

# South Beach Road Association Special Meeting

**12 March 2016**

# South Beach Road Association

- Purpose – “...to maintain the roadways and common areas located in the Neskowin South Beach Community area, together with the associated duties or activities necessary for control, ownership and maintenance of said roadways and common areas.”
- Proposed corollary – **Everyone** should share the expense of maintaining the roads and common areas.

# Presentation outline

- Assessments, the collection problem, and solutions
- Misconceptions and Facts
- Special road district assessment collection and determination of millage rates
- Impacts of forming a special road district
- Road Association – Road District integration
- Path forward
- Summary

# Information sources

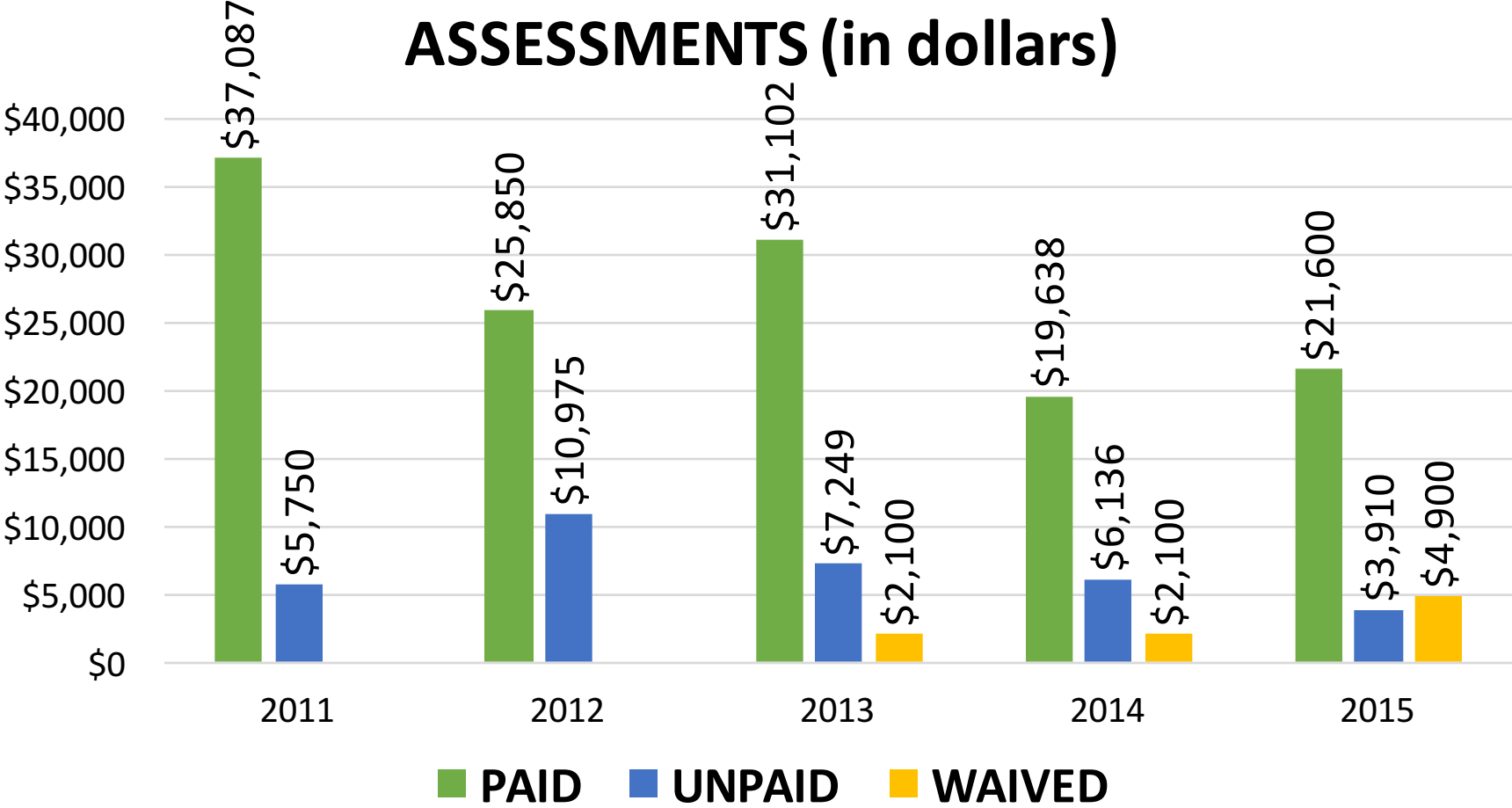
- Oregon revised statutes
- Tillamook County offices – Board of County Commissioners, Assessment & Taxation, Clerk's Office, Public Works, Treasurer's Office
- Special District Association of Oregon (SDAO)
- Conversations with:
  - Representatives of 21 Special Road Districts throughout Oregon
  - Local real estate agents

