



**COUNTY SERVICE AREA NO. 50
("DUNNEVILLE")
PROPERTY-RELATED FEE REPORT**

SUPPLEMENTAL FEE FOR FISCAL YEARS 2021/22 THROUGH 2025/2026 (Five Years)

November 17, 2020/January 12, 2021

**COUNTY SERVICE AREA NO. 50
("DUNNEVILLE")**

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1. INTRODUCTION AND BACKGROUND

1.1. Introduction

Resolution Number 1998-85 passed and adopted on July 7, 1998 by the Board of Supervisors (“Board”) of the County of San Benito, State of California (“County”) established County Service Area Number 50 (“Dunneville”) pursuant to the County Service Law. The type or types of extended County services proposed to be provided within said service area include:

1. Street and highway sweeping;
2. Street and highway lighting, including the acquisition, construction, replacement, maintenance and repair of a street or highway lighting system, including land easements and rights of way;
3. Refuse collection;
4. Garbage collection;
5. Water service, including the acquisition, construction, operation, replacement, maintenance and repair of the water supply and distribution systems, including land easements and rights of way and water rights;
6. Extended police protection;
7. Structural fire protection; and
8. Maintenance of drainage facilities

The purpose of the proposed Fee covered by this report is to supplement for a five year period of time the existing parcel fees (charges) being levied for Dunneville in 2021/22 and in subsequent years. This proposed replacement Fee is a property-related fee authorized pursuant to the County Service Area Law – Government Code beginning with Section 25210 (Section 25215.5 in particular). The failure to approve the proposed Fee covered by this report will not impact the ability and authority of the County of San Benito and County Service Area No. 50 to levy the existing parcel fees (charges) in 2020-21, prior years and in the future.

1.2. Background

The Legislature recognized that unprecedented growth in unincorporated areas in counties created a burden on local government to provide extended services such as police and fire protection, local park, recreation or parkway facilities and services, water service, sewer service, street sweeping, street lighting, landscaping, storm drain maintenance, and road maintenance. Recognizing the duty of counties to adequately meet the needs of such areas for extended governmental services and also recognizing that such areas should pay for the extended services provided, County Service Areas (“CSA’s”) were established as an alternative mechanism to provide the extended governmental services and to collect service fees to cover such services.

RMA staff estimates each County Service Area budget annually. The estimated annual budget is based on prior year work effort, planned and CSA requested future services, inflationary factors, and includes maintenance, repair, and capital improvements. An analysis is also made of the revenue and reserve balances, to determine the fees and charges for the fiscal year.

Consequently, fees in the amount of \$1700.64 and \$371.80 (the existing fee per EDU) was levied and included in the 2020-21 secured property tax bill for each of the thirty (30) parcels within Dunneville.

The current **maximum** approved fees are: \$1,700.64 and \$397.93 per EDU.

1.3. Need for a Supplemental Fee

The existing parcel charges must be supplemented for the following reasons:

1. Senate Bill 1458 took effect on January 1, 2009, and overhauled the existing CSA Law for Compliance with Propositions 13 and 218. These propositions dictate how property-related fees (among other type of revenue) may be imposed and increased by a public agency.
2. Under new CSA Law, the county is required to go through this process to supplement the existing fee to provide adequate funding for the services that the CSA residents have requested, and which the CSA will provide, if the fee is approved.
3. The existing fee does not provide sufficient funds for the construction of a new subdivision gate and related landscaping, with all accompanying expenses such as water and electrical connection to the site, with any funds generated by the fee unnecessary for project completion to be used to reduce future PG&E expenses and to build the CSA's reserve fund for any future capital needs; and

1.4. Boundaries of the County Service Area - Dunneville

Dunneville is located in the unincorporated area of the County of San Benito north of Fairview Road, east of San Felipe Road, and along Dunneville Road. Dunneville has 31 parcels as follows: 30 developed residential and 1 detention pond.

2. DESCRIPTION OF NEW IMPROVEMENTS & SERVICES TO BE PROVIDED

Construction of a Subdivision Gate:

Construction of a new subdivision gate and related landscaping and fencing expenses, with all accompanying expenses such as water and electrical connection to the site, with any excess funds not needed for project completion to be dedicated to existing CSA budget, to (1) reduce future PG&E expenses and 2) increase CSA 50 reserves, as may be needed for future expenses for the operation and maintenance of the water treatment plant, utility costs, gate maintenance, and road maintenance.

Specifically, the construction of the new gate will probably be accomplished by a loan from existing CSA 50 reserves, and this fee will then be collected to pay back the loan from the CSA 50.

