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To: LAFCo Members

From: Christine Crawford

Re: Supplemental Correspondence to December 1, 2022 Meeting Packet – Item 8 (MSR/SOI for the County Service Areas) and Item 10 (Executive Officer’s Report)

Date: November 28, 2022

Item 8 – Comment Letter from Richard Lauckhart Received November 18, 2022

Staff met with Richard Lauckhart on June 6, 2021 and engaged in multiple email exchanges with him (see Attachment C to the staff report for this item in the original meeting packet). Staff reviewed and considered all information provided by Mr. Lauckhart and did not find any missing funds or corruption as alleged. Despite my efforts to explain his misunderstandings, he continues to maintain his narrative. He indicates the MSR does not give his (and the El Macero Owners for Fair Taxes which he is President of) comments justice yet does not provide any specifics. The letter lays out a binary option of either LAFCo calling for a “shakeup of the EMCSA to stop the corruption” or LAFCo is complicit. For all these reasons, I refused to meet with him again prior to this meeting because I did not deem it a productive use of my time and did not want to expose myself to his bullying tactics in person.

Item 10 – Letter from the Yolo County Grand Jury Received November 21, 2022

Staff received the attached letter from the Grand Jury Foreperson requesting LAFCo consider preparing an MSR for Reclamation District (RD) 900 during this current fiscal year (FY) instead of next (per our current schedule). Commissioners may recall a 2018/19 Yolo County Grand Jury report titled “Flood Management in the Urban Environment” and a recommendation (R-3) that LAFCo prepare an MSR of RD 900 in three years instead of the typical five-year cycle. Staff’s response offers to complete a public draft MSR of RD 900 this FY but would prefer to not formally adopt it until the remaining RDs are completed, probably in the next FY. Doing so would be timely because LAFCo has a review of the West Sacramento Area Flood Control Agency JPA (which RD 900 is a member of) on our schedule this FY. I have not heard back yet on whether this satisfies the Grand Jury’s concerns and can provide an update at the meeting.

Lauckhart comments at LAFCO December 1, 2002 meeting

Comments made on behalf of "El Macero Owners for Fair Taxes"

My name is Richard Lauckhart. I live in El Macero and am editor of the Common Sense for El Macero newsletter and President of El Macero Owners for Fair Taxes [EMOFT]. I will be speaking at your December 1, 2002 LAFCO meeting on behalf of EMOFT.

EMOFT has been every active in attempting to get LAFCO to address the many problems with the El Macero County Service Area. EMOFT actually filed a lawsuit trying to get the court to order Yolo County to conduct an audit of EMCSA funds. Your attorney, Eric May, strongly opposed that lawsuit. His involvement in this EMCSA MSR is a conflict of interest.

The court in that lawsuit stated that Yolo County had not abused its discretion in declining to choose to conduct an audit. El Macero homeowners think otherwise.

EMOFT has provided extensive comment to Christine Crawford about these matters.

Attached to this email are the EMOFT comments that we sent to Christine Crawford

Christine did not give our comments justice in her Draft MSR for El Macero. When we asked that she meet with us to discuss these matters, she advised us she will refuse to meet with us.

When the elected politicians to the YOLO BOS, (a) ignore concerns about missing EMCSA funds, (b) refuse to have an audit performed, and (c) do not respond in any way to the many comments I make to the Board meetings; that is intentional taking of our El Macero funds and using them for things BOS wants to use them for rather than using them in El Macero like you are supposed to be doing. That is classic political CORRUPTION!

Political Corruption can be stopped if LAFCO is willing to stand up to the problem and call for a shakeup of the EMCSA to stop the corruption. Will LAFCO be willing to do that or is LAFCO complicit in the corruption?

LAFCO can give some indication it is willing to consider our concerns by agreeing to have a meeting with EMOFT to discuss our concerns as expressed in our attached comments.

We request that you do that.

