

**LEONA QUARRY
GEOLOGIC HAZARD ABATEMENT DISTRICT**

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

FROM: GHAD Manager, ENGEO Inc.
GHAD Attorney, Wendel Rosen, LLP

BOARD MEETING DATE: May 18, 2021

SUBJECT: GHAD Resolution No. 2021/02 re Annual Budget,
Revision to Assessment Calculation and Suspension of
Levy for FY 2021/22.

RECOMMENDATION(S):

ADOPT GHAD Resolution No. 2021/02: 1) approving the GHAD budget for fiscal year 2021/22 and updating GHAD Manager payment limit under the Consulting Services Agreement, 2) revising the annual assessment limit calculation by permanently eliminating the additional 0.5 percent increase above the Consumer Price Index (CPI); and 3) the suspending the levy on each residential unit in the GHAD for fiscal year 2021/22.

FISCAL IMPACT:

The GHAD is a financially separate entity from the City of Oakland and operates independent of the City. The GHAD is funded 100% through assessments levied on properties within the GHAD. For fiscal year (FY) 2021/22 the GHAD anticipates dividend and interest income of \$190,000 (See, Budget in attached Exhibit A). No assessment income is anticipated for FY 2021/22 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 2021/22 are estimated at \$264,360. The current Program Budget projects that at the beginning of the 2021/22 fiscal year (July 1, 2021), the cumulative reserve will be about \$5,086,455 and about \$5,012,095 at the end of the 2021/22 fiscal year (June 30, 2022).

A Reserve Fund Study for the GHAD was completed in May 2020. As concluded in the Reserve Fund study, it appears that an adequate target reserve has been achieved; therefore, the GHAD Manager had recommended, and the current budget reflects, the suspension of the levy for FY 2021/22.

BACKGROUND AND DISCUSSION:

On December 3, 2002, the Oakland City Council adopted Resolution 77545 approving formation of the GHAD and approving itself to serve as the GHAD Board of Directors. The GHAD Board adopted a Plan of Control as required by GHAD law that sets forth the responsibilities of the GHAD.

1. Budget for Fiscal Year 2021/22.

Consistent with the Plan of Control, on January 28, 2011 approximately 83 acres of open space property was transferred to the GHAD and as of March 17, 2011, the maintenance responsibilities for the improvements in the Plan of Control were transferred 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

Every year the GHAD Manager prepares a budget to reflect the ownership and maintenance responsibilities, and costs for the upcoming year. The proposed budget for FY 2021/22 must be approved in order to fund the GHAD responsibilities. The budget is attached in Exhibit A and reflects an annual payment limit to the GHAD Manager of \$98,200.

2. Revise Assessment Amount Calculation.

All property within the GHAD is annually assessed in accordance with Engineer's Report adopted by the GHAD Board on March 15, 2005 pursuant to Resolution No. 79107. In accordance with the Engineer's Report, the assessment limit is adjusted annually based on the San Francisco-Oakland-Hayward Consumer Price Index (CPI) plus an additional 0.5 percentage points. The assessment limit adjustment is applied to allow the GHAD revenues to track inflation and maintain a constant-dollar value. The additional 0.5 percentage points above CPI was included based on the concern that construction costs may slightly outpace inflation over time and the GHAD would have difficulty achieving its target reserve. Since the GHAD has been able to achieve an account balance above the planned target reserve sooner than anticipated in the Engineer's Report, it is recommended that the GHAD Board eliminate the additional 0.5 percentage points above CPI when calculating the annual assessment limit.

The ability of the GHAD to generate future revenue would decrease slightly if the 0.5 percentage points above CPI is eliminated, but based on the site's performance we conclude that the GHAD would remain adequately funded.

3. Suspension in Levying Assessment for FY 2021/22.

As planned in the Engineer's Report, the target reserve is the account balance the GHAD achieves 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 of large-scale repairs. Based on the GHAD's current account balance and the anticipated expenditures in the proposed FY 2021/22 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 FY 2021/22. In addition, each year that the GHAD's uncommitted account balance exceeds the target reserve, the GHAD Manager will prepare a budget for consideration by the Board reflecting the suspension of the levy of the assessment for the following fiscal year.

As provided in the approved Engineer's Report, the assessment limit will continue to be adjusted for inflation annually. The proposed levy suspension for FY 2021/22 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. This determination is made by the GHAD Board each year in approving the annual budget for the GHAD. As long as the GHAD Board levies future assessments in accordance with the Engineer's Report, a vote of property owners is not required; a vote is only required if the assessment limit is increased beyond that allowed in the Engineer's Report.

