

#23



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DATE 4/8/2021 BOS 4/13/2021

**BOS Agenda Item No. 23 - Comment from Fernwood-Cothrin Zone of Benefits Advisory Committee**

3 messages

Christine Kudija <cmkudija@gmail.com>

Thu, Apr 8, 2021 at 3:48 PM

To: bostwo@edcgov.us

Cc: bosone@edcgov.us, bosthree@edcgov.us, bosfour@edcgov.us, bosfive@edcgov.us, edc.cob@edcgov.us, clay.russell@edcgov.us, joe.harn@edcgov.us, rafael.martinez@edcgov.us, ZoneofBenefit <zoneofbenefit@edcgov.us>

Good afternoon, Mr. Turnboo:

I am forwarding the attached letter from the Fernwood-Cothrin Zone of Benefits Advisory Committee regarding Agenda Item 23, the proposed administrative fee increase for the Zones of Benefit.

We are asking (1) that you oppose this proposed increase and (2) that you initiate a complete review of administrative charges and insurance cost allocation for the Zones of Benefit. These special taxes are collected for road maintenance. We understand that there are administrative costs for the Zones, but the existing and proposed fixed costs are wringing our road maintenance budgets dry.

Administrative fees have been increasing steadily since 2017 and with the proposed increase, will amount to **60%** of the special tax collected to maintain our 20-mile road network. The special tax collected for road maintenance in the Fernwood-Cothrin Zone of Benefit nets approximately \$39,600.00 annually, and has no escalator for inflation. It represents \$150.00/parcel for 264 parcels. **In FY 2017-2018, fixed costs for Zone administration and insurance totaled \$12,145.92. The proposed fixed costs for FY 2021-2022 are \$23,532.42.**

**Ultimately, \$89.00 per parcel would be spent on fixed costs, out of the \$150.00 annual tax per parcel collected for road maintenance.** This increase is unsustainable and frankly, unconscionable.

Thank you for your attention. I have not heard from you or your staff regarding my previous email and the first iteration of the attached letter, but I hope that you will respond nonetheless.

Regards,

Christine Kudija  
Fernwood-Cothrin Zone of Benefits

Christine M Kudija, Esq., AICP  
ZOB #114 Key Contact

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Shingle Springs, CA 95682  
Mobile: 661.904.2360  
Email: [cmkudija@gmail.com](mailto:cmkudija@gmail.com)

cc:

- Supervisor John Hidahl, District 1
- Supervisor Wendy Thomas, District III
- Supervisor Lori Palin, District IV
- Supervisor Sue Novasel, District V
- Mr. Don Ashton, Chief Administrative Officer
- Mr. Joe Harn, Auditor-Controller
- Mr. Rafael Martinez, Director, Department of Transportation
- Ms. Brittany Simon, Department of Transportation
- Ms. Shanann Findley, Department of Transportation

**2 attachments**

**Letter to BOS re ZOB fees 2021 040821.pdf**

 168K

 **FERNWOOD-COTHRIN BUDGET WORKSHEET-Final 2021-2022.xlsx**  
26K

**County of El Dorado Clerk of the Board** <edc.cob@edcgov.us>

Thu, Apr 8, 2021 at 3:53 PM

To: Donald Ashton <don.ashton@edcgov.us>, Becky Morton <becky.morton@edcgov.us>

fyi

Office of the Clerk of the Board  
El Dorado County  
330 Fair Lane, Placerville, CA 95667  
530-621-5390

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**County of El Dorado Clerk of the Board** <edc.cob@edcgov.us>

Thu, Apr 8, 2021 at 3:53 PM

To: Christine Kudija <cmkudija@gmail.com>

Thank you. Appropriate public comment provided for upcoming agenda items will be added to the corresponding file.

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Fernwood-Cothrin Zone of Benefit Advisory Committee  
El Dorado County Zone of Benefit No. 14, County Service Area 9

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April 8, 2021

Mr. George Turnboo  
El Dorado County Supervisor, District Two  
330 Fair Lane  
Placerville, CA 95667

Subject: **AGENDA ITEM NO. 23**  
**Regular Board of Supervisors Meeting Tuesday, April 13, 2021**  
**Proposed County Zone of Benefit Administrative Services Fee Increase**

Dear Mr. Turnboo:

***This letter reiterates the request that we sent to you on March 26.*** Now that this item has been agendized, we write in greater urgency. **We request that you *oppose* an upcoming fee increase for administrating the County's Zones of Benefit.** As we explain further below, *these fee increases are unconscionable and unsustainable.* We believe that they may violate Articles XIII(C) and (D) of the California Constitution, which codified the 1996 Proposition 218 (Voter Approval Required before Local Tax Increases), ***because they improperly divert tax revenue for road maintenance into administrative fees.***

At the Department of Transportation's Zone of Benefits Budgeting Workshop on January 14, 2021, we were informed that County staff is proposing to increase substantially the administrative fees associated with Zone management. We were given no justification for the increase, and were not told how the increase was set (e.g. per mile, per parcel, or per total Zone revenue). The April 13, 2021 staff report now states that the fee increase is determined by the number of parcels within a zone, without regard to the total revenue of any particular Zone.

