

BUDGET REPORT

DATE: February 26, 1999
TO: BOARD OF DIRECTORS
FROM: RICK ANGRISANI, DISTRICT MANAGER
RE: FISCAL YEAR 1999-00

HISTORICAL REVIEW

This fiscal year marks the tenth 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 final tract, Subdivision 7261 (70 SF) was annexed this past year and no further annexations are anticipated.

The Plan of Control allows 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 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.

LAST YEAR

The storms of 1998, fueled by an El Nino condition, caused significant problems in the Oakhurst Country Club. The City spent more than \$100,000 for emergency work including debris removal, clearing of roads, v-ditches, and other improvements; as well as preventive measures such as installing plastic over slide areas to minimize water intrusion and lessen the chance of movement.

We have applied to FEMA for reimbursement of these costs and expect to receive between 50% and 75% reimbursement. Even though a majority of the non-reimbursable costs could be assessed to the GHAD, the general and widespread nature of the damage lead Staff to recommend that a maximum of \$10,000 be charged against the GHAD reserves for this emergency work. However, an additional \$33,000 has been charged to the reserves for work performed after the storms and strictly within Oakhurst.

SUMMARY OF NEEDS AND FUNDING SOURCES

We have estimated that the cost of all the needed repairs within Oakhurst will be approximately \$2,850,000.

The only funding sources available are the City General Fund, FEMA, STIP, GHAD reserve funds and GHAD assessments. Since the benefit of this work is limited to a single development and protection of life is not an issue, it does not seem appropriate to use General Fund monies to undertake these repairs. As previously stated, we have filed claims with FEMA for the emergency work and do expect some reimbursement. However, when we approached FEMA regarding permanent restoration, we were told that FEMA would only pay to restore public improvements (e.g., street pavement) and only after the hazard (e.g., landslide) to the improvement has been mitigated. Therefore, the only FEMA money available to us is approximately \$10,000 for the repair of the pavement and curb on Clayton Road south of Peacock Creek Drive (item 2 in the above table). This \$10,000 will be made available to us **only after** we spend the \$1,250,000 necessary to mitigate the landslides.

Fortunately, the State Transportation Improvement Program (STIP) has received a windfall in funding this year and our transportation agencies (CCTA and MTC) have decided to utilize some of this funding to assist cities with road damage caused by last year's storms. We are fairly confident that we will be granted the required \$1,250,000 we need to repair the slides above Clayton Road. This funding should be available to us in June, 1999. While they are not legally obligated to participate, we have approached the two oil companies with transmission lines in Clayton Road for funding of the design work prior to the STIP grant approval. If successful, we will be able to prepare the landslide repair plans and be ready to award a contract once the grant is approved.

The available GHAD funds presently total approximately \$291,000. Due to the potential danger from additional overflows, the Board has already committed the GHAD for the cost of the repair of the Windmill Canyon Drive Debris Basin (\$65,000±). This commitment, along with the GHAD's normal operating and maintenance costs (\$18,000±), staff's recommended \$10,000 repayment to the General Fund, and the

Additional \$33,000 for work performed after the storms, will leave approximately \$165,000 in GHAD funds. While this remainder would fund some work, it would not approach the permanent restoration costs.

The permanent restoration costs not funded above are:

| | |
|------------------------------|--------------------|
| Crow Place Debris Basin | \$50,000 |
| 5112 Keller Ridge Drive | \$50,000 |
| Obsidian Way | \$80,000 |
| Antelope and Tushytak Courts | \$1,200,000 |
| Saclan Terrace | 100,000 |
| City Community Park | <u>\$100,000</u> |
| Total | \$1,580,000 |

The only way to generate the funds required to undertake the permanent restoration work would be through the sale of bonds backed by the GHAD's annual assessments. This, of course, would require a ballot approval by a majority of the property owners in the GHAD.

FY 1999-00

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 | \$166,017.60 |
| Interest on Funds | <u>5,000.00</u> |
| TOTAL INCOME | \$171,017.60 |

EXPENSES

| | |
|---|---------------------|
| District O&M (including County charges) | \$18,000.00 |
| Deposit in Reserves | 10,000.00 |
| Bond Repayment | <u>143,017.60</u> |
| TOTAL EXPENSES | \$171,017.60 |

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.

