



KNIGHTSEN TOWN COMMUNITY SERVICES DISTRICT (KTCS D)

REGULAR MEETING MINUTES

Thursday, August 4, 2022

The meeting was called to order at 7:05pm at the Knightsen Garden Club, 3067 Knightsen Avenue, Knightsen, CA.

Members Present: Chair Bello-Kunkel, Vice Chair Somerhalder, Treasurer Matteri and Director de Fremery.

Members Absent: Director Caldwell (Director Caldwell arrived at the beginning of the discussion on Agenda Item 9A).

Audience Members: 8

1. CALL TO ORDER/ROLL CALL/PLEDGE OF ALLEGIANCE – Chair Bello-Kunkel called the roll and Director Matteri led the pledge of allegiance.
2. APPROVAL OF AGENDA

It was moved by Director Somerhalder and seconded by Director de Fremery to approve the agenda for the August 4, 2022, meeting.

Motion carried by the following vote – Ayes: Directors de Fremery, Matteri and Somerhalder, Chair Bello-Kunkel; Noes: None; Absent: Director Caldwell; Abstain: None.

3. PUBLIC COMMENT (3 MINUTES PER SPEAKER) – None.
4. AGENCY REPORTS – REPRESENTATIVE OF THE KNIGHTSEN TOWN ADVISORY COUNCIL (KTAC) – KTAC Council member, Karen Reyna, presented the KTAC agency report. KTAC's most recent meeting was in July held via Zoom. There were 20 participants on the call. Ms. Reyna noted that her report is not the official record of the meeting. Public comment was provided by three individuals. Lori A. stated that if the community sign is causing division, it should be taken down. Cecilia T. commented about a homeless person on her property and drivers running stop signs. There was public comment about Code Enforcement providing feedback and apparent progress regarding illegal parties.

Sheriff's Department representative, Tony Fontenot, provided a report. Carolynne S. commented about fireworks being shot off. There were no reports from the CHP, Contra Costa Fire Department, KTCS D, Knightsen Elementary School, or Code Enforcement.

Office of Supervisor Burgis reminded that Knightsen clean-up day will be on September 10th.

KTAC discussed the fireworks ordinance and enforcement, railroad safety, and a future Tractor Stroll community event.

The community sign issue was raised and may be on next month's agenda. The next meeting is scheduled for August 16th via Zoom.

Chair Bello-Kunkel noted that at a previous meeting, KTAC said that they would only be using one line on the Knightsen marquee and that they would post the actual dates of their meetings. Paul K. said that he believes KTAC voted on that and approved that. Director Somerhalder asked whether KTAC members have any input into what is on KTAC agendas. Council member Reyna said yes, they do. Director Somerhalder noted that if council members want the Knightsen sign on the KTAC agenda, it should be on the agenda. Council member Reyna said that if members of the public want something on the KTAC agenda, they should let her

know, or let Alicia Nuchols know. Carolynne S. noted that she asked that fireworks be on the agenda and it was on the agenda. Chair Bello-Kunkel suggested cc'ing all KTAC council members if someone wants something on the agenda so there is accountability.

5. CONSENT CALENDAR

- A. Approve minutes of the May 5, 2022, regular meeting.
- B. Approve minutes of the June 30, 2022, special meeting.

It was moved by Director Matteri and seconded by Director Somerhalder to approve the minutes of the May 5, 2022, regular meeting and the June 30, 2022, special meeting.

Motion carried by the following vote – Ayes: Directors de Fremery, Matteri and Somerhalder, Chair Bello-Kunkel; Noes: None; Absent: Director Caldwell; Abstain: None.

6. CORRESPONDENCE – Chair Bello-Kunkel noted that there is a lot of correspondence since KTCSO has not held a regular meeting since May. The correspondence is mostly routine/operational in nature.