The new fee schedule would result in more than **1.5 times** the amount that was allocated for "fixed costs" for the Fernwood-Cothrin Zone of Benefit as recently as 2019 – and *more than half* of the amount that the County collects in special taxes for road maintenance. This proposed increase comes after a series of increased fixed costs over the past several years. The following chart puts the Zone's "fixed costs" and tax revenue into perspective (current Budget Year on LEFT):

FIXED COSTS	FY 2021-2022	FY 2020-2021	FY 2019-2020	FY 2018-2019	FY 2017-2018
DOT Engineering Services	\$1,858.00	\$1,858.00	\$0.00	\$0.00	\$0.00
Administrative Services	\$7,077.00	\$7,077.00	\$7,272.00	\$7,272.00	\$4,000.00
Old Administrative Services Cost	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Estimated Increase In Administrative Services	\$5,807.75	\$0.00	\$0.00	\$0.00	\$0.00
Annual Required Zone Insurance (based on no. of road miles in Zone)	\$8,400	\$8,400	\$8,400.00	\$8,400.00	\$7,756.00
Auditor's Cost Recovery	\$389.92	\$389.92	\$389.92	\$389.92	\$389.92
<b>TOTAL FIXED COSTS</b>	<b>\$23,532.42</b>	<b>\$17,724.92</b>	<b>\$16,061.92</b>	<b>\$14,289.92</b>	<b>\$12,145.92</b>
ZOB 14 Estimated Annual Special Tax Revenue: \$150.00/parcel x 264 parcels; actual revenue varies with penalty revenue	\$39,600.00	\$39,600.00	\$39,600.00	\$39,600.00	\$39,600.00
<b>Remaining Road Repair Funds</b>	<b>\$16,067.58</b>	<b>\$21,875.08</b>	<b>\$23,538.08</b>	<b>\$25,310.08</b>	<b>\$27,454.08</b>

A copy of the current Fernwood-Cothrin Budget worksheet is attached for your reference.

Fernwood-Cothrin Zone of Benefit Advisory Committee  
El Dorado County Zone of Benefit No. 14, County Service Area 9

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The Fernwood-Cothrin Zone of Benefit No. 14 encompasses 20 road miles and 264 parcels. Last year, there were 457 registered voters (including renters) within the Zone. The staff report suggests that dividing a zone's administrative costs by the number of parcels within the zone is *equitable*. Is it equitable to charge fixed costs for administrative services, insurance and auditor's fees that amount to **60%** of each parcel's special tax?

Some history: In 1986, the Board of Supervisors formed the Fernwood-Cothrin Zone of Benefit No. 14 when a developer wished to rezone and subdivide a section of land (now Sun Ridge Ranch) that had no access to a county-maintained road. It is the Advisory Committee's understanding that the County determined that a Zone of Benefit (Zone) would be required to fund ongoing road maintenance for the proposed subdivision and the surrounding road network that provided access to it. An election was held, and property owners within the proposed Zone voted to form the Zone and to be taxed \$100.00 annually for road maintenance. Long-term residents within the Zone recall ***no mention of administrative fees or separate insurance requirements*** at the time of that election. Still, we understand that *reasonable* cost recovery for services is appropriate in contemporary governmental practice.

When the Zone was created, much of the road network was chip sealed by the developer, likely as a condition of approval for the subdivision. Roads within the subdivision were constructed to County standards and although they are within the Zone of Benefit, the Sun Ridge Ranch Homeowners' Association maintains them with HOA assessments.

In 1998, ZOB 14 residents voted to increase the "special tax" to \$150.00/year, without any provision for inflation, and with no consideration for administrative costs or insurance fees. This is the current "road tax," which as shown in the chart above, generates approximately \$39,600.00 per year.

At some point the Board determined that a separate insurance policy was required to protect the County from claims within the various Zones of Benefit. It is our understanding that each Zone pays a pro-rated share of this bulk policy based on its road miles, not as a proportion of its tax revenue. Fernwood-Cothrin's share amounts to \$8,400 per year, approximately 21% of the Zone's special tax revenue.

As the chart above shows, administrative fees have been increasing substantially since at least 2017, and now represent a disproportionate fraction of taxes paid for road maintenance. The FY 2021-2022 total fees are projected to be more than \$23,500.00, which includes an administrative charge of \$5,807.75 *added to* FY 2020-2021's \$7,077.00. The Fernwood-Cothrin Advisory Committee has never seen adequate – or *any* – justification for these fees.

