

**LEONA QUARRY
GEOLOGIC HAZARD ABATEMENT DISTRICT**

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

FROM: GHAD Manager, ENGEO Incorporated, Haley Ralston
GHAD Attorney, Fennemore LLP, Amara Morrison

DATE: June 3, 2025

SUBJECT: Leona Quarry GHAD Annual Budget for Fiscal Year
2025/26 and Suspension of Levy for FY 2025/26

RECOMMENDATION(S):

ADOPT Leona Quarry GHAD Resolution 2025-01: 1) Adopting the Annual GHAD Budget for Fiscal Year 2025/26; 2) Updating the Consumer Price Index Annual Reference Month to December; 3) Updating GHAD Manager Payment Limits Under the Existing Consulting Services Agreement; and 4) Suspending the Assessment Levy for Fiscal Year 2025/26.

FISCAL IMPACT:

The GHAD is funded 100% through assessments levied on properties within the GHAD, and is a separate legal entity from the City of Oakland, therefore the GHAD's operations have no fiscal impact on the City of Oakland General Fund. For Fiscal Year (FY) 2025/26, the GHAD anticipates \$0 in assessment revenue and \$150,000 in investment revenue. Expenses for FY 2025/26 are estimated at \$357,700. The current budget projects that, at the beginning of the FY 2025/26 (July 1, 2025), the cumulative reserve will be about \$4,887,240 and approximately \$4,679,540 at the end of the FY 2025/26 (June 30, 2026).

A Reserve Fund Study for the Leona Quarry GHAD was completed in May 2024. As part of annual budget preparation, an analysis of the reserve fund was performed and it has been determined that an adequate target reserve has been maintained. Therefore, the GHAD Manager recommends suspension of the assessment levy for FY 2025/26.

BACKGROUND AND DISCUSSION:

The Plan of Control states that approximately 83 acres of open space property will be transferred to the GHAD three years after the recordation of the first final map(s) affecting the GHAD property. The applicable final maps were filed on July 19, 2005 (Tracts 7351 & 7493) and December 9, 2005 (Tract 7492). The open space property was transferred to the GHAD on January 28, 2011.

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 2025/26 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 \$116,315.

As required in the approved 2005 Engineer's Report and modified with the adoption of Resolution 2021-03, the assessment limits were adjusted annually on June 30 to reflect the percentage change in the San Francisco-Oakland-Hayward Consumer Price Index (CPI) for All Urban Consumers for the previous 12 months. Starting in Fiscal Year 2025/26, staff recommends the annual CPI reference month will be December. The December CPI is typically published in mid-January. 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 accumulate reserves above the rate anticipated in the 2005 Engineer's Report, the GHAD Board adopted Resolution 2021-03 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 of large-scale repairs. Based on the GHAD's current account balance and the anticipated expenditures in the proposed FY 2025/26 budget, the GHAD is anticipated to have an account balance above the target reserve at the end of FY 2025/26. The GHAD Manager recommends suspension of the assessment levy for each residential unit in the GHAD for FY 2025/26, however, each year the GHAD Manager will prepare a budget for Board consideration with a recommended assessment levy for the following fiscal year based on the GHAD's account balance compared to the target reserve. For example, based on the GHAD's account balance for fiscal years 2021/22, 2022/23, 2023/24, and 2024/25, the GHAD Board suspended the residential assessment levy for those fiscal years.

As provided in the approved 2005 Engineer's Report, the assessment limit will continue to be adjusted for inflation annually. The proposed suspension of 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 and can do so without a vote of property owners within the GHAD.

CONSEQUENCE OF NEGATIVE ACTION:

The GHAD will not be able to continue operation as planned if the budget is not approved.