

HMDAC Meeting - Minutes

January 28, 2009 – Ginger Bryant's home

City Attending: John Cerini, James Nichols, Jeanine Perasso-Kaczmarczyk, Sam Kumar
HMD Attending: Mike Baldwin, Ginger Bryant, Jim Libien, Paul Norberg

1. Status of Bidding Landscape Contract: James is working on refining the scope of work and identifying all of the items that they would like to get pre-bid in quantities (such as graffiti removal, planting trees, planting certain size plants, etc.). This should be provided to Mike by the 3rd week of February. They would like our feedback within about a week. If the bidding starts in March, the bids would likely be opened at the end of April. Selection and vetting of 'responsible contractor' and selection would happen in early May. There will be a pre-bid conference where anyone who bids is required to attend. There was discussion about what 'responsible contractor' means. Jeanine agreed to keep Mike informed as to the list of bidders and who the selected bidder is before it goes to council for contract approval.
2. Status of Orchards Acceptance: Sam reported that the punch list is down from over 25 items to about 3 so he is hopeful that the acceptance will happen relatively soon. Jeanine noted that DR Horton will need to go back to the mitigation area and spray for Elm shoots before the transition, so that should be added to the punch list.
3. Status of Summit: Sam reported that the actual work to be accepted is going well, but the stumbling block is the requirement that a sub-district within HMD be created for the 72(?) lots. This would potentially cost the owners in the Summit \$550/year of additional cost to maintain the hillside along the Parkway and the open space at the top of the development. The developer is supposed to be in contact with HMD. Ginger noted that Scott Kramer has not ever contacted her but that Manny Silva called and e-mailed her in late October but they played phone tag and never connected.

The land is owned by the HOA (similar to Fairway Villas and The Village). Jeanine noted that the first 50 feet or so along the Parkway was intended to be part of HMD (she thinks to the tree line) through an easement, and not subject to extra costs/sub-district. It is the section between that dividing line and the fences of the homes that would normally be maintained by the HOA. She is not sure about the open space. **Note: We should obtain this map with the dividing lines and clarify with Jeanine.**

The requirement for a sub-district within HMD is part of the subdivision development agreement. Any changes would require action of City Council. There was discussion that the developer's preference would likely be to have HMD take over all of this area without a sub-district – however, HMD does not have the budget to do this (particularly given the current status of City Administrative Fees which are pushing us to a deficit and the probability that we will need to find room in our budget to pay for some of the new park annual maintenance). Therefore, as a fiduciary to all of the homeowners in Hiddenbrooke, we could not agree to add this burden to the 1,220 existing homeowners. Part of the reason for the high cost is the City Administrative Costs that are passed on to all LMD's, so another way to reduce the costs to the Summit homeowners would be to not accept the area to HMD and let the Summit HOA continue to pay for the water and maintenance of the area. The risk of this is that the HOA might fail to properly maintain the areas. This also would require amending the subdivision agreement.

There continues to be no resolution to this matter.

4. Status of St. John's Mine Road repair work: Ginger asked if the consultants had been hired and what progress had been made on initial design or permitting. Sam is not involved in this and John Cerini did not know. Bob Schussel had requested an update from David Kleinschmidt 1-2 weeks ago and has not heard anything back. **Note: HMD should be provided with a copy of the contract with the consultant.** John noted that he would have David report in ASAP. Ginger asked that he report to Bob since Bob is point on this project.

5. Status of Tree Trimming: Jeanine provided a report that \$15,915 had been spent on street tree trimming (and replacement) so far this year. This is versus a budget of \$20,000 and we were able to get all of Estancia and Costello completed where the sycamores had gotten very overgrown. Mike asked about the schedule and Jeanine indicated that yes, there is a rotation – Ginger has sent that schedule to Mike.

6. Status of Renovation Work: Jeanine reported that we have spent to date \$31,489 of the \$75,000 budget. **Note: Ginger has a follow-up question to Jeanine to confirm that this is both irrigation and renovation costs.** We did not approve proceeding with irrigation updates and planting on Washburn Court, approximately \$8,300 bid. Jeanine reports that it is probably a 6-7 year payback on water consumption savings to spend this money for an area that affects only a few (<10) homes. We agreed to continue to defer any work in this area unless the irrigation system in the area breaks.

Jeanine noted that we will be spending about \$1,300 for the 2 new trash cans. She also recommended that we add/replace some shrubs at the end of Red Oak (Reflections I) – maybe a few thousand dollars of cost. We authorized her to proceed with getting a bid for this work and coordinating with Mike and Jane to review the area and obtain approvals.