CONSEQUENCE OF NEGATIVE ACTION:

If the annual budget for FY 2021/22 is not approved, the GHAD will not be able to continue to operate. If the assessment amount calculation is not permanently revised and the levy is not suspend for FY 2021/22, the property owners will be assessed an amount that is not necessary to fund the GHAD for its operations.

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

RESOLUTION NO. 2021/02

SUBJECT: Adopting the annual GHAD budget for fiscal year 2021/22 and updating GHAD Manager payment limits under the existing consulting services agreement; revising the annual assessment limit calculation by permanently eliminating the additional 0.5 percent increase assessment limit above the Consumer Price Index, and suspending the per residential unit levy for FY 2021/22.

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, the GHAD Manager prepares a budget each fiscal year for consideration by the GHAD Board of Directors to allow the GHAD to carry out its monitoring, maintenance, and repair responsibilities required in the Plan of Control for the upcoming year;

WHEREAS, in order to allow the GHAD to carry out its responsibilities, the GHAD Board of Directors desires to adopt the budget for fiscal year 2021/22 prepared by the GHAD Manager, attached hereto as Exhibit A;

WHEREAS, on March 15, 2005, pursuant to Resolution No. 1, the GHAD Board approved the consultant services agreement with ENGEO Inc., to act as GHAD Manager. 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 \$98,200.

WHEREAS, the GHAD has achieved an account balance above the planned target reserve as anticipated in the 2005 Engineer's Report and to assure the property owners are properly and prudently assessed, the GHAD Board desires to permanently eliminate the additional 0.5 percentage points above CPI used for calculating the annual assessment limit adjustment;

WHEREAS, based on the GHAD's current account balance and the anticipated expenditures in the proposed FY 2021/22 budget, the GHAD Board desires to suspend the residential parcel levy for fiscal year 2021/22;

The Board of Directors of the GHAD HEREBY RESOLVES THAT:

1. The GHAD Board approves the GHAD budget for fiscal year 2021/22 attached as Exhibit A and incorporated herein by this reference.
2. The GHAD Board adopts the payment limit for the GHAD Manager services at \$98,200 for fiscal year 2021/22 as set forth in Exhibit A, and incorporates this payment limit into the consulting services agreement.
3. The GHAD Board hereby approves permanent elimination of the additional 0.5 percentage points above CPI when calculating the annual assessment limit adjustment.
4. The GHAD Board hereby approves suspension of residential levy for fiscal year 2021/22.
5. The recitals are incorporated herein by this reference.

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

Attachment: Exhibit A - Leona Quarry Geologic Hazard Abatement District Budget for Fiscal Year 2021/22

OAKLAND, CALIFORNIA, May 18, 2021

PASSED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

ABSTAIN:

**LEONA QUARRY GEOLOGIC HAZARD ABATEMENT DISTRICT
BUDGET FOR FISCAL YEAR 2021/22**

May 4, 2021

Leona Quarry Geologic Hazard Abatement District Board of Directors:

Chair Loren Taylor	Boardmember Carroll Fife
Boardmember Rebecca Kaplan	Boardmember Sheng Thao
Boardmember Dan Kalb	Boardmember Noel Gallo
Boardmember Nikki Fortunato Bas	Boardmember Treva 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 2021/22

- References:
1. ENGEO; Engineer's Report for Geologic Hazard Abatement District, Leona Quarry, City of Oakland, California; August 13, 2004, Latest Revision February 23, 2005; Project No. 5188.1.001.02.
 2. 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) 2021/22. The FY for the Leona Quarry GHAD is from July 1 through June 30. The budget as proposed is \$264,360. The budget expenses break down into the following approximate percentages of the total expenditures.

