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Special District

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Technology

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Brown act reimbursement, election costs & LAFCo provide much needed revenue for special districts. It's not too late to file claims for all of these programs!

By Andy Nichols of Nichols Consulting and Steve Oppenheim, Local Government Consultants



In our article that appeared in the November/December 2009 issue of *California Special District*, we outlined the opportunity for all special districts to receive reimbursement for the cost of preparing a “Regular Meeting” agenda in accordance with the Brown Act. In that article, the minimum reimbursement any special district should receive for preparing and posting a single agenda was \$135 per regular meeting.

The State Controller’s Office (SCO) deadline for this opportunity was originally April 20, 2010. This date was moved back by one month (to May 20, 2010) after we contacted SCO representatives and notified them their announcement to special districts (and all forms of local government) failed to meet proper Government Code requirements.

One-Year Added – Five Years of Costs Are Now Eligible

For the May 20, 2010 deadline, special districts were able to file claims for four (4) fiscal years of reimbursement. However, any district that missed the deadline is still able to file claims. Districts can file claims up to one year after the initial deadline. Since the claims are in “Late” Claim status, there will be a 10 percent penalty assessed to their claims. The four fiscal years special districts are eligible to file for reimbursement are FY 2005-2006 through FY 2008-2009. With the 2009-2010 Fiscal Year coming to a close since the original May 20 deadline, special districts will be able to add another year of costs, Fiscal Year 2009-2010 for a total of five years.

Districts Filing for Reimbursement More Than Doubles

By the May 2010 deadline, 526 special districts had filed for Brown Act Reimbursement. This was more than double the number of districts (251 districts) that filed for this program for Fiscal Year 2004-2005. We credit this amazing increase to CSDA’s effort to provide information and education to its membership. Many districts were not aware of this opportunity or their ability to be included in this mandate appropriation.

Under Proposition 1A, the latest the State of California is scheduled to begin making payments for Brown Act reimbursement is no later than 60 days after the adoption of the 2011-2012 fiscal year budget. We will be keeping a close eye on the upcoming budget negotiations to see if the state will move forward with their obligation to appropriate funds for the Brown Act reimbursement.

In the table below, we have analyzed costs for one fiscal year of claim filings, fiscal year 2008-2009. From the data, we were able to breakdown special districts that filed for the May 2010 deadline by their type. We placed the special districts into the five (5) most common categories and the remaining 157 districts into an “Other” category





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Type of Special District	Number of Districts Filing FY 2008-2009 Brown Act Claims	Avg. Amount Claimed by District for One FY 2008-2009
Cemetery	87	\$2,005
Community Services	76	\$4,078
Fire Protection	68	\$2,382
Parks/Recreation	28	\$7,028
Water/Irrigation	110	\$8,435
Other	157	\$5,758
Total for Special Districts	526	\$5,020

Source: California State Controller's Office (June 2010)

Methodologies to File for Reimbursement

There are three different methods for filing claims: (1) Actual Time, (2) Standard Time, and (3) Flat Rate. The following is a description for each of the methods.

Actual Time – Requires contemporaneous log sheet documentation and is the most likely of the three methods to be audited by the State Controller's Office. (When to use: If your district has an elaborate agenda preparation process and has excellent time sheet documentation; Amount of Reimbursement: Possibly the highest reimbursement.)

Standard Time – This method has produced the greatest reimbursement for our district clients by allowing districts to claim 20 minutes of time for each agenda item for a Regular Meeting. A blended rate of salaries, benefits and overhead for district staff involved in the agenda preparation process is then used to calculate the cost per agenda. (When to use: If your agendas average 8 or more items per meeting; Amount of Reimbursement: Our special district clients who were able to file claims using this method averaged reimbursement ranging from \$200 - \$525 per a regular meeting agenda.)

