executive Committee and the Finance Committee, and eight ad-hoc committees that meet when necessary to provide more specified leadership in certain areas.

Generally, the powers the Board of Trustees may exercise are to establish, equip, and conduct operations necessary to address mosquito abatement and other vectors, red imported fire ant abatement, laboratory, and field research necessary for performing these tasks, and to provide direct responder services to mosquito, vector and red imported fire ant issue that are reported. The District may also do all acts necessary or proper for carrying out the purposes specified under the Health and Safety Code, including educational and enforcement activities.

The District reports that all Trustees are current on their required ethics training and the Fair Political Practices Commission Form 700 Conflict of Interest Statements.

CVMVCD Board of Trustees	Term Expires
Benjamin Guitron IV- Indio	2026
Clive Weightman- Indian Wells	2022
Isaiah Hagerman- Rancho Mirage	2025
Doug Walker- Palm Desert	2025
Bito Larson- County of Riverside	2024
John Pena- La Quinta	2025
Rita Lamb- Cathedral City	2022
Denise Delgado- Coachella	2023
Gary Gardner- Desert Hot Springs	2025
Dr. Douglas Kunz- Palm Springs	2024
Janell Percy- County of Riverside	2024

Website Transparency

In general, the District website is well organized and hosts a wide variety of information for public access. Included is significant information on mosquitoes, vectors and red imported fire ants, activities and issues related to efforts to control, an online service request portal for reporting issues requiring abatement, and public outreach and educational information. Annual reports, information on the Board of Trustees, policies, and related information are also available. Additionally, the District publishes periodic newsletters, also available on-line, and utilizes social media for the public containing relevant current information on activities and public health alerts, announcements, and other items of interest.

All pertinent financial information for the District including budgets, annual audits, assessment information, and staff compensation information. Adopted Minutes of meetings are not available directly on the website, however are included in the agenda packets for adoption, and there are no direct email addresses to contact The Board of Trustees or management personnel for direct access. The District should consider adding these features to its website.

Customer/Constituency Communication

The CVMVCD maintains a robust public outreach department and program. District staff regularly attend other public and private association meetings around the Coachella Valley to provide updates and information to constituents that reside in both city and unincorporated areas. District public outreach staff also take part in many community events where they set up a booth that focuses information on District programs, services, and what the public can do to protect themselves from mosquitoes and other vectors.

The District maintains active social media accounts and campaigns such as Facebook, Twitter, Instagram, and Next-door. Public Outreach staff also routinely issue media

releases concerning various important messages either related to District programs, mosquito virus activity, and ways the public can protect themselves from vectors and the pathogens they transmit. The District maintains a constant contact database to get these important updates to community leaders and constituents. The District recently conducted a market research survey to better understand what its constituents understand about mosquito and vector control in the community to better target outreach campaigns in the coming year(s). The District also offers presentations regarding vector control programs to students from preschool through college and hosted college interns interested in the field of public health and vector control.

The District also publishes each year an annual report that is placed on the website and sent to stakeholders, which allows for transparency of services and accomplishments each year. District staff is working on revising this report to provide a layered approach to information from an “at a glance” level of information then allows stakeholders to explore information further if so desired.

Customer/Constituency Accountability

Transparency and open government is a core value of the Coachella Valley Mosquito and Vector Control District according to the District. This is supported by the receipt of the District Transparency Certificate of Excellence by the Special District Leadership Foundation, a non-profit organization supported by the California Special Districts Association. The award recognizes special districts that exemplify outstanding efforts to promote transparency and good governance, achieving the eight essential governance transparency requirements, which include ethics training for board members, conducting open and public meetings, and filing financial transactions and compensation reports to the State Controller in a timely manner. The District has also fulfilled 15 website requirements and demonstrated regular community outreach in its governance.

Response time to service requests for a mosquito service request is targeted to be within 72 hours. For the red imported fire ant program, the goal is to conduct surveillance and treatments if needed on all schools, parks, and golf courses at least twice annually. Surveillance of treated large properties is also performed pretreatment to determine the type of treatment and subsets of post-treatment surveillance measures are conducted to ensure the efficacy of applications.

The CVMVCD conducts self evaluations of its performance to gather information relating to the effectiveness of services provided, and to obtain feedback on those services. The District reports that these are some of the activities they perform for these evaluations.

- Pre and post-surveys of neighborhoods targeted for enhanced mosquito control applications for the control of an invasive mosquito are conducted to gauge public perception of the impact of work performed.
- Pre and post-surveillance of treatments made to control vectors by vector control technicians are conducted to assess efficacy.

- Ride along or follow-ups are conducted by supervisors regarding work performed by field staff.
- Evaluations are conducted of aerial applications of mosquito control products, either pre and post surveillance or deployment of sentinel cages or cups during the applications to assess the effectiveness of the application.
- Annual audits are conducted of the District finances and submission of Annual Financial Reports to the Government Finance Officers Association of which the District has been recognized for its excellence in fiduciary responsibility and transparency in financial reporting for over a decade.
- Department annual goals are set each year typically by March and routine meetings are conducted to report on progress in meeting those goals by Department managers and supervisors and development of a 3-year Strategic Plans, routinely tracking and reporting out progress to the Board of Trustees on achievement of those time-bound goals and objectives.
- The District performs regular employee evaluations annually on the employee's anniversary date. The General Manager evaluation is completed each year in November. The employee's immediate supervisor performs assigned employees evaluations and the Board of Trustees for the General Manager's evaluation. Staff satisfaction surveys every three years are also conducted to determine if internal service is meeting the needs of the staff of the District.

Workload by staff is tracked through daily data entry by field staff into a mobile information database. Field supervisors can review and track work and data entries to assess work performance. The timeclock manager is used to track hours worked by the program and Department. The District tracks various aspects of routine work performed by Departments and compares it to multi-year averages of that same work to gauge increase or decrease from year to year. Year to year variations is normal due to both biotic and abiotic factors that impact vector populations and the pathogens they transmit. Also tracked are routine daily/weekly surveillance routes for staff who conduct adult mosquito surveillance.

Summary level reports are created and reported out on work performed by each Department in the Board of Trustees information packets every other month. Routine verbal reports are also delivered to the Board of Trustees and the public by both the General Manager and Department Managers.

Complaints can be submitted by phone, email, or online. Complaints are not compiled into a report. In general, complaints from residents in the Coachella Valley concern District activities such as noise complaints from a treatment helicopter. The Call Center staff is highly trained to address concerns. Complaints are typically resolved by call center staff. If a resident needs additional information, a supervisor is alerted and forwarded the complaint to resolve. If the matter is referred to a department manager or supervisor, the manager or supervisor addressing the complaint is tasked with ensuring the complaint is fully resolved.

SERVICES - FACILITIES - INFRASTRUCTURE

Service Overview

The CVMVCD maintains a staff of highly trained, state-certified vector control professionals to implement the District's scientifically planned Integrated Vector Management (IVM) program. Components of the IVM program include:

- Surveillance and Quality Control
- Physical Control
- Biological Control
- Microbial & Chemical Control
- Public Outreach

Specific main programs include:

Mosquito Control:

The District conducts surveillance (vector and mosquito-borne virus), physical control, and chemical control to reduce both immature and adult mosquitoes when adult populations are high or when mosquito-borne virus activity levels threaten public health. The District's operational effort to control mosquitoes is in large part directed by the distribution of the mosquito population as determined by the District's surveillance program. The District's well-established, science-based integrated vector management program aims to reduce or eliminate mosquitoes in an area in a fiscally and environmentally responsible manner.

Red Imported Fire Ant Control (RIFA):

The Coachella Valley is a desert environment that is not naturally suitable for RIFA survival, however, multiple daily irrigations of golf courses, lawns, flower beds and other horticultural landscapes, provide moist and relatively cool conditions conducive to RIFA survival. The RIFA program was established to reduce the potential for injury and economic impact on the residents and visitors of the Valley. Property inspections and control product treatments are conducted at prescribed intervals. The District uses chemical (ant baits) and biological control on a limited basis.

Other Vectors – including eye-gnats, flies, and rodents:

The eye gnat program utilizes thousands of baited bottle traps to "Trap Out" and reduces the abundance of eye gnats to tolerable nuisance levels. These traps are located at golf courses, parks, and agricultural areas. Fly populations benefit from both urban development and agricultural activities in the Coachella Valley. The District's goal is to suppress valley fly populations to tolerable levels and reduce the risk of fly transmitted diseases. To accomplish this objective, the fly program includes surveillance, public education, and suppression methods.

Honey Bee hives or swarms found on residential property are the responsibility of the homeowner. If a bee hive is found in or on a private structure, residents are encouraged to contact a licensed bee keeper or private pest control company licensed for bee removal. Once the hive is removed District staff can offer guidance on how to “bee proof” the property to reduce the likelihood that bees will reestablish a colony there. The District may carry out bee removal in cases where hives or swarms are located in a non-structural and accessible location, such as trees and bushes, in a public place where the bees pose an imminent threat to the public.

District staff conduct rodent inspections of building exteriors and surrounding grounds to determine the level of rodent activity, access points for rodents to enter buildings, food and harborage areas for rodents, and landscape management strategies and educate the resident on ways to limit rodent activity.

The District contracts with Icahn School of Medicine at Mount Sinai, UC Davis, UC Riverside and USDA for Applied Integrated Vector Management Research, and for arial mosquito control applications, Salton Sea Air Service and Oceanair Air Helicopters, Inc. Additionally, the District contracts for annual audit, human resources, assessment engineering, strategic and emergency operations planning and legal counsel as needed. The District provides contract services to the Riverside County Environmental Health Department for mosquito virus testing.

Facilities/Infrastructure

The CVMVCD owns the District facility in Indio, CA, and leases its old District facilities to another government agency in Thermal, CA. The District facility in Indio includes all administrative offices, laboratory facilities, and other facilities required for conducting operations. The only other infrastructure includes vehicles and equipment utilized for conducting operations. No duplicate facilities or infrastructure exists at this time within the District boundaries.