- A. 5/2/22 & 5/5/22: Emails from/to Charles Gardiner, Catalyst Group re: recording of March 30, 2022, Wetlands Outreach Meeting;
- B. 5/3/22, 5/4/22 & 5/5/22: Emails to/from Lou Ann Texeira, LAFCO, re: LAFCO net cost apportionment for fiscal year 2022-2023;
- C. 5/5/22: Emails from Abigail Fateman, East Contra Costa Habitat Conservancy, re: ECCCHC Public Advisory Committee meeting;
- D. 5/6/22: Emails to/from Francisco Associates re: fiscal year 2022-2023 tax assessment;
- E. 5/9/22: Email from Abigail Fateman re: vacancy on ECCCHC Public Advisory Committee;
- F. 5/13/22: Email from Contra Costa County Elections Division re: mailing of General Election packets;
- G. 6/2/22: Email from Sherrie Weis, LAFCO, re: notice of LAFCO meeting on 6/8/22;
- H. 6/6/22: Emails to/from Pauline Sanguinetti, Croce, Sanguinetti and Vander Veen re: invoice;
- I. 6/19/22, 6/20/22 & 6/23/22: Emails to/from East County Times re: public notice about Budget Hearing in 6/23/22 edition of the Times and invoice and payment;
- J. 6/20/22, 6/21/22, 7/1/22 & 7/6/22: Emails from/to County Elections Division re: Annual Campaign Finance Reports and completion of forms and signed Resolution;
- K. 6/22/22: Email from Abigail Fateman re: ECCCHC board meeting on 6/27/22;
- L. 6/29/22 & 6/30/22: Emails to/from County Elections Division re: PDF versions of the City, School and Special Districts Guides;
- M. 6/30/22, 7/1/22, 7/7/22 & 7/8/22: Emails to/from Streamline re: annual billing for webhosting;
- N. 7/13/22: Emails to/from County Elections Division re: parcel numbers in Knightsen.

7. TREASURER'S REPORT – Treasurer Matteri presented the Treasurer's report.

- A. Bills Paid: White & Brenner for legal review of agreement with Jarvis, Fay, & Gibson LLP, \$195; Croce, Sanguinetti & Vander Veen CPA for preparation of federal and state annual information for 2021 including forms 1099 & 1096, \$250.25; Trish Bello-Kunkel, for reimbursement for newspaper publication for budget public hearing, \$33.30; Contra Costa County Auditor-Controller, LAFCO Net Cost Apportionment for fiscal 2022-2023, \$12.25; Streamline for annual hosting of district website, \$120; Jarvis, Fay LLP for legal services rendered regarding parcel tax, \$752.
- B. Checking account balance after above bills paid: \$234,700.69.

8. CHAIRPERSON'S REPORT

- A. Other. Chair Bello-Kunkel stated there was nothing to report under the Chairperson's Report.

9. ITEMS FOR ACTION AND/OR DISCUSSION

- A. Review and accept the Feasibility Study Memorandum prepared by SCI Consulting Group (AGENDA PACKET).

Director Caldwell arrived as the discussion of this item commenced.

Chair Bello-Kunkel said that KTCS D commissioned a firm called SCI which is a public finance consulting company that does analyses for public agencies. SCI examined the district's financing including audits, minutes, the community survey that was conducted, etc. Chair Bello-Kunkel and Director de Fremery had meetings with SCI.

To operate a district, the district would need to have an office and staff. SCI also did a compensation analysis to determine what compensation would be needed to hire competent staff. SCI concluded that operating the district including having an office and hiring staff would cost more money than the district can bring in, even at the maximum tax rate. Director de Fremery noted that SCI estimated that the district would even have a shortfall of approximately \$40,000 per year.

Discussion: Karen R. said that the numbers in the report appear conservative, noting they estimated rent at \$15,000 which seems low.

Chair Bello-Kunkel said SCI looked at other sources of revenue for the district. For instance, they looked at whether the district could get a share of ad valorem property taxes. Based upon their over 30 years of experience, they said there is very low likelihood the County would allow the district to have any ad valorem tax revenue. Grant funding would require matching funds but grant funding would not cover maintenance costs. Director Somerhalder noted that the Fire District tried to get ad valorem tax revenue from the County, and they were rejected. Paul K. said that public agencies compete for grant funding, and they spend tens of thousands or hundreds of thousands of dollars hiring consultants merely to apply for grant funding. KTCS D does not have the financial resources to compete.

Bonnie P. asked how much the district has paid SCI. Chair Bello-Kunkel said that to date, the district has not paid them anything, but the district has a contract with SCI and budgeted \$29,000 which includes this study and other items to be discussed such as the ballot measures.

Karen R. said the study presents the insurmountable challenges KTCS D faces in a "nutshell."

