

RESPONSES TO 2015-2016 GRAND JURY REPORTS

Looking Back and Looking Ahead

2016-2017 El Dorado County Grand Jury

Case No. GJ-16-015



Release Date: June 9, 2017

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SUMMARY

Each year the El Dorado County Grand Jury conducts investigations of local agencies and districts and publishes reports of those investigations. Those reports contain findings and recommendations intended to improve government services delivered and to which the subject agencies are required by law to respond and comment.

The 2015-2016 El Dorado County Grand jury conducted investigations of the Landscaping and Lighting Districts (LLAD) of the El Dorado Hills Community Services District (EDHCSD) under Grand Jury Case No. GJ-15-03, and the El Dorado County jails operated by the El Dorado County Sheriff' Office (EDSO) under Grand Jury Case No. GJ-15-11. In both cases this grand jury found that one or more of the responses of the respective subject agencies to the Jury's reports failed to comply with the relevant provisions of the Penal Code and or were lacking detail by which the agency's subsequent actions could be gauged.

The jury determined to seek adequate responses from these agencies so that the work of the preceding jury was not disregarded or ignored. Detailed letters were sent to the EDHCSD and EDSO describing the defects in their respective responses and directing that amended responses be submitted within thirty (30) days of the dates of the letters giving notice of the defects.

While somewhat tardy, EDHCSD amended and corrected its responses as requested.

The Sheriff, on behalf of his Department, did not answer within the time frame allotted- or at all.

BACKGROUND

The civil (or regular) grand juries within each of the fifty-eight (58) counties of California are all volunteers, appointed by the local Superior Court for one-year terms. They are charged with looking into the operations of local government and reporting to the public on what they have found. The law governing grand jury reports requires the juries to make findings and recommendations designed to point out issues, inefficiencies and problems and then recommend ways to make government work better for all. Grand jury investigations are complex and time-consuming and their reports frequently take all of a jury's term to reach publication.

The term of grand juries is normally July 1, to June 30, of each year. In most cases juries have served their term and been discharged long before responses to their reports are received. In some counties, a county official publishes an annual report on the status of responses to its grand jury investigations¹.

Limited means are available in El Dorado County to track agency responses to grand jury reports. An alert press can hold agencies to answer for their responses and responsiveness to grand jury investigations. The only other alternative is for succeeding juries to conduct their own independent reviews and assessments of responses to the work of past grand juries to ensure appropriate, or any, action is taken by the subjects of investigation reports.

METHODOLOGY

The 2016-2017 El Dorado County Grand Jury reviewed all responses submitted by public agencies to the reports published by the 2015-2016 El Dorado County Grand Jury.

This jury then wrote to two responding agencies seeking augmentation and correction of respective responses which had been found to be inadequate, or not conforming to applicable law, and reviewed subsequent replies submitted.

DISCUSSION

The law governing grand jury reports and responses by the subjects of jury investigations is clear and very specific². Responses to a jury's findings must agree, disagree, or partially agree or disagree. The reasons for disagreement must be stated. Recommendations require not only agreement or disagreement but also require actions, if any are promised, to be completed within a limited time period. Should an agency respond that further study is required, the agency must provide a time frame for that study.

After thorough review of the responses submitted by the El Dorado Hills Community Services District (EDHCSD) to the 2015-2016, Grand Jury's report in Case No. GJ-15-03, "Landscaping and Lighting Assessment Districts in El Dorado Hills;" a request for further responses was found

¹ For example: "Status of the Recommendations by the Civil Grand Jury 2014-15", Controller of the City and County of San Francisco; available at: <http://sfcontroller.org/status-civil-grand-jury-recommendations>

² See Penal Code §933.05.(a).

to be warranted and was sent to the board of the EDHCSD on March 29, 2017. Similarly, a response from the El Dorado County Sheriff's Office (EDSO) to the 2015-2016, Grand Jury report in Case No. GJ-15-11, "El Dorado County Jails Inspection;" was found lacking and a letter seeking further response was sent to the Sheriff on April 30, 2017. Those letters are included with this report as Appendices I, and III, respectively. Each requested further written responses, directed to the Presiding Judge of the El Dorado County Superior Court, within thirty (30) days of the date of the letter.

The EDHCSD provided the letter included as Appendix II, dated May 1, 2017, as its amended responses to last year's grand jury report and this jury's request for legally adequate responses. A fair reading of that somewhat tardy letter shows a real effort to address the issues raised and to correct and augment their previous responses. Timelines and action plans are described in that letter. The District took the Grand Jury seriously and sought to bring itself into compliance with the law.

No response was received from EDSO within the time directed by the jury and none has been received as of this writing. EDSO made no attempt to seek an extension of time to comply with this Jury's request. No excuse or reason for EDSO's unresponsiveness has been communicated to the Presiding Judge or to the current grand jury.

FINDINGS

- F1. The El Dorado Hills Community Services District (EDHCSD) has submitted substantially complete and legally conforming amended responses to the 2015-2016 Grand Jury's Findings and Recommendations by its letter of May 1, 2017.
- F2. The quality of the amended answers submitted by EDHCSD are commendable and this Grand Jury thanks this agency for its responsiveness.
- F3. The Sheriff of El Dorado County has deigned to ignore the identified defects in his responses to the 2015-2016 Grand Jury Report communicated to him by this Grand Jury in its letter of April 3, 2017.

RECOMMENDATIONS

- R1. The Sheriff of El Dorado County submit, forthwith, an amended and legally sufficient response to Recommendation 1 of the 2015-2016, El Dorado County Grand Jury report, published June 9, 2016, Case No. GJ-15-11.

REQUEST FOR RESPONSES

Pursuant to Penal Code §933.05, the grand jury requests responses as follows:

From the following individuals:

- The Sheriff of El Dorado County as to Finding 3, and Recommendation 1.

Address responses to:

The Honorable Suzanne N. Kingsbury
Presiding Judge of the El Dorado County Superior Court
1354 Johnson Blvd.
South Lake Tahoe, CA 96150

The Presiding Judge of the El Dorado County Superior Court additionally requests that the responses be sent electronically as a *Word*® or *PDF*® file to facilitate the economical and timely distribution of such responses. Please email responses to the El Dorado County Grand Jury at: courtadmin@eldoradocourt.org.

Reports issued by the Grand Jury do not identify individuals interviewed. Penal Code section 929 requires that reports of the Grand Jury not contain the name of any person or facts leading to the identity of any person who provides information to the Grand Jury.
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APPENDICES

- I. March 29 ,2016 (sic) letter to Allen Priest, President El Dorado Hills Community Services District from the El Dorado County Grand Jury
- II. May 1, 2017 letter to Suzanne N. Kingsbury, Presiding Judge of the Superior Court from Kevin A. Loewen, General Manager, El Dorado Hills Community Services District
- III. April 3, 2017 letter to John D'Agostini, Sheriff of El Dorado County from the El Dorado County Grand Jury

- I. APPENDIX I: March 29 ,201 (sic) letter to Allen Priest, President El Dorado Hills Community Services District from the El Dorado County Grand Jury



El Dorado County Grand Jury 2016-2017

P.O. Box 472
Placerville, California 95667
(530) 621-7477 Fax: (530) 295-0763

March 29, 2016

Hon. Allan Priest
President, Board of Directors
El Dorado Hills Community Services District
1021 Harvard Way
El Dorado Hills, CA 95762

Re: Responses of the El Dorado Hills Community Services District to the 2015-2016 Grand Jury Report

Dear Mr. Priest:

The 2016-2017 El Dorado County Grand Jury has received and reviewed the responses submitted by the El Dorado Hills Community Service District to the report of the 2015-2016 El Dorado County Grand Jury's report of investigation, Case No. 15-03, titled: LANDSCAPE AND LIGHTING ASSESSMENT DISTRICTS IN EL DORADO HILLS.

Responses from a local agency to a grand jury investigative report are limited and restricted to the choices set forth in Penal Code section 933.05. Explication and reasoning may follow those statutorily described responses but the code is clear that the response "...shall indicate one of the following:"

The jury has found, at plenary session, that the following responses, and each of them, fail to comply with the requirements of California Penal Code section 933.05 and thereby the Board of Directors of the El Dorado Hills Community Services District is directed to make and transmit to the El Dorado County Superior Court further responses that do meet the requirements of law.

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The responses found to be inadequate and the bases of those findings are as follows:

District Response #1: The oversight of the LLADs is a high priority for the District and there are several factors that go into the annual assessments for the uniquely situated LLADs. However, significantly more oversight is planned by way of the District's implementation of the Parks Superintendent position. As the District activates a new management position of Parks Superintendent this fiscal year (FY16/17), an increased capability for improvements in oversight of the LLADs will be in place. The District supports and will implement a clear set of LLAD annual budget notations to address the cited need for providing an explanation and rationale for any changes.

All proposed changes have been presented in staff reports at the District's standing committees and board meetings as well as posted as public hearing notices on the District website in accordance with our established practices. The public will have ample opportunity to review and comment on any proposed changes to LLAD assessments.

The foregoing District Response #1 fails to comply with PC sec. 933.05(a)(2) and (3) in that it fails to describe, with substantial specificity, a time frame for implementation for action, and explanation of the scope and parameters of the its analysis of the issues raised and a time frame not exceeding six months from publication of the jury's report on June 2, 2016.

District Response #2: As stated in the District's Response #1, we remain committed to significant improvements in the budget management of all LLADs. It is true that assessments can vary from year to year depending on the elements and/or amenities contained in each LLAD and the changing expenses for maintenance, repair or replacement of these elements. The District will continue our recent efforts to capture accurate actual costs associated with each LLAD.

The District Board has authorized a new Overhead and Cost Allocation Study to be conducted in FY 16/17. The study will suggest any changes or improvements identified to determine if overhead allocations are fair and equitable or if another formula should be considered. If any changes were recommended, they would be presented to the District's Board of Directors for ultimate approval to any changes to LLAD overhead allocations.

District Response No. 2 fails to meet the requirements of P.C. sec. 933.05(b)(3) in that the response alleges that further analysis is being undertaken but fails to describe a timeframe not exceeding six months from the publication of the jury's report on June 2, 2016.

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District Response #3: While it is accurate to find some of the LLAD fund balances have grown significantly over time, it is not accurate to find there is no explanation for these larger balances. Many LLAD fund balances increase over time in anticipation of sizeable(sic) projected replacement costs for significant landscape and lighting elements or site improvements such as fencing, walls, entry monuments, major plantings, irrigation systems, etc. The District's Browning Reserve is a study that charted a planned schedule for replacement and associated expenses of such work over time. Without a gradual and methodical buildup of funds over time, many LLADs would be hit with expensive one-time, yet eventually recurring, significant replacement or renovation costs. The study explains and provides justification for these funds.

Notwithstanding, the District is committed to conduct a budgetary examination of LLADs with seemingly excessive fund balances in its upcoming Overhead and Cost Allocation Study. New District software for budget management can be programmed to alert staff responsible for LLADs as to anomalies in fund balances over time that could trigger any necessary reassessment of the portions of assessments directed to planned replacements. Fair and equitable reductions to assessments would be considered whenever fund balances increase beyond reasonable and scheduled replacement funding needs.

Furthermore, when the higher fund balance is no longer needed, the District has taken steps in the past two years to decrease the projected LLAD assessment, in some cases up to a 50% reduction in an effort to address fund balances that are currently undesignated for anticipated asset replacement & maintenance, or other operating costs.

Instances where larger set aside budgets for projected replacement expenses are identified, the District will take necessary steps to explain and justify the need for larger fund balances. Similar to the District's Response #1, the District will maintain a proactive communication model for LLAD budget transparency with opportunities for the community to review and comment on any assessment changes.

The above, District Response #3, is non-compliant with P.C. 933.05, subdivisions (a)(2) and (b)(3) in that it does not clearly identify what the respondent agrees with or disagrees with in the response nor does it describe a time frame, within six months of June 2, 2016, in which the respondent will install "...software for budget management can be programmed to alert staff responsible for LLADs as to anomalies in fund balances over time..." Further, Response #3, does not describe the analysis and or actions it will take to "...explain and justify the need for larger fund balances." or a timeline within six months from June 2, 2016 in which those analyses and corrective actions and processes will be completed and promulgated.

