



County of Santa Cruz Board of Supervisors

Agenda Item Submittal

From: Community Development and Infrastructure

Subject: CSA No. 3, Aptos Seascap Benefit Assessment Rates for Fiscal Year 2025-26

Meeting Date: February 11, 2025

Formal Title: Accept and approve Engineer's report for proposed Fiscal Year 2025-26 assessment rates for County Service Area (CSA) No. 3, Aptos Seascap, adopt resolution setting the public hearing for April 29, 2025, at 9:00 a.m., and take related actions

Recommended Actions

1. Accept and approve the Engineer's Report for the proposed Fiscal Year 2025-26 increased assessment rates for County Service Area No. 3 Aptos Seascap;
2. Adopt resolution setting April 29, 2025, at 9:00 a.m. or thereafter as the date and time for public hearing on the proposed benefit assessment rates for the CSA;
3. Adopt resolution of intention to authorize and levy an increased assessment to provide funding for road median maintenance, street utility facilities, and beach access maintenance, patrol, and litter control services for the beach area below Via Palo Alto and extending south to the resort, all within CSA No. 3 Aptos Seascap;
4. Direct the Clerk of the Board to publish a summary notice of the public hearing once a week for two weeks prior to the hearing in a newspaper of general circulation;
5. Approve the notice of public hearing, ballot procedure, and sample ballots for the proposed increased Fiscal Year 2025-26 assessment for the CSA; and
6. Direct Community Development and Infrastructure to mail ballots at least 45 days prior to the public hearing to the record owners of properties that are subject to the proposed increased assessment within the CSAs.

Executive Summary

County Service Area No. 3 Aptos Seascap wishes to increase their benefit assessment rate by doubling their rate for Fiscal Year 2025-26 to provide funding for road median maintenance, street utility maintenance, drainage facility maintenance, beach walkway and stairway maintenance, and patrol and litter control services for the beach area below Via Palo Alto and extending south to the resort, all within CSA No. 3 Aptos Seascap. Attached for the Board's approval is the engineer's report, resolution of intention to levy the assessment, a resolution setting a public hearing, sample ballots, and a summary notice of public hearing as required for a Proposition 218. Board approval will result in mailing of the ballots to affected parcel owners.

Discussion

A County Service Area (CSA) can be formed by residents who wish to pay for extra services that are not provided by their local government agency. CSA fees are

considered benefit assessments, and any rate increase (except for pre-approved annual Consumer Price Index (CPI) increases) must comply with Proposition 218 procedures. These procedures require that an increase is approved by at least half of the votes cast by the property owners, with the votes weighted according to the amount of the proposed assessment of each parcel. Furthermore, a public hearing must be held to consider any protests to the proposed increase.

Community Development and Infrastructure received notification from County Service Area No. 3, that they wish to increase their benefit assessment rate for Fiscal Year 2025-26 by doubling the assessment for each charged parcel. CSA 3 has not had an increase in assessment since 1996; the increase is needed to provide adequate funds for increased costs of services due to inflation. The proposed levy increase was established by the CSA representatives after holding a community meeting. The increase affects 1,500 parcel owners and results in an increase from \$80,900 to \$161,800 in annual revenue for the 2025-26 assessment year, and each year thereafter.

The new rates are identified in summary in the attached engineer's report and in detail in that attached Special Assessments Value Report. The attached sample ballots, notice of public hearing, and resolutions are all per Board established rules for conducting a ballot proceeding for assessments under Article XIID, Section 4 of the California State Constitution.

CSA 3, Aptos Seascap, consists of 1,643 parcels, 143 of which are not assessed as they are of token value, are water source parcels, have an assessed valuation of \$5,000 or less, or are unbuildable. The assessed parcels are classified as follows: residential, vacant (1,432 parcels); duplex (47 parcels); 3-units condo (12 parcels), fourplex, retirement home (4 parcels); and minor commercial, affordable housing, hotel, swim/tennis club (5 parcels).

Assessments will be levied on 1,500 parcels. In April 2019, the Local Agency Formation Commission (LAFCO) reviewed CSA 3 and recommended that since the benefit assessments have not changed or adjusted for inflation since 1996, the CSA should decide whether to cut some services in order to maintain others, or it should schedule an election to increase the benefit assessments. Since then, CSA 3 Aptos Seascap has twice attempted an Election and has been unsuccessful. For Fiscal Year 2025-26, the CSA proposes to increase the existing rates of Aptos Seascap as follows:

<u>PARCEL</u>	<u>From FY24-25</u>	<u>To FY25-26</u>
Residential, Vacant	\$50.00	\$100.00
Duplex	\$100.00	\$200.00
3 Units Condo	\$150.00	\$300.00
Fourplex, Retirement Home	\$200.00	\$400.00
Minor Comm., Aff. Housing, Hotel, Swim/Tennis Club	\$400.00	\$800.00

The Board's approval of this item will allow the Notice of Public Hearing to be released, as well as mailing of the ballots to affected parcel owners. The affected parcel owners may contact their CSA representatives and/or the Department of Public works at (831) 454-2160 if they have questions. Ballots may be delivered in-person or mailed to 701 Ocean Street, Room 410, Santa Cruz, CA 95060. The public may also attend the

Public Hearing on April 29, 2024, at 9:00 a.m. at 701 Ocean Street, Room 525.

Financial Impact

The proposed benefit assessment increase will provide funding for CSA 3, Aptos Seascape for road median maintenance, street utility maintenance, drainage facility maintenance, and walkway and stairway maintenance, patrol, and litter control services for the beach area below Via Palo Alto and extending south to the resort, all within CSA No. 3 Aptos Seascape.

The CSA is self-funded by assessments and CSAs are classified as self-sustaining special revenue funds and do not impact the County General Fund. The proposed increase affects CSA 3 only, Fund 22100, GL Key 622100 GL Object 42024. The proposed increases will provide an additional \$80,900 in assessment revenue for Fiscal Year 2025-26 and each year thereafter, for a total CSA 3 annual assessment of \$161,800. If the election does not pass, Fiscal Year 2025-26 revenue for the CSA will be the prior year's amount of \$80,900.

Strategic Initiatives

Equity Framework - County Facilities & Infrastructure

Operational Plan - Comprehensive Health & Safety, Reliable Transportation

Submitted By:

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Recommended By:

Carlos J. Palacios, County Administrative Officer

Artificial Intelligence Acknowledgment:

Artificial Intelligence (AI) did not significantly contribute to the development of this agenda item.