

SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA



ITEM: 3.5
(ID # 26181)

MEETING DATE:
Tuesday, October 22, 2024

FROM : EXECUTIVE OFFICE

SUBJECT: EXECUTIVE OFFICE: Approval of the Response to the 2023-2024 Grand Jury Report: Riverside County Special Districts: Obscure Local Government and Directive for the Response to be Sent to the Grand Jury, Presiding Judge, and County Clerk-Recorder.; All Districts. [\$0]

RECOMMENDED MOTION: That the Board of Supervisors:

1. Approve, with or without modification, the attached response to the 2023-2024 Grand Jury Report: Riverside County Special Districts: Obscure Local Government; and
2. Direct the Clerk of the Board to immediately forward the Board's finalized responses to the Grand Jury, the Presiding Judge, and the County Clerk-Recorder.


ACTION: Policy


Tina Grande 10/16/2024

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Gutierrez, seconded by Supervisor Perez and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Jeffries, Spiegel, Washington, Perez and Gutierrez
Nays: None
Absent: None
Date: October 22, 2024
xc: E.O.. Grand Jury, Presiding Judge, Clerk-Recorder

Kimberly A. Rector
Clerk of the Board
By: 
Deputy

**SUBMITTAL TO THE BOARD OF SUPERVISORS COUNTY OF RIVERSIDE,
STATE OF CALIFORNIA**

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost
COST	N/A	N/A	N/A	N/A
NET COUNTY COST	N/A	N/A	N/A	N/A
SOURCE OF FUNDS: N/A			Budget Adjustment:	No
			For Fiscal Year:	23/24- 24/25

C.E.O. RECOMMENDATION: Approve

BACKGROUND:

Summary

Penal Code Section 933(c) requires Board of Supervisors comment on the Grand Jury's recommendations pertaining to matters under the Board's control. In addition, responses must be provided to the Presiding Judge of the Superior Court within 90 days of receipt of the report.

ATTACHMENTS:

- ATTACHMENT A. 2023-2024 Grand Jury Report: Riverside County Special Districts: Obscure Local Government**
- ATTACHMENT B. Grand Jury Response: Riverside County Special Districts: Obscure Local Government**
- ATTACHMENT C. Office of The District Attorney County of Riverside Response to 2023-2024 Grand Jury Report: Riverside County Special Districts: Obscure Local Government Dated September 25, 2024.**
- ATTACHMENT D. Riverside Local Area Formation Commission (LAFCO) Response to 2023-2024 Grand Jury Report: Riverside County Special Districts: Obscure Local Government Dated September 25, 2024.**


 Aaron Gettis, Chief of Deputy County Counsel 10/16/2024

Riverside County Special Districts: Obscure Local Government

SUMMARY

The primary focus of this report is to bring attention to a relatively unknown governmental structure of special districts. Riverside County (County) is home to 226 special districts. Created by the California Legislature during the state's early days, special districts have become essential for public service delivery.¹

Special districts are political subdivisions authorized by state statutes to provide specialized services that local city or county do not provide. There are approximately 50 major types of special districts, each dedicated to different services. Special districts vary in size from small to expansive, often crossing city and county lines.

This report finds that special districts in Riverside County remain largely unnoticed, operate with inadequate oversight, and serve residents who have limited knowledge about their governance or the taxes they collect and spend.

In Riverside County, as elsewhere, special districts are subject to the following:

- **Transparency and Accountability:** Special districts need transparency in their operations and decision-making processes to effectively communicate with the rate-payers to whom they are accountable.
- **Community Engagement:** Community engagement and feedback are crucial for understanding local needs and preferences.
- **Governance and Oversight:** Effective governance is crucial for special districts to operate efficiently and serve community needs.
- **Financial Stability:** Special districts must manage finances to sustain essential services without falling into deficits or relying on unpredictable revenue streams.
- **Legal and Regulatory Compliance:** Special districts must comply with laws and regulations, which can be complex and subject to change.
- **Service Delivery:** Special districts bear the responsibility of delivering specialized services like water, sanitation, or fire protection.
- **Infrastructure Development and Maintenance:** Special districts face the challenge of overseeing infrastructure expansion to accommodate environmental and sustainability concerns. Those focused on transportation, responsible for roads and public transit, confront unique challenges in maintaining and enhancing transportation infrastructure to keep pace with population growth and mitigate congestion.
- **Economic Development:** Special districts provide infrastructure and services that facilitate economic development and job creation.

¹ The Little Hoover Commission, Special Districts: Improving Oversight & Transparency, Report #239, August 2017.

- **Healthcare Services:** Special districts involved in healthcare, such as hospital districts, address the healthcare needs of the county's residents, including access to affordable and quality healthcare services.
- **Wildfire Risk:** Special districts address the risk of wildfire to ensure adequate resources for fire prevention and preparedness.
- **Water Management:** Special districts provide water management, including irrigation, flood control, and water supply. Sustainable water management is a significant concern due to the region's semi-arid climate and ongoing drought conditions.
- **Sustainability:** Special districts engaging in environmental conservation tackle challenges such as habitat loss, pollution, and effective resource management in the face of climate change and drought.

These concerns highlight the diverse range of challenges faced by special districts in Riverside County and the importance of effective management and planning to address them. Without robust mechanisms of public accountability, inefficiency can become routine and controversy inevitable.

METHODOLOGY

The Riverside Civil Grand Jury (Grand Jury) conducted interviews, reviewed documents, viewed websites, and communicated with relevant individuals and organizations through emails and telephone calls.

Interviews, Visits, and Conversations

- Riverside County Clerk of the Board Office
- Representative from Local Agency Formation Commission (LAFCO)
- Representatives from California State Controller's Office
- Representative from California Secretary of State

Email Correspondence

- California Secretary of State
- Riverside County Auditor-Controller's Office
- Riverside County, Assessor-County Clerk-Recorder's Office
- Riverside County Clerk of the Board Office
- Riverside County Executive Office
- Riverside County Treasurer's Office
- Riverside Local Agency Formation Commission

Websites, Documents and Entities Reviewed²

- California Association of Public Cemeteries
- California Association of Recreation and Park Districts
- The California Association of Sanitation Agencies
- Association of California Water Agencies

² Refer to Appendix for additional details.

- California Association of Local Agency Formation Commission
- California Grand Jurors Association
- The California Special Districts Association
- California State Controller's Office
- Civil Grand Jurors' Association of California
- Riverside County Board of Supervisors (BOS) Countywide Oversight Board
- Institute for Local Government
- Legislative Analyst's Office
- Little Hoover Commission
- Riverside Local Agency Formation Commission
- Mosquito and Vector Control Association of California
- Riverside County, Assessor-County Clerk-Recorder
- Riverside County Boards, Commissions, and Committees Report
- Riverside County Board of Supervisors acting as Trustees
- Riverside County Information Technology
- Riverside County Office of Economic Development
- Senate Governance & Finance Committee
- Special District Leadership Foundation
- What's So Special About Special Districts?³

BACKGROUND

History

According to U.S. Census figures, more than 30,000 special districts provide a wide array of specialized services to millions of Americans.⁴

Established by communities through state statutes, special districts are governed by boards elected by constituents or appointed by city councils or county executive boards. They are subject to sunshine laws⁵, financial audits, and regulatory compliance. They have powers similar to counties and cities, including the ability to provide services, sign contracts, employ workers, acquire property, issue bonds, impose taxes, and charge fees. In essence, special districts are limited-purpose governments, providing only services allowed by California State law and supported by residents.⁶

These special districts vary in size and scope, often crossing city and county lines. Approximately 50 major types of special districts exist, each dedicated to different services and can be categorized based on activities, funding sources, and governance structures. Most are

³ A Citizen's Guide to Special Districts in California, Fourth Edition, 2010, https://www.ca-ilg.org/sites/main/files/file-attachments/resources_2010WSSASD4edition.pdf, accessed 3/26/2024.

⁴ Special District Fact Sheet, Senate Governance and Finance Committee, September 2016, https://sgf.senate.ca.gov/sites/sgf.senate.ca.gov/files/special_district_facts_2016.pdf, accessed 3/14/2024.

⁵ Refer to Appendix Definitions.

⁶ California Special Districts Association, Learn About Districts, <https://www.csda.net/special-districts/learn-about>, accessed 3/26/2024.

single-function, providing one service, while some are multi-function, offering two or more services. For example, municipal utility districts may provide fire protection, park services, and utilities.

