

**LEONA QUARRY GEOLOGIC HAZARD ABATEMENT DISTRICT
BUDGET FOR FISCAL YEAR 2020/21**



May 20, 2020

Leona Quarry Geologic Hazard Abatement District Board of Directors
Chair Loren Taylor
Boardmember Rebecca Kaplan
Boardmember Dan Kalb
Boardmember Nikki Fortunato Bas
Boardmember Lynette Gibson McElhaney
Boardmember Shen Thao
Boardmember Noel Gallo
Boardmember Larry Reid

Leona Quarry Geologic Hazard Abatement District
Oakland City Hall
One Frank Ogawa Place
Oakland, CA 94612

Subject: Leona Quarry Geologic Hazard Abatement District
Oakland, California

BUDGET FOR FISCAL YEAR 2020/21

Reference: ENGEO; Reserve Fund Study, Leona Quarry Geologic Hazard Abatement District, Oakland, California; May 1, 2020; Project No. 5188.002.019.

Dear Chair Taylor and Boardmembers:

Attached is the proposed budget for the Leona Quarry Geologic Hazard Abatement District (GHAD) for fiscal year (FY) 2020/21. The FY for the Leona Quarry GHAD is from July 1 through June 30. The budget as proposed is \$269,265. The budget expenses break down into the following approximate percentages of the total receivables.

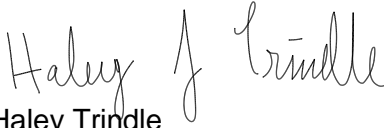
Major Repair	0 percent
Preventive Maintenance and Operations	30 percent
Special Projects	0.2 percent
Administration and Accounting	9 percent
Additional - Outside Professional Services	9 percent
Reserve	52 percent

The budget anticipates FY 2020/21 revenue of \$549,760 with an estimated contribution of \$280,495 to the reserve fund. A summary of the expenses is shown on Table 4 followed by a brief description of each budget item on the following pages.

If you have any questions regarding the contents of this letter, please contact us.

Sincerely,

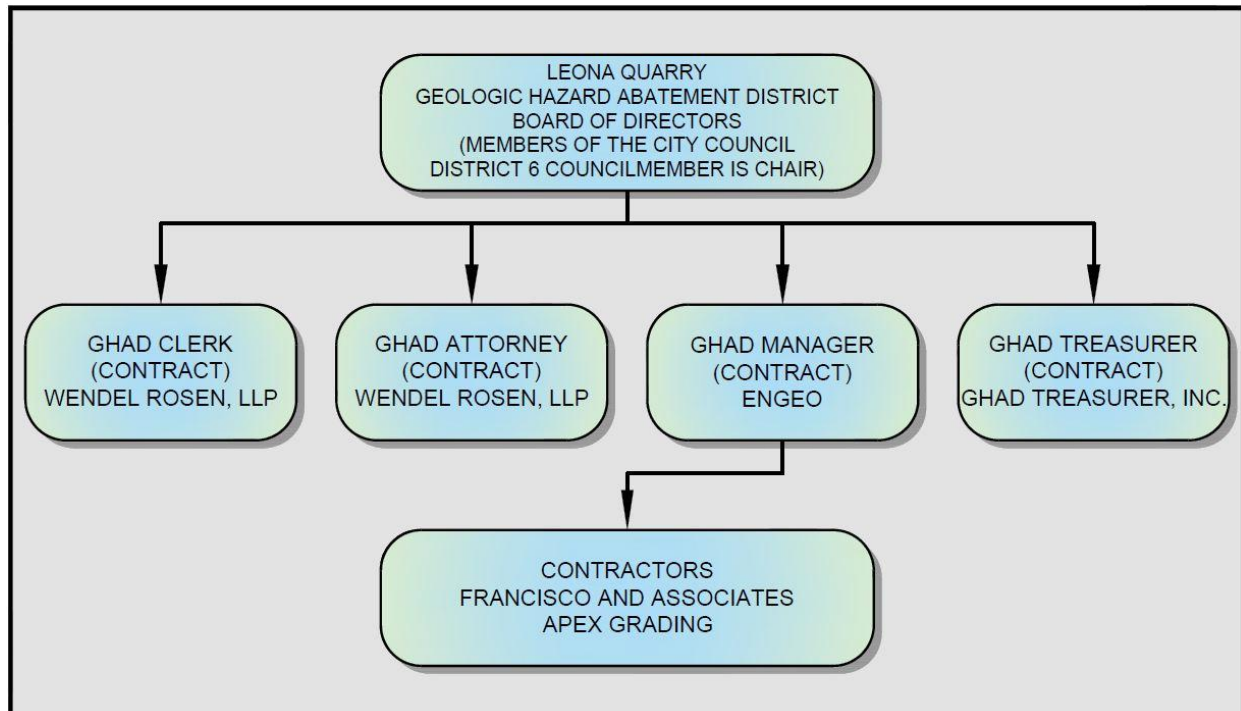
Leona Quarry Geologic Hazard Abatement District
ENGEO Incorporated, General Manager
1630 San Pablo Ave., Suite 200
Oakland, CA 94612
ENGEO Project No. 5188.002.019


