

**TOWN OF FAIRFAX
COUNCILMEMBER REPORT**

To: Mayor and Town Council

Meeting Date: July 7, 2010

From: Councilmember Weinsoff

Subject: Marin County Civil Grand Jury Report- “The Cost of Governance: Local Control Comes at a Price”

On June 18, 2010, the Marin County Civil Grand Jury released a report titled “The Cost of Governance: Local Control Comes at a Price.” As the Council focuses on the challenge of ensuring that we continue to provide high quality government services within the generous limits of our Town’s “family budget,” the report raises the issue anew whether “consolidation” of local and regional services provides a potentially untapped opportunity to rein in the escalating cost of government.

The Grand Jury report makes no recommendations on the issue of “consolidation” of local services. It begins with the statement:

“How many governmental entities are needed to serve the citizens of Marin County? Previous suggestions that some functions be consolidated have not been adopted, with boards and voters favoring local control. These decisions have a cost, and the current financial stress is highlighting these costs.”

The report ends with the observation that:

“With shrinking tax dollars and a faltering economy, it is definitely time to look at exactly how much it really costs to govern the county. Of the total cost required to run the county, 30% is attributed to county government, 19% to municipalities and 50% to special districts, many of which provide similar services within different areas of the county. The current annual cost of governance is in excess of \$1.4 billion. This amount is borne by the 260,651 residents, amounting to \$5,422 per person per year.”

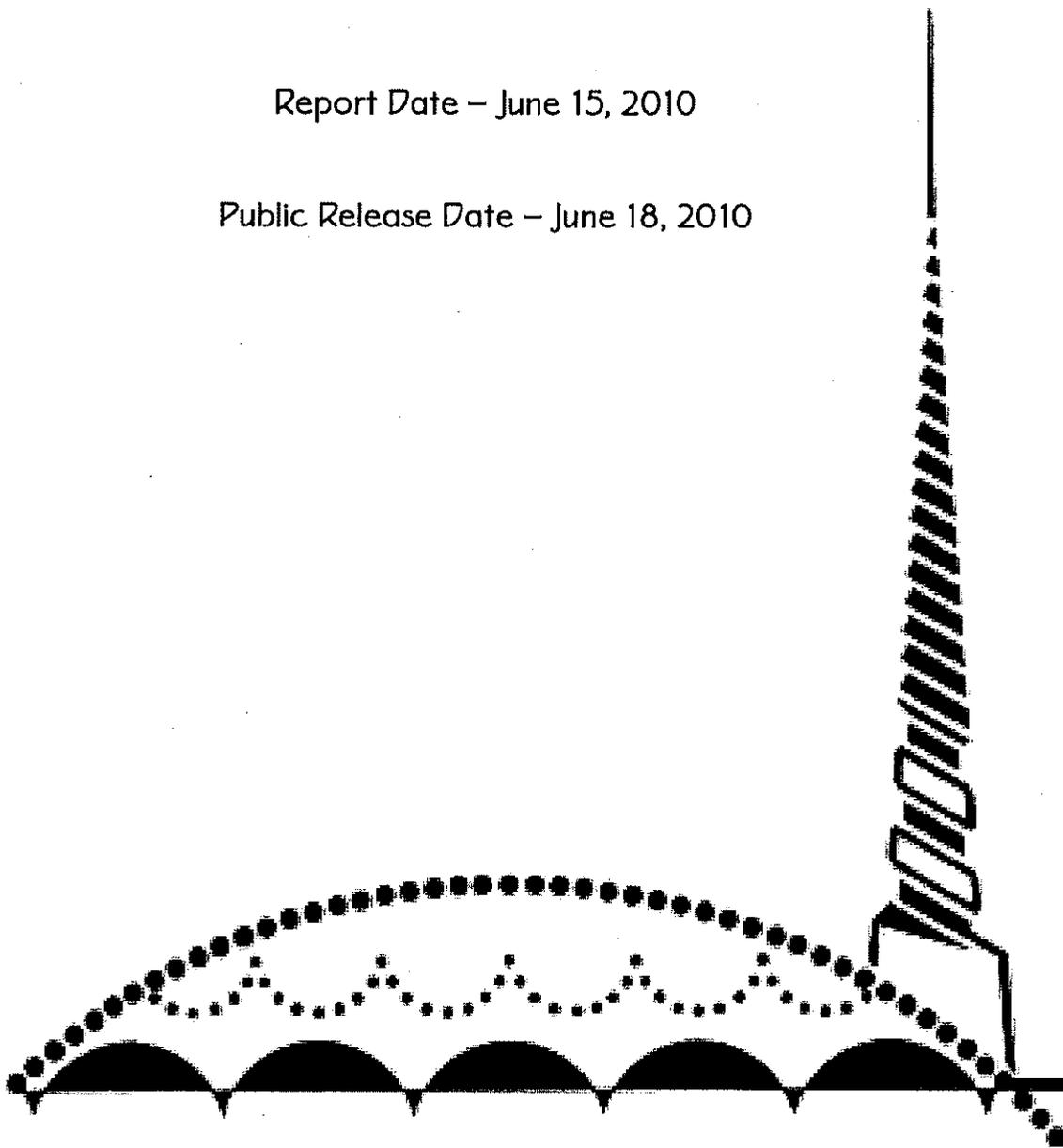
The report is provided as part of the Council agenda for the Fairfax community’s consideration.