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District Response #4: Given the Grand Jury's admonishment to each witness that he or she is not allowed to discuss the subject matter or details of the Grand Jury's investigation, the District is significantly hampered in being able to thoroughly respond to the finding that its employees were "not forthcoming" in their respective responses. It is the District's expectation that all of its employees respond with transparency when addressing CSD funds, including its LLAD fund balances.

The District complies in full with the provisions of Section 22660 of the Landscaping and Lighting Act in all of our current and past practices. The creation and adoption of resolutions at the District Board of Directors level will occur when necessary to remain in full compliance.

All LLADs are structured with the realization that funding for large future expenditures should be gradually built up over a time schedule as a reserve to meet the projected schedule for replacement work.

District Response #4 is inadequate in that it fails to comply with PC sec. 933-05(a)(1) and (2) in that it does not describe either agreement or disagreement with the relevant findings (F-4) of the jury's report. Further inadequacy is found in the failure of the latter portion of the response, as required in sec. 933.05(a)(2), to state its agreement or disagreement with the finding or to address the issue raised in R-4 of the report and merely asserts that the CSD is in compliance with law. The response implies further action will be taken in regards fund balances but fails to state ways, means and a timeframe within six months of the publication of the jury' report in which it will complete the legislative actions implied.

District Response #5: As stated previously and in the District's responses above, a new overhead and cost allocation study will be underway in this fiscal year. If need be, overhead costs will be recalibrated. However, history has proven that much of the administrative overhead and related expenses are very similar between LLADs regardless of overall budget size or assessment district complexities. Hence the proportionality of the overhead expenses can seem outwardly to be skewed towards a higher amount for the smaller LLADs.

It can be viewed that the budgeted expenses and allocated overhead costs, across the wide variety of scale and scope of amenities and site improvements of the LLAD, vary widely. The District does not dispute that finding but will note that no two of the LLADs that the District is responsible for are identical. Rather, they reflect the signature qualities and unique nature of each neighborhood as they were developed over time. Many of the comments from the Grand Jury are accurately reflecting the wide and varying nature of all of the LLADs within the District.

The District does not agree with the statement that "tracking actual costs by LLAD is problematic." The District has instituted a consistent and accurate process of capturing actual

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costs relating to all aspects of landscape and lighting assessment district expenses. GPS tracking equipment has been installed on District vehicles to exact mileage and staff time to be assigned to each LLAD receiving maintenance work and supervisory attention. Similarly, fuel and utility costs such as water and electricity are now tracked precisely for each LLAD. A new reserve study will be undertaken to insure assets and replacement costs are accurately portrayed. The District utilizes the Browning Reserve Study as a guide for budget development and management for the assets in place to track repairs, additions, replacements and retirements of elements related to each LLAD.

The CSD response in District Response #5 fails to comply with Penal Code sec. 933.05(b)(2) in that it does not clearly state its whole or partial agreement, disagreement with the relevant findings and recommendations, does not state the bases for whatever issue it may be taking with the report. The response is completely unresponsive to the finding of inaccuracy in the Browning Reserve Study, which is the basis for its assessment allocations, nor does it address inaccuracies of the most recent engineering report and thus fails to comply, at all with the code requirement of a response to the findings and recommendations of the report.

District Response #6: The District staff has reviewed all aspects of the SCI Engineers and Browning Reserve Group reports with a critical (sic) eye toward details. If there are obvious (sic) errors and/or misstatements" that the Grand Jury requests be reviewed and possibly corrected, a specific list of these concerns would assist the CSD with such a task.

In the future, the District will commit to post such reports on the District website for public review, with a reasonable comment period, prior to an eventual scheduled District Board of Directors meeting that would contain an agenda item for a public hearing prior to any discussions that would lead to an eventual adoption of said reports.

District staff will be receiving additional training in areas of management practices and budget planning and monitoring in a concerted effort to address the expressed concerns over the need for a more critical eye towards detail and accuracy.

Response #6, fails to respond in the manner required by sec. 933.05(a) and the response seeks to shift the burden of review back to the jury as to the Browning Report when the defects in it were described, at least in part, in the report. Further, this response fails to describe a timeframe for when the "...District will commit to post such reports on the District website for public review... even though such actions are already required under the *Ralph M. Brown Act* (Government Code sections 54950-54963). Lastly, as to Response #6, no timeframe nor plan of action is described for "...additional training in areas of

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management practices and budget planning and monitoring in a concerted effort to address the expressed concerns over the need for a more critical eye towards detail and accuracy.”

