

**COUNTY OF SAN LUIS OBISPO BOARD OF SUPERVISORS
AGENDA ITEM TRANSMITTAL**

(1) DEPARTMENT Public Works	(2) MEETING DATE 1/28/2014	(3) CONTACT/PHONE Michael Britton, Cooperative Roads Program Manager (805) 788-2318	
(4) SUBJECT Hearing to consider a resolution authorizing the formation of a zone of benefit within County Service Area (CSA) 21 for road improvements and a resolution to call a special tax election for Leonard Place in the community of Cambria. This item was continued from the December 3, 2013 meeting. District 2.			
(5) RECOMMENDED ACTION It is recommended that the Honorable Board: <ol style="list-style-type: none"> 1. Approve the attached resolution forming a Road Improvement Zone – Leonard Place within County Service Area No. 21; and 2. Approve the attached resolution calling for a mail-ballot election within the newly formed special tax zone. 			
(6) FUNDING SOURCE(S) Cooperative Roads Program	(7) CURRENT YEAR FINANCIAL IMPACT N/A	(8) ANNUAL FINANCIAL IMPACT N/A	(9) BUDGETED? Yes
(10) AGENDA PLACEMENT { } Consent { } Presentation <input checked="" type="checkbox"/> Hearing (Time Est. <u>30 mins.</u>) { } Board Business (Time Est. <u> </u>)			
(11) EXECUTED DOCUMENTS <input checked="" type="checkbox"/> Resolutions { } Contracts { } Ordinances { } N/A			
(12) OUTLINE AGREEMENT REQUISITION NUMBER (OAR) N/A		(13) BUDGET ADJUSTMENT REQUIRED? BAR ID Number: N/A { } 4/5 Vote Required <input checked="" type="checkbox"/> N/A	
(14) LOCATION MAP Attached	(15) BUSINESS IMPACT STATEMENT? No	(16) AGENDA ITEM HISTORY { } N/A Date: 12/3/13; Item #19	
(17) ADMINISTRATIVE OFFICE REVIEW Nikki J. Schmidt			
(18) SUPERVISOR DISTRICT(S) District 2 -			

Reference: 14JAN28-H-1

County of San Luis Obispo



TO: Board of Supervisors
FROM: Public Works
Michael Britton, Cooperative Roads Program Manager
VIA: Dave Flynn, Deputy Director of Public Works
DATE: 1/28/2014

SUBJECT: Hearing to consider a resolution authorizing the formation of a zone of benefit within County Service Area (CSA) 21 for road improvements and a resolution to call a special tax election for Leonard Place in the community of Cambria. This item was continued from the December 3, 2013 meeting. District 2.

RECOMMENDATION

It is recommended that the Honorable Board:

1. Approve the attached resolution forming a Road Improvement Zone – Leonard Place within County Service Area No. 21; and
2. Approve the attached resolution calling for a mail-ballot election within the newly formed special tax zone.

DISCUSSION

County Service Area No. 21 was formed by resolution of the Board of Supervisors on September 20, 1984, in order to provide cooperative road improvement services to the residents and property owners in San Luis Obispo County. The existing Cooperative Road Program provides funding from a General Fund advance so that non-standard roads can be improved to meet current road standards, and accepted into the County maintained system. Implementation of improvements to a specific street requires that registered voters approve a special tax, by a 2/3rd's vote, to ensure repayment of the General Fund funding.

The Public Works Department received a request from Leonard Place residents to initiate the Cooperative Road Program process, and as a result sent out surveys to all property owners within the proposed Leonard Place Improvement Zone. Surveys were returned indicating a 64% favorability, which meets the program policy needed to illustrate local support for a Proposition 218 ballot.

On December 3, 2013, your Board heard testimony during the hearing for the petition and protests of interested parties for creation of a Zone of Benefit within County Service Area No. 21, specifically for Leonard Place. Your Board directed staff to return with options, if available, for repayment by those

property owners demonstrating financial hardship and continued the hearing to today. Staff, in consultation with County Counsel, did not identify any repayment options that could be tailored to those who might demonstrate financial hardship. We did, however, identify an error in calculations, which together with modifying the interest rate assumption, does significantly reduce the special tax. These modifications are discussed in "Financial Considerations."

A resolution calling for a special tax election within the proposed special tax zone within County Service Area No. 21 is necessary if the special tax zone is approved so that a Proposition 218 vote can proceed. The vote, if called for, will be conducted via mail by the County Clerk and will be scheduled to be completed on May 6, 2014.

OTHER AGENCY INVOLVEMENT/IMPACT

County Counsel has reviewed and approved the Resolutions as to legal form and effect. The County Clerk has been consulted regarding special tax election issues. The County Auditor/Controller/Treasurer/Tax Collector has been made aware of this project.

FINANCIAL CONSIDERATIONS

At the December meeting, one of the Leonard Place property owners expressed concern about the cost of the proposed \$2,563 annual special tax per lot. Staff reviewed the calculations and determined that there was an error in the calculations which overstated the annual cost.

Correcting this error results in a reduction of the proposed special tax by 36%, reducing the amount to \$1,650.

In addition, staff is recommending that the usual 8% interest rate assumption be reduced to 5% for this project. The interest rate charged to property owners to repay the General Fund is a variable rate based on what the County actually earns on its idle funds. Currently, that rate is less than 1%. However, a higher rate is assumed to protect against interest rate increases over the ten year period since the special tax cannot be changed once approved. In practice, the result of using a higher interest rate assumption is that the loan is typically paid off earlier than the full ten years. There is also a charge of 3% of the annual debt payment added to the cost to cover the administration of the program. As a result, the proposed annual special tax has been reduced another 13%, to a final amount of \$1,434 per lot which equates to \$119.50 per month.

There are sixteen (16) parcels within the proposed road improvement zone. The proposed special tax assessment, if approved by the voters within the proposed tax zone, will initially be set at an amount not to exceed \$1,434 per parcel, per year, having a separate County Assessor's Parcel Number to be increased by not more than 2% each year thereafter. The special tax shall be used as repayment of the improvement construction costs and project administration costs as advanced to the improvement zone from the General Fund for the purpose of road improvement.

RESULTS

Approval of the recommended actions will cause a mailed ballot election to occur on or before May 6, 2014. If the election is approved, the Public Works Department will develop the required plans, specifications, acquire necessary approvals and permits, and contract for the paving of Leonard Place to meet current County maintained paved road standards. Paving will reduce air

pollution caused by road dust, minimize erosion, reduce tire noise, and generally improve the overall quality of life within this neighborhood.

File: County Service Area No. 21/Cooperative Roads

Reference: 14JAN28-H-1

L:\TRANS\JAN14\BOS\Leonard Place Continued Public Hearing brd ltr.doc.MB:lc

ATTACHMENTS

1. Vicinity Map
2. Resolution Creating a Zone for Road Improvements Within the San Luis Obispo County Service Area No. 21 for Leonard Place
3. Resolution Calling for a Special Election in the Road Improvement Zone - Leonard Place of County Service Area No. 21 of San Luis Obispo County for the Purpose of Submitting to the Voters of the Zone a Measure for Imposition of a Special Tax for Road Improvement Services