

GHAD BUDGET REPORT

DATE: JUNE 19, 2012

TO: BOARD OF DIRECTORS

FROM: RICK ANGRISANI, DISTRICT MANAGER

RE: FISCAL YEAR 2012-13

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 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 real property owners' approval, the District cannot create or mandate additional revenues to fund hazard abatement or prevention services.

As reported last year, due to the minimal income from assessments, the District has ceased monitoring of slope below Pebble Beach Drive near Inverness Way. It is anticipated that the ongoing movement of the slope below Kelok Way will be addressed this year by the installation of deep dewatering wells in Kelok Way. This work is being funded by various parties (primarily Lyon Homes) as part of a settlement agreement in the various lawsuits filed throughout Oakhurst.

As mentioned above, numerous lawsuits have been filed by affected private property owners against the builder (Lyon), the City and the GHAD. While there is little likelihood the GHAD will be found liable for any damages, legal defense costs have been a drain on the GHAD's limited resources. In addition, the potential exposure and defense costs for the property owner lawsuits have caused a significant surcharge in the City's and the District's liability insurance rates. As we began doing last year, the cost of the insurance surcharge has been included in the District's budget.

The GHAD's fund balance (reserves) is expected to have a surplus of \$3,994 at the end of FY 2011-12, and there is approximately \$118,998 in remaining funds from the Presley lawsuit settlement. We currently anticipate being able to fund the District's operations with the proposed assessments and to increase the fund balance (reserves) to \$7,424.34.

It was, of course, intended that the remaining Presley lawsuit settlement funds be used to rehabilitate the street pavement in the Keller Ridge area once the ongoing movement ceased. However, having no other reserves and no interest by the property owners in raising the annual assessments, the District has no choice but to use these funds to cover any of the District's funding shortfalls in excess of the fund balance that may occur for as long as possible.

FY 2012-13 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 2.10% (April 2011 to April 2012, San Francisco, All Items, All Urban Consumers Index).

Following is the recommended budget for the GHAD for FY 2012-13:

EXPENSES

Postage	\$700.00
Legal Notices	95.00
Insurance Premium Surcharge (transfer to General Fund)	13,435.00
County Collections Charge	987.00
Engineering Services	5,000.00
Legal Services	5,000.00
Administration (transfer to General Fund)	<u>6,168.00</u>

TOTAL EXPENSES **\$31,385.00**

INCOME

Property Assessments	\$34,685.34
Interest on Funds	<u>130.00</u>

TOTAL INCOME **\$34,815.34**

Excess Income to GHAD Fund Balance \$ 3,430.34

FY 2012-13 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 2012-13 ASSESSMENT			Total =	\$8,683.86		
Subarea	# Units	Type	Factor	Ass. Units	12/13 Asses	Total
Tr. 6990	92	sfd	1.00	92.00	\$19.12	\$1,759.04
Tr. 7065	108	duets	0.75	81.00	\$14.34	\$1,548.72
Tr. 7066	117	multifamily	0.50	58.50	\$9.58	\$1,120.86
Tr. 7303	52	multifamily	0.50	26.00	\$9.58	\$498.16
Tr. 7311	118	duets	0.75	88.50	\$14.34	\$1,692.12
Tr. 7768	55	sfd	1.00	55.00	\$19.12	\$1,051.60
Tr. 7769	53	sfd	1.00	53.00	\$19.12	\$1,013.36
Subtotals	595			454.00		\$8,683.86
AREA II 2012-13 ASSESSMENT			Total =	\$17,344.08		
Subarea	# Units	Type	Factor	Ass. Units	12/13 Asses	Total
Tr. 7256	70	sfd	1.00	70.00	\$25.50	\$1,785.00
Tr. 7257	60	sfd	1.00	60.00	\$25.50	\$1,530.00
Tr. 7260	75	sfd	1.00	75.00	\$25.50	\$1,912.50
Tr. 7261	70	sfd	1.00	70.00	\$25.50	\$1,785.00
Tr. 7262	99	sfd	1.00	99.00	\$25.50	\$2,524.50
Tr. 7263	101	sfd	1.00	101.00	\$25.50	\$2,575.50
Tr. 7264	102	sfd	1.00	102.00	\$25.50	\$2,601.00
Tr. 7766	35	sfd	1.00	35.00	\$25.50	\$892.50
Tr. 7766	60	multifamily	0.50	30.00	\$12.78	\$766.80
Tr. 7767	76	multifamily	0.50	38.00	\$12.78	\$971.28
Subtotals	748			680.00		\$17,344.08
AREA III 2012-13 ASSESSMENT			Total =	\$8,657.40		
Subarea	# Units	Type	Factor	Ass. Units	12/13 Asses	Total
Tr. 7249	69	sfd	1.00	69.00	\$61.40	\$4,236.60
Tr. 7255	72	sfd	1.00	72.00	\$61.40	\$4,420.80
Subtotals	141			141.00		\$8,657.40
Grand Totals	1,484			1,275.00		\$34,685.34