District Response #7: This finding is not entirely accurate. The funds collected from various park user fees such as picnic shelter reservations, tennis and bocce ball class participation fees, and athletic field rental income are deposited into the Districts (sic) General Fund to offset the significant General Fund subsidy of the two LLADs where some revenue is realized. Those two LLADs are Promontory and Lake Forest Park. From the General Fund source, these revenues do indeed help offset the expenses for maintaining the park improvements.

In the case of Promontory Park, as a Community Park by definition, size and complexity, the General Fund subsidizes the maintenance budget and overhead expenses by approximately 75%. The proportionality of the LLAD funding is justifiable for the direct benefit of the properties being assessed. For Lake Forest Park, the General Fund subsidizes the park's maintenance budget and overhead expenses by approximately 10%. LLAD contribution towards the overall park maintenance budget and overhead expenses are not placed into the Districts (sic) General Fund.

The County collects assessments on the District's behalf and records the funds for each LLAD in individual accounts. The County transfers the monies collected for the LLADs to the District three times per year. Once the District receives this assessment revenue, it is placed in individual restricted funds created for each of the LLADs. These funds are used to offset LLAD expenses for the maintenance of the improvements identified and budgeted with EDH District Board of Directors approval. Again, it should be noted that the District General Fund contributes a significant amount of funding towards the overall maintenance budgets of these two parks that realize some user fee revenue. Promontory Park receives a General Fund subsidy of 75% and Lake Forest Park receives a General Fund subsidy of approximately 10%.

During the course of each fiscal year, there is a monthly transfer of funds from each LLAD to the District General Fund to cover administrative overhead.

The District offers regular opportunities for public review and comment on all aspects of budgets, including LLADs, at the monthly Administration and Finance Committee and regular board meetings. The District would take into consideration the recommendation for the formation of a citizen's advisory group.

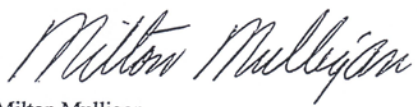
Response #7 fails to directly respond to the findings and recommendations of the report as required under Penal Code section 933.05(a). The response does not describe what the CSD agrees with or disagrees with but merely asserts that “This finding is not entirely accurate.” Further verbiage within the response rises to the definition of a “word salad” (“From the General Fund source, these revenues do indeed help

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offset the expenses for maintaining the park improvements.”) and is unintelligible to the jury. Finally, there is no stated timeframe for the review of the recommendation, and action thereon, for formation of a citizen’s advisory group.

Please prepare and submit conforming responses to the Presiding Judge of the El Dorado Superior Court within thirty (30) days of the date of this letter.

Respectfully,



Milton Mulligan
Foreperson,
2016--2017 El Dorado County Grand Jury

- I. APPENDIX II: May 1, 2017 letter to Suzanne N. Kingsbury, Presiding Judge of the Superior Court from Kevin A. Loewen, General Manager, El Dorado Hills Community Services District

May 1, 2017

The Honorable Suzanne N. Kingsbury
Presiding Judge of the El Dorado County Superior Court
1354 Johnson Road
South Lake Tahoe, CA 96150



Subject: El Dorado Hills Community Services Responses to Grand Jury Report 15-03, LANDSCAPE AND LIGHTING ASSESSMENT DISTRICTS IN EL DORADO HILLS and Subsequent Letter Dated: March 29, 2017.

Judge Kingsbury:

Pursuant to Penal Code (PC) Section 933.05(a)(b), the following includes the El Dorado Community Services District's (District) direct and concise responses to the seven (7) findings and 7 recommendations provided in the Grand Jury Report #15-03 (dated: 6/2/16). The general comments and explanations included in the District's prior response (dated: 9/2/16) are largely still relevant and appropriate in providing background and context to each finding. However, as requested in the subsequent Grand Jury letter (dated: March 29, 2017), the District is addressing each finding below within the specific statutory requirements and, where necessary, we are providing further information and clarification.

