

Saddle Creek Community Services District

Regular Meeting of November 15th, 2016

AGENDA SUPPORTING DATA

DISCUSSION AND ACTION ITEMS

- b. Discussion and direction regarding the draft Saddle Creek Road Improvements and Operations Special Tax scope, budget, timing of election and communication plan

Recommended Motion

I move to direct staff to:

1. Prepare the documentation necessary to place the Saddle Creek Road Improvements and Operations Special Tax on the June 6, 2017 ballot for election to be conducted by Calaveras County
2. Include in the proposed tax budget the agreed upon scope of landscape design and improvements
3. Include the cost of evaluation and potential establishment of encroachment or road impact mitigation (SCCSD issued construction permit) fees
4. Evaluate the benefit and cost of funding road improvements in less frequent, larger projects and include in the improvement budget if determined advantageous financially or in less community impact

Background

District management and our special tax consultant, NBS Government Financial Group continue to work diligently with the County of Calaveras in planning the upcoming election. The County is holding firm on its requirement for a relatively lengthy advance adoption of the tax measure by our Board. Below is the schedule by which we must file our final measure to be considered on the respective election:

| <u>Filing Deadline</u> | <u>Polling Place Elections</u> | <u>All Mail Elections</u> |
|------------------------|--------------------------------|---------------------------|
| 10/28/2016 | 3/7/2017 | |
| 12/23/2016 | | 5/2/2017 |
| 1/27/2017 | 6/6/2017 | |
| 4/21/2107 | | 8/29/2107 |
| 6/30/2017 | 11/7/2017 | |

Although our Board could approve the measure in a single meeting in December, it is typical to require several iterations of the actual tax application prepared by NBS. At this point it seems more reasonable to provide the Board an additional month to January 27, 2017 to finalize the measure.

The cost to conduct the election ranges up to \$8000 for an all mail ballot, and up to \$5000 for an election conducted in the normal poling process. If our tax is approved at either a May 2 mail ballot, or June 6 polling place, there will be ample time to place the newly approved tax on the County tax rolls by the August 2017 deadline for first collection in September 2017. Staff recommends that we use the additional month to finalize the measure.

In addition, the budget and cashflow support construction of our first round of road improvements as detailed in the Road Condition Report approximately one year after the first tax levy, unless we dedicate our existing funding reserves. Once the tax is approved, it may be possible for the District to secure financing through participation in the issuance of Certificate of Participation (COP) with the CSDA Finance Authority or other funding available to public agencies.

The cost of capital is relatively low at this time, and our revenue source will assure a solid low interest rate. Securing financing will also allow the District to design and permit larger road renovation projects saving on resident (construction) impact and contracting costs. It is reasonable that we could package the five year project into a single or two construction projects, financed for between 10 and 20 years, and still have adequate cashflow to maintain the appropriate pavement index rating. Staff seeks the approval of the Board to determine the financing and construction timing options and to include in the special tax proposal.

The Board has directed that staff evaluate the establishment of certain fees to be charged to offset the expense caused by construction and other commercial entity caused road impacts. Due to the myriad of laws and other fee regulations in place governing the establishment of these fees, staff is recommending that the special tax budget include a budget of up to \$20,000 for an outside consultant to evaluate and help us establish defensible and easy to administer fees.

Lastly, the District has spent and continues to invest significant funds in renovating our turf landscaping to comply with drought watering restrictions. Staff is dabbling in small scale improvements to move our landscaping into drought tolerance, however it is recommended that we step back and evaluate a larger scale community wide drought tolerant landscape renovation completed by a contractor to save long term costs and maintain a consistent community look during serious water restrictions. Staff recommends that the special tax budget include funding for preparation of landscape plans by a qualified landscape architect and completion of the improvements by competent contractors through a competitive bid process. At this point we do not have the cost of the design and construction, and seek the Board's authority to include these costs in the final tax budget.