Service Adequacy

The CVMVCD is generally providing services at an adequate level. The District has the capacity and resources to provide service in areas within the current District boundaries. However, the spread of invasive mosquitoes in the Coachella Valley may impact that ability and this new invasive mosquito threat is driving the District to develop and implement novel control strategies and educate and empower the public to play an active role in reducing mosquito sources on their property. The District reports that as the urban areas grow, new development will hopefully continue to be water-wise, and the sources of new mosquito breeding sources will be greatly reduced in the new and expanding communities.

Adequate funding is available to provide services and operations and productivity of the services provided are routinely evaluated by the District. The District provides an Annual Report to the Board of Trustees and the public discussing activities performed, processes utilized, and statistics regarding services provided.

However, the District has noted that some areas of the District present challenges to adequately providing some services and potentially in the future. In particular, the Salton Sea Shoreline area is of concern. Current District boundaries terminate at about the Salton Sea State Park near the North Shore area of Riverside County. As the sea recedes this may produce more mosquito breeding sources just outside the District boundaries that could impact the mosquito population or potentially mosquito virus amplification, and as a result, may increase the District's workload adjacent to this boundary.

The District is maintaining an active leadership roles in professional organizations such as the Mosquito and Vector Control Association of California, the American Mosquito Control Association, and the Entomological Society of America. These associations foster a vast professional network that allows for network opportunities and collaboration on current and future programs in the District that benefits the public.

Facilities/Infrastructure Needs

The District utilizes a multi-year Capital Improvement Program for facilities and infrastructure (vehicles/equipment) improvements/replacements. The District contracts with a third-party consultant to conduct a periodic reserve analysis which is updated annually to ensure reserve levels are identified for necessary expenditures when required. The multi-year capital improvement plan is developed by staff using the reserve study as well as a vehicle and equipment replacement schedule to help fund and budget for replacing and/or upgrading facilities and equipment.

The District forecasts service and facility/infrastructure needs using several avenues of analysis. In the proactive planning portion, The District examines what has been done for the previous 5 years for service projections for the current year to be an average of those 5 years. The District also goes through a strategic planning process every three years to assess service needs, As noted previous, the District also commissioned a Capital Reserve study and from that developed a Capital Reserve Plan so that the District has adequate funding for the District capital asset needs to facilitate the continuity of service.

Cooperative Programs

The CVMVCD participates in numerous cooperative programs including:

- **California Department of Public Health Cooperative Agreement-** The agreement ensures that participating agencies follow correct calibration, reporting, and training criteria for all vector control technician staff. Signatories that meet the requirements are exempted from various other statutes that allow for more responsive mosquito and vector control applications to better protect public health.
- **Southern Region Mutual Aid Agreement-** This is a standing mutual aid agreement between 5 mosquito and vector control agencies in southern California pledging support either through staffing or other resources in the event of a major vector-borne disease outbreak or some other unforeseen emergency. The five

Districts are Greater LA County Mosquito and Vector Control, Orange County Mosquito and Vector Control, San Gabriel Mosquito and Vector Control, Northwest Mosquito and Vector Control, and the Coachella Valley Mosquito and Vector Control District.

- **Coachella Valley Water District Artesian Well Rebate Program-** Offer grants to private landowners to repair and/or cap uncontrolled water flow from artesian wells. This results in the elimination of mosquito sources caused by the uncontrolled flow of these wells. Grantees must adhere to certain parameters of the program to be eligible for the grant funds.
- **City Public Works Best Management Program-** The District identifies city and county-owned mosquito sources. Once this is done District staff meet with public works staff, share why the source produces mosquitoes, then work together to find long-term solutions either through the elimination of the water source if feasible and if not establishing a routine maintenance schedule for the site to reduce the mosquito production potential.
- **City Code Enforcement and Neglected Pool Draining Program-** The District has formed collaborative partnerships with several cities in the Coachella Valley to assist in the identification of and draining of neglected green pools that have become productive mosquito breeding sources.
- **District Abatement Program-** The District recently established an Abatement policy and program. This program aims to identify chronic and productive mosquito and vector sources in the Coachella Valley and work with the landowner to either eliminate or maintain sources to reduce mosquito and vector production. Elimination and maintenance of sources that are a result of the abatement process are funded by the property owner. If necessary, The District can fund and then put at lean on the property and recoup costs once the property sells.
- **UC Davis Arbovirus Research and Training (DART)-** The District has a long history with UC Davis through many years of collaboration and applied research. The District also continues to use DART as a backup mosquito-borne disease testing facility and actively uploads the District's surveillance and control data into a state-wide database called VectorSurv. VectorSurv is a public and access-controlled website that allows for visualization of mosquito and virus prevalence and modeling of risk for mosquito and arbovirus disease.
- **Cooperative Agreement with USDA Center for Medical, Agricultural and Veterinary Entomology (CMAVE)-** The District has had a long-standing cooperative agreement with CMAVE working together on mosquito and vector control method development for the Federally funded Deployed Warfighter Program (DWFP). This collaborative work aims to develop methods to better protect servicemen and women deployed to the middle east.

The District is a member of the **Vector Control Joint Powers Agency (VCJPA)**, a public entity formed in accordance with the California Government Code. The mission of the VCJPA is to actively promote the efficient, economical, and responsive delivery of self-insurance programs and professional risk management services deemed appropriate by the member entities. A member of the Agency must be from a district that is duly organized and existing under the laws of the State of California, pursuant to the Mosquito Abatement District/Vector Control District Law or the Pest Abatement District Law, and be approved for participation in the Agency.

The District is also a member of the California Special Districts Association.

FINANCIAL OVERVIEW

The CVMVCD carries all operational budgeting and accounting in one overall governmental fund (General Fund), however, does maintain separate internal reserve accounts for specified activities. The District conducts an independent audit annually, the last three years reflecting an “unmodified” opinion, and provides all required reporting to the State Controller’s Office as required by statutes.

Property Taxes and Benefit Fees (property assessments) comprise virtually all revenues for the General Fund, followed by small amounts of rental revenue and miscellaneous revenues. Salaries and benefits for staff and administrative costs comprise the most significant expenditures for the District, followed by operational expenditures and reserve contributions. The District has no bond or other long term secured debt, no other significant long-term liabilities other than compensated absences, and relatively reasonable unfunded pension and OPEB liabilities with CalPERS.

However, the District does carry in the financial statements the “Pollution Remediation Obligation”. This long-term obligation involves the terms for maintain the DDT remediation program in place at the former District facility in Thermal. The booked liability is for \$2,100,000 to cover the estimated costs of adding capping material every 10 years for the next 143 years.

Overall, the financial position of the District is considered very stable at this time, with more than sufficient unrestricted fund balance available for short-term potential revenue/expenditure deficits.

Table 5-2 following, provides a snapshot of key financial data from the last three fiscal years. An analysis of the data related to several key financial statuses and financial health indicators follows.

Table 5-2- Financial Information – Coachella Valley Mosquito and Vector Control District

Financial Information (Actuals- Audited Financial Statements)			
	FY 20/21	FY 19/20	FY 18/19
General Fund Revenues	\$12,567,095	\$11,294,270	\$10,849,764
General Fund Expenditures	\$10,393,800	\$11,593,774	\$10,485,970
General Fund Surplus/(Deficit)	\$2,173,295	(\$299,504)	\$363,794
Restricted Funds Revenue	N/A	N/A	N/A
Restricted Funds Expenditures	N/A	N/A	N/A
Restricted Funds Surplus/(Deficit)	N/A	N/A	N/A
Capital Expenditures (Depreciable)	\$169,308	\$236,076	\$530,212
Debt Service Expenditures	None	None	None
Long Term Liabilities * (Excludes Pension/OPEB)	\$2,576,761	\$2,533,816	\$2,513,421
Unassigned Fund Balance	\$6,918,356	\$6,227,381	\$6,164,319
Non-Spendable Fund Balance	\$1,455,321	\$1,102,643	\$1,613,581
Capital Assets (Net of Depreciation)	\$9,632,595	\$10,177,670	\$10,624,757
Unfunded Pension Liability	\$1,612,919	\$1,883,157	\$1,585,309
Unfunded OPEB Liability	\$453,746	\$547,704	\$715,923
Net Position	\$22,670,611	\$21,172,226	\$21,616,308
* Long Term Liabilities include Compensated Absences and Pollution Remediation Obligation			

There are nine primary areas of criteria that have been utilized for this report to assess the present and future financial condition of the District's ability to provide efficient service operations as discussed below:

1. 3-Year Revenue/Expenditure Budget Trends
2. Ratios of Revenue Sources
3. Ratios of Reserves or Fund Balance to Annual Expenditures
4. Annual Debt Service Expenditures to Total Annual Expenditures
5. Net Position
6. Pension and OPEB Unfunded Liabilities
7. Capital Assets and Capital Improvement Plan
8. Fee Structure for Services Provided
9. Cost Avoidance Programs

3 Year Revenue/Expenditure Budget Trends

A trend analysis of revenues and expenditures provides a relatively quick snapshot of financial stability, and financial management of budgetary ebbs and flows over a short period of time. A review of the most recent 3 years of audited revenues and expenditures is utilized for this MSR.

For the CVMVCD the General Fund revenue trend has been steadily increasing, approximately 16% from FY 18/19 to FY 20/21. The expenditure trend has fluctuated over

the last 3 fiscal years, however remains in general below revenue, although exhibiting one deficit year. The FY 21/22 adopted budget reflects revenues of \$12,185,459 which is a reduction from the FY 20/21 actuals, however, expenditures are budgeted at the same level inclusive of \$481,300 contributions to reserves. Overall the trend is considered positive.

Ratios of Revenue Sources

Diversity of revenues is an indicator of any public agency's ability to withstand a major loss in one revenue stream without a significant impact on operations and services. Ideally, an agency should have 3-4 revenue streams that are as equally balanced as possible, however, that isn't always possible in some agencies.

