

**2017-2018 Stanislaus County Civil Grand Jury
Independent Special Fire Districts
Relics of the Past or Resources for the Future?
Case #18-15GJ**

SUMMARY

Special districts are an important part of local government. Stanislaus County independent special fire districts administer \$26 million a year of tax payer money with little scrutiny from the citizens. Fire districts as a class have never been reviewed by the Stanislaus County Civil Grand Jury. This year all fourteen special fire districts were evaluated to assess the transparency and accountability of governance.

District accountability is confusing because the majority of boards are appointed by the Stanislaus County Board of Supervisors (SCBOS), not elected by the voters. Most boards do reasonably well in managing operations, but many board members are not adequately trained for effective governance. Few districts are in full compliance with state laws requiring transparency, accountability, and ethics training. Board meetings are often difficult to locate and are not welcoming to citizens. Websites lack required financial reports and contain inaccurate information. Public participation is absent at most meetings. Many board meetings lack the structure and formality expected when conducting the people's business.

GLOSSARY

LAFCO	Local Agency Formation Commission
SCBOS	Stanislaus County Board of Supervisors
SCCGJ	Stanislaus County Civil Grand Jury
SCFD	Stanislaus Consolidated Fire District

BACKGROUND

California law established special districts as independent state agencies to provide infrastructure or services of importance to the voters within specific limited boundaries. The districts are governed by boards that are accountable to the voters within the district boundaries. Stanislaus County is home to forty-two independent special districts including fourteen fire districts. California has over 2000 special districts. Turlock Irrigation District was the first to be formed after passage of the Wright Act in 1887. Independent special districts are created by the legislature. The SCBOS appoints the majority of board members. However, other districts elect their board members.

The Little Hoover Commission was formed by the California State Legislature in 1962 “...to secure assistance for the Governor and itself in promoting economy, efficiency and improved service in the transaction of the public business in the various departments, agencies and instrumentalities of the executive branch of the state government, and in making the operation of all state departments, agencies and instrumentalities, and all expenditures of public funds, more directly responsive to the wishes of the people as expressed by their elected representatives...”

In 2000, The Little Hoover Commission did a study of special districts in California titled *Special Districts: Relics of the Past or Resources for the Future?* The commission found “an expansive government sector, largely invisible, serving constituents who know little about them or how the money they provide is used”. In 2017, the Commission revisited special districts and issued a report in August titled *Special Districts: Improving Oversight and Transparency*. While many special districts had developed websites in the interim, many of the websites were of poor quality. Otherwise, the same issues that plagued districts in 2000 remained in 2017. For our purposes, the two areas of concern were:

- Oversight of special districts, specifically, opportunities to bolster the effectiveness of Local Agency Formation Commissions (LAFCOs).
- The continued need for districts to improve transparency and public engagement.

In 1963, the state legislature created fifty-eight LAFCOs with the authority to oversee local boundary decisions and to initiate special district consolidations or dissolutions. In 2000, LAFCOs were given authority to conduct Municipal Service Reviews to guide districts in performance improvement. To date, thirty of California’s fifty-eight counties have special district representatives on their LAFCOs. Each LAFCO is funded through its member organizations which in Stanislaus County include representatives from city and county government. The county’s independent special districts do not have representation in LAFCO.

METHODOLOGY

Board meetings were attended, and interviews conducted. The following documentation was requested from each fire district:

- Budgets for the past five fiscal years.
- Annual internal and audited financial statements for the past five years.
- Credit card authority and policy for use.
- Check signing authority and policy.
- Organizational chart.
- Name and responsibility of each board member.
- Board meeting agendas for the past three years.
- Board meeting minutes for the past three years.
- Original district bylaws governing operations since inception.
- Form 700 Statement of Economic Interests.
- Proof of Public Service Ethics Education.
- Policy on nepotism.

DISCUSSION

Board Meetings

All the districts posted the minimum required 72-hour notice for board meetings on letter-sized paper in front of the fire station. This inconspicuous notice doesn't effectively inform the voters or advertise the meeting. This may satisfy the minimum requirement of the open meeting laws but falls short of the spirit.

Some districts, such as Oakdale Rural, send agendas, board packets, and minutes by email to interested citizens. This takes little effort to set up and is a great way to reach the voters.

Some board meetings were conducted in facilities with multiple entrances. No signage directed attendees toward the meeting location. One meeting required following some strangers down a dark alley and through an unmarked door at the rear of the fire station. These are among the barriers to voter involvement.

Meeting information on some districts' websites was inconsistent with information available from LAFCO and the county. Meeting dates, times, and locations were often misleading. In one instance the meeting time was listed as 6:30 P.M. on LAFCO and county websites, 4:30 P.M. on the district website when the actual meeting time was 5:30 P.M.