The Zones' Advisory Committees have the primary role in assessing maintenance requirements, allocating road-repair budgets, soliciting bids, supervising and inspecting road work, organizing volunteer efforts to do the work we can't afford to pay professionals to do, reporting to DOT staff, and conducting at least four meetings a year to discuss our efforts in a public setting. We do all this as uncompensated, self-trained volunteers because the work needs to be done. ***We have no access to other public funds – unlike the County – because our roads, although "public," are not on the County-maintained road list, so we can't even assist DOT staff in writing grants for matching funds.***

Fernwood-Cothrin Zone of Benefit Advisory Committee  
El Dorado County Zone of Benefit No. 14, County Service Area 9

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Raising the special tax requires a 2/3 vote of the electorate within the zone. In 2020, the Advisory Committee supported County Measure K, which would have increased the special tax to \$450.00/year per parcel. It failed, but not by much. As the Board undoubtedly understands, gaining a 2/3-majority vote is challenging.

Establishing a benefit-assessment district whereby a only simple-majority vote of property owners would be required to raise assessments is an alternative – but requires paying a civil engineering firm upwards of \$50,000 for a benefit-assessment study, and then conducting an election. Raising that sizeable amount of money among our Zone’s property owners on the chance of a positive vote is likely a pipe dream.

At this point, many road segments within ZOB 14 are failing. Because these roads are not on the County-maintained roadway inventory, there are no other funds available to repair them. \$39,600.00 per year is not sufficient to maintain a 20-mile road network, and \$16,067.58 is most certainly insufficient to do more than minimal pothole filling on the primary collector roadways.

The April 13 staff report for Agenda Item 23 sets forth the process for dissolution of a Zone if the projected revenue is insufficient to pay for a zone’s intended function. The Advisory Committee has discussed this possibility but realizes that the alternative to a Zone of Benefit is likely not feasible, given the size and number of residents within our Zone. We would prefer to retain the Zone, and continue to work toward another election effort to raise the special tax.

We need your help. Large increases in fixed costs, when the taxes to pay those costs have no escalator for inflation and can only be increased by a super-majority vote, **cannot be justifiable**. Please act to correct this practice not only for ZOB 14, but also for all County Zones of Benefit.

Thank you for your positive response to this letter. We will attend the Board meeting via Zoom on April 13, 2021, and intend to register to speak.

Regards,



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Supervisor Wendy Thomas, District III  
Supervisor Lori Palin, District IV  
Supervisor Sue Novasel, District V  
Mr. Don Ashton, Chief Administrative Officer  
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Mr. Rafael Martinez, Director, Department of Transportation  
Ms. Brittany Simon, Department of Transportation  
Ms. Shanann Findlay, Department of Transportation

**FERNWOOD COTHRIN ZONE 14**

Org	Object Description	Future Fiscal Year 2021/2022 (July 2021 through June 2022)		Current Fiscal Year 2020/2021 (July 2020 through June 2021)		Past Fiscal Year 2019/2020 (July 2019 through June 2020)		
		2022 Proposed Budget	2022 Actual	2021 Encumbrances	2021 Available	2020 Revised Budget	2020 Actual	2020 Available
3591835	0001 FUND BALANCE	-24,276.43	0.00	0.00	-26,989.00	-74,747.03	0.00	-74,747.03
3591835	0175 TAX: SPECIAL TAX	-39,210.08	0.00	0.00	-38,729.00	-39,119.20	-38,610.08	-509.12
3591835	0360 PEN & COST DELINQUENT TAXES	0.00	0.00	0.00	-639.00	0.00	-9.75	9.75
3591835	0400 REV: INTEREST	0.00	0.00	0.00	-75.60	0.00	-1,277.12	1,277.12
3591835	4300 PROFESSIONAL & SPECIAL SRVS		0.00	0.00	0.00	30.00	0.00	30.00
3591835	4303 ROAD MAINT & CONSTRUCTION	35,843.76	28,000.00	0.00	10,379.00	98,164.00	66,273.00	31,891.00
3591835	4501 RAINY DAY FUND	3,000.00	0.00	0.00	16,989.00	0.00	0.00	0.00
3591835	4566 SPECIAL PROJECTS		0.00	0.00	0.00	0.00	719.74	-719.74
3591835	5330 DOT ENGINEERING SERVICES	1,500.00	1,308.07	283.50	-1,591.57	0.00	0.00	0.00
3591835	5356 ADMINISTRATIVE SERVICES	1,858.00	0.00	0.00	1,858.00	0.00	0.00	0.00
3591835	7250 OLD ADMINISTRATIVE SERVICES COST	7,077.00	0.00	0.00	7,077.00	7,272.00	7,229.68	42.32
3591835	ESTIMATED INCREASE IN ADMINISTRATIVE SERVICES	5,807.75	0.00	0.00	0.00	0.00	0.00	0.00
3591835	ANNUAL REQUIRED ZONE INSURANCE	8,400.00	0.00	0.00	8,400.00	8,400.00	6,448.83	1,951.17
3591835	7700 APPROPRIATION FOR CONTINGENCY		0.00	0.00	0.00	0.23	0.00	0.23
3591835	7801 DESIGNATION OF FUND BALANCE		0.00	0.00	0.00	0.00	0.00	0.00
TOTAL ESTIMATED REVENUE:		-563,486.51	-572,703.00	0.00	0.00	TOTAL REVENUE:	\$ 114,643.98	
TOTAL BUDGETED EXPENDITURES:		\$63,486.51	\$72,703.00	0.00	0.00	TOTAL EXPENDITURES:	\$ (80,671.25)	
ZERO BASED BUDGET:		\$0.00	\$46,926.57	0.00	0.00	REMAINING FUNDS:	\$ 33,972.73	