The capital improvements funded by this fee will be made only following completion of a CEQA determination. While this project could potentially be exempt from CEQA, that determination will be made when the project design is completed. If the project is not approved to proceed after completion of the CEQA process or for any other reason, any funds collected by this fee shall be refunded.

3. ESTIMATE OF COSTS

The purpose of the proposed Fee covered by this report is to supplement the existing parcel charges for extended services in Fiscal Year 2021/22 through 2025/26 (a period of five years). The annual maximum budget amount is being used as the basis for the calculation of the annual maximum fee described in the Fee Schedule section of this report. The budget will be recalculated annually and used as the basis for the calculation of the annual fee which shall not exceed the annual maximum fee. For this specific fee, it is anticipated that the fee will remain the same and not change during the five year period.

However, it has the *potential* of being reduced, but not increased during the five year period. No Cost of Living approval is being sought, therefore, there will be no COLA implemented during the fee.

3.1 Definitions (Part of the Standard Fee Report)

Annual Under Collection – In County Service Areas with an annual under collection of funds as compared to the total annual budget for the applicable County Service Area, the shortfall shall be handled as follows:

- All non-essential services and maintenance of improvements provided by the applicable County Service Area will be curtailed or eliminated due to the lack of adequate funding. Furthermore, the County and the County Service Area may pursue the replenishment of funds through any methods authorized by law.

County Administrative Charge – County direct and indirect costs related to the ongoing administration of the fees and services, including but not limited to, the administration of funds, budgets, tracking, calculation and collection of the fee on the property tax bill or any other manner, any related or incidental costs and fees, legal counsel, auditors, accountants, consultants and any other agents of the County.

County Service Area Internal Service Fund Contingency Reserve Draw – In County Service Areas with a draw of funds from the contingency reserve within the County Service Area fund after the payment of all expenses, the funding of chip/slurry seal, other capital projects, and the funding of

operating and capital reserves, the additional draw of funds needed from the County Service Area internal service fund contingency, to avoid negative fund balances, shall be handled as follows:

- If a replacement property-related fee has been approved by the property owners, the replacement property-related fee for the applicable County Service Area has been structured to provide for the replenishment of all funds over a period of five (5) years, or ten (10) years if specifically approved by the Board of Supervisors. Additional funding from the County Service Area internal service fund contingency transfer, as adopted by at least a 4/5ths vote of the Board of Supervisors, may be necessary to avoid negative fund balances. These inter-fund contingency transfers shall charge, the County Service Area requiring additional funding, interest at the same rate that the County Service Area internal service fund accrues interest.
- If a replacement property-related fee has not been approved by the property owners, all non-essential services and maintenance of improvements provided by the applicable County Service Area will be curtailed or eliminated due to the lack of funding and these CSAs shall not be eligible for funding from the County Service Area internal service fund contingency. Furthermore, the County and the County Service Area may pursue the replenishment of funds through any methods authorized by law.

Essential Services – Services performed for the purpose of health and safety, including potable water and sewer services, and if determined by the Board of Supervisors on a case by case basis, storm drainage maintenance.

Immediate Funding of Reserves – If a replacement property-related fee has been approved by the property owners, the reserves for the applicable County Service Area shall be immediately funded from all available County Service Area funds, including a draw of funds from the contingency reserve, as follows:

- At full and goal levels, in accordance with the guidelines set herein, the capital projects, operating contingency, replacement, and special replacement reserves, including an extra year's worth of funding of the capital projects reserve in accordance with the schedule of capital projects, particularly chip/slurry seal, maintained by the Public Works Department.

Interest – Interest is calculated on individual CSA fund balances and allocated annually. Any interest that a CSA earns will be captured as an increase to the CSA fund balance in the annual budget.

Reserves – Capital Projects – The purpose of the capital projects reserve is to provide funding for the ongoing need to reinvest in program infrastructure such as road chip or slurry seal. The annual cash contribution to a capital projects reserve can be used to pay for the costs of immediate capital improvement projects or it can be saved and accumulated over several years to pay for future projects. The annual budget shall allow for the funding of a capital projects reserve at a rate of 20% per year with the goal of accumulating 100% of the capital project cost over a period of five (5) years.

