

**County Board of Supervisors
Agenda Items Related to
Special Tax Election
within CSA 68**

Attachment 1

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

August 23, 2011

(Continued from August 9, 2011, Item #76)

**FROM: JEFFREY O. RIGNEY, Director
Special Districts Department**

**SUBJECT: SPECIAL TAX ELECTION FOR ROAD IMPROVEMENTS FOR COUNTY
SERVICE AREA 68 (VALLEY OF THE MOON)**

RECOMMENDATION(S)

Acting as the governing board of County Service Area 68 (Valley of the Moon):
Conduct a public hearing and declare invalid the results of the special tax election for a \$100 per parcel per year with a 2.5% inflationary factor for road paving and road maintenance services.
(Affected Districts: Second)
(Presenter: Jeffrey O. Rigney, Director, 387-5967)

BOARD OF SUPERVISORS COUNTY GOALS AND OBJECTIVES

Maintain Public Safety.

Provide for the Health and Social Services Needs of County Residents.

FINANCIAL IMPACT

The cost for the mailed ballot election was approximately \$1,000. All costs associated with this special tax election will be paid for through the operating budget of County Service Area 68 (Valley of the Moon, SKP 440). Approval of this item will result in no Net County Cost (Discretionary General Funding). This action does not involve a federal program or the use of any federal funds.

BACKGROUND INFORMATION

County Service Area 68 (Valley of the Moon) was formed in 1969 for road maintenance and snow removal services. The roads were paved at the time of formation. This district was formed because the roads and drainage structures in this area were not built to the standards required by the County of San Bernardino to be accepted into the County maintained road system. Therefore, the property owners in 1969 voted to allocate a portion of their ad valorem property taxes for road maintenance.

The District is currently financed through this share of general property tax allocation and does not receive any additional funds for road or culvert maintenance. Several roads are now

cc: SDD-Rigney
SDD-Watkins
CAO-Brown
LAFCO
File – SDD/CSA 68
(Valley of the Moon) w/ attach

jr 8/31/11

ITEM 98

Record of Action of the Board of Supervisors

APPROVED
COUNTY OF SAN BERNARDINO
Board Governed County Service Areas

MOTION	AYE	NO	ABSENT	SECOND	AYE	AYE
	4				4	5

LAURA H. WELCH, CLERK OF THE BOARD

BY _____

DATED: August 23, 2011



RECEIVED
FEB 07 2012
LAFCO
San Bernardino County

**SPECIAL TAX ELECTION FOR ROAD IMPROVEMENTS FOR COUNTY
SERVICE AREA 68 (VALLEY OF THE MOON)
AUGUST 23, 2011
PAGE 2 OF 2**

deteriorating and require resurfacing and the culverts are failing causing sink holes in the roadways. The estimated annual tax revenue this District currently receives is \$43,000 which is not sufficient to repave and maintain four miles of roadway, maintain 35 culverts and continue to provide snow removal services.

On May 17, 2011, the Board authorized the Special Districts Department, with the assistance from the Registrar of Voters, to conduct a special tax election. During the election process, several parcels were omitted from the election and did not receive a ballot. The ballots were mailed on June 13, 2011 and were due back July 12, 2011. The Special Tax election was conducted, compiled and certified by the Registrar of Voters. There were 172 ballots sent of which 65 were returned. The results of the ballots indicated that two thirds of the registered voters who returned their ballots (47 – Yes; 18 – No) were in favor of the special tax.

Approval of the above recommendation will invalidate the results of the election due to the omission of several parcels from the election process. Staff will consider whether to recommend a new election at a later date. **(Reference File Name: csa68.kmz)**

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Dawn M. Messer, Deputy, 387-4322) on August 17, 2011; County Administrative Office (Jessica Brown, Administrative Analyst, 387-5510) on August 18, 2011.



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

August 9, 2011

**FROM: JEFFREY O. RIGNEY, Director
Special Districts Department**

**SUBJECT: PUBLIC HEARING FOR THE SPECIAL TAX ELECTION FOR ROAD
IMPROVEMENTS FOR COUNTY SERVICE AREA 68 (VALLEY OF THE MOON)**

RECOMMENDATION(S)

Acting as the governing board of County Service Area 68 (Valley of the Moon):
Continue public hearing to August 23, 2011 at 10:00 a.m. to consider results of a special tax election.
(Affected Districts: Second)
(Presenter: Jeffrey O. Rigney, Director, 387-5967)

BOARD OF SUPERVISORS COUNTY GOALS AND OBJECTIVES

**Maintain Public Safety.
Provide for the Health and Social Services Needs of County Residents.**

FINANCIAL IMPACT

The cost for the mailed ballot election is approximately \$1,000. All costs associated with this special tax election will be paid for through the operating budget of County Service Area 68 (Valley of the Moon, SKP 440). Approval of this item will not require discretionary general funding. This action does not involve a federal program or the use of any federal funds.