Richard Lauckhart
El Macero
Editor...Common Sense for El Macero
President...El Macero Owners for Fair Taxes

Richard Lauckhart Comments to LAFCO for current MSR review for the El Macero CSA

I. Executive Summary of these comments:

There are many problems with the EMCSA as discussed in the body of these comments. The EMCSA is supposed to be governed by the Yolo County BOS, but they delegate and are hands off. The BOS ignores comments made at their BOS meetings regarding problems with the EMCSA. It appears the BOS simply delegates its responsibilities to its staff. While they delegate, they give no written direction on how to perform the needed work. And while on Oct 26, 2017 the BOS contracted with and paid a consulting firm (NBS Government Finance Group) to perform a review of the County's process and systems for CSA's (review to be performed starting November 1, 2018 and work completed June 30, 2018), the Board inexplicably never provided any report that the consultant prepared as a result of the engagement.

Given these facts, LAFCO should recommend the following:

- 1) Change the billing for El Macero homes for water and sewer to come straight from the City of Davis...removing Yolo County from involvement. Same as is done for Willowbank CSA area.

- 2) Stop the collection of reserve funds for drilling a future well. If El Macero homeowners in the future decide they want to drill a new well (an unlikely decision) those future home owners can figure out how to fund that.

- 3) Stop the collection of reserve funds to repave the Yolo County owned streets in El Macero. The streets have just been repaved. If future home owners want to repave the streets again those future homeowners can figure out how to fund that.

- 4) Stop the water operations charge. With City of Davis doing the billing directly there is no need for this Special Assessment.

- 5) The only purpose for the EMCSA and its Advisory Committee is to deal with the AB8 funds (aka General Funds) that the state allocates to the EMCSA.

- 6) Have El Macero home owners choose the EMCSA Advisory Committee members instead of the BOS appointing them.

II. Background:

The most recent MSR report on the EMCSA was finalized on July 28, 2016. I provided extensive comment to LAFCO during their development of that MSR. The final report was very good and provided a number of excellent recommendations. But the Yolo BOS chose not to adopt most of those recommendations. They did not give any reason for failing to adopt other than saying they were not required to adopt LAFCO recommendations.

LAFCO kicked of its most recent MSR of the EMCSA on February 18, 2021. I provided several key documents to LAFCO and met with Christine Crawford and Mark Krummenacker on June 7, 2021 for an hour to elaborate on the key matters of concern.

That MSR then was formally delayed by LAFCO for a year so that LAFCO could deal with more pressing matters.

The MSR for the EMCSA restarted in the summer of 2022. Hence these comments now.

III. Body of Lauckhart Comments:

I am attaching to these comments the following documents provided to LAFCO in the spring of 2021 regarding this EMCSA MSR;

- a) Key documents I sent to LAFCO on April 1, 2021
 - a. A spreadsheet indicating the lack of progress by Yolo County on the recommendations made by LAFCO in July 28, 2016
 - b. A document entitled "The El Macero County Service Area.... Everything you need to know" dated July/August of 2020.
 - c. A Declaration of a Forensic Accountant describing the problems with EMCSA Accounting of its funds
 - d. Minutes of the meeting with Chad Rinde and members El Macero Owners for Fair Taxes regarding the need for the County to conduct an audit of EMCSA funds
- b) The agenda used for the June 7, 2021 meeting with Christine Crawford and Mark Krummenacker

I include these 2021 documents again in comments I am filing today.

Since the one-year delay of the LAFCO current MSR for the EMCSA a number of important matters have occurred as follows:

- a) Yolo County stated it would not agree to having an audit of EMCSA funds until the EMCSA Advisory Committee recommended they do so. Such an audit request by the Advisory Committee should have been a "no-brainer." But the EMCSA Advisory Committee refused to request the audit be conducted. A shocking decision by the Advisory Committee.
- b) The lawsuit demanding the legal required audit was commenced. The lawsuit pointed out that a decision to conduct and audit would not be a problem for Yolo County since the cost of the audit would be paid for from EMCSA reserve funds. But the County refused to agree to have such an audit and instead elected to charge EMCSA funds to pay for lawyers to oppose having an audit. The County chose to spend \$57,000 of our EMCSA funds to avoid having to spend \$15,000 on an audit. El Macero homeowners are shocked by this decision by Yolo County.

