



TO: GCSB Board of Directors

FROM: Peter J. Kampa, General Manager

DATE: January 11, 2022

SUBJECT: Agenda Item 5A: Adoption of a Resolution Rescinding the Community Facilities District 2021-01 Future Annexation Area and Related Actions Detailed in District Resolutions 18-2021, 22-2021, 25-2021 and Ordinance No. 1-2021 Which Authorized the Levy of Special Taxes on Properties Annexing to the Community Facilities District 2021-01

RECOMMENDED ACTION:

I move to adopt Resolution 03-2022 Rescinding the Community Facilities District 2021-01 (Public Services) Future Annexation Area Established Pursuant to District Resolutions 18-2021, 22-2021, and Rescinding Special Tax Ordinance No. 1-2021

BACKGROUND:

On December 14, 2021, GCSB staff recommended and the Board took action to direct that GCSB rescind the formation of the community facilities district 2021-01 future annexation area; the effect of such action eliminating the CFD 2021-01 as formed. The Board acknowledged that community facilities districts should be formed by new large commercial projects and new residential developments/subdivisions in the future with special taxes levied pursuant to the Fiscal Impact Analysis report, as amended, to offset their service impacts.

The Board also acknowledged that additional funding will be needed in the near future to ensure that current fire and park service levels can be maintained, since expenses currently exceed revenue and equipment replacement programs are not able to be funded. Additional fire department staffing is also needed as identified in the updated fire master plan, and no revenue is currently available to add such staff.

Staff has prepared a resolution accomplishing the direction of the Board at its December 14, 2021 meeting. At the Board's February 2022 board meeting, the amended development policies will be presented to implement the direction for creation of CFDs by new large commercial developments and residential subdivision projects. In addition at the February 2022 meeting, the Board will consider the next steps in committee formation to work with staff and the county to provide adequate funding and facilities for fire staffing, stations, equipment and service funding to meet the emergency response needs now and with population growth in the future.

FISCAL IMPACT:

There is no direct fiscal impact in taking this action, however as stated in detail in the December 14, 2021 staff report, id rescinded the District will not be collecting revenue from any existing residential parcels on development and therefore will not be collecting revenue adequate to offset the impact of this new development/population as emergency calls and park use increases in the future.

The Board did direct staff to update policies to apply community facilities districts to new large commercial development and residential subdivisions in the future to offset their individual and collective impacts on GCSD fire and park services.

ATTACHMENTS:

- Staff Submittal supporting and recommending the rescission of CFD 2021-01 from the December 14, 2021 Board meeting
- Resolution 03-2022 Rescinding the CFD future annexation area and related actions

RESOLUTION 03-2022

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE GROVELAND
COMMUNITY SERVICES DISTRICT RESCINDING THE COMMUNITY FACILITIES
DISTRICT 2021-01 (PUBLIC SERVICES) FUTURE ANNEXATION AREA ESTABLISHED
PURSUANT TO DISTRICT RESOLUTIONS 18-2021, 22-2021 AND RESCINDING
SPECIAL TAX ORDINANCE 1-2021**

WHEREAS, the District in 2020 conducted a Fire Master Plan update and as a result subsequently established and adopted fire and emergency response standards and other standards of emergency coverage, including desired staffing levels and emergency response times; and

WHEREAS, the District developed a fiscal impact analysis report to identify the impacts of new land development projects on its Park and Fire services to ensure that adequate funding would be available in the future to increase fire department staffing and park maintenance with population growth; and

WHEREAS, the District adopted Resolution 18-2021 which stated its intention to form a Community Facilities District and establish a future annexation area to provide funding for expansion of Park and Fire services in the future; and

WHEREAS, the District adopted Resolution 22-2021 officially forming Community Facilities District 2021-01 which contained only the boundaries of the future annexation area identified in Resolution 18-2021; and

WHEREAS, the District adopted Resolution 25-2021 to establish and clarify the definition of new development projects subject to the requirement to annex to the Community Facilities District 2021-01; and

WHEREAS, the District adopted Ordinance No. 2021-01 to authorize the levy of special taxes on parcels annexing into the Community Facilities District 2021-01; and

WHEREAS, the District began the process of implementation of Community Facilities District 2021-01 through the County of Tuolumne and has determined that requiring the annexation of all newly developing parcels within the future annexation area would prove time and cost intensive, as well as difficult to integrate with the county land development and building permitting processes; and

WHEREAS, public concern and confusion was expressed over the administration of the Community Facilities District as configured with the future annexation area, and the District on December 14, 2021 directed staff to prepare to rescind the CFD 2021-01 future annexation area and to modify District policies and procedures to apply the creation of Community Facility Districts only to new large commercial and residential subdivision projects in the future.

**NOW THEREFORE BE IT RESOLVED THAT THE BOARD OF DIRECTORS OF THE
GROVELAND COMMUNITY SERVICES DISTRICT DOES hereby:**

1. Rescind the future annexation area and Community Facilities District 2021-01 as established in Resolutions 18-2021 and 22-2021.

2. Rescind District Ordinance No. 2021-01 establishing and authorizing the levy of a special tax on parcels annexing to the CFD.
3. Direct the preparation of amendments to the District policies for new development, goals and policies relating to the formation of community facilities districts to require new large commercial and residential development/subdivision projects to form or join community facility districts as needed to fund the future expansion of services in order to maintain adopted service and response levels.

WHEREFORE, this Resolution is passed and adopted by the Board of Directors of the Groveland Community Services District on January 11, 2022 by the following vote:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

Rachel Pearlman, Board Secretary

Janice Kwiatkowski, President - Board of Directors

CERTIFICATE OF SECRETARY

I, Rachel Pearlman, the duly appointed and acting Secretary of the Board of Directors of the Groveland Community Services District, do hereby declare that the foregoing Resolution was duly passed and adopted at a Regular Meeting of the Board of Directors of the Groveland Community Services District, duly called and held on January 11, 2022.

DATED: _____



TO: GCSB Board of Directors

FROM: Pete Kampa, General Manager

DATE: December 14, 2021

SUBJECT: Agenda Item 6G: Consideration of the Actions Necessary for the Rescission of the Community Facilities District 2021-1 Future Annexation Area as Established in District Resolution 18-2021, Resolution 22-2021 and Special Tax Ordinance 2021-1

RECOMMENDED ACTION:

I move to direct staff to draft a resolution for Board approval rescinding the following Board actions and directing the drafting of the following policy actions:

- 1. Rescind Resolution 18-2021, Declaring the District's Intention to Establish a Community Facilities District Initially Consisting of Solely of Territory Proposed for Annexation to the Community Facilities District in the Future and to authorize the levy of special taxes therein – Community Facilities District 2021-1*
- 2. Rescind Resolution 22-2021, establishing the formation of Community Facilities District 2021-1*
- 3. Rescind Ordinance No. 1-21, an ordinance authorizing the levy of special taxes on parcels that will annex to Community Facilities District 2021-1*
- 4. Rescind Resolution 25-2021, establishing the definition of the types of projects to which the Community Facilities District 2021-1 will apply*
- 5. Direct the drafting of a Resolution amending the District's Local Rules and Policies for Community Facilities Districts and new development policies as necessary to amplify and clarify the District's requirement that all new land subdivisions and large commercial developments in the District must fund their actual cost of fire and park services as detailed in the Fiscal Impact Analysis, as amended*
- 6. Direct the drafting of a Resolution declaring the intent of the District to seek a memorandum of understanding with Tuolumne County regarding the standards of fire/emergency response coverage desired locally for the Hwy 120 Corridor, County agreement to fund the cost associated with adding fire personnel and equipment to respond to emergency calls outside of the mutual aid response area, agreement on the location and number of fire stations and other related matters to ensure that fire and emergency services can be provided in accordance with the locally adopted coverage and response standards*
- 7. Direct staff and/or a committee of the Board to work with community stakeholders in the evaluation of the structure, amount and service levels to be funded with a future a special tax funding measure in the GCSB boundaries*

BACKGROUND:

On June 8th, 2021 the board of directors adopted local goals and policies for community facilities districts and adopted a resolution of intention to form a community facilities district initially consisting solely of territory proposed for annexation to the community facilities district in the future and authorized the levy of special taxes within community facilities district 2021-1. A public hearing notice was published in the local newspaper and on July 13, 2021, the district conducted a public hearing to receive comments on the formation of the community facilities district and subsequently approved its formation. On August 10th, 2021 the board of directors adopted Ordinance No. #2021-1 authorizing the levy of special taxes on parcels that will annex to the community facilities district No. 2021-1. Collectively these actions formalized the creation of the community facilities district 2021-1 for the purpose of collecting special taxes from new development to offset their fiscal impact.

It is normally left to the administrator of the community facilities district to make determinations as to how to apply the special tax to various types of new development projects. Any actions of the administrator must be in compliance with the community facilities district formation documents and state law. Due to the fact that this was the first community facilities district created by GCSD, management felt that it was important to receive specific direction from the board to clarify the types of new development to which the CFD would apply, and did so by Resolution on September 14, 2021.

