

FILED
OFFICE OF THE CITY CLERK
LEONA QUARRY GEOLOGIC HAZARD ABATEMENT DISTRICT BOARD
AGENDA REPORT

2018 JUL -9 PM 3:15

TO: Boardmembers of the Leona Quarry GHAD
FROM: GHAD Manager and GHAD Attorney
DATE: July 17, 2018

RE: CONSIDERATION OF RESOLUTION TO ADOPT 2018/2019 BUDGET

SUMMARY

On December 3, 2002 pursuant to Resolution No. 77545 C.M.S., the City Council ordered formation of the Leona Quarry Geologic Hazard Abatement District (GHAD) and appointed itself to act as the Board of Directors of the GHAD (GHAD Board). The Leona Quarry GHAD Board met on March 15, 2005 and May 3, 2005 and adopted numerous resolutions to make the GHAD operational. GHAD Resolution No. 10, adopted on July 21, 2011, appointed Desley Brooks as the GHAD Chair.

The purpose of this meeting is to request the GHAD Board to adopt the budget for the fiscal year 2018/2019. It is necessary that the budget be adopted to allow the GHAD Manager to maintain this property and these improvements and implement all of the requirements in the Plan of Control.

FISCAL IMPACT

None. The GHAD is a self-sustaining district. Costs for the maintenance and operations of the GHAD are recovered through assessments on the properties within the GHAD boundaries. The GHAD fund has a balance of \$3,642,223 as of June 11, 2018. The final assessment roll for the 2017/2018 fiscal year identifies 390 properties as subject to the levy of the GHAD assessment. The 2017/2018 assessment amount is \$1,426.09/unit. A total of 427 homes were approved as part of the Leona Quarry project which is within the GHAD boundaries. It is estimated that 420 residential units will be subject to the assessment in FY 2018/2019. Assessments are levied on a parcel the next fiscal year after a building permit is issued for that parcel.

BACKGROUND

Budget

The Plan of Control states that approximately 83 acres of open space property will be transferred to the GHAD a minimum of 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 (Tract 7351 & 7493) and December 9, 2005 (Tract 7492). The open space property was transferred to the GHAD on January 28, 2011.

The Plan of Control also dictates when the monitoring, maintenance and repair activities will be transferred to the GHAD. As set forth in the Plan of Control, the transfer automatically occurs on the "...day exactly two years after the first occupancy permit for the Leona Quarry project is issued by the City, or exactly two years after the completion and City approval of the grading

described in Condition of Approval 13, Construction, Phase B of the Conditions of Approval for the Leona Quarry project, whichever is later, and provided the improvements required by the Condition of Approval for the Leona Quarry Project have been accepted.”

The City approved the grading on January 25, 2007. The City in a letter dated January 14, 2010 confirmed that the maintenance responsibilities were ready to be transferred to the GHAD. The Interim GHAD Manager inspected the improvements and on March 17, 2011 confirmed that they were in a condition to allow the GHAD to accept responsibility as required by the Plan of Control.

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

As of January 28, 2011, the GHAD became the 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 to the GHAD. The proposed budget for fiscal year 2018/2019 must be approved in order to fund the GHAD responsibilities. The budget is attached to Resolution No. 18 as Exhibit A.

SUSTAINABLE OPPORTUNITIES

Economic: The GHAD will provide services in a responsible manner as required by the Plan of Control.

Environmental: All GHAD projects and activities are exempt from the California Environmental Quality Act (“CEQA”) pursuant to the GHAD Law. Pub. Res. Code §26559. The implementation of the GHAD will result in better protection of private property and the appropriation of adequate resources to manage potential geotechnical, drainage, and other potential geologic hazards. A comprehensive set of sustainability measures have been incorporated into the conditions of approval for the Leona Quarry project, including the provision of solar energy, through a layer of photovoltaic panels located on the main, south facing slope, for the complete power needs of fifteen percent of the units.

Social Equity: The GHAD will create a safer environment where the open space and recreational features on the site will be maintained safely and appropriately.

DISABILITY AND SENIOR CITIZEN ACCESS

GHAD operations will not affect the provision of adequate access for the disabled community or senior citizens.

RECOMMENDATION

The GHAD Attorney recommends that the GHAD Board take the following actions:

1. Adopt Resolution No. 18 adopting the 2018/2019 Budget.

ACTION REQUESTED BY THE GHAD BOARD

The GHAD Attorney recommends that the GHAD Board accept the Agenda Report and take the appropriate actions as specified herein.

Respectfully submitted,

PATRICIA E. CURTIN
GHAD Attorney

ATTACHMENTS:

- A. Budget

ATTACHED RESOLUTIONS:

1. Resolution No. 18 Adopting 2018/2019 Budget.

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OAKLAND

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LEONA QUARRY GEOLOGIC HAZARD ABATEMENT DISTRICT
BUDGET FOR FISCAL YEAR 2018/19



June 15, 2018

Leona Quarry Geologic Hazard Abatement District Board of Directors
Chair Desley Brooks
Boardmember Rebecca Kaplan
Boardmember Dan Kalb
Boardmember Abel J. Guillen
Boardmember Lynette Gibson McElhaney
Boardmember Annie Campbell Washington
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 2018/19

Dear Chair Brooks and Boardmembers:

Attached is the proposed budget for the Leona Quarry Geologic Hazard Abatement District (GHAD) for fiscal year (FY) 2018/19. The FY for the Leona Quarry GHAD is from July 1 through June 30. The budget as proposed is \$260,485. The budget expenses break down into the following approximate percentages of the total receivables.

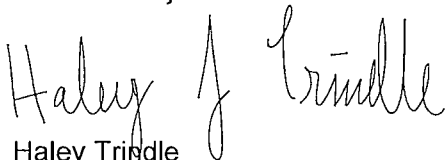
Major Repair.....	0 percent
Preventive Maintenance and Operations	22 percent
Special Projects.....	2 percent
Administration and Accounting.....	9 percent
Additional - Outside Professional Services	6 percent
Reserve.....	62 percent

The budget anticipates FY 2018/19 revenue of \$679,204 with an estimated contribution of \$418,719 to the reserve fund. A summary of the expenses is shown on Table 2 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. 5188.002.017


Haley Trindle
ht/eh/bvv


Eric Harrell

**Leona Quarry Geologic Hazard Abatement District
Program Budget
Fiscal Year 2018/19**

The following budget summarizes the anticipated revenue and expenditures for FY year 2018/19 for the Leona Quarry Geologic Hazard Abatement District (GHAD), which currently includes the Monte Vista Villas development.

The GHAD is funded through real property assessments. The 2017/18 assessment amount was set at \$1,426.09 per residential unit adjusted up 3.98% from the 2016/17 assessment level of \$1,371.50. The assessment limit annual adjustment is based on the 2005 Engineer's Report using the San Francisco-Oakland-San Jose consumer price index (CPI) plus one-half of one percent. The final assessment roll prepared for the 2017/18 fiscal year and submitted to the Alameda County Assessor's Office identifies 390 properties subject to the levy of the GHAD assessment. The total levy amount for the 2017/18 FY was \$556,171.20.

Based on the CPI figures reported through April 2018, for budgeting purposes, we estimate a FY 2018/19 inflation rate adjustment of 3 percent. With the additional adjustment of one-half of one percent, as specified in the Engineer's Report, the assessment adjustment for FY 2018/19 is estimated at 3.5 percent. We estimate that 420 residential units will be subject to assessment in the FY 2018/19. The actual CPI adjustment for FY 2018/19 will be based on the inflation rate through June 30, 2018 for the past 12 months.

The current Program Budget projects that at the beginning of the 2018/19 fiscal year (July 1, 2018), the cumulative reserve will be about \$3,687,223 and about \$4,015,942 at the end of the 2018/19 fiscal year (June 30, 2019). At \$3,687,223, the cumulative reserve will be about \$900,143 or 32% above the 2005 reserve estimate for the start of the 2018/19 fiscal year. To allow for an accurate comparison between the original 2005 budget and the estimated cumulative reserve at the beginning of the 2018/19 fiscal year, we added the estimated cost of a major repair to the 2005 budget. As shown in the 2005 budget, a major repair expense of approximately \$1,366,000 was shown for the 2015/16 FY and this event has not occurred.

The actual GHAD reserve is above the 2005 estimate in spite of an extended construction schedule, thus a lower number of units subject to levying of an annual assessment. In the 2005 analysis used to set the assessment limit, the developer projected that all 427 units within the Monte Vista Villas development would be constructed and subject to an annual assessment in FY 2008/2009.

We attribute the additional reserve accumulation to a number of factors including: (1) The Leona Quarry GHAD has not acquired monitoring and maintenance responsibilities for all of the improvements within Monte Vista Villas development, (2) six of the past eleven winters 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 been necessary within the GHAD-maintained areas, and (4) the budgets submitted and expenditures by the GHAD manager reflect the lower level of activity due to weather conditions and limited improvement responsibilities, and thus allowing a higher percentage of the GHAD revenues to be applied to the reserve portion of the budget, while maintaining an appropriate monitoring and maintenance program.

The GHAD has maintenance and monitoring responsibilities and is the property owner for the following parcels within the District.

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 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 2018/19 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.

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 2018/19 (July 1, 2018, through June 30, 2019), the payment limit is set at \$105,800. The tasks included within the payment limit may include site monitoring events, report preparation, oversight of maintenance and repair projects, administration, accounting, and assessment roll updates.

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.

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 2018/19 is shown in Table 2.

TABLE 2: Summary of Proposed Fiscal Year 2018/19 Budget

BUDGET ITEM	LABEL	BUDGET AMOUNT
Major Repairs		
Major Projects		\$0
Preventive Maintenance and Operations		
<u>Professional Services</u>		
Scheduled Monitoring Events		\$10,200
Heavy Rainfall Monitoring Events		\$4,000
	Subtotal	\$14,200
<u>Maintenance and Operations</u>		
Concrete-Lined Drainage Ditches		\$7,500
Trail, Fire Break and Fence Maintenance		\$44,000
Detention and Sedimentation Basin Maintenance		\$2,500
Erosion Control including Creek Channels		\$30,000
Slope Stabilization		\$50,000
	Subtotal	\$134,000
Preventive Maintenance and Operations	Total	\$148,200
Special Projects		
GPS/GIS Development		\$5,000
Web Site Maintenance/Updates		\$2,000
Reserve Study		\$5,000
	Special Projects	Total
		\$12,000
Administration and Accounting – General Manager		
Administration and Accounting		\$54,000
Annual Report and Budget Preparation		\$4,000
	Subtotal	\$58,000
Outside Professional Services - Nontechnical		
Assessment Roll and Levy Update Preparation		\$4,000
GHAD Attorney		\$12,000
GHAD Treasurer		\$10,000

BUDGET ITEM	LABEL	BUDGET AMOUNT
GHAD Clerk		\$4,000
Alameda County Assessor's Fees		\$10,500
California Association of GHADs Membership		\$210
Insurance – Directors		\$800
Insurance – General Liability		\$775
	Subtotal	\$42,285
Administration and Accounting	Total	\$100,285
Proposed Expenditures	Total	\$260,485
Estimated Receivables		
Balance (June 11, 2018)		\$3,642,223
2018/19 Assessment Amount (Estimated)		\$619,921
Estimated Interest on Investments		\$59,283
Estimated Total Available Funds		\$4,321,427
Estimated Expenditures		
Remaining Expenditures FY 2017/18 (Estimated)		\$45,000
Major Projects		\$0
Preventive Maintenance and Operations		\$148,200
Special Projects		\$12,000
Administration, Accounting and Legal		\$100,285
Estimated Expenditures FY 2018/19	Total	\$260,485
Estimated Reserve/Fund Balance on June 30, 2019		\$4,015,942

MAJOR REPAIRS (MAJOR)

There are currently no ongoing major repair projects, and none are anticipated for the 2018/19 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 2018/19 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 \$10,200**

Heavy Rainfall Events (HRMON)

We have budgeted for one heavy-rainfall monitoring event during the 2018/19 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 2018/19 fiscal year. Approximately 22,500 lineal feet of concrete-lined ditch are located within the six GHAD-owned parcels.