It was moved by Director Somerhalder and seconded by Director Matteri to accept the Feasibility Study Memorandum prepared by SCI Consulting Group.

Motion carried by the following vote – Ayes: Directors Caldwell, de Fremery, Matteri and Somerhalder, Chair Bello-Kunkel; Noes: None; Absent: None; Abstain: None.

- B. Review and approve Resolution No. 2022-4, "A Resolution requesting consolidation of election and ordering such election, for an election to be held in the Knightsen Town Community Services District on November 8, 2022, for the purpose of submitting to the qualified voters the question of permanently repealing and rescinding the Measure Z special tax adopted in 2005, to adopt intended ballot language, and to request election services by the Contra Costa County Elections Department." (AGENDA PACKET).

Chair Bello-Kunkel explained that to put a measure on the November ballot, the District needs to pass a resolution. There are two resolutions and two ballot measures because Measure Z from 2005 had two components: 1) to establish and set the parcel tax; and, 2) to create the District. In order dissolve the District and repeal the tax, two ballot measures are required.

Discussion: Director Caldwell asked what happens if the tax is eliminated, but the District is not dissolved? Does the District continue with no funding? Chair Bello-Kunkel said that without the tax the District could be subject to dissolution through the LAFCO process.

Chair Bello-Kunkel said the first measure repeals the special parcel tax. Consolidation of election means the District is asking to consolidate the election with the General Election in November. A majority vote is required for passage. Chair Bello-Kunkel read aloud the text of the proposed ballot measure. She realized the word "Town" had been left out regarding the "Knightsen Town Community Services District" and stated the word "Town" would need to be added.

Director Caldwell asked whether the voter guide information will include the pros and cons comments? Chair Bello-Kunkel explained that the voter guide will include the text of the measures, an impartial analysis of the measures that are prepared by County Counsel, and arguments in favor of the measures and arguments against the measures if such arguments are filed. Rebuttals to the arguments in favor and arguments against can also be included if they are filed.

The District cannot use district funds to write the arguments in favor, so the attorney and the consultant cannot write the arguments in favor. The arguments in favor must be submitted by August 24th and are limited to 300 words. Director Caldwell said it is best that the arguments in favor be in "plain" language, not "legalese."

Karen R. asked whether the District would find out if any arguments against are filed. Chair Bello-Kunkel said there will be notification.

Bonnie P. questioned why the County writes the impartial analysis. Chair Bello-Kunkel said that the consultant, SCI, had drafted impartial analyses for both measures, but County Elections would not accept them. In some counties the impartial analyses are prepared by the authors of the measures and submitted to the County for review, but County Elections said that County Counsel independently prepares all the impartial analyses in Contra Costa County.

Director Caldwell asked whether the District would get to see the impartial analyses in advance and will the District have an opportunity to rebut them if there are problems. Chair Bello-Kunkel said she doesn't know the timeline and whether they are shared with the District beforehand. She said she would investigate that.

Bonnie P. asked who can write the arguments in favor and against. Chair Bello-Kunkel explained that anyone can write arguments, but there is a process for selecting which arguments are printed. The entity that authored the measure has priority regarding drafting the argument in favor.

Chair Bello-Kunkel said that County Elections does a random drawing to assign alphabetical letters to each ballot measure.

Director Caldwell said it is very important that the arguments in favor state at the outset what a "yes" vote on the measures means.

It was moved by Director Caldwell and seconded by Director Somerhalder to approve Resolution 2022-4 and the ballot measure content with the addition of the word "Town" to the text of the ballot measure.

Motion carried by the following vote – Ayes: Directors Caldwell, de Fremery, Matteri and Somerhalder, Chair Bello-Kunkel; Noes: None; Absent: None; Abstain: None.

- C. Review and approve Resolution No. 2022-5, "A Resolution requesting consolidation of election and ordering such election, for an election to be held in the Knightsen Town Community Services District on November 8, 2022, for the purpose of submitting to the qualified voters the question of the dissolution of the Knightsen Town Community Services District, to adopt intended ballot language, and to request election services by the Contra Costa County Elections Department." (AGENDA PACKET).

Chair Bello-Kunkel explained this ballot measure is to dissolve the District and if feasible to return remaining funds, after expenses, to current property owners. She said the District still has expenses prior to dissolution, for instance the District will need to complete the annual audit.

Dissolution would be effective at the end of the Fiscal Year, June 30, 2023.