The CVMVCD generally receives approximately 81% of its overall revenues in the form of property taxes (including former redevelopment increment) and approximately 18% from Benefit Assessments. The remaining approximate 1% is derived from rental income and interest/miscellaneous sources.

Since the District's revenue stream is not diversified to any extent, alternative sources of revenue would be ideal for absorbing a significant decrease in the one revenue source that is heavily reliant on for service provision. However, alternative revenue sources are not readily available to the District to allow for further diversification. Additionally, property taxes and benefit assessments are generally stable revenue sources, even during economic downturns. Proposition 218 would require a vote of the District constituency for any Benefit Assessment increases.

Overall, the revenue status of the CVMVCD can be considered sustainable for the foreseeable future and beyond.

Ratio of Reserves or Fund Balance to Annual Expenditures

An indicator of the ability to absorb an unexpected loss of revenue in a given fiscal year is exhibited by the amount of unrestricted cash reserve or fund balance the service fund maintains in relation to the annual fund expenditures. A ratio of 30% or greater of fund balance/reserve to annual expenditures is generally considered an adequate ratio to maintain.

CVMVCD's General Fund unassigned fund balance of \$1,562,650 for FY 20/21 is approximately 15% of combined expenditures. This ratio is considered above minimum however the District, is well funded, as it has a minimum working capital committed Reserve for Operations equal to \$5,800,000. These funds are set-aside because the District receives the majority of its funding from property taxes and the benefit assessment collected by the County of Riverside. Other reserve accounts include the Emergency Reserve for Public Health Emergency with a beginning balance on July 1, 2021 of \$4,757,318, and the Facility and Operations Equipment reserves with a July 1, 2021 beginning balance of \$3,385,330.

Annual Debt Service Expenditures to Total Annual Expenditures

The ratio of annual debt service to total fund annual expenditures is an indicator of the District's ability to meet debt obligations in relation to service provision expenditures. Ideally, a ratio of 10% or less would reflect a very stable ratio.

CVMVCD has no bond or other secured debt, therefore no ratio to assess, which in turn is a positive aspect of overall financial stability. The District does have unfunded pension and OPEB liability requirements which are discussed further on in this report. Additionally, the District does carry in the financial statements the "Pollution Remediation Obligation". This long-term obligation involves the terms for maintaining the DDT remediation program in place at the former District facility in Thermal. The booked liability is for \$2,100,000 to cover the estimated costs of adding capping material every 10 years for the next 143 years.

Net Position

An agency's "Net Position" as reported in its audited financial statements represents the amount by which assets (e.g., cash, capital assets, other assets) exceed liabilities (e.g., debts, unfunded pension, and OPEB liabilities, other liabilities). A positive Net Position generally provides an indicator of financial soundness over the long-term. However, Net Position also includes the value of capital assets that may or may not be easily liquidated. Therefore, the Net Position could potentially be skewed when viewing it in the aspect of liquidity.

The FY 20/21 ending net position for the CVMVCD was calculated by the auditors at \$22,670,611 with \$13,038,016 identified as unrestricted. As compared to annual revenues and expenditures, this is a significant amount of net position, indicating stability with its ongoing governmental activities for the foreseeable future and beyond.

It is noted that the annual net position over the past three fiscal years does fluctuate, however, between increases and decreases. As capital assets are subject to depreciation, reductions in those asset valuations reflect negatively on the net position. However, increases in other assets such as net cash assets, or reduction in other long-term liabilities will offset some or all of those decreases.

Pension and OPEB Unfunded Liabilities

Unfunded pension and OPEB liabilities present one of the most serious fiscal challenges facing many public agencies in California today. When reporting required under Government Accounting Standards Board (GASB) Statement #68 was implemented, many public agencies were awakened by the reality of the long-term unfunded liability aspect of their respective pension and OPEB obligations.

CVMVCD employees' retirement pensions are covered under the California Public Employees Retirement System (CalPERS) pension system, in the Miscellaneous Plan

category. According to the most recent audit report ending June 30, 2021, the CalPERS actuarial report for the measurement period ending June 30, 2020, lists the current Unfunded Pension Liability at \$1,612,919. CVMVCD retirees receive healthcare coverage through the CalPERS PEHMCA program. The current OPEB unfunded liability for the same reporting period has been calculated at \$453,746. These unfunded liabilities are not considered unreasonably high given the size of the agency, its reserve status, and unassigned fund balance.

Additionally, the District reports that in FY 2021-22 Budget, to control the continual escalating pension costs to the District's CalPERS plan, a one-off lump sum payment of \$1,000,000 on top of the annual payment towards the District's CalPERS unfunded liability was budgeted. In addition, the District amortization period for the 2020 losses was shortened from 20 years to 5 years saving an estimated interest payment of \$569,896. According to the latest actuarial valuation, the value of the accumulated liability for the fiscal year ending June 30, 2021, is \$3,912,384 (total OPEB liability). The District sets aside funds to cover retiree health liabilities in the California Employers Retiree Benefit Trust (CERBT) Fund, a qualifying trust, the Fiduciary Net Position of the District funds held in CERBT is \$3,458,638 leaving a Net OPEB Liability of \$453,746 with a funding ratio of 88 %. The District annually prefunds \$312,420.

Capital Assets and Capital Improvement Program

Capital assets must be adequately maintained and replaced over time and expanded as needed to accommodate future demand and respond to regulatory and technological changes. Depreciation typically spreads the life of a facility over time to calculate a depreciation amount for accounting purposes. The actual timing and amount of annual capital investments require detailed engineering analysis and will differ from the annual depreciation amount, although depreciation is a useful initial indicator of sustainable capital expenditures.

The CVMVCD's capital assets include facilities, equipment, vehicles and furniture, all of which are subject to depreciation (except land). As of June 30, 2021 the District had \$20,252,672 in total capital assets and \$10,620,077 in accumulated depreciation, resulting in \$9,632,595 net capital assets. The District does not utilize a 5-year Capital Improvement Program for facilities or infrastructure (vehicles/equipment) improvements/replacements. The District does utilize a third party consultant to conduct a periodic reserve analysis which is updated annually to ensure reserve levels are identified for necessary expenditures when required.

The District maintains an adequate level of reserves and capital funding in the Reserve for Facility and Operations Equipment to maintain and/or improve infrastructure and public facilities. This reserve is for funding ongoing facility maintenance, operations equipment, and vehicle replacement. Currently, the funding level for the facility and vehicle equipment replacement is approximately 70% funded which is a very solid financial position for these capital funds. The beginning balance for July 1, 2021, was \$3,385,330 with an ending balance for June 30, 2022 estimated to be \$3,320,527.

Fee Structure for Services Provided

Most public agencies charge fees for various services provided.

The CVMVCD collects a significant portion of the District revenue through Benefit Assessment Fees assessed to each parcel within the District and included on the annual property tax statements for collection and allocation by the County Treasurer-Tax Collector. The District reports that the special benefit assessment rate is \$14.39, and the maximum allowable rate for FY21-22 is \$24.13. Receipts from benefit assessment are approximately \$2.3 million, raising up to the maximum allowable rate in the occurrence of a loss of revenue or emergency will generate an extra \$1.5 million.

Cost Avoidance Programs

The CVMVCD does not employ any specific formal “cost avoidance” programs. Maintenance and replacement of equipment is carried out within budget. The District would consider limiting travel, reducing research expenses, hiring freezes, and deferred maintenance if the economic climate dictated the necessity.

The District has identified several initiatives that are considered effective in cost avoidance and efficiency improvements:

- Implementation of the District’s Abatement Policy to eliminate or greatly reduce the production capacity of long-term vector producing sources.
- Use of fleet telematics software to monitor the District’s fleet to ensure proper driving habits and facilitate routine maintenance needs to reduce wear and tear and prevent bigger repair needs within the fleet. The long-term goal of this program is to use it in the routing of the fleet to increase the efficiency of surveillance and control.
- Thoughtful and proactive funding of the District’s retiree obligations to save the District taxpayers \$100,000 in interest.
- Collaboration with Cities and HOAs targeting best management practices for the agency and privately owned mosquito sources to eliminate and reduce costs for District in the long term.
- One objective of the market research survey was to garner feedback from the public on what most motivates them to eliminate mosquito sources around the home. The aim of collecting this information is to better target outreach which will ultimately reduce costs and time for the District.
- Ongoing evaluation and sterile insect technique to control the invasive mosquito *Aedes aegypti*. If proven effective this technique will be a better use of District resources and allow more flexibility for the current workforce and reduce workload in the urban technician zones.
- In 2015 the District built and established its own mosquito virus testing laboratory. Previously all mosquitoes were sent to state labs for testing which restricted the District’s ability to capture and test mosquitoes. Building its own facility and program has increased flexibility while reducing wait time for results. Now the

District has same-day results for mosquitoes tested. Previously it could take 2-5 days depending on when the mosquitoes were trapped. This allows the District staff to collect, identify, and test mosquitoes on the same day. If there are samples that are positive that information is relayed to staff and the public, on the same day. This allows field staff to quickly respond to virus threats in the field and for the public outreach department to communicate this risk to the public the same day as well. Faster response also means reducing the spread of virus problems that, in the end, keeps the public safer and reduces the cost of the operational response by the District.

- Operations Department staff evaluated treatment strategies for red imported fire ants on golf courses. This evaluation resulted in a change of treatment procedures which reduced projected annual treatment costs by almost \$100,000.

DISADVANTAGED UNINCORPORATED COMMUNITIES

LAFCO has determined that there are 56 Disadvantaged Unincorporated Communities associated with the 9 cities and unincorporated areas within the CVMVCD boundaries, therefore being served by the District.

STATUS OF ISSUES IDENTIFIED IN MOST RECENT MSR

The last MSR which was in the form of a countywide “special study” for the CVMVCD was in 2007. The 2007 special study did not identify any issues specific to the District. However recommendations were made concerning boundary adjustments to include more cities in the District. Several cities became members of the District since that time.

