

**LEONA QUARRY  
GEOLOGIC HAZARD ABATEMENT DISTRICT**

**TO:** Leona Quarry Geologic Hazard Abatement District  
(GHAD) Board of Directors

**FROM:** GHAD Manager Eric Harrell  
GHAD Attorney Patricia Curtin

**BOARD MEETING DATE:** June 7, 2022

**SUBJECT:** Leona Quarry GHAD Resolution No. 2022/01

**RECOMMENDATION(S):**

ADOPT Leona Quarry GHAD Resolution No. 2022/01: 1.) adopting the GHAD budget for fiscal year 2022/23; 2.) updating GHAD Manager payment limit under the Consulting Services Agreement and 3.) suspending the levy on each residential unit in the GHAD for fiscal year 2022/23.

**FISCAL IMPACT:**

The GHAD is funded 100% through assessments levied on properties within the GHAD; therefore, there is no impact on the City of Oakland General Fund. For fiscal year (FY) 2022/23 the GHAD anticipates dividend and interest income of \$175,000. No assessment income is anticipated for FY 2022/23 with the recommended suspension of assessments for the current FY as the current GHAD account balance is above the target reserve amount. Expenses for fiscal year 2022/23 are estimated at \$266,010. The current Program Budget projects that at the beginning of the 2022/23 fiscal year (July 1, 2022), the cumulative reserve will be about \$4,983,698 and about \$4,892,688 at the end of the 2022/23 fiscal year (June 30, 2023).

A Reserve Fund Study for the Leona Quarry GHAD was completed in May 2020. As part of annual budget preparation, a brief analysis of the reserve fund was performed and it appears that an adequate target reserve has been maintained; therefore, the GHAD Manager had recommended, and the current budget reflects, the suspension of the levy for FY 2022/23.

**BACKGROUND AND DISCUSSION:**

The Plan of Control governs the GHAD operations. As contemplated under the Plan of Control, as of January 28, 2011, the GHAD became the fee title owner of the open space property within the GHAD boundaries and as of March 17, 2011, the maintenance responsibilities for the improvements in the Plan of Control were transferred from the developer to the GHAD.

The following are the improvements that are owned and/or maintained by the GHAD:

- Detention basin, including structures, vegetation, and sediment removal

- Concrete-lined drainage ditches
- Storm drain inlets, outfalls, and pipelines within the open space property
- Subdrains
- Debris bench maintenance
- Piezometers and inclinometers
- Settlement monuments
- Rock catchment fences
- Trail maintenance including trash removal
- Potential Alameda County Whipsnake habitat – fencing and sign maintenance
- Emergency vehicle access and maintenance roads
- Erosion management

. The proposed budget for FY 2022/23 must be approved in order to fund the GHAD responsibilities. The budget is attached (Attachment A) and reflects an annual payment limit to the GHAD Manager of \$100,200.

As required in the approved 2005 Engineer's Report and modified with the adoption of Resolution 21/03, the annual assessment limit is adjusted annually based on the San Francisco-Oakland-Hayward Consumer Price Index (CPI). The assessment limit adjustment is applied to allow the GHAD revenues to track inflation and maintain a constant-dollar value. Since the GHAD has been able to achieve an account balance above the planned target reserve sooner than anticipated in the 2005 Engineer's Report, the GHAD Board adopted Resolution 21/03 approving the elimination of the additional 0.5 percentage points above CPI when calculating the annual assessment limit.

As planned in the 2005 Engineer's Report, the target reserve was an account balance the GHAD would achieve in approximately 40 years after completing a large-scale repair on average every 10 years. Large-scale geologic hazards occur infrequently, but are expensive to repair. The reserve allows the GHAD to maintain a positive account balance even after completion large-scale repairs. Based on the GHAD's current account balance and the anticipated expenditures in the proposed FY 2022/23 budget, the GHAD will maintain an account balance above the target reserve; therefore, the GHAD Manager recommends a suspension of the levy on each residential unit in the GHAD for fiscal year 2022/23. In addition, each year that the GHAD's uncommitted account balance exceeds the target reserve, the GHAD Manager will recommend and prepare a budget for Board consideration that anticipates the suspension of the levy of the assessment for the following fiscal year.

As provided in the approved 2005 Engineer's Report, the assessment limit will continue to be adjusted for inflation annually. The proposed reduction in the annual levy does not preclude the GHAD Board in the future from increasing or decreasing the levy of the assessment up to the inflation adjusted assessment limit without a vote of property owners within the GHAD.

#### **CONSEQUENCE OF NEGATIVE ACTION:**

The GHAD will not be able to continue operation if a budget is not approved.

**THE BOARD OF DIRECTORS OF LEONA QUARRY  
GEOLOGIC HAZARD ABATEMENT DISTRICT**

**RESOLUTION NO. 2022/01**

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**RESOLUTION ADOPTING THE ANNUAL GHAD BUDGET FOR FISCAL YEAR 2022/23, SUSPENDING THE PER RESIDENTIAL UNIT LEVY FOR FISCAL YEAR 2022/23, AND UPDATING GHAD MANAGER PAYMENT LIMITS UNDER THE EXISTING CONSULTING SERVICES AGREEMENT.**

**WHEREAS**, on December 3, 2002, the Oakland City Council adopted Resolution No. 77545 approving the formation of the Leona Quarry Geologic Hazard Abatement District (GHAD) and appointing itself to serve as the GHAD Board of Directors;

**WHEREAS**, on June 21, 2011, the GHAD Board of Directors adopted Resolution No. 11, confirming the transfer of the GHAD property and GHAD improvements as defined in the Plan of Control dated March 9, 2005, to the GHAD;

**WHEREAS**, on May 18, 2021, the GHAD Board of Directors adopted Resolution No. 21/03, revising the annual assessment limit calculation to permanently eliminate the additional 0.5 percent increase assessment limit above the Consumer Price Index;

**WHEREAS**, the GHAD Board of Directors desires to adopt the budget for fiscal year 2022/23 prepared by the GHAD Manager, ENGEEO Inc., attached hereto as Exhibit A;

**WHEREAS**, the GHAD Board desires to suspend the residential parcel levy for fiscal year 2022/23;

**WHEREAS**, on March 15, 2005, pursuant to Resolution No. 1 (City Council Resolution No. 79103), the GHAD Board approved the consultant services agreement with ENGEEO Inc., to act as Manager for the GHAD. This Agreement, in Section 5.1, requires the GHAD Board to determine by resolution each fiscal year the payment limits for GHAD Manager services. The budget attached in Exhibit A identifies this limit at \$100,200.

**The Board of Directors of the GHAD HEREBY RESOLVES THAT:**

1. The GHAD Board approves the GHAD budget for fiscal year 2022/23 attached as Exhibit A and incorporated herein by this reference.
2. The GHAD Board hereby approves suspension of the residential levy for fiscal year 2022/23.
3. The GHAD Board adopts the payment limit for the GHAD Manager services at \$100,200 for fiscal year 2022/23 as set forth in Exhibit A, and incorporates this payment limit into the consulting services agreement.

. The recitals are incorporated herein by this reference.

This Resolution shall become effective immediately upon its passage and adoption.

**OAKLAND, CALIFORNIA, June 7, 2022**

**PASSED BY THE FOLLOWING VOTE:**

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

Attachment:

Exhibit A: Leona Quarry Geologic Hazard Abatement District Budget for Fiscal Year  
2022/23