



County of Fresno

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Legislation Text

File #: 17-0158, **Version:** 1

DATE: June 20, 2017

TO: Board of Supervisors

SUBMITTED BY: Steven E, White, Director
Department of Public Works & Planning

SUBJECT: County Service Area 34A Revolving Fund Loan

RECOMMENDED ACTION(S):

Approve and authorize the Chairman to execute a Resolution of the Board of Supervisors Approving and Establishing Repayment Terms for a \$300,000 Disbursement from the County Service Area Revolving Fund to the Funds of County Service Area No. 34, Zone A (Brighton Crest) (\$300,000).

The recommended action would approve and authorize a disbursement of \$300,000 from the County Service Area Revolving Fund to County Service Area No. 34 (CSA 34), Zone A (CSA 34A), to be repaid, with interest, over a period of 10 years from CSA 34A funds.

ALTERNATIVE ACTION(S):

Staff has not identified a viable alternative action.

FISCAL IMPACT:

There is no Net County Cost associated with the recommended actions. All costs for the administration of the revolving fund disbursement, and to prepare this agenda item, are paid by the benefitted properties within CSA 34A. The current fees and assessments that were approved by the CSA 34A property owners and levied by the Board of Supervisors on March 15, 2016, provide the revenue necessary to repay the revolving fund disbursement, with interest, over a period of 10 years and to satisfy other requirements of the County of Fresno Policy for Use of the County Service Area Revolving Fund (Policy). CSA 34A would repay the disbursement, with interest, in quarterly payments.

DISCUSSION:

The Board formed CSA 34A in 1989 to provide community water and wastewater services, street sweeping and street lighting services for the development of "Brighton Crest," which consists of 442 acres lying on the south side of Millerton Road (shown on Exhibit A-Map).

CSA 34A has experienced financial instability for the past several years, primarily due to several equipment failures.

On March 15, 2013 a high voltage electrical line serving the water pumps in Millerton Lake failed. CSA 34A's proportional share of the repair cost, which it shared with CSA 34, Zone C (CSA 34C), was \$65,790.

On July 25, 2013 staff met with the CSA 34A Citizens Advisory Committee (CAC), Brighton Crest Home

Owners Association (BCHOA) Members, and the Fairways Home Owners Association (FHOA) members to discuss the recent equipment failure and how it affected CSA 34A's financial outlook. Those in attendance agreed that the fees and assessments in effect at that time were not sufficient to build a reserve for unexpected repairs and to cover all of the operation and maintenance costs of the system.

Then, on August 22, 2013, an electrical transformer serving the Millerton Lake pumps failed. CSA 34A's proportional share of the repair cost, which it shared with CSA 34C, was approximately \$183,300.

On September 24, 2013, the County, through CSA 34, retained an engineer to analyze the system and draft an assessment engineer's report. Due to the complexity of the systems and services provided in CSA 34, the engineer's report was not completed until August 28, 2015. The Proposition 218 majority protest hearings for the fees and assessments described in the engineer's report were completed on March 15, 2016, with no majority protest from the CSA 34A property owners for the fees and assessments in CSA 34A. Those fees and assessments went into effect on July 1, 2016.

A portion of the new fees and assessments is intended to build reserves. The primary purpose of building these reserves is to ensure that there are funds to pay for the costs of equipment failures that may occur in the future. Reserves are also required under the Board's minimum cash reserve policy, established on November 10, 2009, Board Agenda Item No. 16. There has not yet been time to build sufficient reserves, or to cover accumulated expenses for equipment repairs. If revenues and expenditures continue at the current pace, the projected cash balance for CSA 34A at the end of Fiscal Year 2016-17 will be in the negative by approximately \$300,000.

On February 7, 2017, the Board approved Resolution No. 17-121, which established the County Service Area Revolving Fund (Revolving Fund) and adopted the "County of Fresno Policy for Use of the County Service Area Revolving Fund" (Policy). The Board committed \$600,000 from the General Fund to establish the Revolving Fund. The purpose of the Revolving Fund is to provide a way for County Service Areas whose cash reserves are temporarily depleted to borrow for short periods from the County General Fund.

In the "Request and Certifications for Revolving Fund Disbursement to County Service Area No. 34, Zone A," which is on file with the Clerk to the Board, the Department certifies the eligibility criteria under the Policy for a Revolving Fund disbursement of \$300,000 to CSA 34A. Also in that document, the Auditor-Controller/Treasurer-Tax Collector concurs with the Department's cash flow analysis and certifies that funds are available in the Revolving Fund that are sufficient to make the requested disbursement.

On April 21, 2017, Department staff mailed a notice (Exhibit B) to all of the CSA 34A property owners regarding the proposed Revolving Fund disbursement. As required by the Policy, the notification included an explanation of the reason for the Revolving Fund disbursement request, a proposed repayment schedule, the date, time and place of the Board meeting where the Revolving Fund disbursement would be requested, and a statement that a public community meeting with Department staff was scheduled for not less than 20 days before the Board meeting to discuss the disbursement request.

On May 10, 2017, Department staff held a public community meeting in CSA 34A to discuss the Revolving Fund disbursement request. The property owners that were present expressed their support for going forward with the Revolving Fund disbursement request.

REFERENCE MATERIAL:

BAI #7, February 7, 2017
BAI # 18 March 15, 2016
BAI #12, November 10, 2009

ATTACHMENTS INCLUDED AND/OR ON FILE:

Exhibits A-B

On file with Clerk - Request and Certification

On file with Clerk - Resolution

CAO ANALYST:

John Hays