

BUDGET REPORT

DATE: MAY 28, 1998

TO: BOARD OF DIRECTORS

FROM: RICK ANGRISANI, DISTRICT MANAGER

RE: FISCAL YEAR 1998-99

HISTORICAL REVIEW

This fiscal year marks the ninth 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 the same as last year's, 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

The past year, the year of El Nino, has been a year to rememeber.

For the first time, we have experienced significant problems with mudflows and land movement. Significant funds (on the order of \$100,000 +) from the reserves have been expended for emergency work protecting properties within the District, documenting movement, investigating the cause and extent of the problems and determining appropriate actions.

The investigations will continue for next few months. In addition, we are attempting to determine all the available sources of funds to assist in the repair work. Since we do not yet have a handle on the amount of needed funds and any increase in the assessemnts will require a 218 ballot approval, we are recommending that the assessments remain at last year's level.

RESERVES

As mentioned above, the reserves have been reduced by approximately \$100,000 to date with further expenditures expected.

At the beginning of the yar, the reserve account was over funded by \$75,000 ± and we had begun to refund some of the overpayments in Area I. Due to the expenditures to date and those expected in the future, we are recommending that any further refunds be held in abeyance until we get a firm handle on the situation.

FY 1998-99

As stated above, we do not yet have a handle on this year's costs and are not in a position to change the assessments from last year's level.

Following is the recommended assessment and budget for the GHAD for FY 1998-99 (see Exhibit A for the method of assessment and details of the reserve account):

INCOME

Assessments	\$ 32,810.16
Interest on Funds	<u>10,000.00</u>
TOTAL INCOME	\$ 42,810.16

EXPENSES

District Management (including County charges)	\$10,000.00
Deposit in Reserves	<u>32,810.16</u>
TOTAL EXPENSES	\$ 42,810.16

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 1998-99

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.

This year, due to the problems encountered from the winter's storms, we are unable to determine what the operations and maintenance costs will be. Also, in order to conserve funds, we are proposing to cease refunding reserve overpayments.

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