

GHAD BUDGET REPORT

DATE: JUNE 01, 2018

TO: BOARD OF DIRECTORS

FROM: SCOTT D. ALMAN, P.E., GENERAL MANAGER

RE: FISCAL YEAR 2018-19

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 operational needs of the District. The ballot measure also approved a method and formula for its annual property assessments to keep pace (increase or decrease) with the economy based on the annual adjustment in the Bay Area Consumer Price Index (CPI). The current CPI for the period April 2017 to April 2018 (the evaluation period established in the original ballot measure) reveals an economic index increase of 3.22%.

These annual assessments remain 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' further voter approval, the District cannot create or mandate additional revenue to fund hazard abatement or prevention services.

Kelok Way Area

In November of 2017, Stevens, Farrone & Bailey (SFB – original geotechnical engineer) informed the General Manager it would no longer provide monitoring services for the Kelok Way location of inclinometers and piezometers. The General Manager immediately contacted Berlogar Stevens & Associates (BS&A) and requested a proposal and cost estimate from them to assume the Kelok Way assignment. That proposal was received in mid-November but in consultation with the City Manager and City Attorney, it was determined that legislated revisions to state contracting law taking effect in January 2018 warranted delaying any new consultant contract until after January of 2018 in order to incorporate those legislated revisions. Berlogar Stevens & Associates was then brought into contract in early 2018 and has begun taking over monitoring and reporting on the Kelok Way area. This change in consultant will increase the annual budget with a one-time cost to perform a thorough review of the monitoring history (SFB previous work) of the area as well as on-going semi-annual monitoring and reporting.

In its proposal to take over the Kelok Way area monitoring work, BS&A strongly recommended the replacement of the slope inclinometer that is located at the “top of slope north of the cul-de-sac at Kelok Way,” as it has “... *experienced excessive casing deformation due to ground movement at a depth of 52-feet below the ground surface.*”

This precludes measurement of any on-going movement at this apparent slide-plane location or below.” The estimated \$35,000.00 cost to replace this inclinometer has been included into the proposed 2018-19 annual budget.

Pebble Beach Area

In August of 2017 BS&A took readings on the two inclinometers installed along Pebble Beach Drive and inspected 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 2016. 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 in 2016. BS&A strongly recommends the replacement of inclinometer SI-2 but its replacement has not been proposed for this budget cycle due to insufficient District funds being available.

V-Ditch Maintenance

During the past fiscal year \$20,000 of V-ditch replacement and maintenance was performed on V-ditches within the District.

Staff is proposing to set aside \$5,000 in this year’s budget for completion of the work.

Fund Balance (Reserves)

The GHAD’s fund balance is shown to be \$35,205.00 as June 30, 2018. Staff anticipates utilizing all available funding during FY 2018-19 for District services, resulting in a projected June 30, 2019 ending fund balance of \$0.00.

Presley Lawsuit Settlement Fund Balance

This fund balance is projected to stand at approximately \$105,523 in remaining funds from the original Presley lawsuit settlement (2003) on June 30, 2018. We are anticipating an increase of \$1,500 in the fund balance due to interest earnings resulting in an ending balance of \$107,023 on June 30, 2019.

It was originally intended the remaining original Presley lawsuit settlement funds be used to rehabilitate 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 2018-19 PROPOSED 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-U is 3.22%

(April 2017 to April 2018, San Francisco-Oakland-Hayward, 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 2018-19:

BEGINNING FUND BALANCE

Balance 7-1-2018 **\$35,205.00**

EXPENSES

Postage	\$750.00
Liability Insurance Premium (transfer to General Fund)	7,000.00
County Collections Charge for Assessments	1,200.00
Legal Notices	100.00
Miscellaneous	300.00
Engineering Services	8,000.00
Special Legal Services	1,000.00
Project Costs	50,642.00
District Administration (transfer to General Fund)	<u>7,478.00</u>

TOTAL EXPENSES \$76,470.00

INCOME

Property Assessments	\$41,131.11
Interest on Funds	<u>200.00</u>

TOTAL INCOME \$41,331.11

FY 2018-19 PROPOSED PROPERTY ASSESSMENTS

FY 2018-19 property assessments include an increase of 3.22% which is consistent with the adjustment in the Bay Area Consumer Price Index (CPI) from April 2017 to April 2018.

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 in essence the same as a benefit assessment district, and therefore the costs budgeted for the district (assessments) must be apportioned to individual parcels according to the benefit received.

The voter approved ballot measure that established the district divided the total development into three separate assessment areas. After reviewing the needs of each area and the benefits of the District to each area, the following percentages of the total budget/cost (including reserves) has been assigned to each area:

- Area 1 which includes the lower 6000's, lower 5000's, Duets, and Townhouses was assigned 25% of the total budget.
- Area 2 which includes the Upper 6000's, upper 5000's, 8,000's, condominiums was assigned 50% of the total budget, and
- Area 3 which includes the 10000's was assigned 25% of the total budget

The number of housing units in each area is not considered a benefit factor and the amount of the assessment per unit will vary greatly from area to area.