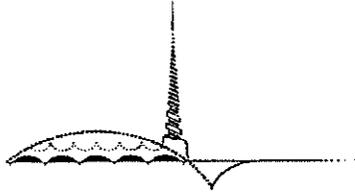
2009-2010 MARIA COUNTY CIVIL GRAND JURY

The Cost of Governance:
Local Control Comes at a Price

Report Date – June 15, 2010

Public Release Date – June 18, 2010





THE COST OF GOVERNANCE: Local Control Comes at a Price

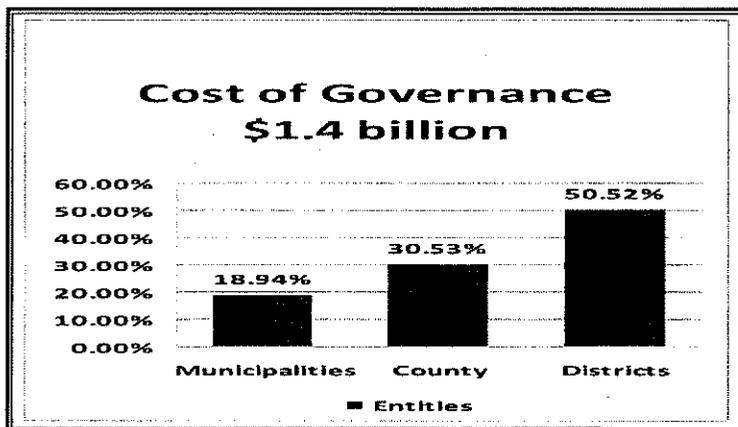
SUMMARY

How many governmental entities are needed to serve the citizens of Marin County? Previous suggestions that some functions be consolidated have not been adopted, with boards and voters favoring local control. These decisions have a cost, and the current financial stress is highlighting these costs.

During the course of our investigation, the Grand Jury found that there is a lack of consolidated information regarding the number of political entities in the county. Issues include the number of similar organizations providing the same services to different areas of the county and the multiple governing bodies and their costs.

Our research concluded that there are 130 governmental entities in Marin County. In addition to county government and the Planning Commission there are 57 advisory boards, 11 municipalities, 19 school districts, the Community College District, 33 special districts, and 7 special purpose districts.

Given the current state of the economy, the Grand Jury questions the number of entities, many of which provide similar services in adjacent service areas, with total annual costs to the population in excess of \$1.4 billion dollars. District budgets amount to 50.52% of this total, the County of Marin accounts for 30.53% and the municipalities 18.94%.



The governing boards representing these 130 governmental entities are composed of 664 members, most of whom receive compensation for their service. Compensation includes salaries and/or payment for meeting attendance plus actual expenses consisting of reimbursement for travel, per diem, and parking. Some members also receive life insurance and health benefits. Although board compensation methods differ, the Grand Jury found no evidence that individual compensation of board members is excessive.

