

HMDAC Meeting - Minutes

February 24, 2009, 8:30 am – Joyce Estes' Home

Attending: Mike Baldwin, Chris Brittle, Ginger Bryant, Joyce Estes, Paul Norberg, Jane McWhorter, Bob Schussell, Richard Tirrell

1. The first order of business was to discuss The Summit situation.

Pursuant to the Subdivision Agreements, parcels A, B and C (primarily the hillside along Bennington, a nearby sliver and a small slice between the first homes on the right and the ditch that separates the area from the driving range), which are owned by The Summit HOA, are required to be maintained by Vallejo LMD through a sub-budget within HMD. This sub-budget would be assessed only to the 72 lots in The Summit and appear as an additional assessment on their property tax bill. Other communities that have this situation (land owned by the HOA that is visible to the public) maintain their own areas within their HOA (Fairway Villas and The Village). No one here in Hiddenbrooke was privy to the negotiations regarding The Summit and why it was setup this way, but we have speculated that it might be a) there was concern over proper maintenance of this hillside by the HOA (no problems with our other HOA's), b) City LMD may have been 'empire building', c) there was a thought that it would be more cost effective for The Summit owners to be part of the bigger landscape contract (of course City admin fees were not what they are today), d) there was concern over hillside stability and felt that greater oversight was needed. Whatever the reason, that is how it got set up. The structure is that the HOA continues to own the parcels and the city has a landscape easement.

Note from Paul Norberg: [As to the issue of any Hiddenbrooke residents being involved in the original subdivision agreement where the sub budget was established – my recollection of this matter is that I was not involved in the negotiation of the subdivision agreement and I don't think any other residents were involved. I was first aware of it when the subdivision agreement was presented to city council for approval. We later discussed the rationale for this with Sam Gonzales and he explained the city position and concern about hillside maintenance.](#)

The builder (Meritage) has maintained these areas through the HOA dues and started a process to have them accepted by the City last summer/fall. They believed that they would simply turn the area over to HMD and their cost would go away with a corresponding reduction in HOA dues. They were very surprised to read the subdivision agreement requiring a separate engineering report and budget for the area and the fact that this would place an additional assessment on the 72 owners. Given the City's estimates and associated overhead fees, this could be an additional \$500-\$600/annual cost to each owner that appears to have not been disclosed to them. The City is now holding additional permit releases 'hostage' until the matter is resolved.

The HOA has been paying for water, electricity (for the irrigation controllers) and the landscaping for this hillside. Chris said that the HOA books are not very helpful on the landscape front because it is not possible to separate the landscape costs for Parcels A-C from the landscaper cost for maintaining the front yards (about \$25,000 for the landscaping contract). His estimates are that water is about 50% of their annual \$22k billing and electricity is negligible. Chris is under the impression that these two costs will remain in the HOA no matter what. The issue is the landscaper cost. In speaking with their current landscaper, the estimate is about \$12,000/year to maintain the hillside with their existing landscaper (who does their front yards).

A recent question was raised by LMD staff about whether HMD would be responsible for maintaining a portion of the hillside in from the street. There appears to be no evidence that this was intended in the Subdivision Agreement and the city is not currently maintaining any of the hillside. The comment came from a landscape inspector who was not party to any of the initial setup or discussions about the subdivision agreement. It would not be consistent with the other 2 HOA's in Hiddenbrooke that maintain areas along the sidewalks.

Bob asked if we had any legal standing in this or if we needed advice from counsel. Ginger replied that the issue is really between the builder (Meritage) and the City. If they were to negotiate a change to the subdivision agreement, our only legal standing is as citizens and community members and we would speak to it as an agenda item when it is heard at council, either in support of or against the change. But we are not a party to the agreement itself.

Bob also asked about landslides in the Summit and the need for a geotech report. Chris said that there have not been any landslides on the hillside, and that the Subdivision Agreement requires a geotech report prior to turning over the parcels to the HMD.

Prior to our meeting a number of e-mails were exchanged among committee members considering the options and opinions. The options included:

A – Supporting a change in the subdivision agreement to eliminate the requirement for a separate assessment and just including these costs in the complete HMD budget. While spreading the cost over 1200+ EBU's versus 72, this would negatively impact the current HMD budget which is running at a deficit. The consensus of the committee members is that this action would not be appropriate and that we should not be changing what was intended. Chris noted in the meeting that the 72 lots X \$600 annual HMD assessment would take care of the costs of adding the Summit to the larger HMD (similar to the HMD issue with the Reflections), but would not cover any other HMD costs.

