

BUDGET REPORT

DATE: MAY 10, 1995
TO: BOARD OF DIRECTORS
FROM: RICK ANGRISANI, DISTRICT MANAGER
RE: FISCAL YEAR 1995-96

HISTORICAL REVIEW

This fiscal year marks the sixth year assessments are to be levied in the Oakhurst Geologic Hazard Abatement District.

The original District boundary included the 92 residential lots from Tract 6990 and the 109 lots from Tract 7065 (108 residential). During 1990, Subdivisions 7311 (118 duets) and 7066 (117 townhouses) were annexed to Area 1 of the District. Additionally, Subdivisions 7256 (70 SF) and 7262 (99 SF) were annexed to Area 2. While these annexations added quite a few lots to the District, the amount of work required of the District did not substantially increase since the hillside areas have not yet been annexed. There have been no new annexations due to the slow real estate market.

The Plan of Control requires the District to be responsible for the repair of landslides and erosion that extend across or into open space and/or at least two residential lots. The Plan of Control further requires periodic inspections by the engineer and/or the geologist retained by the GHAD. These inspections include the following:

1. Visual inspection of the concrete surface drainage ditches twice a year (fall and spring) for siltation, cracks and breaks.
2. Inspection of the outlets of all subsurface drains including measurement of the flow rate of water emerging from the outlets. Inspections to be made in fall, spring and other times as necessary.
3. Measure the level of groundwater in the piezometers and the horizontal position of the slope inclinometers on a quarterly basis.
4. Inspection by a geologist of the District's lands and facilities on an annual basis in the spring. Within four weeks on this annual inspection, the geologist shall submit a written report.

In 1992, we reached an agreement with Presley that requires us to accept and annex the open space parcels as soon as possible while requiring Presley to pay for its share of the operations and maintenance costs as if all its lots were developed. This action was meant to eliminate the problem of maintaining just portions of the site and having the potential of some important work falling between the cracks. However, as part of this agreement, Presley was supposed to complete some outfall work and subdrain mapping in order to provide the record data the District needs to ensure that all the maintenance and reporting work occurs as specified in the plan of control.

To date, Presley has still not followed through on these obligations and we have been unable to completely take over the maintenance as agreed upon. Presley has also not followed through on annexing the individual subdivisions as they have been recorded. We have now been assured that the agreed upon work will be completed by the end of this summer and that all the annexations will be brought up to date. All we have seen lately indicate that Presley is truly in a build-out mode and does intend to fulfill all its obligations as soon as possible.

To date, there have been no homeowner complaints or homeowner repairs required of the District. Our inspection program from last summer revealed much cleanup and some minor repairs to both the District's facilities and Presley's. The District did complete its work, but Presley again ignored our request for cleanup. Again, we have been assured that this will be taken care of. In fact, we are working with Presley to have current and past maintenance completed by their forces under our direction with costs being shared proportionally.

RESERVES

Any repairs required by the coming year's inspections will be performed by the GHAD utilizing, if necessary, a \$200,000 line of credit established by Presley for the GHAD. This line of credit is to eventually be replaced by the GHAD's reserve account. In fact, most of the assessments collected for the first few years will go to build up this reserve. The present goal for the reserve is \$200,000 though this goal may be revised in the future if recommended by the District's geologists.

As noted last year, the reserve requirement for Area I has been met and the assessments in this area will now vary from tract to tract. In addition, the Board decided that later annexations should repay the earlier annexations for their overpayment of the reserve funds and there is presently a credit (overpayment) of approximately \$3,000 in the Area I reserve account. Last year, the Board decided that these credits would remain until all the units in any area have paid their fair share of the reserves. At that time, the excess funds would be either refunded to the current property owner or credited against that year's O&M assessment.

This year's assessment will complete the reserve requirement for Area II (\$100,000). As the new tracts are annexed, we will continue to collect reserve payments from the new lots as we did in Area I.

