



# County of Monterey

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

## Board Report

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**File #:** 19-0265, **Version:** 1

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- a. Accept the Engineer's Report for County Service Area No. 66 - Oak Tree Views;
- b. Approve a County Service Area No. 66 - Oak Tree Views assessment increase in the amount of \$197.62 per parcel per year, resulting in an annual increase from \$408.96 to \$606.58 per parcel per year to take effect in Fiscal Year 2019-2020, with subsequent annual increases corresponding with the Consumer Price Index for the San Francisco/Oakland/San Jose Area; and
- c. Set a Public Hearing for June 25, 2019, at 1:30 p.m., to hold a Majority Protest Hearing for property-related assessment in County Service Area No. 66 - Oak Tree Views and direct the Resource Management Agency to publish notice of public hearing.

### RECOMMENDATION:

It is recommended that the Board of Supervisors:

- a. Accept the Engineer's Report for County Service Area No. 66 - Oak Tree Views;
- b. Approve a County Service Area No. 66 - Oak Tree Views assessment increase in the amount of \$197.62 per parcel per year, resulting in an annual increase from \$408.96 to \$606.58 per parcel per year to take effect in Fiscal Year 2019-2020, with subsequent annual increases corresponding with the Consumer Price Index for the San Francisco/Oakland/San Jose Area; and
- c. Set a Public Hearing for June 25, 2019, at 1:30 p.m., to hold a Majority Protest Hearing for property-related assessment in County Service Area No. 66 - Oak Tree Views and direct the Resource Management Agency to publish notice of public hearing.

### SUMMARY:

In April 2018, an Engineer's Report was completed for County Service Area No. 66 (CSA 66) Tract No. 1270 Oak Tree Views (formerly known as Las Lomas/Monterra Ranch), and annual adjustments were calculated through the 2018-19 fiscal year (Attachment A). The current annual assessment has not increased since 2006, while the infrastructure ages and the cost to provide maintenance and improvements has been impacted by inflation over the years. Staff is recommending an assessment increase for CSA 66, setting the assessment amount at \$606.58 per parcel per year effective in Fiscal Year 2019-20. The rate for subsequent years will increase by the applicable Bureau of Labor Statistics, Consumer Price Index, All Urban Consumers, for the San Francisco/Oakland/San Jose Area (CPI) percentage. The ten (10) year CPI average (2009 through 2018) is 2.2%; while the last five (5) year CPI average (2014 through 2018), based on the June reporting period of each year, is 3.08%. Without an increase, CSA 66 cannot fund the necessary routine maintenance or begin to build a reserve for future capital projects, so General Fund contributions may be necessary.

### DISCUSSION:

On May 20, 1997, the Monterey County Local Agency Formation Commission (Monterey LAFCO) approved annexation of the Subdivision to CSA 66 pursuant to LAFCO Resolution No. 97-9 (Attachment B). On July 22, 1997, the Monterey County Board of Supervisors adopted a Resolution to order annexation of the Monterra Ranch "Oak Tree Views" inclusionary housing subdivision into CSA 66 pursuant to Board Resolution No. 97-337 (Attachment C). CSA 66 provides for property-related services including parks and recreation (open space and tot lot) maintenance and improvements, streetlighting, street and sidewalk maintenance and improvements, and stormwater maintenance and improvements. Sewer services were also initially provided by CSA 66, however, were deleted in June 2004 pursuant to Board Resolution No. 04-237 and other sewer service

documents (Attachment D). Sewer services are provided by Cañada Woods Water Company. In a subsequent “Agreement for Property-Related Service for Inclusionary Housing” dated on or about September 3, 1997, between CSA 66 and Oak Tree Housing, a California Limited Partnership by its General Partner, Woodman Development Company, Inc., A California Corporation, for property-related services (hereinafter, “Agreement”), CSA 66 was authorized to levy an annual fee on residential lots within the subdivision in the not-to-exceed amount of \$1,000.00 per lot per year (Attachment E).

Therefore, pursuant to said Agreement, subsequent annual CPI adjustments within the not-to-exceed maximum rate are authorized with no additional action. A condition assessment of the infrastructure is planned for completion within the next three (3) years and will result in a list of recommended capital improvements projects. It is anticipated that future rate increases will be necessary to allow for completion of such projects. This plan was presented to CSA 66 property owners at two (2) public outreach meetings which were held on October 23, 2018 and February 5, 2019.

The Oak Tree Views Inclusionary Housing Subdivision was established to meet on-site inclusionary housing requirements of the Monterra Ranch Subdivision development approved by the Board on December 14, 1992 per Board Resolution No. 93-499 (Attachment F). The 42 homes were sold with a 30-year term of affordability. Depending on the date of sale, the homes have approximately eight (8) to ten (10) years remaining on this term. The nature of the inclusionary housing component of this development was considered when calculating the assessment increase to avoid placing a burden on the homeowners while meeting the service needs of CSA 66.

The Engineer’s Report was completed for County Service Area No. 66 Oak Tree Views in April 2018, and annual adjustments were calculated through the 2018-19 fiscal year (Attachment A). The Engineer’s Report analyzed routine maintenance and administrative costs and established a recommended annual assessment of \$606.58. The current annual assessment of \$408.96 has not increased since 2006, while the infrastructure ages and the cost to provide maintenance and improvements has been impacted by inflation over the years. The recommended increase will allow for an appropriate level of routine maintenance and a nominal annual increase in reserves as identified in the Engineer’s Report.

