



Exhibit D

Hillside Assurance. Section 2205.VI.B

The Hillside Assurance is intended to put the Town in an assured position to do or to contract to be done the necessary work to cover, restore, and landscape exposed fills and cuts to blend with the surrounding natural terrain and to restore the property back to natural grade **to the extent possible**. In many instances, it will not be possible to restore a 30' cut back to a natural or pre-development state. Rather, the assurance will be used to mitigate the abandoned development by restoring and re-vegetating portions of the site. The assurance will enable the Town to remove the vertical parts of an abandoned site, restore areas such as driveways, regrade and vegetate parts of the pad, and stain any existing cut to blend in the surrounding hillside.

During the March 22, 2018 work session, the Council requested that staff provide examples or a beta test to compare the current hillside code assurance amounts with the proposed hillside assurance amounts. Also, there was consensus that there should be a multiplier with an abatement process.

The assurance under the current code is calculated by multiplying the total cut and fill amounts by \$25. The assurance under the proposed is calculated by multiplying the Grading Permit fee by \$35. The grading permit for new single-family residences, major remodel/additions, and major site improvements shall be based upon the total cut and fill amounts needed to restore the property back to natural grade. The grading permit for minor remodels/additions and minor site improvements shall be based upon the total cut and fill amounts associated with the project.

Below is a break-down of the Grading Permit Fee schedule that will be used in calculating the assurance in the draft code:

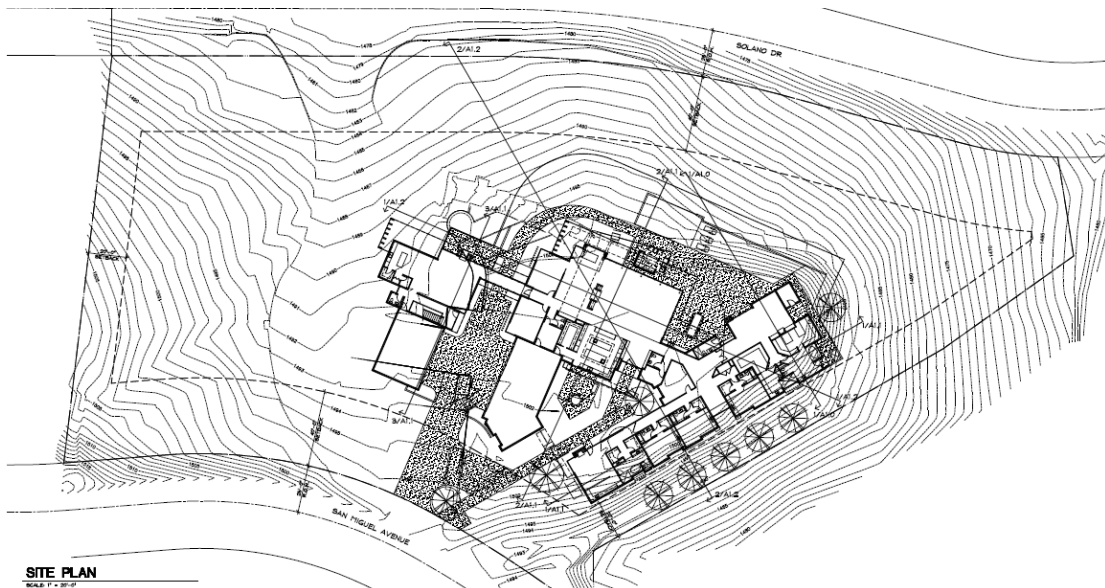
1.2.1 Grading Permit Fees

Grading Permit	\$142 first 100 cy + \$95 each additional 100 cy
Grading Permit > 10,000 CY	\$9,547 first 10,000 cy + \$95 each additional 1,000 cy