Reserves – County Service Area Internal Service Fund Contingency Reserve – The purpose of the County Service Area internal service fund contingency reserve is to provide an added cushion for County Service Area administration. County Service Areas that have exhausted all funds from the contingency reserve within the County Service Area fund after the payment of all expenses, the funding of slurry seal, other capital projects, replacement of equipment and facilities, and the funding of operating, capital and replacement reserves shall be eligible for contingency funding from the internal service fund. These inter-fund contingency transfers shall charge, the County Service Area requiring additional funding, interest at the same rate that the County Service Area internal service fund accrues interest.

Reserves – Operating Contingency – The purpose of the operating contingency reserve is to provide an added cushion against poor financial performance when compared to budget, either due to

reduced revenues or increased expenditures actually incurred. The annual budget shall allow for the funding of an operating contingency reserve at a rate of 2% per year with the goal of accumulating 10% of the annual operating budget, excluding administrative fees, over a period of five (5) years.

Resolution Guiding Reserves and Funds – Reference is made and incorporated herein to the resolution establishing guidelines for the funding of reserves, the handling of surplus funds and the establishment of a contingency reserve within each County Service Area and the County Service Area internal service fund.

Surplus Funds – In County Service Areas with a surplus of funds after the payment of all expenses, the funding of chip or slurry seal, other capital projects, replacement of facilities, and the funding of operating and capital reserves, the surplus of funds shall be applied as follows:

- If a replacement property-related fee has not been approved by the property owners, the surplus funds will be held by the applicable County Service Area for the continuance of essential services until the depletion of funds.

3.2 Annual Budget

The Recommended Annual Budgets included in this Fee Report CSA 50 (“Dunneville”), is a calculation of the proposed annual costs estimated for the services to be provided in Fiscal Year 2021/22-2025/2026.

The following page represents the annual proposed budget for 2021/22 through 2025/2026 fiscal years for this proposed supplemental fee.

Note: While the estimated FY 21/22 Budget for CSA 50 is included, this budget is estimates at this time and may change during adoption of the Annual Budget.

Insert Budget (This fee only)

	FY2021-22 Budget
REVENUE	
Parcel Charges – (\$640/parcel)	\$19,200
Total Revenues	\$19,200
EXPENSE	
Repayment of Reserves used to Construct Gate, plus any required cost plan, force account, or admin charges imposed by the County of San Benito (consistent with normal County practices for CSA's)	\$19,200
TOTAL BUDGET	\$19,200

4. FEE SCHEDULE

County Service Area No. 50 Fee Schedule

All parcels within the boundaries of County Service Area No. 50 are proposed to be subject to the fee and fee schedule below. The fee applicable to each type of parcel has been based on the proportional cost of the improvements and services attributable to the parcel. The revenues derived using the fee schedule will not be used for any purpose other than that for which the fee was imposed and shall not exceed the funds required to provide the improvements and services. The fee is being imposed for extended County services not available to the public at large in substantially the same manner as it is to the property owners in County Service Area No. 50. Special consideration has been given to the proportionality of the costs and the immediate availability of the improvements and services applicable to each parcel in the calculation of the fee schedule. Thirty-one (31) parcels currently make up the area designated as County Service Area No. 50:

Parcel Count	Development Status	County Use Code
30	Developed	Residential
1	Undeveloped	Detention Pond

Given the current development it has been determined that all developed residential parcels receive an equal share per unit of the proportional cost of the improvements and services. The developed residential County use code has been assigned a value of one (1) equivalent dwelling unit (“EDU”) per unit and used as the benchmark for other use codes. Any share of the costs assigned to the Detention pond parcel are passed through to property owners as homeowner’s association or CSA expenses as applicable, consequently, these parcels are typically assigned a zero EDU.

The table below represents the annual maximum fee amount that can be charged per parcel per unit starting with fiscal year 2021/22. The annual maximum fee shall **NOT** be increased by a cost of living inflator. The actual amount of the annual fee will be determined based on actual budget costs but in no case shall the fee amount levied on a parcel exceed the assigned annual maximum fee.

County Use Code	EDU	Multiplier	Supplemental Fee for five years	Existing Fees	Total Annual Maximum Fees 2021-22 through 2025/2026
Developed Residential	1.00	Per Unit Assigned by County Use Code	\$640.00	=\$2,098.57 (\$1,700.64 and \$397.93)	\$2,738.57
Undeveloped Detention Pond	0.00		0.00	0.00	0.00

5. PROPOSITION 218 COMPLIANCE

The purpose of this fee report is for Proposition 218 compliance for the new proposed fee of \$640.00/EDU per year for a period of five years.

The County previously complied with Proposition 218 in the authorization of all existing fees described in this report. The existing fees are not being increased or imposed at a rate greater than previously authorized and are not being changed by this process.

