



REPORT HIGHLIGHTS

March 2025

DC Ranch CFD: Proposed Maintenance Fee

Report No. 2502

WHY WE DID THIS AUDIT

This review was requested by the City Manager on behalf of the DC Ranch Community Facility District (District). This engagement was completed as a limited review to evaluate the reasonableness of proposed maintenance fee to be funded by the District.

BACKGROUND

The DC Ranch Community Facility District was formed to finance and acquire or construct amenities that were subsequently dedicated to the City for public use.

Maintenance of certain City-accepted infrastructure is funded through an additional tax levy for operations and maintenance.

In June of 2024, through the annual budget process, the DC Ranch Community Council requested an increase in the maintenance budget from \$60,000 to \$322,381 each year.

WHAT WE FOUND

Clarifications to the maintenance areas are needed: Assumptions about paths and trails maintenance areas were inaccurate, and Market Street Park is not part of the District's existing public infrastructure.

In compiling its maintenance fee proposal, DC Ranch relied primarily on the Bond Feasibility Studies for information on the District's assets. However, some proposed projects were not actually financed.

- Market Street Park is not part of the City or District infrastructure and maintenance costs have not been reimbursed in the past. This accounts for 33% of the maintenance request, or \$108,207.
- Desert Greenbelt Path & Trail (Reata Wash Trail) is maintained by the City. The originally proposed project was not funded by the District-issued bonds but the property was conveyed to the City to construct and maintain as flood control improvements. Proposed maintenance of this path and trail was estimated at \$45,172.
- Section H Path & Trail was included in the proposed projects but was not funded as the District had reached its maximum bonding authority of \$20 million. Proposed maintenance was estimated at \$17,735.

Proposed base labor rates are similar to a City maintenance worker's pay, but maintenance levels are higher than required by the approved Maintenance Guidelines.

Specifically, we found that:

- Indirect rates to cover landscape supplies should not be added to maintenance labor rates when maintenance supplies/materials are charged additionally.
- The frequency of maintenance for some assets is higher than required by the Guidelines.
- Security for Paths & Trails is not required by the agreements and account for about \$36,000.
- Utility costs provided include meters in non-District areas, and some meters had no usage and should be deactivated.

WHAT WE RECOMMEND

The District Manager should work with City staff and DC Ranch to clarify the maintenance areas and negotiate a new contract for Board approval. Maintenance work should conform with the Maintenance Guidelines.