PERMANENT ROAD DIVISION (PRD)
PROPERTY OWNER MEETINGS FREQUENTLY ASKED QUESTIONS

It is the policy of the Board of Supervisors that a Permanent Road Division Zone (PRD Zone) can be formed by landowners for maintenance and/or improvements on local roads in existing developments. PRD Zones are created and funded by the private property owners who own the road. The County provides the maintenance services on behalf of the property owners using property owner assessments.

All costs associated with administration and maintenance of a PRD Zone, including incidental expenses, engineering and special tax reports, shall be borne by the landowners of benefiting properties.

PRD Roads must meet the following conditions:

1. Roads proposed for a PRD Zone must be accessible via a county-maintained road, with no stretch of private road that does not have a public easement as a bridge between the county-maintained road and the proposed PRD Zone.
2. Roads proposed for a PRD Zone must be open to the public, with no gates or other impediments to use by the public or County.
3. PRD Zone formation is consistent with Streets and Highways Code Sections 1160-1197.

1. Does the County solicit participation in the PRD Program?

No. This program is available to property owners in the unincorporated area of the County. Our primary goal is to provide information to residents who have expressed interest in forming an PRD to enable them to decide whether a PRD is an attractive alternative to their road repair and maintenance needs. The County does not profit from these PRDs and the program is expected to be revenue neutral and self-sustaining, with all costs being born by benefiting properties.

Typically, residents will contact us after hearing about the PRD program either by word of mouth, the DPW website, or Board of Supervisor offices. The Department of Public Works, Private Roads and Landscape Maintenance Unit manages the program, and forming a PRD occurs only if a majority of the property owners support it by formal ballot.

2. Are benefit fee assessments put on the Tax Bill tax deductible?

We cannot give tax advice, so you are urged to consult with your tax advisor. However, based on feedback from various property owners, don't be surprised if it's not tax deductible. The primary reason is that it's not a tax, it's an assessment, and placing the item on your tax bill simply provides a cost effective mechanism for collection of the money.

3. Are the road maintenance costs fixed? How long before the estimates can change?

The road maintenance costs are not fixed, they are estimates. Given the volatile nature of prices for oil and aggregate materials, estimates do not hold for very long. When the time for actual road work gets close, we will re-estimate the project cost, verify whether sufficient funds exist, and consult with the PRD Committee on whether to proceed. Based on when the PRD is formed, it may take up to a year for completion of the road project.

4. How is the greater than 60% threshold for signatures on the Expression of Interest and Petition for Permanent Road Division Formation determined?

Mathematically, it is determined by the number of parcel signatures divided by the total number of parcels within the proposed district. Owners that have multiple parcels need to sign for each property they own. The result must be greater than 60%.

The requirement to have greater than 60% property owner support on these petitions is a County Policy. The primary reason is to assure a high likelihood of eventual ballot approval prior to spending additional resources on the formation process. When actual balloting occurs, State law requires at least 50% weighted vote approval to form the district.

5. Where does the money come from to pay for road maintenance?

The County has a loan program that can pay for road maintenance costs. The loan must be paid back by the property owners. State law stipulates that the term of the loan cannot exceed ten years. In most cases, the loan term is five years. There are three sources of loans that can be used: 1) the County can lend up to 20% of the estimated road

maintenance cost, 2) private banks can lend up to 100%, or 3) a private individual can lend the money. That last source – an individual stepping forward and offering to loan the money, is not likely to occur. The benefit of having the County lend a portion of the money is that the County's interest rate is generally 2-3% lower than private banks. The yearly principal and interest is paid back by way of parcel owner assessments that are included on your annual tax bill - which you pay in two installments.

After the loan(s) is paid off (usually five years), your annual assessment drops significantly. From this point forward, ongoing assessments typically fund routine maintenance activities and the administrative cost of managing the district.

The district can also build up reserves from benefit fee assessments over time in order to pay for road maintenance costs. Road work cannot be performed until the money is available. For this option, the reserves will accrue interest that can be used for district costs.