One hundred nine different entities were reviewed as to governance, their service areas, users, and their annual costs. This information was obtained from public records and from a Grand Jury survey.

Each entity has a governing board that develops policy and provides oversight. Some deliver a specific set of services, either directly or indirectly, to a defined population in a designated service area. In some cases the sole purpose is to advise the Marin County Board of Supervisors.

Some of the organizations have developed guiding mission statements and goals. A few have tenure restrictions imposed on governing board members, and most have described their user population by actual number of users or geographic area.

The special districts (which include community service, fire, sanitary, water and public utility) have organizational structures that define both the boundaries and costs of the services they provide. Many of these districts overlap areas of operation which duplicate services and costs, with total annual budgets of \$286,610,042. The special districts are governed by 151 board members.

The special purpose districts include resources conservation, mosquito abatement, recreation, transit, open space, and flood control. They do not overlap boundaries and thereby do not cause duplication of services. They have aggregate total budgets of \$62,392,082.

The Grand Jury's analysis does not go into detail on the 19 Marin County school districts nor the Marin Community College district. Each of the school districts and the college has a governing board. The total adopted expenditure - general fund - budget for these educational districts is \$365,128,547 for fiscal year 2009-2010 of which \$57,819,001 is for the Marin Community College District.

It became evident to us that there are a number of adjacent entities providing like services for citizens within the county, each with separate administrations and overhead costs. To put all of this in perspective, there are 52 governmental entities in Marin County that the Grand Jury analyzed which incur significant operational costs. These include the municipalities, special districts, special purpose districts, and the county.

The County of Marin's annual operating budget is \$431,594,815. The grand total for all respondents including the county, municipalities, special districts, special purpose

districts, schools, and the College of Marin is \$1,413,474,111 for fiscal year 2009-2010. This cost is borne by 260,651 residents of Marin County.

BACKGROUND

There has been ongoing discussion, confusion, criticism, and lack of knowledge among the residents concerning the structure, costs, and functions of the governmental agencies. Questions continue to arise concerning whether or not there is replication of costs, whether the number of entities is actually needed, and whether there is potential for excessive personal gain if board members serve on one or more of these boards. Therefore, the Civil Grand Jury concluded that there is sufficient interest to warrant a review of the governmental agencies.

METHODOLOGY

In October 2009, a request was sent by the Grand Jury to 53 governing boards asking for information related to the structure and function of each organization. The Grand Jury also asked for the annual budget, information about the governing board, and any financial compensation to board members including fringe benefits. Additional information was requested relating to the number of support staff, administrative costs, the community being served, and services provided. Due to a lack of detailed cost information provided by the governmental agencies, the Grand Jury was not able to include specific costs related to support staff and administrative costs.

Fifty-two of the 53 organizations provided information; however, not all of the requested information was received from each of the organizations. Another source for this study was a reference booklet: the *Local Appointments List for 2009* prepared pursuant to California Codes Sections 54970 through 54975 for the Board of Supervisors. This list contains information on 57 advisory boards that exist in Marin County and report to the Board of Supervisors. The information compiled from the GJ survey and the *Local Appointments List* includes board costs and mission statements from which the potential for duplication of services can be determined.

DISCUSSION

There are 130 governmental entities in Marin. Within that number are 57 advisory boards, 11 municipalities, 33 special districts with duplication of services, 7 special purpose districts, the county, the Planning Commission, 19 school districts and the College of Marin.

Marin County has a population of 260,651 and covers an area of 520 square miles. County government has a five-member governing Board of Supervisors. The Board has an annual operating budget for FY 2009/2010 of \$431,594,815. Based on the information obtained from the GJ survey, members of the board received total compensation and benefits of \$778,000 from July 1, 2007 to June 30, 2008. The Board is responsible for implementing state mandated programs and various municipal

programs such as public safety, welfare, mental health, primary care, child support, and preventive health.

Advisory Boards

The 57 advisory boards study issues, develop policy, review information, hear appeals, make recommendations, hold public hearings, raise funds, etc. Functions include: aging, airports, disasters, health, human rights, libraries, retirement, and child-care. Their specific purpose is to provide advisory recommendations to the Board of Supervisors. These entities as a group have a total of 416 board members, averaging seven members per board. Eighteen of the boards reimburse members in various ways, e.g., actual expenses, per meeting stipend, mileage only or per diem. Compensation, which is minimal, is governed by policy and is generally capped to control costs. The advisory boards do not have separate administrative and operational components to carry out programs that require paid staff. None of the 57 entities has a large operational budget.