Special Districts staff has been active in community outreach efforts over the years. Most recently, two (2) community meetings were held to address the results of the Engineer’s Report and discuss levels of service within the CSA. The first meeting was held on October 23, 2018, with a follow-up meeting held on February 5, 2019. Information about the recommended assessment increase, maintenance needs, and historical budget information was provided to property owners attending these meetings.

Based on the Engineer’s Report, staff is recommending an assessment increase for CSA 66 setting the assessment amount at \$606.58 per year, effective in Fiscal Year 2019-20. The rate for subsequent years will increase by the Bureau of Labor Statistics, Consumer Price Index, All Urban Consumers, for the San Francisco/Oakland/San Jose Area (CPI) percentage. The ten (10) year CPI average from 2009 through 2018 is 2.2 percent (2.2%); while the last five-year CPI average (2014-2018), based on the June reporting period of each year, is 3.08%. During the next two (2) years, a comprehensive facilities condition assessment of the infrastructure in CSA 66 is planned to be completed. This condition assessment will provide information on future planning and scheduling of maintenance and capital improvement projects and corresponding recommendations for future rate increases for CSA 66. It is anticipated that the annual assessment will require regular increases to build a sufficient reserve fund that will ensure financial sustainability for CSA 66.

The recommended public protest hearing must be held not less than 45 days after it is set. If approved today,

staff will return to the Board of Supervisors on June 25, 2019, at 1:30 p.m., to hold a public protest hearing for the proposed rate increase. The proposed assessment increase will only be implemented if, upon conclusion of the public protest hearing, a majority (fifty percent [50%] plus one [1]) of the CSA properties submit written protests prior to or at the protest hearing. Only one (1) written protest will be counted for each property for purposes of determining if there is a majority protest. To be counted, the protest must: 1) be in writing; 2) state opposition to the proposed assessment increase; 3) identify the parcel by assessor's parcel number or street address; 4) include the original signature of all of the property owners of record; and 5) be received before the conclusion of the public protest hearing. The Notice of Public Hearing for said public protest hearing sets forth the requirements for a written protest to be counted (Attachment G).

#### OTHER AGENCY INVOLVEMENT:

This proposed increase was presented to the Budget Committee at their April 10, 2019 meeting, and the Committee supported these recommendations.

#### FINANCING:

There are 42 parcels in CSA 66. The total annual assessment revenue estimate for FY 2018-19 is \$17,176, based on the current assessment of \$408.96 per parcel per year. The recommended new assessment is \$606.58 per parcel per year, effective in FY 2019-20. This assessment increase will raise the total annual revenue by \$8,300 to \$25,476.36 for FY 2019-20. Using the Bureau of Labor Statistics, Consumer Price Index, All Urban Consumers, for the San Francisco/Oakland/San Jose Area (CPI) percentage, the average CPI for the last five (5) years (2014 through 2018), based on the June reporting of each year, is 3.08%. Using an estimated CPI, therefore, of 3.08% for FYs 2020-21 and 2021-22, total annual revenue is estimated at \$26,261 and \$27,070, respectively.

The fund balance reached a ten (10) year high of \$71,538 in FY 2012-13. Since FY 2013-14, various road repair and open space maintenance projects have required fund balance appropriations. The most recent road repair occurred in FY 2017-18 at a cost of \$42,424. The current fund balance is \$9,603. At the end of FY 2018-19, the estimated fund balance will be \$15,159, provided there is no emergency work (See Attachment H).

A Majority Protest means that if the County receives a majority of written protests (fifty percent [50%] plus one [1]) from the property owners, no increase will occur. Without an increase, CSA 66 cannot fund the necessary routine maintenance or begin to build a reserve for future capital projects, and General Fund contributions may be necessary.

#### BOARD OF SUPERVISORS STRATEGIC INITIATIVES:

Supporting the proposed three (3) year rate increases for CSA 66 achieves the following Board of Supervisors' Strategic Initiatives:

**Administration:** to "promote an organization that practices efficient and effective resource management and is recognized for responsiveness, strong customer orientation, accountability and transparency" by maintaining regular communication with the community to build/maintain trust, provide responsive customer service, and ensure the community recognizes the need for and can support rate increases to improve the fiscal sustainability of the CSA.

**Infrastructure:** to "plan and develop sustainable, physical infrastructure..." by providing increased funding for the continued maintenance and completion of capital improvement projects for infrastructure upgrades and meet public safety standards.

\_\_\_ 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 - Engineer's Report  
Attachment B - Monterey County LAFCO Resolution 97-9  
Attachment C - Board Resolution No. 97-337  
Attachment D - Board Resolution No. 04-237  
Attachment E - September 1997 Agreement between CSA 66 and Oak Tree Housing  
Attachment F - Board Resolution No. 93-499  
Attachment G - Notice of Public Hearing  
Attachment H - Financial History  
Attachment I - Location Map  
(Attachments on file with the Clerk of the Board)