About two-thirds of special districts are independent, meaning they have their own elected or appointed boards with fixed terms. These boards usually consist of five members, but can vary depending on the district's size and nature. Examples of independent districts include cemetery, fire protection, and community services districts. The remaining one-third are dependent districts, governed by either a city council or county board of supervisors. County service areas fall under this category.⁷

Independent special districts derive their authority directly from the communities they serve, with a governing body operating independently from other government agencies. Board members have a high degree of autonomy and are directly accountable to the community. Most independent special districts are governed by a constituent-elected board of directors, although in some cases, the board may be appointed by other local elected officials. The Little Hoover Commission, an independent state oversight agency,⁸ found that independent special districts often lack the kind of oversight and citizen involvement necessary to promote efficient operation and evolution.⁹ Dependent special districts are closely linked to another unit of local government, with city council members, county executive board members, or their appointees typically serving as the board of directors. Unlike independent special districts, appointees to the board of a dependent special district may serve in an ex-officio capacity and at the pleasure of the appointing body, making their governance subject to the interests and influence of other governmental bodies.¹⁰

California's Special Districts

Local governments in California, encompassing counties, cities, and special districts collectively deliver a range of services to residents.¹¹ The concept of special districts emerged in California in the late 19th and early 20th centuries as a response to the need for specialized services such as water, sanitation, and fire protection for rapidly growing urban and rural populations. The California State Legislature enacted the Municipal Utility District Act in 1921, which provided a legal framework for the formation of special districts to provide water, sewer, and other utilities. Over the years, the number and types of special districts in California have expanded and diversified to include services such as healthcare, transportation, parks and recreation, and mosquito abatement. Today, there are over 2,000 special districts in California, each providing a specific service or set of services to a defined geographic area.

⁷ Special District Fact Sheet, Senate Governance and Finance Committee, September 2016, https://sgf.senate.ca.gov/sites/sgf.senate.ca.gov/files/special_district_facts_2016.pdf, accessed 3/14/2024.

⁸ The Little Hoover Commission, California's Independent Voice for Reform, <https://lhc.ca.gov/about/>, accessed 5/28/2024.

⁹ The Little Hoover Commission, Special Districts: Improving Oversight & Transparency, Report #239, August 2017.

¹⁰ California Special Districts Association, Learn About Districts, <https://www.cstda.net/special-districts/learn-about>, accessed 3/26/2024.

¹¹ Special districts are the primary focus of this report, with schools excluded due to their funding stream determined by Proposition 98.

These districts operate separately from counties, cities, or other government agencies serving the area. Some residents primarily rely on their city or county government for services, while others rely heavily on independent or dependent special districts to provide essential services within their boundaries, including fire protection, waste disposal, water supply, electric utilities, libraries, public safety, transportation, parks/recreation, and sanitation. Residents' access to specific services depends on location, as different areas may receive services from a combination of local governments.¹²

California's special districts boast a lengthy and significant history spanning over a century. Initially created to address the specific needs of communities lacking adequate services from traditional local governments, these districts have evolved and broadened their scope to encompass a diverse array of services.

California Government Code §61100 outlines the types of services special districts may provide. The financial framework of each district is shaped by its enabling legislation and the specific services it delivers. While they have corporate and tax powers, special districts typically lack police powers.¹³

Overall, special districts have evolved to become an integral part of California's local government landscape, providing specialized services that meet the unique needs of communities across the state. In August 2019, the State Legislature established the week of September 22 through September 28 as an annual Special Districts Week. Californians are encouraged to familiarize themselves with their local service providers, vote in the upcoming election, attend a board meeting, and consider serving on a local board.¹⁴

Riverside County's Special Districts

Special districts in Riverside County have a history that mirrors the broader development of special districts within the state. Special districts in Riverside County began to emerge in the early to mid-20th century, primarily in response to the need for water and sanitation services in rapidly growing communities. The Riverside County Flood Control and Water Conservation District, formed in 1945, was one of the earliest special districts in the county, reflecting the importance of water management in the region.¹⁵

Special districts in Riverside County have expanded and diversified over the years to include a wide range of services. These include fire protection, healthcare, transportation, parks, recreation, and more. The growth of these districts paralleled the population growth and urbanization of the county.

¹² An Initial Look at Effects of the COVID-19 Pandemic on Local Government Fiscal Condition, <https://lao.ca.gov/reports/2021/4428/COVID-19-Fiscal-Effects-Local-Gov-051221.pdf>, page 3-8, accessed 4/3/2024.

¹³ California State Controller's Office, State of California Special District Uniform Accounting and Reporting Procedures, 2023 Edition, https://www.sco.ca.gov/Files-ARD-Local/spd_manual_2023_edition.pdf, accessed 3/22/2024.

¹⁴ California Special Districts Association, <https://www.cstda.net/blogs/cstda-admin/2019/08/19/california-state-legislature-establishes-special-d>, accessed 3/22/2024.

¹⁵ California Special Districts Association, Learn About Districts, <https://www.cstda.net/special-districts/learn-about>, accessed 3/26/2024.

In Riverside County, the Clerk of the Board of Supervisors (COB) maintains some records related to special districts within its boundaries. Although the COB does not maintain its own comprehensive listing of special districts, it utilizes the Riverside Local Agency Formation Commission's (LAFCO) list. A comprehensive list that includes special districts and Joint Powers Authorities (JPAs) is available from the California Grand Juror's Association and [California State Controller's Office](#). Special districts' financial information, including revenues and expenditures is also available on the California State Controller's website. Additionally, Board of Supervisors Appointments, Public Official Appointments with stipends, Boards, Commissions, and Committees Annual Report are available on the [COB website](#). Of particular interest are a type of special district known as County Service Areas (CSAs). Some communities in the unincorporated areas of Riverside County have utilized CSAs for over 50 years to provide a wide range of services within these communities.¹⁶ The Riverside County Office of Economic Development assumed control of CSAs in July of 2002. Links to the CSAs information and staff contact are accessible on the county [CSA website](#).

Overall, special districts in Riverside County have evolved to become an integral part of the local government landscape, providing specialized services that are essential to the quality of life in the county's communities.

Oversight

Special districts are independent government bodies responding solely to the voters or landowners they serve. The Legislature not only established special districts and implemented the regulatory frameworks guiding their operations, but also retained the authority to establish new districts and dissolve existing ones. Anticipating the need for local oversight in the early 1960s, the Legislature established Local Agency Formation Commissions (LAFCOs). LAFCOs were established with the mission of promoting more cohesive planning practices and curtailing unsuitable expansion by evaluating local government boundary determinations. LAFCOs possess the power to initiate the dissolution and merging of special districts, although the ultimate decision rests with local voters.¹⁷

Currently, State government has limited special districts. For example, special districts must submit annual financial reports to the State Controller. While the State Attorney General's Office is not the primary enforcer of criminal violations, local district attorneys do handle most criminal activity complaints. As it relates to special districts, multiple state laws strictly prohibit misconduct. These include: Government Code §8314 prohibits the diversion of state funds for personal use; Penal Code §424 imposes four-year prison terms for those who misuse public funds; Government Code §1090 establishes a strict liability standard prohibiting public officials from having financial interests in their agencies' contracts; and, Government Code §1097 disqualifies violators from holding office.¹⁸

¹⁶ County Service Area, [County Service Area | RivCo Office of Economic Development \(rivcoed.org\)](#), accessed 5/13/2024.

¹⁷ The Little Hoover Commission, Special Districts: Improving Oversight & Transparency, Report #239, August 2017.

¹⁸ California Legislative Information, California Law, Code Search, <https://leginfo.legislature.ca.gov/faces/codesTextSearch.xhtml>, accessed 5/16/2024.

Special districts are often unknown to the public they serve because their functions are narrow and technical. Special districts, however, must conform to governing safeguards such as the Ralph M. Brown Act, the Public Records Act, and the Political Reform Act. Access to government meetings and documents is available through the Senate Local Government Committee citizen guides to the Brown Act, the Public Records Act, and conflict-of-interest laws.¹⁹

Finances and Funding Mechanisms

Special districts must maintain critical infrastructure and continue the delivery of their essential services through economic downturns, natural disasters, and other emergencies. Financial stability is imperative.²⁰

Depending on their category, special districts' financial information may be included on county reports or their own independent reports.²¹ Local governments in California release comprehensive annual financial reports detailing revenues, expenditures, and other financial information. They also provide annual reports to the State Controller's Office (SCO), which aggregates and publishes this information. However, there is a lag of up to two years in aggregated reporting. This delay makes it challenging to assess the overall impact of special districts on local governments' finances. Until the aggregated data is available, assessments are based on individual government reports and other sources.²²

Special districts fund their activities through a variety of means, including fees and property tax revenues. Some districts rely primarily on non-tax revenues, such as user charges. Districts can issue bonds to finance projects like building new infrastructure. For example, general obligation bonds may be backed by property taxes. Some revenue bonds are paid from user fees and do not necessarily need voter approval. These bonds can be paid off through property taxes or user fees, depending on the type of bond.²³

Controversies Involving Riverside County's Special Districts

As with many regions, special districts in Riverside County, California, have faced controversies and challenges over the years. Some of these challenges are examined in a 2023-2024 Riverside County Civil Grand Jury report entitled [March Joint Powers Authority: Marginally](#)

¹⁹ These reference books can be obtained from the Senate Publications Office at (916) 327-2155. Senate Local Government Committee, <https://www.senate.ca.gov/senate-local-government-committee>, 4/22/2024.

²⁰ Special District Fact Sheet, Senate Governance and Finance Committee, September 2016, https://sgf.senate.ca.gov/sites/sgf.senate.ca.gov/files/special_district_facts_2016.pdf, accessed 3/14/2024.

²¹ California State Controller's Office, State of California Special District Uniform Accounting and Reporting Procedures, 2023 Edition, https://www.sco.ca.gov/Files-ARD-Local/spd_manual_2023_edition.pdf, accessed 3/22/2024.

