

BUDGET REPORT

DATE: MAY 2, 1997

TO: BOARD OF DIRECTORS

FROM: RICK ANGRISANI, DISTRICT MANAGER

RE: FISCAL YEAR 1997-98

HISTORICAL REVIEW

This fiscal year marks the eighth 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 had not yet been annexed. In 1995, the District annexed all the remaining properties in Oakhurst with the exception of the Eagle Peak Unit 4 subdivision (70 SF). Area I received Subdivisions 7768 (55 SF) and 7769 (53 SF). Area II received Subdivisions 7257 (60 SF), 7260 (75 SF), 7264 (102 SF), 7766 (35 SF & 60 Condos), and 7767 (76 Condos). Area III annexed Subdivisions 7249 (70 SF) and 7255 (72 SF).

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.

Presley has now completed all the mapping and repair obligations that we have been expecting for the last few years. The District is now finally fully functional and responsible for its original mission.

PROPOSITION 218

Since the original GHAD assessments were imposed pursuant to a petition signed by persons owning all of the parcels subject to assessment and since the proposed assessments are less than those previously imposed, Proposition 218 does not affect the GHAD this year. If assessments are increased in the future, it appears that a ballot approval process will be required.

LAST YEAR

There have been no homeowner complaints or homeowner repairs required of the District.

In January, we performed approximately \$8,000 in concrete repairs on various v-ditches that had cracked. We hired Jim Joyce of Joyce & Associates as the District's geotechnical consultant. His first inspection revealed that the slide in the open space above Clayton Road and Easley Estates moved about ten more feet but is still several hundred feet from the road and again appears stable for the time being. We will continue to watch it but not attempt any repairs unless it actually threatened Clayton Road.

A small landslide occurred in the cut slope above some of the lots along Peacock Creek Drive. Presley recently completed the repairs under the inspection of Mr. Joyce and the City's Inspector. Presley will be reimbursing the City and the District for these inspection costs. We also noted that there appears to be a major slide forming above the 16th Fairway (on Power Line Ridge). Mr. Joyce inspected the area and confirmed that a one foot wide crack has opened up from the fairway almost up to the PG&E tower. There also appears to be some bulging in the fairway below the hillside. We have informed Presley and are awaiting further investigation by Hallenbeck. Fortunately, we are protected by the agreement with Presley that they will repair any slides entering onto the golf course from the open space.

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 be replaced by the GHAD's reserve account. In fact, most of the assessments collected for the first few years have gone 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 geotechnical consultant.

As noted last year, the reserve requirement for Areas I and II have been met and the assessments in these areas now vary from tract to tract. In addition, now that all of the lots in Area I have fully paid their reserve assessments, we are starting to credit the excess reserves for that area (\$14,000 ±) against the O&M assessments for the lots which overpaid their reserve share (see GHAD-Reserve Fund-Per Unit Analysis).

As stated earlier, the reserve account for Area II has been fully funded and, after this year's assessment, will have approximately \$50,000 in excess funds. The City is reviewing the final map for Tract 7261 (Eagle Peak IV) which will be built and annexed to the GHAD this year. When these lots have paid their share into the reserve account (in approximately two years), we will be able to refund the excess funds collected.

FY 1997-98

The operations and maintenance costs for FY 1996-97 did not quite reach the expected levels. We do expect to reach the estimated budget this year with the addition of the geotechnical consultant. In addition, we are anticipating some repairs to some of the inclinometers which have been vandalized or damaged by cattle. The assessments for O&M have been somewhat mitigated by the remaining excess funds from last year and the use of the reserve overpayments from Area I. Following is the recommended assessment and budget for the GHAD for FY 1997-98 (see Exhibit A for the method of assessment and details of the reserve account):

INCOME

Assessments	\$ 32,810.16
Excess Funds	8,607.29
Contribution from Area I Reserves	1,970.58
Interest on Funds	<u>9,989.00</u>
TOTAL INCOME	\$ 53,377.03

EXPENSES

District Management (including County charges)	\$ 5,000.00
Inspection, Reports, Repairs	25,000.00
Deposit in Reserves	<u>23,377.00</u>
TOTAL EXPENSES	\$ 53,377.00

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 1997-98

This year, the District consists of 200 single family homes, 226 duets, and 162 townhouses in Area 1; 542 single family homes and 136 condos in Area 2; and 142 single family homes in Area III. In addition, the operations and maintenance budget is to be spread over Presley's future lots consisting of 70 single family homes.