6. Can you pay off the loan early – before the five-year term is up?

Options for pre-payment in full are available if made prior to an executed loan agreement. After the loan is executed, County staff works with the PRD Committee and property owners on a case by case basis on loan pre-payment requests.

7. In the work program spreadsheet (budget) you show administration cost. What kinds of things are included in that?

That includes all costs associated with managing PRD funds and the District in compliance with State and local laws. There are annual costs for overhead (i.e. office space, computers, vehicle usage, etc.), as well as annual costs for audits, benefit fee processing, Engineer's Report updates, and field reviews. "Administration" also includes any costs we incur related to the District, including but not limited to: telephone call responses, written correspondence, response to complaints, issues requiring field visits, and any other investigative activities requested by parcel owners.

In an effort to keep your administrative costs low, we encourage property owners to consider the PRD Chairperson/Road Committee their first point of contact for questions or issues that need resolution. That way, all pertinent items are being channeled through a single point of contact, and the number of interactions between the County and the PRD can be minimized.

8. What can I do if I believe I do not benefit from the road maintenance work, or that my assigned benefit is too high?

Assessment districts are formed in compliance with State law. The law requires the assessment be based on benefit to the parcel, not benefit to the property owner, and conveys with the parcel. Before a PRD forms, an objective Engineer's Report is prepared by a third-party Assessment Engineer that determines the boundary map, benefit formula that will be applied to each parcel, and an assessment matrix. Prior to ballot, the Engineer's Report will be posted on our website so you can review the boundary map, associated costs and the assessment methodology. Our website can be found here: https://www.sandiegocounty.gov/content/sdc/dpw/specialdistricts/prd/PRDzones.html.

If you wish to dispute your inclusion in the PRD or your benefit apportionment, you can submit a written request for re-evaluation and provide a basis for your reasoning. The County will review the submittal and make a determination on your request.

9. Will the road be taken over permanently by the County, and become part of the County Maintained Road System?

No. This will be a PRD road maintained by PRD funds. While County work forces may periodically be used on PRD roads to take advantage of available cost savings, the County Maintained Road System utilizes gas tax revenue and is separate and distinct from PRD roads.

Bringing a road into the County Maintained System would require that several criteria be met. The location and route of the road must be deemed by the County to be of public benefit and necessity. In other words, it needs to appear on a Circulation Element planning document, or there needs to be some demonstration that the road is needed to carry large traffic volumes – usually associated with new development. The road would also need to meet County Public Road Construction Standards which includes considerable width requirements, and substantial road base specifications that translate to much higher costs.

10. Can property owners hire their own contractor after they form as a District?

Once the PRD is formed, District funds are handled as public monies. This means that the County must follow purchasing and contracting requirements of the County Purchasing Department which calls for a competitive bid process. Any road work funded by the District must be done by State Licensed and insured contractors, and the work product must be inspected by the County. PRD roadway maintenance services are provided by County procured contractors and are financed through PRD assessments.

To that end, Special District administration uses Job Order Contracting (JOC) for PRD road work. JOC is a competitive bid, indefinite-quantity type contract. Contractors bid on a catalog of pre-priced work and the contracts are awarded to the lowest bidder. Work is accomplished by the issuance of a series of individual work orders to the contractor. State law limits each JOC to one year and $3 million each, thus bids are sought on an as-needed basis. JOCs that have reached the prescribed limit would be unavailable to bid on PRD road work. The JOC program ensures compliance with licensing, bonding, performance, quality, and warranty to County standards.

11. What about liability on these roads?

When a PRD is formed, to some extent the County shares responsibility with the property owners. For example, if the PRD were to make a road that is "less safe" than it was prior to the road maintenance work, the County could incur some liability. To help alleviate these concerns, the County requires any contractor performing road work within a PRD be State Licensed and insured, with the work product being inspected by the County.