Haley Trindle
ht/eh/cjn


Eric Harrell

**Leona Quarry Geologic Hazard Abatement District
 Program Budget
 Fiscal Year 2020/21**

The following budget summarizes the anticipated revenue and expenditures for FY year 2020/21 for the Leona Quarry Geologic Hazard Abatement District (GHAD), which currently includes the Monte Vista Villas development. The structure of the Leona Quarry GHAD is shown below.



The Leona Quarry GHAD has maintenance and monitoring responsibilities and is the property owner for the following parcels within the District. It is anticipated that additional parcel may be offered to the GHAD in FY 2020/21.

TABLE 1: GHAD-Maintained Parcels

ASSESSOR'S PARCEL NUMBER	PARCEL DESIGNATION (VESTING TENTATIVE MAP)	TRACT
37A-3163-2	A	7351
37A-3163-3	C	7351
37A-3163-4	D	7351
37A-3163-5	E	7351
37A-3163-9	F	7493
37A-3163-11	R	7493

The GHAD is funded through real property assessments. The 2019/20 assessment limit was set at \$1,544.37 per residential unit adjusted up 3.72% from the 2018/19 assessment level of \$1,426.09. The assessment limit annual adjustment is based on the 2005 Engineer's Report using the San Francisco-Oakland-Hayward consumer price index (CPI) plus one-half of one

percent. The final assessment roll prepared for the 2019/20 fiscal year and submitted to the Alameda County Assessor's Office identifies 408 properties subject to the levy of the GHAD assessment. The total levy amount for the 2019/20 FY was \$630,098.88.

TABLE 2: Assessment Limit Inflation Adjustments

FISCAL YEAR	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
ANNUAL CPI (JUNE)	618.4	642.7	664.421	692.68	693.839	701.273	718.293	737.231
SF/OAK, 1967=100		3.93%	3.38%	4.19%	0.23%	1.07%	2.43%	2.64%
ADDITIONAL 0.5%		0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
TOTAL CPI		4.43%	3.88%	4.69%	0.73%	1.57%	2.93%	3.14%
ASSESSMENT LIMIT (SINGLE FAMILY)	\$983.00	\$1,026.54	\$1,066.37	\$1,116.39	\$1,124.51	\$1,142.18	\$1,175.61	\$1,212.48
COMMERCIAL (per square foot)	\$0.25000	\$0.26107	\$0.27120	\$0.28393	\$0.28599	\$0.29048	\$0.29899	\$0.30836

