

COUNTY SERVICE AREA
PROPERTY-RELATED
SUPPLEMENTAL FEE REPORT

COUNTY SERVICE AREA NO. 50 (DUNNEVILLE)

FISCAL YEAR 2021/2022

November 9, 2021

COUNTY OF SAN BENITO
Resource Management Agency
2301 Technology Parkway, 2nd Floor
Hollister, CA 95023
Telephone: (831) 636-4170
Fax: (831) 636-4176

BOARD OF SUPERVISORS

Betsy Dirks, District No. 1

Kollin Kosmicki, District No. 2

Peter Hernandez, District No. 3

Bob Tiffany, District No. 4

Bea Gonzales, District No. 5

COUNTY STAFF

Michael Chambless, Interim Resource Management

Agency Director

Joe Paul Gonzalez, Auditor

Barbara Thompson, County Counsel

1. INTRODUCTION AND BACKGROUND

1.1. Introduction

The purpose of the proposed supplemental property-related fees covered by this report is to provide the recommended supplemental Equivalent Dwelling Unit (EDU) charge being levied for County Service Area No. 50 in Fiscal Year 2021-22.

The recommended fee is to provide the funding required for capital improvements (discussed below) and the maintenance and operations of infrastructure. The recommended supplemental fee is a property-related fees, authorized pursuant to the County Service Area Law - Government Code § 25210, et. seq. (§ 25215.5 in particular).

CSA No. 50 was established by Resolution of the Board of Supervisors (“Board”) of the County of San Benito, State of California (“County”) pursuant to the County Service Law, as noted below.

Formation Date	Resolution	CSA No.	County Service Area Name	Parcel Count	EDU Count
1/29/1998	98-85	50	Dunneville	31	30

The services provided by each County Service Area (“CSA”) vary. However, at the time each CSA was formed, the types of extended County services proposed to be provided generally included, but were not limited to:

- Police¹
- Fire protection²
- Street lighting
- Storm drainage maintenance
- Road maintenance, including sweeping
- Wastewater treatment
- Water treatment
- Landscape maintenance
- Open space maintenance
- Recreation maintenance
- Refuse and garbage collection

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 (CSAs) were established as an alternative mechanism to provide the extended governmental services and to collect service fees to cover such services.

Public Works 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 and inflationary factors. It also includes maintenance, repair, and capital improvements. An analysis is conducted on the revenue and reserve balances to determine the fees and charges for the upcoming fiscal year.

The resulting Fiscal Year 2021/2022 adopted budgets are included in this report. The report includes a description of the extended services and the proposed property-related fee or special tax for each Equivalent Dwelling Unit. Notice was published in the local newspaper regarding the public hearing scheduled for November 9th, 2021, at which time the budgets and supplemental property-related fee for Fiscal Year 2021/22 will be recommended for approval by the Board of Supervisors.³

1.3. Boundaries of the County Service Areas

County Service Area No. 50 – 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 undeveloped detention pond.

¹Police services are currently provided to the public at large and are not funded through a CSA fee.

²Services are currently provided to the public at large and are not funded through a CSA fee.

³The budgets for the CSAs were formally adopted in the County's annual budget process at the August 24, 2021 budget hearings.

2. DESCRIPTION OF IMPROVEMENTS & SERVICES⁴

County Service Area No. 50 – Dunneville

Utilities

Utility services include payment to PG&E for street lighting and water treatment facility.

Storm Drainage

The homeowners have assumed responsibility for the storm drainage maintenance services. Oversight is provided by the County.

Road Maintenance

Road maintenance may include asphalt patching, chip or slurry seal as required, and repair of street signs (graffiti and other vandalism).

Water Treatment

Water services include the payment to a consultant for operations and maintenance of the water treatment plant. Additional costs include payments for operations and maintenance.

Landscape Maintenance

There is no fee currently approved for maintenance of the walking path and the CSA is not providing this service at the present time.

Water System Capital Improvements and Reserve

This fee was July 23, 2013 to establish funding for current and future capital improvement needs to the water system, including equipment repair & replacement costs, as such improvements become necessary. This fee also creates a reserve sufficient for future capital improvements. The basic components of the water system include, but are not limited to: two wells, a filtration system, two main pumps, four booster pumps, piping, related electrical system, and the storage tank. This fee may also be used to reimburse staff costs (i.e. administrative costs) related to administering the capital improvement projects.

Gate /Landscaping Improvements.

A fee was approved in 2021 to fund the construction of an entry gate and related landscaping. This is the fee that is before the Board today. This fee was approved for five years, and this is the first year of its imposition.

3. ESTIMATE OF COSTS

The purpose of the proposed fee is to collect the fee that was approved in 2021 for the construction of an entry gate and the related improvements for that gate (electricity/landscaping.)