Municipalities

There are 11 municipalities in the county. Each has a governing council and carries out specific municipal functions which might include the following: police, fire, public works, parks, recreation, economic development, land use, housing, water, sanitary and emergency medical services, redevelopment, and economic development.

The municipal councils are comprised of five members each with a combined total of 55 members. The median annual board compensation in the past fiscal year was \$21,000. The board compensation for all municipalities was \$327,468, less than 1% of their total annual budgets. The costs ranged from zero for the towns of Belvedere and Ross to \$138,000 for San Rafael. The combined annual budget for the eleven municipalities is \$267,748,625.

Municipalities					
Cities/Towns	# Board Members	Annual Board Costs	Board Cost % Budget x	Annual Budget	
Belvedere	5	0	0.00%	\$ 8,423,464	
Corte Madera	5	\$ 1,138	0.01%	\$ 21,835,100	
Fairfax	5	\$ 21,000	0.17%	\$ 12,160,000	
Mill Valley	5	\$ 17,285	0.06%	\$ 29,757,316	
Larkspur	5	\$ 42,943	0.20%	\$ 21,760,082	
Novato	5	\$ 49,383	0.16%	\$ 31,530,422	
San Anselmo	5	\$ 5,940	0.03%	\$ 19,000,000	
San Rafael	5	\$ 138,000	0.16%	\$ 86,700,000	
Sausalito	5	\$ 49,645	0.22%	\$ 22,191,470	
Tiburon	5	\$ 2,134	0.02%	\$ 8,841,760	
Ross	5	0	0.00%	\$ 5,549,011	
Totals	11	55	\$ 327,468	0.13%	\$ 267,748,625

x excludes budgets of towns not reporting board costs

Special Districts

There are 33 special districts in the county each of which has a governing board. The districts were created to provide specific public services to a defined number of people in a designated geographic area. A number of these districts provide the same services within the county. Examples are: sanitation, fire, water, and, emergency medical services.

Most districts pay their board members, and have significant annual budgets. District budgets reported to the GJ are for fiscal year 2009-2010 (except as noted in tables for the Almonte Sanitary District and the Marin County Fire District, which are from fiscal year 2008-2009).

One of the districts did not provide board cost information and this is indicated as “NP” in the following table. Those districts that reported that they do not pay board members in any way and have no board costs are reflected as “0” under annual board costs.

A. Community Service Districts

Six community service districts have governing boards of five members each. One district did not provide data and three others do not reimburse members in any way. The two districts which reimburse board members have combined annual compensation of \$27,260. The six districts provide services such as lighting, land use, parks, recreation, trash removal, fire protection, and sanitary service with combined annual budgets of \$9,862,576.

COMMUNITY SERVICE DISTRICTS (CSD)				
CSD	# Board Members	Annual Board Cost	Board Cost % Budget x	Annual Budget
Bel Marin Keys	5	\$ 14,219	4.11%	\$ 346,336
Marin City	NP	NP	NP	NP
Marinwood	5	0	0.00%	\$ 4,147,796
Muir Beach	5	0	0.00%	\$ 377,400
Tamalpais	5	\$ 13,041	0.27%	\$ 4,760,161
Tomas Village	5	0	0.00%	\$ 230,883
Totals: 6	25	\$ 27,260	0.53%	\$ 9,862,576

NP - not provided; x excludes budgets of districts not reporting board costs.

B. Fire Protection Districts

Nine fire protection districts have governing boards that average five members each. Two of the districts do not reimburse board members. The Marin County Fire Department reports to the County Board of Supervisors and therefore has no direct board costs. The six districts which reimburse board members have annual board compensation of \$76,492. The districts provide fire protection and emergency medical services with combined annual budgets of \$71,404,486.

It should be noted that in addition to the above, four municipalities maintain their own fire departments: Mill Valley, Corte Madera, Larkspur, and San Rafael. Two Community Service Districts and the Inverness Public Utility District also provide fire services. Based on the data received, it was not possible to separate the cost for these fire departments from the total municipality budgets and the utility budgets. In total 16 governmental entities provide fire services.

FIRE PROTECTION DISTRICTS (FPD)				
FPD	# Board Members	Annual Board Cost	Board Cost % Budget x	Annual Budget
Bolinas	5	0	0.00%	\$ 533,592
Kentfield	5	\$ 36,524	0.58%	\$ 6,309,130
Marin County *	N/A	N/A	N/A	\$ 18,921,091
Novato	5	\$ 12,100	0.05%	\$ 23,485,156
Ross Valley	5	\$ 4,800	0.07%	\$ 6,412,876
Sleepy Hollow	3	\$ 10,598	1.05%	\$ 1,010,675
Southern Marin	7	\$ 8,045	0.09%	\$ 8,576,826
Stinson Beach	5	0	0.00%	\$ 533,800
Tiburon	5	\$ 4,425	0.08%	\$ 5,621,340
Totals:	9	\$ 76,492	0.15%	\$ 71,404,486

* Marin County Fire budget is for fiscal yr 2008-2009; Board of Supervisors functions as the board; x excludes budgets of districts not reporting board costs.

C. Sanitary Districts

Thirteen sanitary districts have governing boards averaging five members each. Three of the districts do not incur board costs. The ten districts reporting board costs have combined annual board compensation of \$170,534. These districts provide sewer services with combined budgets of \$84,547,863. In addition to the thirteen sanitary districts, ten other entities (four municipalities, three community service districts, one public utility district, one water district, and the county), also provide a level of sanitary service. In total 23 governmental entities provide sanitary services.

SANITARY DISTRICTS (SD)				
SD	# Board Members	Annual Board Cost	Board Cost % Budget x	Annual Budget
Almonte *	5	\$ 8,400	2.00%	\$ 419,965
Alto	5	\$ 4,395	2.06%	\$ 213,800
Homestead Valley	5	\$ 4,675	0.74%	\$ 628,600
Las Gallinas	6	0	0.00%	\$ 5,415,195
Novato	5	\$ 72,862	0.80%	\$ 9,084,330
Richardson Bay	5	\$ 9,550	0.33%	\$ 2,886,654
San Rafael	5	\$ 3,400	0.02%	\$ 13,767,137
Ross Valley	5	\$ 29,757	0.14%	\$ 21,928,618
Dist 2 Corte Madera	5	0	0.00%	\$ 6,339,000
Sausalito	5	\$ 24,480	0.28%	\$ 8,838,131
Dist 5 Tiburon	5	\$ 5,815	0.18%	\$ 3,165,400
Central Marin	5	\$ 7,200	0.09%	\$ 8,462,815
Southern Marin	5	0	0.00%	\$ 3,398,218
Totals:	13	\$ 170,534	0.25%	\$ 84,547,863

* Almonte's budget is fiscal yr 2008-2009;
x excludes budgets of districts not reporting board costs.

D. Water Districts

Three water districts have governing boards of five members each, with a combined board compensation of \$119,931. These districts have combined annual budgets of \$118,620,982. In addition to the three water districts providing these services, one Community Service District, two Public Utility Service Districts and the county provide water services. In total seven governmental entities provide water services.

WD	WATER DISTRICTS (WD)			Annual Budget
	# Board Members	Annual Board Cost	Board Cost % of Budget	
MMWD	5	\$ 88,769	0.09%	\$ 97,730,397
North Marin	5	\$ 15,362	0.08%	\$ 19,206,000
Stinson Beach	5	\$ 15,800	0.94%	\$ 1,684,585
Totals: 3	15	\$ 119,931	0.10%	\$ 118,620,982

E. Public Utility Districts

The two responding public utility districts have governing boards of five members each. One district reports board compensation of \$15,000 while the other does not compensate board members. These districts provide water, sewer, and fire services with combined annual budgets of \$2,174,135.