FISCAL YEAR	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
ANNUAL CPI (JUNE)	756.074	778.767	796.597	817.884	846.360	879.435	907.709
SF/OAK, 1967=100	2.56%	3.00%	2.29%	2.67%	3.48%	3.91%	3.22%
ADDITIONAL 0.5%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
TOTAL CPI	3.06%	3.50%	2.79%	3.17%	3.98%	4.41%	3.72%
ASSESSMENT LIMIT (SINGLE FAMILY)	\$1,249.54	\$1,293.29	\$1,329.37	\$1,371.51	\$1,426.09	\$1,488.98	\$1,544.37
COMMERCIAL (per square foot)	\$0.31779	\$0.32891	\$0.33809	\$0.34881	\$0.36269	\$0.37868	\$0.39277

Based on the CPI figures reported through April 2020, for budgeting purposes, we estimate a FY 2020/21 inflation rate adjustment of 1 percent. With the additional adjustment of one-half of one percent, as specified in the Engineer's Report, the assessment limit adjustment for FY 2020/21 is estimated at 1.5 percent. We estimate that 420 residential units will be subject to assessment in the FY 2020/21. The actual CPI adjustment for the FY 2020/21 assessment limit will be based on the inflation rate through June 30, 2020, for the past 12 months.

As discussed in the attached Reserve Fund Study for the Leona Quarry GHAD dated May 15, 2020, the GHAD Manager has recommended that the GHAD Board of Directors consider lowering the levy on residences within the GHAD for FY 2020/21 to \$928 per residential unit since it appears that the desired reserve target has been reached. The revenue estimates in the FY 2020/21 budget reflect an assessment level of \$928, which is lower than the projected assessment limit.

TABLE 3: Estimated Revenue

	FY 2020/21 ESTIMATE
Residential Units	420
Assessments	\$389,760
Interest	\$160,000
Total Revenues	\$549,760

The budget amounts listed are based on the Engineer's Report approved by the Leona Quarry GHAD Board of Directors in 2005. The budget amounts have been inflation adjusted to provide the listed budget estimates. In the 2020/21 fiscal year, we estimate approximately 420 parcels will be subject to a levy of the assessment out of a total of 427 units originally planned within the Monte Vista Villas development at build-out. Parcels are subject to a levy of the assessment the first fiscal year following issuance of a building permit.

The budget is divided into four categories including Major Repair, Preventive Maintenance and Operations, Special Projects, and Administration and Accounting.

MAJOR REPAIR

Included within the major repair category are those repair or improvement projects that are intermittent and, by their nature, do not fit within a scheduled maintenance program. Minor slope repair and erosion control items are generally funded within the Preventive Maintenance and Operations category. For the purposes of this budget, we define major repairs as those estimated at over \$50,000.

PREVENTIVE MAINTENANCE AND OPERATIONS

Preventive maintenance and operations include slope stabilization, erosion protection, and professional services within the District. Professional services include site-monitoring events as scheduled in the GHAD Plan of Control. Slope stabilization and erosion protection responsibilities include the open space slopes and creek channels. GHAD-maintained improvements generally include the District's slopes, concrete-lined drainage ditches, retaining walls, subsurface drainage facilities, monitoring instruments including settlement monitoring devices, storm drain facilities, and the creek channels.

SPECIAL PROJECTS

The Special Projects category allows the GHAD to budget for projects beneficial to the GHAD that are not included in one of the other three categories. Special Projects can include items such as global positioning system (GPS)/geographic information system (GIS) development for GHAD maintained improvements; website development and maintenance; and reserve studies to reevaluate the financial condition of the GHAD.

ADMINISTRATION AND ACCOUNTING

Administrative expenses include the General Manager duties related to the operation and administration of the GHAD. The administrative budget category includes tasks of the General Manager, clerical and accounting staff.

A summary of the proposed budget through the end of FY 2020/21 is shown in Table 4.