GOVERNMENT STRUCTURE ALTERNATIVES

There is only one government structure alternative that would be appropriate for the CVMVCD at this time:

Maintain the status quo.

CVMVCD’s government structure currently in place is sufficient to provide the appropriate governance structure for the District. The District is efficient in the delivery of services and appears to be diligent in not overextending. Therefore, the District’s current structure should be maintained at this time.

RECOMMENDED MUNICIPAL SERVICE REVIEW DETERMINATIONS

Based on the information, issues, and analysis presented in this report, proposed MSR determinations pursuant to Government Code section 56430 are presented below for the LAFCO Commission’s consideration:

1) *Growth and population projections for the affected area.*

- The CVMVCD currently services a population of approximately 500,000 in the summer months and up to 1.5 million in the winter over a geographical area of approximately 2,095 square miles.
- The District's service area has significant potential for growth, with population growth rates attributable to the agency member cities and the county as steady annual increases.
- The District envisions an increase in urbanization of either open desert or the conversion of agricultural land to urban/suburban use within the District boundaries in the future.

2) *The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.*

- LAFCO has determined that there are 56 Disadvantaged Unincorporated Communities associated with the 9 cities and unincorporated areas within the CVMVCD boundaries, therefore being served by the District.

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 sphere of influence.*

- The CVMVCD's current facilities and support infrastructure are adequate to support current services and absorb limited future growth.
- The District has noted that some areas of the District present challenges to adequately providing some services and potentially in the future. In particular, the Salton Sea Shoreline area is of concern.
- The District reports that the continuing spread of invasive mosquitoes in the Coachella Valley underscores the importance of developing and implementing novel control strategies and educating and empowering the public to take an active role in reducing mosquito sources on their property.
- There are no deficiencies related to DUCs as services are provided in the DUCs within the District's boundaries.

4) *Financial ability of agencies to provide services.*

- The CVMVCD has the financial ability to provide the current level of services provided. The revenue stream heavily relies on property taxes and special assessments, which are considered stable revenue sources.
- The District operates efficiently, provides all services authorized and maintains all facilities and equipment adequately to ensure services are not impacted.
- The District maintains sufficient reserves for facility and equipment improvements/replacements, for emergency operations, and for general funding if necessary.

5) *Status of, and opportunities for, shared facilities.*

- There is no foreseeable opportunity for shared facilities other than the lease of the former facility in Thermal.

6) *Accountability for community service needs, including governmental structure and operational efficiencies.*

- The CVMVCD is governed by an eleven-member Board of Trustees, appointed by their respective member agencies. Staffing is approximately 58 personnel plus seasonal staff.
- Service needs are being met and reporting to the various county and state oversight agencies has not revealed any issues.
- The District primarily conducts outreach via its website, newsletters, and social media which makes available comprehensive information and documents to the public, and solicits feedback and input from constituents.
- No direct contact information is listed for Board of Trustee and should be included on the website for additional transparency to the public.
- No alternative government structure options are considered superior to the current structure at this time.

7) *Any other matter related to effective or efficient service delivery, as required by Commission policy.*

- No additional matters have been identified.

RECOMMENDED SPHERE OF INFLUENCE DETERMINATIONS

Existing Sphere of Influence

The CVMVCD's existing sphere of influence extends beyond its jurisdictional boundaries.

Sphere of Influence Analysis

One of LAFCO's objectives is to eliminate illogical boundaries and associated service inefficiencies, where these issues exist. Based on the geographic and jurisdictional boundary constraints, there is no area of potential expansion of the CVMVCD's SOI. The current SOI is limited to west of the current jurisdictional boundary, and extends to the north, south, and east to the county boundaries.

Sphere of Influence Options

Only one option is identified with respect to the CVMVCD's SOI.

Option #1: Maintain the current SOI which extends eastward from the District's jurisdictional boundaries.

Should the LAFCO Commission wish to continue to reflect the intention to maintain the CVMVCD's existing boundary, then a reaffirmation of the current SOI would be appropriate.

Sphere of Influence Determinations

Following are the five recommended determinations for the LAFCO Commission's consideration as required by Government Code section 56425(e):

- 1) *The present and planned land uses in the area, including agricultural and open-space lands.***
 - The CVMVCD is not an authorized land use planning authority. The member cities and the County of Riverside for unincorporated areas are responsible for land use planning.
 - Current land use and zoning is a mix of urban, suburban, rural, open space, desert and mountain areas, and commercial and industrial uses.
 - It is likely future land-use decisions will mostly reflect maintaining reasonably planned growth, land use, and zoning decisions by the member agencies to support future economic, housing, and environmental dynamics.

2) *The present and probable need for public facilities and services in the area.*

- Current facilities and services are adequate to support the area, including support for limited future growth in the area.
- Long term, there most likely will be a need for expansion of services into growth areas.
- Expansion of services will require sufficient revenues to support the cost of any service expansion.

3) *The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.*

- Sufficient capacity of facilities exists to support providing adequate public services authorized and being provided.
- The District is well-positioned financially and from a facilities and infrastructure standpoint to absorb future service growth.

4) *The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency.*

- There are no specific communities of interest within the CVMVCD jurisdictional boundaries that require special attention nor have any service issues that the District would have responsibility over been identified.
- It is noted that there are in general demographic and geographic communities of interest within the District's boundaries that receive District services. Areas within the SOI receive services from alternative providers.

5) *For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision(g) on or after July 1, 2012, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.*

- The CVMVCD does not provide the listed services. The District does provide its services to the residents of the disadvantaged unincorporated communities within the District boundaries.

Chapter 6- Northwest Mosquito and Vector Control District

OVERVIEW / BACKGROUND

The Northwest Mosquito and Vector Control District (NWMVCD or District) is an independent special district formed in December 1959 by the Riverside County Board of Supervisors originally as the Coachella Valley Mosquito Abatement District of Riverside County. The District currently operates under Health and Safety Code sections 2000-2910 and serves a population estimated to be over 900,000.

The District boundary encompasses over 303 square miles in Western Riverside County. These areas include cities of Riverside, Jurupa valley, Eastvale, Norco, Corona, Lake Elsinore, Canyon Lake, and parts of unincorporated western Riverside County including but not limited to: Arlanza/Arlington, Canyon Crest, Coronita, Highgrove, Home Gardens, La Sierra, and Woodcrest. The District's sphere of influence extends beyond its current boundaries to the east to the Coachella Valley Mosquito and Vector Control District boundary, and north, south and west to the county limits.

The NWMVCD's primary charge is protecting public health within its boundaries through the control of vectors (such as mosquitoes) and vector-borne diseases. The District was formed in 1959 to control mosquitoes. In 1968, the District was asked by the Board of Supervisors to provide biting gnat control in areas adjoining to Santa Ana River. Pursuant to Board of Supervisors' request, the District implemented the gnat control to provide relief to the residents suffering from gnat bites and extreme nuisance. In 1993, due to demand by residents, the District added all vectors to its program. The District currently provides surveillance, control and public education of mosquitoes, flies, black flies, midges, rodents, and Africanized honey bees and other vectors as necessary.

Mission Statement

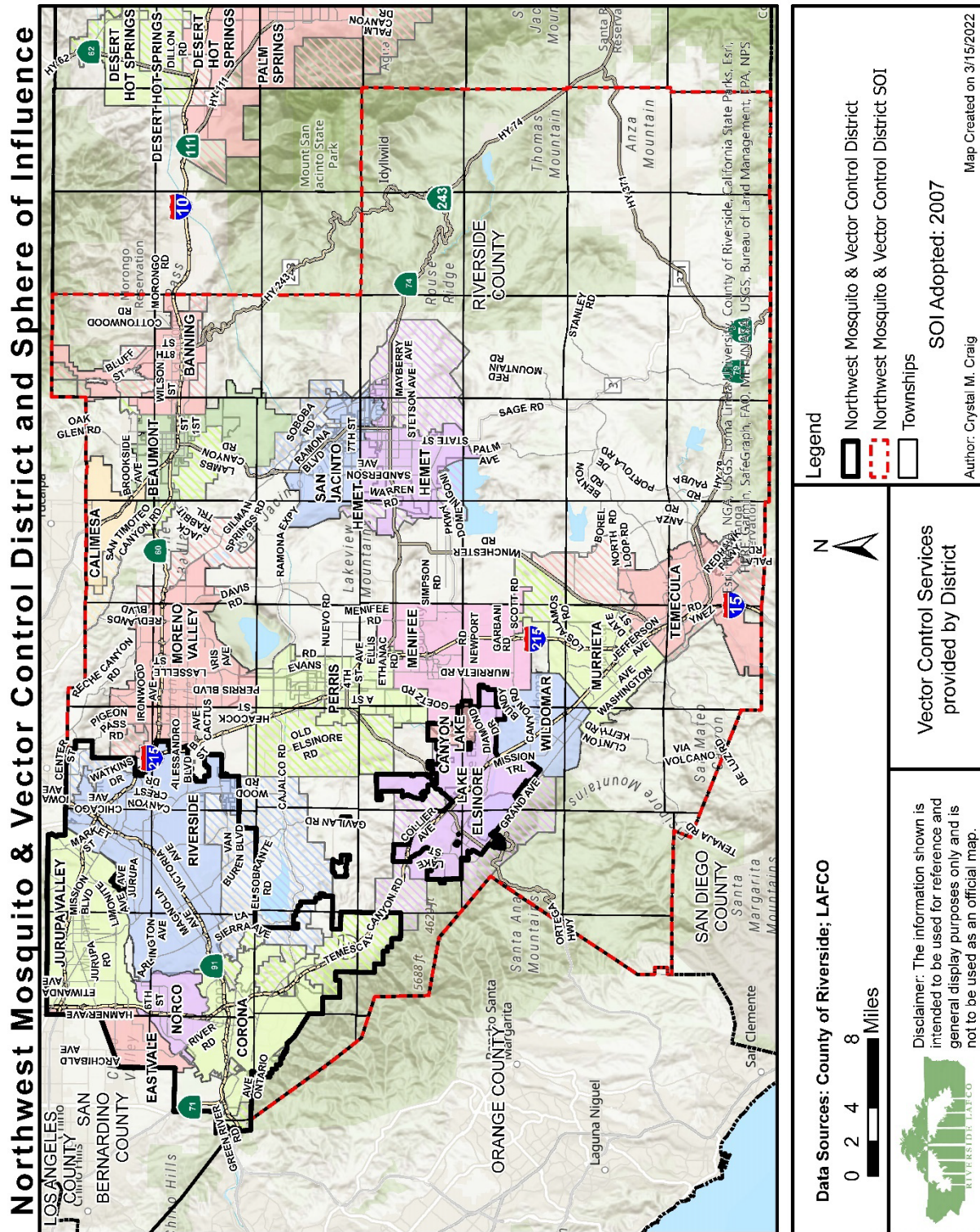
"To protect the public health from vectors and vector-borne diseases in the most cost effective and efficient way."