B – Including a portion of the maintenance of the hillside (ie the cost for 40 feet from the street) as part of HMD thus reducing the amount of the additional assessment to the 72 owners. As there appears to be no documentation for this being intended, the consensus is that this option is much like A, just a smaller impact to HMD budget, and is also not supported by the Committee.

C – Supporting a change in the subdivision agreement that would eliminate the requirement for The Summit to have their parcels maintained by LMD with the associated additional cost for overhead. There was strong support for this as it does not seem fair that the owners would be responsible for a cost that they cannot control and bid, particularly as the HOA will own the land. There was discussion about how we would handle things if the hillside appearance was not maintained and we concluded that we would be able to work with the HOA and with the landscape easement, the city LMD could step in as needed and then charge the HOA. There was discussion about the hillside stability if it would be prudent to have some kind of annual/regular inspection by city or geotechnical work.

Mike then asked if there was support among the HMDAC for including any portion of the Summit hillside into the HMD and having the HMD pay for this. The Committee vote was not in favor of this arrangement (Chris, representing the Summit HOA in this matter, did not vote).

After concluding our discussions, the committee agreed that we would support options 3 and that included with that would be some cost to the city for annual/routine inspection of the site for something around \$1,000. This is the position we will present to Meritage at our meeting on Friday.

2. There was additional discussion about the position of the homeowners and Meritage and getting Meritage to provide some level of financial support to the HOA to cover these costs since their disclosures appear to be inadequate. It was decided that this is outside of HMD business but Ginger has agreed to provide personal support to Chris and other homeowners in this matter if she can be of assistance – being in the business and understanding a bit about builders.

3. We moved to a report on recent meetings with GVRD regarding their interest in handling the bill processing and payment and the landscape maintenance and renovation work for HMD instead of LMD. GVRD has not provided us with a proposal, but has indicated it would be ‘much less’ than the City costs primarily because they are not subject to the full cost allocation mess we are caught in. Over the last 4 years their budgets have been cut from \$7 million to \$4 million and they are being faced with additional staff cuts. Taking on this work is something they are very interested in. Of course, it’s a no-win situation for City since it would impact the LMD staffing and if the city loses HMD as a base to allocate its fixed overhead, everyone else gets a bigger hit.

GVRD said that it would need the approval of the ‘owners’ but we don’t know if that means all homeowners or if HPOA could speak for the owners. If it is all owners, what kind of quorum and voting would be required? If we get to this point we would need legal advice and Bob wisely recommended that we get a firm budget from the attorneys for specified scope as HPOA would likely need to at least front the costs for later reimbursement from HMD funds. There are a number of quorum options – is it the quorum under the HMD rules or HPOA rules, etc. We estimated that for about \$5k, when the time is right, an attorney could advise us.

Before we do anything more we need to get some estimates from GVRD and also the management companies. We don’t have a problem with LMD work, just the cost, and this may all end up being an exercise in getting the City Council to eliminate all the excess overhead and hold our costs to a reasonable number.

Mike will send a follow-up letter to GRVD today requesting estimates.

4. Mike reported on the outreach to management companies. One declined to bid, saying that they are really into the bookkeeping and transfer of homes type work and supervising landscape is not really something they are that interested in. He will continue his follow-up with the others and Ginger said that if we need contact at Helsing (Reflections) to add to the group she can track one down as her company uses them quite a bit.

5. Ginger also reported to Mike before the meeting that she received no reply from the finance staff of John Cerini regarding issues with the final 2009 Financial Information that we received on 1/28/10. The allocation of overhead has remained unchanged from the forecast and has not been updated to reflect actual (presumably reduced) city costs, has not been updated to reflect actual costs of all the LMD (Hiddenbrooke spent less than budget). John Cerini also has not responded at all on the issues of the consultant and the allocation methodology, even though he indicated at the meeting that he would respond on all these matters ‘immediately’. Ginger will follow up with another e-mail this

week because they at least need to do the allocation with the right numbers, even if we don't agree on the method or with the full cost theory/result.

Ginger believes it is now time to report back to City Council on our progress (or lack thereof) on this issue. She will draft a letter which we would then circulate to John Cerini before sending it to council and reading it into the record. It would be really good though if we had any estimates of lower costs to add to our arguments. But even without this, it's time to let Council know that staff has done nothing.

Meeting Adjourned at 9:45