There has been significant confusion and concern in the community about the purpose and applicability of the Community Facilities District approved by GCSD. Management has met with County Administration, County Counsel and County Supervisors to discuss the implementation of the CFD. Management met recently with GCSD General Counsel and our municipal finance consultant to determine what actions could be taken to address the public concerns, make the process clearer and still implement a means for new development to cover the cost of its fiscal impact on fire services and to fund expansion of the fire department in the future when call volumes increase with population growth. It was determined that the best route may be for the District to rescind the Future Annexation Area of the CFD 2021-1, by rescinding its formation resolutions and special tax ordinance. This would eliminate the CFD 2021-1 completely. The Fiscal Impact Analysis which is the basis for the cost of providing the services fire services is still valid and would remain in place for negotiation with the county, as well as to be applied to funding agreements with new residential subdivisions and major commercial development projects. Staff's recommendation to rescind the CFD is predicated on further Board action to require that new residential subdivisions and major commercial development fully fund their impact and proportional share of fire staff expansion. We further recommend that staff expedite further negotiations with the county to fund additional full time fire staff in the Groveland Region through contract with GCSD or build and staff a full-time station on the Hwy 120 corridor. Lastly, we recommend that we begin working with the community for a Groveland specific special tax measure in the near future.

The above recommended actions would set in motion the process of dissolution of the CFD 2021-1 in that the actions specified above would be returned to the Board for final decision in January 2022, following preparation of documents by GSD legal counsel and consultants.

DISCUSSION:

Beginning in 2019, District management began working closely with the Tuolumne County Administrator's office and Community Development Director in conveying an understanding of the poor financial condition of the Groveland Fire Department following the sunset of a local property assessment in 2012 and the negative impact being created by the Groveland Fire Department responding as the first-in engine for emergency calls in the County responsibility area outside the GCSD boundaries. A brief outline of the Highway 120 Corridor Fire and emergency response locations is included with this agenda item to detail just how far stretched the Groveland Fire Department is, the more than doubling of emergency calls in a 14 year period, and the large amount of Groveland Fire time spent as the primary responder to remote 911 calls that are actually the responsibility of the Tuolumne County Fire Department.

This matter of stretching fire service demands was also exacerbated in 2019 when two lodging/resort projects located over 20 miles from Groveland Station 78 were going through the County planning process and once again, GCSO fire department was identified as, and expected to be the first-in emergency responders. GCSO through its management, Board and Legal Counsel spent hundreds of hours pouring over documents relating to these resort projects, meeting with County staff, preparing for and testifying at Planning Commission hearings that the impact on GCSO Fire, and therefore GCSO taxpayers was inequitable and placed lives and property within GCSO at risk. This effort to inform the county was successful in some respects, as the county approved the projects with conditions requiring payment of a “fair share fee” to offset impacts on fire services; which could come in the form of a Community Facilities District or other mechanism to guarantee funding for enhanced fire services on the Highway 120 corridor in the future. In addition, the County agreed to take over from GCSO the cost of funding the Amador Contract; keeping the CALFIRE station on Merrell Road staffed during the non-fire season.

Considering the stretching of existing fire department resources and in planning for the future, the District hired a professional planning consultant to complete a fire master plan update, which was ultimately adopted by the Board in March 2020. The primary concerns raised in the master plan were the poor financial condition of the fire department with revenue not covering expenses, low staffing levels for complex emergencies, lack of timely mutual aid assistance with no other local departments and high level of response times far outside the District boundaries. The District Board subsequently adopted response standards to ensure that adequate emergency response services were provided inside the District boundaries, and directed the preparation of financial plans to solidify the fire department services into the future.

During the Terra Vi and Under Canvas hearing process, we heard very clearly from the public that GCSO taxpayers do not want to subsidize new development, and we were also being asked by the county for an estimate of costs that GCSO would be incurring in providing services to their new resort development projects. Since GCSO does not have the authority to adopt fees or taxes that it can enforce in the areas where these resort projects are located, the District focused on determining methods to address the known future fiscal impact of providing services to new development within its boundaries. In late 2020 following a request for proposals process, the district engaged a municipal finance consulting firm to evaluate the fiscal impact of providing fire and park services to new development within the district, so that we could adopt appropriate financing structures to have new development pay their proportional cost impacts. This fiscal impact analysis was also intended to serve as the basis for negotiations with the County regarding the cost of providing emergency response services to areas outside the GCSO boundaries. Beginning on adoption of the fire master plan in 2020, the District Board of Directors discussed fire department service levels, response times, staffing needs, equipment replacement plans and funding plans at most Board meetings through June 2021. During those meetings, the Board discussed options to fund existing and enhanced (increased staffing) fire services including special taxes, assessments, response fees, development impact fees, community facilities districts and funding or reimbursement contracts with the county.

