

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
SITTING AS THE GOVERNING BOARD OF THE FOLLOWING:
SAN BERNARDINO COUNTY, CALIFORNIA
BOARD GOVERNED COUNTY SERVICE AREAS
AND RECORD OF ACTION**

May 23, 2017

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

**SUBJECT: PUBLIC HEARING TO AUTHORIZE A REGISTERED VOTER ELECTION TO
FORM ZONE A OF COUNTY SERVICE AREA 68 (VALLEY OF THE MOON)
FOR ROAD MAINTENANCE SERVICES AND APPROVE REVOLVING FUND
LOAN**

RECOMMENDATION(S)

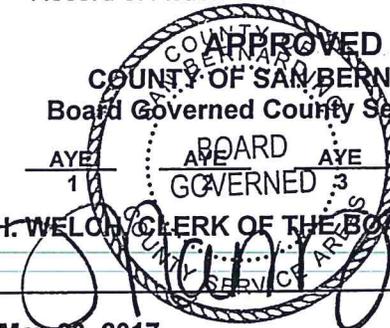
1. Acting as the governing body of the Board Governed County Service 68 (Valley of the Moon), conduct a public hearing to:
 - a. Acknowledge receipt of valid petition to form Zone A of County Service Area 68 (CSA 68) for road grading and road maintenance services of not less than 10% of registered voters.
 - b. Authorize the Special Districts Department to proceed with a special tax election of registered voters for a proposed special tax of \$147 per year for five years with an annual 2.5% inflationary factor and \$117 every year thereafter with an annual 2.5% inflationary factor.
 - c. Establish August 8, 2017 as the date for the public hearing for the Board of Supervisors to certify the election results to form Zone A of CSA 68 and authorize the Auditor-Controller/Treasurer/Tax Collector to place the \$147 tax on the 2017-18 property tax bill.
 - d. If the election is successful, upon direction by the Special Districts Department, direct the Clerk of the Board to:
 - i. Publish a notice of the August 8, 2017 hearing pursuant to California Government Code Section 25217 (d);
 - ii. Mail copies of the notice to all affected landowners whose names appear on the last equalized assessment roll at least 20 days before the hearing date;
 - iii. Mail notices to all cities, special districts or spheres in the zone at least 20 days before the hearing date; and
 - iv. Ensure the notice is posted in at least three public places in the proposed zone.
 - e. Approve budget adjustments as detailed in the Financial Impact section and direct the Auditor-Controller/Treasurer/Tax Collector to increase the budget by \$8,800, from \$25,100 to \$33,900, for the cost of the election (Four votes required).
2. Acting as the governing body of the County of San Bernardino, adopt a **Resolution No. 2017-90** to approve a loan in the amount of \$255,000 from the County Service Area Revolving Loan fund for County Service Area 68 Zone A contingent upon formation of Zone A and success of the election.

cc: w/resolution
SDD-Rigney
SDD-Reception
HR/EMACS-Position Control
HR-Garcia (4)
ATC-Gen Acct Mgr
ATC-Lazzar
CAO-Pajot
File - Special District/CSA 68
(Valley of the Moon) w/attach

jr 6/8/17

ITEM 168

Record of Action of the Board of Supervisors

					
	MOTION	AYE	AYE	SECOND	MOVE
		1	3	4	5
	LAURA H. WELCH	CLERK OF THE BOARD			
	BY _____				
	DATED: May 23, 2017				

**PUBLIC HEARING TO AUTHORIZE A REGISTERED VOTER ELECTION
TO FORM ZONE A OF COUNTY SERVICE AREA 68 (VALLEY OF THE
MOON) FOR ROAD MAINTENANCE SERVICES AND APPROVE
REVOLVING FUND LOAN
MAY 23, 2017
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Hearing Opened
Public Comment: Michael Rose
Hearing Closed

(Presenter: Jeffrey O. Rigney, Director, 387-5967)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS AND OBJECTIVES

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

Ensure Development of a Well-Planned, Balanced, and Sustainable County.

FINANCIAL IMPACT

Approval of this item will not result in the use of Discretionary General Funding (Net County Cost). The cost for the registered voter election will be approximately \$8,800. As this amount was not included in the 2016-17 budget, an increase in appropriation will be offset by CSA 68 available reserves.

The fund in the table below has an available balance that supports the recommended adjustment and transfer. This budget adjustment cannot wait until the Fourth Quarter Budget Adjustment (estimated in August) as there is not sufficient appropriation in the current budget to authorize the expenses that will be incurred with the election.

Fund	Dept	Org	Appr Unit	Obj/Rev	Amount	Increase/Decrease
SKP	440	440	200	2135	\$8,800	Increase
SKP	440	440	B570		(\$8,800)	Decrease

If the election is successful, a loan to accomplish the critical deferred maintenance will be funded by the County Service Area Revolving Loan Fund. California Government Code Section 25214.5 authorizes the Board of Supervisors to appropriate available funds to a revolving fund of not more than \$2,000,000 from which loans may be made to county service areas and their zones. Currently, a balance of \$1,530,000 is available, with \$525,000 under consideration for CSA 70, R22 (on today's agenda), leaving an available loan balance of \$1,005,000. The loan amount contingent upon a successful election will be \$255,000. The loan will be repaid over a 5-year period from the CSA 68 Zone A operating fund with an estimated annual payment of \$56,000 (including interest over the 5-year period). These funds will be used to recondition the roads in CSA 68.