\*\*LESS AUDITORS COST RECOVERY FEE OF \$389.92  
 \*Remaining Funds will change if there is additional work to be completed prior to June 30 2021  
 ESTIMATED ADDITIONAL EXPENDITURES\*: 1,500.00  
 \*Enter the estimated amount to be spent prior to June 30 2021, if no work is planned enter 0  
 ESTIMATED REMAINING FUNDS\*: -24,276.43  
 \*Enter this number in the FUND BALANCE section highlighted in FY 21/22 Budget

Past Fiscal Year 2018/2019 (July 2018 through June 2019)			
2019 Revised Budget	2019 Actual	2019 Available	
-47,234.00	0.00	-47,234.00	0.00
-39,210.00	-39,510.08	300.08	0.00
0.00	-156.74	156.74	0.00
0.00	-1,392.24	1,392.24	0.00
0.00	0.00	0.00	0.00
43,516.00	0.00	43,516.00	0.00
0.00	0.00	0.00	0.00
0.00	0.00	0.00	0.00
3,500.00	0.00	3,500.00	0.00
0.00	0.00	0.00	0.00
1,500.00	1,197.99	302.01	0.00
4,000.00	4,419.18	-419.18	0.00
0.00	0.00	0.00	0.00
8,400.00	7,928.09	471.91	0.00
25,528.00	0.00	25,528.00	0.00
0.00	0.00	0.00	0.00

## Notes for Budget Worksheet

Org	Object	Description	<i>Notes for Object numbers and descriptions</i>	
<b>Income</b>	3591836	0001	FUND BALANCE	Total amount of cash currently in the account
	3591836	0003	FROM DESIGNATIONS	Applies to zones with contingency balances
	3591836	0360	PENALTY & COST DELINQUENT TAXES	Additional funds from late fees
	3591833	0175	TAX: SPECIAL TAX	Anticipated revenue from special tax (0175) or assessment (1310) through 6/30/17. Provided by County.. less the auditors recovery fee. Each fee varries on the # of parcels in the zone:
	3591836	0400	REVENUE INTEREST	Interest collected on funds
	3591836	1310	SPECIAL ASSESSMENTS**	Anticipated revenue from special tax (0175) or assessment (1310) through end of FY. Provided by County..
	3591836	1740	CHARGES FOR SERVICES	Anticipated revenue from special tax (0175) or assessment (1310) through end of FY. Provided by County..
<b>Budget Category</b>	3591836	4300	PROFESSIONAL & SPECIAL SERVICES	Professional services including landscaping contracts (4183), weed abatement and/or snow removal contracts (4303).
	3591836	4303	ROAD MAINT & CONSTRUCTION	Road work as described in the zone's work plan.
			RAINY DAY FUND	Road maintenance fund for savings
	3591833	4620	UTILITIES	For zones formed to provide lighting services.
	3591833	4700	UTILITIES	For zones formed to provide lighting services.
	3591836	4400	PUBLICATION & LEGAL NOTICES	Noticing costs in publications: if revenue is from a benefit assessment or if bidding will be required for the work through 6/30/20.
<b>Fixed Costs</b>	3591836	5330	DOT ENGINEERING SERVICES	Engineering services provided by the county.
	3591836	5356	ADMINISTRATIVE SERVICES****	Administrative costs provided by the county
	3591836	7250	OLD ADMINISTRATIVE SERVICES COST	Old account for Administrative costs-provided by the county and seen in previous FY
	3591836	7257	ANNUAL REQUIRED ZONE INSURANCE	Insurance costs provided by the county
<b>Savings</b>	3591836	7700	APPROPRIATION FOR CONTINGENCY	Savings account. Requires board approval to move money out of this account or must be moved at budget time for next fiscal year.
	3591836	7801	DESIGNATION OF FUND BALANCE	Old account for savings. Funds have been transferred out of this account into Road Maintenance or Contingency



