

# Independence Ranch Community Services District

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## REGULAR BOARD MEETING

Thursday, February 20, 2020

6:30 PM, Warbirds Meeting Hall  
4251 Dry Creek Rd., Paso Robles, CA 93446

[www.iranchcsd.org](http://www.iranchcsd.org)

## A G E N D A

1. **6:30 PM OPEN SESSION / PLEDGE OF ALLEGIANCE / ROLL CALL**
2. **PUBLIC COMMENT**  
Members of the public may address the Board on items other than those scheduled on the agenda. PLEASE BEGIN BY STATING YOUR NAME AND ADDRESS. **EACH PERSON AND SUBJECT IS LIMITED TO A 3-MINUTE DISCUSSION.** Any person or subject requiring more than three minutes or action by the Board may be scheduled for a future Board meeting. Those persons wishing to speak on any item scheduled on the agenda will be given an opportunity to do so at the time that item is being considered.
3. **APPROVAL of AGENDA**
4. **APPROVAL of MINUTES: Regular Meeting January 16, 2020**
5. **MANAGER REPORT** – Form 700s due to County no later than March 30, 2020. Insurance Renewal Questionnaire filed with SDRMA; Facilities Rental Agreement completed with War Birds Museum for 2020 Board meetings.
6. **APPROVAL OF TREASURER’S REPORT AND FINANCIALS: See addendums A & B**
7. **APPROVAL OF WARRANT REGISTER: Addendum C**
8. **DISCUSSION ITEMS**
  - A. **Election of President and Vice-President of the Board of Directors for Calendar Year 2020.** Each year the Board typically considers the election of the Board President and Vice President. **Board Action**
  - B. **Review and Comment on the Draft Prop 218 Public Notice Hearing to Increase the Road Maintenance Fees for Fiscal Year 2020/21.** Review and provide comments on the draft Prop 218 Hearing Notice and Technical Report. Tentatively set the Public Hearing date for May 14, 2020. **Possible Board Action.**
  - C. **Road Maintenance:** On-going item to determine and prioritize road maintenance tasks and report on tasks completed to date. **Possible Board Action.**

# Independence Ranch Community Services District

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9. **DIRECTOR / MANAGER COMMENTS:** This is the opportunity for board members or staff to make brief comments or suggestions.
10. **ADJOURNMENT:** The next regular board of directors meeting is scheduled for **Thursday, March 5 or 26, 2020.**

**Independence Ranch**  
**Community Services District**  
6289 Hawk Ridge Place, San Miguel, CA 93451  
*www.iranchcsd.org*

**REGULAR BOARD MEETING MINUTES**

**Thursday, January 16, 2020 6:30 PM**

**Warbirds Museum Meeting Hall**

**4251 Dry Creek Road, Paso Robles, CA 93446**

**1. 6:30 PM OPEN SESSION/ROLL CALL/PLEDGE OF ALLEGIANCE**

The meeting was called to Order at 6:31 PM. Board members present: President Carol Noe, Vice President John Hunter, Terry Leezer, Danny Meehan and Mark Kenyon  
Members absent: None

**2. PUBLIC COMMENT:** No Public Comment

**3. APPROVAL OF AGENDA:**

Motion to approve Agenda by Director Kenyon, seconded by Director Leezer motion carried 5-0.

**4. APPROVAL OF MINUTES: Regular Meetings December 12, 2019**

Motion to approve the December 12, 2019 meeting minutes by Director Noe, seconded by Director Hunter, motion passed 4-0 with one abstention (Director Kenyon did not attend Dec 12 meeting).

**5. MANAGER'S REPORT:** No comments.

**6. TREASURER'S REPORT AND APPROVAL OF FINANCIALS:**

GM Hagemann provided an updated Balance Sheet dated January 15, 2020, and the Profit and Loss statement for December 10, 2019 through January 15, 2020. The Balance Sheet reflected the District has \$38,460.89 in the checking account and \$3,507.74 in the USDA Loan Restricted Savings Account.  
**Motion to approve the Financial Reports by Director Kenyon, seconded by Director Meehan, motion carried 5-0.**

**7. APPROVAL OF WARRANT REGISTER:** Directors briefly discussed the warrant register that included four checks. **After Board discussion and an opportunity for public comment, Director Kenyon made a motion to approve the Warrant Register, the motion was seconded by Director Meehan, motion carried 5-0.**

