



MUNICIPAL SERVICE REVIEW

FILLMORE-PIRU MEMORIAL DISTRICT

Prepared By

Ventura Local Agency Formation Commission
800 South Victoria Ave.
Ventura, California 93009-1850

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I. EXECUTIVE SUMMARY

In creating Local Agency Formation Commissions (LAFCo) the state legislature recognized, "...that the logical formation and determination of local agency boundaries is an important factor in promoting orderly development and in balancing that development with sometimes competing state interests of discouraging urban sprawl, preserving open-space and prime agricultural lands, and efficiently extending governmental services."¹ One of the statutory requirements for each LAFCo is to establish spheres of influence for cities and special districts. A sphere of influence may be separate from an agency's boundary and is defined as a plan for the probable physical boundaries and service area of a local agency, as determined by LAFCo. The legislature now requires the LAFCo in each county in the state to, as necessary, review and update each sphere of influence on or before January 1, 2008 and every five years thereafter. In order to prepare and to update a sphere of influence, however, LAFCo must conduct a service review of the municipal services provided and prepare a written statement of its determinations with respect to each of the following:

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

This municipal service review (MSR) is for the Fillmore-Piru Memorial District. Formed in 1950, the Fillmore-Piru Memorial District is an independent special district that serves the City of Fillmore, the unincorporated community of Piru and other unincorporated areas in the east-central portion of Ventura County. It is the only special district of its type in Ventura County. The District is governed by a five member board of directors elected at-large to staggered four year terms of office by the voters within the District's boundary.

Municipal service reviews should be considered as studies, not investigative reports. LAFCos have no investigative authority. In reviewing this study, the reader is encouraged to focus on the recommended determinations contained in Section IV. The most significant of the recommended determinations for the Fillmore-Piru Memorial District reflect that the District is heavily dependent on property tax revenue and almost totally dependent on the City of Fillmore for functioning. Approximately two thirds of the District's property tax revenue is, and will continue to be, derived from the territory within the City of Fillmore. Because of these facts, and because there has not been a contested election for the District's board of directors since at least 1990, the most significant determination is that the District, together with the City of Fillmore and the County of Ventura should consider and possibly jointly initiate proceedings for the dissolution of the District within the next

¹ *CA Government Code §56000, et seq, known as the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000, is the primary law governing LAFCos. All references to LAFCo law and mandates refer to this statute.*

five years. Such an action would result in the disposition of the District's sole asset, the Memorial Hall and related property at 511 2nd Street in Fillmore, possibly to the City of Fillmore. Dissolution would provide for a more logical and orderly governmental structure and better local accountability and governance.

II. INTRODUCTION

The law governing Local Agency Formation Commissions (“LAFCos”) was substantially changed effective January 1, 2001. Among the changes is the requirement that LAFCos, as necessary, review and update the sphere of influence of each city and special district by January 1, 2008, and every five years thereafter. No sphere of influence can be updated, however, unless the LAFCo first conducts a municipal service review. California Government Code §56430 provides that municipal service reviews (“service reviews” or “MSRs”) consist of written determinations relating to the following nine factors:

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

It is important to note that municipal service reviews are:

- The written determinations adopted by a LAFCo for the services provided by cities and special districts. LAFCo service review reports are essentially only studies with recommended determinations for each of the nine factors.
- Not applicable to counties, except for special districts governed by a county board of supervisors. They are also not applicable to private providers of public services, such as investor owned water companies regulated by the Public Utilities Commission, or private mutual benefit corporations. This is because service reviews are required for the update of spheres of influence and LAFCos do not establish spheres of influence for counties or private service providers.
- Not investigations. While authorized to prepare studies relating to their role as boundary agencies, LAFCos have no investigative authority.

As required by Government Code §56430, the Governor’s Office of Planning and Research (OPR) adopted advisory guidelines for municipal service reviews. Because of the timing of the issuance of the guidelines and widely varying local circumstances, each LAFCo in the state is following its own process and procedures for meeting the sphere of influence update and related municipal service review mandate.

The Ventura LAFCo’s municipal service review process is being completed in three phases based on a work plan that has been periodically updated and is available on the Ventura LAFCo web site (www.ventura.lafco.ca.gov). The process used to prepare all service review reports to date involved a four-part questionnaire that each affected agency was requested to complete. The first part collected general information about the agency (contact information, governing body, financial etc.), the second part asked for service specific data, the third part included both questions and a map relating

to boundary issues and the fourth part was a signature page. The questionnaire was the basis for most of the information in the service review reports and was designed to ensure the efficient transfer of information into a database designed to provide a base of information for future service reviews.

This MSR for the Fillmore-Piru Memorial District is part of the third and final phase of the Ventura LAFCo work plan. Various public agencies provide public meeting facilities and recreation services, but the Fillmore-Piru Memorial District is the only special district of its type in Ventura County.

III. FILLMORE-PIRU MEMORIAL DISTRICT SERVICES

A. Background

General

Memorial districts are formed under and operate pursuant to the provisions of Division 6, Chapter 1 of the Military and Veterans Code of the State of California, Section 1170 *et seq.* In general, memorial districts have the authority to provide and maintain halls and meeting places and indoor and outdoor recreational facilities for both the general public and veterans. Memorial districts may perform these functions by either owning their own facilities or leasing facilities from other public entities such as counties, cities and/or schools. There are only twenty seven memorial districts in California.¹

Memorial districts are governed by a five member board of directors elected at-large by voters within the district's boundaries. At least three of the seats on the board of directors are designated for veterans. Board members are elected to four year, alternating terms of office. Elections are held in odd-numbered calendar years. Seats unfilled on the district board by the election process are appointed by the County Board of Supervisors. Board members may not receive any compensation for their service, but are entitled to actual and necessary expenses incurred in the performance of board duties.

