



**Cascadel Woods: CSA-21
2018-2019
Madera County Grand Jury
Final Report 1819-02**

Published on June 28, 2019

SUMMARY:

The Madera County Grand Jury (MCGJ) received a complaint and learned of a conflict between some of the residents of the Cascadel Woods Home Owners and the County Board of Supervisors. The conflict centered around the ownership and management of the property known as The Clubhouse and adjoining “shelter in place” property. Disagreement between some residents and the Board of Supervisors exists over this issue.

BACKGROUND:

Cascadel Woods, also known as County Service Area 21 (CSA 21), is the only recreational special district in Madera County. This special district was created to maintain the Clubhouse and adjoining properties. Since the Madera County Public Works Department (MCPWD) does not typically maintain buildings, a non-traditional contract was created with Cascadel Woods Property Owners (CWPO) to maintain and provide services for the Clubhouse and adjoining properties. The issues under review in this report are ownership, liability, maintenance, and finance.

There are in excess of 100 Maintenance Districts and County Service Areas located throughout Madera County. They were formed for the purpose of providing one or more specialized service(s) to the residents. Services provided may include water, sewer, road maintenance, lighting, drainage, etc. The Board of Supervisors acts as the Board of Directors for, and on behalf of, each property owner in the district. Typically, the MCPWD oversees road maintenance and daily operations of the sewer and water systems.

County Service Area 21 is located east of the town of North Fork. County Service Area 21 is approximately 45 acres consisting of four lots within three parcels. One building, referred to as The Clubhouse, is approximately 100 years old.

On March 19, 1984, a notice was released by the Madera County Board of Supervisors stating their intention to purchase the real properties known as the “clubhouse and golf course.” The contract also states that the County’s intent is to contract with the Cascadel Woods Property Owners Association (CWPOA) to manage the property, but there was no intent to transfer the properties to the property-owners. The contract was later consummated on April 16, 1985.

On December 10, 1984, the Madera County Board of Supervisors adopted Resolution 84-599 which created CSA 21. The purpose of the Resolution is to provide “local recreational facilities and services only.”

Through Resolution 85-205, the Board of Supervisors approved the land purchase of four lots contained within three parcels. A grant deed was signed to the County May 22, 1985, and the County remains the property owner. The grant deed was recorded on June 3, 1985.

On May 28, 1985, the County entered into a contract, number 3780-C-85, with CWPOA for the continuing operation and maintenance of the property. The contract was set to expire ten years from the date of creation (1995), or when the loan was paid off. The parties entered into a second contract dated August 8, 1995. This agreement automatically renewed each year until 2013 when it was terminated by the Madera County Board of Supervisors.

In 1998, the residents voted to establish assessments of \$100 per parcel, per year. These funds were collected for the purpose of the management, operation, and maintenance of the properties. The funds collected did not include road maintenance or other activities previously performed by the CWPOA. County Service Area 21 provides local recreational facilities services only and does not cover road, water, sewer, or other services.

The County entered into a purchasing agent agreement with a contractor to mow portions of the County-owned land as of July 2018. The MCPWD is continuing to solicit proposals to enter into a multi-year agreement with an outside contractor to ensure the grounds are mowed on a yearly basis. The MCPWD has also facilitated a proposal seeking a qualified property management firm for The Clubhouse. The County has also entered into several maintenance agreements for the purpose of tree removal services needed on the County-owned land.

METHODOLOGY:

- Reviewed a citizen complaint
- Interviewed community members that utilize the facility
- Interviewed Madera County representatives
- Reviewed legal documents of property ownership
- Physical observation of Cascadel Woods property
- Requested pertinent documents

DISCUSSION:

On May 21, 1985 the Madera County Board of Supervisors approved the purchase of the property within CSA 21 through Resolution 85-205, for \$70, 000. A grant deed transferred the property to the County. On May 28 of the same year, the County of Madera entered into contract, number 3780-C-85 with CWPOA for operation and maintenance of the property. Subsequently the CWPOA board dissolved and no representation existed to negotiate with the County. This contract terminated in 2013 by the Madera County Board of Supervisors.

Prior to the termination of contract number 3780-C-85, in 1998, the residents voted to establish assessments at \$100 per parcel, per year. These funds were used for management, operation, and maintenance purposes and no other activities such as road maintenance. Currently, CSA 21 provides local recreational facilities and services only, and it does not maintain roads, provide water, sewer, or other services.

The Cascadel Clubhouse was being used by the residents for various functions. Some residents want to take over ownership and operations of the Clubhouse and property. Other residents do not want the responsibility and liability of ownership. This issue is what caused the CWPOA to dissolve prior to 2013.