- c) The lawsuit asked the judge to find that Yolo County abused its discretion in deciding not to conduct an audit. He refused to find that Yolo County abused its discretion and the judge did not require the audit be conducted.
- d) Without the audit, El Macero owners are left on their own to find out where the funds they provide to Yolo County go. The Yolo County Comprehensive Financial Review (CAFR) does not provide that information.
- e) While Yolo County provides financial statements at quarterly EMCSA Advisory Committee meetings, they do not provide the supporting invoices that support entries into the General Ledger statements of the EMCSA accounts.
- f) The EMCSA Advisory Committee approves those financial statement without ever reviewing the underlying supporting invoices for those General Ledger entries. The Advisory Committee does not feel it necessary to review these details before approving the financial statements. Any prudent Advisory Committee would review these details before approving the financial statements. The EMCSA Advisory Committee is not well known in the community and does not properly represent homeowners in El Macero.
- g) Given no audit of EMCSA funds and given no other way to determine where our funds went, the only tool El Macero homeowners have to determine how much money we should have in our funds is to make Public Record Act requests.
- h) Since the YOLO BOS refuses to authorize an audit of EMCSA funds, I need to perform my own calculations of annual beginning fund balances, annual fund receipts, annual fund expenditures, interest accruals on balances, and end of year fund balances. I have previously done calculations through June 30, 2020 based on the settlement in my lawsuit in 2016 and what I learned from Public Record Act requests between 2016 and 2020.
- i) On April 12, 2022, I made a Public Record Act request to provide documents showing the expenses we have incurred in our EMCSA funds for FY 2020-2021 and FY 2020-2022. That will allow me to update my fund balances calculations through the end of this Fiscal Year.
- j) On May 24 Kimberly Villa, Community Service analyst for Yolo County, sent to me 295 invoices that were charged to our El Macero accounts. That is a lot of invoices for 2 years of charges to El Macero accounts. Most of these invoices were approved for payment from EMCSA funds by Kimberly Villa of Yolo County.
- k) In reviewing the 295 invoices that Kimberly sent to me last week, **it appears there are not good controls over the procedures Yolo County uses to perform accounting of EMCSA Funds.**
- l) I am not able to find that the BOS (*or anybody at Yolo County*) has developed written procedures/guidelines that the County has given to Kimberly Villa (and her predecessors) for how to deal with invoices provided to her/them.
- m) On October 17, 2017, Yolo County contracted with NBS Government Finance Group (NBS) to perform a formal review of the systems and procedures applicable to CSAs. I provided a number of documents to NBS. NBS promised to address the matters I provided to them in the report they performed for the County. I have not found any document that indicates what resulted from this October 17, 2017 contract between Yolo County and NBS.
- n) On May 31, 2022 I sent a Public Record Act request to Yolo County asking for:
 - 1) Any and all written procedures/guidelines that the County has given to Kimberly Villa (and her predecessors) for how to deal with invoices provided to her/them.
 - 2) Any and all documents that indicate what resulted from this October 17, 2017 contract between Yolo County and NBS.

o) On June 10, 2022 responded as follows:

“The County will provide the applicable documents that govern the CSA Manager’s processing and payment of invoices for the CSAs.” No indication of when that response would be provided.

“The request [regarding the NBS work] encompasses certain documents that are subject to the attorney-client privilege and attorney work product doctrine and are therefore exempt from disclosure under Government Code § 6254(k). In addition, the request also encompasses documents that are subject to the deliberative process privilege, and the public interest served by nondisclosure clearly outweighs the public interest served by disclosure of the record. See Gov. Code § 6255. The County has provided all non-privileged documents related to the NBS contract to your attorney in response to your subpoena dated February 5, 2019. The documents are too voluminous to e-mail, so if you are interested in receiving another copy of these documents, please submit a check made out to “County of Yolo” in the amount of \$20 to my attention at 625 Court Street, Room 201, Woodland, CA 95695, and the CD will be burned and mailed to you. If the cost to produce the copies is less than \$20, a refund will be issued.

On June 10, 2022 I responded as follows to the County’s response:

“I have in my possession all the documents provided to my attorney under his subpoena dated February 5, 2019. The information I sent to NBS was included in that response. But there was no final or draft report provided by that subpoena. I can only surmise that for some reason NBS destroyed all drafts of their report.”

Apparently, Yolo County does not intend to provide to the public any information regarding the NBS work. Why would that be?

IV. Findings:

The EMCSA is clearly a mess.