Chair Bello-Kunkel read the text of the proposed ballot measure.

Chair Bello-Kunkel said she received an email from LAFCO Executive Director, Lou Ann Texeira, the night before the August 4th meeting. She read aloud the email from Ms. Texeira. Ms. Texeira stated that regarding dissolution of a special district, an “advisory” measure may be placed on the ballot, but dissolution would be subject to approval by LAFCO. Ms. Texeira said that the County would be appointed as successor agency if the District was dissolved.

Discussion: Director Caldwell asked what would stop LAFCO from dissolving the District in advance of the election. Chair Bello-Kunkel said it could not be accomplished that quickly. There is a long process.

Director Somerhalder asked if there is a LAFCO issue related to repeal of the tax, or is it only related to dissolution of the District. Chair Bello-Kunkel said the issue is apparently only related to dissolution. Director Caldwell said it is unfortunate if funds cannot be returned to taxpayers.

Chair Bello-Kunkel said that if money cannot be refunded to taxpayers, the law does require that remaining funds be used in the Knightsen community for flood control. However, she also noted that when the District proposed to dissolve in 2020 and County Public Works was assigned as successor agency, they wanted \$60,000 for administrative costs and \$27,000 reimbursement for undocumented claims about having funded the election in 2005.

Paul K. said that the email from Ms. Texeira is about LAFCO protecting their “turf.” He said they probably view this as an issue that has state-wide implications, it’s not just a local issue. He said he supports proceeding with the dissolution ballot measure but said an issue may arise if the measure to repeal the tax passes, but an “advisory” measure to dissolve the District fails. Will LAFCO proceed with dissolution if a majority say they don’t want to dissolve? Director de Fremery said if funding for the District is eliminated, dissolution seems inevitable. Director Somerhalder pointed out that LAFCO had threatened dissolution several years ago because the District wasn’t doing anything.

Karen R. asked whether these ballot measures would be County-wide or would only Knightsen residents vote on them. Chair Bello-Kunkel said the measures would be limited to registered voters within the district’s boundaries.

It was moved by Director Somerhalder and seconded by Director de Fremery to approve Resolution 2022-5 and the ballot measure content.

Motion carried by the following vote – Ayes: Directors Caldwell, de Fremery, Matteri and Somerhalder, Chair Bello-Kunkel; Noes: None; Absent: None; Abstain: None.

D. Public Hearing re: Knightsen Town Community Services District final budget for fiscal year 2022-2023. (AGENDA PACKET).

Chair Bello-Kunkel opened the public hearing and made some proposed revisions to the budget. She proposed that Garden Club rent be reduced from \$1,200 to \$900 since it is unlikely the District will meet every month. The actual fee to LAFCO is \$12, so she proposed reducing this item from \$25 to \$12.

Regarding election costs the proposed budget is \$4,000, but now that the District is doing two ballot measures instead of one. The cost per voter is “\$2-\$3 and Knightsen has just over 1,000 voters.

Besides the ballot measures, there are three Director positions up for election. If no one runs against the incumbents the elections cost is \$300. If there is a contested election the cost is \$2-\$3 per voter.

Chair Bello-Kunkel proposed increasing the budget for election costs to \$7,500.

E. Adopt Knightsen Town Community Services District budget for fiscal year 2022-2023.

It was moved by Director Matteri and seconded by Director Caldwell to adopt the Knightsen Town Community Services District budget for fiscal year 2022-2023 with the revisions noted by Chair Bello-Kunkel.

Motion carried by the following vote – Ayes: Directors Caldwell, de Fremery, Matteri and Somerhalder, Chair Bello-Kunkel; Noes: None; Absent: None; Abstain: None.

10. FUTURE AGENDA ITEMS - None

11. ADJOURNMENT

A. The next scheduled regular meeting: TBD.

Chair Bello-Kunkel noted that since all the deadlines for the November election will happen in August, there may be no need to meet in September. The next meeting will likely take place in October.

It was moved by Director Somerhalder and seconded by Director de Fremery to adjourn the August 4, 2022, regular meeting.

Motion carried by the following vote – Ayes: Directors Caldwell, de Fremery, Matteri and Somerhalder, Chair Bello-Kunkel; Noes: None; Absent: None; Abstain: None.

The meeting adjourned at 8:20pm.