

Date of Hearing: May 1, 2019

ASSEMBLY COMMITTEE ON LOCAL GOVERNMENT  
Cecilia Aguiar-Curry, Chair  
AB 1053 (Dahle) – As Amended March 25, 2019

**SUBJECT:** Fallen Leaf Lake Community Service District.

**SUMMARY:** States the intent of the Legislature to address recommendations in the California State Auditor's (Auditor) audit of the Fallen Leaf Lake (FLL) Community Services District (CSD), and specifies the services that FFL CSD may provide. Specifically, **this bill**:

- 1) States the intent of the Legislature to address recommendations in the Auditor's audit of the FLL CSD, as requested by the Joint Legislative Audit Committee (JLAC) in August 2018, the scope of which includes, but is not limited to, the following:
  - a) A determination of the district's number of residents;
  - b) An analysis of the district's financial condition and ongoing financial viability;
  - c) An assessment to determine if public access to FLL will be jeopardized if the district is dissolved or reorganized into a different entity;
  - d) An evaluation of alternative governmental or nongovernmental entities that may provide the services presently provided by the district; and,
  - e) Any other relevant information or analysis the Auditor deems necessary to provide a recommendation to the appropriate committees of the Legislature for the provision of services to the FLL community.
- 2) Provides that, on and after January 1, 2020, and notwithstanding the allowable services a CSD may provide pursuant to the CSD Law, the FLL CSD shall not provide any of the services or facilities authorized in the CSD Law except fire protection, including medical response and emergency services, and parks and recreation services or facilities.
- 3) Finds and declares that a special statute is necessary and that a general statute cannot be made applicable within the meaning of Section 16 of Article IV of the California Constitution because of the unique concerns regarding the viability, effectiveness, and governance of the FLL CSD.

**EXISTING LAW:**

- 1) Provides, pursuant to the CSD Law, for the organization, purposes, services and facilities of CSDs in California.
- 2) Specifies, pursuant to the CSD Law, the services a CSD may provide and generally cross-references applicable special district principal acts for each type of service allowed.

**FISCAL EFFECT:** None

**COMMENTS:**

- 1) **CSD Law.** The CSD Law generally authorizes the formation of CSDs to provide more than 30 types of public services and facilities, and includes special statutes for the delivery of additional services. CSDs are typically established to provide services in an unincorporated area as an alternative to incorporation or as a transition into cityhood. The CSD Law provides for the election of CSD boards of directors and specifies requirements for open government, such as adoption of annual budgets, setting up designated reserves, following the Ralph M. Brown Act, holding regular meetings, and following standard auditing rules. The CSD Law also requires voter approval of special taxes and property owners' approval of benefit assessments, as required by Propositions 13, 62, and 218. The Legislature originally enacted the CSD Law in 1951, re-enacted it in 1955, and re-enacted it again via SB 135 (Kehoe), Chapter 249, Statutes of 2005.
- 2) **FLL CSD.** Formed in 1982, FLL CSD has a service area of six square miles and is authorized to provide fire protection and recreation and park services to approximately 300 homes and vacation cabins, a resort, and the Stanford Sierra Camp in the FLL Basin, which is west/southwest of the City of South Lake Tahoe and north of Echo Summit. Stanford Sierra Camp is a summer camp primarily attended by Stanford University alumni and is owned and operated by the Stanford University Alumni Association. FLL CSD also owns and operates a general store, a marina, and a community center.

The district abuts Desolation Wilderness and is bounded on all sides by El Dorado National Forest Service lands. Federally-owned lands compose the majority of the district, and all private lands are designated as State Responsibility Area. The principal natural features of FLL CSD include Fallen Leaf Lake in the center of the district and steep, densely wooded ridges and mountains. Roads and access within the district are limited by terrain, weather and topography. Fallen Leaf Lake Road is not open year-round, although winter use is increasing because of the ski season. The popular Glen Alpine trailhead into Desolation Wilderness is in the district. Several other trails also originate in the district. Residential and visitor use in the district is an identified risk in the Lake Tahoe wildland area.

- 3) **Audit of FLL CSD.** This Committee last year heard SB 561 (Gaines and Hill), which allowed voters who were not residents of the FLL CSD to vote in district elections and serve on the district's board. SB 561 was sponsored by FLL CSD because, according to the authors, "Out of about 300 cabins in the FLL CSD, less than 10 individuals live there full time. The rest of the cabin owners live around the state and they assess themselves to pay for a fire department as well as the parking, restrooms, store and post office utilized by visitors to the lake. The issue is that current law has caused the district attorney to inform cabin owners that they can no longer vote on community services district matters since they don't live there full time. They can't even continue to serve on the board of the district. This bill just allows them to continue to serve on the board and vote on community service district matters such as increasing funding for the fire department which benefits thousands of Californians and international travelers that visit Fallen Leaf Lake each year."

Due to multiple concerns with this approach, this Committee amended AB 561 to require the Auditor to complete an audit of the FLL CSD, with a specified scope. The authors of SB 561 also requested such an audit through JLAC and, when JLAC approved the request, did not

pursue SB 561 after it was referred to the Assembly Appropriations Committee. The Auditor anticipates completing the audit in June of this year.

- 4) **Author's Statement.** According to the author, "Fallen Leaf Lake is a natural treasure and the Legislature needs to consider the forthcoming recommendations from the State Auditor to craft a governance structure that allows appropriate voting rights for residents and landowners so as to protect and maintain the award winning fire department; provide critical fire protection to the Lake Tahoe basin; and insure continued public access and facilities at Fallen Leaf Lake, the entrance to the Desolation Wilderness."
- 5) **Bill Summary.** This bill states the intent of the Legislature to address recommendations in the Auditor's audit of the FLL CSD, as requested by JLAC last year. This bill also prohibits, beginning January 1, 2020, the FLL CSD from providing any of the services or facilities authorized in the CSD Law, except fire protection, including medical response and emergency services, and parks and recreation services or facilities.

This bill is sponsored by the FLL CSD.

- 6) **Arguments in Support.** The FLL CSD writes, "AB 1053 expresses the intent of the Legislature to address anticipated recommendations in the California State Auditor's audit of FLL CSD...The audit was originally requested in amendments to SB 561 (Gaines/Hill) in 2018 by the Assembly Local Government Committee, and the bill was subsequently held in the Assembly after the JLAC approved the audit...The issues raised by the Assembly Local Government Committee became the basis of the audit and will be the subject of future amendments when the audit is completed as expected in early summer 2019...It is our understanding the author of AB 1053, Assembly Member Dahle, has agreed to bring the bill back to this committee for review of the anticipated amendments addressing the audit once it is completed. The District agrees with that approach and looks forward to working with you to consider the Auditor's recommendations."
- 7) **Arguments in Opposition.** None on file.

## **REGISTERED SUPPORT / OPPOSITION:**

### **Support**

Fallen Leaf Lake Community Services District [SPONSOR]

### **Opposition**

None on file

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