Major Repair	0 percent
Preventive Maintenance and Operations	64 percent
Special Projects	0.4 percent
Administration and Accounting	20 percent
Additional - Outside Professional Services	16 percent

The budget anticipates FY 2021/22 revenue of \$190,000. 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 Avenue, Suite 200
Oakland, CA 94612
ENGEO Project No. 5188.002.020



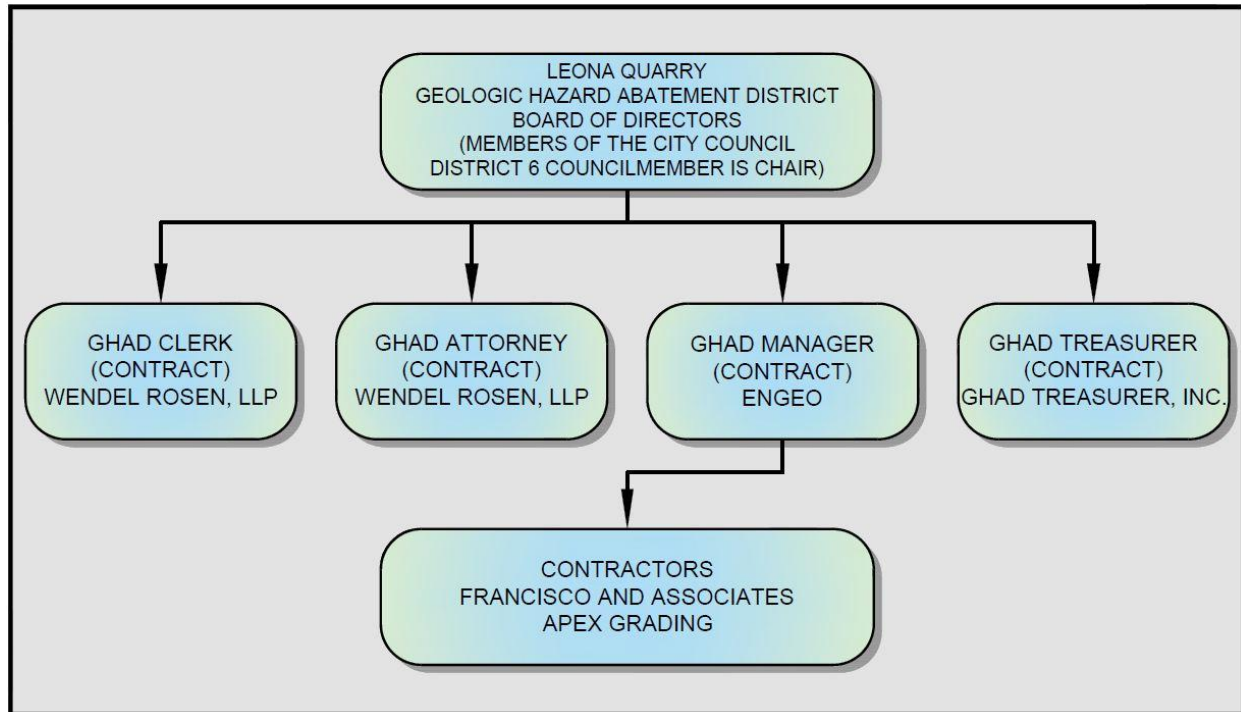
Eric Harrell
eh/mt/jf



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**Leona Quarry Geologic Hazard Abatement District
 Program Budget
 Fiscal Year 2021/22**

The following budget summarizes the anticipated revenue and expenditures for FY year 2021/22 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 parcels may be offered to the GHAD in FY 2021/22. The exact timing of any offer of transfer from the developer to the GHAD will be determined by the developer; however, the developer will remain responsible for all responsibilities described in the Plan of Control until the transfer for these additional parcels have been completed.

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 and the return on investments from existing reserves. The FY 2020/21 assessment limit was set at \$1,577.05 per residential unit adjusted up 2.12% from the 2019/20 assessment level of \$1,544.37. 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 residential parcel levy was suspended for fiscal year 2020/21 in part because the GHAD's account balance exceeded the target reserve established in the approved 2005 Engineer's Report (Reference 1) and updated in the Reserve Study completed in 2020 (Reference 2). In 2005, it was forecast that an adequate reserve would be accumulated over approximately 40 years, but based on lower GHAD expenses, this has been achieved in a little under 15 years.

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	2020/21
ANNUAL CPI (JUNE)	756.074	778.767	796.597	817.884	846.360	879.435	907.709	922.381
SF/OAK, 1967=100	2.56%	3.00%	2.29%	2.67%	3.48%	3.91%	3.22%	1.62%
ADDITIONAL 0.5%	0.50%	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%	2.12%
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	\$1,577.05
COMMERCIAL (per square foot)	\$0.31779	\$0.32891	\$0.33809	\$0.34881	\$0.36269	\$0.37868	\$0.39277	\$0.40108

Based on the CPI figures reported through February 2021 for budgeting purposes, we estimate a FY 2021/22 inflation rate adjustment of 1.6 percent.