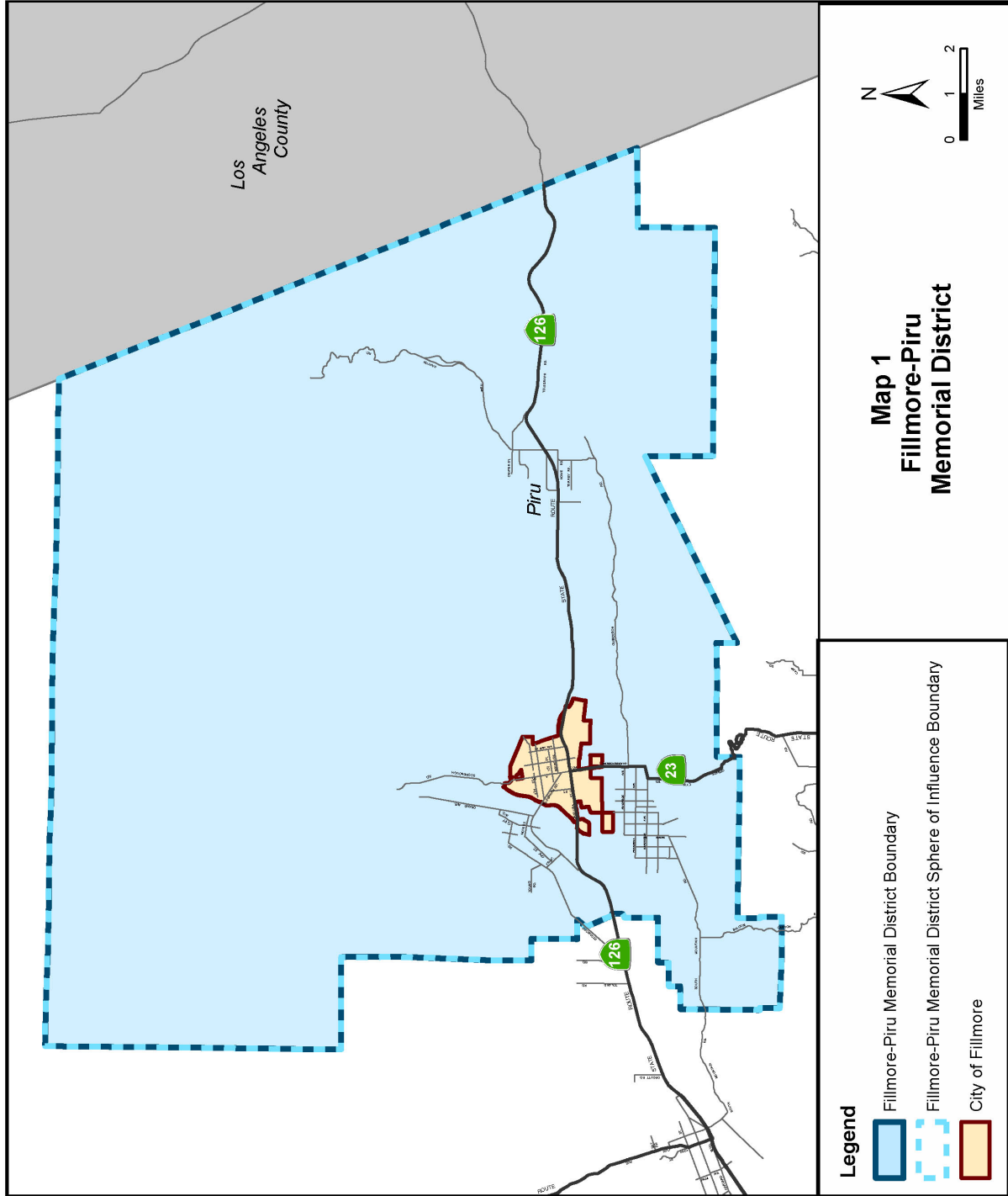
Ventura County

The Fillmore-Piru Memorial District is an independent special district that serves the City of Fillmore, the unincorporated community of Piru and other unincorporated areas in the east-central portion of Ventura County as shown on Map 1. It is the only special district of its type in Ventura County.

The Fillmore-Piru Memorial District was formed in 1950. The District owns and operates a memorial hall at 511 2nd Street in the City of Fillmore (northeasterly corner of the intersection of 2nd Street and Shiells Drive) on approximately 1.12 acres of property (48,807 sq. ft.). This property and facility are the District's sole assets. The maintenance and operation of this building and property, consistent with the provisions of the Military and Veterans Code, is the sole service provided by the District. The District has no employees, but has an agreement with the City of Fillmore for the provision of all administrative, operational and maintenance services (Appendix 1).

¹ Source: CA State Controller *Special Districts Annual Report Fiscal Year 2004 – 2005*

Map 1 – Fillmore-Piru Memorial District



B. Agency Profile

Fillmore-Piru Memorial District	
Contact	Annette Cardona, Community Services Supervisor, City of Fillmore
Mailing Address	250 Central Avenue, Fillmore CA 93015-1907
Site Address	511 2 nd Street, Fillmore, CA 93015
Phone Number	805-524-1500, ext. 216
Fax Number	805-524-5707
Email	<i>acardona@ci.fillmore.ca.us</i>
Website	None
Services	
Types of Services	Owns, operates and maintains a memorial hall consistent with the provisions of the Military and Veterans Code.
Governance	
Date Formed	September 1950
Board of Directors	Five member board of directors elected at large, or appointed, to alternating four year terms; elections are held every two years in odd numbered years. The board of directors regularly meets on the third Wednesday of each month at the District's memorial hall at 511 2 nd Street, Fillmore, CA.
Area & Size Information	
Area in District Boundary (approximate)	151,304.6 acres (236.4 sq. mi.) ¹
Number of Assessor Parcels in District	5,917
Estimated Population	18,894 (2005 forecast) ²
Staff	
Executive & Management	0
Professional & Support	0
Operational	0

¹ Approximate area based on geographic information system calculations

² Source: Ventura County & Council of Governments –2005 population forecast for the Fillmore and Piru Areas

