



COUNTY OF NEVADA
COMMUNITY DEVELOPMENT AGENCY
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Sean Powers, Agency Director

Agricultural Commissioner

Building Department

Environmental Health

Planning Department

Dept. of Public Works

NEVADA COUNTY BOARD OF SUPERVISORS
Board Agenda Memo

MEETING DATE: June 20, 2017

TO: Board of Supervisors

FROM: Daniel Chatigny, CFAO

SUBJECT: Resolution Directing the Auditor-Controller to Amend the Fiscal Year 2016/17 Budget for the DarkHorse Improvement Fund 1630 and the County General Fund

RECOMMENDATION: Adopt the Resolution.

FUNDING: This proposed budget amendment impacts the DarkHorse Improvement Fund and the County General Fund. Funds are residual Subdivision Improvement Bond settlement proceeds.

BACKGROUND: In 2007, the County Board of Supervisors declared the DarkHorse Subdivision to be in default of its Subdivision Improvement Agreement and directed staff to begin the foreclosure process of the improvement bonds. In 2009, County staff, with the assistance of outside Counsel, successfully negotiated the settlement of the bonds and the relative subdivision improvements for DarkHorse Phases II and III in a total amount of \$3,294,003. The settlement proceeds were the result of a process that included the identification of all improvements that had not been completed, or needing correction, and estimating the cost to complete each item. This process was conducted by County Staff concurrently as professionals hired by the Sureties evaluated the same.

With the settlement proceeds, that included exoneration of responsibility for the completion of the improvements for the Sureties, the County acted diligently to complete the subdivision improvements over the course of several years using both internal and external contractors. At this point in time, the County has completed the development of all bonded subdivision improvements including water, sewer, roads and drainage, and oak mitigation planning in a total amount of \$2,367,114. The respective agencies for these improvements have accepted them into their District, thus taking ownership of the systems and absolving the County of any additional work. There are currently remaining settlement proceeds in the amount of \$998,405.

The surplus of settlement proceeds results primarily from a change in the construction climate from the time the settlement estimates were developed to the time contractors were selected. Cost estimates to complete the punch list of improvements were done at a time where contractors were still working in a period of moderate construction growth. By the time the County contracted for the specific improvements,



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the construction climate had changed, as a result of the downturn in real estate development resulting in more favorable construction bids for the County.

By way of exoneration of the Sureties, the County became the only obligated party to complete the subdivision improvements and the beneficiary of the settlement funds. With the improvements completed and accepted into their respective agencies, the County has fulfilled its obligations with respect to the DarkHorse subdivision improvement agreements and bond settlement agreements. The remaining settlement proceeds, as property of the County can be directed for use for other general county purposes and staff recommends transferring the remaining settlement proceeds into the County General Fund for assignment to the Capital Facilities Reserve to be applied to the new Nevada County Operations Center project that has a general County benefit and to close DarkHorse Improvement Fund 1630.

The staff recommendation of transferring these funds for use in Operations Center project was reviewed with the Budget Subcommittee on April 12th, 2017 during the discussion of Department of Public Works budgets.

Item Initiated by: Daniel Chatigny, CFAO
Approved by: Sean Powers, Director

Submittal Date: June 2, 2017
Revision Date: