FINAL DRAFT

MUNICIPAL SERVICE REVIEW

BELL CANYON COMMUNITY SERVICES DISTRICT

Prepared for:

Ventura Local Agency Formation Commission

800 South Victoria Avenue
Ventura, California 93009 -1850

January 3, 2005

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I. EXECUTIVE SUMMARY

The Bell Canyon Community Services District (CSD) is an independent, multi-service district formed in 1984, which provides enhanced traffic patrol, recreation, solid waste collection, and paramedic services. The District serves an area of approximately 1,700 acres with an estimated population of 2,700. The District was formed under the Community Services District Law (Government Code §61000 et seq.) to provide a local public agency for the Bell Canyon community adjacent to the Los Angeles County boundary. As part of the formation, the area was detached from the Rancho Simi Recreation and Park District, thereby making property taxes available to the new district.

The District serves a private, gated community that is geographically isolated from other communities within Ventura County. Because of these unique circumstances, this Municipal Service Review does not include any other service providers; water and wastewater service in Bell Canyon are addressed in another report.

Municipal service reviews are a new requirement for LAFCos and are intended to promote the more efficient provision of services, identify areas of improvement and assess service provision in relation to boundaries and spheres of influence (SOI). Service reviews do not directly change the provision of service but are a source of comprehensive information LAFCo can use in considering future actions.

LAFCo must conduct service reviews prior to or in conjunction with the mandated five-year schedule for updating SOIs. The service review report must include an analysis of the issues and written determinations for each of the following:

- Infrastructure needs or deficiencies;
- Growth and population projections for the affected area;
- Financing constraints and opportunities;
- Cost avoidance opportunities;
- Opportunities for rate restructuring;
- Opportunities for shared facilities;
- Government structure options, including advantages and disadvantages of the consolidation or reorganization of service providers;
- Evaluation of management efficiencies; and
- Local accountability and governance.

The service review process for the Bell Canyon CSD began in June and will be completed in January of 2005. A four-part questionnaire was sent to the district requesting data on quantitative, qualitative and boundary issues. The District was contacted directly to clarify some of the responses. All data received was entered into the Ventura LAFCo database. The database will be used for subsequent service reviews, sphere of influence studies and other Ventura LAFCo studies and analysis.

No significant issues were noted relative to growth or infrastructure. The District does not own or maintain any physical infrastructure. The solid waste, traffic patrol and paramedic services it provides are through contract with other public and private entities. Recreation services are primarily program related; the District rents recreational facilities from the Bell Canyon Association as needed for its programs.

The District relies on property tax for all operating revenue; it does not charge any fees. It maintains adequate reserve levels at more than twice its annual operating expenses. With the changes in local revenue allocation included in the State's budget act of 2004, the District will be required to

contribute 10% of its revenue (based on FY 2001-2002) to the county Educational Revenue Augmentation Fund (ERAF) for the next two years. Compensating for this through a change in the property tax rate or imposition of a new fee or service charge would require a two-thirds majority vote in the district. Although the impact is significant, District reserves appear to be sufficient to address the situation.

The District achieves management efficiencies through shared management with the Bell Canyon Association. The records and finances of the two entities are maintained separately. The District meetings are accessible and open to the public.

Due to the District's unique situation, distance to other service providers and surrounding open space land use, no other government structure options were noted.

II. SERVICE REVIEW PROCESS

The Ventura LAFCo's municipal service review process is being completed in phases. The Commission completed the first round of municipal service review reports, which addressed water and wastewater services, in January of 2004. The second phase includes the following services and related service providers:

SERVICES	AGENCIES
Park/Recreation	• Casitas Municipal Water District* • Conejo Recreation and Park District • County Service Area (CSA) #33 • Pleasant Valley Recreation and Park District • Rancho Simi Recreation and Park District • United Water Conservation District*
Cemetery	• Bardsdale Public Cemetery District • Piru Public Cemetery District • El Rancho Simi Cemetery District
Solid Waste	• Ventura Regional Sanitation District* • Channel Islands Beach Community Services District*
Drainage	• Oxnard Drainage District #1 • Oxnard Drainage District #2
Roads	• County Service Area (CSA) # 3 • County Service Area (CSA) # 4 • County Service Area (CSA) # 14
Community Services	• Bell Canyon Community Services District

** Also included in the water/wastewater service review report*

The process used to prepare the water and wastewater service review report was also used for the agencies listed above. A four-part questionnaire was distributed to all 17 agencies. The first part collected general information about the agency (contact information, governing body, financial etc), the second part asked for service specific data, the third part included a both questions and a map relating to boundary issues and the fourth part was a signature page. The questionnaire was designed to ensure the efficient transfer of data into the LAFCo database.