Fillmore-Piru Memorial District Profile *(continued)*

Financial Information				
Revenue	FY 2003-2004¹		FY 2004-2005²	
Property Taxes (all)	\$58,387	40.06%	\$60,219	40.32%
Special Property Assessments	25,994	17.84%	26,247	17.57%
Licenses/Permits	\$2,700	1.85%	\$2,700	1.81%
Interest	\$78	0.05%	\$488	0.33%
Rents/Concessions	\$58,474	40.14%	\$55,763	37.34%
Intergovernmental	\$91	0.06%	\$3,930	2.63%
Total Revenue	\$145,724		\$149,347	
Expenditures				
Salaries & Benefits³	\$72,174	50.29%	\$67,126	51.85%
Services & Supplies	\$59,809	41.67%	\$54,497	42.10%
Long Term Debt Pmt	\$11,538	8.04%		
Fixed Assets			\$7,828	6.05%
Total Expenditures	\$143,521		\$129,451	
Revenue Over Expenditures	\$2,203		\$19,896	

¹ Source: CA State Controller *Special Districts Annual Report Fiscal Year 2003 – 2004*

² Source: CA State Controller *Special Districts Annual Report Fiscal Year 2004 – 2005*

³ The District has no employees and, therefore, does not directly pay for any salaries and benefits; the CA State Controller listing is presumably for contract services provided by others.

C. Infrastructure Needs and Deficiencies

The Fillmore-Piru Memorial District does not own or operate basic infrastructure such as roads or utilities. The District does, however, own and operate a memorial hall at 511 2nd Street in Fillmore. The memorial hall is located on approximately 1.12 acres of land owned by the District. The memorial hall and related property are the District's sole assets. The memorial hall contains meeting, recreation and office facilities for use by veterans, community groups and the general public. As a part of the LAFCo service review questionnaire and follow-up meetings with City of Fillmore staff, no infrastructure needs or deficiencies were identified. The memorial hall building, while reflective of its age, appears to be reasonably maintained. No critical deferred maintenance issues were identified.

D. Growth and Population

The Fillmore-Piru Memorial District does not attempt to forecast population growth within the District boundary, and no other agency determines or forecasts population for the District. Given the District's boundary, the closest approximation of current and projected population in the District is to combine the population information for both the Fillmore area and the Piru area as determined by Ventura County through the Ventura Council of Governments (VCOG). Table 1 provides comparison population data for the combined Fillmore and Piru areas as defined by Ventura County and VCOG.

**Table 1
Population Estimates & Forecasts**

	2000 Census (4-1-2000)	2005 VCOG Forecast	2010 VCOG Forecast	2020 VCOG Forecast
Fillmore Area	15,145	16,534	18,068	23,038
Piru Area	2,300	2,360	2,596	3,070
Total	17,445	18,894	20,664	26,108

VCOG is currently in the process of updating its population forecasts and the forecasts in Table 1 will change in the near future based on the growth projected by the current City of Fillmore General Plan and pending changes to the County of Ventura's Piru Area Plan (part of the County's General Plan). Little growth is expected outside the City of Fillmore and the Piru community. Requests for use of the District's memorial hall will likely increase as the population within the District increases.

E. Financing Constraints and Opportunities/Cost Avoidance Opportunities and Rate Restructuring

The Fillmore-Piru Memorial District is financially stable. As shown in the "Agency Profile" financial information table on page 8, the District's primary sources of revenue are a share of the 1% property tax based on pre-Proposition 13 levels of taxation as of 1976 (40.32% of total revenue in 2004-2005), rents and fees charged for the use of the District's memorial hall (37.34% of total revenue in 2004-2005), and special property assessments (17.57% of total revenue in 2004-2005). The special property

assessments are a result special tax of \$5 per parcel approved, according to City of Fillmore staff, sometime in 1981 or 1982. This special assessment is applied to all taxable parcels in the District.

Based on information from the County Auditor-Controller the 2005 - 2006 fiscal year apportionment rate (the portion of the 1% property tax assigned to the District) for the Fillmore-Piru Memorial District was .0001204315. Thus, for every \$1,000 in property tax collected within the District's boundaries the District received approximately \$0.12. For the 2005 -2006 fiscal year this amounted to \$103,517.97.

According to information provided to the State Controller, the District borrowed \$60,000 in 1994 for construction and repair purposes. This debt obligation was paid in full by the end of the 2003 - 2004 fiscal year and the District currently has no long term debt.

Approximately two thirds (over 65% in FY 2006 – 2007) of the District's property tax and special property assessment revenue are derived from the City of Fillmore. As most of the growth within the District's boundary is expected to occur within the City of Fillmore, the proportion of property tax and special property assessment revenue the District receives from territory within the City of Fillmore in comparison to the rest of the territory in the District is expected to increase in the future.

The District's dependency on property taxes and limited sources of other revenue is considered a constraint. The voter approval requirements to increase taxes and the lack of growth in most of the territory in the District means the District is primarily dependent on growth and the increase in property tax values within the City of Fillmore for increases in revenue. The other major source of revenue, rents and fees for facility use, is also constrained by the ability of users to pay increased service charges or fees, the desire of the District to maintain reasonable rates and, in some instances, competition with other agencies (e.g. schools) and others (e.g. churches) that may also provide space for community groups. The District's \$5 per parcel special assessment revenue is a fixed amount that does not have any mechanism for adjustment to keep pace with inflation and, therefore, its relative value decreases over time. This portion of the District's revenue only increases when new parcels or subdivisions occur, primarily in the City of Fillmore.

The District has entered into an agreement with the City of Fillmore for administrative, operational and maintenance services (Appendix 1). Based on this agreement, the City is responsible for annually formulating and proposing to the District Board a rate schedule for fees. This annual review by both the City and District provides a mechanism for rate restructuring to occur within the constraints identified.

Due to the small amount of total revenue available, the District does not have any employees. The District's agreement with the City of Fillmore is basically for cost avoidance purposes as it would be more costly for the District to have to perform administrative, operational and maintenance services on its own with its own employees. Based on the District's agreement with the City, the City provides the District with general liability and property insurance through the Southern California Joint Powers Insurance Authority, and the City provides the District with all required financial reporting, including a comprehensive annual financial report (audit). In recognition of both this support by the City and the District's dependence on property tax revenue from the City of Fillmore, the District's board of directors annually holds joint budget workshop meetings with the City of Fillmore City Council. Except for furthering this relationship with the City, there are few opportunities for cost avoidance.