Operations & Maintenance

The cost of running the District (management, inspections, and maintenance less interest earned on funds) is being budgeted at \$20,000.00 of which \$18,970.59 is the responsibility of the existing homeowners and \$1,029.41 is to be paid by Presley (see GHAD - 97/98 Operations and Maintenance Per Unit Analysis Without Excess Fund Application chart). The District is expected to have approximately \$12,381 in unexpended funds (not including reserves) on June 30, 1997.

This year the Homeowner's share of the unexpended funds will account for less than half of their share of the needed funds for operations and maintenance (\$7,577.88 vs. \$18,970.59). Therefore, we will need to assess the lots for the unfunded portion (see GHAD - 97/98 Operations and Maintenance Per Unit Analysis With Excess Fund Application chart).

Presley's unexpended funds still exceed their share of the O&M cost.

Area I Reserves (see GHAD - Reserve Fund - Per Unit Analysis chart)

Area I has reached its goal of \$50,000 plus approximately \$14,000 in overpayments (see Reserve Fund Chart). Now that all of the lots in Area I have contributed their shares of the reserve account, we will begin repaying the lots that overpaid their shares. This repayment will be in the form of credits against their O&M assessments.

TOTAL DISTRICT INCOME FOR AREA I RESERVES	\$0.00
---	--------

Area II Reserves

Area II has reached its goal of \$100,000 and will have approximately \$50,000 in overpayments at the end of the next fiscal year. However, until Eagle Peak Unit 4 is annexed, this area's reserve will continue to grow until all the lots have reached their

stated goals. Presley has indicated that they will be constructing this final unit this year and we will begin the reserve assessments next year. After two years of assessments on this final lots, we will be able to refund the overpayments for this area.

TOTAL DISTRICT INCOME FOR AREA II RESERVES
\$8,475.52

Area III Reserves

This is the second year funds have been collected for this area's reserve goal of \$50,000. It should take two more years to complete this assessment.

TOTAL DISTRICT INCOME FOR AREA III RESERVES \$14,901.48

Summary of Assessments

<u>GHAD AREA</u>	<u>SUBD</u>	<u># UNITS</u>	<u>TYPE</u>	<u>O&M ASSESS</u>	<u>RESERVE ASSESS</u>	<u>TOTAL ASSESS</u>	<u>TOTAL \$</u>
I	6990	92	sfd	0	0	0	0
I	7065	108	duets	0	0	0	0
I	7311	118	duets	1.66	0	1.66	195.88
I	7066	117	townhouses	0	0	0	0
I	7303	52	townhouses	0.32	0	0.32	16.64
I	7768	55	sfd	6.26	0	6.26	344.30
I	7769	53	sfd	6.26	0	6.26	331.78
II	7256	70	sfd	9.34	0	9.34	653.80
II	7262	99	sfd	9.34	0	9.34	924.66
II	7263	101	sfd	9.34	0	9.34	943.34
II	7257	60	sfd	9.34	31.16	40.50	2430.00
II	7260	75	sfd	9.34	31.16	40.50	3037.50
II	7264	102	sfd	9.34	31.16	40.50	4131.00
II	7766	35	sfd	9.34	31.16	40.50	1417.50
II	7766	60	condos	4.66	0	4.66	279.60
II	7767	76	condos	4.66	0	4.66	354.16
II	Presley	70	sfd	0	0	0	0
III	7249	70	sfd	20.06	104.94	125.00	8750.00
III	7255	72	sfd	20.06	104.94	125.00	9000.00
						TOTAL	\$32,810.16

TOTAL PRESLEY ASSESSMENT \$0.00