



**Contra
Costa
County**

To: Board of Supervisors
From: Brian M. Balbas, Public Works Director/Chief Engineer
Date: September 22, 2020

Subject: Proposed Service Plan Report on the Proposed Dissolution of Knightsen Town Community Services District, Knightsen area.

RECOMMENDATION(S):

APPROVE and AUTHORIZE the Public Works Director, or designee, to submit the Proposed Service Plan Report to the Contra Costa Local Agency Formation Commission (LAFCO) in connection with the proposed dissolution of the Knightsen Town Community Services District, Knightsen area.

FISCAL IMPACT:

The proposed actions will utilize Knightsen Town Community Services District's (KTCSD's) current fund balance to complete the anticipated dissolution and provide any future services in the Knightsen area. No County General Funds or Public Works funds are anticipated to be spent related to the dissolution.

BACKGROUND:

On May 21, 2020, LAFCO notified the County that Knightsen Town Community Services District (KTCSD) submitted an application requesting dissolution. As part of the dissolution process, LAFCO will be designating a successor agency (by statute, the County) to receive any excess KTCSD funds and to use the funds to complete dissolution, and then, to the extent practicable,

☒ APPROVE

☐ OTHER

☒ RECOMMENDATION OF CNTY ADMINISTRATOR

☐ RECOMMENDATION OF BOARD COMMITTEE

Action of Board On: **09/22/2020** ☐ APPROVED AS RECOMMENDED ☐ OTHER

Clerks Notes:

VOTE OF SUPERVISORS

NO: John Gioia, District I Supervisor
John Gioia, District I Supervisor
Candace Andersen, District II Supervisor
Candace Andersen, District II Supervisor
Diane Burgis, District III Supervisor
Diane Burgis, District III Supervisor
Karen Mitchoff, District IV Supervisor
Karen Mitchoff, District IV Supervisor
Federal D. Glover, District V Supervisor
Federal D. Glover, District V Supervisor

I hereby certify that this is a true and correct copy of an action taken and entered on the minutes of the Board of Supervisors on the date shown.

ATTESTED: September 22, 2020

David Twa, County Administrator and Clerk of the Board of Supervisors

By: , Deputy

Contact: Gus Amirzehni, (925) 313-2128

BACKGROUND: (CONT'D)

for benefit of the Knightsen area. In response, the Public Works Department has prepared the attached Proposed Service Plan outlining recommended drainage services for the community of Knightsen, should the proposed dissolution of KTCSD be approved with the County being designated as the successor agency.

KTCSD was formed in 2005 by local Measure Z to provide the community with the authority to levy and collect a parcel tax to fund water quality and flood control/drainage improvements. On May 7, 2020, the KTCSD passed resolutions approving an application to LAFCO for dissolution and reducing the parcel tax to zero. LAFCO has tentatively scheduled a hearing on the proposed dissolution for October 14, 2020.

In the event that LAFCO approves dissolution of KTCSD and names the County as the successor agency to wrap up and/or continue the KTCSD affairs, staff recommends that LAFCO include the following terms and conditions:

1. Successor Agency. It is recommended that the Contra Costa County Public Works Department be appointed the agent to perform Contra Costa County's successor agency's obligations.

2. Taxing Authority. The 2005 Measure Z authorized the KTCSD to levy special parcel taxes to fund "constructing, operating, maintaining, and servicing flood control and water quality improvements" in the Knightsen area. This taxing authority is recommended to be transferred to and retained by the County. There are no plans in the immediate future to raise this parcel tax above zero. However, the County proposes to continue providing some drainage services to the community, and when the remaining funds from the KTCSD run out, the County will need to increase the tax rate to continue providing drainage services. In addition, should the community decide to request and support future stormwater/drainage related improvements/services, this tax may be increased by the County to fund those improvements/services, subject to approval of the Board, and subject to the limitations imposed by Measure Z.

3. Remaining KTCSD Fund Balance and Continued Services. The KTCSD's current fund balance is about \$280,000. Government Code sections §57457(b) and §57463 indicate that any funds remaining after the KTCSD's dissolution are to be distributed to the successor agency and should be used for the benefit of the district and its residents, to the extent practicable. Staff recommends that portions of remaining KTCSD funds be used to pay for ongoing drainage services needed by the community and for one-time expenditures to wind up the affairs of the KTCSD.