TABLE 3: Summary of Use of Funds

USE OF FUNDS				
	FY 2019/20 ESTIMATE*	FY 2019/20 BUDGET	FY2020/21 PROPOSED	PERCENT CHANGE FROM FY 2019/20
Major Repairs				
Subtotal	\$0	\$0	\$0	0.0%
Preventive Maintenance and Operations - Professional Services				
Scheduled Monitoring Events	\$16,689	\$10,200	\$12,000	
Heavy Rainfall Monitoring Event	\$0	\$4,000	\$4,000	
Subtotal	\$16,689	\$14,200	\$16,000	12.7%
Preventive Maintenance and Operations - Maintenance and Operations				
Concrete-Lined Drainage Ditches	\$7,150	\$7,500	\$10,500	
Trail, Fire Break and Fence Maintenance	\$42,298	\$44,000	\$45,000	
Detention and Sedimentation Basin Maintenance	\$1,100	\$2,500	\$3,000	
Erosion Control including Creek Channels	\$4,586	\$30,000	\$30,000	
Slope Stabilization	\$4,303	\$50,000	\$60,000	
Subtotal	\$59,436	\$134,000	\$148,500	11.0%
Special Projects				
GPS/GIS Development	\$759	\$5,000	\$0	
Web Site Maintenance/Updates	\$2,728	\$2,000	\$1,000	
Reserve Study	\$5,344	\$5,000	\$0	
Subtotal	\$8,831	\$12,000	\$1,000	-91.7%
Administration – GHAD Manager				
Administration	\$52,234	\$54,000	\$48,000	
Budget Preparation	\$4,000	\$4,000	\$4,000	
Subtotal	\$56,234	\$58,000	\$52,000	-10.3%
Administration and Accounting – Outside Professional Services				
Assessment Roll and Levy Update	\$2,675	\$4,000	\$2,675	
Legal Counsel	\$7,806	\$12,000	\$15,000	
Treasurer and Investment Manager	\$11,442	\$11,500	\$22,500	
Clerk	\$0	\$3,000	\$3,000	
Alameda County Assessor's Fees	\$10,533	\$11,100	\$6,630	
California Association of GHADs Membership	\$202	\$210	\$210	
Insurance – Directors and Officers	\$786	\$800	\$800	
Insurance – General Liability	\$964	\$775	\$950	
Subtotal	\$34,888	\$43,385	\$51,765	19.3%

*FY2019/20 Estimate Includes Actual Expenses through May 1, 2020

TABLE 4: Summary of Proposed Fiscal Year 2020/21 Budget

BUDGET ITEM	LABEL	BUDGET AMOUNT	PERCENT OF TOTAL BUDGET (FY 2020/21)	PERCENT OF TOTAL BUDGET (FY 2019/20)
MAJOR REPAIRS				
Major Projects	TOTAL	\$0	0%	0%
PREVENTIVE MAINTENANCE AND OPERATIONS				
Professional Services				
Scheduled Monitoring Events				
Open Space Scheduled Monitoring Events		\$12,000		
Heavy Rainfall Monitoring Event		\$4,000		
	Subtotal	\$16,000		
Maintenance and Operations				
Concrete-Lined Drainage Ditches		\$10,500		
Trail, Fire Break and Fence Maintenance		\$45,000		
Detention and Sedimentation Basin Maintenance		\$3,000		
Erosion Control including Creek Channels		\$30,000		
Slope Stabilization		\$60,000		
	Subtotal	\$148,500		
	TOTAL	\$164,500	30%	20%
SPECIAL PROJECTS				
Web Site Maintenance/Updates		\$1,000		
	TOTAL	\$1,000	0.2%	2%
ADMINISTRATION – GHAD Manager				
Administration		\$48,000		
Budget Preparation/Annual Reporting		\$4,000		
	Subtotal	\$52,000	9%	8%
Outside Professional Services – Nontechnical				
Assessment Roll and Levy Update Preparation		\$2,675		
Legal Counsel		\$15,000		
Treasurer		\$22,500		
Clerk		\$3,000		
Alameda County Assessor’s Fees		\$6,630		
California Association of GHADs Membership		\$210		
Insurance – Directors and Officers		\$800		
Insurance – General Liability		\$950		
	Subtotal	\$51,765	9%	6%
	TOTAL	\$103,765		
ESTIMATED EXPENDITURES	TOTAL	\$269,265	48%	36%
ESTIMATED RECEIVABLES				
Beginning Balance				
Balance (June 30, 2019)		\$4,369,449		
Estimated FY 2019/20 Revenue				
Estimated Revenue through 6/30/2020		\$630,099		
Estimated Investment Income through 6/30/2020		\$137,951		
Estimated Expenses 2019/20 Expenses				