A meet and confer process was offered to the agencies, including interviews and email/phone conversations. Of the 17 agencies, 15 returned questionnaires although the format, quantity and quality of information returned varied significantly. Agencies which had previously completed the water/wastewater service review questionnaire (Casitas WD, United WCD, Channel Islands Beach CSD and Ventura Regional Sanitation District) were asked to just complete those portions of the questionnaires applicable to the service addressed in current service review.

All information collected from the questionnaires was entered into the Ventura LAFCo database which has been improved to increase its efficiency and facilitate future LAFCo reports.

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III. BELL CANYON COMMUNITY SERVICES DISTRICT

A. BACKGROUND

The land in Bell Canyon was purchased in the early 1960's by a partnership of the Spruce Land Corporation and Boise-Cascade. Several years later, a subdivision called the "Woodland Hills Country Estates" was opened and a community association created. In 1969, the property owners took control of the association and the area was renamed Bell Canyon.[1] Bell Canyon is an unincorporated, private, gated community adjacent to the Los Angeles County boundary that is geographically isolated from other communities in Ventura County.

The Bell Canyon Community Services District (CSD) was formed in 1984 under the Community Services District Law (Government Code §61000 et seq.) to provide a local public agency for the Bell Canyon community. When the Bell Canyon CSD was formed, the area was detached from the Rancho Simi Recreation and Park District. The Bell Canyon CSD is a multi-service district authorized to provide enhanced traffic patrol, recreation, solid waste collection, and paramedic services. It is an independent special district with a five member governing board elected at-large to overlapping four year terms by the voters within the District boundaries.

B. AGENCY PROFILE

BELL CANYON COMMUNITY SERVICES DISTRICT	
Contact:	Carol Henderson, CCAM, PCAM, General Manager
Mailing Address:	30 Hackamore Lane #8, Bell Canyon CA 91307
Site Address:	Same
Phone Number:	818-883-2044
Fax Number:	818-883-8490
Email/Website	bca@bellcanyon.com
Types of Services:	Solid Waste, Recreational, Traffic Patrol and Paramedic
Population Served:	2,700
Size of Service Area (acres):	1,677
Date of Formation	July 1, 1984

STAFF AND FACILITIES	
Number of Paid Staff	0 (all work is contracted)

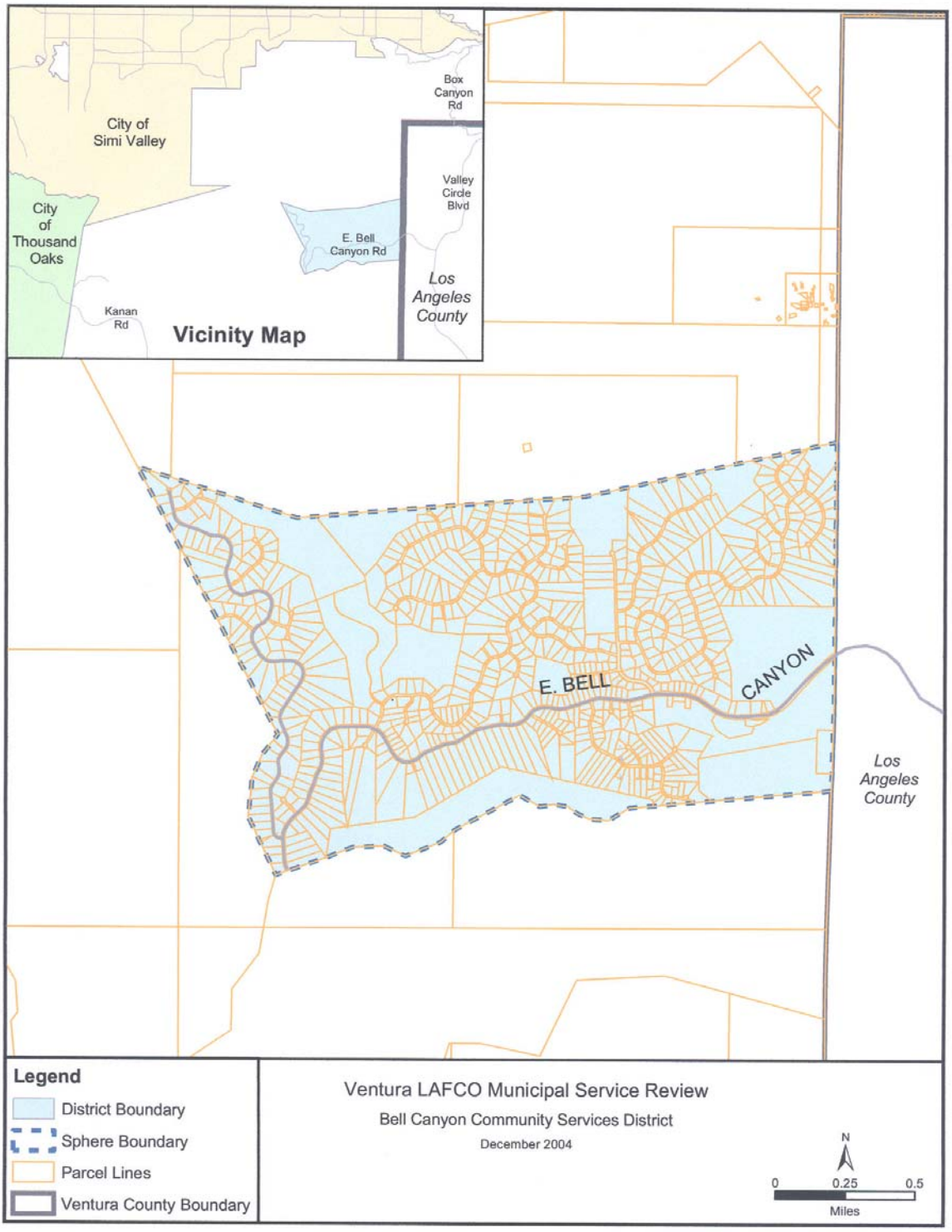
FINANCIAL INFORMATION			
Budget: (FY 2004-2005)	**Revenues:**	**Expenses**	**Fund Balance**
	$353,000*	$347,404	$639,732**

% Revenue Property Taxes:	98%
% Revenue Interest	2%

** Before ERAF III contribution*
*** Fund Balance at year end FY 2002-2003*

[1] Bell Canyon History, www.bellcanyon.com

Map III - 1


City of Simi Valley
City of Thousand Oaks
Box Canyon Rd
Valley Circle Blvd
E. Bell Canyon Rd
Kanan Rd
Los Angeles County
Vicinity Map
E. BELL
CANYON
Los Angeles County
Legend
District Boundary
Sphere Boundary
Parcel Lines
Ventura County Boundary
Ventura LAFCO Municipal Service Review
Bell Canyon Community Services District
December 2004
N
0
0.25
0.5
Miles

C. GROWTH AND POPULATION

Bell Canyon is designated as an "Existing Community" by the Ventura County General Plan. The land use is almost entirely residential with only 2.05 acres zoned for Commercial/Industrial. The residential zoning is divided into two densities: 76% of the area has a maximum of one dwelling unit per acre and 24% has a maximum of 2.18 dwelling units per acre. Per the County General Plan, the Bell Canyon community is zoned to have 1,444 dwelling units with a projected population of 3,883. Currently, however, there are only 799 lots within the Bell Canyon community, with 795 of these lots being for residential development. Thus, the theoretical maximum density allowed by the County zoning could only be achieved if further subdivision of existing lots were to occur. Based on the Covenants, Conditions and Restrictions in place for each lot further subdivision requires the approval of the Bell Canyon Community Association. To date, no such approvals have been granted. It is therefore unlikely that there will be more than 795 dwelling units constructed in the Bell Canyon community.

The District indicated that the community has 795 residential parcels, of which 628 are already developed and 150 are either planned or under construction. All residential parcels are owned by private individual owners. The recreational facilities and equestrian center are owned by the Bell Canyon Association, and there is one small commercial center within the community. The District indicated that it currently serves a population of 2,700 and is projecting 3,500 at build-out. Due to the nature of private home construction, there is no estimated date for build-out.

Part of the area surrounding the Bell Canyon community is designated as Open Space on the County's General Plan Land Use map. The former Ahmanson Ranch lies to the south of the community, and the land use map still designates that area as urban. However, the State of California purchased most of the Ahmanson Ranch in late 2003, establishing it as permanent open space. Thus, the Bell Canyon community is surrounded by designated and/or publicly owned open space on the north, west and south. Los Angeles County lies to the east, and a majority of the area near the entrance to Bell Canyon is protected parkland within that county.