Table 6-1 on Page 108 provides a snapshot profile of the Northwest Mosquito and Vector Control District. A map of the District's current boundary and SOI is shown in **Figure 6-1** on Page 109.

Table 6-1- Profile- Northwest Mosquito and Vector Control District

General Information			
Agency Type	Municipal – Mosquito Abatement and Vector Control Districts		
Principal Act	Sections 2000-2910 of the California Health and Safety Code		
Date Formed	1959		
Services Provided	Mosquito and Vector Control services, Red Imported Fire Ant services		
Location	Western Riverside County cities and unincorporated areas. Office location: 1966 Compton Ave., Corona, CA 92881 (951) 340-9792		
Sq. Miles/Acres	Approximately 303 sq. miles		
Contact	Dr. Mark Breidenbaugh, General Manager mbreidenbaugh@northwestmvcd.org		
Website	www.northwestmvcd.org		
Population Served	Approximately 900,000		
Last SOI Update	2007		
Governance/Staffing			
Governing Body	8-member Board of Trustees- 7 City and one County		
Terms	2 or 4 years as determined by each appointing agency		
Meeting Information	3 rd Thursday of the month at 3:00 p.m. at the District Office, located at 1966 Compton Ave., Corona, CA 92881		
Total Staff	26 employees plus seasonal staff		
Staff Categories	District Manager, Asst District Manager/Ecologist, Admin Asst, PIO, Maintenance/Laboratory/Vector Control Technicians		
Facilities/Other Infrastructure			
Facilities	District Office/Laboratory/Equipment Facility		
Other Infrastructure	Service vehicles and equipment		
Financial Information- FY 19/20 Actuals (Audited Financial Statements)			
	Revenues	Expenditures	Net Surplus/(Deficit)
General Fund	\$4,107,620	\$3,850,144	\$257,476
Restricted Funds	N/A	N/A	N/A
Combined Funds	\$4,107,620	\$3,850,144	\$257,476
	FY 19/20	Long Term Planned Expenditures	
Capital Expenditures	\$58,060	None.	
General Fund Balance	\$5,885,009	June 30, 2020 Financial Statement	
Restricted Funds Balance	N/A	June 30, 2020 Financial Statement	
Unrestricted Net Assets	\$4,355,789	June 30, 2020 Financial Statement	
Capital Assets	\$5,398,449	June 30, 2020 Financial Statement	
Net Position (Combined)	\$8,035,241	June 30, 2020 Financial Statement	
Debt & Unfunded Pension/OPEB Liabilities- Year Ending June 30, 2020			
Long Term Debt	NWMVCD has no long-term bond or secured debt		
Unfunded Pension Liability	NWMVCD has \$1,891,551 in unfunded pension liability.		
Unfunded OPEB Liability	NWMVCD has \$26,787 in unfunded OPEB liability		
Notes			

Figure 6-1- Boundary/SOI Map – Northwest Mosquito and Vector Control District



GROWTH AND POPULATION PROJECTIONS

The NWMVCD currently services a population of approximately 900,000 over a geographical area of approximately 303 square miles. The demographics range throughout the District with respect to age, home owner occupancy, income levels, ethnicity, language, and gender.

The District's current service area has significant potential for growth, with population growth rates attributable to the agency member cities and the county as steady annual increases. Additionally, growth is anticipated to occur within the District's SOI. Currently, any anticipated expansion beyond current District boundaries would occur well within the current SOI, and would require a review for expansion in association with bordering non-member cities or unincorporated areas. The District reports that potential growth of the District boundary into the SOI is assessed on an annual basis to determine the viability of expansion based on resource allocation and community acceptance of assessments.

ACCOUNTABILITY AND GOVERNANCE

Governance

The NWMVCD is governed by an eight-member Board of Trustees. The Board of Trustees are officials appointed by their respective member City Councils, one each for the seven member cities, and one by the County Board of Supervisors, to govern the NWMVCD. The Trustees are appointed for a fixed term of staggered 2 or 4 year terms depending on what their appointing governing body establishes as appointment policy for the position.

The NWMVCD Board of Trustees meets every 3rd Thursday of the month at 3:00 p.m. at the District Office, located at 1966 Compton Ave., Corona, CA 92881. The District's Board of Directors consists of a President, a Vice-President, and a Secretary, and five other Trustees. There are no current vacancies on the Board of Trustees. Additionally, there is one standing committee, the Finance Committee, that meets to provide budget changes and planning for the annual budget. The District reports that all Trustees complete Fair Political Practices Commission Form 700 Conflict of Interest Statements within 6 months of onboarding, and due to a recent high rate of turnover, several new Trustees are completing their ethics training.

NWMVCD Board of Trustees	Term Expires
Gary Bradley, PhD- Riverside	Not Available
Brian Tisdale- Lake Elsinore	Not Available
Clint Lorimore- Eastvale	Not Available
Guillermo Silva- Jurupa Valley	Not Available
Katherine Aleman- Norco	Not Available
Nancy Jimenez-Hernandez- Corona	Not Available
Dale Welty- Canyon Lake	Not Available
T. Steven Su, PhD/MD- County of Riverside	Not Available

Generally, the powers the Board of Trustees may exercise are to establish, equip, and conduct operations necessary to address mosquito abatement and other vectors, red imported fire ant abatement, laboratory and field research necessary for performing these tasks, and to provide direct responder services to mosquito, vector and red imported fire ant issues that are reported. The District may also do all acts necessary or proper for carrying out the purposes specified under the Health and Safety Code, including educational and enforcement activities.

Website Transparency

In general, the District website is well organized and hosts a wide variety of information for public access. Included is significant information on mosquitos, vectors and red imported fire ants, activities and issues related to efforts to control, an online service request portal for reporting issues requiring abatement, and public outreach and educational information. Additionally, the District accommodates presentations to the community, publishes periodic information flyers, also available on-line, and utilizes social media for the public containing relevant current information on activities and public health alerts, announcements and other items of interest.

Board of Trustee meeting agendas and minutes are included on the website along with some Trustee information and staff information, and links to the State Controller financial information and state staff compensation websites. However, agenda staff reports, annual budgets, annual audits, assessment information, and direct email addresses to contact Board of Trustees members, or management personnel for direct access are not available on the District website. The District should consider adding these features to the website.

Customer/Constituency Communication

The NWMVCD maintains a robust public outreach department and program. NWMVCD's designated Public Outreach professional maintains several avenues to update constituents including but not limited to: posting Board Meeting agendas on the NWMVCD website for public review, maintaining an online portal for public commentary and resident requests, aiming to present NWMVCD updates at city council meetings on an annual basis, taking part in additional in-person outreach events throughout the year, and regularly providing announcement via social media outlets.

The District employs a full-time Public Education Specialist to inform the public through the media, public presentations, world-wide-web and pamphlets. Presentations are given to any requesting group such as homeowners associations, government officials, schools, public utility personnel, etc. Pamphlets are distributed throughout the District on a variety of vectors and control tactics. The District actively interacts with public and private agencies to educate them about vector issues.

Customer/Constituency Accountability

The NWMVCD utilizes their public outreach efforts to ensure the public is aware of mosquito and other vector issues that arise are identified, and operations for control and

eradication are publicized as best as practicable. As noted above, the District website contains information on mosquito, red imported fire ants and other vectors for public access. Public notices for notification of problem areas, and eradication and other control efforts are issued and posted on the website.

Complaints can be submitted via the District website, by phone, or by email. All mosquito complaints are initially assigned to full time staff that cover the resident's designated city/region. If the resident continues to require service, the operations supervisor will respond, occasionally with assistance from laboratory staff to further investigate the issue. On occasion and at the request of the resident, a complaint may receive direct response from the District Manager.

Resident complaints regarding service are not separately tracked from the District's standard service request system. The District uses a data management system to track all service requests. Within this system, service requests can be re-assigned as residents' needs develop and comments associated with each service request allow for follow up. Once service is complete, the service request can be closed. However, the information remains stored and accessible to all relevant staff for future follow up as needed.

The District performs regular employee evaluations on an annual basis for full time staff, and upon completion of their service time for seasonal staff. The employee's direct supervisor performs the evaluations with a final review by the District Manager.

The NWMVCD conducts self-evaluations of its performance to gather information relating to effectiveness of services provided. Monthly activity reports summarizing the budget expenditures, operations activities, and laboratory functions are submitted to and reviewed by the Board of Trustees. Similarly, annual reports and fiscal year audits are produced for Board review.

All water source inspections, pesticide treatments, and service request responses are individually tracked in a real-time data management system specific to the vector control industry. Additionally, all non-exempt staff submit daily timesheets. Individual activities with respect to inspection and pesticide applications are time-stamped by the aforementioned data management system.

SERVICES - FACILITIES - INFRASTRUCTURE

Service Overview

The District specifies that services provided to all residents can be organized into four designations as organized as follows:

Administration: The District provides complete administration of all activities including funding, public education and interaction with all levels of government and non-profit organizations. The District actively participates with local, state, national and international scientific associations.