Assessments, the collection  
problem, and solutions

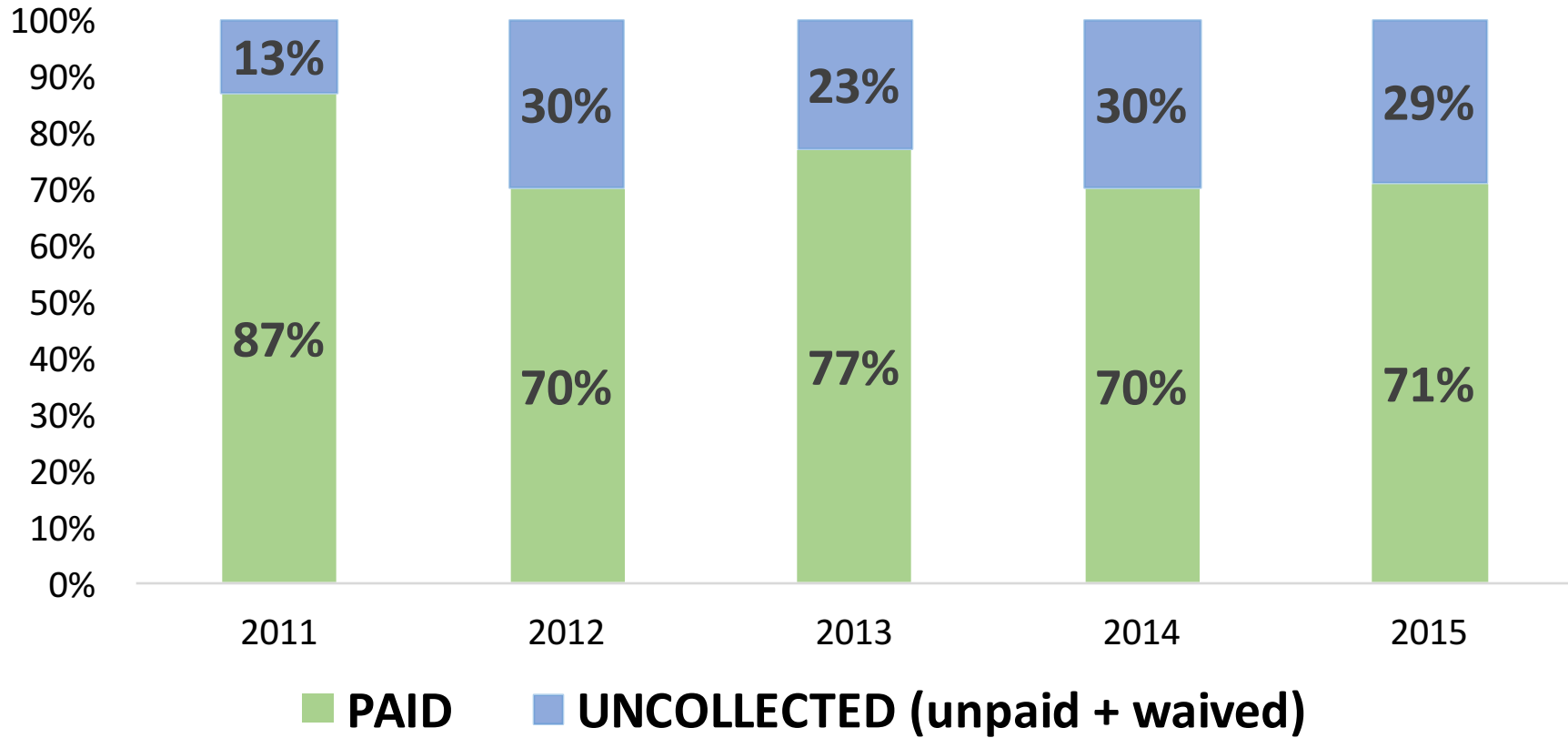
# Annual Assessments, 2011 to 2015

<b>Year</b>	<b>Improved Lot</b>	<b>Vacant Lot</b>
2011	\$500	\$200
2012	\$500	\$200
2013	\$500	\$200
2014	\$350	\$140
2015	\$350	\$140
<b>AVERAGE</b>	<b>\$440</b>	<b>\$176</b>

