

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF BOARD GOVERNED COUNTY SERVICE AREAS
AND RECORD OF ACTION**

March 14, 2023

FROM

BRENDON BIGGS, Director, Department of Public Works – Special Districts

SUBJECT

Public Hearing on Proposed Increase to Property Related Service Charge for Road Maintenance and Snow Removal Services in County Service Area 70 Zone R-22 (Twin Peaks)

RECOMMENDATION(S)

IT IS ANTICIPATED THAT THE PUBLIC HEARING WILL BE OPENED AND THEN CONTINUED TO APRIL 25, 2023

Acting as the governing body of County Service Area 70, Zone R-22 (Twin Peaks):

1. Conduct a public hearing, pursuant to Proposition 218, to hear and consider any protests against the proposed increase to property related service charge from \$100 per parcel per year to an increased amount of \$268.42 per parcel per year for ongoing costs for operations and maintenance (with an annual inflationary increase of up to 3%) and \$548.18 per parcel per year for a 10-year period to fund repayment of a loan, with interest, for a paving project, for a total of \$816.60 per parcel per year, effective Fiscal Year 2023-24, for road maintenance and snow removal services.
2. Direct the Clerk of the Board of Supervisors to count and determine the number of written protests submitted by owners of the identified parcels to determine if a majority protest to the proposed increased property related service charge exists.
3. Adopt a Resolution, if determined no majority protest exists, for the proposed increased property related service charge, which:
 - a. Authorizes a mailed ballot election, pursuant to Proposition 218, of property owners within County Service Area 70, Zone R-22 (Twin Peaks) regarding the proposed increase to property related service charge from \$100 per parcel per year to an increased amount of \$268.42 per parcel per year for ongoing costs for operations and maintenance (with an annual inflationary increase of up to 3%) and \$548.48 per parcel per year for a 10-year period to fund repayment of a loan, with interest, for a road paving project, for a total of \$816.60 per parcel per year, effective Fiscal Year 2023-24, for road maintenance and snow removal services.
 - b. Establishes May 9, 2023, or any day thereafter, as the date of the mailed ballot election for vote by the property owners within County Service Area 70, Zone R-22 (Twin Peaks), with the election conducted by an independent election service provider.
 - c. Directs the Auditor-Controller/Treasurer/Tax Collector to place the \$816.60 per parcel service charge on the Fiscal Year 2023-24 property tax roll if the mailed ballot election is successful.
4. Direct the Department of Public Works – Special Districts to begin procedures to dissolve County Service Area 70, Zone R-22 (Twin Peaks), if determined that a majority protest exists.

(Presenter: Brendon Biggs, Director, 387-7906)

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COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Ensure Development of a Well-Planned, Balanced, and Sustainable County.
Provide for the Safety, Health and Social Service Needs of County Residents.

FINANCIAL IMPACT

Approval of this item will not result in the use of Discretionary General Funding (Net County Cost). All costs associated with the property related service charge increase of County Service Area 70, Zone R-22 (Twin Peaks) (Zone) will be paid by the property owners within the Zone. The Zone currently generates annual revenue of \$18,900 (189 parcels at \$100 per parcel) through the existing property related service charge. This revenue is currently used to fund road maintenance and snow removal services.

If the proposed service charge increase is approved by the property owners of the Zone, annual revenue of \$154,337.40 will be generated, effective Fiscal Year 2023-24, comprised of:

- \$103,606.02 (189 parcels at \$548.18 per parcel) per year for 10 years to fund repayment of a loan, with interest, for a road paving project. At the conclusion of the 10-year period, this amount will be removed from the property related service charge.
- \$50,731.38 (189 parcels at \$268.42 per parcel, with an annual inflationary increase of up to 3%) to fund the ongoing costs for operations and maintenance. The inflationary factor is a key component to help offset increased cost of service in future years.

BACKGROUND INFORMATION

In 1989, the Zone was formed to provide road maintenance and snow removal services for 77 parcels in the Twin Peaks area. Through subsequent annexations and other actions, the Zone boundaries have increased to now include 189 parcels.

When the Zone was formed, a \$100 per parcel annual service charge was established. However, there was no inflationary factor built into the service charge and therefore the \$100 annual charge has remained unchanged. Had an inflationary factor of 3% been included since 1989, the per parcel service charge would now be approximately \$265 per year. With the annual cost of inflation over the past 33 years and the lack of a corresponding increase in revenue, services to the Zone have been increasingly reduced. This has resulted in a degrading of the road surface. Without immediate action to increase the annual service charge, the Zone's long-term sustainability and solvency is threatened.

