

GHAD BUDGET REPORT

DATE: JUNE 17, 2014

TO: BOARD OF DIRECTORS

FROM: RICK ANGRISANI, DISTRICT MANAGER

RE: FISCAL YEAR 2014-15

BACKGROUND

In April 2000, the property owners within the Oakhurst Geological Hazard Abatement District (GHAD) approved, by ballot, assessments to cover the routine maintenance and operations needs of the District. The ballot measure also allowed increases in the annual assessment not to exceed the annual rise in the Bay Area Consumer Price Index (CPI). These annual assessments are the only source of revenues to the District as it is solely funded by the private property owners within the District. Without the real property owners' approval, the District cannot create or mandate additional revenues to fund hazard abatement or prevention services.

Kelok Way Dewatering Wells

The installation of six large dewatering wells and inclinometers to increase the stability of the large slope between Kelok Way and North Valley Park was completed last year. We had intended to monitor the inclinometers twice annually (beginning in August or September) to ensure that the wells had slowed or halted the slope movement as well as continued to function as designed. The ensuing drought conditions reduced the possibility of slope movement and we chose to hold off on the monitoring for a short period. We have recently issued a contract to Stevens, Farrone & Bailey (SFB - original geotechnical engineer) for the monitoring work and anticipate their first report in the near future.

SFB provided a proposal for the monitoring with a cost of \$11,700 the first year and approximately \$9,600 each year thereafter. This cost has been included in this year's proposed budget.

Fund Balance (reserves)

The GHAD's fund balance is expected to have a surplus of \$34,482 at the end of FY 2013-14, an increase of approximately \$13,000 over last year's forecast, due primarily to delaying the start of the monitoring. We anticipate that approximately \$1,882 will be deducted from the fund for FY 14/15 expenses, reducing the fund balance to \$32,600 at the end of the fiscal year.

Presley Lawsuit Settlement Fund Balance

This fund balance currently stands at approximately \$120,090 in remaining funds from the original Presley lawsuit settlement (2003). It was, of course, originally

intended that the remaining original Presley lawsuit settlement funds be used to rehabilitate the street pavement in the Keller Ridge area once the ongoing movement ceased. While some pavement work has been accomplished, having no other reserves and no interest by the property owners in raising the annual assessments, the District has no choice but to eventually use these funds to cover any of the District's funding shortfalls that may occur for as long as possible.

FY 2014-15 BUDGET

This Budget proposes to continue funding just the routine operations, along with the ongoing monitoring and legal defense costs, of the District through the allowable annual assessments. The year to year increase allowable per the most current CPI is 2.78% (May 2013 to May 2014, San Francisco, All Items, All Urban Consumers Index).

Following is the recommended budget for the GHAD for FY 2014-15:

EXPENSES

Postage	\$700.00
Legal Notices	100.00
Insurance Premium Surcharge (transfer to General Fund)	14,000.00
County Collections Charge	1,400.00
Engineering Services	3,000.00
Kelok Way Monitoring	11,700.00
Legal Services	1,000.00
Miscellaneous	270.00
Administration (transfer to General Fund)	<u>6,635.00</u>
<i>TOTAL EXPENSES</i>	<i>\$38,805.00</i>

INCOME

Property Assessments	\$36,522.94
Interest on Funds	<u>400.00</u>
<i>TOTAL INCOME</i>	<i>\$36,922.94</i>
Funds from GHAD Fund Balance	\$ 1,882.06

FY 2014-15 PROPERTY ASSESSMENTS

As stated above, the annual assessment will be the same as last year except for an increase consistent with the increase in the CPI. Exhibit A explains the methodology of the assessments and provides a summary of the proposed assessment for this year.

EXHIBIT A

OAKHURST GEOLOGICAL HAZARD ABATEMENT DISTRICT

METHOD OF ASSESSMENT

A Geological hazard abatement district is essentially a benefit assessment district. Therefore, the assessments must be apportioned to individual parcels according to the benefit received.

Based upon discussions with the City's consultant, Randy Leptien of Leptien, Cronin & Cooper, the various areas and types of development in Oakhurst require that the assessments be broken down by area as well as type of unit. The areas have been broken down to reflect, as much as possible, units with an equal amount of risk and benefit.

The total development has been divided into three areas for assessment:

Area 1	Lower 6000's, lower 5000's, Duets, and Townhouses
Area 2	Upper 6000's, upper 5000's, 8,000's, condominiums
Area 3	10000's

After reviewing the needs of each area and the benefits of the District to each area, we have assigned each area the following share of the District's costs (including reserves);

Area 1	25%
Area 2	50%
Area 3	25%

As will be noted, the number of units in each area is not considered a factor and the amount of assessment per unit will vary greatly from area to area. Since there are different types of housing mixed in Areas 1 and 2, we have assigned different assessment units to each type of housing as follows:

Single Family (regardless of size)	1.00
Duets	0.75
Multi-family	0.50

District Boundaries

As of FY 1999-00, the District was complete and consisted of 200 single family homes, 226 duets, and 169 townhouses in Area 1; 612 single family homes and 136 condos in Area 2; and 141 single family homes in Area 3.

Summary of Assessments

AREA I 2014-15 ASSESSMENT			Total =	\$9,154.88		
Subarea	# Units	Type	Factor	Ass. Units	14/15 Asses	Total
Tr. 6990	92	sfd	1.00	92.00	\$20.16	\$1,854.72
Tr. 7065	108	duets	0.75	81.00	\$15.10	\$1,630.80
Tr. 7066	117	multifamily	0.50	58.50	\$10.12	\$1,184.04
Tr. 7303	52	multifamily	0.50	26.00	\$10.12	\$526.24
Tr. 7311	118	duets	0.75	88.50	\$15.10	\$1,781.80
Tr. 7768	55	sfd	1.00	55.00	\$20.16	\$1,108.80
Tr. 7769	53	sfd	1.00	53.00	\$20.16	\$1,068.48
Subtotals	595			454.00		\$9,154.88
AREA II 2014-15 ASSESSMENT			Total =	\$18,256.64		
Subarea	# Units	Type	Factor	Ass. Units	14/15 Asses	Total
Tr. 7256	70	sfd	1.00	70.00	\$26.84	\$1,878.80
Tr. 7257	60	sfd	1.00	60.00	\$26.84	\$1,610.40
Tr. 7260	75	sfd	1.00	75.00	\$26.84	\$2,013.00
Tr. 7261	70	sfd	1.00	70.00	\$26.84	\$1,878.80
Tr. 7262	99	sfd	1.00	99.00	\$26.84	\$2,657.16
Tr. 7263	101	sfd	1.00	101.00	\$26.84	\$2,710.84
Tr. 7264	102	sfd	1.00	102.00	\$26.84	\$2,737.68
Tr. 7766	35	sfd	1.00	35.00	\$26.84	\$939.40
Tr. 7766	60	multifamily	0.50	30.00	\$13.46	\$807.60
Tr. 7767	76	multifamily	0.50	38.00	\$13.46	\$1,022.96
Subtotals	748			680.00		\$18,256.64
AREA III 2014-15 ASSESSMENT			Total =	\$9,111.42		
Subarea	# Units	Type	Factor	Ass. Units	14/15 Asses	Total
Tr. 7249	69	sfd	1.00	69.00	\$64.62	\$4,458.78
Tr. 7255	72	sfd	1.00	72.00	\$64.62	\$4,652.64
Subtotals	141			141.00		\$9,111.42
Grand Totals	1,484			1,275.00		\$36,522.94