



Legislation Details (With Board Report)

File #:	RES 23-059	Name:	CSA 17 Budget Appropriations
Type:	BoS Resolution	Status:	Passed
File created:	4/3/2023	In control:	Board of Supervisors
On agenda:	4/18/2023	Final action:	4/18/2023

Title: Adopt a Resolution to:

- Receive a report on the financial condition of County Service Area 17 Rancho Tierra Grande and status of efforts to establish an annual assessment to fund County Service Area activated services;
- Approve a no-interest loan from the County to County Service Area 17 with a three-year repayment term with payments to begin upon the establishment of an annual assessment for County Service Area 17;
- Authorize the Chair of the Board to execute said Loan Agreement upon the establishment of an annual assessment for County Service Area 17;
- Authorize the Auditor-Controller to amend the fiscal year 2022-23 adopted budget for County Service Area 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 Other Financing Uses, Budget Unit 8038, Fund 001, Appropriations Unit CAO017 (4/5th vote required);
- Authorize the Auditor-Controller to amend the FY 2022-23 adopted budget, Other Financing Uses, Budget Unit 8038, Fund 001, Appropriation Unit CAO017, to increase appropriations by \$17,334 financed by a decrease in appropriations in General Fund Contingencies, Budget Unit 8034, Fund 001, Contingencies Appropriation Unit CAO020 (4/5th vote required); and
- Authorize the Auditor-Controller to transfer \$17,334 for the FY 2022-23 from Other Financing Uses, Budget Unit 8038, Fund 001, Appropriation Unit CAO017, to County Service Area 17, Fund 057, Appropriation Unit PFP011 (4/5th vote required).

Sponsors:

Indexes:

Code sections:

Attachments: 1. Board Report, 2. Attachment A - Resolution, 3. Attachment B – Loan Agreement, 4. Attachment C – FY 2022-23 Financial Summary, 5. Attachment D - Map, 6. Attachment A - Resolution WORD, 7. Completed Board Order Item No. 61, 8. Completed Resolution Item No. 61

Date	Ver.	Action By	Action	Result
4/18/2023	1	Board of Supervisors		

Adopt a Resolution to:

- Receive a report on the financial condition of County Service Area 17 Rancho Tierra Grande and status of efforts to establish an annual assessment to fund County Service Area activated services;
- Approve a no-interest loan from the County to County Service Area 17 with a three-year repayment term with payments to begin upon the establishment of an annual assessment for County Service Area 17;
- Authorize the Chair of the Board to execute said Loan Agreement upon the establishment of an annual assessment for County Service Area 17;
- Authorize the Auditor-Controller to amend the fiscal year 2022-23 adopted budget for County Service Area 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 Other Financing Uses, Budget Unit 8038, Fund 001, Appropriations Unit CAO017 (4/5th vote required);

- e. Authorize the Auditor-Controller to amend the FY 2022-23 adopted budget, Other Financing Uses, Budget Unit 8038, Fund 001, Appropriation Unit CAO017, to increase appropriations by \$17,334 financed by a decrease in appropriations in General Fund Contingencies, Budget Unit 8034, Fund 001, Contingencies Appropriation Unit CAO020 (4/5th vote required); and
- f. Authorize the Auditor-Controller to transfer \$17,334 for the FY 2022-23 from Other Financing Uses, Budget Unit 8038, Fund 001, Appropriation Unit CAO017, to County Service Area 17, Fund 057, Appropriation Unit PFP011 (4/5th vote required).

RECOMMENDATION:

It is recommended that the Board of Supervisors adopt a Resolution to:

- a. Receive a report on the financial condition of County Service Area 17 Rancho Tierra Grande and status of efforts to establish an annual assessment to fund CSA activated services;
- b. Approve a non-interest loan from the County to CSA 17 with a three-year repayment term with payments to begin upon the establishment of an annual assessment for CSA 17;
- c. Authorize the Chair of the Board to execute said Loan Agreement upon the establishment of an annual assessment for CSA 17;
- d. Authorize 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 Other Financing Uses, Budget Unit 8038, Fund 001, Appropriation Unit CAO017 (4/5th vote required);
- e. Authorize the Auditor-Controller to amend the FY 2022-23 adopted budget, Other Financing Uses, Budget Unit 8038, Fund 001, Appropriation Unit CAO017, to increase appropriations by \$17,334, financed by a decrease in appropriations in General Fund Contingencies, Budget unit 8034, Fund 001, Contingencies Appropriation Unit CAO020 (4/5th vote required); and
- f. Authorize the Auditor-Controller to transfer \$17,334 for the FY 2022-23 from Other Financing Uses, Budget Unit 8038, Fund 001, Appropriation Unit CAO017, to CSA 17, Fund 057, Appropriation Unit PFP011 (4/5th vote required).

SUMMARY/DISCUSSION

County Service Area 17 - Rancho Tierra Grande (CSA 17) was formed in 1963 to include the Rancho Tierra subdivision, located northeast of the intersection of Tierra Grande Drive and Carmel Valley Road. The adjacent 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 disposition and park/recreation/parkway services that include tree maintenance on County-owned open space within the CSA 17 boundary. Current revenue is insufficient to provide 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, estimated at \$110 annually. An annual assessment specifically designated for CSA maintenance and replacement 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 the County with a Proposition 218 rate study. A draft Engineer's Report was prepared and issued in August 2020. Road work was completed since the draft Engineer's Report was prepared which 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 to 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. Harris & Associates has prepared a draft Engineer's Report. The next step is to present the report 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 fiscal year with an ending fund balance of negative (\$17,334). The estimated annual cost includes staff time and professional services to complete the Engineer's Report, and the necessary maintenance work. The FY 2022-23 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 loan of \$17,334. During the fiscal year 2022-23 Budget Process, staff requested a CSA 17 fund balance increase through a Budget Augmentation which was not approved by the Board.

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 repayment requirements. The Budget Committee supported a three-year term loan from the General Fund. The General Fund Contingency has a balance of \$556,260, if approved, the loan would decrease the balance to \$538,926.

OTHER AGENCY INVOLVEMENT:

This item was presented to the Budget Committee during a Special Meeting on March 3, 2023. The Budget Committee supported the approval of a non-interest loan with a three-year repayment term with payments to begin upon the establishment of an annual assessment.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

These recommendations allow drainage/storm drain facilities open space within CSA 17 to be properly maintained and thus supports/advances the following Board of Supervisors Strategic Initiatives.

- Economic Development
- Administration
- Health & Human Services
- Infrastructure
- Public Safety

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Reviewed by: J. Erich Rauber, PE, GE, District Engineer

Reviewed by: Jessica Cordiero-Martinez, Finance Manager III

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

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

Attachments:

Attachment A - Resolution

Attachment B - Loan Agreement

Attachment C - CSA 17 FY 2022-23 Financial Summary

Attachment D - Location Map