**8. DISCUSSION ITEMS:**

- A. Status of Increasing the Road Maintenance Fees for Fiscal Year 2020/21:** The Board members provided comments on the draft Prop 218 Hearing Notice and Technical Report (version 3) and provided an opportunity for public comment. The issue was to decide on a 3- or 5-year rate schedule. **After considerable discussion, Director Meehan made a motion to go with a 3-year schedule, the motion was seconded by Director Hunter.**

The motion was adopted 4-1 on the following roll call vote:

Director Meehan – yes  
Director Hunter – yes  
Director Kenyon – yes  
Director Leezer – no  
President Noe - yes

After further discussion, Director Hunter made a motion to include an assessment surcharge for owners that are using their property for Commercial/Light Industrial uses that significantly increase the number and type of vehicles utilizing the District roads. Director Kenyon seconded the motion and the motion passed 3-2.

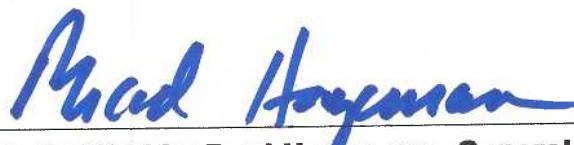
The Board directed GM Hagemann to revise the draft report and bring it back for consideration at the February Board meeting. Hagemann reminded the Board members that in order to have a new assessment rate effective as of July 1, 2020, the Board must allow for a 45-day hearing notice process and recommended an additional 15 days for administrative processing. Hagemann recommended the Board should plan on approving the Prop 218 Hearing Notice at the March Board meeting and schedule the Hearing for the May or June Board meeting.

B. **Road Maintenance:** The Directors discussed several other items but that may be considered for future maintenance. No action was taken.

**9. DIRECTOR/MANAGER COMMENTS:**

**10. ADJOURNMENT:** The meeting was adjourned at approximately 7:45 PM. The next meeting was scheduled to held be on February 20, 2020.

**Note:** These minutes are to be considered as a draft only until approved by the board at the next regular meeting and signed.



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**Submitted by Brad Hagemann, General Manager**

9:52 AM

02/20/20

Accrual Basis

Independence Ranch CSD  
**Balance Sheet**  
As of February 20, 2020

	<u>Feb 20, 20</u>
<b>ASSETS</b>	
Current Assets	
Checking/Savings	
1000 · Cash Summary	
1020 · Checking-Heritage Oaks Bank	20,155.65
1040 · HOB Savings RESTRICTED-USDA	3,507.74
Total 1000 · Cash Summary	<u>23,663.39</u>
Total Checking/Savings	23,663.39
Other Current Assets	
1300 · Current Assets	
1310 · Prepaid Expenses	109.46
Total 1300 · Current Assets	<u>109.46</u>
Total Other Current Assets	109.46
Total Current Assets	<u>23,772.85</u>
<b>TOTAL ASSETS</b>	<b><u>23,772.85</u></b>
<b>LIABILITIES &amp; EQUITY</b>	
Liabilities	
Long Term Liabilities	
2700 · USDA Rural Development Loan	385,000.00
Total Long Term Liabilities	<u>385,000.00</u>
Total Liabilities	385,000.00
Equity	
3020 · Retained Earnings	-327,833.63
Net Income	-33,393.52
Total Equity	<u>-361,227.15</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b><u>23,772.85</u></b>

Independence Ranch CSD  
**Profit & Loss**  
January 16 through February 20, 2020

	<u>Jan 16 - Feb 20, 20</u>
<b>Income</b>	
4000 · Income Summary	
4010 · Road Assessment Fees	3,285.65
<b>Total 4000 · Income Summary</b>	<u>3,285.65</u>
<b>Total Income</b>	3,285.65
<b>Expense</b>	
5100 · General Overhead Expenses	
5105 · General Administrative Services	
5105.01 · General Manager	500.00
<b>Total 5105 · General Administrative Services</b>	500.00
5115 · Interest Expense	7,555.39
5126 · Rent-Meeting Facilities	200.00
<b>Total 5100 · General Overhead Expenses</b>	<u>8,255.39</u>
5400 · Professional Fees	
5410 · Consulting	55.00
5415 · Engineering	187.50
<b>Total 5400 · Professional Fees</b>	<u>242.50</u>
<b>Total Expense</b>	<u>8,497.89</u>
<b>Net Income</b>	<u><u>-5,212.24</u></u>