# ASSESSMENTS (in dollars)



## ASSESSMENTS (in percent)



# Timeline for a solution

- November 2012 – SBRA Board decided to hire an attorney to research the SBRA's ability to adopt enforceable CC&R's.
- August 31, 2013 – Opinion received from Susan Glen, Atty.
  - Enforceable CC&R's are only possible if 100% of the SBRA property owners agree to them.
  - Final statement: "As a legal structure for addressing SBRA's road maintenance cost allocation issues, a special road district may be a good fit."
  - SBRA Annual Meeting was held on August 31<sup>st</sup>.

## Timeline for a solution (continued)

- March 2014 – Commissioner Mark Labhart was questioned about the process of establishing a special road district
- August 30, 2014 – SBRA Annual Meeting
  - Tillamook County Small Claims Court deemed unattractive as means of collecting unpaid assessments because of time expenditure, fees, and questionable likelihood of success
  - Board stated that it would “look into the option of forming a special road district”
- January 2015 – Tillamook County Clerk, Tassi O’Neil, was contacted to determine if there was a minimum number of registered voters required to form a special road district.

## Timeline for a solution (continued)

- March 2015 – Tom Zellner and Bill Busch visited the Tillamook County Chief of Staff to learn about forming a Special Road District.
- June 2015 – SBRA Board decided to recommend forming a Special Road District to the membership at the 2015 Annual Meeting.
- September 5, 2015 – A motion to prepare a petition to the County to form a special road district was approved unanimously at the SBRA Annual Meeting.

# Misconceptions and Facts

# These are the FACTS

- The entry gate will not be removed.
- There will be no use of eminent domain.
- Tillamook County will not manage the operation of a special road district.
- All property owners will be able to participate in the selection of special road district officers.
- Most of the roads are owned by the original developers.
- Subdivision of the Cove proposed by Seabreeze Associates is in no way related to the formation of a special road district.

# Fact #1: Entry gate will not be removed

- The gate is shared with the Proposal Rock Homeowners Association. They will not approve removing it.
- The absence of gates in other special road districts does not establish a legal precedent.
- The opinion of an attorney contacted by the SBRA Board is: “...ORS 371.336 (Powers of the District) is all inclusive, and reserves no powers to the county. In my opinion it's **absurd** to argue that the county would require removal of the gate.”
- The opinion above concurs with that of the County Chief of Staff and the SDAO Director of Membership Services.

## Fact # 2: No eminent domain

- Eminent domain is a power given to many types of special districts.
  - For example: Neskowin Regional Water District, Nestucca Rural Fire Protection District, Tillamook Soil & Water Conservation District all have the power of eminent domain.
  - The SDAO Director of Membership Services could not cite any instances of the 32 different district types using eminent domain.
- The SBRA Special Road District could not afford nor would members approve using eminent domain.
- The County has no interest in taking over our roads.

## Fact #3: Tillamook County will not manage the operation of a SBRA Special Road District

- When questioned, representatives of the 21 special road districts that were contacted all stated that their counties had no role in the management of their road districts.
- The above statement includes the response of the Three Rivers Ranch in Hebo, the only special road district in Tillamook County.
- Again, “...ORS 371.336 (Powers of the District) is all inclusive, and reserves no powers to the county.”

## Fact #4: ALL property owners can participate in the selection of special road district officers

- The special road district is required to have three Commissioners, selected from registered voters in the district.
- The Commissioners will be chosen at the SBRA Annual Meeting.
  - Current voting rules of the SBRA will be followed.
  - The names of the Commissioners will be given to the Tillamook County Commissioners for their official appointment.
- Three Rivers Ranch in Hebo selects their officers at an annual meeting of **all** property owners, and the SBRA will do the same.