Surveillance of Vectors: The District's state-of-the-art laboratory is fully equipped with all relevant scientific apparatus, tools and supplies and personnel. The surveillance program consists of the following:

Vector Surveillance/Assessment: The District thoroughly monitors the populations of endemic vectors, using several trapping methods and developing technology. Vector populations currently being monitored are: mosquitoes, black flies, ticks and midges. Additionally, laboratory staff accept and identify all unknown insect and arthropod samples submitted by residents. Other vectors of importance that are investigated as needed can include: flies, rodents, fleas, and Africanized honey bees.

New Vectors: During surveillance activities, the District uses various scientific methods and techniques to identify the introduction of new or exotic vectors. Globalization has led to the introduction of many invasive species, namely *Aedes aegypti*, and invasive mosquito species that has had a vast and economically significant impact on Riverside County mosquito control efforts in recent years.

Disease Surveillance: The District owns and operates cutting edge technology to detect and monitor for the following diseases:

- **Encephalitis:** Diseases caused by viruses such as West Nile, St. Louis, Western equine, California and various others, are monitored rigorously. Viruses are detected by monitoring the following:
 - ✓ *Mosquitoes:* Mosquitoes are collected by using carbon dioxide baited traps placed throughout the District. The mosquitoes are separated by species and tested for the presence of viruses using rt-PCR.
 - ✓ *Dead bird screening:* The District participates in a program established by the Department of Health Services to collect dead birds and test them for West Nile virus.
- **Tick-borne disease:** Ticks are collected using various techniques and submitted to partnering institutions for disease screening including: Lyme disease, Ehrlichiosis, Anaplasmosis, and Rickettsioses.
- **Plague and Hanta virus:** Flea and rodent samples are collected as needed and can be submitted to state testing facilities for screening.

Operations: The District encompasses a variety of vector producing habitats consisting of rural, suburban and urban areas. Additionally, the District covers riparian habitat comprising 25 miles of Santa Ana River and its tributaries and several wetland areas which are highly prolific in mosquito production. To implement control practices in such areas, backyard sources, and underground sources, the District performs all applications and owns all the specialized equipment, tools, and vehicles which are listed below. No services are currently contracted out to specialized applicators.

Control of Vectors: The District utilizes a variety of specialized equipment (spray machines, A TVs, amphibious vehicle, hovercraft, mist blowers, foggers, ULV machines, etc.). The District maintains a fleet of 24 vehicles to control the following vectors: mosquitoes flies (domestic and others) chironomid midges, black flies, rats, Africanized honey bees, and other vectors such as ticks, wasps, as needed.

Strategies: The District uses three strategies to control/abate vectors through an Integrated Pest Management approach.

1. Physical/environmental manipulation: Steps are taken to eliminate or modify breeding sources to abate the breeding sources.
2. Biological control: Mosquito fish are planted to control immature mosquitoes which helps us to reduce the use of pesticides. The District enhances the proliferation of natural predators of vectors by using certain control strategies.
3. Chemical control: The District uses the safest and environmentally compatible chemicals available to control vectors. The District does not use any hard core pesticides. Pesticides are applied by certified technicians using ground and aerial equipment. The District contracts with aerial applicators when necessary. Chemical control of mosquitoes is divided into two parts:
 - **Larval.** The District takes proactive approach in controlling mosquitoes. A majority of the District's resources are concentrated in controlling mosquitoes in immature stages. This is the most economic and effective way to obtain relief from mosquitoes and mosquito-borne diseases.
 - **Adult.** Only under special circumstances adulticide control is conducted. The adulticiding program is limited only to extreme situations as this is the least effective approach to obtain satisfactory mosquito control.

Rat Control: Upon request by a resident, the District staff makes recommendations on how to "rat proof" the residence. After the recommendations are completed, a bait station is placed at the residence and rat bait is provided free of charge to the occupant.

Service Requests: All requests from District residents for vector control services are answered on the same or next working day.

Telephone Services: Technical assistance, advice and recommend-actions are provided to District residents via telephone, e-mail or office consultation.

Mosquito Fish: Mosquito fish are planted in a variety of mosquito-breeding habitats. The fish are provided free of charge to all residents who wishes to eliminate mosquito breeding from backyard water sources such as ornamental ponds and out-of-service swimming pools.

Public Education: As previously noted, the District employs a full-time Public Education Specialist to inform the public through the media, public presentations, world-wide-web and pamphlets. Presentations are given to any requesting group such as homeowner' s associations, government officials, schools, public utility personnel, etc. Pamphlets are distributed throughout the District on a variety of vectors and control tactics. The District also maintains a website containing information about all vectors and District control activities. The District actively interacts with public and private agencies to educate them about vector issues.

The District contract to several other agencies for provision of vector control services as noted below:

- Naval Weapon Station Seal Beach, Detachment Norco: wetlands vector surveillance and control.
- Riverside County Regional Parks & Open Space District: vector surveillance and control.
- Orange County Water District: vector surveillance and control.
- Southwest Resource Management Association: vector surveillance and control.
- Eastern Municipal Water District: vector surveillance and control.
- Riverside Flyaway Foundation: vector surveillance and control.

Additionally, the District contracts for annual audit and legal counsel services, actuarial services, miscellaneous information technology services, and various other operational level services

Facilities/Infrastructure

The NWMVCD owns the District facility in Corona, CA, and does not have any additional facilities. The District facility in Corona includes all administrative offices, laboratory facilities, and other facilities required for conducting operations. The only other infrastructure includes vehicles and equipment utilized for conducting operations. No duplicate facilities or infrastructure exists at this time within the District boundaries.

Service Adequacy

The NWMVCD is generally providing services at an adequate level. The District has the capacity and resources to provide service in areas of the current District boundaries. The District reports that because NWMVCD staff are assigned to directly service specific cities or regions throughout the broader service area, all locations have achieved adequate provision of services. Special contracts (noted previously), have been developed to provide services to larger installations that are unable to mitigate their own vector breeding.

However, the District reports that with the introduction and rapid expansion of invasive *Aedes* species in southern California, the District's personnel resources have been spread thin in recent years to respond to the exponential growth in service requests. The

NWMVCD continues to prioritize vectors of endemic disease over nuisance biting, however, resident demand remains high. Should diseases that are vectored by *Aedes* mosquitoes achieve local transmission, the District would likely need to expend all reserves in response.

Qualitative comparisons of services provided are tracked across years for each month of service. These comparisons include but are not limited to the number of water sources inspected, the number of water sources treated, acres treated, and service requests categorized by type of service: mosquito, rodent, bee, etc. For projecting or forecasting future requirements, the District notes that service needs of vector control districts can be complicated to foresee as the primary mission of the District is to protect the public health of residents. Trends in human cases of vector-borne disease are difficult to predictively model, with new models continuing to be researched almost two decades after the most recent vector-borne disease introduction to the state with West Nile virus. In outbreak scenarios, service needs drastically shift from preventive control methods to reactive disease response, which is resource heavy operation in terms of human resources, consumables, and equipment. With that caveat, resource allocation is projected from 5-year trends in surveillance, control applications, and service requests.

Long term goals and objectives are developed with input and in coordination with the projected goals and interests of the Board of Trustees. The District Manager develops and maintains a five-year strategic plan, which is subsequently reviewed for accuracy on an annual basis. Each year, annual suggested changes are reviewed to determine the changing needs of residents and the region.

Facilities/Infrastructure Needs

The District does not utilize a 5-year Capital Improvement Program for facilities or infrastructure (vehicles/equipment) improvements/replacements. The District forecasts service and facility/infrastructure needs annually during the budget process and budgets those needs accordingly. The District reports that if it should seek to expand and encompass the entirety of the sphere of influence, more distant locations in southwestern Riverside County may be difficult to serve from the Corona office. Such considerations would be included in the resources assessment previously mentioned. The NWMVCD Board of Trustees has not approved any plans for expansion at this time. An assessment of resource output would be performed and addressed if expansion was approved.

Cooperative Programs

The NWVCD participates in two specific cooperative agreements with two various agencies as noted below:

- California Department of Public Health (CDPH) – The District, among other vector control agencies in California, obtain and maintain pesticide application certificates through a cooperative agreement with CDPH. Exam costs are paid by either the

individual staff member, or the District. CEU requirements are often free of charge but are also occasionally funded by the District.

- Cal State University , San Bernardino – The District maintains an MOU with CSUSB that allows for interns from the university to complete program-required internship hours in service of the District. The District receives services of the intern without funding, while the student receives university class credits in lieu.

The District participates in several regional planning and program meetings and organizations for regional strategic planning and growth/service projections as follows:

- Mutual Aid Agreement for Mosquito and Vector Control Services: this is an agreement reviewed and agreed to by the Board of Trustees that serves to provide a mutual aid framework among the vector control special districts of southern California. Funding mechanisms and protocols are outlined in the agreement on as-needed basis.
- Southern California Integrated Vector Management meetings: District staff regularly attend these meeting to discuss pertinent needs facing southern California vector control agencies and shifts in resource allocation based on emerging regional threats.
- Mosquito and Vector Control Association of California (MVCAC) Southern California: The District provides regional representation in the state association, MVCAC. Attendance of quarterly meetings opens additional discussion regarding service needs of member agencies and allowed for District representation on voting matters of the broader association.
- Pacific Center of Excellence in Vector-Borne Diseases is a collaborative center funded by the federal Center for Disease Control that serves to enhance the capacity of the Southwestern US to respond to threats from vector-borne diseases. District staff have regularly attended annual meetings and served on review boards that allocate research grant funds.

The District also participates in Vector Control Joint Powers Agency, as defined by the agency's website, a 'member-driven joint powers authority formed to jointly fund and develop coverage programs for mosquito abatement and vector control districts.' Services regularly used by the District include but are not limited to: liability and vehicle insurance coverage, safety training and support resources, cooperative negotiations, risk management programs, and optional services for employees.