COMPARISON OF CURRENT HILLSIDE ASSURANCE WITH PROPOSED HILLSIDE ASSURANCE

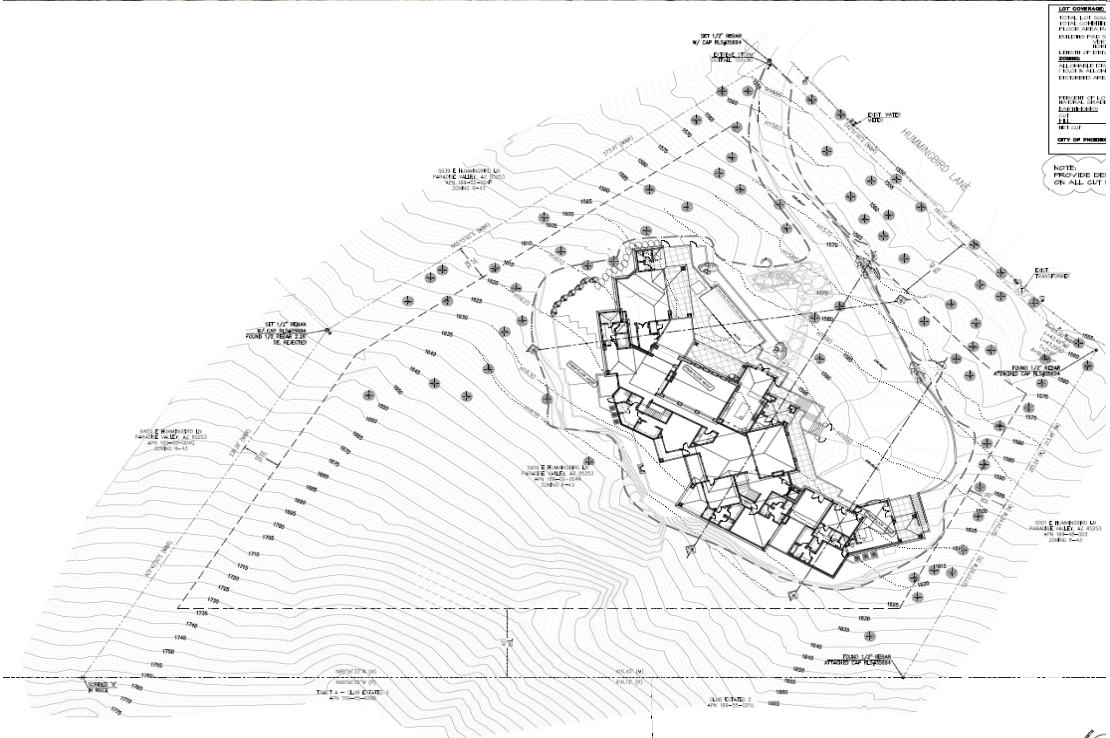
5315 E. Solano Drive. The applicant is demolishing an existing home in order to build a new Single-Family Residence. The property was developed in the 1950s, which created the original pad. Approximately 97% of the lot is disturbed. The application is still undergoing the Hillside Committee review process.

	Total Cut/Fill	Assurance (\$)
Current Code	7,000 c.y.	$7,000 \times \$25 = \$175,000$
Proposed Code	12,940 c.y.	$\$9,826.30 \times 35 = \$343,920.50$



5959 E. Hummingbird Lane. The property was an undeveloped lot. In 2007, the applicant started construction of a new single-family residence. The cut for the driveway and the house pad were created and several walls were constructed. However, due to the economic downturn in 2008, construction stopped. The Town started the process to collect the assurance, but the property sold and the new owner made application to construct a different home on the existing pad. The estimate in 2014 to remove the walls, place 800 c.y of fill to cover the pad, stain the cut and revegetate the site was \$182,104.01.

	Total Cut/Fill	Assurance (\$)
Current Code	7,354 c.y.	7,354 x \$25 = \$183,850
Proposed Code	7,354 c.y.	\$7,033.30 x 35 = \$246,165.50



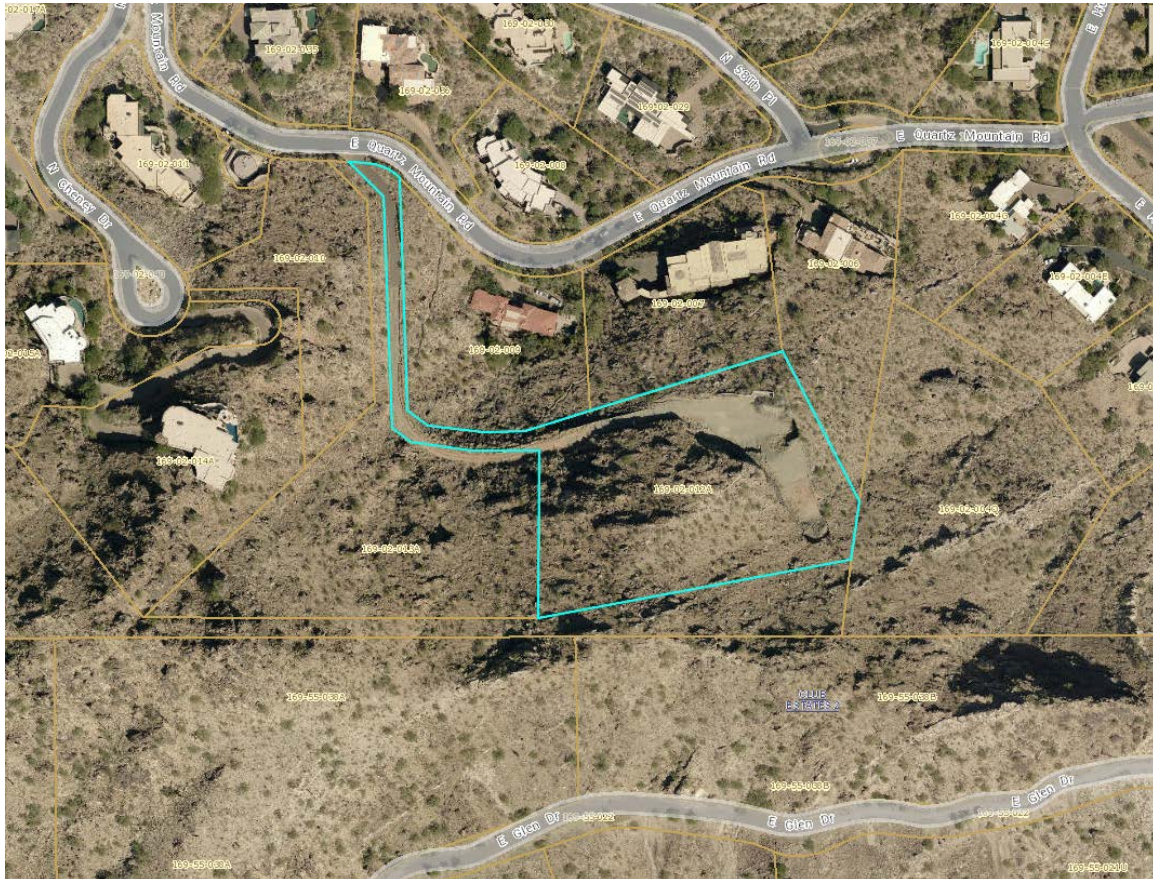
6824 N. Highland Drive. The property was an undeveloped lot. A new single-family residence is currently under construction.