The fiscal impact analysis report identified a funding gap of \$295 per new residential dwelling unit between the cost of providing current park and fire services and the average amount of property taxes received for those services. The report also detailed that the cost to increase fire department staffing by three on duty at all times in the future is \$1313 per year per new single family home and \$25 per year per home to offset park fiscal impacts for each new residential unit. There are limited options available to fund fire services, including special taxes, property assessments and fee-for-service. Considering that GCSO was looking for a funding mechanism that allowed new development to pay the cost of expansion of fire department staffing in the future without impact to existing developed properties, the Board chose to proceed with the creation of a Community Facilities District (CFD) future annexation area, where a special tax could be levied on those new development projects who annex into the CFD. The CFD state law was specifically created as

the vehicle to allow special taxes to be levied on new development to fund its fiscal impact on public services.

New development has and will continue to put a strain on the fixed Fire Department services and without additional revenue to fund additional staffing and equipment to offset that impact, these services will not meet standards as population grows in the future and the potential for loss of life and property damage will inevitably increase as a result. Rescinding the Community Facilities District 2021-1 means that to responsibly plan financially for increased staffing in the future, we must develop an alternative source of revenue to pay the associated cost. In addition, there is no current funding available for our \$250,000 per year fire equipment and facility replacement program. We would be negligent if we assumed that the fire department financial circumstances were somehow going to right themselves. We must actively address these structural financial issues.

Existing GCSD taxpayers funding the entire cost of providing fire and emergency response services to the entire Highway 120 corridor from Moccasin to the Yosemite NP boundary now and in the future is simply inappropriate and irresponsible. But if GCSD Fire does not respond to these outlying areas, who will? The revenue to pay for future expansion of the fire department, equipment replacement and increasing operating costs must come from a special tax or assessment paid by existing properties/voters in GCSD, from new development or from Tuolumne County; with the most equitable option being all three funding their proportional share of all costs starting as soon as possible. Items 5, 6 and 7 in the recommended Board action above are intended to direct the strategic planning of this future equitable distribution of costs among current taxpayers, the county and new development.

ATTACHMENTS:

- Highway 120 Corridor/GCSD Fire Emergency Response Summary
- [CFD 2021-1 formation documents](#) – hyperlink only

FISCAL IMPACT:

Additional costs of not to exceed \$5000 will be incurred in legal and consulting costs to rescind the CFD. Rescinding the CFD 2021-1 will reduce future revenue for expansion of fire department staffing by \$1.17 million annually (in 2021 dollars) at buildout of all vacant lots.

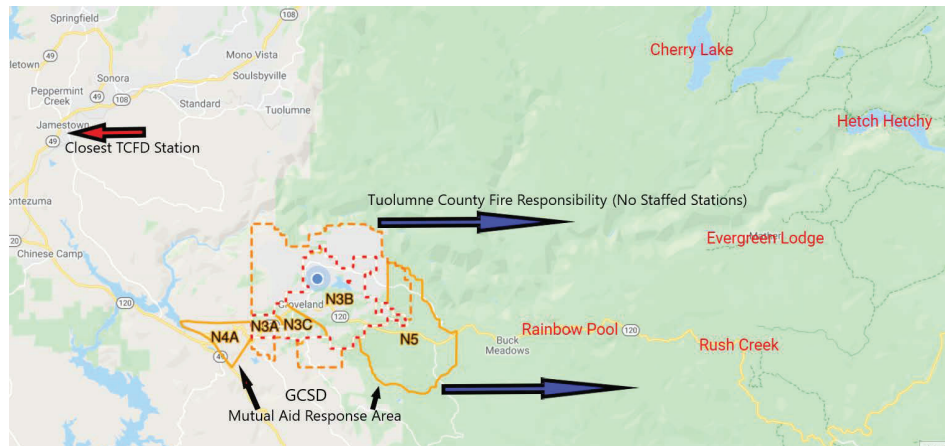
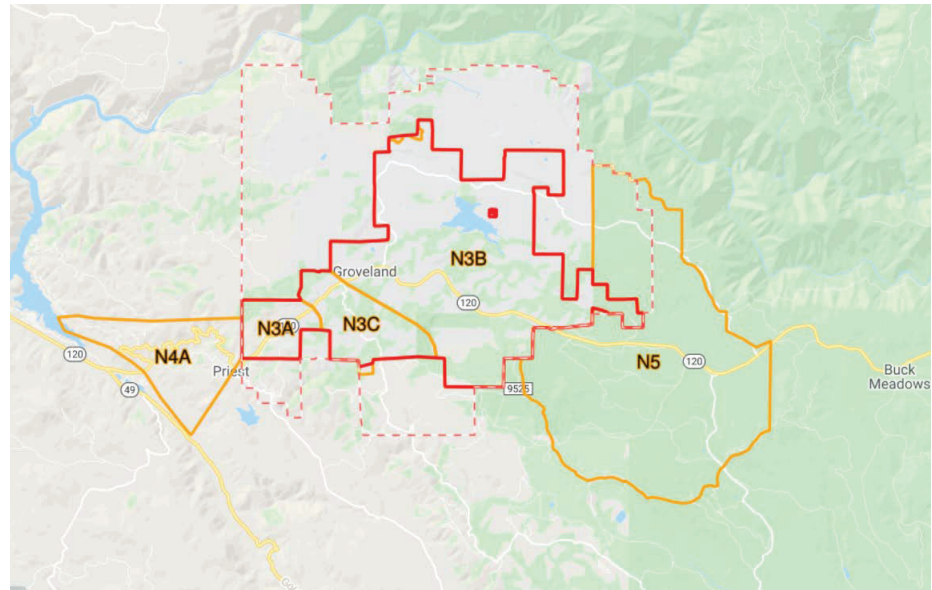
HIGHWAY 120 CORRIDOR/GCSD FIRE EMERGENCY RESPONSE