The District has noted that a substantial cost avoidance opportunity would be to change the election cycle for the election of board members from odd-numbered years to even-numbered years. Currently the Military and Veteran's Code (Section 1195) requires that elections for board members be held in odd-numbered years, however, most local, state and federal elections are held in even-numbered years. The result is that the District must pay for the full cost of an election rather than sharing election costs with many other agencies. The District estimates that the cost of holding an election in an odd-numbered year as required by current law costs approximately \$25,000 while the cost of holding an election in an even-numbered year would be approximately \$2,500. This issue can only be remedied by a change in state law. To do this District will need the cooperation and staff support of the City of Fillmore and the County.

F. Government Structure Options/Opportunities for Shared Facilities

In the context of this service review and LAFCo terminology, government structure options include:

- Annexation or detachment of territory (increasing or decreasing the amount of territory within an agency's boundaries).
- Consolidations (the uniting or joining of two or more special districts into a single new special district).
- Mergers (the extinguishment of a special district by combining the special district with a city).
- Establishment of subsidiary districts (a special district continues to exist as a legal entity, but a city council is designated as the ex officio board of directors of the special district), and
- Dissolutions (the extinguishment of a special district and the cessation of all the special district's powers).

Each of these structural changes is considered a change of organization or a reorganization if combined with other structural changes (e.g. an annexation and a detachment), and each requires approval by LAFCo.

The government structure options for the Fillmore-Piru Memorial District are quite limited. The District's existing sphere of influence is coterminous with the District's boundary. Since territory can only be annexed into a city or district if it is within the agency's sphere of influence, no annexation of additional territory into the District can occur unless the District's sphere of influence is expanded. Expansion of the sphere of influence to expand the District's service area would only be practical if the District were to receive some tax revenue related to the service expansion. It is highly unlikely that any taxing agency would agree to a shift of existing tax revenue to the District for this purpose. It is also considered unlikely that at least two thirds of the voters in an area to be annexed would agree to an increase in property taxes to fund the District's potential expansion of services.

Consolidation is not a feasible alternative. There is no other district in the area served by the Fillmore-Piru Memorial District that performs similar functions. Even though United Water Conservation District does provide some recreation services at Lake Piru, such services are not a primary function of the United Water Conservation District and the Fillmore-Piru Memorial District and United Water Conservation District were formed under different principal acts.

A merger with the City of Fillmore or making the District a subsidiary district of the City of Fillmore is not feasible. For both a merger or the establishment of a subsidiary district the law requires that the area in the city equal at least 70% of the area within the District boundary. The area within the boundary of the Fillmore-Piru Memorial District is much larger than the area within the City of Fillmore. Thus, unless the District were to detach the majority of the territory within its boundary, a merger with, or making the District a subsidiary district of, the City of Fillmore is not legally possible.

Dissolution of the Fillmore-Piru Memorial District is a feasible alternative. Dissolution proceedings could be initiated by the District, LAFCo or any “affected local agency.” An affected local agency is any local government agency which contains, or whose sphere of influence contains, any territory that is also within the boundary of the District. Thus, the County and the City of Fillmore are both affected local agencies for the Fillmore-Piru Memorial District, as are several other special districts.

A recommended determination is that the Fillmore-Piru Memorial District, together with the City of Fillmore and the County of Ventura, consider and possibly jointly initiate proceedings for the dissolution of the District. As noted, the District has revenue constraints and no real opportunity for expansion of its current services or service area. All of the District’s administrative, operational and maintenance functions are being done by the City of Fillmore and it is doubtful that the District could, by itself, meet the on-going requirements and mandates for local governmental agencies. Further, and as noted in Section H of this report relating to local accountability and governance, no elections for the District board have been held since at least 1990. This lack of candidate and voter participation in the District’s governance, combined with the District’s financial constraints and total administrative reliance on the City of Fillmore for the provision of District services, calls into question the basic reasons and need for the District’s continued existence as a separate unit of local government.

Dissolution of the Fillmore-Piru Memorial District would only be possible if, at minimum, each of the following criteria is met:

- The cost savings of dissolution equal or exceed the amount of the \$5 per parcel tax that now exists. This special tax would essentially “go away” if the District were to be dissolved.
- The City of Fillmore and the County of Ventura reached agreement on a new or revised property tax sharing agreement that would provide transfer all or a substantial portion of the property tax now going to the District to the City.
- The District, the City and the County are willing and can agree that dissolution would be in the best interests of the residents and tax payers in the area now served by the District.

Because of the Districts’ reliance on the City of Fillmore for administrative, operational and maintenance services, it can be stated that the District shares facilities, programs and service provision with the City. No other opportunities for shared facilities were noted.

Sphere of Influence

As part of the service review process, the Fillmore-Piru Memorial District was given a LAFCo-generated map of its jurisdictional and sphere of influence boundaries. The District was asked to note on the map:

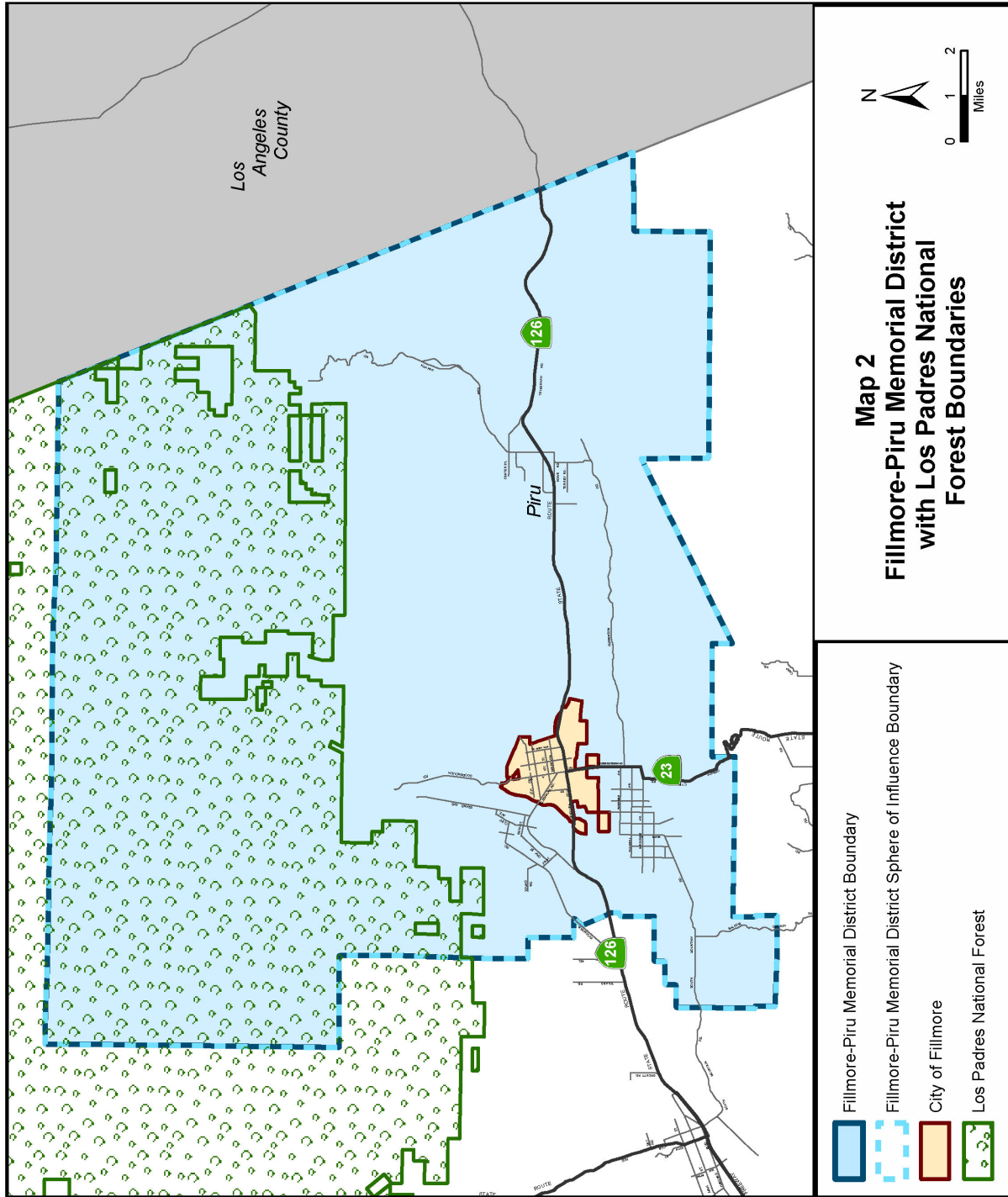
- Areas of duplication of planned or existing facilities with another agency
- Areas better served by another agency

- Areas better served by the responding agency
- Areas outside the agency's boundaries which currently receive service
- Areas difficult to serve or with illogical boundaries

No areas noted above were identified by the District.

As noted, the District's boundary and sphere of influence are coterminous. A substantial portion of the area within the District's boundary and sphere is, however, within the Los Padres National Forest as shown on Map 2. The District provides no services to and receives no tax revenue from these federally controlled areas. It is therefore recommended that the territory within the boundary of the Los Padres National Forest be removed from the District's sphere of influence as a part of the sphere update following this municipal service review. To the extent the District is not dissolved in the future, the District board should take subsequent steps to detach all areas outside the District's sphere of influence from the District. Further, if the District continues in existence without change, a zero sphere of influence should be considered as a part of any future sphere of influence updates.

Map 2 – Fillmore-Piru Memorial District – National Forest



G. Evaluation of Management Efficiencies

The City of Fillmore provides management services to the Fillmore-Piru Memorial District pursuant to the administrative, operational and maintenance services agreement with the City (Appendix 1). The City provides an efficient management structure for the District. No other management structure would likely be as efficient.

Based on recommendations from the City, the District annually adopts a budget. The City serves as fiscal agent for the District and prepares or causes the preparation of all mandatory financial reports, and prepares, administers and manages grants. The District's most recent audit was for the 2005 – 2006 fiscal year and was unqualified.

The District does not have a capital improvement program, currently has no long term debt, and does not have any reserve or contingency accounts or funds.

The District is not currently involved in any litigation, nor has the District been the subject of any Grand Jury investigations at least during the last twenty years.

H. Local Accountability and Governance

The Fillmore-Piru Memorial District is governed by a five member Board of Directors. The Board of Directors must be residents of the District. Pursuant to law board members are elected, or selected, at-large to staggered four-year terms of office. Information about the current Board of Directors is shown in Table 2.

Table 2
FILLMORE-PIRU MEMORIAL DISTRICT
BOARD MEMBERS AND TERMS OF OFFICE

BOARD MEMBER	TITLE	MOST RECENT ELECTION OR APPOINTMENT	EXPIRATION OF TERM
Jim Herbert	President	November 2003	November 2007
William L. Morris III	Vice President	November 2005	November 2009
Dwight Magness	Treasurer	November 2003	November 2007
Don Gunderson	Secretary	November 2003	November 2007
Gene Wren	Director	November 2005	November 2009

No elections for the District board have been held since at least 1990. This means that no one during the last seventeen years has filed to challenge any incumbent board member at an election. Thus, during this time, as the four year terms of office of incumbent board members expire, existing District board members are reappointed or new District board members are appointed by the County Board of Supervisors in lieu of an election, pursuant to the Military and Veterans Code. This reflects a substantial lack of candidate and voter participation in the District's governance. District board members have noted, however, that due to the high cost of being required to hold elections in odd-

numbered years incumbent board members have in the past tried to time vacancies so that they can easily be filled by appointed members in order to save the costs of an election.