	Total Cut/Fill	Assurance (\$)
Current Code	2,530 c.y.	2,530 x \$25 = \$63,250
Proposed Code	2,530 c.y.	\$2,450.50 x 35 = \$85,767.50



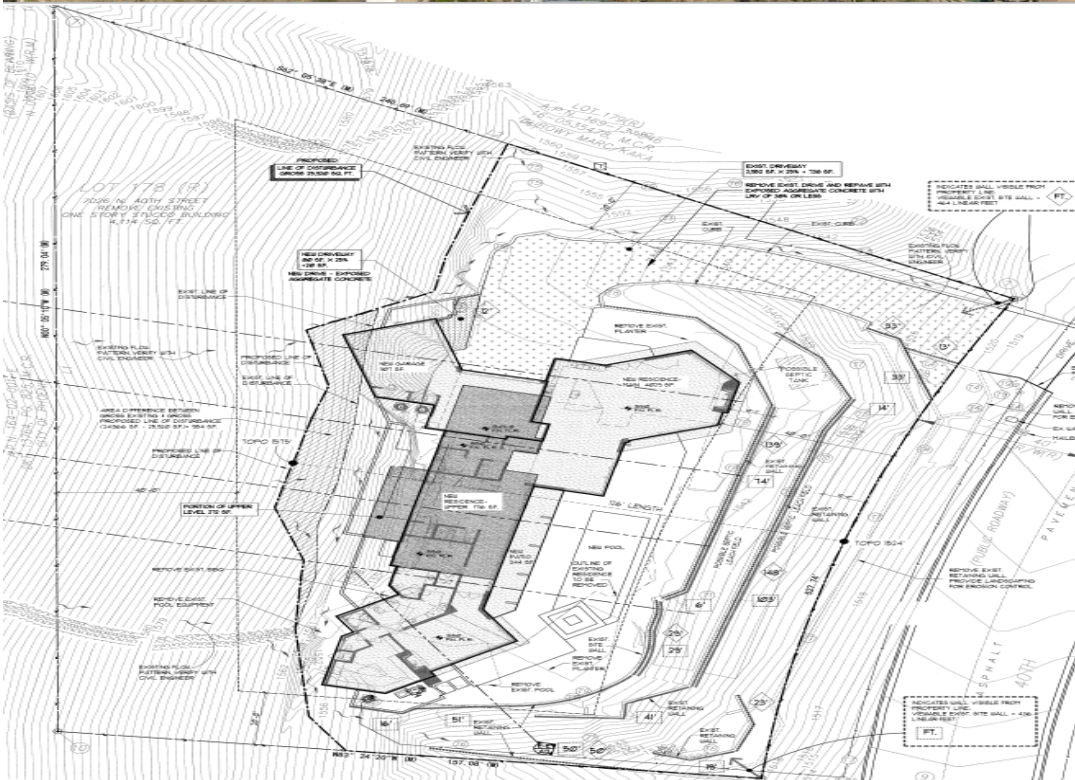
5749 E. Quartz Mountain Rd. This property was an undeveloped lot. In 2007, the applicant started construction of a new single-family residence. The cut for the driveway and the house pad were created; however, no structure or vertical elements were built due to the economic downturn in 2008. The assurance was not active and the Town was unable to use the funds help to restore the site.