²² An Initial Look at Effects of the COVID-19 Pandemic on Local Government Fiscal Condition, <https://lao.ca.gov/reports/2021/4428/COVID-19-Fiscal-Effects-Local-Gov-051221.pdf>, page 8, accessed 4/3/2024.

²³ Sonoma County LAFCO, Special Districts, <https://sonomalafco.org/reports-and-publications/what-are-special-districts/funding#:~:text=Special%20districts'%20general%20obligation%20bonds.revenues%2C%20such%20as%20user%20charges>, accessed 4/3/2024.

Transparent.²⁴ While specific controversies can vary widely, here are some common issues that have arisen:

- **Conflict of Interest:** Allegations of conflict of interest involving board members or district officials have surfaced in some cases. This raises questions about the integrity of decision-making processes and the fairness of outcomes.
- **Governance and Accountability:** The transparency of decision-making processes, the responsiveness of district boards to community concerns, and the effectiveness of oversight mechanisms are areas of concern for some special districts.
- **Legal and Regulatory Compliance:** Compliance with legal and regulatory requirements, such as environmental regulations, labor laws, and procurement rules, has long been a source of controversy for some special districts. Failure to comply with these requirements can result in fines, penalties, or legal action.
- **Financial Mismanagement:** Some special districts in Riverside County have faced accusations of financial mismanagement, including misuse of funds, improper accounting practices, and failure to adhere to budgetary constraints. These issues can lead to audits, investigations, and even legal action.
- **Service Delivery and Quality:** Residents and stakeholders have expressed dissatisfaction with the quality or timeliness of services provided by some special districts. Delays in infrastructure projects, inadequate maintenance, or inconsistent service levels can lead to frustration and criticism.

It is important to note that while controversies involving special districts can be significant, they do not represent the entire sector. Many special districts in Riverside County and elsewhere operate effectively and efficiently, providing valuable services to their communities.

Noteworthy Scandals Involving Riverside County's Special Districts

There have been several notable scandals involving special districts in Riverside County, California. Here are a few examples:

- **Beaumont Corruption Scandal (2016)**²⁵: The city of Beaumont, located in Riverside County, was embroiled in a major corruption scandal that involved allegations of financial mismanagement, embezzlement, and fraud. This scandal implicated several city officials as well as the Beaumont Cherry Valley Water District, a special district that provides water services to the area. This scandal led to multiple arrests and legal proceedings. Four former Beaumont officials entered guilty pleas for their role in a \$43 million embezzlement scheme, received probation and fines, including the former city manager and police chief.
- **Jurupa Community Services District Scandal (2010)**²⁶: The Jurupa Community Services District, which provides water, sewer, and park services in the Jurupa Valley area of Riverside County, faced allegations of mismanagement and unethical behavior by its board members. This scandal included accusations of excessive spending, conflicts of interest, and

²⁴ 2023-2024 Grand Jury Report: March Joint Powers Authority: Marginally Transparent, https://rivco.org/sites/g/files/aldnop116/files/2024-04/March_Joint_Powers_March_21_2024.pdf, accessed 5/28/2024.

²⁵ Beaumont officials plead guilty in \$43M embezzlement case, get probation and fines, https://www.desertsun.com/story/news/crime_courts/2017/12/19/beamont-almost-brought-its-knees-officials-plead-guilty-43-million-embezzlement-case/963714001/, accessed 3/28/2024.

²⁶ Jurupa: Lawsuit triggered by land deal settled, <https://www.pressenterprise.com/2010/10/08/jurupa-lawsuit-triggered-by-land-deal-settled/>, accessed 3/28/2024.

- improper conduct during board meetings. Several board members were ultimately removed from office, and reforms were implemented to improve governance and transparency.
- SunLine Transit Agency Scandal (2004)²⁷: The SunLine Transit Agency, which provides public transportation services in Riverside County, was involved in a scandal related to the misappropriation of funds. This scandal resulted in the indictments of several agency officials, including the former general manager, on charges of embezzlement and fraud. This scandal led to significant changes in the agency's leadership and oversight practices.

These scandals, while not representative of all special districts in Riverside County, underscore the importance of transparency, accountability, and ethical conduct in the governance of special districts. They also highlight the need for effective oversight with checks and balances to prevent misconduct. Special district members are expected to exercise judgment as representatives of their constituents rather than simply represent their own self-interests or the interests of their appointing authority.

DISCUSSION

The Riverside Civil Grand Jury queried the most recent Riverside County data filed (2021) with the Secretary of State and listed with the State Controller’s Office. This list contains special districts, both independent and dependent, and nonprofit corporations.²⁸ This list does not contain special districts that fall within multiple counties.

A majority of special districts are administrated by cities or the County and do not have their own independent websites. Instead, the County and cities may have special district agenda items appear at the end of “normal” board agendas. Sometimes the board will vote to conclude a “normal” board agenda and reopen their board meeting as a special district board meeting. This process may result in confusion and consequently, less community engagement.

Additionally, it is difficult to determine the number of inactive special districts, (i.e., those that hold no meetings and conduct no public business). Table 1 indicates the number of special districts, total revenues and expenditures.

Table 1 – The Numbers²⁹

Number of special districts in Riverside County	226
Riverside County Special Districts Total Revenues ➤ That is 42% of the \$7.31 billion total annual revenues for Riverside County in 2021. ³⁰	\$3,118,401,000
Riverside County Special Districts Total Expenditures	\$3,090,160,000

²⁷ Audit Finds Misappropriations by Transit Agencies, <https://www.latimes.com/archives/la-xpm-2003-jul-17-me-sunline17-story.html>, accessed 3/28/2024.

²⁸ California State Controller's Office, Special Districts Financial Data, <https://districts.bythenumbers.sco.ca.gov/#!/year/default>, accessed 4/8/2024.

²⁹ California State Controller's Office, Special Districts Listing, https://bythenumbers.sco.ca.gov/Special-Districts/Special-Districts-Listing/fv6y-3v29/about_data, accessed 3/7/2024.

³⁰ <https://budget.countyofriverside.us/#!/year/2021/revenue/0/account>, accessed 5/1/2024.

Special Districts Revenues

As shown in Table 2, the top ten revenue generating special districts in Riverside County have a total revenue of \$1.45 billion. That is 20% of the \$7.31 billion total revenues for Riverside County in 2021.³¹

Table 2 – Top 10 Special Districts Revenues³²

Entity Name	Activity	Revenues
Eastern Municipal Water District	Municipal Water	\$422,670,000
Regional Employer / Employee Partnership for Benefits	Joint Powers Authority	\$203,470,000
Western Municipal Water District	Municipal Water	\$153,750,000
Riverside County Flood Control and Water Conservation	Flood Control and Water Conservation	\$109,440,000
Rancho California Water District	California Water	\$109,410,000
Elsinore Valley Municipal Water District	Municipal Water	\$104,700,000
Corona Utility Authority	Joint Powers Authority	\$94,610,000
San Gorgonio Memorial Healthcare District	Hospital and Healthcare	\$88,800,000
Southern California Regional Liability Excess Fund	Joint Powers Authority	\$86,230,000
Western Riverside Council of Governments	Joint Powers Authority	\$82,360,000

Special Districts Expenditures

As shown in Table 3, the top ten expenditures for special districts in Riverside County total \$1.42 billion. That is 19% of the \$7.67 billion annual budget for Riverside County government in 2021, and 11% of the \$13.4 billion total actual expenditures for Riverside County in 2021.³³

Table 3 – Top 10 Special Districts Expenditures³⁴

Entity Name	Activity	Expenditures
Eastern Municipal Water District	Municipal Water	\$382,430,000
Regional Employer / Employee Partnership for Benefits	Joint Powers Authority	\$202,530,000
Western Municipal Water District	Municipal Water	\$155,110,000
Rancho California Water District	California Water	\$108,700,000
Elsinore Valley Municipal Water District	Municipal Water	\$102,320,000
Riverside County Flood Control and Water Conservation	Flood Control and Water Conservation	\$95,860,000
Corona Utility Authority	Joint Powers Authority	\$95,750,000

³¹ California State Controller's Office, Special Districts Revenues, <https://budget.countyofriverside.us/#!/year/2021/revenue/0/account>, accessed 5/1/2024.

³² California State Controller's Office, Special Districts – Revenues, https://bythenumbers.sco.ca.gov/Finance-Application/Special-Districts-Revenues/nkv3-m73r/about_data, accessed 3/7/2024.

³³ County of Riverside, California, Budget, <https://budget.countyofriverside.us/#!/year/2021/operating/0/department>, accessed 5/1/2024.

³⁴ California State Controller's Office, Special Districts Revenues and Expenditures, <https://districts.bythenumbers.sco.ca.gov/#!/year/2022/operating/0/county/Riverside/0/entityname?vis=barChart>, accessed 3/7/2024.

San Gorgonio Memorial Healthcare District	Hospital and Healthcare	\$95,060,000
Riverside Transit Agency	Joint Powers Authority	\$92,850,000
Western Riverside Council of Governments	Joint Powers Authority	\$87,220,000

Special Districts Activities

As shown in Table 4, these numbers illustrate the top ten special districts activity types in Riverside County.