BACKGROUND INFORMATION

County Service Area 68 (Valley of the Moon) was formed in 1969 for road maintenance and snow removal services. The roads were paved at the time of formation. This district was formed because the roads and drainage structures in this area were not built to the standards required by the County of San Bernardino to be accepted into the County maintained road system. Therefore, the property owners in 1969 voted to allocate a portion of their ad valorem property taxes for road maintenance.

The District is currently financed through this share of general property tax allocation and does not receive any additional funds for road or culvert maintenance. Several roads are now deteriorating and require resurfacing and the culverts are failing causing sink holes in the roadways. The estimated annual tax revenue this District currently receives is \$43,000 which is

cc: SDD-Rigney
CAO-Brown
LAFCO
File -
jr 8/18/11

ITEM 76

Record of Action of the Board of Supervisors

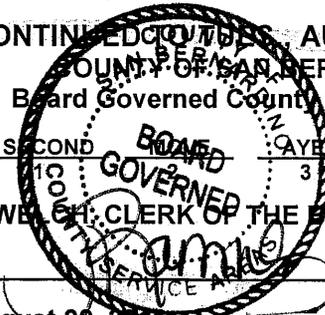
**CONTINUED TO AUGUST 23, 2011
COUNTY OF SAN BERNARDINO
Board Governed County Service Areas**

MOTION	SECOND	AYE	AYE	AYE
	10	3	4	5

LAURA H. WELCH, CLERK OF THE BOARD

BY _____

DATED: August 09, 2011



RECEIVED
FEB 07 2012
LAFCO
 San Bernardino County

**PUBLIC HEARING TO AUTHORIZE A SPECIAL TAX ELECTION FOR
ROAD IMPROVEMENTS FOR COUNTY SERVICE AREA 68 (VALLEY OF
THE MOON)
AUGUST 9, 2011
PAGE 2 OF 2**

not sufficient to repave and maintain four miles of roadway, maintain 35 culverts and continue to provide snow removal services.

On May 17, 2011, the Board authorized the Special Districts Department, with the assistance from the Registrar of Voters, to conduct a Special Tax election. The ballots were mailed on June 13, 2011 and were due back July 12, 2011. Approval of the recommendation will continue the public hearing to consider the results of the election to August 23, 2011. **(Reference File Name: csa68.kmz)**

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Dawn M. Messer, Deputy, 387-4322) on August 4, 2011; County Administrative Office (Jessica Brown, Administrative Analyst, 387-5510) on July 28, 2011.



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

May 17, 2011

**FROM: JEFFREY O. RIGNEY, Director
Special Districts Department**

**SUBJECT: CONDUCT A PUBLIC HEARING TO AUTHORIZE A SPECIAL TAX ELECTION
FOR ROAD IMPROVEMENTS FOR COUNTY SERVICE AREA 68 (VALLEY OF
THE MOON)**

RECOMMENDATION(S)

Acting as the governing board of County Service Area 68 (Valley of the Moon):

1. Conduct a public hearing to adopt a **Resolution No. 2011-68** authorizing a special tax mailed ballot election for an annual per parcel special tax of \$100 per parcel, per year with a 2.5% inflationary factor for road improvements for Valley of the Moon in the unincorporated area in Crestline, beginning in 2011-12.
 2. Authorize the Special Districts Department to proceed with a special tax mailed ballot election with assistance from the Registrar of Voters (Affected Districts; Second)
- Open/close hearing**
(Presenter: Jeffrey O. Rigney, Director; 387-5967)

BOARD OF SUPERVISORS COUNTY GOALS AND OBJECTIVES

- Maintain Public Safety.**
- Provide for the Health and Social Services Needs of County Residents.**

FINANCIAL IMPACT

The cost for the mailed ballot election will be approximately \$1,000. If the special tax election is successful, the \$79,800 in revenue (798 parcels at \$100 each) will be received in the 2011-12 district operating budget and thereafter. All costs associated with this special tax election will be paid for through the 2010-11 operating budget of County Service Area 68 (Valley of the Moon, SKP 440). Approval of this item will not require discretionary general funding.

BACKGROUND INFORMATION

County Service Area 68 (Valley of the Moon) was formed in 1969 for road maintenance and snow removal services. The roads were paved at the time of formation. This district was formed

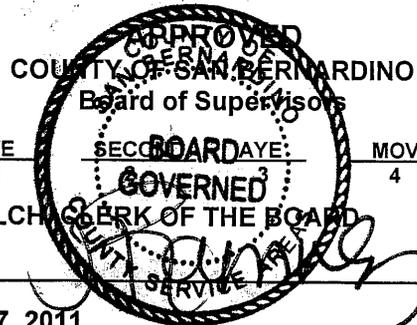
**RECEIVED
FEB 07 2012**

**LAFCO
San Bernardino County**

cc: w/ resolution
SDD-Rigney
SDD-Moran
County Counsel-Messer
CAO-Brown
LAFCO
File - SDD/CSA 68
(Valley of the Moon)
jr 5/25/11

ITEM 74

Record of Action of the Board of Supervisors



MOTION	<u> </u>				
	AYE	SEC	DAYE	MOVE	AYE
	1	1	4	4	5

LAURA H. WELCH CLERK OF THE BOARD

BY _____

DATED: May 17, 2011

**CONDUCT A PUBLIC HEARING TO AUTHORIZE A SPECIAL TAX
ELECTION FOR ROAD IMPROVEMENTS FOR COUNTY SERVICE AREA
68 (VALLEY OF THE MOON)
MAY 17, 2011
PAGE 2 OF 2**

because the roads and drainage structures in this area were not built to the standards required by the County of San Bernardino to be accepted into the County maintained road system. Therefore, the property owners in 1969 voted to allocate a portion of their ad valorem property taxes for road maintenance.