The County of Madera has sole control and is liable for any access to the Clubhouse. It was reported that, on or about June 6, 2018, there was a possible safety issue with the Clubhouse, and as the County would be liable for any issues with the safety of people while using the facility, the County locked the Clubhouse until the situation could be rectified. Some residents expressed dissatisfaction and were angry over being locked out of the Clubhouse by the County of Madera.

Because of the sentiments expressed by the residents, the MCPWD issued a letter, dated March 6, 2019, to all property owners, that explains two possible options for the residents to take in order to regain ownership of the Clubhouse and property (Attachment A). These two options include dissolve CSA 21 or the option of a conservation easement. Following through with either option could return full control of the Clubhouse and property to the property owners.

As legal owner of the property located in Cascadel Woods, the County of Madera is responsible for carrying liability insurance for all buildings as well as the grounds. The MCGJ has identified that the County of Madera has met these criteria.

Additionally, it became apparent to the County of Madera, that a property manager is needed in order to maintain the facility. County of Madera reports it is currently seeking a resolution to this issue.

In 2018, the County entered into a purchasing agent agreement with a contractor to mow and clear portions of the County-owned land. The MCPWD reports it is in process of soliciting proposals from contractors to enter into a multi-year agreement to ensure grounds are mowed on an annual basis. This is of great concern as the area is considered a “shelter in place” in the event of fire.

A review of the MCPWD audited financial records for the years 2016-19 reflect monies spent on property maintenance versus receipts received from property owner’s special assessments. The records indicate a shortfall of revenue versus expense.

FINDINGS:

- F1. The MCGJ finds that the property within CSA-21, that contains the Cascadel Clubhouse, on four lots within three parcels of land, is owned by the County of Madera.
- F2. The MCGJ finds that the County of Madera is currently responsible for upkeep, maintenance, insurance (both property and liability), for those properties noted in F1.
- F3. The MCGJ finds the County of Madera does not have an agreement with CSA 21 for road maintenance nor improvement.

- F4. The MCGJ finds that currently there is not a multi-year contract in effect between the County and a contractor for mowing and maintenance of the properties.
- F5. The MCGJ finds that the area around and adjacent to the Clubhouse, including the land parcels, are a designated “Shelter in Place” zone for the residents in the event of fire blocking egress from Cascadel Woods.
- F6. The MCGJ finds that the amount collected from property owners is insufficient to cover the cost of maintenance and expenses currently paid by the County.

RECOMMENDATIONS:

- R1. It is recommended that, within the next year, the property owners within Cascadel Woods (CSA 21), begin to form a legal association, to start the process of returning all properties to their ownership, control, and responsibility, as well as the use of the property at the owners own expense.
- R2. It is recommended that the County continue to maintain and insure the subject properties until the transfer of ownership is complete.
- R3. It is recommended that Cascadel Woods continue to maintain control of road maintenance.
- R4. It is recommended that, when all CSA 21 properties are relinquished from the County of Madera, it would be the responsibility of the new legal association contract, as they find necessary, for all upkeep, mowing, maintenance, and insurance.
- R5. It is recommended that the area around and adjacent to the Cascadel Clubhouse, must remain accessible and maintained as a “Shelter in Place” zone.
- R6. It is recommended that Madera County find a solution to fund the financial shortage within the next fiscal year.

REQUIRED RESPONSES

Pursuant to Penal Code sections 933 and 933.05, the Madera County Grand Jury requests responses as follows:

Director of Public Works
200 West Fourth Street
Madera, CA 93637

Madera County Board of Supervisors
200 W. 4th Street, Ste. 4
Madera, CA 93637

Reports issued by the Grand Jury do not identify individuals interviewed. Penal Code section 929 requires that reports of the Grand Jury not contain the name of any person or facts leading to the identity of any person who provides information to the Grand Jury.

DISCLAIMER

This report was issued by the Grand Jury with the exception of a juror who has current knowledge of the residential area in this report. This grand juror was excluded from all parts of the investigation, including interviews, deliberations, and the writing and approval of this report.

ATTACHMENT A



March 6, 2019

To: CSA-21 Residents,

Re: County Service Area No. 21

Dear Residents and Property Owners,

This letter is a detailed correspondence regarding services to the clubhouse and surrounding open space area within County Service Area No. 21 ("CSA-21"). This correspondence also discusses future options involving the collection of assessments for the continued management and maintenance of the recreational facilities. We hope you find this letter informative.

Background

The Madera County Board of Supervisors created CSA-21 on December 10, 1984.¹ The resolution forming CSA-21 specifies that its purpose is to provide "local recreational facilities and services only". Later, a mechanism was established for CSA-21 to collect funds for property maintenance purposes.

On March 19, 1985, the Board of Supervisors released a notice of intention to purchase real property, specifically, the golf course and clubhouse. The notice states that the "County of Madera, for and on behalf of County Service Area No. 21 ["CSA-21"], intends to purchase...certain real property..." and "the County intends to contract with the Cascadel Woods Property Owners Association to manage, operate, and maintain said property, and to restrict usage of such property to residents of CSA-21."² While the document makes it clear that the money to repay the purchase loan was to be raised from assessments and charges levied against the properties, there was no noticed intent to transfer the real property to the property-owners.

