

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

**RESOLUTION NO. 19-02**

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**RESOLUTION APPROVING THE 2019/2020 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, ENGEO, Inc. prepared a budget for the fiscal year 2019/2020 attached as Exhibit A; the annual budget amount for monitoring and maintenance responsibilities is \$105,800; and

**WHEREAS**, on June 18, 2019 the GHAD Board of Directors desires to adopt the budget for the fiscal year 2019/2020 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 2019/2020 fiscal year attached as Exhibit A incorporated herein by this reference.
2. The recitals are incorporated herein by this reference.

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

**Attachments:** Exhibit A (GHAD budget for the Leona Quarry GHAD for the fiscal year 2019/2020)

**OAKLAND, California, June 18, 2019**

**PASSED BY THE FOLLOWING VOTE:**

**AYES:**

**NOES:**

**ABSENT:**

**ABSTAIN:**

**ATTEST:** \_\_\_\_\_

Patricia Curtin, Esq.  
GHAD Attorney

Date of Attestation: \_\_\_\_\_

**LEONA QUARRY GEOLOGIC HAZARD ABATEMENT DISTRICT  
BUDGET FOR FISCAL YEAR 2019/20**

EXHIBIT A



May 6, 2019

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 2019/20**

Dear Chair Taylor and Boardmembers:

Attached is the proposed budget for the Leona Quarry Geologic Hazard Abatement District (GHAD) for fiscal year (FY) 2019/20. The FY for the Leona Quarry GHAD is from July 1 through June 30. The budget as proposed is \$261,580. The budget expenses break down into the following approximate percentages of the total receivables.

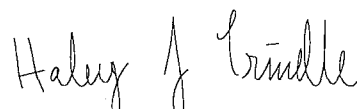
Major Repair.....	0 percent
Preventive Maintenance and Operations .....	20 percent
Special Projects.....	2 percent
Administration and Accounting.....	8 percent
Additional - Outside Professional Services .....	6 percent
Reserve .....	64 percent

The budget anticipates FY 2019/20 revenue of \$793,473 with an estimated contribution of \$477,893 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,

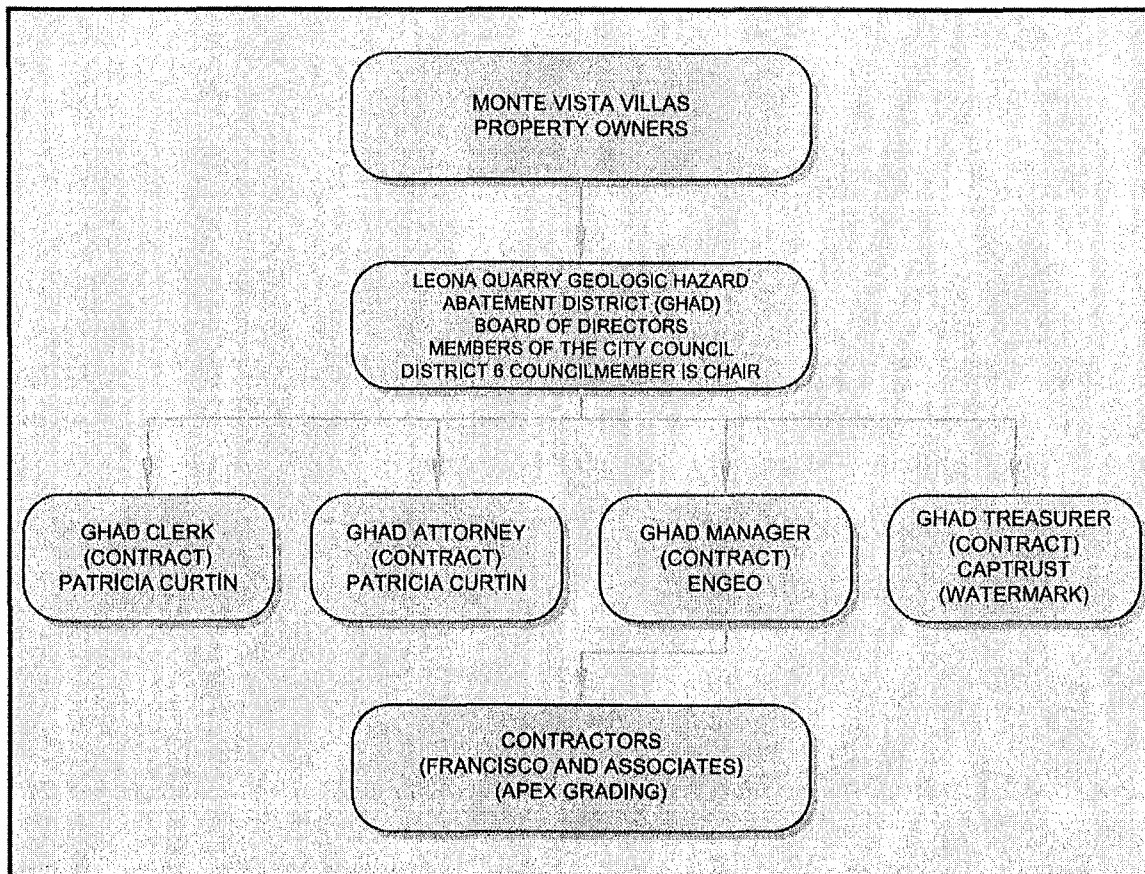
Leona Quarry Geologic Hazard Abatement District  
ENGEO Incorporated, General Manager  
1630 San Pablo Ave., Suite 200  
Oakland, CA 94612  
ENGEO Project No. 5188.002.018

  
Haley Trindle  
ht/eh/jf

  
Eric Harrell

**Leona Quarry Geologic Hazard Abatement District  
 Program Budget  
 Fiscal Year 2019/20**

The following budget summarizes the anticipated revenue and expenditures for FY year 2019/20 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.

**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 2018/19 assessment amount was set at \$1,488.98 per residential unit adjusted up 4.41% from the 2017/18 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 2018/19 fiscal year and submitted to the Alameda County Assessor's Office identifies 402 properties subject to the levy of the GHAD assessment. The total levy amount for the 2018/19 FY was \$598,569.96.

**TABLE 2: Revenue**

	FY 2018/19 ESTIMATE*	FY 2018/19 BUDGET	FY2019/20 PROPOSED	PERCENT CHANGE FROM FY 2018/19 ESTIMATE
Assessments	\$598,570	\$619,921	\$650,386	8.7%
Dividends and Interest	\$128,290	\$59,283	\$89,087	-30.56%
Total Revenues	\$726,860	\$679,204	\$739,473	1.74%

\*Includes Actual Revenue Received through May 1, 2019

Based on the CPI figures reported through February 2019, for budgeting purposes, we estimate a FY 2019/20 inflation rate adjustment of 3.5 percent. With the additional adjustment of one-half of one percent, as specified in the Engineer's Report, the assessment adjustment for FY 2019/20 is estimated at 4.0 percent. We estimate that 420 residential units will be subject to assessment in the FY 2019/20. The actual CPI adjustment for the FY 2019/20 assessment limit 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 2019/20 fiscal year (July 1, 2019), the cumulative reserve will be about \$4,215,425 and about \$4,693,319 at the end of the 2019/20 fiscal year (June 30, 2019). At the start of FY 2018/19, the cumulative reserve was about \$831,843 or 30% 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 2019/20 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 fiscal year 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 twelve 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 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 2019/20 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 2019/20 (July 1, 2019, through June 30, 2020), 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.

**TABLE 3: Payment Limit**

TASK	AMOUNT
Scheduled Monitoring Events	\$10,200
Heavy Rainfall Monitoring Event	\$4,000
Concrete-Lined Drainage Ditches	\$1,500 <sup>1</sup>
Trail, Fire Break, and Fence Maintenance	\$8,800 <sup>1</sup>
Detention and Sedimentation Maintenance	\$500 <sup>1</sup>
Erosion Control Including Creek Channels	\$4,500 <sup>1</sup>
Slope Stabilization	\$7,500 <sup>1</sup>
Special Projects (Web, GIS, and Reserve Study)	\$10,800
Administration and Accounting	\$54,000
Budget Preparation	\$4,000

<sup>1</sup>Dependent on maintenance and/or repair activities by the GHAD during FY 2019/20. ENGEO payment limit is up to 20% of the total budget item.

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 2019/20 is shown in Table 4.

**TABLE 4: Summary of Use of Funds**

<b>USE OF FUNDS</b>				
	<b>FY 2018/19 ESTIMATE*</b>	<b>FY 2018/19 BUDGET</b>	<b>FY2019/20 PROPOSED</b>	<b>PERCENT CHANGE FROM FY 2018/19</b>
<b>Major Repairs</b>				
<b>Subtotal</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0%</b>
<b>Preventive Maintenance and Operations - Professional Services</b>				
Scheduled Monitoring Events	\$10,000	\$10,200	\$10,200	
Heavy Rainfall Monitoring Event	\$0	\$4,000	\$4,000	
<b>Subtotal</b>	<b>\$10,000</b>	<b>\$14,200</b>	<b>\$14,200</b>	<b>0.0%</b>
<b>Preventive Maintenance and Operations - Maintenance and Operations</b>				
Concrete-Lined Drainage Ditches	\$7,150	\$7,500	\$7,500	
Trail, Fire Break and Fence Maintenance	\$15,049	\$44,000	\$44,000	
Detention and Sedimentation Basin Maintenance	\$1,100	\$2,500	\$2,500	
Erosion Control including Creek Channels	\$6,620	\$30,000	\$30,000	
Slope Stabilization	\$424	\$50,000	\$50,000	
<b>Subtotal</b>	<b>\$0</b>	<b>\$134,000</b>	<b>\$134,000</b>	<b>0.0%</b>
<b>Special Projects</b>				
GPS/GIS Development	\$855	\$5,000	\$5,000	



