



County of Monterey

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

Board Report

File #: RES 19-114, **Version:** 1

Acting on behalf of County Service Areas 17, 25, and 75, adopt a Resolution to:

- a. Authorize and direct the Auditor-Controller to amend the FY 2019-20 Adopted Budget for the County Service Area 17-Rancho Tierra Grande, Fund 057, Appropriation Unit RMA053, to increase appropriations by \$34,522, financed by Unassigned Fund Balance (Fund 057-Balance Sheet Account 3101) (4/5th vote required); and
- b. Authorize and direct the Auditor-Controller to amend the FY 2019-20 Adopted Budget for the County Service Area 25-Carmel Valley Golf and Country Club, Fund 062, Appropriation Unit RMA058, to increase appropriations by \$30,905, financed by Unassigned Fund Balance (Fund 062-Balance Sheet Account 3101) (4/5th vote required); and
- c. Authorize and direct the Auditor-Controller to amend the FY 2019-20 Adopted Budget for the County Service Area 75-Chualar, Fund 093, Appropriation Unit RMA088, to increase appropriations by \$46,040, financed by Unassigned Fund Balance (Fund 093-Balance Sheet Account 3101) (4/5th vote required).

RECOMMENDATION:

It is recommended that the Board of Supervisors, acting on behalf of County Service Areas 17, 25, and 75, adopt the following resolutions to:

- a. Authorize and direct the Auditor-Controller to amend the FY 2019-20 Adopted Budget for the County Service Area 17-Rancho Tierra Grande, Fund 057, Appropriation Unit RMA053, to increase appropriations by \$34,522, financed by Unassigned Fund Balance (Fund 057-Balance Sheet Account 3101) (4/5th vote required); and
- b. Authorize and direct the Auditor-Controller to amend the FY 2019-20 Adopted Budget for the County Service Area 25-Carmel Valley Golf and Country Club, Fund 062, Appropriation Unit RMA058, to increase appropriations by \$30,905, financed by Unassigned Fund Balance (Fund 062-Balance Sheet Account 3101); (4/5th vote required) and
- c. Authorize and direct the Auditor-Controller to amend the FY 2019-20 Adopted Budget for the County Service Area 75-Chualar, Fund 093, Appropriation Unit RMA088, to increase appropriations by \$46,040, financed by Unassigned Fund Balance (Fund 093-Balance Sheet Account 3101) (4/5th vote required).

SUMMARY/DISCUSSION:

On December 11, 2018, the Special Districts Annual Report was presented to the Board of Supervisors providing an overview of all Special Districts, including thirty-seven active County Service Areas (CSAs). The report focused on the financial and operational status of these districts and strategies to ensure the future sustainability of each district. The report identified CSAs 17, 25, and 75 as the three CSAs with the most critical need where staff was preparing scopes of work for Engineering Reports to be conducted.

Residents of CSA 17 have expressed concerns about the existing infrastructure needs and have requested repairs and upgrades, including substantial drainage work and road repairs, road striping, and right-of-way tree maintenance. Preparation of an Engineer's Report and a subsequent Proposition 218 election is estimated to cost \$32,522, with additional staff time estimated at \$2,000 to manage this additional work, for a total estimated cost of \$34,522. CSA 17 has an estimated FY 2019-20 beginning Unassigned Fund Balance of \$36,516 to fund this work.

Residents of CSA 25 have expressed concerns about existing infrastructure needs and have requested repairs and upgrades, including substantial drainage work, road repair, road striping, and right-of-way tree maintenance. Preparation of an Engineer's Report and a subsequent Proposition 218 election is estimated to cost \$28,905, with additional staff time estimated at \$2,000 to manage this additional work, for a total estimated cost of \$30,905. CSA 25 has an estimated FY 2019-20 beginning Unassigned Fund Balance of \$104,331 to fund this work.

Residents of CSA 75 have expressed concern about existing infrastructure needs and have requested repairs and upgrades, specifically for the addition of new sidewalks and increased streetlighting. An income study was recently completed for CSA 75-Chualar establishing it as a severely disadvantaged community, which places it in a position to potentially receive loans and grants for improvement projects to cover needed CSA services. CSA 75 needs include drainage work and street and sidewalk maintenance, including additional sidewalks and streetlights. In addition, CSA 75 requires the completion of a Sewer System Assessment that will report on structural and operational issues and performance of the system. A separate Sewer Rate Study was completed in 2017, and a 5-year annual sewer rate increase went into effect on January 1, 2018. Preparation of an Engineer's Report and a subsequent Proposition 218 election to establish new rates for storm drainage, streets, sidewalks, and streetlighting is estimated to cost \$23,040; cost of a Sewer Assessment is estimated at \$21,000; and additional staff time to manage these reports is estimated to cost \$2,000, for a total estimated cost of \$46,040. CSA 75 has an estimated FY 2019-20 beginning Unassigned Fund Balance for CSA 75 of \$46,804 to fund this work.