Flat Rate – The "Flat Rate" is the minimum any district should claim for a regularly scheduled meeting and provides a uniform rate of reim-

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Special districts cash in on low construction costs

Many forward-looking special districts have taken advantage of rock-bottom construction costs and low real estate prices to move ahead with their capital improvement plans. In 2010, the CSDA Finance Corporation financed nearly \$38 million in infrastructure improvements, equipment purchases, and land acquisitions for special districts throughout the state. Some financings of the past year include:

Del Paso Manor Water District

Infrastructure improvements
 \$5,615,000

Delta Vector Control District

Lab construction
 \$3,000,000

Lake Hemet Municipal Water District

Water system upgrades
 \$7,820,000

North County Fire Protection District

Fire station construction
 \$3,000,000

Rosedale-Rio Bravo Water Storage District

Counterparty financing
 \$10,085,000

Ventura Regional Sanitation District

Landfill liner project
 \$5,000,000

Whether your district is looking at construction of a new fire station, upgrades to a wastewater system, or any other improvement project or equipment purchase, you can turn to the CSDA Finance Corporation for competitive interest rates and quality service. To find out how you can access our tax-exempt financing, call 877.924.2732 or visit www.csdafinance.net.

Money matters [continued from page 33]

bursement for each meeting for each fiscal year. The rate is tied to a price deflator index. (When to use: If your agendas average less than 8 items per a meeting; Amount of Reimbursement: \$135.66 - \$155.94 for FY 2005-2006 through FY 2009-2010)

As we recommended in our previous article, in order to maximize your district's claims, a combination of Standard Time and Flat Rate methods should be used to calculate costs for each fiscal year. The ability to file for reimbursement using the Standard Time Method is very significant. For our clients who were eligible for the Standard Time calculation, their Brown Act claims ranged from a minimum reimbursement of \$5,600 for a single-year to over \$20,000 for some districts. Had we limited ourselves to only the "Flat-Rate" calculation, our client's claims would have been less than \$3,000 in most cases.

The bottom line on Brown Act Reimbursement is that if you missed the original May 2010 deadline you are still eligible to file for all four years and a fifth-year, as well. If you filed for the original deadline, but chose to use the "Flat Rate," please review your agendas to see if you are leaving significant money on the table!

Reimbursement for Election Costs – Absentee Ballots

Local governments receiving reimbursement for the costs of "absentee ballots" is the second-oldest SB 90/ State Mandated Cost program, having been approved nearly 30 years ago (June 1981). With that said, it also appears to be one of the most under-claimed programs for special districts. Although nearly every county in the state of California and over 150 cities file for this program on an annual basis, less than 10 out of more than 2,500 special districts in California file Absentee Ballot claims. What makes this even more concerning is Absentee Ballots receives annual funding (in excess of \$20 million) in the California State Budget as required by Proposition 1A.

The first test to see if you are eligible for reimbursement is to determine if your County Registrar of Voters is passing these costs to your district. About two-thirds of the state's 58 counties are doing so. Some counties may not fully disclose costs or identify them as a line-item on your bill. We strongly recommend that districts review the election cost invoice and if necessary, contact the county registrar of voters for clarification.

Local Agency Formation Commissions (LAFCo) – Sphere of Influence

At the end of March 2010, special districts were eligible to file for reimbursement for costs related to updating the district's "Sphere of Influence" and the functions/services provided by the district. This first-time opportunity to file for reimbursement covered the period from Fiscal Year 2001-2002 to 2008-2009. Similar to Brown Act Reimbursement, this original multi-year filing opportunity is in "Late-Claim" status. Claims can be filed with the State Controller's office until March 30, 2011. It is important to note that all LAFCO claims filed for the "original" deadline were fully-paid by the State in December 2010.

Even though the State of California is facing severe financial difficulty, it's SB 90/State Mandated Cost obligations to Local Government Agencies are constitutionally protected under Article XIII B and Proposition 1A. For California special districts, SB 90 reimbursement provides a revenue source for complying with state law. Special districts need to file their claims with the State Controller's Office to receive their fair share of reimbursement for costs they have already incurred.

For more information or claiming assistance, please contact Steve Oppenheim, Local Government Consultants at (916) 209-8346 or steve@lgconsultants.net; Andy Nichols of Nichols Consulting can be reached at (916) 455-3939 or andy@nichols-consulting.com. ■

By the **Numb3rs**

More than one million people die each year from mosquito-borne diseases.

1,000,000