



County of Monterey

Budget Committee Report

Legistar File Number: BC 24-070

Item No.

Board of Supervisors
Chambers
168 W. Alisal St., 1st Floor
Salinas, CA 93901

May 31, 2024

Introduced: 5/21/2024

Version: 1

Current Status: Agenda Ready

Matter Type: Budget Committee

- a. Receive a report on the financial condition of County Service Area 17 Rancho Tierra Grande (CSA 17) and status of efforts to increase annual assessments;
- b. Support authorizing and directing the Auditor-Controller to amend the Fiscal Year (FY) 2023-24 adopted budget for CSA 17, Fund 057, Appropriation Unit PFP011, to increase appropriations by \$14,206, where the financing sources are Unassigned Fund Balance of \$3,506 (057-3101), increased revenues of \$1,265, and an operating transfer in of \$9,435 from General Fund 001, Other Financing Uses Appropriation Unit CAO017;
- c. Support authorizing and directing the Auditor-Controller to amend the FY 2023-24 adopted budget, General Fund 001, Other Financing Uses Appropriation Unit CAO017, to increase appropriations by \$9,435, financed by a decrease in appropriations in General Fund 001, Contingencies Appropriation Unit CAO020; and
- d. Support authorizing and directing the Auditor-Controller to transfer \$9,435 for FY 2023-24 from General 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.

RECOMMENDATION:

It is recommended that the Budget Committee:

- a. Receive a report on the financial condition of County Service Area 17 Rancho Tierra Grande (CSA 17) and status of efforts to increase annual assessments;
- b. Support authorizing and directing the Auditor-Controller to amend the Fiscal Year (FY) 2023-24 adopted budget for CSA 17, Fund 057, Appropriation Unit PFP011, to increase appropriations by \$14,206, where the financing sources are Unassigned Fund Balance of \$3,506 (057-3101), increased revenues of \$1,265, and an operating transfer in of \$9,435 from General Fund 001, Other Financing Uses Appropriation Unit CAO017;
- c. Support authorizing and directing the Auditor-Controller to amend the FY 2023-24 adopted budget, General Fund 001, Other Financing Uses Appropriation Unit CAO017, to increase appropriations by \$9,435, financed by a decrease in appropriations in General Fund, Fund 001, Contingencies Appropriation Unit CAO020; and
- d. Support authorizing and directing the Auditor-Controller to transfer \$9,435 for FY 2023-24 from General 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 maintain 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 \$17,201. Other sources of funding include interest on fund balance and Homeowners Property Tax Relief and is estimated at \$404 annually. An annual assessment specifically designated for current and future maintenance, repair and replacement costs is necessary. 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. Investigation of the CSA 17 road and storm drainage system by County staff was necessary to determine the condition of the existing infrastructure.

A completed Engineer's Report has been received. CSA 17 currently has insufficient funds available to complete the Proposition 218 election, which includes community outreach and a Public Hearing. A successful Proposition 218 election will establish an annual assessment that will allow the County to provide the required services to CSA 17. Annual assessments will provide funding for maintenance and repairs while building a fund balance to cover capital repairs and replacement costs. The Proposition 218 must be held prior to August 2024 to allow for assessment to be placed on the 2024-25 tax rolls.

OTHER AGENCY INVOLVEMENT:

PWFP coordinated this recommendation with the County Administrative Office Budget & Analysis Division.

FINANCING

CSA 17 began FY 2023-24 with a fund balance of \$23,044 and with estimated revenues and expenditures of \$17,605 and \$50,084, respectively, will end the year with an estimated negative fund balance of (\$9,435). The estimated annual cost includes staff time, professional services to complete the Engineer's Report, and necessary maintenance work. The FY 2023-24 adopted budget appropriations of \$35,878 will need to be increased by \$14,206 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 \$3,506, increased revenues of \$1,265 and a General Fund contribution from Contingencies of \$9,435. As of the date this report was written, the balance in General Fund Contingencies is \$781,930, and would be reduced to \$772,495 if approved.

Alternatively, the Board could designate the \$9,435 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 \$39 and could be spread over 3-5 years or included in the first annual assessment depending on the required payback requirements.

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Prepared by: Lynette Redman, Management Analyst III, (831) 796-6038

Reviewed by: Jessica Cordiero-Martinez, Finance Manager III

Approved by: Randy Ishii, MS, PE, TE, PTOE, Director of Public Works, Facilities & Parks

Attachments:

Attachment A - CSA 17 FY 2023-24 Financial Summary

Attachment B - Location Map

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Randy Ishii
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