Recently, the County has entered into an agreement with Alliant Insurance, a long-established insurance company, for their Special Liability Insurance Program (SLIP). When the PRD is formed, roads maintained by the PRD will have liability insurance coverage. The coverage is $3,000,000 for Personal Injury (including bodily injury and property damage); and $3,000,000 for Non-Owned and Hired Automobile Liability – both with deductibles of only $1,000. PRD funds pay the premium for this insurance and are allocated on the basis of road length as a percentage of total length of all PRD roads maintained by the County.

12. Can our road(s) be gated?

No. The PRD formation process includes a Board of Supervisors' declaration that roads within the PRD are public. Since they are declared public they cannot be gated or have signs indicating private roads or roads for residents only. The public status enables County crews and contractors to legally access the roads to do work.

13. What is the benefit of forming a PRD District versus doing the work ourselves?

Forming a PRD assures that all benefiting parcels pay their fair share of road maintenance costs; not only initially, but in the future as well. Since the obligation is placed against the parcel (not the person), even new or different future property owners will be required to pay the assessment. Without the District, many communities experience property owners unwilling to pay any of the costs, or owners that are willing to pay, but only a portion of their fair share, and only at a time when it's convenient for them. Unless there is unanimous voluntary participation on the part of all property owners, many communities find it difficult to acquire sufficient funds to complete needed road maintenance.

14. What are the negative aspects of forming a PRD District?

The formation process is extensive and can take considerable time to complete. The cost of forming the PRD District is borne by properties within the PRD by way of reimbursement that is included in the annual assessments. Without a District, there would be no formation costs incurred. There are also administrative costs associated with managing the District, which are passed on to properties within the PRD. That money could be saved and used for road repair and maintenance or other purposes if no PRD existed. Without a PRD, you would have control over any available money and could hire anyone you wish to do the work, any time you want. Once a PRD is formed, we manage your money as public funds and are required to have annual audits and meet other mandated requirements. We also control how contractors are hired and when the work gets done. Without the constraints of a PRD, you'd likely find that you could hire your own contractor and get the work done in a much shorter period of time.

15. What happens if several years after the PRD is formed, we'd like to get rid of it?

The PRD would need to "dissolve." Dissolution could only occur after any loans or other outstanding debt of the PRD is repaid, and the PRD must fund the administrative cost of dissolution including any potential future annual audits for a period of two years.

The dissolution process is similar to the formation process in that it requires majority approval of the property owners by weighted ballot. If the ballot to dissolve is successful, the Board of Supervisors can approve the dissolution. Once the PRD is dissolved, responsibility for future repair or maintenance of the roads reverts to the property owners.

16. What happens if property owners split their parcels after the District is formed?

The assessments run with the parcel, not the property owners. If property owners split their parcels after the District is formed and during the time of loan payoff the new parcels will pay their fair share based on the PRD benefit assessment formula included in the Engineer's Report. If parcels are split after payoff of the initial loan, they will pay their share of future maintenance and administration costs, but would not be required to pay for the initial loan.

17. What is the cost of the PRD formation process?

The cost is variable and often depends on factors such as size of the proposed district, complexity of road maintenance work needed, environmental impacts, the number of property owner disputes or challenges, and the proportion of property owners in support or opposition. Proposed districts which are large, in need of considerable road maintenance, or have numerous property owners opposed to formation tend to be very expensive. An Engineer's Report is required for special assessment district formations. Formation costs are typically estimated at around $30,000, but actual costs may vary significantly depending on the circumstances of each PRD.

18. How is the PRD Committee established?

The State law which governs PRDs does not prescribe a formal process for selection of a PRD Chairperson, or Committee Members, and it does not lay out specific roles and responsibilities. However, it is in the best interest of all parties to assure the PRD Chairperson and Committee Members adequately represent the property owners. Most often, the PRD Chairperson is the project proponent who initiates and leads the formation effort. Anyone who wishes to be on the PRD Committee should contact the Chairperson to volunteer. The PRD Committee should consist of parcel owners that provide input of road maintenance needs to the Chairperson and are kept informed of PRD activities by the Chairperson, through use of a newsletter or periodic meetings.

