

Independence Ranch Community Services District

REGULAR BOARD MEETING

Thursday, January 16, 2020

6:30 PM, Warbirds Meeting Hall

4251 Dry Creek Rd., Paso Robles, CA 93446

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 December 12, 2019](#)**
5. **MANAGER REPORT**
6. **APPROVAL OF TREASURER'S REPORT AND FINANCIALS: See addendums A & B**
7. **APPROVAL OF WARRANT REGISTER: Addendum C**
8. **DISCUSSION ITEMS**
 - A. **Status of Increasing the Road Maintenance Fees for Fiscal Year 2020/21 Possible Board Action.** Review and provide comments on the draft Prop 218 Hearing Notice and Technical Report.
 - B. **Road Maintenance:** On-going item to determine and prioritize road maintenance tasks and report on tasks completed to date. **Possible Board Action.**
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, February 20, 2020.](#)**

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

REGULAR BOARD MEETING MINUTES

Thursday, December 12, 2019 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 6:33 PM. Board members present: Carol Noe, Terry Leezer, John Hunter, and Danny Meehan
Members absent: Mark Kenyon
GM Hagemann joined the meeting at 6:40 PM

2. PUBLIC COMMENT: No Public in attendance

3. APPROVAL OF AGENDA:

Motion to approve Agenda by Director Leezer, seconded by Director Noe motion carried 4-0.

4. APPROVAL OF MINUTES: Regular Meetings November 21, 2019

Motion to approve the November 21, 2019 meeting minutes by Director Hunter, seconded by Director Meehan, motion carried unanimously.

5. MANAGER'S REPORT: Director Hunter noted that he had talked with the County storm water program director regarding lack of erosion control that had impacted the District maintained road at a project site on Hawk Ridge. GM Hagemann had also had a brief meeting with the storm water program director at the County office. The County staff were aware of the issue and advised that they would have someone inspect the site withing the next week.

6. TREASURER'S REPORT AND APPROVAL OF FINANCIALS:

GM Hagemann provided an updated Balance Sheet dated December 9, 2019, and the Profit and Loss statement for November 19, through December 9, 2019. The Balance Sheet reflected the District has \$32,315.39 in the checking account and \$3,507.74 in the USDA Loan Restricted Savings Account. **Motion to approve the Financial Reports by Director Noe, seconded by Director Hunter, motion carried 4-0.**

7. APPROVAL OF WARRANT REGISTER: Directors briefly discussed the warrant register that included two checks. **After Board discussion and an opportunity for public comment, Director Noe made a motion to approve the Warrant Register, the motion was seconded by Director Hunter, motion carried 4-0.**

8. DISCUSSION ITEMS:

- A. Consider Approval of Draft Financial Audits Prepared by Crosby Company for the Years Ending June 30, 2015, 2016, 2017 and 2018: GM Hagemann had provided the draft Audits to the Board

members for review and had copies available at the meeting. After some discussion and an opportunity for public comment, **Director Hunter made a motion to approve the audits; the motion was seconded by Director Leezer, and the motion carried 4-0**

- B. Status of Increasing the Road Maintenance Fees for Fiscal Year 2020/21:** GM Hagemann had prepared a draft Notice of Public Hearing and Technical Report to support the Prop 218 process for increasing the road maintenance fees. The Board members provided comments on the draft Prop 218 Hearing Notice and Technical Report and requested Hagemann bring the draft report back for consideration at the January Board meeting.
- C. Road Maintenance:** The Directors discussed several other items but that may be considered for future maintenance. No action was taken.

9. DIRECTOR/MANAGER COMMENTS:

Items for the January Board meeting to include: Draft report regarding increasing Road Maintenance Fees; Road Maintenance projects; and follow-up on the Cal Fire sign that is proposed to be placed near the Ranch Entrance.

- 10. ADJOURNMENT:** The meeting was adjourned at approximately 8:00 PM. The next meeting was scheduled to held be on January 9, 2020 (meeting was re-scheduled to January 16, 2020).

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



Submitted by Brad Hagemann, General Manager

Independence Ranch CSD
Balance Sheet
As of January 15, 2020

	<u>Jan 15, 20</u>
ASSETS	
Current Assets	
Checking/Savings	
1000 · Cash Summary	
1020 · Checking-Heritage Oaks Bank	38,460.89
1040 · HOB Savings RESTRICTED-USDA	3,507.74
Total 1000 · Cash Summary	<u>41,968.63</u>
Total Checking/Savings	41,968.63
Other Current Assets	
1300 · Current Assets	
1310 · Prepaid Expenses	220.68
Total 1300 · Current Assets	<u>220.68</u>
Total Other Current Assets	<u>220.68</u>
Total Current Assets	<u>42,189.31</u>
TOTAL ASSETS	<u>42,189.31</u>
LIABILITIES & EQUITY	
Liabilities	
Long Term Liabilities	
2700 · USDA Rural Development Loan	406,000.00
Total Long Term Liabilities	<u>406,000.00</u>
Total Liabilities	406,000.00
Equity	
3020 · Retained Earnings	-327,775.23
Net Income	-36,035.46
Total Equity	<u>-363,810.69</u>
TOTAL LIABILITIES & EQUITY	<u>42,189.31</u>

Independence Ranch CSD

Profit & Loss

December 10, 2019 through January 15, 2020

	<u>Dec 10, '19 - Jan 15, 20</u>
Income	
4000 · Income Summary	
4010 · Road Assessment Fees	17,068.00
Total 4000 · Income Summary	<u>17,068.00</u>
Total Income	17,068.00
Expense	
5100 · General Overhead Expenses	
5105 · General Administrative Services	
5105.01 · General Manager	500.00
Total 5105 · General Administrative Services	<u>500.00</u>
Total 5100 · General Overhead Expenses	500.00
5400 · Professional Fees	
5405 · Accounting	10,000.00
5410 · Consulting	110.00
5415 · Engineering	187.50
Total 5400 · Professional Fees	<u>10,297.50</u>
Total Expense	<u>10,797.50</u>
Net Income	<u><u>6,270.50</u></u>

**Independence Ranch CSD
Warrant Register**

December 10, 2019 through January 15, 2020

<u>Num</u>	<u>Date</u>	<u>Name</u>	<u>Account</u>	<u>Paid Amount</u>
1508	12/12/2019	Nikki Engle	1020 · Checking-Heritage Oaks Bank	
			5410 · Consulting	-82.50
			5410 · Consulting	-27.50
TOTAL				-110.00
1509	01/15/2020	PG&E	1020 · Checking-Heritage Oaks Bank	
			1310 · Prepaid Expenses	-125.00
TOTAL				-125.00
1510	01/15/2020	Crosby Company	1020 · Checking-Heritage Oaks Bank	
			5405 · Accounting	-10,000.00
TOTAL				-10,000.00
1511	01/15/2020	Hagemann & Associates	1020 · Checking-Heritage Oaks Bank	
			5105.01 · General Manager	-500.00
			5415 · Engineering	-187.50
TOTAL				-687.50

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 factors that have contributed to the need to increase the road maintenance assessment fee include, but not limited to: The existing road maintenance fee has not been increased for over five years and therefore has 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. 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 tax 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. The District has not increased the annual assessments in over five years.

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 their 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 this 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.

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

Based on recent quotes the District estimates the cost to maintain the chip seal roads will cost \$0.75/ft² - \$1.00/ft². The District estimates the cost to chip seal all nine miles of road within the District will cost: 760,320 ft² X \$0.75/ft² = \$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 maintenance needs.

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

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

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

5 Year Schedule:

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

Year 2 15% increase => \$625 X 1.15 = \$718.75/year (7.81/month increase)

Year 3 10% Increase => \$718.75 X 1.1 = \$790.63/year (\$5.99/month)

Year 4 10% Increase => \$790.63 X 1.1 = \$869.69 (\$6.58/month)

Year 5 10% Increase => 869.69 X 1.1 = \$956.65 (\$7.25/month)

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 20% Increase => \$781.25 X 1.20 = \$937.50/year (\$13/month increase)

NOTE: The Board of Directors need to provide direction on which schedule they want to move forward with the rate increase. In accordance with the Board's direction in December, I am working on determining a proposed rate increase metric for "heavy commercial users" and for those lots that have multiple dwelling units on their property.

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 Independence Ranch CSD 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.