



Agenda Date: 8/7/2007
Agenda Placement: 8E
Set Time: 9:15 AM PUBLIC HEARING
Estimated Report Time: 5 Minutes

NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

TO: Board of Supervisors
FROM: Michael Stoltz for Peterson, Robert - Director
Public Works
REPORT BY: Kathleen Dubrin, Staff Services Analyst II , 259-8683
SUBJECT: Public Hearing and adoption of a resolution authorizing and levying assessments for County Service Area No. 3

RECOMMENDATION

Director of Public Works requests the following actions relating to County Service Area No. 3 (CSA No. 3):

1. Open Public Hearing to consider any objections or protests with respect to the assessments for adoption;
2. Close Public Hearing and adopt a resolution authorizing and levying assessments for Fiscal Year 2007-2008;
3. Open Public Hearing to accept testimony on the Fiscal Year 2007-2008 budget, with a total appropriation of \$418,970; and
4. Close Public Hearing and continue consideration to August 14, 2007 at 9:00 A.M. for final adoption.

EXECUTIVE SUMMARY

Government Code Section 25210.77a requires an annual written report for each County Service Area be submitted to the Clerk of the Board. The report must identify each parcel of real property receiving extended services and the assessment for each parcel. After the report has been filed, a public hearing is to be scheduled to hear and consider all objection or protests, if any, to the proposed annual assessments.

On June 4, 2007, an "Engineer's Report" was submitted to the Board in compliance with the requirements of Government Code Section 25210.77a and Proposition 218. After receiving the report, the Board, by resolution, declared the County's intent to levy assessments for CSA No. 3, set a time for a public hearing at 9:15 a.m., August 7, 2007, to consider any protests to the proposed assessments, and designated the Napa County Airport Manager as the person to answer questions regarding the assessments.

Upon conclusion of today's public hearing, the Board may adopt, revise, change, reduce, or modify any proposed assessment by resolution. Final adoption of the proposed budget for Fiscal Year 2007-2008 for County Service Area No. 3 is scheduled for August 14, 2007, with a total appropriation of \$418,970.

FISCAL IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	Yes
Where is it budgeted?	County Service Area No. 3
Is it Mandatory or Discretionary?	Discretionary
Discretionary Justification:	Approval of and levying of assessments, and adoption of the CSA No. 3 Fiscal Year 2007-2008 budget, will provide the funding and appropriations necessary for the extended services provided in CSA No. 3.
Is the general fund affected?	No
Future fiscal impact:	None
Consequences if not approved:	If the proposed assessments are not levied, and the budget not adopted, there will be insufficient funds to pay for the extended services provided in CSA No. 3.

Additional Information:

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

In 1994 the Board adopted Resolution No. 94-29 adding structural fire protection, streetside landscaping, street and highway lighting and street sweeping as extended services to CSA No. 3. These services are funded by assessments levied in accordance with Proposition 218, which requires that the County levy assessments according to the special benefit each parcel receives.

In 1997, an election was held pursuant to Proposition 218, and property owners within the service area were asked to vote on the methodology used to determine assessments. The property owners approved the assessment methodology, set assessments for Fiscal Year 1997-1998, and approved the concept of cost-of-living increases for future years.

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On June 7, 2007, an "Engineer's Report" was submitted to the Board in compliance with the requirements of Government Code Section 25210.77a and Proposition 218. After receiving the report, the Board, by resolution, declared the County's intent to levy assessments for CSA No. 3, set a time for a public hearing to consider any protests to the proposed assessments, and designated the Napa County Airport Manager as the person to answer

questions regarding the assessments.

The total proposed assessment for CSA No. 3 for Fiscal Year 2007-2008 is \$333,970. The proposed assessments provide for a 7.79% increase for fire protection services consistent with the Construction Cost Index (CCI) for the San Francisco Bay Area. Upon conclusion of the public hearing, the Board may adopt, revise, change, reduce, or modify any proposed assessment by resolution.

Two public notices were published in advance of this hearing. There was also a CSA No. 3 meeting held on July 17 at the Airport to provide feedback for any interested party in the CSA No. 3. Property owners were notified by mail regarding this meeting. Six property owners participated in this meeting. One common concern expressed by the property owners was their concern over the adequacy of the landscaping maintenance. In response to this concern, the proposed budget has been revised to increase appropriations by \$10,000 over what was originally proposed, using Fund Balance as the revenue source. In future years, the assessments will be increased to provide for this level of service.

CSA No. 3 was formed with the knowledge that the initial assessment revenue would not be sufficient to cover the CSA No. 3 cost responsibility for fire protection. This has resulted in the Countywide Fire Fund subsidizing the shortfall. It is anticipated that sufficient revenue will be available to pay for CSA No. 3 expenses and retire the Fire Fund subsidy as more commercial square footage is developed within the CSA No. 3, and with the retirement of the Certificate of Participation debt for the Greenwood Fire Station. Additional square footage of the present type of commercial use will not require more fire protection staff or equipment. There is also the provision for annual rate increases based upon the CCI. The annual subsidy is tracked in the Engineer's Report so that when assessment levels exceed the CSA No. 3 allocable costs, such excess revenues will reimburse the Countywide Fire Fund. The annual Certificate of Participation debt payment of \$85,471 for the Greenwood Fire Station will be paid off in 2013. It is presently projected that there is approximately 1.3 million square feet in CSA No. 3 in various stages of the planning/development process, consisting of:

- | 100,000 square feet under construction
- | 850,000 square feet, including 408,000 square feet for the Montalcino project of approved development not under construction,
- | 435,510 square feet, including 140,000 sq. ft. south of Fagan Creek and 295,510 sq. ft. in the Gateway Business Park, of development presently in the discretionary approval process

1.3 million additional square feet will generate approximately \$105,000 in additional annual assessments based upon the present rate.

When compared to last year's Engineer's Report, there is a 11.2% increase in fire fee assessments, and a 11% increase in fire protection expenses for the same level of service as provided in previous years. The increase in fire fee assessments is based upon an additional 149,493 square feet of commercial use being added to the CSA No. 3, and the proposed 7.79% increase in assessments based upon the CCI. The Engineer's Report estimates a Fire Fund subsidy of \$85,065 for next fiscal year, and accumulative subsidy amount of \$1,187,919.

After adoption of a resolution authorizing and levying assessments for CSA No. 3, a second public hearing will be held to consider the proposed budget for Fiscal Year 2007-2008 for County Service Area No. 3. Revenue is estimated at \$333,970. Total appropriations are \$418,970 consisting of:

- | \$79,890 for Services and Supplies
- | \$85,471 for the 2003 Certificate of Participation Debt Service
- | \$253,609 for an operating transfer out to the Fire Protection Fund.

There is sufficient Fund Balance to provide for the difference of \$85,000 between total appropriation and anticipated revenue. The Fund Balance will be used for 2 purposes:

- | Retire \$75,000 of the accumulated Fire Fund subsidy deficit, reduces it to \$1,112,919
- | Provide \$10,000 in additional landscape maintenance services.

SUPPORTING DOCUMENTS

A . CSA 3 Levy Resolution 2007-2008

B . Schedule 13, 14 and 15

C . FY 07-08 Budget

CEO Recommendation: Approve

Reviewed By: Karen Gratton