The Highway 120 area from Chinese Camp into Yosemite National Park includes not only industrial, mixed commercial, residential, but also many outdoor activities and areas to recreate in and around the Stanislaus National Forest.

All areas from Chinese Camp to the Park Boundary including response areas they make access to off of the highway were included in this review. These response areas included responses from Groveland CSD Fire as well as Tuolumne County Fire Department (Normally Jamestown) and/or CAL FIRE Tuolumne Calaveras Unit resources.

Groveland CSD response areas (statutory boundaries) are N3A, GRV, and N3B as shown below. Mutual Aid Response areas are N4A and N5. Groveland CSD Fire also responds as the first-in engine to areas outside of its boundaries and outside the mutual aid boundaries. Areas responded to include:

- Groveland
- Big Oak Flat
- God's Bath
- Smith Peak Lookout
- Clavey River Bridge
- Hwy 49 x Marshes Flat Road
- Moccasin Point Marina
- Red Hills
- Smith Station
- Hells Hollow
- Yosemite Springs Road
- Priest Grade
- Moccasin Fish Hatchery
- Grizzly Road
- Priest Coulterville Road
- Groveland Hotel
- Hetch Hetchy
- PML Country Club
- Twin Pines Apartments
- GCSD Fire Station
- Crook Ranch
- Wards Ferry Bridge
- Chinese Camp Fire Station
- Tenaya Elementary
- Tioga High
- Groveland Motel
- Yosemite Pines RV Park
- Jawbone Creek
- Early Intake
- Lost Claim Campground
- Evergreen Lodge
- San Jose Camp
- Yosemite Ridge Resort
- Smith Peak Lookout
- Rush Creek Lodge
- Buck Meadows



Yosemite Westgare Lodge
 Clavey River Bridge
 Moccasin Campground
 PML Airport
 PML Campground
 Jackass Creek
 Prospect Heights
 Rainbow Pool
 South Fork Tuolumne River
 Cherry Lake
 Joe Walt Run Campground
 Skunk Creek
 Rim of the World
 Moore Creek Campground

Table 4—Incident Response Summary – 2016–2018 (From Table 34)

Incident Location	3-Year Total			
	Number of Responses	Percentage of Responses	Total Time Committed	Percentage of Total Time Committed
Groveland CSD	1,361	88.20%	169:59:37	62.86%
Out-of-District	182	11.80%	100:25:39	37.14%
Total	1,543	100.00%	270:25:16	100.00%

Source: Groveland CSD Fire Department incident data

2019 – 783 incidents
 2018 – 673 incidents
 2017 – 653 incidents
 2016 – 743 incidents
 2015 – 595 incidents
 2014 – 595 incidents
 2013 – 580 incidents
 2012 – 584 incidents
 2011 – 626 incidents
 2010 – 682 incidents
 2009 – 710 incidents
 2008 – 673 incidents
 2007 – 545 incidents
 2006 – 475 incidents
 2005 – 367 incidents