As described in the clarifications and discussions provided during the investigation, in the District's previous responses, and enhanced with the responses below, the District has undertaken significant efforts to bring clarity, transparency, and improved financial management and tracking measures to the LLAD management process. We, as a Board, and organization's staff take the LLAD management very seriously and recognize that improvements to the very complex process would make both transparency and public understanding better. We are confident the new and ongoing procedures will continue to provide our constituents with the confidence that LLADs are managed to meet the important needs of the community.

As a revised approach to our prior response and to address specific requirements of PC Section 933, we have organized our responses below by "findings" and "recommendations".

Findings

F1. Oversight of the LLAD Assessment Process is Lacking

Response Per PC 933.05(a)(2): The Respondent disagrees partially with the finding.

Clarification/Discussion: The District recognizes that, during the period prior to and during the Grand Jury investigation in 2015-16, there were a number of areas for evolution and needed management improvement, however not the entire program oversight. Therefore, we disagree with the broad nature of the finding above regarding the oversight of the entire and highly complex LLAD process. Per

PC Section 933.05(b)(3), further details and clarification of specific past and present actions for improvements are provided in the responses to applicable Recommendations below.

F2. Assessments vary significantly from year to year with little or no rationale provided for the changes.

Response per PC 933.05(a)(1): The Respondent agrees with the finding.

F3. The total fund balances are growing year over year. Some LLADs have fund balances of nearly 400% of expected expense with no explanation as to why such large balances are warranted or necessary.

Response per PC 933.05(a)(1): The Respondent agrees with the finding.

Clarification/Discussion: Total fund balances may grow year over year, while some fund balances have decreased. Fund balances, (i.e., Reserves) have varying percentages when compared against operational expense needs, and the explanation for why there are reserve balances has not been included, explicitly, in budget narratives. Future explanations will provide the Board and public with greater clarity and transparency regarding balances.

F4. CSD Employees were not forthcoming with the grand jury particularly when questioned about the fund balances and the characterization thereof – reserves versus surpluses.

Response per PC 933.05(a)(2): The Respondent disagrees wholly with the finding.

Clarification/Discussion: District staff answered all questions during interviews and in follow-up emails. Employees are directed to respond honestly and to be forthcoming, especially for a Grand Jury investigation/interview.

F5. Allocation of CSD overhead among the LLADs does not have an ascertainable rationale. Budgeted expenses and allocated overhead costs are inconsistent and vary widely between LLADs. Tracking actual costs by LLADs is problematic.

Response per PC 933.05(a)(2): The Respondent disagrees partially with the finding.

Clarification/Discussion: This is a multi-faceted finding and the District disagrees with some portions of it as described below:

The respondent disagrees wholly with the following segments of this finding: *“Allocation of CSD overhead among the LLADs does not have an ascertainable rationale. Budgeted expenses and allocated overhead costs are inconsistent”*. The District possesses and utilizes an overhead study that captures the expense values above and beyond hourly wages for work performed by District employees. The current study is accurate, yet the District has issued a request for proposal for an updated study and expects to award that work by September 1, 2017. The resulting report will be available for public review and comment, pursuant to Board policy and procedures.

The District agrees with the finding segment: *"and vary widely between LLADs"*. All LLADs vary in size, shape, assets, etc., thus it is natural for overhead costs to vary widely, narrowly, or otherwise.

The District agrees with the finding segment: *"Tracking actual costs by LLAD is problematic"*.

F6. The SCI Engineer's and Browning Reserve Group reports contain very obvious errors and/or mis-statements that need to be examined by CSD staff with a critical eye toward detail.

Response per PC 933.05(a)(2): The District partially disagrees with this finding.

Clarification/Discussion: The District can only partially disagree with this finding as it is general and a bit vague. Applicable to this finding, we do understand some of the clerical items and consistency issues identified on page 7 (*Observations*) in the Grand Jury report and will continue our processes for thorough review and clarity in future professional reports commissioned by the District.

Further, in future reports, the District will ensure improved clarity and details, where appropriate. For instance, on page 7 of the 2016 Grand Jury Report there is a reference to LLADs that "do not, in fact, even exist," in regards to Hawk View and Bell Ranch LLADs. Those are pre-established LLADs that have been formed in advance of the subdivision being built. When homes in that subdivision are built the LLAD may either be activated or be maintained as a shell LLAD if an HOA is tasked with maintaining the specified improvements. This sort of LLAD formation in advance of homes being built is typical and a best practice.