BUDGET ITEM	LABEL	BUDGET AMOUNT	PERCENT OF TOTAL BUDGET (FY 2020/21)	PERCENT OF TOTAL BUDGET (FY 2019/20)
Estimated Expenses through 6/30/2020		\$175,778		
ESTIMATED RESERVE ON JUNE 30, 2020		\$4,961,721		
Estimated 2020/21 Revenue				
Estimated FY 2020/21 Assessment		\$389,760		
Estimated FY 2020/21 Investment Income		\$160,000		
Estimated 2020/21 Expenses				
Expenses through June 30, 2021		\$269,265		
ESTIMATED RESERVE ON JUNE 30, 2021		\$5,242,216		

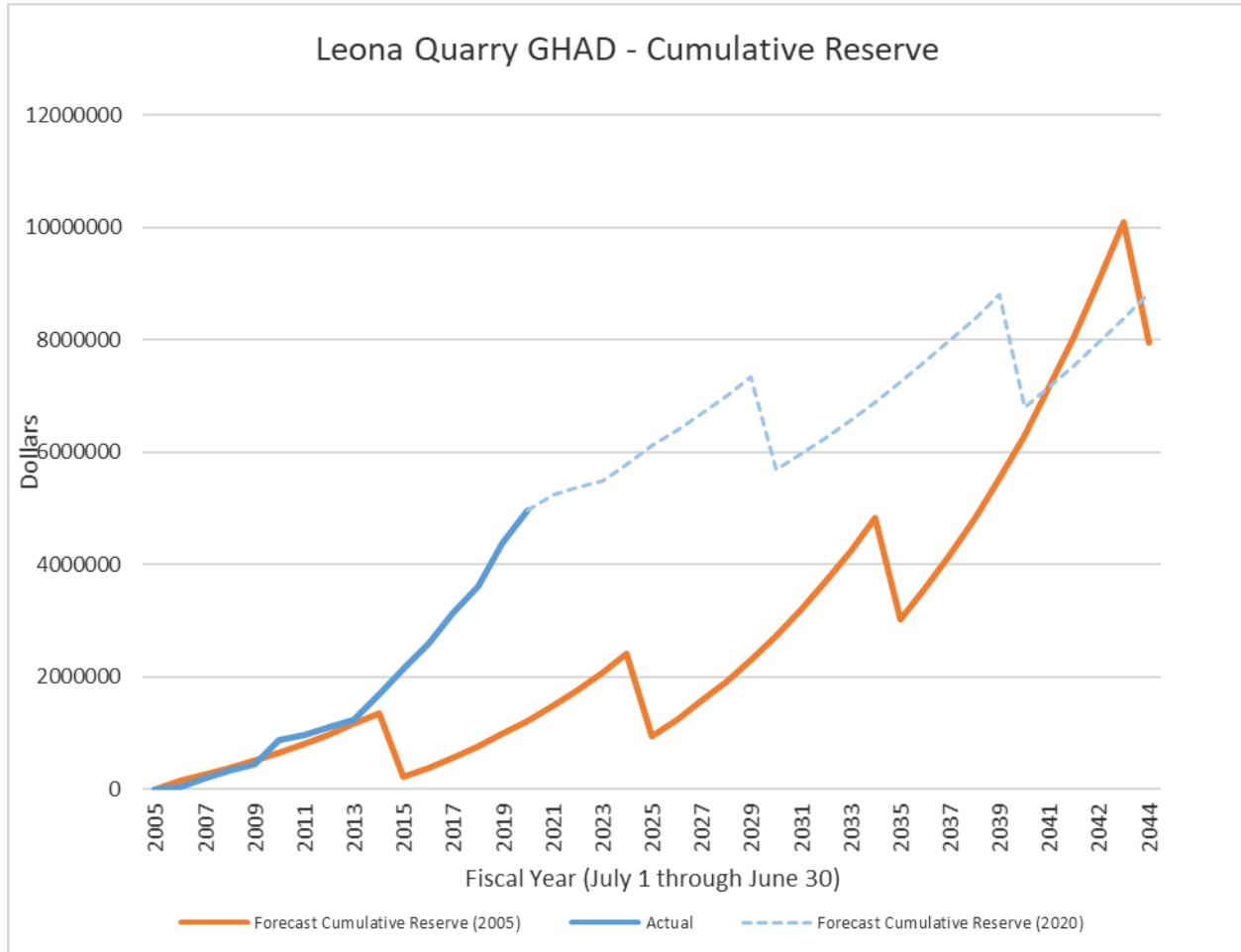
Section 5.1 of the approved GHAD Management Agreement provides that a payment limit shall be determined each fiscal year by the GHAD Board of Directors by resolution. For fiscal year 2020/21 (July 1, 2019, through June 30, 2020), the payment limit is set at \$94,200. The tasks included within the payment limit may include site monitoring events, report preparation, oversight of maintenance and repair projects, administration, and assessment roll updates.