Table 4 – Top 10 Special Districts Activities³⁵

Type of Activity	Number
Joint Powers Authority	96
Community Service Area	47
Water	14
Nonprofit Corporation	10
Community Service	10
Cemetery	9
Recreation and Park	6
Resource Conservation	4
Hospital and Healthcare	3
Library	3
Fire Protection	3

CONCLUSION

Special districts may be invisible to the public and policy-makers, compromising oversight and accountability. In contrast to general-purpose local governments, special districts may operate in relative obscurity from the scrutiny of the public they were created to serve. The accountability mechanisms that do exist are sometimes inadequate as illustrated by past controversies and scandals noted in this report.

Special districts enjoy significant political independence under state law, making them ultimately accountable to the voters who elect their governing boards. Throughout the state, opportunities for regulatory improvements and cost-saving measures exist. Legislators and community members should recognize the diversity among special districts. A one-size-fits-all approach to reforms is inadequate and no local agency is immune to potential wrongdoing.

Special districts in Riverside County can improve their effectiveness, accountability, and service delivery. Based on this investigation, here are some key areas for improvement:

- **Transparency and Accountability:** Special districts can bolster transparency and accountability by guaranteeing straightforward access to information concerning their operations, finances, and decision-making procedures. This can involve:

³⁵ California State Controller's Office, Special Districts, https://bythenumbers.sco.ca.gov/Special-Districts/Special-Districts-Listing/fv6y-3v29/about_data, accessed 3/7/2024.

1. Actions such as publishing meeting agendas and minutes, financial reports, and other pertinent documents on their websites.
 2. Accountability can be strengthened through the establishment of clear performance metrics, regular audits, and timely response to public inquiries and complaints. Special districts should actively communicate to the public that they operate directly for public benefit, with taxes and fees collected for local services.
- **Community Engagement:** Special districts can enhance community engagement by actively soliciting input from residents and stakeholders on important issues and decisions. This can involve:
 1. Arranging public meetings, conducting surveys, and leveraging social media and other communication platforms to expand outreach. By cultivating dialogue with the community, districts can glean valuable insights into local needs and priorities. This will ultimately enhance service delivery effectiveness and foster greater public participation and oversight.
 2. Relying solely on the traditional electoral process may not be adequate to ensure that government entities, including special districts, deliver optimal value within constrained resources. Hence, special districts should endeavor to heighten their visibility among the public they serve, as well as among community and business leaders capable of influencing decision-making processes. Through enhanced transparency and accessibility, special districts can cultivate trust and confidence in their operations and decisions, thereby fostering more informed and engaged communities.
 - **Governance and Leadership:** Special districts can enhance governance and leadership by prioritizing adherence to ethical standards and best practices among board members and officials. This can be achieved through various actions such as:
 1. Adopting clear policies and procedures for decision-making processes, including: criteria for evaluating proposals, guidelines for conducting meetings, and mechanisms for ensuring accountability and transparency.
 2. Providing comprehensive training and education to board members and officials to ensure they understand their roles, responsibilities, and ethical obligations. This includes conflict of interest, fiduciary duty, and proper conduct in public office.
 3. Having mechanisms in place for identifying and addressing conflicts of interest among board members and officials such as requiring disclosure of potential conflicts, abstention from voting on matters in which a conflict exists, and recusal from participation in related discussions.
 4. Promoting a culture of integrity and ethical behavior by fostering open communication, encouraging collaboration, and recognizing and rewarding exemplary conduct.

By prioritizing ethical standards and best practices, special districts can strengthen governance and leadership, ultimately enhancing public trust and confidence in their operations and decisions.
 - **Financial Management:** Special districts can enhance their financial management by implementing several key practices:
 1. Developing realistic and comprehensive budgets that align with their priorities and goals. This involves forecasting revenues and expenses accurately, considering long-term financial sustainability, and seeking input from stakeholders.

2. Regularly monitoring and reviewing their expenses to ensure they remain within budgetary constraints. This may involve implementing internal controls, conducting periodic financial reviews, and identifying areas where expenditures can be optimized.
3. Actively exploring opportunities to generate additional revenue or reduce costs without compromising the quality of services provided. This may include pursuing grant funding, renegotiating contracts with vendors, or implementing efficiency measures.
4. Enhancing financial transparency to provide clear and understandable financial reports to the public, including information on revenues, expenses, and financial performance. This promotes transparency and accountability that allow stakeholders to assess the district's financial health.

By adopting sound budgeting practices, monitoring expenses, seeking cost-saving opportunities, and enhancing financial transparency, special districts can improve their financial management and ensure the effective stewardship of public resources.

- **Service Delivery and Efficiency:** Special districts can enhance their service delivery and efficiency by implementing several strategies:
 1. Regularly conducting systematic reviews of their operations to identify areas for improvement. This involves analyzing processes, workflows, and resource allocation to streamline operations and eliminate inefficiencies.
 2. Streamlining processes to reduce complexity and bureaucracy. This may involve standardizing workflows and eliminating redundant processes.
 3. Leveraging technology to enhance service delivery and efficiency. This may include implementing digital tools and platforms to streamline operations, improve communication, and enhance data management and analysis.
 4. Collaborating with other government agencies and organizations to reduce duplication of services and achieve economies of scale. This may involve coordinating efforts, sharing resources, and leveraging expertise to deliver services more effectively and efficiently.

By regularly reviewing operations, streamlining processes, leveraging technology, and collaborating with other agencies, special districts can enhance their service delivery and efficiency, ultimately better serving the needs of their communities.

- **Environmental and Social Responsibility:** Special districts can enhance their environmental and social responsibility by implementing sustainable practices and policies in several key areas:
 1. Reducing carbon footprints and contributing to environmental conservation by investing in renewable energy sources such as solar, wind, or hydroelectric power. This not only reduces greenhouse gas emissions but also promotes energy independence and resilience.
 2. Implementing initiatives to reduce waste generation and optimize water usage. This may involve implementing recycling and composting programs, upgrading infrastructure to improve water efficiency, and promoting conservation practices among residents and businesses.
 3. Fostering a culture of diversity and inclusion within their workforce and decision-making processes. This involves promoting equal opportunity employment practices, fostering a supportive and inclusive work environment, and ensuring that diverse voices are represented in leadership positions and decision-making bodies.

By adopting sustainable practices and policies such as investing in renewable energy, reducing waste and water usage, and promoting diversity and inclusion, special districts can

demonstrate their commitment to environmental and social responsibility while contributing to the well-being of their communities.

Some special districts can be improved on multiple fronts. Given the routine front-line services they provide and the challenges these districts face, those that have the oversight obligations must work to see that they succeed. These actions could potentially save Riverside County taxpayers money if they lead to streamlined local government and improved efficiency in service delivery. By focusing on these aforementioned areas for improvement, special districts in Riverside County can enhance their effectiveness and better serve the needs of their communities.

FINDINGS

- F-1 All local governments, including special districts, are required to annually report their financial transactions to the California Controller's Office pursuant to Government Code §12463 et seq.³⁶ These reports are compiled and published by the Controller's Office and are accessible online.
- F-2 Local district attorneys handle most criminal activity complaints. As it relates to special districts, multiple California state laws strictly prohibit misconduct: Government Code §8314, Penal Code §424, Government Code §1090, and Government Code §1097.
- F-3 Riverside County special districts appear to operate in relative obscurity, hidden from the scrutiny of the public they were created to serve. Less than 50% have websites, and of those, a bulk are redirected to the County site for Economic Development.
- F-4 Multiple areas of improvement exist related to best practices: transparency/accountability, community engagement, governance/leadership, financial management, service delivery/efficiency, and environmental/social responsibility.
- F-5 The top ten revenue generating special districts in Riverside County have a total revenue of \$1.45 billion, or 20% of the \$7.31 billion total revenues for Riverside County in 2021.
- F-6 The top ten expenditures for Riverside County special districts total \$1.42 billion, or 19% of the \$7.67 billion annual budget for Riverside County in 2021, and 11% of the \$13.4 billion total actual expenditures for Riverside County in 2021.

³⁶ State of California Special District Financial Transactions Report Instructions For the Fiscal Year Ended June 30, 2023, https://www.sco.ca.gov/Files-ARD-Local/LocRep/SD_FTR_Instructions_22-23v11202023-Final1.pdf, accessed 5/16/2024.