3.1 Definitions

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 fees⁵ 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

⁵ When Section 3 generically refers to a “fee”, it shall include the tax collected in CSA 55.

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. This amount may be increased in those CSA's that have approved a fee necessary to fund capital improvements at a greater level.

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.

5. FEE SCHEDULE- CSA 50 – SUPPLEMENTAL FEE – THE ONLY FEE BEFORE THE BOARD TODAY IS THE THIRD FEE.

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 2010/11. The annual maximum fee shall be increased by the cost of living inflator as described below. **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 as increased by the cost of living inflator.**

Existing Fee (previously approved)

Fiscal Year	CPI Increase	Developed Land Residential (1.0 EDU)	Undeveloped Detention Pond (0.0 EDU)
2012/13	2.9%	1,749.01	0.00
2013/14	2.2%	1,787.49	0.00
2014/15	2.6%	1,833.96	0.00
*2015/16	N/A	1,700.64	0.00
2016/17	N/A	1,700.64	0.00
2017/18	N/A	1,700.64	0.00
2018/19	N/A	1,700.64	0.00
2019/20	N/A	1,700.64	0.00
2020/21	N/A	1,700.64	0.00
2021/22	N/A	1,700.64	0.00

* Annual Maximum Fee Reduced by \$133.32 after payoff of Contingency Draw per original fee report.

Cost of Living Inflator - The annual maximum fee shall be increased annually, starting fiscal year 2010/11, by the percent change of the year ending December of the Consumer Price Index, All Urban Consumers (CPI-U), for the San Francisco-Oakland-San Jose area, but the increase shall not exceed 5% in any given year. The inflator data is typically available in mid-January from this website: https://www.bls.gov/regions/west/data/consumerpriceindex_sanfrancisco_table.pdf. No further notice or majority protest hearings will be required to implement the cost of living increase for the first five years of the life of the fee.

2ND Fee – Adopted 2013/14 (previously approved)

A new fee was established to supplement the existing fee in order to provide adequate funding for the services provided. Specifically, the existing fee does not adequately cover equipment repair and replacement costs for future capital improvement projects for the water system and existing fund balances are not adequate for necessary capital improvements. A public hearing was held on July 23, 2013 to impose a new property related fee. **The approved fee shall have no effect on the existing CSA 50 property related fee.**

Fiscal Year	CPI Increase	Developed Land Residential (1.0 EDU)	Undeveloped Detention Pond (0.0 EDU)
2015/16	2.8%	372.55	0.00
2016/17	3.2%	384.47	0.00
2017/18	3.5%	397.93	0.00
2018/19	N/A	397.93	0.00
2019/20	N/A	397.93	0.00
2020/21	N/A	397.93	0.00
2021/22	N/A	397.93	0.00

Cost of Living Inflator - The annual maximum fee shall be increased annually, starting fiscal year 2014/15, by the percent change of the year ending December of the Consumer Price Index, All Urban Consumers (CPI-U), for the San Francisco-Oakland-San Jose area, but the increase shall not exceed 5% in any given year. The inflator data is typically available in mid-January from this website: https://www.bls.gov/regions/west/data/consumerpriceindex_sanfrancisco_table.pdf. No further notice or majority protest hearings will be required to implement the cost of living increase for the first five years of the life of the fee

3rd Fee (“Gate Fee) – Adopted 2021

A new fee was established to supplement the existing fees in order to provide adequate funding for the services provided. Specifically, the existing fee does not adequately cover equipment purchase and installation costs for future capital improvement projects for the entry control point (gate) and existing fund balances are not adequate for necessary capital improvements. A public hearing was held on or about July 23, 2013 to impose a new property related fee. **The approved fee shall have no effect on the existing CSA 50 property related fees. This fee shall be imposed for five years only.**

Fiscal Year	CPI Increase	Developed Land Residential (1.0 EDU)	Undeveloped Detention Pond (0.0 EDU)
2021/22	N/A	640.00	0.00

5. PROPOSITION 218 COMPLIANCE

The County previously complied with Proposition 218 in the authorization of all fees and special taxes described in this report. The fees and special taxes are not being increased or imposed at a rate greater than previously authorized in any CSA.

6. ANNUAL 2021/2020 FEE ROLL / CSA 50 Supplemental

THE EXISTING FEES ARE NOT CHANGED BY THE BOARD'S ACTION ON THIS SUPPLEMENTAL FEE.

The following represents the Fiscal Year 2021/2022 supplemental fee roll for CSA No.: 50

CSA	APN	MAX FEE	21/22 FEE	EDU	SITE ADDRESS
CSA #50 – Dunneville Supplemental (ECP Capital Improvements & Reserve)					
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