## Fact # 5: Most of the roads in the SBRA area are owned by the original developers

Owner	Miles	Percent
Fultz-related entities, i.e. Seabreeze Associates, LEW Engineering, and Julien partnership	1.28	68%
Bill Hiatt	0.26	14%
Mike Erickson	0.17	9%
Various individual owners	0.16	9%

**Fact #6: Subdivision of the Cove proposed by Seabreeze Associates is in no way related to the formation of a special road district!**

# Special Road District Assessment Collection and Calculation of Millage Rates

# Collection of assessments

- The annual collection of assessments by the South Beach Road Association will be replaced by a line item on your property tax bill that will be dedicated to funding maintenance of SBRA roads and common areas.
- The millage rate will be calculated from estimated budget expenditures and the total assessed value of district properties.
- Millage rates are unique to individual districts.

# Property tax statement

- South Beach Road District will appear in the column to the right along with other special districts.
- The millage rate and tax are based on the Assessed Value (AV) not the Real Market Value (RMV).

## TILLAMOOK COUNTY TAX COLLECTOR Tax Statement

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PROPERTY DESCRIPTION		REAL PROPERTY TAX STATEMENT JULY 1, 2015 TO JUNE 30, 2016 TILLAMOOK COUNTY, OREGON TILLAMOOK, OREGON 97141		ACCOUNT NO:
CODE:				
MAP:			(LAST YEAR'S TAX 103.52)	
ACRES:				
SITUS:				
LEGAL:				
CURRENT YEAR TAX DETAIL				
				40.35
				1.28
				2.19
				43.82
				12.70
				5.40
				4.90
				3.18
				0.57
				1.56
				1.66
				0.50
				30.47
				0.98
				0.45
				20.52
				2.31
				5.85
				1.33
				1.61
				33.05
				107.34
2015-16 TAX (Before Discount)				
ASSESSMENT / TAX QUE (503) 842-3400				
www.co.tillamook.or. 1-800-488-8280				
TOTAL DUE (with Discount) 104.12				
PAYMENT OPTIONS DateDue Amnt DateDue Amount DateDue Amount				
Full Pymnt with 3% Dis: 11/16/15 104.12				
2/3 Pymnt with 2% Dis: 11/16/15 70.13 5/16/16 35.78				
1/3 Pymnt: 11/16/15 35.78 2/16/16 35.78 5/16/16 35.78				
Tear Here PLEASE RETURN THIS PORTION WITH YOUR PAYMENT Tear Here				
2015-2016 PROPERTY TAXES TILLAMOOK COUNTY REAL ACCOUNT NO. 407424				
PAYMENT OPTIONS Discnt DateDue Amnt DateDue Amount DateDue Amount				
Full Pymnt Enclosed 3% 11/16/15 104.12				
2/3 Pymnt Enclosed 2% 11/16/15 70.13 5/16/16 35.78				
1/3 Pymnt Enclosed 0% 11/16/15 35.78 2/16/16 35.78 5/16/16 35.78				
DISCOUNT IS LOST & INTEREST APPLIES AFTER DUE DATE Mailing address change on back				
Enter Payment Amount				
§				
MAKE PAYMENT TO:				
TILLAMOOK COUNTY TAX OFFICE				
201 LAUREL AVE				
TILLAMOOK, OREGON 97141				

## Assessed value of SBRA properties

<b>LOT TYPE</b>	<b>NO.</b>	<b>TOTAL ASSESSED VALUE</b>	<b>AVERAGE VALUE</b>	<b>MEDIAN VALUE</b>
Unbuildable	9	\$30,780	\$3,420	\$2,400
Vacant	79	\$11,777,593	\$149,083	\$140,780
Improved	66	\$30,860,350	\$467,581	\$423,115
All lots	154	\$42,668,723		

## Example millage rate calculation

- A millage rate based on the average of the SBRA budget expenditures for the years 2011 to 2015 will be used to demonstrate how assessment collection in a special road district will work.
- The average expenditure for 2011 to 2015 = \$23,500.27
- Millage rate = (average expenditure) / (total assessed value)
- Millage rate = \$23,500.27 / \$42,668,723
- **Example** millage rate = \$0.55 per \$1,000