The District is currently financed through this share of general property tax allocation and does not receive any additional funds for road or culvert maintenance. Several roads are now deteriorating and require resurfacing and the culverts are failing causing sink holes in the roadways. The estimated annual tax revenue this District currently receives is \$43,000 which is not sufficient to repave and maintain four miles of roadway, replace 35 culverts and continue to provide snow removal services.

If the special tax is approved, estimated available annual sources will be \$122,800 (\$43,000 of ad valorem property tax revenue and \$79,800 of special tax revenue). The total estimated costs of existing required road paving and maintenance are \$150,000 and culvert replacements of \$250,000 (20 culverts at an average cost of replacement of \$12,500 including inspection and overhead costs). It is anticipated that the associated road paving/maintenance and culvert replacements will be implemented over a five year period. Annually, this plan is expected to be programmed at \$35,000 for road paving/maintenance (this includes additional appropriation to accommodate unforeseen conditions that may arise), \$50,000 for culvert replacement, \$20,000 for snow removal, and \$17,800 in contingencies. Due to the current road conditions, the District will be considering requesting a loan from the County CSA Revolving Loan fund at a later date.

Approval of the above recommendations will conduct a public hearing to adopt a Resolution authorizing a special tax mailed ballot for road improvements through a special tax in the amount of \$100 per parcel. **(Reference File Name: csa68.kmz)**

If two-thirds of the registered voters who return their ballots approve the special tax, the Special Districts Department will return to the Board of Supervisors to confirm the special tax election and seek approval for the placement of the \$100 per parcel on the 2011-12 tax roll.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Dawn M. Messer, Deputy, 387-4322) on April 25, 2011; County Administrative Office (Jessica Brown, Administrative Analyst, 387-5510) on May 5, 2011.



RESOLUTION NO. 2011-68

**RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF SAN BERNARDINO,
STATE OF CALIFORNIA ACTING IN ITS CAPACITY AS THE GOVERNING BOARD OF COUNTY
SERVICE AREA 68 (VALLEY OF THE MOON), AUTHORIZING A SPECIAL TAX ELECTION FOR
ROAD MAINTENANCE**

On Tuesday, May 17, 2011, on motion of Supervisor Oyitt, duly seconded by Supervisor Mitzelfelt and carried, the following resolution is adopted by the Board of Supervisors of San Bernardino County, State of California:

SECTION 1. The Board of Supervisors of the County of San Bernardino, acting as the governing board of County Service Area 68 (Valley of the Moon), hereby finds and determines:

(a) That County Service Area 68 is organized and operates under the authority of Chapter 2.5 of Division 2, Title 3 of the Government Code (commencing with Section 25210) and is authorized to provide road maintenance services.

(b) That this Board may levy special taxes in accordance with Government Code section 25215.2

(c) That this Board held a public hearing on this date to consider authorization of a special tax mailed ballot election with the return of ballots due by July 13, 2011 for an annual per parcel special tax of \$100 per parcel per year with a 2.5% inflationary factor for road maintenance beginning in Fiscal Year 2011-2012 to be collected on the tax bills for the affected properties..

SECTION 2. The Board of Supervisors of the County of San Bernardino, acting in its capacity as the governing board of County Service Area 68, therefore, hereby resolves and orders:

(a) That the Special Districts Department is authorized to proceed with a special mailed ballot election with assistance from the Register of Voters Department with the return of ballots due by July 13, 2011.

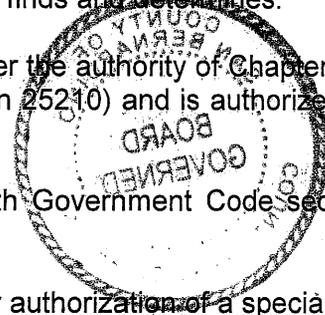
(b) That if two-thirds of registered voters with said County Service Area 68 vote in favor of the special tax, an annual per parcel special tax of \$100 per parcel per year with a 2.5% inflationary factor for road maintenance beginning in Fiscal Year 2011-2012 shall be collected on the tax bills for the affected properties

PASSED AND ADOPTED by the Board of Supervisors of the County of San Bernardino, State of California, by the following vote:

AYES: SUPERVISORS: Mitzelfelt, Rutherford, Derry, Ovitt, Gonzales

NOES: SUPERVISORS: None

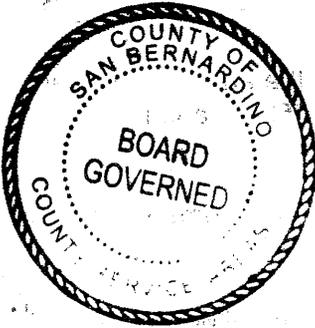
ABSENT: SUPERVISORS: None



STATE OF CALIFORNIA)
)
COUNTY OF SAN BERNARDINO)

ss.