TABLE 5: Payment Limit

TASK	AMOUNT
Scheduled Monitoring Events	\$12,000
Heavy Rainfall Monitoring Event	\$4,000
Concrete-Lined Drainage Ditches	\$2,100 ¹
Trail, Fire Break, and Fence Maintenance	\$9,000 ¹
Detention and Sedimentation Maintenance	\$600 ¹
Erosion Control Including Creek Channels	\$4,500 ¹
Slope Stabilization	\$9,000 ¹
Special Projects (Web, GIS, and Reserve Study)	\$1,000
Administration and Accounting	\$48,000
Budget Preparation	\$4,000

¹Dependent on maintenance and/or repair activities by the GHAD during FY 2020/21. ENGEO payment limit is up to 20% of the total budget item.

The current Program Budget projects that at the beginning of the 2020/21 fiscal year (July 1, 2019), the cumulative reserve will be about \$4,961,721 and about \$5,242,216 at the end of the 2020/21 fiscal year (June 30, 2020). Graph 2 provides the forecast and actual account balances for the GHAD from the initial levy of assessments in FY 2006/07 to the present, based on the approved 2005 Engineer's Report. The cumulative reserve was forecast to reach approximately \$2,500,000 by 2044 in 2005 dollars (approximately \$8,800,000 in 2044 dollars). The GHAD reserve is intended to fund unanticipated expenses that may occur.



In general, expenses have been lower than estimated in the approved 2005 Engineer’s Report. We attribute the additional reserve accumulation to a number of factors including (1) The Leona Quarry GHAD has not accepted monitoring and maintenance responsibilities for all of the improvements within Monte Vista Villas development, (2) seven of the past 9 years since the GHAD accepted maintenance responsibilities for open space parcels have had below-average rainfall; therefore, there has been a reduced level of slope instability and erosion, (3) a large-scale repair (estimated at \$1,000,000 in 2005 dollars every 10 years) has not yet been necessary within the GHAD-maintained areas.

MAJOR REPAIRS (MAJOR)

There are currently no ongoing major repair projects, and none are anticipated for the 2020/21 fiscal year within the GHAD-maintained areas of the Leona Quarry GHAD. Minor slope repair and erosion control items are generally funded within the Preventive Maintenance and Operations category. While no major repairs are ongoing at this time, by their nature, major repairs such as landslides are unpredictable and could occur during the 2020/21 fiscal year. The reserve portion of the budget allows for funding toward these unpredictable events.