The type of housing unit is considered when assigning benefit and the different types of housing mixed into Areas 1 and 2 have been assigned different assessment factors to account for the differing type of housing as follows:

Single Family home (regardless of size)	1.00
Duets	0.75
Multi-family	0.50

The process of calculating assessments for each parcel includes the following steps:

1. Calculate amount of total budget that each area is responsible for (Assumed budget of \$41,131.11);
 - a. Area 1 = 25% of \$41,131.11, or \$10,282.78
 - b. Area 2 = 50% of \$41,131.11, or \$20,565.55
 - c. Area 3 = 25% of \$41,131.11, or \$10,282.78
2. Calculate the number of equivalent assessed units that the budget percentage will be spread over for each area;
 - a. Single family dwellings (regardless of size) = equivalency factor of 1.0
 - b. Duets = equivalency factor of 0.75
 - c. Multi-family = equivalency factor of 0.5

Area 1:

AREA 1	\$10,282.78			
Sub-Area:	Dwelling Units	Dwelling Unit Type	Factor	Equivalent Assessed Units
Tr. 6990	92	sfd	1	92.00
Tr. 7065	108	duet	0.75	81.00
Tr. 7066	117	multifamily	0.5	58.50
Tr. 7033	52	multifamily	0.5	26.00
Tr. 7311	118	duet	0.75	88.50
Tr. 7768	55	sfd	1	55.00
Tr. 7769	53	sfd	1	53.00
Sub-total	595			454.00

3. Spread the total budget amount assigned to the area to each tract (sub-area) based on the numbers of equivalent assessed units;

AREA 1	\$10,282.78		
Sub-Area:	Equivalent Assessed Units	Percentage	Assessment Assigned by tract
Tr. 6990	92.00	20.27%	\$2,083.73
Tr. 7065	81.00	17.84%	\$1,834.59
Tr. 7066	58.50	12.89%	\$1,324.98
Tr. 7033	26.00	5.72%	\$588.88
Tr. 7311	88.50	19.50%	\$2,004.46
Tr. 7768	55.00	12.11%	\$1,245.71
Tr. 7769	53.00	11.67%	\$1,200.41
Sub-total	454.00	100.00%	\$10,282.78

4. Calculate the rate per dwelling unit;

AREA 1	\$10,282.78		
Sub-Area:	Assessment Assigned by Tract	Dwelling Units	Assessment per Dwelling Unit
Tr. 6990	\$2,083.73	92	\$22.65
Tr. 7065	\$1,834.59	108	\$16.99
Tr. 7066	\$1,324.98	117	\$11.32
Tr. 7033	\$588.88	52	\$11.32
Tr. 7311	\$2,004.46	118	\$16.99
Tr. 7768	\$1,245.71	55	\$22.65
Tr. 7769	\$1,200.41	53	\$22.65
Sub-total	\$10,282.78	595	

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 2018-19 ASSESSMENT			Total =	\$10,282.787		
Subarea	# Units	Type	Factor	Ass. Units	18/19 Asses	Total
Tr. 6990	92	sfd	1.00	92.00	\$22.65	\$2,083.73
Tr. 7065	108	duets	0.75	81.00	\$16.99	\$1,834.59
Tr. 7066	117	multifamily	0.50	58.50	\$11.32	\$1,324.98
Tr. 7303	52	multifamily	0.50	26.00	\$11.32	\$588.88
Tr. 7311	118	duets	0.75	88.50	\$16.99	\$2,004.46
Tr. 7768	55	sfd	1.00	55.00	\$22.65	\$1,245.71
Tr. 7769	53	sfd	1.00	53.00	\$22.65	\$1,200.41
Subtotals	595			454.00		\$10,282.78
AREA II 2018-19 ASSESSMENT			Total =	\$20,565.55		
Subarea	# Units	Type	Factor	Ass. Units	18/19 Asses	Total
Tr. 7256	70	sfd	1.00	70.00	\$30.24	\$2,117.04
Tr. 7257	60	sfd	1.00	60.00	\$30.24	\$1,814.61
Tr. 7260	75	sfd	1.00	75.00	\$30.24	\$2,268.26
Tr. 7261	70	sfd	1.00	70.00	\$30.24	\$2,117.04
Tr. 7262	99	sfd	1.00	99.00	\$30.24	\$2,994.10
Tr. 7263	101	sfd	1.00	101.00	\$30.24	\$3,054.59
Tr. 7264	102	sfd	1.00	102.00	\$30.24	\$3,054.59
Tr. 7766	35	sfd	1.00	35.00	\$30.24	\$1,058.52
Tr. 7766	60	multifamily	0.50	30.00	\$15.12	\$907.30
Tr. 7767	76	multifamily	0.50	38.00	\$15.12	\$1,149.25
Subtotals	748			680.00		\$20,565.55
AREA III 2018-19 ASSESSMENT			Total =	\$10,282.78		
Subarea	# Units	Type	Factor	Ass. Units	18/19 Asses	Total
Tr. 7249	69	sfd	1.00	69.00	\$72.93	\$5,032.00
Tr. 7255	72	sfd	1.00	72.00	\$72.93	\$5,250.78
Subtotals	141			141.00		\$10,282.78
Grand Totals	1,484			1,275.00		\$41,131.11