I, **LAURA H. WELCH**, Clerk of the Board of Supervisors of the County of San Bernardino, State of California, hereby certify the foregoing to be a full, true and correct copy of the record of the action taken by the Board of Supervisors, by vote of the members present, as the same appears in the Official Minutes of said Board at its meeting of May 17, 2011. #74 jr



LAURA H. WELCH
Clerk of the Board of Supervisors

By _____

Ramirez
Deputy

SPECIAL DISTRICTS DEPARTMENT



COUNTY OF SAN BERNARDINO

157 West Fifth Street, Second Floor • San Bernardino, CA 92415-0450 • (909) 387-5940
Fax (909) 387-5968

JEFFREY O. RIGNEY
Director

March 15, 2011

County Service Area 68 (Valley of the Moon)

Dear Property Owner and Registered Voter:

County Service Area 68 (Valley of the Moon) (CSA 68) was formed in 1969 for road maintenance and snow removal services. At that time, districts were able to allocate a portion of the general property tax levy for a required service, in this case road maintenance. Currently, the total tax revenue for this District is approximately \$28,000 for maintenance of four miles of roadway. This district was formed because the roads and drainage structures in this area were not built to the standards required by the County of San Bernardino to be accepted into the County maintained road system. Therefore the property owners in 1969 voted to allocate a portion of their property taxes for road maintenance. The roads were paved at the time of formation.

In addition to four miles of roadway, CSA 68 maintains approximately 29 substandard culverts in this area. These culverts were in place prior to the formation of the district. Due to age the culverts are now beginning to rust and fail. When the culverts failed on Cross, Pine and Boa large sinkholes developed in the road and the roads were barricaded and closed until the repairs could be completed. To date, the culverts listed below have failed and have been replaced.

Date:	Location	Cost
8/30/2006	Intersection Pine Dr. and Moon Dr.	\$56,017
9/15/2008	594 Ashlar Drive	\$3,532
9/20/2008	571 Temple Court	\$5,100
8/10/2010	Cross Drive	\$20,000
2/8/2011	Boa Dr @ Electra Dr	\$34,370

Due to the record rainfall in December of 2010, there are three culverts which have been compromised and will need to be replaced immediately to prevent potential road failure.

Location:	Cost
553 Acacia Drive	\$16,297
533 Acacia Drive	\$8,477
633 Pyramid Drive	\$8,820

Additionally, Ashlar Drive and Boaz Drive are deteriorating and require complete road rehabilitation. Further, there are an additional 21 culverts in the District which will require future replacement. A culvert replacement schedule will help prevent future road failure and road closure.

GREGORY C. DEVEREAUX
Chief Executive Officer

Board of Supervisors
BRAD MITZELFELT First District NEIL DERRY Third District
JANICE RUTHERFORD Second District GARY C. OVITT Fourth District
JOSIE GONZALES Fifth District

A summary of the immediate financial requirements for repairs in the District are:

Culvert repairs on 553 and 523 Acacia and 633 Pyramid	\$33,594
Ashlar and Boaz Road Paving	\$150,000

In order to meet the immediate financial requirements for these repairs we are proposing to secure a five year loan for \$185,000 with an annual loan payment of \$45,000. However, there is not enough revenue in this district to repay this loan and to continue to provide snow removal and road maintenance services. Therefore in order to repay the loan, budget an additional \$30,000 for future culvert replacement and continue to provide snow removal service, pot-hole patching and other road related maintenance a special tax of \$100 per parcel per year is necessary. This will increase the district revenue by approximately \$75,000.

This survey is being mailed to both the registered voters and property owners. Therefore if you own multiple properties and/or are both a registered voter and property owner you may receive more than one survey. Please complete all surveys, indicating either your support or non-support for the annual charge for the road paving project by marking the enclosed pre-addressed postcard and mailing it no later than April 1, 2011.

If either a majority of the returned surveys' from the property owners or 2/3 of the registered voters support the Department's recommendations a request will be presented to the Board of Supervisors as an action to conduct a mailed ballot election for approval. If the mailed ballots returned are in favor of the \$100 per parcel charge, it will be placed on the property tax bill effective July 1, 2011.

If the survey is not successful, the Department will continue to provide road maintenance in the district up to the level of current funding pending a review of road service efficiency and an evaluation of liability. Without the \$100 special tax, it will most likely be determined that there is not sufficient revenue to maintain the roads in a safe manner. As a result, CSA 68 may experience discontinuation of services or even possible dissolution of the District.

There will be an informational meeting at the San Moritz Lodge, 24640 San Moritz Dr., Crestline, Ca. 92325 on March 28th. At 6:00 p.m.

If you have any questions, please contact Pamela Vandervoort, Regional Manager at (909) 387-5940.

