

DECISION PAPER



Date: 06/24/18

Issue:

Address the issue of environmental pressures including year-two of 2017 winter tree related damage and drought related bark beetle effects on Association owned property.

Background:

The Association owned property experienced extensive tree related damage during the severe January and February storms of 2017. Over the spring and summer of 2017 the Board of Directors received presentations on the status of the tree damage including the reality that it would take three years to clean up on Association owned property. Management also reported bark beetle damage continued to occur at a much higher rate than in prior years. The Board approved \$150,000 of Reserve Replacement expense funds to address the storm damage.

This May, management provided the Board of Directors an annual report on the status of forest health and fire hazard mitigation. The 2018 Forestry operations budget of \$865,200 is planned to treat:

- approximately 100 acres of common area for defensible space including portions of Units 1, 2, 7, 9 and 11;
- approximately 85.5 acres of mastication and
- 35.6 acres of herbicide spray within plantation/fuelbreak 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 that Tahoe Donner is currently executing two grants totalling \$112,782 between 2017 and 2019, which are being applied to projects within the Forestry Management plan including reforestation, fire break management, etc. This is inline 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.

Forester, Bill Houdyschell, detailed at the May board meeting that environmental pressures continue to be an issue on Association owned property. Indeed, tree mortality averages have increased from 100 trees being removed per year to over 500; this year is tracking on similar pace to the last three years. Bill also reported that there was a need to continue to address the storm damage from the 2017 winter tree related damage. The Board of Directors also expressed their desire to set a more aggressive schedule in forest health and fire hazard mitigation to catchup in areas as identified. From these concerns, the Board of Directors requested management to prepare a recommendation of additional projects and funds request to address the environmental pressures and year-two of 2017 winter tree-related damage for the June board meeting.

Management presented for discussion at the June board meeting an summary of the proposed projects at which time the Board agreed to set a special board meeting for further review and consideration for action. Below is a summary of the proposed projects and cost estimates:



D Project	Acres	Cost/Acre	Total Cost	Comments
2D nature loop Trail clean-up	4.0	\$8,000	\$32,000	fire safe and storm damage removal contract, 100' road, 50' trail
Carpenter Valley defensible space	7.5	\$3,500	\$26,000	fire safe and storm damage removal contract, 100 to 150' of road
10 H remove burn piles and logs	9.0		\$16,000	contract, estimate \$4,000 log removal, \$12,000 burn piles
TDA forestry common area 1C	3.6	\$2,200	\$7,920	fire safe and storm damage removal with TDA crew
TDA forestry common area 6B	1.6	\$10,000	\$16,000	2017, 7 TDA crew members completed a 1/2 acre area in one week
TDA forestry common area 8P	4.8	\$2,200	\$10,560	fire safe and storm damage removal with TDA crew
TDA forestry common area 8Q	3.7	\$2,200	\$8,140	fire safe and storm damage removal with TDA crew
TDA forestry common area 8S	3.1	\$4,000	\$12,400	fire safe and storm damage removal with TDA crew (poor access)
TDA forestry common area 8T	1.0	\$2,200	\$2,200	fire safe and storm damage removal with TDA crew
TDA forestry common area 8U	0.6	\$2,200	\$10,560	fire safe and storm damage removal with TDA crew
TDA forestry common area 8V	0.8	\$2,200	\$1,760	fire safe and storm damage removal with TDA crew
TOTAL FORESTRY ESTIMATED EXPENSE			\$143,540	

The above estimate assumes contract labor and in-house labor will be used. Contract labor cost estimates based on 2017 per acre contract prices.

The current 2018 Reserve Study does include a component for common area tree damage of \$10,000. This was a result of Board agreement and decision that 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 in the 2017 winter, the expenditure in 2017 was viewed as a reserve repair of asset, not an operating expense. Recommendation is for consideration of treating the proposed work as an increase to the component this year.

Options:

1. Continue with existing 2018 Forestry budget but not address the storm damage;
2. Consider approving additional Reserve Replacement expense funds in the amount of \$143,540 for to be allocated towards addressing year-two of storm damage and bark beetle damage with total budget not to exceed \$153,540;
3. Consider approving Reserve Replacement funds in the amount set by the Board of Directors to be allocated towards addressing year-two storm damage and bark beetle damage.

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**Recommendation:**

Management recommends the board of directors consider Option 2: Consider approving additional Reserve Replacement expense funds in the amount of \$143,540 for to be allocated towards addressing year-two of storm damage and bark beetle damage with total budget not to exceed \$153,540.

Prepared By: Annie Rosenfeld

Reveiwed By: Forrest Huisman

Reviewed By: Michael Salmon

Board Meeting Date: June 26, 2017