



Board Agenda Item 11

DATE: June 2, 2026

TO: Board of Supervisors

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

SUBJECT: Majority Protest Hearing on Standby Charge Assessment for Sewer Services in Fresno County Service Area 44A (Millerton Lake Mobile Home Village)

RECOMMENDED ACTION(S):

Conduct majority protest hearing and receive ballots from owners of property, currently (as of such majority protest hearing) receiving sewer service, in Fresno County Service Area 44A (Millerton Lake Mobile Home Village), prior to the close of such majority protest hearing, as required under California Constitution Article XIII D, Section 6 (Proposition 218), on a proposal to increase the sewer standby charge assessments for such District, and upon completion of such majority protest hearing, approve item A or B, as applicable, as determined by the Board of Supervisors (“Board”):

- A. If the Board finds that there is not a majority protest against such proposal to increase the sewer standby charge assessments, the Board may adopt a Resolution authorizing the proposed increases in the sewer standby charge assessments for Fresno County Service Area 44A (Millerton Lake Mobile Home Village), effective July 1, 2026.**
- B. If the Board finds that there is a majority protest against such proposal to increase the sewer standby charge assessments, make the determination that there is such a majority protest and abandon proceedings regarding such proposal to increase the sewer standby charge assessments, and direct the Department of Public Works and Planning to hold a public meeting with the Fresno County Service Area 44A (Millerton Lake Mobile Home Village) community to discuss immediate cost saving steps.**

There is no Net County Cost associated with the recommended actions, as cost are funded through standby charge assessments charged to the benefitting parcels in Fresno County Service Area 44A (Millerton Lake Mobile Home Village) (“CSA 44A”). CSA 44 currently provides sewer service to 99 residential parcels on Friant Road southwest of Millerton Lake. Based on a ten-year horizon, the proposed increased sewer standby charge assessments are recommended to:

- Fully fund CSA 44A operating costs;
- Build a cash reserve of at least \$64,623 by the end of Fiscal Year 2030-31 (as required by your Board’s policy for special districts);
- Continue contributing to the cash reserve to keep the district in compliance with your Board’s policy for special districts through the end of Fiscal Year 2035-36;
- Improve the financial condition of CSA 44A; and
- Repay the County for past costs incurred but not yet charged to CSA 44A.

Under the proposed assessments, the annual sewer assessment is expected to increase approximately \$1,174, or about 202%, from \$580 to \$1,754 in the first year. There is a “majority protest” if the valid ballots

submitted, and not withdrawn, in opposition to the proposed standby charge assessment exceed the valid ballots submitted, and not withdrawn, in favor, with each ballot weighted according to the proportional financial obligation of the affected property. If there is a majority protest, the increased standby charge assessments cannot be approved by your Board. If there is a majority protest, there will be insufficient funds to support the operation and maintenance (O&M) of the CSA 44A sewer system. This item pertains to a location in District 5.

ALTERNATIVE ACTION(S):

Staff have not identified any viable alternative. If your Board declines to conduct the majority protest hearing as recommended, or if the majority protest hearing is held but there is a majority protest by the owners of property currently (as of the Board's protest hearing) receiving sewer service in CSA 44A so that the necessary increased standby charge assessment cannot be charged, then there would be insufficient funds to meet the O&M of the CSA 44A sewer system, and CSA 44A will be unable to pay for any necessary repairs or repay the County for past costs incurred but not yet charged to CSA 44A.

FISCAL IMPACT:

There is no Net County Cost associated with the recommended actions. All costs associated with CSA 44A, including those associated with the majority protest hearing, are paid for by the 99 parcels in CSA 44A which receive sewer service. All costs for the O&M of the sewer services shall be paid from the standby charge assessments charged to these benefitting properties in CSA 44A. Current revenues are not sufficient to cover the O&M costs of CSA 44A or to repay the County for past costs incurred but not yet charged to CSA 44A.

If there were a majority protest by owners of property currently (as of the Board's protest hearing) receiving sewer service in CSA 44A, so that the increased standby charge assessments could not be charged, there would be insufficient funds to meet the O&M of the CSA 44A sewer system as well as to repay the County. Also, Department of Public Works and Planning (Department) staff would hold a public meeting with the CSA 44A community to discuss immediate cost saving steps and possible ramifications, which could include the inability to pay for repairs resulting in the shutdown of their sewer service or the potential for dissolution of CSA 44A.

DISCUSSION:

1. History and location.

CSA 44A was established in 1992 to provide sewer services to the Millerton Lake Mobile Home Village, located on Friant Road, southwest of Millerton Lake. CSA 44A contains 104 parcels, 99 of which are connected to sewer service.