Jeanine noted that we need to spend funds to clean out the catch basin/drain area at Hiddenbrooke Parkway and Bennington (at the entrance to the plaza/past the welcome center). There was discussion about the source of funds for this and **city staff agreed that it is appropriate to use the hillside reserves to pay for work in the catch basins and drains.** That will keep this cost out of current operations.

Ginger noted that when the 2010-11 Engineering Report is prepared, that a lower estimate for 2009-10 renovation costs should be used since we will not be spending the originally budgeted \$75,000 (renovation) and \$30,000 (irrigation). Jeanine noted that we would spend \$30,000 on irrigation and Ginger has put a follow-up inquiry in to Jeanine as it seems unlikely that we will have this much repair in the spring.

7. Monthly Report from Jeanine: Jeanine brought the January report and will also send it to Mike electronically so he has it for the files. This is a summary or highlight report for us so we can see some of the things that have been addressed during the month. There is a much more detailed inspection report that Jeanine uses with the contractor to notify them of items she finds and track that they are resolved within 30 days per contract. It was agreed that the monthly reporting, which will now go to Mike and Jane, is a valuable tool.

8. Final 2009 Financial Information and 2010-2011 Engineering Reports: Information was e-mailed by Susan Mayer at 6:57 pm today. So we have not had time to review it. Ginger will forward to Paul and Mike and Paul will pull the information from the ledger into the format we use to review – the reports

send by finance lump all costs into one line item so we cannot see the amount of the city fees, etc. without digging into the ledger.

There has been no progress or change in the allocation methods since our meeting with City Staff last summer. According to John Cerini, Goodwin Consulting Group (GCG) stands by their methodology to allocate all costs except the inspections (city overhead and LMD administration) based on the direct costs of the district. They refuse to consider any other allocation methodology which might recognize that some of the costs (or benefits) to the LMD's are not related to direct costs but could just as easily be allocated on an equal basis to the 27 funds (26 LMD's plus Mare Island).

Therefore, the 2008-2009 allocations have continued to be done on this basis, though John says that the amounts are likely lower because the City's total cost ended up being lower due to wage concessions and other cuts. The backup sent does not have a spreadsheet or calculation of the City Administrative Fee allocation so that we can verify the calculations (which should also be based on the final actual direct costs of each district). **Note: Ginger will follow up with Susan Mayer to obtain this.**

We do not know what the 2009-10 allocations will be, though they should be revising these in the next month (according to James) to reflect lower budgets. However, the methodology, which we disagree with, will not have changed.

John Cerini noted that they will be changing to a new Engineering firm in August 2010. This will be effective for the budgets and reports for the 2011-2012 fiscal year. He indicated that this firm would be 'looking at the allocation methods'.

We made it clear that this status and lack of any movement or re-look at the allocation methodology is not satisfactory to HMD. Ginger noted that if you simply allocated the City overhead and LMD administrative costs equally to the 27 funds and then allocated the inspection time based on hours, that HMD's costs would drop from \$146,000 to about \$65,000 – a much more rational amount. HMD continues to a) disagree with the allocation methods – believing that at a minimum some blend of fixed and variable allocation must be used, and b) hold the position that the resulting allocation amount of approximately \$146,000 is excessive and thus a diversion of our HMD assessment and that any allocation in excess of reasonable third party costs to provide comparable services cannot be charged to HMD but must simply be absorbed by the City.

We need to report back to City Council on our progress (or lack thereof) on this issue. John Cerini indicated that he would address this with Bob Stout immediately. HMD Committee needs to agree on our next steps with Council. This matter needs to come to a head in February/March because of the impact on the 2010-11 reports and budgets.

The current schedule is to have the HMD budget and draft report ready for Council for the Intent hearing on April 27th. That means budgets and the allocations need to be done in March/by the end of March. In addition to the allocation issue above, this means that Mike and Jane will want to work with Jeanine to develop a list of recommended renovation work for the next budget year so Jeanine can get is estimated (not firm numbers since we are also bidding the contract but we can get ballpark numbers) and have committee input/discussion before the budgets are prepared.

9. Transition of HMD Chair and Responsibilities: At the beginning of the meeting Mike Baldwin met the various City representatives. Jane McWhorter is going to handle routine interface with Jeanine

on planting matters, renovation work, and problems. The three of them are scheduled to do a drive around Hiddenbrooke.

10. HMD becoming part of HPOA: Jim Libien described the two organizations and the change to move HMD to HPOA since the HMD assessments are mandatory for all Hiddenbrooke owners. From a working relationship with Jeanine and James, it has little effect since they interface with the committee. There will be a change to the Welcome Center Contract on July 1 and John recommended that this processing get started soon in order to get on the City Attorney calendar and have time to get to the Council Agenda (since they only meet every other week now). **Jim/Mike – you should pass this on to Richard.** HPOA is preparing to have the necessary insurance (or may already have it) in order to step into the contract role.