

**WIEDEMANN RANCH GEOLOGIC HAZARD ABATEMENT DISTRICT
PROGRAM BUDGET FOR FISCAL YEAR 2018/19**

June 12, 2018

Wiedemann Ranch GHAD Board of Directors
Wiedemann Ranch Geologic Hazard Abatement District
651 Pine Street, Room 107
Martinez, CA 94553

Subject: Wiedemann Ranch Geologic Hazard Abatement District
Danville, Contra Costa County, and San Ramon, California

PROGRAM BUDGET FOR FISCAL YEAR 2018/19

Dear Board Members:

Attached is the program budget for the Wiedemann Ranch Geologic Hazard Abatement District (GHAD) for the Fiscal Year 2018/19. The program budget as proposed is \$285,000. The budget expenses break down into the following approximate percentages of the total revenue.


- Major Repair0 percent
- Preventive Maintenance and Operations.....30 percent
- Special Projects2 percent
- Administration and Accounting5 percent
- Additional - Outside Professional Services5 percent
- Reserve58 percent

The budget anticipates FY 2018/19 revenue of \$672,313 with an estimated contribution of \$387,313 to the reserve fund. A summary of the expenses is shown on Table I 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,

Wiedemann Ranch Geologic Hazard Abatement District
ENGEO Incorporated, GHAD Manager
ENGEO Project No. 3586.002.017



Haley Trindle
ht/eh/cjn



Eric Harrell

**Wiedemann Ranch Geologic Hazard Abatement District
Program Budget
Fiscal Year 2018/19**

The following budget summarizes the anticipated expenditures for fiscal year 2018/19 for the Wiedemann Ranch Geologic Hazard Abatement District, which currently includes the Henry Ranch, Norris Canyon Estates, Elworthy Ranch, and Red Hawk (Podva) developments. The GHAD has acquired monitoring, maintenance, and repair responsibilities within the Henry Ranch development. Monitoring, maintenance, and repair responsibilities for portions of the Norris Canyon Estates development have been accepted by the GHAD, while transfer of the remaining parcels is pending and expected to be completed in FY 2018/19. Improvements within the Elworthy Ranch development were offered to the GHAD in December 2017, but have not been accepted by the GHAD due to developer required maintenance or repair of future GHAD maintained improvements. Improvements within the Red Hawk (Podva) development will not be eligible to offer to the GHAD until fiscal year 2019/20.

The fiscal year for the Wiedemann Ranch GHAD begins on July 1. The budget is divided into four categories including Major Repair; Preventive Maintenance and Operations; Special Projects; and Administration and Accounting. As needed, the GHAD Manager may reallocate funds without additional Board approval.

The 2017/18 assessment amounts were as follows:

DEVELOPMENT	TYPE OF RESIDENCE	2017/18 ASSESSMENT LIMIT
Norris Canyon Estates	Single Family	\$881.12
Henry Ranch	Single Family	\$853.12
Elworthy Ranch	Single Family	\$1,478.04
Elworthy Ranch	Apartment	\$739.02
Red Hawk (Podva)	Single Family	\$2,478.39

The GHAD is funded through real property assessments. The assessment limits are adjusted annually on June 30 to reflect the percentage change in the San Francisco-Oakland-San Jose Consumers Price Index (CPI) for All Urban Consumers. The assessment limits were adjusted up 3.48 percent from the 2016/17 assessment levels. The final assessment roll prepared for the 2017/18 fiscal year and submitted to the Contra Costa County Assessor's Office identifies 564 properties subject to the levy of the GHAD assessment. The total levy amount for the 2017/18 FY was \$562,546.66.

Based on the San Francisco-Oakland-San Jose consumer price index figures reported through April 2018, for budgeting purposes, we have estimated a FY 2018/19 inflation rate adjustment of 3 percent. We estimate that 584 residential units will be subject to assessment in FY 2018/19.

