



County of Monterey

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

Board Report

File #: RES 20-068, **Version:** 1

Adopt a resolution to authorize and direct the Auditor-Controller to amend the Fiscal Year 2019-20 East Garrison Community Services District Adopted Budget, Fund 181, Appropriation Unit RMA106, to increase appropriations by \$719,991, financed by Fund 181, EGCSO Unassigned Fund Balance, Balance Sheet Account 3101 (4/5th vote required).

RECOMMENDATION:

It is recommended that the Board of Supervisors adopt a resolution to authorize and direct the Auditor-Controller to amend the Fiscal Year 2019-20 East Garrison Community Services District Adopted Budget, Fund 181, Appropriation Unit RMA106, to increase appropriations by \$719,991, financed by Fund 181, EGCSO Unassigned Fund Balance, Balance Sheet Account 3101 (4/5th vote required).

SUMMARY/DISCUSSION:

RMA requests to EGCSO Board of Directors adopt a resolution recommending the Board of Supervisors authorize an appropriation increase in the FY2019-20 EGCSO Adopted Budget, Fund 181, Appropriation Unit 106, of \$719,991, funded by Fund 181, EGCSO Unassigned Fund Balance, Balance Sheet Account 3101. This appropriations increase is needed to cover higher than budgeted staff costs of \$130,075, utility bills of \$244,451, and Sheriff's Office enforcement services of \$345,465.

RMA has expended higher than budgeted staff support costs related to inquiries from the community and Advisory Committee. The current year estimate for FY 2019-20 for staff support is \$175,303, which leaves a budgetary shortfall of \$130,075.

UCP East Garrison, LLC (UCP) has been providing temporary maintenance for the EGCSO. Due to delays transferring utility accounts to the EGCSO, UCP has paid those bills on behalf of the EGCSO and has submitted these retroactive expenditures to the EGCSO for reimbursement. The water bills paid by UCP prior to the utility accounts being assigned to EGCSO total \$126,623. The electricity costs were not included, and water bills were underestimated in the FY 2019-20 budget as cost information was not available when the budget was prepared. The current year estimate for utilities in FY 2019-20 is \$344,411, resulting in a budgetary shortfall of \$244,451.

The Urban Services Agreement between the County of Monterey and the EGCSO was passed and adopted on July 18, 2006. The agreement states the County is obligated to provide Sheriff Custody Operations and County Coroner services. It states the obligation of the CSD shall, subject to the availability of funds and to its budgeting process, fund the County Sheriff's law enforcement operations for the East Garrison community, where the financing source coming from the Community Facilities District No. 2006-1. For consideration, RMA is providing three options with multiple scenarios below for calculating Sheriff enforcement costs to the East Garrison Community.

Option 1:

The first option uses the Keyser Marston and Associates (KMA) Assessment prepared in 2013, which calculated the per resident equivalent Sheriff's services cost of \$235.25 based on the Sheriff budgeted net

expenses from FY 2011-12 divided by the unincorporated population estimated at development completion of 111,386 (\$26,203,074 / 111,386). As the KMA study did not specify the point of time for determining the number of households, RMA's initial assumption was to use the housing numbers for completed houses and townhomes using the final permit date as of November 30th of each year. Based on the above assumption the EGCS D would need to reimburse the County \$1,158,747 for Sheriff enforcement activities between FY 2014 through FY 2020. At the March 4, 2020 East Garrison Community Advisory Committee, it was requested RMA look at using the date of deed recording of sale from the developer to a third-party for determining the number of households. Based on recorded deeds, the EGCS D would need to reimburse the County \$1,127,764. The Sheriff's Office was briefed on the calculation using the date of November 30th of each year to calculate either final permits issued or recorded deeds. The Sheriff's Office agrees with these assumptions and supports using recorded deeds in the calculation if the developer was providing private security. RMA inquired with UCP, who indicated that private security has been provided since the beginning of construction and is still in effect.