Some meetings were conducted so informally that they were more like a group of friends meeting around the kitchen table than a board conducting the people's business. Citizen attendance at board meetings was rare. The SCCGJ was often the only "outsider" present at board meetings. Board members and staff were often anonymous as names were not displayed

and no roll call was taken. Discussions were often muted and difficult to hear. Acronyms known only to the board were used with no attempt to explain to the audience. These meetings were impressive in their attention to the districts operational and financial issues but lacked the structure and transparency expected of a governmental agency.

Of the meetings attended, Denair and Stanislaus Consolidated fire districts were an exception. The structure and formality of the meetings were excellent.

Selection and Accountability of Board Members

Board selection follows two paths. One is voter election. If no citizens seek the post, then the SCBOS appoints an individual to the board. Conversely other boards are defined as “appointed boards” and consist solely of appointees. The majority of fire district boards are appointed by the SCBOS. A lack of citizen awareness and interest appears to be the underlying cause behind many of the elected board vacancies.

For example, the boards for Stanislaus Consolidated, Oakdale Rural, Turlock Rural, and the Industrial fire districts are appointed by the county and various cities. These boards, like all other independent special districts, are accountable to the voters in their district. Confusion and difficulty occur since board members are appointed rather than elected. However, voters cannot install or remove these board members without the involvement of the appointing entity.

On October 10, 2017 a fire district contacted a county supervisor expressing concern about the SCCGJ document request (see methodology section). The concern was sent to county counsel who forwarded it to the SCCGJ. This indicates the district mistakenly believed it reported to the SCBOS. As another example, on March 9, 2007 a notice on the county website stated, “Industrial Fire Protection District ... is no longer under County oversight”. Both instances reinforce the misconception that special districts are accountable to the county.

Governance Documentation

The responses to the document request (see methodology) are shown in the graph below. Some of the districts created the documents after receiving the request. Others claimed they didn't need the requested policy or organizational structure.

Organization charts, board responsibilities, and policy manuals provide documents necessary for structure, ethics compliance, and continuity. Set policies on file allow for standardization. Controlling purchases and disbursements is the foundation of being a good steward of the people's money. Insuring a procedure for credit card use and check signing is basic. Nepotism can easily occur in a casual environment. These policies should be in place before they are needed.

EFFECTIVE GOVERNANCE

	ORGANIZATION CHART	BOARD MEMBER LIST AND RESPONSIBILITY	CREDIT CARD USE POLICY	CHECK SIGNING POLICY	DISTRICT BYLAWS OR POLICIES	NEPOTISM POLICY
FIRE DISTRICT						
Burbank-Paradise	None	None	None	None	None	None
Ceres	On file	On file	On file	On file	On file	None
Denair	On file	On file	On file	On file	On file	None
Hughson	On file	On file	None	On file	None	None
Industrial	On file	On file	On file	On file	On file	On file
Keyes	On file	On file	On file	On file	On file	On file
Mountain View	On file	On file	None	None	On file	None
Oakdale Rural	None	On file	None	On file	On file	None
Salida	On file	On file	On file	On file	On file	On file
Stanislaus	On file	On file	On file	On file	On file	On file
Turlock Rural	On file	On file	On file	On file	On file	None
Westport	On file	On file	None	On file	On file	None
West Stanislaus	On file	On file	On file	On file	None	None
Woodland Ave	None	On file	None	None	On file	None

Compliance with California Law

The SCCGJ initiated a request for common documents that should be readily available to evaluate compliance with the Public Records Act and the four California codes shown on the chart below. The documents were requested on October 2, 2017 with a due date of October 27, 2017. A fire district stated they could not comply by the due date because strike teams were fighting fires in Napa County causing a manpower shortage. The SCCGJ extended the due date one month. However, if documents were on file as required, staff or board members could have responded to the request because they were not on the strike team.

Denair Fire District responded first on October 30, 2017. Keyes responded last on January 18, 2018. The remaining districts responded within a few days of the extended due date.

The responses show that some districts are not complying with conflict of interest reporting required by the Political Reform Act or Ethics Training required by Title 5 of the California Government Code (see bibliography). Obeying these laws is a fundamental part of effective governance. The failure to follow them is unacceptable.