Sincerely,



For: Pamela Vandervoort, Regional Manager

Rollings-McDonald, Kathleen

From: Rangel, Charles
Sent: Tuesday, April 12, 2011 10:46 AM
To: Rollings-McDonald, Kathleen
Subject: FW: survey letter Valley of the Moon

From: Rangel, Charles
Sent: Tuesday, March 01, 2011 10:48 AM
To: Vandervoort, Pam
Subject: RE: survey letter Valley of the Moon

Ok if the wording came from County Counsel we certainly understand but the other advice was to talk up the benefit of fixing up needed storm drain facilities at the start of the letter and right now that feature seems diluted/not emphasized.

From: Vandervoort, Pam
Sent: Monday, February 28, 2011 4:16 PM
To: Rangel, Charles
Cc: Rigney, Jeff
Subject: RE: survey letter Valley of the Moon

First, what the heck does this mean: "If the survey reveals a lack of support for the tax, the district will provide road maintenance up to the level of current funding pending a review of road service efficiency and an evaluation of liability." It sounds like we're saying "hey, we're going to do a review, and if that review comes up bad, well, then something's going to happen but we're not going to tell you what."

This is not my choice of wording. It is CYA wording we have always used when districts are on the brink of being dissolved. I believe it was implemented with County Counsel..

Attached is the worksheet for the charge. It also includes a reserve for future culvert replacement so we do not need to do an election again and allows for delinquencies which are inevitable and usually around 10 – 11%.

Pamela Vandervoort, Regional Manager
Special Districts Department
(909) 387-5940

From: Rangel, Charles
Sent: Monday, February 28, 2011 4:09 PM
To: Vandervoort, Pam
Subject: FW: survey letter Valley of the Moon
Importance: High

Pam- we (Supervisor and staff) looked at the letter you gave us and had a few suggestions before you release the letter.

From: Vanhorne, Scott
Sent: Wednesday, February 23, 2011 3:36 PM
To: Rangel, Charles
Subject: survey letter Valley of the Moon
Importance: High

Charles,

I re-wrote this letter to make it more reader friendly. I still have two big questions, which I highlighted on the document.

First, what the heck does this mean: "If the survey reveals a lack of support for the tax, the district will provide road maintenance up to the level of current funding pending a review of road service efficiency and an evaluation of liability." It sounds like we're saying "hey, we're going to do a review, and if that review comes up bad, well, then something's going to happen but we're not going to tell you what."

Second, I don't get the math on the tax, but I may just be missing the interest calculation. Special Districts is proposing to secure a loan from the County Service Area Revolving Loan for \$185,000 for a five-year loan of \$44,000 DOESN'T ADD UP. $\$185,000 \text{ divided by } 5 \text{ years} = \$37,000.$

Let me know what you think and I'll get a copy of this proposed revision to Jeff before the end of the week.

Thanks
Scott

County Service Area 68 (Valley of the Moon)

April 4, 2011

County Service Area 68 (Valley of the Moon) (CSA 68) was formed in 1969 for road maintenance and snow removal services. The district was also primarily formed because the roads and drainage structures in this area were not built to the standards required by the County of San Bernardino. In addition, CSA 68 maintains approximately 35 culverts in the area most of which are substandard.

Historical budget information for the past 10 year period is shown in Figure A. At the present time, CSA 68 has depleted its funds (see Figure B) and is in dire need of additional funding for annual road maintenance, debris removal, snow plowing operations, and culvert replacement. There are several factors that have contributed to the current financial demise of the district, including; (1) severe winter storms of the past few years; (2) emergency replacement projects of 45 year-old culverts; (3) increased costs of everything from fuel charges to road repair and paving material; and (4) the decrease in property tax collections due to the current economic recession. Expenditures of the past 10 years are shown in Figure C.

CSA 68 Valley of the Moon Road District - 10 yr analysis											
		Actuals 2003	Actuals 2004	Actuals 2005	Actuals 2006	Actuals 2007	Actuals 2008	Actuals 2009	Actuals 2010	Estimate 2011	Budget 2012
Sal/Ben	Staffing	14,278	4,650	6,235	2,841						
Serv/Supplies	Equip Maint/Road Maint	14,298	30,962	24,943	8,961	85,659	41,514	35,250	29,091	101,903	29,673
Central Computer			5	15	19	1	-1	18			
Operating Transfer Out		50,130	68	460				15,925	0		
Transfers Out	Reimburse other districts. Shared staff and equip.				7,005	6,916	9,331	14,773	15,954	17,393	17,153
Comments		Operating Transfer Out for CIP paving project	Serv/Sup-\$22,000 repairs To loader.BAI 3/23/2004	Serv/Supplies higher due to winter storm, flooding,debris flow. Local State of Emerg BAI 11,23,2004	Accounting change. Sal/Ben & Serv/Supp reimbursed to other districts now in Transfers Out.	Repairs to Moon Dr. sinking due to failed culvert pipe. BAI 9/12/2006	Serv/Supplies Debris removal from Nov 2007 storms & snow removal from Winter storm of Feb 2008	Serv/Supplies higher for storm & snow removal. Operating transfer out for additional culvert replacement: Ashlar Dr. & Temple Court		Culvert replacements for Boa Dr. & also Cross Dr., storm damage cleanup & snow removal. BAI of 3/22/2011	
Total Expenditures		78,706	35,685	31,653	18,826	92,576	50,844	65,966	45,045	119,296	46,826
Taxes		32,808	34,997	34,515	39,231	47,524	50,112	60,612	41,217	44,898	44,898
Use of Money		1,494	865	960	1,775	3,457	3,907	2,113	1,021	527	500
Other Revenue		317	253			254	-205	178	-599	578	578
Operating Transfer In						50,000					
						Received \$50,000 from General Fund for above repairs	Property tax increased due to real estate boom causing valuations to increase	\$12,694 Property tax correction for FY10	Property values decreased causing less property tax collections. Also, \$12,694 Property tax correction for FY09		
Total Revenue		34,619	36,115	35,475	41,006	101,235	53,814	62,903	41,639	46,003	45,976
Beginning Fund Balance		87,427	43,340	43,770	41,006	69,255	77,914	80,884	74,143	850	0