Option 2:

The second option uses the KMA methodology, but replaces the FY 2011-12 net expenses with the FY 2014-15 net Budgeted expenditures for Sheriff enforcement using the middle ground population taken from the Unincorporated Population per Department of Finance E-1 to obtain the initial per resident equivalent cost of \$263.60 (\$27,448,657 divided by 104,131). Using the housing numbers for completed houses and townhomes based on the final permit date as of November 30th, the EGCS D would need to reimburse the County \$1,264,253. Using the recorded deeds as of November 30th, the EGCS D reimbursement to the County would be \$1,230,449.

Option 3:

The third option adjusts the Sheriff's annual Adopted Budget net expenditures, by removing deputy salary and benefits associated with deputies that were assigned to the Jail but were still budgeted under enforcement for fiscal years 2018 to 2020. This adjustment would ensure EGCS D pays only for those services associated with patrol and enforcement for the respective fiscal years that were impacted with the Sheriff reassignments. This option also uses the published unincorporated population figures presented in the County's annual recommended budget book for each applicable year. Based on these assumptions and using final permit date as of November 30th the EGCS D reimbursement to the County would be \$1,329,323. Using recorded deeds as of November 30th, the EGCS D reimbursement to the County would be \$1,293,796.

All calculated amounts reflected in the above options include enforcement services performed by the Sheriff's Office since 2014. Based on discussions with the EGCS D Advisory Committee, staff anticipates their support will be for the calculation under Option 1 using recorded deeds as of November 30th of each year totaling \$1,127,764. The \$1,127,764 would reimburse the County for Sheriff enforcement services from 2014 through June 30, 2020. Of the \$1,127,764 calculated EGCS D previously paid the County \$367,334 in FY 2018-19 for Sheriff enforcement services rendered in that year. The FY 2019-20 Adopted Budget for EGCS D Fund 181 included \$414,965 for Sheriff services. Therefore, staff is requesting to increase EGCS D's Fund 181 appropriations the balance owed of \$345,465 to reimburse the Sheriff Office for enforcement services render between 2014 through FY 2017-18.

Attachment C to this report provides a summary of the options listed above, including the calculation differences if finalized permits for houses and townhouses or recorded deeds were used in each of the calculations.

If approved, the recommended action will increase appropriations in the FY 2019-20 EGCS D Adopted Budget,

Fund 181, Appropriation Unit RMA106, by \$719,991, financed by Fund 181, EGCS D Unassigned Fund Balance, Balance Sheet Account 3101, for increased expenditures not anticipated in the FY 2019-20 Adopted Budget for staff support, utilities, and Sheriff enforcement.

OTHER AGENCY INVOLVEMENT:

Staff has had multiple meetings with the Sheriff’s Office and EGCS D Advisory Committee (AC) regarding the Sheriff costs for the East Garrison Community. The AC has provided input to staff regarding their concerns surrounding the calculation of the Sheriff’s cost. The AC supported staff moving forward to the Budget Committee with their current support for the calculation under Option 1 using permitted occupancy as of November 30th of each year; however, at the April 9, 2020 AC meeting, the AC shifted to support Option 1 using recorded deeds as it results in a lower reimbursement amount for the EGCS D. The Sheriff’s Office supports Option 1 using completed houses and townhomes based on the recorded deed date of November 30th of each year.

On April 29, 2020, the Monterey County Budget Committee supported the recommended action.

FINANCING:

The estimated FY 2019-20 Fund 181, EGCS D beginning fund balance is \$2,761,436, and projected revenue is \$1,440,300. With the requested increase, expenditures are estimated to total \$1,960,611, resulting in an estimated year-end fund balance of \$2,211,125.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The recommended action supports the Board of Supervisors’ Administration, Infrastructure, and Public Safety Strategic Initiatives. Funding at a level to provide adequate staffing to manage the EGCS D, law enforcement coverage, and facility maintenance is essential to the optimal day-to-day operations, viable condition of infrastructure, and a safe community for the public.

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

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Approved by: Shawne Ellerbee, RMA Deputy Director of Administrative Services
Approved by: Carl P. Holm, AICP, RMA Director

Attachments:

- Attachment A-East Garrison CSD Financial Summary for FY Ending 6/30/2020
 - Attachment B-East Garrison CSD Boundary Map
 - Attachment C-CSD-Sheriff Cost Summary
 - Attachment D-Draft Resolution
- (Attachments are on file with the Clerk of the Board)