2. CSA 44A's current standby charge assessment.

CSA 44A's current sewer standby charge assessment was adopted pursuant to Proposition 218 requirements on March 6, 2007. Assessments have not increased since. The current assessment has an annual cost to property owners of \$580 per parcel.

3. CSA 44A's proposed standby charge assessment.

On March 17, 2026, your Board adopted Resolution 26-096, initiating the standby charge assessment proceeding under the Uniform Standby Charge Procedures for sewer services in CSA 44A.

The proposal to increase CSA 44A's sewer service standby charge assessment is being made because CSA 44A's current assessment no longer generates sufficient revenue to meet CSA 44A's expenses.

The proposed standby charge assessments are attached to this agenda item as Attachment A. Under the proposed standby charge assessments, the average bill will increase approximately \$1,174 or about 202% (from \$580 to \$1,754). The assessments will increase by 2.1% in Fiscal Year 2027-28, by 2.2% in Fiscal Years 2028-29 and 2029-30, and by 2.2% in Fiscal Year 2030-31 to account for inflation. In FY 2031-32, once the County has been repaid for costs incurred, but not yet paid, and the district has rebuilt reserves to the required amount (\$64,623), the standby charge assessments will decrease by 24.2% to \$1,447. The assessment will then increase by 3% each of the following four years to account for inflation.

The proposed standby charge assessment increases will allow CSA 44A to:

- Fully fund CSA 44A operating costs;
- Build a cash reserve of at least \$64,623 by the end of Fiscal Year 2030-31 (as required by your Board's policy for special districts);
- Continue contributing to the cash reserve to keep the district in compliance with your Board's policy for special districts through the end of Fiscal Year 2035-36;
- Improve the financial condition of CSA 44A; and
- Repay the County for past costs incurred but not yet charged to CSA 44A.

If the proposed standby charge assessment increase goes into effect, then CSA 44A is projected to repay the amount of \$194,792. This means that the County will essentially continue to advance the foregoing \$194,792 to CSA 44A until FY 2030-31, assuming the proposed increased assessments are adopted.

On November 7, 2006, the Board of Supervisors adopted a policy requiring special districts to maintain a reserve equal to 50% of a three-year rolling average of annual operating costs. For CSA 44A, the target is approximately \$64,623. The assessment plan developed under the proposed increases in service standby charge assessments includes the accumulation of about \$64,623 in reserves by the end of FY 2030-31 which meets the County's target. Until such reserves reach their target in FY 2030-31, CSA 44A remains non-compliant with this policy.

In recent years, CSA 44A has spent down its existing reserves and is not collecting sufficient revenue to fund annual expenses. In FY 2024-25, CSA 44A incurred approximately \$135,435 in expenses to operate and maintain the sewer system; with current revenues of only \$56,553, this will result in a single fiscal year's deficit of \$78,881.

The current sewer standby charge assessment was determined based on services, supplies, and labor costs at the time, but the costs of operating the CSA 44A sewer system have exceeded revenues due to the rising cost of O&M, repairs to an aging system, and inflation. Consequently, cash reserves are completely depleted. Going forward, revenues need to be increased to not only meet expenses, but also to rebuild cash reserves within five years and repay the County.

The proposed increased sewer standby charge assessments will increase the annual sewer assessments to better align with actual costs to provide sewer services, starting on July 1, 2026, assuming no majority protest, and your Board's approval of the higher assessment proposed in this item:

- An assessment for all sewer users that will cover the costs of O&M and administration of the sewer system. The standby charge assessment was developed by analyzing the average O&M and administration costs over the past three years. Assessment recommendations are designed to fund CSA 44A's short- and long-term costs of providing service and fairly allocate costs to all customers. The proposed standby charge assessments are based on the reasonable cost of providing service and do not exceed the proportional cost of the service attributable to the parcel.

4. Meeting with community.

On February 26, 2026, Department staff met with the CSA 44A property owners and discussed the possibility of initiating the Proposition 218 process to restructure and increase the standby charge assessments for the sewer service due to the deficiency in funds to operate and maintain the sewer system.