In general, the budget amounts listed are based on the Engineers' Reports approved by the Wiedemann Ranch GHAD Board of Directors in 2001 for the Norris Canyon Estates and Henry Ranch developments, in 2014 for the Elworthy Ranch development, and in 2016 for the Red Hawk

(Podva) development. The budget amounts have been inflation adjusted to provide the estimates. The current Program Budget projects that at the beginning of the 2018/19 fiscal year, the cumulative reserve will be about \$4,642,000 and about \$5,029,000 at the end of the 2018/19 fiscal year. At \$4,642,000, the cumulative reserve will be about \$1,556,000 or 50 percent above prior budget estimates. To allow for an accurate comparison between the original 2001 budget and the estimated cumulative reserve at the end of the 2017/18 fiscal year, we added the estimated cost of a major repair to the 2001 budget. As shown in the 2001 budget, a major repair of approximately \$1,551,000 (current dollars) was shown for the 2012/13 FY and an event of this type has not occurred within the GHAD.

We attribute the additional reserve accumulation to a number of factors including: (1) The Wiedemann Ranch GHAD has acquired monitoring and maintenance responsibilities for all of Henry Ranch, Subdivision 7578 and portions of Subdivisions 7575, 7996, and 7998, but does not yet have maintenance and monitoring responsibilities for the remainder of the Norris Canyon Estates, Elworthy Ranch, and Red Hawk developments, (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 2001 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 geographic responsibilities, 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.

Special Condition 1(e) of the approved Consulting Services Agreement provides that a payment limit shall be determined each fiscal year by a resolution of the GHAD Board. For fiscal year 2018/19 (July 1, 2018 through June 30, 2019), the payment limit is set at \$114,200. The tasks included within the payment limit may include site monitoring events, transfer of monitoring and maintenance responsibilities, oversight of maintenance and repair projects, administration, accounting, assessment roll updates, and budget preparation.

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 professional services, slope stabilization services, and erosion protection 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. These include clerical and accounting functions.

A summary of the proposed Fiscal Year 2018/19 Budget is shown in Table I.

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

BUDGET ITEM	LABEL	BUDGET AMOUNT	PERCENTAGE OF TOTAL RECEIVABLES
Major Repairs			
	Total	\$0	0%
Preventive Maintenance and Operations			
<u>Professional Services</u>			
Scheduled Monitoring Events		\$21,000	
Heavy Rainfall Monitoring Events		\$6,000	
Transfer of Subdivisions 7575, 7996, 7998, and Elworthy Ranch		\$18,000	
Transfer of Subdivisions 7575, 7996, 7998, and Elworthy Ranch – Outside Services		\$10,000	
	Subtotal	\$55,000	
<u>Maintenance and Operations</u>			
Concrete-Lined Drainage Ditches and Maintenance Roads		\$16,500	
Erosion Control including Creek Channels		\$60,000	
Slope Stabilization		\$70,000	
	Subtotal	\$146,500	
Preventive Maintenance and Operations	Total	\$201,500	30%
Special Projects			
Reserve Study		\$4,000	
GPS/GIS Development		\$5,000	
Web Site Maintenance and Updates		\$2,000	
	Total	\$11,000	2%
Administration and Accounting – GHAD Manager			
Administration and Accounting		\$30,000	
Annual Report and Budget Preparation		\$4,500	
	Subtotal	\$34,500	5%

BUDGET ITEM	LABEL	BUDGET AMOUNT	PERCENTAGE OF TOTAL RECEIVABLES
Outside Professional Services - Nontechnical			
Assessment Roll and Levy Update Preparation		\$4,500	
Legal Counsel		\$12,000	
Wiedemann Ranch GHAD Treasurer		\$12,500	
Contra Costa County Assessor's Fees		\$750	
California Association of GHADs Membership		\$250	
Insurance		\$8,000	
	Subtotal	\$38,000	5%
Administration and Accounting	Total	\$72,500	
Proposed Expenditures	Total	\$285,000	42%
Estimated Revenue			
Estimated Balance (June 30, 2018)		\$4,641,804	
2018/19 Assessment Amount (Estimated)		\$598,200	
Estimated Interest on Investments		\$74,114	
Estimated Total Available Funds		\$5,314,118	
Estimated Expenditures			
Major Projects		\$0	
Preventive Maintenance, and Operations		\$201,500	
Special Projects		\$11,000	
Administration, Accounting, and Legal		\$72,500	
Estimated Expenditures	Total	\$285,000	
Estimated Reserve/Fund Balance on June 30, 2019		\$5,029,118	

PREVENTIVE MAINTENANCE AND OPERATIONS

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 Wiedemann Ranch 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.