Assessment Amounts and Method of Spreads

As stated above, the GHAD will have to sell bonds to cover the \$1,580,000 in required construction plus the cost of issuance. This will require annual repayments of approximately \$143,000 over twenty-five years. In addition, the GHAD will still require annual assessments of approximately \$18,000 to cover its routine operating costs and maintenance responsibilities. This yields a minimum total annual obligation of \$161,000. We would also recommend that the GHAD assess an additional \$10,000 per year to replenish its reserve account. Therefore, staff's total recommended assessment is \$166,000 for this year (\$171,000 required less \$5,000 in interest earnings).

Previous assessment spreads have been based on complicated formulas related to both the size or type of a lot and its location in the development. The widespread nature of damage and problems throughout the Country Club leads us to recommend a simpler method of assessment spread based solely on the size or type of the lot without regard for its actual location in the development. Staff suggests that the following assessment units be assigned:

| Lot Type | Asses. Unit (A.U.) | # of Lots | Total A.U. |
|--------------------|---------------------------|------------------|-------------------|
| SF - 10,000 sf lot | 1.20 | 142 | 170.4 |
| SF - 8,000 sf lot | 1.10 | 275 | 302.5 |
| SF - 6,000 sf lot | 1.00 | 394 | 394 |
| SF - 5,000 sf lot | 0.9 | 143 | 128.7 |
| Duets | 0.75 | 226 | 169.5 |
| Multi-Family | 0.50 | 305 | 152.5 |
| Totals | | 1485 | 1317.6 |

Now the proposed number of assessment units would make each assessment unit equal to \$126.00. This, in turn, would make the assessment by lot to be:

| Lot Type | Assess. Calc. | Assess./Unit | # of Units | Total Assess. |
|-----------------|----------------------|---------------------|-------------------|----------------------|
| 10,000 sf lot | 1.20 x \$126. | \$151.20 | 142 | \$21,470.40 |
| 8,000 sf lot | 1.10 x \$126. | \$138.60 | 275 | \$38,115.00 |
| 6,000 sf lot | 1.00 x \$126. | \$126.00 | 394 | \$49,644.00 |
| 5,000 sf lot | 0.9 x \$126. | \$113.40 | 143 | \$16,216.20 |
| Duets | 0.75 x \$126. | \$94.50 | 226 | \$21,357.00 |
| Multi-Family | 0.50 x \$126. | \$63.00 | 305 | \$19,215.00 |
| Totals | | | 1485 | \$166,017.60 |

Summary of Assessments

| <u>GHAD AREA</u> | <u>SUBD</u> | <u># UNITS</u> | <u>TYPE</u> | <u>TOTAL ASSESS</u> | <u>TOTAL \$</u> |
|----------------------|-------------|----------------|--------------|-------------------------|---------------------|
| I | 6990 | 92 | 6000 sfd | 126.00 | 11,592.00 |
| I | 7065 | 108 | duets | 94.50 | 10,206.00 |
| I | 7311 | 118 | duets | 94.50 | 11,151.00 |
| I | 7066 | 117 | multi-family | 63.00 | 7,371.00 |
| I | 7303 | 52 | multi-family | 63.00 | 3,276.00 |
| I | 7768 | 55 | 5000 sfd | 113.40 | 6,237.00 |
| I | 7769 | 53 | 5000 sfd | 113.40 | 6,010.20 |
| II | 7256 | 70 | 8000 sfd | 138.60 | 9,702.00 |
| II | 7262 | 99 | 6000 sfd | 126.00 | 12,474.00 |
| II | 7263 | 101 | 6000 sfd | 126.00 | 12,726.00 |
| II | 7257 | 60 | 8000 sfd | 138.60 | 8,316.00 |
| II | 7260 | 75 | 8000 sfd | 138.60 | 10,395.00 |
| II | 7261 | 70 | 8000 sfd | 138.60 | 9,702.00 |
| II | 7264 | 102 | 6000 sfd | 126.00 | 12,852.00 |
| II | 7766 | 35 | 5000 sfd | 113.40 | 3,969.00 |
| II | 7766 | 60 | multi-family | 63.00 | 3,780.00 |
| II | 7767 | 76 | multi-family | 63.00 | 4,788.00 |
| III | 7249 | 70 | 10000 sfd | 151.20 | 10,584.00 |
| III | 7255 | 72 | 10000 sfd | 151.20 | 10,886.40 |
| | Total | 1485 lots | | TOTAL | \$166,017.60 |