

SAN MATEO

**LOCAL AGENCY FORMATION COMMISSION**455 COUNTY CENTER, 2ND FLOOR • REDWOOD CITY, CA 94063-1663 • PHONE (650) 363-4224 • FAX (650) 363-4849
March 14, 2012

To: Members, Formation Commission

From: Martha Poyatos *MP*
Executive Officer

Subject: Update on San Mateo County Mosquito and Vector Control District

Background

In 2003, LAFCo completed a municipal service review and sphere of influence update of the San Mateo County Mosquito Abatement District. At the time, the municipal service review and sphere update responded to the concerns of public health officials regarding the anticipated arrival of West Nile Virus in California and the fact that the District did not include all of San Mateo County.¹ In 2003, the Commission approved the District's application to expand boundaries to include all of San Mateo County, conditioned upon a benefit assessment in the newly annexed area that would approximate revenues in the original boundaries.

In 2008, the San Mateo County Board of Supervisors passed a resolution to transfer specific vector control operations to the District and the District changed its name to San Mateo County Mosquito and Vector Control District. In 2011, after recognizing the savings to the County by transferring limited vector control responsibilities, the Board broadened the transfer of vector control responsibilities to include all preventive vector control responsibilities.

The District's enabling legislation (Health & Safety Code Section 2200) establishes that the governing body of the District shall be a representative appointed by each city and county with territory in the District. The councils of the twenty cities and the Board of Supervisors each appoint a citizen to serve as a director. The District is funded by a share of the 1% property tax and \$3.74 parcel tax for territory in the original boundaries of the district and a \$17 benefit assessment from parcels in the balance of the county annexed in 2003.

Recent events involving alleged embezzlement of funds have raised concern regarding the District's financial management policies and practices, accountability, hiring

¹ Original boundaries included the bayside from the Santa Clara County boundary to Millbrae and from the bay to the Skyline area.

practices, board tenure and expertise and potential need for reorganization of the District. (Please see attached letter from the City of San Carlos).

Recommendation:

As noted above, the District was last reviewed by LAFCo in 2003. An updated municipal service review would examine District fiscal health, financial policies and practices, accountability to the public and governance alternatives. A sphere of influence update would revisit the current "status quo" sphere of influence of the District. As a second round municipal service review, staff anticipates that completing the update would not have significant impact on workload.

It is recommended that the Commission consider authorization of initiating a second round municipal service review and sphere of influence update out of order to respond to concerns detailed above and in the attached letter from the City of San Carlos.

c: John Maltbie, County Manager
Members, Board of Supervisors
City Managers, San Mateo County Cities
Andy Klein, Mayor, City of San Carlos
Samuel Lerner, President, San Mateo County Mosquito & Vector Control District
Dean Peterson, Director, San Mateo County Environmental Health Division
Bruce MacMillan, Foreman, San Mateo County Civil Grand Jury

CITY OF SAN CARLOS



February 29, 2012

Mr. Samuel Lerner
President, Board of Trustees
San Mateo County Mosquito & Vector Control District
1351 Rollins Road
Burlingame, CA 94010

Re: San Carlos City Council – Request for Civil Grand Jury Investigation – San Mateo County Mosquito & Vector Control District

Dear Mr. Lerner,

I am writing to you on behalf of the San Carlos City Council. At the Council's meeting held on February 13, 2012 the Council unanimously voted to send a letter to the Mosquito District Board as well as one to the Civil Grand Jury. It also asked that copies of letter to the Civil Grand Jury (see attached letter) be sent to the County Board of Supervisors and every City Council in the County so that they may consider a similar request for an investigation of the Mosquito District by the Civil Grand Jury.

These actions by the City Council were triggered by recent events at the San Mateo County Mosquito and Vector Control District involving the alleged embezzlement of funds, management and hiring issues related to the alleged events and the response of district management.

In recent months, members of the City Council have become aware of issues at the Mosquito District through phone calls and discussions from district employees, their representatives and the public. The Council has also discussed the matter in open session as noted above.

We applaud the courage and efforts of Betsey Schneider, the San Carlos representative to the Mosquito Board in taking the alleged irregularities that she spotted as a Board Member to the management of the district and later to the County Counsel. This is the kind of civic stewardship that we expect from public officials, commissioners and board members. While it is sometimes difficult, the Council is gratified to see that Ms. Schenider's efforts are now leading to a much needed review of these matters.

From testimony heard at the February 13, 2012 meeting, the Council understands that the Mosquito Board has taken some initial actions to review the recent events that have occurred at the district. This apparently includes Board action to place the current District Manager on a Performance Improvement Plan (PIP). The Council is pleased to hear that the Mosquito Board is taking action in this area and looks forward to hearing about additional action steps that the Board will take in the future regarding these matters.

As I noted in our letter to the Civil Grand Jury, it is both very appropriate and it is a review of these matters needs to be done – the sooner the better – to restore the public’s confidence and faith in the work that all of us do as guardians of the public trust.

Sincerely Yours,



Andy Klein
Mayor

cc: San Carlos City Council
Board Members, San Mateo County Mosquito & Vector Control District
San Mateo County Board of Supervisors
Mayor & City Council Members, Cities of San Mateo County
City Manager
Assistant City Manager
City Attorney
Ms. Betsy Schneider

Attachment:

- Mayor’s Letter to the San Mateo County Civil Grand Jury

CITY OF SAN CARLOS



February 29, 2012

Mr. Bruce MacMillan
Foreman
San Mateo County Civil Grand Jury
400 County Center
Redwood City, CA 94063-1655

Re: San Carlos City Council – Request for Civil Grand Jury Investigation – San Mateo County Mosquito & Vector Control District

Dear Mr. MacMillan,

I am writing to you on behalf of the San Carlos City Council. At their public meeting held on February 13, 2012, the City Council unanimously voted to send a letter to the Civil Grand Jury requesting an investigation of recent events at the San Mateo County Mosquito and Vector Control District involving the alleged embezzlement of funds, management and hiring issues related to the alleged events and the response of district management. It also asked that copies of this letter be sent to the County Board of Supervisors and every City Council in the County so that they may consider a similar request for an investigation by the Civil Grand Jury.

The San Carlos City Council does not take this action lightly. In fact, it is the first time that the Council has asked the Civil Grand Jury to undertake an investigation. The Council believes that the Civil Grand Jury is the appropriate body to explore the issues in this matter. The Jury's ability to conduct a detailed review of a public agency in the County and to conduct interviews in confidence will help shed light and perhaps point the way to improved methods and practices to deliver Mosquito and Vector Control services to the residents and businesses in this County.

Contacts Received by City Council Members

In recent months, members of the City Council have become aware of issues at the Mosquito District through phone calls and discussions from district employees, their representatives and the public. The Council has also discussed the matter in open session as noted above.

We applaud the courage and efforts of Betsy Schneider, the San Carlos representative to the Mosquito Board in taking the alleged irregularities that she spotted as a Board Member to the management of the district and later to the County Counsel. This is the kind of civic stewardship that we expect from public officials, commissioners and board members. While it is sometimes difficult, the Council is gratified to see that Ms. Schneider's efforts are now leading to a much needed review of these matters. We believe that the Civil Grand Jury can play an important role in this process.

Issues to Study

While the City Council may not be aware of the full range and extent of the issues at the Mosquito District, a number of questions and concerns have been brought to our attention. These issues are certainly worth of the Civil Grand Jury’s review. They include the following:

1. Financial Management

Even though the Mosquito District is a small Special District, it nevertheless handles a significant amount of taxpayer money. There should be a review of the agency’s financial management procedures and practices to insure that they include separation of duties, appropriate budget and fiscal review and reporting. These are all basic requirements in any government agency and they should be present in this agency as well.

2. Hiring Practices

It appears that the district is not following standard hiring practices when reviewing candidates for jobs at the district. This has led to some serious allegations of wrongdoing at the district. District hiring practices should be examined to see why these issues occurred and how they can be addressed.

3. Audits & Finances

The Council is puzzled by reports that some of the Mosquito District’s accounting and its annual audits are performed by the same accounting firm. If true, this practice misses the point of retaining an Independent Audit Firm to periodically review a Government Agency’s finances as is done in the City and most City, County and Special Districts today.

4. Management Oversight

The Council has received comments that there is a need for more management oversight and control at the Mosquito District. There should be a close look at how the district is currently managed and whether there are ways to strengthen this area – either with the current management structure or an improved management function.

5. Internal Practices are Not Followed

The City Council has received comments and testimony that internal practices and procedures at the Mosquito District are not being followed. These individuals believe that if district procedures that already exist are followed, some of the issues that have been raised would not have occurred.

6. Contracting for Finance & Management Services

Another question that we would raise is to ask is it time for the district to contract with San Mateo County or another larger agency that has more resources and staff to handle the district’s finances and management. This would allow the Mosquito District employees to focus on direct delivery of services to the public and businesses and have finance, management and back office functions provided in a different way.

7. Mosquito District Board Tenure & Expertise

The Council has also received comments that some members of the Mosquito District Board have served for many years. There have also been suggestions that if more board members had strong backgrounds in Management, Finance and Human Resources, some of the issues at the district may have been addressed earlier. With that in mind, the Council suggests that the Civil Grand Jury explore this area to see if more frequent rotation of board members and appointment of board members with strong management, finance and human resources background would be appropriate if the current Special District service model is retained.

8. County Consolidation

A related issue is whether it is desirable for all of the Mosquito District functions to be incorporated into the services provided by San Mateo County. The City Council is aware that the Board of Supervisors is exploring the role and need for some County functions and Special Districts during this year's budget cycle. The Civil Grand Jury may want to explore whether it is time for the work of this district to be consolidated with an appropriate division or department at the County.

Closing Comments

I appreciate your consideration of this request from the San Carlos City Council. I trust that the Civil Grand Jury will discuss and consider it closely as you develop the work plan for this year's reports. We recognize that the Civil Grand Jury has many areas that it can explore in the time between now and the Jury's tenure ending on June 30th. Even so, we believe that these issues demand immediate and serious attention by the Civil Grand Jury.

By copy of this letter, I am inviting the Board of Supervisors and the City Councils in cities around the County to join in our request for such a study. It is both very appropriate and it is a review that needs to be done – the sooner the better – to restore the public's confidence and faith in the work that all of us do as guardians of the public trust.

Sincerely Yours,



Andy Klein
Mayor

- cc: San Carlos City Council
- San Mateo County Board of Supervisors
- Board Members, San Mateo County Mosquito & Vector Control District
- Mayor & City Council Members, Cities of San Mateo County
- City Manager
- Assistant City Manager
- City Attorney