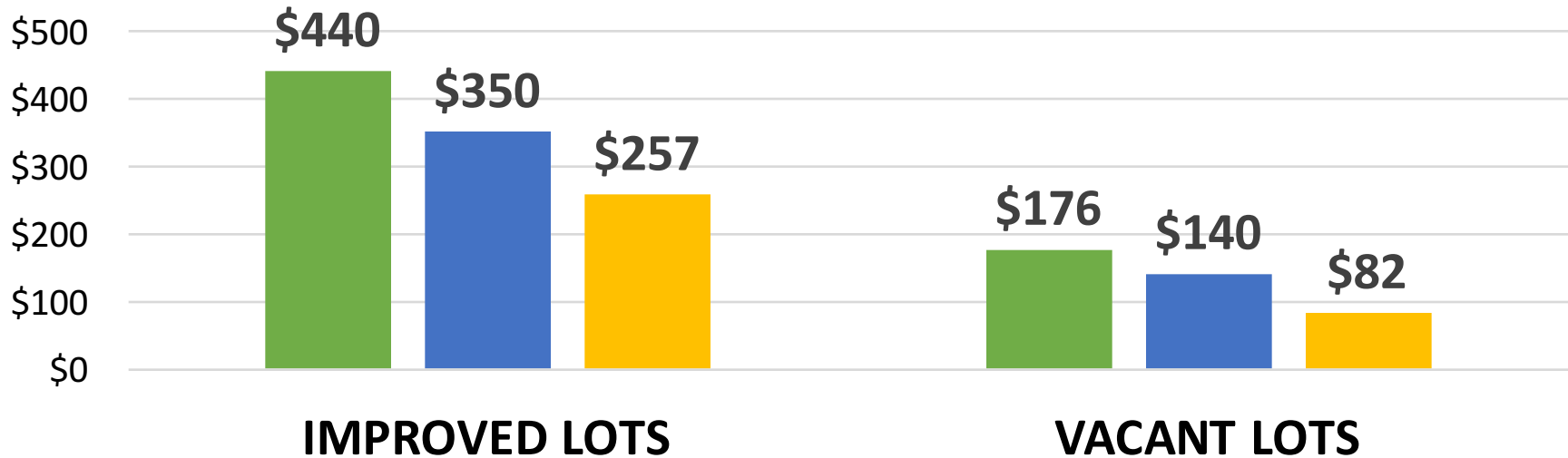
# Impacts of Forming a Special Road District

# Financial impact of special road district funding

- The consequences of everyone sharing in the expense of maintaining our roads is shown in the next two slides:
  - Past assessments versus average assessments for a special road district
  - Percentile comparison of Special Road District Assessments (\$0.55 per \$1000\*) with past assessments