	Total Cut/Fill	Assurance (\$)
Current Code	11,508 c.y.	11,508 x \$25 = \$287,700.00
Proposed Code	11,508 c.y.	\$9,690.26 x 35 = \$339,159.10



7026 N. 40th Street. The applicant is demolishing an existing home in order to build a new Single-Family Residence. The property was developed in the 1970s, which created the original pad. Approximately 48% of the lot is disturbed. The application is still undergoing the Hillside Committee review process.

	Total Cut/Fill	Assurance (\$)
Current Code	1,486 c.y.	1,486 x \$25 = \$37,150.00
Proposed Code	6,216 c.y.	\$5,952.20 x 35 = \$208,327.00



Staff contacted three contractors regarding the restoration and mitigation of an abandoned property. Given a scenario of an abandoned property where the pad was cut and the house was framed, the contractors identified an **estimate of \$200,000 - \$400,000** to remove the framing, bury retaining walls, add several feet of fill on the pad, re-vegetate the site, and stain the exposed cuts.

One of the contractors noted that if the site has a limited amount of cut and a shallow slope near 10%, the hillside could be completely restored for approximately \$250,000 to \$300,000. The other two contractors noted that it would not be possible to completely restore the hillside on most properties and identified that it would cost over \$1,000,000 to try to completely restore the hillside.

Also, over the past three years, 76 % of the assurances were paid in cash, 13 % of the assurance were done by letter of credit, and 11 % were done by bond. Staff contacted several banks to determine if any fees are associated with a letter of credit. Most of the banks identified that letters of credit are not used very often and that they do not charge a fee for a letter of credit. Staff also contacted several bonding companies to determine the fee for a bond, however, none of the companies responded to our inquires.

SUMMARY

The assurance from the draft/proposed code is more in line with restoration estimate noted above:

- Current Code – 4 of the 5 examples fall below the estimated range of restoration.
- Proposed Code – 1 of the 5 examples fall below the estimated range of restoration.

5315 E. Solano Drive

	Total Cut/Fill	Assurance (\$)
Current Code	7,000 c.y.	$7,000 \times \$25 = \mathbf{\$175,000}$
Proposed Code	12,940 c.y.	$12,940 - 100 = 12,840$ $12,840 - 10,000 = 2,840$ $2,840 / 1,000 = 2.84$ $2.84 \times 95 = \$269.80$ $\$142 + \$9,547 + \$269.80 =$ $\mathbf{\$9,958.80}$ $\$9,958.80 \times 35 = \mathbf{\$348,558.00}$

5959 E. Hummingbird Lane

	Total Cut/Fill	Assurance (\$)
Current Code	7,354 c.y.	$7,354 \times \$25 = \mathbf{\$183,850}$
Proposed Code	7,354 c.y.	$7,354 - 100 = 7,254$ $7,254 / 100 = 72.54$ $72.54 \times 95 = \$6,891.30$ $\$6,691.30 + \$142 = \$7,033.30$ $\$7,033.30 \times 35 = \mathbf{\$246,165.50}$

6824 N. Highland Drive

	Total Cut/Fill	Assurance (\$)
Current Code	2,530 c.y.	$2,530 \times \$25 = \mathbf{\$63,250}$
Proposed Code	2,530 c.y.	$2,530 - 100 = 2,430$ $2,430 / 100 = 24.3$ $24.3 \times 95 = \$2,308.50$ $\$2,308.50 + \$142 = \$2,450.50$ $\$2,450.50 \times 35 = \mathbf{\$85,767.50}$

5749 N. Quartz Mountain Road

	Total Cut/Fill	Assurance (\$)
Current Code	11,508 c.y.	$11,508 \times \$25 = \mathbf{\$287,700.00}$
Proposed Code	11,508 c.y.	$11,508 - 100 = 11,408$ $11,408 - 10,000 = 1,408$ $1,408 / 1,000 = 1.408$ $1.408 \times 95 = \$133.76$ $\$142 + \$9,547 + \$133.76 =$ $\mathbf{\$9,822.76}$ $\$9,822.76 \times 35 = \mathbf{\$343,796.60}$

7026 N. 40th Street

	Total Cut/Fill	Assurance (\$)
Current Code	1,486 c.y.	$1,486 \times \$25 = \mathbf{\$37,150.00}$
Proposed Code	6,216 c.y.	$6,216 - 100 = 6,116$ $6,116 / 100 = 61.16$ $61.16 \times 95 = \$5,810.20$ $\$5,810.20 + \$142 =$ $\mathbf{\$5,952.20}$ $\$5,952.20 \times 35 = \mathbf{\$208,327.00}$