The surrounding land use and geography, as well as its status as a private residential community, limit future growth or land use changes for the Bell Canyon CSD. Growth patterns are not expected to change within the next twenty years. Although the population within Bell Canyon will increase as parcels are developed, the community is not expected to grow outside its current boundaries. The services the District provides are not tied to physical infrastructure, so the growth will be accommodated through contract increases with the service providers and increased property tax revenue derived from changes in assessed value.

D. INFRASTRUCTURE NEEDS AND DEFICIENCIES

The Bell Canyon Community Services District was formed under the Community Services District Law, Government Code §61000 et seq. In particular the District is authorized to provide solid waste collection and disposal, public recreation, security to protect life and property, and to contract for emergency medical service to serve residents. The District contracts for paramedic service from the City of Los Angeles, for traffic services from the California Highway Patrol, and for solid waste services with Consolidated Disposal Services, a private company.

Recreational services are program oriented; the District rents recreational facilities owned by the Bell Canyon Association when needed. It does not own or maintain any of the physical facilities used for recreation.

The District also provides grant funding to the Association for trail and park development as well as other facility improvements. In FY 2003-2004 the District approved a $15,000 grant to the Association for construction of a shelter at a school bus stop. There were no other capital outlays in the previous two years and none are included in the adopted budget for FY 2004-2005.

The District did not note any related infrastructure needs or deficiencies, including any unfunded maintenance.

E. FINANCING CONSTRAINTS AND OPPORTUNITIES, COST AVOIDANCE OPPORTUNITIES AND RATE RESTRUCTURING

The Bell Canyon Community Services District is a multi-service district providing both enterprise and non-enterprise services. Its revenue structure results in some constraints; however its operating procedures provide a number of opportunities for the District to avoid costs.

Revenue Sources

The District is funded almost entirely by property taxes with a small increment of interest income on its reserve funds. All parcels are taxed at a current rate of $0.069 per $100 of assessed value. This tax is part of the base 1% of assessed value ratio allowed under Proposition 13. The District has no special taxes or assessments. The District's revenue and expenditures are aggregated in its annual report to the State Controller and reported as an enterprise solid waste disposal activity. Solid waste disposal is commonly considered an enterprise activity because it lends itself to service charges; however, recreation, paramedic and traffic patrol services are not. Enterprise districts derive revenue from service charges and fees directly related to the service, which can be adjusted by Board action to offset cost increases. The District does not have this flexibility at this time as it does not charge any fees or service charges. Under Proposition 218, the District would need a two-thirds majority approval in an election to increase the tax rate or impose a new fee or service charge.

The District's revenue has been adequate to cover expenses in recent years. However, it should be noted that the State's budget act of 2004 contains a number of structural changes in how local revenues are allocated. As a special district, the Bell Canyon CSD will be required to contribute to the County's Educational Revenue Augmentation Fund under the program known as ERAF III. The contributions are mandatory for FYs 2004-2005 and 2005-2006; the amount due from the District is based on its reported revenue for FY 2001-2002. Since the District reports its financial activity to the State Controller as an enterprise district, it is subject to a contribution level of up to 40% of property tax revenues (although no district is required to pay more than 10% of total revenues.) Because the District's revenue is nearly 100% property tax, the State Department of Finance has estimated its contribution at $30,811.40 for FY 2004-2005 (10% of total revenues reported for FY 2001-2002).

The District's contribution to ERAF will be paid out of its tax increment for FY 2004-2005. Its fund balance at the end of FY 2002-2003 was $639,732, an indication that reserves are sufficient for the District to weather the financial impact of this change over the next two years.

Financial Performance

The District's financial performance is summarized below in Table III-1. Information was obtained from the State Controller's report for Special Districts for FY 2000-2001 and the District's Independent Auditor's report for the year ending June 30, 2003, which included comparative data for FY 2001-2002.

TABLE III - 1
Bell Canyon Community Services District
Financial Performance

TYPE OF FUND/INCOME	FY 02-03[2]	FY 01-02[3]	FY 00-01[4]
General Fund			
Total Operating Revenue	$324,601	$308,114	$313,805
Total Operating Expenses	$299,794	$277,822	$284,828
Operating Income (Loss)	$24,807	$30,292	$28,977
Revenue Source			
Property Tax	97%	96%	NA
Interest Income	3%	4%	NA
Expenditure Breakdown			
Solid Waste Disposal	$203,322	$198,459	NA
EMS	$26,727	$30,088	NA
Traffic Enforcement	$18,716	$12,136	NA
Recreation	$16,976	$17,702	NA
Fund Balance, End of Year	$639,732	$616,871	NA

The District maintains adequate reserves at more than twice its annual operating expenses.