\*Example millage rate used for the purpose of this comparison

## PAST ASSESSMENTS vs. AVERAGE ASSESSMENT for SPECIAL ROAD DISTRICT



■ AVERAGE for 2011 to 2015

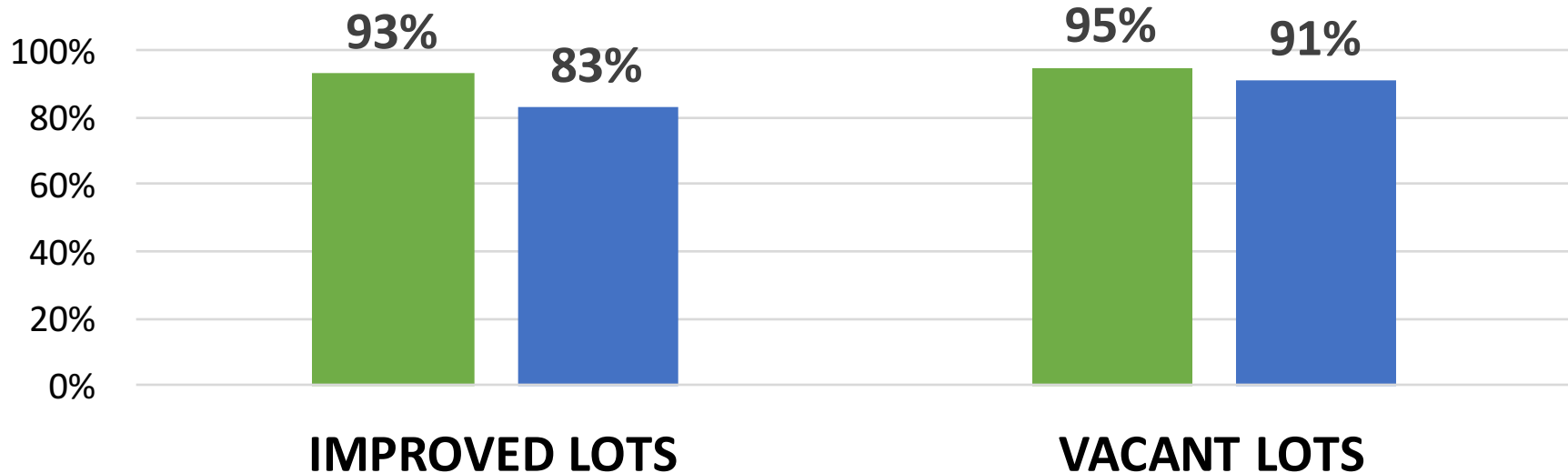
■ 2015

■ \$0.55/\$1000 for a LOT with the AVERAGE ASSESSED VALUE

# Financial impact of special road district funding – The take away message

- The consequences of everyone sharing in the expense of maintaining our roads is shown in the next two slides:
  - Past assessments versus average assessments for a special road district
  - Using a rate of \$0.55 per \$1,000, the average road district assessment will be substantially less than assessments in recent years.

## PERCENTILE COMPARISON of SPECIAL ROAD DISTRICT ASSESSMENTS (\$0.55/\$1000\*) with PAST ASSESSMENTS



■ % that would be less than the AVERAGE ASSESSMENT for 2011 to 2015

■ % less than the 2015 ASSESSMENT

Comparison based on applying the \*example millage rate to all lots

# Financial impact of special road district funding – The take away message

- The consequences of everyone sharing in the expense of maintaining our roads is shown in the next two slides:
  - Percentile comparison of Special Road District Assessments (\$0.55 per \$1000\*) with past assessments
  - Over 80% of improved lot owners and 90% of vacant lot owners will pay less than what they paid in recent years.

\*Example millage rate used for the purpose of this comparison

# Actual millage rate calculation

- The road district is required to file a budget prior to the start of the fiscal year.
  - Budget form includes the projected expenditures for the next year and the millage rate is calculated based on those expenditures.
  - Budget provides a blueprint for operations in the coming year.
- A maximum millage rate must be specified at the time the road district is formed and cannot be changed in the future.
  - The permanent maximum millage rate needs to be set high enough to account for inflation in operating expenses.
  - Actual millage rates will be determined annually and typically will be less than the maximum rate.

# Impact on assessment collection

- The SBRA will no longer be responsible for bill collection.
  - Accounting and bookkeeping expenses will be reduced, saving time and money.
    - No more mailing multiple billing notices
    - No more trips to the bank to deposit roughly 100 checks
  - Liability of dealing with payments will be reduced.
  - Assessments will be collected by Tillamook County.
    - The County Treasurer will send a monthly check to the road district.
    - No administrative charges will be billed to the road district.
  - All property owners will pay.

# Operation-related impacts

- Public meeting and records standards will be followed
  - Monthly meetings: agenda posted in advance, open to the public, recorded (recordings to be posted on the SBRA website)
- Annual budget filed with the County Assessor prior to the start of the fiscal year
- Annual audit form filed with the Secretary of State
  - Similar to our current annual budget statement
- State contracting and purchasing guidelines
  - Encourages competitive bidding, insures impartiality

# Impacts associated with the Special Districts Association of Oregon (SDAO)

- As a special road district, the SBRA would be eligible for membership in the SDAO
- Benefits of SDAO membership
  - Guidance in operating a board, holding meetings, following state guidelines
  - Access to legal and financial advice for managing the district
  - Eligibility for Special Districts Insurance Services insurance programs, reduced rate insurance for special districts

# Other impacts

- Solid legal basis for collecting assessments
  - Ambiguities and questions about the current SBRA authority and operations will be removed.
- Stable, guaranteed assessment income
- Increased transparency in all financial records and activities of the district
- Eligibility to apply for grants for expenditures such as culvert replacement, SDAO will provide assistance

# Comments from representatives of other Oregon road districts and local realtors

- Effectiveness of district operation (from other road districts)
  - Comments overall are very positive, from “works pretty well” to “fantastic”
  - Noticeable difference in road quality between their communities and adjacent communities without a road district
- Effect on property values and sales
  - Road district representatives thought property values and sales are positively affected by the existence of a road district
  - Realtor comments echo those of the road district representatives