RECOMMENDATIONS

- R-1 By December 1, 2024, the Grand Jury recommends the Riverside County Board of Supervisors direct the Executive Office staff to collect the following information, at a minimum, on each special district with which the county government is directly or indirectly involved:
1. Name of the Special District
 2. Brief Description of Services Provided
 3. Overall Annual Budget
 4. Website Location
 5. Phone Number
 6. Email Address
 7. Board Appointees
- Based on Findings F-1, F-3, F-4, F-5, F-6
Financial Impact – Minimal
- R-2 By December 1, 2024, the Grand Jury recommends the Riverside County Board of Supervisors direct the Executive Office staff to include special district information, gathered in R-1, on the County’s “Find a Service” website location.
Based on Findings F-1, F-3, F-4, F-5, F-6
Financial Impact – Minimal
- R-3 By December 1, 2024, the Grand Jury recommends the Riverside County District Attorney’s Office include misconduct or malfeasance by special districts within Riverside County in its biennial report to the public.
Based on Finding F-2
Financial Impact – Minimal
- R-4 By December 1, 2024, the Grand Jury recommends the Riverside County Board of Supervisors require its representatives on special district boards, committees, and/or commissions to provide the Board of Supervisors with an “annual summary” of that special district’s purpose, governance, overall financial status, and accomplishments.
Based on Finding F-4
Financial Impact – Minimal
- R-5 By December 1, 2024, the Grand Jury recommends the Riverside County Board of Supervisors include in its annual report a new special districts “annual summary” (refer to R-4).
Based on Findings F-1, F-3, F-4, F-5, F-6
Financial Impact – Minimal

LEGALLY REQUIRED RESPONSES

California Penal Code §933.05 requires responses to Grand Jury findings and recommendations, within 90-days, to Riverside County's Superior Court Presiding Judge.

Required Responses

Locations	Findings	Recommendations
Riverside County Board of Supervisors	F-1, 2, 3, 4, 5, 6	R-1, 2, 3, 4
Riverside County District Attorney	F-2	R-2

Invited Responses

Locations	Findings	Recommendations
Riverside Local Agency Formation Commission	F-1, 2, 3, 4, 5, 6	R-1, 2, 3, 4
Riverside County Special Districts	F-1, 2, 3, 4, 5, 6	R-1, 2, 3, 4

APPENDIX

Special Districts List of BOS Appointments - Attachment 1

Board of Supervisors Appointments Reorganization - Attachment 2

Public Official Appointments (Form 806) with stipends - Attachment 3

Boards, Commissions, and Committees Report, including membership roster and terms - Attachment 4

Websites, Documents and Entities Reviewed

- **California Association of Public Cemeteries** represents public cemetery districts that provide essential services, “often in small communities where private cemeteries cannot operate profitably.”
- **California Association of Recreation and Park Districts**
- **The California Association of Sanitation Agencies** members provide about 80% of the sewer services in the state.
- **Association of California Water Agencies (ACWA)**, representing local public water agencies that deliver a majority of California’s water service.
- **California Association of Local Agency Formation Commissions**,
<https://calafco.org/index.php>
- A review of the **California Grand Jurors Association**³⁷ most recent publicly available listing dated 2021 includes two lists³⁸: 1) Special Districts³⁹, and 2) JPAs⁴⁰. The Special Districts list contains Special Districts, both independent and dependent, and nonprofit Corporations that have filed with the Secretary of State and are listed with the State Controller’s Office. Both lists are organized by county.
- **The California Special Districts Association (CSDA)** is a nonprofit organization founded in 1969, aiming to promote good governance and enhance core local services across all independent special districts in California through professional development, advocacy, and other services. CSDA, in collaboration with California CAD Solutions, has launched the Special Districts Mapping Project, an interactive map of independent special districts in the state, with the goal of including all district headquarters and boundary lines. However, the data has not been verified and is sourced from various places, its accuracy cannot be guaranteed, and the project serves as a general information resource.
 - Special District Laws Reference Guide,
<https://www.yololafco.org/files/81915e094/Special+District+Laws+Guide+2020.pdf>

³⁷ Civil Grand Jurors’ Association, <https://cgja.org/>, accessed 3/4/2024.

³⁸ Civil Grand Jurors’ Association, JPA List, <https://cgja.org/special-districts-jpa-list/>, accessed 3/4/2024.

³⁹ Civil Grand Jurors’ Association, Special Districts, <https://cgja.org/wp-content/uploads/Special-Districts-2021.xlsx>, accessed 3/4/2024.

⁴⁰ Civil Grand Jurors’ Association, JPAs, <https://cgja.org/wp-content/uploads/JPA-2021.xlsx>, accessed 3/4/2024.

- **California State Controller's Office**⁴¹, Local Government Financial Data. This webpage contains revenues, spending, and other financial data of local governments such as cities, counties, and special districts. <https://www.ca.gov/agency/?item=state-controller%27s-office>
 - Special Districts Listing⁴² contains a list of all special districts including location, fiscal year end, and districts that are no longer required to report to the State Controller's Office. https://bythenumbers.sco.ca.gov/Special-Districts/Special-Districts-Listing/fv6y-3v29/about_data
 - Counties Financial Data, <https://counties.bythenumbers.sco.ca.gov/#!/year/default>
 - Special Districts Revenues and Expenditures⁴³ <https://districts.bythenumbers.sco.ca.gov/#!/year/2022/operating/0/county/Riverside/0/entityname?vis=barChart>
 - Special Districts – Revenues, https://bythenumbers.sco.ca.gov/Finance-Application/Special-Districts-Revenues/nkv3-m73r/about_data
 - Special Districts that filed late or failed to file FY 2021-22⁴⁴, <https://bythenumbers.sco.ca.gov/Special-Districts/Special-Districts-that-filed-late-or-failed-to-file/udxr-rcgh/data>
- **Civil Grand Jurors' Association of California**, Instructions for Special Districts/JPA List, <https://cgja.org/special-districts-jpa-list/>
- Riverside County Board of Supervisors **Countywide Oversight Board** was formed in 2018 because of state legislation that consolidated all oversight boards of successor agencies to oversee the completion of activities of the various successor agencies in Riverside County. The website lists 25 entities under their scope of oversight.⁴⁵ The Countywide Oversight Board does not have relevant information regarding Riverside County special districts (i.e., joint powers authorities, nonprofit corporations, independent, dependent, and county service areas) nor does the Countywide Oversight Board maintain a list of the special districts.⁴⁶
- **Institute for Local Government**, <https://www.ca-ilg.org/post/about-special-districts>
- **Legislative Analyst's Office (LAO)**, https://lao.ca.gov/1995/010195_calguide/cglgov3.html: Provides fiscal and policy advice to the Legislature. It is known for its nonpartisan analyses of the state budget and serves as a vital resource for the Legislature to ensure efficient and effective implementation of legislative policy by the executive branch.
- **Little Hoover Commission**

⁴¹ California State Controller's Office, <https://bythenumbers.sco.ca.gov/>, accessed 3/14/24.

⁴² California State Controller's Office, https://bythenumbers.sco.ca.gov/Special-Districts/Special-Districts-Listing/fv6y-3v29/about_data, accessed 3/14/2024.

⁴³ California State Controller's Office, https://bythenumbers.sco.ca.gov/Finance-Application/Special-Districts-Revenues/nkv3-m73r/about_data, accessed 3/14/2024.

⁴⁴ California State Controller's Office, https://bythenumbers.sco.ca.gov/Special-Districts/Special-Districts-that-filed-late-or-failed-to-file/udxr-rcgh/explore/query/SELECT%0A%20%20%60no%60%2C%0A%20%20%60county%60%2C%0A%20%20%60special_district%60%2C%0A%20%20%60date_report_submitted%60%2C%0A%20%20%60status%60%0A%20%20%60caseless_one_of%28%60county%60%2C%20%22Riverside%22%29/page/filter, accessed 3/14/2024.

⁴⁵ RivCoNOW, Countywide Oversight Board Members, <https://rivco.org/countywide-oversight-board>, accessed 3/7/2024.

⁴⁶ Email communication with Riverside County, Clerk of the Board, 3/8/2024.

- Special Districts: Relics of the Past or Resources for the Future?, <https://lhc.ca.gov/wp-content/uploads/Reports/155/Report155.pdf>, <https://lhc.ca.gov/wp-content/uploads/Reports/155/ExecutiveSummary155.pdf>
- **Local Agency Formation Commissions (LAFCO)** was formed under California law (Gov. Code, §56300 et seq.) to oversee boundary changes of cities and special districts, the formation of new agencies, which includes incorporation, consolidation, or reorganization of special districts or cities. Special Districts Websites and Maps: <https://lafco.org/resources/special-districts/>. The California Association of Local Agency Formation Commissions (CALAFCO), has stated that LAFCOs lack the resources they need to carry out oversight duties.
- **Mosquito and Vector Control Association of California** represents mosquito and vector control districts.
- **Riverside County, Assessor-County Clerk-Recorder Office**⁴⁷ fulfills the legally and locally mandated functions of the Assessor, County Clerk, Recorder, and Records Management Program in an accurate, timely, professional, and courteous manner to ensure high quality service. Its mandate is to simplify the business of life for Riverside County communities through innovative solutions, trusted expertise, and a fully engaged workforce. Each year, the office completes one of the largest assessment rolls in the Country. This roll serves as the basis for generating property tax revenues that fund county safe neighborhoods, good schools, and many other community-wide benefits.
- **Riverside County Boards, Commissions, and Committees Report:** <https://rivcocob.org/sites/g/files/aldnop311/files/2024-02/Full%20Website%20BCC%20Report%2020240201.pdf>
- **Riverside County Board of Supervisors acting as Trustees:** An example with the Perris Valley Cemetery District <https://rivcoed.org/pvc>
- **Riverside County Information Technology (RCIT)** department provides information technology services to County departments and agencies and is entrusted with managing and safeguarding the County's enterprise and mission-critical solutions and infrastructure.⁴⁸ Specifically, RCIT supports departments and agencies that fall entirely under Riverside County leadership. Agencies such as Riverside County Transportation Commission (RCTC), Western Riverside Council of Governments (WRCOG), and the March JPA have their own IT support and services arm. Provision of telephone services for RCTC and WRCOG may occur due to the buildings in which they are located, but that would be the extent of support. In the past, RCIT provided email support to WRCOG, but they moved off onto their own system around 2019/2020. RCIT does not support any nonprofit corporations in Riverside County, other than Riverside County's own Digital Equity Program, which provides surplus computer equipment to schools, low-income families, and charitable organizations.⁴⁹
- **Riverside County Office of Economic Development:** County Service Areas (CSAs), <https://rivcoed.org/csa>
- **Senate Governance & Finance Committee, Special District Fact Sheet,** https://sgf.senate.ca.gov/sites/sgf.senate.ca.gov/files/special_district_facts_2016.pdf

⁴⁷ Riverside County Assessor-County Clerk-Recorder, <https://www.rivcoacr.org/>, accessed 3/13/2024.

⁴⁸ Riverside County Information Technology, <https://rivco.org/information-technology-services>, accessed 3/7/2024.

⁴⁹ Riverside County Information Technology, Email communication, 3/7/2024.

- **Special District Leadership Foundation (SDLF)**, a nonprofit corporation created in 1999 by a coalition of groups to recognize special districts’ professional managers.
- *What’s So Special About Special Districts?* A Citizen’s Guide to Special Districts in California, Fourth Edition, 2010, https://www.ca-ilg.org/sites/main/files/file-attachments/resources_2010WSSASD4edition.pdf

Definitions⁵⁰

- **Enterprise Special Districts:** Primarily financed by user fees that are set at a level to cover costs. Airports, harbors, hospitals, and water and sewer utilities are examples of districts that operate as enterprise special districts.
- **Nonenterprise Special Districts:** Rely primarily on tax revenues such as property tax revenues to fund their operations. Occasionally, a nonenterprise special district will charge user fees to fund certain services. Types of nonenterprise special districts include – but are not limited to – fire and police protection, cemeteries, libraries, and mosquito abatement programs, because the services they provide benefit the entire community, and not just individual residents.
- **Independent Special Districts:** Operate under a locally elected, independent board of directors. It is independent from other governments and is directly accountable to the people it serves. As defined by Government Code section 56044, a “...independent special district includes any special district having a legislative body all of whose members are elected by registered voters or landowners within the district...” Approximately two-thirds of California State’s special districts are independent special districts. Independent special districts have separate governing boards elected by the special districts’ voters. Registered voters of a community commonly select an independent district’s board of directors. In some water districts, political power rests with the landowners. In circumstances where the special districts’ services primarily benefit the land and not the people, the courts have upheld the use of landowner-voter districts. An independent special district can be either single-function or multiple-function, and can be either enterprise or nonenterprise.
- **Dependent Special Districts:** Operates under the control of a county board of supervisors, a city council, or another local agency. City councils and county supervisors often appoint local advisory boards to assist and advise them in governing dependent special districts. As defined in Government Code section 56032.5, a “dependent special district includes any special district that has a legislative body that consists, in whole or part, of ex officio members who are officers of a county or another local agency, or who are appointees of those officers, and who are not appointed to fixed terms.” A dependent special district can be either single-function or multiple-function, and be either enterprise or nonenterprise. For example, a fire protection district can be a dependent, single function, nonenterprise special district. It is dependent because it is governed by a county board of supervisors; it is single function because it delivers only one type of service (e.g., fire protection), and it is nonenterprise because the special district is supported primarily by taxes.
- **Statutory Authority:** There are over 50 major types of special districts ranging from airport to cemetery to water conservation districts. However, all types of special districts operate

⁵⁰ California State Controller’s Office, State of California Special District Uniform Accounting and Reporting Procedures, 2023 Edition, https://www.sco.ca.gov/Files-ARD-Local/spd_manual_2023_edition.pdf, accessed 3/21/2024.

under either a principal act or special act. A principal act is a generic statute that applies to all special districts of that type. For example, the Community Services District Law (Gov. Code, §61000 et seq.) governs all community services districts. Common examples of special districts formed under principal acts include, but are not limited to, County Service Areas, Fire Protection Districts, Community Services Districts, Cemetery Districts, and County Water Districts. Occasionally, local circumstances do not fit the general conditions anticipated by the principal acts. In these cases, the California State Legislature can use a special act to create a district that is tailored to the unique needs of a specific area. Special act districts are typically regional in nature, have unusual governing board requirements, provide unique services, or need special financing. When local governments fail to comply with minimum disclosure requirements, the State of California has the authority to take action to assist the noncomplying local governments to come into compliance. If necessary, legal action may be required to enforce compliance (refer to Gov. Code, §12464). A local government that fails, or refuses, to make and file its report(s) within 20 days after receipt of a written notice of the failure from the State Controller's Office, shall receive a penalty in accordance with Government Code section 53895.

- **Sunshine Laws:** Laws requiring certain proceedings of government agencies to be open or available to the public.⁵¹

Report Issued: 6/6/2024

Report Public: 6/10/2024

Response Due: 9/10/2024

⁵¹ What Are Sunshine Laws? Definition, Purpose, Examples.
<https://www.investopedia.com/terms/s/sunshinelaws.asp>, accessed 5/30/2024.

2024-2025 Grand Jury Report
Riverside County Special Districts: Obscure Local Government
June 6, 2024
Riverside County Board of Supervisors

GRAND JURY FINDINGS:

Grand Jury Finding #1:

F-1 All local governments, including special districts, are required to annually report their financial transactions to the California Controller's Office pursuant to Government Code §12463 et seq.36 These reports are compiled and published by the Controller's Office and are accessible online.

Response to Grand Jury Finding #1:

Respondent agrees with finding.

Grand Jury Finding #2:

F-2 Local district attorneys handle most criminal activity complaints. As it relates to special districts, multiple California state laws strictly prohibit misconduct: Government Code §8314, Penal Code §424, Government Code §1090, and Government Code §1097.

Response to Grand Jury Finding #2:

Respondent agrees with finding.

Grand Jury Finding #3:

F-3 Riverside County special districts appear to operate in relative obscurity, hidden from the scrutiny of the public they were created to serve. Less than 50% have websites, and of those, a bulk are redirected to the County site for Economic Development.

Response to Grand Jury Finding #3:

Respondent disagrees partially with the finding.

Department comments:

The County of Riverside is respectfully partially disagreeing with the finding, as the county does not have purview over independent special districts and is unable to verify the information in the report but trusts the Grand Jury's investigation of the individual websites. The County has no comment concerning the portion of the finding relating to independent special districts and their respective websites, or how having a website or not plays into a lack of governance or operating in "relative obscurity." Independent special districts are local governments with a limited purpose to provide various services and are established under state statutes. Operations of such districts are typically overseen by various commissions, directors, or trustees, and in the case of independent special districts, are accountable directly to the community they serve. As stated in the Grand Jury report, special districts must comply with various laws and regulations, including multiple sections of the California Government Code, such as the Ralph M. Brown Act, California Public Records Act, Conflicts of Interest Code, Elected and Appointed Officials' Statement of Economic Interest (Form 700), Audits, Special Districts Financial Transactions Report, Disclosure of Reimbursements, and Record Retention Requirements. This list is not exhaustive.

Given the number of state regulations that various special districts must adhere to, coupled with the lack of supporting documentation to illustrate such districts are operating "in relative obscurity", the County is at best neutral with Finding F-3.

The Grand Jury in their research references multiple sites that include listings of special districts. The following web address is from the California State Controller's office: https://bythenumbers.sco.ca.gov/Special-Districts/Special-Districts-Listing/fv6y-3v29/data_preview, which contains information on special districts.

The County of Riverside Office of Economic Development's (OED) website has information on all dependent special districts supported by OED staff. Visit: <https://rivcoed.org/>, and click on the tab "Special Districts." The Riverside County Board of Supervisors act as the legislative body to these dependent special districts. All revenue information is included in the County of Riverside budget.

Grand Jury Finding #4:

F-4 Multiple areas of improvement exist related to best practices: transparency/accountability, community engagement, governance/leadership, financial management, service delivery/efficiency, and environmental/social responsibility.

Response to Grand Jury Finding #4:

Respondent agrees with finding.

Department comments:

The County of Riverside agrees that all agencies, including JPAs and special districts, should strive to improve in all the listed best practices as an overarching goal.

Grand Jury Finding #5:

F-5 The top ten revenue generating special districts in Riverside County have a total revenue of \$1.45 billion, or 20% of the \$7.31 billion total revenues for Riverside County in 2021.

Response to Grand Jury Finding #5:

Respondent disagrees partially with the finding.

Department comments:

The County of Riverside has not verified the specific values but trusts in the Grand Jury's assessment that those values are accurate. It is important to note that the finding is not referencing the County of Riverside's budget, which would not include revenue of any independent special district or any Joint Power's Authority (JPA). Moreover, a JPA is not a special district. As such, four of the top ten listed special district revenues under Table 2 are not special districts.

