



## Legislation Details (With Board Report)

<b>File #:</b>	BC 23-018	<b>Name:</b>	CSA 17 - Budget Appropriation
<b>Type:</b>	Budget Committee	<b>Status:</b>	Agenda Ready
<b>File created:</b>	2/6/2023	<b>In control:</b>	Budget Committee
<b>On agenda:</b>	3/3/2023	<b>Final action:</b>	
<b>Title:</b>	Receive a report on the financial condition report of County Service Area 17 - Rancho Tierra Grande. Support a budget amendment to increase appropriations by \$20,977 to complete an Engineer's Report and subsequent Proposition 218 election required to establish an annual assessment to fund services, including open space and storm drainage maintenance.		

### Sponsors:

### Indexes:

### Code sections:

**Attachments:** 1. BC Report, 2. Attachment A - CSA 17 FY 2022-23 Financial Summary, 3. Attachment B - Location Map

Date	Ver.	Action By	Action	Result
3/3/2023	1	Budget Committee		

Receive a report on the financial condition report of County Service Area 17 - Rancho Tierra Grande. Support a budget amendment to increase appropriations by \$20,977 to complete an Engineer's Report and subsequent Proposition 218 election required to establish an annual assessment to fund services, including open space and storm drainage maintenance.

### RECOMMENDATION:

It is recommended that the Budget Committee support that the Board of Supervisors:

- Receive a report on the financial condition of County Service Area 17 Rancho Tierra Grande and status of efforts to increase annual assessments;
- Support authorizing the Auditor-Controller to amend the fiscal year 2022-23 adopted budget for CSA 17, Fund 057, Appropriation Unit PFP011, to increase appropriations by \$20,977, where the financing sources are Unassigned Fund Balance of \$2,910 (057-3101), increased revenues of \$733, and an operating transfer in of \$17,334 from General Fund, Fund 001, Other Financing Uses, Appropriation Unit CAO017;
- Support authorizing the Auditor-Controller to amend the FY 2022-23 adopted budget, General Fund, Fund 001, Other Financing Uses Appropriation Unit CAO017, to increase appropriations by \$17,334, financed by either Cannabis Tax Assignment (001-3132) or a decrease in appropriations in General Fund, Fund 001, Contingencies Appropriation Unit CAO020; and
- Support authorizing the Auditor-Controller to transfer \$17,334 for the FY 2022-23 from General Fund, Fund 001, Other Financing Uses CAO017, to CSA 17, Fund 057, Appropriation Unit PFP011, where General Fund Other Financing Uses has sufficient appropriations available to fund the transfer.

### SUMMARY/DISCUSSION:

County Service Area 17 Rancho Tierra Grande (CSA 17) was formed in 1963 to include the Rancho Tierra subdivision, located north of the intersection of Tierra Grande Drive and Carmel Valley Road. The Mercurio subdivision was annexed into CSA 17 on August 26, 1980. Current active services for CSA 17 are limited to storm drain maintenance/surface water distribution and park/ recreation/parkway services that include tree removal and trimming on County open space. Current revenue is insufficient to these services at an appropriate

level.

An annual CSA assessment was not established after the creation of this CSA and thus annual revenue is limited to AB 8 funds, which directs a small portion of property tax receipts to the CSA. The current annual revenue from this funding source is estimated at \$15,721. Other sources of funding include interest on fund balance and Homeowners Property Tax Relief and is estimated at \$110 annually. An annual assessment specifically designated for CSA maintenance costs was never established and is necessary for current and future maintenance and to build up a fund balance to address repair and replacement costs the County has committed to provide CSA 17. CSA 17 residents desire these services and understand the need to pay for them. In August 2019, the County retained Harris Associates to assist County with a Proposition 218 rate study. A draft Engineer's Report was prepared and issued in August 2020. Road work since the Engineer's Report was prepared thus required the draft Engineer's Report to be revised. There are insufficient funds available to complete the Engineer's Report and rate study hence the funding request.

County staff has embarked on the Proposition 218 process to increase annual assessments that will allow the County to provide the designated services to CSA 17. The assessments would also allow for a fund balance to cover future repairs and capital replacement costs for the storm drainage system which is anticipated to be necessary in the not-too-distant future, given the advanced age of the Tierra Grande subdivision. County staff has currently retained an engineering consultant who has prepared a draft Engineer's Report. The next step is to present it to and obtain feedback from the CSA 17 property owners and move forward with a Proposition 218 election. This work must be completed prior to August 2023 to allow for assessments to be placed on the tax rolls for the 2023-24 fiscal year.

#### FINANCING

CSA 17 began FY 2022-23 with a fund balance of \$5,259 and with estimated revenues and expenditures of \$15,831 and \$38,424, respectively, and will end the year with an ending fund balance of negative (\$17,334). The estimated annual cost includes staff time, professional services to complete the Engineer's Report, and the necessary maintenance work. The FY2022-23 adopted budget appropriations of \$17,447 will need to be increased by \$20,977 to cover the additional costs for the Engineer's Report and ongoing maintenance. To finance the increase in cost, staff recommends using remaining fund balance of \$2,910, increased revenues of \$733, and a General Fund contribution of \$17,334. During the fiscal year 2022-23 Budget Process, staff requested a CSA 17 fund balance increase through a Budget Augmentation but was turned down.

Available sources for the General Fund contribution include Cannabis Tax Assignment and Contingencies. As of the date this report was written, the balance in Cannabis Tax Assignment and Contingencies is \$5,384,488 and \$556,260, respectively. Approving the transfer of \$17,334 from the Cannabis Tax Assignment would reduce its balance to \$5,367,154 and reduce the corresponding Contingencies to \$538,926.

Another option would be to designate the \$17,334 General Fund contribution as a no-interest loan, to be repaid by CSA 17 property owners after an annual assessment is established. There are currently 242 parcels in the CSA. The cost of the loan per parcel would be approximately \$72 and could be spread over 3-5 years or included in the first annual assessment depending on the required payback requirements.

#### OTHER AGENCY INVOLVEMENT:

This item is scheduled for the Board of Supervisors regularly scheduled meeting on March 7, 2023.

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Approved by: Tom Bonigut, PE, Assistant Director of Public Works, Facilities & Parks

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Attachments are on file:

Attachment A - CSA 17 FY 2022-23 Financial Summary

Attachment B - Location Map