



August 24, 2015 | Posted by [Julie Samrick](#)

CSD stands by parcel tax

El Dorado Hills Community Services District General Manager Brent Dennis and the CSD Board of Directors collectively responded to, and largely disagreed with, the 2014-15 El Dorado County Grand Jury's findings and recommendations that asked the CSD to reexamine a 32-year-old \$10 annual tax on each home collected to enforce Covenants, Codes and Restrictions. The Grand Jury inquiry occurred after several residents complained their home owners' associations enforce their own CC&Rs. In 1983 the special tax in question (Measure B) was adopted by El Dorado Hills voters by a two-thirds majority for the specific purpose of enforcing CC&Rs. A special tax is a charge for specific purposes against a landowner, which can be used to pay for public services and/or facilities that provide general benefits. Today 19 out of 27 neighborhoods, or approximately 8,200 homes, fall under the jurisdiction of their own HOAs.

EDHCSD officials stand by the tax, explaining they do not have legal authority to revise or reverse it and they believe it's "cheap insurance" for the greater good of the community.

The Grand Jury report included four findings:

1. The special tax is no longer being used exclusively for CC&R enforcement.

"The CSD believes this finding to be unsupported by the facts," Dennis responded. "Parcel tax revenue is restricted to the funding of CC&R enforcement and related design review expenses."

The CSD collected approximately \$146,600 from the \$10 per parcel special tax and spent approximately \$138,600 in the CSD board approved fiscal year budget for CC&R enforcement, according to its annual report. Dennis explained in a phone interview last week that in past years, the CC&R budget fell short of expenses and the board approved funds from its General Fund to supplant it. Once the number of El Dorado Hills homes increased (and more \$10 per parcel taxes were collected), the borrowed funds were returned to the General Fund.

CC&R enforcement and design review expenditures make up 1.44 percent of the CSD's \$9.9 million budget. If the parcel tax were to be repealed by voters, Dennis said concerts and other community benefits wouldn't be affected because the money for CC&Rs is only used for that. However, the CSD would not perform any CC&R duties.

"We would not be allowed," he said. "I imagine it would be all or nothing."

Property taxes are the primary revenue source for the CSD's General Fund. The CSD also earns income from recreational programs, classes, swimming pool passes and occasional grants.

"CC&Rs do vary from neighborhood to neighborhood," Dennis explained. "The CSD ensures aesthetic and architectural standards are met when residents want to add swimming pools, additions or remove trees, etc. It's about the entire community. It would be like if you lived in an upscale mobile home park

across from Serrano. What happens right across the wall from your home has something to do with the value of your property.”

“It should be noted that when requested, the CSD often provides special support services, guidance, information and staff resources to HOAs that have their own additional CC&R fees and are responsible for CC&R enforcement when requested,” Dennis states in the CSD’s response. “It is also understood that should an HOA reverse (its) decision to self-enforce CC&R and/or design review, the CSD would be present and able to assume that role and responsibility.”

2/3. The CSD receives tax funds from almost 8,200 parcels for CC&R enforcement they do not provide and parcels in HOAs that enforce CC&Rs are paying twice for CC&R enforcement.

“The CSD agrees with this finding,” Dennis responded. “However, the CSD provides special support services to the HOAs when requested and understands that should a particular HOA decide to no longer be responsible for CC&R enforcement of properties located within that neighborhood, the CSD would assume the responsibility.”

4. Most CSD taxpayers are unaware of the special tax and its original purpose.

“It appears the Grand Jury interviewed individuals representing seven HOAs,” Dennis said. “From these seven individuals, the Grand Jury reached a conclusion that ‘most’ taxpayers who reside within the CSD’s jurisdiction are unaware of the special tax and its application. The CSD believes that the source of the Grand Jury’s information pool was too limited in the size to be able to make such an inference. The CSD understands that the Grand Jury foreman, Jim Kern, is one such citizen who lives within a neighborhood whose HOA enforces the CC&Rs and who has voiced concern over the application of the CC&R parcel tax.”

By phone Dennis later called this connection “peculiar.”

“I have to believe that a lot of people who live in the gated communities or that do their own CC&Rs would prefer to have the greater community fall under some umbrella of architectural standards,” Dennis said. “Aesthetic qualities do jump over gated walls. (Individual choices) do over time affect the whole community.”

The Grand Jury’s recommendations:

1. The CSD should evaluate the appropriateness, inequities and continued need for the special tax. “The district will be organizing a series of town hall style meetings to solicit input from the broader community regarding CC&Rs and these three topics to be better informed as to potential action plans and responses to many of the issues and citing raised in the report,” Dennis responded.

2. The CSD should enter into a memorandum of understanding with HOAs enforcing CC&Rs to reimburse the cost of enforcement. “The district would not be opposed to this consideration, but realizing that many of the HOAs actually manage and enforce their CC&Rs with volunteers and not actual expenditures, ... exploring a fair and equitable reimbursement formula or factor may be the bigger challenge for all concerned.”

Dennis said he inquired what portion Serrano residents, for instance, pay for CC&R enforcement out of HOA fees.

“It wasn’t delineated,” Dennis said. “It would be impossible for the district to compensate them when they don’t even know what that expense is. The report was very focused on the district and didn’t reveal much at all about what actually goes on with the CC&R portion of communities that take it on themselves. What are their expenses? Do they rely on volunteers? Is it offset by other revenues? It was very focused on just the district.”

3. The CSD should establish a new voter referendum to modify or repeal the tax.

“This is premature,” Dennis responded. “Such a recommendation would be better addressed after receiving feedback or survey results from the community.”

Dennis said the CSD would not change anything about the parcel tax unless voters decide to do so.

“This was a voter-initiated special tax and we really have no latitude to vary it,” he said. “It would take a new ballot initiative to change it. In 1983 it was passed for \$10; with inflation that’s about a penny a day. I think that’s very inexpensive insurance for the greater good of the entire community.”