Figure A

Fund Balance									
2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
87,427	43,340	43,770	41,006	69,255	77,914	80,884	74,143	850	0

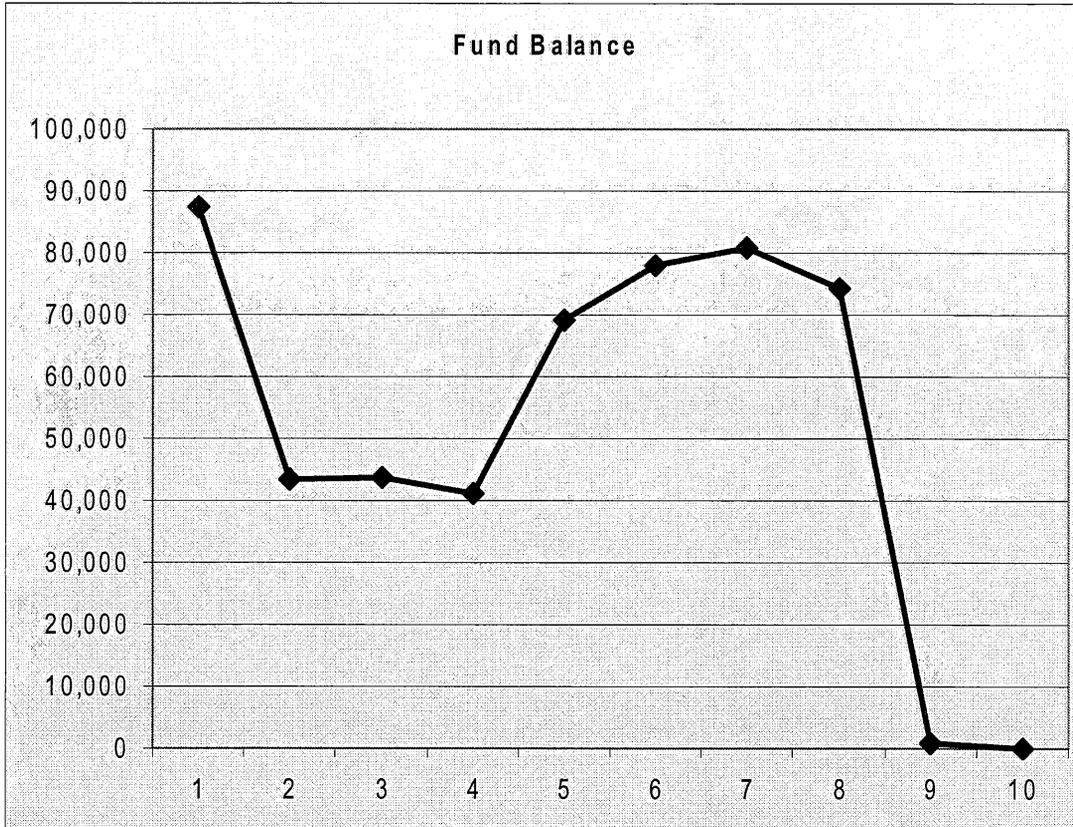


Figure B Sharp decrease in Fund Balance due to \$20,000 culvert replacement August 2010 at Cross Drive and \$34,370 culvert replacement February 2011 at Boa Drive.