COMPLIANCE WITH CALIFORNIA LAW

FIRE DISTRICT	CALIFORNIA GOVERNMENT CODE			HEALTH & SAFETY CODE
	BROWN ACT	POLITICAL REFORM ACT	ETHICS TRAINING	FINANCIAL REPORTING
Burbank-Paradise	None	None	None	None
Ceres	Provided	Provided	Provided	Provided
Denair	Provided	Provided	Incomplete	Provided
Hughson	Provided	Provided	None	Provided
Industrial	Provided	Provided	Incomplete	Provided
Keyes	Provided	Provided	Incomplete	Provided
Mountain View	Provided	None	None	Provided
Oakdale Rural	Provided	Provided	Provided	Provided
Salida	Provided	Provided	Provided	Provided
Stanislaus	Provided	Provided	Incomplete	Provided
Turlock Rural	Provided	Provided	Provided	Provided
Westport	Provided	Provided	Incomplete	Provided
West Stanislaus	Provided	Provided	Incomplete	Provided
Woodland Ave	Provided	Provided	None	Provided

District Websites

District websites were reviewed at the beginning of the investigation to determine if required financial and governance information was posted. The following graph shows the results. Nine districts maintain websites. At the time of our review, none were current. Some content has been added since our initial review.

The website emphasis appears to be informing about the mission and community activities. They lack attention to financial and governance transparency. They are not used to encourage voter involvement or attendance at board meetings. Calendar modules are not updated. Board meeting locations and times are often inaccurate.

Current law mandates any special district with a website must post these requirements:

- Agendas must be posted 72 hours before a meeting occurs.
- Annual compensation reports, or a link to the State Controller’s website that contains the report, must be posted.
- Financial transaction reports, or a link to the State Controller’s website that contains the report, must be posted.

DOCUMENTS AVAILABLE ON WEBSITES

FIRE DISTRICT		FINANCIAL			BOARD MEETINGS		
NAME	MAINTAINS A WEBSITE	AUDIT	REPORT	BUDGET	SCHEDE	AGENDA	MINUTES
Burbank-Paradise	Yes	No	No	No	No	8/22/17	No
Ceres	No website						
Denair	Yes	No	No	No	No	No	No
Hughson	Yes	No	No	No	No	8/9/17	No
Industrial	No website						
Keyes	Yes	No	No	No	No	No	No
Mountain View	Yes	No	No	No	Yes	No	No
Oakdale Rural	No website						
Salida	Yes	6/30/15	No	No	No	8/21/17	No
Stanislaus	Yes	6/30/15	No	2017	Yes	8/10/17	No
Turlock Rural	No website						
Westport	No website						
West Stanislaus	Yes	No	No	No	Yes	8/14/17	No
Woodland Ave	Yes	No	No	No	No	8/10/17	No

Citizen Involvement

Citizen involvement was observed at two of the nine board meetings attended. The boards allowed time for public comment and were courteous and respectful of citizens. Board meetings with citizen involvement were conducted in an organized parliamentary manner.

The seven board meetings where no citizen involvement was observed were conducted in a casual and unstructured manner. This may discourage a citizen from attending a future meeting.

Board Member Training

The investigation disclosed no organized governance training for board members. The Director's Policy Manual for SCFD mentioned "Board development and excellence of performance". However, no specific curriculum was mentioned.

To function effectively Stanislaus County needs hundreds of volunteers to provide governance over special districts. Interest in public service may be enhanced by a well-trained board conducting the people's business with professional structure and formality. Training would increase the effectiveness of appointed and elected boards as well as encourage involvement in the democratic process and in preparing future civic leaders.

The current environment requires each board to recognize the need for training and then to seek and undertake a self-directed training program. A list of training resources is available in the appendix.

FINDINGS

- F1. Few districts are in full compliance with state laws in transparency, accountability, and governance.
- F2. Many board members are not adequately prepared to assume office. Stanislaus County lacks a standardized governance training program.
- F3. Most district board members are appointed by the SCBOS.
- F4. The SCCGJ observed that some fire districts perceive that they are accountable to the SCBOS. Conversely the SCBOS has no responsibility beyond appointment of board members.
- F5. Citizen participation is lacking at board meetings.
- F6. Most board meetings are not welcoming to citizens.
- F7. Many of the district websites lack required information about governance and finances.
- F8. No apparent effort exists to increase citizen participation and involvement.

- F9. The fire districts spend \$26 million yearly with little public scrutiny.
- F10. While the SCCGJ focused its investigation on independent special fire districts, our findings and recommendations should be of interest to all special districts in Stanislaus County.

