

Q & A

May 11, 2021

Q: We wanted to better understand the need for the proposed increase in reserves from \$5 million to \$7.5 million. Is the increase needed for unexpected road replacement? If so, why is the current \$5 million reserve not sufficient? Also, could we utilize a special assessment in the unique event that funds are ever needed in excess of the \$5 million reserve?

A: Planning for reserves is a judgment that the Board makes after considering longer term cost curves related to adding and replacing infrastructure. Looking forward, we see upward cost curves.

The large driver of additional infrastructure is water. We need more water as the community grows and incremental costs are higher because the system is getting more complex, as well as larger.

The large driver of infrastructure replacement is roads. Our roads and bridges had an original cost of \$31 million. The community has grown, which has increased road traffic and wear, and time and weather have rolled on. Some roads have reached, and more will reach, the end of their expected lives. We have replaced fewer than 5 of our 41 miles of road. To date, road maintenance represented the bulk of road spending. Looking forward, road replacements will be additive to a similar level of ongoing maintenance.

The Board takes input from our community into account. This input has been consistent and has emphasized prompt communication and predictability. The Board's sense is that the community prefers that essential costs be signaled and provided for in an orderly manner, and in advance.

April 26, 2021

Q: For those of us owners with self sustained septic systems, what is the rationale for an annual wastewater treatment fee at all... let alone a fee increase?

A: On the tax roll, there are two classifications for Wastewater Collection 1.) those properties on a sewer lateral 2.) and for those properties on septic systems. Approximately 1/3 of Preserve parcels have access to a sewer lateral which is connected to the Wastewater Treatment plant on Pronghorn Run. This plant is built to handle the capacity required at buildout and all parcels with sewer laterals are charged a property related fee, developed or undeveloped. Approximately 2/3 of Preserve parcels are served by standalone septic systems installed during the construction process. The septic charge on the tax roll is not applied until the septic system is installed and put into service. The septic fee covers the responsibility of the CSD to inspect the system every two years, routine

maintenance (such as cleaning or replacing filters) and periodic pumping as needed.

Why a fee increase for these services? The District is highly susceptible to inflation each year, especially in regard to utility increases, labor and third-party pumping costs.

April 21, 2021

Q: After the Fuel Specialist position is established with the funding provided by the assessment, will residents still have to pay for individual lot plans and updates? If so, what's the rationale for that double-dipping?

A: Currently, the development of Lot Specific FMP's is approximately \$3000 - \$4000. Updating the plan \$1000-2000. If we are successful in providing an in-house specialist (properly trained by our consultant), we are hopeful this person would be able to take on updating LS FMPs at no cost. As you may or may not know, we have many expired LS FMPs currently and the current demand for new plans is overwhelming our consultant. Our future hopes are that we can involve this new position to the level of being able to create new plans and thereby minimizing some level of expense to create a new plan.

Q: Use of the word "Trails" is confusing. Is that referring to just fire-related trails, or all hiking trails within the Preserve?

A: A cost factor in the initiative is to develop a master plan for access and egress for fire response on the Preserve. We know that our trail system has been a vital pathway for firefighters to establish firebreaks in the past. By engaging all entities, CSD (includes the fire specialist), CSD, Ranch Club, Monterey County Fire and CALFIRE in the development of this plan, key fire roads and trails will be identified for improvement. Until this master plan is produced, it is unclear exactly what fire roads, trails will be involved. Please keep in mind the Ranch Club will continue to budget for trail maintenance due to recreation and equestrian uses despite the pass/fail of this initiative.

Q: Who is paying for construction of the bunkhouse? Not entirely clear...MCRFD designed it, but ??? Also, the cost of this is not identified for construction, maintenance, and upkeep.

A: MCRFD was involved in the design, however, the architect was hired and paid by the CSD. The cost to construct is included in the initiative and is estimated at \$800,000. Maintenance and upkeep will be included in the CSD operating budget along with the New Corporation Yard.

Q: Homeowners will want to know what geographic priorities are assumed for the fire roads. Are these yet to be established based on more analysis, or does a specific plan already exist?

A: The Master Plan mentioned above will need to collaboratively engage each of our fire agencies as well as property owners to understand the best locations for enhanced fire breaks and fuel management. Primarily, the involvement of CALFIRE (who responds in the case of a wildfire) is critical to the plan's success, as they will provide expert advice on where we can concentrate our efforts.