

## **Lake Berryessa Resort Improvement District**

Responses to Questions Submitted on  
July 19, 2016 (email to Bob Minahen from Tamara Torosian)

1. **QUESTION:** First, if you are coming out, before July 29th would be great, since that is the deadline for turning in any arguments against, to the county.
  - a. **RESPONSE:** I attached the election resolution to this email, the deadline for arguments for and against is July 22nd.
  
2. **QUESTION:** So if the Appropriation Limit was \$380,000 in 2012, how did it increase to \$404,774 in 2014/2015. What causes that? Emergency? And if so, what emergency did we have, by the looks of the actuals we didn't have any emergencies. What is considered an Emergency? Or is it the annual growth calculations, isn't that around only 1% annually?
  - a. **RESPONSE:** The increase is due to the annual growth calculations. The annual growth calculation is a combination of a county population growth factor and a California Per Capital Personal Income factor provided by the State. For the four years covered by the last appropriation limit election, the annual growth factor ranged from a low of 0.6% to a high of 5.8%.
  
3. **QUESTION:** And then a little off the subject, you said " reserve funds for capital replacement are considered part of allowable user charges as long as there is a capital maintenance/replacement plan in place."

County has a continuous of capital maintenance/replacement plans in place, this should be covered by grants not revenue. With looking at the budgets and Actuals, with the new water/sewer increased rates, there seems to be no cash flow issues and the reserve could be used for the next years cash flows. I see a net income that can go into reserves and it is just expensed out, excuse my ignorance, but what is being done with that remaining money.

- a. **RESPONSE:** I think you are making an extremely big and risky assumption that grants will cover all future capital needs of the District, I am hopeful, but nothing is guaranteed. I am confident Phil, Chris and Annamaria will continue to try and work their magic in securing grant funds in the future, but nothing is set in stone. The District has benefitted recently from one major national economic downturn and an extreme statewide drought situation to gain access to approximately \$8 million of capital grant funds. The ARRA dollars are no longer available and I am guessing that State drought related funds are rapidly running out. There are no guarantees that funding of this nature will be available in the future. The District currently qualifies as a disadvantaged community which has allowed additional grant revenues to flow into the District, I am hopeful that this funding sources continues but it will be contingent upon availability and a new disadvantaged community qualification study.

The question that was asked was whether rates developed under the guidelines of the appropriation limit can include provisions for reserves and they can. The rates currently in place in the District do not include such a provision for reserves.

4. **QUESTION:** Lastly, I am not here to hinder our community, I am here to listen, learn and ask questions, and help the community. I love it here and value my properties, and love the people here, and care about them and their well-being. If we need the Appropriations Limit to go through, I will not fight it. But I am not voting on something that the county doesn't need. So if it will go back down to the \$45,000, then I will let the people know. But I need to know all before I do that. So if you could back to me pretty quick, I would appreciate it extremely, since we are on a deadline.
  - a. **RESPONSE:** I have asked our staff to post all of your questions and our related responses on NextDoor so we can provide information to all interested residents. As candidly as I can be, if the appropriation limit election fails and the District is required to return the T-1 tax proceeds, I believe the residents will be faced with two alternatives;
    - i. Residents will be faced with increased user rates of approximately \$1,650 a year. This amount is simply the amount of T-1 tax included in the development of the District's operating budget (\$265,000) divided by the number of active user accounts within the District (160), or
    - ii. The District will have insufficient funds to continue operating in accordance with SWRQB requirements and operations cease. I'm not trying to be overly dramatic, but I am unaware of a different option at this time. The T-1 revenues account for 33% of the Districts operating budget, without those funds the District would not be able to maintain the level of service required to maintain operating permits which are required to continue operations.