There are 545 parcels within the proposed Zone A of CSA 68. If the election is successful, it will establish a special tax of \$147 per parcel, per year, for Zone A parcels, with an annual inflationary increase of up to 2.5%, thereby increasing the annual amount collected by the district by \$80,115. The \$80,115 in additional revenue will fund the \$56,000 annual loan payment, with the additional \$24,115 being allocated to patching and repair of other roads in the system, slurry seals every five years, anticipated future culvert repair, and contingency funding. The loan to accomplish the initial revitalization project will be satisfied in five years

RESOLUTION NO. 2017-90

**RESOLUTION OF THE BOARD OF SUPERVISORS OF THE
COUNTY OF SAN BERNARDINO, STATE OF CALIFORNIA,
APPROVING A LOAN FROM THE COUNTY SERVICE AREA LOAN FUND**

On Tuesday May 23, 2017, on motion of Supervisor Gonzales, duly seconded by Supervisor Hagman 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 hereby finds and determines:

- (a) That California Government Code Section 25214.5 authorizes this Board to appropriate available funds to a revolving fund of not more than \$2,000,000, from which loans may be made to county service areas;
 - (b) That a registered owner election has been authorized for July 11, 2017 to form Zone A of County Service Area 68 (Valley of the Moon) (District) and if successful, authorize a special tax of \$147 per year for five years, with an annual inflationary increase of up to 2.5% and thereafter reduce the special tax to \$117 thereafter, including an annual 2.5% inflationary factor, to be placed on the property tax bills of property owners in the District.
 - (c) That this Board has determined that the District is in need of funds to carry out the functions for which it was formed, and has further determined that the loan is for a proper purpose and that the District will be able to repay said loan within the time and under the conditions imposed by law and by this Resolution.
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SECTION 2. The Board of Supervisors of the County of San Bernardino, therefore, hereby resolves and orders:

- (a) That, contingent upon the formation and successful election results of the District, there is hereby authorized a loan to the District in the amount of \$255,000 with said loan to be made from the Reserve Fund for Loans to county service areas; subject to the following conditions:
 - (1) The loan may be paid out in increments, as requested by the District;
 - (2) The loan shall be repaid to said fund not later than 2022
 - (3) Interest shall accrue on the unpaid principal of each increment of the loan and be repaid within the time stated herein at the current rate per annum received by the County of San Bernardino on similar types of transactions, as determined by the County Treasurer as of the date of each disbursement;
 - (4) Reimbursement shall be made from special taxes, service fees or other monies which may become available to the District.
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PASSED AND ADOPTED by the Board of Supervisors of the County of San Bernardino, State of California, by the following vote:

AYES: SUPERVISORS: Robert A. Lovingood, Janice Rutherford,
James Ramos, Curt Hagman

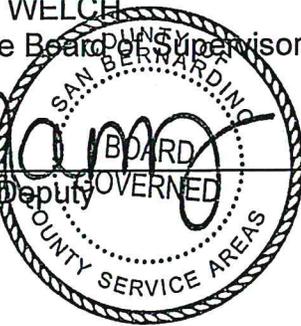
NOES: SUPERVISORS: None

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 23, 2017. #168 jr

LAURA H. WELCH
Clerk of the Board of Supervisors

By  

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and will result in the annual per parcel special tax being reduced to \$117 annually as all culverts will have been repaired and future revenue would be sufficient to maintain the culvert system.

BACKGROUND INFORMATION

CSA 68 was formed in 1969 for road maintenance and snow removal services and in 1969, the property owners voted to allocate a portion of their ad valorem property taxes for road maintenance. During the 48 years since the formation, the district has seen no increases in revenue, yet service costs have increased significantly during that time, as a result of inflation. In 2013, the Special Districts Department conducted an election toward increasing revenues through a registered voter election, which was unsuccessful. As a result, on October 22, 2013 (Item 58), the Board of Supervisors approved a reduction in service levels to snow removal services only.

Several roads are now deteriorating and require resurfacing and the culverts are failing causing sinkholes in the roadways. The total ad valorem revenue this district receives annually 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. The proposed zone is being formed for road maintenance and culvert repair and is limited to parcels receiving direct benefit.

Special Districts' staff attended a community meeting in November 2015 to provide information and receive feedback from local residents that revealed a community group had formed in favor of pursuing another election aimed at providing sufficient revenue to recondition failing roads, repair failing culverts, and properly maintain the entire road system. This community group gathered the required signatures, which has been certified by the Registrar of Voters, to petition the Board for approval of a registered voter election.

If the registered voter election is approved and 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 on August 8, 2017 to consider adoption of a resolution to form Zone A and approve the special tax. If the election is unsuccessful, the district will continue to provide snow removal services as established by the Board of Supervisors in 2013.

PROCUREMENT

Not applicable.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Dawn Martin, Deputy County Counsel, 387-5455) on April 17, 2017; Auditor-Controller/Treasurer/Tax Collector (Lisa Lazzar, General Accounting Manager, 382-3916) on April 20, 2017; Finance (Allegra Pajot, Administrative Analyst, 387-5005) on May 8, 2017; and County Finance and Administration (Matthew Erickson, Chief Administrative Analyst, 387-3937) on May 9, 2017.

