

DECISION PAPER



Issue:

June 19, 2017

Address the issue of winter tree related damage on Association owned property

Background:

The Association owned property experienced extensive tree related damage during the severe January and February storms. Management believes addressing the storm damage by the association, as well as the individual homeowner private properties is of the highest priority. This is due to the threat of existing and new bark beetles, which have the potential to attack the forest causing extensive damage to healthy trees.

As presented to the Board of Directors during the Forestry presentation at the April board meeting, the 2017 Forestry operations budget of \$823,000 is planned to treat approximately 100 acres of common area for defensible space including portions of Units 6 and 7; approximately 59 acres of mastication and 80 acres of herbicide spray within plantation/fuel break units; and continuing member services relating to the homeowner defensible space inspection program, forest health inspection program, tree permits and advice, and property owner chipping.

Management related to the board at the presentation that Tahoe Donner a high likelihood for obtaining two grants totaling \$50,000 each, which can be applied to projects within the Forestry Management plan including reforestation, fire break management, etc. This is in line with existing goals set by management to identify and recommend alternative funding means to relieve operational pressures while creating efficiencies and maximizing investments should be made on an annual basis. These additional funds will help to gain further ground in the planned forestry health and defensible space activities outside the storm damage cleanup.

Forestry management has completed a property survey, resulting in an approximation of the actual tree damage. Most notably there are four areas of Association owned property which experienced the most damage. That of Units 1, 2, 4, 9 and 11 (Lausanne Way, Bernese Lane, Northwoods Boulevard, Baden Road, Zermatt Drive, Swiss Lane and Norse Avenue), and Euer Valley in the Broken Spoke region (eastern side). There are hundreds of other trees down or damaged throughout the rest of the property as well, but none so great as these four. It is anticipated it will take three years to complete the removal of all storm damaged trees from member and association owned property.

2017 Storm Damage Estimate includes:

Location	Detail Tasks	Estimated Expense
Euer Valley	broken tree felling, dead wood and felled tree removal, thinning and limbing	\$ 100,000.00
Common Area	broken tree felling, dead wood and felled tree removal, thinning and limbing	\$ 50,000.00
TOTAL STORM DAMAGE FORESTRY ESTIMATED EXPENSE		\$ 150,000.00

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The above estimate assumes contract labor and in-house labor will be used. Contract labor will be the primary method for much of the work with costs based on 2016 per acre contract prices.

The current Reserve Study does not contain a component for storm tree damage in common areas. However, the trees are an asset of the association and as such, major repair of existing asset, as defined in the Replacement Reserve Fund policy (2013-3) qualifies the trees as a component. Due to the extreme storms this winter, the expenditure is viewed as a reserve repair of asset, not an operating expense. Further, an annual reserve expense for common area tree damage of \$10,000 is recommended to be added to the reserve study for 2018 and forward.

The common area trees are not part of our property insurance coverages. Coverage of common area trees would be cost prohibitive, and is not likely obtainable due to the fire hazard rating of this region.

Options:

1. Consider approving Replacement Reserve Funds with a not-to-exceed budget of \$150,000 to be allocated towards addressing the storm damage. Add common area tree damage \$10,000 component to the reserve study for 2018+, annually.
2. Consider approving Replacement Reserve Funds in an amount set by the Board of Directors to be allocated towards addressing the storm damage.
3. Continue with existing 2017 Forestry budget but reduce the total planned acreage to treat and address the storm damage.
4. Continue with the existing 2017 Forestry budget but do not address the storm damage.

Recommendation:

Management recommends the board of directors consider Option 1: Approve Replacement Reserve Funds with a not-to-exceed budget of \$150,000 to be allocated towards addressing the storm damage. Add common area tree damage \$10,000 component to the reserve study for 2018+, annually.

Prepared By: Annie Rosenfeld 

Reviewed By: Michael Salmon 

Reviewed By: Forrest Huisman 

Board Meeting Date: June 23, 2017

General Manager Approval to Place on the Agenda: 

Date: 6/20/17

Tahoe Donner Association
CAPITAL PROJECT FUND EXPENDITURE Approval Form

Submitted By: Brian Yohn

Submitted Date: 6/19/2017

Project Name: Storm Damage Forestry
 Project Year: 2017
 PO / Project Number: 723-050-___
 Dept # / Name: 050 / Forestry
 Task Code: 05

Project G/L Coding:

Expenditure Type - Fund	GL Code	Amount *
Capital - Replacement Reserve Fund	902-59991	
Capital - New Machinery & Equipment Fund	905-59991	
Capital - Development Fund, Unrestricted	903-59991	
Capital - Development Fund, Restricted	903-59992	
Expense - Replacement Reserve Fund	902-59993	\$ 150,000.00
Expense - Development Fund	903-59993	
PROJECT Total		\$ 150,000

* Ensure all costs included; sales tax, installation, freight, etc.

Board Approved Budget Amount \$ 150,000
 Variance - Favorable (Unfavorable) \$ - 0%

Project & Project Amount agree to initial Board approved Expenditure Budget > Yes / No NO

If Project Total Variance is Unfavorable by \$1500+ or 5%+; Explain below:

By Vendor (s) Amounts:

Vendor Name & Location	Amount *
PROJECT Total BUDGET	\$ 150,000

Comments:

BoD Agenda Item 6/23/2017

Capital Review & Approval:

Director of Finance & Accounting: _____
 General Manager: _____

Date: _____
 Date: _____