Solid Waste Services

The District contracts with Consolidated Disposal Services for solid waste collection and disposal. The contract also includes greenwaste and recycling. The District pays for one can each (trash, greenwaste, recycling) per occupied residence. Additional cans are paid for directly by the property owner.

The contract with the waste collection company is negotiated every four years. The current contract was initiated in 2001; in 2005 the District expects to renegotiate or solicit bids. The current rates are shown in Table III-2:

[2] Independent Auditor's Report, Porter & Company, July 31, 2003.
[3] Ibid.
[4] California State Controller's Data.

TABLE III - 2
Bell Canyon Community Services District
Residential Trash Collection Rates

SOLID WASTE COLLECTION AND DISPOSAL	MONTHLY RATE PER RESIDENCE
Trash	$22.92
Greenwaste	3.50
Recycling	2.00
Total	**$28.42**

The District uses the Calabasas Landfill. For the quarter ending June 30, 2004, the District had diverted 24.29% of its solid waste from the landfill.

The District is avoiding costs through use of a competitive bid process for solid waste services as well as diversion from the landfill. Rates are adjusted by the increase or decrease in the landfill rate, so a higher percentage of diversion directly affects collection costs.

Paramedic Services

The District contracts for paramedic services with the City of Los Angeles. Fire Station #106 serves the community; it is located approximately five miles from the community's front gate. The contract includes three paramedics and the fee is based on the pay differential between a firefighter and a firefighter/paramedic.

The District is avoiding costs associated with paramedic service through the use of the City of Los Angeles Fire Department, which can respond most efficiently to emergency calls, even though the agency is not within Ventura County. The Bell Canyon community is within the service area of the Ventura County Fire Protection District. However, the nearest station, Fire Station #36, is 15-20 miles away.
The two fire agencies have an agreement that Los Angeles will provide first response for Bell Canyon from station #106 and Ventura will provide back-up response.

Traffic Patrol Services

The District contracts with the California Highway Patrol to provide traffic patrol services and is avoiding costs that would be required through the use of a private traffic patrol service.

Recreation Services

The District provides recreation programs in the community and rents facilities from the Association for program events. This allows the recreation program to remain community-based rather than relying on other county programs. The District is avoiding costs by using local facilities and supporting improvements in recreational facilities owned by the Association.

F. OPPORTUNITIES FOR SHARED FACILITIES AND EVALUATION OF MANAGEMENT EFFICIENCIES

The Bell Canyon Community Services District and the Bell Canyon Association share the same office and management staff. The District contracts with the Association for management services, avoiding redundancy. The district staffing is all done by contract; there are no employees of the district. The general manager is a Certified Community Association Manager as well as a Professional Community Association Manager, providing an adequate level of expertise for management of both entities.

Although management is provided by the same staff, the records and finances of the two entities are kept separately. The property tax revenue from the County is paid to the District, which makes its own disbursements for District expenditures. The District is audited annually by an independent auditor, and the audit for FY 2002-2003 was unqualified. District Board meetings are open and accessible to the public, and the minutes are available to the public upon request.

As described above, the District shares recreational facilities with the Association (by rental agreement). In addition, the District provides grant funding to the Association for infrastructure improvements that benefit the community as a whole.

The District is achieving management efficiencies through this shared arrangement with the Community Association. There are no other opportunities to share facilities with other public service providers due to the community's isolated location and the fact that it is a private community.

Government Structure Options

The Bell Canyon community is unincorporated, bordered on three sides by designated and/or publicly-owned open space, and is geographically isolated from other communities in Ventura County. The streets within the community are private and are maintained by the Bell Canyon Community Association. The County provides backup fire protection and public safety (the City of Los Angeles Fire Department provides the first response for fire and emergencies). Water service is provided by Ventura County Waterworks District #17, a dependent special district. Sanitary sewer service is provided by Triunfo Sanitary District.

Given the political and geographic factors inherent in the District as well as the intent of the community to provide local services through a community services district, the current form of government structure offers the most efficient, cost effective method of governance. No other government structure options were identified that would provide cost effective benefits to the District or the Bell Canyon community.

Sphere of Influence

The sphere of influence of the District is coterminous with the District's boundaries. Because the community is not expected to expand beyond its current boundaries, no sphere of influence change or update is recommended.