# Road Association – Road District Integration

# Activities of the South Beach Road Association and the Road District will be merged

- Will allow **all** property owners to have a say in the management of the district
  - Examples:
    - Mary's River Estates Property Owners Association and Road District in Philomath
    - Three Rivers Ranch in Hebo
- Will require changes to the SBRA Bylaws and all property owners will have the opportunity to participate in the discussion about those changes

# Membership-related SBRA bylaws modifications

- The definition of a member in Article III will change because all property owners will pay assessments.
- Rules for holding meetings and voting outlined in Article III will be retained.
- Articles IV (Annual Dues for Membership) and V (Maintenance Assessment) will become moot as a result of assessment collection by means of the special road district.

# Governance-related bylaws modifications

- Articles VI (Board of Directors), VII (Committees), and VIII (Officers) will be changed substantially to fit with special road district requirements.
- Two bodies are proposed to manage the merged Road Association – Road District.
  - Commissioners (Officers) responsible for the overall management of the district
  - Budget committee responsible for preparing the annual budget

# Road district commissioners

- Three individuals selected from registered voters in the district
  - Selected by a vote of **all** SBRA members at the Annual Meeting
  - Appointed by the County Commissioners
- Responsible for managing the district in accordance with the budget provided by the Budget Committee
- Provide the Budget Committee with information necessary for budget preparation
  - List of potential projects, quotes from vendors, routine maintenance estimates
- Monthly meetings provide a forum for all property owners

# Budget Committee

- Members include the Treasurer and three individuals selected from the **entire** SBRA membership
  - Elected at the Annual meeting
  - Staggered 3-year terms
- Responsible for preparing the budget with information provided by the commissioners
- Can recommend additions or subtractions to the budget
- Determine the annual millage rate

## Budget committee (continued)

- Meet quarterly(?) or at frequency determined to be appropriate
  - Meetings open to the public and recorded
- Meet annually with the Road District Commissioners to finalize the budget

# Path Forward

## Path forward

- This presentation and the recording of this meeting will be posted on the SBRA website.
- The April assessment notice will include a statement concerning this presentation and a recommendation to examine the online materials.
  - People unable to access the online materials will be mailed a paper copy on request.
- Questions about this presentation and the special road district proposal should be directed to the Board.

## Path forward (continued)

- We will post the questions about the special road district proposal and the appropriate answers on the SBRA website in July.
- The August letter announcing the change in the gate code and the Annual Meeting will include a recommendation to examine the online materials.
- The special road district proposal will be discussed again at the Labor Day weekend Annual Meeting of the SBRA.

# Summary

# Summary

- The SBRA Board believes establishing a special road district is the best means to insure that all South Beach property owners share the expense of maintaining our roads and common areas.
- A road district will provide for:
  - Efficiency and reduced cost of operations
  - Transparency in financial records and operations
  - A stable, guaranteed source of funds
  - Access to resources that can supplement the budget
  - A demonstrable means of maintaining roads and common areas that will benefit properties values

## Summary (continued)

- Linking the South Beach Road Association with the Road District will allow **all** property owners to participate in the decision making process in the community.

## Special road districts contacted for this presentation

Antelope Meadows Special Road District, La Pine

Cascade View Estates Track 2, Bend

Carlson Primrose Special Road District, North Bend

Cedar Crest Special Road District, Coos Bay

Chinook Drive Special Road District, Corvallis,

Crooked River Ranch Special Road District,  
Crooked River Ranch

Government Camp Road District, Government Camp

Mary's River Estates Road District, Philomath

Panoramic Access Special Road District, Sisters

Prineville Lake Acres Special Road District #1, Prineville

River Forest Acres Special Road District, Sunriver

Rosewood Estates Road District, Philomath

Spring River Special Road District, Sunriver

Upper Cleveland Rapids Road District, Roseburg

Vineyard Mountain Special Road District, Corvallis

Idaho Point Special Road District, South Beach

Three Rivers Ranch Road District, Hebo

Woodland Park Special Road District, Chiloquin

Sandpiper Village Special Road District, Waldport

Silver Sands Special Road District, Seal Rock

Starr Creek Road District, Yachats