PREVENTIVE MAINTENANCE AND OPERATIONS (PREVM&O)

Professional Services

Scheduled Monitoring Events (SCMON)

As provided in the Plan of Control, there are two scheduled monitoring events within the GHAD during each calendar year. **Estimated budget \$12,000**

Heavy Rainfall Events (HRMON)

We have budgeted for one heavy-rainfall monitoring event during the 2020/21 winter season. **Estimated budget \$4,000**

Maintenance and Operations

Concrete- and Asphalt-Lined Drainage Ditches (DITCH)

This budget item is to provide for the selected removal of vegetation and cleaning of concrete- and asphalt-lined drainage ditches within the GHAD-owned parcels, as needed. We expect to undertake one complete ditch-cleaning event in 2020/21 fiscal year. Approximately 22,500 lineal feet of concrete-lined ditch are located within the six GHAD-owned parcels. **Estimated budget \$10,500**

Open Space Maintenance (OMAIN)

This budget item includes vegetation management on gravel-surfaced maintenance roadways, vegetation maintenance on debris benches, trail maintenance, litter collection and removal, annual fire-break mowing, and unanticipated trail maintenance or fence repairs, which may occur during the 2020/21 fiscal year. **Estimated budget \$45,000**

Detention and Sedimentation Basin Maintenance (DETBA)

The budget allows for ongoing maintenance activities within the detention and sedimentation basins. **Estimated budget \$3,000**

Erosion Control (ERCON)

Anticipated tasks under this budget item include the repair of slope or creek erosion and removal of debris from the creek channel. Cleaning and vegetation management of the detention basin, if necessary, will be a task within this budget item. **Estimated budget \$30,000**

Slope Stabilization (SLOPE)

This is for minor repairs, including slope instability or erosion, which may occur during the 2020/21 fiscal year. Purchase of emergency stabilization supplies will be included within this budget item. **Estimated budget \$60,000**

SPECIAL PROJECTS (SPEPROJ)

Web Site Maintenance and Updates (WEB)

To allow for greater access to information about the Leona Quarry GHAD, the GHAD has provided a budget item to update and maintain the existing website launched during the 2013/14 fiscal year.

Estimated budget \$1,000

ADMINISTRATION AND ACCOUNTING (ADMIN)

Administration (ADACC)

Administrative expenses include the General Manager duties related to the operation and administration of the GHAD. The budget estimate for the accounting and administrative services is derived from the original GHAD budget used to prepare the GHAD Engineer's Report.

Estimated budget \$48,000

Annual Report and Budget Preparation (BDGET)

This budget provides for the preparation of the annual report and budget. The budget estimate for the accounting and administrative services is derived from the original GHAD budget used to prepare the GHAD Engineer's Report.

Estimated budget \$4,000

Assessment Roll and Levy Update (ASSESS)

This budget item allows for preparation of the assessment roll for the District and the updated levy based on the Consumer Price Index adjustment.

Estimated budget \$2,675

GHAD Attorney (LEGAL)

This budget item allows the GHAD to seek review and comment from GHAD counsel for the District.

Estimated budget \$15,000

GHAD Treasurer (TREAS)

This budget item accounts for fees related to treasurer services, investment of the GHAD reserve funds, and processing of accounts payable.

Estimated budget \$22,500

GHAD Clerk (CLERK)

This budget item accounts for fees to provide clerical staffing and support services for the GHAD Board of Directors and to keep and provide interested parties with accurate records and documents relative to Board actions.

Estimated budget \$3,000

Alameda County Assessor's Fees (ALAAS)

This budget item accounts for commission charged by the Alameda County Assessor's Office (currently 1.7 percent of total annual assessment amount) for collection of assessments within the Leona Quarry GHAD.

Estimated budget \$6,630

[Association Membership \(CGHAD\)](#)

The GHAD maintains membership in the California Association of GHADs.

Estimated budget \$210

[Directors and Officers Insurance \(INSUR\)](#)

The GHAD maintains directors and officers insurance for the Board of Directors.

Estimated budget \$800

[General Liability Insurance \(INSURGL\)](#)

The GHAD maintains general liability insurance for open space areas within the District.

Estimated budget \$950

Attachment: ENGeo, Reserve Fund Study, Leona Quarry Geologic Hazard Abatement District, Oakland, California, May 1, 2020; Project Mo 5188.002.019.