19. Do we need to maintain all the roads in our potential District?

No. That decision is up to the PRD Committee and parcel owners. In addition, the County may determine that certain roads do not meet PRD criteria. Very often only the primary entrance road, and perhaps a few connector roads, are initially maintained because of cost considerations. Other roads can be included for maintenance at a future time, but it does require Board of Supervisor action to do so.

20. How is it determined which roads in the potential District receive service?

When a District with multiple roads is formed, the PRD Committee will request which roads are to be maintained by the District. Roads that are maintained by the District will receive service based on need and a request by the PRD Committee to service the particular road.

21. How long does the process take and how long will you work on a particular PRD formation effort?

Typically, a District can be formed in 12 to 18 months. Initial road work can usually occur 6 to 12 months after District formation. The average frame from first contacting the County about forming a PRD to having improvements completed is 1 ½ to 2 ½ years.

Since resources for formation are limited, the County requires a District be formed within 3 years. If after 3 years, the District has not formed, or if it went to ballot but was disapproved, formation efforts will be stopped. Property owners can request that formation efforts begin again after three additional years have elapsed. In cases where the first formation effort never achieved over 60% signed favorable Expression of Interest forms, formation efforts can begin 5 years later.

22. Who will manage the PRD District?

Management of the PRD is the responsibility of the Department of Public Works, Private Roads and Landscape Maintenance Unit. Our goal is to work closely with the PRD Chairperson and Road Committee. We typically consult PRD representatives to receive input and recommendations regarding maintenance and repair needs, and the setting of priorities. In cases where road damage or an unexpected event creates a significant hazardous condition, County staff may take immediate unilateral actions to abate the hazard.

Ultimate authority for the District, including its initial formation or dissolution, management, annual budget, and assessment collection, lies with the County Board of Supervisors.

23. Do the PRD roads receive traffic violation enforcement?

No, law enforcement agencies will not enforce violations of traffic control signs on PRD roads. If the road previously had speed bumps, the PRD improvement project can include speed bumps. However, if the road does not already have speed bumps, placement of new ones will require a Traffic Engineering Study by a private firm to assess safety and impacts to traffic flow at a considerable cost to the PRD.

24. How often is work done on PRDs?

Private Roads and Landscape Maintenance staff conduct road inspections and meet with PRD Chairperson and/or Road Committee annually. On average, PRD roads are sealed every seven to ten years.

Private roads do not need the frequency of sealing and maintenance as county-maintained roads, which have much more volume of traffic. On average, asphalt remains intact for 25 to 35 years; however, there are numerous factors that affect its lifespan, such as the climate, and traffic.

A new, well built, asphalt road should last at least 15 years before a major rehabilitation or full depth reconstruction is needed. Surface treatments or thin overlays every 7-10 years can extend that to 20 years between major work.

It is much cheaper to keep a good road in good repair than it is to rebuild a poor road. However, we don't do maintenance work unless it is needed.

25. What if some residents don't want the road maintenance work to be done?

Per County of San Diego Board of Supervisors Policy J-16, PRD Zones are required to establish a Road Committee and Chairperson. The County performs road maintenance at the request of the Chair or Road Committee. Disagreements regarding road maintenance should be handled by the Chair and Committee.

26. What if a PRDs annual assessment is not enough to fund road maintenance and repairs?

Ultimately, it is up to the residents to decide if and when they would like for the work to be done. Work can be delayed until funds accrue or completed as funding is available, prioritizing some repair/maintenance work.

If the landowners within a PRD want to increase their revenue, they could opt to increase their assessment to the maximum allowed in the PRD formation documents or reassess to establish additional funding through an increased assessment or a special tax.

27. Do some PRDs have annual inflation factors built in to their assessments?

Yes. In the PRD formation documents or during re-assessments some PRD decided to build cost of living increases in to their assessments.