<b>USE OF FUNDS</b>				
	<b>FY 2018/19 ESTIMATE*</b>	<b>FY 2018/19 BUDGET</b>	<b>FY2019/20 PROPOSED</b>	<b>PERCENT CHANGE FROM FY 2018/19</b>
Web Site Maintenance/Updates	\$916	\$2,000	\$2,000	
Reserve Study	\$3,676	\$5,000	\$5,000	
<b>Subtotal</b>	<b>\$5,447</b>	<b>\$12,000</b>	<b>\$12,000</b>	<b>0.0%</b>
<b>Administration and Accounting – GHAD Manager</b>				
Administration and Accounting	\$46,165	\$54,000	\$54,000	
Budget Preparation	\$4,000	\$4,000	\$4,000	
<b>Subtotal</b>	<b>\$50,165</b>	<b>\$58,000</b>	<b>\$58,000</b>	<b>0.0%</b>
<b>Administration and Accounting – Outside Professional Services</b>				
Assessment Roll and Levy Update	\$2,675	\$4,000	\$4,000	
Legal Counsel	\$10,692	\$12,000	\$12,000	
Treasurer	\$9,565	\$10,000	\$11,500	
Clerk	\$0	\$4,000	\$3,000	
Alameda County Assessor's Fees	\$10,006	\$10,500	\$11,100	
California Association of GHADs Membership	\$201	\$210	\$210	
Insurance – Directors and Officers	\$786	\$800	\$800	
Insurance – General Liability	\$964	\$775	\$775	
<b>Subtotal</b>	<b>\$34,888</b>	<b>\$42,285</b>	<b>\$43,380</b>	<b>1.1%</b>

\*FY2018/19 Estimate includes Actual Expenses through May 1, 2019

TABLE 5: Summary of Proposed Fiscal Year 2019/20 Budget

<b>BUDGET ITEM</b>	<b>LABEL</b>	<b>BUDGET AMOUNT</b>	<b>PERCENT OF TOTAL BUDGET (FY 2019/20)</b>	<b>PERCENT OF TOTAL BUDGET (FY 2018/19)</b>
<b>MAJOR REPAIRS</b>				
Major Projects	TOTAL	\$0	0%	0%
<b>PREVENTIVE MAINTENANCE AND OPERATIONS</b>				
<b>Professional Services</b>				
<b>Scheduled Monitoring Events</b>				
Open Space Scheduled Monitoring Events		\$10,200		
Heavy Rainfall Monitoring Event		\$4,000		
	Subtotal	\$14,200		
<b>Maintenance and Operations</b>				
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		
	<b>TOTAL</b>	<b>\$148,200</b>	<b>20%</b>	<b>22%</b>

BUDGET ITEM	LABEL	BUDGET AMOUNT	PERCENT OF TOTAL BUDGET (FY 2019/20)	PERCENT OF TOTAL BUDGET (FY 2018/19)
<b>SPECIAL PROJECTS</b>				
GPS/GIS Development		\$5,000		
Web Site Maintenance/Updates		\$2,000		
Reserve Study		\$5,000		
	<b>TOTAL</b>	<b>\$12,000</b>	<b>2%</b>	<b>2%</b>
<b>ADMINISTRATION AND ACCOUNTING – GHAD Manager</b>				
Administration and Accounting		\$54,000		
Budget Preparation/Annual Reporting		\$4,000		
	Subtotal	\$58,000	8%	9%
<b>Outside Professional Services – Nontechnical</b>				
Assessment Roll and Levy Update Preparation		\$4,000		
Legal Counsel		\$12,000		
Treasurer		\$11,500		
Clerk		\$3,000		
Alameda County Assessor's Fees		\$11,100		
California Association of GHADs Membership		\$210		
Insurance – Directors and Officers		\$800		
Insurance – General Liability		\$775		
	Subtotal	\$43,380	6%	6%
	<b>TOTAL</b>	<b>\$101,380</b>		
<b>ESTIMATED EXPENDITURES</b>	<b>TOTAL</b>	<b>\$261,580</b>	<b>36%</b>	<b>39%</b>
<b>ESTIMATED RECEIVABLES</b>				
<b>Beginning Balance</b>				
Balance (June 30, 2018)		\$3,618,923		
<b>Estimated FY 2018/19 Revenue</b>				
Revenue as of May 1, 2019		\$598,597		
Estimated Revenue through 6/30/2019		\$128,290		
<b>Estimated Expenses 2018/19 Expenses</b>				
Estimated Expenses through 6/30/2019		\$130,384		
<b>ESTIMATED RESERVE ON JUNE 30, 2019</b>		<b>\$4,215,425</b>		
<b>Estimated 2019/20 Revenue</b>				
Estimated FY 2019/20 Assessment		\$650,386		
Estimated FY 2019/20 Interest		\$89,087		
<b>Estimated 2019/20 Expenses</b>				
Expenses through June 30, 2020		\$261,580		
<b>ESTIMATED RESERVE ON JUNE 30, 2020</b>		<b>\$4,693,319</b>		

**MAJOR REPAIRS (MAJOR)**

There are currently no ongoing major repair projects, and none are anticipated for the 2019/20 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 2019/20 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 2019/20 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 2019/20 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 2019/20 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 2019/20 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 2019/20, 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 \$11,500**

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 \$11,100**

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**