5. Notices to community; meeting with community.

On April 3, 2026, as required by California Constitution Article XIII D, Section 6 (Proposition 218), notification for the Protest Hearing (60-Day Notice) was mailed to recorded owners listed on the CSA 44A tax rolls subject to the proposed increased sewer standby charge assessments. The 60-Day Notice explained the procedure for property owners and their tenants, **currently** (as of the Board's majority protest hearing) **receiving CSA 44A's sewer service**, timely submitting a valid ballot in support or opposition to the proposed increased standby charge assessments, and explained how the adjustment in the standby charge assessments for sewer service will allow CSA 44A to build a cash reserve of at least \$64,623 by FY 2030-31, as required by your Board, to build the cash reserve to \$74,915 by FY 2035-36, to repay the County for past costs incurred but not yet charged to CSA 44A, and to cover expenses caused by the operation of the sewer system.

The 60-Day Notice also explains that if the number of timely, valid ballots in opposition to the proposed standby charge assessments exceed those in favor, your Board may increase the standby charge assessment effective July 1, 2026. The 60-Day Notice is attached to this agenda item as Attachment B.

On May 7, 2026, Department staff met with the CSA 44A property owners and residents at Copper Hills Elementary School to explain the proposed increase in sewer standby charge assessments. Additionally, staff explained the Proposition 218 process and the ramifications of a majority protest.

6. Ramifications of majority protest.

If protests from a majority of owners of property in CSA 44A, currently (as of the Board's majority protest hearing) receiving sewer service, are not received before the close of the majority protest hearing, your Board may approve the recommended standby charge assessment increase. If so approved, the increased standby charge assessments will become effective on July 1, 2026, and will be collected following the issuance of assessments for the first half of FY 2026-27.

However, if the number of timely, valid ballots in opposition to the increased standby charge assessments exceed those in favor by the close of the majority protest hearing, then there will be a majority protest, and the increased standby charge assessment cannot be approved by your Board. If a majority protest occurs, Department staff will communicate with the CSA 44A community on reducing sewer services or the potential dissolution of CSA 44A.

Standby Charge Assessment Ballot Process and "Majority Protest"

The process of levying a standby charge assessment on real property must conform to the requirements of Proposition 218 as passed by the voters of the State in November 1996 and placed in the California Constitution as Articles XIII C and XIII D. The particular requirements applicable to assessments are in Article XIII D, Section 4. These requirements apply to the standby charge assessment proceeding before the Board in this item.

Under Proposition 218, a notice, including a standby charge assessment ballot, was mailed to all of the property owners within the District on April 3, 2026, 60 days before the majority protest hearing before the Board today.

For a standby charge assessment ballot to be counted, it must be properly executed and delivered, as follows:

- (1) By U.S. mail so that it is received by the Clerk of the Board no later than 9:30 A.M. on June 2, 2026;
or
- (2) Otherwise delivered to the Clerk of the Board no later than 9:30 A.M. on June 2, 2026; or
- (3) Delivered at the Board's majority protest hearing on June 2, 2026, before the close of public testimony during said hearing.

Standby charge assessment ballots will remain unopened and in the charge of the Clerk of the Board until they are opened and tabulated after the conclusion of public testimony at the majority protest hearing.

The following types of standby charge assessment ballots have been available to property owners of the specially benefitted parcels:

- Substitute standby charge assessment ballots (for change or withdrawal of a standby charge assessment ballot, or owner claims that he or she did not receive or lost the standby charge assessment ballot, or that the standby charge assessment ballot is unusable).
- New owner standby charge assessment ballot (for changed ownership after date of Engineer's Report).
- Co-owner standby charge assessment ballots (for more than one of the record owners of a parcel wishes to submit a standby charge assessment ballot for his or her interest).

The foregoing alternate forms of standby charge assessment ballots are provided by the Clerk of the Board once the property owner executes an appropriate County request form. All such alternate forms of standby charge assessment ballots will have the same standby charge assessment ballot measure as a standby charge assessment ballot.

All properly completed and timely returned standby charge assessment ballots will be tabulated only after the conclusion of the majority protest hearing. The proposed standby charge assessment shall not be imposed if the total weighted value of the standby charge assessment ballots submitted, and not withdrawn, in opposition to the proposed assessment exceed the total weighted value of the standby charge assessment ballots submitted, and not withdrawn, in favor of the proposed standby charge assessment (i.e., a "majority protest"). All standby charge assessment ballots are weighted according to the proportional financial obligation of the affected property.

REFERENCE MATERIAL:

BAI #38, March 17, 2026
BAI #3, March 6, 2007
BAI #16, November 7, 2006

ATTACHMENTS INCLUDED AND/OR ON FILE:

Exhibit A - Site Map
Attachment A - Proposed Rates CSA 44A
Attachment B - 60-Day Notice
On file with Clerk - Resolution

CAO ANALYST:

Maria Valencia