The Board of Directors typically meets monthly on the 3rd Wednesday of each month at 7 PM in the District's memorial hall at 511 2nd Street, Fillmore. District directors serve without compensation, but are entitled to actual and necessary expenses incurred in the performance of duties.

The City of Fillmore ensures that the District's meetings are publicly noticed in compliance with the Brown Act and indicates that the District's meeting location and facilities are in compliance with the Americans with Disabilities Act.

The District board receives legal advice, as necessary, about the Brown Act, the rules and regulations of the Fair Political Practices Commission and the Public Records Act from the Ventura County Counsel who serves as legal counsel for the District. No special or periodic reviews of these Acts or regulations were noted.

Information provided by the City of Fillmore indicates that the District board has not completed the mandatory ethics training required by AB-1234 passed in 2005 (Government Code Section 53234 *et seq.*). City representatives indicated that because the District board does not receive compensation it was the City's interpretation that the ethics training mandate does not apply. However, Government Code 53235 (a) states:

“If a local agency provides any type of compensation, salary, or stipend to a member of a legislative body, or provides reimbursement for actual and necessary expenses incurred by a member of a legislative body in the performance of official duties, then all local agency officials shall receive training in ethics pursuant to this article.”

The Military and Veterans Code relating to Memorial Districts provides that District board members serve without compensation, but are entitled to actual and necessary expenses incurred in the performance of duties (Military and Veterans Code Section 1197). Thus, to the extent District board members may at any time receive reimbursement for expenses, the District board must comply with the mandatory ethics training requirements. Arguably, the District board is now out of compliance with this requirement and the board should review this matter with its legal counsel.

The District does not have a web site and provision of such a service is not a specified part of the District's service agreement with the City of Fillmore. Given the District's constrained financial resources and the limited services provided by the District, establishing and maintaining a web site is not considered a priority.

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IV. DETERMINATIONS

Determinations are based on data provided by the District and information from other publicly available sources.

Fillmore – Piru Memorial District

- **Infrastructure needs or deficiencies**
 1. No significant infrastructure needs were identified for the Fillmore-Piru Memorial District.
- **Growth and population projections for the affected area**
 1. Based on population projections for the Fillmore area and the Piru Area, there will be continuing population growth within the Fillmore-Piru Memorial District, however, the majority of the growth in population will occur within the City of Fillmore.
- **Financing constraints and opportunities**
 1. The Fillmore-Piru Memorial District is financially stable.
 2. The Fillmore-Piru Memorial District has no debt.
 3. The Fillmore-Piru Memorial District is dependent on property taxes and special assessment revenue and approximately two thirds of the District's property tax and special assessment revenue is derived from the territory within the City of Fillmore.
 4. The Fillmore-Piru Memorial District is constrained in its ability and opportunities for other sources of financing beyond property taxes, facility use fees and the existing, fixed special assessment revenue.
- **Cost avoidance opportunities**
 1. The Fillmore-Piru Memorial District has entered into an agreement with the City of Fillmore for administrative, operational and maintenance services. Based on this agreement all District services are provided by the City of Fillmore.
 2. The District has noted that a substantial cost avoidance opportunity would be to change the election cycle for the election of board members from odd-numbered years to even-numbered years. Currently the Military and Veteran's Code (Section 1195) requires that elections for board members be held in odd-numbered years, however, most local, state and federal elections are held in even-numbered years. The result is that the District must pay for the full cost of an election rather than sharing election costs with many other agencies. The District estimates that the cost of holding an election in an odd-numbered year as required by current law costs approximately \$25,000 while the cost of holding an election in an even-numbered year would be approximately \$2,500. This issue can only be remedied by a change in state law. To do this District will need the cooperation and staff support of the City of Fillmore and the County.
- **Opportunities for rate restructuring**
 1. The Fillmore-Piru Memorial District annually reviews its rates based on recommendations made by the City of Fillmore.
 2. The Fillmore-Piru Memorial District has limited opportunities for rate restructuring as the rates for the District's Memorial Hall are constrained by the ability of users to pay increased charges, the desire of the District to maintain reasonable rates and the prevailing rates charged by other agencies for use of similar facility space.
- **Opportunities for shared facilities**
 1. The Fillmore-Piru Memorial District relies exclusively on the City of Fillmore for administrative, operational and maintenance services and, thus, shares facilities, programs

- and the provision of services with the City. No other opportunities for shared facilities were noted.
- **Government structure options, including advantages and disadvantages of the consolidation or reorganization of service providers**
 1. The only feasible government structure option for the Fillmore-Piru Memorial District is dissolution. The District, together with the City of Fillmore and the County of Ventura should consider and possibly jointly initiate proceedings for the dissolution of the District within the next five years. Without the on-going administrative, operational and maintenance support by the City of Fillmore it is unlikely that the District would be able to operate as an independent entity. Most of the District's revenue is derived from property taxes and the future growth from the City of Fillmore. Since the District board has not had a contested election since at least 1990, dissolution would provide for better local accountability and governance of the District's sole asset.
 2. Dissolution of the Fillmore-Piru Memorial District would only be possible if, at minimum, each of the following criteria is met:
 - The cost savings of dissolution equal or exceed the amount of the \$5 per parcel tax that now exists. This special tax would essentially "go away" if the District were to be dissolved.
 - The City of Fillmore and the County of Ventura reached agreement on a new or revised property tax sharing agreement that would provide transfer all or a substantial portion of the property tax now going to the District to the City.
 - The District, the City and the County are willing and can agree that dissolution would be in the best interests of the residents and tax payers in the area now served by the District.
 - **Evaluation of management efficiencies**
 1. The City of Fillmore provides all management services for the Fillmore-Piru Memorial District. No other management structure would be more efficient.
 2. The Fillmore-Piru Memorial District has no employees.
 3. The Fillmore-Piru Memorial District is in compliance with all budgeting, audit and financial reporting requirements. The District's most recent audit was unqualified.
 4. The Fillmore-Piru Memorial District is not involved in any litigation.
 - **Local accountability and governance**
 1. There have been no elections for the Fillmore-Piru Memorial District's board of directors since at least 1990. This means that incumbent board members are routinely re-appointed or, if vacancies occur, new board members are appointed by the County Board of Supervisors pursuant to the provisions of the Military and Veterans Code. This lack of elections reflects a substantial lack of candidate and voter participation in the District's governance. District board members have noted, however, that due to the high cost of being required to hold elections in odd-numbered years incumbent board members have in the past tried to time vacancies so that they can easily be filled by appointed members in order to save the costs of an election.
 2. The Fillmore-Piru Memorial District typically meets monthly. The City of Fillmore ensures that there is public notice of District board meetings as required by law. Meeting facilities are in compliance with the American's Disabilities Act.
 3. The Fillmore-Piru Memorial District board of directors serve without compensation, but are entitled to actual and necessary expenses incurred in the performance of duties.
 4. The Fillmore-Piru Memorial District receives advice about the Brown Act, the rules and regulations of the Fair Political Practices Commission (FPPC) and the Public Records Act, as