F7. Fees collected by the CSD for usage of improvements within various LLADs are put into the CSD General Fund and not used to offset LLAD expenses for maintaining those improvements.

Response per PC 933.05(a)(2): The District disagrees partially with this finding.

Clarification/Discussion: When picnic rentals or other fee-based programs generate revenue, it is accurate that the revenue is applied to the General Fund. It is also true that every LLAD is subsidized by the General Fund, whereby a calculation of the specific benefit obtained by LLAD members is levied as their fee assessment, and the general benefit is the subsidization. To provide clarity, the fiscal year ending 2015 General Fund subsidy, in comparison to revenue received by each LLAD that has recreation program or facility revenue is provided in the table below.

LLAD Description	Property Assessment & Interest	General Fund Contribution	Field Rental Revenue	Picnic Rental Revenue	Recreation Programming Revenue
Promontory/Kalitheia	\$217,382.37	\$301,214.00	\$ 42,997.25	\$ 6,362.50	\$105,315.
Laurel Oaks/Hollow Oaks	\$38,792.75	\$5,176.00	\$ -		
Wild Oaks	\$37,385.12	\$7,007.00	\$ -		
Silva Valley	\$85,639.26	\$12,701.00	\$ 10,798.00		
Creekside Greens	\$95,072.47	\$13,098.00	\$ -		
Highland View	\$55,882.82	\$7,540.00	\$ -		
Valley View	\$0.00	\$9,894.00	\$ 8,029.50		
Lake Forest	\$116,001.34	\$11,158.00	\$ -	\$ 445.00	
Windsor Point	\$23,735.66	\$3,181.00	\$ -		

Essentially, the funds collected by fees are in fact offsetting expenses for maintaining improvements.

Recommendations

R1. When assessments vary significantly from one year to another, the CSD should explain the rationale for the change.

Response per PC 933.05(b)(1): The District has implemented this recommendation. During the course of fiscal year 2017-18 budget development, the draft preparers have been charged with providing greater detail related to LLAD assets and variances in maintenance/assessments. That draft budget, with enhanced LLAD descriptions will be presented to the public and the Board of Directors by July 1, 2017.

R2. The CSD should continue its recent efforts to accurately record costs by LLAD and determine a more equitable way to allocate overhead.

Response per PC 933.05(b)(1): The recommendation for continuing efforts for allocation of overhead has been ongoing and thus, it has been implemented. The recommendation for determining a more equitable way to allocate overhead is partially not warranted, as stated in the response to Finding #5 and described here. The District possesses and utilizes an overhead study to apply overhead costs. The District has recently issued a request for proposal for an updated study and expects to award that work by September 1, 2017, but it would be premature to set a deadline for the yet-to-be awarded contractor/consultant's completion of such work. The results will be published for public review and comment and archived pursuant to District policy.

R3. Excessive fund balances should be reduced to a more acceptable percentage of expected future costs.

Response per PC 933.05(b)(4): The recommendation will not be implemented because it is not warranted, as explained in Finding #3. Yet, the amount set aside in reserve funds (*fund balances*) will likely change as the District updates its asset replacement schedule. The District is currently soliciting requests for proposals to update that critically important schedule. It is anticipated that the award of that work will occur by August 1, 2017, however, it would be premature to set a deadline for the yet-to-be awarded contractor/consultant's completion of such work. The results will be published for public review and comment and archived pursuant to District policy.

R4. The CSD should fully comply with the provisions of §22660 of the Landscaping and Lighting Act and clearly disclose in a resolution when an LLAD is accumulating funds for a future expenditure that is too costly to be paid for out of a single year's assessment.

Response per PC 933.05(b)(1): This recommendation has been implemented, as the District will continue to comply with all applicable provisions of §22660 of the Landscaping and Lighting Act. As the District initiates the public notification and hearing process for the fiscal year 2017-18 budget, our Board and Staff will ensure that updated LLAD descriptions and resolutions accurately detail this compliance. Those public hearings are scheduled to occur by July 1, 2017.