After the five year period of time, commencing 2026/2027, the new proposed fee will be of no further force and effect, and will not be imposed for 2026/2027 or any year thereafter.

6. ANNUAL 2021/22 FEE ROLL

The following page(s) represent the fiscal year 2021/22 fee roll for CSA No. 50 ("Dunneville") for the new proposed fee:

CSA #50 – Dunneville (Supplemental Five Year Fee)

CSA	APN	MAX FEE	21/22 FEE	EDU	SITE ADDRESS
50	016-160-001-000	\$640.00	\$640.00	1	6795 DUNNVILLE WAY HOLLISTER CA 95023
50	016-160-002-000	\$640.00	\$640.00	1	6775 DUNNVILLE WAY HOLLISTER CA 95023
50	016-160-003-000	\$640.00	\$640.00	1	6755 DUNNVILLE WAY HOLLISTER CA 95023
50	016-160-004-000	\$640.00	\$640.00	1	6695 DUNNVILLE WAY HOLLISTER CA 95023
50	016-160-005-000	\$640.00	\$640.00	1	6645 DUNNVILLE WAY HOLLISTER CA 95023
50	016-160-006-000	\$640.00	\$640.00	1	6595 DUNNVILLE WAY HOLLISTER CA 95023
50	016-160-007-000	\$640.00	\$640.00	1	6545 DUNNVILLE WAY HOLLISTER CA 95023
50	016-160-008-000	\$640.00	\$640.00	1	6495 DUNNVILLE WAY HOLLISTER CA 95023
50	016-160-009-000	\$640.00	\$640.00	1	6445 DUNNVILLE WAY HOLLISTER CA 95023
50	016-160-010-000	\$640.00	\$640.00	1	6395 DUNNVILLE WAY HOLLISTER CA 95023
50	016-160-011-000	\$640.00	\$640.00	1	6355 DUNNVILLE WAY HOLLISTER CA 95023
50	016-160-012-000	\$640.00	\$640.00	1	6255 DUNNVILLE WAY HOLLISTER CA 95023
50	016-160-013-000	\$640.00	\$640.00	1	6205 DUNNVILLE WAY HOLLISTER CA 95023
50	016-160-014-000	\$640.00	\$640.00	1	6155 DUNNVILLE WAY HOLLISTER CA 95023
50	016-160-015-000	\$640.00	\$640.00	1	6105 DUNNVILLE WAY HOLLISTER CA 95023
50	016-160-016-000	\$640.00	\$640.00	1	6065 DUNNVILLE WAY HOLLISTER CA 95023
50	016-160-017-000	\$640.00	\$640.00	1	6750 DUNNVILLE WAY HOLLISTER CA 95023
50	016-160-018-000	\$640.00	\$640.00	1	6700 DUNNVILLE WAY HOLLISTER CA 95023
50	016-160-019-000	\$640.00	\$640.00	1	6650 DUNNVILLE WAY HOLLISTER CA 95023
50	016-160-020-000	\$640.00	\$640.00	1	6600 DUNNVILLE WAY HOLLISTER CA 95023
50	016-160-021-000	\$640.00	\$640.00	1	6550 DUNNVILLE WAY HOLLISTER CA 95023
50	016-160-022-000	\$640.00	\$640.00	1	6500 DUNNVILLE WAY HOLLISTER CA 95023
50	016-160-023-000	\$640.00	\$640.00	1	6450 DUNNVILLE WAY HOLLISTER CA 95023

50	016-160-024-000	\$640.00	\$640.00	1	6400 FOUR CORNERS DR HOLLISTER CA 95023
50	016-160-025-000	\$640.00	\$640.00	1	6350 FOUR CORNERS DR HOLLISTER CA 95023
50	016-160-026-000	\$640.00	\$640.00	1	6250 DUNNVILLE WAY HOLLISTER CA 95023
50	016-160-027-000	\$640.00	\$640.00	1	6200 DUNNVILLE WAY HOLLISTER CA 95023
50	016-160-028-000	\$640.00	\$640.00	1	6150 DUNNVILLE WAY HOLLISTER CA 95023
50	016-160-029-000	\$640.00	\$640.00	1	6100 DUNNVILLE WAY HOLLISTER CA 95023
50	016-160-030-000	\$640.00	\$640.00	1	6060 DUNNVILLE WAY HOLLISTER CA 95023
50	016-160-031-000	\$0.00	\$0.00	0	0 DUNNVILLE WAY HOLLISTER CA 95023