necessary from the Ventura County Counsel who serves as legal counsel for the District. No special or periodic reviews of these Acts or regulations were noted.

5. The City of Fillmore indicates that the Fillmore-Piru Memorial District board of directors has not completed the mandatory ethics training required by AB-1234 passed in 2005 (Government Code Section 53234 *et seq*). To the extent District board members may at any time receive reimbursement for expenses, the District must comply with the mandatory ethics training requirements. Arguably, the District board is now out of compliance with this requirement and the board should review this matter with its legal counsel.
6. The Fillmore-Piru Memorial District does not have a web site but, given the District's constrained financial resources and limited services, establishing and maintaining a web site is not considered a priority.

APPENDIX I

2nd AMENDED AGREEMENT FOR CITY OF FILLMORE
TO PERFORM CERTAIN ADMINISTRATIVE,
OPERATIONAL AND MAINTENANCE SERVICES
FOR THE FILLMORE-PIRU MEMORIAL DISTRICT

THIS AMENDED AGREEMENT is made and entered into this ~~2nd~~ day of June 2002, by and between the FILLMORE-PIRU MEMORIAL DISTRICT ("District"), and the CITY OF FILLMORE, CALIFORNIA ("City").

WITNESSETH:

WHEREAS, District desires to contract with City for the performance of certain services and functions for the administration, operation and maintenance of the Fillmore-Piru Veterans' Memorial Building (the "Building") and its grounds, located at 511 Second Street, Fillmore, California, and limited maintenance of the Fillmore Branch Library, located at 502 Second Street, Fillmore, California; and

WHEREAS, City agrees to so contract with District and to perform such services and functions on the terms and conditions hereinafter set forth; and

WHEREAS, the performance by City for District of the services and functions referenced herein will require City to incur certain costs and expenses, including, but not limited to, costs and expenses for public liability insurance coverage for the negligent or wrongful acts or omissions occurring in the performance of this Agreement; and

WHEREAS, it is the intent of the parties to this Agreement that City provide insurance coverage to District through City's membership in the Southern California Joint Powers Insurance Authority (SCJPIA) said insurance costs to be paid for by District; and

WHEREAS, it is the intent of the parties to this Agreement that City assume certain costs and expenses, including, but not limited to, the costs and expenses of said public liability insurance coverage; and

WHEREAS, said contract is authorized and provided for by Chapter 5, Division 7, Title 1, Sections 6500, et seq., of the Government Code of the State of California and by Section 2, Chapter 1, Division 6 of the Military and Veterans Code of the State of California; and

WHEREAS, the parties entered into an Agreement for Administrative Services on January 6, 1993, and it is the intent and desire of the parties to amend said Agreement.

NOW, THEREFORE, the parties hereto agree the January 6, 1993 Agreement as amended May 28, 1999, is hereby restated and further amended to read in its entirety as follows:

1. Subject to all of the terms and conditions of this Agreement, including, but not limited to, any additional terms and conditions contained in any Exhibit hereto, City shall perform, and District shall be entitled to have City perform, such services and functions for District as are set forth hereinbelow.

2. All persons employed in the performance of such services and functions for City shall be employees of City. Persons employed by City hereunder shall be subject to the personnel rules, regulations and terms of condition of employment of City according to their employee classification. City shall make direct payment of any salary or wages to any employee performing services hereunder.

3. No officer, employee or department of City shall perform for District any service or function not coming within the scope of the duties of such officer, employee or department in performing services or functions for City.

4. District, its officers and employees, by this Agreement, shall not assume any liability for the negligent or wrongful acts or omissions of City, nor of any officer or employee. City shall hold District and its officers harmless and indemnify and defend District, its officers and employees, against any and all costs, expenses, claims, suits and liability for bodily and personal injury to or death of any person and for injury to or loss of any property resulting therefrom or arising out of or in any way connected with any negligent or wrongful acts or omissions of City, its officers and employees, in performing or authorizing the performance of or in failing to perform or authorize the performance of any work, services or functions provided for, referred to in or in any way connected with any work, services or functions to be performed under this Agreement.

5. City, its officers, employees and Council, by this Agreement shall not assume any liability for the negligent or wrongful acts or omissions of District, nor of any officials thereof. District shall hold City and its officials, employees and Council persons harmless and indemnify and defend City, its officials, employees and Council persons, against any and all costs, expenses, claims, suits and liability for bodily and personal injury to or death of any person and for injury to or loss of any property resulting therefrom or arising out of or in any way connected with any negligent or wrongful acts or omissions of District, its officials and employees, in performing or authorizing the performance of or in failing to perform or authorize the performance of any work, services or functions provided for, referred to in or in any way connected with any work, services or functions to be performed under this Agreement.