OTHER AGENCY INVOLVEMENT:

County Special Districts staff has communicated and met with individual property owners in CSAs 17, 25, and 75, and representatives of the Rancho Tierra Grande Association (CSA 17) and property owners within the Carmel Valley Golf and Country Club area (CSA 25) regarding the infrastructure and maintenance needs of the respective CSAs. The Budget Committee supported the recommendations at their meeting on August 28, 2019.

The County recently entered into an Exclusive Negotiation Rights Agreement with California American Water Company (CalAm) to negotiate, execute, and implement the sale and transfer of County sanitation systems within the jurisdictional boundaries of CSA 75-Chualar, the Pajaro County Sanitation District, and the Boronda County Sanitation District. The proposed assessment for CSA 75-Chualar should be completed regardless of the disposition of the CSA 75-Chualar sanitation system. However, completion of the assessment of the CSA-75 system will define the assets and liabilities and provide useful information that will facilitate negotiations.

FINANCING:

County Service Area 17- Rancho Tierra Grande

The recommended action will increase the FY 2019-20 CSA 17-Rancho Tierra Grande Adopted Budget appropriations in Fund 057, Appropriation Unit RMA053, by \$34,522, financed by Unassigned Fund Balance (4/5th vote required).

The estimated FY 2019-20 beginning fund balance is \$36,516, and projected revenue is \$13,709. With the requested appropriation, expenditures are estimated to total \$43,935, resulting in an estimated year-end fund balance of \$6,290. Funding the Engineer's Report will significantly reduce the CSA 17 fund balance. However, it is not anticipated to impact the necessary storm drainage and open space maintenance needs for the current fiscal year. An Engineer's Report and subsequent Proposition 218 election is necessary to increase CSA assessments to a level that can support adequate annual maintenance while increasing reserves to fund future capital improvements. Without an increase to assessments, CSA 17 could require general fund contributions in the future.

County Service Area 25-Carmel Valley Golf & Country Club

The recommended action will increase the FY 2019-20 CSA-25-Carmel Valley Golf & Country Club Adopted Budget appropriations in Fund 062, Appropriation Unit RMA058, by \$30,905, financed by Unassigned Fund Balance (4/5th vote required).

The estimated FY 2019-20 beginning fund balance is \$104,331 and projected revenue is \$40,884. With the requested appropriation, expenditures are estimated to total \$98,558, resulting in an estimated year-end fund balance of \$46,657. Funding the Engineer’s Report will not reduce the existing fund balance to a critical level and annual maintenance needs will be met.

County Service Area 75-Chualar

The recommended action will increase the FY 2019-20 Adopted Budget appropriations in Fund 093, Appropriation Unit RMA088, by \$46,040, financed by Unassigned Fund Balance (4/5th vote required).

The estimated FY 2019-20 beginning fund balance is \$56,535 and projected revenue is \$220,009. With the requested appropriation, expenditures are estimated to total \$193,702, resulting in an estimated year-end fund balance of \$82,842. Funding the Sewer System Assessment and CSA Condition Assessment/Engineer’s Report will not reduce the existing fund balance to a critical level and annual maintenance needs will be met. The assessments are critical to determining the needs of both the sanitation system and other infrastructure within the CSA. Sanitation rates are currently in the second year of a 5-year annual rate increase that went into effect on January 1, 2018. The incremental rate increases for 2020 through 2023 will allow for a higher level of sanitation maintenance as well as increased reserves from year-to-year.

BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

The requested appropriations for CSAs 17, 25, and 75 adhere to several Board Strategic Initiatives. Successful Proposition 218 elections will establish assessments that allow for effective administration of the CSAs; fund repairs and maintenance of storm drain, road, and sidewalk infrastructure; and provide enhanced public safety benefits to property owners and 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-Draft Resolution

Attachment B-CSA 17 Financial Summary for Fiscal Year Ending 6-30-20

Attachment C-CSA 17 Rancho Tierra Grande Location Map

Attachment D-CSA 25 Financial Summary for Fiscal Year Ending 6-30-20

Attachment E-CSA 25 Carmel Valley Golf & Country Club Location Map

Attachment F-CSA 75 Financial Summary for Fiscal Year Ending 6-30-20

Attachment G-CSA 75 Chualar Location Map

(Attachments are on file with the Clerk of the Board)