The Board of Supervisors approved the land purchase on May 21, 1985 through Resolution no. 85-205.³ The grant deed, dated May 22, 1985, transferred the property

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to the County.⁴ The land conveyed consists of four lots contained within three parcels. The County remains the landowner today.

On May 28, 1985, the County of Madera entered into contract no. 3780-C-85 with the Cascadel Property Owners Association ("CPOA") for the continuing operation and maintenance of the real property acquired by the County.⁵ This contract was set to expire 10 years from the date of creation (1995) or when the loan was paid off, whichever was sooner.

Prior to expiration, the parties entered into a second contract dated August 8, 1995. This agreement automatically renewed each year until 2013 when it was terminated by the Board of Supervisors.⁶

In 1998, a District-wide vote established assessments at \$100 per parcel, per year. The Madera County Auditor/Controller's office accounts for the collection of assessments and related fiscal responsibilities associated with the management, operation, and maintenance of the clubhouse and surrounding open space area. These funds are used solely for those purposes and not for other activities previously performed by the CPOA, such as road maintenance.

At this time, CSA-21 provides local recreational facilities and services only. It does not maintain roads or provide water, sewer or other services.

Current Projects

In July 2018, the County entered into a purchasing agent agreement with a contractor to mow portions of the County-owned land. The Public Works Department (PWD) is continuing to solicit proposals to enter into a multi-year agreement with an outside contractor to ensure the grounds are mowed on an annual basis. The PWD also facilitated a proposal process seeking qualified property management services for the clubhouse.⁷ Until a qualified property management company is chosen, please continue calling the PWD for all clubhouse maintenance and use requests at (559) 675-7811.

Regarding the structural integrity of the clubhouse, it was evident from the recent snow storms that the building has sustained some damage and the PWD is working on sending a qualified structural engineering firm to evaluate the structure and give recommendations for

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the safe use of the facility, meanwhile, the County will not allow the use of the clubhouse until further notice.

In addition to mowing services, the County has entered into several maintenance agreements, specifically for tree services needed on County-owned land.⁸ The County will continue to facilitate this work.

Future Options

1. Dissolve CSA-21

Existing state law authorizes the Local Agency Formation Commission ("LAFCo") to process applications for the dissolution of a county service area and allows a board of supervisors to initiate a proposal to dissolve a CSA, by following specified procedures.

At present, the procedures for dissolution may be commenced by the district's legislative body, by petition or by LAFCo. The legislative body of a district, in this case the Madera County Board of Supervisors, may begin the process by adopting a resolution of application. The dissolution of CSA-21 would mean the County of Madera would no longer collect assessments and would likely include a provision for transferring title to County-owned properties.

a. Property Owners Association Control

As a possible outcome of dissolution, all assets and responsibilities may be transferred to a property owners association. The County could enter into a purchase agreement with a property owners association, such as the CPOA, for the land and transfer of any existing fund balance received from assessments to the organization so they can manage the funds directly. The CPOA has provided the maintenance and operation of the recreational facilities in the past; however, the Superior Court ruled in 2016 that it does not possess the power to collect mandatory assessments. This option would allow residents to retain local control, as long as the property owners association adequately represented all residents and developed a revenue source.

b. Create an Independent Special District

An independent special district may be created by Madera County. The new district would have its own elected governing board and continue to collect assessments. For example, a community services district ("CSD") can be formed in Cascadel Woods under existing law (Government Code section 61000, et seq).

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A CSD is an entity that is formed following LAFCo approval and following a vote of the registered voters within the proposed boundaries of the CSD. A CSD is a separate legal entity that would have its own board of directors directly elected by the registered voters in the Cascadel Woods area. The voters would also vote to assess themselves for a certain amount a month (to replace the County assessment) that would provide a revenue source for CSD services. The CSD would be a separate legal entity from the County and, once formed, could be the grantee of the County owned CSA-21 properties. The formation process can be started by a petition signed by the people or by a Board of Supervisors resolution.

2. Conservation Easement

A conservation easement is the relinquishment of a property right, like development, in exchange for money or perpetual protection by a land trust while retaining ownership of the property. To qualify for a conservation easement, the land must be significant. Examples include oak woodlands, conifer forests, wetlands, certain ranches and forests, endangered species habitat, and scenic areas. Further analysis and consideration of this option is needed to determine whether it is feasible. Under this option, Madera County would continue to provide local recreational facilities and services.

I will keep you updated with any future issues concerning CSA-21 and if you have any questions, please do not hesitate to contact me.

Sincerely,



Ahmad M. Alkhayat
Director of Public Works