Property owners residing in the Zone contacted the Department of Public Works – Special Districts (Department) staff regarding the provision for enhanced ongoing maintenance and snow removal services. On May 27, 2021, an informational letter and map were mailed to property owners outlining the anticipated costs and timelines related to enhanced services for the Zone. A second letter mailed on March 7, 2022, detailed a community townhall meeting, which was held on March 31, 2022. The second informational letter included a property owner survey card that was sent to all 189 property owners within the Zone. Of the 189 surveys mailed, 75 were returned with 50 in favor of the property related service charge increase. A third letter mailed on September 23, 2022, detailed another community townhall meeting, which was held on October 20, 2022, that also included an online portal for online attendance. The third informational letter included another property owner survey card that was sent to all 189 property owners within the Zone. Of the 189 surveys mailed, 52 were returned with 36 in favor of the property related service charge increase.

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The proposed annual service charge increase from \$100 per parcel per year to \$816.60 per parcel per year is intended to financially support enhanced services for the Zone. This amount is comprised of two parts, the first is to fund a 10-year loan to pulverize and repave the 12,455 linear feet of existing roadways. This amount is \$548.18 per parcel per year for 10 years. The second part, in the amount of \$268.42 per parcel per year with an annual inflationary increase of up to 3%, is to establish a sustainable Operation and Maintenance (O&M) program to continue to fund the Zone's sustainability long into the future. This includes greater frequency for snow removal services and ongoing road maintenance/repairs, including future paving projects. The proposed increase is based upon past and future anticipated maintenance costs, current administrative and operational costs, and future anticipated improvements.

Pursuant to Proposition 218 requirements for proposed increases to property related service charges, written notice was mailed on January 27, 2023, to the record owner of each identified parcel upon which the service charge is proposed for imposition. The notice included the amount of the charge proposed to be imposed upon each, the basis upon which the amount of the proposed charge was calculated, the reason for the charge, together with notice of the March 14, 2023 public hearing date, time, and location on the proposed property related service charge.

The Board of Supervisors (Board) shall hear and consider any and all protests against the proposed increased property related service charge pursuant to Proposition 218. At the conclusion of the public hearing, if the Board determines that written protests against the proposed increased service charge are presented by a majority of owners of the identified parcels, then the Board shall determine that a majority protest exists. Should this occur, the increased service charge shall not be imposed, and the proceedings will terminate. In such a circumstance, the Department will then begin procedures for the Zone's dissolution, pursuant to Recommendation No. 4, as anticipated future costs and current financing will make the Zone insolvent. If dissolved, the responsibility to maintain the road and perform services such as snow removal reverts back to the property owners. If the Board determines that a majority protest does not exist, then the Board may proceed, pursuant to Proposition 218 and California Constitution Article XIII D, § 6(c), by authorizing a mailed ballot election of property owners within the Zone for the proposed increase to the property related service charge. The election for the increased service charge shall be conducted not less than 45 days after the March 14, 2023 public hearing.

Recommendation No. 3 adopts a Resolution authorizing a mailed ballot election, pursuant to Proposition 218, regarding the proposed property related service charge and establishes May 9, 2023, or any day thereafter, as the date of the mailed ballot election for vote by the property owners within the Zone. The election will be conducted by an independent election service provider. The Department will return to the Board to adopt the certified election results.

If a simple majority of the ballots returned from the property owners approve the proposed increased service charge, the Department will recommend that the Board approve the increase and authorize placement of the new amount on the annual tax roll beginning in Fiscal Year 2023-24, upon approval from the California State Board of Equalization. If a simple majority of the ballots returned are not in favor of the proposed increase, the Department will terminate the proceedings and recommend that the Board direct the Department to begin procedures for the Zone's dissolution.

**Public Hearing on Proposed Increase to Property Related Service
Charge for Road Maintenance and Snow Removal Services in County
Service Area 70 Zone R-22 (Twin Peaks)
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PROCUREMENT

Not applicable.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Aaron Gest, Deputy County Counsel, 387-5455) on February 14, 2023; Auditor-Controller/Treasurer/Tax Collector (Linda Santillano, Deputy Chief, 382-3189) on February 20, 2023; Finance (Tom Forster, Administrative Analyst, 387-4635) on February 24, 2023; and County Finance and Administration (Paloma Hernandez-Barker, Deputy Executive Officer, 387-5423) on February 27, 2023.

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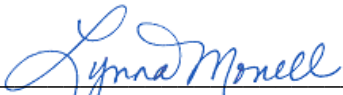
Record of Action of the Board of Supervisors
Board Governed County Service Areas

Hearing Opened
Public Comment: Syd Weatherford, David Markos

CONTINUED TO TUESDAY, APRIL 25, 2023

Moved: Curt Hagman Seconded: Col. Paul Cook (Ret.)
Ayes: Col. Paul Cook (Ret.), Jesse Armendarez, Dawn Rowe, Curt Hagman, Joe Baca, Jr.

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: March 14, 2023



cc: File -
JLL 03/15/2023