Total Expenditures									
2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
78,706	35,685	31,653	18,826	92,576	50,844	65,966	45,045	119,296	46,826

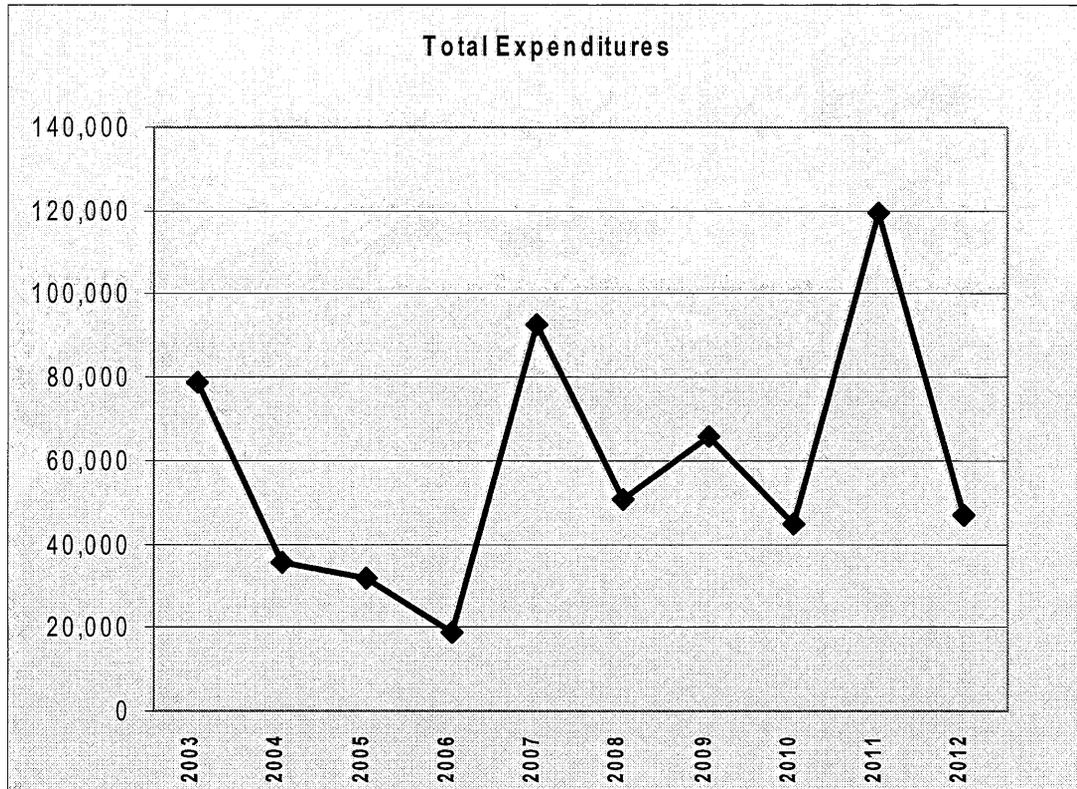


Figure C

As evidenced by Enclosures (1) through (6), the mountain regions have been subject to extraordinary weather conditions over the past few years requiring additional under-budgeted services. It seems that there has been a procession of floods from record rainfall with accompanying debris cleanup as well as winter storms with record snowfall. These have increasingly been the cause of elevated expenditures. To further aggravate circumstances, snowfall in several recent years has occurred well into the months of March and April requiring an increased amount of snow plowing each year.

Additionally, the district culverts have been in place since prior to the formation of the district. These culverts average 45 years in age and are now beginning to rust and fail causing road washout and sinkholes as depicted in Figures D through H. At times, this dilemma has resulted in road closures, restricting accessibility by the Fire Department, Ambulance, and other emergency services. These circumstances are unacceptable by any standard and correction of this situation is necessary to the safety and welfare of the community of Valley of the Moon. In an attempt to avert road closures, CSA 68 has been forced to prioritize the most critical areas for replacement projects in the past few years. These have been as follows:

Date	Location	Cost	Figure
8/30/2006	Moon Dr. & Pine Dr.	\$56,017	D
9/15/2008	594 Ashlar Dr.	\$10,000	E
9/20/2008	571 Temple Court	\$ 5,100	F
8/10/2010	Cross Dr.	\$20,000	G
2/8/2011	Boa Dr @ Electra	\$34,370	H



Figure D Moon Drive



Figure E Ashlar Drive



Figure F Temple Court



Figure G Cross Drive



Figure H Boa Drive

There are also an additional twenty-one (21) culverts that will require replacement within the near future to prevent road failure and road closure. The three (3) with the highest priority are:

Location	Estimated Cost
553 Acacia Dr.	\$16,297
533 Acacia Dr.	\$ 8,477
633 Pyramid Dr.	\$ 8,820

Additionally, Ashlar Drive and Boaz Drive are deteriorating and require complete road rehabilitation. This will require approximately \$150,000 in financing. Other needed paving, slurry seal, and maintenance work need to be scheduled for the following:

Location	Recommendation
Gilroy Lane	Pulverize/Repave
Saxon Drive	Pulverize/Repave
Arth Drive	Pulverize/Repave
Pine Drive	Overlay to Pyramid/Pulverize/Repave to Temple
Electra Drive	Asphalt Overlay
Pyramid Drive	Asphalt Overlay
Boa Drive	Asphalt Overlay
Jewell Drive	Slurry Seal
Moon Drive	Slurry Seal
Cross Drive	Slurry Seal
Acacia Drive	Slurry Seal
King Drive	Slurry Seal
Temple Court	Slurry Seal

Obviously, there is much remedial work needed within the district. The question at hand is how to finance it. At the time of CSA 68 formation, a portion of the general property tax levy for residents within this district was allocated for road maintenance, debris removal, and snowplowing. Currently, the total annual tax revenue for this District is approximately \$45,000. However, as evidenced by Figure I, the revenues are subject to fluctuation due to the fact that revenue is based upon property tax, which is a direct correlation of the valuation of property. Many residents have had their property revaluated at lower amounts, resulting in lower parcel tax payments, and some properties are in foreclosure, which means that no tax is being paid on these at this time.