- El Macero homeowner money is being spent on (a) unnecessary legal costs, (b) costs of Yolo County having to respond to Public Record Act requests, and (c) cost of administering billings to El Macero homeowners for water and sewer service provided by the City of Davis.
- The BOS delegates its responsibilities to Yolo County staff without providing any guidance.
- The BOS hired a consultant to review their accounting process and make any suggested recommendations. The BOS never provided El Macero homeowners any draft or final report from that contract.
- The EMCSA Advisory Committee contains members that are (a) well over their term limits, (b) do not ask homeowners about matters when making recommendations to the BOS, and (c) Committee members that that are highly disrespectful to homeowners they disagree with. That kind of behavior should not be tolerated by the BOS who have appointed them to perform public business. The BOS has been advised of these problems and asked to remedy them. The BOS ignores those requests.

A major shakeup of the EMCSA needs to be made. LAFCO needs to make that recommendation.

V. Conclusion

LAFCO should recommend the following:

- 1) Change the billing for El Macero homes for water and sewer to come straight from the City of Davis...removing Yolo County from involvement. Same as is done for Willowbank CSA area.
- 2) Stop the collection of reserve funds for drilling a future well. If El Macero homeowners in the future decide they want to drill a new well (an unlikely decision) those future home owners can figure out how to fund that.
- 3) Stop the collection of reserve funds to repave the Yolo County owned streets in El Macero. The streets have just been repaved. If future home owners want to repave the streets again those future homeowners can figure out how to fund that.
- 4) Stop the water operations charge. With City of Davis doing the billing directly there is no need for this Special Assessment.
- 5) The only purpose for the EMCSA and its Advisory Committee is to deal with the AB8 funds (aka general funds) that the state allocates to the EMCSA.
- 6) Have El Macero home owners choose the EMCSA Advisory Committee members instead of the BOS appointing them.

Respectfully provided by:

Richard Lauckhart

El Macero

Editor of the El Macero "Common Sense for El Macero" newsletter

President of El Macero Owners for Fair Taxes

Christine Crawford

From: Christine Crawford
Sent: Tuesday, November 22, 2022 2:27 PM
To: Steven Oldham
Cc: Eric May
Subject: RE: Letter From Yolo County Grand Jury

Hello Mr. Oldham,

Thank you for your letter requesting Yolo LAFCo consider conducting an MSR for RD 900 in FY 2022/23 instead of FY 2023/24. I've taken a close look at the adopted MSR/SOI Update Schedule to see what adjustments can be made to accommodate this request.

Referencing the MSR/SOI Update Schedule below for this FY and next, please note the MSR/SOI for the County Service Areas is nearly completed (scheduled for the LAFCo 12/1 meeting). Next, we can begin working in December on the review for the West Sacramento Area Flood Control Agency JPA (which includes the City of West Sacramento, RD 537, and RD 900). We can also front load our review of the RDs by completing a Public Draft MSR for RD 900 this fiscal year (however, I would prefer LAFCo formally adopt it with the other flood protection agencies' MSRs once they are done). And LAFCo can either handle or defer the remaining agencies scheduled in FY 2022/23 as needed. I hope this satisfies the Grand Jury's concerns and the intent of your request.

For clarification on the dates used in the schedule, when it states "MSR due in FY 2023", it's intended to mean the FY ending 2023, or more clearly stated 2022/23. But please also note that technically state law requires LAFCOs to review and update each sphere of influence (SOI), as necessary, every 5 years (and conduct an MSR only if/when an SOI update is needed). Yolo LAFCo tends to apply this standard more liberally and generally conducts MSRs even if an SOI Update is not needed. Therefore, we maintain a 5 year review cycle to the extent possible (even though not legally required), while being flexible to agency needs.

Thank you for your interest and seeing value in Yolo LAFCo's work. Please let me know if you are satisfied with this resolution or have any remaining questions/concerns.

Best,
Christine

FY 2022/23 MSR/SOI Update Schedule

FY Scheduled	City/District/JPA	Last MSR Adopted	FY Next MSR Due (every 5 yrs)
2022/23	El Macero County Service Area	5/26/2016	2021
	Willowbank County Service Area	5/26/2016	2021
	North Davis Meadows County Service Area	5/26/2016	2021
	Garcia Bend County Service Area	10/25/2018	2024
	Dunnigan County Service Area	4/27/2017	2022
	Snowball County Service Area	2/22/2018	2023
	Wild Wings County Service Area	6/26/2014	2019
	Woodland-Davis Clean Water Agency JPA	NA	NA
Yolo County Resource Conservation District			
		2/26/2015	2020
	WS Area Flood Control Agency ("West SAFCA") JPA	NA	NA
	City of West Sacramento	3/23/2017	2022
	Knights Landing Ridge Drainage District	2/22/2018	2023
	Snowball County Service Area (repeat)	2/22/2018	2023
	Reclamation District 108 (Colusa)	2/22/2018	2023
	Reclamation District 150	2/22/2018	2023
	Reclamation District 307	2/22/2018	2023
	Reclamation District 537	2/22/2018	2023
	Reclamation District 730	2/22/2018	2023
2023/24	Reclamation District 765	2/22/2018	2023
	Reclamation District 787	2/22/2018	2023
	Reclamation District 900	2/22/2018	2023
	Reclamation District 999	2/22/2018	2023
	Reclamation District 1600	2/22/2018	2023
	Reclamation District 2035	2/22/2018	2023
	Reclamation District 2068 (Solano)	2/22/2018	2023
	Reclamation District 2093 (Solano)	2/22/2018	2023
	Sacramento - Yolo Port District	5/23/2019	2024

From: Steven Oldham <Steven.Oldham@yolocounty.org>
Sent: Monday, November 21, 2022 3:29 PM
To: Christine Crawford <Christine.Crawford@yolocounty.org>
Subject: Letter From Yolo County Grand Jury

Ms. Crawford:

Letter is attached.

Steven A. Oldham
 2022-23 Foreperson
 Yolo County Grand Jury

YOLO COUNTY GRAND JURY

Post Office Box 2142

Woodland, California 95776

November 21, 2022

Christine Crawford, Yolo LAFCo Executive Officer
Yolo Local Agency Formation Commission
625 Court Street, Suite 107
Woodland, California 95695
Christine.Crawford@yolocounty.org

RE: 2021-22 Yolo County Grand Jury Final Report: UNFINISHED BUSINESS, A CONTINUITY REPORT

Dear Ms. Crawford:

The Yolo County Grand Jury acknowledges and appreciates the Yolo County Local Agency Formation Commission (Yolo LAFCo) response to the 2021-22 Grand Jury's Report (Report) entitled above concerning Reclamation Districts 537 and 900, a follow-up to Recommendation R.3. of the "Flood Management in the Urban Environment" of the 2018-19 Yolo County Grand Jury, by letter of June 16, 2022.

The Yolo County Grand Jury notes your response to Recommendation F-3 that "LAFCo is not aware of any information that suggests reorganization of RD's 537 and 900 have been detrimental to the function of flood protection."

The attached schedule lists the MSR as due in Fiscal year "2023", seems to suggest a due date of June 30, 2024, the end of the 2023-24 Fiscal year. Since the 2018-19 Grand Jury suggested a shorter period between MSR/SOI Reviews (by February 1, 2022), in light of the prior eight and thirteen year period between reviews, Yolo LAFCo's response would provide earlier clarity.

Although Yolo LAFCo states that it lacks information that the reorganization has not been detrimental, providing transparency in that area is part of the scope of the MSR. Yolo LAFCo did not indicate it has affirmative information showing lack of a need for an MSR. As you have noted in your comment to the District 900 web site, District 900 does not even acknowledge the inclusion of the new area on its web site, continuing to list the older area.

Your letter of June 16, 2022 states that if an "issue is raised", LAFCo can amend to the schedule to prioritize review of the districts. Considering the lack of affirmative information concerning flood protection services and lack of disclosure by RD 900, the Grand jury invites Yolo LAFCo to comment on whether a partial adoption of prior Recommendation R-3 is appropriate to prepare an MSR for District 900 during the 2022-23 fiscal year rather than the 2023-24 fiscal year.

Sincerely,

Steven A. Oldham

Steven A. Oldham
2022-23 Foreperson
Yolo County Grand Jury