Professional Services

Scheduled Monitoring Events

As provided in the Plan of Control, we have three scheduled monitoring events within the GHAD during each calendar year.

Estimated budget \$21,000

Heavy Rainfall Events

We have budgeted for two heavy rainfall-monitoring events during the 2018/19 winter season.

Estimated budget \$6,000

Transfer of Parcels within Norris Canyon Estates and Elworthy Ranch to the GHAD

In FY 2013/14, the remainder of parcels within the Norris Canyon Estates development, not previously accepted by the Wiedemann Ranch GHAD, were offered to the GHAD by the project developers. In 2017, parcels within the Elworthy development were offered to the GHAD. As provided in the Plan of Control, part of the ongoing transfer process is an inspection of the GHAD-maintained improvements. We have provided a budget estimate for the ongoing transfer process activities within the GHAD.

Estimated budget \$18,000

Transfer of Parcels within Norris Canyon Estates to the GHAD (Outside Professional Services)

As part of the ongoing transfer process, the GHAD has contracted with Darwin Myers of Darwin Myers Associates to provide for third-party review of the GHAD-maintained improvements prior to transfer. We have provided a budget estimate for the ongoing transfer process during the 2018/19 fiscal year.

Estimated budget \$10,000

Maintenance and Operations

Concrete-Lined Drainage Ditches, Debris Catchment Structures, and Maintenance Roads

This budget item is to provide for the removal of vegetation and cleaning of concrete-lined drainage ditches and debris catchment structures within the GHAD-accepted portions of the Wiedemann Ranch GHAD. Currently, this includes approximately 32,000 lineal feet of ditch cleaning. In addition, this item provides for removal of vegetation from maintenance roads.

Estimated budget \$16,500

Erosion Control

Anticipated tasks under this budget item include the repair of slope or creek erosion and removal of debris from creek channel culverts. Cleaning and vegetation management of the detention basin is included within this budget item.

Estimated budget \$60,000

Slope Stabilization

This is for minor repairs, including slope instability or erosion, which may occur during the 2018/19 fiscal year. Purchase of emergency stabilization supplies is included within this budget item. In addition, maintenance and marking of subdrain outfalls is also included in this budget item.

Estimated budget \$70,000

SPECIAL PROJECTS

Global Positioning System (GPS)/Geographic Information System (GIS) Development

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 and use of a GIS database. The database facilitates the tracking of location, maintenance, and repair activities and automates the communication of this information to affected parties. We anticipate GIS database development for FY 2018/19 would include continued transition of available and pertinent information to an electronic format suitable for GIS deployment, and as necessary, field-verification with GPS surveys.

Estimated budget \$5,000

Web Site Maintenance and Updates

To allow for greater access to information about the Wiedemann Ranch 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

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 \$4,000

ADMINISTRATION AND ACCOUNTING

Administration

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 are derived from the original GHAD budget used to prepare the GHAD's Engineer's Report.

Estimated budget \$30,000

Annual Report and Budget Preparation

This budget provides for the preparation of the annual report and budget. The budget estimate for the accounting and administrative services are derived from the original GHAD budget used to prepare the GHAD's Engineer's Report.

Estimated budget \$4,500

Assessment Roll and Levy Update

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 \$4,500

Legal Counsel

This budget item allows the GHAD to secure legal counsel for the District as provided under Resolution 2008/01 adopted on November 18, 2008. The duties of the legal counsel may include but not be limited to preparation or review of contracts, grant deeds, right of entry and board resolutions.

Estimated budget \$12,000

Treasurer

This budget item accounts for fees related to investment of the GHAD reserve funds and processing of accounts payable. This budget item allows the GHAD to hire a treasurer for the District as provided under Resolution 2008/01 adopted on November 18, 2008.

Estimated cost \$12,500

Contra County Assessor's Fees

This budget item allows for fees from the Contra County Assessor's Office.

Estimated cost \$750

Association Membership

The GHAD maintains membership in the California Association of GHADs.

Estimated cost \$250

Insurance

The GHAD maintains general liability insurance for open space areas within the District. In fiscal year 2018/19 the GHAD may obtain ownership of open space within the Elworthy Ranch development.

Estimated cost \$8,000