

GHAD BUDGET REPORT

DATE: JUNE 21, 2017

TO: BOARD OF DIRECTORS

FROM: RICK ANGRISANI, DISTRICT MANAGER

RE: FISCAL YEAR 2017-18

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 annual rise in the Bay Area Consumer Price Index (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 the real property owners' approval, the District cannot create or mandate additional revenues to fund hazard abatement or prevention services.

Kelok Way Dewatering Wells

The installation of six large dewatering wells and inclinometers to increase the stability of the large slope between Kelok Way and North Valley Park was completed in 2013. We received a monitoring report from Stevens, Farrone & Bailey (SFB - original geotechnical engineer) in August, 2016 indicating there was no significant change in water levels/pressure when compared to the levels at the time of the previous inspection (June, 2014). The inclinometer readings indicate very slight horizontal movement (0.1 to 0.2 inch) at depths of 88, 111, and 96 feet since the initial follow up readings in June, 2014.

Pebble Beach Movement

In July of 2016, with the Board's approval, we had Berlogar Stevens & Associates take readings on the two inclinometers installed along Pebble Beach Drive in March, 2007 and to inspect the v-ditches in the slope below Pebble Beach Drive. The inclinometer in the street (SI-1) indicates no significant movement since the last readings taken in August of 2014. The inclinometer in the slope below the street (SI-2) has pinched at a depth of 72 feet thereby prohibiting measurement below that depth. The readings in the upper 72 feet indicate the upper area has not internally moved significantly since the last readings (August, 2014).

While we are not aware of any impact due to the recent very wet winter, we are going to contact our two consultants (for Kelok and Pebble Beach) to determine the need for updated monitoring reports in both areas and the cost thereof.

V-ditch Inspection and Maintenance

As we move forward, we are finding the concrete v-ditches continue to move slightly and are requiring more and more crack sealing and, occasionally, removal and replacement.

We are again proposing to set aside \$5,000 in this year's budget for such work.

Fund Balance (reserves)

The GHAD's fund balance is expected to have a surplus of \$23,886.00 at the end of FY 2016-17. We are anticipating an excess from the proposed assessments \$12,456.34. This results in an anticipated June 30, 2018 ending fund balance of approximately \$36,342.34.

Presley Lawsuit Settlement Fund Balance

This fund balance is projected to stand at approximately \$123,983 in remaining funds from the original Presley lawsuit settlement (2003) on June 30, 2017. We are anticipating an increase of \$1,600 in the fund balance due to interest earnings resulting in an ending balance of \$125,583 on June 30, 2018.

It was, of course, originally intended the remaining original Presley lawsuit settlement funds be used to rehabilitate the street pavement in the Keller Ridge area once the ongoing movement ceased. While some pavement work has been accomplished, having no other reserves and no interest by the property owners in raising the annual assessments, the District ultimately has little option but to eventually use these funds to cover any of the District's funding shortfalls that may occur for as long as possible.

FY 2017-18 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 3.78% (April 2016 to April 2017, San Francisco-Oakland-San Jose, All Items, All Urban Consumers Index published by the U.S. Bureau of Labor Statistic).

Following is the recommended budget for the GHAD for FY 2017-18:

EXPENSES

Postage	\$750.00
Insurance Premium (transfer to General Fund)	7,000.00
County Collections Charge	1,200.00
Engineering Services	5,000.00
V-ditch Inspection/Maintenance	5,000.00
Legal Services	1,000.00
Legal Notices	100.00
Miscellaneous	300.00
District Administrative expenses (transfer to General Fund)	<u>7,244.00</u>
<i>TOTAL EXPENSES</i>	<i>\$27,594.00</i>

INCOME

Property Assessments	\$39,850.34
Interest on Funds	<u>200.00</u>
<i>TOTAL INCOME</i>	<i>\$40,050.34</i>
Increase to GHAD Fund Balance	\$12,456.34

FY 2017-18 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 2017-18 ASSESSMENT			Total =	\$10,002.14		
Subarea	# Units	Type	Factor	Ass. Units	17/18 Asses	Total
Tr. 6990	92	sfd	1.00	92.00	\$22.02	\$2,025.84
Tr. 7065	108	duets	0.75	81.00	\$16.50	\$1,782.00
Tr. 7066	117	multifamily	0.50	58.50	\$11.06	\$1,294.02
Tr. 7303	52	multifamily	0.50	26.00	\$11.06	\$575.12
Tr. 7311	118	duets	0.75	88.50	\$16.50	\$1,947.00
Tr. 7768	55	sfd	1.00	55.00	\$22.02	\$1,211.10
Tr. 7769	53	sfd	1.00	53.00	\$22.02	\$1,167.06
Subtotals	595			454.00		\$10,002.14
AREA II 2017-18 ASSESSMENT			Total =	\$19,894.08		
Subarea	# Units	Type	Factor	Ass. Units	17/18 Asses	Total
Tr. 7256	70	sfd	1.00	70.00	\$29.24	\$2,046.80
Tr. 7257	60	sfd	1.00	60.00	\$29.24	\$1,754.40
Tr. 7260	75	sfd	1.00	75.00	\$29.24	\$2,193.00
Tr. 7261	70	sfd	1.00	70.00	\$29.24	\$2,046.80
Tr. 7262	99	sfd	1.00	99.00	\$29.24	\$2,894.76
Tr. 7263	101	sfd	1.00	101.00	\$29.24	\$2,953.24
Tr. 7264	102	sfd	1.00	102.00	\$29.24	\$2,982.48
Tr. 7766	35	sfd	1.00	35.00	\$29.24	\$1,023.40
Tr. 7766	60	multifamily	0.50	30.00	\$14.70	\$882.00
Tr. 7767	76	multifamily	0.50	38.00	\$14.70	\$1,117.20
Subtotals	748			680.00		\$19,894.08
AREA III 2017-18 ASSESSMENT			Total =	\$9,951.78		
Subarea	# Units	Type	Factor	Ass. Units	17/18 Asses	Total
Tr. 7249	69	sfd	1.00	69.00	\$70.58	\$4,870.02
Tr. 7255	72	sfd	1.00	72.00	\$70.58	\$5,081.76
Subtotals	141			141.00		\$9,951.78
Grand Totals	1,484			1,275.00		\$39,848.00