**Independence Ranch CSD  
Warrant Register**  
January 16 through February 20, 2020

<u>Num</u>	<u>Date</u>	<u>Name</u>	<u>Account</u>	<u>Paid Amount</u>
	02/03/2020	USDA Rural Development	1020 · Checking-Heritage Oaks Bank	
			2700 · USDA Rural Development Loan	-21,000.00
			5115 · Interest Expense	-7,555.39
TOTAL				-28,555.39
1512	02/20/2020	Nikki Engle	1020 · Checking-Heritage Oaks Bank	
			5410 · Consulting	-55.00
TOTAL				-55.00
1513	02/20/2020	Hagemann & Associates	1020 · Checking-Heritage Oaks Bank	
			5105.01 · General Manager	-500.00
			5415 · Engineering	-187.50
			5126 · Rent-Meeting Facilities	-200.00
TOTAL				-887.50

**Independence Ranch**  
**Community Services District**  
6289 Hawk Ridge Place, San Miguel, CA 93451  
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**Notice of Public Hearing Regarding  
Proposed Road Maintenance Fee Rate Increase**

**Attention Property Owners:**

This notice is intended to inform you that the Independence Ranch Community Services District (the "CSD") will hold a special meeting regarding a road maintenance fee rate increase for properties within the CSD Service Area. The Proposed Rate Increase will be considered by the CSD at the date, time, and location specified below. Consistent with the requirements of Proposition 218, this notice also provides you with the following information:

- The Date, Time, and Place of the Public Hearing;
- The Reason for the Proposed Rate Increase; and
- The Basis for the Proposed Rate Increase; and
- The Majority Protest Procedures.

**NOTICE OF PUBLIC HEARING**

**The Public Hearing for the Proposed Rate Increase within the District Service Area will be held on:**

**Date:** To Be Determined                      **Time:** 6:30 PM  
**Place:** 4251 Dry Creek Road, Paso Robles, CA

**At the Public Hearing, the Independence Ranch CSD Board of Directors will consider all public comment in support of and in opposition to the Proposed Rate Increase and whether or not a Majority Protest exists pursuant to the California Constitution (as described below). If approved, the Proposed Rate Increase would become effective on July 1, 2020.**

**Reason for the Proposed Rate Increase**

The Proposed Rate Increase is necessary for the CSD to continue to maintain the roads inside the District Service Area in a safe and sustainable manner. ***The road maintenance fees have not been increased in the last 13 years.*** The factors that have contributed to the need to increase the road maintenance assessment fee include, but are not limited to: The existing road maintenance fees have not been increased for over 13 years and therefore have not kept up with inflation; In 2014 the CSD took out a \$500,000 loan from the US Department of Agriculture in order to fund a project to chip seal the roads within the District Service Area. The existing assessments provide adequate revenue to meet the loan payment obligations and cover administrative costs but there is not adequate funding to properly maintain the roads.



## **Basis of the Proposed Rate Increase**

### **Background:**

Independence Ranch Community Services District (District) was formed in 1992 by a vote of the registered voters pursuant to Government Code Section 61100. The District was formed to provide road improvement and road maintenance services within the District Service Area. The area is a subdivision of 209 rural residential parcels surrounded by agricultural land. The District Service Area includes 125 parcels with the remaining Independence Tract lots placed in the Sphere of Influence. The parcels within the District are on the order of 5 – 10 acres and have traditionally been used for large single-family residential lots. However, more recently, a number of parcels have been developed into small wineries and wine making operations, including tasting rooms and other light commercial uses. These more traffic intense uses have increased the number of large trucks and passenger vehicles using the District roads and have increased the maintenance needs on the more heavily traveled roads. Private wells and septic tanks serve the homes in the area. The District Service Area and Sphere of Influence is show on Figure 1.

The District maintains approximately nine miles of private roads within the Service Area. The District is funded with an annual assessment to each parcel collected on the County Property Tax Rolls and then transmitted to the District. The roads within the Service Area were chip sealed by June 2014. This was accomplished by obtaining a \$500,000 loan from the US Department of Agriculture (USDA) Rural Development loan program. The current road maintenance assessment for each of the 125 parcels is \$500 per year. This provides an annual operating budget of \$62,500.

### **Current Road Conditions:**

As noted above, all of the roads within the District were chip sealed in 2014. However, some of the lesser used roads were only provided a single layer chip seal while the main arterial roads were provided with a double chip seal. With below normal rainfall from 2014 – 2016 the roads held up pretty well. However, with normal and above normal rainfall the past few seasons the condition of the roads is deteriorating. The District has spent a majority of the road maintenance budget on repairing pot-holes and applying local seal coating to areas in need. The District Board of Directors have determined that an increased effort is needed to maintain the roads and directed the General Manager to prepare an evaluation, recommended maintenance activities, a budget and a proposed rate structure that would to support the loan repayment, administrative costs and road maintenance program budget.