As specified in the Engineer's Report (Reference 1), the annual assessment limit has been calculated using an additional adjustment of one-half of one percent. As the GHAD has achieved an account balance in excess of the target reserve, the GHAD Manager is recommending the elimination of the additional one-half of one percent when calculating the annual assessment limit starting in FY 2021/22. We estimate that 427 residential units will be subject to assessment in the FY 2021/22. The actual CPI adjustment for the FY 2021/22 assessment limit will be based on the inflation rate through June 30, 2021, for the past 12 months.

The GHAD Treasurer has estimated that dividend and interest income for FY 2021/22 should be approximately 1½ to 2 percent above the rate of inflation. For budgeting purposes, we have assumed the lower estimate (1½ percent) when estimating dividend and interest income. The GHAD Treasurer maintains an estimate that the long-term inflation rate will average approximately 2 percent, but in FY 2021/22 may be above this level. As a conservative estimate, we have assumed an inflation rate of 2 percent for estimating total revenues in Table 3.

TABLE 3: Estimated Revenue

	FY 2021/22 ESTIMATE
Residential units subject to an assessment	427
Assessments (FY 2021/22)	\$0
Dividend and interest income	\$190,000
Total Revenues	\$190,000

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 2021/22 fiscal year, we estimate that all the 427 residential parcels within the Leona Quarry GHAD will be subject to a levy of the assessment. Parcels are subject to a levy of the assessment the first fiscal year following issuance of a building permit for each parcel.

The GHAD 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 2021/22 is shown in Table 4.

TABLE 4: Summary of Use of Funds

USE OF FUNDS				
	FY 2020/21 ESTIMATE*	FY 2020/21 BUDGET	FY2021/22 PROPOSED	PERCENT CHANGE FROM FY 2020/21
Major Repairs				
Subtotal	\$0	\$0	\$0	0.0%
Preventive Maintenance and Operations - Professional Services				
Scheduled Monitoring Events	\$15,181	\$12,000	\$16,000	
Heavy Rainfall Monitoring Event	\$0	\$4,000	\$4,000	
Subtotal	\$15,181	\$16,000	\$20,000	25.0%
Preventive Maintenance and Operations - Maintenance and Operations				
Concrete-Lined Drainage Ditches	\$7,350	\$10,500	\$10,500	
Trail, Fire Break and Fence Maintenance	\$44,500	\$45,000	\$45,000	
Detention and Sedimentation Basin Maintenance	\$0	\$3,000	\$3,000	
Erosion Control including Creek Channels	\$4,500	\$30,000	\$30,000	
Slope Stabilization	\$6,400	\$60,000	\$60,000	
Subtotal	\$62,750	\$148,500	\$148,500	0.0%
Special Projects				
Web Site Maintenance/Updates	\$230	\$1,000	\$1,000	
Subtotal	\$230	\$1,000	\$1,000	0.0%
Administration – GHAD Manager				
Administration	\$52,234	\$48,000	\$48,000	
Budget Preparation	\$4,000	\$4,000	\$4,000	
Subtotal	\$52,799	\$52,000	\$52,000	0.0%
Administration and Accounting – Outside Professional Services				
Assessment Roll and Levy Update	\$0	\$2,675	\$0	
Legal Counsel	\$11,900	\$12,000	\$15,000	
Treasurer and Investment Manager	\$13,400	\$22,500	\$22,500	
Clerk	\$0	\$3,000	\$3,000	
Alameda County Assessor's Fees	\$0	\$6,630	\$0	
California Association of GHADs	\$202	\$210	\$210	

USE OF FUNDS				
	FY 2020/21 ESTIMATE*	FY 2020/21 BUDGET	FY2021/22 PROPOSED	PERCENT CHANGE FROM FY 2020/21
Membership				
Insurance – Directors and Officers	\$786	\$800	\$800	
Insurance – General Liability	\$964	\$950	\$1,350	
Subtotal	\$27,650	\$48,765	\$42,860	-8.6%

*FY2020/21 Estimate Includes Actual Expenses through April 15, 2021

TABLE 5: Summary of Proposed Fiscal Year 2021/22 Budget

BUDGET ITEM	LABEL	BUDGET AMOUNT	PERCENT OF TOTAL BUDGET (FY 2021/22)
MAJOR REPAIRS			
Major Projects	TOTAL	\$0	0%
PREVENTIVE MAINTENANCE AND OPERATIONS			
Professional Services			
Scheduled Monitoring Events			
Open Space Scheduled Monitoring Events		\$16,000	
Heavy Rainfall Monitoring Event		\$4,000	
	Subtotal	\$20,000	
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	64%
SPECIAL PROJECTS			
Web Site Maintenance/Updates		\$1,000	
	TOTAL	\$1,000	0.4%
ADMINISTRATION – GHAD Manager			
Administration		\$48,000	
Budget Preparation/Annual Reporting		\$4,000	
	Subtotal	\$52,000	20%
Outside Professional Services – Nontechnical			
Legal Counsel		\$15,000	
Treasurer		\$22,500	
Clerk		\$3,000	
California Association of GHADs Membership		\$210	

BUDGET ITEM	LABEL	BUDGET AMOUNT	PERCENT OF TOTAL BUDGET (FY 2021/22)
Insurance – Directors and Officers		\$800	
Insurance – General Liability		\$1,350	
	Subtotal	\$42,860	16%
	TOTAL	\$100,765	
ESTIMATED EXPENDITURES	TOTAL	\$266,265	
ESTIMATED RECEIVABLES			
ESTIMATED RESERVE ON JUNE 30, 2020		\$5,086,455	
Estimated 2021/22 Revenue			
Estimated FY 2021/22 Assessment Income		\$0	
Estimated FY 2021/22 Investment Income		\$190,000	
Estimated 2021/22 Expenses			
Expenses through June 30, 2022		\$264,360	
ESTIMATED RESERVE ON JUNE 30, 2022		\$5,012,095	

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 2021/22 (July 1, 2021, through June 30, 2022), the payment limit is set at \$98,200. 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.

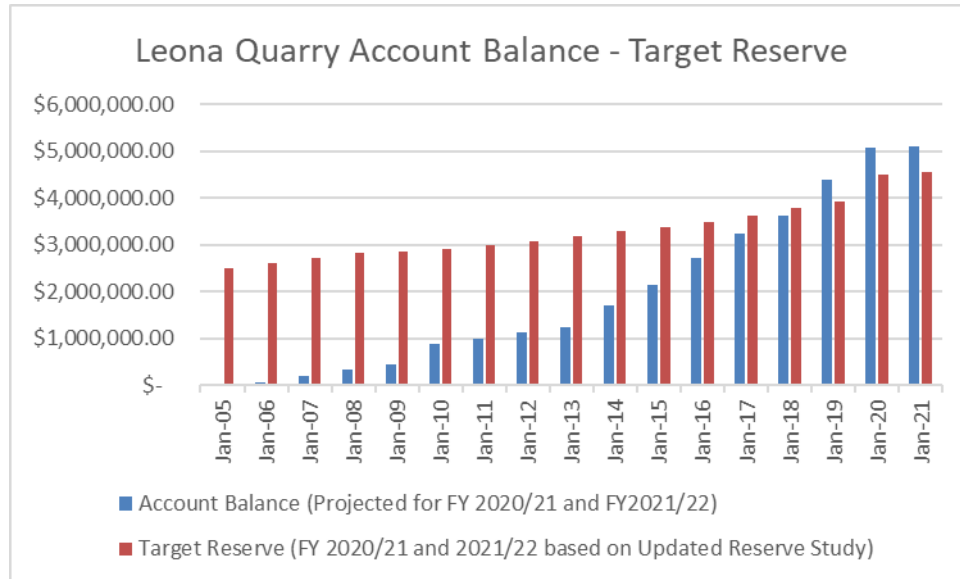
TABLE 5: Payment Limit

TASK	AMOUNT
Scheduled Monitoring Events	\$16,000
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
Amount Total	\$98,200

¹Dependent on maintenance and/or repair activities by the GHAD during FY 2021/22. ENGEO payment limit is up to 20% of the total budget item.

The current Program Budget projects that at the beginning of the 2021/22 fiscal year (July 1, 2021), the cumulative reserve will be about \$5,086,455 and about \$5,012,095 at the end of the 2021/22 fiscal year (June 30, 2022). 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 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 parcels or improvements within the Monte Vista Villas development, (2) nine of the past 11 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 \$1,650,000 in current 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 2021/22 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 2021/22 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 \$16,000

Heavy Rainfall Events (HRMON)

We have budgeted for one heavy-rainfall monitoring event during the 2021/22 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 2021/22 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 2021/22 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 2021/22 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

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

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 \$1,350