Estimated budget \$7,500

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 2018/19 fiscal year.

Estimated budget \$44,000

Detention and Sedimentation Basin Maintenance (DETBA)

The budget allows for ongoing maintenance activities within the detention and sedimentation basins.

Estimated budget \$2,500

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 2018/19 fiscal year. Purchase of emergency stabilization supplies will be included within this budget item.

Estimated budget \$50,000

SPECIAL PROJECTS (SPEPROJ)

Collection and Electronic Storing of Documents Related to GHAD-Maintained Improvements (GIS)

To provide for a more efficient system to capture, store, update, manipulate, analyze, and display information pertaining to GHAD features (including, but not limited to, subdrains, landslides, drainage facilities, cuts, fills, or slopes), the GHAD has provided a budget item to continue development of a GIS database. The database facilitates and streamlines the tracking of location, maintenance, and repair activities pertaining to GHAD activities and automate the

communication of this information to affected parties. We anticipate this phase of GIS database development will include transition of available and pertinent information to an electronic format suitable for GIS deployment and, as necessary, field-verification of such features with GPS surveys.
Estimated budget \$5,000

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 \$2,000

Reserve Study (RSVSTDY)

During fiscal year 2018/19, a reserve study will be updated based on the levels of expenditure expected to address future maintenance responsibilities, and accumulation the appropriate long-term reserves to address larger geologic events.
Estimated budget \$5,000

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 \$54,000

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 \$4,000

GHAD Attorney (LEGAL)

This budget item allows the GHAD to seek review and comment from GHAD counsel for the District.
Estimated budget \$12,000

GHAD Treasurer (TREAS)

This budget item accounts for fees related to investment of the GHAD reserve funds and processing of accounts payable.
Estimated budget \$10,000

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 \$4,000**

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 \$10,500**

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 \$775**

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RESOLUTION NO. 18

RESOLUTION APPROVING THE 2018/2019 ANNUAL BUDGET FOR THE GHAD

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, in order to monitor and maintain the GHAD Property and GHAD Improvements and otherwise carry out its responsibilities under the Plan of Control, the GHAD Board of Directors must consider and approve a budget each year;

WHEREAS, the GHAD Manager, ENGEEO Inc. prepared a budget for the fiscal year 2018/2019 (which also includes a status report on the GHAD) attached as Exhibit A; the annual budget amount for monitoring and maintenance responsibilities is \$260,485; and

WHEREAS, on March 15, 2005, pursuant to Resolution No. 1 (City Council Resolution 79103), the GHAD Board approved the resolution authorizing the treasurer/clerk to negotiate and execute a GHAD consultant services agreement with ENGEEO Inc., to act as General 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 General Manager services. The budget attached in Exhibit A identifies this limit at \$105,800 at page 2.

WHEREAS, the GHAD Board of Director's desires to adopt the budget for the fiscal year 2018/2019 attached in Exhibit A.

NOW THEREFORE, the GHAD Board of Directors resolves and orders that:

1. The GHAD Board approves the GHAD budget for the 2018/2019 fiscal year attached as Exhibit A incorporated herein by this reference.
2. The GHAD Board adopts the payment limit for the GHAD General Manager services at \$105,800 for fiscal year 2018/2019 as set forth in Exhibit A, and incorporates this payment limit into the consulting services agreement.
3. The recitals are incorporated herein by this reference. This Resolution shall become effective immediately upon its passage and adoption.

OAKLAND, California, July 24, 2018

PASSED BY THE FOLLOWING VOTE:

AYES:

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NOES:

ABSENT:

ABSTAIN:

Attachments: Exhibit A (GHAD budget for the Leona Quarry GHAD for the FY 2018/2019)