1995-96

The operations and maintenance costs for FY 1994-95 did not reach the expected levels again due to Presley's lack of action. This year, I think we really will be taking on most of the ultimate responsibilities (e.g., hiring geologist, inspecting inclinometers, etc.) of the District though the fiscal impact will be mitigated by Presley's contribution. The costs for managing the District will be again be invoiced on a time and material basis per the Manager's employment contract. Following is the recommended assessment and budget for the GHAD for FY 1995-96 (see Exhibit A for the method of assessment and details of the reserve account; please note that several changes have been made in assessment units and other figures due to Presley's change of product from townhouses to condos and single family):

INCOME

Assessments	\$ 13,138.20
Interest on Funds	<u>5,000.00</u>

EXHIBIT A

OAKHURST GEOLOGIC HAZARD ABATEMENT DISTRICT

METHOD OF ASSESSMENT

A geologic 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, Duets, and lower Townhouses

Area 2 Upper 6000's, lower and upper 8,000's, upper Townhouses

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 we have 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
Townhouse	0.50

Each year's assessment will consist of two parts. The first will be for the actual estimated costs of the District for the coming year. The second part will be for the buildup of the reserves. Once the reserves have reached the level the Board of Directors have designated, that portion of the assessment will cease until it is necessary to rebuild the reserves or fund repair work. Now that we are responsible for essentially the entire scope of work envisioned for the District and Presley is paying its fair share, we will now split the yearly operations and maintenance (O&M) costs according to the factors specified above.

FY 1995-96

Again this year, the District consists of 92 single family homes, 226 duets, and 162 townhouses in Area 1 and 270 single family homes in Area 2. In addition, the operations and maintenance budget is to be spread over Presley's future lots consisting of 592 single family homes and 136 condos.

Operations & Maintenance

The cost of running the District (management, inspections, and maintenance less interest earned on funds) is being budgeted at \$30,000.00 of which \$11,671.74 is the responsibility of the existing homeowners and \$18,328.26 is to be paid by Presley (see O&M Per Unit Analysis chart). The District is expected to have approximately \$44, 258.78 in unexpended funds (not including reserves) on June 30, 1995. These excess funds consist of the following components/contributions:

Remaining Homeowner's Payment prior to 94/95*.....	\$ 23,138.49
Remaining Presley Payment prior to 94/95*	<u>21,120.29</u>
Total.....	\$ 44,258.78

* based upon % of 94/95 excess funds.

Since the unexpended funds for both the homeowners and Presley exceed their shares of the 94/95 O&M costs no assessment will be necessary for O&M costs for the coming fiscal year. In addition, the homeowners will have a credit of \$11,466.75 towards next year's O&M costs. Presley will also have a credit in the amount of \$2792.03 towards next year's costs.

Area I Reserves

Area I has reached its goal of \$50,000 (see Reserve Fund Chart). As you will note, there are excess funds in the Area I reserves of approximately \$3,010. The chart shows a credit due the other lots in Area I that overpaid their fair share of the improvements. These credits vary from \$4.50 to \$10.30 per lot. Last year, the Board decided to hold these excess funds until all the lots in each area have contributed their fair share to the reserves. At that time the Board can decide whether to refund the excess payment or reduce the assessments.

Area II Reserves

Area II now consists of 270 single family homes. As of June 30, 1995, the reserve contributions for this area total \$86,861.63. With a goal of \$100,000, we still need to collect a total of \$13,138.37 to complete this area's reserve obligation. This results in an assessment for this year of \$48.66.

Based upon the specified assessment units, the amount of the assessment per housing unit for the Area II Reserves for FY 1995-96 is as follows:

<u>TYPE</u>	<u>ASS. UNIT</u>	<u>ASS./LOT</u>	<u>TOTAL ASS.</u>
Single Family (270)	1.00	\$48.66	<u>\$13,138.20</u>

TOTAL DISTRICT INCOME FOR AREA II RESERVES \$13,138.20

Summary of Assessments

<u>GHAD</u> <u>AREA</u>	<u>SUBD</u>	<u># UNITS</u>	<u>TYPE</u>	<u>O&M</u> <u>ASSESS</u>	<u>RESERVE</u> <u>ASSESS</u>	<u>TOTAL</u> <u>ASSESS</u>	<u>TOTAL</u> <u>\$</u>
I	6990	92	sfd	0	0	0	0
I	7065	108	duets	0	0	0	0
I	7311	118	duets	0	0	0	0
I	7066	117	townhouses	0	0	0	0
I	7303	52	townhouses	0	0	0	0
II	7256	70	sfd	0	\$48.66	\$48.66	\$ 3,406.20
II	7262	99	sfd	0	\$48.66	\$48.66	\$ 4,817.34
II	7263	101	sfd	0	\$48.66	\$48.66	\$ 4,914.66
NA	Presley	592	sfd	0	0	0	0
NA	Presley	136	condos	0	0	0	0
						TOTAL	\$13,138.2080

TOTAL PRESLEY ASSESSMENT \$0.00