PUD	PUBLIC UTILITY DISTRICTS (PUD)			Annual Budget
	# Board Members	Annual Board Cost	Board Cost % Budget x	
Bolinas	5	\$ 15,000	1.20%	\$ 1,246,037
Inverness	5	0	0.00%	\$ 928,098
	10	\$ 15,000	1.20%	\$ 2,174,135

x excludes Inverness' annual budget

To summarize, the responding special districts have 152 governing board members and combined annual budgets of \$286,610,042.

Special Purpose Districts

In addition to special districts, there are seven special purpose districts that provide geographic specific public services including resource conservation, healthcare, mosquito abatement, recreation, transit, open space and flood control. These are unique and functionally do not overlap with other districts. Each of the six reporting entities have governing boards averaging eight members. In total, the special purpose districts have 45 board members with combined total budgets of \$62,392,082. The data does not

include the Marin Healthcare District which asked to be excused from reporting because of transition from Sutter Health.

Combined Budgets of All Entities

District Budgets Combined with County & Municipality Budgets (09-10)				
District	% of Aggregate District Budget	Aggregate Budgets	% of Combined Budgets	
Community Service	1.39%	\$ 9,862,576	0.70%	
Fire Protection	10.03%	\$ 71,404,486	5.06%	
Sanitary	11.88%	\$ 84,547,863	5.99%	
Water	16.67%	\$ 118,620,982	8.41%	
Public Utility	0.31%	\$ 2,174,135	0.15%	
Special Purpose	8.77%	\$ 62,392,082	4.42%	
School/College	50.95%	\$ 362,578,108	25.70%	
Total District Budgets:	100.00%	\$ 711,580,232	50.43%	
Total Municipality Budgets		\$ 267,748,625	18.98%	
Total County Budget		\$ 431,594,815	30.59%	
Total Combined Budgets:		\$ 1,410,923,672	100.00%	

For comparative purposes, data was analyzed on cost per capita for 44 reporting entities, i.e. municipalities and special districts, as there is no potential for overlapping functions. This does not include the special purpose districts. The cost per capita for districts averaged \$509 with a high of \$1,063 and a low of \$144. The municipalities' average cost per capita was \$3,695 with a high of \$21,912 and a low of \$621.

There are 255 governing board members seated on the 50 reporting boards of the municipalities, districts, and special purpose districts. Eight members sit on more than one board. Three of the eight sit on as many as three other boards; while the remaining five sit on one or two other boards. The average annual compensation for being on additional boards is \$1,600 per board member.

An analysis of the governing boards of the municipalities, special districts, and special purpose districts shows that twenty percent have tenure restrictions. Eighty percent have written requirements for serving as a board member.

The Board of Supervisors serves as the governing board for four special districts for which they received no compensation. One of the members serves on an additional board for which there is compensation. Three San Rafael City Council members serve on multiple boards; one member sits on one additional board, and two members serve on

two other boards. One of the additional boards provides compensation, and a second offers fringe benefits. All extra compensation is minimal.

CONCLUSION

Of the responding government entities within Marin County many provide similar services:

- Sixteen districts or municipalities provide fire services
- Twenty three districts or municipalities provide sanitary services

With shrinking tax dollars and a faltering economy, it is definitely time to look at exactly how much it really costs to govern the county. Of the total cost required to run the county, 30% is attributed to county government, 19% to municipalities and 50% to special districts, many of which provide similar services within different areas of the county.

The current annual cost of governance is in excess of \$1.4 billion. This amount is borne by the 260,651 residents, amounting to \$5,422 per person per year.

RESPONSES

This is an informational report only. Responses are neither required nor requested.

BIBLIOGRAPHY

- *Local Appointments List- California Codes. Sections – 54970 through 54975*
- *County of Marin Proposed Budget- 2009/2010*
- *Marin County Office of Education- 2009 /2010 Adopted budget*
- *College of Marin – 2009-2010 Adopted budget*

Reports issued by the Civil Grand Jury do not identify individuals interviewed. Penal Code Section 929 requires that reports of the Grand Jury not contain the name of any person, or facts leading to the identity of any person who provides information to the Civil Grand Jury. The California State Legislature has stated that it intends the provisions of Penal Code Section 929 prohibiting disclosure of witness identities to encourage full candor in testimony in Civil Grand Jury investigations by protecting the privacy and confidentiality of those who participate in any Civil Grand Jury investigation.