FINANCIAL OVERVIEW

The NWMVCD carries all operational budgeting and accounting in one overall governmental fund (General Fund), however, does maintain separate internal reserve accounts for specified activities. The District conducts an independent audit annually, the

last three years reflecting an “unmodified” opinion, and provides all required reporting to the State Controller’s Office as required by statutes.

Property Taxes and Benefit Fees (property assessments) comprise virtually all revenues for the General Fund, followed by small amounts of miscellaneous charges for services and interest income. Salaries and benefits for staff costs comprise the most significant expenditures for the District, followed by various operational expenditures and reserve contributions. The District has no bond or other long term secured debt, and no other significant long-term liabilities other than compensated absences, and relatively reasonable unfunded pension and OPEB liabilities with CalPERS.

Overall, the financial position of the District is considered stable at this time, with more than sufficient unrestricted fund balance available for short term potential revenue/expenditure deficits.

The District has reported concerns regarding increased inflation in recent years and a lack of increased in fixed assessments has strained the District budget with respect to cost of goods and services. The District reports that while the District can capably cover the vector and vector-borne concerns of a decade ago, invasive species and emerging insecticide resistance have collectively shattered the expectations of the level of service available at current financial capacity.

Within the last five years, a newly invasive species, *Aedes aegypti*, has been introduced into the District service area and quickly expanded across all areas within the District boundaries. Not only is this species an aggressive human-feeding pest, but local populations have also reached a level of penetration that could likely result in local transmission of the vector-borne diseases associated with this species, should those diseases be introduced to the region. These ecological challenges, coupled with the highest county-level population growth in the state have placed a resource strain on the District.

The District reports that management and public outreach staff continue to negotiate contracts with commercial properties, private landowners, and city/county institutions to implement structural changes that would prevent standing water, thus reducing breeding sources that would require continued inspection and treatment by District staff. Where such source reduction projects cannot be implemented or agreed upon, contractual reimbursement for services may be considered.

Lastly, the District management continues to consider options for new or increased assessments to balance the added service issues outlined in part (a).

Table 6-2 following, provides a snapshot of key financial data from the last three fiscal years. An analysis of the data related to several key financial status and financial health indicators follows.

Table 6-2- Financial Information – Northwest Mosquito and Vector Control District

Financial Information (Actuals- Audited Financial Statements)			
	FY 19/20	FY 18/19	FY 17/18
General Fund Revenues	\$4,107,620	\$3,967,369	\$3,786,697
General Fund Expenditures	\$3,850,144	\$4,613,696	\$3,247,017
General Fund Surplus/(Deficit)	\$257,476	(\$646,327)	\$539,680
Restricted Funds Revenue	N/A	N/A	N/A
Restricted Funds Expenditures	N/A	N/A	N/A
Restricted Funds Surplus/(Deficit)	N/A	N/A	N/A
Capital Expenditures (Depreciable)	\$58,060	\$135,957	\$111,213
Debt Service Expenditures	None	None	None
Long Term Liabilities (Excludes Pension/OPEB) *	\$112,659	\$130,834	\$216,699
Unassigned Fund Balance	\$1,225,000	\$1,225,000	\$1,225,000
Non-Spendable Fund Balance	\$130,818	\$126,896	\$93,048
Capital Assets (Net of Depreciation)	\$3,185,838	\$3,307,267	\$3,337,817
Unfunded Pension Liability	\$1,891,551	\$2,600,409	\$2,643,320
Unfunded OPEB Liability	\$26,787	\$349,030	\$312,917
Net Position	\$8,035,241	\$7,663,056	\$7,209,327
* Long Term Liabilities include Compensated Absences			

There are nine primary areas of criteria that have been utilized for this report to assess the present and future financial condition of the District's ability to provide efficient service operations as discussed below:

1. 3-Year Revenue/Expenditure Budget Trends
2. Ratios of Revenue Sources
3. Ratios of Reserves or Fund Balance to Annual Expenditures
4. Annual Debt Service Expenditures to Total Annual Expenditures
5. Net Position
6. Pension and OPEB Unfunded Liabilities
7. Capital Assets and Capital Improvement Plan
8. Fee Structure for Services Provided
9. Cost Avoidance Programs

3 Year Revenue/Expenditure Budget Trends

A trend analysis of revenues and expenditures provides a relatively quick snapshot of financial stability, and financial management of budgetary ebbs and flows over a short period of time. A review of the most recent 3 years of audited revenues and expenditures is utilized for this MSR.

For the NWMVCD the General Fund revenue trend has been steadily increasing, approximately 8.5% from FY 17/18 to FY 19/20. The expenditure trend has fluctuated over the last 3 fiscal years, however remains in general below revenue, although

exhibiting one deficit year. The FY 21/22 adopted budget reflects revenues of \$4,056,225 which is a slight decrease from the FY 19/20 actuals, however an increase from the FY 20/21 budgeted revenues. Expenditures are budgeted at relatively consistent levels that reflect deficits each year, however is managed each year well below budget to ensure deficits do not occur. Overall the trend is considered positive however requires close management to prevent deficit spending.

Ratios of Revenue Sources

Diversity of revenues is an indicator of any public agency's ability to withstand a major loss in one revenue stream without a significant impact to operations and services. Ideally, an agency should have 3-4 revenue streams that are as equally balanced as possible, however, that isn't always possible in some agencies.

The NWMVCD generally receives approximately 71% of its overall revenues in the form of property taxes and approximately 25% from Special Assessments. The remaining approximate 41% is derived from miscellaneous charges for services and interest income.

Since the District's revenue stream is not diversified to any extent, alternative sources of revenue would be ideal for absorbing a significant decrease in the one revenue source that is heavily reliant on for service provision. However, alternative revenue sources are not readily available to the District to allow for further diversification. Additionally, property taxes and benefit assessments are generally stable revenue sources, even during economic downturns. Proposition 218 would require a vote the District constituency for any Benefit Assessment increases. The District reports that it has been awarded state and federal grant funding for vector-borne disease response and will continue to aggressively pursue similar grants. Overall, the revenue status of the NWMVCD can be considered sustainable for the foreseeable future and beyond.

Ratio of Reserves or Fund Balance to Annual Expenditures

An indicator of the ability to absorb an unexpected loss of revenue in a given fiscal year is exhibited by the amount of unrestricted cash reserve or fund balance the service fund maintains in relation to the annual fund expenditures. A ratio of 30% or greater of fund balance/reserve to annual expenditures is generally considered an adequate ratio to maintain.

NWMVCD's General Fund unassigned fund balance of \$1,225,000 for FY 19/20 is approximately 32% of expenditures. This ratio is considered above minimum however the District, is sufficiently funded, as it maintains approximately \$2,000,000 in reserve according to current budget documents.

Annual Debt Service Expenditures to Total Annual Expenditures

The ratio of annual debt service to total fund annual expenditures is an indicator of the District's ability to meet debt obligations in relation to service provision expenditures.

Ideally, a ratio of 10% or less would reflect a very stable ratio. The NWMVCD has no bond or other secured debt, therefore no ratio to assess, which in turn a positive aspect to overall financial stability.

NWMVCD has no bond or other secured debt, therefore no ratio to assess, which in turn a positive aspect to overall financial stability. The District does have unfunded pension and OPEB liability requirements which are discussed further on in this report.

Net Position

An agency's "Net Position" as reported in its audited financial statements represents the amount by which assets (e.g., cash, capital assets, other assets) exceed liabilities (e.g., debts, unfunded pension and OPEB liabilities, other liabilities). A positive Net Position generally provides an indicator of financial soundness over the long-term. However, Net Position also includes the value of capital assets that may or may not be easily liquidated. Therefore, Net Position could potentially be skewed when viewing it in the aspect of liquidity.

The FY 19/20 ending net position for the NWMVCD was calculated by the auditors at \$8,035,241 with \$4,849,403 identified as unrestricted. As compared to annual revenues and expenditures, this is a significant amount of net position, indicating stability with its ongoing governmental activities for the foreseeable future and beyond.

It is noted that the annual net position over the past three fiscal years has steadily increased which is also a positive trend. As capital assets are subject to depreciation, reductions of those asset valuations reflect negatively on net position. However, increases in fixed or other assets such as net cash assets, or reduction in other long-term liabilities will offset some or all of those asset decreases.

Pension and OPEB Unfunded Liabilities

Unfunded pension and OPEB liabilities present one of the most serious fiscal challenges facing many public agencies in California today. When reporting required under Government Accounting Standards Board (GASB) Statement #68 was implemented, many public agencies were awakened by the reality of the long-term unfunded liability aspect of their respective pension and OPEB obligations.

NWMVCD employees' retirement pensions are covered under the California Public Employees Retirement System (CalPERS) pension system, in the Miscellaneous Plan category. According to the most recent audit report ending June 30, 2020, the CalPERS actuarial report for the measurement period ending June 30, 2019, lists the current Unfunded Pension Liability at \$1,891,551. NWMVCD retirees receive healthcare coverage through the CalPERS California Employer's Retiree Benefit Trust Program (CERBT) program. The current OPEB unfunded liability for the same reporting period has been calculated at \$26,787. These unfunded liabilities are not considered unreasonably high given the size of the agency, its reserve status and unassigned fund balance.

Capital Assets and Capital Improvement Program

Capital assets must be adequately maintained and replaced over time and expanded as needed to accommodate future demand and respond to regulatory and technological changes. Depreciation typically spreads the life of a facility over time to calculate a depreciation amount for accounting purposes. The actual timing and amount of annual capital investments require detailed engineering analysis and will differ from the annual depreciation amount, although depreciation is a useful initial indicator of sustainable capital expenditures.

The NWMVCD's capital assets include facilities, equipment, vehicles and furniture, all of which are subject to depreciation (except land). As of June 30, 2020 the District had \$5,398,449 in total capital assets and \$2,212,611 in accumulated depreciation, resulting in \$3,185,838 net capital assets. The District does not utilize a 5-year Capital Improvement Program for facilities or infrastructure (vehicles/equipment) improvements/replacements. The District does not have a specific capital reserve however does maintain a general reserve that can be utilized if needed for unplanned capital expenditures.