- a. Ongoing Drainage Services. Staff recommends utilizing portions of remaining KTCSD funds to pay for future costs of pumping excess stormwater from the community that collects on East Bay Regional Park District (EBRPD) property, formerly known as Nunn Farms property, into No Name Slough. The KTCSD had an agreement with the prior

property owner, Nunn Farms, to pay them to pump excess community stormwater from the property into No Name Slough, and this arrangement worked well for many years. Staff recommends continuing this service. Costs to provide drainage services includes coordinating with the Knightsen Town Advisory Council (KTAC) as the community liaison with the successor agency, preparing and presenting a report to the KTAC each fiscal year on activities performed during the prior year, and other administrative duties as required.

b. KTCSD Formation Costs. Staff recommends funding reimbursement owed to the County Public Works Department in the amount of \$26,754.72 spent on Measure Z preparation costs. KTAC initiated the request to form a community services district and the County Public Works Department hired consultants and performed other support services in processing the formation of the KTCSD. Grant funds paid for part of the formation costs, but the County paid almost \$27,000 to finish the formation when the grant funds ran out. Upon formation, the KTCSD agreed to reimburse the County for its formation costs, as outlined in a July 12, 2005, letter from the County Public Works Department to the KTAC.

c. KTCSD Dissolution Costs. The County does not seek the position of successor agency, yet with the dissolution of the KTCSD, finds itself most likely having the role and responsibility of successor agency. The County is not opposed to the dissolution of the KTCSD, but is incurring costs associated with the dissolution by preparing a service plan and financial plan to define its role and responsibility as successor agency with the community, and the County will incur staff costs to administer the dissolution. Staff recommends the County be reimbursed for costs it is incurring and will incur to dissolve the KTCSD, estimated at \$60,000.

d. EBRPD Agreement. Paying for pumping excess water from the EBRPD property will require an agreement between the County and EBRPD. Staff recommends using KTCSD funds to pay for the preparation costs of the agreement, estimated at \$15,000.

e. Knightsen Stormwater Resources Plan. KTCSD invested about \$50,000 to develop a study of potential stormwater improvement projects, but terminated it prior to completion. Staff recommends that the study, Knightsen Stormwater Resources Plan, be finalized and placed into County files for future reference, at an estimated cost of \$6,000.

f. Potential Claim. During the 2018/19 rainy season, EBRPD provided stormwater-pumping services for the community, but was partially reimbursed by KTCSD. An agreement had not been reached between the EBRPD and the KTCSD specifying how pumping would be paid for. EBRPD may submit a claim to the County, as successor agency, to cover the remaining costs, estimated at \$5,500.

4. Citizen Advisory Committee: In its application to dissolve the district, the KTCSD Board requested that LAFCO form a citizens advisory committee consisting of KTCSD Board members or their appointees. It is recommended that the KTAC be designated as

the citizens advisory committee. The KTAC already exists as a community advisory body and reports to the Board of Supervisors on issues involving the Knightsen area. In addition, the KTAC served as the advisory body for drainage related issues prior to the formation of the KTCSD and worked with County staff on developing the concept for the Knightsen Bio-Filter project, seeking and being awarded grant funds to determine the feasibility of the project concept and form a community services district to further develop the project, and contracting for the feasibility study and community services district formation.

If KTAC is designated to serve as the citizens advisory committee, KTAC's primary role would be to facilitate an annual presentation on the County's activities over the prior year. Secondly, the KTAC would get involved if Knightsen residents ask the County to perform drainage studies or improvements that utilize KTCSD remaining funds. Its role would be to work with the community to develop priorities and then submit a formal request to the Public Works Department to perform the actions requested following any required approvals by the Board of Supervisors. Finally, if there is a request or need to increase the Measure Z tax rate, KTAC would facilitate that process and provide recommended actions, such as the recommended tax rate to the Board of Supervisors for their consideration.

5. Liability. Dissolution of the KTCSD is not expected to create new liability risks for the County or the Contra Costa County Flood Control and Water Conservation District when compared to the time period when KTCSD existed.

Staff requests the Board approve and authorize the Public Works Director, or designee, to submit the report and a certified copy of this board order to LAFCO for its consideration in connection with KTCSD's dissolution.

CONSEQUENCE OF NEGATIVE ACTION:

The County will be unable to timely submit formal comments and proposed conditions of KTCSD dissolution to LAFCO.

CLERK'S ADDENDUM

C.80 was removed from agenda indefinitely. Knightsen has pulled the proposed dissolution.

ATTACHMENTS

KTCSD Successor Agency Plan Doc