Grand Jury Finding #6:

F-6 The top ten expenditures for Riverside County special districts total \$1.42 billion, or 19% of the \$7.67 billion annual budget for Riverside County in 2021, and 11% of the \$13.4 billion total actual expenditures for Riverside County in 2021.

Response to Grand Jury Finding #6:

Respondent disagrees partially with the finding.

Department comments:

The County of Riverside is respectfully partially disagreeing with the finding, as the County does not have purview over independent special districts. Therefore, the County is not able to verify the specific values but trusts in the Grand Jury's assessment that those values are accurate. However, as stated under Grand Jury Finding #5, a JPA is not a special district. As such, three of the top ten listed special district expenditures under Table 3 in the report are not special districts.

GRAND JURY RECOMMENDATIONS:**Grand Jury Recommendation #1:**

R-1 By December 1, 2024, the Grand Jury recommends the Riverside County Board of Supervisors direct the Executive Office staff to collect the following information, at a minimum, on each special district with which the county government is directly or indirectly involved:

1. Name of the Special District
2. Brief Description of Services Provided
3. Overall Annual Budget
4. Website Location
5. Phone Number
6. Email Address
7. Board Appointees

Based on Findings F-1, F-3, F-4, F-5, F-6

Financial Impact - Minimal

Response to Grand Jury Recommendation #1:

Recommendation will not be implemented because it is not warranted or reasonable.

Department comments:

The Riverside County Board of Supervisors does not have purview over independent special districts even though the districts have boundaries located within the County area. The County defers to the Local Area Formation Commission (LAFCO) and the State of California to provide a comprehensive listing of these separate entities. It is also incumbent upon the governing bodies of the special districts to inform their electorate. County resources, including public information are directed toward services and programs the County directly provides to the residents and businesses of Riverside County.

Grand Jury Recommendation #2:

R-2 By December 1, 2024, the Grand Jury recommends the Riverside County Board of Supervisors direct the Executive Office staff to include special district information, gathered in R-1, on the County's "Find a Service" website location.

Based on Findings F-1, F-3, F-4, F-5, F-6

Financial Impact - Minimal

Response to Grand Jury Recommendation #2:

Recommendation will not be implemented because it is not warranted or reasonable.

Department comments:

The Riverside County Board of Supervisors does not have purview over independent special districts even though the districts have boundaries located wholly or partially within the county area. The County defers to LAFCO and the State of California to provide a comprehensive listing of these separate entities. It is also incumbent upon the governing bodies of the special districts to inform their electorate. County resources, including public information, are directed toward services and programs that the County directly provides to the residents and businesses of Riverside County.

Grand Jury Recommendation #3:

R-3 By December 1, 2024, the Grand Jury recommends the Riverside County District Attorney's Office include misconduct or malfeasance by special districts within Riverside County in its biennial report to the public.

Based on Finding F-2

Financial Impact – Minimal

Response to Grand Jury Recommendation #3:

Recommendation has been implemented.

Department comments:

Please refer to The Office of the District Attorney County of Riverside letter dated September 25, 2024, which provides a response to this recommendation.

Grand Jury Recommendation #4:

R-4 By December 1, 2024, the Grand Jury recommends the Riverside County Board of Supervisors require its representatives on special district boards, committees, and/or commissions to provide the Board of Supervisors with an "annual summary" of that special district's purpose, governance, overall financial status, and accomplishments.

Based on Finding F-4

Financial Impact - Minimal

Response to Grand Jury Recommendation #4:

Recommendation will not be implemented because it is not warranted or reasonable.

Department comments:

The terms “special district boards, committees, and/or commissions” is not defined by the Grand Jury in this recommendation. The Grand Jury references the 2023-2024 Grand Jury Report: March Joint Powers Authority: Marginally Transparent dated April 10, 2024, in this subject report. Also, the report uses the term “its representatives,” so the respondent interprets this as members of the Board of Supervisors. Members of the Board of Supervisors have individual discretion when they serve on a dependent special district, such as the Riverside County Flood Control and Water Conservation District and Joint Powers Authorities (JPAs) such as the March Joint Powers Authority Commission. If the Grand Jury can provide more detail on which “special district boards, committees, and/or commissions” the Board of Supervisors can respond accordingly.

The Riverside County Board of Supervisors does not have purview over independent special districts even though the districts have boundaries located within the county area. The County defers to LAFCO and the State of California to provide a comprehensive listing of these separate entities. It is also incumbent upon the governing bodies of the special districts to inform their electorate.

Grand Jury Recommendation #5:

R-5 By December 1, 2024, the Grand Jury recommends the Riverside County Board of Supervisors include in its annual report a new special districts "annual summary" (refer to R-4).

Based on Findings F-1, F-3, F-4, F-5, F-6
Financial Impact - Minimal

Response to Grand Jury Recommendation #5:

Recommendation will not be implemented because it is not warranted or reasonable.

Department comments:

The Grand Jury did not request the Board of Supervisors respond to this recommendation; however, this recommendation narrative refers to the Board of Supervisors and connects this recommendation to Recommendation #4.

This will not be implemented. Please see the previous responses to Recommendations 1, 2, and 3.



MICHAEL A. HESTRIN
DISTRICT ATTORNEY

OFFICE OF
THE DISTRICT ATTORNEY
COUNTY OF RIVERSIDE
3960 ORANGE STREET
RIVERSIDE, CALIFORNIA 92501-3643

September 25, 2024

The Honorable Judith C. Clark, Presiding Judge
Superior Court of California, County of Riverside
4050 Main Street
Riverside, California 92501

Board of Supervisors
County of Riverside
4080 Lemon Street
Riverside, California 92501
Attn: The Honorable Chuck Washington, Chair

Subject: 2023-2024 Grand Jury Report: Riverside County Special Districts: Obscure Local Government

Dear Judge Clark and Members of the Board of Supervisors,

I have received and reviewed the 2023-2024 Civil Grand Jury's Report: Riverside County Special Districts: Obscure Local Government, dated July 6, 2024. This letter, to be filed in accordance with Penal Code section 933(c), shall serve as my response to the Civil Grand Jury's recommendations to the District Attorney.

The Civil Grand Jury's report focused on the governmental structure of "special districts", which provide essential services to various communities throughout the State of California. Riverside County has over 225 special districts, providing a wide variety of services to its residents. Like all government officials, special district officials are subject to prosecution for malfeasance while in office.

In its report, the grand jury points out that residents of Riverside County have little, if any, knowledge about what special districts are or how they operate. The report also discusses the legal authority for the formation and operation of special districts, their use in Riverside County, and some common issues and recent examples of misconduct by special district officials. The report then concludes with several findings and recommendations some public agencies,

including the District Attorney's Office. The recommendation to the District Attorney's Office was as follows:

By December 1, 2024, the Grand Jury recommends the Riverside County District Attorney's Office include misconduct or malfeasance by special districts within Riverside County in its biennial report to the public.

Based on Finding F-2

Financial Impact – Minimal

My office has carefully read and considered its report, findings and recommendations. I value the input from the grand jury and appreciate its perspective. Public officials, including those serving a special district, maintain a position of trust and have a duty to perform their duties in a legal and ethical manner. Having access to accurate information about misconduct committed by public officials helps residents of our county make informed decisions about who should represent them. Accordingly, when appropriate considering my legal and ethical obligations, the District Attorney's biennial report will include information about official misconduct committed by public officials, including those who serve as part of a special district.

Very truly yours,



MICHAEL A. HESTRIN
District Attorney

MAH:sh



July 25, 2024

Honorable Judith C. Clark
Presiding Judge
Superior Court of California, County of Riverside
4050 Main Street
Riverside, CA 92501

Riverside County Grand Jury
Post Office Box 829
Riverside, CA 92502

Riverside County Clerk-Recorder
2720 Gateway Drive
Riverside, CA 92507

Re: Response to the Riverside County Civil Grand Jury 2023-2024 Report: Riverside County Special Districts: Obscure Local Government

Dear Judge Clark, et al.,

Pursuant to California Penal Code Section 933 et seq., please find below the Riverside Local Agency Formation Commission (LAFCO) response to the above-entitled Grand Jury Report within the designated ninety (90) day response time period. Specifically, as noted in the Grand Jury Report, Riverside LAFCO has been "invited" to respond to the Findings and Recommendations identified in the Grand Jury Report; however, it has not been tasked with addressing or implementing any of the specified Findings and Recommendations.

FINDING No. F-1- All local governments, including special districts, are required to annually report their financial transactions to the California Controller's Office pursuant to Government Code section 12463 et seq. There reports are compiled and published by the Controller's Office and are accessible online.

Response- Riverside LAFCO agrees with Finding F-1.

FINDING No. F-2- Local district attorney's handle most criminal activity complaints. As it relates to special districts, multiple California state laws strictly prohibit misconduct: Government Code section 8314, Penal Code section 424, Government Code section 1090, and Government Code section 1097.

Response- Riverside LAFCO agrees with Finding F-2.

FINDING No. F-3- Riverside County special districts appear to operate in relative obscurity, hidden from the scrutiny of the public they were created to serve. Less than 50% have websites, and of those, a bulk are redirected to the County site for Economic Development.