### **Proposed Road Maintenance Program and Estimated Cost to Implement the Maintenance Program:**

It is generally accepted that chip seal surface roads should be re-chip sealed every 7 -9 years in order to maintain the integrity of the road. This is especially true in IRCSD since the District has invested \$500,000 to bring the dirt roads up to the current condition. The estimated cost to provide a maintenance chip seal on the District roads once every 9 years is provided below.

$5,280 \text{ ft/mile} \times 16' \text{ wide road} = 84,480 \text{ ft}^2/\text{mile} \times 9 \text{ miles} = 760,320 \text{ square feet (ft}^2\text{) of road in the District.}$

Based on recent quotes the District estimates the cost to maintain the chip seal roads will cost \$0.75/ft<sup>2</sup> - \$1.00/ft<sup>2</sup>. The District estimates the cost to chip seal all nine miles of road within the District will cost: 760,320 ft<sup>2</sup> X \$0.75/ft<sup>2</sup> = \$570,240.

The District intends to apply a maintenance chip seal coat on one mile of road every year or stated otherwise, each mile of road would receive maintenance chip coat seal every 9 years. The annual cost would be approximately: \$570,240/9 = \$63,400/yr.

**The District's FY 2019/20 approved budget includes:**

Revenues of \$125 X \$500 = \$62,500

Expenses of

Admin Costs and Reserves	\$14,000
Debt Service	\$36,000
Road Maintenance	<u>\$12,500</u>
Total	\$62,500

The District needs a total \$63,400/yr to maintain one mile per year of road.

Therefore, a revenue increase of \$63,400 - \$12,500 = \$50,900 say \$51,000 is needed to meet the annual road maintenance needs.

\$51,000/125 parcels = \$408/yr. - parcel increase needed to meet the annual road maintenance program need.

**Target Annual Assessment Rate is \$500 + \$408 = \$908/year.**

**Property Assessment/Rate Structure Necessary to Support the Maintenance Program Budget:**

The Board of Directors have determined that a 3-year schedule provides a reasonable balance between getting the necessary road maintenance revenue and the impacts of a dramatic road maintenance assessment fee. The Directors propose the following 3-year rate increase schedule.

**3 Year Schedule:**

**Year 1** 25% increase => \$500 X 1.25 = \$625/year (\$125/12 months) = \$10/month increase

**Year 2** 25% increase => \$625 X 1.25 = \$781.25/year (\$13/month increase)

**Year 3** 25% Increase => \$781.25 X 1.25 = \$976.56/year (\$16/month increase)

In order to equitably distribute the road maintenance costs amongst all District users, the District intends to apply a surcharge for those property owners that are conducting a commercial and/or light industrial operation on their property that significantly increases the number and type of vehicles using the District roads over residential owners. Owners that have commercial businesses/operations on their properties that significantly increase the number and type of vehicles using the District roads will be assessed a 100% surcharge on their assessment to compensate for increased road impacts due to their operations.

### **How Do I Protest the Proposed Rate Increase?**

Pursuant to Section 6 of Article XIII D of the California Constitution, the following persons may submit a written protest against the Proposed Rate Increase to the Clerk of the Board before the close of the Public Hearing referenced above.

- An owner(s) of property parcel(s) within the District Service Area. If the person(s) signing the protest, as an owner, is not shown on the last equalized assessment roll as the owner of the parcel(s) then the protest must contain or be accompanied by written evidence that such person signing the protest is the owner of the parcel(s) receiving services;

A valid written protest must contain a statement that you protest the Proposed Rate Increase, the address or Assessor's Parcel Number (APN) of the parcel or parcels you own, and a signature by the owner of the parcel or parcels. One written protest per parcel shall be counted in calculating a majority protest to the Proposed Rate Increase subject to the requirements of Section 6 of Article XIII D of the California Constitution. Written protests will not be accepted by e-mail or by facsimile. Verbal protests will not be counted in determining the existence of a majority protest. To be counted, a protest must be received in writing by the Clerk of the Board before the close of the Public Hearing referenced above.

Written protests regarding the road maintenance fee rate increase may be mailed to:

**Independence Ranch Community Services District  
Attn: Clerk of the Board  
6289 Hawk Ridge Place  
San Miguel, CA 93451**

Written protests may also be personally delivered to the Clerk of the Board at the Independence Ranch Community Services District Board meeting on the day of the public hearing.

If valid written protests are presented by a majority of owners of parcels within the District Service Area, then the District will not adjust/increase the rates for the services.