R5. A new reserve study should be undertaken to ensure assets and replacement costs are accurately portrayed and a mechanism put in place to track repairs, additions, replacements and retirements.

Response per PC 933.05(b)(1): This recommendation has been implemented. As described in the response to Finding #3, the District is undertaking a new asset replacement schedule and reserve study this year. The District is currently soliciting requests for proposals to update the asset replacement schedule. It is anticipated that the award of that work will occur by August 1, 2017. The results will be published for public review and comment and archived pursuant to District policy.

R6. The LLAD Engineer's report should be reviewed by staff for accuracy and should be posted to the CSD website for public review for a reasonable period prior to adoption by the EDH CSD Board of Directors.

Response per PC 933.05(b)(2): The recommendation has not yet been implemented, but will be implemented by July 1, 2017. For instance, as the current fiscal year 2017-18 budget process develops, the preliminary and adopted Engineer's report(s) will be made available on the District website as part of the public notification and posting process for the Board meetings in June 2017. Any public comments or suggestions on the preliminary report will be considered and, as appropriate, incorporated into the final report. The archive of those postings will remain on the District website.

R7. The EDH CSD Board of Directors should consider the formation of a citizen's advisory group composed of residents in LLADs to review budgeted and actual costs while providing guidance to the board.

Response per PC 933.05(b)(1): The District Board has implemented this recommendation by considering and agreeing to form a citizen's advisory group. The formation of the advisory group has been tasked to District Staff, with an expected solicitation of community member involvement and committee formation by September 1, 2017. Recommendations and results of the advisory group meetings and reviews will be provided to the Board, staff and public for consideration and appropriate action.

Hopefully, the responses and the information contained in this letter address the remaining questions and issues most recently posed by the Grand Jury. As described, our organization is committed to accurate and transparent management of our LLAD processes and will continue our efforts in this area. Should you have questions or require additional information, please contact our General Manager, Kevin A. Loewen at (916) 933-6624 or via email at: kloewen@edhcsd.org.

Sincerely,



Kevin A. Loewen
General Manager

Cc: Allan J. Priest, Board President
Billy Vandegrift, Vice President
Wayne Lowery, Director
Noelle Mattock, Director
Ben Paulsen, Director
File

APPENDIX III: April 3, 2017 letter to John D'Agostini, Sheriff of El Dorado County from the El Dorado County Grand Jury

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El Dorado County Grand Jury 2016-2017



P.O. Box 472
Placerville, California 95667
(530) 621-7477 Fax: (530) 295-0763

April 3, 2017

Hon. John D'Agostini
Sheriff of El Dorado County
300 Fair Lane
Placerville, CA 95667

Re: Response of the El Dorado County Sheriff to 2015-2016 Grand Jury Report, Case No. 15-11, Published June 9, 2016

Dear Sheriff D'Agostini:

The 2016-2017 El Dorado County Grand Jury has received and reviewed the responses submitted by you to the report of the 2015-2016 El Dorado County Grand Jury's investigation, Case No. 15-11, titled EL DORADO COUNTY JAILS INSPECTION, published on June 9, 2016. The Grand Jury has found, at plenary session, that the following response fails to comply with the requirements of California Penal Code § 933.05, and thereby directs you to make and transmit to the Presiding Judge of the Superior Court, a further response that does meet the requirements of law within 30 days of the date of this letter.

Sheriff's Response to Recommendation R1:

The recommendation requires further analysis

This analysis is currently underway, through a needs assessment being completed by Vanir Construction Management.

Grand Jury Analysis: The foregoing fails to comply with PC § 933.05(b)(3) in that it fails to describe, with substantial specificity, an explanation of the scope and parameters of the analysis of the issues raised and a time frame, not exceeding six months from publication of the jury's report on June 9, 2016, for completion of that analysis referred to.

Sincerely,

A handwritten signature in cursive script that reads "Milton Mulligan". The ink is dark and the signature is fluid and legible.

Milton Mulligan
Foreperson,
2016--2017 El Dorado County Grand Jury

mm/gw

cc: Hon. Vicki Ashworth, Judge of the Superior Court
Hon. James R. Wagoner, Judge of the Superior Court