6. Each City officer, employee or department performing any service or function for District provided for herein shall keep reasonably itemized and detailed work or job records covering the cost of all services performed, including salary, wages, benefits and other labor-related costs, supervision and planning, plus overhead, the reasonable rental value of all City-owned machinery and equipment, rental paid by City for all rented machinery and equipment, together with the cost of an operator thereof when furnished with said machinery or equipment, the cost of all machinery and supplies furnished by City, reasonable handling charges, public liability insurance and workers' compensation costs and all additional items of expense incidental to the performance of such function or service.

7. District, as a part of its annual budgeting process as set forth in Paragraph 11(c) of this Agreement, shall authorize certain budget line item expenditures, including, but not limited to, expenditures for salaries, accounting services, insurance, building and ground maintenance, grants administration, general administration, etc., which reflect the cost of services provided by City to District. District shall pay City for those authorized and budgeted services on a monthly basis as a part of District approval of monthly warrant lists prepared by City.

8. City to include insurance coverage to District through the Southern California Joint Powers Insurance Authority (SCJPIA) for general liability insurance and property insurance, said insurance costs to be paid for by District as set forth in Paragraph 7 of this Agreement. District may also request and pay for additional insurance coverage that is available to City through the SCJPIA.
9. City shall perform the following services and functions for District:
- (a) Routine maintenance of building and grounds, including watering of grounds and general cleaning of facility and grounds (see attached Exhibit "A");
 - (b) Limited maintenance of the library as set forth in the current agreement between the District and the County of Ventura (see attached Exhibit "B");
 - (c) Pursuant to District and City policies and direction, administration and management of use of Building, inclusive of all uses authorized by law;
 - (d) Act as District's fiscal agent to establish and maintain a separate fund for the accounting of all income and expenditures relating to the Building and its grounds;
 - (e) Prepare and submit for District approval and/or ratification monthly warrant lists;
 - (f) Prepare and submit to District Board on a monthly basis various financial and building activity reports as specified in Exhibit "C" attached hereto;
 - (g) Receive and submit to District Board for filing all annual reports as required by law.
 - (h) Prepare, administer and manage grant programs;
 - (i) Administer contracts for any operating maintenance or capital expenditure programs approved by District; and
 - (j) City shall prepare and submit job descriptions, including any revisions thereto, to the District Board for review and/or comment, with respect to establishing the position of Veteran's Memorial Building Coordinator/Manager or such other title as may be recommended by City and/or any additional job position deemed necessary by District to provide services to District pursuant to this Agreement. It is expressly understood that any person holding such a position may perform other duties for City besides those connected with District; and
 - (k) Provide staff support necessary to perform the duties set forth in Paragraph 9 of this Agreement and as authorized in the District budget adopted pursuant to Paragraph 11 (c) of this Agreement.
10. It shall be the responsibility of City to annually in March of each year formulate, and propose to the District Board the following:
- (a) A rate schedule for fees to be charged for the various uses of the Building;

(b) Policies covering the operation of the Building with respect to its uses;
and

(c) Proposed operating fiscal year budget for the most cost efficient operation, maintenance and capital improvements of the Building and its grounds, including, but not limited to, direct City Services, contract services or volunteer services.

11. The District Board shall discharge the following duties:

(a) Establish general policies regarding the use of the Building and its grounds, including, but not limited to, policies regarding the sale and use of liquor, security guard requirements and days and hours of operation of the Building;

(b) Approve or otherwise take action with respect to items proposed by City, including, but not limited to, the Building's operational policies, the rate schedule for uses of the Building, execution of necessary documents relating to grant applications, and review and comment on job descriptions proposed pursuant to Paragraph 9 (j) above;

(c) Adopt, as required by law, the operating and capital improvement fiscal year budget for maintenance and operation of the Building and its grounds; and

(d) Approve as necessary filing of appropriate annual reports, assessments or other financial reporting requirements necessary to maintain District status and eligibility for receipt of all funds to which District is now or will be entitled, including, but not limited to, property taxes and parcel assessments.

12. This Agreement shall become effective on the date first above written and shall continue in full force and effect until terminated by either party pursuant to the provisions of Paragraphs 12 and 13 below.

13. Either party may terminate this Agreement as of the first day of July of any year upon notice in writing to the other party not less than one hundred eighty (180) days prior to the date of such termination or at any other date mutually agreed upon in writing by the parties.

14. Notwithstanding the provisions of Paragraph 12 and 13 above, if District does not make payment to City as required in Paragraph 7 above, or is otherwise in default, City may serve District with notice of default and an opportunity to cure said default within thirty (30) days of service of said notice. In the event any such default is not cured within the time provided, City may terminate this Agreement immediately. If the City is in default, District may serve City with a notice of default and an opportunity to cure said default within thirty (30) days of service of said notice. In the event any such default is not cured within the time provided, District may terminate this Agreement immediately.

15. Any notice required to be given pursuant to this Agreement shall be effective only if in writing and delivered personally or by mail. If given by mail, such notice must be sent by registered or certified mail, postage prepaid, mailed to the parties at the addresses set forth below or at such other addresses as the parties may designate from time to time by written notice:

(a) If to City: 250 Central Avenue, Fillmore, California 93015, Attention: City Clerk.

(b) If to District: c/o City of Fillmore, 250 Central Avenue, Fillmore, California 93015, Attention: Chairman.

Notices delivered personally shall be deemed communicated as of the date of actual receipt; mailed notices shall be deemed communicated as of the date of mailing.

16. This Agreement may be reviewed from time to time by the parties hereto.

IN WITNESS WHEREOF, District has, by order of its Board of Directors, caused these presents to be subscribed by the Chairman of said Board and the seal of said Board to be affixed and attested by the Clerk thereof; and City has, by order of the City Council, caused these presents to be subscribed by the presiding officer of City and the seal of City to be affixed and attested by the Clerk thereof on the day and year first above written.

CITY OF FILLMORE, CALIFORNIA

By: Don Anderson,
Mayor

ATTEST:

Steve McLaughlin
City Clerk (DEPUTY)

"City"

FILLMORE-PIRU MEMORIAL DISTRICT

By: C. W. Hanna,
Chairman, Board of Directors

ATTEST:

Barbara Smith
Clerk

"District"