

Independence Ranch

Community Services District

6289 Hawk Ridge Place, San Miguel, CA 93451
www.iranchcsd.org

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/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 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.