G. LOCAL ACCOUNTABILITY AND GOVERNANCE

The Bell Canyon Community Services District has a strong identity within the local community. The District and the Bell Canyon Association operate under the direction of separate boards of directors. Board members of one entity are not eligible to serve simultaneously on the other board.

Table III-3 lists the board members of the District, their terms of office and compensation. It is followed by Table III-4 listing the board members of the Association, as reference only.

TABLE III - 3
Bell Canyon Community Services District
Board Members and Terms

BOARD MEMBER	TITLE	TERM OF OFFICE	COMPENSATION
John Ticker	President	2008	$0
Sara Ray	Vice President	2006	$0
Gerry Douglas	Treasurer	2008	$0
Howard Christie	Director	2008	$0
Sarah Berman	Director	2006	$0

TABLE III - 4
Bell Canyon Association Board of Directors
(Reference Only)

BOARD MEMBER	TITLE	TERM OF OFFICE
Michael Bubman	Board Member	2006
Bill Crockett	Board Member	2006
Ron Keyser	Board Member	2005
Andrea Kivo	Board Member	2007
Bob Hess	Board Member	2007
Peter Machuga	Board Member	2007
Ron Marks	Board Member	2006
Virginia Oldham	Board Member	2007
Beverly Thordarson	Board Member	2005

Meetings of the District are held the fourth Monday of each month at 7 p.m. in the management office. The public is noticed through posting at the meeting location, administrative office, and bulletin board as well as on the community's website. Notices are also mailed to all who request it. New board members are provided an orientation with the general manager. The District appears to be meeting acceptable standards for local accountability and governance, and meetings and information are readily accessible to the public.

IV. DETERMINATIONS

Determinations are based on data provided by the District.

- **Infrastructure needs or deficiencies**
  1. That the Bell Canyon Community Services District does not own or maintain any physical infrastructure.
  2. That the District's solid waste, traffic patrol and paramedic services are provided by contract with other public and private entities.

- **Growth and population projections for the affected area**
  1. That approximately 79% of the residential parcels within the community are developed. While the population in the Bell Canyon Community Services District will increase through the construction of new homes, population growth will be limited more by the number of available residential lots and Covenants, Conditions and Restrictions, than by County zoning.
  2. That land use in, and adjacent to, the Bell Canyon Community Services District is not expected to change and the service area of the District is not expected to expand outside its current boundaries.

- **Financing constraints and opportunities**
  1. That the Bell Canyon Community Services District prepares an annual budget based on estimated service costs and expected property tax revenue from all of the parcels.
  2. That the District relies solely on a special tax and interest on reserves for its revenue and does not charge any fees or service charges.
  3. That the District will be required to contribute to the County's Educational Revenue Augmentation Fund (ERAF) for FYs 2004-2005 and 2005-2006 at an amount not to exceed 10% of total revenues.
  4. That the District has adequate reserves to cover the ERAF contribution for the two years.

- **Cost avoidance opportunities**
  1. That the Bell Canyon Community Services District avoids costs through contracting with other public (traffic patrol and paramedic) and private (solid waste) providers.
  2. That the District avoids duplicate management costs by contracting with the Bell Canyon Association for management services.
  3. That the District avoids facility costs associated with recreation programs by renting local facilities from the Association.
  4. That the District avoids costs associated with solid waste collection and disposal by achieving a positive diversion from the landfill due to its greenwaste and recycling programs.

- **Opportunities for rate restructuring**
  1. That the Bell Canyon Community Services District does not charge fees nor have a rate structure; all services are funded through property tax assessments.

- **Opportunities for shared facilities**
  1. That the Bell Canyon Community Services District is maximizing the opportunity to share local facilities with the Bell Canyon Association.
  2. That the Bell Canyon Community Services District is benefiting from shared facilities with the City of Los Angeles for paramedic services.

- **Government structure options, including advantages and disadvantages of the consolidation or reorganization of service providers**
  1. That the current government structure of the Bell Canyon Community Services District is providing economies and other benefits to the Bell Canyon area and no other government structure options were noted.

- **Evaluation of management efficiencies**
  1. That the current management contract agreement between the Bell Canyon Community Services District and the Bell Canyon Association is adequate to serve the present and future needs of the District.

- **Local accountability and governance**
  1. That the Bell Canyon Community Services District is locally accountable through adherence to applicable government code sections, open and accessible meetings, and dissemination of information and encouragement of participation in its process.