Fee Structure for Services Provided

Most public agencies charge fees for various services provided.

The NWMVCD collects a portion of the District revenue through Special Assessment Fees assessed to each parcel within the District and included on the annual property tax statements for collection and allocation by the County Treasurer-Tax Collector. The District reports that the special benefit assessment rates vary depending on when the area within the district was added and the benefit calculated and updated annually through the annual assessment engineer's report.

Cost Avoidance Programs

The NWMVCD does not employ any specific formal "cost avoidance" programs. Maintenance, replacement of equipment is carried out within budget. The District has identified several initiatives that are considered effective in cost avoidance and efficiency improvements as reported here:

While other agencies in the region have considered or implemented funding increases or special levies in response to cost challenges, the District has thus far focused on streamlining services by area or zone-based strategies that can best serve the local communities. This has included broad cross-training for all staff and increasing seasonal staff during peak season.

District management has continued to investigate novel control methods, using both commercially available products and/or requesting DPR research authorizations, to increase residual effect of pesticides. Some cost avoidance strategies that have been

implemented include the aggressive shift toward property owner responsibility in reducing vector habitat. In recent years, this has primarily been implemented by harnessing public education as a labor force multiplier.

The main goal of this strategy as is to engage stakeholders (i.e. homeowners, HOAs, property managers, parks departments, commercial and industrial properties, school districts, etc.) in an informational capacity to encourage prioritization of water management, recognizing that improved water management is not only important for this drought-sensitive region, but also the gold standard in reducing mosquito breeding habitat.

The District is actively exploring to establish or strengthen collaborations with agencies and stakeholders within the county and cities served including but not limited to: RUHS, County Code Enforcement, County Flood Control, and County Emergency Management Department.

Internally, areas of current investigation into more efficacious programs include:

- New technologies in conjunction with regional agencies regarding sterile insect releases.
- Drone-operated surveillance and control applications.
- Long-term plan for fleet transition to hybrid and/or EV vehicles.
- Augmenting Wide Area Larviciding techniques to increase residual pesticide activity over large application areas.
- Bolstering resistance management programs to regularly evaluate the efficacy of commercial control products, and compare the resource cost to mechanical control options.

DISADVANTAGED UNINCORPORATED COMMUNITIES

LAFCO has determined that there are 13 Disadvantaged Unincorporated Communities associated with the 7 cities and unincorporated areas within the NWMVCD boundaries, therefore being served by the District.

STATUS OF ISSUES IDENTIFIED IN MOST RECENT MSR

The last MSR which was in the form of a countywide “special study” for the NWMVCD was in 2007. The 2007 special study did not identify any issues specific to the District. However recommendations were made concerning boundary adjustments to include more cities into the District. Two cities, Riverside and Lake Elsinore cities became members of the District since that time.

GOVERNMENT STRUCTURE ALTERNATIVES

There is only one government structure alternative that would be appropriate for the NWMVCD at this time:

Maintain the status quo.

NWMVCD's government structure currently in place is sufficient to provide the appropriate governance structure for the District. The District maintains is efficient in delivery of services and appears to be diligent in not overextending. Therefore, the District's current structure should be maintained at this time.

RECOMMENDED MUNICIPAL SERVICE REVIEW DETERMINATIONS

Based on the information, issues, and analysis presented in this report, proposed MSR determinations pursuant to Government Code section 56430 are presented below for the LAFCO Commission's consideration:

1) *Growth and population projections for the affected area.*

- The NWMVCD currently services a population of approximately 900,000 over a geographical area of approximately 303 square miles.
- The District's service area has significant potential for growth, with population growth rates attributable to the agency member cities and the county as steady annual increases.
- The District envisions an increase in demand for services as population growth continues.

2) *The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence.*

- LAFCO has determined that there are 13 Disadvantaged Unincorporated Communities associated with the 7 cities and unincorporated areas within the NWMVCD boundaries, therefore being served by the District.

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 sphere of influence.*

- The NWMVCD's current facilities and support infrastructure are adequate to support current services and absorb future growth within the current jurisdictional boundaries.
- The District has noted that there are no specific challenges to adequately providing some services and potentially in the future. However, if the need arises that the District boundaries may be expanded to include additional cities, challenges may occur.

- There are no deficiencies related to DUCs as services are provided into the DUCs within the District's boundaries.

4) *Financial ability of agencies to provide services.*

- The NWMVCD has the financial ability to provide the current level of services provided. The revenue stream is heavily relied on property taxes and special assessments, which are considered stable revenue sources.
- The District operates efficiently, provides all services authorized and maintains all facilities and equipment adequately to ensure services are not impacted.
- Functional reserves are adequate relative to the District's annual budget, and would be able to augment services rendered in short-term outbreak or emergency scenarios.
- Current reserves are not adequate to meet the needs of an aging infrastructure or cover costs of structure replacement costs that will be required in coming years.

5) *Status of, and opportunities for, shared facilities.*

- There is no foreseeable opportunity for shared facilities at this time.

6) *Accountability for community service needs, including governmental structure and operational efficiencies.*

- The NWMVCD is governed by an eight member Board of Trustees, appointed by their respective member agencies. Staffing is approximately 26 personnel plus seasonal staff.
- Service needs are being met and reporting to the various county and state oversight agencies have not revealed any issues.
- The District primarily conducts outreach via its website, community presentations, and social media which makes available comprehensive information and documents to the public, and solicits feedback and input from constituents.
- No direct contact information is listed for Board of Trustee members nor management staff, and should be included on the website for additional transparency to the public.
- No alternative government structure options are considered superior to the current structure at this time.

7) *Any other matter related to effective or efficient service delivery, as required by Commission policy.*

- There are five small areas that were annexed into the City of Lake Elsinore in the 2007-2008 timeframe that were omitted from annexing into the NWMVCD. The city or the District should consider annexation of these areas into the District.

RECOMMENDED SPHERE OF INFLUENCE DETERMINATIONS

Existing Sphere of Influence

The NWMVCD's existing sphere of influence extends beyond its jurisdictional boundaries.

Sphere of Influence Analysis

One of LAFCO's objectives is to eliminate illogical boundaries and associated service inefficiencies, where these issues exist. Based on the geographic and jurisdictional boundary constraints, there is no area of potential expansion of the NWMVCD's SOI. The current SOI is limited to the east to the current jurisdictional boundary of the Coachella Valley Mosquito and Vector Control District, and extends to the north, south and west to the county boundaries.

Sphere of Influence Options

Only one option is identified with respect to the NWMVCD's SOI.

Option #1: Maintain the current SOI which extends as noted previous.

Should the LAFCO Commission wish to continue to reflect the intention to maintain the NWMVCD's existing boundary, then a reaffirmation of the current SOI would be appropriate.

Sphere of Influence Determinations

Following are the five recommended determinations for the LAFCO Commission's consideration as required by Government Code section 56425(e):

1) *The present and planned land uses in the area, including agricultural and open-space lands.*

- The NWMVCD is not an authorized land use planning authority. The member cities and the County of Riverside for unincorporated areas are responsible for land use planning.

- Current land use and zoning is mix of urban, suburban, rural, open space, desert and mountain areas, and commercial and industrial uses.
 - It is likely future land use decisions will mostly reflect maintaining reasonably planned growth, land use and zoning decisions by the member agencies to support future economic, housing and environmental dynamics.
- 2) ***The present and probable need for public facilities and services in the area.***
- Current facilities and services are adequate to support the area, including support of limited future growth in the area.
 - Long term, there most likely will be a need for expansion of services and facilities into growth areas that may be annexed in the future.
 - Expansion of services will require sufficient revenues to support the cost of any service expansion.
- 3) ***The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.***
- Sufficient capacity of facilities exists to support providing adequate public services authorized and being provided.
 - The District is well positioned financially and from a facilities and infrastructure standpoint to absorb future service growth within the current boundaries.
 - Annexation of additional cities or unincorporated areas within the District SOI may result in a need for an additional facility for providing services.
- 4) ***The existence of any social or economic communities of interest in the area if the Commission determines that they are relevant to the agency.***
- There are no specific communities of interest within the NWMVCD jurisdictional boundaries that require special attention nor have any service issues that the District would have responsibility over been identified.
 - It is noted that there are in general demographic and geographic communities of interest within the District's boundaries that receive District services. Areas within the SOI receive services from alternative providers.
- 5) ***For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, that occurs pursuant to subdivision(g) on or after July 1, 2012, the present and probable need for***

those public facilities and services of any disadvantaged unincorporated community within the existing sphere of influence.

- The NWMVCD does not provide the listed services. The District does provide its services to the residents of the disadvantaged unincorporated communities within the District boundaries.

ACRONYMS

AB	Assembly Bill
CALFIRE	California Department of Forestry and Fire Protection
CalPERS	California Public Employees Retirement System
CDHP	California Department of Public Health
CDP	Census Designated Place
CEQA	California Environmental Quality Act
CFD	Community Facilities District
CIP	Capital Improvement Program
CKH	Cortese-Knox-Hertzberg Reorganization Act of 2000
CPA	Certified Public Accountant
CVMVCD	Coachella Valley Mosquito & Vector Control District
DUC	Disadvantaged Unincorporated Community
FEMA	Federal Emergency Management Agency
FPPC	Fair Political Practices Commission
FTE	Full-Time Equivalent
FY	Fiscal Year
GASB	Government Accounting Standards Board
GIS	Geographic Information Systems
FPD	Fire Protection District
JPA	Joint Powers Authority
LAFCO	Local Agency Formation Commission
LD	Library District
MSR	Municipal Services Review
NWMVCD	Northwest Mosquito & Vector Control District
OPEB	Other Post-Employment Benefits
SB	Senate Bill
SCAG	Southern California Association of Governments
SOI	Sphere of Influence