



## Legislation Text

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**File #:** 23-0860, **Version:** 1

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Department of Transportation recommending the Board:

- 1) Approve and authorize the Chair to sign a budget transfer request for Ryan Ranch Zone of Benefit 98102 to reallocate funds from Contingency to fund emergency road maintenance in Fiscal Year 2022-23; and
- 2) Authorize a loan in the amount of \$21,000 from CSA 9 Insurance Reserve Road Zone Account, with full repayment of the loan anticipated by May 1, 2024, for emergency road maintenance work performed during the 2022-23 winter storms, noting the loan is on a one-time only basis, and that the loan is subject to interest. (4/5 vote required)

**FUNDING:** CSA 9 Insurance Reserve Road Zone Account (57%), Zone of Benefit Special Taxes (43%).

### **DISCUSSION / BACKGROUND**

On December 20, 1983, the Board of Supervisors formed the Ryan Ranch Zone of Benefit (Zone) No. 98102 by Resolution 357-83 to provide road and drainage improvements and maintenance. During the 2022-23 winter storm series, significant rainfall caused severe damage to Beaver Pond Road, creating a public safety issue in the Zone. Beaver Pond Road is the only access to many residents' homes, and it was severely undermined. Emergency repairs were completed and included the replacement of two culverts and the reconstruction of the damaged roadway.

On January 10, 2023, the Board adopted Resolution 016-2023, finding an emergency existed due to the 2022-23 storm series and authorized the Director of Transportation, acting as the Road Commissioner, to take all necessary actions to approve, authorize, and award emergency repair projects. As a result of this action, Construction Services Agreement #7403 was executed with Doug Veerkamp General Engineering, Inc. (Veerkamp).

When the damage was assessed and determined to be an emergency, the Department of Transportation (Transportation) requested and received the Zone's approval of the quotes before work was authorized. Confirmation of the approval is also documented in the Minutes received from their Publicly Noticed Community Meeting conducted on January 23<sup>rd</sup>, 2023. Therefore, the project was confirmed with Veerkamp, and Task Order #04 was issued against Contract #7403 for the emergency replacement of the Beaver Pond Road culverts with a not-to-exceed of \$100,000.

On March 7<sup>th</sup>, 2023, the final invoice for Beaver Pond Road was received for \$100,000. This results in a Zone budget shortfall requiring a budget transfer from the Zone's Contingency Budget and a loan from the CSA #9 Insurance Reserve Road Zone Account (Reserve Account) to pay the invoice in full, as seen below.

### Cost / Budget Summary:

Original Bid Price	\$100,000
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22/23 Zone Road Maintenance Budget	(\$ 62,116)
22/23 Zone Services & Supplies Budget	(\$ 465)
22/23 Zone Contingency Budget	(\$ 16,168)
22/23 Zone Insurance Account	(464)
Balance Due	\$20,787

The Advisory Committee Zone Key Contact (Key Contact) communicated to Zone residents the need to gather a donation in the amount of \$21,000 to cover the shortfall in the Zone's budget for Fiscal Year (FY) 2022-23 during a community meeting and, unfortunately, was unable to collect the necessary donations. As a result, the Key Contact requested a loan against future Zone revenues so the remaining amount on the invoice can be paid in the current FY. The annual Special Tax revenue in the Zone is \$40,242, and the Key Contact is requesting the FY 2023-24 tax installments be used to immediately repay the Reserve Account.

The County of El Dorado's "Policy and Procedure Guidelines for Creation and Administration of Zones of Benefit (ZOB) Within a County Service Area," adopted February 10, 2015, Part VI, Section C. Advance of Funds, states that a ZOB may request an advance of funds up to 85% of an ensuing FY's estimated earnings and that the Board may advance the funds as a loan to the ZOB from any available County funds. This request for an advance/loan to the Zone does not exceed 85% of their projected 2023/2024 revenues. Additionally, under Government Code section 25214.4, the Board may loan funds to a CSA or a ZOB within that area to pay for any lawful expenses of that CSA or ZOB, provided the CSA or ZOB repay the amount loaned within the same FY. The section also authorizes the Board, via a 4/5 vote, to extend the repayment period for three years from the end of the FY in which the loan was made or to waive it in whole or in part if the Board finds that the repayment of the loan may result in an economic or fiscal hardship to the property owners or residents. The Zone has been self-sufficient since its formation until FY 2022-23. Based on the current revenue generated by the Zone, staff recommends that the Board extend the repayment period for this loan for one year. Staff anticipates it will be repaid by May 1, 2024.

Staff recommends that the loan be made from the Reserve Account, created in 1995 with the original intent to establish a self-insurance fund. The County later elected to purchase a Special Liability Insurance Program (SLIP) - Zone of Benefit Insurance Policy; therefore, the money collected for the Insurance Reserve Account was never used, leaving a current fund balance of approximately \$49,256. Although staff is not aware of any prior instance where the County has loaned money from this fund, using it as the source of the loan is consistent with its purpose and intent. The fund's objective was to serve as a reserve for the sudden and unexpected costs that could come from operating the ZOB program.

Transportation has submitted Beaver Pond Road Repairs to the Federal Emergency Management Agency (FEMA) and California Office of Emergency Services (CalOES) for reimbursement through the California Severe Winter Storms, Flooding, Landslides, and Mudslides Declaration for the

incident period of December 27, 2022 - January 31, 2023. Should any reimbursements be received before the 2023-24 tax installments, such funds would be immediately used toward repayment of any loan.

### **ALTERNATIVES**

The Board could choose not to approve the budget transfer, which includes the loan. However, this would result in Veerkamp not receiving timely payment for the work, and alternative methods to fund the work would need to be identified. Staff would return to the Board at a later date.

### **PRIOR BOARD ACTION**

N/A

### **OTHER DEPARTMENT / AGENCY INVOLVEMENT**

County Counsel  
CAO, Community Development and Finance Administration  
Risk Management

### **CAO RECOMMENDATION / COMMENTS**

Approve staff recommendation.

### **FINANCIAL IMPACT**

This item has no impact to Net County Costs. The loan will be repaid, with interest, from the Ryan Ranch tax installments in FY 2023-24. Budgeted appropriations for the Zone need to be increased in Road Maintenance and Construction by \$37,168, offset by a decrease to Appropriation for Contingency in the amount of \$16,168, a decrease to Zone insurance intafund transfer and an increase in the operating transfers-in, in the amount of \$21,000.

### **CLERK OF THE BOARD FOLLOW UP ACTIONS**

The Clerk of the Board will obtain the Chair's signature on the original budget transfer and will forward the budget transfer to the Auditor-Controller for processing.

### **STRATEGIC PLAN COMPONENT**

Good Governance  
Infrastructure  
Public Safety

### **CONTACT**

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