Response- Riverside LAFCO partially agrees with Finding F-3. The 55 “independent special districts” that Riverside LAFCO is responsible for certain oversight activities and actions regarding annexations, sphere of influence and periodic municipal service reviews are all generally proactive in some form in public transparency. Additionally, 53 of these districts maintain websites, most of which have significant information on meetings, agendas, financial transparency and services information. It should be noted that Riverside LAFCO has no purview over the balance of the various special districts, nor the Joint Powers Authorities (JPAs), which are not special districts, noted in the Grand Jury Report, therefore has no comment on those districts.

FINDING No. F-4- Multiple areas of improvement exist related to best practices: transparency/accountability, community engagement, governance/leadership, financial management, service delivery/efficiency, and environmental/social responsibility.

Response- Riverside LAFCO partially agrees with Finding F-4- The 55 “independent special districts” that Riverside LAFCO is responsible for regarding certain oversight responsibilities regarding annexations, sphere of influence determinations and periodic municipal service reviews are all generally proactive in the areas identified. It is acknowledged that continuous improvement should always be at the forefront of each districts’ strategic focus. It should be noted that Riverside LAFCO has no purview over the balance of the various special districts and JPAs noted in the Grand Jury Report.

FINDING No. F-5- The top ten revenue generating special districts in Riverside County have a total revenue of \$1.45 billion, or 20% of the \$7.31 billion total revenues for Riverside County in 2021.

Response- Riverside LAFCO has no comment on Finding F-5- Riverside LAFCO cannot verify these amounts listed, however, does assume the amounts are correct based on the research performed by the Grand Jury.

FINDING No. F-6- The top ten expenditures for Riverside County special districts total \$1.42 billion, or 19% of the \$7.67 billion annual budget for Riverside County in 2021, and 11% of the \$13.4 billion total actual expenditures for Riverside County in 2021.

Response- Riverside LAFCO has no comment on Finding F-6- Riverside LAFCO cannot verify these amounts listed, however, does assume the amounts are correct based on the research performed by the Grand Jury.

RECOMMENDATION No’s. R-1 through R-4- Recommendations R-1 through R-4 are tasked to the Board of Supervisors and the District Attorney for response and potential implementation of the recommendations.

Response- Riverside LAFCO has no comment on Recommendations No's. R-1 through R-4. There are no Recommendations for Riverside LAFCO requiring LAFCO action, and LAFCO defers any responses for these Recommendations to those affected agencies.

Riverside LAFCO greatly appreciates and commends the work performed by the Grand Jury and the thoroughness and professionalism by those Grand Jurors involved in development of the overall report. Riverside LAFCO looks forward to working with the Grand Jury on any future endeavors the Grand Jury may engage in that requires our agency's participation.

Sincerely,



Michael Vargas,
Chairperson
Riverside LAFCO

cc by email only: Melissa Cushman, Deputy County Counsel, Riverside County Office of
County Counsel
Riverside County Board of Supervisors



Riverside County Board of Supervisors
Request to Speak

Submit request to Clerk of Board (right of podium), Speakers are entitled to three (3) minutes, subject to Board Rules listed on the reverse side of this form. The Board may limit the public input on any item, based on the number of people requesting to speak and the business of the Board.

SPEAKER'S NAME: EDUARDO LUNA

Address: EASTERN COACHELLA VALLEY
(Only if follow-up mail response requested)

City: _____ Zip: _____

Phone #: (760) 702-7876

3.5

Date: October 22, 2024 Agenda # Consent Calendar 3. Policy Calendar #5. 26181

PLEASE STATE YOUR POSITION BELOW:

Position on "Regular" (non-appealed) Agenda Item:

_____ Support _____ Oppose _____ Neutral

Note: If you are here for an agenda item that is filed for "Appeal", please state separately your position on the appeal below:

_____ Support _____ Oppose _____ Neutral

I give my 3 minutes to: _____

Parking validations available for speakers only – see Clerk of the Board.

(Revised: 06/13/2024)

BOARD RULES

Requests to Address Board on "Agenda" Items:

You may request to be heard on a published agenda item. Requests to be heard must be submitted to the Clerk of the Board before the scheduled meeting time.

Requests to Address Board on items that are "NOT" on the Agenda:

Notwithstanding any other provisions of these rules, member of the public shall have the right to address the Board during the mid-morning "Oral Communications" segment of the published agenda. Said purpose for address must pertain to issues which are under the direct jurisdiction of the Board of Supervisors. YOUR TIME WILL BE LIMITED TO THREE (3) MINUTES. The Board may limit the public input on any item, based on the number of people requesting to speak and the business of the Board.

Power Point Presentations/Printed Material:

Speakers who intend to conduct a formalized Power Point presentation or provide printed material must notify the Clerk of the Board's Office by 12 noon on the Monday preceding the Tuesday Board meeting, ensuring that the Clerk's Office has sufficient copies of all printed materials and at least one (1) copy of the Power Point CD. Copies of printed material given to the Clerk (by Monday noon deadline) will be provided to each Supervisor. If you have the need to use the overhead "Elmo" projector at the Board meeting, please ensure your material is clear and with proper contrast, notifying the Clerk well ahead of the meeting, of your intent to use the Elmo. **Speakers are prohibited from bringing signs, placards, or posters into the hearing room.**

Individual Speaker Limits:

Individual speakers are limited to a maximum of three (3) minutes. The Board may limit the public input on any item, based on the number of people requesting to speak and the business of the Board. Please step up to the podium when the Chair calls your name and begin speaking immediately. Pull the microphone to your mouth so that the Board, audience, and audio recording system hear you clearly. Once you start speaking, the "green" podium light will light. The "yellow" light will come on when you have one (1) minute remaining. When you have 30 seconds remaining, the "yellow" light will begin flash, indicating you must quickly wrap up your comments. Your time is up when the "red" light flashes. The Chair adheres to a strict three (3) minutes per speaker. ***Note: If you intend to give your time to a "Group/Organized Presentation", please state so clearly at the very bottom of the reverse side of this form.***

Group/Organized Presentations:

Group/organized presentations with more than one (1) speaker will be limited to nine (9) minutes at the Chair's discretion. The organizer of the presentation will automatically receive the first three (3) minutes, with the remaining six (6) minutes relinquished by other speakers, as requested by them on a completed "Request to Speak" form, and clearly indicated at the front bottom of the form.

Addressing the Board & Acknowledgement by Chair:

The Chair will determine what order the speakers will address the Board and will call on all speakers in pairs. The first speaker should immediately step to the podium and begin addressing the Board. The second speaker should take up a position in one of the chamber aisles to quickly step up to the podium after the preceding speaker. This is to afford an efficient and timely Board meeting, giving all attendees the opportunity to make their case. Speakers are prohibited from making personal attacks, and/or using course, crude, profane or vulgar language while speaking to the Board members, staff, the public and/or meeting participants. Such behavior, at the discretion of the Board Chair may result in removal from the Board Chambers by Sheriff Deputies.

Lopez, Daniel

From: Brad Anderson <ba4612442@gmail.com>
Sent: Monday, October 21, 2024 10:42 AM
To: Clerk of the Board
Subject: Public Comment Agenda Item: 3.5 for BOS Public meeting (October 22, 2024)

CAUTION: This email originated externally from the Riverside County email system. **DO NOT** click links or open attachments unless you recognize the sender and know the content is safe.

October 21, 2024

Riverside County Board of Supervisors (BOS)
Riverside, CA.
Attention: Clerk of the Board of Supervisors

Re: Written letter to be entered in the Public record and made available for public inspection for the October 22, 2024 Riverside County Board of Supervisors meeting - Agenda Item: 3.5 (Response to Grand jury report)

Dear current BOS,

This letter is a direct comment towards organizations:

Coachella Valley Mosquito and Vector Control District (CVMVCD) and Southern Coachella Valley Community Service District (SCVCSD) and other special interests within Riverside County, California.

It's reasonable to consider that the above listed California Special Districts are only a couple that have been able to operate for years without influence from any oversight of their operations.

Citizen complaint(s) of poor service and potential criminal behavior of the listed Special Districts have been dismissed and or dealt with reprisal actions against the protester from those Special Districts. Concerns raised to organization such as Riverside County Board of Supervisors (BOS) and or Riverside County Local Agency Formation Commission (LAFCO) have been fruitless and unproductive.

It's highly recommended that Riverside County officials respond to the Grand Jury report on Special Districts (Obscure Local Government) in a honest and ethical matter. Citizen complaint(s) are not being heard in regards to Special Districts that were listed above by those identify government agencies or Riverside County Board of Supervisors and or LAFCO officials.

It's reasonable to consider that Riverside County Board of Supervisors and LAFCO officials have and continue to allow Special Districts avenues to escape any accountability to the Public that they serve. Governance and oversight have been abandoned in regards to California Special Districts - It's reasonable to consider that democratic institutions have been compromised by radical political maneuvers to undermine the foundation of our government institutions and American values.

Strive to be ethical and serve Riverside County residents with integrity.

Sincerely,

Brad Anderson | 37043 Ferber Dr. Rancho Mirage, CA. 92270

Cc: