

CAPISTRANO BAY DISTRICT
AGENDA REPORT
July 31, 2012

Managers Reports

ITEM J.2

OC Grand Jury Report on Special Districts

The District received an onerous 34-page communication from the Orange County Grand Jury on April 23rd that went into some detail and in very clear and specific terms stated that Special Districts in Orange County (which includes our District) have outlived their usefulness and should all be dissolved with all tax revenues given back to the County.

The Grand Jury went on to recommend that Districts like ours could just join up with one of the many local Homeowners Associations in the area and become a part of that association.

All Districts in Orange County received the same report and all were ordered to provide a written response to the ten findings and fifteen recommendations no later than July 26th, 2012. Our response letter went out in the mail to the Court on July 24th. Very simply put, our response was an overall disagreement with the facts that formed the basis of their findings and recommendations.

What's Next:

- The Grand Jury has no authority to force any dissolution action upon Special Districts
- We are under no obligation beyond the response letter sent to the court this week
- We want to keep an eye on future Grand Jury communications on this topic
- Special Districts have lobbyists in Sacramento who closely follow these issues and report weekly on legislative developments that could impact our District

Ending on a good note:

This process could be considered a good drill or exercise in testing the responsiveness of our people in Sacramento who work for the California Special Districts Association (CSDA). Within a few days of the publication of the Grand Jury's Report, CSDA was in touch with all Special Districts making sure everyone was up to speed with the situation.

Additionally, we turned up a strong supportive legal specialist/advocate at Rutan & Tucker, Mr. Joel Kuperberg, who provided us with immediate counsel, advice and assistance in preparing our written response to the Grand Jury. Our District will be well-prepared for the next time around.