Total Revenue									
2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
34,619	36,115	35,475	41,006	101,235	53,814	62,903	41,639	46,003	45,976

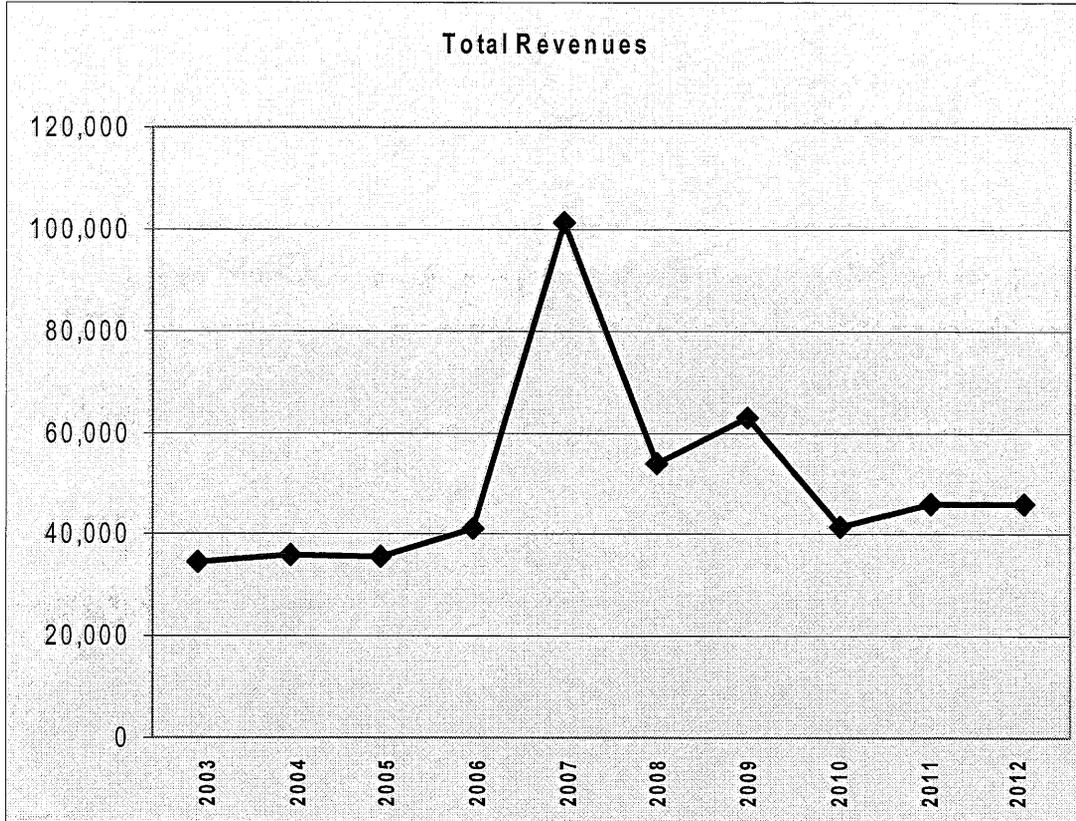


Figure I

In an attempt to alleviate the impending financial crisis for the district, the Special Districts Department in conjunction with the County of San Bernardino has made available a low-interest loan in the amount of \$185,000. This would allow for the immediate replacement of the aforementioned critical culverts, the repaving and repair to the above listed roadways, and, for the foreseeable future, general maintenance, debris removal and snowplowing requirements of the district. The interest rate is historically much lower than commercial loans and has ranged from 1.5% three years ago to the current rate of around 1%. This would make the annual loan payment approximately \$40,000.

To summarize, while the current political climate seems to dictate 'No New Taxes' at the State and Federal level, the scenario for CSA 68 is entirely different. The proposed additional tax of \$100 per parcel per year would generate an additional \$72,000 per year in additional revenue. This is money that will not be sent to Washington, D.C.; will not be sent to Sacramento, CA; will not be sent overseas; will not even be sent to the County of San Bernardino; but will be used by the district to make the community roadways safer for travel and to provide accessibility to residents for Fire, Ambulance, and other emer-

agency service vehicles. Specifically, the infusion of this funding will be used to repay the loan from the County and to finance future impending culvert projects. Passage of this additional tax will allow not only the basic requirements for public roadway safety, but also will be used to fund replacement and repair projects, to fund repavement and slurry seal projects, and to allow the district to continue providing services to the community well into the 21st Century.

** For additional information please contact Pam Vandervoort, County of San Bernardino Special District Department, (909) 387-6067