RECOMMENDATIONS

- R1. All Stanislaus County fire districts boards should adhere to California law. All districts should have a written manual of generally accepted governance policies and procedures. The manual should include policies for nepotism, credit card control, and check signing. The manual should be completed by December 31, 2018 (see appendix).
- R2. All fire districts should establish a training requirement for board members in addition to that required by law. The curriculum is to be established no later than December 31, 2018 and shall include at least good governance, parliamentary procedure, Brown Act, nepotism, and conflict of interest (see appendix).
- R3. Certificates of ethics training and Financial Disclosure Form 700 must be on file in each fire district office for five years and at the Stanislaus County Elections Office.
- R4. Fire districts are to ensure that meeting times and locations are posted consistently and accurately on district websites and with LAFCO.
- R5. The fire districts and the community at large would benefit if the SCBOS would exert oversight of governance training.
- R6. The SCBOS should advise the forty-two special districts in Stanislaus County to obtain a copy of this report from the SCCGJ website for informational purposes.
- R7. All fire district boards must comply immediately with the requirements for meeting notices, posting of meeting agendas, publishing of minutes, and financial statements as required by California law.
- R8. Websites should be effectively maintained to abide by California law. The priority of websites should be to provide information and transparency about governance and finances. Current and prior agendas, minutes, financial statements, and audits should be posted (see appendix).
- R9. Board meeting locations and times should be boldly identified. Signage visible from the street should announce meeting dates and times. Signage should be in place to direct citizens to the meeting room. Meeting rooms should be well-lighted, provide adequate seating, and free of exhaust fumes.
- R10. Board meeting structure should routinely reflect the basic elements of accepted rules of order while conducting the people's business. They should start on time with a gavel or

announcement. Board members and officers should be identified by roll call. Names of board members should be visible. Topics and guest speakers should be clearly identified, and sidebars eliminated.

- R11. The districts should utilize local print media to seek candidates for the boards of directors. For example, the Modesto Bee's "Lend a Hand" section announces volunteer opportunities.

REQUEST FOR RESPONSES

Burbank-Paradise Fire Protection District
Ceres Fire Protection District
Denair Fire Protection District
Hughson Fire Protection District
Industrial Fire Protection District
Keyes Fire Protection District
Mountain View Fire Protection District
Oakdale Rural Fire Protection District
Salida Fire Protection District
Stanislaus Consolidated Fire Protection District
Turlock Rural Fire Protection District
Westport Fire Protection District
West Stanislaus Fire Protection District
Woodland Avenue Fire Protection District

INVITED RESPONSES

Local Agency Formation Commission
Stanislaus County Board of Supervisors

BIBLIOGRAPHY

CALIFORNIA STATE LAW

GOVERNMENT CODE

Title 1. General
 Division 4. Public Officers and Employees
 Chapter 1. General
 Article 4. Prohibitions Applicable to Specified Officers
 Chapter 4. Vacancies
 Division 5. Public Work and Public Purchases
 Chapter 1. Cost Records to be Kept
 Division 7. Miscellaneous
 Chapter 3.5 Inspection of Public Records
 Article 1. General Provision
Title 3. Government of Counties

Division 2. Officers
Part 3. Other Officers
Chapter 4. Auditor
Article 1. Duties Generally
Title 5. Local Agencies
Division 2. Cities, Counties and other Agencies
Part 1. Power and Duties
Chapter 2 Officers and Employees
Article 2.4 Ethics Training
Chapter 9 Meetings Ralph M. Brown Act
Title 9. Political Reform
Chapter 7. Conflicts of Interest
Article 2. Disclosure

HEALTH & SAFETY CODE

Division 12. Fire and Fire Protection
Part 2.7. Fire Protection District Law of 1987
Chapter 1. General Provisions
Chapter 3. Selection of Initial Board of Directors
Chapter 4. Existing Boards of Directors
Chapter 7. Finance

PUBLIC CONTRACT CODE

Division 2. General Provisions
Part 3. Contracting by Local Agencies
Chapter 1. Local Agency Public Construction Act
Article 53. Fire Protection Districts

APPENDIX

Institute for Local Government- Good Governance Checklist <http://www.ca-ilg.org/>
California Special District Association <http://www.csda.net/special-districts/>
Fire District Association of California <http://www.csda.net/special-districts/>
Special District Leadership Foundation <https://www.sdlf.org/>

FORM 700 STATEMENT OF ECONOMIC INTERESTS ONLINE

<http://www.fppc.ca.gov/Form700.html>

ETHICS TRAINING ONLINE

<http://locaethics.fppc.ca.gov/options.aspx>

DISCLAIMER

This report of case #18-15GJ regarding the Stanislaus County independent fire districts is issued by the 2017-2018 Stanislaus County Civil Grand Jury with the following exception: one grand juror recused voluntarily due to a perceived conflict of interest. This grand juror was excluded from all phases of the investigation, including interviews, deliberations, voting, and in writing and approval of this report. None of the information included in this report was obtained from the excluded grand juror as a means of mitigating a potential bias to the integrity of this report.